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# Chambers of Commerce: from protesters to government partners

*On 15 February 2012, a British Academy event, entitled 'From Protesters to Government Partners: Chambers of Commerce 1767-2012', discussed the history of chambers of commerce and also their role in UK public policy in the context of the Coalition Government's Local Enterprise Partnerships.*

*Professor Bob Bennett FBA summarises the history and discussion.*

**T**HE CHAMBERS OF COMMERCE are among the oldest business organisations in the western world. Yet their early history and reasons for foundation have been little understood. Historians have devoted excessive attention to the short-lived national body, the General Chamber of Manufacturers (1785-7), largely because its central figures of Josiah Wedgwood, Matthew Boulton and Thomas Walker were great publicists. But there were other local bodies that preceded and continued after the period of the General Chamber, and it is these that sustained developments and laid the foundations of the modern system of chambers.

These local chambers were the subject of the British Academy's seminar, which took the new book *Local Business Voice* as a starting point, and then looked at the historical, political and contemporary challenges of government partnering – through contributions by Martin Daunton FBA, Wyn Grant, Martyn Pellew and myself. Chaired by Sir Peter Hall FBA, the discussion also benefited from contributions by Andrew Lansley MP speaking in a personal capacity drawing from his time as Deputy Director General of the chambers' national association.

Beginning in Jersey, Guernsey, New York, Liverpool, Manchester, Charleston and Staffordshire over 1767-1774, then Quebec (1776) and Jamaica (1778), the chambers sought an essentially local voice in decisions at Westminster. Over 1783-7 they were followed by Glasgow, Birmingham, Dublin, Belfast, Edinburgh, Leeds, Waterford (Figure 1), and Philadelphia and Boston, as well as other local committees. They were a new force in what we would now call 'business interest representation'. Chiefly their concerns were trade and treaties, taxes, currency, tariffs and bounties; but also local navigation, harbours, postal services, roads, gaols and industrial patents. In this they were no more than another group of petitioners and memorialists, following established routes of lobbying government. What makes their early history interesting is the way in which they linked traditional petitioning to an ambitious reform agenda, and adjoined lobbying to a bun-

dle of business services. These motivations have proved to be durable underpinnings.

## *Reform and anger*

In the foundation period of chambers, local business leaders were rarely among the political elite of local corporations. Although most chamber members were freemen and hence electors, few made it to the common councils of local corporations. The control exerted by the pre-Reform state was pervasive, ensuring that localities returned pro-government MPs. In the colonies and Channel Islands, state control was attempted through governors and their influence on Assemblies. Many committed to the prosperity of their localities naturally felt anger at their exclusion. But circumventing government control was only possible with both a local organisation and a sympathetic supporter in Westminster. The early frictions are clearest in Liverpool, where the corporation attempted to kill off the efforts to establish a chamber. The local mayor was accused of 'breach of faith', 'calumny' and 'spreading abuse' against the chamber's leaders. The corporation went on to form its own rival committee of trade. Liverpool chamber only succeeded over 1774-96 because it had sympathetic MPs to present their interests, to whom it had provided electoral support against established corporation 'families'.

Elsewhere, chambers sought to circumvent incompetent governors and other government minions to develop routes to get their interests heard. With the American Rebellion in 1775-6, the chamber leaders resisted military repression of Americans, and the chairs of the Liverpool and Manchester chambers were leading campaigners for concessions. In the colonies, the New York and Charleston chambers tried to mediate between rebels, British governors and military commanders. During the American War, the Jamaica chamber took on the organisation of convoys, and Quebec sought to manage commercial arbitration to wrest control from French juries. Hence, for all these chambers there was a mix of anger at actions by the state,

with efforts at practical commercial contributions to overcoming difficulties. From an early stage, therefore, there was a mix of 'business representation' with forms of business services.

