

We're on vacation with extended family, so I figured I would mix it up a bit this week. I'd like to share with you a little economic experiment we had at our house last week.

We gathered at the kitchen table with our five kids. They were each given \$100 in Monopoly money. We put a bunch of stuff in the middle of the table. Pokemon cards. Candy. Partially used gift cards. Get out of chores cards. Ibuprofen. Basically, anything we could grab with less than 2 minutes of preparation.

We told them they could bid on the stuff using the money we had given them, but their siblings could counter their offer. We also said we would be adding new things every few minutes (quick, go find something!). Once they left the table, the monopoly money was worthless. Once the bidding on a particular good was done, the winner would hand the Monopoly money to us.

Wary of my previous experiments, they asked for my wife to be in charge. She took her place in the big chair at the head of the table.

It started slowly, with one of the girls bidding \$10 for a Starbucks card, the other girl countering with \$20. The youngest said "\$100 for the Pokemon card!" until he was shamed into retracting the bid. "You can't spend all of your money right away!"

The middle boy asked, "If I spend all of my money right now, can I leave?"

It was mostly slow moving, with a handful of the items getting the love. Prices moved up quickly on those items, but then leveled off.

We decided to add some stuff. Nothing too exciting. A five year old portable charger, a kombucha, a toy ukulele. The baby carrots weren't moving as fast as I had hoped.

Then we gave them each an *additional* \$100 and added a \$20 Chick Fil A gift card to the pot. That got their attention. It started at \$10, but quickly started getting bid up. \$20, \$30, \$50...\$100! Our youngest wanted to know why it was ok to bid \$100 on this gift card but not the Pokemon. His siblings weren't acting rationally anymore, he concluded.

So then we gave them each *another* \$100. Candy prices jumped. Our second oldest asked if it was ok to offer money to someone else for something they already had. My heart leapt – maybe she's not a socialist after all!

She offered \$100 to her sister for the kombucha. Mind you, her sister had bought it for \$20 five minutes prior. "You must really want that kombucha" I asked her. "I guess...but I haven't really bought anything and now I have all this free money, so I might as well spend it." My heart sank. Giving away money was causing them to be numb to the value of a Monopoly dollar.

The Pokemon card went for \$150 to one of the girls, solely as leverage against her youngest brother. "*This is why I wanted to spend \$100,*" he whined. "Now it's too expensive for me to buy!"

One boy offered \$200 for a “make sibling clean your room” slip. Someone countered with \$250. In fairness, I wouldn’t clean either room for a real \$100. Finally, one went all-in with \$260 - everything they had. I cautioned prudence. “Why? I figure we’ll just get more money in a minute and I’ll use that for something else. Plus, everything just keeps getting more expensive, so I need to buy now!”

“How much money are you guys planning on giving us!?” the eldest asked in a half-joking but also half kind of serious way.

“We probably won’t give you any more money,” my wife offered as guidance.

Whoa, wait, what!? “But we need more money to buy the stuff we want!”

Hmmmm...we could see the hamsters on the wheels in their noggins...how do I spend my money if I won’t be getting any more for free? Paying more was fine as long as the money was flowing freely, but now they weren’t so sure. Bidding cooled off immediately.

Meanwhile, our eldest son had quietly mined every one of the “get out of a chore” cards without anyone noticing. He had all 10 of them. He dubbed them chorecoin.

He started offering those to the siblings in lieu of the cash we had given him. Pretty soon, everyone was treating those cards like cash, which defeated the purpose of the exercise. Prices were rising again. I intervened.

“Sorry, but I am voiding chorecoin. They won’t get you out of chores anymore. They’re worthless.” He was livid! He had snatched them up, trusting the full faith and credit of his parents’ word they would protect a free market.

“But mom is the Chair Person! She gets to decide!” She was a big softie and they knew it.

She and I huddled. She was conflicted. She saw the value of chorecoin as an alternative and was philosophically opposed to interfering so blatantly with the game. I, with decreasing patience, explained that we needed to control the rules of the experiment and this little chorecoin stunt was screwing with our ability to ~~manipulate prices~~ regulate the game. For their own good.

