

*THE EFFECTS OF INVESTORS AND INFLATION UPON  
THE AUTOGRAPH AND MANUSCRIPT FIELD \**

*by*

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The two areas most open to misconception are the effects of investors upon the autograph market, and the mentality of the average collector. It is necessary to understand the latter before considering the former.

The overwhelming majority of manuscript collectors are highly intelligent, self-assured individuals, capable of making judgments about acquisition based upon their own knowledge and their emotional reactions to individual pieces. They do not need to rely upon standard catalogues of values, nor do they employ standard criteria for acquisitions, such as the checking off of items from a list, or a standard grade of condition. The autograph and manuscript collector cannot rely upon the approbation of his colleagues and friends, because the average person has no appreciation of their collection. Additionally, the collector must contribute a significant amount of his own judgment to form a worthwhile collection; it is a reflection of how he or she views life and history.

This description of the autograph and manuscript collector applies to nearly all involved in the field; while it may also apply to persons in other collecting fields, these collectors are the exception. The numismatist relies upon catalogues telling him what dates and die varieties are needed for his collection and what to pay for these coins in the various grades of condition. The philatelist utilizes similar criteria. The collector of modern prints knows precisely the number of impressions, and much of the desirability of the prints is based upon its limited numbers. Investment counselors advise that these and similar items, which are manufactured as investment or collectors' items, are what people should collect

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and invest in. The collector of paintings has a very broad and comprehensive market upon which to base his prices; frequent auction sales, and the literally hundreds of galleries also reassure this collector of the popular interest in their field. The popular media consider this collector an erudite person and a shrewd investor. Whether or not the paintings have a significant emotional meaning to the collector is frequently not the principle consideration. Gordon N. Ray, President of the Guggenheim Foundation and former president of the Grolier Club, wrote in "The World of Rare Books Re-Examined" published in the *Yale Gazette*, "[Autograph and manuscript collecting] is perhaps the most complex and sophisticated area of collecting...the operation of appraising the appeal of an offering...is one which brings into play every resource of knowledge, taste, and intelligence at the command of the collectors.... Apart from the broad guideline suggested by the sales of related materials in the past, and such material is never really similar, the individual is on his own. He has none of the reference tools and comparative data that the book buyer can bring to bear in considering a purchase...." Ours is not a field offering what the typical investor requires. It is a field requiring more knowledge than the average investor is willing or capable of acquiring.

The other facet in understanding autograph and manuscript collectors is a comprehension of why they collect. The majority come to the field with an established interest, and their collecting is a further development of these interests. A person interested in Nathaniel Hawthorne, Abraham Lincoln, the American Civil War, the English Restoration, or Impressionism, collects autograph material in these areas and usually does not take on new collecting areas even when the material in his original field has been depleted. A significant percentage of collectors are actually collecting the subject and not the autograph. They are, therefore, among the least affected of collectors by trends or other non-personal factors.

Investing is commonly blamed by many collectors, dealers, and librarians as the cause of the constantly rising prices in our field. It has been stated and implied that investors have been coming into the manuscript field and significantly affecting prices. It is our opinion, based upon knowledge gained from having the largest vol-

ume of sales of autographs and manuscripts in the world, that this opinion is very incorrect.

We do not encourage investing in any way; we never advertise for investors, refuse to comment in interviews upon the investment aspects of autograph and manuscript collecting, and find the idea of establishing investment accounts as are advertised in many numismatic publications completely incompatible with our philosophy. Encouraging investment in autographs and manuscripts is contrary to the interests of everyone who truly cares about the material. Investing causes an artificial decline in the material available on the market for the collectors. A substantial percentage regularly disappears into institutions, or permanent collections, resulting in a rise in prices; this factor, however, has its basis in the preservation of the history of mankind, not in a manipulated scarcity.

Investors do approach us, nevertheless, and while we have always refused to comment upon what we think is a good investment and have never recommended any material as an investment, we do from our contacts with these individuals gain an accurate view of the amount of money that is involved. It can be argued that since we do not encourage investing, investors would not contact us, but I believe that we are sufficiently well-known through our catalogues and advertisements that few prospective investors would fail to contact us.

