

The (De)regulation of the Brussels Stock Exchange around 1865–1875¹

ABSTRACT: Euronext Brussels has her roots in the Stock Exchange of Brussels which was founded in 1801. At that time the Southern Netherlands were part of the French empire of Napoleon. He decreed that in every city where commercial activities were of paramount importance a stock exchange must be founded. All these stock exchanges became government controlled and regulated. In Belgium, the inheritance of Napoleon's strictly regulated stock exchanges stood firmly until 1867. Neither the United Kingdom of the Netherlands (1815–1830) nor the Belgian Independence (1830) altered fundamentally the stock exchange system. In the meanwhile Belgium turned out to be the first industrial state on the European continent. The severe regulation of stock exchanges was no longer adapted to the needs of the fast evolving capitalist development. New legislation in 1867 brought complete deregulation and so installed a liberal laissez-faire regime, which lasted until, once again, in 1934/35 a highly regulated system was introduced.

In our contribution we will focus on the history of Belgian stock exchanges in the 19th century and particularly on the shift in the regulation of the Brussels Stock Exchange in the period 1865–1875. In order to form a clear notion what was going on in that specific period, we firstly will highlight a few aspects of the preceding history of the Belgian stock exchanges.

I. The French Origin of the Belgian Stock Exchange System and the Introduction of a Severe Covering Regulation

During the 19th century stock exchanges² resembled either the London model or the Paris model.³ The distinction between the two models fundamentally lay in the gov-

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2 We use the term 'stock exchange' although it is rather misleading for the first decades of the 19th century. Most of the exchanges at that time were commodity bourses. The role and the activities of most of these institutions on Belgian territory were 'commercial bourses' (in French 'bourses de commerce') such as was the case in France, with the Exchange of Paris as an exception. Their main objective was first of all favouring the exchange of commodities with the help of intermediaries or 'commodity brokers'. Nevertheless, these institutions had also an important function in the development of capital markets, for they were intended to contribute in state financing by distributing government bonds. During the Napoleonic era the financial needs of the public treasury were very high because of war waging.

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ernment's attitude towards these institutions. Whether the government intervened in the bourses' working and business or not produced the fundamental divide between the two models.

It's no wonder that by the start of the 19th century Belgium gathered under the French model, because what now is called 'Belgium' fell under French rule, at least from 1795 to 1815.⁴ After 1815 the nine 'Belgian' provinces were absorbed in the United Kingdom of the Netherlands under the Dutch king William I of the House of Orange. Only in 1830 Belgium became an independent state.

The profound changes concerning law and institutions under the French rule had a nearly permanent effect on the society in the Southern Netherlands, the future Belgium. Most commonly known is the 'Code de Commerce' from 1807, which was a real milestone in the development of modern business.⁵ This Code implied a great number of important stipulations. So, it drew the lines for some new financial institutions, in particular the 'stock exchanges'. Napoleon Bonaparte insisted on the opening of such institutions in many cities of the French empire. When he in 1801 enacted a law allowing the government to establish such stock exchanges wherever necessary, there was clearly no distinction between 'commodity' and 'stock' exchanges. The objective of most of them was first of all the traditional role of a commodity exchange i. e. favouring the exchange of commodities with the help of 'commodity brokers'.⁶ The focus on commodities implies that the stock exchange was in the first place an organically grown institution, grown from the daily habits of the merchants.

Napoleon introduced of course this stock exchange system also in the nine so-called Belgian 'départements réunis' and so the cities of Antwerp, Brussels, Bruges, Ghent and Ostend became endowed with a bourse. Also for the cities of Liège, Mons and Tournai, in the Walloon region of the country, stock exchanges were provided, but they were ultimately not realized. As nearly all these stock exchanges were developed in the neighbourhood of harbour activities, it is clear that they were supposed to apply on trade in commodities. Nevertheless the Antwerp Stock Exchange was lightly different from the others. This matched more or less with the kind of division of labour which Napoleon installed between the stock exchanges in France. He saw Paris as the main financial centre with a Stock Exchange trading in securities, while the re-

3 Randal C. Michie, *The Global Securities Market. A History*. Oxford 2006, pp. 93–100.

4 Before the French annexation the Belgian territory encompassed a few autonomous areas with the Austrian Netherlands and the bishopric of Liège as the most important ones. The French Revolutionary Wars had led to annexation of all these areas on the 1st of October 1795. From that time the 'Belgian' territory was called the nine 'united departments' ('départements réunis'). These nine departments were (we mention the present-day names of the Belgian provinces between brackets): the Department of the Lys (Western Flanders), of the Scheldt (Eastern Flanders), of the Two Netes (Antwerp), of the Dyle (Brabant), of the Inferior Meuse (Limburg), of the Ourthe (Liège), of the Forests (Luxemburg), of Sambre et Meuse (Namur) and of Jemappes (Hainaut). This division has largely remained until nowadays.

5 Artur Nussbaum, *American and Foreign Stock Exchange Legislation*, in: *Virginia Law Review* 21 (1935), pp. 839–875.

6 In this paper we utilize for the sake of convenience, unless otherwise mentioned, the term 'broker' as the compilation for exchange, commodity, insurance, and ship brokers, due to the close connection between all those functions. See also note 2.

gional stock exchanges had a more important role on the commodity side, with trade in securities being a secondary activity. The same became the case in the annexed Belgian departments. The Antwerp Stock Exchange became somewhat more modelled to the Parisian one and in consequence had also to do with financial trade but, all in all, initially the focus lay also on commodity trade. Such division of tasks existed also in other countries.⁷ The regional stock exchanges played an important role in the creation of a local market for investors, who, for several reasons, preferred to invest in smaller and better-known companies or to do business with local brokers whom they trusted.⁸ Later on, these regional stock exchanges in the United Kingdom and France specialised increasingly in the bonds and stocks of companies which had less (inter)national influence and therefore had more difficulties when they competed with the huge number of bonds and stocks quoted on the major exchanges of London or Paris.⁹

As in France the Belgian stock exchanges were firmly government controlled and regulated. Napoleon allotted to these institutions an important function in the development of capital markets. They were intended to contribute in state financing, by distributing government bonds, because in wartime the financial needs of the public treasury were very high. In order to attain these goals and to ensure sound state finances Napoleon was vigorously in favour of heavy government controlled stock exchanges. He felt a strong aversion to financial speculation. As he considered stock exchanges to be the (potential) subject of speculation that would undermine state credit, he made no secret of his opinion: a very rigid government controlled system should ensure that speculation got no chance at the bourse. In this way he simply continued the tradition of severe government control on the stock exchanges going back to 1720, following the bubble incited by John Law.

Two examples do illustrate the government interference in Belgian stock exchanges: the professional status of the brokers and the stock market quotation system.

The first example concerns the brokers at the stock exchange; they were considered as semi-government agents making them rather important persons with a status comparable to the notaries. They were appointed by the Government and their

7 Although several dominant stock exchanges manifested themselves on a worldwide basis in the 19th century, such as London or Paris, they didn't succeed in monopolising the (stock) exchange transactions even in their own country. Different regional stock exchanges existed in the United States, France, and the United Kingdom, and played an important role in the national working of the capital market. Such a regional network of stock exchanges existed in a more or less developed form also in other European countries.

