

CONFEDERATE CURRENCY

On February 4, 1861, a provisional government of the Confederate States of America was organized. Two months later the first issue of Confederate currency was released. Additional issues of currency were authorized throughout 1861 and each year through 1864. When the Confederate States were organized, overconfidence was in the air. The new government believed that it could finance a potential conflict without resorting to taxation or to gold reserves. The government believed that the South's most vital asset, cotton, could back up any loans.

The first issue of Confederate notes were the Montgomery, Alabama notes, totaling \$1 million in denominations of \$1,000, \$500, \$100, and \$50. These were meant to be interest bearing investments rather than circulating currency. They were somewhat in the nature of bonds but were not bonds. They are correctly described as interest bearing paper money.

Confederate Treasury Secretary Christopher Memminger had hired the National Bank Note Company of New York to engrave and print these first Montgomery notes. Memminger wanted more of the \$50's and \$100's printed but before this could be accomplished hostilities broke out. A Confederate agent was dispatched to New York to bring the plates back to the South but federal authorities had already seized them.

Memminger next contracted with the American Bank Note Company to print and engrave new replacement notes for the \$50 and \$100 denominations in a style similar to the Montgomery notes, but with Richmond printed on them since it was now the Confederate capital. The President of this company desired that the New Orleans office complete the work; however, it is believed that both the printing and the engraving of these first Richmond notes were done in New York and then smuggled into the South thru the New Orleans office. Thereafter, this office changed its name to the Southern Bank Note Company thereby freeing it to contract work with the Confederacy.

After the move of the capital to Richmond, the first Register of the Confederate Treasury Department resigned and was then replaced with a prominent Virginian, Robert Tyler, the son of former President John Tyler. Upon receipt of the newly printed Richmond \$50's and \$100's, both Tyler and Edward Elmore, the Confederate Treasurer were then required to hand sign over 11,000 of these notes, a task which took many days to complete during the hot summer of 1861. Both men then petitioned the Confederate Congress to authorize future currency issues with their signatures already on the plates. The Congress did not authorize this, with the one exception being the 50 cent notes of 1863 and 1864 which have their printed signatures. Instead Congress did authorize the hiring of clerks who would sign their own respective names "for" the Register and "for" the Treasurer, a practice which continued through the end of the war. These clerk jobs were then primarily filled by soldiers crippled in battle, by widows of deceased soldiers and by their older children.

As the war progressed, bills began to pile up quickly causing the Confederate Treasury to act with speed to get additional currency printed, as authorized by the act of the Confederate Congress. It soon became apparent to Memminger that the Southern Bank Note Company lacked both the equipment and manpower for the production of Treasury notes on the scale needed by the Confederacy. Agents were then sent to Europe to procure plates, stones, ink paper and machinery needed for the production of notes. In addition, engravers, lithographers, and printers were hired to emigrate to the South to work for paper money contractors.

During this time, other Treasury representatives contacted the lithography firm Hoyer & Ludwig of Richmond to contract for needed work. The need for additional currency was urgent so a contract was signed with this firm to print up new notes, many in denominations of \$5, \$10, \$20, and \$50., in addition to \$100's. These new notes, authorized by the act of May 16, 1861, were to state that "two years after the issue date of July 25, 1861, the Confederate government would pay to bearer" the face value of such note. This effectively resulted in the note holder's making the government a two-year interest free loan. The production of these notes by this firm had a face value of over \$17 million.

The notes created by this firm in black ink, with no color, were cruder in design and appearance than the earlier, and more beautiful, engraved issues from the National Bank Note Company and the Southern Bank Note Company. Consequently, many bankers were very unhappy and correctly stated that these notes, produced by the lithographic process, would invite counterfeiters to flood the South with deceptive copies. With inferior workmanship, processes, and paper in genuine notes, counterfeiting was not difficult. Indeed, counterfeit notes appeared within 6 months and over a period of time several million dollars of this fraudulent paper was in circulation. Many of these counterfeit notes readily passed as genuine, in part due to the multiplicity of diverse designs of notes of the same denomination in circulation at the same time.. Before this occurred, Hoyer & Ludwig received a new contract to produce the note issues of Sept 2, 1861.

With the Act of Aug 19th, which authorized the above issue, notes outstanding were not to exceed \$100 million. Encouraged by the route of Union forces at the First Battle of Bull Run on July 21st, this issue of notes states that it is payable "six months after the ratification of a treaty of peace", instead of after two years, as on the prior note issue of July 25, 1861. Two later supplemental acts increased this issue to a total of \$60 million.

With this issue, printers began removing their operations from Richmond to Columbia, South Carolina so as to be safe from Northern capture of Richmond. Ludwig, the managing partner of Hoyer & Ludwig, was unwilling to relocate to Columbia from Richmond. Learning of this, J. T. Patterson, a dentist in Augusta, Georgia, contacted Secretary Memminger about the advisability of purchasing the currency production facilities of Hoyer & Ludwig and whether the printing contracts would be continued on the same terms. Memminger replied favorably, the purchase was made, and Patterson began to print up Confederate notes after making the desired move to Columbia.

However, he continued to maintain his operations in Augusta, Georgia. (This might be described as an example of drill ‘em and bill ‘em.)

The firm which eventually became the leading engraver of Confederate notes was Keating & Ball. Edward Keating was a vignette engraver from England, who was previously employed by the American Bank Note Company. He established a firm with Thomas Ball for the purpose of engraving and printing Confederate notes. The men previously hired by the Treasury agents on their visit to England, began to make their way first to the West Indies and were then brought to the South by blockade runners. Many of them worked for Keating & Ball after their arrival. English lithographers and engravers were a favored group who were paid in gold under their contracts. Thus, Keating obtained good printers and equipment and then set about producing a good product in the notes he printed. His notes were mostly of original designs.

By the time of the seventh issue of notes, authorized by the Act of February 17, 1864, they were printed in unlimited quantities (estimated by one writer at a billion dollars). These notes stated that “two years after the ratification of a treaty of peace between the Confederate States and the United States, the Confederate States of America will pay the bearer” the face amount of the note. However, by the time 1864 had ended, the currency was approaching a state of worthlessness.

On the first six notes printed by the National Bank Note Company and the Southern Bank Note Company, three of them used vignettes previously engraved on Northern bank notes. Later notes illustrated scenes representative of Southern life, sailors and sailing ships, allegorical figures, famous Southerners, current Confederate cabinet members, Jefferson Davis, Southern state capital buildings, Lucy H Pickens – representing women of the South, and finally the \$500 note of 1864 depicting Stonewall Jackson.