

Multiple Voting Right (MV) in the General Meeting of shareholders in Belgium during the interbellum period

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1. Situation of the debate

In February 2004 (18/2/2004) the Belgian Parliament started the debates concerning the introduction of shares with Multiple Votingright (MV) in the company's general meeting. Using this votingright, it would be possible for the founders/directors of the firm to collect extra capital (by way of the stock exchange), without losing any influence/power over the company¹.

This Belgian initiative was the answer on the European efforts to forbid the use of those shares. In December 2003 the European Parliament approved a new guideline concerning the take-over of enterprises, in order to harmonize the different national rules and laws in place. Under severe pressure of Germany and Belgium, the final text was a decreased compromise in comparison with the original plan. Belgium held on to the privilege to develop protection constructions in order to prevent (foreign) take-over bids on Belgian enterprises.

The Belgian government didn't take into consideration that more and more economists and stock analysts supported the idea that such constructions are against corporate governance and undermine the confidence of the shareholders into the company².

The idea of MV is not new, as during the interbellum it was used by a range of large Belgian and European firms as a very popular technique to keep the control over the company with a minimum of capital input. The reopening of this debate meant that more than 70 years after the abolishment of MV in Belgium the discussing between pro and cons is more than ever a topical subject.

With this recent reopening of the discussion in mind, a look on the historical use of the MV can be very interesting. A close look at the use of the MV is indispensable to get an accurate picture of the balance of power inside the biggest Belgian firms in this period. The disproportion between the holding of capital interests and the voting power inside the company caused by the MV, requires the adjustment of theories about capital and power participation inside the companies.

The time span between World War I and World War II (1918-1940) is known as the interbellum, a very interesting time for the study of economic history and the main phase of the application of the MV. This period is characterized by a turbulent economic evolution. It all started with the economic chaos after WW I, followed by an unbridled optimism and an overcharged economy in the 1920's, ending in the early 1930's with the biggest economic crash in history. Due to the large impact of the hostilities on Belgian territory during WW I and the huge war damage, the Belgian case is very interesting to further research. The surviving Belgian firms were in need of fresh capital, but due to the disproportion in the rates of exchange, this was a very dangerous operation.

The economic consequences in Belgium and France, after the German failure to pay the war-damage compensation, were very hard. Both countries didn't succeed to turn back the economic decline and took all possible precaution to protect the national industry against (foreign) take-over bids. Due to the large similarity between the legal system in France and Belgium³, industrials in both countries took the same measures and used the possibility of MV to protect their companies.

¹ The discussion was held in the Belgian Parliamentary "Commission for Trade and Economic Law". The meetings were held on 17/2 and 2/3/2004, till today (1/9/2004) there is no definitive report concerning this question.

² Such constructions were once very popular in the Netherlands, in recent years however, many of the large companies like Unilever or ABN-Amro cut back these protectionist measures.

³ This connection went back till the French occupation of Belgium in 1795 and the introduction of the Code Napoléon, which is in both countries till today the foundation of the legal system.

Although a vivid debate arised between pro and cons during the application of the MV in Belgium, this polemic didn't succeed in wining the interest of the contemporary scientific research.

Until now analysis of the multiple voting right are scarce, only in the 1930's, some authors like Lamal or Lemoine, published about this subject in order to persuade the government to abolish the MV in Belgium. As there isn't further any scientific analysis or empiric research of the implementation of the MV in Belgium, although more then 50% of the Belgian corporate capital was reprecented by companies which had introduced shares with MV, it is necessary to fill this gap. This paper had the unique opportunity to use the archives formed by the Antwerp and Brussels Stock Exchange and quantitative data regarding MV in Belgium that has never been published before. With the help of these documents it is possible to follow the implementation of the MV in the 1920's in Belgium year by year. This approach makes it possible to test the argumentation developed for the use of MV in other countries, for the first time on the Belgium case.

This path breaking emperical study of the MV in Belgium can also be of big significance to place the current revival of the debate in the right context.

2. Introduction

Although the General Meeting has always been regarded as an essential pillar of the limited company, and via the Belgian Law of 1873 (Moniteur Belge (MB), 25/5/1873) provisions had already been put in place to assure the rights of the shareholders, nonetheless, several mechanisms were evolved in the past aimed at throttling back the influence of this meeting to better serve the interests of those individuals who exercised the power within the corporation.

The expression "power" refers to the exercise of influence on the corporation's policy. Within Belgian limited companies, this "power" is exercised by the firm's Board of Directors, with the proviso that the directors with a seat on this board in question have been appointed by the general meeting.

The degree of "autonomy" exercised by the Board of Directors is, amongst other factors, determined by the general meeting's composition. Pursuant to the law of June 17, 1995, this general meeting is open to all holders of shares that represent the company's "expressed"⁴ capital. The company's articles of association, taking into due account the statutory limitations, may eventually determine that other shares also will have a voting right in this meeting (Bouckaert, 1995, 142 – 143).

In the general meeting, voting is conducted on the basis of general single voting right. In this manner, the importance of the general meeting as a controlling organ within the organization is being emphasized. In order to stay in power, it is thus necessary to obtain a majority vote in the general meeting and in this way influence the election of the directors (Preter, 1983, 7-12). The extent of this majority depends on the distribution of the shares and on their attendance at the general meeting. In some companies, it is possible with a relatively small participation (sometimes 20 to 30%) to take and exercise control and "power" (Merchiers, 1990, 2-10). This further means that, unless one holds an absolute majority of the shares, one is always exposed to the risk of being confronted with a coalition that is in a position to take over control of the enterprise. In order to avoid this eventuality, a number of constructions were worked out in the past – and are still being worked out today – to keep the majority artificially concentrated in the hands of one group. The Belgian Companies Act offers in this respect the possibility to introduce a number of protective constructions. As example one can quote the statutory restriction on the voting right, the crown

⁴ With this term is meant "a traditional valuation of cash, contributions", while the term "share capital" also takes in the contributions in patrimony, machines, etcetera (Velge, 1936, volume XLI, 38-40).

jewel agreement composed by the general meeting, the statutory approval clause, and the like (Financieel Economische Tijd (FET), 16/8/1997).

As a counter-weight to these legal constructions, the Belgian legislation also includes a number of guarantees to safeguard the minority shareholders, in order to ensure that the latter too are placed in a position to defend their interests (FET, 11/12/1997).

However, this paper treats a period in history where by a semi-legal construction, the minority shareholders suddenly were placed in a position where they could, unencumbered, assume control over an enterprise and reduce to nil the role and influence of the general meeting.

