

A provincial (stock) exchange in Belgium : the case of Dendermonde¹

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“The evolution of stock exchanges in the nineteenth century was both conditioned by world forces and modified by national experience, so that growth was not merely a process of repetitive duplication but an arena where institutions vied for primacy ...”

MICHIE R.C., 1987

1. Introduction

In his very interesting book “How economics forgot history”, G.F. Hodgson draws the sword against the omnipotence of the so called *general theories*. He correctly indicates that by formulating this kind of theories the necessary simplifications and the strict outline of the reality resulted in the fact that the historical specification is neglected : HODGSON (2001). That’s why he developed an argumentation for the formulation of historical specific theories based on the different types of socio-economic systems in time and space. By neglecting the historical knowledge, there’s not only the risk for a total misinterpretation, but a lot of aspects which in the course of history, disappeared of the common knowledge, are excluded and as such doesn’t have any opportunity to complete the formulated theories and correct them if necessary.

The study of the stock exchange is a specific example in which a too one-sided point of view dictated by the will to understand and predict the evolution of prices in a universal theory, caused that almost every historical aspect of this institution has been withdrawn of the research. The few studies carried out by historians or economists, who are concerned with the history of this institution, focused on the present stock exchanges, without specifying the origins and evolution of this institution. In his recent study “What is an exchange?”, Ruben Lee, indicated the problems he met in his research by the confidentiality of the documents and information he needed, an historical approach could possibly help to circumvent these difficulties. Further Lee considered the stock exchanges as a sort of “firm” or at least a “corporation”, here also, the historic viewpoints could adjust this image and could participate in the formulation of theories. The development of the modern stock exchange in the 19th century is an ideal case-study in which institutionalists can very closely examine and test the characteristics which they ascribe to institutions. The British historian Michie, has in his many interesting studies taken these points of view into account. Based on the origins of the different British stock exchanges, so not only the story of the dominant London Stock exchange is been told, he states very clearly the evolution of the the exchange evolution in Great-Britain.

Following the approach of Michie, based on some forgotten aspects of the Belgian stock exchange history, we will try to adopt an historical perspective on an institution too often studied in its present institutional form. The stock exchange is in the first place an institution originating from the *habits* of the merchants. It’s an organically grown institution whose evolution makes it possible to closely observe the interaction between the individual behaviour and the institutional framework. A study about these forgotten aspects of the 19th century stock exchange is from an economic theoretical point of view also interesting, as it allows to verify how the economic theories of liberalism and *laisser-faire*, formulated by the economic thinkers of the day, such as the School of Manchester, J.B.Say or G.De Molinari, were incorporated in the society of the 19th century. These theories became more and more influential in the Belgian economic and political approaches during the second half of this century and put into practice in a rather unsubtle way as far as the stock exchange is concerned.

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Although in times long past the “Bourse”(stock exchange) founds his roots in Belgium² almost no research has been done on this institution. To this conclusion came also Geert De Clercq in his foreword of the book “Ter beurze”³. Few has changed since these words have been written in 1992. The fluctuations of the important stock exchange index or the stock introductions of large companies often get the news, but the interest of the (Belgian) historian or economist in the origin and evolution of this institution hasn't increased. In the few studies published on this subject the majority was devoted to the Brussels stock exchange.

Contradictory to what this narrow approach suggest, Belgium counted during the 19th century not less than ten (stock) exchanges. Next to Brussels and Antwerp also Ghent, Louvain, Dendermonde, Ostend, Bruges, Liege, Mons and Tournai possessed a (stock) exchange. Researchers have almost forgotten the existence of these smaller stock exchanges, which have been absent for over 100 years in the scientific work. In the scientific literature of Belgian historians and economists the existence of these regional exchanges is totally neglected⁴. The focus of the research from a too narrow contemporary perspective has resulted in the fact that the existence of many Belgian exchanges faded away in the fog of the past.

Due to the dominant role played by the Brussels Stock exchange in the 20th century the results for the research for this period remains limited, but when we go back to the origins of the modern stock exchange and the evolution of the Belgian exchanges in the 19th century a few question marks can be placed by this one-sided accent on the Brussels case.

The role of the smaller stock exchange institutions, in the development of the laws and regulations during the 19th century, is not taken into consideration in the present research. The one-sided historical knowledge resulted in the fact that in the research on the stock exchange, the organic development and evolution of the contemporary dominant exchanges is often explained too endogenously, without taking deviating institutions into account.

Following the British historian R. Michie and some of his French colleagues, this paper wants to proof that also for Belgium, global theories about the working of the stock exchange showed a lot of shortcomings. Skinner (1969) already indicated in his study the danger of a own frame of reference without applying the necessary historical criticism, as such “historical” facts are transformed to let them fit into existing theories : MOSSELMANS (1999). Abuses, patterns and evolutions noticed in the working of the exchanges are wrongly linked to only one unique stock exchange. On the contrary it would be very interesting to examine the interaction of the different actors and institutions.

2. The Belgian case

Many national and international studies are pointing out to the leading role of Belgium in the industrial revolution on the continent. Not only Belgium possessed since 1835 the first real railway on the continent, the whole 19th century Belgium had the highest railway density in Europe. The huge stock of raw materials in Walloon provinces in Belgium was considered as the basis for the industrial take-off of the metal industry in these provinces, which was, due to the increasing success of the railway, in full expansion. New technological evolutions made that the Belgian industry followed intensively the footsteps of the United Kingdom. The following table indicates the dominant position of Belgium in this quick growing industrial production.

² The term “bourse” found its origins in medieval Bruges and the first exchange building has been constructed in Antwerp in 1531 : DE CLERCQ (1992)

³ DE CLERCQ (G.) (ed.), *Ter beurze : geschiedenis van de aandelenhandel in België 1300-1990*, Brugge, 1992, 480p.

⁴ In the study of Emile Lamal from 1934 an appendix indicates the existence of the stock exchange of Ghent and Liege, that due to the very few number of transactions were left aside in his research : LAMAL (1934). Neither G. Vanthemsche, following Lamal, takes these institutions into consideration in his article about stock exchange legislation : VANTHEMSCHE (1992)

TABLE 1 : Most industrialized countries (Industrial output per capita) (UK, 1900=100)

| 1860 | | 1913 | |
|---------------|----|---------------|-----|
| 1.UK | 64 | 1.USA | 126 |
| 2.Belgium | 28 | 2.UK | 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 : Bairoch, P. 1982, p.286 (thanks to F. Buelens)

This movement and the related transformation from a mainly agrarian society to an industrial economy was a very complicated process that manifested itself on a wide range of areas : CAMERON (1961). The researcher who is interested in the different aspects of the economic history finds in the Belgian case a very attractive research domain. The extensiveness of these problems resulted in the fact that certain accents had to be made and that the Belgian researcher concentrated himself especially on the development and evolution of the heavy industry (railways, coal-mines, steel, etc.) and the financing of these industrial sectors by the large Belgian bank institutions. In Belgium, the industrial revolution was mainly financed by the two large mixed banks existing in the 19th century, the Société Générale de Belgique and the Banque de Belgique. This situation, resulted in the fact that a lot of important economic institutions and players have been neglected or were only taken sporadically into account. A remarkable victim of this narrow focus forms the research of the history of the Belgian Stock exchange.

In the first section of this paper the importance of the regional exchange institutions in the global research area is explained based on a brief survey of the literature. After a short situation sketch of Dendermonde, the reasons why the city decided to establish a stock exchange are handled in the second section. A third section handles this implementation and the different players who have been zealous for the establishment of this institution. Also the structure and the operation of the stock exchange of Dendermonde will be examined, and we will focus on the role and function of the *Chambre Syndicale*.

