

## Chapter 2

# Economic Benefits of High-Speed Broadband Coverage and Adoption

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### **ABSTRACT**

*Public investment into the availability of ICT infrastructure has been studied for decades to assess its effect on economic development and productivity growth. Whereas in the 1980s, this referred to the effects of telephones, since the 1990s it is the availability of internet connections, which is of great interest for politicians and policy makers alike. During the Covid-19 pandemic, social distancing has led to a transformation of work relations and the widespread introduction of work from home. Also, distance education as well as the increased importance of online streaming portals for leisure activities proved the necessity for fast broadband coverage and adoption. The authors investigate the degree of broadband coverage with a special focus on Austria and provide a survey on the economic benefits especially of high-speed internet connections for the economic development. The authors show to which extent Austria is using the full potential of fast and ultrafast internet connections and highlight the benefits for both firms and inhabitants in both rural and urban environments.*

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## **INTRODUCTION**

Economic policy makers and empirical researchers alike try to answer how important the availability and adoption of (fast) broadband internet has been for the economic development of regions and entire countries. In this context, the European Commission (2022a) has highlighted the importance of economic policy measures to “*enable access to digital services for all citizens and to maintain its prosperity*”. As one of the most important economic policy agendas of the European Union is cohesion, the full-coverage of broadband internet for ALL citizens – irrespective of their socio-economic background and location – is essential. To promote competitiveness and economic development, “*the European Union needs a digital connectivity infrastructure of top performance, security and sustainability, optimised to leverage the latest optical fibre technologies in fixed networks and to connect innovative wireless systems such as 5G, 6G and Wi-Fi.*”

Therefore, the European Union as well as the individual member countries have set ambitious targets to implement and upgrade the digital infrastructure. For example, the European Union launched a “5G Action Plan” (European Commission, 2016) or the “Gigabit Strategy” and the Digital Agenda Europe objectives (European Commission, 2010). The main objectives that should be achieved by 2025 are the following: a) Gigabit connectivity for all main socioeconomic drivers, b) uninterrupted 5G-coverage for all urban areas and main transportation paths and c) access to at least 100 Mbps broadband internet for all European households. By 2030 the goal is to cover all European households by a Gigabit network and to cover all populated areas within the European Union are with 5G.

The Covid 19 pandemic made the need for a well-developed, ubiquitous, and stable digital infrastructure to sustain business activities, education, and social relations even more evident. Due to the imposition of social distancing measures worldwide, major parts of the labor force for instance experienced teleworking for the very first time during their careers. In the case of Austria, more than two third of all home office workers in 2020, had never worked from home before. The pandemic and the ongoing trend for home office led to a substantial re-organization of work, leading also to changes in the demand for (fast) internet connections by many households as an appropriate infrastructure is needed for remote work (Bachmayer and Klotz, 2021). In this respect, the stable availability of fast internet connections has become a key factor for many employees: Firms allow remote work if employees can work as effectively from home as in the office, implying the need for the frictionless access to firm data and the ability to easily join online meetings.

The Covid-19 pandemic also showed the problems associated with a lack of digital infrastructure and the need to incorporate digital competences in the field of education. Digital connectivity proved to be vital to access teaching units, get

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