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Péter Krisztián Zachar

Transition, Participation and Self-Governance

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The Institutional Change
of Hungarian Chambers



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Introduction

We are living in a rapidly changing world. The political forms and social organisation we have known so far seem to be rapidly becoming part of our past. We are living in an era of global challenges to which countries should respond with common knowledge and preparedness. Historical experience has shown that in such a situation the active accumulation and use of citizens' knowledge is of paramount importance. Institutions are evolving in this context, too. If we examine institutions in a very broad sense, we have to be aware, that "institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction. In consequence they structure incentives in human exchange, whether political, social, or economic". And therefore, if we analyse the change of these structures, we can see that "institutional change shapes the way societies evolve through time and hence is the key to understanding historical change".¹ The institutional frameworks define the rules and provide with the evolution of organisations a structure to human interaction. Organisations, of course, include political, economic, social and educational bodies.² We want to study in our volume the highly diverse and wide-ranging organisations of chambers that emerged in parallel with the modern bourgeois state and capitalist economy and have been a dominant player in the Western world order ever since.

If we want to touch upon institutional change, we have to take into account that change itself is a very complicated process that can be the consequence of changes in rules, in informal constraints (like traditions, codes of conduct, or any other), in the kinds of enforcement. Our modern, formal legal-political institutions we want to examine in this volume, differ from any informal institutions, especially in the way they change. Because of the obligatory character of these institutions their change is derived from decisions.³ Why we can see our chamber organisations as institutions is because "their existence and operation become in a specific way publicly guaranteed and privileged, by becoming backed up by societal norms

¹ Douglass C. North: *Institutions, Institutional Change and Economic Performance*. Cambridge, Cambridge University Press, 1990. 3.

² North (1990): op. cit. 4–5.

³ Wolfgang Streeck – Kathleen Thelen (eds.): *Beyond Continuity. Institutional Change in Advanced Political Economies*. Oxford, Oxford University Press, 2005. 10.

and the enforcement capacities related to them”.⁴ However, these organisations have hardly been included in international academic research. Neither political science, nor economic history, nor state theory has paid much attention to these institutions, even though they have shaped the lives of dozens of groups of citizens for centuries.

Because of their organisational complexity and their direct link with everyday events and civic life, and because their scope is extremely difficult to specify in academic terms, it is not possible to analyse the chamber organisations within the strict boundaries of a single discipline. In the international literature, chambers of commerce and industry and the different chambers of professional services are mainly approached from the perspective of law, economics, multi-level governance or political science, but it is essential to draw on interdisciplinary academic tools if a holistic view of these organisations is to be achieved. In this context, the present volume attempts to present the Hungarian chamber organisations, primarily by identifying and interpreting their changes in different periods.

The present work has been greatly influenced by previous research which, for the first time in some 50 years, has attempted to provide a comprehensive picture of the role and significance of chambers of commerce and industry and the chambers of professions in Hungary. From this point of view, we must pay tribute to the memory of Jenő Gergely (1944–2009), professor in charge of the Department for Modern Hungarian History, who initiated the research of chamber organisations in the framework of the Doctoral School of History at Eötvös Loránd University, Budapest. This extensive historical work, which started in 2003, was later joined by a group of economist researchers led by Professor Miklós Dobák at the Corvinus University of Budapest, as well as by a number of lawyers and political scientists. In addition to the author of these lines, it is primarily the writings and analyses of Péter Strausz, PhD that have contributed greatly to the positioning of the topic in Hungary. Thus, the present work is based on this background and is able to convey the most important knowledge in a comprehensible way for the non-Hungarian scholars.

Our volume fits in well with the trend in international literature, which basically focuses on a single country, analysing chambers as institutions within a historical and legal framework. Thus, the academic findings are scattered and meet each other only within these definitions. Among the international

⁴ Streeck–Thelen (2005): op. cit. 12.

studies, Robert J. Bennett's summary⁵ of Anglo-Saxon chamber systems and Brett Crawford's compilation⁶ of the American model stand out. As far as the German background is concerned, Reinhard Hendler's summary⁷ and Winfried Kluth's extensive research and publications⁸ are indispensable. The Austrian model of the 'classic chamber state' is well documented in the Austrian academic community, and the writings of Anton Pelinka,⁹ Ferdinand Karlhofer,¹⁰ Peter Pernthaler¹¹ and Ulrich E. Zellenberg¹² provide very detailed insights into the subject. In addition to the findings for each country, the first major international comparative publication was edited by Franz Traxler and Gerhard Huemer.¹³ In this volume the chambers were only one form of organisation of the research and study in addition to other business associations. International cooperation, a wide ranging conference and further analysis led to the most recent drawing up of a modern comparative picture of European chambers of commerce on the basis of Detlef Sack's research project.¹⁴

The academic toolbox of these works is extremely diverse. The present volume is in fact a historical study of transformation in different eras of social and

⁵ Robert J. Bennett: *Local Business Voice. The History of Chambers of Commerce in Britain, Ireland, and Revolutionary America 1760–2011*. Oxford, Oxford University Press, 2011.

⁶ Brett Crawford: The Historical and Cultural Construction of Legitimated Interests: The Rise of American Chambers of Commerce. *Management and Organizational History*, 10, no. 3–4 (2015). 230–250.

⁷ Reinhard Hendler: Geschichte und Idee der funktionalen Selbstverwaltung. In Winfried Kluth (ed.): *Handbuch des Kammerrechts*. Baden-Baden, Nomos, 2005. 23–40.

⁸ Winfried Kluth (ed.): *Handbuch des Kammerrechts*. Baden-Baden, Nomos, 2005a.

⁹ Anton Pelinka – Christian Smekal (eds.): *Kammern auf dem Prüfstand. Vergleichende Analysen institutioneller Funktionsbedingungen*. Schriftenreihe des Zentrums für angewandte Politikforschung. Band 10. Wien, Signum, 1996.

¹⁰ Ferdinand Karlhofer: *Interessenverbände im Umbruch*. Wien, Forum Politische Bildung, 2001.

¹¹ Peter Pernthaler: *Kammern im Bundesstaat. Verfassungsrechtliche und verfassungspolitische Gesichtspunkte einer stärkeren Föderalisierung der Kammern in Österreich*. Schriftenreihe des Instituts für Föderalismusforschung. Band 68. Wien, Braumüller, 1996.

¹² Ulrich E. Zellenberg: Die Stellung der Bundeskammer in der Wirtschaftskammerorganisation. *Festschrift – 60 Jahre Wirtschaftskammer Österreich. Die Zukunft der Selbstverwaltung in einer globalisierte Welt. Sonderheft der Wirtschaftspolitische Blätter* (2006).

¹³ Franz Traxler – Gerhard Huemer (eds.): *Handbook of Business Interest Associations, Firm Size and Governance. A Comparative Analytical Approach*. London – New York, Routledge, 2007.

¹⁴ Detlef Sack (ed.): *Wirtschaftskammern im europäischen Vergleich*. Wiesbaden, Springer, 2017b; Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021d.

economic history. For this reason, we wish to focus on different aspects and use different methods to present the research results. Due to the more than 160 years of Hungarian chambers we will meet different transformation case studies with a lot of dynamics and turbulence, with politics and law, membership unrest and tough government decisions. To present the transitions and the involvement of the stakeholders via self-government, the volume uses interest group research. This field of political science deals with the potential of different advocacy groups, including chambers in a very broad and extensive way. Mancur Olson's research is particularly significant in this respect, which analyses societal groups and their ability to mobilise resources and influence public decision-making.¹⁵ The logic of collective action described in this theory provides a very powerful and useful explanation for why individuals join or fail to join organisations, especially chambers in our case. Since most of the goods that chambers provide to their members are pure public goods, that is, they are non-excludable and their benefits could be enjoyed by non-members, there is always a drive from the advocacy organisations to offer some incentives (services, education, expertise) only to the members. In this regard organisational sociology is one of the possible tools of our research.

As an academic background, we can also consider the evolutionary theory of institutional change by Stefan Okruch to be of particular importance. In this approach, all change is fundamentally based on the recognition of the historical endowment of norms and thus of change as a factor bound to place and time. In its historicity, change as documented by law marks out a well-defined domain that can be analysed within a theoretical framework.¹⁶ It is precisely for this reason that placing norm-guided action in an evolutionary perspective becomes of particular importance for us. In this dynamic perspective of organisations, the existence or a particular form of institutionalised organisations is not automatically explained by their functions or their eventual superior efficiency, but much more by the association of stakeholders who, in order to achieve

¹⁵ Mancur Olson: *The Logic of Collective Action. Public Goods and the Theory of Groups*. Cambridge, Mass., Harvard University Press, 1965.

¹⁶ Stefan Okruch: *Innovation und Diffusion von Normen. Grundlagen und Elemente einer evolutionistischen Theorie des Institutionenwandels*. Volkswirtschaftliche Schriften, Band 491. Berlin, Duncker & Humblot, 1999. 18–19, 150–175.

their goals and realise their ideas, consider the organisation itself an adequate solution.¹⁷

This also leads to the conclusion that the various chamber systems existing today in the different countries of Europe are the result of a historical development process, which also reflects the various existing institutions as comprehensive norms themselves. Thus, also the legal framework, the rights and obligations in relation to the chamber system of the respective country have developed again and again in the given epoch. That is why during our work we will also use the approaches of institutional political economy that is the impact of historical and socio-political factors on the evolution of the organisations and the economic practices. We think that it is necessary to understand the dynamics of political power if we want to examine and analyse the institutions, their change and the affected organisations themselves. In this volume, we follow the theoretical concept of Detlef Sack,¹⁸ based on the most recent international academic approach, and seek to explain institutional change along the lines of the variables developed by James Mahoney and Kathleen Thelen.¹⁹ This approach provides a fundamentally holistic framework, as it seeks to bring together the different aspects put forward by the political science literature. Thus, institutions are examined within the framework of their own historicity, since institutions are nothing less than historical compromise, which can summarise different expectations, interests and resources but “are fraught with tensions because they inevitably raise resource considerations and invariably have distributional consequences. [...] For these reasons, there is nothing automatic, self-perpetuating, or self-reinforcing about institutional arrangements. Rather, a dynamic component is built in; where institutions represent compromises or relatively durable though still contested settlements based on specific coalitional dynamics, they are always vulnerable to shifts”.²⁰

We also consider this approach to be a good conceptual framework because we can identify almost entirely with the authors’ statement that: “We have good

¹⁷ Stefan Okruch – Alexander Mingst: Funktion und Funktionssicherung von Kammern – Eine neue Perspektive. In Miklós Dobák et al. (eds.): *Aktuelle Entwicklungen des Kammerwesens und der Interessenvertretung in Ungarn und Europa*. Budapest – Halle an der Saale, L’Harmattan, 2009. 48–49.

¹⁸ Sack (2021a): op. cit. 12–18.

¹⁹ James Mahoney – Kathleen Thelen: *Explaining Institutional Change. Ambiguity, Agency, and Power*. New York, Cambridge University Press, 2010.

²⁰ Mahoney–Thelen (2010): op. cit. 8.

theories of why various kinds of basic institutional configurations – constitutions, welfare systems, and property right arrangements – come into being in certain cases and at certain times. And we have theories to explain those crucial moments when these institutional configurations are upended and replaced with fundamentally new ones. But still lacking are equally useful tools for explaining the more gradual evolution of institutions once they have been established. Constitutions, systems of social provision, and property right arrangements not only emerge and break down; they also evolve and shift in more subtle ways across time. These kinds of gradual transformations, all too often left out of institutionalist work, are the focus of this volume.”²¹ The theory outlines a total of four different types of institutional change, the three determining factors of which are none other than the characteristic of the institution, the characteristics of the political context, and the type of dominant change-agents.²² In other words, the great strength of the theory is its ability to stimulate and aid in the substantive analysis of institutional change through the analysis of concrete cases and actual episodes of institutional change.

If the results of the present volume are to be projected on this basis, it can be concluded that the theoretical framework used justifies the following: Hungarian chambers have proved to be rather volatile institutions in the last 160 years. Hungarian chambers can be seen as a case of self-governance that repeatedly became a cue ball of politics. The reason for this is that institutional change was rather the result of external challengers and supporters from the political system than of strategic behaviour by internal change agents. Our study will justify the reasons for the institutional volatility: first and foremost the general politico-economic changes over the years in Hungary; then again the lack in Hungary of a long-lasting European civic associational tradition; and last but not least the influence of the political sphere, which repeatedly saw the chambers as representing competition and opposition and therefore supported a change in their organisational framework to weaken them.

²¹ Mahoney–Thelen (2010): op. cit. 2.

²² Mahoney–Thelen (2010): op. cit. 14–32.

About chambers in general

Our public discourse today and our image of the rule of law as a civil state is also shaped by the presence of organisations based on direct citizen participation and their involvement in public affairs. Particularly important is the role played by institutions representing professional groups and economic circles, some of whose statements and manifestations are nowadays also widely covered by the media. Among these, the different organisations called chambers are also of particular importance in Europe. At the same time, however, we know very little about what exactly these organisations do, what their obligations and powers tend to be, and what their historical roots and genesis are. In order to approach the subject, it is important to point out that already in the 19th century, the historical development of these organisations was marked by the emergence of a line of thought, the principle of subsidiarity and self-government, which is still the preferred one in the context of the European Union today. The chambers saw themselves (and to some extent still do) as an organisation established by law to manage their own affairs autonomously, to represent the interests of their members and to take over certain tasks and powers from the public administration in their own professional field.

The idea of self-government, which emerged in the 19th century, especially in the wake of Lorenz von Stein's philosophy,²³ did not see the extension of the state's power in the regulation of the autonomous functioning of a given sphere, but rather the reduction of the state's power and the "privatisation" of certain spheres by creating an intermediate level of power. In this conception, 'self-government' can only be seen as a kind of antithesis: the existence of self-governing groups makes sense in opposition to the omnipotent government or the state administration that implements it. It is only in this context that the principles of political freedoms, self-determination and personal responsibility – the idea of subsidiarity today – gain meaning.²⁴

²³ Lorenz von Stein: *Lehrbuch der Volkswirtschaft*. Wien, Manz, 1858; Lorenz von Stein: *Lehrbuch der Nationalökonomie*. Wien, Manz, 1887.

²⁴ Klaus H. Fischer: *Die Wissenschaft der Gesellschaft. Gesellschaftsanalyse und Geschichtsphilosophie des Lorenz von Stein unter besonderer Berücksichtigung seines gesellschaftlichen Entwurfs*. Frankfurt am Main, Haag & Herrchen, 1990.

The focus of our research is the issue of the autonomy of chambers: we have tried to collect the organisational and activity characteristics of their self-governance in the pages of this work, thus trying to define the nature and extent of self-governance of these organisations. Before discussing our chosen topic, however, it seems necessary to define the concept of autonomy itself and to briefly list its main characteristics; only by doing so can we place chambers in the inertial system of other forms of self-government.

Autonomy is a Greek word which means living according to one's own laws, or, in a broader sense, being independent. Autonomous and independent individuals, regional and local governments, social groups, churches and denominations, chambers of commerce and industry and chambers of different professions, social security institutions, trade unions, nationalities and ethnic groups are entitled to make their own rules and laws and, consequently, to govern themselves. Autonomy is thus the property of communities of citizens, formed around a common purpose, endowment, interest, ideology or religion, whose functioning is ensured by rules which they themselves have drawn up, within the framework of the existing state laws.²⁵

Autonomy is limited by state legislation, since individual organisations with local government may not draw up rules that are contrary to the laws and regulations in force. This principle was ensured by the right of state approval, which was a condition for the operation of autonomies, and which made the enactment of autonomy forms subject to state ratification of their internal "legislation", but in return ensured that the state could be involved in enforcing these rules. Autonomies should therefore in no way be seen as bodies that question the competence of the sovereign state, which represents and serves the interests of society as a whole, the common good.

If we take a step towards defining the chambers, we can make some fundamental statements here as well. In the most general jurisprudential typology, the individual types of chambers can be distinguished primarily according to the structure of the members and the character of the tasks performed. From this point of view, there are monistic and group-plural chamber organisations, as well as private law and public chambers.²⁶

²⁵ Jenő Gergely: Az autonómiáról általában. In Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. I. Budapest, L'Harmattan, 2005b. 19–21.

²⁶ Winfried Kluth: *Funktionale Selbstverwaltung. Verfassungsrechtlicher Status – verfassungsrechtlicher Schutz*. Tübingen, Mohr Siebeck, 1997. 232–236.

Overall, therefore, we can identify three basic themes among the various functions of the chambers: the questions of self-governance, classic lobbying/advocacy work and the involvement in public policy. And we can actually demonstrate these functions at every chamber, regardless of its legal background. In European development, a distinction is made basically between two major models of chambers: the difference between public law and private law chambers.²⁷ This, of course, is today a simplistic approach, as a new solution has emerged alongside the two historical categories, which combines some of the characteristics of the two models. But for the purposes of our analysis, the dichotomy of public law and private law is an extremely important starting point in the analysis of chambers.

The private law model can be called the Anglo-Saxon chamber system, since the development of the structures that belong to it is essentially characteristic of Great Britain and its colonies, including the later United States. The starting point of the model is to be found first of all in the classical liberalism of the 18th–19th century, a political doctrine that set the strictest separation of state and society as a benchmark. It was for this reason that, in contrast to the traditional continental model, a private, association-based system of chambers spread in the Anglo-Saxon regions – and in some areas close to it in terms of ideas.²⁸ An important feature of the Anglo-Saxon chamber systems is that they are entirely self-organised from below: they were not set up by central power, and therefore do not have any state authority. These organisations are not legal entities established by law, but were/are in fact private law associations: each trader, craftsman, lawyer, engineers, farmer, etc. can decide for himself whether or not to become a member of the professional chamber. The organisation is very rarely involved in public administration, nor does it provide institutional support to the government through its advisory work; its activities are mainly focused on promoting and stimulating business contacts in the case of chambers of commerce and industry, and on ethical issues, representation of the interests of its members and self-help in the case of professional organisations. Although chambers, which follow the Anglo-Saxon model, are almost completely independent of government and public administration, their optional membership system means that they represent only a small part of the economic and professional community and

²⁷ Bennett (2011): 261.

²⁸ Reinhard Hender: Geschichte und Idee der funktionalen Selbstverwaltung. In Winfried Kluth (ed.): *Handbuch des Kammerrechts*. Baden-Baden, Nomos, 2005. 27.

their financial and social weight is in dependence of their membership.²⁹ We can say, that private law chambers “are based on freedom of association, voluntary membership and the commitment of their members”.³⁰

The second group of chambers is the professional-economic self-governments organised on the basis of the continental (public law) model. These organisations were created on a French model and differed markedly from the structures established in the Anglo-Saxon countries. In most cases, the chambers that developed on the European continent were set up by a central council, and their powers, duties and obligations were regulated by royal decree, and later by law. They were generally organised on the basis of a compulsory membership system, and their main task was to assist in the legislative work of the represented sector by proposing and drafting legislation and representing the interests of the economic and professional sector to the government and society.³¹ Over time, chambers, organised on the continental model, have become powerful interest groups that have encompassed the whole of the sector and, in regular contact with government, have influenced the work of the legislature. They have also often played and continue to play a role in professional public administration. As a consequence of the latter fact, and of the financial support they received from the state, their autonomy was not as extensive as that of their Anglo-Saxon counterparts, but their relative independence from central power, which they always sought to extend, and their self-government, combined with a broader financial base and greater powers, made them in many cases a factor to be reckoned with in the socio-economic life of the country. So these public law chambers “rest on state regulation that stipulates compulsory membership, their tasks, funding, organisational form and internal decision making”.³²

As indicated earlier, in today’s context, this clear and dual distinction is no longer fully valid, and a hybrid group has been created, which draws on the characteristics of both chamber systems. This will be discussed in more detail in the development and analysis of the Hungarian chambers.

²⁹ Péter Strausz – Péter Krisztián Zachar: *Gazdasági és szakmai kamarák Magyarországon és az Európai Unióban*. Budapest, L’Harmattan, 2008. 20–22.

³⁰ Detlef Sack: *European Chambers of Commerce in Comparison*. Introduction. In Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021a. 6.

³¹ Péter Strausz: *Kamarák a két világháború közötti Magyarországon*. Budapest, L’Harmattan, 2008. 29–32.

³² Sack (2021a): op. cit. 6.

However, beyond this framework, it is also worth looking further into the positioning of the autonomy of chambers within the state framework. The general regulation and framework regarding the autonomies of chambers can be placed in the structural hierarchy of the organisation of society and in this respect we can distinguish three levels as a result of historical development: the macro, micro and intermediate or mezzo level of organising the society.³³ The macro sphere includes politics, the state level with its legislative and executive powers. The micro sphere, on the other hand, is the level of the individual citizen, in a broader sense, workers and companies. The mesosphere is the “intermediate medium” of institutions and representative bodies, which encompasses society as a whole or individual strata or groups within it. The first two spheres can be considered primary, while the mesosphere, the institutions, organisations and activities of the intermediate sphere, are secondary.³⁴ While the two primary levels exist and function in their own right, each with its own specific structure, “the organisations and institutions of the mesosphere, which are of a secondary nature, are created and function in a context defined by the macro or micro sphere and in order to perform tasks defined by it”.³⁵

The chamber autonomies we want to study in this volume in their historical genesis are located in the intermediate institutional system of the mesosphere. In addition, they also have an intermediate status from another point of view: since they are essentially public bodies and also perform (administrative) tasks delegated by the state, while at the same time they are intended to represent the interests of a particular professional-economic group – autonomously – in relation to state power, they can be regarded as semi-civil institutions, i.e. they form a bridge between the administrative body and the actual (civic) civil organisation.³⁶ Given this duality, it is perhaps no exaggeration to say that chambers are civil organisations which, in their operation and in their relations, also bear certain characteristics (public functions) of state institutions.

In many legal systems, therefore, advocacy organisations (representative bodies) created by law, i.e. chambers, are essentially public bodies. Public

³³ Gergely (2005a): op. cit. 22–24.

³⁴ György Farkas: *Kamarák és vállalati érdekképviselések az integrációs felkészülésben*. Budapest, Osiris, 2000. 7–17.

³⁵ Farkas (2000): op. cit. 13.

³⁶ Libuše Müllerová – Karel B. Müller: Profesionální komory jako součást občanské společnosti [Professional Chambers as Forms of Civil Society]. *Český finanční a účetní časopis*, 3 (2013). 20–34.

bodies are distinguished from traditional NGOs in a number of fundamental ways: their creation and dissolution are determined by law by the legislature; they have certain public (administrative) powers, which may be established by government, primarily by law and by statutory delegation. The public interest functions performed by public bodies are defined in detail by law, as are the essential components of their organisation and the basic forms of their operation. In addition, the law may provide that certain activities (fiduciary services) may only be carried out by a specific member of the public body, in which sense the public body is a compulsory membership body. The law may also provide that a function may be performed only by a public body. At the same time, the public body has a specific autonomy, exercising its functions and rights in an advanced system of self-government. Public bodies are supervised by an administrative body established by law. All in all, public bodies are legal persons governed by public law with public functions, created as a result of functional decentralisation, i.e. self-governance that is not territorial, but is organised on a professional basis and an autonomy that is legally guaranteed.³⁷

Historically, the relationship between chambers and the other two spheres can take many forms: subordination or super-ordination, unilateral or multilateral dependence, parallelism or partnership. According to their mechanism of action, this linkage can be bottom-up, top-down or both at the same time. In addition to these factors, we must also take into account the fact that in continental Europe chambers mostly take the form of “legal representation”: the scope of the autonomy of chambers is determined partly by the law establishing them and partly by the chamber’s own capacity to represent its interests. The autonomy of individual chamber structures is not self-government by direct conflict, but autonomy granted by the macro sphere, conceived in the spirit of subsidiarity. Since the state gives autonomy to the representative body, it immediately determines the extent of this autonomy, but at the same time, depending on the nature of the state system, it incorporates guarantees of its own influence.³⁸

All this can be complemented by the economic view that the most important tasks of any public administration are to manage as efficiently as possible and

³⁷ András Lapsánszky et al.: *A közigazgatás szervezete és szervezeti joga*. Budapest, Dialóg Campus, 2017. 279–288; Antal Ádám: A köztisztviselők és a közjogi szerződés a postmodern társadalom és állam kapcsolataiban. *Acta Humana*, 6, no. 21 (1995). 26; Ferenc Kondorosi: *Civil társadalom Magyarországon*. Budapest, Politika és Kultúra Alapítvány, 1998. 109–110.

³⁸ Strausz (2008): op. cit. 9–10.

to have as few public functions as possible. In this approach, we would also like to emphasise that the self-government and self-sustainability of smaller groups – as demonstrated, among other things, by the historical study of chambers – can contribute to reducing the administrative agenda and increasing efficiency. Regional or local government can also be used to pay greater attention to the specific needs of certain groups and, in accordance with the principle of subsidiarity, to bring about positive benefits for all social groups through internal balancing of interests.

In line with the above ideas, chambers are in their historical development typically organisations on the local and regional level, but additionally we can see them integrated into national, continental and global umbrella associations. Apart from this scheme we can even spot bilateral or multilateral chamber cooperation on different levels: regional or transnational chambers between countries.³⁹

In the period of our research these “legal advocacy organisations” can be divided into two broad categories: economic chambers and chambers of professional services, according to the nature of the group represented. The first group includes chambers of commerce and industry, chambers of craftsmen, chambers of agriculture and, in certain regions of Europe, the so-called chambers of workers. These organisations are group-plural and, in addition to their internal balancing of interests and advocacy work, were concerned with alleviating the production and marketing difficulties of their members, promoting trade relations at home and abroad, providing (further) training and professional education, and in some cases, in line with the emerging public nature of the sector, taking over certain tasks of the state administration. The other monistic group was (and still is) even more heterogeneous in its extension than the first. The chambers of professional services were made up of primarily intellectuals pursuing some kind of common intellectual profession. In the 19th century, this group included the chambers of lawyers, notaries, engineers, medics and later on the chambers of the press, theatre and cinema, or even of pharmacists, health professionals, psychotherapists, or architects, private investigators which were set up in the 20th century. Therefore, the sub-types of professional chambers in each European country were/are very diverse but in their integrity monistic. As well as representing the interests of the profession, regulating its training and practice, and taking over the administrative functions associated with it, these organisations also had disciplinary powers over their members,

³⁹ Sack (2021a): op. cit. 4.

as did the economic chambers. This is important because we have to mention important common characteristic features of the professional services regulated in chambers. These services represent high quality intellectual activity and they are always person-related, demanding personal performance. Another fact is that these services can often be confidential and there exists an informational asymmetry on the side of the clients (customers, patients) because they know not much about the services offered.⁴⁰

Thus, together with an analysis now spanning nearly one hundred years, we can say that in the period, which we are examining, “the institution of the chambers, by virtue of its legal mandate, is a link between the state administration and practical life, and the chambers appear as the legal professional representative of the interests entrusted to their care in relation to the state administration”.⁴¹ This view is strengthened by the German legal concept of chambers, which has had also a decisive influence on the development of the Hungarian system of advocacy organisations, and which refers to these institutions as “functional self-government”.⁴²

⁴⁰ Marianna Fazekas: Chambers of Professional Services and Europeanisation. *Annales Universitatis Scientiarum Budapestinensis de Rolando Eötvös Nominatae. Sectio iuridica*, 48 (2007a). 159–181.

⁴¹ Gyula Szávay: *A magyar kamarai intézmény és a budapesti kamara története 1850–1925*. Budapest, BKIK, 1927. 441.

⁴² Kluth (1997): op. cit.

The development of the European continental chambers

Economic chambers

The origins of continental chambers of commerce and industry can be traced back to mercantilist France. In 1599, a Chamber of Commerce (*députés de commerce*) was already established in the city of Marseille, and the following year it was confirmed by King Henry IV (1589–1610). It was probably modelled on the medieval Spaniard trade councils, which supported the ruler's commercial policy decisions. This organisation, which retained many of the traditions of medieval merchant companies, was very quickly integrated into the urban administration and had only some of the characteristics of later chambers.⁴³ It can therefore in no way be regarded as a genuine representative body. However, the increasingly influential royal power of the following century, in order to boost the economy, later wanted to set up organisations which, in the light of local conditions, would help to develop trade and industry as much as possible by advising the regional or central state administration. Various attempts were made to set up such institutions, such as chambers of commerce (*chambre de commerce*, organised on a town basis) or councils of commerce (*conceil de commerce*, whose members were installed by appointment). The confusion between these bodies, which in many respects overlapped, was only resolved during the reign of Louis XIV (1643–1715), thanks to the work of the Minister of State, Jean-Baptiste Colbert. Thus, the French royal decree of 1700 creating the Chambers of Commerce can be considered the birth of the economic chambers as we know them today (continental public law chambers).⁴⁴ First in Dunkirk, then in Lyon, Lille, Bordeaux, Rouen and Toulouse, chambers were set up on the model of Marseilles.⁴⁵

⁴³ Zoltán Sárközi: A Budapesti Kereskedelmi és Iparkamara hivataltörténete. *Levéltári Szemle*, 17, no. 1 (1967). 56.

⁴⁴ Christof Fink: *Zur ökonomischen Effizienz der Pflichtmitgliedschaft in den Kammern*. Dissertation, Innsbruck, 1996. 10.

⁴⁵ Alajos Diczig – Dezső Radó: *A kereskedelmi és iparkamarák hazánkban és külföldön*. Debrecen, 1938. 13.

The French Revolution dissolved the chambers around 1791, which were considered typical institutions of the ancien régime, but in 1801 Napoléon Bonaparte, at that time First Consul of France, restored them in their old form in the largest cities. A novelty was that from the restauration on, the chambers included not only actors of commerce but industrialists among their members. The chambers, then known as the ‘conseil de commerce’, were created in 31 cities.⁴⁶ A consular decree of 24 December 1802 then provided for the creation of a ‘Chambre de Commerce’ as a central, nationwide body.⁴⁷ In 1803, separate chambers of manufacturers and industry were established in 154 towns and cities under the name of ‘chambre consultative de manufactures arts et métiers’.⁴⁸ In France, the present-day image of chambers was shaped by the general law on chambers of commerce adopted in 1898, when 123 such organisations were already in existence in France.⁴⁹

An important characteristic of the economic chamber organisations that were set up in France was that they were always subject to considerable influence by the sovereign, governmental or administrative power, so that their autonomy and independent – or even proactive – activity was limited to a very narrow field. Therefore, these bodies can be seen more as the executors and ‘outstretched hand’ of the central will from above than as representative (advocacy) bodies serving the membership, independent of external factors.

The political, economic and cultural influence of the French Republic, and later the Empire, gradually led to the establishment of chamber systems of a mainly economic nature in the other countries of Europe.⁵⁰ In what is now Belgium, the Brussels Chamber of Commerce was set up in 1703, but was replaced in 1875 by a series of English-style chambers of commerce.⁵¹ In Denmark, since 1619, merchants have been entrusted with various public functions in an advisory

⁴⁶ Sárközi (1967): op. cit. 57.

⁴⁷ Diczig–Radó (1938): op. cit. 13–14.

⁴⁸ Sárközi (1967): op. cit. 57.

⁴⁹ Detlef Sack – Christine Quittkat: Institutional Change in the French Chambers of Commerce. In Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021. 86–87.

⁵⁰ Diczig–Radó (1938): op. cit. 14–15.

⁵¹ Péter Fritz: *A magyar kereskedelmi és iparkamarák keletkezésének, fejlődésének és működésének története 1850–1896*. Budapest, BKIK, 1896. 10.

capacity.⁵² In 1742, the Copenhagen Chamber of Commerce and the Rural Chamber of Commerce were established in parallel.⁵³

It is also the organisation created in Marseille in 1599 that is still considered to be the predecessor of the Dutch Economic Chambers. The sources show that similar organisations of this kind, which had evolved from the guilds, have been in existence in this area since the 18th century. The first chamber of commerce, based on the French model, was set up in Rotterdam in 1803, followed by four other large self-government bodies (Amsterdam, Dordrecht, Middelburg and Veissingen). The role of the chambers was finally regulated by an Act of William I, King of the Netherlands and Grand Duke of Luxembourg (1815–1840) in 1815. During the 19th century, more than 100 institutions were set up, most of them cooperating with the municipalities and even depending on them for their main task, which was to advise them. Only the new law on the Chamber of Commerce of 1921 was able to put this situation on a merely different basis. The number of Dutch chambers of commerce and industry was capped at 36, they were linked to a specific field of activity and, by becoming public bodies, they were also able to perform a legal representative function.⁵⁴

On German soil, there was a strong tradition of self-organisation, and some analyses even include the self-government traditions of the Hanseatic cities of Bremen (1451) and Hamburg (1665). More important, however, was Kassel's initiative: the establishment of the *Commerzien-Cammer* in 1710, modelled on the Spanish *consulados* and the French *Conseil de Commerce*, makes this chamber one of the oldest in Germany.⁵⁵ After the Napoleon-inspired and French model-based initiatives along the Rhine, in the following years a huge number of chambers were set up by the government initiative from Berlin to Elberfeld and Barmen, and the rapidly industrialising Ruhr area.⁵⁶ 47 of the existing

⁵² Sárközi (1967): op. cit. 57.

⁵³ Strausz–Zachar (2008): op. cit. 25.

⁵⁴ Zoltán Román: *Érdekképviselések, kamarák, kisvállalatok*. Budapest, 1993. 76.

⁵⁵ Winfried Kluth: *Entwicklungsgeschichte und aktuelle Rechtsgrundlagen der Kammern im Überblick*. In Winfried Kluth (ed.): *Handbuch des Kammerrechts*. Baden-Baden, Nomos, 2005b. 78–81.

⁵⁶ Wolfram Fischer: *Unternehmerschaft, Selbstverwaltung und Staat: Die Handelskammern in der deutschen Wirtschafts- und Staatsverfassung des 19. Jahrhunderts*. Berlin, Duncker & Humblot, 1964. 14.

German chambers were founded in the 19th century until 1880.⁵⁷ In addition to the Napoleonic type of chambers in Germany, a different type of merchant corporation also contributed to the development of the modern chamber system. The “Kaufmannschaft”, which developed in the East Prussian territories and was based on medieval guild structures, was no longer an organisation with voluntary membership but became compulsory under the 1794 Prussian legislation. These initially private organisations were gradually granted various sovereign rights. Among other things, they were given the role of mediator in disputes and were also given the task of representing the interests of merchants at the highest level. This gives them more autonomy and self-government than the Napoleonic chambers.⁵⁸

The operation of the new chamber organisations, which represented mainly industry and commerce, was comprehensively regulated by the Prussian Royal Decree of 11 February 1848, and laid the theoretical and structural foundations on which most of the later advocacy structures in Central and Eastern Europe were based. Under the decree, the chambers were self-governing, but the central government had considerable supervisory powers over them. The decree laid down compulsory membership of chambers with obligatory membership contributions. These autonomous organisations were allowed to choose their own leaders, but had to submit their budgets to the government for approval, to which they were also required to submit an annual report. The organisation’s income came from the chamber fees paid by its members. “Their tasks were in keeping with the spirit of the time, which saw chambers as a mere advisory and auxiliary institution to the public authorities and not yet based on the principle of self-government.”⁵⁹

In the following decades, the public law character of the chambers was confirmed and strengthened. On 24 February 1870, a new law on chambers of commerce was enacted, which increasingly developed the advisory and reporting role of chamber organisations. An important achievement of the new legislation

⁵⁷ Detlef Sack: Institutional Change in German Chambers of Commerce. In Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021b. 183.

⁵⁸ Reinhard Hendler: *Selbstverwaltung als Ordnungsprinzip. Zur politischen Willensbildung und Entscheidung im demokratischen Verfassungsstaat der Industriegesellschaft*. Köln, Heymanns, 1984. 26.

⁵⁹ Winfried Kluth – Frank Rieger: *Grundbegriffe des Rechts der Industrie- und Handelskammern. Eine Darstellung nach Stichworten*. Halle an der Saale, Institut für Kammerrecht, 2004. 4.

was that the results of the elections and the annual budget no longer had to be approved by the state authorities. It also stipulated that the president and vice-presidents had to be re-elected every year.⁶⁰ Full autonomy was brought about by the 1897 amendment to the law, which allowed the German chambers to issue certificates of origin for goods (thus giving them quasi-authority powers) and to set up various foundations to boost industry and trade.⁶¹

In the development of the German chambers, the period of National Socialism marked a period in which the organisation of the chambers was brought under the direct control of the state, which was also characterised by reorganisation in line with the new administrative structures (Gau). State control was also ensured by the fact that, from 1934 onwards, the head of the chamber and his deputy were appointed or replaced by the Imperial Minister for Economic Affairs.⁶² In fact, the members of the Board of Directors could also perform their duties with the Minister's consent – full in line with the so-called Führerprinzip, the strict hierarchical leadership principle. The chambers were not self-governing bodies with a relative autonomy any more, but were considered an integral part of the Nazi regime.⁶³

In the Federal Republic of Germany, which was established in 1949, the chambers returned to the traditions of the previous imperial era and the Weimar Republic and, following the enactment of the Grundgesetz, gradually restored their self-government. Due to the legal frameworks in 1956, a new law on the chambers of commerce and industry was passed, establishing the current institutional frameworks for the post-war German chamber structure.⁶⁴ (At the same time in the GDR the chambers became purely economic administrative organs within the communist ruled dictatorship without any form of self-governance or autonomy.)

In Luxembourg, the Luxembourg Chamber of Commerce was created by royal decree in 1841, and in 1924 a separate Chamber of Crafts was established. In Portugal, the Lisbon Chamber of Commerce, which had existed since 1834, was reorganised by the government on 12 December 1903 into the Portuguese

⁶⁰ Martin Will: *Selbstverwaltung der Wirtschaft: Recht und Geschichte der Selbstverwaltung in den Industrie- und Handelskammern, Handwerksinnungen, Kreishandwerkerschaften, Handwerkskammern und Landwirtschaftskammern*. Tübingen, Mohr Siebeck, 2010. 275–279.

⁶¹ Sárközi (1967): op. cit. 58–59.

⁶² Kluth (2005b): op. cit. 81.

⁶³ Sack (2021b): op. cit. 185.

⁶⁴ Will (2010): op. cit. 352–368.

Chamber of Commerce and Industry. In Spain, a similar institution was first established in Barcelona in 1758, and then the government created the Chambers of Commerce in 1866, which were restructured in 1911 (when they were renamed the Chambers of Commerce, Industry and Shipping) and again in 1929. By the end of the 19th century, chambers of commerce and industry were already operating in Romania, Bulgaria and Turkey.⁶⁵

In the unified Kingdom of Italy, following several nineteenth-century precedents, such as the Chamber of Commerce (*camere di commercio, arti e manifatture*) in Fiorentina and the French and then Austrian-controlled Lombardy and Venice, the operation of advocacy organisations was regulated in detail during 1910 and 1911. Although the law did not make membership compulsory, the new chambers were responsible for keeping registers covering the entire trade sector. Thus, companies were obliged to register, for which they not only paid the chamber an appropriate fee, but also paid part of their annual taxes. A national umbrella body for chambers of commerce was also set up in the kingdom, the *Unione Nazionale delle Camere di Commercio*.⁶⁶ In the period between the two world wars, from 1924 onwards, the Italian Chamber of Commerce became a public body: its transformation was accompanied by organisational changes, with the creation of sections dealing with trade, industry and the economy of the Tuscany region. The chambers were also responsible for keeping statistics, managing patents and trademarks and adjudicating.⁶⁷

With the establishment of the corporatist state in Italy, the chambers of commerce were merged with various agricultural committees and forestry associations at the level of the individual provinces under the law of 18 April 1926 on chambers. Thus the 'Provincial Economic Councils' (*Consigli provinciali dell'economia*) were created, headed by the provincial prefect and, over the years, becoming increasingly state-organised, moving away from the traditional autonomy of the chambers. Although the former chamber system was formally re-established in 1944, it was not until the 1950s that the structure was effectively consolidated. It is also worth highlighting the structural changes that followed, as these are also important aspects for understanding institutional change in detail: in 1951, in addition to commercial and industrial activities, the chamber's role

⁶⁵ Fritz (1896): op. cit. 11–12.

⁶⁶ Remo Fricano: *Le Camere di Commercio in Italia*. Milano, Franco Angeli, 1997. 53.

⁶⁷ Manlio Pertempi: *Le Camere di Commercio, Industria e Agricoltura*. Roma, CCIAA, 1966. 26–32.

was extended to include the representation of the small peasantry and craftsmen, and from 1956, the chamber's role was extended to include the maritime sector. The chamber's economic development activities were highlighted by the 1977 amendment to the law, which relieved the chamber also of a number of bureaucratic tasks.⁶⁸

In the field of economic advocacy work and representation of interests, the continental model also includes chambers of crafts, chambers of agriculture and chambers of workers in some countries. The craft organisations which developed in the German-speaking areas, which were decisive for the development of European continental structures, emerged in the form of voluntary trade associations following the abolition of compulsory guild membership. In addition to the development of common industrial interests, the tasks of the craft associations included the supervision of the training of master craftsmen and the training of craftsmen, as well as issuing expert opinions to the public authorities, i.e. a kind of advisory role. (The first regulation of this can be found in the Prussian General Industrial Law of 1848.) The big change came with the German Industrial Act of 1897, which, in addition to the industrial bodies, created the craft chambers, organised at district level and bringing together all craftsmen with compulsory membership. Their task was to represent the interests of the craftsmen in each district. The ideology behind the creation of the organisation was to bring together the different interests of the various trades, which were not fully covered by the existing chambers of commerce and which were often in direct opposition to commercial interests.⁶⁹

Similar developments can be observed in the field of agricultural interest representation. The first chambers appeared relatively early in the German-speaking world, with chambers being set up in Bremen in 1849 and in various Prussian towns in 1895. Their statutes were based on those of the chambers of commerce and industry, and their task was to represent agricultural interests and to develop the sector. After the National Socialist era, only a few federal provinces re-established agricultural chambers in West Germany. Nowadays, they are governed by provincial laws, and only Bremen, Hamburg, Lower Saxony,

⁶⁸ Rosemarie Dawson: *Ein Vergleich der Handelskammerorganisation in Österreich und Italien*. Thesis, Graz, 1991. 11–12.

⁶⁹ Kluth–Rieger (2004): op. cit. 5–6.

North Rhine-Westphalia, Rhineland-Palatinate, Saarland and Schleswig-Holstein have chambers of agriculture.⁷⁰

Of particular interest among the chambers of commerce and industry are the chambers of workers. These appeared in only a few countries in the first decades of the 20th century. The Austrian model is a notable example here, along with some German federal provinces (Bremen, Saarland). The German Federal Constitutional Court has questioned the constitutionality of chambers of workers, which has led the provinces to define the aims of the creation of the chambers. It is also worth quoting this document here, as it describes well why the establishment of chambers of workers in the framework of neo-corporative state regulation is justified: “[the State, by establishing these chambers] wished to create a body which could help to examine the economic, social and cultural situation of a social group dependent on work from a neutral, objective point of view, i.e. not predetermined by interests, and which would enable appropriate measures to be taken on the basis thus created to protect and promote the interests of that group, in coordination with the interests of other social groups.”⁷¹

Chambers of liberal professions

In addition to economic chambers, various professional advocacy organisations have also emerged in European societies. Professional chambers are self-governing bodies like the different economic chambers. Their main task is also very similar: to safeguard and defend the interests of the professional groups they represent, by making their opinions known to the public authorities. Therefore, in the historical development they have the right to submit proposals to the government on matters for which they are competent. In the continental model any person who practices a profession falling within the competence of one of the professional chambers is inevitably affiliated to this chamber. A common characteristic of the chambers of professional services is that they enable members of the various professions to manage their affairs directly and democratically, through their elected bodies and officers, to determine and represent their professional, ethical, economic and social interests in accordance with the public interest.

⁷⁰ Kluth–Rieger (2004): op. cit. 7–9.

⁷¹ Winfried Kluth – Frank Rieger: *Grundbegriffe des Rechts der Handwerkskammern. Eine Darstellung nach Stichworten*. Halle an der Saale, Institut für Kammerrecht, 2005. 6.

In Germany, the bar chambers, which at that time had no central umbrella organisation, were set up in July 1878. Finally, in 1908, on the initiative of the representative provincial chambers themselves, a national institution was set up to facilitate cooperation between the different members, the German Bar Presidency.⁷² Only in 1933, following the centralist efforts of the National Socialist state apparatus, was the *Reichsrechtsanwaltskammer* (Reich Bar Chamber) set up as an umbrella organisation over the individual regional chambers. However, after only two years, the self-organisations of the chambers were reduced to a mere state administration without any autonomy.⁷³

For the territory of Prussia, the German Emperor – in his capacity as Prussian King – decreed in 1887 that a medical chamber should be established in each province. This had already been preceded by self-organised medical associations in several other parts of the Empire, so that from the 1860s onwards we find chambers of physicians in Baden, then Brunswick and Saxony. By the end of the 1920s, fifteen German states already had such institutions (and there was a demand for an imperial body).⁷⁴ These were dissolved by the Nazis in the mid-1930s and incorporated into the unified, centralised imperial government structure, “thus extinguishing the self-government rights of its members”.⁷⁵ Following the creation of modern Germany, the health profession also differentiated, with various chambers being set up: there are still chambers of doctors, dentists, veterinary surgeons, pharmacists and psychotherapists in the individual federal provinces.

In Central and Eastern Europe, the law on the establishment of medical chambers was adopted in Czechoslovakia in 1929. On the basis of this provision, three national organisations were established: the Czechoslovak in Prague, the Moravian–Silesian in Brno and the *Slovenská–Podkarpatska Rus* (Slovak–Carpathian) in Bratislava. In Romania, the medical chamber structure was established a year later, in 1930. Chambers were set up in all 76 counties, and their presidents formed the National Governing Council of Chambers (*Consiliul General*), which had national powers.⁷⁶

⁷² Kluth–Rieger (2005): op. cit. 7.

⁷³ Kluth (2005b): op. cit. 49.

⁷⁴ György Gortvay: *Az orvosi társadalom szervezkedési törekvései és az orvosi kamara kérdése. Az Országos Orvosszövetség 1931. évi kongresszusán tartott előadás.* Budapest, 1931. 9.

⁷⁵ Kluth–Rieger (2005): op. cit. 7–8.

⁷⁶ Gortvay (1931): op. cit. 8–9.

The additional legal and economic consultancy professions alongside lawyers only began to emerge at the end of the 19th century and were incorporated into chambers mainly with the strengthening of the idea of professional and vocational orders. In Germany, for example, there has been a chamber of patent agents since 1933, the Reich Chamber of Notaries was set up in 1934, and the chamber of auditors and tax consultants appeared in the early 1940s.⁷⁷

In the light of the above, it can be concluded that most professional chambers are not organised to represent interests or to support the public administration, but rather, in the spirit of liberalism, to self-regulate the professional community.⁷⁸ A good example of this is the establishment of traditional chambers of doctors, pharmacists, lawyers, or even notaries and auditors.⁷⁹ It is a well-known fact that the exercise of these specific professions presupposes an extremely personal relationship, which is also linked to the fundamental rights of the service users. The market for these services must therefore be characterised by the need to protect users and to provide adequate guarantees of quality, reliability and the personal and professional qualities of the service provider.⁸⁰ Above all, the representatives of the liberal professions wish to reduce the influence of the state on their profession by means of self-organisation (and statutory public bodies), since, prior to the creation of the individual chambers, the appointment of their directors, professional supervision and disciplinary powers were concentrated in the hands of public bodies. On the basis of the liberal idea of self-organisation, the autonomous existence of chambers for certain specific professional circles and thus the guarantee of professionalism were achieved. This has led to the development in many countries of chambers of engineers, architects, tax consultants, patent agents and the German ferrymen, which are considered to be special.⁸¹

A common characteristic of the representation of professional liberal professions is that they either create public goods with the service itself or are in any case linked to a public interest. In addition, it is also common that the

⁷⁷ Kluth–Rieger (2004): op. cit. 8.

