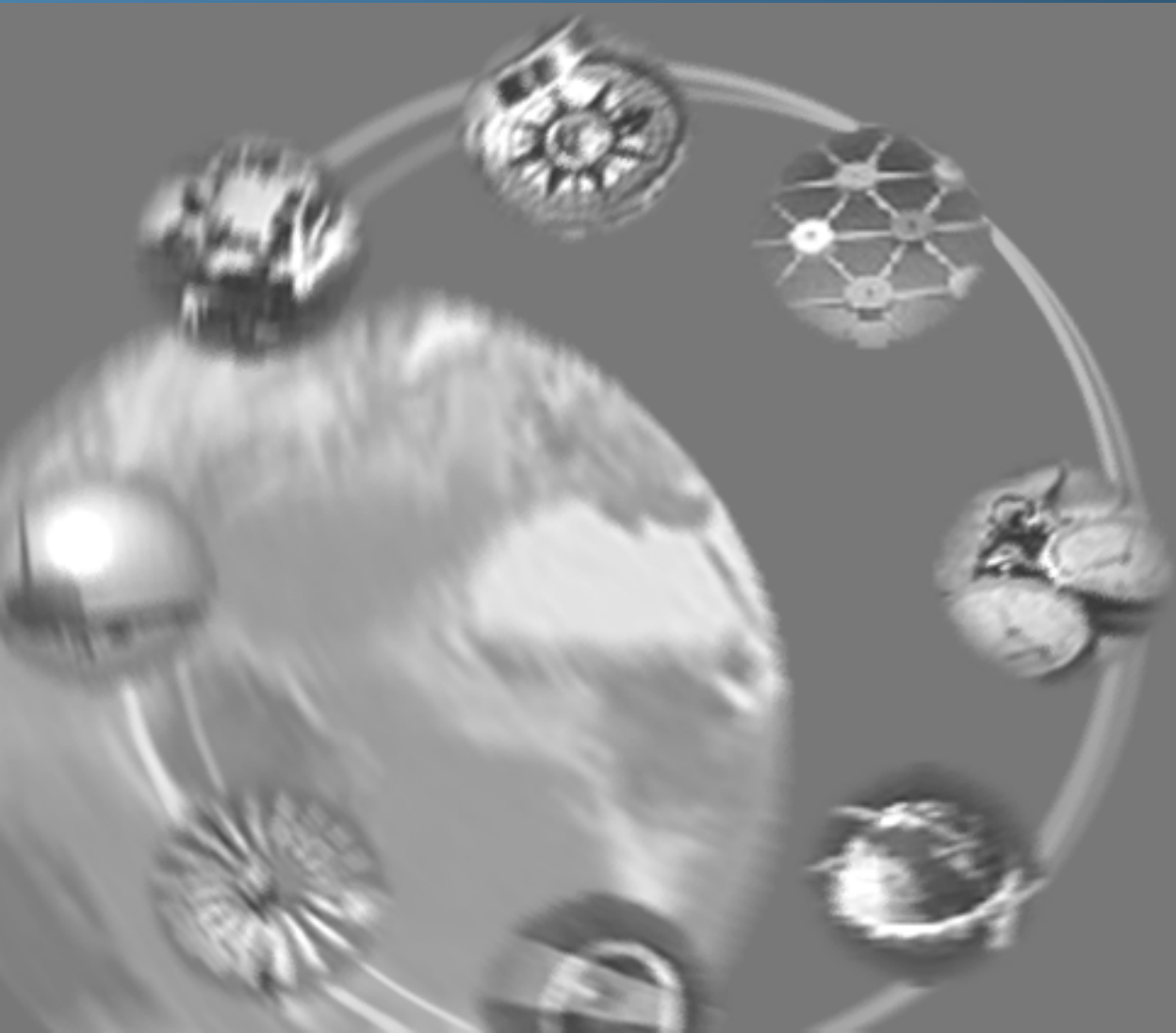


Where Did the Gasoline Go?

Identifying Stock & Flow Structure

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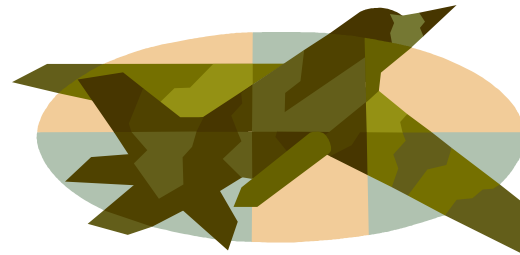
Lecture Outline

- Contribution of Stocks to Dynamics
- Identifying Stock and Flow Structures
- Mapping Stock and Flow Structures
- Where did the gasoline go?

Characterize the state of the system

Provide decision-makers with the basis for actions

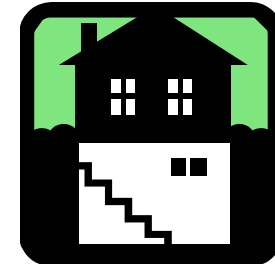
- Pilot: aircraft's position, heading, altitude, fuel level
- Firm: order backlog, inventory stocks, labor force
- Balance sheet: cash, inventory, payables, debt



Provide systems with inertia and memory

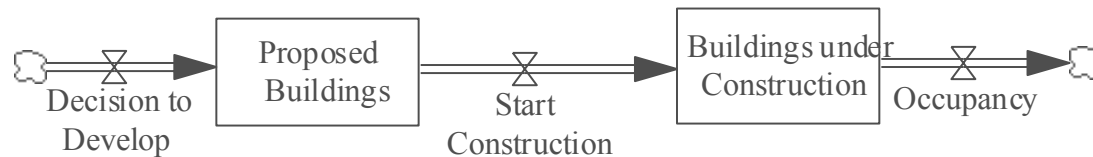
Stocks accumulate past events.

- Lead in the paint of housing remains high (banned in 1978).
- Ozone-destroying chloride by CFC will remain for decades.
- Beliefs persist over time, generating inertia and continuity in attitude and behavior.