8 The preference to invest in well-known companies, explains even today the success of such nation-based companies ('home bias'). Belgian firms like e.g. Lernhout & Hauspie and Interbrew in Belgium were seen by Belgian investors as a more favourable investment opportunity.

9 As soon as the technical developments in telegraph and telephone allowed for a quicker connection to the capital city (e.g. in 1875 a telegraph office was established at the Stock Exchange in Dendermonde (Belgium) to optimize the connection with the Brussels Stock Exchange), and as the major stock exchanges became more and more dominant, the growing arbitrage between the different exchanges resulted in an equilibration of prices and caused a decline in the importance of the regional exchanges. The technological impact on the evolution of these institutions must not be underestimated. See also Ranald C. Michie, *Different in Name only? The London Stock Exchange and Foreign Bourses, 1850–1914*, in: *Business History* 30 (1988), pp. 46–68, esp. pp. 55–56.

number was strictly limited. They had to make exams for being allowed and to swear an oath. They had a big personal responsibility for their operations and had to pay a huge collateral fee as a guarantee for these operations. The fee depended upon the importance of the stock exchange and was ranging from (the enormous amount of) 2.000 to 10.000 francs¹⁰ (later on also real estate was possible to be the collateral¹¹). The profession was highly protected making it possible to facilitate that a son could come into his father's business. Their activities were severely limited. They could not trade for their own sake ('lippage'). They were not allowed making associations between them and could not participate in commercial companies. In compensation they were given a real monopoly on stock exchange activities as well as high transaction fees. In the opinion of the Government, the monopoly of the brokers was seen as the best guarantee for limiting speculation and offering the best 'security' for the market. The high transaction costs, namely the broker's commissions which were fixed as a percentage of the transactions, were also intended to discourage speculative activities.¹²

As a matter of fact, the French 'Code de Commerce' distinguished five categories of brokers: the commodity brokers, the exchange brokers, the insurance brokers, the transport brokers and the shipbrokers. As said before, commodity trade was the most important in all Belgian stock exchanges. So, commodity traders operated in all such Belgian institutions. Although the exchange brokers were a minority group at the time, mainly trading in foreign currencies, they had an important activity as a multitude of exchange rates of foreign currencies existed. These exchange rates would have a place on the official quotation lists for decades to come. The three other categories of brokers were scarcely mentioned in the Belgian bourses. In Antwerp the brokers were not allowed to do the job of another type of broker. The Antwerp Stock Exchange was, after all, the only one on Belgian territory which made a splitting up between commodity transactions and transactions in securities and exchange operations. Elsewhere brokers had the right to cumulate their activity as commodity broker with that of exchange broker. But even in Antwerp the most important brokers were the commodity brokers and the ship brokers. This implied that traders, united in the Chambers of Commerce, had a strong stake in the working of the stock exchanges.

- 10 See the rules and regulation formulated by the foundation of the stock exchanges. The stock exchanges of Antwerp, Ghent and Ostend were founded on the same day: Arrêté portant établissement d'une bourse de commerce à Anvers, Gand, Bruges, Ostende, 19 messidor an IX (8/7/1801); Arrêté qui ordonne l'établissement d'une bourse de commerce à Bruxelles, 13 messidor an IX (2/7/1801), in: Pasiomie. Collection Complète des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique, Series 1 10 (1836), pp. 442, 447, 448. Concerning the collateral fees, see also Arrêté relative à la désignation des villes où devront être établies des bourses de commerce, à l'organisation et à la police de ces bourses, 29 germinal an IX (19/4/1801), in: *ibid.*, p. 441.
- 11 Brussels, NAB (National Archives of Belgium), Chamber of Commerce, 256 (5–123), letter of the Brussels mayor to the Chamber of Commerce d. d. 15/1/1819; 259 (234–261), Ordinance of the City of Brussels, 5/3/1825.
- 12 See for instance, Antwerp, SAA (State Archives Antwerp), Provincial Government, J 193 B, tariffs of broker's commissions (courtages), d. d. 30/12/1811 and 27/5/1812.

In Antwerp the brokers came together in one building, the Bourse, which was also intended to be a meeting place in the sense of British clubs (Lloyds) where personal confidence relations could be built and information could be gathered. In Ghent, Bruges, Ostend and Brussels brokers found accommodation in or annex to buildings of other organizations like the Chamber of Commerce (Ghent, Brussels) or the cloth makers' hall (Bruges) or in one or another appropriate building like the Hôtel de Commerce, situated in the docks of Ostend.

The second example of government interference in the stock exchanges concerns the quotation system. There was no free admission for becoming quoted at the stock exchange for companies. This was immediately linked to the importance given to state bonds and to the restrictions on founding a limited liability company (in French: 'Société Anonyme'; in German: 'Aktiengesellschaft'). Indeed, besides governmental control on the stock exchanges the French system had installed a similar type of control on the foundation of limited liability companies that had to obtain official allowance in order to be established. If not, they had to operate under a system of personal liability. The French Code de Commerce actually had regulated the possibility for such companies, but it was considered to stay the exception rather than the rule as these companies were regarded with a suspicious eye. Limited liability companies reminded at the large bubble constructions of the first half of the 18th century with the bubble incited John Law era (1718–1720).¹³ Prominent economists like Adam Smith or John Stuart Mill had already formulated in their works strong doubts against this type of company.¹⁴ Limited liability companies were thus in their infancy. The main idea was that in doing business you had to trust (and to know) people involved in business and that he or she who was in business had to be personally responsible for what he or she did. Hence it was not easy to create such companies, although, on the other hand, as most companies didn't need large amounts of capital to keep on functioning, this restricting legislation was satisfying for most of them at the time. It was often possible to unite but a few shareholders in order to raise capital. As a result, not that many companies were candidates for quotation at the stock exchange. All this would change whenever some of them became in huge need of capital such as insurance companies or (from the 1830s on) railroad companies.¹⁵ However at that time the French period had already passed.

Due to the initial dominance of commodity trading the Antwerp Stock Exchange was the dominant one in Belgian territories. It could rely heavily on the evolving and fast growing activities in the Antwerp harbour. During the French period it was even one of the more important stock exchanges of the Empire. Napoleon considered the Department of the Two Netes, nowadays the Province of Antwerp, as one of the most

13 Alfred Colling, *La prodigieuse histoire de la bourse*. Paris 1949, pp. 53–71; Niall Ferguson, *The Ascent of Money. A Financial History of the World*. London/New York 2008, pp. 138–157.

14 John Stewart Mill, *Collected Works*, Vol. II. Toronto 1965, pp. 135–140; Ronald L. Meek / David D. Raphael / Peter G. Stein, *The Glasgow Edition of the Works and Correspondence of Adam Smith*, Vol. 5: *Lectures on Jurisprudence* 1978, pp. 518–522.

