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Rural Internet at a Crossroads

by **Peter Stenberg**



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Peter Stenberg, USDA/ERS

Broadband Internet technologies are now widely available across the country. According to Federal Communications Commission data, 95 percent of all U.S. households could have an in-home broadband Internet connection (with the capacity to download 4 megabytes of data or more per second) if they choose to subscribe. The 5 percent of households that do not have access to such service largely reside in rural areas. Roughly 30 percent of rural households with access still do not have broadband meeting current technology standards, although some of these households have broadband available at slower speeds.

Not every household, however, subscribes to the Internet. As of 2010, 73 percent of all urban households and 62 percent of all rural households had some type of in-home connection to the Internet. The vast majority of these households used broadband technologies, such as DSL through their phone lines, cable as part of their cable TV subscription, or advanced fiber optics. In 2010, 96 percent of urban and 92 percent of rural Internet household subscriptions came through broadband technologies.

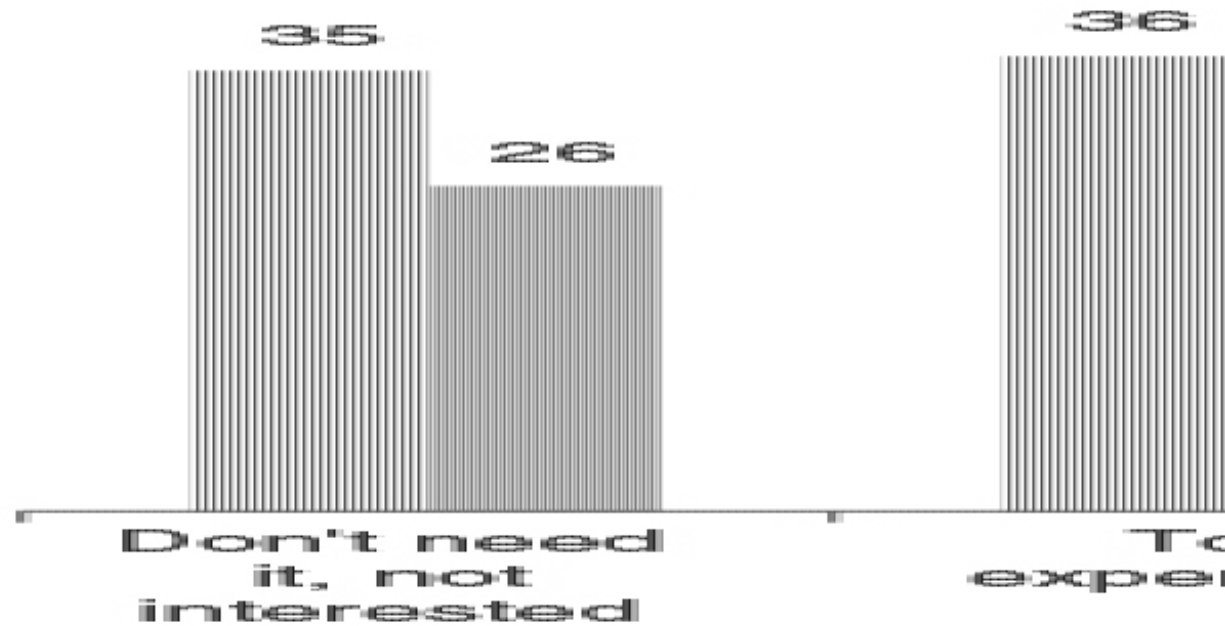
The data seem to confirm that the U.S. is doing reasonably well as a country in making broadband Internet service available to most, though not all, households. Universality of broadband Internet availability is a Federal telecommunications policy goal, based largely on the perceived individual and communitywide benefits of widespread access to broadband Internet technologies. The full benefits of having broadband Internet technologies universally available, however, depend on their use, which raises questions as to why some households remain without in-home broadband Internet connections.

The most common reason cited is a lack of availability of the technology. For rural areas, this shortfall is a consequence of relatively low market demand coupled with the high cost for service delivery (as compared with urban markets). Rural areas are usually less profitable for service providers than urban areas, although there are exceptions. Nationally, rural households are twice as likely as urban households to cite the lack of broadband service as the primary reason for not subscribing.

Nonetheless, even among households that subscribe to the Internet in areas served by broadband, not all choose to subscribe through broadband technologies. Most households that use the Internet but do not use a broadband service indicate that broadband is either too expensive or not wanted. Increased investments in cable may help lower costs for rural residents, but that by itself will not guarantee universal use of broadband Internet technologies.

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