legislations or their enforcement are hardly ever discussed in any of the newspaper articles or in the television talk shows. In most cases, the focus tends to move tangentially, leaving the listener or reader rather uncertain regarding appropriate action. In fact, the piece of legislation relevant to price fixing in Bangladesh is quite difficult to get hold of, and even after I had discovered it in the law indices, it was not clear if it was still operational.

The MRTP Ordinance 1970 (PC vol17 pp.508-523) was written under martial law 37 years ago, and some of the clauses make no sense in today's context. As it stands today, the ordinance is as good as obsolete.

Interestingly, the price fixing under collusive agreements between competitors was prohibited even in that ordinance. If the ordinance is still operational, price fixing is theoretically still prohibited under it:

"Unreasonably restrictive trade practices shall be deemed ... If there is any agreement between actual or potential competitors for ... fixing the purchase or selling prices or imposing ... with regard to the sale or distribution of any goods or services."

However, it is limited by a few exclusion clauses drafted in old US anti-trust metaphors. If it were a part of any comprehensive national competition legislation today, as mentioned earlier, the exclusion clauses would not have been there.

As we can see, the concept of a competition policy is no stranger to us. We just need to revisit it and put things into perspective, in particular, with regard to its relationship with the current situation.

The inflation debate

There are three major reasons for the unabated inflation that we face today:

- **Excess money supply.** Pressure from exports earnings, remittances, etc (pointed out prudently in "Where is Bangladesh Bank in the Inflation Debate" (June 14, The Daily Star, Faisal Salahuddin).
- **The structural issues of the market.** The existence of cartel and exploitative behaviour of actors within the supply chain (there are the issues relevent to competition policy and this article).
- **External shocks.** Oil prices, exchange rates, economic factors in neighboring countries, etc.

The government just needs to get its direction right. These are cases of market failure, and to rectify the situation the first thing that is needed is comprehensive competition and consumer legislation.

The point to clarify here is that the excess money supply is definitely the largest contributor to the inflation that we are faced with. Therefore, no matter how well you handle the structural nuances, it will remain as the major problem. However, the reverse argument is also true. That is, even if you manage the monetary policy well, you need to rectify your market structures sooner or later. The two issues are very much independent in nature; while one relies on the central bank and its policies, the other relies on legislation and their proper enforcement.

On the other hand, external shocks are part of any modern, open economy. It is very difficult to predict them, and it is even more difficult to insulate a market from them. This makes the structural issue and the competition policy all the more relevant to the anti-inflation campaign.

The main legislation

The anti-price fixing legislations fall under a category known as the Restrictive Trade Practices (RTP) legislation. It is the mainstay of a competition policy, and definitely the most relevant legislation pertaining to our inflation debate (not "anti-hoarding law," whatever that is). These sets of legislations are usually designed to safeguard competition against anti-market forces which "substantially lessen" it. This concept follows from the US anti-trust law. In particular, the Sherman Act of 1890 and the Clayton Act of 1941 were the basis of its origin.

The idea behind RTP is simple. It is assumed that competition is beneficial to market allocation and productive efficiencies, thereby reducing prices. This leads to obvious benefits to the consumer. However, given the chance, some businesses tend to monopolise the market in search of higher, or supernormal, profits, as in the case of our price syndicates. RTP legislations prohibit such behaviour.

The Sherman Act 1890, proposed by Senator John Sherman and enacted by President Benjamin Harrison, was the first of its kind, and stated:

"Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a felony ..."