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## Press Release

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### NEW PHOENIX CENTER STUDY ASKS WHETHER GOVERNMENT-OWNED NETWORKS ABUSE MARKET POWER OVER SET-TOP BOX PRICES

#### *Data Show Public and Private Networks Charge Same Price for Video Set-Top Boxes*

WASHINGTON, D.C. – An informal survey conducted by U.S. Senators Ed Markey and Richard Blumenthal purportedly shows that private cable and satellite providers charge their consumers an average monthly fee of \$7.43 for a video set-top box. Senator Blumenthal describes the prices as “hideously vexing, unjust and unjustifiable” and others have labeled the prices an “abuse of market power.” Apparently lacking any evidence of its own and despite the fact this survey contains no data about the cost of set-top boxes, the Federal Communications Commission has relied upon this informal survey of prices to launch an “#UnlockTheBox” media campaign to support a proposed complex, costly, and likely illegal regulatory scheme which would require video providers and content owners to surrender their video content, without compensation, to third-parties seeking profits in the video marketplace from the monetization of consumers’ viewing habits.

In a new analysis released today entitled *Are Government-Owned Networks Abusing Market Power in the Set-Top Box Market? A Review of Rates*, Phoenix Center Chief Economist Dr. George S. Ford inquires whether municipally-owned and operated video systems—held up by the Obama Administration as paragons of virtue—are also levying “vexing” and “unjust” set-top box charges on their subscribers, thereby “abusing market power.” Based on an examination of actual set-top box fees of the government-run networks, Dr. Ford finds that the fees of these allegedly “non-profit” public entities average \$7.65 per month, a figure slightly higher than that charged by private providers. Therefore, if it is true, as some claim, that a set-top box price of about \$7 is hideously vexing, unjust, unjustifiable, and an abuse of market power, then local governments are equally guilty of such abuse.

“The data are clear,” said Dr. George S. Ford, Chief Economist of the Phoenix Center. “Municipal governments that sell video services are abusing market power and charging unjust prices for set-top boxes to their consumer-constituents. Or, I suppose an alternate interpretation of the evidence is that a price of about \$7.50 is a reasonable one for a set-top box, thereby providing no basis for an insanely intrusive regulatory scheme aimed at weakening consumer privacy and turning consumers’ viewing habits into a source of profit for third parties.”

A full copy of the paper, PHOENIX CENTER POLICY PERSPECTIVE NO. 16-03, *Are Government-Owned Networks Abusing Market Power in the Set-Top Box Market? A Review of Rates*, may be downloaded free

from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective16-03Final.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.*