The source of delays

A delay is a process whose output lags behind its input. The difference between the input and output accumulated in a stock of material in process

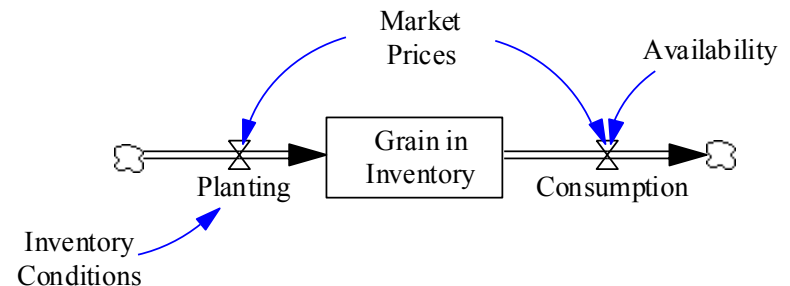


Create disequilibrium dynamics

Stocks absorb the differences between inflows and outflows, permitting them to differ. As a result, disequilibrium is the rule rather than the exception.

- What if there is no buffer or stock?
- Whenever controlled by different decision makers, subject to random shocks, a buffer or stock must exist.
- Whether/how equilibrium is achieved is an emergent property of a system.

Stockpiling grain during the 7 good years





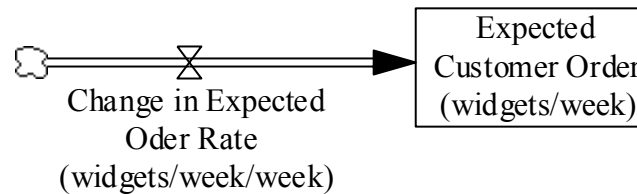
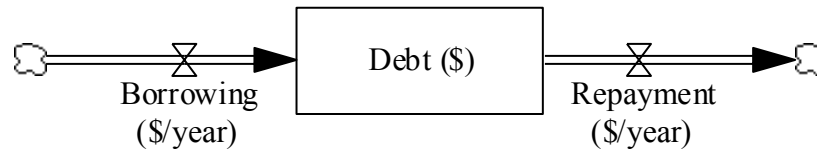
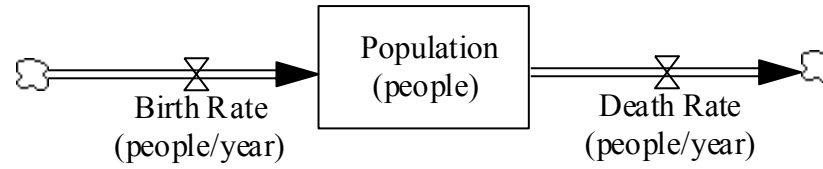
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By units of measure

Items	Stocks	Flows	Units
Company sales	√	\$/year	
Phone calls on hold	√	calls	
Workers	√	persons	
GDP		√	\$/year
Cash flow	√	\$/year	
On-going projects	√	units	
Greenhouse gas emissions	√	tons/year	
Price of product	√	\$/unit	
Employee morale	√	level	
Depreciation	√	%/year	
Construction work quality	√	level	

The Snapshot Test



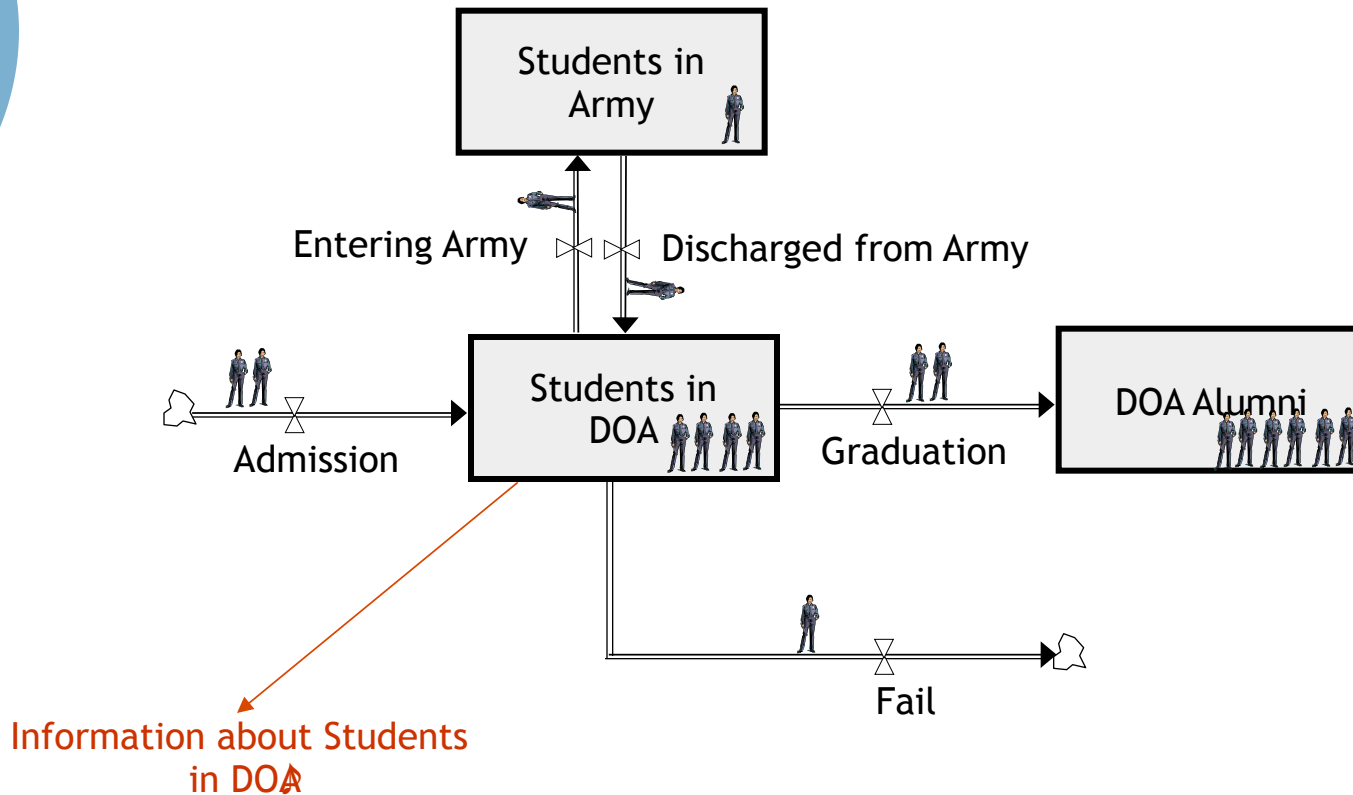
***Actual Customer Order:
a stock or flow?**



