

The Michigan Center for Innovation and Economic Prosperity 2007 Report:

Executive Summary – Telecommunications

From the first telegraph that enabled cross country communication to the fiber-optic cable that allows almost instantaneous trans-national communication, telecommunication has played a key role in developing robust economic development – and continues to do so today. In Michigan, we have remained complacent with regards to our telecommunication infrastructure – much of our local loop outside of the Metro Detroit area consists of legacy copper connections, some of which date back to the early 20th century. This will not be able to satisfy the demands of our increasingly knowledge based economy. While the telecommunication industry doesn't produce durable goods like the automobile industry and thus is often overlooked by the press and politicians alike, it is an industry upon which others rely heavily. A sound infrastructure is required to foster the next generation industries that are needed to pull our state out of its current economic downturn.

Currently, Michigan is hobbled by vast disparities in broadband access lines across the state and an underdeveloped telecommunication infrastructure in rural areas. Due to the heavily regulated nature of the industry, there are numerous legal hurdles and barriers to entry that many feel have slowed progress in this area. This slowed progress, mixed with a lack of a well-defined policy for expanding next generation telecommunication networks, has left us in the unfortunate position of playing catch-up. Finally, large telecommunication providers such as Verizon and AT&T, often the only providers in a large region, have developed a bad reputation – particularly with regulators – as providing poor customer service and engaging in anti-competitive behavior.

Amidst the often negative reports of the status of the telecommunication industry here in the state, there are points of light – particularly in the area of broadband access in rural areas. Government funded initiatives are implementing cutting edge infrastructure in areas which have often been overlooked by telecommunication providers as “commercially unviable”. These opportunities as well as others are explored further in our report.

We stand at a fork in the road of development - We can remain satisfied with the status quo and tumble into economic irrelevance or we can upgrade our telecommunication infrastructure and take our place at the vanguard of a new economy. The choices made will a major impact on the future of our state and will help decide if our state becomes a hot bed for high tech entrepreneurship or just another boom-bust case study in a policy seminar.

For a full copy of this report or more information on the *Michigan Center for Innovation and Economic Prosperity*, please visit www.mciep.org or call 517-884-1267.