

INDIVIDUALISTIC MENTALITY AND ECONOMIC EDUCATION

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Introduction

Transformation of totalitarian and centrally regulated society to democratic and free market one initiated, two decades ago, large changes involving all spheres of the society. In the economic area, the transformation to a more efficient market system started, following its deformations which were the result of the forty years of collective ownership and centrally planned economy that had led to lagging economic performance, efficiency and productivity behind developed countries. Moral damage, twisted values and relations required cardinal changes of social institutions but also changes in people's thinking and state of mind, which has posed specific demands on the education system, first of all on the contents of social sciences.

The starting point of this article, which will focus on the economic branch of social science, is the hypothesis that Marxism-Leninism doctrine as a theoretical base of social science affected the society considerably more than one would expect considering the fact that it had been perceived as a formal doctrine in the past. If nothing else, the fact that a big part of the public has accepted the Marxist version of the social dichotomy of capitalism and socialism reflects this. Therefore, the concept of the changes was reduced to the change of plus and minus signs. "Rotten capitalism" was to be "rotten socialism". The true nature of economic transformation and negative impacts of the free market system in the form of increasing prices and unemployment caused that a considerable part of citizens switched the pluses and minuses again. They accepted a more "democratic totality" with formal political plurality but with clearly anti-market and anti-capitalistic view of economy. [10]

1. Two Different Approaches

Anti-capitalistic sentiment of the society that is still prevailing has its origin in the long-term collectivistic mentality that had been nourished by

the German paternalism for several centuries in the Central Europe. However, the effect of communist system was the crucial one and collectivism became an ideological source of development of a new "progressive" society. Although developed world today sees communism with its collective ownership and central planning as an extreme, it does not mean that society is automatically perceived as uniform capitalism and not at all as the only non-communist alternative. Economic or social-economic bibliography identifies several models of capitalism and these models are constantly modified and completed also due to the development in transitive economies. P. Vy-mětal [17] quotes B. Amble in his „The Diversity of Modern Capitalism“, who divides capitalistic countries into five models: Anglo-Saxon (market), Nordic (social-democratic) European (continental), South European (Mediterranean) and Asian models, later to be supplemented by the so called European social-economic model.

Nowadays collectivism is more embedded in the society and people's mind compared with the past. This has its economic origin in collectivisation of industrial production and in subsequent class division of the society. Since the end of the nineteenth century, industrial development and social differentiation have resulted in growing government interventions into the economy as the result of various social (public, collectivistic) needs and interests (societal, military, etc). Economic crises in the 1930s and the Second World War provided for permanent postwar "installation" of the state not only into the economy but also into other social spheres. The idea that the modern industrial economy has become so complicated that market itself can no longer regulate it and reach the equilibrium was crucial in growing government interventions through the economic policy. This idea also considerably supported development of the collectivistic mentality in industrially developed western countries. In economic theory it contributed to the formation of so called interventionist (Keynesian) branch of the mainstream theory.

However, growing interventionism and collectivistic thinking do not have to mean that these are adequate to the societal needs. The origin of the free market economics lies in explicitly individualistic principles formulated by classical economics and its founder A. Smith in the eighteenth century. Smith considered as a motive power of economic and social development pursuing of individual interests through liberal decisions of individuals made on their own responsibility in a free market economy. Neoclassical economics and knowledge of Austrian school of the nineteenth century about priority of individual consumers' decisions based on principle of marginality and on the importance of scarcity not only deepened knowledge about market functioning but also strengthened its individualistic nature. Classical and neoclassical economics established a baseline for liberal branch of mainstream economics of the twentieth century that was mainly reflected in neoconservative economics of the 1970s when interventionist economic policy brought economy of developed countries to the state of high inflation and stagflation.

Two branches of mainstream economics (internally even more differentiated) basically reflect the difference between collectivism and individualism. Classical differentiation and characteristics of collectivism and individualism in social science have a special theoretical and practical importance in economics. Collectivism stresses the primacy of collective goals while the needs of society as a whole are generally viewed as being more important than individual freedoms. Hence, an individual right to do something may be restricted in the interest of „the good of society“ or of “the common good”. What is the most important interest (goal) of society and how to achieve this goal is decided by some collective authority.

In contrast to collectivism, individualism stresses the importance of free decision of individual whose interests should take precedence over the collectivistic interests of the state. Individualism is built on two central elements: (1) importance of guaranteeing individual freedom and (2) idea that the welfare of society is best served by letting people pursue their own self-interests. Individual political and economic freedoms are the ground rules on which a society should be based [9].

