Trump-Approved Profits

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Occasionally, President Trump takes an anti-capitalist rhetorical turn. He apparently supposes his unleashing of an Inner Mamdani will help him through a political rough patch.

Or perhaps he is just momentarily confused.

The president recently asserted that oil companies are making too much money right now and "ought to give back" some of it to the public. This, although "I'm a big free enterprise guy."

But oil companies don't owe buyers anything more than the oil they supply. Nor, when prices are low, do buyers owe oil companies or gas stations more money than what they pay.

In markets, a sudden big drop in supply of a good — like oil, shipments of which might be blocked by wars in the Middle East — tends to lead to higher prices.

Companies unable to ship or sell the good lose money. If demand remains the same or increases, prices for the part of the supply still available go up. Which means more profits and more money to expand production and distribution.

Consumers of oil should want its producers to be as successful as possible. That's just reason, common sense. High profits encourage and fund more digging, refining, and distribution, and attract more competition — ultimately increasing supply to reduce prices.

Whenever supply of an urgently needed good takes a hit, producers should be as free as possible to deal with the problem and to enjoy the rewards of dealing with it successfully. Any big free enterprise guy should be able to understand this.

You too, Mr. President.

This is Common Sense. I'm Paul Jacob.