

1993—of the Economic Community of West African States [ECOWAS], has led the search for peace throughout Liberia's difficult reconciliation process. President Soglo's administration has hosted several reconciliation conferences and efforts for peace in the region. As noted, he was elected twice to head ECOWAS, because the heads of state were looking for one of their peers who would be totally neutral vis-a-vis all the factions involved in the Liberian crisis.

Although a small nation of approximately 5 million people, Benin made a courageous offer to welcome Haitian refugees during the crisis of 1994. Moreover, Benin's government sent a police force of 30 to 50 persons to participate under the umbrella of the group for the restoration of democracy in Haiti. Benin was the only African country that agreed to do so.

Other examples of peace initiatives in West Africa include Benin's dialogue with its neighbors Niger and Togo. With Niger, Benin has established a joint border demarcation commission to resolve the dispute over the island of Lete on the Niger river. Relations with Togo were strengthened by a recent visit from Togolese Prime Minister Edem Kodjo. Regional stability will stimulate substantially more trade with and among the states of West Africa.

Mr. Speaker, the United States Government has strengthened ties with the Republic of Benin since it has become a model for democratization in Africa. Let us not forget that Benin was the first one-party Marxist State in Africa to achieve a successful transition to democracy, marked by the free and fair Presidential election of 1991. Benin is now using its international credibility and stature to facilitate peace in West Africa and the world.

THE SOFTWARE INDUSTRY IS FAC- ING INCREASING GOVERNMENT OVERSIGHT AND REGULATION

HON. RICK WHITE

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 11, 1995

Mr. WHITE. Mr. Speaker, later this month the House will take up historic telecommunications reform legislation to deregulate and introduce competition into areas that were previously monopolies by government franchise. I can assure my colleagues that the Commerce Committee, under the able leadership of Chairman Bliley and Subcommittee Chairman Fields, also has been on guard to ensure that, as we deregulate the telecommunications industry, we do not inadvertently begin regulating the computer and information services industries.

I am confident that this Congress would never create a "Federal Computer Commission." The computer industry is a model of how a competitive market fosters economic growth. Moreover, it illustrates how technological advance by one company can create enormous economic opportunities for many others in the marketplace. The most recent example, I am proud to note, is the development by Microsoft of its windows 95 personal computer operating system software and its new online information service, The Microsoft Network. As the Wall Street Journal recently noted, much of the high technology sector—and the market generally— anxiously awaits

the timely and successful launch of windows 95 and the Microsoft Network on August 24.

Given all this, I thought my colleagues might be interested in the views of several commentators. Many of them have raised questions about the Justice Department's investigation of Microsoft's decision to include a feature in windows 95 that will make it easier for customers to subscribe to the Microsoft Network if they choose to do so. These commentators wonder how such regulatory intervention in the computer industry benefits users, competition or the country generally.

I would ask that these articles be included in the RECORD.

[From the Wall Street Journal, June 19, 1995]

SUCCESSFUL LAUNCH WOULD BE A BOON TO DOZENS OF FIRMS

(By Molly Baker)

Microsoft's Windows 95 may create a tidal wave in the technology and financial markets, but investors looking to profit by it should search among the ripples.

Certainly no one should underestimate the significance of the new operating system, scheduled to be shipped on Aug. 24, less than 10 weeks from now.

"This is a broad infrastructure change that will have ramifications not seen before," proclaims Chris Galvin, a software analyst with Hambrecht & Quist. "This is not your normal upgrade cycle; it is a very significant event."

Obviously, Microsoft has the most to gain or lose from Windows 95 and its price already reflects that. But changes the system will bring—providing, of course, that it is successful—will be a boon to dozens of other companies.

REPLACING PCS

Consider, for instance, that the new operating system probably will make obsolete many of the personal computers sold in the past decade. The sheer number of people who will be seeking to replace or upgrade their existing PCs suggests that computer retailers like CompUSA will be mobbed.

"With its ease of use, [Windows 95] will also draw new users to computers for the first time. It's likely to be one incredible Christmas season," says Shelton Swei, a technology analyst and portfolio manager at Fred Alger Management.

