The history of the formation of commodity market infrastructure in Ukraine in XVIII - XX centuries

Exchange-trading process in our country has a number of peculiarities that undergo general economic and historical conditions. The history of exchange trading shows that Ukraine was incorporated into the system of international exchange trading, including the purchase and sale of sugar and cereals. Commodity markets were necessary for the organization of economic life of an area, they have become a kind of centers of certain economic areas and, therefore, reflected their product specialization.

Problem statement. The development of social and economic relations, the rejection of the administrative-command economy system and the introduction of market relations in Ukraine requires a fundamental reform of institutions which govern the functioning of the market infrastructures. One of the elements of the new economic system is the exchange markets that provide the operation of the security market, the wholesale market of agricultural, raw materials, lubricants and fuels, and other products.

The topic of the article is relevant due to the current stage of development in Ukraine, which is characterized by an active transformation of political, social and economic relations. Especially dynamic processes are the ones associated with the formation of most institutions that serve the needs of a market economy, promote the formation of an active market infrastructure. Exchange markets (commodity, stock, currency and others) take place one of the main places in this infrastructure.

The analysis of resent research and publications. In the scientific literature not much attention is paid to the problem of the origin and formation of intermediate infrastructure markets in the historical context. Exchange activity as well as its research has not yet become the subject of extensive scientific discourse in Ukraine. However, in our work we refer to the scientific and theoretical basis found in the works of I.V. Avilin, O.I. Berlach, O.A. Belianevych, V.A. Vasiliev, B.M. Krugliak, and G. L. Mishchuk.
Objectives. Trading on a stock exchange, holding auctions and competitions have specific features which, on the one hand, are caused due to their different legal regulations and business practices, and on the other - have significant similarities, allowing them to unite them into the general concept of "bidding". Bidding as a means of signing business contracts operates due to the existence of a mechanism of market competition. That is why they have to be under legislative control for the protection of economic competition.

Main material. As institutions of market infrastructure stock exchanges, auctions and competitions have overcome quite a long period of formation.

The establishment of bidding is connected with the development of the slave society, commodity and money circulation and the emergence of the primary forms of trading and usury capital. In the search of offers, in which one commodity would be equivalently exchanged to another one, owners tried to bring over to the exchange not one but several candidates.

Public bidding as a special form of entry into contractual relations was known in the Roman law. The most essential part of it was that one of the parties offered to enter into an agreement with someone who would offer the most favorable terms, for example, with one who would be willing to pay the highest price or do the work cheaper than others. In the case of a lease of a city land caused by the debtor bankruptcy, the bidding was considered obligatory [6, p. 62]. Bidding then divided into three types:

1) bidding for work;
2) bidding for work with material;
3) bids for the supply of materials.

In ancient Rome, in the public bidding process there were also sold war booty and the property of citizens confiscated to increase the state income (sectio bonorum); the property could be sold in full as well as in parts (hence ‘sectio’ - cutting, buying parts) [2, p. 36].

The popularity of the public bidding process in ancient Rome is proved by fairly well-developed terminology which was formed in the process of such relationships: ‘auctio’ (sale at public bidding), ‘venditio sub hasta’ or ‘subhastatio’ (sale at bidding), ‘venditio bonorum’ (sale of property of the debtor bankrupt), ‘distractio bonorum’ (sale of property of the debtor in parts, but unlike ‘venditio bonorum’ it did not entail the loss of property and dishonor), ‘hasta’ (under elevated spear, the symbol of ownership, there was conducted ‘subhastatio’ - public bidding and the meeting of one hundred judges which was sometimes defined as the ‘locatio sub hasta’ - recruitment, carried out in the form of public bidding); licitatio (auction or price increments at bidding); licitatio fructuaria 1. fructuum (dispute about the temporary possession due to interdict procedure: during the process the pretor gave the right to the possession to that person who offered the highest sum (in return there was given an opportunity to enjoy the benefits) as well as provided a guarantee) [3, p. 14].

Some symbolic forms which were predominant in the old law in determining the moment of signing a contract (the third gavel blow at auction) preserved in the modern legal life.

In bidding process prices could vary depending on new offers from suppliers and contractors, so a buyer could form the illusion of a "correct" price on goods and services. According to O.A. Belyanevych in unconscious search of a single equivalent to working time, socially necessary for the production of goods, the ancient Romans tried to organize the process of sale in the social form (bidding). As historically bidding originated as a social form of finding correspondence between the price and the value of goods, it gained two types of functions: regulatory (with accelerated development of productive forces) and control-
administrative (the expansion of economic activities of the state) [1, p. 45]. Thus, for a long time bidding served for signing contracts for human work or for goods supply for the treasury.

