Narratives of (de-)legitimation and the institutional change of Chambers of Commerce in three European countries

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Abstract

The paper considers the European chambers of commerce as relevant actors and interest groups on the regional level and as understudied subjects in political science. The regulatory alteration of the business’ self-governance is being explored within a particular framework of gradual institutional change. Enlarging the prominent concept by J. Mahoney and K. Thelen, the focus is on the narratives by which agents are being motivated for political action and justify their pursuit for change. Narratives of (de-)legitimation are taken as necessary prerequisites for the preservation or alteration of institutions. Referring to D. Easton’s concept of political support, the narratives are differentiated along the different objects addressed. The cross-national comparison of three systems of Chambers of Commerce in the last 25 years (Germany, the United Kingdom, and Hungary) reveals several situations of change in which these narratives were of different relevance. For instance, a setting of deliberation before public courts requires more generalizing justification than politics behind closed doors. In addition, the change agents in the three countries differ. While politics and the strategy of conservative parties are of crucial importance in some situations, institutional challengers come originally from the membership in other situations. The study shows cross-national similarities of narratives of (de-)legitimation in Germany, the United Kingdom, and Hungary. In particular, the weak diffuse support for the heterogeneous membership is to be mentioned as well as a continuous criticism on the performance of the Chambers of Commerce. As the comparison covers just a few cases, the paper argues that an agenda for comparative research on Chambers of Commerce is needed because of their factual relevance in public policy on the one hand and their exemplary organisational character in the (transnational) field of spreading forms of business’ self-governance.

Key words: Chambers of Commerce, self-governance; institutional change; narratives
The self-governance of business is at the top of the social science agenda, at least when it comes to the ‘new’ transnational self-regulation (Quack and Djelic 2010; Eberlein et al. 2014). It is rather neglected if not ignored when it comes to the ‘old’ established local and regional forms, among them the Chambers of Commerce (CoC). With few exceptions, literature is sparse and rather dated on this “local business voice” (Bennett 2011). This is puzzling for two reasons. On the one hand a number of countries (among them France, Spain, Austria, and Germany) know CoC with compulsory membership. Thus, all companies are members of these associations which are therefore to be assumed to be powerful organization in public policy. On the other hand, the literature on ‘new’ forms of self-regulation might learn from the social and political processes of the old forms in order to broaden the analytical framework for exploring dynamics of business’ self-governance. For these two reasons (political relevance in public policy and governance, method of analysing self-governance) the paper addresses the institutional change of CoC in European comparison. It does so by focusing on a particular research question: Do narratives of legitimacy have an impact on institutional change? Thus, the paper draws upon a new institutionalism in which ideas, references, have a particular meaning. Therewith, the paper proposes a particular approach for exploring the institutional change of business’ self-governance by combining the framework of gradual institutional change (Mahoney and Thelen 2010; Streeck and Thelen 2005) with an ideational approach (cf. Schmidt 2012). These two approaches might be taken as epistemologically competing since the former takes rational interests within a framework of rules as driving factor of change while the latter focuses on the (re-)interpretation of rules and the construction of interests. I will argue that the epistemological differences of both approaches are bridged by the concept of legitimacy. Institutional change of business’ self-governance takes place in a more encompassing discursive field of ideas and policy paradigms in which interests are constructed as (given) interests (Blyth 2002). The concept of legitimacy and narratives of (de-)legitimation as the factual articulation of it bridges between the discursive field and the current situation of change. In these narratives some rules and practices are considered as appropriate (and others not). Some goals and some behaviour is taken for granted while others are immediately and intuitively deemed as offending, ridiculous, and irritating. In bridging between the discursive field and the situation of change, the narratives serve two main functions. First, they motivate agency from the inside as a particular interest is dignified as legitimate. Second, these narratives justify strategies and actions toward other actors in the field. In this regard, situations of institutional change are not neutral for the need of articulation of the narratives. They themselves trigger the need for explicit reasoning (or not). It makes a difference if an intentional (not emergent!) institutional change is striven for behind the doors, in the public sphere,
or happens by accident (cf. Goodin 1996). While the first situation might include ‘sheer’ power politics, the second requires deliberation in which actors have to legitimate their interest as a reasonable public goal and have to refer to general norms (as criteria for legitimacy). Within the third situation (institutional change by accident) it is the absence and the non-activation of support for the ‘old’ institution that is notable. The old institution is not taken into account. Three reasons might account for this: the absence of advocates of the old institution, the loss of specific support for it, or the oblivion of it due to the diffuse support and their implicitness. Hence, the accident is somehow scattered to legitimacy while the intentional change in the public agora shows the highest requirements for reasoning and legitimation. In summary, narratives of (de-)legitimation comprise stories, feelings, and attitudes in which implicitly or explicitly the acceptance and the support for an institution is articulated. Therewith, narratives of (de-)legitimation bridge the discursive field and the situation of institutional change.

Against this conceptual background and with regard to the change of particular business’ self-governance, the purpose of the paper is to identify narratives of (de-)legitimation of Chambers of Commerce (CoC). Three CoC’s systems are addressed. European CoC differ notably as some are based on compulsory membership by law and other on voluntary membership. The latter offer the exit-option for dissatisfied members but have to cope with the collective action problem being relevant for organised business interests (cf. Traxler and Hümer 2007). The former are mainly based on a particular state-business pact as government and parliament decide on the attribution of compulsory membership and the (privileged) resource allocation of the organisations. Taking the differences into account and being interested in institutional change, the papers compares cross-nationally one CoC system with compulsory membership (Germany) and one voluntary membership (United Kingdom). While the change of these institutions is incremental at best, the Hungarian CoC are comprised in the case study because they changed from compulsory to voluntary membership, and back again. Due to the methodological design, the paper is first and foremost aimed at identifying cross-national similarities of the narratives of (de-)legitimation. In addition, it discusses the different situation of change in three countries.

The remainder of it is organized as follows. In a first step the concept of institutional change and the role of narratives of (de-)legitimation are going to be developed. In order to inform on the particular type of business self-governance, the CoC in European context are presented. In this part of the paper, institutional change is operationalized. The paper then discusses the three examples of (non-)change of CoC. It focuses on particular historical situations in which change had been intended in order to identify (similar) narratives and to exemplify the range of coverage of the conceptual
approach on the analysis of business’ self-governance. The similarities of the narratives and the routes of future research are presented in the final part of the paper.

**Narratives of (de-)legitimation and institutional change**

In their “theory of gradual institutional change” (Mahoney and Thelen 2010, 1) J. Mahoney and K. Thelen are interested in the different kinds of institutional change ranging from (instrumentally secured) stability to fundamental and accidental change through exogenous shocks. Pivotal to their concept of institutional change is the character of institutions as an historic compromise in which different expectations, interests, and resources are bundled at a particular point of time but still retain their diverging character. Thus, ambiguity is built in these “still contested settlements” (Mahoney and Thelen 2010, 8) which have over time re-distributional impacts: “In our approach, institutions are fraught with tensions because they inevitably raise resource considerations and have distributional consequences” (Mahoney and Thelen 2010, 8). The actors’ benefits and detriments from the institutions and the power asymmetry within them are triggering change. Mahoney and Thelen distinguish four modes of institutional change: “Displacement [as] the removal of existing rules and the introduction of new ones, layering [as] the introduction of new rules on top and alongside existing ones, drift [as] changed impact of existing rules due to shifts in the environments, and conversion [as] the changed enactment of existing rules due to their strategic redeployment.” (Mahoney and Thelen 2010, 15-16). In their framework for explaining different modes of institutional change agents take the pivotal role. Regarding them”, four “types of change agents” are listed: insurrectionaries, symbionts, subversives, and opportunists (Mahoney and Thelen 2010, 23). For instance, “insurrectionaries consciously seek to eliminate institutions or rules, and they do so by actively and visibly mobilizing against them” (Mahoney and Thelen 2010, 23). These internal change agents might ally with external institutional challengers. Thus, the “coalitional dynamics and the politics of institutional change” (Mahoney and Thelen 2010, 29) are of particular concern.

