



# Arabian Philatelic Association

c/o Aramco, Box 1929  
Dhahran, Saudi Arabia

RANDOM NOTES NO. 20  
SUMMER 1982

---

Dear Member,

We apologize for the mailing of Random Notes No. 19 and its various attachments. We bought a very poor quality envelope, and what was worse, it was oversized—it simply fell apart in the mail, and I heard from many of you that you didn't get all the contents. You should have received:

Random Notes No. 19  
Table of current postal rates  
Ten Wood's study of the 1934-1964 stamps

If you didn't get everything, please let us know, and we will make good.

Attached, in answer to a request from Reginald Finch, is a reworking of a popular paper by Wayne Compton, which he has used for some years here as the basis for a talk on how to distinguish the various printings of the GOSP, Dam, and Air issues of the 1960's.

Also attached is a translation of an ad by the Directorate General of Posts offering to buy Saudi Arabian stamps. If we hear what success they had, we will let you know.

A reminder: lots for the November auction are due in to me by August 15, and this is firm, as I will be leaving on vacation not too long after. We had a lot of trouble with the last auction because of payment difficulties, and we will state here and now that the rules must be followed—you will send money before we release any stamps, regardless of what rules you may be accustomed to in other auctions. We can't fund this auction, we simply don't have the money.

The American Philatelic Society has kindly granted permission to reprint two articles from The American Philatelist for June, 1981. They contain a lot of useful information and opinion, and I recommend them to you. They are attached.

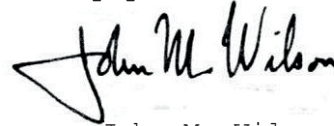
The annual show, APEX-11, was held April 29, 1982, in the Auditorium here in Dhahran. The Assistant Director General of Posts, 'Abd al-Hadi al-Habshi, came down from Riyadh with Ibrahim Tahtawi, the stamp designer at the Government Security Press. Also attending was 'Abd al-Karim al-Dhowaihi, Director General of Posts for the Eastern Province, plus two other postal officials.

There were thirteen exhibitors at APEX-11. Four showed stamps and postal history of Saudi Arabia, and the rest showed a variety of collections ranging from cricket to "Offbeat Japan". Awards:

Grand Award	Jack Wilson, Nejd 1925-1934
First Prizes	Warren Latshaw, 19th Century Transatlantic Mail Bill Pelik, Offbeat Japan
Second Prizes	Richard Fagence (1) The Channel Islands, 1940-45 (2) Montenegro 1874-1913
Honorable Mention	Michael Norman, British Post Office 70p and 90p Booklets, 1978 Albert Silas, Commemoratives of Saudi Arabia 1930-1981

The overall quality of the exhibits was very high and would do credit to a club show anywhere. Thanks to all who participated, and particularly to the Chaiman, Al Sonntag.

Philatelically yours,



John M. Wilson  
Editor

1 July 1982

ARABIAN PHILATELIC ASSOCIATION

SUMMER, 1982

Random Notes No. 20

1. Our eye was caught by a recent offer made in one of their regular auction catalogues. They offer at private treaty a collection of Saudi Arabia, price pounds sterling 8,500. A copy is attached.

2. The new definitives in the small format are starting to appear. We are told (thanks to Abdul Aziz Said) that the Ka'abah, al-Khafji, and Dome of the Rock designs will all appear in the new size. How many catalogue numbers should be set aside?—we don't have any idea. So far, we have the Holy Ka'abah in the 20ha, 65ha, and 1 Riyal denominations. Watermarks come left and right, but we haven't seen all possible combinations yet. Also, two different perforating combs are being used. The first, measuring 13-1/2 all around, is slightly too wide for the stamps, and as a result, the last perforations in the horizontal rows at the end of each stamp are too close to the next perforation at the corner, and two holes thus fall very close together. This comb is stepped horizontally across the sheet. The other comb is stepped vertically down the sheet, and is perf 14 x 13-1/2, with all perforation holes falling naturally, giving a typical comb appearance. The first comb looks at first glance like a line perforator because of the poor corners.

So far, the 20ha is known from both perforators. The 65ha and 1SR are known only from the perf 14 x 13-1/2. Keep looking!

3. In Random Notes No. 19, we attached an ad from the Superior Stamps & Coin Company for Saudi Arabian booklets. Dr. Chernee writes from New Orleans that nine of the nineteen offered have been sold. And I thought they were overpriced! Prices ranged from \$95 to \$125, each.

4. Bucking your Editor's understanding of current prices, Herrick Stamp Company recently offered some commemoratives priced quite reasonably. They ranged from Scott 208-10 to 773-4 at prices between \$0.19 and \$1.90 per set, with only two exceptions:

249-51 "airmail overprint"	\$9.00
671-3 King Faisal	4.50

5. From Linn's Stamp News for May 31, 1982, comes an article describing the collection of "Postal History of Saudi Arabia 1834 to 1934" put together by Baron Jakob von Uexkull. It was on display during the month of June at Stanley Gibbons. This collection was also shown at WIPA '81 in Vienna, Austria, and won a large gold medal. The listing of rare and unique items goes on for about two full columns. We should all be so lucky!

6. In Random Notes No. 18, Item No. 10, I speculated from some numbers supplied by Frank Patterson about quantities printed on the 1960 World Refugee Year issue. My assumptions were faulty in calculating the total number of sets issued, so please ignore. The total money was from all sources, not just Saudi Arabia. The figure of 112,000 sets donated is correct. Thanks to Frank for pointing this out.

7. For about two weeks, postal rates for a 10 gram airmail letter to the United States were reduced from SR1.15 to SR1.10 because of a lack of stamps of the proper denominations. Does anybody have such a cover? The use of a SR2 stamp for the double weight rate of SR1.90 has been common for some time, due to the same cause.

8. Abdul Aziz Said has sent along the 20ha from the Handicapped set of 1981 plus the 15ha from the 50th Anniversary of the K.S.A. with dulled gum. He also enclosed a 45ha Ka'abah with the watermark so hard to make out as to be almost missing.

9. David Graham wrote just yesterday about the new stamp album with the illustrations in full color that he and Elias Kawar have been trying to put together. His best guess is that it will be ready some time this fall. The big difficulty was securing copies of all the stamps in mint condition so as to take the photographs. Don't laugh—I bet you don't have everything either.

10. In a recent Roger Koerber sale, a copy of Warin was sold for \$130, and another went for 65 pounds in a Harry Hayes auction. I know of one for sale at \$110 if you are interested.

11. Len Thawley quoted the following to me from the Market Notes section of the Scott Stamp Market Update for April, 1982, regarding Saudi Arabian stamps:

"If you can find it, buy it. Oil money has intensified demand. Many issues are truly scarce."

12. Bob Jung reports the Faisal 4pi air, watermarked, Scott C74, with inverted watermark.

13. Abbot Lutz of New York sent me a small clipping from the Ceres Catalogue showing some of the French revenue stamps overprinted for use in Jerusalem. They are similar to the "HEDJAZ" overprints that we have been trying to find out about. Somebody out there must know something. See Item No. 11 in Random Notes No. 19.

14. Argyll Etkin Ltd, London, has been offering die proofs of the 1952 Railroad set printed on India paper and mounted on sunken card. Price: 425 pounds each. I believe they had about 15 or 20 of them. They also had a nice crash cover from Mecca in 1974 with various Tourist issue stamps, marked: "RETRIEVED FROM AIR CRASH ON 20/NOVEMBER 1974 AT NAIROBI", 250 pounds.

15. Attached as Attachment 2 is a cut from Robson Lowe's Zurich Sale of May 19, 1982, showing the al-'Ula negative cancel on a cover, which also has a Turkish stamp with a Medina negative cancel. Price: SF2500. I suppose that this cover could have gotten out of the mail sack at al-'Ula and gotten itself cancelled there, but it does stretch credibility a bit. And why extra postage?

