

# Australia in Depth (Article #94)

## 'Myths & Other oddities - More fiction than fact?'

By Simon Dunkerley © Updated 18th February 2005

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It is interesting to ponder how and where non-collectors, and even collectors pick up some hopes, dreams, ideas or even beliefs that are often completely, if not largely incorrect.

The purpose of this paper is to explore some of the most commonly held wrong assumptions, fantasies or myths that I have encountered in the world of philately over the years. Sometimes there may be an element of partial truth to them; however, mostly they are largely, if not completely untrue.

The myths explored here are certainly not exhaustive, but they are insightful in looking at differences between what many think about the market and what I believe to be closer to reality. The gap between perception and reality can be quite surprising at times. The examples given will generally relate to the stamps of the *Australian Colonies* or *Australian Commonwealth*. Prices quoted are in \$AU unless otherwise mentioned.

### (1) 'Something OLD is something valuable'

Perhaps the most commonly believed, read 'hoped', myth is that old stamps are, read 'always are', valuable. Realistically, some old stamps are worth decent money and fewer modern ones are, however, the vast majority of stamps from all periods are not, as they are mostly very common, having more often than not been issued in large quantities over an extended period of time.

When you look at a stock or a collection that contains valuable stamps, you are typically looking at the miniscule tip of an iceberg where a long and stringent selection process has taken place in selecting those items for special reasons.

Age alone does not assure scarcity, demand or value. It is a fact that being old alone has little direct bearing on how much any item is worth.

'Age does not decide stamp values. A stamp is not valuable just because it is old. But it may be valuable because the number printed was small ... There are many people who buy sheets of current stamps purely for investment purposes with no general interest in philately. This practice, frowned on by genuine collectors, may or may not be profitable ... Speculating in matters one doesn't know anything about can be dangerous'

These wise words written in 1949, are quoted from an article titled "Age does not determine stamp values" published in the August 13, 1949 edition of the *Argus* weekend magazine. It goes on to describe how *some* of the earlier stamps had gone up in value, but how many post war USA stamps had done poorly - and that this trend also happened in Australia soon after. In the overall scheme of things today, although sixty or so years old, even stamps from around the second world war are not that old.

Many old stamps are really very common, for example most of the 1d and 2d base rate stamps issued by the Australian Colonies from around 1900 typically sell for about \$2 to \$3 in mint condition and much less used. The majority of collections that I have seen including a selection of stamps from this period are of little or no commercial value.

I often get asked 'If these kinds of stamps are worth little, then what kind of stamps are valuable?' Regular readers of *'Australia in Depth'* in *Stamp News* will be familiar with some of the answer to this question. Even a quick glance at any recognised catalogue will give you at least some idea of what is of value and what is not. One of my favored lines is that generally, unless you have spent 'good money' then, even 10, 20 or 50 years ago, you are unlikely to have 'good money' now. When it comes time to sell, your expectations should not be too high unless you have sound reason to think otherwise. You may be lucky and fluke something valuable for little cost, with either old or more recent stamps, however, this is *not* the norm.

### (2) 'Something rare is something valuable'

As Rod Perry regularly notes with his comments on various covers of interest, rarity alone is not a guarantee of value. The same is true in many areas of philately. The *balance* or *imbalance* between

supply *and* demand is of greater importance. Scarcity or apparent scarcity is not a direct road to a high price. Supply must always be compared with demand in taking a look at how and why prices are at their current levels. This may also be an important pointer as to future prices.

To put it another way, strong demand is more likely to make a reasonably available stamp worth money than will scarcity of something that no one wants. On the other hand, if something is genuinely scarce, even a modest increase in demand should see the price rise. My other articles have covered some areas that illustrate this on numerous occasions in recent years.

The Western Australian 1854 4d with inverted frame has long been considered a classic, not just of Australian philately, but on the international market. However, with fifteen examples recorded of which several are in 'permanent' homes such as the Royal collection, the Vickery collection in Sydney (two) and the White collection, also in Sydney, it is far from the rarest Australian item.

There are a number of other items of Western Australia listed by Stanley Gibbons that are far rarer than the inverted frame, such as (i) The 1854 4d Blue transfer varieties, SG 3e, f and g (ii) The 4d and 6d double prints, SG 56a and 57a, (iii) Various compound perfs, or the perf 12½ 1/-, SG 169a. However, in each case, as desirable as they are, they do not carry the same the glamour, mystery or intrigue, so are not considered as 'important' or significant as the inverted frame. It is therefore no surprise; they are not in the same league when it comes to price.

