The Qingdao Land Regime—Lessons Learned

By Dirk Loehr, Shihe Fu, and Li Zhou

Introduction

During the coming ten years, the urbanization program in China will cause a migration, which never happened before in human history. However, this urbanization means higher density, higher land rents and land prices. This urbanization process brings chances, but is also a challenge. Speculation, destabilization of the financial markets, a distribution bias, a lack of access to affordable housing are only some issues. Moreover, the problem arises of how to pay the necessary infrastructure, compensation etc. How to deal with all these challenges?

The subsequent article illustrates that a view back in economic history might be useful. The story is about Qingdao, which in the beginning of the 20th century was a German colony (for some 16 years). To speak it out clearly: This text does not intend to defend colonialism. Colonialism was a crime, and the German colony was basically no exception. However, the example Qingdao is interesting because it faced some challenges (such as “land gambling”), which are quite similar to those of today (although at a lower scale). It demonstrates patterns of land policy which even might be used today, in order to get the problems controlled. Within the Qingdao experiment the first time a modern tax and tenure-reform experiment was put into place – not by land reformers, but by military administrators, for quite practical reasons. The Qingdao example is also interesting, since it demonstrates that some ideas of the land reform movement (Henry George, John Stuart Mill, Adolf Damaschke) could be put into practice - with limited money and limited capacity. Moreover, the Qingdao example is interesting because it influenced the ideas of Sun Yat-sen. Even more, it influenced the contemporary land- and tax laws in Taiwan, and might be considered as one of the causes for her economic performance. Although, we will emphasize the importance of the Qingdao experiment, we also will show why it was far away from being perfect.

The subsequent article first provides an overview about the historical background of the colony. Than the land regime is illustrated and it is discussed whether or not might be considered as a realization of a Georgist blueprint. In the following chapter, a brief economic evaluation is done. Afterwards, the lessons learned regarding the political economy are discussed. The text closes with a historical note on the connection between the Qingdao regime, the ideas of Sun Yat-sen and their impact, in particular regarding contemporary Taiwan.

Historical background

In 1897, the Naval Office of Germany (Reichsmarineamt) occupied the Jiaozhou bay in Northern China (German transcription: “Kiautschou”). This aggressive act of colonial policy was driven by the intention to create the base for a “German Hong Kong” (Warner 1999, p. 15). Already around 1871 permanently some German war ships crossed in the East Asian sea. The official reason was “to protect the German trade”. However, in order to put coal on the ships and to repair them, the German government was dependent on treaty ports at the Chinese coast and on the British docks of Hong Kong. Thus, German navy wanted to have an own port in order to be independent from other nations, in particular of Great Britain. After the war between China and Japan in 1894/1895 and the German support of the objection of
Shimonoseki, the German government thought that the time had come to claim for an own port on Chinese territory. However, the idea was wrong, since the Chinese government didn’t agree. After long discussion Berlin decided finally to occupy the Jiaozhou bay by force. At that time, Qingdao was only a small village of fishermen. Nonetheless, the location was of high strategic importance. The bay was suitable for a big port, and the coal resources in the hinterland should serve the German fleet. Besides its function as a marine base, Qingdao should be developed as a trading center. It should serve as the German gateway for economic activities in Northern China (Warner 1999, p. 15). The rents from the location and the natural resources where shining. Now all what Berlin needed was a good reason to start the intervention. This pretext was found when at November 1, 1897, two Catholic missionaries from the Steyler Missions have been killed in Western shandong. Three German warships with about 700 soldiers under the command of rear admiral von Diederichs got the order to take Qingdao as a “pledge for atonement” (“Pfand für die Sühneforderungen”). This happened at November 14, 1897.

After having occupied the territory, the German government negotiated a 99 year leasing contract with the Chinese government, which was signed on March, 6, 1898. The contract was about an area with 540 skm with 60,000 to 80,000 habitants, surrounded by a 50 km deep neutral area (Bohnsack 2000, p. 13). In order to push the development of the city, the naval office took over the responsibility for the planning and development activities. It can certainly be considered as good practice that the development of the city didn’t start before the land regime, the development concept and the planning were fixed.