16. Willie King came up with a copy of L164, 1-1/2pi orange King Ali, black overprint, with both boxes inverted. Jim Kearney says that the boxes are from the original plate. A most unusual and rare find. Jiddah Type I.

17. In Random Notes No. 17, we enclosed all the listings we knew about for imperforate and part perforate items. Here are some additions to that list, just discovered:

<u>Scott No.</u>	<u>Description</u>
201-03	
204	
212	
C7-10, 12, 13, 18	
204, 224, 225,)	
C7-10, )	In full sheets, both panes,
C12, C13 )	gutter between

18. Abdul Aziz Said reports that there are four commemorative or at the holidays, which will mean that one or two will be out in July. I would guess (Abdul Aziz didn't say) that one will be a Hajj set.

He also reports that the Directorate of Posts will soon move to its new building in Riyadh. The building will be officially inaugurated in late October or early November, he says, and the stamps and souvenir sheets will be issued at that time. We understand that there will be four stamps and four souvenir sheets.

19. New postal codes (like US zip codes) are being announced for Saudi Arabia. The process is still under way, and the only numbers given out at this moment are the ones for Riyadh P.O. boxes--a postal code is allotted to every 500 P.O. boxes, and the list was given in the newspapers. These first numbers were preceded by an advertising campaign of announcements trying to catch the public's eye concerning the new codes. They are doing a nice job of it.

ADLET

WANTED: "ILLEGIBLES" TRADERS

Need Scott L135-141a, LJ26-34a listed and unlisted. Have better illegibles for trade. Send list of what you need and what you have for trade.

J. I. Kearney  
c/o Aramco  
Box 5060  
Dhahran, Saudi Arabia

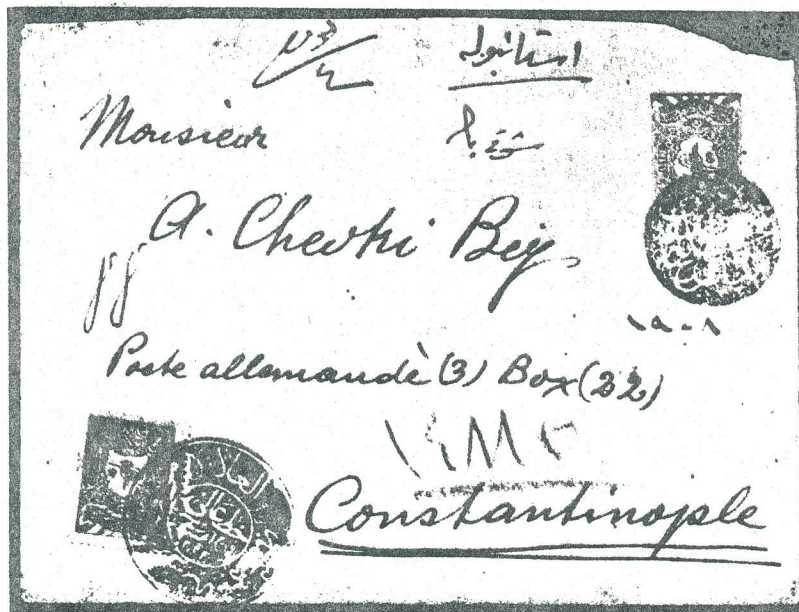
**PRIVATE TREATY****SALES BY ROBSON LOWE****SAUDI ARABIA**

A specialised collection in nine stockbooks well annotated throughout with particular emphasis on the cancellations and uses of the stamps employed. The first volume is devoted to the Egyptian and Turkish Post Offices; the latter being represented by a diverse number of towns and types with covers (three including 1893c. envelope from Djeddah to Bombay and 1899 envelope from Medine Munevere), eye-catching pieces and multiples. Hejaz comprises three volumes with 1916 perf. 12½ pi. to 1 pi. and perf. 10½ pi. and 1 pi. in mint corner blocks of four as well as various large imperf. proof blocks, an impressive cancellation study of the 1916-17 issue with a wide range of attractive frankings and selected strikes, overprinted and surcharged issues replete with varieties and multiples including 1923 (Feb. - Mar.) 10 on 5 pi. block of six with surcharge double and one inverted. The volume of Nejd follows a similar pattern and includes the rare Medina emergency seal (lack of stamps) employed after the capture of the city. The Kingdom of Saudi Arabia includes 1934 Proclamation set both perf. and imperf. mint and strong in commercial covers (with charity tax stamps). In essence, a splendid study encompassing both the philately and postal history of this fascinating kingdom.

**Price £8,500***The above collection is subject V.A.T.***10 King Street**

**ST. JAMES'S  
LONDON SW1Y 6RA  
ENGLAND**

Enquiries to:  
**RICHARD STEWARD**  
Telephone: 01-839 4034  
Telex: 916429



1811

### The Robson Lowe Group — Overseas Directors and Agents

**AUSTRALIA**

Ray Kelly  
6th Floor, Howey Court, 234 Collins Street,  
Melbourne, Victoria 3000

**BERMUDA**

\*Geoffrey Osborn  
Robson Lowe (Bermuda) Ltd  
Box 88, Harrington Sound Post Office

**CANADA**

George S. Wegg  
Box 68, Station "Q", Toronto, Canada M4T 2L7

**GERMANY WEST**

Jochen Heddergott (for literature only)  
8 München 40, Bauerstr. 9

**INDIA**

P. M. Medhora  
India's Stamp Journal  
Standard Building, Dr. D. Naoroji Road,  
Fort Bombay 1

**ITALY**

Livorno  
Dr. Pietro Lazzarini  
Piazza San Jacopo, in Acquaviva 6, 57100 Livorno

**Milan**

\*Adriano Landini  
Robson Lowe Ltd. (Italian Branch)  
Via Dell'Orso 7/a, 20121, Milan

**Rome**

Federico Bartoli  
Via M. Colonna 60, 00192 Rome

**NEW ZEALAND**

Colin McNaught  
P.O. Box 166, Wellington

W. R. D. Wiggins  
P.O. Box 13524, Armagh, Christchurch

**NORWAY**

F. C. Moldenhauer  
Haakonset 16, Bergen

**SOUTH AFRICA**

\*D. G. Crocker  
P.O. Box 482, Florida 1710, Transvaal

**SWEDEN**

Nils Färnström  
Sergels väg 14a 2 tr., 217 57 Malmö

**SWITZERLAND**

Mrs. Lucia Vollmeier  
Via Cortivo 22c, 6976 Castagnola, Lugano

**U.S.A.****California & Nevada**

S. C. Jersey  
P.O. Box 713, Carlsbad, California 92008, U.S.A.

**Colorado**

Joe H. Crosby  
6943 S. Olive Way, Englewood, Colorado 80112

**Florida**

Herman Herst Jr.  
P.O. Box 1583, Boca Raton, Florida 33432

H.J.M.R. Co. (for literature only)  
P.O. Box 6638, Hollywood, Florida 33021

Dr. Werner M. Bohne  
Post Office Box 1005, Longwood, Florida 32750

**Maryland**

Denwood Kelly  
119 West Lake Avenue, Baltimore, MD 21210

**Midwest**

John Russo  
P.O. Box 21275, St. Paul, Minnesota 55121

**Missouri**

Elizabeth Pope, Consultant  
55 South Gore Avenue, Webster Groves, Missouri  
63119

**New England**

Carl Kane  
85 Mill Street, Brockton, Mass. 02401, U.S.A.

