

Congress of the United States

Washington, DC 20515

July 9, 2025

The Honorable Andrew N. Ferguson
Chair
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

Dear Chair Ferguson:

We write again seeking Administration action regarding recent reports indicating that some large companies are taking advantage of President Trump's chaotic tariff strategy to price gouge consumers.

We raised concerns in a May 2025 letter to you that President Trump's chaotic tariffs could provide large companies cover to hike prices on goods beyond input cost increases—or even create an environment in which large companies could raise prices on goods not subject to the tariffs.¹ In that letter, we urged you to prevent large companies from price gouging, and to use the Federal Trade Commission's (FTC's) authority under the *Federal Trade Commission Act* to investigate and prosecute companies engaging in “unfair or deceptive acts or practices in or affecting commerce.”² You did not respond to our letter, nor have you taken discernible action to prevent tariff-related price gouging, despite your claims that President Trump's tariffs “should not be interpreted as a green light for price fixing or any other unlawful behavior.”³

Unfortunately, recent reporting indicates that the hypothetical warnings about the potential for price gouging are now manifesting themselves in price increases at consumers' expense. Just last month, the Federal Reserve Bank of New York (Fed) released survey results showing that “a significant share” of companies raised prices of goods and services that are not subject to tariffs, and confirmed that businesses were indeed “taking advantage of an escalating pricing environment to increase prices.”⁴ In light of these new findings by the Fed, we urge the FTC to investigate tariff-enabled corporate price gouging and to issue a report on its findings.

Price gouging occurs when companies raise prices for goods and services at rates significantly above the increases needed to cover any cost increases.⁵ While small businesses operating on

¹ Letter from Senators Warren, Whitehouse, Gallego, and Booker to FTC Chair Ferguson, May 14, 2025, <https://www.warren.senate.gov/imo/media/doc/trump-tariff-price-gouging-letter.pdf>.

² *Id.*, 15 U.S.C. 45.

³ Tweet by Andrew Ferguson, April 3, 2025, <https://x.com/AFergusonFTC/status/1907864397822787768>.

⁴ Federal Reserve Bank of New York, “Are Businesses Absorbing the Tariffs or Passing Them On to Their Customers?,” Jaison R. Abel, Richard Deitz, Sebastian Heise, Ben Hyman, and Nick Montalbano, June 4, 2025, <https://libertystreeteconomics.newyorkfed.org/2025/06/are-businesses-absorbing-the-tariffs-or-passing-them-on-to-their-customers/>.

⁵ Axios, “Businesses are raising prices after tariffs — even on unaffected goods,” Emily Peck and Courtenay Brown, June 4, 2025, <https://www.axios.com/2025/06/04/trump-tariffs-prices>.

thin profit margins are increasingly being forced to pass off tariff price hikes to consumers through no fault of their own,⁶ President Trump's on-again, off-again tariffs create an especially fertile environment for large corporations with significant market share to engage in price gouging. Confusion and uncertainty give large companies cover to raise prices on *all* goods, regardless of whether they are actually subject to new tariffs, and increase prices above and beyond what is necessary to cover any additional costs. Indeed, analysis of the Fed's recent survey noted that companies are "tak[ing] advantage of their customers' expectations that prices are rising."⁷ And there are more anecdotes from the Fed illustrating that tariff-enabled price gouging is indeed becoming a significant, legitimate concern:

- A heavy construction equipment supplier "raised prices on goods unaffected by tariffs to enjoy the extra margin,"⁸
- A contact at the Federal Reserve Bank of San Francisco "observed that price increases that had been implemented in anticipation of certain tariffs were not rolled back once those tariffs were removed;"⁹ and
- The President of the Federal Reserve Bank of Cleveland said she heard of firms "raising prices even though they aren't affected by tariffs because competitors who do face higher import taxes are raising prices."¹⁰

Trade policy coupled with government investments should be used to create jobs, onshore supply chains, and lower costs for American families. But Trump's on-again, off-again across-the-board tariffs are not helping workers or U.S. industries. Instead, this Administration's reckless approach is spiking costs for small businesses and creating opportunities for billion-dollar companies to grow their profits and take advantage of consumers. The FTC should be utilizing its full authority to prevent these unfair practices. We again urge the FTC to use its 6(b) authority to investigate any tariff-enabled price gouging, and to issue a report on its findings.

Sincerely,

⁶ The Wall Street Journal, "How Tariffs Are Crushing Small Businesses: 'Nobody in Power Seems to Care'," Ruth Simon, May 11, 2025, <https://www.wsj.com/business/entrepreneurship/small-business-tariffs-e6dfacdb>.

⁷ Federal Reserve Bank of New York, "Are Businesses Absorbing the Tariffs or Passing Them On to Their Customers?," Jaison R. Abel, Richard Deitz, Sebastian Heise, Ben Hyman, and Nick Montalbano, June 4, 2025, <https://libertystreeteconomics.newyorkfed.org/2025/06/are-businesses-absorbing-the-tariffs-or-passing-them-on-to-their-customers/>.

⁸ Federal Reserve System, "The Beige Book: May 2025," June 4, 2025, p. 9, https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20250604.pdf.

⁹ *Id.*, p. 47.

¹⁰ The Wall Street Journal, "Hammack Says Fed Could Stay on Hold for a While," Nick Timiraos, May 9, 2025, <https://www.wsj.com/livecoverage/stock-market-today-tariffs-trade-war-05-09-2025/card/hammack-says-fed-could-stay-on-hold-for-a-while-nPTvXSaDQ5yTxI1e75z6?st=tTcSBY>.



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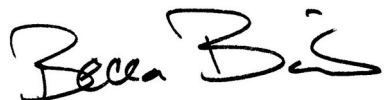
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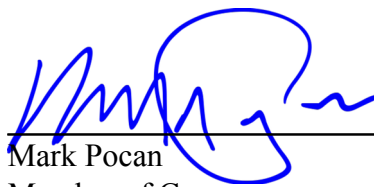
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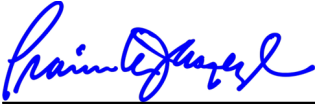
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