



The Voice of the Youth Vol. 3

Edited by
Anes Hodžić

BDF
BORIS DIVKOVIĆ
FOUNDATION



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The Boris Divković Foundation was established in 2013 with the aim of advancing political science and political practice in Bosnia and Herzegovina and the region. Since then, the Foundation has promoted a responsible policy, which serves all citizens and operates on the principles of equality, coexistence and solidarity. The Boris Divković Foundation is marked by the desire to harmonize political activity with basic moral principles, which is the idea that Boris Divković advocated during his engagement. The widespread opinion that a combination of morality and politics is impossible is only a consequence of the decades-long rule of irresponsible politicians. The Boris Divkovic Foundation starts from the assumption that a combination of morality and politics is possible, but that it is necessary to carry out ideological decontamination of the notion of politics in public space, which would create conditions for including honest and responsible people in political processes in the Western Balkans.

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Intro

The recent global events have had significant impacts on democracy and liberty worldwide, and the ideals of such political concepts are now most affected since the end of the Cold war. According to the current data of Freedom House Index, it has been estimated that eight out of ten people live in countries that either have “partly” or “not free” status. In many countries, radical ideas are gaining popularity and citizens vote for the parties that promote far-right or far-left politics in search of a quick solution for their problems. In this context, fighting for ideas of liberty, equality and democracy can be considered revolutionary, and that is the essence of what CPLA participants have discussed this year.

Personally, working with young people from the Western Balkans was both challenging and rewarding. This region has dealt for years with the same challenges that Europe and the rest of the world is facing today. Nevertheless, the young people have always harbored hope that the better future for the region is possible. In general, they do not succumb to populist solutions, look for scapegoats or blame others for the current situation. They believe that the best way to change our societies and make them more open, tolerant and functional is not to complain but to act and fight for greater liberty. They clearly support George Bernard Shaw’s statement that liberty means responsibility.

The articles presented in this book confront some of the most pressing issues of the Western Balkan region. In the countries where the number of women elected to parliaments is declining with every ballot and according to the data from Inter-Parliamentary Union the women in Western Balkans are making up just between 25 and 35 percent of parliamentarians¹, it is of utmost importance to improve women’s participation in politics. Systemic corruption is reported in all levels of government and according to Transparency International’s Corruption Perceptions Index most of the Western Balkan countries are ranked between 87th and 110th place²,

so suggesting any kind of viable solution is groundbreaking. Unfortunately, instead of teaching students about methods applicable for solving their confronting issues, they learn a multitude of unnecessary and unusable information. This is why the proposal to teach students about the economy and management of personal finances is worth respect.

All the issues these young authors raise in their policy papers have not only pinpointed some of the most important problems in the Western Balkans, but they also suggested solutions to them. Most importantly, these solutions are not wish lists, but they are valuable suggestions that the decision makers can consider when implementing them.

Last but not least, even in times of crisis and threats to liberty and democracy, there are still beacons of hope in sight. Young people who participated in this policy paper are that shining example of the Western Balkans. This is just a step in their journey to lead their countries towards European Union integration and we expect to hear much more from them in the future. I have no doubt that you will share the same opinion once you read their policy papers!

Anes Hodžić

1 Inter-Parliamentary Union. URL: <https://data.ipu.org/women-ranking?month=10&year=2022> (18.11.2022)

2 Transparency International Corruption Perceptions Index. URL: <https://www.transparency.org/en/cpi/2021> (18.11.2022)

Underrepresentation of women in politics of Bosnia and Herzegovina

Amina Tirić and Samira Trešnja



CHAPTER 1

Chapter 1

Underrepresentation of women in politics of Bosnia and Herzegovina

Amina Tirić
Samira Trešnjó

Introduction

Plattner (2010) stated that "for a regime to be considered democratic, the rights of individuals and minorities must be protected - in other words, it must guarantee the freedom of its citizens".³ Women's political participation is a crucial element of genuine and inclusive democracy. Even though the Law on Gender Equality of Bosnia and Herzegovina provides a legal framework for women's political rights, gender equality in Bosnia and Herzegovina remains low. This opinion piece aims to highlight the importance of this issue. Some aspects of patriarchy and female subordination continue to be reflected in the politics of Bosnia and Herzegovina. This practice needs to change, as fundamental

³ Plattner. (2010). "Populism, Pluralism, and Liberal Democracy". The Journal of Democracy. Vol 21, No 1: 81-92.

elements of democracy promise that women must be equally able to participate in all political and decision-making processes.

