

PO 'OLEKA O HAWAII



PUBLISHED BY: HAWAIIAN PHILATELIC SOCIETY

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Fellow Philatelists:

The time is drawing close for our HAPEX-81 - on January 30, 31, and February 1, at The Ilikai Hotel - and we are looking forward to meeting our mainland friends and the many visitors who will be attending the Show.

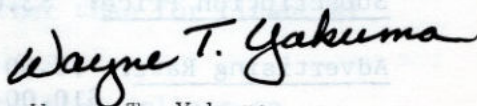
This has been a busy year for this Society, especially in the publication of philatelic material, which we feel is an important function of any society.

Earlier in the year, Edward J. Burns' two books, "Additions to Hawaiian Postal History", Volumes I and II, were made available.

Now, a third book is ready for distribution - "Aerophilatelic Flights - Hawaii and the Central Pacific - 1913-1946" - by L. J. Crampon. This is a fine, detailed listing of such flights, including illustrations.

Write to us for information on prices. All three books, of course, will be available for purchase at HAPEX-81.

Aloha,



Wayne T. Yakuma
President

1981

OFFICERS OF THE HAWAIIAN PHILATELIC SOCIETY:

President	-	Mr. Wayne T. Yakuma
1st Vice President	-	Mr. Max W. Starr
2nd Vice President	-	Mr. Dale P. Cruikshank
Secretary	-	Mrs. Virginia May Lewis
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Auctioneer	-	Mr. Glen Campman

MEETINGS:

Business Meeting and Auction - the 2nd Monday
of each month at Ala Moana Banquet Hall,
Honolulu, at 7:30 P.M.

Swap Meet - the 4th Monday of each month at the
Kaimuki Christian Church, Honolulu, at
7:00 P.M.

"PO'OLEKA O HAWAII"

Editor - Mrs. Virginia May Lewis

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CLAY TABLETS

(Reprinted with the kind permission of
The National Postal Museum of Canada)

One day about 2000 B.C., a Hittite merchant in Asia Minor dictated a letter of instructions to his agents. Deftly, the scribe taking the dictation manipulated a reed stylus between thumb and forefinger of his right hand, impressing tiny wedge-shaped marks into the tablet of damp clay he held in his left. Quickly the marks, singly and in simple combinations, spelled out in cuneiform Assyrian the merchant's message.

When he finished the letter, the scribe took another piece of clay, flattened it against a smooth surface, reducing it to the thickness of piecrust. Then he folded the still damp letter into his damp sheet of clay and pinched off the excess. Now he had a tamper-proof envelope enclosing the letter. On this envelope he wrote a duplicate of the original message.

If there happened to be any dispute, the parties to the transaction could go before a judge, who could settle the dispute simply by breaking off the envelope. Since outside and inside messages were supposed to be identical, any discrepancy would readily be detected.

It would be easy to detect other fraud attempts as well. Any effort to remove the envelope to alter the original would result in a destroyed envelope. Clay shrinks considerably in drying. The original therefore would shrink by about one fifth after being exposed to the air. Consequently, any new, damp envelope on the now dry original would shrink and crack off the hardened original. Thus, the ancient writing medium, clay, provided a durable writing surface and a degree of protection rare even today.

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ALASKA-HAWAII-RUSSIA: THE SEARCH BEGINS

By Dale P. Cruikshank

In 1741, Vitus Bering set sail from Siberia to explore further the strait that bears his name and the coast of Alaska and America that was first sighted by a Russian navigator ten years earlier. Bering's ship was wrecked and he soon died on what is now called Bering Island.

In the 30 or so years following this event, the Russians were active in exploring the North American coast, and fur hunters and trappers from Russia were soon exploiting the natural riches of the newly found land.

Strife in what was called Russian America caused the Russian government in 1799 to create a semi-official company called the Russian American Company to handle the trade and regulate the activities on the shores so distant from St. Petersburg. Alexander Baranov was the resident director of the Company, and in 1804 he founded Sitka. In the years up to 1861 when the Company's last charter expired, Russian influence dominated Alaska and much of the northwestern coastline of North America.

In the struggle to supply Russian America with food and materiel, Baranov pursued the few resources available to him, pushing south as far as northern California. He also sent ships to the Sandwich Islands in search of food and other materials. The long supply line from European Russia required over a year for materiel, animals, and personnel to struggle across Siberia, across the Lena River at Yakutsk, and finally to the port at Okhotsk on the Sea of Okhotsk. From there, the sea voyage to Sitka and other Alaskan ports was another major hardship to endure.

