

on oil and revive its reputation for technological achievement.



research institutes long ago lost many of their best people to better-funded universities in the West, and now there's not a single Russian university in the world's top 100. Just as the Russian state was plundered by its servants after the fall of communism, so the assets of its academic institutions were sold off, rented out, and systematically stolen by its administrators. In 2009 the country published fewer scholarly papers and journals than India or China, and Russians won only four Nobel Prizes in the last decade, compared with 67 for the U.S. (and only one, Mikhail Gorbachev's peace prize, in the 1990s). In the World Economic Forum's rankings of the world's most competitive nations, Russia has slipped 12 places, to 63rd, since Medvedev became president in 2008, and its information-technology sector has slipped four places in as many years, to a dismal 74th out of 134 countries. Some Russian businessmen, like antivirus-software designer Yevgeny Kaspersky, complain that what talent remains seems disproportionately focused on illegal activity, like the creation of the "Storm" Trojan horse that spawned a worldwide botnet infecting 1.5 million computers last year. "Russia is a nation of superhackers," says Kaspersky, whose Kaspersky Labs is one of Russia's few global tech businesses—devoted to blocking hackers.

In some ways Medvedev's plan to create a legitimate outlet for tech talent is

quintessentially Soviet. The idea of a city for scientists harks back to Stalin's purpose-built tech cities within the Gulag where selected scientists worked in conditions of privilege—and hatched such breakthroughs as the Soviet atom bomb. But in this era "you can't have a centrally planned innovative economy," warns Vladislav Inozemtsev, director of the Moscow-based Center for Post-Industrial Studies. "Nowhere in the world has a Silicon Valley blossomed because of decrees issued by bureaucrats, even if the decrees are backed up by government financing."

The failure of central planning does not necessarily spell doom for Skolkovo, because Medvedev is guided by a more modern vision of how to use subsidies to steer business development. Already there are some success stories. One of Alferov's former students, Alexei Kovsh, is moving his energy-efficient-lighting company from Germany to St. Petersburg, because Alferov convinced him that he could get better funding in Russia, with lower costs than in the West, and better protection from technology copycats than in China. Kovsh recently sold stakes in his company, Optogan, to the state-owned Rusnanotech and to the metals tycoon Mikhail Prokhorov. With the state as a third partner, Kovsh feels protected. Alferov hopes to repeat the experience to draw similar businesses to Skolkovo. Ranged against Smart Rus-

sia are the bureaucrats who prefer Russia to stay dumb—because they make so much money from it. Medvedev is pushing innovation as one of his "four I's," or pillars of modernization, the others being institutions, infrastructure, and investment. But truth be told, he's not making much progress. Russia built just 1,000 kilometers of roads last year, compared with the 47,000 kilometers built by China. Former opposition legislator Vladimir Ryzhkov complains that the real four I's of Russian modernization are "illusion, inefficiency, instability, and incompetence." Yevgeny Gontmakher, a leading member of Medvedev's favorite think tank, the Institute of Contemporary Development, says the flaw in the president's strategy is that "they expect scientists to come and invent everything for them so there will be no need to reform political institutions." No, Medvedev is not out to reform the political system top to bottom, but it's also clear he understands the forces of Dumb Russia. "Corrupt officials... do not want development, and fear it," he wrote in his 2009 manifesto, "Forward Russia." "But the future does not belong to them—it belongs to us. We will overcome backwardness and corruption." May the smart Russians win. □

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JAPAN'S SCANDALMANIA
How Tokyo destroys its leaders.

BY TAKASHI YOKOTA