The time-period covered in this paper started with the first actions in order to create an exchange in Dendermonde around 1843 till the disappearance of this institution in the early 20th century. Although the accent of the research is situated in the period till 1867, the time when the law of 31 December 1867 carried through the liberalization of the Belgian stock exchanges.

3. The theory of regional stock exchanges in the international literature

Although several dominant stock exchanges manifested themselves on a worldwide basis in the 19th century such as London, Paris and New-York, even they didn't succeed to monopolize the (stock) exchange transactions in their own country. Different regional stock exchanges existed, in the United States, France, and the United Kingdom, which played an important role in the national working of the capital market, existed. Such a regional network of stock exchanges existed however in a more or less developed form in most European countries⁵.

⁵ Regional exchanges in United Kingdom : e.g. Liverpool, Manchester, Glasgow / France : e.g. Marseille, Lille, Bordeaux / Germany : Stuttgart, Köln, Düsseldorf / Spain : Barcelona, Bilbao

These 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 exchange brokers who they trusted⁶. In the United Kingdom and France those stock exchanges were more and more specialized in titles of companies which had less (inter)national emanation and therefore have more difficulties when they competed with a huge number of titles quoted on the major exchanges of London or Paris : MICHIE (1988). As soon as the technical evolution of telegraph and telephone allowed for a quicker connection between the capital city, 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 of importance of the regional exchanges⁷. The technological impact on the evolution of these institutions may not be underestimated. The development and the result of the interaction in which the different institutions vied for primacy with the purpose to extend their power, is probably directly related.

Michie states that the success of these regional institutions has to be found in the old financing traditions of the British industry. In the 19th century starting capital for companies was mainly found in the close environment of family and friends. The investor was often only interested in companies or projects he personally known, and which he could observe. It was very clear that for investments or transactions of titles the local market was at first contacted. The latter was also stimulated by technical difficulties which made till 1850 very difficult to get in contact with the capital city: MICHIE (1981).

During the 19th century, these regional exchanges could be considered (at least in the area of offerings) as a reflection of the major London stock exchange. It meant also that on these exchanges, just like in London, a mix of bonds and shares were offered to the public, but of smaller firms, in lesser volumes and mostly not comparable with the liquidity ensured in London, (but without, further any fundamental differences).

In comparison with their British counterpart, the French regional exchanges dealt less in shares and bonds. Nevertheless around 1860 there existed in France seven exchanges, besides the stock exchange of Paris, which possessed a “*parquet*” : BOZERIAN (1859)⁸. On the other hand the exchanges of Lille and Marseille played an important role in the trading of French titles : HAUTCOEUR (1993).

In Belgium the many regional exchanges, spread mainly all over Flanders, are incomparable with their foreign counterparts. Why these regional exchanges did not have the same functions as those in the neighboring countries is not easy to explain. One hypothesis in the research is, relating to the statement of Michie, the difference between the financing of the Belgian and British industrial evolution. Especially the role played by the Société Générale de Belgique and the Banque de Belgique seems interesting as well as the relation they had with the different (stock) exchanges. If the stock exchange of Antwerp, Ghent and Liège are not taken into consideration, the transactions of funds on the other regional stock exchanges were limited mostly to the sporadic transactions of (government)bonds. However these limited transactions of titles is not a reason for excluding those regional stock exchanges from the study of the history of the stock exchange.

⁶ The preference to invest in well-known companies, explains even today the success of e.g. Lernhout & Hauspie and Interbrew in Belgium.

⁷ In 1875 a telegraph-office was established at the stock exchange of Dendermonde to optimize the connection with the Brussels stock exchange

⁸ In the French stock exchange system, also applied in Belgium, a “*parquet*” meant a delimitation in the stock exchange, where brokers met to establish in public the prices of the different treated titles. The existence of a “*parquet*” was certainly in the second half of the 19th century an important indication related to the number of titles treated. In Belgium, only Brussels (since 1840) was in the possession of such a “*parquet*”. In Antwerp per example the prices were established in the closed offices of the brokers.

Almost all researchers at home and abroad only paid attention to the stock and bond transactions ; because the contemporary stock exchange is still automatically associated to these transactions. As such they left out that the stock exchange finds his origin in what is included under today's terms of "produce exchanges". When Napoleon Bonaparte, who ruled from 1800 till 1815 the region - later known as Belgium, in March 1801 enacted a law allowing the government to establish a "Bourse de commerce" wherever necessary, there was clearly no distinction between "produce" and "stock" exchanges⁹. Transactions in goods and value papers were not treated separately and often handled by the same brokers¹⁰. The French Code of Commerce indicated in article 82 : "*Le même individu peut, si l'acte du gouvernement qui l'institue l'y autorise cumuler les fonctions d'agent de change, de courtier de marchandises ou d'assurances, et de courtier interprète et conducteur de navire*"¹¹. Only Paris possessed in this early phase of evolution, a stock exchange exclusively dedicated to the treatment of titles. In over 20 exchange cities the brokers could combine the function of exchange-broker in titles and produce-broker : BOZERIAN (1859). In Belgium, this cumulation was only forbidden at the Antwerp stock exchange. At the Brussels exchange in 1840 for instance, there still existed brokers cumulating both functions. In the report concerning the produce-exchange presented in the French parliament in 1913, the close connection between these two types of exchanges was greatly analyzed. In the second half of 19th century the focus on the stock exchange was also accentuated in France, although it was still difficult to determine which of both exchanges were initially at the origin of the proclamation of the new exchange legislation. A specific example here was the French law on long term transactions (28/3/1882) : LANDRY (1913).

Too often, as already indicated before, the history of the Belgian stock exchange has been identified with the history of the Brussels exchange. As all Belgian exchanges were incorporated in the same legal frame, changes in legislation and regulations were often the result of mutual negotiations or at the insistence of produce-brokers and exchange-brokers of one specific (stock) exchange. The influence of the different exchanges on this decision making was not in direct proportion with the relative power as we know it in the 20th century. In the 19th century the exchange history shows a lot of examples where the adjustments and adaptations on the legislation was caused by the actions of the smaller exchanges¹².

4. The Dendermonde case

Dendermonde, located in the province of East-Flanders, at the confluence of the Dender and the Scheldt is today a medium sized city with approximately 43.000 inhabitants. Although Dendermonde fulfil gloriously her function as little city in the industrial area and the domain of trade, it can't be considered within the Belgian economy as a front runner. This situation differs only a little with the 19th century constellation. In the age of the Belgian independence, Dendermonde counted approximately 6.000 inhabitants and the industrial development started slowly¹³. The region inside Flanders, among which

⁹ Loi du 28 ventôse an 9 (19/3/1801) : Loi relative à l'établissement de bourses de commerce. In Belgium we have to wait till the reform of the stock exchange in 1934, in order to have a text of law with the official split between produce- and stock-exchanges. Till that time specific indications about goods or stock transactions have to be seen in the global term of "Bourse de commerce"

¹⁰ In this paper we utilize for the sake of convenience, unless otherwise mentioned, the term "broker" as the compilation for exchange-, produce-, insurance-, and ship-brokers, due to the close connection between all those functions at the exchange of Dendermonde.

¹¹ Code de commerce, Paris, 1807, p.92, art. 81.

