

“A Pledge of a Nation”: Charting The Economic Aspirations, Political Motivations, and  
Consequences of Confederate Currency Creation

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# Table of Contents

## **Introduction**

Page 1

## **Chapter One: The Economic Benefits and Aspirations of Confederate Currency Creation**

Page 5

## **Chapter Two: Political Aspirations and the Iconographical Benefits of Confederate Currency Creation**

Page 28

## **Chapter Three: Patriotism, Disloyalty, and the Use of Confederate Currency**

Page 59

## **Chapter Four: Currency Creation and the Failure of Southern Nation-Building**

Page 74

## **Epilogue: The Legacy of Confederate Money**

Page 98

## **Bibliography**

Page 104

## Introduction

At his death, Abraham Lincoln had a Confederate \$5 note in his wallet. The bill may have been taken as a memento from his trip to Richmond, which occurred just over one week before Lincoln died. The note showed a picture of the Capitol building in Richmond in the foreground, while a portrait of C.G. Memminger, the Confederate Secretary of the Treasury, was placed at the right. The bill had a reddish tint and, like many other notes the Confederates printed during the war, did not have a printed back due to the difficulties involved with manufacturing two-sided bills.<sup>1</sup>



1864 \$5 Note Found in Abraham Lincoln's Wallet After His Assassination

It seems extremely odd that a U.S. President would possess Confederate currency.

In fact, Lincoln had been determined throughout the war to prove that the Confederacy was not a legal political entity, as he believed its secession to be both morally wrong and unconstitutional. Lincoln even stated during his first inaugural address "that in contemplation of universal law and of the Constitution, the Union of these States is perpetual. Perpetuity is implied, if not expressed, in the fundamental law of all national governments."<sup>2</sup> Nevertheless, Lincoln's possession of Confederate currency gave some

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<sup>1</sup> Jay Winik, *April 1865: The Month That Saved America* (New York: HarperCollins Publishers, 2001), 185.

<sup>2</sup> Abraham Lincoln, "Abraham Lincoln's First Inaugural Address, March 4<sup>th</sup>, 1861," in Charles W. Elliot ed., *American Historical Documents: 1000-1904* (New York: P.P. Collier and Son Company, 1910), 335.

level of legitimacy to the Confederate nation. Lincoln tacitly acknowledged the southern government, as he kept a piece of the Confederacy in his wallet.

This anecdote suggests that Confederate money was both economically and politically important to the southern republic. Of course, officials issued this scrip primarily to raise capital for the war. Yet, perhaps a more nuanced political statement was voiced through printing and exchanging Confederate money. Surely the act of printing currency helped legitimize the southern nation, as it was an activity normally carried out by other established governments. In fact, the Confederacy issued their own money earlier in the war than the northern government, as it took some time for the Union to authorize its “greenback” notes. In addition, a number of unique symbols appear on Confederate money, as the South utilized its currency as a political tool to convey the Confederacy’s adherence to a number of southern principles. In the end, printing currency had mixed results, as policy-makers only fulfilled some of the economic and political aspirations that motivated them to issue southern scrip.

This thesis will explore the economic and political factors surrounding the authorization and circulation of Confederate money. The project begins narrating the story of southern money at the birth of the Confederacy and continues to convey the changing financial scene in the Civil War South. The thesis finally concludes by illustrating the economic downfall of the Confederacy and notes how officials both realized and did not fulfill certain aspirations for southern money. Throughout the thesis, with anecdotes about the production of southern money, descriptions of the scrip, and political and economic analysis, this project will relate the tale of Confederate currency creation.

The thesis unfolds in a roughly chronologic manner, and analyzes first the motivations of southern officials and later the consequences of printing money. Chapter one discusses some of the economic aspirations that Confederate officials had when issuing southern currency. First the section details the financial scene in the Confederacy at the birth of the southern republic. Although money was the Confederacy's primary means of raising revenue, it was not an exclusive tactic as taxes, bonds and other financial initiatives were also proposed. These policies, however, had various drawbacks and made printing money the most viable option for the Confederates. The chapter then discusses some of the practical benefits officials hoped to obtain in creating Confederate currency.

Chapter two explores some of the political aspirations officials had for Confederate currency. The act of printing money itself, for instance, showed the operations of an independent government to northerners and allies abroad. In addition, officials were also able to connect people to their government through the exchange of currency. Furthermore, southern money gave Confederate officials a platform from which to display a variety of symbols, which connected the Confederacy with ideals like slavery, agriculture, and other principles that are typically found in southern nationalistic rhetoric. Officials used currency to connect citizens to the operations of their government, and reassure ordinary southerners that the Confederacy was fighting for ideals that were important to the South.

The third chapter will start to chart the success Confederate officials had in realizing their aspirations. For many, accepting and exchanging southern money became a matter of patriotism and self-interest. Some public newspaper articles conveyed that to

refuse Confederate currency was to do a disservice for all who died for the cause. They stated that all patriotic southerners should continue to support and exchange Confederate scrip. Others used rational self-interest in their rhetoric, and said that if some refused money, the sentiment would spread and later everyone's holdings would become valueless. Yet, especially toward the end of the war, people began to refuse Confederate scrip. Some could not rationalize exchanging the currency, while others, especially in their private diaries, expressed shame at having to provide these valueless notes. Overall, this section will narrate the story of how Confederate money was imbedded in the patriotic rhetoric individuals conveyed in order to promote the southern cause.

The last chapter expresses the reasons why Confederate policy-makers did not fulfill many of their political and economic aspirations for the currency. The section will detail the gripping hyperinflation that descended across the South, reducing wealthy individuals to begging and foraging. In addition, the chapter also includes stories about counterfeiting, a condition that not only undermined faith in southern currency, but contributed to hyperinflation as well. This failing economic situation was exacerbated by certain policies and inadequacies of the Confederate government that will also be discussed.

Overall, analyzing Confederate money not only goes to the root of several important issues surrounding the Civil War, but makes for a fascinating story as well. Abraham Lincoln may have regarded these notes as mere mementos, artifacts from the failing southern nation. Yet, as shall be discussed in this thesis, this scrip was important in promoting the aspirations of southern officials, and was critical to the economic and political solvency of the Confederacy.

## Chapter One: The Economic Benefits and Aspirations of Confederate Currency Creation

Imagine that you are a Confederate official at the beginning of the Civil War. Although numerous people believed the conflict would be short and painless, after the summer of 1861, many began to dig in for the long conflagration ahead. The southern government needed to begin generating revenue and there were several methods that it could use to acquire valuable financial reserves. The first part of this chapter will detail some of the methods employed by Confederate officials to raise money, and illustrate the negative consequences associated with their use. It will ultimately become apparent that issuing currency was the only effective means to raise funds for the Confederate government.

It is important to understand that the idea of creating currency in order to generate revenue was not new. Additionally, contemporary onlookers, used to a uniform national currency, may not be able to gauge the vast amount of currency banks, merchants, and other entities issued around the middle of the nineteenth century. In fact, in 1860, over \$440 million dollars of many different currencies were in American pockets.<sup>3</sup> All of this varied money created virtual chaos in the mid-nineteenth century financial sector. Counterfeiters took advantage of the situation, as helpless merchants had to deal with a wide variety of paper currency.<sup>4</sup> Overall, the idea of printing money to finance the war was not particularly audacious, as contemporary conditions conveyed the normalcy of manufacturing currency.

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<sup>3</sup> A. B. Hepburn, *History of Currency in the United States: Revised Edition* (New York: Augustus M. Kelley Publishers, 1967), 177.

<sup>4</sup> Here, I am referring more generally to the narrative conveyed in Stephen Mihm, *A Nation of Counterfeiters* (Cambridge: Harvard University Press, 2007).

Even before the start of the Civil War, seceded states knew that they needed to raise revenue in order to finance the impending conflict with the North. Officials needed to pay for munitions, arms, personnel, and other items, and state legislatures did not want to be caught off guard with empty coffers. One newspaper recounted that even as early as January 4<sup>th</sup> 1861, southern governments were purchasing large quantities of arms and ammunition. The reporter indicated that “the leading dealers of firearms and ammunition of war in this city [New York] are said to be quite busy filling orders for the South.” The article continued by relating, “over twenty-thousand arms for South Carolina, Alabama, Georgia and Florida” have already been purchased while “another large supply will soon be sent to Savannah.”<sup>5</sup> It is clear that southern states, and later the Confederate government, immediately began purchasing items in order to fight the impending conflict.

In order to pay for these goods, various states (and later the central Confederate authority) began authorizing various wartime revenue initiatives. In fact, on the day that Mississippi seceded from the Union, one local newspaper reported:

“in view of the empty condition of our state Treasury, and the emergencies which are pressing upon the South by action of the dominant sectional majority of the North, the Legislature at its last session passed a law requiring the collectors of the State revenue to pay into the Treasury by the first of April all taxes collected previous to that date.”<sup>6</sup>

The article went on to note “...they must have weapons in their hands, they must have arms and ammunition; and these states must furnish.”<sup>7</sup> Various state officials immediately saw the need to prepare for war, and therefore initiated additional revenue programs in order to purchase wartime necessities.

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<sup>5</sup> “Arms For The South,” *Daily Morning News*, January 4<sup>th</sup>, 1861.

<sup>6</sup> “The Revenue Law-To the Sheriffs of the Several Counties,” *The Weekly Mississippian*, January 9, 1861.

<sup>7</sup> *ibid.*



In addition, it is clear that the Confederate government also immediately needed to raise revenue. This can be illustrated by the amount of money the Provisional Congress spent during the first month of its operations. The first major spending bill issued by the Confederate Congress, for instance, had to earmark \$993,308 for money that Congress owed before it had been effectively organized. Southern officials could not even wait until the financial frameworks of Congress were in place before they began spending money on behalf of the Confederacy.<sup>8</sup>

In addition, federal employees who were operating within southern states, and were previously employed by the federal government, later needed to be paid by the Confederate Congress in Montgomery. One article, for instance, reported that some U.S. Marshalls in the South “applied to Mr. Kennedy, the Superintendent of the Bureau, for immediate payment of fees.” The official replied that since “the government, having been deprived of its funds by their seizures and appropriations to the purposes of the ‘so-called southern confederacy’, he is unable to obtain the means to pay the Marshalls.”<sup>9</sup> Taking over the responsibilities of the federal government, southern authorities needed to pay bills from the start of the Confederacy’s existence.

The immediacy of mounting bills was also clearly illustrated with the speed and rapidity of southern officials in building the financial frameworks of their new country. In fact, C.G. Memminger was appointed the Confederate Secretary of the Treasury just one day after Jefferson Davis’ inauguration as President. Shortly thereafter, on February 21,<sup>st</sup> the Confederate States created the Department of the Treasury, and this process all took

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<sup>8</sup> Ernest A. Smith, “The History of the Confederate Treasury” (PhD diss., Johns Hopkins University, 1901), 8.

<sup>9</sup> “Funds Not Available,” *Boston Daily Advertiser*, April 3, 1861.

place less than a fortnight after the Montgomery Convention had been organized.<sup>10</sup> The government speedily assured that this department had all the resources it needed to manage the finances of the southern republic. A week later on February 28<sup>th</sup>, 1861, for instance, the Confederate Congress passed an “act to authorize the Secretary of the Treasury to establish additional ports and places of entry and delivery, and appoint officers therefore.”<sup>11</sup> Furthermore, within a month, the Provisional Confederate Congress had authorized the employment of 31 clerks and 4 messengers to assist the Treasury Department in its operations.<sup>12</sup>

Confederate politicians knew they would need to collect funds from many different sources in order to pay for the war, and instituted various initiatives to raise money. Over 20 percent of Confederate revenue, for instance, was generated by issuing bonds, which bore interest in Confederate money. Furthermore, internal taxes contributed another 12 percent to southern coffers. Still, treasury notes made up most the Confederacy’s financial reserves. In fact, currency creation comprised around 55 percent of total Confederate funds.<sup>13</sup>

The North utilized different sources to raise money during the war. Nearly one-fourth of its funds came from tariffs, while around two thirds of its financial assets were acquired through loans and bonds.<sup>14</sup> Of course tariffs were inevitably not effective in the South due to the Union blockade, but as shall be analyzed further, bonds were the Confederacy’s second largest means of generating revenue. Overall, Confederate officials

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<sup>10</sup> Smith, “History of the Confederate Treasury,” 3.

<sup>11</sup> “Provisional Congress of the Confederate States of America: An Act, to Authorize the Secretary of the Treasury to Establish Additional Ports and Places of Entry,” *Daily Morning News*, February 28, 1861.

<sup>12</sup> Richard Cecil Todd, *Confederate Finance* (Athens, GA: University of Georgia Press, 1954), 4.

<sup>13</sup> John M. Godfrey, *Monetary Expansion in the Confederacy* (New York: Arno Press, 1978), 17.

<sup>14</sup> Fred Reinfield, *The Story of Civil War Money* (New York: Sterling Publishing Co., Inc., 1957), 14; James McPherson, *Battle Cry of Freedom: The Civil War Era* (New York: Oxford University Press, 1988), 443.

exploited numerous sources of funding, and analyzing these means illustrates the financial framework from which Confederate monetary creation and expansion was promoted.

Bonds were the first means of acquiring revenue authorized by southern officials. In fact, the Provisional Confederate Congress approved the issuing of bonds on February 28, 1861, even before the Civil War began. These early bonds were set to mature ten years after they were first authorized, but varying timeframes were attached to them throughout the war. The text reads, on the front of these bonds, “on the first day of September 1871 the Confederate States of America will pay...the sum of one thousand dollars with interest thereon from this date payable at the same places semi-annually at the rate of eight percent per annum.” This interest was to be paid in Confederate money.<sup>15</sup>

Not many bonds were issued at the beginning of the war. Many politicians believed the conflict would be short, and only originally authorized \$15 million in bonds at the onset of the conflict.<sup>16</sup> Nevertheless, as the war progressed, Confederates saw the need to issue additional bonds in order to continue the operations of the Confederate government. Interest rates fluctuated with the success of Confederate armies, and even reached as high as 10 percent after the southern defeat at Gettysburg.<sup>17</sup> The date of maturity, however, was almost always between 5 to 10 years after the bond was issued. Overall, the Confederacy issued \$524 million in bonds during the Civil War. This

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<sup>15</sup> Fuller, *Confederate Currency and Stamps*, 35.

<sup>16</sup> Henry Capers, *The Life and Times of C.G. Memminger* (Richmond: Everett Waddey and Co. Publishers, 1893), 314.

<sup>17</sup> Todd, *Confederate Finance*, 71.

represents around one-fifth of its entire financial resources, and was the second largest means that the Confederate government utilized to raise money.<sup>18</sup>

There were various problems associated with issuing bonds. One is that they eventually had to be paid back by the Confederate government. Whereas southern money only paid interest, bonds not only had to be reimbursed in full, but also came along with interest fees as well. Even ordinary citizens could realize the lack of sustainability inherent in issuing bonds. One soldier noted around the middle of the war, “I think we have now a foreign loan that is due at about 15 million dollars and if the war should close now, our total debt is something like fifteen-hundred million dollars.”<sup>19</sup> Ebenezer Gilpin, a southern cavalryman, went on to say, “how will we ever repay this...it looks to me that our nation is practically bankrupt.”<sup>20</sup>

The Confederate States also used bonds to acquire goods necessary for the southern government. An Act of April 12, 1862 authorized the Secretary of the Treasury to be the sole official capable of issuing bonds for commodities. The act reads, “The Congress of the Confederate States of America do enact that the Secretary of the Treasury be, and he is hereby authorized to exchange bonds or stocks of the Confederate States for any articles in kind which may be required for the use of the government...”<sup>21</sup> The power of the government to issue bonds in exchange for commodities was greatly utilized to acquire cotton. The government wanted to obtain large amounts of this crop not only to satisfy its own needs, but to influence diplomacy as well. Mostly during the beginning of

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<sup>18</sup> Godfrey, *Monetary Expansion in the Confederacy*, 15.

<sup>19</sup> Ebenezer N. Gilpin, *The Last Campaign: A Cavalryman's Journal* (Leavenworth, KS: Press of Ketcheson Print Co., 1908), 153.

<sup>20</sup> *ibid.*

<sup>21</sup> *An Act to Authorize the Exchange of Bonds For Articles in Kind, and the Shipment, Sale, or Hypothecation of Such Articles*, 1<sup>st</sup> Confederate Congress, April 21, 1862, in “Secretary of the Treasury,” text fiche, B320.

the war, but continuing throughout the conflict, Confederate officials attempted to restrain the free flow of cotton and cut off the supply of this commodity to British buyers. It was thought that this policy could influence British officials to side with the Confederate cause, as it might become economically advantageous to do so.<sup>22</sup>

At times, however, this policy negatively affected the domestic market, as prices often became too high with the government acquiring large quantities of the crop. Secretary of the Treasury C.G. Memminger realized this and noted in a circular to his deputies dated March 6, 1863 “you are hereby directed to resume the purchase of cotton recently suspended by my order, for the purpose, if possible, of reducing its price by the temporary withdrawal of the government from the market.”<sup>23</sup> Overall, bonds played an important role in sustaining Confederate operations, as they allowed the government to acquire funds, attain necessary commodities, and exercise diplomatic strategies.

Shortly after the birth of the Confederacy, many southern politicians urged the creation of money to solve the young nation’s financial problems. Officials believed they could pay for the conflict by printing currency, a policy that did not have some of the drawbacks as other methods of revenue creation. In addition, something needed to be done to pay for the soldiers, equipment, and other necessities required of the Confederate government. Realizing this, on May 16<sup>th</sup> 1861, the Confederate Congress authorized the first Confederate currency. Although this initial issue was only \$15 million, this number

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<sup>22</sup> Arlie R. Slabaugh, *Confederate States Paper Money* (Iola, WI: Krause Publications, 1998), 13.

<sup>23</sup> C.G. Memminger, “Circular Letter: Regulations in Relation to Resuming the Purchase of Cotton, March 6, 1863,” in “Secretary of the Treasury,” text fiche, B307.

soon blossomed due to wartime necessities.<sup>24</sup> Eventually, according to one estimate, the Confederates would print about \$1,044,292.82 of currency.<sup>25</sup>

The first bills authorized by the Confederate government were, in fact, created in the North. New York City at this time was the financial and banking capital of the country, and accompanying these economic institutions were skilled engravers. The Confederates tapped this resource and employed the National Bank Note Company of New York City in the Spring of 1861 to create the first \$15 million of Confederate currency.<sup>26</sup> This story is emblematic of greater themes within the Confederacy, as the South did not have the manufacturing and industrial capacity of the North. This put them at a disadvantage in the war and required them to first employ northern firms to print their national currency.

During the war, Confederate officials did not have access to northern engravers and were forced to rely on southern companies to print their money. One of the main firms used was the Evans and Cogshell Printing Company of Charleston, South Carolina. This enterprise was massive, as the firm had 76 printing presses and employed around 300 individuals to produce the currency, 74 of whom came from Europe.<sup>27</sup> Foreign influence on money creation was so prevalent, that individuals located around various printing sites throughout the South commented about their presence. A South Carolina woman named Olive Cochram Minor retrospectively related, “it may be interesting to mention that located at Johnson University...our government had eighty-four foreign expert artists employed who were turning out millions of dollars of cheap Confederate

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<sup>24</sup> Capers, *Life and Times*, 340.

<sup>25</sup> James F. Morgan, *Graybacks and Gold: Confederate Monetary Policy* (Pensacola, FL: Perdido Bay Press, 1985), 22.

<sup>26</sup> Slabaugh, *Confederate States Paper Money*, 19.

<sup>27</sup> *ibid*, 31.

money.”<sup>28</sup> Overall, currency creation was the primary means of generating revenue for the Confederates.

Benjamin Franklin said over two centuries ago that “in this world nothing is certain but death and taxes.”<sup>29</sup> This expression was never truer than in the Confederacy, as the Confederate government saw the need to tax its citizens in order to maintain government operations. The first tax act passed by the Confederate Congress was initiated on August 19<sup>th</sup>, 1861, almost 6 months after the founding of the Confederate States of America. The war tax was small, just “50 cents upon each 100 dollars of the following property.”<sup>30</sup> Later, however, taxes were raised to fund the increasingly costly war. Everything from agricultural commodities, furniture, imported goods and other items were taxed by the Confederate government. Nevertheless, due to an inefficient central system, and corruption at the state level, much of this taxation never reached the coffers of the Confederate government. Many taxes were also payable in Confederate currency, which did not help the southern government attain precious specie.<sup>31</sup>

In order to raise additional funds, aliens residing in the Confederacy were taxed under separate legislation. The Sequestration Act of 1862 subjected all foreign citizens (including individuals claiming allegiance to the United States) to a tax, and mandated that these individuals register themselves with local government officials. One circular informing officials of this new piece of legislation read, “you are requested to render assessment...all property in your hands belonging to alien enemies...to any District

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<sup>28</sup> Olive Cochran Minor, *Memior of Olive Cochran Minor* (Columbia, SC: State Company, 1903), 371.

<sup>29</sup> Bartlett Jere Whiting, *Modern Proverbs and Proverbial Sayings* (Cambridge: Harvard University Press, 1989), 158.