Lecture Outline

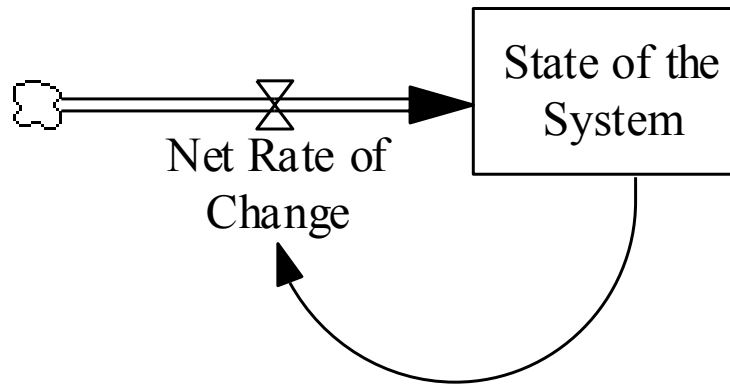
- ✓ Contribution of Stocks to Dynamics
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Conservation of Material in S&F



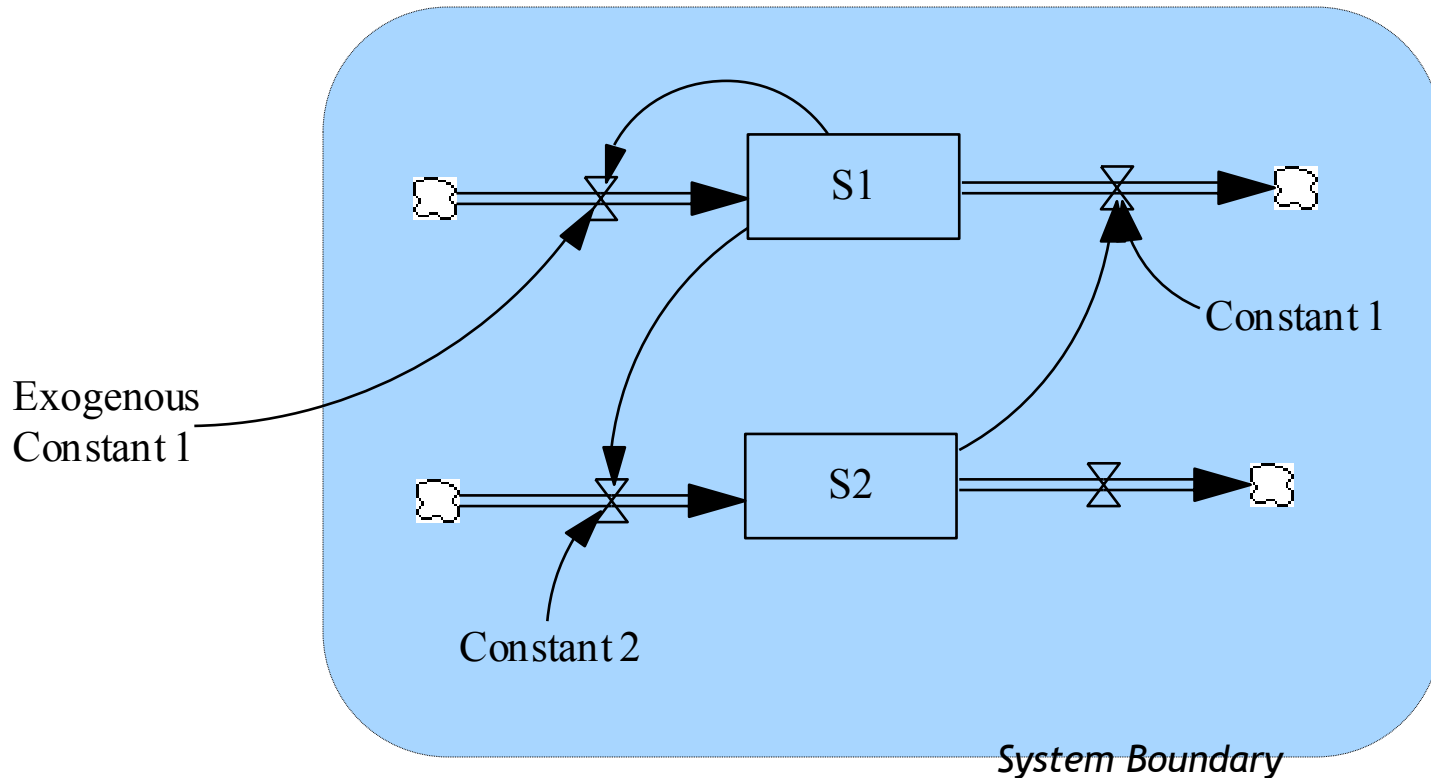
State-Determined Systems

Systems evolve by feedbacks of information from the state of the system to the flows, which in turn alter the states.

