

# The role of the state-owned hotel chains in socialist Hungary: the history of the HungarHotels National Company (1945–1990)

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**Abstract:** the aim of this study is to present the history of Hungary's largest state-owned tourism company during the socialist era, the Hungária Hotel and Restaurant Company (Hungária Szálloda és Étterem Vállalat). My paper is based on archival sources, contemporary literature, press reports, and statistical data. The company was established in 1965, at a time when the former strict constraints of the planned economy had already been relaxed and the pre-war hotel infrastructure had been partially restored. Starting in the 1970s, several new accommodations were built in line with domestic and international tourism trends. HungarHotels was the largest state-owned hotel operator of the era. During its three-decade history, it provided guests with almost all tourism services. By the 1990s, HungarHotels had grown into a megacorporation. Its decline can be attributed to changing market conditions. In the 1970s and 1980s, more foreign hotel chains appeared in Hungary, creating competition. Due to the economic difficulties that arose during the political transition in 1990, it was no longer possible to support the company. The state budget needed revenue, so the government tried to sell the hotel chain. The privatisation of the company, which consisted of more than 40 units, dragged on for years. Finally, by 1994, the most important units had been transferred to private ownership, which led to the involvement of foreign capital and rapid hotel development.

**Keywords:** national hotel operation, Hungary, tourism, planned economy

**JEL-classification:** N94, L51, L83, Z32

## 1. Introduction

The period between 1945 and 1990 was a time of rapid shift in the Hungarian tourism. The market-based tourism and hospitality industry radically changed following the devastation of World War II. In many cases, the retreating or fleeing German troops completely looted the buildings they used, while during the Soviet takeover, many hotels and other hospitality establishments were hit by bombs. Reconstruction began slowly. During the collectivisation between 1945 and 1949, Hungary's economy was reorganised based on the Soviet model. From 1950 a direct planning system came into effect and remained in place until 1990. During this period, tourism played an increasingly important role. As part of the Soviet empire, the Hungarian regime tackled the issues of the domestic tourism's massification and adapt to the constantly changing international tourism trends during the decades of socialism. Adaptation was hindered by the fact that the quality of services declined significantly in the Soviet system. From the 1960s, the nationalised hotel industry was able to grow consistently. The next major transformation of state-owned hotels occurred in 1990 due to the change of the political system, when operating conditions became increasingly difficult and the government subsidy ended. In my study, I aim to find answers to the questions of how HungarHotels, the largest Hungarian hotel company, emerged and how it operated within the centralised economy.

## 2. Material and Methods

The study is based on a wide range of sources. Hungarian tourism literature and studies on the country's economy provided the academic background in which I examined the accommodation system. Since the 1980s, numerous monographs dealing with the economic changes during the socialist era were published. (Berend, 2006; Honvári, 2006; Kaposi, 2004; Kaposi, 2002; Pető–Szakács, 1985) These works highlighted the stages of economic processes, changes in economic policy, modifications in sectoral structure and social transformations. Several comprehensive works published of the Hungarian tourism and its various sub-sectors. (Rajcsányi, 2025; Walkó, 2009, Rubovszky, 2009; Misóczki, 2003) A series of case studies and company histories published about the life and operation of certain hotels. (Csonka, 2018; Baán, 2017) Since our topic focuses a huge state-owned company, various national and local daily newspapers provided relevant information. Party committee documents are available at the Hungarian National Archives in regard of HungarHotels, as decisions about the hotel made first within the framework of the political party. Census and other statistical sources made it possible to assess the company in quantitative terms. Finally, several photographs of the hotel chain's establishments can be found on the websites of the Hungarian National Digital Archive and Fortepan. In addition to the sources, I also utilised numerous other relevant materials related to the history or guest traffic of the individual hotels. Since the entire

history of HungarHotels is yet to be professionally documented, I tried to present the hotel chain completely. Therefore, I focused my research on two main questions:

1. What were the milestones of the Hungarian hotel management industry between 1945 and 1989?
2. What processes led to the collapse of the HungarHotels?

