

Long-Term Property vs. Short-Term Cash

You heave a sigh of relief. "It's about time someone landed on my Oranges. I've put every penny I own into building them up. Let me look here. Three houses . . . that's \$550!"

Things are looking up at last! No more complicated and risky investment decisions! All you needed was some cash for a reserve fund, and now you're in great shape. What could be simpler?

At this point, let's introduce one small complication into your rosy picture. Suppose Kim has just landed on your Oranges. But Kim doesn't want to pay that \$550, and instead offers you a property if you'll agree to let her off scot-free. She has enough money to pay the rent in cash if she has to, but she'd rather make your life complicated. You must now make one of the hardest decisions which you will ever face over a Monopoly board. Should you take the property with its long-term benefits, or should you go ahead and demand payment in cash? This chapter should help you decide.

The general rule in such a situation is:

UNLESS YOU NEED THE MONEY DESPERATELY FOR SOME SHORT-TERM USE, YOU SHOULD PROBABLY TAKE THE PROPERTY.

Unfortunately, this rule has many exceptions and requires a good deal of clarification. Let's examine the important points in determining how a specific situation fits into the general rule:

1. The type of property referred to in the rule is always a color group property.

2. The first question you should ask yourself in such a situation is, "How badly do I need the cash?" If you really don't need it that badly and you could use the property, then you should definitely take the property. Even if you can't use the property right away, one of your opponents could probably use it against you if he owned it. If this is true, take the property and quietly mumble that you have no idea why you're taking a property instead of the cash, since the property is of no real use to you. If you have plenty of money, it's a good idea to pick up as many properties as you can, especially if they're being sold at reasonable prices.

3. Before you reach out and snatch up the property that he is offering, check to see whether making your opponent pay cash will force him to sell houses or otherwise severely damage his position. If he can afford to pay, then don't hesitate if you've decided to take the property. If it might be possible to make him sell those houses, think for a bit about whether it might not be worth your while to see those houses or hotels come tumbling down. But be careful. If demanding the rent in cash might force your debtor into making a trade with another opponent—a trade which could really hurt you—then don't make him mad! Take the property.

4. If you *do* need the cash, then you've got a complex decision to make. You have to balance the true value of that cash at this very moment against the value of the property, being sure to consider your chances of ever getting that property again. If it looks as if you'll get another shot at the property in the near future, there is no reason to jeopardize your position. Take the cash! If you must take a risk, make sure that the potential gain justifies that risk. If you already have a strong position, do not expose yourself to the possibility of quick ruin for only a chance to win faster. Be patient, not greedy!

5. Suppose you are offered a property that you need desperately or that you do not think you will have another

er chance of acquiring so cheaply. In this case, the small factors matter greatly:

a. Is your token in such a position that you are about to land on his expensive color group? Would a land there destroy you? If so, you'd better take the cash and hope you get another chance at that property later.

b. Is it more likely than another player will land on your property soon enough so that you won't have to survive too long without cash if you take the property now? If you see a fairly secure chance to make up the money in the near future, then take the property.

c. If you took the property now, do you have enough money and are the houses available for you to put it to immediate use? If your opponent sold that property to another player, could he use it against you immediately? If the answer to either of these questions is "yes," then take the property and cross your fingers.

This completes our brief review of the question, "Which should I take?" Although the question is no less complicated now than it was at the start of this chapter, you should have a better idea of the things to consider when choosing a correct answer.

CHAPTER 13 SUMMARY

- I. Property is generally better than money.
- II. How much cash is needed?
- III. Another chance at the property?
- IV. Another chance at the money?

Instant Cash— or Your Money Back!

Up to this point, we have been stressing the importance of property as the key to the game. However, there are times during the game when all the property in the world couldn't pull you out of a mess. Sometimes there is no substitute for good, hard Monopoly cash. How do you get it when you need it? You have a great many resources at your disposal, probably more than you realize. This chapter will discuss how to capitalize on those resources to raise whatever cash you need, at a minimal risk to your position.

“How independently can I get it?” and “How fast do I need it?” are the two questions involved in understanding how easily you can raise money. We will consider them one at a time.

