Henry Gowdin
from the Author

CONFEDERATE STATES LOAN.

HOLMES'

PLAN OF ARRANGEMENT.

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OBJECTIONS TO A SINKING FUND.

1st. It requires an annual legislative provision of ever-changing legislators, and may therefore be pretermitted.

2d. If provided, the sum may not be applied *immediately* in redemption of a portion of the debt and *reduction* of the *interest bearing principal.*

3d. It may be invested in other securities of fluctuating value, which in a long series of years may be greatly depreciated, or even become valueless.

4th. If securely invested, must be sold at the period for redemption of the debt and probably, because in large amounts, at greatly depreciated rates, and consequent loss.

5th. Commissioners of the sinking fund are frequently, if not periodically, changed, and with each varying set there may be a varied policy pursued with the fund.

6th. The places of commissioners every way qualified may be supplied by others in some or all of the requisites totally deficient.

7th. Under the most favorable circumstances it is impossible that the investment of the fund can be punctually and securely made to accumulate at any required rate of compound interest without loss of time, and consequent loss of interest, so as to produce the exactly mathematically calculated sum that will redeem the debt at the required period of time.

8th. If each and all of the foregoing objections were removed, and the fund was properly invested so as to produce the calculated result, still, as much experience has already shewn, sinking funds, when accumulated, have often been diverted by the very government or power which directed its accumulation to objects deemed of pressing necessity, thus defeating entirely the original design.

9th. No purchasing at discount any part of the debt should be contemplated; the bare idea casts in advance a shadow of suspicion, and the realization of the idea is the substance itself of a depreciated credit—totally unworthy even of an individual, positively disgraceful to a government.

HOLMES' PLAN

OF

ARRANGEMENT OF CONFEDERATE STATES LOAN.

To arrange one hundred millions of dollars, so that *both* the principal and the interest thereof shall be paid in 18 years by thirty-six semi-annual appropriations, each of five millions, two hundred and eighty-eight thousand six hundred and eighty-eight dollars ($5,288,688), or 18 annual appropriations, each of ten millions five hundred and seventy-seven thousand three hundred and seventy-six dollars ($10,577,376).

If the entire principal of the debt was payable at the expiration of 18 years, and only the interest at the rate of 8 per cent. per annum was payable semi-annually, then the simple interest of 8 per cent. for one year on $100,000,000 would be eight millions of dollars, and the aggregate simple interest for 18 years would be one hundred and forty-four millions of dollars,

millions of dollars,		$144,000,000
To which add payment of the principal,		100,000,000
And in 18 years there would be paid interest and principal,		$244,000,000
Whereas by the plan proposed there would in the same time be paid the principal,	$100,000,000	
And all the interest, which would be only	90,392,768	
And there would be saved of interest	53,607,232	
	$244,000,000	

Thus saving, in 18 years, fifty-three millions, six hundred and seven thousand two hundred and thirty-two dollars.

If the $100,000,000 bore interest of only six per cent., it would require of simple interest for 18 years	$108,000,000
And at the expiration of the time to pay principal,	100,000,000
Making an aggregate of	$208,000,000
Whereas, by the proposed plan, even where the interest is 8 per cent. per annum, payable semi-annually, the sum required, as stated above, is only	$190,392,768
And the amount saved would, even then, be	$17,607,232

By the plan, a certain *portion only* of the principal and *all* of the *interest* on the *outstanding balance* of the *principal*, would be payable at each period of six months, and the sum required to accomplish this at each period, is the uniform sum of five millions two hundred and eighty-eight thousand six hundred and eighty-eight dollars—making an annual aggregate of $10,577,376.

It will be readily perceived that, by the plan, as the interest is diminished at each period of six months, because of the payment on the principal at the preceding period, that therefore the uniform sum appropriated, enables more of principal to be paid at each period than at the next previous period.

The rate of interest, the entire time within which the principal is to be paid, and the aggregate amount of the principal of the debt being fixed, it is easy to arrange the plan.

In the present instance, the amount of principal, the rate of interest, and the time within which the principal is to be paid, are understood to be those most desirable to the government. The interest must, of course, be punctually paid every six months, from the time the debt is contracted. But the payment of the first portion of the principal may be postponed to any convenient time. When the payment of the principal has once commenced, the plan requires that every six months thereafter, there shall be payable and paid the exact amount fixed for the period.

It will be perceived, that if the war debt does not exceed one hundred millions, then the annual appropriation for 18 years to pay both that debt and the interest thereof will be the uniform sum of a little over ten and a half millions of dollars. If to this there was added fourteen and a half millions for the annual expenses of the Government, administered as it should be upon economical principles, then the aggregate annual revenue for the next 18 or 20 years need not exceed twenty-five millions of dollars.

The annual exports to foreign countries, including the United States, may, in time of peace, be reasonably assumed at two hundred and fifty millions, and placing the imports, which are always in excess of the exports, at the same, we have an annual aggregate for both, of five hundred millions, upon which an average annual duty of 5 per cent. would raise the sum required.

The duty of $\frac{1}{8}$ of one cent per pound on 4,000,000 of bales of cotton of 450 pounds each, would be $2,250,000—a sum that would pay both the principal and interest of the loan of fifteen millions in ten years, and leave over forty thousand dollars annually to defray the expenses of the operation.

