

Preciousness Redefined: The Modern Concept of a Gem

Man's first and instinctive appreciation was the truest, and it has required centuries of enlightenment to bring us back to this love of precious stones for their esthetic beauty alone.

G.F. Kunz, 1908

As medieval times passed to modern, the relative importance of external concerns about the medicinal or talismanic significance of gemstones slowly begins to recede. The innate beauty of the gemstone becomes central. Today few people seek out an emerald to cure disease, an agate to use as a shield against the evil eye, or the amethyst to ward off drunkenness. In developing connoisseurship in gemstones, beauty has become the defining criterion.

The dawning of our modern age brought little in the way of unanimity on the issues of which gems were precious and which were not, unsurprisingly. The great gemologist Max Bauer, writing in 1904, maintains: "Minerals which combine the highest degrees of beauty, hardness, durability, and rarity — diamond, ruby, sapphire, and emerald, for example — are by common consent placed among the foremost rank of gems." Bauer further states that "it is impossible to draw a hard and fast line between precious and semi-precious stones," and that "the minerals that must be reckoned as precious stones are by no means fixed in number." Why? Because, says the great mineralogist, it depends largely on "the fashion of the day." Bauer includes as precious most transparent stones (except amethyst) and

two translucent gems, opal and pearl.¹³

The English gemologist G-F Herbert Smith, writing twenty years later, includes among the precious gems diamond, ruby, sapphire, and all forms of beryl (emerald, aquamarine, morganite), excluding all others.¹⁴ Other writers have made different lists. All have included the "big four" but most have agreed on little else.¹⁵

Grading standards: the market

One barrier to developing connoisseurship in gemstones is that many experts, mainly dealers, maintain that there are no objective standards of judgment in the appreciation of gemstones. Beauty is, after all, in the eye of the beholder. The aficionado will hear that phrase repeated *ad nauseam*. If there are no standards, then the stone that the dealer across the counter is trying to sell is obviously the best choice.

The fact is that there are very definite standards for the grading and valuing of all gemstones in the world market. The market is the place where all the sophistry and all the nonsense about beauty and the eye of the beholder get swallowed up and vanish without a trace. The same experts who contend that collectors in the West prefer opals with more blue, and Asian buyers prefer red (and that value is all in what you

13. Max Bauer, *Precious Stones*, trans. L.J. Spencer (1904; reprint ed., New York: Dover Editions, 1968) pp. 1-3.

14. G-F Herbert Smith, *Gemstones* (London: Methuen & Company,

1940), pp. xi-xii. This book was originally published in 1912.

15. Edwin W. Streeter, *Precious Stones and Gems* (London: Chapman & Hall, 1879), pp. 17-21. Streeter, a famous nineteenth-

century English jeweler, uses much the same criteria as Bauer regarding beauty and durability but reduces the list to diamond, ruby, sapphire, and emerald, plus cat's-eyes (chrysoberyl), turquoise, and

star stones. Oddly enough, he excludes aquamarine, another beryl that has the same physical properties as emerald.

like), will admit that the red stone may cost four times as much as the one with a predominant blue play of color. Why? A combination of rarity, beauty, supply, and demand! Red stones are rarer, and demand exceeds supply; therefore reds

A very stringent standard exists for the grading of colorless diamond. This standard, developed in the 1950s by the Gemological Institute of America has, with modification, become accepted worldwide.¹⁷



Portrait of a disappointment! Young girl panning for rubies and sapphires in a stream in Chantaburi Province, central Thailand. © R.W. Wise

Precious versus semi-precious: a distinction without a difference

The question “Is it a precious or semi-precious stone?” is an expression of pure market snobbery. As has been already shown, the term “preciousness” has had different meanings at different periods in different cultures. In earliest times, it had no meaning at all. The term *semi-precious* is today as meaningless as the term *semi-pregnant* or *semi-deceased*. That this term is still in general usage points only to the fact that many of the gemstones described here still lack a degree of market

will cost more. Obviously, the market enforces universal standards.

acceptance, and still may be purchased at relatively low prices.

For example, one excellent quality grading system, *ColorScan*, developed by the American Gemological Laboratories, identifies sixty different color combinations of hue/tone in blue sapphire. Each of these is associated with a specific market price. *The Guide*, an important industry pricing publication, identifies eleven different quality-pricing grids for blue sapphire, and cautions that even these do not cover the entire range of available qualities.¹⁶

Several gem species and varieties discussed in Part II of this book are fairly recent discoveries: tsavorite garnet, tanzanite, and malaya garnet were completely unknown just fifty years ago. In many cases these new precious gemstones are rarer and more beautiful than those gems that have traditionally been called precious.

