

The Bureau of Economics at the FTC

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These are my views and do not necessarily represent those of the Federal Trade Commission or any of the Individual Commissioners.

Overview

- Missions of the FTC & Recent Examples
 - Competition (Antitrust)
 - Consumer Protection
 - Public Policy/Advocacy/R&D
- Role of Research in the Bureau of Economics
- Opportunities for Academics

Competition (Antitrust)

- *Federal Trade Commission Act (1914) and Clayton Act (1914)* give FTC authority to enforce antitrust laws
 - Mergers
 - Anticompetitive Business Practices
- *Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. § 1337)*
 - Under Section 205(b) of this Act, the Attorney General, in consultation with the Commission, provides reports to the Secretary of the Interior respecting the expected competitive effects of proposed leases for the extraction of oil and gas from the Outer Continental Shelf.
- Criminal enforcement (e.g., bid rigging) handled by Antitrust Division of DOJ

Recent Antitrust Work

- Whole Foods/Wild Oats (on Appeal)
- Google/DoubleClick (Closed)
- Cephalon (in Litigation)

Consumer Protection

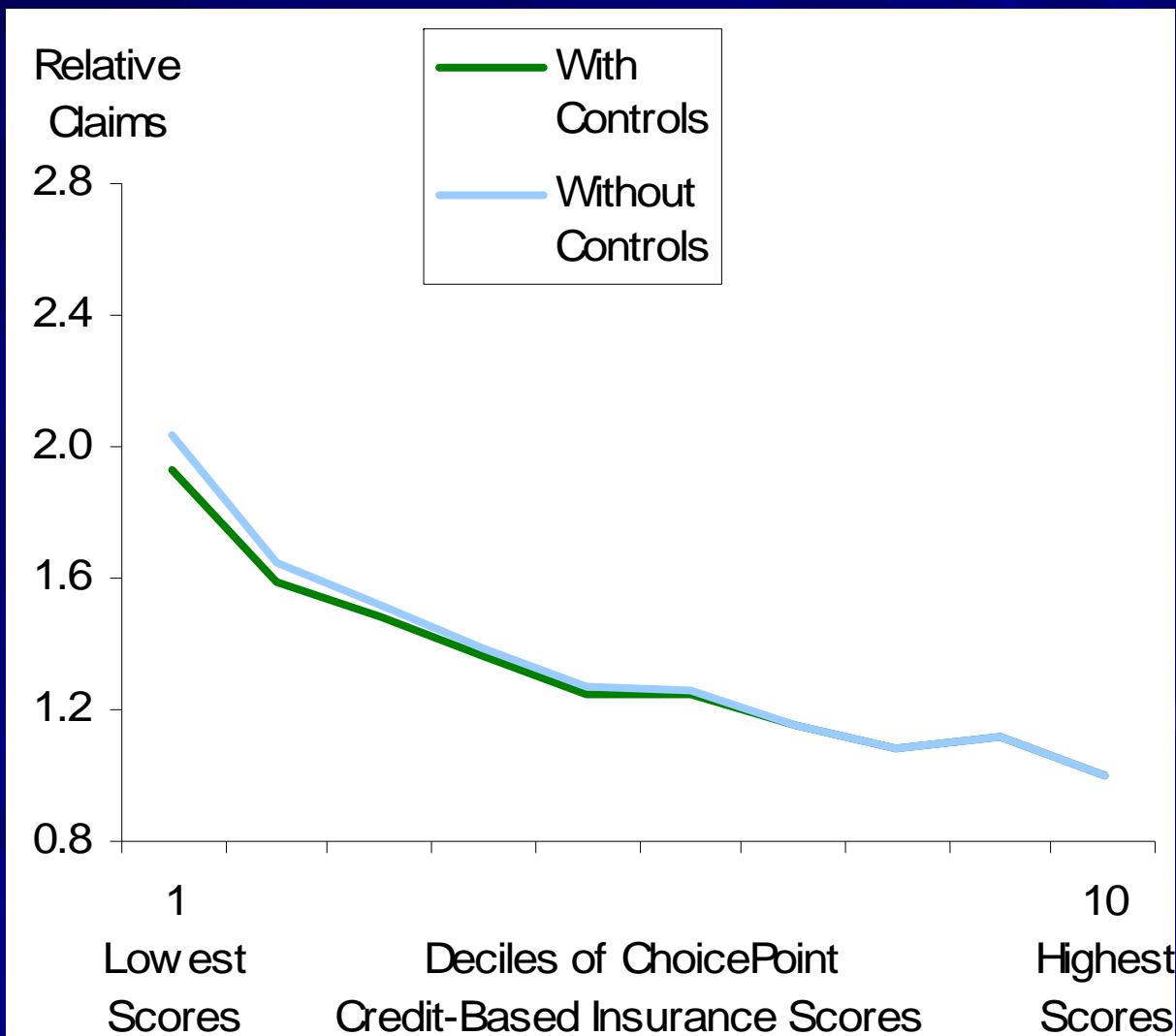
- Authority under FTC Act to protect consumers against fraud, deception and other “unfair business practices”
 - Truth-in-advertising laws (e.g., claims for food, over-the-counter drugs, dietary supplements, alcohol, and tobacco)
 - Marketing practices (Internet, telecommunications, and direct-mail fraud; deceptive spam; fraudulent business, violations of the Do Not Call provisions of the Telemarketing Sales Rule)

