

COPYRIGHT AND THE PROFITABILITY OF AUTHORSHIP -
EVIDENCE FROM BOOK CONTRACTS IN THE ROMANTIC PERIOD*

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To encourage creativity, copyright creates intellectual property rights for “original works of authorship” in literature and music, computer software, web content, and many other important sectors of the digital economy.¹ Extensions in the length of copyright have emerged as a key policy lever by which national governments attempt to strengthen property rights in ideas. For example, the U.S. Copyright Act of 1998 and the U.K. Copyright Act of 2011 extended the length of copyright from “life of author” plus 50 years to “life of author” plus 70 years. Proponents of longer copyright argue that such shifts encourage creativity, and warn that online piracy may prevent all but the most successful authors from pursuing the profession of writing.²

Although anecdotal evidence suggests that copyright may have increased the profitability of at least some authors and musicians, systematic empirical evidence is scarce. Scherer (2008) demonstrates that, after the introduction of musical copyright in Austrian-controlled northern Italy in the 1830s, the Italian composer Giuseppe Verdi’s music publisher “saw the possibilities of copyright and exploited them to the full” to amass a fortune.³ Based on a sample of 93 payments to Scottish Enlightenment authors between 1746 and 1800, however, Sher (2010, p. 258) comes to the opposite conclusion: payments to authors increased independently of the establishment of temporary monopoly rights for authors in 1774.⁴

A major impediment to empirical analysis lies in the paucity of publicly available data on contracts, revenues, profits, and payments to authors. For example, a recent study of the movie industry notes “One of the reasons that IP contracts have not attracted

¹ Title 17, U.S. Code 2011.

² “The Slow Death of the American Author,” by Scott Turow, *The New York Times*, April 7, 2013. Also see Liebowitz and Margolis 2005.

³ Scherer (2008) p. 11.

⁴ The abolition of perpetual copyrights in the *Donaldson v. Beckett* case in 1774 (Sher 2010, p. 258).

much academic attention is the lack of adequate data” (Harris, Ravid, and Basuroy 2013, p.2).

This chapter helps to address this problem by introducing a new data set on publishers’ revenues and payments to authors, which we have collected from ledgers of transaction, correspondence and other types of archival sources for 19th-century publishing houses in Britain. We use these data to examine changes in revenue and profits to publishers, as well as their payments to authors after a substantial change in the strength of copyright at a crucial moment in the history of English literature.

The U.K. Copyright Act of 1814 increased the length of copyright from 14 years, and 28 years if the author was still alive at the end of the first 14-year term to 28 years, or the remainder of the author’s life, if the author was alive at the end of the 28-year term. Li, MacGarvie, and Moser (2013) show that this Act introduced a differential change in the length of copyright protection in favor of dead authors, and exploit this differential increase to estimate the causal effects of longer copyright terms on the price of books. Existing empirical analyses had documented positive correlations between weaker copyrights and price (Liebowitz and Margolis 2005; Khan 2005), and found no significant differences in price for (extremely old) books off and on copyright (Heald 2008). Difference-in-differences estimates in Li, MacGarvie, and Moser (2013), however, indicate a large and robust increase in price in response to an extension in the length of copyright.⁵ Publishers appear to have exploited the extension in copyright to practice

⁵ Estimates of life expectancies indicates that this change implied a minimal increase in the effective length of copyright by 1 year for books by living authors, compared with 14 years for books by dead authors. The average author was 42 years old in the year when a first edition of a book was published. Life tables based on demographic data for 947 British writers who were born between 1750 and 1840 indicate that at the time of the 1814 Act, the average 42-year old author could expect to live another 29.22 years, implying an increase in the length of copyright by a little over 1 year (Li, MacGarvie, and Moser 2013). Estimates control for variation in the life cycle of books, author fixed effects and time fixed effects, and they are

inter-temporal price discrimination, thereby increasing the average price of books by dead authors.

In this chapter we analyze a new data set on publishers' revenue, profits, and payments to authors to investigate whether the shift towards stronger copyrights in 1814 increased the profitability of authorship. This analysis exploits the fact that the 1814 Act not only created a differential increase in the length of copyright for dead authors, but also allowed living authors to sell a longer stream of revenues to publishers.

The main data set for the analysis consists of 203 book contracts between 1800 and 1829 and related entries in publishers' ledgers of transactions, as well as correspondence between publishers and authors. These data show that average payments to authors more than doubled from 150.26*l* (pounds in year 1800 real terms) before 1814 to 350.39*l* afterwards. A small group of authors, including, most prominently Sir Walter Scott, benefitted most from higher payments. Payments to the median author, however, also increased from 82.11*l* until 1814 127.42*l* pounds afterwards.

The data also indicate a substantial variation in the type of payments that publishers made to authors. Publishers paid authors both in lump sum advances, prior to the publication of a book, and in profit-sharing schemes, under which payments continued for the duration of copyright. Data on lump sum payments indicate that younger authors (below age 30), who benefitted more from the extension of copyright to life of author, experienced a larger increase in payments after 1814, compared with

robust to controlling for variation in the perceived literary quality of books, genres, and to excluding author fixed effects. Earlier empirical analyses had observed counterintuitive correlations between copyright and price, without establishing a causal effect. Liebowitz and Margolis (2005) that publishers increased the price that they charged libraries for journal subscriptions after libraries installed copy machines. Khan (2005) finds that pirated books by European authors sold for a higher price in the United States between 1832 and 1858 compared with copyrighted books by U.S. authors. Heald (2008) finds that early 20th century bestsellers that were published between 1919 and 1923 and therefore off copyright -- sold for the same price as bestsellers -- published between 1924 and 1932 and therefore on copyright.

older authors. The data also suggest that payments to authors above 50 years of age increased after 1814, possibly as a result of the extension in the length of copyright for books by dead authors (from 14 to 28 years).

I. COPYRIGHT IN ROMANTIC PERIOD BRITAIN

Copyright was first formalized in Britain's *Act for the Encouragement of Learning* of 1710, commonly known as the Statute of Anne. The Statute granted publishers of new books 14 years of exclusive rights, with an extension to 28 years if the author was alive at the end of the first 14 years.⁶ In return for exclusivity, publishers were required to register all new books with the Stationers' Company and deposit copies with the British library and eight university libraries in England and Scotland:

Enacted that nine Copyes (sic) of each book or books upon the best paper that from and after the tenth day of April One thousand seven hundred and ten shall be printed and published as aforesaid or Reprinted and published with additions shall by the printer and printers thereof be delivered to the Warehouse Keeper of the said Company of Stationers for the time being at the hall of the said Company before such publication made for the use of the Royal Library the Libraryes (sic) of the Universities of Oxford and Cambridge the Librarys (sic) of the four Universities in Scotland the Library of Sion College in London and the Library commonly called the Library belonging to the Faculty of Advocates at Edinburgh respectively Which said Warehousekeeper (sic) is hereby required within ten days after demand... (*Statute of Anne*, London 1710).

When the first copyrighted books approached the end of their 28-year term, booksellers who had purchased copyrights sought injunctions from the Court of Chancery to stop competing publishers from printing copies of books that came off copyright.

Their argument was that a "natural right of the author," copyright was a perpetual common law property right (Patterson 1986, p. 153, Feather 1988, p. 79). A decision in

⁶ Booksellers had pushed for the act, and "Except in the preamble, authors were not mentioned at all...the Act was a booksellers' act," (Feather 1988, pp. 74-76). For books that had been published before the Act, booksellers received exclusive rights for 21 years starting in 1710 (§2, *Statute of Anne*, London 1710).

the House of Lord in *Donaldson v. Becket* in 1774 ended this “Battle of the Booksellers” (1743-1774, Patterson 1986, p. 153) and established that, unlike other types of property rights, copyright was temporary.

For the duration of the copyright term, copyright infringement was punishable by substantial fines. In 1801, for example, a printer who had violated copyright lost all infringing copies of his book and paid a fine of 3d per sheet, “half to the crown, and half to whoever sued for it” (Seville 1999, p. 239). Printers who imported infringing books were fined £10 (Seville 1999, p. 239), roughly 20 times the average weekly wage of working-class men in the early 1800s (Bautz 2007, p. 12).⁷

In 1798, a decision in *Beckford v. Hood* (1798, 7 D. & E. 620) called into question the deposit requirement as it established that books were eligible for infringement damages even if they had not been registered with the Stationers’ Company. As a result of this decision, the number of book deposits per year fell by 40 percent between 1793 and 1803 (Deazley 2007, p. 816). In 1803, barrister and author Basil Montagu (1770-1851) sent to Cambridge University library to search for a report on the decision in *Beckford v. Hood*. When the library did not have the book, Montagu continued to search for copies of other works published in 1803, which he estimated at 391, but could only find 22 (Deazley 2007, p. 817).

