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In Front of Putin, Internet Titans Lose Their Nerve

By Andrei Soldatov

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The statements that President Vladimir Putin made at a recent meeting with leaders of the Russian Internet are hardly worth discussing. As usual, he offered only vague assurances of support for a variety of freedoms while pretending that all of the recent legislative initiatives tightening control over the Internet were designed exclusively to fight pedophiles, drugs, terrorism and suicide.

What is worth discussing is the position of the Internet industry leaders themselves. In the run-up to the meeting, many observers recalled the conversation that then-prime minister Putin held with Internet professionals on Dec. 29, 1999 — the first and only in that format in the past 15 years.

Over the course of those 15 years the Russian Internet has evolved into an industry doing more than 5 trillion rubles ($143 billion) in business annually, employing 1.3 million IT professionals, generating 8.5 percent of Russia's gross domestic product and accounting for 2.5 percent of all its trade. Almost every market is now connected in some way with

the Internet. What's more, Russian companies have shown that they are able to dominate the domestic Internet market even after global corporations entered the fray.

However, the people invited to the meeting with Putin did not behave like the leaders of such a powerful industry.

Many had hoped that the meeting would provide a forum to discuss the disastrous impact that two years of state regulations have had on the Russian Internet. They also hoped industry leaders would present a united front to the president — who personally inflicted serious damage to the sector by publicly stating that the Internet is the brainchild of the CIA and by criticizing Russian Internet giants Yandex, Mail.ru and Qiwi, causing their stocks to plummet on the Nasdaq.

Instead, the subject of regulation was never even raised.

Even the recently passed and controversial law that tightens restrictions on blogs was only mentioned once.

That comment came from Vkontakte deputy CEO Boris Dobrodeyev, who is himself hardly an opposition leader. Boris's father, Oleg, is head of the All-Russia State Television and Radio Broadcasting Company, a state media behemoth. Despite Boris having only worked at the social network since January, Mail.Ru Group — Russia's second-largest Internet company and owner of a 52 percent share in Vkontakte — has already nominated him replace CEO Pavel Durov.

And even then, Dobrodeyev only referred to blogs as part of his attempt to point out that Vkontakte has about 80,000 groups with more than 3,000 followers — a figure almost exceeding the total number of online media in the country and underscoring the importance of blogs to the Internet business as a whole. In fact, Dobrodeyev made his comment at an open meeting before Putin's arrival, meaning that the president never even heard it directly.

Only Dmitry Grishin of Mail.Ru found the courage to raise the question of Internet regulation, but he hurried to assure the president that Internet users are not "spaced out" and understand the need for government action. He added, "It is very often that the ideas in these regulations are very sound, but unfortunately it sometimes occurs that the implementation, generally speaking, scares some people."

So, Internet industry leaders failed to present their collective case to the president. Whatever might have been discussed in backroom settings and whatever guarantees Putin might have personally given to the meeting's participants, it does not change the fact that industry leaders wasted this rare opportunity to speak in their own defense before the one person in the country with the authority to alter the situation. Worse, they understood perfectly well that they might have to wait another 15 years before another such opportunity comes along. It is also possible that when that hypothetical next meeting with Putin does take place, entirely different individuals might represent the industry.

The fact is, the only real beneficiary of this meeting was the All-Russia People's Front. The meeting was organized by the Internet Initiatives Development Fund, which was established in March 2013 by the Agency for Strategic Initiatives — itself created by the

Russian government. That foundation is headed by former a Uralmash engineer and Putin ally in the 2012 elections and All-Russia People's Front protege Kirill Varlamov. Sitting beside Putin during the meeting, Varlamov fully exploited the opportunity to present his fund's startups to those present, including Arkady Volozh of Yandex, Dmitry Grishin of Mail.Ru group, German Klimenko of LiveInternet.ru and Maelle Gavet of Ozon.

So, in addition to politely refusing to ask hard questions of Putin, these genuine market leaders lent legitimacy to a government-funded pet project. Mission accomplished.

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