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The Financial Crisis in the Light of Modern – Meta Modern Discourse: Re-Conceptualising the Modern Knowledge and Financing System

The main aim of this paper is to contribute to the debate on today's financial crisis through the Modern- Meta Modern discourse. It is argued that the debate of the financial crisis cannot be reduced solely to economic causes and that the deeper causes of the crisis are mainly philosophical, ethical, educational, and social. Most of the already proposed antidotes for today's financial crisis (i.e. enhancement of the domestic financial system, emerging market and innovative products, better control of the financing system) ignore the deeper moral and educational crisis of modernity that places the responsibility for the financial crisis on citizens and their lack of savings. Meta-modernity opposes viewing citizens as consumers, as depersonalised, technically controlled objects of the financial and political system. It seeks more ethical standards in business, education, and politics and it encourages developing new perspectives for evaluating the financial practices. Meta-modern discourse supports the view that the financial crisis is a direct result of prioritising the interests of the power holders – banks and financial enterprises – at the expense of citizens' well-being and value-based questions.

Introduction

Although the financial meltdown of the 21st century is an economic phenomenon, one cannot ignore that the fundamental epistemological principles underlying the phenomenon also underlie the modern philosophical and social discourse: the pragmatic instrumental good that leads to marketable products vs. the liberation and empowerment of persons that lead to self-orientation.

A holistic interpretation of the recent crisis would argue for broad theoretical insights that take into account how and to what degree the human sciences are responsible for the financial situation. Apart from the monolithic interpretations provided by systemic narratives that seek to justify themselves, analysis of a financial crisis cannot be reduced solely to economic terms: Marxist, capitalist, neo-liberalist, and socialist economic interpretations all tend to blame one another and seem to recycle their own principles, which present life as obeying systemic linear truths and beliefs.

This paper seeks to go beyond an economic explanation of the financial crisis and aims to shift the focus of the debate from the external characteristics to the deeper causes of the crisis, which are mainly philosophical, ethical, educational and social. In looking at the moral aspect of the financial crisis, we aim to answer fundamental questions concerning the responsibility of each citizen and that of society in relation to this situation. We want to reconsider the ideal of globalisation that promised to raise the living standards of poor countries; it seems to have instead created consumer complicity in a system that promoted consumption. We would also like to reconsider the educational system, which seems to have been reduced to the training of workers unable to participate in the decision making process.

What is wrong and what is right? What behaviour is moral and what is immoral? What is the meaning of solidarity and how is it that individuals become

alienated from their own actions and transactions? Who defines what a person should become and know? What is the meaning of liberation in the postcolonial world and what is the relationship between liberation and emancipation? It is obvious that different epistemological paradigms respond differently to these questions (Koutselini, 2009).

To answer these questions we must revisit the debate between modernity and post- modernity and the consequences of the prevailing principles of late modernity in all aspects of life. Here, we argue that the process of naturalisation and its negative side effects – a process in which education as the caretaker of economy is a natural function – prepared and contributed to the current financial crisis.

The side effects of modernity

In the years of late modernity, the economic motif of selection and training for occupation was gradually enhanced. As a consequence, today's educational policies are characterised by a surfeit of managerial input, universal standards and a deficit of personal introspection, reflection and ethical-moral development of all persons involved in the educational endeavour. Policymakers, stakeholders and teachers focus on what students should know in order to work and contribute to economic development, independently of their ability to think and decide.

From this point of view, the universe – and within this universe, the human and social sciences, education, schooling and communication – appeared as a deterministic system where the law of cause and effect dominated the uniqueness of social and personal life (Koutselini, 1997). Under the bureaucratic control of rationality, the system alienated individuals from themselves (Giddens, 1991) and treated them as objects with routine obligations in a mechanistic system. Within this mechanistic system the banker is always there to suggest and promote ways of mortgaging the self through a loan, a house, a car, vacations, and con-



suming expenses. The marketised person has lost the internal locus of control, and verifies Erich Fromm's assertion that modern persons' dreams are "to have" and not "to be".