<sup>30</sup> “The Confederate Tax Law,” *The Fayetteville Observer*, August 26, 1861.

<sup>31</sup> Claude E. Fuller, *Confederate Currency and Stamps 1861-1865: Official Acts of Congress Authorizing Their Issue* (Nashville: Parthenon Press, 1949), 42.

Collector or Assessor of said tax prior to the first day of April next.”<sup>32</sup> Taxing various goods and even alien citizens, the Confederate government attempted to raise precious funds.

Taxation and issuing bonds had several serious drawbacks. Taxes were difficult to collect and led to serious consternation among Confederate citizens. One article written about an early tax act, for instance, conveys this friction. The piece related, “the Confederate Congress has just passed a tax bill which will probably alarm many people.” The journalist attempted to calm this agitation by relating “let no man grumble or hesitate about taxes. It is a case of life or death- yea even more.”<sup>33</sup> In addition, bonds eventually needed to be paid back, and merely mortgaged the nation’s future for the benefit of present needs. Furthermore, using bonds to acquire necessary goods had certain adverse effects on the markets for those commodities, such as raising prices for ordinary buyers. Realizing these consequences southern officials, rather, promoted the creation of Confederate money.

Printing paper money also provided the benefit of freeing up the small amounts of gold and silver southerners had captured from various federal facilities. Confederate currency, unlike northern “greenbacks,” was not backed by precious metal. This allowed southern policy-makers to use precious specie for other purposes.<sup>34</sup> In the beginning of the conflict, Confederate officials seized U.S. property they deemed essential to their operations. Armories were captured and buildings were occupied. This was also the case in the financial arena, as Confederate forces seized federal holdings which possessed

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<sup>32</sup> George J. Durham, “Circular to Receivers Under the Sequestration Act, February 12, 1862,” in “Communication of Secretary of Treasury, Treasury Department, C.S.A., Richmond, November 23, 1864” (Austin: University of Texas Libraries, 1964), text fiche, A128.

<sup>33</sup> “Taxes,” *Fayetteville Observer*, August 22, 1861.

<sup>34</sup> Reinfeild, *The Story of Civil War Money*, 19.



specie. The first captured financial site was the U.S mint at New Orleans, as southern forces occupied this facility in January of 1861, shortly after Louisiana seceded from the Union.<sup>35</sup> The mints at Charlotte and Dahlonega were also seized soon after North Carolina and Georgia joined the Confederacy.<sup>36</sup>

These properties were not used to mint money, as the Confederacy used specie to purchase goods rather than allow precious metals into general circulation. Rather, these facilities became places where Confederate officials stored their small but valuable supplies of specie. The mint at New Orleans alone housed \$265,000 in gold and silver, all of which had been taken from the U.S. government when the Confederates captured the facility.<sup>37</sup> Wartime necessities affected the operations of these mints and the handling of the precious specie they housed. Sometimes, federal forces captured these facilities adding an immense blow to the finances of the Confederacy. Like in other situations throughout the war, Confederate officials had to improvise ways to continue their operations despite these setbacks. A southern civil servant noted during Sherman's devastating march through the South, "while at Bristol I had determined if the enemy got possession of Atlanta and should threaten Augusta, I would move the two offices...and there establish for a time at least the Confederate States depository at the Knoxville Branch."<sup>38</sup> Access to stockpiles of specie was a great resource to the Confederacy but had to be regarded with care to avoid capture by Union forces.

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<sup>35</sup> Reinfeld, *Civil War Money*, 52.

<sup>36</sup> Grover C. Criswell, *Colonel Grover Criswell's Guide to Confederate Money: Being a Complete Compendium of Information* (Richmond: Brannon Publishing Co., 1991), 19.

<sup>37</sup> Fuller, *Confederate Currency and Stamps*, 156.

<sup>38</sup> William B. Hesseltine ed., *Dr. J.G.M. Ramsey: Autobiography and Letters* (Knoxville: University of Tennessee Press, 2002), 212.

One intention of policy-makers in creating Confederate money was to free up the valuable specie reserves found at these minting facilities. The South did not have much precious metal during the conflict, as many of the financial institutions of the United States were located in the North before the war. In fact, despite acquiring the New Orleans mint and other possessions, New York City had more specie during the Civil War than all eleven states of the Confederacy combined.<sup>39</sup> Looking at Confederate holdings at the end of the conflict illustrates the government's lack of specie reserves. By the end of the war, the Confederacy only held around \$150,000 in gold, silver, and silver coin, barely enough to fill a railroad car.<sup>40</sup>

It is easy to see how paper money freed up valuable specie for the Confederate government. Unlike some other currencies of the era, including northern "greenbacks," Confederate notes were not redeemable in precious metal. The currency did yield interest, but, possession of Confederate money did not allow someone the right to exchange their notes for gold or silver. This situation allowed the government to free up its tiny supply of precious metals for other purposes more critical to the Confederate cause. Certain purchases by the government, for instance, could only be made in specie, and other financial transactions required the use of gold or silver.

Specie's primary importance for the Confederacy was that it allowed the southern nation to purchase goods from Europe. Everything from guns, household items, and other commodities were imported from abroad through the Union blockade. Foreign sellers did not trust notes printed by the newly-created southern republic, and almost exclusively

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<sup>39</sup> Mihm, *A Nation of Counterfeiters*, 320.

<sup>40</sup> Reinfield, *Story of Civil War Money*, 55.

required specie for their goods.<sup>41</sup> The small Confederate supply of precious metal was not, however, enough to satisfy southerners' perpetual hunger for foreign products. In fact, the Confederacy would eventually owe \$2.2 billion to foreign entities.<sup>42</sup> Nevertheless, Confederate officials still aspired to free up as much precious metal as possible for use in international commercial transactions.

Specie was also used to pay officials working for the Confederate government abroad. The Confederacy had hired a number of diplomats to go overseas and secure recognition of the Confederate government from France, Britain, and other nations. It would have been unfair to give these individuals salaries in Confederate money, as this currency was virtually useless abroad. Secretary of the Treasury C.G. Memminger noted this situation in a letter he wrote in February of 1863. In it he states "I have, therefore, construed the acts, which appropriate money for persons whose official duties require them to reside abroad as meaning that the sum appropriated shall be paid in coin at the place of official residence."<sup>43</sup> These salaries must have been paid for with specie, as Confederate dollars could not be exchanged for foreign money.

The Confederates did experiment with minting coined currency. During the war two coins were struck: a half dollar and a one-cent piece. Both of these coins were created by George H. Lovett who, before the war, was a prominent New York City minter.<sup>44</sup> These coins, however, were extremely rare and were never intended to enter general circulation. In fact, only 4 half-dollars were known to have been issued by the Confederate government and were only given to prominent individuals such as Jefferson

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<sup>41</sup> Morgan, *Graybacks and Gold*, x.

<sup>42</sup> Fuller, *Confederate Currency and Stamps*, 28.

<sup>43</sup> C.G. Memminger, "Letter From C.G. Memminger to Thomas S. Boccock, February 10, 1863," in ""Secretary of the Treasury," text fiche, C498.

<sup>44</sup> Reinfeld, *Civil War Money*, 67.

Davis and others.<sup>45</sup> It is easy to see why forays into coined currency failed in the Confederacy. The southern nation experienced a severe lack of metal throughout the Civil War, and coinable metal such as copper was vital for armaments, transportation, and other essential functions. Confederate officials sought to conserve this commodity by creating paper money.

One of the ways the Confederate government encouraged the use of this paper currency was with a promise to pay interest on these notes. Although fluctuating throughout the conflict, southern money usually stated that it would pay between 1 to 3 percent interest.<sup>46</sup> The notes also gave a date on which the bills would mature. This time was originally stipulated at “6 months after a treaty of peace with the United States” but with the continuation of the war increased to two years.<sup>47</sup> The essential difference between bonds and treasury notes, although both bore interest, was that the latter was easier to exchange for goods and services. In addition, money bore far less interest than bonds, as Confederate bonds yielded between 5-10 percent more interest per year than currency.<sup>48</sup> Overall, southern money was not backed by specie, but officials did authorize interest fees to increase the desirability of acquiring Confederate scrip.

Although it may seem obvious, perhaps the primary motivation for the creation of Confederate money was so that the government could pay for the goods necessary to continue its operations. Much can be said on how these funds were used to procure supplies from southern citizens, as Confederate dollars were given to ordinary southerners in exchange for food, clothes and other goods. Oftentimes, the southern

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<sup>45</sup> Fuller, *Currency and Stamps*, 157.

<sup>46</sup> Ian Binnington, “They Have Made A Nation: Confederates and the Creation of Confederate Nationalism” (PhD diss., University of Illinois at Urbana Champaign, 2005), 119.

<sup>47</sup> Slabaugh, *Paper Money*, 11.

<sup>48</sup> Fuller, *Confederate Currency and Stamps*, 35.

government published lists of certain items that the Confederate cause required and stated the prices that quartermasters would pay in order to acquire these products. One article published in *The Charleston Courier, Tri-Weekly* toward the beginning of the war conveyed:

“It is announced for the information of all concerned, that the Quartermaster’s Department will pay for shoes, blankets and other articles of clothing which may be contributed by the people of the Counties in the several States of the Confederacy to their soldiers in the field at the prices stated in the following tables

These prices included \$2 Confederate for jackets, \$6 for shoes, and listed other items as well.<sup>49</sup> In addition, as discussed later, such prices increased later in the war due to the inflation that plagued the South.<sup>50</sup>

Although Confederate money was primarily used to pay southerners, a lesser-known story concerns the use of Confederate currency in acquiring supplies while southern armies were in the North. During the war, Robert E. Lee twice invaded Union territory, as he marched into Maryland in September of 1862 and into Pennsylvania in June-July of 1863. While there, Lee’s army was extended far beyond the reach of its supply base, and needed to use Confederate scrip to pay for various provisions. Perhaps southern officials did not originally aspire to create money in order to pay northerners, but Confederate currency was utilized to procure supplies from both Confederate and Union residents.

One British observer of Lee’s army noted the trend of exchanging Confederate scrip for supplies. He recounted “Major Moses tells me that his orders are to open the stores in Chambersburg [Pennsylvania] by force and seize all that is wanted for the army

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<sup>49</sup> “It Is Announced For the Information of All Concerned,” *The Charleston Courier, Tri-Weekly*, December 18, 1862.

<sup>50</sup> Slabaugh, *Confederate States Paper Money*, 22-23.

in a regular and official manner, giving in return its value in Confederate money...”<sup>51</sup> It should be noted that the words that this individual used when relating this situation implies that these goods were involuntarily seized. Confederate officials, it seems, only provided their money in order to ameliorate this injustice.

One southerner perhaps best summed up southern aspirations in exchanging Confederate money for goods. She explained “ I want the dairies, pantries, granaries, meadows and orchards belonging to the rich farmers of Pennsylvania to be laid open to our army, and I want it all paid for with our Confederate money which will be good at some future day.”<sup>52</sup> In the end, Confederates needed some way to procure goods while in the North. Providing southern currency perhaps gave outright plunder the cover of legitimacy, as Confederate scrip allowed officials to offer something in exchange for these goods.

Some northern residents were willing to accept Confederate money for their property. Perhaps this was because of their sympathies with the southern cause, or out of fear from the repercussions of refusal. One South Carolina newspaper article reported just before the Battle of Antietam, “the people of Frederick and the surrounding country take Confederate money readily at par, for every article needed by the Confederates.”<sup>53</sup> Some northerners, however, did not want to accept money that they thought was of little value, and despite threat and coercion, resisted taking Confederate currency for their property.

One southern soldier, who had his letter later published in *The Charleston Mercury*, stated that before the Battle of Antietam, some residents would not even accept

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<sup>51</sup> Sir Arthur James Lyon Fremantle, *Three Months in the Southern States: April-June 1863* (Edinburgh: William Blackwood and Son, 1863), 246.

<sup>52</sup> Judith White Brokenbrough McGuire, *Diary of a Southern Refugee During the War, 3<sup>rd</sup> Edition* (Richmond: I.W. Randolph and English, 1889.), 225.

<sup>53</sup> “Latest From Maryland,” *The Charleston Mercury*, September 15, 1862.

southern scrip for goods that had already been taken. He noted, “one or two good old Union men would have nothing to do with them, and refused to sell them anything or to take pay in Confederate money for the property that had been taken from them.”<sup>54</sup> This must be a testament to how valueless some Marylanders believed southern notes to be, as they refused to accept the currency even after Confederate forces had taken away their property. It may also illustrate an unwillingness to legitimize the southern nation. Accepting currency may have authenticated the scrip as “a pledge of a nation,” and northerners perhaps did not want to grant the Confederacy this legitimacy.

Southern armies also found it particularly difficult to make northerners accept Confederate currency before the battle of Gettysburg as well. This situation is interesting, since the recent Confederate victory at Chancellorsville had, in fact, increased the value of southern notes during this time. Military instructions made it even more difficult to exchange Confederacy money, as General Lee issued an order shortly before Gettysburg mandating that civilian property only be taken in exchange for southern scrip. One soldier related in a letter, “you spoke to me about purchasing certain articles for you in Pa. I found it impossible to procure anything without violating Genl. Lee’s order. The citizens would not take Confederate money.”<sup>55</sup> Many northerners were extremely upset at the thought of accepting Confederate currency and some flatly refused to take southern money for their food and property.

Even if northerners did not want to accept the money, they were oftentimes forced to take Confederate currency in exchange for their goods. At the point of a bayonet,

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<sup>54</sup>“Letter From Richmond (Correspondence of *The Charleston Mercury*),” *The Charleston Mercury*, June 14, 1864.

<sup>55</sup> Green Berry Samuels, *A Civil War Marriage in Virginia: Reminiscences and Letters* (Boyce, VA: Carr Publishing Co., 1956), 186.

northern residents were obliged to exchange their property for “I.O.U.s” that they were near certain would eventually become valueless. One woman discussing civilians in Pennsylvania related this situation in her diary and recounted that she heard, “when food was required [before, during and after the Battle of Gettysburg] it was paid in Confederate money...at first refused by the indignant inhabitants, but to use the language of a soldier ‘they were finally very careful in making the change.’”<sup>56</sup>

This sense of coercion, however, was not placed upon ordinary southerners by their government. Though the subject was extensively debated in the Confederate Congress on numerous occasions, and nearly became law in 1864, Confederate currency was never made legal tender. This meant that people could refuse to accept southern money as payment, and the consequences of this reality, such as its contribution to skyrocketing hyperinflation, will be analyzed later in this thesis.<sup>57</sup> Furthermore, northern currency was in fact given legal tender status during the war. This made the northern economy more stable, as people were assured that merchants would accept their “greenbacks.”<sup>58</sup>

Many southerners did in fact support conferring legal tender status on Confederate notes. One citizen, in a letter to the *Richmond Enquirer*, expressed the views of many when he related, “gentlemen, we never can get along right until Confederate money be made a legal tender.” He went on to state “all the debts of the country call for dollars or coin; and how can debtors live through the great struggle unless they can pay

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<sup>56</sup> Sallie Brock Putnam, *Richmond During the War: Four Years of Personal Observation* (New York: G.W. Carleton and Co., 1867), 236.

<sup>57</sup> Morgan, *Graybacks and Gold*, 4

<sup>58</sup> Reinfeild, *The Story of Civil War Money*, 19



their debts with Confederate notes...?”<sup>59</sup> Still, the Confederate Constitution explicitly prohibited such an initiative. Copying almost word for word from the U.S. Constitution’s article I section 10, the supreme law of the Confederacy clearly stated that the government could not “make anything but gold and silver coin a tender in payment of debts.”<sup>60</sup> Government officials deemed it unconstitutional to give Confederate money legal tender status and stuck to their beliefs despite the contrary opinions of many southerners.

Merchants and other individuals, however, were prohibited by the Confederate government to possess Federal money, incentivizing their use of Confederate notes. The Confederate Congress passed an act in December of 1863 that said “...no banker or dealer in exchange, or person concerned in trade, as a merchant or vender of merchandize of any description shall buy, sell, take, or have possession any paper currency of the United States.”<sup>61</sup> This law was passed perhaps to take federal dollars out of the southern circulation, or to limit those employed in the southern financial sector from discrediting Confederate money through the use of northern scrip. In the end, though freedom of possessing and accepting various types of currency was permitted in the Confederacy, certain individuals were not allowed to possess money of the United States.

Additionally, in active warzones, government or military officials did issue proclamations that all residents had to accept and support the use of Confederate currency. One such proclamation, issued in May, 1862, illustrates the seriousness of these

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<sup>59</sup> “Gentlemen- We Never Can Get Along Right Until Confederate Money Be Made a Legal Tender,” *Richmond Enquirer*, August 26th, 1862.

<sup>60</sup> “Constitution of the Confederate States of America,” Acquired Online, February 2009 at: [www.yale.edu/lawweb/avalon/csa/csa.htm](http://www.yale.edu/lawweb/avalon/csa/csa.htm)

<sup>61</sup> *A Bill To Prohibit Dealing in the Paper Currency of the Enemy*, 2<sup>nd</sup> Confederate Congress, December 31, 1863, in “Secretary of the Treasury,” text fiche, C325.

types of orders. It reads “the civil government and Provost Marshal will arrest all persons who refuse to take Confederate money in all ordinary business transactions...bankers, banking houses all incorporated companies are hereby required to take Confederate notes as currency in the transaction of their business.”<sup>62</sup>

In some instances, just speaking out against Confederate money was enough to warrant an arrest. The exchange of Confederate currency for goods required by the military was essential to the operation of southern armies, and spreading distrust in the money was impermissible in warzones. The Confederate Secretary of War, George W. Randolph, wrote a letter to Robert E. Lee in October of 1862, empowering the general to take action against people not supporting Confederate currency. He wrote, “if individuals within the theatre of your operations discredit the government money, they may be considered as hostile to the Confederacy and may be arrested.”<sup>63</sup> These mandates were issued in order to ease officials in the process of exchanging Confederate notes for necessary military supplies.

While some may have been displeased at the thought of taking Confederate money, other people hoarded southern notes. Certain individuals believed that Confederate money would increase in value at some future date, and thus took their money out of circulation. After the Battle of Fredericksburg and the Battle of Chancellorsville, for instance, Confederate currency was worth more than it had been valued mere weeks previously and some took advantage of this fluctuation to increase their wealth. One southerner noticed the trend of hoarding Confederate notes. He stated

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<sup>62</sup> “Confederate Money at Memphis, Thos. H Rosser, col. Commanding Post,” *The Semi-Weekly Raleigh Register*, May 31, 1862.

<sup>63</sup> George W. Randolph, “Letter From George W. Randolph to Robert E. Lee, October 11, 1862,” in Fuller, *Confederate Currency and Stamps*, 22.

in the closing months of the war, “there is none of the Confederate money in circulation; though I judge from what I hear that considerable quantities of it are hoarded up in the belief that things will somehow take such a turn as to give it value.”<sup>64</sup> This situation was perhaps due to an irrational optimism, oftentimes spurred by Confederate victories on the battlefield. Some thought southern money would be worth more at a later date, and it would then be profitable to exchange Confederate money in this more favorable financial climate.

The Confederate government was not the only entity issuing money in the South during the Civil War. Southern monetary circulation during the conflict included a varied mélange of merchant, bank, and state-issued notes. Relevant to this thesis is the multitude of state money printed during the conflict, as many aspirations that the central government had in issuing currency were also on the minds of various state policy-makers. Almost every state in the Confederacy printed money.<sup>65</sup> Even states not officially included in the southern nation issued currency just as if they were part of the Confederacy. For instance, although Missouri sent delegations to the Confederate Congress, it is not officially considered part of the Confederate nation. Nevertheless, the state of Missouri issued currency that bore the words “Confederate States of America” on its front and printed a \$100 bill that even featured a portrait of Jefferson Davis. This currency, just like other state notes, was widely circulated throughout the South during the war. Furthermore, it is true that these states issued money before the Civil War. Nevertheless, wartime production is relevant to this thesis as this later currency creation

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<sup>64</sup> Sidney Andrews, *The South Since the War As Shown By Fourteen Weeks of Travel and Observation in Georgia and the Carolinas* (Boston: Ticknor and Co., 1866), 35.

<sup>65</sup> Morgan, *Graybacks and Gold*, 5.

was motivated by the same economic aspirations possessed by the central Confederate government.<sup>66</sup>

Interestingly, Indian tribes also issued their own Confederate currency during the conflict. The Cherokee nation printed a variety of bills, some of which proclaimed that they were “redeemable in notes of the Confederate States.”<sup>67</sup> Some tribes casted their lot with the Confederacy, thinking that a southern nation would treat native communities better than the United States. It is therefore not surprising that these tribes would print money in order to take advantage of the conflict for their own monetary benefit.

