

Getting Serious About Rural Development

If Donald Trump is to help rural America, he must find a way to bring more broadband into the fight. New networks are quick to build, are cheaper than most other types of infrastructure and can cure what ails half of all rural counties.

By Steven S. Ross / *Broadband Communities*

Rural counties, particularly in the South and the Midwest, voted heavily for Donald Trump, who promised rural residents he would fix what ails them and that he would listen to them. I have been studying those very counties for almost three years and summarized my latest results at our economic development conference in Minneapolis a month before the election. They are published in greater detail in this issue.

Rural counties are sick indeed. On average, they have lost population since at least 2010; about 900 of them have been losing population since 2000. Losses have been concentrated in Republican-led states, and those losses more than balance out the tiny gain in states that lean blue.

My research shows that lack of broadband access can explain as much as half the economic distress in rural counties overall – and even more in counties dependent on farming and manufacturing. Broadband access is poor in the vast majority of rural counties, whether in blue or red states, but tends to be worse in red states. The main reason: Red states are more likely to restrict municipalities from even threatening to build their own broadband networks, and the restrictions tend to be stronger in those states.

Those restrictions are strongly supported by incumbent carriers, mainly the giant national carriers. Typically, these carriers nurse old copper-based networks in rural counties, providing inadequate service for modern commerce. In counties that have population hubs – the Department of Agriculture calls them “micropolises” – the hubs themselves may be served, but less dense areas are not.

There is no intentional evil here, despite criticism from both extremes of the political spectrum. Every year, major U.S. carriers spend well over \$60 billion to improve their cellular and landline networks. AT&T and Verizon alone spend almost two-thirds of that and are, most years, the world’s largest spenders of capital in any industry – they spend more than any automaker or oil company.

Some of that money comes from these companies’ own

cash flow. But most comes from Wall Street, which may not be anywhere near as smart as it thinks it is but is smart enough to allocate money where it can gain the greatest return, at least in the short run. Small, local carriers, whether public, private or cooperative, can be more flexible in their investments. If a break-even municipal network can save a town by attracting more industry or tourists or retirees, why not? Their profit is not measured the Wall Street way. It is measured in their survival. In the long run, national carriers could benefit by leasing space on new networks to provide higher-revenue services.

WILL WASHINGTON HELP?

Up to now, Washington has been of limited help. The FCC, with a Democratic majority of commissioners, has fiddled at the edges (more cellular spectrum, more emphasis on broadband rather than voice in rural areas, preemption of some state restrictions) but has not been able to break the logjam in Congress or overcome judicial hostility to the FCC’s telling states or carriers what to do.

Enter Donald Trump. On the one hand, he has pushed for broadband in his own buildings. In fact, this magazine presented the Trump Organization with a Cornerstone Award in 2008 for being a pioneer in adding Verizon FiOS in two New York City towers. On the other hand, he has not articulated a broadband policy and has shown little sign of willingness to upset Wall Street or major corporations.

But if he is to keep his promise to his rural supporters, the math is clear. He must aggressively improve rural broadband to improve rural economies. He will soon appoint two new FCC commissioners, including a chair, tilting the party balance there. Will he throttle local broadband, as so many Republican governors have done with tacit approval of a Republican Congress? Or will he be open to new ideas that get the job done? ❖

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