

Onaah During a Shortage

Rav Yosef Greenwald, Rov of Khal Dexter Park and Dayan in the Bais HaVaad:

Question: During the early days of COVID, there was a major shortage of hand sanitizer, which enabled those who had stock of it to charge very high prices. How would the laws of *ona'ah* apply in such a situation?

Answer: Anyone who knows anything about economics knows that the cost of an item is determined by the rule of supply and demand. When there is less of a product available, there will be more demand, which will cause the price to go up. If there is a temporary shortage of a product, halacha would definitely accept that the price is temporarily higher.

That being said, the Ritvah (Kiddushin 28) criticizes people who take advantage of others in a desperate situation. He speaks about a person who is in urgent need of a certain medicine that someone else has in his possession, and that individual, noting his friend's desperation, wants to charge him double the regular price. In this story, the buyer knows he is being tremendously overcharged, but he is willing to pay the cost because he has no better option. The Ritvah rules that such a case would constitute *ona'ah*.

What then would differentiate the Ritvah's case from a simple case of supply and demand?

The answer is simple. In the Ritvah's case, only one person is in a tight spot. He would be willing to pay double the regular price because of his desperation, but no one else would pay that inflated price. That is very different from a case where the entire marketplace is willing to pay a higher price. In the Ritvah's case, the market hasn't changed, which means that the seller is overcharging the buyer and taking advantage of him. In the standard case of supply and demand, the entire market has changed, and the inflated price actually becomes the market price.