

CHAPTER III.

AN IMPERIAL CUSTOMS UNION

A few years ago a prize was offered by the proprietors of *The Statist* newspaper "For the Best Scheme of an Imperial Customs Union," and the prize essays were subsequently published. The writer was among the unsuccessful competitors, and his scheme was not made public, but its principles are those set forth in the present essay.

These three words, "Imperial Customs Union," suggest that the union referred to is one of all the countries, colonies and dependencies composing the British Empire, that, in all these customs duties should be levied for the purpose of raising revenue, and that this revenue should be applied to defray outlays for Imperial purposes. This definition may be fairly drawn from the name which has been given to the commercial combination which it is desired to form, and the present writer is inclined to adopt it as indicating the objects of the scheme which he has to propose.

In devising such a customs union of all British countries, it would probably be considered inadmissible to raise any of the revenue above referred to by levying additional duties on Inter-British or Inter-colonial trade. To do this would be to increase the obstacles which already stand in the way of commercial union. What is really to be desired is the introduction of freer trade within the Empire, combined with a uniform plan of obtaining revenue for general Imperial expenditures by imposing the customs duties above spoken of on foreign importations only.

The present writer does not consider himself at liberty to suppose that the phrase "An Imperial Customs Union" may be understood to mean a combination of British countries for operating such a tariff as would, in the first place, benefit the internal industries and trade of the different parts of the Empire, and he proposes in this essay to present a mode of forming such a union "without its involving any sanction to the principle of protection," although, judging from what he has written on the subject, the Right Hon. W. E.

Gladstone is not of opinion that such a plan can be brought forward.

It is quite possible, however, that the definition of "An Imperial Customs Union" given above may not find general acceptance. Many persons may not find it to be sufficiently comprehensive. It may be said that an Imperial customs union should not only be one for obtaining revenue for Imperial purposes by the imposition of customs duties, but that it should also include the construction of one tariff of customs and one tariff only for the whole British Empire. A union of this nature would be similar to that now existing between France and her colonies, or Spain and hers, or, as has already been indicated, it might be analogous to that of the United States of America. Neither of these cases is, however, even remotely parallel to that of the British Empire, whose different divisions are too distant from each other not only geographically, but politically, besides differing too much as regards the nature of their respective fiscal systems. The suggested system of one sole tariff might also resemble the Zollverein of the German Empire. The institution of such a union as that last mentioned would mean that the rates of duties should be the same throughout the whole Empire, that these rates should be sufficiently high to include the duties at present levied for local purposes in almost every British country, that they should be imposed and collected by one authority, and, by that authority, in part redistributed to the various local governments of the Empire. Such a union with a single tariff might also be understood by some to mean the total abolition of all customs duties for local revenue, and the substitution for these of direct taxation in order to raise the revenue in question. It may at once be confessed that the present writer is unable to put forward any scheme possessing the character indicated. On the contrary he believes that a brief review of the circumstances of some of the countries of the Empire will prove that such a plan of a customs union is a complete impossibility.