⁷⁸ Marion Eickhoff: *Berufsaufsicht der freien Berufe in geteilter Verantwortung von Kammern und Staat*. Schriften zum Kammer- und Berufsrecht. Band 7. Baden-Baden, Nomos, 2007. 21–25.

⁷⁹ Dirk Ehlers – Marc Lechleitner: *Die Aufgaben der Rechtsanwaltskammern, Rechtsstellung der Rechtsanwaltskammern und der Bundesrechtsanwaltskammer in der Verfassungs- und Verwaltungsrechtsordnung der Bundesrepublik Deutschland*. Bonn, Deutscher Anwaltsverlag, 2006.

⁸⁰ Marianna Fazekas: Szakmai kamarák és európaizálódás. *Európai Tükör*, 12, no. 6 (2007b). 28.

⁸¹ Kluth–Rieger (2005): op. cit. 10–11.

provision of a service by a chamber of commerce implies a high level of expertise and competence and thus a high level of intellectual activity. The services are personalised and require personal fulfilment and independence, hence the specific entrepreneurial and organisational forms in which the professionals operate.⁸² What is also common to the liberal professions is that, compared with normal market services, the recipient of the service is much less aware of and has a much lower understanding of the quality of the service, i.e. the relationship is characterised by a high degree of information asymmetry. This is the reason for the trust that the professional chambers wish to emphasise with the maintaining of the high quality and strong control of their trainings.⁸³

⁸² Fazekas (2007b): op. cit. 29.

⁸³ Winfried Kluth – Ferdinand Goltz: *Kammern der berufsständischen Selbstverwaltung in der EU*. Schriften zum Kammerrecht. Band 1. Baden-Baden, Nomos, 2004. 70–78; Eickhoff (2007): op. cit. 26–29.

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The development of the Hungarian chambers in the 19th century

Economic chambers

In the period under study, the Hungarian state was traditionally under the rule of the Habsburg monarchs. For the Habsburg dynasty, the importance of the territories belonging to the Hungarian Holy Crown was enhanced, especially in the context of the succession wars of the 18th century, and so in the reign of Maria Theresa significant steps were taken towards modernisation and centralisation in the interests of the empire as a whole, and significant resettlement began to compensate for the damage and loss of life caused by the Turkish wars. During the period of Enlightenment, an attempt to modernise the economy, especially since Hungary was still predominantly an agricultural country, where the decline in population and the abandonment of farmland in the wake of the wars generated serious crises. Due to the small population and lack of capital, the whole economy was dominated by guilds in the 18th century. The trade market was narrow, and the peasantry produced a large part of its tools and utensils themselves. With the onset of population settlement and the first waves of urbanisation, the number of craftsmen also began to grow significantly and by the end of the century had achieved spectacular results. Manufactures appeared mainly in the textile and ceramics industries. The steady stabilisation of the economy was accompanied by an increase in the country's foreign trade, which consisted mainly of agricultural products (mainly livestock, cereals, wine and tobacco) and raw materials (precious metals, thanks to the significant mining industry). On the import side, industrial goods were predominant, mainly from the Austrian provinces.

The role of the eastern half of the Habsburg Empire was further enhanced by the loss of the title of Holy Roman Emperor and the destabilisation and loss of space in Western Europe during the era of the French Revolution and the Napoleonic Wars. These conflicts at the beginning of the 19th century brought a new economic impetus: in the first years, a clear boom began, which meant not only the accumulation of wealth but also the emergence of new investments in the economy. Nevertheless, the prolongation of the war eventually led to devaluations and crises. Thus, in the first quarter of the 19th century, Hungary was still a one-armed giant: its agriculture was advanced but its industry was weak.

The population explosion had not yet taken place, no single internal market had been established and capital accumulation had only just begun. However, the reform era, partly influenced by the French model and the emergence of a new state and economic philosophy, saw the final dismantling of the feudal framework and the beginning of economic recovery.

The beginnings and early years (1811–1868)

Until the early 19th century, most of the self-administration efforts of the Hungarian merchants and craftsmen remained within the guilds and various other narrow bodies, whose autonomy – and let us add, interest – was limited to the management of their own internal affairs. However, there were attempts to establish more comprehensive and broader organisations, covering a wider range of professional circles. Thus, following an independent initiative of the merchants of Pest, the civic trade body of Pest was established in 1699, in an informal way as a private association. This organisation, in addition to representing the local membership, was particularly active in the first half of the 19th century in the more general representation and development of domestic commercial interests. In addition to this body, in the 18th century various trade bodies were also established in many other cities of the country: in Buda (Ofen), Győr (Raab), Pécs (Fünfkirchen), Károlyváros (Karlovac, Karlstadt), Zagreb (Agram), Pozsony (Bratislava, Pressburg), Nagyszombat (Trnava, Tyrnau), Újvidék (Novi Sad, Neusatz), Temesvár (Timișoara), Selmecbánya (Banská Štiavnica, Schemnitz), Debrecen, Eger (Erlau), Lőcse (Levoča, Leutschau), Eperjes (Prešov, Preschau), Besztercebánya (Banská Bystrica, Neusohl), Kassa (Košice, Kaschau), Brassó (Brașov, Kronstadt), etc.⁸⁴

In the spirit of association, we can also look at the more important voluntarily organised trade associations, such as the Buda privileged (1699) and Pest bourgeois (1700) merchants' bodies, the Székesfehérvár trade committee (1714), the body of merchants and sutlers (1822) and the body of royal privileged wholesalers (1846) as the Hungarian antecedents of chambers, based on foreign examples.⁸⁵ The Board of Israelite Merchants (1824), the First Hungarian Trading Company

⁸⁴ Fritz (1896): op. cit. 16–17.

⁸⁵ In Hungarian these organisations are: Budai kiváltságos kereskedők testülete (1699), Pesti polgári kereskedők testülete (1700), Székesfehérvári kereskedelmi grémium (1714), Kalmárok és szatócsok

(~1840), established in Pest, or the Hungarian Trading and Shipping Company (1843) can also be considered such a predecessor.⁸⁶

As we have written before, the institution of the chambers in Europe was developed under the French influence in the time of Louis XIV, and after a short break, it spread to Europe with Napoleon's consular activities and his conquests. In the Habsburg Empire it was also the Napoleonic Wars that led to the creation of the first chambers of commerce: in 1811, chambers of commerce were founded in Lombardy and Venice. These regions were at that time under the influence of Paris, following the French model, and continued to operate after the fall of Napoleon. At the same time, also under the influence of the French troops, the first chamber of commerce and industry was set up in the countries of the Hungarian Holy Crown, in Fiume (Rijeka), in November 1811, but it ceased to operate after the departure of the French troops in October 1814.⁸⁷

In Hungary in the narrower sense, no such attempt was made until 1848. However, during the transition period of the "peaceful revolution" of 1848 the first constitutional Hungarian ministry, led by Lajos Batthyány (1807–1849) wanted to take serious steps towards a modernised economy. In the implementation of modern economic processes guided by Western models, the government has given an important role to the development of new organisational structures. Based on the economic philosophy of István Széchenyi (1791–1860), the leaders of the new Hungarian politics were convinced – following the French and Italian examples – that the guild system was overdue and that modernisation was necessary in trade and industry. However, the turbulence of the War of Independence left no time for the development and implementation of the chamber structure.⁸⁸ Interestingly, at the same time the new government in Vienna successfully began to organise the Chamber of Commerce on the Western territories of the Habsburg Empire; on 3 October 1848, it was decided to establish the Chamber of Commerce as an advisory body to the Ministry of Trade, on the basis of the principle of compulsory membership. The legislation

testülete (1822), Királyi kiváltságos nagykereskedők testülete (1846) (for more details see Szávay [1927]: op. cit. 74–132).

⁸⁶ These organisations are in Hungarian: Izraelita Kereskedők Testülete (1824), Első Magyar Kereskedelmi Társaság (~1840), Magyar Kereskedelmi és Tengerhajózási Társaság (1843) (see details in Nándor Bognár [ed.]: *Fejezetek a Budapesti Kereskedelmi és Iparkamara életéből*. Budapest, Kamarapressz, 1997. 11–12).

⁸⁷ Fritz (1896): op. cit. 16–17; Sárközi (1967): op. cit. 55–60.

⁸⁸ Fritz (1896): op. cit. 18–20; Sárközi (1967): op. cit. 61.

resulted in the creation of only one chamber, with its headquarters in Vienna, but with relatively broad powers. In addition to representing the general interests of trade and industry, it could make proposals for the improvement of laws relating to trade and industry, and its opinion was to be sought in the preparation of drafts to laws, it could participate in the establishment of tariffs, it could make personal proposals for the appointment of commercial diplomats, and it was required to prepare statements and reports. ("The Chambers of Commerce, as advisory institutions, shall have the general duty of making their wishes and suggestions on all industrial and commercial matters the subject of discussion, and of communicating their views and opinions on these to the Office, with or without being called upon to do so, for the maintenance and promotion of industrial industry and commerce."⁸⁹) The influence of the government was ensured by the fact that not only the members, but also the provincial government and the president of the local government were allowed to attend the chamber's meetings, while the chamber was given organisational autonomy, could set its own rules of procedure and even its operating costs were not borne by the membership, but were shared equally by the central government, the provincial administration and the local administration.

Despite the various governmental changes and the search for a new political framework in 1848–1849, the governments in Vienna persisted with the implementation of the chamber system. In the so-called era of neo-absolutism, that followed the year of revolutions, the institutions of the chambers were seen as a possible instrument of modernisation of economy. But they were not built from the bottom up, like in the Anglo-Saxon world, but were set up by imperial decree in accordance with the strategy of the government of the time. The government saw the chamber structure as a suitable instrument for modernising public administration, assisting state operations and parallel centralisation. In this way, the establishment of the chambers of commerce and industry was also a weapon for creating a unified organisational structure for the whole Empire.⁹⁰ Under the Bach regime, Hungary's economic and social transformation continued.

⁸⁹ Erlaß des Ministeriums für Handel, Gewerbe und öffentliche Bauten, enthaltend die auf Grundlage des Beschlusses des hohen Ministerrathes vom 3. Oktober 1848 erlassenen provisorischen Bestimmungen in Betreff der Errichtung von Handelskammern (published by Péter Krisztián Zachar: *Az osztrák gazdasági kamarák hivatal- és autonómiatörténete. KÚT – Az ELTE Történelmtudományi Doktori Iskola kiadványa*, 5, nos. 2–3 [2006a]. 115–137).

⁹⁰ Sárközi (1967): op. cit. 61; Diczig–Radó (1938): op. cit. 169.

The abolition of the dual customs system (1851), the transposition of the Austrian tax system and the practical implementation of serf emancipation were all in line with imperial interests. The principle of public taxation was fully exploited by the Austrian Government. The new system also began to establish a unitary civil state. The key measure was the introduction of the Austrian Criminal and Civil Code in 1853, thus eliminating Hungarian common law from the court system. A single system of measurement, a single financial system and a single telegraph network were introduced. And it was in the spirit of the uniformisation and centralisation that the Imperial Decree of 18 March 1850 on the chambers of commerce, which was promulgated on 26 March by Baron Karl Ludwig Bruck, Minister of Trade, was conceived. It provided for the establishment of a chamber system in all of the countries of the Habsburg Empire.⁹¹ The decree not only justified this step on the grounds of the promotion of trade and industry, but also stated that it was an indispensable prerequisite for the political and economic unity of the Empire.

On the one hand, the decree emphasised the autonomy and independence of the organisations, their self-organising nature and their different character from state institutions, but at the same time it restricted their scope of action: the individual interest groups could only contact each other with the permission of the senior minister – a serious step backwards compared to the 1848 regulation. In addition to the mandatory membership of the chamber, which was of course retained, the organisations retained the right to consult and to express their opinions, which they could exercise even without being asked to do so, by means of an independent referral.

However, the financing of the organisation changed: the chamber was no longer maintained by the central, provincial and local administrations, but had to be financed by the chamber's membership fees. The creation of an adequate financial basis could have been an essential means of ensuring autonomy, but our sources make it clear that the chambers were constantly facing economic and liquidity problems after this decision. The budget estimates of the chambers were approved by the Minister for Trade and the expenditure was to be covered by the broadest possible membership of the chambers, i.e. all traders and craftsmen operating in the territory of the chambers, through the annual membership fee.

⁹¹ The text of the law was published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. I. Budapest, L'Harmattan, 2005a. Document No. 22. 517–527. (Császári kereskedelmi miniszteri rendelet a kereskedelmi és iparkamarák felállításáról, 1850. március 26.)

However, the collection of the fees was constantly delayed, although efforts were made to collect them at the same time as the direct taxes.⁹²

The chambers were subject to the Vienna Ministry of Trade, and were obliged not only to inform this higher authority of their meetings, but also to send their minutes, annual accounts and all their decisions to it. In addition, especially in the case of the Pest-Buda Chamber, the Minister of Commerce had the right to send a commissioner to the meetings, who, although he did not have the right to vote, could ask to speak at any time and could inform the Hungarian Royal Governor's Council (*consilium regium locumtenentiale Hungaricum*, *Königlicher Statthalterrat*) and the Ministry of the proceedings at first hand. A total of 11 chambers were set up in the various territories of the Hungarian Holy Crown. In addition to Pest-Buda, mentioned above, several cities where some form of organised economic representation had already existed became chamber centres. Thus, Debrecen, Kassa (Košice, Kaschau), Temesvár (Timișoara), Kolozsvár (Cluj-Napoca, Klausenburg), Brassó (Brașov, Kronstadt), Eszék (Osijek, Esseg), Zagreb and Fiume (Rijeka) became chamber seats. Under the legislation, chambers thus became semi-official government bodies and semi-autonomous bodies.⁹³

One of the basic means to ensure autonomy could have been to create an adequate financial basis, but our sources make it clear that the chambers have been facing economic and liquidity problems ever since their establishment. The budget estimates for the chambers were approved by the Minister for Trade and the expenditure was to be met by the broadest possible membership of the chambers, i.e. all traders and craftsmen operating in the area covered by the chambers, through the annual membership fee. The collection of these fees, however, although efforts were made to collect them at the same time as the direct taxes from the persons concerned, was constantly hampered. In any case, the introduction of the obligatory membership fees has made the advocacy organisations quite unpopular among their own members. And this has not made the advocacy work of these autonomy organisations any easier.⁹⁴

⁹² Hungarian National Archives, National Archives of Hungary (Magyar Nemzeti Levéltár Országos Levéltár [MNL OL]) Economic Archives (Gazdasági Levéltár), Z 195. General documents of the Chamber of Commerce and Industry of Budapest (A Budapesti Kereskedelmi és Iparkamara Általános Iratai). 1. cs. 18.562/1851 (1851. október 20); 20.122/1851 (1851. november 14).

⁹³ Sárközi (1967): op. cit. 62.

⁹⁴ Bognár (1997): op. cit. 14.

In this framework, the chambers have addressed a number of issues that were highly relevant at the time. These included, among others, the financial issue of outstanding importance for the Hungarian economy: the issue of the so-called Kossuth banknotes printed in 1848 to cover the expenses of the Hungarian Government during the revolutionary period. These were devalued by the Vienna Government without compensation in the course of the punitive measures. This was connected with the settlement of the banking issue, and the increase in the endowment for the branch of the Austrian National Bank which had been opened. From the point of view of infrastructure, the threat of monopolisation of the Danube steamship industry, the development of the road network and the construction of railways were important. But the minutes also show that general economic issues were discussed, such as free competition and thus the full establishment of industrial freedom. Practical results included the establishment in Pest of a temporary warehouse as well as a winter port, also in Pest, and a Hungarian stock exchange.⁹⁵

Also on the agenda was the need to create a higher education in commerce to strengthen the foundations of modern trade and to make it a priority for the future. József Appiano, President of the Pest Chamber of Commerce (1851–1852, 1854–1856), was the first proponent of the trade education, on whose proposal the preparatory works were actually started in 1856, which led to the opening of the Pest-Buda Trade Academy on 1 November 1857. Of course, this was not without precedent. By the end of the 18th century, vocational education had already become known, mainly on the German model, and Hungarian design could be based on this. Following the example of the Hamburg Commercial Academy and later the Vienna Real School, they encouraged the organisation of courses and regular training, and the establishment of similar training centres in Hungary. The first permanent institutions were the Collegium Oeconomicum in Szenc, followed by the Selmezbánya Academy, while the first modern institution of this kind, the Bibanco Commercial Training and Education Institute (Erste Öffentliche Commerzial-Bildungsanstalt), was established in Pest-Buda in 1830.⁹⁶ These institutions were staffed by academics trained in similar courses

⁹⁵ Fritz (1896): op. cit. 52–58; Szávay (1927): op. cit. 201–249.

⁹⁶ Zsuzsanna Antal – Máté Baksa: A közgazdasági képzés története, a vezetés- és szervezéstudomány fejlődése a kezdetektől 1948-ig. In Miklós Dobák (ed.): *Tanulmányok a magyar menedzsmenttudomány 20. századi történetéről*. Budapest, L'Harmattan, 2013. 25–42; Ernő Fináczy: A gazdasági felsőbb szakoktatás kezdetei Mária Terézia alatt. *Magyar Gazdaságtörténelmi Szemle*, 6 (1899). 199–204;

in Western Europe on the one hand, and by economic and commercial specialists from the field on the other. The real breakthrough, however, came in 1844, when King Ferdinand V ordered the establishment of a Hungarian institute of higher education, modelled on the Vienna Polytechnic, which had been established there in 1816. The institution, which had a one-year preparatory course and a two-year regular course of study, offered not only technical and natural science courses in German, but also separate courses in agriculture and commerce, which were discontinued in 1856 when the institution was reorganised. From then on, it continued to operate under the name of the Imperial and Royal Joseph Polytechnic until 1871, when it was upgraded to university status.⁹⁷

In the context of the abolition of economic and commercial vocational education in the polytechnic, one of the most prominent figures of Hungarian trade organisations, József Appiano, the first president of the Pest-Buda Chamber of Commerce and Industry, who was also the president of the Royal Board of Privileged Wholesalers of Pest, repeatedly called for the establishment of a permanent institution of higher economic education. This is how the trade school of Miklós Röser was founded on private initiative in 1853. This, however, could only meet the needs of the time, so József Appiano, who was certainly familiar with the similar courses offered by the Öffentliche Handelslehranstalt in Leipzig in addition to the training centres in Vienna, worked out the plans for the new institution together with the commercial and economic teachers of the school of applied sciences on the one hand, and with Lajos Rósa, the secretary of the Pest Chamber of Commerce, and the board of wholesalers on the other. The Pester Handels-Akademie was finally opened on 1 November 1857, with the permission of the Royal Governor's Council, and became one of the most important precursors of modern Hungarian higher education in economics. The Chamber of Commerce of Pest-Buda always tried to do a great deal to promote the operation of this private school: in addition to the above,

László Szögi: A közgazdasági képzés Magyarországon a Keleti Kereskedelmi Akadémia alapításáig. In László Szögi – Vilmos Zsidi (eds.): *Tanulmányok a magyarországi közgazdasági felsőoktatás történetéből: A „75 éve alakult az első Közgazdaságtudományi Kar Magyarországon” című tudományos konferencia előadásai*. Budapest, 1995. 5–47.

⁹⁷ István Mihalik et al.: A Collegium Oeconomicumtól a Budapesti Corvinus Egyetemig. In László Szögi – Vilmos Zsidi (eds.): *A Budapesti Corvinus Egyetem Levéltára 1891–2001. Repertórium*. Budapest, A Budapesti Corvinus Egyetem Levéltárának kiadványai 9, 2004. 5–36.

Ferenc Heinrich, the Vice-President of the Chamber, was particularly involved in the teaching and running of the Handelsakademie.⁹⁸

One of the first reports of the Pest Chamber mentioned the difficult situation of traders and craftsmen and the obstructive action of the government as a general problem. In the light of this, it urged the convening of the Hungarian National Assembly as soon as possible, which could take appropriate economic policy decisions in the interests of the country.⁹⁹ The chambers were also responsible for the practical promotion of economic and commercial recovery. Thus, the chambers advocated and promoted the Hungarian presence at foreign fairs, which, in the chambers' opinion, was an extremely good opportunity to build trade relations and to introduce themselves in distant markets. At the request of the Ministry of Trade, the chamber also undertook to provide detailed information to applicants, to promote their presence at the exhibition and to forward the products entered for the exhibition at public expense.¹⁰⁰

Although the regime did have some positive measures, due to the suspension of constitutionalism, these measures were taken against the wishes of the population and were not in the interests of the Hungarians, but in the interests of the "Gesamtmonarchie", the empire as a whole. Even the officials in the different branches of state were in most cases unqualified. This unfortunately undermined the relationship between the state apparatus and the citizens. A wave of tax evasion began, many people withdrew from public office and there was open opposition to the neo-absolutist rule. Most of all, however, it was foreign policy events that forced the Habsburg monarch in a new direction. From 1859 onwards, war raged again in the Italian territories, resulting in a heavy defeat, and by 1860 the empire was squeezed out of Italy, while the Bach regime's huge financial outlays led to bankruptcy. In the meantime, a wave of protests had broken out in the hinterland and the unclear circumstances of the death of the "greatest Hungarian", István Széchenyi (some people did not accept the fact that he had committed suicide), in particular, had provoked a storm of protests.

Under these circumstances, the Emperor, listening to a new circle of advisers, opened his rooms to Hungarian conservatives and issued the October

⁹⁸ Sándor Domanovszky: A Budapesti Kereskedelmi Akadémia története. In Vilmos Szuppán (ed.): *A Budapesti Kereskedelmi Akadémia 1857–1907. Emlékkönyv az intézet fennállásának félévszázados évfordulója alkalmából*. Budapest, 1907.

⁹⁹ Sárközi (1967): op. cit. 63.

¹⁰⁰ Strausz-Zachar (2008): op. cit. 37–38.

Diploma. Franz Joseph's limited constitution (October Diploma, 1860) restored the mostly feudal and province framework on the advice of the Hungarian conservatives. However, the supreme body of executive power remained the imperial government, supplemented by a minister for Hungarian affairs. In addition, the Hungarian National Assembly would have only a severely truncated legislative power. Naturally, a large part of the Hungarian society could not accept this solution. This disappointed Franz Joseph in the promises of the Hungarian conservative aristocrats, so the Austrian centralists prevailed, and less than a year later a new wave of imperialism was set in motion. Within this wave on the form of government, a debate was launched in Hungary on the future role of chambers. There were those who openly advocated the abolition of the existing chambers of commerce and industry, which they considered to be a child of neo-absolutism and even outright illegal. In February 1861, the Governor's Council turned directly to the chambers of commerce and industry for an opinion on how this type of institution could be incorporated into the new structures, which were considered constitutional.¹⁰¹ The Debrecen and Pest-Buda chambers, among others, drafted a response to the question, arguing that the autonomy of the chambers should be guaranteed and the foundations for their legitimate functioning laid by means of constitutional elections, instead of the existing practice of appointments. The draft texts also mention the possible creation of a chamber of agriculture and a separate chamber of manufacturing industry. In this draft paper for the first time, the separation of the two sections within the chamber of industry and commerce is mentioned and the creation of a separate chamber of commerce and another separate chamber of industry was proposed. The chambers also suggested an annual meeting of the delegates of the existing chambers in the capital. This would thus form a kind of economic board with proposals as the government's general council of commerce.¹⁰² In the end, however, no real reforms could take place, and the chambers continued to operate as usual, their legal status and the extent of their autonomy being clarified only during the transition into the next era of Hungarian history.

¹⁰¹ Fritz (1896): op. cit. 68–69.

¹⁰² Szávay (1927): op. cit. 252–256.

*The 'golden age' of the economic chambers in the era of the dual state
(1868–1914)*

By 1867, the Habsburg Empire had been transformed as a result of protracted internal political struggles. External pressures, especially the defeats in the Italian and Prussian wars, were a powerful reminder of the Empire's need for reform. In 1867, with the so-called Compromise, the two-centred dualist state, the Austro–Hungarian Monarchy, was born. Austria and Hungary were united not only by the King, Franz Joseph (Ferenc József) himself but also by a common ministry of foreign affairs and one for defence policy. These two fields were maintained under the monarch's direct authority and a third common ministry was created for the finances of the two other portfolios. The two countries were constitutional monarchies with an independent, bicameral legislature and their own responsible governments. The Austrian and Hungarian governments managed the domestic policies (public administration, justice, education, etc.) of the two equal parts of the empire independently of each other. With the economic reconciliation that came into force, similar principles were applied throughout the Monarchy, and the processes that had begun earlier led to the creation of a single internal market with a common currency, guaranteeing the free movement of labour and capital. The customs and trade alliance, the monetary and economic terms of the Compromise and the share of the contribution to the imperial budget (quota) had to be renegotiated every ten years between the two halves of the Monarchy, so that despite the heated debates, the dual state was able to grow as an efficient economic unit. In the decades after the Compromise, the modern Hungarian economy achieved unprecedented successes. The government recognised the handicaps caused by the poverty of capital, unskilled labour and the weakness of internal supply capacity, and conscious efforts were made to develop the economy. The level of state intervention increased steadily over the period, with governments supporting large-scale infrastructure investment, particularly in railways, river regulation, roads and bridges and the telegraph network. In addition, substantial state support for industry was initiated and tax and duty exemptions and customs duty concessions successfully helped Hungarian industrialisation to flourish. The Hungarian “Gründerzeit”, one of the most spectacular periods of the state's economic development, was launched.¹⁰³

¹⁰³ On the economic development of the Austro–Hungarian Monarchy see in detail Zoltán Kaposi: *Magyarország gazdaságtörténete 1700–2000*. Budapest–Pécs, Dialóg Campus, 2002. 250–270;

The Austro–Hungarian Compromise of 1867 also brought about a change in the structures of the chambers in Hungary and beyond. The bill drafted by István Gorove, Minister of Trade, after listening to the opinions of the chambers, was submitted to the House of Representatives by Count Gyula Andrassy, Prime Minister, in March 1868. In many respects, the bill represented an improvement on the Imperial Decree on chambers of 1850: it placed the chambers on a more liberal basis and guaranteed them real autonomy and freedom of cooperation. The bill was debated in less than a month, with the House of Representatives adopting the bill on 20 April 1868 and the House of Magnates adopting the bill, as amended and supplemented during the debate, on 27 April without amendment. Francis Joseph I ratified the law on 30 April 1868, and it was promulgated in the House of Representatives on 4 May 1868 and in the House of Magnates the following day.¹⁰⁴

The Chambers Act of 1868 gave these organisations much more freedom of movement and autonomy than the 1850 Imperial Decree. The principle of general and compulsory representation of interests was retained, but the former right of the senior Minister of Commerce to dissolve the chamber at any time without notice was abolished. The number of members of the assembly was increased, the previous dominance of the merchants was abolished and rural craftsmen and merchants were given the opportunity to participate more fully in the life of the autonomous organisation. The new situation created by the law eliminated the possibility of censorship of the publications of the chambers, established direct contact between the chambers on any subject, and also eliminated the possibility of direct intervention by the Ministry. The legislation of 1850 basically entrusted the protection and representation of commercial and industrial interests to the chambers. However, the law provided that each chamber could act only in its own district and that all contacts between chambers were subject to ministerial approval (Articles 3 and 4 of the Act of 1850). The 1868 Act also saw the promotion of trade and industry as the main task of the chambers, but at the same time gave them the possibility of “communicating freely with the

György Kövér: Az Osztrák–Magyar Monarchia gazdasági teljesítménye: Lépték és tempó. In András Gerő (ed.): *A Monarchia kora – ma*. Budapest, Új Mandátum Kiadó, 2007. 44–72; Péter Krisztián Zachar: A modernizáció útjára lépő Magyarország. In Miklós Dobák (ed.): *A 20. századi magyar vezetés elméleti és gyakorlati kérdései*. Budapest, Budapesti Corvinus Egyetem, 2015. 9–26.

¹⁰⁴ For the circumstances of the preparation and adoption of the Chamber Act see *Az 1865/8-iki országgyűlés nyomtatványai, képviselőházi irományok*, 4, no. 195; Fritz (1896): op. cit. 104–109; Sárközi (1967): op. cit. 64–65.

authorities of the country, with private bodies and private individuals, and at last with each other by direct correspondence” (Act VI of 1868, § 2).

The specific functions of the chambers have hardly changed in the legal regulation of the neo-absolutist and constitutional era. According to this, the chambers were under the jurisdiction of the ministers of agriculture, industry and (later only) commerce, and their main tasks were to make proposals, represent the interests of industry and commerce, promote vocational training and send the required information to the ministry (Act of 1850, A I, § 5; Act VI of 1868, § 3 a). In addition, the chambers collected statistical data on trade and industry in their districts, and reported accurately every year on the state of trade, transport and industry in their districts (Act of 1850, A II and III, § 5; § 3 b and c of Act VI of 1868). They were also responsible for the accurate registration of stamps, musters and samples, the professional examination of applicants for the profession of bargainer and the issuance of certificates of origin (Act of 1850, B IV and V, § 5; Act VI of 1868, § 3, d–f). The Act of 1850 also regulated the status of the chambers as judicial forums (Act of 1850, D VII), which was no longer included in the later Act. On the contrary, under the legal regulation of the constitutional era, the chambers were obliged to delegate appropriate members to the universal assembly of the chambers to be convened by the minister in order to ensure their successful operation (Act VI of 1868, § 3, g).

In the research of the autonomy of chambers in this period, the rules of procedure are one of the most fundamental sources for the functioning of the chamber bodies. The rules of procedure are a summary of the rules which govern the conduct of business in the organisation; they regulate the many matters of day-to-day life in chambers which are not covered by the legislation. The rules of procedure contained not only the operating principles of the chambers, the rules of case management, the basic powers, obligations and competences of each member and anybody of the chambers, but also the operation of the office to be set up within the chambers, the role of its leading officers, the budget of the chambers, its accounting obligations and, last but not least, the settlement of the cases of the persons who turn to the chambers.

While the number of chambers and their exact areas of operation were in the hands of the Minister of Commerce, the internal structure of the chambers was unified: with the exception of Budapest there were 32 internal members and the same number of external members in each chamber. The internal members were representatives of the merchants and craftsmen living in the area where the chamber was based, while the external members represented the external area

of the chamber but had the same rights as the internal members. In addition, the chambers could, at their discretion, elect members by correspondence with consultative rights as a sign of their self-government. Corresponding members were elected at joint meetings in accordance with the early rules of procedure, on the proposal of any member of the chamber, whether from within or outside. According to § 9 of the Chamber Act (Act VI of 1868), only those who are ‘native’ or settled industrialists (i.e. either Hungarian citizens by birth or naturalised citizens), have all civil rights, reside in the district of the chamber, and are themselves merchants or industrialists, or heads or directors of industrial enterprises or joint-stock companies, can be members of the chamber. It is interesting that the law does not set any age limit, i.e. it does not link membership of the chamber to being of legal age.¹⁰⁵ It is important to note that the members – already according to the law of 1850 – perform their profession as honorary duties without remuneration (Articles 4–12 of Act VI of 1868). The Rules of Procedure, of course, define the rights and obligations of members in more detail. They must attend meetings and comply strictly with requests addressed to them. They may, however, speak at meetings and may, of course, make proposals.

The law divided the chambers into two sections, the trade and the industrial section, and their members were elected separately by the tradesmen and the craftsmen respectively. Elections were held every five years and the precise procedure for these elections was laid down by order of the Minister. The chambers met monthly, in so-called jointly or plenary sessions. The precise procedure was set out in the rules of procedure, while the law only set out the legal basis for the decision: a joint meeting required 12 members present and voting to take a decision. Decisions were taken by simple majority. In the event of a tie, the chairman had the casting vote (Article 18 of Act VI of 1868). The rules of procedure also provided for the resolution of urgent questions addressed to the chamber, which were referred to the competence of the president of the chamber. The minutes of the joint meetings had to be drawn up in accordance with the provisions of the law, the formal criteria for which were laid down in a Ministerial Decree of 1880 (No 19.612 of the Minister of Agriculture, Industry and Trade). This laid down the content of the minutes as follows: the names of those present, a numerical statement of the business transacted since the last meeting and a brief description of the items received by subject (including a statement of

¹⁰⁵ Ignác Sugár: *A kereskedelmi és iparkamara*. Miskolc, 1905. 40–48.

the committee and section meetings held since the last meeting). Only then is the agenda and the proceedings of the meeting presented. Later decrees¹⁰⁶ ruled that the minutes had to be submitted to the Minister as a petition no later than three weeks after the meeting. However, the provision in the Chamber Act that the minutes “shall be published if they contain matters of public interest” (Article 21 of Act VI of 1868) was not regulated in detail. It was often the case that the chamber printed its minutes in its own edition and sent them to its members and to other chambers, economic institutions and trade associations. Of course, sometimes libraries also received these publications, and in accordance with later regulations¹⁰⁷ they were also sent separately to the library of the House of Representatives in the Hungarian Diet.

In addition to the joint (plenary) meetings, the two chambers’ sections also held separate meetings. These were not bound by law to a fixed date, but were held at the specific request of the vice-president or members of the sections in question, as required. Ignác Sugár, the secretary of the Miskolc Chamber of Commerce, specifically mentioned the importance of the section meetings in his 1905 work: “The section forms the actual backbone of the chamber, because, according to the nature of the case management, the sections consist of elements of the same occupational group. They form the real place of discussion, where the matters which come up at a joint meeting are the subject of in-depth discussion. The nature and composition of the joint meeting, as practice shows, usually only involves the adoption or rejection of the opinions of the sections. Joint meetings are thus mainly confined to reconciling any differences of principle which may arise.”¹⁰⁸ In order to prepare for the plenary session and for the work of the sections, the plenary session of the chamber could form specialised groups for the preparation of important matters requiring prior consultation of the experts. These specialised groups were internal and foreign trade, matters of the manufacturing industry, questions of craft industry, transportation, finance, social policy.

The chamber was headed by a president and two vice-presidents, one of whom was the leader of the trade section and the other the leader of the industry section within the chamber. The president was elected by all the members of the chamber for a period of five years. The two vice-presidents were elected separately by their

¹⁰⁶ Ministerial Decree No. 27.496/1888. F.I.K.M.; Decree No. 7.899/1897 of the Minister of Trade.

¹⁰⁷ Paper of the Speaker of the House of Representatives No. 8054/1894.

¹⁰⁸ Sugár (1905): op. cit. 75.

respective sections also for five years. Both the president and the vice-presidents were eligible for re-election, but their election was confirmed by the Minister. To implement the chamber's decisions and coordinate day-to-day operations, the organisation elected a secretary with a regular salary and knowledge of trade and industry, who was assisted by a secretarial staff (§§ 13–15 and 20 of Act VI of 1868). Based on the above, the act on chambers from 1868, which was to determine the development of the organisations for a long time, was in many respects close to the standard of the Prussian law on chambers of commerce of 1897, almost three decades later.

As a result of the implementation of the Act, and the public law settlement between Croatia and Hungary in 1868, and the subsequent restructuring and reorganisation – mainly related to the ministry of Gábor Baross – a total of 20 chambers of commerce and industry were established in the Hungarian territory during the period of the dualism. These chambers were organised in Budapest, Pozsony (Bratislava, Pressburg) Sopron (Ödenburg), Kassa (Košice, Kaschau), Debrecen, Temesvár (Timișoara), Kolozsvár (Cluj-Napoca, Klausenburg), Brassó (Brașov, Kronstadt), Fiume (Rijeka), Zagreb, Eszék (Osijek, Essegg) (all established in 1850–1868), Arad (1872), Zengg (Senj, 1876), Miskolc (1880), Pécs (Fünfkirchen, 1881), Szeged, Győr (Raab, Besztercebánya (Banská Bystrica), Nagyvárad (Oradea, Grosswardein), Marosvásárhely (Târgu Mureș) (established in 1890).

Over the half-century of the Austro–Hungarian Monarchy, the activities of the chambers of commerce and industry can be divided into three broad categories: the ever-expanding role of the chambers as public authorities, opinion leaders (advocacy work) and policy initiators. The largest of these, in terms of numbers, was the public authority tasks taken over from the central administration, which had been entrusted by legislation with the registration of trade marks, designs and samples, the issuing of certificates of trust by public authority carriers, the checking of company registrations, the issuing of certificates of origin and many other similar public tasks. It also includes the provision of information, statistical compilations and data series, and expert opinions in response to requests from the Ministry. In the second category, the opinion-forming activity, we should also include the chamber's opinions on draft laws and regulations sent to the chambers by the Ministry, its participation in the deliberations of the various ministerial committees and its representation at international conferences. The third task of the chambers was to put forward their own proposals, a prerequisite for which

was to achieve internal alignment of the interests of the membership and, as a result, to represent the interests of all those involved in the Hungarian economy.

The first major challenge in the life of the chambers was the newly drafted Industrial Act and its preparatory negotiations. The Budapest Chamber not only discussed the draft law, but also drafted important (liberal economic policy) amendments, most of which were adopted by the responsible committee of the House of Representatives. This is why contemporaries considered the liberalism of the 1872 Industrial Act to be a victory for the advocacy organisations and a triumph of the principle of unrestricted industrial freedom. In addition, of course, the discussions of the regional chambers continued to include on their agendas such issues as the poor state of the national railways and transport in general in the chamber district concerned, and the later development of domestic industry. On several occasions, the economic authorities pointed out the inadequacy of rail transport, loading facilities and track construction, the need to build railway bridges over the Danube, the need for a telegraph network and the need for a national bank.¹⁰⁹

It is almost impossible to outline even tangentially the many issues that have appeared on the agenda of the chambers of commerce and industry. However, it is worth mentioning that in the field of social policy, the issue of cheap housing for workers was already being addressed in 1870, and then the Sopron Chamber of Commerce and Industry launched a special movement for Sunday working holidays. The interest groups also contributed to the drafting of laws on workers' protection and sickness benefits at the end of the 19th century. However, the most common activity of the chamber remained the issuing and registration of trade marks. In response to the needs of its members, and taking its advocacy functions seriously, the chamber almost invariably forwarded policy-recommendations from its members to the Ministry (and formerly to the Governor's Council).

In 1884, an initiative was taken to source materials for the domestic railways and machine factories from domestic industrial companies, as a result of which by 1895, 89% of the total requirements of the domestic railways and machine factories were covered by domestic industrialists.¹¹⁰ But the chambers were also asked to give their opinion on, for example, the Academy of Commerce to be set up in Pest, or on the amendment of the customs and trade union between the Austrian provinces and Hungary. Chamber delegates could also take part,

¹⁰⁹ Bognár (1997): op. cit. 18.

¹¹⁰ Fritz (1896): op. cit. 291.

for example, in committee meetings to discuss the Industry Act, in the National Council for Public Education set up by the Minister of Religion and Education, in meetings of the Ministry of Transport on railway tariffs, and later in the National Industry Council and the National Transport Council.¹¹¹ For the preparation of proposals and opinions, the chamber usually appointed an ad hoc committee of its members, which “discussed the subject in question and formulated the chamber’s opinion in workshops with the participation of experts and the bodies of traders and craftsmen”.¹¹² It can be observed that if the chamber’s proposal was accepted by the Ministry, the chambers’ organisation played a significant role in its implementation. The best example of this is the preference given by the public authorities to domestic industry for major public transport and other public contracts, on the basis of the chambers’ proposals. The individual regional chambers, in turn, did a huge amount of work to check that the preferences were actually being applied.

It is also interesting to mention that the Budapest Chamber of Commerce and Industry (BKIK) took the initiative to build embankments along the Danube and set up a post office savings bank in the capital. It also played a decisive role in the representation of Hungarian traders and craftsmen at international fairs and in the organisation of domestic fairs. In 1885, the first National General Exhibition was held in Budapest, with Crown Prince Rudolf (1853–1889) himself as the main patron and famous Hungarian writer Mór Jókai (1825–1904) giving the opening speech. This was followed by the Millennial Exhibition in 1896, which has had a lasting impact to this day, and which was held in the City Park to mark the culmination of the Millennium celebrations, and was intended to show the development and growth of Hungarian industry and agriculture after the Compromise. The chambers played a major role in its creation, especially in the preparation of the industrial part of the exhibition. The economic self-government was also behind the March Fair, which was held from 1906 and

¹¹¹ MNL OL Z 195 BKIK Általános Iratok, Iktatókönyvek 1538 (years 1869–1875) 143/1869 (10 September 1869); 111/1871 (18 January 1871); 648/1870 (5 May 1870); 1145/1873 (14 August 1873); 37/1870 (19 January 1870); 140/1872 (1 February 1872); 1411/1874 (5 August 1874), and MNL OL Z 195 BKIK Általános Iratok, Mutatók 1905/a–b and k (years 1907–1910) 22.263/1907; 22.452/1907.

¹¹² Bognár (1997): op. cit. 19.

from 1912 became the Spring Fair organised by the Chamber of Budapest, and finally, from 1925, the official Budapest International Fair.¹¹³

Although there were several ideas for reform of the operation and organisation of chambers of commerce and industry in Hungary during the era of the dual state, there were no amendments to the law on chambers of commerce and industry or changes to their operational framework. The only substantive change during the period was the attempt to establish a chamber centre with national jurisdiction. Instead of individual chambers, which were primarily intended to represent the interests of their own districts, this centre would be a unified body expressing its views to the government and to all the players in public life. It is interesting to note that in these years, it was not the fear of centralisation that determined opinions about central or national chambers, but rather the increased opportunities for advocacy, greater autonomy and the possibility of a wider forum for opinion-forming that were the arguments put forward by supporters. In this regard, Sándor Tonelli, one of the most important representatives of the chambers at the turn of the century, repeatedly put his thoughts on paper and warned in a number of forums of the need to set up a central body to represent interests: “The establishment of a chamber centre, which has its roots in the meetings of chamber secretaries which have developed from within, is also one of the much-mentioned wishes. This centre, instead of the individual chambers, which are primarily intended to represent the interests of their own districts, would act as a single large body to express its views to the government and to all the other actors in public life and any other actors. The centre itself would be nothing more than a union of chambers for the purpose of carrying out common tasks.”¹¹⁴ But even before the outbreak of the Great War, or as we know it today, the First World War, it was not given a proper framework. Following the national chamber meeting held in Kolozsvár (Cluj-Napoca, Klausenburg) in September 1896, a draft was released on the functioning, scope and order of business of a permanent national meeting, but the systematisation and rules of procedure of the planned national meeting were not achieved. Finally, it was only in the midst of the tumultuous events of the World War that the decades-long problem of the

¹¹³ Péter Krisztián Zachar: A Budapesti Kereskedelmi és Iparkamara és a kereskedelemfejlesztés a Budapesti Nemzetközi Vásár tükrében. In Melinda Klausz (ed.): *Tudás és versenyképesség pannon szemmel. Pannon Gazdaságtudományi Konferencia tanulmánykötet*. I. Veszprém, Pannon Egyetemi Kiadó, 2006. 267–272.

¹¹⁴ Sándor Tonelli: *A magyar közgazdasági érdekképviseletek*. Budapest, 1914. 99.

coordination of chambers was – temporarily – resolved with the establishment of the so-called “National Joint Bureau of Rural Chambers”. The Joint Bureau did not and could not become the supreme body of the chambers, since it was given powers by the individual interest representation bodies and its autonomy was limited to the drawing up of its own internal rules of organisation. It could only express itself to the outside world at the express request and with the permission of the chambers.¹¹⁵

In summary, “there was not a single aspect of our economic life in which the chamber did not have its say [...], everywhere we find the proactive intervention of the chamber”.¹¹⁶ As a result, “the chambers contributed significantly to the rapid economic development after the Compromise through their economic organisation and development activities. The achievements of the Budapest Chamber in developing industry and commerce played a significant role in making Budapest the economic centre of the country”.¹¹⁷

The Chamber of Commerce and Industry of Budapest and the Great War (1914–1918)

The war that began in August 1914 had serious consequences for the economic development of the Hungarian state, which the Chambers of Commerce and Industry tried to compensate for, given their previous experience and their importance in the life of Hungarian society. We can refer to the shortage of labour and then of goods, the difficulties in transport, the “great slowdown in the pace of our credit life” and the problems arising from the unsecured paper money economy.¹¹⁸ During this period “every public and social organ was placed

¹¹⁵ MNL OL Z 195 2. t. 470. cs. Document no. 21.797 sz (1 December 1915, circular of the Chamber of Commerce and Industry of Pozsony [Bratislava, Pressburg]); document No. 33.782/1916 (a draft and a blueprint for the negotiations on the new centre of the chambers); document on the “Outline organisational rules for the national meetings of the chambers of commerce and industry of the countries of the Hungarian Holy Crown and for the joint office established by the chambers”.

¹¹⁶ MNL OL Z 192 2. d. 2. t. Farewell speech by Leó Lánczy, President of the Chamber and Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 20 April 1920. 62.

¹¹⁷ Bognár (1997): op. cit. 19.

¹¹⁸ BKIK: *A Budapesti Kereskedelmi és Iparkamara működése a világháború első évében*. Budapest, BKIK, 1915. 3.

at the service of the sole aim of bringing the war to a victorious conclusion with our allies”.¹¹⁹ In this process, the chambers played a fundamental role in terms of food, equipment, production and social services, and were able to channel the state’s concepts and needs. The chamber of Budapest also stood out among the Hungarian chambers, which was able to cooperate effectively with the government because its influential president, Leó Lánczy (1852–1921), led this organisation with the largest number of members and the most significant trade and industry management role for almost three decades.

The most significant challenge for the chamber, which was committed to liberal market conditions, was the introduction of central price controls, with government decrees setting the highest prices for certain items. Price maximisation and restrictions eliminated free competition and led to the emergence of official inventory management. “Even in these difficult times, the chamber did its duty, constantly assisting trade and industry with advice and action. It tried to save what could be saved against the inexorable advance of the tied economy and not only by giving opinions and making proposals, but also by getting involved in the economic administration, it tried to help the stagnating machinery of our economy through the difficulties.”¹²⁰

While the Chamber Act of 1868 defined the most important task of the chambers as the general development and uplift of the economy, in the war years the role of the chamber organisation could not be other than to strive to “preserve, as far as possible, the two important branches of our economy, trade and industry, even in the midst of the great world destruction”.¹²¹ To this end, the institution, which was committed to liberal principles, was willing to abandon its principles in order to concentrate as much decision-making power as possible in the hands of the chamber’s leadership and “in many cases, instead of the full chamber meeting, to leave the decision in the hands of the president on matters requiring a rapid resolution”.¹²² In addition, overcoming previous differences and putting aside possible disagreements, the chambers, under the leadership of the Budapest Chamber, have shown themselves willing

¹¹⁹ Béla Katona: *Magyarország közgazdasága. Pénzügyi és közgazdasági évkönyv az 1915. évről.* Budapest, 1915. 5–6.

¹²⁰ Szávay (1927): op. cit. 488.

¹²¹ BKIK (1915): op. cit. 9.

¹²² Balázs Rigó: A Budapesti Kereskedelmi és Iparkamara részvétele az első világháborús hadigazdaságban. In Andor Lénár – Edit Lőrinczné Bencze (eds.): *Politika, egyház, mindennapok.* Budapest, Heraldika, 2010. 219.

to cooperate with other interest groups in industry and commerce, operating on a free association basis. The Permanent Economic Council, set up in 1914, became an institutionalised form of this. The actual coordination and work was carried out by the so-called Secretariat Committee. It brought together the secretaries of the different chambers of commerce and industry in the country and the secretaries of the huge national and the main professional associations, to discuss the economic issues raised by the war. Thus the cooperation involved the National Association of Hungarian Industrialists (Magyar Gyáriparosok Országos Szövetsége), the National Confederation of Hungarian Industry (Országos Ipartestület), the National Hungarian Trade Association (Országos Magyar Kereskedelmi Egyesülés), the leadership of the Hungarian Trade Hall (Kereskedelmi Csarnok) and of the Lloyd Society of Pest (Pesti Lloyd Társaság).