The city was built on a hilly territory. It consisted of a central located administration office, a European and a Chinese business center and an area of villas for living. In a distance of 3 km from the center was a port and an industrial area, two settlements for workers and three bases for German soldiers.

The land regime of Qingdao

Directly after the occupation of the Jiaozhou bay at November 14, 1897 rear admiral von Diederichs ordered that each transfer of land had to be approved by the local German government. The proclamation was already written months before in the German embassy in Beijing, before the death of the two German missionaries (Matzat 1985, p. 7). With this decree, the colonial government could control the land market and prevent the land to fall in the hand of speculators.

Originally, the military administration wanted to buy a huge area from Chinese land owners. However, rear admiral von Diederichs didn’t have enough funds and enough skilled staff to buy such a huge area. This is why he decided in November 1897 to buy only the preemption right, mainly in order to hamper speculative activities. This was much cheaper than buying the land itself. For accepting this duty, the Chinese land owners got paid twice the amount of the annual land tax, which they paid so far. Moreover, they were allowed to continue to use the land the same way as they did before (Schrameier 1914, p. 2, 4).

Afterwards the administration started to buy the land step by step. First, this happened on a voluntary base. The purchases took place in nine villages in the Western part of the leased area, where the new city and the new port should be set up (Matzat 1999, p. 11). The price for the sites was oriented at the original use (before planning and redevelopment). The normal case was the low price for agricultural sites (Bohnsack 2000, p. 14).
However, at February 10, 1898, the naval administration ordered compulsory purchase, since the process stalled, due to exaggerative price requirements of many Chinese landowners. Thus, the land was roughly classified (first, second and third class). First class land was compulsory taken for 37.50 Mexican dollars per mu (75 Mark), second class land for 25.00 Mexican dollars per mu (50 Mark) and third class land for 12.50 Mexican dollars per mu (25 Mark). In the classification of the land and the finding of the price the local mayors had been involved; an agreement has been made. The compulsory purchase oriented at the procedure and the prices, which the Chinese general Zhang had used between 1891 and 1897 (Warner 1999, pp. 15-16). General Zhang was commander of the Chinese troops in Qingdao until January 14, 1897; also he needed land for developing his military base. Besides for the land, the German administration paid compensation for the buildings, standing on the land. The Chinese land owners shouldn’t get the feeling of being cheated (Schrameier 1914, p. 6-7; von Tirpitz 1919, p. 66).

Although the purchase process was executed in a smart way, it shows how difficult it is to conquer again the public domain, if once private property has been introduced. Purchasing the land was anything but an easy business, even for the colonial administration. It took the German naval administration several years and much initial funds to get enough plots in order to execute the plan. However, in 1901, the area for the city and the harbor was finally in the hand of the administration. It included the abovementioned nine villages and comprised some 2,000 ha. Per average, for 1,000 m² have been paid 30 Mexican dollars (60 Mark). At September 2, 1898, the harbor of Qingdao was declared a free port and the land regime of Qingdao has been brought into force.
Figure 1: Plan of Qingdao and the surroundings (source: Bohnsack 2000, p. 16).

For the construction of the port, a railway line, a modern city with European standards and the development of an industry again a lot of money was necessary. The colonial administration wanted to keep the subsidies from the Reich as low as possible. However, in 1900 the subsidies from the Reich were still 98% or 9.7 Million Mark in the Budget of the German administration of Jiaozhou. Thus, so far the colony was anything but a source of revenues for the Reich (Bohnsack 2000, p. 16).

However, in contrast to some interpretations, financial objectives didn’t play the major role for the responsible administrators of the Qingdao land regime. Although, from a Georgist view, a significant share of the revenues from harbor and ship manufacture (41% of the total revenues in 1910, Yang 2012) might be considered as charged land rents, the fiscal revenues from land taxation itself was only about 6% of the total budget in 1910. The Georgist perspective looks different. Instead, the design of the land regime of Qingdao was more
influenced by social and economic objectives (von Tirpitz 1919; governor Rosendahl and von Tirpitz, cited by Matzat 2008b, p. 25 and 27). At this, the Qingdao experiment was also not exactly in line with the ideas of Ricardo and George: The father of the Qingdao experiment, Wilhelm Schrameier, and his supporters were afraid that rising land prices (due to speculation) cause higher rents - and not vice versa (Schrameier, cit. in Matzat 2008b, p. 23). However, here is not the place to discuss these different perceptions comprehensively.