In a similar way, the sale of the unique Swedish 'Tre skilling', error of colour for approximately \$US2.3 million in 1996, written up so well by Glen Stephens in the December issue of *Stamp News*, far outweighs the price of many other unique stamps or items across the world of philately.

There are many factors that determine demand, some of which are fairly static, and some of which are expected to change over time. This provides a sound reason to spend time researching an area that may not be the flavor of the month, or year, with potential for future increases in demand.

### **(3) 'Catalogue value is a good indicator of market value'**

Catalogue prices may be too high or too low:

(i) Some items may be under catalogued in comparison to others. I like to define something as scarce or even rare, by considering the following: 'when you have searched for an item through the right channels, with cheque book in hand and you have difficulty getting it - then you know that it is scarce'.

In the early 1980's the KGV 1d red Die 2 in single line perforation was catalogued at \$100 and typically sold at auction for around \$50 in fine used condition, and had done so for many years. In 1987 I was at an auction, where I purchased an exceptionally fine example for more than four times the 'current retail' at \$220, and it sold straight away. Immediately, a new price of around \$250 to \$300 became the norm, and this has since risen to around \$2,000 for a fine example and more for a superb one. This stamp is genuinely scarce and was simply under rated for many years. That is no longer the case.

Similarly, the KGV ½d green single watermark with the famous '*thin fraction*' variety in mint condition was catalogued at \$800 in the 1988 Australian Commonwealth Specialists Catalogue (ACSC) which had not been revised for some time. At an auction in 1991, I purchased a stunning marginal example, still believed to be the best of the four recorded in private hands, for a healthy \$2,600 at the time. I was pleasantly surprised by how many collectors approached me within the first week wanting to buy it, including some that had even attended the auction. It is listed at \$5,000 in the most recent edition of the same catalogue, published in 2001, and at £9,000 in the 2005 edition of the Stanley Gibbons (SG) Commonwealth and Empire catalogue. No other mint example has appeared on the market during the interim, and if a similar one turned up on today's market, I would not be surprised to see the price exceed full SG catalogue value. That is rarity, and with demand to match, a very significant price for a plate variety!

Alternatively, some items are simply catalogued too high and I have done considerable work over many years with a number of catalogue editors to improve the price relativities of such items. Experience and study will help you to make your own judgments on matters such as this.

(ii) Collectors often think in terms of a *fixed percentage* of catalogue value whether it be the old 'quarter catalogue', 'half catalogue' or simply 'a dollar for each pound' in SG. However, for that to be logical, it assumes that the price relativities in the catalogue are accurate and that the catalogue is always up to date with market forces. Unfortunately, in many cases this simply is not true, although this aspect is generally much better than it used to be in many catalogues.

In 1989, the Scott catalogues published in America were issued with a new pricing policy, intended to reflect *retail* prices rather than some 'inflated and unobtainable' *catalogue value*. However, in many cases they went too far, too soon, and many people in the industry completely rejected that policy at the time. Despite this, I believe that the concept was correct, and hope that over time it will be more widely accepted, so that the 'guess work' element between catalogue value and real value for a given item can be reduced. For that to occur there is a huge responsibility on the part of the publishers to work diligently on making the prices as accurate as possible.

(iii) Quantity verses quality - an accumulation of cheaper items will cost less and realize less than a few more expensive items. If you look at the current SG Part 1, the Australian KGV 2d No watermark variety (SG 99ab) is listed at £850 in mint condition. If you could put together ten nice examples, or items of equivalent value, the total catalogue value of £8500 would equate to that of 85,000 stamps catalogued at 10p each - such as many of the low denomination definitives. There are no points for guessing which I would rather have! The 10p price represents a minimum handling charge rather than a real measure of value. Anyone could easily go to an auction and buy a carton or two containing tens of thousands of low value stamps for not much more than a night at a nice hotel or tickets for two to the theatre; the same could not be said of the first option!

(iv) It was also noticeable that during the 'boom' days of the late 1970's, many investors, often without knowledge, and even more so, speculators, mostly confined themselves to the kind of material that is relatively plentiful - 'straight' material, which traditionally seems to have been over catalogued, rather than the more unusual or esoteric material.

