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CONFEDERATE CURRENCY
AND
PUBLIC DEBT.

ABERDEEN, MISS., Dec. 4, 1862.

COLONEL G. A. CHANDLER :

SIR—Having heard from you a partial account of your scheme for retiring the national debt, created in consequence of the existing war, and for giving stability to our currency; and also that you have elaborated your views in an article upon the subject, we respectfully request you to publish it, so that its merits may be more fully examined and public attention called to it.

J. L. TINDALL, JR.,
B. R. HOWARD,
T. W. WILLIAMS,
C. LOVE,
E. R. WALLACE,
R. FAINE,
S. J. GHOLSON,
JOHN B. SALE,

ABERDEEN, Dec. 7, 1862.

CAPT. JOHN SCOTT, MOBILE :

DEAR SIR: I now comply with your request, to disclose to you fully the financial scheme which, I think, ought to be adopted by our Congress at its next session, to achieve our independence and pay off our national debt. I take it for granted that we will ultimately succeed in this great struggle for the maintenance of our Government:

1st. I propose that Congress, at its next session, adopt an amendment to the Constitution, giving it the power to make the Bonds and Treasury Notes of the Confederate States a legal tender, during war, or the existence of any hostilities between the Confederate States and any State or States, Territory or Territories, and for five years after the ratification of peace, or when hostilities shall cease.

The latter clause will be objected to by those who claim the right of peaceable secession. If so, the latter clause might be rejected. I am in favor of a strong Government, and, looking into the future, when we shall acquire additional territory, an attempt will be made, at some distant time, to overturn the Government, and the same scenes now being enacted may take place during the next century. It is wisdom to provide for the future.

After the war is over there will be a convention of the States to revise our Constitution, and the right of peaceable secession determined on by the people in convention, so as to settle the question in future.

Let the President notify the Governors of the respective States, that such an amendment is in contemplation, and request a meeting of the Legislature of the respective States, by the 10th of January next, to ratify the amendment. The amendment being ratified by three-fourths of the Legislatures of the respective States, will be adopted.

Let Congress at once pass a law making the Bonds and Treasury Notes a legal tender, during the war and for five years after the conclusion of peace.

Let the Treasury Notes already issued be funded in four per cent. bonds, having ten, twenty and thirty years to run, and to carry interest six months after the ratification of peace.

The Treasury Notes, if we intend to redeem them, will have to be funded after the war, and this is but anticipating what we will be compelled to do. Give six months notice for the Treasury Notes to be funded, with such forfeiture as Congress may decide.

I am opposed to the issuing of Treasury Notes at all. Instead of issuing Treasury Notes, let the Bonds, as above indicated, be issued in lieu of the Treasury notes. These bonds, carrying four per cent. interest, six months after the ratification of peace, and being a legal tender, will answer the same purpose. After the war is over, these small bonds could be retired by larger ones, so as to suit capitalists.

You may ask why fund our debt during the war? Why not wait until the war is over? If you wait until then, I fear that it never will be done. When our soldiers return home, they will control our popular elections. They will say that they have fought our battles, and achieved our Independence—that these treasury notes have carried us through the Revolution, and accomplished their end. We will not submit to be taxed to pay them. Aspiring demagogues, catching up this strain of the gallant soldier, will ride into office—our national debt will be repudiated, and we will stand disgraced as a nation before the civilized world. But, if you will fund the debt as the war progresses, and show the people, as I expected to do, in this communication, that our national debt can be paid without taxation, then all will be well.

By continuing these bonds as a legal tender for five years after the war is over, it will enable our people to discharge their debts, and relieve greatly the soldiers who have imperiled their all in this great struggle.

2nd. I propose, as has already been inaugurated, the purchase of the whole cotton crop of the Confederate States. The present crops now on hand might be purchased on a basis of 15 cents for middling, and in future fix the price at 12 cents as the minimum, and 15 cents as the maximum, for five years, or longer, if necessary.

In order to control the whole crop, I would lay an export tax of 15 cents per pound on all cotton shipped or sent out of the Confederate States, except that belonging to the Government. This would compel every planter to sell his cotton to the Government. He could not complain, for the Government would give him a fixed and better price than he ever obtained before—and pay him in a constitutional currency:

Suppose the crop of 1861 amounts to.....	3,300,000	bales.
" " 1862.....	800,000	
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You have a total crop.....	4,100,000	bales.
Deduct for burnt cotton.....	700,000	
	<hr/>	
Balance on hand.....	3,400,000	bales.
Of this amount to be ginned and packed.....	1,200,000	
Amount now ready for market.....	2,200,000	bales.

Suppose each bale to weigh 500 pounds, and cost the Government 12 cents per pound, equal to \$60 per bale, would make \$132,000,000, to be paid for in four per cent. Bonds, to carry interest six months after the conclusion of peace, and having ten, twenty and thirty years to run to maturity. They

might bear interest from date if deemed advisable. The Government always to have the right to call in its Bonds, although they have not matured.

I would use this amount in Europe, as well as the balance of 1,200,000 bales when packed, worth, at 12 cents, \$72,000,000, to achieve our independence. I would expend \$50,000,000 at once in building up a grand navy--and more if necessary--and for the purchase of munitions of war.

Estimate the interest which may accrue on the national debt, and pledge the faith of the nation that a sufficient amount of the proceeds of the cotton shall be faithfully applied to the payment of the interests semi annually. In the absence of selling the cotton during the war, the interest to be paid by taxation.