Women have always been poorly represented in the history of Bosnia and Herzegovina. The current implementation of gender equality in the political, civil, economic, and social aspects undergoes specific challenges and difficulties. It can be said that this is one of the weaknesses of Bosnian and Herzegovinian society. Although the idea of gender equality and political representation of women in social and political life binds the activists of women's rights, they are unfortunately, often exposed to threats. In social and political life in Bosnia and Herzegovina, men play a dominant role, and the male spectrum of future political actors continues to prevail the very top and party electoral lists. As a result, women are underrepresented on political party lists in Bosnia and Herzegovina. To date, there has never been a woman elected president of Bosnia and Herzegovina, and female politicians are rarely appointed as heads of the most important political institutions of Bosnia and Herzegovina. The underrepresentation of women in political and social life of Bosnia and Herzegovina is the result of the practice where the opportunities are given to more specific, professional, and serious male candidates. Since 2013, Bosnia and Herzegovina's Election Law regulates that there must be at least one woman among the first two candidates on the electoral lists, and that not less than 40% of the female candidates must be nominated by the party. However, these rules are rarely applied

"When women run and govern they have to be seen for their agendas, not for their hair, hemlines, and husbands."
-Marie C. Wilson, President, The White House Project

in practice. Women politicians are also marginalized in international relations and diplomatic circles. For example, they were excluded from the process of signing the Stabilization and Association Agreement between Bosnia and Herzegovina and the European Union in 2015. Thus, Bosnia and Herzegovina has failed to meet the minimum requirements for gender equality, which is an inseparable part of the European integration process. Currently, 23% of women are appointed as ambassadors, 17% as general diplomatic consuls, and 40% as heads of permanent missions. Women make only 34% of all groups working in security and police forces, international law enforcement, readmission, data protection and rescue.⁴

This is a formal and informal comparative analysis of the current dire situation in Bosnia and Herzegovina, and positive examples of Nordic countries (e.g. Sweden) and available objective data on the possibility of raising the threshold using first-hand experiences. Participation and representation of women in society, social, political and all other spheres of the state are presented here.

How are women represented in Nordic countries?

Nordic countries pay great attention to reducing gender inequality making them a good example for Western Balkans how to increase female participation in politics. According to data from Intra-Parliamentary Union, women make up more than 45 percent of parliamentarians in Sweden, Norway, Finland and Iceland.⁵ The advancement of gender equality in the Nordic states has been primarily based on the right of women to vote.

The first broad wave of feminism in Nordic countries began in the 19th century when middle-class women formed special women's rights organizations demanding political rights, the right to education and employment. Nordic countries gave women the right to vote earlier

4 Miftari, Durkalić and Barreiro Mariño. "Country gender equality profile of Bosnia and Herzegovina". URL: <https://eca.unwomen.org/en/digital-library/publications/2021/7/country-gender-equality-profile-bih> (10.08.2022.)

5 Inter-Parliamentary Union. URL: <https://data.ipu.org/women-ranking?month=10&year=2022> (18.11.2022)

than most nations in the Western world. Women gained the right to vote in Finland in 1906, Norway in 1912, Denmark and Iceland in 1915, and Sweden in 1921.⁶ The Nordic countries have long been regarded for their continuous progress in women's political representation.⁷ For instance, Finland has the youngest female prime minister currently in the world, Sanna Marin, and more than 47% of their parliamentarians are women. Sweden is the first country in the world that has a feminist government. Such a government aims to promote gender equality and give everyone equal opportunities.

Sweden has long been a progressive leader in advancing women's rights and gender equality, along with the other Nordic states. When talking about the beginnings of Swedish inclusion of women in national legislative processes, ministries and cabinets, the first major step in Swedish political life was made in 1994, when the first social democratic government with an equal number of women and men was formed, while today's representation of women in the Swedish National Government is approximately 57% (Table 1).⁸

Added to this, Sweden's electoral system is a closed list system. It includes preferential vote and proportional distribution of seats according to the St-Lague method for 310 seats. The Swedish case demonstrates how a proportional system may be utilised to increase the representation of women. However, this would not be possible without additional supportive elements, such as a welfare system primarily geared toward women. Sweden enacts quotas that inspire and train women for these prominent political roles to ensure that women are politically represented in the government. In the party circles themselves, there is a greater influence to send an increased number of women to the parliament.

Precisely, these party influences affect the representation of women

6 Nordic Cooperation. URL: <https://www.norden.org/en/information/politics> (12.08.2022.)

7 Karvonen and Selle. (1995). "Women in Nordic politics: closing the gap". Aldershot. Dartmouth.

8 Brunila, Duguit and Iovino. "Women in politics in Sweden". URL: <https://www.mv.helsinki.fi/home/holli/01sweden.html> (27.07.2022)

in higher positions and party circles. At present, there are seven parties in the Swedish parliament, and two of them actively emphasise women's vital role in the state, political and social life. These two parties use the so-called alternating electoral list system, where every second person on the election list is a woman. Consequently, Sweden has the largest number of female parliamentarians in the world.⁹

The Swedish Parliament - Sveriges Riksdag - has 349 parliamentary positions. 161 of them are women, which is equivalent to a percentage of 46.13%.¹⁰ In terms of the Swedish government, Sweden has 12 department ministries with several ministerial positions within them.

