

seminary and the public rostrum. He has written many books against socialism and on economics, being considered the most eminent authority on the latter subject. His reputation is not entirely domestic, for he is Honorary Doctor of the Universities of Wisconsin, Dublin, Czernowitz, Christiana, Rome, Milan and Naples, a member of the Austrian Academy of Sciences and of the Royal Statistical Society of London.

The old gentleman once visited his friend and successor Professor Imhoff at Freiburg. The latter is one of the best known Single Taxers in Thuringia and he said to Dr. Wagner: "What an unjust world this is! For your advocacy of land reform, the government has just dubbed you Excellenz, while for the same sort of activities the folks around here call me Pestilenz."

Did space permit there are many other men in the movement well deserving of mention. There is Herr Pohlman-Hohenaspe, who became a Single Taxer in the wilds of Brazil and is an expert in statistics; Professor Erman of Munster, one of the lights of the legal profession and of the land reform movement as well; Professor Rein of Jena, and Herr Wiesner of Hamburg, a young man but promising. These and hundreds of others are helping to bear the international standard of human justice to its ultimate victory.—J. D.

THE SINGLE TAX IN KIAUCHAU

At the seventh international congress of geographers in Berlin, Poultney Bigelow, representing the United States, said:

"Kiauchau deserves in a very high degree the widest attention of the general public. Here for the first time the principles of land values taxation are applied in practice. And these much opposed doctrines have been brought into operation under the jurisdiction and authority of the German Empire. This fact has an importance that cannot yet be appreciated. In the whole world—in America, in Australia, in England, and wherever the doctrines of Henry George are understood—the development of this colony is watched with the keenest interest."

Almost cotemporaneous with the formulation of the programme of the Land Reform League of Germany was made the first trial of the Single Tax in the German colony of Kiauchau, China,

in 1898. When Kiauchau was acquired in 1897 the German authorities, with their usual thoroughness, forbade every change of landownership without official consent, and began to buy up the land. In a few short months a considerable part of the protectorate was the property of the German government. The principles on which the future land and taxation policies were to be formed were the subject of a memorial prepared by Dr. W. Schrameier, the Land Commissioner of Kiauchau. It was stated in this memorial that the action of the government at the time of occupation made it possible for the community to participate in the "unearned increment" of land values. It then went on to say:

"To keep up the value of land it will be necessary to bring so much land as is required by actual need from time to time into the market at public auction. The land shall be sold to the highest bidder. The purpose for which the land is to be used is to be communicated beforehand to the government which will reserve a certain liberty in assigning the lots. Every subsequent re-sale of land must, before it can become legal, be communicated to the government. The seller must report to the government the price which has been offered him and which he is willing to accept. The government has the right of pre-emption at this price in every case. If it does not exercise this right a transfer duty is levied on the transaction and in the case of an increased value a further tax of $33\frac{1}{3}\%$ of the increase in value (after deduction of all capital expenditure set off against the enhanced value) is levied. The Government reserves the right to see the building obligation carried out according to the original propositions and statements as agreed to. Land that has been in the same occupation for a period of 25 years will be subject to valuation and in the event of an increase in land value a tax of $33\frac{1}{3}\%$ on the increase will be levied."

In another paragraph it is stated that:

"The reason for this measure is that the prices offered at the first sales are not normal prices representing the true value of the land. By means of these proposals the Government secures a share in the future unearned increment without invading the rights of private property."

This was a characteristic German way of doing the thing, but it will be observed that the principle is not obscured. That

the object sought was realized is confirmed in the official White Book on Kiauchau for 1906. It is characterized the development of conditions in the following words:

“The share of the Government of $33\frac{1}{3}\%$ in the unearned increment, realized at the sales of land in private hands, has not yet been of any considerable amount. This is principally due to the fact that changes of ownership of land are, on the whole, comparatively few, because people willing to buy can still get the needed land in sufficient quantities from the Government. So far it can be affirmed that the land policy of the Government has accomplished the end and aim before it, that is, to prevent unwholesome speculation in land and to keep a sufficient area of land as the property of the community, in order to supply, eventually, the growing needs of the settlers without artificially enhancing the value of the land.”

In no instance has the administration made a free gift of the land to the first comer. The fact that the area of Kiauchau was ceded by China to the German Empire in March, 1898, in order to establish a commercial settlement, caused at once an enormous increase in the value of the land, and a further increase was foreseen to be certain with the execution of the contemplated railway and harbor facilities. The Government bought the land from the Chinese peasants at the prices ruling before the time of the occupation, while the prices realized at the first auction were in keeping with the expenditure and intentions of the Government for the future development of the settlement. The Government, of one mind in this case with the body of the inhabitants of the colony, all of whom are benefited, did not fare badly with this policy.

In an elaborate article dealing with Kiauchau contributed to the *Single Tax Review*, Dr. Schrameier wrote as follows:¹

“In the before mentioned White Book of 1906, the fact is emphasized that while the proceeds of the unearned increment tax have until now been very small, a boom in land has been prevented also, and the real purpose in introducing the unearned increment tax (this was the claim made in the memorial of 1898) was accomplished if the tax had never, indeed, been levied. The real object of the provisions was not so much to fill the treasury

¹*Single Tax Review* (Special Number for Germany), of March-April, 1912

of the Government as to prevent abuses in dealing with land. The Land Ordinance of Kiauchau, therefore, is not to be considered as a purely revenue producing policy; its true character is social rather than financial; it results in a policy that, besides applying the Single Tax system upon land value, aims at a practical solution of the highly important question of town extension. It deals with the urban land question fully, and this question is solved in the way that the Government buys up all the land that may be used for urban purposes to dispose of it to settlers under such conditions as will safeguard the welfare of the community in the future. The extension of the city is therefore carried out by the Government and regulated by law.

“It is of this that German Land Reformers have availed themselves in pointing to the example of Kiauchau to further their cause. One does not even need to accept the general proposition, established at Kiauchau, and at least not yet disproved, that all speculation ought to be considered as evil, in order to admit, nevertheless, that apart from speculation guided by far seeing economic principles, opening up vast tracts of land to use, there is another kind of speculation which, without involving the owning of real estate, profits, by a reckless system of hypothetical credit. Such speculation strives to enhance the price of land, and as land is necessary for all housing purposes it causes higher rents. But higher rents mean increased hours of labor or a lowered standard of living, and often both.

“The movement of the industrious and working classes against the owners of the soil, which has been established in different forms in different countries, though they all aim at the same end, is no longer to be hindered. It turns from the city, with the house famine and housing misery, to the country and attacks the accumulation of landed property in the hands of the few, which is injuring and hampering economic development.”

TAXATION OF THE UNEARNED INCREMENT IN GERMAN CITIES

The Kiauchau experiment led to the emulation by many German cities in the adoption of the “unearned increment tax,” in Frankfort-am-Main in 1904,¹ then in other cities, Essen,

¹The Frankfort increment tax or transfer tax as it is called, passed in 1904, provides that every change of ownership not depending upon inheritance is subject to a city tax of 2 per cent. of its value and if, since the last preceding transfer, less than five years has elapsed in the case of improved or ten years in the case of unimproved property and there has been an increase of value of 30 per cent. of the former price, a supplement is imposed as follows: Five per