Historical businessmen:
Gedeon Richter
The executive committee and board of the Hungarian National Association of Managers (MOSZ) decided that beginning in 2010 they would like to pay tribute to historically important Hungarian corporate leaders, businessmen and managers in an innovative way. They will be commemorating people whose social and economic impact is clearly discernible and can still be felt today.

The MOSZ executive board will be making its choices on the basis of the criteria that the person who is chosen should be an outstanding businessman and should run an organisation in a business environment. The recipient can be a company founder, an owner, a chief executive or a manager lower down in the company structure. This person should be morally irreproachable and should be chosen without regard to political considerations. Their activities should be concentrated in the territory of Hungary as it was during the recipient’s lifetime, which is how we will define them as being Hungarian. The time frame begins with the period of nascent Hungarian capitalism, and living people are not eligible.

We are preparing a tangible honour, a memorial award, to go with the series of events to be held every year. It will be presented to a representative of the successor company, a descendant of the person being honoured, or an executive of an institution named after the person or in the process of adopting the person’s name. The tribute will take place once a year as part of a gala programme and will be accompanied by a publication and an appropriate media campaign.

The MOSZ executive board decided that the first historically important Hungarian corporate executive, businessman or manager to be so honoured would be Gedeon Richter.

The 2010 tribute is entitled: Gedeon Richter’s historical message is innovation.

János Takács
President
Hungarian National Association of Managers

On the innovative initiative, ‘Our historical businessmen’
Dear Reader

It was with great pleasure that we welcomed the initiative proposed by the Hungarian National Association of Managers (MOSZ) to pay homage to the outstanding past personalities of Hungarian business. These undertakings are particularly important and deserving of support, for we are in possession of a unique intellectual heritage which has served us well to this very day. It is very instructive from time to time to cite a good example and to pay tribute to those values of the past worth emulating.

Gedeon Richter – the outstanding pharmacist, company founder, businessman and innovator – has quite rightly become the first subject of this initiative. His personality, talent, humanity and unique spiritual and intellectual legacy, which is still having an impact, provide an example to which today’s businessmen can proudly look. He was a forward-looking man who believed in the power of work, constant research, development and innovation. He had faith in the power of fair competition, the dignity of his employees and above all in the Hungarian spirit. This approach is Richter’s spiritual and intellectual legacy, and it continues to define the activities of the company he founded and which still functions in the same place.

There is no doubt that the eponymous founder ever would have thought that the foundation stones he laid in 1901 would prove so stable as to firmly support his life’s work even after the passage of more than 100 years.

Erik Bogsch
CEO, Gedeon Richter Plc
The three generations or a portrait of the beginning of a bumpy road
The first age of Hungarian capitalism can be dated between the 1850s and 1948. These one hundred years saw the gradual emergence of an entrepreneurial and managerial stratum of society which suddenly disappeared, due to the historical convulsions and enormous transformations that were taking shape over this period. Each of their outstanding representatives and creations is still known to us. The literature on the subject divides the society of entrepreneurs into generations. The first generation is that of the forerunners. Their activity began in the age of reforms when the industrialization and bourgeoisification of Hungary were conceived of as a national objective thanks to the efforts of Széchenyi, Kossuth and the liberal nobility. Many aristocrats – including Count Lajos Batthyány, the prime minister, and counts Andrassy, Teleky and Zichy – founded foundries, textile factories, distilleries and sugar refineries. There were two other important groups of entrepreneurs at the time: merchants (mostly grain merchants) and guild masters who were developing their workshops in an entrepreneurial spirit.

The basic conditions for capitalist development – the standardization of interest rates, the increasing use of credit, the creation of privately owned land, the expansion of transport potential through the railway, and the establishment of a stock exchange – were created in the 1850s. The political and economic conditions, however, did not develop at the same pace. The anti-liberal system of neo-absolutism was just barely able to provide the basis for entrepreneurs to succeed – with the important exception of the nobility, which at the time refused to get involved in business for political reasons.

By taking advantage of the additional opportunities that opened up after 1867, the Founders Generation came on the scene. Along with merchants (e.g., Manfréd Weiss) and artisans (e.g., Leó Goldberger), there was an industrial intelligentsia, which came forward to become managers and entrepreneurs. Outstanding representatives of this generation were András Mechwart, who developed the chilled cast iron roll in Ábrahám Ganz’s company, and Imre Pekár, who revolutionised grain processing technology. Like the forerunners, many of the people in the Founders Generation were immigrants (mostly Germans from the Monarchy’s territory).

Among them was the legendary bank manager Zsigmond Kornfeld, the scion of a Czech Jewish family. In one of his studies Viktor Karády points out that the mere act of migration positively selects those people who have the skill and determination to be successful entrepreneurs. This could be one of the many factors to explain the striking successes of immigrants, and this might even apply to those more modern (Neolog) Jews who abandoned their traditional customs, left their patriarchal communities and frequently moved to another community within the country.

Finally came the third generation, the Inheritors Generation. These people were born after 1860 and typically came into their own after 1890. They were active between the two world wars. This was an era of large companies. Consequently, the companies’ technical and financial managers were playing as important a role in the economy as the owners. Bankers held a prominent position among these managers, and since each of the larger banks held dozens of industrial companies at that time, each senior executive exercised his influence in several sectors at the same time through his membership in boards of directors. Some of the bank managers in question were recruited from within the bank (Kornfeld), but many of them came from the intelligentsia (e.g., Gusztáv Gratz) and, even more so, the ranks of the ministry of finance, which conferred high social prestige. This latter group included Marquis Ede Pallavicini, the managing director of the Hungarian General Credit Bank. The role played by technical managers was by no means negligible. It is sufficient merely to mention the name of Kálmán Kandó, who managed the Ganz company at one time. The Inheritors Generation also included merchants (e.g., Ferenc Heinrich, vice president of the Budapest Chamber of Commerce and Industry) and innovative owner-entrepreneurs like Gedeon Richter who were moving into the new industries.

