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## ECONOMIC POLICY TOWARDS DOMESTIC STOCK EXCHANGES

*Over the past forty years, stock exchanges have undergone a number of transformations (legal, organizational and technological). They resulted both from general external conditions (including technological progress) as well as were the expression of various economic (structural) policies. Two of which seem to be basic. The first implemented in France, based on optimal centralization of stock exchange trading. The second one, implemented in Germany and Spain, expressing the concept of a complementary and effective combination of the potentials of the main trading floor and regional exchanges. Promisingly, especially in this latter dimension of experience together with the Edinburgh 'stock market experiment' that has just begun, they may reveal yet another not yet fully recognized characteristics of the stock market – the institutional exemplification of the market economy.*

**Keywords:** *economic policy, stock exchange market, regional stock exchange market, stock exchange – urban experiment*

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### INTRODUCTION

One of the chief roles that fall in the share of economic history is:

[...] acting as a forum where economists, specialists in political sciences, lawyers, sociologists, and historians of events, ideas and techniques - can meet and talk to each other.

The author of the article is encouraged in this way by Sir John Richard Hicks [Hicks J. R. 2000:12], and at the same time distinguished by the possibility of presenting his text in the pages of "Studia Historiae Oeconomicae",

he wishes to contribute in this way to such a conversation. The subject of his deliberations is the stock exchange being the place of implementation of various economic policies, which, as exemplified by several Western European countries - could have been observed in the last forty years. In the proposed approach, he perceives the stock exchange as a formal market shaped on the way of historical development, and therefore one that in institutional terms (i.e. customary, legal and organizational) is a separate part, not a synonym for the entire capital market<sup>1</sup>. That refinement makes it even more convincing to share the view that, also with regard to stock exchanges:

[...] contemporary world is characterized by two parallel tendencies - tendency to universalization, unification and equally important tendency to diversify, differentiate. Sometimes the first tendency is dominant (the 1990s), another time the second tendency prevails [Kowalik T. 2010: 58].

The emphasis of this dichotomy on the example of transformations which at the turn of the centuries passed the stock exchange - is the first objective of this study. The second is the attempt to indicate the potential that in a globalized or "Americanized" world, as Henry Kissinger put it [Kowalik T., 2003: 20-21], may accompany the regional and local (i.e. urban) stock exchange initiatives, especially when they are part of the objectives of regional economic policy.

The author tries to use a rather broad interpretation of economic policy, such as that proposed by Waław Jarmoławicz, for example. In which, apart from direct instrumental influence, the teleological approach plays a lesser role. Then, through economic policy, we can understand:

[...] conscious and purposeful ventures of institutions and state authorities (government and local government), in line with previously adopted objectives and principles and having a real impact on the course of economic processes and phenomena [Jarmoławicz W. 1996: 150].

At the same time, the cited economist also proposes using the term structural (strategic) policy, as implemented within the existing structure of the

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<sup>1</sup> The capital market includes organized (stock exchange) and disorganized (eg inter-bank) forms of trading in financial instruments. Some sources also include insurance companies, [see Bannock G., Manser W. 2001: 50]. The refinement of the capital market structure is gaining in importance. In the face of dynamic development of various types of institutions "shadow banking", which include various forms of activity, e.g. in the area of private equity, [see Płókarz R. 2013: 33].

economy, and conducted in correspondence with current and system policy [Ibidem: 150].

## GENESIS OF THE EXCHANGE MODERNITY

The beginning of the 1970s, in which the first oil crisis occurred, was at the same time the end of the period that Jean Fourastie called the "glorious thirty years" (*Les Trente Glorieuses*). The emergence of a neo-liberal concept that was gaining importance, and then dominating in theory and in practice, was the result of the search for prescriptions that would allow breaking the structural impasse in which were Western economies with the United States at the forefront. Generally binding from the 1930s, the Keynesian doctrine exhausted its ability, as exemplified by the general helplessness of stagflation. It is the kind of carefree Keynesian treatment of monetary policy, as Waclaw Wilczyński expressed it, conducted in conditions of cold war and armament, became one of the main reasons for the demonetization of gold at the end of the 1960s [Wilczyński W. 1996: 133], resulting in the final departure from the Bretton Wood system set up in 1944. On the other hand, it can also be assumed that together with the discovery of the so-called Triffin's dilemma<sup>2</sup> in 1960, the Bretton Wood's disintegration was a matter of time [Millman G. J. 1997: 105-107] The same cause was emphasized, which over 200 years ago depressed the monetary relations in France under the regency of Philip II of Bourbon Orleans and his financial "master" John Law, when Louis Armand III Bourbon - Prince Conti and other similar to him, 'sceptics' in the face of widespread euphoria ('rain of gold') from 1719-1720, decided to test the declared interchangeability of banknotes and shares of the Indian Company to ore [Selfridge H. G. 1939: 200-211].