The most frequently raised question was that of the provision of public supplies, with questions such as the supply of coal, the transport of milk, the management of grain stocks, the preservation of fruit crops, etc., being on the agenda of the meetings of the Secretariat Committee. However, even before these were adopted, the first thing that was done was to provide emergency aid to the relatives of retailers and small-scale industrialists who had lost their jobs or had been drafted into the war. In Budapest, the chamber of commerce and industry set up two separate funds for this purpose, under the chairmanship of industrialist and banker Baron Adolf Kohner (1866–1937) and the vice-president of the National Confederation of Hungarian Industry, Endre Thék (1842–1919), which operated throughout the Great War and sought to provide aid.¹²³ In cooperation with the state administration, the war economic laws and decrees were compiled and published in an easy accessible form by the Hungarian Customs Policy Centre at the suggestion of the chambers. (The series *War Economic Laws and Decrees*, edited by Artúr Székely, was published regularly until 1918.) A list of export bans in enemy, allied and neutral states was also compiled.¹²⁴ The important role of the chambers at home was demonstrated by the fact that the chambers of commerce and industry could nominate the inspector-commissioner responsible for controlling foreign companies.¹²⁵

¹²³ MNL OL Z 195. 739. cs. 41. t. (Aid curatorship, aid matters), see in detail BKIK (1915): op. cit. 9–20; Szávay (1927): op. cit. 489–490.

¹²⁴ MNL OL Z 192. 2. d. 1. t. Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 21 December 1917. 616–617.

¹²⁵ BKIK (1915): op. cit. 95–96.

A key feature of the war economy was the emergence of war loans.¹²⁶ The first loans were issued immediately after the start of the war in August 1914, while a second major bond issue took place after Italy's entry into the war on the Entente side in May 1915. The Chamber of Commerce and Industry of Budapest, the National Confederation of Hungarian Industry, the National Association of Hungarian Industrialists and the National Hungarian Trade Association addressed their members in a separate appeal, in which they stressed that "the fighters of civil work must also double their patriotic duty. The state expects us to use the new deadline of the national loan to respond to the Italian attack: every Hungarian craftsman and merchant should subscribe with a zeal multiplied according to his talents, so that he can proudly say that when the greatest number of enemies were upon us, he sacrificed the most for his country."¹²⁷ The success of the underwriting of war loans is shown by the fact that, even in the first issue, the proportion of subscriptions of less than 1,000 Austro-Hungarian Kronen (a total of 60 million Kronen) and of subscriptions of between 2,000 and 10,000 Kronen (a total of 436 million) was very high. The second issue saw an even greater increase in the number of small subscriptions of up to 1,000 Kronen (a total of 372 million).¹²⁸ The success of the war loans was also supported by the chamber's investment of its own funds and the capital of the chamber's pension fund. The chamber of Budapest, and in particular its president Leó Lánczy, not only carried out extensive propaganda for the underwriting of war loans, but also invested the entire assets of the chamber and the capital of its pension funds in them, in order to support the state.¹²⁹

According to the chamber, from the second year of the war onwards, Hungary's economic life was increasingly under state control, and price maximisation and centralised control were extended to more and more areas, following the German example. This was both a challenge and a compromise for the chamber movement, which was fundamentally committed to liberal values and had been conceived in the spirit of laissez faire capitalism in Manchester. In wartime conditions, there was a steady expansion of forced farming, "some articles were subjected to

¹²⁶ On the impact of the prolonged war on Hungarian economic life, see László Gulyás: *Az első világháború és Trianon következményei a magyar gazdaságra*. In László Gulyás (ed.): *A modern magyar gazdaság története. Széchenyi-től a Széchenyi-tervig*. Szeged, JATE Press – Szegedi Egyetemi Kiadó, 2009. 101–112.

¹²⁷ The appeal of 29 May 1915 was published in BKIK (1915): op. cit. 90–91.

¹²⁸ Katona (1915): op. cit. 133–135.

¹²⁹ Szávay (1927): op. cit. 493.

a veritable economic dictatorship”, notes the contemporary observer.¹³⁰ The first crops to be centralised were cereals and flour. The actual centralisation was finally achieved with the creation of the War Produce Ltd. (Haditermény Rt.) on 16 June 1915, organised under the leadership of Illés Russó.¹³¹ The establishment of the War Produce Ltd. was followed by the centralisation of more and more products and the creation of new centres under state supervision, such as the Metal Centre, the Feed Centre, the Iron Commission, the Linen Industry Centre, the War Coal Importing Ltd., the Timber Sales Office, the Leather Centre, etc.¹³² In 1914, restrictions were imposed on the use of materials suitable for distilling and on the production of flour, and then forced farming was extended to wheat, rye, barley, maize and oilseeds. Then, in addition to foodstuffs, regulations were extended in 1915 to metals, nitrogenous substances, leather stocks and leather-making materials, rubber, wool, raw cotton, and then mineral oil, resin and turpentine. From 1916, and increasingly from 1917, glycerine, scrap metal, sugar, hemp, yeast, coal, waste paper, soap, shoes, canned goods, wood, machine tools, asbestos, furs, and many other products were also brought under central control.¹³³ In all cases, compulsory stockholding started with a stock assessment and compulsory declaration, after which the authorities had the possibility to freeze and call on stocks and, in this context, to restrict the processing, marketing and consumption of the products or raw materials concerned. This process could also be followed by the imposition of an obligation to offer or sell the blocked materials and the capping of prices.

Thus, it was certainly the various centralised product centres that had the greatest influence on war trade. The purpose of these material centres was to distribute raw materials, goods and public necessities along uniform guidelines, the circulation of which was disrupted by war conditions, insufficient production, currency devaluation and price policy. These centres were necessary primarily to secure the interests of the war effort, as the chambers recognised,¹³⁴ but they repeatedly expressed their opposition to the transformation of the centres into

¹³⁰ Szávay (1927): op. cit. 494.

¹³¹ BKIK: *A Budapesti Kereskedelmi és Iparkamara működése a világháború harmadik évében. 1917. január – 1917. december*. Budapest, BKIK, 1918. 9.

¹³² Katona (1915): op. cit. 300–301.

¹³³ Károly Vörös (ed.): *Budapest története a márciusi forradalomtól az őszirózsás forradalomig*. Budapest, Akadémiai Kiadó, 1978. 728–730.

¹³⁴ Béla Katona: *Magyarország közgazdasága. Pénzügyi és közgazdasági évkönyv az 1916. évről*. Budapest, 1916. 23.

bureaucratic bodies and thus to further centralised control of trade. “In leading commercial circles these centres were not looked upon favourably, not because of their present operation, but because of the fear that they might be maintained for peacetime, with the infinite potential for serious damage to trade.”¹³⁵ The chambers saw the danger in the excessive expansion of these product centres that “they would lead our whole economic life straight towards state socialism”.¹³⁶ They also criticised the commercial practices, i.e. their failure to involve professionals in their work and their failure to promote legal intermediary trade.¹³⁷

The chamber’s administration was further complicated by the fact that during the war the industrial section of the Budapest chamber tried to organise the supply of materials for almost the entire country. This became particularly important as “the demands of war, both at the front and in the homeland, increased the demands on industry enormously, especially in those industries whose centres of gravity, largest and most modern plants were located in Budapest or in the suburban areas”.¹³⁸ The reorganisation of the chamber has made it possible to promote “the best possible solution for the supply of materials to industry, especially to small and medium-sized enterprises, in the given circumstances” by bringing new members of staff into the chamber work.

As the war progressed, the Hungarian chambers of commerce and industry also sought to put on the agenda the issues after the ceasefire. As early as 1916, the Chamber issued a proposal by Arthur Székely, the foreign trade rapporteur, and József Vágó, the executive secretary, urging government action to promote a “transitional economy”. The main emphasis in this area was on the creation of a national office which could contribute with statistical data and organisational work to the development of the transition to a peace economy. Already at that time, the proposers drew attention to the difficulties of raw material procurement, transport and distribution and suggested involving the chambers in this.¹³⁹ In June 1917, the chambers held another meeting to discuss

¹³⁵ Katona (1915): op. cit. 301.

¹³⁶ The speech of president Leó Lánczy is cited by Szávay (1927): op. cit. 499.

¹³⁷ Rigó (2010): op. cit. 229.

¹³⁸ Vörös (1978): op. cit. 730; MNL OL Z 192. 1. d. 38. t. Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 11 July 1916. 619, 628–629.

¹³⁹ MNL OL Z 192. 1. d. 38. t. Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 11 July 1916; Proposal by József Vágó, Assistant Secretary of the Chamber of Commerce, on the placement and demobilisation of conscripted workers after the war. 653–676. Furthermore see Katona (1916): op. cit. 280–281.

the economics of disarmament. And in December of that year, the agenda of the plenary session of the Budapest chamber also focused on the “transition economy”. In order to have a complete overview of this subject, a special group on the transition economy was set up under the chairmanship of Ferenc Heinrich, vice-president of the Budapest chamber. The group examined in detail the issues of the disarmament of the army in terms of personnel and equipment, the procurement of raw materials, export development, transport, social policy, currency and credit.¹⁴⁰ All these steps were also necessary because Béla Földes, the Minister of Transitional Economy, had set up the National Transitional Economy Council by decree in September 1917, to which the chambers and interest groups could delegate one member each, and whose task was to actively assist in the transition to peaceful economy.¹⁴¹

This period also saw the country’s rural chambers coming together. As mentioned earlier, it was during this period that the National Joint Bureau of Rural Chambers was set up. The rural chambers were realising that in many cases their views did not coincide with those of the economic administration and that the instruments they wished to use were divergent. They recognised that “if the chamber of the capital, which is close to the governmental fires, takes advantage of its well-positioned location and itself delivers the chamber’s voice to the relevant circles, the countryside will have little voice and weight unless it organises itself in some way”.¹⁴² This opinion of the provincial chambers was supported by the fact that – as we have seen above – the opinion and position of the Budapest advocacy organisation had a decisive weight during the negotiation of certain draft laws and proposals.

The chambers decided in a joint assembly meeting in December 1915 on the establishment of the National Joint Bureau of Rural Chambers. At the meeting, the most committed members of the organisational work were appointed to leading positions, since Tivadar Szent-Királyi, the president of the Debrecen chamber of commerce and industry himself, was appointed the first office president and Gyula Szávay, the secretary of the Debrecen chamber, was invited

¹⁴⁰ BKIK (1918): op. cit. 147–148. On the creation of the special group see MNL OL Z 192. 2. d. 1. t. Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 21 December 1917. 650.

¹⁴¹ Béla Katona: *Magyarország közgazdasága. Pénzügyi és közgazdasági évkönyv az 1917. évről*. Budapest, 1917. I. 85–87; Rigó (2010): op. cit. 234–236.

¹⁴² Szávay (1927): op. cit. 576. MNL OL Z 195 2. t. 470. cs. No. 21.797 circular of the Chamber of Commerce and Industry of Pozsony (Bratislava, Pressburg) from 1 December 1915.

to be the director of the office. The leaders of the Bureau endeavoured not to create an institution in conflict with the Budapest chamber, if not to somehow succeed in involving the capital city in the work, by reconciling it. To this end, lengthy negotiations were held between Tivadar Szent-Királyi and Leó Lánczy, the influential president of the Budapest chamber of commerce and industry, who has been in office for more than two decades, and on their behalf, the general secretaries Gyula Szávay and Rezső Krejcsi. As a result of these negotiations, the National Joint Office of the Hungarian Chambers was established on 6 June 1917 with another solemn inaugural meeting in the building of the Budapest chamber.¹⁴³

The chambers of commerce and industry made an extraordinary effort during the war to maintain and operate not only the economy of the capital Budapest, but that of the whole country. The greatest challenge in this respect for the members of the chamber, who were committed to liberal market economics and were in favour of free trade and free competition, was certainly the economic management of price maximisation, supply services and the different goods centres, which often disregarded the opinion of the chambers. In Leó Lánczy's view, the government "did not always appear strong enough to stand in the way of and resist certain anti-mercantilist and anti-capitalist trends",¹⁴⁴ and the chambers were unable to counter these sufficiently. Nevertheless, by increasing its own administration, by systematising legislation, providing information and effective advice, and by its many social and economy-wide initiatives to prepare legislation, as well as its practical work on the ground, the chambers have proved they role in the country's economic governance and management.

The chambers were also involved in the peace preparations.¹⁴⁵ On this subject, which has sufficient resources for a study in its own right, we can only refer again to the fact that many experts from the chambers prepared notes for both the preparatory committee chaired by Count Pál Teleki and the chairman of

¹⁴³ Szávay (1927): op. cit. 576–578. The rules of procedure of the National Joint Office of the Hungarian Chambers is published in Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. I. Budapest, L'Harmattan, 2005a. Document No. 35.

¹⁴⁴ MNL OL Z 192. 2. d. 1. t. Opening speech of the president. Minutes of the plenary meeting of the Budapest Chamber of Commerce and Industry held on 3 July 1917. 249.

¹⁴⁵ László Gulyás: *A Horthy-korszak külpolitikája I. Az első évek 1919–1924*. Máriabesnyő, Attraktor, 2012. 19.

the delegation, Count Albert Apponyi.¹⁴⁶ These were basically about the current situation of industry and trade, the financial aspects of the peace treaty, the Budapest–Hungarian interests in the occupied territories and were all based on the axiom of Hungary’s geographical and economic unity and the socio-economic processes that had begun at the end of the war.¹⁴⁷ These chamber opinions were even more effectively expressed thanks to the fact that Leó Lánczy, President of the Budapest Chamber, and Antal Székács, Vice-President of the Budapest chamber, were also the economic experts of the peace delegation. But on 4 June 1920 it was not the question of expertise that ruled the decisions.

The first chambers of the liberal professions: Bars and notaries in the era of the dual monarchy

The bar chambers

If we want to look at other professional associations in addition to the work of economic advocacy groups, it is worth emphasising that there were also 19th century forerunners of chambers in this field. Similar to the case of trade, commerce and industry, there were also free associations in the field of legal representations with the focus of advocacy work. These concentrated their work in the 19th century not only on the protection of the interests of their members, but also the training of their members and the dissemination of jurisprudence. The main argument in favour of organisation and unity was the restrictive regulations following the War of Independence of 1848–1849, which made the practice of law subject to a decree of the Minister of Justice and an oath of allegiance to the Emperor (Advokaten-Ordnung of 1852). The first lawyers’

¹⁴⁶ In the end, the Treaty of Trianon was not signed by Albert Apponyi, but by Ágost Benárd, Minister of National Welfare and Labour, and Alfréd Drasche-Lázár, Ambassador Extraordinary and Minister Plenipotentiary, on behalf of the Hungarian Government. See in detail László Tamás Vizi: A trianoni diktátum aláírója: a miniszter Benárd Ágoston. *Közép-Európai Közlemények*, 3, no. 3 (2010). 67–79.

¹⁴⁷ MNL OL Z 195.1527. cs. 236. t. Drafts of the Chamber committee preparing the financial part of the Trianon peace negotiations; MNL OL Z 195.1527. cs. 240. t. Calculations and statistical data on the carrying capacity of the areas to be separated from Hungary. On the transition and migration in society see Pál Koudela: A kivándorlás és a jólét összefüggése hazánkban az első világháború előtt és után. *Közép-Európai Közlemények*, 7, nos. 3–4 (2014). 79–89.

association was founded in Pest-Buda in 1865, which “had an inspiring effect on lawyers working in other parts of the country. In the countryside, successive, otherwise completely autonomous organisations, independent of the Budapest Bar Association, were formed.”¹⁴⁸ These lawyers’ associations were generally divided into ordinary and honorary, and national and foreign members, based on the structure of the earlier chambers of commerce and industry.¹⁴⁹ The membership fees were used to set up a special relief fund, in accordance with the aims of the associations. In 1870, the Hungarian Bar Association was founded in Pest-Buda at the suggestion of Károly Csemegi, which aimed to promote the self-organisation of the legal profession in the country under the chairmanship of its founder.¹⁵⁰

The associations played an important role in the elaboration of the code of conduct for lawyers in Hungary after the Compromise through their opinions and drafts. Preparation of the law began in 1871 and the document was finally ratified by King Franz Joseph on 4 December 1874 and promulgated by the Hungarian National Assembly only a few days later.¹⁵¹ Thus, it may be said that it was also due to the successful promotion and lobbying work of the various predecessor organisations and the Bar Association that Act XXXIV of 1874 on the Code of Conduct for Lawyers provided for the establishment of the bar chambers. However, the establishment of the new advocacy organisations in this form was mainly due to the will of the government, and even lawyers were among those who opposed the bar chamber. Those who opposed the bill in parliament were against the new system and the autonomous chamber judiciary. Kálmán Tisza also warned those in charge to make sure that “the chamber should only exercise jurisdiction over lawyers”.¹⁵² The accepted law made membership in the bar chamber compulsory, and the newly established organisations became the main self-governing bodies of the legal profession. Like the chambers of commerce and industry, the bar chambers became autonomous bodies with regional powers and no national umbrella organisation. The Lawyers’ Ordinance instructed the Minister of Justice to implement the law, and it was he who determined

¹⁴⁸ László Hollós – Sándor Papp: *A Debreceni Ügyvédi Kamara története 1875–1987*. Debrecen, Hajdú-Bihar Megyei Ügyvédi Kamara, 1995. 7.

¹⁴⁹ Sándor Domonkos Horváth – László Tuba: *A Győri Ügyvédi Kamara története*. Győr, Győr-Ménfőcsanak Megyei Ügyvédi Kamara, 2000. 14–15.

¹⁵⁰ László Szántó (ed.): *A Somogy Megyei Ügyvédi Kamara emlékkönyve*. Kaposvár, Somogy Megyei Ügyvédi Kamara, 2001.

¹⁵¹ Hollós–Papp (1995): op. cit. 10.

¹⁵² Sándor Erlach: *Az Egri Ügyvédi Kamara története (1875–1925)*. Eger, EÜK, 1925. 10–11.

the number, seat and territory of the chambers, with the proviso that each chamber had to include at least 30 lawyers (Act XXXIV of 1874, § 17). On this basis, the following ministerial decrees established a total of 27 bar associations in Hungary: Arad, Balassagyarmat, Besztercebánya (Banská Bystrica), Brassó (Braşov, Kronstadt), Budapest, Debrecen, Eger, Eperjes (Prešov, Preschau), Győr (Raab), Gyulafehérvár (Alba Iulia, Karlsburg), Kassa (Košice, Kaschau), Kecskemét, Kolozsvár (Cluj-Napoca, Klausenburg), Máramarossziget (Sighetu Marmăţiei, Maramureschsigeth), Marosvásárhely (Târgu Mureş), Miskolc, Nagyvárad (Oradea, Grosswardein), Nagyszeben (Sibiu, Hermannstadt), Pécs (Fünfkirchen), Pozsony (Bratislava, Pressburg), Sopron (Ödenburg), Szabadka (Subotica), Szatmárnémeti (Satu Mare), Szeged, Székesfehérvár, Temesvár (Timişoara), Zalaegerszeg and Szombathely (Steinamanger).¹⁵³

The most important element of professional self-government was that the central government was no longer involved into the processes who could practise as a lawyer, as the law only allowed lawyers to practise their profession if they were admitted to the local bar register by the chamber. The only requirements for this were Hungarian citizenship, a doctorate in law and a permanent residence in the district of the chamber (Act XXXIV of 1874, § 1–2). The chambers have been given the task of safeguarding the moral authority of the legal profession, defending the interests of lawyers, monitoring the performance of their duties and providing legal services to the membership, and remedying problems affecting the legal profession, as well as expressing their views and making proposals for the introduction of modern reforms. “In addition, the bar chamber shall exercise disciplinary authority over lawyers and candidate lawyers admitted to the registers of bar chambers in accordance with the provisions of this Law” (Act XXXIV of 1874, § 19). To carry out their functions, the chambers had their own budgets, which were covered by the membership fees paid by the members of the chambers. The Minister of Justice did not make any provision for the establishment of representative structures in Croatia, as Croatia and Slavonia enjoyed judicial autonomy under Act XXX of 1868. At the inaugural meeting of the chambers, the officers of the chambers were elected. The composition of the leadership varied from one chamber to another, and it also appointed an electoral board or, where appropriate, an ad hoc committee to draw up the chamber’s rules

¹⁵³ Decree No. 35.365/1874 I.M. published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. I. Budapest, L'Harmattan, 2005a. Document No. 26; Decree No. 31.632/1875 I.M. In *Magyarországi Rendeletek Tára* 1875. 551–552.

of procedure and annual budget. There was a tendency to appoint former officials of the bar associations to the boards of the first chambers.¹⁵⁴ In addition to the law of 1874, the organisational life of the chambers was governed by the rules of procedure, which were established under the own authority of each chamber. The most important forum in the life of the bar chamber was the general meeting, where the rules of procedure prohibited the reading of speeches and introduced a cloture (restriction on speaking). The general meeting “laid down the rules of procedure of the chamber, elected the chamber’s board of governors, fixed the salaries of the officers and administrative staff, set the estimates of expenses and reviewed the annual accounts, and heard appeals against the decisions of the board”.¹⁵⁵ An important power and duty of the general meeting was to discuss proposals aimed at remedying shortcomings in the administration of justice, especially in the legal profession, or proposals received from the Minister of Justice for an opinion on the matter. The meetings were public and the president was obliged to publish the agenda in advance. Copies of the minutes were also to be sent to the Minister of Justice, who had supervisory powers. At the beginning of each year, the bar chambers were required (Act XXXIV of 1874, §§ 30–32) to submit a report to the Minister of Justice on their activities in the previous year, in which they were required to provide details of the work of the Disciplinary Board and new experiences in the field of the legal profession and the administration of justice.

The board played the decisive role in the organisational structure and day-to-day work of the bar chambers, as it carried out the ongoing operational work. It generally had a mandate of three years, implemented the decisions of the general meeting, and ensured the admission of lawyers and candidates to the bar. As a result of its activities, it managed the bar’s assets and elected members to the bar Examination Committees.¹⁵⁶ The president of the bar was also the current chairman of the board, in addition to a vice-chairman, the bar secretary, a treasurer and a procurator, as well as 8 bar members and 4 alternates in their absence (Act XXXIV of 1874, §§ 22–26). The president, the vice-president and the members of the board held office free of charge, and only their travel expenses incurred in the interests of the chamber and on its behalf were reimbursed by

¹⁵⁴ Hollós–Papp (1995): op. cit. 16–17; Horváth–Tuba (2000): op. cit. 21–23.

¹⁵⁵ Lajos Cserba (ed.): *Emlékkönyv az ügyvédi kamarák fennállásának 125. évfordulójára*. Miskolc, BAZ Megyei Ügyvédi Kamara, 2000. 20.

¹⁵⁶ Cserba (2000): op. cit. 21–22.

the organisation. However, in addition to reimbursing these expenses, the general meeting could also fix an annual salary for the secretary, the procurator and the treasurer. The president of the chamber, in addition to the powers laid down in the rules of procedure, was responsible for day-to-day contacts with the authorities and the courts and had to appoint any deputy secretary or procurator. He also had the task of mediating in any dispute, which might arise between members of the bar and between lawyers and trainee lawyers in the course of their work (Act XXXIV of 1874, § 30).

At the meetings of the board, the implementation of the decisions of the general meeting, the admission of lawyers and candidate lawyers and questions of the required registers, the issuing of certificates of the practical training and conduct of candidate lawyers and the election of members to the bar examining board could be discussed. This was the forum for evaluating experiences and various aspects of the appointment of probationary lawyers, and the board exercised supervisory and disciplinary authority over lawyers and trainee lawyers. The board managed the assets of the bar and of any funds entrusted to it. It was also responsible for the preparation of the annual reports and for all other matters that were not part of the competence of the general meeting. In the event of the unwillingness or negligence of the lawyer appointed to represent a member in a dispute over property, the board was obliged to take disciplinary action against him and to appoint another lawyer at the member's expense (Act XXXIV of 1874, § 27). As regards the representative bodies, appeals were only possible against the decisions of the electoral board: to the general meeting in cases concerning the management of the chamber's assets, and to the Supreme Court in other cases. In all cases, however, the appeal had to be lodged with the electoral board (Act XXXIV of 1874, § 29).

In the case of the bar chambers, the framework law also required the chambers to prepare an annual summary report for the Ministry on important current events in their districts, statistics on the bar, their internal affairs, meetings and comments. In many cases, this was published as a printed publication in the district of the chamber.

As in the case of the chambers of commerce and industry, the first regulations after the Compromise of the profession of lawyers remained of decisive importance, as the 1874 regulations were not fundamentally amended during the existence of the Austro–Hungarian Monarchy. Although the idea of reforming the bar, like the reform of the chambers of commerce, was discussed from time to time, it was not carried through. In 1886, Rezső Ádámi Dell prepared a draft

for lawyer reform on behalf of the Minister of Justice, but this attempt, like the reform initiatives of 1898, disappeared into the mire of history without success. The chambers linked the question of a new code of conduct for lawyers to a number of contemporary demands. Thus, the issue of the lawyers' pension and the regulation of social benefits for lawyers was constantly on the agenda, but they also sought to exert their influence on the law enacting the Code of Civil Procedure and the legislation on the land register and the settlement of credit relations. However, it was only at the end of the period that the interest groups achieved tangible results in terms of remedying certain grievances of the legal profession, creating interoperability between the judiciary and the legal profession, or guaranteeing some important aspects of the profession of lawyer, with the creation of Act LIII of 1913.¹⁵⁷

In contrast to the wide-ranging professional and advocacy work of the chambers of commerce and industry, the activities of the bar chambers were primarily concerned with the professional life of the legal profession. Throughout the period of the Austro–Hungarian Monarchy, the focus of the activities of the bars was on making their internal functioning more efficient and representing the interests of their members. Little energy was devoted to examining the broader issues of the administration of justice and suggesting ways of remedying perceived problems. This is illustrated by the series of minutes of the bar chamber general meetings and the fact that the bars' budgets only covered office rent and office work, staff expenses, library purchases and the costs of disciplinary investigations.¹⁵⁸ If we examine the documents, we can find that only the adoption of annual reports, statistics on case management, the election of officers, the adoption of the reports of the electoral board, the adoption of members' individual motions, the sending of advocates and the hearing of disciplinary cases were the subject of general meetings.¹⁵⁹ Typically, one of the important motions of the Bar Chamber of Kecskemét, which was raised at several meetings, concerned the number of judges in the bar's district and, in several cases, the reduction of the practice of dishonest lawyers (pettifoggers).¹⁶⁰

¹⁵⁷ Hollós–Papp (1995): op. cit. 39.

¹⁵⁸ MNL Bács-Kiskun megyei Önkormányzat Levéltára (Archives of the Bács-Kiskun County Municipality), Kecskemét (BKmÖL) IX. 235a. Documents of the Bar Chamber of Kecskemét. General documents No. 21/1883; 65/1889; 65/1894.

¹⁵⁹ MNL BKmÖL, IX. 235a. No. 21/1883; 65/1889; 121/1902.

¹⁶⁰ MNL BKmÖL, IX. 235a. No. 37/1885.

The chambers of notaries

The chambers of notaries were created at the same time as the bar chambers and were a similarly professionally oriented self-organisation with compulsory membership. All in all, more than 200 notaries' offices were established after the enactment of the Code of Civil Law Notaries (Act XXXV of 1874) with a decree of Minister Tivadar Pauler.¹⁶¹ This was followed by the creation of 10 chambers of notaries and as a result, the notaries could start their work in August 1875. The centres of the chamber districts were in Arad (15 notarial offices), Budapest (36), Debrecen (20), Kassa (Košice, Kaschau, 22 notarial offices), Kolozsvár (Cluj-Napoca, Klausenburg, 25 notarial offices), Pécs (Fünfkirchen, 16 notarial offices), Pozsony (Bratislava, Pressburg, 24 notarial offices), Szeged (18), Szombathely (Steinamanger, 19 notarial offices) and Temesvár (Timișoara, 18 notarial offices).¹⁶²

The membership of the chambers was made up of notaries, who were subject to strict conflict of interest rules. The entire district membership made up the general assembly of the professional chamber, which elected the chamber's board of directors by secret ballot. The chamber was headed by the president, with four full members and two alternates taking part in the day-to-day running of the chamber. The election was always for a one-year term (Act XXXV of 1874, §§ 28–29). All notaries in the district were supervised by the relevant chamber of notaries, both in terms of official conduct and behaviour. To this end, the chambers kept an accurate register of members, including inactive members (former notaries) and a record of any penalties imposed. As part of its supervisory powers, the chamber was obliged to inspect each notary in its district every year, through a commissioner, and to check the functioning of his office (Act XXXV of 1874, §§ 166–168).

The operation of notaries has been regulated by the Minister of Justice on several occasions by decree, giving the chambers a number of tasks. Thus, through the advocacy organisations, the Secretary of State, Károly Csemegi, promulgated the provision that the introduction and the seal of notarial deeds throughout the country had to be in Hungarian language, otherwise their authentication was to be refused. Notaries had a very wide range of tasks, so that the supervision of the chamber of notaries had to cover considerable areas. The members of

¹⁶¹ Decree No. 4164/1874 IM of 18 December 1874.

¹⁶² Decree No. 13.356/1875 I.M.

each district chamber were authorised to draw up public deeds and wills, to issue various certificates (authentication of copies of deeds, authentication of extracts from commercial and business books, authentication of translations and signatures, proof of the death or survival of a person, etc.), to take custody of documents and valuables, to deal with probate matters and to execute orders from the courts and the guardianship authorities.

In fact, the notaries' chambers functioned only as a professional body and their autonomy was not extended beyond their internal organisation. Their main task was to bring together and thus control their membership and to coordinate a very narrow professional circle. In fact, they have not undergone any substantial changes in the present period. For this reason, I believe that we can move away from a detailed description of the structure and activities of the notarial bodies, also because they remain unchanged, and concentrate on the more significant institutional changes affecting the case of chambers in the next historical era.

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Chamber autonomies in Hungary in the interwar period

After the defeat in World War I, the Hungarian society underwent tremendous shocks between October 1918 and the spring of 1920. The traditional Hungarian state, which had been developing in historical unity since the reign of Stephen I (1000–1038), was falling apart, not only because of external pressures, but also because of unsolved internal problems. During this transitional period, the state leadership experimented with different governmental solutions that were completely divergent from Hungarian traditions and followed only external models. This has affected all levels of everyday life, from the very foundations of the state administration, and the chamber structures have not been untouched by the changes. Although the cabinet led by Mihály Károlyi (31 October 1918 – 11 January 1919), which came to power in a coup after the defeat in the World War, and then the government led by Dénes Berinkey (11 January 1919 – 21 March 1919), intended to reform the system of chambers of commerce and industry – a draft People's Law and a draft decree were also prepared for this purpose – political events did not leave time for this intention to become a reality. The Communist leadership, which took power at the end of March 1919, was committed to the complete abolition of the former bourgeois system. The first steps taken by the proletarian dictatorship under Béla Kun and the Revolutionary Governing Council under Sándor Garbai (21 March 1919 – 1 August 1919) included the dissolution and banning of political parties and associations.¹⁶³ At the same time, the chambers of commerce and industry and the chambers of the liberal professions, which had been so important in the life of the bourgeois market economy, were simply closed down, and the government appointed 'liquidating commissioners' to oversee them. After a few months, however, the Hungarian Soviet Republic collapsed when foreign troops occupied large territories of the country and a strong oppositional movement of conservative former military leaders was established. The kingdom of Hungary became the successor state under Regent Miklós Horthy.¹⁶⁴ The political government that

¹⁶³ Jenő Gergely – Pál Pritz: *A trianoni Magyarország (1918–1945)*. Budapest, Vince Kiadó, 1998. 26–27.

¹⁶⁴ Ignác Romsics: *The Dismantling of Historic Hungary. The Peace Treaty of Trianon, 1920*. New York, Columbia University Press, 2002.

had been in place since the autumn of 1919, which defined itself as a “counter-revolutionary regime”, saw itself in every respect as the heir to the Austro–Hungarian Monarchy. The new Christian-conservative government sought to restore the basic elements of the former Hungarian constitutional order and, where necessary, to strengthen the functioning of the Hungarian state with new corrective measures. This is why the previously functioning autonomy of the chambers was restored. In fact, the state leadership, which consciously called itself “counter-revolutionary”, not only made the work of the chambers, which had already been active during the era of the Austro–Hungarian Monarchy, possible again, but also created new advocacy organisations. By the end of this chapter it will be clear that the economic and professional chambers became a decisive factor in the social, economic and sometimes even political life of the period and that they had to be taken into account in political decision-making. These advocacy organisations, in addition to assisting the government in its legislative work by means of professional advice and proposals, promoting the development of their territory and ensuring the link between the social strata they represented and the political leadership, also had the key task of representing the interests of the members. We can therefore claim that the previous years of transition, terrorist activism and political turbulence (1918–1920) affected the established structures of business and professional self-governance only in the short term.

Economic chambers

The chambers of commerce and industry

If we look at the autonomy and development of the chambers of commerce and industry, we can see that the existing chambers of commerce and industry emerged from the difficulties of the First World War stronger than before, despite the considerable territorial mutilation of the country and the economic crisis. Their activities demonstrated their ability to cooperate with the government while at the same time keeping the interests of the economic circles they represented constantly in mind under the given circumstances. During the ‘Horthy era’ (1919–1945) the tasks and the main elements of the structure of chambers of commerce and industry were still regulated by Act VI of 1868, a provision that was slightly modified in 1934. Despite the disastrous territorial and socio-economic consequences of the Trianon Peace Treaty, the activities of the chambers of commerce did not change. Although many former chambers were now to be

found in the successor states of the Monarchy, the seven remaining regional chambers in Hungary attempted to adapt to the altered situation and increase the intensity of their own initiatives. The seven centres of the chambers of commerce and industry continued to operate in Budapest, Debrecen, Győr, Miskolc, Pécs, Sopron and Szeged. In 1930, these seven bodies had a total of 351 industrial associations and more than 100,000 private individuals as members, which in itself showed their importance in the Hungarian economy of the time.¹⁶⁵ Their autonomous activities still included the establishment of their rules of procedure and the election of their officials, but the chamber was not spared the centralisation tendencies that were generally prevalent in the period. Under changes to the law introduced in 1934 the president, the vice-presidents and the secretary general of the chamber formed the so-called Presidential Council. The president and vice-presidents were confirmed in office by the Minister for Trade. Matters on which the chamber had the right to express an opinion could be discussed by each section and a position could be taken in relation to them. These matters had to be discussed beforehand by the Presidential Council and prepared for discussion in the section. However, only a general meeting of the full members of both sections could take a decision. A new provision was that the chamber was now obliged to hold general meetings as and when necessary, but at least four times a year. A quarter of the ordinary members could request a general meeting at any time, specifying the subject to be discussed. Upon written request, the president had to convene the general meeting within eight days, and at a date not later than thirty days from the date of the request. The general meetings of the chamber were open to the public. The organisation could only pass valid resolutions at meetings, and sections could only adopt substantive positions at meetings, at which at least one fifth of the ordinary members of the sections were present.¹⁶⁶ The amendment mixed elements that increased autonomy with elements that somewhat limited the “internal democracy” of the organisation. The increase in the number of full members can be seen as an attempt to broaden representation, while the influence of the various groups of traders and industrialists within the chamber was determined by their financial situation: those who paid more tax

¹⁶⁵ MNL OL Z 193. Chamber bodies of the Budapest Chamber of Commerce and Industry. 1930–1944, 50.d. 48.t.

¹⁶⁶ Act XX of 1934 amending certain provisions of Act VI of 1868 on Chambers of Commerce and Industry.

or chamber fees were allowed to delegate more representatives to the general meeting than their counterparts with more modest financial means.

The Minister of Commerce's powers of approval ensured that the government retained its influence over advocacy matters. The approval of the Minister of Trade was required for the entry into force of all chamber decisions concerning the fixing of the rate of chamber dues, the disposal and transfer of the assets of the organisation and its pension fund, the charging of loans, changes to the permanent regulations of the chamber, derogations from them in certain cases, the organisation of new posts or the multiplication of posts, the fixing of remuneration, including the authorisation of allowances (except those which were automatically granted to employees under the regulations). The Minister also approved decisions concerning the pension benefits of officials and the offsetting of certain allowances against pensions, the establishment of annual accounts and budgets and expenditure in excess of the budget. Thus, the chambers could not bypass the Ministry of Trade in urgent cases or refer to other government bodies that might be involved. It is clear from the above that the state authorities, through the relevant Minister, have sought to maintain their supervisory power over all important matters and thus to exert some influence on the functioning of the chamber. This centralising approach and the autonomous work of the chamber did not correlate but the organisations did not challenge the government's influence. Nevertheless it would be a mistake to explain their loyalty to the state all along as mere servility or opportunism. The day-to-day experiences matched the chambers' recognition that "they could only achieve their objectives in cooperation with a government that was more powerful than they were, and therefore in most cases they sought cooperation rather than confrontation".¹⁶⁷

Despite the changes described above, the autonomy of the chambers of commerce – in legal terms – was not threatened until the early 1940s. The organisational structure of the representative bodies proved to be a fortunate one, so that the advocacy organisations in the field of commerce and industry were respected players in the economic and social life of the time, thanks to their high quality professional work. However, from the early 1940s onwards, partly because of the emergence of the Jewish question in Hungarian politics, there were already examples of the authorities suspending the autonomy of a chamber organisation and placing it under the control of a ministerial commissioner.¹⁶⁸

¹⁶⁷ Strausz (2008): op. cit. 65.

¹⁶⁸ Sárközi (1967): op. cit. 77.

For most of the period under review, however, the chambers enjoyed considerable autonomy and the advocacy organisations did not become “handmaidens of politics”. This is particularly true if we trust the words of Károly Khuen-Héderváry, the president of the National Chamber of Agriculture, when he said that “the task of the chamber is to use its autonomy to criticise and help the government”.¹⁶⁹ In this spirit, the chambers of commerce have always sought to maintain their autonomy through their independent initiatives and activities resulting from their autonomous operation. Through this autonomous work of the chambers of commerce and industry, the Hungarian ‘civil society’ was enriched in the period between the two world wars by a number of elements which still stand before us today as exemplary initiatives. For instance, they played an important role in organising the Budapest International Fair, supporting the commercial school network and (in partnership with the state) the economic integration of the territories regained after 1938.¹⁷⁰ The ‘Hungarian Week’ (Magyar Hét), a series of events to advertise Hungarian goods, was also organised as a result of the autonomous work of chambers of commerce and industry, and aimed to draw attention to the new achievements of Hungarian crafts and industry. In 1926, the Budapest and provincial chambers, in cooperation with other free trade and industry organisations, set up the National Association for the Protection of Creditors, headed throughout the period by the president or delegated vice-president of the Budapest Chamber of Commerce and Industry. In addition, in the late 1930s, in order to promote Hungarian trade, the chambers of commerce set up a foundation at the Hungarian Academy of Sciences with a nominal value of 50,000 Hungarian pengő, from which the author of the most outstanding trade-promoting study was awarded a prize every year. To help students, the library of the Budapest Chamber of Commerce and Industry was also continuously expanded and made public. In addition, the development of vocational education was supported through a series of scholarships and prizes for the best students of industrial vocational schools and trade schools for boys and girls. (Even in 1940, the last year of peace in Hungary, the Budapest Chamber supported 33 students of 13 industrial vocational schools with a scholarship of 100 Hungarian pengő each. And the chamber similarly financed the best 40 students of the boys’ and

¹⁶⁹ Péter Strausz: Korporáció vagy hivatásrend? Az érdekképviseleti rendszer átalakításának kérdése Európában és Magyarországon 1926–1940. *Múltunk. Politikatörténeti Folyóirat*, 55, no. 1 (2010), 83–122.

¹⁷⁰ Strausz (2008): op. cit. 51–64.

girls' trade schools in Budapest.¹⁷¹) It is also worth noting that the chambers of commerce and industry not only played a role in the training and examination of apprentices and in the foundations set up to promote trade and industry, but also sought to help the needy among their own members.¹⁷²

Chambers also continued to play a role in economic development, with international fairs being an important element of this. In 1925 the International Union of Market Towns (UFI) was founded, of which Budapest became a founding member. At the same time, the fair organised by the Budapest chamber was named the Budapest International Fair. The chamber of commerce and industry was also keen to increase foreign participation in the organisation of the fair, above all by increasing the number of honorary representatives and by launching a major propaganda campaign: the date of the fair was brought to the spring after Easter, a special directory was printed, posters were produced in 13 different languages and the fair was given its own symbol, the Wyvern Mercury. This was complemented by a brochure promoting Budapest (with a circulation of nearly 60,000 copies) and special attention-grabbing advertisements in major European newspapers. It was no wonder then that this year's exhibition was a huge success: the muster (held in the Industrial Hall, the Kunsthalle and the Agricultural Museum), covering more than 9,000 square metres, displayed the products of 822 exhibitors to 248,000 visitors over the 10 days of the exhibition. This was a huge improvement on the first fair held in very modest conditions less than two decades earlier, and on the figures after the World War I recession and the destruction of Trianon!¹⁷³ First the world economic crisis and then the war preparations left their mark on economic development in the 1930s, but the Budapest Fair always tried to play an important intermediary role. Its role was of great interest to the territories that had returned to Hungary at the end of the decade in order to present themselves and to participate in the commercial and industrial life of the country. In addition, the Hungarian fair also achieved a very important diplomatic achievement: despite the international situation, it was the first time that the Soviet Union was able to exhibit at a foreign fair.¹⁷⁴ As a result, the chambers of commerce and industry have become deeply embedded not only in the economic sphere, but also in the wider Hungarian society.

¹⁷¹ MNL OL Z 198 2. cs. 7. t. Education in commercial issues 1941–1943.

¹⁷² Strausz (2008): op. cit. 148–155.

¹⁷³ Zachar (2006b): op. cit. 267–272.

¹⁷⁴ Zachar (2006b): op. cit. 270.

The chambers of agriculture

A significant change in the economic chamber structure was the creation of a new law on the representation of agricultural interests in 1920. The significance of this fact is underlined by the fact that the economic and structural problems of agriculture had already been having an increasingly strong impact in Hungary from the end of the 19th century, if we only refer to the agrarian-industrial conflict present in Hungarian society and the agrarian socialism that emerged at the turn of the century. Until the establishment of the agricultural chambers, the representation of the interests of agriculture was carried out exclusively by organisations based on free association, such as local or national economic associations, such as the National Hungarian Economic Association (Országos Magyar Gazdasági Egyesület, OMGE), founded by István Széchenyi in 1835, or the Hungarian Farmers' Association (Magyar Gazdaszövetség), founded with the help of Count Sándor Károlyi (1831–1906) in 1896 and the National Association of Economic Associations (Gazdasági Egyesületek Országos Szövetsége). The aim of these organisations was not only to represent agricultural interests but to create a strong, prosperous land-owning peasantry capable of effectively countering revolutionary tendencies and dealing with the problems of the landless and the small landowners. In this context, the system of agricultural chambers sought to play a major lobbying role.

Under Act XVIII of 1920 on the Representation of Agricultural Interests, the structure of the agricultural chambers also differed from that of the former economic chambers: the law established a five-level system of representation. Members of the agricultural committees elected in villages and boroughs were appointed to the district committees, who, together with the members of the committees set up in the towns – which had approximately the same powers as the district committees – elected the members of the agricultural committee organised in the county. The county organisations delegated their members into the five district agricultural chambers and the proposals of these chambers were forwarded to the Ministry of Agriculture by a central body, the National Chamber of Agriculture.

Those eligible to vote in the chamber were divided into five curiae, based on the size of their landholdings. Farmers' officers and other employees with similar duties were to be assigned to the group to which their employer belonged. Those who were also eligible for various titles had to decide which curia they would join. The term of office of the members of the municipal, district, town

and county agricultural committees was six years, and was only cancelled in the event of death, resignation or the termination of the person's eligibility (Act XVIII of 1920, § 1, 4–5, 12). The agricultural committees had to represent the universal interests of agriculture, the agricultural population and the working class. They had the right and the duty to disclose to the relevant administrative authority the represented interests and to propose measures deemed necessary. The Minister for Agriculture was also entitled to entrust the municipal, district and county agricultural committees with any economic task in the field of agriculture. In such cases, the committees could act in their capacity as public bodies and with the responsibility of public authorities.¹⁷⁵

Under this framework, five district chambers of agriculture were created, based in Kecskemét, Debrecen, Miskolc, Győr and Kaposvár. The elected ordinary members were chosen from among the members of the agricultural committees of the counties and cities with jurisdiction within the chamber. The ex-officio members of the advocacy organisation were, among others, the presidents and a senior official of the various agricultural associations and workers' unions, as well as of the rural centres of certain designated economic cooperatives, and two or three persons chosen by certain non-associated cooperatives, if they were confirmed in this capacity by the Minister of Agriculture. In addition, the chambers could also invite by election external members up to a quarter of the number of elected members from among individuals recognised in the fields of economics, agriculture and labour and resident in the area of jurisdiction of the chamber. These external members had the right to participate in chamber meetings without the right to vote.

According to the law, the task of the chambers of agriculture was, on the one hand, to assist the government and the agricultural administration in the development of agriculture and, on the other hand, to promote and represent the universal interests of agriculture, the landowners and agricultural workers in the country's economy and society (Act XVIII of 1920, § 34). It was therefore their duty to monitor and investigate all the phenomena in their territories which were connected with local agricultural production and the situation of the agricultural population living there. They also had the task of identifying, on the basis of their observations, the most productive forms of land distribution and farming in their area and the most favourable to the people concerned.

¹⁷⁵ Péter Strausz: Agrár-érdekképviselet a mindennapokban: A Duna–Tisza közti Mezőgazdasági Kamara tevékenysége a két világháború között. *Agrártörténeti Szemle*, 61, nos. 1–4 (2020). 189–198.

They had to monitor developments in industry, trade, transport, finance and customs policy and their local impact. On the basis of this experience, they were able to propose various social, administrative, governmental and legislative measures and to set up their own institutions to ensure the correct organisation of production and improve the efficiency of farming. The chamber acted as a direct supervisory authority, managing and supporting the work of the agricultural committees under its authority. It had the right and the duty to maintain contact with economic associations, farmers' groups and agricultural workers' unions, and was also obliged to promote further public advocacy organisation of the farming community and of economic workers.

The chambers were allowed to draw up their own statutes and rules of procedure to regulate their organisation and operation, and the creation and amendment of such statutes was only valid with the approval of the Minister of Agriculture. However, the law stipulated precisely what the basic documents of the district bodies should contain. The organisation was headed by a president and two vice-presidents elected for a term of three years, who had to be confirmed in office by the Minister for Agriculture (Act XVIII of 1920, § 39).

Public general meetings of the chambers were normally held at least twice a year, but the Minister for Agriculture could order a general meeting at any time and this forum of the chamber had to be convened within 15 days at the written request of 20 ordinary members. The Minister had to be notified in advance of the general meeting and had to delegate a representative with the right to speak to the event.

As mentioned earlier, for the first time in the history of chambers, a national authority was set up in connection with agricultural organisations.¹⁷⁶ The task of the national body was to supervise the district chambers and to assist the government in the management of agriculture by discussing issues affecting Hungarian agriculture from a national point of view (Act XVIII of 1920, § 53). The National Chamber of Agriculture and Rural Economy had to review the opinions and proposals put forward by the individual agricultural district chambers from a universal, national point of view. It gave its opinion on matters referred to it by the government and could promote the correct development of and the universal interests of agriculture, the peasantry and the working class with its own proposals and suggestions. The national chamber had roughly

¹⁷⁶ Péter Strausz: A magyar mezőgazdasági kamarák vázlatos története 1920–1946. *KÚT – Az ELTE Történelemtudományi Doktori Iskola kiadványa*, 3, no. 1 (2004).

the same powers as the district chambers in its internal affairs, and like the district chambers it elected a president and two vice-presidents for three years, whose installation also required the approval of the Minister of Agriculture exercising also supervisory powers. The law stipulated that half of the costs of the National Chamber of Agriculture were to be borne equally by the district chambers and half by the state (Act XVIII of 1920, § 55–56).