These three generations of entrepreneurs and corporate executives are one of the great success stories not only of Hungarian capitalism, but of all Hungarian economic history. The development of other socioeconomic conditions also contributed to this. The state’s economic policy played an important role in both starting the age and

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putting an end to it. The industrial assistance laws of 1881, 1890 and 1907\(^3\) provided direct subventions for people investing in the most important industries, and the development of the railway and the beneficial tariff policy might have had an even greater impact. Education played a great role. The war on illiteracy and the establishment of industrial vocational schools helped to quickly increase the number of workers from 700,000 in 1869 to 1,500,000 in 1910, which in turn stimulated industrial development.\(^4\) Customs issues were also very important. The customs wars, which had replaced free trade that had gradually been losing ground since the 1890s, held more advantages than disadvantages for Hungarian industry, which was definitely less developed than industry in the rest of Europe. This era nevertheless had its problems, and there were several forces mitigating their solution. The debate that grew up around the customs issue revealed the fact that economic development was no longer being considered an important political goal. In 1882 the Ministry of Agriculture, Industry and Commerce was separated into an agricultural and an industrial part, thereby giving rise to the agricultural-mercantile conflict\(^5\), whose cause was by no means merely economic. In his important historical work The Age of Dualism\(^6\) the previously mentioned bank officer Gusztáv Gratz lamented that ‘Political life was not profoundly influenced by this [i.e., industrial] development in particular. The successes that had been achieved did not encourage Parliament to concentrate all of its might on developing them [...] The social circles that were setting policy were not the same as those that were exercising creative power in the economy.’ This is why a large part of the nobility remained aloof from capitalist development. Neo-absolutism, which gave rise to some economically beneficial processes, destroyed the creative power of this social stratum. The last public figures of the Forerunners Generation who

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\(^4\) On industry and nobility, see: Gábor Gyári: Az ipari vállalkozás szerepe a dunántúli városfejlődésben. (The role of industrial companies in urban development in western Hungary.) In: Vállalkozó pulgónok a Dunántúlon a dualizmus korában. (Entrepreneurial citizens in western Hungary in the Age of Dualism.) Hungarian Academy of Sciences, Institute of Historical Science, Veszprém, 1995.

\(^5\) Interview with György Kóvir, 22 January 2010.

were still alive after the Compromise were Ferenc Deák, Count Gyula Andrassy, Baron Zsigmond Kemény and their associates, who with considerable energy and op-
timism made great efforts to continue the work of 1848,
which was to replace a feudal society with a bourgeois
society and a late feudal economy for a capitalist econ-
omy. The successors, though, found themselves ever
more frequently coming up against the barriers erected
by the Compromise. They entered into an implacable
dispute over issues of public law and locked horns over
how to resolve the growing tensions surrounding wealth
and nationality. These issues were potentially suitable
for reneging on the Compromise, which the elite did
not consider to be a realistically acceptable option. In
protecting the framework of public law and the unity
of the country, it was necessary to restrict the right to
vote, which took the 1848 dream of a country of equal
citizens from the nobility, but burdened them with retain-
ing the Compromise as a historical necessity. In order
to resolve the above issues within the limits provided by
the Compromise, the nobility had to proceed through
the path of law and public administration and had to
shore up their lines. This was not difficult for them since
they had been doing this for almost three centuries prior
to the age of reform. The really big change for them
would have been a switch to a capitalist, bourgeois,
entrepreneurial way of life, but the ongoing political ar-
guments (in both Parliament and the counties) presented
them with a challenge that was so closer to home than
entrepreneurial life that the vast majority chose this al-
ternative. A great many young nobles therefore became
military officers or country lawyers who then – as minis-
try officials, magistrates or high sheriffs – lived an ‘hon-
ourable’ gentlemen’s life of luxury and indebtedness.7
The fact that the public law dispute surrounding the
Compromise – along with such tensions as the national-
ity, the gentry and the Jewish questions8 – had a hold
on public life initially failed to present any problem for
economic players who focused on the market and not
politics. In the long run, though, there developed an at-
mosphere that proved less and less favourable for the
development of capitalism.

In the 1870s liberal opinion favoured the bourgeoisie
and entrepreneurs, who were given a place in the great
effort to renew Hungary and take it closer to Austria.
By the turn of the century, however, the perception of
the decline of the gentry and the rise of the Jews had
– despite numerous exceptions and examples to the
contrary, such as Gábor Baross – become so great that
the need to make some kind of change to the structure
of society again became an extremely important issue.9
Although many entrepreneurs and business leaders had
been given noble titles, the nobility, which regarded
itself as ‘true-born’ and ‘historical’, remained socially
aloof (in terms of who they associated with and who
they married), which historians describe as status incon-
sistency between wealth and prestige. Society was un-
able to process the loss of status of the historical elite,
who were being bypassed by modernisation, and this
gave rise to tensions, calling into question the economic
development which until that time had been exemplary.
The economic elite remained in place in the changed
social situation after 1918. In fact, its multi-positional
situation even improved when possible.10 In addition to
holding several board positions at the same time (the
richest held up to 23), they even became members of
the upper house, which had been reorganised in 1927.11
At the same time, there developed a strong need to or-
ganise a new ‘Christian middle class’. Gyula Székely12
made the doctrinaire liberalism of the Age of Dualism
responsible for the two traumas that were hard to assimil-
ate for the people living at the time: historical Hungary
was gone, and the Second Republic soon gave way to
the Béla Kun regime.

Doctrinaire liberalism and the related big-money capi-
talism it created therefore had to be replaced, even if
gradually, with something else. Later these social efforts
gained even more momentum due to the great global

7 The much debated, but indispensable work on the subject is István Bibó: Eltorzult magyar alkat, zsákutcás magyar történelem (Distorted
8 Cf. Ignác Romsics: Társadalmi és politikai feszültségek Magyarországon a 20. század első felében. (Social and political tensions in Hungary
in the first half of the twentieth century.) In: Múltról a mának (To the present from the past), Osiris, 2004.
9 See György Kövér: A magyar középosztály-teremtés programjai és kudarcai. (Programmes for the creation of the Hungarian middle class and the
in the Horthy era.)
11 Levente Püski: Választási rendszer és parlamentarizmus a Horthy-korszakban. (The electoral system and parliamentarianism in the Horthy era.) In:
12 Gyula Székely: Három nemzedék és ami utána következik. (Three generations and what comes after.) Királyi Magyar Egyetemi Nyomda, 1933.
economic crisis. Efforts were begun to create a new elite with a ‘more national sentiment’. One of the positive results of these efforts was Count Kuno Klebelsberg’s educational reforms. The Horthy regime relied to a great extent on the new middle class, which, strengthened in this way, consisted primarily of bureaucrats, but its members were not able to occupy the key positions in the economy until the end of the 1930s. There were also significant changes in government policy at that time, and the conservatism of Count István Bethlen replaced a right-wing policy that was gradually becoming increasingly more radical. The social tensions that had developed in the ‘country of three million paupers’ provided a mass basis for this process, which was partially directed against the big capitalists and led to the well-known tragic dénouement at the end of the war.

In general, therefore, the entrepreneurs of the three generations were recruited from a relatively broad base (which included nearly none of the numerically much larger peasantry), and, aided by the state’s economic programmes, they were able to have very nice careers. They created one of the biggest, though not the most important, economic expansions in modern Hungarian history. Fascism and the Second World War swept away this historical period, together with most of the members of these great generations, and they opened a path to a socioeconomic system built on a different basis.

