

A THEORETICAL APPROACH TO THE POSSIBILITY OF INTRODUCING PERSONAL FINANCES AND LEGAL-POLITICAL EDUCATION IN THE TEACHING PROGRAM OF THE HIGH SCHOOLS IN ROMANIA AS A MEAN TO IMPROVE THE INDIVIDUALS' QUALITY OF LIFE AND TO REDUCE SOCIAL RISKS

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Abstract: In our paper we intend to present the possibility of introducing personal finances and legal-political education in the teaching program of the Romanian high schools. We believe, that even if there are several types of education systems, in terms of the contents of the education and of the skills which it aims to develop, such knowledge should be important for the students for increasing their general level of awareness in their future lives.

The lack of personal financial discipline and the lack of proper information has caused to our mind serious social-economical problems in Romania, similarly to the situation of many post-socialist countries. If the personal finances would be thought for the students on the level of the high school, we believe that the risks could be significantly decreased.

As a result of the quick transition from dictatorship to democracy, the Romanian society couldn't get familiar with the basic principles of the participatory democracy. Without this we believe there will be very hard to build up a powerful civic sphere and a politically self-conscious society. In the paper we collect arguments in favor of these disciplines but we will analyze some potential risks too.

Keywords: personal finance, legal-political education, high school, civic sphere, participatory democracy.

Introduction

There has been a long running debate among the educational experts over the optimal content of the teaching programs in the public education¹. This is no wonder, as the high school is the last sphere of the public education in the frame of which there is a countrywide possibility to offer basic, common knowledge for the students. As they enter the higher education, there the teaching curriculums vary significantly and the specialization makes it impossible for the system of the higher education to transmit any general knowledge, civic values or practical skills which are generally useful for every member of the society. By other words, if there is anything important which everyone should know in order to be prepared for a complex life in the frame of the society, which was not taught until the start of the higher education years, there is unlikely that there will be any chance to gain that sort of knowledge whenever later.

The two basic theoretical approaches which tend to dominate the theoretical debates are the idea of the classical education, based on general knowledge and memorization being the most important criteria, and the idea of practice-oriented teaching with less stress on the general knowledge but trying to prepare the students for the possible challenges which are likely to be faced during their lives². The first system, usually associated with the continental European teaching systems sees as its general duty the transmission of the classical culture and knowledge (starting from the antique roman-greek culture) in order to form students with

¹ Aldrich, p. 31

² Ringer, p.47

a wide range of knowledge. Thus the teaching content is largely theoretical and the main tasks the students have to do in order to be awarded is memorization of content, be it poems, historical events and years and other information. The second, practice-oriented system, largely associated with the public educational system of the United States of America is rather skill-oriented³. The system doesn't focus on the transmission of classical knowledge but rather puts stress on developing practical skills of the students. This includes communication, associative thinking, problem solving and since recently, a wide range of IT skills⁴.

We personally believe that these two educational traditions reflect the historical evolutions of the two geographical entities. Europe has always been identifying itself as the land of the greek-roman culture, and even if throughout the history there have been turn-aways from these values and cultures, Europe's large and culturally important spiritual turning points often meant a turning back to these values⁵. After the collapse of the Western-Roman Empire in 476, it took almost four centuries for the court of Charlemagne to turn back to the ancient values in the frame of the so called Caroling-renaissance. The most important turning back to these roots was however the Italian renaissance, with the region Tuscany as starting point. The artistic directions of the classicism and neo-classicism also meant inspiration from the ancient values. Of course, an important precondition was that the continent could afford to put stress on arts and culture, as the comparative economic development used to be on Europe's side. This is true even if we take in consideration the fact that in the last 500 centuries the economic initiatives that provided Europe a comparative well-being originated from margin-zones of the continent, as the main venues of the trans-Atlantic trading have been the coastal Spain and Portugal, Netherlands and Great Britain, which also provided the a large part of the technological innovations of the industrial revolution⁶.