The Russians, under the auspices of the Russian American Company, began their contact with the inhabitants of the Sandwich Islands in search of food and sandalwood in 1804, in what was later to become a fiasco involving a German representative of the Company, King Tomari (Kaunauli of Kauai), and King Tomi-Omi (Kamehameha of Oahu and elsewhere). Sheffer, the German, was resident in the Islands from 1815 to 1817, during which time dispatches were sent to Company headquarters in St. Petersburg and to Baranov in Sitka. Documents of allegiance of the Hawaiian kings were signed, three forts were built on Kauai, and large parts of several islands were nominally ceded to Russian control.

The traffic in letter and dispatches was carried, of course, by ships, not all of which were Russian. While much of the material has been lost in archives in Russia and in the "40 wagonloads" of Company archival material that have disappeared, some documents of crucial importance to Hawaiian history have been preserved, at least in second or third-generation copies and translations.

The Russian American Company maintained contact, though sporadic, with the Sandwich Islands until its demise, but few documents from this period exist.

The Imperial Government of Russia maintained a Vice Consul in Honolulu during the last half of the 19th century up through the first World War; the Vice Consul reported to the Consul in San Francisco and to the Russian Embassy in Washington, D.C. A modest file of records of Honolulu Vice Consular correspondence has recently been discovered, and copies now exist in the University of Hawaii library. The records there show that official dispatches and ordinary mail between Hawaii and the United States and St. Petersburg were carried by various ships.

The overland route across Russia and Siberia and thence by ship to Hawaii or Alaska (or later San

Francisco) was surely used for mail and official dispatches, but the ship route from St. Petersburg via the Atlantic to the Pacific destinations was in use as well. While copies of some of these materials exist in the archives, there is little information on the routes they took though in principle this information can be found for at least some cases.

After the completion of the rail lines across North America, an additional route was from Russia to the United States by way of the Atlantic, across North America by rail, and then to Hawaii by sea again. This was, in fact, the route taken by at least one piece dispatched from a Russian point on August 8, 1891, arriving in Honolulu about August 28th (see my article in PO'OLEKA O HAWAII, Issue No. 14, dated January 1979).

In order to explore the postal routes and possible ship markings on mail sent between Russia and Hawaii and Russian America, I am searching for postal history material for the period 1800-1914. Letters and dispatches originating in Russia, Alaska, or Hawaii, and destined for these areas are of interest.

Collectors of Hawaiian postal history who have access to or knowledge of any relevant material can help in this research project by letting me know what might be available for photocopying, study, or even for sale or trade.

Your help in this difficult project will be greatly appreciated! Please address your correspondence to: Dale P. Cruikshank, Institute for Astronomy, 2680 Woodlawn Drive, Honolulu, Hawaii 96822.

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WHY FANNING ISLAND NEVER HAD STAMPS

By Sherman Lee Pompey

David Cuthbert, the first Station superintendent on Fanning Island, was also the first Postmaster. Of the pre-cable station postal history, we know nothing. We have records of correspondence between Henry English and the British Consul General in Honolulu, but we can only assume that this mail was carried by the passing whalers going to Honolulu. We know of no correspondence from this time that has survived. The earliest known (at this date) Fanning postal history piece is a private mailing card addressed to Melbourne with a Melbourne machine cancel of 14 December 1903.

In November 1902, the New Zealand government opened the first post office, a few days before the Cable Station opened. David Cuthbert was a philatelist and suggested to the New Zealand government that they would like either a separate issue or overprinted stamps like Niue and Penrhyn. He states that he spoke for the entire population of Fanning - all twenty of them - but he failed to give the number of people there to the New Zealand government. His letter of 3 March 1903 received a reply, suggesting that the Pacific Cable Board would have to get the permission of the Imperial Government, and that ended the matter.

When David arrived at Fanning, he had brought some 1d lilac British stamps from Ireland with him, but we have no record of any of these ever surviving. If someone found one of them with a Pacific Cable Board imprint on it and could get it certified as a genuine Fanning postmark, they would really have a great find!