Recent Work by the Bureau of Economics: Consumer Protection

- Mortgage Disclosure Study
 - *Truth-in-Lending Act*
 - *Real Estate Settlement Procedures Act*
- Online Behavioral Advertising
- FACTA Scoring Study
 - Do Credit Scores Predict Risk in Insurance Markets, or are they merely used as a “proxy” for race and ethnicity?

Estimated Average Amount Paid Out on Collision Claims, Relative to Highest Credit Score Decile.

Controls: Race, Ethnicity and Income

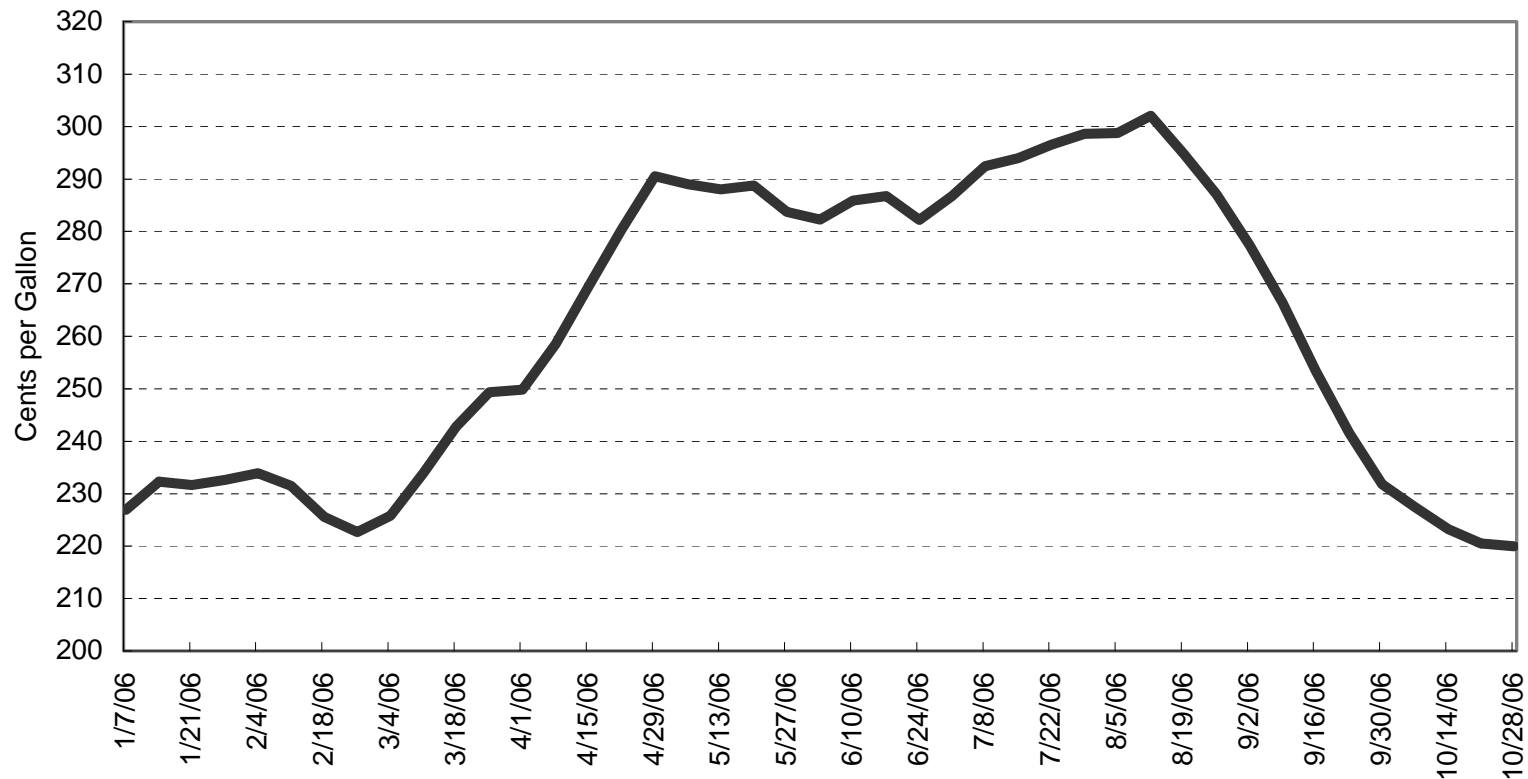


Public Policy/Advocacy

- Non-Mandated Reports
- Presidential and Congressional Requests
 - U.S. Postal Service
 - FACTA
 - Accuracy of Credit Reporting
 - PBM Ownership of Mail Order Pharmacies
 - Competition in the Contact Lens Market
 - Gasoline Reports
 - Price Increases of Spring 2006
 - Price Increases Post-Katrina

