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THE 50 CENTAVOS DEFICIT STAMP OF 1908

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Traducción al español

In 1907 Peru placed their final order with the American Bank Note Company (ABNC) for Deficit stamps that were first issued 33 years earlier. This is the story of the 50 centavos value from that order.



Figure 1 – The four denominations of deficit stamps issued in 1874.

Back on December 13, 1873, Peru ordered a set of deficit stamps from the National Bank Note Company (NBNC) in New York. They also requested that the stamps be grilled to prevent reuse. The order was recorded in the NBNC's January 1874 order book and the stamps were shipped to Peru on February 27 and March 4. Sometime in April, Peru became the first country in the Americas to issue deficit (postage due) stamps. This initial order consisted of four denominations (figure 1) in the following quantities;

5 Centavos	800,000
10 Centavos	200,000
20 Centavos	100,000
50 Centavos	40,000

In 1879 Peru asked the NBNC print 1,000,000 copies of a new 1 Centavo deficit stamp (figure 2). They also requested an additional 100,000 copies of the 50 centavos deficit stamp. Before these orders could be filled the NBNC merged with the ABNC. The ABNC produced the dies and plates for the new 1 centavo stamp and used the 1874 plate produced by the NBNC to fulfil the 50 centavos order.



Figure 2 – The one centavo deficit stamp of 1879.

At first glance, there seemed to have been little need for additional copies of the 50 centavos value, as both Peru's internal postage and UPU rates were only 10 centavos in 1879. In fact, we have no recorded covers of the 50 centavos deficit stamp used to collect deficient postage for the entire 35 year duration of these stamps. The two usages that we do find are court covers and fines for reusing stamps. Court covers were large packages of legal documents sent between courts in different cities on behalf of two parties involved in a legal dispute. The receiving party was required to pay the postage. Before deficit stamps were introduced the postage was paid by regular definitive stamps. After 1874 almost all these covers were franked with deficit stamps. The receiving court kept the wrapper after extracting the enclosed documents and ultimately destroyed the wrappers. However, stashes of these wrappers from some courts did ultimately make it to the philatelic market.

The second usage was to pay the penalty for reuse of stamps. In 1874 the penalty was four times the value of the reused stamp. In 1876 the penalty was increased to 10 times the value. Most often the

penalty was assessed with two copies of the 50 centavos deficit stamp.

A third possibility is that the penalty for transporting letters outside of the postal system may have been assessed with deficit stamps. However, there is only one recorded example, and it is from the 1930's. At that time the penalty was 10 soles and was assessed with 100 each 10 centavos deficit stamps from a subsequent issue.

For whatever reason, in 1896 Peru needed more high value deficit stamps. To meet this need, the post office decided to overprint unused high value definitive stamps (originally printed in 1886) with the word DEFICIT. These stamps had been printed using the 1874 plates, but in a different colour and without a grill. The reconfigured Lecoq machine was used to apply the overprint, one stamp at a time. The DEFICIT marking was applied to 40,000 copies of the 50 centavos red and 50,000 copies of the 1 sol brown definitive stamps (figure 3). This brought the total quantity of high value deficit stamps (50 centavos and 1 sol) to 230,000, more than that of either the 10 or 20 centavos deficit stamps printed in 1874.



Figure 3 – Deficit overprinted stamps from 1896.

In 1902, Peru ordered the ABNC to print another 200,000 copies of the 1 centavo and 150,000 copies of the 5 centavos deficit stamps. These were printed from the original 1879 ABNC and the 1874 NBNC plates, but this time they were not grilled. In 1904, Peru ordered 100,000 copies of the 10 centavos deficit stamps. Once again, the 1874 NBNC plate was used, also without a grill. Finally, on August 8, 1907, Peru placed a final order for additional copies of all five values. I obtained a photo of Peru's letter to the ABNC from the Museum of American Finance in New York (figure 4). The order was for;

