

This is Europe. Jutting out into the Atlantic Ocean, the region is sandwiched between the Arctic to its north and the Mediterranean Sea to its south. It's home to a wide array of bustling cities, rich with history, and also just plain rich. Europe has the largest average incomes and highest standards of living of any region in the world. In fact, its combined GDP accounts for more than a quarter of the entire world's economic output. For centuries, influential human achievements flowed from the region, from great works of art during the Renaissance to new scientific and political ideas during the enlightenment. Most countries in Europe are democracies that grant their citizens extensive political freedoms and generally protect their human rights.

But for centuries, Europe was consumed by fierce competition and vicious wars. It was partly these bitter rivalries that spurred European countries to spread outside the region, and as they competed for colonies and power around the world, the scope of their conflicts expanded, culminating in the two world wars during the first half of the 20th century, which killed tens of millions of people and led to trillions of dollars of damage in Europe and around the world. In the aftermath of so much loss and suffering, European leaders and their allies sought to prevent such widespread devastation from reoccurring. One approach they took was to tie their economies closer together.

In 1952, France, West Germany, and four other European countries united their coal and steel industries into a single market. This gave them all access to those economically vital resources and eliminated a major source of competition. And, it worked. None of these countries has fought a war against each other since. Over the years, this initial cooperation expanded and grew to include more European countries and other economic and political spheres, tying historical rivals together in a peaceful community.

In 1993, this integration was consolidated with the formation of the European Union, which has grown since its founding to nearly 30 members today. The EU is a unique organization. It has an executive branch and legislature in Brussels, and a judicial branch based in Luxembourg. It may seem similar to the three-branch structure of the U.S. federal government, but the EU has considerably less power over its member countries than the

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U.S. federal government does over its states. The U.S. was founded on a single document, the Constitution, which created a relatively strong federal government. The EU, on the other hand, was founded on a series of treaties, which give the EU varying degrees of power over different policy issues.

On many policy issued, the EU doesn't have full power, and instead shares power with member countries. Oftentimes, the leaders of those member countries clash with EU officials over who holds authority on a certain issue. However, one area that the EU has clear authority over is trade between its members. All EU member countries, and a few neighboring ones, are part of the European single market, which allows the free movement and exchange of goods, capital, services, and labor. That means a person in Germany can buy shoes from Portugal without having to pay any tariffs, and they're also able to move to Portugal to work at a shoe factory. They can even build their own factory in Portugal. A person from Portugal can do the same things in Germany, or in any other country that's part of the single market. All EU members enter international trade deals as a single block, and they coordinate their defense and security policies, even though each country directs its own foreign policy.

There are other elements of the EU that some members opt out of. For example, most but not all members signed onto the Schengen Agreement, removing their border controls so EU citizens can move freely between countries without having to show their passports. And in 2002, most but not all EU countries started using a single currency, the Euro, making commerce much easier throughout Europe. Even with all this integration, there are still heated disagreements between European officials on a wide array of issues, from taxation to farm subsidies, to energy policy, to immigration.

Many European citizens have become disillusioned with the European Union, feeling that bureaucrats in some faraway country are making huge decisions about their lives without any of their input. Disillusionment with the EU has led people to support radical populist movements and political candidates, which typically oppose further European integration. This trend has made clashes between member country leaders and EU officials in Brussels more frequent and harder to resolve. And that's problematic because the EU often needs broad consensus to address important issues

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like how to provide defense and security for its members. The shift towards populism is one of several major challenges threatening to chip away at the European Union and turn its political cracks into canyons.

Slow economic growth was weighed down the region. An aging population creates a less productive workforce, and regulations limiting how much employees can work exacerbates this problem. Some European governments invest relatively little in research and development, a key factor in long-term economic growth, and they prioritize generous welfare states, sometimes without being able to fund them through taxes. At the same time, the Euro complicates some countries' poor financial decisions. By adopting the same currency, countries also adopted the same monetary policy, which tends to cater mostly to the preferences of the EU's northern export-heavy economies, even though they each have economies growing at different speeds with different levels of unemployment.

That means that while some governments might prefer to have higher interest rates, and others might prefer lower ones, they're all stuck with the same rates that's set by the European Central Bank, which manages the Euro. Each country does control its own fiscal policies, determining how much to tax and spend. However, by adopting the same monetary policy, each country signed onto certain rules about how large their debt can be, and how fast it can grow. This is a problem for some countries with widespread youth unemployment and large debts that want to take on even more debt in order to boost spending on things that may help their economies. But they can't, because they're stuck with a monetary policy that limits their debt. The economic problems worsened by these constraints spur many EU citizens to support populist parties, which may threaten to stop using the Euro or vow to ignore the EU's financial rules, furthering the tension felt between member states and Brussels.

Meanwhile, many people in richer countries fear that workers from poorer countries will come and take their jobs, and they fear that their presence will somehow weaken their national identity and culture. This fear has grown since 2015, when a wave of refugees escaping violence in North Africa and the Middle East started pouring into Europe. Worries about mass migration pushed many EU citizens to support right-wing populist parties, which are often illiberal, trying to chip away at their government's checks and

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balances, and undermine democratic norms. Some anti-migrant parties also criticized the Schengen Agreement, and called for ending the free movement of people, a cornerstone of the EU.

The rise of right and left-wing populism across the region poses a real threat to the European Union. However, not all of the EU's problems are internal. Among the handful of European countries that have not joined the EU, Russia poses a growing challenge to the security and stability of the region. For most of the 20th century, Russia anchored the communist Soviet Union, and during the Cold War, Europe was divided between Soviet aligned countries in the east and U.S. aligned countries in the west, many of which are part of the North Atlantic Treaty Organization. NATO is a U.S.-led military alliance formed to deter Soviet expansion into Western Europe. But after the Cold War ended in 1989 and the Soviet Union dissolved in 1991, NATO not only continued to exist; it expanded.

Many Eastern European countries wanted to join NATO, and were able to by the late 2000s. Many had joined the EU as well. Russian leaders viewed this eastward expansion as humiliating and a threat, so in recent years, Russia has been pushing back by attempting to weaken NATO and the EU. Russia supports anti-EU political groups within EU member countries, and Russia tries to intimidate and stop Eastern European countries from joining the EU. In 2014, Russia even invaded Ukraine, in part to stop it from joining the EU and NATO. It then annexed the Ukrainian region of Crimea. This use of military force interrupted decades of relative peace among the major countries within the region. Russian antagonism is one of several problems NATO faces.

In recent years, the U.S. has seemed like a less dependable partner, as multiple American leaders and President Donald Trump in particular insist that Europeans spend more on their own defenses and rely less on the U.S. military for protection. Europe is facing down several serious challenges, and it's unclear whether they can be dealt with or whether they will deal a major blow to the region's decades of peace, prosperity, and integration.