There are 23 ministerial positions in department ministries, 22 ministers and one Prime Minister. Of the total number, 13 ministerial positions are held by women.¹¹

Institution	All	Men	Women	% Men	% Women
Sveriges Riksdag (The Parliament) ¹²	349 members	188	161	53.87	46.13
The Government (12 Ministries) ¹³	23 ministers	10	13	43.48	56.52

Table 1: Current proportion of men and women in Swedish institutions (2018-2022)

9 ACE Electoral Knowledge Network. "Elections in Sweden". Valmyndigheten. URL: <https://aceproject.org/ero-en/regions/europe/SE/sweden-elections-in-sweden-guide> (28.07.2022)

10 Sveriges Riksdag. URL: <https://www.riksdagen.se/en/members-and-parties/> (28.07.2022)

11 Government Offices of Sweden. URL: <https://www.government.se/government-of-sweden/> (28.07.2022)

12 Sveriges Riksdag. URL: <https://www.riksdagen.se/en/members-and-parties/> (28.07.2022)

13 Government Offices of Sweden. URL: <https://www.government.se/government-of-sweden/> (28.07.2022)

Institution	All	Men	Women	% Men	% Women
Presidency	3	3	0	100.00	0.00
Parliamentary Assembly of BiH	42	35	7	83.33	16.67
Parliament of the Federation of BiH	98	72	26	73.47	26.53
National Assembly of Republika Srpska	83	68	15	81.93	18.07
Cantonal Assemblies	289	196	93	67.82	32.18

Table 2: Current proportion of men and women in institutions of Bosnia and Herzegovina (2018-2022)¹⁴

There is significant deference between the percentages of women representatives in the central institutions of Bosnia and Herzegovina and the results of the central institutions in Sweden. The results of the central institutions of Bosnia and Herzegovina are evidently low and disproportionate, and it can be said that the position of female politicians on highest governing levels is discriminatory. In contrast, the Swedish female politicians are proportionally appointed, and gender equality is respected to a decent extent. Although the political representation of women increased in Bosnia and Herzegovina with the introduction of quota systems for candidate lists, the outcome is still disproportionate. It is an encouraging fact that the highest percentage of women ever in the parliament of the Federation of Bosnia and Herzegovina is 26.5%. On the other hand, the representation of women in the Republika Srpska, more precisely in the National Assembly of the Republika Srpska, fell from 25.5% to 18.1% in the last elections. Bosnia and Herzegovina's positive example of the election of a female leader is the election of Sarajevo's mayor, Benjamina Karić. Similarly, Magdalena Andersson is elected to the position of the Prime Minister of Sweden. Although the position of a mayor is a slightly lower political rank than a country's prime minister, Ms. Karić

14 Data source: Central Electoral Commission of Bosnia and Herzegovina

serves an excellent example of women's political leadership in Bosnia and Herzegovina.

Bosnia and Herzegovina's collaboration with Sweden encourages the progress of gender equality in many spheres of the former country. The bilateral cooperation between Sweden and Bosnia and Herzegovina focuses on the development of democracy and human rights, with a particular emphasis on gender equality, the sector and local administration. Sweden has provided assistance to Bosnia and Herzegovina in the NGO sector as well as in ensuring that gender equality gets an institutional framework soon.

Will things eventually get better?

To increase the political representation of women in Bosnia and Herzegovina, it is necessary to apply gender mainstreaming. This strategy promotes gender equality in the government and the political participation of women. The gender mainstreaming process strives to write, promote, and monitor laws and policies in order to ensure that gender equality is taken into consideration in governmental policies. It is a crucial instrument for governments to use in implementing gender equality.

In some cases, the public fears that because female politicians of Bosnia and Herzegovina frequently experience misogyny, sexism, and gender discrimination, they are discouraged from running for the office. Added to this, it is common for male politicians to emphasize women's sexual, marital, or moral lives in their speeches, while disregarding their political and professional careers and accomplishments. On the other hand, male politicians rarely make such comments about another male politician. Thus, even when a woman aspires to enter political arena, her capacities and intelligence are frequently belittled. Moreover, the media constantly prompt sexist remarks against female politicians as their articles focus on women's appearance and their personal lives rather than on their political abilities and leadership skills. For this reason, it is important that the government implements laws that prevent this kind of violence against women in politics.