### 3. Result and Discussion

#### 3.1. Hungarian tourism and accommodation during the socialist era

Like other countries on the continent, Hungary was greatly affected by World War II. The German occupation of 1944 completely exploited the Hungarian economy and society. (Romsics, 2005, pp. 252–270) Heavy and light industry were converted into military production. Hungarian agriculture sustained the army. (Honvári, 2006, pp. 73–77) To finance the prolonged war, the Hungarian central bank issued unbacked paper money, resulting in the world's most devastating hyperinflation. There was not a single intact bridge left on the rivers, and the length of the Hungarian railway network shrank about 40%. Roads were damaged, long-distance bus services were suspended, and air traffic was halted. Hotel accommodation in Budapest and the baths were in ruins. (Kaposi, 2002, pp. 322–325) The reorganisation began in 1945 under strong Soviet influence. Parallel to nationalisation, a Soviet-style regime established. (Kaposi, 2002, pp. 329–334) The first five-year plan began in 1950, followed by seven others. (Kaposi, 2004, pp. 275–323) The planned economy ended private economic activity by eliminating competition, while its remnants, such as small-scale industry, were tightly controlled. The lack of innovation and the disappearance of profit pushed Hungary into prolonged economic stagnation. (Berend, 2006) Socialist countries were connected through the Council for Mutual Economic Assistance (Comecon). Until 1968, Hungary had a strict economic policy, followed by a somewhat liberalised one. The latter reduced the central planning system of regulations and allowed companies to operate more "freely". As a result of the economic easing, in addition to industry, social welfare elements also received funding from the 1970s (for example hospitals, schools, kindergartens, public transportation, household appliances, entertainment facilities, etc.). (Pető-Szakács, 1985)

After 1945, with the descent of the Iron Curtain, tourism radically changed. Between 1948 and 1951, hotels, guesthouses, holiday resorts, tourist hostels, and other accommodation facilities became almost entirely nationalised. The primary task was to establish mass tourism for domestic traffic, followed by the Comecon tourists. Centralised tourism was organised around workers' vacations (trade union and corporation), student trips around the country, occasional foreign visitors on official business, elite athletes, and visitors to paid hospitality establishments. (Misóczki, 2003) With the escalation of the Cold War, inbound and outbound tourism practically ceased to exist. Tourism in Hungary changed significantly after 1956. The central budget initially provided funds for the rapid re-opening and operation of hotels that had remained intact, followed by quantitative expansion in the second half of the 1950s, and then the renovation of existing premises and the creation of new ones from the 1960s. The first significant hospitality investments were the block motels around Lake Balaton, purchased in 1959 as part of the Brussels World Expo. (Rubovszky, 2009)

Hungarian politicians recognized the potential in tourism, and by the end of the 1970s, developing the sector had become a strategic goal. There were two main reasons for this:

1. They tried to reduce Hungary's isolation in the region between East and West.
2. The hotel industry's foreign currency payments were a key income source for the Hungarian foreign trade and for managing the country's foreign currency-based national debt.

After nationalisation, the Tourism, Procurement, Travel, and Organisation Company (Idegenforgalmi, Beszerzési, Utaztatási és Szervezési Vállalat, in short: IBUSZ) was responsible for organising all domestic and foreign tourism in Hungary. IBUSZ had a monopolistic position in organising travel for the Hungarian population, arranging trips for workers and students, promoting tourism, and even representing Hungary abroad. (Slachta, 2014) By 1990, several companies engaged in travel organisation, thereby somewhat diminishing the role of IBUSZ and gradually increasing the importance of county and city tourism offices. In the 1970s, strict visa requirements were gradually relaxed and tourism grew. By the end of the 1960s, international tourism had become the industry of peace, which slowly reached Hungary as well: international conference tourism and the great migration of modern times emerged. The process was supported by the spread of hotel chains, as well as large tourism systems and the

liberalisation of air transport. The Hotel Duna Inter-Continental was opened in Budapest in 1969, creating the first Danube-side hotel built under an international hotel chain. Then, in 1976, the first Hilton hotel was opened. Between 1978 and 1985, several hotel and conference tourism investments (such as the Budapest Congress Center) were realised with the help of a \$300 million Austrian loan. The legal predecessor of HungarHotels began its operations under these circumstances in 1949. (Walkó, 2009, pp. 222–223)

