A SIMULATION MODEL OF THE PRODUCTION PROCESS USING TYPES OF INVESTMENT

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The aim of this paper is to present a model which serves to simulate the production process in economic systems. In the model it is assumed that the production of one period can be explained by a number of different production processes with fixed relations between the factors of production for each process. One of the most eminent features of the model is a system of nonlinear equations which stands for the assumptions about inverstor's behaviour. The solution on this system of equations is only possible by using numerical methods. It yields a number of important economic variables, as for instance the life-span of investment and the internal rate of return.

First results shown of this model with rather restrictive assumptions have encouraged further research to improve it.