Montagu’s 1805 essay “Enquiries and Observations respecting the University Library,” stirred heated debates on copyright, which reached Britain’s House of

⁷ In continental Europe and the United States, however, U.K. copyrights were not respected. To prevent the importation of pirated copies into Britain, excise officers were instructed to search luggage for books that may have been intended for resale (St. Clair 2004, p. 200). Publishers became particularly concerned about the growth of piracy in the 1820s as trade and travel resumed after the end of the Napoleonic wars. In 1829, the London publishers and booksellers established a cartel to regulate pricing, and prevent the resale of pirated copies. To enforce these regulations, cartel members agreed to boycott booksellers who offered pirated copies (St. Clair 2004, p. 299).

Commons in 1808 (Deazley 2008, p. 817). Sir Samuel Romilly, who served as Britain's solicitor general from 1806 to 1807 decried that the deposit requirement was "a tax upon authors," and Charles Williams-Wynn, who was a Member of Parliament for 53 years from 1797 to 1850 and a Privy Councillor (advisor to the King) from 1822 to 1850 observed that the Act was "injurious to (booksellers') interests" (Hansard, 2nd ser., 11, 1808, p. 990).

Debates resumed in 1812, when the University of Cambridge brought suit against a printer who had failed to deposit a copy of Samuel Heywood's relatively obscure *Vindication of Mr. Fox's History of the early Part of the Reign of James the Second*. When the case was decided in favor of Cambridge University, Britain's Parliament created a committee to investigate the issue.⁸ The Committee's 1813 report recommended upholding the deposit requirement. To reduce the costs of depositing books for authors, it also recommended relaxing the provision that deposit copies needed to be of highest quality paper, and suggested that "a fixed term should be assigned beyond the existing period of fourteen years" (Report of the Select Committee on Acts for the Encouragement of Learning, 1812-13, Paper No. 292, IV, 999, 2).

A. Extensions in the Length of U.K. Copyright in 1814

The U.K. Copyright Act of July 29, 1814 affirmed the requirement to deposit copies with the British Museum and 10 university libraries within 12 months of publication (§2), but required only one copy, for the British Museum to be printed on best paper (§3). It also extended the length of copyright to 28 years or the remaining length of

⁸ *Committee on Acts of...Anne, and...for the Encouragement of Learning, by vesting the Copies of printed Books, in the Authors or Purchasers of such Copies* (Deazley 2007, pp. 822 and 826).

the author's life, if the author was alive at the end of the 28-year term. For books within 14 years from the first edition by authors who had died within the first 14 years after first publication, this change implied an increase in the length of copyright from 14 years under the Statute of Anne to 28 years. By comparison, books of the same age by authors who were still living experienced a substantially smaller increase in the expected length of copyright from 28 years under the Statute of Anne to 29.22 years, based on the remaining life expectancy of their authors (Li, MacGarvie, and Moser 2013, p. 11).

II. DATA

Our main data set covers book contracts and related correspondence for 203 Romantic Period book titles between 1800 and 1829. We have collected these data from the records of five 19th-century publishing houses (Archibald Constable & Co, Cadell & Co., William Blackwood, Longman & Co, Oliver & Boyd, and John Murray II), which can be accessed in *British Fiction 1800-1829: a Database of Production, Circulation, and Reception*.⁹ For example, Longman & Co.'s ledger entries for Amelia Alderson Opie's *Tales of Real Life* (1813) reads:

Divide Ledger Entry, Longman & Co.
10 June 1813. The impression consisted of 2000 copies.
10 June 1813–[Jan 1814]. Total outlay (paper, printing and misc. expenses): 378. 12. 0.
10 June 1813. To advertising: 50. 0. 0.
June–Dec 1813. Copies sent to the following: 17 June, 4 copies bds to Sundries; 24 June, 1 copy in quires to Miss Rawson; 8 July, 1 copy bds to T[?] Alderson, Esq.; 8 July, 4 copies bds to reviews; 21 July, 2 copies bds to author; 11 Dec, 1 copy bds to Mr Phillips.
Jan 1814. By this date, 1693 copies had been sold, for a total of 973. 9. 6.
[Jan 1814]. Half profits to author, 272. 8. 9; half profits to Longman & Co, 272. 8. 9.
...

⁹ Available at <http://www.british-fiction.cf.ac.uk/guide/publishingsources.html>, accessed January-March 2013). This data set combines resources from the National Library of Scotland (for the publishers Blackwood, Cadell & Co., Constable, Oliver & Boyd), the Special Collections of Reading University Library, Reading, UK (for Longman), and the publishing house of John Murray.

June 1828. A further 1 copy had been sold by this date, for a total of 0. 11. 6.
 June 1832. A further 5 copies had been sold by this date, for a total of 2. 17. 6.
 June 1833. A further 4 copies had been sold by this date, for a total of 2. 6. 0.
 June 1828June 1833. Total sum from the sale of these 10 copies: 5. 15. 0.
 [June 1833]. Half profits to author, 0. 17. 4; half profits to Longman Co, 0. 17. 4.
 [June 1834]. By this date, the remaining 8 copies had been sold as follows: 4 sold at 0. 3. 0
 each, for a total of 0. 12. 0; 4 sold at 0. 11. 6 each, for a total of 2. 6. 0. Total sum from the
 sale of these 8 copies: 2. 18. 0.
 June 1834. Half profits to author, 1. 9. 0; half profits to Longman Co, 1. 9. 0.¹⁰

We have collected such data from publishers' ledgers, contracts, and related
 correspondence for 203 book titles by 105 authors and 19 publishers. Each of these
 contracts covers a single book; the large majority of contracts, 196 of 203, are for first
 editions. Three of the remaining 7 contracts are for first editions of new *volumes*. For
 example, a contract between the author Charlotte Smith and the publisher Longman &
 Co. covers volumes 4 and 5 of *The Letters of a Solitary Wanderer: Containing*
Narratives of Various Description (contract and first editions for both volumes in 1802).

The median contract is signed in the year of the first edition of a book is
 published, 57 contracts, however, are signed in the year preceding the first edition, and 5
 contracts are signed 2 years in advance.

Lags between contracts and years of first editions occurred when publishers
 reviewed draft copies of a new book, and agreed to purchase the right to that book. For
 example, Longman & Co. wrote in a December 3, 1812 letter to Amelia Opie, concerning
 the author's *Tales*:

We sent you a parcel by Coach on Tuesday which we hope you have received ere this.
 In the parcel we put a note informing you that we had paid the £4. 10. 0 agreeable to
 your request. // Your title pleases us; & we shall be happy to see the MS as soon as
 you can favor us with a perusal of it. (Longman Archives, Longman I, 97, no. 383.)

And two days later, on December 5 of the same year, warning the author:

¹⁰ Longman Divide Ledger 1D, p. 300 and Longman Divide Ledger 2D, p. 214

We have certainly been playing somewhat at cross purposes. Perhaps your first note was not quite as clear as it ought to be to the weak capacities of booksellers; & they, by conning it frequently over, rendered the subject less clear to their comprehension. However now we understand that you have finished one of the *series* of Tales, & that the others are not written; on consideration, we would not advise you to put any part of the collection into the hands of the printer till you have written the whole that are to be published at one time; as, in this case, you would be harrassed [*sic*] out of your life both with writing & correcting the proof sheets. (Source: Longman Archives, Longman I, 97, no. 387).

In addition to the editors' own reviews, editors also asked other authors to comment on new manuscripts. For example, Longman & Co. writes to Amelia Opie on October 11, 1813:

Mr Alderson delivered your note & the books quite safe—pray accept our best thanks for your remarks on the Heart & the Fancy [...] (Longman Archives, Longman I, 98, no. 75.), referring to Opie's review of Elizabeth Benger's *The Heart and the Fancy* (EN2 1813: 11), which was also published by Longman & Co.