On the other hand, these differences to Henry George don’t mean that financial motives were of negligible importance, since in the young colony there was hardly any other tax substrate than land, its rents and its value (Corbach, cited by Matzat 2008b, p. 32). Like Henry George, also the fathers of the Qingdao land regime knew that the land rent and land value increments were not created by single land owners, but by the efforts of the public. Moreover, a skilled tax administration was not available to levy other commonly used taxes. This means, the land value was taken as tax base also for quite practical reasons. Although this perspective is different from that of Henry George, it is in line with him regarding other important aspects. These aspects are also important for the globalized economy of today: In order to be able to compete with other treaty ports and to attract investments and people, the conditions in Qingdao (access to land, low land prices, low taxes) should be favorable. Nonetheless, without doubt high land rents and land prices in other colonies caused serious social and economic problems. The situation was basically not that different from modern days. Many people were forced to live in dense communities, which didn’t fit the very social and hygienic minimum standards. High taxes hampered business. The access to good locations for living and for business was difficult for newcomers, if the sites once were occupied.

The Qingdao land regime („Gouvernementsverordnung betr. den Landerwerb in dem deutschen Kiautschougebiete“) of September 9, 1898 comprised only eight paragraphs. Later, it was completed and changed by two decrees (March 3 and December 31, 1903). The land regime contained the subsequent major elements (Matzat 1999, p. 11; Bohnsack 2000, p. 15-16):

- With the abovementioned preemption right, the German administration had the exclusive right to buy the land from the original Chinese owners. This governmental monopoly should support the planner’s objectives. After buying the land from the Chinese land owners, a new plan for the territory was made. Thus, the planers could work without considering the interests and stakes of land owners and were able to set up the plan for a new city under ideal conditions. Based on this plan, the administration bought the land step by step in the Western part of the leased area, in which the city should be developed.

- The administration only retained those areas, which should serve public purposes (public buildings, streets, forestation etc.). The remaining land should be transferred into private hands, by using auctions. At October 3, 1898, the first auctions took place (according to the blueprint of Hong Kong). The minimum prices were lower than the prices in other treaty ports, in order to make the migration to Qingdao attractive (Matzat 1999, p. 11).

- Another element was a building order. If somebody intended to buy a site within an auction from the administration, he had to commit himself about the use of the site. Buildings had to be erected according to the plan within three years after a land acquisition. A lack of compliance could be punished severely. In the beginning, the owner could lose his property (with a compensation of only 50 % of the original
purchase price; cf. Rosendahl, cit. in Matzat 2008b, p. 17) and additionally get a contract penalty. Later, this rule was replaced by a decree (from March 3, 1903), according to which the land value tax could be increased step by step (3 % every 3 years) up to 24 % (Bohnsack 2000, p. 15). After complying on the plan, the land value tax rate was again reduced to the original 6 % (Schrameier 1914, p. 51-52).

- When land was sold to other private actors, the seller had to report the conditions of the selling contract to the authorities. In order to prevent cheating by wrong reports, the administration could make use of a preemption right and buy the estate, based on the reported conditions (Matzat 1999, p. 11).

- Additionally, one third of the incremental value was skimmed off by a tax on the incremental value. Such sites, which have not been sold, could also be taxed by 1/3 of the incremental value once in 25 years.

- Finally, a land value tax of 6 % was introduced (improvement, such as buildings, have been excluded), in order to prevent a hoarding of sites and to push them to their best use. The tax rate was chosen in order to keep Qingdao competitive with Hong Kong and Shanghai, in which the English tax on rent played an important role (Schrameier, cit. in Matzat 2008b, p. 17). The tax base was the value of unimproved land. During the first three years the original price served as tax base. Afterwards a revolving periodic reassessment had to be done (Matzat 1999, p. 11).

Qingdao: Realization of a Georgist program?

Besides the taxation of land there was no other direct tax in Qingdao (Matzat 1999, p. 10; Matzat 2008b, p. 19) – except the high subsidies of the Reich. This is the reason why some authors (e.g. Schiffrin 1957, p. 561) featured the Qingdao regime as a realization of the ideas of Henry George. Also Sun Fo, the son of Sun Yat Sen, believed that the designer of the Qingdao land regime, Schrameier, was inspired by George and Damaschke, the leader of the German land reform association movement (Bund Deutscher Bodenreformer, which had up to 100,000 members at that time). In our view, these opinions are not correct.

