

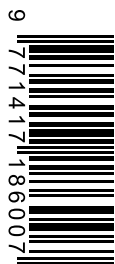
# BUSINESS HUNGARY

A PUBLICATION OF THE AMERICAN CHAMBER OF COMMERCE IN HUNGARY

NOVEMBER 2008 – VOLUME XIX/9

## Weathering the storm

FINANCIAL CRISIS HITS HUNGARY HARD



ISSN 1417 1864  
Online: 1417 3778



**Competition often seen as negative**

INTERVIEW WITH  
PSYCHOLOGIST  
MÁRTA FÜLÖP



**Resuscitate Hungary's design industry**

BUDAPEST'S  
DESIGN WEEK  
ONE OF THE  
LARGEST



**Whistle-blower legislation**

WILL HUNGARY  
FOLLOW THE  
EXAMPLE OF  
THE US?

*Hungarian  
State Opera*



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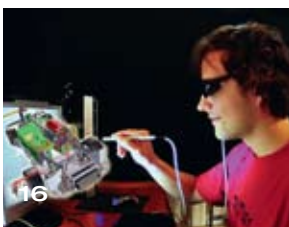
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## CONTRIBUTING WRITERS

Amy Brouillette, Ágnes Farkas,  
Gábor Karsai, Tamás Kern,  
András Török

## PHOTO CONTRIBUTORS

3DforAll, BH-PXB Archive, Amy  
Brouillette, Gábor Buda, Runa  
Hellinga, Marton Mágocsi, Attila  
Nemeth/U.S. Embassy Budapest,  
Reuters, Stockxport

## PUBLISHING DIRECTOR

Margit Kohanecz

## SALES MANAGER

Krisztina Otto  
(+36 30 664 96 47)

## PRODUCTION MANAGER

Péter Wunderlich

## PUBLISHER

András Wiszkidenszky

## BUSINESS HUNGARY IS PUBLISHED

10 TIMES A YEAR BY

**PXB PRINTXBUDAVÁR ZRT**

H-1061 Budapest, Király utca 16

Phone: (+36 1) 887 4848

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1013 Budapest, Krisztina krt. 55.  
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**DR. PÉTER OSZKÓ**  
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papp.istvan@t-systems.hu



**CHIEF EXECUTIVE OFFICER**  
**PÉTER DÁVID**  
AmCham  
1052 Budapest, Deák Ferenc utca 10  
T: (36 1) 266 9880 Fax: (36 1) 266 9888  
peter.david@amcham.hu

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# Dear Members and Friends

IN OCTOBER, AMCHAM HUNGARY, along with the collective efforts of seven other AmChams and major global and regional energy players, organized the Second Regional Energy Forum. The aim of the forum: to address critical energy challenges that threaten to cripple, not only Hungary's, but the entire region's competitiveness in the global marketplace.

The two-day conference left participants full of thoughts, ideas, and challenges, but most importantly, it clearly defined a message that is loud and clear. The corporate world, the business world, demands a regional energy policy as part of the European energy policy.

We are one region, defined not only by our common history, an outdated energy infrastructure, and exponential growth in energy demands, but also by our presence in the European Union. Those countries who are not yet members of the EU will soon become members. Our energy interests, our economic interests, and our development interests are very often the same, and we should clearly see that in order to modernize our economies, to increase our competitiveness, and to converge with the more developed countries of Western Europe, we need to work and act together. Each country in the region can only hope to be successful if the entire region is successful.

To achieve this, we need to build on the multi-stakeholder dialogue held and promoted during the regional energy forums and to instigate real multi-stakeholder actions, with all groups – business, government, NGO, academia, and media – doing their part.

AmCham Hungary, as a representative of the business community, will take this initiative forward to its partners. We will take it onto our lobbying agenda and join forces with others to keep pushing, because these issues will not go away. In doing so, we are not going to automatically follow others, and we will not be able to simply copy and paste a solution. We will have to find our own answers, develop solutions that build on the key competences already available in the region and the unique needs and demands of the countries in it.

I would like to personally thank again the support of GE, MOL, the other sponsors of the forum, and the efforts of the eight cooperating AmChams, who have historically, for the first time, demonstrated that we have to work together in an area which is initially not our first priority.

AmCham Hungary will continue to concentrate on the real issues demanded by the real economy and address real questions in an alarmingly fast-changing global economy. This is fundamental if Hungary wishes to find a sustainable path for growth, development and convergence with the wealthy nations of the European Union.

Kind regards,  
Gusztáv Bienert



Each country  
can only hope  
to be successful  
if the entire  
region is  
successful.



# Weathering the storm

FINANCIAL  
CRISIS  
HITS  
HUNGARY  
HARD

The international financial crisis has developed rapidly since the bankruptcy of investment bank Lehman Brothers in mid-September. It looks as if an international financial meltdown has been prevented at the very last moment, while a financial collapse of Hungary seems to have been averted also – though there might still be unpleasant surprises lurking in the dark. But we are now heading for “stag-deflation,” writes Nouriel Roubini, Professor of Economics at NYU and credited as one of the very few who, back in February 2006, predicted this crisis.

BY HENK HIRS

IN INTERNATIONAL ECONOMIC DEBATES, three major issues dominate discussion: how deep the recession we’re heading into will be, how much state influence there should be in the financial sector, and how big a fiscal stimulus program should be. The outcome of these debates will have profound consequences for the Hungarian economy for years to come.

## STAG-DEFLATION

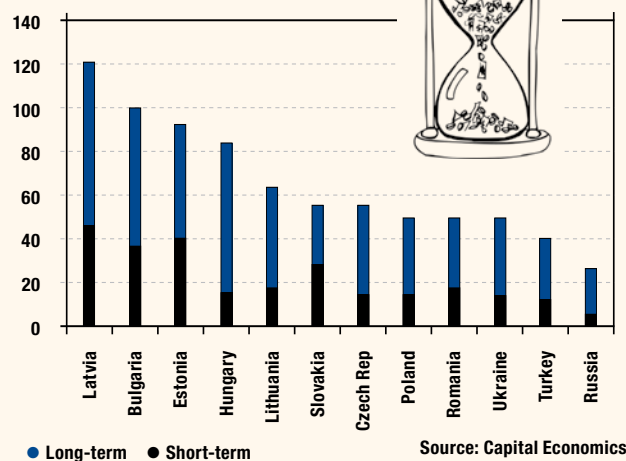
AFTER ONLY A FEW WEEKS OF CRISIS, there are few economists left who think this is just a shallow recession with things picking up again sometime next year. The IMF now predicts a recession that will last well into 2009, with growth figures for the EU and US around 0% at best. More banks may fail as doubts persist about the viability of their business models, the IMF warns, while private funding is “virtually unavailable” and banks will have to rely on public intervention, asset sales, and consolidation.

Governments feared a run on banks, as happened to Postabank in 1997.

## DOMINO EFFECT

Widespread lending in foreign currencies in the region, mainly in euro, leaves many Central and Eastern European countries vulnerable to swings in their local currencies, while widening current account shortfalls may spur depreciation, the World Bank said in a statement. Banks in the Baltic countries, Romania, Bulgaria, and to a lesser extent Hungary, are most dependent on foreign borrowing to fund domestic credit growth. Banks in the Czech Republic, Slovakia, Poland, and Slovenia are least dependent on external funding sources, as domestic deposit base covered more than 80% of total domestic credit there. Central Europe has little direct trade exposure to the US (less than 4% of total exports), but a real slump in the euro zone – which takes more than 60% of CE-4 exports – would hit the region bad. A financial crisis in one country, for example Hungary, would have severe domino effects on the entire Emerging Europe region, including Turkey.

## GROSS EXTERNAL DEBT (% of gdp)



Roubini is even less optimistic. There are about a dozen emerging markets that are now in severe financial trouble, and even a small country can have a systemic effect on the global economy, he writes at his Website [www.rgemonitor.com](http://www.rgemonitor.com), while there is not going to be enough IMF money to support all of them. In his opinion, this is the most severe crisis in the US, Europe and emerging markets since 1929: "I fear the worst is ahead of us." Roubini also states that inflation is not the major worry at the moment, on the contrary, "goods markets, labor markets, commodity markets, financial markets and bond markets are all sending the same message: stagnation/recession and deflation (or stag-deflation) is ahead of us in the US and global economy."

## HUNGARY HIT HARD

FORECASTS FOR HUNGARY HAVE QUICKLY become very somber, too. The Gyurcsány government now reckons with a GDP figure for 2009 of -1%, but even this might be too optimistic, with the IMF already talking about a more than -2% scenario. "The real crisis is just starting," says Zsigmond Járai, former finance minister and NBH governor.

First of all, recession in the euro zone will make life a lot more difficult for companies using Hungary as an export base. The first hit is the automotive industry, with car sales slumping everywhere. "There are many suppliers for the car industry in Hungary, and they will be severely hit," says Csaba László, also a former finance minister and now a tax expert at KPMG.

The real estate market has come to a standstill, too. Until the beginning of October, the German open-ended funds, which are the main players in the entire real estate market in Hungary, were still active, says Charles Taylor, managing director of Cushman & Wakefield in Budapest: "We signed deals up to the first days of October. But they have now, one after the other, pulled the brakes, so everything is on hold at the moment." According to László, only a few of the projects that were in the pipeline until recently might in the end be continued, but most will be either canceled completely, or scaled down significantly, which will severely damage the building industry.

The retail sector will feel the pinch of the government measures to limit the 13th-month pension payout and reduce wages in the public sector in 2009 by about 12%, the most severe belt-tightening

program since the Bokros package in 1995. Tourism, services, electronics, FMCG, or logistics, they are all bound to follow. "It is clear that we have to be prepared for more; most of the real economy will be seriously hit," says László. FDI will certainly go down, he adds, although at the same time international companies with operations in Hungary are more likely to decide to close or scale down their more expensive operations in Western Europe, and move parts to Central Europe. "I'm sure that will happen too," he says.

## GOVERNMENTS STEP IN

THE INTERNATIONAL FINANCIAL meltdown was averted only after several Western European countries, headed by British Prime Minister Gordon Brown and followed later by the US, guaranteed deposits and new bank debt issuance, and injected hundreds of millions into the banking system, saving some banks from collapse, and shoring up others to improve their ability to deal with the crisis. In the process, many national governments (Iceland, Great Britain, Belgium, Netherlands, France, Germany) nationalized banks entirely or took controlling shares, allowing them to influence strategic decisions of the financial institutions in question.

Only months ago, such measures would have been deemed Marxist, draconic and impossible, but today there seems consensus among most international economists that this is unavoidable. On CNBC television, Roubini called for "an appropriate system of oversight and regulation of the entire financial system; of banks, hedge funds and brokers." In an article in the *Financial Times*, George Soros said that the current crisis is a "super bubble" based on the false supposition that the market will correct its own extremities without the need for intervention, and he strongly argued for public capital injection in banks. Paul Krugman of Princeton University, who was awarded the Nobel Prize in Economic Science this October, wrote that "the US and Europe should just say 'Yes, prime minister.' The British plan isn't perfect, but there's widespread agreement among economists that it offers by far the best available template for a broader rescue effort." According to Flemish economist Paul de Grauwe, even a complete nationalization of major banks might be needed to prevent non-nationalized banks from weakening as depositors are fleeing to nationalized banks.

There are also more and more calls for a truly European system of financial supervisors, a European economic government, and a European sovereign wealth fund, while Daniel Gross and Stefano Micossi, both experts in European affairs, wrote on November 1: "The euro is plunging and EU banks are coming under renewed pressure. There is a strong demand for 'European' bonds, as well as a need for massive government capital infusions to prevent the crisis from getting worse in the banking sector and the European periphery. This is why the EU should set up a massive European Financial Stability Fund."

Part of the problem was that financial deals, products, and structures became so complicated, that even bankers themselves didn't understand them anymore, says László. "Perverse incentives



The automotive industry is the first to be hit hard.



# More control over financial institutions is likely.

lead to perverse outcomes, with bankers only going for the short-term benefits,” he adds. He also advocates stricter regulation of investment banks to prevent conflicts of interest and of rating agencies (“some even suggest these should be abolished,” he notes).

Not everybody agrees with this trend of growing state interference. As economists Rancière, Tornell and Westermann wrote in *The Quarterly Journal of Economics*: “Some argue for the rolling back of financial liberalization and for a return of the good old days of strict regulation. Not so fast! Today’s bailout price seems high. But is it that much relative to the higher growth the US has enjoyed in specific sectors and overall? Let’s wait for the final price tag. Other countries’ experience tells us that financial liberalization – and some of its consequences – ain’t such a bad idea after all. They also teach us the importance of jump-starting the lending engine quickly, so as to avoid a growth collapse, and for the regulatory agencies to refrain from killing the natural risk-taking process that accompanies the resumption of credit growth.”

## THE HUNGARIAN BANKING SYSTEM

IN HUNGARY TOO, STRICTER REGULATION of the financial sector is needed, say both Járαι and László. “The lack of transparency in the financial system, the absurd salaries, all that is true for Hungary, as well,” Járαι says. But at the same time he warns that it shouldn’t be overdone: “we have to remember that governments and national banks make mistakes, too.”

Both economists suggest that the fact that most of Hungary’s banks are foreign owned, is not entirely positive. “If two international banks in Western Europe decide to cut credit lines between each other, then such a move will automatically extend to Hungary,” says László, who used to work for ABN AMRO (now bought by the Dutch government). According to his onetime ABN AMRO colleague Járαι, “the first duty of international banks is their home market, not financing their Hungarian subsidiaries.”

Therefore, in Járαι’s opinion, serious steps still have to be taken in the Hungarian banking system, including bailouts and bail-ins: “Liquidity is needed, I hope the IMF can assist in this.” He says he is surprised that this hasn’t happened yet with regards to OTP Bank, even though the bank is fundamentally sound and strong. László, on the other hand, argues that such a move would send a very bad message to the markets, and is not likely anyway. Management of OTP has been a large stakeholder in the company for a very long time, he says, and it will do everything to stay independent – and rightly so.

