



Written by [William P. Hoar](#) on October 7, 2019

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## Correction, Please!

### During Hurricane Season, Price Gougers Are Vilified — but Gouging Saves Lives

**Item:** *As residents of the southeastern United States prepared for the arrival of Hurricane Dorian, reports surfaced of a different kind of “storm surge” — price gouging. The Miami Herald noted on September 3 that the office of Florida Attorney General Ashley Moody received over 2,400 reports of price gouging in the days leading up the storm’s relatively lackluster stint in the Sunshine State. Among the offenders: A gas station selling packs of water regularly priced at \$3.98 for \$9.*



**Item:** *To make it easier for Floridians to report price gougers, Attorney General Moody launched an app called “NO SCAM.” The app allows users to take pictures of receipts and prices, fill out complaints, and then immediately forward the information to the Moody’s office.*

**Item:** *Florida Agriculture Commissioner Nikki Fried sought to combat price gouging by temporarily lifting state restrictions that prohibit gas stations from selling gasoline for less than they paid for it. The Agriculture Department’s website announced that Emergency Order 2019-003 “suspends portions of the Motor Fuel Marketing Act that prohibits fuel retailers from selling gasoline below the price they paid for it, ensuring that fuel remains affordable to consumers throughout the storm period.”*

**Item:** *Just two days after Florida Governor Ron DeSantis declared a state-wide state of emergency (a move that put the anti-gouging policy into effect), residents faced shortages of critical supplies such as gasoline and water. The Highland News-Sun observed August 31, “Some gas stations were out of fuel Friday morning, some had only premium grade gasoline, while others got a resupply and had lines waiting to buy regular gas.” To “prevent hoarding and running out of supplies too quickly,” many grocery stores kept purchases of water down to two cases per customer.*

**Correction:** It’s unfortunate that even in red states such as Florida, Georgia, and North Carolina, politicians (and the people who vote them in) haven’t learned two important lessons: (1) price controls never work; and (2) a price control by any other name is still a price control. Ironically, Republican leaders such as Governor DeSantis rightly condemn the food shortages, power outages, and other forms of human misery in Venezuela, yet they’re enabling shortages and long lines here at home through their opposition to price gouging.

The term “price gouging,” commonly used to refer to higher-than-usual pricing during emergency situations, gets tossed around every hurricane season. At least 13 states (most of them red states) have



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laws on the books that specifically target the practice. Other states take aim at price gouging under general deceptive trade practice laws.

In Florida, the state's price-gouging hotline states that "during a state of emergency, it is unlawful to sell, lease, offer to sell, or offer for lease essential commodities, dwelling units, or self-storage facilities for an amount that grossly exceeds the average price for that commodity during the 30 days before the declaration of the state of emergency, unless the seller can justify the price by showing increases in its prices or market trends."

"Essential commodities" include food goods, ice, gas, and lumber.

Such laws seek to establish compulsory altruism. Critics of price gouging say it's "unfair" and "greedy" for sellers to raise the prices of their goods when disaster causes supply to go down and demand to go up.

In a scathing reproof of price gouging, *Dallas Morning News* contributor Daniel Fridman called raising prices "kicking vulnerable people when they are down."

People such as Fridman are aghast that someone would make a profit off the misfortune of others. But if we shut down all the professions that make a living off others' misfortune, we'd have no physicians, funeral workers, police, or lawyers, to name just a few.

A widespread perception is that price gougers are "taking advantage" of people. But if the question is one of morality, then what's *really* immoral? Letting sellers turn a profit in exchange for getting supplies to the people who desperately need them? Or letting people go without food, water, gasoline, and power out of a belief that they should have these things cheaply or not at all?

Because in the real world — not the ideal world price-gouging opponents wish we lived in — hiking up prices during times of emergency *saves lives*.

When prices in a free market are allowed to rise naturally in response to the diminished supply and heightened demand brought on by a natural disaster, people think twice before stocking up on things they don't need — leaving enough for those who *really do* need them and are willing to pay the higher price.

If prices remain at their normal rate, people hoard. The small group of buyers who manage to get to the store first purchase more water and batteries than they'll use, leaving none for everyone else. The first drivers to make it to the gas station top off their tank and take several jugs home with them — leaving evacuees without enough fuel to flee the area.

The same applies to lodging. At regular room prices, an evacuating family of four might rent two rooms. But at higher prices, they will decide to share one room, leaving a room available for another family who would otherwise have been left out.

"Restrictions on price gouging make the problem worse by creating shortages," Samford University economist Art Carden told KIRO 7. "They actually make it a lot harder for people to get their hands on supplies. The reason we have shortages of bottled water and plywood is we don't allow the price to change."

Some would try to alleviate the effects of price controls with more controls, such as limiting how much of an item a consumer may buy during an emergency. But the best way to stop hoarding is the simplest:



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Allow the market to make it expensive.

And raising prices eliminates shortages in another way: It leads to more supply.

When distributors see that there's a greater profit to be made, they're willing to take greater risks to get supplies to the affected area.

By contrast, there's little incentive for suppliers to take on the extra time, work, expense, and even danger if there's no opportunity for a higher payout.

This principle is perfectly illustrated by the story of Kentuckian John Shepperson, as recounted by John Stossel in his column "Give Price Gougers a Medal" (the title is a throwback to economist Milton Friedman, who reportedly once told Stossel that "gougers deserve a medal").

After Hurricane Katrina, Shepperson saw news reports of many people without electricity. So he bought 19 generators, loaded them into a U-Haul, and drove 600 miles to a disaster-stricken area of Mississippi.

To recoup his investment, Shepperson charged twice what he had paid for the generators. The people he met were eager to buy them at that price.

But authorities didn't take kindly to Shepperson's brand of capitalist humanitarianism. He was arrested, and his generators were confiscated.

Thanks to anti-gouging laws, Mississippians had to sit in the dark without air conditioning while the generators went unused in police storage. Incredibly, some continue to defend crackdowns on gougers even in the face of such stories.

One YouTube viewer responded to one of Stossel's gouging videos, claiming, "Being moral is loading up supplies and *donating* them to people in need."

That sounds good in theory. And there will always be some people who are willing and able to donate out of the goodness of their heart. But charity can run short, and it takes valuable time.

Those who argue that donating is the only moral way of providing disaster relief probably have no issue with the work of FEMA — even though FEMA workers are salaried staff who help *because they get paid* to do so, and the aid money in FEMA's coffers isn't from magnanimous donations, but from American taxpayers.

Apparently, compulsory altruism still counts as altruism.

The absurdity of price-gouging restrictions is best summed up in the story of Carol Baumann, a Florida woman who reported a motel for price gouging after she discovered they were charging \$79 for a room instead of the \$59 she was quoted.

Why did Baumann need a hotel room? The Port St. Lucie resident explained she didn't want to go to a shelter because she wanted to avoid being separated from her nine-year-old Shih Tzu, Mollie — even though the shelter *allowed pets*.

"She's deathly afraid of thunder and lightning," said Baumann, explaining that she had to be near Molly to comfort her.

Forget the families who had nowhere to go who would have been more than happy to pay the \$79. The evil that is price gouging *clearly* must be stopped — if only to make life more comfortable for the Carol



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Baumanns and the Mollies of the world.

— Luis Miguel

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