**New York**

Spencer Perlstein  
P.O. Box 5441, Flushing, New York 11354

**Washington, D.C.**

Gordon J. Torrey  
5118 Duvall Drive, Bethesda Md., D.C. 20816

Director\* (Robson Lowe International)

Members of the "UNCOMMON MARKET" partnership with Jacques Robineau of France, J. L. Van Dieten of Holland, Paul von Gunten of Switzerland and Adriano Landini of Italy.

Robson Lowe's overseas agents will hold full details of Christie's world-wide auction programme and can transmit enquiries regarding fine arts.



## SAUDI ARABIAN DEFINITIVES, 1960-1968

The Arabian Philatelic Association was formed in 1960, just as the last of these interesting definitives were coming out, and very early in the life of the Association came the plaintive cry from the members: "How do you tell the different printings apart?" For many years now, the answers were given in a talk by Wayne Compton, which he has tirelessly repeated year by year for the information and benefit of all our local members. Recently Reginald Finch wrote, saying: "Some time before I left Dhahran I seem to remember the club had photocopies available of sheets showing the best methods of differentiating between the GOSP, Dam, and Air definitives. Would you consider reprinting them...in the Random Notes?" Yes, we would, and what follows is a reworking of the original sheets, which didn't look as though they would print very well.

### The Cairo Printings

Printed by the Survey Department of the Egyptian Government, who also printed the first stamps of the Hejaz in 1916. Two panes of 100 stamps each, cut apart before sale at post offices. Printed on a thickish paper without watermark, fluorescing brown (we will duck the technical question of fluorescence versus luminescence etc., and we mean the color as seen when the UV light is shone on the paper). The gum is distinctly yellowish as compared to the other, later printings. The lines of the design are somewhat softer, and the "P" after the value somewhat narrower, than in the redrawn issues. Size: 22¼ x 27½ mm. Perf 13.8 x 13.5.

Reprinted from new plates in the same designs in 1963. Plate numbers are changed to show the new date. The printer is not known. On watermarked paper fluorescing bright violet-blue, close to white. Same size as before, and same perforation. The UV light provides a quick sorting method. The paper is whiter, and the gum is quite white. Also, the paper is thinner, and the lines of the stamp can be made out from the back.

### Dar al-Isfahani Printings

Designs completely redrawn in larger format, 23 x 28½ mm. Perforation 13.3 x 13.1, set wide apart to leave large margins (see cuts). White paper, fluorescing bright violet-blue, almost white, as before. Also watermarked. Printed by the private Jiddah firm of printers, Dar al-Isfahani, in 1963.

### Thomas De La Rue Printings

In 1964, the British firm of Thomas De La Rue was approached to print definitives. They responded with a redrawn series for all three designs. Size: 21-¾ x 26-¾ mm. Details are sharper, and some lines have been removed, leaving a cleaner-looking impression. For example, the car tracks shown in the Cairo GOSP stamps have been removed by De La Rue. For the airmails, a more modern aircraft is pictured, a Boeing 720B instead of a Convair 340.

The 1964 printings have the Sa'ud cartouche. They are on unwatermarked paper showing a quadrille laid pattern, not very sharp or distinctive. The paper is dark brown under UV light, showing no fluorescence. The perforation is said by Scott to be 14, but is closer to 13-3/4. The comb was vertical, and was stepped across the sheet horizontally; the comb is not quite wide enough to cover the entire horizontal width of the stamp, and so there is a gap that leaves a "wide tooth" at one end of each horizontal row of perforations (see cut). There are 27 values in each set, and all were printed by De La Rue; some, however, have never appeared. The gum is white.

The 1967 printings are on the same paper, and the same perforator was used. The difference is that the Faisal cartouche was used instead of the Sa'ud. Again, all 27 values were printed by De La Rue, but not all can be found.

In 1968, the Faisal cartouche stamps were reprinted in a limited number of denominations on a watermarked paper. The perforation is almost the same as before, but the horizontal perforations are spaced slightly wider, eliminating the "wide tooth" found on the unwatermarked stamps. The watermark is the second type with lines thinner than the paper, showing up dark in the watermark detector; the 1963 Cairo printings are on paper with the first watermark, in which the lines of the design are thicker and show up whiter in the watermark detector. Under UV light, the 1968 stamps show a medium bright fluorescence, rather white. The gum is white. The 1968 printings were done in Riyadh on presses set up for the Saudi Arabian Government, Ministry of Finance, by De La Rue, and for a short time a man from the London firm was seconded to the Riyadh plant to help during start-up. The same plates were used for both the 1967 and 1968 printings.

Also in 1968, these definitives were gradually replaced with the new Tourist Issues.

JMW  
22 June 1982

# Saudi Arabia

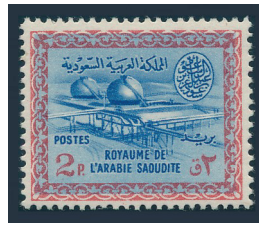
## Wadi Hanifa Dam

1960-2 Printed by Survey Dept., Cairo, Egypt  
22¼ x 27½ mm frame  
Narrow P in value



## Buqqa GOSP

Saud Cartouche



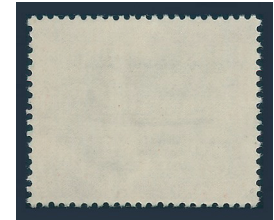
## Airplane

No Watermark. Yellow Gum.  
Paper fluoresces brown  
Perf 13.8 x 13.5



1963 Unknown Printer using Cairo plates  
22¼ x 27½ mm frame

Saud Cartouche



Watermark 1. White Gum.  
Paper fluoresces bright violet-blue  
Perf 13.8 x 13.5

1963 Offset Lithography by Dar Al Isfahani, Jiddah  
23 x 28½ mm frame - Large margins

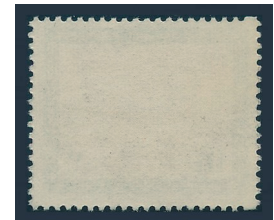
Saud Cartouche



Watermark 1. White Gum.  
Paper fluoresces bright violet-blue  
Perf 13.3 x 13.1

1964 De La Rue, London  
21¼ x 26¼ mm frame

Saud Cartouche



No Watermark. Perf 14 x 13½.  
No fluorescence

1967 De La Rue, London  
21¼ x 26¼ mm frame

Faisal Cartouche



No Watermark. Perf 14 x 13½.  
No fluorescence

1968 Security Press, Riyadh  
with De La Rue plates  
21¼ x 26¼ mm frame

Faisal Cartouche



Watermark 2. Perf 14 x 13½.  
Fluoresces medium

## The Watermarks

### First Watermark

Used on the 1963 Dar al-Isfahani and Cairo printings on watermarked paper. The watermark consists of a thickening of the paper, an unusual way to do this. The lines therefore appear whiter than the rest of the paper when viewed in a watermark detector. The crossed swords and palm tree is the official emblem of the Kingdom. This paper is a bit thicker than that used for the second watermark.

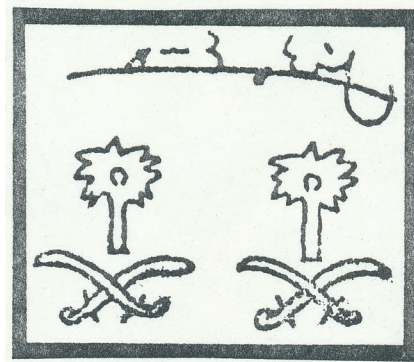
### Second Watermark

Used on the 1968 Faisal watermarked stamps. The watermark is an outline of the crossed swords and palm tree design, and the lines are thinner than the usual method.

