

# Monopoly? 12391

[Technology](#), [Computer](#)



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Economics

This paper will show my opinion of Microsoft being branded a monopoly. I feel this example shows supply and demand in addition to monopolistic competition.

This entire ordeal is over a free browser that Microsoft includes with windows for free and gives out on the internet for free just as Netscape and most other browser companies do. The government feels that Microsoft is creating a demand purely for their products by forcing its browser on suppliers and controlling prices. I have yet to see where Microsoft is charging extraordinary prices for any of these free programs nor do I see how Netscape, in using the governments definition, a " monopoly" itself, is " being forced out of business" by Microsoft's free browser. Remember: the charge is against including Internet Explorer with Windows, not the Windows monopoly itself. It is much better to have one operating system than 20 or even 2. Software compatibility, technical support, and setup are much more simplified with one operating system. Programs today are specifically designed to be " Windows compatible." Would you rather have 20 (local) phone companies, each with a different line and number running into your house or one, as is the case now?

Internet Explorer brings browser competition to a market that is essentially monopolistic itself. Internet Explorer gives Netscape a competitive product where before virtually none existed. The purpose of antitrust laws is to prevent only harmful monopoly. Microsoft's operating system near monopoly

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is harmful in very few ways. Nor is Intel's chip near monopoly harmful, nor is Netscape's browser near monopoly.

Other reasons easily explain how Microsoft came about to its size and how new companies constantly spring up in the computer industry. Computer software is a very volatile industry. To succeed in this industry all you basically need is a good program and a way to offer it for sale. All they have to do is make a program and copy it on a disk. Since making an extra disk containing the program costs all of 2 cents, it is more costly for the software company to print the box and manuals, than it is to make one extra disk. But it does cost Microsoft to develop a new program. No matter how cheap a disk is, capital investment such as salaries, factories, storage, and programmers always exist. Even though development costs are sunk and additional production costs are nonexistent, other costs are incurred. Besides, supply and demand determines where a price will fall.

Another thing about the computer market is its ever-changing program market. For all we know, anyone literate in programming may develop a better program than Windows. If consumers like it, we may soon find another browser monopolist. For reasons similar to this, computer industry leaders have vastly changed in just a few years. At times Apple, IBM, Intel, Netscape, AT and even Commodore, have or had large, sometimes monopolist-like markets. Characteristics of monopolies that cause trouble are (1) restriction of output, (2) higher prices along with this restriction, (3) restriction of entry to a particular market and, in a few cases, (4) lack of innovation due to lack of competition. Not a single one of these problems is experience with

Microsoft. These problems are only drastic when an item is in a secluded market with no close substitutes. Computers are definitely not necessities and there are few barriers to entry in the computer market (the only noticeable being computer literacy). Microsoft certainly does not restrict output and hold prices at extreme levels. If they did, nobody would buy Windows 95 or 98 when it came out. There is no reason to buy an upgrade except that people are looking for something new or something bigger and better. New versions of Windows do not sell because consumers aren't forced to buy them. They sell because consumers want them. Many of Microsoft's major products are included with Windows. Giving products away at no monetary cost is certainly not restricting output. Netscape had an almost full monopoly (90%) and still has a semi-monopoly at 65-70% of the browser market. So what they are worried about? They use the same methods of distribution of their software by offering it for free and having Internet providers include it with their registration software. Before Internet Explorer came along, we sat for long periods waiting for browser upgrades. There was essentially one browser - Netscape. Upgrades have been almost constant since the introduction of Explorer. The result: two companies with advanced browsers competing to build a better browser. Microsoft is not the only operating system to choose from. While very practical and well suited for the current computer industry, Windows is not alone. Many other operating systems, some even free, are available. There are around nine in the US alone: Linux, Caldera, Unix, OS/2 etc. Globally there are bigger companies that have more of the global market.

I don't feel the government has the right to tell Microsoft how it can or cannot configure its own software. Once Windows is installed, consumers have the option of disabling as much of Windows as they like. If you don't like Explorer, disable it and get Netscape for free. Washington should not be able to get in the way of a successful company over Microsoft's right to include their free software with their own program.

Word Count: 889