

In Defense of Scalping

by *William H. Peterson*

I submit that it's not disingenuous for the Broadway producers of *The Producers* to say they're trying to "strike a blow at the heart of the scalping operation" by setting aside at least 50 seats for each performance and charging a cool \$480 a ticket.

That price is almost five times the \$100 charged for its best seats, itself a Broadway record—yet one still too low, I further submit, as evidenced by the long lines at the box office. So this move is simply smart entrepreneurship, a service to the theater public, who may be relieved of coping with the box office or dealing with scalpers, a kind of reduction in transaction costs, in the jargon of Nobel economist Ronald Coase.

Good then that Rocco Landesman, a producer of the show, is up front, saying the scalpers' money will now go to "the people who created the show." Good too that the move wins a nod from New York State Attorney General Eliot L. Spitzer, who favors repeal of New York's anti-scalping laws to "let the market function." Yet, pray, apart from possible scalper payoffs, or "ice," to some theater operators, box-office employees, and theater agents to breach, sub rosa, their contracts, what's wrong with scalping?

Nothing really. It's simply an aspect of our market, or voluntary-exchange system.

Contributing editor William Peterson (WHPeter-son@aol.com) is an adjunct scholar with the Heritage Foundation.

A hit's a hit, and *The Producers* is a super hit. Supply and demand are at work, with here a daily fixed supply of tickets at set prices. It's that fixed supply and those set prices that change things. Prices ration goods and services, as almost everybody knows. When demand is off, producers can cut prices, as attested by that same-day discount ticket pavilion in the middle of Times Square. But when demand is red-hot, as with *The Producers*, in come, at least until recently, the scalpers to collect what the market—that is, the buyers—will bear. They perform a service by saving time for those anxious to see the show without standing in long lines to do so. For isn't the scalper but a middleman performing a valued service, despite his putdown name and often illegal but not necessarily evil status? Scalpers convert time cost into money cost for those who buy tickets from them. Outlawing scalping favors those with time to spare over those with money to spare. Why should the government take sides?

Peaceful Action

Don't scalpers deserve their day in the court of public opinion? Aren't they, like the rest of us, simply responding to supply and demand in one way or another. Don't their activities come under FEE founder Leonard Read's rubric, "anything that's peaceful"? For isn't this, broadly, how the New York Stock Exchange itself works—without set

stock prices? Or the Chicago commodity futures market without set commodity prices? Or art and antique auctions mostly without set or “minimum” prices but with their free-bid prices? Or even your local gas station, albeit with “set” pump prices but ones subject to frequent ups or downs? Or soft realty markets, where asking prices drift down as demand eases?

Meanwhile, how nice to see ticket sales to New York theater and sporting events move onto the Internet or into Connecticut or

New Jersey where scalping is legal. Let competition work its wonders. To be sure, critics cry “shame” on those who baldly cater to the well-to-do or who don’t make the theater more available to those of lesser means. Well, for the latter there are other alternatives, such as movie houses and even “free” TV.

Besides, what’s wrong with being or striving to be well-to-do? Isn’t that an economic incentive, a part of human nature, a way of the free market too? □

Here's What the Pundits Say!

"...The key to understanding Cuba: from the rise of Castro to the Cuba we hope to see after Castro's fall."
—**Christopher Ruddy**, CEO, NewsMax.com

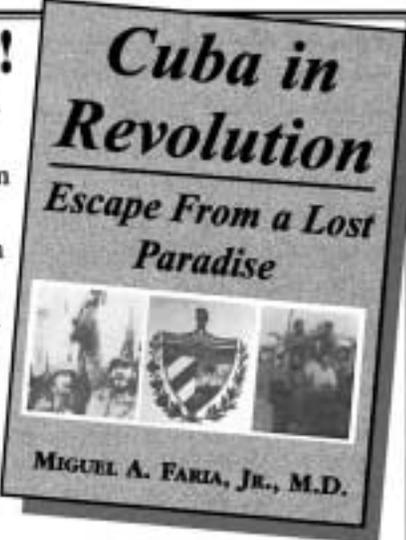
"...Carefully documented, expertly researched..."
—**Joseph Farah**, CEO, WorldNetDaily.com

"...America's recent political history is marked by the gradual abandonment of freedom for the promise of government-provided security. Dr. Miguel Faria knows better than most the danger that lies down that path. I pray that enough people read his book...and learn...before it is too late!"
—**Neal Boortz**, Nationally-Syndicated Radio Talk Show Host

"...Dr. Miguel Faria makes the case for freedom with the passion and eloquence of one who knows what life is like without it...an inspiring and exhilarating read." —**Jeff Jacoby**, *The Boston Globe*

"...A powerful account of life inside the hemisphere's last authoritarian state."
—**Tucker Carlson**, *The Weekly Standard*, co-host of CNN's *The Spin Room*

"...A rare eyewitness look at the personal costs of Castro's heinous takeover of Cuba."
—**Phyllis Schlafly**, *Eagle Forum*



Cuba in Revolution
Escape From a Lost Paradise
MIGUEL A. FARIA, JR., M.D.

► Order Direct **\$26.95**
Add \$3 shipping and handling

800-757-9873

Hacienda Publishing
P.O. Box 13648 • Macon, Georgia 31208-3648 • Fax 1-478-757-9725

ISBN Number 0-9641077-3-2