Among 203 book contracts, 137 include the publisher Longman & Co.; another 18 include both publishers Blackwood and Cadell & Co., and 3 contracts each include Blackwood and Cadell & Co. alone. Successful authors, such as Sir Walter Scott sometimes used two publishers. For example, the publication of Scott's 1820 novel *The Monastery* "was managed by Longmans of London, with Scott's usual publisher Constable temporarily relegated to the role of co-publisher."¹¹

Publishers also appear to have co-published to separate the market for books in Scotland and England. Fifty-three of 203 titles were published by one publisher in Edinburgh and another in London. For example, Blackwood published William Mudford's *The Five Nights of St. Albans* (contract 1829) in Edinburgh in 1829, and Cadell & Co. published the book in London in 1829. Similarly, Constable published

¹¹ <http://www.walterescott.lib.ed.ac.uk/works/novels/abbot.htm>, accessed on May 20, 2013. Constable is a co-signer on six of Longman's contracts, including three with Sir Walter Scott, and Colburn is a co-signor of one contract with Longman.

Adeline Mowbray, or the Mother and Daughter: a Tale (contract in 1805) in 1805, and Longman & Co. published the book in London in 1805.¹²

Seventy-three of 105 authors appear only once as an author in the data set. Ten authors publish 5 or more books. Among them, Anna Maria Porter (1780-1832) accounts for 12 novels, including the popular love story *The Hungarian Brothers* (published in 1807, set in the French Revolutionary Wars). Porter also collaborated with her sister Jane Porter on two volumes of stories *Coming Out; and The Field of the Forty Footsteps* (contract in 1828, first edition by Longman & Co. in 1828) and *Tales Round a Winter Hearth* (contract in 1825, first edition by Longman & Co. in 1826).¹³

The data include only one book that was first published after the death of its author, William Williams' (d. 1791) *Journal of Lewellin Penrose*, which Murray published in 1815, having paid a lump sum of 200*l* in 1814 to the author's estate (173.26 in year 1800 pounds).¹⁴ N

Publishers' revenues and profits

¹² If publishers agreed to publish together, their agreements were neither exclusive nor stable. For example, Blackwood published with Murray and Cadell & Co., and Cadell & Co. published with Simpkin and Mashall. Longman frequently published with Constable but also with Oliver & Boyd and Manners and Miller. Thirteen contracts include both publishers Oliver & Boyd and Whittaker, and 1 contract each includes them alone. Another 12 contracts include Murray, three joint with Blackwood of Edinburgh. Twelve contracts include Constable, with one shared contract between Murray and Constable. The remaining 7 contracts involve Henry Colburn, including one joint contract with Longman. One title was printed for John Miller (three titles were published in Edinburgh by Manners and Miller and in London by Longman). One title was published by Sampson Low, one by G. Davidson one by Whittaker., "Coquetry", by Charlotte Champion Pascoe and Jane Louisa Willyams was printed for the authors by Ballantyne and sold by Constable.

¹³ In addition to the two books by the Porter sisters, three remaining titles were co-authored, including four pairs of female authors by Charlotte Champion Pascoe and Jane Louisa Willyams; *Body and Soul* by George Wilkins and William Shepherd; and *Tales and Legends*, by Marion and Margaret Corbett. One additional title may have been co-author by a male and female author within the same family, *The Hebrew: A sketch in the nineteenth century: with the dream of Saint Kenya* (1828, by Charles William Chaklen and/or Miss Chaklen (E, MS 4016, fol. 170).

¹⁴ Divide Ledger Entry, John Murray II, 15 Aug 1814, MS letter, Murray archives.

To calculate revenue and profits, we tally individual entries from the ledgers of publishers. For example, Longman's ledgers (Longman Divide Ledger 1D, p. 300 and Longman Divide Ledger 2D, p. 214) record revenues in their Divide Ledger Entry:

Jan 1814. By this date, 1693 copies had been sold, for a total of 973. 9. 6...
[June 1834]. By this date, the remaining 8 copies had been sold as follows: 4 sold at 0. 3. 0 each, for a total of 0. 12. 0; 4 sold at 0. 11. 6 each, for a total of 2. 6. 0. Total sum from the sale of these 8 copies: 2. 18. 0.

which add to revenue of 1302.48*l* from Opie's *Tales of Real Life* for Longman. Similarly we can calculate profits from Longman's ledgers (Longman Divide Ledger 1D, p. 300 and Longman Divide Ledger 2D, p. 214) are their profits:

[Jan 1814]. Half profits to author, 272. 8. 9; half profits to Longman & Co, 272. 8. 9....
June 1834. Half profits to author, 1. 9. 0; half profits to Longman Co, 1. 9. 0.

which add to total profits – net of payments to authors – of 413.27*l*.

To control for inflation, we convert all amounts into real single unit pound using Clark's (2013) Retail Price Index with 1800 as the base year. One single unit pound (*l*) equals 20 shillings (*s*) or 240 pence (*d*). For example, Longman's revenue from Opie's *Tales* are equivalent to 1074.68 year 1800 pounds, while the profit is equivalent to 340.92 year 1800 pounds¹⁵

Lump sum payments to authors and income from profit sharing

Payments to authors – divided into lump-sum payments and income from profit sharing - are also drawn from the publisher's ledgers. For example, Longman & Co.'s

¹⁵ Available at <http://measuringworth.com/ukearnncpi/> accessed on 04/24/2013. A 1820 contract between Sir Walter Scott and his publisher Archibald Constable covered four separate titles: *Ivanhoe*, *the Monastery*, *the Abbot*, and *Kenilworth* together were paid an amount of 5000 Guineas for copyright as part of Constable's plan to issue the four novels as part of an octavo set (Letter from Archibald Constable to Walter Scott, 3 Nov 1821, Grierson, VII, 13).

archives record a lump sum payment to Opie of 400*l* for the copyright of her *Simple Tales* on April 23, 1806.

“Payment to author: 400. 0. 0” (Longman. Impression Book No. 3, fol. 53.)

A total of 112 contracts include lump sum payments, 3 of these contracts also include provisions for profit sharing. Among 109 contracts with lump sum payments only the median contract is *Sir Andrew Wylie, of that Ilk* by John Galt, with a lump sum payment of 211.17*l*.¹⁶ The average lump sum payment across all 109 contracts with lump sum payments is 417.56*l*, with a standard deviation of 588.57*l*.¹⁷ The smallest lump-sum payment is 10.05*l*, for John Davis’ *Walter Kennedy: An American Tale*;¹⁸ the largest lump sum payment is 4503.44*l* for Walter Scott’s for the second series of *Chronicles of the Canongate*.¹⁹

Another 91 contracts include provisions for profit sharing only, without lump sum payments. To calculate an author’s income from profit sharing, we tally payments from the ledgers. For example, Longman’s ledgers list a series of payments for Opie’s *Tales of Real Life*:

Jan 1814. Half profits to author, 272. 8. 9; half profits to Longman & Co, 272. 8. 9...
June 1834. Half profits to author, 1. 9. 0; half profits to Longman & Co, 1. 9. 0.

which adds to a payment of 413.27*l* from profit sharing.²⁰

The median income from profit sharing is 52.29*l* for *Thomas Gaspey’s The witchfinder; or, the Wisdom of Our Ancestor. A Romance*.²¹ The average income from profit

¹⁶ Contract signed in 1821, and published in 1822 by Blackwood in Edinburgh and T. Cadell in London (Letter from John Galt to William Blackwood, 29 Dec 1821),

¹⁷ Including three contracts that include both a lump sum payment and profit sharing. The median contract excluding these three contracts is xx, and the average is xx, with a standard deviation of xx.

¹⁸ Contract and first edition 1805, Longman, Longman Impression Book No. 2, fol. 155v.

¹⁹ Contract signed in 1827, and published 1828 by Cadell & Co. in Edinburgh and Simpkin and Marshall in London (Letter from Robert Cadell & Co. to Walter Scott, 2 Aug 1827).

²⁰ Longman Divide Ledger Entry 1D, Longman Co, p. 300 and and Longman Divide Ledger 2D, p. 214

sharing for the 91 contracts that are strictly profit-sharing is 145.88*l*, with a standard deviation of 465.80. Income from profit sharing ranges from 1.85*l* for Elizabeth Ogilvy Benger's *The Heart and the Fancy, or Valsinore*,²² to 4,455.11*l* for Sir Walter Scott's novel *The Pirate*.²³

Three contracts include both lump sum payments and profit sharing: Barbara Hofland's *Moderation. A tale*, contract and first edition in 1825 by Longman (paid a total of 96.17); George Wilkins' *the Convert*, contract 1825 and first edition 1826 by Longman (paid a total of 55.78); and Barbara Hofland's *Self-Denial. A Tale*, contract and first edition in 1827 by Longman (paid a total of 96.14).

