

ECO-20015 - MANAGERIAL ECONOMICS II

RULES OF MONOPOLY GAME

Over the next few weeks, we will play a real-life monopoly game in class. One person (or a pair) will be chosen for the role of the Monopolist. I will give everyone else an envelope. In twenty (or so) envelopes there will be a “Monopoly Game Value Card” and holders of these cards will be potential customers. Each Value Card has a face value written on the card. But the amounts on the Value Cards have been chosen randomly in a fashion that I’ll describe in class. These Value Cards are nontransferable. If you are a potential customer, your name will be on your card.

If you (or anyone) turn in your Value Card together with a “Monopoly Game Validation Card” on or before a date and time I will announce in class, I will give you an amount of money equal to the value of the card. To be clear, this money goes to the person whose name is on the Value Card, regardless of who gives me the Value Card and Validation Card.

Therefore, if you are a potential customer (or even if you are not), you want to get your hands on a Validation Card. How do you do so? You can purchase one from anyone who has one to sell, although you should be careful that you get a Validation Card that is official. (I will **not** payoff if your Validation Card is a forgery.) How do official Validation Cards get into circulation? I manufacture these cards and the Monopolist has the monopoly right to purchase them from me. The Monopolist can purchase from me as many or as few as he or she wishes, and he or she can purchase them in lots, such as two tomorrow, two the next day, and three next week. I charge the Monopolist a fixed amount per Validation Card. I will announce this amount in class. If the Monopolist purchases more Validation Cards from me than he or she is able to sell, I will **not** provide a refund.

I will tell the Monopolist the distribution of the values on the Value Cards, how many cards have value X , how many have value Y and so on but I will not tell the Monopolist which potential customers have which values or even who are the potential customers.

You are free to make any agreements that you wish to make amongst yourselves in the course of playing this game, but those agreements must be enforced by some agency other than me. I will only enforce the rules given above. I will allow the Monopolist time at the end of the class to make announcements if I’m told in advance or at the beginning of the lecture. I will also give customers equal time to give notice of “customer meetings” if they so wish.

You may assume that anything not explicitly forbidden above is permitted, although if you have questions, please ask me. After the game is over, we will discuss what happened and ask why in class.

Good Luck.