¹² An example of this statement can be found in the Royal Decree of 1836 in which the government confirmed some basic principles of the Belgian stock exchange, mainly after a proposal of the Stock exchange of Ostend (AMFA, Diplomatic Archive : 2282^{II} – 2283 : Bourse d'Ostende : correspondance with the minister of Internal Affairs : 1833-1836)

¹³ This number grows to 12.947 if we take into consideration today's municipalities included in the major city of Dendermonde. Antwerp counted in 1831 : 73.000 inhabitants, Brussels : 99.522, Ghent : 85.599 (Statistique de la Belgique, Bruxelles, 1842).

Dendermonde together with cities as Alost, Eeklo, Bruge and Oudenaerde can be counted, had heavily suffered in the beginning of the 19th century with the crisis hitting the linen industry. This industry was until then principally focused on the hand and home industry. Fluctuations in the food prices, a saturation of the market and a pressure to mechanize affected the population very badly : BRACKE (2000).

The first signs of the industrialization, as in many other locations in Flanders, could be found in the cotton industry, which by way of the increased mechanization, had Dendermonde transformed into a little industrial town by the year 1834 : DAUWE (1992). During the 19th century the oil industry, with his oil-mills for the production of oil-bearing seeds, became quickly a dominant industry branch for Dendermonde and his environment. Out of the 1,3 million hl oil-bearing seeds handled in Belgium for a total value of 27,4 million BEF, approximately eighty oil-crushers in the district of Dendermonde used over 400.000 hl for a total value of 8,5 million BEF. Out of this they produced 80.000 hl oil and from remaining residual 16.000.000 kg oil-cakes used for cattle-fodder. Already in 1842 Dendermonde counted over twelve mechanized oil factories with almost 500 laborers¹⁴. These oil-bearing seeds were not only the driver of the harbor of Dendermonde, but formed also the foundation for most of the stock exchange transactions. The handling of these seeds into oil, was confronted with an over-production especially related to the production of oil-cakes which resulted in an intensive search for new consumption markets. Especially the dumping of French and Dutch oil-cakes on the Belgian market resulting in a decline of the prices of 40%, was very hard to be accepted by the merchants of Dendermonde. The situation of the oil-industry became even more difficult in 1859, when the United States discovered rich petroleum-fields, and the export of this fossil fuel, reduced even in Europe the consumption of vegetable oil. Despite these difficulties the Chamber of Commerce considered in her annual reports the oil industry as the major source of industrial and commercial activity in the district of Dendermonde. To reduce the costs, the Chamber of Commerce insisted to decrease the import duties for seeds used as raw materials for this industry. Depending on the success of the Belgian harvest, Dendermonde needed to import a considerable quantity of seeds to keep his industry running. This import showed an increasing trend and formed an heavy cost for the oil-industry. In 1867 almost 60 tons of seeds was imported, of which 40 tons came from Russia. The import duties were not adapted in order to protect the Belgian agriculture. The commercial treaties concluded with France and the German Zollverein, allowed on the other hand the import of very cheap oil from those countries, but didn't accord the same export privileges to the merchants of Dendermonde : JAARRAPPORTEN (1863-1875). Despite the Chamber of Commerce insisted to change this situation based on the conclusion of international custom treaties, this seemed a very difficult matter. In consequence, the oil industry was often confronted with severe unemployment : DE CLERCQ (1989). A second important branch of industry, although not directly related to the stock exchange, was formed by the ropemaking, of which the district of Dendermonde possessed five important factories, employing over 500 laborers¹⁵.

As a result of the enforcement of the barrier treaties (1715), the city of Dendermonde was considered as of 15 November 1715 as a fortress city and the Dutch government executed complementary defensive works as protection against a possible French attack. These fortifications meant a serious obstacle in the future development of the city¹⁶ : SCHELLEKENS (1988). The industry was spread all over the province of East-Flanders and despite some major administrative and economic institutions such as the Chamber of Commerce, a telegraph office, a warehouse, a stock exchange, all mainly focused on the transactions in oil-bearing seeds, Dendermonde was not able to compete with new industrial towns like Alost or Ninove. The city stayed in a large degree dependent on the (inter)national market for their seeds : VAN ISACKER (1978).

¹⁴ SRB, Chamber of Commerce of Dendermonde, Filenr. 815 : session 22/2/1843 : presentation annual report 1842.

¹⁵ Ibidem.

¹⁶ For military reasons, factories weren't allowed to settle outside the city walls, this was the reason that many companies left Dendermonde.

In order to allow the merchants and industrials in Dendermonde to dispose of the necessary funds, the National Bank of Belgium opened during the year 1850 a discount-office. The figures included in the annual report of the Chamber of Commerce showed an increased activity in this office. The Chamber was very pleased with the short maturity date of discounted bills. What it considered as an indication of a great deal of trust and a sufficient supply of money by the merchants and industrials of Dendermonde : JAARRAPPORT (1858).

For its commercial activities Dendermonde was able to get advantage of its central position in the triangle of Antwerp – Ghent – Brussels. This ideal location made that Dendermonde was already connected in 1838 with the railway to Ghent, Ostend and Malines. This line was a part of the framework of the East-West line from Ostend to Cologne, with a junction in Malines at the North-South line, that connected Antwerp via Brussels to the French border. The next coming years the railway traffic was explored in a very quick tempo and in 1846 Dendermonde was (in)directly connected by rail with the most important Belgian cities : LAFFUT (2001). The revenue of the station of Dendermonde increased from 302.156 BEF in 1856 to 379.524 BEF in 1864. These revenues were initially almost equally divided between goods and passenger traffic, but in a later stage the traffic of goods took an enlarged part in the revenue.

We already pointed out the very advantageous location at the confluence of the Dender and the Scheldt for the navigation. Dendermonde was not only directly connected via navigable watercourses with the important ports of Ghent and Antwerp, but the city could also function as an important transit port in order to reach Alost and Geraardsbergen via the Dender, which was navigable till Ath¹⁷. A partial canalization of the Dender took place in 1840. The canal Ath-Blaton, inaugurated in 1868, connected Dendermonde with the western industrial area of Hainault. In 1858 over 3.700 vessels passed the sluice of Dendermonde. The port played an important role in the supply of seeds for oil mills and hemp for the ropemaking. Although Dendermonde became an official seaport in 1843, the core business was related to the Belgian and Dutch inland navigation. In 1854 over 150 Dutch vessels visited the port. Next to the Belgian market, transactions were mainly focused on the Dutch market.

The most important impulse for the establishment of a stock exchange in Dendermonde was the increased navigation on the Scheldt, which got an extra stimulus after the ratification of the treaty of the XXIV articles in 1839 and the normalization of the trading relations with The Netherlands : WITTE (1990). Due to the increasing number of port movements in Dendermonde the city received the statute of seaport on August 9, 1843.

A constant in the Belgian stock exchange history in the first half of the 19th century existed in the close connection between on one side the development of the port activities and on the other side the expansion of the stock exchange. Contemporaries both in Antwerp and in Ghent blamed the decline of the stock exchange activities on the decreasing traffic in the ports of those cities¹⁸. Even the brokers connected with the Brussels stock exchange, pointed the decline of the activities of the Brussels port in 1833 in order to explain the marginal development of the exchange¹⁹. However, the presence of a seaport was not sufficient to persuade the Minister of Internal Affairs of the day, Nothomb²⁰, to proceed into the

¹⁷ Till today vessels till 2000 ton can reach Dendermonde via the Scheldt and ships till 600 ton can continue till Ath. The canal Ath-Blaton is navigable for ships till 300 ton.