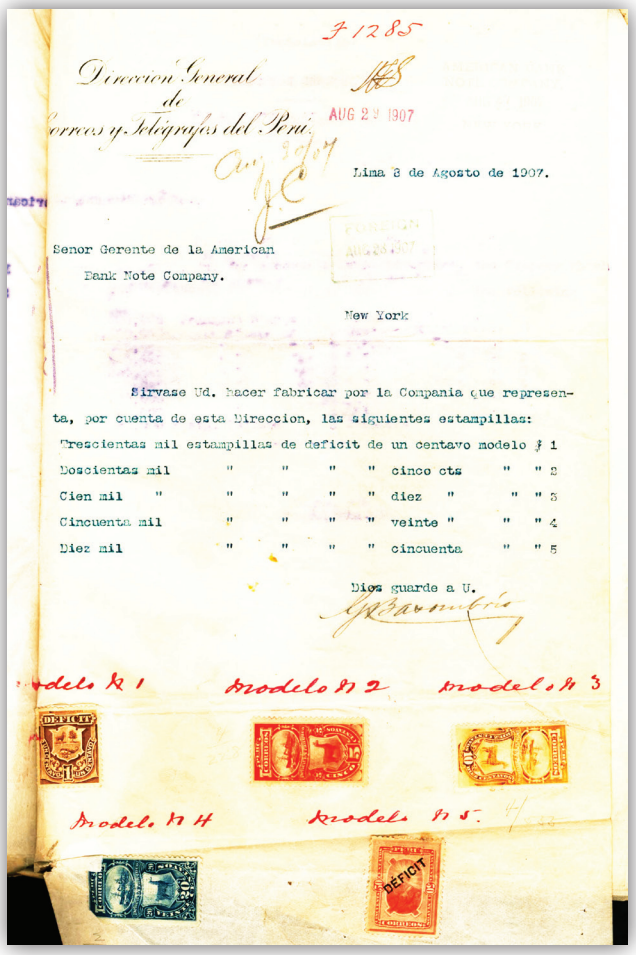


Figure 4 –Request from Peru dated August 8, 1907 for more deficit stamps.

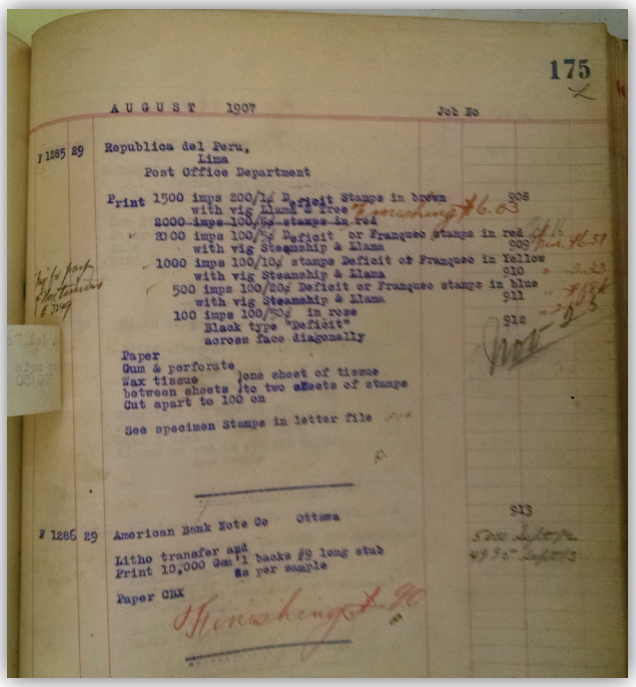
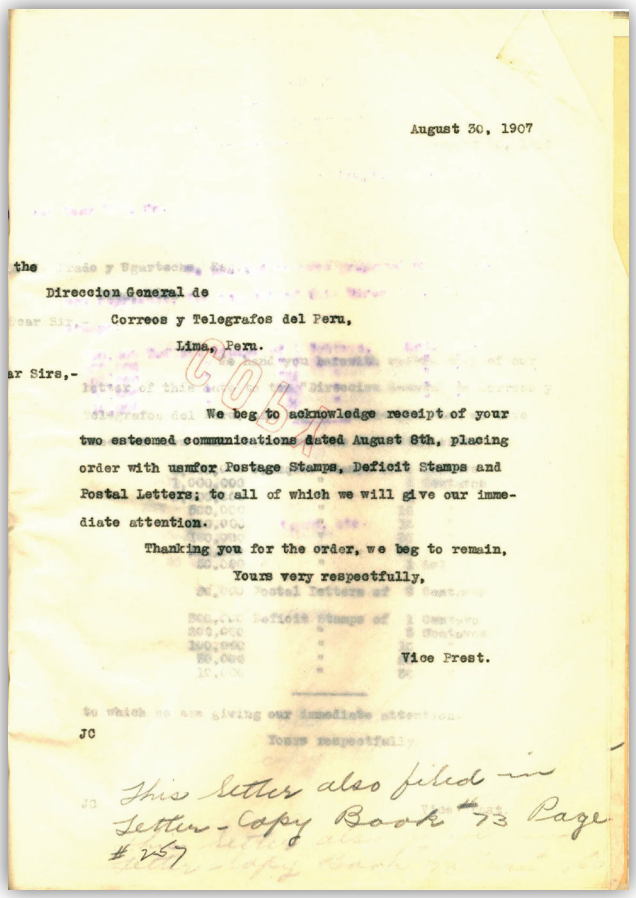