In contrary, the Unites States of America in many aspects was born as an innovation comparing to the old Europe. Not only through its political system and the constitutional establishment, but also in the terms of trading, economy organizing and general freedom rights. In our hypothesis, as the US started to become more and more a melting pot of the ethnicities which were represented through the millions of migrants, the greek-roman classical culture which might not have been very influential in the beginning neither, became secondary for this new society. Of course, we have to distinguish the American society, and no one should believe, according to us that the traditional elites of the United States know less about Vergilius or Herodotos, but in terms of mass-education the practical skills could get into the frontline.

However, we believe, non of these two major theoretical approaches (or any local alternation of any of these) tried to introduce into the teaching system two very important types of content which would be vital for the students during their lives. These would be the personal finances and the legal-political education. It seems obvious that the practical

³ Pulliam, p. 19.

⁴ http://www.teach-nology.com/teachers/subject_matter/computing/ accesed on 08.10.2014.

⁵ Delanty, p.44

⁶ Acemoglu-Robinson p. 161

approach applied in the United States might be closer to the aim of training well-prepared citizens, but our point is that it would be vitally important to introduce these curriculums universally in order to prepare the students for a complex life and to give them the chance of taking cautious decisions in various situations which may not only influence their own lives but can have an over-rolling effect on their families and aggregatedly on whole regions or even on the level of the macro-society.

In our paper we will collect arguments for the benefits which could appear in case of the introduction of these curriculums, also analyzing the possible risks and potential negative-side effects.

Social challenges and risks related to the lack of knowledge about personal finances

The financial knowledge is one of the key element that we consider that is missing from the current Romanian public education. The lack of the financial knowledge on the individuals' level became obvious in the whole region as the collapse of the state-controlled socialist economy was followed by a very fast transition towards a market based capitalism⁷. In the communist region of Europe⁸ there was actually little need to have any idea about personal finances. Not only because of the fact that many commodities were impossible to buy or if they were, it might have taken long years to buy for example a new car, but also because there was a very limited difference about the people who were better off and the ones who stood below the average financial status of the society. As there wasn't any possibility to become wealthy (and the egalitarian state did not let people to starve either, or if yes, there was a rather general starving in the country, especially in the late '80s in Romania), there was no motivation to be aware of the main principles of the personal finances. So, while the communist system assured for everyone a minimal standard of living it hardly provided any incentives for the citizens to develop any sort of financial awareness or responsibility.

The transition was quite fast, happened almost „overnight” and there wasn't any wider publicity campaign or anything such that could prepare the population for the new financial environment. Maybe, retrospectively looking, it could have been useful to prepare the population for the financial alternations, just like currently EU member states do before they implement the euro as national legal tender⁹, but of course, this is a quite utopistic and naïve approach, but the lack of such could and still can be felt even today.

The first and most important change, to our mind, was that buying any sort of commodities became possible, so it mattered whether one had money for it or did not. As the natural demand of the population for goods and services has remained for decades unsatisfied, when everything became available it was no wonder that the wish for consumption was significant. The first issue that, we believe, originated in the very first years of the democratic-capitalist era was the widespread debt and the spirals of debt both on the levels of the individuals and households, let alone the state-debts. Probably the desire to buy a color-TV or a newer, western car was stronger than the rationality to calculate whether one

⁷ Kornai, p.31

⁸ A remarkable exception is Hungary, where private economic affairs were allowed and the state had a rather permissive attitude towards the capital-accumulation of the different spheres of the society,

⁹ http://ec.europa.eu/economy_finance/euro/adoption/preparing/in accessed on 07.10.2014

can afford such commodities. So the first wave of getting into debts is likely to have been appeared in the early '90s. The situation, however hasn't improved ever since significantly, we believe.

Till the outbreak of the currently still undergoing economic and financial crisis, in the whole central-eastern (post-communist) Europe money was easy to get¹⁰. There have been published many reports about cases from different countries, according to which certain products could be purchased even by letting the sellers make a photocopy of the person's identity card¹¹. As the individuals were unable to pay back regularly the parts of the loan due to be paid, they were forced to ask for money from other sources. In happier cases, this meant financial institutions, in worse cases criminals who lend money with huge interest-rates. So, the purchasing of a simple TV-set or microwave oven could be starting point of a debt-crisis or debt-spiral, leading often to tragedies on both the individuals' and the families' level.

