RPM Structured Rule of Reason	
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 Legeen: RPM treated under rule of reason Comanor proposal European Commission recently adopted a more open attitude towards non-price restrictions but maintained RPM on a black list 	
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 Both price (e.g. RPM) and non-price restraints (e.g. exclusive territories) have positive and negative effects on economic welfare, depending on the context in which they are used Moreover, a comparison of the welfare effects of exclusive territories, RPM and exclusive dealing shows that the balance is not clearly in favour of non-price restrictions 	

 It is clear that minimum prices (a variant of RPM) may be sponsored by distributors to maintain a retail cartel: that is, an illegal horizontal agreement can be disguised as vertical arrangements that restrict prices; that would amount to an horizontal agreement, which is per se illegal Less clear is the case of purely vertical contracts, where producers and distributors bilaterally negotiate their own wholesale and retail prices 	
 RPM can help a manufacturer to better exert its market power. Hart and Tirole (1990) show for example that a producer is tempted to free-ride on its retailers when vertical contracts are privately negotiated and not publicly observed O'Brien and Shaffer (1992) further show that bilaterally negotiated price ceilings, too, can prevent opportunism 	
Dobson and Waterson (1997) study instead a bilateral duopoly with interlocking relationships. Assuming that manufacturers use (inefficient) linear wholesale prices, they show that the welfare effects of RPM depend on the relative degree of upstream and downstream differentiation as well as bargaining powers RPM can be socially preferable when retailers are in a weak bargaining position, because the doublemarginalization problems generated by the restriction to linear wholesale prices is more severe	

 Rey and Verge (2002) show, where manufacturers and retailers have interlocking relationships, that even as part of purely bilateral vertical contracts, RPM indeed limits the exercise of both inter- and intra-brand competition and can even generate industry-wide monopoly pricing The final impact on prices depends on the substitutability between retailers and between manufacturers, and on the extent of potential competition at the retail level 	
Jullien and Rey (2000) stress that by making retail prices less responsive to local shocks on retail cost or demand, RPM yields more uniform prices that facilitate tacit collusion, by making deviations easier to detect	
Conclusions • Although market power is a necessary condition for RPM structured rule of reason, it is difficult to specify other conditions, except the effects-based approach of "decrease in consumer welfare" by undertaking an analysis of market variables in a counterfactual • When tacit collusion structures are present a "per se" illegality rule should be applied	