

Coin Chronicles

The Newsletter of the Trenton Numismatic Club

April 2018

Monetary Issues During the Civil War

By Joe Pargola

I have published articles about Fractional Currency and Postage Currency in the past few issues. Many find the Civil War period extremely interesting from many aspects. It was probably the most stressful period in our history. Issues creating the divide in our country stem from the beginning of our country. These issues divided our conscience at the declaration of our independence and were never really solved with Jefferson's Constitution. Social and economic differences divided us at a time when we needed to be United. So the decision was sidestepped and hence, it continued until 1861, when it could be delayed no longer. During this time the respective governments of the Union and Confederate States issued paper money and people hoarded hard metal coinage with intrinsic value. They sold the paper at a discount. No one knew if the Union or Confederates would prevail, so they buried coins marring them with corrosion for future Numismatists. But, they also hoarded them out of circulation,

causing impediments to normal commerce, buying bread, a newspaper, etc. It is for this reason that Spinner devised a solution, Congress acquiesced and President Lincoln signed this into Law. It is also for this reason that John Gault and merchants alike invented ways to profit from the use of postage stamps, envelopes and encased postage, tokens etc. during this period.

I have prepared several short articles on these topics from various sources. I hope you enjoy them.

In early 1862, just months after the American Civil War erupted, people predicted the hard times and shortages looming ahead and began hoarding resources, coins included. Many millions of dollars in gold and silver coins and even copper-nickel cents disappeared from the market as a result of this hoarding. Coins consequently commanded a premium over paper money.

The U.S. Mint soon coined copper-nickel cents almost exclusively, but demand exceeded supply. A resourceful public then used postage stamps as currency for small obligations, a situation that forced shopkeepers to accept stamps as change. Envelopes stating the amount of stamps contained within and cards bearing stamps were sometimes used to keep the stamps from sticking and being destroyed, and printers sold advertisements on large numbers of these envelopes. The government authorized the monetizing of postage stamps by July 1862 and soon began printing stamp impressions on bank note paper. On August 12, 1862, John Gault received a patent for his 'De-

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sign for Encasing Government Stamps—that is, a design for encasing stamps for use as currency. Gault's plans called for the corners of a postage stamp to be wrapped around a cardboard circle. A thin, transparent piece of mica covered the stamp, and an outer metal frame held these items secure. A heavier brass backing, suitable for advertising purposes, completed the piece. The size of a quarter but much lighter in weight, the object encased stamps from the 1861 issue—the 1-cent, 3-cent, 5-cent, 10-cent, 12-cent, 24-cent, 30-cent, and 90-cent. Gault sold his encased postage at a small mark up over the value of the enclosed stamp and the cost of production.

Gault's enterprise ended on August 21, 1862, when the government issued postage currency in 5-cent, 10-cent, 25-cent, and 50-cent denominations. The government issued fractional currency the next year. Increased production of brass and copper-nickel coinage in 1863 also undermined Gault. Still, encased postage proved very popular because it solved the major problems of stamp damage and the necessity of opening stamp envelopes to count the contents. At least thirty companies took advantage of the advertising possibilities with ads stamped on the brass backing. Perhaps \$50,000 or a little more in encased postage eventually was sold and circulated, not nearly enough by itself to solve the nation's small change crisis. Of the approximately 750,000 pieces sold, only 3,500-7,000 are believed to have survived.

by James E. Kloetzel

April 3, 2006

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COIN SHOW SCHEDULE

www.coinzip.com

May 2018 LOCAL SHOW SCHEDULE

The following information is taken from coinzip.com each as a guide to local shows. Please check with the site or show organizer for final details.

