

Remembering István Hagelmayer

*I*t is a decade ago now that he was no longer able to struggle with the disease which he had borne with dignity and strength. He passed away just a few days before his 64th birthday. His life was short but rich in professional achievements.

At the beginning of his career, as the youngest of faculty leaders, István Hagelmayer was head of the finance faculty at the University of Economics in Budapest and then head of the Financial Research Institute at the Ministry of Finance. At both organisations, he established progressive think tanks which had a mindset open to changes, new requirements and actions. A number of renowned financial specialists, economists and researchers relate their career start or career to working with István Hagelmayer.

Besides his achievements as a university lecturer and scholar, professor Hagelmayer is also in the international who is who of outstanding financial analysts and researchers. He used to chair and contribute to a number of discussions and debates on highly complex issues in economics and finances. He authored several technical books and textbooks (and co-authored some). The number of studies and key articles he wrote is close to three dozens.

István Hagelmayer was an active participant of professional life. He was vice-chairman of the Hungarian Society of Economists and later, already as president of the supreme financial control organisation of the state, the State Audit Office, he participated in the establishment of the Association of Hungarian Financial and Economic Auditors and was a founder-chairman thereof.

The professor's lifetime achievements, including his work as president of the State Audit Office, an organisation which assists the Parliament's work directly, were honoured by society and the state with the Commander's Cross with Star of the Order of Merit of the Hungarian Republic. He was especially proud to have been the very first person to receive the Farkas Heller prize which the community of financial professionals awarded to him.

I do not think it would be possible in this brief commemorative article to illustrate even in fragments the content and nature of professor Hagelmayer's observations and points. In this context, however, I would still like to mention that the budgetary and public finance dilemmas and problems that had to be faced during his time were somewhat comparable to the corresponding challenges of today, albeit the social, political and economic framework and circumstances were highly different back then.

Let me cite a randomly picked example: In a chapter which he wrote in the technical book *Theory of Finances* (Közgazdasági és Jogi Könyvkiadó, 1989), he discussed budgetary equilibrium issues and made it a point to underline that budget deficits have diverse causes. Analysing the structure of budgetary revenues and expenditures, he pointed out that healthcare, education and culture spends are of outstanding signifi-

cance concerning the accomplishment of social policy objectives. Today, when substantial efforts are made to put Hungary's economy (back) on a course of lasting, financially sustainable growth, we are aware that that the upgrading of budgetary mechanisms and, as part of that, the application of a rule based fiscal policy are necessary but not sufficient prerequisites of any improvement. The guarantee of success is in properly laying the foundations of structural reform, then seeing through the reform in a manner that also observes social impacts – a point equally valid for the inevitable renewal of the large supply systems of public finances. Professor Hagelmayer saw clearly and emphasised strongly that budget problems should not be handled per se and cannot be resolved that way. Instead, they should be managed in conjunction with the problems of the (real) economy. He said it is always the next economic challenge which determines the right steps towards budget equilibrium. An example he cited was the development of selected industries, an urgent necessity back then. He made it a point to add that it is in our best interest to regulate solvent demand more strictly and to reinforce financial discipline – a point that a number of countries just “reinvented”, also including Hungary by now.

I take it as an honour that I could be an associate of professor Hagelmayer at the State Audit Office. I gained first hand experience that he remained a friendly, modest person even as president of the financial supervisory organisation of the Parliament. He employed unique methods that are normally used in creative workshops in the operations of the state audit office as well.

Here are a few lines which say a lot about his human qualities, leadership approach and creative ways of problem-solving: “Ever since I was a beginner lecturer and researcher, I have been a very curious person. I have had a critical view of life, society, economy – and I have tried to educate my students with a critical approach as well. If you have that mindset as a researcher and then you are offered to lead the State Audit Office, an organisation that is supposed to safeguard the taxpayers' money and monitor how it is spent, so with all that in mind, the assignment is actually about researching into problems. It harmonises very well with my background in research if you like. I could almost say I consider the state audit work so important that I would be willing to do this job for a lower pay. Another great benefit of this assignment is that the State Audit Office has outstanding specialists working for it.”

I am deeply convinced that not only the associates of the State Audit Office, but also the wider community of economists and financial professionals share my belief and commitment that we will treasure the memory of professor Hagelmayer. As we did in the past, we will continue to utilise the results of his research and build on his lifetime accomplishments.

Árpád Kovács