

Brave New World

Observations while travelling through Hungary last November . . . This is a very ancient country; people have lived and worked here along the Danube River since early times, and change is just another piece of the landscape. Still, the collapse of the old Communist economy is one of the more remarkable phenomena in a land that has seen and lived under different versions of the "new world order" since the first barbarian invasions. The difference is that this time, the people themselves are working the change, and the results are exciting in their variety and effect.

Probably nowhere is the change more evident than in Györ, where I met my hosts for the visit, Otto Nagy and Laszlo Bilekov, two young men whose vision and hard work are building part of the new Hungary. Formerly technical engineers for a state-owned gear production facility, the two friends formed a multifaceted private company, IHH, several years ago. IHH was started to provide advanced language instruction in the provinces. Nagy stated that previously the only language schools were in the capital, and the young men's decision to be independent and separate from the "mother institute" created quite a "scandal." In the changing Hungary of today, Nagy says, "such an idea is not a 'scandal,' merely a surprise."

Late one evening, I visited the language school, which contained 30 or 40 classrooms for students of all ages. I saw 8-year-olds learning German, and businessmen and engineers studying English. The teachers were young Britons and Germans brought to Hungary by IHH. At lunch another day we observed the eagerness and excitement of these young teachers who were as delighted by the experiment as the Hungarians. They were having a great time practicing their Hungarian, experimenting with native dishes, and learning the culture.

Opening the language school is only the first example of Nagy's and Bilekov's entrepreneurial

spirit. Perhaps even more startling is that Nagy and Bilekov are now selling their skills to the state-owned manufacturing facilities in which they were formerly employees! This is part of a bold new experiment that may help transform a state-run economy into private enterprise. Nagy says that IHH will "undertake to raise the quality of gear production" in the state factory. The company has been awarded a six-month contract to oversee gear production without interference from the state.

A tour of the IHH factory was impressive. The bevel gear department was full of American equipment, most of it less than ten years old. Parallel gear manufacturing is done mostly on Russian hobs and Czech shapers with batteries of both Hungarian and modern Swiss gear grinders. The latest models of bevel generating, sharpening, and testing equipment were neatly arranged in a clean environment, comparable to the best U.S. gear manufacturing plants. According to Nagy, the workers here are meeting and exceeding their goals in every respect, the most difficult problem being the variable quality of Hungarian steel.

Two such projects would seem to be more than enough to fill anyone's plate, but Nagy and Bilekov have other visions for Hungary as well. They have also cofounded the Hungarian chapter of the Jaycees. They hope this chapter will provide another aid to ease the transition to a market economy. Years of living under Communism

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have left young people with few guidelines or models for working in business. The Jaycee chapter, through contacts with other chapters throughout the world, will open lines of communication and help bridge the gap between cultures and economic systems.

At the same time that Nagy, Bilekov, and the other citizens of Györ are working tirelessly to bring capitalism to Hungary, many remnants of the old regime are still evident. At present, the *only* organizational infrastructure in place is the Communist one, and it will have to continue to function until something new can be developed. For example, in Budapest I found that most of the restaurants providing the best meals and atmosphere at the best prices are state-run. In Györ,

national Mercedes or BMW crawls through the narrow, ancient streets, but one mostly still sees battered Trabants, Ladas, and Warburgs.

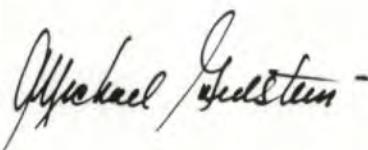
And the signs of freedom appear in more than material ways. Now creative impulses no longer have to be followed with one eye over the shoulder for the censors. At Györ's new performing arts center, I saw a ballet recital which was as powerful, both politically and emotionally, as any I have ever seen. I doubt such a performance could have occurred a few years back.

One last stop in Hungary only underlined my previous impressions of this exciting place and time. Babolna, a centuries-old horse breeding farm in the countryside, has grown into a gigantic state agricultural company with strong links to that icon of capitalism, McDonald's. Founded in 1789 as a supplier of thoroughbred horseflesh to the wealthy and aristocratic, the blood stock business is still the heart of Babolna. The farm's collection of awards won by its horses at races and shows around the world is cause enough for pride.

However, the managers have taken their skill in horse husbandry and carried it over to poultry, beef, and pig breeding and to extensive work in animal nutrition and sanitation. The "farm" now employs 5000 people and has been chosen as the supplier of beef to the Hungarian McDonald's restaurants, a good indication of the consistent high quality of its products.

Any short tour of a new country is over too soon, and one's impressions are at best kaleidoscopic. The mind is full of brief "snap shots" that can only hint at the state of transition in which countries like Hungary find themselves.

The energy, ambition, and courage of men like Otto Nagy and Laszlo Bilekov will go far in creating a new Hungary. These men and others that we met are hard working people whose goals of quality and growth are not unlike our own. These are hopeful times for an eager citizenry, and one cannot help but share their enthusiasm as they face the challenge of building their brave new world.



Michael Goldstein,
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I also had the interesting experience of staying at a 120-room, state-run hotel with less than two dozen guests. The service, facilities, and attention were up to the best of Western standards, but, as a "guest of the state," I never saw a bill.

The newer, more open economy has had other effects on the people of Györ. We enjoyed the insights that came from conversations with Klara, our guide. She admitted that she had come to enjoy the convenience of the quick lunch at McDonalds, but not all aspects of the new life are as easy to embrace. I unintentionally flustered her by publicly offering her American currency to make a small purchase for me. She explained that not so long ago having foreign currency was illegal and, even now, is considered a private affair.

Györ was not the only place in Hungary where the sharp contrasts between old and new remain vivid. Budapest, Hungary's capital, is a divided by the Danube. The river separates the hills of Buda from the plains of Pest. The buildings are large and beautiful, conveying the elegance of an older, statelier past, but the prosperity that gave birth to them in the first place is gone, leaving behind the marks of hard times under Communism. While some restoration is underway, many of the lovely facades are marked by neglect and disrepair and blackened with car exhaust.

On the other hand, signs of the new are everywhere. Prosperity is again taking tenuous root. The shops are full, and Hungarian citizens, not just tourists, can afford to buy from them. An occa-