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THE FIRST ISSUES OF HAWAII
(Scott No. 1-26)

By Col. Pat Hogan

(Courtesy of The Philatelic Foundation, New York)

The first postal issues of Hawaii were authorized by an Act of the Legislature of June 28, 1851, which reaffirmed the Decree of the Privy Council of December 20, 1850. H. M. Whitney, Postmaster of the Kingdom of Hawaii, took the necessary steps to have the stamps designed and printed. Mr. Whitney was, in fact, the designer of the stamps.

Since any sort of fancy engraving would have to come from the mainland, the designs were created from the loose type and ornaments available at the Polynesian or Government printing office. The ornaments used in these designs were not to be found in any other government printing but did appear in a religious pamphlet, "Te Aniani" (The Mirror), published by the Catholic Mission Press. The type, on the other hand, was the same sort as that used by the American Mission Press for their temperance periodical, "The Friend" in 1844.

The first postal issue was placed on sale October 1, 1851. This issue is known as the "Missionaries", due to the fact that it appears on the mail from missionaries to family and friends abroad. There were four "Missionary" values: 2¢, 5¢, and two 13¢. (Scott Nos. 1 through 4)

The Boston issue replaced the earlier "Missionaries". This name came from the fact that they were engraved by a person named Dearborn of Boston and were printed by someone named Holland who had his shop in a school near Province Court.

The first printing arrived in Honolulu in April 1853 and was placed on sale in May. There were two denominations: 5¢ and 13¢. Due to a change in U.S. postal rates, the 13¢ stamp became practically useless in 1855. A second printing of the 5¢ stamp came into use in 1857 (and due to the shortage of that value, a manuscript "5" on the 13¢ issue was in use from February to August 1857). A third and fourth printing followed. The fourth printing is considered to be reissues. (Scott Nos. 5 through 11)

The last issue considered here is the "Numeral" issues of 1859. Often called the "Plain Border Numerals" to distinguish them from the "Missionaries", these stamps were used mainly for inland postage until an engraved 2¢ stamp could be obtained from Boston. For various reasons, there was a 1¢, a 2¢, and a 5¢ of this design. Although intended for short term use, they were in use from 1859 until 1866. (Scott Nos. 12 through 26)

The Philatelic Foundation of New York has expertized almost 800 of these early Hawaiian stamps, and an analysis of their findings is listed on the following pages.

References:

Hawaiian Numerals, H. J. Crocker, (1909)

Hawaii, Its Stamps and Postal History, H. A. Meyer, F. R. Harris, W. J. Davey, J. K. Bash and others, The Philatelic Foundation, (1948)

An analysis of Certificates issued from 1945 to April 1980 by The Philatelic Foundation for the first Hawaii issues (No. 1 to No. 26):

Scott Number	Number Submitted	Genuine	Not Genuine	Covers	Not Genuine	Reissues
1	32	7	25	0	0	0
2	39	25	14	2	0	0
3	37	19	18	2	0	0
4	24	18	6	2	0	0
5	57	55	2	18	7	15 *
6	36	24	12	11	5	0
7	63	41	12	6	0	0
8	45	41	4	23	8	8 *
9	24	21	3	15	3	4 *
9a	3	2	1	0	0	0
10	4	3	1	0	0	0
10R	1	1	0	0	0	0
11	14	12	2	0	0	0
11R	1	1	0	0	0	0
11S	1	1	0	0	0	0
12	62	21	41	0	0	0
13	48	19	29	3	0	0

14	23	2	2	2	0	0	0
15	17	13	0	0	0	0	0
16	18	6	6	2	0	0	0
16a	3	0	0	0	0	0	0
16c	2	1	0	0	0	0	0
16d	4	0	0	0	0	0	0
17	38	16	22	2	0	0	0
18	19	17	2	0	0	0	0
19	32	25	7	0	0	0	0
20	11	7	4	0	0	0	0
21	19	9	10	7	2	0	0
22	19	17	2	2	0	0	0
22a	3	2	1	0	0	0	0
23	11	8	3	1	0	0	0
24	26	19	7	0	0	0	0
25	13	11	2	0	0	0	0
26	9	9	0	0	0	0	0

NOTE: These figures reflect the number of items submitted. In some cases, these were multiples. The figures on the covers submitted include those with mixed U.S. and Hawaiian postage. The * refers to items submitted as genuine items but were considered to be reissues.

