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Press Release

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PHOENIX CENTER FINDS MORE EVIDENCE OF THE HARMFUL EFFECTS OF TITLE II RECLASSIFICATION OF BROADBAND SERVICE

Free Press' Claims in Congressional Testimony that Reclassification had No Effect on Broadband Deployment are False

WASHINGTON, D.C. – This week, the House Energy and Commerce Committee held a hearing entitled *From Core to Edge: Perspective on Internet Prioritization*, a key issue in the net neutrality debate. At this hearing, Free Press Policy Director Matt Wood testified, among other things, that the Federal Communications Commission's controversial 2015 decision to reclassify broadband internet access as a common carrier "telecommunications" service under the Communications Act of 1934 did no harm to broadband deployment since the availability of broadband services that meet the FCC's 25/3 Mbps standard increased after the decision. In a new analysis released today entitled *Reclassification and the Availability of "Broadband" Service: A Counterfactual Check on Recent Claims*, Phoenix Center Chief Economist Dr. George S. Ford empirically analyzes the availability of high-speed broadband services and finds deployment did, in fact, slow in 2015 and 2016.

As Dr. Ford explains, availability of higher-speed services is constantly on the rise. As such, the relevant question to ask is whether the observed increases in availability of high-speed broadband after the FCC's 2015 *Open Internet Order* are a mere continuation of the trend or are unusual in some respect, either much more or much less than expected. Answering that question requires a *counterfactual* – that is, what would the availability of 25/3 Mbps been in the absence of the 2015 *Open Internet Order*?

In his analysis, Dr. Ford constructs such a counterfactual based on forecasts from an exponential decay function. Dr. Ford's analysis reveals that the number of homes without 25/3 Mbps is above expectations following the 2015 *Open Internet Order*. Accordingly, during 2015 and 2016, Dr. Ford's analysis indicates that we may reasonably attribute a lack of 25/3 Mbps broadband to approximately 6.5 million Americans to the 2015 *Open Internet Order*.

"We know scientifically that lead poisoning stunts growth in children," explains Dr. George Ford, "but the children do, in fact, get taller, just at a slower rate than their healthier peers. Analogously, the availability of higher broadband speeds to American homes has always risen over time, but the 2015 *Open Internet Order* appears to have stunted the growth of such availability. Reclassification appears to have poisoned investment and deployment incentives."

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A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 18-02, *Reclassification and the Availability of "Broadband" Service: A Counterfactual Check on Recent Claims*, may be downloaded free from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective18-02Final.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.