

# Civil War America and the Man in the Street

by

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Bruce Catton, one of our greatest historians, once remarked that the Civil War was the defining event in this country's history — by which I think he meant that everything that happened earlier led up to it, and everything that took place afterward resulted from it. He may have been exaggerating slightly — but not by very much: that four-year conflict *was* of enormous importance, both at the time and ever since. Consider a couple of the changes it brought about:

A people was taken from bondage, set on the long road to freedom and equality, a journey that still affects them and everyone else in the country every day.

One section of the country was newly, definitively committed to the path of industrialization and the growth of cities, while the other section was ruined, requiring more than a half-century to claw its way back to the position it had enjoyed before the beginning of the war.

These changes were obvious to everyone. But some of the war's effects were more subtle, and you had to look hard to see, or hear, them. Before the war, subject and verb agreed, and so it was said that the United States *are*... After the war, subject and verb began to disagree (a grammatical lapse that soon became universal, and permanent), and people now said that the United States *is*... That simple switch of words alone would have borne witness that something big had taken place.

And there was another effect of the Civil War that we now take for granted. Prior to the conflict, much of America's money was the product of many authorities, most of them private, located from one end of the country to the other. After the war, America's money would be the product of a single authority. It would be public in nature. And it would ultimately be based in a single place, Washington, DC.

It's not my intention today to speak of matters of such magnitude. My aims are more modest: I'd like to share with you the effect the conflict had on the daily lives of people in the two sections. What did the Civil War do to their money, and what did they do about it?

