Multiple Choice Questions

1. The substantive economic difference between ticket scalping and ticket brokering is that
   a. Scalping is more efficient
   b. Brokering is more efficient
   c. Scalping is immoral and brokering is not
   D. There is no substantive economic difference

2. The only real difference between what a scalper does and what a broker does is that
   A. What a broker does is legal in places where what a scalper does is not
   b. What a scalper does is legal in places where what a broker does is not
   c. Scalping is only selling tickets whereas brokering involves both buying and selling
   d. Brokering is only selling tickets whereas scalping involves both buying and selling

3. Economists see a useful service being performed by ticket scalpers, in that they
   a. Lower the price to all consumers
   b. Raise the price so promoters get more money
   C. Adjust a price that a promoter has set too low
   d. Adjust a price that a promoter has set too high

4. Although it is illegal in some locations to re-sell a $100 ticket to an event for $200, it is seldom illegal
   a. For a charity to raffle a $100 ticket in order to raise much more than $200 in donations
   b. For a business to offer a $100 ticket to favored clients and generate orders worth much more than $200
   c. For a travel agent to offer a $100 ticket with a $100 hotel room as a "package" for more than $200
   D. All of the above
5. The better economic model for ticket sales by the promoter is
   a. Perfect competition
   b. Oligopoly
   c. Monopsony
   D. Monopoly

6. The marginal cost curve used to model promoter sold tickets to an event is
   a. U-shaped
   b. Check-shaped
   c. L-shaped
   D. Backward L-shaped

7. At capacity, the marginal cost of providing another ticket is
   a. The same as it was before capacity was reached
   b. Just a bit higher than it was before capacity was reached
   C. Very much higher than it was before capacity was reached
   d. Less than it was before capacity was reached

8. A flat marginal cost curve prior to capacity being reached suggests that the marginal cost of
   providing entrance to the 100th person is
   A. The same as that of the 1000th person
   b. Less than that of the 1000th person
   c. Greater than that of the 1000th person
   d. Unrelated to the marginal cost of the 1000th person

9. The profit maximizing promoter will
   a. Sell a number of tickets equal to the capacity of the facility regardless of the price
   b. Sell less than the capacity of the facility regardless of price
   c. Sell more than capacity regardless of price
   D. Sell that number of tickets where the marginal cost equals the marginal revenue
10. Fans who purchase their tickets from ticket scalpers are likely to
a. Be much less wealthy than typical fans
b. Have many other uses of their time that they consider to be close substitutes for the event
C. Have had much less time to plan their attendance than typical fans
d. All of the above

Use Figure 27.1 to answer questions 11-12:

11. Referring to Figure 27.1, the price that this promoter will choose will
a. Sell out the facility
b. Be where the demand curve crosses the marginal cost curve
c. Be less than the marginal revenue
D. Will be such that there are many empty seats

12. Referring to Figure 27.1, the number of tickets that this promoter will choose to sell will
a. Sell out the facility
b. Be where the demand curve crosses the marginal cost curve
c. Be more than capacity
D. Will be such that there are many empty seats
Use Figure 27.2 to answer questions 13-14:

13. Referring to Figure 27.2, the price that this promoter will choose will
a. Sell out the facility
b. Be where the demand curve crosses the marginal cost curve
c. Will be such that there are many empty seats
   D. A and B

14. Referring to Figure 27.2, the number of tickets that this promoter will choose to sell will
   A. Sell out the facility
   b. Be more than capacity
   c. Will be such that there are many empty seats
d. A and B
Use Figure 27.3 to answer questions 15-16:

15. Referring to Figure 27.3, the price that this promoter will choose will
   a. Sell out the facility
   b. Be where the demand curve crosses the marginal cost curve
   c. Will be such that there are many empty seats
   **D. A and B**

16. Referring to Figure 27.3, the number of tickets that this promoter will choose to sell will
   **A. Sell out the facility**
   b. Be more than capacity
   c. Will be such that there are many empty seats
   d. A and B
Use Figure 27.4 to answer questions 17-18:

17. Referring to Figure 27.4, the price that this promoter will choose will
   a. Sell out the facility
   b. Be where the demand curve crosses the marginal cost curve
   C. Will be such that there are many empty seats
   d. A and B

18. Referring to Figure 27.4, the number of tickets that this promoter will choose to sell will
   a. Sell out the facility
   b. Be more than capacity
   C. Will be such that there are many empty seats
   d. A and B

19. A promoter finds the optimal capacity where capacity is exactly
   a. Where marginal revenue equals zero
   b. Where marginal revenue crosses demand
   C. Where marginal revenue cuts through the kink in the marginal cost
   d. A and C
20. A sellout that is profit maximizing, results from the promoter
   a. Setting a price that is the lowest price possible that sells out the facility
      **B.** Setting a price that is the highest price possible that sells out the facility
   c. Charging too little for the ticket
   d. Charging too much for the ticket

