# How Trump Screwed Rural Americans to Help Musk Become a Trillionaire

*His corruption of Biden's broadband program boosted SpaceX's historic IPO.*

by **Kainoa Lowman**

n the run-up to SpaceX's historic initial public offering on June 12, commentators worried about who would get hurt. Their top concern was for everyday retirement savers: Major stock index providers like NASDAQ had changed their own rules to fast-track SpaceX's inclusion in their market measures. These unusual moves would force holders of plain vanilla index funds to buy into a risky, unproven stock. Others fretted about impressionable retail investors who might sink money into Musk's grand vision only to get burned by market volatility.

But these are speculative victims, losers only if SpaceX stock plummets. There's another group, however, that has *definitely* suffered real harm on the road to Musk's becoming a trillionaire: Americans in the nation's most rural communities. For decades, they have lived without the high-speed broadband service that the rest of us take for granted. This "digital divide" was set to close thanks to a federal program created by President Joe Biden's administration. But at Musk's urging, Donald Trump's administration sabotaged the effort, changing the rules to funnel money toward Starlink, SpaceX's satellite internet subsidiary, while diverting billions of dollars from higher-quality competitors. This intervention helped shore up SpaceX's rickety balance sheet. It is also forcing slower, less reliable, and likely costlier broadband on rural Americans.

High-speed internet is an essential service for participating in modern life. Yet over 40 million Americans live in small towns and rural communities that lack access to internet service at speeds required to pursue an education, hold down a job, or run a business. This inequity has endured despite nearly two decades of government subsidies. That's because, as the *Washington Monthly* has reported in detail, these programs heeded the demands of the telecom lobby over the pleas of rural Americans: The government repeatedly funneled money to high-cost, low-quality telecom monopolies in exchange for meager upgrades. At the same time, Washington refused to fund true broadband entrants in areas these monopolies "served."

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This charade was supposed to end with the Broadband Equity, Access, and Deployment (BEAD) program, a signature priority of the Biden White House enacted in 2021. The $42 billion program would be the largest and most comprehensive rural broadband effort to date, the first to connect every unserved location in the United States. Earlier federal efforts largely funded cheap, quick-fix technologies that became obsolete after a few years. By contrast, BEAD prioritized connecting rural homes and businesses to fiber optic networks. This would be more costly up front but cheaper in the long term because fiber networks can be scaled inexpensively to provide ever-faster speeds.

Starlink, already broadly available in rural America, does not match the speed or reliability of a wired connection—especially when more than a few people use it in the same area. Were BEAD to succeed in wiring rural America with fiber, Starlink would lose current and future customers. In June 2024, as BEAD was being finalized after much delay caused by myriad telecom industry efforts to protect its interests, Musk used his megaphone on X, his social media platform, to call the program "an outrageous waste of taxpayer money," which "should be dissolved."

With the help of a record $288 million in campaign spending by Musk, Trump won the 2024 presidential election. Days later, the president-elect put the tech mogul in charge of DOGE, the task force that would go on to decimate several federal agencies. But to political and industry insiders, it was already clear that Musk would win another prize. "The most important person for telecom policy … will be Elon Musk," said Blair Levin, the prominent telecom financial analyst, the day after Trump's victory. "Why would he want BEAD money to fund fiber deployments that would reduce his addressable market?"

In June 2025, Trump's Commerce Secretary, Howard Lutnick, did the honors. Having "revamp[ed]" the program to rid it of "woke mandates, favoritism towards certain technologies, and burdensome regulations," Lutnick issued new rules for how states could spend their BEAD funds. The Biden Commerce Department had instructed states to select fiber providers for all locations where costs were not demonstrably prohibitive. Lutnick's new rules required states to award grants to the provider that promises to serve a given location at the lowest cost, provided it can meet a basic (and woefully inadequate, thanks to industry lobbying) speed threshold. Lutnick advertised his approach as "tech-neutral," but it had the inevitable effect of pushing states towards low-Earth-orbit satellite providers like Starlink, which are the cheapest option for meeting the threshold. Indeed, as the *Financial Times* reported, Lutnick mentioned Musk by name in conversations with BEAD staff while pushing for the changes. "He asked if we had been talking to Elon," said Evan Feinman, who headed the BEAD effort until departing after Lutnick's announcement. "The clear thrust of his directive was to increase the amount of satellite being used regardless of any other considerations." (The Trump administration has disputed this account).

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It's hard to overstate the depth of this betrayal of rural America—a bloc that strongly supported Trump in the 2024 election. After years of government neglect, of kids doing homework in fast-food parking lots and businesses unable to keep up digitally with big-city competitors, BEAD was supposed to be *the* program that would bridge the digital divide once and for all. But now, as Christopher Ali, a broadband industry scholar at Penn State University, wrote, Lutnick's changes would cement "a new digital divide as parts of the country go to satellite while others move to fiber optics." Feinman put it more bluntly: Trump was "stranding all or part of rural America with worse internet so that we can make the world's richest man even richer."

