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WHEN DIVERSITY AND CULTURAL IDENTITY MEET A COMMON PAYMENT SYSTEM: THE CHALLENGES FACED IN INTEGRATING A SINGLE PAYMENT SYSTEM WITHIN THE EUROPEAN UNION

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Nowadays we are facing an era where it can be easily admitted that there's no state found on the international scene with a legitimate monopoly over the use of force and the capacity of authoritative rule enforcement. European Union is one of the most successful international cooperation and by far the most significant and far-reaching attempts at regionalism. Being an organization that brings together a number of several countries, the challenge of this model of regionalism, consists in dealing with different cultures, languages, law systems and constitutions and nevertheless financial systems. Is it possible, that in an already intricate organization, characterized as dissimilar and which often seems to develop in an ad hoc manner, to successfully overcome such tough national barriers? The primacy of the European Union's law represents one of the fundamental principles of the Union law and has been, since the beginning, a proof of loyalty and devotion for building unity among the European countries but dealing with a common payment system may prove much more difficult to handle.

This paper aims to analyze the current state of the implementation process of integrating a single payment system within the EU, resulting in an analysis of the current state dealing with diversity and strong cultural identities. Could the EU successfully accommodate such a concept taking into account the challenges resulting from the mere essence of a pluralistic community?

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1. European culture and identity: Concepts and implications

European culture is not a precise concept that we can surely define, since identity can be characterised as an accumulation of several different values. Although, EU is an ongoing changing political unit that is encouraging its integration more and more, it represents also a platform characterized by cultural diversity. Consequently, European identity has become central to the politics of European constitution and to the never-ending struggle to solve its legitimacy problem¹.

Over the years, there have been distinguished multiple cultural efforts, that were intended not only to advocate a cultural unity but also to develop a new kind of European thinking, one capable of mobilising Europe's 505 million citizens towards a new conception of thinking themselves as "Europeans"². Among the most important aspects of people's culture and identity are language and history, the principle two areas which most divide EU Member States. In most current debates regarding European integration, the notion of culture still remains an abstract term, usually used to embody how European integration brings more than economic benefits. Even though culture is said to be so fundamentally important, the European Union has never clearly shaped its cultural policy. Culture in general and cultural policies were not considered priorities during the first period of European integration and were discussed only in the later phases³.

Even though most member states still reject the idea of formulating "common cultural policy" and insist on respecting the well-known principle of "subsidiarity", there has also been an unanimity in favour of implementing a certain degree of cooperation in the cultural field, this being a result of the acceptance the fact that many issues require a coordination at a European level. While debates still focus mainly on the need for a European cultural policy, at the same time it's possible to affirm that, in fact European cultural policy already exists, even if it is not yet clearly defined⁴.

Provisions from various common policies have an impact on culture, referring to both policies that refer specifically to culture and those that have

¹ HALL, *The Question of Cultural Identity in Modernity: An Introduction To Modern Societies*, Blackwell Publishing, 2006.

² AHTONE et al., *Europe 2020: delivering well-being for future Europeans*; European Policy Center, 2010.

³ MCNAMARA, *The Eurocrises and the uncertain Future of European Integration*, CFR's International Institutions, 2010.

⁴ NICOLAIDIS, *Whose Europe? National Models and the Constitution of the European Union*, European Studies at Oxford Series, Oxford University Press, 2003.

a more indirect impact on culture. In a report issued by the European Parliament, Ruffolo disputed that economic prosperity alone, either the single market and single currency, could not have mobilized member states and their citizens for European integration if there had not been a clear political goal behind it⁵. This kind of political union, if it wants to succeed in becoming a real union, has to empower member states to also gather some common cultural beliefs beside simple economic interests. Ruffolo also stated within the report, that the conception of European cultural policy would rather shape a model that can afford all member states equivalent opportunities for the promotion of cultural diversity, achieving in this way the goal of what he termed “*unity in diversity*”.

In the current context, some may say that EU should rather focus on political issues and its resultants rather than economical or cultural one. To start off, it is necessary to analyze the democratic legitimacy of the EU within its own structure, since democracy is a main value for the EU as understood from its activities and proceedings⁶. Currently, the EU has 28 member states and a population of approximately 500 million people. This being said, nowadays the EU is criticized for the lack of democratic architecture although it keeps on expanding its authority, a clear proof being the accession of Croatia, in 2013. Nation-states decision-making aptitude and policy-making capacities were so much shifted from the national to the transnational level. The notion of transnational and supranational democracy have gained greater power⁷.

