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Press Release

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INTERNET ASSOCIATION PAPER CLAIMING NO EFFECT OF FCC OPEN INTERNET REGULATIONS IS FLAWED

Internet Association admits to making up data, rendering analysis meaningless

WASHINGTON, D.C. – In a recent paper released by the Internet Association, a trade group representing Internet edge companies, Dr. Christopher Hooton presents an empirical analysis of investment effects of the Federal Communications Commission’s Open Internet regulations, concluding that his analysis indicates “no (negative) impact from either the [FCC’s] 2010 or 2015 [Net Neutrality] actions.” In a new economic analysis released today entitled *A Review of the Internet Association’s Empirical Study on Network Neutrality and Investment*, Phoenix Center Chief Economist Dr. George S. Ford subjects Dr. Hooton’s paper to scrutiny and finds numerous fatal flaws. If anything, Dr. Ford finds that Dr. Hooton’s analysis is a further indictment of the FCC’s Net Neutrality policies ostensibly intended to spur increased broadband deployment via the Commission’s “virtuous circle” theory of investment.

To begin, Dr. Hooton admits that much of his investment data is simply made up. In fact, fabricated investment data, possibly from multiple sources, accounts for 70% of Dr. Hooton’s investment data after 2010. Consequently, Dr. Hooton’s analysis has no prospect of meaningfully quantifying the investment effects of Net Neutrality, save by sheer coincidence. Dr. Hooton admits his used of fabricated data is a “flawed approach.”

That said, Dr. Ford commends Dr. Hooton for affirming the necessity of using a counterfactual analysis. Dr. Ford also notes that Dr. Hooton concurs with his choice of 2010 as a proper treatment date for studying Net Neutrality—a choice other proponents of Net Neutrality have criticized. Finally, Dr. Ford addresses each criticism levied by Dr. Hooton against Dr. Ford’s earlier work and explains why they are baseless.

“Dr. Hooton uses projections of investment rather than actual investment data, so his findings should be given no weight in a cost-benefit analysis of Net Neutrality,” says Dr. George S. Ford. “Dr. Hooton’s report is just another addition to a portfolio of dubious analysis used to scare the public into stampeding the FCC into bad policy-making.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 17-09, *A Review of the Internet Association’s Empirical Study on Network Neutrality and Investment*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective17-09Final.pdf>.

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