To calculate total income for all 203 contracts, we add income from lump sum payments and profit sharing. The median total income – including lump sum payments and profit sharing is 109.41*l* for Barbara Hofland's *Decision: A Tale* (contract and first edition 1824 by Longman & Co (Longman Divide Ledger 2D, p. 130). For 91 contracts with profit sharing, the average total income to the author is 146.82*l*, with a standard deviation of 480.95. The largest total income is 4,455.11*l* for Scott's novel *The Pirate*, and the smallest total income is 1,85*l* Elizabeth Benger's *Heart and the Fancy*.

To normalize payments to authors by the size of books, we collect information on the length of each title, measured by the total number of pages. These data are available for all 203 titles. The median author in the data set is earns a total income of 14*l* for 100 pages, with an average of 34*l* and a standard deviation of 61.²⁴

²¹ Contract and first edition 1824 by Longman & Co (E, MS 4012, fol.238.

²² Contract signed and first edition by Longman in 1813 (Longman Divide Ledger Entry 1D, p. 296)

²³ Contract in 1820, first edition in 1822 by Constable (E, MS 4007, fol.53).

²⁴ Letters between publishers and authors suggest that publishers had some discretion in determining the length of a manuscript, but left the decision to authors that had proven successful:

When the whole of the MS is done, the printing may proceed as quickly as you may wish, three volumes at a time if necessary. // It is of little consequence whether the Tales be long or short: in that you must be

III. PUBLISHERS' REVENUES AND PROFITS

Revenue data are available for 111 of the 203 titles. On average, these titles earned revenues of 464.91*l* (in real year 1800 pounds) with a standard deviation of 522.77. The median title, Barbara Hofland's *Beatrice, A Tale Founded on Facts* earned 291.29*l*.²⁵ A translation of Johann Wolfgang von Goethe's *Wilhelm Meister's Apprenticeship* (for which the translator Thomas Carlyle was paid a lump sum of 180*l*) published by Oliver & Boyd in 1824 earned only 21.91*l*.²⁶ By comparison, Washington Irving's novel *Bracebridge Hall* earned revenues of 3,589.99*l*.²⁷

For the median title, revenue increased by 20.99 percent from 248.46 until 1814 to 300.60 afterwards (Table 1). Average revenue declined by 8.51 percent from 497.30*l* to 455.00*l* after 1814. This decline is driven by a 27.90 percent decline in revenue above the 75th percentile (from 664.21*l* to 478.91*l*, Figure 1).

Data on profits are available for 101 of the 203 contracts. The median title in terms of profits Barbara Hofland's *Reflection. A tale* yielded profits of 62.85*l*.²⁸ Sir Walter Scott's *The Pirate* earned its publisher Constable a total of 4,455.11*l* in profits.²⁹ Only 1 in 101 titles resulted in a loss: Janet Stewart's *St. Aubin* with profit of negative

guided by your subject. [postscript] We shall be obliged by your informing us what title you purpose giving to these volumes. When the dismal story is finished, it may be determined whether it should be published separately. (Longman Archives, Longman I, 97, no. 387.)

²⁵ Contract and first edition by Longman Co in 1829, payment to author is 42.89, in the profit-sharing divisions (Longman Divide Ledger 3D, p. 129)

²⁶ In addition to Goethe, authors whose title was translated into English include Louis Buonaparte, Friedrich Heinrich Karl, Adelaide Marie Emilie, and Stephanie Felicite.

²⁷ Contract and first edition by Murray in 1822; Murray paid Irving a lump sum of 1050.292*l* in 1822 (Divide Ledger Entry, John Murray II, 12 Mar 1822)

²⁸ Contract and first edition in 1826 by Longman & Co., Longman Divide Ledger 3D, p. 139.

²⁹ Contract in 1820, first edition in 1822, E, MS 4007, fol.53.

7.56*l*.³⁰ Across all 101 titles, the average title yielded 143.71*l* in profits, with a standard deviation of 450.50.

IV. LUMP SUM PAYMENTS TO AUTHORS

Slightly over half of all contracts, 109 of 203 contracts between 1800 and 1829, specify a transfer of copyrights from the author to the publisher in exchange for a fixed amount of money (Table 1). Under this type of contract, publishers assume all risk and pay for the entire costs of printing and distribution. In return, authors give up all claims on future profits in exchange for a lump sum payment (St. Clair 2004, p. 161).

Across all years, a total of 109 contracts are for lump-sum payments only, 91 are profit-sharing agreements (without a lump sum payment) and 3 contracts combine a lump-sum payment with profit sharing. The share of contracts with lump-sum payments stays roughly constant at slightly more than half: Until 1814, 35 of 61 contracts are for lump-sum payments; after 1814, 74 of 142 contracts are for lump-sum payments.

On average publishers paid authors 183.02 in fixed payments until 1814, with a standard deviation of 227.06 and 528.49 after 1814, with a standard deviation of 670.56 (Table 2). For the median contract (William Mudford's *The Five Nights of St. Albans*, contracted and published by Blackwood in 1829) between 1800 and 1829, this lump sum payment was 108.99*l*, with an average of 296.01*l*, and standard deviation of 559.88*l* (Figure 3). By comparison, a working class male earned a nominal 23.58*l* in 1800 and

³⁰ Contract in 1820, first edition in 1821 by Oliver & Boyd, E, Acc 5000/1, Copyright Ledger I (1826), pp. 12930.

32.26*l* in 1829 (35.16 in year 1800 pounds).³¹ The largest lump sum payment in the data was for Sir Walter Scott's *Chronicles of the Canongate* (contract in 1827 and published in 1828 for Cadell & Co.), 4503.44*l* (in year 1800 pounds).

Data on lump sum payments indicate a substantial increase in payments for the median author after 1814. Until 1814, publishers paid a lump sum of 101.45*l* to the translator of the median title, Stephanie Felicite's *The Rival Mothers, or Calumny*.³² After 1814, publishers paid a lump sum of 380.64*l* to the author of the median book, Opie's *New Tales*, more than three times as much compared with payments until 1814.³³ Normalized by the size of the books, payments to the median author increase from 9*l* per 100 pages until 1814 to 17*l* per 100 pages afterwards (with an average of 18.75*l* per 100 pages and a standard deviation of 48.48).

The increase in lump sum payments was heavily skewed towards titles above the 75th percentile of the distribution of lump sum payments (Figure 3). Payments above the 75th percentile increased from an average of 434.95*l* for 10 titles until 1814 to 724.5134*l* for 51 titles afterwards. Payments above the 90th percentile (above and including Chalklen's title *The Hebrew* (contract year 1827, published 1828 by Blackwood and T. Cadell, which earned the author 536.12*l*) increased from an average of 895.89*l* for 10 titles until 1814 to 1323.59*l* for 19 titles afterwards.³⁴ Lump sum payments, however, also increased for the average author excluding Sir Walter Scott. In a data set that drops

³¹ Bautz (2007, p. 12) reports that the typical wage of a working man was between 9 and very exceptionally 40 shillings. If a typical wage was 10s, and workers were able to work 50 weeks per year (which will probably lead us to overestimate total wage), a typical annual wage may have been 500s or 25*l*.

³² Contract and first edition in 1800 by Longman & Co, Longman Impression Book No. 2, fol. 34.

³³ Contract and first edition in 1818 by Longman Co, Longman Divide Ledger 2D, p.91.

³⁴ Titles in the 90th percentile were by Chalklen (1 title, after 1814), Frances D'arblay (1 title, before 1814), James Hook (1 title, after 1814), Jane Porter (1 title, after 1814), John Galt (3 titles, after 1814), John Gibson Lockhart (2 title, after 1814), Sir Walter Scott (7 titles, after 1814), Susan Edmonstone Ferrier (1 title, after 1814), Sydney Owenson (2 titles, 1 before and 1 after 1814), , and Washington Irving (2 title, after 1814).

the eight titles by Scott after 1814, the average lump sum payment to authors increased from 185.19*l* until 1814 to 377.06*l* afterwards.

