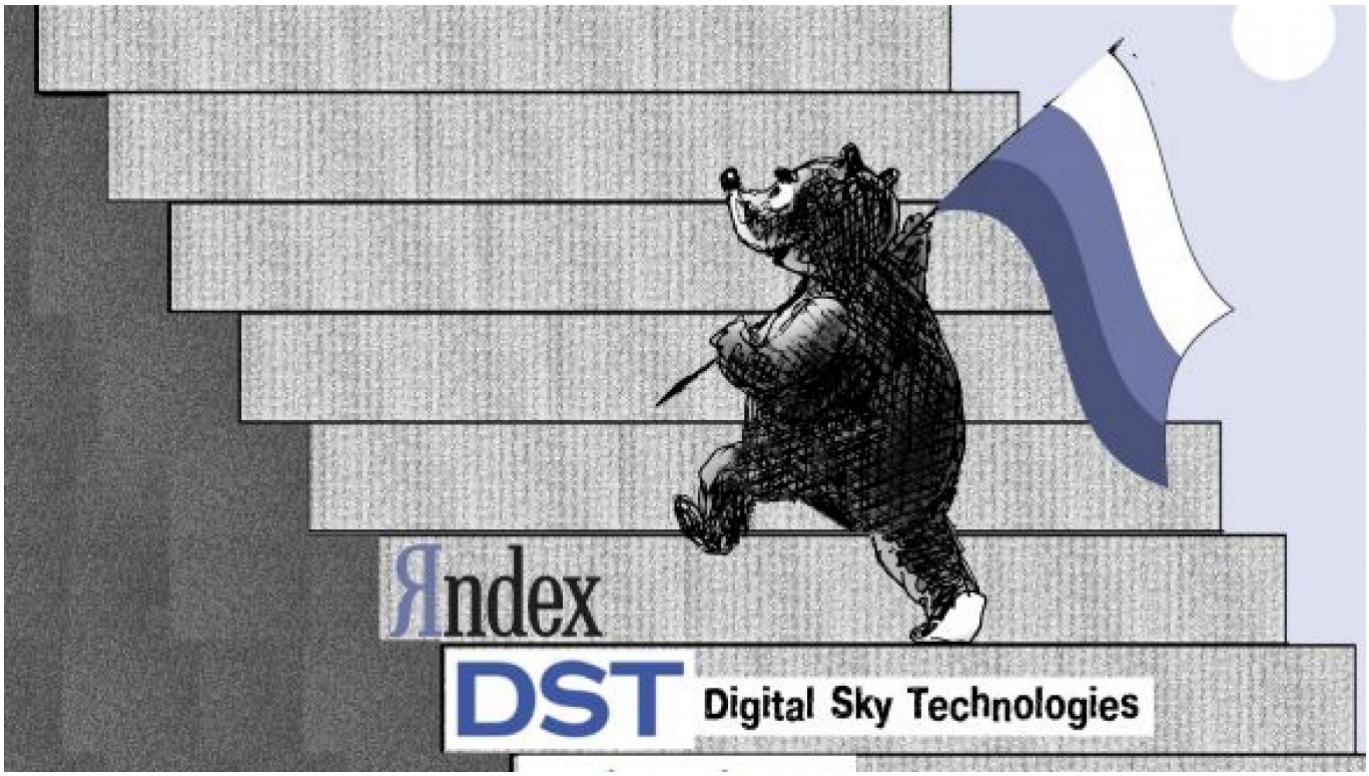
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The Emerging High-Tech Superpower

By Chrystia Freeland

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The Russians are coming.

So far, the invaders are both welcome and unexpected. These aren't the Cold War comrades who aspired to geopolitical domination or the first wave of oligarchs with their treasure chest of natural resources. These Russians propose to conquer the world's new frontier — the Internet — and they are every bit as cocky as their predecessors.

Russia's arrival as a would-be technology superpower was announced last week when Yandex, the Internet search company, made its debut on the NASDAQ stock exchange in the biggest U.S. Internet listing since Google went public in 2004.

