



LIBA TAYLOR—SELECT—SABA

Back in the center of action: Residents complain that expansion is clogging the city

The Double-Headed Eagle

Vienna turns into a booming business hub

Perched atop Austria's Ministry of Economic Affairs, a double-headed eagle is looking both east and west. The symbol of the erstwhile Austro-Hungarian Empire isn't flying anywhere, but the Viennese economy is poised for a dramatic takeoff: the upheaval in the East has put the Austrian capital back in the center of action. "What had been a disadvantage during the cold war has now become an advantage," the ministry's Peter Feith says of Austria's historic connection to Eastern Europe. That edge is already being felt at every turn. The stock exchange is booming. Trade with Eastern countries is rapidly expanding. Multinationals are moving into Vienna. Austrian companies, meanwhile, are eagerly setting up joint ventures in the East; the Western partners in 300 of Hungary's 1,100 foreign joint ventures are Austrian.

All these pioneers are driven by *Ostphantasie*, the dream of riches behind the decrepit Iron Curtain. Some have even grander dreams: nostalgia for the Hapsburg empire now dominates Viennese conversations and newspaper headlines. This month's cover of Austria's Cash Flow magazine features a portrait of Emperor Francis Joseph I in uniform; the headline provocatively asks, BACK TO THE MONARCHY? Inside, maps show dozens of compa-

nies that once operated throughout the Austro-Hungarian Empire. "In former times, this was our Common Market," says Georg Pein of the Economics ministry. The enthusiasm is such that some Austrians giddily believe they can compete with Europe's most aggressive Eastern pioneer, West Germany—or even surpass it.

A glance at the Vienna telephone directory shows just how close Austrians are to their neighbors in the East: the book lists thousands of Hungarian, Czech, Slovak and Polish names. Business consultant

Andre Iglar says he feels culturally closer to Hungarians than to people from the Austrian city of Linz. And Pein claims that "80 to 90 percent of people in Vienna have relatives in Czechoslovakia." Now that all these relatives are free to visit each other, work is underway

to make travel easier and speedier. Super-highways are under construction. An envisioned bullet train could put Budapest within commuting distance of Vienna; the two cities are now a three-and-a-half-hour drive apart. Prague is nearly as close.

Vienna also boasts an infrastructure no Eastern capital will be able to match for years to come. It takes about 18 months, for example, to have a telephone installed in Hungary. And many foreigners still find the prospect of operating out of Eastern



Europe a little daunting. Among them is one group of South Koreans that recently visited Hungary. "They found it was impossible there," says one consultant who worked with them. "For them, Budapest is still exotic." The South Korean company has decided to set up shop in Vienna.

Growing pains: So do many of the world's most powerful corporations. IBM is bolstering its Vienna-based regional headquarters for Central and Eastern Europe. A portion of Hewlett-Packard's European headquarters will soon relocate from Geneva to Vienna. All this activity is not without its costs. Viennese residents are enraged over a staggering 300 percent rise in some real-estate prices over the past year. And expatriates complain that the once mellow capital is becoming too crowded.

Will the Viennese boom last? Skeptics warn against putting too much stock in Vienna's expansion over the long term. In just a few years' time, they point out, it might make more sense for corporations to establish themselves in the East directly. And although most businessmen predict that Vienna will maintain its lead in the area for at least five years, they also caution Austrians against becoming complacent. "There was no competition before in dealing with the East," says business writer Detlef Gurtler. "Eventually there will be, from Berlin, Budapest, Prague." Andre Iglar believes that Budapest might pose the biggest threat. His definition of a Hungarian: "Somebody who gets into a revolving door behind you—and gets out ahead."

MARKOS KOUNALAKIS in Vienna

Old World

Austria is nostalgic for the Hapsburg empire.