Not every state issued currency in the same quantities. North Carolina printed one of the lowest amounts of any state, as it issued around \$15 million Confederate during the conflict. Other states like Virginia ran their printing presses more frequently and issued around \$50 million Confederate during the Civil War.<sup>68</sup> State monetary creation, however, only constituted a small proportion of the circulating money in the South during the conflict. Of the 1 to 2 billion dollars in southern pockets during the war, only around 200-300 million were issued by states, counties, railroads, merchants or other similar entities.<sup>69</sup>

The Confederate States issued currency for many of the same reasons as the central Confederate government. These entities ran their own poverty reduction programs, fielded costly home guards, and required funds to execute a number of government initiatives. Taxation could only go so far, and currency seemed like another viable option to raise revenue. Although there was less state-issued scrip, this currency-

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<sup>66</sup> Grover C. Criswell Jr. and Clarence L. Criswell, *Confederate and Southern States Currency: A Descriptive Listing Including Rarity* (Grille Beach, FL: Criswell's Publications, 1957), 177.

<sup>67</sup> Slabaugh, *Confederate States Paper Money*, 168.

<sup>68</sup> Criswell, *Confederate and Southern States Currency*, 192.

<sup>69</sup> Criswell, *Compendium of Information*, 18.

creation nevertheless illustrates how political entities believed it advantageous to print money in order to fill their governmental coffers.

Overall, the Civil War was a costly endeavor for the Confederacy. In fact, the southern government dissolved with over 700 million dollars of domestic debt.<sup>70</sup> At the beginning of the war, officials certainly knew of the enormous economic expense that would be paid in order to engage the North in armed conflict. Various methods of revenue creation were utilized such as taxation, bonds and others but these means were associated with certain irreconcilable consequences. This led Confederate policy-makers to adapt currency as their chief source of revenue, as officials aimed to pay for much of what their government would require with the printing press.

To a certain extent, Confederate officials were able to realize this aspiration, as they traded Confederate scrip for food and supplies needed to sustain the southern cause. Printing notes also allowed officials to free up vital specie reserves, which helped pay diplomats' salaries and assisted agents in purchasing goods abroad. As we shall see later, some of these economic aspirations were not fully realized due to various consequences associated with the creation of currency. Nevertheless, certain economic aims motivated officials to print Confederate money, and the southern government realized some benefits due to this currency production.

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<sup>70</sup> Smith, "The History of the Confederate Treasury," 84.

## **Chapter Two: Political Aspirations and the Iconographical Benefits of Confederate Currency Creation**

As a political entity, the Confederate nation was born on February 18<sup>th</sup> 1861, for at 10 AM that morning, Jefferson Davis was inaugurated as the first president of the southern Confederacy. After a brief procession on a sunny morning in Montgomery, Jefferson Davis rose the steps of the Alabama statehouse to be administered the oath of office.<sup>71</sup> After raising his right hand and swearing his executive oath, Jefferson Davis gave a rather short inauguration speech to the crowd that had gathered near the statehouse steps. In his address, Davis spent some time discussing a devotion to “agricultural pursuits” and other interests that made the southern states a separate nation. In the end, Jefferson Davis related, “as a necessity, not a choice we have resorted to separation, and henceforth our energies must be devoted to the conducting of our own affairs, and perpetuating the Confederacy we have formed.”<sup>72</sup> With the signing of a separate Confederate Constitution, the inauguration of Jefferson Davis, and the appointment of a newly-formed Congress, the Confederate nation was born.

But in a larger sense, the aforementioned measures were not enough to legitimize the Confederate nation in the eyes of southern citizens and actors abroad. Nations are not just magically created out of thin air, but are rather the creatures of decades of nationalist movements and regional consciousness.<sup>73</sup> In order to connect the new nation to this nationalistic sentiment, Confederates adopted flags, songs, rhetoric and other devices to demonstrate their independence from the North. In addition, nations must assume everyday governmental operations, not only to run the massive programs a government

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<sup>71</sup> Capers, *Life and Times*, 305-307.

<sup>72</sup> Jefferson Davis, “Jefferson Davis Inaugural Address, Montgomery Alabama, February 18 1861,” acquired online, December 2008 at: <http://www.civilwarhome.com/davisinauguraladdress.htm>

<sup>73</sup> Binington, “They Have Made a Nation,” 13.

requires, but also to convince others that the nation they represent is legitimate.

Confederate currency was used for both of these purposes.

Various images on Confederate money connected the currency, and the government that issued it, to southern ideals. In addition, the mere act of printing money showed the functioning of an independent nation, as the Confederate Congress authorized these “grayback” notes. All told, the Confederate government wanted to use currency as a tool to connect itself to southern nationalistic rhetoric, and also printed this money in order to demonstrate that it was a legitimate and viable political entity.

In order to legitimize their cause, many southerners cast their eyes to Europe to compare the Confederate example to known instances of nationalism abroad. Some discussed the similarities between the Confederate movement and Garibaldi’s work in Italy. One newspaper even called Garibaldi’s movement a “brother revolution.”<sup>74</sup> Others compared the Confederate nation with the newly formed Polish and Dutch political entities.<sup>75</sup> This discourse substantiates the claim that Confederates were concerned with their perceived legitimacy. They compared themselves to extant political entities abroad in order to show that they too were a distinct and functioning nation

In addition, numerous symbols were created by the Confederate government in order to demonstrate the trappings of a separate, independent country. These included a unique flag, a distinct seal, and other representations of a legitimate nation. Symbols, however, did not just represent the new southern republic in a visual form. Some scholars also suggest that they were an attempt to legitimize the act of secession itself, as many of

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<sup>74</sup> “Italian Affairs,” *Daily Richmond Enquirer*, September 4, 1862.

<sup>75</sup> Drew Gilpin Faust, *The Creation of Confederate Nationalism: Ideology and Identity in the Civil War South* (Baton Rouge, LA: Louisiana State University Press, 1988), 13.

these symbols go to the heart of southern nationalistic rhetoric.<sup>76</sup> The official motto of the South is illustrative of this fact. The phrase reads in Latin “Deo Vindice,” which roughly translates into English as “God will Vindicate.”<sup>77</sup> This represents a connection to southern nationalism, as southerners regarded themselves as god-fearing and pious people. Religious institutions were always held close to the southern heart, and a manipulation of religious rhetoric even helped promote the secessionist movement.<sup>78</sup> The phrase is also radically different than the American motto “E Pluribus Unum,” which was adopted during the American Revolution and translates as “out of many, one.” The later expression made appeals to Union and cohesion, which were concepts that were problematic for secessionists.<sup>79</sup> The process of crafting an official motto can also be seen as an act of separation, as the southern government adorned their seal, public buildings, and even their currency with this unique phrase.

The Confederates also adapted a distinct flag to represent the newly-created southern republic. Flags at the middle of the nineteenth century had perhaps more significance than they do today. These pieces of cloth were hallowed ornaments that were regarded as visual embodiments of the entities they represented. Banners were also carried into battle, where it was a great honor to be the flag bearer, even though these individuals experienced disproportionately high casualty rates. It is therefore not surprising that one of the first acts of the Provisional Confederate Congress was to

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<sup>76</sup> Binnington, “They Have Made a Nation,” 5.

<sup>77</sup> *ibid*, 225.

<sup>78</sup> On this point, I am relying on various sections of Mitchell Snay’s dissertation “Gospel of Disunion: Religion and the Rise of Southern Separatism, 1830-1861,” (PhD diss., Brandeis University, 1984).

<sup>79</sup> *A Bill to Establish a National Motto of the United States*, HR 13917, 84<sup>th</sup> Cong., 1<sup>st</sup> Sess., Congressional Record (1956).



authorize a group called the Committee on the Flag and Seal to decide what design would represent the country.<sup>80</sup>

In March 1861, a banner called The Stars and Bars was adopted and flown over the Confederate capital in Montgomery, Alabama. In order to make their national banner more visible on the battlefield, a flag with a blue “X” on a red background bearing 13 stars was later adopted and used almost until the end of the war, when a third lesser-known flag was authorized by the failing Confederate government.<sup>81</sup> A famous poem written during the era perhaps sums up the importance of flags in representing independent political entities. These words written by Henry Timrod describe the Confederacy and include the lines “at last we are a nation among nations/ and the world Shall soon behold/ in many a distant port/ another flag unfurled.”<sup>82</sup> Flags were critical emblems of sovereign political entities, and the South similarly adopted this symbol of independence.

Another way that the Confederates created the aura of an independent nation was by adopting a separate Constitution for the Confederate States of America. Passed after a short period of discussion, this document replaced a provisional constitution and became the supreme law of the Confederacy on May 11, 1861. The Constitution was almost identical to its U.S. counterpart, and kept its fiscal sections almost unchanged from the federal document. The Confederate Constitution did have some notable alterations, however, such as guaranteeing the institution of slavery and granting states the power to impeach Confederate officials operating within a given state. This similarity to the

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<sup>80</sup> Smith, “A Nation Among Nations,” 59.

<sup>81</sup> *ibid.*

<sup>82</sup> Henry Timrod, “A Nation Among Nations,” in Percy H. Boyton ed., *American Poetry* (New York: Charles Scribner’s Sons, 1919), 324.

federal constitution may illustrate the South's desire to preserve the work of certain beloved Founding Fathers, a heritage officials would also represent on their currency. Another notable alteration from the U.S. Constitution is in the preamble of the document. The Confederate constitution reads "we, the people of the Confederate States, each State acting in its sovereign and independent character, in order to form a permanent federal government ...invoking the favor and guidance of Almighty God do ordain and establish this Constitution for the Confederate States of America."<sup>83</sup> These words demonstrate the South's strong religious sentiments, and show the southern government's commitment to a confederate form of governance. This document is also another instance of Confederate officials illustrating the trappings of a separate nation, for not only did the Constitution dictate the operations of the new government but proclaimed to the world that a new nation was born.

The South boasted a number of catchy and nationalistic songs during the Civil War and these tunes also helped bolster the case that the Confederacy was a separate political entity. Some, like the "Bonnie Blue Flag," talked about southern brotherhood and recounted southern secession with joy. Perhaps the most famous southern song of the era was the tune "Dixie." This piece is upbeat as it moves the listener with appeals to patriotic sentiments. The song goes "'Southrons! hear your country call you/Up! Lest worse than death befall you/ to arms, to arms, to arms for Dixie."<sup>84</sup> The popularity of this song spread throughout the Civil War, until it was sung around campfires and in concert halls throughout the South. Varina Davis, wife of President Jefferson Davis, even

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<sup>83</sup> "Constitution of the Confederate States of America," acquired online, December 2008 at: [www.yale.edu/lawweb/avalon/csa/csa.htm](http://www.yale.edu/lawweb/avalon/csa/csa.htm)

<sup>84</sup> Albert Pike, "Battle Song of Dixie," in Stephen Currie ed., *Music in the Civil War* (Cincinnati: Betterway Books, 1992), 42.

suggested that it be adopted as the official anthem of the Confederacy.<sup>85</sup> Although the Confederate Congress never officially sanctioned it as a national anthem, many southerners still regarded this song as the unofficial anthem of the southern republic. This illustrates the South's desire to create the trappings of an independent country, as song-writers created tunes that bonded, and some would say, represented the young Confederacy.<sup>86</sup>

One of the reasons why Confederate currency was so important is that it illustrated the operations of an independent nation to potential allies abroad. Throughout the war, some British officials strongly supported the Confederate cause and wanted to grant the rebels recognition. William Gladstone, Great Britain's Chancellor of the Exchequer and future Primer Minister, even noted, "Jefferson Davis and other leaders of the South have made an army; they are making, it appears, a navy; and they have made what is more than either, they have made a nation."<sup>87</sup> Even northerners recognized the importance of symbols representing independence and this prompted many to desire the prompt capture of the Confederate capital. The hero of Gettysburg, Joshua Chamberlain, later recounted in his memoirs "its cry was 'on to Richmond' to capture the rebel capital so imprudently set up in the face of our own and thus wipe out that pretended token of independence and sovereignty which gave the pretext for foreign recognition."<sup>88</sup> This recognition was one of the Confederacy's top priorities, and functioning as an independent nation by raising an army, establishing a capital, and printing money

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<sup>85</sup> Sean Wilentz, *Rise of American Democracy: Jefferson to Lincoln* (New York: W.W. Norton and Company, 2005), 777.

<sup>86</sup> Smith, "A Nation Among Nations," 56.

<sup>87</sup> Roger L. Ransom, *The Confederate States of America: What Might Have Been* (New York: W.W. Norton and Company, 2005), 161.

<sup>88</sup> Joshua Lawrence Chamberlain, *Memoir of Joshua Lawrence Chamberlain* (New York: G.P. and Sons, 1915, 28.

legitimized the Confederate cause and perhaps made it more possible for the South to attain foreign alliances.

Another political aspiration of currency creation was that it allowed the government to levy less direct taxes on its people, as they were mainly acquiring revenue through the printing press rather than the tax collector. Central taxation itself seemed contrary to Confederate principles, and for most of the war, southern taxation was relatively light. At the beginning, southerners were only taxed 50 cents for every \$100 they possessed of certain goods. It is true that northern taxes in 1861 were also light, as each state was obligated to assess its own part of the \$20 million tax bill based on its population. This did not amount to much, as one northern paper even noted “if a man owns a house worth \$1000 he would only pay on \$500 and the increase on that would be a little over one mill on a dollar or ONE DOLLAR on the whole \$500.”<sup>89</sup> Toward the end of the war in 1864, however, taxation by both governments increased. The conflict concluded, however, before any heavy taxation could be initiated.<sup>90</sup> As we shall see later, massive currency devaluation in essence levied an “inflation tax” against southern citizens, but the symbolism of fewer taxes was certainly significant in connecting the southern government to decentralizing, confederate principles. Furthermore, taxation is a direct, visible demonstration of the government’s intervention in the lives of its people, and printing money perhaps reduced the agitation that higher taxes could have caused.

Another political aspiration motivating currency creation was that money wedded southern citizens more firmly to the Confederate government. If the southern nation failed, the money it printed would become valueless. Similarly, if one did not trust

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<sup>89</sup> “War Taxes- How Much Are They,” *Bangor Daily Whig and Courier*, August 27, 1861.

<sup>90</sup> Slabaugh, *Confederate States Paper Money*, 11-12.

Confederate currency, the southern government would be hurt, as it would be harder for it to acquire the men and materiel needed to continue its operations. For this reason, many prominent figures throughout the South urged citizens to support the currency, and the government that printed it, in order to ensure that everyone's holdings were safe. One newspaper article read, "destroy our currency by impairing confidence in it, and the government is paralyzed...whilst the patriotic men who have given their whole property in exchange for this pledge of the nation's faith, that the nation's liberties might thereby be won, will be utterly ruined."<sup>91</sup> In taking possession of Confederate currency, each citizen had a stake in the success of the southern cause. This situation wedded people more firmly to the Confederate government and to the idea of a southern nation.

Money also served another political purpose, as it demonstrated the functioning of the central government to ordinary citizens and banking institutions. The Confederate States of America was exactly as its name purported it to be; a confederacy of sovereign states under a weak decentralized government. Although the government in Richmond ironically became stronger as the war progressed, ordinary citizens still did not interact much with the central government unless they were using the Confederacy's notoriously unreliable postal system. Confederate currency connected ordinary southerners to their national authority, as a piece of the government was literally in the wallets and pocketbooks of many Confederate citizens.<sup>92</sup>

The Confederacy, like the United States at the time, had no central bank, and only contained the flimsiest framework from which to coordinate the activity of the many independent banking institutions operating throughout the South. Confederate officials

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<sup>91</sup> "Confederate Money," *The Fayetteville Observer*, June 2, 1862.

<sup>92</sup> Mihm, *A Nation of Counterfeiters*, 318.

did, however, call several banking conventions so that officials at these various financial institutions could come together and discuss mutual strategies that affected both the private sector and the government. One article written in the beginning of the war endorsed a recent convention and suggested future cohesion as it read “we invite attention to the adjourned Convention of Banks that met in Richmond, VA on the 21<sup>st</sup>...a full and general representation [at future conventions] will subserve the interests of the banks as well as the public weal.”<sup>93</sup> It should be noted that the Union, attempting to coordinate fiscal activity, also called similar conventions. One, for instance, met on October 20<sup>th</sup>, 1864 in New York City. An article from a Philadelphia newspaper related “the meeting of National Bank officers at the Astor House, this afternoon, comprised delegates from nearly one-hundred and thirteen banks, in nearly all parts of the country.”<sup>94</sup> Both the Confederate States and the Union assembled bank conventions in order to coordinate national economic activity.

Oftentimes southern banking conventions centered around monetary matters, as currency was one of the chief economic tools utilized by the Confederate Department of the Treasury to bond and coordinate the separate financial institutions operating in the South. In fact, one resolution passed by an early bank convention read “resolved: that this convention do recommend to all the banks in the southern Confederacy to receive in payment of all dues to them the Treasury Notes of the Government...and also to receive the same on deposit and pay them out again to customers.”<sup>95</sup> This provided support for

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<sup>93</sup> “The Bank Convention,” *The Charleston Courier Tri-Weekly*, July 18, 1861.

<sup>94</sup> “Convention of National Bank Officers,” *North American and United States Gazette*,” October 20<sup>th</sup>, 1864.

<sup>95</sup> “Meeting of the Bank Convention,” *Daily Morning News*, June 6, 1861.

southern money, as many banks resolved to exchange Confederate currency at their institutions

These gatherings were so important that one treasury official, J.G.M. Ramsey, noted that “ a bank convention was considered essential for the regulations of the general finances of the South.”<sup>96</sup> In addition, there were multiple conventions, as bankers met at least twice on the national scale to coordinate the general finances of the South.

Newspapers tried to urge individuals to attend this second convention which was called by treasury official G.B. Lamar and which took place in Augusta during November of 1863. One article stated, “we fervently trust that the money-kings of our Confederacy will meet as requested and apply both their will and their means to the relief of the currency.”<sup>97</sup> Overall, Confederate money demonstrated to banking institutions the operations of the central government, and also helped coordinate financial activity that was essential to the viability of the southern Confederacy.

Southern officials, in utilizing currency, had at their disposal a medium to display iconography and imagery. American currency for decades had been decorated with nationalistic icons, from Lady Columbia to prominent historical figures and other images. Confederate officials also had the opportunity to display nationalistic symbols, but the first images on this currency were extremely similar to illustrations on money in the decade previous to the Civil War.<sup>98</sup> Engravers working for the Confederacy in both the North and South did not take the time to create new plates when producing these first notes. This situation was perhaps a result of the South’s limited manufacturing capacity

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<sup>96</sup> Hesseltire, *Autobiography and Letters*, 100.

<sup>97</sup> “The Proposed Bank Convention,” *Daily Morning News*, November 2, 1863.

<sup>98</sup> Slabaugh, *Confederate States Paper Money*, 19.

and restricted access to skilled artisans, disadvantages they would have to deal with throughout the war. Nevertheless, starting with the currency issued on October 13, 1862, money of the South contained much more nationalistic imagery.<sup>99</sup>

A strong element of Confederate nationalism stemmed from a supposed connection between southern secession and a particular interpretation of the American Revolution. Southerners, for instance, believed their cause embodied the values of certain American patriots and, as previously stated, this was one reason why the Confederate Constitution had little alterations from the federal document.<sup>100</sup> Furthermore, southerners believed that northerners had betrayed the ideals of small government, agrarianism, and other values that were highly regarded by many of America's founders.<sup>101</sup> Additionally, all manner of literature and rhetoric was composed to reinforce this connection. One New Orleans poet wrote shortly after the exchange at Fort Sumter a poem that discussed the pride southerners felt at being called "rebels," as this label compared the Confederates to Revolutionary War patriots. The poem goes "Yes, call them rebels! 'tis the name/ Their patriot fathers bore,/ And be such deeds they'll hallow it,/ As they have done before."<sup>102</sup> Predominating throughout secessionist rhetoric was a desire to promote the values of Revolutionary times.

The Confederates borrowed Revolutionary War images in many different ways. They were especially eager to expropriate George Washington's image, and by inference, his historical legacy. The Confederate seal, for instance, was emblazoned with Washington's image, and this depiction was found in a variety of places throughout the

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<sup>99</sup> Fuller, *Confederate Currency and Stamps*, 41.

<sup>100</sup> Binnington, "They Have Made a Nation," 8.

<sup>101</sup> Smith, "A Nation Among Nations," 15.

<sup>102</sup> McPherson, *Battle Cry of Freedom*, 310.



Confederacy. Public buildings and legal documents contained the seal, and each time it was utilized, the viewer remembered the grandeur and heritage of George Washington and certain Revolutionary forefathers.<sup>103</sup> It was also no coincidence that Jefferson Davis' permanent inauguration was held on February 22, 1862, the 130<sup>th</sup> anniversary of Washington's birth. Davis even stood under a statue of Washington as he delivered his speech outside the capitol in Richmond, and claimed Revolutionary heritage in his address. He conveyed "to show ourselves worthy of the inheritance bequeathed to us by the patriots of the Revolution, we must emulate that heroic devotion which made reverse to them but the crucible in which their patriotism was refined."<sup>104</sup>

Examples from the Confederate Congress particularly relate the South's infatuation with Washington and other American forefathers. Revolutionary War imagery, for instance, was located in the congressional chamber itself, as a portrait of George Washington hung in the halls of Congress. One British Correspondent who visited the Confederate Congress wrote, "the clerk sits at a desk...and on a platform behind him are the desk and chair of the presiding officer or Speaker of the Congress. Over his head hangs the unfailing portrait of Washington..."<sup>105</sup> Whether it be in the halls of Congress or on seals found throughout the Confederacy, southern policy-makers and ordinary citizens embraced Revolutionary War imagery.