Figure 5 – Page dated August 29, 1907 from the ABNC's order book. The pencilled notation of 'Nov 25' on the right side of the page is the shipping date.



August 30, 1907

the
Direccion General de
Correos y Telegrafos del Peru,
Lima, Peru.

ar Sirs,-

We beg to acknowledge receipt of your two esteemed communications dated August 8th, placing order with usmfor Postage Stamps, Deficit Stamps and Postal Letters; to all of which we will give our immediate attention.

Thanking you for the order, we beg to remain,

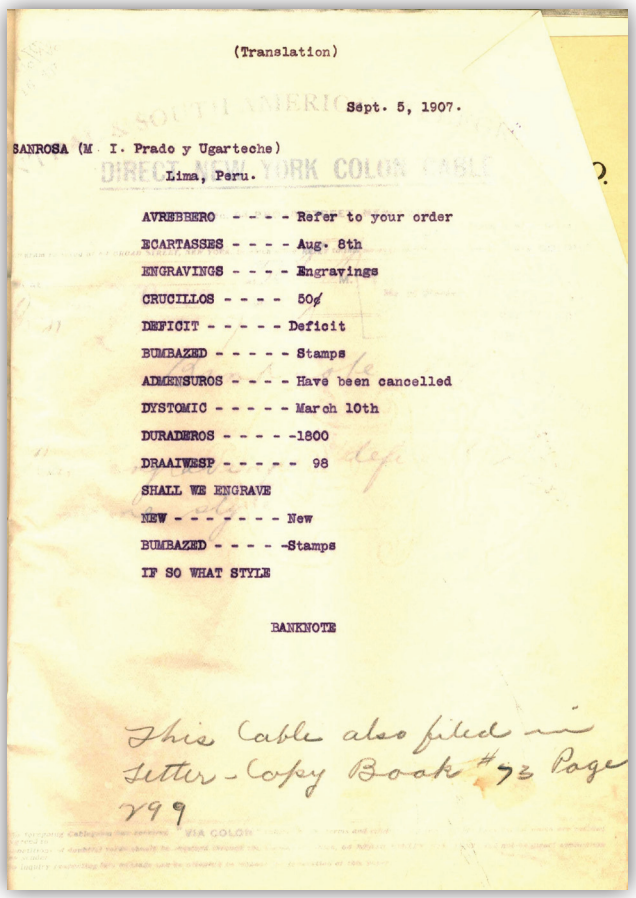
Yours very respectfully,

Vice Prest.

JC

This letter also filed in Letter-Copy Book #73 Page #287

Figure 6 –Letter dated August 30, 1907 from the ABNC to Peru.



(Translation)

Sept. 5, 1907.

SANROSA (M. I. Prado y Ugarteche)
Lima, Peru.

