Microsoft And Monopoly Essay, Research Paper

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 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&T 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.