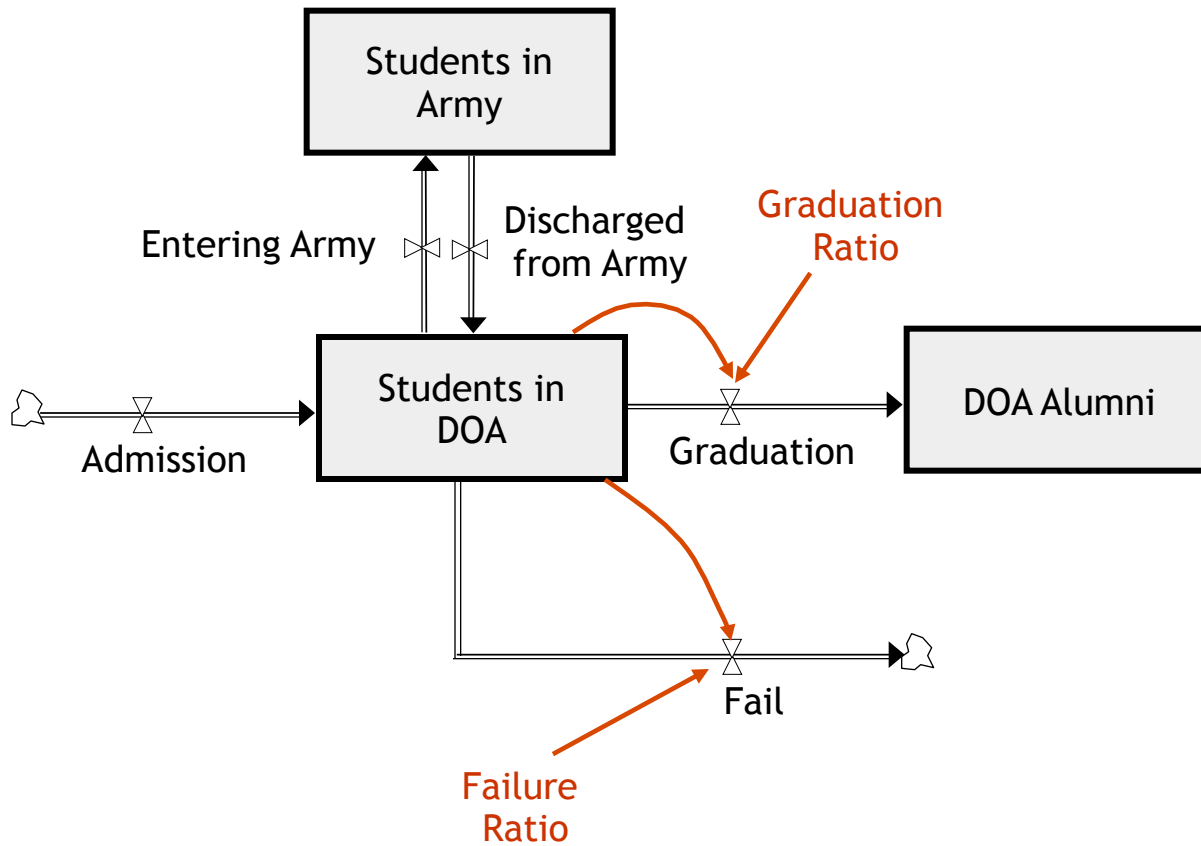


State Variables

State variables including constants (endogenous, exogenous) determine rates.

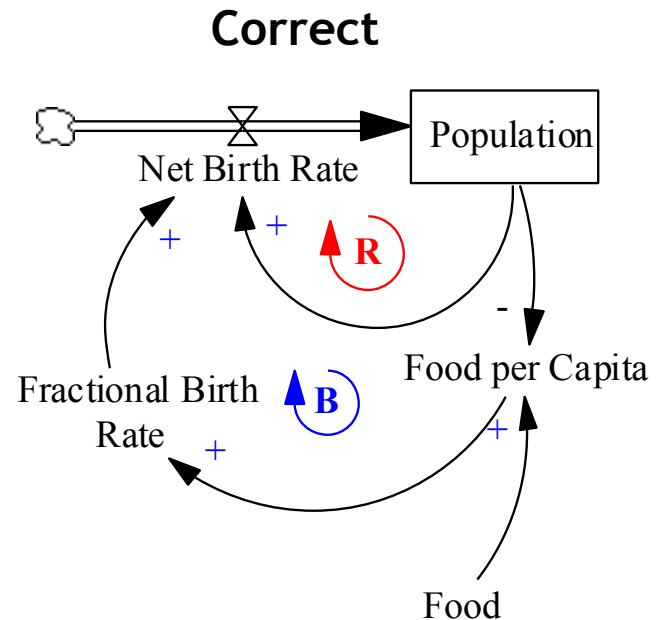
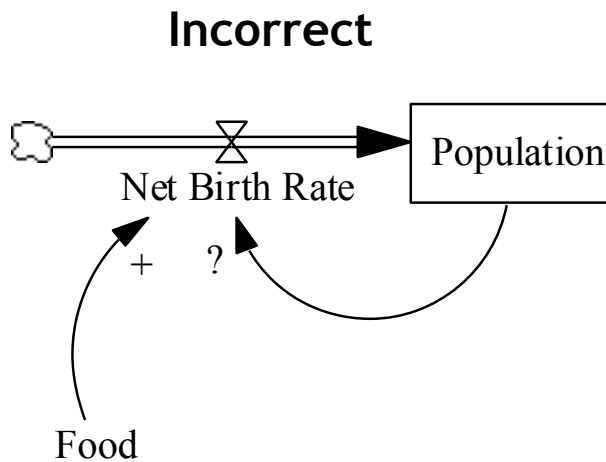


Examples



Auxiliary Variables

For easy communication and clarity, it is often helpful to define intermediate or auxiliary variables, which consist of functions of stocks (and state variables).