One of the most important dimensions shaping the new monetary order since 1971 has been the dynamic development of the forward currency market of *futures*. The institutional onset of this market was one of the two most important commodity exchanges in the "Windy City" - Chicago, Mercantile Exchange (CME), the popular "Merc" previously associated mainly with trade contracts for eggs, butter, and livestock. A bit forgot-

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<sup>2</sup> The term was coined from the name of his discoverer Robert Triffin, an American economist of Belgian origin.

ten is the fact that in the historical launch of currency trading on CME (in 1972), Milton Friedman himself had a significant share. His study on the general economic advantages and benefits of developing such a market turned out to be a serious argument for the US economic and monetary authorities [Millman G. J. 1997: 136-138]. With the help of another academician, Richard Sandor (this time not from Chicago, but also from Berkeley), the second of the big commodity exchanges - the Chicago Board of Trade (CBOT) - followed a similar path. Soon, the regulations and supervision of derivatives markets previously held at the Department of Agriculture were transferred by the decision of the US Congress to Commodities Futures Trading Commission (CFTC) created in 1974 [Ibidem: 139-143]. Soon, both commodity exchanges operating since the 19th century began to play an increasingly important role in the rapidly changing architecture - a regulated stock and equity market. In 1971, the New York NASDAQ was created, formally not having the status of an exchange, but in reality, it was the market of the new generation from the very beginning. The early 1970s turned out to be the moment when the market financial system entered the "modern age" [Samuelson P. A., Nordhaus W. D. 2012: 564].

### 'MARKET EXCHANGES' VERSUS 'OFFICIAL EXCHANGES'

The beginnings of modernity seen this way coincided with the end of the period in which stock exchanges functioned according to the model order shaped after the war. One that the subject literature has expressed in the precursory works of Gøsta Esping Andersen from 1990 (*The Three Worlds of Welfare Capitalism*) and Michel Albert from 1991 (*Capitalisme contre capitalisme*). In the context of our deliberations, it is worth referring to this second title, because in addition to the synthetic analysis of the Anglo-Saxon model and the Rhine model (German, Alpine, and if left to the toponymy and take into account France it is more of a "Mosel" model), for the first time in such an unambiguous way the antinomy between highly developed Western market economies has been revealed. Diametrically different: "in matters of the human's place in the enterprise, the market's place in the society" [Albert M. 1994: 26]. Simultaneously, the issue of time was raised to the level of the differentiating category, long convergent with the presented trend. According to M. Albert, and later other investigators (e.g. R. G. Rajan, G. Ingham or T. Kowalik), European (alpine, Moslem) capitalism about the philosophy of profit in the "long run" (e.g. dividends, inter-

est on long-term deposits), with the highest possible risk control. The approach is diametrically opposed to Anglo-Saxon optics, affirming the risk and perceiving the attribute of the model orientation on the so-called "fast profit". It is implemented not so much in the form of a division of the surplus generated by the company listed on the stock exchange, but as a result of the game on the expectations of the volatility of the stock exchange rate of its stock.

Remembering that the studies on typology of economies remain an open research space, reminding, as Janos Kornai expressed it, completing passwords in an encyclopedia [Kowalik T. 2005: 19], we can however assume, following the subject literature, that at the level of stock exchanges, the contradiction in question was mainly expressed in:

- legal forms;
- the scope of interference of public authorities in its functioning;
- a system for determining rates.