## KEYNES REVIVAL

INTERNATIONALLY, KEYNESIAN POLITICS IS MAKING A COMEBACK. “What is also needed in the US is ... a Keynesian fiscal stimulants program to fight the upcoming recession, so more government investments in roads, alternative energy, IT, and other public works,”



### ROUBINI ON HUNGARY:

“One should hope that the political forces – government and opposition – will stop bickering in public about what the right policy response should be and realize that the times are dangerous and further political uncertainty leads to policy uncertainty that does not boost confidence for nervous and trigger-happy investors.” (Roubini on October 21, after a visit to Hungary.)

Roubini writes. Even US Federal Reserve chief Ben Bernanke has said more government spending may be needed, and clearly this issue is also on the agendas of Western European countries.

In Hungary, Fidesz is the most vehement proponent of such policies, advocating immediate tax cuts and more financial support for SMEs. Járαι supports these ideas only partly, and is unequivocal on the conditions for such policies. “I think a fiscal stimulus would be necessary, but tax cuts are maybe the most effective solution,” he says, but he adds immediately: “I agree with those who say that now is not a good time to reduce taxes. We must cut expenditures first and we must say this loud and clear. I do not see clear messages from Fidesz to that extent.” László is even more outspoken on this subject: stimulating consumption spending can help a bit, but doesn’t really do much in a small and open export-oriented economy like Hungary’s. “Fidesz tried it when they were in government and nothing much happened. Promoting FDI and export growth is much more effective,” he says.

Finally, Járαι – who is known for his harsh criticism of the government’s economic policies in the last six years (“They have not done anything right, which is why we find ourselves in the shameful situation we are in today.”) – is also afraid that the population and the political elites (plural) are still not aware of the gravity of the situation, he says. “Maybe in that sense the IMF package has even come too quickly, because the population and the politicians haven’t felt how serious this is. I’m skeptical to whether this international money will be spent wisely, on structural reforms, spending cuts and the downsizing of bureaucracy and corruption.” ★

# The euro as soon as possible

CRISIS  
MANAGEMENT  
AND THE  
NATIONAL  
SUMMIT

★ In focus

6

The National Summit called in mid-October by the government and held in the main hall of the Hungarian Academy of Sciences was undoubtedly a public relations (PR) action. A PR action in the original, professional, clearly defined meaning of the word is explained as “creating, promoting, or maintaining goodwill and a favorable image among the public towards an institution, public body, etc.”

BY GÁBOR KARSAI

**W**HEN A GOVERNMENT – under the pressure of the global economic conditions’ radical deterioration that occurred within a few weeks – is forced to withdraw its planned budget and accelerate the restoration of a balanced economy, or in other words, to suspend the implementation of its earlier promises made to the citizens and the business sector, it has to explain to society why these steps are

inevitable. The strengthening of the political and social support for the crisis management is especially important for a prime minister of a minority government who has lost his credibility in the eyes of many. This requires – as the lesson of the Öszöd speech shows – unquestionable openness and support from main institutions. He cannot expect applauding from the whole society. The decisions have to be made by the Parliament and the government. The goal of

A necessary  
and successful  
PR action.





the meeting was only to assure the parliamentary majority for the approval of the budget, to confront society with the new situation and, last but not least, to regain the political initiative.

It seems to us that the prime minister succeeded in reaching all of these goals at the National Summit, and that he steered himself again into the center. Even the representatives of the large companies supported the postponement of the tax reduction. The SzDSz practically accepted it on condition that other deficit-reducing proposals of the liberal party will be implemented. A number of participants – among them the present and former heads of the National Bank of Hungary and the president of the MDF – still felt that the tax reduction was necessary, but even they understood that this would be possible only if accompanied by parallel reduction of expenditures, meaning deterioration of the position of households. Understandably, the trade unions protested, but the majority of them resignedly accepted that the impact of the international financial crisis is unavoidable. Thus, Fidesz found itself quite alone when it demanded radical tax reductions and, at the same time, protested against the “new burden on families.” Their remarks and comments were so unprofessional that it seemed they didn’t hope or want to get into governing position in the next few months.

## CRISIS MANAGEMENT

IN THIS SITUATION, the head of the government – feeling the strengthening support from Parliament – acted as a crisis manager, trying to mitigate the burden on the society and, at the same time, lay the foundation for future growth of the economy, among others, through tax reduction. This can be concluded from the statement of the government that if economic development will be even less

favorable than expected today, the country should be ready for a worse scenario. On the other hand, a medium-term program is needed which, parallel with the short-term stabilization measures, contains steps that strengthen the medium-term growth potential.

The crisis can only be averted by strengthening the confidence in the banks and among the banks and strengthening international confidence in the Hungarian economy. Establishment of enduring confidence requires fulfillment of the conditions needed for the introduction of the euro as soon as possible. One of the most important criteria is to reduce the general government deficit below 3% of GDP. The 2.9% of the modified budget for 2009 fulfills this. Another criterion is that government debt should be below 60% of GDP, or should be reduced in two consecutive years. The debt will be reduced from 2009 for sure, maybe already in this year. The third criterion is the reduction of inflation. Hungary is still far from that goal, and progress is needed. The consumer price increase is expected to be less than 4% next year. This year, more than a 9% wage increase is expected in the business sector. Real wages could be maintained unchanged only if nominal wages would be reduced by 5%. This could help reduce inflation substantially, but seems a difficult task.

If in the next months the balance of the economy develops favorably, Hungary can enter the ERM-2 system (which is the ‘ante-chamber’ of the euro) in the first half of 2009. At the same time, Hungary could announce the aim of introduction of the euro in 2012. In this case, Hungary could enter a new phase of development, where it would be less vulnerable and more attractive for foreign capital. ★

*Gábor Karsai is vice CEO of GKI Gazdaságkutató Zrt.*



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# Competition often seen as negative

## MISGIVINGS ABOUT MARKET ECONOMICS

“Many Hungarians see competition as a necessary evil. That is even true for some businessmen who, although they are more competition-minded than others and realize competition is necessary, don’t really embrace the fact that they have to compete,” says Dr. Márta Fülöp, head of the cultural comparative psychology group of the Institute for Psychology at the Hungarian Academy of Sciences.

BY RUNA HELLINGA



Young people, too, want the advantages of both capitalism and socialism.

**F**ÜLÖP HAS DONE EXTENSIVE RESEARCH on the Hungarian attitude towards competition in comparison to other countries. Throughout the world, views on competition vary wildly. Japanese regard competition mainly positively, as a stimulus to better themselves. Americans regard their competitors simply as opponents, and good luck to whoever wins. “But Hungarians see competitors as enemies. They can’t shake hands afterwards, and losers seldom acknowledge the achievements of the other party,” says Fülöp. The repercussions of that view are visible in Parliament where – irrespective of which party has won the elections – opposition parties tend to be hostile and unwilling to reach compromises.

### EVEN THE YOUNG

IT IS EASILY UNDERSTANDABLE THAT OLDER HUNGARIANS have a negative attitude towards the rivalry that comes with market economics. After all, they grew up under communism, were raised – at least officially – with values like equality and cooperation, and started their lives in a system where jobs were guaranteed. On the surface, young people seem to be more positive about the idea of competition. But if it comes to competing within the Hungarian society, it turns out they share the view of their elders that successful people probably owe their accomplishments to nepotism, fraud or bribes.

Research shows that young Hungarians are more positive about competition than for instance French students are, Fülöp says. “They have been socialized in a globalized world and see competition as a fact of life. They don’t want to be losers and they have a more positive view on the motivating effect of competition than their French peers,” says Fülöp. “But as soon as you ask them



about competition within the Hungarian context, they become negative. They share the common view that in Hungarian society, people mainly defeat their competitors because they cheat and break the rules,” she adds. Competition between colleagues is seen even more negatively. Hungarians of every age associate efforts to outdo one’s colleagues with a lack of collegiality.

What adds to the view is the fact that many people are not very positive about market economics. “There is a certain anticapitalist tendency in Hungarian society, with research showing that young adults, just like their parents, want the advantages of both capitalism and socialism,” Fülöp says. Even among youngsters, she adds, you sometimes hear the argument that a market economy exploits workers and doesn’t lead to better products. “Those are actually the socialist slogans I grew up with, so it is strange to hear them from young people.”

Also, she says, many young adults regard the fact that hardworking people are the more successful ones as negative, because who wants to work hard? “And thus they reason that successful people must have cheated to reach their goals.” There is, Fülöp acknowledges, a certain reality in this view: “Things don’t always go according to the rules, and some people do pay bribes. On the other hand, in every society, rules are sometimes broken and people get treated unfairly.”

Whether citizens from neighboring former communist countries harbor the same attitude towards competition has never been researched as extensively as in Hungary. “But colleagues from those countries always say they recognize a lot in what I am telling,” Fülöp says.

## EDUCATION

THE PARADOX IS THAT HUNGARIAN children actually grow up in an extremely competitive educational environment, as competitiveness is a key element of the Hungarian schooling system. “In comparative research of the British, Slovene and Hungarian schooling systems, Hungary came out as the most competitive, Great Britain came second, and Slovenia turned out to be the least competitive. There, the emphasis is very much on cooperation between students. The present-day Hungarian curriculum also emphasizes the need for cooperation, but most teachers still rely on competitive methods,” Fülöp says.

But extensive classroom observations by Fülöp and her associates showed that there are some negative side effects, too. “We often saw that young children complain if they notice that a classmate is cheating. In response, teachers often tell them to mind their own business. By doing so, they reinforce the idea that winners do cheat and older students stop reporting on such things.” So even though young Hungarians like winning, almost half of them associate winning also with negative feelings.

“On the one hand, we are living in a very money-conscious society where

everybody wants to become rich. On the other hand, people are afraid for the reaction their successes evoke. So even in wealthy districts where people live in fancy houses and drive expensive SUVs, they will tell you they are only middle-income earners,” says Fülöp.

## AGGRESSION AND ANGER

THE MAIN PROBLEM WITH A NEGATIVE PERCEPTION of competition is that it excuses the loser from trying to improve himself or herself, she adds. After all, losing is never one’s own fault; it is the result of unfair circumstances and of the fact that the winner has been cheating. Japanese who lose will think of what to do to be more successful next time. But for many Hungarians, that is an unlikely response. “Aggression and anger are much more likely,” Fülöp says.

It is not just the loser who reacts negatively, she says. Research shows that the way people regard competition reflects in the way they treat their opponent. If you see competition as a fair thing, you develop your self-esteem and become able to have empathy with your opponent. “But in Hungary, winners often feel guilty about winning. Therefore, they are not proud of their own achievements, but rather talk their opponent down and treat him as stupid.”

In noncompetitive situations, on the other hand, Hungarians show a great deal of empathy towards other people. Their goodwill in such cases is often bigger than, for instance, in many countries without a communist past, Fülöp says: “While Hungarians don’t like the idea that people need to break the rules to become successful, they often are prepared to break those rules in order to help somebody who needs it.” ★





# Teva and Richter expanding

BUT  
PHARMACEUTICAL  
COMPANIES  
STILL STRUGGLING

Almost two years after the Hungarian government passed an act that increased taxes for pharmaceutical companies, its immediate effects have left some industry leaders skeptical about the future of the region's drug manufacturing market. Some companies are directing activities away from Hungary, but at the same time, some major market players have also announced substantial expansions in the country.

BY MARISA BEAHM

**I**N JANUARY 2007, the pharmaceutical industry became governed by new drug financing laws that set out to curb the state's drug expenditures (see box). Ever since, drugmakers are feeling a financial pinch in the local market. László Buzás, director of the

Hungarian Pharmaceutical Manufacturers Association (MAGYOSz), says his "outlook for the future is not good."

After the law was enacted, Richter had one of its hardest financial years ever, says Zsuzsa Beke, Gedeon Richter head of public relations. According to the company's 2007 financial report, Hungarian sales recorded in forints, which were Ft 31.1 billion for 2007, fell 14% from 2006. "Now Hungary is facing the strictest pharmaceutical regulation of all European countries," Beke says. "Parts of the package exist in other countries, but not all of the elements. We collected all the elements."

EGIS Pharmaceuticals, Hungary's fifth-largest drugmaker in 2007 according to Buzás, reported a 7.5% decrease in Hungarian sales in the first three quarters of the 2007/2008 fiscal year, which ended on September 30, compared with the same period last

The appeal is  
Hungary's long  
traditions in  
manufacturing

## INDUSTRY SNAPSHOT

The advent of the Hungarian pharmaceutical industry came in the 1860s, and today more than 40 companies have licenses to manufacture drugs, Buzás says. According to MAGYOSz, about 14,000 people are directly employed by the industry and another 30,000 are indirectly employed, mainly in the areas of research and trade. Despite the wealth of producers in the market, six main companies that yield more than 95% of production in export and local sales dominate it.

"Our four largest producers - Chinoin/Sanofi-aventis, EGIS, Richter and Teva are ranked among the top ten Central and Eastern European drug companies," Buzás explains. About 70% of the pharmaceuticals produced in Hungary are exported, and the region's specialty is geared toward generic drugs, Buzás adds. In 2007, the Hungarian pharmaceutical market had a combined net revenue of Ft 635.7 billion; Ft 155 billion of it was domestic.





## Debrecen will see the establishment of two new R&D facilities.

year. This was partly attributed to the reimbursement laws and subsidy costs, according to its third quarter report. The company also reported that by the third quarter, it paid Ft 576 million to the government for the 12% rebate and medical representative fees.

Hungary's "very strict measures" have "hurt all the Hungarian companies," says Lajos Hegedűs, managing director of Teva Pharmaceutical Works, the Hungarian arm of the Israel-based multinational company. While production volume at Teva is not much smaller than before 2007, their profits and prices are much lower, he explains.