In the Russian Empire, the first attempts of legal regulation of bidding took place in the middle of the 17th century. At that time "surety records" were introduced “in order it would be possible to believe” [4, p. 58].

In 1712 the following items became mandatory during the bidding:

- informing public of upcoming bidding, which was carried out by putting decrees with the announcement of the bid on the city gates;
- fixing in a written form all applicants offers who had to contact offices for registration of proposals;
- openness to public as the winner of the bidding and his price were publicly announced.

It should be noted that even at that time the legislator saw in the bidding process such an event that could prevent inefficient use of public funds. In the decrees at the beginning of the XVIII century public nature of bidding hailed as a preventive measure aimed at preventing the abuse of officials, conspiracy of contractors in determining the price due to state order and so on. In the "Regulation on Admiralty and Shipyard Management" approved by Peter I, a number of requirements for the delivery of contracts were fixed:

- "tickets" with the name and type of contract work were hung in all the major cities in order to ensure the participation of the maximum number of applicants;
- to prevent the flow of fictitious offers contractors had personally to appear in the place for filing out the application indicating the type of work and its price;
- the contract was given to that applicant who was offered the lowest price;
- contractor reliability had to be confirmed by the warranties of a famous person.

According to the "Regulations" the bidding process ended with an obligatory 24-hour "seating at candlelight", where at the presence of two officers the final price was declared. Subsequently, in order to prevent plotting between officials with a small number of contractors, "Regulations" were supplemented by the rule on compulsory publication of the bidding process three times during half a year; besides, after each publication all the received proposals had to be recorded.

In the bidding process the contract and the supply for treasury were signed. The legal regulation of contracts with the treasury was implemented by general norms of civil law and special regulations set by the Regulation on State-Owned Contracts and Deliveries. Three ways (or rather - three varieties) of signing contracts with treasury were defined by the Regulation:

1. Oral bidding. The state-owned place and people had to inform the public with all the "details" of the contract, the quantity, quality, timing and sequencing of all parties so that the contract then did not have to be supplemented with other conditions, except for the price.

   The bidding was held with the presence of all applicants. During their conducting the letter was filled in, where there were mentioned the names of the participants and their offers (prices) had been recording as long as one of the participants mentioned the lowest contract price. In that account there was also an offer suggested by each of the candidates and the treasury institution accepted the most profitable one.

   There was only one bidding for each contract, followed by the second public bidding process, which in most cases was very important. The second public bidding process was to be held in three days after the deadline, so that everybody during that period could offer more favorable conditions for the Treasury. After the end the bidding process the treasury institution had to provide a proper contract form. In the case when a contract exceeded the
statutory amount, the acceptance of the bid and the signing of the contract did not depend on local institutions but senior management.

2. At the signing of contracts by means of sealed notice the treasury institution with the help of publications invited those who wished to enter into a contract, defined its object and some terms, but it didn’t make an offer only awaited for it. Offers received only in sealed packages were opened simultaneously and the most profitable one was accepted. G.F. Shershenevich made a remark to the point that the calculation of the treasury was based on the psychological background that everyone scared of more favourable offers from others would hurry to suggest the most favorable terms [5, p. 48].

3. The third type consisted of a combination of oral bidding and sealed notice. It is noteworthy that in the pre-revolutionary Russian Empire law the concept of competition had specifically defined meaning, and this term was used in the connection to the insolvency of the debtor. Attention is drawn to its ambiguity. Thus, in the writings of jurists ‘competition’ was seen as a kind of entity or institution. As O.A. Belyanevych explains with the opening of insolvency all the rights belonging to the debtor proceed to the competition, which replaces the insolvent and becomes its representative in everything that is related to its property rights and obligations. But at the same time, the competition becomes the representative of all debtor’s creditors. Secondly, the competition like the court judgment was considered to be a kind of enforcement action to complete agreements and obligations as well as the basis for their termination [5, p. 50].

The first stock exchange in the Russian Empire was founded in St. Petersburg (1703) by Peter I after his visit to the Amsterdam exchange. The opening of exchange markets was planned in other major cities of the empire. However, this experience was not successful, because small volume of trade and the primitive organizational trade forms and undeveloped credit system retarded the development of exchanges.

The development of commodity production, the expansion of the domestic market and Russia’s entry into international economic relations as a result of the feudal system’s collapse and the strengthening of capitalist relations triggered the emergence of new exchange markets. In 1834 a new exchange market was opened in Kremenchug, Poltava province, in 1848 – at the fair in Nizhny Novgorod and at the port in Odessa. Before 1861 more exchanges had opened in Russia, including Moscow and Rybinsk. In the post-reform years they appeared in Kiev (1865), Kharkiv (1868), and Mykolaiv (1886).