In fact, in social sciences the two basic approaches are individualism and holism, whose fundamental question is that of setting priority.

Individualism gives priority to individuals, while holism prefers society that is not perceived as summary of mutually associated individuals but as an independent entity. Holism as an ideological principle is based on the fact that social quality of society cannot be reduced to individuality. At the same time holism is not associated with any specific collectivity in society and similarly to individualism it can be connected with democratic political system.

Collectivism as a specific form of holism is always related to a particular type of collectivity in society and is defined as an opposite to other collectivities based on class, nationality, race etc. One particular collectivity is always superior within state, hence collectivistic ideology is always non-democratic with a permanent trend to totalitarianism. Collectivism considers the whole as an independent entity separated from the life of individuals, with its own goal different from individual goals and very often set by ideological reasoning. Consequently, ideological reasoning becomes the source of collectivistic morale which reflects primacy of collective interest over individual one, while the collective goal usually sets limits of individual interests, too.

Individualism refers to society as an association of individuals created with the aim of creating mutual benefit. At the same time it is a manifestation of originality of every individual with their own inner wealth and complexity. Every human being is an individual living his or her own life in line with their own conceptions, goals and efforts and enters into relations with other members of society.

This does not mean that individualism would deny existence of social communities, or collectives. Individualism is based on the fact that all communities consist of individuals and without individuals neither communities nor their functions would exist. Every community (collective) is created and developed only through particular activities of individuals. The life of collective is lived through individuals' activities and their cooperation results in human society. [3], [11], [12]

The differences between collectivism and individualism also affect understanding of economy and society in two different ways. Collectivism refers to the society perceived as one entity, organism or organisation with growing quantity of activities efficiently administrated only from one centre. Individualism refers to the society perceived as a system of relations among individu-

als (subjects), as a network of relations created according to simple and explicit rules.

Market and its functioning is a good example of such a “network” in economy. Questioning of the market mechanism, being justified by loss of self-regulating ability of market forces or by its inefficiency and unsuitability in different social spheres (healthcare, education etc.), supports collectivistic reflection of both economy and society as one monolith organism. However, experience of “real socialism” shows that collectivistic running of economy and society is inefficient and socially destructive. Thus acceptance of market, its mechanism and social connections, should at the same time mean the acceptance of individualism and of the need to support individualistic mentality.

Differences between individualistic and collectivistic mentality together with their principal effect on the nature of economy and society increase importance of the dissemination of this kind of knowledge and the role of education in this process.

2. Economy and System of Education

Transformation to the free market economy fundamentally affected economic knowledge in our system of education. Based on international knowledge, study programmes were transformed and new textbooks were gradually elaborated, mostly accepting the idea of mixed economy. And whereas more comprehensive books usually clarify the dichotomy of economic thinking, shorter versions of economic textbooks explain most of economic terms as value neutral and very often in a form of definition provoking impression of explicitness.

However, the concept of mixed economy is a collectivistic version of economics that on the one hand accepts the crucial role of market mechanism in regulation of economy but on the other hand it (pointing out market failures) requires permanent and usually growing state interventions. In this concept, market fails in its role of a system-maker and it is more and more perceived as a tool of economic policy. Thus collectivistic concept of economy prevails not only in theory but also in economic practice including educational system and the individualistic nature, role and social importance of market become marginal.

If Economics is to fulfil its educational and pedagogical role, it requires more space in educational standards so that there is possibility to compare different concepts and their arguments. This will help to understand the ambiguity of economic terms and processes. Both approaches – collectivism as well as individualism, need to be described in order to ensure objectivity. However, it is necessary to establish that free market is explicitly based on individualism and so better knowledge of the nature and role of free market economy in development of society should result in preference of individualistic concept as civilizational (in long-term) more adequate. This concept should be supported e.g. by the expansion of conditions for market functioning of educational institutions [5] in the whole educational system (not only in economic education).

These assumptions also led to a part of the research within the grant scheme project VEGA that we conducted at the two Faculties of Matej Bel University in Banská Bystrica – Faculty of Economics and Faculty of Humanities. In addition to establishing the causes of inertia of collectivistic mentality, the research focused on determining the necessary preconditions for development of its individualistic form in the milieu of expanding market economy system. Based on the research outcomes and pedagogical experience we have identified several problems concerning mainly more or less deformed perception of the basic concepts of the market economy and the relationship between economy and politics by the students. Out of the larger set of the acquired findings, in this article we have used mainly those elements that have proved to be the most problematic as for their comprehension.

