

What's the Deal By [Daniel Lesser](#)

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No such thing as a free amenity

(The views and opinions expressed in this blog are strictly those of the author.)

TANSTAAFL is an acronym for the colloquialism “there ain’t no such thing as a free lunch.” The adage refers to the 19th-century practice in American bars of offering a “free lunch” (typically food with high salt content) to entice customers to purchase more drinks.

The proverb was popularized by Robert A. Heinlein in his science fiction novel, “The Moon Is A Harsh Mistress,” which discusses the problems caused by not considering the eventual outcome of an unbalanced economy. The phrase was further cemented into mainstream economic theory by Nobel Prize winner Milton Friedman, who used it as the title of a 1975 book.

Earlier this year, the New York State Legislature adopted a fiscal 2018 budget that includes the Excelsior Scholarship, a first-of-its-kind program that will provide tuition-free higher education at the state’s public universities to qualified middle-class families and individuals.

Like everything in life, nothing is truly free, including tuition through the new scholarship program. Attending college includes costly expenditures such as housing, textbooks and travel, none of which is included in the scholarship. Furthermore, the program assumes that each eligible student will attend university full-time and complete the degree process in four years, a challenge for those who must simultaneously work and attend college. Finally, upon graduating, a participant in the program must remain in New York for a period of four years; if they don’t, a penalty will apply. If, for example, an alumna accepts a technology industry position in another state, the free tuition is forfeited and is converted into a loan that must be repaid.

I find it amusing when travelers speak of “free” hotel amenities, or for that matter anything that they perceive as being free or complimentary. The fact is, even if something appears to be free, there is always a cost, no matter how indirect or hidden it may be. Hotel Wi-Fi access, breakfast, happy hours, shuttles and toiletries, to name a few, are not free, even if an explicit fee is not charged for any of these items/services.

Throughout my industry practice, I can’t tell you how many times I hear that “free” amenities were the deciding factor for choosing a certain hotel. What is not widely discussed is how these “complimentary” amenities are often priced into the offered room rate.

A fundamental economic issue facing all societies is that of scarcity, a condition that results from not having enough resources to produce all the things people would like to have. Because resources are limited, everything desirable has a cost. Even when it appears to be free, it is impossible to obtain anything of value for nothing.

It is opportunity cost, rather than just monetary cost, that matters when making economic decisions. To get one thing we want, we must give up something else. Economic life at its most basic is a zero-sum game, and all decisions require trading one thing for another. Think about it: Even if a lunch is fully paid for, one loses the chance to spend that time doing something else. Frankly, the colloquialism for the hotel industry should be TANSTAAFB: “There ain’t no such thing as a free breakfast.”

The reality is that the only time something is truly free is when it has no value.

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