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AGREEMENTS IN POLITICAL ECONOMY.

ROUND TABLE DISCUSSION: C. B. FILLEBROWN,
Chairman.

C. B. FILLEBROWN: I feel highly honored in having been called to the chairmanship of a Round Table of the American Economic Association for the discussion of Agreements in Political Economy, a topic that has long appealed to me as of the very greatest interest and importance.

I have been engaged for several years in a sort of probationary work, known to many, perhaps to most of you—that of trying to elicit from economists agreement upon certain definitions and statements of principles touching land value and land taxation.

Perhaps the best illustration I can give of the plan I have in mind is a statement of the present fruits of this effort, imperfectly indicated by the following recorded canvass of opinions:

		Yes.	No.
1902.	1. <i>Definition:</i> Ground rent is what land is worth for use	135	0
1902.	2. <i>Definition:</i> Public franchises are exclusive free privileges granted to one or several persons incorporated, and from which the mass of citizens are excluded. These franchises usually pertain to land, including, as they do (to use the language of the New York Legislative Ford Bill), all "rights, authority or permission to construct, maintain or operate, in, under, above, upon or through, any streets, highways, or public places, any mains, pipes, tanks, conduits, or wires, with		

	their appurtenances, for conducting water, steam, heat, light, power, gas, oil, or other substance, or electricity for telegraphic, telephonic or other purposes". Hence their classification, by the above act, as "land values" may be confirmed as correct, and their annual values properly classed as ground rent	103	25
1902.	3. A tax upon ground rent is a direct tax and cannot be shifted.....	108	26
1902.	4. The selling value of land is, under present conditions in most American states, reduced by the capitalized tax that is laid upon it....	105	17
1902.	5. Hence the selling value of land is, to the same extent, an untaxed value, so far as any purchaser, subsequent to the imposition of the tax, is concerned.....	95	24
1904.	6. <i>Definition:</i> Monopoly: Control, absolute or substantial, temporary or permanent, of the supply and hence of the price of any commodity or service, whether maintained (1) through control of natural resources, (2) through some special and exclusive right or privilege conferred by law, (3) through combination or concert of action, or (4) by any means which are not available to similar capital and skill in competitive hands.....	86	3
1904.	7. It would be sound public policy to make the future increase in ground rent a subject of special taxation	77	10
1906.	8. The selling value of land is an untaxed value. (Illustration No. 19).....	59	2
	Returns are now coming in upon two propositions lately submitted:		
	1. Ground rent is a social product.		
	2. A tax upon rent cannot be shifted.		

The concrete suggestion I would here offer is that, with the work already done for a nucleus, the same method be extended, corrected, improved, and adapted to include, as experience may justify, other and, finally, perhaps all points of economic theory, and the practical economic rules and principles to be deduced from them.

I would emphasize the great importance of such a step as a means to securing agreement on economic principles, and not as a method of advancing any practical program of reform.

Let it be supposed, for instance, that the Association itself should see fit to adopt a resolution somewhat as follows:

WHEREAS, This Association, recognizing the value of substantial agreement upon the largest possible number of definitions of common terms and of economic principles, commends effort toward the establishment and general enlargement of such agreement, and favors response and coöperation from the members of the Association, therefore

Resolved, That the President is authorized to appoint a general committee of not more than twelve members, upon whose recommendation definitions and statements of principles may be submitted to the full membership of the Association for approval and criticism; the progress of such agreement to constitute an available subject of annual discussion and report in the proceedings of the Association, and be it further resolved that this general committee may appoint or confirm working committees in various departments to conduct the necessary correspondence and report partial or preliminary agreements to the general committee.

An incident of such a concerted movement, as above outlined, might be an enthusiasm equal to or exceeding that of the recent Columbus Conference on Taxation, an interest that promises to be permanent and increasing. Work of this nature, which must of course be a growth, might afford pleasure as well as profit, and might readily enlist the interest of those who would make of themselves centres of agitation and development in the various fields of Capital, Labor, Rent, Wages, Interest, Taxation, Population, Production, Distribution, etc. If such a race is

worth the running, what more appropriate than that the American Economic Association should set the pace?

It is not expected that agreements like these will be new discoveries, but simply old discoveries brought into stronger light, formulated and subjected to continuous correction and perfection, through reconciliation of differences, and re-statement of old agreements to conform to the latest thought.

