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After Microsoft Wins

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SECTION: Antitrust Division Watch**TITLE:** After Microsoft wins**TEXT:** Robert H. Lande Senior Research Scholar American Antitrust Institute

July 7, 2002. In a stunning reversal, the U.S. Supreme Court has handed Microsoft a complete victory in its landmark antitrust case. By a 5-4 vote, Justice Scalia dismissed all charges and called Microsoft "a genuine American success story that has done nothing more than compete fiercely. The whiners and losers who are afraid of innovation should be ashamed of themselves for bringing this case."

The head of the Department of Justice Antitrust Division was contrite. "Regrettably, this shows that 19th Century antitrust laws cannot deal effectively with the new, fast moving 21st Century world of high technology. We never should have even thought about bringing this case. The Federal Trade Commission joins me in announcing that henceforth we will not initiate antitrust cases involving high technology. We certainly will never tackle Microsoft again."

The chief of the states' Microsoft task force was equally direct. "We give up. Microsoft has the green light to do whatever it wants. But I would also like to tell you about the new series of lawsuits that we have just filed against the makers of diet pills, liquor, and lead-based fuel additives...." The plaintiff lawyers, who had filed 666 class action lawsuits against Microsoft, would not comment, but were seen trailing the state enforcers to the courthouses and filing suits against the makers of diet pills, liquor, and lead-based fuel additives.

Microsoft Chairman Bill Gates was understandably jubilant. To a cheering crowd of employees he exclaimed, "Its party time! No more Mr. Nice guy." Then he added with a cryptic grin, "And they said we were pushing our products using exclusive dealing arrangements, tying agreements, and market divisions. Imagine!"

In a separate statement to the press, Gates said that he was using the occasion of his antitrust victory to announce that Windows 2002 has several features that up until now had only been disclosed in a part of its online help service that very few consumers had ever accessed. Microsoft had distributed Windows 2002 as a free upgrade in January 2002, and it is currently used on more than 70% of all personal computers.

Gates announced that, in the best interests of consumers, he was taking steps to eliminate all PC software compatibility problems. "You have a right to software that runs well on Windows. There is only one way to be absolutely sure of this -- we'll make it for you! Windows 2002 will begin analyzing the software on your computers and, for your protection, remove any software that might be incompatible. No word processing system except Microsoft Word will be permitted. No browser other than Microsoft's Internet Explorer will be allowed. In fact, no programs that compete with any Microsoft products will run on Windows."

"But there is no need to worry -- we have plenty of copies of compatible software for sale. Well, actually, for rent. From now on we will only rent software. This way we can guarantee that your software will always be up to date. And if you don't like our new policy," he added with a smile, "you can always go to one of our competitors."

Gates also announced a new 1% charge on all Internet based commerce. "If you want to access the Internet using Windows, using our browser, 1% is a small price to pay." He noted that users of sites like eBay would have to pay the

1% fee, but quickly added that his new auction site, "eMicro," was exempt from the new 1% fee. Ditto for Microsoft's new book selling site, "Amazing.com."

Gates had another surprise. He announced that, to encourage the use of a standard, uniform operating system that would be in consumers' best interests, and to eliminate confusion and the possibility of viruses infecting Windows, firms making Java-based products, Linux, or palm units using non-Microsoft products would not be permitted to make any Windows-based software. Nor would Microsoft deal with any retailers who sold these products, or advertise in any publication that advertised them.

And, finally: "Microsoft and a number of other companies have banded together to help you, the consumer, save the time and trouble of making really complicated choices. For your benefit, we have agreed that Microsoft will rule the PC and Internet worlds, IBM the mainframe world, Intel will make the chips, Cisco the Internet infrastructure...."

The combination of the antitrust victory and Gates' announcements caused Microsoft's stock to rise 200 points. There was widespread cheering by the analysts and fund managers on Wall Street. Most of Capitol Hill praised their "bold initiatives." Only the "whiners and losers who are afraid of innovation" called for the filing of a new antitrust case.