AVREBEERO - - - - Refer to your order
ECARTASSES - - - - Aug. 8th
ENGRAVINGS - - - - Engravings
CRUCILLOS - - - - 50¢
DEFICIT - - - - - Deficit
BUMBAZED - - - - - Stamps
ADMENSUROS - - - - Have been cancelled
DYSTOMIC - - - - - March 10th
DURADEROS - - - - -1800
DRAAIWESP - - - - - 98
SHALL WE ENGRAVE
NEW - - - - - - - - New
BUMBAZED - - - - -Stamps
IF SO WHAT STYLE

BANKNOTE

This Cable also filed in Letter-Copy Book #73 Page 299

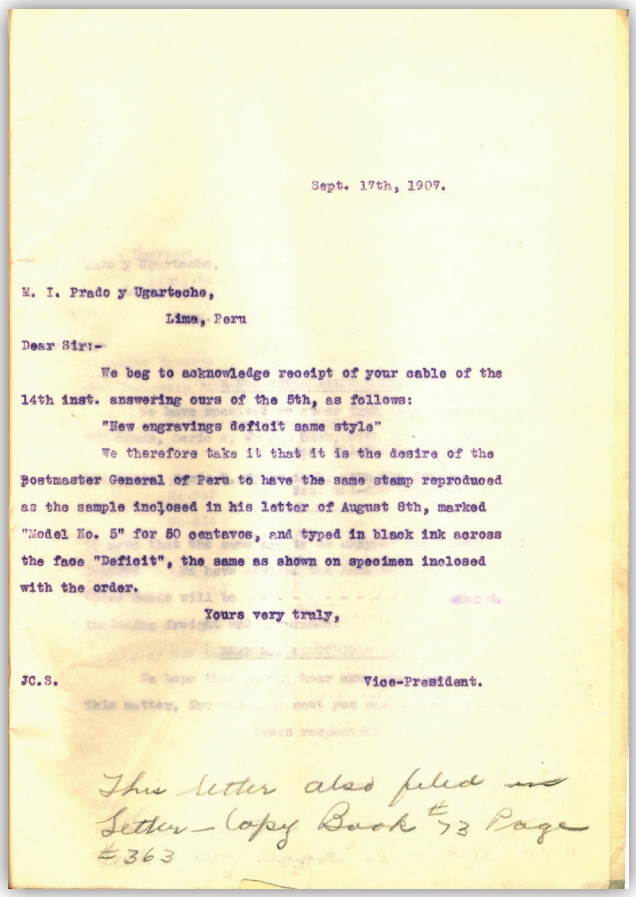
Figure 7 – Telegram September 5, 1907 from the ABNC to their agent in Lima, Peru, M. I. Prado y Ugarteche.

1 centavo 300,000 copies
5 centavos 200,000 copies
10 centavos 100,000 copies
20 centavos 50,000 copies
50 centavos 10,000 copies

They also attached an example of each stamp to the order. Instead of an example of the 50 centavos deficit stamp from 1874, they attached an example of the overprinted 50 centavos stamp from 1896. On August 29, 1907, the ABNC recorded this order in their order book and assigned order number F1285 to this request (figure 5).

The next day, on August 30, 1907, the ABNC acknowledged the receipt of Peru's order (figure 6). They still had in their possession the original 1874 plates for both the 50 centavos deficit and the 50 centavos definitive stamps and wondered why they shouldn't use the 50 centavos deficit in lieu of the 50 centavos definitive plate. To resolve this question, on September 5, 1907, they sent a telegram to their agent in Lima, M. I. Prado & Ugarteche (figure 7). The cost of international telegrams at that time was based on the number of words. Companies used code words to substitute for phrases to reduce the cost of the telegram. As you can see on the attached document nonsense words were used in place of several multiple word phrases. The intent of the telegram was to clarify if they should engrave a new stamp or simply use the original 1874 plate.

Two more telegrams were exchanged between the ABNC and their agent. Finally, on September 17, 1907, the ABNC wrote to M.I. Prado & Ugarteche confirming that they understood that Peru wanted the current order of the 50 centavos deficit stamps to look like the example on their August 8 letter (figure 8). The ABNC evidently decided that the cheapest and quickest option was to use the 1874 50 centavos definitive plate to print the stamps and a newly engraved plate of DEFICIT images to overprint the definitive stamps. We speculate that they used a photographic process to duplicate the DEFICIT



Sept. 17th, 1907.