**(4) 'A stamp issued in lower numbers must be scarcer than one issued in greater numbers'**

Despite what many people think, this is not always true. Take the 6d Kingsford Smith (503,200 issued) or the 7/6d Cook (303,687) with mint unhinged retail prices of \$10 and \$15 respectively, compared to say the 1/- Victorian Centenary (3,420,000) which has a price of \$75 or \$90 depending on whether you are after the perf 10½ or perf 11½ version of the stamp.

More important than how many were issued is how many were saved and are still available today in good condition. The 1964 7/6d Cook had a short issue life with limited use, and many were purchased from the Post Office by collectors and never used. So the vast majority of surviving examples are in mint condition. As Rod Perry will tell you, a genuine postally used example is harder to obtain, whilst commercial usage on a correct cover is very scarce, if not almost impossible. This does not include philatelic first day covers which are relatively plentiful. For early Western Australia, the generally accepted 'guesstimate' is that about 4% of the stamps issued survive today, with a much smaller percentage being in fine condition. Some areas have a much higher survival rate. Ultimately, it is not the number printed or issued that matters, it is the potential supply, whether dormant or currently circulating on the market that counts.



1935 1/- Victorian Centenary



1964-65 7/6d Cook

The 1/- Victorian Centenary was issued in larger numbers yet is scarcer than the 7/6d Cook

**(5) 'All stamp values have done poorly since 1981'**

This is something still heard from time to time, although not as often as in the 1990's, and for good reasons. Quite frankly, nothing could be further from the truth. Once again, regular readers of *Australia in Depth* will have a pretty good idea as to *some* of the areas where prices have appreciated rapidly in recent years.

Sometimes in a falling market, all things have fallen, but this most certainly has not been the case in the

philatelic market since 1980! Some people might have had their fingers burned and think that all stamps are bad. The reality is that some stamps fell, and unfortunately, they bought the wrong material when parts of the market were rising or peaked, and for all the wrong reasons. The important aspect of this is to learn from what happened, and hopefully not make the same mistakes again.

**(6) 'You must buy mint unhinged as it is better than mint lightly hinged'**

As a general rule, until at least the early 1970's, a mint stamp was a mint stamp, regardless of how many times it had been hinged. However, a lot has changed since then, with many preferring to pay significant premiums for mint unhinged stamps in fine 'as issued' condition.

This topic could be debated well into the future, as there is no clear cut answer. Much rests in the eye of the beholder, and one of the greatest beauties of stamp collecting is that you are free to choose what you collect.

With *some* KGV1 and *most* QEII material, it makes sense as mint unhinged stamps are generally available. Yet many insist on buying mint unhinged stamps only, even when they are after stamps that are not even known in that condition. I have even been asked a number of times for *Sydney Views* in mint unhinged condition, where the norm is without gum at all; anything else is very unusual.

In terms of price, the difference between unhinged and hinged is often considerable. For most *Kangaroos* the price of a nice mint unhinged stamp is about two to three times that of an equivalent hinged one, with some being higher than this. Opinions are much divided as to which represents better value for money or are more desirable at current prices. Given the choice between four nice lightly mounted KGV 4d Lemons at a retail of \$100 to \$125 each or a nice unmounted mint example at around \$400 to \$500, I think I would settle on the former. Several years ago these figures here would have given you five hinged for one unhinged, so on this example, there has been some convergence between the price of mint lightly hinged and mint unhinged.

The important thing here is not to be too dogmatic; otherwise you might become your own worst enemy. If you are accustomed to buying perfect mint unhinged stamps, but your budget does not allow a complete collection of Kangaroos by watermark, then I believe that settling on fine lightly hinged mint for the higher values would be a good option. At the same time, many of the rarer varieties and other items are not known in genuine unhinged condition.

**(7) 'Condition is everything'**

Whilst condition is very important, it certainly is not everything. This can become a real trap that might either limit the completeness of your collection in some areas, or limit the ability of even the most patient dealer in assisting you. Some stamps, booklets or covers are simply not known or available in 'perfect' condition.

Most, if not all of the Western Australian 4d 'Inverted frame' stamps have an imperfection of some kind, yet the five or so sold over the last fifteen years or so have fetched somewhere between \$50,000 and \$130,000 each.

Many of the rarer Australian watermark errors have slight faults that would hinder their salability as normal stamps, yet with the rarity factor thrown into the equation, they continue to sell for record prices. The same is true of very rare items of postal history, booklets or die proofs to name just three other areas.



Slight staining does not stop this rarity from being one of Australia's most valuable stamps

On the other hand, a stamp like the 1964-65 £2 King is readily available in good condition, so one with a slight fault would be considered a 'space filler', and should be priced accordingly.