Postmodernism recognises – and I believe that herein lies its strength – that representation is not a neutral process, that there is a politics of representation where all forms of cultural representation are complicit in the struggle for power and domination. The postmodern viewpoint increasingly recognises that all knowledge claims are partial, local, historical and specific rather than universal and ahistorical. Thus, postmodernity comprises an awareness of the significance of language, discourse and socio-cultural foundation in the making of any knowledge claim (Koutselini, 1997, 2006). The American/Western style conceptualisation of happiness internalised the dream of having and consuming. Within that rationalistic, i.e. algorithmic, technocratic and instrumentally economic system, people are regarded as instruments of production and students are seen as marketable products. There are striking similarities between the educational and the financial systems. For example, equality seems to have been reduced to free access to schools for all students and free access to banks for all citizens. The routine procedures and the external control and measurement of progress have widened the gap between citizens from low and high socioeconomic backgrounds. Both, the market-driven society with its focus on consumption and market-driven education with its focus on employability have lost sight of ethical and moral principles, which is reflected in a human communication that has been reduced to financial transactions and exchange of interests. Increased marketisation and imposed needs alienate people from their inner life and any concerns other than spending and earning.

It is also argued in this article that there is a marked difference in the way that politicians and social scientists envision a solution to the global financial and economic crisis. Seyad (2009, 1) argues that the G-20 meeting in April 2009 in London indicates that "the global financial crisis cannot be overcome by the isolated efforts of any one nation but requires comprehensive and coordinated action by all major economic powers", suggesting that the problem will be solved by the same powers that created it. The rationale for this view is the fact that politicians and economic analysts attribute the crisis exclusively to the "shadow banking system" with its lack of transparency and to the "credit rating agencies" on which the market and the banking system over-relied (Seyad, 2009). This kind of debate purposefully ignores the interplay among factors such as knowledge claims, economic development and political control (Apple, 1979, 1993, 1995), all of which contribute to the maintenance of a society's status quo.

The previous financial crises in the 1930s, 1970s and 1980s proved that, during the crisis, banks and market became more aggressive in seeking to keep their share and interests. They also proved that there is no pre-determined way to stop the crisis or to guarantee that such financial crises will not occur again. Thus, one can propose a number of answers as antidotes to today's crisis, but no one can guarantee that crises will not be always with us and that they can be totally eliminated.

Some of the already proposed antidotes for today's financial crisis are: to enhance the domestic financial system, to set up better standards for loans, to produce innovative products, to enhance the employability and the value of retirement savings, to provide financial education. A lot of pages have been written about all these ideas-antidotes making obvious that authors try to take a fresh look at their domain of expertise, usually concluding that all measures must be combined with employees' increasing knowledge and confidence for making financial decisions (i.e. Tullock, 2010).

Towards a meta-modern paradigm for curriculum and thinking

Postmodernists have been strongly criticised for their anti-realism and their sometimes nihilistic deconstruction of foundational knowledge. There are two major shortcomings/flaws in this viewpoint: there is the fact that postmodernism does not recognise in the learner any kind of *resistance to objectivity*, nor is the knower/producer of knowledge given any kind of authority to produce knowledge; second, postmodernism oversimplifies the relations of power in society (Koutselini, 2006). While no one can deny that experience is socially constructed by rules that individuals learn to internalise, the crucial questions remain: is internalisation always in the interest of those "in control"? Is the correlation of internalisation, knowledge and control predictable and linear according to the "cause – effect" model? (Koutselini, 2006). If that is what postmodernists propose, then they question their own discourse, which is based on the denial of cause-effect results in social studies, and especially in education.

Based on the above discussion as well as on Derida's theory that in order to deconstruct it is necessary to circumscribe, we have proposed (Koutselini, 1997, 2006) the term *meta-modernity* as the basis of a new paradigm of communication, schooling and coexistence in a society. Further, it is a paradigm that aims to empower individuals to understand how power and interests function for the enslavement of persons.

It is crucial that human relations and personal conduct, success and failure, crises and alternatives are neither de-ethicised nor depoliticised. Today, the educational, social and financial systems appear to be



regarded as processes to be learned and implemented with the aim of achieving predefined and specific results. They have become, in fact, a means of achieving status, the conditions and terms of ontological reaffirmation of each person in society as well as every specific society in the community and throughout the world.

Understanding the above truth must make one skeptical about societies' development according to world leaders and their products, material and discourse, as these can control both the status of being in the society and also a country's "allowed" level of development.

In this context, meta-modernity means the modernisation of modernity, the transcendence of its weaknesses, the personalisation of its technocratic function (Smith, Wexler, 1995). Thus, meta-modernity includes ideas, values and attitudes supporting not a critique but new ways of understanding a meaningful (as opposed to chaotic) world (Koutselini, 1997).

The dialectic between person and world defines the meta-modern educational, ethical, and societal frame wherein each child acquires his/her personhood, creates knowledge, and realises his/her existence as a being-in-the-world. Meta-modernity implies a shift in how we think about our relationship to the world, a shift that leads us beyond the sequential, quantifiable understanding of the universe and promotes *the experience of a network of relationships*, with the individual having the central voice. Consequently, experience and reflections on the experience emphasise qualitative processes and communication instead of quantitative results and market-oriented consciences (Koutselini, 1997, 2006).