Early American Coppers Convention Thursday, May 3 to Sunday, May 6, 2018
Grand Traverse Resort and Spa 100 Grand Traverse Village Boulevard Acme, Michigan 49610

Colts Neck Coin & Currency Show May 12th Sunday 9 AM – 3 PM
St Mary's Church Rt 34 North & Phalanx Rd. Colts Neck, NJ 07728

GSNA Annual Convention and Show May 17th-19th Friday-Sunday
Ukrainian Cultural Center 135 Davidson Avenue Somerset, NJ 08873

Clifton World Money Show May 20th 9:30-4:30
1232 main ave. Clifton Recreation Center Clifton, NJ 07011

Tri-State Monthly Coin & Stamp Show May 27th Sunday
Sheraton Bucks County 400 Oxford Valley Road Langhorne, PA 19047

Whitman Coin & Collectibles Baltimore Expo
June 22st - 24th, 2018 Thursday – Sunday
Thursday – Noon – 6 PM Friday – Saturday - 10 AM – 6 PM Sunday – 10 AM – 3 PM
Baltimore Convention Center One W. Pratt Street Baltimore, MD

WORLD'S FAIR OF MONEY

Pennsylvania Convention Center
Philadelphia, PA — August 14-18, 2018
Tuesday 1 p.m. to 5:30 p.m.; Wednesday-Friday 10 a.m. to 5:30 p.m.
Saturday 10 a.m. to 4 p.m. (FREE admission on Saturday!)

Encased Postage Stamps: The "New Metallic Currency"

August 12, 2013 By Steve Swain

Of the many shortages of goods and services in the early years of the U.S. Civil War, none was more interesting than the shortage of coins and the enterprising and creative solutions to remedy that shortage using postage stamps.

In 1862, paper money was not backed by gold or silver and, therefore, it was only a very tenuous faith in the Government that gave people any assurance that paper money had true value. Most people didn't want to embrace that faith. Combine that feeling with the uncertainty associated with the ultimate outcome of the civil war and, hence, the hoarding of common gold, silver and copper coinage, the time-tested, universally accepted exchange medium.



\$5 Demand Note. People had very little faith in paper money in 1862. This hoarding situation was worsened by clever financial traders who would buy U.S. silver coins using paper money. These coins would then be sold to foreign markets in exchange for gold, a much more valuable commodity.

By mid-1862, it was estimated that \$25 million in coinage had disappeared from circulation in the United States. But people still needed to purchase a 3¢ loaf of bread, a 1¢ newspaper, a 5¢ quart of milk and countless other goods that required coins. And vendors had to make change when an item's price was less than a nickel, a dime or a quarter. How was this to be done?

for any type of debt or purchase. Through various newspaper announcements and other mediums, the government attempted to educate the populace as to their misunderstanding, but to no avail.

People began to carry stamps in their purses and pockets and used them repeatedly for daily purchases. Vendors gladly accepted the stamps as payment. But all of this hand-to-hand usage quickly resulted in damaged stamps with denominations sometimes



In some cities, businesses gave customers I.O.U.s, private companies created "Civil War tokens" and paper money was cut into several pieces to represent a fraction of a dollar. Clever remedies for sure, but none that were widely used or accepted.

All of this radically changed on July 17, 1862, when Congress decided to address the coinage shortage and passed a law that allowed postage stamps to satisfy debts of less than \$5, but only debts to the government. As probably the first case of an "urban myth", the public grossly misinterpreted this to mean that postage stamps could be universally used in lieu of coins

unrecognizable. The local post offices would not exchange damaged stamps for new ones, so a remedy was needed. John Gault, a New York entrepreneur, decided he had the best solution.

On August 12, 1862, Gault obtained a patent for a "postage stamp case", or as he named the item in a newspaper advertisement, the "New Metallic Currency."

A 1¢ encased stamp using the 1861 Franklin Issue (Scott 63)

Machines used to make buttons was the fundamental component in Gault's idea. Starting with a round piece of brass (about the size of a quarter) as the backing, and then layering on a piece of cardboard, a stamp, a piece of mica (as a clear covering for the

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TNC's 66th Year

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Trenton Numismatic Club

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American Numismatic Association

stamp) and finally another piece of brass with a hole in it, the button machine would press all of the pieces together to create the encased stamp. The final step in the process was for the machine to bend over the edges of the frame to keep all of the pieces inside the case.

