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Stop Consumer Gouging! **by Sheldon Richman**

A phone call I'd like to hear:

Voice: Price-gouging tip line. How may I help you?

Mr. Jones: I'd like to report price gouging.

Voice: Yes sir. Where is this price gouging occurring?

Jones: At the Exxon station on Route 286, right in my neighborhood.

Voice: What is the price being charged?

Jones: The price for a gallon of regular is \$2.39.

Voice: \$2.39? That doesn't sound very high to me. What has the price been lately?

Jones: Just a few days ago it was near \$3.

Voice: I don't understand. You say the price has fallen about 60 cents in a few days, but you describe this as price gouging.

Jones: That's right. I smell a conspiracy.

Voice: How can a dramatic fall in price be gouging?

Jones: I am being harmed, and I want action.

Voice: But how are you being harmed?

Jones: I own the gas station.

Voice: What are you talking about?

Jones: Last week my customers were willing to pay nearly \$3 per gallon. Now they won't pay more than \$2.39. They are forcing me to keep the price that low. If I try to raise it higher, they won't buy my gas. They'll put me out of business. I have to make a living, you know.

Voice: Well, I'm sorry about that. But if people don't want to pay more than \$2.39 and someone is willing to sell them gas at that price, shouldn't they be free to buy the cheaper gas?

Jones: Double standard!

Voice: What do you mean?

Jones: When I was selling gas for \$3 or more, some people thought I shouldn't be allowed to do that. I was just trying to make a living. The price I had to pay for gasoline went up, so even though the old gas was cheaper, it was going to cost me more to replace the gas I was selling.

Voice: So?

Jones: Well, if people can complain to the government when I raise the price, why shouldn't I be able to complain to the government when my customers force me to accept a lower price?

Voice: But your customers haven't forced you to lower your price. All they have done is say, in effect, that they will not buy from you if you sell above a certain price.

Jones: Then why can't I say to them that I won't sell gas if they won't pay above a certain price? Isn't it a two-way street?

Voice: But your customers have less power than you do. They are easily exploited by business owners like you. After all, they need gasoline.

Jones: What power do I have? If don't sell the gas, I starve. I only make a few cents profit per gallon. Why do you think I have this Merry Mart open 'round the clock with all that milk, candy, and bottled water, and those Jack Daniels baseball caps? Consumers are greedy and fickle. They want bargains and are never satisfied. If I charge a penny more than they like — wham! — they go somewhere else or they don't drive as much. I'm up the creek. Do they give me notice? No. They just leave. The only way to get them back is to cut my prices. You don't think that's exploitation? I'll bet you've never run a business.

Voice: Well, no. I haven't. But you have to understand that if we set a minimum price for gas, people would go bananas. They'd probably vote out the mayor and the entire city council.

Jones: But you have no problem setting a maximum price, do you? Why is that? Because gasoline buyers outnumber gasoline sellers?

Voice: That's democracy for you.

Jones: Maybe the government shouldn't set maximum or minimum prices for gasoline. Just let buyers and sellers do the best they can under the changing circumstances. That seems to

work pretty well with other products.

Voice: That would never work.

Jones: Why not?

Voice: Where am I going to find another job?

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