

## **Zdeněk Tůma: Education in the Czech Republic - the case of the missing generation**

Speech by Mr Zdeněk Tůma, Governor of the Czech National Bank, on the occasion of graduation from the EMBA programme at CMC Graduation School of Business, Prague, 4 December 2004.

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In recent years I have heard many strong statements about knowledge based economy. Today's graduation is obviously an excellent opportunity for yet another speech on this issue but I fear it would be too general and therefore "empty". Instead, I would like to contribute with my personal experience and observations.

We have almost forgotten that 15 years ago there were not any Czechs nor Slovaks educated in modern economics or business. Economic programs were focused on central planning and marxist theory of socialism before 1990. Nobody - with one exception - was allowed to study abroad since the 1960s. When my friend Martin Kupka returned from Geneva in 1989 from his studies, he brought the textbook on macroeconomics by Dornbusch and Fischer. He told me: "We should translate it into Czech". At the same time, another group was working on the translation of "Economics" by Paul Samuelson. Later on, we translated the textbook on corporate finance by Brealey and Myers.

In other words, we started from scratch. It had two - though interrelated - aspects. First, we had only limited knowledge about what economics and business programs should look like. And second, there were no people with well-founded experience on how to run and lecture these programs. There was a generation problem - one generation was - and still is - missing.

Where we stand today and how we have coped with those drawbacks? There was no magic solution but I dare say that today we have almost overcome the problem of missing generation in economic education and that we have been closing the gap between us and the developed world fast. I see three important factors which contributed to this development. On the first place I would put the new generation of young and strongly motivated people. They created enormous pressure on those who - with their limited know-how - started to prepare new economic courses. This is my second point in this respect that there was a learning-by-doing process of creating new courses, mostly designed along the recent trends in economics and business education. Despite the fact we did not have any experience with these courses, we roughly knew which direction to go. Last but not least, the Czech education system received a strong support from abroad, both in terms of visiting lecturers and money. In some cases, these two aspects were interconnected, and completely new programs were gradually built up. Among all, let me name Center for Economic Research and Graduate Education, US Business School Prague and CMC Graduate School of Business.

I can offer another illustration of how far we have gone. I have been with the Czech National Bank for six years. But as an academician I was in contact with the central bank already at the beginning of 1990s. At that time, the staff was struggling with very basic issues: a new statistics and data on the newly born market economy, ways how the economy should be analysed and what kind of theory or model should be applied etc. The Czech National Bank was receiving a lot of help from the foreign central banks and international institutions. Today, we are at the level of state-of-art and we do not receive but provide foreign technical assistance. We assist directly to a number of countries as well as our experts are invited to IMF missions around the world. And yet our staff is based primarily on people educated in the Czech Republic.

I consider it as a good signal that we have reached significant achievements in economic education and that the problem of missing generation will soon cease to exist. I can only hope that we will continue with this process of catching up and that CMC will keep contributing to it.

What can I wish to you personally? Let me recall my recent visit to the Bank of Israel on the occasion of its 50th anniversary. We were having lunch with the Finance Minister Benjamin Netanyahu and we discussed necessary fiscal reforms. Mr. Netanyahu said that for pushing reforms through, one needs three things: the vision, the will and the political power. I can only add that combining these ingredients - the vision, the will and the power of knowledge - form the leader, regardless whether we talk about politics, managements, or science. Having in mind education and network you have gained

during the EMBA course you have the best assumptions to succeed. I wish you all the very best in your further professional carriers.