Such an assembly and exposition of essential principles can but be of inestimable profit to the student, the teacher, the university and the state, compassing, as it must eventually, an accepted body of principles—principles that may be taught fearlessly by teachers old and young, experienced or inexperienced, leading or led, and with a confidence and satisfaction akin to that pervading the domain of exact science.

On the relatively solid ground of such accepted doctrine the college graduate will take with him to his home and into the concerns of life something that will be to him an armor and a weapon always at hand—an economic code that shall be as a hand-book to the publicist, politician, and statesman—that shall make of the college men in Congress and Legislature not dreary followers of a groping public sentiment, or the confident advocates of exploded economic opinion, but instructors and leaders of their time.

T. N. CARVER: I suppose that the formation of the American Economic Association comes nearer marking an epoch in the development of economic science in America than any other event. But if the plans of Mr. Fillebrown, as foreshadowed in the resolution which he is going to propose, are carried out successfully, it will be an event second in importance only to the forma-

tion of this Association. Without mutual discussion and criticism, economics as a science could not make much headway; hence the formation of this association was of such great importance. But even with every opportunity for discussion, there is a limit to the progress which can be made if the different men can not come to an understanding upon the meaning of terms and elementary concepts.

Again, every one of us has heard it remarked literally hundreds of times, and has himself remarked dozens of times, that the chief value of these annual meetings is in the opportunities which they give us to meet one another and to talk informally in the corridors and other places, rather than in the formal discussions on the stated program. Now this scheme of continuous correspondence, if it is ably and tactfully directed, as Mr. Fillebrown has been directing a correspondence upon certain favorite topics of his for several years, would merely continue throughout the year these opportunities which we all so much prize, viz., the opportunities of mutual discussion and criticism. This would bear about the same relation to the formal publications of books and articles, as our informal talks at these meetings bear to the formal discussions on the stated programs. Therefore I hope that there will be a unanimous vote in favor of Mr. Fillebrown's resolution.

FRANK A. FETTER: I heartily approve of the plan as outlined by the chairman, but wish to warn against premature attempts to reach agreements on subjects where sufficient fundamental and critical work has not yet been done by individual students. In the case of a number of the leading terms and concepts of economics, it can hardly be doubted that the analysis has not yet been

satisfactorily made, and therefore a vote upon agreements could have only the harmful effect of crystallizing opinion into wrong forms. An important function of such a committee as is proposed would be the encouragement of special studies preparatory to the work of arriving at agreements.

CHARLES HILLMAN BROUGH: I am in hearty sympathy with this movement to secure substantial accord with reference to fundamental economic concepts. Unless we reach working agreements as to such terms as labor, capital, wealth, income, property, trusts, pools, corporations, franchises, quasi-public corporations, economic rent, socialism, and a single tax, economic writers and political theorists will sail upon the vast ocean of thought and original investigation without chart and compass. Although economics is not an exact science, in the sense that pure mathematics is, axioms and fundamental propositions must be adopted in the one as much as in the other. It is true that Arkansas and New Jersey do not agree in their present conception of a trust; hence, the wide divergence in the legislation on this important question in the two States. In Arkansas a trust is defined by the King-Davis Anti-Trust Act as "any combination organized in Arkansas or elsewhere for the purpose of fixing prices in Arkansas or elsewhere", while New Jersey adopts the more comfortably capitalistic conception of "any combination organized elsewhere than in New Jersey for the purpose of fixing prices in New Jersey". Arkansas holds that all monopolies are evil *per se*; while New Jersey believes that any corporation that pays tribute to the revenue of New Jersey is essentially benevolent, regardless of its effects on the people of other States. Both of these propositions are radical

and leave no margin for a difference between good and evil combinations, between those that do not water stock, do not undersell weaker competitors in the local markets, and receive no secret concessions or discriminations, and monopolies which owe their very existence and strength to the use of these unlawful "clubs". The legislators and economists in the different States and in the United States at large should agree on the fundamental concepts; otherwise, we shall have "confusion worse confounded."

J. H. HOLLANDER: The immense value of such a plan as that proposed by Mr. Fillebrown is the standardization of concepts and terms. It by no means follows that agreements such as are therein proposed will forthwith be attained among economists, but there will at least be a definite understanding as to precisely what each term means, and economic discussion will be spared the interminable waste of time and effort consumed in merely dialectical debate. No small part of the slower progress of economic science as compared with natural science is to be ascribed to the looseness and inexactness of nomenclature and terminology. It is unnecessary, indeed even undesirable, at this stage, that such attempted standardization should extend to controverted principles. The prime need is the purely technical advantage growing out of the use of one term at all times to express one concept.