¹⁸ In many letters, addressed to the local Chamber of Commerce or the minister in charge, the brokers used the port traffic as an argument to appoint complementary brokers or to postpone extra appointments (AMFA, different files on the Belgian stock exchanges)

¹⁹ AMFA, Diplomatic archive, file 2280 1 : Bourse de Bruxelles : réglements (1836-1853) : 17/11/1835 : rapport de la Chambre de Commerce de Bruxelles.

²⁰ Nothomb, Jean-Baptiste, 3/7/1805 – 16/9/1881, was a member of constitutional commission and was from 1831 till 1837 permanent secretary from Foreign Affairs. He was minister of Internal Affairs from 1841 till 1845 : PETIT (1982).

establishment of an exchange in Dendermonde²¹. The exchange institution owed in origin much gratitude to the habits and uses connected with the different port activities. The search of the merchants to simplify and to structure the uses, transactions and regulations, resulted eventually in the demand for the establishment of an exchange.

5. The establishment of a regional exchange

Dendermonde became a seaport in 1843, and at the same time the first voices were raised in order to establish a stock exchange in the city. The total procedure which resulted finally in the inauguration of the exchange, started after a letter of Charles Rockaert²², in which he made a solicitation for the function of ship broker²³ at Dendermonde. The importance of the port transactions determined how many ship brokers a specific city could appoint²⁴. The authority to appoint a ship broker was reserved to the king in the person of his minister of Internal, and later External, Affairs : MONITEUR BELGE : 24/4/1836. In theory it was possible that someone became a broker in a specific city without being connected to a stock exchange. The French law of 1801 indicated only "*Dans toutes les villes où il y aura une bourse, il y aura des agens de change et des courtiers de commerce nommés par le gouvernement*" (Pasinomie, loi 28 ventôse an 9, art. 6).

Despite this statement, the Belgian authorities were not ready to give up the unity between the stock exchange and the brokers and accepted only very rarely to appoint produce brokers and/or exchange brokers without connecting them to a specific stock exchange²⁵. The question of Rockaert was therefore immediately interpreted by the minister as a request to establish a stock exchange in Dendermonde.

As this requested a rather complicated advice procedure, and as it was in 1843 rather uncertain how the port of Dendermonde would evolve, the minister proposed, in close cooperation with the Chamber of Commerce, to appoint temporarily one ship broker and to connect him from an administrative and disciplinary point of view with the stock exchange of Ghent. In the following months the port transactions increased considerably and the trade was threatened to be blocked, the Chamber did a considerable effort for the institution of an own stock exchange in Dendermonde. In its advice addressed to the governor and the minister of Internal Affairs, the Chamber defended the establishment of an exchange as the best and only solution. As such the trade could develop himself totally and the fact that one broker could abuse his monopoly position was excluded²⁶.

The debate was accelerated when from October 1844 the local authorities of Dendermonde supported the actions of the Chamber of Commerce via detailed reports and insisted on a quick foundation of an exchange. The most important arguments included in these reports were in close connection with the discourse made by the Chamber of Commerce. The growing transactions in grains and oil-bearing seeds, traditionally important products in the trade at Dendermonde : DE JONG (1880), made it necessary, following the local authorities, that an exact price for the products was available; especially because

²¹ According to the French law of 28 ventôse an 9 it was the responsibility of the national government to decide in which cities a stock exchange would be established. This law stayed unchanged until 31/12/1867.

²² Rockaert Charles was a ship broker in Dendermonde from 1844 till his resignation in 1847.

²³ The tasks of the ship brokers consisted in the translation of ship documents, the charter of ships, the sales of ships and the custom declarations : DEVOS (2000).

²⁴ In 1853 five ship brokers were connected with the stock exchange of Ghent, Antwerp counted in 1857, 14 of them (AMFA, Diplomatic Archive, File : 2281 : Bourse de Gand / 2278 : Bourse d'Anvers : réglemets).

²⁵ We can find an other example in Mons were in 1839 under impulse of the Société Générale de Belgique, a number of persons asked to be appointed as ship brokers, in order to improve the transportation and handling of coals on the waterways of Hainault. This application would immediately result in an investigation of the opportunity to establish an exchange at Mons. (AMFA, Diplomatic Archive, File 2282 II – 2283 : Bourse de Mons)

²⁶ RAB, Fund : Chamber of Commerce of Dendermonde, nr. 815 : register of PV's : 24/8/1843 : letter to the governor.

Dendermonde claimed that it was possible to influence the external (seed)markets²⁷. In the minutes of the Chamber of Commerce we found indications of foreign traders, especially with the French and Dutch nationality, who came to the Flemish oil industry to handle their business. An exact price indication was more than necessary²⁸.

As both the Chamber of Commerce and the local authorities expressed the wish to establish a stock exchange in Dendermonde, and they get supported by the governor of East-Flanders, the minister could not find any reason to postpone any longer the foundation of an exchange. The royal decree of 7 December 1844, approved the foundation of “*une bourse de commerce*” in Dendermonde. The regulation in question showed a lot of similarity with the other exchange regulations existing at that moment in Belgium.

In fact, the action of one actor laid the foundation of the establishment of this institution. This does not mean that the organic evolution of the exchange institution was totally neglected. Different merchants in Dendermonde were meeting at regular time with the intention to close some transactions. The specific Belgian law however forbade however at that time that this organic-grown institution was called “exchange”; only the minister in charge was able to officialize such an institution. In order to obtain this official recognition, the specific action from a number of actors was necessary : brokers, local authorities, interest groups, who continued on the habits and uses in the city of Dendermonde and obtained an official institution.

6. Working of a regional exchange

Contrary to the other stock exchange cities, Dendermonde did not proceed to the construction of an own stock exchange building. The city council made for the stock exchange a room available in the city-hall. There was no daily meeting of the stock exchange, but the merchants and brokers came only together on Monday and Tuesday. It appeared very soon that especially on Monday, traditionally and till today the market day in Dendermonde, the stock exchange was very active. Since 1850 the stock exchange was kept only once a week on this day, from 9 am till noon²⁹. This contradicts the recent view on the exchange institution which identifies an exchange as a huge firm located in a large building and often run as an ordinary company. The exchange of Dendermonde can be seen as an virtual institution with the purpose of simplifying and regulating transactions rather than a tangible institution. Also in this area it is clear that traditions play an important role and that the regulation introduced by the authorities was mainly used to create a strict judicial frame to this spontaneously grown institution, but it remains very difficult to impose obligations not directly related to these traditions.

This doesn't imply, that as it was the case for other Belgian exchanges, there existed also a “*Chambre Syndicale*” in Dendermonde. The task of such a Chamber could be compared in a lot of aspects with these of the exchange commissions³⁰ which were implemented in Belgium since 1867 and which stayed in function till the stock exchange reform of 6 April 1995. In the first place the “*Chambre Syndicale*” was supposed to control the internal discipline of the brokers and defend them if necessary before court. This Chamber played also an important role in the supervision of the different laws and rules and was also a

²⁷ AMFA, Diplomatic Archive, file 2283 : Bourse de Termonde : 19/10/1844 : report of the local authorities of Dendermonde to the Minister of Internal Affairs.

²⁸ RAB, fund : Chamber of Commerce of Dendermonde, nr.815 : annual report 1842 : titre II : Commerce.

²⁹ SAD, City reports of the city of Dendermonde : 1850.

³⁰ The law of 30 December 1867 established at every Belgian stock exchange an exchange commission. According to this law their major duties consisted of the formation of prices. In the daily working of the exchange they were responsible for control of the internal discipline on the exchange floor and to mediate in conflicts between clients and brokers : MONITEUR BELGE (1/1/1868).

contact point for complains related to transactions of brokers and mutual difficulties. Finally the Chamber was in a lot of cases also responsible for the formation of prices and the related control mechanism³¹.