"Because CompUSA is more on the consumer side, they will benefit from the consumers' quick adoption rate," says Mr. Swei. "They'll get traffic from people in the stores getting the upgrade and those people just might pick up a game or two at the same time."

Wholesale distributors such as Tech Data and Merisel can also expect burgeoning orders for both hardware and software. They are two of the largest middlemen that put computer equipment and supplies from the major manufacturers on the shelves of retailers.

UTILITIES PROGRAMS

Along with Windows 95, consumers will also be snapping up new utilities programs, such as virus protection and hard-drive backup tools, as the old set won't work with Windows 95. Many money managers are betting on Symantec, which controls about 75% of the utilities market.

"Our logic with Symantec is real simple. Once [Windows 95] gets released, the utilities upgrades will be pervasive, just like when Windows 3.0 was introduced," says Edward Antoian, a portfolio manager with Philadelphia-based Delaware Management.

Then there are the memory makers. Windows 95 will gobble up memory, requiring at least eight megabytes of random-access

memory, or RAM, to run its various tools. Most consumers have been buying computers with just four megabytes of RAM and will be turning to the memory providers for upgrades.

"I think eight megabytes of RAM will be underpowered, and most are going to be looking for 16 megabytes," predicts Charles F. Boucher, a semiconductor analyst with Hambrecht & Quist.

Although the big RAM makers such as Micron and Texas Instruments are the obvious names, smaller companies could profit from the memory demand.

"When it comes to Windows 95, anyone selling anything remotely related to memory will benefit—because you'll need it," comments Lise Buyer, an analyst with T. Rowe Price's Science and Technology Fund.

Integrated Silicon Solutions, which makes the higher performance SRAM memory circuits, is already producing at capacity and orders are expected to increase. The Sunnyvale, Calif., company's shares, which rose 1/4 to 5/8 Friday on the Nasdaq Stock Market, have soared from an initial offering price of 13 in February.

Another 1995 IPO that might ride Windows 95 to bigger gains is Oak Technology, a maker of semiconductors and software specifically for multimedia applications. Multimedia is supposed to be one of Windows 95's especially strong suits. Oak's stock has been rising in tandem with consumer demand for CD-ROM-equipped computers. Shares have more than doubled since Oak's first-quarter IPO at 14 a share to Friday's close of 34 1/4, up 3/4.

Once armed with the latest turbocharged computers and the new operating system, consumers will turn to software developers to write more advanced multimedia titles to take advantage of that power. To hear and see all of the bells and whistles of the new programs, computer makers and consumers will be loading their PCs with all kinds of graphic accelerator chips and boards.

SOARING SHARES

A number of smaller companies specialize in the graphic chips market, and their stocks have been soaring this year. S3 has more than doubled this year, closing Friday at 34%, down 1. Trident Microsystems has gained 64% this year to close at \$19.25 a share on Friday, up 1/2, while Chips & Technologies, which focuses on the portable PC market, has gained 55% since January to end last week at \$11.125, up 1.

S3 got an added boost last week when Compaq Computer said it would use an S3-produced multimedia chip package in one of its PC lines. Following the announcement, S3 said it was comfortable with analysts' sales estimates for the year of \$300 million, compared with \$140 million in 1994.

The second quarter played host to two hot IPOs of companies which make boards combining the various graphics and multimedia chips. Diamond Multimedia Systems and Number Nine Visual Technology should both get a boost from consumers who want to upgrade their capabilities without buying a new computer.

In addition to selling the boards, Number Nine also makes its own high-end 128-bit graphics card—enabling computing to run at near Mach speeds compared with the current 16-bit standard and Windows 95's breakthrough 32-bit capabilities.

"It's a small market right now, but that's where a lot of the growth will be coming from in the next few years," says Brad Hoopman, a technology analyst with Philadelphia-based PNC Small Cap Growth Fund.

With increased memory and the speed of the new system, more consumers will be turning to the Internet for entertainment

and information. They might need high-performance modems made by Microcom and U.S. Robotics.