Gains are also substantially higher for younger authors, who benefitted most from the 1814 extension in the length of copyright to “life of author.” Demographic data are available for 59 of the 105 authors in the data, including the authors of 28 titles with lump-sum payments until 1814. Five of these titles were first published when the author was less than 30 years old. On average, these authors received lump sum payments of 91.15*l*. After 1814, 3 of 58 titles are by authors who are less than 30 years old. On average, these authors received lump-sum payments of 592.34*l*. Normalized by page numbers, lump sum payments to authors below age 30 increased from 9.61*l* per 100 pages to 97.15*l* per 100 pages after 1814, while payments for older authors increased from 21.89*l* to 60.93*l* per 100 pages.³⁵

Payments to authors 50 and over increased from 222.60*l* to 1035.82*l*. This difference is partially driven by payments to Sir Walter Scott, who was 43 years old in 1814. Excluding Scott, payments to authors between 30 and 49 years increase from 230.43*l* to 357.06*l*, while payments to authors at 50 years of age and older increase from 170.25*l* to 382.44*l*.

V. PROFIT-SHARING AND TOTAL PAYMENTS TO AUTHORS

Nearly half of all contracts, 94 of 203 contracts included a provision for authors and publishers to share profits “either by half or in some other proportion, after all the

³⁵ Due to the small number of observations for young authors, difference-in-differences estimates are imprecise: Difference-in-differences comparisons indicate that payments to authors below 30 years increased by 150.47*l* more after 1814 compared with older authors, but due to the small number of observations, this estimate is not statistically significant (with a standard error of 299.59).

costs of publishing had been met...” (St. Clair 2004, p. 164). Until 1814, 26 of 61 contracts provide only for profit sharing (without a lump sum payment), and 65 of 142 contracts after 1814. Until 1814, there are no contracts that combine a lump sum payment with profit sharing; after 1814, there are 3 such contracts.

Anecdotal evidence suggests that authors may have accepted profit-sharing arrangements to help assume some of the risk of publishing their books, when the market for their work – based on the author’s reputation, as well as the quality of a specific title - was uncertain. For example, “Scott, when not yet famous, made a contract for half profits for the first edition of *The Lay of the Last Minstrel*. When that sold well, he accepted Longman & Co.’s offer of £500 for the copyright outright.” (St. Clair 2004, p. 164). Scott signs a total of eight contracts after 1814, including seven contracts with lump sum payments and one with profit-sharing.

Profit sharing also appears to have been used as a means to address uncertainty about the quality of a specific book title, which was not yet completed. Among the five contracts in which the agreements between publishers and authors were reached 2 years before the printing of the first edition, four are by profit-sharing only.³⁶ One single contract, for William Godwin’s *Mandeville* (contract 1815, first edition 1817) includes only a lump sum payment. Among 57 contracts which publishers and authors signed one year before the first edition, 21 are profit sharing. The authors in the profit-sharing arrangements in this dataset were paid half of total profits.

³⁶ Five contracts with profit-sharing cover Mary Brunton's *Discipline: A Novel* (contract 1812, first edition 1814 by Manners and Miller); Amelia Alderson Opie's *Valentines's Eve* (contract 1814, first edition 1816 by Longman), Sir Walter Scott's *Pirate* (contract 1820, first edition 1822 by Constable), and John O'Driscol's *The Adventures; or, Scenes in Ireland* (contract 1813, first edition by Longman & Co. in 1825).

Archival records also reveal that publishers send bonus payments to maintain the loyalty of successful authors. For example, Longman & Co wrote to Amelia Opie on November 25, 1814.

“As we find a little money would be convenient to you at Christmas, we request you will accept the enclosed (Bank Note for £100) as a testimony of the uniform satisfaction we have experienced in our Literary intercourse with you” (Longman Archives, Longman I, 99, no. 38 (draft).

Opie had published four books with Longman & Co. before the *Tales*.³⁷ On January 24, 1815, Longman & Co. writes again:

“Pray do not any longer make yourself uneasy about the £100 which we thought, by the kind expression of your answer, you understood it to be as we intended, a present, which we thought justly due to you. We beg leave to say that if you should have occasion for more money, we shall with pleasure, on the publication of your new novel, make you such advances as you may desire, or that your writing may not be unduly hurried, we add that we value your share of the Bills & Copyrights in our hands at £200, at which sum we shall at any time be ready to purchase them. In short we wish to accommodate you in any way that you would require. // We inclose you a Df for the £17 which we think Mr Thorpe has no right to, except for your promise.” (Longman Archives, Longman I, 99, no. 62)

Authors also received bonus payments as an acknowledgement for the success of a particular book, in addition to the specified profit sharing. For example, Longman & Co. paid Anna Maria Porter an additional 100*l* for *The Village of Mariendorpt. A Tale* (contract 1820, first edition 1821 by Longman & Co.)

"We beg to state that the sale of the Village of Mariendorpt has fully answered our expectation; we have to request you will draw upon us, in any way most agreeable to yourself, for a further sum of 100 on account of that work" (Longman Archives, Longman I, 101, no. 69)

Similarly, Murray delivers a gift of 13.624*l* to Justinian Morier to recognize the performance of *The Adventures of Hajji Baba, of Ispahan* (contract 1823, first edition 1824 by John Murray) an amount of 13.625*l*.

³⁷ This bonus payment is not included in the calculation of the lump sum payment to Opie.

Similar to changes for lump sum payments, the median income from profit sharing increases significantly after 1814. Among 26 titles with profit sharing until 1814, the author of the median title Catherine Hutton's *The Miser Married. A Novel* (contract and first edition in 1813 by Longman³⁸ received 43.46*l* in income from profit sharing, with an average of 110.47*l* and a standard deviation of 147.43. Among 68 titles with profit sharing after 1814, the author of the median title in terms of profit sharing received 59.27*l* of income in profit sharing, with an average of 156.58*l* and a standard deviation of 540.83.³⁹

Income from profit sharing above the 75th percentile increased from 360.91*l* until 1814 to 477.88*l* afterwards.⁴⁰ Income from profit sharing above the 90th percentile (253.21*l*, for *The Brownie of Brodsbeck*, contract and publication year 1818, Blackwood and Murray) increased from 456.86*l* up to 1814 to 839.29*l* after. Controlling for page numbers, income from profit sharing remains constant for the median author at 7*l* b; payments to the average author increase from 17.24*l* per 100 pages (with a standard deviation of 28.84) to 19.24*l* (with a standard deviation of 54.32).

VI. CONCLUSIONS AND DIRECTIONS FOR FUTURE WORK

This paper presents a new historical data set on revenues to publishers and payments to authors, which we have collected from ledgers of transactions, letters between publishers and authors, as well as other types of archival sources. These data indicate that payments to authors increased in response to a change in copyright policy,

³⁸ Longman Divide Ledger 2D, p. 72

³⁹ Contracts for three titles by Hofland combined a lump sum with profit sharing; all of these were published after 1814.

⁴⁰ The payment at the 75th percentile is 115.87*l*, , the payment for *Patience*, by Barbara Hofland (Contract in 1823, first edition by Longman & Co in 1824).

which increased the length of copyright protection. The data also show that younger authors, who benefitted more from the extension in copyright from 28 years to “life of author”, experienced a larger increase in payments compared with older authors.

This finding suggests that changes in copyright policy, which increase the strength of copyright, may help to increase incentives to create new works. It is, however, important to keep in mind that the historical change that we have examined in this chapter represents an increase in the length of copyright starting from a low base of existing rights, while modern changes increase copyright from length of 70 years or more. Historical data indicate that – *starting from low pre-existing levels of copyright protection* – shifts towards stronger copyright laws may in fact help increase incentives for creativity.

Additional data are needed to examine effects to examine whether an increase in the profitability of writing helped to encourage the creation of additional books and higher quality books. Such analysis will investigate variation in creative output across genres as well as across quality levels.

The data also show that publishers used different payment schemes to strengthen author’s incentives to support the sales of their books. On first inspection, these schemes do not appear to have been affected by the extension in the length of copyright. There is, however, a substantial amount of variation in the timing and the types of payments. Exploring this variation requires additional data collection; once the data are complete, we hope to examine how publishers varied payment schemes to create incentives to create new works.

