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## Press Release

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### Moving U.S. to Top 10 in International Broadband Rankings Would be a Success for National Broadband Plan

WASHINGTON, D.C. – A six spot gain to 9<sup>th</sup> place in international broadband rankings would be a successful outcome for the Federal Communications Commission’s National Broadband Plan, the Phoenix Center said in a new analysis released today. The study said that the historical trends suggest the U.S. will likely move to 13<sup>th</sup> in broadband adoption by 2012 even without significant policy changes. The FCC plan, released on March 16, set forth the Obama Administration’s roadmap to provide all Americans with ubiquitous and affordable broadband. In addition, Congress, as part of the American Recovery and Reinvestment Act, allocated \$7.2 billion for broadband deployment and adoption programs. Both policy initiatives were largely motivated by the fact that the United States is currently ranked 15<sup>th</sup> for broadband adoption by the Organisation for Economic Cooperation and Development (OECD). The Phoenix Center study finds that the United States will have to achieve a rank of at least 9<sup>th</sup> place to make a definitive conclusion that the stimulus funds and National Broadband Plan made a difference in U.S. broadband adoption.

The study, *Evaluating Broadband Stimulus and the National Broadband Plan: Establishing Expectations for Broadband Rankings*, uses a variety of standard econometric techniques to determine where the United States is expected to rank given current trends, and where the United States should rank if the National Broadband Plan and federal broadband stimulus are successful.

“As we point out in our prior research, relying upon the OECD’s flawed methodology as an accurate metric of a country’s broadband performance is fraught with peril,” says Phoenix Center President and study co-author Lawrence J. Spiwak. “However, as some policymakers continue to use the OECD’s methodology as the definitive broadband metric, our analysis establishes a performance metric by which to assess the success or failure of new broadband interventions using the OECD’s rankings. In so doing, we hope that our analysis can make a positive contribution to the debate by establishing a standard by which to measure the success of new policies.”

Based on historical trends in the OECD, the study finds that United States will likely increase its rank to 13<sup>th</sup> by 2012, with a statistical upper limit of 9<sup>th</sup> position, without significant policy changes. There is very little risk of a downward movement in rank. Given this trend and presumed analytical legitimacy of the OECD’s rankings, the Phoenix Center’s analysis finds that the United States must rank at least ninth among OECD countries within the next two to three

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years in order for the Obama Administration to claim with confidence that its policy interventions made a measurably positive impact on broadband adoption.

“Even without a bounty of new policy and regulatory interventions, the U.S. is predicted to rise to a rank of 13<sup>th</sup> among OECD countries in about two years, with a statistical upper limit of 9<sup>th</sup> position,” says study co-author Phoenix Center Chief Economist Dr. George Ford. “Remaining at 15<sup>th</sup> place, therefore, suggests a slight worsening of adoption trends in this country. A fall in rank implies a statistically significant deterioration in performance. Failing to enter the top ten is business as usual.”

PHOENIX CENTER POLICY BULLETIN NO. 24: *Evaluating Broadband Stimulus and the National Broadband Plan: Establishing Expectations for Broadband Rankings*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/PolicyBulletin/PCPB24Final.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 telecommunications and high-tech industries.

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