To the astute aficionado “semi-precious” should translate as “buying opportunity.” The true lover of gemstones looks at the object without

16. *The Guide* (Northbrook, Illinois: Gemworld International, Inc., 2002). *The Guide* is a prominent wholesale price list published for the trade.

17. In fact, GIA codified and adopted the traditional grading system that can be traced at least as far back as the fourth century bc.

The Arthashastra of Kautilya describes good diamonds as “regular in shape and reflecting light brilliantly in all directions . . .

which have the whiteness of a shell or of rock crystal . . . unblemished, smooth, heavy, lustrous, transparent. . . .” Rangarajan, *The*

regard for the verbal baggage it may carry along with it. If the foregoing discussion has demonstrated anything, it is that the whole idea of preciousness is fluid. In the world of gemstones, if it is rare and beautiful, and if demand is strong, it is precious.

Beauty versus pedigree: the question of origin

Each time a new pocket of gemstones is unearthed, stones from the new location are compared with those produced by traditional sources — usually to the detriment of the newer source. This is a crutch and yet another manifestation of the innate conservatism of the gem market, one controlled by professional dealers. From the connoisseur's perspective this misses the point entirely. The point is to look at the stone. The most conservative dealer will always fall back on a stone's pedigree. These traders are often those who have prospered, have well-heeled clients, and can pay the highest prices.

In the gem marketplace, a fine stone with a famous pedigree will command an extraordinary premium. A natural sapphire from Burma will often sell for twice the price of a comparable gem from Sri Lanka (Ceylon). A very fine but comparable natural Kashmir, a sapphire discovered on one side of a stony hillock in colonial India, will bring at least one and a half times that! These premium prices are based solely on the stone's geographic origin. Astronomical prices are regularly paid for stones that carry

this kind of pedigree. Depending on the local geology, a given gemstone will have slightly different visual characteristics than examples from another location. This is usually the result of the mix of minerals specific to a particular geographic setting. For example, the iron-rich environment of the central Thai provinces of Chantaburi and Trat lends ruby from this area a distinctly brownish cast, whereas ruby from the iron-poor soil of northern Burma generally lacks a brownish color. Burmese ruby is *better*, generally speaking, because it looks better than ruby from Thailand, and it looks better because the physical environment is more favorable.

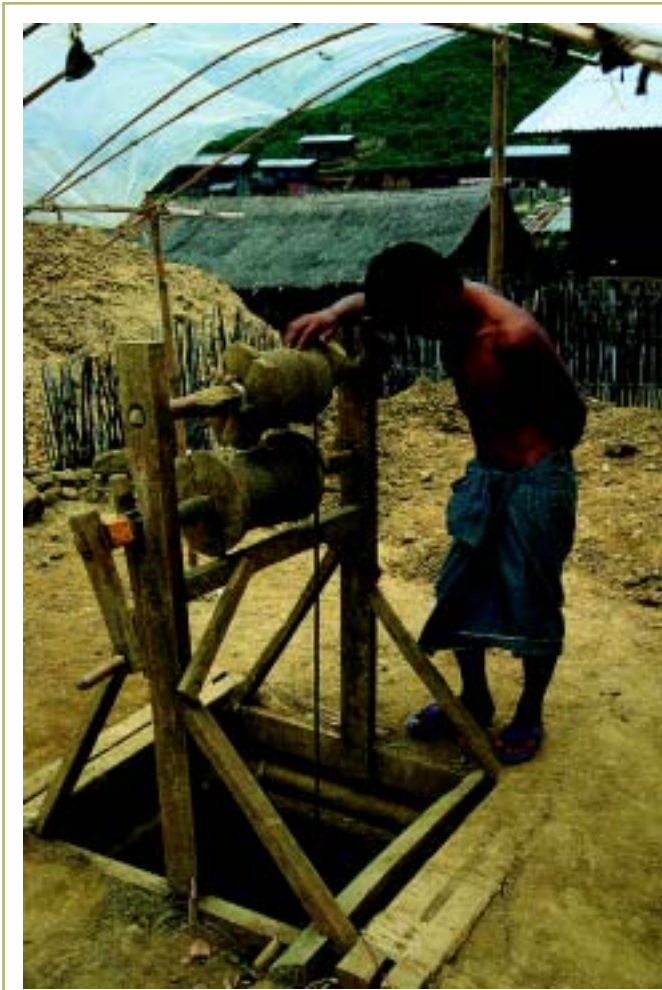
As a result of these localized differences, gemstones from different areas develop reputations based on the general look of the stones from that specific source. This has led to marked price differentials for stones just because they come from a specific area or country. In the marketplace, Burma ruby, Kashmir sapphire, and Paraiba tourmaline will command premium prices simply because they hail from the specific areas named. This is not a scam but it is a snare! The aficionado is interested in a beautiful gem. Each gemstone is an individual with a distinct personality. A given stone from Burma very well may be inferior to a given gem from Thailand, and not worthy of the premium asked. The Thai stone, by contrast, may be a particularly fine example and worth collecting despite