Analysis of the model components listed in this way made it possible to determine whether a particular stock exchange was closer to the Anglo-Saxon – 'market', German-French (Moslem) – 'office'. And so, in the case of the first of the mentioned features about proximity with the 'market circle', the private-legal nature of ownership was to decide. It expressed itself in the form of a commercial law company, owned by exchange participants, mainly natural persons, brokerage firms or banks<sup>3</sup>. The creation of these types of exchanges was therefore associated with a grassroots initiative of founders interested in conducting their own business, consisting of concluding transactions on their own account or as part of brokerage [Pietrzyk E. 1990a: 16-18]. In this way, for example, the NASDAQ (National Association of Securities Dealers Automated Quotation System) was established at the initiative of the National Association of Securities Brokers in 1971. It should be emphasized that such a company - the stock exchange was not aimed at generating profits for its owners, but its overarching goal was to strive for optimal operational efficiency. The profits developed and reinvested in the stock exchange also served this purpose. The pecuniary aspects resulting from membership were located somewhere else. In the case of the New York Stock Exchange (NYSE), they were

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<sup>3</sup> For example, the Australian Stock Exchange was a company of 525 brokers and 98 brokerage companies, while on the London Stock Exchange it had over 4,000, of which about 200 brokerage firms and banks, and thus the vast majority were natural persons, [cf. Czerniawski R. 1991: 56].

associated with a 'chair', a place that gives direct access to the market. Apart from the fact that the 'chair' was subject to inheritance, it was also possible to borrow it or to sell it entirely, after meeting certain criteria. With a limited number of members (on the NYSE from 1953 their number invariably amounted to 1366), the price of 'chairs' was subject to considerable fluctuations, although in the long run it clearly gained<sup>4</sup>. Outside the US, similarly organized stock exchanges operated in Canada, Australia and New Zealand and Great Britain, the Netherlands, and with great similarity in Hong Kong and Singapore too [Pietrzyk E. 1990a: 18]. A different, i.e. public-legal form of the stock exchange was represented by such countries as Germany, France, but also Japan. The creation of the stock exchange was not associated with a bottom-up, private initiative, but it was the result of the decisions of public authorities. Thus, they also determined the organizational structure and the official stocking of various stock exchange functions. As a result, exchange brokers working on the stock exchange in France or in Germany resembled government officials more than their colleagues from the USA and Great Britain [Czerniawski R. 1991: 59].

The dichotomy expressed so far deepened even more in the face of 'allocated' model quotation systems. The Anglo-Saxon stock exchanges or other models deriving from them (e.g. Singapore, Hong Kong, Zurich) continuous quotations dominated, with two basic variants, i.e. dealerships (London, New York) or matching orders (with the following techniques: order books - Tokyo; - Hong Kong, Singapore, Sydney, or crowd - Zurich) [Dzudziński-Kocoń A. 1991: 6-7]. Their essence was that every purchase-sales order could immediately affect the current rate. While on the floors of continental Europe (e.g. Germany, France, Belgium) mainly the system of periodic quotations was used. With one or two so-called fixings, i.e. the moments in which the price of a given security was fixed. In order to limit excessive fluctuations (risk), the range of exchange rate changes between subsequent fixings was limited and usually within the range: +/-10%.

As can be seen there were a lot of reasons for describing exchanges through the prism of the 'market' or 'office' [Pietrzyk E. 1990b].

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## TRANSFORMATIONS, INTEGRATIONS AND THEIR EXPERIMENT

The effects of changes that occurred due to the technology entering the field of exchange markets may lead to reflection, or, as Jacques Ellul put it under consideration, such words as: "Technique" or "Internet" - should they really not be expressed using only large letters<sup>5</sup>? However, it must be remembered that, 'the stock market has always been receptive to technical news' [Czerniawski R. 1991: 51]. The appearance of telephone booths in the second half of the nineteenth century at the stock exchange floors, for example in Berlin, Hamburg or Wroclaw, was probably a breakthrough in a similar measure as subsequent electronic links. New technologies, especially telecommunications and IT technologies, from the turn of the 1960s and 1970s, through the following decades, opened new links in the chain of changes. In regards to the features listed earlier, it can be concluded that the technology accelerated the departure from the previously different stock exchange - the system of periodic quotations. As a result, on the floors of continental Europe, and a little earlier Japan (e.g. Tokyo 1982), they were replaced by a successively introduced, automated continuous trading system<sup>6</sup>. While on many other markets with continuous quotations many transactions were still carried out using the traditional *open outcry* method [Korycki Ł. 2005]. Naturally by not exhausting the catalogue of changes, one should even mention that technological progress has significantly expanded and made the product offer significantly better. The financial market, in contrast to other areas of the economy, practically does not recognize patents and protect ideas for new financial instruments. Modern technologies allow for a quick adoption and implementation of the products they inspect, and then their offer expansion [Stypułkowski C. 2012: 9].