### 3.2. The establishment and operation of HungarHotels

The State Hotel Management Board (Állami Szállodák Üzletigazgatósága) was established in May 1948, initially centralising the larger hotels in the capital then in the rest of the country. (Misóczki, 2003, p. 190) The national company did not last long, because on December 23, the Hungarian government ordered the establishment of the National Hotel Company (Szállodaipari Nemzeti Vállalat, in short: SZNV). At the beginning, 13 hotels were included in the organisation: the Astoria, Bristol, Hungária, Britannia, Continental, and Nemzeti in Budapest; the Nádor and Pannonia (Pécs), Pannonia (Sopron), Turul (Kaposvár), and two tourist and student hostels in the countryside; and the Sellő (Balatonföldvár) at Lake Balaton. The main purpose of the newly founded national company was hotel operation, but it also did catering and spa tourism as well. The SZNV was established with its headquarters in Budapest for an indefinite time and was directly under the authority of the Ministry of Transportation. Miklós Rózsa became the company's CEO, and he remained at the top of the Hungarian hotel industry for almost 40 years. (Magyar Közlöny, 01. 01. 1949., p. 2)

The National Hotel Company was the fundamental organisation responsible for establishing mass tourism. They tried to incorporate hotels with immediate capacity into the system as quickly as possible, then created more accommodations by renovating and enlarging existing units. Due to the resource allocation of the five-year plans and the costs of huge heavy industrial investments, the company was unable to build new hotels until 1959, although the need to renovate the capitals worn-out hotels was recognised early on. (Bérmunkás, 11. 06. 1949., p. 8)

As part of the five-year plans, visitor numbers and hotel indicators were set for tourism. The entire tourism sector fell under state control, which was necessary for the implementation of socialist, populist policies. On 22. 04. 1949, the state determined which accommodations in Budapest, and the countryside could be used for official domestic business travel. (Magyar Közlöny, 03. 05. 1949., p. 6) Also this year, they categorised catering establishments into various classes (above class, class I., class II. and class III.), which were decided upon by trade unions, mayors and secretaries. They determined a partially mandatory menu for hospitality units, strictly prescribed consumer prices and ingredient quantities, limited the price levels of beverages and confectionery products, the price scales that companies could apply, and even the provision of music. (Magyar Közlöny, 10. 04. 1949., pp. 586–588) The SZNV also classified its own hotels based on the quality of services and the hotel guests. (Délmagyarország, 30. 01. 1949., p. 4) The hotel company's units in the capital are as follows:

1. for foreigners: Margitsziget Grand Hotel, Gellért, Bristol, Astoria
2. for domestic tourism; hotels for workers: Nemzeti, Britannia, Continental, Opera
3. in case of overcrowding; hotels for schools and courses: Erzsébet, Wien

In addition, the government banned the leasing of various hospitality establishments, which led to a drastic reduction in the number of private businesses. (Magyar Közlöny, 28. 05. 1949., p. 802) One of the earliest measures taken by the central regime was to impose mandatory reductions in hotel prices. The state wanted to show that hotel rooms were not only a privilege of the upper classes, but also of the working people, the common man. (Magyar Távirati Iroda, 07. 02. 1949., p. 17)

In 1950, the hotel company was reorganised. The Hotel and Food Trade Center (Szálloda és Élelmezési Kereskedelmi Központ) united the National Hotel Company (SZNV), the National Food Company (Élelmezési Nemzeti Vállalat), and the Budapest National Wine Distribution Company (Budapesti Borforgalmi Nemzeti Vállalat) as a "professional umbrella organisation." (Vendéglátóipari Dolgozó, January 1950, pp. 6–7) Concentrated economic organisation was common at that time. At the same time, eight national companies were established in eight major cities outside of Budapest to facilitate management from the capital. (Magyar Közlöny, 25. 06. 1950., p. 1)

Under the planned economy, the state hotel company underwent several name changes and the number of hotels under its management grew steadily: by July 1949, it had 27 units with 1.822 rooms and 2.662 beds. (Hírlap, 21. 07. 1949., p. 6) From 01. 01. 1957, the company continued its previous activities under the name of the National Tourism Hotel and Restaurant Company (Országos Idegenforgalmi Szálloda és Étterem Vállalat, in short: OISZÉV). Essentially, its monopolistic position was secure until 1965. The new company not only provided accommodation services but also engaged in the construction of new hotels.