It is of particular benefit to start from this concept of gradual institutional change, when seeking to come to grips with change in national systems of Chambers of Commerce (CoC) and the historical situations of intentional preservation or alteration of the existing rules. The examples (see below) will show that decisions on the compulsory membership follow a dynamic of politics. For instance, the German case reveals a coalitional dynamic as an ‘insurrectionary’ anti-chamber movement allies with groups in political parties in order to abolish compulsory membership or to force organisational reforms in the chambers. The Hungarian case shows a dynamic of change very much driven by the rationales of the conservative FIDESC party in which opportunists within the chambers were present
but not influential. However, a fundamental reservation occurs also in these cases. What is the interest of the different groups acting within the CoC? It remains evident – as Mahoney and Thelen formulate – that “those who benefit from existing arrangements may have an objective preference for continuity” (Mahoney and Thelen 2010, 9). This assumption of an organisational self-interest in retention is confirmed when looking at the activities of CoC’s staff and leading members in the German case. It becomes more irritating when looking at a kind of ‘objective interest’ within the group of insurrectionists. For instance, this opposing group argues that it is against the interest of small and medium enterprises to contribute financially to the CoC which does not deliver adequate services and represents rather big business. However, other actors with the same economic background (small and medium enterprises) appreciate the service delivery and the internal financial re-distributional scheme in favour for small business. The same holds true for different behaviour of big businesses as some show outstanding involvement in CoC’s organisations while others join the anti-chamber movement. Without denying the relevance of interests as a particular category, looking purely at the interests of the agents apparently has its shortcomings. Beyond the complex construction of an interest per se and as a perceived interest (and expectation), the question arises if an interest is taken as a legitimate interest by the actors themselves and by the related actors in the field. This question of the appropriateness and acceptance of interest is of scientific importance for explaining institutional change for two reasons. First, it is likely that (individual) agents of change are more willing to follow a strategy for institutional alteration if they are personally convinced by their message. Thus, taking an interest as a legitimate one motivates action for change. Second, it is likely that the responsiveness in the environment and from other external actors rises if an interest is to be taken as appropriate. One might assume that a sheer interest-game takes place behind doors. Things become different if the wider political audience or particular deliberative fora are addressed. Comparing for instance the situation of institutional change in the German and Hungarian case of CoC reforms the latter has been placed in a short-term situation of power politics in which interests were to win through but not be justified. In contrary, the former example (the German case) is characterised by a continuous struggle in which lobbying within political parties, agenda setting in public media, and legal politics play a role. In particular, a strategy of repeatedly filing complaints against the CoC requires justification and the reference to positive norms before the courts).

Taking both functions of legitimation into account (motivating for action as well as justification in relation to other actors) leads to a conceptual extension of a concept for gradual institutional change in which the (de-)legitimation of an institution has a systematic place. The perceived appropriateness and acceptance of rules and interests is taken as a prerequisite for the struggle for institutional change. In this regard, the concept looks at the viewpoints and perceptions of the agents involved
and their stories about the use, benefits, detriments, meaning, and purpose of an institution. Thus, the conceptual extension does not evoke that there is such thing as an ‘objective’ (de-)legitimation of an institution. Instead, the narratives of groups of agents as the sum of articulated perceptions, feelings, sense-making, and/or criticisms are of interest. They have to be measured and empirically identified.

In order to structure the empirical findings in a given textpool\textsuperscript{10} of articulations of institutional experience I suggest referring to the Easton concept of diffuse and specific support (Easton 1979). This heuristic concept does not only have the advantage of arranging empirical information in proper order. It also goes along with causal assumptions since the erosion of particular support sets an institution under stress (Easton 1979, 220-230) and the maintenance of support can be taken as a premise for its stability. Easton distinguished four objects of support of a system: the political community, the regime, the authorities, and the outcome respectively the performance of it (Easton 1979, 171-219). He also differentiated between diffuse (a given and felt) support and specific support which is much more reliant on calculation, a cost-benefit analysis, and interest-driven. Adapted to institutions of organised business (cf. Schmitter and Streeck 1999; Traxler 2010), the objects of reference in narratives of (de-)legitimation are

\begin{itemize}
  \item the community addressed by the institution, i.e. the heterogeneous (if not homogeneous) membership of CoC as the (regional) business community,
  \item the institution itself, i.e. the regulative order of the CoC (for instance, the stipulations of membership, tasks, and internal structure)
  \item the authorities of the organisation implementing the institution, i.e. the staff of the CoC (and their governance capacity) as well as the leading networks of honorary representatives, and
  \item the performance of the organisation implementing the institution, i.e. the outcome of the CoC in terms of particular services provided (for instance vocational training, regional business promotion, or external trade).
\end{itemize}

The general assumption entailed in the concept is that the erosion of support and a narrative of de-legitimation of the community as well as the regulative is a prerequisite for a more insurrectionary and overtly opposing strategic behaviour for fundamental institutional change. The other way round, the more agents’ criticism solely addresses particular services and their quality the more likely it is that incremental improvements are at stake.

In summary, the concept of gradual institutional change has been extended with the narratives of (de-)legitimation which are to be identified in the field of the struggle on institutional alteration and retention. Without denying the role of interest in particular situations, narratives of (de-)legitimation as articulations of support or erosion of it are to be taken as necessary prerequisites for a) the motivation of change agents and for b) the justification of interests in relation to other actors and the public audience in particular when change politics takes place in for a with deliberative character
(parliaments, courts, commissions). Narratives of (de-)legitimation are not given but to be explored in the field of the institutional struggle. In referring to Easton’s concept of political support, these narratives can be differentiated into particular objects of acceptance and recognition.

Overview of the European Chambers of Commerce – Definition and Types

European Chambers of Commerce (CoC) vary in size, scope, and institutional regulation. In some countries, in particular in those with compulsory membership, they are supposed to be an important actor and considered as a relevant „parapublic institution“ (Katzenstein 1987, 58) that „encourage cooperation between companies through information sharing and risk pooling“ (Casper and Vitols 1997, 7). Typically, they are local or regional organisations of business. Instead, CoC with voluntary membership play a notably less important role in public policy in general as their rate of organisation is rather low and only minor tasks are attributed to them mostly. Different to most of organized business, CoC (this holds true for organisation with compulsory or voluntary membership) contain enterprises from various economic branches and of different sizes. Small, medium, and big companies from industry, construction, financial services, catering, and cleaning, to name but a few are element of the CoC’s community. Thus, CoC are to be characterized not only by their spatial allocation to local and regional jurisdictions but also by their notable heterogeneity of their membership.

Depending on the range of their associability (Traxler 2010), CoC are organisation of self-governance: The corporate members do not only regulate the organisations itself and its internal affairs but claim to govern important segments of the economic system. Associability of CoC is on the one hand dependent on their attractiveness for business in case of voluntary membership. Spatial density, selective goods for the members, and a general readiness for civic engagement of regional business explain the range of associability in the case of voluntary membership (Bennett 1998). However, in some countries (see annex 1) CoC integrate all companies due to compulsory membership. In these countries the state attributed a „political status to interest groups“ (Offe 1981, 123), as the legal principle of compulsory membership strengthens the CoCs as regional and national lobby groups as well as their (higher) capability for self-governance.

With regards to institutional change, is has to be pointed out that CoC with compulsory membership are based on a particular exchange with the state: as their organisational strength is secured by compulsory membership. As long as they offer problem solving capacity and a competence for a beneficial self-governance of the economic system from the viewpoint of politics, the CoC could expect being privileged by law. Hence, compulsory membership is based on an agreement between internal (CoCs members and staff) and external institutional supporters (political parties, government
and administration). For the readiness of the latter to stick to the agreement, it is an eminent prerequisite considering the current form of the business’ self-governance as legitimate and appropriate.

