

# Are Long-Term Pricing Controls Here to Stay? Three Reasons the Optimists Might Be Right

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The gravity of the pandemic is palpable, and seemingly constant news about it is hard to escape, with recent reports including updates on the availability of vaccines, the changing scope of various stay-at-home orders, and the perceived risks of new COVID-19 variants. But there will come a time—perhaps sooner than the [pessimists](#) predict—when this will no longer be the all-consuming story it has been for the past ten months. In this post, we address a few of the strongest reasons that most pricing restrictions may be lifted before the start of the next school year.

## A Patchwork of Laws May Be Supplanted by a Robust Federal Response

In the United States, we seem to be getting some measure of control over the spread of the virus. The truer that becomes, the less emergency orders and price gouging restrictions are necessary or justifiable. As vaccinations increase, a return to normalcy may be in sight. Dr. Fauci, the president's chief medical adviser on COVID-19 and the country's leading expert on infectious disease, has [estimated](#) that a critical amount of the population could be vaccinated by the end of the summer.

In addition to this aggressive plan for vaccinations, in its [National Strategy for the COVID-19 Response and Pandemic Preparedness](#), released January 21, the Biden Administration committed itself to “[i]dentify and take steps to limit price gouging and promote reasonable pricing.” The strategy goes on to assure the public that “the federal government will use its full powers to prevent hoarding and price gouging, including by reviewing and expanding the designated scarce materials under the DPA.” It is possible that robust price gouging guidance from the federal government,

coupled with meaningful increases in herd immunity, will obviate the need for the piecemeal assembly of state and local controls that have been the norm.

## Unpopularity of Some State Emergency Declarations

The unpopularity of state emergency declarations could create enough pressure for local leaders to consider how long they are truly necessary. This has been a live issue for months, notably with the [Michigan Supreme Court](#) weighing in on the validity of emergency orders (and the price gouging restrictions therein). In a growing number of states, lawmakers are attempting to [limit the authority](#) of state leaders to impose emergency restrictions. Recently, lawmakers in Washington state [introduced a bill](#) that would limit the scope of the governor's emergency declaration, requiring separate emergency proclamations for each county and mandating that any such proclamations would need to be reauthorized by the state legislature or legislative leaders after 14 days. As we approach a full year of living under various emergency declarations, and given the anticipated relief on the horizon due to the rollout of vaccines, states may be more willing to walk back their controls.

## Price Gouging Laws May Not Help As Much As Some Think

Price gouging laws can have unintended consequences. A recently published peer-reviewed article by Gavin Roberts, assistant professor of economics at Weber State, and Rik Chakraborti, assistant professor of economics at Christopher Newport University, sheds light on how price gouging laws have actually affected consumers during the early stages of the COVID-19 pandemic. [Their article](#), published in the *Journal of Private Enterprise*, analyzed publicly available internet search data from Google Shopping Trends “to track web searches as a proxy for in-store shortages,” and found notable differences between the data in states with and without price gouging laws. The research suggests, at least preliminarily, that rather than protecting consumers, price gouging laws actually “caused in-store shortages” of in-demand items like hand sanitizer and toilet paper, driving consumers to need to search for available supplies. The authors note that while “[i]t is not clear from [their] results whether total consumer welfare is increased or decreased as a result of anti-gouging laws, ... the possibility of increased search costs is an issue that should be considered in future research[.]”

Choosing to roll back price gouging restrictions would have a very different impact today than it would have eight or ten months ago. With a few notable exceptions—for [N95 masks](#), for example—the supply chain concerns from the early weeks of the pandemic are no longer present to the same degree. Many suppliers have been able to adapt to meet [changing demands](#), such as providing more food to grocery stores and less to schools. At this stage, most may be less concerned about shortages and feel safer letting market forces determine prices.

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