

# Hungary

PROGRAM PERFORMANCE REPORT:  
EXPORT ENHANCEMENT PROGRAM / HUNGARY  
IMPLEMENTED BY AID TO ARTISANS

QUARTER ENDING 7 / 9 / 92



PD-ABE-503  
ISA 78374



## Aid to Artisans

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Aid to Artisans is a  
non-profit organization  
established to facilitate  
the production and  
marketing of crafts  
made throughout the  
world by disadvantaged  
artisans.

A tax-exempt organiza-  
tion under 501(C)(3) of  
the Internal Revenue  
Code.

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## TABLE OF CONTENTS

<b>I. EXECUTIVE SUMMARY</b>	<b>1</b>
<b>II. PRODUCT DEVELOPMENT</b>	<b>2</b>
Textiles	2
Ceramics	5
Other Media	7
<b>III. MARKETING</b>	<b>8</b>
Major Importers	8
Buyers to Hungary	10
The Master Potters' Show	12
Foreign Trading Companies and Exporters	14
<b>IV. BUSINESS TRAINING</b>	<b>17</b>
Informal Training for Artisans	17
Informal Training for Exporters	19
The Safety Net	20
Formal Business Training	23
<b>V. EVALUATION</b>	<b>24</b>
Evaluation Team	24
Site Visits	24
Recommendations and Response	24
<b>VI. POLITICAL AND ECONOMIC ISSUES</b>	<b>27</b>
Inflation	27
Artisan Credit	27
Recession	28
Minimum Wage and Social Security	28
Bankruptcy Laws	28
Taxation	29
General Concerns	29
<b>VII. COMMUNICATIONS WITH AID</b>	<b>31</b>
<b>APPENDICES</b>	
Selected Consultants' Reports	A
Invoice for Master Potters' Show	B
Invoice for EEE Group Orders	C

## **EXECUTIVE SUMMARY**

Aid to Artisans recently completed the fifth quarter of our two-year Export Enhancement Program in Hungary. The quarter was marked by continued product development, expanded marketing, and increased business training for both artisan groups and export organizations. Specifically, direct project efforts included:

- *Product development* in textiles, ceramics, and other media, conducted by ATA consultants, major project importers, and buyers from the ATA Marketing Network.
- *Export marketing*, through our Buyers-to-Hungary program, consultation with project exporters, and preliminary work for the promotional Master Potters Show.
- *Business training*, through informal, reality based workshops, for artisan groups and exporters. Business training also included laying the ground work for a safety net, assuring continued production if coops fail. It includes, as well, continued research into options for formal business training.

Activity this quarter also included:

- *Mid-term evaluation*, conducted by the ATA Projects Manager, an independent evaluator, and a representative of AID's WID office.
- *Analysis of political and economic challenges* facing artisan groups, especially cooperatives
- *Increased communication with AID*, in both Washington and Budapest.

## I. PRODUCT DEVELOPMENT

Product development continued through the fifth project quarter in both textiles and ceramics. Textile development retained its focus on active project cooperatives, while ceramics development broadened to identify independent potters with high quality work appropriate for the promotional Master Potters' Show.

### TEXTILES

Docey Lewis returned to Hungary in April to offer workshops at textile cooperatives and to assist U.S. fashion designer Marian Clayden in locating appropriate producers and facilitating the sampling and order processes for Ms. Clayden.

Ms. Lewis based her design work on the results of the February, 1992, New York Gift Show, where cut and embroidered felt products received the most positive reaction, with significant orders from The Sandor Collection, the Boston Museum of Fine Arts, and The Hemmeter Collection. In addition, promising sample orders were placed by The Sundance Catalog, fashion designer Marian Clayden, and textile designer Jack Lenor Larsen.

Carole and Levente Karvazy also conducted product development workshops with textile producers, following up on Sandor Collection orders and creating new products for future sales.

### Debrecen

At the cut-felt cooperative, Ms. Lewis led product design workshops for real and potential buyers. For the Museum of Fine Arts (MFA), she created two stockings based on design specifications adapted from lace patterns in the museum's collection. With fashion designer Marian Clayden, she created fifteen cut felt fabric and ribbon patterns, of which the coop soon filled a sample order.

Ms. Lewis also began work for prospective buyers. For The Sandor Collection and possibly the Hemmeter Collection, she began to design a collection of coach blankets. And for textile designer, she collected patterns and samples that would be appropriate for the furniture collection he plans to expand. She followed up, as well, on orders from Samii Clothes by researching felt dyeing facilities in Nemezaruhyar.

For her own company, Docey Lewis Designs, Ms. Lewis developed a molded felt hat and a szur, a felt cowboy's coat, for Momo, a hand-crafted mouse she originally developed in Bangladesh. Momo has attracted attention from many manufacturers and retailers, and Ms. Lewis hopes to develop a line of stuffed mice dressed in authentic international costumes.

Carole and Leve Karvazy worked cooperatively with coop designers to create several new products, including Christmas ornaments, doorstops, and album covers. They also began work on a line of pillows based on the metal signs hanging outside Hungarian shops.

In Debrecen and other cooperatives, they brought ideas, photos, magazines and samples in order to illustrate the general direction they wanted to explore, offering coop designers freedom to contribute their own ideas. They also provided target price points for each product.

#### Karcag

Ms. Lewis continued product development of embroidered wool in Karcag. She followed up on a large order of Christmas stockings for The Hemmeter Collection, created samples of 2 embroidered coach blankets for the same buyer, and left designs for four additional blankets. She also followed up on an Christmas stocking order placed by Laurana Thomas, wife of U.S. Ambassador Thomas, and developed a 4-piece Hortobagy cowboy outfit for Momo.

In Karcag, Carole and Leve Karvazy found a much greater willingness to experiment and work cooperatively on designs for the U.S. market. The coop head, Ilona Gyorfine, expressed interest in the "revolution" of Hungarian folkart and its revitalization for modern use. The Sandor Collection attributes this change to the respectful relationship ATA and Sandor have established with the coop, along with success in sales generated by the project.

Sandor worked with Karcag designers to create new Christmas ornaments, doorstops, and pillows. Prototypes were shipped at the end of June.

### Kalocsa

While high prices have prevented embroidered lace products from Kalocsa from meeting success in the U.S. market, ATA retains its commitment to the artisans of this cooperative. During her April visit, Docey Lewis introduced Marian Clayden to Kalocsa, where the pair developed lace and lace trim samples for Ms. Clayden's upcoming collection. In addition to creating the samples for future sales, the product development exercise instructed coop designers in isolating lace motifs and estimating prices without first creating samples.

Carole and Leve Karvazy discussed price and sales with Technical Director Laszlo Marko, attributing poor sales to high prices due to the amount of labor required, the 23% U.S. duty, and competition from Asian producers. They renewed their commitment to Kalocsa by developing products that require less labor, ordering prototypes for a baby Christmas stocking, Christmas ornaments, and photo album covers.

### Mezokovesd

The Karvazys continued their cooperative design approach at this embroidery cooperative, where coop designers reviewed old resources and contributed excellent suggestions. Together, the team designed an assortment of Christmas items, and The Sandor Collection placed a \$2,000 order for delivery in mid-June.

While in Mezokovesd, the Karvazys asked why Samii Clothes had never received its sample order. Samii believed it had placed an order, but the coop had been awaiting written confirmation. Carole Karvazy cleared up the confusion, and Samii had received all ordered samples by early June.

### Decs

This cooperative is most closely involved with The Sandor Collection in the production of painted eggs, but historically was renowned for weaving. Hoping to continue the coop's textile tradition, The Sandor Collection designed Christmas ornaments and stockings for the August, 1992 New York Gift Show.

### Heves

Due to ATA's success in designing and marketing felt Christmas ornaments, and due to the marketing savvy of coop head Mrs. Miklos Bader and her marketing staff, the Heves folkart department is working at full capacity, with 45 women working to fill domestic and export orders. New designs have, in fact, sold so well that they are being copied by other cooperatives, and at least one design may be under production in Asia.

The Sandor Collection renewed its excellent cooperation with Heves, collaborating on doorstops and new Christmas items.

While the current project emphasis in Heves is on felt work, linen also holds marketing promise. Upon the request of Mrs. Nicholas Brady, wife of U.S. Secretary of the Treasury Nicholas Brady, ATA ordered linen samples for Irish couturier Pat Crowley. Linda Allard of the Ellen Tracy clothing company and Hoyt Chapin of ceramics manufacturer Mesa International are both interested in linen possibilities.

### CERAMICS

Core ATA project activity in ceramics centered this quarter on preparations for the promotional Master Potters' Show scheduled for New York, Santa Fe, and Ashland, OR this fall. ATA Ceramics Consultant Chris Costello spent two weeks with ATA President Clare Smith, ATA Treasurer Burges Smith, and Project Liaison Ildiko Polony researching skilled potters, reviewing their work, and selecting pieces for the show.

Ms. Costello also continued technical assistance to the pottery cooperative at Kaposvar, and Mariska, the Hungarian import company owned by Ildiko Polony and Karina Heffernan, began a product development program of its own.

### Master Potters' Show

The ATA team selected the work of twelve individual potters, placing initial orders of approximately \$4200. As Ms. Costello explains in her report (see Appendix A), all but one of the potters work full time at their craft. Most work in small studios attached to their homes, many with family members as assistants. A few have larger studios, employing apprentices. The largest studio, that of the Kovats family, employs

8 artisans, including four outside apprentices.

All potters selected for the show have all studied the history of Hungarian ceramics and have based their work on the traditional styles of one region. While they respect the historical roots of their craft, they also feel free to interpret that history and produce pieces that reflect their own styles. Ms. Costello describes the work of each potter in her report, in Appendix A.

#### Kaposvar

Ms. Costello visited the Kaposvar ceramics cooperative four times during her three-week visit, to place and monitor orders, to develop new products, to advise on technical matters, and to introduce AID representatives to our work.

Orders and New Products: While the coop had only fulfilled a small portion of the extensive line ATA had ordered for the February, 1992 New York Gift Show, Kaposvar repeated its interest in working with the ATA project. An Australian importer had placed a large order shortly before the previous ATA team had arrived, and artisans had been busy filling that order.

Based on the results of the February, 1992 Gift Show, Ms. Costello composed a line of pieces revising or adapting existing designs. For all pieces, Ms. Costello discussed appropriate price points, simplifying designs when necessary.

Ms. Costello and Ildiko Polony also followed up on sample orders placed by the Boston Museum of Fine Arts, introducing designs for additional products the MFA had requested.

Technical Assistance: Ms. Costello addressed several technical problems, including pinholing of the glazes, spotting of color, and inconsistencies in hand painting.

The coop had established quality standards that allowed three pinholes inside and three pinholes outside of each piece. Ms. Costello discussed the effect of the size and location of pinholes on a piece's perceived value, encouraging higher quality control standards. Upon Ms. Costello's recommendations, the coop is investigating both the clay source and the pre-mixed white glaze as

sources of pinholing.

Color spotting, caused by heaviness of application or the use of poorly mixed glazes, was discussed and solutions were offered. Also addressed was the importance of consistent painting and form.

#### OTHER MEDIA

While primary ATA efforts have centered on textiles and ceramics, The Sandor Collection has adopted broader lines, most successfully with painted eggs. Mariska, as well, is expanding to include carved wood products.

#### Painted Eggs

The Sandor Collection has met its greatest success in painted eggs. In the Decs cooperative, The Sandor Collection has become the largest single buyer of eggs, buying over half of the cooperative's total production between January and April 1992. The development of a large egg order in Decs is detailed below, under Marketing.

During their April/May trip, Carole and Leve Karvazy also visited four individual egg-painting artisans, developing products and placing orders with each of them.

#### Wood Products

The Sandor Collection is currently carrying both carved- and painted wood products. During this quarter, the company continued product development with the Decs Cooperative, three wood painters, and one wood carver. They ordered samples from each producer, and plan to show successful samples at the August, 1992 New York Gift Show.

Mariska, too, has begun to develop wood products, and hopes to feature a selection of pieces at the August, 1992 New York Gift Show.

#### Dolls

The Sandor Collection has met success in marketing one line of small, detailed dolls, and hope to build upon that success with additional dolls. Working with two independent artisans, they developed a Hungarian Christmas tree angel, introduced plans for a line of Hungarian fairy tale dolls, and placed a 975-piece order for hand-painted wooden dolls in authentic costumes.

## II. MARKETING

Fifth-quarter marketing was highlighted by expansion of ATA's Buyers-to-Hungary program, with continued emphasis on the creation of a broad and sustainable base of buyers. Additional marketing was conducted by The Sandor Collection and Mariska, the major project importers.

Marketing for this quarter also included a survey of Hungarian potters, along with the purchase of samples and small inventory for the promotional Master Potters Show scheduled for Fall, 1992.

Finally, marketing efforts included market training for Folkart Trading Company and two independent exporters.

### MAJOR IMPORTERS

Major project importers The Sandor Collection and Mariska has spent most of this quarter filling orders from the February, 1992 Gift Show and placing orders for the August show.

### The Sandor Collection

The Sandor Collection will graduate from the Aid to Artisans booth at the August, 1992 New York Gift Show, into a booth of its own. The ATA booth will display new products, primarily ceramics, while Sandor's booth will display a wider range of Hungarian crafts. The Sandor Collection has also confirmed its expansion into other markets, and will participate in the Atlanta Gift Show in September, 1992.

During this quarter, The Sandor Collection negotiated a large painted egg order from Wireless, the catalog of Minneapolis public radio. The catalog originally ordered 2200 eggs, soon increasing its order to 4200 pieces. Though the Decs cooperative had previously filled all orders with eggs laid by local chickens and geese, this order inspired them to seek outside sources of eggs. In July, when Wireless increased the order to 10,000 eggs, the coop was further invigorated by this confirmation of the value of their work and sought even wider sources for eggs, negotiating purchases from other regions.

However, Wireless required October delivery in order to meet anticipated Christmas demand. Because geese stop laying in the late summer, the

Decs cooperative would have been unable to meet the deadline of such a large order, and Sandor was in danger of losing the order. Instead, Carole Karvazy was able to salvage the original 2200-piece order, recommending that the catalog place its Christmas, 1993 order in January. At that time, Wireless expects its order to total 10,000 to 20,000 pieces.

### Mariska

Mariska, new to the world of importing and wholesaling, experienced some problems in pricing and shipping, then solved them admirably.

All orders arrived successfully from Hungary, but shipping and brokerage costs were higher than anticipated. In addition, the local packer did a poor job in cushioning the ceramics, and many pieces arrived at retailers broken.

Flexibility and diplomacy enabled Mariska to regain the faith of all but one of their original buyers, and two of those have already placed re-orders. The company, however, faced with unexpected costs and extensive breakage, took a significant loss on its first set of orders.

Mariska remains enthusiastic about importing Hungarian crafts, and plans to expand into rugs, table linens, and other related products. Mariska will fulfill ceramics orders placed at the ATA booth at the August gift show, and will continue to develop its own product base.

Mariska is in the process of negotiating several significant orders:

- The Boston Museum of Fine Arts had ordered and received several samples, and expects to order soon for inventory. The MFA shop generally orders 75-100 inventory pieces, the catalog 500-750. MFA buyers expect the Spring, 1993 catalog to carry two to five pieces, the shop carrying an additional 2 pieces.
- Primitive Artisan, a U.S. importer dealing primarily in table linens, has placed a \$13,500 order for table cloths and napkins with Mariska, for December/January delivery.
- The Hemmeter Collection plans to carry a large black platter in its Spring, 1993 catalog, and will order through Mariska.

- The Russian Dressing catalog has placed a small order for 72 ceramic pieces from Kaposvar, with an larger re-order planned for September.

#### BUYERS TO HUNGARY

During the fifth project quarter, ATA expanded its Buyers-to-Hungary program to include three new buyers: EEE Group, a ceramics import company; fashion designer Marian Clayden; and The Hemmeter Collection, a mail-order catalog of fine crafts and decorative accessories. While in Hungary, EEE Group ordered inventory, while Ms. Clayden designed and ordered samples and is preparing to place an inventory offer. The Hemmeter Collection plans a large purchase for early 1993.

A former Buyer-to-Hungary, Chandler Four Corners, has also been active, continuing tapestry production in Hungary and researching expansion into ceramics. ATA has also continued conversations with manufacturer Mesa International, and is finalizing plans to introduce a Mesa designer to textile cooperatives in the fall.

#### EEE Group

In May/June, 1992, Judith Espinar and Tom Dillenberg of the ceramics import firm EEE Group spent two weeks in Hungary, visiting ceramics producers on an itinerary prepared by Aid to Artisans. On their trip, the pair ordered over 2,500 pieces, at a total cost of over \$18,000. EEE Group will also host the fall, 1992 Master Potters' Show at their Clay Angel galleries in Santa Fe, New Mexico, and Ashland, Oregon.

Ms. Espinar and Mr. Dillenberg are enthusiastic about Hungarian ceramics and feel they can market it with great success. They call this initial purchase "only the beginning," and plan a design visit to Hungary for September. They plan to launch a large wholesale ceramic import business from Hungary, and have made a long-term commitment to its artisans. Details of their purchases to date appear in Appendix D.

### Marian Clayden

Fashion designer and dye expert Marian Clayden visited textile cooperatives in Debrecen and Kalocsa with ATA Chief Design Consultant Docey Lewis. Working with designers at each cooperative, Ms. Clayden developed designs that combine craft traditions with her own fashion style, and ordered samples of 18 pieces.

Ms. Clayden received all samples on time and is experimenting with the incorporation of these components into her upcoming lines. Felt pieces from Debrecen will appear form a large part of the Fall, 1993 jacket collection. The production coordinator at Marian Clayden explains that lace samples from Kalocsa were beautiful, but prices were prohibitively high, and that the company may not be able to use them.

### The Hemmeter Collection

In May, 1992, the Hemmeter Vice President of Marketing, Jane Griffiths, visited the ceramics cooperative at Kaposvar and several individual potters with the ATA team. She plans to feature four or five Hungarian pieces in The Hemmeter Collection's Fall/Holiday 1993 catalog. The catalog will reach a projected 2.2 million homes, and Ms. Griffiths expects Hungary orders to total \$40,000 to \$50,000.

### Chandler Four Corners

Chandler Four Corners is continuing production work in Bekeszentendre, where artisans are crafting tapestries that are sewn into pillows at the Watermark Crafts Cooperative in North Carolina. During July and August, five women will work full time to produce 50 pieces each month. For the next three months, Chandler expects nine women to produce 100 monthly, in order to meet Christmas demands.

Pillow produced in Bekeszentendre will receive their first nation-wide publicity in late September, when Williams Sonoma mails the Fall issue of its Gardeners' Eden catalog to over 2 million customers. Success at that time will mean increased orders for the artisans of Bekeszentendre.

### Mesa International

Hoyt Chapin and Nancy MacKenzie of Mesa International, a large manufacturer and wholesaler of ceramic and glass tableware, met ATA President, Clare Smith and ATA Chief Design Consultant Docey Lewis at the ATA office to discuss future cooperation. The firm remains interested in exploring table linen and glassware possibilities in Hungary, and ATA will send Chief Design Consultant Docey Lewis to introduce Ms. MacKenzie to appropriate producers and facilitate the design process.

### THE MASTER POTTERS SHOW

In order to educate the American public on the range and skill of Hungarian artisans, and to offer small ceramics producers experience in producing for the U.S. market, ATA has organized a Master Potters' Show for fall, 1992. The show will display the best of Hungarian ceramics craftsmanship, offering a wide variety of pieces for sale in three locations.

### Survey and Purchases

In March/April, 1992, ATA Ceramics Consultant Chris Costello and ATA President Clare Smith conducted an exhaustive survey of active ceramics cooperatives and individual potters throughout Hungary. During the ceramics team's four-week visit, they visited twenty producing groups, selecting 13 for representation in the Master Potters' Show. A review of each potter's background, current work situation, and specialties is included in Ms. Costello's field report, in Appendix A.

The team ordered a total of 320 pieces, at a total value of ft.335,200, or approximately \$4100, money paid directly to the artisan groups.

All pieces arrived together in excellent condition. ATA information on packing, numbering, labeling, and shipping was followed perfectly, and not one piece was damaged during shipping.

### The Show

The Master Potters' Show will begin at New York's CERAMICA gallery in October, 1992. From there, it will travel to Clay Angel Galleries in Santa Fe, NM and Ashland, OR in November. ATA is still researching possible California sites for January.