Many studies define quotas as specific legal measures set by law to eliminate inequality. Nevertheless, the status and power of women in politics remains unchanged despite quota systems. The percentage of women politicians in governing bodies of Bosnia and Herzegovina is still under the constitutionally required 40%. As gender quotas are not properly applied, women are still marginalized group in politics. According to the available data on the lists for the national parliament, only about 20% of women were elected to all levels of government. To achieve equity and a fair distribution of men and women on the electoral lists, the government can maintain the underrepresented gender quota and increase it to 50%. Also, it is essential for this regulation to specify sanctions for failing to meet the quota criteria. Finally, quotas will be effective only when women begin tackling issues that are important to them in terms of gender equality. Female politicians should participate in mentoring programs where they can guide and motivate other women to run for office.

In conclusion, why women politicians?

Gender equality in Swedish state institutions and political and social welfare is a result of many years of work and struggle for women's equality. The outcome of the joint influence of then-unrepresented Swedish women with social democratic movements,

It is necessary to apply gender mainstreaming

women's movements, and work with the then-dominant male population in institutions is a successful implementation of gender equality, respect of women, and female engagement in all political, economic, social aspects, rather than exclusively in households. On the other hand, the political environment in Bosnia and Herzegovina remains hostile towards women. Although women participate in more active, concrete, and precise decision-making processes, their exclusion from the patriarchal society of Bosnia and Herzegovina continues to raise concerns. The stereotypes and double standards are manifested through gender-unequal party rules and unequal access to resources

Growing presence and representation of women in governmental processes raises concerns whether they should even be included there in the first place. Women's political participation led to gender equality and improvements in quality of life. The Secretary General of the UN's Global Study demonstrates that sustained involvement of women increases the likelihood of post-conflict reconstruction's success. Furthermore, it is argued that woman's participation in such political procedures facilitates the achievement of peace agreements. Additionally, women improve the efficacy of humanitarian work and accelerates economic recovery. A good example of the constructive positive peace activism is the Center for Post-Conflict Societies, whose founder is a young woman from Bosnia and Herzegovina. Her work was recognized by many international organizations such as the OSCE, the European Union, USAID and many others. It is important to state that there are more encountering examples of women's political participation nowadays. A study conducted among 31 democratic countries finds that both men and women perceive government legitimacy to be higher when more women are appointed in legislatures.¹⁵

In order to promote legislation, women have a greater capacity to consider issues from a variety of perspectives and, when necessary, to ignore ideological and political differences. An example is the participation of female deputies in the Russian Duma, who proposed measures to increase compensation for citizens with children, extend parental leave and pays for pregnant women, reduce taxes for families

15 Schwindt-Bayer, L.A. and Mishler. (2005). "An Integrated Model of Women's Representation". *The Journal of Politics*. Vol. 67, No. 2: 407-428.

with multiple children, penalize domestic violence, and promote equal rights for men and women.¹⁶

When it comes to the legislatures, it is noticeable that women increasingly propose new laws in state legislative institutions. As advocates of legislation, for example, in the United States of America, 25% of female representatives are cited as key proponents of certain laws, while the ratio of men in the same field is only 17%.¹⁷

For 35 years, the National Democratic Institute has researched this phenomenon in more than 100 different countries. According to their research, women are more likely and willing to work with people who hold different political views than they do; as a result, they have broader perspectives on the issues that affect their constituency. As a result of women's participation in politics, citizens have more faith in democracy. In addition, they are more committed to establishing and maintaining peace, promoting health and education, and prioritizing sustainable development goals.¹⁸

The percentage of women engaging in political electoral processes, joining state institutions and proposing and revising laws in Bosnia and Herzegovina is not at a satisfactory level. However, the situation has improved during the past few years. Many politically conscious, aspirational young women who are fighting for change feel this problem personally and subjectively. Because of this, it is crucial to speak truthfully and advocate for women's advancement in political and social spheres. Women in Bosnia and Herzegovina desire to be active members of the society, and their political participation and example will inspire young women to understand how important their role is for the state, society, and politics, and for the political parties. Eventually, more of them will be motivated to run for political positions and aim for the highest ones.

16 Shevchenko. (2002). "Who Cares About Women's Issues? Women Legislators in the Russian State Dumas in 1995 and 1999". *European-Asian Studies*. Vol. 54, No. 8: 1208.

17 Center for the American Woman and Politics. (1991). "Reshaping the agenda: Women in State Legislatures". *Eagleton Institute of Politics*, Rutgers - The State University of New Jersey.

