The Metaverse, Is It Really a New Idea?

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Think about the move through the various stages of social media. Think about moving from Pacman to PlayStation to online multiplayer games. What's the trend in all of that? It is increased participation. And what Mark saw, was that we are moving from social media, to social virtual reality. And that's what the Metaverse is. And that's why the issues of today's social media, transposed themselves into the Metaverse and why we need to be worried about what else the Metaverse can do. So let me pause here for a second. There is gonna be a lot of talk today about Mark Zuckerberg and about meta, because they have been out front on this in a big way. It's not to pick on Mark, it's not to pick on meta, but it's just that they have done more, to explain the vision and to begin to deliver on that vision than anybody else. So they have established the terms of the discussion, and we're gonna have that discussion. So the Metaverse is a technological pastiche, if you will. It puts together a whole bunch of things that we already know, that we have seen continue to evolve from virtual and augmented reality, artificial intelligence, and the collection of personal information. And in a moment we'll talk about how that means the expansion, of the collection of personal information. But like any other new idea, it has both its fans and its detractors. So those who are bullish on the whole thing, here's a couple of quotations in our citations that, Gartner predicts by 2026, which is only a couple of years off, right? A quarter of the population will be in the Metaverse for at least an hour a day. And another research group cites it as the next billion dollar opportunity. There are bears, however, right? CNBC says, "What is this? What's going on?" And and my favorite was this citation from the Wall Street Journal where they, measured the population of people using, the Meta Horizon Platform with the population of Sioux Falls, South Dakota and found Sioux Falls to be larger. But what's more important than this debate, is to realize that this is a debate that is happening now, but we're not dealing with something that is a snapshot.

We're dealing with a moving picture. And in reality we're dealing with a high risk thriller of a moving picture. And it's something much akin to what John Haigh and I used to be doing, and the kind of debate that we lived through in the mobile phone business. And I just wanna quickly walk you through this and ask you to think, as an analogy to what's going on today. The first, mobile phone call, commercial mobile phone call was made in from Soldiers Field in 1985. And at this point in time, McKenzie came in and was hired by AT&T to say, "Well, what's this business gonna be?" And McKenzie did their classic McKenzie work and came back and said, "By the year 2000, there will be 1 million cellular subscribers in America." In 1993, I was the CEO of the Cellular Industry Association, and we celebrated our 10000000th subscriber. So we were seven years ahead and 10 x the production. And then these kinds of things developed, where digital meant the end of the walled garden. And then Steve Job comes along with the iPhone and we saw this kind of growth. And I put this little red circle here, that was the McKinsey number, that was the McKinsey data. And as I say, they only missed it by 10X. But here's why, not only does this tell a story about, developing technologically based businesses, but also I think it gives us insight into Mark Zuckerberg's thinking. Because in 2012, Facebook hit a billion wireless users. And for those of you who are following with that you may remember that he almost missed the turn. And there was huge discussion about Facebook's gooses cooked. They haven't got a wireless strategy. He ran fast, scrambled and successfully developed that strategy, had a billion users by 2012. And I think that that in large part, informs the kind of decision making of today. You can see the curve, and I don't want to get caught behind it this time, like I got caught behind it last time.

And here's his vision. - So we're gonna have an astrophysicist in the family. - Actually, I have to write this paper, will you help me? - Let's take a closer look. What part of the solar system are we talking about? - Saturn. - If you were taking astrophysics, you could study in the Metaverse. - Did you know the rings are made up of billions of icy particles? - Really? - Look at this. - You ready to do that paper now, right? - Yeah. - In the Metaverse, you'll be able to teleport not just to any place, but any time as well. Ancient Rome. Imagine standing on the streets, hearing the sounds, visiting the markets to get a sense of the rhythm of life over 2000 years ago. Imagine learning how the forum was built, by actually seeing the forum get built right in front of you. - So isn't that wonderful? It's so nice and warm and fuzzy and they're spending tens of millions of dollars, buying ads like that on traditional media, and online. But the message at the end is right. And if that is right, then the question is, what do we do about this? Because its impact will be real and it's not just going to be improved education, and improved medicine and one such ad like this, they've got a doctor who is a surgeon who is practicing the heart replacement, in the Metaverse before she ever has to talk, ever has to see a patient. Even got one where a farmer is talking about how the Metaverse is gonna help him with his crops. So if the impact is going to be real, how do we prepare for that? How do we deal with that? What's the relationship to today? So what do we know about this real impact? Well this is an interesting interview question. The reporter from Axios asked Mark Zuckerberg, he says, "Is what the Metaverse doing to ensure the problems of today's internet won't carry over into or worse, get amplified by the Metaverse?" To which Mark responded, "Don't worry, we got time, we can work this out."