3. Market and Some Elements of Individualistic Mentality

Description of market mechanism requires not only analysis of demand and supply, but also analysis of its nature, principles, rules and institutions, whose rise and development have been affecting the whole civilisation system. At this, it is not possible to leave out formation of individualistic mentality that has cardinal impact on character and functioning of economy, i.e. on production of economic goods and consequently on the nature and prosperity of the whole society.

It is beyond the scope of this article to deal with all relevant connections between market system and individualistic mentality. Thus we will focus only on a few important elements of market system – optionality, reciprocity and solidarity, competition and cooperation and on the relationship between economy and policy. [4], [8]

Market is based on mutual exchange of activities and products between economic subjects (households, firms). Conditions for this exchange are division of labour and private ownership which enable clear identification of spheres of individual activities and competences and at the same time create crucial incentive to individual activity leading to achievement of higher utility – profit. The origin of this kind of economic efficiency lies in one crucial category, which is scarcity. General lack of resources that forces people to economic efficiency, that is to achieve the highest utility from limited quantity of inputs, is the keystone of economic activity.

The way in which specific resources are used results from individual evaluation of each economic agent whose judgement is made according to usefulness and satisfaction of his own specific needs. Human behaviour is determined by his own plans and ideas that he knows the best and he makes decisions so that he fulfils his goals [12]. Therefore, primary activity and decision-making are always individual and in relation to other subjects they are the first step to creation of mutual market economic relations.

Analyses of market normally begin with the analysis of its two basic elements: demand and supply. Particularities introduced in every textbook have to be completed with the fact that each of us is a consumer (on the demand side) during our life and producer (on the supply side) during our productive age (which is usually greater part of our life). Disparity of our interests in these two positions – as consumers we want to buy for the best price (as cheap as possible) but as producers we want to charge the highest possible price – is not only condition of the most efficient possible capitalisation of resources but it is also the source of contradictions in the whole economy.

The most important principles of market efficiency include reciprocity, that is understanding that if I want to get something I have to give up something (if I give more I can get more) and voluntariness of relations representing free decisions made on personal responsibility. The economy

of our civilization has been developing by these simple principles for a long time up to the present level. At the same time those principles formed and confirmed personality traits of people (credibility, self-control, reliability, and honesty), social rules (respect of private ownership, keeping of agreement) and institutions (private property, family) that in terms of evolutionary character of social development represented its most efficient elements.

The laws of evolution are classed among the most influential scientific laws nowadays. When applied to economy, they show that economic subjects adjust their decisions to permanent changes of conditions and free market mechanism as it was developed provides the largest space for this adjustment. Principles, rules and institutions of market system which have been developed for thousands years prove that they were verified throughout the development of civilisation as the most vital and efficient. Efficiency of principles is connected with the fact that only market is able to regulate continuous economic activity, its dynamism, changes of consumers' preferences and of technological and organizational resources of producers. It is the market in the sense of permanent confrontation of demand and supply, of changing interests of consumers and producers.

Competition has an irreplaceable role in market mechanism. Mechanism of competition based on dispersed knowledge of individuals enables, through the information system of price network, to choose the most efficient solutions. Competition is the process of continuous discovery of different needs and preferences of individual market participants and the process of searching for the most efficient way of their satisfaction.

Cooperation and its higher efficiency as a result of voluntary process of collaboration is a very frequent argument against competition. However, it is important to realize that efficiency of cooperation is determined by the identity of goals and methods applied to their achievement. Coordination and cooperation of individuals who pursue the same goals in firms and households are inevitable conditions of success. In a "big society" where people have to adjust to new, unknown circumstances, competition is more efficient and it can be accepted as a crucial method of discovering forcing people (economic agent) react to the new situations. Development of civilization results

rather from competition where the success has the most important role. [7]

Regarding globalization, which enlarges information structure of economy, the role of competition is not falling but growing. Globalization poses bigger claims for adjustment to unknown situations but at the same time it enlarges space for creativity and more efficient solutions. However, it is necessary that the rules that enable market functioning are created and globally respected.

The decisive principles of market system include reciprocity, which means that people exchange products of their activities and assume division of these activities that is division of labour. It is this voluntary mutual and reciprocal exchange that enables to attain the highest level of efficiency. The principle of solidarity is the argument most often used against the principle of reciprocity. It is usually introduced as social principle of higher value and it is preferred over reciprocity. There is no doubt that solidarity is an important principle that has been forming human fellowship since ancient age. Solidarity supports unselfish relations in small groups (family, friends, and co-workers) but also in the whole society through individual activities of charity, sponsorship etc., and also through collective activities of social institutions.

