Leaders to Follow

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International Leadership Institute

Providing Leadership Development Services & Programs in the US & Europe since 1985

International Leadership Institute

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“The Rooftops of Prague and the Vltava River,” courtesy Dr. Zdenek Tusek

Cold, Snow, Floods, Wind and Darkness?

Winter 2005—06 in the Czech Republic has included plenty of weather to make you wish you were in sunny Florida. When Institute President Jarda Tusek visited Prague in March ‘06, he expected to find budding trees and mild skies but instead ended up shoveling snow with a borrowed shovel. The Czech winter has been marked by destructive winds, heavy and unseasonable snowfall, floods reminiscent of 2004, periods of subzero cold and the darkness that comes with winter’s short afternoons.

Yet all this gloomy winter weather has not been able to discourage, dismay, or depress the Czechs. With the economy “riding high,” as Radio Praha enthusiastically reports, a little bad weather is quickly forgotten. It seems the economic and political efforts of the past 17 years are bearing some impressive fruit, even if the winter continues to howl and try to frighten everyone. Czech optimism, based on solid economic gains, is too strong to be beaten down by old man winter.

A Few Facts and Figures

Radio Praha’s Yon Pulkrabek notes that in February 2006, “International investor services company Moody's upgraded its outlook for the Czech Republic's A1 foreign and domestic currency ratings from stable to positive, which they said was a reflection of the country's improving macroeconomic numbers, where we saw record growth in the gross domestic product last year, and efforts for structural reform.”

The Czech Statistics Office released foreign trade figures for February 2006, which recorded a “trade surplus of 7.1 billion crowns, or about $308 million US. This was under the expectation of 8.5 billion crowns, but still a hearty surplus nonetheless. The lower surplus is largely due to imports of oil and natural gas, which were especially necessary during the long winter.”

Patria Finance's chief economist David Marek explains what may be a practical result of these economic changes: “It means that the Czech government could possibly gain money by issuing bonds cheaper than before. It seems that now that the development of state debt is quite positive. It's not increasing as much as expected.”

Marek also notes, “We have to be prepared for the continuing of appreciation of the Czech currency. The main reason lies in strong economic growth and productivity growth.” The Czech crown is trading at approximately 22 crowns per one US dollar, as compared with past exchange rates up to 38 crowns per dollar in 2001. The current figures show a much stronger Czech currency, affirming economic growth.

What Does the CIA Say?

Perhaps most impressive are the gains made by the “average” Czech in terms of income and economic opportunities. According to the *CIA Factbook,* “The Czech Republic is one of the most stable and prosperous of the post-Communist states of Central and Eastern Europe. GDP per capita in 2005 was $18,100 US dollars. Growth in 2000-05 was supported by exports to the EU, primarily to Germany, and a strong recovery of foreign and domestic investment.”

“Inflation is under control. Recent accession to the EU gives further impetus and direction to structural reform.”

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"In early 2004 the government passed increases in the Value Added Tax (VAT) and tightened eligibility for social benefits with the intention to bring the public finance gap down to 4% of GDP by 2006. Privatization of the state-owned telecommunications firm Cesky Telecom took place in 2005. Intensified restructuring among large enterprises, improvements in the financial sector, and effective use of available EU funds should strengthen output growth," notes the *Factbook*.

"The main export partners in 2004 were Germany 36.2%, Slovakia 8.5%, Austria 6%, Poland 5.3%, UK 4.7%, France 4.6%, Italy 4.3%, and Netherlands 4.3%. In the same year, the main import partners were Germany 31.7%, Slovakia 5.4%, Italy 5.3%, China 5.2%, Poland 4.8%, France 4.7%, Russia 4.1%, Austria and 4%," according to CIA figures.

Although the Institute is still waiting to see the United States make at least one of these lists (a primary goal of the Institute's Czech Executive Education programs, 1991—1996, run in conjunction with the Czech Ministry of Industry and Trade), we are very glad to see the diversification of trade following the 1989 breaking away of the Czech Republic from its monopolized trade with the old Soviet Union.

From Borrower to Donor

On February 28th, 2006, President Paul Wolfowitz of the World Bank spoke in Prague on the occasion of the Czech Republic's formal graduation from borrower to donor status at the World Bank, taking on international responsibilities within the World Bank structure.

Key World Bank programs include responding to global challenges such as fiscal transparency in international trade, development of clean energy, debt relief for the poorest countries, and fighting the spread of avian flu and HIV/AIDS. Becoming a donor places the Czech Republic in the top tier of European countries and acknowledges the significant contributions that the Czech government has made in crises around the world.

Czechs Return the Favor

The Czech government has placed military and humanitarian personnel in such troubled areas as Iraq, Afghanistan, Bosnia & Herzegovina, and Kosovo. The Czech army sent a medical team to Pakistan after last fall's devastating earthquake, and has contributed the services of two anti-terrorism teams serving under United States command in Afghanistan. Czech aid for the South Asian Tsunami victims in 2004 exceeded 215 million crowns, and in response to 2005's Hurricane Katrina in New Orleans, the Czech government pledged 25 million Czech crowns for humanitarian aid to the United States.

Winter Has No Teeth

In light of their remarkable turnaround following the demise of official state communism in 1989, from relative economic scarcity to economic abundance, the Czechs can be said to have survived a terrible winter—a more-than-fifty-year winter that began in 1948.

That winter of political and economic deep-freeze, which brought the three-decade-old Czechoslovak nation to a grinding halt, ended in November 1989, when 750,000 "average" Czechs—students, housewives, laborers, professors—marched against the dying communist regime and shouted "Havel na hrad!" (Havel to the castle! —dissident playwright Vaclav Havel was the first President of the newly free Czechoslovakia).

Now What?

It's been an inspirational story. The Czechs have moved forward with determination and diligence, rebuilding a moribund economy and reinstituting political freedom. From being in the very uncomfortable position of having to receive, the Czechs have moved into the vastly more appropriate position of being able to give. Now the long winter is over, and the Czechs can begin to focus their strength on rebuilding the more delicate parts of a functioning civil society, including the "spiritual part."

Kingdom of Faith and Courage

Bohemia and Moravia, the kingdoms of faith and courage, were key players in the development of Christianity in Central Europe, from St. Patrick and Saints Cyril and Methodius, to the Protestant Reformation and the Catholic resurgence under the Hapsburgs that changed the religious face of Europe. St. Vaclav (Wenceslas), St. Agnes of Bohemia and the Poor Clares, the Hutterites, the Unitas Fratrum (Bohemian and Moravian Brethren), Master Jan Hus, Jan Amos Komensky, Petr Chelcicky, and many more historical movements and people give witness to the enduring spiritual aspect of Czech culture.

And that's where the Institute comes in, once again. Our sincere wish and hope is to be part of the rebirth of the Christian Church in the Czech Republic, the ancient Bohemia, Silesia and Moravia. We are making plans for our new "Czech Project," shifting the emphasis from economic development to nothing less than a 21st-century spiritual revival in the Czech Republic.

(Information from Radio Praha, The Czech Foreign Ministry, the CIA Factbook and the World Bank)