### PUSHING ACTIVITIES ELSEWHERE

DOMESTIC SALES ALSO DECREASED FOR SANOFI-AVENTIS, but "what is more important is that our international competitiveness has decreased due to the decision made by the government," says Iván Rózsa, Sanofi-aventis public relations manager. To adjust to the increased Hungarian taxes, Sanofi-aventis has stopped hiring new employees in this region, reduced its marketing budget and moved a project to Italy rather than Hungary, where the "taxes are five times less," Rózsa explains. "If it remains as it is, Hungary will lose all its projects in favor of other countries in the world."

Similarly, the legislation has pushed Richter to improve cost effectiveness by starting a hiring freeze and pushing production to neighboring countries like Romania, which has had a tablet production facility since 1998. Richter also moved active pharmaceutical ingredient production to India to reduce cost, Beke adds. Even though the company is looking outside the region for growth, there are no plans to change its headquarters, since Hungary is where they have been since 1901, and it is still Richter's core market, Beke says.

### IMPORTANT EXPANSIONS

BUT THE STATE'S ESTABLISHED MANUFACTURING fields and the available labor market is still encouraging companies to expand in Hungary, too. Teva, the world's largest producer of generic drugs, has started a significant expansion project in Debrecen, which should finish construction in 2010, according to Hegedűs. Teva plans to double its current production of eight million tablets a year through its new tablet facility center. It is projected to run at full capacity by 2011. The company's expansion also includes a research and development center that is on schedule to finish in 2010. With the expansions, the company wants to double its revenue, which was \$10 billion last year, Hegedűs says. Currently, Teva has about 2,000 employees in three locations in Hungary.

The appeal of the local market is its long traditions in manufacturing. The plants are efficient, the quality standards

are high, and the cost of manufacturing is low, Hegedűs says. Furthermore, Hungary has a secure labor market that is difficult to find in Western Europe and is found here for half of the cost. "The professionals are secure for the long term," says Hegedűs, who doesn't expect the wages to even out for about five to eight years. A serious point of the company's decision to stay in Hungary was because the government gave it a grant for the project. Hegedűs did not release specifics, but [www.outsourcing-pharma.com](http://www.outsourcing-pharma.com) reported it as a \$12 million incentive. Teva's hope in Hungary is that the generic market will continue to grow, Hegedűs adds, and even if this does not occur, they expect a lot from the manufacturing markets.

Interestingly enough, Debrecen is also the location for Gedeon Richter's new investment project: a new biotechnological R&D and manufacturing plant, which will employ 110 people and have a total expenditure exceeding Ft 15 billion. Richter, too, will receive a substantial grant for this investment, the construction of which will begin this year. As the Website of the company reads: "Besides the new manufacturing unit being a milestone in the realization of Richter's strategic goals, it is also a significant step forward in enhancing the competitiveness of Hungarian industry and thereby that of Hungary, too. Richter's unit in Debrecen will be one of a kind in Central and Eastern Europe." ★

### LEGISLATIVE CHANGES

**The governmental act, called the Drug Economic Act or Medicine Economy Law, came into effect in January 2007. It reduced the prices of some generic drugs and cut subsidies, while in addition, if an overrun in the state's reimbursement budget occurs, now pharmaceutical companies and the National Health Insurance Fund must cover the deficit. In 2007, the budget wasn't exceeded, according to Gedeon Richter's 2007 financial statement.**

**This Drug Economic Act also contains the stipulation that drugmakers must return 12% of subsidies made by the National Health Insurance Fund. For Richter, this translated to Ft 1 billion in taxes in 2007, according to Zsuzsa Beke, head of public relations. The original financing law also included a clause that all pharmaceutical employers would have to pay Ft 5 million annually for each of their medical sales representatives, but the measure was cited as illegal and was overruled by the Constitutional Court in June this year. Had it not been overturned, it would have cost Richter about Ft 700 million annually, Beke says.**

# The digital generation

HUNGARIAN  
TEENAGERS  
DIFFER A LOT  
FROM THEIR  
PARENTS

In a world which teenagers perceive as highly uncertain, brand names have gained enormous importance. "Brands are part of the global teenager culture and give them a feeling of belonging. Wearing the right kind of clothes makes them part of a group," said sociologist Bence Ságvári during a conference on consumers under the age of 18, that took place at the beginning of October.

BY RUNA HELLINGA

**O**N THE OTHER HAND, Ságvári stressed, it is equally important for teenagers to have the feeling that they are ahead of the crowd, that they are trendsetters, not trend-followers. That is why owning the latest gadget, the newest iPod or newest model mobile phone has become an important status symbol, and that is why they join a certain subculture. "The worst that can happen to a 15-year-old adolescent is that 11- or 12-year-olds start wearing the same clothes. Then, it becomes high time to switch to some other style."

## COMMUNIST SYSTEM

SÁGVÁRI, MANAGING DIRECTOR OF RESEARCH INSTITUTE ITHAKA, is the author of the Fanta Trend Report, a research into the consumer habits of present-day Hungarian adolescents. "Teenagers who were born after 1990 differ radically from the generation before them, as they don't have any physical remembrance of the communist system in which their parents were raised."



Present day Hungarian adolescents grew up with the abundance of choices the modern market economy offers and with the digital revolution of the last 15 years. They are not just different consumers, but they have an entirely different attitude towards life than their parents. While older Hungarians see security, trustworthiness, family, and children as the most important positive values in life, their kids cherish competition, freedom, an open world, prosperity, and good possibilities to develop themselves.

But teenagers worry a lot too; about their future, about the stress of modern society, and about life in general. Many of them have the feeling that life is too demanding. These are not exclusively Hungarian teenage worries. The wide popularity of nihilistic and depressed subcultures like punk, gothic, and emo are evidence that globally, many teenagers share a rather somber view on life.

Like elsewhere, emo has become one of the most popular subcultures in Hungary, so much that the typical emo style – tight dark jeans, a belt full of studs around the hips, and unevenly cut hair that covers one eye with a black-dyed strand – has become a mainstream way of dressing. But although it simply has become youth fashion, emo's broody character and its association with shyness, social withdrawal, and even suicidal behavior, in a way symbolize the mood of many of Hungary's post-1990 generation.

## MATERIALISTIC

"THEY ARE LOOKING FOR NEW EXPERIENCES, but are also quickly dissatisfied. They are individualistic and materialistic, often feel very insecure and confused, and they have a gloomy picture of the future. If things go wrong, they never blame themselves, but

The Internet has  
become the place  
where adolescents  
stay in touch.



always the outside world,” says Ságvári. Broody or not, modern Hungarian kids have money in their pockets and billions of forints to spend, and so they have become an important target group for marketing. “94% of Hungarian teenagers use a mobile and SMS, 91% own a mobile phone, 68% listen mainly to MP3, 62% download files, 36% read blogs, and 17% blog themselves,” Ságvári lists.

Commercials that target kids of all ages have become big business, but are also regularly criticized as being harmful. Young children should actually be protected against such advertisements, agrees psychologist István Sas, as they lack the capacity to make a difference between real and make-believe: “Kids under eight cannot distinguish between something their mother says and something a penguin in a commercial tells them.” Even parents of 12- to 18-year-olds need to realize that teenagers are still easy to influence, he adds.

On the other hand, making a good commercial for teenagers is not that simple, as they are a critical audience that is used to a constant stream of interesting, funny, and scary videos on sites like YouTube and, therefore, become easily bored. What an adult deems funny, teenagers sometimes find completely dull. Those who target teenage consumers need to realize that their own youth was radically different from that of present-day adolescents, warns youth magazine publisher Csaba Illés, who publishes Hungary’s most successful youth magazines *IM*, *Bravo* and *Bravo Girl*.

“Many advertisers and journalists who write for adolescents take their own youth as a sample audience,” Illés says. “But we were completely different kids. We maybe had a Walkman, we went for holidays to Lake Balaton or, maximum, a trip to the Yugoslav coast, and we were happy when Grandpa gave us his old watch as a present. Now kids have their own laptop and shop

online. They carry their music collection in their MP3 player. If you want to reach them as consumers or readers, you need to make a completely different kind of magazine or advertisement than you would have done 20 years ago.”

## GROWING UP FASTER

**CHILDREN GROW UP MUCH FASTER** than their parents did. They have access to information and see things on television that would have been kept away from them a generation ago. The world they grow up in is harder, more direct – and on the other hand, they get opportunities their parents could not even dream of. In the US, even preschoolers can get their own Barbie credit card. “Twenty years ago, even an 18-year-old still behaved childlike, now 13-year-olds behave like adults. Modern life is much more demanding. It has become very important to go to a good school and a good university, so the social pressure on kids is enormous,” says Illés. Kids used to rely on their friends, youth magazines, radio and TV for information, but nowadays there is one source of information that outstrips all the others: the Internet. That same Internet has become the place where adolescents stay in touch with their friends, meet new people, write blogs, and in some cases, even start a career.

For many adolescents, digital experiences on the Internet have become a substitute for real experiences, says Ságvári, and in a way, digital life has become real life. As they are constantly bombarded with information, the border between culture and commercials becomes blurred. He wonders what the end result will be: “It remains to be seen whether it will lead to a generation that has lost its touch with real life, or whether on the contrary, these kids become super-communicators who are constantly in touch with the world at large.” ★

Many teenagers  
share a rather  
somber view  
on life.



# Useful after all

## SHIFT IN FOCUS OF HOUSING SUBSIDIES NEEDED

Hungarian economist Dénes Varga argues that the current housing subsidy program is wasteful and costly, and the government is misspending its money. The forint-based subsidy system should have been extinguished in 2004, and the government should have converted the existing portfolio to foreign currency, says Varga, who heads Hungarian research firm DEM. But representatives from Fidesz and the Progressive Institute only partially agree with Varga's criticism. **BY MARISA BEAHM**

**W**HILE VARGA EXPLAINS THAT SUBSIDIZING housing loans is a good policy instrument, Hungary has had the wrong approach, he says. Kornélia Magyar, Progressive Institute director, and László Mádi, Fidesz representative in Parliament, both recognize the need for policy changes in the system; they both say the current program is still useful, especially in light of the current credit crunch.

### INITIAL SUCCESS

WHEN THE GOVERNMENT-SUBSIDIZED mortgages (see box) were first created and introduced in 2000, under the Orbán government, they were useful because there was a lack of competition in the field and housing loans had very high interest rates, says Mádi. The

program proved to be successful because it lowered interest rates and the construction of new buildings grew dramatically in this period, which increased both employment and the government budget, he adds.

A problem arose in the beginning of 2002, when the Orbán government expanded the scheme to cover also for the purchase and renovation of existing or used flats, even though these apartments rarely produce any revenue for the state, Magyar says. While she thinks the social-liberal Medgyessy government, which came into power in May 2002, should have abolished that element immediately, that wasn't done until the first Gyurcsány government took over in 2005. These "costly" extra subsidies from the 2002-2005 period will still have to be paid by the state to homeowners for the next ten to 15 years, Magyar says.





## SUBSIDIZED MORTGAGES

The idea of the original housing support system was to provide long-term mortgage loans with subsidized interest rates in a market that was plagued by high interest rates and a lack of foreign currency loans. The scheme also worked as a catalyst for new construction, as the government provides subsidies for the purchase and construction of new houses. In later adaptations, subsidies were also made available for rental fees or for making a house or flat accessible for the disabled, says Magyar.

The government funding given for building or buying flats does not have to be paid back if the buyers are couples who obligate themselves that they'll have children. There are also subsidies available based upon how many children a couple has, ranging from Ft 900,000 for one child to Ft 4.6 million for four children, Magyar explains. The state Website calls this the "nest builder" program that benefits couples under the age of 35. In 2007, the total subsidies amounted to approximately Ft 223 billion. In 2005, they were at their highest at nearly Ft 231 billion, according to Magyar.

As competitive loans with low interest rates in euros, Swiss francs, and yen became available in Hungary, more and more people started using these loans, rather than the government-subsidized ones, especially in the last two or three years, Mádi says. In the first eight months of 2008, nearly 90% of housing loans were in foreign currencies.

This development was one of the main arguments of Varga when he proposed scrapping the entire system. But Magyar disagrees, arguing that even under such circumstances, the government still profits from the program. Revenue of newly built houses from VAT and other taxes and levies is about 45% of the total value, she reckons. "There are almost 40,000 new houses built every year, which represent a value of some Ft 800 billion, resulting in Ft 360 billion a year in revenue for the government," she says. So even if interest subsidies reached a level of Ft 150 billion a year, "the current arrangement is still profitable for the government," she says.