No we don't. It's been almost 20 years, since Facebook was formed and it wasn't the first social media network, as you all know.

And the question is, what have we learned? And how does that inform where we're going? Well, here's what we've learned. One, we've learned innovators make the rules. This is always been the path to progress. I don't care whether it's art or science or business, it's always the innovators who make the rules because they see the vision, they see where things are going, and they shape the reality for that vision. And that's what's happened thus far, with social media platforms. But what have we learned along the way in terms of the problems, that kind of privatized rulemaking, results in? Issues like privacy, issues like competition, issues like truth. And how are we gonna address those problems today, let alone going forward? And how are we gonna deal with the fact, that new apps, like the Metaverse create new challenges? Which I think boils down to the question of how are we going to have public interest oversight? I wanna share with you one of my favorite quotes from American historian, John Steele Gordon, which talks about the kind of environment in which we're existing right now but puts it in an historical context. Historic context. He said it's an old pattern of economic history, that whenever a major new force, whether a product, technology or organizational form, enters the economic arena, two things happen. First, enormous fortunes are made by entrepreneurs who successfully exploit the new largely unregulated economic niches. And second, the effects of the new force run up against the public interest and the rights of others. That's the moment we're living in right now, where we have seen, Web 2.0 for want of a better description, and the realities that come up against the rights of others. And we now enter into a Web 3.0 world not having solved those and yet having additional ones to deal with. So let's look at some of the key points that I mentioned a moment ago.

The innovators make the rules, for instance. And again, hooray! You want them to do that! Just think of the great scientists, think of the great artists. Think of the great business leaders of this country who had a vision that required them to break the rules. Here's one, that same visit that I was telling you about a minute ago. I was walking through Facebook's incredibly splendid new offices, which are designed to look as though they're never finished. There's still I-beams coming through the ceiling, as I said, it's plywood furniture, rough plywood furniture. I thought I was walking into an unfinished building. And Mark says, "No, we did it this way because I want everybody to understand that our work is always unfinished and always a work in progress." And as I walked around, this expression was everywhere. It was written on whiteboards, it was painted on walls. My favorite was, it was outlined in yarn, went around various push pins to spell out, "Move fast and break things." And now Mark has subsequently moved on from this, but it has become the mantra of the era. And let's dissect it for a second. What are we breaking? It's not breaking things, physical things. It's breaking the standards that have provided stability up until that point. And why do you do them fast? Because you want to get out in front, you wanna establish behavioral patterns before, now this is my wife calling, so this is an existential moment here. Am I supposed to talk to her or talk to you? There you go guys. Now you know where your priorities are. What was I saying? And the things are, how do you get those things into patterns of behavior before people really realize what was going on? It's a great expression

and that's what it means. But I think that the thing that we have learned in the process, is that if you're looking for transformational forces, it's not the technology per se, it's the application of that technology. It's its secondary impact. And that's why as we see the Metaverse coming, we need to ask ourself how do we get in front of these secondary impacts? So for those of you who are gonna be here Wednesday for the study group, we're gonna have a great opportunity to visit with Matthew Ball, who just wrote this book.