- First, the land regime of Qingdao realized more such ideas, as popularized by the Land Tenure Reform Association, which was founded in 1870 and lead by John Stuart Mill and the German land reform association (Bund Deutscher Bodenreformer). They were not as radical as Henry George, who suggested charging currently the whole land rent (George 1879). Instead, as in the concept of the Bund Deutscher Bodenreformer, the taxation of the incremental value played an important role in the Qingdao concept (Meyer-Renschhausen 1999, p. 8). Henry George rejected such a tax, since it could be pushed on the production factors labor and capital.

- Second, Damaschke and Chang (1965) pointed out that in 1898 Schrameier only knew George and Mill by their names. Schrameier wasn’t a single taxer – which might also be simply shown by the fact that Schrameier originally also wanted to introduce a sort of business tax. However, this plan was not realized (Matzat 2008b, p. 19).

- Third, even the contact between Schrameier and the Bund Deutscher Bodenreformer occurred, after the land regime in Qingdao already had been put in place. The leader of the association, Damaschke, and Schrameier met not until 1902. Instead, Schrameier experienced the effects of “land gambling” during his earlier stays in China (Chang
For instance, between 1842 and 1910 the land prices in Shanghai rose between 500 and 1,000 times of the initial value. However, the city administration didn’t have any financial benefits from that. This is why Schrameier designed a land regime for Qingdao, which let the city participate in the incremental value, because it was created by the public and not by the land owners. Since this idea was quite in line with the concept of the Bund Deutscher Bodenreformer, Schrameier was invited by Damaschke to give a presentation in Berlin on November, 27, 1902. The title was “How the land regime of Jiaozhou was put in place” („Wie die Landordnung von Kiautschou entstand“). Finally, Schrameier joined the German land reform movement, after this conference.

**A brief evaluation of the Qingdao land regime**

On the background of the ideas of reformers such as Henry George (1879), Michael Fluerscheim (1885), Franz Oppenheimer (1895) or Silvio Gesell (1959), the land regime of Qingdao had several shortcomings. Although the most interesting component of the land regime is the land value taxation, this tax could only skim off a comparatively small share of the land rent. This is due to the low tax rate of 6% with the idea of a complete nationalization of the land rent. However, considering the effect on land prices and speculation, the graph below illustrates that relatively high effects can already be achieved with relatively low tax rates. In the figure, after-tax-land values (Y-axis) are changing as a function of changes of the tax rate (X-axis), with an assumed discount rate of 5%. The rough formula for the after-tax-land value in private hands \( V_P \) is \( \frac{R}{(i + t)} \), where \( R \) is the land rent, \( i \) is the discount rate and \( t \) is the tax rate. The graph shows an asymptotic falling line of value. Although the Qingdao tax rate of 6% is by far too low from a Georgist standpoint, it probably had considerable effects on dampening the land values and land speculation. Indeed, from 1898 to 1909, the average land price of Qingdao was in a range between 0.8 Mexican dollars to 1 Mexican dollar per sqm, except 1.2 Mexican dollars per sqm in 1908 (Yang, 2012). Regarding the above quoted formula, for instance a 6% land value causes the remaining value in private hands shrink to some 45% of the original value (while taking a 5% discount rate).

![Figure 2: Land value after tax, depending on the land value tax rate](image-url)
Another consequence of the relatively low tax rate might was a lack of public revenues. The colony was apparently short of money. However, according to the Henry George theorem (“golden rule of local public finance”), under certain ideal conditions (in particular: optimal population size) the whole public good could be financed out of the (land) rents (e.g. Arnott and Stiglitz, 1979). The Qingdao tax and tenure regime didn’t even try to use this chance.

