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Press Release

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NEW PHOENIX CENTER ECONOMIC ANALYSIS SHOWS SEVERE FLAWS IN WIK-CONSULT BUSINESS DATA SERVICES REPORT

FCC should accord no probative weight to the WIK-Consult Report

WASHINGTON, D.C. – Last May, the Federal Communications Commission (“FCC”) launched a Notice of Proposed Rulemaking in which it set forth a “new regulatory framework” for Business Data Services (“BDS”), formerly known as Special Access Services. BDS are high-capacity circuits sold by facilities-based communications companies to other communications companies and businesses. On July 28, 2016, INCOMPASS—a trade group representing carriers seeking a reduction in BDS rates—filed in the docket a report by J. Scott Marcus of WIK-Consult (a European consulting firm). According to the *WIK-Consult Report*, a government-mandated price reduction will lead to an increase in BDS sellers’ revenue.

In a new POLICY PERSPECTIVE released today entitled *Learning from Bad Technique: The WIK-Consult Report on Business Data Services*, Phoenix Center Chief Economist Dr. George S. Ford points out several serious errors in the *WIK-Consult Report*. As Dr. Ford explains in great detail, these errors include, but are certainly not limited to, a focus on irrelevant factors, inaccurate computations, self-contradictory claims, and improper benchmarks. Given these significant (and fundamental) errors, Dr. Ford recommends that Commission should accord no probative weight to the *WIK-Consult Report*.

“The BDS proceeding is a dumping ground for inexpert economic analysis, including the *WIK-Consult Report*,” says Phoenix Center Chief Economist and study author Dr. George S. Ford. “Such gross is a direct consequence of the FCC’s demonstrable disregard for serious economic analysis.”

A full copy of the paper, PHOENIX CENTER POLICY PERSPECTIVE NO. 16-07, *Learning from Bad Technique: The WIK-Consult Report on Business Data Services*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective16-07Final.pdf>.

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