One warning from the analysts: Software makers that aren't ready for Windows 95 when it arrives could be in for some hard times. They recommend evaluating software stocks in light of their ability to offer Windows 95 products.

"Clearly it's something that has to be thought of in the overall investment equation," advises Fred Alger's Mr. Swei. "When considering the technology stocks, you've got to think about whether the product can compete or will it just become irrelevant" in the post-Windows 95 world.

[From the Washington Times, April 21, 1995]
MICROSOFT DESERVES REVERSAL ON MERITS,
JUDGE'S GOOFINESS

There is no polite way to put this. The Sporkin-Microsoft antitrust case that goes before a U.S. Court of Appeals on Monday is just about the goofiest, weirdest, most bizarre case of its kind. Ever. Here are the basics of the case:

In the 1980s, Microsoft officials bet the ranch that they could build an operating system that would serve as a foundation, or platform, for most or all of the software applications that run on personal computers. They won—big.

Competition, naturally didn't like this much. Four years ago, they complained to the Federal Trade Commission and then the Justice Department. They said (anonymously) that SYS-DOS and Windows had been so successful that Microsoft's operating systems had become a monopoly. Which is true.

First the FTC and then Justice decided that, in fact, Microsoft did have a monopoly. Never mind that Microsoft had mostly guessed right and that thousands of independent software developers were exceedingly delighted that they had. The government decided to pursue an antitrust case against Microsoft.

Four years and millions of taxpayer dollars later, Justice decided that, well, maybe Microsoft did have a monopoly and their competitors didn't much like it. But consumers were happy—they were getting thousands of new software applications at lower prices—and there wasn't much of an antitrust case after all.

So Justice and Microsoft officials negotiated a deal, a consent decree that essentially ordered Microsoft to change the way it licensed its operating system to others. Everyone—except Apple Computer Inc., and other direct competitors—seemed to be happy.

In the end, the Justice Department conducted more than 100 interviews at about 80 companies, reviewed more than 2 million pages of documents, and devoted more than 20,000 paralegal and economist hours on the case. Kind of takes your breath away.

But this story, as bad as it seems, did not end there. Instead, Stanley Sporkin, the federal district judge assigned to review the consent decree, read a book called "Hard Drive" during his vacation and created a whole bunch of new kooky things for everyone to look at and basically threw the case out and told them to start over.

Judge Sporkin, for instance didn't like something called "vaporware," and was mad that Justice didn't pursue this. And what, exactly is vaporware? Glad you asked.

When a company like Microsoft is developing a new operating system, it announces its

future plans to market such a new system. Mostly, it lets computer buyers, dealers, and software makers (or even consumers) know that something new may be on the horizon.

But Judge Sporkin said, no, this "vaporware" (as in, it doesn't exist yet and may never actually exist) is nothing more than a sinister plot by Microsoft to keep people from buying similar competing products before its own product emerges from the factory.

Let's take the judge's reasoning out to its conclusion. Instead of telling people (beforehand) what Windows 95 will look like when it comes out, Judge Sporkin wants Microsoft to just drop the program in people's laps one day. Sure, that makes a lot of sense.

In addition, Judge Sporkin apparently entertained some rather unusual "ex parte" communications with quite interested third parties while he was deliberating the case.

For instance, according to Microsoft's Appeals Court brief, Apple sent a letter and five affidavits accusing Microsoft of various actions unrelated to the Justice case directly to Judge Sporkin's chambers. The other side didn't find out until later.

And a software industry commentator faxed an accusatory letter directly to the judge's chambers opposing the consent decree, according to Microsoft's brief. Judge Sporkin didn't bother to tell anyone about this, which only later emerged as court documents became available.

Just think of the possibilities if all judges had faxes in their chambers to receive such ex parte communications. Have a problem with the way the O.J. Simpson case is going? Just fax in your comments to Judge Lance Ito's chambers.

Reading through the transcript of the Sporkin proceedings is a journey through fantasyland. At one point, he said he was raising issues unrelated to the case before him because "I read a book once that raised all these issues, and that's why I raised them."

