The authors considered firms' decision on whether to become unionized or not when network externality is completely compatible. By assuming firm-specific unions and efficient bargaining (*EB*) between the firms and unions, they showed that *EB* arrangement is more likely to be chosen by a duopoly when this network externality is large enough. Moreover, an incumbent may choose to be unionized to deter market entry. However, generally the ability to deter entry decreases with network externality.

The following comments may help to improve the current paper.

1. It is necessary to state clearly the main contributions of this paper. What is the main difference between results of this paper and that reported in Italian Economic Journal by the authors? Explain the importance of the difference.

2.The paper requires some empirical evidence to support the importance of considering firm-specific union in the presence of compatible network externality. Here, firms become coordinated via complete network compatibility, whereas union is firm-specific rather than centralized. In what situation it is easier for firms than unions to get coordinated?

3. This paper assumes that two firms' products are completely compatible. What if they are incompatible (the network externality is thus $n \times y_i$ rather than $n(y_i+y_j)$ for firm i)? The authors may consider this case when duopoly is given in the market. Moreover, in the case of a monopoly facing a potential entrant, the paper considers that the incumbent decides whether to be unionized or not to deter entry. Why does not the incumbent choose to be incompatible to deter entry? Is being incompatible more or less difficult than choosing to be unionized? To follow Kats and Shapiro (1985), the authors may also consider that products are incompatible before entry and compatible after entry. Entry costs incurred by entrant thus involves network compatibility. I suggest the authors provide some discussions on comparison of the equilibrium results in cases of incompatible network externality and the present case considered by the authors.

4. I also suggest providing some economic intuitions to the results of the present paper. It appears that without network effects wages are strategic complements and outputs are strategic substitutes. The authors should explain how positive network effect affects the

reaction functions(and their movements), and provide intuition accordingly. Besides, regarding the scope of bargaining agenda between firms and unions, what will be a union'sattitude towards *EB* with respect to changes in *RTM* with the network effect? This may help to justify why *EB* has been chosen as a sole bargaining agenda in this paper.

5. As other referees have noted, in addition to correcting typos throughout, the authors should make clear what y_i means: it is either $y_i=q_i$, or$y_i=(q_i)/(q_i+q_j)$.