

Remarks of
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I. INTRODUCTION

It is election season—that important moment in American life when we choose our President. Despite the closeness and toughness of this election, one must still be proud of the enduring tradition of our democracy. As I stand here before you in Boston, a city that figured so prominently in the founding of the republic, I have a sense of how our first President, General George Washington, would have felt standing before the Minutemen that would form the Continental Army, for like him I am looking out over a crowd of revolutionaries, bent on ending the old-line regime and giving birth to something profoundly new—you are bringing about a revolution, like the American Revolution, intent on bringing power to the people.

Clearly, you are a revolutionary army on the march:

The fact that this conference has doubled its attendance from last year – to 5000 attendees – is proof positive that something is happening. Seven years ago, voice over the Internet protocol (VoIP) had not emerged from the labs in any meaningful way, desktop computers struggled to turn 256 cycles per second, and a gigabit of storage required a second mortgage on your home.

Today, citizens operate on machines more powerful than those on the spacecraft that landed on the moon. WiFi networks are dotting the American landscape, and VoIP has ignited a fire under a stalled and depressed industry. In fact, the Yankee Group estimates that there will be 1 million VoIP subscribers by the end of 2004, up from just 131,000 last year. That's a 650% increase. Something is taking hold. So, it is with great pleasure that I come before you today at the 2004 VON Conference to talk about the new revolution and how important it is for government to nurture the Internet as a platform for innovation and entrepreneurial activity and not crush it with the heavy burdens of a sovereign out of touch with the people.

II. THE FORCE OF CHANGE

Forces have been building for some time that have allowed VoIP to erupt onto the scene. The central drivers of today's revolution are technological; silicon, storage and speedy connections have combined to form a powerful storm that is reshaping the communications landscape.

Micro processing power continues to place enormous computing capability into the laps and palms of our citizens. Cheaper and greater storage places enormous volumes of information into our living rooms and even our pockets. And, the growing availability of high speed Internet,

nearly 48 million subscribers by our latest count, is connecting up these forces in a way that ensures that the world will never be the same.

Like the great American Revolution, the IP technology revolution will usher in a new form of democracy. It will place more and more control into the hands of individual citizens and away from central institutions. In short, technology is democratizing communications like never before.

Just consider the rash of devices we all can buy today. MP3 players, like Ipod, let consumers be their own record producers. PVRs, like Tivo, let consumers be network programming executives. Cell phones are highly personalized and customized, with a personal number people take with them wherever they go. PDAs have WiFi chips in them and let Americans access the world's information from almost anywhere. These are powerful and important developments.

In addition to individual empowerment, local communities are revived as well. Last week, I was in New York City and visited a wonderful studio called the Manhattan Neighborhood Networks. It provided facilities to allow average citizens to produce their own programs for airing on public access channels. It allowed members of the community to check out top quality video cameras, once only available to the most sophisticated news operations. It taught citizens to produce and edit programs on desktop computers, using off-the-shelf software. In all, MNN says it has over 1200 "producers" from the community who cover issues unique to their locality. I was interviewed by some kids who were running their own Youth Channel and talked with some of them over publicly available WiFi hotspots. They had used these hot spots to collect footage remotely and transmit from all over the city. This is technology for the masses.

VoIP will do the same thing for voice service that technology is doing in other walks of life—bring greater value to individuals and communities.

VoIP offers consumers unprecedented flexibility, unheard of in traditional telephone services. I recently returned from an extraordinary trip to Cypress and Jordan where Khalid Hudhud, a senior official with the Jordanian Ministry of Telecommunications, uses a VoIP phone with a 617 area code to make calls to family and friends living in the U.S.

Just like many other applications provided over the Internet, VoIP is nomadic, it doesn't matter where the provider is located – a server providing a VoIP application could be down the street, or in the next state, or in Britain, Ukraine, India, or, as is currently the case with Skype, which has been downloaded over 15 million times by users around the world, in Estonia. This is not your father's telephone.

The IP revolution also unleashes the strength of innovation and entrepreneurial spirit that has been the hallmark of American economic life. The Commission has squarely recognized how dramatic a change it is to move from a circuit based network, in which applications are tightly woven into the architecture and controlled centrally, to an IP network that is capable of running applications over top of it. It means great innovation is possible. Through creative software development, competitors can create new applications that can ride on any IP platform, at substantially lower cost.

This holds great promise for the communications sector. It means lower prices, greater value, more competition, and more innovative services. VoIP is barely a few years old as a retail offering and providers have already cut prices several times to compete for consumers. These are the benefits indicative of a true revolution.

To realize the innovation dream that IP communications promises, however, we must ensure that a willing provider can reach a willing consumer over the broadband connection. Ensuring that consumers can obtain and use the content, applications, and devices they choose is critical to unlocking the vast potential of the Internet.