In 1957, OISZÉV changed the hotel classification system. Units in the category above class were usually sold to international tourists, while classes A, B, and C were sold to domestic tourists. This also implied a difference in service. The following table shows the highest-rated hotels operated by the company (

1. Table):

1. Table: hotels above class managed by the state-owned company in 1957

Budapest	Countryside/ Lake Balaton
Astoria	Liliom
Béke	Hullám
Duna	Strand
Gellért	Astoria
Hungária	Kéktalpon
Margitsziget Grand Hotel	Napsugár
Palace	Palatinus
Royal	Hubertus
Vörös Csillag	Park

Note: based on the data of (Magyar Közlöny, 15. 05. 1957., pp. 2–3.), own edit

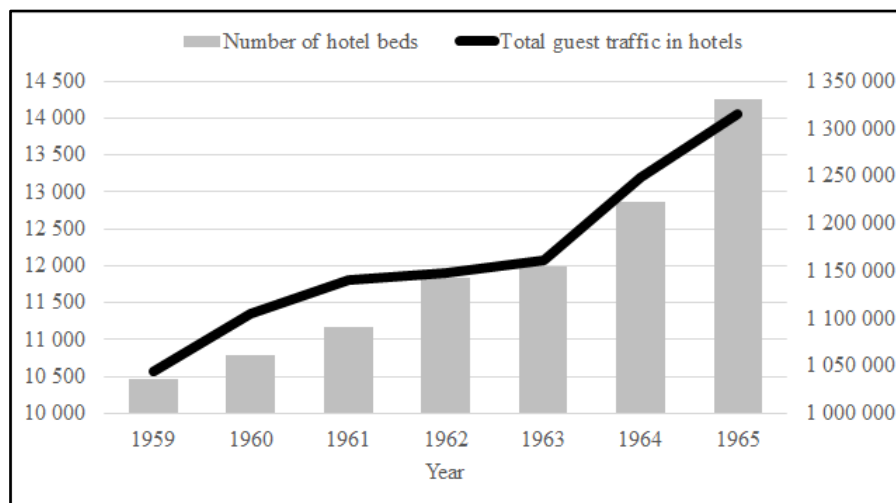
In addition to the approximately 18 hotels above class, there were another 30 class “A” establishments. By 31. 08. 1957, there were a total of 240 hotel-type establishments in Hungary. According to the statistical methodology of the time, this included hotels, motels, inns, and guesthouses. This means only some of the 240 accommodations belonged to OISZÉV, while the rest were operated by other state-owned companies. In 1957, Hungary had a total of 5.661 hotel rooms with approximately 13.796 beds. (Statisztikai Évkönyv, 1959, p. 224)

Between 1957 and 1965, in addition to hotel operation, there was an expansion in the number of lower-quality hotels. From this period onwards, the development of the Balaton hotel industry began and real investments were made. In 1958, Brussels organised the World Expo. (Képes Magyarország, March 1958, p. 2) Due to the increased number of visitors, the country built a 2.500-room hotel called Motel-Expo. Hungary purchased 16 mobile units, totaling 670 rooms, from the modular and dismantlable building, which were used to construct the first motels on Lake Balaton. (Rubovszky, 2009, p. 343) According to contemporary press reports, such motels offered hotel-level services. (Esti Hírlap, 08. 07. 1959., p. 1) In 1959, the Tihany Motel was built with approximately 252 rooms on the northern shore of Lake Balaton, on the Tihany side of the Szántód–Tihany ferry crossing. However, the state also built motels in Siófok, Keszthely, and Balatonföldvár. (Bérces, 1959, pp. 440–450) In addition to motel construction, the company prepared plans for the rehabilitation of the row of hotels alongside the Danube in Budapest in 1958. (Figyelő, 02. 09. 1958., p. 10) But implementation had to wait.

OISZÉV could be considered the initiator of the Hungarian hotel constructions. A significant expansion of capacity took place in the first half of the 1960s. Since statistical data only reveal how many hotels were operating in each year, it is quite possible that the modest 13 new units are the results of renovations and completed restorations. However, it is a fact that the number of hotel beds increased by 3.808 nationally. This represents a 36% growth until 1965. Hotel occupancy rates rose in parallel with the number of guests that could be accommodated. These relations are shown in the following diagram (

