
Bought for pennies

Author: Peter Dearlove

The story of a humble investment that has outperformed property, stocks and gold.

This may come as a shock to many young men and women today who keep their fingers busy only on a keypad, but the fact is that people used to write letters to their friends. They would write them using pen on paper, seal them in an envelope, put a stamp on the envelope and drop the little package of thoughts into a post box on a nearby corner.

Some say it was a divine ritual enjoyed by all, but for some it was given extra meaning at the other end by carefully removing the stamp and saving it to make a collection. Even ugly letters of demand, or threat of litigation, had the tiny redeeming feature of a colourful, and maybe valuable, stamp to add to the growing pile in a folder in a trunk in the attic. The bits of paper themselves are just that: scraps with no residual use of their own. The designs may be pretty or plain, colourful or bland; the information around the edges tells you only which country the stamp once served and how much was demanded for the service; a carriage and delivery receipt; proof of payment. Only the eccentricity of the human psyche could give such relics a big value dimension.

It happened because diligent collectors brought system and order to their collecting, making up attractive albums and aiming to have at least one used and one unused example of every stamp in the world. It was possible then; the world was a smaller place. And it was the birth of a market that flourishes to this day.

In their search, those early collectors soon discovered that some examples were harder to find, which made them more valuable. Indeed, the value of stamps quickly became a reflection of their scarcity. There is only one known surviving example of a particular stamp issued in 1856 in British Guyana, and it recently fetched nearly \$10 million at auction. In terms of value by mass it must be the most expensive item on the planet – \$9 500 000 for no more than a gram.

The letter writing ritual is now long dead because we have e-mail, Twitter, Facebook and Instagram to reach out to our pals and touch them with our affection. No more mail, or very little anyway. And so, you might expect the stamp collecting craze to go away too, a mere reminder of a curious past. No more treasure trove with perforated edges. One would think.

But that is not how life has played out. In fact, there are now more people collecting stamps than ever before. More people looking for the same rare item. Prices are rising. The opportunities are still there, only different. Different because the people are different.

A man called Edward Stanley Gibbons was among the first to see opportunity in stamp collecting – ‘philately’, as it quickly came to be known. He started a company to buy and sell stamps in England and it is still going strong. Nearly 175 years later it is the authority on stamps, and Stanley Gibbons PLC tells us that there are now 60 million active collectors in the world, a third of them in China.

Exactly what all these people are collecting, no one has so far been able to say precisely, but you can bet there is a sizeable number interested in stamps of the British colonial period, if only because that's the broad address and era of the start of it all.

When Mr Gibbons first began his own activities, he was lucky enough to have some sailors walk into his store in Portsmouth with a parcel of stamps to sell. Among them was a packet of ‘Cape Triangulars’, the first stamps ever made in South Africa. Even back then, those were rare and valuable. Old folks, particularly those with a South African background, are still always on the lookout for a lucky three-cornered discovery. Precious few have come to light, so the few that remain are ever more precious – today, such a stamp will set you back forty grand.

They are not alone. There are rare stamps from practically every corner of the world. All you have to do is seek them out. If you fancy your American chances, there are at least seven or eight stamps that could earn you more than a quarter of a million bucks. All are old – some go back to the 1860s – but they have familiar enough faces: Abraham Lincoln, Benjamin Franklin, George Washington ... One, known as the ‘Curtiss Jenny’ (1918), is rare because of a printer’s error. The image is of a Curtiss aeroplane, accidentally printed upside down – two hundred grand if you don’t mind please.

Find one of these beauties and it will make an investment in, say, Bitcoin, or any other crypto-currency for that matter, seem like small potatoes indeed. The numbers can be huge.

For real collectors, though, the greatest reward of the business comes from doing it well and having page after page of beautiful specimens assembled to tell a story. It may be a story of the history of a country, or the commemoration of certain events, or merely the celebration of some animal species. There are collectors, for example, who are only interested in stamps with pictures of motor cars; others who seek to show how different countries honour their sporting personalities with postage stamps. It is a wide-open field of interest. And as the number of stamps produced diminishes, so, you can be sure, the value of what is left will rise. The more complete the collection, the higher its value.

Curiously, for an industry that is vast there is no way at present of knowing for sure what a stamp or a whole collection is worth. There are many price catalogues put out by sundry dealers, like Gibbons in fact, still the biggest of them all. But even Gibbons’ most comprehensive catalogue is truly a price list from which you will learn how much it would cost you to acquire the stamp from them. There is no suggestion the price you are asked to pay is also what you could hope to get.

Taken all in all, there are two ways you can get rich from stamps – find something rare or build something beautiful. The speed at which it happens depends on your digging luck in the one case, and the diligent use of a serious supply of seed capital in the other.