First Watermark



Second Watermark



Sketches by Wayne Compton

PURCHASE OF STAMPS  
BY THE DIRECTORATE GENERAL OF POSTS

The Assistant Director General of Post, 'Abd al-Hadi Ja'far al-Habashi, has kindly sent me a copy of an announcement originally published in the official gazette, Umm alQura, issue No. 2916, dated 14 Rajab 1402 (7 May 1982). This announcement offers to buy Saudi Arabian stamps of all kinds and of all periods. I have had it translated and attach the full English text.

I am advised that the Directorate General intends to establish collections in the new main post office buildings in Jiddah, Riyadh, and Dammam for the benefit of the public. Thus, they are trying to put together three such collections.

I have retyped the translation, as the translators had difficulty with the Arabic word "muwashahah" used by the Directorate. The nearest ordinary translation is something like banded or striated. However, the word here is used in a technical sense to mean overprinted, and I have so amended the official translation.

J. M. Wilson  
Editor

Kingdom of Saudi Arabia  
Ministry of Telegraph, Post, &  
Telephone  
Directorate General of Post

Um al-Qura Newspaper

Issue No. 2916, dated 14 Rajab 1402 (7 May 1982)

The Directorate General of Post wishes to purchase the following stamps:

- 1) All commemorative stamps used in Saudi Arabia until the end of 1590 AH (1970).
- 2) All ordinary stamps used in Saudi Arabia. (definitives)
- 3) All Government stamps used in Saudi Arabia. (officials)
- 4) All postage-due stamps used in Saudi Arabia.
- 5) All overprinted stamps used in Saudi Arabia.
- 6) All stamps carrying the stamp of a town in Saudi Arabia, until the end of 1344 AH (1925). (cancellations)
- 7) All stamps bearing the words (Postage Paid), either printed or overprinted. (probably the fee paid markings)

Those who have these stamps available may submit them in envelopes sealed with red wax and addressed to: The Directorate General of Post, Purchasing Department (postage stamps offer), and enclosing detailed data and a letter stating the price of the collection submitted. The stamps should be arranged in accordance with Scott's Catalogue in special albums, and should be delivered at the Directorate not later than Sunday, 28 Sha'ban 1402 (20 June 1982). The envelopes will be opened at 11 a.m. on the same day.

Typed by JMW

# The Name of the Game Is Auction

Reprinted by the kind permission of the American Philatelic Society

by Herman Herst, Jr.

Like it or not, the auction side of the stamp business is no longer the tail of the dog but the body. Though the volume of stamps sold annually at auctions can never approach that sold through the mails and over the counter, it is becoming progressively truer that the more valuable collections, and the individual rarities, invariably are sold to the sound of the gavel.

The number of stamp firms in this country can only be approximated. The largest trade magazine has a circulation of 10,000, with every effort made to see that it is received only by legitimate stamp traders, and not by collectors masquerading as dealers. The firms running actual auctions in this country probably do not number one hundred.

There are, of course, literally thousands of individuals and firms conducting what they call "mail auctions" or (in those cities where an auction license is required) "mail sales." Almost anyone can run a "mail sale" simply by running an advertisement in a magazine listing the material for sale, and then sitting back, waiting for the bids to come. "Mail auctions" will be considered later on in this article. For the moment, let us discuss the conventional auction, which usually is held in a suitable place, with the public invited, and an auctioneer — often a professional who does this as a regular practice — presiding.

There are fewer auction firms of the latter type than there were thirty years ago, even though the business today has grown to many times what it was then. Once, an auction sale grossing \$75,000 or more was an unusual event; now, in New York, well in excess of five million dollars' worth of material has been sold in a single day. Costs are the principal reason for the demise of so many firms.

We know the date of the first stamp shop. It was opened in Brussels in 1852 by Jean-Baptiste Moens (1833-1908), who started collecting stamps in 1848, just eight years after the first stamp, Great Britain's Penny Black, appeared. As the new hobby became more and

more popular on the European continent, Moens opened his shop in the Galerie Bortier, an arts center. Success attended the venture immediately.

It was only natural that stamps should be sold at auction early in the game. Rare books, coins, and works of art of all kinds had been sold at auction for centuries. To J.W. Scott, one of the great names in pioneer philately, we owe the idea of philatelic auctions. On May 28, 1870, he mounted the rostrum to call the first stamp auction in history, held at Clinton Hall, on West 8th Street in New York City. When news of this venture reached England, Sotheby's, the venerable auction house, felt this new and possibly booming field was one worth looking into. In 1872, Scott sailed to England to put on the first stamp auction in the United Kingdom.

No one knows the value of the stamps sold at auction today, simply because it would be practically impossible to get the gross figure from each auctioneer. It is relatively safe to say that the auction business in this country amounts to one hundred million dollars a year — a fairly respectable figure.

With twelve or fifteen thousand individual dealers selling stamps by mail or over the counter, it is quite possible that the retail, non-auction business exceeds the hundred million dollar figure. No one, of course, knows the face value of the thousands of stamps issued each year and sold for placement in albums, but that figure itself probably exceeds the auction gross.

The heart and soul of any auction business is its mailing list. The conventional auction list, in my opinion, numbers five thousand or fewer collectors. There are some lists that do run more, and many that run less. No longer does an auctioneer try to build up his list; with each printed catalogue

costing him as much as one dollar or more, and another fifty-cents minimum added for postage and the envelope, a large auction list is a needless expense.

A few years ago, almost every auctioneer began charging a subscription fee for his catalogues — a decision that many collectors resented. Hundreds of collectors refused to pay the nominal charge (which in every case is less than the auctioneer's actual cost of printing and postage) and sought removal from the lists. I suggest that most collectors have since seen the reasonableness of the charge, and have agreed to it. Because a copy of the realized prices often is included in the subscription charge, the fee has proved to be a bargain rather than a nuisance.

Bidding at auction is relatively simple. One may attend the sale, and bid from the floor on lots that strike one's fancy. Stamp auctions are rather quiet affairs; bidding usually is done by sign, rather than audibly. Often, those in the room do not even know who the buyer is, even though they may be seated right next to him. A wink of an eye, a slight movement of a pencil, even a crossed knee, all can be the signal that one is bidding. (Such signals usually are agreed upon beforehand between bidder and auctioneer.)

There are many reasons why a bidder may not want his identity known. Sometimes a bidder may not want the stamp's next owner to know what was paid for it. More often, however, bidders ignorant of value will seat themselves behind an informed bidder (a dealer, for instance) and watch his movements. If he drops at, let us say, twenty-five dollars, they will bid \$27.50 for the lot, on the theory that if it is worth twenty-five to an established dealer, they (as collectors) will be getting a bargain at \$27.50.

The reasoning is faulty, for the bidder cannot know why the dealer is bidding twenty-five dollars. It may, of course, be his own stamp that he is protecting. (Contrary to what many people may think, an owner has as much right to

*Herman Herst, Jr., prolific philatelic writer and frequent AP contributor, has enjoyed the hobby in his time as both a dealer and a collector.*

bid on a lot as anyone else, although most auctioneers will warn the owner against doing this if it appears that the purpose is to force higher prices from other bidders in the room.) The twenty-five dollar bidder might see someone in the room to whom he may have just sold the same item for twenty-five, and it would be embarrassing should it bring \$17.50 now. In other words, there are dozens of reasons why a professional might be bidding more on a stamp than he usually would pay for it.

Each auction catalogue has a bidsheet in it, and collectors who do not wish to attend the sale are welcome to submit bids by mail. These are essential to the auctioneer, for they give him his starting bids. How mail bids actually are handled is fairly well known, but for those who may not be too familiar with it, here is a brief description of the process.

As each mail bid comes in, the bidder is given a number and his bid is entered in a book that contains spaces for bids on each lot in the sale. As the bidsheets come in, the first bid received on each lot is entered. Once a lot has a bid on it, subsequently only higher bids are entered. If there is a forty-dollar bid on Lot 147, there would be no purpose in entering an obviously unsuccessful bid of thirty.