M. I. Prado y Ugarteche,
Lima, Peru

Dear Sir:-

We beg to acknowledge receipt of your cable of the 14th inst. answering ours of the 5th, as follows:

"New engravings deficit same style"

We therefore take it that it is the desire of the Postmaster General of Peru to have the same stamp reproduced as the sample inclosed in his letter of August 8th, marked "Model No. 5" for 50 centavos, and typed in black ink across the face "Deficit", the same as shown on specimen inclosed with the order.

Yours very truly,

JC.S. Vice-President.

This letter also filed in Letter-Copy Book #73 Page #363

Figure 8 – Letter September 17, 1907 from the ABNC to M.I. Prado y Ugarteche, acknowledging that they understood that Peru wanted the 50 centavo centavos deficit stamp to look like the 1896 overprinted issue.



Figure 9 – Block of 4 specimen stamps from the August 1907 order.

overprint on the sample attached to the August 8 order and used that to produce a new plate with 100 images of the DEFICIT overprint.

The DEFICIT overprints from 1896 and 1907 are the same exact size. The 50 centavos definitive stamps used for both issues are printed in the same ink colours. It is difficult to tell the difference between the two stamps. In 1989 the Christies auction house sold many of the ABNC files. Among those were sheets of Specimen stamps from each order that the ABNC had produced, including the 1907 order for a 50 centavos deficit stamp. I have a block of 4 stamps from the 1907 order. At the top is the order



Figure 10 – Judicial cover postmarked October 24, 1898.



Figure 11 – Comparison of 1896 and 1907 overprints.

date of August 1907 (figure 9). While there are no specimen overprints on these stamps, each stamp does have a 2 mm punched hole, which is typical of specimen stamps. I also have one of the only three recorded covers with the 50 centavos deficit stamp of 1896 (figure 10). It is a court cover, post marked October 24, 1898, and franked with a 20 centavos deficit stamp overprinted in 1897 and both a 50 centavos and 1 sol deficit stamp overprinted in 1896. Therefore, I was able to compare both overprints (figure 11). The attached photo shows that the 1896 overprint is sharper and crisper than the 1907 overprint. That is the only difference. During the photographic reproduction of the DEFICIT image, small imperfections would have occurred and this likely explains these small differences.

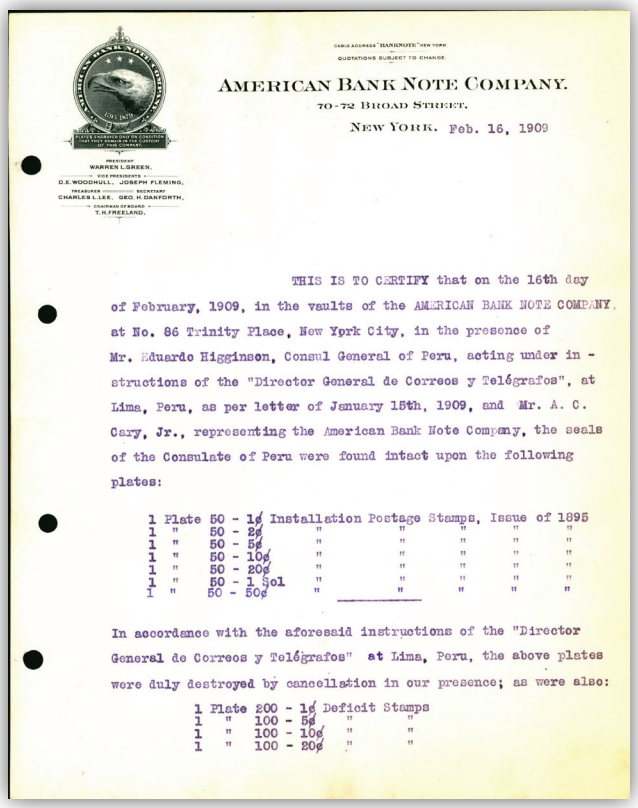
On November 25, 1907, the deficit stamp order along with other items was shipped to Panama on the steamship Colon and confirmed in a November 26 letter to M.I. Prado y Ugarteche (figure 12). The stamps likely arrived in Lima in late December and could have been placed in service as early as January 1908.