In view of these changes, the next step in the evolution of stock exchanges had to be transforming them from non-profit organizations into

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<sup>5</sup> The French thinker J. Etlul was to be the first to write the word "Technology" with a capital letter. In this way, he expressed the accumulation of all technological knowledge that permeates all areas of personal, economic and social life, [see Dembinski P. H. 2011: 42-43].

<sup>6</sup> The transition to the continuous trading system was generally evolutionary. At the Paris Stock Exchange, in 1993/1994, the most liquid stocks were covered by continuous quotes, and about 4,000 of the remaining ones were listed with one or two fixing a day, [see Zawila-Niedźwiecki J. 1994].

a profit-oriented company [McBride-Johnson P. 2001: 111]. In the process that used to be called demutualization, from the transformation of the "communal" structure into a commercialized *for-profit* type [Kachniewski M., Waszkiewicz A. 2012: 245], the former stock co-owners had to reconcile with the loss of the privilege of direct market access (for the licensing procedure) and they had a choice: to convert their shares into new shares or to sell them. In this situation, there were no longer any obstacles to the shares of the commercialized company - the stock exchanges themselves became the subject of exchange trading. Such a historic debut took place in 1998 when the stock exchange in Sydney hit the Australian Stock Exchange. Only in the years 2000-2001, was this route passed in chronological order by exchanges from Hong Kong, Singapore, Athens, Frankfurt (Deutsche Börse), Oslo, Euronext (Amsterdam, Brussels, Paris, Lisbon), and London [Aggarwal R. 2002].

In light of the above considerations, we can conclude that the transformations which stock exchanges underwent since the turn of the century, fundamentally changed their legal, organizational and functional character. Model distinctions enabling identification and division into 'stock-markets' and 'stock-offices' also succumbed to changes. They were replaced by entities that are not so much in the old sense of stock exchange institutions, but rather "operators" of formalized securities markets (stocks, bonds, derivatives). In the case of such entities organized in a holding structure, we can see clear ownership ties between the stock exchange trading of securities and organized commodity markets. For example, the Intercontinental Exchange holding (ICE) is from the owner's side - the merger as if under the same roof taken over in 2012 the New York Stock Exchange with trading in futures commodity instruments (fuels, agricultural products). Similarly, in the case of Hong Kong Exchanges & Clearing Limited, where securities trading combines through ownership relations with the London Metal Exchange acquired in 2012, the world's most important non-ferrous metal exchange. Therefore, some analogies may be justified with the times when capital trading was still the domain of commodity exchanges, before it was in fact distinguished and transformed into specialized money markets in the 19th century [Kalpaka P. 2007: 72].

The 1990s, namely "the first decade of experience with a truly global economy" [Cameron R., Neal L. 2010: 424], laid the groundwork for the commercialization and "wave-making" of the stock exchanges themselves. After the transatlantic alliances of the Scandinavian exchanges NASDAQ, especially NYSE with Euronext, it was thought it was just the beginning

of ownership changes, but in fact, it was not. After the 2008 crisis, there was a clear renaissance of the state-oriented thinking about the stock market. In 2011, the Australian government opposed the plans to merge the Singapore Stock Exchange with the Sydney ASX parquet. In the following years, we had examples of subsequent acquisitions. Including several attempts involving the Deutsche Börse Group in the lead role when it tried to connect with the London Stock Exchange three times (2000, 2004, 2016/2017) and once with NYSE Euronext. This last alliance broke down because of overtaking by ICE, which was dictated by a repeated fall of the exchanges from the USA and France. As a result, Euronext returned to the Old Continent and the French showed the biggest enthusiasm.