### *The service mix*

The chambers of commerce are almost unique among business organisations in the extent to which they were, and are, suppliers of business services as well lobbyists. Historians have tended to dwell on protectionist combinations and cartels, and early commentary by Redford, Bowden, Clapham, Ashton, Beresford and others has been taken into modern texts, producing considerable confusion about what early chambers were doing. There has also been an over-emphasis on the early Commercial

Committees/Societies of Birmingham and Manchester, which in many ways were the exceptions.

The more general picture is shown in Figure 2. This traces the product life cycles of the services that chambers have been offering since their outset. As with most local initiatives, the history of chambers is replete with local variety and contingency. But the general patterns are clear. The early chambers were bodies that not only voiced interests but also supported their local business community by providing a portfolio of services. As Martin Daunton noted in the panel discussion, this made them somewhat distinct from most sector trade associations. The initial chamber portfolio embraced representation, commercial dispute arbitration, provision of information and news, and, in over one half of cases, the provision of a commercial coffee house, hotel or library/reading room.



Figure 1. *The Waterford chamber of commerce building, continuously occupied since 1815.*

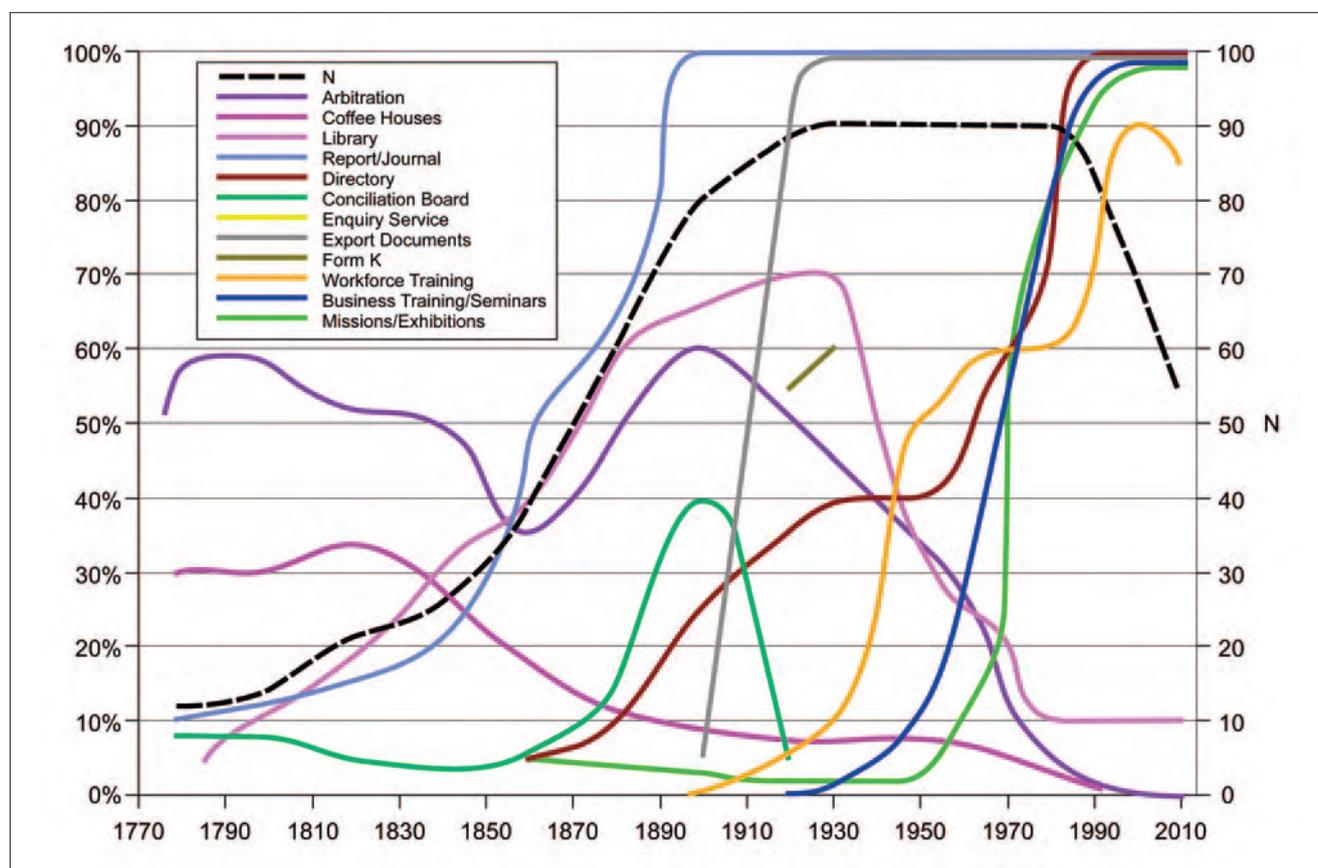


Figure 2. *The evolution of chamber services in Britain and Ireland: the percentage of chambers offering a given service at each time; lobbying, undertaken by all chambers for all periods, is not shown. N refers to the number of chambers in the sample.*

Renting their 'own rooms' or taking on a whole building provided a focus for activity and a physical presence. It allowed projection of an alternative and more supportive power than that of the local corporation or governor. But most of all it was a meeting place and milieu for discussion. In New York, the founding articles required a room for conversation with 'a porter to make up the fire' and 'bread and cheese, beer, punch, pipes and tobacco, provided at the expense of the members present'. Glasgow's Tontine Hotel, closely interlocked with the chamber, was a place where 'every man meets his friends, ... learns whatever is new or interesting at home or abroad, in politics, commerce; and often in literature'. Tontine and debenture models were used to finance these buildings, with wide support from subscribing members. Waterford's building, acquired by debenture for £3000, shown in Figure 1, is illustrative