“Participation in public policy” (Traxler 2010, 161) includes for instance a privileged role in local and regional economic policy, certification of experts and arbitrators, managing regional innovative clusters, delivering public expertise on economy and infrastructure, or administering companies’ registers and trading documents. The number of services differs from country to country. Among the most important tasks of the CoC is the organisation and participation in vocational training (Busemeyer 2012) and foreign trade. Annex 1 informs about the different characteristics of European CoC. Based on the data delivered by Eurochambres (the umbrella organisation of the European CoC) and the information on the public or private status of the CoC (Heyne 2011), the European landscape of CoC can be clustered into five types. (table 1)

<table>
<thead>
<tr>
<th>Types of European Chambers of Commerce</th>
<th>Institutional character</th>
<th>Territorial character</th>
<th>Membership contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria; Germany, Luxembourg, Netherlands</td>
<td>compulsory membership</td>
<td>regional</td>
<td>above 60%</td>
</tr>
<tr>
<td>France, Greece, Italy, Spain</td>
<td>compulsory membership</td>
<td>local</td>
<td>below 40%</td>
</tr>
<tr>
<td>Finland, Sweden, Denmark</td>
<td>voluntary membership and public status</td>
<td>regional</td>
<td>40-60%</td>
</tr>
<tr>
<td>Estonia, Czech Republic, Latvia, Lithuania, Slovakia</td>
<td>voluntary membership and public status</td>
<td>national/regional</td>
<td>below 40%</td>
</tr>
<tr>
<td>Belgium, Ireland, United Kingdom</td>
<td>voluntary membership and private status</td>
<td>local</td>
<td>below 40%</td>
</tr>
</tbody>
</table>

Source: Own compilation on the base of Eurochambres 2010 and Heyne 2011

On the ground of this analysis, five types of European CoC are to be identified:

- a continental-regional type with compulsory membership
- a Mediterranean-local type with compulsory membership
- a Scandinavian-coordinated type with voluntary membership and public status
- an East-European-liberal type with voluntary membership and public status
- an Anglo-Saxon type with voluntary membership as private association.

Between stability and turbulences – Across-national comparison of Chambers of Commerce
In order to exemplify the conceptual framework of gradual institutional change and to inform about the narratives of (de-)legitimation in the field of European CoC, three different cases have been chosen. They encompass different institutional characteristics (compulsory vs. voluntary membership), a different range of institutional alteration (minor instrumental changes vs. repeated fundamental change), different socio-economic and politico-regulatory backgrounds, and different situations of change. Hence, from a methodological point of view the following description has its particular strength in identifying cross-national similarities of the narratives rather than explaining differences.

### Table 2: Choice of cases

<table>
<thead>
<tr>
<th>Variety of Capitalism</th>
<th>Germany</th>
<th>United Kingdom</th>
<th>Hungary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model of democracy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Own compilation

**Being brought before the courts – The German Chambers of Commerce**

The German CoC are prominent among the continental-regional type with compulsory membership (see above). In the last two decades they were subject to several minor organisational changes in terms of a.) having been strengthened by the allocation of additional tasks and b.) having set up an internal process of organisational change.⁴

Ad a.) The enhancement of the “participation in public policy” came into effect in two historical periods. From the late 1980ies onwards, regional development and business promotion has been on the agenda as the European Structural Funds as well as state programmes on the level of the German Länder. It followed a strategy of building regional clusters and innovative networks in order to improve regional competitiveness. Due to their geographical contours, their purpose of regional business promotion, and their financial resources CoC played a crucial role in launching the networks, delegating professional staff, administering the respective budgets etc. (Heinze and Voelzkow 1991; Bullmann and Heinze 1997). From the mid2000s onwards, the CoC gathered new tasks within the process of administrative Europeanization. This holds for the organisation of regional one stop agencies within the framework of the European service directive, and the certification of individuals and enterprises in the framework of the European insurance broker directive and the approval of professions directive. Thus, new tasks were allocated to the CoC (organisational layering).

Ad b.) A slight institutional change also came into effect via new internal organisational practices. The CoCs carried out NPM-like reforms from the early 2000s such as new budgeting models, enhancing
the share of fee-financed services, internal re-organisation and decentralisation, and a benchmarking process between the CoC in order to reduce bureaucratic costs. They also carried out surveys on members’ satisfaction (TNS Emnid 2009). In 2012 they started to publish information on the CoC’s budgets, their staff, their involvement in vocational training, the representatives of the CoC’s parliaments, and the reserves for pensions on the internet.

All in all, while the main institutional characteristics of the CoC (compulsory membership, representative of regional business, service function in vocational training and external trade) remain intact, the allocation of public tasks and the NPM-driven reforms indicate a slight gradual change of layering (adding public tasks) and conversion (more public service instead of regional business voice). Turning to the history of the German CoCs, it does not only go back to the early 19th century. It also shows much local variance. CoCs originally stem from the traders’ guilds und commercial authorities (e.g. Mannheim 1831), they were built on the French blueprint of the ‘Chambres de Commerce’ (e.g. Mainz 1802, Cologne 1803) or as chambers of trade and craft in Bavaria (e.g. Munich, Regensburg 1843). They established a first umbrella organisation, the ‘Allgemeine Deutsche Handelstag’ in 1861 (today the “Deutscher Industrie- und Handelskammertag” (DIHK) is the national umbrella organisation). The current system established in the mid 1950ies, proved to be stable during the ‘old’ FRG, and had been transferred to the five new Eastern states after German unification in 1990 (Diederich et al. 2000). The institutional characteristics of the German CoC were stipulated in 1956 with the “law for the preliminary regulation of the Chambers of Commerce” which is still in force more than 50 years later. Membership in the CoC is compulsory. The CoC were meant to represent the common interest of the regional business and to participate in public policy and administration. In particular, vocational training, arbitration among business, expertise for public policy, the support for regional economic development, and the promotion of external trade were among the tasks allocated to these organisations. Similar to France, the CoC did not represent the craft sector for which own Chambers of Craft had been set up in 1953. Compared to the latter, the CoC represent a rather heterogeneous membership from different branches and of different size. In 2011, the 80 CoC had 5.2 million members. The average size was above 65.800 members with a range between 6.333 in Bremerhaven and 376.451 in Munich (Sack 2014, 242). The CoC are financed by membership fees and fees for specific services (e.g. for exams of apprentices). The ‘General Assembly’ (Vollversammlung) is the parliament of the chambers to which the members have the active and passive voting right. By law, the CoC are organized democratically and work with a double peak, i.e. the honorary president and board on the one hand and the professional managing director and the staff on the other hand.
Compared to the Hungarian and the British examples (see below), the German CoC are to a lesser extent subject to contingent politics. The debate has an explicitly deliberative character in which public justifications are significant. This is due to two reasons. First, from the mid 1990ies an anti-Chamber social movement of (mainly) small and medium enterprises has been launched and expanded over time. It established an association with a head office and a distinguished as well as assertive chief lobbyist. Its membership rose by numbers and included more big companies with more financial resources. Second, against the background of a broad political consensus among the main political parties (Christian Democrats and Social Democrats) this strong anti-Chamber player took the route of filing complaints against certain practices of the CoC. Thus, the struggle has very much of a juridical character as both sides have to argue within the frame of public law and give reasons for their particular interests. In the focus of the legal debate is the juridical appropriateness of the compulsory membership as a mechanism to force enterprises into the organisation. The German Constitutional Court ruled in 1962 and 2001 that the compulsory membership is in conformity with the German constitution. It has not been considered as breach with the basic law. Instead, the Constitutional Court argued that it is within the competence of the parliament to decide on the establishment of self-regulating bodies in different societal scopes, on the attribution of public tasks to these bodies, and the principle of (obligatory) membership (1 BvR 1806/98). Hence, the institutional design of CoC is subject to politics and party preferences.

The pressures on German CoC derived from German endogenous developments within the logic of membership. The early 1990ies (after the German unification) posed a double challenge for the CoC. Parallel to the establishment of CoC in the former GDR the CoC were forced by juridical decision to re-organize their practice of membership contribution. Subsequently, the CoC raised the fees for SMEs notably (Flothow 2004). From the mid2000s up to these days, the anti-chamber movement intensified political pressure to dismantle the political consensus on the German chamber system. The compulsory membership has been placed on the political agenda. In particular before the national elections in 2005, the movement succeeded in gaining political support for abolishing compulsory membership. Relevant groups in the Liberal Party, in the Social Democratic Party, and in the Left Party militated against compulsory membership. However, majorities within the Liberal Party as well as in the Social Democratic Party insisted on the established system of chambers. Before the national elections in 2013, the anti-Chamber movement has again been successful in setting compulsory membership on the agenda. For instance, in semi-formal expert meetings (Fachgespräche) of the Green Party and the political foundation of the Social Democratic Party the system of chambers had been questioned. However, the result of these debates was disappointing from the viewpoint of the anti-chamber movement because the political parties stuck to the
established system. Although the parties admitted that there is room for reform of the chamber systems, they had not been convinced of the necessity fundamental institutional changes. The main reason was the pivotal role of the chambers in the German system of dual vocational training. Within a discursive field in which the high youth unemployment in the Mediterranean states in the aftermath of the financial crisis was on the agenda, politicians have not been ready to take the risk of changing an institutional framework which obviously has a good record in reducing youth unemployment (Sack and Fuchs 2014, 156-157).