Each gallery will display the pieces as it chooses, highlighting the range of styles and the quality of artisanry. Clay Angel will take and fill orders for pieces not available for sale, and CERAMICA will refer such orders to ATA importers able to fulfill them.

ATA expects that over 200,000 people will visit the exhibit, and that most pieces will be sold during the show. Remaining pieces will remain with the host galleries for future sales, if the galleries choose, or will be returned to ATA for sale through our marketing network.

### Results

ATA has several goals for this show. First, we hope to educate the American public in the skills of Hungarian artisans and the wide range of Hungarian crafts. We expect the result of this education to be increased interest in other Hungarian crafts, leading to greater opportunities for Hungarian artisans in the U.S. market.

Second, we hope to generate income for potters represented in the show, through sales of show pieces as well as orders for new products. We will use the exhibit, as well, as a showcase for interested commercial buyers, and expect to attract several importers, store owners, and other commercial buyers.

Third, we hope to offer participating potters experience in producing for and exporting to the U.S. market, as well as an education in U.S. market expectations. Ms. Costello has already laid the groundwork for meeting this goal, through informal workshops in packing, shipping, labeling, inventory control. She has, as well, discussed U.S. market preferences for color, form, and function; sales through the show will confirm her teachings and offer first-hand insight into American buying habits.

Finally, the show has had the unintentional but welcome effect of inspiring potters throughout Hungary to work to their highest potential. Communication between potters has improved, and they feel honored to be represented in a prestigious show. As a result, quality standards are improving and artisans are experimenting with new designs.

## FOREIGN TRADING COMPANIES AND EXPORTERS

Aid to Artisans has continued to research export options, with emphasis on Folkart Trading, a large foreign trading company, and two independent exporters Balo Karvazy and Pal Bujnyik.

### Folkart Trading

Folkart Trading Company is the export arm of Folkart Centrum, Hungary's largest retail chain of crafts shops. Folkart Trading trades exclusively in crafts, and has demonstrated its knowledge of export procedures as well as its interest in building its business.

Many artisan groups, however, have been dissatisfied with the services of Folkart Trading. Historically, the company has denied artisans direct contact with buyers, preventing them from learning about foreign markets directly. Folkart Trading has become looser with this restriction, but the company continues to conduct much of its business at its Budapest office.

Many artisan groups also related concerns about Folkart Trading's pricing structure and payment schedule. The artisans charge that Folkart Trading adds a high markup to factory prices, making it difficult for the products to compete in the world market. They explain, as well, that though Folkart Trading requires a 50% down payment from buyers, none of that money reaches the producers until finished products are delivered. Artisans, then, receive no deposit with which they can buy raw materials or pay wages, a situation which causes problems for cooperatives.

Despite these concerns, ATA feels that Folkart Trading offers a valuable service, especially to large-scale buyers. Rather than dismiss the company on the grounds that it does not represent that artisans' best interests, we are working to reform its practices. We have instituted guidelines under which we will refer buyers to the trading company, including requirements that interested buyers meet directly with artisan groups and that a piece of each deposit be forwarded to the producing groups.

We hope, as well, to educate Folkart Trading on the value of including artisans the design and marketing processes and working cooperatively with them to assure proper pricing and payment.

Folkart Trading has accepted our conditions and understands that cooperation will soon turn to orders. In June, ATA buyer Judy Espinar met with Folkart Trading, placing her \$18,000 ceramics order through their company. If Folkart Trading follows through on its promises, and if its service is adequate, ATA looks forward to referring it again to appropriate buyers.

#### Balo Karvazy

Balo Karvazy is an English professor with ties to The Sandor Collection, ATA's major importer. Over the last year, Mr. Karvazy has earned his export license, processed and followed up on orders, and successfully exported them to the U.S.

Conversations with many artisans reveal their satisfaction with Mr. Karvazy's service, citing his responsiveness to their needs as well as his attention to detail.

The Sandor Collection will continue to use Mr. Karvazy as its principle exporter. ATA will use Mr. Karvazy as appropriate, for smaller orders that need personal attention.

#### Pal Bujnyik

ATA consultant Docey Lewis met Pal Bujnyik in April, 1992, when he served as her driver and translator. He proved nearly fluent in English, demonstrating offering strong organizational skills as well as a clear entrepreneurial spark. He soon expressed his interest in combining his own experience in international business with his wife's export experience.

By the end of that visit, ATA had offered Mr. Bujnyik the opportunity to expedite orders placed for the Master Potters' Show. Within this role, Mr. Bujnyik has followed up on production, collected finished products, researched shipping options, contracted packers, and prepared export documents. The shipment arrived in the U.S. on time, at the lowest cost possible, in perfect order.

ATA will continue to use Mr. Bujnyik's export services whenever appropriate.

#### Kalimart

ATA is also researching Kalimart, a small trading company founded two years ago as a joint venture between two women from Artex, one of the large

state-owned trading companies, and a third Italian woman. Originally founded to export from rug coops, this company still specializes in rugs and textiles, but is interested in expanding.

The company operates with low overhead, and is able to offer low prices and personalized service, as well as the experience earned from work with Artex.

Mariska exported its inventory shipment through Kalimart and praises their work. ATA hopes to meet with Kalimart representatives on our next trip to Hungary, when we will explore avenues for cooperation.

### III. BUSINESS TRAINING

All ATA consultants working in Hungary this quarter stressed the development of business skills, through workshops and informal discussions with coop personnel, individual artisans, and exporters. Training covered a wide area, with emphasis on export issues.

Business training also became an issue in trying to develop a "safety net," a system to ensure continued employment of artisans and production and export in the event of a cooperative's failure.

Though ATA workshops have been effective in offering basic experience in export procedures, ATA continues to seek an NGO partner that can offer formal business training to artisan groups.

#### INFORMAL BUSINESS TRAINING FOR ARTISANS

Business training for artisan groups covered broad territory, ranging from training in specific export regulations to education in U.S. market standards. Workshops were conducted with each artisan group visited, and included training in the following business areas:

- *Costing*, including in-depth discussions of how to estimate costs without first having to make samples. This skill will enable cooperatives to work more efficiently with buyers who don't have time to wait for samples, and will eliminate the lost time and effort needed to produce samples that will be too expensive for buyers.

The broad formula for such costing is basic to U.S. industry, but unfamiliar to Hungarian accountants and marketing directors unaccustomed to such rough estimations:  
time + materials + overhead + profit +  
margin of error (10 - 15%)

Other costing workshops were held on designing new products with target price points in mind, to avoid the development of products that will prove too expensive. Such an exercise also encouraged artisans to simplify designs that American buyers often find too busy.

- *Expediting samples*, including information on efficient and accurate costing, packing and shipping, the contracting of couriers, and timely delivery. In Debrecen, this training was guided by an actual order from the Boston Museum of Fine Arts and included preparing samples, costing them accurately, locating a reliable courier, and preparing export documents. (Though the Debrecen cooperative has an export license, they have relied in the past on trading companies and have little independent export experience. This exercise increased both the experience and confidence of the coop and its Export Manager, Ica Todorne.
- *Developing terms of sale for export*. In Debrecen, this workshop led the coop's marketing staff to develop a document, "Export to U.S.A., Terms and Conditions of Sale," that outlines invoicing procedures, payment terms, cancellation policies, and export procedures. The cooperative put this document to use immediately in establishing terms for buyer Marian Clayden's sample order. A copy of this document follows in Appendix X.
- *Inward foreign remittance procedures*, designed to ensure that payment from foreign buyers reach the seller as quickly as possible. ATA consultant worked with coop staff and the Magyar Hitel bank to develop procedures to assure the timely transfer of funds from foreign buyers. Additional attention was paid to methods of payment from those buyers, including wire transfer and the processing of international bank drafts.
- *Price expectations in the U.S. market*, including presentations on current prices for similar products and discussions on competition from lower-priced markets, especially Asia. Concurrent product development attention was paid to lowering prices for Hungarian products by limiting design complexity, subsequently limiting labor costs.
- *The creation of product lines*, rather than individual products, including information on the expectation of both U.S. commercial buyers and the American public on the availability of related items.

- The development of *product inventory systems*. Kaposvar, for example, is not sure which of its 500 designs are available for production and sale. There and elsewhere, ATA consultants stressed the importance of cataloging designs, maintaining accurate reference numbers, and labeling products being exported. Each of the 13 ceramics producers represented in the Master Potters' Show learned these early lessons well, shipping pieces that were accurately numbered and labeled.
- *Export labeling requirements*, with practical applications on the labeling of orders ready for shipping.

#### INFORMAL BUSINESS TRAINING FOR EXPORTERS

ATA business training also reached exporters, from Folkart Trading, the project's major foreign trading company, to smaller exporters Balazs Karvazy and Pal Bujnyik and exporter/importer Ildiko Polony. Export training also included workshops with cooperatives and individual artisans exporting independently, as detailed above, under Business Training for Artisans.

Export business training covered the following areas:

- Beginning and advanced instruction in the preparation of *export/import documents*, to satisfy both Hungarian and U.S. customs officials. This included the drafting of an *export checklist*, with practice in preparing an textile export invoice.
- *Shipping alternatives*, with special attention to speed and cost, including reference to customs brokerage in the U.S.
- *Sources of export information*. Specifically, where to turn for information on both Hungarian export- and U.S. import requirements.
- *Packing and shipping* for air freight and sea-going containers.
- *Oversight of packing and labeling*.

- Responsible price negotiation and the modification of products to improve price. In Kaposvar, this exercise involved decreasing the height of a too-expensive mug, simplifying its painted design, and re-calculating its price with reference to a jug of similar size and design to negotiate a fair, but more favorable, price.
- The necessity for large-scale exporters, such as Folkart Trading, to have a *buyer's agent* able to help buyers combine orders in order to meet minimum export quantities.
- Development by Folkart Trading of a *showroom* for visiting buyers. This showroom would display a wider range of products than that shown at the Folkart Centrum store, and have facilities to process special orders. Discussions included information on the role and structure of Buyers' Offices.

#### THE SAFETY NET

In these times of political and economic change and worldwide recession, most cooperatives are experiencing financial problems, with many on the brink of collapse. While ATA has made commitments to each of our project cooperatives, we remain most strongly committed to supporting the welfare of the artisans. In some cases, coops will remain the artisans' best support; in other, we will assist artisans in developing new forms of organization.

#### Debrecen

Debrecen is the most threatened organization. During the evaluation, a debtor company declared bankruptcy, defaulting on a 60 million forint debt and leaving the Debrecen cooperative unable to pay its staff or creditors. During Docey Lewis's March/April visit, three additional debtors defaulted.

While the coop's foundation crumbles, ATA has been generating U.S. market interest, securing orders from U.S. buyers, and collecting partial payments. Rather than risk losing current orders, buyers' deposits, and artisans' jobs, ATA is working with three key members of the current cooperative to ensure that that production continues even if the coop fails.

Currently, the cooperative runs five divisions in five buildings, with high overhead costs made higher by rampant inflation. As costs rise, sales are shrinking, threatening the coop's future. During the evaluation, the president expressed her fear that the coop would not survive even another week.

In the face of almost certain failure, Marketing Manager Ica Todorne and designers Kati Szidor and Margit Holb have begun to organize a small production organization, combining strong design and organization skills and low overhead. ATA is working closely with each of the three women, keeping them informed of U.S. interest and assisting them in learning what they need to know in order to found a new business.

#### Karcag

The Karcag Cooperative is experiencing a reduced market for folk art, but its sewing division is still strong. Its president was initially unwilling to consider modifications to traditional designs, but has recently become enthused about the revitalization of folk art for modern use. This new attitude will make the coop more competitive in export markets, but may also reflect an acceptance of the declining market for authentic pieces.

Karcag understands the importance of active marketing, and is sponsoring two members in university courses in international marketing. ATA has not worked extensively enough with the Karcag cooperative to identify a safety net of key employees, but we are watching the situation carefully.

#### Kalocsa

Unfortunately, price and unfamiliarity have prevented Kalocsa lace from finding a niche in the U.S. market, so concerns over lost orders are not significant. As the local market for Kalocsa lace diminishes, artisans forced from the coop's staff are producing independently, further threatening the coop's share of the market.

As the increase of interest in Kalocsa lace seems unlikely, the failure of the cooperative's embroidery department seems almost inevitable. ATA is monitoring the situation, but is not yet sure whether the artisans' interests are best

served by supporting the cooperative or encouraging the entrepreneurial energies of independent lace artisans.

In any case, Kalocsa lace has become the symbol of Hungarian crafts and Kalocsa remains a small and lovely tourist center; there will always be a small market for lace crafts, assuring the continuance of the craft, if not of the lace industry.

### Kaposvar

While Kaposvar continues to face technical and marketing challenges, its financial portrait is improving, with last year's profits slightly higher than those of the previous year, despite a decrease in orders. The coop membership has recently reorganized its management structure, hoping to improve its responsiveness to changing conditions.

The coop is concentrating on low-cost improvements to production and product quality, such as improving clay processing systems and renovating kilns. It encourages cooperation and innovation among its staff, and its leadership looks forward to meeting the challenges of foreign competition.

While the Kaposvar cooperative rests on somewhat unsteady ground, it seems to have a good understanding of its own vulnerability, as well as a clear plan for overcoming its problems. ATA is concentrating on helping the coop to survive, rather than identifying alternative forms of organization.

### Heves

The Heves cooperative is the only ATA project cooperative enjoying good fiscal health. It combines strong skills and a willingness to experiment with a savvy marketing department, making it a leader in innovative product development and independent marketing.

In large part because of the ATA project, the cut felt department is working at full capacity, with 45 women employed. New designs have been successful both domestically and abroad, and the coop remains interested in product development. Because continued success is so likely, ATA sees no need to develop a safety net for Heves.

### FORMAL BUSINESS TRAINING

Aid to Artisans remains in contact with several AID-funded NGO's on the issue of formal business training. Several of them are interested in working with us, but none has yet made a commitment to our program.

### SUNY

Discussions with the State University of New York at Albany have been extensive, and the SUNY/Hungary program has sought a funding extension to cover the costs of artisan business training. SUNY recently learned that its extension request was only partially funded, and is working on implementation of its grant. ATA liaison Ildiko Polony will meet with SUNY representatives in early August, where she expects to receive SUNY's proposal for formal business training.

### Citizens Democracy Corps

The Citizens Democracy Corps (CDC) is also interested in working ATA, and may be able to match a long-term volunteer with project artisan groups. ATA is currently strategizing with this group, but we are not yet sure whether this individual approach would be best, believing that an organized group approach to training that will encourage interaction and cooperation among artisan groups might have a broader impact.

### Hungarian-American Enterprise Fund

ATA has discussed our needs with this NGO, finding that its MBA program may be able to meet our needs. However, ATA does not have an office in Hungary to provide support to a Fund trainer, nor do we have funding to cover any of the core costs of our participation in the program.

### Pragma

Pragma is not an NGO, but a private consulting company with experience in business training for artisan groups. They regularly offer export training workshops in the U.S., and have expressed interest in working with the ATA/Hungary project. However, as a private consulting firm, Pragma's costs are high, at over \$3,000/participant for a ten day export training program in California. Pragma is preparing a proposal for formal business training, but we expect that its costs will be too high for funding under ATA's current grant.

#### IV. EVALUATION

In April/May, 1992, Aid to Artisans participated in a formal mid-term evaluation of the Hungary project. The evaluation team reviewed project documents, talked with project participants, and visited several project sites in Hungary. The recommendations made as a result of the evaluation form the core of ATA's program for Year Two.

#### THE EVALUATION TEAM

The project evaluation team consisted of:

- Kate Kerr, Independent Evaluator
- Mari Clark, AID office of Women in Development
- Denise Wilbur, ATA Projects Manager

ATA Liaison Ildiko Polony provided translation services, and Program Officer Donna Frago worked with the team as an observer.

#### SITE VISITS

The evaluation team spent two days in Budapest, meeting with:

- AID country staff at the U.S. embassy
- AID Program Officer Donna Frago
- Trading companies Hungarocoop and Folkart Trading Company
- exporter Baló Karvazy

In the field, the team visited four major project sites:

- Heves
- Debrecen, with visits to additional production centers in Naduvar and Tiszafured
- Karcag
- Kalocsa

#### RECOMMENDATIONS AND ATA RESPONSE

The evaluation team made recommendations in several areas, with ATA responding to each recommendations. The Evaluation Report and the ATA Response to the Evaluation detail these efforts, with only brief summaries following here.

#### Business Analysis

The project should continue to carry out business analysis begun by analysts of the Yale School of Organization and Management, tracking the fiscal health of artisan groups, employment trends, and export activity.

ATA shares the evaluators' praise for the Yale analysts' work and intends to continue business analysis. However, formal business analysis is not funded under the current grant, and continued work by the Yale team cannot be guaranteed.

#### Business Training

The evaluation recommends continued informal business training, combined by formal training conducted by another AID-funded NGO.

ATA will continue to provide informal business training, and will continue efforts to identify an appropriate business-training partner.

#### Product Development

The evaluation team urged continued product development for export, with emphasis on designing for real buyers, through the Buyers-to-Hungary program. The team also recommended sending additional consultants into the field.

As product development is integral to the ATA program, we will continue design work in Hungary. We have already expanded the Buyers-to-Hungary program, and will focus on designing for their needs, rather than designing products on speculation. For that reason, ATA may not send additional product development consultants to the field.

#### Marketing

The evaluation encouraged continuation of ATA's development of wide markets, recommending that we work with Folkart Trading and the cooperatives to increase their knowledge of and experience in the U.S. market.

ATA is firmly committed to the cultivation of broad markets, believing that only a mixed base of buyers can ensure sustainability. We will also continue to work on marketing issues with Folkart Trading and with other exporters, as well as directly with artisan groups interested in exporting independently.

#### Project Administration

Improved communication with AID and systemic analysis of sales records were urged by evaluators, who recommended that an ATA project

manager travel with each field team.

ATA has already taken steps to improve communications with AID. We have scheduled informational meetings with Budapest-based staff during each field visit, expanded our reporting format, and added AID Representative David Cowles to our list of recipients for all project reports. We do not have funding for an ATA project manager to accompany each team, but will continue to provide coordination from our Connecticut office.

## V. POLITICAL AND ECONOMIC ISSUES

While this project has succeeded in generating orders, encouraging design and marketing creativity, and sustaining employment, its success has been limited by macroeconomic and political conditions created by the change to democracy and a free market.

Inflation, high interest rates, the development of new social security regulations, bankruptcy laws, the worldwide recession, and changes in taxation have all affected artisans adversely.

### INFLATION

Inflation in Hungary remains over 30%, with prices rising as artisan wages remain relatively constant. As a result, artisans' purchasing power is steadily declining, while the costs of artisan products rises as producer groups pay higher prices for equipment and raw materials.

In part because of rampant inflation, European buyers are losing interest in Hungary as a source of cheap labor, not renewing orders. At the same time, decreasing domestic purchasing power is eroding the little that remains of the domestic market for crafts.

The combined results of high inflation and decreasing markets are severe, leading to declining sales, rising prices, and layoffs at most crafts cooperatives.

### ARTISAN CREDIT

Interest rates, keeping pace with inflation, run between 35% and 40% annually on bank loans. Because of the volatile economic situation, banks are conservative in lending to small and unstable producer groups, including crafts cooperatives.

With cooperatives not fully privatized, collateral on loans becomes a problem, as coops cannot offer buildings they do not own as collateral. Neither can they use orders as collateral, as banks fear their cancellation as cooperatives collapse. In addition, coops are not able to borrow to meet payroll or to meet operating expenses. With little or no money remaining in retained profits, many coops are faced with having to lay off workers or defer payment to them, creating further economic problems.

### RECESSION

The international recession has also created depressed markets. In Hungary, domestic markets once formed the core of crafts sales; now, the domestic market has nearly disappeared.

In recent years, European buyers had flocked to Hungary to exploit its cheap labor. However, as Hungary's labor becomes more expensive, and as the discretionary budget of Europe becomes tighter, fewer manufacturers are turning to Hungary.

The recession impacts crafts production especially strongly, as crafts are seldom viewed as a necessity. While ATA has been able to cultivate an enthusiastic market in the U.S., that market is much smaller than it would have been during the economic boom years of the 1980s.

### MINIMUM WAGE AND SOCIAL SECURITY

As a socialist country, Hungary regulated wages and provided health care to its people. With the change to a free-market economy, the state has instituted a minimum wage structure designed to protect workers, but which will lead to increased artisan unemployment and limited eligibility for health insurance and social security benefits.

