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Press Release

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PHOENIX CENTER FINDS CRITICAL FLAWS IN LISBON COUNCIL COPYRIGHT STUDY

WASHINGTON, D.C. – Last month, the European Commission unveiled its much-anticipated framework to create a "Digital Single Market." Presumably intending to influence this process, the Lisbon Council, a Brussels-based think tank, released in March 2015 (with a revision in May 2015) a study entitled *The 2015 Intellectual Property and Economic Growth Index: Measuring the Impact of Exceptions and Limitations in Copyright on Growth, Jobs, and Prosperity.* In this analysis, the Lisbon Council purports to show that weaker copyright protections are good for the economy and, as such, encourages European policymakers to expand exceptions and limitations to copyright laws to promote economic growth.

In a report released today entitled *The Lisbon Council's 2015 Intellectual Property and Economic Growth Index: A Showcase of Methodological Blunder*, Phoenix Center Chief Economist Dr. George S. Ford demonstrates that the Lisbon Council's analysis is "a showcase of methodological blunder" and points to a troubling disregard for the most basic of scientific methods. As Dr. Ford highlights:

- The Lisbon Council's strong claims are based on nothing more than "cherry-picking" results from hundreds of simple correlation coefficients computed by using no more than 8 and as few as 5 observations.
- Out of 462 statistical tests conducted, the Lisbon Council's conclusions are based on the statistical significance of less than 5% of tests. Such a small number of "successes" is readily explained by random variation (at a significance level of 5%), thereby providing reasonably strong evidence that there is *no relationship* between copyright flexibility and economic outcomes.
- Even worse, the economic activity variables for the eight non-randomly selected countries are measured as an average of nearly twenty-years of nominal (not inflation adjusted) time-series data that is *expressed in five different currencies*.
- Finally, while the Lisbon Council casually asserts that for the May revision of its *IP Index Report* "correlations tests have all been re-run [] and no significant variations were found," the Lisbon Council's claim is patently false. The statistical results from the revision are very much different and weaker than the original version and for the Lisbon Council to claim otherwise is disingenuous.

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"The Lisbon Council's analysis appears transparently ends-driven," said study author Phoenix Center Chief Economist Dr. George S. Ford. "Copyright law is the engine of creativity and free expression, providing creators with the freedom, independence and marketplace incentives to create works of their choosing. They deserve better."

"With the start of its Digital Single Market initiative, the European Union is about to undertake one of the most complex legal overhauls of its regulations perhaps since the formation of the Union itself," added Phoenix Center President Lawrence J. Spiwak. "Given the stakes at hand, the junk science proffered by the Lisbon Council with regard to copyright reform should be summarily ignored."

A full copy of the paper, PHOENIX CENTER POLICY PERSPECTIVE NO. 15-03, *The Lisbon Council's 2015 Intellectual Property and Economic Growth Index: A Showcase of Methodological Blunder*, may be downloaded free from the Phoenix Center's web page at: http://www.phoenix-center.org/perspectives/Perspective15-03Final.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.