There are basically three types of RTPs which affect the market:

- **Horizontal Acts**, or collusive behaviour among competitors; e.g., price fixing, bid rigging, market sharing, etc.
- **Vertical Acts**, or agreements among buyers and suppliers; e.g. minimum sales price (also known as resale price maintenance, misuse of market power, etc).
- **Mixture** of horizontal and vertical acts; e.g. mergers and acquisitions.

The economic benefits from prohibiting vertical acts are intuitively less clear than that of the horizontal acts. Therefore, as far as we are concerned, the focus should be on horizontal acts or collusive behaviour among competitors only.

This move will serve two purposes. Firstly, it will address the issue of price fixing directly, which after all is the order of the day. Secondly, bringing in the prohibitions against collusion will also serve as an "introducer" to the public, for the legislation may be difficult to comprehend at first. We have to understand that, in a country where killing of the innocent go unheeded at times, the niceties of the Sherman Act may not be appreciated overnight.

However, the other categories cannot be pushed under the table. For example, the time for dealing with mergers and acquisitions may arrive sooner than we think. What if tomorrow one of our cell phone companies wanted to take over one or more of its competitors? Should the government allow it?

Therefore, in our context, it is better to enact all of RTP together. However, enforcement should be selective. The horizontal prohibitions should lead the way; the other ones should follow according to need.



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An important by-product

The second set of legislations relevant to our inflation debate concerns consumer protection (CP). The primary role of CP is to protect the consumers against unfair practices. Its positive effects on competition and, hence, on prices of commodities come almost as a by-product. The Australian Trade Practices act 1974 describes the scope of consumer protection as "for its own sake and for the sake of competition." Although its primary objective is to make sure that the ordinary consumer is not cheated, in effect, it also enhances competition.

It is assumed that a certain behaviour, called "unconscionable conduct," is responsible for higher prices. As far as we are concerned, it involves unscrupulous or immoral behaviour within the supply chain of our market. It may occur at the very beginning, when the product moves on to the suppliers (middlemen in our case) from the producers. It may also take place at the other end, in the market place, were sellers take advantage of the weaker bargaining power of the buyers.