Grumet (1992, 31) argues that "we cannot talk about social sciences without talking about the dialectic between person and world, a dialectic that holds all the mysteries and ironics of paradox". Meta-modern approaches are not new; rather the terminology is new. Meta-modern approaches are based on phenomenology and hermeneutics, and they advocate a network of communication that promotes a dialectic synthesis of different theses but also a dialectic understanding between persons and social phenomena (Koutselini, 2008).

The emancipation of citizens

Examining the financial crisis through a non-modernist lens, one could place the interest of the power holders in opposition to *the interest of the individuals*. Moreover, Giroux's (1983) emancipatory pedagogy works *with* as opposed to *upon* the oppressed. Giroux argues that domination *and* resistance are mediated through the complex interface of race, gender, class – and other roles – with asymmetrical relations of power. From this point of view, the poorest people, the uneducated, and those at risk appear to own things

they could not afford due to a financial and banking system that served the interests of producers, power holders and governments (Freire, 1972). The emancipation of citizens – and especially of the at-risk citizens – facilitates the understanding of their vulnerability to exploitation and makes them aware of the non-financial causes of the crisis.

Schools in the USA (ASCD SmartBrief, 2010) promote the idea that the financial recession can be overcome through a combination of financial literacy and financial responsibility. These financial education programmes aim to teach the importance of savings, an aim that once again places the responsibility for the financial crisis on citizens and their lack of savings. It is not difficult to understand why bankers do not offer consumer education programmes that can limit their budget, and why they do not accept any responsibility for the high rate and speed of debts in the economy.

Meta-modernity places people at the centre of the decision making process and advocates an ethical and moral assessment of all actions. It opposes viewing citizens as consumers, as depersonalised, technically controlled objectives of the financial and political system. It seeks more ethical standards in business, education and politics, and it encourages developing new perspectives for evaluating the financial practices.

Citizens must become aware of contemporary discourse and practices and realise that, with different discourse and practices, things could appear otherwise. The modern, financial-oriented discourse assumes that human communication is value-neutral, while the concepts of "efficiency", "effectiveness", "statistics", "finance and financier", "assessment standards" and "reliability" are to be valued. But, in fact, these are the result of a self-serving system which gives the control to banks and business.

An empowering discourse offers different practices and an alternative representation of reality, where "frameworks of development", "construction of human networks", "development of personhood", "reflective practices", "beliefs and values", "social and institutional context", "embedded cultural values", "societal ethos", "moral language", "rewarding experience" provide differentiated opportunities to people with "biography" – not only those with money.

In this context, most valued becomes what Foucault calls ethic, a system of moral principles and rules of conduct which exists in all communities. Our world needs to focus on the holistic development of people rather than considering them as marketable products, or worse, as loan seekers. The world needs individuals who will not only consume products and discourse, but who will also produce it; people who will be able to participate in collaborative decision making procedures and who will be critical of the new forms of surveillance, i.e. technical control in schools



and society, the exaggerated power of political parties and professional unions, marginalisation by the power holders, and bureaucratic depersonalisation of a globalised world, where peace is imposed by war!

Aristotle (XXX, 1338b) taught that always searching for the useful does not suit free persons. Practical, goal-oriented knowledge and pursuits enslave individuals to superficial goals aimed at the short-term. Moreover, Aristotle (see also Edgar, Sedgwick, 2002) suggests that people must aim for a balanced combination of “the Necessary, the Useful, and the Good”. Good is synonymous with morality, the virtue of honesty and justice, which shapes wisdom in actions, fairness in communication, and balance in pursuits and goals.

One needs to understand that the market-driven consumer society creates individual desires that promote imbalance among the three Aristotelian categories, such that the Necessary and the Useful dominate the Good. In this context, individuality is promoted at the expense of social collaboration. Moreover, society’s ties and networks have been sacrificed to the hierarchy of wealth and power that creates artificial situations of danger and terror in order to protect its interests, power and control.

In the final analysis, the imbalanced economy is the result of the imbalance among the three Aristotelian categories in relation to the goals of the soul, education, society, and human activities. This is supposed to be the starting point of all educational programmes, and especially of the financial programmes sponsored by banks and their stakeholders who do not serve the interests of the public, but rather themselves. Financial programmes should focus on citizenship and contain a strong philosophical orientation that will offer a deeper understanding of the structure of domination and subordination in society. Moreover, citizenship education should replace those citizenship programmes that limit their spectrum and aims. Citizenship education ideally will promote an integrated understanding of the educational aims in a democratic society. Why do we educate students? To become democratic, self-actualised *citizens* able to have a high quality of life in a changing world and willing to promote cultural and societal aims of the community. This is an ultimate aim and it should guide the entire curriculum and educational system.