Although the MV of shares was exercised within the Belgian business community only for a relatively brief period, namely from the beginning of 1927 until October 1936, it was practiced intensely.

Already at that time there arose a fierce debate between proponents and opponents of the multiple voting right. Via this study, I want in the first place to determine why the business community at the time proceeded to allotting multiple votes to one share and what exactly the implications of this allotment were.

3. Definition

To define the concept of “shares with Multiple Voting Right” (referred to herein as MV) is particularly important and called for since this formulation can evoke a false understanding of the term. The problem is indeed not limited solely to the allotment of multiple votes to one share but is to be interpreted at a much broader level. The definitions used to describe the “MV” concept are often to be identified with those used by the French government: “*Les actions à droit de vote privilégié sont celles qui ont, dans les assemblées d'actionnaires, un droit de vote supérieur à celui des autres actions, et égard à la quotité de capital social qu'elles représentent respectivement.*” (Shares with preferred voting right are those that, in general meetings of shareholders, have preferential voting right over the other shares in proportion to their representation in the company's capital)⁵. However, this definition does not take into account the shares that have not been paid up in full, yet retain their full voting right. I consider it a better solution to opt for the formulation used by Massonau to introduce his study: “*Il y a égalité de droit de vote entre deux ou plusieurs actions lorsque, à un même droit dans les assemblées, correspond une participation effective et égale dans le capital social de la société. Il y a droit de vote privilégié dans tous les autres cas* (Massonau, 1930, 10).” (There exists equality of voting right between two or more shares when an effective and equal representation in a company's share capital corresponds to an identical right in the general meetings. In all other instance, there exists preferential voting right). The definition of MV used in this study is closely allied to this formulation as I am also of the opinion that shares with multiple voting right need to be seen in the broader context of closely related techniques all meant to minimize the voting power of a given group of shares to the benefit of a small dominant group within the general meeting.

The most obvious way to achieve this objective was to issue registered shares with 2, 5, 10 or even 80 votes.⁶ A variant to this was formed by the procedure where the holder of shares with single voting right could deposit his shares at the company's administrative offices in exchange for registered controlling shares with MV.

Another application did not issue from multiple votes per share but nonetheless achieved the same result. In this instance, shares were issued with a lower nominal value but given the same voting right as the more expensive shares; in this way, the shareholder could for the same acquisition price

⁵ Documents Parlementaires du Sénat (PDS), session 18/3/1927, no 333, p.330.

⁶ For instance, “Société Belge des Entreprises Coloniales” allotted 80 votes to each of the 300 “A” shares of 100 BEF, and in addition there were also 35.880 “B” shares of 250 BEF, having 1 vote each (LAMAL, 1930, 29).

have access to a larger number of votes.⁷ A final application form mentioned here had barely any connection with MV and did not even have a direct connection with share certificates. It pertained to a technique that was applied, for instance, by Union Minière and which consisted in allotting a vote in shareholder meetings to bonds. In this manner, at a very minimal risk, one could influence the vote in general shareholder meetings.⁸ According to some authors, this latter practice could hardly be called by the name “shares with MV”, an opinion seconded by the Brussels Exchange, which, did not consider Union Minière as a company with MV (see infra). However, I am of the opinion that it is not so much the name of the issued certificates that is of significance here but that, rather, one has to look at the underlying motive the companies had in mind. When in 1925, Union Minière issued 200.000 bond certificates with voting right to which the Société Générale received the exclusive subscription right, the company conceded that she was distorting the normal relationships within the general meeting.⁹

The manipulation of the power relations within the general meeting and the creation or maintaining of decision-making majorities – whether new or old – were precisely the core elements in the debate about the MV.

A lot of companies, on implementation of the practice, had recourse to the use of “mixed forms”, which increased the variety even further (Lamal, 1930, 1-2). It also became possible via the company articles to build in a limit to the votes that the holders of common shares were entitled to cast. In France, the regulations applied could further differ depending on whether it concerned an ordinary or an extra-ordinary general meeting. When one considers that there were also large discrepancies in the practice of paying for the shares¹⁰, it becomes obvious that the MV had turned into a well-nigh inextricable tangled web for the then shareholders.

4. Original

The origin of the MV is not really clearly established. In so far as I can determine, the oldest reference to the allotment of MV – at least in Belgium – dates back to 1896¹¹. In that year, Jean Corbiau published an article in which, in a discussion about the voting right of the various types of shares, he holds that “*Le moyen le plus simple, le plus pratique et le plus efficace d’arriver au traitement différentiel des actions consisterait à convenir qu’à l’assemblée générale le suffrage universel sera tempéré par le vote plural*” (Corbiau, 1896, 168) (*The simplest, most practical, and most efficient way to arrive at a differentiating treatment of the shares would be to agree that at a general meeting the universal suffrage shall be moderated by the multiple vote*). Jean Corbiau’s interpretation of the MV was nonetheless completely different from the manner in which the MV was to be used at a later stage. For instance, this author did not wish to introduce the MV in order to gain via a minimum of capital contribution a maximum degree of influence; rather, the idea was that shares effectively representing part of the capital – capital shares – would receive the right to several shares, thus to reinforce their position vis-à-vis the other shares, namely participating shares¹² and beneficial shares (Corbiau, 1896, 168-169). The idea of the MV fit entirely into the thought pattern of the time. In 1893, the Belgian government had indeed taken the decision to grant

⁷ In Belgium, this form, applied by some 100 firms, appeared prevalent (Monimat, 4/1/1930).

⁸ Archives Générales du Royaume (ARA), Fonds : Union Minière, dossier no 456 : Bond issue 4 ½ % voting right (1925).

⁹ According to Union Minière, this measure had to be taken as a reaction to an attempt by a group of American financiers in 1924 to gain control over the company. (ARA, Fonds : Union Minière, dossier no 456 : Bond issue 4 ½ % voting right (1925)).

¹⁰ Often, MV shares were paid only up to 1/5th of their value, which even further disturbed the disparity between capital contributions and acquired voting right.

¹¹ The problem of the voting right in the general meeting had already been broached in 1857 by Demeur. (DEMEUR, 1859, LXXXIII)

¹² These are frequently issued in return for contributions in kind, patents, technological knowledge, etcetera.

the voting right to every male citizen, this out of fear of further social unrest. But in order not to threaten the position of the conservative forces, certain citizens could claim one or two extra votes for themselves (Witte, 1990, p.122).