It's an excellent book. If any of you have interest, I'm gonna chill for it here. But this is one of the observations that he made in the book. Yes, it's gonna do all these wonderful things, but it is also going to render more acute, many of the hard problems of digital existence today. Let's look at some of that increased acute issues. Okay, here's one we talk about a lot. We know that the online platforms, capture private information and turn it into a corporate asset. I call it a digital alchemy, where they're taking your information and my information and suddenly it becomes theirs. The Metaverse is gonna bring us a new look to the kind of information collected. This is an excerpt from the Daily Mail, talking about the patents that meta has filed and others have filed as well. But meta has something approaching the hundred patents on this topic. To capture all kinds of information because let's stop and remember and recognize right now, put on the headset and you are putting on a device to read your eye movement, to your perspiration, your heartbeat. And that is information that is far different from what you like on Facebook. That is information that ends up being more powerful, than a lie detector, that it does more than answer questions about you. It collects information that can be used to manipulate you. Poets say that the eyes are a window to the soul. Neurologists say that the eyes are insights into what you're thinking and the ability to influence your behavior. This is a picture from the 2022 symposium on eye tracking research and applications. Who would've thought, that from all over the world, neurologists gathered in Seattle. This is a presentation, a picture of one of the presentations being made.

And I want to call out three things. First of all, look at what the presenter is wearing. He's got some augmented reality glasses, but let's look at what he's talking about. How my time at Ergoneers changed my mind. Ergoneers is a biometric software company, that takes the kind of biometric information, gets captured by your eye movements and other things, and converts it into applicable information. And then, I don't know if you can see the pictures well, but he says, "What happens in Vegas does not stay there." This is the presentation that is being made in Seattle. Why is he talking about Las Vegas? And here's a picture of the strip and here's a picture of slot machines because we all know, how the platforms used the science of psychology, to learn from what the psychological studies, said about how to keep players at slot machines and to apply that same technique to keeping them online with social media. And so what he's talking about, and what this whole conference is talking about, is the fact that we're moving beyond, psychological, the science of psychology to, for manipulation, to manipulate through biometric information. And I thought that this quote from one of the researchers at Rand was particularly on point. That when you are in a virtual reality environment, when it's not like you're just interacting with a screen, even if it's a video, but you're interacting with a personally identifiable avatar where relating to your personally identifiable avatar and all of this additional information is known about you, that it really becomes key to emotional manipulation. Okay? So that's one of the traditional

issues we've known for the last 20 years, right? Privacy. How about one of the other issues that becomes more acute? Competition. Jean and John have talked previously about how access to data is the key to competition and the platforms hoarding that data and denying it to others, as a negative impact on competition. This is what Lina Khan, the chairperson of the Federal Trade Commission, said about the power of data to allow firms to capture markets and then erect barriers of entry by not allowing access to that data.

And the thing that we have to be dealing with today, is this point, the power structure of the Metaverse, is gonna be shaped around issues related to the access of the information, the kind of personally identifiable emotional information that we were just talking about a minute ago. And how access to that will not only shape behavior of individuals, but access to it will shape behavior of markets. So if access to data is the key to competition, and if platforms hoard that data to thought competition, which was what Lina Khan was saying. "Our friends in, the online world and now the Metaverse, are no dummies, and they recognize that. And we're now planning a game of word jujitsu." This is what Nick Clegg, who is the President of Global Policy for Meta, and the former Deputy Prime Minister of the UK, said about this. He talks about data in terms of a file, like the shirt that you buy at a Metaverse conference that you'll want to take to someplace that is not a meta event, that is not the same thing as sharing the information that is essential to competition. But it's what gets held up, as to, "Oh, you know, we do portability of data." Portability of data is different from interconnection of data, the sharing of data. And we've gotta remember that as we engage in these discussions. Okay, the other area where we'll get more acute, who gets to make the decisions about how you augment this reality? So you know more information about the user, they know more information about the user. And we know, that algorithms create filter bubbles today that focuses information so that you hear what you want to hear. Here's the question that Casey Newton, wonderful high tech journalist asked of Mark Zuckerberg, where he said, "Imagine a world where everybody's wearing headsets and you're looking at the United States Capitol, and one group of folks see a description that says, 'This is the building where the Congress works.

