

Rural broadband stimulus: virtual water for the parched deserts

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We hear there are now well over 10,000 applications for a piece of the \$7.2 billion allocated for rural broadband under the Obama stimulus package. Practically every telephone, wireless, cable, fiber and satellite company capable of making any kind of case at all has now lawyered up and hired their lobbyists to compete for this pile of dough. It is as if a multitude of parched citizens have finally been offered life saving water for their arid wastelands and the only question left is who gets to delivery the H₂O (and charge for it).

Do we dig a massive maze of canals and pipes to the virtual sinks of each rural household? If so, how big a pipe to each household? Isn't laying pipes and digging canals expensive? Does every household get the same amount of water regardless of how deep into the desert they live and how much it costs to get them the water? Or do we limit the canals and pipes to the edges of the dry regions and offer those living further out into the desert cisterns to catch the already gently falling rain that now just runs off the hard baked ground unabsorbed. And, if enough of these desert dwellers had adequate cisterns would it be possible to do some judicious cloud seeding to increase the rainfall by a factor of 10, or even a 100?

Satellite broadband proponents will easily recognize the merits of this water / desert analogy, but unfortunately many in Washington, D.C. do not. If broadband decisions are left up to Federal and local government agencies, we will undoubtedly end up with a bureaucratic hodge-podge of cost inefficient broadband solutions chosen largely for political reasons. This is a problem begging for a market solution. Why not let the consumers decide what they need?

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If we assume roughly 15% of households qualify as "rural", we are talking about approximately 15 million homes with perhaps 45 million citizens. An equal allocation of the \$7.2 billion would be \$460 per household or \$160 per capita. After administrative expenses, perhaps it is only \$450 per household or \$150 per capita. Give every household a broadband coupon for \$200 plus an extra \$100 per co-habitant or dependent to use as they choose.



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Let the service providers compete for these households and the government subsidies.

You could even make receipt of the coupons contingent upon filling out the 2010 census forms. Bet that would make counting rural populations a lot easier. I also bet a great deal of rural households offered a \$200 - \$500 subsidy on satellite broadband reception equipment (the desert cisterns) would readily choose to get DSL quality satellite broadband tomorrow (the gently falling rain) with the promise of cable modem quality broadband rates in the near future from Viasat-1 type platforms (the cloud seeding) versus waiting years for billions of dollars of new cable, fiber or wireless infrastructure to make it out to their homes (the canals and pipes).

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