Information Aid to Artisan has received from cooperatives indicates that the minimum wage will be 9,000 forints by August, 1992, a wage higher than that earned by most artisans. As a result, cooperatives must either lay off workers or pay their artisans off the books. Artisans not working, or those not able to prove that they earn the minimum wage, will not be eligible for health insurance, a situation that terrifies many.

The new minimum wage system also discourages part-time work, as part-time producers could never earn the new minimum.

### BANKRUPTCY LAWS

National bankruptcy laws instituted in the spring of 1992 have created a near-crisis situation for many cooperatives, most notably Debrecen. Under this law, companies unable to pay their bills within 60 days can be forced into bankruptcy. Clearly designed to encourage prompt payment, this law is creating a chain reaction of default, as one debtor's failure to pay destroys its creditors' ability to pay.

In a time of declining markets, the impact is severe. The Debrecen coop has recently been informed of debtor defaults of over 1 million forints under this law, and is operating on a day-to-day basis, unsure if its precarious financial situation will allow it a future.

#### TAXATION

Two taxation issues concern artisan groups. Before 1992, craft cooperatives could retain 3 1/2% of their profits before taxes. New legislation will remove this preferential status, requiring cooperatives to calculate taxes on their full profits.

In addition, domestic craft sales have traditionally been controlled by a jury system that awards a gold seal to pieces ruled "authentic Hungarian folk art." This seal has exempted accepted pieces from the 25% Hungarian VAT tax. Recently, the Folk Arts Council, the jurying body, was dissolved, and its responsibilities assumed by the larger Cultural Institute. The Cultural Institute has stated its intention to maintain the jurying system, but many artisan coops fear the elimination of the program and the adoption of a universal tax of 10 - 15%.

Elimination of the gold seal program will create additional problems for craft producers, leading to higher domestic prices, further diminution of the domestic market, and the subsequent lay-offs of artisans. Elimination could also lead to the commercialization of folk art, as incentives for maintaining traditions would be removed, but could also spur innovation among designers no longer burdened by a system that discourages change.

#### GENERAL CONCERNS

In general, cooperatives are having difficulty understanding and reacting to legislation that seems to change weekly. Many fear that Parliament seeks to destroy the coop system, viewing it as a relic of the old socialist system. They are angry that laws and economic policies change without their input, and feel legislators are unsympathetic to their concerns.

Several of the coops have joined together to fight laws which threaten their prosperity. Led by the Heves cooperative, this group has met with legislators and the Finance Minister to explain

the impact of legislation on cooperatives,  
producing letters of support to counteract  
opinions that the craft production is not  
important.

## VI. COMMUNICATIONS WITH AID

In an effort to improve communications with AID in both Washington and Budapest, members of the ATA Hungary team met with AID representatives several times during this quarter.

### April 8:

- For ATA: Clare Smith, Burges Smith, Docey Lewis, Chris Costello, and Ildiko Polony
- For AID: David Cowles, Karyl Morrison, and Ferenc Melykuti
- The group meets to discuss progress of the ATA export enhancement program. Mr. Cowles recommends that ATA apply for a three-year program extension. Ms. Smith also met with Ambassador Thomas; that evening, Ms. Smith and Mr. Smith attend a reception at the Ambassador's residence.

### April 13:

- For ATA: Docey Lewis and Ildiko Polony
- For AID: Karyl Morrison, and Mrs. Nicholas Brady and Mrs. Mulford, wives of the U.S. Secretary and Under-secretary of the Treasury, respectively.
- The group takes a site visit to the textile cooperative of Heves.

### April 17:

- For ATA: Clare and Burges Smith, Chris Costello, and Ildiko Polony
- For AID: Maria Mamlouk, AID Officer in Charge for Poland, Czech and Slovak Federal Republics, and Hungary; and Karyl Morrison
- The groups visits the pottery cooperative of Kaposvar, touring the facility and discussing ATA's ongoing work with Kaposvar potters.

### April 20:

- For ATA: Clare and Burges Smith and Ildiko Polony
- For AID: Ambassador and Mrs. Thomas
- The group also meets with Hungarian ethnographer Tamas Hofer. Mrs. Thomas expresses interest in selling fine Hungarian crafts to the embassy community and offers to host an exhibit at the Ambassador's residence at the end of the project.

May 12:

- For ATA: Carole and Levente Karvazy
- For AID: Michael Huffman and Ferenc Melykuti
- The Karvazys brief AID on The Sandor Collection's product development efforts. They show samples of especially fine crafts and share information on the cooperatives and business people with whom they work.

May, 1992:

- For ATA: Ceramics importers Judith Espinar and Tom Dillenberg
- The two meet with AID personnel at the U.S. Embassy in Budapest to discuss their progress in sourcing and ordering Hungarian ceramics.

Soon afterward, the pair travel with Laurana Thomas and Karyl Morrison to visit the studio of potter Szabo Kinga for a tour, discussions, and purchases.

June 16:

- For ATA: Clare Smith and Denise Wilbur
- For AID: Donna Frago, Gerald Hyman, James Watson, Brian Wickland, and Vera Meenan.
- Purpose: the Annual review. Ms. Frago praised ATA's Annual Report and Evaluation, noting that ATA had already incorporated Evaluation recommendations into its program and reporting procedures. Mr. Hyman asked about economic issues affecting artisans; Mr. Watson praised ATA's increased emphasis on business analysis and business training, suggesting that these are AID priorities and that ATA should continue to stress these aspects of our program; Mr. Wickland suggested that ATA consider expanding into light industry, with the production of collectible miniatures as his example.

July, 1992:

ATA submits our Response to the Evaluation to Donna Frago in Washington and David Cowles in Budapest.

ATA Liaison Ildiko Polony also met several times with AID personnel at the U.S. Embassy in Budapest, the Evaluation team spent many hours with Ms. Frago and met with David Cowles and staff, and ATA Project Manager Denise Wilbur spoke several times by phone with AID Program Officer Donna Frago.

**APPENDIX A:  
SELECTED CONSULTANTS' FIELD REPORTS**

**Christine Costello**

**Docey Lewis**

**Carole Karvazy**

## Christine Costllo-- Consultant's Field Report

A consulting trip to Hungary on behalf of Aid to Artisans was undertaken from March 28 - April 25. My assignment was to visit folk art potters throughout the country and to make selections for a "Master Potters" show to be held in New York, NY; Ashland, OR; and Santa Fe, NM in the coming fall and spring. This assignment necessitated gaining a greater understanding of the breadth and depth of Hungarian pottery, both historically and as currently practiced, through interviews with potters, ethnographers, and other experts. Within this capacity, I also functioned as a scout for other ceramic products suited to other US outlets, as well as a source of information for Hungarian potters on the tastes and requirements of the US market. Also pursued was follow up of work begun in September 1991 with the Fazekas Haziipari Cooperative in Kaposvar, which we had identified as a promising source for volume export to the mainstream US market, and had included in the ATA Hungarian display at the January New York Gift Show.

The following is a detailed account of information gathered in meetings with individuals and organizations. Present at meetings were either Ildiko Polony, an ATA consultant serving as interpreter, explicator and goodwill ambassador; or Clare and Burge Smith, President and Treasurer of ATA, Jane Griffiths, ATA consultant and buyer for Hemmeter Collection, and Pal Bujnyik, translator, driver, and our order and export coordinator.

### INDIVIDUAL POTTERS

The work of twelve potters was selected for the master potters show. They are described below. Also described are other potters we visited whose work was not selected, or was selected for other outlets. At the end of the report is a listing by region of the names and addresses of all potters whom we either interviewed or whose work we saw, and a brief description of their product lines, and others we met in our research work.

All those we visited, with the exception of Tamas Lazslo, are full-time practicing potters in the 30 - 50 year age group. They have all made extensive studies of historical Hungarian ceramics, selecting particular regional styles within which to work, and developing their own unique styles within this context. The word "taplalkozik", which translates literally to English as "nourishment", but is also used in Hungarian to describe the flow of tributaries into a river, was often used by potters in describing the importance of the study and application of traditional styles and methods in their creative work. With only a few exceptions, however, potters purchase their clays and glazes ready-made, so are limited to a locally available earthenware clay and lead-fritted (safe) glazes imported from Italy. Potters freely adopt traditional styles which

are of interest to them, so that style and location do not necessarily correspond.

All have participated in juried exhibitions sponsored by the Folk Arts Council, and many have been awarded the "master potter" title. All strive to have their commercial work awarded the Folk Arts Council "gold seal", identifying it as approved folk art, and giving it a kind of copyright protection as well as an exemption from the 25% VAT.

Most potters work in small studios attached to their homes, with their living rooms and kitchens used to display their best wares on walls and shelves in the Hungarian decorative tradition. Their work seems truly integral to their lives, in their understanding of and dedication to its history and significance, as well as the independent lifestyle it affords them. Many potters work with their families, using wives, children, or parents as assistants.

### Potters selected for Master Potters Show

#### 1. Kosa Klara

Kosa Klara was the first potter I visited. She studied and worked at the Mesotur Cooperative before establishing her own studio ten years ago. Her specialty is platters and bowls, and she works in a variety of historical styles, including Hucul, a figurative style in scraffito with green and brown underglaze painting. According to Ms. Kosa, Hucul is a narrative style traditional to a people of the Soviet Union who were exterminated by Stalin. Each scene depicts a folk story. These are very popular with Europeans and are on sale at Folk art Centrum. She also works in a Transylvanian painted underglaze style, with decor in blue and gold signifying a region "between rivers", and green and gold signifying "between hills". Other styles in which she works include Tordai, Berek, Bartcasagi, and Tiszafured.

Ms. Kosa is very enthusiastic about folk art, active in her support of it and of those who practice it, and talks non-stop. On my trip to her studio three weeks later, she mentioned that our visits to potters throughout the country had revived the the spirits of the pottery community. She and her husband (who is a member of Parliament) have written a book on Hungarian folk ceramic styles. They are currently restoring a classical Hungarian farmhouse in the village of Tahitota, near Szentendre, which will serve as her home and studio as well as a "master house" with studios and living space for up to twelve other folk artisans. It is her desire, as she put it, that tourists come to know folk art in Hungary other than Kalocsa lace and Easter eggs.

Ms. Kosa stated that she has had nothing to do with the Folk Arts Council for the last ten years, as she felt that it was too closely tied to the socialist party, and was only interested in perpetuating itself as an institution. A new organization of potters, headed by potter Kovats Lajos, has been organized, but she doesn't support this, as she thinks all folk artists should be included. She and some of her

colleagues have agreed to keep in touch in order to maintain the quality of their work and to exchange information on materials sourcing, etc.

I made a small order of assorted plates in a variety of styles for the Master Potters show, although I don't see a great deal of potential for her work in the US market, primarily because of designs and colors (her figurative work is cartoon like). They do hold a certain charm in multiple, decorative wall arrangements, however, and her prices were reasonable and negotiable. She appears to be an astute businesswoman who would easily handle a moderate sized order.

## 2. Horvath Eva and Pozsar Lajos

This couple have been working primarily in a weak, naturalistic Haban majolica style popular among tourists visiting Lake Balaton. They both formerly worked at the Kaposvar Cooperative, and complained of having a difficult time of late surviving as independent potters. Their best work is not the Haban, but Ms. Horvath's own version of the Sarkoszi style, in which she incorporates freely painted stripes, flowers and birds in bright, jewel tone colors in a fluid underglaze on a creamy background. She developed this lively, casual style because she didn't like the rigidity of the traditional Sarkoszi patterns. These are most successful in small individual bowls. Ms. Horvath also has excellent throwing skills, and creates beautifully formed coffee and drinks sets. Mr. Pozsar specializes in large, traditional shapes such as water jugs and wedding bowls, glazed in greens and browns with interesting abstract geometric/floral patterns. They would both very much like to do more exhibition work, as they currently can't afford to do experimental work.

We ordered a large quantity of the small bowls, a coffee set, and two large pieces for the Master Potters show. Jane Griffiths was enthusiastic over the small bowls, and asked about production capacity for her catalogue. They are priced well, and would have a great deal of appeal in the US market.

## 3. Tamas Laszlo and Tamas Maria

Mr. Laszlo is the founder of the Kaposvar Haban cooperative. A sixth generation potter (his daughter, Maria, is the seventh) who started as an apprentice in Szekszard, he established the cooperative in 1949, and acted as its president in the 1970's. He claims he had constant battles with the state over design and distribution. He is now retired, but continues to make beautiful Haban majolica style pottery in his home studio for his personal enjoyment, and is currently experimenting with luster techniques. He is a jovial and enthusiastic man who obviously loves his work.

We ordered a few special Haban style pieces from Mr. Tamas, with only the Master Potters show, and no reorder, in

mind. His daughter does not currently produce items we think would succeed in the US market. She does produce dinnerware, and might be able to create special orders for the right client.

#### 4. Falusi Bela and Falusine Eva

The Falusi's, also former Kaposvar Cooperative employees, work in a very refined style of Haban majolica. They have been practicing potters since 1975. They have developed their own very elegant shapes, including vases, apothecary jars, and cake plates, which they reproduce with molds. Their interpretations of traditional Haban patterns, including dense floral and figurative motifs, are the most elegantly designed and executed of any we saw in Hungary. They are a very charming and industrious young couple, whose business, contrary to what other potters have said, has improved since the borders opened and the market became privatised, with sales primarily at Lake Balaton and through Folk Art Centrum. They have outgrown their house and studio and are in the process of building a new home and workspace.

Their production line has reduced ornamentation; they are very interested in having the opportunity to make more special pieces. They told us that Haban had been ignored by the jurists in Council competitions until recently, because for many years it was not considered truly "Hungarian", but that Dr. Toth was instrumental in changing this attitude.

We are very enthusiastic about the potential for this couple to enter the US market. We ordered a number of special, ornately decorated pieces for the Master Potters show. Their prices are very reasonable, similar to those of the cooperative, and their quality and design are far superior. Jane Griffiths would like to feature some of their items in the Hemmeter catalogue. Of particular interest was a coffee pot with a cobalt blue background and white decor painted in reserve. The only impediment here is production capacity. Since it is just the two of them, and the quality of hand painting would be difficult to maintain in a mass production approach, they are better limiting quantities of demanding designs to from 25 - 100, and ATA would best serve them by promoting and understanding of the technical and aesthetic quality of their work in order to keep perceived value high.

#### 5. Zsilinszki Andras

Mr. Zsilinszki is relatively new to pottery, as he is trained as a stonemason/restoration expert, and took up pottery only five years ago. He specializes in "women's plates", open, latticework bowls and platters ranging from 12 to 22 inches in diameter. His designs are all carefully ruled out and pierced by hand, and when fired with a dark shiny green glaze, are quite dramatic and almost contemporary in feeling. They are called women's plates because of their delicacy. He also makes more functional

131

pieces such as bowls and soup tureens, and a traditional covered Hungarian stew pot. He has made a study of the regional styles of his area with the help of museologist friends, and will be constructing a wood kiln in order to create more traditional glaze effects in his pottery.

He and his wife, Farsang Adrianna, are helping with restoration of a historic section of their village, which will also function as a cultural and language center. They are very enthusiastic about the potential of their village as both a tourist attraction and center for preservation of Hungarian cultural traditions. Ms. Farsang also gives classes in a variety of traditional crafts techniques to members of the community. We thought this might be an area where the Peace Corps could help provide expertise, labor, and language instruction, and we also referred them to other agencies which specialized in such projects.

We purchased only four large platters in a variety of lattice patterns for the Master Potters show. They may be difficult to sell in the US market because of the color and shine of the glaze makes them look cheap, in contradiction to a rather high price which the degree of handwork necessitates.

#### 6. Busi Lajos

Busi Lajos is a potter's potter. His large, sensuous forms demonstrate his seasoned command of clay at the potter's wheel and express his own natural exuberance. His pots are accented with simple incised and applied decoration and rich, fluid glaze treatments in earth colors - golds, greens, and browns.

Mr. Busi trained and worked at the Mesotur cooperative along with Kosa Klara, Szabo Kinga, and Gonda Istvan, all of whom now have their own independent studios. (The Mesotur cooperative is now closed, and will be reorganized as a private enterprise, but the above potters do not have great hopes for its survival. Apparently, it was the premier ceramics cooperative in Hungary during the tenure of master potter Yakotch Imre, but has since fallen off in quality and inspiration.) Busi has been a potter for thirty-five years. An orphan, he says he had only three choices of profession: carpenter, "slave" coop farmer, or potter. He was lucky enough to be at the coop during the sixties, when there was a revival of interest in folk art, Szabo Kinga was the chief designer, and he could work with talented colleagues. They worked together to explore and expand traditional shapes and decorative styles, evolving new designs from the old. He still throws forms for Ms. Szabo at her Budapest studio. The walls of his home are covered with the plates of Szabo and Gonda, and his floor, shelves, tabletops are laden with his own wonderful pots. He says that he feels he is still not good enough.

Busi currently has three outlets in Budapest, including Folk Art Centrum, and has been receiving quarterly orders from the cooperative. He does not yet export. His profits

19

have gone down because of the new taxes and increases in overhead.

We ordered an number of large, statement pieces for the Master Potters show: a Kiraly (king) csali kansco, or trick wine jug, traditional with potters, done in the "Gummer" Czechoslovakian style; a two-handled "kanta" (vase) with Turkish combing decor, a traditional gift from potters to the reformed church; a one-handled kanta in a splattered, tortoise-shell effect; a "butykus" (jug) in green and brown two-tone; and a "boros keszet" (wine set) in gold with green and brown drip effect. The colors are somewhat of a gamble. They are rich, shiny, and all earth colors. These colors have been out of style in ceramics for some time, we think the new ecology vogue will make them seem fresh to the current market. They would also work very well as decorator pieces, and might be of interest to ABC Rugs in New York.

#### 7. Gonda Istvan

Gonda Istvan lives in a tiny paradise he has created for himself and his family with a fantastical garden of pottery and cactus. He has taken the Islamic influences in Hungarian pottery to a unique extreme. His current work focuses in two areas: platters and bowls with scraffito decor of geometric and charming figurative motifs, including deer, birds, and flowers in pots, accented with green, gold and brown underglaze painting; and organically shaped candelabra, footed bowls, and tureens all with a dense applied relief ornamentation and glazed in deep brown or olive green, giving them a crusty, jewel-studded quality. The latter pieces are derived from the "Bakony" style.

Gonda has been potting for 20 years. He left the Mesotur cooperative only a year ago in order to care for his children while his wife teaches. He is obviously devoted to them, and works only three hours a day to fill orders which seem to come regularly, as he was booked through April when we met with him. He stated that folk motifs - particularly those from the tree of life - are integral to his work, but he is open to many other cultural influences, and his style evolves and changes over five year periods.

We ordered an assortment of scraffito plates/bowls and a candelabrum and footed bowl. His prices are quite high, but his work is at once very Hungarian and very original, and deserves representation in the Master Potters show. Again, it will be interesting to see how the color schemes are accepted by the US consumer.

#### 8. Szabo Kinga

Szabo Kinga is truly a woman for whom art is life, and vice versa. She lives with her mother and children in a crumbling turn of the century mansion in the Buda hills. This was once her family home, but was taken by the socialist government and divided into apartments, and in one they have been allowed to remain. Within is a world of faded elegance that would seem to have stopped at the

turn of the century, if it were not for the vibrant pottery which covers the walls and fills the shelves and tabletops of the rooms. Two years ago, the Szabos were offered the opportunity to buy their property back, but of course could not afford to, so they remain tenants in their former home.

What is most remarkable about Szabo Kinga, aside from her art, is the aura of courageous beauty and joy that she has about her. Her creative drive seems to have served to guide her through the difficulties of supporting three children and her mother on her own. She obviously takes great delight and sustenance from her work, and for this reason, is its best promoter.

It was not easy to find Ms. Szabo. She was not recommended to us by the Folk Arts Council, as were the majority of other potters. Though she was chief designer at Mesotur during the sixties and instrumental in reviving many of the styles for which the coop became famous, she does not appear in many of catalogues of juried work from the past two decades. It is my guess that she was just much better than the others, a bit too original in her style. She herself told me that she became a potter because she was not given a place in college to further her art studies because "she was the child of an intellectual". She is, however, very well respected by other potters we interviewed.

