

those where there are least requirements. They will go to Havre, Hamburg, Antwerp, or Liverpool, choosing the port which demands the smallest amount of formalities, where there are the least checks, delays and tax-gatherings. These goods are not inclined to surrender anything to countries where they do not find customers.

Consequently, they would be greatly attracted to the ports of free trade countries, to the detriment of those of protected countries, if the establishment of free zones did not permit the latter to offer the same facilities as their rivals. Indeed, these zones are simply portions of national territory separated from the customs territory thanks to a legal fiction. These zones are free of all hindrances, of all administration taxes and all customs regulations. That is what makes them free. All goods may therefore enter therein by sea and leave by sea as they would do if the whole country were under the freest, most liberal customs system.

Hamburg is the best example of free zone organization. The fact that the port as a whole belongs to the state of Hamburg, whereas only the non-free part of the port is under the customs control of the Zollverein, illustrates and realizes, so to speak, the legal fiction we mentioned above. In the free port (Freihafen), which measures 377½ hectares, the German customs have nothing to do; in the Zollverein Hafen, which measures 152·3 hectares, the customs officers hold full sway. Moreover, Hamburg is a very great port. According to the latest statistics, the weight of goods there loaded or unloaded reaches 25 millions of metric tons; it is the terminal of a large number of regular lines. It is therefore a fine example of the maritime gateway where goods are attracted without any connection with the hinterland. And Hamburg attracts goods proportionately to the mass of operations there effected, or proportionately to the tonnage of goods there handled. It is therefore an instructive and true example of the function of the free zone.

The commercial character of this function is not only revealed by the unanimous evidence of well informed Hamburgers, but also through careful observation of the activities of the free port; and it is confirmed by the circumstances which surrounded the entry of the state of Hamburg in the Zollverein in 1888.

One of the most important factors in the port activities at Hamburg is the loading on sea vessels of goods which have come in on sea vessels.

Such was the opinion expressed by Mr. Buchheister, Hydraulic Director, a high Hamburger official, as early as 1900, especially concerning the port activities due to its very function. And all the tradespeople agree, in practically the same terms, that all its interest resides in the facilities offered for commercial exchange.

It is true there are industrial establishments in the free port of Hamburg, but they are rather the remains of a previous state of affairs than a feature of the present situation. Let us bear in mind, indeed, that Hamburg, before becoming a free port, was a free state, only open to the sea, and addicted almost solely to sea trade. The great Hanseatic city kept itself proudly isolated from the poor country with which it was surrounded, and Bismarck only persuaded her to enter the Zollverein in 1888 on the express condition that her port would remain most completely free. The great argument used to persuade the state of Hamburg into the desired customs union was in fact the industrial interest of Hamburg. It was just as essential for Hamburg to enter the Zollverein in order to allow industrial development as it was necessary to keep the freedom of the port in order to favour trade. Hamburg was sadly discovering that the industries which spring up so easily in the neighbourhood of a great port preferred to settle in the suburbs which were politically independent of Hamburg, like Harburg and Altona. They could not live in the isolation of the state of Hamburg and overcome high customs barriers to find an outlet for their products.