Southern money similarly followed the trend of celebrating Revolutionary War heritage, as images of Revolutionary heroes can also be found on Confederate currency. George Washington, for instance, is featured prominently on the first Confederate \$50

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<sup>103</sup> Faust, *The Creation of Confederate Nationalism*, 25.

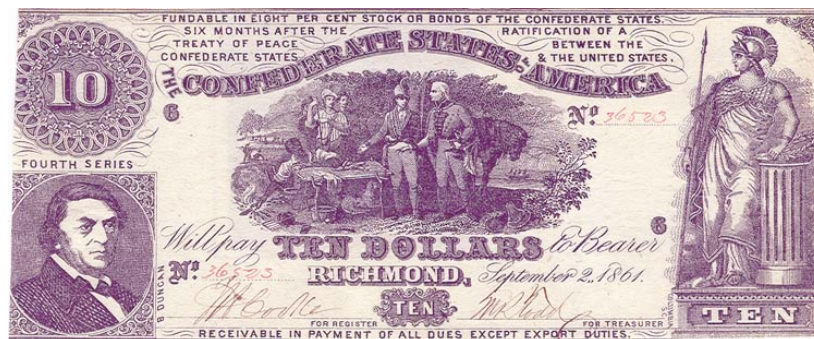
<sup>104</sup> Jefferson Davis, "Inaugural Address as Elected President, February 22, 1862," in William J. Cooper Jr., ed., *Jefferson Davis: The Essential Writings* (New York: The Modern Library, 2003), 229.

<sup>105</sup> William Howard Russell, "Letter From William Howard Russell to the London Times, June, 1861," in Harvey Richard ed., *The Confederate Reader* (New York: Congmans, Green, and co., 1957), p 32.

bill. The note depicts Washington’s portrait in its center, while a woman representing Industry and Agriculture sits to the left. In addition, a cotton bale can also be seen as well. This note was issued in the summer of 1861 and showed that even from the beginning, officials were determined to embrace their Revolutionary War heritage. Furthermore, Revolutionary War General Francis Marion is also featured on Confederate currency, as he occupies a prominent place on \$10 notes issued in 1861. It should also be noted that this first representation may have been due to the South’s use of plates created before the Civil War. As shall be noted later, however, this depiction continued throughout the conflict and illustrates the desire of officials to connect themselves to Revolutionary War ideals.<sup>106</sup>



1861 \$50 George Washington Note



1861 \$10 Francis Marion Note

<sup>106</sup> Philip H. Chase, *Confederate Treasury Notes: The Paper Money of the Confederate States of America, 1861-1865* (Philadelphia: David M. Bullowa Publishing Co., 1947), 57.

This had not been the first time that Washington and the legacy of the Revolution had been utilized for nationalistic purposes. Ever since his death (and indeed before) George Washington was an emblem of pride for all Americans. The quintessence of a brave leader and a noble gentlemen, his life was lionized in America's heritage as well as in the South's nationalistic rhetoric.<sup>107</sup> It is also true that various people remembered certain other elements of the American Revolution in unique ways well after the war concluded. The Boston Tea Party, July 4th, and other elements of the conflict were celebrated in vast public rituals, by various Americans. The South's adoration of Washington can be seen as one additional example of this public exaltation.<sup>108</sup>

It is evident that with an exclusive focus on Washington, however, southerners were only allying themselves to a certain part of the Revolution. Northeastern patriots such as John Adams and Alexander Hamilton were not given prominence on southern currency, but interestingly neither is Thomas Jefferson. Although he was a southern gentleman, Jefferson had estranged himself from many southerners due to his sexual encounters with slaves and adherence to the ideals of equality and liberty. He is also the author of the Declaration of Independence, a document that many southerners divorced themselves from due to its endorsement of the fact "that all men are created equal." One prominent southerner, George Fitzhugh, noted in his writing the vehemence of some southerners against this hallowed document. He explains in his essay "Southern Thought," that certain books which "inculcate abolition either directly or indirectly...are

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<sup>107</sup> Francois Furstenberg, *In the Name of the Father: Washington's Legacy, Slavery, and the Making of a Nation* (New York: The Penguin Press, 2006), 36.

<sup>108</sup> Here, I am referring to the middle portions of Alfred F. Young, *The Shoemaker and the Tea Party: Memory and the American Revolution* (Boston: Beacon Press, 1999), 110-112.

likely to be as absurd and as dangerous as the Declaration of Independence....”<sup>109</sup> Overall, there was a movement among southerners to embrace only certain legacies of the American Revolution, and this is illustrated with the iconography found on Confederate money.

Since before the United States was founded, the South has been a predominantly agricultural region. Cotton, tobacco, rice, and a variety of other cash crops were staples of the southern economy, and Confederates wanted to promote the ideology that farming these and other commodities separated the South from the North. In his first inaugural address, Jefferson Davis proclaimed this identity when he stated, “an agricultural people, whose chief interest is the export of a commodity required in every manufacturing country, our true policy is peace, and the freest trade which our necessities will permit.”<sup>110</sup> Overall, the South’s agricultural interests forged a unique sense of regional identity. Officials aspired to connect southerners to this consciousness and placed various agricultural images on their currency.

It should be noted that many of the first bills issued by the Confederate government contained agricultural imagery, not just because these ideals were important to southern nationalism, but also because they appeared on pre-existing plates. Southern banks, merchants, and certain Confederate states such as South Carolina, had printed notes with images of various crops before the war, and the South utilized these preexisting plates at the beginning of the conflict.<sup>111</sup> However, the first northern “greenbacks,” on the other hand, almost exclusively contained images of prominent

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<sup>109</sup> George Fitzhugh, “Southern Thought,” in Drew Gilpin Faust ed., *The Ideology of Slavery: Proslavery Thought in the Antebellum South, 1830-1860* (Baton Rouge: Louisiana State University Press, 1981), 279.

<sup>110</sup> Jefferson Davis, “Inaugural Address as Provisional President,” in Cooper, *The Essential Writings*, 199.

<sup>111</sup> Binnington, “They Have Made a Nation,” 120.

individuals such as Samuel Chase and Abraham Lincoln. The South's utilization of agricultural imagery, therefore, must signify the importance of farming to southerners, as these symbols were not depicted by the Union government.<sup>112</sup>

Various agricultural commodities from tobacco, corn, rice and sugar cane were depicted on notes printed by the southern confederacy. Sometimes, these images were accompanied by pictures of slaves or ancient Greek deities such as Hecate, the god of farming. Other times, these images were exclusively featured on currency, such as the first \$500 bill printed by the Confederacy where illustrations of cattle and pastoral lands near a creek occupy the center of the note.<sup>113</sup>

Cotton was one of the main agricultural images appearing on Confederate money, perhaps due to the crop's importance to the southern economy and to international diplomacy. Ever since the invention of the cotton gin by Eli Whitney, cultivation of cotton had become exceptionally profitable. This condition affected the frameworks of southern civilization, as huge plantations were erected to farm and harvest the crop.<sup>114</sup> Cotton was so important to the South that it motivated James Henry Hammond in 1858 to deliver his now famous "Cotton is King" speech. Speaking to his fellow congressman within the Senate chamber, Hammond proclaimed "No, you dare not make war on cotton. No power on earth dares to make war upon it. Cotton is king."<sup>115</sup> Confederate officials

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<sup>112</sup> Federal Reserve Bank of San Francisco, "American Currency Exhibit: The Civil War," acquired online, February 2009 at: [www.frbsf.org/currency/civilwar/demand/c921.html](http://www.frbsf.org/currency/civilwar/demand/c921.html).

<sup>113</sup> Gretchen Barbatsis, *Confederate Currency, the Color of Money: Images of Slavery in Confederate and Southern Currency* (West Columbia, SC: New Directions Publishing Inc., 2002), 69.

<sup>114</sup> John McCardell, *The Idea of a Southern Nation: Southern Nationalists and Southern Nationalism, 1830-1860* (New York: W.W. Norton and Company, 1979), 95.

<sup>115</sup> James Henry Hammond, "Cotton is King Speech, March 4<sup>th</sup>, 1858," acquired online, December 2008 at: <http://www.civilwarinteractive.com/DocsCottonIsKing.htm>

aspired to attach their currency and their government with celebrating and protecting this heritage, and therefore included depictions of cotton on southern money.

Many images on currency that included cotton showed slaves picking and cleaning the crop. One issue of \$50 notes, for instance, depicted a number of bondsmen laboring in the cotton fields as a prominent sun shines down upon them. Additionally an 1864 \$10 note shows two slaves carrying cotton in wooden buckets, the crop overflowing the vessel that is containing it.<sup>116</sup> Other notes depicted cotton and various agricultural commodities by themselves and made these crops the exclusive focus of the currency. This trend is even true with the Confederate cent, a coin that never entered general circulation. Nevertheless, the cent contains prominent images of cotton bales, tobacco, sugar cane and corn. Furthermore, cotton was sometimes depicted with ancient deities, like a 1861 \$5 note that shows the Roman goddess of agriculture, Ceres, sitting on bales of the crop<sup>117</sup> The South had a strong commitment to their agricultural heritage, and wanted to convey this sentiment through imagery on their national currency.



1861 Confederate \$5 Note Featuring the Figure of Ceres Seated on a Bale of Cotton  
Slavery was obviously one of the South's defining characteristics. Ever since the

founding of the American republic, the southern states had tenaciously clung to the institution of slavery, and this caused much political tension throughout early American

<sup>116</sup> Barbatsis, *Confederate Currency: The Color of Money*, 17-19.

<sup>117</sup> Russel Stolling, "Coins For a New Country," *Civil War Times Illustrated*, December 1997, vol. 36, issue 6, p. 40.

history. Slavery created friction at the Constitutional Convention, prompted the Missouri Compromise, and almost tore the country apart during the crisis that culminated with the Compromise of 1850.<sup>118</sup> Some scholars have even labeled slavery as the great distinguishing characteristic that separated the two sections of the country apart and perhaps made them two separate peoples as well.<sup>119</sup>

The southern republic was clearly founded to protect slavery, and perhaps no one articulated this reality more forcefully than the Vice President of the Confederacy himself, Alexander Hamilton Stephens. Speaking in Savannah in March of 1861, Stephens delivered what has come to be known as his “Cornerstone Speech,” where he related certain constitutional changes realized in the Confederate government, and conveyed the righteousness of African slavery. He stated “our new government is founded upon exactly the opposite idea; its foundations are laid, its corner- stone rests, upon the great truth that the negro is not equal to the white man; that slavery— subordination to the superior race—is his natural and normal condition.”<sup>120</sup> In addition, the Confederate Constitution guaranteed southerners the ability to own slaves, as one clause in article I of that document explicitly states “no bill of attainder, ex post facto law, or law denying or impairing the right of property in negro slaves shall be passed.”<sup>121</sup> Slavery was an important part of southern nationalism, and the institution was also guaranteed by the constitution of the southern confederacy.

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<sup>118</sup> McPherson, *Battle Cry of Freedom*, 178.

<sup>119</sup> McCardell, *The Idea of a Southern Nation*, 49.

<sup>120</sup> Alexander Stephens, “The Cornerstone Speech,” in Ted Widmer and Edward L. Widmer ed., *American Speeches: Political Oratory from the Revolution to the Civil War* (New York: Library of America, 2006), 720.

<sup>121</sup> “Constitution of the Confederate States,” acquired online, February 2009 at: [http://avalon.law.yale.edu/19th\\_century/csa\\_csa.asp](http://avalon.law.yale.edu/19th_century/csa_csa.asp)

Currency depicting slavery was used by policy-makers for a variety of propagandistic purposes. Officials, for instance, used money to legitimize slavery and the southern nation itself. On a number of occasions, slaves can be seen on southern currency next to the seal of the Confederacy and other symbols of the southern republic. This could represent an unspoken understanding that the Confederate government would protect southerners' cherished system of slavery. In other cases, the Confederates tried to legitimize slavery by depicting it as part of the fiber of the American and southern republics. One notable 1863 \$50 bill, for instance, showed images of slaves on the left side of the bill while a prominent portrait of George Washington occupied the right.<sup>122</sup> Connecting slavery to Washington seems like a fair tactic, since he owned over 300 slaves at the time of his death. Overall, this trend in iconography was also an obvious attempt to attach slavery to America's Revolutionary forefathers, all the while legitimizing the "peculiar institution." Furthermore, the legacy of using currency to connect southerners to their slave-holding heritage includes post-war efforts as well. South Carolina, for instance, issued a \$50 note in 1872 that showed slaves smiling next to a prominent image of George Washington.<sup>123</sup>

Many southerners idealized the institution of slavery, as a divinely sanctioned practice that would uplift barbaric Africans into the glory of civilized life.<sup>124</sup> Southerners, in their popular music, even depicted slaves as believing the same. A part of one popular song called "The Southern Scene" discusses what one slave apparently thought about emancipation and says "I thank Mas Linkom all the same/ But when I wants for free/ I'll

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<sup>122</sup> Barbatsis, *Confederate Currency: The Color of Money*, 141-142.

<sup>123</sup> *ibid*, 147.

<sup>124</sup> McCardell, *The Idea of a Southern Nation*, 82



ask de Lord of glory/ Not Buckra man like he [Lincoln].”<sup>125</sup> In addition, southern intellectuals had been writing essays glorifying slavery for some time before the Civil War. In George Fitzhugh’s essay “Sociology for the South,” for instance, the author notes “the African cannibal, caught, Christianized and enslaved is much elevated...” and also coveys “he is but a grown up child and must be governed as a child...the master occupies toward him the place of parent or guardian.”<sup>126</sup> Overall, many southerners argued that slavery was beneficial to all parties involved and believed that bondsmen perhaps preferred the system of slavery.

It is therefore not surprising that southerners included this sentiment when depicting slaves on heir currency. Almost all images of chattel on Confederate money show the slaves smiling as they go about their daily tasks. Some even depict them as well-dressed, as an early issue of a Confederate \$2 bill illustrates male slaves wearing coats and jackets, while females are depicted wearing dresses. Still other notes show slaves with their families, which is ironic considering the fact that the institution of slavery typically separated individuals from their relatives.<sup>127</sup>

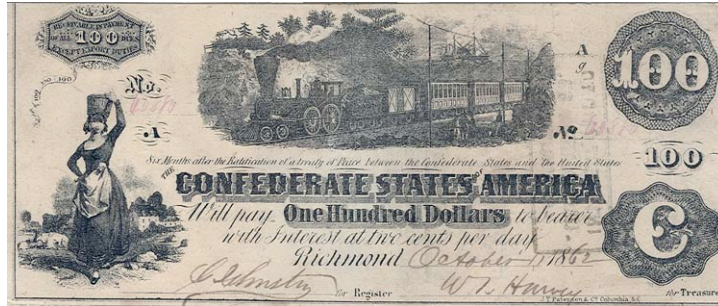


1862 \$100 Note Showing Smiling Slaves Hoeing Cotton

<sup>125</sup> “The Southern Scene,” in Frank Moore ed., *The Rebellion Record: A Diary of American Events, With Documents, Narratives, Illustrative Incidents, Poetry, Etc.* (New York: G.P. Putnam Publishers, 1862), 36.

<sup>126</sup> George Fitzhugh, “Sociology for the South,” in Harvey Wish ed., *Antebellum Writings of George Fitzhugh and Hinton Rowan Helper on Slavery* (New York: Capricorn Books, 1960), 89-90.

<sup>127</sup> Barbatsis, *Confederate Currency: The Color of Money*, 129.



1862 \$100 Note Showing A Smiling Slave Carrying Milk

There are many reasons why southerners would choose to include these propagandistic images on their currency. One important reason was to illustrate to the world that slavery was not the evil institution that northern abolitionists made it out to be. It was perceived by foreigners, and by those in the North, that the Union had the moral high-ground during the Civil War, and Confederate officials may have wanted to reduce the North's supposed moral superiority.<sup>128</sup> Perhaps there is also another reason why the South chose to include such propagandistic images. It could be said that such iconography reinforced in the southern psyche that slavery was good and that it was a worthy institution for which to give one's life.<sup>129</sup>

In order to attach the southern cause to various people that southerners believed themselves connected to, Confederate officials put many individuals on their currency. As previously mentioned, perhaps one figure that is seen most on Confederate money is General George Washington, as he is depicted on a 1861 issue of \$50 scrip and was later featured on various denominations of currency ranging from \$5 to \$100 bills.<sup>130</sup> The inclusion of Washington is ironic, as the leader is noted to have said, after witnessing the inflation of Continental dollars "the wisdom of man, in my humble opinion, cannot at this

<sup>128</sup> McPherson, *Battle Cry of Freedom*, 528.

<sup>129</sup> *ibid*, 42-43.

<sup>130</sup> Slabaugh, *Confederate States Paper Money*, 123.

time devise a plan by which the credit of paper money would be long supported.”<sup>131</sup>

Nevertheless, Confederate officials included Washington and also depicted a number of other American legends on their currency

Two other prominent historical figures were featured on some Confederate notes; John C. Calhoun and Andrew Jackson. Jackson was a two-term president of the United States from 1828-1836 and John C. Calhoun was, among other notable positions, Jackson’s Vice-President during the president’s first term. Although both men were southerners, these individuals became extremely hostile toward one another over tariff policy and other issues.<sup>132</sup> The rhetoric launched between the two politicians became incredibly intense, and Jackson is even reported to have said “after eight years as President I have only two regrets: that I have not shot Henry Clay or hanged John C. Calhoun.”<sup>133</sup> Despite this animosity, the Confederates placed both these individuals on the same note. Featuring images of each person, the Confederate \$1000 bill was not only the highest denomination of currency issued by the southern government, but perhaps the most interesting bill as well. Overall, the Confederate government may have tried to connect itself to various ideals by utilizing the images of Jackson and Calhoun.



1861 \$1000 Note Featuring Andrew Jackson and John C. Calhoun

<sup>131</sup>“George Washington on Specie Currency,” *The Daily Mississippian*, January 25<sup>th</sup>, 1860.

<sup>132</sup> McCardell, *The Idea of a Southern Nation*, 43.

<sup>133</sup> Robert Vincent Remini, *Henry Clay: Statesman for the Union* (New York: W.W. Norton and Company, 1993), 1.

John. C. Calhoun was a strong proponent of states' rights and the continuation of slavery. These are the issues that caused him to have political tension during his career and set him at odds with Andrew Jackson. The Confederacy, furthermore, was founded on these principles and officials perhaps saw Calhoun as a representation of these ideals. Andrew Jackson was a southerner and a populist. He was seen as a hero of the common man and all of these characteristics may have influenced southern officials to include this individual on their currency. Overall, Confederate policy-makers attempted to utilize money to connect the southern government with various symbols, and included images of prominent historical figures on their scrip.

It is also interesting to note that Confederate currency tried to build a sense of loyalty to the southern cause by exalting contemporary figures as well. Many prominent politicians can be found on Confederate money, such as Jefferson Davis who was the sometimes-unpopular president of the Confederacy. He is, however, one of the most depicted figures on southern currency, as he can be seen on a vast array of notes ranging from \$1 to \$100 bills.<sup>134</sup> Furthermore, Abraham Lincoln was also popularly depicted on northern "greenbacks," which indicates that this trend was not exclusive to the Confederate States.<sup>135</sup> Judah P. Benjamin was the Secretary of War, Attorney General and finally the Secretary of State of the Confederacy. Called the "Confederate Jew" due to his ancestry, this individual can be seen on multiple issues of Confederate \$2 bills. All told a variety of senators, Alexander Stephens (the Vice-President of the Confederacy) and a number of other politicians appeared on Confederate scrip.<sup>136</sup>

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<sup>134</sup> Slabaugh, *Confederate States Paper Money*, 123.

<sup>135</sup> Federal Reserve Bank of San Francisco, "American Currency Exhibit: The Civil War," acquired online, February 2009 at: [www.frbsf.org/currency/civilwar/demand/c921.html](http://www.frbsf.org/currency/civilwar/demand/c921.html).

<sup>136</sup> *ibid.*



1861 \$50 Jefferson Davis Note



1861 \$20 Alexander Stephens Note

There are many reasons why policy-makers included contemporary politicians on their currency. One was that these leaders may have literally represented the southern Confederacy in a number of ways. Despite rhetoric to the contrary, it may have been hard for ordinary people to cast off their political ties to the United States and accept citizenship in a new southern nation. Showing these politicians on currency, however, illustrated the South's unique political identity and demonstrated to the world that this country had established a government, elected (or appointed) officials, and maintained the operations of an independent nation. Another reason for including these politicians may have been to build a sense of loyalty to these individuals and to the southern cause. Prominent figures such as Jefferson Davis, Alexander Stephens and others, for instance, had also been applauded in southern songs such as the "Bonnie Blue Flag," which states "Davis, our *loved* President, and Stephens statesmen are /Now rally round the Bonnie

Blue Flag that bears a single star (emphasis added).”<sup>137</sup> Following this trend of exaltation, officials may have used Confederate money to generate a sense of loyalty to their leaders, and in the process, to the acknowledged, separate, southern nation.