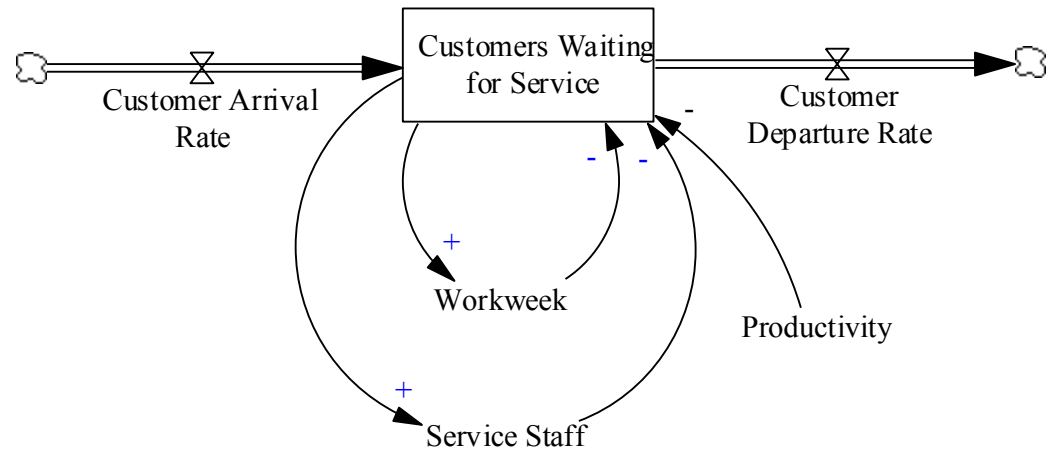
R: more people, more births, more people

B: more people, less food per person, lower fractional net birth rate, fewer births)

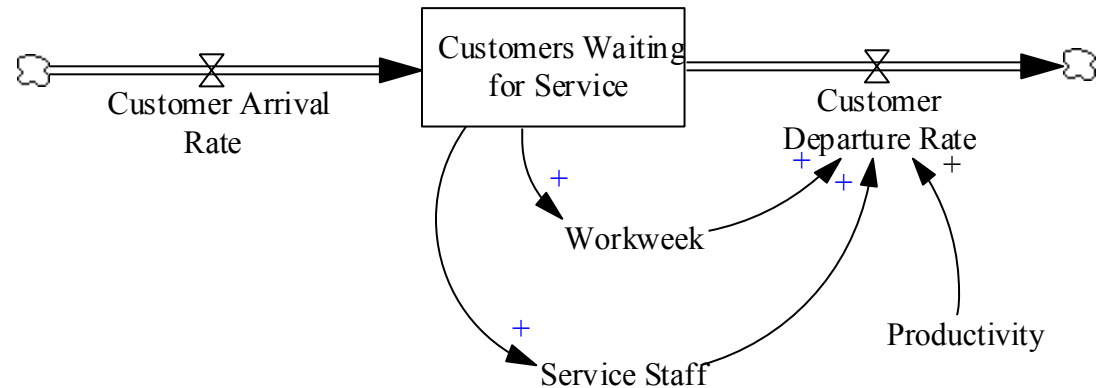
Stocks change only thru their rates

No causal links are allowed directly linked into a stock.

Incorrect



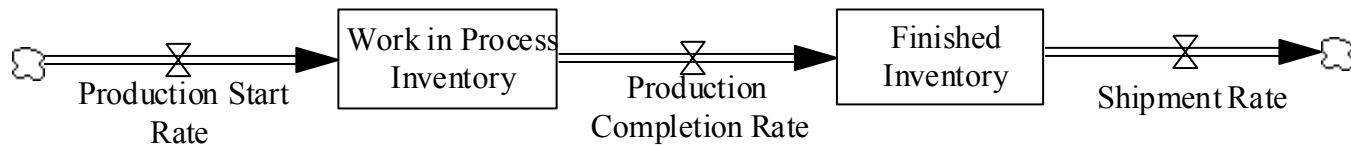
Correct



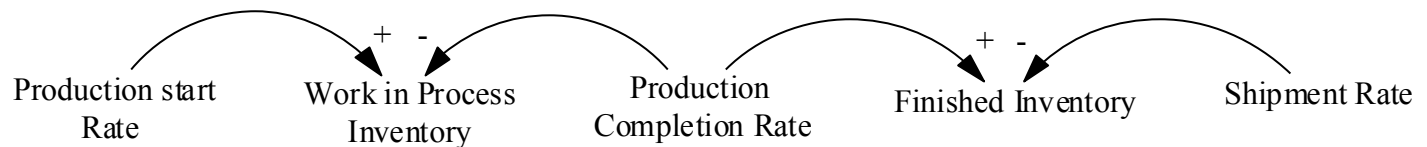
When to show S&F Structures?

When representing physical processes, delays, or stocks whose behaviors are important in the dynamics you seek to explain.

