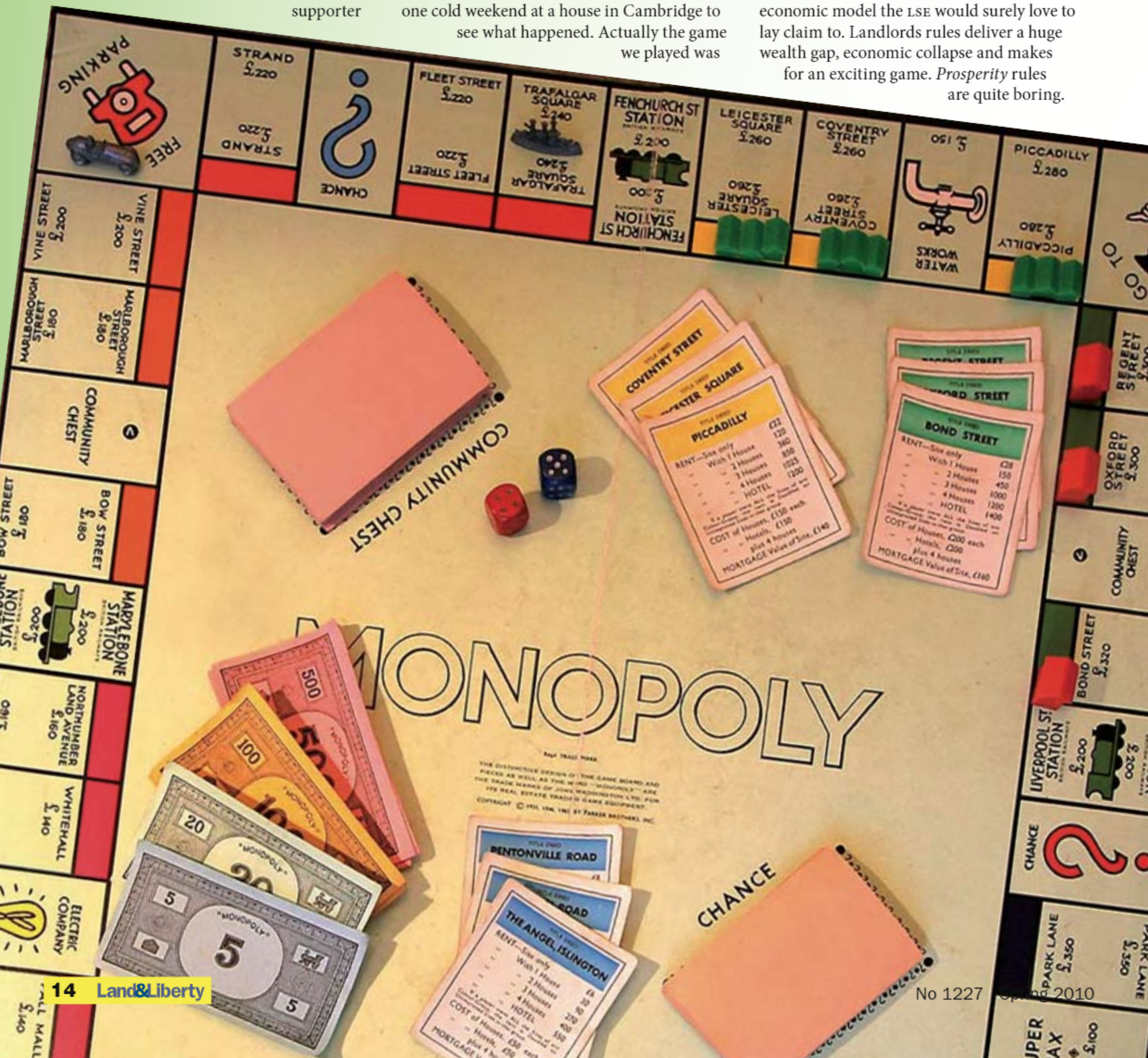
Monopoly's Hidden History

It's notorious for causing family squabbles, but, as **Robin Smith** discovered, an earlier version of the property trading game was dedicated to righting economic wrongs