Arthashastra, pp. 775-778. The Arab scholar Ahmad ibn Yusuf al Tifaschi writing around AD 1250 divided diamond qualities into two

categories: *zayti*, those with a slight yellow body color, and *billawri*, those that are colorless like rock crystal. Tifaschi held that the former

were of the highest value. See Samar Najm Abul Huda, *Arab Roots of Gemology: Ahmad ibn Yusuf al Tifaschi's Best Thoughts on the Best*

of Stones (London: The Scarecrow Press, 1998), p. 118.



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Traditional mining in the ancient "Valley of the Serpents," Moguk, Burma. This age-old mining method consists of a twinlun, a hand-dug vertical shaft drops forty feet to the gem-bearing layer, or byon, where a narrow horizontal shaft is dug into the gem gravel. The gravel is raised by bucket and sorted.

gems, not generalizations. The gem under consideration must be judged for what it is: its beauty, not its geographic origin.

The rarity factor

The relationship between beauty and price is, at best, problematic. People have preferences. In the gemstone market preference creates demand, which is a primary determinant of price. Are yellow stones intrinsically more or less desirable, more or less beautiful, than blue? Obviously not! Such partiality is clearly subjective. All colors are created equal. Yet a fine blue sapphire commands a much higher price than a fine yellow sapphire. This is purely a function of subjective preference, which manifests itself as market demand.

In the gem world, beauty drives demand and rarity drives price.¹⁸ This is a catchy little phrase, but what does it mean? More to the point, what weight should the connoisseur give to the rarity factor when deciding on an acquisition?

the general reputation of Thai ruby.

Here lies the snare! The connoisseur must ask, "Does the beauty of *this* stone from this source justify paying a premium price?" The answer generally may be yes, if the best stones from the area in question are truly the best of their kind. However, it is important to stay focused. The aficionado collects

There are two categories of rarity, *actual* and *apparent*. Some gem varieties are found in very small numbers and can be classed as *actually* rare. Other varieties are in such high demand that though relatively numerous they are very difficult to find in the marketplace. Gems that fit into this

¹⁸ The sole exception to this rule is fancy fancy color diamonds. See the Introduction to Color Diamonds.

second category are *apparently* rare. Another name might be market rarity. Of the two types, apparent (market rarity) is the more important. Unless the item is in demand, then its actual rarity doesn't matter very much. Fine amethyst is actually quite rare, yet due to relatively lackluster demand its price remains relatively low. Things really get interesting when a gem is both *apparently* and *actually* rare. These are stones that are in short supply and also in high demand. Alexandrite and blue diamond are good examples of gems that are both *apparently* and *actually* rare. Gems that fall into this category will command the very highest prices.

It is fair to say that, with the exception of colorless diamonds of less than ten carats, the finest examples of all gem species and varieties are, at least, apparently rare and difficult to find in the marketplace. From the connoisseur's viewpoint the very finest examples of any gemstone are rare and difficult to obtain. Amethyst is an excellent example. Amethyst is a type of quartz, one of the earth's most abundant minerals. Even so, the deep Siberian quality described in Chapter 9 is extraordinarily difficult to find. The author has sorted through thousands of parcels of cut and rough amethyst at the source in Brazil and Africa and come away without a single example of the finest quality of this relatively common gem.