How independently you can raise cash at any given moment is called the *liquidity* of your position. All of your possessions and powers in the game are called *assets*. Your assets include your properties and money and also such nonphysical quantities as the power to sell options and free lands. Any asset which you possess may be classified as either a *fixed asset* or a *liquid asset*. Liquid assets either are cash or may be turned into cash at any moment, independently of the other players in the game and without a substantial penalty. They are the real measure of how *independently* you can raise cash. Your money is a liquid asset, as are your unmortgaged properties. Your unmortgaged properties are liquid assets because they may be mortgaged and turned into

cash at any time. (Technically, the Bank must charge a 10% penalty when you unmortgage a property, but this penalty is usually insignificant.)

Your houses are an example of fixed assets. True, they can be turned into cash at any time, but only by paying a 50% penalty. Mortgaged properties are also fixed assets, since the only way they can be turned into cash is through a trade or a sale to another player. Therefore, the value of those properties is *dependent* on the conditions of supply and demand in the rest of the game.

As you can see, how independently you can raise your money is really just the answer to the question, "Can I turn my assets into cash whenever I want to?" Your liquid assets are a good estimation of how much cash is easily at your disposal at any moment. To estimate your liquid assets, count up your cash on hand and add the mortgage value of all properties which are not part of complete color groups which have houses built on them. You should never have any qualms about turning these liquid assets into cash.

The question "How fast do I need it?" is a measure of how much time pressure you are under to raise the cash. If you do not need much money right away, the fact that you need a lot of money which you can't raise from just your liquid assets is slightly less painful to accept. Similarly, if you don't need to raise much money, the fact that it is needed right away is irrelevant.

There are three situations in a Monopoly game which require expenditures of large quantities of your precious money:

1. *The developmental buying period, when you spend large sums of money to purchase properties from the Bank.*

2. *The building period, when you buy houses as quickly as is reasonable, in order to reach the critical level on your color group.*

3. *The unfortunate times when you land on your op-*

ponents' color groups and owe large amounts of rent.

It is important to understand the similarities and differences between these periods of the game, and to understand how these can affect the way in which you choose to raise money.

The first situation in which you need money (the developmental buying period) is really not a major concern. Since you start each game with \$1500, you will usually be able to buy every property you land on without much difficulty. Clearly, the money to buy these properties early in the game can be raised easily and quickly by transforming liquid assets into cash. Since these expenses come in bits and pieces, you will find that even if you are temporarily short of cash on hand to buy a property, you can get plenty of money by mortgaging one or two other properties.

When trying to build houses or pay your opponents rent, however, you will often need much larger amounts of cash. But raising the cash for building and raising the cash to pay rents, even though they both require large amounts, differ in the answers to the questions of "How independently?" and "How fast?"

When financing building on your first color group, you will probably have no substantial source of income to help you raise the money. Since this is your first color group, you have yet to collect any sizable rents. Your only important income has been the \$200 which you have collected each time you passed Go. Therefore, it is usually necessary to invest most of your liquid assets in order to pay for your first building campaign. You should spend as much of your liquid assets as is necessary to reach the critical level. This often means that it is necessary to mortgage quite a few of your properties to pay for the houses. How risky is this? It's not very risky if there are no other well-developed color groups on the board and you don't need much of a cash cushion for emergencies. If there *are* other well-developed color groups, then you are in trouble, even if you don't take the risk. So build heavily and aim for that all-important

critical level, even if you temporarily reduce your cash cushion to nothing.

When you need money to pay a large rent, the game will probably be a good deal "older," so there will be much more money circulating among the players. However, there will also be a *time pressure* which you rarely find when building. The game will not continue until you come up with the cash. There is no way to stall until you pass Go again, a tactic you could use when buying houses. For this reason, it is necessary to get money *faster* when paying rent.

Getting money fast often brings on many new problems. Let's examine an example from the real world. Suppose you own a shoe store. During most of the year, you are under very little time pressure to make sales (you don't eat much), so you can sell your shoes at whatever price you think they're worth. You receive a fairly steady stream of income, a supply of *money which is not too hard to get*. For every \$20 you need, you have to give up (sell) only one pair of shoes.

But suppose that someone gets hurt in your store, sues you, and wins. Your insurance policy, it turns out, does not cover your situation, and you are forced to pay a lot of money. In this situation, you need to raise *a lot of money, fast!* You need to drastically increase your sales in order to get cash quickly, so you hold a big sale to try to get more customers to buy your shoes right away. You advertise that everything in the store is on sale at 50% off. Your customers know a bargain when they see one, and buy a lot more shoes than they normally would. Even at 50% off, you are still making enough profit to raise the cash you need, and you raise it faster than you normally would have. But that money was very hard to get!! For every \$20 you acquired, you had to give up *two pairs of shoes*, instead of only one pair as before. You were forced to give up more of your fixed assets (the shoes) to get the money more quickly.