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TABLE 1 – AVERAGE REVENUE AND PROFITS FOR PUBLISHERS (YEAR 1800 POUNDS)

		Pre-1814	Post-1814	Difference
Revenue	Average	493.54 (505.56)	455.00 (529.08)	-38.54 (117.38)
	Per 100 pages	68.45 (95.52)	59.49 (61.83)	-8.96 (15.91)
	<i>N</i>	26	85	
Profit	Average	117.90 (148.64)	152.66 (516.22)	34.76 (102.99)
	Per 100 page	17.49 (28.84)	18.26 (51.74)	0.77 (10.70)
	<i>N</i>	26	75	

Notes: Revenue for 111 titles by 64 authors, profits for 101 titles by 59 authors, recorded by the year of the contract. Data from book-keeping entries in publishers' ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Observations after 1814 include Thomas Hope's *Anastasius: or Memoirs of a Greek* (contract and first edition by Murray in 1819, revenue of 2727.27*l*), Washington Irving's *Bracebridge Hall; or, The Humorists* (contract and publication year 1822, revenues of 3590.00*l*) Sir Walter Scott's novel *The Pirate* (contract and first edition by Longman & Co. in 1820, profits of 4455.11*l*). Robustness checks exclude all titles by Sir Walter Scott.

TABLE 2 – LUMP SUM PAYMENTS TO AUTHORS AND INCOME FROM PROFIT SHARING (YEAR 1800 POUNDS)

		1800-14	1815-29	Diff.
Lump sum payments	Average	183.02 (227.06)	528.49 (670.56)	345.47*** (116.62)
	Per 100 pages	18.75 (19.56)	61.80 (76.57)	43.04*** (13.17)
	<i>N</i>	35	74	
Income from profit sharing	Average	117.90 (148.64)	156.58 (540.83)	38.68 (107.91)
	Per 100 page	17.48 (28.84)	19.24 (54.32)	1.75 (11.24)
	<i>N</i>	26	68	

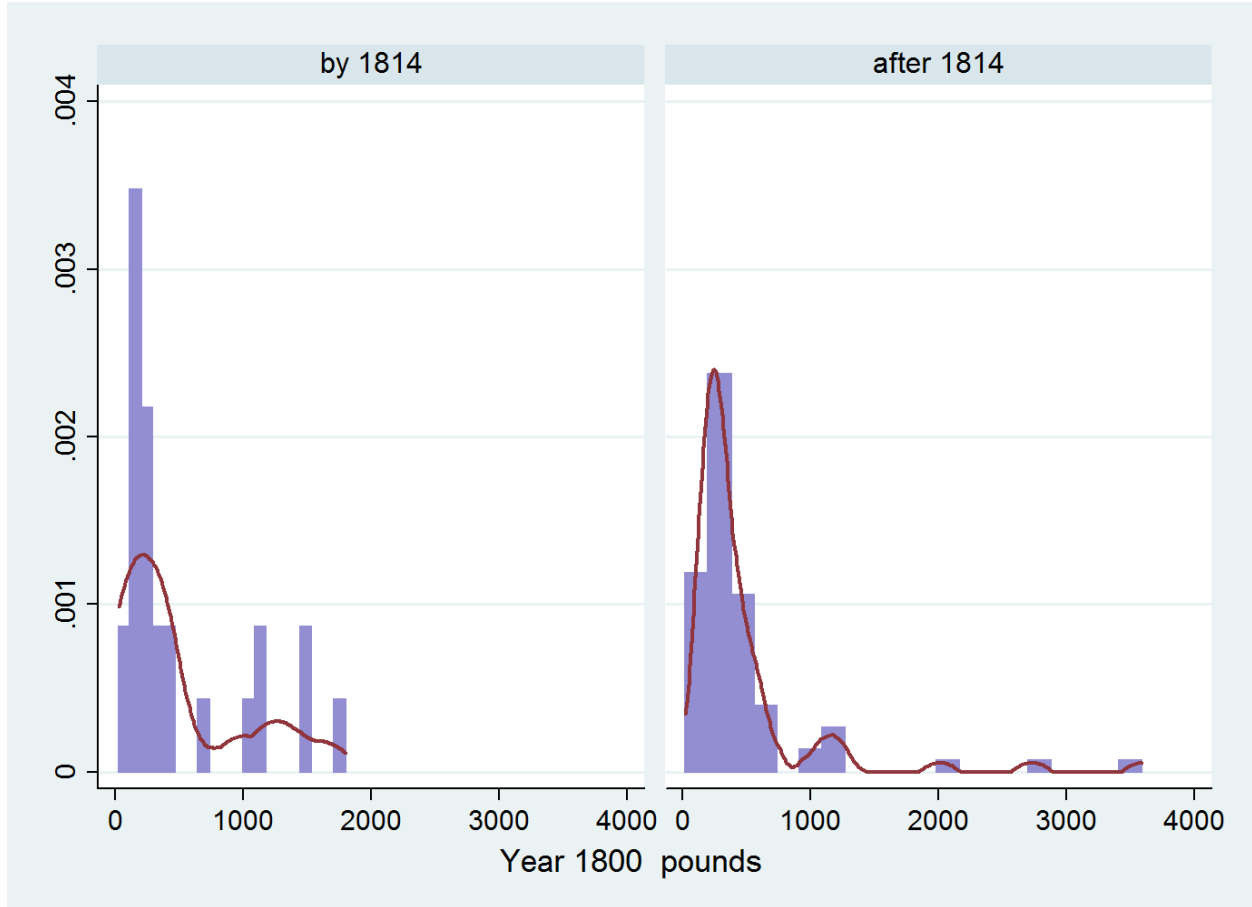
Note: Lump sum from publishers to authors for 109 titles by 64 authors, and income from profit sharing for 91 titles by 51 authors, recorded by the year of the contract. Collected from book keeping entries in publishers' ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Observations after 1814 include Thomas Hope's *Anastasius: or Memoirs of a Greek* (contract and first edition by Murray in 1819, revenue of 2727.27*l*), Washington Irving's *Bracebridge Hall; or, The Humorists* (contract and publication year 1822, revenues of 3590.00*l*) Sir Walter Scott's novel *The Pirate* (contract and first edition by Longman & Co. in 1820, profits of 4455.11*l*). Robustness checks exclude all titles by Sir Walter Scott. ***significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.

TABLE 3 – TOTAL PAYMENTS TO AUTHOR BY AUTHORS' AGE

		Average Total Payments to Authors		
		1800-1814	1815-1829	Difference
Under 30	Mean	72.36 (49.84)	447.80 (549.63)	375.46** (156.26)
	<i>N</i>	11	4	
30-49	Mean	222.87 (175.02)	357.19 (338.20)	134.33* (71.42)
	<i>N</i>	25	61	
50 and above	Mean	204.69 (113.48)	563.98 (193.85)	359.21 (365.35)
	<i>N</i>	10	34	

