



Written by [Daniel Sayani](#) on February 21, 2011

Obama Plans to Nationalize Wireless Internet

In what amounts to the next initiative undertaken by the Obama administration toward its escalating program of government expansion and nationalization of various aspects of the lives of the American people (such as the government takeover of health care, intervention in banks, and the nationalization of various automobile companies such as General Motors), the federal government is now embarking upon a program of government-directed wireless internet (Wi-Fi) delivery.



President Obama outlined his plan for government wireless access and broadband expansion at a February 10 press conference at Northern Michigan University in Marquette, Michigan. The conference revealed yet another well-known truth about the proposal, characteristic of any other initiatives which believe that government is capable of expanding access to any commodities: It is rooted in his Quixotic, insolvent, debunked, and expansionist view of government, and in his failure to realize the proper relation of government to the myriad possibilities made possible by the free market, in a more efficient and capable manner. The Wi-Fi expansion proposal not only reflects an unconstitutional view of government spending and scope, but is also a continuation of Franklin Delano Roosevelt-style economics, which failed the country at the height of the Great Depression and continue to contribute to the national deficit and economic woes.

Obama's speech was reminiscent of FDR's numerous addresses given to rural farmers and laborers during the era of the New Deal, relying on flawed Keynesian notions that increased government spending is an effective means of stimulating economic development and reducing budget deficits, despite the fact that such government programs and the implementation of Keynesian economics in the Nixon years have led the United States down a path of valueless, inflated fiat currency and unbalanced budgets for close to 40 years.

[The New York Times](#) reports:



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"This isn't just about a faster Internet or being able to find a friend on Facebook," Mr. Obama said in a speech at Northern Michigan University here, after viewing a demonstration on long-distance learning over the Internet.

"It's about connecting every corner of America to the digital age," the president said. "It's about a rural community in Iowa or Alabama where farmers can monitor weather across the state and markets across the globe. It's about an entrepreneur on Main Street with a great idea she hopes to sell to the big city. It's about every young person who no longer has to leave his hometown to seek new opportunity — because opportunity is right there at his or her fingertips."

Indeed, as noted by Henry Payne in the [National Review](#), and precisely debunking Obama's view that the federal government is needed to develop wireless Internet infrastructure throughout the country, the successful Marquette wireless Internet program Obama lauds was made possible not with one cent of federal funding, but as a model program through the collaborative effort of the local government (which is constitutionally permitted to provide such programs) and private enterprise (tech giants Intel, Motorola, Cisco, and Lenovo provided the local government with matching funds, and supplied the university with the prototype for its WiMAX broadband technology). The White House's proposal mirrors FDR's massive Rural Electrification Administration program of the 1930s, which provided federally-funded loans for the installation of electrical distribution systems to serve rural areas, and was later amended in 1949 to provide federal funding for the expansion of telephone service to rural areas, as part of President Harry Truman's Fair Deal.

It is even being touted as part of Obama's American Recovery and Reinvestment Act of 2009, otherwise known as the stimulus, and millions of dollars in funding for Obama's wireless Internet program has already been appropriated through the provisions of the legislation. As early as September 2010, the government website <http://www.recovery.gov>, which was created as a resource to highlight where taxpayer funds are being used as part of the stimulus program, touted the supposed economic benefits of government-financed Wi-Fi. Furthermore, U.S. Commerce Secretary Gary Locke [praised increased Wi-Fi](#) as an effective means of achieving a more globalized America, in which information access "shrinks the world" by reducing barriers among nations and peoples. Commerce.gov reported:

U.S. Commerce Secretary Gary Locke today announced 14 American Recovery and Reinvestment Act investments to help bridge the technological divide, create jobs, and improve education and public safety in communities across the country. The investments, totaling \$206.8 million in grants, are the final awards in a program to increase broadband Internet access and adoption, enhancing the quality of life for Americans and laying the groundwork for sustainable economic growth.

"In a globalized 21st century economy, when you don't have regular access to high-speed Internet, you don't have access to all the educational, business and employment opportunities it provides," Locke said. "These critical Recovery Act investments will create jobs and lay the groundwork for long-term sustainable economic growth in communities across America."

"In total, we are investing in 233 strong projects that reach every state. Most are 'middle mile' networks that expand high-speed Internet availability to communities and connect key institutions, such as schools, libraries, and hospitals. This focus allows us to get the biggest bang for every grant dollar by addressing communities' broadband problems while creating jobs and facilitating sustainable economic growth," Assistant Secretary for Communications and Information and NTIA Administrator Lawrence E. Strickling said. "We are also investing in public



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computer centers and training to help more Americans compete better in today's workforce."

According to the Department of Commerce, \$7 billion in funds are being used toward the development of rural Wi-Fi, under the administration of the National Telecommunications and Information Administration (NTIA) and the Department of Agriculture's Rural Utilities Service, the latter the same agency which implemented the New Deal and Fair Deal programs of rural electrification and telephone service expansion. NTIA is utilizing approximately \$4 billion of that funding for the Broadband Technology Opportunities Program (BTOP), which provides grants to support the deployment of broadband infrastructure, enhance and expand public computer centers, and encourage sustainable adoption of broadband service.

