

EDUCATION IN APPLIED ECONOMICS IN CENTRAL ASIA:
FINDINGS AND RECOMMENDATIONS

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I have spent much of the past three months visiting Central Asian universities for USAID/CAR. The bad news outweighs the good, but the good offers a basis for effective US assistance.

FINDINGS

1. The general state of higher education in Central Asia is abysmal. Universities are grossly underfunded, with most professors' salaries below \$100/month, and some as low as \$5. Buildings are run down and poorly heated. Libraries and computer facilities are minimal. Corruption is widespread, including the selling of admissions and grades. As a result, many degrees are not credible. The situation is particularly bad at the national universities that are supposed to be, and may once have been, the centers of academic quality.¹

2. Education in applied economics² faces an additional major problem: the need for fundamental changes in the old curriculum to support transition to a market economy. Everywhere some have been made: course names changed, typically, from (Marxist) political economy to macro, micro, management, finance, etc. But deep reform of curriculum and teaching is the exception.

3. Aside from KIMEP, Central Asia lacks innovative bachelor's and master's programs centered on economics per se. And nowhere did this observer find a public policy school along the model of Harvard's Kennedy School. But new business and management programs are everywhere.

a. They are particularly prevalent in the reform countries,³ which have licensed private higher education, but emerging also in Uzbekistan and Turkmenistan, which haven't.

b. Some of the most promising have been built on the foundation of English language programs, and offer many of their courses in English.⁴

c. Most business and management degree programs are relatively small, graduating fewer than 100 students a year. Some are unlicensed and financially shaky. But the new, private Turan University (Almaty and Astana) has 3700 students.

1. An exception is the University of World Economy and Diplomacy (UWED), perhaps the best institution of higher education in Uzbekistan. It was founded in 1992, and is under the authority of the Ministry of Foreign Affairs, not the Ministry of Education.

2. I use this phrase as shorthand for economics, business, management, and public policy, my overall subject.

3. These are Kazakhstan, Kyrgyzstan, and Tajikistan, listed in order of their openness to private universities.

4. Examples are the American University of Kyrgyzstan (AUK), in which business is the most popular major, and the Progress Center Business School in Nukus, Uzbekistan.

d. Most are in Almaty or national capitals. Yet a number are geographically quite removed from them.⁵

e. Some of the more successful in the reform countries combine degree programs with short retraining courses for private industry, banks, and governments.⁶ And elsewhere, such courses are a first step for institutions that aspire to establish government-licensed degree programs.⁷

4. Business and economics programs everywhere are undercut by the weakness of the national economies. This affects how much tuition they can charge,⁸ the working relationships they can develop with local and multinational business, and the jobs available for their graduates. There was an apparent tendency for specializations targeted at producing future entrepreneurs to shrink relative to those useful for employment in government or banking.

5. In general, ministries of education appear to act as barriers to higher education reform, not sources of support for it. This seems particularly true in the countries (Turkmenistan and Uzbekistan) that have not licensed private universities.

6. Teaching materials (textbooks, readings, locally-relevant cases) are in egregiously short supply almost everywhere. Central Asian universities have been cut off from their old (Moscow-centered) life-support system, which brought teachers on the periphery up to date on substance, methods, etc. Nothing comparable has replaced it.⁹ One unfortunate result has been to reinforce the old pattern of teaching--students spending up to 40 hours a week in the classroom listening to professors talk (presumably from outdated lecture notes), with little time reading, or thinking, or speaking for themselves.

5. These would include: the Tajik Institute of Management in Kairakkum, Tajikistan; the Faculty of Business and Management at Osh State University, Kyrgyzstan; the Ferghana International Management Institute (FIMI); the Progress school of Nukus, Uzbekistan; and the Kazak-American College in Ust-Kamenogorsk, Kazakhstan.

6. Two that have followed this path are the International Business School in Almaty, which does substantial work with the World Bank Institute, and the Academy of Finance and Management in Bishkek, which has found a niche training government specialists dealing with business bankruptcies.

7. In Turkmenistan, the two primary examples are Interbank Center for Staff Training at the Central Bank, and the Economics and Business School housed at Turkmen Polytechnic Institute.

8. Except in Turkmenistan, state as well as private universities now charge tuition for at least some of their students.

9. Two institutions built on a new link to Moscow are Kyrgyz-Russian Slavic University and Tajik-Russian Slavonic University. They were created by inter-state agreements and offer degrees said to be recognized throughout the former Soviet Union. They have quickly risen to the top tier of universities in Bishkek and Dushanbe. One non-trivial reason is that Moscow funds professors' salaries, which are several times as high as those at the old state universities.

7. Technology lags badly. Few faculty members (let alone students) have regular access to computers, or *email*, or the worldwide web. This is mainly a problem of money, though in some countries government efforts at control may exacerbate the problem.

8. The regional academic network is very weak. Deans look to America and Europe for faculty training and support and advice on curricula, not to Central Asian peers. Students study mainly in their home regions (except for those fortunate enough to fly off to advanced industrial nations). Professors don't network very much across national lines.¹⁰

9. Due to these weaknesses, Central Asian higher education is not meeting the need to train the rising generation in the essentials of how a market economy works. But there is enough educational entrepreneurship in the region to offer a base on which to build.