The five district chambers – as already mentioned – have been set up across the country in 1921. In the period under discussion, however, there were territorial changes that affected not only the national borders of Hungary but also the territory of the chambers. The return of the territories of Upper Hungary, Transcarpathia, Transylvania and Southern Hungary led to changes in the allocation of chambers. The change in the international environment made it possible for the Hungarian Government to take legal action to regain Hungarian-majority territories that were lost with the Treaty of Trianon. The so-called First and Second Vienna Award returned primarily Hungarian-inhabited territory in southern Slovakia (1938) and northern Transylvania (1940), while the government actions and military steps led to the return of Subcarpathia (Kárpátalja, 1939) and the Southern Territories (Délvidék, 1941). This also affected the chambers, as it became necessary to extend the principles of Hungarian state administration to the returning territories. From some areas of the North Transdanubian Chamber of Agriculture and from the returned counties of the Western Upper Hungary, the so-called Little Hungarian Plain (Kisalföld) Agricultural District Chamber was formed in 1938. In December 1940, the Subcarpathian Agricultural Chamber was founded with its center in Ungvár (Uzhhorod). However, after the return of Northern Transylvania, the “Romanian” system of interest representation was abolished, but the Hungarian chamber structure was not established. The Transylvanian Hungarian Economic Association (Erdélyi Magyar Gazdasági Egyesület), which represented the entire farming community of the region, was responsible for representing the interests of the agricultural sector there.¹⁷⁷

As with the chambers of commerce and industry, the leadership of the chambers of agriculture was also closely linked to the political elite. Although the chambers of commerce and industry could not compete with the

¹⁷⁷ Péter Strausz: A Budapesti Kereskedelmi és Iparkamara szerepe a visszacsatolt területek gazdasági integrációjában (1938–1941). In Melinda Klausz (ed.): *Tudás és versenyképesség pannon szemmel. Pannon Gazdaságtudományi Konferencia tanulmánykötet*. I. Veszprém, Pannon Egyetemi Kiadó, 2006. 261–267.

agricultural advocacy groups in terms of personal contacts, it can be said that the leaders – especially those in the capital – had good relations with the government circles. Recent analyses show that agricultural advocacy organisations have always remained in close contact with the state authorities, which indicates their narrower scope and possibilities. The main reason for this can be found in the fact that the ordinary members of the agricultural chambers included the mayors of the towns with jurisdiction, the deputy mayors of the district counties, and from 1937 onwards the heads of the county economic inspectorates and a delegate from each of the military tribal councils. Another important reason can be seen in the fact that the presidents of the district chambers – who performed their mainly representative duties without remuneration – were almost exclusively members of the landed aristocracy. For example, the presidents of the Trans-Tisza (Tiszántúl) Chamber of Agriculture included Count Imre Almássy, Count Miklós Kállay, later Prime Minister and Minister of Agriculture, and Baron László Vay and István Losonczy, both of whom later left to take up high government positions. And the post of president of the Danube–Tisza Interfluvium Chamber of Agriculture was held for a time by the Governor's relative Emil Purgly, who later also became Minister of Agriculture.¹⁷⁸

Like the chambers of commerce and industry, the agricultural advocacy organisations were also very active on behalf of the population of their territories. They have seen the launching of various enterprises (diagnostic station, horticulture, orchard, etc.) aimed at creating financial autonomy, and many forward-looking initiatives are linked to their name. They have set up schools for horticulturalists, soil stations and have organised numerous exhibitions and fairs for breeding animals in order to promote the professional development of their members. Through their own official journals and periodical publications, they tried to provide Hungarian farmers with up-to-date professional information. They also organised winter schools for the further training of farmers, and the agricultural chambers played an active role in raising awareness of the homestead problem and in launching the people's college movement. With their help, new agricultural crops were introduced (such as sand vines in the lowlands or apple

¹⁷⁸ Ilona Pintér: Duna-Tisza közti Mezőgazdasági Kamara. In Tibor Iványosi-Szabó (ed.): *Bács-Kiskun megye múltjából III. A kapitalizmus kora*. Kecskemét, 1981. 444; Zoltánné Újlaky: A Tiszántúli Mezőgazdasági Kamara kialakulása és főbb jellemzői a két világháború között. *Levéltári Szemle*, 3 (1978). 599.

orchards in the Birch region) and the mechanisation of agriculture accelerated.¹⁷⁹ But the chambers did not stop there: they set up their own credit organisation, which distributed millions of Hungarian pengő in subsidies every year, and generated income from the model-orchards and model-farms, which they used to support the socially deprived. In addition, a workers' welfare fund was set up and workers' homes were built.¹⁸⁰ All this shows that for the chambers, their activities did not stop at preparing and participating in policy-making, but that they were active at various levels of public life, moving beyond their narrow professional sphere to create initiatives for society as a whole.

The restoration of the bicameral Hungarian National Assembly in 1926 marked an extraordinary change in the life of the Hungarian state. With Act XXII of 1926 the Upper House (felsőház) of the National Assembly was reinstalled as a successor to the House of Lords operating at the time of the Austro-Hungarian Monarchy. The Upper House became also an important forum for the operation of chambers: six members of the Chamber of Agriculture, six members of the Chamber of Commerce and Industry, two members of the Bar Chambers and of the Chamber of Engineers, and one member of the Chamber of Notaries were allowed to participate in the work of the Upper House. (Later, the newly formed chambers of medical professions were also allowed to delegate members.)¹⁸¹ Here too, of course, the chambers' activities were primarily geared to the interests of the group they represented, and so they often found themselves in conflict with each other on certain issues. In addition, for each professional organisation there were always one or two persons connected with the chamber who had been appointed by the will of the governor to be a member of the Upper House in perpetuity, so that their intercession and assistance could be counted on.¹⁸²

As this brief chapter suggests, chambers of economy in the so-called 'civil era' between the two world wars and in the 19th century did their best to be present

¹⁷⁹ Strausz (2008): op. cit. 150–155.

¹⁸⁰ MNL BKMÖL IX. 234. a. The documents of the Agricultural Chamber of the Danube-Tisza Interfluvium Area. General documents. (A Duna-Tisza közí Mezőgazdasági Kamara iratai. Általános iratok.) Minutes of the general meetings of the Chamber (DTMK közgyűlési jegyzőkönyvek, 1922–1944) I. d. Minutes of the meeting held on 28 April 1940.

¹⁸¹ Strausz (2008): op. cit. 146–147.

¹⁸² Péter Krisztián Zachar: Politik, Wirtschaft, Selbstverwaltung – Die Wirtschaftskammern in Ungarn in der Zwischenkriegszeit und der Versuch einer Neuorganisation nach der Wende. In Christopher Walsch (ed.): *Einhundertfünfzig Jahre Rückständigkeit? Wirtschaft und Wohlstand in Mitteleuropa von 1867 bis zur Gegenwart*. Herne, Gabriele Schäfer Verlag, 2013. 141–159.

in all societal spheres and represent the interests of their membership with due weight. They therefore became important actors in the reconciliation processes between economic and social interests. Chambers had threefold functions during that era. First, they generated expertise and knowledge of the economic branches and professions for the benefit of the government and enhanced its particular problem-solving capacity. Additionally, they took over certain professional tasks to relieve the state administration in a spirit of efficiency and cost reduction. Second, they were required by law to represent the interests of their membership in government decisions, also display a professional consensus to promote the common affairs of the country. In doing so, their most important tool was consultation regarding bills and the articulation of their own interests. Third, they could not have performed the second function if they had neglected their third-highest priority, that is, the balancing of interests between the various economic groups constituting the chamber and the formulation of an aggregated majority position. Displaying professional consensus was crucial to promoting the common affairs of the country. This articulation of interests was often limited by governmental efforts to centralise power vis-à-vis non-state actors, competing societal interests, personal acquaintances and financial restrictions. Nevertheless, it can be safely stated that economic chamber organisations drawing on classical liberal thought and all based on self-governance and autonomy, served the interests of their constituencies.

The development of the chambers of liberal professions

The bar chambers

The legal framework of the bar chamber system remained largely unchanged until the mid-1930s. What changed significantly after the Treaty of Trianon was the territorial extension of the chambers, with only the chamber centres within the new borders of Hungary being able to continue their work of self-government. With this constraint Act XXXIV of 1874, previously described, regulated the operation of the advocacy organisations until the new reforms of 1934 and 1937. As a result of the law modification, especially with Act IV of 1937 on the Code of Conduct for Lawyers, a new nationwide body was created: the National Committee of Bar Chambers, which became the common body of these autonomy organisations (Act IV of 1937, § 4). The first proposal for

a national body was made by the Arad Chamber already during the period of the Austro–Hungarian Monarchy, but due to internal divisions of the bar chambers the proposal was not supported by the government. When installed in 1937, its tasks included giving opinions and making proposals on matters relating to the judiciary and legislation. The National Committee was composed of the presidents and secretaries of the chambers and a maximum of 10 delegates from each chamber. With the exception of matters relating to the administration of property, it was the body responsible for appeals and protests against decisions of the bars or their bodies and was therefore the appeal authority.¹⁸³ The creation of this joint body strengthened the communication between the various autonomy organisations and made it possible to take joint action on major issues. However, apart from its appellate function, the National Committee had no powers over the district bar chambers – it cannot be seen as a real national umbrella organisation.

Another important modification resulted in a new form of the chamber work: after 1937 not all members of the bar chambers were automatically members of the general meeting. In the organisations with more than 1,000 members the new representation system was mandatory, while the chambers with between 500 and 1,000 members could switch to the election of members of the general meeting on an optional basis (Act IV of 1937, § 11). It can also be seen as a restrictive provision that the law stipulated regarding the new chambers, that a bar chamber can only be organised in towns and cities with a court of law. At the same time, the new regulations greatly increased the supervisory powers of the competent Minister of Justice, who could now not only take stricter action against negligent chambers (Act IV of 1937, § 41), but could also appoint a ministerial commissioner to head the relevant organisation by suspending autonomy in the event of budgetary problems. It also had the power to annul any chamber decision that did not comply with the legislation in force or that was “inconsistent with the national character of the country or endangered the peaceful functioning of the self-government” (Act IV of 1937, § 43). Under the new provisions, the chambers were defenceless against the state powers; the Minister could suspend the self-government of the organisation at any time and appoint a commissioner to head it. Another very interesting weapon to moderate the activities of the general meeting was the introduction of the so-called contempt (or insult) into the rules of procedure. This was committed by “whoever uses an expression that is agitating against

¹⁸³ Beatrix Boreczky (ed.): *A magyar állam szervei 1944–1950*. Budapest, Közgazdasági és Jogi Kiadó, 1985. 673.

the order of the state or society, or offensive to national feelings or religious beliefs, or who offends against the dignity of the deliberation, or against certain parties or members of the House of Representatives, or any person outside the deliberations and who does not immediately retract the insult after being warned by the president”.¹⁸⁴ This very broad definition of the infringement did not favour the freedom of expression of the general meetings.

The late 1930s saw significant changes in the life of the bar chambers in several directions. On the one hand, with the territorial modifications indicated earlier in the case of economic advocacy organisations, the number of bar chambers has also increased and new bar associations have been established in both the Upper Hungarian and Northern Transylvanian territories. On the other hand, anti-Semitism and the Jewish question of the time also appeared in the life of professional chambers. It is clear from the work of several Hungarian authors that for a long time the anti-Semitic movements were almost completely unable to undermine the Hungarian legal profession. Segregation on the basis of origin was hampered by the high degree of social integration of Jewish lawyers, which was based on a complex system of cooperation with non-Jews. Although quite a few lawyers played a significant role in the far-right parties, these aspirations were not mainstreamed in the narrower professional public sphere.¹⁸⁵ This may also have contributed to the fact that the relationship of the bar chambers and many other professional advocacy organisations with political leaders was much cooler and more distant than that of the economic self-governments. We can state that the leaders of the bars adhered to the classical liberal ethos of their organisation and, as long as they could, did not give in to groups within the bar that advocated the exclusion of colleagues of Jewish origin from the profession. However, they did not have, and could not have, the strength to stand in the way of the advance of far-right forces in politics. In 1941, Hungary was finally drawn into the Second World War on the side of the German Third Reich and paid a heavy price not only on the battlefield but also in social policy. The four

¹⁸⁴ The Rules of procedure of the Budapest Bar Chamber of 1941, published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. II. Budapest, L'Harmattan, 2005a. Document No. 74. (A Budapesti Ügyvédi Kamara 1941-es ügyrendje.) § 43.

¹⁸⁵ Mária Kovács M.: Ügyvédek az árral szemben: antiszemitizmus és a liberális ellenállás a Horthy-korszakban. *Medvetánc*, 5, nos. 2–3 (1985). 91–97; Mária Kovács M.: Ügyvédi és orvosi politika a zsidótörvények idején. *Mozgó Világ*, 24, no. 1 (1998). 107–120; Mária Kovács M.: *Liberalizmus, radikalizmus, antiszemitizmus. A magyar orvosi, ügyvédi és mérnöki kar politikája 1867 és 1945 között*. Budapest, Helikon, 2001. 123–131, 135–146.

Jewish laws that were passed had increasingly serious consequences for the free professions, limiting the number of people of Jewish origin in the professions subject to compulsory membership in the different chambers. After the German occupation of Hungary, members of the bar chambers of Jewish origin were severely affected not only in their status as members of the bar but also in their survival by the 1944 decrees of the Sztójay Government. An important goal of the German occupation was the “final solution of the Jewish question” in Hungary. Therefore, the complete separation of the Jews from Christian society begun by legislation, followed by their concentration and segregation in the larger cities, then their deportation and, as a final step, their murder. Only the Provisional Government abolished these discriminatory decisions in 1945.¹⁸⁶

The chambers of notaries

As described in the previous chapter, among the professional chambers, the notaries' chambers were the most administrative ones. Between the two world wars, their operation continued to be governed by the original Act XXXV of 1874. It stipulated that all notaries must join a chamber. The law required at least 15 notaries to belong to a chamber, and the advocacy organisation could only be established in a municipality where there was a royal court. The law assigned the following matters to the competence of the professional self-government: giving an opinion to the Minister of Justice on the appointment of notaries, supervising the training of notary candidates and issuing a certificate of successful completion of the training. In addition, the organisation had the power of veto over the selection of the notary's deputy and, in the event of the notary's death, it could appoint an ex officio deputy. In addition, the powers of the chamber, and personally of the president, included convening the annual general meeting, attempting to settle disputes between notaries in the district, their deputies or assistants, settling complaints lodged by the notary's clients and representing and administering the body of notaries in the district. The chambers of notaries were able to draw up their own rules of procedure, which they had

¹⁸⁶ Péter Krisztián Zachar – Péter Strausz: Die Autonomie- und Rechtsgeschichte des ungarischen Kammerwesens – Ein Abriss. In Winfried Kluth (ed.): *Jahrbuch des Kammer- und Berufsrechts* 2008. Halle an der Saale, Peter Junkermannverlag, 2009. 295–342.

to submit to the Minister for Justice, who was in direct contact with them, for prior approval (Act XXXV of 1874, §§ 18–22, 28–29, 31–32).

There was only one significant change in the organisation of the chambers of notaries during the period: Act VIII of 1925 amending the Civil Procedure and Judicial Organisation re-regulated the number of members of the chambers and also certain issues of the administration of the chambers (Act VIII of 1925, § 41).

As we have pointed out, both during the period of the Austro–Hungarian Monarchy and between the two world wars, the chambers of notaries represented a very narrow professional circle and their self-government was strictly limited to their internal organisation. In their case, too, the only serious crisis was the emerging Jewish question in the late 1930s and the restrictive Hungarian legislation regarding their membership.

The first chamber of engineers

In the period between the two world wars, the range of chambers of professional services continued to expand. It was extremely important that the engineers' decades-long efforts to establish a legally accepted representative body finally succeeded and the bottom-up initiative was supported by the government. The engineering society was already very active in the second half of the 19th century and started to articulate its own interests. The 18th and 19th centuries were the period of great hydraulic engineering, railway construction, the start of modern geodetic and cartographic works, and the boom of mining. It was then that the question first arose: who was entitled to use the title of an engineer? It was this fundamental “advocacy issue” that made it necessary for the engineering society to start organising itself.

From 1867 a Hungarian Engineers' Association, headed by Hungarian military engineer, lieutenant general, later state secretary and member of the Hungarian National Assembly, member of the Hungarian Academy of Sciences, Ernő Hollán (1824–1900) was established in Budapest. All engineers and architects were free to join the organisation of their own free will and voluntarily, and from 1871 it continued to operate as the Hungarian Engineers' and Architects' Association. As early as 1878, the organisation had taken the initiative to create a chamber of all members of the engineering society, but this was not done until 1923.¹⁸⁷

¹⁸⁷ Strausz (2008): op. cit. 96–97.

In 1923, the National Assembly passed Act XVII on the Code of Conduct for Engineers. Based on the provisions of the Act, preparations for the establishment of the new chamber of engineers began in September 1923, and as a result, the Budapest Chamber of Engineers was established with 3,559 members at the inaugural meeting on 8 March 1924. Professor Szilárd Zielinszki (1860–1924), who previously worked alongside Eiffel and contributed to the development of the railways and the introduction of the use of prefabricated concrete in Hungary, was elected president. But after his death he was followed by the later minister, mechanical engineer and university professor Miksa Hermann (1868–1944). The secretary of the chamber was the engineer Frigyes Thoma (1883–1962) until 1944. Although the legislators had intended to start organising chambers of engineers in the countryside within three years, the Budapest chamber remained the only national advocacy organisation of engineers in industry and the service sector, mainly for financial reasons.¹⁸⁸

According to the first Hungarian law on engineers, only those who were admitted to the Chamber of Engineers were allowed to practice as independent engineers (in public or private practice). A prerequisite for membership was proof of three years of professional practice after obtaining a degree in engineering, but the law also allowed membership without a university degree in the case of outstanding technical activity (Act XVII of 1923, §§ 1–3). The Chamber had to guard the moral authority and patriotism of the engineering profession; it was obliged to protect the rights and interests of the members of the chamber, to control the legality and regularity of the operation of the profession, to exercise disciplinary authority over its members and to promote the improvement of the moral standards and interests of the profession by giving opinions and making suggestions (Act XVII of 1923, § 5). The law gave the chamber the right to comment on draft legislation and even to delegate two members to the Upper House of the National Assembly.

Due to the large number of members the chamber had a Board of Deputies, which consisted of forty members and the management of the chamber: the president, the two vice-presidents, the secretary in charge of the office, the prosecutor and the treasurer were the ex-officio members of the board. Both the chamber's management and the members of the board had a three-year term of office, but required the confirmation of the Minister of Commerce. The composition of the board had to reflect the weight and proportion of the

¹⁸⁸ Ernő Tóth: *Fejezetek a Mérnöki Kamara történetéből*. Budapest, BMK, 1993. 15–30.

professions represented in the chamber. In the first period the chamber elected 14 general (civil) engineers, 13 mechanical engineers, four architects, two chemical and two forestry engineers and three mining engineers into the board. This body implemented the decisions of the general meeting, kept the register of engineers, managed the chamber's assets and made proposals to the general meeting.¹⁸⁹

The chamber played a major role in mitigating the consequences of the Trianon Peace Treaty. In the wake of territorial losses and atrocities against Hungarians in the region, hundreds of engineers were forced to relocate from the annexed territories to the Hungarian country, while job opportunities were scarce. In the daily struggles, the chamber had a major role to play in regulating conditions and lobbying the government of the day on behalf of engineering. The chamber believed in the principle that if the engineer had a job, it would create work for others. The chamber's growing social importance was demonstrated by the establishment of an emergency fund and, in honour of its first president, of the Zielinski Foundation, which was set up to reward scientific achievements in the engineering profession. In addition, the Chamber of Engineers has sought to raise the profile of the organisation through its annual series of Chamber Days events and to foster closer professional ties within the membership.¹⁹⁰ This advocacy work has not always been without conflict, of course: the engineering lobby has even clashed with chambers of commerce on occasions over, for example, which members of the organisation should be awarded design and construction contracts.¹⁹¹

The chamber was not immune to the oppressive measures that came into force at the end of the 1930s. As indicated earlier, professional chambers were particularly concerned by the government's handling of the Jewish question. So the chamber of engineers had to exclude an increasing number of its members of Jewish origin from the membership.

¹⁸⁹ Strausz (2008): op. cit. 101–103.

¹⁹⁰ Tóth (1993): op. cit. 37.

¹⁹¹ MOL Z 193 50. d. 43. t. (Budapesti Kereskedelmi és Iparkamara iratai).

The medical chambers

Like other liberal professions, the organisation of the medical profession into a chamber has been a long struggle. In 1837, the Royal Hungarian Medical Association was founded, which also started a new journal, the Medical Weekly. The aim was to raise the Hungarian medical profession and to regulate the position of doctors in relation to the state. After the Compromise of 1867 various professional organisations were formed, such as the National Medical Association or the Budapest Medical Circle, but there was no consensus about the creation of a chamber with compulsory membership. After the tragedy of Trianon, there were a number of significant fault lines between doctors. There were a lot of controversies between doctors in private practice and civil servants, between “Jewish” and “Christian” colleagues, but also between the older and younger generations. In the 1920s, the efforts of conservative doctors, who had good relations with the government, succeeded in pushing their Jewish colleagues out of many of the seemingly secure state medical and insurance medical jobs. However, as a result of the severe economic crisis, drastic wage cuts were introduced in the state medical sector and at the same time work in private practice was restricted, thus limiting the possibility of earning extra income.¹⁹² At the same time, the unemployment rate for junior doctors was depressingly high. For this reason, there was no clear support for the creation of the chamber and for a long time the medical profession was very reluctant to introduce compulsory membership in a self-governing organisation.¹⁹³

However, despite the criticisms, the government carried out its will and enacted a law to represent the interests of the medical profession: it established the medical chamber through the provisions of the Medical Ordinance Act I of 1936. One of the most important aims of setting up the medical chambers was to draw a clear dividing line between private and public medical practice by making it compulsory for only those in private practice to join the chambers. In addition, the government also banned private practice by public and insurance doctors.¹⁹⁴

The tasks of the newly established medical chambers were to guard the “patriotic conduct and moral authority” of the medical profession, to promote the moral and material interests of doctors in accordance with the public interest,

¹⁹² Kovács M. (2001): op. cit. 112–113, 116–118.

¹⁹³ Strausz (2008): op. cit. 110.

¹⁹⁴ Strausz (2008): op. cit. 114–115.

to monitor the regularity of medical practice, to exercise disciplinary jurisdiction over its members, and to make recommendations on matters of medical and public health to the government (Act I of 1936, § 1). The organisational structure was based on district chambers, above which a national umbrella organisation, a central body (the national chamber), was also created by law. Professor Tibor Verebély (1875–1941), surgeon, pathologist, university professor, full member of the Hungarian Academy of Sciences, president of the Hungarian Society of Surgeons and the right-wing candidate of the Health Policy Association (Egészségpolitikai Társaság), was elected president of the National Medical Chamber.

The national chamber consisted of the delegates of the district chambers. Each district organisation was entitled to delegate one full and one alternate member per hundred members to the national general meeting, which also included the members of the national electoral council and the officers of the national chamber. This umbrella organisation was responsible not only for setting the agenda and preparing the rules of procedure for the national chamber but also for the district chambers, which severely limited the scope for individual chambers and thus their autonomy. The members of the Upper House of the National Assembly were elected within this national general meeting and it laid down the rules governing the operation of the medical profession (Act I of 1936, § 10).

The district chambers had to be set up so that they had at least 100 members each. The organs of each representative body were the general meeting, the electoral board and the officers' committee. The general meeting, which met once a year, elected its officers, its electoral board, decided on the annual budget, the amount of the membership fee, adopted the annual report of the chamber, decided on financial matters and had the right to make proposals and take positions on public health questions and "medical professional issues", including the level of medical fees (Act I of 1936, § 4).

The elected officers of the district chamber consisted of the president, the vice-president, the secretary, the prosecutor, the treasurer and the auditor. The president was confirmed in office by the Minister of the Interior, who represented the organisation to the outside world and chaired its meetings. The Secretary was responsible for the day-to-day running of the organisation, liaised with the other medical associations, prepared and implemented the decisions of the general meeting and the board.

Following the act on the medical profession, a new decree of the Minister of the Interior ruled the number and territorial division of district chambers.

Accordingly, eight chambers were established in Budapest, Debrecen, Kecskemét, Miskolc, Pécs, Szeged, Székesfehérvár and Szombathely.¹⁹⁵ Thereafter, the national chamber prepared draft disciplinary regulations and rules of procedure for the advocacy organisations, which came into force after the approval of the Minister of the Interior. This legal text regulated the details of the disciplinary procedure and the internal functioning of the chambers in a very detailed manner and in accordance with the law.¹⁹⁶ The supervisory and disciplinary function of the chamber, as defined by law and regulations, became more important in the operation of the organisation, and the autonomous existence and representation of interests independent of the authorities was relegated to the background.

The chambers have sought to promote the interests of their members, primarily doctors in public service, in the extension and regulation of social security. In addition to participating in medical education and organising continuing professional training, the medical chambers have also organised a number of thematic member meetings around a topical medical or public health issue.¹⁹⁷

As we have already indicated in the case of the other liberal professions, the problem that divided the Hungarian medical community to the end of the 1930s was the “Jewish question”. It was a heavy burden on doctors that the president of the National Association of Hungarian Doctors, András Csilléry, a dentist, was one of those who submitted the first draft of the Jewish law to parliament on 29 March 1938. Then, on the initiative of his successor, Ferenc Orsós, a professor of pathology who was involved in the drafting of the anti-Semite laws, the chamber urged the further tightening of the Jewish law and the removal of Jewish colleagues from the medical profession. In fact, it later called for the conscription of Jewish doctors. In the wake of the German occupation, László Csik, then president of the Medical Chamber, and Ferenc Orsós appealed to the Ministry of the Interior, urging the authorities to deport the Jewish doctors who had been spared from civilian labour service.¹⁹⁸ This was a recurring problem for the chamber, even in the context of its later historical roles.

¹⁹⁵ Decree No. 210 of 1936 of the Hungarian Ministry of the Interior. *Magyarországi Rendeletek Tára* 1936. 63–64.

¹⁹⁶ Országos Orvosi Kamara: *Az orvosi kamarák fegyelmi szabályzata és ügyrendje*. Budapest, Országos Orvosi Kamara, 1937.

¹⁹⁷ Strausz (2008): op. cit. 110–115.

¹⁹⁸ János Pelle: A magyar orvostársadalom és a „végső megoldás”. *Életünk*, 56, nos. 5–6 (2018). 118–144.

The Press Chamber, the Chamber of Theatre and Film Arts

Finally, we should also briefly mention the creation of organisations which are classified as chambers of some professional services but which do not have the autonomy and characteristics of traditional advocacy organisations. Act XV of 1938 “on the more effective safeguarding of the balance of social and economic life” (commonly known as the first Jewish law) provided for the establishment of the Chamber of the Press and the Chamber of Theatre and Film. It should be pointed out here that, while in the case of the other liberal professions there was only indirect pressure to prevent citizens of Jewish origin from working in these professions, these two organisations, known as the chambers, were set up by the government with the express purpose of ‘de-Jewifying’ the press, film and theatre, and with the aim of censorship and strict government control. This became a high political priority because these occupations had an extremely high proportion of employees and owners of Jewish origin. The situation became a serious political issue from the 1930s onwards, and in the radicalising Hungarian public life, “giving culture, press and film production a Hungarian taint” and the so-called “shift of the guard” became a slogan that was a major driving force for (not only) far-right movements. Underlying this, of course, were a number of perceived or real historical grievances and an extremely important perception of Hungarian social development: there was constant competition between the traditional Hungarian gentry bourgeoisie and the urban elite of Jewish (and German) origin.¹⁹⁹ Thus, taking advantage of the sanctions against the Jews, a complete transformation of the cultural, press and film industries could begin under the auspices of the chambers.

The role of the chambers could be seen to be partly in line with the work of other professional chambers. However, the details were very drastic. Thus, the task of the chamber was “to enforce and ensure the requirements of national spirit and Christian morality in journalism and publishing, and in the theatre and cinema”, and to represent the corporate and social interests of its members, safeguarding the moral standards and prestige of their profession, protecting the rights and monitoring the performance of their duties, exercising disciplinary authority over them, and taking positions and making recommendations on matters relating to journalism and the publishing of newspapers, theatre and film

¹⁹⁹ Tibor Sándor: *Örségyváltás. A magyar film és a szélsőjobboldal a harmincas-negyvenes években*. Budapest, Magyar Filmintézet, 1992.

(Act XV of 1938, § 2). The law also stipulated that only 20% of the members of these two organisations could be of Jewish origin (Act XV of 1938, § 4), a percentage which was reduced to 6% in 1939 by the second Jewish law (Act IV of 1939 on the Restriction of the Occupation of Public and Economic Space by Jews). The reduction was achieved by restricting the number of editors and permanent staff of the various newspapers, directors, performers and even support staff working for theatres and film companies to members of the chamber. In light of the above we can state that the task of “de-Jewification” of the liberal professions was practically shifted to the newly established chambers. Their limited role is illustrated also by the fact that their statutes were laid down by the government by ministerial decree – in a way previously unthinkable for chambers and advocacy organisations.²⁰⁰

The national Press Chamber was divided into journalistic and publishing departments, with four and three sections respectively. The officers of the Press Chamber, elected for a three-year term, consisted of the president, the two departmental presidents who acted as vice-presidents, the secretary general, the secretaries of the departments, the attorney general, the public prosecutors, the treasurer and the controller. The first president of the chamber was Mihály Kolosváry-Borcsa (1896–1946), a journalist-politician, former head of the Prime Minister’s Press Office, who supported the introduction of censorship at the beginning of the World War and helped to close down many opposition press organs. After the publication of newspapers was subject to the approval of the Prime Minister, more than 400 press organs were closed down in the coming months and the chamber could delegate “experts” to the so-called Press Control Commission.²⁰¹ Although the chamber continued to define itself as the custodian of Hungarian press freedom, its operations consisted mainly of right-wing, pro-German propaganda activities, in addition to the ousting of Jews. The state rewarded the chamber’s operation mainly with welfare measures to guarantee its members a secure livelihood, such as the establishment of minimum wages for journalists. Later, after Hungary’s entry into the war, the chamber was also responsible for the selection and dispatch of war correspondents for the Hungarian press. After the German occupation of Hungary, the new Prime Minister, Döme Sztójay (1883–1946), also counted on the first man of the press

²⁰⁰ Strausz (2008): op. cit. 115.

²⁰¹ Tibor Legát: Éberség és őrszolgálat: Az Országos Magyar Sajtókamara dicstelen története. *Magyar Narancs*, 31, no. 20 (2019). 15.

and appointed Kolosváry-Borcsa as the government's State Secretary for the press, radio, publishing and foreign news service.

The Chamber of Theatre and Film Arts was also a national body, divided into theatre and film departments, each with five sections. The representative assemblies and electorates of the departments, the joint general assembly of the chamber, the officers' council and the chamber disciplinary court were the bodies of representation. The general supervision over the chamber was exercised by the Minister of Religion and Education, in agreement with the Minister of the Interior in matters related to political questions of the homeland.²⁰²

According to Government Decree No. 6090/1938 ME, artists of Jewish origin could not become full members of the chamber. At the first representative general assembly held on 22 December 1938, Ferenc Kiss (1893–1978), the director of the Academy of Performing Arts was elected president and Lajos Cselle (1896–1957), the vice-president of the National Association of Actors secretary general. Non-chamber members were not allowed to be contracted by the theatres. The Chamber of Theatre and Film Arts – just like the press chamber – in most cases with little regard for its autonomy, has served the authorities very enthusiastically in marginalising those of Jewish origin.²⁰³

These two chambers were not primarily set up to extend self-government, but rather to serve the interests of the authorities and certain smaller or larger professional groups. And since Hungary was involved in the Second World War shortly after their creation, their autonomous operation was severely restricted by the increasing censorship and strict government control that accompanied the war effort.²⁰⁴

If we look at their functioning, the picture of the professional advocacy organisations active between the two world wars is both complex and divergent. For the different non-economic chambers, professional self-government in this period meant quite a number of diverse approaches. The chambers of bars and notaries, with their historical roots, and the early emergence of the advocacy work of the engineering profession, saw themselves as professional organisations

²⁰² Tibor Sándor: *Őrségváltás után. Zsidókérdés és filmpolitika, 1938–1944*. Budapest, Magyar Filmintézet, 1997.

²⁰³ Jenő Gáspár: *Az 1941-es esztendő története. Igazgató-főtitkári jelentés az Országos Magyar Sajtókamara főosztályainak 1942. március 15-i III. évi rendes közgyűléseire*. Budapest, Különnyomat, 1942. 12–29.

²⁰⁴ Strausz (2008): op. cit. 120.

based on classical liberalism. They organised their internal professional life, but were also present in the political arena with their proposals and their activities on behalf of the community. By contrast, the medical chambers set up in the 1930s, and in particular the chambers of the press and the theatre and cinema, were created more to resolve the serious political frictions that were deep-seated in society and they were not primarily concerned with the self-management and self-regulation of the professions concerned, but rather with the implementation of repressive political decisions that heavily discriminated certain groups of the Hungarian society.

The abolition of discriminatory measures, the restoration of the mutilated autonomy of economic and professional self-governments and the renewal of interest representation could have taken place after the fall of the pro-Nazi Szálasi Government and the expulsion of the German occupiers from Hungary, i.e. after the restoration of the country's historical constitutionality. However, as we shall see below, this was only partially achieved, as the new occupying power, the Soviet rule, which was gradually establishing itself, did not allow the reorganisation and functioning of the important local government organisations of the civilian era for four and a half decades.

Economic and professional chambers in the state socialist system

Economic chambers

With the invasion of Hungary by Soviet troops, a Provisional National Government was set up in the city of Debrecen, which, although already under communist influence, but consisting of members of several bourgeois parties, also sought to restore some of the organisational structures of the previous decades. Thus, in January 1945, the work of the chambers of commerce and industry was made possible again and the Budapest Chamber of Commerce and Industry, which occupied a central position in Hungary, was even involved – as it had been after the First World War – in the preparation of the peace negotiations.²⁰⁵

The presence of Soviet military commands was a major difficulty, and it was often impossible to know for sure which laws and regulations were in force in the economic administration, due to infrastructural difficulties, as for a long time there was no connection between parts of the country and the Provisional Government. Also, a large number of industrialists and traders were affected by the so-called Jewish laws mentioned in the previous chapter, which were only repealed on 17 March 1945²⁰⁶ and even after that date it was extremely difficult to enforce the rights of returnees. Retail trade collapsed, money gradually became worthless, and the drive to set up cooperatives became more and more pronounced.²⁰⁷

But these measures for the reestablishment of the chambers were short-lived: the coalition period was to prove a relatively short transitional period in Hungarian history. From the beginning, there was an aspiration to build

²⁰⁵ Decree No. 333/1945 ME of the Provisional National Government on the reorganisation of the Chambers of Commerce and Industry. Published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. II. Budapest, L'Harmattan, 2005a. 1192–1194.

²⁰⁶ Decree No. 200/1945 ME on the repeal of Jewish laws and decrees. Published by Margit Balogh – Jenő Gergely: *Állam, egyházak, vallásgyakorlás Magyarországon 1790–2005*. Budapest, História – MTA Történettudományi Intézete, 2005. II. 800–824.

²⁰⁷ István Dobrossy: Az ipar és kereskedelem állapota, újjászerveződése a Kamara Borsod megyei területén (járásaiban) és a megyeszékhelyen 1944–1946 között. In István Dobrossy (ed.): *A Miskolci Kereskedelmi és Iparkamara 125 éve*. Miskolc, Borsod-Abaúj-Zemplén Megyei Levéltár – BAZ megyei Kereskedelmi és Iparkamara, 2004. 117–125.

a permanent political, social and economic institution on the Soviet model, and this model stiffly rejected any self-governing organisation in the name of powerful centralisation. This aspiration became more and more prominent with the growing dominance of the Communist Party. As a result, in the case of the chambers of commerce and industry, the scheduled chamber elections were repeatedly postponed and then never took place. Although several memoranda were issued by some of the chambers on the need for economic advocacy work and interest representation and its future role and place in the socialist economy, even these efforts proved insufficient to keep these fundamental institutions of self-government alive after 80 years of development. In parallel with the establishment of the Stalinist-style one-party system, the proletarian dictatorship under Mátyás Rákosi also carried out a transformation of property relations. As early as November 1947, the big banks and the shares of the industrial and commercial companies they represented were nationalised, followed by the nationalisation of factories employing more than 100 workers in February 1948 and of medium-sized enterprises in March 1948. With this move, state ownership became dominant in industry. With the increasing nationalisation and the final seizure of power by the communists in the rigged elections of 1947, the most traditional chamber autonomies were dissolved: with Government Decree No. 5590/1948, the chambers of commerce and industry were finally consigned to history for several decades. The administrative tasks previously performed by the chambers were taken over by state bodies again, and the activities of the advocacy organisation were subsequently handed over to other trade and industry representative bodies.²⁰⁸

Based on the experience discussed in the previous section, the chambers of agriculture could not, of course, avoid Soviet-style restructuring after 1945. Already in July 1945, the Prime Minister's Decree No. 4.660/1945 ME provided for the possibility of abolishing the self-governance of these chambers and appointing ministerial commissioners at their head. Although this did not happen, the chambers were dissolved the following year by Decree No. 24.070/1946 ME. They were replaced – in accordance with the “Soviet system” – by agricultural councils, which were given a national central organ,

²⁰⁸ Government Decree No. 5590/1948 of the Government of the Republic of Hungary on the Abolition of Chambers of Commerce and Industry and the Establishment of Directorates of Internal Trade. Published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. II. Budapest, L'Harmattan, 2005a. 1215–1219.

the National Agricultural Council, in Budapest. However, the chamber services continued their work – in unchanged composition and organisational form – until 1949, when they were dissolved together with the agricultural councils.²⁰⁹ With collectivisation and the cooperative policy of the Kádár regime, the Hungarian peasantry was completely incorporated under the new system in the 1960s: under the “state socialist regime”, the former free peasants – if they did not migrate – became members of production companies. Thus, self-organisation of this class was impossible under communism. The agrarian sphere was forced to do without an independent, organised representation of interests for four decades, which was of course in line with the communist economic management of this sector, the liquidation of the free peasant class and the gradual (forced) creation of production cooperatives. Although the “new economic mechanism” of 1968 brought some changes in agriculture, it was not accompanied by the establishment of a system of interest representation. It was not until the change of regime that the classic chambers were revived in the agricultural sector.

Despite the dissolution of the chambers, however, we find in the state socialist era an organisation evoking in its name the spirit of earlier institutions: after the entry into force of the laws on the nationalisation of banks and large-scale industry (Act XXXIII of 1947 and Act XXV of 1948), the so-called Hungarian Chamber of Commerce (Magyar Kereskedelmi Kamara) was created, probably given this name to preserve foreign contacts. This was because it was not immediately apparent to the similar organisations of the developed, western states that this was an organisation dominated by the communist government, under state control and direction, which – according to the requirements of the new regime – had been created to promote foreign trade. The members could only be foreign trade companies – selected (!) by the supervising minister for this purpose – and the costs of the chamber were covered by the state budget.²¹⁰ Thus, it was not a classical chamber, it did not have any of the characteristics of self-governing bodies, it was much more an organ of state administration, according to the expression of that era a “transmission belt” of the party state, i.e. an efficient means of steering society. The tasks of the organisation included informing foreign countries on foreign trade and customs policy issues, issuing

²⁰⁹ Pintér (1981): op. cit. 461–462.

²¹⁰ Government Decree No. 7750/1948 of the Government of the Republic of Hungary on the Organisation of the Hungarian Chamber of Commerce. Published by Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. II. Budapest, L'Harmattan, 2005a. 1220–1223.

certificates of origin, collecting Hungarian and foreign legal regulations on foreign trade, investigating disputes between Hungarian and foreign companies, setting up arbitration committees, establishing contacts with foreign chambers or similar organisations, providing information for Hungarian interested parties on business opportunities abroad, etc.

Until 1967, only foreign trade enterprises could become members of the Hungarian Chamber of Commerce. As a result of the 1968 economic reform, the Chamber became the representative body of the governmental, economic and social organisations involved in foreign trade, and other production and service enterprises (agricultural, industrial, commercial and domestic trade enterprises) could also apply for voluntary membership.²¹¹ Through its work, the Chamber already represented the position of its members in intergovernmental negotiations, it promoted the Hungarian visit of foreign Chamber delegations, prepared the foreign trips of Hungarian economic experts and also participated in the work of international economic organisations.²¹²

In the 1970s, the chamber's membership was expanded to include agricultural, industrial, commercial and service enterprises, as well as research and financial institutions; its powers also grew with Decree No. 35/1977 (IX.15.) through interest representation and balancing functions. This gave it a mediating role in the exchange of opinions and information between the authorities and the companies. "Of course, this was a peculiar 'representation of interests' where the interests did not diverge at all strikingly, since the majority of the enterprises were state-owned and the remaining part cooperative-owned. Thus differences could not arise with regard to general economic guidelines or long-term plans, but only with regard to individual concrete questions and methods."²¹³

From then on, the chamber structure underwent increasingly rapid changes. And, as so often before, the factors generating change came from outside and it was the legislator who saw the need to adapt the functioning of the chambers to the new reality. These changes in the chamber structure were influenced by

²¹¹ Decree No. 61/1967 (XII.23.) of the Hungarian Revolutionary Workers–Peasant Government on the Hungarian Chamber of Commerce. (A Magyar Forradalmi Munkás–Paraszt Kormány 61/1967. (XII.23.) számú rendelete a Magyar Kereskedelmi Kamaráról) *Magyar Közlöny*, 23, no. 100 (1967). 1057–1060.

²¹² Judit Gulyás (ed.): *A vállalkozás szabadsága. A Debreceni Kereskedelmi és Iparkamara 150 éve*. Debrecen, Hajdú-Bihar Megyei Kereskedelmi és Iparkamara, 2000. 8.

²¹³ Attila Réfi: A kamarai autonómiák és hegyközségek 1945-től napjainkig. In Jenő Gergely (ed.): *Autonómiák Magyarországon 1848–2000*. I. Budapest, L'Harmattan, 2005. 153.

numerous general economic factors. The most important factor was certainly the economic-political crisis of socialism that began to emerge at the end of the 1970s, although we will only refer here to the significant debt that resulted from the oil crisis and its aftermath. In order to maintain the standard of living and to borrow more from abroad, it was inevitable to open up to foreign countries, especially the Western countries called capitalist. As part of this process, Hungary joined the International Monetary Fund (IMF, 1982), as well as the World Bank (IBRD, 1983). This, of course, caused tensions in the system, because central ideological control and the necessary economic opening were in contradiction, which in the long run made the unsustainable situation even clearer.²¹⁴

In view of this, it was inevitable for the political leadership to attempt a “cautious relaxation” to handle the economic crisis. In addition to the trade unions, which were under the leadership of the party, and in addition to the Patriotic People’s Front (Hazafias Népfront), the Hungarian chamber structures also came into question as possible partners. The predicament resulting from the economic development and the growth in the number of members and the areas of activity of the Hungarian Chamber of Commerce required a new conception. With the decree of the Council of Ministers No. 62/1980, the representation of the interests of the membership before the sectoral, local and state economic steering bodies was listed among the tasks of the chamber again after a long time. At the same time, the internal structure changed: the centralised apparatus was replaced by territorial commissions to represent regional development interests. In addition, we can see a revival of the traditional functions of the chamber in the provision that the chamber could organise debates and exchanges of views on draft legislation and regulations on business management in its bodies, and then notify the proposing authority of the unified opinion it had formed.²¹⁵

The Hungarian Chamber of Commerce was managed by a board of directors, which met about four times a year, and an executive board, which met regularly (usually every two weeks). Most of the members of the executive board were active business leaders with a good knowledge of the chamber’s activities. During this

²¹⁴ Imre Tóth: A kereskedelmi és iparkamarák változásai Magyarországon 1980 és 2000 között. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 9–10.

²¹⁵ János Sugár: A Magyar Kereskedelmi Kamara, a Magyar Gazdasági Kamara és a Borsod-Abaúj-Zemplén megyei Kereskedelmi és Iparkamara története (1949–1997). In István Dobrossy (ed.): *A Kereskedelmi és Iparkamara Miskolcon 1880–1997*. Miskolc, Borsod-Abaúj-Zemplén Megyei Levéltár, 1997. 168–169.

period, the regional committees provided a very wide range of services to its members. This included, in addition to the tasks required by law, collective export promotion, international commercial legal advice, commodity and damage insurance, document authentication, arbitration, the organisation of training courses and the compilation of directories, foreign trade consultancy and, last but not least, the representation of member companies in international organisations (such as the International Labour Organisation [ILO], the International Chamber of Commerce [ICC], the United Nations Industrial Development Organisation [UNIDO] or the International Trade Centre [ITC]).²¹⁶ It can be said that, through this activity, the chamber, which had previously been given very little room for manoeuvre, has regained many of the functions it had known in the era before the Second World War and has made them available to its members as a new service. However, for the time being, it could only do this for businesses engaged in foreign trade.

Against this background, it was inevitable for the political leadership to try to implement a kind of “cautious easing” in order to tackle the agrarian crisis. The Hungarian Chamber of Commerce itself, alongside the trade unions and the Patriotic People’s Front (Hazaifias Népfront), seemed to be a suitable partner. Besides the need to re-regulate the constraints of the economy, the development of the chamber’s work and membership required a new approach.²¹⁷ Thus, in 1985, the chamber’s decree had to be amended and raised to a higher level because the actual activities of the organisation and its legal framework were no longer compatible. This led to the issue of the Decree Law of the Presidential Council No. 11 of 1985, which established the Hungarian Economic Chamber. With the new legislation, many of the powers that had previously been taken for granted in the so-called bourgeois era were returned to the chamber. As a result of the decree, the Economic Chamber has become a social organisation that mediates, reconciles and represents interests and promotes the development of international economic relations. As its name implies, this organisation covered the entire Hungarian economy, since its activities also extended to trade, industry and agriculture.²¹⁸

²¹⁶ Sugár (1997): op. cit. 169. On the ICC see Thomas David – Pierre Eichenberger: ‘A World Parliament of Business’? The International Chamber of Commerce and Its Presidents in the Twentieth Century. *Business History*, 03 March 2022.

²¹⁷ Sugár (1997): op. cit. 176.

²¹⁸ Tóth (2007): op. cit. 10.

It was an extraordinary innovation in its field of activity that it could formally enter into contact with foreign trade unions, cooperative and workers' interest organisations, which were then already treated as social partners in the western part of Europe. It could also forge new links in the other direction, with the state economic governance bodies. These new forums for consultation have enabled the chamber to formulate its views on the issues it has raised in a well-founded and firm manner. This was extremely important because the new provision required the chamber to be consulted on legislation affecting the economy and it could no longer be disregarded without justification. As a result, the Economic Chamber became a key player, was able to take up important key issues and thus became a real pioneer in the economic legislation that was due to be adopted during the period of the regime change.²¹⁹

The new organisational framework also had a stimulating effect on the tasks traditionally associated with this institution in state socialism. Thus, the chamber helped to open up new economic opportunities for the Hungarian economy in Southeast Asia, the Arabian Gulf region, Latin America, China and Singapore. In addition, relations were established and developed with UNIDO, the United Nations International Trade Organisation, and in 1985 the Hungarian chamber became a full member of the World Trade Centres Association (WTCA).²²⁰

By the end of 1985, some 1,100 companies and cooperatives had become members, grouping themselves according to different criteria and creating chambers. These were mainly professional chambers, but there were also general, so-called functional chambers (e.g. cooperation, marketing, economics, general business, etc.) and the first so-called relational chambers, which were made up of companies interested in trade and building relationships with a specific country. In addition, the old system was replaced by the regional committees. The regional committees, which were increasingly independent of the centre and able to formulate their own opinions, were decisive for the subsequent development. According to an analyst of the chamber system of

²¹⁹ Péter Krisztián Zachar – Péter Strausz (2010): Die ungarische Kammerstrukturen als Spielball der Politik? In Hans-Jörg Schmidt-Trenz – Rolf Stober (eds.): *Jahrbuch Recht und Ökonomik des Dritten Sektors 2009/2010 (RÖDS). Welche Aufsicht braucht der Dritte Sektor?* Baden-Baden, Nomos, 2010. 227–257.