' In another group of people, see something that says, 'On January 6th, this is where the glorious revolution began.'" And Casey asks the question, "Who makes that decision? And what does that mean about our ongoing problem, with misinformation and what is online truth?" And here's Mark's response. "It's one of the central questions of our time. In order to have a cohesive society, you need to have a shared foundation of values, and some understanding of the world and the problems we face together." Yep, he's right. It is a central question. Because the business plan, is to break into tribes, is to break the market into tribes, not to create this shared foundation. And for democracy to work, we have to overcome the tribal instincts, our individual tribal instincts, to find a common good. So let's think about what we have just seen. Collection of information that is more powerful tells more about us than a lie detector, the ability to manipulate emotions and actions with biometric data, and the absence of standards, for how that works in the public interest. And that's just the beginning because the Metaverse then brings us, a set of other issues. We already have harassment online today, but imagine the difference with harassment that is your personally identifiable avatar being harassed by somebody else's personally

identifiable avatar. It's a great story that the BBC researched, that was entitled, "My Nightmare Trip into the Metaverse" and was talking about the experience of a female BBC reporter posing as a 13 year old, and how she was constantly accosted and the response was, "Eh, it's the Metaverse, I can get away with this." Or how about safety? If 2D Facebook, TikTok, et cetera, affects young people's mental health, which is apparently what the science shows, what happens when you're 3D and involved. There was a recent decision in the UK, where a coroner ruled that a young teenage girl's suicide was attributable to her exposure to specific online platforms.

Okay well today, next issue, today we have a digital divide. What about what happens when the Metaverse comes along and turns it into a digital chasm? All right, there's the economic issues that are kind of obvious, but if the Metaverse is run on artificial intelligence, and one of the challenges today of artificial intelligence is some of its inherent prejudice, how are we gonna deal with that? What about larceny? There was a Gucci bag, that sold in the Metaverse for $4,100, for one of the avatars to carry around. What happens if it's stolen? How do you enforce that? And then my favorite is Benjamin Franklin's two certainties, right? Can you kill a personally identifiable avatar without consequences? You know, when I play, video games called the Duty or whatever, and I'm killing people, I'm not killing you. Then again, a personally identifiable person. And if indeed the reason why all this investment is being made in the Metaverse is because it's gonna be a money machine, and that $4,100 for the Gucci bag, stays in an economy that is existing in a pseudo-world, how is it gonna be taxed? How are we gonna deal with that kind of issues? So the question becomes how are we going to meet the new challenge? And to his everlasting credit, Mark Zuckerberg says it's gonna take ecosystem building, norm setting, and new forms of government. Yep. Bingo, you got it right there. And here's what he said a year later, "But we've got time to work this out." We know that in the marketplace there is a first mover advantage. The lesson of the digital era, is that there's a first mover advantage online as well. And establishing digital norms, is a matter of getting there first. And if you go around saying, "Oh, we got plenty of time," I'm sure he's not saying to his folks, "Hey, we got plenty of time." He's saying, get there first. So how do we make first mover work, for the public interest? What have we learned? When I was doing these, this is the positive approach.

We've learned our lesson. Have we really? We know that we haven't dealt with the issues that have been caused by, social media platforms thus far. What makes us think that we're going to deal with those issues, let alone the next set of issues? And dealing with the next set of issues is going to be even harder and particularly harder, if we don't deal with the ones that are facing us right now. If we don't establish a benchmark in that area. Because we end up seeing an expansion beyond the kinds of bullets I was listing before about, larceny and death in taxes and this sort of stuff. We end up seeing an expansion of issues which I think really become existential. The traditional real world issues, privacy, competition, truth, how they get changed. We saw that in the discussion of acute changes that Matt Ball talked about. But then the issue of add that to the pseudo-world, and how do you establish policies that work in the pseudo-world? So let's look at first of those existential moments. And the question is, will the Metaverse stimulate something new? And if so, by whom? Well there's industry self-regulation, it's terrific, it's important, needs to be done,

and it's inadequate. I built the self-regulatory code for the American wireless industry, when I was the CEO of CTIA. And let me tell you the two things that I learned about self regulatory codes. The first is, that they're only as strong as the weakest link, right? You've gotta get a consensus of everybody, great. And the company that says, "No, I won't agree." They control. Second issue is that there's no enforcement. What are you gonna do? Shame on you. You aren't following the code. So yes, we need industry self-regulation, but no, we shouldn't be thinking of it as the be all and all solution. Well, okay, let's have federal regulation here in the United States. How's that worked for you thus far? The absence of the ability of the federal government policy makers, to come to grips with the issues that have existed for the last couple of decades, in the online world is shocking.