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- György Kovér, reader, Ph.D., doctor habilitatus, Department of Economic and Social History, Eötvös Loránd University

Dr Miklós Kozma and Balázs Babarczy

A historical company founder: Gedeon Richter (1872–1944)
Gedeon Richter was one of the outstanding figures in the early history of the Hungarian pharmaceutical industry. He founded and gave his name to Gedeon Richter Plc, which has developed into a Central-Eastern European multinational company. His career, which began in the early twentieth century, quickly became a success story and from the end of the 1930s encountered many hardships and ended tragically in December 1944 during the rule of the pro-Nazi Arrow Cross Party.

Gedeon Richter was born into a family of landowning grain merchants in the village of Ecséd, not far from Gyöngyös, on 23 September 1872. His paternal forebears were probably Czech Jewish merchants who settled in Hungary at the end of the eighteenth century on Baron Podmaniczky’s estate in Aszód in Pest County. Gedeon Richter’s father was born there in 1838, and since it is known for sure that his mother was buried in Aszód (naturally next to her husband), we can conclude that the roots of the paternal line originated there. Their rapidly improving financial situation is indicated by the fact that in the 1860s Gedeon Richter’s parents were able to buy a 610-hectare estate with a manor house in Ecséd. Like most of the Jewish families who came to Hungary, they tried to emulate the lifestyle and culture of the historical landholding nobility, but in practising their professions they behaved like the classic, nineteenth-century bourgeoisie. Their family life, which had had such a promising beginning, was brought to ruin by death come early. Shortly after Gedeon Richter was born, his mother died of a postpartum fever, and within a year his father too had died. The orphaned Gedeon and his two older brothers were raised in Gyöngyös by their maternal grandparents and the family of one of their mother’s apparently childless cousins. They were grain traders. Gedeon Richter completed his secondary school education at the prestigious Franciscan grammar school in Gyöngyös. The apprentice pharmacist certificate he received at the University of Kolozsvár in 1893 is the first written document to show that Richter had chosen pharmacy as a career. The diploma says that he spent nearly three years, beginning at the age of 15, as an apprentice at Nándor Mersits’s pharmacy in Gyöngyös.

It is conceivable that the awareness of his parents’ early deaths played a role in his choice of career since they both died from an illness that could have been quickly cured had the right treatment been available. Once he had his apprentice certificate, Richter enrolled at the University of Budapest, where the regulations required him to spend one year in the Faculty of Sciences and then one year in the Faculty of Medicine. The faculty included such renowned scientists and scholars as Loránd...
Eötvös, Béla Lengyel, Károly Than, Lajos Winkler and Árpád Bókai. Richter received his pharmacist’s diploma in 1895. He underwent the obligatory two-year pharmacist’s training, which was a prerequisite for independently managing a pharmacy, by working as a pharmacist’s assistant in Szolnok and then in Miskolc. He began a tour of Western Europe in 1897 in order to acquire experience in European pharmacy and pharmaceutical manufacturing. In the interim he spent short periods working in Hungary at pharmacies in Beregszász and Ótátrafüred. An entirely new therapy, organotherapy, was developed at that time as a result of leading international biological research. Organotherapy held out the hope that the deficiencies of the human body could be cured with extracts from animal endocrine glands. Gedeon Richter recognised the long-term importance of the new therapy and devoted his life to developing it in Hungary. Rich with extensive pharmaceutical experience following years of study and travel, he used his inheritance to buy the Sas (Eagle) Pharmacy at 105 Üllői Street (which is still owned by the company) at the end of 1901. He set up a biological preparative laboratory and a laboratory for conducting chemical experiments in the pharmacy’s basement, and he began to produce and sell restoratives and various organotherapeutic hormone preparations made from animal organs.

This was a pioneering venture in the Hungary of that time, and in this regard Gedeon Richter had to blaze a trail through virgin forest. His first product, Tonogen Suprarenale injection, which contained adrenalin isolated from the adrenal gland, drew attention to the company since he had already been producing and selling this important active ingredient in Hungary in 1902, one year after Japanese scientists discovered it.

After much consideration, Gedeon Richter decided, at the age of thirty, to start his own company. He also thought the time had come to start a family. He chose a suitable companion for himself from his own social circle. In 1902 he married Anna Winkler, the only daughter of Bernát Winkler, a rich Jewish timber manufacturer and merchant in Szeged. They stood by each other in good times and in bad until the very end. Richter was always able to count on the support of Anna and her family in everything. The Winklers were there at the birth of the pharmaceutical company too. Most of them later became shareholders, board members and company employees. The Richters’s only child and hopeful successor,
László Richter, was born in 1903. It seemed in the happy years of peacetime that nothing could ever stand in the way of the couple’s family happiness and social success.

From the very beginning Richter founded the development of new products on the creative cooperation he had established with outstanding physicians. As early as 1902 he began to issue a regularly appearing professional publication entitled ‘Pharmacotherapy Report’, which he distributed without charge to doctors. The report provided a scientifically competent description of the therapeutic effects of Richter’s products. Richter’s first public publication, a brochure entitled ‘The newest organotherapeutic medicines’ appeared in 1903. He proudly announced in the preface, with a bit of exaggeration and no small amount of self-confidence, that he had ‘managed to win the competition between foreign imports and Hungarian pharmaceutical products’.

The expanding product line at the Sas Pharmacy made it necessary to patent the manufacturing processes. The ‘pharmacy factory’ (as the people living nearby called the modest manufacturing plant at the beginning) started production in September 1907. At that time, Gedeon Richter expressed his three main objectives as follows:

1. to sell pharmaceuticals that ‘the medical literature considers to be generally good and useful for treating people who are ill’;
2. to manufacture these products ‘with the greatest possible precision’ and perfect the results that are achieved;
3. to compete successfully with ‘the big foreign companies operating in the same business’.

Adding to the animal-derived organotherapeutic preparations that made up the company’s main profile, Richter bought an approximately 1000 square metre plot at 63 Cserkesz Street, which is located within the current grounds of the company. The company built its factory here according to its limited financial possibilities and, in doing so, laid down the basis for the modern Hungarian pharmaceutical industry.

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Gedeon Richter, therefore, was motivated primarily by the desire to cure people, and in order to do this he tried (by cooperating closely with the medical profession) to manufacture effective, high quality pharmaceuticals, lead the way in development and compete successfully in the market. His idea has so far proved to be a good one since the company is still operating in this spirit and could still be described by the above lines.

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The company laid the basis for its reputation at the beginning and was soon recognised as one of the top international suppliers. It is hard to imagine now what a big thing it was in the heroic age of capitalism to take on a pioneering role in the Hungarian pharmaceutical industry without stronger precedents. Foreign products dominated an overwhelming part of the Hungarian pharmaceutical market. Nobody who wanted to make a large profit quickly put any money or energy into the virtually nonexistent Hungarian pharmaceutical industry. In contrast to this uncertain and risky venture, there were established industries and banking, commercial and real estate transactions to be entered into. One needed considerable determination and dedication to do what Gedeon Richter did. The key to his success story lies in his ability to take advantage of the financial and intellectual resources he had inherited from his family background; his ability to make use of his own outstanding personal qualities, the knowledge he had acquired and commonly refined, his carefully developed Hungarian and foreign contacts; and, finally, his ability to take advantage of the opportunities offered by the economic conditions of the time. For example, the choice of the main production profile proved particularly fortunate because organotherapeutic preparations could be manufactured cost-effectively, with a low initial investment and a decent profit. The harmonious combination of these factors did not actually guarantee a successful result, but it did, at the very least, make one possible.