Ms. Szabo's work encompasses many styles and directions. She makes large platters decorated with lively scraffito bird and flower motifs and rich, jewel tone underglaze painting, all one of a kind. She is also experimenting with luster glazes, using dramatic bird motifs against ornate patterned backgrounds. Also in her repertoire are one of a kind vases with sleekly elegant sculpted animal forms for handles. She is also taking special commissions for fireplaces and fountains. Though her decorative platters do seem to derive from folk art traditions, particularly Turkish influences, her more ornamental holloware work harks back to the arts and crafts through art nouveau styles. She is the only potter we met, with the exception of Rusoi Istvan, the tile maker, who mixes her own glazes from scratch.

We purchased a number of her decorative plates for the Master Potters show. Her other work is too original for a show of Hungarian folk potters; instead we plan to try to interest museums, galleries and collectors in exhibiting or acquiring her work. Other opportunities include a book and/or documentary on her work and life and licensing of her motifs for silk textiles.

#### 9. Szucs Imre

Mr. Szucs and his wife, Erzebet and young daughter, Judit, work primarily in the Tiszafured style popularized by the famous Hungarian potter, Kantor Sandor. Mr. Szucs worked with Kantor for ten years, asked by Kantor to become his student after a ceramic bird he made as a schoolboy interested the master potter. Szucs claims, actually, that

the bird pots for which Kantor became famous are actually his designs. One of the Szucs' best selling lines is based on a playful white on black polka dot hen design. They also make various sizes of "Mishkas", which are figurative jugs which represent Queen Maria Theresa's famous handsome hussars.

Although on my first visit last September, Mr. Szucs expressed distaste for production, he is interested now. Most of his designs are not very marketable in the US, primarily because of the Tiszafured color scheme, which would not appeal to the US consumer. However, we did see potential in the polka dot hen collection, and selected, with a few minor revisions, a 15 piece tea set and "egg keeper" (for us, a storage jar), to include in the Master Potters Show and/or the August Gift Show. These are the major items in a 96 piece coordinating set, which is certified lead and cadmium free and microwave safe. We think these items are designed and priced right to succeed in mainstream stores and catalogues. He is able to produce 20 of the 15 piece tea sets in two to three weeks.

#### 10. Rusoi Istvan

Mr. Rusoi is another of the potters I met last September. He specializes in making traditional decorative tile stoves. These stoves are installed into rooms in Hungarian homes and act as central heaters. They are heated with either wood or coal, and when brought to full temperature, heat for two days without re-stoking. Some have water tanks inside. They are completely handmade, and the relief pattern tiles are glazed in rich metallic greens and browns and wood fired for subtle color modulation.

It takes one and one-half months to make and install a stove. He learned the craft from his father, who made all the restoration stoves for the Buda Castle. As he says, his father was a hard man, but it has turned out to be good for him.

For the Master Potters show, we ordered a series of the tile patterns which he has developed from original Western Hungarian motifs. Though we don't see a great deal of US commercial potential for either the stoves or tiles, we think it will round out the show well to show the variety of ceramic craft being practiced in Hungary today.

#### 11. Biro Annamaria

Ms. Biro is one of the most determined entrepreneurs we met in Hungary. She is also one of the two single woman running her own pottery business whom we met (Szabo Kinga is the other. However, pottery making is still a family affair. Both use parents as studio assistants, Biro her father and Szabo her mother, as other potters use their wives or children.) Although she is an active participant in the jury system, one does not see her pottery at Folk Art Centrum. She and her father travel every weekend to Budapest to sell her wares in front of Buda Castle and other

major tourist areas. Like many of the potters we interviewed, she disapproves of the bureaucracy, large price markups (often over 100%), and long waiting time for payment (sometimes over six months) of Folk Art. Ms. Biro travels to shows in Austria. She does not have an export license, but has partners in Vienna.

Ms. Biro has a tiny studio in the basement of her apartment building. She lives perched high above this in a small apartment at the top of the building which she has remodeled into a charming retreat. Ms. Biro told us how she had done very well in school and dreamed of being a fashion or textile designer. Neither was possible, so she went to study with old Szekszard potters, and then to a ceramics factory where she worked as a quality controller for seventeen years. During this time, she worked in her own studio, "trying to develop a private life". She has been independent for five years now. She is currently attempting to raise funds to build a new home and studio.

She, too, has developed her own, new style from study of the old, through visits to Transylvania, museums, and research in the dozens of books which line her walls. Her blue on white, slip trailed "Brasso" style is revived from an old Transylvanian village style near Szekszard. This is executed in a very bold hand, which works well in some designs and not in others. She also works in the Sarkozsi region style, which at one time was very popular among potters but is not now widely practiced. This style employs slip-trailing of white, green, and red geometric patterns, floral motifs, and banding on a still wet black or red background, which is either combed or allowed to flow, creating a very bold and lively effect. They are particularly effective as decorative wall pieces, and would work well in a variety of US decors. One of her designs include her own figurative jug, "Hari Janos", based on a famous mythical storyteller from Szekszard, and a line of small female figurative bells.

We ordered a large vase and medium platters with abstract pomegranate motifs in the Brasso style, and large bowls in the Sarkoszi style, modifying one by removing a central motif, for the Master Potters Show. We also ordered the female figures in blue and white for the August Gift Show.

## 12. Kovats Lajos

We had previously shown some of the work of this potter at the January New York Gift show with some success. Mr. Lajos and his wife, both previously science teachers, determined when they decided to turn their love for folk art pottery into a business that they would attempt to create the most expensive look they could from the least expensive materials and process. They chose and refined the technique of black pottery, which is practiced primarily in Nadudvar by the famous Fazekas family, and have been very successful in this. This is a very ancient technique employing not

glassy glazes but terra sigillata and long, slow smoke firing. It is similar to ancient Greek and Pueblo pottery techniques. Though they have kept within the jury parameters, the Kovats have developed their own, more vitreous and sleek product with a contemporary feeling and application. In addition to being higher fired, the pots are coated with a silicon product which renders them waterproof.

The Kovats operate a well-run production studio in their home, with an increase of employees since I was last here in September, from four to eight (four family members and 4 outside employees.) They are filling primarily domestic orders, although they had recently been to a fair in Hamburg (which was not well attended) and have been exporting to England and Spain. However, they are not currently gearing their production to overseas export, because they have found that it is too risky to warrant expanding their staff, and the larger pieces are particularly difficult and expensive to pack and ship.

Their experience with US importers has not been very positive thus far. They had given an exclusive to Annette Williams, a US importer, with very limited success, and she has not reordered. She was helpful, however, in documenting their process and getting their ware tested for lead and cadmium release. Annette had worked through Folk Art AG, which raised prices, and would not tell them what markup they were using. They had a very negative experience with one US importer who purchased a small order of their pots and then had the Karcag Cooperative copy them at a lower price. The quality difference was significant, and the Karcag pots have been returned and are now selling at Folk Art Centrum next to Kovats pots. They are very concerned about how this will effect their reputation, as they have received complaints about quality from people who have unknowingly purchased the Karcag pots, and have taken legal action and received some satisfaction from the cooperative. They have received inquiries recently from a Hungarian-American buyer, Bolint Kokos, owner of Central European Trade and Export, Chapel Hill, NC.

Clare felt that they could develop a small and steady export market to the US, by gradually building the recognition of their pots as distinctly Hungarian. We ordered a large covered vase and platter for the Master Potters show, and a variety small to medium vases in the Hungarian floral motif, plates in an array of starburst (they call them sunflower ) motifs, and the candlestick which we designed in September. Interestingly, this candlestick is now a good selling item in their production line.

## Other Potters Visited

### 1. Kozak Eva

I did not visit Ms. Kozak's studio, but met her and saw some of her work after a jurying session she had attended in Szekszard. She is one of the individual artisans which the Yale group has studied. She specializes in the Mesotur dark green pierced ware, in bowls and covered containers. Her work was sold through the Mesotur coop, and I have seen it at Folk Art Centrum. I did not return with Clare Smith, as I did not see any marketability for her wares in the US, and the designs were similar to but not as dramatic as those of Zsilinszki Andras to warrant inclusion in the Master Potters show.

### 2. Grodvolph Lsolt

Met along with Ms. Kozak. He works in a German influenced style which combines carved and slip trailed decoration on green, black, and blue backgrounds. Though juried, the overall effect is somewhat amateurish.

### 3. Patonai Ferenc and Son

They were also interviewed by the Yale group. They make a very Austrian looking pottery in light blue with white slip decoration. They have a studio in Sumeg, and a shop next to its chief tourist attraction, the castle. I visited their studio, but found their work inappropriate for the Master Potters show.

### 4. Csiszar Jozsef

He specializes in the Tata style, a very minimal style of fine linear decoration in green and blue on a creamy white ground. Its motifs derive from fisherman's symbols, due to its proximity to a large lake. He is a third generation potter, and sells mostly from his studio to tourists. His work is somewhat expensive relative to its perceived value.

### 5. Szensai Janos

A potter specializing in the Hodmesovasarhely area style of blue and green underglaze painting on creamy white. He gave us an interesting explanation of the functions of the various traditional shapes in his line. Although we found his work bland, he is successfully exporting to Holland, Germany, and Italy.

### 6. Kiss Marta

We went to her home looking for palinka bottles (Hungarian liquor) which looked interesting in a photograph, but found instead that she is now making hand made dolls in a variety of traditional Hungarian costumes. What makes her work so much more interesting than the dolls seen in the tourist shops is the simplicity and peasant character of the costumes and the handmade clay heads and boots, which lends

them a distinctively naive feeling. I had seen them on display at Folk Art Centrum previously, but they were merchandised so badly, squashed under plastic and shelved in multiples along with the run of the mill dolls, that I had not noticed how special they are. She works with her mother, who sews the dolls' costumes, and her crowded Budapest apartment and very run down appearance indicated that increased orders would help her situation. She is currently able to make 30 pieces a month, but can get piece workers for larger orders. She has had negative experiences with Folk Art, having previously exported through them, and prefers to sell directly. We ordered one of each of her 28 designs for the August Gift Show.

#### 7. Nagy Istvan

I spent a great deal of time tracking down this potter both in September and on this trip, because he came so highly recommended, and I had seen some excellent examples of what I had been told was his work at the Karcag cooperative. However, this may have been his father's work, because his was very disappointing. He works in the Tiszafured style with weak colors and patterns which would not appeal to the US consumer. We placed a very small order for one of each of three figurines in order to be polite. We may show them at the August Gift Show.

#### KAPOSVAR COOPERATIVE

I visited the Fazekas Haziipari Cooperative in Kaposvar, which specializes in Haban style majolica pottery, on four occasions during this trip: first, with Ildiko Polony to place the order from the January show and to select and develop new new items for the August Gift Show and other special orders; second, with Clare Smith and Jane Griffiths to finalize the sample order for that show; third, with Clare Smith to introduce AID representatives to the coop and our work with them; and fourth, with Ildiko to place an inventory order for Ildiko Polony based on the August show line, finalize special order and dinnerware sampling, and discuss quality issues. On all occasions we met with Elbert Imre, manager, and Tamasne Berta Csilla, new product supervisor. We also met with Janosne Bogdan, accountant, on our first visit.

Last September, ATA had ordered an extensive line of samples from the coop for the January show, but because of large orders which it wanted to fill before year end in order to show a good profit, the coop was able only to fulfill a small portion of this order for the show. However, they continue to be very enthusiastic about working with ATA and entering the US market. They currently export to Europe through Folk Art AG, and more recently to Australia, which I believe they are doing directly. The Australians had been to the coop prior to our visit in

September and April, and had just placed an expanded order before our last visit.

Based on the interest in the small number of products shown in January, we composed a simple line of decorated platters, bowls and vases, revising or adapting existing Haban style designs on white ground. For example, we took a paneled Turkish pattern used on a vase, and transferred it to a platter. We extended patterns on vases with handles to eliminate bare spots. Also based on its popularity in January, we requested the yellow background glaze on a platter. This is a difficult color for them to manufacture in quantity because of excessive pinholing caused when the yellow colorant is added to the commercially purchased white glaze, but they agreed to work on this when we emphasized the importance of this color in the US market. We were also able to agree on slightly lower prices for the large platters in order to make them acceptable at retail. The vases are already very well priced.

On my final visit, I carefully reviewed important quality issues. Pinholing of the glaze is of particular concern. Their standards for a first quality piece are that it have no more than three pinholes inside and/or three outside. I pointed out that the size and location of the pinhole would also effect a product's perceived quality. While I made it clear that this might be a deciding factor in a US consumer's purchasing decision on the more expensive items, I did not insist that they increase their standards for us, because this is really not something they are capable of changing immediately. They believe that the pinholing is caused by the clay. They have improved their clay processing function, and say that this has helped somewhat, but believe the clay source is at fault. This is an area where they really need a ceramic technician's analysis and assistance. It is my guess that the white glaze, which I understand is purchased pre-mixed, could be part of the problem. It doesn't seem to "heal over" very well, and shows flaws too easily.

Other quality issues which it was agreed can be immediately addressed are "spotting" of color, particularly the teal, which can be caused by heaviness of application or old glaze paint which is no longer properly mixed; uneven color banding on rims, which can be eliminated by keeping the banding narrower, and only on the top of the rim, not down into the inside of the rim; the slightly raised mattness of the yellow glaze paint, which they say is caused when it is applied too heavily; bumpiness along areas where mold lines are trimmed; and consistency of form throughout hand thrown shapes. (All orders for new designs under 500 pieces are hand thrown. This does not influence the price).

I also reviewed a mug (requested at the show) and dinnerware design which had been sampled from drawings I had prepared. On closer analysis, I found that the mug sample was much fatter than that in the drawing. We had originally rejected it on the basis of size and price, but by returning

to the original width dimensions, reducing the height slightly, comparing it's design and price to a jug of the same size, and simplifying the decor, I was able to negotiate a much more competitive price point, from 230 to 165 forints. I believe it was a very helpful demonstration to Ildiko of the negotiation process.

They are now interested in proceeding with the dinnerware line, so I requested another series of refinements based on very attractive plate and cup/saucer samples in order to maximize the impact of the hand painting and increase perceived value. For now, they will prepare it on their existing shapes, giving more attention to the finishing of the pieces, particularly the plates. Painting scale and application will be more delicate, and all linear components of the decor will be a soft black. When I first visited in September, they did not have a rimmed soup bowl or correct sized plate in their line. I had left drawings which they sampled, but not in time for the January show. They expressed some reluctance later about doing dinnerware. However, I noticed that they now have such shapes in production, and are selling dinnerware to the Australians, and I assume our request may have had something to do with this. Also, something clicked when I showed them Ceramica brochures. They began to understand how a hand-painted majolica line could actually look elegant. Pricing is somewhat of a problem for a wholesaler, but a direct retailer could do very well with such a line.

Also being sampled is the Boston Museum design which they successfully reproduced on a plate. They are now trying it on a vase shape. Ildiko will be paying for all the samples requested on the last visit, and it was made clear that fulfilling the previously requested show sample order was a first priority.

In conversations with Elbert Imre it became clear that some significant changes in the cooperative had transpired since September. They seem to be taking a cautious, step-by-step approach to reorganizing. This year, they were able to turn a profit slightly better than last year's, despite the decrease in domestic orders. Mr. Elbert seems very candid and objective about the coop's limitations. He has successfully taken steps to reorganize management, replacing an uncooperative export assistant with Berta Csilla, who was head of the decorative painters when we last met. She is very bright and enthusiastic and knowledgeable about the technical and aesthetic capabilities of the coop, and can best interact with new clients. According to Mr. Elbert, they are planning on remaining a coop, and are not now looking for outside investors... They have been making low-cost improvements which effect production and quality, such as improving the clay processing methods to insure fewer losses due to impurities in the clay. They have renovated two kilns so that they have more consistent firing results. They are focusing on such low-capital investment improvements until they are able to increase profits. They

would be interested in an outside consultant, but only if he/she would be able to make low-cost recommendations. They will be determining before April 30 how member shares in the coop will be allocated. There are 80 members in the coop, half of whom are working. Seventy-five percent of members are women.

In general, I continue to think that this coop is a good match for ATA's philosophy and capabilities. They want to remain artisan run and design driven, but are anxious to expand and meet the realities of new markets. Mr. Elbert encourages creativity and interaction among the 25 designers on staff. Their hand skills are on a par with many of the Portuguese and Italian majolica producers, but like them, they need help both with bringing back some of the original characteristics of the old designs which have become over stylized, and in developing new, marketable designs which maintain high standards. In fact, at the end of our first visit, Mr. Elbert was so enthused at the future possibilities for the coop that he momentarily abandoned his otherwise mild demeanor and declared that they were going to go head-on with the Portuguese!

## OTHER MEETINGS

### Ethnographers

Ethnographers have played an important role in the revival and practice of folk art in Hungary, functioning as historians, jury members, and heads of cooperatives. In my opinion, they have had contradictory effects on potters, having helped to create an understanding and appreciation for folk ceramics in Hungary, but having standardized and limited its definition to the point of stifling creativity. Both potters and ethnographers are currently struggling to untangle themselves from the former Byzantine institutional structures developed around the practice of folk art, and one hears wide varieties of opinions on the subject. It became apparent to me in researching the work of potters approved by the former system that the title of master potter does not necessarily indicate either ethnographic authenticity or quality of design or workmanship. The same holds for the gold seal. For example, I saw machine made and decal decorated porcelain from the Kalocsa cooperative displayed with the gold seal at Folk Art Centrum.

#### 1. Dr. Jozsef Toth

Dr. Toth, formerly head of the Folk Arts Council, was very helpful in providing us with a list of master potters and in contacting those he thought would be appropriate for the Master Potters Show. A number of potters from his list were selected, but about a third did not qualify. This was partially due to our need to select for the differing tastes of the US market.

Clare and Burge Smith, Docey Lewis, Ildiko Polony and I met with Dr. Toth at the Council offices. Dr. Toth explained that due to the absorption of the formerly independent Folk Arts Council by the larger, all-encompassing Cultural Institute, he was no longer head of the Council. Folk art issues will no longer be on a ministerial level, and all folk art mediums - dance, music, etc. - will be incorporated under this larger, more complex organization. The artisans have organized themselves into a new, independent, private commercial organization which he will direct. (No potters to whom we spoke had yet heard of this). He stressed that the Council, and this new organization, was for individuals, not coops, and that folk arts were best perpetuated by individual artisans.

The Cultural Institute will maintain the jurying system, and most of the same jurors. Dr. Toth believes the jury system, and the gold seal, are important to preventing the commercialization of folk art, and that artisans will continue to participate in this system as long as it exempts them from the 25 % VAT tax.

## 2. Dr. Tamas Hofer

During a meeting with renowned Hungarian folk art authority Dr. Tamas Hofer, the transition described above was addressed. Dr. Hofer felt that the incorporation of the Folk Arts Council into the Cultural Institute was a positive step, and recommended that we meet with either the director, Mr. Peter Halasz, or the charge d'affaires for folk art, Mrs. Hajna Barsi. Also discussed was the ground breaking work of the ethnographer Gyorffy Istvan after World War I, who led the revival and perpetuation of folk art as both living culture and income generating activity. Maria Kresz, an ethnographer specializing in pottery who was at the Ethnographic Museum for 40 years, was instrumental in revitalizing old styles by encouraging potters to practice them. Dr. Hofer also recommended we contact a young ethnographer and his wife, who have started a workshop to perpetuate traditions in pottery technique and style (see below).

Another subject discussed was the political implications of folk art. Ironically, although perpetuated by the socialist government through state-owned cooperatives and state-run cultural institutions, the support of folk art by the public had a certain political oppositional power, probably because of its implications of unique national identity. Now that socialism no longer rules, this support has fallen off significantly. (Folk art as national identity goes even farther among potters, who quite confidently expand their styles into those of formerly Hungarian regions in Czechoslovakia, Transylvania, etc.)

## 3. Dr. Katona Imre

Dr. Katona is an expert on Haban pottery at the Museum of Applied Arts. He grants degrees in ceramic history and

technique, and lectures at the University. He has written a book on Haban pottery which many potters use, and a recent article on the Haban people which he will forward to us through Ildiko. He has also recently spoken about the Haban in a television program on the Anabaptist movement, and he promised to send us a copy.

Dr. Katona at one time headed the cooperative at Kaposvar, and is a good friend of Tamas Laszlo. He left the coop because he didn't agree with the commercialization of Haban style. He thinks that the coop has diluted the style and does not have enough cultural knowledge to continue it properly. It is his feeling that artisans currently practicing the Haban style are taking it too far in a naturalistic direction, and that because of this it is losing its spiritual quality.

