

Demand & Supply Experiment

Week 3

Current Price

1st round: 7 TL => 4 TL => 9 TL => 8 TL => 8 TL => 3 TL => 13 TL => 3 TL =>
12 TL => 9 TL => 7 TL

2nd round : 4 TL => 10 TL => 7 TL => 7 TL => 9 TL => 6 TL => 8 TL => 4 TL
=>4 TL

3rd round: 5 TL => 7 TL => 6 TL => 6 TL => 6 TL => 8 TL => 6 TL => 11 TL => 9
TL

Procedure

1. You will be assigned to [Consumer/Producer] or [Buyers/Sellers].
2. The instructor will distribute the black cards (Spade and Clover) to the Producers and the red cards (Diamond and Heart) to the Consumers. **DO NOT SHOW IT TO EACH OTHER. It's your private information.**
3. Each card represents one unit of an imaginary good.
4. The number on the card indicates the value of the good for you.
 - e.g. For consumer, it's the value you get from the good.
 - For producer, it's the production cost of the good.
5. Consumers and Producers meet and negotiate for the price. Again, do not show your card to each other.

Trade

- You will negotiate your price.

Consumer: If the suggested price is less than the value on the card, you can buy. The larger the difference (the value on the card – price), the larger the benefit is for you.

Producer: If the suggested price is more than the value on the card, you can sell. The larger the difference (the value on the card – price), the larger the benefit (profit) you will get.

**i.e. Consumer: card value = 8, suggested price is 7. you can buy.
card value = 5, suggested price is 7. you won't buy.**

**Producer: card value = 8, suggested price is 7. you won't sell.
card value = 5, suggested price is 7. you will sell.**

Trading Procedure

- Find somebody (if you are a consumer, find a producer, and vice versa) and Negotiate
- If you agree with the price, Report the agreed price to the instructor.
- The instructor will announce the price agreed to the class.
- One trading is completed, sit and wait for the next round. While waiting, fill in the worksheet and calculate your benefit.