Often exchange trade grew up with the wholesale fair trade. This is especially true for those fairs that had the All-Russian value and where the trade was concentrated on one or more items, which was sent from that place to different parts of the country. Thus, before the 1861 reform Contract Fair in Kyiv increasingly turned into the exchange market of limited life, where the trade of agricultural products and sugar took place and the contracts were signed for the rental and sale of real estate. Exchange transactions of cattle sales were made at the Holy Cross Fair in Odessa.

In the 656 Article of the Commercial Regulations there was mentioned: "Exchange markets were the places or meetings of the merchant class for creating mutual trade relations and agreements." As a special form of market, the exchange was historically formed with the development of capitalism and became an organization which was characterized by regular business meetings, which took place at the particular place and time. At those meetings, firstly, the wholesale bidding took place with the signing of the contract which was subordinated to special regulations; and secondly, prices were set acceptable to the participants.
Commodity exchanges started to play an increasingly important role in the domestic trade. Their number was growing more rapidly with the development of capitalism. In Ukraine at the beginning of XX century 6 commodity exchanges were functioning. The growth of exchange markets was a natural phenomenon, because the old capitalism, the capitalism of free competition, required such a controller as the exchange market.

In 1870 the government legalized stock companies – the organizations of the most powerful stock traders. Every member of the company had the right to be a member of the exchange fees, in other words received the so-called stock-market legal capacity, which provided an opportunity for all competent persons (males only!) to participate in the exchange. The members of exchange fees, as a rule, were usually divided into 6 categories and each elected exchange shills among his members. Those, in their turn, formed the Exchange Committee, who performed "representative functions", i.e. they had the right to protect the interests of the exchange company to governmental and non-governmental organizations. At the same time exchange committees were "representative organizations" of the bourgeoisie and, of course, represented their interests.

An important role in the exchanges was played by commercial intermediaries - brokers. They were fully responsible for the bidding process. In Russia the Institute of brokers emerged in 1717 somewhat earlier than exchanges, when for purchase and sale of goods belonging to the treasury there was established the position of a senior broker at the The Collegium of Commerce.

At the exchange market it was operated not with the product available, but only with the specific quantity of the product. For example, it wasn’t sugar which was bought, but only the certain number of pounds of granulated sugar or refined sugar or the mixture of both.

During 1905-1914 the number of exchanges in Ukraine rose up to 14.

Thus, in the first decades of the XX century the exchange markets not only continued to operate successfully, but quickly developed. The following factors had an influence on these processes: firstly, commodity exchanges operated, as a rule, in big cities where all forms of domestic trade were well-developed, and at the same time they were the centers of certain economic areas. In Ukraine these centres were in Kyiv, Odesa, Kharkiv. Exchange transactions had been carried out there for a year, but the largest scope they achieved during fairs. Even the large wholesale fairs (this primarily applies to Kontraktovy Fair in Kiev) continued to be a kind of exchanges. In Kiev there were still signed the contracts on rent, mortgage and sale of real estate (mainly real estate of nobles and industrial enterprise), sale of grain and sugar beet of the future harvests etc. But sugar remained the main product at the Kiev commodity exchange and all the operations which it were carried out mainly at fairs’ congresses [7, p. 205].

Speculation was not new at the exchange market. The exchange in Odessa was especially "famous" for it. The most active it was in the days of Holy Cross Fair, when stock speculators dealing with price fluctuations, earned large fortunes. However, the size of the stock transactions were not made public as well as specialized press could not penetrate into these trade secrets.

This period of exchange activity was characterized by economic growth and expansion of commodity- money relations due to reforms of the 1960th. The latter have accelerated the transition to a market economy, created favorable conditions for the development of the exchange network. Commodity exchanges have been established in all the trading centers of Ukraine.

In Ukraine grain elevators have been built, commercial banks have been created and the so-called commodity credit began working mainly for grain trade. This period was
characterized by the expansion of the railway network and the improvement of vehicles. These facts have significantly affected the intensity of products transportation.

In January 1902 Kharkiv Coal and Iron Commodity Market opened. It was created, on the one hand, as the result of the rapid industrial development of Ukraine, and on the other hand, due to the slow process of the industry taking into account the local market conditions in Ukraine as well as at the domestic market. Later, when such monopolies as "Prodamet" ("Iron sale") and "Produgol" ("Coal sale") were formed and began to dominate the Russian economy, Kharkiv exchange market turned into an organization of large commercial and industrial capital and contributed to the strengthening of its dominance in the domestic market.

