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From the Los Angeles Times

U.S. looks to move from Internet slow lane

From the Associated Press

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NEW YORK — The United States is starting to look like a slowpoke on the Internet. Examples abound of countries that have faster and cheaper broadband connections, and more of their population connected to them.

What's less clear is how badly the country that gave birth to the Internet is doing, and whether the government needs to step in and do something about it. The Bush administration has tried to foster broadband adoption with a hands-off approach. If that's seen as a failure by the next administration, the policy may change.

In a move to get a clearer picture of where the U.S. stands, the House Energy and Commerce Committee on Tuesday approved legislation that would develop an annual inventory of existing broadband services -- including the types, advertised speeds and actual number of subscribers -- available to households and businesses across the nation.

The bill, introduced by Rep. Edward J. Markey (D-Mass.), is intended to provide policymakers with improved data so they can better use grants and subsidies to target areas lacking high-speed Internet access. Markey said promoting broadband would help spur job growth and access to healthcare and education as well as promote innovation, among other benefits.

The inventory wouldn't cover other countries, but a cursory look showed the U.S. lagging behind at least some of them. In South Korea, for instance, the average apartment can get an Internet connection that's 15 times faster than a typical U.S. connection. In Paris, a "triple play" of TV, phone and broadband service costs less than half the U.S. price.

The Organization for Economic Cooperation and Development -- a 30-member group of nations -- compiles the most frequently cited international comparison. It puts the U.S. in 15th place for broadband lines per person in 2006, down from No. 4 in 2001.

The group's numbers have been vigorously attacked by anti-regulation think tanks for making the U.S. look exceedingly bad. They point out that the group is not very open about how it compiles the data. It doesn't count people who have access to the Internet at work, or students who have access in their dormitories.

"We would never base other kinds of policy on that kind of data," said Scott Wallsten, director of communications policy studies at the Progress and Freedom Foundation, a think tank that favors deregulation over government intervention.

But the group's numbers are in line with other international measures. Figures from British research firm Point-Topic Ltd. put the U.S., with 55% of its households connected, in 17th place for adoption rates at the end of June (excluding some very small countries and territories such as Macao and Hong Kong).

"We're now in the middle of the pack of developed countries," said Dave Burstein, telecom critic and the editor of the DSL Prime newsletter, during a sometimes tense debate at Columbia Business School's Columbia Institute for Tele-Information.

Burstein said the U.S. was lagging behind because of low levels of investment by the big telecom companies and regulatory failure.

Several European countries that are doing well have forced telephone companies to rent their lines to Internet service providers for low fees. The ISPs use them to run broadband digital subscriber lines, or DSL, often at speeds much higher than those available in the U.S.

The Federal Communications Commission went down this regulatory road a few years ago, but legal challenges from phone companies forced it to back away.

In 2004, President Bush called for nationwide broadband access by 2007, to be nurtured by an absence of taxation and little regulation. The U.S. is very close to Bush's goal, thanks to the availability of satellite broadband across the lower 48 states.

But Internet by satellite is expensive and slow. Nearly everyone may have access to the Internet, but that doesn't mean they're plugging in.

Part of the problem may be that people don't see fast Internet access as an essential part of modern life, and may need more of a push to get on. The U.S. does have wider income disparities than many of the countries that are outdoing it in broadband, and people in poverty may have other priorities for their money.

Dan Correa, a research analyst at the Information Technology and Innovation Foundation, believes the U.S. needs a more proactive broadband policy, and compares the lack of government involvement in the field with the situation in other utilities, which are mostly heavily regulated.

"In the 1930s, we recognized that electricity was essential. We're not quite at that level in broadband," Correa said.

An FCC chairman appointed by a Democratic president in 2009 might agree. Current Democratic Commissioner Michael J. Copps has said broadband availability could be encouraged with tax incentives and loans to rural utilities.

The United States doesn't look ready to catch up to South Korea or even Canada (with 65% of households connected to broadband, according to Point-Topic) by then, because broadband adoption is slowing after an initial growth spurt.

In the last few weeks, the U.S.' three largest Internet service providers reported adding 1.2 million subscribers in the third quarter, down from 1.54 million in the same quarter last year, according to a tally by UBS analyst John Hodulik.

But the U.S. does have a few aces up its sleeve. Apart from satellite broadband it has widespread cable networks, which provide an alternative to DSL. Cable has some technical advantages over phone lines, and a new cable modem technology called Docsis 3.0 could enable U.S. Internet speeds to leapfrog those in countries dominated by DSL in a few years.

On the phone side, the country's second-largest telecommunications company, Verizon Communications Inc., is spending \$23 billion to connect homes directly with super-fast fiber optics.

"Twenty percent of the U.S. is getting a decent network," Burstein said. The new network can match or outdo the 100-megabits-per-second Internet service widely available in Japan and South Korea, but Verizon isn't yet selling service at that speed.

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