

## Fair Competition and Internet Access

Chapter 8  
Cases 8.1 through 8.5  
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Second Edition



## Case 8.1 & 8.2 – Microsoft (A & B)

Overview and Study Questions



### Case 8.1 & 8.2 - Microsoft

- Overview
- As the case itself indicates, the Microsoft antitrust trial represents an epic confrontation between the U.S. Department of Justice and Microsoft. At stake in this case is whether or not traditional antitrust law still applies in the New Economy where monopoly is the norm rather than the exception.



### Case 8.1 & 8.2 – Study Questions

- Which objectives of antitrust policy were central to the government's 1998 case against Microsoft?
- How would you assess Microsoft's guilt or innocence on each of the four allegations? Even if Microsoft has not broken the law, has it violated ethical norms of fair competition?



## Case 8.1 & 8.2 – Study Questions



- Antitrust laws such as the Sherman Act (summarized in the case) were written over 100 years ago when the economy was dominated by large manufacturing firms. Are these laws still relevant in an age of digital technology?

## Case 8.1 & 8.2 – Study Questions



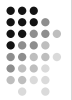
- How would you assess Microsoft's recent bundling activities (such as the bundling of its media player with Windows XP)? Are the worries about Microsoft's new initiative legitimate?
- What is the optimal solution to Microsoft's dominance in the marketplace? Should it be dismembered?

## Case 8.3 – The AOL Time Warner Merger

Overview and Study Questions



## Case 8.3 – The AOL Time Warner Merger



- Overview
  - For those interested in policy issues this case is certainly a suitable vehicle to discuss the U.S. government's information infrastructure policy.
  - It also provides an opportunity to consider the convergence of industries such as entertainment and telecommunications and the social problems that convergence might engender.

### Case 8.3 – Study Questions



- From a purely economic standpoint what are the pros and cons of this merger?
- What were the basic concerns of regulators such as the FCC?
- How might this merger jeopardize the end to end design philosophy of the Internet?
- Should the regulators put some restrictions on this merger? Explain.

### Case 8.4 – AT & T and the City of Portland

Overview and Study Questions



### Case 8.5 – Note on the Digital Divide

Overview and Study Questions

