

Do we need a European Federation?

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A commentator on this blog [noted yesterday](#) that:

"I've always thought a federated Europe is inevitable and (in my mind) desirable... the alternative is that Europe will be carved up into vassal states of either the US or Russia."

I understand the force of that argument, but nothing is as simple as that.

Europe is now dealing with power politics at its rawest. Trump's United States is increasingly transactional and coercive, as is very apparent from its attitude toward Denmark and Greenland, whilst Putin's Russia is openly imperial. Any European state attempting to go it alone is, in that case, inviting pressure it cannot withstand, as the UK is beginning to find.

This very clearly matters now. The old assumptions that underpinned Europe's post-war settlement are breaking down at speed, [as Mark Carney noted in a speech in Davos this week](#), which has since been roundly condemned by Donald Trump for its temerity.

First, American protection is no longer guaranteed, and even when offered, it now comes with a very high price tag and potentially unacceptable political strings.

Second, the rules-based international order that Europe relied upon is being replaced by something closer to a marketplace for power, in which the strong (whose identities are obvious) demand tribute, and the weak are expected to comply, or suffer.

Third, the instruments of coercion are no longer only military. They are financial, technological and informational. Access to banking systems, payment networks, cloud infrastructure, semiconductors, energy supplies, rare minerals and even satellite systems is becoming conditional, as is trade itself. Small and medium-sized states do not have the leverage to resist those pressures on their own.

That is why this issue cannot be dismissed as abstract constitutional speculation. It is, instead, about whether Europe - as a continent - has the scale to defend itself both

economically and politically, meaning it is also about whether democracy can survive in a world where coercion has become normalised.

But the phrase European Federation is also dangerous if it is used carelessly, because too many people will hear it and assume it means deeper EU integration as we have known it, implying centralisation, potentially technocratic rule, fiscal consolidation, and a common monetary framework that could too easily, in practice, recreate the failed logic of austerity. That is, unsurprisingly, not what I think is needed.

If the idea of a European Federation is to have real merit, it must be a loose federation of cooperating democracies, and not an over-centralised political machine. Its focus must be defence and security, including the creation of a common good that should underpin all defence strategy, including procurement, intelligence, cyber resilience, energy security, and the capacity to resist financial coercion. And it should simultaneously exist to reflect European diversity, and not to make it bureaucratically uniform.

There are, in my opinion, some preconditions to make this work. For example, any such Federation must be explicitly grounded in the UN Charter and its human rights provisions. All countries in Europe likely to sign up to the Federation will have already committed to both of these; there is no reason to spend time creating conformity on a new set of principles when agreement already exists. But, as I have noted [in another post this morning](#), the economic foundations must also be secure. Agreement here might be harder to achieve, but it is essential.

Crucially, that also means that this must not be a fiscal or monetary union. The lesson of the euro is plain: removing monetary sovereignty without democratic fiscal unity produces stagnation and inequality, and imposes austerity by design. A European Federation that requires the surrender of fiscal capacity would, then, destroy the very social cohesion it needs to survive, and that must be avoided.

And if Europe wants a practical monetary innovation at this moment, it should not be an extension of the “one currency fits all” euro, but a new Bancor-style clearing currency, designed to manage trade imbalances and reduce dependence on the dollar system while leaving democratic control of national fiscal policy intact.

So yes, European Federation may be the a highly relevant issue to consider at this moment but only if it is defined on terms that protect democracy rather than override it, and only if it is understood for what it now is, which is a response to an emerging era of coercion in which Europe will either act together in the interests of everyone in the countries of Europe, whoever they might be, or potentially be dismantled one state at a time.