Adding to the animal-derived organotherapeutic preparations that made up the company’s main profile, Richter began in time to market phytochemical and synthetic products. The cardiac drug Adigan, which was developed at the beginning of the 1910s, as well as the disinfectant Hyperol and the antipyretic Kalmopyrin were the great successes in the early product line. The last two are still popular products available today.

The company’s products were very successful at the first Hungarian pharmaceutical exhibition, held in 1911. The trade journals reporting on the exhibition predicted a great future for Hyperol. (The prediction soon became true, because the product, thanks to its advantageous properties, was included in the army’s basic kit.) The company held as many as 28 patents in the year the First World War broke out.

Politics made its first negative intrusion into Gedeon Richter’s life at the time of the Soviet Republic that was set up in Hungary after the war. The government expropriated the company and appointed a production commissioner to run it. The Council of People’s Commissioners demanded that Gedeon Richter should co-
operate. He kept delaying his response, and finally the production commissioner, Jenő László, accompanied by two plain clothes policemen, threatened to arrest Richter as a counter-revolutionary if he did not submit. This time, reportedly, the thugs roughed up Richter. A little while later one of his loyal employees warned him that they wanted to take him before a revolutionary court and his life was in danger. Richter and his family secretly fled to Szeged and hid out for months at his father-in-law’s home. Following the fall of the Soviet Republic, Richter, acting under orders from the Szeged government’s minister of health, made several trips to Vienna to buy important medicines and pharmaceutical ingredients and, by doing so, helped to organise the country’s drug supply.

For a long time the company’s main product profile consisted primarily of organotherapeutic preparations. At the end of the 1920s there were about 150 of these products being sold. The experience acquired in the course of their development later made it possible for Gedeon Richter to market various hormone products competitively at the international level. Glanduitrin injection, which contains oxytocin and is used in gynaecology, was one of the products that proved to be exceptionally important, as was insulin, discovered in 1923, which Richter was producing in small amounts in the laboratory as early as 1926 and manufacturing on a regular basis just a little while later. The company produced oestrone from pregnant mare’s urine and exported it far and wide, and by the early 1930s Richter was one of the top oestrone manufacturers in the world. In order to increase the efficacy of its drugs, the company marketed several products it had combined with various active ingredients. Medical tradition now has it, for example, that there never would have been humane tooth extraction in Hungary had it not been for Richter’s combined analgesic, Neotonocain.

Aside from developing new products, Gedeon Richter had an amazing feel for developing fruitful international contacts and for effective business dealings. He set up his first foreign representative office in 1908 in Italy. In 1910 his company concluded a contract with a Berlin pharmacist for its representative office, and in 1914 he signed a cooperation agreement with the Merck company in Darmstadt. The proliferating foreign agreements increased the company’s prestige to such an extent that in 1923 Gedeon Richter transformed his sole proprietorship into a family-owned limited company. According to early documents, the founder held 49,000 of the 50,000 1000-koruna par value shares, while the remaining shares were distributed among family members.
In 1927 Richter Ltd. issued a jubilee publication which included the company’s earnings in the previous 25 years. ‘Our company created new ways to manufacture a great many drugs better than its competitors and predecessors. It not only manufactured drugs; it developed them. By seeking to cure people, it has made a great contribution to science.’ According to the final summary, ‘our company can proudly look back on what it has achieved so far, and we hope that in the future the Hungarian pharmaceutical industry will continue to be characterised by industry, ingenuity and learning.’ On the occasion of the company’s twenty-fifth anniversary, the Ministry of the Interior and the Ministry of Public Welfare paid tribute to the company for its valuable services to Hungarian public health, the Ministry of Agriculture honoured the company for processing Hungarian agricultural and animal products in a way that added value, the Ministry of Commerce recognised the company for 25 years of exemplary work in Hungarian industrial production, and the Prime Minister’s Office praised the company for generating foreign currency and promoting Hungarian culture. Two years later in 1929 the regent, Miklós Horthy, acting on the prime minister’s proposal, awarded Gedeon Richter the title of Royal Hungarian Government Counsellor, which he received in person.

In the rigid and hierarchical conditions of Hungarian society in which social rank depended mostly on birth, marriage and titles, being acknowledged by the traditional conservative, Christian elite and receiving a gesture of welcome into their midst could have meant a lot to Gedeon Richter – who was actually a self-made businessman who had risen in society by virtue of his own effort and achievement – and made him openly optimistic about his position in society and his future. Less than a decade passed before the situation changed radically and such optimism turned out to be an illusion.

At the height of his career, Gedeon Richter’s products received several prestigious international awards. The company won twelve gold medals at international exhibitions from the 1920s to the outbreak of the war. Unfortunately, the only one of these we have left is the certificate for the grand prize at the 1929 Barcelona International Exposition. Two decades after the company was founded, it was being called ‘the Hungarian Merck’. The Hungarian and foreign awards provided the company with an additional impetus for development, so at the end of the 1920s, when Hungary was in the midst of economic crisis, Gedeon Richter decided to build a global commercial network. This was the beginning of a commercial and representative chain that spanned the entire globe over the next few years and marketed Richter products in nearly 100 countries. Gedeon Richter founded ten foreign subsidiaries. The factories in London, Mexico, Milan, Sao Paolo, Zagreb and Warsaw were the most important production centres for pharmaceutical ingredients. By the 1930s Richter had become one of the most important foreign trade companies in Hungary. It is worth mentioning that Gedeon Richter consciously avoided loans and credit. Depending on his financial situation, he would use his own money to carry out projects and make improvements. The judicious business policy laid the basis for the company’s stable position, which protected the company from the ravages of the Great Depression. There were not even any layoffs.

His family and his business provided the meaning in Gedeon Richter’s life. His son, László, received a doctorate in chemistry in Zurich, and in 1932, at the beginning of the Gömbös era, he married Ilona Lombar, the daughter of a well-known surgeon. The fact that László Richter converted from Judaism to his wife’s Lutheranism (which was one of the prerequisites of their marriage) five days before the wedding reveals a lot about the changes in political atmosphere. László and Ilona had two daughters. Gedeon Richter adored his grandchildren and he was so concerned about their safety that they could not go anywhere without being accompanied or supervised. Personal recollections going back to the middle of the 1930s recall the relaxed, friendly, family atmosphere in the company. The basic tenor of this atmosphere was set by Gedeon Richter’s personality. He strongly emphasised that the workers would feel good and work well in a relaxed work environment. Even several decades later, during the Socialist period the employees still recollected that Richter was the best company in Kőbánya before the war and offered the best pay. The employees recalled having worked in an atmosphere of respect and security and in the hope of long-term employment and prosperity, and they remembered having received above average benefits. Being a Richter employee was prestigious. These facts and the already mentioned professional achievements are impressive, especially when one realises that this was a first-generation, innovative and still insipid company and also that Hungarian capitalism was half a century behind western capitalism and its development had been interrupted on several occasions.