18 Pepera. (2018). "Why Women in Politics". *National Democratic Institute*. URL: <https://womendeliver.org/why-women-in-politics/> (28.07.2022)



Anticorruption mechanisms

Nudžejma Karajić and Luka Nikolić

CHAPTER 2

Chapter 2

Anticorruption mechanisms

Nudžejma Karajić
Luka Nikolić

We define corruption as the abuse of entrusted power for private gain.¹⁹ Corruption slows economic growth and impairs the efficiency of public expenditures as funds are not used to achieve results favorable to the economy. When considering public resources, corruption particularly impairs the stability of public budgets and reduces public funds for investments. In case of a deficit, the cost of returning part of the debt that arose due to corruption also affects public finance in the long run. Since corruption reduces available budgetary resources and impairs equal access to public services, it also adversely affects social protection and public services. Also, corruption further encourages social inequalities and undermines trust in the state institutions and government. Finally, in exceptional cases, corruption sometimes threatens democracy itself.

Corruption affects every segment of society. Just in Bosnia and Herzegovina, corruption is costing citizens around 1.5 million euros daily.²⁰ It harms positive legal regulations and

¹⁹ Transparency International. URL: <https://www.transparency.org/en/what-is-corruption> (18.11.2022)

²⁰ BIRN BiH. (2022) "BiH: Korupcija dnevno "pojede" 3 miliona KM". Voice of America. URL: <https://ba.voanews.com/a/6419894.html> (18.11.2022.)

represents a deviation from basic social principles. Young people choose to migrate due to unemployment issues caused by corruption. Therefore, the fight against corruption is a fundamental prerequisite for the development of an open and democratic society. For that reason, it is necessary to create anti-corruption mechanisms.

A website that defines corruption and its consequences can be of help, and it can be supervised directly by the judiciary. This visual presentation of corruption can have two perspectives: user and receiver, where people could report corruption via this website or by phone. For reporting corrupt behavior, it is crucial that the website and associated phone numbers are properly advertised.

The outline of the website

Although creation of a website is not a desired policy tool, it can serve exclusively as a platform for applying anti-corruption mechanism. This website would be linked to various levels of governance on local, regional, and national levels, and it would allow people to appeal cases of corruption they have encountered in the public sector or other institutions. The three main components of the website would be:

- **Principles of corruption** - Specific forms of corruption should be presented, including not only bribery, nepotism, theft, fraud, extortion and blackmail, but influence peddling, networking and abuse of discretion. This part of the website is crucial for helping individuals

In Bosnia and Herzegovina, corruption is costing citizens around 1.5 million euros daily

recognize corruptive actions and have awareness of its various forms. Moreover, a sketch of existing legal provisions can be published to bring the topic even closer to the user.

- **Rights and duties of users of anti-corruption mechanisms** - When the corruptive action is recognized and identified, users need to be familiar with their rights before filing a complaint, as well as with the legal obligations and duties emanating from those rights. This part of the website guides a user through the process, explaining the essential phases and institutions that need to be involved in given instances. Although all the appeals should be anonymously processed, unless differently specified by a user, an individual can be required to participate in judicial proceedings during the process.

- **Anti-corruption mechanism** - in cooperation with relevant security services, a secured platform can be developed to enable a user to anonymously submit a detailed appeal. Enough commentary space should be provided, as well as mandatory sections for inserting information necessary for the case analysis. This platform would be directly connected to the public prosecutor office (Special Department for Organized Crime, Economic Crime and Corruption of The Prosecutor's Office of Bosnia and Herzegovina or Supreme State Prosecutor's Office of Montenegro), where a special task force would be appointed to act upon received appeals. Transparency and efficiency of this part of the process would be handled by the Ministry of Justice or other institution responsible for supervision of the judiciary system.

All executive, legislative and judiciary branches of government are obliged to promote the anti-corruption mechanisms and ensure the safe environment for users who want to report corruption and thus act as a corrective member of the society.

Public campaigns can help raise awareness about corruption and encourage participation from the general public in the fight against it. Although there is no urgent need for amendments of the relevant laws (from the perspective of policymakers), its effective application supports the legal principles.

The anti-corruption tool can expedite the process and get individuals closer to the judiciary system.

Public campaigns can help raise awareness about corruption and encourage participation

The importance of economic and financial literacy among the youth

Aleksandra Božić, David Jergić, Duran Duran, Luka Dedić



CHAPTER 3

Chapter 3

The importance of economic and financial literacy among the youth

Aleksandra Božić
David Jergić
Duran Duran
Luka Dedić

In the context of increasing populist and protectionist sentiments worldwide,²¹ this paper explores how financial and economic literacy shapes individual economic policy preferences as well as ways to overcome economic and financial illiteracy among the youth.