On May 25, 1908, Peru wrote to the ABNC requesting new designs of definitive, deficit and official stamps. On the same date, they also wrote to the Senior Consul of Peru in New York regarding the original 1866 contract between the ABNC and Peru. Specifically, they referenced clauses 6, 7 and 8;

> *6. When the plates have been engraved, they are to be sealed by the Consul of Peru in New York and to be deposited in the Company's vaults, and they shall not be broken, except for the purpose of taking prints therefrom, in virtue of an official order from the Director General of Peruvian Posts. Such removal and breaking of the seals to be witnessed by the aforesaid Consul or by such person as the Government shall commission to make sure that the seals are intact.*
>
> *7. The plates shall not under any circumstances be removed from the custody of the Company, but the Government reserves the right to have them destroyed whenever it shall consider it advisable to do so.*
>
> *8. The printing of stamps must at all times be done with the knowledge and in the presence of the Consul of Peru and local Notary Public, and the Company shall be under the obligation to remit to the Director General of Peruvian Posts, jointly with each shipment of stamps, a certificate issued by both the aforesaid officials, certifying to the quantity, quality and colour of the printed stamps, as well as to the fact that the corresponding plates have been sealed and deposited in the Company's vaults.*

Shortly thereafter, in a letter dated June 24, 1908, the ABNC acknowledged receipt of Peru's order for a new stamp issue and their request to destroy the plates from the previous issue. The ABNC advised Peru that they should postpone the destruction of the old plates until the new stamp issues were ready to be printed. On 21 July, Peru agreed to the postponement. The new stamps were shipped in December and were placed in service in January 1909.

On January 15, 1909, the Director General again wrote to the ABNC to request that all plates of previous issues be destroyed with the exception of the 2 soles featuring the bust of Columbus. The plates were destroyed on February 16, 1909, in the presence of Eduardo Higginson, General Consul of Peru. A three page letter listing all of the plates that were destroyed was signed by Higginson and officers of the ABNC (figures 12a, 12b and 12c). On the second page there are two separate plates of 50 centavos deficit stamps. We can only conclude that one plate was the original 1874 plate prepared by NBNC and the second plate was the DEFICIT overprints prepared for the 1907 ABNC order.



AMERICAN BANK NOTE COMPANY.
70-72 BROAD STREET.
NEW YORK. Feb. 16, 1909

THIS IS TO CERTIFY that on the 16th day of February, 1909, in the vaults of the AMERICAN BANK NOTE COMPANY, at No. 86 Trinity Place, New York City, in the presence of Mr. Eduardo Higginson, Consul General of Peru, acting under instructions of the "Director General de Correos y Telégrafos", at Lima, Peru, as per letter of January 15th, 1909, and Mr. A. C. Cary, Jr., representing the American Bank Note Company, the seals of the Consulate of Peru were found intact upon the following plates:

1 Plate 50 - 1¢ Installation Postage Stamps, Issue of 1895
1 " 50 - 2¢ " " " " "
1 " 50 - 5¢ " " " " "
1 " 50 - 10¢ " " " " "
1 " 50 - 20¢ " " " " "
1 " 50 - 1 Sol " " " " "
1 " 50 - 50¢ " " " " "

In accordance with the aforesaid instructions of the "Director General de Correos y Telégrafos" at Lima, Peru, the above plates were duly destroyed by cancellation in our presence; as were also:

1 Plate 200 - 1¢ Deficit Stamps
1 " 100 - 5¢ " "
1 " 100 - 10¢ " "
1 " 100 - 20¢ " "



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1 Plate 100 - 5 Soles Deficit Stamps
1 " 100 - 10 " " "

1 " 100 - 5 " Franqueo Stamps
1 " 100 - 10 " " "

1 " 200 - 1¢ Postage Stamps, Issue of 1895
1 " 200 - 2¢ " " " "
1 " 200 - 5¢ " " " "
1 " 200 - 10¢ " " " "
1 " 200 - 20¢ " " " "
1 " 100 - 50¢ " " " "
1 " 100 - 1 Sol " " " "
1 " 100 - 2 Soles" " " "

1 " 100 - 1¢ Postage Stamps, Issue of 1897
1 " 100 - 2¢ " " " "
1 " 100 - 5¢ " " " "

