



PHOENIX FOR ADVANCED
LEGAL & ECONOMIC
C E N T E R PUBLIC POLICY STUDIES
www.phoenix-center.org

5335 Wisconsin Avenue, NW
Suite 440
Washington, D.C. 20015-0234
Tel: +1 (202) 274-0235
Fax: +1 (202) 318-4909
www.phoenix-center.org

Press Release

Contact: Lawrence J. Spiwak
Phone: +1 (202) 274-0235

FOR IMMEDIATE RELEASE
Wednesday – May 29, 2019

PHOENIX CENTER FINDS NO IMPROVEMENT IN LABOR MARKETS FROM MUNICIPAL BROADBAND NETWORKS

New Analysis Finds No Increase in Labor Force Participation, the Number of Jobs, or the Level of Wages after Government-Owned Networks Begin Operations

WASHINGTON, D.C. – Worried about being left behind in the Digital Age, a few hundred municipalities have chosen to construct and operate high-speed Internet networks. Above all else, it is the impacts on the labor market—i.e., the promise of “more jobs”—that form the policy justification for these municipal investments, though evidence of beneficial labor market effects is informal and anecdotal.

In a new study released today entitled *The Rewards of Municipal Broadband: An Econometric Analysis of the Labor Market*, Phoenix Center Chief Economist Dr. George S. Ford and Phoenix Center Adjunct Fellow Professor R. Alan Seals (Auburn University) use data obtained from the U.S. Census Bureau’s American Community Survey to quantify the economic impact, if any, of the county-wide government-owned network (“GON”) in Chattanooga Tennessee on labor market outcomes. Labor market outcomes analyzed include, among others, labor force participation, employment, wages, and information technology employment. Modern statistical methods are applied including the Difference-in-Differences estimator, Coarsened Exact Matching, and the wild bootstrap. Despite an exhaustive search, Drs. Ford and Seals find no improvement in the local labor market from the city’s broadband investments relative to comparable cities without a government-owned network. In contrast, an automotive plant built in the area is found to substantially increase automobile manufacturing employment.

“Since spending \$400 million to construct its city-owned and operated fiber broadband network, Chattanooga’s labor market has not improved in any discernible way relative to its peers,” says study co-author and Phoenix Center Chief Economist Dr. George S. Ford. “When contemplating municipal investments in broadband, at least in cities where broadband is already available, the returns on such investments are not to be found in the labor market.”

A full copy of PHOENIX CENTER POLICY PAPER NO. 54, *The Rewards of Municipal Broadband: An Econometric Analysis of the Labor Market*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/pcpp/PCPP54Final.pdf>.

The Phoenix Center is a non-profit 501(c)(3) organization that studies broad public-policy issues related to governance, social and economic conditions, with a particular emphasis on the law and economics of the digital age.