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THE WALLPAPER INDEX

Who's issuing wallpaper? Here's a ten-year (1969-78) survey of British islands, with entities extant for less than 10 years (*) weighted. The Wallpaper Index (WPI) is arrived at by multiplying souvenir sheets times four (they average four stamps each), adding the total single stamps, and dividing by the 10 years. In a similar manner, WPIs for other countries over any number of years can be computed. If the WPI is over 20, caveat emptor...

Island	Stamps	S/S	WPI
Great Islands:			
Cocos	23	0	2.3
Tokelau	52	0	5.2
Christmas	59	3	7.1
Pitcairn	84	4	10.0
St. Helena	99	3	11.1
Norfolk	119	1	12.3
Niue	110	5	13.0
Fiji	132	4	14.8
Ascension	108	11	15.2
Tristan	126	8	15.8
Bermuda	149	3	16.1
Malta	154	2	16.2
Guernsey	166	1	17.0
Jersey	195	1	19.8

Near-Great Islands**:

Penrhyn*	71	8	17.0
Mauritius	136	10	17.6
Virgin (Br)	147	9	18.3

**WPI within acceptable limits, but demoted for issuing more than two souvenir sheets in any one year.

compiled by:
Richard M. Langworth
Burrage Road
Contoocook NH 03229

Island	Stamps	S/S	WPI
Apprentice Paperhangers:			
St. Kitts	184	5	20.4
Solomons	185	6	20.9
Seychelles	172	9	20.8
Papua-N.G.	210	1	21.4
Caymans	175	10	21.5
Jamaica	176	11	22.0
Barbados	173	12	22.1
Isle of Man*	216	3	22.8
Trin-Tobago	141	24	23.7
Turks-Caicos	198	11	24.2

Master Paperhangers:

Montserrat	184	18	25.6
Bahamas	157	25	25.7
Samoa	194	16	25.8
Aitutaki*	195	18	26.7
St. Lucia	214	14	27.0
New Hebrides	260	6	28.4
St. Vincent	272	8	30.4
Anguilla	275	21	35.9
Tuvalu*	372	3	38.4

Doctors of Paperhanging:

Cook	257	36	40.1
Tonga	421	0	42.1
Antigua	314	36	45.8
Dominica	364	55	58.4
Maldives	491	52	69.9

Paperhanger Nonpareil:

Grenada	594	80	91.4
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From Thom. G. Thrum's HAWAIIAN ALMANAC
AND ANNUAL FOR 1921

A TIMELY STAMP RESCUE

At the Fifty-fifth Annual Conference of the American Philatelic Society, held at Providence, R. I., the remarkable find of several Hawaiian so-called "missionary" stamps, some ten or more years ago, was reported at their closing banquet, by A. W. Batchelder, formerly of the New England Stamp Co. The discovery was made in tearing down an old tannery, in Newark, N. J., that had been disused for over 35 years, in the furnace of which was found a pile of partly burned papers, and among the debris a letter with a 2 and a 5 cent first issue Hawaiian postage stamp.

Questioning the finder for possible other rescues, another half burned letter was shown, on the remaining portion of its envelope front was a strip of three 13 cent Hawaiian stamps of the first issue, burned out at two points on the edge. These stamps were sent to an expert in Paris, and mended at a cost of \$250, and sold subsequently to H. J. Crocker for \$2,500. The first letter with its 2 and 5 cent stamps went into the Worthington collection, costing him the modest sum of \$5,000. Thus the two letters rescued from the burning realized \$7,500.

THE TWO-CENT KALAKAUA ERROR

By L. J. Crampon

An error, a deviation from accuracy, exists among the 2¢ Kalakaua stamps of old Hawaii. A careful examination of the 2¢ stamps in various colors and shades will reveal an interesting printing variety, noticeable in the frame at the top of the stamp above "POSTAGE". Heavy inking tended to fill in this space, light inking tended to leave it blank. But this is a variety, not an error.

Normally, the 2¢ Kalakaua was released as perforated 12, although imperforated copies are known to exist. It may be that not more than two sheets escaped the perforations. This is definitely an error but not the error considered here.

As a background, a word about Hawaii's 2¢ stamps is needed. Until the late 1850's, regular mail was carried within the Islands without charge, the 2¢ "Missionary" having been intended to pay the postage on newspapers and other printed matter to the United States mainland. With the new rate for ordinary mail, additional 2¢ stamps were needed. This demand led to the various 2¢ "Numerals", to the 2¢ Kamehameha IV imperforates, and - finally - to Hawaii's first perforated stamp, the 2¢ Kamehameha IV orange red of 1864. Between the time of the first issue of the Kamehameha IV orange red (Scott No. 31) and the Honolulu Harbor carmine (Scott No. 81), nearly 23 million 2¢ stamps were produced for sale in Hawaii.