Rationale for an FTC Study of Gasoline Prices

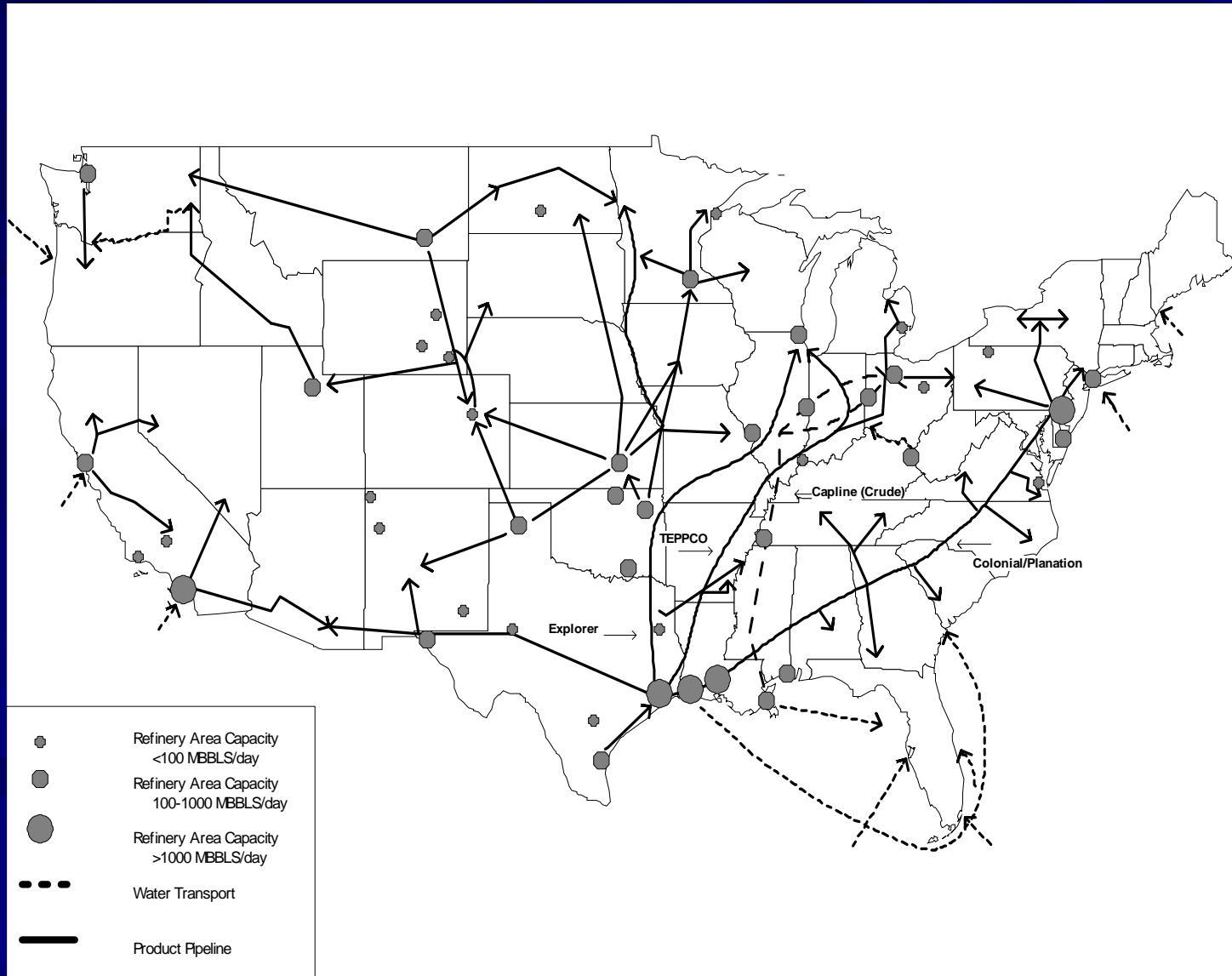
**Figure 1: U.S. Average Weekly Retail Gasoline Prices
Regular Grade (Includes Tax) January 1 - October 31, 2006**



Source: OPIS

— U.S. Average Retail Price

Reality Check



Role of Research in the Bureau of Economics

- Maintain human capital for staff of about 70 Ph.D. economists.
- Ensure Commission has best possible information available when it makes its decisions.
- Examples of long-term impact on policy
 - F.M. (Mike) Scherer & Robinson-Patman
 - Pauline Ippolito (JLE, 1991) and other staff economists on resale price maintenance
 - Supreme Court's Leegin decision this fall, overturning Dr. Miles
- Scientifically sound, dispassionate analysis is important, but sometimes controversial

**Jeremy Bulow, Former Director of the Bureau of
Economics, on the Supreme Court's 5-4 Decision in
Leegin (*Wall Street Journal*):**

“As much as I hate to go along with the conservatives on the court, I think they got it right.”

Concluding Remarks

- Job opportunities
 - Ph.D.'s and undergraduates
- Visiting opportunities, sabbaticals
 - Largest concentration of microeconomists on the planet, huge stock of theoretical, empirical, and industry knowledge
 - Excellent place to learn things about the real world and to get research ideas
- Lecturing opportunities
 - Guido Imbens & Jeffrey Wooldridge
- First Annual FTC Microeconomics Conference
 - November 6 and 7, 2008
 - Scientific Committee: Susan Athey, Pat Bajari, John List, Carl Shapiro, and Scott Stern
- Research that is useful for the policy questions we face