WHEN YOU NEED A LARGE SUM OF MONEY QUICKLY, YOU HAVE TO GIVE UP MORE OF YOUR FIXED ASSETS THAN YOU NORMALLY

WOULD TO GET THE SAME AMOUNT OF MONEY.

In a Monopoly game, the same principle applies. If you need money fast, you will not be in a very strong bargaining position to get that money. Just as in the example of the shoe store, any time you need to raise money quickly to pay a debt, you will have to keep lowering the prices until someone is willing to buy whatever it is that you are offering. Raising money to pay rents can therefore be very expensive. The same property which one of your opponents might have been willing to pay \$600 for last turn might bring only \$400 if you try to sell it now.

In summation, although there is a lot more money in circulation among the players when you are paying large rents, your opponents will always attempt to take advantage of your predicament and force you to give up more of your fixed assets to gain some of that available money.

With this theory in mind, you are now ready to consider the practical matter of getting money that you don't have. There are two types of items that a player can try to sell to raise money—tangible and intangible. Tangible items are physical realities, such as houses and properties. Whenever a property is sold to another player or a house is sold back to the Bank, a tangible item is being traded. On the other hand, intangible items are private agreements and promises—basically items which can't be physically held. Options, free lands, and the like are intangible items which can be sold.

Why all this talk of tangible and intangible items? The reason is what is known as the general principle of fund raising:

ALWAYS TRY TO OBTAIN CASH BY SELLING INTANGIBLE ITEMS, KNOWING THAT IF THIS FAILS, TANGIBLE PROPERTIES AND HOUSES CAN ALWAYS BE SOLD.

Translating the theory into practice is easy. Whenever

you need money in a Monopoly game, you should proceed basically as follows:

1. Mentally (without moving your lips) figure out how much money you could raise if you converted all your liquid assets into cash. Is that enough to pay your debt? If it is, heave a sigh of relief and continue, knowing that if you are unable to make a fair or profitable sale, you can always turn all your liquid assets into cash and pay the debt.

2. Now go to work on your fixed assets: try selling your intangible items to other players. Selling a free land or an option is not nearly so painful as parting with a property or selling houses for half price. Your private arrangement with other players can not be used against you in ways which you hadn't planned. A traded property can.

3. As a last resort, if you're still stuck for cash, it looks like you'll have to part with some of your valuable tangible items. If possible, maybe you can reduce your tangible losses by compromising—selling some intangibles and tangibles together. For instance, you might sell another player a free land along with a Railroad to get the money you need.

In a Monopoly game, there are six items which are commonly sold or traded between players. Other things can be traded or sold in emergencies (see Chapter 15), but these are the items which are most often put on the auction block:

1. *Property.* The best and the worst ways to raise money both employ property. Mortgaging your properties is the fastest and safest way to raise cash. The money is a loan from the Bank. In return for that money, you forfeit the right to collect rent on that property until you return the mortgage money along with a 10% surcharge. Otherwise, you retain all rights regarding that property. Mortgaging costs you almost nothing, since you may mortgage only properties which have no houses on them, and properties without houses collect very small rents. In addition, you may still sell or trade that property to other players as you desire. Because it is so

easy and painless to mortgage and unmortgage properties, they are highly liquid assets.

Beyond the power to mortgage, however, property becomes a highly fixed asset. Although it is usually easy to raise money by selling property to another player, the amount of money which you can raise is strictly dependent on the whims and desires of the other players in the game. You can never raise any more than the conditions of supply and demand will allow, and if you are forced into selling property to raise cash when you're in trouble, you will usually receive a good deal less. Worse still is the fact that once you sell a property, the transaction is essentially irreversible. When you mortgage a property to meet a financial emergency, you can always unmortgage that property at some future time. Not so when you sell a property! Once you sell it, it is almost a certainty that you will have to pay quite a bit more to get it back, if you can get it back at all! The person who buys your property probably wants to use it or trade it to another player, and he has no intention of selling it back to you at the bargain price he paid for it. It is plain to see that the outright sale of property should be one of your last resorts when you try to raise cash.