Thus, it came as a surprise then the German Constitutional Court approved two claims against the institution of chambers and started a hearing procedure on the current state of the chambers system in early 2014. At the moment, the procedure did not result in a constitutional judgement but the statements reflect the (over the last two decades repeating) narratives of (de-)legitimization.

It begins with the fundamental statement of the claimant (on the community of the self-governance) that the CoC and its compulsory membership are basically flawed and inadequate as the heterogeneity of the membership (companies of different sectors and size) does not allow to formulate a common interest (Gesamtinteresse). As the members have too many different interests due to their structural characteristics a common interest which is to be represent by the CoC appears nothing more than a fiction (Storr 2013; Owus 2014,1; fvw 2014,2). The argument is that CoC (in difference to associations) are not based on a social or political community. This argument had become a narrative as its proponents repeatedly tell the story of being confronted with political statements of CoC, which fundamentally contradict their business interest (for instance as an enterprise in the field of tourism renewable energy). Additionally if not predominantly, the feeling of being discriminated against and excluded in the committees of the chambers has been articulated (interview bffk 2014). In particular, SMEs are being attributed as the group being overreached by big business within the CoC (Owus 2014). Hence, the legal argument (the scope of the heterogeneity of the membership renders a common interest impossible) is socially based on perceived experiences of exclusion which cannot be responded to with the exit from the organisation.

The argument (not the narrative) has been subject to a rather extensive answer of the DIHK, the national umbrella organisation of the German CoC. It argues that developing a common interest does presuppose a homogenous membership. Instead, it is the procedure that matters. The institutional design of the CoC with the voting rights of the members, the voting groups which number of seats reflect the economic strength of a branch in a region, the deliberation within the regional chamber’s parliament, and the factual reasoning of the statements secure the construction of a common interest of regional business (DIHK 2014, 8-10; 41-49). The common interest of regional business is
taken as “the result of a stipulated procedure in which the interests of all affected have been identified and appropriately taken into account by being mediated through different boards and committees” (DIHK 2014, 42, author’s translation). From this point of view, the heterogeneity of the membership is rather advantageous instead of detrimental as all regional business interests are recorded and balanced. This is the particular benefit of the CoC compared to the partisan lobbying of organised business from individual economic sectors. Thus, the CoC community is a political one being built through formal procedures, deliberation, and interest aggregation. In addition, the self-description of the CoC has put emphasis on the ethical component of the CoC membership: The organisation is meant to preserve the “decency of the honest merchant” (IHKG § 1, 1, author’s translation). Thus, the maintenance of a certain ethical order of fairness is taken as one important task of the CoC which is linked to the current debate on Corporate Social Responsibility (DIHK 2014, 36-38).

Concerning the legitimacy of the chambers system (as a regime), the anti-chamber movement clearly opposes the stipulated self-governance of business. They see a basic norm collision between the (negative) freedom for association and the compulsory membership. However, the stances on a particular regime of collective good production are apparently non-uniform. While some point out state provision of public services (Owus 2014, 1) others rather go for a fee-based service provision on the market (Bffk 2014).

The viewpoints on the regime of CoC of its proponents is a bit more elaborated and consistent as the particular kind of service production has been put into the frame of self-governance and subsidiarity. In this take, the CoC’s system offers the appropriate participation of those actors affected by the decisions, an efficient operation in a particular societal sub-systems, and a locally bound adequate knowledge production which takes regional differentiation into account (DIHK 2014, 42-43). While it does not come as a surprise, that the CoC themselves argue on the ground of self-governance and subsidiarity, the statement of the national employers association (BDA) entirely agrees with the argument on subsidiarity: “From a regulative point of view the chambers, the Chambers of Industry and Commerce as well as the Chambers of Craft are jurisdictions to which the state transferred public services in order not to deliver them itself.” (BDA 2014, 1) The German employers association supports the chambers system as long as the traditional labour division is in place. The chambers should abstain from any matters in labour policy, social policy, industrial relations, and the tariff system. Compared to the other examples in this papers, the relations between the CoC and the employers association is rather one of a complementary co-existence.
When it comes to the outcome of the organisation, the anti-chamber movement claims that the compulsory membership is detrimental for the individual companies. The latter have to contribute financially to an organisation from which services they don’t benefit, be in vocational training or regional business promotion. Instead, some members are confronted with unfair competition in the market as their services (for instance in the field of job training or arbitration) are offered by the CoC. Another big issue are the rent-seeking activities of the CoC’s staff. This goes for the building of new headquarters and centres for vocational training on the one hand and the financial reserves for the pensions of the CoC’s staff on other hand. Both are taken as inappropriate and oversized if luxury. From this point of view, compulsory membership paves way for these rent-seeking as it is not restricted by the exit of members (Bffk 2014).

Of course, the DIHK emphasizes the portfolio of its outputs and the performance of the CoC in particular in the field of vocational training and external trade (DIHK 2014, 16-21; 28-31). In this regard, the statement of the German Conference of Ministers of Economic Affairs is of importance as the ministers (which have the legal supervision of the CoC) are main actors in the field. They entirely agree with the self-description of the DIHK. They link the CoC with the dual vocational training which is supposed to be a “decisive factor contributing to the low youth unemployment in Germany.” (Wirtschaftsministerkonferenz 2014, 1). The German Conference of Ministers of Economic Affairs additionally highlights the role of CoC for external trade and emphasizes the democratic legitimacy of the CoC. It remains to be stressed that the Conference articulates also a rather functional take on the CoC’s performance as it argues that the state administration would not be able to implement the CoC’s tasks. This is due to the voluntary service of CoC’s members (Wirtschaftsministerkonferenz 2014, 2).

In summary, despite a blatant delegitimation in parts of the membership and a politically well-articulated call for fundamental change from insurrectionists which encompasses (as a prerequisite for political action) a fundamental loss of support for the community as well as for the regime in question, only minor changes of the CoC took place. Instead of having been weakened in the last decades, the CoC has been strengthened by adding public tasks. Fundamental for the institutional resilience is the narrative of an (in international comparison) outstanding good performance in the fields of vocational training and external trade which substantiates the political coalition of internal and external institutional supporters. However, the institutional design of the CoC still is contingent on the decision of the Constitutional Court.

Being contracted in – The British Chambers of Commerce
The British CoC are a prominent case of the Anglo-Saxon type with voluntary membership as private association (see above). The institutional framework of the British CoC remained unaltered over the last decades. Some minor changes are to be identified which have rather the character of contracting the CoC in the provision of public tasks (recently for building up a network for external trade) than attribution a public status to them. Hence, the British CoC are rather an example of non-change.\textsuperscript{vi}

Currently, the 52 accredited local British CoC can be characterised as administering only few tasks under government mandate, which are export documentation and some information advisory services. However, in the late 1960ies the issue of public law status was increasingly discussed in the British Chambers, as they had played an important role in supporting government policies after WW1, but were excluded from the national consultative machinery after the founding of the National Economic Development Council (NEDC) and only were represented by the FBI (Federation of British Industries 1961-65). Public law status was seen as a possibility to gain “insider status” and to strengthen public recognition (Bennett 2011, 267). The German Chambers Organisations IHK/ DIHK were to serve as role model for the sought for public law status. Achieving this became an official goal of the Association of British Chambers of Commerce (ABCC)\textsuperscript{vii} policy in 1971 (Bennett 2011, 267). The ABCC assumed that providing more civil services could help to become a public law institution with compulsory membership. Although the government appreciated an organisational development in export services (which the BCC is doing till today), it did not see the necessity for a public law status. Moreover, it was declared to be “inconceivable that industry would accept such a statutory requirement or the government would be willing to enforce it” (memo Secretary of State, quoted in Bennett 2011, 267). The ABCC argued public law status could rationalize the trade association structure and establish a representative network of British business but could not proof to its opponents, that a compulsory membership would be accepted by its members or the industry in general, which was one of the main reasons the ABCC’s request was rejected (Bennett 2011, 268).