One of the things that I used to be constantly beaten up on by members of Congress on both sides of the eye, when I was chairman was, "You are trying to regulate the internet!" And the conceit, the belief that had been sold, that somehow if you regulate, you're gonna break the magic. So we've been unsuccessful and therefore don't say much promise. Are we gonna have meaningful federal regulation? Well, okay, what's happened in this country, when the federal government has decided not to act? So the federal government, after I left the Trump FCC repealed the net neutrality rules, California enacted them. So did 16 other states. In the field we're talking about the Metaverse, Illinois now has a biometric privacy law for the state of Illinois. Terrific idea, but what if it's slightly different from the biometric privacy law that Indiana might decide to enact? And how do we deal with that kind of interstate conflict? And then of course, Jean last time, led us through the discussion of what's happening internationally because of the fact that we have failed to act in this country. And there are two things that are significant in that regard. And we may be in a situation much like we saw with GDPR where it becomes a De Facto international standard. And now with the DMA and the DSA, the UK has said that they will apply the GDPR DMA and DSA to the Metaverse. And then they said, "But you know what we need to do? We need to open a proceeding in January, to really understand what that is." So we understand what our principles are on marketplace competition, on the privacy of information, but we're not sure how to apply it in this new world. So let's start making the inquiries to how to do that. Okay, Existential moment number two, how do you have oversight, in a pseudo-world, inside that world? You've gotta create a community inside that world.

You know, Reddit's done a pretty good job of creating a community and rules for that community in the world we exist in today. Are we gonna see something like that in the Metaverse? Here is another, a very honest appraisal from Nick Clegg, Sir Nick says, "Hey, don't blame us. The problems that exist in the real world, exist online as well because they exist in the real world." He's right, he's right. And we need to do something about him. But then this is what he told the Washington Post a couple of weeks later. You can't look to corporations like ours, to oversee them. So what happens inside, what happens with the community, that evolves in an unreal environment? And how do they have, how do they come up with their own sets of rules? Which of course brings us back, to the threshold question here. And again, meta is saying the right things. Nick Clegg says, "We need a system of government for the Metaverse." It must not be shaped by tech companies, like Meta on their own. It needs to be developed openly with a spirit of cooperation between

the private sector, lawmakers, civil society, academia, and the people who will use the technology. Yes, yes, yes. And what's being done about that? This is not the answer. Those years are gonna be used creating new challenges. We need to be spending the time thinking about an update to the rules, the experience I had general recall when they, when I would go testify for Congress, they would bang on me about permissionless innovation. A wonder of the internet, is that it does all of this permissionless innovation. Nobody had to go get permission. As if anybody was suggesting that internet regulation should be like a prescription drug that you gotta get approval of before you go offer. But this, we have the years, is just another way of saying the same thing. It's just updating the same positioning, slash lobbying messaging. And again, folks like Nick Clegg understand what's going on. Speed of which technologies have arrived, have left policy makers and regulators playing catch up.

You bet, you bet. How do we play no more catch up? How do we get to a point where we're not scrambling? What was the line in "Through the Looking-glass," the red queen said, "Now here it takes all the running you can do to stay in the same place." We can't be staying in the same place, let alone sliding behind. So if we have no more catch up, the challenge becomes, how do you implement oversight? And that creates, that opens the door to a Regulatory Conundrum. When companies come in to government officials and say, "Oh, rigid regulations inhibit innovation and inhibit investment." They're right. If the answer is to micromanage a market, you are going to micromanage innovation out of that market. How do you deal with that? How do we move from micromanagement, to agile risk management? And that's something that Jean and I and Phil Verveer have written about at this institution. That if you go online to the Shorenstein Center, you'll see this paper, in which we propose the creation of a digital platform agency, an agency with expertise rather than bolting this on to an agency that was created in the industrial era. That's the headline that everybody grabs on. And by the way, this bill legislation proposing this has been introduced in both the House and the Senate by Congressman Welch, now Senator Welch, as of last week, and by Senator Bennett from Colorado. But the headline is a new agency. But what Jean and Phil and I, as guys who have spent their lives in this regulatory environment on all sides of the table, really labored over was not how the agency, whether there should be an agency, but how it should operate. The first thought is that, it needs to be guided by the hundreds of years old, common law concept of a duty of care. You know, the duty of care says, "Hey, if you are producing a good or a service, you got a responsibility to anticipate the adverse effects and do something about it.

