



Bandwidth Makes A Difference

Yes, good broadband is better for economic development than not-so-good broadband.

Ever since 2004, Broadband Properties has included a section in its end-of-year issue devoted to the subject of economic development. This year, we offer surveys, reports and case studies showing how broadband boosts economic development – and how the lack of broadband stymies growth and development. One dramatic story tells how a small town in upstate New York came close to losing its Internet provider, its school and even its viability until residents stepped in with a fiber-based rescue plan.

You'll find a wealth of useful information in these articles, but I'd like to draw special attention to two important points.

1. People who are involved in economic development believe that bandwidth matters. Economists have asked for years whether good broadband is worth more than not-so-good broadband. Because Federal Communications Commission (FCC) data sets treat broadband as a binary field – in other words, 200 Kbps broadband is no different from 1 Gbps – and also because fiber-based broadband is so new, analyses can't tease out the impact of differing broadband speeds. An otherwise excellent study by Jed Kolko of the Public Policy Institute of California (see the February 2010 issue of Broadband Properties) was hampered by the lack of available data on this subject.

Now, in a survey of economic development professionals by consultant Craig Settles and the International Economic Development Council, respondents who work every day with site selection committees call bandwidth vitally important, especially for attracting new companies.

That's because everyone believes bandwidth needs will rise. A company

might live with with 5 Mbps broadband if that's adequate today, but if it has to move, it will move to a location where the broadband options won't constrain its future growth.

Not surprisingly, the survey respondents were dismissive of the FCC's goal of 4 Mbps/1 Mbps for rural America and believed that 100 Mbps would be needed not in 2020 but in 2013.

2. Good broadband isn't an impossible dream. In regions that are not at the top of the large operators' to-do lists (or even on their lists at all), towns are building next-generation broadband networks specifically for economic development. Some of these projects require subsidies; others don't. For those that do, the subsidies needed may be surprisingly small. Creative partnerships are beginning to emerge – new ways for the public, private and nonprofit sectors to work together. We can only hope their success will relegate to the past the traditional dichotomy between public and private systems.

Finally, whether you find the subject of broadband and economic development inspiring, intriguing or even infuriating, you won't want to miss the full-day program on economic development at the Broadband Properties Summit in Dallas next April.

The program will be chaired by noted telecom attorney Jim Baller, one of the leading authorities on how cities use broadband for economic development, and it promises to examine this subject from many different angles.

I hope to see you there!

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