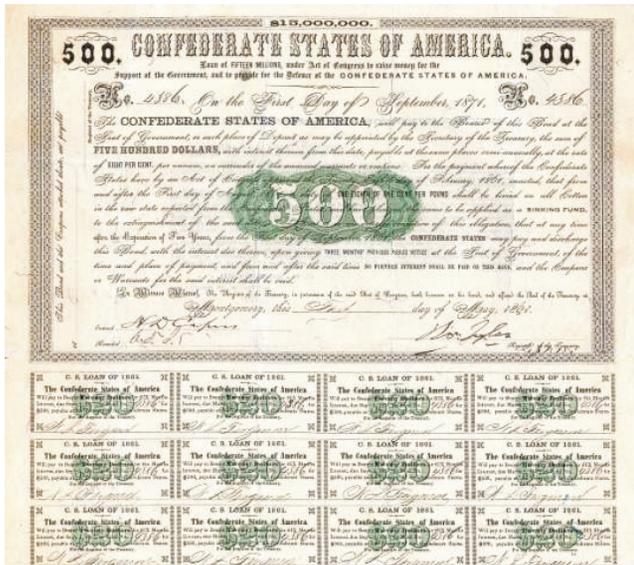


Confederate Bonds and The United Kingdom

Jeff Paunicka

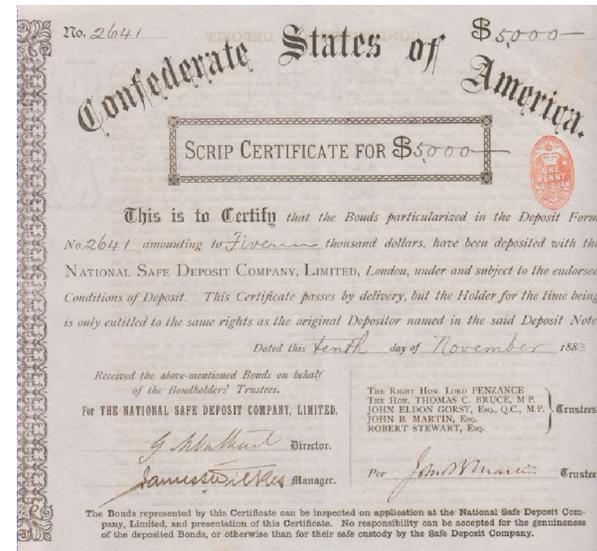
The Confederate States of America had an agrarian-based economy that relied heavily on slave-worked plantations for the production of cotton for export to Europe and the northern US states. If ranked as an independent nation, it would have been the fourth richest country of the world in 1860. When the Union blockaded its ports in summer 1861, exports of cotton fell 95 percent and the South had to restructure itself to emphasize food production and munitions production. The financial infrastructure collapsed during the war as inflation destroyed banks and forced a move toward a barter economy for civilians. The government seized needed supplies and livestock (paying with certificates that were supposed to be paid off after the war, but never were). By 1865 the economy was in ruins.

In Europe the Industrial Revolution was beginning to roll in full steam right before the War started. The UK textile mills needed cotton desperately. The big supplier was the Confederate States of America whose existence was severely threatened because of the War. The United Kingdom extended their support by 1. Buying Confederate currency (which in essence was a form of barter bond that was to be paid interest on a routine basis and 2. Purchasing Confederate Bonds. Coupons were attached and interest could be redeemed on a semi-annual basis with the balance of the note specified on each bond at a later date.



Did you know that most of the naval battles of the Civil War were fought in Europe?

When the War ended. A significant number of the bonds were still in the disappointed hands of the British who felt the United States of America should make some provision to pay some of the portions of the bonds, since they basically took over the assets of the Confederacy by defeating them.



When little interest was shown on making any of the bonds good, desperate British subjects sold the bonds at deep discounts to Bondholder Trustees. They of which would hold the bonds and collectively put pressure on the USA for payment. When the bonds were handed over to the Bondholder Trustees a Script Certificate was issued. These documents are exceptionally rare and typically unheard of by most collectors.

In a final thought, no repayments by the USA ever happened, The position of the USA was, these bonds were used to support the Confederacy and in part used as funding to destroy the government, citizens and assets of the USA. Perhaps the British did not think of that.



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