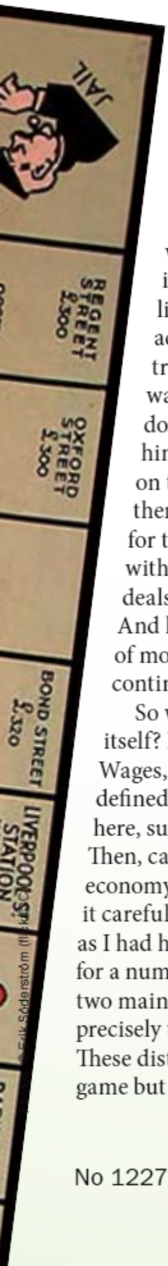
I'M SURE we all understand the basic rules and the objective of the popular *Monopoly* game. Buy as much land as you can before anyone else, develop it as far as possible with buildings, yield the maximum rent to bankrupt all other players and be the last player standing.

The original game was invented by a Quaker woman known as Elizabeth Magee back in 1904. Magee was an ardent supporter of George's ideas on the single tax and came up with the game explicitly to show how these ideas would play out in real life. The game was invented as an economic model. It was originally called *Landlords* to show the effects of collecting economic rent for private purposes. My colleagues and I at the Systemic Fiscal Reform Group made up our own game from pieces of card and paper and played it one cold weekend at a house in Cambridge to see what happened. Actually the game we played was a later 1924 modification by the same inventor called *Landlords and Prosperity*. This version differed in that it used tandem rules. *Landlords* rules, where rent is collected privately were played followed by *Prosperity* rules where rent is collected publicly, changing back and forth depending on the game's circumstances. After playing we were not too surprised but certainly interested in the outcome. It demonstrated an economic model the LSE would surely love to lay claim to. Landlords rules deliver a huge wealth gap, economic collapse and makes for an exciting game. *Prosperity* rules are quite boring.

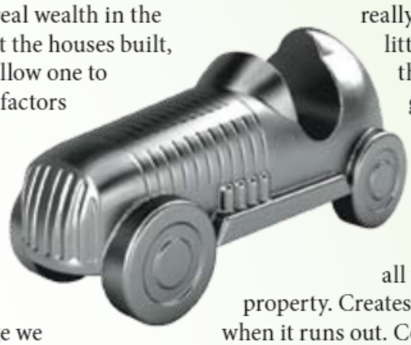


Everything just works out for all. The economy is sustainable on the whole, everyone is secure. Soon the players were demanding a switch back to *Landlords* rules or the pub. Later that week we went to a Cambridge conference on the crunch panelled by many long time economics professors, whose skill was in contemporary economic modelling. Dr Wrigley stood up at question time and asked "We have an economic model here you may be interested in. It is simple. It demonstrates why we have recessions. Anyone can understand it. It was of huge popularity and political controversy 100 years ago. Have you heard of it, have you heard of Henry George?" The response was mockery.

Some time later I decided to look more deeply at the game. Yet the history would not have been so clear unless one Dr. Ralph Anspach, another economics professor and inventor of the game *Anti Monopoly*, had not been sued for trademark infringement by Parker Brothers in the '70s. As a result Anspach successfully defended himself all the way to the US Supreme Court, in the process uncovering a truly shocking history of corporate fraud resulting in the monopolisation of the game itself. What an irony. Anspach has documented the true history on his web site. He shows, evidently, how a woman invented it, how for 25 years it became a widely played folk game like chess, using home made boards, adapted by Quakers into the eventual trademark game, how the game idea was knowingly stolen from the public domain by Charles Darrow, sold by him to Parker Brothers, who then went on to 'vanish' the copyright, how they then invented a bogus game history and for the next 75 years covered all this up with a host of tricks including laundering deals, perjury, and subornation of perjury. And how all this produced a billion dollars of monopoly profits for the company. This continues today. A classic monopoly.



