

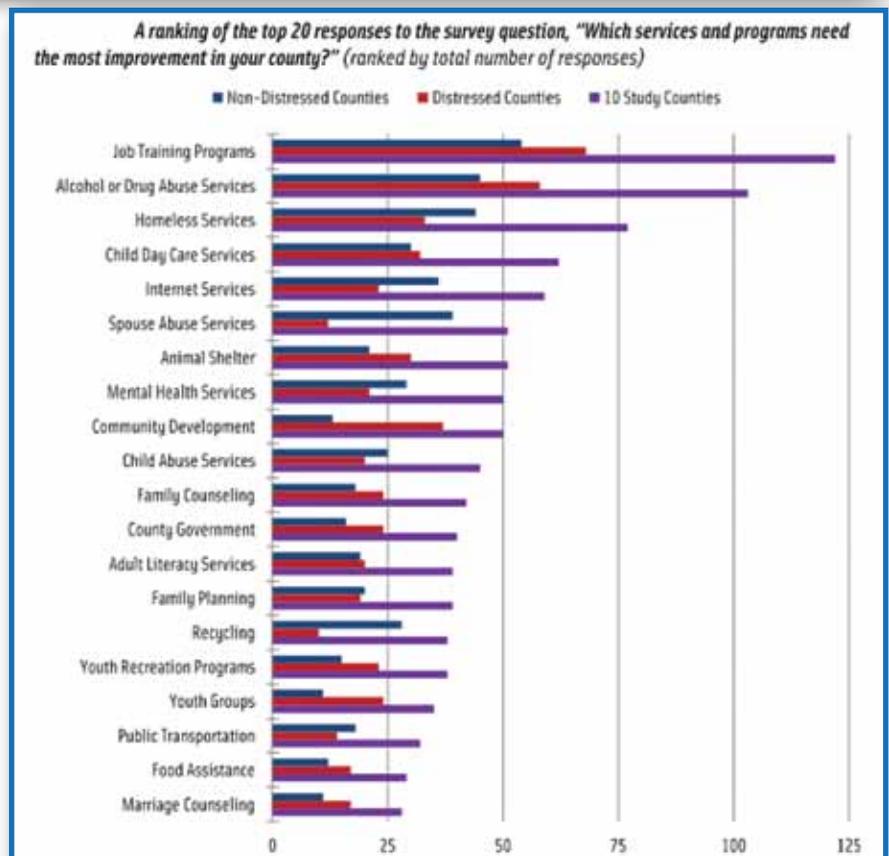
ECONOMIC DEVELOPMENT

pointed out, quoting an International Monetary Fund study, that “initial conditions, including both geography and institutions, are very important for economic development, having significant effects lasting hundreds of years.”

LACK OF BROADBAND IN APPALACHIA

Broadband is one of many subjects the report covers. No one will be surprised that more than 70 percent of survey participants cited poor telecommunications and Internet access as likely obstacles to economic growth, or that this lack of connectivity deters growth in a number of ways: “Large employers, for example, require dedicated high-speed data connections to conduct business in today’s global economic environment. Small businesses, however, are also affected. Lack of Internet access, for example, prevents Avery County, N.C., Christmas tree growers from marketing directly to consumers and makes hotels in Pendleton County, W.V., and Johnson County, Tenn., less attractive and less accessible to visitors.”

More surprising is the researchers’ conclusion that “the impacts of poor access ... go far beyond commerce.” Lack of broadband, they point out, can keep officials from learning about or participating in funding opportunities. It can keep people in isolated areas from having their voices heard in decisions that

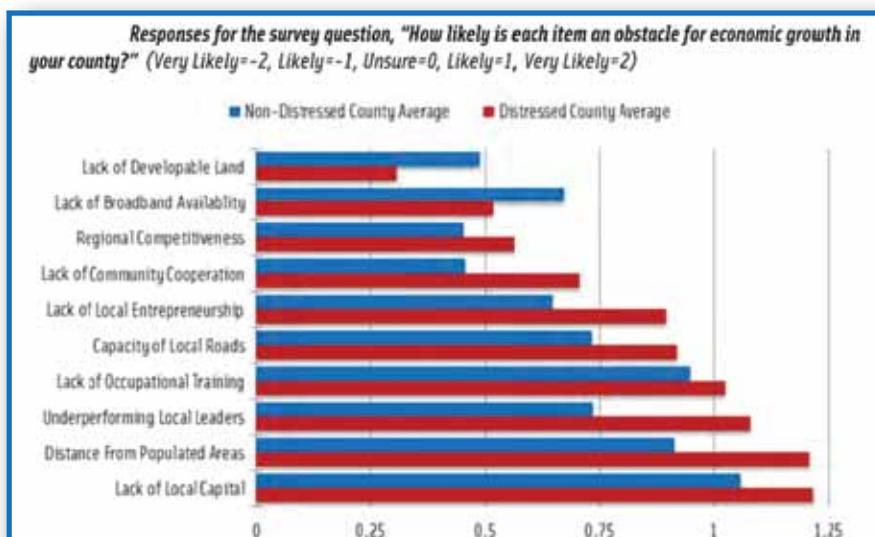


Residents of Appalachia felt that most of their services need improvement, not only Internet services.

require videoconferencing or webinars. “The negative effects on workforce preparedness, digital literacy and government and civic efficiency run deep,” the authors say.

In addition, their research found that the social and cultural effects of lack of

broadband connectivity are profound. Lack of broadband increases residents’ isolation and adds to their sense of alienation. Being unable to participate in an increasingly connected society “may contribute to the exodus from rural areas, especially among young adults and families,” according to the authors.