This trend in note-making is also evident in the currency produced by the Union government. During the war, the federal government issued its own demand notes that featured a number of prominent members of the northern government. Secretary of the Treasury Samuel Chase appeared on various issues of “greenbacks” while Abraham Lincoln is featured prominently on a 1864 \$20 bill and other notes.<sup>138</sup> Northerners perhaps also realized the importance of connecting citizens to national leaders through currency, and this phenomenon is not exclusive to the Confederate government.

Another much-discussed figure on Confederate currency was the southern belle Lucy Pickens. This socialite was the wife of Francis W. Pickens, who served as the governor of South Carolina during the Civil War. Called “the queen of the Confederacy,” this woman was described as ““fascinating and brilliant Lucy Holcombe [Pickens],” by one southern editor, and was complimented by many other members of the southern elite.<sup>139</sup> Pickens was not only an intense supporter of secession, but was the epitome of a southern belle. She was known to have dazzled the court of Alexander II when her husband served as minister to Russia, and was a hit in the southern social scene as well.<sup>140</sup> Pickens was the only woman depicted on Confederate currency, as she is featured prominently on several issues of \$100 bills and a \$1 note. To the left of her portrait on

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<sup>137</sup> Harry McCarthy, “The Bonnie Blue Flag,” in Lois Hill ed., *Poems and Songs of the Civil War* (New York: Gramercy Books, 1990), 210.

<sup>138</sup> Federal Reserve Bank of San Francisco, “American Currency Exhibit: The Civil War,” acquired online, February 2009 at: [www.frbsf.org/currency/civilwar/demand/c921.html](http://www.frbsf.org/currency/civilwar/demand/c921.html).

<sup>139</sup> “Col. Pickens of South Carolina Having Been to Louisville,” *The National Era*, June 8, 1858.

<sup>140</sup> “Necrology: Lucy Holcomb Pickens,” *The Daily Picayune*, August 9, 1899.



certain issues was the image of Athena, a goddess representing both beauty and heroic endeavor.<sup>141</sup>



1864 \$100 Lucy Pickens Note

There were many reasons why officials included Pickens on southern currency.

Policy-makers probably thought Pickens represented all patriotic women that were assisting the South during the conflict. Southern women made clothes, provided money, and some individuals, like Rose Greenhow, provided valuable intelligence that kept Confederate armies in the field. Officials may have used Pickens to encourage such activity by showing an example of a patriotic woman fervent for the southern cause.<sup>142</sup> Officials may have also tried to connect the Confederate government with protecting the southern ideal of femininity. Many people believed that if slavery was destroyed, free Blacks would pollute pure and innocent southern women, and infect the White race. One proponent of slavery, William Harper, in his essay “Memoir on Slavery,” noted:

“If the negro race, as I have contended, be inferior to our own in mind and character, marked by inferiority of form and features then ours would suffer from deterioration from such intermixture...It is not only in defense of ourselves, of our country, and of our generation, that we refuse to emancipate our slaves, but to defend our posterity and race from degeneracy and degradation.”<sup>143</sup>

<sup>141</sup> Elizabeth Wittenmyer Lewis, *Queen of the Confederacy: The Innocent Deceits of Lucy Holcombe Pickens* (Denton, TX: University of North Texas Press, 2002), 153.

<sup>142</sup> *ibid*, 35.

<sup>143</sup> William Harper, “Memoir On Slavery,” in Faust, *The Ideology of Slavery*, 131.

The South wanted to stop this and including Pickens on currency might have illustrated the Confederacy's devotion toward insuring that racial mixing did not occur.

During the Civil War, the South had many charismatic generals to rally behind. Robert E. Lee was seen as the epitome of a southern gentleman while Thomas “Stonewall” Jackson was considered the quintessence of a Christian soldier.<sup>144</sup> This led people to write poems, stories, newspaper editorials and other literature in order to praise these military leaders of the Confederacy. “Stonewall” Jackson was particularly adored in the South, and one newspaper even reported, “this brave and self-reliant hero reports that ‘God has blessed our arms with victory.’ This accords with the character of a Christian soldier which is accorded him by all.”<sup>145</sup> Jackson had his popularity increase when he died tragically after the Battle of Chancellorsville in 1863, making him the South's most visible martyr. This popularity is perhaps one reason why “Stonewall” Jackson is the only Confederate general on southern money, as his image occupies the right-hand side of a 1864 issue of \$500 bills.<sup>146</sup> In addition, although some contemporary figures such as Samuel Chase and Abraham Lincoln appear on northern money, no Union generals are depicted on “greenback” notes. Jackson, then, is the only military commander of the Civil War depicted on currency of the era.<sup>147</sup>

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<sup>144</sup> Binnington, “They Have Made a Nation,” 29.

<sup>145</sup> “Stonewall Jackson,” *The Fayetteville Observer*, May 15, 1862.

<sup>146</sup> Fuller, *Confederate Currency and Stamps*, 39.

<sup>147</sup> Federal Reserve Bank of San Francisco, “American Currency Exhibit: The Civil War,” acquired online, February 2009 at: [www.frbsf.org/currency/civilwar/demand/c921.html](http://www.frbsf.org/currency/civilwar/demand/c921.html).





1864 “Stonewall” Jackson \$500 Note

The main reason why Jackson was the only southern general on Confederate currency was because of the difficulty southerners experienced creating new plates toward the latter part of the war. It has even been said that had it not been for the herculean efforts of printer Edward Keating, Jackson would have never appeared on Confederate money.<sup>148</sup> But it is easy to see why southern officials placed Jackson on their currency. The general had become a legend and a role model to be followed by other Confederates. He had given his life for the cause and could perhaps inspire others to do so as well. In order to link themselves to this legend and capitalize on his martyrdom, policy-makers made “Stonewall” Jackson the only general depicted on Confederate money.

Classical images dominated American currency since before the founding of the republic, and Confederate money was no exception. Ancient gods, allusions to Greek mythology and other classical symbolism were found on Confederate currency. Some of the images on southern scrip represented core Confederate values. Ceres, the Greek goddess of agriculture, Tellus, the goddess of cultivated fields and Cupid, the Roman god of love and beauty, are found on southern notes.<sup>149</sup> Other classical imagery illustrates southern aspirations in the Civil War. Minerva, for instance, the Roman goddess of

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<sup>148</sup> Criswell, *Complete Compendium*, 6.

<sup>149</sup> Chase, *Confederate Treasury Notes*, 23.

warriors, is featured prominently on one note, as if showing the South's desire to vanquish the Union during the conflict.<sup>150</sup> Overall, Confederate policymakers placed classical imagery on their currency in a variety of ways.



1861 \$20 Note Featuring the Roman God Cupid

As with images of cotton or slavery, Confederate officials inserted classical imagery on money to illustrate a connection to southern values. An affinity for agriculture and cultivation was prevalent in southern nationalistic rhetoric, and Confederate officials used classical images to solidify the Confederacy's connection to protecting these traditional ideals. In addition, including Minerva and other goddesses was just a subtle attempt at illustrating the South's ambitions in the Civil War. Furthermore, this imagery may represent an affinity for classical republicanism, an ideal the South was trying to return to in forming their confederacy. As with previous kinds of money, southern currency contained classical imagery, but Confederate scrip used these symbols to both solidify a connection to southern values and express their aspirations in the war.

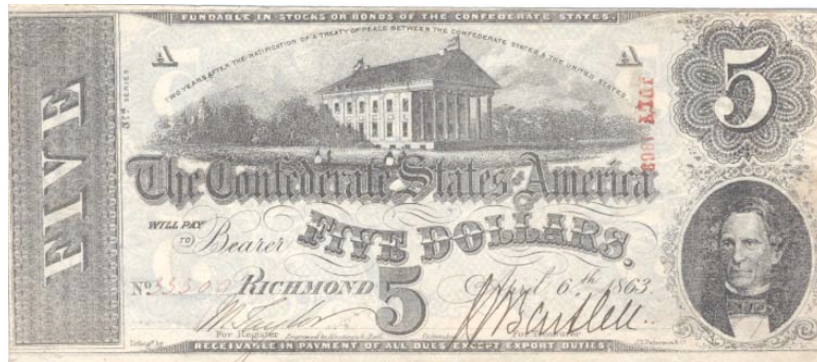
The Confederates included numerous symbols of government on their currency as well. Many southern notes depicted a unique Confederate shield that contained seven stars symbolizing the first states to secede from the Union. In addition, this image had 13 stripes to represent the eleven Confederate states (plus Kentucky and Missouri), and is a

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<sup>150</sup> Grover Criswell and Herb Romerstein, *The Official Guide to Confederate Money and Civil War Tokens* (New York: H.L. Publishers, Inc., 1971), 6.

number that may also allude to the original 13 colonies of the American republic. Furthermore, many notes contained the words “Confederate States of America” in some way, shape, or form, conveying to the possessor which entity authorized the scrip. This display is also found on Union currency, as “greenbacks” contained the words “United States” at the center of the scrip.<sup>151</sup>

Many bills contained images depicting governmental locations as well. The congressional building in Richmond, for instance, is featured on certain issues of \$5 bills, while state capitol buildings such as the one in Columbia, South Carolina adorn other notes.<sup>152</sup> Overall, in many varying forms, certain symbols of government were depicted on Confederate money.



1863 \$5 Note Featuring the Capital Building in Richmond

As with creating seals and other symbols, depicting shields and seats of power demonstrated to the world that the Confederate government was just like any other legitimate political entity. These symbols showed their political heritage, illustrated locations of governmental authority, and reminded people that the Confederacy was not just a paper entity, but tangibly encompassed physical things such as states and buildings. As previously mentioned, it was necessary for the Confederate government to generate

<sup>151</sup> Federal Reserve Bank of San Francisco, “American Currency Exhibit: The Civil War,” acquired online, February 2009 at: [www.frbsf.org/currency/civilwar/demand/c921.html](http://www.frbsf.org/currency/civilwar/demand/c921.html).

<sup>152</sup> Binnington, *They Have Made a Nation*,” 133-135.

the aura of an independent nation, and this is probably why officials included such imagery on their currency.

Confederate officials knew that they had to create the trappings of a separate country, and wed people to their government, if the young Confederacy was to survive. Confederate money served as a platform to accomplish both missions. The southern nation adopted an official motto, flag, and some would say, a national anthem to generate the aura of an independent country. The act of creating Confederate money also assisted the southern government, as it showed that this nation could initiate activity that was executed by other legitimate political entities. Furthermore, officials placed various images on the currency itself that demonstrated the nation's uniqueness and independence. Southern heroes adorn Confederate money and various symbols of government from seals to mottos are contained on the scrip. This strategy was not unlike the northern example, which used the imagery of individuals like Alexander Hamilton to convey the message of national unity.<sup>153</sup>

The result of Confederate political ambitions was the creation of a unique southern currency. Although some images on the scrip were similar to symbols illustrated on contemporary money in the north, the Confederates, nevertheless, adorned their currency with a unique amalgam of nationalistic images. In the end, the result of this currency creation yielded political benefits to the Confederacy, as it added to the legitimacy and viability of the young southern republic.

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<sup>153</sup> Mihm, *A Nation of Counterfeiters*, 305-307.

### **Chapter Three: Patriotism, Disloyalty, and the use of Confederate Currency**

As the Civil War progressed, certain people attached patriotism and loyalty to the act of accepting Confederate money. This sentiment was promoted by newspaper editorialists, prominent politicians, and ordinary individuals throughout the South. This chapter will recount the argumentation used to promote the utilization of Confederate money, and chart the success and failure of this rhetoric.

Many individuals adamantly believed that using southern currency was synonymous with supporting the Confederate cause, and deemed it treasonous if people refused southern notes. Newspaper writers, politicians, and various other individuals built up strong rhetoric that denounced the “traitors” who refused this money. One newspaper article perhaps best sums up the fervor and passion involved in accepting or discrediting money. This piece was written by a Union journalist, and it seems that the sentiments of patriotism involved in the exchange of southern money was even evident to northern observers. The article stated “had one refused [to accept Confederate money], the impressive question would have been put to him, ‘sir, is not Confederate money good enough for you?’ and to respond in the negative would have been so palpably treasonable and dangerous that further hesitation must have been considered before it.”<sup>154</sup>

Individuals saw a strong link between the Confederate government and its money, and as this case illustrates, conveyed that patriotism was tightly tied to southern currency.

Other Confederate civilians were more explicit in relating their belief that discrediting currency was tantamount to treason. One newspaper article put it bluntly when it stated, “let every man be looked upon with suspicion who is endeavoring to

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<sup>154</sup> “Interesting From Texas: Affairs on the Rio Grande,” *The New York Herald*, March 28, 1863.

weaken our cause by one of the most effective means; the miserly, hard-hearted, money loving enemies of the country can take.” The article goes on to state that exchanging southern currency was a righteous duty of every patriotic citizen, and later conveyed, “on the other hand, let every lover of his country uphold the government and its finances.”<sup>155</sup>

Other writers clearly saw that Confederate money was necessary to carry out the war, and knew that not exchanging currency was deleterious to the South’s chances in the conflict. They, therefore, put the southern cause at the forefront of their rhetoric, and illustrated how weakening currency diminished the possibility of southern victory in the Civil War. One newspaper article relates this argument as it conveyed “government and people are obliged if they mean to maintain the war, to maintain the currency. If the currency is lost, all is lost.” The article later almost laughably includes reasons to believe that victory was near certain, and this sentiment may have emerged because the article was written shortly after the southern victory at Chancellorsville. This was probably also included because the thought of failure was one leading cause for discrediting currency. Regardless, the article later related “it is very clear that the cause is not going to be lost: that our country has the physical power and moral prowess to resist successfully the public enemy and that continued victories must bring their necessary result in honorable peace.”<sup>156</sup> In the end, individuals used various arguments to convey that loyalty to the cause meant loyalty to southern money.

Some people even said that discrediting Confederate money gave aid to the enemy as well. They recognized the destruction that could be caused if southern currency failed, and urged patriots not to afford the enemy the benefit of disquiet on the

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<sup>155</sup> “Confederate Money,” *The Camden [South Carolina] Confederate*, August 8, 1862.

<sup>156</sup> “It is Clear That a Pause Has Been Established in the Rapid Depreciation of Confederate Money,” *Daily Richmond Examiner*, May 9, 1863.

Confederate home front. One article on this topic began “they [Confederate money] are received and paid as such by all patriots.” Later in the piece, the author also related “...the refusal to take Confederate money does a direct injury to our sacred cause, fans the latent spark of treason, and gives direct aid and comfort to the ruthless who invade our soil...”<sup>157</sup> Added to the patriotic rhetoric surrounding currency was the belief that discrediting money was abetting Union forces.

It should also be noted that groups oftentimes discriminated against in the South were labeled as not supporting Confederate money. Free African-Americans, foreigners, and others, for instance, were all said to have little faith in southern currency. The Jewish community was also the subject of discrimination, as one southerner commented, “they [Jews] are now investing money in real estate for the first time [in Fredericksburg] which is evidence that they have no faith in the ultimate redemption of Confederate money.”<sup>158</sup> This can be seen as an extension of rhetoric used to persuade individuals to support southern currency, as people who did not have faith in Confederate scrip might be equated by their peers with various groups looked down upon in the South.

As previously mentioned, the Confederate government, unless forced by the necessities of war, did not coerce its citizens to accept Confederate money. Southern money was not legal tender, and only the prospect of interest compelled individuals to accept it. Nevertheless, many people believed that their currency represented the southern nation and used patriotic rhetoric to relate this sentiment. This can be seen as a success of

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<sup>157</sup> Thomas Overton Moore, “Letter From Thomas Overton Moore, June 18, 1862,” in *Private and Official Correspondence of Thomas Overton Moore During the Period of the Civil War* (Springfield, MA: Plimpton Press, 1917), 205.

<sup>158</sup> John Beauchamp Jones, *A Rebel War Clerk's Diary at the Confederate States Capital Vol. 2* (Philadelphia: J.B. Lippincott and Co., 1866), 150.

Confederate money being used as a tool of nationalism, as currency was supported not by law, but by loyalty and patriotism.<sup>159</sup>

Still others used another kind of rhetoric when noting the wisdom of supporting Confederate money. Many believed that if people discredited Confederate money, various negative consequences would materialize. For one, individuals thought that if currency failed, the southern government would also go under and then the cause that southern forces had been dying for would be lost. One article reported, “the worst species of treason is that of discrediting Confederate money for without current money the cause of the South would soon be utterly ruined by its inability to keep its armies in the field.”<sup>160</sup> This patriotic motive tied currency to the cause and used a sense of guilt to encourage acceptance of Confederate money. Supporting the troops, and supporting the cause was, in essence, connected with supporting southern currency.

Still others recognized that they themselves might see devastating consequences if the value of southern money was not secured. If rumors spread that Confederate currency was depreciating, for instance, the holdings of many people throughout the South would quickly decrease in value. Many newspaper articles were composed to relate the economic “death spiral” that could emerge if individuals allowed people to discredit currency. Discrediting Confederate money could come in many forms, from refusing to accept it, to actively speaking against the use of southern scrip. Regardless, one southern journalist wrote, “. . .what would our stocks and bank notes be worth [if discrediting is allowed?] Not a button. It is more or less, then, in the interest of every man in the South

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<sup>159</sup> Morgan, *Graybacks and Gold*, 8.

<sup>160</sup> “Discrediting Confederate Money,” *The Weekly Raleigh Register*, May 28, 1862.



to uphold to the full credit of the government and to frown upon every attempt to depreciate it.”<sup>161</sup>

Other individuals utilized similar arguments, but added a patriotic flair to their rhetoric. One journalist, for instance, wrote that a common bond of brotherhood has been forged between southerners in this war, and conveys that everyone in the South had to accept the responsibility of supporting Confederate money. This June 1862 article of the *Fayetteville Observer* reads:

“all stand together or fall together. We have stacked our all upon the chances of a revolution and if we permit it to fail we shall all go down together. Let no man amongst us, therefore, be guilty of the folly and madness of striking a blow at the country’s cause by contributing to subvert confidence in its currency.”<sup>162</sup>

What is interesting about this argument is how similar it sounds to the rhetoric utilized by America’s Revolutionary founders. Benjamin Franklin, for instance, famously quipped, “gentleman, we must all hang together or most assuredly we shall all hang separately.”<sup>163</sup> Although Franklin was referring to executions, speaking within the chambers of the Continental Congress, similar rhetoric involving bonds and mutual commitment was utilized by southern writers.

Still other articles urged readers of the sheer economic foolishness of subverting Confederate money; either by speaking out against it or by refusing to exchange the scrip. One October 1862 piece in *The Weekly Raleigh Register* recounted “if a man, therefore, desires to permanently realize his Confederate money, it is his obvious policy not only to refrain from doing anything to disparage it, but to do everything to keep it up to the figure

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<sup>161</sup> “The Attempt to Depreciate Confederate Money and Stocks,” *The Semi-Weekly Raleigh Register*, May 31, 1862.

<sup>162</sup> “Confederate Money,” *Fayetteville Observer*, June 2, 1862.

<sup>163</sup> Fred R. Shapiro and Joseph Epstein ed., *The Yale Book of Quotations* (New Haven: Yale University Press, 2006), 288.

indicated by its face.”<sup>164</sup> Everyone possessing and exchanging southern currency was connected, and the thought of various people undermining Confederate money perhaps propelled journalists to argue against this deleterious activity.

All of these articles show that southern officials, through Confederate money, partially realized their aspiration of connecting the fate of the southern government with the fortunes of the Confederate people. A southern note was not merely a medium of exchange, but was also essentially stock in the Confederate cause. If various individuals spoke out against this currency, not only would the government suffer, but so too would ordinary southerners. These people had been given Confederate scrip by the government for needed wartime supplies or by civilians in exchange for goods, and their holdings would mean nothing if the currency was subverted. This motivated many to urge citizens to trust southern money and look down upon people speaking out against it.

And in fact many people (especially toward the beginning of the conflict) did continue to support and accept Confederate money. Even later, when Confederate dollars were nearly valueless, many southerners still heeded the patriotic call and traded Confederate money for supplies.<sup>165</sup> In fact, some would not accept Federal currency, and would only trade their goods for Confederate scrip. One northerner occupying the South in a Union detachment, for instance, wrote in a message to his friend:

“I went the other day to purchase some letter paper and other articles and in payment therefore tended a United States treasury note. I was refused with a contemptible remark ‘we uns don’t take such stuff here. Ef you want to buy goods you will have to git that changed into good money. We don’t take nothing but Confederate money here.’”<sup>166</sup>

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<sup>164</sup> “The Effect of Discrediting Confederate Money,” *The Weekly Raleigh Register*, October 29, 1862.

<sup>165</sup> Slabaugh, *Confederate States Paper Money*, 48.

<sup>166</sup> George Allen, “Letter From George H. Allen to John F. Stimson, May 3, 1862,” In George Allen, *Forty-Six Months With the Fourth R.I. Volunteers in the War of 1861 to 1865: Comprising a History of*

Although this quote is somewhat satirical, and is presented in a condescending manner, it nevertheless relates southern refusal of Federal currency. Furthermore, what is interesting about this comment is that, economically speaking, “good money” was most likely the Federal currency this customer was offering, as Confederate currency, even as early as the spring of 1862, was considerably depreciated.