That in 1896 there was talk of the theoretical possibility of the introduction of the MV did not, however, imply that there already existed companies that were incorporating this practice into their statutes. When, precisely, one proceeded to the effective implementation of the MV is difficult to fathom. According to several French studies, a number of small firms did implement the MV already prior to 1910. Yet, it would take until May 1911 before a company of major stature, being the “Société centrale des banques de province”, in France, entered the MV into her articles (Massonau, 1930, 40). From the studies consulted, it appears that the MV was implemented in most of the industrial nations or, at any rate, was not prohibited explicitly. Only Austria, and in some sources also Greece, Brazil, and San Salvador, were named as countries where the MV was prohibited by law (Alexis, 1928, 133p.).

In Belgium also there does not exist one single, uniform date for the introduction of the MV; it is, nonetheless, an established fact that the Commercial Court of Brussels on 31/3/1904¹³ passed a decision to allow the MV. “Les Ateliers de Constructions de Charleroi” (A.C.E.C.), a small firm back in 1904, but later on one of the largest firms in the production of electric equipment in Belgium, adopted the MV in a very early stage¹⁴. Nonetheless, also in Belgium, as it was the case in France, the practice found few adherents prior to WW I. And even after the war, it would take until 1927 before there was a real “boom” in Belgium of companies that were introducing the MV. The number of companies introducing the MV kept on rising until 1930. Where in 1920 there had been barely 2 companies that had introduced the MV, their numbers had risen to 94 in 1928 and, one year later, another 88 firms had decided on the same course of action. After that date, the number of organizations that entered the practice into their company articles would, until the “discontinuation” of the practice in 1934, stagnate and even retreat a bit (Lemoine, 1931, 42).

5. Why use MV

Why did it take nearly 30 years to effectively implement a practice that had been known already prior to the turn of the century? This question has occupied quite a number of authors and multiple theories have been proposed. The arguments adduced to justify the introduction of the MV are identical in Germany, France, and Belgium, although I am of the opinion that there existed substantial differences. Central to the discussions being conducted on the subject were the changed conditions following WW I. Right after WW I, Europe, and specifically the three above-mentioned countries, was faced with a pronounced currency devaluation. This phenomenon raised – first in Germany and later in France and Belgium - fears of the so-called “Kapitalueberfremdung” (Foreign capital infiltration). This meant that foreign investors – primarily Americans - taking advantage of the lower exchange rates and monetary instability, could readily gain control over crucial sectors of the economy and thus manipulate the national economies of those countries and conceivably bring them into disarray. This threat was even increased by the fact that, after the war, many shareholders turned their securities into cash in order to have these resources immediately at their disposal for their own use. Also, the old shareholders found it difficult to subscribe to the new capital increases that were needed to breathe new life into industry heavily devastated by the war (De Stoop, 1930, no3). All of this led to the threat of foreign take-overs of a number of major European concerns. In order to prevent this from happening, one started searching for means to protect the national character of these enterprises. The resource *par excellence* was the introduction of shares with MV, which would thus remain held by the original company directors and consequently would divert the foreign threat and maintain control firmly in the hands of national entities (Bureau, 1929, 9-35).

¹³ PDK, session 1/7/1932, no 278, p.6.

¹⁴ ACEC, Statuts, 1904.

This argumentation certainly made sense in trying to explain the popularity of the phenomenon within Germany. After WW I, the German economy had fallen prey to an all-devouring inflationary spiral that caused the value of the German mark to decline to an all-time low (Dernis, 1929, 93-95). The threat of foreign take-overs thus represented Germany with a real and present danger, against which, initially, the introduction of MV appeared an adequate defense system. In Germany, the rise of the MV phenomenon manifested itself shortly after WWI, reaching its zenith already in 1922. When in 1925, the German mark reinforced its position via consecutive currency revaluations, German firms voluntarily started moving away from the use of MV and some of them did, in effect, abandon the practice altogether. Because of the early application of the MV in Germany, the many disadvantages of this system were exposed earlier there than elsewhere, which made a stricter implementation unavoidable (Monimat, 19/12/1929).

Although a number of authors did not hesitate to use the same kinds of arguments to explain the introduction of MV also in Belgium and France, there are nevertheless several facts that detract from this theory.

It is indeed true that following WWI, Belgium too had to cope with the results of a major monetary instability. At the start of the twenties, this, in combination with a number of unfavorable international factors (occupation of the Ruhr region, monetary chaos in France), led to a major flight of capital and a deep-seated suspicion vis-à-vis the financial policy of the Belgian government. This chaos reached its peak in 1925, when it appeared that the Pouillet – Vandervelde government, opposed by the Haute-Finance, seemed incapable of remedying a monetary situation that had gone off the tracks (Vanthemse, 1978). Following unsuccessful attempts by Albert Janssen, minister of Finance in the Pouillet – Vandervelde government, Francqui was appointed in the new government as “super-minister” for the treasury. Via the measurements he put in place, the flight of capital was halted and confidence in the Belgian economy restored (Veraghtert, 1980, 63-65). This then led as of 25/10/1926 to monetary stability and in the subsequent years, it was possible to talk of an economic boom, described by Fernand Baudhuin as follows: “...*the financiers and leaders of industry, as well as the authorities, are losing their sense of proportion. All of them are given to believing that nothing is impossible*” (Baudhuin, 1946, 177). Following this observation, it is difficult to maintain that at the end of the year 1926 and in the course of 1927, the same climate dominated in Belgium as in Germany directly following WW I. On the contrary, had currency devaluation and inflation in Belgium given impetus to the introduction of MV, this practice would have taken off already much earlier.

In this study, I have tried to determine what kinds of factors were not yet present in 1926, or were there to a lesser degree, and what factors were in 1927 responsible for the MV’s taking wings also in Belgium.

In the first place, I need to take into account the close relationship that existed at the time, both economically and legislatively, between France and Belgium.

In comparison to Belgium, France introduced the MV a bit earlier. The reasons for the French to adopt this measure had partially to do with the enormous monetary chaos that reigned in France during the mid-twenties. The foreign threat represented a real danger for France. Hence, as was the case in Germany before them, the French took recourse to the MV to provide a way out. At the same time, the introduction of this type of shares also offered France a solution for other problems it had had to face since the end of WW I and to which I already made brief reference. For France industry did not only have need of massive infusions of new funds. Because of the unstable currency situation, public interest in bond issues¹⁵, not only in France, but also in Belgium, had hit rock bottom, and by the issue of new shares it was hoped to collect the needed funds. Because of this massive issuance of new shares onto the market, it became extremely hard for the original directors to retain control over their enterprises (Agnus, 1929, 27-31).

¹⁵ The rising interest rates for long-term money in combination with public uncertainty vis-à-vis the evolution of the currency rates made the issuance of new bond issues well-nigh impossible.