According to one of his close colleagues, Gedeon Richter had an extraordinarily tranquil, modest, meditative, industrious, likeable and balanced personal-
ity. His frequently experienced mischievous smile was
evidence of his good sense of humour, and his man-
er of encouraging people and putting them at ease
reflected his profound humanism. His well-known di-
rectness was very effective in helping him to establish
an exceptional and extensive network of human con-
tacts. He was never heard to raise his voice. Instead,
he would always put his ideas into action through his
colleagues. He required discipline and asked people
to work hard and conscientiously. He rewarded re-
sults and held people accountable for not doing their
jobs well. His goal in life was to steadily develop
and perfect his company, and he set up a regular
agenda to serve this end. He was at the office every
morning before seven o’clock, and when the whistle
blew to indicate the start of work, he immediately
set out to visit the plant. He went throughout the en-
tire plant every day and ‘looked into every corner
of the company’, while the plant managers walked
alongside him and informed him of current develop-
ments, results and problems. Gedeon Richter had an
astonishing ability to choose promising research and
product development topics, which were usually put
quickly into production. One of his most cherished
credos was: learn, evaluate. He spent many long eve-
nings poring over foreign trade journals. As he did,
he made notes in the margins or wrote comments on
small slips of paper about which of his employees
should study the particular publication, and he often
noted down the ideas he had for development. The
next day, the publications he had gone through in this
way were given to the relevant employees, who in a
few days had to report on the results of their reading
of the article. He developed this way of doing things
early on, and he kept doing things this way for sev-
eral decades.
Gedeon Richter’s successful career was finally cut
short by the humiliations of the Jewish Laws and then
by the tragic events of the Second World War. The
simple fact of Jewish origin (which could not be per-
ceived from one’s appearance and almost always
could only be documented on a birth certificate)
proved sufficient for the changing policy to sweep
away the results of his life’s work, his services to his
country and community, and the illusion of social
assimilation. Along with the war, which broke out
in 1939, politics intruded into the company’s affairs
(as it had in 1919) and put an end to the relaxed,
family atmosphere which had prevailed until then.
As a shocking result of the stigmatisation initiated by
the Jewish Laws and the state’s termination of equal
rights, Gedeon Richter resigned from his position as
Grand Prize, 1929 Barcelona
International Exposition
The family-controlled board of directors. The members of the family-controlled board of directors were replaced by public figures who were Christians and who would hopefully be able to lobby successfully on behalf of the company and, of course, its founder. In 1940 Gedeon Richter petitioned Prime Minister Pál Teleki for exemption from the restrictions of the Jewish Laws, but it appears that his petition was a failure. He was still able to work until early 1942, when the authorities banned him from working in his capacity as the company’s chief executive. Even his employment was terminated (he was forbidden from participating in running the company). As a shareholder he was able to retain his board membership. Richter acknowledged this decision, and from that time on he began to run the company from home through trusted employees. He agreed with the board of directors to try agreed that Richter could serve as a consultant to the company’s management. He managed to get his son out of the country just days before the German occupation and announced he was leaving for Switzerland. In the end, though, he did not go because he did not want, or was not able, to leave his homeland, and he thought it was his duty, even in hard times, to stand by his company, which was his entire life’s work and, along with his family, provided the most meaning in his life. He never realistically assessed, nor even felt the increasingly greater danger he was in. Though there was no basis for it, he was confident of his own situation, and he clung to the illusion that no harm could come to him since he had never harmed anyone and had spent his entire life alleviating the suffering of sick people. He thought that some official somewhere was keeping track of his achievements and that his reputation and his high quality drugs would protect him, even at a time of blind hatred. 

And indeed, for a short time he did have some reason to hope that things would change for the better. According to the most recent research, Richter and his wife hid out for a while with relatives on Munkácsy Street. They moved to the officially decreed international ghetto at the beginning of December 1944 into a corner house at 21 József Katona Street. They contacted László Richter, who obtained the necessary permits, but by then it was too late to help. According to the officially decreed international ghetto at the beginning of December 1944 into a corner house at 21 József Katona Street. They contacted László Richter, who obtained the necessary permits, but by then it was too late to help.
employees, say about Richter. The tall, well-mannered Gedeon Richter acted like a real gentleman. He spoke quietly and serenely with his wife. He was an unassuming, reserved man. He never asked for anything, made a show or complained. From the end of December the members of the Arrow Cross Party were showing increasingly less respect for the diplomatic protection of the Swedish buildings once it became known that Sweden had only been stalling for time with its promise to recognise Ferenc Szálasi’s Arrow Cross government. Swedish letters of safe conduct were being widely forged at this time, which also annoyed the Arrow Cross. Since there were no armed guards for the protected buildings, the attacks and atrocities being carried out against them increased as the front approached Budapest and the Arrow Cross government was pulling out and going west. All hell broke loose in the ruined city, and looting, executions and violent acts of reprisal and intimidation became everyday occurrences. An armed Arrow Cross detail dragged the residents of 21 József Katona Street into the Arrow Cross building at 60 Andrássy Street (today’s House of Terror) under the pretext of an identity check. The papers and valuables were taken from everyone in the building, and the people were detained. At dawn the next day an armed escort took them all out to the street in the direction of the Danube, the men in the front, the women behind. According to an eyewitness, Gedeon Richter hugged his wife, said goodbye to her and fell in line with the other men. Before going forward, everyone had to strip down to their underwear in the ice-cold, freezing weather. As they approached the river the column was brought to a halt in a side street. The first fifty men were led off to where Zoltán Street enters today’s Széchenyi embankment. They were shot and thrown into the river. The 72-year-old Gedeon Richter was one of the victims. It is astonishing that the life of an accomplished, creative person who deserved a much better fate was cut short by a monstrous act of terror, murder and robbery. What happened could not be called anything else.

Gedeon Richter’s wife survived the Arrow Cross operation and the war, but psychologically she never recovered from the gruesome tragedy. Gedeon Richter’s body was never found. There is a symbolic tomb in a family crypt in the small Swiss town of Lugano. Jenő Hidvégi’s succinct and apt tribute given a half century later could be his epitaph: ‘He was a real human being who knew the meaning of integrity. He created something enduring, and his name will be forever linked with his creation.’