He is also a good friend of Szabo Kinga's, and opened her current show.

We left the Applied Arts Museum together, and as we crossed a square next to it, he pointed out in sobering detail that he had seen the square covered with bodies in 1956.

#### 4. Csuspori Istvan

Mr. Csuspori was recommended by Dr. Tomas Hoffer. He and his wife, potter Csuporne Angyal Zsusanna, are in the process of establishing an institute in which potters can learn and practice traditional techniques and styles and be observed and documented by researchers. This was the brainchild of Kresz Maria, the premier pottery ethnographer who died recently. As one of Kresz's students, he is carrying the idea forward, which was originally intended to be a part of the Ethnography Museum, but because of current changes is now no longer possible.

He described the jury system as having evolved from the efforts of Kresz Maria, who tried to set up an industrial arts/cooperative association in the 1950s to bring together crafts into a body that could provide mutual support. Everything then became institutionalized. Up until about ten years ago, it was the coops - Mesotur, Hodmesovasarahely, Karcag - which dominated pottery styles and manufacture. In the jury system, there are potters who are continuing in styles frozen in the 1950s which are not folk styles, and those attempting to revive historic styles have not qualified. According to him, the awarding of a gold seal is very political. Other organizations which have attempted to create more equitable juries have not been able to impact sales, so have not achieved much success. He also mentioned that the VAT tax has existed only three years, so that the gold seal has been important only in recent history.

The Csupornis have published a paper on the economic influences on nineteenth century styles of pottery. During this time, there was increased wealth in the countryside. Potters, who had been centered primarily in cities, began to migrate to the larger markets of the villages, and adapted

their styles to local markets. (This is in direct contradiction to what I have read by others, who stress the isolation of villages and the distinctiveness of regional styles having evolved out of this isolation.)

Mr. Csuporni recommended potters who had revived ancient styles and techniques whom we had not yet visited. When I asked how we could help his effort, he said that the institute was not yet firmly established enough to know, but that any books on pottery, particularly Pueblo, would be helpful. We discussed summer pottery camps, in which many of the potters we met participate, and I asked if he would be interested in including a Pueblo potter in the workshops, to which he responded with enthusiasm. He said he would also be happy to help organizations such as World Crafts tours expand their programs.

### Miscellaneous

#### 1. David Cowles

Mr. Cowles is the AID representative in Hungary. Clare and Burge Smith, Docey Lewis and I met with him to discuss ATA's progress in Hungary. He seemed very positive about our work, and asked for anecdotal success stories in addition to quantitative reporting. The idea of a photographically illustrated buyer's guide for the end of this grant period was discussed. He suggested we submit an early follow-on proposal, and thought we could continue our Hungary program for up to three years, should we think it necessary.

#### 2. Klara Fuzer and Ennika Dobranyi, Folk Art AG

Folk Art AG functions as both a domestic retail and foreign export company. They have nine stores in Budapest and thirteen throughout the country, and have been exporting for 10 years. Five years ago, they began a marketing policy, participating in the Frankfurt Fair. They have worked with US and European buyers. This formerly state owned export organization changed to a shareholding company last year, with producers as shareholders. They are not now profitable, as they currently receive no funds from their members. There is no mandatory requirement that members work through them, but they believe they are best able facilitate export for them. They are having to make very careful calculations, and limiting their markups so as not to hinder sales. These range from 5 - 20%, depending on the size of the order. Second orders should be at least \$10,000. They require a 50% advance payment. They take care of the entire exporting process including consolidating, with the exception of quality control, which is done by the producer.

We discussed the necessity for a buyer's agent in Hungary or an active sales representative in the US in order to combine orders in order to meet the minimum quantity. Clare said that ATA could help by referring buyers to them.

We also suggested that they use their extra space to create an extensive showroom for visiting buyers, because the display of products at the Folk Art Centrum store, which currently functions as their showroom, does not adequately show the range of products available.

### 3. Bekesentendras Cooperative

This cooperative had not yet been visited by ATA, but one of our corporate members, Henry Chandler, has commissioned a series of hand woven pillows from them. I visited with Clare and Burge Smith and Ildiko Polony. In our estimation, they have a good quality product at a reasonable price in their heavy, all wool hand woven rugs, which are priced at approximately \$37 a meter. These come in both traditional and contemporary designs. A 10-15% reduction is available on wholesale orders over 500 meters. They ship direct by air, which adds 1-2% to the cost.

They export to Germany, Italy, Scandanavia, and the US, and will make any design. They have worked with Hungarian designer Szaba Margit (in Budapest) since 1968, but would be happy to work with other designers.

They are still a coop, with approximately 230 working now, and more available. Their gross sales projection for 1992 is 60-70 million forints. It was 85 million in 1991, 55 of which was exports. They expect this to drop because of the recession. (I believe these figures include the other workshops in the cooperative, because there were only approximately 30 working in the workshop we visited.)

### 4. Vidal Istvan

He and his wife specialize in traditional felt rug making, and teach workshops in Kesketmet. They have given workshops for World Crafts Tours. They have instructed American designers Beth Beede (North Hampton, MA), Beth Shumann (Chicago), and Jody Johnson (Kyoto). Ms. Beede has written two articles on their workshop/camps in Fiber Arts magazine (1985, 85, 89?). They have travelled widely in the study of their craft; to Mongolia, Bulgaria, etc. They have worked ten years as folk artists, and in the last six years as contemporary textile designers. They believe there really isn't a separation between the two. They sell primarily through word of mouth and the Toy Museum in Kesketmet, which has 40,000 visitors a year (most visited museum in Hungary). Jane Griffiths of Hemmeter had expressed interest in one of the rugs for her catalogue. They have been thinking about production for awhile, but they would need five to six people in a workshop, two to three weeks a month, in order to prepare 50-60 rugs a year. Prices range from 30,000 to 200,000 forints each. It doesn't seem feasible for Hemmeter. However, he said they would like to do workshops in the US, and perhaps ATA could help with that. He will send his resume and slides of his work to ATA through Ildiko.

## OBSERVATIONS AND RECOMMENDATIONS

The following are ideas for ATA follow up work which arose during the trip. Funds to be provided by ATA grant continuations or other organizations.

While in selecting among Hungary's best and most successful potters for the Master Potters show we are not directly serving its neediest artisans (such as those who are unemployed due to their coop's closing), by giving recognition to its best folk artisans we hope to help revitalize both domestic and export markets, creating opportunities for cooperatives and individuals to succeed on the private level. Our work with the Kaposvar Cooperative has already been helpful in maintaining employment of artisans, as we have brought fresh approaches to their designs and helped expand their offerings to other clients. We have also interested buyers, in particular, Judy Espinar of Clay Angel, and Ildiko Polony of Marishka, and look forward to helping the cooperative begin its export program to the US.

### 1. Potters' Markets

While many of the potters we met were leading fairly prosperous and independent lives, only a few said that business had improved with the opening of the Hungarian economy. Others were quite worried. Their domestic market is quickly diminishing, and tourism from East and West Germany, another major market for pottery, has fallen off significantly since unification. Cooperatives such as Mesotur, which had provided quarterly orders for individual potters, are closing down.

Additionally, marketing vehicles such as Folk Art Centrum and Folk Art AG do a poor job of merchandising and marketing pottery. At Folk Art Centrum, display is very poor and confusing, with high and low priced pottery of widely varying quality jammed all together on unattractive shelving. Displays have improved slightly since my September visit, but the staff remains ill informed about the makers of the products they are selling. Potters also have very negative feelings about this organization in both its retail and export functions. They complained of high markups at retail and wholesale export, and slow payments for orders delivered (over 6 months in some cases). In my observations, where I knew a potter's wholesale price to ATA, markups at Folk Art Centrum were over 100%. In terms of export, potters resented the fact that Folk Art AG would not divulge their commission. Because they had not had repeat orders, they assumed that their final wholesale prices had been too high. Some of this negative attitude may be due to a general distrust of former state run organizations.

Much of what we ordered for the Master Potters show, because of limitations of design and price, is suitable only for the small collectors and decorators market in the US.

53

We hope to bring the richness and context of the living Hungarian pottery tradition to the attention of this market through the Master Pottery show and its accompanying catalogue. We also hope this will help create a revival of interest within the domestic market in Hungary by demonstrating US interest. The more expensive, one of a kind pieces would greatly benefit from a gallery-style environment in Budapest, either downstairs at Folk Art Centrum, or in another outlet entirely.

The most marketable of Hungarian pottery styles seems to be Haban. This majolica ranges from the more casual, coop produced Kaposvar to the very fine, formal studio produced Falusi ware. Prices between the two are not dissimilar, but production capacity of the Kaposvar coop is much greater.

Shipping of Hungarian pottery remains the biggest impediment to export. Wholesale prices are not cheap enough to make up for high shipping costs, but are somewhat negotiable, and in cases such as the Falusi's, the distinctively fine hand painting and limited production could help create a high perceived value. We are currently exploring through Ildiko Polony and Pal Bujnyik the best options for shipping by air or boat.

## 2. Buyer's Guide

A "buyer's guide" of Hungarian potters and pottery, with addresses and representative photographs, will also be assembled. Currently, even with the help of the Folk Arts Council, it is difficult to find examples or illustrations of potters' current work without travelling to their studios, a time-consuming effort. A simple guide would greatly expedite a buying trip, and also help explain and put in context Hungarian folk pottery.

## 3. Magazine Articles

It would be useful to have articles appear in industry and other periodicals in conjunction with the master potter and August Gift show dates, to generate interest among buyers, collectors, and people travelling to Hungary. Possibilities include Ceramics Monthly, China Glass and Tableware, HFD, and travel and home magazines.

## 4. Szabo Kinga

Because of the very special nature of her work, we would like to pursue a number of avenues through which she could become better known: articles, museum and gallery shows, a documentary film, etc. We should also approach textile mills and scarf manufacturers about licensing her bird designs.

## 5. Catalogue for Kaposvar Coop

Currently, even they aren't sure which of the 500 designs they have are available. Cataloguing of their shapes and patterns would greatly aid the buying process.

6. Tiles for Kaposvar Coop

The designs used by Kaposvar Coop would lend themselves beautifully to hand-painted decorative tiles. They would be interested if they could source the bisqued tiles and glaze and decorate them at the coop. We need to do competitive price and product research, and find the appropriate buyers, such as Country Tiles.

7. Consultant for Kaposvar Coop

A ceramic technician with experience in small-scale potteries is necessary to help Kaposvar Coop solve its pinholing and other problems. This needs to be someone who is not frustrated or stumped by a lack of capital to purchase expensive equipment, and who can make changes with the technology at hand. Rick Swanson at Bennington Potters might be a good person for this. There are others we could find through Alfred University.

8. Kaposvar Coop at NY Gift Show

Bring Elbert Imre and/or Berta Csilla to the NY Gift Show to gain a better understanding of the US market and marketing techniques, and see competitive products. This could be arranged through Ildiko and her daughter, and they could perhaps they could act as guides and translators.

9. US Study for Hungarian Potters

A tour for Hungarian potters to meet and work with US potters, to learn more about technical facets of pottery making such as glaze formulation and firing, to expose them to US sales and marketing approaches, and to broaden their creative horizons. This could be combined with visits to potential buyers, and to galleries and other pottery sales outlets.

Another approach would be scholarships to Alfred University or RIT summer programs. Here they would have an opportunity to try out different styles and techniques of pottery very different from their current work.

10. Marketing of Falusis

Perhaps stores such as Tiffany's would be interested in marketing their work. We could approach them with samples before the Master Potters show.

11. Peace Corps/Restoration Projects

AID was interested in our incorporating the Peace Corps into our work in Hungary. We are not sure on what level they could help us at this point in our project. However, I suggested that they could be very helpful in the restoration and cultural/language center projects, such as that which the Zsilinzskis are undertaking. We recommended this concept to AID, and Ildiko Polony will follow through if interested.

12. Workshop Exchanges

ATA could help find funding for workshops by Hungarian felt makers in the US, Pueblo potters in Hungary, etc. A possible source would be the Trust for Mutual Understanding.

## TRIP 4 REPORT

### HUNGARY

SUBMITTED TO : Aid to Artisans  
SUBMITTED BY : Docey Lewis, Product Development Consultant  
DATE OF VISIT : March 23 through April 15, 1992

\*\*\*\*\*

#### Introduction

This report describes the activities undertaken by me during a three week product development consultancy for Aid to Artisans in Hungary. The first trip in May/June 1991 was primarily to acquaint myself with the broad spectrum of historical and contemporary Hungarian folk art textiles and their makers; a second trip in September/October 1991 combined product development and a continued survey of the textile craft industry; this most recent trip concentrated on product development for and with selected buyers, and on business skills training related to costing and to export. I worked with four textile cooperatives on behalf of five buyers, and with two small exporters who will be coordinating the shipments for these buyers. In addition, I met as part of the ATA group with representatives at USAID, and with Dr. Toth. I also assisted Ildiko Polony in scheduling for both the consulting and evaluation teams.

#### Product Development

ATA attempts to keep product development as market driven as possible, and this phase of my work in Hungary is a case in point. During Trip 2 I came armed with nearly a hundred designs which were developed for potential New York Gift Fair buyers. I emphasize the word "potential," for we had only two live buyers (The Sandor Collection, a small importer, and The Hemmeter Collection, a retail catalog) when we embarked on our program. My objective was to develop as many products as possible which would be representative of contemporary textile artisanry in weaving, embroidery, and cut felt. These designs were based on what I perceived to be needs in the marketplace, and were inspired by the many traditional Hungarian crafts I had surveyed during and after Trip 1. Some fifty of these designs produced by six cooperatives actually made it to market, and it was the feedback to these products by buyers at the February 1992 New York Gift Fair which was the basis for the product development and business workshops conducted during Trip 3.

The textile products with the most reaction were of cut and embroidered felt and made by cooperatives in Debrecen, Karcag and Heves. Fashion, home furnishing, and Christmas buyers all marveled at the uniqueness of this medium. The Museum of Fine Arts (MFA-Boston) placed a substantial order, 400 pieces, for Christmas stockings with the caveat that we develop a design based on lace objects in their collection. California fashion designer Marian Clayden was so taken by the potential of both cut felt for coats in her fashion line, and Kalocsa lace for dresses, that she agreed to travel to Hungary at her own expense to work with me on developing these. The Sandor Collection experienced a 300% increase in sales at the show, much of it in textiles, particularly felt Christmas ornaments and stockings. The Hemmeter Collection ordered embroidered stockings from Karcag for its catalog. The Sundance Catalog followed suit with Debrecen stockings. Jack Lenor Larsen wants to develop cut felt for his furniture line. All signs seemed to point to cut felt, embroidered felt, and Kalocsa lace as my focus for Trip 3, and indeed they were.

As originally envisioned, product development workshops were to be conducted for relevant participants including cooperative members and individual artisans. In practice, each cooperative already works with key, in-house designers who initiate new designs, work with buyers, make samples, and iron out any technical problems related to production. Therefore, I found it more expedient to work on a one-on-one basis with the coop designers. This proved the most successful method, considering we had very specific designs and products we were developing. Nevertheless, in this report, I will refer to the one-on-one sessions as workshops. Please see Appendix 1, Workshops, for details.

Essentially, the first third of my trip was devoted to dealing with the MFA order at the Debrecen Cooperative; the second third to working with buyer Marian Clayden in Debrecen and Kalocsa; and the final third on new product development, NYGF follow-up, ATA liason with USAID, as well as business guidance to Baló Karvazy and Pal Bujnyik, the small exporters shipping ATA and buyer samples. In actual practice, my time was not so neatly pigeonholed, and there was an overlapping in all of the above areas. Our work in Hungary is guided by program goals and methodology as outlined in the original ATA/USAID Project Proposal; however, we find we must be extremely flexible in addressing the needs of artisan and market, and that the craft export continuum requires both reactive and proactive efforts on our part, often simultaneously.

### Business and Export Training

There are nothing like real problems to solve to give substantive hands-on training. Starting with making,

correcting, and shipping samples for approval on a tight deadline, I worked with Ica Todor, Export Manager of the Debrecen Coop. Our mission was to finish and ship (land and clear) stocking samples of a new design for a catalog photo session in Boston for the Museum of Fine Arts, and we had only a week to do it. This required actual sewing, accurate costing, locating reliable courier, and preparing export documents. The Debrecen Coop, used to exporting through trading companies or other licensed exporters, hadn't had much practice at it, even though they possessed a valid license themselves.

While working on the MFA challenge, other trouble-shooting opportunities arose, including how best to process inward foreign remittance through a Hungarian banking system in transition. I met with both the coop accountant and bankers at the Magyar Hitel Bank to work out a procedure which would assure easy transmission of funds by western buyers with minimum amount of collection time by the coop. The practice of large banks in Budapest to "hatch" inward remittance at a time when credit is so tight that cash strapped coops are unable to borrow against their already shipped purchase orders, means that unless coops can collect quickly from customers, workers are at risk of not getting paid in a timely fashion.

This exercise in turn revealed the need for the coop to set policy about terms of sale, including issuing of purchase orders and pro forma invoices, minimum order requirements, delivery times, deposits, final remittances, shipping instructions, etc. I drafted a list entitled, "Export to U.S.A, Terms and Conditions of Sale," (see Appendix 2) for the coop to use as a guideline with western buyers, and worked closely with Ica to make certain she understood the importance of each item, and how to implement them. By the time Marian Clayden was ready to place her sample order with Debrecen, Ica was able to present her with Terms and Conditions of Sale, immediate practicum.

A similar exercise occurred with Balo Karvazy, a part time exporter handling shipments for The Sandor Collection, Samii Clothes, and Aid to Artisans (NYGF Feb. '92 samples). Balo had just completed his first unassisted export shipment to Sandor; however, there had been a snag in the paperwork, and it looked like the shipment might get held up at the other end for want of complete export documents. I spent several hours with Balo creating a check list for him to use in the future. I also explained what U.S. Customs would want to see on an invoice, and how to prepare one properly for textile entries. Subsequently, I went through a similar explanation with Pal Bujnyik.

One other business area which I focused upon was product costing. I found most of the accountants at the coops

working in conjunction with the in-house designers to come up with accurate costings. They seemed to grasp cost accounting principles and procedures as long as they were for products in their existing lines, or if they had plenty of time to make new samples and their attendant cost studies. When asked to estimate costs for a new product without actually making a sample, I found nearly all of the coop accountants unable to do so. The facility to give accurate quotations based on reasonable estimates was a concept they didn't quite get. A business could lose plenty of money producing samples which are subsequently rejected by impatient buyers. In Debrecen, Kalocsa, and Karcag, I encouraged them to learn how to give quick estimates based on overhead + time & materials + profit formulas + margin of error (10-15%). It's easier to bring a price down than to raise it, after a firm quotation. The somewhat gutsy, short-cut approach to cost estimates is one of the tools in the entrepreneurial bag which needs to be grasped by the groups we are working with, and should probably be a focus area for further business training. This doesn't mean that they don't need to produce buyer samples. They also have to do this, and quickly. A buyer sample should take no more than two weeks, unless it is a very complicated product (like Kalocsa lace), but, first, the buyer needs some idea of the price tag on the water into which he is wading.

#### The Craftsmen: Coops and Individuals in Transition

There have been many changes in Hungary in the past year, and though they were anticipated and have been tracked and documented by the Yale team, nothing quite prepares one for the reality of change. Change involves suffering, fear, uncertainty, loss, endurance, experimentation, trust, guidance, team work, and hope. The magnitude of the problems which some of the coops are facing is daunting. With the imposition of new bankruptcy laws, Hungarian companies who are 90 days past due on their accounts payable are required to declare bankruptcy. This has had a domino effect on the companies which were carrying high receivables. They in turn are facing bankruptcy. The Debrecen Coop is one such company. Three large companies defaulted on payments to the coop during my visit alone. It is uncertain whether the coop will be able to continue in its present form. Our job is not to save sinking former ships of state, but rather to help the craftsmen get a firm footing during the transition period, to support them in appropriate ways -- by showing their products, by placing orders, by sending buyers to them, by giving export guidance, and by being interested and available.

The Hungarian tax system has been restructured. Most of the coops and artisans we spoke with are complaining that there is no incentive for being an artisan. Only juried products can receive exemption from the 25% value added tax, and it

is my understanding that even this is slated to change, that there will soon be a flat VAT of 10-15%. We were repeatedly asked to lobby on behalf of artisans regarding the VAT issue. The preservation and transmission of Hungarian culture and tradition through the work of its contemporary craftsmen has a value which exceeds whatever the government could raise for its coffers, and certainly deserves preferential treatment by both the Hungarian government and by GATT and U.S. Customs.