This crisis, and its direct and indirect consequences, led France during the years 1924 - 1925 to proceed in a major way towards the introduction of the MV. In the subsequent absence of any legislative or legal reaction, the introduction became even more popular (Bureau, 1929, 13-35).

One may take it for granted that the Belgian entrepreneurs followed the developments in France with Argus eyes¹⁶. When they established that the French concerns were able, without much of a protest and rather with success, to implement the MV practice, a major obstacle was no doubt removed and the threshold in Belgium towards proceeding in turn in the same direction was taken down a few steps.

A second factor that may have acted as a possible catalyst was the decision of the Brussels Court of Appeal on May 15, 1926. After the Commercial Court of Antwerp had on 6/1/1923 rejected the MV practice, the Court of Appeal rendered this decision null and void and by its judgment gave official recognition to the use of the MV practice (Paridant, 1928, 211-213). Pétroles de Boryslaw, the corporation that was the subject of both actions, was judged in the right by the Appellate Court since the company's articles of association did not contain provisions that were contradictory to Belgian legislation. The court argued that the lawmaker had consciously opted for allowing the greatest possible leeway to the statutes and that this also implied that it was possible, as a company, to enter shares with MV into the articles of association (Monimat, 9/1/1930).

Because of the judgment by the Court of Appeal of Brussels, businesses that previously had been reluctant to effectively push through the implementation of the MV practice, now were able to proceed to the measure without fear of possible legal action against them.

In addition to these two factors, one has to take the improved economic situation into consideration as well. Executives of the large industrial and financial enterprises were ready, now that there appeared signs of renewal of economic growth, to realize the greatest possible profit from this new situation. Increasing the control over their own firms, or being able to readily institute their control over subsidiaries and other affiliates, fit perfectly into this strategy.

6. MV in Belgium, some figures

To represent the distribution of the MV in the Belgian economy, I have had recourse to a couple of sources. In the first place, I had the official stock exchange listings published by the Brussels Stock Exchange as reference, and I was also able to make use of a study that at the time was conducted by commission of the Monimat and the results of which were published in that newspaper. As of March 1930, the Brussels Stock Exchange listed companies that used the MV system in the official stock exchange quotations with an asterisk behind their name. These official exchange quotation lists obviously offer only information on those companies that were listed on the Brussels exchange. The numerical data published by the Monimat were collected by the newspaper's statistical department. The data I was able to gather via that source are a great deal more encompassing and are not only confined to exchange-listed companies¹⁷.

On the basis of the numerical data, the MV incontestably reached its peak popularity during the years 1928-1930. Whereas in 1926, only 9 companies proceeded to the introduction of MV shares, this number increased in 1928 to 94 and in 1929 was still 88. In March of 1930, 158 exchange-

¹⁶ Influential economic newspapers such as the "Moniteur des Intérêts Matériels" or the "Agence Economique et Financier" had both a Brussels and a Paris office and practically all major economic papers published both French and Belgian economic news.

¹⁷ The total capital of the exchange-listed companies with MV at the end of 1929 fluctuated around the 30 billion BEF mark, whereas the total capital of the non-exchange-listed companies with MV was a bit more than 3 billion BEF. (Lamal, 1930, 46)

listed companies would receive at least one asterisk behind their name¹⁸. According to the Monimat study, this figure had to be increased with another 107 non-exchange-listed concerns. This means that only 4.6% of all Belgian limited companies (5719 in 1929) had opted for the introduction of the MV practice. To sketch out the economic impact of these shares, it is not so much the number of the companies that is significant but rather the capital that these concerns represent within the entire economy.

This latter point leads to the notable observation that of the 103 billion BEF, the total share capital of the Belgian limited companies in 1929, 46% of this amount, or some 47.5 billion BEF was made up by companies that were using shares with MV. For the exchange-listed companies, this percentage even rose to almost 50% of the total capital represented on the exchange, whereas the portion of non-listed exchange companies with MV was 25%. In the important sector of “Banking and Insurance”, the total capital of all exchange-listed companies in March 1930 was about 10.1 billion BEF and slightly more than 5.2 billion BEF or 51.4% of this amount was contributed by companies that had introduced shares with MV.¹⁹

Hence, it was especially the companies with extensive capital that made use of the possibility to use the MV practice.

Also within the companies that had introduced the MV practice, the impact of such shares appeared substantial. With exchange-listed companies, the controlling capital amounted on the average to only 2.9% of the total company capital, yet it was possible with this small percentage to assert claim to 93% of the votes allotted to the common shares! Looking at all companies with such shares, one notes that in such companies, on the average, someone holding 3.9% of the capital was entitled to 48.2% of the votes.²⁰ And even these already low figures were likely an overestimation of the actual situation in actual practice. With these figures, one starts from the assumption that the controlling shares in question were paid up in full whereas, in reality, it appeared that often only the legal minimum of 1/5th had been paid up. That kind of situation could readily lead to quite a number of abuses.

7. Advantages and disadvantages of the MV

7.1. And, once again, the threat from abroad

A primary important reason to proceed to the introduction of the MV, as already discussed supra, was to forge a protective shield against the threat of foreign take-overs²¹. Practically all authors that considered themselves more or less advocates of the MV offered this argument as the major impetus. Via this practice it was possible for the business executive officers themselves to determine who would get the majority in the general meeting, which provided a strong weapon and deterrent against any possible raiders from abroad. It became well-nigh impossible for foreign interested parties to accumulate a block of votes of common shares via hidden buy transactions and thus, unexpectedly, to gain a majority in the general meeting (Malecot, 1923).

However, one may well ask the question whether this threat from abroad was real and, if so, whether the MV did indeed offer effective protection against this “danger”.

In what concerns Belgium, both Lamal and Baudhuin agree that neither during nor after the inflation period, even one single foreign concern succeeded in taking control of a Belgian firm on

¹⁸ This number is said to have declined to 130 concerns on the eve of the abolishment of the practice (September 1934). It can thus be observed that even without legislative intervention, the move had started – albeit it gradually –, to abandon the system (see attachments 1 and 2).

¹⁹ Own calculation on the basis of: BRUSSELS EXCHANGE, *Cours Authentique*, 24/3/1930.