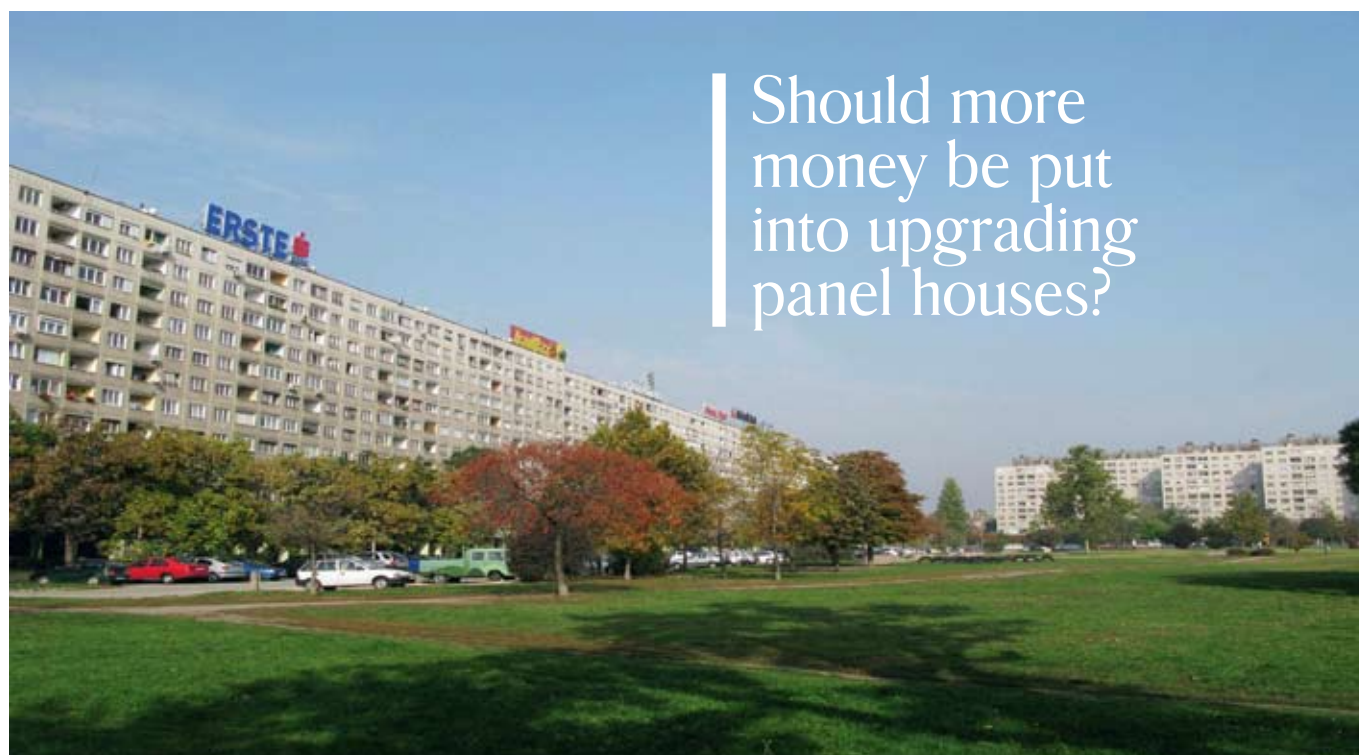
## FOCUS SHIFT

MÁDI AND MAGYAR BOTH EMPHASIZE that the government program does need a better social component to benefit the poor. The current system does not provide young people with enough opportunities to live outside their parents' house and needs to give more changes for mobilization from

flats or upgrade their current flats, Mádi says. Magyar concurs: "The government should shift its focus from subsidizing home ownership to putting more money into upgrading the panel houses and into providing rental apartments for poor people," she says. "That is a social question that needs to be addressed, and for which the revenue from the newly built homes could be used, as well."

The financial crisis also has a major impact on the whole situation. For example, one of Varga's recommendations to fix the subsidy system was to convert forint-based loans into foreign loans, something which is unlikely to happen now with Hungarian banks tightening foreign currency lending. Both Magyar and Mádi say that the credit crunch might make the Hungarian interest subsidy system more important again, although it doesn't necessarily mean the demand will increase significantly.

But given the fact that the latest circumstances – high interest rates and foreign loans being hard to obtain – look very similar to how they were in 2000 when the original system was introduced, it would seem all the more logical to continue the mortgage subsidies, Magyar argues, although that might not be in the plans of the government. "Now, in the financial, and possibly economic crisis, the state has to cut back its expenses, and the housing subsidy system probably won't be an exception," she says. ★



Should more money be put into upgrading panel houses?



# Virtual reality for everybody

HUNGARIAN WHIZ  
KID MAKES PC THREE-  
DIMENSIONAL

Before the end of the year, the small family company 3D for All will start the test production of its flagship product: the Leonar3Do console that converts a simple PC or laptop into a fully operating virtual 3-D environment. Leonar3Do is the brainchild and fulfillment of a childhood dream of 23-year-old Dániel Rátai.

BY RUNA HELLINGA

**W**HEN HE WAS A PRESCHOOLER, Rátai regularly watched a Polish animation film about a boy with a magic pencil that turned every drawing into reality. The series fascinated him, and he became enthusiastic for everything that slightly resembled the pencil's powers. When his older brother in school learned to draw in perspective, he tried to imitate him, piercing frustrated holes in the paper. As a teenager, he hesitated between becoming a sculptor or a car designer, both professions that result in a three-dimensional product.

But eventually, he went to high school to study IT. It was there that he managed to create something that came very close to the magic pencil. Using simple objects like cardboard red and green, 3-D glasses, drinking straws, Christmas tree lights and software

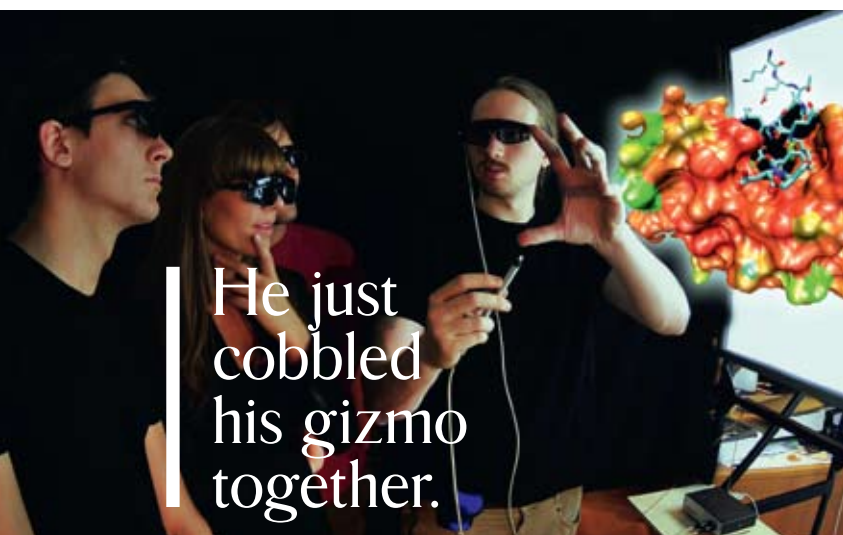
he wrote himself, he converted his computer into a real 3-D work environment: the prototype of Leonar3Do.

## AWARDS

**THAT WAS IN 2004.** In the years to come, that prototype would get several nominations and win awards in technical contests, ranging from a Hungarian contest for young inventors to the prestigious innovation award of the Technological Museum in San José, California. An American juror commented on Rátai's invention as follows: "Big corporations and research institutions have spent billions of dollars over decades to solve this problem. Meanwhile, this 19-year-old kid has cobbled this gizmo together using straws, Christmas tree lights and wire."

Thanks to financial support from the Hungarian government, mainly the National Office for Research and Development, as well as the help of his own family, Rátai was able to develop the system further. Together with his two brothers, he set up a company, 3D for All. Since they presented Leonar3Do at the SIGGRAPH, the world's largest international conference on computer graphics and interactive techniques, there is also serious interest from some large companies to produce the system.

Today Leonar3Do looks slim and sleek. But although the system is improved constantly, basically the design is not much different from Rátai's first device: a console the size of a small book that is connected to a pair of 3-D glasses and a special pen that acts as a 3-D mouse. Two sensors on top of the monitor follow the movements of the pen and the glasses, giving the user freedom to move around in front of the screen. Other 3-D systems generally require the user to sit exactly in front of the monitor. Leonar3Do is fully plug-and-play, and so easy to use that any child can learn to work with it in a couple of minutes.



He just  
cobbled  
his gizmo  
together.

# It will be a great educational tool.

## GREAT FUN

**AND IT IS GREAT FUN TO USE.** “Sometimes, I just sit here playing with it and completely forget what I was actually doing,” Rátai confesses. When the user puts on his glasses and starts to draw with the pen in the space between the monitor and his eyes, he sees forms appear in full color, not on, but in front of the screen, there where the pen moves. “There are other 3-D pens, but with them, you see the results of your pen’s movements only on your monitor, so it feels a bit like a blind-man drawing,” says Rátai.

Pressing a button, he conjures a sphere in the virtual space. Probing and pulling the ball with the pen, dents and holes appear and armlike shapes form. It is equally easy to rotate the floating objects, individually or all together, or let them tumble on the virtual floor. Commands are given with the keyboard. Instead of difficult-to-remember control and alt buttons, Rátai has chosen to use simple letter keys, so typing D puts the pen in drawing mode, while G means gravitate and R, rotate.

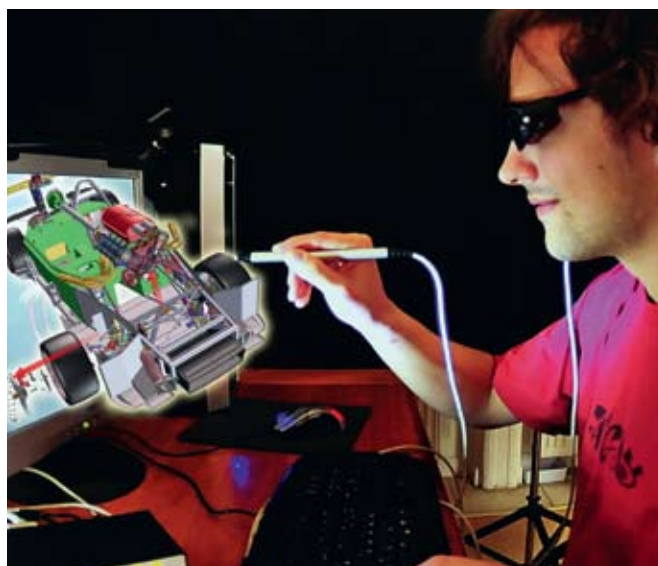
Every movement of the pen within the virtual working space is directly translated into changes in the object. It is done by a clever piece of software called real-time polygon optimization, which constantly recalculates the virtual geometrical structures that are the base of every 3-D image. “Other 3-D programs do these recalculations only at the finish, so you first get a distorted image,” says Rátai, demonstrating the much slower performances of a multi-thousand dollar competitor on a multi-thousand dollar special 3-D screen.

With an add-on, Leonar3Do’s images can also be projected with a normal projector on any screen, making it possible to hold a 3-D presentation for a large audience. “The only thing the viewers need are cardboard 3-D glasses,” says Rátai. Those glasses, by the way, are no longer green and red, but look almost completely transparent.

## HOMES AND SCHOOLS

**ALTHOUGH RÁTAI DOES NOT YET KNOW** exactly how much the console will cost, it will be in a price range that makes it affordable for home use as well as for schools. It is not by chance that he called his company 3D for All. “I think it will be a great educational tool. Imagine how much easier it will be for students to follow their teacher if he can draw them a 3-D image of a complicated molecule instead of drawing it on the blackboard?” Leonar3Do also offers great possibilities for game developers, as it makes virtual reality possible without the expensive helmets and gloves such games until now require. “Of course, kids love to play games in a real 3-D world. But developing games doesn’t really interest me, so I will leave that to others,” says Rátai.

He has other plans, though. The software he wrote in high school to simulate aerodynamics still lies about somewhere. “I was still contemplating to become a car designer in those days,” Rátai explains. “Such software, of course, already exists, but mine is the only one that offers the possibility to simulate the aerodynamics of soft materials,” he adds. “Imagine if you combine that with Leonar3Do. It would make it possible, for instance, to simulate



the behavior of parachutes. At present, NASA has to test every newly designed astronaut parachute for real. It would save a lot of money if they could run a simulation first and to test only those parachutes that stand a real chance to work.” But NASA has to wait. “I’m sure I will do something with that software later, but for now, I’m far too busy.” ★



# Passive house

"WHEN WE FEEL COLD,  
I JUST LIGHT A CANDLE"



**I**N A PASSIVE HOUSE, heat is produced with the help of alternative and sustainable energy sources, such as a geothermal pump, a water-air heating pump, solar panels, and/or a biomass boiler. All kinds of heat residue in the house are being used as well, like heat produced by various electric devices (refrigerator, hairdryer, computers) or heat from the bathwater left to cool in the tub. There is a special system to refresh and circulate the air, which manages to use the heat that's still present in the used air before it is blown out of the house. At the same time,

the house is extremely well-insulated so only a minimal amount of heat is lost, hence the name zero-emission house. As a result, a passive house uses only about a quarter of the energy of a conventional house.

The first passive house was constructed in Germany in 1990, and more than 6,000 have now been built in Europe, mostly in Germany and Austria, with the first few buildings of this sort now also under construction in Hungary. "Most people just can't believe that you don't feel cold in a house without a proper heating system," says Attila Béleczi, director

Even though the October morning is a bit chilly, the climate in the sitting room of the "passive house" of film producer György Mihály in Pilisszentlászló is friendly and warm. The air circulation system, connected to a geothermal heat pump under the house, senses if the temperature goes up or down too much and automatically starts cooling or heating the place, keeping it around 22 degrees Celsius. "And when we feel cold, I just light a candle. Its heat will be added to the temperature of the room, and it will become warmer," says Mihály.

BY ÁGNES FARKAS

of the Hungarian subsidiary of German construction company Bauland. Bauland specializes in energy-efficient building, be it houses, offices or warehouses. The company uses a special kind of highly insulating bricks that fit together like Lego blocks. Construction costs of such buildings are higher compared to traditional buildings, but as energy bills are much lower, they are very cost-effective in the end.

"Still, certain compromises have to be made; little turrets and curves are not very economical on these buildings," Béleczi admits. But the method could be suitable for building entire housing estates, he says. "It is our way of thinking that is the problem. Energy efficiency is not part of our lives, yet. We do not care if there is going to be enough gas left for our grandchildren. I have met people who prided themselves on being able to pay Ft 250,000-300,000 for a monthly gas bill."

But the Mihálys are entirely happy with their house in Pilisszentlászló. He even made a film about the construction, showing the nice, as well as the more difficult, aspects as a way to promote passive houses. And the Ministry of Environment was, at least until the financial crisis hit the markets, planning to announce a grant system worth several billion forints for energy-efficient reconstruction of buildings and the construction of low-energy houses. ★



## TOP BRANDS

# the greatest brands in focus

## BUSINESS SUPERBRANDS AND SUPERBRANDS 2008



Hungary's leading branding experts have selected the business and consumer Superbrands of 2008.