With characteristic Russian bravado, Ilya Segalovich, the company's chief technology officer, told my colleagues Alina Selyukh and Megan Davies that Yandex was superior to the behemoth Google.

"Google is a great company, but we are better," Segalovich said. Yandex is "very focused on what we are doing, and the focus is technology and search."

If you think of Russia either as the land of KGB-style repression or that of yacht-owning, supermodel-dating, oil-rich oligarchs, this claim to technological prowess will be surprising. But ever since imperial Russia's scientific modernization campaign, Russians have prided themselves on their mathematical and engineering skills.

For Yandex's chief executive, Arkady Volozh, that human capital gives Russia the potential to emerge as a technology superpower. "Russia is famous for its resources," he said. "But it also has a lot of talent. Russia deserves to have a technology company of a global level."

Silicon Valley has understood the country's technological savvy for some time. Right now, the Valley's hottest investor hails not from Sand Hill Road, the epicenter of the region's famous venture capital community, but from Moscow. Yury Milner was such an aggressive and pioneering supporter of companies like Facebook and Zynga that he earned his way onto the Forbes billionaire list this year and has an investing approach — lots of cash, no board seat — named after him.

Soon, Milner will be a physical presence, too. Last month, he paid a reported $100 million for an estate in Los Altos Hills in the Valley, though he and his family will continue to make Moscow their main home.

There is a another sign that smart money in the United States thinks we could be at the crest of a Russian technology wave. Earlier this year, New York-based General Atlantic, a fund with extensive emerging market and technology expertise, invested $200 million in Kaspersky Lab, a producer of security and anti-virus software. That was one of the flashiest foreign direct investments in the country's technology to date and paves the way for another Russian technology offering in three to five years.

All of this is very good news for the Kremlin, particularly for President Dmitry Medvedev, whose big campaign at the moment is an economic modernization drive with Skolkovo as its centerpiece.

That effort tends to provoke skepticism among Russians, who have a cultural affinity for cynicism, particularly when it comes to their government. To be sure, there are good reasons to wonder whether Putin's Russia can conquer the Internet.

After all, in the great debate about the social effects of digital technology, the Arab Spring has provided pretty powerful evidence that new media and old dictators don't mix. If you are unconvinced, ask China's leaders, whose fear of Tunisian contagion prompted them not merely to block online references to the Jasmine Revolution, but also to ban the sale of the flower itself.

Those repressive reflexes have prompted many of the digerati to question — at least in private — whether authoritarian regimes can ever permit the free-spirited, open-ended, often rebellious style of thinking and working that innovating on the Internet requires. Dictatorships might be good at manufacturing iPads, but could they ever invent them?

In the case of Russia, we may be discovering that authoritarianism and invention can coexist more easily than liberal democrats might hope. That is largely because Prime Minister Vladimir Putin's genius has been to devise a form of government you might call

authoritarianism lite. State rule in Russia isn't exactly soft — just ask former Yukos CEO Mikhail Khodorkovsky — but it isn't Big Brother either.

In the world of ideas, Putin has understood that the state doesn't need to rule everything — only the mass media, which in Russia is television. On the radio, in many newspapers and on the Internet, the intelligentsia can say pretty much what it chooses. This isn't entirely new for Russia. Both tsars and commissars allowed the intelligentsia some latitude, on the theory that the chattering class didn't really count.

As Russian journalist Valery Panyushkin wrote in a May 21 New York Times comment, "In Russia today, journalists are murdered like Anna Politkovskaya, beaten like Oleg Kashin and intimidated like me, but — as terrible as this will sound — that is not the real problem. The real problem is that journalists are ignored."

The Kremlin has done a similar deal with its oligarchs. They can be rich as long as they don't seek to influence how their country is ruled. These two bargains — freedom and political impotence for the intelligentsia; wealth and political impotence for the oligarchs — are Putin's version of the social contract. But for Russia's rising technology elite, that fragile combination of personal liberty and a lot of money may be good enough.

Chrystia Freeland is a Reuters columnist. The views expressed are her own.

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