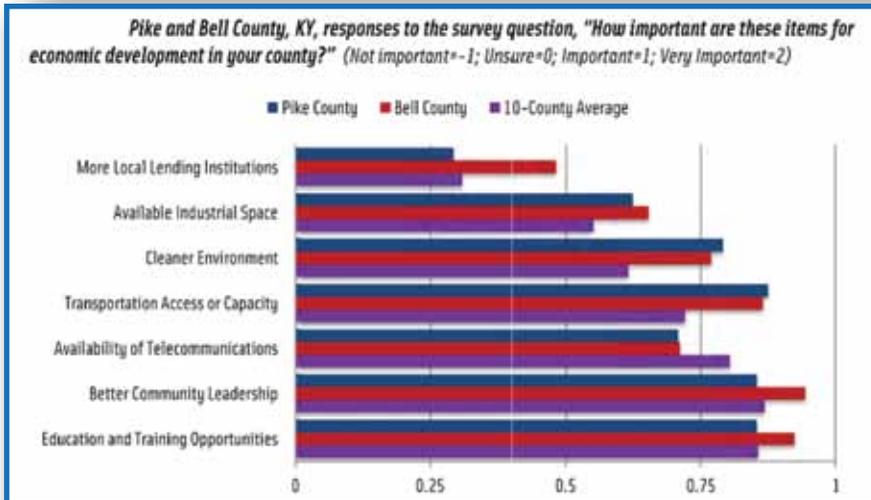
Broadband was more often viewed as an obstacle to economic development in the less-distressed counties.

PRESSING CONCERNS

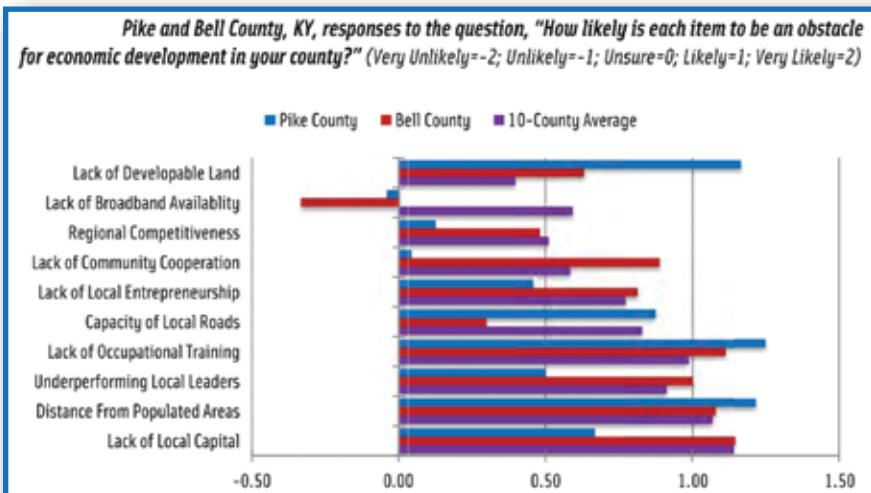
As damaging as the lack of broadband is, residents of these counties had many more-pressing concerns. In non-distressed counties, residents cited five obstacles to economic progress more important than lack of broadband. Residents of distressed counties cited eight. I found it surprising that a higher percentage of respondents in nondistressed counties considered poor broadband a potential obstacle for economic development than in distressed counties.

Possibly this is because more basic problems must be addressed before broadband can begin to make a difference. When asked which programs need the most improvement – in general, not

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Residents of the two counties with adequate broadband service considered telecommunications to be important to economic development.



Residents of the two counties with adequate broadband service did not believe broadband was an obstacle to their counties' economic development.

just for economic development – respondents named many important programs that they felt need to be addressed.

In the only two counties with good broadband service – Pike County, Ky., and Bell County, Ky. – residents were almost as likely as the average survey respondent to consider broadband an important factor in economic development though they did not believe lack of broadband access held back development in their counties.

However, even though both Pike and Bell County residents agreed that broadband was important for economic development and that poor broadband was not an obstacle to economic growth in their counties, they still viewed

broadband-enabled economic opportunities in their counties as slightly unlikely. During the researchers' discussions with these residents, no new jobs or businesses were credited to broadband utilization. The researchers commented, "Remarkably, the two counties in this study best positioned to benefit from broadband in fact do not recognize the opportunity that broadband presents

for economic development." This finding illustrates the importance of having a clear vision for leveraging broadband assets for economic development.

HOW BETTER BROADBAND COULD HELP

Broadband could be used to address many of the problems residents said they faced. Applications of high-speed broadband for job training, health care and mental health, community development, counseling, government, education and literacy, youth programs, entrepreneurship and other social needs are rapidly developing and maturing. If the broadband were there, these applications could be implemented – and could also greatly affect job creation and retention.

As the authors wrote, "Several of the obstacles to economic development that rated highly ... can be diminished with the adoption and utilization of broadband. These include lessening the impacts from the lack of developable land and improving the lack of entrepreneurship. Most important, broadband adoption would help bridge the distance with more populated areas and would remove the feeling of isolation that was reported from residents and business leaders in those two counties."

The authors offered 12 recommendations to improve economic development within Appalachia. These cover most aspects of life and business. One of them states, "Community organizations and agencies at all levels of government throughout Appalachia should make broadband access and adoption a priority." That is a challenge for Appalachia and all of the rural United States.

This is a study that our industry should pay attention to and learn from. We need to help broadband access and adoption become realities for the rural areas of the United States. ❖

Broadband is not being used as a lever for development even where sufficient broadband is available to support economic growth.