

Judging from the back-slapping and high fives over at the FCC, you'd think that America's Internet was sailing smoothly into the future. Think again.

With much fanfare on in March 2010, FCC Chairman Julius Genachowski delivered the National Broadband Plan to Congress, saying it will help make Internet access faster and cheaper for everyone in the United States. Getting more people connected to high-speed Internet -- from the 65 percent currently online up to 90 percent of households by the year 2020 -- is Job One, according to Genachowski.

There are a lot of good things in the plan's 376 pages, including pledges to reform the Universal Service Fund and to re-allocate spectrum for broadband. But the plan glosses over some of thorniest problems plaguing U.S. Internet users: high prices, slow speeds and a lack of choices among providers.

Internet access in America is held captive by powerful phone and cable interests. And regardless of what the laissez-faire editors at the Wall Street Journal think, doing nothing to protect people from getting ripped off is not an option.

Genachowski has said that affordable Internet access is the nation's sure path to more jobs, economic prosperity, democratic participation and global competitiveness.

The plan is meant as a blueprint for FCC and congressional action to address these challenges. But it has left many of the details for later, and that's where devils lurk.

Here's where things currently stand:

Few Choices: High-speed Internet users suffer from a lack of choice in the marketplace. According to data in the plan, 5 percent of households have no wireline providers; 13 percent of households have one, and 78 percent have just two wireline providers. In other words, 96 percent of the country has two or fewer choices for wired broadband.

Slow Speeds: Americans are paying a whole lot more and getting a whole lot less of the Internet speeds that we deserve. U.S. broadband speeds average about 4 to 5 megabits per second (Mbps) when downloading and 1 Mbps when uploading. That's a fraction of the download speeds available to users in other countries. For example, Japanese internet users accustomed to surfing the Web at speeds of 100 Mbps at the same prices Americans pay for access to the slow lane. In Hong Kong, one provider now offers a 100 Mbps connection for \$13 a month.

High Prices: Americans are at the mercy of cable and phone companies that continually jack up

Internet prices simply because they can get away with it. A 2009 study by the Pew Internet and American Life project found that where there are fewer choices for broadband, prices skyrocket. A comparative global study by Harvard's Berkman Center bears this out: The faster speeds get in America, the fewer options people have and the more expensive they become.

And it's about to get worse. Comcast and Time Warner Cable just announced price increases; and Verizon and AT&T are flirting with an Internet metering model, which will force you to pay through the nose if you use the Internet for more than just basic e-mail and Web surfing.

The elephant in the room? The FCC plan does not propose the kind of tough measures necessary to create competition and realize President Obama's vision of universal, fast, affordable Internet.

This lack of competition goes a long way toward explaining how the United States has become a broadband backwater — falling further behind other countries in every measure of Internet success.

It also explains how ISPs earn obscene profit margins from broadband services in uncompetitive markets. Craig Moffett, an industry analyst for Sanford C. Bernstein & Co., noted that the margin for Comcast's broadband service is on the order of 80 percent. In other words, Comcast charges customers \$40 for something that costs the company \$8 to supply.

Taking on the Incumbents

"It's very important now that we move to action," Chairman Genachowski said during a press conference on Tuesday. "You'll be seeing a lot of action at the FCC in the weeks and months ahead."

To connect every American to a world-class broadband network, we need more than FCC benchmarks; we need to confront the market power of the phone and cable company's head on.

This is an immense task. The FCC and Congress must muster the courage to stand up to the narrow corporate interests that control prices, speeds and access for the vast majority of Americans.

Proposals are on the table that would open markets where few choices exist. They include calls for open access to increase competition, and Net Neutrality to protect the Internet's fundamental openness.

Getting these reforms in place is going to be hard-going in Washington, where the phone and cable lobby still dictate policy. On these and many other key issues in the plan, the FCC has deferred the fight with industry for now.

But that fight is inevitable, and the sooner we have it the better.

Without public support and bold leadership from the FCC and Congress, the National Broadband Plan could end up skirting the biggest problems standing between Americans and a better future: entrenched phone and cable companies.