In almost all cases rarity increases with size (tanzanite is perhaps the sole exception). Fairly large examples of the very finest quality tanzanite are relatively more available than smaller gems. A



Harold and Erica Van Pelt: Courtesy of Kalil Elawar

Natural Brazilian alexandrite crystal.

one-carat gem-quality tanzanite is much rarer than a twenty-carat stone.

Before the eighteenth century, diamonds came mainly from India, and were extremely rare, especially in Europe. The Indian sources, chiefly the Golconda mines in the Indian province of Hyderabad, were essentially already mined out when diamonds were discovered in Brazil in 1725.¹⁹ Diamond exports from Brazil from 1730 to 1787 increased total world diamond supplies as much as twenty-fold. Due to this abundance, between 1730 and 1735 the diamond market went into freefall and rough diamond prices dropped seventy-five percent.²⁰

19. This is the traditional date given by most sources. The first date mentioned in the literature is 1714. J.P. Cassedenne, "Diamonds in Brazil," *Mineralogical Record*, vol. 20 (1986), pp. 325-335.

20. Lenzen, *History of Diamond Production*, pp. 50, 126. DeBeers was not the first syndicate to control the market. The diamond market was saved by the simple expedient

of monopolistic practices on the part of the Antwerp Diamond Cutters Guild, which controlled prices in the eighteenth century to such a degree that lower prices for

rough were not passed on to the jeweler and consumer as lower prices for cut stones. Cut stone prices remained stable.

With the discovery in the late nineteenth century of vast diamond reserves in southern Africa, huge supplies of diamonds began to enter the market. Newer discoveries in Russia, Australia, and, most recently, Canada have kept supply strong. These discoveries, coupled with improvements in prospecting and recovery methods, have created a glut of colorless diamonds.

In 1992 it was estimated that if all diamonds produced by Indian and Brazilian sources from antiquity to that date were totaled, that number would be equal to just twenty-two percent of the total world production of the previous five years. In fact, the annual production from Australia's Argyle Mine in the early 1990s was approximately equal to the total amount of diamonds produced in India and Brazil from antiquity to 1869.²¹ In the past two decades, cut diamond production has increased from fifty million carats (gem quality) to approximately one hundred twenty million carats annually. It is estimated that perhaps eight hundred million cut stones, of all sizes, enter the market every year.

In the case of diamond, an *apparent* rarity maintaining the price structure is created by high demand coupled with a carefully controlled distribution system.

The monopolizing organization, variously called the cartel, the syndicate, or simply DeBeers, took control of the diamond market in 1889.²² Diamonds are not *actually* rare, but the syndicate (through selective distribution and a careful hoarding of reserves) insures that supply does not exceed demand.²³ Thus the price of diamonds, as with all other gems, is based on beauty — plus supply and demand. The difference is that demand for diamonds is mightily stimulated by advertising, and supply is, or at least has been, ruthlessly controlled by the DeBeers cartel.

As the new century dawns, the iron control formerly exercised by DeBeers has begun to slip. In fact, the syndicate claims that it is no longer trying to control the market. New diamond strikes in Australia and northern Canada (which are outside the syndicate's control) have reduced its influence. From a high of eighty-five percent a decade ago, currently no more than sixty percent of the world's diamonds pass through the cartel's hands.²⁴ Thus far, the main effect of this has been a squeezing of wholesale and retail profit margins. What does it bode for the future? Unless new marketing strategies can stimulate demand, the effect of the diamond glut must inevitably lead to lower prices.

21. A.A. Levinson et al., "Diamond Sources and Production: Past, Present and Future," *Gems & Gemology*, Winter 1992, p. 236.

22. Stefan Kanfer, *The Last Empire: De Beers, Diamonds, and the World* (New York: Noonday Press, 1993), p. 106.

23. Kanfer, *The Last Empire*, p. 339.

24. In spite of its public statements, the DeBeers cartel is not standing by idly on the sidelines while its market share erodes. As of this writing (2003) only one Canadian diamond mine, Ekati, is in

production. A consortium of companies not connected with DeBeers owns Ekati. A second mine, Daivik, also outside the cartel's control, should begin production in 2003. However, of the four "advanced projects" which could begin production in the next

decade, two are wholly owned by DeBeers and it owns controlling interest in the third. Only one of the five, Jericho, is currently outside DeBeers' control. See B.A. Kjarsgaard and A.A. Levinson, "Diamonds in Canada," *Gems & Gemology*, Fall 2002, p. 234.