#### Debrecen Cooperative

As described above, the Debrecen Coop is in trouble. Unable to collect from its debtors, the company is contracting at a rapid rate. Conversations with export manager Ica Todor, cut felt designer Kati Szidor, and weaving designer Margit Holb, assured me that there would be competent people in place to reorganize the business should it collapse. In the meantime, ATA is being vigilant, as we have many buyers who are willing to order cut felt products, and we want to make certain that monies advanced for orders get into the right hands. It will be important to work as directly as possible with Ica on future orders. We may want to use Balo or Pal in money transactions on a cash and carry basis to ensure that the artisans will be paid. In general sales are shrinking, while overhead costs and inflation are rising -- a deadly combination. My hunch is that the weaving and knitting sections will be discontinued, and that felt production will proceed in Nadudvar. Ica, Kati, and Margit could greatly reduce overhead by conducting the business end of a new venture from their homes. The denouement may, however, take a while, as the coop owns land and buildings whose value may exceed its debts.

#### Karcag

The Karcag Cooperative is also experiencing a contraction, but not quite as drastic as that of Debrecen due to its contract sewing business. We have not worked closely enough with the management in Karcag to be able to identify a safety net team of players to take over should the company proper collapse. Again, as long as we have customers for the embroidered felt products, we will be vigilant.

#### Kalocsa

The famous Kalocsa lace simply has not found a niche yet in the American market. There is a chance that the collection Marian Clayden is creating using Kalocsa lace will help to bring this intricate form of embroidery and cutwork to America's attention, but price points are high. Up until recently Kalocsa lace was moving briskly in doily size and even in table cloths to the tourist trade. Now that tourism is reeling from worldwide recession, and the products are

overexposed on the Vaci Utca, there doesn't seem to be a great chance that this craft could support a whole large coop. Again, local entrepreneurs are expected to spring up and to organize small businesses to meet market demand. This coop also has a contract sewing division which is in better shape than their embroidery department. The town itself is beautiful and should be on every tourist stop, and every tourist will have to buy a small piece of lace to remember her by.

### Heves

Current management in Heves, Mrs. Miklos Bader, is very savvy and aggressive in her efforts to keep the Heves Coop afloat. Currently ATA buyers are ordering only felt Christmas ornaments from them, but Carole Karvazy recently did some product development of her own in May which will be shown at the August New York Gift Fair. There is also strong interest in linen cloth for fashion designers Pat Crowley of Dublin, Ireland, and Linda Allard of Ellen Tracy in New York, which could be produced by the weaving division of the Heves Coop. Also, Hoyt Chapin of Mesa International is interested in developing table linens to go with his ceramic lines.

### Individual Artisans

Though individual textile artisans do, indeed, exist in Hungary, our team has not had the time to seek them out with the same persistence we used on the potters. I would like to make more of an effort in subsequent trips. They would, no doubt, merit a traveling exhibition of their own in the U.S., but whether textiles would have the same sort of sales appeal as ceramics is questionable. From an educational and artistic standpoint, I think individual textile artists as a group deserve our attention.

### Other Meetings

#### USAID/U.S. Embassy

As reported by Chris Costello in her recent trip summary, the ATA group had a team meeting (Clare, Burge, Chris, Ildiko, and I) with AID Resident Representative David Cowles, his assistant Karyl Morrison, and Hungarian national project manager Ferenc . Clearly AID would like more information from us about our actual field work. ATA was encouraged to apply for a 2-3 year project extension as soon as possible.

Karyl Morrison, especially, warmed up to us, when Ildiko and I agreed to accompany the wives of U.S. Secretary and Under Secretary Brady and Mulford, respectively, to Heves on a field trip. On Monday, April 13 we visited the textile coop

there to showcase both ATA and AID at work. Mrs. Brady has since contacted our office with a buyer lead from Ireland. Karyl's husband, Russell Morrison, is the Program and Training Officer for the Peace Corps in Hungary, and Karyl was encouraging us to coordinate with him on small business training. Apparently, Russell is in a position to request qualified volunteers for specific jobs, and one area he would like to focus on is small business training. This could be an activity during the proposed contract extension. Karyl also chided us for underutilizing AID in-country services. She freely offered AID secretary Aniko as facilitator for hotel reservations, confirmation of appointments, etc. She also encouraged us to use the Dept. of State mail bag for official incoming, bulky shipments of files, books, and teaching materials for workshops.

#### Dr. Toth

Though officially retired, Dr. Toth continues to meet cheerfully with any members of the ATA team. Our group roundtable discussion with him on April 13 got into a lively debate about the jury system and its influence on artists' creativity. I'm certain we haven't heard the last of the Gold Label. The good fairy should give Dr. Toth a short, all-expenses-paid trip to the NYGF and the Master Potter exhibit in gratitude for the help he has given us.

#### United Parcel Service

At Roger Clayden's suggestion Ildiko and I met with In Time Kuriersysteme, the UPS representative in Budapest. We were pleased to discover that their freight charges included customs clearing. They don't prepare export documents, and U.S. Customs duty is extra. They deliver to your door in the U.S., but do not do pick up in Hungary. Their rates are slated to drop by nearly 50% by end of June 1992.

#### Recommendations

- ATA should apply for a two year project extension. The success of our product development and marketing efforts are beginning to materialize. There is much more work to be done in small business training, further product development, and in promoting Hungarian crafts through trade shows, buyer visits, exhibitions, and promotional catalogs and buyer's guide.
- More buyer visits, and buyer specific products. Targeting a potential buyer and selling them on "the project" and then encouraging them travel to Hungary at their own expense to work directly on products with the craftsmen, aided by our consultants makes tremendous sense. The producers are in most cases able to realize immediate orders, and our follow up work becomes extremely focused. This method of marketing

requires more input at the U.S. end. Suggested buyers include: Mesa International, Pier 1, ABC Carpets/Bed/Bath, Linda Allard, Jack Lenor Larsen, and Palms and Pomegranates.

- During Trip 4 and during possible extension, textile development should include rugs and tapestries of the Bekesentendras Coop, woven linens, cottons, and domestic textiles (like dish towels) from Heves, Mezőbereny, and Mako. Some wonderful product design should be based on the decorative interior painting from the Matthias Cathedral.
- More extensive research on pricing in the U.S. market of fabrics and finished domestic textiles (includes table and bed linens). Attend Bed, Bath and Linen Show.
- Establish working relationship with Folk Art Trading Co. We've heard conflicting stories about their reliability as a middleman organization, but so far they seem the best organized to qualify as a bona fide export agent to whom we could send potential buyers.
- Develop export check lists for both textiles and ceramics, and incorporate it into small business training.
- Make more visits to independent textile artisans (from Dr. Toth's list) to target entrepreneurs no longer associated with cooperatives who might be capable of being part of the "safety net."
- Though I enjoy working as part of a team, I'm not always sure I get as much accomplished as when I'm working solo or with one buyer at a time. The compounded logistics generated by group consultancies must be a challenge to our in-country coordinator. Minor overlapping, however, is conducive to productive brainstorming, not to mention good for the soul.

## Appendix 1 - Workshops

### Debrecen Coop

Products: 2 cut felt Christmas stockings for MFA  
15 SKUs of cut felt fabric and ribbon  
components for Marian Clayden coats  
2 cut felt coach blankets for Sandor/NYGF  
1 cut felt mini szur for Momo  
1 molded felt hat w/feather for Momo

Workshops in: - Expediting samples (from costing to  
couriers)  
- Developing Terms of Sale for Export  
- Inward Foreign Remittance Procedures  
- Sample making for Marian Clayden  
- Sewing of punched ribbon finishes

Follow-up: - Felt dyeing by Nemezaruqyar (felt  
factory in Koszeg by Ica for Samii)  
- MFA order

Customers: Samii Clothes  
Museum of Fine Arts, Boston  
Marian Clayden, Inc.  
The Sandor Collection  
The Hemmeter Collection  
Jack Lenor Larsen

### Karcag Cooperative

Products: 2 embroidered wool coach blankets  
(6 designs were left at coop)  
Discussion of embroidered wool pillows  
(to be followed up by Carole Karvazy)  
4 pcs. Momo Hortobagy cowboy outfit

Workshops in: No formal workshop, but in depth  
discussion on costing. How to cost  
estimate without having to make samples

Follow-up: - Hemmeter Christmas stocking order  
- Promotional stockings for  
Embassy/USAID/U.S. Treasury wives

Customers: The Sandor Collection  
The Hemmeter Collection

Kalocsa Cooperative

Products: 2 Lace ribbon designs for Marian Clayden  
1 Lace 40 cm square for Marian Clayden

Workshops in: - Isolating design motifs for ribbon making  
- Cost estimating without sample making  
- Discussion of role of ATA in marketing  
- Discussion of pricing as barrier to sales, particularly of baby pillow line

Follow-up: - Baló Karvazy to place sample order for Marian Clayden

Customers: Marian Clayden  
The Sandor Collection

## Appendix 2

### Debreceni Haziipari Szovetkezet

#### EXPORT TO U.S.A.

#### TERMS AND CONDITIONS OF SALE

1. The Debrecen Cooperative will issue Pro Forma Invoice to importer confirming description of goods ordered, price, terms and method of payment, shipping details, and delivery date. Purchase samples for approval are available upon request.
2. Importer issues their Purchase Order to the Debrecen Cooperative, confirming acceptance of Pro Forma and includes a 50% deposit by wire transfer, bank draft, or local currency. Debrecen Cooperative acknowledges receipt of deposit and of importer's Purchase Order. Faxed orders are acceptable if original Purchase Order, signed, follows by post.
3. Debrecen Cooperative invoices importer for balance due shortly before goods are ready to ship. Importer remits 50% balance by wire transfer, bank draft, or local currency when goods are ready to ship.
4. Exchanges or cancellations are not possible, as all items are handmade to customer specifications. In case of problems with quality or incorrect style or color, the Cooperative will be responsible for replacement of such items at its expense.
5. The same terms and conditions of sale will apply to re-orders.
6. Orders valued under USD 5,000 can be shipped 45 days after receipt of deposit. Orders between USD 5,000 - 10,000 will require 60 days from receipt of deposit. Over USD 10,000 will require 90 days from receipt of deposit. Staggered delivery schedules are possible.
7. Shipments will be by air, unless importer requests otherwise. All prices quoted are F.O.B. Budapest and do not include international freight costs, insurance, export documentation or customs and duty charges. The Debrecen Cooperative can coordinate with Foreign Trading Organizations in Budapest to expedite documentation.
8. Bank Name : Magyar Hitel Bank RT, Debrecen  
Account Name : Debreceni Haziipari Szovetkezet  
Account Number : HB 340-29253  
Correspondent Bank: Citibank N.A. New York  
Swift Code : HUBAHUHB

Travel Journal of Docey Lewis  
ATA Hungary Trip  
March 23 through April 15, 1992

Monday, March 23

After short blizzard closed JFK and flight departure was delayed 6 hours, arrived in London nearly too late to catch my connecting flight to Budapest. Had to sprint through the airport after a sleepless night. I made the flight, but one of my bags did not. Uneventful and not very comfortable flight to Budapest, where, once landed, I had to fill out lost luggage forms. Ildiko met me, and we caught a handy shuttle bus back to her apartment. Dined at Les Amis, where we waited forever for a table and the supposedly french food tasted suspiciously Hungarian. Walked home and got to bed jet lagged around 10 PM.

Tuesday, March 24

Up at 8 and slow to get going. Felt more alive after Ildiko's terrific coffee. While waiting for appointment with Balo, I poured over Ildiko's find -- "A Magyar Nep Muveszete, Harmadik Koteta." Franklin-Tarsulat. 1911. Two volumes of terrific craft books in Hungarian, of course. Worked on sketches for garden stuff (plant identifier/sticks and trellis line for flower pots), also egg bags -- which look iffy. Balo arrived at 11:30 and we discussed his situation as "agent." He was sounding reluctant to add Marian to his list of customers because he does not have the capital to service an account properly. By the end of the morning he sounded willing to continue, if we could find him some working capital -- not really an ATA function. Perhaps his customers and relatives could put into a kitty for him. We discussed customs classifications and felt dyeing. We are set for another business meeting on March 30 at 5 PM to be followed by dinner and the opera. There's a spring festival right now (tonight - Wagner). Ildiko and I roamed around the shopping district of Buda looking for blanket fabric. We ended up finding the perfect weight of wool coating, but in an odd green color. Hope to find the correct stuff tomorrow. Bought a book on Hungarian coaches and some horsey brass buckles to take with me to Debrecen, where I am headed tomorrow. Laid in supplies of fruits, veges, and grains, which we feasted upon while waiting for my luggage to show up. It did! Called Debrecen. One MFA stocking sample O.K. Other may have problems. Will solve tomorrow.

Wednesday, March 25

Got going a bit late, but this is because Ildiko's hot water heater wasn't functioning, and we had to wait for the landlady to arrive to fix things before we could get our showers. By 9:30 we were off to the bank to change money and then to continue search for coach blanket fabrics. No luck. Went to train station for noon departure to Debrecen. Read Peter Mayle between snoozes. Nice, older Hungarian lady who

had once spent 3 weeks in Palm Springs spoke a bit of English. I ate my sack lunch of cheese, fruit, and raw veges, but noticed that no one else was eating in the compartment, so perhaps I had failed Hungarian train etiquette. Ica was at the station to meet me. After checking into Hotel Civis, went to Co-op to see Judit and then right to Kati's to see MFA stockings. They looked pretty terrific and I approved all, even though the snowflake one looks a tiny bit askew. Walked back to hotel and set off for early dinner. Miraculously I located the Sorozo Restaurant. Was seated at large table for 1, which turned out to be where all of the 1's were put. After a revolving cast of non-English speaking men took their beer while I slowly dined, a German mathematician joined me, and we chatted for nearly 3 hours. Every thing from numbers theory to politics. Back to hotel for rough night's sleep.

#### Thursday, March 26

Walked to co-op at 8 AM. Met Kati and Judit to send approved Xmas stockings to MFA by courier. Much sitting around while paperwork stymied co-op and courier service staff. What should have taken 15 minutes in the U.S. took nearly 2 hours here. Still rather miraculous that stockings are correct, and we were able to courier them to arrive probably by Monday 30th or sooner. MFA should have by April 1 or 2. Yippee! Ica and I ate lunch at an etterem near the Hotel Civis and spent the rest of the afternoon looking for wool blanket fabric. Found two. Went to my favorite ceramic seconds shop and bought \$15 worth ---enough to fill a suitcase, but how could I resist the 60 cent vase? Skipped dinner after all of that galuska and paprikash lunch. Exercised. Walked a lot today.

#### Friday, March 27

Met by Ica at 8 AM. Went to leather shop. No leather, only plastic, so my idea of combining cut felt and leather for bags and belts will have to wait until we find the right maker. Then to co-op to send fax w/AWB# to ATA. Turns out there is a large balance owed for NYGF samples (46,000 ft) and co-op badly needs the money. I wondered why they hadn't invoiced, but there seemed to be some confusion regarding who's who and pays for what (Gay-Carole-Balo-ATA-Docey). I tried to straighten things out. Also, Judit didn't understand that the 15,000 forint we had left with them previously was the deposit for our order. This is hard to believe, but perhaps we can end up calling that amount "workshop." In fact, Judit paid Kati, Ica and Margit for time and samples made during our last visit. Got to Kati's around 10:15 AM to work on coach-blanket. By 4:30 we more or less had a simplified blanket figured out. Spent our time going from simple to complex to simple-again. Less is always more. Less is definitely cheaper. We'd like the thing to sell. Am concerned about price of wool coat fabric (is it 100% wool?) @ around \$10-12/meter. Fabric alone will run

68

\$24+. Minus VAT could be \$15-18 per. Cut felt will run \$15-20. So +/- \$45 F.O.B. Budapest. Dozens of humorless Hassidic Jews roaming around the hotel. Here for a conference or a funeral? They speak Hebrew and English with an accent. Wouldn't be surprised if they are from Brooklyn.

Saturday, March 28

Spent morning at Deri Museum sketching before taking the train back to Budapest at 2ish. Lunched w/incomprehensible menu at vegetarian etterem. Ildiko and I attended "Cristoforo," an excellent, wholly Hungarian ballet about Columbus's discovery of America. Fabulously danced at the Operahaz. Princess Di flew in for the opening last night. Only playing for 2 nights! It would knock them dead in New York, even though it was a bit eurocentric in its point of view. Ate a late dinner at Russian restaurant next to theater.

Sunday, March 29

Up for early morning walk w/Ildiko to hunt for back up "panzio" for Clare and Burge. Never did find it. Chilly. In fact, what at first I thought might be cherry blossoms blowing in the wind, turned out to be snow! By the time we got back to the apartment, snow had turned to hail. I worked on schedule, while Ildiko went to the airport to meet Chris Costello. Marian and Roger Clayden called to tell me they had arrived in Budapest a day early. I suggested she head to the ethnographic museum, and that afterwards Balo & I would meet her at the Erzebet, which we did. Balo, the reluctant exporter, agreed to help with Marian's orders, though I sensed that he would prefer dealing mainly with Sandor Collection export. Roger, Marian, Ildiko, Chris, and I went to "Falstaff" at the Operhaz. Not my favorite opera in German, let alone in Hungarian, the language in which it was sung. Too many consonants all strung together so it sounded like one long curse word. We left at intermission and went to Cafe New York for dinner. Roger outlined how he would like the business end of Marian's proposed Hungarian collection to work. His advice was to keep everything simple--from the number of designs, to the number of people involved to export the stuff. Asked me to investigate UPS in Hungary. He's off to London for a day tomorrow, then back to California. His official business in London was to oversee the opening of a factory he had designed. (He's an industrial engineer, which Marian pointed out might be useful to ATA some day, if we get into light industrial schemes.)

Monday, March 30

Our cab driver of yesterday has agreed to be driver/translator for Marian and me, and I've decided to cancel the rental car in favor of hiring this fellow, Pal Bujnyik. Marian and I met at the Gerbeau to discuss our plans for the next week. Decided to hot foot it directly to

70

Kecskemet this very afternoon. Whizzed through the Vaci Utca (Luca's, the bank, a few bookstores, antique stores, Folk Art Centrum) before checking Marian out of the Erzebet and heading up to Ildiko's to meet Pal. Arrived in Kecskemet around 6 PM and hunted for decent hotel. The panzios we had circled in the hotel book turned out to be too remote and not so wonderful or much cheaper. So we checked into the old "party" hotel, Aranyhomok, right on the square. Attended a madrigal performance sung and played by students of the Kodaly Institute of Music. The little Kecskemet Operahaz was a gem. Red velvet opera boxes, interior painted in white w/gold gilt, and chandeliers everywhere. Dined at the Cafe Liberte on cheese and somlo. To bed with ear plugs, a gift from Marian. Apparently some mad woman had an attack of "fou" on the square right outside our window and ranted for a good hour before being dragged away. Marian witnessed all of this, while I slumbered peacefully.

#### Tuesday, March 31

Up early. Grim, grainless continental breakfast followed by brisk walk around the square. A tour of city hall, a church or two, and then off to the museums. The Folk Art Museum was closed, but Pal was able to get us in. From there we went to Toy Museum, where experiments from a feltmaking workshop were on display. Wonderful snake door hanging. Then, on to a private museum, the Bozso, founded by a successful local painter. No textiles, but a great collection of ceramics which Chris and gang must see. After Naif Museum, we headed to Debrecen. Ate at a csarda along the way. In our late afternoon attempt to get to the Shepherd's Museum in Hortabagy, we ended up on a short cut through the national park, on a muddy, swamp infested, dirt road in our fancy Citroen with its taxi sign on top --real city slickers. We got stuck in the mud after driving halfway across the Great Plain. Marian and Pal pushed, while I drove. We reached Hortabagy well after museum closing only to find that the museum didn't open until May. Had coffee at the local csarda, where Pal made inquiries about the museum keeper's whereabouts. We discovered her little cottage and whisked her off to the museum. Tipped her nicely and headed to Debrecen. Checked into Hotel Civis, where we skipped dinner and went to bed early.