Today, broadband consumers generally enjoy such freedom. Numerous benefits will follow if the industry continues to preserve choices, value, and personalization that broadband users continue to expect and demand. Internet Freedom will promote comparison shopping among the growing number of providers by making it easier for individuals to obtain access to meaningful information about the services and technical capabilities they rely on to access and use the Internet.

Moreover, Internet Freedom promotes innovation by giving developers and service providers' confidence to develop applications that will reach consumers and run as designed, and also serving as an insurance policy against the potential rise of abusive market power by vertically integrated providers.

Some in the industry are beginning to recognize the importance of consumer empowerment and the Internet Consumer Freedoms that I have outlined:

- (1) *Freedom to Access Content*: Consumers should have access to their choice of legal content;
- (2) *Freedom to Use Applications*: Consumers should be able to run applications of their choice;
- (3) *Freedom to Attach Personal Devices*: Consumers should be permitted to attach any devices they choose to the connection in their homes; and
- (4) *Freedom to Obtain Service Plan Information*: Consumers should receive meaningful information regarding their service plans.

There are positive developments in this space: providers are beginning to offer “naked DSL” access to their broadband pipe without the requirement that customers also subscribe to their voice offering. Similarly, AOL and MSN recently announced an agreement to integrate their instant messaging services.

The *entire* broadband industry should nevertheless take heed of how critical unfettered access to the Internet has been, and will continue to be, to the success of the Internet. Consumers have a high expectation that such access will continue, and the benefits to them and the nation are significant.

III. REGULATORY CHANGE—A NEW CONSTITUTION

George Washington presided over the Constitutional Convention in 1787. He and the founding fathers had come to realize that the old form of governance would not suit the young republic. It needed a different form of government and a new Constitution, one befitting the ideals of the revolution: a Constitution that recognized the centrality of the individual, saw the need for federal supremacy of the law, and promoted the importance of interstate commerce to the economic well-being of the nation.

We, too, need a new Constitution for the regulation of services, one befitting that revolution.

Many regulators have protested change, saying that VoIP is just a different way to make a phone call. But isn't that the point! It is a different way, and it deserves a different regulatory structure that reflects its unique qualities. I guess one could say that the Constitution and the democratic form of government are just another way to run a nation.

But it was not just another way, it was a better way—one that produced the greatest nation in the world. A nation where someone with a good idea has an opportunity to succeed with minimal interference from the government. A different way that favored the individual over institutions. A different way that has led to great prosperity. I support a different way for voice over the Internet, and if we have the courage of our forefathers to pursue it we will be equally rewarded.

It's wrong, just plain wrong to not recognize the potential of VoIP, or to see it through the lens of the old telephone network regulatory model. VoIP is a data application and as such has all the hallmarks of the Internet itself.

Like the Internet, the change is cosmic; it obliterates the importance of time and distance. There is no need to organize the regulatory regime around per minute prices and costs as we have done with common carriers. VoIP service is offered in flat bundles, recognizing the efficiency and small incremental costs of information services. We have seen the great advantages of cell phone buckets of minutes and what that did to increasingly erase the idea of long distance as a distinct service. VoIP will complete the circle and collapse any such geographic distinctions in all voice service.

Like the Internet, IP data communications knows no borders. In the height of the dot com boom you often heard commentators speak of the death of distance. It was an accurate understanding of the Internet and IP communications. If it were true of the Internet generally, it is unquestionably true of VoIP. This has profound implications for the traditional common carrier regulatory model. And bold action is needed.

It is very likely that treatment of VoIP will have some of the farthest reaching consequences of anything the Commission will consider in the near future. The Commission is not simply considering minor adjustments to specific regulations – the Commission is considering the future of electronic and optic communications for many years to come. And we have to get this right.

The first step in getting policy pointed in the right direction is for the Commission to step forward and affirmatively establish jurisdiction over these services. That is why I will present to my colleagues for a decision the question of whether VoIP services – like Vonage - should be subject to exclusive federal jurisdiction. We cannot avoid this question any longer. To hold that packets flying across national and indeed international digital networks should be subject to state commission economic regulatory authority is to dumb down the Internet to match the limited vision of government officials. That would be a tragedy. I look forward to working with my state and federal colleagues – indeed my international colleagues – to ensure that a minimal, well-harmonized regulatory environment is applied to VoIP services.

IV. CONCLUSION

So, here we are on the precipice of something big. And, like our founding fathers, we will have to decide where we stand. Will we have the courage to stand for change, going boldly forward toward the promise of a better world? Or, will we stand timidly with the familiar?

As for me, to paraphrase another great American Patrick Henry, as for VoIP I say: “Give it liberty, I say give it revolution!”

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