²²⁰ Gulyás (2000): op. cit. 8.

the period, chamber activity at this time became a specific form of social control and exercise of economic power.²²¹

At the same time, some criticism of the chamber structures of the time cannot be avoided. The chamber network was not free from political influence.²²² In fact, the first president of the Economic Chamber, engineer-economist Tamás Beck (1929–2014), was a member of the Central Committee of the ruling Hungarian Socialist Workers' Party (MSZMP), and in addition to him, the 50-strong board of the chamber included at least 4–5 members of the Central Committee. In addition, the chamber structures could have been a suitable 'resting place', a temporary (or perceived as such) parking place for certain leaders who had been (forced) out of state, party or merely economic life. The link to the party and state apparatus meant a very strong lobbying power and a stronger advocacy capacity in a specific narrow field.²²³ Thus, through involvement in the state administration, economic regime change could be initiated and implemented earlier and more effectively than political change, as the leaders of the economic management of the time had a better understanding of the economic situation of the time than the political leadership had of its own situation. Of course, informal channels were also used: on the one hand, the regional committees could host members of the government or political leaders, while on the other hand, party leaders who were involved in the chamber could shape the opinions of the actual party leaders with their own economic policy speeches at the meetings of the Central Committee and the Political Bureau.

The chambers of liberal professions

After the Second World War serious steps were also taken at the chambers of professional services. As already explained in the previous chapter, the professional chambers were particularly affected by the consequences of the Jewish Laws and were heavily involved in their enforcement. This had a backlash on the perception of chambers not only in politics but society, and

²²¹ László Ágoston – Tibor Kohut (eds.): *Fejezetek a Magyar Gazdasági Kamara történetéből*. Budapest, MTI, 1989.

²²² Judit Gyárfásné Fekete (ed.): *Magyar Kereskedelmi Kamara. Kézikönyv*. Budapest, 1984.

²²³ Péter Tölgyessy: *Gazdasági érdekképviseletek Magyarországon*. Budapest, MSZMP KB Társadalomtudományi Intézete, 1988. 111.

in the midst of the transition to a Soviet-style system, almost all chambers of professional services faced dissolution.

In 1949, in connection with the introduction of the new Soviet-type constitution, the notarial profession was incorporated into the judiciary. The notarial chambers ceased to exist and were only re-established after the change of regime in 1989.

The fate of the Budapest Chamber of Engineers was also greatly influenced by the political events: already in September 1944, the name of the organisation was changed to Chamber of Engineers, emphasising its national scope, but at the same time its president, university professor János Kossalka was killed in the fights around Budapest. In early 1945, the Szálasi regime dissolved the professional self-government and merged it into the Vocational Order of the Working Nation of Independent Intellectuals. Following a decision of the Provisional Government in Debrecen, the chamber was never restored, rather finally dissolved by a decree of the Minister of Industry on 24 April 1945.²²⁴

The medical chambers and their leadership were accused by many – and as we have seen in the previous section not without reason – of having joined in the “de-Jewification” of the profession with much more vigour than other professional bodies. Therefore, after the war, these organisations were also dissolved by Decree No 2.550/1945 ME, and certain of their functions were taken over by the newly formed trade union confederations. The Chamber of Press and the Chamber of Theatre and Film Arts, which had been set up with the intention of discriminating against people of Jewish origin, were also abolished in 1945, and their leaders (Mihály Kolosváry-Borcsa and Ferenc Kiss) were sentenced to death and severe imprisonment respectively.²²⁵ The advocacy work of these professions was taken over – in a rather half-hearted manner, of course, typical of the period – by the new associations and organisations of the professions.

Almost uniquely among the professional chambers, the long-established bar chambers began to revive after the front had left, mostly in a self-regulatory form. Recognising this, the government, in its Decree No. 10.440/1945 ME, took measures to restore the self-government of the bar chambers and at the same time ordered their renewal, which took place in 1946. Subsequently, in March 1947, the National Committee of Bar Chambers was established. However, all this did not happen without serious interventions: in 1946, the government abolished half of the existing 18 bar chambers by Decree No. 51.000/1946 IM, and two years

²²⁴ Strausz (2008): op. cit. 157–158.

²²⁵ Sándor (1997): op. cit.

later, by Decree No. 37.000/1948 IM, the number of representative bodies was reduced to five. From that time onwards, only Budapest, Debrecen, Győr, Pécs and Szeged had bar chambers, and the territory of each bar coincided with that of the courts. At the same time, the autonomy of these bodies was temporarily suspended, as their self-governing bodies were abolished and the calling of new elections was left to the Minister of Justice. In the meantime, the chambers had been headed by ministerial delegates. In this way, it was possible to ensure that the subsequent elections would produce a chamber leadership acceptable to the new government and the communist authorities. The autonomous functioning of the lawyers' advocacy organisations thus became only apparent; from then on, these bodies did not really carry out any real self-governing or lobbying work.²²⁶ The bar chambers continued to operate throughout the socialist period and did their utmost to protect their members and at least maintain some respect for the legal profession. The latter proved to be no easy task, since the communist authorities in power viewed the legal profession with great distrust, considering its members – not without reason – to be typical representatives of the old, defunct bourgeois system. From the very end of the 1940s, the consolidation of lawyers into Soviet-style working groups began, a process that was not without its various instruments of pressure. By the early 1960s, the working group form of operation had become essentially exclusive. The working groups were supervised – in theory by the chambers, but in practice directly – by the National Committee of Bar Chambers (Ügyvédi Kamarák Országos Bizottsága), which had been given increased powers by Act XXIX of 1948 and also functioned as a disciplinary appeal body.²²⁷ This permanent control was reinforced by a circular sent out by the National Committee to the chambers in the same year, asking them to describe their members from a political point of view. Indeed, the communist regime also exerted pressure by trying to dictate arbitrarily which assignments lawyers could accept and which they could not. Since the authorities considered the chambers to be an integral part of the state apparatus, their territorial division was still linked to that of the courts. Thus, new chamber centres were subsequently created in the 1950s: Miskolc (1952), Békéscsaba, Eger, Kaposvár, Kecskemét,

²²⁶ Zachar–Strausz (2009): op. cit. 295–342.

²²⁷ Hollós–Papp (1995): op. cit. 90–91.

Nyíregyháza, Zalaegerszeg (1955), Salgótarján, Szekszárd, Tatabánya, Veszprém and Szombathely (1958).²²⁸

After the 1956 Revolution and War of Independence, the new communist regime with János Kádár targeted again the legal profession and used severe repressive measures, not only against the legal professionals involved in the events. On the basis of Government Decree No. 26/1958, the entire staff of the bars was reviewed, and those found to be politically “suspect” were declared unfit to practice law. The law led to a “real witch hunt” in many places, and the number of lawyers was seriously reduced.²²⁹ The decree also suspended the National Committee of Bar Chambers and the independent functioning of the bar chambers, and appointed a ministerial delegate at the head of each bar to manage its affairs until the new elections. At the same time, a comprehensive regulation of the profession of lawyers was introduced with the issue of Decree Law No. 12 of 1958, which can also be regarded as the new Code of Lawyers. The new regulation completed the ‘socialist-style’ restructuring of the legal profession by making it compulsory for lawyers to practise in working groups, thus effectively abolishing private practice. The National Committee of Bar Chambers was replaced by a new body, the National Bar Council (Országos Ügyvédi Tanács), whose members were appointed by the Minister of Justice from among the presidents of the bars and the members delegated by the general assemblies. In practice, however, the remaining autonomy of the chambers was also abolished, and from then on they were mainly only responsible for administrative tasks. The council was only given appellate powers in disciplinary cases, otherwise it acted as an advisory and proposing body to the Minister.²³⁰

By the early 1980s, the last amendment to the Code of Conduct for Lawyers in 1966 was ready for a complete overhaul. As a result, a new Code of Conduct for Lawyers was introduced by Decree Law No. 4 of 1983. The changes were a declared move towards democratisation and the strengthening of autonomy, as was also indicated by the fact that the new Code declared the bar chambers to be the regional self-governing bodies of lawyers and the National Bar Council

²²⁸ Ferenc Apró et al.: *A Szegedi Ügyvédi Kamara negyven éve 1944–1984*. Szeged, Csongrád Megyei Ügyvédi Kamara, 1989.

²²⁹ Zachar–Strausz (2009): op. cit. 307–308.

²³⁰ Tivadar Mölcs: *A Vas Megyei Ügyvédi Kamara 125 éves jubileumi évkönyve 1875–2000*. Szombathely, Vas Megyei Ügyvédi Kamara, 2000. 29; Szántó (2001): op. cit. 30–31; Réfi (2005): op. cit. 151–152.

to be the national self-governing body of the bars. Once again, the chambers were allowed to draw up their own rules of procedure, but they also required the approval of the bureau of the national Council before they could enter into force. The chambers' levy on the income of the working groups was abolished and individual members were now required to pay a membership fee. An interesting change was that not only the president of the bar could now initiate disciplinary proceedings, but also, in smaller and simpler cases, the head of the relevant lawyers' working group.²³¹ However, the socialist system would never have tolerated a complete restoration of the autonomy of these organisations, which could only be achieved in the new political and social context created by the change of regime.

In summary, it can be said that in the years after 1945, the economic and professional chambers were either dissolved or became state- or party-directed organisations that could not exercise any real interest representation, advocacy function. In the Chamber of Commerce that remained, there was no real personal membership and it was not even established with the aim of asserting the interests of the economic sphere. In the case of the professional self-governments, the bar chambers from 1948 onwards were called upon solely to secure the influence of political power over the members. Knowing the characteristics of the communist regime, all this was not unusual. However, after the failure of the socialist attempt at a state, the opportunity opened up to re-regulate the relationship between politics and the professional organisation not on the basis of subordination and supervision, but on the basis of partnership that would bring real benefits to both sides.

²³¹ Mölcs (2000): op. cit. 31–32; Zachar–Strausz (2009): op. cit. 307.

Economic and professional chambers after the regime change

Prior to the transition of power in 1989–1990, the Hungarian system of chambers had almost completely disappeared from the institutional scene, as we have seen in the previous chapter. However, in parallel with the change of regime, and after decades of enforced inactivity, the chamber system in Hungary, which had a long historical tradition, was revived according to the original concept. In the following, we will review the events and developments of this period and its role in Hungarian social and economic life, taking into account the specific characteristics of the period, i.e. the continuous legal expansion of the chamber system, from the initiatives based on association (private law) to the emergence of public law chambers, and from their forced loss of space and reorganisation to their new revival after the period of EU accession. In particular, we will continue to explore the threads and agents behind these changes.

By the 1980s, the Kádár regime, which went through different periods after 1956, had reached a clear crisis. The foreign indebtedness of the Hungarian state reached such proportions that it became essential to open up to Western welfare states and international economic organisations. In the aftermath of the oil boom and the small Cold War caused by the crisis in Afghanistan, the socialist country was unable to establish a new growth model and adapt to the changing challenges of the global economy and technological progress.²³² From 1985, the new leadership of the Soviet Union under Mikhail Gorbachev sought to overcome the crisis of the socialist system through reforms (glasnosty, perestroika), but the dismantling of the socialist economic system was accompanied by the disintegration of the political institutions. Borders slowly opened and travel to the West became possible. Gradually, opposition voices and, from the mid-1980s, serious movements began to emerge in Hungary. Meetings of rural-national writers formed the Hungarian Democratic Forum (Magyar Demokrata Fórum, MDF), while meetings of urban liberal intellectuals formed the background of the Alliance of Free Democrats (Szabad Demokraták Szövetsége, SZDSZ), and then the Fidesz – Alliance of Young Democrats (Fiatal Demokraták Szövetsége) was formed from the groups of young university students.²³³ At the same time, there

²³² Károly Lóránt: *A rendszerváltáshoz vezető út*. Lakitelek, Antológia Kiadó, 2015.

²³³ Sándor M. Kiss (ed.): *Rendszerváltás 1989*. Lakitelek, Antológia Kiadó, 2014.

is today a clear perception that the reforms and rapid changes in the economy were the starting point of the regime change.

It is not possible to describe here the extremely diverse and fast-moving events, but the transition to a market economy was accompanied by the transformation of the political system in the so-called Hungarian Round Table Talks. Social events, such as the solemn reburial of the heroes of the 1956 Revolution and the Pan-European Picnic in August 1989, underlined the need for change. Thus, during 1988 and 1989, the Hungarian National Assembly adopted several significant legislative amendments, all of which pointed in the direction of democratisation.²³⁴ All of these included trade union pluralism, the freedom of association and press, as well as a new electoral law. The process culminated in a radical overhaul of the constitution and the proclamation of the Republic of Hungary by the interim head of state, Mátyás Szűrös, on 23 October 1989. Following the first free elections held in the spring of 1990 with the help of the new laws, a centre-right coalition government was formed with the Independent Smallholders, Agrarian Workers and Civic Party (FKgP) and the Christian Democratic People's Party (KDNP) under the leadership of Prime Minister József Antall and the Hungarian Democratic Forum.²³⁵

It was in this political, social and economic transition that the need for chambers of different professions and economic spheres was repeatedly raised.

Economic chambers

As we have previously explained, during the 1980s the Hungarian Economic Chamber and its regional committees were the central element of economic advocacy work. On the one hand, the regional committees created a link and partnership with local administration bodies (county, district, capital councils, local land offices, etc.), and on the other hand, they enabled smaller companies to become members of the chamber. Without these activities, the later strong chamber system (now a public body) would not have been possible. Change in a new direction came only in the late 1980s, with the 1988 Companies Act, which laid the foundations for the transition to the new (capitalist) economy, paving

²³⁴ Ignác Romsics: *From Dictatorship to Democracy. The Birth of the Third Hungarian Republic, 1988–2001*. Boulder, Social Science Monographs, 2007.

²³⁵ Balázs Házi et al.: *A rendszerváltás mérföldkövei*. Budapest, RETÖRKI, 2020.

the way of regime change. In fact, until the new Chambers Act was passed in 1994, it was the only piece of legislation that provided a code for the economy as a whole. The Law on Associations was also a key piece of legislation in the process of regime change, and a starting point for civil self-organisation. Its adoption by Parliament has led to the emergence of a wide range of associations and self-organisation, which has also had an impact on chambers. Article II of the 1989 Act stipulated that “everyone has the right to form or participate in associations or communities with others” (Act II of 1989, § 1).

During the period of regime change, this economic and civic transformation led to a drive for autonomy on the part of the individual regional committees, and thus to the fragmentation and decentralisation of representation. The need for a comprehensive institutional system change within the chambers was already expressed in the late 1980s in the political sphere, mainly as a legitimisation factor. Thus Péter Tölgyessy suggested that “it would seem appropriate to redefine the status of the Hungarian Economic Chamber in a significant way. A new legal statute could at last clearly define the Economic Chamber as the self-government and advocacy body of economic enterprises in society”.²³⁶ Since this did not take place, the desire for autonomy of the regional committees was strengthened. There has been a growing demand for autonomous regional bodies to carry out the basic functions of the chambers and to be able to cover the whole spectrum of entrepreneurs in the region. This was the starting point for the development of regional economic interest representation bodies which are economically and legally autonomous and have their own statutes. In a first round (usually in 1989), preparatory committees defined the future structure and role of the chambers concerned. In the meantime, the local press was used to raise interest in the revival of a self-organised economic self-government. These developments reflected the political idea that economic actors in the area covered by the regional committees could be grouped in “autonomous regional chambers of commerce and industry”.²³⁷

At the same time, the various interest groups were often unable to assert their own ideas within the old framework, which further coloured the palette. Thus, in addition to the old interest groups, many new organisations emerged and

²³⁶ Tölgyessy (1988): op. cit. 82.

²³⁷ Tölgyessy (1988): op. cit. 83.

a kind of “legitimacy war”²³⁸ between the new and the old-rooted ones began. By 1993 there were more than 100 organisations in Hungary calling themselves some kind of “chamber”.²³⁹ The need for a legal settlement of the chambers (for example, issues such as the property of the former organisation, succession and the rights and weight of each newly formed organisation in the chamber elections) was increasingly felt. In the end, the law that was created addressed all these problems in probably the only possible way: it recognised and ensured the equality of rights between old and new interest organisations operating under the Constitution and Act II of 1989 on the Right of Association.²⁴⁰

The chambers on the basis of free association

In the central region, which has often been considered a model in history, the preparatory committee decided to initiate two chambers, so that both Pest County and the capital of Budapest would have independent economic advocacy organisations instead of the former regional self-government. Thus, on 20 June 1990, the Budapest Chamber of Commerce and Industry was (newly) established with the participation of 100 entrepreneurs from the capital. This was followed by the creation of other regional chambers of commerce and industry, such as the Economic Chamber of the Northern Great Plain (Észak-Alföldi Gazdasági Kamara) in Debrecen and the Economic Chamber of Northern Hungary (Észak-Magyarországi Gazdasági Kamara) in Miskolc, which started operating on 1 January 1991.

At the same time, the representatives of agriculture, which also has a long historical advocacy tradition, saw their place not in a unified economic chamber framework, but in reviving the former system of chambers of agriculture. In addition to the Hungarian Chamber of Agriculture, which was established in 1989, regional bodies also appeared, and alongside these, a number of associations and organisations were set up with similar aims. The most significant problem was that these organisations striving to represent the interests of the agricultural sector did not have either the appropriate instruments or the political capital to

²³⁸ Péter Révész – Róbert Szakál: *Kézikönyv a gazdasági kamarákról*. Budapest, Novorg International, 1994. 121.

²³⁹ Román (1993): op. cit. 20.

²⁴⁰ Révész–Szakál (1994): op. cit. 121–122.

act effectively and unitedly for the interests of the agricultural sector. Rather, divisions and rivalries (sometimes accompanied by harsh language) between the various organisations were predominant.²⁴¹

From the point of view of our topic, one of the most important consequences of the political transformation can be seen in the changes in the economy and, in this context, in the actors of economic and territorial development. In contrast to the state socialist period, after the change of regime a significant part of decisions were taken locally, and with it the development of a local economy (locally owned, locally decided, locally connected). In addition to individual companies, the local economy thus includes local economic associations of various sizes and ownership, development companies and, not least, local economic authorities. In general, the dependence on the capital was reduced and the role of local regional and international networks was strengthened. It is not surprising that, in these changed circumstances, local authorities have been forced to play a role that goes beyond their traditional chamber functions. The tasks of the chambers of commerce in this period included facilitating the transition to a modern capitalist economic model, managing the impact of privatisation and thus the development of the private economy, developing services and increasing the intensity of international economic relations.²⁴² In addition, especially in the North–East part of the country, the acute crisis management role of the chambers, the development of an appropriate entrepreneurial infrastructure, the launch of the small business advisory service, the establishment of retraining centres became fundamental and was observed for a longer period of time.²⁴³

In the changed economic circumstances, in the transition from a planned to a market economy, chambers of commerce and industry have naturally sought to reshape their profile. Not without reason, since strong competition had emerged between the different advocacy and interest groups in the private law system. The new regional economic self-organisations sought to expand their membership primarily through services, once the appropriate apparatus had been set up. Despite this, the membership remained relatively narrow and the quality of the functioning of the chambers varied widely. Thus, for many

²⁴¹ Zachar–Strausz (2009): op. cit. 309.

²⁴² Tóth (2007): op. cit. 11.

²⁴³ Sugár (1997): op. cit. 195.

chambers, their capacity to influence central or regional decision-making in a coordinated way remained limited.²⁴⁴

This was particularly true in the case of the government: the first democratically elected cabinet after the regime change, with Prime Minister József Antall, held the view that “the executive, with a solid parliamentary majority, has the exclusive right – and the authority – to make decisions on the fundamental issues of economic regime change”.²⁴⁵ The natural background to this attitude was that a large part of the economic elite had been appointed to management positions under the socialist system and were therefore not trusted by the new political leadership. In most areas, the opinion of the associative chambers was not sought or taken into account. As a result, the government did not have a comprehensive and coherent approach to the economic interest groups, nor did it see them as having a decisive role in the socio-economic governance of the country. The government’s programme also presented only a benign but passive image of cooperation, with the government’s role being to promote (autonomous) dialogue between workers and employers.²⁴⁶ It was clear to the cabinet that only a tightly controlled state bureaucracy and a hierarchical system of relations could guarantee the success of economic system change, so all it did was to set up a Consultative Council and institutionalise tripartite (employer, employee and government) negotiations.²⁴⁷

At the same time, in the period of the formation of the new employers’ representative bodies – when the economic actors themselves were undergoing significant changes – the government could have promoted the development of economic self-governments: by creating local, professional and national (neo-corporatist) consultation forums, it could have increased their influence, role and capacity for cooperation. This did not happen, however, and the government did not support the legitimacy of the newly forming interest representation/advocacy organisations, their ability to recruit members or the self-organisation of employers/entrepreneurs by any means of positive discrimination. While the chambers had on several occasions called for the establishment of a parliamentary

²⁴⁴ Gulyás (2000): op. cit. 9.

²⁴⁵ László Bruszt: Az Antall-kormány és a gazdasági érdekképviseltek. In Csaba Gombár et al. (eds.): *Kormány a mérlegen 1990–1994*. Budapest, Korridor Politikai Kutatások Központja, 1994. 209.

²⁴⁶ Bruszt (1994): op. cit. 208.

²⁴⁷ Bruszt (1994): op. cit. 224–225.

system involving interest representation in the work of the legislature (Upper House – second chamber) and demanded the creation of an interest representation law, the Antall Government had decided by 1991 that it “did not consider it necessary to tie its own hands by legal means as to when, with whom, on what basis and on which matter it negotiated”.²⁴⁸ Thus, the economic self-governments had minimal influence in the privatisation process and in the negotiation of economic and social issues and were basically left to themselves to create their own socio-economic role.

The primary task of the changing chamber system was to build up the administration and infrastructure and to increase the number of members. It was essential to establish external relations, especially with traditional destinations. Cooperation with Vienna and the Vienna Chamber of Commerce and Industry, for example, was of great importance for the development of the Budapest Chamber: Vienna provided the Budapest Chamber with all the modern office equipment and the Vienna Chamber Library donated a number of original 19th century chamber documents. Amsterdam, another important partner, has also undertaken to build the chamber’s IT system.²⁴⁹

In the Budapest chamber two business clubs were established which served as models also for other regional advocacy organisations. Their aim was to expand the opportunities for lobbying, which could become a place for dialogue between entrepreneurs and business leaders and the political sphere, and for the development of international contacts. The “Business Club”, held regularly on prestigious ground, brought together larger companies, while the “Silver Club” was open to small and medium-sized enterprises. In addition, the Chamber’s services included the launch of the *Budapest Business Journal* and the bi-weekly information publication of the Chamber as an annex to the Hungarian economic newspaper *Világgazdaság*. At the same time, two new projects were launched: the establishment of the Baross Gábor Entrepreneurship Foundation and the Hungarian Management Institute Foundation served the interests of all Hungarian businesses by giving support for their future plans. The Baross Gábor Entrepreneurship Foundation was primarily concerned with the development of Hungarian small and medium-sized enterprises, closely linked to a management training programme organised jointly with Acadia University in Canada and the “How to be a millionaire” programme for children

²⁴⁸ Bruszt (1994): op. cit. 225.

²⁴⁹ Bognár (1997): op. cit. 37.

in economics, with the help of adult economist mentors. The Hungarian Institute of Management Foundation was set up to promote a civic management culture, through which the Hungarian chambers developed the foundations of the TEAM (Training in Europe Administration and Management) programme in Hungary, making it the starting point for the management association.²⁵⁰

Within the new frameworks, the chambers have had to revise their traditional educational tasks and adapt them to the new market mechanisms. Thus, already after 1989, it could be observed that the economic advocacy associations were involved in the management of vocational training as decision-makers and as opinion leaders. In addition, the chambers were involved in the work of the professional examination boards and in the assessment of individual vocational training applications. Through their registration, the economic authorities also had full information on the companies providing apprenticeship training, which the chambers supervised and supported the spread of apprenticeship training.²⁵¹

At the same time, the success of the newly consolidated Hungarian chamber system is clearly demonstrated by the fact that the Budapest Chamber of Commerce and Industry was the only chamber of Central Europe to receive an official invitation to the summit of the leading chambers of Europe in Amsterdam in autumn 1991.²⁵² In addition, the Hungarian chambers were also involved in the work of the World Trade Centre Association (WTCA), of which one of the vice-presidents of the Budapest chamber was a permanent member of the supreme board at the early 1990s. Another success was the establishment of the Association of Carpathian Chambers in Lillafüred in 1993, which promoted cooperation between the regional chambers in the Hungarian regions, with the participation of 5 countries.²⁵³

The Budapest Chamber – as in previous historical periods, as we have seen in previous chapters – has once again taken a leading role in outlining plans for the future of chambers. This took place at the second ordinary general meeting of the chamber, which was also declared the 100th centenary general meeting of the

²⁵⁰ Bognár (1997): op. cit. 38–39.

²⁵¹ Gábor Deák: A szakoktatás beillesztése a kereskedelmi és iparkamara egykori és mai tevékenységébe. In István Dobrossy (ed.): *A Kereskedelmi és Iparkamara Miskolcon 1880–1997*. Miskolc, Borsod-Abaúj-Zemplén Megyei Levéltár, 1997. 137–139.

²⁵² Bognár (1997): op. cit. 37.

²⁵³ Anna Szilágyiné Baán: A Borsod-Abaúj-Zemplén megyei Kereskedelmi és Iparkamara története 1994–2004. In István Dobrossy (ed.): *A Miskolci Kereskedelmi és Iparkamara 125 éve*. Miskolc, Borsod-Abaúj-Zemplén Megyei Levéltár – BAZ megyei Kereskedelmi és Iparkamara, 2004. 193.

Chamber of Commerce and Industry of Pest and later of Budapest. The meeting was attended not only by the Minister of Industry and Trade Ákos Péter Bod, but also by the Hungarian President Árpád Göncz and a handful of economic diplomats and prominent figures from the business world.²⁵⁴ The Budapest Chamber, demonstrating its traditional leadership, set expectations and tasks for all the future economic chambers, at local, regional and even national level. The new plan would require chambers, which already have the status of public bodies, to participate in the privatisation process that has begun, i.e. to acquire ownership and/or use of public property, in particular to secure their own property assets and to exploit the trade fairs and business centres. In the future, chambers would play a key role in direct economic governance by decentralising and taking over public functions (such as trade and economic development, vocational training, business incentive schemes and company registration), closely linked to the takeover of various business and vocational training support programmes from government departments, some of which are already provided by the EU, and the involvement of new, so-called additive direct chamber support resources through the international contacts of the chambers. It is also a task to represent the interests of Hungarian chamber members in the dialogue between interest groups and in the international chamber system, and to establish cooperation between chambers, state institutions and local authorities.²⁵⁵

At the time of the drafting of the plan, the public nature of the chambers may have seemed distant, but soon historical changes in the regulation of chambers in Hungary took place. And here we can observe a change that was welcomed and even fully supported not only by the external actor (regulator) but also by the chamber stakeholders themselves. The basis for this was provided by Act XCII of 1993, which amended the Civil Code and introduced the concept of public bodies into the Hungarian legal system.²⁵⁶

The preparation of the new law on chambers has been carried out with the involvement of the economic interest groups concerned and taking their opinions into account.²⁵⁷ In the discussions within the chambers, consensus was reached on several points, while on others opinions diverged significantly. A basic consensus on the creation of the financial conditions for the start-up of the new bodies was

²⁵⁴ Bognár (1997): op. cit. 40.

²⁵⁵ Bognár (1997): op. cit. 40–41.

²⁵⁶ Marianna Fazekas: A köztisztviselők I. *Magyar Közigazgatás*, 43, no. 3 (1993). 141–152.

²⁵⁷ Tóth (2007): op. cit. 11; Révész–Szakál (1994): op. cit. 2.

signalled very soon: after the infrastructure of the former historical chambers was taken away through nationalisation, the new bodies should be created with the help of the state, together with the minimum financial basis. There was also a consensus that, as membership is compulsory, the membership fee would be deductible from untaxed profits in the first two years – since membership is compulsory, so the payment of the fee is also compulsory, but the chamber will be busy building up its services in the first period, so it cannot compensate for the fees collected.

However, there has been a fierce debate within the organisations about the territorial scope of the chambers, with those in favour of a regional and those in favour of a county organisation in sharp contrast. At the end of the long debate, the supporters of a chamber system that was in line with traditional administrative structures prevailed and opted for the division of the large regional chambers that had been created up to that point and the creation of county-level representative bodies. There were also serious disputes about the scope of membership of the new chambers. Many chamber leaders voted in favour of unified economic representation as it was present in the previous decade and opposed the creation of a diversified system of chambers appropriate to the different economic areas. Nevertheless, in this respect the German development model once again became the blueprint for the Hungarian chamber system.²⁵⁸ By adopting the German rules²⁵⁹ already followed in earlier historical periods, the hitherto unified economic chamber representation was split up and it was agreed to represent the interests of commerce and industry, agriculture and crafts in separate organisational structures.

It proved easier to negotiate with political representatives and build a broad political consensus than internal technical discussions. The participants in the political talks were Gábor Gadó, head of section in the Ministry of Justice, György Gilyán, head of section in the Ministry of Industry and Trade, Péter Ákos Bod, Béla Kádár, Gyula Takácsi (from the Hungarian Democratic Forum,

²⁵⁸ For more details on the German and European models in the Hungarian political system, see András Hettyey: *Hegemonia helyett: Magyar–német kapcsolatok 1990–2002 között*. Budapest, L'Harmattan, 2019.

²⁵⁹ The German model has emerged as an instrument of stability in the region. In this context, see Gyula Speck: Németország fejlesztéspolitikája mint a biztonságpolitika eszköze. *Nemzet és Biztonság: Biztonságpolitikai Szemle*, 12, no. 3 (2019). 19–36. Gyula Speck: Stabilitásexport, mint az újraegyesült Németország gyakorlati geopolitikája. *Szakmai Szemle: a Katonai Biztonsági Hivatal Tudományos Tanácsának Kiadványa*, no. 4 (2020). 18–32.

MDF), Károly Soós (from the Liberals, SZDSZ), Mihály Varga, Lajos Kósa and László Urbán (from the Young Democrats, Fidesz), and László Pál, later Minister of Industry (from the Socialist Party, MSZP), as well as the representatives of the chambers of commerce and industry, including Péter Révész, lawyer, Gábor Badaconsyi, secretary of the Budapest Chamber of Commerce and Péter Dunai, secretary general of the Hungarian Economic Chamber.²⁶⁰ The bill thus drafted by March 1994 was finally passed by the Hungarian Parliament without any dissenting votes. The result was one of the most complex systems of chamber regulation and representation of interests in Central and Eastern Europe. This was the second comprehensive regulation of the Hungarian system of economic chambers in legal history, which came into force on 6 April 1994. Under the terms of the law, three chambers were set up at both county and national level: the chambers of commerce and industry, the chambers of crafts and the chambers of agriculture.

The chambers with compulsory membership and as public bodies

The most important regulation of Act XVI of 1994 on Economic Chambers is that it restored the public nature of chambers, which they had already had in Hungary between the two world wars, and ensured their autonomy at a level that was outstanding even by international standards.²⁶¹ According to the justification for the law, the new chamber structures were necessary primarily because of the “great role played by these institutions in promoting economic development” and “in promoting the general, collective interests of those engaged in economic activity”. Moreover, in the view of the regulator, chambers also contribute to the creation and preservation of fair market conduct and to the exercise of self-government functions in the economic sphere, thereby relieving the burden on the central government. This was underlined by the thought that the most effective and least costly form of government is always the democratic and autonomous self-government of stakeholders. According to the preamble of the law: “To reduce the economic role of the state, it is necessary to perform

²⁶⁰ Péter Krisztián Zachar: A demokratikus átmenet és a magyar gazdasági kamarák. In János Simon (ed.): *Huszonöt éve szabadon Közép-Európában. Gazdaság, politika, jog*. Budapest, CEPoliti Kiadó, 2016. 408–418.

²⁶¹ Révész–Szakál (1994): op. cit. 7.

part of the public tasks related to the economy through self-administration by the parties concerned. One of the prerequisites for the transformation of the Hungarian national economy into a modern market economy is the establishment of organisations formed by economic stakeholders, with self-government, operating separately from the state administration. They should work alongside social organisations based on the right of association, without prejudice to their rights and legitimate interests. They shall be based on a legal mandate and shall carry out their activities with a view to developing and supporting the economy and promoting its general interests, while respecting freedom of economic competition” (Act XVI of 1994). The Hungarian Chamber Act of 1994 had all the characteristics of a modern, up-to-date, democratic model of interest representation, which at the same time fitted into the institutional structures of neo-corporatism. Through compulsory membership and the public nature of the body, it was possible to achieve consensual representation of interests, setting aside individual professional or sectoral interests, and thus to represent the different economic sectors as a whole in the dialogue processes with the government and local politics. This was also reflected in the legislation, which stipulates that chambers of commerce and industry are to “pursue their activities with a view to promoting the general and collective interests of economic operators” and that they are not to “represent sectoral, professional, employer and employee interests” (Act XVI of 1994, § 28 and § 31). The justification of the act is even clearer in this respect: “Chambers of commerce, by their very nature, cannot serve to represent or enforce partial, group, sectoral, social (employers’ or employees’) interests. Such interests are to be represented by economic interest representation organisations established under private law, and the proposal therefore does not allow for the representation of such interests by chambers of commerce and industry.”²⁶² Despite this regulation, and although the law starts from the institutional separation of chambers and interest representation bodies, it is possible to speak of the advocacy function of chambers, since it is in the elected bodies of chambers that the market is represented in a comprehensive and proportionate way according to economic weight, i.e. a bottom-up, decentralised representation of economic interests without state influence.

The legislation placed particular importance on the creation of compulsory membership of the chambers. According to the detailed justification of the law, this was essential to ensure that economic chambers represented “with sufficient

²⁶² Justification to Act XVI of 1994 on Economic Chambers. General justification. II. 4.

efficiency and effectiveness” the development of an economy in transition, the stabilisation of trade relations and business ethics, the development of self-governing mechanisms in the economy, the provision of information to economic stakeholders and the development of international trade relations.²⁶³ Compulsory membership also served the principle of democracy, since the building, maintenance and operation of the chamber’s infrastructure, through the tasks it performs, entails a considerable burden. In a non-mandatory membership system, this would be borne by only a few, whereas the benefits of a chamber organisation would enrich all market players equally. Moreover, it has become clear to the legislator that full representativeness is the only guarantee that the activities of the economic chambers are not subordinated to sectoral, group or individual interests.²⁶⁴ As the chambers’ opinions showed, only an economic chamber that was fully representative of its entire area could be expected to express an independent, autonomous and impartial opinion. Another key element in the argumentation was the assertion that the basic condition for self-government is membership of the stakeholders and that, if not all are members, those who are excluded can only suffer but cannot influence decision-making processes.²⁶⁵

Provisional organising committees were set up to form the chambers in each regional, associative chamber area, and then these set up national organising committees. As regards the number of members, preliminary estimates were based on the assumption that there were between 600 and 900 thousand economic stakeholders, sole proprietors and agricultural entrepreneurs in Hungary. The biggest challenge was therefore to create a chamber database covering the three types of self-organisation.²⁶⁶ The launching of the new types of chambers was hampered to a large extent by the fact that, contrary to the provisions of the law, the relevant data on enterprises were not made available by the central government bodies to the individual provisional organising committees, so that the county chambers had to collect them themselves from various databases. Similar data transfer problems were also encountered by the Hungarian Tax and Financial Control Administration (APEH), which consistently refused to provide any database of entrepreneurs, craftsmen and traders. There were also difficulties in drawing precise boundaries between the activities of different

²⁶³ Justification to Act XVI of 1994 on Economic Chambers. General justification. III. 2.

²⁶⁴ Révész–Szakál (1994): op. cit. 11–13, 41–42.

²⁶⁵ Zachar (2016): op. cit. 411–417.

²⁶⁶ Júlia Gáti: Szerveződé kamarák: Összetartás. *HVG*, 16, no. 24 (1994). 108.

economic operators. Thus, almost everywhere, chambers of commerce and industry were at odds with chambers of agriculture over the allocation of food and food processing firms, and with chambers of crafts over the membership of ‘small-scale’ craftsmen. But problems also arose later on in relations with the chambers of professional services, for example in the case of businesses at the intersection of the medical or engineering professions and economic activity. However, at the end of this long process, the chambers had the most reliable and complete databases on economy related matters at national level.²⁶⁷

Another difficulty for the organising committees during the period of the establishment of new structures was the creation of chamber sections and the classification of businesses within them. When the chambers were set up, seven provisional sections had to be created, the number of which could be increased to a maximum of twelve. The law provided for two sections for majority state-owned enterprises and public service companies, and the other five sections for enterprises in proportion to the size of their share capital. However, this latter criterion for the five sections was not accepted by the organisers in any of the counties and a new classification was drawn up by majority decision on their own initiative. The organising committees of the craft chambers, on the other hand, thought *ab ovo* of twelve different sections, while the representatives of the agrarian sector were not in sympathy with the section structure itself. In their opinion, the division into sections is not clear in many cases, and some enterprises are involved in several stages of agricultural production and could therefore be members of different sections. The same problem appeared also within the chambers of commerce and industry, because it was often not possible to determine the main activity of an enterprise from its registration at the Court of Registration, so that its classification was not without error at first attempt.²⁶⁸ In a similar way, the work was made more difficult by the fact that not all companies were clear on the question of their headquarters and sites of operation, and thus their territoriality. In many cases, it was up to the prospective member to choose the most appropriate county chamber organisation to be registered at.²⁶⁹ These issues were only resolved to a certain extent with Act CXXXVIII of 1997 as an amendment of the Chamber Act. From that date, it became possible

²⁶⁷ Szilágyiné Baán (2004): *op. cit.* 187–188; Bognár (1997): *op. cit.* 48.

²⁶⁸ Gáti (1994): *op. cit.* 108–110.

²⁶⁹ Bognár (1997): *op. cit.* 48.

for an economic stakeholder to become a member of not only one chamber of commerce and industry, if he chose to do business in more than one county.

In parallel with this process of establishing the chambers of commerce and industry, the chambers of crafts and the chambers of agriculture were created at county level. Membership of the craft chambers was based on the list of craft trades on the one hand, and on the criteria of small-scale economic activity on the other. Membership of the agricultural chambers was determined by the list of agricultural and forestry activities. The legislator saw the role of agricultural self-government primarily in the development of the agricultural economy and not in the cultivation of possible vertical relations, and thus separated the representation of the producer and the food-processing sector.

On 29 April 1994, more than 50 regional economic interest groups established the National Advisory Board, whose task – under the leadership of President Tibor Szabó and Secretary General Péter Révész – was to facilitate the establishment of the new chambers of commerce and industry. There were also close links between the individual temporary chamber organising committees, as the Presidential College was set up under the leadership of Ferenc Miklóssy, President of the Hajdú-Bihar County Organising Committee, to support the exchange of experience and also the establishment of chambers. The regional chambers themselves set up the local government organisations by convening delegates' meetings, adopting the statutes and electing the presidency and the executive officers. The Chamber of Commerce and Industry of Győr-Moson-Sopron County was the first to start its work (29 October 1994), followed by the Budapest Chamber of Commerce and Industry, the largest chamber of commerce in the country. This flagship organisation, now a public body with compulsory membership, launched its renewed work with a meeting of delegates on 29 November 1994 and elected Imre Tóth, who had previously headed the organisation, as its renewed president for the first three-year term.²⁷⁰

After the operation of the county chambers began, the national chambers could be set up on a compulsory basis by the three types of regional chambers. In this process the regional chambers themselves, and not the business organisations, have become members of the national chamber. Like the regional chambers, the national chambers were also public bodies within the scope of Article 65 of the Civil Code, i.e. they were not associations, social organisations or federations,

²⁷⁰ Zachar (2016): op. cit. 411–417.

and the application of Act II of 1989 on the right of association was excluded in their case, as it was in the case of the regional chambers.²⁷¹ Therefore, their interest representation was limited, but their advocacy work was allowed. The national umbrella organisation, the Hungarian Chamber of Commerce and Industry could only constitute itself after the formation of the county organisations.

The act basically divided the tasks of the economic chambers into two different groups, specifying which issues are the responsibility of the three national chambers and which remain the responsibility of the regional chambers. The legislator entrusted the national chambers with matters concerning the whole country in the field of training (participation in the work of the National Training Council) and relations with the national organisations of foreign chambers and their international organisations. In addition, the national chambers were responsible for coordinating the work of the regional chambers in the field of economic information and promotion abroad and in the field of economic information and promotion for foreigners in the country. The national public bodies established a unified system of membership registers for the regional chambers and developed ethical rules for fair market conduct. In addition, the law provided for the establishment of a permanent Court of Arbitration for international trade matters, attached to the Hungarian Chamber of Commerce and Industry (Act XVI of 1994, § 30).

The Arbitration Court had been operating since 1949 alongside the former state administration bodies known as chambers, but its activities were limited to the settlement of international commercial disputes due to its membership resulting from the Hungarian Chamber of Commerce and the Hungarian Economic Chamber. The breakthrough in this area came with the Act on Business Companies, which from 1989 allowed the parties to use arbitration to settle disputes arising from company contracts. As market economy structures developed, the role of this institution in domestic commercial contracts became increasingly important. Finally, the Law on Arbitration, which entered into force on 13 December 1994, fully “liberalised” the settlement of disputes between market operators. The importance of arbitration is shown by the fact that, whereas in 1989, only 8% of cases were disputes between domestic parties, in 1995 the figure was 62%. The Permanent Court of Arbitration was organised in a similar way alongside the Hungarian Chamber of Agriculture (MAK), but it became fully operational only

²⁷¹ Révész–Szakál (1994): op. cit. 40.

in 1997. The great advantage of this system was that it could settle disputes within a short time (usually 30 days) and at a fraction of the cost of the ordinary court.²⁷²

In the process of creating the Hungarian national umbrella organisations, a number of key members of the former leadership were reinstated. A total of 251 members from the 19 county chambers and the Budapest capital were delegated to the inaugural meeting held on 21 December 1994, where the regional organisations were united in a national public body. László Tolnay, president of the Rákóczi Regional Development Bank and former president of the Hungarian Economic Chamber, was elected the first president of the new national advocacy body, while Péter Dunai, director of the Services Directorate of the Hungarian Economic Chamber, was elected its secretary general. One day earlier, the Hungarian Chamber of Agriculture (Magyar Agrárgazdasági Kamara), which was set up following the work of the National Preparatory Committee, held its inaugural meeting and elected Miklós Csikai, President of the Csongrád County Association of Cooperatives, as its president.²⁷³

In 1994, the former Hungarian Economic Chamber changed its name to the Hungarian Economic Chamber and Employers' Association, and as of 1 January of the following year, it dropped the word "economic chamber" altogether, as it was reserved by law only for public bodies established by law. The organisation also abandoned its classic chamber functions and sought to focus on representing employers' interests at national level. The most significant change in this direction occurred in 1998, when the Hungarian Employers' Association merged with the National Association of Hungarian Industrialists to form the National Association of Employers and Industrialists (Munkaadók és Gyáripárosok Országos Szövetsége, MGYOSZ), which became the most important and largest sectoral interest representation body in the Hungarian economy.²⁷⁴ The Hungarian Chamber of Agriculture, which had also existed at the association level since 1989, became the Agricultural Employers' Association, which, strengthening the employers' side, took part in the later work of the National Interest Reconciliation Council (Érdekegyeztető Tanács).²⁷⁵

²⁷² Strausz-Zachar (2008): op. cit. 103–104.

²⁷³ András Laczkó: A Magyar Agrárkamara helye és szerepe az átalakuló magyar mezőgazdaságban. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 44–53.

²⁷⁴ Gáti (1994): op. cit. 110.

²⁷⁵ Strausz-Zachar (2008): op. cit. 103.

The situation of the new county chambers was also interesting during this period. The individual county chambers established from 1994 onwards were not the legal successors of the former regional chambers (especially as in most cases several county organisations were formed from one regional chamber), so the assets of the former associative chambers were inherited by the employers' representative organisations. This may also have been partly due to the fact that in many places, after the dissolution of the regional chambers, new employer associations were formed and, as successors to the regional chambers, often took different positions from the new county chambers. (One such example is the Employers' and Economic Community of Northern Hungary, which was formed in the northeastern part of the country from entrepreneurs protesting against the dissolution of the former Economic Chamber of Northern Hungary [Észak-Magyarországi Gazdasági Kamara]. This new interest representation tried to preserve its activities among the entire former membership and in many cases defied the decisions and resolutions of the new chambers.²⁷⁶)

Based on the actual economic and social conditions, the chambers have identified the following areas as key advocacy tasks for their own organisations:

- representing the interests of farmers by involving them in municipal and regional spatial development policy (infrastructure development, programmes, draft plans, opinions on the preparation of decisions, etc.)
- ensuring the purity of economic activities, informing the public about the phenomena associated with black economy, and presenting and publicly recognising credible economic stakeholders
- giving opinions and recommendations on the development and/or reform of local tax systems
- providing opinions and recommendations on the measures taken by public authorities in relation to the economy

These tasks, which the chambers themselves have developed for themselves, fit in well with the scope of the work assigned to the regional economic authorities under the provisions of the act. Under the legislation, the chambers had four distinct tasks, each of which was listed and specified in the legislation.

Firstly, they took over from the public administration statutory tasks (Act XVI of 1994, § 29) and were involved in the management of administrative affairs

²⁷⁶ Szilágyiné Baán (2004): op. cit. 191.

relating to the economy (the precise definition of these tasks was only clarified later, after considerable discussion and a lot of difficulties).

As already mentioned, the second task of the chambers has become to promote the general interests of economic stakeholders (Act XVI of 1994, § 28). This included statistical tasks (collecting data from their members, analysing them and informing the public and the administration of the results of their analyses), and the chambers took the initiative to enforce the right to enterprise and freedom of economic competition, and to amend or repeal legislation or measures that hindered or restricted the functioning of the market economy. On this point, it has become essential to consult the chambers on economic proposals. The law put it in § 60 as follows: “Before submitting a proposal to the Government concerning economic organisations and their economic activities (hereinafter referred to as an economic proposal), whether for the creation of legislation, the adoption of a programme, the adoption of a comprehensive measure or any other significant measure, the opinion of the national economic advocacy organisation concerned and, in the cases specified in Article 62, the national economic chamber organisations concerned shall be sought” (Act XVI of 1994, § 60). And the following § 62 provides that “(1) The economic chambers shall give its opinion on economic proposals relating to its functions. (2) The economic chambers need not be consulted on proposals which concern only the interests of persons practising a particular profession or the interests of employers or employees” (Act XVI of 1994, § 62).

The third task of the chambers regarding the act was to create, maintain and enhance the security of business transactions and fair market conduct. This included a number of administrative tasks (issuing and certifying certificates of origin, attestations and other documents required for commercial transactions, compiling and publishing commercial standards, etc.) and, in particular, the creation of its own databases, i.e. the keeping of business registers (Act XVI of 1994, § 27). This paragraph of the legislation granted chambers the right to self-regulation in the establishment of fair market conduct requirements, which could not, however, be in conflict with the statutory provisions. It also empowered chambers to impose sanctions of an ethical nature (warnings, public reprimands) on their members who engaged in economic activities that were contrary to business ethics or even to the interests of consumers. (“The chambers will warn the member who harms consumers in accordance with the code of ethics, and in serious cases they may bring legal action against him or her. They will issue a resolution condemning members who damage or jeopardise the reputation of

a wide range of those involved in business life.”²⁷⁷) However, the law did not provide for more stringent sanctions: membership of the chamber was for the lifetime of the business and any ethical offence committed by a member could not be excluded from the chamber, in contrast to the strict control and sanctions imposed by professional chambers at the same time.