²⁰ This percentage was extremely low; in France this controlling capital still represented 18% of the whole (MAZEAUD, 1924, 43-45)

²¹ This argument is still being used in countries that even today still use the MV practice, amongst them, Switzerland (HORNER, 1988, 69-83).

the strength of share speculation²² (Lamal, 1930, 5). Dernis further added that at the time of a fundamental crisis it is not so much foreign capital that is to be feared but rather the flight of domestic capital. According to this author, the “foreign argument” as a reason to introduce the MV has been overrated, all the more so as its implementation rather simplified the process of controlling a company and eliminating the national interests (Dernis, 1929, 107-110).

With this last point we have arrived at the second part of our query, namely whether the MV offered adequate protection in case there was indeed question of a foreign threat. According to opponents of the idea, this is demonstrably not the case and a number of examples seem to favour the view that they are right. Via the MV, the shares controlled by the general meeting wound up in the hands of a very restricted group, mostly the founders or the main financiers of the companies. The fate of the company consequently depended solely on the decisions made by this privileged group. This made it often much easier for foreign acquirers to gain control over this limited group holding the preferred stock. To protect the company against threats from abroad thus depended primarily on the loyalty of this group.

Using the example of the “Banque Chaudoir” in Liege, it can be demonstrated that those individuals who exercised control over the shares with MV found themselves in an unassailable situation. The Banque Chaudoir had a share capital of 40 million BEF divided in 56.000 shares of 500 BEF with 1 vote (A series) and 24.000 shares of 500 BEF with 10 votes (B series). On the dissolution of the bank, it was exclusively the holders of the B series shares that determined the course to be followed. Notwithstanding the opposition of the majority of the shareholders and the capital represented by them, the latter were powerless to counteract the dominant position created by the MV system. Representing a little more than 1/3rd of the company’s share capital, the shares with MV received over 81% of the votes in the general meeting (Struye, 1930).

7.2. Stability and the role of personalities in the organization

Where the threat of foreign take-over was probably applied as a psychological means to win over the common shareholders to the idea of the MV, the real reasons and benefits for the directors ought to be sought elsewhere.

The possibility of maintaining stability within the enterprise was considered the most significant plus-point by the proponents of the MV practice. For, indeed, the founders thus could be certain of retaining future control over the business and, therefore, could lay out a long-term policy without fear of having their planning voted out after one or two years by the general meeting (Malecot, 1923, 80-83). Another phenomenon that adversely affected the stability and the workings of the company was the high absenteeism at the general meetings. Ever more shareholders saw themselves as speculators with only an interest in the dividends that were paid out and in the profits to be made via stock market transactions; more and more shareholders had no interest in the management and the operations of their company (De Stoop, 1930). Because of this high absenteeism, it became practically impossible to achieve the required quorum during the first general meeting to have a resolution adopted. This forced the company to call a second general meeting to vote on the resolutions. This low turnout meant that a relatively small number of shares was sufficient to get the majority, which no longer kept the company safe for hostile take-overs. Via the MV, company directors could prevent such happenings and the likelihood of being confronted with unforeseen majorities was eliminated. (Malecot, 1923, 88-89).

²² To prove the opposite, many authors referred to the 1928 attempt by the Belgian financier Loewenstein to gain control over the Banque de Bruxelles. In 1928, the financier Alfred Loewenstein had secretly bought up shares in order to be able to break the majority vote in the general meeting of the Banque de Bruxelles and thus to take over control. This assault, however, was parried by the Banque de Bruxelles by a massive convocation of the shareholders to range themselves behind the bank, and only after the danger had passed would the bank proceed to the introduction of shares with MV. Outside of this incident, in which it was a Belgian – not a foreigner – who played the protagonist, there is nowhere any mention of a successful foreign take-over on the basis of share speculation (BAUDHUIN, 1944, 120 – 121).

The problems facing the Banque de Bruxelles in 1928 were, in effect, an indication that poor shareholder attendance at general meetings could result in unpleasant surprises. Nonetheless, it is worthy of note that the Banque de Bruxelles was able to avert this danger of the planned take-over by calling for a general mobilization of her shareholders. This incident proved that shareholders were hardly unresponsive to the fortunes of their company when their own interests were being threatened and at stake: at that critical time, a company enjoying the confidence of her shareholders could be assured of their support. Struye, Lamal, and other opponents of the MV system consequently did not find it necessary to restrict the rights of shareholders because of the likely fear of unsuspected problems in order that in this way an artificial stability be ensured.

One aspect closely related to the issue of securing the influence of the directors was the argumentation that, via the MV practice, the influence of the capital (*intuitus pecuniae*) in the company was reduced and the person (*intuitus personae*) was again restored to a more central position. Advocates found it a positive development that through this practice not only the wealthy shareholders, but also those that via their knowledge and efforts built up the company, would be in a position to assert their influence on the organization (Escarra, 1927, 5). Advocates of the MV practice added that the growing economy and the quickly-advancing technical evolution could only be used to advantage by individuals possessed of sufficient knowledge and committed to realizing the predefined results. As such individuals not often possessed the needed financial resources, it was important that via the MV they were given an opportunity to express their vision, even though they did not possess a majority of the shares (Duquenne, 1925, 90-91). According to certain authors, this element is decisive in stimulating SMEs and family businesses to reform themselves into companies limited by shares and thus to give new impetus to the economy (Bourcart, 1923). In a more recent context, this latter point was also advanced by the former Belgian premier Dehaene²³ as an argument to consider the re-introduction of the MV practice. The parliamentary commission about “Commercial and Economic Right” did, in the course of the year 2004 and on the basis of this argument, also tackle the question whether or not the MV should be reintroduced in Belgium. During the hearings of this commission, the Union of Belgian Entrepreneurs (VBO) and representatives of Euronext defended the MV practice, arguing that under this system smaller companies could more readily gain entry to the exchange²⁴.

Paradoxically, in practice, the benefit that some authors found in the stability of the company, was also seen as a great disadvantage of the MV system. When one of the directors died and his controlling shares were passed to his heirs, without intervention from the rest of the shareholders, this mortgaged the future continuation of the professional policy (Lemoine, 1931, 37-40).

These directors were also able to divest themselves of their controlling shares at usurious prices and thus surrender control of the company without fear of intervention or protest by the common shareholders (Agnus, 1929, 104-105). That this kind of eventuality is not only a theoretical possibility but did, in fact, happen in reality is demonstrated by the French firm “Société Pathé-Cinéma”. The price for the controlling shares with MV skyrocketed, even at a time when the price for the common shares remained stagnant or declined. When 20.300 of such shares fetched the amount of 21.350.000 FF, or 1.050 FF per share, while the common shares were listed at that time at a mere 560 FF. The directors thus realized a gain of almost 21 million FF (Lamal, 1930, 16-17). In this instance, the common shareholders were duped twice. On the one hand, they saw those profits pass them by since there was little interest in their own shares and, on the other hand, co-control of the firm was left to an outsider without the slightest opportunity for common shareholders to intervene.

