Discussion of “Leveraging Monopoly Power by Limiting Interoperability”

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New and Relevant

- **Robust incentive to leverage monopoly power to price discriminate via interoperability degradation of complementary product.**
  - Note that if this possibility is not considered, you could overestimate margin on monopoly product
- **Estimate in a real-life, timely setting.**
- **Exposition is easy to follow and implement!**
  - PLUS Chris generously answered questions and shared his data before this discussion!

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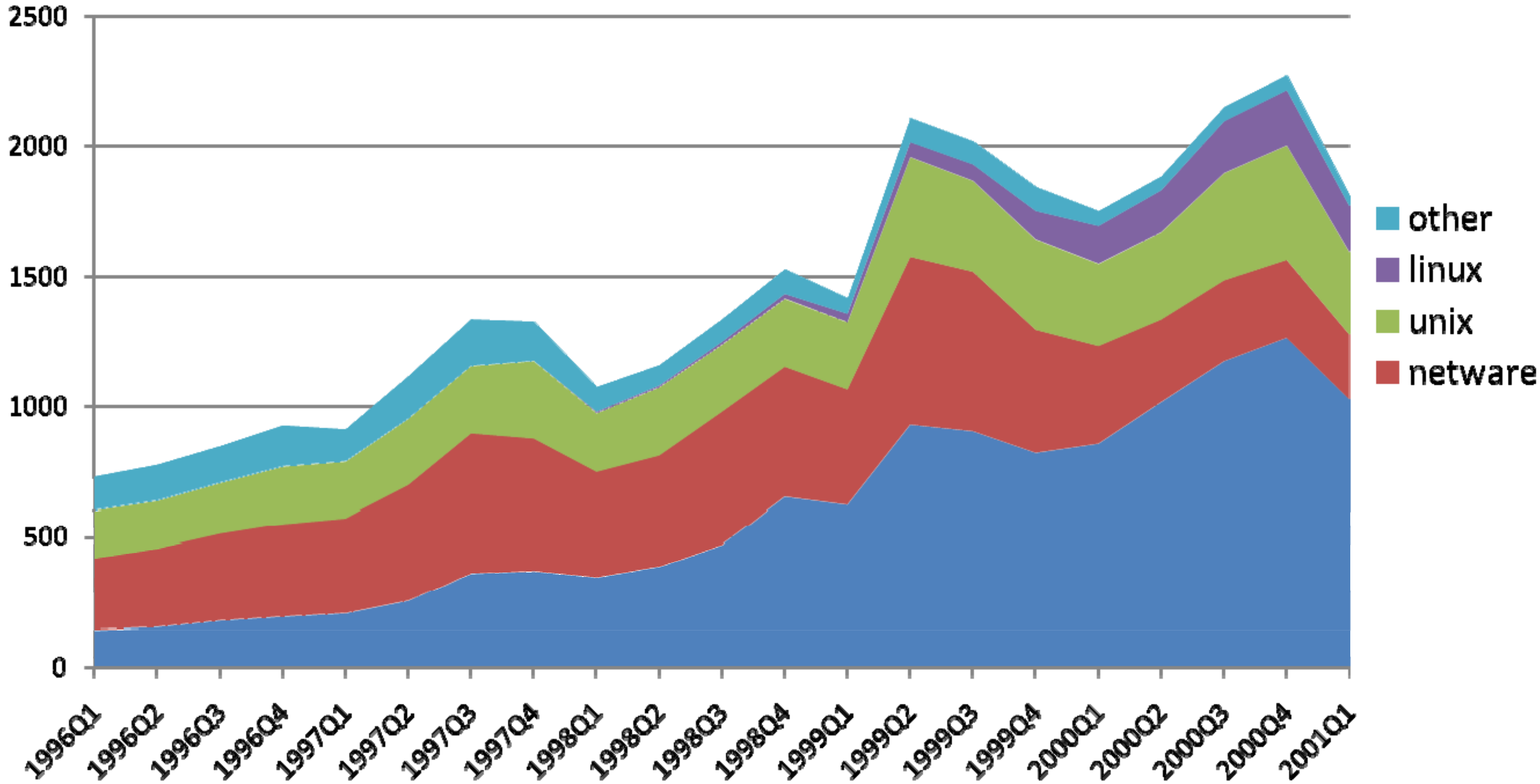
Levels: growing market



Interoperability Coefficient α

- **Specified as coefficients on RAM & RAM*Windows**
- **Random coefficients should be for both, not just RAM**
  - Could drive lack of heterogeneity on RAM?
  - Affects PC demand, but I think larger incentive results still go through.
- **Estimating incentives AND α assuming that α is constant and not optimally chosen**
  - If we let α vary over time, estimates of incentives would change (less stark?)

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Caveats to application

- Interoperability could also be *less* than optimal
- More gentle interpretation: even if not explicitly degrading, monopolist has no incentive to exert effort to be more interoperable
- Instruments: Have to be careful in time series where prices rise and then falling product characteristics.