The 2¢ Kamehameha IV went through ten printings and was produced in two colors with a combined print order of 2,285,000 stamps. Soon after David Kalakaua became king in February 1874, the decision that his portrait should appear on Hawaii's most used

stamps was reached. In October, the first 2¢ Kalakaua was ordered from the National Bank Note Company to be placed on sale in Honolulu the following March. In mid-1882, a color change was made.

The 2¢ Kalakaua is recognized in three colors and went through 17 printings with a total of 10,625,000 2¢ Kalakaua stamps being issued.

Following the death of Kalakaua, his portrait on the 2¢ stamp was replaced by that of his sister, the new queen, Liliuokalani. The dull violet Liliuokalani went through two printings, in 1891 and 1893, and totalled 2,500,000 stamps.

Here, let us focus our attention on the seventh printing of the 2¢ Kalakaua, the stamp ordered in April 1882, and placed on sale in Honolulu that July.

Early collectors have referred to this stamp and all subsequent printings as rose pink, in various shades. (See Walter M. Giffard, Descriptive Catalogue of the Postage Stamps of Hawaii, Honolulu, 1893.)

Later, a distinction was made between the color of the 1882 printing - lilac rose - and the color of the 1883 and subsequent printings - rose. Such catalogues as Scott and Minkus recognize this difference and list the color variations as two distinct stamps, a procedure not applied to the color variations of the 2¢ Kamehameha IV orange red and vermilion. Others, such as Yvert and Tellier, merely list the lilac rose as a variety of the rose, the procedure followed by Scott for the 2¢ Kamehameha IV.

The error of the 2¢ Kalakaua occurred much later and can in no way be attributed to the Hawaiian Post Office or the printers. The error occurred when someone, discovering that there were more brown and rose stamps than lilac rose, classified the lilac rose as "rare". Possibly this unfortunate classification was based upon a tabulation somewhat as below:

PERCENTAGE DISTRIBUTION OF THE 2¢ KALAKAUA STAMPS

<u>Color</u>	<u>Total Issued</u>	<u>Issued Without Overprint</u>
Brown	33.9%	34.1%
Lilac rose	7.1	7.3
Rose	<u>59.0</u>	<u>58.6</u>
All colors	100.0%	100.0%

The lilac rose is rarer than either the brown or the rose, but three-quarters of a million lilac rose stamps were issued and sold without overprint. In comparison with other perforated stamps of old Hawaii, rare the lilac rose is not.

In the tabulation on the opposite page, Hawaii's 2¢ perforated stamps are arranged in descending order of quantity sold by the post office, the quantity issued less the quantity overprinted or officially burned.

Note the Scott value of the lilac rose, \$70 mint or \$25 used! If we assume that price or value varies inversely with the quantity available (a logical assumption that applies to the vast majority of Hawaiian stamps), then we would ask why the lilac rose is more valuable than the rose overprint, the Kamehameha IV vermilion, the brown overprint, or the vermilion overprint.

Or, look at it another way. A total of 58 perforated stamps - excluding the six officials - were issued by the Monarchy, the Provisional Government, and the Republic. The number of copies sold by the post office varied from 50 for the overprint color errors to more than six million. However, the quantity sold of 42 (72.4%) of these was less than that of the 2¢ lilac rose. Or, if we classify the 2¢ lilac rose as rare, then the following should be classified as rarer: the 5¢ greenish blue, 5¢ black

THE 2¢ PERFORATED STAMPS OF HAWAII, 1864-1899

Scott No.	Description of Stamp	First Issued	Quantity Sold*	1980 Scott Specialized	
				Mint	Used
43	Kalakaua, rose	1883	6,025,000	\$2.75	\$0.75
75	Honolulu Harbor, brown	1894	4,990,000	2.00	0.60
35	Kalakaua, brown	1874	3,562,500	4.00	1.65
81	Honolulu Harbor, carmine	1899	2,384,500	1.10	0.65
31	Kamehameha IV, rose vermilion	1864	2,160,000	6.00	4.00
57	Prov. Govt., dull violet (#52)	1893	1,325,000	1.10	1.10
52	Liliuokalani, dull violet	1891	1,175,000	2.75	1.10
38	Kalakaua, lilac rose	1882	750,000	70.00	25.00
66	Prov. Govt., rose (#43)	1893	250,000	1.10	1.28
31a	Kamehameha IV, vermilion	1887	118,750	6.00	4.00
56	Prov. Govt., brown (#35)	1893	37,500	4.00	6.50
65	Prov. Govt., vermilion (#31a)	1893	6,260	32.50	30.00

