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THE OPPORTUNENESS OF RE-ORGANIZING THE AGRO-ALIMENTARY STOCK MARKETS IN ROMANIA

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In Romania, the activity of the stock markets finds its origin in the activity of the well-known fairs, which the historical documents of the XVIIIth century mention. At the beginning of the modern epoch, the inns offering shelter to the traders and storage premises for the goods were playing the role of real stock markets.

Even if the idea of creating stock markets in București and Brăila has been expressed for the first time in 1831, it will come to reality only in 1882, when the "Bursa de Comerțiu" is founded in Iași, followed by a stock market institution, dependent upon the Chamber of Commerce, in Bucharest ("Bursa de Comerțiu de pe lângă Camera de Comerțiu").

Because of the imperfections in the legislation and the resistance opposed by the businessmen to the development of the transactions within a regular framework, the activity of the stock markets will be weak during the period between 1882-1904. For the next ten years (1904-1914), the transactions on the stock market (particularly the one in Bucharest) will know a flourishing period. The expansion of the business is perturbed by the monetary and financial economic confusion, caused by the blowing up of the First World War, which determined the ceasing of the activity on the stock market in Bucharest in July 1917.

The economic effervescence during the inter-war period had its direct response in the activity of the stock markets.

Documents of the time advise us upon the fact that there were cereals

markets, in 1922, in București, Galați, Brăila, Constanța, Călărași, Tulcea, Bălți, and at the same time the stock market in Iași has been re-organized.

The period between 1919-1925 is particularly known in the economic history of the country as the period of the "great stock exchange movement"(3) in Romania.

After the troubles registered during the crisis period between 1929-1933, the activity of the stock markets knows a revitalization, thus, in 1936, 18 stock exchange centers were known in Romania. The turnover on the stock market increased from 1.3 billions lei in 1929 to 6 billions lei in 1936. Here are some statistical data, which show the volume of the transactions concluded on the stock market in București (at current prices):

- 215 millions lei in 1930;
- 372 millions lei in 1931;
- 496 millions lei in 1932;
- 1,122 millions lei in 1933;
- 1,734 millions lei in 1934,

and more than 2,000 millions lei in 1936. If we consider the year 1930 as a reference point, we can notice that the volume of the transactions increased by 1.73 times in 1931 compared to 1930, in 1932 it increased 2.31 times, in 1933 - 5.22 times, in 1934 - 8.07 times, and in 1936 it increased approximately 10 times compared to 1930. The transactions with cereals represent roughly 90 % of the total amount of the operations (1).

As far as the constitution and functioning conditions of the stock markets in Romania are concerned, these are identical to the ones in other European countries (particularly France). The stock markets were organized as public companies and their aim was to offer an institutional framework to the traders, manufacturers, bankers, producers, to the negotiations and transactions with goods, public and private values, currencies, naval transport capacities, insurance policies etc. The stock market was managed by a committee which task was to administrate the wealth of the institution, to supervise the observance of the laws, to establish the program of activity etc. The transactions were achieved through intermediate stock brokers (named in Romanian "samsar"). Like in other countries, the transactions were concluded "on cash" and "on term" and they could be firm or bounty.

If we take a look at the activity of the stock market in Romania, we can

conclude that they have constituted vital institutions, with a positive role in Romania's development process at the beginning of modern epoch. The economic effervescence particularly during the inter-war period could not have been possible without the activity of the commodity and stock exchange markets, which had an important contribution in facilitating the commercial and monetary transactions and in building the capital necessary to the process of industrialization, this including the foreign capital implication as well.

Like in the other Eastern European countries, which had adopted the centralized planning system, during the inter-war period, the activity of the stock markets has ceased.

Nowadays, the process of economic reorganization which has begun in all Eastern European countries aim particularly at substituting the excessively centralized ruling, based on centralized planning. Under these circumstances, the privatization of certain branches of the economy and the re-entitlement of the values impact upon the economy lead to the necessity of re-organizing the main market institutions, the commodity and stock exchange markets.

The stock market is one of the fundamental market institutions, particularly necessary for the transition process where the mechanisms of the market economy are not yet constituted, where there is actually a certain chaos in the system of the national prices and where the national market is divided, the prices for the individual transactions being very different.

