

Laboratory 2 : Simple Markets

Tuesday 28th April, 2020

Objectives

Exploration of market pricing in very simple simulations using the experimental method.

This laboratory counts towards your grade - please hand in at end.

Tips

In theory markets set prices according to supply and demand. However, both of these are represented through monetary transactions, which means the local availability of money is a critical element in simulation behaviour.

Click on the Farm to see details of production. Note that the Output:Labour is the amount produced per worker.

Simple Market Experiment

1. Drag and drop a Bank from the left hand side menu onto the main screen.
2. Drag and drop a Farm from the left hand side menu onto the main screen.
3. Add 10 workers using lower right hand side (click inside box to bring up menu)
4. Using the "Select Charts" menu (click on the Charts), select Production, Consumption, Prices, Unemployed and turn off all other charts.
5. Step forward 1 month.

What happens and why?

How often are the workers being paid?

Partial Equilibrium

First Work out a combination of workers, production, and prices that will satisfy partial equilibrium.

Second Create a simulation with these parameters. What happens?

Third Run a series of experiments using the above simulation, but varying the amount consumed and the amount stored and list the results.

Optional

What happens if there is more than 1 Farm?