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**CONSUMERS FACE HIGHER INTERNET PRICES AND FEWER CHOICES UNDER
TODAY'S FCC BROADBAND DEREGULATION DECISION**

Washington D.C. – Consumer groups criticized the Federal Communications Commission (FCC) vote to expand the local Bell company stranglehold on “last-mile” facilities for high-speed Internet. The Consumer Federation of America and Consumers Union charged the decision will curtail the ability of facilities-based competitors to access the fiber necessary to provide advanced services and result in higher prices and slower innovation.

“The FCC today took our country one giant step closer toward solidifying a two-company domination – the local cable and telephone providers -- over the consumer Internet market,” said Gene Kimmelman, Senior Policy Director for Consumers Union. “As both industries tighten their hold on high-speed Internet (broadband) access, consumers will see their choices diminish and their bills skyrocket.”

“This stranglehold will stifle innovation as these duopolies discriminate against unaffiliated applications and services that in the past have driven the growth of the Internet and the boom in information technology,” Mark Cooper, Director of Research at the Consumer Federation of America, said. “As a result, our country will fall even farther behind Asia and Europe in broadband penetration.”

“The policy of promoting high-cost broadband access dominated by cable and telephone companies who are allowed to discriminate against competitors and overcharge consumers is not working,” Kimmelman noted.

“The evidence that this approach has failed is overwhelmingly clear,” Cooper added.

- “In the three and a half years that Michael Powell has been Chairman of the Commission, the U.S. had fallen from third to eleventh in broadband adoption.
- “While upper income households are switching to broadband, overall Internet has been flat. The U.S. has made very little progress in connecting the disconnected in our society, while the upper income, well-connected get more and more services.

- “As a result, the digital migration that Chairman Powell has touted has become a migration to a massive digital divide. One out of every two American households with incomes above \$75,000 have high-speed Internet connections at home. One-out of every two American households with incomes below \$30,000 does not have any Internet connection at home at all.
- “The cause of the failure of high speed adoption is clear, Americans are being overcharged by the cozy duopoly of cable and telephone companies. Cross national comparisons of price show that Americans pay fifteen to ten times as much, on a megabit basis, as consumers in Japan pay. Three years ago the price in America was three or four times as high.”