We believe that the high school could be the last chance, the last phase in which in the frame of nationwide initiatives the children could be taught the most important aspects of financial discipline and foreseeing.

In our opinion, the following subjects should be the main parts of such a curriculum:

-How to set a personal and family budget, taking into consideration the regular incomes and regular spendings, also trying to constitute financial reserves for any unexpected spendings.

This means, that the regular spending must be smaller than the regular incomes, otherwise the debt-spiral can not be avoided. If the calculation shows that the regular incomes do not cover regular spending, either the incomes should grow, or the spending should be cut off. Keeping an up to date list with the daily spending on a regular basis and re-checking it every weekend, for example, could put into evidence many products or services which may prove to be useless or at least unnecessary. It can also be useful to see whether there are any possibilities to replace the commodities which are particularly expensive by any other products with a better price-quality ratio.

Financial reserves are important because there can be unexpected spendings of any kind, and if there are no financial reserves one single extra and unexpected spending can cause financial crises and can mark the starting point of a debt-crisis from which sometimes it might be impossible to recover.

-How to compare prices (using mostly online technologies) and how to evaluate the value of the different goods, including amortization.

This means, that for example if somebody goes to an en-gross store of household-machines, on one hand, should understand the precise price of the product. Sometimes there is a net and gross selling price written, and for many people it is not clear which price is the valid one. On the other hand, any good has a lifetime, and the price should be divided with the number of years the given product can be used, in order to get a price/year figure, and then further, as the incomes are due to arrive on a monthly basis, this sum can be divided with twelve, the number of months in a year. This way one can see the real price of the product, and can foresee exactly in what measure will it burden the monthly budget. This can be rather useful when making a credit-calculation for the goods, as there will also be a sum that has to be paid monthly. If the difference is very big between the two monthly prices, maybe

¹⁰ http://index.hu/gazdasag/vilag/2009/09/15/egy_nap_mely_megrengette_a_vilagot/ accessed on 07.10.2014

¹¹ <http://observator.tv/social/au-revenit-creditele-doar-cu-bulet> accessed on 07.10.2014

many customers will consider whether they really have to jump into an investment that will not surely be worthwhile. This can lead to a much more responsible purchasing behavior.

-How to understand the functioning principles of the various services of the banks and other financial institutions.

The services offered by the various banks are rather complex and often quite confusing. However, there are some basic principles which must be understood in order to be able to put into context all the regulations and to understand the way the banks function. First of all, the students should understand that banks aren't charities. They work for profit. If they put out money, in forms of credit, they only do it with such conditions that the risk would be reduced as much as possible (with the option to ensure the loan by the salary of the applicant for the loan or by his properties) and if they keep someone's money in the form of a bank account, than they do it in order to use that money in a profitable way. If this is made clear in the minds of the students, they will hardly ever believe that it is a benefit to take a loan from the bank only because they advertise it as being cheap, loans are only useful by two conditions. On one hand, if an investment needs to be made and there is no other way to gather the necessary amount of money, and if the regular income is higher than the part of the money that should be paid back on a regular basis.

There would be other contents, like the inflation, currencies, forms of investments which should be taught, but the first three groups of information, we believe, should be the basic elements of the tuition. This could not only lead towards a society with a much more conscious financial thinking but the risk of having a large ratio of the population in debt could be significantly decreased, even if it would take quite some time. People in debt-crisis are major risk for the governments too, as these people are likely to lose their properties, homes and would finally burden immensely the social care system. Families struggling with financial difficulties are, we believe, less likely to spend on their children's education so this can have intergenerational effects and can push whole families toward instable social situation. The less people are put out to such dangers, the less people burden the social net and they are likely to be employers who through their regular spending help the economy grow. This is where individual and macroeconomical interests meet and cover each other.