Tibor Rasztik
The company’s founder, Gedeon Richter, was a genius, a pioneer and a daring man who was at the same time a judicious businessman with a unique personality and ability. He was a genius in that he identified the therapies of the time that were becoming more popular and widespread, and he chose to manufacture organotherapeutic medicines. He was a pioneer because commercial pharmaceutical manufacturing in Hungary was still in its infancy, and, to the best of our knowledge, the manufacture of organotherapeutic preparations was not very advanced anywhere else either. He was daring because he put all of his family’s wealth into this enterprise when the overwhelming majority of the previous attempts to manufacture drugs in Hungary had met with failure. Finally, he was judicious because he was constantly developing his company, and he did so gradually over the course of his entire life when his financial situation allowed it. From the very beginning, innovation served as the basis for developing the company. There was not a great deal of research at the start. Gedeon Richter studied the trade journals and then decided which organotherapeutic preparations to market because their manufacture was not regulated yet.

The company’s most important activity became building and strengthening medical contacts in order to try out, describe, advertise and receive orders for the products. Once the company was up and running, Richter was able to call on the help of skilled, experienced employees. The production profile was expanded with plant-based products and a few synthetic products. Technological rationalisation improved the quality of the manufacturing process, and new equipment increased the plants’ capacities. Despite economic austerities, the company developed without interruption during the war. Its product line – especially the organotherapeutic preparations – increased tremendously, and after surviving the tribulations of the Hungarian Soviet Republic the company operated successfully during the post-war recession and was always profit-making.

The increasing popularity of organotherapeutic preparations both in Hungary and abroad encouraged the company, which had become a family-owned limited company, to expand this product line with combined ingredients. It was a business trick to market these under the collective name of HORMOGLAND, supplemented by the initial letters of the organs that were used. These were very popular, especially abroad.

International scientific discoveries provided a new impetus to develop the company, which had become a family-owned limited company. There were several articles
The first patent for producing lecithin albuminate (1905)

Gedeon Richter’s factory in 1908
Disinfectant at the time of the First World War – Hyperol was part of the basic military kit

Packaging products in the Richter factory (1927)
in trade journals reporting on the isolation of various animal-organ and plant ingredients. Gedeon Richter’s earlier organotherapeutic experiences and his herb-processing traditions provided him with an outstanding propensity for putting these scientific discoveries to practical and industrial use. He realised that this opportunity offered the promise of modernising his old preparations and producing effective drugs, and so he decided to organise research. This was when research at the company began to be carried out independently of production. Additionally, as the unbroken continuation of earlier practice, the chemists in the plant were also doing research primarily in order to rationalise the manufacture of their own products. The first biological laboratory in the Hungarian pharmaceutical industry was set up at Richter at the beginning of the 1920s, and an independent analytical laboratory was created in order to ensure quality. As a result of this organised and successful cooperation in research, many old preparations were marketed with a potency that had already been declared and guaranteed, the product line was expanded with new drugs and many isolated natural ingredients were exported. Realising the advantages of marketing the old and new preparations abroad, the newly formed limited company decided to intensely develop export activity and before long built up a network of representative offices spreading across five continents. By the end of the 1930s, ten of these had become Richter Ltd’s manufacturing subsidiaries. The discovery of sulphonamide preparations revolutionised pharmaceutics and accelerated synthetic research all over the world. As a result of this, synthetic research developed remarkably at Richter in the late 1930s. Research began on steroids, the manufacturing processes for several new foreign drugs were worked out, and Richter’s first original synthetic product was created. The introduction of new processes required newer plants, investment was speed up, and the company grounds were expanded. The first four-storey building was built, and modern laboratories and workshops were installed in it. The acquisition of modern Hungarian and imported equipment increased the technical level of production. This was the most tranquil period in the company’s history. The authorities did not intervene in the company’s affairs; work went on undisturbed in a balanced family atmosphere, and the company developed dynamically under the owner’s uninterrupted direction. Profit grew from year to year, but the use of it was disproportionate. The lion’s share was spent on developing the international network, and only a small amount went to developing the poor, underdeveloped parent company.
1940-1945
The war cut short the company’s steady development. The tension of insecurity replaced the traditionally sensible, relaxed atmosphere formerly found at the company. The Jewish Laws decimated the board of directors and the management, and official interventions, which proliferated as a result of wartime management (defence plant, military commander, etc.), made life difficult and changed the way the company was run. The near impossibility of getting imports held up production to an increasingly greater degree, while the export market was drying up as a consequence of the country’s wartime isolation. Insecurity increased as the war spread, and the increasing air raids were disheartening the workers and disturbing production. Efforts to keep the company’s assets safe (avoiding the ravages of air raids) and later, after the German occupation, the fight to keep the factory from being moved to the West were causing problems. Both research and production managed to keep going despite all these difficulties. So did exports until the siege of Budapest and the pro-Nazi Arrow Cross Party seized power, which sadly led to the death of the company’s founder.

1946-1948
Life at the company started up again after the war under the direction of the temporary Works Committee. After cleaning up the ruins and repairing the damage caused by the war, production slowly began with the few remaining raw materials and scarce supplies that could be bought on occasion. One of the most difficult tasks was getting hold of the coal that was needed to generate energy. Research was hard to start up again after the regrettable loss of people and equipment. Other than the tragic murder of the founder, the company’s greatest wartime loss was the total loss of foreign assets. It was possible to re-establish contact with the subsidiaries in the West, and several attempts were made to build up cooperation with them, but these efforts came to naught as a consequence of the subsequent political isolation. The other subsidiaries in the socialist countries were either destroyed or nationalised. In the second place, there was no authority in charge of the pharmaceutical industry that could represent its interests (although the industry did fall under the jurisdiction of the Ministry of Health for a while). In these circumstances, the company was basically left to do its own devices to get along as well as it could amidst the many responsibilities that proved increasingly more difficult to fulfil. Fortunately, the managers were usually the only ones to suffer sleepless nights over these problems. They did not burden the productive workers, who were able to work under relatively relaxed conditions in order to get the company, which has been crippled by the war, back on its feet as soon as possible.

