



Broadband Infrastructure and Economic Growth

Presenters: **Ludger Woessmann** (Ifo, University of Munich)
and **Tobias Kretschmer** (ICE, University of Munich)
Discussant: **Lucilla Sioli** (DGINFSO)

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In response to the current economic crisis, many countries initiated economic stimulus packages to mitigate the economic downturn and stimulate growth. Many of these packages place emphasis on investments in high-speed internet and promote the roll-out of broadband networks. These plans are based on the widely accepted assumption that modern communication networks foster the diffusion of information and the development and adoption of innovation and will thus lead to economic growth. At face value, the positive effects of broadband infrastructure on economic growth seem obvious, but a convincing empirical evaluation is still pending.

In a new study entitled "Broadband Infrastructure and Economic Growth" that will be publicised for the first time, **Nina Czernich** (Ifo), **Oliver Falck** (Ifo), **Tobias Kretschmer** (ICE) and **Ludger Woessmann** (Ifo) provide new evidence on this important question. Based on data from 25 OECD countries spanning from 1996 to 2007, the study shows that there is a strong positive impact of broadband infrastructure on economic growth which is indeed plausibly causal. In particular, a 10 percentage-point increase in broadband penetration raises annual per-capita growth by 0.9-1.5 percentage points.

The presentation of the study will be followed by an open-floor discussion of the results and their relevance for post-Lisbon European policy for telecommunication and economic growth.

Ludger Woessmann is Head of the Department Human Capital and Innovation at the Ifo Institute for Economic Research and Professor of Economics at the University of Munich.

Tobias Kretschmer is Director of the Institute of Communication Economics (ICE) at the University of Munich.

Lucilla Sioli is Head of the Unit for Economic & Statistical Analysis at the Directorate Lisbon Strategy & Policy of the Directorate-General for Information Society & Media of the European Commission.

RSVP: matt.dann@bruegel.org

www.bruegel.org

33, rue de la Charité

B-1210 Brussels