15 Frans Buelens / Julien van den Broeck, *Financieel-institutionele analyse van de Belgische beursgenoteerde spoorwegsector 1836–1957*. Antwerpen 2004, pp. 250–251.

important departments of the Empire. Later on, when in the Dutch period the mixed bank Société Générale came into existence and took the lead in the industrial development of the country, she also saw clearly the importance of Antwerp. She opened the Banque d'Anvers (1827) in the immediate neighbourhood of the Antwerp Stock Exchange.¹⁶ Besides trade in commodities bond trading was the second major activity at the Antwerp Stock Exchange. The (internal) regulation of this Antwerp institution would serve as a model for nearly all of the stock exchanges in Belgium.¹⁷ But, Antwerp had more than 100 brokers, quite a lot more than other Belgian stock exchanges; Ghent for example had only 22 brokers; Brussels only 12 brokers.

During the French period, the Brussels Stock Exchange, that later on would become the most important Belgian one, was rather small. Indeed, with the Dutch regime, the position of the town of Brussels changed, as she became the administrative most important city of the southern part of the United Kingdom of the Netherlands. Her situation improved still further when becoming the capital of Belgium in 1830.

II. The Inheritance of Napoleon's Strictly Regulated Bourse stood firmly until 1867

The inheritance of the French rule on many fields would last for decades. That was also the case where the stock exchanges were concerned. After 1815 the Belgian territories became part of the 'United Kingdom of the Netherlands' until 1830. King William of the House of Orange continued the Napoleonic stock exchange system with some slight, mitigating modifications.¹⁸ By Royal Decree of the 21st of December 1815 Local Government became more power as it became allowed to appoint the brokers, who could only be active in the town where they lived.¹⁹ Moreover, the king intervened in the quotation of securities with an almost prohibition on quoting foreign (state) bonds, this in order to keep capital in the country.²⁰

16 Helma Houtman-de Smedt, *De Société Générale tijdens de periode 1822–1848. Haar evolutie van 'do-meinbank' naar 'gemengde bank'*, in: Herman Van der Wee (Ed.), *De Generale Bank 1822–1897*. Tielt 1997, pp. 13–67, esp. pp. 33–35; Helma Houtman-de Smedt, *Beknopte historiek van bijna anderhalve eeuw Banque d'Anvers, 1 januari 1827–31 december 1964*, in: *Jaarboek, 2001–2002* (Provinciale Commissie voor Geschiedenis en Volkskunde), pp. 110–123.

17 Antwerp, FelixArchief, *Modern Archives*, 1045, Stock Exchange, letter of the Brussels mayor to his Antwerp colleague, 15/8/1796.

18 The Dutch King, William I, acted as an 'enlightened' sovereign, highly stimulating industry and trade. See Robert Demoulin, *Guillaume Ier et la transformation économique des provinces belges, 1815–1830*, *Faculté de Philosophie et Lettres, Liège* 1938.

19 *Arrêté Royal relatif au mode de nomination des courtiers, agents de change ou greffiers de pilotage (21/12/1815)*, in: *Pasinomie. Collection Complète des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique, Series 2 2 (1837)*, pp. 439–440; *Arrêté Royal fixant le lieu où peuvent exercer les courtiers de commerce, d. d. 5/9/1828*, in: *Pasinomie. Collection Complète des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique, Series 2 9 (1842)*, p. 215.

20 *Loi portant défense d'ouvrir des emprunts ou négociations de fonds pour une puissance étrangère [...] sans avoir préalablement obtenu l'autorisation du roi (21/8/1816)*, in: *Pasinomie. Collection Complète*

When Belgium became independent in 1830 no major change on the stock exchange legislation took place during the first years. Dutch legislation continued until 1836, a year in which the new born (Belgian) Government went back to the more severe French system. The Royal Decree of the 22nd of April 1836 abolished the role of local authorities; from this time on the central Government again had to appoint brokers. In particular the Minister of the Interior²¹ would become responsible for the stock exchanges (from 1845 on it would be the Minister of Foreign Affairs).

The new-born Belgian state would soon be confronted with one of the most severe waves of speculation at the stock exchange, followed by still more severe legislation, as successive governments would really be frightened for seeing the stock market become a place of fierce speculation. As Belgian capitalism was fast evolving at the time stocks became increasingly attractive, whereas the creditworthiness of Belgian Government was simmering. People didn't trust the Belgian government that therefore had to pay to the investors a huge risk premium on state bonds.

Indeed, Belgium played an important role in the industrial revolution on the continent. Not only did it construct the first real railway on the continent from 1835 on, but during the 19th century it had the highest railway density in Europe. The huge stock of raw materials in the Walloon provinces of Belgium was considered the basis for the industrial take-off of the metal industry in these provinces, which was, due to the increasing success of the railways, expanding rapidly. New technological developments enabled Belgian industry to follow close in the footsteps of the United Kingdom.

Table 1 indicates the strong position of Belgium in this quick growth in industrial production, as it ranked second behind the UK in industrial output per capita in 1860. Belgium developed rather soon into one of the leading European industrial nations.

Although the Industrial Revolution in Belgium was mainly financed by the two large mixed banks, Société Générale de Belgique, already founded in the Dutch period by king William I, and Banque de Belgique, founded in 1835, the until then mainly on commodities focusing stock exchange gradually became a real stock exchange from the 1830s on. The years 1834–1837 can be considered as the 'Gründerjahre' of stock exchange life in Belgium, especially at the Brussels Stock Exchange. The introduction of the first Belgian state loans at that time laid the foundation for a flourishing activity of the Brussels Stock Exchange. Until then remarkably trade in commodities was in Brussels of little importance, but transactions in line with the developing financial activities in the city could be favourable for the Brussels Stock Exchange. More than thirty companies introduced their stocks within a few years, whereas in 1832 there were only two stocks quoted. A fierce speculation took place. However, in providing

des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique, Series 2 3 (1838), pp. 142–145.

21 In these days there were only five ministers in Belgium, each of them having several responsibilities. Those ministers were the Minister of Finance, the Minister of the Interior, the Minister of Foreign Affairs, the Minister of War and the Minister of Justice. There was even no 'Prime Minister' but one of the five had also the function 'Head of the Cabinet'. As the stock exchange was regarded as a commercial affair it came under the authority of the Minister of the Interior, who was also responsible for Commerce at the time.

Table 1: Most Industrialized Countries (Industrial Output per Capita) (UK: 1900 = 100)

1860		1913	
Country	Output/capita	Country	Output/capita
1. United Kingdom	64	1. United States	126
2. Belgium	28	2. United Kingdom	115
3. Switzerland	26	3. Belgium	88
4. USA	21	4. Switzerland	87
5. France	20	5. Germany	85
6. Germany	15	6. Sweden	67
7. Sweden	15	7. France	59

Source: Paul Bairoch, *International Industrialisation Levels from 1750 to 1980*, in: *The Journal of European Economic History* 11 (1982), pp. 269–312., esp. p. 286.

capital the most important role was played by mixed banks that provided nearly all the capital of the new industries and mining companies. Belgian mixed banks founded even investment companies like the *Mutualité Industrielle* (1836) and *Actions Réunies* (1836). The stock market was an additional but secondary market for providing an outlet in case one wanted to sell his stocks, and indeed it was also a place of speculation. But there were periods in which there was no stock activity at all. For a good understanding of this one should remember that stock prices were tremendously high at the time as they were issued with an enormous nominal value of (on average) 1.000 BEF, implying they were only available for a rather limited number of people and they were not so often traded as nowadays (liquidity problem). As wealth was distributed highly unequal only the very rich could participate in stock exchange transactions. The liquidity of stocks was a major problem and would hinder a smooth functioning of this institution.