Gault didn't sell the encased stamps to the public. Instead, he sold them to stores and businesses that needed "coinage" to make change for customers' purchases. Gault's profit came from the 20% markup over the face value of the stamp.

To increase his potential profit, Gault's second idea was to inscribe advertising on the back of the encased stamp. He would charge companies who purchased the metallic currency an additional 2¢ for each item. In time, 31 merchants signed up with Gault including Joseph L. Bates (fancy goods), Drake's Plantation Bitters (a "medicine" mainly consisting of rum), the Tremont House, North America Life Insurance and Aerated Bread.

A 3¢ encased stamp (Scott 65) with "Ayer's Sarsaparilla To Purify Blood" advertisement on the reverse.

Gault's most significant client was J.C. Ayer, a manufacturer of "medicines" and medical remedies. Ayer was well versed in the advantages of keeping a product's name in front of the public as he had done with newspaper advertising and almanacs.

So, many of the existing encased stamps today are the Ayer varieties since a large number were produced.

Encased stamps were widely accepted in the general commerce realm until later in 1862 when the government issued "fractional currency", i.e., bills with values of less than one dollar. This legitimate, government sanctioned currency quickly eliminated the coin shortage. Having no other value than the stamp, people tore apart the encasements of their metallic currency to remove the stamp to use as postage. Thus the scarcity of the 1862 encased stamps today.

In Memoriam



We are saddened by the passing of a club member, Cliff Burd, on Thursday, March 22, 2018. Cliff will be missed.

Meeting Schedule

The Trenton Numismatic Club meets on the fourth Monday of each month at the

HAMILTON PUBLIC LIBRARY
ONE JUSTICE SAMUEL A. ALITO JR. WAY
HAMILTON, NJ 08619-3809

Mailing Address: T.N.C. P.O. BOX 8122
Hamilton, New Jersey 08650

Visit our Website:
www.trentoncoinclub.org

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Auction Results

Prices Brought at Nygren Sale.
Following are given some of the collection
of Arthur C. Nygren, in Texas, on Nov. 30th

Lot No.
1. 1794. Dollar. Strictly fine. \$132.00
21. 1836. Gobrecht. Name on base. Brilliant
proof \$18.60
22. 1838. Gobrecht. Eagle in plain field on
reverse. Reeded edge. Brilliant pf. \$250.00
23. 1839. Rev. eagle in plain field. Reeded
edge. Proof, slightly chafed \$54.00
35. 1851. Uncirculated \$75.00
36. 1852. Extremely fine \$66.00
42. 1858. Brilliant proof \$33.50
112. 1886. Do. SF. Mint. Mint condition
\$26.50
113. 1887. Uncirculated \$12.50
114. Do. 1888. Uncirculated \$12.50
128. 1871. OC. Mint. Very fine... \$32.00
138. 1885. CC. Mint. Uncirculated. \$21.00
180. 1796. Half Dollar. 15 stars. Strictly fine
\$70.00
181. 1796. Do. 16 stars. Very fine-\$87.00
182. 1797. Do. 15 stars. One of finest known
\$72.00
409. 1870. CC Mint. Very fine \$11.50 411.
1872. Do. CC Mint. Practically unc. \$10.50
413. 1873. Upright CC. Without arrow
heads at date. Uncirculated \$21.00
431. Quarter Dollar. 1823 over 22. Vg \$72.00
457. 1853. Do. Without arrow Unc. \$12.60
Higher prices brought at the sale that was
held by B. Max Mehl at Fort Worth,
515. 1849. NO Mint. Brilliant, unc. \$16.25
537. 1858. SF Mint. Extremely fine \$8.25
578. 1870. Uneven CC. Very fine.. \$8.25
581. 1873. CC. Good \$8.50
592. Dime. 15 stars. 1796. Brilliant proof
\$11.00
596. 1798. Perfect date. Practically unc.
\$11.25
600. 1802. Practically unc. \$26.00
604. 1804. Very good \$11.00
716. 1858. SF Mint. Unc. \$21.00
728. 1870. SF Mint. Unc. \$10.75
751. 1873. CC. Arrow heads at date. Very
good \$21.00
759. 1792. Half Disme. Reeded edge. Very
fine \$18.00
764. 1797. 13 stars. Fine \$21.00
772. 1805. Extremely fine \$14.00
871. Ten Dollars. 1800. Fine \$16.25
872. 1801. Fine \$15.00
873. 1839. About fine \$20.00
877. 1907. St. Gaudens. Wire edge, and with
periods \$16.10