Obligation to pay for utilities, taxes, tuition fees, and rent come with certain age, whereas healthcare services are available to young people from the moment they are born. By the time they are six or seven, they are fully integrated into the educational system, play sports, visit theatres and concerts, and have similar activities. Elementary and secondary education is free in Bulgaria, Croatia and Serbia, with the possibility of choosing a private school. In healthcare, the private system cannot replace public healthcare, but it rather adds to the mandatory public healthcare insurance financed by mandatory citizen contributions. Despite the accessibility of healthcare and education, their quality is lacking.

21 Magistro. (2021). "The influence of financial and economic literacy on policy preferences in Italy". *Economics and Policy*. Vol 34, No 2: 351-381.

When starting their studies, young people often move to larger cities and receive money from their parents via bank transfers. For many students, this is the first time they are using this kind of financial service. Also, they are often not familiar with the indicators of fiscal and monetary policies as they are independently managing their finances for the first time. For example, in Croatia, only 10% of students are weekly informed about topics related to finance and most of them are students studying economics and business at the university. This indicates that young people lack financial education, even those pursuing higher education.²²

This problem may be categorized into two main groups: financial and economic literacy. Financial literacy, sometimes also known as financial capability, is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.²³ Financial literacy is often seen as the foundation of an individual's relationship with money. The choice of payment method is one of the factors associated with an increasing trend of financial literacy. During the review period 2017–2021, the Serbian payment market

Young people lack financial education, even those pursuing higher education

22 Vuko. (2022). "Samo 25 posto učenika zna da je u Hrvatskoj štednja u 3. mirovinskom stupu dobrovoljna". *Jutarnji list*. URL: <https://novac.jutarnji.hr/novac/next/samo-25-posto-ucenika-zna-da-je-u-hrvatskoj-stednja-u-3-mirovinskom-stupu-dobrovoljna-15173081> (13.08.2022.)

23 Fernando. (2022). "What is Financial Literacy, and Why Is It So Important?". *Investopedia*. URL: <https://www.investopedia.com/terms/f/financial-literacy.asp> (17.08.2022.)

shifted gradually to payment cards, with total card transaction value recording a compound annual growth rate (CAGR) of 15.7%, thus commercial banks have increasing number of POSs, ATMs, and cards issued in the past three years. Croatia has similar trends, as the number of contactless cards tripled from 2.1 million in 2017 to 6.9 million in 2021.²⁴ Thus, new payment methods contributing to the increase of financial knowledge are on the rise. Various payment methods reflect financial literacy trends of society, and financial literacy is even more important in the concept of assets and debt. Average customer may find the concepts of assets, debt and their financial products complicated and for that reason young people should start using simple products of the financial markets, such as saving accounts and payment methods, as early as possible and gradually advance to more sophisticated financial products. The 2008 crisis showed that poor financial literacy affects not only the choice of individual investors and borrowers, but it is an aggravating factor in a recession as well. Thus, getting proper education about these financial products and services is important for recognizing potential benefits and avoiding debt traps.

Data analyses from Croatia show that students have the weakest results in finances. Only 28% of students know how to calculate the real interest rate, and 25% of them know that saving in the third pension pillar is voluntary in Croatia. In addition, as 72% of students do not know how to calculate the real interest rate, they would not know how to calculate their financial obligations when taking the loan from the bank. Moreover, more than 75% of students are not familiar with the retirement possibilities and have no financial plans for their future. Survey results show that 4.4% of students state that they learned about money management at school or college and only 3.3% from the media (newspapers, magazines, radio, television, and the internet).²⁵ Even the university students claim that they lack knowledge in financial literacy, thus proving that new measures should be implemented. For this reason, it is imperative that the young people get

24 Global Data. (2022) "Croatia Cards and Payments – Opportunities and Risks to 2025". Global Data. URL: <https://www.globaldata.com/store/report/croatia-cards-and-payments-market-analysis/> (22.08.2022.)

25 Vukava. (2016). "Financijska pismenost studenata u Republici Hrvatskoj". Ekonomski fakultet Sveučilišta u Splitu. URL: <https://core.ac.uk/download/pdf/197613892.pdf> (16.08.2022.)

access to financial education.