S&F

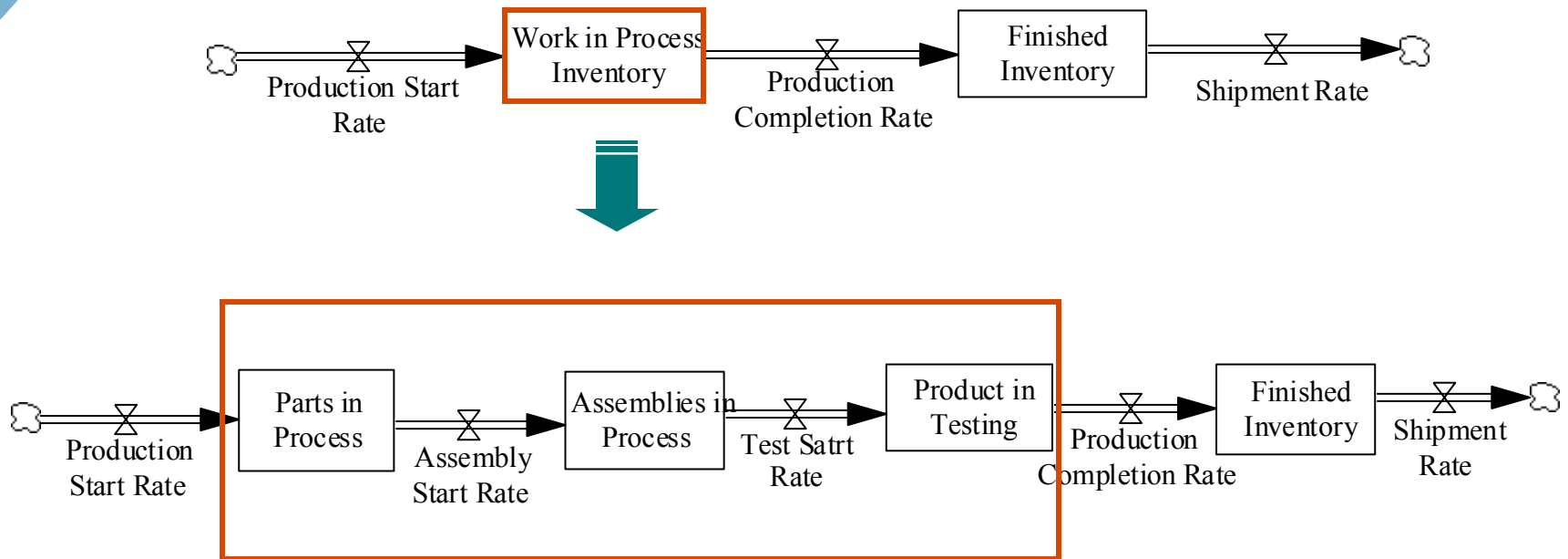


CLD



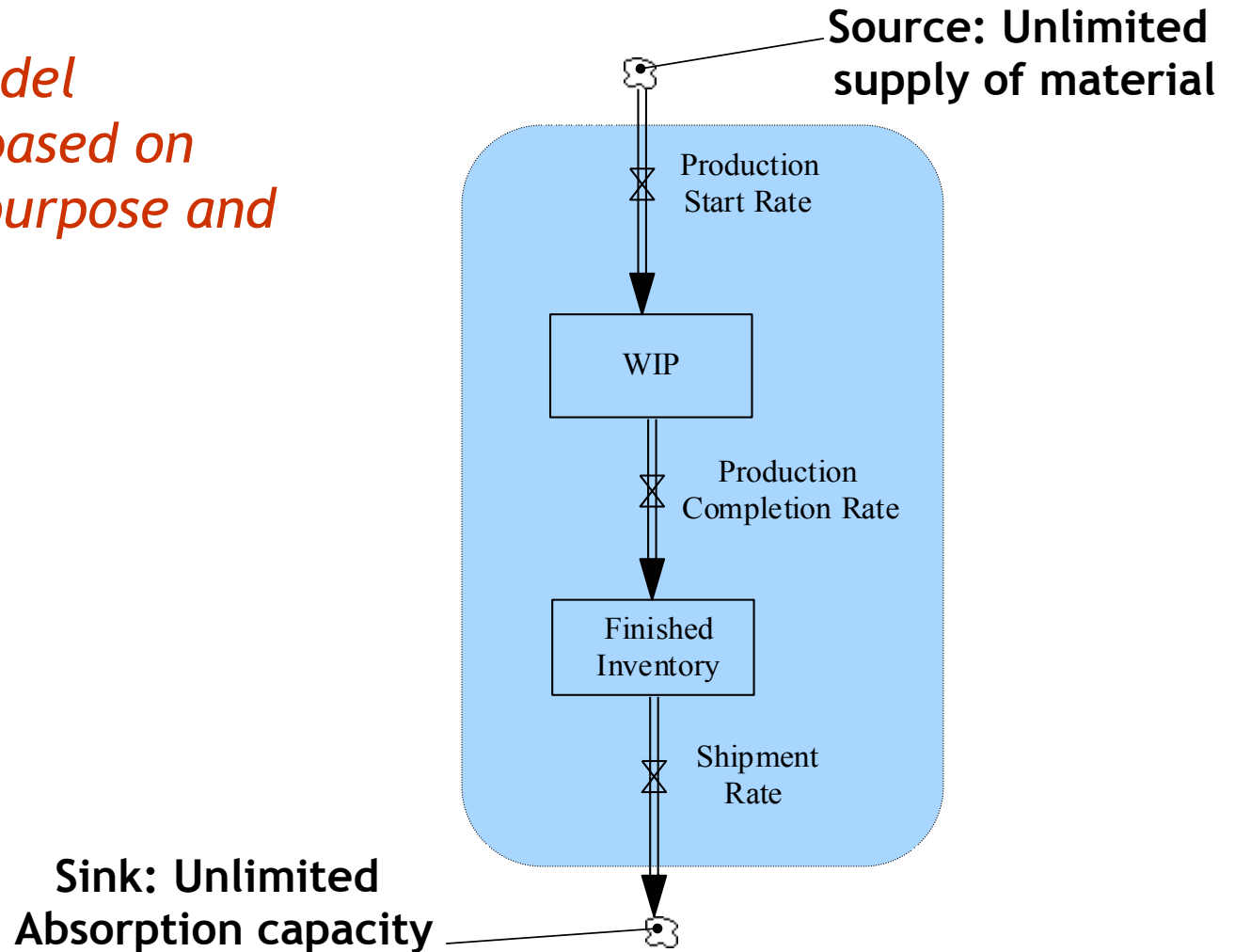
Aggregation & Disaggregation

Appropriate level of aggregation should be decided depending on modeling purposes.



Challenging the clouds

Set the model boundary based on modeling purpose and scope.





Lecture Outline

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Where did the gasoline go?