How much richer, exactly? Musk has become the world's first trillionaire by selling investors on his dream of exploiting the vast commercial opportunities of outer space. That dream hinges on Starlink. Investors are counting on its strong profits to subsidize SpaceX's loss-making rocketry and AI divisions until those enterprises can deliver on moonshots like orbital data centers and asteroid mining. Without Starlink, there would be no SpaceX IPO—certainly not at a $1.75 trillion valuation. As one Wall Street analyst told Reuters, "Starlink is the only reason this valuation is defensible."

And for Starlink, Lutnick's hijacking of BEAD was a major coup. As of this writing, the company is set to receive $738.8 million in BEAD grants to cover 476,000 locations. That is modest compared with the $11.39 billion in revenue Starlink generated last year. It is also less than the billions of dollars watchdogs feared Starlink would receive following Lutnick's announcement—many states fought back and preserved a good chunk of their allocations for fiber, while other Lutnick modifications reduced the number of locations eligible to be served by BEAD. But it is still a meaningful cash infusion for SpaceX, especially given that nearly all of it will go straight to the company's bottom line. Unlike fiber providers, Starlink doesn't need to build any new infrastructure to serve new locations since its satellites are already in orbit. Customers need only install modest hardware in their homes. (Under BEAD rules, Starlink must pay for the installation of these receivers in locations subsidized through the program, although it has tried to wriggle out of even this minimal obligation.)

This is another scandalous aspect of the Trump administration's push to divert funds to Starlink. "It's free money," Sascha Meinrath, the Palmer Chair in Telecommunications at Penn State University, told me. "We are subsidizing their already existing, but inadequate, infrastructure. It begs the question, 'What exactly are we purchasing with these taxpayer dollars?'"

More important to SpaceX than the one-time grant money is the recurring revenue Starlink can extract from the 476,000 new locations it will serve through BEAD. These customers are particularly valuable, given that markets will closely scrutinize Starlink's average revenue per user—a figure that has declined as the company increasingly relies on less affluent foreign customers for growth. The new BEAD customers will expand Starlink's U.S. base by about 24 percent.

The BEAD customers are also extra valuable because they are in unserved rural areas. That means they have nowhere else to turn if Starlink raises prices. This had already begun in the run-up to the IPO. Under the Trump-era BEAD, thousands of Americans could find themselves in the position of Julie Slama, a small-town Nebraska lawyer forced to swallow a 44 percent rate hike on a plan providing suboptimal service. "Fiber would be a more stable alternative," Slama told the *Washington Post*. "I would switch to fiber tomorrow if it was offered."

This last bit is key. Ultimately, Trump's biggest gift to SpaceX is not what the new BEAD has done for Starlink, but rather what it has *not* done for fiber providers. Had the BEAD program followed the course it was on when Trump took office, Starlink would still be a niche provider of service to ultra-remote locations. But now, "tens if not hundreds of thousands of homes that otherwise would have fiber line connectivity, which is both faster, more reliable, and cheaper than Starlink, will not have that option," Meinrath said. Indeed, only $21 billion of the $42 billion allocated for BEAD grants has been deployed due to the smaller fiber footprint pushed by the Trump administration. That leaves a much bigger role for Starlink—both through the locations it will now serve through the program and those it may grow to serve in the future.

The new BEAD program is "worth quite a bit in terms of potentially cementing SpaceX's relationships in Washington," Meinrath added. "It's going to be providing a vital service."

Unfortunately for rural America, that service won't meet the demands of the modern economy—a fact Musk's own business decisions make clear. "Musk, when Tesla opens up a facility, doesn't put it on Starlink," Feinman told the *Financial Times*. "He gets fiber."

# How to Rein In Elon Musk

*The tech titan controls Twitter, Tesla and a vital satellite network, and has too much power. Fortunately, the government has the legal and regulatory authority to constrain him.*

by **Luke Goldstein**

lon Musk's takeover of Twitter has inspired heated debate over what the deal will mean for free speech and democracy. Will the South African–born mogul welcome Donald Trump back to the platform? Will Musk use Twitter to skew debate—or even elections? Those are important questions, but another problem with the deal has received far less attention. Musk's control of Twitter amplifies his already troubling attempts to exploit his satellite-based internet service. Musk has shown that he will use his proprietary Starlink satellite broadband system to control the fate of nations, disregarding the security of his adopted United States.

The good news is that the U.S. government has ample legal authority and constitutional precedent to ensure that no one person holds such unchecked power.