At another point, he urged Microsoft legal counsel to read "Hard Drive" so everyone would be on the "same page" and constantly referred to things he'd clearly read from a stack of newspaper clips in his chambers.

And at yet another point, Judge Sporkin said he was concerned about the "schnook consumer" who might be thinking of buying "Turbo Charge." Never mind that cars are turbo-charged and that computer run a programming language called TurboBASIC.

Make no mistake about any of this, Microsoft is clearly an aggressive—maybe even ruthless—company. It offers deals that can't be refused to computer hardware manufacturers so they will install Microsoft operating system in their computers.

But none of this is illegal. Microsoft cornered the market on personal computer operating systems by offering very good products at very good prices. Simple as that.

And no amount of equivocating by anyone—including a judge who wants to be the mediator of the computer industry for perhaps the next 10 to 20 years—is going to change that fact.

Even if Microsoft CEO Bill Gates and his good friend President Clinton, did cut their own side deal on a golf course somewhere to get Justice to back down in the antitrust case, it makes no difference.

The case against Microsoft was a joke to begin with, and it only got worse with the passage of time. "Schnook consumers" are getting murdered by this entire mess.

If there is any intelligent life left in the federal judicial system around here, the U.S. Court of Appeals should review the case immediately, order another federal district judge to enter the consent decree, and let the computer industry get on with its life.

Oh, and while it's at it, the appeals court might want to tell Judge Sporkin to turn off the fax machine in his chambers and avoid bookstores on his next vacation.

CROATIAN AMBASSADOR EXPOSES YUGOSLAVIA'S MILITARY INVOLVEMENT IN SERBIAN OCCUPIED CROATIA

HON. GEORGE P. RADANOVICH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 11, 1995

Mr. RADANOVICH. Mr. Chairman, a memorandum sent by Dr. Petar Šarčević, Ambassador of Croatia to the United States, exposed compelling evidence of direct military involvement by the Yugoslav Government in assisting secessionist Croat Serb forces. I have submitted this memorandum in order to make my colleagues aware of the gravity of these circumstances in hopes of continuing support of internationally imposed sanctions on Yugoslavia.

Washington, DC, June 30, 1995.

Re Belgrade regime responds to offers for suspension of sanctions by stepping up its intervention in the Croatian occupied territories.

To: Members of the U.S. Congress.

From: Dr. Petar Šarčević, Ambassador.

It is with deep concern that I write to you regarding the dangerous build-up of the Yugoslav army forces in the occupied territories of Croatia.

During the past several weeks the international community has been engaged in intensive negotiations with the Belgrade regime over suspension of sanctions in exchange for the normalization of relations with Croatia and Bosnia-Herzegovina. Concurrently, the Belgrade regime stepped up its intervention in Croatia's occupied territories. Croatia has obtained copious evidence that documents the active engagement of the Yugoslav army in Croatia by: sending equipment from Serbia and Montenegro to the occupied territories; directing the paramilitary units on the occupied territories through Belgrade-commissioned officers sent to these territories for that purpose; paying the wages of those officers and of other members of the proxy government and military; and forcibly mobilizing citizens of the "Federal Republic of Yugoslavia" (Serbia and Montenegro) and ethnic Serb citizens of Croatia and Bosnia and Herzegovina for military service in the occupied territories of Croatia.

Taken together, the above evidence (see Attachment) is tantamount to yet another breach of the internationally recognized borders that UNCRO is supposed to protect, as well as fortifying the unlawful occupation of Croatia's territories. At the same time, this evidence confirms an additional build-up in the region, and specifically, threatens the adjacent Bihać safe area in Bosnia and Herzegovina. This situation could result in a renewed attack from occupied Croatian territories on this important Bosniac enclave. My Government would then be placed in a very difficult position in light of its sincere efforts to meet and honor the obligations in bilateral agreements with Bosnia-Herzegovina.

I appeal to you to keep abreast of developments in both the occupied territories of Croatia and neighboring Bosnia-Herzegovina. Your highest consideration of this escalating situation is essential.