The fourth, but by no means marginal, task for the chambers was economic development (Act XVI of 1994, § 26). Historical tasks with a centuries-old tradition were regulated in this section, including the development of economic infrastructure, the promotion of technical development, the cultivation of foreign economic relations, the organisation of fairs, the provision of advice to members, the provision of information and services to members in many areas. At the same time, a new and significant task has been introduced, namely that of contributing to the economic development activities of the public funds set aside for economic development, partly by providing the necessary information and advice and partly by representing the interests of the economy as a whole.

All this has resulted in a complex set of tasks for chambers, combining both traditional, historically developed tasks and new tasks arising from the requirements of the modern economy. Chambers emerged within the new legal framework as public bodies which, through their compulsory membership, were able to achieve full representation, while at the same time operating independently of the state and the public administration through the income from membership fees. The chambers were characterised by a decentralised and democratic structure based on the territorial principle and, in addition to defending the general interests of the economy, they were also responsible for traditional economic development and the exercise of public functions (quasi-authority functions) taken over from the state administration.

However, the 1994 elections in Hungary brought unexpected results. The conservative government of the time (partly due to the death of Prime Minister József Antall) was replaced by a peculiar coalition: a cooperation of the post-communist successor party (Socialist Party, MSZP) and one of the leading liberal parties of the system change (SZDSZ) came to power. The new government, headed by the well-known reform-communist Gyula Horn (1932–2013), immediately modified the previously established political framework on several points. As one element of this, the original law on chambers, which was accompanied not only by the consensus of the six parties in parliament but also

²⁷⁷ Vasi Kamarai Hírek. *A Vas Megyei Kereskedelmi és Iparkamara lapja*, 1, no. 1. (1995). 4.

by the consent and even the expressed support of the stakeholders themselves, was amended on several points following the change of government in 1994. Behind the change was the will of the regulator, an external actor, and a drastic change in exogenous economic factors. Although the change by necessity could have been duly agreed with the chamber's managements, the actual modifications were made without informing the internal stakeholders. In an unprecedented move in the policy toolbox, the provisions of the act regarding the economic chambers were not changed by recodifying the original text of the Act, but by incorporating its financial provisions into the Budget Act for the coming year 1995. Thus, as a result of the Horn Government's measures, all previous economic promises given to the chambers have been overturned. The original legislation included the following: "The economic chambers shall receive from the central budget, under the conditions laid down in the Act, aid to cover the costs associated with their establishment and operation until 31 December 1995. [...] The Chambers of Commerce shall be provided with the real estate necessary for the commencement of their operations from the assets of the Treasury; ownership of the real estate shall be transferred to the relevant economic chambers free of charge with effect from 1 January 1995 at the latest. The detailed conditions for the transfer, including the list of the immovable property to be transferred to the chambers, shall be laid down by a separate Act" (Act XVI of 1994, § 77).

However, under new regulations adopted in 1994 chambers were neither given headquarters or real estate to start their operations, nor were they exempted from compulsory membership fees in the first year of their establishment, nor were membership fees deductible from the tax base for businesses. At the time of starting their operation, the central government only helped the chambers by offering an extremely short-term, interest-free loan. These changes were a major source of resistance on the part of the membership. Serious grievances were caused by the fact that the chambers were immediately forced to make financial demands. Since the chambers, which had not yet achieved any results in their statutory tasks of developing the economy, ensuring business, representing general economic interests, providing public administration in connection with economic activity and developing their services, initiated, in almost all their first official contact with their members, nothing else than the collection of the obligatory membership fees.²⁷⁸ The situation was made even more difficult by the fact that the chambers were forced to build up their own infrastructure, without

²⁷⁸ Sugár (1997): op. cit. 202; Gulyás (2000): op. cit. 10.

which they would not have been able to take on the public tasks conferred on them by the law (issuing business cards, registering commercial accommodation and categorised catering establishments, issuing taxi licences, etc.). It has also often been the case that the transfer of administrative data has been slower and more protracted than expected, precisely because of the resistance of government departments and the lack of the necessary provisions. According to preliminary estimates, the construction of the public chamber infrastructure could have taken up to 4–5 years and the cost would have been immensely high. The result was that the chambers were constantly lagging behind and were always trying to stabilise their revenues with a view to their own development.

But alongside the problems, it is also worth highlighting the positives. The establishment of the service-office network and, at the same time, the creation of a one-stop-shop for the members of the chambers (relatively quickly, by 1997) can be considered a real success for Hungarian economic self-governments, considering the above mentioned difficulties.²⁷⁹ Similarly, the chambers of commerce and industry played an important role (through ‘lobbying’) in reducing social security contributions and employers’ contributions, eliminating some tax on business, and making it possible to reduce the base of local taxes by the cost of materials. The chambers have succeeded in enabling a wider range of entrepreneurs to opt for a simpler form of taxation, the flat-rate system, and in simplifying record-keeping and reducing the frequency of tax returns.²⁸⁰

Similarly, from the very beginning, there was a desire on the side of the members, stakeholders and chamber officials to give the chambers a stronger voice at the political level. They have thus had to develop close links with local authorities, parliamentarians and government. This was particularly true in relation to the implementation of the economic policy objectives of the statutory representation of economic actors. The chambers recognised that establishing a dialogue with all political parties capable of governing was essential in order to achieve their own economic policy objectives. It was particularly important to identify the political forces on which the chambers could count as external supporters. “The support of political forces that can identify with the chamber’s objectives can provide a safeguard in subsequent efforts to achieve them.”²⁸¹

²⁷⁹ Sugár (1997): op. cit. 202–203.

²⁸⁰ Gulyás (2000): op. cit. 12–13.

²⁸¹ Ferenc Szöllősi (ed.): *Fejezetek a Budapesti Kereskedelmi és Iparkamara életéből 1997–1998*. Budapest, Kamarapressz, 1998. 54.

However, this is where the greatest difficulties were encountered in the first period, as the voice of the economic local authorities was not always taken into account in national politics, while in local politics they were not always given the right to vote and participate in the various local government working groups. It is no coincidence that the chambers were becoming increasingly vocal in their desire to deepen regular dialogue with the political authorities and to give local authorities the right to give their consent to the adoption of regulations affecting entrepreneurs.

This was theoretically possible because in 1995, the Hungarian Chamber of Commerce and Industry agreed on a long-term cooperation with the Ministry of Industry and Trade in order to promote economic development, international relations, technical development and innovation. Under this agreement, the Ministry undertook to ensure that the chamber's opinion was sought on economic proposals and to send draft legislation and concepts to the national umbrella organisation for a preliminary professional opinion. Should the chamber take a different view from that of the Ministry, the Ministry will ensure that the positions are agreed in advance. Furthermore, in the case of proposals relating to the tasks of the chamber or which it considers relevant, it shall facilitate the preliminary examination and substantive consultation of opinions. However, implementation has been hampered from the outset, and in many cases legislation has not been enacted in line with the chamber's principles. As a result, the Hungarian Chamber of Commerce and Industry has been forced to voice strong criticism of the central government on more than one occasion in the following years.²⁸² And despite all the efforts made, this has not improved the image of the chamber's leadership among the majority of its members. The vast majority of members experienced the compulsory membership, the 'Prussian' nature of the chamber system as they called it, as a forced membership and a problem imposed on them. The consequence was nothing less than that they did not show any activity in the life of the chamber. In fact, their behaviour is most easily described by the "quit and stay syndrome". In other words, they did nothing to promote the organisation, to make it better, to improve its internal harmony, but because of the compulsory membership they could not actually leave. For this reason alone, it has become indispensable for chambers to be able to offer a more stable and better developed portfolio of services, to raise awareness of the opportunities

²⁸² Strausz-Zachar (2008): op. cit. 108.

they offer among their members and to create a forum for the promotion of the overall interests of business.

As the business leaders themselves put it, “the ideal of the ‘service chamber’ is also the main guarantee of the chamber’s broad social base, which is desirable both in terms of its ability to represent interests and its social prestige”.²⁸³ For this reason, almost all regional chambers have sought to inform their members and publicise their most important issues through the press, very often through their own (monthly) chambers’ bulletins and newsletters. But once again, the Budapest chamber, which already had strong structures in place, stood out. No longer content with the chamber’s publication as a bi-weekly supplement to the newspapers *Világgazdaság* (World Economics) and *Napi Gazdaság* (Daily Economics), in 1996 it launched its own national journal, *Üzleti 7* (Business Week), which became available for purchase and subscription by non-chamber members in 1997. The trial issue was published on 23 September 1996 and the first official issue on 7 October. Thereafter, the newspaper was delivered to registered, membership fees-paying chamber members on Monday mornings each week. We can state that the launch of the *Üzleti 7* in the autumn of 1996 marked a significant change in the general economic lobbying activities of the Budapest chamber. Its importance lay in the fact that the official opinion of the chamber could now be made known to the membership on each of the key issues. From then on, the chamber’s position on major legislative issues (tax, social security, amendment of the Chamber Act, company registration and company registry) became known to the general public, which also triggered a stronger response from stakeholders.²⁸⁴

Among the services provided to the membership, cooperation with international chambers has become essential for the Hungarian advocacy organisations, and through this, a deeper understanding of international trade, the every day life of market economy and the participation in exhibitions and fairs abroad. The various foreign partner institutions, especially the continental Western European chambers have also played a key role at the establishment of the new public law chambers, providing advice and support for the transformation of the Hungarian associative chamber system. The various Hungarian regional chambers (including the national umbrella organisations) maintained very

²⁸³ Vision and strategy. Strategic Plan of the Budapest Chamber of Commerce and Industry. Published by Szöllősi (1998): op. cit. 52.

²⁸⁴ Szöllősi (1998): op. cit. 62.

good relations with the Austrian, German, Dutch and Italian chambers. It is also from these years onwards that the economic self-governments organised continuous training for chamber members in order to prepare for accession to the European Union and to prepare economic actors for the opening of the market.²⁸⁵ This was also part of the development of the chambers' advisory network. In general, the chambers provided economic, legal, quality, foreign trade and transport advice to their members and this has been further developed in the years to come. In the field of building international relations, nine joint chambers were active until 1997, when the first organisation with a Central and Eastern European country, the Hungarian–Romanian Joint Chamber, was established in Budapest.²⁸⁶ In international relations, it was a great success and recognition for the Hungarian chamber system that in 1998 the International Chamber of Commerce and Industry (ICC) elected Lajos Tolnay, President of the Hungarian Chamber of Commerce and Industry, as a member of its board at its meeting in Geneva and designated Budapest as the venue for the annual meeting in 2000.²⁸⁷

The regional chambers also played a role in building international relations, but the main focus was on the activities of the Hungarian national umbrella organisations. In 1996, a broad consensus was reached with foreign chambers of commerce and industry resident in Hungary to encourage the role of local authorities in creating a better business environment and to make proposals to help the legislature and economic policy makers. The presidents of the Hungarian Chamber of Commerce, the Hungarian Division of the American Chamber of Commerce, the British Chamber of Commerce in Hungary, the Hungarian–French Chamber of Commerce, the Canadian Chamber of Commerce in Hungary and the Joint Venture Association also expressed their expectation that they should not only be able to present their active, self-initiated proposals to the political sphere, but also “the members of the chambers expect their representatives to be involved in the preparatory work on all laws and regulations affecting the economy. They should also be invited to debates in the relevant parliamentary

²⁸⁵ On Hungarian foreign relations of the period see in detail: András Hettyey: Die ungarische Außenpolitik 1990 bis 2018: Europäisierung ohne Überzeugung. In Ellen Bos – Astrid Lorenz (eds.): *Das politische System Ungarns. Nationale Demokratieentwicklung, Orbán und die EU*. Wiesbaden, VS Verlag für Sozialwissenschaften, 2021. 173–189.

²⁸⁶ *Kamara Értésítő*, May 1997. 4; July 1997. 3.

²⁸⁷ *Kamara Értésítő*, November 1998. 7.

committees”. Otherwise, it was clear that expressing opinions before government decisions could very easily and quickly degenerate into a mere formality.²⁸⁸

The most dynamic development of the new chamber system has certainly been the continuous expansion of the powers related to vocational education. The economic self-governments took over the registration of apprenticeship contracts and the control of training places, and the chamber delegates were present at the vocational examinations and were involved in the certification of some of the vocational training places. The role played by the economic advocacy organisations in vocational training was also enhanced by the gradual transfer of the vocational training fund, which is financed by employers’ contributions to the chambers, which enabled them to fulfil their original purpose of improving the conditions of practical training.²⁸⁹ The chambers were also responsible for the organisation of master training and master exams (most often for car mechanics, gas plumbers and gas appliance fitters, dental technicians, plumbers and central heating installers, bricklayers, pastry chefs, bakers, electricians, hairdressers, beauticians, car body fitters, and so on). The first joint communication of the Hungarian Chamber of Commerce and Industry, the Hungarian Chamber of Crafts and the Hungarian Chamber of Agriculture also addressed the issue of master (craftsmen) training. The communication, issued on 26 June 1995 and signed by the presidents of the national umbrella organisations, Lajos Tolnay, Tibor Szabó and Miklós Csikai, laid down the basis for determining who is entitled to use the title of master craftsman.²⁹⁰

In the light of the above, if we look at the main objectives of the economic self-governments in these years, we can see a strong involvement of chambers in three major issues. The first and fundamental task was to increase the social acceptance of the chamber system and the business community, since, as indicated above, public recognition did not bring with it the necessary social embedding. It was also important to overcome the negative connotations of the term ‘entrepreneur’ and to ensure that enterprises were adequately represented and accepted at both political and social level. A particular challenge was the creation of a ‘grassroots’ chamber based on member participation, the cooperation of stakeholders in the day-to-day operation of the advocacy organisation and to form a strong community under the conditions of a market economy. In this

²⁸⁸ *Vasi Kamarai Hírek*, 2, no. 3 (1996). 2.

²⁸⁹ *Kamara Értésítő*, November 1998. 12.

²⁹⁰ Strausz–Zachar (2008): op. cit. 110.

context, the chambers have also set themselves the goal of establishing credibility among their own leadership: “A decisive condition for the functioning of the system is that the chambers – both national and local – are led by people who are credible, who do exemplary economic work, who are sensitive to social problems, who promote development, and who can really win the support of the vast majority of owners. Only if local government regulation is built on the example of its leaders and sets a clear example of development and success will it be truly workable. One of the fundamental tasks for the coming period is for chamber departments and interest groups to find among themselves the individuals who are capable of doing the job and to implement the public thinking that will enable them to become leaders of their own groups.”²⁹¹

A second area of concern was to promote regional economic development, fostering the stability of companies through the right environment, and helping to protect local markets through economic analysis. The fact that the regional chambers of commerce and industry, crafts and agriculture were full members of the various county regional development councils from 1996 to 1999 has proved to be of decisive importance in this context. In this regard their main role was to give their opinion on regional development concepts and projects. They also played an important role in the county-level distribution process of various state aids for business stimulation and regional development. In 1998, the Regional Development College of the Hungarian Chamber of Commerce and Industry was set up from the county chambers’ experts and represented the economic self-governments in the National Regional Development Council (Országos Területfejlesztési Tanács, OTT) through its chairman. Gyula Higi, president of the Pécs-Baranya Chamber of Commerce and Industry and vice-president of the Pécs-Baranya County Regional Development Council, was elected the first president of the College. The representative of the Hungarian Chamber of Agriculture has also been given a similar role in the work of the OTT. This has greatly improved the general advocacy work of the chambers, as it has opened up important opportunities for local economic authorities by improving their knowledge of the opportunities for tenders and the resource map, and by involving them in the regional development strategy.²⁹² But all this work only lasted for a short time. The regional development and planning system changed

²⁹¹ *Vasi Kamarai Hírek*, 3, no. 9 (1997). 1.

²⁹² Maarten Keune – József Nemes Nagy (eds.): *Helyi fejlődés, intézmények és konfliktusok a magyarországi átmenetben*. Regionális Tudományi Tanulmányok 5. Budapest, ELTE, 2001. 165–170.

fundamentally in 1999. The government decided that the different economic chambers could no longer have voting rights, but could only act as advisers in spatial development. This meant that they lost their role on a crucial (economic policy) point and were condemned “from the role of the real protagonist to that of a statistician”.²⁹³ This in turn foreshadowed the changes that were to come in the system of economic chambers on higher levels, too.

Finally, a third central task was EU readiness, as the EU accession of Hungary – which was already underway – required significant changes in economic, political and social life, for which economic actors had to be prepared.²⁹⁴ (Not only in the field of information and knowledge, but also in the field of international relations and practical applicability, as well as the provision of professional-financial tools, which could help to catch up with the EU centre). In connection with the latter issue, the Hungarian Chamber of Commerce and Industry has repeatedly expressed its wish to be involved in the implementation of the accession tasks, and has even taken concrete steps from the very beginning. The leadership of the chamber was convinced that preparing for EU accession is not just a government task. Therefore, the national chamber set up a sub-committee to summarise the interests of entrepreneurs in June 1997. The Hungarian chambers made clear their view that the most important area of preparation for EU accession was the fulfilment of professional requirements and that the chamber organisations were indispensable in this respect. Eurochambres, the Association of European Chambers of Commerce and Industry, on the one hand, and a number of chambers in the Community Member States, on the other, have come to the assistance of Hungarian organisations in this work. The national chambers also made a number of suggestions in connection with the Hungarian negotiating positions and the development of the issues to be raised in the accession negotiations, stressing that they consider as few transitional reliefs as possible to be justified, but that it is worth asking for a postponement in certain areas of transport, environmental protection and the food processing industry. It was also important in this work to draw on the experience of the various chambers in the Community, particularly in neighbouring Austria, which joined in 1995. It has become clear that accession to the EU will not provide an immediate solution to many of the problems in Hungarian economy and social life, and that the economic sector will face new,

²⁹³ Keune – Nemes Nagy (2001): op. cit. 170.

²⁹⁴ György Farkas: *Kamarák és vállalati érdekképviseletek szerepe a magyar EU-integrációban*. Budapest, Európai Tükör műhelytanulmányok, 1997.

unseen challenges. In its analysis of Austria's first year in the EU, the Budapest chamber pointed out that initially a deterioration of the trade balance (i.e. an increase in the passive balance) with the other Community countries is to be expected, and that the new member state will experience a loss of revenue due to the dismantling of borders and thus the reduction/abolition of tariffs. Accession will also increase certain administrative burdens and, for this reason among others, it is worth focusing on preparing small and medium-sized enterprises and helping them to develop EU-compliant projects and tenders. In other words, it would be key for both the chamber and the public administration to strengthen the advisory and support service.²⁹⁵ In addition to the chambers of commerce and industry, the agricultural self-governments also played a strong role in the preparation for integration. By July 1998, the *Strategy for the Preparation of Hungarian Agriculture for EU Accession* was drafted and made available to the central government by the experts of the Hungarian Chamber of Agriculture. In addition, the publication of the EU rules for certain agricultural sectors was started regularly on the chamber's renewed website. This was an extremely important issue, as it would provide the membership with new services and information that would determine their fate. At the same time, as indicated above, the chambers were facing unforeseen changes. And again, these changes came from an outside actor, from the legislator and were driven by political motivations.

The chambers with voluntary membership but public law status

Already in the election campaign of 1998, the opposition (at that time the party Fidesz) made numerous hints about the planned change of the chamber structures. This was based above all on the hoped-for political benefit: to gain the support of small and medium-sized entrepreneurs, of those economic operators who considered compulsory membership in a hitherto not particularly effective and service-oriented organisation to be useless. The Independent Smallholders, Agrarian Workers and Civic Party (FKgP) even unequivocally articulated the abolition of compulsory membership. Interestingly, however, after the elections, the statements that came to light were mostly those that could have been seen as a strengthening of the chambers. In the elections of 1998, the national-liberal

²⁹⁵ *Kamara Értésítő*, April 1998. 5.

Fidesz won the majority against the former socialist-liberal government and entered into a coalition with national-conservative political forces to form a new government. The first news from the economic leadership targeted the theme of the chambers. The leading economist of Fidesz, State Secretary Mihály Varga, discussed for example that the government does not want to shake the compulsory membership of the chambers. He said to the press that it would even be desirable for the chambers to be given further public tasks from the public administration. The Minister of Economy, Attila Chikán, said something similar, even confirming to the president of the national chamber, Lajos Tolnay that he wanted to promote strategic cooperation with the chamber, partly by giving the chamber's representatives the right to consult in the Economic Cabinet in the future.²⁹⁶

Despite these statements, on 25 September 1998, a motion for a resolution was submitted by the MPs Csaba Sümeghy, László Nógrádi (Fidesz), Attila Bánk (FKgP) and István Varga (MDF) to review the Chamber Act. They wanted to assess “what experience can be drawn from the previous activities of the chambers” and “whether it is justified to maintain compulsory membership in the chambers of commerce [...] or whether it would be more appropriate to put it on a voluntary basis”. In the justification of the motion it was stated that this question was important primarily because of the support of small and medium-sized enterprises, which also had a prominent position in the government programme. In particular, this group questions the institution of compulsory membership, since the obligations arising from it are “mostly burdensome for firms with less capital”. In the current stage of economic development, therefore, there is a realistic expectation that “for a significant proportion of entrepreneurs, compulsory membership of chambers is no longer desirable” the official argument stated.²⁹⁷ The motion was received with great scepticism by the opposition at the time (politicians of the socialist MSZP and the liberal SZDSZ), who said that the question itself was of a “political nature”; they did not want to question the chambers, but “to provide the chambers of commerce with new

²⁹⁶ Zachar–Strausz (2010): op. cit. 228–235.

²⁹⁷ The Proceedings of the National Assembly. Papers 1998–2002. (Az Országgyűlés Irományai. Irományok.) H/206 on the revision of the legislation on economic chambers. (A gazdasági kamarákra vonatkozó törvényi szabályozás felülvizsgálatáról).

tasks so that the ‘denationalisation’ of the economy could be further advanced”.²⁹⁸ The opposition MPs, especially István Göndör and Antal Schalkhammer (MSZP), as well as Gábor Szalay (SZDSZ), also affirmed at public forums that it was not compulsory membership per se that should be questioned, but the way in which the membership fees were paid, in the interest of small and medium-sized enterprises. This point of view was also repeatedly emphasised by the chambers. They were of the opinion, as Imre Farkas, President of the Chamber of Commerce of Zala County, put it that the abolition of compulsory membership would at the same time lead to a disintegration of the holistic approach to chambers.²⁹⁹

It was an important attempt by the chambers to argue that, especially in the period of accession to the European Union, the abolition of compulsory membership can only have negative consequences for the stakeholders of economy. They also expressed the view that the requirements for the harmonisation of European law determine a compulsory chamber system in Hungary as a market economy. This is the only way to ensure proper management of the economy, an information system, liaison with the government, a range of tasks from regional development to vocational training, and representation of business and economic interests. The chambers argued that only this approach is Europe-compatible. In this respect, however, the chambers were wrong, as the government representatives repeatedly pointed out: in the European Union of the given time, the chamber system, which combined the continental European model with compulsory membership and public body tasks, and the economic representation of interests based on voluntary membership, which followed the Anglo-Saxon model or was close to it, were almost exactly 50–50%. The chambers’ arguments also included the argument that by abolishing compulsory membership the Hungarian chambers will not be able to build up an adequate base for vocational training and further training for simple financial reasons, and that this would jeopardise EU catching-up. It was also repeatedly pointed out that the chambers can only guarantee business integrity – in the interest of protecting its entire membership – if it retains the right, under the current model, to filter out and expel the fortune hunters, the fraudsters, the “phantoms”, those who defame the honour of the entrepreneurial society. However, in the debate in the Hungarian Parliament the professional arguments were not effective.

²⁹⁸ The Proceedings of the National Assembly. Papers 1998–2002. H/206 on the revision of the legislation on economic chambers.

²⁹⁹ Zachar–Strausz (2010): op. cit. 228–235.

During the second general debate in the Parliament on 23 November 1998, the opposition complained that the chambers themselves could not participate at all in the debate of the motion and could only express their opinion outside parliament. János Veres (MSZP), who was also a chamber officer at the time, also put forward an economic argument: insofar as the chambers did not perform the public tasks assigned to them, these would have to be performed again by the state public administration, which would have particularly serious financial consequences for the state budget. The government's position, as stated by László Nógrádi (Fidesz), was that the planned changes "will be good for the chambers because their situation will stabilise, hopefully it will be good for the entrepreneurs, it will be good for the actors of the economy and maybe it is not pathetic to say that it will be good for the whole Hungarian economy".³⁰⁰ Thus, in the final vote held on 22 December 1998, all the opposition amendments were rejected and the motion to review the legal basis of the chambers was adopted. The results of the enacted investigation were presented in a comprehensive new concept on the economic chambers after the government meeting of 28 and 29 June 1999. Thus, the public law status of the chambers was to be maintained, but compulsory membership was to be abolished; in addition, the chambers of crafts were to be integrated into the chambers of commerce and industry. The Hungarian Chamber of Commerce and Industry discussed the new concept and explained that the general character of the representation of interests would have to be maintained and appropriate financing would have to be found for the public law tasks – because of the loss of membership fees. The first forecasts of the chambers assumed that as a result of the changes hardly 10–30% of the members would remain in the chamber on a voluntary basis. Therefore, a more service-centred and even more efficient organisation would have to be created. The chamber networks would have to be strengthened, especially in such services as professional training, counselling, business partner search, as well as information on EU membership. As a counter-proposal, the chambers put forward the preservation of compulsory membership with the liberation of small businesses from mandatory chamber fees.³⁰¹

The heated debate continued in Parliament, at the political level. The speaker of the motion, State Secretary János Fónagy, gave the reason during the debate on

³⁰⁰ The Proceedings of the National Assembly. Papers 1998–2002. H/206 on the revision of the legislation on economic chambers.

³⁰¹ See for example *Gazdaság és Vállalkozás*, 5, no. 8 (1999). 2; *Gazdaság és Vállalkozás*, 5, no. 9 (1999). 5; *Gazdaság és Vállalkozás*, 5, no. 10 (1999). 3.

9 November 1999 that “the activity of the economic chambers developed more slowly than hoped in the light of the economy; the compulsory membership and the associated compulsory fee did not motivate the economic chambers sufficiently to develop their legally defined tasks and to realise their general advocacy activity in a broad circle. Businesses could rightly complain that the compulsory membership fee, which is like a tax, is not in proportion to the chamber services offered”. According to the motion, the solution was to abolish compulsory membership, thereby transforming chambers “into more efficient, service-oriented organisations that satisfy the demands of business enterprises”. The opposition again spoke out against the aspirations, with Katalin Lévai (MSZP) stressing that the government was wrongly talking about maintaining the autonomy of the chambers, while the bill aimed at nothing other than “centralisation, the liquidation of self-government, which is completely contrary to European standards”. She also pointed out that if the chambers were to be given new tasks, they would have to be covered financially.³⁰²

Gábor Szalay (SZDSZ) described as a “crude and undisguised violation of self-government and autonomy” the proposal to give the Prime Minister the right of countersignature on the person of the national chamber president. In his political attack, Szalay stressed that “only the person dear to the Prime Minister, or even close to him, could lead the national chambers representing the economic stakeholders”. This point was also criticised by the chambers, which stated that this plan was incompatible with the public law character of the chambers, as well as their self-government and democracy. In the heated debate, only the spokesman for the radical right-wing MIÉP (Magyar Igazság és Élet Pártja, Party of Hungarian Truth and Life) parliamentary group, István Csurka, pointed out that the bill was about much more than the chamber membership fee of small and medium-sized enterprises. He indicated that the government wanted to get rid of both the leading chamber functionaries, some of whom came from the state socialist era and often took an oppositional stance towards the government, and the chamber structures, which were now gaining strength and were thus able to take over some of the economic organisation tasks, i.e. they would have meant competition for politics.³⁰³ This was also confirmed years later by Csaba Sümeghy

³⁰² The Proceedings of the National Assembly. (Az Országgyűlés Irományai.) 1999. CXII parliamentary debate on the act on economic chambers (T/1610).

³⁰³ The Proceedings of the National Assembly. 1999. CXII parliamentary debate on the act on economic chambers (T/1610).

(Fidesz), who suggested in a renewed debate in 2003 that the “leaders of the chambers at that time were actually supported by the former power holders as patrons”.³⁰⁴ Towards the end of the debate, the government’s position was clear: only by reorganising the chambers, with the expansion of a new system and the abolition of compulsory membership can the future of chambers be guaranteed. “In this way, we will meet the demands of Hungarian society and the companies that want to join the chamber will voluntarily create a better, more agile, effective and service-oriented chamber system than the current one, using the intellectual capacities” – said Csaba Sümeghy on the part of the government in the debate.³⁰⁵

The final vote took place on 22 December 1999: the Hungarian Parliament passed the bill by 191 votes in favour, 140 against, with 16 abstaining (and 39 absent). In addition, the Parliament requested its president to initiate an urgent proclamation of the bill from the President of the Republic. However, we cannot avoid an important question regarding this debate on the chamber structures: it seems to be a typical post-Soviet legacy in transition countries that the society did not strive to maintain the results achieved. We can consider it a typical phenomenon of post-communist social development that the members of the individual social groups (in this particular case especially the small and medium-sized enterprises) expect all kinds of developments, which are supposed to serve their salvation and advancement, from the state and prefer to do it without their own initiative, personal responsibility and participation – especially if this is connected with certain costs. In our case, some stakeholders of the economic chambers only saw the obligations that arose from their chamber membership, but were unable to assess the benefits that were not yet clearly foreseeable at the time, or the opportunities that would unfold as a result. Moreover, they were certainly not willing to maintain an organisation with financial resources that did not offer immediate tangible results. Thus, their opposition to compulsory membership and traditional chamber structures was to be understood as a typical post-Soviet social development.

As a result of Act CXXI of 1999 on the Economic Chambers, only two types of chambers remained in Hungary instead of the previously existing three:

³⁰⁴ The Proceedings of the National Assembly. (Az Országgyűlés Irományai.) T/5856. Amendment of Act CXXI of 1999 on Economic Chambers. (A gazdasági kamarákról szóló 1999. évi CXXI. törvény módosításáról.)

³⁰⁵ The Proceedings of the National Assembly. 1999. CXII parliamentary debate on the act on economic chambers (T/1610).

the chambers of agriculture were kept in position, while the chambers of crafts were integrated into the chambers of commerce and industry. At the same time, compulsory membership in these organisations was abolished (Act CXXI of 1999, § 2 and § 8). The economic chambers remained public law bodies but without delegated public administrative tasks. Their most important tasks, prescribed by law, were the promotion of the economy, the protection of the overall interests of the economy, the protection of professional ethics and honourable economic behaviour (Act CXXI of 1999, § 3 and § 9).

The local chambers of commerce and industry (*kereskedelmi és iparkamara*) and the agricultural chambers (*agrárkamara*), which were established on the territorial basis of the counties as well as the capital, were given the opportunity by the text of the law to unite for the better performance of their tasks and to carry out a regional integration. The Hungarian Chamber of Commerce and Industry (*Magyar Kereskedelmi és Iparkamara*) and the Hungarian Chamber of Agriculture (*Magyar Agrárkamara*) are constituted as national umbrella organisations from the delegates of the regional chambers. The individual territorial chambers had to create their own statutes – in accordance with the provisions of the legal text – in which the individual organisations themselves could decide on the internal structure, on the sections, departments and divisions to be created. According to the statutes that have been created since then, the work of the chambers of commerce and industry in Hungary is divided into the sections for trade, the section for industry, the section for crafts and the section for economic services. These are represented accordingly in the overall organisation and are represented at national level by recognised professional authorities. In the case of the chambers of agriculture, we can find – similarly to the structure of the chambers of commerce and industry – the members divided into five sections, which are then further subdivided into divisions according to the enterprises. Thus, there is a section for plant breeding, a section for animal breeding, a horticulture section, a section for forestry, fishing and hunting, and the section for innovation and technology. The Hungarian Chamber of Agriculture is also constituted according to this structure of the regional chambers.

The most important bodies of the regional chambers are the delegates' assemblies, which have to meet at least once a year. Here the most important officials of the chambers (President, Vice-Presidents, members of the Presidium, members of the Control Committee, members of the Ethics Committee) are elected, furthermore the annual budget is decided and the self-government documents (statutes, rules of procedure, etc.) are adopted. The delegates' assembly of the

regional chambers also elects its representatives for the delegates' assembly of the national umbrella organisation.

In the time between the individual delegates' assemblies, the leadership of the respective chamber provides the presidium. The Chamber may be represented vis-à-vis third parties by its President. The legal supervision of the organisations is carried out by the public prosecutor's office. The reason for this is that this task corresponds to general legal supervision, which is described in detail in the Hungarian Public Prosecution Act.

The financing of the chamber organisations is made possible by the law from several sources of income. On the one hand, we find the contributions of the members of the chambers, on the other hand, the fees and charges of the various chamber services, the income of those business enterprises that have been established by the chamber, as well as voluntary subsidies and the state allocations.³⁰⁶ In this respect, the statements made by Thorsten Franz also apply to the Hungarian chamber: "The basic idea of chamber financing is that the activities of the chamber that are primarily in the interest of the contributors and provide them with benefits are financed by contributions or fees, while the performance of tasks that are primarily in the public interest is to be financed by state allocations."³⁰⁷

The forced reorganisation of the economic self-governments occurred precisely at a time when it would have been most necessary for the chambers to be able to carry out their activities undisturbed. The country was about to join the European Union, and in the period between 2000 and 2004 one of the most important tasks of the chambers would have been to prepare both the country's economy in general and the Hungarian protagonists of economic life – in crafts, trade, industry, or agriculture – for the consequences of EU accession. According to the Act on Economic Chambers, the chambers were able to carry out their public law and administrative tasks, which had been given to them by the previous legislation, until 31 October 2000 (Act CXXI of 1999, § 48). As a result of the abolition of compulsory membership, individual enterprises wishing to be members of the new chamber organisations had until the statutory deadline of 30 June 2000 to signal this decision. The negative expectations of the chambers regarding membership renewal did not prove too pessimistic: as a result

³⁰⁶ Strausz-Zachar (2008): op. cit. 313–315.

³⁰⁷ Thorsten Franz: Kammerfinanzierung. In Winfried Kluth (ed.): *Handbuch des Kammerrechts*. Baden-Baden, Nomos, 2005. 416.

of the abolition of compulsory membership, a total of 5% of all businesses remained chamber members by the first deadline. (In case of the chambers of commerce and industry this meant that of the 727,384 registered members only 29,523 enterprises remained in the chamber as of October 2000, in case of the chambers of agriculture this was only 9,500 of the original 187,000 members.)³⁰⁸ Voluntary membership was primarily chosen by those enterprises that were aware of the fact that it seemed almost impossible to assert their interests on their own, that there are always issues in the economy that could not be solved independently and that these would be taken over by the chamber structures within the European Union. The economic stakeholders who took up membership in the new chamber structures were already aware of the advantages of a form of organisation that was respected throughout Europe at that time.

New developments: Compulsory registration, DCCA and Covid-19

Hungarian Chambers of Economy maintained a voluntary membership system after 2000 and, theoretically, were operating with public body functions. During a transition period of above five years the chambers consolidated their service portfolio, created the necessary financial resources for their operations and, once again, articulated the interests of the Hungarian economy with an increased number of members. While Hungary's internal economic conditions and economic policy – especially from 2002 onwards – were unfavourable for the strengthening of enterprises, and it can even be said that instead of growth, there was a crisis of small and medium-sized enterprises, the chambers took several steps to strengthen the market position of Hungarian enterprises. They have attempted to work with EU member chambers to prepare their members for tenders to attract EU funding, and also to prepare non-member businesses through their wider outreach activities. An important positive change was the participation of the two public national chambers of commerce and industry, the Hungarian Chamber of Commerce and Industry and the Hungarian Chamber of Agriculture, in the European Integration Council (EIT) run by the Ministry of Foreign Affairs. However, in addition to the two chambers, almost all the national interest representation associations and social partners were also invited. In addition, the EIT was not essentially a forum for preparing or taking

³⁰⁸ Strausz-Zachar (2008): op. cit. 316.

decisions on integration, but merely an information meeting to ensure that the various organisations coordinate their domestic and international activities on European integration as much as possible.³⁰⁹ To this end, the local economic advocacy organisation provided extensive support to achieve EU readiness: they provided information to entrepreneurs on legislation and regulations in specific economic fields, helped to set up quality assurance systems for the wider business community (e.g. HACCP) and to adopt EU standards (e.g. ISO), organise training courses on the new public procurement law or run courses on tender writing to facilitate participation in EU programmes. One of the most spectacular elements of the chambers' work in preparing for integration was certainly the "EU Comes Home" awareness campaign organised jointly with the Ministry of Economy and Transport. It provided some 25,000 businesses in 169 sub-regions within arm's reach with industry-specific information on the implications of joining the European Union and the principles of the single market. The creation of European Information Centres to support small and medium-sized enterprises, was part of this network and was run with the participation of the chambers.³¹⁰

The individual regional chambers have organised a number of business presentation trips to regions whose economic growth has not been affected by the negative economic wave in Europe (mainly Asia, with China as a destination). The various professional trips, participation in exhibitions, fairs and trade fairs, which could help the chamber to promote the access of its members to foreign markets, were playing a prominent role in the chamber's activities. There was also an increasing emphasis on relational meetings to introduce countries and diplomatic visits to counties and regions. The chambers have always facilitated investor negotiations in their respective regions, acting as a bridge between the political world and (foreign) economic actors.³¹¹ Another return to the traditional role of chambers was the establishment in 2005 of a network of regional information offices by the national umbrella organisation, in cooperation with

³⁰⁹ Péter Dunai (2007): A Magyar Kereskedelmi és Iparkamara nemzetközi kapcsolatai, európai jelenléte. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 25.

³¹⁰ Péter Krisztián Zachar – Péter Strausz: Die Situation der Wirtschaftskammern in Ungarn vor und nach der Beseitigung der Pflichtmitgliedschaft. In Harald Eberhard – Ulrich E. Zellenberg (eds.): *Kammern in einem sich wandelnden Umfeld*. Wien, Jan Sramek Verlag, 2014. 206–230.

³¹¹ Judit Gulyás (ed.): *Gazdasági önkormányzat a második ezredfordulón. Hajdú-Bihar megyei Kereskedelmi és Iparkamara 2000–2004*. Debrecen, Hajdú-Bihar Megyei Kereskedelmi és Iparkamara, 2004. 5.

the Hungarian Patent Office and with the support of the Ministry of Economy, which aimed to focus on the field of industrial property protection. The main task of the offices is to provide information on intellectual works, the means of industrial property protection, the forms of protection (patents, utility models and designs, figurative and word marks, copyright, plant variety protection).³¹² All this has been a major motivation for more and more stakeholders to voluntarily become members of the chamber, recognising the benefits and the importance of the services provided to them. From 2000 to 2008, the membership of chambers of commerce and industry rose from 29,000 to almost 46,000 companies.

The renewed activity of the chamber of commerce and industry was also reflected in the increasing number of international contacts it was able to build. As was mentioned earlier, to engage in international, wide-ranging cooperation, the Hungarian Chamber of Commerce and Industry committed itself to national economic development programmes, building foreign economic diplomacy, formulating a new foreign economic strategy. Therefore, the national umbrella organisation became a full member of Eurochambres in 2004 and is also associated with nearly 220 chambers of commerce worldwide.³¹³ This Association of European Chambers of Commerce and Industry is the largest business representative organisation in Brussels (20 million companies, 45 members, a network of 1,700 regional and local Chambers). The direct members are national associations of Chambers of Commerce based in the 28 EU countries, EFTA countries, and some Eastern European, Western Balkans and Mediterranean countries. In the relationship with foreign chambers of commerce, an important professional link is guaranteed by company profiles, business meetings, trade and tariffs, industrial intellectual property protection and the compliance with ethical codes. This is why we can examine two other specific tasks in the field of international relations, namely arbitration in international matters and international complaints handling, which were regulated by the national chamber.³¹⁴ This process, however, could only be completed after 2010, when the Hungarian chamber movement became one of the founders and driving forces of the European DCCA system, the formation of the Danube Chambers of Commerce Association, which will be discussed in more detail later.

³¹² Szilágyiné Baán (2004): op. cit. 208.

³¹³ Sándor Temesi: *A Budapesti Kereskedelmi és Iparkamara 160 éve 1850–2010*. Budapest, BKIK, 2010.

³¹⁴ Dunai (2007): op. cit. 18–19.

Regarding the other main economic umbrella organisation besides the chamber of commerce and industry, the Hungarian Chamber of Agriculture, we can say that its activities focused on the development and support of the agricultural economy and the promotion of the general interests of the agricultural sector, in the context of European integration and regional development. The chamber was involved in the legislative process, in the same way as the Chambers of Commerce and Industry: it participated with its regional chambers in the drafting of legislation affecting the agricultural sector and submitted proposals to the (local) government and parliament in the interests of producers. The chamber's main ambition was to create a "sector-neutral agricultural and rural development programme" in Hungary, based on a professionally sound consensus between political parties, which could be implemented with the support of small, medium and large-scale producers. The flow of information was also in the focus of services offered to the membership: it informed its members about concepts related to the agricultural sector and at the same time helped them to apply the new rules of legislation. In this role, it regularly published national and county publications and organised events at national, regional, sub-regional and local level. Its services included providing information to members on (EU) subsidies, taxation and other economic issues.³¹⁵ In addition, the chambers of agriculture regularly informed their members about the standards and the methodology for their examination. In this context, they were actively involved in the work of national bodies such as the Hungarian Standards Body, the National Accreditation Body, the Quality Society, the Industrial Law Protection Body and the ICC mentioned above.³¹⁶ In the case of the Chambers of Agriculture, international cooperation was also achieved through bilateral relations and membership of international organisations. In the latter respect, in addition to its membership of the ICC, the Hungarian umbrella organisation became a full member in the Committee of Professional Agricultural Organisations of the European Union (COPA) in 2004.³¹⁷ This international coordination is particularly necessary because the weight of the agricultural sector in the EU is also declining. It was

³¹⁵ Zachar–Strausz (2014): op. cit. 206–230.

³¹⁶ Laczkó (2007): op. cit. 44–45; Márta Szabóné Molnár: *A vállalkozások érdekképviselete az Európai Unióban. Kézikönyv vállalkozásoknak a hazai és az európai érdekképviseleti és érdekvédelmi kérdésekről és szervezetekről*. Budapest, Saldo Pénzügyi Tanácsadó és Informatikai Rt., 2004. 19–20.

³¹⁷ Laczkó (2007): op. cit. 46–47.

also important because of the changing funding framework and the renewed EU policy areas that the interest groups and professional organisations represented agriculture in the same way before the EU and national parliaments, developing a correct, well-founded and forward-looking strategy.

Within the Hungarian national framework, the bodies of agricultural self-government also have important tasks, as they have been given the task of advising on agricultural and rural development, coordinating resources and providing information on EU tenders. As mentioned above, they are also involved as advisors in rural development. Among the tasks of the public bodies, the chambers of agriculture are particularly active in the modernisation of vocational training, developing new learning apps and textbooks by their own experts. The law's provisions give the agricultural self-governments a role primarily in practical training, so it is no wonder that training institutions have set up a number of farms and training centres. In this context, the chamber's advisers have become extremely important, providing up-to-date information on all agricultural issues, providing information to those who contact them and, if necessary, giving presentations on national and EU subsidies. They can also provide assistance on current tax and social security issues and market opportunities, and, as a public body, they offer this not only to members of the chamber but to the whole agricultural sector. In addition to advisers, the regional offices set up by the chambers also provide computer and IT support, such as e-Hungary points, the MEPAR browser to help farmers apply for area-based subsidies, and GPS area measurement tools to help them provide accurate data.³¹⁸

The renewal of chambers, their activity and new service portfolio has not passed unnoticed by politics. Interestingly, following another change of government in 2002, when the socialist and liberal parties regained power from the national-conservative political side, the need for clarification of the status of economic chambers has re-emerged. A particular difficulty for the chambers arose from the paradoxical legal situation that the chambers without compulsory membership continued to be public bodies but without delegated public administrative tasks and were required to represent the overall interests of economy. In this process, the representatives of chambers and internal stakeholders, as well as external actors, have made a strong effort to ensure that the public tasks of chambers are clarified. It can be seen as a serious positive aspect that the new law was accompanied by a broad dialogue, as the proposals

³¹⁸ Strausz-Zachar (2008): op. cit. 127–128.

were not only discussed by the government with the economic chambers, but the draft law was also on the agenda of the Business Development Council and the National Interest Reconciliation Council. In fact, on 29 October 2003, the Economic Committee of the Hungarian Parliament held an external meeting at the office of the Hungarian Chamber of Commerce and Industry to discuss the proposed changes and, finally, unanimously recommended to the Parliament, with the support of the chambers that the proposal be debated in general. As Gyula Gaál, State Secretary of the Ministry of Economy and Transport, explained on behalf of the government, “in a modern market economy, economic chambers have an important role to play in the foundation of economic development and economic strategy decisions, in improving the security of business transactions, in strengthening fair market conduct and in developing international economic relations”.³¹⁹ It is on this basis that the proposal has been made, which extends the scope of public tasks carried out by chambers, while stipulating that additional tasks can only be transferred from public institutions if they can be carried out more efficiently and cost-effectively by economic self-government than by public administration bodies and their institutions. The amendment to the law separates the powers of the chambers to monitor the legality of public tasks from the financing of public tasks, and places the powers of the public prosecutor’s office in charge of monitoring the legality of public tasks. The main elements of Act CXXXI of 2003 amending Act CXXI of 1999 on Economic Chambers include the extension of the ethical rules to include the fight against unfair market practices and the tasks of consumer protection mediators, but, unlike in the original proposal, these are not applied to all economic actors but only to voluntary chamber members.

However, the main question that was raised during the parliamentary debate was whether the chamber could be preserved as an institution for its members after the amendment, or whether it would become more of an institution of governance. This has been a problem for chambers since their origin and creation in the 19th century. This question, which has accompanied chambers since their inception is certainly one of the two extremes of opinion, since the amendment extended the public tasks of chambers to include participation in the preparation of economic development, business development and economic strategy decisions; the tasks of preparing, informing, training and further training for businesses, including small

³¹⁹ The Proceedings of the National Assembly. T/5856. Amendment of Act CXXI of 1999 on Economic Chambers.

and medium-sized enterprises and certain professions, in the European Union (except in areas where chambers have the power of control and supervision); and the tasks of intervening in the fight against unfair market practices and consumer protection (Act CXXXI of 2003, § 5). They may, however, receive general subsidies from the budgets of individual ministries and, in addition, may receive specific budget allocations for the performance of certain public tasks. Moreover, the government has institutionalised consultation with the chambers, so that the ministers appointed by the prime minister and the national economic authorities hold a professional debate at least twice a year (Act CXXXI of 2003, § 7).

In the following years, it seemed that the economic role of chambers would increasingly come to the fore. This was particularly evident in the economic crisis that hit Hungary after 2008. The evolving new debate about the chambers and their role in stimulating the economy, probably led to the first common points being found with some of the politicians, who previously opposed the strong chamber system in Hungary. The chambers interpreted the need to reduce the size of the state administration and to ease its workload as an opportunity to delegate new public tasks to their organisations.³²⁰ According to the opinion of the chamber leaders, this could mean a partial return to the previous position, according to which the chambers appear as self-organisations of the persons concerned precisely in the interest of organising the small and targeted state administration.³²¹ This position also led to a change in the critical relationship between the political centre-right and the chambers of commerce and industry: the leader of the opposition at that time, Viktor Orbán, head of the Fidesz party, gave statements in public that the mandatory membership of the chambers could be restored and their sphere of activity even more expanded. The new cooperation with chambers was also symbolised by the fact that ever closer contacts were established with the president of the Hungarian Chamber of Commerce and Industry and that today there is an almost “harmonious” relationship between the partners.