If you find that you absolutely *must* sell property to raise money, here are some helpful hints:

a. Estimate the cheapest property that will give you enough to pay your debt and try to sell that property first. Never ask, "Does anybody want to buy one of my properties?" You would only show your opponents how desperate you really are and make bargaining that much more difficult.

b. The property you sell will probably complete a color group (such property is called a *completing property*) for one of your opponents. That is probably the only way anyone will be willing to pay much money to a person who needs money badly. If there is a housing shortage, *do not mention that fact to anyone*. Players will be very reluctant to buy a completing property if they know *in advance* that they will not be able to build on the new color group. If they do not realize that a hous-

ing shortage exists, your property becomes that much more valuable. (There is nothing ruthless about not pointing out things which it is each player's responsibility to keep track of.) However, if they do realize that there is a housing shortage, then play down the importance of quick building and stress the long-term benefits of owning a second or third color group. (Remember that a player can never bypass a housing shortage and build straight to hotels. Point out this fact if it is necessary, but only *after* you have completed the sale.)

c. When selling a property that will complete a color group for one player, keep in mind that the property has a defensive value for the other players in the game. For this reason, those players might be willing to pay a high price to keep that property from completing an opponent's color group. But before you trade a completing property to a player who is acquiring the property for purely defensive purposes, you must be confident that he will *not* make any trade with the owner of the other two properties, and he is willing to pay a reasonable amount of money. Stress the "common enemy" status of the owner of the rest of the color group and the importance of keeping that completing property away from him. If, however, you think that there is any chance that the player you sell to will turn around and trade with the common enemy, then it is much better for you to deal directly with the player who owns the rest of the color group. After all, if a partnership is going to be formed and you know you can't be the owner, being the partner is better than nothing.

d. If you end up selling a property to an opponent who owns the rest of that property's color group, insist that in addition to whatever money he pays you, he give you at least immunity on that color group. If he absolutely refuses (even after you "plead" that giving you immunity would be an act of compassion), then try to settle for two or three free lands. Ideally, you might be able to work out an immunity and half-revenues deal, especially if you phrase things in terms of a trade instead of a sale. True, you won't be able to enjoy all the

big advantages of ownership, but you'll be a lot better off than you would be if you sold the property for only cash.

2. *Options.* Options are one of the riskier ways to raise cash, but they are still quite acceptable. Once players have seen options work, they become interested in buying, as well as selling, them. If you sell an option, you are betting that someone else will land on the property before you do. You can stress the excitement factor when you emphasize the value of the option which you are selling, and you can explain how this will add life to the game. Players who have only recently been introduced to options have a tendency to overvalue them, so try to sell your options at high prices. Start the bidding high, just don't start it so high that you will never be able to buy an option yourself in the future. A fair range for buying and selling options is about \$300—600. Remember that the true value of an option is determined by supply and demand. Don't get carried away with selling your options, however. Selling your option means that you will never be able to acquire that property without trading or bankrupting. In addition, options become a less viable way of raising money as the game progresses, as fewer and fewer properties remain unowned.

3. *Free passes.* These are handy devices to sell when you need cash, but not too much of it. If a player is in good position to land on your color group, it is never a bad idea to offer to sell a free pass, unless you need to bankrupt or severely damage that player's position. A lot of people like this kind of quick "flight insurance," and this guarantees that you will receive some money, no matter how badly the dice treat you. Often, after one player has bought a free pass and then landed on your color group, other players will want to take advantage of the same offer. Why not? Sell all the free passes you can if the price is right.

4. *Free lands.* If you have a color group developed to the critical level, free lands are relatively easy to peddle. But beware! By selling a free land, you are forfeiting a

part of your future rent, as well as any immediate chance of bankrupting your customer. Sell free lands as selectively as possible. Usually the best time to sell free lands is when you have two developed color groups. Then you always have a second way to collect money from your customers, even if you sell free lands on your more important color group.