Many other southerners only accepted Confederate currency for their goods and services as well. Another individual, for instance, refused Federal money in exchange for a boat ride, and suggested that his customers praise the Confederacy. Kate Cumming, a noted southern nurse, recounted in her diary “our next stopping place was on the bank of a wide creek...we had to cross in a small boat. The owner would take nothing but Confederate money and charged \$75 at that. The gentleman said we ought to give three cheers for the Confederacy...”<sup>167</sup>

In some cases, people refused to conduct economic transactions if a customer only provided Federal money. Although they would surely lose business, these entrepreneurs would not let their patriotism for the South be compromised by appeals to their wallets. One individual recounted:

“The smallest denomination of money either of us had was a dollar greenback and the women said that they had not money at all to make change. Thereupon we proffered them [two storekeepers] the entire dollar. They looked at it askew and asked if we had any ‘southern’ or Confederate money. We said no, that this was the only kind of money we

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*Marches, Battles, and Camp Life Compiled From Journals Kept While on Duty in the Field and Camp* (New York: J.A. and R.A. Reid Press Printers, 1887), 136.

<sup>167</sup> Kate Cumming, *Gleaning from the Southland: Sketches of Life and Manners of the People of the South, Before, During and After the War of Secession: With Extracts From the Author's Journal and Epitome from the Author's Journal and Epitome of the New South* (Birmingham, AL: Robert and Son Publishers, 1895), 243.

had. They continued to look exceedingly sour and finally remarked that they were unwilling to accept any kind of money except ‘southern.’”<sup>168</sup>

What is interesting about this instance and others like it is that Federal currency was probably more economically advantageous for these storekeepers to accept. As discussed in the next chapter, Confederate money experienced horrific hyperinflation that made it increasingly valueless as the war progressed. Nevertheless, patriotic rhetoric was sometimes successful in influencing southerners to exclusively accept and support Confederate currency.

In numerous ways, supporting southern money was a matter of pride among the Confederates. Many believed that this scrip was an extension of their cause, and were proud to be defending the new southern republic in any way that they could. One source explains “it has been a matter of pride among the southerners to boast that they had never seen a greenback, so the entrance of the Federal army found them entirely unprepared with gold and silver currency.”<sup>169</sup> This situation is not unlike the sentiments of pride experienced from purchasing war bonds, or hanging stars in windows during later wars. In any case, Confederates were proud not to exchange currency of the enemy, perhaps due to the nationalistic characteristics that southern money possessed.

Another reason why southerners accepted Confederate money was because they sometimes believed that Confederate currency was just as good as Federal dollars. This sentiment was more prevalent in the beginning of the war, before failures on the battlefield and other causes devalued southern money. Interestingly, even some Union troops possessed this belief, as one northern soldier wrote in December of 1862 “last

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<sup>168</sup> Leander Stiwell, *The Story of a Common Soldier and of Army Life in the Civil War* (Erie, KS: Franklin Hudson Publishing Co., 1920), 84.

<sup>169</sup> Phoebe Yates Pember, *A Southern Woman's Story: Life in Confederate Richmond* (Jackson, TN: McCowat-Mercer Press, 1959), 134-135.

evening, Gary was at our headquarters, and the conversation turning on the relative value of the greenback and Confederate money, Gary loudly asserted that Confederate money was just as good as federal money and stuck to it against arguments of Brown, La Valley, and others.”<sup>170</sup>

Perhaps in the beginning of the conflict, there may have been some truth to the near equivalency of Confederate and Federal dollars. Towards the end of the war, only patriotic sentiments could make individuals believe that a parity still existed between the two currencies. One Union POW recounted near the end of the conflict, that a Confederate commander at a prisoner of war camp believed that the two currencies were equally valued. The POW conveyed, “he [the Colonel in command] exchanged greenbacks with some of the men, dollar for dollar, saying that Confederate money was as good outside [the POW camp] as our own and forbade reb[el] sellers from taking anything but Confederate money.”<sup>171</sup> It is possible that this commander may have exchanged Confederate dollars for Federal notes in order to attain the more valuable Union currency. Nevertheless, this story recounts how people were maintaining that northern and southern money were equitable, even as the conflict was coming to a close.

Yet countless southerners refused to accept Confederate money as the war progressed. As shall be recounted later, devastating problems greatly devalued the currency and made this action logical. One of the main problems, for instance, attacking southern currency was inflation, a situation that forced people to convert their currency into more stable commodities like gold or silver. One southerner noted that sellers were

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<sup>170</sup> Josiah Marshall Ravill, *The Diary of a Young Officer Serving With the Armies of the United States During the War of the Rebellion* (Chicago: R.R. Donnelley and Sons Co., 1909), 206.

<sup>171</sup> Eugene Forbes, *Diary of a Soldier and Prisoner of War in Rebel Prisons* (Trenton, NJ: Murphy and Bechel Printers, 1865), 55.

sometimes unwilling to accept anything but gold as he stated “what flour there is, is held at \$50...in gold, the holder refusing to take Confederate money for it.”<sup>172</sup> In the end, patriotic sentiment seemed incapable of stopping some southerners from refusing Confederate notes for their goods.

Unwillingness to accept southern money increased when the fate of the country seemed most uncertain. After various defeats, inflation skyrocketed, as people became all the more sure that their money would eventually be worth nothing. The value of Confederate currency in the two weeks after Gettysburg, for instance, went down 25 percent, and the stream of bad news leading up to the end of the war only decreased the worth of southern money.<sup>173</sup> Near the conclusion of the conflict, almost no one was willing to accept the notes and one southerner recounted:

“the country seems to have pretty well recovered from the effects of Sherman’s march so far as appearances go...but people are still short of provisions and nobody wants to take Confederate money. The rumors about Lee’s surrender, together with the panicky state of affairs at home, have sent our depreciated currency rolling down with accelerated velocity.”<sup>174</sup>

It seems that individuals were least likely to accept southern money when the Confederacy experienced its most desperate times.

This entry and other sources also relate an interesting difference between diary-writing and newspaper publication. Newspapers, as previous examples demonstrate, seldom conveyed the negative effects of possessing southern currency. Perhaps these

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<sup>172</sup> W.M. Wainwright, “Letter From W.M. Wainwright to Benjamin Franklin Butler, November 14, 1862,” in *Private and Official Correspondence of General Benjamin F. Butler During the Period of the Civil War* Vol. 2 (Springfield, MA: Plimpton Press, 1917), 470.

<sup>173</sup> Mark Thornton and Robert Burton Ekelund, *Traffic, Blockades, and Inflation: The Economics of the Civil War* (New York: SR Books, 2004), 74.

<sup>174</sup> Frances Eliza Andrews, *The War-Time Journal of a Georgia Girl 1864-1865* (New York: Appleton-Century-Crofts, 1908), 375.

writers could not publically relate this situation, as it would do a disservice to the cause and possibly promote sentiments of distrust in southern money. Rather, newspapers served a valuable propaganda purpose, by bolstering public confidence in Confederate currency. Southern diarists, however, felt comfortable privately revealing financial woes in their personal journals. These people, in their memoirs, passionately and vividly conveyed their sadness over the deterioration of southern finances. Overall, publicity and duty to the cause probably distinguished these two forms of publication, as journalists may have been pressured to support Confederate money, while diarists could write free of this obligation.

Devalued currency oftentimes made people somewhat hysterical as to the eventual fate of Confederate money. One southerner recounted that in Richmond “yesterday two tons of anthracite coal in this city sold for \$500 per ton to a church! We hope for relief when Congress meets a month hence, but what can Congress do? The money is hopelessly depreciated. Even victories and peace could not restore it to par.”<sup>175</sup> People conveyed their monetary woes with uncanny emotion and this sentiment propelled individuals to lose support for southern currency.

Additionally, some southerners did not exchange Confederate money due to the mandates of Union occupying forces. Many parts of the South eventually came under Federal control and northern authorities did not allow the use of Confederate money. One Louisiana resident noted, “Confederate money was also cheap, as well as plenty in New Orleans, as everybody had some of it. While under [General Benjamin] Butler’s orders,

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<sup>175</sup> Beauchamp, *A Rebel War Clerk’s Diary*, 93.

[however] it could not be used.”<sup>176</sup> This diarist also noted that some people might profit from this situation. She wrote “it therefore offered fine opportunities for speculation to any one who could carry it [Confederate money] to where it was of more value than it was in New Orleans just at that time.”<sup>177</sup>

Even without occupying troops forcing their hand, some people in certain parts of the South flat out refused to accept Confederate money and communally decided to go on the gold standard. This region was on the outlying part of the Confederacy, as areas of Texas and northwestern Louisiana were the locations orchestrating the refusal. Lack of contact with Confederate authorities, due to their distance from Confederate seats of power, may have propelled individuals to refuse southern currency. In fact, by October of 1863, this area stopped circulating Confederate money altogether, and this was perhaps even a year away from the Confederacy’s most desperate times.<sup>178</sup>

A Savannah newspaper reported this situation and even said that “a meeting was held in Texas...to express an opinion of those who refused Confederate money.” The article went on to state that Sam Houston himself was “called out for a speech...[and] counseled for obedience for the law and contempt for those who refuse Confederate money.”<sup>179</sup> Due to the currency’s lack of legal tender status, southern officials did not have the power necessary to stop the wholesale refusal of Confederate money in certain areas. This shows both an incompetency of the southern government and a lack of faith from certain individuals in the South.

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<sup>176</sup> Janeta Loreta Velazquez, *The Woman in Battle: A Narrative of the Exploits, Adventures and Travels of Madame Loreta Janeta Valazquez, Otherwise known as Lieut. Harry T. Bufford Confederate States Army* (Hartford, CT: Belknap Press, 1876), 243.

<sup>177</sup> *ibid.*

<sup>178</sup> Morgan, *Graybacks and Gold*, 116-117.

<sup>179</sup> “A Meeting Was Held in Benthan Texas To Express An Opinion of Those Who Refuse Confederate Money,” *Daily Morning News*, November 26, 1862.



Toward the end of the war, some people felt ashamed at exchanging Confederate money. Rather than building up a sense of nationalistic passion through iconography and other methods, currency had become, for some, a saddening part of their daily lives. One southerner explained the negative feelings he experienced when using southern scrip, as Spencer Glasgow Welch wrote “after we had finished eating, I felt ashamed to offer Confederate money but could not do better and offered it with an apology.”<sup>180</sup> In the end, historians should not believe that everyone who continued using Confederate money felt positively about their utilization, as some found exchanging southern notes a source of sadness and shame.

Other southerners more overtly demonstrated that they did not support Confederate money. Many traded their southern notes for various goods, exchanging part of their net worth out of unreliable currency and into more valuable commodities. One Confederate noted this trend among the southern population, as Jonathan Worth wrote, “whatever may be the issue [outcome] of the war Confederate money must be nearly useless by the end of the war. Nobody doubts this and all who hold any considerable amounts of it are anxious to invest it in cotton, land and other properties.”<sup>181</sup> This letter was even written somewhat early in the conflict, and it seems that a little inflation and a drawn out engagement was enough to generate bleak prospects for southern money. Overall, some did not have to use Federal money to show a lack of support for

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<sup>180</sup> Spencer Glasgow Welch, “Letter From Spencer Glasgow Welch to Cordelia Strother Welch, August 2, 1863,” in *A Confederate Surgeon’s Letters to His Wife* (Washington, D.C.: Neale Publishing Company, 1911), 63.

<sup>181</sup> Jonathan Worth, “Letter from Jonathan Worth to J.J. Jackson, May 19, 1862,” in Joseph Gregoire de Roulac ed. *The Correspondence of Jonathan Worth Vol. 1* (Raleigh, NC: Edwards and Broughton, 1909), 171.

Confederate currency, as many manifested this distrust by trading their southern scrip for tangible goods.

Even Union commanders could see how lack of confidence in Confederate money showed a failure of Confederate nation-building. Some even regarded Confederate money as a joke, including Thomas Leonard Livermore, a young Lieutenant from New Hampshire. Livermore richly and revealingly wrote right at the end of the war in February of 1865:

“General Miles, commanding 1<sup>st</sup> Division, rode about with half a dozen rebel flags floating in the hands of his men behind him and our men were rich with Confederate money, a great amount of which was found in the wagons; and they, as rebel prisoners fled past them to the rear, asked them when they were paid last and upon receiving a reply that the time was more or less remote, with jocular gravity handed out Confederate bills to them lavishly and enjoyed the joke hugely. In fact, it was a whole commentary on the situation and in it were embodied the sense of victory, the capture of the very sinews of war, and the downfall of the Confederacy as demonstrated by the worthlessness of its money in the estimation of our own rank and file as they showered it down as valueless paper.”<sup>182</sup>

Even Union soldiers saw the worthlessness of Confederate money, and believed that currency provided a valuable narrative on the failures and downfall of the Confederacy.

Currency can also provide commentary on how southerners cast off their nationalistic ties to the Confederate government and gravitated toward the Union. As the war progressed, more and more Federal dollars entered southern circulation. This was due to Union occupation, trading with Union prisoners of war, and through simple exchanges between the lines. Regardless, by the end of the war, “greenbacks” made up a large proportion of circulating money in the South. Some scholars have noted that this trend provides commentary on the weak nationalistic sentiments of some southerners. As

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<sup>182</sup> Thomas Leonard Livermore, *Days and Events of 1860-1865* (Boston: Houghton, Mifflin and Co., 1920), 379.

people began to possess more and more federal notes, they perhaps began to feel less attached to the southern cause and more connected to the Union government. This represents the ultimate failure of the Confederates in nurturing nationalistic attachments through currency, as southerners were being assimilated back into the North not necessarily by the sword, but through their pocketbooks as well.<sup>183</sup>

With the creation of Confederate money, southern officials aspired to connect their citizens both patriotically and economically to the new southern republic. To a certain extent this enterprise worked as many individuals continued to exchange Confederate scrip due to self-interested motives and because of patriotic fervor for the southern cause. Nevertheless, many southerners did not continue to support Confederate money. They refused to possess southern currency, used Federal scrip, and did not trust monetary notes printed by the Confederate nation.

This represents a partial failure of the southern government in promoting nationalism through money. Though officials wanted to attach southern citizens to their newly-created republic through economic connections, Confederate money, rather, became an eventual source of irritation for many ordinary southerners. In the end, connecting nationalistic rhetoric to Confederate scrip failed, as the pinch of their wallets was eventually enough to undo the patriotic sentiments of many individuals residing in the South during the Civil War.

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<sup>183</sup> Mihm, *A Nation of Counterfeiters*, 329.

## Chapter Four: Currency Creation and the Failure of Southern Nation-Building

In order to fully examine the failure of Confederate officials in fulfilling their aspirations for Confederate money, it is perhaps best to plow through the mountains of financial data that survives from the failed Confederate government. These records are copious indeed, and are housed in 490 boxes of files seized in Richmond at the end of the war. One historian, Raphael P. Thian, has compiled perhaps the most detailed volume synthesizing and examining these complex records. What emerges is a gloomy economic picture, where the southern government amassed a mountain of debt, perhaps forcing the nation into submission even before Union forces occupied the South. In addition, as shall be discussed in this chapter, government officials could not rely on currency to provide the economic support they desperately needed. Hyperinflation, counterfeiting, and a number of other gripping problems plagued southern money and helped to undue the Confederacy.<sup>184</sup>

The inefficient production of Confederate scrip led to some of the failures of southern currency. As previously noted, the first Confederate bills were printed in the North due to their prowess in producing currency. By the summer of 1861, however, southern printing was largely conducted by the Southern Bank Note Company and other firms.<sup>185</sup> The currency produced by these businesses was not well-printed. Due to the South's lack of manufacturing capacity and inability to locate skilled engravers, the production of bank notes suffered. Some images were blurry, the plates produced were not the kind of quality needed to prevent counterfeiting and the ink ran on certain bills.

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<sup>184</sup> Raphael P. Thian, *Register of Confederate Debt* (Boston: Quarterman Publications, 1972), 11.

<sup>185</sup> Slabaugh, *Confederate States Paper Money*, 22-23.

Some plates and other supplies were even sneaked through the Union blockade to southern printers.<sup>186</sup> These manufacturing deficiencies caused many of the problems that undermined Confederate currency, as they facilitated counterfeiting and even hyperinflation through a saturation of fake bills.

Although southern currency production was slipshod at best, officials still ran their printing presses often in order to fund the increasingly costly war. Such policies led to hyperinflation, a situation where prices rise due to increased amounts of money chasing too few consumer goods. This situation is one of the worst calamities that can befall a young nation, as is evidenced by the example of our own early republic. Our Revolutionary founders, like the Confederates, also needed financial resources to fund the increasingly expensive war they had initiated against Great Britain. Both governments erected inefficient systems of taxation and thus required the support of paper currency in order to sustain their operations. Each country also experienced devastating hyperinflation, a situation that tested the patriotism and cohesion of both nations.<sup>187</sup>

The Revolutionary founders, though passionate with patriotic sentiment, had little hard currency with which to finance the long and costly Revolutionary War. Specie was both difficult to locate and impossible to create, as precious metals were not abundant in colonial America. Policy-makers, therefore, thought it prudent for the Continental Congress to print paper money. Called “Continental Dollars,” this form of currency was first authorized by a May 10, 1775 act of Congress.<sup>188</sup> Production of the money quickly spread, as politicians saw the need to raise revenue with the printing press, rather than

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<sup>186</sup> *ibid*, 37.

<sup>187</sup> Smith, “History of the Confederate Treasury,” 99-103.

<sup>188</sup> Hepburn, *History of Currency in the United States*, 14.

through other measures. In the beginning of the war, the currency in active circulation hovered between 3 and 12 million dollars.<sup>189</sup> By the end of the conflict, this number had increased to over \$250 million, as policymakers saw the need to print additional money throughout the fighting. Colonial Americans saw horrific consequences from this monetary expansion, and by the end of the war it took 173 Continental dollars to buy one dollar worth of gold. Nevertheless, these funds kept American armies in the field and helped continue the Revolutionary cause.<sup>190</sup>

The Confederate nation took initial steps to ensure that hyperinflation was never realized. The first issue of currency, for instance, was quite small, as a March 9, 1861 act of the Confederate Congress only authorized the creation of \$15 million of currency.<sup>191</sup> In the early part of the war, Confederate money was somewhat on par with gold. It has been noted that even in 1862, one could exchange a Confederate dollar for its equivalence in specie.<sup>192</sup> This parity, however, varied with different places in the South. Equitable transactions between gold and paper currency, for instance, were better assured in seaports of the Confederacy such as New Orleans and Charleston, as the commerce of these locations increased the amount of valuable metal in local circulation.<sup>193</sup>

One Southerner verified this trend in his memoir, and related how the somewhat valuable Confederate currency increased overall southern quality of life. Joseph Eggleston Johnston wrote in his diary:

“In all the earlier part of the war, when the Confederate money was not much below that of the United States in value, our troops were paid with

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<sup>189</sup> Jason Goodwin, *Greenback: The Almighty Dollar and the Invention of America* (New York: Henry Holt and Company, 2003), 69.

<sup>190</sup> Hepburn, *History of Currency*, 69.

<sup>191</sup> *ibid.*, 3.

<sup>192</sup> Morgan, *Graybacks and Gold*, 109.

<sup>193</sup> Capers, *The Life and Times*, 335.

some regularity, and the soldiers of the laboring class who had families fed and clothed them with their pay as they had formerly done with the wages of their labor.”<sup>194</sup>

As the quote suggests, this economic tranquility was not to last as the Civil War progressed.

Throughout the war, the Confederate government greatly expanded the number of notes it authorized. With a total of seven separate issues, the southern government is estimated to have printed over one billion dollars over the course of the conflict.<sup>195</sup> This amount is far higher than treasury officials originally deemed sustainable. At the beginning of the war, Secretary of the Treasury C.G. Memminger estimated that the Confederacy could only support \$150 million in notes. Unfortunately, this advice was never heeded as production blossomed to much more than that estimate in order to fund the expenses of the Confederate nation.<sup>196</sup>

The expansion of paper currency directly caused massive hyperinflation in the Confederacy. Hyperinflation in the South was unprecedented, as ordinary southerners saw their money buying fewer and fewer goods. In fact, it has been said that by January of 1865, prices in the south were 58 times higher than what they were only four years earlier.<sup>197</sup> Many people commented that Confederate money was becoming more and more valueless. Some of these individuals used rich imagery in their letters and diaries to convey this situation. One southerner, for instance, recounted “such was the value, or want of value, of Confederate money at this time, when it was said a man would go to

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<sup>194</sup> Joseph Eggleston Johnston, *Narrative of Military Operations Directed During the Late War Between the States* (New York: Da Capo Press, 1990), 423.

<sup>195</sup> Slabaugh, *Confederate States Paper Money*, 71.

<sup>196</sup> Smith, “The History of the Confederate Treasury,” 12.