It is also commonly known in the trade that seldom do the early bidders get the lot. My experience in more than forty years of selling stamps at public auction in New York is that, for some reason I have never been able to fathom, many people appear to think that it is not the highest bidder, but the earliest, that gets the lot. These believers hasten to bid double face on a 5-dollar Columbian worth \$1,000 or more. Of course, such bidders are removed from the list immediately, for bidders that ignorant of values are no asset to any mailing list.

Most collectors with experience in mail bidding hold their offers to the very last minute, much as auctioneers dislike the practice.

The confidentiality of bids is a matter of concern to every auctioneer. He sincerely wants to protect the top customers that he has, and an auctioneer who freely gives the information that "my top bid is \$300" soon is going to lose the confidence even of the bidder who has put him on the spot. Some auctioneers will give the opening bid, which will provide at least a floor for the potential bidder, because he knows that a bid below that level stands no chance.

But it is very difficult for an auctioneer to refuse precise bid information when it is sought by a valued client. I once lost for all time the patronage of a New York City magistrate who was angered because I would not divulge the top bid to him. One would think that a judge, of all people, would realize the unfairness of insisting that a confidence be broken, but this is not the only score on which New York judges have merited criticism in recent years.

In any event, the best way to keep your bid from being told to every prospective bidder — with the result that you could lose the lot for fifty cents or a dollar — is to not send the bid until the very last minute. Many find the use of the telephone minutes before the sale is to start a very wise policy. It drives the auctioneer batty, true, for at that moment he has enough on his mind, but the practice will obtain more lots for the bidder than will forwarding his bid by mail three weeks before the sale.

Many bidders do not realize that an auction bid is a contract, and enforceable by law. The auctioneer really is not interested in learning you may already have bought the stamp elsewhere before he sends you the one you bid on, or that you have decided to go to Bermuda with the money you were going to use on the stamp. If the stamp is as represented, and yours is the high bid, you are expected to accept it. And because the auctioneer is bound to pay for all of the lots in the sale to the owners' accounts four to five weeks after the sale — whether he has been paid — he would appreciate prompt payment from you.

Here is one other tip: Generally, in the case of tie-bids, the first one received gets the lot, and tie-bids happen far more frequently than anyone may realize. (It happens sometimes on almost ten percent of the lots.) I do not know how many other auctioneers break tie-bids by my method, but I suspect that the handling is uniform. If one tie-bidder is proverbially slow in paying, requiring two or three costly reminders before the check comes in, and the other bidder pays promptly, I will let the reader guess who gets the lot. And is there anyone who, under those circumstances, would not decide the same?

The problem of condition is one that every auctioneer encounters. Certainly, no auctioneer wants lots returned, and I do believe that no ethical auctioneer would call a hinged stamp unhinged, or a damaged stamp sound. There are dis-

putes, however, which can occur; the line of gradation, for example, between a "thin" and a "small thin" is in the eye of the beholder. One person may regard a stamp as "lightly canceled," while another will insist that it is "heavily canceled."

If there is a modicum of justice on the side of the complainant, most auctioneers will take back the lot. It may be a nuisance, but an auctioneer with any sort of decent mailing list will have each lot so well covered with bids that if Bidder 211 returns the stamp, Bidder 346 who bid twenty-five or fifty cents less will be happy to have it. (This also is the reason why, when an owner gets paid, he will find a few lots remitted for fifty cents or one dollar less than the printed list of prices showed.)

There are, of course, "condition cranks" who delight in finding mis-descriptions, and whose standards on condition are so unattainable that any lot sent them is subject to return. I once had a lot returned by a bidder who found an "incipient tear" on it. How he could foresee the future to the extent of prophesying that some day that stamp not only would have a tear, but that he knew exactly where it would be, has me still wondering. It is too true, of course, that someone examining a stamp and suspecting that a defect may exist between two perfs will examine it so well that a tear will indeed exist in that spot. I know one dealer who is carefully watched during inspection of lots before a sale, because his rough handling has damaged more perfect stamps than anyone could realize.

The standard grades of stamps (superb, very fine, fine, very good, good, etc.) are too well known to go into here. While there is seldom any difficulty with stamps described as "superb," there are many borderline cases between "fine" and "very fine" where auctioneer and bidder do not see eye to eye. Most auctioneers will be reasonably tolerant of returns in cases of this sort, but if they are overdone, the "returner," as he is called, will soon find himself off the mailing list.

Auctioneers know only too well that stamps may be returned for stated reasons of condition, while the actual reason may be quite different. Dealers have been known to hold off paying an auction bill for a month, hoping that the stamp will have been sold at a profit in that time. Failing in that hope, they return the piece with some fanciful, imaginary reason.

Until recent years, the standard commission paid by owners on consigned



material was twenty percent. This fee was established more than a century ago. However, on the European Continent a "split commission" was in use for generations — ten percent paid by the buyer, with the amount added to his bill, and ten percent charged to the owner. The split commission has served to bring out far more material for sale than any other factor. Whether bidders deduct ten percent from their bids to compensate is something that is still debated. There are yet a few auctioneers who retain the twenty percent commission, and insist that insofar as the owner of the material is concerned, the ten percent ostensibly saved is illusory.

The cutting of the commission has led to other attractions that favor the owner. Some sales actually charge *no* commission on single lots bringing \$1,000, contenting themselves with the ten percent that is paid by the buyer.

Whether the commission is ten or twenty percent, the deal offered by our leading auctioneers is one of the bargains of philately. When the auction of stamps started in the early 1870's, the commission charged was twenty percent, and this is still the margin on which the auctioneer works, whether he uses the split commission or not. But costs have zoomed over the past century — the postage on an auction catalogue, even as late as my entry into the game in 1934, was but one cent. The printing bill for my first sale was \$300. Today, it can cost as much as two dollars to mail each catalogue, for cheaper classes of mail are so slow that the catalogue would arrive after the sale had taken place. The cost of printing a catalogue, especially with the use of fine paper and color, easily can reach five dollars per piece.

The only way an auctioneer can manage at these prices is to run a large sale. Twenty years ago, a sale of \$25,000 or \$50,000 gross was the usual thing; one of \$250,000 created a stir. Today, we have many sales that exceed \$1,000,000, and have had as much as several times that sold in a single auction. It is the only way in which an auction firm can beat the odds.

The intense competition for material, and the greatly increased cost of running a sale, have led to a diminution of metropolitan auction houses. Forty years ago there were several dozen firms running regular auction sales of stamps in New York; today there are about half that many. On the other hand, auction firms of substantial importance now are running sales in cities such as Baltimore, Washington,

Philadelphia, Los Angeles, and San Francisco.

The gap to some extent has been filled by what are generally called "mail auctions," although they can take different names. In New York City, at least, these types are careful *not* to include the word "auction" in their title, for that would bring them under the strict New York City auction law — something many firms seek to avoid.

Many bidders unfairly castigate the "mail sales," and call attention to abuses which undeniably flourish in them. Lots are duplicated. One man who bids twenty dollars on a lot will get it at that price, while another who bids twelve on it will receive the same stamp. It is an outrageous way to treat someone who has trusted the auctioneer with a fair, honest bid!

And it unfortunately is also true that many mail sale operators just do not know their stamps and, especially in U.S. material, misrepresented stamps abound. Because in many cases the bidder knows even less than the mail auctioneer does about stamp identification, he will buy a 30-cent Bank Note, Scott No. 190 (catalogue ten dollars), believing it to be the same stamp as Scott No. 154 (catalogue fifty dollars), and never know the difference until he goes to sell his collection years later.

