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Press Release

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NEW PHOENIX CENTER ECONOMIC ANALYSIS REVEALS THAT RATE OF INTERNET SPEED INCREASES HAVE DECLINED AFTER RECLASSIFICATION

“But for” the FCC’s 2015 Open Internet Order, U.S. broadband speeds would have been about 10% higher – or about 1.5 Mbps faster – on average.

WASHINGTON, D.C. – The Federal Communications Commission (“FCC”) recently released a *Notice of Proposed Rulemaking* in which it proposed to reverse the Obama Administration’s controversial *2015 Open Internet Order*. Accordingly, stakeholders are actively in search of evidence for the “good” and “bad” of the decision to reclassify broadband Internet service from an “information service” to a common carrier “telecommunications service” under Title II of the Communications Act, an arcane legal regime almost no one understands.

Recently, without any reference to the Net Neutrality debate, the cable industry trade association NCTA made the unsurprising observation that broadband speeds in the U.S. continue to rise, as they always have. Seeing all things through the lens of Net Neutrality, Public Knowledge Senior Vice President Harold Feld immediately laid claim to the trend, asserting that the data in NCTA’s post supports the FCC’s reclassification decision. According to Mr. Feld, the speed trend confirms that the “Title II Virtuous Circle” is “totally working” because “the rate of increase has accelerated since the FCC adopted the Title II Reclassification Order in February 2015.”

Mr. Feld sets up a direct test of the wisdom of Title II reclassification based on the pace of speed increases following the *2015 Open Internet Order*. An empirical question requires an empirical answer. Using the Akamai speed data, in a new analysis released today entitled *Broadband Speeds Post-Reclassification: An Empirical Approach*, Phoenix Center Chief Economist Dr. George S. Ford subjects Mr. Feld’s “theorem” to a battery of statistical tests.

Without exception, the data reveal a statistically significant decline in the rate of average broadband speed increases for the U.S. subsequent to the *2015 Open Internet Order*. Dr. Ford finds that “but for” the FCC’s *2015 Open Internet Order*, U.S. broadband speeds would have been about 10% higher – or about 1.5 Mbps faster – on average. Thus, in direct contradiction to Mr. Feld’s claim, reclassification appears to have significantly retarded expected broadband speed increases.

“It is unwise to make empirical claims without empirical analysis,” said Phoenix Center Chief Economist and study author Dr. George S. Ford. “If we take Mr. Feld at this word – and other advocates for Net Neutrality indeed have – then we must conclude that the *2015 Open Internet Order* is bad policy and has broken the virtuous circle.”

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A full copy of PHOENIX CENTER POLICY PERSPECTIVE NO. 17-07, *Broadband Speeds Post-Reclassification: An Empirical Approach*, may be downloaded free from the Phoenix Center's web page at: <http://www.phoenix-center.org/perspectives/Perspective17-07Final.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.