²³ DEHAENE (Jean-Luc), (7/8/1940), CVP senator. This individual held diverse ministerial appointments and from 1991 to 1999 was Belgian prime minister in a Christian-red coalition government.

²⁴ Hearing March 2 2004, Parliamentary commission “Trade and Economic Right” regarding the decree 427.

7.3. The role of the MV in industrial participations and formation of trusts

A last aspect that some authors consider a benefit of the MV was related to the possibilities that the MV offered to banks and holdings. Via the MV it was, in fact, possible through a minimum contribution to the company's capital, to acquire complete control over an enterprise. Advocates of the MV system pointed to the fact that this kind of freed-up money could considerably increase the level of investments in the industry (De Stoop, 1930). The trend towards group-formation and concentration already simplified by the law of 1927²⁵ received an extra stimulus. The MV offered also a solution to the already discussed problem of the ever-growing number of shares put in circulation, which made it ever more difficult for the holdings and banks to maintain their control in the regular fashion. Malecot also pointed out that the introduction of MV shares often was the only possible solution to attract banks as providers of capital. (Malecot, 1923, 93-96). The equity portfolios of the large mixed banks such as the Société Générale and the Banque de Bruxelles increased considerably during this period and by the end of the twenties, the portion of the businesses with such shares constituted a growing segment of the investment portfolios.²⁶

A facet that in other countries is often taken as a benefit of the MV was in Belgium barely a consideration. Many authors held that the MV offered protection to smaller enterprises against the so-called "innere Ueberfremdungsgefahr" (domestic acquisition threat. This meant that these types of enterprises could, via the MV, protect themselves against the threat of hostile take-overs by competitors (Mazeaud, 1924, 60-63). However, I have concluded that, in Belgium, this argument does not play a role for many of the companies that were using the practice. In the first place, the major holdings such as Banque de Bruxelles, the Société Générale, Electrobél, and others, had been the issuers of such shares. The fear that these enterprises might have felt for other Belgian corporations could, in most cases, only be taken in a theoretic sense. Another group of enterprises that possessed shares with MV was formed by companies that belonged to the afore-mentioned holdings. Also this group of enterprises did not face a direct domestic threat, since they were already part of another company.

The creation of the holding or trust company on the basis of the MV did, in its turn, present a threat to economic stability since, in this case, it pertained to "phantom" participations in which one invested just enough capital to ensure control without, however, engaging in any serious financial commitment. Opponents argued that it was more beneficial for the economy if the holdings offered a number of healthy enterprises adequate growth opportunities (Mazeaud, 1924, 65-67). Via a stagewise system, whereby every subsidiary in turn issued such shares that were then subscribed to by the parent company, control was achieved over a widespread network of corporations without the need to engage in great financial risks.²⁷

7.4. The negative influence of the MV on the exchange market evolution

²⁵ Pasinomie, 1927, p.361-362 : Loi apportant des modifications d'enregistrement et de transcription et sur les impôts sur les revenus en matière de fusion de sociétés. This law decreased by 2/3rd the taxes on companies wanting to merge and likewise cancelled the taxes on capital surplus in case of a merger.

²⁶ In the equity portfolio of the Société Générale, participations in companies with MV in 1925 made up 12% of the total; in 1929, this total had increased to approximately 24%. (SOCIETE GENERALE DE BELGIQUE, Annual Reports, 1925 – 1930).

²⁷ Example : company A (parent company) had a capital of 10.000.000 BEF and issued 1000 A shares with 10 votes (10.000 votes) and 9000 B shares with 1 vote (9000 votes). Ten subsidiaries were formed following the same system. The parent company subscribed to series A : total 100.000 votes, the public subscribed to the rest and held a total of 90.000 votes. With a capital contribution of a total of 11 million, the company controlled a capital of 100 million BEF distributed over 11 companies (LAMAL, 23/12/1929).

This latter scenario relates directly to another facet that was criticized by Lamal especially²⁸, namely the fact that the shares with MV caused an increase in the public distrust felt versus the exchange market and that they were co-responsible for the fall of the equity market. On closer scrutiny, one can discover a number of arguments to support this criticism. The introduction of the MV did produce a number of side effects that caused the flood of a mass of capital stock onto the market. Many banks and holding companies dumped their surplus shares as soon as these were no longer needed to ensure their control over companies.²⁹

Through the existence of such shares, the directors no longer found it necessary, in the event of a new share issue, to actually subscribe to it, as one was already certain of the control.

After a time, the common shareholders became also suspicious of companies with MV shares (Lamal, 1/1930, 305). Even when one starts from the premise that most of the shareholders were only interested in a company's profits and not so much in their control in its operation, one is still faced with the fact that companies where the Board of Directors had no fear of any intervention or control pursued a less dynamic course, which in turn had a negative impact on their profit margins. In the latter case, the investor was confronted directly with the MV phenomenon.

The following table offers an overview of the market evolution of the Sofilaine shares. This example clearly demonstrates that the value of a preferred share lay proportionally considerably higher than the value of a common share. The law of supply and demand meant that large amounts of money were paid for the preferred shares. Even when shares were falling, the value of a preferred share at the end of 1930 appeared still double that of the original value. By that time, the value of the capital shares had been reduced to less than 1/6th.

	Preferred share : nominal value 100 BEF	Capital share: nominal value 500 BEF
7/1929	425 BEF	530 BEF
8/1929	345 BEF	527 BEF
11/1929	270 BEF	400 BEF
10/1930	210 BEF	80 BEF

Table 1 : market evolution of the Sofilaine shares (source: BRUSSELS EXCHANGE, Cours Authentique).

In the short term, these preferred shares seemed a good investment. Nonetheless, the growing distrust in them would eventually mean that businesses making use of them faced heavy pressure on their future evolution.

That such feelings of suspicion and distrust preyed on the public mind and impacted on the global exchange market evolution is proven by the decision of the Brussels exchange commission to identify, as of March 24, 1930³⁰, on their official stock market listings the companies that had issued MV shares with a symbol. Companies that as of the moment of their formation had issued the said MV shares were identified by means of one asterisk; companies that had at a later date introduced such shares were identified by two asterisks.

While we need to approach these stock market lists with the necessary circumspection, it is nonetheless a clear signal that the exchange tried also via these identifications to restore the

²⁸ Other authors too, such as René Piret (professor in Leuven and legal counsellor at the Appellate Court of Brussels) are of the same opinion (PIRET, 1946, 117 – 119).