If we should be compelled to destroy a portion of our cotton, say one million of bales, increase the price to thirty, forty or fifty cents per pound, so as to make the world pay our losses. We can get our own price, the Government owning the whole crop.

Instead of selling the Bonds, sell the cotton and hypothecate Bonds. In our European negotiations, the cotton having been sold in good faith to European subjects, it would become their property absolutely. They would be protected in it under the laws of nations, and any conversion of it by the Federal Government, or its citizens, would be illegal--and the Federal Government would be liable to pay for the same. Will the Federal act of confiscation change this principle? I think not.

After we have achieved our independence, we shall have a large national debt, say \$600,000,000. How will we pay it? By the plan suggested, if carried out, it will be funded, except the out-standing debt. The debt can be paid by the *Government monopolizing the cotton crop for a series of years.* Suppose our crop, after the war is over, should amount to 2,500,000 bales, annually for six years--that the Government should pay the planter the minimum price, 12c. per lb., each bale 500 lbs., making \$150,000,000. To buy the first crop after peace, bonds only to be issued, bearing 4 per cent. interest, and matured in twelve months after date, with the privilege of calling them in any time, and the proceeds of the first sale pledged to redeem this issue. The Government, controlling the whole crop, can get its own price. The first year, should sell the crop at 24c., and each year thereafter lower and lower, according to circumstances. This would

not be too much, for during this war, even at 50 and 60c., it is the cheapest article to clothe the world. In peace it would be lower.

For the succeeding five years charge say 20c. per lb. The profits will stand thus :

1st year	2,500,000 bales,	500 lbs. a	24c. profit—	150,000,000
2d	"	"	a 20c. "	100,000,000
3d	"	"	" "	100,000,000
4th	"	"	" "	100,000,000
5th	"	"	" "	100,000,000
6th	"	"	" "	100,000,000

Total profit in six years: \$650,000,000

Suppose this is too much, reduce the profit one-half and you retire your debt in twelve years. The lower the price sold at, the longer will be the time in paying off the national debt. The cotton-grower could not complain, for he would be getting a better price than he ever did before. The non-producing cotton States should not complain, for they are more than compensated by the Government relieving them from the payment of an onerous debt without taxation.

—Our national debt is due to our own citizens, and by paying the same, we will save to our own citizens, and add to our national wealth, the amount of our public debt; and you make by this plan the world pay our national debt. France monopolizes the tobacco crop shipped to her own borders. She taxes her own people, and realizes annually \$25,000,000 from this article alone.

After the conclusion of peace, a judicious average ad valorem tariff of 30 per cent. will raise an income the first year of \$75,000,000, and annually, thereafter, a sufficient revenue to pay the ordinary expenses of the Government; leaving the profits of the cotton operation to be appropriated to the payment of our national debt.

Intimately connected with this financial scheme, will be the losses sustained by many of our citizens, during this war. Let the profits arising from the sale of one or two crops of cotton, after the expiration of six years, be appropriated to pay the losses sustained by our citizens; let four per cent. bonds be issued for a certain amount, and divided pro rata amongst those who have been damaged, and such as the Government would be willing to relieve; and pledging the seventh and eighth crops, less the amount to pay the interest on the national debt, always to pay these Bonds,

It may be said that this cotton operation will be expensive, and change the whole order of business. Not so; the whole crop could be bought and sold by the Government at 25 cents per bale. The purchases to be made in the large commercial and shipping points in the Confederacy. The crops to be shipped, as usual, by the planters, to their factors in Mobile, Charleston, Savannah, New Orleans, &c., and sold by them. The Government would buy to-day at 12 cents, and sell to-morrow at 20 cents—and the whole operation is closed. The operation could, in many instances, be made and the Government not pay out a dollar, by merely transferring the cotton to the purchaser.

Whether the Government should operate in a similar manner with the tobacco crop, might be left to the wisdom of Congress after peace is declared.

With me this cotton scheme has been a favorite one. In June, 1861, I wrote two articles on the subject of the Government purchasing the whole cotton crop, published in the "Mobile Register and Advertiser," over the signature of "A Voice from the Cotton States," and on the 12th February last a long letter to our Senator, the Hon. A. G. Brown, explaining fully the plan and operation. I will send you a copy of the latter. You can find the former in the Register. Reconstruction of the Union and subjugation are to me synonymous. One will be as equally destructive to the South as the other. We must then achieve our Independence, cost what it will, in blood and treasure. With us it is Liberty or Death.

I have wearied your patience, but believing, as I do, that the plan suggested will aid us in achieving our Independence, and giving us a good currency, I could not say less.

I remain yours, very truly,

GRAY A. CHANDLER.

NOTE.—The following is the average price of cotton, in Mobile, for the last twelve years, from 1848—'49 to 1859—'60. The range of prices embraces the grades of ordinary and middling fair, both inclusive. This has been the case since 1845. Previous to that time the extremes were inferior and good fair.

The average price of cotton in Mobile, for the last twelve years, has been about \$ 16-10¢.

Average price for Season.	Average price for Season.
1848—'49.... 5½@7½	1854—'55... 7½@13-16
1849—'50.... 5½@7	1855—'56... 7 11-32@9 29-32
1850—'51.... 10½@11	1856—'57.... 7½@10½
1851—'52.... 10½	1857—'58.... 10 11-16@13 17-32
1852—'53.... 7½@9	1858—'59.... 8 16-16@11 13-16
1853—'54.... 7½@10¼	1859—'60... 6¼@12