Taxes on knowledge

General Features



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Helen Thornley reflects on the history of the taxation of newspapers

Hidden at the back of the summer Budget is a brief announcement of a consultation on cutting business rates for local newspapers. The consultation describes the local press as ‘a vital part of a healthy democracy’ and is seeking views on whether a

rates reduction would help to support them as circulations dwindle in the digital age.

Two hundred years ago taxation was applied the other way round. In 1815 The Times cost 6d of which 4d was a newspaper duty. Publishers also paid duties on advertising and the paper on which their publications were printed.

These three taxes were all introduced in Stamp Act 1712 to raise revenue. Proceeds were used to fund a lottery to encourage people to buy bonds to fund the War of the Spanish Succession. Newspapers were considered a luxury item and these new taxes were justified on the grounds they wouldn't affect the poor. But, of course, the taxes did contribute to a form of censorship by making printed material more expensive. In time this censorship was made explicit.

On a hot August day in 1819 more than 60,000 people, most in their Sunday best, marched to St Peter's Field in Manchester to hear speakers on the subject of parliamentary reform. They wanted greater voting rights and more MPs. The populous Greater Manchester area was sorely under-represented in parliament compared with the 'rotten boroughs' with fewer voters. One such rotten borough, Old Sarum, in Wiltshire, had no resident voters at all, yet had two MPs.

The event was organised by radicals from the *Manchester Observer* who intended it to be peaceful. However, local magistrates feared the mass assembly would be a prelude to riots and insurrection. The meeting had barely begun when they sent in the yeomanry to disperse the crowd of 60–80,000. Armed with sabres and bayonets they charged in, killing around 15 people and injuring hundreds more in what became known as the Peterloo massacre.

Within four months, the Newspapers and Stamp Duties Act had been introduced. As part of the 'Six Acts' intended to curb radical activities, this legislation extended newspaper taxes to cover not just news but also comment and opinion. The goal was to restrict the pamphlets of radical reformers. In addition, publishers had to lodge a bond as surety against any future libel cases against them.

This restriction on access to information led to newspaper, paper and advertising duties soon becoming known as the 'taxes on knowledge'. While some lobbied parliament for repeal, many prominent radicals defied the rules by publishing 'unstamped' papers. As each sheet of printed paper had to be physically stamped, this kind of tax evasion was easy to spot. Publishers were frequently fined and jailed.

In 1836 the campaigners achieved some success and the newspaper duty was significantly reduced. But even at 1d the tax was still a significant proportion of the cost of the cheaper newspapers and calls for its abolition continued.

Issues of social justice aside, the legislation was poorly drafted. Charles Dickens and his publisher, Bradbury & Evans, fell foul of the Stamp Acts in the 1850s with the unstamped *Household Narrative*. This was a monthly publication Dickens edited in conjunction with the weekly *Household Words* in which he serialised some of his books.

The legislation in Stamp Act 1836 was unclear, encumbered by its contradictory clauses. The *Narrative* was, under one clause, a newspaper and so needed to be stamped, but in a later clause it was held not to be a newspaper because editions were printed more than 26 days apart. The dispute became a test case in 1851. It was still continuing in 1853 when vigorous representations in favour of Dickens were made in parliament to the Chancellor, William Gladstone. Supporters complained of the tax's unfairness and the cost to Dickens' publishers of defending their case.

Bradbury & Evans eventually won and the *Narrative* stayed unstamped. Yet some abolitionists were disappointed by the outcome. They had wanted Dickens to lose and for the ensuing public outcry to force parliament to finally repeal the knowledge taxes.

By this time, however, the end of the hated trinity was in sight. Gladstone repealed advertising duties in 1853, newspaper duty in 1855, and finished the job in 1861 by repealing the tax on paper.

Once the current consultation is complete it will be interesting to see whether, 154 years after the last of the knowledge taxes, publishers feel that some support from the tax system would be beneficial.