1. Figure):

1. Figure: the development of hotel capacity and guest traffic in Hungary (1959–1965)



Note: based on tourism data of (Statisztikai Évkönyvek, 1960–1966), own edit

On 01. 05. 1965, the National Tourism Hotel and Restaurant Company was renamed to Hungária Hotel and Restaurant Company (Hungária Szálloda és Étterem Vállalat, in short: HungarHotels), and the former Restaurant and Buffet Company was renamed to Pannónia Hotel and Hospitality Company (Pannónia Hotel és Vendéglátó Vállalat). (Kereskedelmi Értesítő, 14. 07. 1965., p. 315) HungarHotels continued to manage representative, high-quality and high-rated hotels, while Pannónia worked with lower-rated units. The latter took over five hotels in the capital (Nemzeti, Palace, Park, Metropol, Opera) from Hungária. HungarHotels operated hotels on the northern side of Lake Balaton, while Pannónia operated the southern units. (Népszava, 25. 10. 1967., p. 8) In 1972, the number of state-owned hotel chains increased with the Danubius Hotel and Spa Company (Danubius Szálloda és Gyógyfürdő Vállalat, in short: Danubius Hotels), whose main profile included health resorts and the forerunners of later wellness hotels. In fact, it was the Danubius Hotels that established Hungary's renowned wellness and health tourism. (Kereskedelmi Értesítő, 24. 03. 1972., p. 1)

HungarHotels primarily focused on hotel management, but its activities expanded to include other services as well. In 1965, the company completely renovated the Margitsziget Grand Hotel. Although the hotel survived the summer tourist season that year, its renovation could not be postponed any longer. (Magyar Nemzet, 05. 12. 1965., p. 4) The highlight of the year was probably the accommodation of Louis Armstrong, who gave his first and last concert in Budapest performing for 80.000 people at Népstadion. (Simon, 1999, pp. 164–166) The renovation, which began in 1966, lasted two years, involving the replacement of concrete elements used in previous renovations, the installation of a completely new pipe and wiring network in the building, the addition of a foyer to the ground floor, and the conversion of rooms to meet modern requirements and state regulations. The Grand Hotel, re-opened on 31. 01. 1968, welcomed guests with 168 rooms and 268 beds. (Saly, 2023, pp. 79–116) The Gellért Hotel, another famous hotel in the capital, was renovated as well. The continuous refurbishments and modernisations were completed in the 1970s. The hotel offered its guests many services that were unique in Hungary at that time, like minibar, airport transfer, table service in the restaurant. Former US President Richard Nixon must have fond memories of his visit to the Gellért when he stayed at the hotel again in 1982. (Saly, 2019, pp. 142–154; Rubovszky, 1990, pp. 31–51) The two buildings were probably HungarHotels' two most important properties, which is why the company was operating them properly and ensured that they met international standards.

In 1966, HungarHotels was responsible for around 35 hotels, including 14 in Budapest. (Esti Hírlap, 28. 07. 1966., p. 3) The company's name gradually became synonymous with expertise in Hungarian hospitality, providing adequate training and opportunities for travel abroad. (Magyarország, 06. 02. 1966., p. 19) The expansion of services and the increasing number of hotels provided sufficient reason for the company to be classified as a so-called mega-company. (Kereskedelmi Értesítő, 04. 01. 1966., pp. 10–11) Starting in the 1970s, the Hungária Hotel and Restaurant Company invested heavily in the hospitality industry. (Kaposi, 2002, pp. 384–388) In addition to establishing the hotel infrastructure for international tourism in Hungary, the company also made efforts to introduce high-quality services designed to meet the demands of foreign guests.

The Budapest Hotel (Körszálló) was opened at the end of 1967. With approximately 280 rooms, the 64-meter-high building towered over Budapest. (Magyar Nemzet, 31. 12. 1967., p. 3) The hotel was considered a showcase

project of the socialist regime. The approximately 90-million-forint investment was the first hotel in the capital to introduce a buffet breakfast. It quickly became popular after its construction. Countless famous Hungarian, Eastern, and Western guests stayed at the premises. (Szabad Föld, 2022)

In 1967, HungarHotels operated 40 hotels, and another 12 were under construction. (Népszava, 12. 07. 1967., p. 8) A year later, the Rába Hotel in the western Hungarian city of Győr reopened after renovation and expansion with a capacity of 200 guests. (Kisalföld, 05. 11. 1968., p. 6) The Hotel Annabella in Balatonfüred was also built this year. The accommodation welcomed its guests with 384 double rooms, a 600-seat restaurant, and a café with a capacity of 100. (Kirakat, 01. 02. 1968., pp. 11–12) Although its prices were higher, foreign tourists were fond of using the hotel's services. (Baán, 2017; Mérleg, 01. 08. 1968., p. 3)

