

LEADERS TO FOLLOW

Volume 16, #6

May 2007



International Leadership Institute: Providing Leadership Development Services and Programs in the US and Europe since 1985

Czech Republic Economic Update: 2007

by Sara Tusek

The Second Generation

The 1989 “Velvet Revolution” has now passed into history. In the Czech Republic there’s a new generation of young people born after the revolution, for whom talk of 1989 is nostalgic at best, boring at worst.

The gains made by the Czechs in less than 20 years are impressive. The first few years of restored nationhood were somewhat turbulent economically and politically, though calmer than the transitional years of many other former soviet-bloc countries. Lustration (shedding light on those tied to the communist regime), restitution (legally restoring property to its rightful owners) and privatization (converting businesses from state to private ownership through a bidding process by the citizens, each of whom had a chance to buy stocks with government-issued coupons) preoccupied the country.

In 1993 the Slovak part of the country initiated a split, creating two republics, the Czech and the Slovak. The Czech Republic, has since then proceeded on a steady path of economic growth, with enviable monetary stability, consistent import/export expansion and low inflation rates.

Some Healthy Numbers

Economic indicators of growth in the Czech Republic have steadily risen since 1989. Looking just at the years 2002—2006, here are a few interesting advances, from *The Economist Intelligence Unit*, Apr 22nd 2007 :

<u>Indicator</u>	<u>2002</u>	<u>2006</u>
GDP (Gross Domestic Product) in US\$ billion	75.3	141.8
Real GDP growth	1.9%	6.1%
Exports of goods in US\$ million	38,469	95,115
Exchange rate, koruna to US dollar	32.74	22.60

These numbers indicate the kind of sustainable economic growth that both Presidents (Vaclav Havel, President from 1989—2003, and current President Vaclav Klaus) have sought as the country shakes off its communist past.

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To the Castle and Back by Vaclav Havel

Vaclav Havel has the distinction of being the first president of two countries: the restored post-Velvet Revolution Czechoslovakia and the newly-created (in 1993) Czech Republic. *To the Castle and Back* is a first-hand account of the daily details of governing Czechoslovakia and the Czech Republic, interspersed with excerpts from a diary Havel kept during a 2005 sabbatical stay in Washington DC. A writer’s memoir makes especially good reading; Havel’s wry humor and careful reasoning for his decisions, coupled with behind-the-scenes comments on politics and politicians, produce an intimate view of recent historical events in a highly personal context.

Photo of Vaclav Havel, from *The Economist* review of *To the Castle and Back* (May 3, 2007)



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A Euro-future

The Czech Republic joined the European Union in 2004, part of the first group (along with Poland and Hungary) of former soviet-bloc countries to join the EU. Combined with membership in NATO (North Atlantic Treaty Organization), the Czech Republic's EU membership places it firmly in the center of European economic, social and political development. Adoption of the euro in 2010 will further strengthen these ties. The Czechs have taken on important leadership roles in the EU and NATO, and occupy a strategic position in European geopolitics: the country is in the middle of Central Europe geographically and acts as a communication point for Eastern and Western European people, products and ideas. The ability to get along with diverse groups and adjust to shifting circumstances is a key Czech trait; this flexibility allows the Czech Republic to maintain cordial relationships with its European neighbors and act as a mediator among them.

Czech strengths

The great success of the Czechs in their economic and political transition from communism is no surprise. A quick look at their history reveals a nation with a centuries-old work ethic, an unusually high regard for education, and an attitude of moderation that corrects overly-enthusiastic programs and reforms in any direction, conservative or liberal.

The Christian church has had a strong presence in the Czech lands since the 9th century, providing an ethical and moral framework that endures to this day, even as church attendance declines (as is the case in most "advanced" wealthy, industrialized countries).

All indications show continued increases in the development of national and individual wealth in the Czech Republic. Since 1990, when we began delivering the BLF programs (see sidebar), the Institute has held the position that the Czech Republic has a profoundly positive future. Time is proving that position to be correct.

The International Leadership Institute

- WAS FOUNDED IN 1985 IN PRINCETON, NJ
- REMAINS DEDICATED TO LEADERSHIP DEVELOPMENT
- HAS RUN MORE THAN 50 EXECUTIVE EDUCATION AND LEADERSHIP DEVELOPMENT PROGRAMS IN THE US, FOR EUROPEAN CLIENTS
- HAS PARTNERED WITH THE US DEPARTMENT OF STATE, THE UNIVERSITY OF NORTH FLORIDA, THE JACKSONVILLE CHAMBER OF COMMERCE AND MORE THAN 700 OTHER BUSINESSES, UNIVERSITIES, RELIGIOUS ORGANIZATIONS, PRIVATE CITIZENS AND GOVERNMENT AGENCIES

The Business Leadership Forum: USA (BLF) programs (1991–2003) were co-sponsored by the Ministry of Industry and Trade of the Czech Republic, the University of North Florida, Jacksonville University, and hundreds of American businesses and organizations. Begun in 1991, these leadership development and executive education programs were instrumental in assisting Czech firms to enter the free market after the collapse of communism, and generated significant levels of trade between the US and the Czech Republic. More than 300 Czech and Slovak business leaders have taken part in BLF programs, from such firms as Skoda Plzen, Mora Moravia and Vitkovice.

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