The strong influence of the Chamber of Commerce on the working of the stock exchange proves that institutions are not to be considered as isolated pawns on an economic chessboard³². Both institutions had the same organic origin (merchants who like to associate) and the same official structure in which these organically-grown institutions get an institutionalized character. The Chamber was not only at the basis of the foundation of this institution, but with the specific situation in Dendermonde it was also possible to observe very closely the internal working of the stock exchange via the delegated merchants. A phenomenon that also, be it less direct, existed in Antwerp, Ghent and other exchange cities. The successive presidents of the "*Chambre Syndicale*" of Dendermonde, such as Constant Vertongen-Goens or Charles Poppe were at the same time member of the Chamber of Commerce. Also the oil traders played at several times a dominant role within the *Chambre syndicale*. Jan-Baptiste Van Massevelde, oil producers in Dendermonde, was even the first president of the *Chambre*³³.

The close link between economy and politics is no new phenomenon, this became already perceptible by the establishment of the board of directors of the stock exchange in Dendermonde. The most important merchants of Dendermonde did not only relieve each others as a member of the board, but several personalities as Emile Janssens or Alexis Foulon became even city councilor. Charles Poppe, former president of the *Chambre Syndicale*, managed to become major of Dendermonde³⁴. This extra political stimulus on which the stock exchange of Dendermonde could count, which was certainly not present in the other provincial stock exchanges in Belgium, made this institution better armed against the fast evolution of the society in the 19th century.

Whether to regulate or not economic activities was already in the 18th century a subject of discussion between the several economists. The ideas of economic liberalism as formulated by Adam Smith or Ricardo, were gradually winning acceptance in Belgium, after the popularization and crystallization by the School of Manchester at the end of the 1830's : MICHOTTE (1934). Liberal politicians such as W. Frère-Orban and Charles Rogier did their almost in order to promote the economic liberal ideas in Belgian politics and economy, during their several periods of government. The Belgian economists such as G. De Molinari or C. Le Hardy de Beaulieu, played in this a very important role. Their actions became only later successful, but at the moment of the implementation of the regulation of the exchange of Dendermonde, the ideas of intervention and the dogmatic economic visions of Napoleon, as formulated in the Code de Commerce, were dominating. The role of the central authorities stayed dominant in the different aspects of the economic life : WILLEMS (2002). The legislation and regulations of the stock exchange of Dendermonde imposed by the government was very similar with those valid in the other Belgian exchanges. This close connection was on one hand beneficial to the stability and continuity but on the other hand this attachment of the smaller and larger institutions formed an obstacle for their evolution and development.

³¹ AMFA, Diplomatic Archive, filenr. 2283 : Bourse de Termonde, 31/1/1846 : Règlement particulier de la Chambre Syndicale. Besides these functions the Chambre Syndicale was also supposed to give advice to the higher authorities in questions concerning the brokers.

³² The delegated merchants/industrials seated in the Chambre Syndicale were often also member of the board of directors of the Chamber of Commerce. A few examples : 1848 : Charles Poppe (merchant), 1861 : Van Massevelde Jean (oil producers), 1863 : Vertongen-Goens (Merchant/industrial)

³³ RAB, Chamber of Commerce of Dendermonde, file nr. 818 : membership list of the Chambre Syndicale (1845)

³⁴ Janssens Emile : from 1849 till 1853 : produce/exchange broker, in 1850 he became secretary/treasurer of the Chambre Syndicale, 1859-1866 : city counselor.

Alexis Foullon : from 1846 till 1857 : produce/exchange broker, occupied different functions in the Chambre Syndicale and became city counselor in 1857.

Charles Poppe : merchant from 1846 till 1853 and member of the Chambre Syndicale and became president in 1853, he was member of the city counsel from 1852-1862 and major from 1856 till 1861.

The memorandum of association of the exchange of Dendermonde included however an important definition which couldn't be found in the statutes of the other Belgian exchanges. The second paragraph of article 13 indicated that the *Chambre Syndicale* was not only in charge of maintaining the internal order at the exchange, but was also responsible “à empêcher que d'autres que les personnes qualifiées ad hoc ne fassent les négociations de courtage, et à poursuivre les contrevenants”³⁵. This definition laid the finger on the problem of the severe Belgian stock exchange legislation. Although it was only possible to become a broker after an official royal decree, in practice all exchanges had wrestle with the so called “*marrons*” (bungler). *Marrons* were in fact people who visited the exchanges, even acting as brokers, but who were not in the possession of the required official license.

Without going too much into details on this issue, it is important to know that the Belgian government till 1867 did not succeed to avoid these abuses and violations of the exchange legislation³⁶. Among others, the *Chambre Syndicale* of Antwerp ventilates its criticism on the unclear legal context in which the violations had to be punished³⁷. Although bungling also existed by exchange brokers, this phenomenon formed mainly a problem in the area of the produce brokers. The pressure to reform the exchange legislation, that resulted in the liberalization of stock exchange in 1867, came in the first place of this circle. Antwerp took the leading role, but also the Chamber of Commerce in Dendermonde was one of the key players. The fact that the government included this rule in the regulation of a new formed exchange, is an indication that the minister still believed that he could win the battle against the bunglers and that he considered the *Chambre Syndicale* as an important pawn in his actions. How exactly the *Chambre syndicale* was going to prevent these abuses in practice and which actions had to be taken when these abuses took place, was not specified in the regulation.

This conclusion supports the fact that institutions are organically growing and functioning and that it's legally very difficult to destroy habits which are connected with certain institutions. To impose severe rules that are not accepted by the majority of the participants, leads to the fact that these rules or certain parts of it stayed death letter.

7. Some dominant aspects in the working of exchanges

As mentioned before, one of the main reasons for the establishment of an exchange in Dendermonde and exchanges in general, was to create a standard procedure for the formation of prices of the different goods that were treated. In order for this procedure to operate smoothly the *Chambre Syndicale* indicated in its internal regulation how the formation of these prices had to be made³⁸. A decision was taken that the price list of the goods which also included the freight, the insurance and the “cote des effets de commerce” and “effets publics”, was going to be reviewed twice a week on Monday and Thursday. Contrary to the stock exchange of Antwerp and Brussels, Dendermonde didn't applied daily prices. As was the case in other stock exchanges, the formation of prices was the job of the brokers connected at the exchange. The price was defined by a majority of votes and signed by the president and secretary of the *Chambre Syndicale* and the present brokers. After this procedure any modification to the prices was disallowed.

The regulation also indicated that the *Chambre Syndicale* could appoint an *ad hoc* commission which established the price list. As from October 1846 the *Chambre* used this opportunity and a commission led

³⁵ *Moniteur Belge*, 3/3/1845 : Institution d'une bourse de commerce à Termonde, article 13, par. 2

³⁶ A very brief approach of this issue : DE DEVOS (G.), Over scheepsmakelaars en beunhazen. Een onderbelicht aspect van de maritieme bedrijvigheid te Antwerpen (1811-1867), in : *De lokroep van het bedrijf : liber amicorum Roland Baetens*, Antwerpen, 2001, pp.243 – 257.

³⁷ AMFA, Diplomatic Archive, File 2278 (1842 – 1858) : Bourse d'Anvers : réglemens.

