



The Daily Dish

Not So Fast — Rethinking Rural Broadband Policy

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Eakinomics: Not So Fast — Rethinking Rural Broadband Policy

Broadband is at the center of many discussions regarding infrastructure and the economy, and the proposals coming from the White House are no exception. The Trump Administration [states](#) that “The President’s Infrastructure Initiative will provide critical funding to help improve broadband access across rural America.” It then justifies this funding by arguing that “Inadequate broadband access is a barrier to rural prosperity. It stunts economic growth and prevents many rural Americans from engaging in the modern economy.”

Not so fast. A new [study](#) by Will Rinehart moves past the cliches and mines the data for a better understanding of broadband economics. Some of the key insights are about definitions. It turns out that the measured access to “rural broadband” is incredibly sensitive to two things: (1) the definition of rural and, believe it or not, (2) the definition of broadband. The term “rural” evokes images of farms (just Google “rural” images to prove this), but the action in broadband expansion is elsewhere because the population of farmland counties is so small. Instead, broadband is readily available in [micropolitan](#) cores – think of these as the hubs of rural areas – but areas surrounding these are quite uneven in their access.

Similarly, broadband is currently defined by the Federal Communications Commission (FCC) as a download speed of 25 megabits per second (Mbps) and an upload speed of 3 Mbps. In 2015, this “25/3” standard replaced the previous definition of 4/1, even though the FCC acknowledged that for any download speed above 10 Mbps most people would not detect any difference in performance. Moreover, where one places the cutoff matters a lot. At 24/3, the FCC says that 24 million Americans do not have access to broadband. But Rinehart notes that this excludes satellite access available to 10 million Americans, and

moving the standard to 24/2 shows an additional 1.5 million have access to broadband.

The bottom line: Be wary of anybody claiming to know how many cows have access to broadband.

The last finding, however, is the most important. Rinehart looks at the link between access to broadband and a list of economic indicators: unemployment rate, median household income, the change in employment, or the rate of population change. What does he find? No real connection. “This analysis calls into question whether the 25 Mbps download and 3 Mbps upload metric, the older 4 Mbps download and 1 Mbps upload metric, or any availability standard for that matter, provides a reasonable understanding of the underlying economics of rural communities.” Broadband adoption is a far better predictor of economic indicators.

There is doubtless a place for broadband in any regional development strategy. But one should be skeptical of claims that broadband deployment is a regional development strategy.