Economic literacy, on the other hand, is often defined as the ability to use basic economic concepts to make decisions about earning, saving, spending and sharing money. Another broader definition considers that economic literacy is also a way of greater engagement in democracy and the ability to decode language and involve in ideas and social choices, which might help overcome economic communication problems.²⁶ Consequently, it is about understanding the forces that shape all our lives and our role in them, involving questions of values, power and affecting everything we use or do. People's behavior should be supported by the decision behind which lies the understanding of why such decisions were brought, even in cases when they do not hold a degree in economics. Economic literacy is also an integral part of media and political literacy. It offers powerful knowledge and skill that is closely connected with the financial literacy crucial for financial self-management and decision-making. Learning about both literacies enables citizens to understand the role the banks play in society, the effect the governments and central banks have on the economy, and how statistical bureau offices track data aiming to calculate the cost of living, effects of inflation on the value of the fiat currency and other macroeconomic concepts. The COVID-19 pandemic and 2020 crisis demonstrated the level of knowledge of the average citizens in economics and verified strong ties between politics and economics. It also indicated why economic literacy is crucial for young people and how the abovementioned ties are deeply connected with public spending. In most cases, the policymakers who are focusing on the next elections find it challenging to invest the time, money, and political capital in potential future crisis.²⁷

In addition, the recent political measures in Bulgaria, Croatia, and Serbia are rather populist and address the specific event or crisis and they are not implemented as a long-term strategy aimed to meet

26 Norrish. (2017). "What is 'economic literacy'?". Medium. URL: <https://blog.ecnmy.org/what-is-economic-literacy-577e05c378b6> (17.08.2022.)

27 Frieden. (2020.) "The political Economy of Economic Policy". Finance and Development. URL: <https://www.imf.org/en/Publications/fandd/issues/2020/06/political-economy-of-economic-policy-jeff-frieden> (20.08.2022.)

predefined goals. Nevertheless, these measures are poorly criticized by the public, due to poor economic literacy.

The multi-party-political system caused competition between political parties, and the need for political marketing that improves political reputation has risen. Recently, most statements in the Balkans were one-off solutions to the crisis. The political capital in Serbia is built on populist measures which included various packages to respond to COVID-19 crisis. For instance, all young people between 18 and 30 years of age received 100EUR on two occasions, regardless of an individual's or household's financial position.

In addition, several one-time payments were granted to all citizens above the age of 18. These measures were not criticized because political leaders were aware of the challenging financial situation citizens were facing at the time. The citizens, especially the youth, claimed that they are happy to take money that is, in the essence, theirs, but they were unable to elaborate such statements. This example shows how financial and economic illiteracy can endanger the country's economy and support populist political ideologies and populist economic measures. Financial and economic analysis of Croatia also detect financial illiteracy among Croatian citizens.²⁸ This explains why bad economic policies connected to the populist discourse are highly popular among the youth.

The economic growth rates, GDP, unemployment rates, taxes, and other similar topics are familiar to young people of the Balkans, however, they lack the knowledge about the impact these indicators have directly on them. Lusardi, Mitchell and Curto highlight there is a lack of economic literacy among young people as only 27% of them knew about inflation and risk diversification.²⁹

Aside from these indicators, economics is discussed in debates that

28 Vukava. (2016). "Financijska pismenost studenata u Republici Hrvatskoj". Ekonomski fakultet Sveučilišta u Splitu. URL: <https://core.ac.uk/download/pdf/197613892.pdf> (16.08.2022.)

29 Krmpotić. (2020). "Financijska pismenost srednjoškolaca u Republici Hrvatskoj". Ekonomski fakultet Sveučilišta u Splitu. URL: <https://zir.nsk.hr/islandora/object/efst%3A3439/datastream/PDF/view> (28.08.2022.)

concern education, healthcare, culture, and sports. The results of the empirical studies show that economic literacy is closely connected with inequality and financial development, especially associated with lower and decreasing income inequality. As the financial markets become more sophisticated, the ability to take advantage of new investment opportunities may help reduce disparities.

The empirical association between financial development and lower income inequality indeed appears to be driven by economic literacy.³⁰ Additionally, Moore reports that respondents with lower levels of financial literacy are likely to have high mortgage rates.³¹ Similarly, Campbell shows that individuals with lower incomes and lower levels of education, characteristics closely related to financial literacy, are less likely to refinance their mortgages in a period of falling interest rates.³²

Financial literacy is also associated with higher investment returns and investments in more complex assets, such as stocks, which tend to offer higher rates of return.

According to Lusardi and Mitchell's simulation, this finding has important implications for wealth in the context of a savings life

The empirical association between financial development and lower income inequality indeed appears to be driven by economic literacy.

30 Lo Prete. (2013). "Economic literacy, inequality, and financial development". University of Turin. Turin.

31 Lusardi. (2010). "Financial Capability in the United States: Consumer Decision-Making and the Role of Social Security". University of Michigan Retirement Research Center.

32 Same

cycle model with many sources of uncertainty.³³ These results show that financial literacy is not a secondary variable but plays a crucial role in saving and wealth accumulation. Financial literacy of high school students is extremely important as these young adults will make their financial decisions for the first time, their responsibility towards money increases with their age, and when they make their first independent decisions that define their financial independence and influence the future.