Contrariety of these two principles is based on the fact that reciprocity is connected with a counter-service that solidarity does not require. I can exchange the bread I own for something else or I can give it to somebody. One approach excludes the other one. The decision in question requires not only evaluation of a given situation but also general understanding that without reciprocity there would not be enough goods produced and human society would barely move above the level of primitive hunter-gatherer society. Solidarity is usually of material nature and extent of help is limited by the quantity of material goods. Furthermore widespread dependence on solidarity enlarges economic passivity that limits production of additional sources and thereby, consequently, possibilities of material solidarity. The notion of solidarity as social principle of higher value does not automatically mean that it is superior to the principle of reciprocity. Provision of material goods is a necessity of life. If scarce resources should be used in the most efficient way (thus enabling existence of greater number of people) the principle of solidarity cannot be arbitrarily

spread out (by social-political pressure) to the prejudice of massive restriction of reciprocal relations. It is totally misleading to divide people into good and bad according to which principle they accept as preferred one with the conclusion that who prefers solidarity (e. g. in appearance of social feeling) is better, more just and human person. The difference is rather in understanding of the nature and functioning of social system.

The single preference of solidarity principle in addition supports individual irresponsibility by transferring own responsibility onto whole society in appearance of collective responsibility. [1]

4. Economy and Policy

Development of modern society and its economy is accompanied by increasing replacement of market (network) with state (monolith). Economy is more and more affected by politics and policy tools force out and replace market tools. Relation between economy and policy becomes crucial and in principle contradictory one.

The contradictory relation between economy and policy results from their nature and character. Economic activity producing economic goods is the most important for our existence and its efficiency is based on market mechanism with voluntary individual relations. Policy ensuring public (social) interests begun and has developed in connection with the society's needs of protection and defence which require legalisation of means of power, coercion and force. However, this legalisation brought permanent threat of their abuse. There are numerous examples of it in the history and due to this the state was usually seen as an "inevitable evil". Democratisation of policy in modern times does not eliminate possibilities of its abuse either. Furthermore, collectivisation of economic activity and expansion of public needs gradually changed state from the "inevitable evil" to the "creator of prosperity" with a permanent disregard of possible abuse of power. [13], [15]

Expansion of collectivism was supported not only by democratisation of policy but also by the idea of greater possibilities to provide social security by means of state. Striving for greater life security is a natural component of people's decisions. Centralised organisation equipped with power tools apparently arouses notion of greater and stronger guaranty of these security.

State in its extreme form of "real socialism" had a specific impact on its perception by people, especially due to the proclaimed certainty and regularity of employment, and also legislation in appearance of the right to work that even evoked guaranty of certain benefits. Hence it is not unusual even today to see the state as a creator of jobs (not only in public sector), so it is a state duty to create jobs, enough jobs for everybody with their permanent guaranty.

History shows that socialist system can work for decades but not for ever because in time the slowing growth will lead to collapse. Although socialism ensures permanent income, it is lower and lower with narrowing possibilities of consumption (North Korea, Cuba). In spite of this fact, the socialist system is still attractive due to above mentioned security provision and permanently inspires the search of its more efficient model.

In addition to residues of socialist ideas, developments in advanced western democracies support expansion of collectivistic mentality. The mixed economy model mentioned above has a distinctly collectivistic dimension, too. Moreover, it has initiated different "third way" concepts that evoke the idea of creating a hybrid system that would connect the most efficient elements of both market mechanism and the centrally regulated system.

In collectivistic environment the idea of real possibility of such an „effective and just“ social system formation is still preferred, referring to „theories“ of capitalism and socialism convergence from the times of cold war or third way philosophy of A. Giddens [6]. Its utopism ignores the reality of basic market system elements, or it assumes that the driving force of individual interests, voluntary and free decisions and individual responsibility can be substituted by power tools and declarations of state. Nowadays this issue is associated with the ideas of "welfare state" in Slovak society (partly inspired with European Union) and with a preference of the institution of social justice. For example, according to L. Blaha [2] social justice contradicts neither individual freedom nor economic efficiency; the only necessary thing is to cancel capitalist property rights. In this case it is necessary to remind the fact that private ownership is the basic market institution - *conditio sine qua non*.

The basic fault of all these concepts is identification of policy with economy, or rather lack of

understanding of principal differences between economic and political relations. Perhaps in politics there can exist the third, fourth or the xth way reflecting different political concepts of optimal working of society but in economy there are only two possibilities: either market is considered the most efficient regulator of economy which in spite of its shortcomings (there is hardly anything perfect in human world) is able to introduce economic equilibrium in the long run, or the idea about the loss of self-regulation of market and consequently about necessity of state interventions is to be accepted. *Tertium non datur*.