* Quantity sold (by post office) equals the quantity issued less the quantity either overprinted or officially burned.

blue, 10¢ black, 10¢ vermilion, 12¢ black, 12¢ red lilac, 15¢ red brown, 18¢ dull rose, 25¢ gray, 50¢ red orange, and \$1.00 salmon of the Monarchy, plus the 10¢ yellow green, 12¢ blue, and 25¢ dark blue pictorials, plus all but two of the Provisional Government overprints. Note that some of these "rarer" stamps of old Hawaii carry a mint catalogue value of as low as \$1.10.

Scott No. 38, Minkus No. 36, Yvert and Tellier No. 30a, Davey No. 49, or however you want to identify it - the 2¢ Kalakaua lilac rose is probably the most overpriced stamp of Hawaii. Is this not an error? A good mint copy should probably command between \$8.00 and \$10.00. Here is an error in pricing resulting from an error in the assumption that the 2¢ lilac rose is rare, an Hawaiian philatelic myth.

On the other hand, if a mint copy of the 2¢ lilac rose is worth \$70, then the Kamehameha IV vermilion, without overprint, should be selling for about \$225, and, with overprint, for about \$600.

Should you have a copy of the 2¢ lilac rose, put it aside. At the present inflation rate it may well be worth \$70 in 20 to 25 years.

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"A HISTORY OF THE STAMPS OF HAWAII: 1851-1900"

This informative story of the stamps of Hawaii also contains a price comparison between 1970 and 1980; a rarity list of 60 Hawaiian stamps; a set of eight 5x7 color photos of all Hawaii issues; plus a selection of forgeries and counterfeits.

This book is available for \$5.00 postpaid, from Col. Pat Hogan, 427 Kawaihae Street, Honolulu, Hi. 96825.

Also available: Hawaii stamps from No. 5 to No. 82; the Officials; the Revenues; the Kahului Railroads; Envelopes (with blue insides); Postal Cards; and a stock of Hawaii's Town Cancells and Postmarks.

Col. Pat Hogan
427 Kawaihae Street
Honolulu, Hawaii 96825

According to a survey of the U. S. Postal Service, there are said to be about 22 million Americans, 12 years and older, who identify themselves as stamp collectors. That is about 11% of the population. The survey was taken in 1976.

It was also reported that most of them collected for fun rather than for financial gain.

They spent some 1.3 billion dollars on their hobby in 1976, about half of the total sales of the U.S. hobby industry in the same period.

* * * * *

ADVICE FROM A MEMBER --

A major expense of a family is the rising cost of sending a child or grandchild to college. This expenditure can be paid with rare stamps - possibly with some which have appreciated in value. At the same time, you can save income taxes.

Suppose you have a child who is about to go off to college. There are many expenses. At the same time, you have one or more stamp collections.

Give the collection to the child. Remember that you can give \$3,000 per year (\$6,000 if married) to each child without having to file a gift tax return. [Technically, you can give more without paying a gift tax due to a so-called unified credit.] There is no certification to prove a gift. But, if a gift exceeds \$3,000 (\$6,000) to any donee during a taxable year, be sure the parent files a gift tax return and pays any gift tax.

The child, after a month or two, asks you to sell the collection. The child sells the collection at an auction to a firm or on one of the stamp listing exchanges. The money is then used by the child to pay college expenses.

What about any gain on the sale of the stamps? The child picks up your tax basis in the stamps. For example, suppose the parent's tax basis is \$500 and the collection is sold by the child for \$4,000. The child is taxed on this \$3,500 gain at capital gain rates (assuming the child is not a dealer). The child is probably in a much lower tax bracket than the parent, so there is a significant tax savings.

But, do not give loss stamps away. Give only appreciated assets. If you give away loss assets, a special basis rule keeps both the parent and the child from obtaining any deductible loss.

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