

Exam III Review
Fall 2008
Exam III: November 21or 24

Alternative Market Structures (Chapter 7, Schrimper, Chapter 2, Rhodes, Class Notes, and Class Handouts)

- Be sure to understand and identify the differences in the classification criteria for various market structures (e.g., number of buyers/sellers, product differentiation, ease of entry/exit, market information, and whether they are a price taker or a price maker)
- How do the supply and demand curves facing individual firms vary in the perfect competition models vs imperfect competition models?
- Be able to discuss and/or show graphically how price and quantity are determined in each market structure model. Recall that economists utilize a variety of models to attempt to describe pricing behavior in an oligopoly market structure.
- What is the difference between an oligopolist and an oligopsonist? What about a monopolist vs. a monopsonist?

Structure-Conduct-Performance – Class Notes and Various Handouts

- Identify the main variables that an economist evaluates in terms of market structure, market conduct, and market performance.
- Review the starred (*) definitions on the handout “Food Market Structure: Glossary”
- Be able to define and calculate concentration ratios such as CR-4 and CR-8.
- Graphically illustrate the goal of advertising. What is the difference between brand name and generic (commodity promotion) advertising?
- Be able to distinguish between pricing and operational efficiency.
- Discuss some of the concerns and benefits of imperfect competition for both producers and consumers.
- Provide some examples of how governments can intervene in food markets to impact market structure, conduct and performance

Price Discovery (Chapter 8, Schrimper, Chapter 2 Rhodes)

- Distinguish between price determination and price discovery.
- Identify and briefly distinguish among various price discovery systems.
- What factors effect the adoption of a particular price discovery method?
- What is vertical integration? Provide an example in agricultural markets.
- Why is contracting increasing relative to other price discovery systems?
- Distinguish between a marketing contract and a production contract.
- Are crops or livestock more likely to be sold via production contracts?
- Review contracting trends for some major crops/livestock enterprises (ERS Tables 4-5)
- Identify some advantages and concerns of contracting (sellers vs buyers vs consumers).