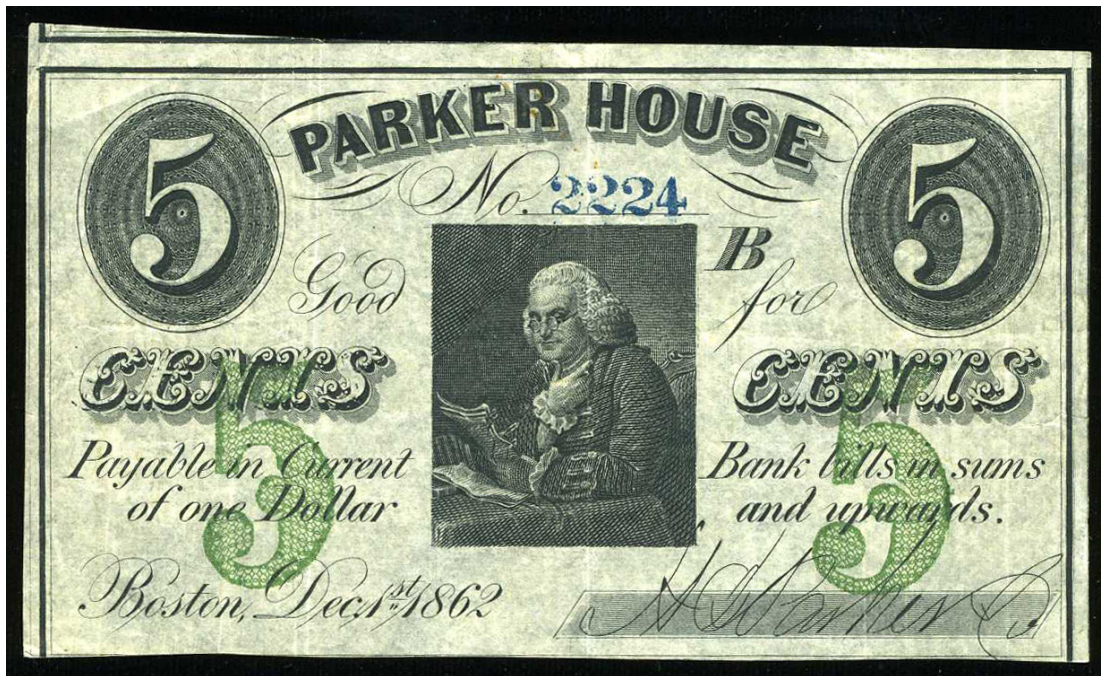
## A circulation crisis

That conflict created a monetary emergency, at the bottom of which lay *fear*. Once people realized that the fighting wouldn't be a walkover for one side or the other; once they came to understand that the future would be a great deal more unpredictable than they had imagined — then they became nervous, jittery. They began setting aside objects of known value, things that might be relied upon to get them through whatever bad times might be lurking around the corner. So they squirreled away silverware, and jewelry — and coins. As you'd expect, gold double eagles and silver dollars went into hiding. But as war's uncertainly dragged on and deepened, even minor coins got pulled from circulation and hidden someplace secure — because you just never knew. The US Mint churned out nearly thirty million Indian head cents in 1862, and nearly fifty million more in 1863. But it couldn't keep any of them in circulation: they were removed from commerce the minute they entered it.

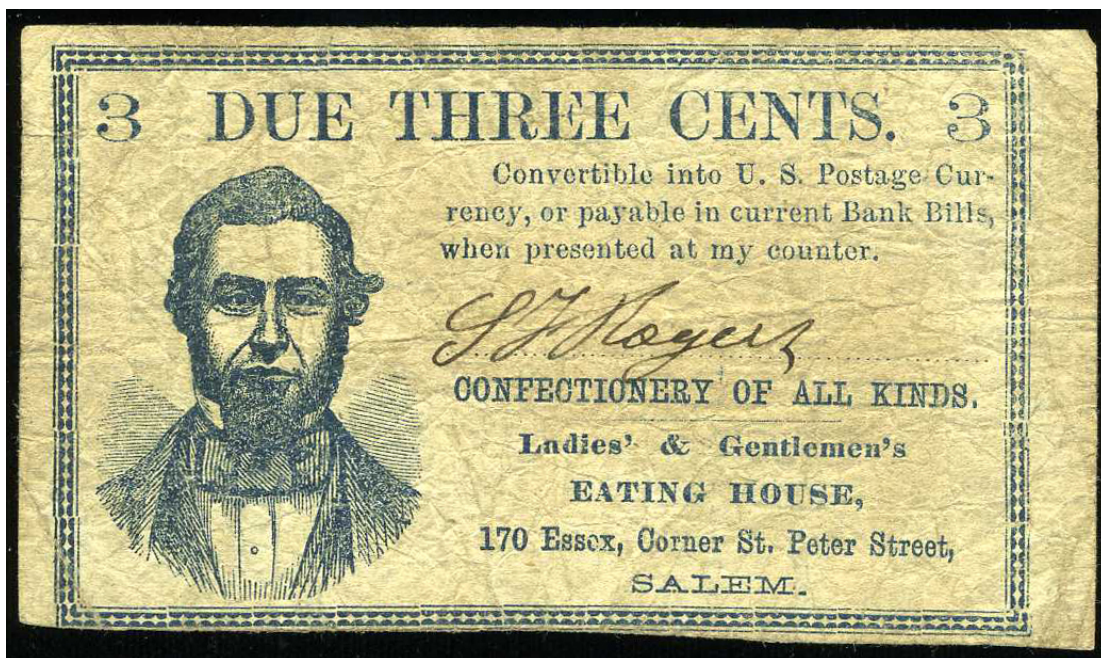
So, then: no small change in the North (or in the South which had been chronically short of coinage even before the beginning of hostilities). How did the average person get by?

In both sections, low-denomination paper currency filled part of the void, at least for a time. The states making up the Southern Confederacy regained the power to issue currency (which they had relinquished when they'd agreed to the Federal Constitution of 1787), and some of their wartime issues included small-change notes. Cities added low-value currency, as did counties, and even individuals. But most of this paper disappeared after 1863, by which time its continued production had been rendered pointless by the depreciation of Confederate and Southern State currency as a whole.

In the North, the Constitutional prohibition against state currencies remained in effect; instead, towns, private businesses, and individuals issued paper, denominated in values all the way down to a cent. A famous Boston restaurant called the Parker House issued an elaborate, engraved bicolor note in 1863, bearing a portrait of native son Benjamin Franklin — all this on a bill worth a nickel!