The construction of high-quality, large-capacity hotels began in 1969. Several major accommodations opened on Lake Balaton, such as the Hotel Marina (Balatonfüred) and the Hotel Auróra (Balatonalmádi). The two hotels increased the region's capacity by a total of 622 double rooms. (Burger, 1969; Dezső, 1969) Since Lake Balaton and Budapest were already considered the country's leading tourist destinations in the 1970s – which is still the case today – construction projects and the newest innovations and services were primarily implemented in these areas. The hotel was the first unit in Budapest's Danube-side hotel row, which had been burned down during World War II, based on international cooperation. Hungária remained the builder and owner, while as part of a franchise agreement, the Duna became a member of the Western Inter-Continental chain. This was the first international hotel operator in Hungary, indicating a huge change in the country's previously isolated status. All 350 rooms of the 9-storey building faced the Danube, which was a real attraction for guests. (Juhász–Szántó, 1999, pp. 52–53) It didn't take long for the second hoteling chain to appear, as the government-owned company signed a contract with the American Hilton to build a hotel at Buda Castle. (Magyar Nemzet, 18. 01. 1969., p. 3)

2. Table: hotels operated by HungarHotels in 1985–86

Abroad	Budapest	Countryside	Lake Balaton
Budapest (Münich)	Panoráma	Bük	Marina
Hungária (Vienna)	Grand Hotel Royal	Kastély	Auróra
	Astoria	Arany Csillag	Annabella
	Grand Hotel Hungária	Eger	Club Tihany
	Erzsébet	Park	Margaréta
	Béke	Mátra	Tulipán
	Stadion	Rába	
	Expo	Aranyhomok	
	Flamenco	Pannonia	
	Forum	Juno	
	Duna Inter-Continental	Palatinus	
	Budapest	Pannonia	
		Nádor	
		Karancs	
		Pannonia	
		Lövé	
		Palatinus	
		Alba Regia	
		Hungária	
		Royal	
		Tisza	
		Tisza	
		Savaria	
		Claudius	
		Isis	

Note: data based on (Retronom.hu, 2010; Marketing, January–February 1985, pp. 15–16; Marketing, November–December 1984, p. 448), own edit

In 1985–86, HungarHotels operated nearly 50 hotels in Hungary and abroad. (

2. Table) The company established a hotel infrastructure suitable for receiving international tourists alongside its domestic tourism services, which we can still see today. They tried to adapt to the changing consumer demands. Despite being a state-owned company, it opened towards both Eastern and Western countries. In 1971, Hungary organised the first International Hunting Exhibition, which led to the opening of the Hotel Sylvanus in Visegrád, in the bend of the Danube. (Magyar Hírlap, 17. 09. 1971., p. 2) In 1976, the previously agreed Hilton contract was fulfilled when the Budapest Hilton building opened at Buda Castle. This project, which posed a unique architectural challenge, increased the capital's capacity by 323 rooms. (Pintér, 1978) The state-owned company also built new hotels in several large cities in the countryside as well. 1978–1985 was a remarkable period in the history of the hospitality chain, when Hungary received a \$300 million loan from Austria to develop domestic tourism, and the state-owned company received the largest share. Many existing and new establishments opened during this period.

### 3.3. The final days of HungarHotels

In the 1980s, Hungary's economy got worse. The country's debt, the financing of industrial capacities that were becoming increasingly useless, the decline in the standard of living, and especially the growing gap between Hungary and Western countries made it clear that a political transformation was needed. During these years, the Soviet Union's world power position faltered, which assisted the freedom of the Central European satellite countries from the Soviet empire between 1989 and 1991. In the countries of Central Europe, the communist one-party dictatorship collapsed, and democratic systems were established in every country in the region. The political transition in Hungary was peaceful, and the coalition government of 1990 formulated a forward-looking, long-term catch-up program. As the planned economy collapsed, the privatisation of state assets became the basis of the re-organising market economy and the political transformation. Until the 2000s, state ownership decreased continuously, which generated essential revenue for the country's operation and transformation. Huge industrial organizations got downsized and restructured. In Hungarian politics, the principle of reprivatisation, meaning the return of previously confiscated property to its original owners, was rejected. Instead, they attempted to partially compensate the claims of approximately 1.8 million Hungarians through a system of reparations. By 1998, approximately 1.100 billion forints worth of state assets were sold to private investors, mainly Western companies. (Kaposi, 2024) In 1994, Hungary turned towards the West and signed an association agreement with the European Union.

