



VoIP

-Why it's not (and shouldn't be regulated like) your parents' Plain Old Telephone Service

*Submitted for the Competitive Enterprise Institute
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Back in the olden days of data communications (1960s and 70s), data and voice were joined at the hip. Both lived together in harmony, using analog technology that converted them into a weak electrical signal to be carried over the phone lines. As the need for high speed transmissions of data increased, data separated itself from voice and made the switch from analog to digital. For a while, each lived independent of the other so the Federal Communications Commission made them live by different rules. Today, voice desperately wants to be with data, and it's up to government regulators to not stand in its way.

“Voice over Internet Protocol” (VoIP, or IP Telephony) is the great new application that reunites voice with data. VoIP allows voice to travel on the same high speed path as data and utilizes the same digital circuits of the Internet.

Voice is Information

VoIP is yet another Internet service and makes a telephone just another IP address on a network. And VoIP phones travel easily within a network, which means you can take your phone with you when you travel and plug it into a broadband outlet – voila, instant local phone. But the united powers of voice and data mean it's not *just* a phone.

Information wants to be “Free”

The mantra of the digital economy is that “information wants to be free.” Voice communications are no different than data connections – they know no geographic boundaries. Congress and the FCC thus need to make it clear that VoIP is an interstate service that cannot be regulated by state public utility commissions. Using the language of the 1996 Telecommunications Act (which did not contemplate VoIP and should be rewritten), VoIP would be classified as an “information service.”

Less Regulation Benefits Consumers

Old regulations die hard, but die they must if consumers are to benefit from new technologies. The laws that have developed when voice and data were broken up from each other now threaten their rekindled courtship. Congress can provide the proper guidance that will allow VoIP to get to consumers faster if it: a) dismantles the system of old telephone taxes that provide subsidies to some consumers (Universal Service), b) overhauls the way that telephone companies pay for using each other's network (Inter-carrier Compensation) and c) allow industry to flexibly provide 911 services at their choosing. Consumers deserve a fast reconciliation. Voice and data – together again.