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BUT AT WHAT COST?

NEW CNU RESEARCH SHOWS HOW GOOD INTENTIONS CAN BACKFIRE.

by [Jim Hanchett](#) | March 10, 2021*Above: Dr. Rik Chakraborti**Read time: about 1 min*

When Americans went in a store-to-store search for toilet paper at the beginning of the COVID-19 pandemic, it wasn't just frustrating. For some, those shopping trips were deadly, according to new Christopher Newport University research.

Dr. Rik Chakraborti, assistant professor of [economics](#), analyzed state laws, cell phone data and COVID death rates and reached a disturbing conclusion: efforts by states to prevent price gouging resulted in shortages of sought-after goods such as toilet paper. The limited supply forced people to make more shopping trips to more stores and have more contacts with strangers. As a result, the virus spread more quickly and more people died.

"What governments tried to do was to stabilize prices. What they actually did was subsidize hoarders and increase the number of coronavirus cases and deaths," Chakraborti said.

Chakraborti and co-author Gavin Roberts of Weber State University have published a working paper about these unintended consequences, and an op-ed they wrote about their findings has been distributed by Tribune News

Service and published in numerous newspapers.

At least 42 states have laws prohibiting price gouging, including eight states that adopted emergency measures as the pandemic spread. [Previous research](#) by Chakraborti and Roberts has shown how the laws reduced stores' incentive to stock goods such as hand sanitizer, masks and toilet paper. When demand for those products surged and prices were kept artificially low, hoarding, empty shelves and store-to-store shopping trips were the result.

For their new paper, Chakraborti and Roberts used smartphone location data to measure social contacts in commercial spaces. The states that activated preexisting price gouging laws or introduced new ones had more contacts. Those increased contacts led to an average of 12 extra daily deaths in the month after the price gouging law went into effect. That represents a 25% increase in new daily deaths in April 2020 relative to if there had been no price regulation.

Price gouging laws also failed to help poorer households. Wealthier individuals had comparatively fewer social contacts because they had multiple sources for scarce products and had to search less.

While price gouging laws may seem noble and politically popular, the researchers say states should consider other ways of accomplishing a worthy goal. That could include allowing prices to respond to the reality of the situation by tapping the expertise of the store clerks on the frontlines of pandemic shortages. They point to a grocer in Denmark who reduced hoarding by charging customers a higher price if they wanted to buy a second bottle of hand sanitizer.