Mixed banks themselves had a big interest in the development of a stock exchange at the time. These banks and especially the *Société Générale* had given a lot of credits to investors for buying shares, while accepting these same stocks (that were not fully paid-up) as collateral for those loans (when stocks were issued investors had to pay only a limited part of it, 5 to 10 percent). When investors could not fulfil their obligations the bank came in the possession of the stocks. The same was true for companies that had often received a lot of loan capital from the *Société Générale*. When the time came they could not pay back their debts, a debt for equity swap took place, making the mixed banks the owners of enormous amounts of shares. Developing a stock exchange in such conditions was a harsh necessity; Brussels, the place where the *Société Générale* was located, was therefore a favourite place.

Within a few years the Brussels Stock Exchange, as a secondary market, was fast developing into the trade in stocks. This stock exchange even had a lot of characteristics that could contribute to an efficient secondary market such as a printed official price list, a network of brokers and one centralised location.²² But there were some el-

22 Yvon Leblicq, *Het beurspaleis van Léon Suys*, in: Geert de Clercq (Ed.), *Ter Beurze. Geschiedenis van de aandelenhandel in België 1300–1990*. Bruges/Antwerp 1992, pp. 181–193. In 1801 a (confiscated) build-

ements that hampered a successful development of her potential, especially the strong government intervention, that even became stronger after a while. This would hamper the process of transforming investors' demands into transactions and prices.

The development of the market would illustrate this. Rather soon, a huge rise in stock prices contributed heavily to the first real bubble on the Belgian stock exchanges and would constitute the basis for a new wave of government intervention. In 1837–1838, the Brussels stock market collapsed. As a result the two most important private mixed banks, *Société Générale* and *Banque de Belgique* were on the brink of disaster too, the more so as they were responsible for issuing the money in Belgium, since there didn't exist a central issuing bank at the time. It would paralyse economic life the next decade.

This first wave of speculation and the subsequent crash would not stay without reaction. In 1840 the Belgian government even strengthened the French stock exchange system with the Royal Decree of the 13th of November 1840.²³ A new measure was taken that gave the government a decisive role in allowing stocks to be quoted at the bourse. Especially some right wing and rather conservative politicians didn't trust the stock exchange activities at all and saw speculation everywhere. The Royal Decree of 1840 had the intention to make it possible to refuse simply all industrial companies to quote. Moreover whenever an additional emission of capital by way of stocks or bonds was needed, the company had to follow a whole official procedure with approval from the Minister of the Interior (later on the Minister of Foreign Affairs).²⁴ Within this same kind of thinking, they didn't either trust the stock company as they saw it as a way to deny one's responsibility in affairs. Minister of the Interior Charles Liedts²⁵ issued the Ministerial Decree of the 20th of February 1841 in which were stipulated all conditions a limited liability company had to fulfil in order to obtain recognition by means of a Royal Decree.²⁶ Notwithstanding these restrictions it was still allowed to

ing – the former Augustinian monastery in Brussels (Wolvengracht) – was assigned to the Brussels Stock Exchange.

23 Arrêté Royal relatif à la cote des effets aux diverses bourses du royaume (13/11/1840), in: *Pasinomie. Collection Complète des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique*, Series 3 10 (1840), p. 385.

24 Hans Willems, *De vergeten beurzen van België. Een institutionele blik op de liberalisering van het beurswezen in 1867 over de grenzen van Antwerpen en Brussel heen*. Unedited Doctoral Dissertation in two Volumes. Antwerp 2006, pp. 191–201. The Royal Decree of 30/7/1845 delegated the power with regard to all questions of trade and business to the Minister of Foreign Affairs, see for this Royal Decree its publication, in: *Moniteur Belge*, d. d. 31/7/1845.

25 Charles Auguste Liedts (1802–1878) was a Belgian liberal party politician, who in spite of his liberal attitude with regard to religious and cultural questions behaved conservative in stock exchange issues. For a biography of this politician see Rik Röttger, *Charles A. Baron Liedts (1802–1878)*. Ghent 2002, and Ginette Kurgan-Van Hentenryk / Serge Jaumain / Valérie Montens (Eds.), *Dictionnaire des patrons en Belgique. Les hommes, les entreprises, les réseaux*. Bruxelles 1996, pp. 432–434.

26 Brussels, NAB, Chamber of Commerce, 766, correspondence, 1857, *Instruction Ministérielle concernant les demandes d'autorisation pour la formation de nouvelles sociétés anonymes*, 20/2/1841.

found new stock exchanges as was done for those of Dendermonde in 1844 and Louvain in 1846. Both new stock exchanges stressed on commodity transactions.²⁷

But these severe measures would not last that long. Belgium urgently needed capital for developing the railway system, especially from the 1840's on. Belgian capital markets could not provide enough capital as mixed banks were in deep trouble due to the crisis of 1837–38. British and French investments came in, especially during the (private) railway mania of 1844–46²⁸. Nearly all private investments in the railroad sector were done by foreign (British and French) capital, but severe difficulties arose for allowing them to quote on the stock exchange. However, opposition grew.

The 1846 founded *Comité pour les affaires des sociétés* stated there was no reason to discriminate industrial companies by not allowing them to be quoted.²⁹ As after the 'railway mania' of the 1840s and the subsequent rise in prices, the economy (and the stock exchange) once more collapsed and mixed banks were still paralysed and were once again on the point of collapsing during the crisis of 1847–48, several measures were taken such as the foundation in 1850 of a Belgian central bank, the National Bank of Belgium.

In order to stimulate private investments, legal stipulations for becoming stock quoted became less strict. From then on nearly every limited liability company could obtain an official stock exchange quotation, exception made for the railways. But a Royal Decree was still needed for this and this was also the case for founding such a company. However for foreign securities to be quoted it was still required either that this was done on a basis of reciprocity or that this had to stimulate commercial life (at the time it was a usual practice to pay deliveries from Belgium to other countries with bonds or stocks that could then be traded at the stock exchange). Bond loans issued by foreign powers could just be noted in Belgian stock exchange lists if the proper countries also admitted Belgian funds to their stock exchanges. And foreign companies which wanted to qualify for a stock market listing in Belgium had to demonstrate that they had major orders placed with Belgian companies.

27 *Institution d'une bourse de commerce à Termonde*, in: *Moniteur Belge*, d. d. 3/3/1845. Founded on the 28th of June 1846 the stock exchange in Louvain proved to be unsuccessful and became officially abolished with the reform of the Belgian stock exchanges in 1867.