This sort of stupid misrepresentation is not likely to happen with one of the top public auction firms, which maintains a competent staff to describe the lots. But a mail sale operator is often someone new to philately; someone whose office is the kitchen table after his wife has taken away the supper dishes, and whose philatelic experience goes all the way back to a year or two ago when he started collecting.

But I refuse uniformly to condemn mail sales, any more than I would say that satisfaction is guaranteed from every public auction house. The fact is that few, if any, auctioneers started right out with an important floor auction sale. Few owners are going to consign their material to an auctioneer who has never run a sale. And where does an auctioneer who has no mailing list go to get one? He is going to run his auction in one of the philatelic weeklies, and seek to attract bidders in that way. When he has built up his own list, it then is time enough to print a catalogue and mail it out. And, in time, he may gamble on the hope that his reputation, and the caliber of material that he sells, are sufficient for him to try a room sale.

Every successful auction house started small; in my case, my first five sales were conducted entirely by mail. Costs in the 1930's were minimal, and the transition to becoming an auction firm with floor sales was a good deal less costly than it would be today.

In short, there are mail auction houses that operate honestly and ethically, and which are a credit to the profession. Many go back quite a number of years; the owners, for one reason or another, just do not want to run floor sales. Conversely, there are auction firms running floor sales that do not enjoy the confidence of all collectors. They do not handle the bids honestly — lot after lot comes to the successful purchaser at his top bid — and they try to slip by repaired and regummed material as being lots of the highest classification.

These businesses exist, like it or not. And my advice has always been the same: Whether it be a mail sale or a room sale, if you have reason to believe that you are not being treated fairly and honestly, let the sponsor of the sale know, and ask that your name be removed from the list. If enough people were to do this, such dubious firms would not last long, for the new crop of auction buyers is not really that large. The trouble is that the average collector, trusting soul that he is, is gullible, and too willing to be a sucker not once, not twice, but over and over.

Returning to floor sales . . . bidders often remark on the advantage that the room bidder has over the mail bidder, and this is absolutely true. The advantage is even greater to the room bidder than the average bidder realizes; not only does he have the final say on price (for once the mail bidder's top offer is reached, he is out of the bidding), but on the question of condition, the room bidder has complete advantage.

Many times there are qualities about a stamp that just cannot be conveyed in words. The description may tell the distant bidder that it is a wonderful color, or exceedingly well-centered, but the viewer *sees* the stamp and can judge such things for himself. There are wonderful colors, and then there are wonderful colors; there are all sorts of exceedingly well-centered stamps. If the stamp is truly unusual, that fact is known to those who have inspected it. Mail bidders do get bargains, but more often than not the bargains go to those who happen to be on the floor and have had the opportunity to inspect the lots.

Many sales, especially those in New York, often offer entire collections, or

accumulations, on which estimates are placed in the catalogue. In a sale of an auction house of prestige, it is not only a waste of time for someone who has not seen the lots to bid on them, but darned poor business as well. The estimates invariably are far less than the lot is worth, and intentionally made so. For one thing, the lot is bulky, and the auctioneer does not want the trouble and expense of packing it and shipping it. But, more to the point, he knows that someone who inspects the lot before the sale is certain to keep it — someone who has not seen it remains a doubtful runner.

It is for this reason that many of these "large lots" estimated at \$2,000 will bring as much as \$6,000. And it also can happen that the person who estimated the lot was having a bad day, and the estimate was indeed all that the lot was worth. Prospective bidders who make it a practice to examine every lot will leave that one alone; the bid of \$2,500 from the mail bidder who wanted to "take a chance" will be successful — and he will be getting a lemon.

In only one respect is the mail bidder at an advantage over the room bidder: If the lot definitely is not as it was represented, he does have the right to return it. It is assumed that anyone attending the sale has taken time to examine the lots. Certainly he will have had the opportunity to do so, and even if that option has not been exercised, his right to return the lot will be forfeited.

About all that has not been covered in this article is the use of auction agents. Here again there is a difference of opinion as to how necessary they are. Auction agents will represent you at the sale, and follow your instructions to the letter. Because the auctioneer is not informed of your top bid on a lot as he would be by your mail or telephone bid, it is impossible for it to be revealed to a rival bidder. If you have given the agent a liberal bid on a lot, and intensive competition does not evolve, you might save quite a bit of money on the lot, easily offsetting the commission the agent will charge you for his services.

But there is a lot more to being an agent than just lifting a finger to indicate that a bid is being placed. A good agent will inspect a lot before sale, and perhaps look for things adding to its value that the auctioneer may have missed. An informed agent can enable you to bid \$500 on a lot that may be listed as cataloguing fifty or sixty dollars, without exciting the suspicions of the auctioneer. I once had a cover

*The American Philatelist*

originating at what I thought was Fort Lejon, Colorado. Although the sale was in New York, the lots were shown in Los Angeles, as the sale included a choice lot of California covers. An excited prospective bidder saw the cover and could not help exclaiming that it was Fort Tejon, California — the Army post that kept camels in the 1850's for carrying mails across the Southwestern desert. (The place where the fort was is now in the city of Los Angeles.) A half-dozen collectors overheard, and most placed bids. The cover, estimated at perhaps twenty-five dollars, brought several hundred. Had the collector kept his mouth shut, and given his bid of \$300 or so to an agent, he might have bought it for twenty-five.

Auction buying can be a lot of fun. For a collector who does not live near a large city with stamp shops, it is a godsend, for there is no other way by which he can build up his collection once he is in need of the really expensive items. Owners of large collections, perhaps of such value that the average dealer does not have the capital to buy them outright, find the auction a means of selling that can be accomplished in a reasonably short time, perhaps even two or three months (with a substantial immediate cash advance, if one is wanted).

One thing is certain: With costs of doing business such as they are today, no stamp dealer can afford to buy a collection of \$100,000 or \$250,000 value and sell it with a markup of only twenty percent. But an auctioneer *can* do it, simply because by grouping many single lots and collections together and printing a catalogue, he can reduce the costs of handling each item to far less than what they would be were he to put it in stock and await a buyer for it, perhaps years hence.

But as costs go up, and the average price per lot rises also, auctions are pricing themselves beyond the reach of the average collector. The gross commission at twenty percent on a lot bringing twenty-five dollars is five dollars. That five dollars does not begin to cover the cost of printing one lot in the catalogue, acknowledging it by mail to the owner, sending a copy of the catalogue to the owner, sending a list of realized prices, the final remittance, and all of the labor and bookkeeping in between. As a result, no longer do lots bring ten and twenty-five dollars as they once did. The realized price is more likely to be fifty or one hundred dollars, and even on the fifty-dollar lots (gross profit ten dollars) the auctioneer

Random Notes #20 - Page 16

is not happy.

The result is that the cheaper stamps in a collection (which ten years ago might have made a single lot) now are grouped with others, to form a part of the "lots and accumulations" section of the catalogue. And because the buyers of these lots invariably are buying for resale, the realization is certain to be less than it would be if the practices of the old days were to return, permitting smaller lots. But those days will never return, any more than the day of the nickel pay phone call will come back.

This article is not an attempt to explain all of the ins and outs of auction buying. That knowledge comes with experience. I have known smart bidders to see a pair of the 5-cent 1847, for example, with one stamp damaged. A snip of the scissors will turn that pair into one poor, cut-into single, and another single with four large margins. The pair, properly described, might bring \$400 because of the poor stamp (Scott, \$625), but after the surgical operation one might have one stamp worth \$75 and another worth \$500 or \$600. It can be as easy as that.

