



VIEWPOINT

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What the Election Means for Telecom in Ohio

By: Marc Kilmer

Summary

Though there are positive aspects of Governor-elect Ted Strickland's plans for Ohio's technology sector, he should reconsider those policies that call for increased government involvement in the economy. Such policies will stifle private investment. Instead, he should focus on reducing the regulatory and tax burden on telecommunications companies operating in Ohio.

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Government provided broadband will cost taxpayers and stifle investment in the critical tech sector of Ohio's economy

Source: Parallels

With the election over, Governor-elect Ted Strickland can look forward to implementing the plans he outlined during the campaign. One area of special importance is technology, which is increasingly important to Ohio's economy. The new governor should reconsider his plans to involve the government so heavily in this sector. Instead, he should focus on revamping Ohio's regulatory climate to make it easier for private companies to continue expanding their broadband capacity.

To be fair, not all of the Strickland campaign proposals related to increasing Ohioans usage of high-speed, broadband Internet are bad. For example, on his campaign website Congressman Strickland says that "[o]ur regulatory structure must continue to accelerate, not impede, pervasive broadband deployment." Ohio's next Governor seems to recognize that we are living in a changing world, and the heavy-handed regulations once imposed on telephone companies is not the way to encourage deployment of new technology.

It is a shame he did not stick with this theme throughout the rest of his broadband proposal. Another area of his plan would create an "Ohio NextGen Network" to consolidate state and local government broadband networks. If this were the end of his "NextGen Network" plans, it would not be a bad idea. Consolidating state and local broadband networks makes some sense and may, as the Strickland campaign claims, save local governments money.

Unfortunately, the Strickland broadband plan also calls for using this government network to help "economic development" and provide subsidized Internet service across Ohio. While this may sound like a good idea – after all, who can be opposed to helping connect all of Ohio to the Internet? – this plan promises to cost Ohio taxpayers as well as stifle private investment where it is most needed.

The impetus behind the desire to use a government-funded network is the idea that certain areas of Ohio are suffering because of a lack of high-speed Internet capability. It is certainly true that some areas of the state do not have the kind of Internet service that is found in more urban areas of the state. However, this is no reason to use government resources to help these areas "catch up."

We must remember that the Internet is still in its infancy. And while many people cannot imagine life without the Internet, as recently as 1994 only a handful of people had ever heard of it. The deployment of Internet capacity throughout the state has proceeded rapidly since that time. Today, over 70% of Ohioans have Internet capacity and half of that number has high-speed capacity. These numbers are growing year after year.

This development of capacity has been done almost solely by private providers in the state. Involving government in this continually unfolding process will only delay the development of high-speed Internet in areas of the state currently without this service. When government begins offering to expand its network to help provide service to non-government sources, it leads to reduced private investment in broadband networks. This is exactly the opposite of what public policy in this area should be.

Instead of using government to stifle private investment, the Strickland Administration would do more for areas without these networks by reducing the regulatory and tax burden on telecommunications companies operating in Ohio. The government should make it easier for these companies to offer services and to build out their networks.

The Strickland Administration will bring many changes to Ohio. As the state becomes more dependent on technology, it should resist the desire to use government resources to “help” this sector. Private companies are increasing the number of Ohioans who have access to the latest technology. Involving government will only stall this process.

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(Marc Kilmer is a research associate with the Buckeye Institute for Public Policy Solutions, a research and educational institute located in Columbus, Ohio. More information is available at www.buckeyeinstitute.org. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.

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