21. A promoter might charge less than the profit maximizing ticket price because
   a. Like most promoters, she has deeply-felt charitable instincts
   **B.** The talent that she represents may wish to play to a full arena for their own ego
   c. She knows that the facility has absolutely no alternative use on the day of the event
   d. All of the above

22. A promoter might charge less than the profit maximizing ticket price because
   a. He believes his own "hype" about the demand for the event
   b. He knows that the cost of constructing the facility is a "sunk cost", and must be ignored
      **C.** The talent may want to create a reputation for charging fair price so as to get more in the future
   d. All of the above

23. A promoter might charge less than the profit maximizing ticket price because
   a. Ticket profits are not everything, the total profit may be enhanced by on-site memorabilia sales
   b. The talent that they represent may wish to play to a full arena for their own ego
   c. The talent may want to create a reputation for charging fair price so as to get more fans in the future
      **D.** All of the above

24. The basic reason that your college's women's basketball tickets are rarely if ever scalped is because
   **A.** Sellouts are required for scalping to work and these games rarely sell out
   b. Brokers/scalers just have not yet hit your city
   c. No one would ever pay more than the face value for such a ticket
   d. Women's basketball is exempt from the laws of supply and demand
25. If scalping is defined as selling tickets for more than face value, outlawing scalping with perfect enforcement of the law will cause
   A. A shortage
   b. A surplus
   c. Sellouts
   d. Sellouts not to exist

26. Once tickets have been sold by the promoter, the model that best explains the role of scalpers is the
   a. Monopoly model
   B. Supply and demand model
   c. The aggregate supply and aggregate demand model
   d. The monopsony model

27. Demand for a "once-in-a-lifetime event" is likely to be
   a. More elastic than a reoccurring one
   B. Exactly as elastic as a reoccurring one
   c. Less elastic than a reoccurring one
   d. Perfectly elastic, because life is short

28. The price of Super Bowl tickets sold by scalpers is likely to be
   a. Less than face value
   B. More than face value
   c. Exactly face value
   d. Independent of which teams are playing in the Super Bowl
29. In Figure 27.5, the effect of a well-enforced anti-scalping law is to
   A. Reduce the welfare of consumers and scalpers by GFB
   b. Increase the welfare of consumers by ABC
   c. Decrease the welfare of scalpers by AFGC
   d. Increase the welfare of consumers and decrease the welfare of scalpers

30. Since the face value of a ticket is set well before the event, any increase in the demand for a ticket will
    a. Increase the number of tickets generally available
    b. Certainly increase the number of tickets that people will want to sell to scalpers
    c. Certainly decrease the number of tickets that people will want to sell to scalpers
    D. Increase the scalper’s price of tickets
31. If the Boston Red Sox were playing the Chicago Cubs in the 2004 World Series and fans were willing to pay three times the face-value price for tickets, economists would suggest that a scalping market would appear and it
a. Would make all ticket holders and potential buys worse off
**B. Would make all ticket holders and potential buys better off (or at least no worse off)**
c. Cause the price to fall below the face value
d. Cause the price to fall back to the face value

32. If the New Orleans Saints were playing the Arizona Cardinals in the NFC final to determine who would play in the 2005 Super Bowl and their fans were willing to pay three times the face-value price for tickets, economists would suggest that a scalping market would appear and it
a. Would make all ticket holders and potential buys worse off
**B. Would make all ticket holders and potential buys better off (or at least no worse off)**
c. Cause the price to fall below the face value
d. Cause the price to fall back to the face value

33. Since there are long waiting lists for tickets to events that regularly occur (Duke basketball, the August NASCAR race in Bristol Tennessee, etc.), a profit maximizing promoter would
**A. Raise ticket prices**
b. Lower ticket prices
c. Eliminate seating
d. Eliminate the event altogether

34. Since there are long waiting lists for tickets to events that regularly occur (Duke basketball, the August NASCAR race in Bristol Tennessee, etc.), a profit maximizing promoter might
**A. Increase seating**
b. Lower ticket prices
c. Eliminate seating
d. Eliminate the event altogether
35. When ticket scalping is legal, economists insist that the market so created ensures that
A. The people who are willing to give up the most money will see the event
b. The people who care the most in their hearts will see the event
c. The promoter makes the most money possible
d. The performers make the most money possible

True / False Questions

36. Under any definition there is no service that a scalper performs.  
\textbf{FALSE}

37. For a promoter to maximize profit, he will have to sell out the venue.  
\textbf{FALSE}