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Commentary: The inconsistency of 'cafeteria economists'

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A rescue team makes its way down a street covered by floodwaters caused by Hurricane Matthew in Lumberton, N.C., on Oct. 10.

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Catholics who choose to accept some church teachings but not others are known as "cafeteria Catholics." The problem, in the eyes of the Church, is that Catholic theology isn't a collection of disparate items of faith to be selectively chosen. It is a coherent body of thought that leads to a set of reasoned conclusions. To reject some teachings while retaining others is to ignore the arguments underlying all of them. And so it is today with so many amateur "cafeteria economists."

These amateurs see no problem paying \$2,500 for a ticket to the Broadway play *Hamilton*, which has been the toughest ticket in town to get for quite a while. If you want to see the show, your options are to wait in line at the box office for a chance to pay the \$500 face price, pay a scalper five times as much, or not go at all. Given that most people cannot manage to get tickets from the box office, they end up choosing to pay the scalpers.

The story is no different with sporting events and concerts. And it's not only event tickets. People routinely pay more than the asking price to outbid competing buyers for houses, and there seems to be one special toy every Christmas that parents cheerfully pay extra for on a secondary market.

But here's where the amateur economists walk into the cafeteria. Many of the same people who have no problem paying extra to get the concert ticket, house, or toy lose their minds when the product in question is a gallon of gas, a power generator, or an Uber ride.

For some reason, the cafeteria economist accepts that supply and demand affect prices for luxuries, but refuses to believe that supply and demand also apply to necessities. They seem to believe that somehow the laws of economics can simply be ignored in times of need. They can't be.

In the wake of Hurricane Matthew, North Carolina's attorney general, Roy Cooper, went to the cafeteria and issued subpoenas to gas stations accused of price gouging. But, to the laws of economics, a gallon of gas is no different than a ticket to *Hamilton*. Yes, there is a

big difference to the person - gas is a necessity, show tickets are a luxury. But, and this is the important part, economic laws apply regardless of the emotional baggage or physical need we attach to the purchase.

In North Carolina, price gouging wasn't any more evil than the flooding. Both were unfortunate, and wholly inescapable, consequences of the hurricane.

A rising price is the best way to ensure both that the little gas sellers have gets shunted to the people who need it most, and that entrepreneurs have the maximum incentive to bring more gas to market. The higher the price goes, the more effort consumers put into conserving, and the more effort entrepreneurs put into providing.

And when well-meaning bureaucrats step in to prevent prices from rising, all they do is to create an illusion. Sure, you can buy gas at the pre-hurricane price, but you have to wait in line for hours, and when you finally get to the front of the line there may be no gas left. Each person in line ends up paying the price-gouging price. They just don't pay in dollars. They pay in frustration and hours of wasted time.

If someone would rather pay \$10 for a gallon of gas so he could rush back to care for his family and home than pay \$2 but have to waste hours in line, that person should be free to make that choice. If there is an evil agent present, it isn't the station owner who is willing to accept the price that the buyer is willing to pay, it is the attorney general who declared that transaction illegal.

If it's morally acceptable to pay a premium for tickets to *Hamilton*, or anything else, then it is also morally acceptable in times of scarcity to pay a premium for gas. And power generators. And Uber rides. Or anything else.

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