## CENTRAL ORIENTATION

The British Big Bang from October 1986 became synonymous with stock exchange reforms in Western Europe in the 1980s. In the literature on the subject it has been described extensively, so it is worth adding that it should not be so much associated with the spirit neoliberal deregulation, but much more so with Margaret Thatcher's attempt to oppose the ongoing marginalization of the London Stock Exchange<sup>7</sup>.

The „big bang“ power, however, seriously drowned out what was happening on the other side of the English Channel. In France, stock exchange reforms were parallel, if not earlier<sup>8</sup>, and certainly no less institutional. Among such initiatives, one should point to the exchange of commodity derivatives created in 1986: MATIF (*Marche a Terme des instruments financiers*), the first of its kind in continental Europe. A year later, the Paris stock exchange launched a special trading floor for the MONEP option (*Marche des Options Negociables de Paris*). These initiatives were preceded by further institutional changes subordinated to the objectives of increasing the activity of French banks and other institutions. These regulations

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<sup>7</sup> It is worth recalling that in the 1970s there were common opinions that the London Stock Exchange is a very respectable institution, but it does not play a significant role, while investing in it: “resembles a game on louse”, [see G. Aranda 1973: 7].

<sup>8</sup> Work on reforming the exchange market began in 1981. In 1983, the National Assembly passed tax preferences for those investing on the stock exchange. It is also worth reminding that in France in 1967 the embarrassing limitations connected with the broker occupation of women were abolished. In Great Britain, it was later, namely in 1973 [see P. Rimbart 2009: 6-7].

were reflected in the regulations of 1988, thoroughly changing the nature of brokerage companies. Earlier, the securities market service in France was an expression of the state's cooperation as a supervisor and direct market regulator as well as private, often family-owned brokerage houses. The introduced changes were connected with the increase of licensing requirements, including capital thresholds, which caused that the offices were supplanted by *societes de bourse*, i.e. brokerage firms organized as Anglo-Saxon. From now on, their shareholders began to be mainly banks, insurance companies, etc. Only such institutions could provide guarantees to meet the challenges related to the operation of the continuous trading system (in Paris 1986/1987, Lyon in 1989), an important element on the way to the communal release of capital flows [Zawiła-Niedźwiecki J. 1994].

Another significant example of the economic policy (strategic) of the French authorities regarding the securities market was the 1991 decision on the liquidation of regional exchanges. The centralization of stock exchange trading was creeping in France. It began in earnest in 1962, when the consolidating Paris exchange was introduced, the requirement to assign a given share (stocks, bonds) to only one stock exchange. Previously, the securities could be listed in parallel on various domestic stock exchanges [Belletante B. 1998: 201]. It is worth mentioning that in 1983 regional exchanges received significant support in the form of an unrestricted opportunity to service medium-sized companies (within the so-called second trading floor) and this opportunity, at least some of them - they were able to use to a large extent. The real leader of the French (and European) regional stock market was the Lyon exchange. It had, among others a significant position in terms of bonds trading, it was also the second stock exchange next to Luxembourg (European leader in debt securities), on which the issue of the first bonds in ECU (Mont Blanc Tunnel) was carried out [Węglewski M. 1990: 13]. Therefore, not only from the current perspective, the decision to liquidate it can be read as an example of this - having a loose relationship with the essence of the economic calculation. In the end, the centralist options were quite characteristic of France<sup>9</sup>. It should also be remembered that it was the organizational solutions of the Bourse

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<sup>9</sup> A similar decision was made in the 1990s, including in Italy (liquidation of the exchanges in Rome and Turin) and in Belgium (the stock exchanges in Antwerp and Liege closed).

de Lyon that were implanted into the Warsaw Stock Exchange which was established in 1991 in Warsaw.

