

**Keynote Remarks of
Chairman Kevin Martin of the
U.S. Federal Communications Commission
At the
“Network Neutrality Conference-Implications for Innovation and
Business Online”
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Distinguished attendees, ladies and gentlemen – it is a privilege for me to address this session of the Network Neutrality Conference – as we focus on its implications for innovation and business online. I would especially like to thank Director-General Andersen, the NITA and the Danish ICT industry for organizing and hosting this conference in Copenhagen.

This conference provides an important forum to discuss policies to foster an enabling environment for the Internet Economy. The Internet has become an increasingly critical driver of both economic growth and social development.

Over the past decade, the Internet has had an increasingly powerful impact on the economy of Americans, as it has on everyone around the world. We have witnessed the fruits of increased innovation, entrepreneurship and competition that this technology helps deliver.

As policymakers and ICT industry stakeholders, it is our duty to further two at times competing goals: the promotion and the preservation of the vibrant and open character of the Internet while maintaining infrastructure companies’ incentive in the infrastructure needed to provide faster broadband to more people.

During my tenure as Chairman of the U.S. Federal Communications Commission, I have worked to create a regulatory environment that promotes investment in infrastructure and innovation.

The issue of network neutrality and the preservation of openness has come up in both the wireline and wireless context.

Wireline Infrastructure: Removing Regulatory Obstacles

To fully appreciate and take advantage of the Internet today, consumers need fast robust, broadband connections. Without this underlying infrastructure, efforts to implement advances in how we communicate, work and provide education, cannot succeed.

Every economy must make its own domestic decisions on broadband policy. I have made and continue to make decisions at the FCC based on a fundamental belief that a robust, competitive marketplace is the best method of delivering the benefits of choice, innovation, and affordability. Competition drives prices down and spurs innovation and affordability for consumers. In general, the competitive marketplace, not regulation, promotes the greatest investment in – and most sustainable access to – broadband.

But, government still has an important role to play. At the FCC, we have been focusing on creating a regulatory environment that promotes investment and competition, setting the rules of the road so that players can compete on a level playing field and removing regulatory obstacles that discouraged infrastructure investment and slowed deployment. For example, near the beginning of my tenure as Chairman, we deregulated broadband services, removing tariff requirements and legacy regulations such as tariff rules and price controls that apply to telecommunications services.

We removed legacy regulation such as tariffs, price controls, and wholesale unbundling on new fiber investment – encouraging carriers to invest in infrastructure in an environment free of economic regulation.

We also streamlined the state and local franchise process for new entrants. And we banned exclusive contracts in apartment buildings to spur competition.

As a result of these policies, we have seen increased investment in broadband infrastructure. With FTTH, one company alone—Verizon, has indicated that it will spend up to \$23 billion to deploy its FiOS network throughout its service area. Real investment, with real benefits to consumers and businesses alike.

As a result we have seen decreased prices and increasing speeds. Since 2001, the price of wireline broadband has decreased 50%. At the same time speeds have increased, enabling consumers to purchase service that is over ten times faster than what was offered in 2001.

Wireline: Promoting an Open Internet

While we have worked hard to create a regulatory climate that is conducive to growth and investment, we have been equally focused on promoting and preserving, the vibrant and open character of the Internet.

In 2005, the Commission adopted an Internet Policy Statement. Our goal was to clarify how we would evaluate broadband Internet practices on a going forward basis. We established four consumer-based principles:

- (1) Consumers are entitled to access the lawful Internet content of their choice;
- (2) Consumers are entitled to run applications and use services of their choice, subject to the needs of law enforcement;
- (3) Consumers are entitled to connect their choice of legal devices that do not harm the network; and
- (4) Consumers are entitled to competition among network providers, application and service providers, and content providers.

In adopting these principles we sought to protect consumers' ability to access content of their choice – fostering the creation, adoption and use of broadband Internet content, applications and services, and ensuring that consumers benefit from that innovation.

Looking at Network Management Practices

When the Commission adopted these principles, we stated that all these principles are subject to reasonable network management.

In 2007, the Commission began receiving complaints that Comcast, a cable broadband provider, was violating the Internet Principles by

“resetting” the communications of its customers who were uploading content using the BitTorrent protocol.

Comcast claimed that this “resetting” was a “reasonable” network management practice. The Commission began to investigate the complaint. We held two public hearings over the past year to listen to the various stakeholders interested in this debate and to hear the different perspectives, including from engineers.

On August 1 the Commission found that Comcast’s network management practice was not reasonable. We specifically found it was unreasonable for Comcast to discriminate against particular Internet applications and that Comcast had failed to disclose its practice adequately to its customers. In short, they were not simply managing their network; they had arbitrarily picked an application and blocked their subscribers’ access to it.