28 Frans Buelens / Julien van den Broeck / Hans Willems, *British and French Investments in the Belgian Railway Sector during the Nineteenth Century*, in: Ralf Roth (Ed.), *Across the Borders. Financing the World's Railways in the Nineteenth and Twentieth Centuries*. Aldershot 2008, pp. 95–107.

29 Brussels, AMFA (Archives of the Ministry of Foreign Affairs), Diplomatic Archives, 2285A, Report of the meeting of the *Comité*.

III. Towards ‘Deregulation’, a Tremendous Big Bang for the Stock Exchange in 1867

1. Why Deregulation?

As different stakeholders had not the same interests, the heavily regulated stock exchange system of the early years came under attack. This was already so in earlier times (1816) when the Chamber of Commerce of Antwerp could not agree with the rather high commission fees due to the limited number of brokers. She made a plea for freedom and the possibility to increase the number of brokers such that the high broker fees could diminish and the broker monopoly would be abolished. But the government didn't follow this advice.³⁰ At that time the corporatist organisation of the brokers, united in the *Chambre Syndicale*, quite obviously resisted this, but also afterwards, she advocated a small group of brokers.³¹ These different stakeholder interests were not the only reason however for the stock exchange coming under attack. It was the evolving needs of capitalism, with a shift towards (huge capital demanding) mining and manufacturing industries that would call for reform, as well as for the limited liability company as for the stock exchange. This was at best illustrated with the shift in dominance from Antwerp to Brussels.

The Brussels Stock Exchange could hardly rely on all the commercial activities brought about by an important harbour activity. In the light of the tradition that stock markets in the beginning of the 19th century especially focused on commodity trade, the Brussels Stock Exchange had a major comparative disadvantage. However, it would exploit this and turn it into a competitive advantage as it would – contrary to the Antwerp Exchange – concentrate on the newly born and fast growing segment of stocks and corporate bonds, making it a real ‘stock’ exchange. It would bring the Brussels Stock Exchange to a leading position within a few decades as the trade in stocks became more and more important.³² This position became even stronger as Brussels really was a major headquarter of the liberal party with a strong social support from bankers, traders and lawyers and as the political elite preferred to live in Brussels. Moreover it was the central nucleus of transportation and communication within the

30 The Antwerp Chamber of Commerce was already at a very early stage (1816) in favour of a complete liberalisation of the stock exchange. They regarded competition as the guarantee to reduce abuse and to stimulate trade. Antwerp, FelixArchief, Modern Archives, 1046, Letter of the Antwerp Chamber of Commerce to the Mayor, 24/7/1816; Antwerp, SAA, Provincial Government, J 194 B, Règlement pour le corps des courtiers, d. d. 1/12/1816.

31 Brussels, AMFA, Diplomatic Archives, 2278.1, Advices of the proper authorities with regard to the appointment of brokers (1843).

32 At the beginning of the 19th century the Belgian money and capital market was still too weak and wasn't able to provide the entrepreneurs of the new industries with sufficient short and long term credit. But in the years 1830 the Brussels mixed banks, *Société Générale* (1822) and *Banque de Belgique* (1835) contributed to the modernization of the Belgian industry (especially the Walloon heavy industry) by means of direct participations and by placing shares by their customers and a broader public. This evolution also stimulated the activities on the Brussels Stock Exchange which previously lacked activity.

country; it attracted people from all over the country and put lesser restrictions on who could obtain a job at the Stock Exchange. Due to the lack of harbour traffic the majority of brokers were exchange brokers, mainly trading in stocks and bonds, and no longer mainly commodity brokers as in Antwerp. With the gradual shifting away from Antwerp a new type of stock exchange – the real stock exchange – was born within a few decades. The old institutional arrangements would come even more under attack. A big change was under way. It can be summarized as follows.

Firstly, the changing nature of the activity of stock exchanges, due to the changing activities of capitalism, called for another type of organisation. State credit and commodity trading activities of the stock exchanges constituted no longer the main activity. The severe regulation of stock exchanges as well as of limited liability companies was no longer adapted to the needs of fast evolving capitalist development. They were in huge need of capital and this called for well-developed capital markets without too many restrictions. Due to the underlying evolving economic conditions the freeing up of the foundation of limited liability companies became a necessity together with the need for a secondary market where those stocks could be traded. The old type of organisation was no longer adapted to these new needs.

Indeed, capital needs were on the rise. This was already the case when railroads required massive investments. Railroad investments became the most important investment field and asked for large amounts of capital. As railroad construction in Belgium was nearly paralysed at the end of the 1840's the government had to stimulate it by the 1851 interest guarantee system law. While companies lowered the nominal value of railway bonds and stocks these securities became highly popular and together with state bonds they took most of the trading activity at the stock exchange. Due to that 1851 law on interest guarantees these stocks and bonds became 'semi-state' stocks and bonds. Once other types of activities required equally big amounts of capital, the days of the old bourse type came to an end. The pressure on reforming the company law act as well as the stock exchange was rising. An additional factor was the growing need for international expansion. Growing numbers of companies were looking for markets abroad and were often paid by means of bonds or stocks that had to be traded at the Belgian stock exchanges. The world market was on its way for the first wave of globalisation, made possible by new ways of transport, lowering protectionism and increasing international investment. The financial system had to follow. It would follow.³³ Although new banking institutions were founded too it would be the stock market that gained mostly in importance in the decades after 1867.

In the meantime investors had already found their way to the stock market especially due to the as save considered investments in railroads. Investors in stocks realized considerable returns at the stock exchange.³⁴ During the 1851–1860 period real total returns had reached 6.64 percent (geometric average) and 7.48 percent (arithmetic).

33 Pierre-Cyrille Hautcoeur (Dir.), *Le marché financier français au XIXe siècle*. Tome 1: Récit. Paris 2007, p. 221.

34 See in attachment, Table 2.

tic average). Total market capitalisation of all common stocks at the Brussels Stock Exchange had expanded too during the period and was even almost tripled.³⁵

Secondly, politically some profound changes occurred in Belgium. The first decade after the Belgian independence no real political parties were in place; there was a ‘unionist’ movement bringing together representatives of big land owners as well as those of industries and banks.³⁶ This implied that no clear policy that favoured the development of capitalism was in place. Unionist governments looked for compromise between the rather liberal revolutionary principles on the one side and owners interests on the other side. Things would change when the liberal party (adhered to ‘laissez-faire’ capitalism) was founded and gained in power. From 1847 until 1870, liberals were for most of the time dominant, with some years of exception. They started to reform the state in a “laissez-faire” way, abolishing in 1860 the municipal patent laws, the interest limiting law in 1865, the stock exchange law in 1867. The dynamism could not be stopped and also company law was finally reformed in 1873.³⁷

Thirdly, the monopoly for a limited number of brokers was not in the interests of other stakeholders, as stated earlier. Their monopoly made them semi-official persons. Due to this monopoly high transaction costs were in place, something many traders and investors were opposed to. Moreover, there was a growing distance between law and practice. Illegal activities of illegal brokers (‘marronage’) as well as brokers trading for their own sake (‘lippage’) were widespread practices. As government action was inefficient and often not in place, it was a real threat for all of the official measures to ensure the monopoly for the brokers. The development of parallel illegal bourses as the Lloyd Bruxellois and its success made quite clear that the centralised government controlled system had to be adapted anyway. The case is extremely illustrative. The Government did not tolerate the Lloyd Bruxellois at all but was unable to fight its success.