But, as stated, all this comes with experience. Most collectors seem to be afraid to bid at auction, whether it is a small sale or a "true auction." I have never been able to understand this. I have helped any number of other auction firms invoice and send out an auction at a stamp convention out of town, and I do not believe that there are more than 10,000 regular auction buyers in the entire country. (Of course, I have no idea how many there are who bid in the mail sales that are carried in the stamp weeklies — that figure must be much more.) But it is the ridiculously small number of 10,000 that concerns me. Fully fifty percent of the successful buyers in most auctions are on most other auction lists; the others are exclusive to one or two firms. Why are so many collectors afraid to bid at auction?

One reason, of course, is that they have heard so many stories about crooked stamp dealers and crooked auctioneers. Most of the "crooked" stories I have tracked down involved a stunt where the collector tried to take advantage of the dealer and did not succeed. And, of course, a few were the other way around. . . .

If there is one thought I would like to leave with you before giving you the opportunity to turn the page, it is this: If you are certain the auctioneer, mail sale operator, or floor sale firm has not treated you honestly, write and tell him

June 1981/519

why you are asking to be removed from his list. There may be an explanation. I know that occasionally a stamp listed as "very fine" was damaged unintentionally by a viewer examining it, and who, not surprisingly, did not tell me. It is impossible to re-examine every stamp in the sale before sending them out to the successful buyers. When a letter comes, "How can you call this very fine with the tear between the perfs?," the dealer may recollect that the stamp was perfect when it was described, but apparently some overzealous examiner, hoping to find a defect in it, managed to make one.

But an auction house that consistently mishandles your bids, that never affords you the promised reduction on your bid to a price one stop over the next high bid, that regularly sends you material improperly described or even misidentified — if you encounter those conditions, tell the firm you want no more dealings with it, and tell it why. It is not important that you will be helping yourself for the future; you will be helping philately. It is too fine a hobby to be ruined by opportunists, by those who do not know anything about stamps, or by those who are out to swindle by every means in the book, and some not yet invented.

But do not be influenced by the stories that every mail sale is crooked, that every floor auction sale is not on the up and up. When you find an auctioneer — mail sale or other — who strikes you as a decent bloke to do business with, stick with him. When you find one who might be otherwise, scream as loudly as you can and tell him with the strongest words at your command why you are unhappy. Maybe he won't even answer you, which will really be the answer you want. And maybe your scream of complaint may be unjustified, and he will send you a letter of explanation. Your future actions will be in accord with the decision, but if he continues to abuse your trust, you know what you can do.

Stamp dealing, whether it be by auction, or any other means of doing business, is a matter of mutual trust. Happily, most stamp dealers and most auctioneers value their names and their reputations more than they value the money that will come in as a result of unethical activity. If collectors only would realize that the best defense against the minority of swindlers who infest the fringes of philately would be to turn off the money at the source, it would be a much pleasanter hobby.

# Never Hinged: Will It Go Away?

Reprinted by the kind permission of the American Philatelic Society.

From The American Philatelist for June, 1981.

by Forrest H. Blanding

Mountains of prose have been written about the Never Hinged fad, mostly bemoaning the idiocy of the whole thing. Only occasionally does anyone attempt more than a feeble defense of the NH logic. Yet most stamp magazine ads are for NH stamps only, and nearly all buy ads scream "big prices" for NH.

The serious questions remain: When did the fad start? Why did it start? Is it really a fad, and if so, will it disappear? And finally, is it really "better" to buy stamps never hinged? An attempt to answer these questions seriously and objectively seems timely. The remarks that follow are based in part on my experiences in buying and selling stamps for more than four decades, and in part on professional experience as a researcher, analyst, and consultant in industrial pricing.

When did it start? There always have been a few "condition martinets" who wanted their stamps in perfect, unmarred condition. Before about 1955, it was possible to readily find most twentieth-century stamps unhinged, and at little if any price premium over the hinged rate. Some dealers may have *charged* more for NH if this condition was specified as a requirement, but it is unlikely that they *paid* more for it in a purchase. It is difficult to find hard evidence in the auction realizations from those days that the NH attribute was worth much, if anything. The real emergence of NH seems to have accompanied the big boom in Vatican stamps that got under way about the middle 1950's.

The Vatican boom was one of the great stamp speculations of all time. Between 1950 and 1967, the average price of Vatican stamps increased an incredible *187 times*. Between 1960 and 1967, and after the time when thoughtful people felt the speculation had become absurd, prices of these stamps still increased at an average of forty percent per year. Yet during this same period, the prices of most world stamps

increased very modestly, and only occasionally moved up more than a few percent per year. Long lines formed outside the Vatican post office when the frequent new issues were announced, and thousands of non-collector buyers bought hordes of the stamps. Clearly, the big Vatican stamp boom was fueled by a new breed of investor-buyer, mostly European, who previously had been a relatively minor plague to the hobby. And, suddenly, the words "Never Hinged" were omnipresent in every buy and sell ad for these stamps.

Like the stock market of 1929, the Vatican stamp boom eventually collapsed, in the early 1970's. For a time, auction lots of some of these former investor's darlings went for as little as a tenth of their inflated catalogue values, and the investment status of these stamps never has been the same since. But the words "Never Hinged" certainly did not go away. Why did the fad take hold so persistently? In retrospect, it was inevitable, and should have been predicted. This is because the never-hinged fad probably resulted from the very human behavior of buyers and sellers that surely has changed little since before the time of recorded history.

When the value of an article depends on its quality, its selling price will be determined by the arbitration between a seller and a buyer — or of a market of such buyers and sellers. The seller, seeking the highest possible price, extols the value of the article. The buyer, wanting to pay a lower price, denigrates the article. Denigration is the great price negotiating tool for the professional or informed buyer of any article of quality. As most collectors who have tried to sell their stamps know, many stamp dealers are masters

*Forrest Blanding was a pricing consultant and executive with a very large corporation. A lifelong collector-dealer, Mr. Blanding is a life member of the APS and a member of APS Writers Unit No. 30.*

of the art of denigrating stamps, especially those they want to buy. And some collector/buyers have become apt denigrators too.

But denigration is fundamental to the pricing of a vast number of items, including coins, diamonds, seashells, pearls, antiques, horses, and camels. Denigration always has been, and always will be used in price negotiation by professional buyers of such articles everywhere, because it is so basic to their economic livelihood.

Before World War II, issued stamps usually were somewhat off-center, and this and other condition factors provided sufficient bases for buyers to use in negotiating prices on their prospective purchases. But modern printing methods often produce sheet after sheet of essentially superb stamps. It would be much more difficult to find a badly centered copy of many stamps today than to find a well-centered one. Thus the hinge mark became the obvious and only remaining basis for buyers to use in negotiating a satisfactorily low price.

Investor-buyers, quite understandably, are extremely wary of purchasing an object that can be demeaned in any way by an eventual purchaser. Thus, those who bought Vatican and other stamps with a primary purpose of making a profit on their purchase stopped buying stamps with hinge marks almost immediately when buy ads asked for never-hinged copies.

For the vast majority of buyers, avoidance of acquiring stamps with hinge marks had nothing to do with their personal interest in NH *per se*, but only with their fear that the stamps might be devalued by an eventual purchaser. This fear of denigration, or *value-fear*, leads buyers of stamps and other collectibles to seek ever-increasing quality in the things they purchase. Investor-buyers of diamonds today pay extraordinary (and probably extremely speculative) prices for diamonds of super-high quality. Rare coin investors now bid the prices of perfect, uncirculated coins up to what many feel are ridiculous levels. Stamp investor-buyers bid extraordinary prices for perfect and freakishly-margined NH copies of fairly common stamps, such as the 1-cent Columbian. Value-fear also motivates them to pay twice as much for a high value stamp without any identifiable flaw than is paid for a similar and lovely copy of the same stamp that has some utterly trivial problem.

Will the NH fad go away? The answer to this, almost certainly, is *no*.