By the 1990s, HungarHotels was no longer just a Hungarian hotel operating company, but a megacorporation involved in travel organisation and tourism, with foreign interests and offices, information services, advertising and promotion. In fact, it was able to provide all kinds of tourism services, from attracting new guests to guiding tourists through hotel accommodation. Presumably due to its overly extensive activities and excessive corporate size, by the 1980s we regularly encounter press articles containing advertisements for several hospitality units for rent. We can conclude that, on the one hand, political control was steadily loosening and, on the other hand, HungarHotels was struggling with operational difficulties.

This is also reflected in the literature, which highlighted the difficulties of privatisation during the 1990 political change. The company was huge and had highly diverse units in terms of location and quality, so it could not be sold all at once. In 1990, no buyer was found in the first round of privatisations, so it was necessary to divide the company into parts and sell the smaller units separately. (Népszabadság, 13. 01. 1990., p. 8) The sales began. In 1994, after multiple profile streamlining, HungarHotels remained under the name Hungaria Hotels Inc. which was still too large with its 15 hotels and various business shares. (Rajcsányi, 2025) Despite receiving an offer for the partially privatised company, the American General Hospitality Inc. bid was reviewed and invalidated in 1994. In 1996, the successor to the Danubius Hotels acquired an 85% stake, which was subsequently responsible for 14 hotels (in the capital: Astoria, Béke Radisson, Budapest, Flamenco, Erzsébet, Grand Hotel Hungária, Stadion; Balaton: Annabella, Marina; countryside: Park–Eger, Palatinus, Pannónia, Rába, Lövér). In 2004, Danubius Hotels, which still exists today, merged with HungarHotels, incorporating all its assets. (Csonka, 2018; Baán, 2017) The case of HungarHotels is an excellent example of the many different processes involved in Hungarian privatisation, as its sale was initiated by the state and carried out by the State Property Agency (Állami Vagyongyűnökség). (Kaposi, 2024)

## 4. CONCLUSION

In this study, I presented the forty-year history of the largest company in the history of Hungarian hotels. Under nationalisation laws, all hotels in Hungary became state-owned, and were therefore operated under centralised control in the planned economic system. After economic recovery, the organisation of domestic tourism in Hungary became the task to be solved during the harsh communist dictatorship of the 1950s. However, the policy of forced industrialisation failed by the early 1960s, and a new era began in the hotel industry in 1965. During the reorganisation, the Hungária Hotel and Restaurant Company was established as an independent entity, operating the most significant properties. HungarHotels combined the previously initiated quantitative expansion with qualitative improvements, which fundamentally changed Hungary's tourism industry. The company attempted to keep up with the changing international trends and consumer demands and introduced services in its hotels that fully satisfied Western tourists as well. In 1969, it signed contracts with prestigious international Western hotel chains, which began operating in socialist Hungary for the first time. The company quickly expanded its range of services: it provided information, organised travel, operated hotels, and, as a major investor in tourism, fundamentally shaped the Hungarian tourism industry and made it internationally recognised. By the 1990s, it was already operating offices abroad and had several interests. In 1988, for example, the HungarHotels acquired a 20% share in the Gudauri Hotel. (Turizmus, November 1988, p. 12) The company quickly grew into a megacorporation. Until the planned economy ensured a steady stream of tourists from the Comecon region, domestic mass tourism, and rising numbers of visitors from the West, HungarHotels operated without any problems. However, when the communist regime collapsed, it became clear that the previous system could not be maintained without state support, leaving privatisation the only solution.

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**Press**

The following national and local newspapers contributed to this study: Bémunkás, Délmagyarország, Esti Hírlap, Figyelő, Hírlap, Kereskedelmi Értesítő, Képes Magyarország, Kirakat, Kisalföld, Magyar Hírlap, Magyar Közlöny, Magyar Nemzet, Magyarország, Magyar Távirati Iroda, Marketing, Mérleg, Népszabadság, Népszava, Turizmus, Vendéglátóipari Dolgozó.

**Statistics**

The statistical sources are taken from the Statistical Yearbooks (Statisztikai Évkönyv) of the Central Statistical Office, which quantify tourism in Hungary between 1957 and 1989. The volumes were published by the Statistical Publishing Company.

**Other sources**

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