As stated, financial literacy has a crucial role in saving and wealth accumulation. It is important to determine where do most young people get their financial knowledge from. 38% of the students surveyed state that they learned about money management at home. Sabri's research reveals that 94% of students turn to their parents for financial questions.³⁴ Specifically, young people whose mothers obtained graduate degree or whose families had stocks or retirement savings understood financial issues better, especially advanced financial issues, such as risk diversification.³⁵

Financial and economic illiteracy substantially affects the citizens' personal finances as well as the political and economic decisions of a country. As an example, the paradox of understanding basic economic concepts drove Western Balkan countries into a situation where they are fully dedicated to follow the path towards EU integration while being unable to integrate within the Open Balkan initiative.

The potential dominance of certain countries, unwillingness to cooperate, and understanding that this will slow down the EU integration, despite having a large impact on trade, and the overall economy are the justifications for rejecting this initiative.

In conclusion, a society benefits when its citizens, especially young

33 Lusardi and Mitchell. (2009). "How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness". National Bureau of Economic Research.

34 Sabri. (2011). "Pathways to financial success: Determinants of financial literacy and financial well-being among young adults". Iowa State University.

35 Lusardi, Mitchell and Curto. (2010). "Financial Literacy among the Young". Journal of Consumer Affairs.

people, have access to financial and economic education. Young people and future generations are the future of the world. Giving children the possibility to have financial education would benefit them in the long run. As already discussed, populist economic measures are more likely to be supported by the general public and the young if the population is financially illiterate.

Young people who receive education in finance understand the risks associated with populism and know how the economy and government function, thus favoring long-term positive economic policies. Insufficient financial education causes higher levels of debt and a riskier approach to investing as poor knowledge in finances is associated with higher mortgage rates.

As stated earlier, there is a link between the financial literacy of a high school student and their family's financial situation and their level of financial literacy. High school students who have parents with graduate degrees are in a better financial position. In order to ensure that high school students who are unable to learn about financial literacy at home get the equal opportunity, economic subjects should be added to the high school curriculum. This would prevent the potential gaps between high school students on such important matters.

Achieving an adequate level of economic and financial literacy should begin with an assessment and evaluation of the current situation, as it will be used for future policy

Society benefits when its citizens, especially young people, have access to financial and economic education.

developments at the state level and should be integrated with the educational system. The majority of young people continue financial practices like their parents, and the financial illiteracy thus continues. Therefore, educating young people is the only way to advance financial education and the economy. Additionally, children with highly educated or financially successful parents have an advantage over their peers with different backgrounds.

This can accelerate the already serious inequality issue. Thus, the educational system needs reform and public educational institutions should include new courses in financial and economic education so that all young people can receive equal education in these areas.

Due to the complexity and comprehensiveness of the educational reforms, it is necessary to develop alternative strategies that will gather all relevant stakeholders and beneficiaries who will gain from the improved financial and economic literacy of the youth. During the analysis of this research, it has been determined that the potentially relevant stakeholders of such reforms could be elementary and high school students, local self-governments, NGOs, banks, state-owned companies and higher education institutions that teach economics.

Engaging youth in the improvement of their financial and political literacy should start at an early age, even at the beginning of elementary school, by assigning them small tasks to manage their finances, give them money on fintech applications, tracking and limiting their spending.³⁶

This initiative is already applied in the United Kingdom, where NGOs work on this topic. To achieve their goals, they offer digital products, educational workshops, community cash courses, research reports, and forums for dialogue among economic institutions about how to communicate more effectively on the subject.

The final goal of numerous activities taken by different stakeholders should contribute to the following milestones through meeting the

³⁶ Warwick-Ching. (2018). "Pocket money goes digital with apps for children as young as four". Financial Times. URL: <https://www.ft.com/content/ddc7140a-0bec-11e8-8eb7-42f857ea9f09> (29.08.2022.)

individual's satisfactory level to:³⁷

- Be aware of key players in the economy and understand in which manner they can shape the economy,
- Be able to understand keywords and concepts that are used to discuss the economy,
- Be able to relate to their every day and form the picture of the economy and them in it,
- Be aware that there are numerous approaches to understanding, explaining, and shaping the economy,
- Be confident in exploring and articulating their economic values and views.

In order to push for the reforms necessary to make financial and economic education widely available to young people, this article can be used as a teaching tool.

Educational system needs reform and public educational institutions should include new courses in financial and economic education.

³⁷ Ecnmy.org. "The Case for Economic Literacy for Everyone". URL: <https://www.ecnmy.org/wp-content/uploads/2018/10/The-Case-for-Economics-for-Everyone-Online.pdf> (30.08.2022.)

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