And a slightly downscale eatery over in the town of Salem, Massachusetts, run by an individual named S. F. Rogers, issued a three-cent note the previous year, complete with an image probably intended to represent Abraham Lincoln. This one's worth a closer look: it promises convertibility into current bank bills, or "U.S. Postage Currency."



What was *that* about? Were people so desperate for small change that they were using postage stamps for the purpose? They were: stamps were used as money,



either just as they were, or tucked in tiny envelopes specially designed for the occasion. But the stamps had glue on them, making them hard to handle and unsanitary. Late in the summer of 1862, an inventor named John Gault came up with a way to clearly and safely display postage stamps for use in trade. He devised a two-piece clamshell, one side of which was largely composed of mica, the other of brass.



A stamp was clamped into place, everyone could clearly see its value, and an advertisement or other wording could be embossed on the other side as desired.





The encased postage stamp was born! But Gault's invention suffered from a slight problem. Anyone wishing to use it must purchase it *and* the stamp. Now, if you wanted to encase a ninety-cent stamp (was the highest denomination in those days), this wouldn't pose much of a problem. But if you wanted to encase a low-value stamp, you were talking real money, so to speak: in the case of the piece illustrated, Gault's invention cost twice as much as the stamp itself. Understandably, the popularity of the encased postage stamp died out fairly rapidly.

## The birth of fractional currency notes

The United States Post Office was not amused with these shenanigans. Stamps were for *mail*, not money. But an ingenious gentleman named Francis Elias Spinner (who happened to be serving as Treasurer of the United States) came up with an idea: instead of printing postage stamps which were then used as money, why not print objects that just *looked* like postage stamps but which lacked glue and could *only* be used as money? The idea seemed worth trying, and the first of the new, diminutive notes went into circulation late in the summer of 1862.





Initially referred to as Postage Currency, the new form of money was soon renamed Fractional Currency (because it represented "fractions" of a dollar), and it eventually helped drive the other small paper notes from circulation.





Incidentally, it was the first currency actually printed by the federal government.

## Private coins

Just as John Gault was attempting to interest people in his answer to the small change shortage, a far simpler and altogether more successful response to the problem was being conceived and carried out: private metallic substitutes for the (absent) federal one-cent piece. The first "copperheads" to circulate in any numbers popped up in Cincinnati, Ohio in the autumn of 1862, and they were soon joined by many, many others. Their production reached its high point during 1863 and the first part of 1864, with well over a thousand merchants circulating more than eighty-five hundred distinct types, with a mintage conservatively put at twenty-five million. The key to these pieces' viability was the fact that their intrinsic value was far below their stated or implied one. So a merchant could contract for and receive, say, a thousand of them for \$6.50, put them into circulation for a penny apiece, and make \$3.50 on the deal. They weren't worth melting down, weren't official — and no one would go to court over the matter of a cent.

Some of them bore patriotic motifs, celebrating the Union. Others advertised the services of a bewildering variety of businesses, from booksellers to mortuaries. One of the most active token issuers was a Lower Manhattan saloon-keeper named Gustavus Lindenmueller, who circulated a million pieces with his bewhiskered mug on one side and a beer mug on the other.







Quantities of these pieces got paid into the Third Avenue Railroad Company as fares, and when the owners of the line asked Mr. Lindenmuller to make good on them, he refused.

It was a growing number of incidents such as this that led the government of Abraham Lincoln to a momentous decision, one that permanently changed the nature of America's money: in mid-1864, it banned the production of private coinage, period. The new law was aimed specifically at the "Civil War Cents," but it also put a close to private gold coinage in the American West and was, in fact, a proclamation that henceforth there would only be one party responsible for America's coinage, the federal government.

In part, the Lincoln administration was able to pass such a law with reasonable hopes for compliance because it was finally winning the Civil War. Public confidence was slowly returning, and the Union government was now able to strike and circulate coins with a reasonable expectation that they would perform the tasks for which they had been created. And all those coins that had gone underground to begin with, cents to double eagles — they began surfacing again as well.

