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monopoly. our world  
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America's century-old antitrust law is increasingly irrelevant to our modern global information technology market. This law is obsolete, in accordance to the current Microsoft situation, because in the past there wasn't technology as there is now. Recently the government has been accusing Microsoft as being a monopoly. "Techno-Optimists" claim: "efforts by government to promote competition by restraining high-tech firms that acquire market power will only stifle competition." Some analysts disagree. They concede that dynamic technology makes it tough to sustain market power.

Still, consumers will want compatible equipment, which will lead them to buy whatever product other consumers are using, even if the product is inferior. Hence, is Microsoft a monopoly or not? The range of views extends from the optimists who think that changing technology removes the need for antitrust, to "middle-of-the-roaders" who think that antitrust has always been and still is an important weapon in the government's arsenal. Microsoft is not a monopoly.

Our world of telecommunications and information technology has brought about many changes in many fields but new technology has neither extinguished nor revitalized the reason for antitrust. There are monopolies that the government ought to control. Those are the very monopolies that the government created itself. It is the government that creates monopoly power by erecting and maintaining barriers to market entry. In the most recent dispute between Microsoft and the Department of Justice (DOJ), Microsoft is accused of "tying-in" an Internet browser into Windows.

Microsoft's "tie-in" of its browser (Internet Explorer) with its operating system (Windows 95) is a tie-in that shows no greater threat to competition

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than the packaging of tires with cars, cream with coffee, laces with shoes, even left gloves with right gloves. In actuality, tying arrangements is pro-competitive. Consumers will buy the product that is more appealing to their needs.

Seven years ago the Federal Trade Commission began its investigation of Microsoft's market power in the sale of operating systems for personal computers. That investigation was later joined by the DOJ and pursued vigorously by Anne Bingaman, then head of the Antitrust Division. The DOJ uncovered one practice it deemed worthy of challenge. Microsoft licensed its Windows software for multi-year periods on a "per processor" basis. Which means that, Microsoft, to help prevent software piracy, insisted that computer makers pay a royalty to Microsoft for each computer they shipped, whether or not Windows was installed as the operating system.

DOJ was not persuaded by Microsoft's argument that physical machines can more easily be counted than intangible copies of computer software. Nor was DOJ convinced that customers might actually favor long-term contracts to guard against unpredictable price increases and other uncertainties. This arose the question; did Microsoft exploit its dominant market position by "insisting" on "unfair" licensing arrangements? Consider that Windows became the industry standard because PC-makers thought it was a "superior" product. An assessment that surely took into account the entire set of product features. Not only are there technical features but also the ease of use, quality, price, service, and contract terms. Just like any other product in the competitive market.

Consider that there were no barriers that would prevent another competitor from driving Windows out as being the market leader. These are simple conditions that exist in an economic market. Those considerations, apparently, did not impress the DOJ's Antitrust Division. After a five-year investigation costing millions of dollars, the Antitrust Division found little that could be characterized as anti-competitive. But that did not stop the government. Not only did DOJ file an antitrust suit that caused Microsoft to cancel its planned release of Intuit (a manufacturer of a popular personal finance program) it also threatened to halt the release of Windows 95 (Microsoft's upgraded operating system). The head of the Antitrust Division, Bingaman, was reportedly concerned about the link between Windows 95 and the Microsoft Network (MSN) an Internet service provider intended to compete against America Online (AOL).

Whenever a user started a Windows 95 system, an MSN icon appeared. Then one click of the mouse connected the user with the MSN service. That packaging, according to DOJ, gave MSN an unsporting edge over its online rivals. But a few more mouse clicks enabled any Windows