

The Centrallandschaft issues mortgage-bonds of its own, which are secured by the fund of the provincial Landschaften, upon the application of which the mortgage-bonds of the Centrallandschaft are issued, by the assets of the Centrallandschaft, by the joint and several liability of all property on which such mortgage-bonds have been issued, as well as by specially reserved mortgages in cases of bankruptcy, as already stated above.

There are no Landschaften in the provinces of Rhenish Prussia and of Hessen-Nassau. The public land credits are managed by the public institutions of the municipal unions, the so-called Landeskreditanstalten (national credit institutions), Landesbanken (national banks), and the Provinzialhilfsskassen (provincial auxiliary banks).

#### STADTSCHAFT.

As can be gathered from the name, Stadtschaften are exclusively engaged with municipal real credits. The Berlin Pfandbriefinstitut (the Berliner Pfandbriefamt of to-day), which was founded in 1869, may be regarded as the oldest German Stadtschaft. The Pfandbriefamt is a corporation under public law, and is under the supervision of the Municipal Council of Berlin and the Ministry of Public Welfare. The members of the Stadtschaft receive mortgage-bonds as the equivalent of first, self-redeeming, and uncancellable mortgages on Berlin property, which must be redeemed at least at the annual rate of  $\frac{1}{4}$  per cent. The mortgage-bonds are secured by the obligation of the whole of the assets of the Berliner Pfandbriefamt, including all means of cover. In addition the municipality of Berlin is liable for the claims of mortgage-bond holders. The total amount of outstanding mortgage-bonds must always be covered by mortgages of the same nominal amount, or at least the same yield. A specially appointed municipal commissioner has to examine this annually and to issue public reports thereon. In order to foster second- and third-rank mortgage credits after a first mortgage on large Berlin property, a further Stadtschaft, the Berliner Hypothekenbankverein, was created as a corporation under public law in 1923. The bonds issued by this Stadtschaft must not exceed the amount of 35,000,000 Reichsmarks without the approval of the municipal corporations. The security of the mortgage-bonds is arranged in a similar manner as with the mortgage-bonds of the Berliner Pfandbriefamt.

A formation closely resembling a Stadtschaft is the Preussische Landespfand-briefanstalt in Berlin, which was founded in 1922 as a corporation under public law. Its principal task is the financial assistance of people of restricted means for the purpose of building small dwellings. In this institution there are interested, in the first place, the State of Prussia, as well as a large number of cities, counties, and building societies. The Preussische Landespfand-briefanstalt also has the right to issue municipal loans.

Amongst other Stadtschaften there is to be mentioned the Preussische Centralstadtschaft, founded in 1922. This Centralstadtschaft was joined by the following Stadtschaften existing in Prussia: Stadtschaft der Provinz Brandenburg; Pommersche Stadtschaft in Stettin; and Ostpreussische Stadtschaft in Königsberg in Preussen. The Centralstadtschaft also includes the Provinzialausschuss der Provinz Hannover, as well as the Provinziallandtag der Provinzialgrenzmark Westpreussen.

The Preussische Centralstadtschaft, which is controlled by the State, serves the purpose of granting house-property owners in the respective provinces and Stadtschaften, by the issue of mortgage-bonds of the Centralstadtschaft, credits, which are secured by mortgages. Besides, with its working assets the Preussische Centrallandschaft is liable towards holders of Centrallandschaft mortgage-bonds with their rights of claims against members of the union (Einzelstadtschaften) and their guarantors.

#### LANDESKREDITKASSEN AND LANDESBANKEN (NATIONAL CREDIT BANKS AND NATIONAL BANKS).

Whilst the Landschaften, in accordance with the whole history of their development, must be looked upon as credit organizations of nobility and owners of large manors, the Landeskreditkassen and Landesbanken are to be regarded as institutions which are to serve landowners as a whole, particularly small farmers, by giving long-time credits. In addition they also grant long-time credits to municipalities and municipal unions. The Landeskreditkassen and Landesbanken are corporations under public law which have been founded by provincial and municipal unions, and are controlled by same.

Contrary to the above-mentioned land-credit institutions, the Landeskreditkassen and Landesbanken do not obtain the funds required for granting long-time credits exclusively by the issue of bonds, but as State deposit banks they almost regularly also act as savings-banks, with the guarantee of the State. The Landeskreditkassen have therefore also the saving deposits at their disposal for giving credits. In many cases the Landeskreditkassen are simultaneously charged with the administration of business of the State bank. They are particularly also engaged in the short-time credit business by availing themselves of the public funds at their disposal. The stock-exchange, bill, and current-account business is organized with a number of national-credit institutions in the same manner as with the private banking institutions. But one of the principal tasks of the national-credit institutions is the business in municipal loans and mortgage loans, to which some institutions are restricted in accordance with their statutes.

The mortgage-bonds and bonds issued by the national-credit institutions are secured by first mortgages or claims on municipalities. Furthermore, all the assets of the institutions, as well as the assets and taxing-power of the municipal union to which the credit institutions belong, stand as security. A number of national-credit institutions have particularly taken up financing the building of small dwellings and settlements lately.

The Braunschweigische Staatsbank, which originated from the Herzogliches Leihhaus in Brunswick, founded in 1765, belongs to the oldest national-credit institutions. The sphere of activity