Unilateral effects: Requirements

- General requirements of the theory
  1. The products of the merging firms must be differentiated and have different dollar margins (premerger, postmerger, or both)
  2. The products of the merging parties must be close substitutes for one another
  3. The products of (most) other firms must be sufficiently more distant substitutes to permit the merged firm to profitably increase price for at least one of its products
  4. Entry, expansion or repositioning into the products of the merging firms must be sufficiently difficult so as not to defeat the profitability of the merged firm increasing its prices postmerger

- Specific Guidelines requirements
  - 1992: Merging companies—
    1. had to be each other's closest competitors, *and*
    2. the combined firm had to have a market share of at least 35%

    Problem: Some cabining was necessary, since otherwise the unilateral effects theory would apply too broadly to any merger where the combining firms have positive cross-elasticity with one another and a positive margin and the market exhibits barriers to entry and repositioning

  - 2010: Eliminated both the closest substitute and 35% share requirements