**(8) 'If it is not listed, then it is valuable'**

This is one that I am sure many of you have encountered. Without going into too much detail, every catalogue publisher has to set criteria for what they list, and don't list; so many items may simply not be listed as a matter of editorial policy. For the Part 1 catalogue, Stanley Gibbons list many imperforate errors, but specifically do not list those imperforate on *one* side only. Catalogues vary in their listing policies, so you will need to do your research in this regard.



24c Fungi imperforate at left - not listed by Stanley Gibbons as they do not list imperforate one side errors. This 'unlisted' item is valuable. Of course for those that have access to the ACSC, it is listed in that catalogue.

Many 'back of the book' items, although certainly not all, and minor varieties are not of great value and are simply outside the scope of most catalogues. In some cases, such as revenue stamps, other useful reference material is available. On the other hand, if something unlisted is within the scope of a catalogue and is a new discovery, then it may be significant. However, it also may not be significant, something which many ever optimistic collectors find difficult to accept.

**(9) 'Blocks of four are worth more than four singles'**

Although blocks look attractive and certainly have wide appeal, in most cases they are literally worth the individual prices of the stamps. However, there are notable exceptions, such as certain classics or other items that are very rare in blocks, or multiples of any kind for that matter. The Sydney Views of New South Wales are rarities in blocks and in fine condition usually sell for very high prices. At the Dale Lichtenstein sale in 1990, a block of four of the Plate 2 1d, SG 11 sold for £7150 including buyers premium (about



\$A15700 at the time), against a catalogue value of £1000 then for four singles. Several examples of high prices for blocks have been reported in this column over recent times.

Better varieties and errors in blocks or strips if available, are generally more desirable than singles and can command a significant premium, especially if the multiple includes normal stamps or stages of the variety.



Western Australia 1854 1/- This very rare used block of four is worth a substantial premium over the price of four single stamps!

On the other hand, a 7/6d Cook block is not a scarce item and should cost you no more than four times the price of a single stamp.

**(10) 'Sets are worth more'**

Despite what many people think, in the majority of cases, the answer is that sets are worth the sum total of the stamps included. It should be noted that the SG prices given for sets are usually slightly less than the total of the individual stamps. It can make an important difference when certain odd values are difficult to obtain. They may have had a short life, having been superseded, or may be a later issue due to a postal rate change. In such cases, a set without them might be difficult to sell; in addition, the odd values can be relatively difficult to obtain without the balance of the set.

With Australian stamps, dealers that stock them will usually be able to help you in filling your gaps, whether it is a single stamp or a set. A set of standard Australia Post official first day covers from 1970 to 2004 would be worth no more than the sum total of the individual covers, as would a complete set of year books from 1981 to 2004. In fact, with such items, you should reasonably expect to get a *discount* for buying a complete set as that now amounts to a significant purchase.

**(11) 'Buying stamps from the Post Office is an easy way to make money'.**

For a time this was the case, however, it certainly has not been for most of the last 25 years, and for many stamps you have to go back much further than that.

In fact, if you allow for inflation, there are many pre-decimal stamps in mint condition that sell today for well *below* their face value. In some cases, that is probably all they are worth, however, with others, time will probably reveal a few sleepers.

A common complaint that I get when people decide to find out what their modern collection, or sometimes more accurately termed 'accumulation' might realize is 'why buy stamps when they are worth less than I paid for them' Well, the truth is that in most cases, for items purchased from the Post Office, the moment you handed your money over, their resale value is less than what you paid for them. The only escape

being that the mint stamps can be used on mail to retrieve their value. If you sell them on the secondary market, you will normally get less than the face value; in some instances well under the face value.

**(12) 'It is bad to buy in (what may be perceived as) a poor market'**

This one is not quite as relevant as it used to be, as certain sections of the market have been very strong in recent times. Having said that, there are some sections of the market that have not been as strong as others to date, and it may actually be a wise choice to explore these carefully. Opportunities to buy at under the long term odds will be available with knowledge, experience and persistence.

From a purely financial position, the decision to buy or not should be made by comparing the purchase price now with anticipated price movements and the opportunity cost of the funds used. From a collecting point of view, you may miss out on an important item that you need to acquire if you are to enhance your collection towards its potential. To not buy it may mean that there is a long wait for the next opportunity to present itself. Once again, research or sound advice is very important in making such decisions.