1949-1967
The company had hardly woken up from the cataclysm of war when it was forced to confront an onslaught of official regulations which did little but cause serious problems. Terminating the company’s research, reducing the product line, industrial profiling and being forced by officials to change the company’s name in Hungary to the Kőbánya Pharmaceutical Company stipulated the company for some time. The most dangerous moment came when the planning office decided to terminate Richter Ltd. Since it was impossible to expand the company, the office planned to merge it with Wander. The only possibility of warding off these challenges facing the company was to increase its production, and in doing so, prove that it was worth keeping and developing. In order to do this, the entire company got together to begin a determined battle to save the company. The company had acquired talented young professionals who had been given a free hand in developing their innovative ambitions. Research proceeded in the spirit of unrestricted initiative with the cry that ‘every idea has to be tried out’. Cooperating with outside researchers, the newly organised enthusiastic research team achieved some remarkable results both in modernising traditional medicines and in localising effective foreign medicines. Ways were found to manufacture several new pharmaceutical ingredients cost effectively, which added to the product line.
The restriction on imports encouraged the greater use of Hungarian raw materials. In order to achieve this, the company organised an extensive cooperation to modernise the breeding and cultivation of the herbs it used (ergot and digitalis lanata). The company prepared many versions of its long-term development plan, but lacking authorisation for it, some of the projects were implemented arbitrarily. When the projects’ funding ended, the company began to build a plant hall as a public works initiative. The company had to fight tooth and nail for years to get permission to expand its grounds. After more than five years of fighting, the company was able to prove its viability, and the termination of the company was finally taken off the agenda in 1954. Meanwhile, the planned economy developed and severely limited the company’s ability to function independently in every area. The company was even more affected by the central distribution of investment budgets, for the pharmaceutical industry was consistently being shoved into the background because of the favour shown to the heavy industry development program. Medimpex was put in charge of all foreign relations, and the company was strictly forbidden from having foreign contacts. Exports were, for all practical purposes, limited to the neighbouring socialist countries. Lacking foreign exchange, it was impossible to import anything. The political seclusion of western partners and their uncertainty made it impossible to establish relations. In order to handle the ever increasing tasks, the company was constantly hiring talented professionals, but since there were many declassed elements among them, there was no end of trouble trying to fend off the political attacks directed against them. The fortunate cooperation between the frequently changing political managers and the stable professional managers led to a positive community spirit in the company. This was particularly important because the work conditions were relatively relaxed during the ‘doorbell scare’ period in order to get the employees to boldly carry out the difficult tasks at hand. After the 1956 revolution had been suppressed, a talented, well-educated, energetic director took over the helm of the company. She was Dr. Edit Varga, who before long came to identify with the company’s values and fought tirelessly to put them into practice. She took firm control of both political and professional management, which played a major role in the rise of the company. The basic factor in the company’s development continued to be innovation, which in many respects was spectacularly brought up to date. The prevailing mentality improved considerably. The previous system of doing research on an ad hoc basis was replaced by the planned development of specific long-range themes. By
closely cooperating with the Pharmaceutical Industry Research Institute, steroid development exceeded the planned target, peptide research advanced to the international level as a result of the team research carried out on the ACTH peptide hormone, vitamin B12 was successfully developed on the basis of Richter’s original process, and extensive cooperation was organised for original research based on vincamine (Covinton). Manufacturing development research hit a high level. By taking advantage of the possibilities offered by the process patent, it effectively made production more cost-effective and improved the company’s competitiveness. The company’s profile expanded when it managed to lift the prohibition on synthetic development and it began to use sterile fermentation technologies in the plant. Finally in 1957 the planning office approved the long-term development plan drafted in 1949, which meant that reconstruction could officially begin. New plant halls were built, and the company spread out onto both sides of Gyömrői Street.

The restrictions on imports meant that the company had to design and build a lot of machinery to help solve the plants’ technological problems. In the 1960s the technical standard of production improved with the gradual increase in imports of equipment from the West. The close cooperation that developed with Medimpex resulted in an increase in exports. Exports to the Soviet Union began to be systematically developed, and this included increased cooperation with several high-level clinicians. Organising the first cooperation with the West was a revolutionary breakthrough. The founding of an Indian company (Themis Chemicals Ltd) created under the name of Medimpex is significant in that it was the first Hungarian joint venture with a foreign firm for manufacturing pharmaceutical ingredients since the war and also because Richter’s in-kind contribution constituted a Hungarian stake of 25% plus one share. After 40 years the cooperation is still bearing fruit.

Perhaps the most important result of this period is that the company acquired the Dorog Coal Preparation Company in 1967 and, by doing so, created the basis for the long-term development of modern pharmaceutical ingredient manufacturing. Since Richter was always trying to break down the crippling restrictions of the planned economy, it was eager to be part of the one-year experiment of the new economic mechanism organised in the pharmaceutical industry in 1967. This experiment had outstanding results for the company (which far exceeded the industry average), and it contributed to the fact that the company which twenty years earlier had been thought dead had come to lead the industry.
1968–1991
Richter became a large company in this period. The New Economic Mechanism introduced in the country loosened up the restrictions imposed by the planned economy and increased the company’s independence. The company was able to take advantage of this in every area. Development was not built on a new concept. Rather, it was created by speeding up the implementation of the strategic objectives which had been defined in the preceding decade. An enthusiastic innovative spirit developed by replacing plan commands with independent initiative, and it was achievement that determined both corporate and personal financial interest. Another effective incentive was the company’s right to use most of the foreign currency it generated as it saw fit, which made it possible to purchase imported manufacturing equipment and up-to-date instruments.

Research advanced tremendously in several regards. Speeding up the ongoing development of several promising drugs led to the creation of conditions for modern original research. In order to do this, the company built a new, state-of-the-art pharmacological centre, where a broad spectrum of research was conducted under the direction of several qualified scientists. This ensured marketing of the company’s most successful preparation, Cavinton, in 1974 and the successful development of other proprietary products.

Reproduction research based on innovative traditions achieved outstanding results in developing patented independent manufacturing processes which made it possible to manufacture several effective new foreign drugs in Hungary. A prominent role was played by manufacturing development research, which made production much more cost-effective and improved the company’s competitiveness by rationalising the production technology processes.

Diversified development enriched the product range with high quality preparations that improved both domestic and foreign sales opportunities. The domestic market conditions did not change much, but export activity showed an exponential improvement. This was made possible by the fact that economic reform provided a way to deepen market relations and the company successfully took advantage of this by developing increasingly closer ties to Medimpex and constantly urging that its development proposals be implemented. A great advance was made in this area in 1980, when Richter received the right to independently engage in technological and scientific cooperation on an international level. As a result, relations with the Soviet
Union intensified, and a wide range of important cooperative clinical ventures was created, and revenue from exports reached an all-time high. Exports to the West increased dramatically, and finished drugs began to be sold abroad for the first time. In addition to the dynamic increase in exports of goods, exports of intellectual property became significantly more important. The revenue from these exports (royalties, know-how, and licence fees) considerably increased the company’s profit. Relations with the West expanded. In addition to exports of goods and intellectual property, there were more licence agreements and contracts for cooperative research projects with West European, Japanese and American companies. A great many problems were caused by the fact that production was not ready to fulfill the quantitative and quality requirements of rapidly increasing exports. The lack of time and money limited the necessary expansion of capacity. Since time was lacking, it was often necessary to come up with temporary, makeshift solutions for production, which increased the danger of accidents. The company would have had enough money to finance projects if the profit had not been siphoned off, but as it was, the company was increasingly forced to take out bank loans. A strict condition for getting loans was that the company had to give a precise description of the purpose of the investment and the economy measures that would ensure repayment and then guarantee that all of this would be done. This caused a serious problem. Since the purpose of the investment (rapid development) was still in the risky research stage at the time the company was applying for the loan, it was impossible to estimate the profit at that time. It also happened sometimes that the purpose of the investment had become obsolete in the interim, for technical or commercial reasons. Under these circumstances, the company sometimes had to take the risk of breaking the law. Although with difficulty, the company always managed to import what it needed, though its engineering problems often could only be solved locally. On the analogy of diversification, which had become common in the international pharmaceutical industry at about that time, the company also expanded its profile. Cosmetics manufacturing, which began in the 1960s in Dorog, was a qualitative breakthrough in Hungarian conditions. The product line was later expanded on the basis of a licence agreement with L’Oréal. The company began to manufacture pesticides in the 1970s, and it developed large-scale industrial production as a result of the Soviet-Hungarian Agrochemical Agreement. Although it was not pharmaceutical production, its high-capacity plants contributed to a considerable degree to developing the Dorog facility into a state-of-the-art
manufacturing unit. Between 1968 and 1991, despite restrictive central government practices (siphoning off of profit, price setting, disproportionate production tax), Richter became the biggest company in the Hungarian pharmaceutical industry.

