



Governors debate government's role in broadband development

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DES MOINES, Iowa (AP) - While physical access to roads and waterways once spurred economic development, broadband capability is driving today's global marketplace, governors were told Sunday at the National Governors Association meeting.

Governors debated whether government should be developing broadband networks as an economic development tool.

South Carolina Gov. Mark Sanford, chairman of the NGA's economic development and commerce committee, said people around the world are connected as never before.

"We have been forever changed," said Sanford, a Republican.

Broadband is much more developed in other countries. At the forefront are ethernet connections that allow a movie to be downloaded in about a minute, while downloading the same file would take about 11.5 hours over a cable connection or even 13 days over a dial-up connection.

John Rutledge, a former White House financial adviser and chairman of Rutledge Capital, a private investment firm, said the nation is losing investment capital due to lack of broadband access.

"We can either learn to compete for capital or we can learn to speak Chinese," Rutledge said.

Foreign competitors "own fiber optic networks and we don't," he said.

However, Rutledge said he believes municipal broadband services would be a deterrent to development in the long run.

Instead, he suggests that regulatory hurdles be removed to allow smaller service providers to better compete.

Charles King, a senior vice president for Mediacom, which provides cable television and Internet services in 1,200 cities across the country, said municipally owned broadband services would skew the true value of the service in the marketplace and create unfair competition.

Though communities in Utah, Iowa, Virginia, Tennessee, California and Washington state have all created public broadband networks, Sanford was skeptical.

"I'm very reticent of the unintended consequences of the public sector riding out private investment," Sanford said.

South Dakota Gov. Michael Rounds, a Republican, said he worried about government's ability to pay for broadband improvements.

"How do you suggest that we package this to sell to voters?" Rounds said. "Property taxes have been very unpopular and we have tried to keep our sales taxes to a minimum."

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