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Price gouging, a rapid and drastic increase in price, is often publicized in newspapers and magazines, especially during times of disaster such as after a hurricane or tornado. Although most people reflexively say price gouging is morally wrong and harmful to those in post-natural disaster zones, many economists argue that it benefits them. One such economist is David R. Henderson, a research fellow at Stanford and professor of economics at the naval postgraduate school in Monterey, California since 1984. He uses a casual tone as he presents his argument alongside commentator Tom Woods in episode 987 of the Tom Woods Show (Woods 1:04 – 1:14). His argument utilizes many rhetorical devices including, but not limited to, logos, word choice, and commentary structure to effectively persuade listeners of his point of view.

At the beginning of the show, Tom Woods introduces David R. Henderson as a guest speaker as well as his credentials as an economics professor. The purpose of this is to immediately establish Henderson's credibility, or ethos, so as to validate the argument presented by Henderson. The show's commentator-speaker structure also aids in progressing his argument. It allows Henderson or Woods to present an argument that supports price gouging laws, which can then be refuted to support price gouging. This helps to discredit common conceptions regarding the topic as the argument for price gouging must be valid if support for its laws is not.

Logos, or logic, is also an important and large part of the argument that Henderson presents, which is commented over by Woods. As those who support price gouging laws often utilize pathos to support their argument, Henderson uses logos to reason his way through popular

reactions to the term “price gouging”. For example, he proposes that there will be a fixed amount of resources if prices are fixed but without price laws, prices will rise, people will have an incentive to send resources to disaster zones, allowing resources to flow into those zones (Woods 3:10 – 3:35). This is an example of logos in that most people are not aware of the cost of obtaining and transporting goods to difficult-to-reach areas. With this statement, Henderson helps the audience to realize that to get supplies to an area with damaged infrastructure, which makes the transportation of goods difficult, there would have to be an incentive such as money. Henderson uses this assumption to reason that with price control laws those with resources, such as water, would not be motivated to keep sending supplies to disaster zones. He does not, however, account for larger businesses who value public opinion over monetary gain and can afford to sell supplies at lower prices.

Another example of Logos is Woods’ responses to Henderson, stating, “When it’s urgently necessary, and you know it’s urgently necessary because you paid an arm and a leg for it, you’re going to make darn sure you use it to drink and stay alive with, rather than waste it on stuff that’s not necessary” (Woods 16:10 – 16:25). This especially appeals to logos and reasons that price gouging makes people conserve resources rather than hoard or waste them if they were less expensive. It is effective as it is natural to assume that items that are rare are more expensive and those that are plentiful and easily acquired are cheaper. Henderson also further pushes price gouging as a method of resource allocation by asking the hypothetical question, “you have a case of water, everyone wants it, prices are fixed, how do you decide who gets the water?” (Woods 5:48 – 5:55). This is another example of logos, but rather than an example, it appeals to the listener’s sense of logic by proposing a difficult situation that often occurs in disaster zones. Though these examples seem logically sound, listeners must take into account that Henderson

and Woods do not account for those who with no currency to purchase goods such as those who living in poverty.

Although logos is a large part of the argument proposed by Henderson and Woods, word choice also aids in their argument. For example, one argument Henderson proposes talks about plywood supply during a disaster. In this argument, he uses the terms “rich people” and “poor people” to depict a situation in which higher prices would benefit those in disaster zones (Woods 9:30 – 10:57). Although it can be argued that this is poor word choice because it is simple and unbecoming of a professional, this choice of words helps to simplify Henderson’s argument. The simplicity makes it so that there is no need to untangle a web of vocabulary to get to the heart of the message. While this choice of words is effective, it acts as a double edge sword in that it can be interpreted very differently depending on preconceptions regarding the argument or speaker.

Another example of word choice is the quote regarding increasing resource supply in disaster zones, “So how do you motivate people? Make it worth their while, or conscript” (Woods 7:15 – 7:30). This is especially effective as conscript contains negative connotation. By juxtaposing these two options side by side, “making it worth their while” comes out on top as the superior option. This furthers Henderson’s argument that it is beneficial to allow limitless price increases during periods of disaster to incentivize people to send supplies to disaster zones.

Though used sparingly, pathos is also present in Henderson and Woods’ argument as near the end Henderson states “...if I can persuade one little city not to have price control then I’ve done my job” (Woods 17:4 – 17:50). This statement appeals to a listener’s pathos and helps to soften the logic provided throughout Henderson’s argument by dispelling the idea that he disregards human morality in favor of the preservation of the economic supply and demand model. It makes his argument more relatable in that he too is trying help those in need within

disaster situations. The effectiveness of Henderson's statement is debatable as some audiences may see it as pandering or accuse the speaker of lying.

To conclude, David R. Henderson and Tom Woods use ethos, commentary structure, logos, word choice, pathos to convey their message regarding price gouging. Although their reasoning seems solid their arguments only stand when big businesses and those who cannot pay for inflated prices are disregarded. Regardless of whether their argument is valid, it is more likely for price gouging laws to remain in effect in many states due to public perception of price gouging as well as political incentives.

Citation

“‘Price Gouging’ is Urgently Necessary.” *YouTube*, uploaded by TomWoodsTV, 30 Aug 2018,  
<https://www.youtube.com/watch?v=KLYxqgibhTM&t=447s>. Accessed 12 Feb. 2018.