Price Gouging Legislation in the Animal House

Contributed by George Landrith
Saturday, 01 September 2007

Washington, D.C. -- The Frontiers of Freedom Institute released the following statement regarding proposed price gouging legislation in the Congress:

“In the movie, Animal House, every Halloween the trees are filled with underwear and every spring the toilets explode. Washington isn't all that different. With equal predictability, our nation’s own Animal House ... Senate and Executive ... flail around for scapegoats when gasoline prices climb in the spring. This year's congressional outrage is no different,” said Chris Horner, General Counsel and Senior Policy Advisor at the Frontiers of Freedom Institute.

For Immediate Release

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“For the last 30 plus years, we’ve been treated to the spectacle of politicians and policy makers blaming others for our nation’s energy woes while year in and year out, they implement the same failed policies that have created this entire mess in the first place. Here they go again,” said George Landrith, the Institute’s President. “The truth is, for more than 30 years, Congress has systematically and consistently made us more and more dependent on foreign sources for oil and created the political climate in which not even one new refinery has been built in more than 30 years. Now, Congress clamors to know why prices are so high. Little wonder politicians call for hearings and want to pass new legislation to distract the public from the mess that they have made.”

“Each spring, big-government mandates force an annual fiasco of refinery shut-downs for inefficient and expensive flushing and re-tooling to comply with a myriad of mindless mandates and boondoggles. Only this year it's worse than usual -- because in addition to the usual nonsense, now Congress wants to enact legislation against an ill-defined beast called ‘price gouging,’” said Horner.

“The market system is truly a marvel. Despite terrorism, civil war, and lunatic leaders (Chavez, Ahmadinejad) in major oil countries, and a voracious energy appetite emerging in the world’s most populous nations (China and India), the availability of gasoline in the U.S. is absolute. American citizens can purchase gasoline at any time, day or night, with no fear that the pump will run dry,” said Dr. Paul Georgia, the Institute’s Chief Economist. “In the last 30 years, the only time when we’ve had gasoline shortages was when President Jimmy Carter imposed price controls on gasoline. The result was shortages and long gas lines. With one executive order, Jimmy Carter dubiously accomplished what OPEC, the Ayatollah, and Saddam Hussein all threatened, but failed, to do.

“Now Congress wants to relive that past. A bill currently working its way through the legislative process seeks to force retailers to lower gasoline prices by imposing strong penalties for ‘price gouging.’ Never mind that price gouging isn’t even possible with gasoline stations seemingly on every corner. To avoid price gougers customers need only drive down the street to the next gas station. Imposing implicit price controls on gasoline through price gouging legislation will have the same effect as explicit price controls -- shortages and gas lines. Instead of readily available gasoline at $3 per gallon, there will be no gasoline at any price. That’s an infinitely higher price than we are paying now and one Americans will not stand for,” concluded Georgia.

“I am not the first to suggest that Congress instead outlaw government gouging. After all, government takes far more from every gallon of gas -- which they did nothing to earn -- than retailers or producers make in profit,” said Horner.

For more information or to schedule an interview, please call the Institute at 703-246-0110.

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