

U.S. Sens. Baldwin, Warren and Rep. Schakowsky: Introduce bicameral legislation to crack down on corporate price gouging

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WASHINGTON, D.C. – Today, United States Senators Tammy Baldwin (D-WI) and Elizabeth Warren (D-MA) and Representative Jan Schakowsky (D-IL) introduced the *Price Gouging Prevention Act of 2022*, which would prohibit the practice of price gouging during all abnormal market disruptions – including the current pandemic – by authorizing the Federal Trade Commission (FTC) and state attorneys general to enforce a federal ban against unconscionably excessive price increases, regardless of a seller’s position in a supply chain. This legislation also strengthens and expands requirements for public companies to disclose their pricing strategies in their filings with the Securities and Exchange Commission (SEC) and grants new funding to the FTC. A [recent study](#) by the Economic Policy Institute concluded that fatter corporate profit margins have driven more than half of price increases since 2020.

“We can lower costs for families across Wisconsin if we take on big corporations who are using a crisis to jack up prices for consumers,” **said Senator Baldwin.** “During COVID, Big Oil and those at the top of the food chain have used inflation to boost record profits while working families have paid the price. This legislation will shine a light on price hikes and help prevent big corporations from exploiting a period of inflation to gouge consumers with higher costs.”

“Prices are rising, and consumers are paying more, while giant corporations are using inflation as a cover to expand their profits,” **said Senator Warren.** “This bill would crack down on corporate price gouging by setting tougher rules of the road and enhancing enforcement, and I’m going to fight to get this done.”

“Price gouging harms consumers and is fueling the inflation hitting Americans’ pocketbooks. Corporate profit margins reached a 70-year high in 2021. Just this year, Big Pharma has increased the prices of 742 drugs. And prices at the pump remain high despite the cost of oil coming down. That’s corporate greed. During World War II, war profiteers were held accountable. The same rule should apply here. Our bill empowers the FTC to hold these price gouging companies accountable when they take advantage of American consumers, especially during times of global uncertainty,” **said Rep. Schakowsky.**

The legislation is cosponsored by Senators Bob Casey (D-PA), Sheldon Whitehouse (D-RI), Bernie Sanders (I-VT), Ed Markey (D-MA), Jeff Merkley (D-OR), Tammy Duckworth (D-IL), and Dianne Feinstein (D-CA). In the U.S. House of Representatives, this legislation is cosponsored by Chairman Jerrold Nadler (D-NY) Rep. David Cicilline (D-RI), Val Demings (D-FL), Katie Porter (D-CA), Ro Khanna (D-CA), and Bobby L. Rush (D-IL).

American families who are already struggling to make ends meet during this public-health crisis should not be squeezed even further by companies out to boost profits. The outbreak of COVID-19 has led to a surge in demand for—and shortage of—many essential consumer products. While several retailers have taken steps to maintain access to these products, there have been numerous reports of corporations taking advantage of the current crisis to prey on consumers by hiding behind rising inflation and raising prices even more than necessary to cover any increases in their costs. In a call with investors, the CEO of grocery chain Kroger noted that “a little bit of inflation is always good in our business.”

Senator Baldwin and her colleagues have [called out](#) drug manufacturers for squeezing American families with rapid and widespread price hikes on prescription drugs.

The *Price Gouging Prevention Act* specifically would:

- **Prohibit price gouging at the federal level.** The proposed bill would allow the FTC and state attorneys general to enforce a new standard against sellers charging an unconscionably excessive price during periods of exceptional market shock. The bill clarifies that price gouging is illegal wherever it occurs in a supply chain or distribution network.
- **Create an affirmative defense for small businesses acting in good faith.** Local businesses often must raise prices during crisis events because

they have little negotiating power with their price-gouging suppliers. This affirmative defense protects small businesses earning less than \$100 million from frivolous litigation if they show legitimate cost increases.

- **Target dominant companies that have exploited the pandemic to boost profits.** The bill would create a rebuttable presumption of price gouging against firms that exercise unfair leverage and companies that brag about increasing prices during periods of inflation.
- **Require public companies to clearly disclose costs and pricing strategies.** During periods of exceptional market shock, the bill requires public companies to transparently disclose and explain changes in their cost of goods sold, gross margins, and pricing strategies in their quarterly SEC filings.
- **Provide additional funding to the FTC.** The bill appropriates \$1 billion in funding to the FTC to carry out its work.

“Now that President Biden finally has a majority on the Federal Trade Commission, it’s time for Congress to empower this new majority to crack down on large corporations that are outrageously taking advantage of crises like a deadly pandemic and Putin’s war of choice to rip off hardworking Americans in grocery stores, pharmacies and at the pump,” **said Senator Duckworth.** “I’m proud to work with my colleagues to help introduce the Price Gouging Prevention Act so we can help prevent these abuses of power and keep more dollars in the pockets of working families.”

“It’s clear from the unconscionable price gouging we’ve seen by mega-corporations from Big Pharma to Big Oil that the market can’t, or won’t, regulate itself,” **said Senator Markey.** “When companies take advantage of market disruptions like a pandemic to prey on American consumers, Congress has to stand up for working people. I am proud to join my colleagues in introducing the Price Gouging Prevention Act to end predatory corporate profiteering by companies who have used a public health crisis as a veil for their own greed.”

“Americans are sick and tired of being taken advantage of. Whether it’s outrageous prices for prescription medications, the high cost of gas, or the rising costs of everyday necessities, price gouging only benefits big corporations,” **said Senator Merkley.** “In the Senate, we work for the American people, not for Big Pharma or Big Oil. These companies can’t be allowed to use a deadly pandemic, a war, or any other abnormal market disruptor as another opportunity to price-gouge Americans—we have to put the interests of the American people above the interests of lining executives’ pockets.”

“Massive corporations are exploiting the disruption in the pandemic economy to jack up prices on American consumers. The CEOs and Wall Street investors reap huge paydays while working families get squeezed,” **said Senator Whitehouse.** “We need to ban the kind of price gouging we’ve seen from Big Oil and other corporate bad actors during this global health crisis, and help Americans afford the basics like groceries and transportation. I’m glad to join Sen. Warren in offering this bill.”

“Corporations are taking advantage of uncertain times and raising prices because they can,” **Rep. Porter said.** “While CEOs brag about sky-high profits on earnings calls, families are struggling to put food on the table and fuel in their cars. Congress needs to crack down on corporations that are using inflation as a smokescreen to price gouge families. I’m proud to back this legislation that would better protect families from corporate profiteering.”

This legislation is endorsed by: Economic Security Project, The Hub Project, Groundwork Collective, American Economic Liberties Project, Open Markets Institute, Consumer Federation of America, National Consumer Law Center (on behalf of its low-income clients), and Public Citizen.

A summary of the *Price Gouging Prevention Act of 2022* is available [here](#).

A copy of the *Price Gouging Prevention Act of 2022* is available [here](#).

An online version of this release is available [here](#).