In the United States, State securities are, as a rule, not held in such high esteem as they should be, considering the wealth and resources of the individual States themselves. Rhode Island six per cents are at present 106, Michigan sixes, 104, those of Illinois 101, and those of Missouri 106. On the other hand, on the London Stock Exchange, Province of Quebec five per cents are at par. For this disparity in price there is, however, among others, one very obvious reason. The Eleventh Amendment to the Constitution of the United States enacts that the judicial power of the United States shall not "extend to any suit in law or equity commenced or prosecuted against one of the United States by citizens of another State, or by citizens or subjects of any foreign state." Under the protection of this amendment, States have continued free from prosecution, and state bonds have become virtually mere debts of honour. Alluding to this subject, Mr. Reverdy Johnson, formerly United States Minister to England, has said: "It has often been regretted, and I think with good reason, that such an amendment was ever made. The consequence has often been most unjust to individuals, to the cause of justice, and to the interests of States themselves. To the States, because it has frequently induced them to enter into reckless engagements under the confidence that their compliance cannot be enforced, and this has frequently resulted in injury to their reputation, as well as in wrong to the citizen."

Municipalities should themselves undertake the negotiation of their debentures, and, as far as possible, themselves fix their value in the market. They are the most deeply interested in maintaining their municipal credit, and, therefore, in obtaining the best ruling prices for their own securities. Too frequently, when bonuses have been given to railways, the debentures have been simply handed over to the railway company, to be in turn transferred to the railway contractors, who, often pressed for means with which to carry on the work of construction, sacrifice the debentures for whatever they will bring. It thus happens that municipalities which have but small indebtedness, and which have always been prompt in meeting their obligations, and whose credit should be unexceptionable, find their securities sometimes heavily depreciated.

Municipalities require also to exercise care in the choice of the bankers or brokers who issue their loans for them. Hitherto some of our city corporations appear to have thought, when making a loan on the English market, that the price to be received for their debentures was the only subject for consideration. Three of them have, on different occasions, sold their securities to a firm of sharp, unprincipled financiers, who for some years have been known to be unworthy of confidence, and with whom respectable bankers would have no association. As in all their other schemes, this firm of financiers took no further interest in the loans, or in the cities which issued them, than was required to make a margin of profit on the negotiation of the debentures on the London market. Unfortunately for the credit of these cities, the name of this firm has become so associated with their loans on that market, that there are numerous firms of English and Scotch bankers, brokers, and solicitors, who, for that sole reason, would neither touch nor recommend to their customers or clients the securities of these cities. A serious result is the greater difficulty in floating fresh loans, and a diminished range of circulation for existing securities there. There is, however, another light in which to view the whole matter. Respectable bankers take an interest in, and carefully watch, the position in the money markets of the loans which they have issued. If unfounded rumours prevail lowering the price of the bonds, they endeavour to correct these rumours and restore the confidence of the public. Naturally they have an anxiety to maintain the price, because they feel that their own good name is associated with their loans. Some bankers have gone farther than even this, and a notable instance which was spoken of everywhere in monied circles in England to the honour of the firm which did it, has occurred within the last few months. The semi-annual interest on a certain large American loan fell due in London last spring, and was unprovided for, when Baring Brothers, who had floated the loan, gave prompt intimation to the bondholders to send in their coupons as usual for payment, and provided for them themselves.