<sup>197</sup> George B. Tremmel, *Counterfeit Currency of the Confederate States of America* (Jefferson, NC: McFarland and Company, Inc., 2003), 31.

market with a market basket to hold his money and bring home his purchases in his hands.”<sup>198</sup> Another southerner used vivid imagery to recount that even officers of the southern army were not exempt from the depreciating nature of their currency. Ebenezer Gilpin, a southern soldier, recounted in his memoirs “I saw a Confederate Lieutenant buy a box of cigars for \$500 Confederate money, his entire pay for the last seven months in the army before Richmond.” Overall, the accounts of southerners vividly convey the depreciating nature of Confederate money.

Hyperinflation was by no means a steady process and fluctuated throughout the conflict. Victories and the prospect of peace, for instance, could momentarily halt the precipitous fall of monetary value. One southern journalist noted this condition by stating, “it is clear that a pause has been established in the rapid depreciation of Confederate currency. There are decisive factors indeed of a positive appreciation; negated by the distinct rise in price of many articles over time.”<sup>199</sup> Still, such respites from inflation were few and soon forgotten.

A look at southern prices by the end of the Civil War shows the effect of inflation. Whereas a bushel of wheat was valued at \$4.5 in late May of 1863 (after the victory of Chancellorsville perhaps increased the value of currency), it was priced at \$25 by the end of the war. In addition, a bushel of beans cost \$4 in May 1863, but this price increased to \$30 just two years later.<sup>200</sup> Statistics in May of 1865, one month after a bulk of the

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<sup>198</sup> Howard McHenry, *Recollections of a Maryland Confederate Soldier and Staff Officer Under Johnston, Jackson, and Lee* (Baltimore: Williams and Wilkins Co., 1914), 359.

<sup>199</sup> Russel, “Coins For a New Country.”

<sup>200</sup> Fuller, *Confederate Currency and Stamps*, 32.



Confederate armies surrendered, are particularly revealing. At that time it took \$1,200 Confederate to buy a single dollar in gold.<sup>201</sup>

The Union, however, did not see anywhere near as much inflation as the South. In fact, at its worst point, it only took 3 federal dollars to buy a dollar in gold.<sup>202</sup> Yet some northerners still commented about the effects of currency inflation. One New Hampshire newspaper conveyed toward the middle of the war “money is reported to be more abundant now than it ever was known before.” The article went on to state that “silver sells at a 25 percent premium and gold 32 percent” illustrating that it was beginning to take more and more paper currency to acquire precious metals.<sup>203</sup> Though fluctuating throughout the conflict, hyperinflation eventually sent the value of Confederate dollars to unprecedented lows, and was a calamity not experienced by the North.

Analyzing southern reactions to hyperinflation illuminates why these individuals lost faith in their currency and the government that printed it. Even early on in the war, for instance, Confederates became almost catastrophist about the future prospects of their money. One southerner, for instance, noted as early as November of 1861 “a dollar in gold sold for \$18 in Confederate money to-day. Our paper is constantly depreciating; and I think it is past redemption.”<sup>204</sup> This statement from a southern diarist demonstrates how people privately lamented over their financial woes. Newspaper articles, however, were read by the public, and do not contain these sentiments. This was probably because they did not want their publications to be labeled as disloyal to the cause, as lamenting over inflation may have conveyed a lack of faith in the Confederacy.

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<sup>201</sup> Slabaugh, *Confederate States Paper Money*, 47.

<sup>202</sup> *ibid.*

<sup>203</sup> “Money; South; New York; England; California,” *The Farmer’s Cabinet*, October 23<sup>rd</sup>, 1862.

<sup>204</sup> Jones, *A Rebel War Clerk’s Diary*, 101.

Hyperinflation made some southerners pessimistic about the prospects for the Confederate nation, as many diarists gloomily recounted the depreciating value of Confederate notes. One southerner's war diary, for instance, conveyed "ten cents in United States money was worth one dollar Confederate money. When I heard this, I felt that the Confederacy was doomed. Its money was next to worthless. You cannot carry on war without the sinews of war."<sup>205</sup> With such sentiments circulating about inflation, it is not surprising that appeals to patriotism failed to nurture attachments to southern currency.

Northern writers commenting upon the southern financial situation convey their descriptions in an almost joking manner. These individuals were not upset at this poor economic condition, but were perhaps happy to see southerners suffering. One northern soldier, for instance, recounted "the joke is that one can buy Confederate money for about fifty for one and it is doubtful it is worth as much as that even."<sup>206</sup> Furthermore, many journalists in the North were happy with southern failures, and some joked about the depreciating value of Confederate currency. One northern journalist even used the ailing situation in the South to compel Union citizens to stop complaining about their own financial plight. Some people were upset that non-Union money was being taxed, while others did not like the coercion of legal tender. Yet one journalist urged his fellow citizens to look past these problems and conveyed, "...if anybody is dissatisfied with federal money, let him go South and get Confederate money. If anybody is dissatisfied

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<sup>205</sup> Charles M. Smith, *Memoir of Charles M. Smith* in George Forrester ed., *The Memorial War-Book as Drawn From Historical Records and Personal Narratives of the Men Who Served in the Great Struggle* (Providence, RI: Lovell Brothers and Company, 1898), 14-15.

<sup>206</sup> Josiah Marshall Favill, *The Diary of a Young Officer Serving with the Armies of the United States During the War of the Rebellion* (Chicago: R.R. Donnelley and Sons, Co. 1909), 207.

with the United States taxes, let him go South and pay southern taxes.”<sup>207</sup> Some northerners did not feel troubled by the southern economic situation but utilized this ailing condition in order to make northerners happier about their own financial affairs.

Southerners also attempted to express their economic frustration through songs and other such mediums. One interesting example is a poem called “The Confederate Note.” Although the lyrics were written shortly after the war ended, these words effectively convey how hyperinflation undermined confidence in the Confederate cause and why individuals stopped supporting the currency. The poem’s first stanza, for instance, reads:

“Representing nothing on God’s earth now,  
And naught in the water below it;  
As a pledge of a nation that’s dead and gone,  
Keep it, dear captain and show it.  
Show it to those that will lend an ear,  
To the tale this paper can tell  
Of liberty born, of patriot’s dream,  
Of a storm-cradled nation that fell.”<sup>208</sup>

Verifying the devalued nature of southern currency, the original words of the poem are even said to have been written on the back of a Confederate \$5 bill.<sup>209</sup>

The southern government could have done more to take financial pressure off their citizens, as it could have mandated the acceptance of Confederate scrip. Staying true to its decentralizing principles, however, the Confederate government did not meddle too heavily in economic affairs, and as previously mentioned, did not pass legislation to

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<sup>207</sup> “Confederate Money,” *Bangor Daily Whig and Courier*, June 22, 1863.

<sup>208</sup> S.A. Jones, “The Confederate Note,” in Emily V. Mason ed., *Southern Poems of the War* (Baltimore: John Murphy and Co. Publishers, 1867), 425.

<sup>209</sup> Emily V. Mason ed., *Southern Poems of the War* (Baltimore: John Murphy and Co. Publishers, 1867), 425.

make Confederate notes legal tender. This latter policy could have immeasurably changed the economic situation of the South. Legal tender would have, in essence, required the acceptance of southern money in most business transactions. This might have relieved some stress off of ordinary southerners, as they could rest assured that their money would still buy goods and services from local vendors.<sup>210</sup>

As mentioned earlier, southern journalists noted the wisdom of giving Confederate money legal tender status. Deflecting criticism that it was illegal, some writers said it was nevertheless necessary. One article, for instance, read:

“we can think of but one remedy and that is for the Congress, who is relentless, promptly make Confederate money a legal tender. We know it will be said that such an enactment will be unconstitutional. But granting this to be the case, is not it better for us to violated one provision of the Constitution for the purpose of maintaining the government which has been created by it than, by tenaciously adhering to such provision, lose constitution, government, and all be compelled to submit to such a rule as our triumphant enemies may chose to impose on a conquered peace?”<sup>211</sup>

Despite articles like this urging legal tender legislation, the Confederate Constitution, as previously mentioned, disallowed the southern government from giving their currency such status. Still, several state governments attempted to pass legislation making Confederate currency legal tender within their states. North Carolina attempted to initiate such a law, as a December 4<sup>th</sup> 1863 legal tender bill was passed by the Senate but rejected by the state’s House of Representatives. The state governments of Florida and Mississippi also tried to authorize similar legislation but failed to make Confederate notes legal tender within their states.<sup>212</sup>

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<sup>210</sup> Mihm, *A Nation of Counterfeiters*, 321.

<sup>211</sup> “Confederate Money as Legal Tender,” *The Semi Weekly Raleigh Register*, November 11, 1862.

<sup>212</sup> John Christopher Schwab, *The Confederate States of America, 1861-1865: A Financial and Industrial History of the South During the Civil War* (New York: Charles Scribner’s Sons, 1901), 102.

The southern government did, however, try other methods to quell the devastating inflation experienced in the South. Later on in the war, in February of 1864, the Confederate Congress passed a bill that made all notes above 5 dollars redeemable for 6 months in new money. After that they would cease to be currency and would be considered void. Notes above \$100 were given different treatment, as these bills were redeemable in 4% government bonds.<sup>213</sup> Southerners would then be given new notes in exchange for their old bills at a rate of 2:3. It was hoped that this plan would be able to decrease the amount of currency in active circulation. This would then increase the value of the currency, as there would be less Confederate money in southern pockets.<sup>214</sup>

C.G. Memminger, the Confederate Secretary of the Treasury at the time, said that the eventual goal of 2:3 initiative was to decrease the size of Confederate monetary circulation to \$200 million dollars. Although this prediction may have been overly optimistic, the plan did, nevertheless, result in some notable changes.<sup>215</sup> Between the months of April and October of 1864, southerners redeemed an estimated \$121,038,790 in old Confederate bills for the new notes. In addition, larger bills were also taken out of circulation in great numbers.<sup>216</sup> Overall, the plan was deemed a success by many officials within the Confederate government. Nevertheless, its effect only constituted a small portion of total circulation, as a mere \$294 million dollars were taken out of southern pockets while around three times that amount still circulated.<sup>217</sup>

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<sup>213</sup> Capers, *The Life and times of C.G. Memminger*, 34.

<sup>214</sup> Morgan, *Gaybacks and Gold*, 6.

<sup>215</sup> Capers, *The Life and Times of C.G. Memminger*, 34.

<sup>216</sup> G.A. Trenholm, "Letter From G.A. Trenholm to Thomas S. Bocock, November 23, 1864," in "Secretary of the Treasury," text fiche, A407.

<sup>217</sup> Godfrey, *Monetary Expansion in the Confederacy*, 35.

Incentives were given to individuals in an attempt to propel them to exchange Confederate money. It has already been noted that currency bore interest paid by the central government. Nevertheless, various states also used methods to make accepting Confederate money more advantageous. In Florida, for instance, most draft exemptions were only given to people who were known to exchange Confederate money. Furthermore, in the state of Mississippi, all public officials were mandated to use southern currency.<sup>218</sup> These efforts might have relived some of the problems associated with Confederate money, as they ensured that certain groups of people exchanged southern currency.

Counterfeiting also contributed to the ailing Confederate monetary situation. It is true that counterfeiting was certainly a problem in the antebellum United States. Various crooks and hoodwinkers had for years made their own notes of various kinds of currency, unleashing chaos on the U.S. financial system.<sup>219</sup> Yet, counterfeiting was much worse in the Civil War South. Underdeveloped lithographic engraving and lack of manufacturing capacity made southern notes poorly manufactured. This condition was mainly due to the improvisation required to print Confederate currency. One southerner, for instance, recounted:

“It is in the want of material that the prosecution of bank note engraving and printing in the Confederacy has been met with the greatest difficulties. Many of the most important articles are not to be obtained in Europe of the quality desired. Others have to be improvised as it were, on the spot. The swamps of South Carolina furnish the vegetable carbon for inks and the hills of North Carolinian and Virginia the oils. Plates and dies are made from crude steel.”<sup>220</sup>

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<sup>218</sup> William West Bradbeer, *Confederate and Southern State Currency: Historical and Financial Data, Biographical Sketches, and Descriptions with Illustrations* (Mount Vernon, NY: by the Author, 1915), 21.

<sup>219</sup> Here I am relying on various parts of Stepehn Mihm’s *A Nation of Counterfeiters*.

<sup>220</sup> “Remarks on the Manufacture of Bank Notes and Other Promises to Pay Addressed to the Bankers of the Southern Confederacy” (Columbia, SC: Steam Power-Press of F.G. Defontaine and Co., 1864), 34.

The South was certainly at a disadvantage in printing currency, as improvisation and lack of supplies created numerous problems.

As mentioned earlier, many bills were produced using pre-existing plates. Counterfeiters could therefore make slight changes to the fake plates they already created in order to counterfeit Confederate money. Furthermore, by law, all bills had to be signed by a clerk of the treasury department, an enterprise that encompassed some 262 employees. This made every note different and made it hard for merchants to notice fake bills.<sup>221</sup> In addition, only 16 of the 69 Confederate notes in regular southern circulation had elaborately-printed backs. This was probably due to a lack of equipment and materials needed to provide scrip this characteristic. Nevertheless, not having elaborately-printed backs allowed hoodwinkers to focus all of their energies on making plates for the front of these bills, removing another safeguard against counterfeiting.<sup>222</sup> All of these conditions made southern money especially conducive to unauthorized reproduction.

Throughout the South, people did not know what notes they could and could not trust. In September of 1861, no \$50 bills of a certain variety were accepted in the city of Charleston, South Carolina due to fear of counterfeiting.<sup>223</sup> Some southern newspapers recount the panic experienced due to this condition. One such article from *The Charleston Mercury* conveyed “on Saturday afternoon quite a flutter was created in financial circles here by the discovery that a number of counterfeit treasury notes of the

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<sup>221</sup> Mihm, *Nation of Counterfeiters*, 323.

<sup>222</sup> Chase, *Confederate Treasury Notes*, 85.

<sup>223</sup> George B. Tremmel, *Counterfeit Currency of the Confederate States of America*, 11.

denominations of twenty, fifty and one-hundred dollars crept into circulation in the city.”<sup>224</sup>

Counterfeiting may have even helped contribute to hyperinflation. Individuals in the North flooded the southern circulation with fake notes, and since many of these bills were accepted, this situation led to more scrip being exchanged than was sustainable.<sup>225</sup> Yet, it still seemed that southern currency was valuable enough to continue motivating counterfeiters. They continued to produce fake notes by the ream, which were passed as real by Union troops and other individuals residing in the South.

With all of these negative consequences, Confederate officials took drastic measures to curtail unauthorized reproduction of southern scrip. In fact, a penalty of death was authorized for the crime of counterfeiting notes of the Confederacy. Furthermore, this law did not just apply to southern residents, but was applicable to Union soldiers as well. Northern officers who even allowed such notes to be exchanged under their charge could also be put to death under the law.<sup>226</sup> Newspaper articles advertised this penalty as a way of curtailing counterfeiting. One discussed the panic caused by counterfeiting and recalled “meantime, let all remember that the penalty for willfully altering or counterfeiting Confederate money is death.”<sup>227</sup> The crime was considered so grave that offenders were not even prosecuted under the normal justice system. An act of the Confederate Congress passed in October of 1862, rather, authorized officials to prosecute counterfeiters under separate military tribunals.<sup>228</sup> Unauthorized

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<sup>224</sup> “The Confederate Currency,” *The Charleston Mercury*, August 25, 1862.

<sup>225</sup> Marc D. Weidenmier, “Bogus Money Matters: Sam Upham and His Confederate Counterfeiting Business,” *Business and Economic History* 28, no. 2 (1999): 313-324.

<sup>226</sup> Reinfeld, *Story of Civil War Money*, 56.

<sup>227</sup> “Confederate Currency,” *The Charleston Mercury*, August 25, 1862.

<sup>228</sup> Ashton, “History of the Confederate Treasury,” 101.



reproduction of southern bills was considered by officials to be so deleterious to the Confederate cause that it was, in essence, deemed an act of war. Currency was considered critical to national security and officials, therefore, authorized harsh punishment for counterfeiting southern notes.

Furthermore, this treatment was much harsher than the punishment for counterfeiting in the North, as an individual found guilty of counterfeiting “greenbacks” was typically only sentenced to a few years in prison.<sup>229</sup> A *New York Herald* article toward the middle of the war relates the common penalty for counterfeiting as it noted “two young men named [illegible] have been found guilty of counterfeiting Treasury notes and sentenced to the State prison for four years.”<sup>230</sup> Perhaps the reason for authorizing harsher punishment in the South was due to the particularly destructive and rampant nature of counterfeiting in the Confederacy.

Many southerners were under the impression that counterfeiting was part of some grand Union scheme to cause damage to the southern government. There were, in fact, certain individuals in the North who were creating counterfeit Confederate currency. At first, however, these bills were solely considered “mementos of the rebellion” and were never intended to be passed as real southern scrip. These were called facsimile notes, as classifying a bill as counterfeit implies that it was created to be passed as real money.<sup>231</sup>

One noted creator of facsimile bills commented upon the profitability of printing fake Confederate money. This individual, Samuel C. Upham, stated in 1874 that during the war “I sold the notes as curiosities, mementos of the rebellion and advertised them as

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<sup>229</sup> Hepburn, “History of Currency in The United States,” 165.

<sup>230</sup> “Sentenced For Counterfeiting Treasury Notes,” *New York Herald*, June 21, 1863.

<sup>231</sup> Chase, *Confederate Treasury Notes*, 95.

such in several more highly circulated papers in the Union...they sold like hotcakes.”<sup>232</sup>

Furthermore, the southern government could do nothing about Upham and other printers producing facsimile notes. Although it could authorize harsh punishment for their use, northern printers were free throughout the war to produce fake southern money, as no northern law limited Confederate counterfeit production.

Although these notes were never intended to circulate, many northern soldiers used them to acquire goods and services while in the South. Once facsimile notes were used for this purpose, they became counterfeits. One Union soldier recounted troops utilizing such money and wrote:

“Some men in our brigade bought to-day of citizens large amounts of tobacco and other goods with fac-smilie Confederate currency. The people refused United States treasury notes when offered but sought this bogus Confederate money with avidity. Indeed, I think myself it looks a little better than the original rebel money.”<sup>233</sup>

Some people, staying loyal to the Confederacy, only accepted southern notes. Little did they know that they were taking facsimile currency that was so well printed that it could be deemed of better quality than real Confederate money.

There were two major northern counterfeiters during the war, Samuel Upham and Winthrop Hilton. Hilton was a New York entrepreneur employed by the Confederate government at the beginning of the war to make legitimate “graybacks.” Once the deal with the Confederacy went sour due to lack of payment, he used his pre-existing plates and equipment to churn out fake southern notes.<sup>234</sup> The other one, as previously mentioned, was Samuel Upham. This Philadelphia based counterfeiter’s work was so

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<sup>232</sup> Samuel C. Upham, “Letter From Samuel C. Upham to Dr. C.E. Lee, October 12, 1874,” in Chase, *Confederate Treasury Notes*, 97.

<sup>233</sup> Fufus Robinson Dawes, *Service with the Sixth Wisconsin Volunteers* (Marietta, OH: E.R. Alderman and Sons, 1890), 42.

<sup>234</sup> Weidenmier, “Bogus Notes,” 314.

exquisite that he even concocted notes that were never produced by the Confederate government. His famous “female riding deer” \$5 bill, for instance, was not a copy of any existing note but was Upham’s original invention. It was, nevertheless, thought to be a real creation of the southern government until well into the 20<sup>th</sup> century.<sup>235</sup> It is amazing how these individuals and others like them added copious amounts of currency to southern circulation. Northern manufacturers printed countless millions of fake notes and Sam Upham alone is credited with adding 1.5-2% to the total amount of Confederate money in southern pockets.<sup>236</sup>

One memoir recounts the ease of acquiring cheap and well-made counterfeit Confederate currency. This southern diarist discussed the destructive potential of counterfeits and related:

“By sending \$5.00 to New York you can get \$20,000 Confederate dollars-counterfeits of course. These advertisements appear in respectable journals, *Harper’s Weekly*, for instance, which considers itself a vast civilizer though it recommends that servile insurrection should overrun the South.”<sup>237</sup>

Looking at such advertisements shows why southerners may have been perturbed, as their national currency was being grossly commercialized. One circular produced by Samuel Upham, and published in leading magazines like *Harper’s Weekly*, must have added to this ferment as it read “Half Price! Half Price...Rebel notes, shinplasters and postage stamps, perfect fac-similes of the originals...500,000 sold the past three months.”<sup>238</sup> Other sources recount one’s ability to cheaply buy individual counterfeits of

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<sup>235</sup> Tremmel, *Counterfeit Currency*, 44.

<sup>236</sup> Weidenmier, “Bogus Money,” 314.

<sup>237</sup> Julia Ellen Legrand, *The Journal of Julia Legrand, New Orleans 1862-1863* (Richmond: Everett Wadley and Co., 1911), 132.

<sup>238</sup> Samuel Upham, “Confederate Notes and Shinplasters Selling At One-Half Former Prices,” in Slabaugh, *Confederate States Paper Money*, 104.