Late modernity prioritised the economic life at the expense of the social, the educational and the interpersonal. In this way, education became the caretaker of Usefulness and easy Employment. Therefore, the problems of society can be seen to originate in the educational deficit, i.e. the education of the active citizen has been neglected. Consider the 2010 aim of the European Committee (1997): to become an antagonistic economy, based on knowledge. This aim paved the way for a focus on economics and supported edu-

cational reforms (e.g. the Cyprus curricula reform) that removed or side-lined the humanities: philosophy, sociology, ancient Greek literature, and civics. These subjects were considered to be less important, non-viable (in the economic sense) and they were largely replaced by information technology, economics, foreign languages (for facilitating transactions), maths and physics (for promoting innovation and product design).

It is obvious that value-based issues and questions cannot be promoted by positivistic approaches where a linear understanding of reality dominates. Real life and social phenomena maintain the mystery of both the dynamic interactions and lack of conformity- a mystery which holds citizens aware of unexpected crises. Thus, reform of the banking system – as the G-20 decided in London – cannot protect citizens from consumption that leads to increasing debts. On the contrary, it leads to stronger regulation by the bankers and to greater control and supervision by the power holders who gradually will increase their Foucaultian panoptical eye (Foucault, 1979). Thus, a solution to the financial crisis must not be centred on how the system is to be saved; it must rather focus on how we can develop and nurture the moral conscience of rulers and citizens.

The investment in an “emerging market” with innovative products as a policy to reduce the recession is a continuum of the economic policy of late modernity. The paradox in this is that societies propose as a solution to today’s crisis its own cause! As Banks (2004, xiv) recognises “This economic disadvantage is often the result of historic state practices of discrimination, exclusion, and segregation”. From our point of view, without commitment to reducing the social and economic disadvantages of women, minorities, small business, retired people, unemployed youth and illiterate persons, the emerging market and the easy financing will always be the messenger of the financial crisis in a society without cohesion, common democratic values, and active citizens.

Conclusion

This discussion does not necessarily lead to the usual Marxist conclusion that the financial crisis proves the collapse of the modern capitalist economic system. It is our argument that the problematic situation cannot be explained in economic terms alone, nor it can be solved by bankers and economists. Improved bank governance is not the antidote to bank fragility and recession. We believe that the financial crisis is a citizenship crisis, a collapse of the moral and ethical ties of the society.

The institutional frameworks of today – the European Union and globalisation – radically changed the ontological and deontological status of societies and people. They prioritised economic restructuring, on both a global and a European level, through a techni-



cal and instrumental/practical/goal-oriented way of thinking. Herein lie the roots of the financial crisis: devaluing human actions results in depersonalisation of communication and loss of fairness and accountability.

All in all, a shift in focus from financial interests and consumer habits to concerns over business and political ethics should involve a continuous process of self-questioning and self-awareness in relation to the specific cultural context which is international today. Worldwide concern to overcome the financial crisis is missing a key factor, the moral/ethical discussion of what is right and wrong in social communication and what are the side-effects of the modern economy and the subsequent politics.

The financial crisis is a direct result of prioritising the interests of the power holders – banks and financial enterprises – at the expense of citizens' well-being and value-based questions. Thus, it is urgent to shift our focus to ethics in business and politics. Past financial practices, like emerging markets and creation of new needs that can easily be satisfied by easy loans led to the mortgage and market meltdown. Therefore, they cannot be proposed as solutions to the financial crisis.

Nor can the financial education alone provide a way out of the crisis, since financing leads to the vicious cycle of needs' fulfilment and new needs' creation that enhance the citizens' dependence on market and banks. The antagonism of interests and profits is the instrument of the power holders for preserving their power. Citizenship education includes in its aims the economic awareness and the moral development of persons in a way which ensures that the recognition of a sound financing system and emerging market does not undermine efforts to construct mutual trust, democratic values, and a coherent society, with less groups being marginalised because of economic disadvantages and mortgages. The existing bank system has lost the trust of its clients because of both financial practices without any moral background and citizens-clients without the competence to understand the interplay of financing and subordination.

In summary, it is obvious that the Aristotelian combination of "the Necessary, the Useful, and the Good" in modern societies remains unbalanced; The Useful dominates both the Necessary and the Good, exhibiting democratic deficit and economic segregation.

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