So the story of how average people in the wartime North got along is one of emergency, improvisation, and the eventual return of something approaching normality. But what about their cousins and combatants across the line?

## The Southern story

As I mentioned earlier, the South had been short of coinage even before the beginning of the war, and the section's experiments with monetary substitutes were very limited in comparison with what went on in the North. Here, rampant inflation had a major role to play: the circulation of low-denomination currency, whether public or private, tended to be short-lived and limited in scope — with an amazing exception I'll address in a moment.

The South fought its war almost entirely via the medium of paper money issued by the new insurgent government, the Confederate States of America. As in the North, the wartime situation placed great stresses and strains on this currency and those who used it. And as in the North, people took matters into their own hands, making do as best they could. If anything, what happened in the Confederacy was even more interesting than what took place in the Union.

It doesn't take a genius to see that, if all you have for money is paper currency, that money is going to see a great deal of use, and it's going to suffer heavy wear and abuse as it passes from hand to hand over hundreds or thousands of miles. Add the fact that the currency isn't printed on the finest paper (the Confederate government did its best, but the Northern blockade made matters increasingly difficult as the war went on) — and you'll have money that's literally falling apart after a year or two in circulation.

Well, if the money was becoming increasingly worthless, and likely wouldn't be worth anything at all in a few months, why not just let it fall to pieces? It wasn't worth worrying about, right?

Wrong.

Because there was more to it than that, much more. This tattered money might be filthy and falling apart, and not worth much of anything anymore, but it was *Confederate* money — symbol and hope of a new nation. If you gave up on it and let it disintegrate, what did that say about your faith in the cause that it represented? No: far better to patch it up and send it on its way for a few more transactions, a few more throws of the dice. And maybe things would somehow work out after all.

So it was done. People painstakingly sewed and even pinned their currency back together.





They sometimes used postage stamps to glue their currency back together, but any scrap of paper that was no longer needed and would hold glue was fair game for the work — old letters, telegrams, bits of newspapers, and in one case a handbill advertising a performance of *The Hunchback of Notre Dame*!









Confronted with an admittedly minor problem of the war, the responses of ordinary people might well serve as a template for their attitudes towards larger challenges as well. By the time they were busily sewing, pinning, and pasting together their decrepit currency, most of them were aware that the war was almost certainly lost, that defeat was only a matter of time; but they were damned if they were going to let it happen on *their* watch...

## A final payroll

And there was a final twist to the Southern story, the most curious one of all. Some three-quarters of a century ago, an old safe was found in Raleigh, and it eventually wound up at the North Carolina Museum of History. It was opened and found to

contain a variety of objects dating to the Civil War, all of which appeared to have been used as money. I was invited to come down to Raleigh and look over the safe's contents. I jumped at the chance.

What I found was the final payroll of the North Carolina Railroad, intended for distribution among its employees up and down the line. It dated from April 1865, and it never got paid out because the end of the war intervened. As a result, what I saw was a microcosm of Southern monetary practice at the very end of the Civil War — and I doubt whether anything similar exists anywhere else.

Bear in mind that local and Confederate money was almost valueless by this time. So a single North Carolina ten-cent note wouldn't be worth anything. But an entire *sheet* of such currency, carefully folded for easy handling, might still be worth something, might still serve as money — and did. Similarly, a bond wouldn't be considered money during normal times, but these *weren't* normal times; and so a bond or two might make up part of the payroll as well. These components, as well as long, sequential runs of 1864-series two-dollar bills (suggesting that they were used in trade as a block of notes rather than individual pieces), showed me patterns I had never seen before.

In short, just as in the North, people in the South were making the best of a bad situation, striving for a sliver of normality in distinctly abnormal times. In both instances, what they were doing speaks volumes about the nature of the human spirit, sheds a slender ray of light upon a very dark time in our history.

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*Richard Doty created this talk for the conference "Currency in Chaos: How the Civil War Changed America's Money," which took place June 2, 2012 in UNC's Wilson Library.*