Price gouging regulations (PGRs) have been a popular topic of late in the blogosphere, particularly in the wake of increased post-Katrina (and Rita) gasoline prices. Becker and Posner make the now familiar economic case against PGRs here and here. The basic economic argument against PGRs is well tread ground which I will not repeat here. Suffice it to say, however, that the economic logic has not been sufficient to win the day with state legislatures for one reason or another. According to Federal Trade Commission Chairman Majoras' Statement to Congress, at least 28 states currently have statutes that provide remedies for short term price spikes in the aftermath of a disaster. For example, Eliot Spitzer recently penned a new bill updating NY's PGR to trigger upon a 25% markup rather than a "gross disparity" between cost and price. Some of the failure is for obvious reasons.

Read the full piece here.