#### Wednesday, April 1

Up at 7. Walked to co-op by 8 to meet Ica and Judit before going to Kati's to get to work on Marian's samples. Spent some time in the showroom looking at samples and deciding exactly which motifs to feature in Marian's jackets. Picked up first coach blanket sample from Kati, but it looks wrong somehow. The design doesn't flow into the blanket the way it should, but rather looks like it flew in and landed in the four corners like some lost flock of birds. The more cutwork the better, except that price is a barrier. Left Pal and Marian with Kati to work on M's samples, while Ica and I

went with co-op accountant to meet co-op's banker. Figured out wire transfer is best, and fastest way to work \$\$\$\$. Got all info and faxed it to Clare. Lunched with everyone at Sorozo, then went to Deri Museum archives to look at old szur samples, the ones Gay had told me about. Back to hotel and an evening spent sketching.

#### Thursday, April 2

Checked out of hotel and drove to co-op. Marian and Pal to Kati's to finish samples, while Ica and I worked on "Export to U.S.A" document to give to import customers. Guideline only. Ica took a two year long export course (meeting once a week) and has a decent workbook which includes correct forms (invoices, pro formas, AWBs, etc.) No luck sending faxes. Converged at 12:30 at Kati's, after I went hunting for more blanket fabrics. Marian has settled on five "elements" including 4 cut felt ribbons and a punched hole felt cloth. She plans to fax Debrecen her order on Saturday, once she writes out all of the details. Marian had Pal neatly sketching the distance between the punched holes for Kati, when I walked in. We ate lunch at an odd, but cheap restaurant across from Kati's apartment building--a sort of school cafeteria where we queued up with the high schoolers for a plate of blood sausage, mashed potatoes, and sauerkraut w/caraway seeds. Most delicious and authentic meal so far, and for a mere \$1.20 each! Marian and I walked back to the Deri Museum to see "upstairs" szurs in the regular collection. Five minutes later we left for Nadudvar to see production center. Fine photo of Momo lying naked on an uncut felt coat pattern. Then to Lajos Fazekas black pottery, where the potter himself demonstrated his skills, then asked us to do same. Generously gave us samples of his wares. From Naduvar we drove three hours to Kalocsa. Csarda dinner along the way. Checked into Hotel Kalocsa and slept soundly.

#### Friday, April 3

Met translator Emese Bukor (whom I had lined up before we engaged Pal's services, but whom I decided to keep so Marian could work while I talked to Lazslo Marko). Marko did not seem all that happy to see us. More annoyed that we hadn't placed orders after he had delivered the samples we asked for (and paid for). I reiterated the ATA was not itself an importer, but rather, a non profit organization networking on their behalf. He complained that while the U.S. government was willing to spend money on programs for Hungarian craftsmen, the Hungarian government was hard at work imposing new and unreasonable tax laws to their detriment. We eventually got to work with the co-op designer--the same pretty young woman who had modeled her Kalocsa outfit for us the year before. Marian washed a small sample with softener only to find out cloth didn't drape any better after softening. She will order some small amounts anyway to test, but she's sorry she can't plug their

12

existing white on white lace squares right into her collection. Lunch at a cukrasda, after which we returned to co-op with M's small sample order. Marko said the order had to be placed through Balo or another licensed exporter because the co-op did not have its own license. Drove back to Budapest, stopping at train station to buy tickets for tomorrow's train to Vienna. Have decided to spend two days there with Marian. Dined at the Black Bird, served by favorite mustachioed waiter who had waited on the "gang" a year ago. Attended organ and choir concert at Matthias and lingered afterward to admire painted interior.

#### Saturday, April 4

Caught up on laundry, faxing, accounting, journal. Left for train to Vienna at 3. Pal surprised us with a free ride to the station in his Mercedes! We are now so spoiled.

#### Monday, April 6

Train back to Budapest.

#### Tuesday, April 7

Ildiko's arm is inflamed, and while she went to the doctor's and Chris got herself signed onto Avis for rental car driving, I took a taxi to the airport to greet Clare and Burge. As it turned out, I had incomplete flight info and ended up at Ferhigy 1 instead of Ferhigy 2. Numerous phone calls and 3500 forints later I found the patient couple bearing up rather well, considering. I was able to track down Pal by radio, thank goodness, and spring myself from the clutches of the thief taxi driver who had overcharged me for the short hop from 1 to 2. Delivered Clare and Burge to a panzio in the Buda Hills. Dined at Les Amis with ATA group after working on everyone's itineraries.

#### Wednesday, April 8

8:30 AM meeting with Dr. Toth (Clare, Burge, Chris, Pal, and myself, later joined by Ildiko). Pal's translation certainly isn't as good as Ildiko's, but we managed well enough. Discussed the changes at Folk Art Council and Toth's retirement. Dr. Toth is now heading up a group of independent craftsmen, mostly potters. 10:30 AM appointment with USAID. Res. rep David Cowles, his assistant Karyl Morrison, and Hungarian national Ferenc. Clare met with the Ambassador who was keen and supportive of ATA's work. AID also seems pleased with our work, though it seems we didn't do a very good job of keeping them informed about what we were up to until recently. Cowles encouraged us to apply for a project extension (up to three years). Clare and Burge were given an invitation to the Ambassador's home for a dinner for psychiatrists tonight. Lined up itinerary with Pal. Chris, Ildiko and I did laundry and ate a simple dinner at the apartment. Balo came over around 7 PM for two hours of "export lessons," during which time I drafted a check

list for him, as his last shipment (which just left Budapest) was documented incorrectly.

Thursday, April 9

Left for Karcag at 9 AM with Clare, Burge, Pal and I in one car, and Chris and Ildiko in the other. We had a minor translation difference on the meaning of the work "highway," which landed the pottery contingent a little further from Mezotur than they wished. Pal and I got to Karcag in time for our 1 PM appointment at the co-op to hash out embroidered coach blanket. It took all afternoon to explain to them what I had in mind and to extract some idea of price from them. I wanted as much embroidery as possible for 2000 forints, and I wanted them to design the actual motifs based on traditional designs I had chosen from their extensive sample collection. Every time they wanted me to be more specific about design, I wanted them to get specific about cost. Of course, the best designs were the expensive designs, and in the old days, I would have insisted on having those. But now I am much more price conscious. Ideally the blanket would F.O.B. Hungary at under \$40. (\$30 is even better, but highly unlikely). I left them two wool coat fabrics to experiment with. Arrived Debrecen 6 PM and checked into Hotel Civis. Dined at Sorozo. To bed early.

Friday, April 10

Walked over to the Debrecen Co-op at 8:30 AM to deliver cash deposit for MFA stocking order and to pay balance of last NYGF samples invoice. Inspected coach blanket sample and got prices for Momo's szur (\$8). Ica said she was definitely quitting May 1, but that she would discuss w/Judit the idea of continuing on a part time basis, especially with ATA orders (MFA included). Invited for lunch at Kati's -- delicious goulash soup and the best turos palacinta to date. Margit and her artist husband are to be interviewed by a radio station this afternoon, and have therefore cancelled meeting and dinner. I have decided to head back to Budapest via the Matrafured mountains in order that I can return to the coach museum in Parad to do some research on coach blankets tomorrow. Spent the night at the Berc Hotel Matra, where last spring we had eaten a mediocre dinner in old style "party" atmosphere. Interior had been upgraded and there was even an English speaking concierge!

Saturday, April 11

A perfect spring day; our first! Went to the coach museum, but, alas, their blanket collection was pitiful. So I will use my imagination. Stopped by the Parad crystal factory outlet, and bought a few more wine glasses, then we left for the airport to pick up Jane Griffiths, due in at noon. Balo turned out to be there, too, but as he was trying to make his 30th reunion (high school), he was grateful to be relieved. Jane had flown from L.A. (20 hours) and was exhausted. We jabbered like sisters on the way to her hotel

14

and made a plan to meet for early breakfast tomorrow morning. Meanwhile, it was just too beautiful a day to not be out walking, so I had Pal drive me to the open air museum in Szentendre. Another excellent Hungarian museum. Pal's grandmother had lived in a farm house like the one in the museum, and he, in fact, had been born in her farm house. He knew the names of all the tools and what each one was for. I was surprised that so many Hungarians had lived in villages like this so recently. Well, forty years ago. Climbed small mountain to a church overlooking Szentendre. Drove back to Budapest with plan to see the movie "Meeting Venus," but was unable to get tickets (sold out). Instead had coffee with Pal and discussed how he might be useful to the pottery exhibition and how to go about the business of doing business with ATA. He seems sharp enough to fill in where Balo has failed.

#### Sunday, April 12

8 AM breakfast with Jane at the Raddisson Hotel, then off to Kecskemet on a day trip, where we rendez-voused with Clare, Burge, Ildiko, and Chris. Museum hopping was followed by lunch at Buzacs Csarda. Chris especially seemed to enjoy the ceramic collection at the Bozso Museum. The felt workshop at the Folk Art Museum was a non commercial, community venture. We all went nuts over the gorgeous felt rugs and introduced ourselves to the workshop leader. She assured us that their group probably would never be able to produce rugs in any quantity, unfortunately. It is possible that felt rug making could be introduced on a larger scale, but it is my hunch that felt rugs from Kirghiz or another felt producing area would be easier to pull off. Headed back to Budapest with plans to rendez-vous for Gabor Szabo's "Meeting Venus." We purchased our tickets early, and had a perfectly delightful evening in the comfort of a small "art theater." Movie was full of insight into Hungarian character and politics of transition.

#### Monday, April 13

Ildiko and I were up at 5 AM to be at the Embassy by 6:45 to accompany the wives of Secretary of the Treasury Nicholas Brady and his Under Secretary Mulford (Kitty and Jeannie to us, by the end of the day), and USAID's Karyl Morrison to the Heves Co-op for an AID/ATA show & tell. The ride was long and made longer by the lack of comfort in our van which was driven all together too quickly by the overpriced "Robbie." We nearly had a head on collision which got our adrenaline running. Mrs. Bader, the co-op president, put on her best show and gave us all a very thorough tour, culminating in a buying frenzy at the co-op shop. Mrs. Brady seemed particularly taken with the simple linen items and wants to connect us to a designer friend of hers in Ireland who could be a potential buyer. Got a late start back to Budapest where we were supposed to meet Clare for lunch. Mrs. Brady was leaving for Paris early that afternoon, if an

13

appointment for her husband with some Commonwealth Minister of Finance had been confirmed. This was all pending there even being a Minister of Finance, as there had been an upheaval in the cabinet over the weekend. Spotted Clare in the lobby of Mrs. B's hotel, and we had just enough time for a quick introduction and some mineral water followed by an hysterically funny interchange between Kitty and Jeannie, who were attempting to settle the bill for the mineral water. With all of the Washington scandals (latest being the check bouncing one), these wives were being particularly careful about whose nickel was getting spent on what. Later Clare et. al. went off to Ethnographic Museum, while Ildiko and I went to meet the manager of UPS. All of Roger's questions have been answered, and, yes, we can ship through UPS and they will clear shipments through U.S. Customs as part of the freight charge (i.e. no clearing charges, as through a broker). I went on to the Ethnographic Museum, but it was closed, apparently due to a function related to the huge ERDB conference being held in Budapest (why the Bradys were here). Waiters dressed in black tie were carting silver trays filled with food in and out of the museum lobby. Headed back to the apartment before meeting Clare et. al. at the Alba Hotel for a walk up to the Black Bird restaurant where we all ordered sauteed goose liver. A pretty good somlo, too. Clare, Burge and I stayed on afterwards to chat, followed by a meeting with Pal to go over what was expected of him in his new roles with ATA.

#### Tuesday, April 14

Ildiko and I spent 9 1/2 hours working on itinerary for Evaluation Team. Finally finished it and faxed it off to Denise once we had confirmed all appointments and hotel reservations. Took a long walk down the Buda Hill and along the Danube. Dined at Jardin de Paris. Terrific sweetbreads and jazz. Home to a jammed fax machine, and a round of faxing back and forth to the ATA office on into the wee hours. Clare, Burge, Jane, Chris, and Pal all left for Szeksard around 8:30 AM, after Jane and I had a quick meeting about Bangladesh specs.

#### Wednesday, April 15

Cumulative exhaustion. Long queue for the bathroom this morning (Ildiko and her cousin Marika). Packed, then went to Embassy to have lunch with Karyl Morrison and, through her kindness, to mail a box of files back to the U.S. for a mere \$3. Back to apartment to fetch luggage and head for airport. Flew to London and on to Dhaka. One of those 20+ hour rides.

TO: AID TO ARTISANS

FROM: CAROLE KARVAZY

HUNGARY- April 25, 1992- May 16, 1992

MEETINGS: April 27, 1992

EVA NOVAK:

- Dynamic, attractive, progressive thinking businesswoman and doll artist in her 40's.
- Has eight people working directly for her and the rest is contract work. This results in low overhead with quality products.
- We worked out preliminary details as to a Hungarian Christmas Tree Angel and ordered prototypes.
- Initial discussion as to creating characters from Hungarian fairy tales. Arranged for preliminary sketches of two story characters.

AID/ATA EVALUATING TEAM:

- Met with Donna Frago, Mary Clark, Denise Wilbur and Kate Kerr.
- They questioned us and Balo as to our role in the project and our opinions on such topics as the Hungarian economy, practices, attitudes, etc..

LASZLO HOLLO:

- Talented painter in his 40's, turned businessman. He owns a shop off the Vaci utca in Budapest and also a factory in Eger. He is the main designer and has talented young painters working for him.
- He appreciated how the Sandor Collection was marketing his eggs and we encouraged him to do the same in his shop if he wanted.
- He was pleased to see that we had returned. Ed and Ildiko had met with him in the Fall, toured his plant in Eger and had promised that designs would be sent to him. However, nothing happened and he wondered why he was dropped.
- We selected some of the pieces he presently makes (small wall mirror, candlesticks, small frames, footstool) and will introduce them at the New York Gift Show in August.
- We worked out the details for a new egg for the Sandor Collection.

BALO KARVAZY:

- Balo, a college professor of English, recognizing that economic survival is not possible in the ongoing changing Hungarian society, has worked hard to acquire the necessary credentials to act as an export agent in assisting artisans/co-ops and the western markets.
- We went over the steps that is required for Balo to get the folkart shipments out of Hungary. This was done in order to determine where the problems were and means by which the Sandor Collection or ATA could help alleviate them.

MEETINGS: April 28, 1992

KARCSAG EMBROIDERY COOPERATIVE:

- Met with Ilona Gyorfine, ethnographer who is currently the head of the Karcsag cooperative.
- A strong leader, very much above small cooperative leadership.
- As opposed to our last visit, she is now very willing to cooperate with us. She has a very positive interest in the revolution of the Hungarian folkart and the revitalizing of the folkart for modern use. This new thinking has come about by our past visit with her and the income that her co-op has derived from the orders we have placed for the new products introduced at the New York Gift Show in February, 1992.
- Working with talented Hungarian designers, we decided to try to involve them more in our product development. We brought to Hungary ideas, photos, magazines and samples in order to have them see the type of item we were going to develop and at the same time let them contribute their own ideas. We also gave them a price point to stay within. We found they liked this approach as they knew which work was more intricate and costly yet could substitute another to stay within the price point. They felt they were more a part of the finished product and you could see they were very pleased with this arrangement.
- We also explained the importance of the labels required by U.S. Customs and the amount of filling for the Christmas ornaments
- More Christmas ornaments were developed along with doorstops and pillows. Prototypes will be sent to us the end of June.
- We explained the possible venture with AMC and they were pleased that they would be considered by the company.
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MEETINGS: April 29, 1992

MEZOKOVESED EMBROIDERY COOPERATIVE:

- Met with Erzsi Gaspar, the technical director and also 3 of the designers.
- They explained that it is still a difficult time for the co-op. Elections will be held August 1, 1992 with the same people running for office within the co-op.
- The government has set new laws regarding the minimum wage:
  - 7,000 fts. 1991
  - 8,000 fts, 1992
  - 9,000 fts. by August 1992

These new laws really hurt the co-op as they must comply with the increased salary but then people must be laid off since there is not enough income at the present time.

- We used the same approach in product development as we did in Karscag and they too were very pleased. They had excellent suggestions and even looked back into their old resource books for a design which would be suitable.
- More Christmas ornaments were developed along with a Christmas stocking, Christmas runner, doorstops, and embroidered pieces for the children's holiday outfits which are made in the United States by the Sandor Collection. Prototypes will be sent the end of June.
- Gay Ellis had requested that we find out why her samples had never been received. It seems that Gay had never put it in writing so the co-op was waiting for her. We told them to go ahead and send it as quickly as possible as she would be making a decision in May. As of this writing, Gay has already received her samples.
- Placed an order for the Sandor Collection for over \$2,000. Delivery to be mid-June.
- We explained the possible venture with AMC and they were most interested.

SZABOLCS KOVACS:

- After leaving the co-op, we walked around the Old Town of Mezokovesed and found the shop of Szabolcs, a talented furniture and EGG painter. We were invited to his home to see more of his work. Due to the time, we arranged to come back on May 1 (this was a holiday in Hungary and everything would be closed and he and his wife would be at home). See May 1 .

MEETINGS: April 30, 1992

DEBRECEN COOPERATIVE:

- Met with Judit Szabo, co-op director; Itsza, part-time business manager and Kati, cut felt designer.
- The co-op does not have enough funds to purchase the raw materials needed for new orders and is now requiring a 50% deposit.
- One of their creditors owes them 6 million forints but the company is going bankrupt.
- 27 women are now making the cut felt items. The co-op has 5 buildings with 5 different products being made but only the folkart segment is making a profit.
- By August 1, 1992 they will have their election. They feel that most likely the same people will be elected.
- We used the same approach for the product development. Four new Christmas ornaments, doorstops, wedding album covers, address book covers and Signage pillows were planned. Prototypes to be ready by July.
- We explained the possible venture with AMC.
- We had already placed a \$4,500.00 order with the co-op for a June delivery. However, due to the amount of work they needed to finish, we agreed to postpone part of the shipment to July 1.

ITSZA:

- As were leaving the co-op, Itsza requested a private meeting with us later in the evening. She informed us that she had to take another job with an Austrian company because she was paid such a low salary at the co-op (13,000-14,000 fts. per month). She would still stay as the business manager at the co-op on a part-time basis.
- She feels the co-op will collapse by the end of the year and she, Kati and Margit would like to take over the folk art segment as a private enterprise. They would not do anything until the co-op failed.
- We questioned her as to what would happen to the present accounts if the co-op went bankrupt, especially since 50% deposit is now required. We also asked what legal steps would need to be put into place, what about seed money? She did not have any answers to these questions and admitted that they had not thought about it.
- We suggested that she and her partners get more information and discuss the venture with a lawyer since privatization is just beginning in Hungary. She agreed that she would speak with a friend who is a lawyer within the next two weeks. It was agreed that we would call her in two weeks and pass this information on to ATÁ.

MEETINGS: May 1, 1992

Szabolcs Kovacs: Furniture and Egg Painter,  
Master of Applied Arts

- Szabolcs is a descendent of one of the most famous peasant furniture maker families in Hungary. He learned his craft from his father in Mezokovesed.
- He had to leave his position as an art teacher in 1991 due to the poor economy. The low, fixed income of a teacher would not have allowed him to keep his house.
- His wife teaches English at a local school and also runs the family business.
- We purchased samples to be considered for the Sandor Collection: coat hangers, small wall mirror, tray and 11 eggs. Three of the eggs will be created with our "specs".
- Szabolcs and his wife are progressive thinkers and are determined to learn what is needed to have their business succeed.
- At one time , he worked at the Mezokovesd co-op but left when there was not enough work. He feels that the same people will be elected and things will not change at the co-op.

