

# Russia's European Prospects

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In 1966, French President Charles de Gaulle's vision of a Europe "that stretched from the Atlantic to the Urals" was provocative. Today, President Vladimir Putin has advanced an even more ambitious goal: "a common market stretching from the Atlantic to the Pacific."

In the race toward globalization, the stakes are high for both Russia and Europe. If Russia continues on its current path toward becoming solely a producer of raw materials, not only will it become increasingly vulnerable to global fluctuations in energy prices, but its scientific, cultural and educational potential will also decay further, eventually stripping the country of its global clout.

If Europe, for its part, fails to respond to the challenges of the 21st century, it will face chronic economic stagnation, rising social tension and political instability. Indeed, as industrial production migrates to East Asia and innovation remains in North America, Europe risks losing its position in the most attractive international markets. As a result, the European project itself could be called into question.

To avoid these outcomes, Russia and Europe must identify where their interests converge

and work to establish a mutually beneficial partnership in those areas. But to foster such a partnership, they must first alter their negative perceptions of each other.

Many Russians do not regard Europe as a political and economic partner or even as an ally. In their view, Europe has already lost the battle for innovation and economic development and is gradually becoming an "industrial museum." Russia, they argue, should form partnerships with more dynamic countries.

Likewise, many Europeans believe that while a partnership with Russia might be an asset now, it would corrode Europe's economies and politics in the long run. If Europe wants to lead and prosper, according to this view, it should limit its ties with Russia as much as possible.

Ongoing disputes between Russia and the European Union reflect this mutual distrust. Russians accuse Europeans of taking too long to liberalize visas, blocking Russian energy companies' access to Europe's downstream markets, instigating anti-Russian sentiment in the post-Soviet era and trying to interfere in Russia's domestic politics.

Meanwhile, Europeans have serious reservations about Russia's human rights record, legal system, failure to adhere to European values and positions on international crises, especially in the Middle East. As a result, the prospect of closer cooperation remains distant.

Without a fundamental reset, relations between Russia and Europe will continue to decay, eventually turning into a benign neglect. Despite their common geography, history and economic interests, their strategic trajectories will diverge.

An alternative scenario relies on the powerful unifying impact of human capital, the defining factor in the quest for global influence. Human capital — not natural resources, production capacity or financial reserves — should constitute the foundation of Russian and European development policies.

Cultivating human capital requires a supportive cultural environment, a well-developed educational system and research and innovation centers. Many argue that in both Russia and Europe, supporting social infrastructure has become so costly that it is hindering the development of a more efficient and dynamic economy. Only by dismantling the welfare state, critics contend, can progress be made.

But curtailing social programs in both Europe and Russia would jeopardize human capital, their most valuable comparative advantage. Through enhancements to the welfare state's efficiency, Europe and Russia can achieve economic progress without sacrificing this crucial source of long-term growth.

Given their strong traditions of building human capital — and their motivation to continue to do so — Russia and Europe have much to offer one another. By focusing on the areas in which their modernization agendas overlap — from education to public health to environmental protection — they can identify ways to increase their human capital's efficiency.

While Europeans have reason to criticize Russia's shortcomings, they should also recognize that only two decades ago, Russia's political, economic, social and legal systems underwent

a fundamental shift, which significantly affected its people's psychology, self-perception and behavior. Given Europeans' complicated experience with EU enlargement, they should understand the challenges that accompany such a profound change.

With this understanding should come recognition that Europe's current policy of demanding that Russia "mature" as a condition for cooperation is counterproductive. Russia will mature much more slowly in isolation than it will if it is integrated into European institutions.

Some progress has already been made. For example, participating in the Council of Europe has helped Russia improve its prison system significantly. Likewise, launching initial public offerings on European stock exchanges has strengthened Russian corporations' governance, social responsibility and treatment of minority shareholders. In short, more interaction, not less, should be actively encouraged.

Of course, Russia will probably not become a full NATO member in the foreseeable future, owing to the many structural, technical and psychological obstacles blocking its path. But political integration is feasible. Greater political cooperation would provide a context for discussing issues like the future of Afghanistan, global terrorism and nuclear proliferation.

The institutional integration of Russia into greater Europe will require strong commitment from both sides. In this globalized century, it is the only option.

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