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Press Release

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AFTER CORRECTING ERRORS IN NEW STUDY CLAIMING TO SHOW NO INVESTMENT EFFECT, PHOENIX CENTER FINDS LARGE REDUCTIONS IN INVESTMENT FROM TITLE II REGULATION

Using Hooton's Statistical Approach and Corrected Data, Phoenix Center Chief Economist Dr. George S. Ford Finds that Title II Regulation Reduced Investment by 50%

WASHINGTON, D.C. — In a recent paper entitled *Testing the Economics of the Net Neutrality Debate*, Chris Hooton of the Internet Association claims to offer evidence that Net Neutrality rules had no (statistically significant) effect on investment. Title II advocates, desperate to prove common carrier regulation did not reduce infrastructure investment, were at a loss. Even former FCC Chairman Tom Wheeler jumped in by gleefully promoting the study and accusing the current Commission of maintaining its investment story “[t]ruth be damned.”

As [detailed in an earlier analysis](#), Phoenix Center Chief Economist Dr. George S. Ford demonstrated that Hooton’s new work says nothing about the effect of Net Neutrality on investment, mainly (though not exclusively) because his data does not measure investment. In a new paper released today entitled: *Does Title II Reduce Infrastructure Investment? Repairing Hooton’s Analysis*, Dr. Ford poses and answers an interesting question: if we adopt Hooton’s general statistical approach, what would be the effect of Title II regulation on investment if we substitute actual investment for Hooton’s invalid measure of it? Applying the difference-in-differences estimator, as Hooton did, and using Hooton’s the treatment date and treatment group, Dr. Ford finds a negative and statistically significant effect on investment from the imposition of Title II regulation in 2015 of about 50%.

“Will such gross errors and contradictory results matter much to advocates of Title II regulation?” asks study author Phoenix Center Chief Economist Dr. George S. Ford. “I doubt it. I suspect Hooton’s latest study will be heavily hawked by Title II advocates — truth be damned.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 19-06, *Does Title II Reduce Infrastructure Investment? Repairing Hooton’s Analysis*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective19-06Final.pdf>.

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