

**Graddy (1995) : Testing for imperfect competition at the Fulton Fish Market**

The objective of this research paper was to analyze and test whether an imperfect competition exists in the Fulton fish market which was believed to be a highly competitive market. The author chose the whiting fish for the study due to three reasons. First, more transactions have taken place in this fish than almost any other fish. Second, the size and quality among the whittings do not vary as much as other fish. Finally, the dealer from whom the data was collected suggested that the whiting is the only fish that salesmen are willing to have an observer.

The researcher used two methods to collect the data. First, the inventory sheets supplied by one dealer. Second, the author spends 19 days at the market recording data by hand. To summarize, the data consist of 2,868 transactions for one dealer during the time period December 2, 1991 - May 8, 1992 and 489 transactions during the period April 13, 1992- May 8, 1992. The author constructed the cross sectional data analysis in order to understand the pricing pattern of the whittings in the Fulton fish market.

The regression analysis consists of the following variables: time of trade which was broken into three dummy variables, the trades that took place on or before 5:00 A.M. (TIM1), trades during 5:00 A.M. to 6:00 A.M. (TIM2), and trades from 6:00 A.M. through 7:00 A.M. (TIM3). The variables also consists of location (MLOC), store (STORE), Asian customer (ASIAN), Black customer (BLACK), Average quantity (AVQUAN), cash (CASH), the number of times the customer purchased during the time period (REG), and time (TIME).

According to the analysis, it is suggested that white salesmen charge white buyers significantly higher than they charge Asian buyers for the same type and quality of fish. The White buyers usually pay 7 percent higher for whiting fish than do Asian buyers. Therefore, the results are contrasted to the predictions of the standard model of perfect competition which the law of one price does not hold at the Fulton market.