



Written by [Bob Adelman](#) on September 8, 2017

Price-gouging Laws Guarantee Shortages in Miami

Florida Attorney General Pam Bondi (shown [railed against](#) so-called price gougers at a press conference in Tallahassee on Wednesday night: “It’s sickening. It’s disgusting. It’s unacceptable and we’re not going to have any of it.” She then provided the number for Floridians who think they’re being ripped off to call to complain: 1-866-9NO-SCAM.



Bondi doubled down the next day, telling would-be “gougers”: “I will be saying your name all over national television and telling people not to go to your business ever again, if you’re stealing from Floridians and taking advantage of Floridians in a time of need. It is not just about the money, it’s about commodities that are helping to keep people alive, keep their children safe.”

If Bondi is successful in scaring off entrepreneurs seeking to provide products that are in short supply, then those she professes to want to help will be forced to do without.

In Florida, price gouging comes at a price: \$1,000 per instance and up to \$25,000 for multiple violations committed in a single 24-hour period. Price gouging is remarkably undefined, usually referred to as selling any “essential” item “at an unconscionable price.” Such flexible definitions give Bondi the power to declare that anyone who raises his price on anything during the emergency is a gouger. If this rule is effectively enforced, she could shut down the entire economy where prices change daily, if not hourly, based on supply and demand.

Two college professors who actually understand all of this used a popular example to prove the point, writing for Florida’s *Sun-Sentinel*: Laws against price-gouging are essentially the same thing as price-fixing, and result predictably in shortages and long lines of people waiting to buy whatever goods might remain on the shelves.

It’s the example of generators: “Let’s say you sell generators in Georgia. After a hurricane hits further south, you notice that the price of generators in Florida is double what you can make at home. What might you do? It’s reasonable that some suppliers will load up cars and trucks with generators and take them to Florida, offering Floridians the chance to buy the much sought-after product. Those consumers who really value the generators offer to pay the higher price, while those who do not refrain from buying them.”

What happens next? More sellers of generators come into the market: “Further, as more sellers come to the market with generators, they will have to compete with other suppliers, thus lowering the price of generators.” In other words, without saying it in so many words, the cure for high prices for generators is high prices!



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In the real world, that is exactly what happened to John Shepperson. His sad story is told by Veronique de Rugy for *The New American*:

Consider John Shepperson, who, after Hurricane Katrina, rented a U-Haul, bought 19 generators in Kentucky and drove them to Mississippi, where there was greater need. He did this because he thought that he could sell the generators for twice as much as he paid, because people really needed them.

Unfortunately for him and his potential buyers, he was arrested and spent four days in jail, and the generators were confiscated, causing people to stay in the dark. The experience also stopped those who were going to follow in Shepperson's footsteps by bringing more generators to New Orleans, which would have not only increased the number of people with power but also decreased the price of generators, as the supply would have increased with every new gouger.

In other words, those who could afford to buy Shepperson's generators were left in the dark, and those who couldn't afford to buy them remained in the dark. Worse, those who couldn't afford Shepperson's generators today had little hope of buying one from one of his competitors in the future who might be selling them cheaper.

The free market operates on "signals," telling entrepreneurs where their skills, abilities, talents, and capital are best rewarded. If those signals are disrupted or, in Bondi's Florida, turned off altogether, Floridians might just as well be living in Venezuela, where Nicolás Maduro has been doing it her way for years.

Photo: AP Images

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