

# Principles of Public Utility Rates

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standards of fair income-distribution. The really serious obstacle to rational solutions of questions of economic policy involving issues of fairness lies, not in the philosophical insolubility of any dispute about ultimate ends, but rather in human inability to predict remote consequences. But in making attempts at a prediction, an economist is entitled to use whatever training and experience he may have in doing his fumbling best.

In any case, one conclusion as to the proper role of fairness standards in the determination of reasonable rates seems to me to be clearly justified: namely, that this role, though essential, should be a subordinate one, in that considerations of fairness or equity, when calling for separate recognition, must be regarded as restraints against the unqualified acceptance of general principles of rate making based on considerations of maximum economic or social efficiency.<sup>24</sup>

<sup>24</sup> I doubt whether this conclusion would be justified if carried over from the field of price policy to the field of tax policy, in which income-redistributive objectives properly receive much greater emphasis. See C. Lowell Harriss, "Sources of Injustice in Death Taxation," 7 *National Tax Journal* 289-308 (1954).