After the elections of 2010, which brought a landslide victory for Fidesz and Viktor Orbán, the preparatory work for the new regulation of the situation of the economic chambers began. However, some parts of the text of the law

³²⁰ Péter Póla: Gazdasági kamarák a globalizációban. *Tér és Társadalom*, 20, no. 3 (2006). 19–30.

³²¹ Ulrich E. Zellenberg: Mitgliederrepräsentation und Wahlrecht. Grundsatzfragen der demokratischen Legitimation von Kammerorganen. In Harald Eberhard – Ulrich E. Zellenberg (eds.): *Kammern in einem sich wandelnden Umfeld*. Wien, Jan Sramek Verlag, 2014. 65–102.

were not even sent by the preparatory Hungarian Ministry of Economy to the professional organisations for comments, on the other hand, the already published passages were withdrawn in the summer of the same year. Neither the new Act on Chambers of Commerce and Industry nor the Act on Chambers of Agriculture could be completed by the deadline promised by the government. Even the discussion about compulsory membership was not held in public. Instead, in November 2011 a change to the law was made in a peculiar and unconventional way. In a so-called “mixed law”, which dealt with numerous tax issues, the Chamber Act of 1999 was amended in some points again.

The amendment, which came into force on 1 January 2012, stipulates that all individual and partnership enterprises – with the exception of those already under the jurisdiction of another chamber – are obliged to register with the competent Chamber of Commerce and Industry. To this end, they must pay a small contribution fee (HUF 5,000, approximately EUR 15 per year) to the chamber responsible for their registration. This contribution is regarded as a public debt which can be collected by the state tax authority in the event of non-payment. It is important to stress that this does not mean that the companies have become members of the chamber. Membership remains voluntary (Act CLVI of 2011 on the modification of certain tax acts and related acts, §§ 403–408). It is probably not necessary to emphasise that this modification did not solve the problems of the chambers of commerce that had existed for more than a decade and did not open new possibilities for the circle of the represented companies. It seems somewhat one-sided that companies have to pay from their income for the costs of the public tasks of an organisation in which they do not become a member. In view of the limited service possibilities of the chamber organisations, it is also unlikely that these “non-members” paying contributions will benefit much from the promised benefits in return for this payment. The particular services for registered enterprises, all of which are free of charge, include such as consultancy with regard to the economy, finance, taxation and access to credit, searching for business partners, grant/tender monitoring. This resulted in a chamber organisation that neither corresponds to the classical continental model with compulsory membership and delegated governmental tasks nor follows the model of voluntary membership of the Anglo-Saxon region and is still searching its place in society and economy.³²²

³²² Detlef Sack: Institutioneller Wandel von Industrie- und Handelskammern im europäischen Vergleich. In Winfried Kluth (ed.): *Jahrbuch des Kammer- und Berufsrechts 2016*. Halle an der

The majority of the corporate sphere, which is burdened with numerous taxes, has either not responded positively to this change: Many feel that they would receive nothing in return for the registration fee they had paid. Even this seemingly small sum represents a special burden for the thousands of so-called forced entrepreneurs. In addition, this step by the government itself as a registration is judged by the critics as not useful, since the public registers have even been available on the Internet so far.

Today there are 23 regional chambers of commerce and industry (in the 19 counties, in the capital and in three cities with county rights) and one national umbrella chamber in Hungary. Based on available data (2019–2020) there are, according to the Hungarian Statistical Office and the secretary general of the Hungarian Chamber of Commerce and Industry, currently 612,478 registered enterprises throughout Hungary, about a quarter of which are located in the capital Budapest (145,786). The fewest enterprises are registered in the three cities with county rights, while the smallest of the regional county chambers is the southern county of Tolna (6,595). The introduction of registration also had an impact on the number of voluntary members, which fell again. It has stagnated for years between 2 and 3% of the number of those registered (i.e. between 18,000 and 19,000). Currently the number has dropped to 18,204. Most of them are in the capital (3,118); the fewest are in the three cities with county rights and in the northeastern county of Nógrád (327).

In the case of chambers of agriculture, the final decision on the restoration of compulsory membership and the changes of chamber structures was made in 2012. The new law was submitted to parliament as a matter of urgency and was passed in a very short time by the government majority in the month of July. Accordingly, compulsory membership was reintroduced in the agricultural sector, and all those concerned had to register to the chamber within 60 days and pay the chamber fee of HUF 5,000. Due to this obligation more than 190,000 members were registered with the chamber. The most significant change is not only in the name of the chamber, which from now on is called the Hungarian Chamber of Agriculture, Food and Rural Development (Magyar Agrár-, Élelmiszergazdasági és Vidékfejlesztési Kamara). Here, not only all self-employed full-time farmers and all part-time farmers became members of the new chambers of agriculture, but also all persons and enterprises that process or trade in agricultural products.

The new chambers had to constitute themselves with new elections, which were held in February 2013.³²³

A total of 1,230 delegates were elected in the 19 counties through a list election. However, out of a total of almost 198,000 eligible voters, only barely 14,600 chamber members cast their ballots. The highest turnout was 12.8 in Komárom-Esztergom County, while the lowest was 4.92% in Csongrád County. Although the overall turnout was very low, the compulsory membership meant that almost ten times as many members voted as in the last elections in 2008 under the voluntary membership. For this reason, the Minister of Rural Development, Sándor Fazekas, considered this election a success. He also emphasised that through the new compulsory membership, instead of a circle of 11,000 members, the overall interests of this sector could now be represented and thus the agricultural sector would receive a correspondingly strong articulation of interests. The opposition, on the other hand, stressed that after the expansion of the ruling party's positions of power in the industrial sector, only the interests of Fidesz would now be represented in agriculture. This is supported by the fact that only one national list was able to put forward candidates in the elections, namely the Association of Hungarian Farmer's Clubs and Farmer's Cooperatives (Magyar Gazdakörök és Gazdaszövetkezetek Szövetsége, MAGOSZ), which is sympathetic to the centre-right government. (For this reason, several interest groups also called for a boycott of the chamber elections).³²⁴ While it is indeed true that the most significant force on the single list was the national association of Hungarian farmers (MAGOSZ), the delegates represented a total of 12 different interest groups, several of which would also have had the possibility of drawing up a list on their own. The closeness to the government of the newly elected agricultural chambers was, however, undeniable and became clear when one knew that the new president of the national organisation, Balázs Györffy, was also a member of the parliamentary agricultural committee as a representative of the governing party. Also a member of the Fidesz parliamentary group was the president of MAGOSZ, István Jakab, as well as the director of the interest group, Gyula Budai, who was also the state secretary of the Ministry of Rural Development.

³²³ Péter Krisztián Zachar: Strukturwandel der ungarischen Handels- und Industriekammern nach 1989/1990. In Detlef Sack (ed.): *Wirtschaftskammern im europäischen Vergleich*. Wiesbaden, Springer, 2017. 141–162.

³²⁴ Zachar (2017): op. cit. 141–162.

However, what can already be assessed in the old/new economic chamber structures in Hungary, even without the political influences, is the range of services offered to members by the chambers of commerce and industry or the chambers of agriculture. In the case of the chambers of commerce and industry, we find a two-tier service structure. Through compulsory registration, there are three basic services that are available to all registered enterprises: Advice on economic, financial, tax and credit issues; business partner search, compilation of funding databases on possible funding projects and subsidies. For these tasks, the Budapest Chamber of Commerce and Industry has set up an office for economic policy issues and services, which registered companies have been able to contact by telephone, electronically or even in person since August 2012. Actual voluntary members are also offered other free or discounted services. These include legal assistance in labour or social security law, advice on foreign trade issues, assistance in setting up a business, certification of documents, participation in trade fairs and exhibitions, issuance of Carnet A.T.A. customs documents, and several others. One of the new services offered by the chamber of commerce is the introduction of a uniform membership card, which has been combined with a new uniform chamber discount system. This means that a significant part of the chamber's services can be obtained with the help of this card either free of charge or at particularly favourable prices. In addition, the new card is linked to the services of the Euro Discount Club (EDC): the services and goods offered can thus also be purchased at lower prices (with a discount of 3–50%). Parallel to the introduction of the new membership card, a new chamber qualification system was set up. Through this qualification system, those companies that comply with the chamber's regulations and expectations, and have thus been qualified as reliable companies, can obtain a special trademark. Such a trademark can be an advantage for companies in developing their business relations or in negotiations.

In the course of restructuring the chamber's services, a database on funding and events was set up. This electronic service automatically notifies companies of new funding opportunities or events and training in the subject areas they specify. In parallel with this, a B2B platform was launched: the economic database "Üzlet@Hálón" is intended, among other things, as a catalyst for the Hungarian economy and has been set up as a virtual marketplace where not only business information, goods and services, but also business offers, stock exchanges and trade fairs, as well as various studies, analyses and economic news are listed and made available to companies.

The new chambers of agriculture, food and rural development also have public services to offer. The chambers are obliged to strengthen their well-developed advisory service, to introduce members to the most important characteristics of the EU and Hungarian support systems, and to provide them with the necessary forms and information on the individual EU and Hungarian support programmes. The chamber also has to provide members with regular information on modifications in domestic and EU law, as well as on economic policy decisions. Finally, the chamber has statutory duties with regard to training and apprenticeship, including the support of vocational guidance and the conduct of master craftsman examinations. The new (old) free services for the members of the chambers of agriculture include the use of the advisory services; enabling participation in conferences, fairs, exhibitions, further training; general agro-meteorological services; help in compiling applications for subsidies; advice on legal, tax and social matters; and general market information. What other services can be offered against payment by the new chambers of agriculture will have to be determined by the new statutes of the chambers of agriculture, food and rural development.³²⁵ In 2017, the national presidium of the national chamber of agriculture adopted the mission statement defining the present and future of the public body.

Interestingly, the same period saw the realisation of an earlier cooperation initiative, which proved to be a landmark venture for the whole region. The formation of the Danube Chambers of Commerce Association in recent years has successfully established a new international organisation for macro-regional cooperation in Central Europe. The founding of the Danube Chambers of Commerce Association (DCCA) took place in June 2010 in Budapest, where the chambers of Germany, Austria, Slovakia, Hungary, Croatia, Serbia, Romania, Bulgaria decided to cooperate more intensively and more in-depth with each other. The purpose of the DCCA is to coordinate the functioning of the chambers in the Danube region with supranational instruments, especially in favour for the implementation of the Danube Strategy. The organisation aligns to the traditional mesosphere role of the chambers: it intends to act as an intermediary between the civilian initiatives and the decision-making bodies of the Danube Strategy.³²⁶ This is why at the first assembly after the Budapest founding they

³²⁵ Zachar (2017): *op. cit.* 141–162.

³²⁶ Memorandum of the Inaugural meeting of the Danube Chambers of Commerce Association, 2010. Cited by Péter Krisztián Zachar: *Competitiveness and Sustainable Development of Economies*

have given high priority for the collection and summarisation of the proposals and economic stimulus plans related to the Danube Strategy.³²⁷ The following areas can therefore be found at the heart of the common endeavours: First of all a participation in the joint development of the goals of the Danube Strategy. This involves enabling a stronger and more focused cooperation between DCCA-members; initiating necessary research to explore potential areas of cooperation between the member enterprises; finding out obstacles hindering the exploitation of those business opportunities. To initiate projects and trade between the members of the chambers it is important to ensure the proper flow of information as a central element: creating B2B-plattforms, intensive network of contacts, a modern, internet-based ‘business Wikipedia’, opportunities given by the social networking, organisation of exhibitions and trade fairs in the macro-region.³²⁸ Another action area is the propagation of knowledge transfer, education and business culture. The cultural differences are very strong in the region, in this case the cooperation crescendo helps for the development of a common business culture; student exchange programs and the propagation of successful training methods (best practices) may be referred as a serious development. On the other hand, the situation of the education of foreign languages cannot be ignored either: one of the biggest issues of the Danube cooperation is the mutual high-level knowledge of the region’s languages.

Since the beginning, the Hungarian chambers of commerce and industry have played a leading role in the organisation. The Budapest Chamber of Commerce and Industry was the main supporter of the establishment of the association. The previous president of the Budapest Chamber, Kristóf Szatmáry, was elected the first president of the DCCA. The second president of the organisation was András Rév, chairman of the College of Foreign Economics and International Relations within the Budapest Chamber. As a dominant field of cooperation they have chosen the implementation and promotion of the efficient representation of interests, common aims and projects. If DCCA wants to effectively launch the above mentioned strategic paths, “it has to become a major advocacy association,

in the Danube Region. In Young Woo Kwon (ed.): *East and West as Centers in the Centerless World*. Tokyo, Okura Info Service, 2019. 41–58.

³²⁷ Zsuzsanna Fejes: A Duna-stratégia a többszintű kormányzás rendszerében. *Európai Tükör*, 16, no. 1 (2011). 105–112.

³²⁸ Ervin Kiss: A Duna-stratégia a Duna Menti Kamarák Szövetsége szemszögéből. *Európai Tükör*, 16, no. 1 (2011). 44–53.

working with the proper economic weight in order to successfully lobby for the allocation of development resources in Brussels, during the formulation of EU rules and regulations, and at the designation of infrastructure improvements”.³²⁹

Elements of the previous economic crisis played an important role in the foundation of the organisation. After 2008, the Central European region suffered greatly from the consequences of the recession and the credit crisis. During the first years of the DCCA, proposals were made in order to facilitate the economic recovery of the macro-region. An important step in this direction was the creation of an information network for small- and medium-sized enterprises to see through the member states’ tax systems and to help the legal and economic knowledge transfer, to assist the company’s cross-border businesses. This also includes the involvement of new potential partners. The members of the DCCA therefore called for Croatia’s rapid and successful integration into the EU.³³⁰ The then applicant state also received important tasks through its participation in the project: in cooperation with the Chamber of Baden-Württemberg, they were to coordinate the priority point “support the competitiveness of enterprises”. Croatia’s accession to the EU as soon and as quickly as possible thus became an important part of the programme of the DCCA.³³¹

Likewise, the member states wanted to strengthen the overall integration of the Western Balkans, especially the furtherance of Serbia and Montenegro’s accession to the EU. As a result of this, the DCCA started its own project of the Western Balkans. Its purpose is the redevelopment and stabilisation of the non-EU member states through the joining of forces of the region – renovation of “the process of Szeged” (“Szeged+ process”): contributing for the consolidation of the stability, for strengthening the confidence and security, for creating democratic societies, strengthening the interregional connections, for transferring Hungary’s integration of experiences.³³²

Another area of the cooperation was lobbying and interest-representation. A demand was formalised about the necessity to open an office in Brussels and

³²⁹ Danube Chambers of Commerce Association – Strategy 2010. Cited by Zachar (2019): op. cit. 41–58.

³³⁰ Edit Lőrinczné Bencze: *Horvátország a függetlenség kikiáltásától az uniós csatlakozásig*. Budapest, Aposztróf Kiadó, 2015.

³³¹ Minutes of Meeting. DCCA II. General Assembly. 9 June 2011. Cited by Zachar (2019): op. cit. 41–58.

³³² Tibor Ördögh: Szerbia közeledése az Európai Unióhoz. In Boglárka Koller – Tibor Ördögh (eds.): *Európaizáció a Nyugat-Balkánon*. Budapest, Dialóg Campus, 2019. 173–188.

to build cooperation with the national coordinators of the Danube Strategy. All these steps could increase the lobby-activities in order to attain common aims.³³³ The common office was opened successfully in 2013 in Brussels: the Chamber of Commerce and Industry of Budapest, the Hungarian Industrial Association, and the Public Benefit Non-profit Ltd. have created together the DCCA's common advocacy in Brussels.

Another important strategic task is that the DCCA should launch researches for expanding the opportunities for the cooperation of member enterprises. These research projects will also help to find out obstacles hindering the exploitation of business opportunities in the Danube area. During the researches, the local higher educational institutions of the concerned areas can be involved, just as the professional collaborations between universities of the Danube region.

The DCCA – under the direction of the Vienna chamber – helped to start the events of the Danube Region Business Forum in 2011. During the businessmen-meeting, the aim is to bring together companies, especially small and medium enterprises via B2B meetings as well as the private sector with academia and the public sector of the Region to stimulate growth, innovation and competitiveness in the Danube Region. During the event, the enterprises and political-scientific organisations arriving from the countries along the Danube River had a special opportunity for the formation of cooperation.³³⁴ So far the topics were the environment protection technologies, the development of information and communication technologies, and the implementation of the Danube Strategy aims. Furthermore, in 2012 the 1st Danube Financing Dialogue was also held in Vienna, where the issues and the financial relations built for the micro, small and medium enterprises were discussed.

However, the organisation has not lost sight of the importance of investments from non-European countries. That is why from the very beginning there has been an effort to address the most important emerging regions of the world and to initiate partnerships. This series includes, among other things, the negotiations that have been initiated on an investment forum between the DCCA and China in Bucharest 2012. This was followed by the first businessmen meeting, which was held in Vienna with the Latin American region under the title *Latin America*

³³³ Minutes of Meeting. DCCA General Assembly. 10 September 2010. Cited by Zachar (2019): op. cit. 41–58.

³³⁴ Minutes of Meeting. DCCA III. General Assembly. 11 July 2012. Cited by Zachar (2019): op. cit. 41–58.

Meets Central and Eastern Europe. These forums gave a crucial possibility for networking and relationship-building between the members of the DCCA and the regions outside of Europe. This row also included the negotiation of the first American – Central European Business Forum, and then – in accordance with the Hungarian foreign policy’s opening plan to the East – a meeting with the ASEAN area member states.³³⁵

If at the beginning the Forum was mentioned as a possible starting point for the cooperation of the DCCA, then it must also be noted here that in 2018 the two organisations signed a contract with the aim of cross-border and regional economic cooperation. This will make it possible for the two regions to jointly initiate projects and support programmes at the EU level which could provide both regions with additional financial resources.³³⁶ At this time, the largest DCCA project in recent years is the “Learning by Doing” project, which began in 2017. The project that covers the entire Danube Region is based on the work of the Danube Chambers of Commerce Association and aims to develop Vocational Education and Training (VET) systems and to introduce an effective and modernised dual VET system. This would be achieved by increasing the capacity of institutional actors defining VET systems in the Danube Region, and through reinforcing national and transnational partnerships. The project could help in modernising educational methods, build deeper connections between educational institutions and economic operators and establish a company-oriented learning and adult education in the whole Danube Region. The main goal of this new initiative – fully related to the Danube Strategy – is to support the competitiveness of the enterprises in Central Europe and ensure well educated professionals in all areas of trade, industry and crafts. For this reason, meetings, conferences and regular further training courses are held again and again in cooperation with the national coordinators of the Danube Strategy.³³⁷

The Covid-19 crisis in 2020 represented an unexpected challenge, the consequences of which are not yet fully foreseeable. But first impressions have already been gained on the treatment of economic stress resulting from the Covid-19 crisis. The Hungarian chambers of commerce were from the first moment on eager to develop very close contacts with the government and the leaders of economic policy leadership. The Chambers have also started to analyse

³³⁵ Zachar (2019): op. cit. 41–58.

³³⁶ Results of the general assembly of the DCCA in 2018. Cited by Zachar (2019): op. cit. 41–58.

³³⁷ Zachar (2019): op. cit. 41–58.

the expected economic effects of the current epidemiological situation. In order to get to know the problems as deeply as possible, sectoral working groups have been installed in each county chamber. The basic task of the working groups is to identify the problems affecting the sector and to formulate possible proposals for the members of the expert crisis team established by the national chamber. The board of this national crisis team is composed of recognised professors of economics with domestic and international experience and financial experts with significant business experience. This team of experts summarises the proposals of the sectoral working groups, and the resulting professional material is sent to the decision-makers. In order to get a more accurate picture of the economic effects of the Coronavirus infection, the chambers have already conducted a questionnaire survey among Hungarian enterprises in three stages. The chambers were also involved in the preparation of the government's first economic rescue plan. After the implementation of the first phase, the entire chamber network jointly commented on the Economic Protection Action Plan prepared under the auspices of the Ministry of Innovation and Technology. The professional opinion included a number of additions and further proposals.

The national chamber – in order to support crisis management measures by companies – has also issued a weekly updated online publication that summarises the most important information and the measures introduced so far in Hungary due to the Covid-19 crisis. Another task undertaken by the chambers was news observation and reporting on the most important economic issues and business opportunities. All of the chambers of commerce made strenuous efforts to provide businesses with up-to-date information on the current economic situation in the countries most important for Hungarian foreign trade, the main measures affecting them and any restrictions on trade in goods due to the pandemic. It can therefore be seen that the chambers themselves have responded to the challenge, but that the impetus to counteract the global economic crisis – still in the tradition of a society in transformation – is expected to come from the central government. Due to the new crisis, the range of advice and services offered by the chambers may change further on, and they may make new demands and formulate special interests on behalf of the regional economy. However, there is nothing special about this, considering that in past years the most significant actions in the economy have mostly been announced at a gala event “The Start of the Economic Year”, organised by László Parragh, the long-time President of the Hungarian Chamber of Commerce and Industry, to which the Prime Minister, Viktor Orbán, the President of the National Bank,

György Matolcsy and the Minister of Economy, Mihály Varga have always been invited to speak. This allows the chambers to continue performing one of their most important tasks: representing the interests of their membership in government decisions, while also displaying professional consensus to promote the common affairs of the country.

If we want to give a brief analysis based on the above, it should be noted that economic chambers in Hungary – now 30 years since the fall of communism – have still not found their place in Hungary’s political and social system. The chambers are important actors in the context of relations between entrepreneurship and politics. They mobilise important resources – especially human resources, finances and legitimacy – and participate in the formulation and implementation of public policies. They are thus located halfway between administration and professional self-organisation, in the relationship between state power and citizens at the mezzo level. Although they are still able to assume state functions, they serve above all to articulate the overall interests of the economy and to promote it. In comparison with the international chamber systems, they are also on a fine line: on the one hand, they are created by the power of law and – serving the interests of every economist – operate as public corporations, but their membership is voluntary.

The chambers of liberal professions

After forty years of the state socialist era, which marked a major break in the history of the Hungarian professional chambers and whose most important developments we have already outlined earlier, the question of the representation of the interests of the liberal professions (“free professions”) was once again put on the agenda by the political change. In the past three decades, the functional self-governments of the free professions have undergone a changeful development, which can be seen as a consequence of the politically motivated changes in the legal basis of the chambers that occur from time to time. As we will see, in most cases the change here also came about through external actors and only in a few cases can the influence and will of internal stakeholders be found for the change. The description of these processes is of interest precisely because it gives us a picture of the ideas of Hungarian politics regarding the professional chambers after 1989.

Soon after the fall of communism it was obvious that the chaotic situation regarding the newly founded associative chambers – which we have already written about in the previous chapter in light of the economic chambers – had to be solved and a new order regarding the representation of interests had to be created. This was primarily necessary for those structures that called themselves chambers but were not active in the field of business and economy. In their case, in the era before 1944–1945, there were already legal advocacy organisations for some liberal professions (such as for doctors, lawyers, engineers, etc.) as historical predecessors, which had relieved the state apparatus in many respects through their activities. (We have already outlined this development in detail in previous chapters.) Thus, Act XCII of 1993 on the amendments of individual decrees of the Civil Code, which, as already mentioned, reintroduced the concept of the public law bodies into the Hungarian legal system, can be regarded as a real period boundary. A public body is defined by law as an organisation established by a special act, with legal personality, self-government and a registered membership, which performs a public function related to its membership or to the activities carried out by its membership. The law also mentioned chambers by name as a type of public body and, as a consequence, chambers could not operate as a social organisation on the basis of free association from that time onwards, but only as a public body established by law.³³⁸ The legislation also provided that associations whose name included the word ‘chamber’ were obliged to change their name by 31 December 1995. At the time when the chambers became public bodies, only six professional chambers established under the public bodies act had been set up, mainly in the liberal professions, which have their roots in history: the chambers of lawyers, notaries, doctors, pharmacists, public bailiffs and patent agents. Parallel to this, the various professional groups began to enforce that the government also set up a statutory advocacy organisation in their case. The number and composition of the chambers of professional services thus created reflected both the lobbying power of the given professional and interest groups and the social need that emerged behind the constitution. Thus, there are more professional chambers in Hungary today than in most countries of the European Union. Until 2002 there were 20 professional chambers, the number of which was reduced to 15 by 2005. Since then, new professional demands and suggestions have been made, but there has been no newly founded organisations.

³³⁸ Fazekas (2007b): op. cit. 31.

In fact, the number of professional chambers has even decreased by one in recent years.

The chambers of professional services are of course – as is also clear from the above – subject to basic legal normative regulations in Hungary, which determine numerous points regarding membership, competence and the functioning of the organisations. In all legal texts, the preconditions for practising the profession are described in detail, then the circumstances of the service (the personal and material conditions, the control of which is incumbent on the professional interest groups) are regulated, and further the rules of professional practice and service are laid down, whereby the consequences of violating the (ethical) professional rules are also detailed. In the following, we will briefly describe the most important characteristics of the individual professional chamber regulations, whereby some professional chambers, which are particularly important in Hungarian society, will be presented in more detail and depth in order to be able to point out their development and current problems.

The 1990s as a boom of chambers of professional services

The main reason for the creation of professional chambers is that certain professions (vocations, occupations), which carry elements of trust, a strong ethical content or public authority, by their very nature require self-regulation and self-administration. Unlike chambers of commerce and industry, these ‘functional self-governments’ are primarily professional and representative bodies, and many of them have ethical – and thus disciplinary – powers over their members. The statutory establishment of professional interest representation bodies as public bodies began in 1994, but the membership and powers of some chambers have also undergone significant changes in the last nearly three decades. This has of course affected the extent of their lobbying and, in more than one case, their relationship with the government of the day.

As we have already pointed out, although the bar chambers existed by that name during the socialist period, in reality they could not be considered an autonomous representation of the profession’s interests, but rather an outstretched hand of the communist authorities towards their members. The first significant legislative change was introduced by Act XXIII of 1991 amending Decree Law No. 4 of 1983 on the Bar, which, among other things, restructured the organisation of the whole organisation, and restored the autonomy of the bar chambers. The first

chamber of professional services in Hungarian history, the lawyers' advocacy organisation, thus became the first fully restored professional self-governance with a modern approach after the regime change. One of the most important modifications was that the Minister of Justice was now only responsible for the supervision of the bars. The law also established the National Bar Chamber as the new autonomous body of the chambers with national powers, replacing the abolished National Bar Council. The law also led to the gradual abolition of the lawyers' working communities, thus remedying an old grievance: the practice of the profession of lawyer was made possible on a subjective basis and the working communities were replaced by the various law firms.³³⁹ An important element of this was the property settlement, which cleared the ownership of the property used by the working community (i.e. privatisation).

Preparations for a new law on the legal profession began in the mid-1990s, but the professional consultation and political wrangling over the new law lasted almost three years. It was not until 1998 that the new, now fifth, Code of Conduct for Lawyers was drafted in Act XI of 1998. It declared the openness of the legal profession and the right to become a lawyer. The main aim of the new act was "to ensure the professionalism of the legal profession and to promote the dignified exercise of the profession of lawyer". In the spirit of modernisation, the law also provided for the territorial organisation of the bar chambers: each county court had to have a representative body in its jurisdiction, whose work was coordinated and supervised by the newly established Hungarian Bar Chamber (Magyar Ügyvédi Kamara). The regional bars became members of this organisation, which had national jurisdiction. From then on, the bar chambers officially became public bodies. This late date of the public law character of the chambers can be explained by the fact that the new Code, although started in 1995, was only finalised and adopted in 1998. In any case, we must emphasise that the acting social-liberal government under Gyula Horn, which itself had several lawyers in its ranks, relied on the work of the territorial bar chambers and on the national umbrella organisation in drafting the legal norm, thereby realising a genuine consultation and preparation of the law.³⁴⁰

The new law stated that "the bar chambers are public bodies of lawyers based on the principle of self-government, which perform professional and advocacy functions". Accordingly, the main duty of the organisations was

³³⁹ Mölcs (2000): op. cit. 50; Horváth–Tuba (2000): op. cit. 127.

³⁴⁰ László Gábor (ed.): *Ügyvédek kézikönyve*. Vác, Profit L&M Kiadó, 1998. 3.

defined as the performance of their public functions relating to the professional management and representation of the interests of lawyers. In carrying out these activities, they are required to ensure the protection of lawyers' rights, to organise the professional training of their members and to express an opinion on matters relating to the profession of lawyer. They also decide on the creation and termination of membership of the bar, and keep the register of employed lawyers, employed European Community lawyers, trainee lawyers, foreign legal advisers and law firms. They have also been given the interesting task of setting up and founding a national archives, either independently or in conjunction with other professional chambers (Act XI of 1998, § 12).

According to the provisions of the law, the bodies of the regional chambers are the general meeting, the presidency, the disciplinary committee, the conflict of interest committee, the audit committee and other committees as defined in the statutes of the chamber. In addition, employed lawyers and trainee lawyers may set up a committee of employed lawyers and trainee lawyers, whose opinion must be sought on decisions and rules which concern them. The general meeting of the bar chambers is composed of the members of the regional chamber. This body can elect the president of the chamber, the heads and members of different committees and the regional members of the Hungarian Bar Chamber. The meeting also adopts the budget and the annual budget report and makes proposals to the national chamber on matters concerning lawyers. It also has the important power to adopt the statutes of the bar, which must, however, be sent to the Hungarian Bar Chamber for information. The presidency is composed of the president of the regional chamber, one or more vice-presidents, the secretary, the disciplinary delegate and other members. The number of members shall be 15, unless the general meeting decides otherwise. This body convenes the general meeting, prepares its agenda and organises the implementation of its decisions. The president of the regional chamber represents the bar, directs the work of the regional board (presidency) and committees, ensures the implementation of the decisions of the general meeting and may initiate disciplinary and conflict of interest proceedings (Act XI of 1998, § 105–108).

The structure of the national Hungarian Bar Chamber consists of a plenary meeting, a presidency and a disciplinary, conflict of interest, election and control committee, as well as other committees established by the statutes of the organisation. The main decision-making body is the plenary meeting, which consists of one hundred members. This body shall be composed of the presidents of the regional chambers, one member from each of the chambers and members

elected by the general meeting of the regional chambers in proportion to the total number of lawyers in the regional chambers. This body elects and reports to the president, the presidency, the different committees and their members, and adopts the budget and the statutes of the national organisation. It is also empowered to make proposals on legislative and judicial matters affecting lawyers to the national political sphere. The structure of the twenty-five-member board corresponds almost entirely to that of the presidencies of the regional chambers. It convenes the plenary session, proposes the agenda for the meeting, prepares the proceedings and organises the implementation of the decisions of the plenary meeting. The president of the national bar chamber represents the interests of the whole bar vis-à-vis the outside world and directs the work of the presidency and its committees, reporting to the board on its activities (Act XI of 1998, § 109–114).

Although the bars have repeatedly been critical of the steps taken in political decision-making concerning the profession and showed their dissatisfaction and criticism from time to time, they generally have a good relationship with the respective government and even the members of the organisations rate their relationship with the sphere of political decision-making as moderately good.

The Hungarian bar chambers also have international links with European umbrella organisations: they are members of the Council of Bars and Law Societies of Europe (CCBE) and were the first of the new EU member states to host the plenary session of this European organisation. Hungarian chambers also participate in the work of the International Bar Association (IBA) and the Union Internationale des Avocats (UIA).

The chambers of notaries, which were re-established after the state socialist era, resumed their work as liberal professional institutions with Act XLI of 1991. With this legal norm, the notarial chambers that had been nationalised in 1949 and integrated into the judicial structures were restored: five regional notarial chambers were established by the legislator to exercise the self-administration of notaries, as well as a Hungarian Chamber of Civil Law Notaries (Magyar Országos Közjegyzői Kamara) that combines them in an umbrella organisation.

The members of the chambers are the notaries, notary assistants and deputy notaries appointed in the area of jurisdiction of the chamber. On the territory of Hungary, regional chambers of notaries were established – in accordance with earlier developments – with the centres of Budapest, Győr, Pécs, Szeged and Miskolc. The structure of the respective chambers was as follows: a meeting must be held at least once a year, at which participation by the chamber members is not

only possible but obligatory. In the period between two assemblies, the work of the chambers is managed by the presidency (consisting of the chamber president, 7 notaries and 3 deputy notaries). The president of the chamber represents both the board and the chamber. The Minister of Justice is responsible for the legal supervision of the notarial chambers and is also entitled to establish or abolish notarial offices.³⁴¹

The national umbrella organisation, based in the capital Budapest, represents the entirety of notaries, can participate in the drafting of legal norms concerning notaries, creates social and welfare organisations for its members, handles international relations and carries out statistical tasks. Its opinion determines the fees of notaries, the professional ethics and the legal supervision of notaries.³⁴²

The Hungarian National Chamber of Notaries participates in the work of several international organisations. It is a member of the Council of the Notariats of the European Union (CNUE), the Cooperation of Central European Civil Law Notaries – Hexagonale (CCEN) and the Union International du Notariat Latin (UINL).

The Hungarian Chamber of Patent Attorneys (Magyar Szabadalmi Ügyvivői Kamara) was established by Act XXXII of 1995 as a public body representing the interests of Hungarian patent attorneys. The chamber has its seat in Budapest, but has a national scope of action and performs its tasks nationwide through the entirety of the patent attorneys. In addition to the classical autonomous tasks of representing interests, the chamber also performs public tasks, such as keeping the register of patent attorneys, patent attorney trainees, patent attorney offices and patent attorney companies in accordance with the law. Since Hungary's accession to the EU, the chamber also keeps a register of those representatives of the Communities who wish to work as patent attorneys in Hungary.

The Chamber of Patent Attorneys has a classical organisational structure, according to which the main bodies are the general meeting, the presidential board, the disciplinary committee and the control committee. The administrative activities of the chamber are carried out by the secretary of the chamber. In order to support the activities of Hungarian patent attorneys in the European Union,

³⁴¹ Zoltán Balogh (ed.): *Szakmaiság, minőség, közös felelősség. A Magyar Szakmai Kamarák Szövetsége*. Budapest, Literatura Medicina, 2019. 26–27.

³⁴² For some comparative elements of European legislation, see László Szegedi: *Közigazgatási bírói jogvédelem uniós átalakulás alatt? Eltérő jogvédelmi mércék az EU jogának tagállami és uniós végrehajtása során*. Budapest, HVG ORAC, 2019. 116–193.

the Hungarian chamber maintains active contacts with the European Patent Institute (EPI).³⁴³

The Hungarian Chamber of Juridical Experts (Magyar Igazságügyi Szakértői Kamara) was established in 1995 by means of Act CXIV. On the basis of the provisions of this legal norm, a total of 8 regional chamber structures spanning several counties were constituted in April–June 1996. After that, the national umbrella organisation was established as a public law body. The national chamber is responsible for the nationwide representation of interests, the protection of the profession's reputation. It lays down the general rules for the practice of the profession, decides on the profession-specific basic requirements for expert activities and also determines the content-related elements of the same. In addition, the chamber is responsible for the professional and ethical supervision of the profession and deals with questions of education, training and continuing education. The existing 8 regional chambers with more than 5,000 members are divided into further specialised sections: Engineering Sciences, Human Biological Sciences, Agricultural Sciences, Criminal Sciences, Economic Sciences and Other Scientific Branches. With regard to international cooperation, the Chamber has been a full member of the European organisation AEXEA and the International Union of Experts since 1999.³⁴⁴

The Hungarian Chamber of Judicial Officers (Magyar Bírószági Végrehajtói Kamara) was established as a public law body with a national scope of action by Act LIII of 1994. All judicial officers (authorised bailiffs), their deputies and assistants became members of the chamber. The tasks of the organisation include advertising for the post of judicial officer, making proposals for appointment to the Minister, keeping the register of appointments, approving the establishment and monitoring the joint offices of judicial officers. The chamber provided professional supervision of its members and dealt with any complaints against them. The chamber had precise disciplinary powers over its members. It was responsible for the education and training of judicial officers and laid down rules of ethics. The organisation of the chamber was based on a national organisation, which had a plenary meeting, a presidium and a committee with the members of the presidium and the delegates of the individual counties and the capital, as well as a control committee as its main bodies. By Decree of the Minister of

³⁴³ Zachar–Strausz (2009): op. cit. 322.

³⁴⁴ Zachar–Strausz (2009): op. cit. 323.

Justice No. 16/2001 (X.26.) IM the number of judicial officer posts in Hungary was set at 225 posts.³⁴⁵

The advocacy organisation of Hungarian veterinarians was established as a public law body by Act XCIV of 1995. The organisation was regulated on two levels: regional chambers were created according to the county borders and a national organisation, the Hungarian Veterinary Chamber (Magyar Állatorvosi Kamara), was created to unite them as an umbrella organisation. The main tasks of the chamber were defined as the classical tasks of representing interests and providing services for the members, i.e. the so-called “own sphere of action”, and the transferred public tasks, i.e. the “transferred sphere of action”. Among these latter tasks, the chamber has to keep the register of private veterinarians, to participate in certain epidemic control measures and to develop the professional and ethical regulations of the profession.³⁴⁶

The period of regime change saw the re-establishment of a traditional professional chamber: shortly after the adoption of the law on free associations, the Hungarian Chamber of Engineers was re-established as an association in Budapest on 9 March 1989. The public law status of this organisation and of the newly established Hungarian Chamber of Architects was constituted a few years later by Act LVIII of 1996 on the professional chambers of design and consulting engineers and architects. The law stated that the engineering and architectural activities specified in the text could only be pursued on the basis of membership of a chamber regulated by this law. The regional chambers to be set up were required to establish the Hungarian Chamber of Engineers (Magyar Mérnöki Kamara) and the Hungarian Chamber of Architects (Magyar Építész Kamara) with national scope, as provided for in the act. These national chambers became public bodies with national functions and powers and could be classified as public benefit organisations (Act LVIII of 1996, § 1–2).

In addition to the national chambers of engineers and architects, the regional chambers (the Budapest and Pest County Chamber in the Central Hungary Region and 18 county chambers) are made up of the system of public representation of engineering and architecture. The Prime Minister’s Office is responsible for the legal supervision of the national and the regional chambers. Both the national and the regional chambers operate in the same structures as the other chambers of

³⁴⁵ Zachar–Strausz (2009): op. cit. 324.

³⁴⁶ Balogh (2019): op. cit. 9.

professional services, but in addition to the traditional bodies, there are different professional sections to ensure that each professional area is properly represented.

The two national chambers maintain the name registers of designers and experts at national level and guarantee their public accessibility. It supports the further development of the engineering and architecture profession by elaborating and publishing methodological guides, compendia, guidelines and chamber statutes (code of ethics, competition rules) – in accordance with international professional regulations. The regional chambers review the higher and further education objectives and their contents and the qualification requirements, if these fall within the professional competence of the chamber. It is entitled to participate in the technical regulation, standardisation, accreditation and qualification activities that fall within its professional competence, as well as in the development and application of the quality control systems of the constructor and expert activities concerning engineers.

The Hungarian Chamber of Engineers and the Hungarian Chamber of Architects cooperate with each other and with other professional or economic chambers in the interest of their members in matters concerning their common activities.

The regional chambers represent the interests of the engineering and architectural professions. Within the framework of this activity, they promote the improvement of the social recognition of the aforementioned professions, observe and analyse the work of the various forms of enterprises and organisations and represent the interests of their members with regard to professional liability insurance. The national chambers inform the architects and engineers about current professional issues, scholarship and award opportunities as well as about vacancies; they also cooperate with the bodies of the parliament and the government regarding issues of the aforementioned professions and are in contact with professional organisations of other countries. The national chambers examine legislative proposals that directly affect the professional activity and the financial situation of engineers and architects and represent the Hungarian Chamber of Engineers and the Hungarian Chamber of Architects in international engineering and architectural organisations. Since 2003, the Hungarian Chamber of Engineers has been a founding member of the European Council of Engineers' Chambers (ECEC), a non-profit NGO registered under Belgian law. The Hungarian Chamber of Architects is a member of the Architects'

Council of Europe (ACE) and works closely with the architectural chambers of the neighbouring countries.³⁴⁷

The public law representation of the interests of auditors was established by Act LV of 1997. In its historical tradition, the Association of Hungarian Auditors was first established in 1911, and audit issues were later dealt with within the framework of the Chamber of Commerce and Industry, and later within the Association of Hungarian Certified Public Accountants. In the state socialist period, the planned economy radically reduced the scope for auditors and led to the abolition of the institution of certified auditors. In parallel with the change of regime, the Hungarian Association of Auditors was re-established, which also contributed to the establishment of the professional chamber in 1997. With the law, the government recognised the right of auditors to professional self-government, which allowed their members, through bodies and officers of their choice, to manage their own affairs as defined by law and to represent their professional and economic interests in accordance with the public interest, thus contributing to the development of the national economy. The article of the law specifies the exact structure of the Chamber of Hungarian Auditors (Magyar Könyvvizsgálói Kamara). Accordingly, the central bodies of the chamber are the meeting of the delegates, the board of directors, the head of the chamber office and the control commission. In addition, regional organisations and specialised sections (without legal personality) could be set up. The chamber's tasks include, on the one hand, the representation of the members (autonomous statutes, quality assurance system for the auditing activities of the auditors as members of the chamber and of the auditing firms based on a statutory duty, assessment of laws and legal norms, submission of regulatory provisions to the responsible minister, professional advice and assistance for the members, elaboration of ethical regulations) and, on the other hand, handling the administrative matters falling within its competence; the chamber shall draw up and keep up to date national standards for auditing and examination assignments, it shall lay down the requirements for the professional profile and the examination of the qualification as a certified public accountant, it shall perform the tasks of examination acceptance and the official tasks connected with the management and supervision of the training; the chamber shall organise and supervise the training of candidate

³⁴⁷ Zachar–Strausz (2009): op. cit. 333–334.

auditors, it shall determine the training programme for candidate auditors and the requirements for professional competence.³⁴⁸

We can consider the following chamber organisation as a specific feature of the Hungarian chamber system. The National Chamber of Hungarian Hunters (Országos Magyar Vadászkamara) was established by Act XLVI of 1997. The Hungarian Parliament declared in the preamble of the law that the chamber “shall be established as a professional organisation of professional and sport hunters in the form of a public law body in accordance with the principle of self-government [...] in order to provide individual public tasks with regard to the exercise of hunting activity and to recognise the right of hunters to professional self-government”. The chambers have a two-level structure, according to which there are regional chamber organisations in the individual counties and in the capital, which constitute the national chamber for hunters through their delegates, whereby both organisational levels have an independent legal personality and their own budget. At both levels of the chamber, two specialised sections are to be created: one for professional hunters and one for sport hunters (Act XLVI of 1997, §§ 5–13). The tasks of the chamber organisation include the protection of professional interests and the reputation of the profession, as well as the formation of opinions on matters of wild life management and wild protection, and on legal norms concerning these issues, hunting and hunter education. The chamber establishes the ethical rules of hunting, determines the content of the hunter’s examination and organises the examinations. The chamber is obliged to keep a register of persons authorised to hunt and to issue the necessary hunting licences. The organisation is also instructed to increase the professional knowledge of hunters and accordingly determines the detailed requirements for participation in compulsory further education.

One of the largest professional chambers in Hungary was established by Act IV of 1998 on the Rules for the Protection of Persons and Property and for the Activities of Private Investigators within Companies and on the Professional Chamber of Bodyguards, Property Protection and Private Detectives. In case of this chamber, too, we find a two-level structure, according to which there are regional chamber bodies in the individual counties and in the capital, which constitute the national Chamber of Bodyguards, Property Protection and Private Detectives (Személy-, Vagyónvédelmi és Magánnyomozói Szakmai Kamara) through their delegates. The most important task of the chamber is to protect the

³⁴⁸ Zachar–Strausz (2009): op. cit. 334–335.

interests of natural persons and businesses (legal entities) active in the field of personal and property protection and private investigation. After the millennium, the chamber had a huge number of members with a total of nearly 8,500 sole proprietors, 110,000 members with ID and 3,751 company members. This meant a total membership of more than 120,000 members.³⁴⁹ More recently, however, there have been significant changes in the way the chamber is regulated, which we will discuss later, and the number of members has fallen significantly.

As one of the last professional advocacy organisations the Hungarian Chamber of Professionals and Doctors of Plant Protection (Magyar Növényvédő Mérnöki és Növényorvosi Kamara) was established with Act LXXXIV of 2000. In addition to the national chamber, which operates with the familiar main bodies (general meeting of the delegates, presidium, ethics committee and control committee), separate territorial representative and territorial administrative bodies were created. The chamber therefore has besides a national organisation also 19 county and capital city regional organisations. In addition, local groups may also be established from the budget of the regional chamber bodies. This advocacy organisation is really unique in the world as a professional chamber, because there is currently no other chamber of plant protection professionals in any other country.

The tasks of the chambers include protecting the reputation of the profession and providing assistance to practitioners, the tasks of this chamber organisation also include keeping a register of members, as well as of all those who carry out plant protection activities and plant protection expert activities. The chamber is also responsible for assessing the issuing of distribution licences for plant protection products in the retail trade, and company licences for plant protection services and consultations. The chamber organises specialised training for farmers who use plant protection products. The organisation also contributes to the preparation of legislation regarding plant protection and in the forecasting of plant protection in order to prevent the development of epidemics and to ensure environmentally friendly plant protection. A notable achievement of the chamber in Europe was that in 2003 it was the first European organisation to introduce its own prescription form for plant protection and plant doctors. This serves to enable the plant doctor or plant protection engineer to prescribe for the farmer the plant protection products to be used. In this way, better use of plant

³⁴⁹ Zachar–Strausz (2009): op. cit. 337.

protection products can be guaranteed and counterfeit, illegal plant protection products can be reduced.³⁵⁰

In the presentation of the professional chambers, we have left the discussion of the three health chambers of exceptional importance to the end of this section. In the 1990s, the professional representation of doctors, health professionals and pharmacists was regulated across the whole health spectrum. In 1989, the medical profession re-established the historical chamber in the form of an association, which was succeeded by the Hungarian Medical Chamber (Magyar Orvosi Kamara), established by law in 1994, as a public body.

The preamble to Act XXVIII of 1994 on the Hungarian Medical Chamber stated that “the National Assembly – following the traditions of our country and the practice of European advanced democracies – recognises the right of practitioners of the medical profession to professional self-government. This self-government enables the medical profession to manage its professional affairs directly and through its elected bodies and officials in a democratic manner – within the framework defined by law – to determine and represent its professional, ethical, economic and social interests in accordance with the public interest, to contribute to the development of health policy and to the improvement of health care for the population in a manner commensurate with its peer weight and intellectual capital”. This is the spirit in which the organisation was set up. With this law, the organisational structure of the medical chambers was based on local district chambers, over which the county chambers or, in the case of Budapest, the chamber of the capital, stood and which in turn formed a national umbrella organisation, the Hungarian Medical Chamber. The chamber organisation in Hungary – in contrast to some other European structures – also included dentists.