The issue was set on the agenda again when government changed in 1979. It had been encouraged by Michael Heseltine, Secretary of State for Environment. The MEP’s Forster-Report proposed “a minimal form of public law status and […] some increased powers by delegation from government or local authorities” (quoted in Bennett 2011, 268), with an income of about 30 Million Pounds and tasks of trading standards, monitoring toxic wastes, tourist promotion and administration of airports (cf. Bennett 2011, 269). After the Forster-Report did not have the impact the ABCC hoped for, it developed different strategies. Firstly, it was seeking for delegations of government services to CoC such as Small Firms Service, export promotion or some tasks in vocational training (Bennett 2011, 269). A second strategy rested upon the ABCC’s proposal for a business registration scheme through CoC. After a voluntary register failed, the ABCC wanted the register to become compulsory and to
provide an office where business could register for statutory purposes. This attempt of securing “public law status by the back door” did not work either, since government decided to establish Business Link as register of its own (Bennett 2011, 269-70). A third strategy, also encouraged by Heseltine, was advancing the idea of combining the CoC with the newly established Training and Enterprise Councils (TECs). Hereby, the chamber chief executives strove to establish an equivalent to the German chamber structure. However, there was no way to convince the majority of the Conservative Government. With the election of Labour in 1997 the issue disappeared completely which was explained by Heseltine with the fact that public law status “culturally (...) would be seen as interference” (Bennett 2011, 270-1).

Nevertheless, starting in the 1980ies, the chambers in UK became overly dependent on government and EU financing and partnership. The extensive contracting reached its peak in 2001 according to the British Chambers. In 2010, half of the British Chambers’ budgets – on average – were generated from government contracts (Bennett 2011, 815). But relying too much on government and EU partnerships turned out to be a precarious strategy, because it required different managerial structures, different expertise and caused a loss of independence. Moreover, it created instability and uncertainty since the British CoC faced the risks of the political pendulum, fluctuations in the extent of civil services and the “whim of ministers and other partners” (Bennett 2011, 815-6). Hence the BCC is seeking to find different ways and develop long-term strategies for a self-sustaining base (cf. Bennett 2011, 816-8).

In sum, the BCC did try to reduce the dependency of government and EU finance and is re-positioning itself as member-orientated service organisation, which focuses on lobbying, expertise and localism (Bennett 2011, 819-22).

In 2012 the Conservative-LibDem government commissioned Ron Heseltine to develop an economic growth strategy for the UK. The report “No stone unturned” had been published in October 2012 and was accompanied by a study on Chambers of Commerce in international comparison (Heseltine 2012b). The current debate appears as a sequel to the Devlin report from 1972 whose vision was “to overcome the fragmentation of business voices” and to rationalize the structure of employers’ organisations and trade associations in order to strengthen the role of business in public policy (Grant and Marsh 1977, 73-74) which had been welcomed by the bigger CoC in Britain (Bennett 2011, 498). Literally, Heseltine refers to the Devlin report: “A serious opportunity to improve the ambition and capability of British businesses has long been ignored by the failure of successive governments to act on Lord Devlin’s report of 1972. His objective was to help the private sector create world class support systems and thereby raise their game. He focused in particular on the role of chambers of commerce and trade associations.” (Heseltine 2013a, 7). Interestingly, the reservations of the CBI, the general organized business in the UK, in 1972 had apparently been very
much based on a certain narrative of an appropriate business community. An identity of manufacturers (thus a rather homogenous community) had been put in difference and demarcation to the heterogeneous membership of the CoC in the early 1970ies (Bennett 2011, 498-499; Grant and Marsh 1977, 74-76).

Within the proposed growth strategy by Heseltine, CoC as a particular kind of organised self-governance of business were meant to play a particular role. Two functions have been attributed to them: On the one hand they were should serve as a basic structure to support local business. On the other hand their capacity to enable SMEs to be involved in international trade has been highlighted.

From this point of view, the British economy lacks a stable and coherent framework and organisational setting of business support (Heseltine 2012a, 3; 138) and a cultural deficiency in public-private co-operation:

“There remains a huge gap between our politicians and British business. To my mind, this gap presents us with an existential problem. For in an increasingly globalised world, the countries that demonstrate continued success are those where partnership between business and government is ingrained in the culture. Here I am not just referring to Germany, but also to places like South Korea and even the United States, where in addition to partnership there are also strong mechanisms to ensure that growing businesses get the access to finance they need. In 2014, as we look to bring together the BCC’s Business Manifesto, we will look at ways to strengthen partnership between the wealth creators and the legislators, ensuring that they work together with the shared goal of sustained prosperity for us all.” (BCC 2014, 5)

The international comparison is of crucial importance to argue for an enhanced role of CoC with more tasks and services assigned and a legal public status. This narrative is very much based on a certain linkage between a regime (strengthened CoC) and an outcome (enhanced economic well-being):

“Each country provides support in its own way, but what is striking is how unusual the UK is amongst advanced industrial countries in not having a strong and stable business support infrastructure. We should address this deficiency. […] My solution is to build a business support infrastructure in this country, based around chambers of commerce. Some will ask, why the chambers? My answer is that they have unique strengths and characteristics on which we can build.
First, they are remarkably constant. Chambers of commerce have been in existence in the English-speaking world since the 1760s. The concept has proved resilient enough to survive countless changes of circumstance and government initiatives.
Second, chambers have a unique international status. They have foreign counterparts and are supported by an International Chambers of Commerce that helps broker international trade agreements and arbitrates disputes. Importantly, having the same established,
recognised brand in a foreign market and in the UK can facilitate the journey for a business wanting to expand and grow its export operations.

Third, they are based in local business communities and are locally led. The services they provide are aimed at all businesses irrespective of size or sector. They are therefore different to the sector-based organisations and the national business lobby groups. Chambers are recognised democratic institutions often contiguous with the geography of local authorities and Local Enterprise Partnerships (LEPs) – and could become more so. They are uniquely placed to partner LEPs in taking forward the practical business support elements of the local economic plans described in Chapter 2.

Fourth, chambers are independent, business-led entities. All the evidence suggests that businesses prefer to engage with their peers not with government. Chambers are well-placed to encourage the networking between businesses that is likely to increase their aspirations and capabilities.

Fifth, they have an existing infrastructure and service delivery capabilities which could be built on. UKTI, for example, already contracts directly with chambers in seven out of nine regions to deliver the government’s export advice services. Another example is the contract that the Skills Funding Agency has in place with the North East Chamber of Commerce to deliver apprenticeships.

Sixth, chambers are built on a volunteering model. Many local business people volunteer their time freely to chambers to act as mentors for example. This is an important dimension that sets chambers apart from many other bodies.