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<th>Local Income</th>
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<td><strong>Composition</strong></td>
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<td>Private goods and services</td>
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<td></td>
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<tr>
<td>Public goods and services</td>
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**Figure 3: Henry-George-theorem (simplified version, own presentation)**

Although the theorem is named after Henry George, it wasn’t developed by him. At the beginning of the 20th century, the knowledge about the financial potential of land rents was not as advanced as it is today. Moreover, one important condition for the Henry George-theorem is an optimal population size. The idea of a self-funding infrastructure (by land rents) doesn’t hold true if there is not enough population in a city. In contrast to actual Chinese agglomerations, the young colony in Qingdao faced apparently this challenge. However, the ability of land rents to finance at least high shares of the fixed costs of the public good was not appreciated enough by the creators of the Qingdao system.

Since the Qingdao land regime charged a share of the land rent, many problems remained unsolved. This is why the land value tax had to be completed by additional tools such as building orders, a higher tax for unused sites, or the taxation of the incremental value. However, all these elements are not necessary in the system of Henry George. And all these means have disadvantages, for instance:

- A tax on incremental value may cause a lock-in effect. For instance, in order to avoid the tax, real estate might be sold out at a later time or not at all. The answer of Schrämker was a direct tax on the incremental value, which had to be imposed every 25 years, even if the estate is not sold. However, such a tax may cause liquidity problems and hamper investments. This is apparently one important reason why Taiwan cancelled this sort of tax (see below).

- A building order doesn’t guarantee that the building, which is set up, is indeed used efficiently. Many Western states (such as Germany) actually experience this problem.

- Besides the abovementioned elements of the land regime, also a transfer tax of 2% was taken when land was transferred, in order to cover the costs for the land register (Bohnsack 2000, p. 15). Such a land transfer tax hampers the efficiency of the land market and should be basically avoided.

- As in contemporary mainland China, also in Qingdao land was sold out to private actors by auction. Of course, in the short run the public revenues of such a selling out
are quite attractive. However, it is not sustainable. If once the land is sold out, also the stream of public revenues runs dry. It would be quite more sustainable to charge the current land rents, based on a current assessment of the values of the plots.

- After the end of the life cycle maybe whole quarters have to be planned over. Such a redevelopment may turn out to be quite difficult, if the property rights on land are in private hands (as it happened in Qingdao and Taiwan). For these and other reasons parts of the German land reform movement suggested leasehold rights (Erbbaurechte) in land instead of private property (Fluerchheim 1885). In Germany, even a decree for leasing rights was placed in 1919, mainly due to social causes. It is interesting to know that also in the Qingdao districts Tai tung tschen and Tai hsi tschen also modified leasehold rights have been used. However, Schrameier and others wanted to base the regime on private property. Regarding Hong Kong, they were afraid otherwise the execution of construction work of the buildings would be quite poor (Matzat 2008b, p. 24). However, the contemporary buildings of Hong Kong disqualify this standpoint. The controversy about the property rights is unsolved up to now. In modern China, the discussion is about whether or not introducing private property on land, whereas in some Western countries, the question is rising whether or not more leasehold should be used. For instance, in Switzerland, NGOs are fighting for using leasehold mainly due to social reasons (Boden behalten, Basel gestalten 2013). In Germany, the discussion is also caused by the need of demolishing empty settlements in the Eastern part of the country (Loehr 2011), which might be quite difficult in case of private property.

Regardless these shortcomings of the Qingdao regime, due to the resistance and the lobby of the colonists more advanced standards were not politically feasible.

**Political economics: Lessons learned**

For the Chinese settlers of Qingdao, a land tax wasn’t basically a new experience. Although – quite similar as in feudal Europe - in theory the land was property of the emperor, the owners of the sites had a far-reaching user right – if they paid the land tax. However, there was no fiscal cadastre, and the tax registers had been arranged according to families (Bohnsack 2000, p. 13).

Nonetheless, there was a lot of resistance and animosity against the new land regime. On the one hand, these conflicts arose because the prices within the compulsory purchase were considered as being too low. Chinese authorities nowadays face similar problems, when they pay compensation to farmers within resettlement programs. Many farmers want to participate in the incremental value (after changing the plans and the development). In Qingdao, the problem might have been even more severe, since the compulsory purchase was ordered by an occupying power.

Resistance also occurred within the German colonists. Among them, Schrameier was apparently the most hated person. When the land was sold out to privates, it was under equal conditions. Many commercialists complained, because it was impossible for them to get a privileged location. In this context, also Schrameiers role as “protector of the Chinese” was challenged, since the privileges of European colonists about the Chinese population in Hongkong and other colonies were more far reaching than in Qingdao (Matzat 2008b, p. 20 and p. 29).