The Commission ordered Comcast to stop this practice. The Commission also ordered Comcast to disclose to the FCC and to its consumers the details of any network management practices it plans to deploy.

Since this decision, Comcast has submitted a compliance plan, which we are reviewing.

Our action was not about regulating the Internet. Instead, we took a cautious approach that merely requires operators to use an even and fair hand as they control the flow of traffic on their networks. Adopting broader regulations in this area could have unintended consequences that could stifle innovation.

In addition, by acting on complaints we receive, we are able to deal with actual problems and avoid creating others. At the same time, our decision was not about telling providers how to manage their networks, and limiting providers’ efforts to stop congestion.

Prior to the *Comcast Decision*, the only other FCC action with respect to network management where we took action was back in 2005 regarding Madison River Communications. In that case, a local exchange carrier that

was blocking customers' VoIP communications. In an enforcement action, the Commission moved swiftly to halt the practice.

The Commission will remain vigilant in protecting consumers' access to content, applications and services on the Internet. Subscribers should be able to go where they want, when they want, and generally use the Internet in any legal manner. But the hallmark of reasonable network management is the willingness to disclose the practice. When providers engage in practices truly designed to manage congestion, not cripple a given application or service, they should not be afraid to disclose their practices to consumers. Indeed, we feel they should make a point of it.

Wireless Infrastructure: A Light Regulatory Touch

We have seen dramatic growth in the wireless industry. These services have grown from approximately 24 million subscribers in 1994 to about 255 million by the end of 2007. This is due in large part our success in fostering entry and competition, and to a corresponding light regulatory touch – including the absence of retail regulation at either the state or federal level.

Wireless competition has been fierce and resulted in billions in infrastructure investment as well as innovation and significant price decreases for consumers. Wireless rates have continued to decrease falling 43% over the past five years.

Wireless: Open Platform Achieved

We recently completed the largest auction in FCC history, raising nearly \$20 billion dollars. We auctioned approximately 50 megahertz in the 700 MHz Band – spectrum ideally suited to broadband services that is being freed up for new uses as we complete our transition to digital television.

While a success in terms of dollars this auction also attained significant public interest objectives that benefit the consumer. Perhaps the most significant achievement of this auction is our new open platform policy.

For the first time in this auction, we required the winner to allow consumers to use the device of their choice on those networks and download whatever legal software or applications they choose onto it.

When adopting the open platform in the 700 MHz band, we saw it as a rare chance to promote innovation and consumer choice while writing on a clean slate. We did not apply mandatory unbundling or wholesale requirements which might undermine investment incentives. We achieved a careful balance of spurring innovation and consumer choice while encouraging infrastructure investment. I believe this minimal regulatory touch had maximum impact.

The auction had an impact on innovation in the wireless industry even before the bidding began. In less than a year, many wireless providers evolved from vocal opponents to vocal proponents, embracing the open platform: Verizon Wireless has committed to open its entire network to devices and applications for consumers; T-Mobile has just introduced their Google phone running on the open Android standard; and, Sprint has announced that their Clearwire WiMax network will be open as well. This interest now appears to be shared across the industry.

Why We Need to Get it Right

The Internet and communications industry are vitally important to the U.S. and global economies. The ability to share increasing amounts of information, at greater and greater speeds, increases productivity, facilitates commerce and helps drive innovation.

But perhaps most importantly, the Internet has the potential to affect almost every aspect of our lives – how we communicate with each other, where we work, how we educate our children, how we entertain ourselves and how we receive our healthcare.

As you well know, the communications industry is in a time of unprecedented change. Technological advances, converging business models and the digitalization of services create unparalleled opportunities and considerable challenges.

It is difficult to predict what the communications landscape will look like twenty-five, ten or even five years from now – as nobody could have predicted where we would be today.

People want access to all kinds of information – the Internet, e-mail, photos, music and videos – at any time and from any location. In this fast-paced technological environment, regulations struggle to keep up.

Conclusion

Therefore, as policymakers and stakeholders, because of the importance of the Internet, we must maintain an open and dynamic Internet that will allow it to continue to be an engine of productivity and innovation that benefits all persons.

We should strive to achieve a careful balance of spurring innovation and consumer choice while encouraging infrastructure investment.

I believe the FCC's recent *Comcast Decision* concerning broadband Internet access network management practices and our open platform requirement in the 700 MHz band enabled the Commission to achieve this balance.

We should encourage a regulatory environment that promotes competition, fosters investment in broadband networks and infrastructure, and drives innovation. And, at the same time, we must expand affordable access and sustain an open Internet. By doing so, we afford technology innovators and end users the freedom to shape the Internet Economy of today and tomorrow.

Thank you.