of the whole model. This is the oldest surviving building continuously occupied as a chamber of commerce, since 1815. It occupies one of the most prominent positions in the Georgian city, across the head of a T-junction facing the quays about 100 metres away. On its ground floor the offices were sublet to the Harbour Board and to the Ballast Office. Its entrance contained boxes and bags for receiving the members' mail which was then taken to departing ships. In the premier first floor rooms were the chamber's coffee and meeting rooms with newspapers, journals and library. The upper floors were managed as a 'commercial hotel'.

Many parts of the early service portfolio survived into the late 20th century, as shown in Figure 2. However, over 1870-1910 a new mix was added, with trade missions, export document certification, more general information and enquiry support, promotional directories, wider publications, and a few labour conciliation Boards. After the 1970s the portfolio widened further, with missions and exhibitions, management and workforce training, and more general business advice services becoming prominent. The result, as indicated in Martyn Pellew's presentation at the seminar, is that modern chambers provide a wide range of 'local business support services'.

### *Partnering government*

A local body providing a broad range of support to local businesses is of value not only to the businesses themselves, but as a community support for economic and civic needs. Whilst this was based originally on providing an alternative to projections of the state, it was inevitable that chambers became involved as partners of the state. This became prominent during 19th-century municipal improvements, where often the chamber leaders and corporation leaders were one and the same. The chambers sponsored improvement Bills and a range of initiatives such as technical schools, school and college prizes and scholarships, welfare and housing schemes, 'place promotion' and tourism.

Over 1898-1917 chambers also became the first 'corporatist' partners of the UK government, becoming the entire membership of the Advisory Committee on Commercial Intelligence, drawn from 16-18 of the main chambers. This had a significant role in trade, treaty and tariff negotiations. But their formal national committee presence was largely removed during the main corporatist period of the 1960s and 1970s, under the National Economic Development Council and Industrial Training Boards, with the CBI and sector bodies taking on the most substantial roles. Wyn Grant commented in the discussion that this may have been a benefit to them, since it certainly 'tainted' the then CBI.