Other stakeholders were equally highly in favour for liberalising the stock market. Especially bankers intervened in the decision process. Bankers were not allowed to trade directly at the stock exchange and hoped to acquire more trading activity in this lucrative business. Thus bankers (such as Rothschild, Société Générale and Banque de Belgique)³⁸ were asking and lobbying for the end of the Royal Decree of the 13th of November 1840.

Fourthly and finally, Belgium could not act against the changing international environment: nearly all existing stock exchanges were liberalised. Moreover bilateral

35 See in attachment, Figure 1.

36 Due to the Belgian revolution of 1830 a ‘national union’ came into existence in which all politicians formed ‘unionist’ governments where catholic and liberal politicians were united in face of those forces that would reunite Belgium with the Netherlands. Indeed, not everyone in the country was that happy with the splitting up of the United Kingdom of the Netherlands. The movement that after the Independence of Belgium in 1830 sought a restoration of the United Kingdom of the Netherlands was known as ‘orangism’.

37 Els Witte / Jan Craeybeckx / Alain Meynen, *Politieke Geschiedenis van België van 1830 tot heden*. Brussels 1997, pp. 68–76.

38 Willems, beurzen (cf. note 24), p. 352.

agreements were reached to make more quotations of foreign securities possible. The 1861 trade treaty with France³⁹ allowed all stock exchanges in Belgium to quote French stocks and bonds without any government allowance. As such it put already a severe restriction on the possibilities of government to interfere in the quotation lists.

2. What did the Deregulation Mean Exactly?

In 1855 the important commission for reforming the Code de Commerce (Commission pour la revision du Code) was installed to prepare a new legislation. Members were high magistrates, representatives of the Chamber of Commerce and personalities of the trade and financial practice. The main point, besides reforming company law, was reforming the stock exchange law. Founded by the Royal Decree of the 13th of August 1855⁴⁰ the Commission took her time and succeeded in her task only after twelve years. Nevertheless, the need for new capitalist financing institutions was increasingly pressing upon them. In the important industrial town of Liège a new stock exchange was founded in 1860 that nearly exclusively focused on trade in stocks and bonds.⁴¹ On the 31th of December 1860, the market capitalization of all the shares of the companies of the province Liège, listed on the Brussels Stock Exchange amounted to 81.1 million Belgian francs or 10.26 percent of the Brussels market capitalization.⁴² The foundation of a stock market in Liège had indeed much potential as Liège was one of the main industrial and mining centres of the country.

The Commission worked out a draft for a new stock exchange law. Some members thought that the existing stock market regulation had to be maintained. Other members wanted the absolute freedom, while a third group wished the abolition of government intervention but also opted for a freedom within certain limits. In the end, the radical liberal solution triumphed.

The 19th century Big Bang started in 1867. On the 30th of December 1867 a new law reformed and liberalised the Belgian stock exchanges.⁴³ Nearly complete freedom of stock exchange life would be realized. The intervention of the Government in the establishment of a stock exchange was completely abolished. Private initiative was free: as the needs of the economy made several stock exchanges in the same city necessary, there would be no obstacle. Neither the Government nor the Municipal Government could it prevent. The latter only acquired the police right on the stock exchange(s) on

39 Séance du 2 mai 1861, nr.135, Traité de commerce conclu le 1er mai entre la Belgique et la France, in: Belgique. Documents Parlementaires. Chambre des Représentants.

40 Belgique. Arrêté Royal qui institue une commission pour la révision du Code de Commerce, 13/8/1855, in: Pasinomie. Collection Complète des lois, décrets, arrêtés et règlements généraux qui peuvent être invoqués en Belgique, Series 3 25 (1855), p. 232.

41 Institution, tenue et police d'une bourse à Liège, 27/11/1860, in: Moniteur Belge, d. d. 30/11/1860.

42 According to our calculations on the basis of the official quotations on the Brussels Stock Exchange, Cours Authentiques de la Bourse de Bruxelles, d. d. 31/12/1860.

43 Loi portant révision du titre V, livre 1er du Code de Commerce, 30/12/1867, in: Moniteur Belge, d. d. 1/1/1868.

its territory. The intervention of the Government in the appointment of the brokers was also radically abolished. The broker job became completely free and so, at once, the monopoly of the brokers faded away. No longer were exams for brokers needed nor would it be an obligation for them to pay a (huge) guarantee. They only had to pay the patent tax. They also were allowed to perform transactions for own account. Every company or state could ask for a listing of its securities. An official admission was no longer required. There would be freedom for speculation. Even the forward market was officially allowed from now on. The role of the Government was completely eliminated, while the Municipal Governments only had the power to appoint the members of the Commission of the Stock Exchange. Such Commission became installed at each stock exchange and was allotted with the responsibility for the stock market quotations. The number of members of these committees differed from stock exchange to stock exchange, but amounted to minimum 6 and maximum 15. They were chosen from a list drawn up by the Chamber of Commerce and by the Commercial Court.⁴⁴ The new law created almost a legal vacuum which would prove untenable in the reality and would quickly lead to adjustments.

Compared to France where an equilibrium was found between the official market and the ‘Coulisse’,⁴⁵ the Belgian solution was clearly a complete switch to the freedom system for stock exchanges. The government had proven to be unable to beat the free market; she left the old system behind and joined the free market system. In 1873 followed an important reforming company law. No Royal Decree was needed anymore to start a joint stock company; there came complete freedom for increasing capital.⁴⁶ So new emissions of bonds and stocks could be realized without any impediment. The existing fiscal system continued: since 1819 the limited liability companies had to pay ‘patent taxes’ which corresponded to 2 percent of the total benefits to shareholders,⁴⁷ which was definitely favourable. In brief: the company law of 1873 stood neither more or less for a ‘big bang’. Only the publication of some interesting data was required, namely the composition of the board of administration, the name of the shareholders and the number of their shares, the yearly balance sheet and the financial statements. In the decades following these reforms the number of joint stock companies exploded, so did the number of stock quoted companies.⁴⁸ Within a few years the number of compa-

44 The respective Commissions of the Stock Exchanges of Antwerp and Brussels had 15 members, while in Ghent, Dendermonde and Liège there were only 6 members.

45 Paul-Regis Pollin, *La coulisse au XIXe siècle: de l’illégalité à la reconnaissance*, in: Georges Gallais-Hamonn / Pierre-Cyrille Hautcoeur (Dir.), *Le marché financier français au XIXe siècle. Vol.2. Aspects Quantitatifs des acteurs et des instruments à la bourse de Paris*. Paris 2007, pp. 87–114.

