1924 CANAL ZONE OVERPRINTS ON PANAMA ARMS STAMPS

by Jim Cross

The 1904 Taft Agreement between the United States and Panama required the Canal Zone to use Panama postage stamps suitably overprinted with Panama receiving 40% of the face value of the stamps when they were sold.

The overprinting was usually done locally in Panama. However, in 1923 when Panama ordered a new ten value set of stamps with the design of its coat of arms, it arranged for the American Bank Note Company, which was producing the stamps, to include the overprint on the stamps to be used by the Canal Zone. The Canal Zone postmaster ordered all values of the set except the ½ centésimo.

The production file for this set was purchased by the late Dr. James B. Helme in the auction of the American Bank Note Co. files. I purchased it in the auction of his estate. It contains many details about the stamps. The typewritten schedule sheet for the set is dated 28 May 1923. It specified that this should be a new set of stamps in 10 denominations, that the vignette should be the Panama coat of arms, with "República de Panamá" above the vignette and "____ centésimos de Balboa" below the vignette with "the style left to you."

In spite of the latter direction, the first two designs prepared by the American Bank Note Co. were rejected by the government of Panama. I illustrate proofs of five centésimos stamps with these designs from the collection of Federico Brid. A third design was approved and work on the issue was begun on 17 Oct 1923. By that time it was apparent that the 2 centésimos stamps would be needed by the Canal Zone early in 1924.

The model (artwork) for the 50 centesimos stamp of the set contains a handwritten comment, "make 2¢ die first, great hurry for the above" In fact while there are models for the other nine values in the production file, the die for the 2 centésimos stamp was apparently prepared from artwork for another denomination, and there is no 2 centésimos model.

The cost card for the set shows engraving of the 2 centésimos stamp began on the 5th of November. The completed die was approved on the 9th and sent to the vault the next day. Engraving of the other values did not begin until the 22d of November and was completed by the 30th.

I show the die proof of the 2 centésimos stamp. The approvals of various department heads are shown by initials and dates in various colored inks. Additional approvals are shown on the reverse.

The plates for the stamps contain two panes of 100 (10x10) with a narrow gutter between. I show gutter strips of four from the plate proof of the unoverprinted 1 and 2 centésimos stamps.

There is no evidence in the literature of plate proofs of the Canal Zone overprints. It is not known whether the panes were separated prior to receiving the Canal Zone overprint, although this seems likely. On about 10% of the stamps the E of ZONE is lower than the letter ZON. The plate positions on which this occurs are unknown. This variety is not listed in the Scott catalog.

The American Bank Note Company entered its order number in the selvedge of each pane of stamps and retained a sample sheet of each stamp in each printing order. A round hole was punched in each stamp and the word SPECIMEN was printed on each in red. I show specimens of the nine Canal Zone stamps.

The American Bank Note Co. order number for this printing was F-7427 (F indicates this was a foreign order). I show a

block of the 2 centésimos stamp with this order number. Note the dropped E varieties on the stamps in the two lower corners.

In addition to the sheets of stamps the Canal Zone ordered booklets of the 1 and 2 centésimos stamps. These received order number F-7428. I show blocks of the stamps showing the strips of stamps which would be used in the booklet panes. These were never issued and no completed booklets are known.

The initial delivery of stamps was received by the Canal Zone Treasury via Panama in January and February 1924 according to "Canal Zone Stamps" (1). Only the 1 and 2 centésimos stamps were sent to post offices by the Canal Zone Postal Administration. These were used to fill requisitions by local post offices between 2 and 5 February 1924. There was no official first date of use. "Canal Zone Stamps" states the earliest known use on cover is dated 13 February 1924 (2). Issue 26 of the Canal Zone Philatelist states the owner of the cover at that time was George Stillwell, No photograph of the cover was published.

I show a 2 centésimos stamp used on a post card with a 14 February 1924 cancel from Ancon. The card with a Canal Zone stamp may have been mailed in the Republic of Panama as the post card also shows a Panama handstamp. The 2 centésimos stamp overpaid the 1 centésimo post card rate. Tourists often overfranked post cards, either because they did not know the correct rate or because they only had 2 centesimos stamps available.

It is not know whether all Canal Zone post offices received these stamps. Used stamps on covers or post cards have only been seen from Ancon, Balboa Heights, Cristobal and Gatun. Some of the smaller post offices may have had enough 1c and 2c stamps from previous issues to last until the end of June.

On 27 February the Canal Zone treasury delivered six hundred sets of the stamps to the Panama postal administration which were to be sent to the U.P.U. for distribution. However, complete sets were soon being offered by dealers in Panama, the United States and Europe and it must be assumed that these came from these 600 sets. I show the seven unissued values.

The Canal Zone Postal Administration was unable to break even while paying 40% of the value of stamps sold to Panama. For several years it had been requesting the abrogation of the 1904 Taft agreement which it argued was made only to assist the Panama government to get on a sound financial basis during the canal construction period.

The United States decided to take this step at the end of the current fiscal year on 30 June 1924. The government of Panama was notified, but the decision was not publicized in the Canal Zone until the publication of Circular 54 of the Postal Administration on 25 June 1924. This circular announced that the overprinted Panama stamps would no longer be sold after 30 June 1924, but that such stamps in the hands of the public could continue to be used until 31 July 1924 or could be exchanged for the new overprinted U. S. stamps.

Since this was a definitive issue which was widely available, there are few, if any, philatelic covers prepared while the stamps were current. Although the estimated use was 250,000 1 centésimo stamps and 510,000 2 centésimos stamps (3), the stamps are remarkably scarce on cover. Almost all of the recorded uses are on post cards or covers addressed to the United States.

I show a post card with the 2 centésimos stamp sent to Peru, the only use to a destination other than United States in my collection. I show a combination use on a registered letter with a 12 centesimos stamp of the 1917 pictorial issue paying the

registration fee. I also show a cover with two 2 centésimos stamps paying for a double weight letter.

I show a 1 centésimo stamp used on a post card on 1 July 1924, the first day of the grace period. The only philatelic cover in my collection is a registered cover franked with blocks of four of the 1 and 2 centésimos stamps and mailed on 31 July 1924. It was intended to be a last day of use. However, on 4 August 1924 the Canal Zone postal administration issued a circular extending the grace period for the use of the stamps until 31 August 1924. I have not seen any examples of use during August, but "Canal Zone Stamps" mentions their existence and states that there are examples of dual uses with overprinted U.S. stamps. (4)

I show use of the 2 centésimos stamp on a cover to Panama on 7 November 1924. While this was far after the expiration of the grace period, it may have been accepted because of its sender, the Office of the Inspector of the Headquarters, Panama Canal Department.

I wish to thank Federico Brid of Panama City for furnishing the photos of the proofs of the two unadopted designs.

References:

(1) Plass, Gilbert N, Brewster Geoffrey and Salz, Richard H. "Canal Zone Stamps" Canal Zone Study Group 1986 p118.
(2) Ibid.
(3) Ibid.
(4) Ibid p127.