The most likely target for your sales of free lands is the one who can least afford to land on your properties. But although he may be your most eager customer, it may not be your most intelligent move to sell him a free land. After all, bankrupting power and the power to severely weaken an opponent's position can be very important powers. Don't let them go without giving considerable thought to what you are sacrificing. If you feel that it is worthwhile to get the money now, keep two things in mind as you try to sell your free lands:

a. When you must raise cash to avoid selling houses, free lands sell very poorly. This is because any potential customers know that if they can't buy your free lands, you will probably be forced to sell houses on those same properties on which they would be buying free lands. If you are forced to sell below the critical level, that's almost as good as a free land! You might try to counter this reasoning by saying that it is to their advantage to see those houses stay up if they're not paying on them, since this would help to weaken the positions of the other players in the game.

b. When you sell a player a free land, you take away his need to keep a cushion of money to guard against the possibility of landing on your color group. Where will this player invest the funds which he was saving to pay you? Be careful not to contribute to your own demise!

5. *Percentages of future cash revenues.* If you have a color group all to yourself (no partners), this can be a good way to raise money. Percentages of revenues are usually sold in blocks of 25%, but any percentage agreeable to both parties in the sale is fine. If your color group is well developed, you should find plenty of other

players who are willing to cash in on your success. Try to sell your promise of a percentage of future revenues to one of your weaker opponents. In that manner, when that player goes bankrupt, you will regain your rights to all of the profits from your color group.

Also emphasize in your negotiations that a player who buys one-fourth of the future cash revenues in your color group is entitled to a 25% discount whenever he lands on that color group.

Percentages of revenues which you have *already sold* can help you in times of financial hardship. If you are about to be forced to sell houses on a color group in which another player has an interest, he will be much more likely to bail you out. Who wants 25 or 50% of the rent collected on Illinois Avenue if that rent is only \$20?

Watch out for a trap which can be set by a player who owns two (or more) color groups and offers to sell quarters of future cash revenues. If he has developed the cheaper color group to the critical level and has kept the more expensive color group without houses, he might sell 75 or even 100% of his anticipated future cash revenues on the cheaper color group and use the money he got from selling his quarters of future revenues to develop his more expensive color group to the critical level. Finally, he can trade the cheaper color group to another player, and everyone who was originally promised a percentage of the revenues is left with nothing. One hundred percent of nothing is still nothing, so buy percentages of your opponents' future revenues with caution—this trick is a common snare among ruthless players.

6. *Immunity*. In most cases, immunity is a bad thing to sell. Selling immunity is in many ways like selling property. Immunity is a permanent promise; once it is given, it cannot be withdrawn. You forfeit your chance to ever use that color group to bankrupt the player whom you give immunity. This usually means that if you don't have a second way of bankrupting that person, you will find yourself in trouble in the long run.

Do not sell immunity cheaply. However, if by selling immunity you can accomplish an important goal, you should be able to bankrupt some third player at some time in the future and use his color group against your immune opponent. Immunity is often traded for another immunity or is offered as part of a trade which could not be completed without it.

There are times when it is an excellent idea to try to sell immunity. Immunity is a private arrangement and is destroyed whenever the properties are traded. Thus, the best time to sell immunity is right before you trade away your color group! But make sure that you don't sell immunity and then discover that you are unable to complete the trade. Once you are reasonably certain that you can swap an entire color group with someone else, it becomes reasonable for you to trade or sell immunities. Make certain that the player who receives immunity from you is aware that it is a private arrangement and is conditional upon your ownership of the color group. If necessary, you can reassure him that you would not want to lose all the money which you invested in houses by selling them at half price. Then, when the time is ripe, tear 'em down and trade. (*Note: this might tend to hurt your credibility.*) You might have to trade down in profit-earning power, but all the immunities will be gone and you can use all the money you gained to build heavily on your new color group.

These are the six most easily and commonly sold items for raising cash when you need it. Mr. Expert makes good use of all the tangible and intangible resources which his position provides. But sometimes everything fails! When this happens, it is time to call out the emergency reserve of ideas. The next chapter will deal with the offbeat and humorous tactics which are used by desperate players. They won't all work, and the ones that work won't work all the time, but if you can pull one of them off, you will have demonstrated the ex-

pert's ability to get more out of his position than is really in it.

CHAPTER 14 SUMMARY

- I. "How independently?" and "How fast?"
- II. Liquid assets vs. fixed assets.
- III. The three situations which require money.
- IV. Tangible and intangible items.
- V. The general principle of fund raising.
- VI. The six things commonly sold:
 - A. Property.
 - B. Options.
 - C. Free passes.
 - D. Free lands
 - E. Revenue sharing.
 - F. Immunity.