46 Loi contenant le titre IX, livre 1er du Code de Commerce, relatif aux sociétés, 18/5/1873, in: *Moniteur Belge*, d. d. 25/5/1873.

47 Paul Janssens / Albert Tiberghien / Hilde Verboven, *Drie eeuwen Belgische belastingen. Van contributies, controleurs en belastingconsulenten*. Brussels 1990. p. 173.

48 See in attachment, Figure 2, Numbers of stock quoted companies at the Brussels Stock Exchange (1850–1900); see also Fred Stevens, *Vie et mort des sociétés commerciales en Belgique. Evolution du cadre légal XIXe–XXe siècles*, in: Michael Moss / Philippe Jobert (Dir.), *Naissance et mort des entreprises en Europe XIXe–XXe siècles*. Dijon 1995, pp. 3–16, esp. p. 13.

nies had doubled from 101 (in 1865) to 202 (in 1880). By the turn of the century already 572 companies were stock quoted, the number of all foreign based types of securities and the market capitalisation of these securities exploded and the number of brokers has strongly increased.⁴⁹ Together with the liberalization of the stock exchange and the freedom to the creation of limited liability companies also trade was freed up. Thanks to all this the Belgian economy experienced a period of massive dynamics.

The Brussels Stock Exchange put herself forward as the pre-eminent one for the trade in stocks and became indeed really important. In 1867 142 titles were listed at the Brussels Stock Exchange, but by 1875 this number had more than doubled. In Antwerp, where initially the focus lay on the trade in commodities, the trade in stocks and securities also became more important. That was definitely also the case for the Stock Exchange in Liège, which was – as already said – founded as late as 1860 and was thoroughly connected with the increasing number of public companies. The other five exchanges in the country that operated during the 19th century focused particularly on trade in commodities, although they were allowed to settle all kind of transactions since legislation was the same for all the Belgian bourses. The liberalization of the stock exchange system in 1867 created some breathing space for these institutions to grow and develop. But the smaller ones had difficulty surviving, because they didn't succeed neither in attracting the trade in stocks and securities nor in retaining enough commercial transactions. So, the exchanges of Bruges and Ostend, both founded in 1801, and the exchange of Louvain, founded in 1846, definitely disappeared.⁵⁰ Only the Stock Exchanges of Brussels, Antwerp, Ghent, Liège and Dendermonde subsisted. Nevertheless, when in 1875 the official Chambers of Commerce, became abolished, the stock exchanges suffered the effects of it. These Chambers of Commerce were usually the driving force behind the stock market operation. The Stock Exchanges of Liège and Ghent lost activity, while in Dendermonde⁵¹ primarily remained a commodity bourse. In general, the growing dominance of the Brussels Stock Exchange reduced the attractiveness of the other exchanges.⁵²

Based on the gradual instalment of tax payments (on dividends) in neighbour European countries Brussels became more and more a very attractive financial centre, as the Belgian system of almost complete tax freedom for company profits, capital gains and dividends remained in existence until 1914.⁵³

49 For the situation around 1900 see Alfred Neymarck, *Statistique internationale des valeurs mobilières*, in: *Congrès international des valeurs mobilières, documents, mémoires et notes monographies*. Paris 1990, pp. 1–19.

50 Louvain, City Archives, Social and Economic Affairs, 3543, *Bourse et Industrie. Bourse de commerce, 1836–1868*, letter of the *Chambre Syndicale* to the mayor, d. d. 18/12/1868; Bruges, City Archives, Chamber of Commerce, 207, *Correspondence*, letter of the Chamber of Commerce to the mayor, d. d. 14/10/1865; Brussels, AMFA, Diplomatic Archives, 2283, letters of the Chamber of Commerce to the Minister of Foreign Affairs, d. d. 6/11/1863, 4/12/1867.

51 Hans Willems, *Een dwerg tussen de reuzen: de beurs van Dendermonde*, in: *Gedenkschriften van de Historische Kring van het Land van Dendermonde* 21 (2002), pp. 145–189.

52 The Chambers of commerce were abolished by the law of 11 June 1875.

53 See Janssens / Tiberghien / Verboven, *Belgische belastingen* (cf. note 47), pp. 173–176.

IV. Towards a Renewed Regulation of the Stock Exchange in 1935

Opposed to the tremendous expansion of the stock exchange, her contribution to economic growth⁵⁴ and the removal of all limitations on stock exchange life, the disadvantages of no regulation at all emerged clearly. Complete freedom bore economically many fruits, but unfortunately created also vagueness about the definition of a bourse or stock exchange, about the definition of a stockbroker, about the regulation and the control of bourse operations and increased the possibility for fraud and abuses. The sharp increase in the number of listings made it not easy for the Stock Exchanges Commissions to exert sufficient control on the ever-increasing number of transactions. A typical symptom of the distorting evolution was the gradual introduction after the First World War of the plural voting-shares. These plural-voting shares left the shareholders' meeting quasi out of action for the benefit of a small group of shareholders, often bankers and holdings, who gained a nearly complete control over the companies in which they had invested. In this way they increased at the same time their grip on the economy.⁵⁵

It would however take sixty eight years until the re-regulation of the stock exchange in 1934/35 would make an end to the 'laissez-faire' regime.⁵⁶ The 1929 depression and the big crisis where the mixed banks got in deep trouble gave the green light for a new big reform, which reinstalled the regulation of the exchange business.

A Royal Decree of January 30th 1935 implied among other things a monopoly for the stock brokers and a prohibition for compensation outside the stock exchange meaning that bankers could indeed receive orders but not fill them. Running a stock market order had to be done in the stock exchange, not in a bank, and only stock brokers had therefore the competence. The Royal Decree included also other difficult questions, for example how the 'Commission for the stock market quotation' should be composed. But it will bring us too far to explain this and also subsequent reforms. Each reform had to stand the test of the real practice. It would prove to be a struggle that was not definitely finished. This ongoing struggle between regulation and 'laissez-faire' freedom was repeated once again at the end of the 20th century when a new wave of deregulation and freedom for stock exchanges set in. Indeed, a new Big

54 Stijn Van Nieuwerburgh / Frans Buelens / Ludo Cuyvers, Stock market development and economic growth in Belgium, in: *Explorations in economic history*, 43 (2006), pp. 13–38. The authors find strong evidence that stock market development caused economic growth in Belgium, especially in the period between 1873 and 1935. Institutional changes affecting the stock exchange explain the time-varying nature of the link between stock market development and economic growth. See also Herman van der Wee / Jan Blomme, *The economic development of Belgium since 1870*. Cheltenham 1997, for the period after 1870.

55 Hans Willems, *Het meervoudig stemrecht in de algemene aandeelhoudersvergadering in België tijdens het interbellum*, in: *Belgisch Tijdschrift voor Nieuwste Geschiedenis* 3–4/2000, pp. 431–492, esp. p. 442.