At the same time, the world's system of international relations has changed significantly. Conventionally, academic literature on the issue of democratic deficiency in EU is based on two opposing point of views⁸. The prevalence argument is that there is democratic deficit in the EU whilst the minority argument rejects this perspective. The majority argument draws on the two dimensions of the EU. The prime argument claims that the EU's institutional design and configuration is not characterised as a democratic one. It's clear that one cannot evaluate the concept of legitimacy within the EU entirely on the ground of these structures, since the EU is neither a federal state nor an international government. In some cases, for example if the EU

⁵ Ruffolo Report on Cultural Cooperation in Europe, 16 July 2001.

⁶ BÖRZEL – RISSE, *Diffusing (Inter-) Regionalism: The EU as a Model of Regional Integration*, KFG Working Paper Series, Free University Berlin, 2009.

⁷ MORAVCSIK, *Europe, the Second Superpower*, in *Journal of Contemporary World Affairs*, 2010.

⁸ SCHMITER, *The future of democracy in Europe. Trends. Analyses and Reforms*, Central European political science review, 2006.

would be evaluated in terms of legality, it could raise several questions regarding the basis of legitimacy in the EU. Overall, it would be questioned from where the EU takes its legitimacy, more exactly if it has resulted from people or institutions. The EU is currently involved in the consolidation and establishment of democracy within the member states and the third party, represented by states that signed agreements with the EU agreements⁹. The support given to the election activities among several countries through electing monitoring represent a visible aspect of this activity of consolidation and establishment of democracy. The EU developed several mechanism and instruments to grow and to inject the concept of democracy in several countries. The EU has been consolidating partnerships and has been taking part of the process of persuasiveness and confidence-adjustment both nationally and locally, so that it can brace democracy among these countries¹⁰.

2. Implementing a common payment system

A memorable moment in terms of payment system was the introduction of euro currency in the EU area, starting with January 1st 2002. Originally, payment and securities settlement systems in the EU were built with the aim of meeting domestic requirements and they weren't quite suited to the needs of a single currency area. Facing this background and all this challenges, the EU has undergone fast changes found both in the run-up to and following the introduction of the euro. Introducing a single currency has also accelerated efforts to consolidate and harmonise payment and securities settlement systems¹¹.

In order to foster and to harmonise payment system general applicable at EU level, cultural identity and diversity plays a big part along this process. Dealing with cultural identity is closely related with cultural policy, while we can observe that one common cultural policy applicable for the whole European region does not exist and we only have a set of common principles

⁹ JONES, *Beyond blocs: The West, Rising Powers and Interest-based International Cooperation*, Policy Analysis Brief, Stanley Foundation, 2011.

¹⁰ HURRELL, *On Global Order: Power, Values and the Constitution of the International Society*, Oxford University Press, 2007.

¹¹ JETIN-PLIHON, *Financial Integration and Common Payment Systems: Economic and Financial Regional Integration: Lessons from the East Asian and European experiences*, Paris-Nord University 2005.

that belongs to such a cultural policy¹². Is it possible to come to an agreement over how it should look further a common payment system or a common style of policy decision, taking into consideration cultural identity? Although the EU has launched and achieved some significant payment policies and results, it is still largely characterised by fragmented payment systems due to several challenges that were faced since it very beginning.

Still to this day financial integration represents one of the most important targets of the EU, having the goal of implementing common infrastructures and payment systems, being well know that it represents one of the condition that guarantees an efficient allocation of financial flows among European countries. A key role in the functioning of the economy is to have an efficient and robust payment system¹³, that can ensure uniform distribution of liquidity and that can contribute to financial stability¹⁴. In order to ensure and foster a successful integrated payment system and to admit to a process of europeanization of the payment system, other factors such as the diversity and cultural identity, should be taken into consideration and tackled accordingly. The correlation between cultural identity of European countries and the process of integrating a common payment system, a successful one, is indubitable and should represent an important pawn in decision-making.

¹² KOKOLA, *The payment system: payments, securities and derivatives and the role of the eurosystem*, European Central Bank, 2010.

¹³ JOHANSSON, *Looking to 2060: long-term global growth prospects*, Economic Policy Paper 3, 2012.

¹⁴ EUROPEAN COMMISSION, *European Economic Forecast*, European Economy 2, 2014.