

Monopoly Experiment

Part 1

Overview

You will participate in a computerized market experiment. In each round, you will be placed in a group of **5 participants**. In each round, you act as a firm choosing how much quantity to produce. Your goal is to **maximize your total profit**.

- You will interact for 10 rounds
- Each round your group is formed at random

Your Decision (Each Round)

Choose one option:

- **Low Quantity (L)**
- **High Quantity (H)**

Submit your choice before the timer expires.

How Your Profit Is Determined

Your profit depends on:

- Your choice (L or H)
- The number of **other participants** in your group who chose Low

Payoff Table

Other players choosing Low	Your payoff if Low	Your payoff if High
4	10	12
3	8	11
2	6	9
1	4	7
0	2	5

Sequence of Each Round

1. **Decision Phase:** Choose L or H privately.
2. **Results Phase:** You will see:
 - Your choice
 - Your profit for the round
 - Your cumulative profit

Timing

Each round has a fixed time limit. If you do not submit a decision in time, a default option may be assigned.

Matching

Participants are **randomly reassigned into new groups of 5 in each round.**

Payment

Your final payoff is based on your **total profit across all rounds.**

End of Part 1

Part 2

Overview

You will now participate in a second part of the experiment. You will be placed in a group of **5 participants** at random and will remain in the **same group for all rounds**.

- The number of rounds will be determined at random.
- Each round has a **10% of being the last**, and a **90% chance of continuing** to the next round (with the same group).

Your Decision (Each Round)

Choose one option:

- **Low Quantity (L)**
- **High Quantity (H)**

Communication (Chat)

Before making your decision, you will have access to a **real-time group chat**.

- You may discuss strategies or coordinate. But ultimately you are free to do as you find best for you.

How Your Profit Is Determined

Your profit depends on:

- Your choice (L or H)
- The number of **other participants** who chose Low

Payoff Table

Other players choosing Low	Your payoff if Low	Your payoff if High
4	10	12
3	8	11
2	6	9
1	4	7
0	2	5

Sequence of Each Round

1. **Chat:** The chat box is open all throughout the experiment.
2. **Decision Phase:** Choice of L or H
3. **Results Phase:** You will see:
 - Your choice
 - The # of L and # of H choices
 - Your profit
 - Your cumulative profit

Matching

You remain in the **same group for all rounds**.

Payment

Your total payoff is the sum of profits across all rounds.

End of Part 2