“I have a decision,” she announced. “Chorecoin is voided, but we will give you each another \$100. Furthermore, if there’s something you wanted to buy but can’t because you spent your money on chorecoin, just let me know and we will lend you money at some di minimis rate.”

“This is bogus!”

“Free money isn’t free if you’re only giving it to us out of guilt for your taking it from us in the first place!”

“What’s di minimis?” the youngest asked.

We tossed in some used airpods, which immediately got bid up so fast we had to intervene and halt trading. Disappointment. “Can I borrow \$1,000 to buy the airpods and promise to pay you back after you give us more money?”

We added some more items, but most of the action was bidding on the stuff a sibling already owned. Everyone had pretty much bought the stuff they wanted, so the action was cooling. A used deck of cards went untouched. Those damn baby carrots still weren’t moving. Everyone was waiting to see if there would be something exciting added to the selections or if they were getting more money.

“What does transitory mean?” our youngest asked out of nowhere.

Before my wife could answer, I jumped in. “New wrinkle. We have this cool spinny dial thing from our “Life” board game. We’re going to spin it, and whatever it lands on will represent one of the things at the table. If you are holding on to that, we will take it from you and you lose it forever. We’ll start with 3 spins on the Black Swan Spinny Dial of Life...”

As they started processing it, they tried to figure out what *wasn’t* worthless. If they chugged the kombucha, it couldn’t be worthless. Chorecoin was already dead. That left...cash. Cash was the only item not on the spinny dial thingamabob. Fear gripped the table.

The action exploded before we could spin. Everyone wanted out of their stuff - cash was king. Prices were plunging. The Starbucks card was being offered at \$100. No one bit – it might be worthless in a second. Chorecoin was now being used to wipe away tears instead of putting a floor in prices. Everything they had worked so hard for was gone. We spun the wheel...crap. The Pokeman card was now worthless. The youngest exploded. “You can’t do that, there are rules!”

I got right up in his little face, “I AM THE RULES!”

“OK, OK, everyone settle down.” My wife to the rescue. I wanted more chaos. Some people just want to watch the world burn. She handed them each another \$100 to smooth things over.

“We don’t know how much more we might put in the pot, but I have the entire Monopoly bank sitting right here and we’ll make sure you have as much as you need.” That seemed to calm everyone down.

The assurance of limitless money was alluring. A few transactions emerged, but largely things stayed quiet as the table licked its wounds. The ibuprofen finally got bought for \$10 by the little guy to take the edge off from the Pokemon debacle. Even though everyone had more stuff and more money than they did at the start of the game, they weren’t anxious to spend it.

I was getting bored. “Crank it up!” I suggested to the wife on the side. I wanted to keep the players compliant so they didn’t vote me out.

“\$100 more each?” she asked.

“No, I don’t think that will move their meter.”

“\$200?!”

“No, can’t you see? They’re hooked. You need to do even more than last time.”

“OK....” She gave them each \$500.

That did it. The Chick Fil A card spiked to \$400. A nerf ball went for \$200. Finally, mercifully, the baby carrots went for \$30. My wife reminded them of all the money sitting in the Monopoly Bank. “Who cares? If it’s not in our hands, we can’t do anything with it.”

They looked spent. One talked about needing to unplug. Time to get out the Black Swan Spinny Dial of Life...

“No!” one begged.

“Kombucha shouldn’t count, it’s a real thing. You can’t make it not exist!”

“This is going to make everything cost too much again!”

“What’s hysteresis?” the youngest asked.

Fine. I put it away. They relaxed.

“But give me half of everything you have - Dad Tax.”

“That’s not fair! You can’t just take money from us! It’s ours!”

I might not be the Chair Person, but I still get to influence the rules when the mood strikes me.

“You’re more like a crazy uncle messing with the rules of the game whenever you want,” the youngest observed. “It’s more like an Uncle Tax.”

From the mouths of babes.

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