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The Definition of Municipal Broadband Insanity

For years, municipalities around the country have tried and failed to either set up communications networks or to partner with private companies to get into the business of video and telecommunication services. The reasons for the failures have been numerous, but predictable.

Nonetheless, some in Longmont seem enthralled with having taxpayers support a broadband network--trying the same failed idea again but expecting a different result; insisting, despite all evidence to the contrary, that they somehow will succeed on this well-trod path of failure.

In fact, Longmont wants to double down and provide not only broadband but a whole package of telecommunications services, from voice to broadband to video, which would put the municipality in direct competition with multiple private companies. Challenges abound.

The provision of online services is extremely sophisticated; customers demand regular upgrades, which further challenge the ability of governments to keep up with demand. A greater variety of more complicated technology and services is more expensive, even just for operating the system. In turn this places even more taxpayer money at risk because when these systems fail it is not investors who lose money but taxpayers. That's why the best way to undertake such investment is with private, voluntary risk capital, rather than taxpayer dollars. When local and state coffers are depleted because of these sorts of risky government bets, the cry is for more tax revenue, for cuts in city services, or for a bailout. Not to mention risks to freedom of speech such as recently plagued San Francisco's municipal system.

Better options exist, such as creating Broadband Enterprise Zones or even providing direct subsidies to consumers who cannot afford basic connectivity.

Those who want better broadband offerings in Longmont should explore more innovative and less risky public policy options rather than just putting taxpayers on the hook.

Today's TechByte was written by Bartlett D. Cleland, Policy Counsel with the Institute for Policy Innovation.