³⁸ AMFA, Diplomatic Archive, File 2283 : Bourse de Termonde : réglement particulier de la Chambre Syndicale.

by the president of the *Chambre* was appointed³⁹. With the composition of this commission the *Chambre* created a precedent, which became only possible for the other stock exchanges in 1867, with the reform of the exchange. In Dendermonde the prices were after all determined by people who weren't appointed as brokers. However, on the larger exchanges of Antwerp and Brussels brokers guarded closely their privileges related to the establishment of official prices. Only in 1867 also in Brussels and Antwerp the possibility to incorporate non-brokers into these commissions was created. Even then it stayed a theoretical possibility that was rarely applied. The reason that Dendermonde has chosen for this solution can be found in the mixed character of the *Chambre Syndicale* and the few brokers connected with the local exchange. By the formation of prices, the stress laid also on oil and oil bearing seeds. By regular inspections of the price formation, the Chamber of Commerce has as such the intention to secure the dominant position in the oil trade in Dendermonde⁴⁰. This extra control was certainly not unnecessary as the prices were often established by merchants and industrials directly connected with the oil business. For instance Jean de Bruyn, oil producer, was in 1846 a member of the commission responsible for setting the prices. The only solution for a customer to have an objective price setting, was to trust on the mutual control of the different merchants and brokers. The lack of control for the formation of exchange prices was also a huge problem on the other Belgian exchanges : VANTHEMSCHE (1992).

The relation between the Belgian government and the different exchange institutions has always been ambiguous, on one hand there existed a very severe control on certain aspects, on the other hand, the government didn't intervene in some major functions of the stock exchange. As such no general rules, to be followed by the exchange institutions, related to the formation of prices, were worked out in Belgium. An other aspect was the fact that exchange commissions were totally depending on own financing and were not allowed to apply for government subsidy. (The latter was especially for the several smaller stock exchanges in Belgium, an important obstacle.) The merchants who engaged themselves voluntarily to work out an assembly, were obliged to support the financial costs. This resulted in the fact that in Bruges and Ghent a lot of merchants gave up and decided to continue their transactions outside the stock exchange and created as such a parallel circuit. In Dendermonde the local politics was that much involved in the trade and working of the exchange, that the local authorities did their utmost to finance the stock exchange. This attitude can partially be explained by the prestige that the city could get out of such an institution. On the other hand, the existence of an exchange was considered as a guarantee for the foreign merchants that the transactions would be executed based on a fixed and clear procedure in order to exclude the risk connected with large transactions.

By the constitution of the exchange it was prescribed that the city of Dendermonde had to supply a suitable location. All other expenses had to be carried by the exchange itself. In contradiction to the financing of the Chamber of Commerce, no agreement was made between the city council, provincial and national authorities to share the costs for the working of the exchange institution⁴¹. In Dendermonde the decision was made that the brokers had to pay the first time an amount of 100 BEF to the *Chambre Syndicale*, and an annual fee of 20 BEF. As of 1852 the city provided also a yearly subsidy, that it continued to pay till the Dendermonde exchange stopped to exist⁴². The city council considered the presence of the exchange of Dendermonde as a guarantee that the so important oil production and trade stayed concentrated around the city. As of 1857 the city of Alost took action in order to develop the market

³⁹ The first commission responsible for the formation of prices consisted of Vandervoorde François (chairman *Chambre syndicale*), De Bruyn Jean (oil producer) en Dilewijns Joseph (oil producer) (SAD, File : PB 128 : minutes and accounts of the "commission des cotes de la bourse : report 17/10/1846).

⁴⁰ RAB, Chamber of Commerce Dendermonde, file 816, session 21/12/1850 : remark of the *Chambre syndicale* concerning price changes.

⁴¹ The initial law of 28 ventôse an 9 (19/3/1801) indicated that the annual expenses had to be carried by the bankers and merchants of the city. This was possible via a contribution in conform the patent payments.

⁴² Initially the subsidy amounted to 52 BEF, in 1870 this was increased to 175 BEF but reduced again in 1882 to 150 BEF (SAD : File : PB 128 : minutes and accounts of the "commission des cotes de la bourse")

for oil products based on the new rail infrastructure and to steel as such the oil trade of Dendermonde. The city council insisted that the local merchants and the Chamber of Commerce would do everything to keep the exchange operational⁴³.

Based on the subsidies accorded, the city showed not only how much importance it attached to the exchange, but also allowed the *Chambre Syndicale* to cancel the annual fee for the brokers. From now on the *Chambre Syndicale* was able to cover their expenses with the municipal subsidies and the revenue from subscriptions on the published price lists, completed with the yearly interest on their capital. The salary of the concierge and the printing costs for the price lists, formed the major disbursements of the *Chambre Syndicale*⁴⁴.

As mentioned before, the most important reason for the implementation of an exchange was the structuring of the spontaneous growing commercial meetings by the application of strict rules. An essential element in this structure was formed by the brokers who functioned as *agents* in order to keep the system ongoing. These agents were very strictly controlled by the government, in the context of a very severe interventionism, which till 1867 dominated the working of the stock exchange, and which was very closely linked with the protectionist economic ideas of the French Code de Commerce. Besides the payment of a deposit, the brokers committed themselves to practice no other profession or to carry out transactions for their own account. In exchange for this commitment they got the monopoly for all the (stock) exchange transactions and were allowed to ask a broker's commission. The appointment was lifelong.

Based on the institution of specialized agents the government created an important stability and continuity in the world of the exchange but the very strict related conditions formed at the same time an obstacle and prevented the organical growth of the development of the exchange. The biggest disadvantage was the impossibility to react on actual movements. As such the number of brokers for the exchange of Dendermonde was in direct relation with the port and commercial traffic in 1844 (year of foundation of the exchange). The government and interest groups concluded that the appointment of four brokers was more than sufficient to cover the needs of the exchange. Due to the very complicated procedure it was impossible to react on the economic crisis of 1848, which had a strong influence on the transactions, nor on the economic growth as of 1855, as these facts couldn't influence the number of brokers at the exchange. The lifelong appointment meant also that the brokers stayed in their job until they took their resignation, even if they were old or too sick to continue with the necessary dynamism. This cumbersome structure formed a danger for the popularity and evolution of stock exchange. These structural difficulties, became even more accurate when one of the appointed brokers no longer kept his promises or decided to violate the existing laws and to operate for his own account or to adapt his broker's commission. Also in Dendermonde, as in many other port cities, this was mainly the case by the ship brokers⁴⁵. It was also characteristic that the brokers by the appointment of extra work forces, tried to protect their own interests and that the evolution of the stock exchange came on the second place. As they had all advantage to keep the group of specialized agents as small as possible.

This constrained attitude caused an increased protest of the merchants, defended by the Chamber of Commerce. Supported by the city council, the resistance of Dendermonde, against the strict exchange regulations which blocked each form of free evolution, could be heard also in Antwerp, in Ghent and in

⁴³ RAB, Chamber of Commerce of Dendermonde, File : 822 : letter 2/1/1857 : Major of Dendermonde to the Chamber of Commerce.

⁴⁴ They increased from 77 BEF in 1865 to 254 BEF in 1879, as of 1880 they fluctuate around 170 BEF (SAD, File PB 128 : minutes and accounts of the "commission des cotes de la bourse")

⁴⁵ The French law provided different kinds of brokers, besides the produce brokers (*courtiers de commerce*) and the exchange brokers (*agents de change*) there existed also ship brokers (*courtiers de navires*) who took care of the charter and the administration of the ships via the exchange.

Brussels. The common actions of the different Chambers of Commerce resulted in the largest and most drastic reform of the stock exchange in the Belgian 19th century.