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One might learn at least three things from this struggle for privileges.

- First, an advocate for weak organized groups (as Schrameier was in the colony) might be a good way to channel and to moderate conflicts for land and land rents. For instance, Scandinavian countries put the institution of the “Ombudsman” for poorly organized groups into place. The acceptance of reforms among the people may increase.

- Second, Schrameier represented a “strong state” (cf. von Humboldt 2009), which gives priority to the common wealth, not to powerful particular interests. The same holds true for von Tirpitz, who backed and defended the land regime in Germany, in his position as secretary of state of the Naval Office (particularly, within the budget negotiations in the Reichstag at January 31, 1899). Von Tirpitz himself experienced the problem of unlimited land speculation in the European settlements in 1896 (von Tirpitz 1919, p. 66). However, a strong state is a particular challenge in a “rent seeking society”, where currently strong and powerful actors are trying to capture the authorities. On the other hand, a weak state, which is influenced and captured by pressure groups, is not able to execute such a reform agenda.

- Third, since charging rents is often a source of conflicts, people as well as members of parliament have to understand why such a reform is necessary. In particular for the German land reform movement the land regime of Qingdao served as a blueprint (Matzat 1985, p. 32). It was the proof that the objectives of the organization could be transformed into practice. Damaschke described the land regime of Qingdao in his essay „Kamerun oder Kiautschou? Eine Entscheidung über die Zukunft der deutschen Kolonialpolitik“ (1900). This pamphlet was sent to all members of parliaments and brought the basics of the land regime of Qingdao into the mind of a broader public in Germany. These activities had huge impacts also on the laws which had been passed in the Weimar republic.

Schrameier and Sun Yat Sen: A brief note on history

Of particular interest for Chinese economic history is the relationship between Schrameier and Sun Yat-sen and the relationship between the land regime of Qingdao and Sun Yat Sen’s reform program of “San-min zhu-yi”, which might be translated as the three principles of the people. Generally it is assumed that Sun got to know Henry George’s and John Stuart Mill’s ideas during his first trip to Europe and USA in 1896/97. As a consequence, he started to think intensively about social problems. During his second trip to Europe and USA (1904/05) he wrote a statute for the Chinese homeland club in San Francisco (1904). Here, firstly he wrote about the “undeserved incremental value” and the principle of “equal tenure right” (Pingjun diquan). However, the principle of equal tenure right didn’t reflect that much the ideas of Henry George, but rather those of John Stuart Mill, which have been put into practice in Qingdao (cf. Schiffrin 1957, p. 558-561). Hu Han-min said in a speech in the Nan Jing parliament: „Basically, Sun Yat-sen was a follower of the author of the book ‘Progress and Poverty’, Henry George. Within the implementation of his land policy, he followed the method, which as applied by Wilhelm Schrameier in Qingdao.” (Matzat 2008b, p. 45, own translation). The land regime of Qingdao was first publicly mentioned by Sun at October 17, 1906, in a speech in Tokyo (due to the first anniversary of the journal Min-pao) (Chang 1965, pp. 88-89). Apparently, Sun had heard the first time about the land regime of Qingdao in spring 1905 (Matzat 2008a, p. 22), during his stay in Berlin, from Chu Ho-chung. In December 1911 Sun Yat-sen was elected as preliminary president of the first Chinese republic. Some months later he resigned, but Yuan Shikai made him commissioner for
railways. This task let him make an inspection trip through China. Within this trip, he also visited Qingdao in 1912 for several days. He was quite impressed about the land regime (Matzat 1985, p. 14). Like the German land reform movement, also Sun quoted then the land regime of Qingdao again and again as a proof that the nationalization of the undeserved incremental value is feasible, practical, successful and more than only theory. Like today, successful lighthouse projects facilitated the launch of a political program.