878. Five Dollars. 1795. Very good \$19.25
886. 1827. Extremely fine \$225.00
918. Quarter Eagle. 1845 O Mint. Good
\$16.60
919. Do. 1852 D Mint. Very good-\$35.00

Prices Brought at Edward
Michael's 13th Public Sale.
Following are some of the higher pric-
es realized at the sale held by Edward
Michael at Chicago on Nov. 28th
1. Cent. Crosby 9H. Nearly unc.\$35.00
2. Do. Crosby 11J. Very fine. \$.16.00
3. Do. Chain. America. Very good \$12.50
12. Do. 1790. Perfect date. Fair. \$.9.60
13. Do. Over '98. Very good \$17.00
18. 1803. Large 1-100. Unc. \$14.00
23. 1804. Very good \$9.00
24. 1804. Broken die. Very good. \$7.90
59. 1821. Red proof \$30.00
82. 1834. Large letters. Red proof \$.8.00
94. 1841. Red proof \$11.00
100a. 1846. Small date. Red proof. \$9.00
214. 1907. \$20. St. Gaudens. Wire edge.
Unc. \$29.00
215. Do. Uncirculated \$26.50
216. Regular issue. Unc. \$20.50
222. 1908 gold proof set \$50.00
238. 1861. Clark, Gruber & Co. \$10. Very
fine \$16.25
255. Silver dollar. Gobrecht. 1836. Proof
\$23.50
256. 1839. Do. Reeded edge. Eagle in plain
field. Brill. proof. \$66.00
258. 1851. Brilliant proof \$69.00
259. 1852. Brilliant proof \$81.00
260. 1858. Brilliant proof \$34.00

Results from other sales
428 Cent. 1799. Fair to good \$8.30
559 Twenty cents. 1877. Proof. \$7.75
236. 1793 Chain. Ameri. V. Good \$17.75
237. 1856. Flying eagle cent. Unc \$11.00
516. Colonial Bar Cent. Good. \$ 4.75

How did you miss these auc-
tions? They were in 1914. We
would like to see these prices
today!

From the Numismatist stacks on
the Newman Numismatic Portal
visit nnp.wustl.edu

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In Philadelphia!

WORLD'S FAIR OF MONEY
Pennsylvania Convention Center
Philadelphia, PA — August 14-18,
2018

Tuesday 1 p.m. to 6 p.m.; Wednesday-Friday 10 a.m. to 6 p.m.

Saturday 10 a.m. to 4 p.m. (FREE
admission on Saturday!)

Last admission is 30 minutes
prior to closing.

Come see more than \$1 billion of
historic rare coins and colorful
currency including \$100,000 bills
and a nickel worth \$3 million —
plus, find out what your old coins
and currency may be worth! It's
all at the World's Fair of Money®,
the biggest, most educational
coin show in the country.

Build your collection from the
best numismatic inventory
anywhere, participate in a live
auction, attend lectures and
seminars, and view rare historical
treasures from the ANA Money
Museum and private collections.

Admission is \$8 for the public;
free for ANA members and chil-
dren under 12. Admission is free
on Saturday, August 18.