" We haven't seen a duty of care in the online world, so let's instruct the agency that their job, the four corners of this canvas that they're to paint on, is the duty of care. Okay? That's the easy lifting. Now how do you do it? And we believe that you need to bring into government the same kinds of agile management techniques, that work in corporate America today. That agency that I ran, the FCC was working on a statute written in 1934. Things are a little different today than 19. But in addition, that and other regulatory statutes, were in essence mere images, of the companies they were created to regulate. How did you manage an industrial corporation? He managed an industrial corporation, on a rules base, rules basis. The guy on the shop floor, and he was a guy, the guy on the shop

floor has a set of rules, that he has to follow. He's supervised by some supervisors to make sure that, half a dozen different folks making sure they're all following rules, who was then managed by a management level, that makes sure that all those are carried out. And we're surprised that we end up with a regulatory rules based bureaucracy. We just copied, when regulatory agencies were being created, the management concept of the era was Taylorism, a guy by the name of Frederick W. Taylor, here's how you get the most efficiency out of industrial production. Remove all choice, remove all latitude from those who work for you. This is the way you do things, that flies in the face to move fast and break the rules, and will not work for today. But that's the structures that regulatory agencies are stuck with today. So the companies have done two things. So our concept is, how do we rip off from the companies, from the digital companies just like they're ripped off from the industrial companies, and take those things that work and make them work over here in government. And there are two ways of doing that. One is the standards process, for coming up with rules. How did we get from 2G to 3G to 4G to 5G? As technology changed, a new standard was created by the industry, that allowed the evolution of the technology.

The standards making process is a multi-stakeholder process where all those involved in the industry sit down and basically negotiate how this is going to work and how they protect themselves in their role as consumers, right? How do I make sure that my widget will work with that fotostat? And so we said let's have a standards based process, in which companies, and the government participate, that can bring agility, to the process, to keep up with the kind of changes and not to inhibit innovation and investment. And then secondly, let's have somebody check that to make sure that it's not a lot of, pretty words full of sound, inferior, signifying nothing, and then enforce it. And if we have this kind of a structure, then we have the agility, to deal with and continue to respond, the changes not only that exist today, but that are coming down the pipe with blazing speed. And so the question here is that, at least my way of thinking, the Metaverse should be the impetus for doing this. We can see this coming. Let's address the problems that we have today, let's get in front of what's coming. This is not the answer, as a way of overseeing the public interest. Thus, this, impact is real. And the impact on the companies and their responsibilities is real. And while the Metaverse is today, like the wireless industry, when John Haigh and I first got into it, very rudimentary. We get in front of these issues today, then we perhaps have a chance of bringing public interest to the equation. And that means that this, becomes more than a rhetorical question. Thank you. Questions? Anybody got any thoughts? Yes ma'am. Wait a minute, we gotta get the microphone so that the... - Hello, hello? Okay. Hi, thank you so much for taking the time to do this. One of the most fascinating talks I've attended here at HKS. I appreciate it. My name is Samma, I'm a junior at the college, actually.

I wanted to ask you a little bit more about like getting out in front of technology and actually like being able to regulate it, I guess like, you know, you talked a little bit about like the government's like, inability to kind of catch up with the technology. But I'm actually curious in another way in terms of how do you prevent this technology from being misuse for other purposes? Because sometimes I've heard about software, for example, I've heard about Apple software being applied in China, in the Middle East for surveillance and censorship purposes. So I'm just kinda curious how would the government be able to regulate the

misuse of this technology and prevent it from being weaponized? - So what I've been focusing on, what we've been focusing on, is the marketplace impact, the consumer impact, if you will. It is a very legitimate question that you ask and one that gets even more profound by what we see going on in China and how China and other countries are seeking to use the technology as a tool of international influence, if you will. And, all I can say is I agree with Mark Zuckerberg, we gotta work it out, but I don't agree with him that we have time to work it out and we gotta start having this debate right now. And I'm glad you raised it. Sir, sir, and then Professor. - Hey, my name's Sam MPP two here, your platform agency idea. What are the probabilities of that agency occurring and what could be some pathways of actually implementing it? - Passing anything in Washington these days is very difficult. Jean and I are strong believers, however, in you start, you've got to have the discussion, you've gotta get that discussion into the water supply. And at some point in time, something will occur, folks will be looking around, and oh, here's an answer. But it's terrific. It's been introduced in the House and Senate. We hope it'll be introduced in the House and Senate again for the next session of Congress. And hopefully it will become increasingly an item of discussion because the question, that will first be addressed is, well, let's just bolt something onto the Federal Trade Commission or some other kinda agent.