56 See César Joseph Colinet, *Les bourses de valeurs mobilières en Belgique. Situation actuelle et projets de réforme*, Brussels 1913; Émile Lamal, *Les bourses de valeurs mobilières en Belgique. Situation actuelle. Droit, règlements, usages des places étrangères, projets de réformes*. Brussels 1934; Guy Vanthemsche, *Naar een bescherming van het spaarwezen. De evolutie van de beursreglementering in België in het interbellum*, in: Geert De Clercq (Ed.), *Ter Beurze. Geschiedenis van de aandelenhandel in België 1300–1990*. Bruges/Antwerp 1992, pp. 293–308.

Bang characterized the Belgian stock exchange in the last decennium of the 20th century. The rigid legal framework in which the Belgian stock exchange functioned since 1935 was modernised. The Brussels Stock Exchange, the only one that at that time still played a role, was – compared to foreign stock exchanges – sound provincial and old-fashioned. New laws of 1990 and 1995 brought liberalisation and modernisation.

V. Conclusion

The Belgian bourses evolved from ‘bourses de commerce’ into real ‘stock exchanges’ in the period 1801–1867. These Belgian bourses (following the Paris bourse model) were initially focused on commodity trading and trading in state bonds with trade in stocks only gradually increasing in importance. They were a public institution and had a limited number of official agents with a monopoly position. They were highly government controlled.

But this institution changed over time as it was not well adapted to the growing (and changing) needs of capitalism and as there was a big difference between law and practice. In 1867 the Belgian stock exchanges would move into the direction of the more liberalised London model as they were transformed into an almost completely unregulated system. A few years later, in 1873, the law on joint stock companies was also liberalised. All this led to an explosion of stock quoted companies.

The liberalised stock exchange system stayed in place until the crisis of the 1930s when it was radically re-transformed into a government controlled and highly regulated system in 1934–35. It would prove to be a struggle that was not definitely finished. This ongoing struggle between regulation and ‘laissez-faire’ was repeated at the end of the 20th century when a new wave of deregulation and freedom for stock exchanges set in.

Table 2: Returns (Total Return and Dividend Yields) for Belgian Stocks, 1832–1870

	TOTAL RETURN ON STOCKS						DY (4)
	REAL			NOMINAL			
Period	GM (1)	AM (2)	STDV (3)	GM (1)	AM (2)	STDV (3)	
1832–1840	4,41	5,07	12,62	5,37	5,94	11,45	3,57
1841–1850	1,96	3,91	18,39	1,12	3,29	19,11	3,02
1851–1860	6,64	7,48	10,67	7,95	8,51	9,79	4,86
1861–1870	3,76	3,86	3,90	3,86	3,93	3,95	5,03

Source: University of Antwerp, Studiecentrum voor Onderneming en Beurs (SCOB), database; see also Jean-Marie Drappier, *La conjoncture des cours des valeurs mobilières, de leurs dividendes et des taux d'intérêt en Belgique de 1830 à 1913*, in: *Bulletin de l'institut des sciences économiques de Louvain* 8 (1937), pp. 391–422.

Notes: (1) Geometric Mean; (2) Arithmetic Mean; (3) Standard Deviation; (4) Dividend Yield.

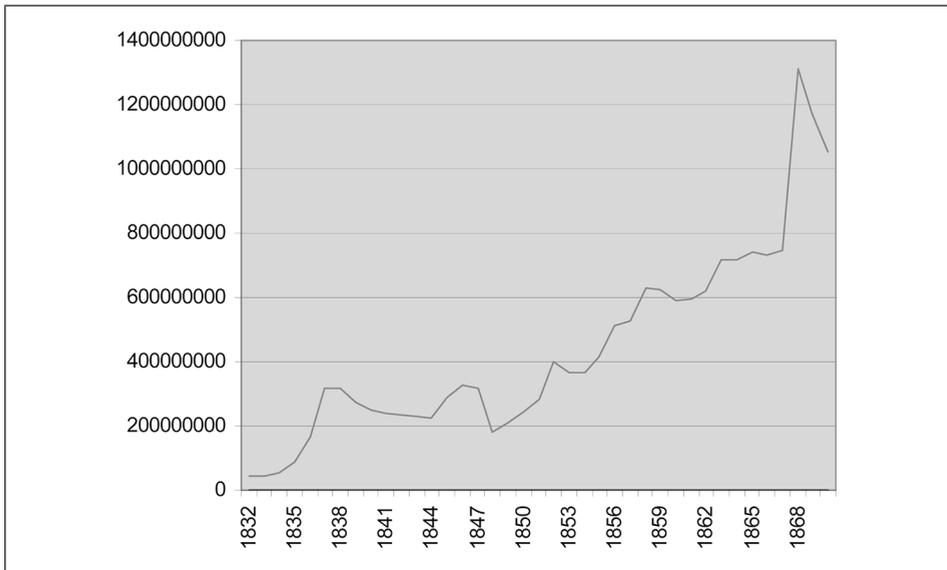


Figure 1: Market Capitalisation of all (common) Stocks at the Brussels Stock Exchange
 Source: University of Antwerp, Studiecentrum voor Onderneming en Beurs (SCOB), database.

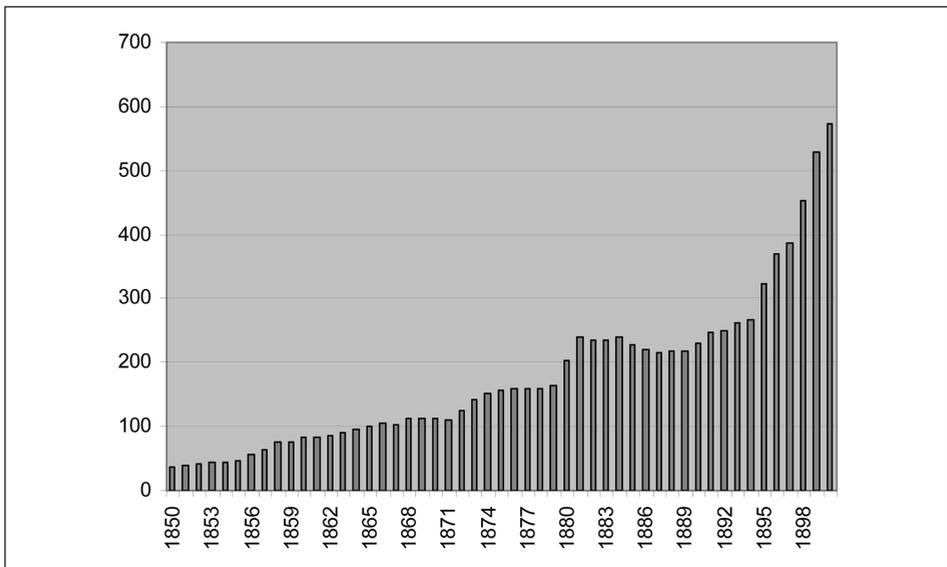


Figure 2: Numbers of Stock Quoted Companies at the Brussels Stock Exchange (1850–1900)
 Source: University of Antwerp, Studiecentrum voor Onderneming en Beurs (SCOB), database.

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