1992–2010

After half a century of planned economy, joining the market economy presented Richter with a challenge which required a fundamental mindset shift. The company again became a limited company, but the State Property Agency exercised owner’s rights and wielded considerable influence over the company’s management. The company began its new business activity heavily burdened by bank loans, which grew larger in the first few years following the regime change. As a consequence of the collapse of the Soviet economy, the company closed 1992 with a loss, for the first time in its history. Consequently, the first attempt at privatisation failed. The company had to be restructured without delay. The new management’s main strategic objective was to make Richter a modern, marketing-oriented company and, through constant development, the leading pharmaceutical manufacturer in Central and Eastern Europe. By 1993 the company was again making a profit. It managed to pay off its loans in a short time, and its financial situation stabilised. Since the quality requirements increased exponentially in all areas of production, the company developed far beyond the average in quality control and quality assurance, area, staff and instrumentation. The company spent more money every year on modernising the company and expanding production capacity. These investments improved the technical quality of the plants and the company’s image many times more than in the previous period. One of the most important projects of the 1990s was the development of the Dorog facility into an international-level, state-of-the-art ingredient manufacturing plant.

As the first step in the privatisation process, the state-owned company was transformed back into a limited company in 1990. The company’s registered ordinary shares were listed on the Budapest Stock Exchange on 9 November 1994 and quickly became one of the blue chips. Budapest is not the only exchange where Richter shares have traded successfully. The company is also listed on the London Stock Exchange. The 1994, 1995 and 1997 privatisation programmes led to a gradual reduction in the State’s stake in the company. The international bond issues in 2004 and 2009 have resulted in the continuation of the corporate strategy and the Hungarian State’s retention of its shareholder rights in the medium term.
Founded in 1901, Richter is the only Hungarian pharmaceutical company that has been able to hold on to its independence and go on to become a multinational corporation. It operates under Hungarian management without any foreign strategic investors. As a result, the company’s management takes the interests of the Hungarian national economy into consideration. The company employs nearly 5,000 people in Hungary, where it conducts research and development, makes large investments and pays taxes. It has manufacturing plants in Hungary, in Budapest and Dorog.

The company’s core activities – researching, developing, producing and selling pharmaceutical products – are supported by several subsidiaries, joint ventures and associated companies. The parent company and all these other companies make up the Richter Group. Richter used greenfield investments to found new production companies in Russia and India. The company has also used acquisitions and affiliations to strengthen its role as a regional multinational player in Romania, Poland and Germany. Richter is unique among Central East European companies in that it has a market network which spreads over five continents and its products are sold in nearly 100 countries around the world. The company is present in more than 30 countries with five manufacturing facilities, 31 representative offices, and 14 commercial subsidiaries and wholesale companies.

Its market network, which is unique among Hungarian companies, includes the European Union countries, the United States of America, the CIS member states, Japan and the East. It operates an extensive marketing and distribution network in Hungary, Eastern Europe and the countries of the Commonwealth of Independent States. More than 80% of the company’s revenue comes from exports: EUR 612 million in 2009.

Researching original drug molecules and continuous innovation have been an important part of Richter’s strategy since the company was founded in 1901. Richter has since become the most important pharmaceutical research centre in Central and Eastern Europe with an R&D base in Hungary that employs 900 people.

In addition to original research, it develops non-proprietary (generic) products and chemical processes. The company’s original drug research concentrates exclusively on discovering and developing effective drugs to combat diseases of the central nervous system. The focus is primarily on molecules which can be used in the treatment of chronic pain, schizophrenia and anxiety. In proprietary research Richter emphasises innovation, technological quality and speed. In order to
achieve this, the company has devoted considerable resources over the past few years to renovating the biological laboratories and modernising infrastructure. In 2006 it opened an experimental technology laboratory, which produces large quantities (kilograms) of high quality active ingredients to be used for clinical tests. Construction on a chemical analytics research centre, which satisfies the highest technical and quality requirements, and an attached office complex was completed in late 2007.

Richter spends more money on research and development than any other manufacturer in Hungary. It devotes an average of 10% of its revenue to R&D. In 2009 this amounted to HUF 23 billion, which ranked as the second highest R&D investment in Central East Europe.

In 2007 Richter made a strategic decision to create R&D and manufacturing capacities for moving into biotechnology. In 2008 the company launched a more than HUF 15 billion project to build a plant in Debrecen for developing and manufacturing biotechnologically produced products. The new manufacturing unit is not only a milestone in achieving Richter’s strategic goals; it is a very significant step forward for Hungarian industry in that it increases the competitiveness of all of Hungary.

The biotechnology plant is a fitting symbol of the strategic efforts being made by the Hungarian-registered and Hungarian-run Richter. The company’s goal is to create a complex and competitive biotechnological product line that will help to expand its domestic and international product portfolios with products offering high added value.

Respect for the past and caring for traditions are important for the company. In 2001, the 100th anniversary of its founding, the company opened a museum devoted to displaying all 100 years of its history. This extraordinary exhibition of the history of the pharmaceutical industry is visited by Hungarian and foreign business partners, pharmaceutical experts and professionals, physicians, students and people interested in local and industry history.

Richter will make every effort in the future to further improve its multinational role in the region and to continue to supply the public with the most advanced products at reasonable prices. The company is committed to keeping its product portfolio constantly up to date. Richter is making large investments in order to achieve its goals, and is setting up additional strategic alliances in both R&D and sales and marketing to ensure the continued dynamic development of the Richter Group and an ownership structure that will provide for independence.

Lajos Pillich and István Chladek

The Chemical Research Centre and Office Building was recently honoured with the Budapest Award for Architectural Excellence