

## Busting Microsoft May Give Australia Free Rein

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By Richard Miniter.

If you're wondering how you can beat your American corporate rivals, look up Joel Klein.

Klein heads the US Justice Department's anti-trust division and he's gunning for some of America's most successful corporations, the latest being Microsoft.

Klein, and 20 State attorneys-general, is urging a US court to force Microsoft to alter its new Windows 98 software. Last week's attempt to block the sale of Windows 98 was quickly dismissed by a federal judge, who added that Klein and his trust-busters were living in a "time warp".

Time warp is right. Klein is reviving the Sherman Anti-Trust Act, a turn-of-the-century law designed to break the monopolistic grip of Standard Oil, to attack Microsoft.

A key part of this legal fight, as we all know, turns on the use of browsers. By making its own browsers part of Windows 95 and 98, Klein claims Microsoft tries to squeeze out its rivals. Why is this bad? First, by even offering a browser it acts like a Goliath that intimidates Davids like Netscape, and second, by giving it away for free with Windows 95 and 98, it destroys the market for others, Klein says.

But this is profoundly ignorant of the software market, where Davids beat Goliaths all the time. Tiny Microsoft beats IBM. Netscape is currently beating Microsoft in browsers. The argument that Microsoft is destroying the market for rivals by giving away a free browser is also risible. You can download Netscape's browser for free at <http://www.netscape.com/>.

So what is the harm caused by the supposed Microsoft monopoly? If browsers are free, Microsoft will never be able to raise the price. Browser-makers earn money by charging users for upgrades. As long as Netscape stays focused on its core business, it can keep innovating ahead of Microsoft, which must focus on a much wider range of products, and keep making more money at browsers than Microsoft. It is a textbook case for the free market.

Klein hopes that the courts will order Microsoft to distribute Netscape Navigator alongside Microsoft's own Internet Explorer. This is the equivalent of requiring Qantas to sell tickets for Ansett Australia. No company has ever been required to sell a direct competitor's products.

By forcing Microsoft to include Netscape Navigator in Windows 98, the Government will only be compelling Microsoft to offer an even more appealing product - and further strengthen its position. If you can get Navigator from Microsoft for free, why buy upgrades from Netscape? Just wait for the next version of Windows.

Klein's efforts to save Microsoft's competitors may kill them. Thanks to Klein, American corporations might not be free to compete in the global market; they could be at the feet of

bureaucratic regulators who construe every innovation as a step towards monopoly? And thanks to Klein, the next century may belong to Australia and Japan.

Saddle up, blokes, you are about to be the front runners.

*Richard Minter writes for The Reader's Digest, The American Enterprise, The Wall Street Journal and others.*

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