Finally, chambers have an established youth chamber network to help build young people’s understanding of business, and to give them hands on experience of enterprise and the business world.” (Heseltine 2012a, 130-132)

Apparently, this utilitarian narrative of needing a certain institutional arrangement in order to produce economic benefits lacks thrust. At the current state of research, there are no indications that a broader audience in government, parties, media, and business has been responsive to this part of the ‘no stones unturned” growth strategy. Instead, the government’s answer to the Heseltine report which indicates that 81 of the 89 recommendations for economic growth have been accepted in full or in part reveals the reservations. Eight recommendations had been rejected, among them the recommendation for strengthening the role of CoCs:

“The Government agrees with Lord Heseltine’s analysis that SMEs require further support to fulfil their full potential. There is a wide range of advice and support available to small businesses but they often struggle to find what they need. There is therefore a clear need to improve co-ordination in the market for business advice. The Government recognises the important part local chambers of commerce play, both in representing the interests of businesses and in the provision of business advice at a local level. However, at the local level, the Government believes LEPs are best placed to aid the creation of strong and stable locally based private sector support networks for business, working with chambers, other bodies, private sector providers and other local partners. The Government encourages these organisations to work closely together to provide more engagement and support at the local level, and to agree the best way of providing a single, efficient, local
Again, a proposal for strengthening the CoC has been repelled. It appears that it is not only the competing relations between the organisation of the CBI and the organisations of the British CoC that is of importance. The impression is that in a discursive field of a pluralist laissez-faire on the one hand and partnership on the other hand (Sullivan and Skelcher 2002) a durable strengthening and privileging of business’ self-governance by law is to be seen per se as unacceptable. Only in part, the government responded to the Heseltine report in this regard. It contracted a partnership with the British Chambers of Commerce (instead of linking with the competing CBI) which is aimed at establishing an overseas network for business support in 41 countries worldwide (BCC 2014, 8). This has been celebrated as “the first step towards building a truly global British business network” (BCC 2014, 3). Hence, the British CoC have become involved at least partly in the implementation of international trade policy, a domain formerly dedicated to the government itself or the competing CBI. This could be taken a kind of change. However, it is a minor one at best when considering that the usual relational pattern between CoC and Government remain unaffected. This pattern is rather characterised by a reversible contractual delegation by government than by a permanent public privilege for business’ self-governance.

**Being agitated by politics – The Hungarian Chambers of Commerce**

The Hungarian CoC are not a prominent example of the East-European-liberal type with voluntary membership and public status as they faced fundamental institutional change over the last 25 years. It is this basic alteration which is of analytical interest. After 1989 the Hungarian chamber of Commerce faced two critical junctures of institutional change: one in 1994 and the other in 1999. The former contain the introduction and the later the abolition of compulsory membership. In 1994 the compulsory membership had been established with a broad political consensus as all six parties in parliament voted for the law (GA XVI./1994). In 1999 the decision in parliament followed –after a fierce debate – the logic of FIDESZ led government-opposition voting (Strausz and Zachar 2010, 239-246). In 2012 the still incumbent FIDESZ led government strengthened the Hungarian chambers slightly as it introduced a compulsory registration on companies in the chambers (which is not a membership) and attributed new task to them. Hence, fundamental changes (defined as basic change in the regulation of membership) characterize the period since 1989. In a nutshell, this period of repeated fundamental change reveals a lack of diffuse support for business’ self-governance and a particular regulatory framework of CoC. Instead, CoC had been confronted with a calculative-
functionalist narrative of legitimation in which CoCs were a “punching bag of politics” (Strausz and Zachar 2010, 227).

Why did it come to a CoC regulation with compulsory membership in 1994? The discursive field in the period is characterized by an overall awareness of fundamental political and economic transition (among which: privatisation) and the endeavour of becoming a member of the EU. Regarding organised business interest in this period, a number of associations were launched. In 1992 959 business associations have been registered, in 1995 it skyrocketed to 5,374 (Juhász 2002, 193). This was an increase of about 560%. In the perception of the then incumbent mid-right government Antall the fragmentation of business interest associations posed a particular problem. The preparation of the EU accession (and the establishment of networks in the different policy fields) needed a rather coherent voice and imputable interest articulation. Instead, the situation of organised business were deemed rather fragmented and chaotic (Juhász 2002, 193-195). Establishing a CoC with compulsory membership followed a particular rationale in terms of producing order in a fragmented organisational field. The justification for the institutional change included a particular task to be accomplished by the newly established CoC, i.e. “the assertion of the general and common interest of business” (Justification of the law GA.XVI./1994, III.2., quoted from Zachar 2009, 126). Only compulsory membership would have been favouring the interest articulation of economic interest in transition and stabilizing relations of (domestic and international) trade and business ethics as well as setting-up a system of information in the economy (Zachar 2009, 126).

Hence, the story leading to a (formally) strong self-governance of business consists of being confronted with the fragmentation of interest articulation in a sensitive and crucial historical period and taking the lead of bringing order to business. A state-centric view has been inherent in establishing the new regulatory framework as it is the steering state that ‘gives’ self-governance. The lack of a general diffuse support for self-regulation became obvious in 1995. Although the law on the new structure of CoC and compulsory membership had been adopted in 1994 without a dissentient vote in the Hungarian parliament, the new mid-left government Horn refused to allocate financial resources to the CoC (Strausz and Zachar 2010, 239-241). Against the background of a severe macro-economic crisis, the government set up a radical fiscal programme of austerity (Juhász 2002, 188-189). Thus, no money had been allocated to the business’ self-governance. Instead, the CoC were meant to be financed by its (compulsory) members. This led to a particular critique in membership. The CoC had been in a period of organisational establishment after 1994. Therefore, outcome of the CoC for enterprises was rather weak. However, companies (in a macroeconomic crisis and with no ties to a ‘corporate community’) had been forced to contribute financially. An individual cost-benefit analysis has lead to a broad objection to CoC due to their weak performance and scarce service
delivery. This calculative-functional approach has led to a more fundamental narrative of
delegitimation. As the compulsory membership denies the exit-option, the regulatory framework of
CoC was to be taken as coercion instead of self-governance, notably among the small and medium
enterprises (SME) (Strausz and Zachar 2010, 241).

The political opposition (the conservative FIDESZ) realised the discontent among SMEs and promised
regulatory reforms of the CoCs before the elections 1998. The FIDESZ became a change agent for
institutional reforms by means of a voter maximising strategy. Although economic experts within the
FIDESZ advocated for the preservation of the CoC’s regulatory framework, it was fundamentally
changed in 1999 with the abolition of the compulsory membership (which then led to reduction
of the organisational grade to 5% of Hungarian enterprises). The decisions in the parliament were
made within a clear government-opposition code. The government took advantage of their clear
majority. The debate itself showed a fierce character (Strausz and Zachar 2010, 243-246). The CoC
had been become a “punching bag of politics” (Strausz and Zachar 2010, 227) although Hungary was
still in the pre-EU accession period and reliable business expertise and compliance had been needed.
The calculative-functional character has shifted to the rationale of politics. In addition to the
rationale of the government-opposition code, the power play had been characterised by a new
interpretation of the CoC. As the organisational staff of the regional CoC staff had been recruited
from the former, pre 1989-economic elite, the business-self-government had been re-interpreted as
strongholds of the ‘old regime’ and a position of power competing to the FIDESZ led government
(Strausz and Zachar 2010, 245).

Against this background, it came as a surprise that the FIDESZ chair V. Orban advocated a compulsory
membership in the election campaign 2010. However, after the FIDESZ victory at the ballots the
regulatory change remained modest. Some new services (in the field of European programmes for
regional development and international trade) were allocated and a compulsory registration on
Hungarian enterprises (not a compulsory membership! ) entered into force in early 2012 (Zachar and
Strausz 2014, 219-221). After having destroyed the CoC as strongholds of the ‘old regime’, the
FIDESZ party had to refer to two diverging narratives. In its membership, the CoC were still opposed
to in vast majority. From a politico-administrative perspective, a functionalist calculation has become
a bit more ambivalent. Business knowledge and interest were supposed to be needed to come to
terms with the economic crisis and the EU market as well as the FIDESZ government followed a
strategy of NPM-reforms and lean state. From an administrative point of view, the NPM reforms
required the allocation of at least some tasks and services to business self-governance. Additionally,
the “main business associations have been loyal to the central government. They have confined
themselves to criticizing policy details and have largely refrained from formulating policy
alternatives” (Ágh et al. 2014, 27). Hence, they seem to offer the substitution of the provision of services and goods without political risk for the government in power. However, from a traditionally established narrative of a unitary state and an entrenched etatism, societal actors are to be taken as disturbing factor (Juhász 2002, 241-242). Currently, government’s preferences got to a “over centralization of decision-making” (Ágh et al. 2014, 3) and the continuation of “a tradition of “shifting unfunded tasks to the subnational level” (Ágh et al. 2014, 22).

Looking back to the repeating fundamental institutional changes in Hungary, the CoC have been rather objects of (re)interpretation through politics and its particular calculative-functional narratives than subjects of framing. Currently, the ‘indecisive’ decision (compulsory registration instead of membership) indicates a certain (weak) balance between two competitive calculative-functionalist narratives in a discursive field, which lacks a general diffuse support for self-governance per se and that of business in particular.