The main task of the umbrella organisation has become the protection of the prestige of the profession and the interests of its bodies and members and the rights of doctors in matters relating to the practice of medicine. The law enabled it to draw up its own statutes, medical ethics rules, create an ethical statute and to take ethical proceedings against doctors. It also had the right to give its opinion on the drafting of all laws directly affecting the professional activity and financial situation of the group represented, and on all laws otherwise affecting health care, and even on the definition of the basic directions for the development of health policy, the organisation and operation of medical activity and plans, and on

³⁵⁰ Balogh (2019): op. cit. 24–25.

the appointment of senior medical staff. From then on, the Hungarian Medical Chamber had the right to participate and to exercise the right of agreement in the drawing up of general contractual conditions between medical practitioners and health insurance bodies, and the right to express an opinion on the level of requirements for medical education, training and continuing professional development. It should also be involved in the naturalisation of diplomas obtained abroad and in the setting of minimum fees for certain medical services. However, the national organisation was obliged to keep up-to-date records of its members (Act XXVIII of 1994, § 1–2). In terms of membership, the establishment of medical chambers has also created difficulties, as it had to be clarified with the economic chambers when a health-related business is exempt from compulsory membership of the economic chamber. This process took longer, as it was only in late 1997 that the two presidents of the chambers, Lajos Tolnay on behalf of the Hungarian Chamber of Commerce and Industry, and Árpád Gógl on behalf of the Hungarian Medical Chamber signed an agreement. The conditions of the agreement exempted those from membership of the chambers of commerce and industry who carried out activities in the sector of “human health care”, or related to this, the retail sale of medicines or medical devices, and health education activities.³⁵¹

The act on the medical chambers detailed the bodies of the local, county and national chambers and their powers and duties, and stated that, except in certain cases, only members of the chamber could practise as doctors. The legislation also provided for the ethical disciplinary powers of the chamber and the penalties that could be imposed. An offending member could only be disqualified by the organisation if he or she had been sentenced by a final judgment to imprisonment for a term exceeding one year or had been disqualified from practising medicine. The Minister of Public Welfare was given the power of supervision over the chamber structure.

The primary objective of the chamber organisation was to achieve the tasks provided for by the law, the most important of which was to develop a position on issues affecting the medical profession and health care on the basis of prior consultations, and to do so with the help of unbiased organisational positions. Thus, the daily life of the chambers has been one of constant monitoring of the state of health throughout the country and of building up an appropriate professional background. From the outset, there was a demand for the government

³⁵¹ Strausz–Zachar (2008): op. cit. 138–140.

to consult the chamber when considering and making proposals on health issues. In addition, the controversy over pay increases returned almost every year. While the chambers fundamental aim was to promote a comprehensive and substantial increase in medical incomes, it has had to give up on its ideas in almost every year. In addition, the high number of all those leaving the health sector, closely linked to the financial problems, has been a constant and worrying problem. The work of the medical chambers in each government, regardless, of course, of political leadership and regardless of the sympathies of the chambers' officials, has focused on addressing these fundamental issues. Often in very difficult circumstances, when the representatives of the political elite were only concerned to comply with the letter of the law in their dealings with the otherwise unappreciated professional self-government. The leadership of the advocacy organisation has repeatedly spoken out on current health reform issues and has also grown into one of the best-known chamber organisations in the public eye because of the actuality of these difficult questions.³⁵²

The establishment of a public body representing the interests of pharmacists was introduced by Act LI of 1994, which stipulated that the newly created chambers of pharmacists shall represent and protect the authority of the profession of pharmacist, the interests of its bodies and members and the rights of pharmacists in matters relating to the practice of their profession. Under the provisions of the Act, regional organisations with representative and administrative bodies and independent budgets were set up in all counties and the capital under the control of the Hungarian Chamber of Pharmacists (Magyar Gyógyszerész Kamara). Their main decision-making body was the assembly of delegates, which was to elect one representative for every five members for a four-year term. The national organisation consisted of the national representative, administrative and supervisory bodies of the chamber. The main representative body was also on this level the assembly of delegates, composed of elected delegates from the regional organisations, which, in addition to the statutes, had the exclusive competence to draw up and amend the statutes and the code of ethics and discipline, to elect the national officers, the members of the national ethics and discipline committee and the members of the supervisory board, and to approve the annual reports of the board and the supervisory board. It also adopted the chamber's annual budget and the report on its implementation (Act LI of 1994, §§ 1–10).

³⁵² Zachar–Strausz (2009): op. cit. 325–326.

The objectives of the chamber are to promote the professional aspects of pharmacy in the Hungarian health care system and to create the necessary conditions for the professional practice of pharmacy; to enforce the requirements of safety, quality and efficiency in all areas of pharmaceutical care; to train a sufficient number of pharmacists with the appropriate professional awareness, capable of performing their duties to a high standard. This also includes strengthening the professional and existential autonomy of pharmacists and the ownership, economic and professional integrity of pharmacies providing pharmaceutical services to the public, and creating the conditions for the exercise of the profession. To promote the professional and political awareness of pharmacists and improve the social prestige of pharmacy.³⁵³

The last chamber in the field of health care was established relatively late, in the course of 2003, with Act LXXXIII on Membership in the Chamber of Hungarian Health Care Professionals (Magyar Egészségügyi Szakdolgozói Kamara) compulsorily included all health care workers who had specialised training in the field of health care but were not doctors, dentists or pharmacists. The law stated that in matters related to the practice and reputation of a health profession, the chamber had to represent and protect the interests of the bodies and members as well as the rights of the skilled workers. In accordance with the provisions of the law, under the control of the national umbrella organisation, territorial organisations with representative and administrative bodies and independent budgets were established in each county and in the capital, as well as local chamber organisations at a lower level. In total, there were 110 organisations after the law came into force. However, the most important issues were not discussed and prepared in the territorial or national organisation, but in the 21 individual sections of the same (for example for Anaesthetic intensive care, Dietetics, Paediatric care, Physiotherapy, Laboratory diagnostic, Psychiatric nursing or Midwifery).³⁵⁴

The professional self-government has enabled the practitioners of the health care professions to manage their profession related affairs directly and democratically – within the limits set by law – through the bodies and officials elected by them, to determine and represent their professional, ethical, economic and social interests in accordance with the public interest, to contribute to the shaping of health policy and other decisions affecting health care, and

³⁵³ Balogh (2019): op. cit. 16.

³⁵⁴ Balogh (2019): op. cit. 11–12.

to improve the health care of the population, in accordance with their social weight and intellectual capital. One of the main task of the chambers of health care professionals was to organise training courses and professional conferences at county, regional and national level – independently or in cooperation with other professional organisations. Other priorities included participation in the development of the professional and examination requirements for the health care qualifications listed in the National Training Register (nearly 60 qualifications) and delegating members of the examination boards for the professional examinations. And of course the advocacy organisation could participate in the preparatory discussions on new policy issues and gave its opinion on the health policy that determined the conditions of the health care activity. With more than 100,000 members, it has become one of the largest chamber of professional services.³⁵⁵

By the early 2000s, with these various professional chambers with compulsory membership, an extremely broad system of interest representation had been established in Hungary, which in many respects was similar to structures in Western Europe. Already at that time, preparations were under way for the creation of other professional chambers, but this generated considerable public debates. Interestingly, however, the following decade was not characterised by further expansive growth, but rather by internal changes generated by external actors for the professional chambers.

Changes in the 2000s in the world of professional chambers

The following decade saw significant changes for many of the professional chambers. Some of these changes were planned from within and were driven by the needs of the membership, which were not always feasible, while others were imposed on chambers by outside actors. From the point of view of our topic, the institutional changes and their background, it is important to underline that the Hungarian bar chambers have continuously assessed and monitored their own potential and advocacy achievements. The articulation of internal demands led to the drafting of a new proposal to amend the act on the bar chambers within

³⁵⁵ Balogh (2019): op. cit. 11–12.

the bar barely a short decade later.³⁵⁶ Interestingly, the bar started to work on its proposals at the very time when other professional chambers were undergoing major institutional changes from outside actors (which will be discussed in more detail later in the sections on the respective chambers). This 2008 proposal notes that the definition of the public functions of chambers in the current law is rather vague and does not cover certain areas, so it is appropriate to clarify the wording of the act. The proposal stated that “the concept of public tasks can be derived from the decisions of the Constitutional Court. According to these, the public task is undoubtedly an administrative task for which the public body must also have the appropriate powers. The creation by the state of a public body for the purpose of providing advice on matters concerning the totality of a given profession, by providing it with the necessary organisation and powers to carry out that task, is a public task. Activities carried out in the field of the advocacy of interests shall also be considered to be public tasks. It shall be a public task for all practitioners of a given profession to lay down standards concerning the rules of the profession and to sanction them. In the exercise of these last two tasks, the public body also exercises public powers to some extent; the boundaries between the administrative tasks delegated and other tasks, such as internal management, are not sharp. The notion of public task is therefore broader than the exercise of official authority, which may, however, be an indispensable means of performing a public task, on a case-by-case basis and where necessary.”³⁵⁷ However, all these efforts have not led to serious results.³⁵⁸

Similar internal proposals for change were made by the judicial experts, but they were able to successfully implement their own aspirations because they met the expectations of the government. The chamber recognised that the importance of expert evidence has increased, the number of areas requiring special expertise has grown, and social relations have become increasingly complex, which has resulted in a significant change in the subject matter and structure of litigation and administrative proceedings. These developments called for a comprehensive

³⁵⁶ Proposal to amend the Lawyers Act of 2008. See in detail Péter Strausz: Die Veränderungen in der gesetzlichen Fundierung der Berufskammern in Ungarn nach 1990. In Miklós Dobák et al. (eds.): *Aktuelle Entwicklungen des Kammerwesens und der Interessenvertretung in Ungarn und Europa*. Budapest – Halle an der Saale, L'Harmattan, 2009. 103–119.

³⁵⁷ Proposal to amend the Lawyers Act of 2008, § 12.

³⁵⁸ Péter S. Szabó: A kamarai működés kihívásai a XXI. század elején az ügyvédség számára Magyarországon. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 35–43.

and detailed analysis and redefinition of this legal instrument. In view of internal needs, external expectations and the problems of the functioning of the chamber, the Parliament adopted Act XXIX of 2016 on Judicial Experts after lengthy preparation and negotiations. The new legislation unified and exactly codified the work of judicial and forensic experts, their institutes and their advocacy body.³⁵⁹

The regulation of the chambers of the veterinary profession has also been amended. In 2012, the Parliament adopted a new law regulating the operation of the public body (Act CXXXVII of 2012 on the Hungarian Veterinary Chamber and the Provision of Veterinary Services). Accordingly, only natural persons may be members of the chamber, institutions, organisations and companies may not be members. The membership of the chamber has been around 2,800 for many years. An interesting change in the organisational structure was that, in addition to the county chambers, the chamber organisations of four Transdanubian counties (Somogy, Vas, Veszprém and Zala) merged at the end of 2012 under the name of Pannon Region regional organisation, taking advantage of the new law. The merger of the regional organisations has made possible a number of efficiency-enhancing administrative changes.³⁶⁰

The Hungarian Veterinary Chamber has been building its international relations since its creation. For example, it is a member of the Federation of Veterinarians of Europe (FVE) and gave with Dr. Zsolt Pintér the President of the Union of European Veterinary Practitioners (UEVP) between 2009 and 2013. The Visegrád Vet Plus country group (as a forum for cooperation between the veterinary chambers of our geographical region) was established in the spirit of the V4 cooperation with the main aim of jointly representing veterinarians from Central and Eastern Europe in European organisations, defining common goals and lobbying for them.

After the millennium it became also necessary to redefine the conflict of interests in order to protect the autonomy of the chambers of engineers and architects, so that one person could hold only a single office in the national or regional chamber. In line with this endeavour and the legal provisions on conflicts of interest for public and civil servants, the accumulation of offices of the chambers' officials and the resulting entanglements were to be prevented by Act LVII of 2007 amending Act LVIII of 1996 on the professional chambers of design and expert engineers and architects. In order to ensure the independence

³⁵⁹ Balogh (2019): op. cit. 18.

³⁶⁰ Balogh (2019): op. cit. 9–10.

of civil servants and the separation of chamber self-administration, a new conflict of interest rule has been introduced for civil servants who perform substantive tasks in the central public administration body responsible for the management of the construction sector and for civil servants who perform tasks of a building authority.³⁶¹

Regarding the professional organisation of auditors, in 2007, in line with EU and international practices, the Parliament adopted Act LXXV of 2007 on the Hungarian Chamber of Auditors, Auditing Activities and Public Supervision of Auditors, which strengthened the legal status of the chamber and extended its professional and official functions. The legal supervision of the chamber is exercised by the Minister of Finance. Today, within the framework of the national organisation, there are sections for book experts in law, for money and capital markets, for budgetary issues, for taxation and, since October 2008, there is also a special section under the name “Natura” for members who carry out their auditing activities in the areas of plant cultivation, animal breeding, forestry and water management, as well as nature conservation. Since the new legal framework, the Hungarian Chamber of Auditors is a full member of the International Federation of Accountants (IFAC) and of the European organisation of auditors (Accountancy Europe).

Legal harmonisation requirements arising from EU membership were also behind the change around the Chamber of Bodyguards, Property Protection and Private Detectives. The previous legislation was replaced by Act CXXXIII of 2005, which is still in force, and then from 1 January 2012, the compulsory membership for natural persons and compulsory registration for businesses within the chamber was abolished. As a result, the number of members has fallen dramatically. The chamber currently has around 4,000 members and 450 registered businesses.³⁶² As of 1 January 2013, the Chamber was given the task of providing compulsory training and examinations for bodyguards and property guards, which they were obliged to complete by 31 May 2014 if they wished to continue operating in the private security market. The compulsory examination is renewable every five years. According to some chamber officials, the reason behind the abolition of compulsory membership was a misinterpreted EU law, because in order to comply with EU regulations it would have been sufficient to separate the private investigators’ section and security technicians

³⁶¹ Zachar–Strausz (2009): op. cit. 334.

³⁶² Balogh (2019): op. cit. 32.

from the Chamber of Personal and Property Protection. Within a few years of the introduction of voluntary membership, several county chambers (in Borsod-Abaúj-Zemplén, Somogy, Jász-Nagykun-Szolnok and Zala) ceased to operate, and merged with neighbouring county organisations.

Similar radical changes, motivated by external actors, have also taken place in the different health chambers. The socialist-liberal governments that governed Hungary after 2002 prepared the ground for a major transformation and privatisation of the Hungarian health care system after lengthy preparations. The health chambers protested against the planned measures with counter-proposals, protests and even serious political action. This has naturally led to an escalation of conflict between the parties. The relationship between the chamber of pharmacists and the government also became increasingly strained. The main reason for this was the change in the regulation for opening a pharmacy, the abolition or drastic reduction of the granting of state funds, as well as the fact that the government intended to allow the distribution of certain medicines outside pharmacies. The interest group, on the other hand, was strongly committed to the customary practice on every issue and in some cases even acted together with the other two professional chambers of the health sector to protect their interests. Given that especially the Hungarian chambers of health care has been strongly opposed to and challenged the government's ideas on health issues, it is difficult not to suspect certain political considerations behind the 2006 law that reorganised the functioning of the three chambers in the health care sector. This is why the new law and the significant changes it contains may be explained by the health care chambers as a result of the government's efforts to marginalise the increasingly uncomfortable lobby, which has been making its voice heard very strongly and in many forums on issues affecting the profession and the health sector.³⁶³

The preamble of Act XCVII of 2006 on professional chambers in the health sector, which regulated the issues of the representation of interests of doctors, pharmacists and employees in the health sector, is very similar to that of the 1994 law, but differs strikingly from its predecessor in one point: on the question of chamber membership, it opts for voluntary membership instead of the previous compulsory membership. The preamble of the new act stated on the question of membership: "Professional self-government must not, however,

³⁶³ István Éger: Az orvosi kamarai tagság aktuális kérdései. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 28.

restrict the freedom of practitioners to decide for themselves whether to belong to an appropriate professional organisation which is closest to their specific professional interests, still less to freely pursue activities appropriate to their qualifications, regardless of their institutional participation in professional self-government.” This legislative provision thus in fact explains the abolition of the previous compulsory membership system for the chambers concerned. This is also the purpose of the relevant part of the explanatory memorandum to the law, which points out that, in the light of experience to date, it appears that the professional chambers with compulsory membership in the health sector have not given the priority to solving quality protection and quality assurance problems that society expects, and have focused their resources and attention much more on advocacy activities. The law therefore seeks to reorganise the public chamber system in such a way as to promote the activities of chambers in line with their original objectives. In particular, it seeks to promote the formulation and representation of the general interests of health workers, rather than “corporate, organisational (self-)representation”, to give chambers greater scope for voluntary self-regulation and self-administration, and to increase their interest in expanding services for health workers and all of their members. From all these questions, the analyst sees the negative image assumed by the external actors (the legislation, parliamentary majority) unfolding, as the stakeholders themselves perceived the involvement of chambers in public affairs in a much more positive way.

The new law of 2006 states that professional chambers in the field of health care are public professional bodies representing the interests of doctors and dentists, pharmacists and health care professionals, with self-government. The Hungarian Medical Chamber, the Hungarian Chamber of Pharmacists and the Hungarian Chamber of Health Care Professionals carry out their tasks through their regional organisations, which are legal persons established in accordance with their statutes, and through their national bodies. The professional chambers require at least 60 members to operate. The main task of the professional chamber is to represent the interests of the health profession and health-related activities, and it also promotes the exercise of these rights in specific cases, within the framework of specific legislation. It has the right to draw up its statutes, to initiate ethics proceedings against its members in certain cases and to exercise its right to express an opinion on the drafting of all legislation directly affecting the professional activities and financial situation of health professionals and on all legislation otherwise affecting health. In addition to participating in the definition of the level of requirements for training, vocational training and

continuing vocational training, the chambers may, at the request of a designated body, participate as experts in the quality control of health services related to the exercise of a given health activity. The chambers must keep register of their members and cooperate with social organisations in the health sector, involving the relevant health stakeholders as appropriate in the development of their opinions and decisions. They are also responsible for resolving any conflict of interests within their membership through consultation, monitoring continuing professional development and, within the framework laid down by law, for contributing to the development of a code of professional ethics for health professionals (Act XCVII of 2006, §§ 1–10).

According to the law, the admission of an applicant to the chambers organised on the basis of a voluntary membership system may be refused only in three cases: if the applicant does not meet the conditions for membership of the chamber, or if the applicant has an objection which, in case of membership, would lead to the termination of membership or exclusion, and thirdly, if the applicant is under a guardianship which restricts or excludes his/her capacity. The person concerned may apply for membership of the regional organisation whose area of competence, as defined in the statutes, is or is intended to be covered by the chosen chamber (Act XCVII of 2006, § 14–15).

The chambers should set up a College of Ethics to develop proposals on the content of the Code of Professional Ethics for health professionals. The College of Ethics shall be composed of members elected in accordance with the statutes, as well as a president and a vice-president. Chambers established on the basis of voluntary membership, since not all health professionals will become members, cannot act on ethical issues for all health professionals. Thus, the ethics college run by the professional chambers will have to cooperate with the National Ethics Council on ethical issues relating to membership of the chambers. The National Ethics Council, as a separate legal entity within the State Public Health and Medical Service (Állami Népegészségügyi és Tisztiorvosi Szolgálat), would act as the highest level forum for the regulation and enforcement of ethics issues (Act XCVII of 2006, § 20–25).

The Minister for Health is responsible for overseeing the activities of the professional chambers concerned. In this capacity, he supervises that the statutes are lawful and that decisions taken by the chambers' bodies and officers do not infringe the law or the statutes. The supervision of legality does not extend to matters which are the subject of a labour dispute or which are otherwise the subject of legal or administrative proceedings. However, the minister is also

given very strong powers by the legislation: if the independent court considers that the lawful functioning of the chamber cannot be ensured in any other way, he may appoint a supervisory commissioner from among the chambers' members to head the organisation. However, a person who is not otherwise entitled to hold an office in the professional chamber, nor a person directly controlled by one of the chamber bodies, may not be appointed as a supervisory commissioner. In the exercise of his or her duties, the commissioner may not be instructed or be subject to any adverse legal action by the chamber (Act XCVII of 2006, § 26–28).

The costs of the operation of professional chambers may be covered by membership fees and other fees paid by the members, funds received from the central budget for the performance of public duties specified by law or transferred by agreement, foundation and other subsidies, income from services, business activities, funds awarded by tender or funds from international or national cooperation. The use of the amount of the fine imposed as an ethical penalty may be provided for in the statutes of the organisation.

Members of the professional chambers covered by the act could maintain their membership between 1 January and 31 March 2007 by means of a unilateral written declaration addressed to the national presidency of the chamber. Failing this, membership in the chamber ceased on 1 April 2007. The personal data of members of the chamber who did not maintain their membership were to be deleted from the chamber's membership registers without delay. By 1 June 2007, the three chambers operating under the new membership system were required to elect a constituent national meeting of delegates, in extraordinary elections to the chambers, to decide on their new national leadership. In the changed circumstances, the individual health chambers have nevertheless gained considerable legitimacy, as a significant part of their former membership has remained members of the new organisations. In case of the Medical Chamber alone, more than 32,000 of the 44,000 members who had previously been members of the chamber continued to opt for a voluntary membership. A similar trend was observed in the case of health professionals, where the new organisation started its work with a lower level of participation, but still with almost 50% support, with more than 48,000 voluntary members. Moreover, for each of these organisations, the former national leadership has been confirmed in its position.³⁶⁴ Interestingly, the steps that assumed a loss of legitimacy and a drastic decline in members for professional chambers, as in the case of economic chambers when

³⁶⁴ Zachar–Strausz (2009): op. cit. 327.

compulsory membership was abolished, did not come true. In fact, the three health chambers remained extremely strong under the new circumstances and continued their professional struggle against the health plans of the socialist-liberal government.

Cooperation among chambers and latest developments

The above mentioned increasingly powerful external changes have led to the realisation that it is necessary to address the common cause of professional chambers within the scope of the stakeholders. From 2003 onwards, a close interconnection and cooperation between the various professional chambers, now regulated by law, emerged in Hungary. A total of 11 chambers set up the Forum for the Cooperation of Professional Chambers on 25 November 2003, which was to coordinate the positions of the interest groups on important national issues that affect them all. Participation was voluntary, and the main focus was on the current issues of EU accession, as well as issues of cooperation with the government. The leadership of the Forum was rotated; in addition to the current president, there was a vice-president who had already been nominated as his successor. The forum was attended by the presidents of the individual professional chambers, or the presidents' personal delegates if they were not able to participate. Finally, in 2006, the Association of Hungarian Professional Chambers was founded, which should help to increase the prestige and weight of the advocacy organisations in Hungarian society and – similarly to the previous forum – to articulate the common interests of the liberal professions more effectively vis-à-vis the government. This association of now 12 professional chambers has a membership of more than 400,000 professionals and is still working in close cooperation.³⁶⁵ In 2019, the Association has decided to celebrate the Day of Professional Chambers with a conference every November. This series of conferences focuses on the history, functioning and regulatory background of professional chambers as public bodies. It tries to highlight the fact that professional chambers, as participants in democratic legislation, wish to contribute to the legislative process with a voice in the regulation of the various professions, representing their professional interests by passing on their opinions, proposals and comments.

³⁶⁵ Strausz (2009): op. cit. 103–119.

The cooperation of chambers is also necessary because their perception of politics and the external environment is often very negative. There is a general opinion among professional chambers that the respective governmental power never considered these organisations real partners. This is also illustrated by a survey, which aimed, among other things, to uncover the relationship between the chambers and the government, as well as the state–local administrative bodies. The majority of the surveyed stakeholders primarily criticised the fact that they have never really been involved in the preparatory work of the legislation. In previous studies there is evidence that professional chambers are only involved in the legislative preparatory work at the last second, mostly even then only because the legislative bodies are obliged to do so. It is also complained that on the part of the state administration a professional incompetence is noticeable, which is also coupled with arrogance and thus in most cases prevents the enforcement of professional aspects in the preparation of laws. Stakeholders argued that the consultation of government bodies with civil and professional groups was only formal, especially in cases when draft laws of 50–100 pages had to be reviewed with a deadline of 24 to 48 hours. It often seemed as if the goal was not to comprehensively regulate the respective current issues of the branch, but to maintain the status quo.³⁶⁶

Nevertheless, in the wake of the landslide-like change of government in 2010, the professional chambers have once again managed to reach out to new partners. As we wrote in the previous chapter, the issue of the chambers was already raised during the election campaign of 2010 by the Fidesz, which was seeking a change of government, and by Viktor Orbán himself. It has become increasingly clear that, in consultation with the stakeholders, the issue of both economic chambers and some professional chambers could be redefined. Right after the election in April 2010, the medical chambers, together with pharmacists and professionals of the health care system, called on the new government to reinstate compulsory membership in their organisations. In June 2010, a draft law, which had been jointly drafted by the three associations, was submitted to the State Secretariat for Health. In addition to restoring compulsory membership of chambers, it is proposed that chambers will operate a full independent ethics system for all practitioners. The professional quality assurance responsibilities of health chambers will be extended and the professional chambers' powers of opinion will also be strengthened.

³⁶⁶ Zachar–Strausz (2010): *op. cit.* 235–257.

Under the new sectoral legislation (Act XXIII of 2011 amending Act XCVII of 2006 on professional chambers in the health sector), membership of the chambers will once again become fully compulsory, so from 1 June 2011, no one who is not a member of a chamber in their field of expertise will be able to practise health care. Another important element of the legislation is that ethical liability for health professionals will in all cases revert to the ethics committees of the professional chambers. The law came into force on 1 April 2011 and workers then had 60 days to join a public body. In fact, the legislator also made it compulsory for non-physician graduates working in direct patient care (clinical psychologists, microbiologists, etc.) to become members of the medical chamber. The law also set the maximum annual membership fee, which is 18% of the mandatory minimum wage or guaranteed minimum wage for the Hungarian Chamber of Health Professionals, 60% for members of the Hungarian Chamber of Pharmacists with personal rights and 30% for others, and 30% for members of the Hungarian Medical Chamber. The exact amount of the membership fee is set by the national meeting of delegates in the chambers' statutes. Due to the compulsory membership, the number of members of the individual chambers has again increased significantly, with almost 48,000 members in the medical chamber, almost 9,000 in the chamber of pharmacists and 123,000 in the chamber of health care professionals.³⁶⁷

This change was essentially met with stakeholder interest and support, even though there was considerable professional debate around the adoption of the law. There were professional circles that wanted to give the new chambers even stronger powers and, in particular, considered the mandatory preparatory work of the Austrian or German professional chambers in legislation as a model, but were not satisfied with the possibilities for opinion and comment on acts. Nevertheless, it can be said that the health chambers have clearly emerged from the amendment of the law strengthened.

But it is not only cooperation that has brought about significant changes in the life of the chambers of professional services. One of the latest decision of the government meant that another chamber disappeared from the Hungarian scene. In accordance with § 42 of Act LIII of 1994 on Judicial Enforcement and Act CVII of 2015 amending certain acts in this context, the Hungarian Chamber of Judicial Officers (authorised bailiffs) was dissolved as of 31 August 2015. Its general successor regarding tasks and in a similar structure is the National Order of

³⁶⁷ Balogh (2019): op. cit. 11–12, 15–17, 28–29.

Judicial Officers of Hungary. The national order is working similarly to chambers but does not belong under the law to professional self-governments. The decision follows a decree of the Minister of Justice that the bailiff profession will become a legal profession and that bailiffs and deputy bailiffs who have previously worked in this profession will have to obtain a legal qualification. The aim of the new law was to restore public confidence in the judiciary. Public perception of judicial officers has deteriorated significantly in recent years and the public opinion has shifted away from the obligation to enforce final judgments towards opposition to bailiffs. The profession of judicial officers is a public task, but under the system from 1995 to 2015 it was not carried out by a public authority, but by private, for-profit agencies. In the following a professional exam is necessary to exert the profession of judicial officer.³⁶⁸ Due to the decree of the minister there are only a limited number of judicial officers (bailiffs) and therefore the judicial officers are appointed by the Ministry of Justice. The bailiffs may carry out their activities only in the framework of a bailiff's office, which may have only bailiff members and may not carry out any commercial economic activity other than the original tasks. The head of the national office of the order is appointed by the Minister of Justice for a term of 7 years. The head of the office is accountable to the minister and the minister exercises the powers of the employer. The office holds, *inter alia*, the assets of the previous chamber (Act CVII of 2015).

The model for this was provided by a similar order that had been set up earlier. In the early 2010s, there was a major professional debate on the regulation of the teaching profession and the creation of a teachers' chamber was one of the issues raised. A draft of this was prepared, where the chamber was a statutory body with compulsory membership. But due to the debate, the government decided to implement an unusual name and model later on: the National Order of Teachers was created in 2013. To complicate matters further, the statutes of the organisation state that its foreign-language name is in fact "chamber", officially known as the National Teachers' Chamber in English and the Nationale Lehrerkammer in German.

The National Order of Teachers is a public body with a local government for public employees working as teachers in state and municipal public education institutions. A teacher who has been appointed to a teaching post in state and municipal public education has to be a member of the Order. The organisation

³⁶⁸ Parliamentary Diary, 12. 06. 2015. T/4891 general debate on the proposal for a law amending Act LIII of 1994 on Judicial Enforcement and certain related acts.

carries out its tasks through its national bodies and its regional bodies in the counties and the capital. The Order can establish different sections to its needs. The main tasks of the organisation is to supervise the community service and to operate the related advisory and information system, to exercise the right to give opinions and make proposals in the drafting and amendment of legislation affecting public education and teacher training, and to draw up the Code of Ethics for Teachers. Since its creation, the organisation has been the focus of controversy, with teachers' unions in particular, which take an oppositional stance to the government, repeatedly attacking the institution, criticising the way it was set up and some of the provisions of the Code of Ethics it has elaborated.

Other controversies and strong professional opposition have led to the failure of the creation of a chamber of psychologists in recent years. Some in the profession say that the lack of advocacy is a serious loss to the profession, if only because there is currently no regulation defining who is a psychologist. Although there have been several very close calls for the creation of a chamber law and organisation, it has not yet been achieved. Many psychologists who are opposed to the draft law have said in various forums that the profession would like to have representation; they are not opposed to the organisation of a chamber, but to the creation of a violent organisation that threatens to instil fear, ban and exclusion. The draft law of the chamber was not preceded by a broad professional debate. According to the opponents of the chamber, the draft would not only not protect the profession, but would even cause damage, because it is not suitable for taking action against those who practise the profession without authorisation.

As this example shows, the debates around professional chambers have not been resolved in Hungary even 30 years after the regime change. So far, there is no clear, unified position either from the political side or from the individual professions as to which liberal professions should be regulated and established within the framework of chambers.³⁶⁹

³⁶⁹ Marianna Fazekas: Karok és rendek. Néhány gondolat a köztestületekre vonatkozó szabályozás új fejleményeiről. In András Patyi – András Lapsánszky (eds.): *Rendszerváltás, demokrácia és államreform az elmúlt 25 évben. Ünnepi kötet Verebélyi Imre 70. születésnapja tiszteletére*. Budapest, Akadémiai Kiadó, 2014. 137–145.

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Conclusions and outlook

Though it had a public law tradition from 1868 onwards, the Hungarian chamber system proved to be rather volatile after World War II. A significant number of historical institutions have been dissolved, closed or suspended. Although with the politico-economic transition after 1989 traditional chamber life in Hungary resumed, the institutional framework of Hungarian economic and professional chambers experienced notable institutional changes among which the introduction and then abolition of compulsory membership was the most fundamental.

In our work we have tried to give a comprehensive picture of the past, the development, the present structure, the activities and the current problems of the Hungarian chamber system. In doing so, we wanted to give an insight not only into the representation of interests in the country, but also into the philosophy of decision-making, or social policy of the given country, or the given community. The work carried out by the chambers to coordinate and, to some extent, to represent interests is by no means an isolated, stand-alone activity, but is organically integrated into the everyday life of societies. For this reason, we have tried to present the systemic changes taking place in chambers and the reasons behind them as a central idea in this volume. As our research has shown, the changes have mostly been driven not by stakeholders and internal motivations but rather by external pressures. In our opinion, it reveals a lot about the operating mechanisms, even the conception of democracy of a political system, how it behaves towards the representatives of the non-political sphere: does it well see them as partners and does it grant some of them access as actual actors to the processes of preparing decisions, or, as the case may be, to the processes of decision-making itself, or not? And since the chambers are among the non-political organisations mentioned above (and perhaps even the most venerable and strongest structures in this field), the recognition or lack of recognition of them by the state, or their system of relations with the government, are good indicators of how the polity of the given country thinks about the challenges and methods of exercising power in the 20th and 21st century.

Although chambers cannot be clearly considered a part of the civil sphere, as they are usually closely linked to the state and its administrative structure (there are countries where they are also dealt with within the framework of the state administration), since in the Hungarian tradition they have not only the right but

also the duty to operate autonomously and as far as possible independently of the authorities, their perspective and position coincides in many cases with that of various social and civil organisations. This, combined with their extensive structures and often centuries of experience, predestines them to play an intermediary role between the public and community institutions and the (civil) sphere, which is closer to the citizen. It can be said that, in the light of historical experience and current political polemics, the modern chamber system's place in the social process is clearly in the traditional mesosphere. This historical experience can also provide a new alternative perspective for both political power and the various representatives of society.

It is important to note that democracy is not limited to the implementation of formal organisational structures, but presupposes the real and active participation and decision-making of the citizens concerned. Therefore, in our view, the possibility of legitimate representation of interests – and thus to some extent the emergence of neo-corporatist aspirations in political life – is not contrary to the concept of democracy.³⁷⁰ We believe that this is borne out by the federal structure of the European Union, which must create the possibility of public participation and the possibility of decisions being taken at the appropriate level. The principle of subsidiarity, which was incorporated into community law by the Maastricht Treaty exactly 30 years ago, has gradually been extended to the economic and social spheres, so that cooperation with self-organisation and local authorities can be observed in free-democratic societies. Throughout our work, we have seen the theory confirmed that the economic and professional chambers established by law can constitute a form of self-government in accordance with subsidiarity, provided that the legal framework allows for this. The idea of self-government, which emerged in particular in the wake of the philosophy of Lorenz von Stein, did not see the extension of the power of the state to regulate the autonomous functioning of a given sphere, but rather the reduction of the power of the state and the 'privatisation' of certain spheres by creating an intermediate level of power. Indeed, 'self-governance' can only come into being as a kind of antithesis: it is against the omnipotent government or the state administration that implements it that the existence of self-governing groups makes sense.³⁷¹ Political

³⁷⁰ Philippe C. Schmitter: Still the Century of Corporatism? *The Review of Politics*, 36, no. 1 (1974), 85–131.

³⁷¹ Gerhard Lehmbuch: Wandlungen der Interesssepolitik im liberalen Korporatismus. In Ulrich von Alemann – Rolf G. Heinze (eds.): *Verbände und Staat. Vom Pluralismus zum Korporatismus*.

freedoms, the principles of self-determination and personal responsibility only gain meaning in the light of these. Therefore, we can summarise that the functional self-governments of certain spheres, especially the chambers, have three dominant characteristics to fulfil the democratic principles. Public law character, participation of the stakeholders and distance from the state (autonomy) are necessary to operate a successful and modern chamber.³⁷² In addition, there are considerations of the evolutionary theory, which explains the existence of these organisations on the basis of collective action through the delegation or saving of transaction costs, the more efficient solution of problems and, moreover, also through knowledge sharing and knowledge transfer. It must be legitimately considered that between the System of Rules and the Order of Action there is also an Order of Actors. An intermediary level that is central to an efficiency of collective action and the use and production of knowledge.³⁷³

The emergence of the chambers went hand in hand with European trends in Hungary. The first attempts were made on the model of French state administration at the beginning of the 19th century, which could then be continued within the framework of absolutist politics. Later, as an achievement of the liberal-bourgeois era, the chambers were subjected to numerous new influences, especially the German development of state philosophy, and were able to establish themselves as an instrument of modern societies with special possibilities. Right up to the 1930s, the chambers of commerce and the chambers of the liberal professions were clearly able to contribute to the stabilisation, modernisation and development of Hungary.

In the light of the above, it is probably no exaggeration to state that the years 1944–1945 represent a significant caesura not only in the political history of Hungary, but also in the history of Hungarian chamber structures. Until that time, the government – with certain exceptions clearly stated in the book – basically respected the autonomy of these organisations and did not seek their “subjugation” and “capture”. In the decades of communist dictatorship and state socialism, however, the clear aim of political power was the dissolution of the chambers, or their degradation to simple instruments of power, which was achieved sometimes

Analysen, Positionen, Dokumente. Opladen, Westdeutscher Verlag, 1979; Pelinka–Smekal (1996): op. cit.

³⁷² Hendler (2005): op. cit. 38.

³⁷³ Stefan Okruch: Institutioneller Wandel im Rechtssystem zwischen Dogma und Evolution. In Jörg Dötsch (ed.): *Dogma und Evolution.* Marburg, Metropolis, 2014. 129–148.

by drastic, sometimes by more subtle means. Even the relaxation and revival that began in the life of the Hungarian Economic Chamber and the Hungarian Bar Chamber in the 1980s did not come from the political power holders; rather, they tolerated these processes as something inevitable, as a necessary phenomenon in the interest of survival and system stabilisation.

The three decades that have now passed since the fall of communism have not only changed Hungarian society, but also the system of interest representation interwoven with society. The constant process of transformation of Hungarian society, the transition from the state socialist planned economy to the structures of the social-liberal market economy can also be seen in the constant changes in the chamber structures. The path taken from the chambers of associations to the chambers under public law with compulsory membership to the current situation with a mixed chamber system but public law corporations was a path marked by numerous challenges. We have to state that in the attitude of political power towards the autonomous interest representation organisations, even the political turnaround of the years 1989–1990 did not bring about a real change. The respective governments in office have permanently regarded the matter of the chamber structures as a political issue. This can be seen primarily in the content of the legislation on chamber structures. The genesis, parliamentary adoption and contents of the chamber legal norms created in the past two decades do not show a unified position, a consensus that transcends government periods, regarding the framework of action, role and function of the chambers in Hungary. It can be seen from the changes in the legal basis that the realm of the political sphere considers the functional self-governments of business and the liberal professions presented in this study to be unnecessary to a certain extent. The holders of power after the fall of communism were anxious to ensure that the activities of these organisations remained only formal and that their interest representation work, which inevitably generates conflicts with the sphere of politics, was kept to a minimum. The respective governments have also recently shown themselves to be particularly irritated with those chambers that dare to articulate a special opinion even in politically important/sensitive professional issues. However, it is also obvious that this attitude cannot be maintained in the long term: due to the loss of credibility of the Hungarian political class and due to the professional incompetence often displayed, there is a growing demand in society for organisations that approach questions of economic and social policy without the ulterior motives of politics, from a purely professional point of view.

If we want to give a brief analysis based on the above, it should be noted that chambers in Hungary – now 30 years since the fall of communism – have still not found their place in Hungary’s political and social system. The chambers are important actors in the context of relations between entrepreneurship, professional stakeholders and politics. They mobilise important resources – especially human resources, finances and legitimacy – and participate in the formulation and implementation of public policies.³⁷⁴ On the basis of all this, the influence of economic and functional self-governments on socio-economic processes and policy issues in Hungary has been very unstable after the regime change. In some cases, they were able to promote the well-being of their members and society at large through serious law-making and opinion-forming work, and to provide their members with amenities, but in most cases their activities remained limited and their impact was not comparable to many Western models. The Hungarian chamber system did not gain the clear support of any government after the regime change. Although their role in the field of professional policy could be outstanding, the events of social and public life prove day by day that the horizons and room for manoeuvre of political decision-makers have often been limited by individual and party considerations in the last three decades, and that therefore the requirements of professionalism can no longer prevail in decisions of an economic and social nature. In summary, since the change of system, legislation on Hungarian chambers of commerce has not been framed within a coherent social strategy and long-term concept.

This is the reason why Hungarian chambers seem to have been subject to strong institutional changes in recent decades. The reasons for these institutional changes can be found in three dimensions. The ups and downs in the relationship between the sphere of politics and the chambers can be explained primarily by the different political views of the institutions, as well as by the discrepancies between individual governments and the representatives of the respective chambers. The emergence, parliamentary adoption and content of the statutes of chamber law created in the past three decades show neither a uniform position, nor a consensus beyond governments’ periods in office with regard to the scope, role and function of the chambers in Hungary. In the post-socialist transformation of the country, the political actors were and are endeavouring to

³⁷⁴ Patrick Bernhagen: Chambers of Commerce as Political Actors: Theoretical Perspectives on Their Organisation and Influence. In Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021. 25–46.

maximise their positions of power and to secure the maintenance of power in the long term through various measures. This also includes institutional changes in organisations located in the mesosphere between state and citizen. At first, the idea of abolishing compulsory membership allowed voters to be mobilised at the elections and then political-ideological opponents could be removed from the leadership of the weakened chamber structure. The institutional change naturally has also had an influence on the activities of the chamber organisation and affected the changing tasks, financing bases and internal structures of Hungarian chambers up to the present day.

At this point, it must be noted that these interventions only have a strong impact if they coincide with other causes. Thus, the general politico-economic changes (from state economy to free market, EU-accession, or balancing between openness and protectionism with regard to the economy) cannot be disregarded. And all this, moreover, meets a missing classical civic tradition. Although, as presented in our book, the development of the chambers initially went hand in hand with the European tradition, this development was interrupted for half a century after 1945. Because of the establishment of a socialist state, a profound European associational tradition is still missing in Hungary.

In comparison with the rest of Europe,³⁷⁵ it needs to be stressed that Hungarian economic and professional self-governance and its change appeared to be something of a ‘cue ball of politics’,³⁷⁶ which strove to eliminate spaces of independent societal interest articulation and service provision. While members’ dissatisfaction with the performance of the chambers was widespread in some organisations, it was not internal change agents but external institutional challengers from government and party politics, who impacted most on the change in Hungarian chambers.

Of particular interest for future research will be whether new institutional changes are emerging in Hungary and how the Hungarian chambers can develop in a European context.³⁷⁷ In addition to external factors (economic crisis, change

³⁷⁵ Detlef Sack: Institutional Change in European Chambers of Commerce. Conclusion. In Detlef Sack (ed.): *Chambers of Commerce in Europe. Self-Governance and Institutional Change*. Cham, Palgrave Macmillan, 2021c. 209–222.

³⁷⁶ Zachar–Strausz (2010): op. cit. 227–257.

³⁷⁷ Detlef Sack: Industrie- und Handelskammern im europäischen und deutschen Vergleich. Strukturdaten und Rollensuche einer „doppelsinnigen“ Institution. In Harald Eberhard – Ulrich E. Zellenberg (eds.): *Kammern in einem sich wandelnden Umfeld*. Wien, Jan Sramek Verlag, 2014. 231–248.

of government), strong internal factors may also emerge that lead to new changes. Can the internal membership structure transform itself to a balanced new one and bring impulses from services to the articulation of interests? Due to the new crisis emerging from the Coronavirus, the range of advice and services offered by the chambers may change. On the other hand, they may make demands and formulate special interests within the regional sphere. Another question to be dealt with is that, in Europe in general, a clear decline in public chamber systems with compulsory membership is noticeable, which at the same time is leading to a dominance of ‘mixed’ chamber systems.³⁷⁸ Will the international trend have an impact on the chambers in Hungary and what position will be taken by the chambers themselves, which have already several times in the recent past experienced a complete return to compulsory membership? In a European comparison, however, the debate on the form and role of chambers of commerce was not confined to Hungary. Several Central European countries have opted for the voluntary organisation principle, and similar processes have been underway in Spain, where the continental model is also being transformed and extended with new elements, and in France, where the central administration plans to replace local chambers with county-level organisations. In summary, the typology of chamber systems has become very complex and difficult to define in the light of recent changes and political activity. The former traditional dichotomous (Anglo-Saxon-Continental) chamber typology has been expanded with the emergence of new aspects. At the same time, the erosion of the classic continental model linked to compulsory membership and the redefinition of the role of chambers has begun. Most interestingly of all, the Anglo-Saxon model of voluntary membership was combined with elements of the traditional continental model. This has created a mixed system of chambers, including in Hungary, which cannot be described by the dichotomy that has been used so far, and has made it necessary to define a new type of chamber. In case of Hungary, a local (regional) or national structure of chambers of commerce exists today, with voluntary membership, compulsory registration and, in connection with this, the status of a public body for the performance of certain public functions. Similar characteristics can be found in many countries in Central Europe today, including the chambers of the Czech Republic, Romania, Poland, Slovakia,

³⁷⁸ Sack (2017a): op. cit. 13–19.

Slovenia and Bulgaria. It seems that Austria as a strong state of chambers remains an exception.³⁷⁹

Despite these developments, the importance of chambers is clear. The organisations of the intermediate sphere perform fundamental functions in industrialised democratic societies: they facilitate, among other things, the formulation of various interests, their expression in decision-making processes and, by their very existence, the organisation of action to promote the assertion of interests. However, a sufficiently large membership, the financial strength and consequent independence of the organisation, and the resulting influence and capacity of the organisation to promote or (lack of) disrupt the well-being of society are essential prerequisites for this. In this respect, a significant number of domestic chambers are in a deficit situation. By recognising this, and through new self-reinforcement programmes, chambers themselves could find a new role in today's rapidly changing world, and through their high-quality professional and advocacy work could gain and further increase their social recognition. We are convinced that the chamber movement can make the greatest contribution to encouraging cooperation, networking and partnership between economic regulators and professional policy actors.

It is important to see that chambers have a social community-building function, i.e. as discussed earlier, it is inevitable that they play a mediating role between the various actors. However, as long as there is no supportive political environment and a lack of support from the represented group, the real task of the mesosphere cannot be achieved. Previous experience has shown that the political sphere has been more of an obstacle than a catalyst to the development of the Hungarian chambers during their history in the 20th and 21st century, which is why a new attitude of the state administration, which is also interested in partnership and subsidiarity, is needed. On the other hand, the dimension of chamber services needs to be brought into line with Western European models, in order to increase the strength and competitiveness of the sector they represent and to give chamber members – as in the case of some professional chambers – a real sense of ‘ownership’ of the chamber movement.

The task of both groups of chambers is to strengthen the community-building function: to involve as much as possible local businesses and local professional

³⁷⁹ Ulrich E. Zellenberg: Die österreichische Wirtschaftskammerorganisation im Wandel. In Jenő Gergely (ed.): *A kamarai tevékenység Magyarországon és az Európai Unióban*. Budapest, ELTE, 2007. 54–85.

representatives in the life of the local community, in the local flow of information and thus in decision-making, in accordance with the expected subsidiarity. The central task of the chambers is to organise and process the profession-specific information gathered and to make it available to businesses and professionals in a structured and usable way. In this way, the Western European chambers are making a fundamental contribution to the professional development of their members and to the network building that has been emphasised above. In addition, the chambers cannot, of course, give up the task of continuously assessing the interests of their members, balancing the diverging individual interests and then presenting the business, economic and professional interests and needs that have been brought to common ground to other forums. This advocacy work, or even lobbying within certain frameworks, is indispensable in the redistribution of EU tender funds in the interests of developing the economy or professionalism of the region represented by the chamber. And since compulsory membership could easily lull the management of individual chambers into a state of dormancy, we consider it essential that they should expand their profile with new and specific services based on assessed needs, through regular surveys of their membership. Again, a review of Western models and the active implementation of some well-established service groups (e.g. business matchmaking, quality assurance services, etc.) in the country could be a major step forward for the chamber movement.

The near future will certainly also bring the need for cost-effective and rational public administration back to the fore. Although the new public administration programme in Hungary has been accompanied by a significant centralisation, we consider it inconceivable to achieve an efficient and successful public administration without decentralising certain areas, based on the legacy and ideas of the eponymous Zoltán Magyar. Since the public chambers have already succeeded in assigning new tasks, the future may see a further consolidation of responsibilities within the chamber system, especially in case of the economic chambers, which may even entail the permanent restoration of compulsory membership instead of the current registration system.

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What are economic chambers and chambers of liberal professions? What specific fields and professions do they cover in Hungary? Where did they come from, how have they developed and how have they changed over the last two hundred years? The volume seeks answers to these and many other questions.

The aim of the book is to give a comprehensive picture of the past, the development, the present structure, the activities and the current problems of the Hungarian chamber system. It also tries to present the systemic changes taking place in chambers and the reasons behind them as a central idea. This volume proves that the changes throughout the history of the Hungarian chambers have mostly been driven not by stakeholders and internal motivations but rather by external pressures. In doing so, the book also provides an insight into changes in the political systems of each historical period in Hungary in the last 150 years.



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