The Business Superbrands Committee and Superbrands Committee selected the best brands of this year. According to the international standards, the general public can learn about the very best and also the debuting new brands on the home page of Superbrands – [www.superbrands.hu](http://www.superbrands.hu) – after the Year of the Brands Gala at the end of the year.

### The Superbrands Program 2008

The Superbrands program's main goal is to introduce the finest brands to the wider public and help brand-conscious decisions of consumers. The program launches a large-scale campaign to present Hungary's leading brands. The Superbrands Committee of 14 decided on which brands receive the "Superbrands 2008" title. Members of the body are independent, volunteer professionals, representing the fields of media science and marketing. Hungarian Superbrands enterprises are chosen from the database (PIPACS) of the Hungarian

Patent Office (HPO), including 95,000 national registrations. Superbrands Committee selects the Superbrands of the Year 2008 from a shortlist derived from the HPO database.

### Business Superbrands 2008

The Business Superbrands program presents the very best of B2B brands, targeting not primarily the general public but companies and organizations. Business Superbrands titles are awarded by a committee of 14 acclaimed and renowned business experts. Our partner in the program was Dun & Bradstreet, who pre-selected the 3,000 companies from the 500,000 incorporated enterprises of Hungary that finally became the sample from which the committee could choose the first Business Superbrands.

### GoodCSR 2008

The GoodCSR 2008 Program globally presents, for the first time, the brands with exceptional social responsibility policies. Brands participating in the program are selected according to top international methods.

# The prime minister gets stronger

TAMÁS KERN, SZÁZADVÉG INSTITUTE

**O**CTOBER SAW A FUNDAMENTALLY AMBIVALENT situation emerging in Hungary: a financial crisis aggravated the political one, while the prime minister's position grew stronger both within his party and within the government. This is primarily due to the fact that Ferenc Gyurcsány could conduct a more successful communication exercise with the wider public than the largest opposition party could. The prime minister first used the National Summit and then the signing of the agreement with the IMF to demonstrate that he was more apt to find the way out of the crisis than his main rival, Viktor Orbán. Certainly, we cannot yet talk about governance in the political sense again, but Gyurcsány proved once more that he has extraordinary capabilities for survival.

Nothing proves his strength better than the fact that there are less and less analysts who doubt that he will be able to orchestrate

the approval of the budget in Parliament. Gyurcsány has expanded his exclusive power over all capacities that can serve his survival. So while he is the chairman of his party, and can therefore control the MSZP's economic and financial resources and organizational capacities, he can also control the communication space available to him as the head of government; and he could make it widely credible that he is the single person on the left who is able to implement intellectual and ideological changes (providing it with a program).

As political analysts, we certainly cannot forget that the prime minister conducts governance as an alibi only. While the crisis had been there in the West for several months, he kept silent about the risk of the financial crisis spilling over to Hungary. And when it became obvious that it would spill over, he – parading in his role as the savior of the country – initiated the convocation of a body which, as was obvious from the outset, could never attain its objectives, due to its composition (e.g. the invitation of former public dignitaries), the definition of a wide range of agenda items, and the publicity of the forum. However, “rounding up” the National Summit proved a befitting tool to obliterate the political responsibility of the government among the parliamentary parties, and to give cynical evidence that the opposition is the main culprit of political division, while the prime minister is ready for compromise.

At that moment, Gyurcsány – guided by appropriately perceived political reasons – was still not ready to start structural changes (e.g. state household, health care or social services) and to implement substantial expenditure cuts, although any responsible head of government able to govern would have done so at a time of crisis. However, one week later, at the brink of state bankruptcy, he had no other choice: following the IMF loan and in light of the economic recession predicted for next year, he announced social austerity measures. Though a prime minister of the left, he did so without talking first to the unions and other interest organizations. There are no signs either that the government will undertake any structural reforms, while it is also a reason for concern that the single-sided austerity program does not involve any efforts to intensify the economy or to accumulate budgetary resources to provide a basis for such efforts.

No doubt that the IMF loan and, partly, the interest rate policy of the NHB calmed down the markets, but the show was stolen by the prime minister. Having said that, we should also point out that none of this should encourage Fidesz to continue with its counterproductive communication strategy, disguised as a moral campaign, which is to focus almost exclusively on the removal of the untrustworthy prime minister. Society and the economic sector expect more from a responsible opposition party today: a coherent crisis program. Unfortunately, Fidesz does not have a public version of such a program, yet.

★



Gyurcsány proved again his capabilities for survival.

# Hungary's Got Talent

## TOP-CALIBER PROFESSIONALS ARE CRUCIAL FOR COMPANIES TO PROSPER THROUGH ECONOMIC DOWNTURNS

With financial shockwaves still rippling around the world after Wall Street's recent turmoil devastated confidence in the global economy, companies of all industries are now assessing how best to persevere through this current market crisis.

However, with so much focus on the "Nightmare on Wall Street" and potential impacts from the US government's freshly approved bailout package, it is imperative for business leaders to not forget another crisis that already threatens several major fields of world enterprise – an international shortage of qualified talent to ensure company growth in the competitive 21st-century economy.

It is widely understood that the people who operate a business are crucial assets to its success or failure, but when bad news dominates the financial headlines, many employers are quick to react by putting their recruitment plans on hold to temporarily cut costs. But many experts advise that this approach often backfires, as strategically investing in attracting top managers and specialists during downturns later offers companies a competitive advantage lost by those businesses shedding valuable talent.

As an emerging-market nation with a strong presence of major multinational companies established here, Hungary is in a unique position to weather the current financial turbulence, but as is common in many rapidly expanding marketplaces, a shortage of talent exists here too. Yet the highly educated and diversely skilled Hungarian labor market offers many advantages to regional employers, according to Andrea Deák, managing director for the Budapest branch of

Neumann International, a globally leading talent consultation firm.

"Companies are suffering to find good people. Today there are enough managerial positions offered, but in the high-pressure global environment, there are not many talented people available," Deák observes.

Nonetheless, the large pool of qualified Hungarian job candidates offers employers an array of eager talent whose personal strengths can be matched to the positions that suit them best.

"Today a lot of people have one or two degrees, speak multiple languages, and have ten years of experience," Deák says. "But talented people are not only educated and experienced, their personality is of the same importance – commitment, openness, flexibility. We are all different, some people are very good at building up something, some people are good in a crisis situation, some people are good in operations, and a few people are able to work with any situation."

Consequently, choosing an ideal candidate with the right variety of strengths and qualifications is a difficult task made easier with the help of a professional headhunting company, says Deák, as lengthy job vacancies cost businesses dearly.

"Today there are no companies that have redundant money to spend on anything," she says, noting that rushing to hire a less-qualified candidate can be even more expensive in the long-term. "There are no companies that can let themselves not hire the best people."

And while some of Hungary's most qualified job-seekers do choose to work abroad for portions of their careers, Deák notes that many Magyars prefer to return home for the prime of



their working years – the time when their experience is most useful to employers.

"Hungarian managers have opportunities to work in more countries, but I can tell you in our experience, at around age 40 people do not want to be far from home, for private and professional reasons," Deák says, pointing out that many of these Magyar experts have been working with Neumann throughout the course of their careers. "We have been in the Hungarian market for nearly 20 years, and our database has over 100,000 people – we have quite a good picture about the market."

To arrange a consultation to learn more about the state of Hungary's job market and how Neumann International can assist your growing company, call (+36 1) 200 8800, or check out [www.neumann-inter.com](http://www.neumann-inter.com) for more details.

ANDREA DEÁK  
Managing Director of  
Neumann International Kft. ■



# Crisis IN REVIEW

In October, the world saw itself on the brink of a financial meltdown. The crisis as it developed day-by-day in Hungary.



Share prices on the Budapest Stock Exchange plummeted amid the global rout in the world financial system. The BUX index fell 7.3%, weighed down by the 13% decline in OTP's share price. Trading in OTP shares had to be suspended twice after plunging more than 10%. Trading in MOL was also suspended after shares fell 13%. OTP announced that, for the time being, it would hang on to assets it had planned to sell, like its units in Serbia and Slovakia. ★

## OCT. 9 BANK DEPOSITS GUARANTEED

Hungary's Finance Ministry, Financial Supervisory Authority (PSzÁF), central bank (NBH) and Banking Association held a joint press conference in a bid to take the wind out of local jitters, emphasizing the stability of the financial system. Hungary's government guaranteed all bank deposits, raising the level of insured deposits from Ft 6 million to Ft 13 million. Earlier, EU finance ministers endorsed a similar deposit insurance in member states.



But at the evening of October 9, all hell broke loose around OTP Bank. The paper plunged 22% and there were wild rumors about the bank going bust, the state covertly buying up the bank's papers, or OTP being nationalized. Finance Minister Veres, NBH Governor

Simor and OTP Chairman-CEO Sándor Csányi were quick to rebuff the rumors, emphasizing that the fall of OTP Bank's share price had nothing to do with the value of the bank or the outlook for it, and citing its stable capital and liquidity conditions.

## OCT. 10-11 ACTION PLAN

Hungary's governing Socialist Party supported Prime Minister and party chair Ferenc Gyurcsány's call for a National Summit and a 12-point action plan to combat the risks of the global financial crisis.



With the forint depreciating to levels above 270 for the euro, the MKB announced it would not lend euro- and Swiss franc-based loans for an unspecified period, in a bid to keep its clients safe from unpredictable exchange rate changes. Later in the month, K&H Bank, Raiffeisen Bank and Volksbank International AG also imposed restrictions on forex lending. The NBH decided to pump unlimited funds to the interbank market through daily currency-swap tenders and scrap a limit on pension fund bond holdings to support the bond market.

## OCT. 14 MERCEDES GOES AHEAD

The global financial crisis will not affect German carmaker Daimler-Benz's plans to build a €800 million plant in the Hungarian city of Kecskemét, Daimler-Benz spokesman Florian Martens stated. Daimler-Benz announced in June that it chose Hungary for the site of the plant. It expects to start producing next-generation Mercedes A- and B-Class compact models in 2012.

## OCT. 15 FUND MANAGERS AT A LOSS

Stock markets fell sharply again, and speculative attacks against the forint continued. The majority of the investment fund managers polled by [www.portfolio.hu](http://www.portfolio.hu) admitted they had absolutely no idea about the possible outcome of events, and a number of them noted they were at a loss as to what to do with their portfolios.



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**OCT. 16 ECB CREDIT**

The European Central Bank (ECB) said it will lend as much as €5 billion to the Hungarian central bank to help revive the local credit market. Hungary, which isn't part of the 15-nation euro region, is the first East European country to receive ECB support, showing the fear for contagion to other CEE markets.

**OCT. 17 STABILITY BEFORE COMPETITIVENESS**

There is practically zero chance of a national bankruptcy in Hungary, NBH Governor Simor said. He stressed that the primary task now was to maintain the financial stability of the country, while tax cut and competitiveness issues may be put back on the agenda only when this is ensured.

**OCT. 18 NATIONAL SUMMIT**

At a National Summit, Gyurcsány applauded the employers' wisdom to accept that Hungary is now in no situation to reduce taxes. But Fidesz president Viktor Orbán said that a new austerity package to mitigate the impacts of the global financial crisis was unacceptable, and called for the resignation of the prime minister.

**OCT. 20 DOWNGRADED**

Fitch Ratings changed K&H Bank and CIB Bank's outlooks to negative from stable, following a downgrade of Hungary's outlook to negative from stable on October 17.

**OCT. 21 NITROGÉN MŰVEK**

Hungary's biggest artificial fertilizer maker Nitrogenmüvek decided to suspend production for a period of up to four weeks to ensure the viability of the company in the face of the global financial crisis.

**OCT. 22 INTEREST RATE 3% UP**

After the forint fell to over 284 per euro earlier in the day, in an unexpected emergency move the NBH lifted the deposit rate

from 8.5% to 11.5%. That same evening, NBH president Simor told television station CNBC that any comparison between Hungary and Iceland is entirely unfounded and unjustified.

**OCT. 22 HELP FOR FX DEBTORS**

Hungary's government persuades commercial banks to agree with measures defending the interests of people who have taken out foreign currency loans. Debtors can ask to extend the duration of the loan, to convert their foreign currency-based loan to a forint loan, or reduce or even suspend installments under certain circumstances.

**OCT. 26 IMF STEPS IN**

The International Monetary Fund (IMF) announced, without giving details, that it has reached an agreement with Hungary about a substantial financing package.

**OCT. 27 NEGATIVE GDP PROJECTIONS**

In its latest budget plan for 2009, the Hungarian government expects the country's GDP to shrink by 1%, while fiscal deficit was projected to be 2.6% instead of 2.9%. It was reported that the government planned to scrap the 13th month wage of civil servants, and cap the 13th month pension at Ft 80,000.

**OCT. 28 NO PREMIUMS AND BONUSES**

Gyurcsány instructed the National Asset Management Council to pay no premiums or bonuses to the heads of state-owned companies next year as a show of solidarity with employees. He also asked the council to cut honoraria for board members and supervisory board members at state-owned companies by 10%.

**OCT. 29 €20 BILLION PACKAGE**

The IMF announced that it, together with the EU and the World Bank, agreed to provide Hungary with a €20 billion credit line. The organizations wanted to give investors a really large dose of sedative, that is why their rescue package granted to Hungary was double the expected size, officials said. The EC set three conditions for the package: cut expenditures, and continue fiscal and structural reforms.

**OCT. 30 CREDIT LINE FOR BANKS**

The government will submit an amendment that will lay down the conditions for Hungary's financial sector to access the €20 billion credit line, Finance Minister Veres said.