## REGIONAL ORIENTATION

In Germany, the subjective structure of stock exchanges is created by the flagship Frankfurt Stock Exchange, a network of five regional exchanges and two markets with a formal status (in Dusseldorf and Berlin). The regional exchanges are located in Berlin, Stuttgart, Hamburg - Hanover, Dusseldorf, and Munich. Three changes have been so far made on the unified exchange map of Germany, and the next one is on the way. In 1999, the Hanseatic Stock Exchange in Hamburg merged with the Lower Saxon Stock Exchange of Hanover, resulting in a combined parquet: BÖAG Börsen AG. The stock exchanges from Berlin and Bremen decided on a similar move in 2003. However, the alliance did not last too long, in 2007 the Bremen stock exchange definitively moved away from its operational activity, transforming into a foundation [Kowalski W. 2009: 226] However, this structural "prejudice" was fulfilled by other enterprises. In 1996, the electronic over-the-counter market Lang & Schwarz Tradecenter was created in Dusseldorf. With time, a similar initiative was developed in Berlin, where the Tradegate Exchange was created. Another undertaking, but in the area of commodity markets was the launch in 2002 in Leipzig, a city with rich traditions on the stock exchange<sup>10</sup>, the European Energy Exchange<sup>11</sup>.

The transformation of the Frankfurter Wertpapierbörse in Deutsche Börse Group AG was a historic event for the contemporary architecture of the German securities market. The event was preceded by another "revolution", namely the introduction of the Xetra system in Frankfurt in 1997 (from Electronic Trading System). Through him, Frankfurt generates approx. 80% of the turnover of shares in Germany, of which the majority are

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<sup>10</sup> Before World War II, the stock exchange in Leipzig was the only one after the changes from 1934 that remained in Saxony when the stock exchanges in Dresden, Zwickau, Halle and Chemnitz were extinguished. The number of active exchanges in Germany decreased from 21 to 9. Before the statutory reform of 1896, there were 29 of them.

<sup>11</sup> The Saxon energy exchange in 75% belongs to EUREX Zürich AG, the world's leading derivatives exchange. It was established in 1998 as a result of the merger of Deutsche Terminbörse with its Swiss counterpart SOFFEX.

institutional orders from Germany and the world. Deutsche Börse Group is a leading stock exchange operator in the world [Ibidem: 229]. This position could be even more significant if, as it was mentioned, one of the acquisitions was achieved. In the context of the last approach to the merger with London, Brexit itself did not facilitate the matter of course, but it must be added that the enthusiast of merger conditioned according to one concept - the Hesse Stock Exchange Authority was not the new location of the combined stock exchanges (e.g. in Amsterdam). The supervisory authorities in the Land Capital Markets have considerable prerogatives in Germany that they can use to defend the interests of their federal states.

After the launch of Xetry, there was no lack of opinion that regional exchanges in Germany could soon share the fate of many of their European counterparts [Kohler P. 1999]. In fact, it happened differently. What in German is called *Zeitgeist* the 'spirit of the time' triggered a number of initiatives whose hitherto effects emphasize not only the niche profile of regional exchanges. That is why it is fitting to share the view that, as a whole, they are no less innovative than Frankfurt [Steinberg F. 2016].

The Berlin Stock Exchange is a place where investors can access quotes 15 thousand various shares from over 80 countries around the world, including China, Australia, New Zealand or South Africa. In addition, it has expanded the offer of foreign bonds, often those that in Germany are only available on the capital market. On the other hand, the exchange in Dusseldorf, due to its strategic alliances with banks and other financial institutions, is considered an especially attractive market in savings and investment products (investment certificates, participation units, structured instruments, etc.). At the second largest center for trading in securities in Germany, Stuttgart grew with a turnover scale comparable to the Warsaw or Vienna stock exchanges. Such a high position is mainly due to the specialization in trading in derivatives and corporate bonds, with a strong exposure to the stock market. The trademark of the Munich Stock Exchange has been characterized by the very high liquidity of the market, and not only against the background of their regional stock exchanges. The Bavarian dance floor tries to combine these advantages with the image of an attractive place to carry out original offers for medium-sized companies. A similar development path directed at *Mittelstandsbörse*, but in the north of Germany - the "inter-city" Hamburg-Hanover exchange wants to become. So far, it has gained recognition thanks to an attractive fund offer, e.g. closed-end funds (e.g. real estate). The similar convergence of the offered products with Dusseldorf opened in 2016 a field for talks

about the merger. They proved to be so effective that the finalization of the merger is planned for the turn of 2017/2018.