However, the Qingdao project was more than only a political argument for Sun. It also served as a blueprint for practice. He planned to transfer the land regime of Qingdao onto the extension of the Yangtze harbor-cities such as Chinkiang, Nanking, Pukou, Wuhan, and the further development of Canton. Also the big cities at the South Western railway line should apply the same regime. Some of Sun’s ideas are still interesting on the background of the actual urbanization challenges: Sun suggested – according to the blueprint of Qingdao – that the state should buy the sites of the new city territories at the usual local prices. The government had only to provide funds for the first acquisitions – for sites which had to be used immediately and urgently. The other sites should be considered as state property, which is not paid yet (State land unpaid). However, the (former) owners were not allowed to sell out their site to other private actors, but were allowed to use the plots as before as long as the price was not paid. Within the development, the state buys step by step the sites for the original price, which was lower than the rising market price. To our knowledge, so far it is not completely clear whether or not Sun wanted to sell out the plots or only lease them out (Chang 1965, p. 130-131).

In 1923, Sun ordered Schrameiers book “From the Kiautschou administration” (“Aus Kiautschous Verwaltung”, which was published first in 1914), to be translated into Chinese. The translation was published in Shanghai in 1923 (Matzat 2008a, p. 26). In early 1924, Sun Yat-sen sent a telegram to Schrameier, asking him to come as advisor to Canton. When he got the call from Sun, Schrameier was already 64 years old, and he was not in good health conditions. However, he took the chance and travelled to China. According to a report of the German Consul General Remy from September 9, 1924, during the months Juni to November 1924 Schrameier and Sun met apparently every day. In November 1924 Sun Yat-sen travelled to Japan and later on to Beijing, in order to negotiate about the unification of the Chinese nation. In Beijing, he died at March 12, 1925. However, Sun and Schrameier used their remaining time in order to develop a land program, which was passed as a law in 1930. Due to the upcoming civil war the law couldn’t be enforced any more. However, it had impacts on the land regime in Taiwan (Matzat 1985, pp. 32), as the subsequent table figures out. The tax and tenure system of Taiwan might be certainly regarded as one of her success factors.
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<th><strong>Taiwan (from 1954 on)</strong></th>
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<td><strong>Assessment of land value tax base</strong></td>
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<td><strong>Assessment of land value tax base</strong></td>
<td>After the acquisition of a site the purchase price serves as tax base for 3 years. Afterwards, in a range between 3 and 5 years, the land value has to be reassessed by a commission</td>
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<tr>
<td><strong>Normal land value tax rate</strong></td>
<td>Annual land value tax of 6%.</td>
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<td><strong>b) Tax on incremental value</strong></td>
<td><strong>Indirect (when sold out)</strong></td>
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<td><strong>Indirect (when sold out)</strong></td>
<td><strong>Direct (also, when not sold out)</strong></td>
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<td><strong>c) Preemption right</strong></td>
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<td><strong>Conditions</strong></td>
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**Figure 4: Comparison between the Qingdao and the Taiwanese land regime**

In this context, another aspect deserves remark: While Sun was first focused on urban land, from 1924 on he also thought about rural land. He claimed the “land to the tiller”. The land-to-the-tiller-program was very popular among the farmers and brought a lot of supporters for the Kuomintang. Rural land reforms contributed also to the economic success of contemporary Taiwan (cf. Kay 2001).

After the departure and the death of Sun Yat-sen, Schrameier continued to work on the land issue with Sun’s son, Sun Fo. At that time, Sun Fo was mayor of Canton. Sun Fo assigned Schrameier to work out a law for land taxation for the city of Canton. In the end of December,
1925 he submitted the draft. Ten days after the submission of the draft also Schrameier died, caused by an accident during a rickshaw trip (at January 5, 1926).

**Conclusion**

Although it happened on the background of the criminal colonial policy, the land regime of Qingdao was a blueprint. It was the first time in history, that such a far reaching tax and tenure-agenda was realized. Although the Qingdao regime had serious shortcomings, it went into the right direction. It was much more advanced than most of the contemporary land regimes in Western countries are. And still it may serve as a guidepost in which direction the first steps into another economic order have to be taken. Bohnsack (2000, p.18) asked the question, why in the old Qingdao a working land regime was possible, but not in contemporary Germany? His answer: The Chinese land owners were without lobby in Berlin, whereas the members of parliament in Berlin had no estates in Jiaozhou.

**Literature**


(Note: The Chinese version will be slightly different from this version.)