Commodity exchanges were necessary for the organization of economic life of an area; they became centers of certain economic areas and therefore reflected their product specialization. For example, the exchange market in Elisavetgrad mainly specialized in the sales of bran; Kherson exchange had a large grain and timber trade. The vast majority of commodity exchanges fully met the needs of the domestic market and those functions which they performed stimulated the development of the capitalist economy, strengthened interregional trade and economic ties. In particular, at Kyiv, Odesa and Mykolayiv commodity exchanges during 1905-1912 there was sold over million tons of grain for export.

Commodity exchanges that operated in Ukraine in the pre-revolutionary period represented a great interest for Western Europe because they were independent entities. Local authorities did not intervene in the stock market business. At domestic markets of that period contracts were signed with the actual commodity.

During the NEP (New Economic Policy) the stock market played an important role in the economy of the Soviet Union. At that time the Soviet commodity exchange emerged nearly at the complete absence of the proper market and in order to restore it they functioned in very specific ways: exchange markets were transformed into public organizations which worked on the principle of associations and were established with the help of state-owned enterprises, cooperative organizations, companies and also private owners of industrial enterprises. The highest level of stock trading in the Soviet period falls on October 1, 1926. At that time there were 114 commodity exchanges, their members were 8514 industrial enterprises and private entrepreneurs, among which state and commercial organizations comprised 67, and individuals - 33%. Under the conditions of strict concentration of power in the national economy there was the decrease in the activities of commodity exchanges and, as a result, they were ultimate closed down in February 1930 [5, p. 51]. Commodity exchanges revived in Ukraine in 1989. However, at first this process was carried out without an appropriate regulation, mainly with the use of pre-revolutionary and foreign experience.

Conclusions. Under the conditions of planning and distribution economy the bidding process as the most concentrated demonstration of market competition in economic activity was not accepted. Civil law regulated only obligation arising from a public promise of reward (the notice of competition) and public bidding occurred during the execution of judgments in foreclosure of the debtor's assets in the manner prescribed by the civil procedure legislation. Therefore, in jurisprudence the studies about the mechanism of signing business agreements by competitors have been hardly conducted.

References

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Кіровоградський національний технічний університет
Історія формування інфраструктури товарної біржі в Україні XVIII – XX ст.

Здійснення біржової торгівлі, проведення аукціонів і конкурсів мають специфічні особливості, які, з одного боку, зумовлені їхнім різним правовим регулюванням і діловими звичаями, а з іншого — мають суттєву схожість, що дає змогу об’єднати їх у загальні поняття «торги». Функціонування торгові як способу укладання господарських договорів зумовлене існуванням механізму ринкової конкуренції. Саме через це вони мають перебувати під увагою законодавця з метою захисту економічної конкуренції.

Обґрунтовано, що як інститут інфраструктури ринку біржі, аукціони та конкурси пройшли досить тривалий період формування. Виникнення торгов пов’язане з розвитком у надрах рабочаційного суспільства товарного та грошового обігу й появою первинних форм торгового та ліхварського капіталу. В пошуках пропозицій, в яких один товар еквівалентно обмінювався б на інший, власники товарів намагалися залучити до обміну не одного, а декількох претендентів. Публічні торги як особлива форма вступу в договірні відносини відомі вже римському праву. Суть їх полягала в тому, що одна зі сторін пропонувала вступити в угоду з тим, хто запропонує найвищій умови, наприклад, буде готовий заплатити найбільшу ціну або виконати підряд дешевше від інших тощо. Виникнувши ж історично як суспільна форма пошуку відповідності між ціною та вартістю товару, торгові набули регулятивної (із прискоренням розвитку виробничих сил) та контрольно-адміністративної (із розширенням господарської діяльності держави) функцій. Розвиток товарного виробництва, розширення внутрішнього ринку і активізація міжнародних економічних відносин викликали виникнення нових бірж. Нерідко біржова торгівля виростала з оптової ярмаркової торгівлі. Це, перш за все, стосується тих ярмарків, які мали всесвітньє значення, і де зосереджувалася торгівля одним чи кількома товарами, котрий відправлявся звідси в різні райони країни.

Біржовий ринок відіграв в роки НЕПу позитивну роль в економіці і СРСР. В цей час радянські товарні біржі виникли майже за повної відсутності ринку і власне для його відновлення вони діяли у досить спеціфічних формах: біржі було перетворено в громадські організації, створені на зразок асоціації за участю державних підприємств, кооперативних організацій, господарських товариств, а також власників приватних промислових та торговельних підприємств. Відходилися товарні біржі в Україні у 1989 р. однак спочатку цей процес здійснювався без відповідного нормативного регулювання, переважно з використанням державно-контрольного та іноземного досвіду.

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