Stimulus funds are being spent toward 233 BTOP projects, which the Department of Commerce says [will](#):

- Fund the installation or upgrade of approximately 120,000 miles of broadband networks, including fiber-optics, wireless, microwave, and other technologies. Of this amount, approximately 70,000 miles involve construction of new broadband facilities.
- Provide broadband access to approximately 24,000 community anchor institutions, including schools, libraries, government offices, health care facilities, and public safety entities
- Deploy middle mile infrastructure in areas with nearly 40 million households and 4 million businesses, many of which will benefit from new or improved broadband service provided by last-mile providers that are able to utilize the new, open infrastructure to extend or upgrade their service for consumer and business customers.
- Invest in more than 3,500 new or upgraded public computer centers in libraries, schools, community centers and other public locations.
- Invest in more than 35,000 new or upgraded public computer workstations.
- Make public computer center workstations and training available to more than 1 million new users

As early as May 2009, special interests connected with the wireless internet industry looked at the stimulus as a windfall. According to Stan Schatt, vice president of the market intelligence company ABI Research, the Recovery Act represents a windfall for wireless service providers as well as for satellite service providers, and it will have an enormous impact on Wi-Fi and wireless broadband vendors. In addition to the program empowering tech giants, it will also serve to further inflate big government spending and create new programs, as the Department of Homeland Security, U.S. Customs and Border Protection, Department of Education, and the healthcare industry each are poised to benefit, as reported in [The Register](#):

The healthcare biz will be itching to add or improve Wi-Fi-enabled mobile devices, sensors, and communications systems that will link health networks with the stimulus money, the report claims.

Meanwhile, the education market will want "learning anywhere" equipment that requires purchasing VoIP and WLAN equipment and software to track students' progress for No Child Left Behind record keeping.

But the real money is in selling wireless equipment to the Department of Homeland Security and US Customs and Border Protection, the report asserts. The agencies represent a "potential goldmine" to kit providers, as the government itself will be taking a generous portion of the



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stimulus money for tactical communications equipment, infrastructure equipment, and security equipment. Even critical infrastructure construction projects such as bridges and tunnels often require wireless video surveillance systems.

In typical Orwellian double-speak, Obama's proposal was touted as an "investment," rather than spending that the federal government cannot afford, and [according to the White House](#), the spending will reduce the deficit by \$9.6 billion over the next 10 years, as the government will consider auctioning off its portion of the wireless spectrum to private companies, which can result in government gaining as much as \$28 billion in revenue from the sales. (This is a direct application of economist John Maynard Keynes' Theory of Countercyclical Spending — that government should take an active economic role by imposing policies that run counter to market trends by engaging in fiscal stimulus, or deficit spending, as a means of staving off massive unemployment):

The President's proposals to auction off spectrum freed up from the government and voluntarily relinquished by current commercial users, is estimated to raise \$27.8 billion. This total is above-and-beyond the auction proceeds that are used to provide an incentive for private and government users as well as the auction proceeds that are expected even absent the President's proposal. After the cost of the investments proposed by the President, the initiative would reduce the deficit by \$9.6 billion over the next decade.

In fact, many of the industries which Obama hopes will help deflect the cost off of taxpayers have been less than enthusiastic about this proposal. Experts say that the plan is overly ambitious and complicated, relying heavily on the participation of cautious television broadcasters who are loath to easily give up their greatest asset — the wireless broadband spectrum. Government estimates don't include how much money it would return to broadcasters who give up airwaves in voluntary "incentive auctions." Those television broadcasters will get a cut of the proceeds, the administration has promised, though it hasn't offered more details; broadcasters want more guarantees auctions will be voluntary, and they are searching for details on how much they would receive from the auctions. Those details, however, are crucial for broadcasters, said Gordon Smith, president of the National Association of Broadcasters. "We aren't against the plan but want to make sure this is truly voluntary, and we want to hold harmless those who don't want to participate," Smith said, as reported in [The Washington Post](#).

In addition, advocates for Internet competitiveness and choice in the digital marketplace fear that Obama's proposal may adversely affect both the taxpayer and the integrity of the technological free market. Gigi Sohn, president of the public interest group Public Knowledge, said that while federal attention to mobile broadband technology was a positive development in her view, "It is not at all clear that incentive auctions will take place. Even under circumstances of familiar auction procedures, estimates of revenue can vary greatly from what is actually achieved." Sohn and many lawmakers also pointed to a questionable track record for federal programs to expand broadband connections. Rep. Fred Upton (R-Mich.), chairman of the House Energy and Commerce Committee, said that "Before we target any more of our scarce taxpayer dollars for broadband, it is critical to examine whether the money already being spent is having an impact, as well as how we can minimize waste, fraud and abuse."

While there is no direct benefit anticipated for the taxpayer, manufacturers of consumer electronics such as the iPhone and Netbook are hailing the plan, which was met with approval by the Consumer Electronics Association (CEA), one of the largest technology trade associations in the world.



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