**Cross-national similarities of the narratives – conclusions**

What are the insights of this comparative view on the institutional change of European CoC? To begin with, the situations of institutional change obviously generate different needs for justification and the articulation of narratives of (de-)legitimation. The requirements for a reasoning and deliberative communication are notably higher in (semi-)public fora such as parliaments, expert committees, and courts. As the German example is to be characterized by its high requirements for arguing and representing plausible narratives, the Hungarian case study tells a different story as the CoC remain object of politics behind closed doors. In the latter situation the need to generalise interest by referring to norms and ideas seems to be rather low. This triggers challenges for the scientific research as written texts are hardly produced and available. From a conceptual point of view, it is the absence of a convincing narrative which facilitates interest-driven games and ad hoc politics. The non-existence of diffuse support for both the community and the regime of business’ self-governance paves the way for short-term cost-benefit analysis of the distributional consequences of an institution and the power play between institutional supporters and challengers.

The comparative view on narratives of (de-)legitimation reveals that the CoC’s membership is cross-nationally not taken as a social *community* in the Tönnies’ sense of community. In difference to sector specific organised business with a shared professional expertise and joint interests, the CoC’s community has a particular heterogeneous character. As CoC are regional and local entities, a support for the CoC’s community is at best borrowed from regional identity and a small sized patriotism (‘we as regional companies serve the region’). Instead, the CoCs community is perceived
either as a political community or as deficient ideological artefact. In the former case, the community is a political one in the Easton definition of it: It is “that aspect of a political system that consists of its members seen as a group of persons bound together by a political division of labor”. The “groups of members […] are drawn together by the fact that they participate in a common structure and set of processes, however tight or loose the ties may be” (Easton 1979, 176). In this regard, the narrative focuses in particular on the deliberative rules and practices through which a common interest is to be processed and constructed (cf. DIHK 2014). Against this take, the institutional challengers, notably the insurrectionists, deny any opportunity of an overall interest of regional business due to its heterogeneity in size and sector. This is not only a cognitive insight but an experience with CoC’s practices of enforcing dominant interests and excluding critics socially.

With regard to the regime and institutional design of CoC, the compulsory membership as a coercive regulation to construct membership is of particular concern in the narrative of basic delegitimation of CoC. In this mind, the compulsory membership contradicts fundamentally with the (negative) freedom for association. Hence, this narrative does not only deny the existence of a community. It considers coercive membership as a fundamental violation of political rights and democratic principles. This perception spawns political action of the insurrectionists. In addition, criticism is turned into an utilitarian argument: As compulsory membership does not allow exit, rent-seeking activities of the CoC’s authorities and bad performance of the organisations is triggered. The narrative of CoC’s legitimation, instead, points out self-governance of business as valuable per se. In this sense, CoC secure a relative freedom of enterprises from inadequate state interventions but allow producing those collective goods and services needed by companies. CoCs are taken as associational regulation between the enforcing state and the competitive market. In this narrative, CoC are identified as adequate business support (Heseltine 2012a). The regime of privileging CoC is justified by the production of collective goods such as vocational training, external trade services, regional business promotion, at arms’ length arbitration in the economic sector, and adequate expertise. The institutional order of CoC enhances also the public responsiveness for business needs, interests, and knowledge. Slightly different from this collective good mind-set is another narrative of CoC’s legitimation: The British and the Hungarian case respectively show a line of argumentation in which the economic sector and business representation is perceived as pluralist and fragmented. The fragmentation has being perceived as detrimental for the business’ needs. Institutional privileges for CoC are then taken as remedial measures to the deficiency in the economic sector. In this mind, strengthening CoC institutionally tends to be a tool of government.

Turning to the authorities in the narratives of (de-)legitimation, the institutional supporters of CoC with compulsory membership insist on a particular point: CoCs authorities are forced to be
responsive to the membership needs, expectations, and interests as they are elected by the membership. In addition, fundamental decisions of the CoC are subjects to the regional parliament of the organisation (Vollversammlung). Hence, even if authorities take a life of their own the regulatory framework does not only allow voice and criticism. It offers the opportunity for electing new authorities. However, this is a subordinate argument in this narrative. The main point is the repetitive esteem for the voluntary involvement and civic engagement of the CoC’s members. The honorary participation of members and the authorities is being appreciated. This is fundamental not only in the self-description of the CoC but also highlighted in appraisals from the outside, i.e. politics and administration (Wirtschaftsministerkonferenz 2014, 2). The critics of CoC tell a different story: CoCs authorities are perceived as rent-seeking, socially exclusive, and ignorant to plausible dissent. Therefore, any privilege for CoC is inadequate and tends to secure the deviant behaviour of the CoCs authorities. The Hungarian case then shows a different line of argumentation as the CoCs had been taken as a reservation and stronghold of the political opponents. The authorities were deemed antagonist to the then incumbent government: Therefore, the CoC were to be weakened institutionally.

Looking finally at the interpretation of the CoC’s performance, it comes as no surprise that institutional challengers estimate the services of the organisations as inappropriate and too expensive for small and big business. Institutional supporters, instead, perceive the CoC’s services in public policy (dual vocational training, regional business promotion, foreign trade) if not as advantageous then as indispensable at least.

However, criticism on the authorities and the performance of CoC does not automatically lead to fundamental opposition. It can also trigger voice and articulation of interest within the CoC. In that case, criticism might strengthen the institutional framework by initiating instrumental change and enhancing the responsiveness to the memberships’ interests and the expectations in the environment. This is crucial if operational disappointment (with the authorities and the performance) becomes rhetorically linked with discontent on the regime and the community. Narratives which encompass experiences of social exclusion and perceptions of violations of fundamental rights are much more likely to motivate internal and external institutional challengers.

Having suggested narratives as discursive prerequisites for agency in institutional change, the paper offers a comparative overview of the (non-) alteration of the CoC legal framework in three European countries. My claim in this paper is that a.) the narratives are basic for the motivation of actors, that b.) the narratives can conceptually be distinguished along certain objects addressed, that c.) those narratives encompassing discontent with the community and the fundamental rules are more likely
to trigger institutional change, and that d.) the (deliberative) character of the situation of change entail particular needs to articulate narratives of (de-)legitimation.

Further research goes in certain directions. My comparison has been based on cases with different outcome (institutional change) and different settings. Some similarities and differences of the narratives could have been identified. However, in order to control the influences on the institutional change an extension of cases would be necessary. The systematic enlargement of cases will help to enhance the knowledge on the institutional change of CoC by, firstly, linking the narratives to social and political groups and actors. For instance, while the role of the German anti-chamber movement has been explored sufficiently the role of (conservative) parties remains to be explored. It is evident that the Hungarian FIDESZ as well as the British Conservatives have inner-party conflicts on the CoC and the role of business self-governance which are to be explored. The systematic enlargement of cases would, secondly, help linking the narratives on business-self-governance on perceptions of the overall state of the economy (in transition, in crisis, well-being etc.) of the country in question. Therewith, it would be controlled if and how the narratives on business self-governance change by addressing different economic settings. The systematic enlargement of cases would, third, increase the number of events and therewith examine if the links between situation and the relevance of narratives for institutional change assumed in this paper are to be confirmed. These hints on the further research lay ground for a broader comparative analysis of CoC as a rather unstudied subject in the field of research on interest groups and business’ self-governance. Thus, they formulate a particular agenda for research. Beyond the comparative analysis of CoC, it is my contention that the enlarged concept for exploring institutional change in which narratives of (de-)legitimation play an eminent role is also of value for the broader comparative research on self-regulation of business, transnational regulatory communities, and agencification.

Notes

\(^i\) Relevant parts of the paper, in particular the concept for the narratives of (de-)legitimation has been developed in a joint project with Katharina van Elten who also contributed to the description of the British cases. My acknowledgements go to her and to the Fritz-Thyssen Foundation for the funds. The results of the projects which explored and systemized narratives of (de-)legitimation in six German Chambers of Craft are published in Sack, van Elten, and Fuchs 2014.

\(^ii\) A textpool on the institutional change of CoC includes for instance legal texts, official statements, expert interviews, or blogs.