2 " 100 - 4¢ Telegraph Stamps, " "
2 " 100 - 40¢ " " " "
1 " 100 - 1 Sol" " " "

1 " 100 - 50¢ Deficit Stamps,

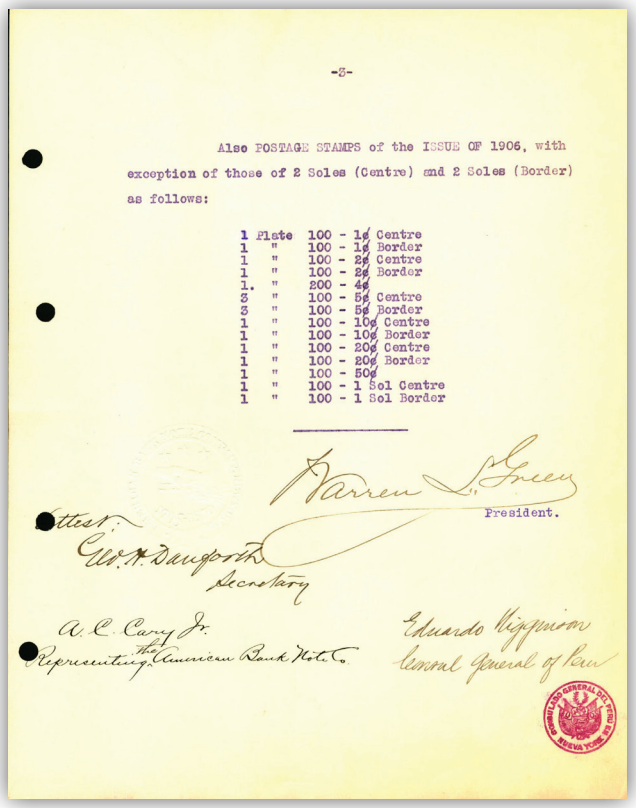
2 " 50 - 22¢ Postage Stamps, Border, Issue of 1900
2 " 100 - 22¢ " " Centre

2 " 100 - 1¢ " " Centre, 20th Century
1 " 100 - 1¢ " " Border, " "
1 " 100 - 2¢ " " Centre, " "
1 " 100 - 2¢ " " Border, " "
1 " 100 - 5¢ " " Centre, " "
1 " 100 - 5¢ " " Border, " "
1 " 100 - 22¢ " "

2 " 100 - 12¢ " " Centre, Issue of 1904
1 " 100 - 12¢ " " Border, " "

1 " 100 - 50¢ Deficit Stamps

Figure 12 – Letter signed by both Peru's General Consul in New York and ABNC executives acknowledging the destruction of old printing plates.



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Also POSTAGE STAMPS of the ISSUE OF 1905, with exception of those of 2 Soles (Centre) and 2 Soles (Border) as follows:

1 Plate 100 - 1¢ Centre
1 " 100 - 1¢ Border
1 " 100 - 2¢ Centre
1 " 100 - 2¢ Border
1. " 200 - 4¢
3 " 100 - 5¢ Centre
3 " 100 - 5¢ Border
1 " 100 - 10¢ Centre
1 " 100 - 10¢ Border
1 " 100 - 20¢ Centre
1 " 100 - 20¢ Border
1 " 100 - 50¢
1 " 100 - 1 Sol Centre
1 " 100 - 1 Sol Border

Warren L. Green
President.

Attest
Geo. H. Danforth
Secretary

A. C. Cary Jr.
Representing the American Bank Note Co.

Eduardo Higginson
General Consul of Peru

Finally, on March 4, 1909, Peru announced that they were going to sell old stamps that had been retired from circulation . Among those listed were 12,500 copies of a 50 centavos deficit stamp (red). This is probably a rounded number and could certainly contain all 10,000 copies from the 1907 order plus 2,500 copies from the 1896 overprinting. It is also possible that a few copies from the 1907 order were actually placed in circulation during 1908, before being withdrawn from usage in early 1909. There have not been any recorded used examples of the 1907 order, either on or off cover. However, used examples of single stamps are difficult to distinguish from the 1896 issue and used copies may eventually emerge. If used stamps from the 1907 issue do exist, they would most likely be the rarest used stamp in Peruvian philately.