*The American Philatelist*

Value-fear is so fundamental that hinging, because it is a definable aspect of quality, will continue to have an influence on the value of a stamp. For modern stamps which are excellently printed and usually well-centered, the kind and degree of hinging and outright faults have become the only significant identifiable differences in stamp quality. Thus, the modern preoccupation with hinging, although logically absurd, is quite understandable. And, inevitably, if we want to preserve the best value of NH stamps, we are forced into replacing those neat and inexpensive hinge-mounted pages with cumbersome, bulky, and expensive stamp mounts that end up askew, and with stamps falling out.

The serious question many collectors now ask is: "Is it best to buy stamps NH?" This is unanswerable, because the decision really is a question of price. A better question is: "How much premium should be paid for NH?" There are some hard facts about this that every NH faddist should face.

First, the market premium for NH versus hinged depends heavily on the participation of the so-called investor-buyer in that particular stamp market. Premiums for NH have been highest on Western European stamps, because far more Europeans than Americans are stamp-oriented, and because many have not forgotten the great post-war currency devaluations during which stamps became ways of transferring a part of wealth. These buyers convert the steady, consistent price rise due to collector interest into a big, speculative price wave that rises fast and high, and then falls.

Immediately as a stamp group becomes popular — as did French Antarctica, Pitcairn, and Tristan during the past year — the premiums for NH start to jump up as the "money-boys" move in. As in the stock market, a price rise excites other investors, who then start piling money into the market, with results like the big U.S. Zeppelin stamp game of 1979-1980. Therefore, the biggest NH premiums are apt to be paid at the top of the boom — and this usually is a time when few have the wisdom to sell. A lesson here is this: Be very wary of paying a high premium — or more than the twenty to twenty-five percent that many collectors will pay — for the quality attribute of NH. The real collectors will be buying years from now; the transient investors probably will be gone by then.

A second hard fact that often has been told to, but repeatedly has been ig-

nored by, our naive stamp buying public is this: At least eighty-five to ninety percent of all better older stamps were bought by collectors and hinged into albums. Just as nearly all straight-edged, high value U.S. stamps have disappeared, so are the hinge marks on these stamps disappearing. There has been much talk recently about regumming, but many owners today don't even have to bother with this — they redistribute the gum over the back of the stamp to obliterate the hinge mark, an action that often is very easy to do.

This inevitably will adversely affect premiums for NH, for two very basic reasons. The first is that the supply of NH will increase, and the supply of H will decrease. The second, which is now overlooked, is this: Collectors historically hate, fear, and avoid stamps that have been faked extensively. For example, Seebecks decimated the value of many early Latin stamps, and U.S. early grills are vastly undervalued in relation to their scarcity. Many experts now feel that most earlier U.S. stamps that now are sold as NH actually were previously hinged. Once the message really strikes home to our vast majority of collectors that their NH items include many fakes, their interest in paying real money for such will disappear very quickly.

There is a third hard fact that every NH buyer should know. A regummed stamp — when identified as such in an auction or by a purchaser — realizes almost exactly the same average price as does a stamp without gum. For U.S. twentieth-century stamps, auction prices for better examples of the latter without gum, or regummed, average about thirty percent below those for normally hinged OG copies. NH copies produce realizations averaging twenty to twenty-five percent above those for normally hinged OG stamps.

Thus, if you buy and pay for a stamp on the assumption that it is NH, and it later is appraised as regummed, you will have lost not just the NH premium, but more than *twice* that premium. This is a risk that is mostly absent when the hinged OG copy is purchased. And the chance that the stamp really has original gum will be vastly higher on the hinged copy.

A fourth hard fact, and a very discouraging one, is that the quality attribute of NH essentially is unverifiable. Our major expertizing organizations will not offer an opinion as to whether a stamp is NH, in part because gum can be redistributed so well. They will cite an opinion on

regumming, but that does not verify NH. Some dealers claim they can spot any regummed stamp. Don't you believe it. Some time ago a small dealer boasted to me and others that he had taken a set of U.S. Parks plate blocks that had been regummed by a Canadian regummer around a large bourse, looking for offers. He got offers from most dealers, and not one spotted that the blocks were regummed.

This tale in no way denies that many dealers and some (but very few) collectors can identify many regum jobs, but I am skeptical of their ability to identify good gum redistribution jobs. Today stamps are sold by thousands of dealers and their assistants who simply are unable to provide any real expertise on NH. They sell what they buy. They may be quite honest, but they do not really have to *know*; as long as a stamp they offer has no obvious, visible hinge mark on the reverse, there are plenty of collectors and "investor-buyers" who will buy it as NH. But will the stamp public continue to be as naive five or ten years from now as it is today? No one knows, but it very well might not be.

Large quantities of most stamps issued after about 1950 were not hinged, and there probably is little risk in paying a deserved and modest premium for issues of those years that are of low to medium value. But stamps of low to medium value are hardly good "investment" candidates, because the typical turnover cost of forty to fifty percent or more on such stamps simply is too high. Most collections of low and medium value stamps are sold in auctions, even if first bought by a dealer. A study of auction realizations on country collections reveals that prices paid on such groupings, for mostly NH stamps, usually are not more than twenty percent or so above those for similar collections hinged to album pages. Although this supports the logic that it is unwise to hinge unhinged stamps, it does not support the theory that paying the usual premium for NH improves the value of the stamp investment.

Thus we come to an interesting paradox. The words "Never Hinged" are closely associated with the words "stamps for investment." And it is higher value stamps that have the lowest turnover cost, and obviously the highest "investment" potential. Yet it is these high value stamps — which tend to be the big candidates for fakery — that are the high risk purchases. These are the key stamps that need objective verification for authenticity — a

verification that is not now obtainable for the attribute of NH! Thus, buy your valuable stamps NH if you must, but be wary of paying more than a modest premium for them, and buy them only from someone you believe has real expertise, and in whom you have real confidence. Otherwise, it can be a lot safer to buy the items hinged.

"Investors" in stamps have a long record of being wrong. During the 1930's and 1940's, a prolific writer named Granville touted the merits of investing in stamps to send your children through college. Granville urged his readers to invest in lower value *used* U.S. stamps. He argued that later there would be vast numbers of newer collectors who would need those stamps, but who would not be able to afford higher value stamps. It is difficult now to conceive of an idea that could be more wrong. Most of those cheap, used commemoratives still sell at less than a half-cent each wholesale. During the forties and fifties, millions of stamp "investors" bought sheets of every commemorative issued at the post office. The best use for many of those 3-cent stamps today is to put as many of them on a letter as required to meet the current postal rate, and accomplish what just one of them would have done when they first were bought.

Will today's NH investors be similarly wrong? Will they lose those big premiums they paid?

At a recent conference of the Philatelic Foundation in New York, Raymond H. Weill of New Orleans — a man who has bought and sold an extraordinary number of the world's rarest stamps — introduced his fascinating talk with remarks that included these: "I never recommend that stamps should be bought for monetary investment. It seems a tragedy to me that some of the world's greatest stamps are now being locked up in a safety deposit box, owned by people who have no interest in them except making a profit on their resale. Those stamps should be in the album of a collector who prizes, loves, and appreciates them as the treasures they are."

Most stamp experts today agree with Weill. Unlike other hobbies such as golf or fishing, stamps do provide the collector with a resellable asset that eventually may recover much of, all of, or perhaps even much more than the prices paid. Collectors *should* buy prudently, and this means paying a realistic competitive price for stamp condition. But a *big* return on the Random Notes #20 - Page 20

money paid for stamps is the countless hours of pleasure, both alone or with others, that the hobby can provide. The NH investors who follow the herd and buy only for profit never enjoy that big return. And, if history repeats, they may lose on their monetary investment, too.