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U.S. Broadband Stimulus Likely to Aid Smaller Firms: Experts

Friday, February 20, 2009

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REUTERS*

WASHINGTON (Reuters) - The \$7.2 billion slice of the \$787 billion economic stimulus package set aside to spur investment in high-speed Internet may not live up to its full promise of job creation.

Instead, the program's success is better calibrated by how it improves productivity and spreads more opportunity to people in rural areas often overlooked by big corporations, according to industry experts at a Thursday conference on the impact of the stimulus.

Smaller carriers with inroads in rural areas are the most likely to seek the funds, Wall Street analysts said. These carriers include CenturyTel Inc ([CTL.N](#)), Windstream Corp ([WIN.N](#)) and Frontier Communications Corp. ([FTR.N](#))

Initial estimates were that hundreds of thousands of jobs could be created with investments, but those forecasts have been tempered recently. Jobs will be created, but intangibles like productivity will be harder to measure, participants at the conference said.

"Broadband in itself is not going to save the world," said Len Waverman, dean of the business school at the University of Calgary. "Have we done something important for society, that is the question."

Waverman presented research finding the United States is actually ahead of its industrialized peers in terms of the quality and usefulness of Internet connectivity.

His survey takes into account such aspects as how many homes have super-fast fiber connections, in addition to raw infrastructure investment.

That is in stark contrast to some studies that have suggested that the United States ranks 15th in the world in broadband adoption -- often cited by proponents of bigger government broadband investments.

Columbia University business school professor Raul Katz estimates 128,000 jobs could be created over a four-year period from network construction from the stimulus.

Jobs created by what economists called externalities -- secondary or unexpected impacts -- could range anywhere from zero to 270,000, his research shows.

That is due to a variety of factors, including the impact of outsourcing and substitution of labor for technology.

"Everyone talks about all jobs that are going to be created," said Scott Wallsten, a technology policy expert at Georgetown University. "There is no way to measure that."

Instead, he said the payoff should be based on the number of new subscribers and percentage of the population covered.

"The important goal may not be just increased jobs but improved productivity and innovation," said Lynne Holt, an expert at the University of Florida public utility research center.

(Editing by Matthew Lewis)