On a market economy, the prices oscillate around a certain point, the medium price, characteristic for that specific economic situation. The market economy represents a mechanism which adjusts the goods flow through the instrumentality of this ancient tool which is the price. Nowadays, the prices do not function because of the fact that the old system of links between economic agents has fallen, and no other has been yet created instead. The demand and the offer are confronted only on a local area, we cannot attend the confrontation of the offer and the demand on a national area and there is no reference price around which the local prices would fluctuate. The stock market assures the confronting between the offer and the demand at a national level, this process becoming a reference point for the individual local transactions. Because of the efficiency of the proceeding rules of the auctions and the efficient conclusion of the transactions, the stock market imposes a directing principle in the natural chaos of the offers, and

more than that, it offers the organizational framework proper to its implementation. Therefore, wherever it functioned, the stock market phenomenon has over-shadowed the other market forms, primitive-intuitive ones, contributing to the process of smoothing the seller-buyer relationships and, through the sensibility of the sensors and the quickness of the self-adjustment means called for by the prices, to the curing and stabilization of the economies of the host-countries.

More than an area where transactions are concluded, the stock market stands for an institution. The existence of an institution implies strict rules of behaviour for those who use its services, rules based upon justice, equity, transparency. To be admitted on the stock market means an esteem mark for the producer or for the trader. The exemplary behaviour which is assumed here will be afterwards practiced outside this area as well, conferring thus to the stock market a civilizing dimension from an economic point of view, particularly in countries where the market economy is at its beginning.

Remarkable is the capacity of the stock market to simplify and standardize the trade practices which are usually rather knotty, led by the regional or branch specificity. It is as if over and against dialects, substituting these ones, a new language would impose itself, a more flexible one, more simple, more complete, able to give an universal answer to all necessities.

The stock market, once come into reality, functions in such a way as to offer the participants, through its activity, the necessary information concerning the price levels registered on the market as well as the tendencies of the prices, for a relatively short period of time at least. This feature makes the activity of the stock market to be considered as an indicator of the economic situation and a means of influence upon the world prices, which allows the people involved in the production of goods to take the right decisions, to realize how they could derive advantage from the facilities offered by the stock markets when they resort to their services (2).

The role and the importance of the stock markets lies in the following aspects as well:

- they influence the price level of the goods traded outside the stock markets;
- they diminish the risks of the producers as well as of the traders, dividing them among more companies, thus the futures transactions concluded through the stock market are less risky;

- the quotations on the stock market are used as a reference point for establishing the limits of price (maximum and minimum) for the transactions which are concluded as part of the international agreements concerning raw materials;

- by using the standard contracts, the other regulations and usances specific to this institution, the stock market contributes to the increasing of the efficiency of the trade business (5).

In the present economic situation, the stock market can have its benefic role in re-building certain economic links that have been broken, in the stimulation of the macroeconomic circulation. This is why, on 20th of November 1992, The Romanian Stock Market (BRM) has been re-established. The statute of the BRM specifies the following aspects, among others:

The Romanian Stock Market is a joint-stock company with a social capital of 948,750,000 lei, totalizing 86 share-holders, juridical persons:

- 6 trade banks;
- 35 great estate producers from industry and agriculture;
- 14 private producers;
- 31 trade companies.

One share has a nominal value of 250,000 lei.

The division of the capital is as follows:

- 17 % bank companies;
- 53 % estate companies;
- 30 % private companies;

Most of the world stock markets are specialized. But they benefit by a stable economic situation, regular and coherent mechanisms. It is not the same for Romania nowadays; this is why the transactions at BRM aim at covering a larger area, at giving a global answer to the necessities, in order to constitute itself as a market which is very much needed by the trade agents. The activity of BRM implies three types of market, the first two ones with specific and distinct floors (market 1 - 3 floors, market 2 - 5 floors). The agro-alimentary products are negotiated on the first two floors of markets 1 and 2.

The Romanian Stock Market assures not only the specific operations which devolve upon it: the control upon the preparations of the transactions, but it also takes part, as an authorized and efficient institution, in the examination and the

temporary storage of the goods.

We have to mention the fact that in Romania there are now local stock markets as well, organized as trade companies, such as the ones in Cluj, Arad etc. One can therefore notice a certain tendency of revitalization of the stock markets in the country.

By the end of 1992, the private property over the land has become prevailing, as it represents 70 % of the agricultural surface and 80 % of the arable one. At present, the family farms hold 85 % of the cattle effectives, 58 % of the porcines, 89 % of the ovines and 56 % of the poultry. Under these circumstances, one can state that the small peasant farm becomes the main economic agent in agriculture.

The existence of a relatively high number of small agricultural producers leads to the emergence of a seasonal and permanent agricultural offer - which acts upon the demand as far as its dimensions but also its structure are concerned. Because the centralized part exchange system through which the estate took over the products is abolished, in order to cover the demand of agro-alimentary products, a special place will take the prompting of private producers towards the general economic activity. This role will devolve upon the agro-alimentary stock markets, and this role will become more important because the private agricultural activity is developing and in their economic strategy the trade function will have to be more and more important.

We do not pretend to have thoroughly studied and to have broached all the aspects of the topic, but we think that this essay re-opens the interest for this domain which is so new and interesting for countries in Eastern Europe.