Since in both cases there can be used identical instruments in both real economy and policy, for non-concerned citizens fundamental differences between economy and policy are erased. Collectivistic (political) concepts that more and more prevail in social mentality promise faster and "more comfortable" solutions to economic and social problems (always paid by somebody else's money and in collective responsibility), usually resulting in negative economic and social consequences in the long run.

Emphasizing market regulation, its individualistic nature and necessity of formation of individualistic mentality in the environment of extending collectivism, not only on the national level of transitive economies but more and more on that of European Union, is viewed as retrogressive, anti-progressive and even reactionary. Egoism, greediness, cruelty, immorality, dogmatism, fundamentalism, support of rich and exploitation - these are only some of the most frequent characteristics connected with market system and with its individualism. Opposition and suspiciousness towards market is growing even in more conservative Anglo-Saxon countries. Based on the extensive research in the U.S.A. American economist B. Caplan came to the knowledge about growing prejudices in American public against market and its social utility, which has unfavourable impact on economic and political decisions of citizens [16]. They are most often not inspired by the market itself but rather by the lack of understanding of market processes and their social interrelations in a prevailing collectivistic thinking. Distributors of this misunderstanding are e.g. politicians (with the substantial support of mass media), who consider market mechanism to be the major obstacle in their carrier ambitions, especially when

market "does not want to fulfil" their wishes and promises given to their voters, or if it reveals absurdity of their social illusions and plans of "social engineering".

Market is only mechanism and it is nonsense to add any adjective to it. If we want to have a hope of more efficient working of market, this mechanism needs to be better understood. This requires better understanding of not only its internal "gears" but also its social importance. This particular understanding of its social interrelations and consequences can help us come to the knowledge ... „that human historicity does not have to be inevitably realized in political-state supported activities...“ and „...that the sphere of individual value orientations (including also attitude of individual to a religious or esthetical absolute that is not mediated through state and not manifested in politics) provides sufficient space for a "post-political" concept of human historical activities" [14]. Simply, educational system and social sciences including economics require not only keeping distance from different forms of political pressures but also from excessive preference of policy in social life generally.

Within these intentions educational system will not be only preparation for labour market but also a carrier of culture-historical traditions of society and a real formative institution for personalities – citizens.

Conclusion

Economic sphere creates large space for learning not only about economic but also social system. Explicit definition of the two basic approaches – collectivism and individualism – provides possibility to understand market nature of human civilization, causes of social problems and at the same time it is helpful in searching for their efficient solutions.

The inevitability of transition to the market system in the former centrally planned economies presented the requirement of shaping the adequate societal mentality that is gradual change from its collectivistic to individualistic form. This process is especially important for young generation, with the essential role of the educational system in it. However, the educational system itself is in need of substantial changes. The results of the research show that the critical changes in this area include extension of the economic curri-

culum, which should largely result in deepening the knowledge of market system functioning and its relation to politics.

Non-explicit character of economic knowledge creates scope for the use of modern educational methods – dialogical, critical – that require activity and creativity of pupils and students.

However, everything is determined by the skills and willingness of teachers to objectively research and understand nature, working and social importance of market economy and at the same time to prepare adequate study programmes and syllabuses that will not be only simple copies of minimal "standards" or reflections of political interests. They must result from deep understanding of economic processes and the importance of their general knowledge in society, particularly in post-communist countries.

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ABSTRACT

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The article focuses on economic education broadened by the effects of market mechanism on social system. In economic and social research, the two basic approaches are individualism and collectivism. The article emphasises that individualism is of great importance for market functioning and for an efficient economic system. It clarifies chosen market categories – optionality, reciprocity and solidarity, competition, which formed and confirmed personality traits of people, social rules and institutions – and relationship between economy and policy as important elements of formation of individualistic mentality.

Relation between economy and policy becomes crucial and in principle contradictory one. Policy requires legalisation of means of power, coercion and force which brought permanent threat of their abuse. Despite of this threat collectivisation of economic activity and expansion of public needs changed state from “inevitable evil” to the “creator of prosperity”. Market economy changed to mixed economy and collectivistic concepts begin prevail in social mentality promising faster and “more comfortable” solutions to economic and social problems usually resulting in negative economic and social consequences in the long run.

In spite of expansion of collectivistic mentality in transitive economies and also in advanced democracies (through the impact of integration trends) especially in the twentieth century, individualistic mentality is considered by the authors as more adequate not only for efficient economic but also for optimal social development. Economic education can significantly contribute to formation of individualistic mentality.

Key Words: *individualistic and collectivistic mentality, economic education, economy and policy.*

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