In the Great depression of the 1930's John Maynard Keynes did extremely well in the stock market by looking beyond the current market and seeing it in terms of its place in the trade cycle. Many relevant matters are more complex today; however, the fact is that even in relatively poor sectors of the market, worthwhile opportunities still present themselves to those who seek. In all economic times, the stamp trade still offers much and should not be underestimated.

**(13) 'Averaging down is a good thing'**

On the financial side of things again, investors, speculators and even collectors often feel better if they can reduce their average cost on a range of items that may have fallen in value or where they simply paid too much for them. It is a commonly held belief that this is a good thing, but it is not logical.

It may help you feel good, but it may be for all the wrong reasons. Although you may have an overriding plan, you should still focus on each transaction as an independent choice. Assess whether it is wise in the sense that it will be better value than you can get later. In some instances it may be wise, but it will not necessarily be the case. As mentioned earlier, issues such as genuine rarity and expected future demand come into play and are important considerations.

Another side of this is that with the fall in value some items such as decimals or sheets of postage, people often believe that *'I'll do better if I hold them'* This is a common thought, but often unlikely to be true. In the few areas where values have significantly fallen, and demand will probably never recover to the point where it exceeds supply, you are probably better off to 'cut your losses' by realising what you can, and at least putting the money to better use somewhere else.

For example, if you are in the unfortunate position of holding onto the 1966 Decimal Navigator sets that you might have paid \$250 for in 1980 in the hope that they will recover to that level, then I think that you are on a hiding to nothing. If you no longer wish to collect or hold them, my advice would be to take what you can get and do something more useful with the money.

**(14) 'A price rise means that you have made money'**

Whether it's a stamp, a painting, a vintage car or anything else, you have never really made anything until you have sold it. This one speaks pretty much for itself. With stamps, it is literally only on paper until you have actually sold it!

**(15) 'Dealer A looks cheaper than dealer B, so I will get better value from A'**

If a stamp is offered very cheaply, check it out with care. Make sure that when you compare price, that you also compare what you are getting, otherwise you may be fooling yourself. When comparing price, be sure to compare apples with apples. As previously noted in the three part series on issues relating to philatelic expertising, it is my view that many rarer items should only be purchased with a recognised certificate of genuineness. That way you have a much better idea of what you are actually buying.

Having said that, with all other things being equal, there will normally be a *trade-off* between the price and quality of an item. A premium quality stamp at a premium price; an average stamp at an average price and a 'space filler' at a space filler price can all represent an equivalent value for money at a given point in time. I suspect that over time, we will see relative price rises for desirable stamps in premium quality, so the equivalent value of today may not always hold. This is the subject of debate and no one has all the answers in regard to this issue.

To put it another way, when a university student has \$2000 to spend on a first car, there will always be

options that represent good value for money and others that represent poor value for money. The same applies to stamps. Genuine value for money should not be confused with what appears to be a bargain. In other words, if something looks too cheap, or too good to be true, be careful. Don't reject it out of hand, however, if you are unsure, don't be scared to seek trustworthy or independent advice and have it checked out.

**(16) 'Copy - When is a copy a copy?'**

Last but not least, I have always thought of the use of the word 'copy' in philatelic circles as somewhat of a mystery! If someone offers you a copy of a document, a painting, a piece of furniture or some jewellery, you would *not* expect to receive an original.

However, in philatelic circles, when you see the word copy, it won't refer to a fake - where a genuine item has been altered in some way to make it more valuable, nor a forgery that has usually been reproduced from scratch or even a legitimate reprint that may have even been officially issued by the postal authorities. It generally relates to an original! When you see something offered as 'a superb copy of this rarity' it invariably refers to a genuine original! Specialists are accustomed to it, but it rightfully confuses beginners and non-collectors, who want to buy an original, not a copy. I look forward to the day when such use is erased from philatelic jargon; however I suspect that holding my breath might not be a wise option!

**Final thoughts**

In summary, quite a few of the ideas floating around in philatelic circles make questionable sense. If you have a strong interest in the financial side of collecting, rather than purely the collecting side, and you act on doubtful here say, without any knowledge, you may well be setting yourself up for future disappointment.

As with most past times, it is important to be prepared to put in the time to explore issues such as those raised in this paper, and to ask questions if you are uncertain. In the long run, there is no substitute for a combination of undertaking careful research and seeking reliable advice. The acquisition of suitable reference material is also a very wise investment in this regard. Otherwise you could make poor decisions and any gains that you make might be more through a stroke of luck than by design.

