

# Italian Government to Dump Billions of Unsold Stamps on the Market

## To err is human but to persist in error is diabolical

By Giorgio Migliavacca

**F**ears of a catastrophic decision that would negatively affect the market for Italian stamps emerged just before Christmas 2018, causing diplomatic – but highly concerned – responses from both Italian dealers and collectors. As is often said, the devil was in the details of the 2019 budget.

Subsection 617 of Article 1 of the Italian budget 2019 approved and gazetted on Dec. 31, 2018, as a “Nasty New Year” card for the philatelic world states:

*“For the purpose of promoting and popularizing, even at an international level, the national philatelic culture and for the purpose of increasing the value of unsold stamp assets and thereby avoiding the risk of their deterioration over the course of time, and in view of a huge unsold stock of no less than one billion stamps, including those denominated in a currency which is no longer a legal tender, and those with a face value not corresponding to any current tariff, the supplier of stamps [Poste Italiane] is hereby authorized to directly proceed to the sale of the [said remaindered] stamps as collectors’ stamps, at prices differing from those shown on them, even beyond the Nation’s territory, by means of stamp auctions...”*

Poste Italiane S.p.A. [shared company] is the Italian postal service provider. One of the main businesses of the company is BancoPosta, a division within Poste Italiane S.p.A., which provides postal savings services. The Ministry of Economy and Finance (Italy), which now owns 64.696% of Poste Italiane S.p.A., shared about 35% with Borsa Italiana. On May 25, 2016, a further 35% stake was transferred from the ministry to Cassa Depositi e Prestiti (CDP).

Subsection 617 is clearly aimed at increasing the treasury’s revenues by selling billions of old Italian stamps denominated in Euro, Euro & Lira and Lira through public auctions, as was done in the 1961-62 ministerial auctions that produced poor sales and nightmarish dropping of market value of the stamps of the Italian area, plunging them to an international all-time low. The recovery from such a fiasco took

decades and left a big scar that never healed. Rebuilding trust with someone who betrayed and hurt you is virtually impossible. Yet, for decades Italian collectors have been buying large quantities of stamps issued by Poste Italiane. Will this trend continue in the years to come? Pundits shake their heads, collectors are pessimistic and many dealers feel that the foundations of philately have been shaken to the point of catastrophe.

The philatelic cyclone had come in the shape of an amendment presented by five senators of the far-right coalition linked to Lega Nord. Reactions went viral on the Internet following negative comments from Senator Carlo Giovanardi during an interview with *Vaccari News*. Giova-



Editorial cartoon published by *Il Collezionista* in December 1961 in relation to the incineration of three cases of stamps not deemed auctionable. The cartoon shows the Minister of the Posts setting fire to the discarded stamps. The caption reads “The usual smoke,” referring to the Italian adage “Tanto fumo e niente arrosto” (all smoke and not steak), which is often used to describe political flops.

segue LOTTO N. 116

N.	Anno di emissione Année d'émission Year of issue Ausgabejahr Año d'emisión	Descrizione Description Description Beschreibung Description	N. di Catalogo N. de Catalogue Catalogue Number Katalognummer N. del Catalogo (SAISONNE 1961)	Quantità Quantité Quantity Quantität Cantidad
	1930	Comm.vi F. Ferrucci - sovr. « SIMI »		
128		cent. 20	12	515
129		cent. 25	13	515
130		cent. 50	14	515
131		Lire 1,25	15	515
132		Lire 5 + Lire 2	16	514
	1932	Comm.vi G. Garibaldi - sovr. « SIMI »		
133		cent. 10	17	19
134		cent. 20	18	19
135		cent. 25	19	19
136		cent. 30	20	19
137		cent. 50	21	19
138		cent. 75	22	19
139		Lire 1,25	23	19
140		Lire 1,75 + cent. 25	24	19
141		Lire 2,55 + cent. 50	25	19
142		Lire 5 + Lire 1	26	19

