

Encased Postage Stamps The “New Metallic Currency”

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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, John Gault, a New York entrepreneur, decided he had the best solution, a postage stamp case, or as he named the item in a newspaper advertisement, the “New Metallic Currency.”



With the uncertainty of the ultimate outcome of the Civil War, the hoarding of common gold, silver, and copper coinage was adopted by the populations of both the north and south. The coins were stashed away and not used in everyday transactions. 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?

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



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. 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.

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.