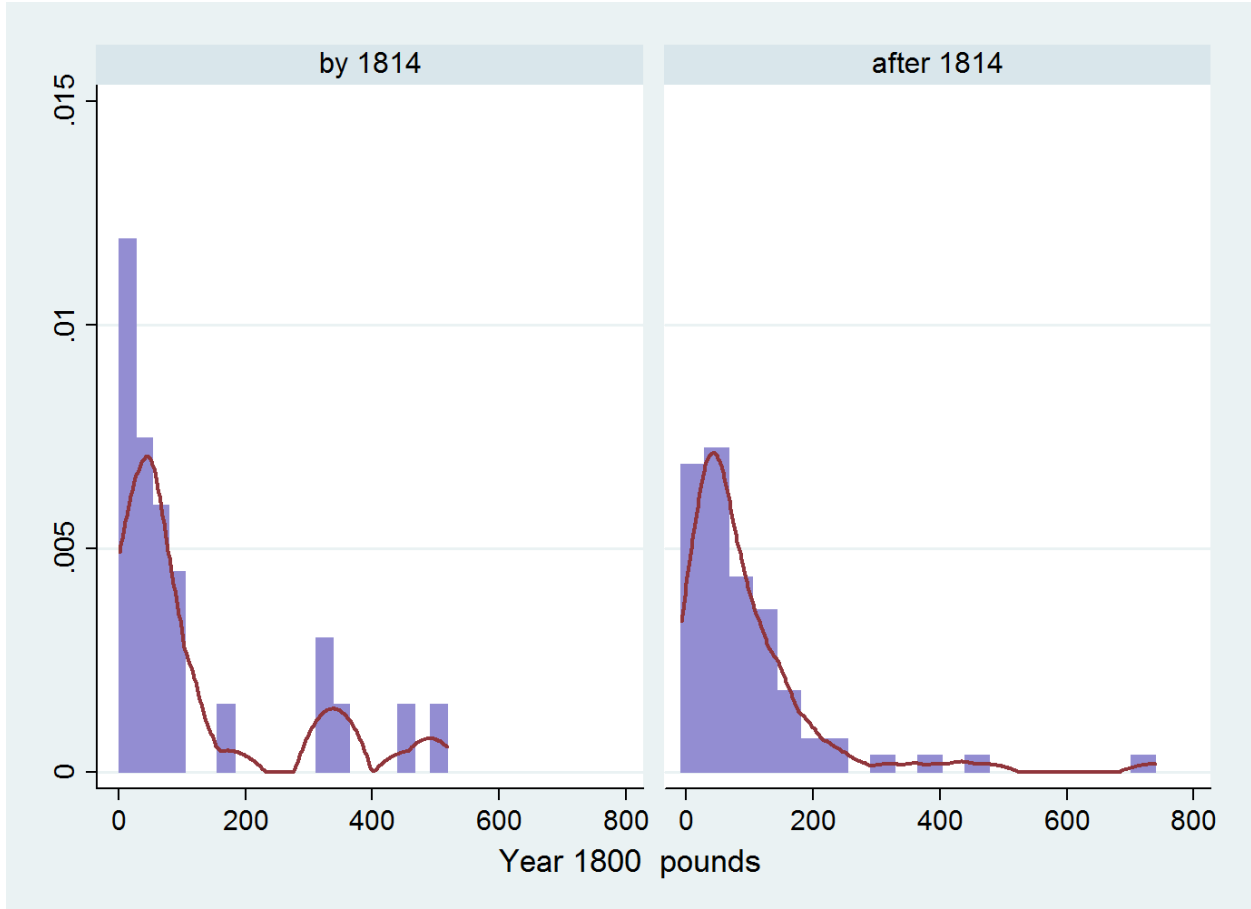
Note: Data are available for 145 titles published between 1800 and 1829 by 59 authors for which demographic data are available, from author's biographies listed in the Dictionary of Literary Biography and the Oxford Dictionary of National Biography. Total payments to authors calculated from book keeping entries in publishers' ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. ***significant at the 1% level, ** significant at the 5% level, * significant at the 10% level.

FIGURE 1– PUBLISHERS’ REVENUE PER TITLE



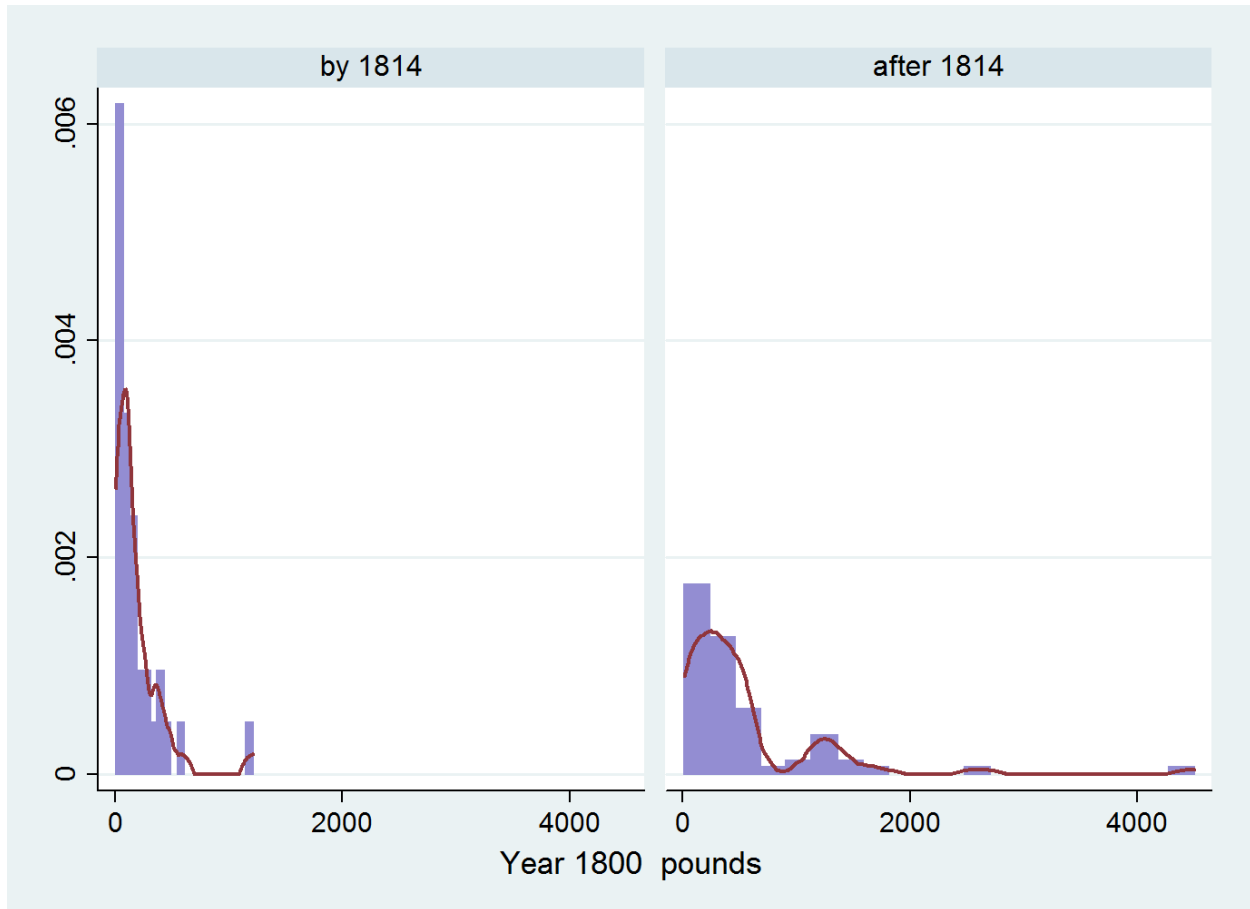
Notes: Revenue for 111 titles by 64 authors; collected from book keeping entries in publishers’ ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Observations after 1814 include Thomas Hope’s *Anastasius: or Memoirs of a Greek* (contract and first edition by Murray in 1819, 2727.27l), Washington Irvin’s *Bracebridge Hall; or, The Humorists* (contract and first edition by Murray in 1822, 3589.99l), and John Galt’s *The Spaewife* (contract and first edition in by Oliver & Boyd in 1823, 2,008.98l)