The importance of the legal-political education in the high schools

The collapse of the communist regions in the period 1989-1992 in Center-and Eastern Europe brought formal democracy and capitalism in almost all the countries which became independent (for example the Baltic states of Latvia, Lituania and Estonia) or became free of the political influence of the USSR (like Romania, Hungary, Poland etc)¹². Most of the countries chose to implement the the western models of the democracy. Since the wave during which the South-American countries became independent countries and also implemented western democracy during the first half of the XIX century, this has been the most important joint transition of a group of countries towards western democratic establishments¹³.

The transition was very quick, and it's no wonder that the population which got socialized under the depressing regime of the communist dictatorship could not really

¹² Straver, p. 17.

¹³ Rosanvallon, p.56

understand the new rules of the common decision making. Even if many freedom rights were guaranteed in the earliest democratic constitutions, a large part of the population was fearful to express political opinions or to get involved in the public affairs.

The western democracy¹⁴, as we know it nowadays is a produce of a long running procedure, which has not always taken the form of a linear development, it's rather been a social fight with setbacks and failures. The major revolutions and wars (the US's war of independence, the French and the English revolutions) were all milestones in this progress. As a result, the current systems which we find in these western countries are not foreign implemented models but genuinely born and locally developed forms of the policy making. The tradition and the historical perspective are vital parts of these democracies and the generations have been for centuries socialized with the narratives according to which their ancestors actually gave their blood fight for democratic values and social progress. This can be an explanation of the fact that for example in the case of the United Kingdom there's no constitution and yet the country is still perfectly governable and the Westminster democracy is a remarkable model and point of reference worldwide.

In contrary, in the case of Eastern Europe and especially in Romania the transition took place in only a couple of days, so there was obviously no time for the Romanian society neither to adjust the democratic establishment to the local and cultural peculiarities, nor to get familiar with the new rules of exercising political power from the people's perspective. Ironically, it can be said, that during the communist dictatorship the population has been properly „taught”, how to behave towards the political elite and towards the political establishment. The cruel way how the system treated the alternatively thinking people, the propaganda machines and the hanging portrait of the dictator have all indicated the main rules of the system, so it was easy to understand that the political establishments requires passivity and complete lack of criticism from the side of the population. But which are the requirements in the case of a democratic establishment?

We believe, that the major problem is related to the participation. This is not only obvious from the voting percentages at different elections and referendums, but also on the lack of civic initiatives, civic movements. These all suggest that a significant part of the people don't believe or don't understand that the power is actually, after all, theirs. It will, however remain a theoretically possessed power, as those who don't participate give up the right to have a say on the public affairs of the country. Even if the social media offers a never seen possibility for individuals to launch social movements (for example the so called Arabian spring has also been largely organized on Facebook) in Romania we can hardly see any such initiatives.

Blaming governments for the poor public services and for countrywide general injustice is useless if it doesn't lead to the articulation of the people's will. Refusing to vote for any political alternative can't have other effect but the consolidation of the positions

¹⁴ We don't want to state a firm position on the subject whether we use in the scientific discussion the term democracy or democracies. This debate resulted from the fact that many experts doubt whether there's a single model of democracy which can be implemented everywhere, they rather suggest that even countries which differ largely from the democracies of the western countries can be considered democratic. In the paper we use western democracy to indicate precisely that we are talking about the democratic models of the United States of America, United Kingdom and other members of the European Union.

occupied by current political powers. Even if we accept the theory of non-voting as a result of a personal calculation of cost-benefit ratio, we can hardly believe that about a half of the Romanians with right to vote wouldn't have opinions on the issues or conditions that they believe should be improved.

As we mentioned above, the public education offers a unique possibility to offer a common knowledge for every single member of the society at an early age. And this chance could be used in Romania also to develop the civic political cultures of the individuals. Even in countries in which the re-socialization of the whole society was necessary after horrible social disasters (like the case of West-Germany after the Hitler-era) the public education and the teaching of objective history (facing the facts and sins of the previous regime) played a key role in the successful process.