The structure of the securities market similar to Germany is held by Spain. It should be noted that the path chosen by this country was not an imitative effect, but an expression of a consistently implemented, autonomous economic (structural) policy. The provisions of legislative initiatives from 1988, which are the basis for the development concept that was finally developed, indicate this, among others. A combination of turnover of cooperating exchanges based on a full automation and electronic connection from Madrid, Barcelona, Bilbao, and Valencia, but retaining considerable decision-making autonomies [Bannock G., Manser W. 2001: 197]. In 2002, a BME holding company (Bolsas y Mercados Espanoles) was established, whose shares in 2007 went to the stock market and are currently listed on all four Spanish exchanges. The structure of BME is complemented by the electronic derivatives market of MEFF.

On this basis, one could get the impression that Spanish stock exchanges, in contrast to the fierce competition of German exchanges, are an example of a different concept of development based on the far-reaching idea of cooperation. Nevertheless, even a cursory knowledge of Spanish realities seems to abide by such excessive affirmation of cooperation. However, what clearly emerges from them is a clear orientation for the needs of their surroundings. A good example of this can be, among others Bolsa de Valencia, describing itself primarily as 'the Valencia Community Exchange, whose main vocation is to support the region's economic development' [Bolsa de Valencia 2017]. One of the measurable examples is the new segment created in 2009: Autonomous Public Debt Market (*Mercado Autonómico de Deuda Pública*) [Ibidem], launched for the exchange of debt instruments issued by public issuers of the Valencian Community.

## EXCHANGE AS AN 'URBAN EXPERIMENT'

The liquidation of regional exchanges, not only in France, but also in Belgium, Italy and even before in Great Britain, was accompanied by a strong, still persisting conviction that such decisions should not negatively affect the development of domestic capital markets. The closing of regional exchanges was connected with the opening at the main and the only stock exchange in the country - second, third or subsequent parquets - segmenting the trading of the values of smaller issuers. Experiences with

this kind of activities are different. Also in Germany, where the Frankfurt-based Deutsche Börse is trying, in this way, to compete with regional exchanges. However, these issues would require a separate discussion. The author, however, would like to point out that encouraging examples from Germany and Spain may prove inspiring for various non-public initiatives on the stock exchange. The first in this century, known attempts to create a local Smaller British Exchange were made in Birmingham. In a city where, *in principle*, the regional stock exchange was closed in 1971. Signals with similar initiatives, but also without success, flowed several years later from Italy. After Brexit, information about the intention to create an Edinburgh stock exchange appeared [McArdle H. 2016]. The fact that practitioners with experience at NASDAQ set out contributed to the fact that the project was successful and created the electronic market SCOTEX [Scotex 2017]. The intention of the creators of this venture is to treat them as the institutional leaven of the future Scottish stock exchange. The chances of achieving these aspirations can be all the greater because the initiative enjoys the support of the Scottish authorities because it intends to be part of their economic policy, and not only. It is difficult not to notice any symptoms of the not-yet-identified resource of “urban tissue” from which “everyday politics” grows. Historical and cultural experience, however, teaches us that: ‘cities have always been open to new, dynamic, diverse (...) avant-garde of all kinds’ [Rewers E. 2014: 22].

For this reason, an example of the Scottish exchange substitute can be interpreted as “urban experience”, allowing to see Edinburgh in terms of city - laboratory. Exactly so, as Ewa Rewers expressed it, saying ‘in the widest sense of the laboratory, every city and every project is located’ [Ibidem].

To large extent, the ‘revitalizing’ project, because it refers to the times from about two hundred years ago, when ‘capital turnover began to separate from commodity trading and concentrate at a specific point in the city’ [Sopoćko A. 2005: 69].