One cent per pound on cotton, assuming 1,800,000,000 pounds, would give 18 millions of dollars. The cent per pound would be $\frac{1}{10}$ of ten cents per pound, or if that was the value of cotton ten per cent. upon its value. Extend these figures and remarks to all other productions for export, and we may well congratulate ourselves that our annual products can be arranged to meet our debts and our wants, and that there will be no necessity to call upon citizens for any portion of their capital.

JAMES G. HOLMES,

Charleston, South Carolina.

Plan of Arrangement and Payment of Loan of the Confederate States of America.

Periods of 6 mos.	Principal debt.	Periodical payments on the principal.	Interest at 4 per cent. on periodical payments.	Aggregate payments of principal.	Dates of payments of principal.
1	$100,000,000	$1,288,688 00	$ 51,547 52	$1,288,688 00	Jan. 1, 1864
2	98,711,312	1,340,235 52	53,609 42	2,628,923 52	July 1, 1864.
3	97,371,077	1,393,844 94	55,753 79	4,022,768 46	Jan. 1, 1865.
4	95,977,233	1,449,598 73	57,983 94	5,472,367 19	July 1, 1865.
5	94,527,635	1,507,582 67	60,303 30	6,979,949 86	Jan. 1, 1866.
6	93,020,053	1,567,885 97	62,715 43	8,547,835 83	July 1, 1866
7	91,452,168	1,630,601 40	65,221 05	10,178,437 23	Jan. 1, 1867.
8	89,821,567	1,695,825 45	67,833 01	11,874,262 68	July 1, 1867.
9	88,125,742	1,763,658 46	70,546 34	13,637,921 14	Jan. 1, 1868.
10	86,362,084	1,834,204 80	73,368 19	15,472,125 94	July 1, 1868.
11	84,527,880	1,907,572 99	76,302 91	17,379,698 93	Jan. 1, 1869.
12	82,620,308	1,983,875 90	79,355 03	19,363,574 83	July 1, 1869.
13	80,636,433	2,063,230 93	82,529 23	21,426,804 76	Jan. 1, 1870.
14	78,573,203	2,145,760 16	85,830 40	23,572,564 92	July 1, 1870.
15	76,427,443	2,231,590 56	89,263 62	25,804,155 48	Jan. 1, 1871.
16	74,195,853	2,320,854 18	92,834 16	28,125,009 66	July 1, 1871.
17	71,874,999	2,413,688 34	96,547 53	30,538,697 00	Jan. 1, 1872.
18	69,461,311	2,510,235 87	100,409 43	33,018,932 87	July 1, 1872
19	66,951,076	2,610,645 30	104,425 81	35,659,578 17	Jan. 1, 1873.
20	$64,340,431	$2,715,071 11	$108,602 84	$38,374,649 28	July 1, 1873.
21	61,625,360	2,823,673 95	112,916 95	41,198,323 23	Jan. 1, 1874.
22	58,801,687	2,936,620 90	117,464 83	44,134,944 13	July 1, 1874,
23	55,865,067	3,054,085 73	122,163 42	47,189,029 86	Jan. 1, 1875.
24	52,810,982	3,176,219 15	127,049 96	50,365,279 01	July 1, 1875.
25	49,634,733	3,303,299 11	132,131 96	53,668,578 12	Jan. 1, 1876.
26	46,331,434	3,435,431 07	137,417 24	57,101,009 19	July 1, 1876.
27	42,896,003	3,572,818 31	142,913 93	60,676,857 50	Jan. 1, 1877.
28	39,323,155	3,715 762 24	148,630 48	64,392,619 74	July 1, 1877.
29	35,607,393	3,864,392 72	154,575 76	68,257,012 46	Jan. 1. 1878.
30	31,743,001	4,018,968 42	160,758 73	72,275,980 88	July 1, 1878.
31	27,724,033	4,179,727 15	167,189 08	76,455,708 03	Jan. 1, 1879.
32	23,544,306	4,346,916 23	173,876 61	80,802,624 26	July 1, 1879.
33	19,197,390	4,520,792 87	180,831 71	85,323,417 13	Jan. 1, 1880.
34	14,676,598	4,701,624 58	188,064 98	90,025,041 71	July 1, 1880.
35	9,974,974	4,889,689 56	195,587 58	94,914,731 27	Jan. 1, 1881.
36	5,085,285	5,085,277 14	203,411 08	100,000,008 41	July 1, 1881.
		$5,288,688 22			

Annual interest 8 per cent.—Semi-annual interest 4 per cent. or .	$4,000,000
Semi-annual payment on principal,	1,288,688
	$5,288,688

Annual interest, . . .	$8,000,000
Annual payment on principal, .	2,577,376
Annual appropriation, . .	$10,577,376

Interest on $100,000,000 for 18 years, at rate of 8 per cent. per annum, ...	$144,000,000
Add principal, . . .	100,000,000
Aggregate principal and interest,	244,000,000
By plan, 10,577,376×18 years,	190,392,768
Saving in 18 years, . . .	$53,607,232