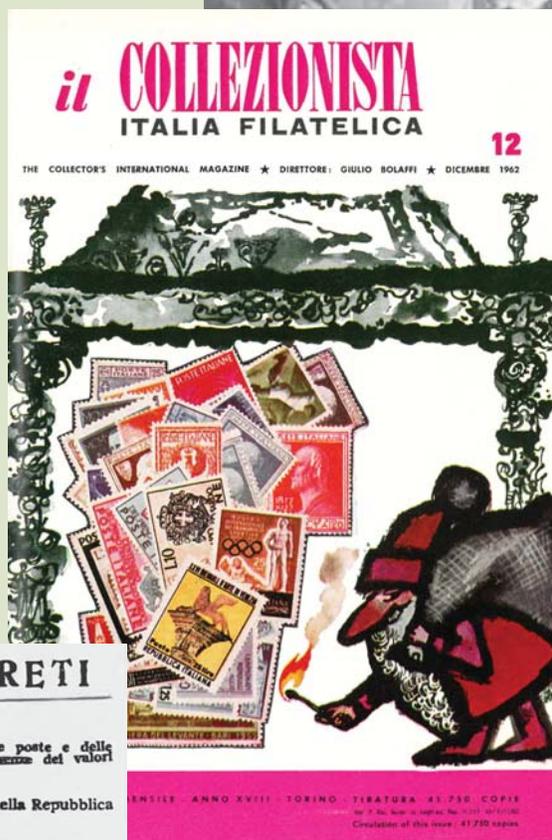
Part of the description of Lot 116 of the Ministerial Stock auction catalog, including 1930-32 stamps of the Aegean Island of Simi, in quantities ranging from 19 to 515 for the various denominations of the Ferrucci and Garibaldi sets.

nardi, former president of the group of parliamentary friends of philately, described the amendment as “wicked” and its end result as an “incredible mess.” Philatelic groups on Facebook have contributed to the widespread discontent that will certainly produce losses of votes for the two parties in power.

Obviously those suggesting to emulate the 1961-62 mammoth fiasco are not aware of the revenue Poste Italiane makes from stamp sales of new issues. In fact, Subsection 617 is going to have a dramatic effect on future stamp sales of new issues to collectors and dealers. Furthermore, the remaindered stamps to be auctioned have not been examined to check their condition. Another aspect is that a 1967 50-lire stamp used to frank a letter when it was issued, now corresponds to 2¢ (euro currency). If the government auctions the old stamps (1953 onwards) it may sell huge quantities of postally valid stamps well below their face values, generating additional losses to Poste Italiane. People may decide not to use adhe-



Above: Described by the philatelic monthly *Il Collezionista* as a “buffoon ceremony,” the picture captures Posts Minister Lorenzo Spallino throwing stamps not deemed suitable for the Ministerial Stock auctions into a large furnace built at Rome’s National Printing Works & Mint “for the purpose.” The article discloses that the prime-time RAI television news program *Telegiornale* was pressured to give extensive coverage to the philatelic “holocaust” (literally described as such by Bolaffi), RAI being at the time a government-owned monopolistic network. photo courtesy of *Il Collezionista*.



Left: The cover of the December 1962 issue of *Il Collezionista* shows Santa Claus delivering the best gift to collectors by setting the Ministerial Stock on fire.

Below left: The Dec. 24, 1966, law signed by President Saragat authorizing the incineration of the Ministerial Stock of stamps stored at the Philatelic Bureau premises in Rome.

## LEGGI E DECRETI

LEGGI 24 dicembre 1966, n. 1258.

**Autorizzazione all'Amministrazione delle poste e delle telecomunicazioni ad incenerire le rimanenze dei valori postali fuori corso.**

La Camera dei deputati ed il Senato della Repubblica hanno approvato;

IL PRESIDENTE DELLA REPUBBLICA

PROMULGA

la seguente legge:

**Articolo unico.**

L'Amministrazione delle poste e delle telecomunicazioni è autorizzata ad incenerire le rimanenze delle carte valori postali fuori corso esistenti presso l'Ufficio filatelico alla data di entrata in vigore della presente legge.

La presente legge, munita del sigillo dello Stato, sarà inserita nella Raccolta ufficiale delle leggi e dei decreti della Repubblica Italiana. E' fatto obbligo a chiunque spetti di osservarla e di farla osservare come legge dello Stato.

Data a Roma, addì 24 dicembre 1966

SARAGAT

MORO — SPAGNOLLI — COLOMBO

Visto, il Guardasigilli: REALE

SESTANTE - ANNO XVIII - TORINO - TIRATURA DI 750 COPIE  
 Per il No. 12 del 1966, No. 1258, 1259, 1260, 1261, 1262  
 Creazione di questa legge: 41.250 esemplari

sive stamps and be headache-free with computer-generated franking labels. In simpler terms, it is potentially “Italian Philately R.I.P.,” if the sales proceed. As

a matter of fact, reading Subsection 617 with the eyes of a stamp collector is like receiving insult after serious injury.

Sebastiano Cilio, president of the National Association of Philatelic Professionals, told the online *Vaccari News* that the auction(s) of remaindered stock will be a monumental flop and such stamps should be destroyed once and for all. Organized philately had repeatedly called for the incineration of remaindered stocks of stamps. On the same page is Piero Macrelli, president of the Philatelic Federation of Stamp Clubs. He said the sale would produce disastrous effects both for the hobby and for Poste Italiane. Noted Italian stamp writer Danilo Bogoni has also questioned the rationale for printing a high number of stamps when stamp sales clearly showed through the years that substantially lower numbers were actually selling. Actually,

UNA DECISIONE ATTESA DAI FILATELICI

# In cenere francobolli che valgono miliardi

Left: On May 11, 1966, the Florentine daily *La Nazione* published a scoop by Fulvio Apollonio headlined "Stamps worth billions to be incinerated."