## CONCLUSIONS

Over the past forty years, the largest Western European stock exchanges have undergone a series of profound transformations. Their main carrier have been, on the one hand, liberalizing tendencies strongly entwined with technological progress in the world economy (GATT, WTO, IMF)

and European (EU), on the other hand, different types of economic (structural) policies aimed at adapting domestic stock markets to these changes and the related challenges. The Casus of France is a reflection of the centralist option, consisting of on the liquidation of regional exchanges, thus strengthening them at the expense of one national exchange. Stock exchange reforms on both sides of the English Channel ran almost parallel and in a similar direction. However, while London managed to regain the position of a leading financial centre in the world, stock exchange Paris, even as the leader of the Euronext alliance, still remains at the stage of unsuccessful ambitions. The economic (structural) policy of Germany in this respect was different and, above all, diversified in a vector. It foresaw the strengthening of the largest Frankfurt exchange in the country, which, despite unsuccessful acquisitions (with New York or London), managed to achieve the status of one of the most important stock exchange institutions in the world. In addition, it has been attempted, successfully to take into account the ambitions and, what is more important, the potential of regional exchanges in the possibly furthest-reaching way. From the perspective of almost three decades since the reunification of Germany, one can say that the regional stock exchanges in Germany are developing successfully. The potential that they have also allows to assume that the possibilities of their development are much larger, also in the cross-border dimension. In a similar way, although on a smaller scale resulting from the size of the economy, the development of the stock market system in Spain can be assessed. At the same time, the potential for foreign expansion, not only for the Madrid "headquarters" of the BME but also for the exchanges from Barcelona, Bilbao, and Valencia, delimits the areas of the Spanish language to a large extent. Examples of reorganization of domestic stock exchange markets are highlighted by two consolidation concepts. One of them is based on the merger of stock exchanges, as a result of which the operations of the acquired institution (France, Belgium, Italy) are extinguished. The second one assumes a merger, but while maintaining the existing operational structures, i.e. the decision centre may change because of the acquisition; the people, building, and infrastructure of the acquired exchange remain. Such solutions are characterized by the consolidation of Hamburg and Hanover, and according to the announcement similarly happen after the connection of Dusseldorf. It is possible that the first experiences that are promising in this respect can be seen as an incentive to research on the unrecognized potential, which in the context of local exchanges could be rich urban tissue and, for example, its creative in-

dustries. Therefore, the bigger one should be observed in the laboratory phase – the Edinburgh Stock Exchange experiment.

The Polish stock exchange has over 25 years of development, which allows this institution to be judged in terms of authentic success, perhaps in proportion to the port in Gdynia during the interwar period. However, further development remains a considerable challenge. In the conditions of the renaissance observed in the world, thinking about the stock exchange as a symbol of economic independence, the chances for a satisfactory international alliance have definitely decreased. In this situation, one of the alternatives serving the desired polycentric development of the economy could be thinking about the domestic securities market in decentralized terms. All the more so because traditions exist in this area, and after 1989, the national commodity exchanges were trying to follow this path, which later extinction was not always dictated by what was commonly called the “market” [see. Kowalski W. S. 2016: 57-81].

Returning to the period of the Second Polish Republic, it is worth mentioning that the pre-war system of domestic exchange markets, both monetary and commodity markets, was proved by Roman Macyra (*Na rynku hossy i bessy. Giełdy towarowe w II Rzeczpospolitej*) or Dariusz T. Dziuba (*Giełdy i ich archetypy na ziemiach polskich*) a significant role in raising various civilizational aspects of socio-economic life in Poland:

[...] the stock trading system (...) created an opportunity to link prices to production costs, it assured transparency of commercial transactions, introduced standardization norms and civilized commercial relations [Macyra R. 2004: 75].

Another often underestimated dimension of the operation of stock exchanges is their educational function. Post-war West Germany was struggling with the consequences of the long stock exchange period, the educational gap. The Nazis came into being in 1933 and World War II. Socio-economic arrears on this background were made up for decades [Kostolany A. 1999: 127]. The real breakthrough occurred somewhere in the mid-1990s and was associated with spectacular privatizations (e.g. Deutsche Telekom) and the sale of significant share packages by many financial institutions by many attractive enterprises. These circumstances also favoured the development of regional exchanges, which, in response to the growing demands of individual investors, were interested in extending the stock trading (network) to late-evening hours. It is likely that a similar - organic development path will also have to follow the domestic stock market and its participants.

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