²⁹ In a speech, the chairman of the Banque de Bruxelles held that, since the bank had come into possession of SOFINA shares with MV, the bank could alienate this firm's common shares. He stated that there was not a single reason for the bank's portfolio to retain shares that had lost their purpose with respect to retention of control and their function as a protective measure (BANQUE DE BRUXELLES, Annual Report, 1929).

³⁰ On 13/3/1930, the Brussels exchange commission decided to implement the change as of 24/3/1930. (BRUSSELS EXCHANGE, Cours Authentique, 21/3/1930, p.12)

confidence in the market, much shaken following the Wall Street crash (24/10/1929) and the resulting chaos, and in this manner wished to induce investors to keep the faith in the shares of other firms.

That MV shares were dealt a role in the decline of the stock market was also demonstrated by the petition submitted by the Brussels exchange agents to the minister of Justice in which, at the request of their clients, they demanded that the MV practice be annulled and measures be taken to restore investors' confidence in the stock market (Monimat, 3/4/1930).

Whether the influence of the MV on the stock market really was as pronounced as Lamal proclaims is something for future studies to elucidate. However, what is certain is that following the Wall Street crash and the decline in the markets reverberating subsequently all throughout Europe, people went searching for the causes of this disaster. Of course, it would be hard to maintain that the stock market chaos would not have happened had there never been MV shares in Belgium. In the chaos and the panic prevailing at that time, some authors, with Lamal in the forefront of their ranks, may have been somewhat too eager to attribute guilt to that one simple and readily explained factor.

8. Legality of the MV, a question of interpretation

Only a few authors stepped forward as advocates of a completely deregulated application of the MV. The followers of this ultra-liberal vision held to the opinion that the government should grant companies and their statutes absolute autonomy of action and that, if the disadvantages of the MV became too pressing on them, companies would voluntarily and spontaneously proceed to the cancellation of these shares. This group negated or minimized the objections expressed by the opponents of the MV by retorting that these pertained to exceptions that can never be excluded (for instance: De Stoop, 1930).

Another minority group, which consisted mainly of jurists that offered their opinions on this question, and some influential economists such as Lamal, in their turn declared themselves in favour of the total abolishment of the system. In Belgium, this group had the advantage that Lamal found a ready mouthpiece in the "Monimat". Also other newspapers such as "La Libre Belgique" or the "Agence Economique et Financière (Agefi)" were violently opposed to any form of regulation on the MV and remained proponents of the complete abolishment of the practice. In other countries, e.g., France, where the press took a more moderate stance, the idea of a complete abolishment was clearly not as readily accepted.³¹

Most economists, however, were of the opinion that the government had to proceed to regulating the phenomenon in order that, by so doing, they might prevent the most serious of abuses. They did, nonetheless, emphasize the danger of dumping the child with the bathwater. For, in effect, there was fear that a complete abolishment of the practice would result in nefarious consequences on the economic development of the country. These economists were convinced that the MV satisfied some actual needs (for instance, Bureau, 1929).

9. No more ambiguity, regulating the MV

Aside from this discussion regarding the legality of the MV shares, there was obviously the economic reality that indicated how a large number of businesses had proceeded to the implementation of this MV practice and that made clear that the abuses and the illegal applications of these practices were no chimeras. As of 1930, both the government (Paul Janson) and the opposition party (Jules Mathieu) worked out a variety of parliamentary initiatives in order to arrive at regulating the MV.

³¹ See the issues 1929 – 1931 of these papers.

As the crisis, as well as the abuses and the criticism regarding the MV persisted, and parliament seemed powerless to arrive at a quick solution, the government took the initiative upon herself and decided within the context of special acts of empowerment bestowed upon her by the Belgian parliament to solve the question of the MV by Royal Decree. On 31/10/1934, Royal Decree no 26 was issued and the MV in Belgium, without any exception, was abolished³².

This decree brought the voting right allotted to the shareholders in correct proportion with the monetary participations they had taken in the business. All companies were required to adapt their statutes within a period of two years to this decree; as long as this was not done, no changes to the capital were allowed. It was further demanded that the general meeting that would decide on the amendment of the articles already had to be composed pursuant to the provisions of the Royal Decree.³³ Yet, notwithstanding this provision, this Royal Decree did have no real retroactive force, seeing that the decisions taken by the company on the strength of the MV shares were not repealed, nor did they have to be voted on anew on the basis of the amended statutes. On 31/10/1936, the MV disappeared for good. On the basis of the official stock quotations, I noted that most of the businesses waited for a very long time before bringing their articles in line with the new provisions. When the exchange commission on 9/12/1935 halted the practice of identifying the MV firms with an asterisk, there still remained more than 100 firms that kept using the MV shares.³⁴

The imposition of a total prohibition on the implementation of the MV practice, as was carried out by the Belgian government, was totally out of line with its attitude taken previously on this question. Also in France, a law had been passed in December 1931 whereby the MV became strictly regulated but where the statutes, provided they had satisfied certain conditions, retained the right to introduce a double voting right (Monimat, 5/12/1931). Also the already mentioned domestic and foreign economists were, with a few exceptions, not at all in favour of total abolishment. Pointing to the advantages offered by the MV to certain given companies, these authors wished to avoid that, because of “a few” abuses, the whole system would be thrown out of the window. That the government worried a great deal about the MV is again extra emphasized by the realization that she made use of a special “crisis-RD” to solve the problem. From the reports of the “limited” committee it appears, in fact, that via that type of Royal Decree only those resolutions were adopted that were deemed urgent and necessary in order to safeguard and assure the security of the economy and the financial status of the country.³⁵ That the decree on the MV belonged in this series and, for instance, was not held off until the whole set of laws on companies was adapted, a move that happened in the course of November 1935, does indeed offer an indication that the MV was considered to present a possible threat to economic stability. It is quite likely that the government, via the publication of a special Royal Decree with direct relation to the exchange-listed shares, wanted to provide the stock market with an extra boost. This had already been the case after the first series of the Royal Decrees that reformed the banking sector and resulted in a rise in market prices. This rise, however, was of short duration only since it was not backed by a structural revival of the industrial and commercial activity (De Man, 1934, 4-5). Moreover, a lengthy parliamentary debate could lead to nervousness on the equity markets. Companies using the MV could in that way fall victim to unrest and speculations. By using a Royal Decree, this was avoided.

Possibly, these considerations, in combination with the campaign that was being conducted in parts of the Belgian press, led the government to decide on the total abolishment of the MV.

