
Is Price Gouging Immoral?

Segment Length: 2:51 minutes; 3:34 minutes

Videos:

“EconoMinute: Price Gouging

<https://www.youtube.com/watch?v=ZtZnw360x6c>

“Is Price Gouging Bad?”

See website: https://stosselintheclassroom.org/both_sides/

Guide:

The questions below will help students achieve a better understanding of the arguments made on either side of a contentious topic. Because these questions often touch upon statements made briefly in the videos, we recommend reading the questions before watching each video.

Students are encouraged to take notes during the videos, and it may be helpful for students to break into groups, each taking responsibility for only a few questions, before coming together for discussion.

Analysis Questions:

1. Richard Wolff argues in the first video that nothing guarantees price gouging will increase supply. Wolff advocates for a system that takes into account who most needs and best deserves supplies during a crisis, rather than a market system. What does Art Carden say about the guarantees under a system that outlaws price gouging?
2. Art Carden contends that high prices during a crisis will lead to greater supply of needed items like flashlights. Why might high prices have such an effect?
3. What is the lesson Richard Wolff says suppliers will take away from times of crisis and scarcity?
4. What does Art Carden mean when he says high prices are like a signal flare?
5. What does Richard Wolff think suppliers will do when a crisis causes prices to rise? Why would they do this?
6. Why would a storeowner be more likely to open for business during a crisis if prices are higher than usual?
7. Art Carden says laws against price gouging ultimately prevent people from bringing supplies like flashlights to the market where they are needed most. Why could such laws cause this to happen?
8. Richard Wolff insists that during a crisis suppliers will hold back supply. Why might they do this?

9. Art Carden and John Stossel, contra Richard Wolff, believe suppliers will go to great lengths to bring needed supplies like generators to crisis-stricken areas. Why would they do this?
10. Art Carden and Richard Wolff, both economists, disagree as to whether, in the midst of crisis, sellers will hold back supply in order to keep prices high or ship in more supply in order to take advantage of higher prices. Both agree that increasing supply will drive prices down. Is a selfish seller likely to hold back supply if his competitors are working hard to increase supply? If all competitors were holding back supply, could a selfish store owner make more money by holding back his supply or by shipping in more needed items? How could an agreement between store owners affect the results of price gouging?