So what of the popular *Monopoly* game itself? First lets deal with terms. Property, Wages, Money, Rent are all very poorly defined by the game. I won't explain further here, suffice to say that caution must be used. Then, can the game be related to the real economy as a model? From thinking about it carefully, it cannot be related as clearly as I had hoped, nor as clearly as *Landlords* for a number of reasons, largely around the two main factors: Land and Labour. Or more precisely their returns in rent and wages. These distributions can be seen clearly in the game but not with the same cause and effect as in real life. This is mainly because in the game there is no real way to earn wages. And rent is there from the start as a monopoly rent not an economic rent. But there are still some strong parallels. Wages come about from moving around the board, collecting them as you pass Go. Rent comes from monopoly ownership of 'property', rather than as in real life by increases in population or better technology. There is also no real wealth in the game, even if you think about the houses built, though collecting rent does allow one to develop a property. Classical factors of production are highly confused by the game.



A shocking initial observation was that on the rule sheet the game objective is to bankrupt all other players as soon as possible. Yet on the same page we can see a recommendation for players 8 years old and above. OK, its only a game... Isn't it?

The most fascinating observation for me is that of the most commonly used house rules. These are private rules used to adapt the game to your own liking. The most common is to increase wages. For example, more wages when passing Go, collecting fines from Free Parking, private trading, giving credit, agreements to not charge rents etc. The effect of increasing wages in any way is to extend the length of the game dramatically. The model becomes more sustainable. The rule book strongly opposes this and encourages rules that reduce wages by doing the opposite of the above, allowing rents to accrue more quickly or by using a new 'Speed Die'. What then do you think happens when wages are cut and more goes to rent? You guessed it. The game is much shorter due to earlier bankruptcy. This is common knowledge to players and is proven. Now, do both these effects sound familiar in terms of the real economy? I'll leave that thought with you, the Chancellor and those clever economics professors.

A big question that came out of a talk delivered at an HGF meeting was around the distribution of rents between plain land and the buildings. In the game most rent comes from improvements in houses and hotels. Hardly any from owning the land. This is probably due to the income being from monopoly rather than economic rent as discussed earlier. Improving buildings requires you to earn rent *a priori*. The land is not that significant in the game. The opposite is true in real life.

As for a property investment strategy, the game is very different to real life where the best yield comes from the most valuable land. The best return in the game comes from a combination of the highest priced property, most frequently landed on property, and the most cost effective property to develop. This seems to be similarly related to the above monopoly rent situation in the game. In fact, the properties to go for first are the orange group on the board, not the dark blue as is commonly thought. But where you land is really down to luck and only a little skill. If you don't know the fixed strategy you are going to struggle. You could argue that real life can be much like this.

There is also a bank. What is it's role in the game? It owns all the assets in money and property. Creates new interest free money when it runs out. Collects all fines, fees and charges. Is the sole issuer of mortgages for which it charges interest. Receives monopoly profits from distressed property sales. Does it relate to a bank in the real economy? I think not. It seems to me that the bank in the game more closely represents the state. If this is true I'm sure it would be a shock to tournament players and the game's producer, not to mention Austrian, neoclassical economists and Marxists.

In the end, even taking account of the anomalies in the game related to real life, I would say it still does a better job than almost anything else available academically. As for the Landlords game, that certainly presents a very good model indeed. I've been asked to develop a new game called *Liberty*. I did think about this for a moment and realised this could be done quite easily by adapting regular *Monopoly* rules to collect the rent for public purposes. The outcome? I ended up with the original *Landlords* rules via a circular route. This was not a surprise.

I'll leave you with some quotes from former Monopoly tournament champions. Ask yourself how true they are of real life behaviour today?

Q—What has the Monopoly game taught you?
A—"I started playing when I was four. I learned to count on it, learned to read on it, and learned to lose on it, so it's helped me to grow up."
Q—Do you feel bad bankrupting an opponent?
A—"Not at all." **L&L**

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