At Issue:

Is the price for watching TV unfairly high?

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yes

Add skyrocketing cable bills to the list of life's inevitabilities.

Since 1996, cable bills have increased at nearly three times the rate of inflation. The price of expanded basic cable service soared 30 percent from 2007 to 2012. The cable industry claims these rate hikes reflect the free market. Don't believe that for a second.

Markets aren't free when consumers can't express their preferences. Markets aren't free when there are insurmountable barriers to entry. And markets aren't free when contracts are used to restrain trade. These are all failures of the pay-TV market. There isn't enough competition to discipline the power enjoyed by either the large programmers that own the channels or the pay-TV distributors that sell them to consumers. These two groups raise prices without any risk of losing profits. Both use contractual obligations to build artificial entry barriers for new players and to limit free trade.

Consumers can either buy a bunch of channels they don't want in order to get the few they do — or cut the cord. Because the price for each channel is hidden, supply and demand can't work its magic. Indeed, hidden prices are why costs have escalated. They encourage questionable business decisions that consumers would reject in a free market — like ESPN doubling the annual licensing fees it pays to Major League Baseball to $700 million.

So how can we make the pay-TV market an actual free market? We start by putting the consumer in the driver's seat. Last May, Sen. John McCain, R-Ariz., introduced a bill that would give consumers a flexible a la carte option when purchasing cable packages. Antitrust authorities also should examine "wholesale bundling," where programmers force distributors to pay for unpopular channels to access the popular ones.

But the long-term answer is one Congress already has adopted. The basic idea behind the Telecommunications Act of 1996 was to create a robust and open broadband market that could enable competition in other services, including "over-the-top" pay-TV, where video streams over the Internet.

The good news is that this blueprint for competition is the law. The bad news is the FCC abandoned it when it decided to not apply the law to cable and telephone company Internet providers. Policymakers must understand this. We solved this problem already. The law is written. We just need to implement it.

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We live in a "golden age" of television, as *The New York Times*' David Carr puts it: "The vast wasteland of television has been replaced by an excess of excellence." We love TV, and it's getting better all the time — but we hate paying for it, even when we're getting a better deal.

Since 1996, the cable industry has invested $210 billion in infrastructure. That's meant faster broadband, higher video quality and new TV features such as DVRs. Adjusting for inflation, basic cable prices rose 2.7 percent annually from 2005 to 2012.

But adjusting for quality is hard, so consider how much cable companies paid programmers during that period: 5.61 percent more annually. Indeed, programming costs, which have more than doubled since 1992, represented 56 percent of cable bills in 2012 — and are rising, largely due to the cost of sports programming.

Cable has become just another distribution channel, watched by fewer than half of American households. Viewers have switched to satellite (a third), telephone company services such as Verizon FiOS (15 percent) or entirely to online services such as Netflix and iTunes (5 percent).

Studios are also investing in quality because they face unprecedented competition. The number of channels has exploded, from 565 in 2006 to more than 800 today. Some of today's most popular programming comes from once-stale channels such as AMC (e.g., "Breaking Bad" and "Mad Men"). And new entrants such as Netflix now offer popular original content.

Understandably, people hate paying for channels they don't want. Yet economists have found that mandating a la carte pricing would raise prices per channel, perhaps costing consumers more overall while hurting new and smaller channels. Meanwhile, the availability online of individual episodes is pressuring video programmers to change how they do business. There's no reason to think the market won't find the right balance — without more government meddling.

In fact, government increasingly has helped drive costs up, not down. Most egregiously, Americans shouldn't have to pay for broadcast stations when they buy basic cable. Repealing other privileges for broadcasters might also help ensure that the prices distributors pay for content reflect its value.

More broadband competition could help make Internet television viable. That means lowering local barriers that make it hard for companies such as Verizon and Google Fiber to compete with cable. But at the end of the day, no matter how it's delivered, quality television costs money.