'.:~:lLr) Si A7E~ O~ A~~[l<.I':A
FF.:>ER.:\L TRA:JE CO~1MISSIO~

t:\oo"'!' 1CW

1 j'~, P.,,,,...,,•• ~I,... w
....,••,....

COfiEl.:r.1erand

m o s ~ aspects cf their relationships with their franch~sed dealers. 1 Our com.llents focus on t".;o specific provisic;lS t.hat. appecr to restrict competition. We believe that rep~~l of these provisions would likely result in lower Gutomo~ile prices for
consumers.

The Federal Trade Commissior. is charged by the Unite~ Stctes Congress�~�r�r�.�?�l�i�~�a�t�i�o�r�.�s

0: pending?clicy
:.ssues.

,
...

2

3

7hese co@~ents re~_esent. the \"ie~s of the Atlanta ~e~~c~~: Office and the Eu=eaus of Compe~ition, Consumer P~ot.Ection,

and Economics 0: the Fede~al ~rade Commission and do no~
necessarily re0resent. the views of the Federa: Trade
Com.rr.issic:--.- or ar:-v· i~tividua': Commissioner. The Commission,
ho¥eve=, has vo~~d ~O a~t.ho~i~e the submission 0= these comments.

lS U.S.C. S ~l et seq.

See Let~e= from 'Ii'illiam P. Golden to The Hono~able Lynr:. hdelma~, Chairman, Judiciary & CO~5umer A:£ai~5
Comrr.ittee, Wisconsin Sta~€ Senate (June 19, 1987),
c o ~ ~ e r : . ~ i n ~ on a bill that ~o~ld have reDealed ~o~~icns
O n' - <: - - e. s -.. -.,... e c: : r.', 10\" e)'": s -.; n a -;,., - 0"""" b 1e

Section 5 cf ~he Fede~Gl ~~~de Commission Ac~ ?~ohibi~s
un:c:~ me~hods of compe~ition/ er.j unfai~ or deceptive oct8 cr
prac~ice6. By er.:orcin; this EtG:~te, the Com~isfion £t~ff hbS
gel.:,ec t~8ste.r.t.iz:.l Exper':ise ir. ar.cl),zing the impact o! \'2.r':"ous
rec:''::-t.in-..:.s uf, corr.pe:.it.':'on c.~ld the cost.s end bene:its to ccnSl]...;Tle.::-s
of such

deeler 0= de~:~rs hav~ comp:iec ~:Lh liceneee's
bs~eemen:s and ~re providing adequa:e re?resen:et':'8n ~n
t. he c 0 m..nu r. i. t. Y 0

6hor~ir.s. ~~e r~c Bu~ecu C~ £cc~Qmics' S~e!: RepQ=t i 5UPPO=~E ~~~~_~~e~~£~s; ~he =e~~r~ concl~je~ ,that R~A ~ews raistid
c;.u-"--,... u~.L.,,,,t-r..... CE; 6, on ".e:~ge, by I3.l.X percent..

The claim that markets ~~ll be flooded w~th more dealers than i=)c:cn:.:t.l Eb.lc-e in 2. rrl2.rkE~ c~ri ~:~~P?ort c.p'pear~, unfot.:.nd~d. it. ""oul-d net be in trle econor.I.i.C iLt",::8st of eit.he:::- p:::-cfCpect:Vf?
aealcrE C~ manu!~c:.ur6::s ~o ~nveE:' in such a market. Prospective
aeel-erG c.:G lih::·ly to <;1\'(3 cc.~e:~l cor.EidE.-ration to....·hl.;t the
Ii, a r Y; e t...... i. _.:. be c..,: in 0 r de.: L (; f 1- (J:' i::' C t the i;- inv (, t: t.lJH? n tin r E: a 1
c~t~:C', inventory cnd t-)(::?r~o;.~.E:l. }:anu!actu::erE will 1i).(8·.... i5e
evoid over-Eatu=ating a mar}:8t, bQCbUee the)' have a~ ~nte:~e6t i~
the m

including t:-IC J..wt.omobile Df:a~~~'B:cy ~:"'. Cou::-: A:t. (·'r.~DC J,ct."), 15 U.S.C. SS 1221-1225 (lS~6)lU, end the right to Eue for breech of co~trac: in t.he same feE~ion as!~~~chisees i~ eny ot.her industry. Consequently, r-~v.A It.....s ep?€t.::- unnecessary:'0 protect. the interests of dealers,~l

Witho'Ct the restrbi~t thet. the ~~ lews ~:bce on manufacturers' Bbility tc ccm?Gte, rn~n~!bc~urers can be more rt:6por.sive to consu.'TIer derr,c.ncs.:: is.::130 Cinl':"koly t.f:t.:' repealing R!"J'j, Ib\o,'s l..-ill recuce the qUE-lity 0: oE:2ler fervice:-JElow the level tho: conSt:mers FEek; vig,:.;rocs corr.pe:.itic;-, {.l..IT,ong mbnufacturers and dealers w:ll e~sure that

dealership6 micht entGil e~::c:enc~es that vould low~~ ~he cOEte of vchicl~s to·Flo=id~ con~~~ere.lj

In £ 'Jr.lJT,ary, ~he rE:t:>e6l c~ 5S 2:-(;.£~2 a~d.?20.GIJ5,,·o\.;ld rerrlove certain res~rai~:s pr8s~r.:ly imposed on the re~6il a~tom~bile market. By rerncvins these restraints, ~e beliove the rlcri~c Legislet\.l::e.....·ill ~id CO:-l!=\.lfTH?:'S c': mc,to~ ve:;icles and mo"t.cr vchic~e servic(;$. ~e c.??:::oc:'o.:.e t:-lis op?cr:'t:nity to?ro·.;i.de our ViO""'5 on these provisions.

Very t.ruly YOU~6,

~ ~ Q\<-D

Pa u 1 1:. Dc1 vis
R 8 g i o n ~ 1 Director

J,tll:O.I:t.o Hegione.l Office

13 If ~he 6~a~e decides to retain S 320.642, ~eGuirinc notice -.. under that 6sction 0: B dec~sio~ ~o eEta~lish a ffian\.lfac~urer-o~nec dealershio ~oulc be c:::efe:::c~le to ~he ~an or. such '~~~€-e~;ps............ __..,_ c~~:_:nen _ •.i\...c::...:.. _.J-in r-

~ . .) _ -~o • 6~~~-,.

6

- ,-- - "--, -.-...--