of only being able, like English landowners to provide a mortgage security of very restricted currency, German landowners have the advantage of being able to convert a mortgage charge into a security realizable at any time in the general market.

(2) Loans granted are not subject to recall.

(3) The rate of interest is as moderate as possible, being closely related to the prevailing market rates for money.

(4) The bonds being irredeemable by the holder, the rate of interest may not be raised.

(5) The right is conceded to reduce the debt by payments made at the mortgagor's convenience.

(6) The necessary extinction of the capital debt is accomplished gradually.

(7) The costs for valuation and other charges are low.

(8) Their administration is at once relatively inexpensive and their office holders highly qualified for their work.

Of these associations there are twenty-three in Germany having a total of outstanding loans in 1920 of 3,255,000,000 marks equal at par to about $850,-000,000. The average pre-war interest was about 4 per cent. That is 4 per cent bonds were selling at par in 1914. These bonds have always maintained a strong position in the market. At the time of the Napoleonic Wars when Prussian four per cents were quoted at twenty, the land bonds never fell below fifty. In 1920, the Central Landschaft four per cent bonds were quoted at one hundred, while in certain of the provinces they were above par. These facts show how firm a hold after one hundred and fifty years of experience, these securities have on the investing public in Germany.

(2) The German Mortgage Credit Banks

The Mortgage Credit Banks, of which there are sixteen in Germany, are all established under the guarantee of some public authority, either a State, a Province, or a District within a Province. While not restricting their operations to farm mortgages, they all do a large farm mortgage business. They had in 1913 a total of outstanding loans of $500,000,000, one half of which is in land mortgages, the other half being to local municipal or communal authorities. The funds of these institutions are obtained,—

(a) By the issue of bonds guaranteed by State, Province or District in which it operates. These are recognized by law as trustee securities.

(b) By deposits.

(c) By grants or loans from State or authority concerned.

(d) Payments by borrowers into sinking fund account.

(e) Accumulated funds.

These banks were specially designed to serve the needs of the medium or small landowner to whom loans are made at moderate rates of interest, on an amortization plan and not subject to recall.

These banks are usually managed by a special committee in some cases appointed by the State, in others either wholly or partially by the Assembly or Council of the public authority guaranteeing the liabilities of the bank. They are, strictly speaking, public institutions. Any profits accruing from the operation go to the guaranteeing authority.

I have not been able to obtain information of the standing to-day of these institutions. In normal times, they were functioning greatly to the advantage of the guaranteeing authority and to the borrowers, mostly small farmers and communal organizations.