Right: Under the vigilant eye of an armed escort, from Feb. 20-24, 1967, post office sacks filled with stamps to be incinerated were delivered by armored vans and unloaded at the headquarters of the Bank of Italy in Rome, where a furnace awaited them.

Photo courtesy of Sadea/Sansoni.

Below: Up they go into the furnace – stamps being loaded for incineration.

Photo courtesy of Sadea/Sansoni.



the printing quantities have gradually been reduced in recent years, but given the low demand there still remain large quantities of unsold stamps.

By mid-January 2019, Senator Gaetano Quagliariello presented a parliamentary question to Deputy Prime Minister and Minister for Economic Development, Luigi Di Maio. Giovanardi assisted Quagliariello on the technical aspects of the thorny situation. Quagliariello is now asking Di Maio if he is aware of the damage that would be caused to Poste Italiane in case of a massive sale of old stamps un-



Above: Some 11,000 60c 1863-65 definitive stamps of Italy were offered at the Ministerial Stock auctions of 1961-62. The 1958 Bolaffi catalog gave a retail value of 500 Lire (roughly 7 Euros in 2019) for a single mint, never-hinged very fine example. The 2019 Unificato catalog gives a retail value of 32 Euros. (After the 1966 “crack” of the Italian stamp market, the two major stamp catalogs of the time pursued different strategies. Bolaffi tended to reflect a bearish market for 20th-century stamps, while Sassone was reluctant to adjust to the new situation. The same has happened in recent years with Unificato being closer to the retail market transactions and Sassone giving decidedly higher retail values. The 21st-century catalog values are for very fine stamps.)

der their face value. Most importantly, he is asking if the Deputy P.M. knows about the 1961-62 fiasco of ministerial auctions of remaindered stamps and “whether he [Di Maio] knows the actual number of remaindered stamps and whether estimates of sales are envisaged at net of auction costs; if he is aware of the timing, that is, if and when sales begin, how they will be organized; also about the percentage reduction with respect to the face value; if there is already a list of the material to be sold; if the sales will be reserved to a certain type of buyers (for example dealers) or to anyone...”



Above: Also on the auction block in the 1961-62 sales were 10,000 seductive sets of two differently denominated triptychs of Balbo's 1933 mass trans-Atlantic flight; these stamps were printed in sheets of 20 triptychs, each overprinted with the name of one of the 20 pilots. Assuming that the 10,000 sets were mostly in full sheets of 20, that meant that 500 full sheets (or more) were offered, amounting to 250 sets of two sheets. They remained unsold and were incinerated in

1967. The 1958 Bolaffi catalog retail value of a set of two full sheets was 85,000 Lire – equivalent to 1,153 Euros in today's money. In 1967 the Sassone value of the set of two sheets was 1,600,000 Lire (or 15,875 Euros nowadays). The 2019 Unificato catalog indicates a retail price of 8,000 Euros (2 Million Euros in today's money for the 250 sets of two sheets). Please see note following the previous illustration regarding differences in catalog values.

Meanwhile, from Italy comes an avalanche of bad news about a proposed new law that will have devastating effects on collectibles. The text of the law has been approved by the Chamber of Deputies and is being sent to the Senate. Unfortunately, the law does not define to which cultural assets the rules should be applied and such vagueness implies that



Above: The 1945-48 Democratica definitive series, consisting of 23 values, is one of the key sets of the postwar collection of Italy. A total of 5,000 sets was placed on the auction block, but attracted no bids. The 1958 Bolaffi catalog showed a 2,000 Lire retail value for

each set (equivalent to 27 Euros in 2019). The 1967 Sassone catalog retail value was 65,000 Lire per set (equivalent to 655 Euros in 2019). Again, please see note regarding catalog values in caption on previous page.

anything can be considered, from grandmother's billets doux to the letters of the soldiers of World War I; from a vintage car to letters of creditors of the royal household. At this rate half of Italy will soon be in the court house.

### Are the roads to hell still paved with good intentions?

The story of the 1961-62 auctions of old stamps by the Italian Ministry of the Posts reads like "The trials, tribulations and demise of Phil Ately."