## CARTEL FINE

Europe's top competition official, Neelie Kroes, dealt a blow worth more than €676 million to a group of nine companies that had set up a cartel to fix prices for paraffin wax. One of the companies was Hungary's MOL, which had to pay a fine of €23.7 million. The other companies were Eni, ExxonMobil, Hansen & Rosenthal, Tudapetrol, Repsol, Sasol, RWE, and Total. Shell also participated in the cartel but was not fined because it revealed the existence of the cartel to the Commission. The fine for Sasol was increased by 50% because it was the leader of the cartel, said the European Commission. The fine for Eni was increased by 60% as it had been previously taking part in similar cartels. "There is probably not a household or company in Europe that has not bought products affected by this 'paraffin mafia' cartel, with all that implies in terms of paying over the odds, higher costs, and economic damage," said Kroes. ★



## FDI DECISIONS DOWN

The usual flow of smaller and bigger FDI announcements came to an abrupt halt soon after the financial panic broke out in the beginning of October. Still, there were some announcements of important investments in Hungary:

- R&D minister Károly Molnár and Indian ambassador Ranjit Rae laid the cornerstone of a more than Ft 2 billion R&D center in Budapest. EL-TECH Center, which is being set up by a consortium of four companies, will host up to ten technology companies and provide work for about 300 people.
- US-based IT outsourcing company Cognizant opened a regional service center in Budapest (see photo). The center, Cognizant's first in Europe, will start with a staff of 55, but this number will rise to 250 by 2009.
- Swedish cosmetics company Oriflame has picked Hungary over Romania for the site of a planned regional distribution center, Romanian daily *Ziarul Financiar* reported. Monica Tatoi, who heads Oriflame's Romanian unit, said the decision was made because Romania's infrastructure was not sufficiently developed and the cost of labor was too high.

## VISA-FREE TRAVELING

US President George W. Bush announced that the US is extending visa exemption to citizens of seven more countries: Hungary, the Czech Republic, Slovakia, Estonia, Latvia, Lithuania, and South Korea, provided that they have purple passports, containing biometric data. By Christmas, travelers from these countries will no longer need US visas and will only have to fill in an electronic questionnaire. Foreign Minister Kinga Göncz said the news represented "the cutting of the final piece of the Iron Curtain." US ambassador April H. Foley said that since she arrived in Budapest, it had been her main goal to ensure that Hungary join the visa-waiver scheme. ★



## POPULAR WEBSITE SOLD

MIH Internet Europe, a division of South African media company Naspers, has purchased Hungarian online auction site [www.vatera.hu](http://www.vatera.hu) for an undisclosed price. Online news portal [www.index.hu](http://www.index.hu) reported that Naspers paid Ft 1.5 billion for the site. Vatera, launched in 2000, is now one of Hungary's most visited Websites. It has 130,000 unique visitors a day. The site has 620,000 registered users and runs about 1.5 million auctions at once. ★

# Resuscitate Hungary's design industry

BUDAPEST'S DESIGN WEEK ONE OF THE LARGEST IN EUROPE

Hungary needs to develop a design culture, industry insiders say. A handful of new organizations – such as Design Terminál which organizes successful international events like Design Week, held in October – are fostering the beginnings of what some hope will become a design renaissance in Hungary. But experts warn: it will take decades.

BY AMY BROUILLETTE

**T**HE FIFTH ANNUAL DESIGN WEEK in Budapest, a ten-day festival featuring the latest creations from Europe's top designers, showcased everything from fashion and graphic design to furniture. More than 55,000 attended this year's event, topping last year's draw and making Budapest's Design Week one of the largest on Europe's design festival circuit, according to event organizers.

Geared for industry insiders, design students, and aficionados looking for a taste of Europe's most progressive visual art and innovations, the festival featured an array of exhibits, lectures, workshops, and evening galas at dozens of venues around Budapest. Hungary's designers took center stage at several events at the Museum of Applied Arts, including a runway show of Hungary's top fashion designers, Dóra Konsánszky and Ahn Tuan, and an exhibit of the 2008 Hungarian Design Awards, featuring the most innovative winning designs in four categories of visual and industrial arts.

Design Week curator Rita Mária Halasi says the festival aims to showcase Hungary's emerging artists and studios in hopes of connecting domestic designers to the international design scene and market. The event is part of a larger push to revive Hungary's flagging design industry and culture, largely decimated in the jump to full capitalism in 1990. Viable contenders in the European design industry for more than a century, Hungarian designers have struggled for footing in the European and global design markets since communism's fall.

Where many European countries, the Dutch in particular, have strong national design policies that underwrite designers with key financial support, Hungary's free-market policy since 1990 has left its designers at the mercy of the global market. "Hungary lags behind in modern technology and material development," says Halasi, adding that "businesses lack the financial incentives and support to be able to use design effectively."

## RICH DESIGN TRADITION

**TODAY'S SCENE IS A STARK CONTRAST TO** Hungary's once-thriving design culture. Like its Central European neighbors, Hungary has a rich artistic and design tradition, particularly in more specialized crafts – textiles, glass and porcelain – and in industrial design. Perhaps the most prolific, the Goldberger Textile Factory, emerged by the mid-1800s as an economic powerhouse of the Hapsburg Empire. A spinning, textile printing, weaving, processing, and merchandising conglomerate employing 5,000 workers, the Goldberger operation generated an estimated \$2 million a year in exports by the 1930s, accounting for 40% of Hungary's textile outflows. In the late 1800s, renowned Hungarian porcelain factories Herend and Zsolnay began mass-producing their wares for markets in London, Paris, and New York. During the industrial boom of the early 1900s, Budapest's Ganz Factory became Europe's most innovative designer and producer of electric engines and locomotives, providing trains and motorcars to national railways in France and Italy, and later to Yugoslavia and the Soviet Union.



PORCELAIN WARE  
BY TERÉZ BORZA

Although those companies were nationalized during communism, the state adopted a “socially responsible way of thinking about design,” says Márton Szentpéteri, assistant professor at the Moholy-Nagy University of Arts and Design Budapest (MOME). Once cultural and educational directives from Moscow were loosened in 1968, Hungary’s designers were allowed more creative leeway – a progressive “post-Bauhaus” school flourished under late communism, for instance – and the state regularly sent artists to and hosted international design competitions throughout the 1970s and 1980s. Meanwhile, domestic industry, the keynote of the socialist state’s economic agenda, remained a reliable repository for emerging Hungarian designers, who were commissioned by large state firms to design domestically produced products – televisions, radios, furniture, refrigerators, medical equipment – into the late 1980s.

In the flurry of privatization post-1990, Hungary’s best-known industrial outfits were divided up and sold off to foreign investors. Tungsram, Hungary’s lightbulb designer and manufacturer, was bought by General Electric, Ganz was parceled into multiple sectors and scooped up, and after two centuries in business, Goldberger declared bankruptcy in 1993, unable to compete with China’s cheap labor and products flooding the European textile market. Foreign-owned companies, meanwhile, disbanded domestic design teams and commissioned designs from home. “Hungarian designers had no contacts at these new companies,” says Szentpéteri. “They were either fired or ignored.”

## MAKING THEIR MARK

**BUT EFFORTS TO RESUSCITATE** Hungary’s design industry are underway: In 2002, the government established the Hungarian Design Council, funded by the Hungarian Patent Office, with the goal to develop a national design culture and to provide support for the swell of small and medium-sized companies that now comprise the bulk of Hungary’s business landscape. Since the breakup of large state-owned industries, an estimated 96% of Hungary’s firms today are so-called “micro-businesses,” small start-ups that employ fewer than nine people. “These start-up businesses have created a domestic market for interior design, advertising, graphics and Web design,” says Judit Várhelyi, head of the Hungarian Design Council.

Várhelyi says this market remains largely untapped, but notes many small companies are too financially strapped to commission

Hungary’s young designers. “This is really the first generation of post-socialist-era designers,” she explains, and many lack business and language skills necessary to compete in the broader market. While the Hungarian Design Council does provide 15 scholarships for recent design-school graduates – a stipend of Ft 100,000 monthly for a year to help new artists develop selected design projects – most industry insiders agree more financial support, via government or EU-development funds, is necessary to jump-start Hungary’s design industry. Hungary’s designs are not seldom on par with international trends, but often fail to move beyond the experimental phase, and rarely have such products been mass-produced for larger markets, according to Halasi. Meanwhile, Hungary’s strongest design segments – graphic design, jewelry and fashion design – can be “produced without strong and highly developed background industry,” says Halasi.

Most pressing, by all accounts, is the need to develop a national design culture. To this end, national design centers are being established across Central Europe, in hopes of developing international networks and fostering more sophisticated design cultures. Hungary’s version, the Budapest-based Design Terminál, with its successful international events like Design Week, is key to fostering the beginnings of what some hope will become a design renaissance in Hungary. In international competitions, emerging Hungarian designers are beginning to make their mark: for instance, in 2007 Levente Szabó from Moholy-Nagy University won the Electrolux Design Lab competition for his “E-wash,” a compact washing machine that uses soap nuts instead of detergent.

But overall, industry insiders remain cautious, if not outright pessimistic, about the immediate prospects for Hungary’s resurgence within the global design scene: “It will take decades,” says Szentpéteri. ★



WINEGLASS BY CSILLA MOLNÁR



GLASS LAMP BY PÉTER BORKOVICS

Emerging Hungarian designers are beginning to make their mark





# Babel

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**G**OSSIP IS BIG IN THE CITY, ESPECIALLY when it comes to new restaurant openings and trendy places in which to be seen. But, there are a select number of people who gossip about the truly innovative and rarely heard-about places in town. The new Babel restaurant at the end of Váci utca, close to Budapest's Central Market Hall, is such a place. It is located at a spot where no Budapest dweller in his right mind would venture: a Bermuda triangle of Hungarian handicraft shops, Ft 1,200 goulash and paprika chicken menus, and some office buildings. Babel stands there like an island of elegance, style and culinary genius.

The interior design, the wine cooler built into the side wall of the restaurant, the Riedel glasses and elegant tableware, have nothing in common with the area. In the daytime, I am the only customer sitting on the terrace while dozens of budget tourists pack into the dodgy restaurant across the street. In the evening, on a “busy” Friday night, there are another two tables occupied. While I appreciate the idea of the owner and his belief in the resurrection of Váci utca, I think this place is doomed, in spite of the creativity and passion that characterizes the kitchen.

We started off with three types of homemade bread with a nice churned, salted butter – an absolute delight – and with an “amuse bouche” of deep-fried sweetbread balls and a bed of mushroom salad – delicious! The open kitchen was next to us, where the chefs work in absolute silence, and we really felt like we were sitting at the chef's table.

I went for a Hungarian menu, which began with braised veal tongue on a bed of a creamy mustardy sauce and jellied ox cheeks in aspic. Perhaps the cheeks could have been slightly softer inside the jelly and the horseradish with lentils a little less harsh. I then got a rich fish soup, which, if the liquid would have been a bit hotter, I would have deemed the best Hungarian fish soup I have ever had.

Following, we had stuffed paprika with a light tomato broth, a bit too dry for my taste, and next, a sorbet of two types of melon: cantaloupe and watermelon. The sorbet was icy, fresh and a good palate cleanser.

And then, they dropped the bomb. The bull tenderloin with cauliflower puree, a concentrated meat jus and underneath the meat, a chanterelle mushroom and veal cheek stew. Well, words fail me when I have to describe the tenderness of the meat, the rich taste of the jus and the delicious, creamy cauliflower puree. The creativity of pairing the steak pieces with the tender cheek stew and the earthy taste of the chanterelles without the typical acidity that you can find in other mushroom dishes made this the best course of the night. Excellent.

Next up was a goat milk panacotta, gone amiss in my mind, and then a “new” Somloi galuska, not the best dessert but challenging both stereotypes and taste buds can't be bad. I also took a bite of the house specialty pie of the night, a cherry pie. This was so damn good that we decided to order an extra one at the end, because this was one of the best pies we ever tasted!

I chose the Hungarian menu, partly to find out whether Hungarian cuisine really can go hand in hand, even at the highest standards, with inventiveness and creativity. The answer is a definite “yes.” It is not enough to source all your ingredients from Paris and copy the three-star dishes of famous chefs flawlessly, there also needs to be inventiveness and respect for the local culture, heritage, ingredients and flavors. Babel has all this and more; shame for the location. ★

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# András Török's Budapest

## WHAT TO DO WITH YOUR VISITING FRIEND FROM YOUR HARVARD CLASS?

There is, of course, no better solution than being briefed by an English-speaking Budapest friend, who will probably consult *Pesti Műsor* (the most reliable non-free weekly listings paper), might have a look at [www.opera.hu](http://www.opera.hu) and [www.a38.hu](http://www.a38.hu) and recommend some of the season's favorite top-class restaurant of Budapest insiders. But it might be gentlemanly to let your visitor have a look himself.

### EXPAT MEDIA

The weekly *Budapest Sun* provides excellent TV, movie, and event listings, but seems to have limited access to real inside information about politics and life, so it doesn't always realize when opinions are biased. The weekly *Budapest Times* is the *Sun's* younger competitor, and has slightly better coverage of Hungarian politics and business. *Where Budapest* is a low-key, reliable magazine that is available in most hotel rooms, the *Budapest Business Journal* is a business oriented biweekly, and *Budapest In Your Pocket* is a useful quarterly publication. Budapest egghead expats tend to read *The Hungarian Quarterly*, notable for its translations of modern short stories and poetry, general articles and a lively review section. *Budapest Funzine* is a biweekly general interest publication. Website [www.caboodle.hu](http://www.caboodle.hu) is a comprehensive portal with news, original features, tourism information, directories and forums, while [www.xpatloop.com](http://www.xpatloop.com) gathers news that was previously published elsewhere, [www.pestiside.hu](http://www.pestiside.hu) is a popular irreverent blog, and [www.chew.hu](http://www.chew.hu) and [www.foodpolice.blogspot.com](http://www.foodpolice.blogspot.com) are two English-language food sites.

### THE COLUMNIST'S CHOICE

This listing may sound less opinionated than this column usually is. Well, yes, the *Budapest Funzine* seems to be far ahead of the pack for a serious and independent-minded visitor. It is obviously fresh. It is free, but good-looking. It is not a general paper, with the burden of covering everything (with very little or no staff!), so it can freely concentrate on program listing. The Website is daily refreshed, and fun to read and look at. Hopefully it will stay, even after, as rumor has it, *Time Out* is planning to launch a Budapest version.

