

Microsoft trial threatens its dominance in the computer industry

by JAMES HILLS

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In the current case of *US vs. Microsoft Inc.*, computer giant Microsoft is being challenged as acting as a monopoly over the computer industry. While there are conflicting views as to why Microsoft has retained control of the country's computer enterprises, the trial's decision may put restrictions on the corporation's power and hinder its dominance. Microsoft is also facing strong competition from the new operating system Linux, which is quickly gaining popularity.

On Nov. 5, 1999, Judge Thomas Penfield Jackson released findings stating that Microsoft was guilty of not only being a monopoly but of using its power to protect its monopoly. Jackson feels that both consumers and other computer firms were harmed as a result of these efforts as innovation was stagnated.

"Three main facts indicate that Microsoft enjoys monopoly power," Jackson said. "First, Microsoft's share of Intel-compatible PC operating systems is extremely large and stable. Second, Microsoft's dominant market share is protected by a high barrier to entry. Third, and largely as a result of that bar-

rier, Microsoft's customers lack a commercially viable alternative to Windows."

While Microsoft's dominance over the computer industry has been obvious, the impact this control has had on consumers and other industries is still under debate. While Jackson thinks Microsoft has retained its control through unethical means, Microsoft CEO Bill Gates thinks that the company's success is a reflection of its popularity with the public.

"Many of these actions have harmed consumers in ways that are immediate and easily discernible. They have also caused less direct but nevertheless serious and far-reaching consumer harm by distorting competition," Jackson said. "Microsoft has demonstrated that it will use its prodigious market power and immense profits to harm any firm that insists on pursuing initiatives that could intensify competition against one of Microsoft's core products."

In a recent press release, Gates countered this argument saying, "Microsoft's products are popular because we've focused on our customers and innovated to meet their needs."

As an example of Microsoft's misuse of power, Jackson cited Microsoft's

on going battle with Netscape Navigator. Microsoft recently created its own product, Internet Explorer, to compete with Navigator and, according to Jackson, then proceeded to force original equipment manufacturer (OEM's) companies such as Dell to stop distribution of Netscape in lieu of Internet Explorer in exchange for benefits from Microsoft.

"Microsoft has largely succeeded in exiling (Netscape's) Navigator from the crucial OEM distribution channel," Jackson said.

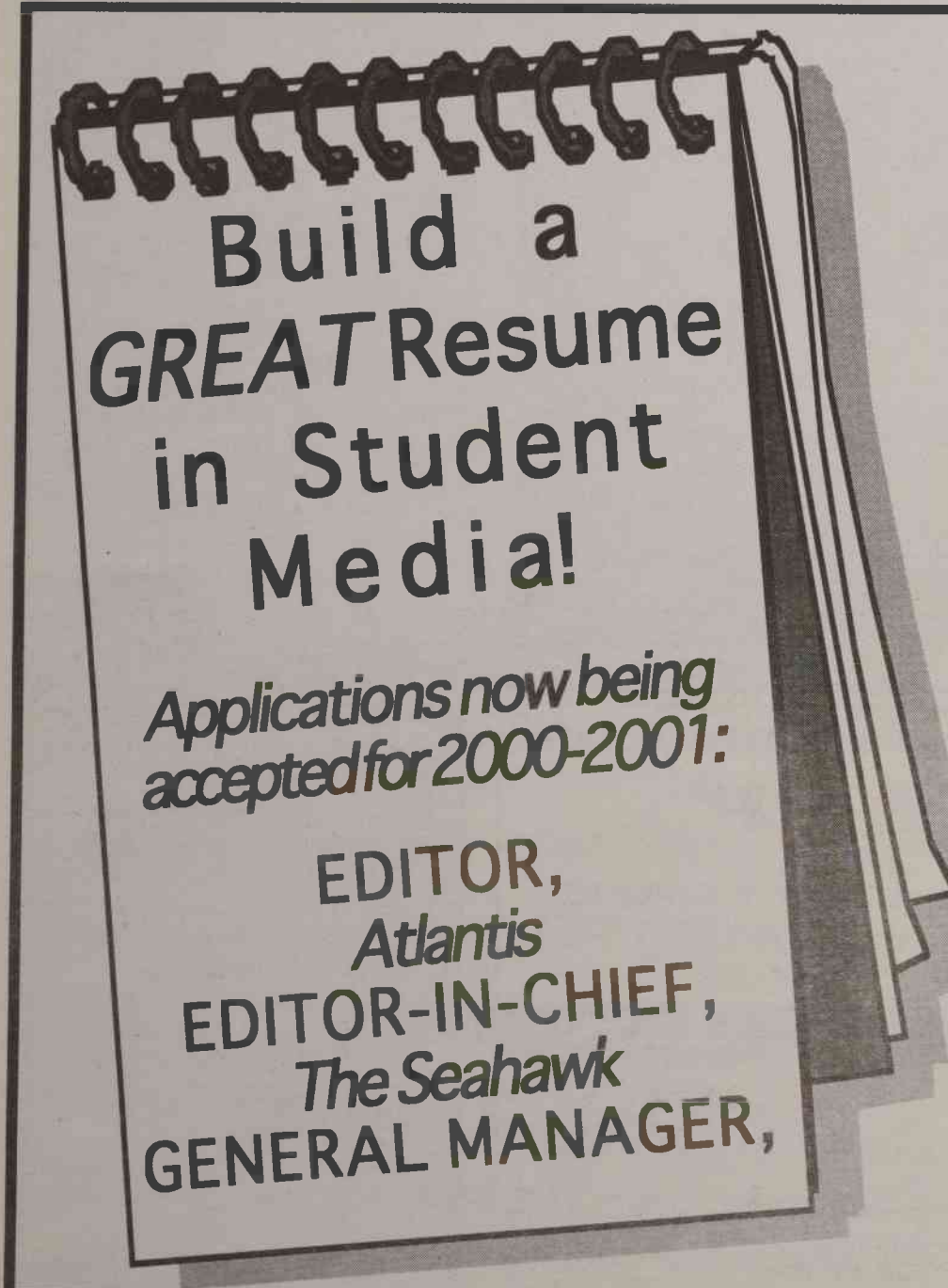
The Department of Justice trial is now on hold as Jackson determines what actions the government should take against Microsoft. Among the options being discussed is the potential separation of the operating system from the rest of the company. In this move, the Department of Justice hopes to minimize the impact of Microsoft's continued dominance in the operating system market. A decision is expected some time this year, and threatens to set a precedent in how the government will interact with New Economy industries.

Perhaps a greater threat to Microsoft than the United States Department of Justice is the Linux Operating System, which was created by 30-year-old Finnish programmer Linus Torvalds.

This operating system poses an immense threat, as it is not dependent on a single corporation's funding. Instead, millions of individual programmers from across the world have come together to ensure Linux's future. Currently no less than ten companies ranging from a few programmers in a German basement to the 15 billion dollar Raleigh, N.C., based Red Hat, Inc. provide distributions of Linux on the open market.

This power struggle gained momentum last week when Corel, the makers of Word Perfect announced that their distribution would provide users the unique ability to run Windows applications such as Microsoft Word and Excel on their Corel Linux desktop.

"With the integration of GraphOn Bridges into the Corel Linux OS it will be easy to enjoy the benefits and high reliability of Linux while having access to the most widely used Windows applications," said Michael Cowpland, president and chief executive officer of Corel in a recent press release. "This will enable organizations to mix Linux and Windows desktops seamlessly which is a prime goal of Corel in our Linux development."



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