Is the EU a federation?

No – and also not merely a club of states. The EU is a hybrid: federal where it trades, intergovernmental where it matters most to sovereignty.

That sounds like a dodge. It is actually the most precise description available, and once you see which half is which, most EU behavior stops being mysterious.

The federal half

Start with the feature that startles American lawyers. EU law is supreme over national law and applies directly to citizens – principles the European Court established back in 1963–64 – and governments lose in that court routinely and comply. No ordinary international organization works this way; this is federal machinery.

The same is true of the single market of 450 million people, of trade policy – where the EU negotiates as one and nobody in Washington or Beijing asks for the Slovak position – of competition law that fines the world's largest companies, and of the currency: twenty-one countries, Bulgaria the latest this January, share one central bank. Where the EU is federal, it is strikingly effective. That is the part eurosceptics rarely mention.

The intergovernmental half

Now the other ledger. Defense: national, with a NATO umbrella. Foreign policy: unanimity, meaning one capital can silence twenty-six. Taxes: national, and vetoed to stay that way. The EU budget is about one percent of the continent's income – the United States federal government spends twenty times that share. There is no EU police, no EU prosecutor for ordinary crime, no EU army; Brussels could not tow a car.

And the tell that settles the "superstate" argument: members can leave. Article 50 is a working exit door, tested by Britain. Federations do not have exit doors – that is rather the point of them.

So what is it?

The treaties' official answer is sui generis: one of a kind. Political scientists are less shy; much of the comparative-federalism literature classifies the EU as a federal **system** – federal in legal structure, confederal in its power sources – while agreeing it is not a federal **state**. The most honest image is architectural: a house half-built, with a finished, load-bearing legal-economic wing and a scaffolded shell where defense and treasury were sketched but never constructed.

Why the unfinished design wobbles

Look where the EU's crises actually happen. The euro crisis: a currency without a common treasury behind it. The migration crises: open internal borders without a shared external asylum system. The Russia crisis: an economic giant imposing sanctions it cannot militarily back. Each crisis lands precisely in the seam between the federal half and the intergovernmental half – the Union is strong where it is finished and weak where it is not.

Which reframes the usual question. "Is the EU a federation?" matters less than the live one: given that the half-built rooms are exactly where the weather now comes in, does Europe finish the house, or keep the tarpaulin?

All questions →

FREQUENTLY ASKED

Is the EU a country?

No. It has no army, almost no taxes, a budget around 1 % of GDP and members can leave – Article 50, as Britain demonstrated. Real federations have none of those features.

In what ways does the EU work like a federation?

Its law overrides national law and applies directly to citizens, its court binds governments, and trade, competition and the currency for 21 members are run at the union level – classic federal machinery.

What stayed with the member states?

The expensive, sovereign core: defense, foreign policy, taxation, budgets, policing, healthcare, education. On most of these the EU can only act if every government agrees.

What do political scientists call the EU?

Officially sui generis – one of a kind. But many federalism scholars classify it as a federal system or "federation of states": federal in structure without being a federal state.

Why does it matter what the EU is?

Because its crises land exactly in the gap between the two halves: a currency without a treasury, borders without shared asylum, sanctions without an army. The design explains the dysfunction.

SOURCES

- CJEU: Van Gend en Loos (1963, direct effect), Costa v ENEL (1964, primacy)
- Treaty on European Union: Art. 50 (withdrawal), unanimity in CFSP and taxation
- EU budget ≈ 1 % of EU GNI vs. ~20 %+ federal spending in the US
- ECB: euro area at 21 members (Bulgaria, 1 January 2026)
- Kelemen and comparative-federalism literature on the EU as a federal system