Confederate bills. A \$50 counterfeited Jefferson Davis note could go for as little as \$0.25 while a fake of the famous “Stonewall” Jackson bill could be bought for only \$0.75.<sup>239</sup>

Many southerners were aware of the profitable northern counterfeiting operation, and were disgusted by this enterprise. They were angered by the concerted effort to undermine legitimate currency and could not believe that fake notes were advertised in reputable magazines. One southern journalist, for instance, reported “counterfeiting Confederate Money must be a profitable business among the Yankees. The other day we saw an advertisement from *Harper’s Weekly* of one of the rouges engaged in the business.”<sup>240</sup>

Still, others took note of the Union soldiers who were purchasing these fake notes and utilizing them while in the South, even though they could be executed for such activity. One southern diarist recounted “they [northern soldiers] go into battles with their pockets stuffed with counterfeit Confederate money which they intend to pass off if they succeed in getting into the country.”<sup>241</sup> In fact, many northern soldiers did eventually “succeed in getting in the country” and this helps explain why counterfeit Confederate currency comprised such a large amount of the southern circulation.

Many Confederates adopted a heated rhetoric when referring to northern possession of counterfeits. They channeled their anger into an ideology that Union residents were immoral and that counterfeiting was evidence of this claim. This can also be seen as an extension of southern rhetoric that painted northerners as greedy,

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<sup>239</sup> Slabaugh, *Confederate States Paper Money*, 69.

<sup>240</sup> “Counterfeiting Confederate Money Must Be a Profitable Business Among the Yankees,” *The Daily Mississippian*, April 14<sup>th</sup>, 1863.

<sup>241</sup> Legrand, *The Journal of Julia Legrand*, 132.

hoodwinking merchants. One southern reporter demonstrated this position when he stated:

“one fact illustrative of Yankee proclivities to cheating and swindling was developed yesterday and the day previous upon the arrival in the city of the different detachments of prisoners taken in the battles. In the possession of a great many of them were found bogus Confederate bills of small denominations which they attempted to palm upon boys in the streets for bread confections etc...the punishment upon conviction of counterfeiting and altering the bills is death.”<sup>242</sup>

Some Confederates, however, interestingly allowed Yankee prisoners to use Confederate scrip. Perhaps these individuals wanted to pump money into local economies, or perhaps it was just out of courtesy. Regardless, some Confederates allowed Yankees to utilize their southern scrip as one newspaper article recounted, “at Orangeburg, a few Yanks were permitted to spend Confederate money for bourbon at the wayside inn at \$2 a drink.”<sup>243</sup> Overall, despite harsh penalties and fiery rhetoric, southerners could do little to protect their currency against northerners producing, selling and utilizing counterfeit Confederate currency.

Some southern officials, in fact, had interesting ideas for what to do with the massive influx of counterfeit money into southern circulation. Secretary of the Treasury C.G. Memminger, for instance, even advocated legalizing these notes! Some counterfeit bills were extremely well-produced, and the South was expending huge amounts of time and money to create its own genuine currency. In addition, due to skyrocketing prices, there simply was not enough real money in circulation to purchase increasingly expensive food and goods. Secretary Memminger advocated that counterfeit notes be stamped as

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<sup>242</sup> “Yankee Counterfeits of Confederate Money,” *The Hinds County Gazette*, July 16, 1862.

<sup>243</sup> John Worrell Northrop, *Chronicles from the Diary of a War Prisoner in Andersonville and Other Military Prisons of the South in 1864: Experiences, Observations, Interviews and Poems Written in Prison With Historical Introduction* (Wichita, KS: J.W. Northrop, 1904), 128.

“valid” and even have the interest-bearing characteristics of other Confederate currency.<sup>244</sup> This plan was never implemented by the southern government, but is quite revealing. The proposed initiative shows that the Confederates could not enforce its own counterfeiting laws, as it would essentially let these criminals go free. In addition, the proposal provides commentary on the South’s lack of manufacturing capacity, as non-governmental actors were able to make currency of equal or greater quality than the legitimate notes produced by the Confederate government.

It is important to note that the North did not experience the same monetary and financial problems as the South during the Civil War. Both governments issued national currency around the same time, as the U.S. Congress authorized demand notes in July of 1861. Demand notes entitled the holder to procure, on demand, the value of the bill in specie, at certain treasury offices. These notes, like most of the currency we circulate today, were printed with predominantly green ink, and were soon nicknamed “greenbacks.” The first notes included the words “the United States promises to pay the bearer [5, 10, or 20] dollars on demand payable to the Assistant Treasurer of the United States.” Unlike Confederate bills of the same era, scrip authorized by the Union government did not bear interest. In addition, another distinction was that southern notes did not allow holders to cash in their currency for specie.<sup>245</sup>

One of the other main differences between northern and southern currency was that Union money had legal tender status. On March 17<sup>th</sup>, 1862, the United States Congress passed the Legal Tender Act, which gave northern money this characteristic. As legal tender, “greenbacks” needed to be accepted as payment, or else merchants would be

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<sup>244</sup> Godfrey, *Monetary Expansion in the Confederacy*, 112.

<sup>245</sup> Reinfeild, *The Story of Civil War Money*, 19.

breaking federal law.<sup>246</sup> Noted judges, journalists, and other people within the North debated whether or not the Legal Tender Act was constitutional. Some thought that the Constitution did not give the federal government authority to practically force money on its citizens, while others found it reasonable within the powers of Congress. One journalist noted that “if the Supreme Court of the United States should rule that the notes are a legal tender for debts, such a decision would not only be one of the greatest calamities that has happened to the State, but it would produce a feeling of disloyalty and aversion to the federal government.”<sup>247</sup> The debate was not settled until decades after the bill was passed. After previously deeming the status unconstitutional, in 1884, the Supreme Court eventually upheld the Legal Tender Act. Ironically, Salmon Chase, the Secretary of the Treasury during the Civil War, sided with the minority in the later legal tender case.<sup>248</sup>

Another factor that contributed to a more stable northern monetary situation was the limited nature of federal currency production. The Union government did not largely rely on its money supply to finance the war, as it mainly utilized taxation to raise revenue. In fact, printing “greenbacks” only constituted 13% of northern funds during the conflict, while taxes and bonds comprised a far greater proportion of Union revenue.<sup>249</sup> Looking at the amount of “greenbacks” in northern pockets toward the end of the war substantiates the thesis that the United States government was printing far less than the Confederates. Only \$650,000,000 in “greenbacks” had been issued by June 1864, far less than the estimated 1 billion dollars that had been printed by Confederate sources by

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<sup>246</sup> *ibid*, 21-22.

<sup>247</sup> “The Legal Tender Note Question,” *Daily Evening Bulletin*, February 16, 1863.

<sup>248</sup> Hepburn, “History of Currency in the United States,” 29.

<sup>249</sup> Mihm, *A Nation of Counterfeiters*, 320.

around the same time in the conflict.<sup>250</sup> It should also be noted that private and state bank circulated scrip throughout the North during the war. These bills, however, became increasingly rare as non-“greenbacks” were eventually taxed by the federal government.<sup>251</sup>

Other conditions made the monetary situation in the North much less volatile than in the South. The North had a notably smaller money supply than the South, and since it was more industrious during the conflict, a greater number of consumer goods were available for northern buyers. Since less money was chasing more goods, the North experienced much less inflation than the South during the war. Furthermore, people expected the Union government to survive the conflict, and therefore felt that “greenbacks” would retain their value. This sentiment motivated people to possess and circulate northern currency, even during the darkest days of the conflict.

Overall, the deteriorating southern financial scene made southerners lose faith in Confederate currency and the government that authorized it. This shows a failure of nation-building, as possessing money did not foster a connection to the southern cause, but rather fermented sentiments of sadness, frustration, and despair. One southerner noted the futility of circulating Confederate money as early as July of 1863. Probably because of the defeat at Gettysburg, Green Samuels stated in a letter “should the war last a year longer Confederate money can be worth nothing and it would be extremely inconvenient to have any of the money on hand.”<sup>252</sup> As we have seen, certain individuals did get rid of

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<sup>250</sup> Hepburn, *History of Currency in the United States*, 197.

<sup>251</sup> Smith, “History of the Confederate Treasury,” 108.

<sup>252</sup> Green Berry Samuels, “Letter From Green Berry Samuels to Kathleen Boone Samuels, July 10<sup>th</sup>, 1863,” in *A Civil War Marriage in Virginia: Reminiscences and Letters* (Boyce, VA: Carr Publishing Co., 1956), 183.



their “graybacks” and attempted to acquire money issued by the United States government.

Many individuals related stories of families reduced to poverty due to depreciating Confederate currency. One southerner, for instance, conveyed:

Confederate money is valueless and we have no Federal money. To such an extremity are some of the best and wealthiest families reduced, that the ladies are daily engaged making pies and cakes for the Yankee soldiers of all colors, that they may obtain enough “greenbacks” to purchase such articles as are daily required in their housekeeping.”<sup>253</sup>

Inflation had practically made southerners servants to Yankees, as they made confections for Black and White soldiers alike just to attain enough money to get by. It is also revealing that they were aggressively seeking northern currency, as this money was worth far more than southern scrip.

Government officials were not exempt from distrust in Confederate currency. In fact, some only accepted “greenbacks” even though they were employed by the Confederate government. One southerner, William Elder, noted this phenomenon in his diary when he stated:

“Confederate money is of little or no use here now. The chief things to be bought are sold by government officers or sutlers, who take nothing but federal money; and the people of the town or country who have goods or labor to dispose of, want money to buy other things with.”<sup>254</sup>

This illustrates how southerners lost complete faith in Confederate money and the government that printed it, as officials and citizens alike only accepted currency of the enemy.

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<sup>253</sup> Beauchamp, *A Rebel War Clerk's Diary*, 476.

<sup>254</sup> William Henry Elder, *Civil War Diary of Bishop William Henry Elder, Bishop of Natchez* (R. O. Gerow Bishop of Natchez-Jackson, 1960), 59.

Another diarist, right as the war was coming to a close, particularly conveyed the despair southerners felt over the prospects for their currency. Especially at the end of the conflict, southerners knew that their currency was irredeemable and expressed their sadness in letters and diaries. One individual, for instance, named Judith McGuire wrote in her memoirs:

“we go on as usual, but are almost despairing. Dear M., in her sadness, put some Confederate money and postage stamps into a Confederate envelope, sealed it up, and endorsed it ‘In memory of our beloved Confederacy.’ I feel like doing the same...”<sup>255</sup>

Confederate currency was so attached to the southern nation, that some even made metaphorical caskets and placed this money in them to symbolize the end of the southern Confederacy.

As previously noted, it has been suggested by some historians that the use of “greenbacks” in the South constituted a form of absorption back into the Union.<sup>256</sup> Some people, however, noted that devaluating currency also directly suggests a lack of faith to the Confederacy, and lack of optimism for the southern cause as well. One Union officer, for instance, wrote:

Two for one of ours [“greenbacks”] was freely offered on Confederate money while for gold there was no price in Confederate paper. The absolute strength of one’s conviction is shown, it is said, in the money he is willing to stake in its support; the market is infallible. These, then, were the fruits of Gettysburg, of Vicksburg and the Mississippi...two to one by rebels on our [Union] success.”<sup>257</sup>

Union soldiers like some southerners evidently believed that failing Confederate currency was demonstrative of deteriorating loyalty to the Confederate cause.

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<sup>255</sup> McGuire, *Diary of a Southern Refugee*, 360.

<sup>256</sup> Morgan, *Graybacks and Gold*, 118-119.

<sup>257</sup> George Henry Gordon, *A War Diary of the Events in the War of the Great Rebellion, 1863-1865* (Boston: James R. Osgood and Company, 1882), 160.

Overall, a number of conditions made it impossible for Confederates to realize all of their economic and political aspirations for Confederate money. Chief among them was a debilitating hyperinflation that turned the wealthy into paupers and made ordinary southerners distrust their government and its depreciating currency. In addition, counterfeiting and a number of other factors also ailed Confederate efforts to create a sustainable money supply. Furthermore, this failing situation affected the mindsets of a variety of people. Northerners rejoiced at the declining economic and political situation while southerners complained about their problems and proclaimed their country all but dead. In the end, Confederate currency, due to this declining situation, became not a political and economic tool of the Confederate government, but a source of contempt and worry that estranged ordinary southerners from their newly-formed republic.

## Epilogue: The Legacy of Confederate Money

Although Abraham Lincoln may have deemed southern money to be worthy of a place in his wallet, many ordinary southerners, after the conflict, did not believe Confederate currency had any intrinsic value. In the months following the war some of the currency was destroyed and some was recycled to be used as waste paper. Still, countless people retained their notes, as many individuals believed southern currency would increase in value at some future date.<sup>258</sup> One newspaper article written shortly after the war particularly illustrates how southern scrip became all but valueless due to the Confederate defeat. The article reported, “in New Orleans a few days since, about ten thousand dollars in Confederate money, mixed with other waste paper, was sold at four cents a pound.”<sup>259</sup>

This condition made many southerners extremely angry and bitter over the Confederacy’s defeat. Sidney Andrews, in a diary entry written shortly after the war, sums up the beliefs of many southerners best when he stated “I had a lot of likely negros, but they’re all gone; had Confederate money, but that’s all gone; and I’ve a heap o’ Confederate bonds but they aint worth a damn. I reckon God Almighty fought on the other side in the war.”<sup>260</sup> The despair surrounding Confederate money was, in essence, lumped together with other woes, as some southerners recounted their sadness at the sacrifices they made to support the southern cause.

A fascinating chapter in the tale of Confederate money comes with the legal status of southern scrip after the war. During the conflict, many individuals made contracts with

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<sup>258</sup> Chase, *Confederate Treasury Notes*, 11.

<sup>259</sup> “States and Territories,” *The Christian Recorder*, June 29, 1867.

<sup>260</sup> Andrews, *The South Since the War*, 362.

terms specified in Confederate money. Some explained that the Union had, by exchanging prisoners of war, seeing peace commissioners, and through other acts, recognized the Confederates as having a “de facto government.” This status, they said, necessitated that the United States force citizens to honor contracts made in Confederate money. Others also stated that people who came under Union domination during the war should be held to their contractual obligations since some contracts were made in Confederate money while Federal forces occupied certain areas of the South. Overall, the courts were left to decide the legal fate of Confederate currency.<sup>261</sup>

One newspaper article written after the war indicates the uncertain status of southern scrip following the conflict. The reporter wrote, “the judges of the South are in a quandary. Among the many knotty questions growing out of the rebellion is whether contracts wherein the consideration named is Confederate money is binding.” The article then describes one such instance and stated:

“A case involving this questions came before Judge Yorger of Mississippi...he argues that a contract made between citizens of Mississippi owing temporary allegiance and obedience to the laws of the Confederate States, not in violation of the policy of the United States or the state of Mississippi. Then and there assisting, but made in accordance with the public policy of the power having possession of the territory and control of the allegiance and duty of the arties to the contract is binding and can be enforced in the courts of the state of Mississippi.”<sup>262</sup>

It is clear that some judges in the South believed that contracts made in Confederate money were still binding after the Confederacy dissolved.

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<sup>261</sup> William G. Myer, *Federal Decisions: Cases Argued and Determined in the Supreme, Circuit and District Courts of the United States* (St. Louis: The Colbert Book Co., 1884), 247.

<sup>262</sup> “Contracts and Confederate Money,” *Milwaukee Daily Sentinel*, November 24, 1866.

Another judge, in his opinion after the war in a different part of the South, noted that the belligerent power status of the Confederate States motivated his opinion. One article recounted that the circuit court for Cannon County, Tennessee in 1865:

“held that inasmuch as the United States had acknowledged the Confederate States a belligerent power, that a contract payable in Confederate money, made in a locality that was in the military occupation of the Confederates, would be valid and binding upon the parties and that the plaintiff would be entitled to recover whatever he showed Confederate money to be worth at the time the note fell due.”<sup>263</sup>

The headline of the article relating this situation was “An Important Decision Reached-Confederate Money Recognized” and this case somewhat accomplished what the title claimed. It legitimized the money of this “belligerent power” after the war and even required that contracts made in Confederate notes be payable in federal dollars at whatever value Confederate money was at the time the contract was to be paid.

The issue of whether contracts made in Confederate currency should be legitimate after the war eventually made it to the United States Supreme Court. The case *Thorington v. Smith* (1868) was decided by that body, after W.D. Smith refused to pay the remaining \$10,000 Confederate of a contract to purchase a parcel of land outside Montgomery, Alabama from Thorington. In his opinion, Chief Justice Salmon Chase related the judgment of the court and said “we cannot doubt that such contracts should be enforced in the courts of the United States, after the restoration of peace, to the extent of their just obligation.”<sup>264</sup> He noted the “de facto” recognition of the Confederacy and ordered that Smith pay the remaining money in federal dollars equal to the value of the amount in Confederate money when the currency was due in November of 1864.

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<sup>263</sup> “An Important Decision Reached-Confederate Money Recognized,” *Daily National Intelligencer*, November 16, 1865.

<sup>264</sup> Salmon P. Chase, “Majority Opinion in *Thorington V. Smith*,” Acquired online, February 2009 at: <http://supreme.justia.com/us/75/1/case.html>

It is fascinating that Confederate currency attained some legitimacy after the war, to a certain extent legitimizing the Confederate government in the process. This currency was supported by post-war legal opinions because the southern nation itself was a “de facto” belligerent power during the conflict. This is ironic, as Abraham Lincoln and others during the war insisted that the Confederacy was not a nation, while after the conflict, certain people granted the southern government some legitimacy. It is also fitting that the wartime U.S. Secretary of the Treasury, Salmon P. Chase, was one Justice affirming the legitimacy of southern scrip. He was C.G. Memminger’s northern counterpart and was partially responsible for the production of the first “greenbacks.” In fact, he himself appeared on some notes produced by the Union government.

Another modern legacy of Confederate money can be found in the production of facsimile notes decades after the Civil War had ended. Throughout the twentieth century certain businesses created facsimile southern money in order to entice people to buy various products. Perhaps the most famous example was with “Cheerios” breakfast cereal, as this company included facsimile currency in their product’s boxes throughout 1954 and 1955. In fact, every note produced by the Confederate government in 1864 could be found in a box of “Cheerios” cereal, including the famous bill containing the image of General Thomas “Stonewall” Jackson. These modern facsimiles could even be found in foreign countries as well. “ABC Chewing Gum” was another company that included fake Confederate bills in boxes of their product, and distributed the gum widely in England throughout 1964.<sup>265</sup> These anecdotes reveal that Confederate currency is not

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<sup>265</sup> Slabuagh, *Confederate States Paper Money*, 113.

just a side chapter in the history of the Civil War, but captivated people decades after the conflict concluded.

Confederate money also holds a unique legacy in society today. A large number of people buy and collect Confederate currency, just as people acquire rare stamps and money of the United States. A large literature also discusses the value of these precious artifacts, and many of these guides have been cited in this thesis. Furthermore, a quick glance on the website ebay.com illustrates the hordes of people willing to buy and sell money of the Confederate States. Some of these bills are rather expensive, as a \$2 Judah P. Benjamin note can run as much as \$50 in today's money.<sup>266</sup> This is an ironic aspect of Confederate money, as these notes are today worth more money than they ever were when this currency was supported by the southern government.

Grover C. Criswell, one of the most famous collectors and authors on Confederate bills notes that wisdom of collecting southern currency. Said to be the "world's richest man in Confederate money," Criswell ends each of his books with a statement urging his readers to keep and collect Confederate scrip. He notes that Confederate bills proclaim that they will bear interest after a treaty of peace is signed between the North and the South. Criswell also conveys that this may happen some time in the future, and if it does, collectors could then cash in their currency and receive a sizable profit.<sup>267</sup>

Overall, Confederate money was the lifeblood of the southern nation, its primary means of acquiring revenue. Yet, as this project has demonstrated, currency was important for both political and financial reasons. Money certainly paid for the goods and supplies needed to sustain the Confederate cause, and provided valuable economic

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<sup>266</sup> "Confederate Money," acquired online, February 2009, at: <http://shop.ebay.com/items/Confederate-Money>.

<sup>267</sup> Criswell, *Guide to Confederate Money*, 187.



benefits to the southern government. Nevertheless, the scrip was also critical in forging the political mentality of the young Confederate nation.

Confederate money served as a platform from which southern officials could fulfill various political aspirations. Through depicting nationalistic iconography and symbols on the scrip, Confederate policy-makers were able to connect the southern government with ideals valued highly by many southerners. In addition, the creation of currency linked ordinary southern citizens to their government, as people saw it in their self-interest to promote the Confederate cause. For a number of reasons, officials saw varying levels of success in achieving their aspirations, but it is certain that Confederates somewhat realized both economic and political benefits from currency production.

Abraham Lincoln may not have known the importance of the \$5 Confederate note he possessed at the time of his death. Yet, this bill was a testament to the economic and political aspirations of Confederate policy-makers in issuing southern currency. Furthermore, such notes are important to study as they illuminate greater themes of the Civil War, such as the South's lack of a manufacturing infrastructure and the Confederacy's inability to effectively forge a truly binding nationalism. And, as modern day collectors can attest, discussing southern money illuminates a fascinating chapter in the financial history of the Confederate nation.

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