RECOMMENDATIONS

The rising generation needs *understanding* of what a market economy is and how it functions, to broaden the constituency for thoroughgoing reform. It needs entrepreneurial *attitudes* and technical *skills* to make it work. Educators are working toward these goals in Central Asia today. A carefully targeted aid program can reinforce them, connect them better to one another, and build a community for ongoing change.

Aid cannot address some of the deepest problems--the abysmal average salaries of university teachers, for example, or the unheated, decaying buildings. Nor does money by itself necessarily make things better.¹¹ And USAID is only one of many donors: the World Bank, the Soros Foundation, TACIS, USIA, the Eurasia Foundation (principally USAID-funded), and the Asian Development Bank are among those who have provided substantial support.

How then should USAID/CAR target its efforts?

Top priority should go to measures that *reach across the region* by building up the professional community and enhancing the resources available to it.

10. A promising exception is CAMAN (Central Asian Foundation for Management Development), an organization of 50 educational institutions in business and management, based at the International Academy of Business in Almaty.

11. One cannot assume that universities or higher education ministries will use new money wisely, or even honestly. Witness the words of one experienced Central Asian interviewed: The previous Minister built a very nice house on a small salary. If you want the current minister to build a nice house, please give a grant to the Ministry of Education.

In addition, useful steps can also be taken to *help selected institutions, strengthen faculties, and press for improved national education policies.*

A. Region-Wide Initiatives

*USAID should sponsor and underwrite creation of a Central Asian Economics and Business Educational Resource Center, based in Almaty, with partner institutions throughout the region. This would be, in particular, a *virtual center*, maintaining a website where curricula, textbooks, articles, case studies, and other professional material would be available, as well as information about new publications, conferences, useful websites around the world, etc. Institutions would subscribe not by paying a fee, but by sharing their educational materials. The Center would also develop new materials: articles and case studies it would publish on the website.*

The Center would be the capstone of a broader USAID effort to build links among applied economics educators across the region. *The Almaty-based Central Asian Foundation for Management Development (CAMAN) should be integral to this effort, and might well house the proposed Center.*

As another means of building connections, USAID should fund fellowships (perhaps 10-20 to start) for graduates of other institutions, particularly outside Kazakhstan, to enter the KIMEP masters programs in economics, business administration, and public administration.

To reward commitment to market principles and enliven the intellectual climate, USAID should support existing competitions and fund new ones:

USAID might make a commitment to send five winners of the Central Asian Students in Free Enterprise (SIFE) competition to the United States for the world championship.

USAID could fund competitions and prizes for best essays analyzing national and regional economic and business problems and policy choices: one for bachelor s level students, one for master s, and competitions for junior and senior scholars.

USAID could *support practical research*--by graduate students as well as professors--on how Central Asian economies actually operate. This might pay substantial dividends at low cost.¹²

USAID could *promote broad dialogue on economic policy*, by inviting proposals for conferences, study groups, etc., centered on prominent economic problems that analysis can illuminate.

12. James W. Fox, USAID Economic Strategy in Central Asia, p. 7.

Finally, USAID could *encourage good economic journalism* through grants to magazines on economic topics that seek broad regional audiences.

B. Support for Institutions and Faculty Members

USAID should complement region-wide initiatives with selective support of innovative, entrepreneurial institutions in each country. As a general rule, institutions given special help should be *private or at least semi-autonomous*; have *good and dedicated faculties*, have *demonstrated market appeal to both students and employers*, and *do a significant portion of their teaching in English*, or aspire to do so. And they should be *honest*, and committed to remaining so.

The following institutions are promising candidates for USAID support--and/or prominent participation in regional initiatives:¹³

Kazakhstan: Kazakhstan Institute for Management, Economics, and Strategic Planning (KIMEP); Kazak-American College; the International Academy of Business (IAB); the International Business School (IBS); Turan University

Kyrgyzstan: American University in Kyrgyzstan (AUK); Academy of Management under the President; Osh State University.

Tajikistan: Techological University; Tajik Institute of Management, Kairakkum; Slavonic University.

Turkmenistan: Interbank Center for Staff Training at the Central Bank; Economics and Business School (housed at Turkmen Polytechnical Institute).

Uzbekistan: Experimental Faculty of Business Management, Tashkent State Technical University; Progress Center Business School, Nukus; International Management Training Center, Samarkand; University of World Economy and Diplomacy.

Strengthening faculty. Central Asian universities need rising cohorts of young teacher-practitioner-scholars committed to market economies and educational reform. USAID should give priority to training younger faculty, inviting *institutional applications to train teachers in Central Asia and beyond that: (1) commit the trainees to return to their schools*; and *(2) commit their institutions to provide decent pay and an open work environment*.

13. For more detailed and nuanced discussion, including additional institutions that merit assistance, see the full report and country appendices.

C. Policy Reform

With money in short supply, national governments must encourage private resources to flow into applied economics education. Governments can *promote further marketization* by (1) *licensing more private universities*; and (2) *allowing more paying customers at state universities*. This gets money into education on top of the table. In Turkmenistan and in Uzbekistan, *USAID should explore the possibility of linking assistance to innovative private institutions to their licensing by government authorities*.

Freedom of Choice. Finally, universities need to open up their curricula, gradually introducing more student choice *within* as well as *among* specializations. And class hours should be reduced and outside assignments increased, once textbooks and readings are available.