

the managers of banks must give instructions regarding assessments of property, which need the approval of the supervisory authorities. The granting of loans is restricted to landed property in Germany, and must not exceed 60 per cent. of the assessed value with municipal landed property. In the case of agricultural landed property the central authorities of the respective countries have the right to increase the limit up to which a loan may be granted to 66 $\frac{2}{3}$  per cent. With assessments the following main points are considered: The productiveness of the landed property or buildings on which the loans are to be granted, their location, their present condition, and the possibility of selling the property. Generally speaking, the limit up to which loans on property are actually being granted amounts from 10 to 20 per cent. of the pre-war value. As, in consequence of the very heavy demands for mortgages, the choice of mortgages is very large, the mortgage banks are in a position to select only such property for granting mortgages which is the most suitable. As a result the quality of the mortgage fund held by the mortgage banks as a security for mortgage-bonds is naturally increased. The great caution always displayed by mortgage banks when granting credits is shown by the fact that, for instance, in 1913, with a total of mortgages held by mortgage banks and amounting to about 11.4 billion marks, compulsory auctions only took place to the extent of 1 per cent. of this amount.

#### LANDSCHAFTEN.

Contrary to the mortgage banks, which are organized on the basis of joint-stock companies, the *Landschaften* are autonomous companies under common law, formed on co-operative lines. The *Landschaften* serve the purpose of organizing agricultural real credits by granting uncallable self-redeeming loans, secured by mortgages, for the benefit of the public. In the majority of cases credits are given by the *Landschaften* in the form of mortgage-bond credits: *i.e.*, the debtor of the loan does not receive the equivalent in cash, but in mortgage-bonds, which he has to utilize for his own account, and whereby he is assisted by special agricultural banks. *Landschaften* are mainly to be found in Prussia. A uniform Prussian *Landschaften* law does not exist. Each *Landschaft* has its own rules and regulations, which contain detailed provisions regarding the security of mortgage-bond creditors. As a *Landschaft* can only be formed by legislation, their statutes must be approved by the State authorities prior to their coming into force.

General rights of creditors of *Landschaft* mortgage-bonds as to a preferential compensation out of mortgages serving as security, which is the case with mortgage banks, do not exist in the case of bankruptcy, but in some statutes—for instance, in those of the *Centrallandschaft für die Preussischen Staaten*—such a privilege is laid down. Therefore in the first place the *Landschaft* is obligated to the mortgage-bond creditor as a personal debtor. As the mortgages against which the mortgage-bonds are issued are granted on a most conservative assessment and up to a very carefully calculated percentage of the assessed value, the danger of an excessive indebtedness of the *Landschaften* is almost excluded. Besides, with nearly all *Landschaften* there are special securities for outstanding mortgage-bonds in addition to the general liability. Thus special guarantee funds collected by the *Landschaft* serve as extra security in some cases, and in others all of the debtors belonging to the *Landschaft* are jointly and severally bound with the whole of their real assets. Controlling commissions, the administrative council or the board of the *Landschaft*, which as a subsidiary organ of the State administration has an official character, is responsible for the mortgage fund of the *Landschaft* at any time covering outstanding mortgage-bonds.

The first *Landschaften* in Germany were founded during the time of Frederick the Great. The impulse towards the organization of agricultural real credits arose from the precarious position of Silesian agriculture after the Seven Years War. Similar to events of the past few years, at that time also the results of the long state of war were keenly felt. In the first place money was lacking for the purpose of reconstructing the devastated agricultural areas. In order to relieve the scarcity of agricultural credits, Frederick the Great accepted the plan of the Berlin merchant, Buring, and in accordance with a Cabinet order of 29th August, 1769, laid the foundation to the Silesian *Landschaft*, which was formed in 1770 and included on a co-operative basis all large landowners of the Province of Silesia. The example of Silesia was soon followed by the other Prussian provinces, in which the following organizations were established: *Kur- und Neumarkische Ritterschaft*, 1777; *Pommersche Landschaft*, 1787; *Westpreussische Landschaft*, 1787; *Ostpreussische Landschaft*, 1788; *Landschaft für die Provinz Posen*, 1821; *Neuer Kreditverein für die Provinz Posen*, 1857 (in 1877 the *Landschaft für die Provinz Posen* is absorbed by the *Neue Kreditverein für die Provinz Posen*, which in 1888 assumes the name of *Posener Landschaft*); *Neue Westpreussische Landschaft*, 1861; *Landwirtschaftlicher Kreditverband der Provinz Sachsen*, 1864 (to-day the *General Landschafts-Direktion der Provinz Sachsen*); *Landschaftliches Kreditinstitut für das Markgrafentum Oberund Niederlausitz*, 1865; *Neues Brandenburgisches Kreditinstitut*, 1869 (this union includes in 1906 the *Niederlausitz*, 1921 the *Grenzmark*, *Posen*, *Westpreussen*); *Pommerscher Landschaftskreditverband*, 1871 (to-day *Neue Pommersche Landschaft für den Kleingrundbesitz*); *Landschaft der Provinz Westfalen*, 1877; *Landschaftlicher Kreditverband für die Provinz Schleswig-Holstein*, 1882; *Schleswig-Holsteinsche Landschaft*, 1896.

The following *Ritterschaften* existed in Hanover prior to its annexation by Prussia: *Ritterschaftlicher Kreditverein für das Fürstentum Lüneburg*, 1790; *Calenberg-Göttingen-Grubenhagen-Hildesheimer Ritterschaftlicher Kreditverein Hannover*, 1825; *Ritterschaftlicher Kreditverein Bremen-Verden*, 1826.

In 1873 a number of *Landschaften* united to the *Centrallandschaft für die Preussischen Staaten*, which includes the following institutions: *Ostpreussische Landschaft*; *Westpreussische Landschaft*; *Kur- und Neumarkisches Ritterschaftliches Kreditinstitut*; *Neues Brandenburgisches Kreditinstitut*; *Pommersche Landschaft*; *Neue Pommersche Landschaft für den Kleingrundbesitz*; *Landschaft der Provinz Sachsen*; *Schleswig-Holsteinsche Landschaft*; *Schlesische Landschaft*.