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The Curious Absence of Economic Analysis at the Federal Communications Commission: An Agency in Search of a Mission

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Abstract

Past regulations informed by economic analysis at the Federal Communications Commission (FCC) have positively affected the U.S. economy: from opening long-distance telephone markets, to enabling the proliferation of enhanced data Internet services, to spurring the growth of new wireless markets. The failure of the FCC to ground its regulations in economic reasoning in the past few years has led to inefficient policies and proposals that threaten to eviscerate prior benefits. The resolution of the FCC's 2015 Open Internet Order illuminates the quagmire for policymakers: Given the D.C. Circuit's willingness to defer to the FCC's expertise in policy, and given the FCC's willingness to eschew econometric evidence and economic theory as it considers new regulations, the most direct way to reinject economics into FCC policymaking is via a Congressional mandate. There is no reason why the Department of Labor, the Environmental Protection Agency, the Consumer Financial Protection Bureau, and a host of other agencies should be required to perform cost-benefit analysis, while the FCC is free to embrace populism as its guiding principle.

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