92

MEETINGS: May 4, 1992

DECS CO-OPERATIVE:

- Met with Janos Keresztes, the newly elected director. Upon the retirement of Judit Zaborskey, the co-op held their election March 1 rather than wait until the August 1st deadline. The new director seems to have been elected for his business skills rather than his knowledge of Sarkoz folk art. His attitude is pro business, accommodating, and willing to work with us is developing prototypes of any kind. He doesn't have "blindness" as to the folk art. His business prospective takes him beyond Sarkoz. For example, the staff was concerned that they could get a limited number of goose eggs based on their past practice of acquiring them only in the local area. He indicated that they would go beyond the local market for the eggs if it was needed.
- Also included in our meeting was Agi, the folk art designer for the Sarkoz co-op. She has a good background of Sarkoz folk art, combined with her formal training as a designer makes her a positive asset to the co-op. She was willing to work with us on developing new products.
- Sari is the co-op marketing director. She was very helpful and pleased to be working with us. She was able to price new sizes of present products immediately (this is not always quickly acquired).
- Anika is the co-op manager of production. She was very friendly, co-operative and knowledgeable in all facets of product production. For example, when questioned as to how the hand painted eggs were made, she personally set up the equipment and proceeded to complete an egg. (One egg is handled 25 times before final product is completed.)
- The co-op is not working to full capacity. The peak years were 1979-1980. Since then production has been decreasing even though they have been written in ethnographic and folk art books for their excellent weaving skills.
- When asked about production capacity in case of large orders, they assured us that they could staff up to the necessary level as there is a good pool of artisans in the Sarkoz region.
- We developed a good rapport with the new director and continued good relations with the rest of the staff who remembered us from the last trip.
- We began development of new prototypes: Christmas stocking, Christmas ornaments and child's rocking chair. We explained the idea of working with a price point in mind and working together we developed new designs.
- Samples were ordered for a doll cradle, table and bench.

-They told us that the Sandor Collection has boosted their traditional hand painted red hen and goose eggs. We are their largest single buyer of eggs. Their biggest season (Easter)- country-wide sales were 500 goose eggs and 2,500 hen eggs. Sandor Collection from January-April 1992 ordered 700 hen and 1,000 goose eggs, with a pending order of 4,200 goose eggs.

9/1

MEETINGS: May 5, 1992

MAKO CO-OPERATIVE:

- Met with Laszlo Nadoban, director, marketing arm and folk art designer of the co-op for 9 years.
- He is very willing to work with us and make new prototypes. However, he is hindered by old, inefficient machinery which is costly to re-tool unless a sizeable order is given.
- He said that the folk art is rapidly going down due to the new laws. In the past, they could retain 3½% of the profits, this came off the top without being taxes. Now this cannot be done.
- The co-op is 40 years old and has always made money. However, with the Eastern Europe markets gone and the new laws in Hungary the co-op might collapse unless new markets can be developed.
- He is even considering contracting the work out if the co-op goes under in order to try to save some jobs and also the folk art.
- The "jury" accepted only the brown designs so they are not tooled up to make the other colors in certain items. He is very willing to retool for the blue/red but he must have a good size order.
- He said he will keep us posted as to the co-op's condition.
- Prototypes were ordered. We gave target prices for the new products to help in determining the details in each product. He considered this a big help.

95

MEETINGS: MAY 7, 1992

KALOCSA CO-OPERATIVE:

- Met with Laszlo Marko, the technical director of of the co-op, whom we have met three times on previous trips. He conveyed to us that he continues to hope that all the visits ( Yale's report, evaluating team, product development) will eventually result in significant sales.
- We explained that the labor intensive products of Kalocsa, coupled with 23% U.S. duty, makes the products at the upper end price point.
- We renewed our commitment to develop Kalocsa products requiring less labor and making them more price competitive.
- We explained the Far East market which produces items at a far less cost.
- Also met with Mr. Farkas, the director of the co-op. He will retire sometime this year due to medical reasons.
- He fully supported the work ATA and the Sandor Collection has been doing. The co-op and Sandor Collection had a good working relationship prior to the AID project grant.
- We discussed the problems he was experiencing during this difficult economic time of transition. He indicated the need to learn English in some accelerated program and on an adult business level. He asked if AID would have the means to help him and other business people acquire this skill.
- We gave him target prices for the items we wished developed in order to help them decide on the amount of handwork for each item. He was very appreciative of this as he said Hungarian folk art tends to be very busy and this will help them simplify the design.
- We ordered prototypes for: a baby Christmas stocking, five embroidered Christmas ornaments, three lace and embroidered ornament, wedding album cover and a baby album cover.
- We simplified a 12"x16" pillow cover already developed on a previous trip in order to have a more competitive price
- Mr. Farkas indicated that there will be co-ops closing. He felt that the folk art would not die out but would be made by private enterprises which would take the place of the failed co-ops. He said, as did many of the other co-op leaders, that many of the new Hungarian laws seemingly are made with the purpose of breaking up the co-ops and encouraging private enterprise.

MEETINGS: MAY 8, 1992

LILY AHEL, MASTER CERAMIC ARTIST

- Lily operates a small retail shop in a town on Lake Balatan where she sells only her ceramic designs.
- She has an associate who does the basic work while Lily designs and paints each item.
- At the beginning of our conversation, Lily was not interested in doing the American market. She finally revealed that she did not know how to export and was not interested in learning as she would rather paint so she could not see her designs in the U.S.. We explained how we are set up with Balo and she became very interested in working with us.
- We purchased samples for the Sandor Collection which we will introduce at the New York Gift Show in August.
- A small order will be placed in June in order to give her experience in shipping her items to Balo in Budapest.

MEETINGS: May 10, 1992

JANOS JANCSEKITY, Woodcarver

- Janos was born into a long line of master woodcarvers and is pursuing the same craft. Until 1991, he worked in a woodcarving co-op where he created beautiful pieces but was not allowed to sign any of them as the co-op put their own stamp on them. Under the old system individuality was not allowed. With the market drying up, the co-op folded and he was laid off in late 1991.
- A man in his mid 30's, he is currently collecting unemployment (3,000 fts. per month which is  $\frac{1}{4}$  of his original wage \$40.00)
- He is unable to find any work in his small village and was seriously considering giving up his woodcarving. He had heard of the Sandor Collection and the work we were doing with with artisans to try to preserve Hungarian folk-art and wrote to us last Fall.
- His wife is currently working as a secretary at the Agricultural Co-op.
- Due to privatization, they were given a choice to move out of their government house or assume a higher monthly mortgage and buy the house. Their families helped raise the necessary money for the down payment.
- His usual market sources in nearby Balaton area has also dried up because people are saving their money to buy a house or car. On top of the dried up domestic market, European tourists do not consider Hungary to be the bargain it used to be.
- He informed us that the old jury craft system ended Jan. 1, 1992 and a new group took it over but no one knows what to do now.
- We purchased samples to be considered for the New York Gift Show in August ( candlesticks, spice rack and wooden boxes.)
- Discussed the possibility of a plate rack for one of the mail order catalogs. If he gets enough orders, he would be able to set up a small shop and start larger production. He would be able to hire local artisans as he knows them from the old woodcarving co-op.



MEETINGS: May 11, 1992

HEVES COOPERATIVE:

- Our third visit with this co-op. Met with Margo (main designer) and Annuska (chief seamstress) to develop new products in a workshop session. Vera Bader, the director, was in Budapest.
- Due to past design efforts for Christmas cut felt ornaments, the folk art department is working at full capacity with 45 women to satisfy both the domestic market and the Sandor Collection orders. The new designs have proven to be very successful in the domestic market to the extent that someone is even trying to copy them. A Miska ornament was brought to Mezokovesed to be reproduced.
- Margo and Annuska liked the idea of working within a price point.
- Cat and dog doorstops, 6 new Christmas ornaments, a Christmas apron and a stocking were designed with prototypes to be completed by July 1.
- The excellent co-operation between the Heves Co-op and the Sandor Collection was renewed.

MEETINGS: May 12, 1992

AID OFFICE, BUDAPEST

- In David Cowles absence, we met with Michael Huffman and Ferenc Melykuti.
- We briefed them of our observations of our fact finding and product development efforts over the past two weeks.
- Using our first trip as a benchmark, we gave them a report of the project accomplishments which we considered very positive as they were interested in learning some success stories. We were able to use specific co-ops and small private businessmen and women as examples of people we dealt with during the project. We also showed them specific product samples so they could see for themselves the superior workmanship of the Hungarian artisans. We have learned throughout our efforts, the only thing the Hungarian artisans are looking for is a window of opportunity into the U.S. markets.
- Ferenc Melykuti shared a couple of names that we may use as a resource for the business people we came in contact.

ITZA-

- We called her at her home as we had promised on 4/30.
- She has been consulting a lawyer, finding answers to questions that we had discussed with her at our last meeting. She is looking into start-up money in case the co-op collapses and will keep in touch with Balo as to the condition of the co-op since ATA, Gay Ellis and the Sandor Collection will be placing orders.
- Her husband wanted to know why Roz and Phil did not give them any feedback as to the wrought iron projects. Hopes were high when they were there but there has been absolutely no follow-up.

KLARA FULOP: DECORATED EGG PAINTER

- Master of her craft. Her work is unique and distinguishable from other decorated Hungarian eggs. She has researched 16th-18th century Hungarian and Transylvanian egg designs and has combined the traditional motifs with her own artistic style.
- This is her primary occupation although she is working a second job to make ends meet.
- She was excited to meet us as she had filled earlier egg orders from us through Hungarcoop and it was a very disappointing experience in dealing with them. The arrogance displayed by them and the demands placed upon her by the giant FTO made it a very unpleasant arrangement. This direct link with us, with Balo as the local business contact, was exactly what she had hoped for.
- She was not interested in assuming the role of exporter as she wanted to continue painting and researching her eggs. She wants Balo to continue as exporter.

- We set up a numbering system for the six previously ordered designs. We agreed upon, selected and purchased 14 new designs which were also documented in the new numbering scheme.
- A friendly, co-operative rapport was achieved.
- We felt she is a very creative and talented artist and let her know that we were open to new designs based on her research of Hungarian motifs.

MEETINGS: May 13, 1992

IREN BEKE NYITRAINE: ARTIST

- Individual artist of hand painted, small wooden figurines. Each costume is authentic and researched by the artist.
- She works with a small staff of 2 or 3 whom she trains.
- Her business is in her home.
- She is a well organized business woman and has a number code for each item ( this is an exception in Hungary we found out. Even some of the co-ops had not established a code to date.)
- She does not export to the United States except with the Sandor Collection.
- We increased our original order of 4/16/92 by 250 pieces, bringing the total to 975 pieces.
- We established a good working relationship and set up Balo as the immediate contact person.
- As a private business person she is very frustrated with the lack of knowledgeable people in Hungary who could help her in a private enterprise. She and Balo discussed their immediate problems and agreed something was needed. She will be meeting with a lawyer to see if there are any solutions

MIODRAGNE MARINKOVICS: DECORATED EGGS

- Artist for 30 years, she uses folk motifs and nature. She uses a scratch technique to decorate the eggs. In place of a stylus she uses a huge file to create the designs of flowers, birds, squirrels and hedgehogs.
- Decorating eggs is her main job as she has a heart condition and cannot work outside the home. She has sold some of her eggs through Hungarocoop but it was a very unpleasant experience and she will not do it again even if it means loss of orders. She was very pleased that we will continue to order through her with Balo as the exporter. She is not at all interested in learning how to do the documentation for exporting.
- We selected new designs and set up a coding system by which we can place future orders. She will have the new designs completed by July.

MEETINGS: May 14, 1992

JUDIT KARSAY: CERAMIC ARTIST

- Judit is a trained potter but due to a serious accident a number of years ago, she could not continue the strenuous work of throwing pots. She decided to use her skills as a ceramic artist using molds. She studied Hungarian architecture and then personally visited the villages to see the actual building before creating it. These personal visits were extremely important to her because she decided on site which characteristics of the building to highlight without altering the character of the building.
- She decided to reproduce authentic Hungarian folk architecture because she heard that the Rumanian government was destroying old Hungarian villages in Transylvania and she felt it was important to preserve the designs.
- We purchased 5 samples of her houses and ordered prototypes of 5 smaller houses. We will introduce them at the August NYGS.
- We discussed the possibility of reproducing authentic buildings within Hungary other than peasant homes. She was very interested in working with us on this project.
- She also indicated that she would be interested in training others if it was needed.
- She has never sent her work to the United States and was very pleased.
- She is also interested in learning more about the business end of her profession and we told her we would keep her posted on developments.
- She told us that when she took her items to the State owned Folk Art Centrum, they added 75% to her price.

92

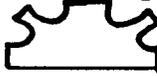
**APPENDIX B:**  
**INVOICE FOR THE MASTER POTTERS SHOW**

94

Invoice for Hungarian Exhibition Ceramics

2	Busi Lajos green vase, 2 handles @4500	9,000.
2	Busi Lajos splatter glaze vase, 1 handle @3000	6,000.
2	Busi Lajos "Kiraly" Csali Kancso jug @4,500	9,000.
2	Busi Lajos "Butkus" w/ green/brown @3000	6,000.
2	Busi Lajos vase sets - 7 pcs. @800	1,600.
2	Gonda Istvan 40 cm. bowl w/ 2 deers @5,000	10,000.
2	Gonda Istvan 35 cm. bowl w/ 2 birds @3,000	6,000.
2	Gonda Istvan 35 cm. bowl w/ 1 bird @3,000	6,000.
2	Gonda Istvan 35 cm. bowl w/ flowers in vase @3,000	6,000.
2	Gonda Istvan green candelabras (3 candles) @6,000	12,000.
2	Gonda Istvan green footed bowls @6,000	12,000.
4	Szucs Imre chicken egg keeper pots @920	3,680.
4	Szucs Imre chicken sets, 3 pcs. @2,500	10,000.
1	Sz. Nagy Istvan figure 28 cm. woman, orange top @450	450.
1	Sz. Nagy Istvan figure 28 cm. woman, green dot top @450	450.
1	Sz. Nagy Istvan figure 28 cm., man & woman @450	450.

15

2	Rusoi Istvan green tile - Adam & Eve	
2	Rusoi Istvan green tile - Flowers in vase	
2	Rusoi Istvan green tile - Lady	
2	Rusoi Istvan green tile - Deer	
2	Rusoi Istvan green tile - Man w/ tree	
2	Rusoi Istvan green tile - Horseback rider	
2	Rusoi Istvan green tile - Bird	
2	Rusoi Istvan green tile - Flower pot w/2 birds	
2	Rusoi Istvan green tile -  shape w/birds	
2	Rusoi Istvan green tile - Small Adam & Eve	
2	Rusoi Istvan green tile - Hunting scene	
	TOTAL Rusoi Istvan tiles	ft. 20,000.
3	Biro Annamaria small woman figure bells in blue & white w/flower breasts @450	8,100.
3	Biro Annamaria 31 cm. plaque, blue & white w/ 3 pomegranates @1,200	3,600.
3	Biro Annamaria 31 cm. plaque, blue & white w/2 pomegranates @1,200	3,600.
3	Biro Annamaria vase w/2 handles & buttons on neck, blue & white pomegranate @1,200	3,600.
3	Biro Annamaria vase w/2 handles, rope on rim, blue & white, w/pomegranates @1,200	3,600.
2	Biro Annamaria 38 cm. Sarkozi shallow bowl w/ flowers in center @1,700	3,400.
2	Biro Annamaria 44 cm. Sarkozi deep bowl w/ swags and no flowers in center @1,700	3,400.

9/6

2	Pozsar Lajos/Eva Horvath 40 cm. green jug w/ yellow "flowers" @3,000	6,000.
2	Pozsar Lajos/Eva Horvath 35 cm. green and brown bowl w/ yellow "flowers" @1,900	3,800.
2	Pozsar Lajos/Eva Horvath dark brown and green set - 5 pcs. @1,200	2,400.
100	Pozsar Lajos/Eva Horvath 18.5 cm. bowls in 4 designs - 3 flowers, 1 bird - blue, yellow, green, brown @220	22,000.
12	Pozsar Lajos/Eva Horvath 38 cm. bowls in 3 designs - 2 flowers, 1 bird - blue, yellow, green, brown @680	8,160.
4	Falusi Bela/Falusine Terjek Eva cake stand w/ blue border & flowers in vase @1,800	7,200.
8	Falusi Bela/Falusine Terjek Eva small plate w/ overall blue & white border, yellow tulips in center, 21 cm. @650	5,200.
4	Falusi Bela/Falusine Terjek Eva large plate, 30.5 cm. w/overall blue & white border, yellow tulips in center @1,300	5,200.
4	Falusi Bela/Falusine Terjek Eva round vase, 19 cm. h. w/ fluting - overall blue & white & yellow birds - w/ loops & band on rim @1,100	4,400.
4	Falusi Bela/Falusine Terjek Eva apothecary jars, 21 cm. h. w/blue & white castles @1,100	4,400.
4	Falusi Bela/Falusine Terjek Eva large plate, 30.5 cm. w/blue & white castles @1,300	5,200.
2	Tamas Laszlo large Haban Butkus vase w/ floral spray @1,800	3,600.
2	Tamas Laszlo large Haban vase w/ handle w/ floral spray @1,800	3,600.

91

2	Tamas Laszlo large Haban vae with figures & "1992" @1,800	3,600.
1	Zsilinski Andras 37.5 cm. bowl - green pierced w/ Islamic star pattern @3,050	3,050.
1	Zsilinski Andras 34 cm. bowl - green pierced w/ overall pierced pattern @2,710	2,710.
1	Zsilinski Andras 42cm. bowl - green pierced w/ overall pierced pattern @3,760	3,760.
1	Zsilinski Andras 44 cm. bowl - green pierced w/ Islamic star pattern @3,760	3,760.
1	Kovats Lajos vase, 17 cm. @275	275.
1	Kovats Lajos vase, 30 cm. @370	370.
1	Kovats Lajos vase, 32 cm. @1,320.	1,320.
1	Kovats Lajos vase, 16 cm. @196	196.
1	Kovats Lajos vase, 11 cm. @187	187.
2	Kovats Lajos vase, 43 cm. @3,600	7,200.
2	Kovats Lajos vase, 37 cm. @1,100	2,200.
1	Kovats Lajos plate, 25 cm. @310.	310.
2	Kovats Lajos plate, 25 cm. @340.	680.
1	Kovats Lajos plate, 20 cm. @290.	290.
2	Kovats Lajos plate, 20 cm. @260	520.

1	Kovats Lajos vase, 22 cm. @250	250.
2	Kovats Lajos candlesticks, 25 cm. @330	660.
2	Kovats Lajos candlesticks, 30 cm. @330	660.
6	Szabo Kinga med. platters w/bird designs & blue rim @4,000	24,000.
6	Szabo Kinga med. platters w/ green & yellow, patterned rim @2,000	12,000.
1	Szabo Kinga large platter w/ bird design & blue rim @6,000	6,000.
1	Szabo Kinga large platter w/ green & yellow, patterned rim @6,000	6,000.
6	Kosa Klara "Hueul" plates, 23cm @350	2,100.
2	Kosa Klara "Berck" plates, 33 & 30 cm @1,500 & 900	2,400.
4	Kosa Klara "Tordai" plates, 18 cm. @280	1,120.
4	Kosa Klara Bart Casgi plates, 15 cm. @200	800.
4	Kosa Klara Bart Casgi plates, 12 cm. @150	600.
4	Kosa Klara Tisafared plates, 15 cm. @200	800.
4	Kosa Klara Tisafared plates, 12 cm. @150	600.
28	Kiss Marta different dolls w/ clay faces & boots @650	18,200.
TOTAL		ft. 335,378.

99

**APPENDIX C:**  
**INVOICE FOR EEE GROUP ORDERS**

the E E E GROUP INC.

1085 GOVERNOR DEMPSEY DR.  
SANTA FE, NEW MEXICO 87501  
TEL: 505 984 0025  
FAX: 505 986 3491

FAZEKAS HAZIIPARI SZOVETKEZET  
7400 KAPOSVAR  
MEZO IMRE U. 42 SZ  
TEL/FAX: 82-12-518

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
686	293	979	273,440	\$3645.86

POZSAR LAJOS AND HORVATH EVA  
7400 KAPOSVAR  
PUSHKIN U. 5  
TEL: 82-12-178

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
410	273	683	279,750	\$3730.00

SZUCS IMRE  
5350 TISZAFURED  
BELSOKESTOR 4/A  
TEL: 59-51-483

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
223	96	319	176,900	\$2358.66

161

FALUSI BELA AND TERJEK EVA  
 7400 KAPOSVAR  
 CSERI U. 99  
 TEL: 02-21-955

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
327	137	464	353,990	\$4719.86

SZABO KINGA  
 BUDAPEST 1121  
 PELSOC 4  
 TEL: 1-7-52121

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
72	0	72	204,000	\$ 2720.00

SZENASI JANOS  
 6800 HOMEZOVASARHELY  
 EKE U. 41

QTY ORDERED SANTA FE STORE	QTY ORDERED OREGON STORE	TOTAL UNITS ORDERED	TOT. VAL. FT.	TOT. VAL. \$\$\$\$
102	48	150	70,620	\$ 941.60

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<b>TOTALS:</b>		<b>2667</b>		<b>\$18,088.98</b>
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18