In 1891, the Italian Post Office set up its own "Philatelic Bureau" to sell old and newly issued postage stamps for the purpose of assisting the ever-growing number of stamp collectors. Needless to say, the older stamps were not sold at face value but at a market value. At the stroke of a pen the Post Office had become a stamp dealer – the biggest of them, of course – with the unique advantage of sitting on large stocks of mint stamps at little or no cost and with the privilege of manufacturing stamps and distributing them nationwide. Initially, the philatelic bureau operated as a branch of the Turin-based Warehouse of Security-Printed Stamps. However, in 1923 the bureau moved to Rome's Warehouse of Security-Printed Stamps. Finally, in 1926, it was placed under the management of Rome's province postal headquarters. A catalog-pricelist had been printed in 1895, followed by new editions every three or four years, the 1924 edition totalled 62 pages. By 1928 the catalog included a section listing the stamps of the Italian colonies, and by 1949 two editions were printed in one year.

This situation continued until 1952, when the feasibility of the operation came under scrutiny; it was then suggested to sell the ministerial stock. The proposal was accepted in 1953 and formalized in 1954, with a decree of the Ministry of the

Posts endorsed by the Ministry of Finance, with the proviso that from 1954 onwards all off-sale stamps were to be incinerated on an annual basis. This proviso was ignored, otherwise I would not be writing this article.

However, in December 1952, a new law (2,521) envisioned the construction of affordable housing for postal workers without specifying the needed funds and size of the project. This also was also consigned to oblivion, at least for a while, or until a bureaucrat mentioned it to the new Minister of the Posts.

A committee to organize and coordinate all aspects (estimates, market value, quantities, condition of the stamps, marketing strategies and such) of the proposed auctioning of the old stamps was installed. A ministerial decree was finally issued on Nov. 2, 1961, to define the quota of the old stock to be auctioned, the quota to be incinerated and the quota apportioned to the Postal Museum. At this time the Minister of Posts and Telecommunications was Christian Democrat and lawyer Lorenzo Spallino; he had been in that post since July 26, 1960, but died in 1962 during his second tenure. The idea of using proceeds from the stamp sales to fund the housing for postal workers must have looked to him like cheese over spaghetti – a godsend, politically and otherwise.

During the Autumn of 1961, copies of the auction catalog began to circulate, causing an uproar in the stamp world. On sale were large quantities of stamps of the Roman States,

Kingdom of Sardinia, Kingdom of Italy, Social Republic (RSI, including back-of-the-book issues), stamps of Italian Occupations, Trieste, Fiume, the Levant issues, Italian Colonies and the Italian Republic issues up to 1952. The major world catalog of those days, Yvert & Tellier, and some Italian catalogs decided to highlight in their listings the stamp issues included in the ministerial stock auctions, warning readers that prices of such stamps could plummet as a result of the auctions in Rome.

On Dec. 12, 1961, the first auction was held at the Ministry of the Posts, attracting a crowd of journalists, Italian and foreign dealers, collectors and officials. Not a single lot was sold. The sales that ensued produced poor results and – at the end – total sales amounted to 149 million Lire. Only 20 of the 148 lots on the auction block found buyers; 37 were withdrawn because the only offers from bidders were below estimates. After such sobering results the idea of holding future auctions was wiped out; futile attempts were made to lure in foreign stamp dealers in private-treaty transactions. The only parties interested offered a probable grand-total of 600 million Lire – or 10% of what the Ministry of the Posts had hoped to rustle up. Spallino was told by his advisers that any desperate attempt to sell the remaining stamps would have caused a total collapse of the sales of newly issued stamps. In 1966 a new minister, Giovanni Spagnoli, piloted a new law for the incineration of the stamp stock that was approved by cabinet on May 6, 1966.

After clumsy attempts from some politicians to obstruct the incineration, the new law was approved and gazetted on Feb. 4, 1967. On Feb. 20, 1967, concurrently with a ministerial decree, the first incineration of unsold stamps of the ministerial stock (up to 1953) took place at the Bank of Italy in Rome, where the furnace remained busy for four long days to get rid – once and for all – of millions of non-salable stamps. In the bonfire perished – among many others – 10,000 Balbo triptychs of the 1933 Transatlantic mass flight, as well as 5,000 “Democratica” definitive sets.

Although the end result of 149 million Lire was short of one million of the biggest national lottery of the 1960s, the costs involved, including those of a committee, consultancies and other expenditures incurred in the staging of the planned auctions did not leave much net profit for the highly touted postal workers housing project. It seems, however that the present government of Italy has not been informed about this colossal fiasco.

Oh well, the roads to hell are paved with good intentions. ☹️

#### Endnotes

F. Apollonio editor, various authors, *Enciclopedia dei francobolli*; Sadea/Sansoni, Florence, 1968.

*Il Collezionista – Italia Filatelica* monthly, Turin 1961, 1962.



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