

**YouTube Title:** “Archer Daniels Midland Segment from “Fair Fight in the Marketplace”

<http://www.youtube.com/watch?v=DPXTsPS-hyw>

**Video Length:** 6:28 minutes

**Chapter 11:** Oligopoly, p. 239

**Topic:** Coordination Problems, p. 253

**Key Terms:** Oligopoly, cartel, anti-trust laws, price-fixing, concentration ratio

**Learning Objective 3:** How interdependence affects oligopolists’ pricing decisions.

### **Economic Application**

This video segment from “Fair Fight in the Marketplace,” describes a worldwide price-fixing conspiracy by Archer Daniels Midland (ADM) in the production of an amino acid (L-Lysine, a feed additive) used by ranchers for livestock and poultry. The cartel that was created in the market for amino acids raised an additional \$200-250 million in profits through price-fixing and collusive behavior.

### **Multiple-Choice Question**

The cartel depicted in the video segment from “Fair Fight in the Marketplace,” engaged in price fixing in order to:

- a) keep their customers as their friends.
- b) create a situation where more firms will enter the amino acid market.
- c) create a situation where the cartel is complying with U.S. anti-trust laws.
- d) increase their profits.

### **Discussion Question**

Why did the cartel depicted in the video segment (including Archer Daniels Midland) engage in price-fixing when it is clearly illegal?