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Press Release

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NEW PHOENIX CENTER STUDY PROVIDES FURTHER EVIDENCE OF LARGE BROADBAND INVESTMENT REDUCTIONS FROM TITLE II

*Expanding its Earlier Analysis, Phoenix Center Confirms that Title II Reclassification has Curbed
Annual Capital Expenditures by 25%*

WASHINGTON, D.C. – Central to the debate over the Federal Communications Commission’s reclassification of broadband as a “common carrier” telecommunications service under Title II of the Communications Act of 1934 is the effect on broadband network investment. Last month, the Phoenix Center released the first serious statistical analysis of the investment question—[Net Neutrality, Reclassification and Investment: A Counterfactual Analysis](#)—and found that between 2011 and 2015, telecommunications investment differed from expectations by between 20% and 30%, or about \$30 to \$40 billion annually. That is, over the interval 2011 to 2015, another \$150-\$200 billion in additional investment would have been made “but for” Title II reclassification.

In a new POLICY PERSPECTIVE released today entitled *Net Neutrality, Reclassification and Investment: A Further Analysis*, Phoenix Center Chief Economist Dr. George S. Ford expands his statistical analysis in response to comments on his earlier paper. In this new work, Dr. Ford restricts the analysis to investments in property and equipment (thereby excluding investment in intellectual property), alters the control group, and evaluates other modifications to the statistical model. His prior results are confirmed in this updated analysis, again finding “that investment in total fixed assets would have been about \$30 billion more annually” and “[i]nvestment in equipment and property would have been \$20 billion more ‘but for’ reclassification.”

“Reclassification has weighed heavily upon the broadband industry for years,” said study author and Phoenix Center Chief Economist Dr. George S. Ford. “A variety of proper statistical procedures applied to public data confirm sizable declines in investment in Internet networks.”

A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 17-03, *Net Neutrality, Reclassification and Investment: A Further Analysis*, may be downloaded free from the Phoenix Center’s web page at: <http://www.phoenix-center.org/perspectives/Perspective17-03Final.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.