Press Release

FTC Needs to Run Those Numbers Again

PAULINA ENCK | SEPTEMBER 1, 2022

The Federal Trade Commission (FTC) recently published a proposed rule seeking to establish more rigorous regulatory standards for automobile dealerships. In a new insight, Senior Regulatory Policy Analyst Dan Goldbeck explains what the rule would do — and cautions that the FTC's cost-benefit analysis doesn't add up.

Key points:

- The FTC proposal is notable because it represents the first time in at least recent history that FTC has promulgated a rulemaking of this magnitude with a cost-benefit analysis.
- The FTC expects the proposal to yield tens of billions of dollars in benefits due primarily to time savings for consumers, but a closer look at the agency's underlying assumptions and emerging market trends suggests that such estimates are dramatically overstated.
- The proposal's cost calculations take an overly conservative estimate that, when adjusted to account for more realistic circumstances, make the benefits-to-costs ratio appear at best to be roughly even, in contrast to the 30-to-1 benefits-to-costs ratio put forth in the rulemaking's current analysis.

Read the analysis