

A *Non-Tâtonnement* Model with Producers' Stocks and Costs of Storage

Monika Naskręcka
Poznań University of Economics

Summary: Equilibrium and stability in *non-tâtonnement* models are one of the most frequently investigated properties in the general equilibrium models of competitive economy. In simple *tâtonnement* models of price dynamics it is assumed that the sale-purchase transactions are concluded only when the economy reaches equilibrium prices. They serve to determine these prices rather, than to describe real economic process. However transactions take place in real time, and consumers and producers do not put them off and do not wait until equilibrium price is determined. Before prices approach the level of the equilibrium, in the economy there may persist for an extended period of time imbalance - the situation in which the excess demand in the market for at least some of the goods will be positive or negative. When this value is negative, storage occur in the economy.

During the lecture I will present the market model, in which transactions may take place during the process of price adjustment and producers can accumulate the storage. The cost of storage is positive and this will influence producers' decisions about the optimal level of production. I will also examine the impact of storage on the trajectory of prices and market stability.