We pointed out already that the economic-liberal theories became more and more dominant in Belgium in the second half of the 19th century. Economic papers such as the “Moniteur des intérêts matériels”, made under impulse of G. De Molinari a strong promotional campaign for the liberalization of the economy and the run-down of different rules and obstacles which limited the free development of the economy. The far-reaching liberalization of the exchange laws should be seen in this changed ideological area. Although the first voices for the liberalization of the stock exchange were already formulated by the Chambers of Antwerp and Ghent in 1850, it took until the beginning of 1860 before concrete discussions started⁴⁶. At that time the economic reality had caught up with the existing laws and regulations. A total series of authoritarian laws, were no longer observed in practice; the law on the applicable interest rates is only one example of it. As already indicated, the regulations concerning the stock exchange were more and more strongly violated. Inside the Belgian parliament the fear existed that this excavation could endanger the global respect for the code of laws. Under impulse of the liberal government Rogier – Frère-Orban, the economic liberalization took place at several levels. The cancellation of the patent regulation (octrooi) in 1860, the conclusion of far-reaching commercial treaties with France and the United Kingdom, the liberalization of the interest rate in 1865 are only a few examples : MICHOTTE (1904). These laws can be considered as revolutionary, compared to the regulations in place at that time, but are less inventive compared to the already existing change in the public opinion and the social habits. When we take this into account, we could even speak about a regularization of an organic and spontaneously grown situation, as often indicated by Veblen and other economic institutionalists.

This is also applicable for the reform of the stock exchange. The law proclaimed after a very short debate in the parliament in December 1867, approved the total liberalization and recognized as such some prior demands of merchants and stock exchange visitors. The detailed articles of this law as the history of origin could not be included in this study, an important point however is that from that day on everyone was free to create a stock exchange and all the restrictions to exercise the profession of broker were abolished. The establishment of this “absolute” freedom may not be considered as too evident, if we know that the French legislator never went that far in the reform of the French stock exchange. Unfortunately this international comparison can not be included in the context of this article.

For the regional stock exchanges this liberalization meant an important breakpoint. Several of the provincial institutions in Belgium would not survive this operation. In many cities such as Bruges, Ostend, Louvain, but also in Ghent, these institutions continued to live on the old privileges and habits, the lack of dynamism resulted in the fact that these exchanges faded away and continued to function only under impulse of the central authorities and performed only a minimum of formalities. When the pressure of the government disappeared, there was not enough motivation to keep this institutions ongoing. As Michie already pointed out for Great-Britain, technological evolutions played an important role in this process. The better communication possibilities by means of telegraph, railway, etc. resulted in the fact that merchants were much less depending on the regional markets to handle their transactions, because it was almost for everyone possible to handle the transactions on the dominant exchanges of Antwerp and Brussels. The disappearance of the existing legal restrictions, accelerated this process.

8. After the reform of 1867

Contrary to what was indicated before, Dendermonde refused to accept the supremacy of the large exchanges. Even the local authorities did their almost to keep this institution ongoing. The fear that the arch-enemy Alost, a neighboring city, would take over the oil industry, mainly explained why the exchange of Dendermonde, was the only smaller exchange which survived the exchange reform of 1867. With the

⁴⁶ AMFA, Diplomatic Archive, File 2278 : Bourse d’Anvers / 2281 1 : Bourse de Gand

introduction of an exchange commission, they adapted the new regulation to the existing structure. On the other hand this operation was probably not going to happen if no transactions were executed anymore at the exchange of Dendermonde.

Despite these efforts it was not at all easy for the local exchange, especially when the Chamber of Commerce, one of the driving forces of the exchange, was abolished by the government in 1875. In that year the exchange commission indicated in its annual report to the city administration that, due to the opening of a market for oil bearing seeds at the Brussels exchange, a lot of merchants transferred their activities to that city. Nevertheless the report stipulated that the net operating revenue was increased. In that same year the commission tried to increase the visitors to the exchange via the implementation of a telegraph office, open during the stock exchange hours⁴⁷. By using the telegraph, visitors of the exchange were able to tune their transactions immediately to the Brussels price evolution.

In the report register of the prior *Chambre Syndicale*, which was transformed to the exchange commission⁴⁸, no reports were included anymore of any meetings, but the indications were only limited to the detail of the accounts ones a year completed with the membership list of the commission. This register was only kept till 1902, although the subsidies of local authorities continued till 1911. The absence of the minutes of the city council meetings makes it very difficult to place these data in their correct context and to understand what the effective role of the stock exchange was in this period. Based on the limited information that is available, we can suppose that after the reform, the exchange of Dendermonde became a specialized market in oil bearing seeds, where no other transactions took place.

9. Conclusions

In this article one of the smallest stock exchanges existing in Belgium during the 19th century, was analysed in order to understand the origin of the Belgian stock exchange. It appeared that Dendermonde can be considered, in the second half of the 19th century, as a very small stock exchange where, with exception of the operation related to the oil bearing seeds, transactions were often limited to the local market. Only a very limited number of transactions, which goes beyond the regional level, took place. A comparison with the most regional stock exchanges in Great-Britain and France was very difficult, but this does not mean that also in France, a huge diversity existed between the different exchange institutions and that for instance the exchange of Dunkirk was hardly comparable with the exchange of Marseille or Lyon.

Although it is difficult (on the basis of the consulted archives) to make definitive conclusions, no one can ignore that the stock exchange of Dendermonde, has to be seen as an almost exclusively produce-exchange. However, this is not an argument to exclude this stock exchange from the research, when a study is made about stock exchange in Belgium. Not only there didn't exist legal differences between both types of exchanges till 1934, but the cumulation of exchange brokers and produce brokers also existed for instance at the Stock exchange of Brussels. The produce-exchanges and stock exchanges were in the 19th century regulatory and institutionally so closely connected that it is almost impossible to determine where one stopped and the other started.

The Belgian exchange regulation was in the same degree applicable to the smaller exchanges. These exchanges functioned in exactly the same way as their larger counterparts, be it on a smaller scale. The appointment of brokers, the renewal of the *Chambre Syndicale*, the request to make deposits, the formation of the price list, the determination and application of the broker's commission and the role of the Chamber of Commerce in the working of the stock exchange, were areas in which the exchange of

⁴⁷ SAD, city reports : 1875-'76

⁴⁸ The official title was "Commission des cotes de la bourse de Termonde"

Dendermonde barely differed from the exchanges of Antwerp or Brussels. From the files kept by the ministry of Internal Affairs it appears clearly that in important discussions related to the introduction of changes in the stock exchange legislation, the smaller exchanges were also taken into account. For Dendermonde the involvement in this national decision making process was however rather limited. Although the local Chamber of Commerce was not in favor of the monopoly of the ship brokers after 1867, the final rejection of this proposal had to be found in the actions of the Chamber of Commerce of Antwerp and Ghent. That didn't alter the fact that the mixed composition of the *Chambre Syndicale* had influenced the fact that after 1867, non-brokers were allowed in the exchange commissions of the larger stock exchanges. The cooperation between merchants and brokers and the abolition of the absolute monopoly of the brokers would have been very much appreciated by the merchants of Antwerp and Brussels.

