



**AMERICANS
for
TAX REFORM**

Grover G. Norquist
President

ATR MAY RATE VOTE ON H.R. 6346 “FEDERAL PRICE GOUGING PREVENTION ACT”

ATR URGES A “NO” VOTE

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The alarmist rhetoric known as “price-gouging” simply does not exist in a rational market. Responsible higher prices actually guarantee that as much of the good or service as possible is accessible for use.

Price is not a vague figure. Contained within are vast amounts of information from various viewpoints of both the provider and consumer. When a product, like gasoline, becomes scarce, that information is incorporated into the price. This amount is then raised by the producer as a warning to the consumer to curtail consumption. As a result, the consumer will respond to this scarcity by reducing their demand to meet the expected supply.

However, when prices are fixed, as H.R. 6346 proposes, the demand will exceed the available supply, a fuel shortage will occur, gas will be rationed, and an inevitable black market will develop in response.

International commodities are priced on an open international market and globally traded. Price gouging legislation, by introducing price controls, directly interferes with the optimal market forces that, if left untouched, are perfectly able to appropriately regulate supply and demand imbalances. Increasing the scope of government’s regulatory reach sets a dangerous precedent for direct market intervention and this must not happen.

Americans for Tax Reform urges all members to oppose H.R. 6346 as it directly interferes with free market enterprise and the basic fundamentals of a capitalist, market-driven economy.