The amount of money which prospective investors mention to us, even if multiplied by a factor of two or three, is simply insufficient to significantly affect the market. It is also our opinion that much of the funds that are discussed are never spent on autographs and manuscripts because the prospective investor finds that the field is not as logical and orderly in its determination of prices as are many other areas in which he is invited to participate. One of the few investors in the field, the British Rail Pension Fund, has been very active in the London auction market, but its purchases still represent a very small percentage of the overall autographs and manuscripts sold.

An activity which is motivated by general inflation is an increase in acquisition by many serious collectors. They have com-

mented to us that money put into various investments was not keeping pace with inflation, while the autographs and manuscripts which they had been acquiring over the years had risen in value significantly beyond the inflation rate. These collectors are not investors; they are devoting more of their funds to their collections, in their normal field of specialization, and they have no intention of selling the material when prices rise. If these collectors were purchasing five sets of presidential documents and offering them for sale in several years, we would consider them investors. Another effect of inflation, and the considerably higher prices than a decade ago, has been an increased awareness of the autograph and manuscript market and the factors affecting value. Collectors are now asking many more questions about the specific items they are considering, and the field in general. When most autographs offered were under \$100 this was not the case; but with a significant percentage now selling over \$500, they are a substantial purchase for most persons, and they exercise intelligent care in making these decisions.

If investors are not causing prices to rise by creating artificial scarcities, what then are the causes? There are three principal ones. The most obvious one is general inflation; money is cheaper in terms of the total amount in the economy. Incomes are higher than ten years ago and collectors are now willing to purchase autographs and manuscripts which are proportionally more expensive. Ten years ago it could be argued that the potential market for a letter priced at \$10,000 was somewhat limited and this relatively limited market resulted in a \$10,000 letter being substantially rarer and more important than a factor of ten when compared to a \$1,000 letter. Increased incomes have altered that, and there are now large numbers of collectors financially able and interested in purchasing letters which are \$10,000. There is, therefore, considerably more demand and a much wider market, both major factors in causing values to rise.

The second factor is the declining amount of autograph and manuscript material available on the market and in private hands. The attics of America and Europe have quite literally been exhausted and relatively little new material is discovered compared with ten years ago. A substantial portion of all material is sold to

libraries or private collections intended for institutions.

The third major factor is the tremendous interest which has occurred in recent years in both collecting in general and in our history. Collecting in virtually any field, save perhaps philately was generally considered eccentric twenty years ago. This has, of course, changed radically. Rare coin and stamp shops now exist in seemingly every city in America and numismatic and philatelic publications are sold on many newsstands. Coin and stamp folders and catalogues can be found for sale in supermarkets. Manufactured collectors' items are advertised in the popular media. Collecting has indeed become a part of the normal enjoyment of life.

The increased interest in and awareness of our history certainly is at least partly a result of the extremely complicated nuclear world in which we live. History provides not only an insight into how apparently insoluble world crises have been survived in the past, thereby giving hope for our future, but also takes in a simpler world when the difficulties and hardships of life at that time have been forgotten. Collecting historical objects, which are, by virtue of being collected, immortal, transmits to the collectors a sense of this immortality in a world in which people increasingly feel mortal.

The greater awareness of collecting on the part of the general populace is frequently oriented towards the commercial value of the objects collected. News reports of high auction prices and the widespread circulation of philatelic, numismatic, antique, and art publications enables the average person to have a relative idea of the cost of these artifacts. When exposed to the autograph and manuscript field, it immediately becomes apparent that autographs and manuscripts are incredibly underpriced when compared to virtually all other collecting fields. Paraphrasing one of America's leading collectors: You cannot purchase even a second rate painting by a third rate impressionist for the same amount required to purchase the finest Abraham Lincoln letter ever offered for sale. Comparing the historical importance and rarity of what can be acquired for \$100, \$1,000, \$10,000 and \$50,000 illustrates my point further.

We have, therefore, a situation of general inflation, declining quantities, increasing demand and material priced substantially below comparable material in other fields. Under these circumstances it is completely reasonable and logical that prices continue to rise.