FIGURE 2—PUBLISHERS' PROFITS PER TITLE



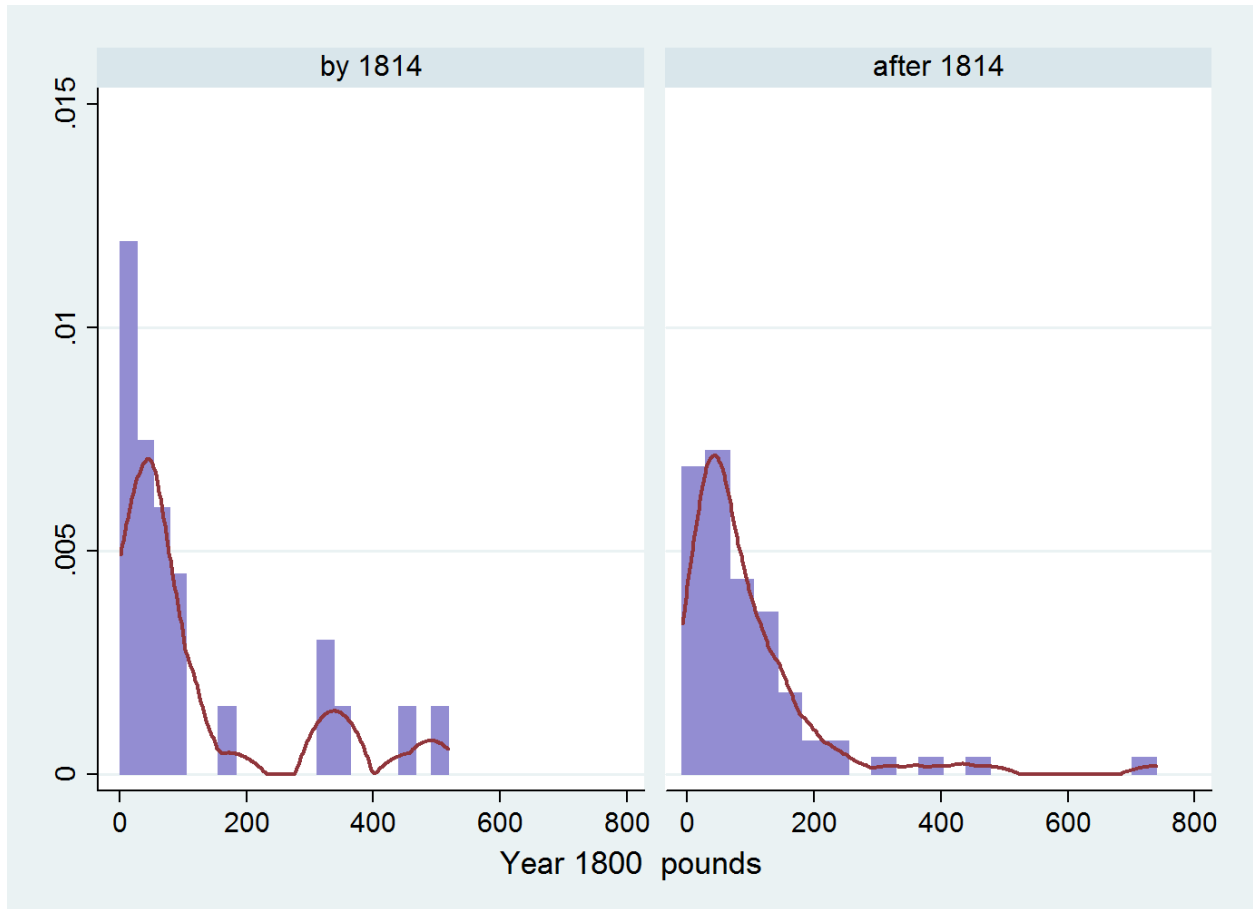
Notes: Publishers' profits for 100 titles by 59 authors; collected from book keeping entries in publishers' ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. One additional observation, for Sir Walter Scott's *The Pirate* (contract and first edition 1820, 4,455.11/ in profits for Longman & Co.) is excluded from this figure, but included in the baseline tests. Robustness checks exclude all titles by Sir Walter Scott.

FIGURE 3 – LUMP SUM PAYMENTS PER TITLE FROM PUBLISHERS TO AUTHORS



Notes: Lump sum payments from publishers to authors for 109 titles by 64 authors; collected from book keeping entries in publishers' ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Observations after 1814 include the first and second series of Scott's *Chronicles of the Canongate* (contracts in 1826 and 1827, first editions in 1827 and 1828, respectively) for which Cadell and Ballantyne paid Scott lump sums of 2601.70*l* and 4503.44*l*. Titles by Scott are excluded in robustness checks.

FIGURE 4 – AUTHORS’ INCOME FROM PROFIT SHARING



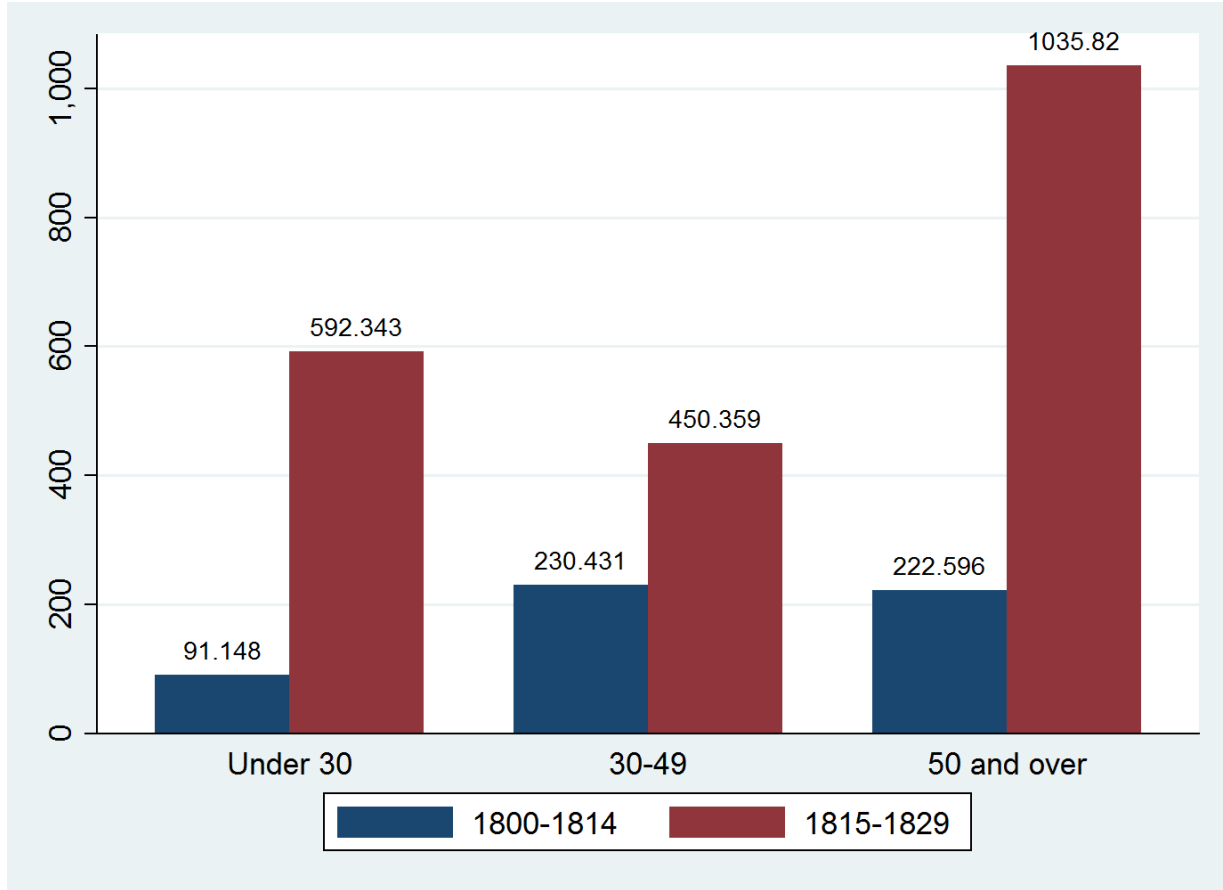
Note: Authors’ income from profit sharing, paid from publishers to authors for 91 titles by 51 authors. One additional observation, for Walter Scott’s *The Pirate* (contract and first edition 1820, 4,455.11*l* in income from profit sharing) is excluded from the figure but included in the main specifications. Robustness checks exclude all titles by Scott. Data collected from book keeping entries in publishers’ ledgers, letters, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II

FIGURE 5 – TOTAL PAYMENTS FROM PUBLISHERS TO AUTHORS



Notes: Total payments from publishers to authors for 203 titles by 105 authors calculated from correspondence, book keeping entries in publishers’ ledgers, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Data for post 1814 include Walter Scott’s *The Pirate* (contract and first edition 1820, total income of 4455.11*l*), and the first and second series of Scott’s *Chronicles of the Canongate* (contract years 1826 and 1827, first editions in 1827 and 1828, respectively) for which Cadell and Ballantyne paid Scott lump sums of 2601.70*l* and 4503.44 *l*, respectively.

FIGURE 6 – LUMP SUM PAYMENTS PER TITLE FROM PUBLISHERS TO AUTHORS BY AGE GROUP



Notes: Lump sum payments from publishers to authors for 86 titles by 44 authors for which demographic data are available from authors biographies in the Dictionary of Literary Biography and the Oxford Dictionary of National Biography. Total payments to authors calculated from correspondence, book keeping entries in publishers' ledgers, and other types of archival sources for 19th-century publishing houses, including Longman & Co, Archibald Constable & Co, and John Murray II. Data for post 1814 include the first and second series of Scott's *Chronicles of the Canongate* (contract years 1826 and 1827, first editions in 1827 and 1828, respectively) for which Cadell and Ballantyne paid Scott lump sums of 2601.70*l* and 4503.44 *l*, respectively.