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Press Release

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PHOENIX CENTER DEMONSTRATES INTERNET ASSOCIATION REPORT ON NET NEUTRALITY TO BE “STATISTICAL MALPRACTICE”

Plethora of Demonstrable, Profound, and Often Shocking Errors Render Internet Association's 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.” Last month, Phoenix Center Chief Economist Dr. George S. Ford issued a critique of Dr. Hooton's paper entitled *A Review of the Internet Association's Empirical Study on Network Neutrality and Investment*, where Dr. Ford pointed out numerous fatal flaws with Dr. Hooton's analysis.

In a new paper released today entitled *A Further Review of the Internet Association's Empirical Study on Network Neutrality and Investment*, Dr. Ford returns to Dr. Hooton's analysis. Upon further inspection, Dr. Ford finds additional errors in Dr. Hooton's analysis that are as equal to or worse than those reported earlier.

For example, in analyzing investment data provided by USTelecom, Dr. Hooton appears to have used corrupted data. His results do not comport with the USTelecom data. Fixing his errors, Dr. Ford shows that the USTelecom data reveals investment is down 19%, on average, since reclassification was first introduced in 2010 by then-Chairman Julius Genachowski.

Moreover, Dr. Hooton's analysis of data provided by SNL Kagan on cable investment improperly uses *cumulative* investment, which is always larger in the future than in the past. Shockingly, 16 of his 21 data points are fabricated by interpolation, so Dr. Hooton has again simply made up data for his analysis. Switching from cumulative to annual investment data and adjusting for inflation, Dr. Ford demonstrates that cable industry investment is down 11% since the FCC's *2015 Open Internet Order*, a result completely at odds with Dr. Hooton's claims.

“While Dr. Hooton deserves credit for attempting to up the ante on the level of analysis by pro-Net Neutrality advocacy, the errors found in Dr. Hooton's work are unacceptably numerous and consequential,” says study author and Phoenix Center Chief Economist Dr. George S. Ford. “No

credible advocate would offer the Internet Association's paper as evidence of anything, with the exception of perhaps a case study on how not to do statistical analysis."

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 17-10, *A Further 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/Perspective17-10Final.pdf>.

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