Last fall, I published a *Washington Monthly* article detailing how Starlink was building a massive fleet of low-earth-orbit satellites to provide broadband service to the remotest corners of the globe. At the time, Starlink had roughly 90,000 global users, mostly in rural areas. It seemed like this new communications infrastructure might help close the digital divide. A year later, Musk's Starlink serves 400,000 individual and corporate customers, including many cruise ship lines and the U.S. Air Force.

Starlink has already emerged as a critical component of modern warfare. Since Russia invaded Ukraine, Musk's service has been invaluable to the besieged nation, and has become vital to its offensive strategy. It's no wonder that Vladimir Putin has repeatedly threatened to shoot down Musk's satellites because of their critical role in the conflict. Meanwhile, Taiwanese officials have taken note of Starlink's capabilities and are clamoring to receive satellite internet service, possibly from Starlink, before a potential conflict with Beijing. Xi Jinping, the Chinese leader, has echoed Putin in warning that his government won't let Starlink encroach on its territory or interfere with its military operations.

Both Beijing and Moscow fear Starlink's power on the battlefield and its potential for democratizing internet access within their borders. Musk's creation is a bona fide national security juggernaut.

To make matters even thornier, Musk repeatedly uses Starlink to meddle with his customers, including Ukraine. On October 3, Musk informed the world of his peace plan for Ukraine, which would require it to officially cede Crimea to Russia. Around that time, Musk blacked out Starlink's service in large parts of Ukraine, impeding its defenses. A week later, he threatened to cut Ukrainian access to the service entirely unless the Pentagon covered the bill, which Starlink's parent company, SpaceX (also controlled by the mogul), estimated could cost $400 million per year.

If federal regulators had done their job, we would never have gotten to the point where one fickle titan has so much unfettered power. Since 2018, for example, the Federal Communications Commission has routinely approved Musk's requests to build a constellation of satellites with little oversight. Starlink has launched more than 2,500 satellites into orbit and has approval for 12,000, more than the total number of satellites that have ever been launched beyond Earth's atmosphere. The sheer volume of Starlink satellites is already putting tremendous stress on the agencies charged with ensuring the safe and peaceful exploitation of space.

If that oversight weren't lax enough, Musk has benefited from enormous federal subsidies. Overall, SpaceX has received $5.6 million in federal and state funds, a $2.89 billion contract with NASA, and a $653 million contract with the Air Force. Musk has sought similar benefits for Starlink. In 2020, under Trump, the FCC awarded Musk nearly $1 billion to provide broadband to underserved rural areas in the U.S. without reliable internet.

Starlink fudged its rural services application to the FCC by including sites such as airports and urban parking lots. Last August, after a review, the FCC revoked the subsidies. The incident has not, however, stopped other agencies and departments from cutting deals with Starlink. This summer, the Air Force struck another deal with Musk to make Starlink its exclusive internet service provider for aircraft in several regions.

One way to bring Musk under control is for the feds to stop showering Starlink and other Musk-controlled enterprises with sweetheart deals. But his Twitter purchase also demands that Washington immediately consider regulating Starlink and other Musk properties far more closely.

Since the New York Telegraph Act of 1848, Americans have used the government to regulate electronic communications systems to maintain fair, open, and nondiscriminatory access and prevent conflicts of interest. As far back as the 1912 Radio Act, the federal government, not individuals, controlled the usage of the electromagnetic spectrum and ensured that it was used in the public interest. Moreover, in 1927, the government updated traditional regulations limiting the cross-ownership of a communications network to extend to wireless. The 1927 act, for example, prevented telegraph and telephone companies from acquiring radio stations that would "create monopoly in any line of commerce."

Today, we should apply the same principles. To begin with, that would mean limiting the amount of satellite band spectrum that Musk, or any one person or corporation, can control.

The Joe Biden administration should also use antitrust law to cajole Musk. Historically, Americans did not allow owners of essential communications infrastructure to own adjacent business lines. The

Department of Justice, for example, not only regulated AT&T as a utility until the 1980s but also prevented the behemoth from owning the Western Union telegraph company or manufacturing its own telephones. Once the computer age began, the DOJ insisted that AT&T not engage in electronic publishing.

Enforcing structural separations between communication infrastructure corporations like Starlink and media content managers like Twitter has remained an essential part of the government's efforts to contain the power of monopolies. In 2018, for instance, the Justice Department opposed the merger of AT&T Wireless and Time Warner on the same principle. Though the DOJ did not prevail because its enforcers botched their argument, this time the facts are overwhelming, as is the legal precedent. Control of technology like Starlink and a fundamental media infrastructure like Twitter by a single person poses a much starker threat to our democracy than the AT&T case. At the very least, it demands an even firmer and competently argued response.