

7-12

The Lord of the Rings

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Economics: Government Programs: Costs and Benefits

Objectives: Students will:

- ≡≡ Define special interest issues (Benefits concentrated on small group but costs spread over large group or costs concentrated in small group and benefits spread over large group),
 - ≡≡ Define logrolling (people support each others' programs),
 - ≡≡ Recognize that logrolling can lead to programs with negative net benefits
 - ≡≡ Experience how hard it can be to identify who benefits from government programs.
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Synopsis: Middle Earth battles good against evil.

Materials: Copies of Role Playing Sheets, 3 roles, 1 sheet (role) per student

Procedure: After reading *The Hobbit*, *The Lord of the Rings*, or seeing the movies, ask the class to imagine that they are hobbits living in the Shire. After the success of Bilbo Baggins' party, the Mayor's Council decides to create a party garden. Every hobbit must contribute a silver penny (or the equivalent in food) to pay for this project.

2. Ask the class who benefits? (*Since the whole Shire comes to these parties, everybody benefits.*)
3. Ask the class who pays the costs. (*Since the tax of a silver penny is paid by all hobbits, all bear the costs.*)
4. Define a **general interest issue** as one where the benefits and costs are spread around a large number of people.

Now consider that the Mayor's Council decides to create the party garden around the party tree at Bag End (on Bilbo's estate), paid for by that same penny tax on all hobbits.

1. Who benefits? (*The Baggins's and possible their closest friends and relatives will get most of the benefits.*)
2. Define a **special interest issue** as one where the benefits go to a small part of the whole group of people.

Give each student one of the role-playing cards, and group them so that each group has one of each type.

1. Have each student read their card to the rest of the group.
2. Have students vote on each of the 2 proposals on their cards. Tell students that they should vote for the proposal only if the benefits to their constituents exceed the costs.
3. After students vote, ask each group which program(s) they passed. (*Neither will pass because each benefits only one small part and costs are spread over the whole. Only Farmer Maggot will vote for Program 1 and only Sandyman Miller will vote for Program 2.*)
4. Tell students that there will be a second round of voting very soon. Now they may negotiate with the other representatives to get votes for "their" program if they believe the benefits exceed the costs. They are allowed to vote for a project they don't want if that secures them a vote for "their" project.
5. After students vote, discuss the results. Did **logrolling** (votes for special-interest projects that don't benefit the rep's group) occur?
6. Follow with a discussion of who might indirectly benefit from the proposals. (*Party garden: more parties mean more work for bakers, decorators, caterers, dishwashers, and musicians. Cabbage price supports: lettuce and carrot-growers (switch to these products). Bigger mill: Bakers who get cheaper flour.*)
7. What costs might occur indirectly from these proposals? (*Party garden: too many parties so amount of work declines. Cabbage price supports: sauerkraut and coleslaw cooks go out of business. Bigger mill: land previously used for linen switched to wheat and*

less cloth for clothing, tent, net makers hurts fishing and fashion.)

8. What about general benefits and costs from these programs? *(All programs might create pollution (except cabbage-support, which might lower amount of stinky sauerkraut factories), especially larger mill. More parties benefit entertainers and bakers but also everyone who loves parties.)*

Role Playing Cards (Version A)

Name _____

You are playing the role of Farmer Maggot.

Farmer Maggot lives on a vegetable farm near the border of the Shire. His fields are full of the vegetables and fruits that hobbits love, especially cabbages. His part of the Shire does not grow grains because the ground is so rich and the rainfall so plentiful.

You are representing the vegetable farmers of the Shire.

Program 1: Cabbage Price Subsidy

If this program passes, then vegetable farmers who sell cabbages below the Cabbage Support Price will receive the difference from the Tax Funds. Your party of vegetable farmers will receive 70% of the 2000 silver pennies collected for subsidy payments (the rest will go to people with small gardens and vegetable farmers over by Bree). Taxes to pay for the subsidy will cost your party's members about 100 silver pennies.

Program 2: Bigger Hobbiton Mill

If this program passes, there will be incentives and tax breaks to the Hobbiton miller, Sandyman, to build a bigger mill and remain in Hobbiton. The mill brings 3500 silver pennies in benefits from milling grain each year to Hobbiton. Since your party's members don't grow much grain, they will benefit only by 50 silver pennies, but the cost to your party's members will be 100 silver pennies.

Role Playing Cards (Version B)

Name _____

You are playing the role of Rosie Cotton.

Rosie Cotton lives in Hobbiton. She works at the Green Dragon (the local inn). Hobbiton has the most manufacturing and trade in the Shire.

You are representing the manufacturers and businesses, especially food-related, of the Shire.

Program 1: Cabbage Price Subsidy

If this program passes, then vegetable farmers who sell cabbages below the Cabbage Support Price will receive the difference from the Tax Funds. Your party of business people will receive 1% of the 2000 silver pennies collected for subsidy. Taxes to pay for the subsidy will cost your party's members about 100 silver pennies.

Program 2: Bigger Hobbiton Mill

If this program passes, there will be incentives and tax breaks to the Hobbiton miller, Sandyman, to build a bigger mill and remain in Hobbiton and incentives to business people to use the mill's products (plus the lower price of flour from the more-efficient mill). The mill will bring 3500 silver pennies in benefits from milling grain each year to Hobbiton. Your party's members will benefit by 3000 silver pennies, but the cost to your party's members will be 100 silver pennies.

Role Playing Cards (Version C)

Name _____

You are playing the role of Gaffer Gamgee.

Gaffer Gamgee lives in a rowhouse in Hobbiton. He has a small vegetable garden and is an acknowledged (especially by him) expert on tubers and taters. Like all hobbits, he loves to eat.

You are representing the retired consumers of the Shire.

Program 1: Cabbage Price Subsidy

If this program passes, then vegetable farmers who sell cabbages below the Cabbage Support Price (higher than the current price) will receive the difference from the Tax Funds. Your party of consumers will receive 2% of the 2000 silver pennies collected for subsidy payments (the rest will go to vegetable farmers over by Bree). Taxes to pay for the subsidy will cost your party's members about 100 silver pennies.

Program 2: Bigger Hobbiton Mill

If this program passes, there will be a bigger mill in Hobbiton. The mill brings 3500 silver pennies in benefits from milling grain each year to Hobbiton. Since your party's members don't grow much grain, they will benefit only by 50 silver pennies, but the cost to your party's members will be 100 silver pennies.