

Bringing Life to the Dismal Science

THE PRICE OF EVERYTHING: A PARABLE OF POSSIBILITY AND PROSPERITY

BY RUSSELL ROBERTS

PRINCETON: PRINCETON UNIVERSITY PRESS, 2008, 203 PAGES

REVIEWED BY AARON STEELMAN

At the beginning of the appendix to his new novel, economist Russell Roberts of George Mason University writes: “This book is my attempt to give the beginner and the expert a better understanding of the role prices play in our lives — how they create harmony between the competing desires of consumers and entrepreneurs, and how they steer resources and knowledge to transform and sustain our standard of living.”

As you might suspect, then, *The Price of Everything* is no ordinary novel. Yes, it has a plot, but it is secondary — a device to get across some core economic points. This means that the book is long on dialogue and some readers might be tempted to say short on character development. But through these extended conversations, you not only learn economics, you also find out what makes the main characters tick. This is especially true of Ruth Lieber, an economist whose zest for her job and life in all its facets makes her the real star of *The Price of Everything*.

The story, though, does not center around Ruth. Instead, the main character is Ramon Fernandez, a standout tennis player at Stanford University. Ramon came to Miami from Cuba with his mother, Celia, when Ramon was just 5 years old. Ramon’s father, Jose, had been a star baseball player, a national hero, whose athletic gifts had garnered him special favor with the Cuban government and meant that his family lived in relative opulence.

But shortly after Jose’s death, the favors that his family had received began to disappear. The Fernandez clan was no longer useful to the Castro regime — at least not for now. Those favors might reappear if Ramon turned out to be a great athlete like his father. But Celia wanted more for her son. She wanted him to be able to choose the life he wanted to live, and so they fled to Florida, where Celia worked cleaning houses and Ramon became a tennis prodigy. After their defection from Cuba, all official memory of Jose was destroyed.

The book opens with Ramon and his girlfriend Amy making dinner when an earthquake hits the San Francisco Bay area. They drive to Home Depot to buy flash-

lights but find that the store is sold out. So they go instead to “Big Box,” a new chain that is described as a combination “Home Depot, Sam’s Club, and Borders.” Big Box has an ample supply of flashlights, milk, and other items people want following a natural disaster. But there’s a catch: The store has doubled its prices in response to increased demand. This outrages Ramon who believes the store is taking advantage of people in a crisis, especially poor people like his mother back in Florida. He later determines to stage a protest against Big Box — whose CEO happens to be one of Stanford’s biggest donors — that ends in chaos. Not to be deterred, he plans to use his opportunity as commencement speaker to rail against the injustices of Big Box and other companies that, in his mind, put profits over people.

In the intervening weeks before graduation, though, Ramon gets to know Ruth, who is teaching one last class before retirement. Amy is one of her students, and she tells Ramon of the excitement that Ruth brings to the classroom. Ruth believes that, while not perfect, the market is the institution best suited to meeting the myriad desires of people, rich, poor, and in between. She hopes to demonstrate to her students that the actions of the market may seem unruly, and at times unfair, but that order emerges naturally. One of her favorite phrases is that the fruits of the market are “the result of human action but not the result of human design,” echoing the Scottish Enlightenment thinkers of the 18th century.

Ruth explains to Ramon why Big Box’s decision to double prices may have seemed hard-hearted but that it also probably was the best way to allocate goods in the time of a disaster. Ramon remains skeptical — and suspicious. Is Ruth Lieber simply a shill for Big Box, someone who doesn’t want to see him bring embarrassment to the chain at commencement? Several conversations later, he remains unsure of “the

virtues of unmanaged, uncoordinated, unorganized, undesigned action.” But he’s also less sure of his own original position — and he certainly no longer doubts Ruth’s sincerity.

Ramon and Amy graduate, get married, and after winning several Grand Slam championships, Ramon has plans to move his family to his homeland, which is now a democracy in the post-Castro era. He visits Ruth one last time, who is now elderly and living in retirement on the Northern California coast. It’s a touching scene and a fitting end to a book that shows that a market-based economy is neither boring nor heartless. **RF**

