

# Richmond Times-Dispatch

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Glen Allen, VA 68° Feels Like: 68° Fog And Mist

## Virginians Should Thank Bucko's Pantry for Its Price-Gouging

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Virginians like to think of themselves as intelligent people who do not fall for superstitious nonsense about ghosts, goblins, or ancient curses. But in some respects they are as irrational as an island witch doctor. Just ask Bill Stone, the owner of Bucko's Pantry in Radford.

Earlier this month the Virginia attorney general's office announced a settlement with Bucko's over allegations of price-gouging last fall. But what the commonwealth calls price-gouging really should be called resource conservation.

Here's the backfill:

On Sept. 10 last year, Gov. Tim Kaine declared a state of emergency as Hurricane Ike bore down on the Gulf Coast. The hurricane had raised concerns about interruptions of gasoline deliveries. As one news report put it, "The Department of Energy said on Thursday Hurricane Ike could affect fuel supply as refineries in the Gulf of Mexico are shut in the wake of the storm."

And that's just what happened. A news release a week later from Kaine's office explained there had been a "disruption in the normal flow of petroleum products caused by Hurricanes Gustav and Ike." Therefore, Kaine was waiving "certain specifications that prescribe volatility standards for gasoline," thereby allowing retailers to sell blends they normally couldn't.

Kaine also dispatched investigators to look into "the more than 2,000 calls about possible gas price gouging . . . since Virginians first felt Hurricane Ike's impact." One of the victims -- er, perpetrators -- that witch hunt turned up was Bucko's Pantry.

For four hours on the night of Friday, Sept. 12, and the early morning of the following Saturday, three Bucko's Pantry locations posted gasoline prices ranging from \$4.99 a gallon to \$5.99 a gallon. That, said the AG's office, violated the Virginia Post-Disaster Anti-Price Gouging Act, which prohibits retailers from charging "unconscionable" prices for gasoline and other goods after a declaration of emergency.

In an editorial lauding the settlement, The Roanoke Times chided Bucko's for "circumvent[ing] the marketplace" by "artificially inflating prices to unconscionable levels."

WELL.

How, exactly, did Bucko's "circumvent" the marketplace? It didn't hold a gun to anybody's head. Customers were free to take the gasoline at the prices offered, or leave it. If consumers didn't like Bucko's prices, they easily could have gone to any of the several other gasoline retailers within a short drive, including a Sheetz and an Exxon.

And what made the prices "artificially" inflated? The adjective presumes there is some "natural" price that a service station is, somehow, obliged to charge and that is set by . . . whom? Or what? The conjunction of the celestial spheres? Chicken-bone augury? Chthulhu and the Ancient Ones?

In fact, Bucko's was not circumventing the marketplace but responding to it. As Stone explained when I asked him why he had raised his prices so much that Friday: He had "sold more gas in one day than I ever had in a lifetime. The cashiers couldn't keep up" -- and he was afraid he was going to run out.

The volume Stone got from the jobbers (the trucks that refuel filling stations) had been cut to 70 percent, and demand was soaring. In fact, there were reports of "panic buying" throughout the region. According to the Kingsport, Tenn., Times-News, "Area and state consumers were in what can only be described as panic buying Friday as gasoline prices spiked . . . The crunch at the Wal-Mart and some other local stations began Thursday night as motorists began topping off their tanks and filled cans of gasoline for their personal reserves."

As it turns out, many service stations did run out of gasoline. On Sept. 15, in the news story, "Gas Woes Hurt Roanoke Station Owners," TV station WSLs10 reported that such stations "are hurting after Hurricane Ike sent prices soaring and put people in a frenzy. In fact, the Pure gas station on Franklin Road is one of the many stations in our area that ran out of regular unleaded gas . . . The station ran out Saturday and has not had as much business in their store since . . . Other gas stations in our area including some Sheetz stations and at least one 7-Eleven are also waiting for a new shipment of gas."

SO, JUST TO review: Supplies had dropped, and demand was skyrocketing. According to the attorney general's office, Bucko's committed the unconscionable sin of briefly raising gasoline prices by a dollar and change per gallon. This short-term hike had the effect of reducing demand -- Bucko's sold no more than 80 gallons at the steeper prices -- the result of which was that Bucko's, unlike many other gasoline retailers, did not run out of gasoline.

Friends and neighbors, this is exactly how the market is supposed to work. In an emergency, so-called price-gouging is a good thing.

Prices are signals. Sharply higher prices send a message to the consumer that says: "Supplies are tight. Buy only as much as you need, so there will be some left for others to buy." Price-gouging rations materials so that there is enough to go around for everybody.

By contrast, when retailers don't raise prices, some customers stock up -- call it hoarding, if you like -- and those who can't get to the store before the supplies run out are left high and dry. The supposed greed and selfishness of store owners who jack up prices act as a brake on the greed and selfishness of customers looking out for No. 1.

Bucko's broke the law, and nobody should break the law, even when the law is stupid. But Virginia's price-gouging law isn't merely stupid. It's completely asinine.

You might even call it unconscionable.

My thoughts do not aim for your assent -- just place them alongside your own reflections for a while.

--Robert Nozick.

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