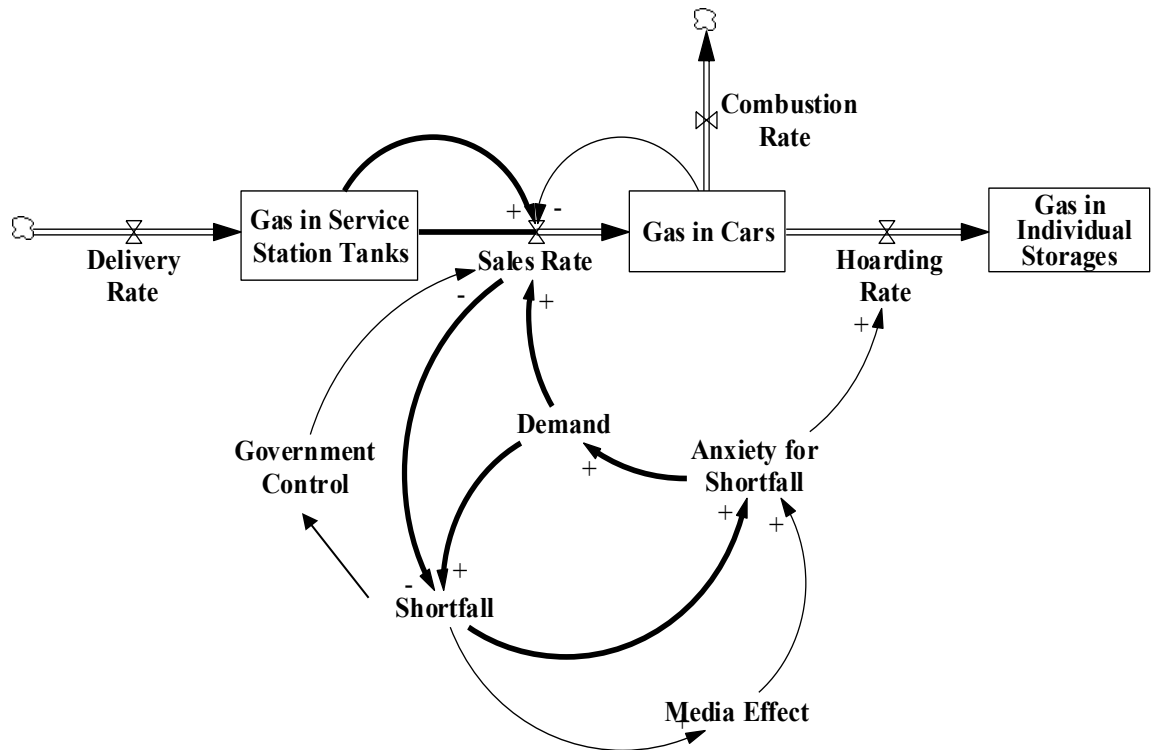


NO GAS



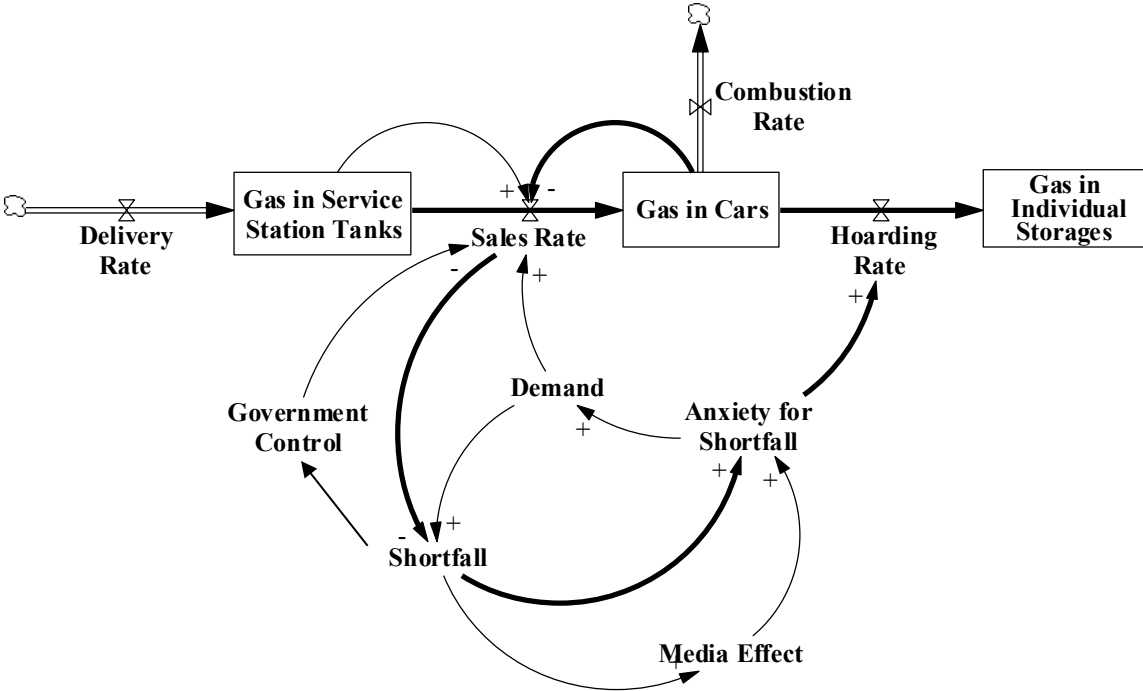
Drivers, remembering

the first oil embargo in 1973, and worry that they will not be able to get their tanks fill, begin to demand more. The abrupt increase in demand triggers the momentary shortfall, which again increases people's anxiety and makes people demand more.