And in that discussion there ought to be, no, wait a minute, is there a better, more efficient way of doing, we hope art does. Professor? - I thought this was a terrific presentation. I followed every slide agreeing with it. I came in the end and I thought, "I wonder if there could be one more slide." If so, what would the bullet points be? Suppose we had up there, what is agile risk management? What would some of the bullet points be? - It's great, bingo! It's a great question. Agile risk management is, I tried it three times at the FCC. Okay? All three were repealed by the Trump FCC. But the concept is, here are the four corners of expectation. Go ahead, operate inside those four corners. And I'm gonna be watching and I'm gonna have a conduct rule to watch what's going on, and we'll be able to respond with dispatch and say, "I see what you're doing, but it is not within the four corners of this." And you can't have an MVP a Minimally Viable Product in government, unfortunately, right? Because, by definition, that doesn't provide enough certainty for corporate decision making. But you can say, here are the concepts, I expect you to follow those. I will be watching what goes on to try and manage risk. So for instance, on net neutrality, what we said was, yes, you will be a common carrier, but we're going to excuse you from almost all of the traditional micromanagement rules that came with common carriage. But we are gonna have a new rule, the general conduct rule, which is gonna allow us to say, "No, that's going too far. Don't do that." And so it was our attempt to move in that direction. But that's the yeah. - So it comes down to the level of the abstraction of the rule? - Yeah, yes. Yeah. Yes ma'am. Let's go, we'll go over this side. - Just like a broader sense, I always feel a bit skeptical of propositions of a new agency as a solution to problems because I think they're often- - Captured.

Yeah. Or there's the same issues in the wider context. Do you think there's, you know, continue to exist, they're just gonna become obsolete. They work for the current settings. What do you think around this? Is it the digital platforms agency that you're proposing? What do you think around this? In structurally, are predictive factors that you think could

mean as a solution? - Yep. Great question. First of all, not doing anything is the ultimate regulatory capture, right? Okay, so we gotta do something, right? And our thought process is go back to this concept of a Bolton versus a new agency. - Yeah, why not Bolton? - Because I mean, let's talk, the Federal Trade Commission is a terrific agency populated by hardworking people, dedicated people. I was quoting Lina Kahn, the chair won up here. She's doing a fabulous job. The problem is, she's also responsible for overseeing funeral homes and she's had to have some enforcement in that area. She's responsible for the labeling of the products that you have that has a little tag on it that says, "Here's how you use bleach." The classic example she actually had an enforcement action on Hockey Puck labeling. Her responsibility is the entire economy. All right? What we're seeing is we have somebody who is focused on digital, has digital expertise, and wakes up in the morning and worries about that. The second issue is that an agency like the FTC has limited rulemaking authority. She's trying to do something about that right now, whether that gets through court or not that's a different issue, but you need somebody that can say, "Here is the rule that applies generally." Rather than, "Here's the rule that applies to this company in through an enforcement." Like the $5 billion fine against Facebook for not following their own privacy rules, has no effect on Google, has no effect on TikTok, et cetera.