The lack of legal knowledge is also an issue which we believe is completely missing from the public education in today's Romania. Even if there's no other subsystem of the society which can affect everyone's life. The law affects everyone, this being the foundation of a state of law. It is rather risky to send students out from the public education system without preparing them for the importance of respecting the law and for the consequences they might face in contrary case. This probably comes from a very widely shared view, as some people tend to believe that if someone is not aware of the laws that regulate any field of the life than they can not be responsible for their acts. This is a huge mistake, so by other words, we risk that the young members of the society would suffer from the consequences without being aware of the rules they should respect.

Which should be the main contents that should be taught in my view in the frame of the legal-political education?

-Why is it important to participate to elections or referendums and how to choose a proper candidate?

The main legitimizing value for any democratic establishment is the support of the society. The more people participate to the elections, the more legitimate the parliament and thus the government will be. So, from the side of the political establishment it is important to be held up by as many citizens as possible. In case of referendums, in many cases there's also a limit of participation below which any result will be considered invalid.

Maybe more important is from the future electors' (students') side this issue as they should be able to understand the importance of participation but also to make proper choices. This is a quite sensitive issue, and there does exist a risk that the teacher could influence the students' when talking about this issue. The educators must be very careful about this, and should not promote any values, but we believe he/she has to make it clear which are the theoretical foundations of the various large ideologies, like liberalism, conservatism or social-democracy. The tuition must be however value-neutral, the only emphasized value should be the importance of supporting parties which are dedicated to share democratic values.

-How can citizens influence the policy-making?

The students should understand that the fact that there are members of parliament (MP) who represent them is not a privilege but a duty for the MPs. If they receive proper feedback from the voters even during their mandate than they might have the incentive to

work better for the good of their voters. In lack of such incentives and in lack of civic feedback it is no wonder if they neither know the preferences of their voters on various issues, nor will they feel forced to do their best for the benefit of the voters.

As for the referendums or civic initiatives, the students should understand that the state is a formal frame but the contents of the state policies can be and should be influenced by the citizens' will. They have to understand, that in case there's an important issue for them, for example, the protection of the environment and wildlife they are entitled to launch civic initiatives and referendum on the topic. The more active they are as citizens, the more chance they will have to shape the society in which they live in.

-Which are the main things which should be worth to know about laws and legislative principles?

As we mentioned above, the laws are obligatory for everyone in the society, so it is quite irresponsible not to prepare the students for this. Sometimes even honest people can get into trouble with the law, due to some very common misunderstandings false assumptions. For instance, it's quite widely believed that if someone is not aware of the specific regulation on any field than doesn't have to respect what's indicated in the specific acts and legal texts. This is, obviously, completely wrong so the key message should be that in case one gets involved into any new activity should get informed about the relevant legal regulations. The other thing is, mostly in the case of crime events that many people believe that being drunk or under influence of various drugs is reason for excuse. Contrary, in most countries one can expect more severe punishments if commits crimes under such circumstances. Similarly, there are some persons probably who believe that if an act of crime is committed in group the individual responsibility is smaller as being shared among the actors. Contrary again, this is usually a circumstance which is punished with more severe consequences.

It is obvious, that it would be useless and unnecessary to teach specific legal content for the students. On one hand, the law is an ever changing social material, and being up-to date is possible only by following the main changes which in the various legal regulations. It is likely that the students will chose various professions, so it would be hard to find any specific legal acts which should be taught universally for the benefit of everyone. But if the main principles of the spirit of the legislation are made clear for the students than they might be less likely to get into trouble in terms of legality.

Conclusions

In our paper we tried to illustrate how important it would be to enlarge the teaching content of the public education, especially in the high schools with basic knowledge on personal finances and information about politics and legal aspects of the citizens' lives. We believe that this way many social challenges could be avoided and it could also prevent other social risks which may happen at any time due to the fact that a significant ratio of the society is not aware of these basic principles.

We also emphasized, that not necessarily specific contents should be thought, rather a logical introduction into the way these social-subsystem function. Of course, all these proposals can ever be implemented on the condition that there are well prepared educators for these topics who are able to offer objective instructions and value-neutral indications in these

disciplines. If this will ever happen, we believe that the future generations will live in a more self-conscious and mature society which is less put out to various financial and political threats.

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