### HUNGARIAN EGGHEADS

Your visiting egghead friend may be interested what publications in Hungarian his counterpart in Budapest habitually reads. Well, for want of a better newspaper, Hungarian eggheads tend to read the formerly communist, now (foreign-owned) independent *Népszabadság* ("People's Liberty"), the largest-circulation daily. In 1990, the influential writer Péter Esterházy wrote about this paper: "Now, it is only its name I hate." The paper used the quote the following week as an advertisement. Other magazines are *Világgazdaság* (the *Economist*-like weekly which was established ahead of its time in 1979) and *Élet és Irodalom*, a literary weekly. *Magyar Narancs* is a sort of cross between the *Village Voice* and *Libération*, ironically named ("Hungarian Orange") after the communist government's silly one-time attempt to grow oranges.

### SOMETHING NEW: THE BICYCLE "TOMBSTONE"

In mid-October 2007, at the corner of Thököly/Stefánia, a truck turning right ran over a cyclist, who died on the spot. Subsequent police investigation found that both parties followed their respective traffic lights, but the truck driver miscalculated the probable path of the cyclist. The next day, Budapest cycling associations organized a mourning procession and erected a makeshift memorial. This was obviously violating the strict Budapest rules on how to erect a public statue, but no authority had the heart to remove it from the spot.



### SOMETHING OLD: THE WIFE AWAITING HUSBAND ON A BALCONY

Mentioned already in an earlier column, it is time to show a photo of this unique statue at Thököly út 61, known even to few Budapesters, partly because it is not very visible from the street from spring to autumn. On the right-side wall of this yellow apartment building, a strange, life-size statue of a lady is looking towards the busy street. According to local legend, this woman spent long days on this balcony, waiting for her husband's return from the Great War. She died of the Spanish flu some days before he arrived home. The husband had the statue erected in honor of his wife's fidelity.





# Happenings

NOVEMBER/  
DECEMBER

## “THE OTHER” EXHIBITION

Until April 6

This display of traditional figurines and art pieces from varied far-flung cultures offers a timeline of the Exploration Age from the vantage point of the Old World – from the “discovery” of new lands and peoples in the West and East, to the colonization that followed and the eventual birth of anthropology, these rare relics disprove ignorance-based legends that natives of faraway shores were savages, forcing us to examine how others perceive our own “civilized” world. Break through the biases at Budapest’s Museum of Ethnography (Pest V, Kossuth Lajos tér 12); see [www.neprajz.hu](http://www.neprajz.hu) for details. ★



## BUDAPEST ART FAIR

November 20-23

As Hungary’s preeminent exposition of the nation’s evolving aesthetic tastes, the Budapest Art Fair is a showcase for some 70 of the country’s top galleries. Amid creative displays of interior design, along with antique and contemporary paintings, a huge variety of vivid visuals are brought alive by frequent guided tours. Other Art Fair happenings include video screenings, a theatrical performance, and several children’s programs to encourage creative young minds with activities like drawing comics, designing posters, and making clay figurines. This innovative expo takes place at Budapest’s Műcsarnok (Pest XIV, Heroes’ Square); check out [www.budapestartfair.com](http://www.budapestartfair.com) for complete details. ★

## DUNAPART PLATFORM OF CONTEMPORARY HUNGARIAN PERFORMING ARTS

November 13-17

This new performance series offers some 25 shows tackling themes ranging from the beautiful to the bizarre, lighting up several of Budapest’s top alternative venues with scenes from Hungary’s cutting edge. Participating artists from across the country will present their latest works and greet audience members personally at evening music events, truly bringing their diverse contemporary creations to the world – and to assist this process, all performances with dialogue will feature English subtitles; check out [www.dunapart.net](http://www.dunapart.net) for program and venue info. ★



## A NEW REFUTATION OF TIME

Until February 1

Presenting an overview of the swelling new wave in Hungarian visual arts, the Irokéz Collection occupies a fresh niche in modern Magyar culture – this was the nation’s first and fullest non-mainstream repertory of digitally based artworks, installations, time-based pieces and other significant modern works, established in the mid-’90s and still considered among the country’s top avant-garde showcases. Ordinarily based at the Irokéz Gallery in Szombathely, highlights of the collection are now temporarily on view at the Hungarian National Gallery (Buda I, Royal Palace); see [www.irokezcollection.hu](http://www.irokezcollection.hu) for more information and imagery of the selected artists. ★



## TRANS-NATIONAL LEADERS WANTED

We are living in an era of rapid change, to which the business world tries to adapt. Political structures change, the society drivers change, the competition changes, the industries change. To cope with change, businessmen need to understand the history and tradition of the different countries, because these affect business and economy. Future leaders act in multiple nations, thus they need a trans-national knowledge. The biggest challenge of business education is to be more and more applicable. Realizing this, CEU Business School introduced a new term into business education, called the Trans-national Leader.

Transnational-leadership is a new concept as well as the name of CEU Business School's new MBA program, launched this September in Budapest, Hungary. Young leaders, running international corporations in multiple markets with knowledge on the different societies and cultures - this is the vision Paul Garrison, dean of the CEU Business School has. The goal of the new concept of the 20 years old school is educating and empowering students to become future leaders of the rapidly changing, multi-cultural and trans-national environment. A good leader has a vision, sees the place to go and he/she also needs to get all the stakeholders, the employees, the community, politicians, and government regulators to believe in his vision. It takes a broader level of skills to be a leader, than simply be an analytical, driven manager. A good leader needs to have a broad view of society.

"We believe that a successful leader needs to have a broad view of society. Mainly in Central and Eastern Europe, where people speak different languages, have different habits but live so close together that it makes this region a very dynamic market. In a diverse market like this, extensive knowledge on different cultures is a must. We raise leaders not managers and we teach them skills that reach beyond the analytical methods of business." – says Paul Garrison.

The new Trans-national MBA program is also a new business education approach. The more recent criticism of business schools is that they are getting too analytical, whereas the CEU Business School teaches lots of modeling. The biggest challenge of business education is to be more and more applicable. Theory is the foundation, but you have to take that theory and apply it to the real world beyond teaching theories, at CEU Business School professors bring real cases into the class room with the help of practical education methods such as action learning.

Besides gaining internationally accepted degrees and having the chance to study at CEU's partner universities in North America, students get to know the sparkling social life of the Hungarian capital.

The Executive MBA starts in January 2009 and is a 2 years long weekend program that provides interactive learning experience reflecting social, ethical and environmental aspects of business.



### DINING GUIDE HAS BEEN AT YOUR SERVICE FOR 10 YEARS!

Are you looking for a place to have a business lunch, a company meeting or event, or just simply to meet friends?

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# Experts debated US election's impact

AFTER THE US ELECTION, the most important tasks for the new president are to restore America's economy and global image, according to two political experts. András Simonyi, former Hungarian ambassador to the United States, debated the importance and potential impact of the US election along with Nicholas Calio, Citigroup's executive vice president for global government affairs, at an AmCham seminar held on October 29 at the Budapest Marriott Hotel.

Calio, who has served as assistant to the president for legislative affairs for George H. W. Bush and George W. Bush, said that this year's unpredictable election has been the most interesting in his life and is "very bad for pundits and predictors." While conservative candidate John McCain was the best nominee the Republican party could have chosen, Calio said, Barack Obama has "every advantage" in the election. This gain includes enthusiasm, record-breaking fundraising, a good message of change and an "adoring press." In contrast, "history was stacked against McCain from the get-go," including the unpopularity of President Bush and the Iraq war. "Republicans are unhappy with Republicans in the United States," Calio said. The most important aspect of this election has been the economy, Calio said, and McCain's response to the financial crisis has not been well-received.

In addition to restoring the economy, the next US president should work to win back what the country's image was before



the Iraq war, be a world security leader, and take a leading role in reviving NATO, Simonyi explained. Even while looking ahead at the new president, Simonyi said it is too early to judge the Bush administration, which has been the "most open and friendly administration to Hungary." Bush showed that Hungary mattered to the US, he added.

## Corporate governance program launched

THE OPENING LECTURES of AmCham's Corporate Governance Volunteer Program were held at the Faculty of Economy of Szeged University on October 20. Lectures were given by Jeffrey Levine the deputy chief of mission for the US Embassy, and Péter Paál, the CEO of IBM Hungary and first-vice president of AmCham.

The aim of the program is to support universities in teaching corporate governance by adding a practical perspective to the methods and tools students are learning in the classroom. "The idea is to provide students with direct exposure to experienced businesspersons who understand the real business world and can help students better appreciate what they are studying," according to László Cziráj, chairman of the Corporate Governance Committee of AmCham. "Such presentations will help students understand how to deal with the practical challenges faced in making decisions in the workplace: ethical and governance dilemmas included," he says.

More than 30 universities and colleges are participating in the program and AmCham has organized several high-level practitioners to give lectures. At their first lectures, Mr. Levine talked about the importance of transparency in business operation and management, while Mr. Paál gave an insight into how a globally integrated enterprise like IBM sees ethical business conduct and deals with it in practice, using instruments like a code of

ethics, internal evaluations, controls and sanctions, but also good external relations and corporate social responsibility programs.

Paál ended with three tips how to check yourself whether a decision you're taking is ethical or not. "You first have to ask yourselves whether you would still do the same if your decision was published in the national press, and secondly what people who know you and the ones you admire would think if they learned about your decision? Thirdly, you always have to be sympathetic and take every stakeholder into consideration who can be affected by your decision."





# Second Regional Energy Forum

BUSINESS THE DRIVING FORCE

IT IS ABSOLUTELY CLEAR that the CEE region needs a common energy policy and that business will have to be the driving force to get things going, said Gusztáv Bienerth, president of AmCham, when summing up the results of the Second Regional Energy Forum, held in Budapest on October 7 and 8.

The energy challenges are numerous, and they are defining the economies in the region and their competitiveness, Bienerth stated. "Business demands a regional energy policy in which everybody plays its part – companies, the EU, governments, and NGOs," he said. He also announced that the organizers of the Forum (AmChams in Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Ukraine, AmCham EU and initiating partner GE) will continue "to initiate further dialogues between stakeholders about several concrete topics and to keep on pushing these issues between the annual meetings."

## SOLUTIONS AND TARGETS

ONE OF THE MAJOR ISSUES discussed during the Forum was the need to create network-interconnectivity in natural gas and electricity transmission as a fundamental first step towards a common market and energy exchange for electricity and gas in the region. MOL's NETS initiative to create an integrated pipeline system for gas was widely seen as an important project in that respect, and the Bulgarian ambassador announced at the Forum that Bulgaria would join in, too. Several speakers also addressed the question of the need to harmonize rules and regulations and create a unified grid and tariff structure, making clear that while regulatory authorities are often doing their best to move things forward, individual countries and governments are often mounting administrative and technical barriers.

During the discussions about technical solutions, many stressed that a mix of all possible techniques will be needed, ranging from promoting energy efficiency (in which CEE countries are especially lacking), to developing wind, biomass, solar and other renewable energy sources, as well as applying power stations based on nuclear energy and coal. Especially with regards to coal, an important energy source for countries like Poland and Ukraine, more research is needed into CO<sub>2</sub> sequestration to make this technique more environmentally friendly. According to some speakers, it is especially this kind of research in which CEE countries could pool resources.

In the debates around the binding 20-20-20-targets set by the European Commission for its member states (20% renewables, 20% more energy efficiency and 20% reduction of greenhouse gas emissions by 2020), it was repeatedly noted that the EC is a driving force in energy and environmental issues, which was illustrated by the fact that there were several speakers from Brussels (EC and European Parliament) present. The EU targets are ambitious and unwanted side effects need to be dealt with, the majority noted, but the goals can be met.

## NGOS AND POLITICIANS

CONTRARY TO A YEAR AGO, NGOs participated actively in this second regional forum, with speeches and interventions by the Regional Environmental Center (REC), the International Network for Sustainable Energy (INFORSE) and the World Wildlife Fund (WWF). They argued especially in favor of placing a bigger emphasis on energy saving, and the development and use of renewable energy sources. At the same time, they put question marks with the often-voiced opinion at the forum that the world



OLEG BUGAYOV, DEPUTY MINISTER OF FUEL AND ENERGY, UKRAINE



KEVIN T. CONNOR

and the region cannot solve the energy problem without building more nuclear, coal- and gas-fired power stations at least in the next few decades. But the NGOs that were present did support network-interconnectivity and the creation of a common regional energy market, as this would allow all countries to develop those renewable techniques for which they are best suited (solar, geothermal, hydro, etc.) and use them for the benefit of all.

At the Forum, almost all the speakers also emphasized that the involvement of politicians and governments in all aspects of the issues at stake is crucial. "The price of wind energy has gone down from 25cents/kWh to 7-8cents/kWh in the last ten years, thanks to the subsidies of especially European governments," said GE's John Rice. He argued that this commitment has made it possible to develop a profitable business in wind turbines and will make it possible to develop a wind business, which can do without subsidies in the future.

But the input of national politicians and governments from the region themselves at the Forum was limited. This confirmed the opinion of those who were saying that especially these politicians, motivated as they often are by short-term and populist gains, are staying behind in the process, although, of course, they should be driving it. Organizing a conference of national politicians from the region to discuss a regional energy policy was therefore identified as one of the main tasks for the future. ★



## TRANSPARENT REGULATIONS

"The harmonization of regulation and market rules is a key if we want to achieve a regional energy market," says Kevin Connor, coordinating partner of Squire Sanders in Central Europe and head of the European energy practice of the legal firm. With 16 years of business law experience in the region, advising companies on energy and other matters, Connor knows what he is talking about.

"In theory, all these countries are applying the same EU directives, but they have all taken different routes to achieve compliance," he says. So in practice, different countries have different regulations and rules, leading to confusion, discrimination of outside competitors and, in some cases, to noncompliance, he adds. "EU directives and national laws are one thing, but it's regulations and market rules that make things work, so it is very important to harmonize these if you want to create a level playing field," he emphasizes.