And so how do you have an agency that wakes up in the morning and says, "Today I'm worrying about these digital issues, not Hockey Puck's. And again, nothing against the FTC, they do a great job, but just focus, focus, focus. - We have time for a couple more questions. We'll take two or three questions at a time. - All right, we'll take two or three at a time. We'll just go this way, all right? Yeah sir. - I'm Hugh, I'm curious, I feel like in the public perception there's still pretty like haziness about what exactly the Metaverse is gonna be, and not that confidence's actually gonna pull off. Do you think that that adds to some of the, headwinds for regulatory motion in this direction? - Yes. - Okay cool, great. - But it's not a reason not to show up and play the game. - Okay, thank you. So I wanna go back to the agency question, which is, I totally agree that there should be an oversight agency, but who should see- - Just stop there then, that's fine. Thank you. - But who should sit on there and where do they come from? - Yeah, great question. So what we need are, we need people with skills in the space. One of the troubles that we have with regulatory agencies today, is that they end up getting populated with lawyers, especially lawyers who used to work on Capitol Hill. Nothing against these people, but there should be some expectations, that we're gonna have folks who have cut their teeth, I mean I felt that I had a different experience as chairman of the FCC than others, because of the fact that I had run businesses, cause of the fact that I had failed at some businesses. Fortunately, I succeeded in others. But it gave me an appreciation, for the issues that we're dealing with in a real world environment, not just a legal environment or a legislative environment. We think it ought to be a commission, okay? Five people headed by a chairperson, and it ought to be bipartisan with President's party controlling. And we will stipulate, that it ain't perfect, that it is about 8,000 times better than nothing, Sir.

- Thanks, my name is David. I'm an MPP one. I'm wondering, to what extent do you believe that people's purchases and ability to make quick purchases should be regulated in the Metaverse? And real quick reason I'm asking is because you touched on a lot of the ways

that these companies have their fingers on physiological dials and they can be very good at variable for work schedules. - So here's what I'd like to see specifically, okay? I mean, what a great question and what the agency ought to do, is to say, "Okay, we're gonna address this question and let's have the companies come back to us and say, 'Here's a standard.'" Okay? We know for instance that there is nutritional labeling on cereal to help you make a decision on cereal and food products. We know that there are lemon laws, for automobile purchases so that if you get a lemon, you've got a period of time. We know that we have a holder in due course doctrine for when you charge things on your credit card or when somebody fraudulently charges something on your credit card, okay? Now this is the challenge. David has brought up a great question. Let's get this multi-stakeholder group. You've got six months we're gonna be participating by the way, you got six months, come back and we will assess, with the ability to have line-item veto's and edits, the decision that came forth and move forward on that. But I think that that's something that you handle. Again, the federal government shouldn't be saying, "There has to be a mandatory 48 hour wait." But there can be standards that the industry recognizes, are good behavioral practices that can be put in place. - Can I get you to hand the microphone? I apologize. Couple of things that I want to just mention. - You wouldn't deny you had anything to do with this presentation? - No, no. So you have to understand, Tom and I, I ran AT&T's international operations. I ran new services for AT&T Wireless and we interacted when he was at the CTIA, so we have a long history.

A couple of things I want to emphasize, one is my experience, and I think this is born out in the broader reviews, is that these kinds of technological changes, always go slower than everybody thinks. But then when they happen, they go very quickly until. - Until they don't. - Right? And then all of a sudden it just happens really quickly. And I think there's, my experience in this, I'll just give you a couple examples. In 1994, I was advising the CFO of AT&T Wireless, AT&T, about the purchase of MacCaw Cellular. We were gonna pay $12.6 billion. And every business case said that was crazy. That was way too much money. And when you map out to get there, you have to show this vision of the future, that nobody believes cause it's so different from the vision today. But you say this will be the heart of the company. In 2004, I helped sell AT&T Wireless to Singular, which renamed it AT&T Mobility, and Singular paid $41 billion for AT&T Mobility, AT&T wireless at that point. And everybody said that was crazy, that was way too much money. And if you look at the market cap today, of take AT&T, total AT&T, not just the wireless business, but total AT&T was a hundred was in September was $120 billion. If you look at Verizon, it was about $170 billion. If you look at T-Mobile, which is just a wireless business, they have none of the other activity, their market cap was $178 billion, right? So there's almost negative value attached to some of the other aspects of the old tele canvassing. The reason I bring that up is because companies, old line companies oftentimes have such a hard time, adapting to the technological change. So it's not just the government lags the pace of change, but the business lags the rate of change and it creates, for such a complicated environment, and to Joe's point, I mean that's what drives the need for a kind of that agile, flexible government regulatory structure to kind of manage, you called it risk management, I would say managing kind of huge uncertainty, both in terms of the instate and the timing in which it's gonna occur.

GRL

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