\(^iii\) A public status indicates a more prominent role in public service production and advantageous legal exemptions.

\(^iv\) The report on the German CoC is based on primary research of the author which has been co-financed by the Fritz Thyssen Foundation. (Sack 2009; Groser et al. 2010)
The German anti-chamber movement originates from the struggle against the CoC and has its main focus still there. In the recent years, it turned also against the Chambers of Crafts and the professional chambers (for instance for advocates, accountants, medecins).

The following description is mainly based on the outstanding book on the British CoC by Robert J. Bennett (2011).

ABBC from 1919 to 1996, then changed into British Chambers of Commerce (BCC).

Currently, the voluntary system is seen as an advantage to criticize government and lobby effectively (while the other chambers are suspected to have “become to “respectable” and too willing to advocate “polite” reform” (Bennett 2011, 823)). Publications concerning EU-related regulation issues emphasize deregulation (cf. BCC 2011b, 2010, 2009; Ambler and Chittenden 2009). The BCC also published several manifestos and papers, e.g. with regard to the EU election in 2009 demanding to strengthen the European single market and liberalisation (BCC 2009). The BCC is currently not involved in implementing European directives.

The following description is mainly based on the publications by Peter Strausz and Péter Krisztán Zachar to whose research on the Hungarian system of chambers I am indebted.

The Budapest Chamber of Commerce advocates for the new status: “The newly introduced system of registration of business organizations guarantees the consistent recording of the necessary economic data by the Budapest Chamber of Commerce and Industry in order to participate more effectively at the Capital decision making.” (http://www.bkik.hu/en/122-History-of-the-Budapest-Chamber-of-Commerce-and-Industry, 8.7.2014)

Community as given and felt social association with norms and habits taken for granted (Tönnies 2012, 221-230).
References


Owus Dachverband e.V. 2014. *Stellungnahme des Offenen Wirtschaftsverbandes von kleinen und mittelständischen Unternehmen, Freiberuflern und Selbständigen in der Bundesrepublik Deutschland e.V. zur Prüfung der Zwangsmitgliedschaft in den IHKn durch das Bundesverfassungsgericht (1 BvR 2222/12 und 1 BvR 1106/13)*. Berlin.


### Annex 1

**Table 2: Chambers of Commerce in the EU member states**

<table>
<thead>
<tr>
<th>Country</th>
<th>Type</th>
<th>Number of members</th>
<th>CoC self-employed</th>
<th>CoC membership contributions</th>
<th>Sales of Services</th>
<th>Public and Government Subsidies (including EU)</th>
<th>Others</th>
<th>Number of activities/services provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>Compulsory</td>
<td>418,439</td>
<td>80%</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>14</td>
</tr>
<tr>
<td>France</td>
<td>Compulsory</td>
<td>2,000,000</td>
<td>80%</td>
<td>27%</td>
<td>48%</td>
<td>11%</td>
<td>7%</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>Compulsory</td>
<td>3,600,000</td>
<td>80%</td>
<td>66%</td>
<td>33%</td>
<td>0%</td>
<td>0%</td>
<td>6</td>
</tr>
<tr>
<td>Italy</td>
<td>Compulsory</td>
<td>6,071,699</td>
<td>100%</td>
<td>69%</td>
<td>19%</td>
<td>0%</td>
<td>12%</td>
<td>24</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Compulsory</td>
<td>19,200</td>
<td>(40%)</td>
<td>75%</td>
<td>15%</td>
<td>5%</td>
<td>5%</td>
<td>10</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Compulsory</td>
<td>1,622,000</td>
<td>100%</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
<td>0%</td>
<td>8</td>
</tr>
<tr>
<td>Spain</td>
<td>Compulsory</td>
<td>3,718,037</td>
<td>100%</td>
<td>64%</td>
<td>17%</td>
<td>14%</td>
<td>5%</td>
<td>18</td>
</tr>
<tr>
<td>Greece</td>
<td>Compulsory</td>
<td>880,000</td>
<td>50%</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>6</td>
</tr>
<tr>
<td>Belgium</td>
<td>Voluntary</td>
<td>33,000</td>
<td>&lt;15%</td>
<td>20%</td>
<td>55%</td>
<td>0%</td>
<td>25%</td>
<td>8</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>Voluntary</td>
<td>50,000</td>
<td>&lt;15%</td>
<td>3%</td>
<td>90%</td>
<td>0%</td>
<td>7%</td>
<td>11</td>
</tr>
<tr>
<td>Cyprus</td>
<td>Voluntary</td>
<td>8,000</td>
<td>&lt;15%</td>
<td>25%</td>
<td>75%</td>
<td>0%</td>
<td>0%</td>
<td>14</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>Voluntary</td>
<td>13,500</td>
<td>&lt;15%</td>
<td>5%</td>
<td>95%</td>
<td>0%</td>
<td>0%</td>
<td>11</td>
</tr>
<tr>
<td>Denmark</td>
<td>Voluntary</td>
<td>20,000</td>
<td>&lt;15%</td>
<td>40%</td>
<td>60%</td>
<td>0%</td>
<td>0%</td>
<td>9</td>
</tr>
<tr>
<td>Estonia</td>
<td>Voluntary</td>
<td>3,657</td>
<td>&lt;15%</td>
<td>60%</td>
<td>40%</td>
<td>0%</td>
<td>0%</td>
<td>16</td>
</tr>
<tr>
<td>Finland</td>
<td>Voluntary</td>
<td>16,796</td>
<td>&lt;15%</td>
<td>55%</td>
<td>23%</td>
<td>0%</td>
<td>22%</td>
<td>9</td>
</tr>
<tr>
<td>Hungary</td>
<td>Voluntary</td>
<td>30,000</td>
<td>&lt;15%</td>
<td>14%</td>
<td>54%</td>
<td>0%</td>
<td>33%</td>
<td>12</td>
</tr>
<tr>
<td>Ireland</td>
<td>Voluntary</td>
<td>13,000</td>
<td>&lt;15%</td>
<td>21%</td>
<td>44%</td>
<td>0%</td>
<td>35%</td>
<td>14</td>
</tr>
<tr>
<td>Latvia</td>
<td>Voluntary</td>
<td>920</td>
<td>&lt;15%</td>
<td>15%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>10</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Voluntary</td>
<td>1,500</td>
<td>&lt;15%</td>
<td>25%</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
<td>8</td>
</tr>
<tr>
<td>Malta</td>
<td>Voluntary</td>
<td>1,079</td>
<td>&lt;15%</td>
<td>44%</td>
<td>56%</td>
<td>0%</td>
<td>0%</td>
<td>6</td>
</tr>
<tr>
<td>Poland</td>
<td>Voluntary</td>
<td>300,000</td>
<td>&lt;15%</td>
<td>1%</td>
<td>99%</td>
<td>0%</td>
<td>0%</td>
<td>12</td>
</tr>
<tr>
<td>Portugal</td>
<td>Voluntary</td>
<td>5,000</td>
<td>&lt;15%</td>
<td>10%</td>
<td>90%</td>
<td>0%</td>
<td>0%</td>
<td>8</td>
</tr>
<tr>
<td>Romania</td>
<td>Voluntary</td>
<td>12,000</td>
<td>&lt;15%</td>
<td>0,01%</td>
<td>34%</td>
<td>0%</td>
<td>22%</td>
<td>11</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Voluntary</td>
<td>8,102</td>
<td>&lt;15%</td>
<td>43%</td>
<td>51%</td>
<td>0%</td>
<td>0%</td>
<td>7</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Voluntary</td>
<td>12,000</td>
<td>&lt;15%</td>
<td>63%</td>
<td>32%</td>
<td>0%</td>
<td>5%</td>
<td>2</td>
</tr>
<tr>
<td>Sweden</td>
<td>Voluntary</td>
<td>6,000</td>
<td>&lt;15%</td>
<td>10-40%</td>
<td>5-20%</td>
<td>5-50%</td>
<td>5-50%</td>
<td>6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Voluntary</td>
<td>99,000</td>
<td>25%</td>
<td>60%</td>
<td>30%</td>
<td>0%</td>
<td>10%</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Own compilation based on Eurochambres 2010