The abolishment happened in a period when the Belgian legislation on the economy was in the throes of a major restructuring. Via the bank splitting, new legislation on the stock market, and the

³² RD regarding the voting right in the company limited by shares, report to the King, Moniteur belge, 2,3/11/1934, p.5858.

³³ Ibidem, article 15.

³⁴ BRUSSELS EXCHANGE, Cours Authentique, 12/1935.

³⁵ ARA, Fonds : papiers Henri Jaspar, dossier no 116 : Sociétés commerciales.

like, the relations in the mid-thirties between the financial elite, on the one hand, and the stock market and the business world, on the other, were being thoroughly revised. It is possible that in this case as well the MV, a remnant of the old economic vision, had to make room in order to allow for the introduction of a new era with a clean slate.

Already in 1936, it appeared that the Belgian government, in its eagerness to abolish the MV, perhaps had acted somewhat too precipitously. At the request of the ministers of the Colonies, Finance, and Justice, a government bill was introduced for the adaptation of Royal Decree 26. This bill would again make it possible for shares that belonged to the Belgian state, the Belgian Congo, or Ruwanda-Urundi to be used with the MV allotted to them in statutes of conventions³⁶. In order to prevent that, once again, one would revert to excessive situations, it was stated that the voting number of these shares could not exceed half of the total number of votes plus one. In justification of this adaptation, the ministers proclaimed that RD 26 voided the State's majority in certain concessionary companies of common public interest, a majority that, in the best interests of the nation, ought to be kept under the control of the State. Regulating the MV was intended to put an end to certain abuses and not to place the state and public authorities on the same footing as private parties. However, the government did not entirely subscribe to this proposal. In the final decree published on December 15, 1936 in the Bulletin Officiel du Congo Belge, only the provisions with bearing on the colony were retained. The Belgian State itself remained subject to RD 26 and was not permitted to make use of the MV in companies she wished to control.³⁷

This adaptation and the submitted proposals once again point to a hurried application of the RD, whereby the State created a threat to her own interests. It further demonstrates that within government circles, in spite of the protests and the scandals, one continued to look upon the MV as a practical and simple way of ensuring the retention of control over an enterprise.

10. Conclusion

The MV practice entails much more than one would originally suspect. In many companies, its implementation was so complex and hidden that the common shareholders frequently had problems discovering whether or not a business made actual use of the practice. Its peak in Belgium was reached somewhat later than in our neighbouring countries. Only after the currency stabilization and the economic revival at the beginning of 1927 did a relatively large number of companies proceed to adopting the practice. Nonetheless, what was important was not the number of businesses but rather the amount of capital they represented. Owing to the introduction of the MV, this capital came to be controlled by a very small group and amounted to more than 45% of the total capital of all Belgian companies limited by shares.

The reason for introducing the MV was, according to the companies that made use of the practice, often centred on the fear of hostile foreign take-over actions. Yet, it is quite possible to argue, certainly for the situation in Belgium, that a number of other reasons can reasonably be adduced. These reasons need to be sought primarily in the benefits offered to companies by their adoption of the MV. Especially the solidification of the position of control and power over the enterprise was an important factor spurring enterprises to issue shares with MV. For holding companies and banks, it was also the most fitting instrument for gaining in a simple and, especially, a non-expensive manner control over companies in which they held a participating interest. With the freed-up moneys, it became possible to take participations in many more companies and the holdings were thus able to notably increase their grip on the economy.

³⁶ Also for the following three organs such an exception was provided: Comité Spécial du Katanga, Comité national du Kivu, Compagnie des chemins de fer du Congo Supérieur aux Grands-Lacs Africains (ARA, Fund ministry of finance : general secretariat 1914-1945, dossier no 444.6 : Memo for the Head of the Cabinet (30/4/1937)).

³⁷ ARA, Fund ministry of finance: general secretariat 1914-1945, dossier no 444.6.

The benefits that the MV practice offered to a firm's directors presented for the common shareholders also the biggest obstacles. In effect, via the MV, the general meeting was rendered powerless, whereby the holders of shares without MV lost all possibility to gain control. This kind of situation was bound to lead to abuses in time and led ever more jurists and also economists to insist on regulating the MV practice. The legality aspect of the MV led in Belgium to protracted discussions and debates, but advocates and opponents both agreed that regulation had become a necessity. Following a number of unsuccessful attempts to solve the question via a non-government bill and, somewhat later, via a government bill, the government decided on 31/10/1934 to completely abolish the MV via a Royal Decree.

To businesses, the MV initially seemed the solution par excellence to negate the power of the general meeting and to establish unrestricted power for the directors. However, it did not take long to become clear that this technique held many dangers for the company's continued existence. Both in Germany and in Belgium³⁸, companies did voluntarily proceed to the abolishment or the limiting of the MV practice. When, in 1934, the government resolutely abolished the practice, it may at that time have been a somewhat unexpected decision, but even had it allowed the evolution to pursue its own course, more and more companies would have switched to a voluntary restricting of the MV. With this MV practice, the function of the general meeting became, in fact, null and void, through which, as Jules Bara put it, the essence of the limited company was lost.

³⁸ At the time of the publication of the Royal Decree, already 28 companies had voluntarily terminated the MV. (BRUSSELS EXCHANGE, Cours Authentique, 24/3/1930 and 30/10/1934)

ATTACHMENT I

EVOLUTION OF THE MV AT THE BRUSSELS EXCHANGE

	24/3/1930	24/3/1931	24/3/1932	24/3/1933	24/3/1934	24/3/1935	9/12/1935
A	38	40	38	36	33	31	25
B	120	114	109	105	98	92	79
C	158	154	147	141	131	123	104

Table 2 : BRUSSELS EXCHANGE, Cours Authentique

- A: Companies with MV at time of formation
B: Companies introducing MV at a later stage
C: Total number of companies with MV

ATTACHMENT II

DISTRIBUTION OF THE MV BY SECTOR

	24/3/1930	24/9/1934
Insurance, Banks	10	7
Railroads and Canals	7	7
Public tramway companies and local railways	3	3
Tram and Electricity trusts	7	5
Gas and Electricity companies	5	4
Metal industry firms	19	17
Coke ovens	1	0
Coal mines	16	14
Zinc and lead mines	5	5
Mirror glass factories	2	4
Glass blowing factories	5	2
Construction industry	11	8
Textile and silk industries	10	7
Chemical products	7	7
Colonial warden	25	23
Food industries	1	2
Miscellaneous industries	17	10
Paper industries	4	3
Petroleum industries	3	2
TOTAL	158	130

Table 3 : BRUSSELS EXCHANGE, Cours Authentique

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