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Press Release

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NEW STUDY SHOWS THAT INCREASED POLITICIZATION OF FCC DECISIONMAKING WILL REDUCE BROADBAND INVESTMENT

Over Past Five Years FCC Has Either Reversed Or Threatened To Reverse Bi-Partisan Deregulatory Policies Of Past Two Decades

WASHINGTON, D.C. – Under Section 706 of the Communications Act, the Federal Communications Commission (“FCC”) is charged with encouraging “the deployment of advanced telecommunications services to all Americans.” To support the private investment required to fulfill this mandate, all five of the FCC’s Commissioners have professed a desire to provide investors with “regulatory certainty.” Yet, the reality is that over the last few years, the FCC has become entirely unpredictable because of the increased politicization of the agency’s deliberative process.

In a new study released today entitled *The Unpredictable FCC: Politicizing Communications Policy and its Threat to Broadband Investment*, the Phoenix Center demonstrates how over the past several years the FCC either has reversed, or is threatening to reverse, the most significant bi-partisan deregulatory achievements of the past two decades. As such, argues the Phoenix Center, “investors and carriers can no longer predict the agency’s actions, nor can they expect the agency to commit to its decisions.” According to the Phoenix Center, it is also readily apparent that “the agency’s bias is toward increased market intervention through heavy-handed regulation, thereby signaling to investors in network infrastructure that they should expect reduced returns.” Since communications networks are long-lived and costs are recovered over long-periods of time, “a lack of stability in the FCC’s policies combined with a pro-regulatory bias at the agency creates an uncertainty that is especially insidious” to incent significant broadband investment.

“While the FCC’s leadership claims to recognize the need for regulatory certainty to encourage investment in broadband infrastructure, the agency’s actions are instead entirely unpredictable,” says Phoenix Center Chief Economist and study co-author Dr. George S. Ford. “If promoting certainty is its goal, then the agency is a spectacular failure.”

“While there has always been an element of politicization to regulation, there can be no doubt that over the past several years – evidenced particularly with the current net neutrality debate – we have hit a new nadir,” says Phoenix Center President and study co-author Lawrence J. Spiwak. “Good policy should be made after a careful review of the facts, law and economics at issue rather than upon the naked political pressure of opinionated ‘clicktivism.’”

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A full copy of the paper, PHOENIX CENTER POLICY PERSPECTIVE NO. 14-05: *The Unpredictable FCC: Politicizing Communications Policy and its Threat to Broadband Investment*, may be downloaded free from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective14-05Final.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.