Perhaps there is no part of a stamp dealer’s business more inaccurately estimated by his collectors than his profits. These are usually believed to be something enormous, being set down by the uninitiated at from 500 to 1000 per cent, and while admitting that the profits of some persons who call themselves dealers may reach that figures, still, amongst bona fide traders in stamps, they seldom reach one-tenth of the lowest-named figure.

Before we commence to discuss the subject of our title, we may as well call our reader’s attention to the fact that, there has never been more than seven persons or firms in the U.S. who made the sale of stamps their business; and at the present time there are only five firms who give their principal attention to this business. This will surprise many of our readers, who are ready to declare that they have traded with double that number in as many months, and have seen the advertisements of as many more; but do they know the persons who inserted the advertisement? Nothing can be easier than to start than the stamp business, all the capital required being from 50 to 75 cents, to put a five line advertisement in some amateur paper, and either pocket the funds derived from the investment, or else to send about 10 cents of the dollar to some dealer for a few stamps, and then supply their customer. There is one way of carrying on trade as a stamp dealer. Others will perhaps have $15, half of which they will spend in some nice note headings and advertisements, the balance in stamps, genuine or counterfeit, as the honesty of the person dictates. Again there is another class of person who wish to get a good collection of stamps, but have not the means to do so, they purchase packets of some respectable dealer, keep those they require for their own collection, and sell the balance for all they can get. Then there are boys that have left school, and are employed to run errands, or as clerks in the different cities, these advertise and use their employers post office boxes to transact their business in, some of these steal all the money sent, others send counterfeit stamps for the money they receive (which amounts to the same thing), and others buy what stamps they can from the boys, for little or nothing, and sell them again for what they can get. All these classes make from 500 to 1000 per cent profit on their transactions; but they are seldom of long duration, as those who carry on business honestly, either get disgusted with it, or being good boys, get advanced in their situations, and then give up the business for want of time. The dishonest ones, if they do not find out that “honesty is the best policy,” (which is seldom the case) are compelled to relinquish their evil ways, by their parents or employers. It is owing to this class of people that the stamp business is looked down on by a large part of the community, and mistrusted by those who, from their distance from large cities, are compelled to purchase stamps by mail. We were lately shown several amusing letters by a large house engaged in this business, from which we make the following extracts:

DEAR SIR,

I received the stamps that I ordered the other day, and was very glad to get them. I did not expect to get anything, for most dealers steal the boy’s money ...

GENTLEMEN,

Please send me your catalogue, send it by return mail, as I want to buy some stamps of you before you burst up ...
This from a boy whose letter was delayed three days:

SIR,

Do you think you can steal my money because I haven’t got a father; but I can just tell you you cant (sic), for I have been played that trick two or three times before, and if you don’t send me the stamps or money by return mail, I’ll tell every boy in the school that you are a thief.

These extracts will show some of the mischief done by these boys; but they have also caused many to give up their collections, on finding the stamps they had bought of these boys all counterfeit, became disgusted with collecting; others whom they have tempted to them large amounts, on the promise of receiving enormous discount, and then stealing the money, have left off collecting, or sold their collections, in disgust with stamps, and anything connected with them, and many have been deterred from commencing a collection, on seeing the great cost of it, owing to the enormous profits made by these boys, who call themselves dealers.

We will now turn to the legitimate dealers, and consider the profits made by them, of course the prices charged by different firms vary, but still the difference is very slight. It will be remembered in the first part of this article, that we stated there were five dealers; but of these five, there are only two that have over ten thousand dollars invested in the business; the others carrying a stock of from one to two thousand dollars. To carry out our argument, we will confine ourselves to noticing the two largest firms, as of course they make the largest profits, from the fact of being enabled to purchase in larger quantities.

These large dealers have agents to purchase their stock in different parts of the world, but these have to be paid; and if all the capital of the stamp trade of the world was invested in one firm, it would not pay to keep a person in every country that issues stamps. One of these dealers, in purchasing new stamps, would buy from one to five hundred dollars of a kind at a time, this is of course a small amount in comparison to the amounts invested in one of line goods by a merchant in any other business, and consequently the stamp dealer has to pay higher commissions, 25 per cent being about the most favorable terms on which he can purchase: but if there is any difficulty in procuring the stamps at the post offices, he often has to pay 50 to 100 per cent over the face value. To this we must add exchange and freight, which is about one thousand per cent more than the dry goods dealer pays, because being in small parcels, rarely exceeding two square feet in dimension, they have to be sent by express at high rates. Express companies often charging higher for small parcels than letter postage. Take for instance the stamps of Canada, there is about as much profit made on these as anything. The set sells for 80 cents, currency, they actually cost the American dealer 56 cents, which may be divided thus: 41 cents gold, 45 cents currency; commission for purchasing at 25 per cent, with freight and insurance on money sent – say 11 cents, this is calculating everything at the very lowest cost; but these figures only leave the dealer 30 per cent profit. Some of our readers may think that this is pretty large. Let us see what the profits realised in other businesses. Stationers make one-third on book and about one hundred and fifty per cent on note paper, etc., but how different the two trades are conducted. The stationer can at any time purchase any goods he desires, to sell at the above profits; the stamp dealer has no wholesale house where he can get his stamps; clean ones in present use, he can of course get by waiting from two weeks to three months; for cancelled stamps, he has to trust entirely, for however dealers may advertise themselves as wholesale and retail, it is simply nonsense; no dealer or any combination of dealers can fill 25 per cent of an order, such as would...
be given by a person wishing a good stock of stamps. This is a great disadvantage, if a firm wish to keep up their stock, they must keep an enormous stock, and buy every stamp that is out of use that comes along, for if they do not purchase when they have the chance, when they are in need of any particular stamp, they cannot obtain them. Again, a customer goes into a booksellers and asks for anything he may desire, pays for it and leaves, whereas there is not 10 percent of those who enter a stamp dealer’s store, have any idea of what they want. “They want to see some stamps,” and it is nearly as much pleasure to them to look over the stamps as to buy them, hence it is safe calculation to say that it takes an hour to sell one dollar’s worth of stamps, and as a salesman cannot wait on and answer the questions of over three at one, a large number of hands have to be employed, and large stores occupied to accommodate the customers, and as these have to be in good locations, one thousand per year is about the lowest rent paid, some paying double that figure.

We think if any one will consider the above, they will come to the conclusion that stamp dealers do not make such large profits after all and will join us in the opinion that, taken altogether, considering the difficulty of obtaining stock, and the class of people who disgrace the business, and are able to make as good a show in the country as the richest dealers, that it is the most tiresome and poorest paying business in which a man can invest his money.