The problem is, of course, that in this process all countries have their own interests to defend, which is reflected in these different rules and regulations and their application. "Countries need to strike a balance and harmonize their direct national interests with the community spirit: the longer-term interest of a regional approach," Connor says. This isn't any different in Western Europe, where France and Germany for example are also having their differences, preventing a common energy policy, he adds.

But things can only start moving, if there is political will to do so, he says. "I think that it is crucial that, at the next energy forum, we get some strong commitment from national governments, just as we need the big European market players and even Gazprom, at the conference table."





# Whistle-blower legislation

BRINGS IN A LOT OF MONEY

IN THE PAST 20 YEARS, whistle-blowers in the US have recuperated \$12.6 billion directly and \$7.4 billion indirectly for the federal government. But in fact, they might have saved the American taxpayers trillions of dollars, because they forced industries to clean up their act, said Stephen M. Kohn, executive director of the National Whistleblowers Center (NWC) at a business breakfast on October 2, at the Hilton Budapest.

A whistle-blower – in some other countries called a bell-ringer (“harangozó” in Hungarian) – is an employee who exposes the wrongdoing and misconduct of a company which results in damage to the public interest. In most countries, such employees are often faced with dismissal and financial ruin, or worse. But in the US, legislation has been in place since 1987 to protect and reward whistle-blowers, and it has been a tremendous success, says Kohn.

According to the False Claims Act in the US, a fraudulent company, if found guilty, will have to pay three times the amount of the concerned procurement order as a penalty, and the employee who blew the whistle gets 15-30% of that amount as a reward. “Wouldn’t you want to come forward to do the right thing and then get paid a few million for it? These are very serious incentives,” Kohn said. Legislative procedures also provide safeguards against unjust accusations and make it possible to circumvent claims of secrecy or breach of contract.

Kohn referred to a growing list of whistle-blowers in, for example, the nuclear, defense, medical and tobacco industries, but also cases concerning environmental damage or sloppy procedures in the FBI. “There is strong evidence in the US that this legislation works,” he argued. In 1987, when there were no whistle-blowers, inspectors general and other government oversight bodies were able to recover a mere \$89.5 million in fraud, he figured. In 2007, whistle-blowers recovered \$1.45 billion and, mostly thanks to their



STEPHEN M. KOHN

activity, the government bureaucracy was able to recover an extra \$550 million. Some companies, especially smaller ones, have gone bankrupt, and in many cases, executives have gone to jail, Kohn said, but it has a huge deterrent effect, and you see shifts in industries that are found liable.

In the end, he said, there are three winners: the whistle-blower who earned money and saved his or her career, the taxpayer who got money back and saves even more, and all honest companies who get rid of the dishonest ones spoiling the market. “As a result, there has been a tremendous change in the way whistle-blowers are perceived,” Kohn said. In the 1980s, people didn’t know what it was and were very suspicious, while today, whistle-blowers are very popular and perceived as heroes by the American public. “That would have been inconceivable 20 years ago,” Kohn said.

In his opinion, the US-type of law should be duplicated in every democracy with an independent judiciary, certainly also the EU and its member states, and by other institutions that spend a lot of development money, like the World Bank or the IMF. Transparency International in its recent report on corruption in the Hungary, also recommended introducing whistle-blowers legislation. ★

ANDRÉ T. MÉCS OF AMCHAM'S TRANSPARENCY COMMITTEE



## HUNGARY TO FOLLOW SOON?

Hungary might introduce legislation based on the US example soon, the government announced on October 29 during five-party consultation. During his visit to Budapest, organized by US Ambassador April H. Foley and AmCham’s transparency committee, Stephen Kohn talked to representatives of all parliamentary parties and to Minister of Justice Tibor Draskovics to explain the US legislation and its workings and results. Minister Draskovics is now working out a detailed proposal to introduce a similar “harangozó” regulation.

# No bargaining on bandages

## J&J WANTS TO HELP REFORM HUNGARIAN HEALTH CARE

“BASICALLY, IT’S A HEALTH CARE COMPANY,” explains Managing Director Csaba Szokodi of Johnson and Johnson (J&J) Hungary. J&J was established in Hungary in 1991. Today, it consists of two companies, one of which handles pharmaceutical operations.

J&J is well-positioned to help out the Hungarian health care system because of its high level of technological convergence, Szokodi contends. “Chemicals combined with medical devices can make patients’ lives better, like our stent which has a chemical on the surface that helps keep the vessel open, or sutures which are impregnated with an antibiotic to prevent infections. If Hungary can’t accept new technologies, it will be left behind,” he says.

Szokodi is passionate when speaking about the reform of Hungary’s health care system, which he characterizes as “turbulent.” The biggest predicament, according to him, is that Hungary’s health system is considered a “cost center” within the budget. He says there’s always a reason to be cheaper for cost cutters, but that it’s not always appropriate when it comes to health care products.

“It’s a pity that health care tenders are dealt with in general public procurement procedures. Purchasing coronary stents requires looking at many more details than buying concrete,” he explains, citing concerns like safety, clinical heritage, and trials. “Price-driven purchasing always leads to a very high level of risk concerning safety.” The health care budget could be at particular risk today. “On the back of the international financial crisis, the government might do whatever it wants,” he says of the health care budget, which became positive, with a Ft 60 billion surplus.

Szokodi says that to move reform of the Hungarian health care system forward, the following things need to be undertaken according to AmCham’s HC Committee: 1) introduction of health care technology assessment, 2) revision of the pharmaceuticals law, most importantly to avoid reintroduction of huge yearly fees (up to €20,000) on pharmaceuticals and medical aid product sales representatives, and 3) placing emphasis on the importance of the health care industry in Hungary by exploiting its history and know-how to attract investors.

In 2006, recalls Szokodi, when the Free Democrats (SzDSz) were given the task to reform health care, their plan did not involve consulting the health care profession about proposed changes, so it didn’t work. “They made these changes in an arrogant and improper way,” he says, “So we’re still waiting for health care to change, because at present it’s not sufficient nor sustainable.” Szokodi says the issuing of AmCham’s position paper “Health is Wealth” in 2006 was “unfortunate, because it was launched when



Csaba Szokodi

the new government came to power, and they weren’t willing to listen, so it was shelved.

“AmCham must influence and facilitate the changes. I hope the new health care management will be more open to working with our health care committee. We are well-positioned for this role and have a different perspective,” he explains. Hungary’s current Minister of Health, Tamás Székely, appears more willing to listen, according to Szokodi, who notes that the new reform program bears similarities to AmCham’s position paper, but politicians continue to repeat that “their hands are tied.”

Because health care is a huge political issue, Szokodi has decided to run for a position on the AmCham Board to help put health care in the position it deserves. “Without European-quality health care in Hungary, we will never truly be a part of Europe,” he adds.

Meanwhile, Szokodi reports that J&J’s business is back on the upswing after a major negative wave of revenue loss. “Locally, we are recovering from a hectic two years, while internationally, we continue to look for major acquisitions, and in parallel, we are divesting some businesses which are out of our strategic horizon.” ★



## NEW MEMBERS - BUSINESS

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## AMCHAM

# Calendar of Events

### NOVEMBER

*12 Wednesday*

*Seminar and Cocktail: Changes to the Tax  
Law in 2009*

**Time: 16:30 – 19:30**

**Location: Budapest**

**Marriott Hotel**

*25 Tuesday*

*Thanksgiving Dinner*

**Time: 19:00 – 22:00**

**Location: Budapest**

**Marriott Hotel**

*27 Thursday*

*Seminar and Cocktail: Demonstrating  
the Value of Human Resources*

**Time: 16:30 – 19:30**

**Location: Budapest**

**Marriott Hotel**

### DECEMBER

*1 Monday*

*Annual General Assembly*

**Time: 15:00 – 19:00**

**Location: Budapest**

**Marriott Hotel**

**Note: Our events schedule may be subject to change.**

**Please always check the AmCham website**

**([www.amcham.hu](http://www.amcham.hu)) for the most up-to-date information.**



## THANKSGIVING CHARITY DRIVE TO SUPPORT CHILDREN'S HOMES IN BORSOD-ABAÚJ-ZEMPLÉN COUNTY

The Board of the AmCham Foundation, in consensus with the Board of Directors of AmCham, calls on the Chamber's members for cash and in-kind donations to support the chosen children's homes. Through its support, the AmCham Foundation aims to increase the standard of living of the children in these homes and/or nurse sick, debilitated children as well as children in need of care.

**We encourage all members to contribute and help us make someone's day a little brighter.**

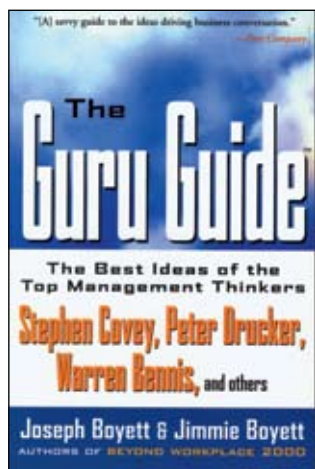
**For more information on how you can support this year's Thanksgiving Charity Drive please visit [www.amcham.hu/foundation/](http://www.amcham.hu/foundation/)**



## BOOK REVIEW

BY MARY MURPHY

# The Guru Guide – Joseph Boyett and Jimmie Boyett



The back-cover blurb on this book heralds it as “the one book you need if you are to succeed.” A little dramatic, I think, given the breadth of subject matter on the market today. The front cover, however, bears an endorsement from *Fast Company* magazine that summarizes it as “a savvy guide to the ideas driving business conversation.” And this it definitely is.

In addition to giving us an insight into the most effective and successful management ideas out there, *The Guru Guide* goes one step further by offering clear explanations of essential business terms, concepts, and theories. In an age when the credibility of a business conversation often hinges on participants being able to talk the talk, the authors have successfully

managed to contextualize the language used to discuss key management issues.

So what makes a guru a guru? Wikipedia defines the term as “a person who is regarded as having great knowledge, wisdom, and authority in a certain area and uses it to guide others. The word comes from Gu, darkness, and Ru, light (literally a preceptor who shows others knowledge (light) and destroys ignorance (darkness).”

The gurus focused on in this book are drawn from leading research and teaching centers. They include business professors from Harvard, MIT, Yale, London School of Economics, Stanford, and INSEAD, and represent some of the largest and best-known management consulting firms, including McKinsey, the Hay Group and the Tom Peters Group.

When collating the ideas of many different people, it is tempting to give each person separate treatment. *The Guru Guide*, however, organizes the ideas of Warren Bennis, Stephen R. Covey, Peter Drucker, Manfred Kets de Vries, and their ilk into seven chapters. Each chapter deals with a timeless issue that was around yesterday, is around today, and will certainly face us tomorrow.

What sets *The Guru Guide* apart, in my view, is the authors’ readiness to challenge the thoughts and ideas they have included. Throughout the book, you will find clearly marked comments entitled “our view” where they ask the questions we, as readers, will probably ask ourselves. What is clear from the outset is that the authors don’t necessarily agree with everything their gurus have to say; they don’t have to. Their purpose in writing this book is to stimulate our thinking about management and to challenge the assumptions we make based on our experience to date.

Is it the only book you need to succeed? Probably not. Will it give you a better understanding of the ideas driving business conversation today? Definitely.

*The Guru Guide* is published in the USA by John Wiley and Sons, Inc., 1998, and in Hungary by Manager Publishing 2009.

**SPECIAL DISCOUNT** For the months of November and December, AmCham members are eligible for a special 20% discount on the Hungarian edition (for preorders) and a 10% discount on the English edition of *The Guru Guide*, and a 10% discount on the English edition (listed price Ft 7,990).

For more information and to take advantage of this offer, please contact Ildikó Gálík. E-mail: galik.ildiko@managerhungary.hu, tel: + 36 1 450 02 01 or mobile: + 36 20 590 2892 or visit our bookshop in the Kempinski Hotel, Erzsébet tér 7.

Listed discounts are valid until December 31, 2008 and cannot be used in conjunction with any other offers.

## AMCHAM STAFF



### PÉTER DÁVID

Chief Executive Officer  
peter.david@amcham.hu  
T: (36 1) 266 9880



### LÁSZLÓ METZING

Chief Operating Officer  
laszlo.metzing@amcham.hu  
T: (36 1) 266 9880 / ext. 316  
Coordinator of the SME Committee, Tax Committee and Investors’ Council Coordinator



### ANITA ÁRVAI

Events Manager  
anita.arvai@amcham.hu  
T: (36 1) 266 9880 / ext. 325  
Coordinator of the Environment Committee



### KRISZTINA BEDŐ

Manager Event and Content Development  
krisztina.bedo@amcham.hu  
T: (36 1) 266 9880 / ext. 315



### ERIKA BOSNYÁK

Finance Manager  
erika.bosnyak@amcham.hu  
T: (36 1) 266 9880 / ext. 312  
Secretary of the AmCham Foundation



### MÁRTON MAGÓCSI

Website Editor  
marton.magocsi@amcham.hu  
T: (36 1) 266 9880 / ext. 332  
Coordinator of the IT Committee



### EMÍLIA RÉPÁSZKY

Membership Manager  
emilia.repaszky@amcham.hu  
T: (36 1) 266 9880 / ext. 329  
Coordinator of the Membership Committee, Health Care Committee



### PÉTER TAUSZ

Research and Legal Specialist  
peter.tausz@amcham.hu  
T: (36 1) 266 9880 / ext. 310  
Coordinator of the Corporate Governance Committee, the Political and Legislative Committee and the Transparency Committee



### MAURITS VAN DER VEGT

Marketing and Communications Manager  
maurits.vegt@amcham.hu  
T: (36 1) 266 9880 / ext. 360  
Sponsorship / Business Development



### ENDRE BOSNYÁK

Office Assistant  
endre.bosnyak@amcham.hu







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