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## Heartless economists

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## Quad 136

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## Heartless Economists



Among themselves, economists occasionally lament how misunderstood we are. The world seems to think we are heartless and immoral when we are just trying to help the world by making things a little more efficient.

In a recent [Bloomberg posting](#), Megan McArdle notes that New York City just [outlawed](#) surge pricing by the private car service company Uber.

Basically, New York has decided to try and suspend the laws of supply and demand and keep ride prices fixed during emergencies, even as policymakers know that allowing prices to rise with an increase in demand will bring about an increase in supply. Some call this price rise gouging. It often is decried during emergencies when gasoline, water or generators see their prices rise. Economists call it

efficiency and admire the beauty of the market—the matching of willing buyers with willing suppliers. Those who want the product most will have it provided to them through the price mechanism.

Yes, those with more resources (those who are richer) will often get these scarce commodities, but the increase in supply brought about by the price increase will also mean that more individuals overall will get these needed goods than if the prices are fixed.

Trying to fight supply and demand is like fighting the weather or gravity. Can't be done without causing more harm.

When I taught introductory economics classes and used the emergency provision of water or gasoline and surge pricing as an example, those who loved the efficiency of the market were most likely to be economics majors. Those who criticized suppliers for “price gouging” often ended up in the humanities. The natural scientists tended toward efficiency but often with some qualms.

The beauty of the liberal arts experience: living and studying with others who have different views of the world!

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] [PrezHemesath](#).