

## Consumers would win with TV competition

Have you seen your rising cable TV bill lately? Of course you have.

The good news is that Missouri lawmakers are getting fed up, and they are seeking legislation to encourage cable TV competition and lower cable prices for consumers. But cable operators are doing everything in their power to delay changes in state laws that would encourage competition.

Who could blame them? After all, not many profit-driven businesses can raise rates by 7.5 percent per year (national five-year average reported by the Federal Communications Commission) without losing customers for whom they have never had to compete. Senate bill 816 tries to encourage cable competition, giving state regulators the authority to award franchises to new competitors.

I testified in favor of that bill recently during Senate Commerce Committee hearings, stating that increased cable TV competition would save American consumers \$107 billion on their cable TV bills over the next five years, with older consumers saving nearly \$1,200 per household. My testimony was based on a study published by the American Consumer Institute, which concurred with an FCC report showing that wireline competition — competition from new cable providers like Knology, RCN, SBC and Verizon — would lower cable TV prices by a whopping 27 percent.

Do we need legislation to speed cable TV entry? Absolutely. There are, by one estimate, 34,000 municipal areas in the United States, making local government approval costly to obtain. The length of time for a competitor to get approval to provide cable TV service in a single community can vary from a few months to more than a year. If local franchise approval is granted, new competitors are burdened with a "wish list" of local franchise requirements that could include cable fees; free city advertising; free equipment, converters, optical devices, cameras, and scrambling devices for local governments; construction of institutional networks capable of telephone and high-speed data services; loans, grants and scholarships; and planting 20,000 trees for beautification purposes.

While some of these local requirements may have some public value, many of these requirements have little to do with providing cable TV service. Whatever the value that these requirements have, the costs of these requirements are most certainly passed along to consumers in the form of higher cable TV prices, which decreases customer demand, reduces investment in related broadband networks, and misallocates resources — all at the expense of American consumers.

With all the costs and uncertainty in obtaining franchise approval, and with the "wish list" of demands that are traded in exchange for franchise approval, there's little wonder why competitors stay away. For this reason, the current system preserves cable's monopoly, which produces higher consumer prices and lower service quality.

Policymakers need to take steps now to speed the benefits of competition to consumers. The Missouri Senate bill sends a clear message — let's stop worrying about protecting cable monopoly interests and start thinking about consumer interests.