However, rather than corporatism, the main role of chambers as government partners has been as providers of business support services. As governments have become concerned with policies to improve economic performance and international competitiveness, they have often sought to draw on the expertise of business organisations. Chambers first became involved over 1917-37 through disseminating intelligence about foreign business opportunities, using consular reports (and 'Form K', shown in Figure 2). But their main role has been since the 1980s. They have been partners in government urban regeneration initiatives, workforce and manager training, helping the unemployed into training and jobs, and supporting interventions to improve business performance. Chambers were natural partners in the increasing range of local initiatives developed by the Thatcher-Major and then the Blair-Brown governments. This produced a bewildering array of local bodies whose acronyms have had to become familiar to those who research this field: LENSs, EBPs, NSTOs, BiTC, LEAs, TECs, LECs, CCTEs, LLSCs, SFS, RDAs, LSPs, and Business Link. All of these have had a majority or significant chamber presence.

None of these government initiatives has proved durable. The resulting instability has presented considerable challenges for chambers, as well as other partners. Moreover the process of partnering itself has become so extensive that it has challenged the core missions of many partners. For UK chambers, at the peak of this process in 2001, 75% of their total income came from various government contracts. This has had a profound influence on the membership. If government was prepared to pay so much to support chamber activities, albeit ones often marginal to business concerns, then why should the members? This 'Samaritan's dilemma' is familiar in other walks of life. For chambers, when combined with instability of the actual programmes and continuously modified geographical boundaries over which they operate, it appears to be the main cause of significant lapsing from membership, with a shift to an historically high rate of turnover of membership since 1990.

### ***Local Enterprise Partnerships (LEPs)***

The UK Coalition government in 2010 scrapped most predecessor initiatives and introduced LEPs – the latest in the surfeit of acronyms. These are bodies within which local partners are expected to come together and develop a strategy for their areas on which to base their bids for govern-

ment funds, chiefly the £2bn Regional Growth Fund and Enterprise Zones that give tax discounts. Like previous government initiatives, chambers have to be involved. As the voice of local businesses and provider of a major range of business services they cannot avoid participation, but many doubt the durability of LEPs will be greater than earlier initiatives.

The discussion at the British Academy's meeting suggested that chambers certainly offer to LEPs great advantages: of an accessible, open and representative economic force, with committed members concerned about their local communities. However, LEPs offer few resources, little influence over the main strategic questions of transport and planning policy with which businesses are most concerned, and they come with a lot of tensions between partners that have to be managed. There might be scope for LEPs to develop significant inputs via the government's 'localism' programmes, as commented by both Peter Hall and Andrew Lansley, to get local people working together on a common agenda. Indeed, Lansley argued that LEPs should aim to build a local capacity between partners that can tie each new government initiative into what local partners aim for as the long term durable agenda for their area.

Whatever the future of LEPs, the discussion at the Academy saw nothing to prevent the continued vibrant life of local chambers, provided that they continue to adapt. In a period of austerity the greatest challenge of adaptation is the need to focus on their members' concerns. If partnering government was necessary, perhaps even sometimes desirable, and certainly unavoidable, it must be strongly linked to the core economic concerns of the membership. Chambers, like any voluntary organisation, and like the British Academy itself, ultimately only survive through their internal solidarity, not on the whim of the next ministerial initiative.

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*Local Business Voice: The history of chambers of commerce in Britain, Ireland and revolutionary America, 1760-2011*, by Robert J. Bennett was published by OUP in October 2011. Also by Bob Bennett, *The Voice of Liverpool Business: The first chamber of commerce and the Atlantic Economy 1774 – c. 1796* was published by the Liverpool Chamber in 2010. Both were supported by British Academy Small Research Grants.

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An audio recording of the panel discussion held on 15 February 2012, including the contribution by Andrew Lansley, can be found via [www.britac.ac.uk/events/2012/](http://www.britac.ac.uk/events/2012/)

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