

## John Gault and Encased Postage – By Alex Gill

In the early years of the American Civil War, Americans feared the worst by hoarding essential items including coins. Like today's coin shortage as result of the COVID-19 pandemic, millions of dollars in coins and their precious metals were removed from the economy granting coins a premium over paper money. In response to a coin shortage, the United States Mint produced copper-nickel cents but demand quickly exceeded supply available thus worsening the shortage.



US Scott EP2 with Ayer's Cathartic Pills advertising on reverse (Image Courtesy of The Philatelic Foundation)

To deal with a shortage, everyday Americans began using postage stamps as currency for small but regular purchases. With essential items such as bread, newspapers, and milk costing between 1- to 5-cents, it was difficult to pay for items or make change when an item's price was less than a nickel, dime, or a quarter. At the time, it was not uncommon for stamps to be mounted on cards and stuffed in advertised envelopes with the total amount enclosed labeled on front as a form of currency. On July 17, 1862, the United States Government passed a law monetizing postage stamps to be used to pay off debts to the government under \$5.

On August 12, 1862, New York entrepreneur John Gault was granted a patent for a design encasing postage stamps nicknamed New Metallic Currency. With stamps regularly traded as currency, stamps were often placed in wallets and purses and subject to extensive damage. In response, Gault's plan called for the corners of a postage stamp to be wrapped around a cardboard circle. A thin transparent piece of mica would cover the stamp and an outer frame would hold the contents secure. Measuring the size of a quarter, stamps from the 1861 issue (1, 3, 5, 10, 12, 24, 30, and 90-cent demonstrations) were encased. Gault sold his encased postage with a 20% markup over the value of the encased stamp and the cost of production. As the encasing featured a durable brass exterior, Gault saw an opportunity to sell advertising on the reverse blank space. Approximately thirty



US Scott EP34 (Image courtesy of The Philatelic Foundation)

companies participated by imprinting messages on the back including Lord & Taylor, Ayer's Pills and Burnett's Cooking Extracts.

Despite Gault's intentions, his encased postage was merely a short-lived experiment. On August 21, 1862, the government issued bills with values of less than \$1 and postage currency in 5-, 10-, 25-, and 50-cent denominations. Moreover, the US Mint responded to the coin shortage by substantially increasing the production of brass and copper made coins. Gault's encased postage was popular during its short run as it prevented stamps from being damaged and helped alleviate some of the coin shortage. It is estimated that approximately \$50,000 in encased postage was sold and circulated but not enough to completely alleviate the coin shortage.



A rare example of the 90-cent encased postage (US Scott EP-182b) with Medium Ayer's Sarsaparilla (Image source: cliffhoyt.com/encased\_postage).



US Scott EP125 with Lord & Taylor Dry Goods advertising on Reverse (Image courtesy of The Philatelic Foundation).

After Gault's experiment ended, the coins contained no other value than the stamp. Thus, it was not uncommon for encasements to be torn apart with only the stamp being retained for postage, thus today's scarcity of encased postage from the period. Today, collectors believe of the approximately 750,000 coins sold, between 3,500 to 7000 exist today. For encased postage to sell at auction, it is highly recommended to seek certification as it is not uncommon for coins to be counterfeited, original mica to have been replaced or brass to have been extensively cleaned.