

**THE STATE IN ITS
RELATION
TO TRADE**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649361830

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Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

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T. H. FARRER & SIR ROBERT GIFFEN

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BY
T. H. FARRER

WITH SUPPLEMENTARY CHAPTER BY
SIR ROBERT GIFFEN, K.C.B., F.R.S.

London
MACMILLAN AND CO., LIMITED
NEW YORK: THE MACMILLAN COMPANY
1902

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PREFACE

WHEN first asked to write on the Relations of the State to Trade, I saw with pleasure that Mr. Stanley Jevons was to write on the Relations of the State to Labour, and hoped that we might consult with one another on the line to be taken and on the distinction to be made between these two kindred subjects. For some time circumstances prevented me from writing, and when I was able to do so, his treatise had appeared, and he, alas! was prematurely lost to us. In the following pages I have tried to avoid the ground which he has occupied; but find the tendency of my own opinions on one point slightly diverging from his. It is not difficult to account for this. He knew much more of local government and of local wants than I do; I perhaps have seen more of the difficulties and weakness of central government than he had; the general impression left on my mind is therefore rather more adverse to central state interference than his was. In thus referring to

Mr. Jevons I can only add to the many public expressions of regret for his loss my own tribute of sincere admiration for one to whom we owed so much and from whom we expected so much more: one who as a statistician had the rare faculty of using figures with intelligence and discrimination: one who as an economist treated society not as a machine, subject to dead mechanical rules, but as a living, growing, changing organism: one, above all, who in whatever he did was a sincere lover of truth and of his fellow-men.

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SUPPLEMENTARY CHAPTER

IN writing a chapter which is to serve in part as supplement, and in part as preface, to a new edition of Lord Farrer's book on "The State in its Relation to Trade," I desire first to call attention to the practical character of the book itself. It is not the book of the mere student, though it is the result of much study. To a large extent it is a statement of the principles and reflections employed by Lord Farrer for his own guidance in the department of government—the Board of Trade—with which he was connected for thirty years or more; for a short time as one of the assistant secretaries, and afterwards as permanent secretary, having all the threads of the business in his hands. In other words, as the permanent head of the chief department of the government having to do with trade matters, Lord Farrer has given the public in this volume a statement of the necessities and occasions which force or induce the government to deal with trade; the reasons which

determine its action and the objects to be accomplished ; the limitations and restrictions of its activity ; and the effects of its interference, as far as they can be ascertained. In doing so he has for the most part been giving an account of departmental experience ; of business which he has himself handled, and where his judgment and experience, in his own time, largely guided the government. Even in matters not within his own department, it may be added, he was constantly resorted to by the government for information and advice. There is little in this book, accordingly, where he had not personal experience, the exceptions being mainly the business of departments like the Post Office, the Customs, or the Inland Revenue, where the government administers a business and does not merely supervise public or private traders, or control their action.

The reader will understand better, perhaps, how much of Lord Farrer's personal experience in official life is in the book if I mention some of the more important subjects dealt with in it and show the growth of the government's connection with them under his direction. One of these subjects is maritime law and merchant shipping, which was his own special province at the Board of Trade as assistant secretary, before he became permanent secretary, and which he always took a personal interest in. His experience went back to 1849, and included the repeal of the Navigation Laws, one of the great free-trade measures about the middle of last century. Next it fell to his hand to assist in the legislation for emigrant ships and for sea-going passenger ships generally in 1855, as well as other merchant shipping legislation ; while in later life what is known as the Plimsoll legislation, to protect life and property

at sea, occupied much of his time. Other topics, such as inquiries into wrecks, pilotage, the rule of the road at sea, the levying and administration of light dues, marine insurance, and so on, all came before him, so that the growth of the marine branch of the Board of Trade, and the development of almost the entire code of shipping legislation as it now stands, belonged almost entirely to his time.

Another branch of business which occupied him greatly as permanent secretary was the arrangement of government action regarding the great railway monopoly. Though not a member of the Joint Committee (*see* p. 141) which reported in 1872 and laid down the main lines for regulating the monopoly, such as the compulsion upon railway companies to give through rates and fares from any station of one system to any station of other systems, Lord Farrer was practically the adviser of the Committee behind the scenes, and if he did not write the report he had no small share in its preparation and final revision. As permanent secretary, of course he directed the daily action of the Board of Trade in exercising the control over the railways. Later on, tramway legislation, by a natural connection, became part of the business of the department, though the Light Railway belongs to a somewhat later date, and had not come into existence when the present book was written.

Another large branch of business with which the Board of Trade in Lord Farrer's time was occupied was that of copyright, patents, and trade marks, the Patent Office being placed under the Board of Trade about 1876. These subjects, in fact, interested him greatly. Why there should be copyright and patents which are