

Kiaochow's 100th Anniversary

By Fred E. Foldvary

Some people wonder, if geoism is so great, why hasn't any country gone all the way with it? **Geoism is the economic system which creates economic justice by sharing what nature provided, and by respecting the right to own the fruit of your labor.** One way to share rent is to use it for public revenue instead of taxing our labor and the things made with labor. Many communities, cities, states, and countries have obtained some of their revenue from the resources of nature, so geoism is commonly practiced in part. But there is also one territory which practiced geoism in full: the German territory of Kiaochow in China, also called Chiaochoo and now Jiaoxian, located in Shangdong (formerly Shantung) province by the Yellow Sea. Its main city is Qingdao (Tsingtao). And this year, 1998, is the 100th anniversary of that full-blast implementation of geoism.

The late 1800s was an era of colonial imperialism. France and Great Britain had colonies all over the world. After it became a unified country, the rulers of the German Empire were jealous because Spain, Portugal, Great Britain, France, Netherlands, and even Belgium all had colonies. There were a few territories in Africa and the Pacific that were not yet claimed, and Germany took control and became an imperial colonial power too. The European countries also took advantage of the weakness of the Chinese Empire and established colonial outposts and territories there. Germany leased the district of Kiaochow, with about 200 square miles.

In German colonies in Africa, economic development was accompanied by land speculation. Much of the gain from development went to the speculators as land values rose. Ludwig Wilhelm Schrameier, the Imperial Commissioner responsible for Kiaochow, was a member of the German Land Reformers. He had read the works of Henry George, the American economist who identified land speculation as the main cause of depressions. Henry George wrote that the public collection of the land rent would eliminate land speculation. By getting government revenue from land rent instead of taxing labor and capital, there would be prosperity without the injustice and burdens of taxing labor and enterprise.

At the founding of the colony in 1898, Schrameier established a land-value tax of six percent, which successfully prevented land speculation and served as the source of government revenue until the Germans lost their colony during World War I. Kiaochow is the most complete historical example of the implementation of geoism. As predicted by George's theory, Kiaochow succeeded in avoiding the land speculation that troubled the other German colonies.

Kiaochow is more than a historical case study. This example of geoism left a lasting legacy in China. Sun Yat-sen, the revolutionary who became the Chinese leader after the downfall of the emperor, had studied the writings of Henry George, and was also impressed by its actual implementation in Kiaochow. Schrameier became a consultant to Sun Yat-sen, who wanted to enact the Georgist land reform and collection of rent in China. After the death of Sun Yat-sen, his

ideas were inherited by the Nationalist party, headed by Chiang Kai-shek, but they were not able to implement them during the chaos of the wars with Japan and the Communists.

After the Communists won control of mainland China in 1949, the Nationalists established a government in Taiwan, with Chiang Kai-shek as president. Taiwan had formerly been occupied by the Japanese, so there was now an opportunity for a fresh start. The Nationalists enacted a land reform with a tax on the land rent and on gains from the sale of land. This reform kick-started Taiwan's development into a mighty industrial power, a remarkable success given the island's small size. So the spirit of Kiaochow lives on in Taiwan, and even in its diluted and partial implementation, geoism has been so powerful that Taiwan has avoided the economic collapse suffered by the other East-Asian economies.

Geoists should therefore be celebrating the 100th anniversary of the founding of the German territory of Kiaochow as the single historical example of the Georgist single tax on land value. And when others ask, if it's such a good idea, why hasn't any country tried it, we can answer that it was indeed tried, 100 years ago this year in Kiaochow, China. And it was a great success.

Note: for more on Kiaochow, read "Land Reform in Kiaochow, China: From 1898 to 1914 the Menace of Disastrous Land Speculation was Averted by Taxation" by Michael Silagi in the April 1984 American Journal of Economics and Sociology.

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