This study permits also to examine closely the different power relations which ruled the stock exchange and which in the larger exchange cities (due to the presence of a lot of produce/exchange brokers and advice committees) is very difficult to perceive. Especially the parallel role of the Chamber of Commerce and the *Chambre Syndicale* and the not to be underestimated, (often moderate role) of the local authorities became as such clear. The impact of the stock exchange of Dendermonde on the global Belgian exchange development is rather limited and was often not much more than the repeating of the points of view of Antwerp and Ghent. This is probably the reason why researchers until now paid little attention to this subject. However this study developed an interesting blueprint and offered a useful framework on which base the further research of the (regional) stock exchanges in Belgium can be accomplished. The first steps in this detailed investigation have already been made and show a total different picture for the exchanges of for instance Ghent and Liège.

Economists and historians formulating theories about the origin of the stock exchange "institutions", have to take into account that by the explanation of the origin of this organically-grown institutions, still functioning today, sufficient attention has to be paid to the historical specificity of the 19th century where the roots of the modern exchange system can be situated. This study proved that the exchange institutions cannot be linked exclusively to the larger financial metropolis, but have to take into account the smaller institutions, which have played a non-underestimated role in the evolution of the exchange as known today, and which disappeared out of our memories during the course of history.

10. Input for further research

The study of the stock exchange of Dendermonde is only a first step in the detailed investigation of the financial history of the Belgian stock exchange in the 19th century⁴⁹. A side a similar investigation concentrated on the other exchanges existing during the 19th century, attention has to be paid to the different power relations and connections between the different institutions. This research must allow to test for a certain number of theories, already formulated in the context of the research of the stock exchange of Dendermonde : the unity between the appointment of brokers and the establishment of a stock exchange, the influence of the mixed bank institutions on the development of the exchange, the close link between produce and exchange transactions and the role of the different exchanges in the realization of the Belgian exchange legislation. There are of course only a few points of interest to be developed.

⁴⁹ The author started during the course of 2001 with a Ph.D. titled "The forgotten exchanges of Belgium : a view the Belgian exchange history during the long 19th century". Promoter will be Prof. G. Devos (UFSIA) and co-promoters Prof. H. Houtman – De Smedt and Prof. L. Cuyvers.

Annex 1 : overview on the exchange prices for wheat and rye for the period 1851 – 1861

Wheat

RYE

| Year | Average price | Highest | Month | Lowest | month | Average price | Highest | Month | Lowest | Month |
|------|---------------|---------|----------|--------|-----------|---------------|---------|-----------|--------|----------|
| 1851 | 11.40 | 12.73 | December | 10.18 | February | 19.96 | 18.90 | December | 16.22 | March |
| 1852 | 14.12 | 15.88 | April | 12.53 | January | 20.37 | 22.27 | December | 18.73 | July |
| 1853 | 16.18 | 23.83 | December | 12.96 | March | 26.02 | 36.10 | November | 21.46 | April |
| 1854 | 22.27 | 25.22 | January | 17.74 | August | 32.09 | 34.18 | January | 30.01 | March |
| 1855 | 20.99 | 24.49 | October | 17.05 | March | 33.46 | 38.27 | December | 27.92 | March |
| 1856 | 17.61 | 23.87 | January | 14.56 | December | 31.19 | 36.85 | July | 25.23 | December |
| 1857 | 13.05 | 14.83 | June | 11.54 | December | 23.32 | 26.90 | July | 20.15 | December |
| 1858 | 15.22 | 18.29 | July | 13.30 | March | 25.41 | 29.48 | July | 23.55 | November |
| 1859 | 12.36 | 15.83 | December | 10.67 | March | 19.13 | 21.73 | December | 17.11 | April |
| 1860 | 15.50 | 17.04 | April | 13.68 | September | 22.86 | 26.39 | November | 20.13 | January |
| 1861 | 14.85 | 18.06 | October | 11.15 | April | 25.64 | 29.16 | September | 21.62 | February |

Average price for oil and cattle cakes on the exchange of Dendermonde(1860)

| Month | Linseed oil (linseed) | Hempseed oil | Rape oil (rapeseed) | Linseed cake | Hempseed cake | Rapeseed cake |
|------------------|------------------------------|---------------------|----------------------------|---------------------|----------------------|----------------------|
| January | 85.45 | 93.12 | 103.35 | 262.67 | - | 169.60 |
| February | 87.98 | 92.28 | 105.89 | 264.40 | - | 172.33 |
| March | 90.80 | 92.51 | 110.14 | 278.91 | - | 172.33 |
| April | 90.07 | 97.51 | 112.64 | 279.00 | - | 172.33 |
| Mei | 91.15 | 100.00 | 117.44 | 264.85 | - | - |
| June | 89.91 | - | 118.94 | 256.46 | - | - |
| July | 88.10 | 98.67 | 120.29 | 265.57 | - | - |
| August | 91.61 | 101.58 | 144.04 | 277.55 | - | - |
| September | 91.27 | 101.13 | 118.03 | 287.07 | - | - |
| October | 91.66 | 102.27 | 121.05 | 298.68 | - | 212.70 |
| November | 93.51 | 109.74 | 123.87 | 364.17 | - | - |
| December | 91.15 | 107.32 | 120.46 | 352.75 | - | 226.75 |

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Résumé

Dans l'histoire de l'économie belge le rôle et le fonctionnement de la bourse est un aspect négligé. Les quelques études qui ont été faites à ce sujet traitent presque uniquement la Bourse de Bruxelles. Bien qu'on peut encore trouver dans la littérature des traces sur la Bourse d'Anvers, l'existence d'environ 6 institutions boursières, dans la 19^e siècle belge reste caché dans l'obscurité du passé.

Cette constatation est en contradiction avec les activités d'enquêteurs français et britanniques qui ont publié plusieurs études dans lesquelles le rôle des bourses régionales ont été accentuées. Cet article peut être un essai pour impliquer les bourses régionales dans la recherche sur base d'un case study en relation avec la Bourse de Dendermonde.

Dans un court résumé général et théorique, on examine quelle rôle les bourses régionales jouent dans un contexte historique international pour constituer un parallèle avec la situation en Belgique et plus spécifiquement le cas de Dendermonde.

La recherche effective démarre avec un aperçu de la ville de Dendermonde, dans lequel le rôle économique et les facettes qui ont constitué sa développement économique ont été étudiées plus profondément. La production pétrolière, qui n'était pas uniquement le secteur industriel le plus important, mais prise en considération le manque de matières premières, dominait également les activités du port et les activités commerciales de Dendermonde.

L'accent est mis sur le rôle dominant que la Chambre de Commerce a joué dans l'établissement et le fonctionnement de la Bourse de Dendermonde. Un phénomène qui apparaît aussi de nouveau dans des autres bourses belges.

La Bourse de Dendermonde paraît sous impulsion de l'industrie pétrolière d'être principalement une bourse de marchandises. Sur base de la législation spécifique française et plus tard la législation belge en relation avec la réglementation boursière, l'attention a été tirée sur le lien étroit qui existait en Belgique entre les bourses de marchandises et les bourses de fonds. Ce lien n'existait pas uniquement sur un niveau des institutions mais aussi sur le niveau des courtiers et agents de change, associés aux bourses belges. Ces fonctions étaient cumulés par les mêmes fonctionnaires, aussi bien qu'à Dendermonde que dans beaucoup d'autres lieux.

A côté de ces considérations souvent théoriques, l'attention a aussi été tirée sur le fonctionnement concret de la Bourse de Dendermonde notamment sur la fixation des cours, la nomination des courtiers, etc..

La chambre syndicale prenait un rôle important dans la composition de ces tâches. Sur base des données minimales qui sont disponibles, on a tâché de donner un aperçu du volume de transactions qui se passait en bourse.

La réforme boursière de 1867 et l'étouffement lente de la Bourse de Dendermonde arrondissent cette étude.