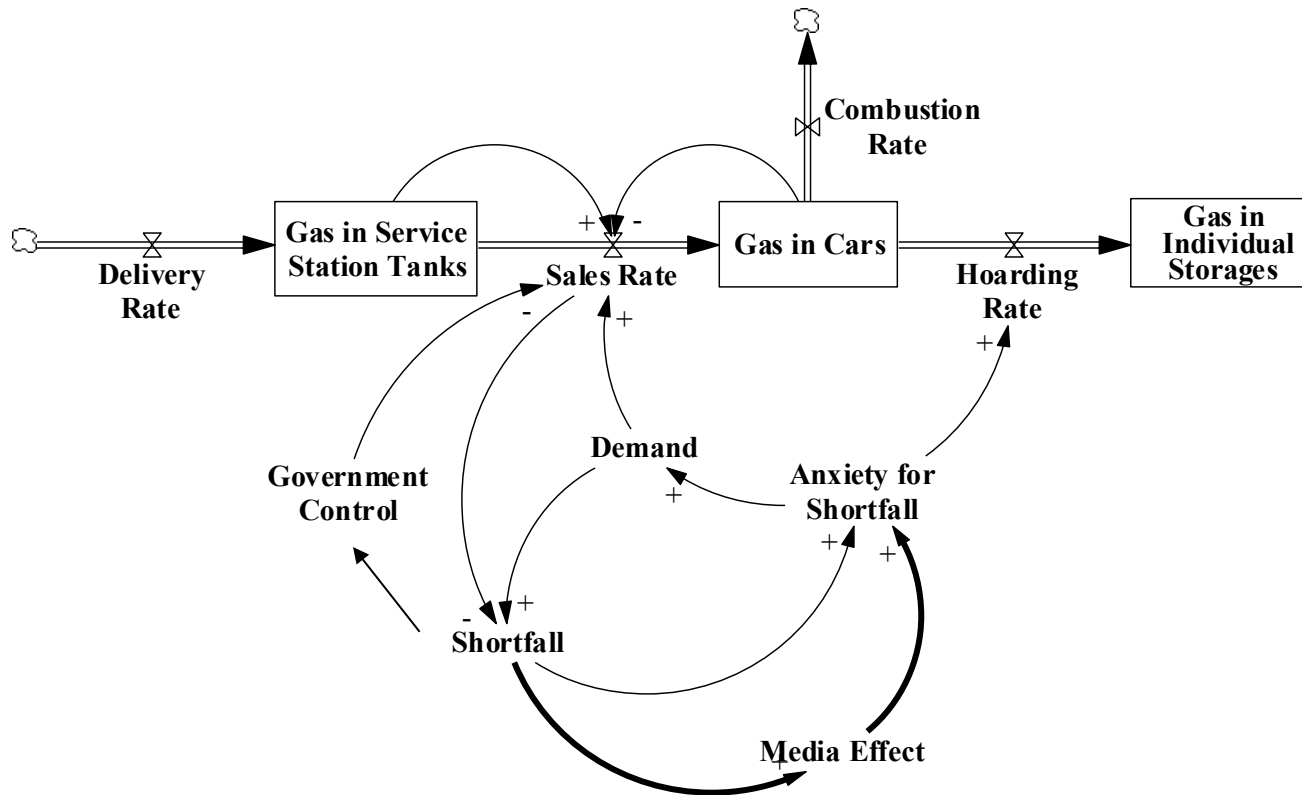
The more anxiety people

have the more gas people hoard in their storage, which makes the situation worse.



Furthermore,

the media makes the situation worse.



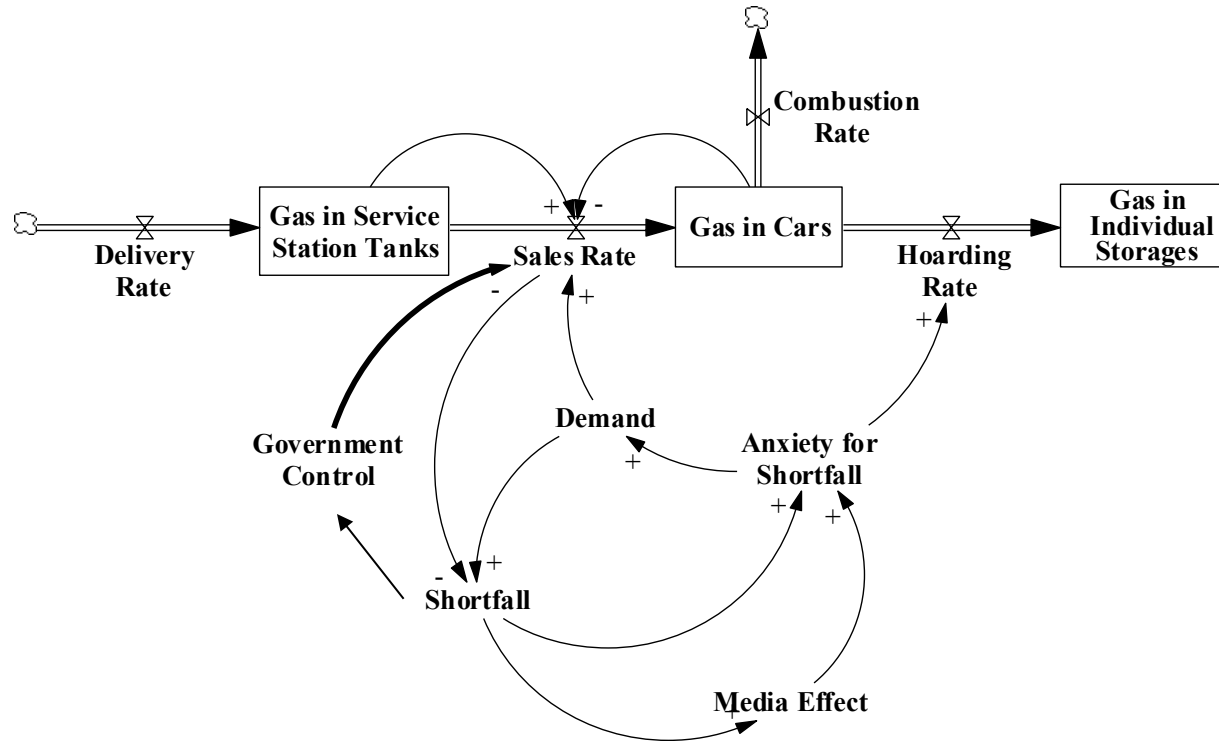
As a result,

the gas went to individual storage....



The government's policies

employed to cope with this situation failed to ease the shortage making it worse.





Then, how to ease people's anxiety?

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