

By Lucian Kim

Estonian President Toomas Ilves paused when I asked him if the annual Estonia's Friends meeting he hosts is a copy of Russian President Vladimir Putin's Valdai Club, which gathers Russia experts from around the world every year. "Uhhhhh ... no," Ilves finally said, peering at me through his frameless eyeglasses.

Of course my question was meant to be provocative because Estonia and Russia have taken radically different paths since the breakup of the Soviet Union in 1991. Estonia, with a population of 1.3 million, is the smallest of the former Soviet republics; Russia is 100 times more populous. Estonia implemented bold reforms to achieve membership in the European Union and the North Atlantic Treaty Organization. Estonia's Friends who showed up at this year's meeting in the quaint capital Tallinn were mostly Scandinavian and American entrepreneurs interested in doing business in the country. The Russia hands that typically attend the Valdai Club go for the question-and-answer session with Putin that they can later repackage in books and talk shows as Kremlin access.

Ilves must be one of the most accessible presidents in the world. When I first contacted him on Twitter earlier this year, I got a response within a couple of hours. In his trademark three-piece suits and bowties, Ilves stands out from his fellow heads of state. At times, he seems surprised by his own quirky witticisms, which caused him to ask an adviser, "Was that not PC enough?" Raised in a family of Estonian exiles in New Jersey, Ilves speaks American English as a native language. After independence, he served as Estonia's foreign minister. He promised to turn his homeland into "another boring Nordic country."

Today, Ilves doesn't like to dwell on the supposed Russian threat to his country after Putin's annexation of Crimea. His thing is technology: He wants to turn tiny Estonia into a digital pioneer to save the rest of Europe from Luddism and red tape. Since December, the Estonian government has been pushing its e-residency program, which is billed as a way for foreigners to acquire a digital identity in Estonia and to register a business from anywhere in the world in a secure and non-bureaucratic environment. The government is also seeking to attract physical workers from abroad through a playful recruitment drive that resembles a start-up's.

According to the Estonian government's shaggy-haired "chief information officer," Taavi Kotka, 3,680 people have applied for e-residency, 2,437 have received a microchip identification card and more than 20,000 are on a waiting list. If ride-hailing app Uber owns no cars and room-booking service Airbnb has no real estate, then e-residency can help make Estonia "the world's biggest country," he said with a smile.

Estonia has become a digital leader because it trusts its engineers, isn't burdened by legacy technology and dares to think big, Kotka said. The best example is Skype, the video-calling service created by Estonians.

After the country's independence, banking and government services had to be built up almost from scratch — and electronic solutions were often the cheapest. Estonians vote and file their taxes via the Internet. Paper has been banished from cabinet meetings, and ministers sign off on bills with their iPads and laptops.

Establishing an individual's digital identity is the key to making e-government secure, said Ilves. In Estonia, that digital identity is tied to a national registry. But globally, the Internet has turned into "a billion-lane highway" clogged with cars without license plates, he said.

The EU faces disaster if it doesn't revamp telecommunications laws and abandon old ways of thinking, contends Ilves. Not only is Europe unable to compete with the United States in financial innovation, but it also lacks a single digital market that allows for electronic services to travel across internal borders as easily as physical goods. Europe's political class has little understanding of science and technology, and existing law was drawn up in a different age, Ilves said. "We should reconceptualize law as the operating system of society. We're trying to run Skype on MS-DOS."

Whether the EU in its current form even survives long enough to save itself is another question. After Estonia and a dozen other eastern European countries went the hard road of reform to become eligible for membership in the EU, the memberships of Greece and Britain are now uncertain. In 2011, Estonia became the first of the three Baltic nations to adopt the euro as its currency. Ilves said euro skepticism in other parts of the continent hadn't changed Estonians' enthusiasm for European institutions. In fact, he's proud that Estonia didn't bend the rules to meet the requirements for the euro and is one of the few NATO members that spends the alliance's defense budget target of two percent of GDP.

Ilves downplayed the military threat posed by Russia. Ethnic Russians make up about a quarter of Estonia's population, and a significant portion of them don't hold Estonian citizenship. "The integration of the Russian community is going fairly well — better than anyone would have imagined," he said. An ethnic Russian miner in Estonia makes 10 times as much as his counterpart in eastern Ukraine, Ilves said. "The last people who want to join Russia are in Narva," he said, referring to Estonia's easternmost city located directly on the Russian border.

President Barack Obama visited Estonia in September in a sign to NATO's newest members that the United States wouldn't forget them. In June, Defense Secretary Ashton Carter announced in Tallinn that U.S. weapons would be pre-positioned in a number of eastern European countries, including Estonia.

"One term I didn't like is 'reassurance.' We're not patients on a psychologist's couch," said Ilves. "We're not worried. What we need to work on is deterrence."

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