

Incentives without motive-reading

Examine the book's distinction between productive and predatory pathways to reward. Practice translating its forceful language about greed and envy into institutional tests, fair counterarguments, and incidence analysis.

2 lessons · approximately 5 hours, plus multi-day practice

How to use this workbook

Read the assigned manuscript first. This workbook contains accompanying teaching and invented cases, not a revision of the source. Attempt exercises before consulting the rubrics and explanations. Written work is self-assessed or discussed with a tutor; no secure examination, academic credit or certificate is implied. Use a clearly labelled fictional case when live practice or personal disclosure would be unsuitable. Links use the course's intended publication address; for offline review, open the supplied source PDF at the full-book page numbers shown.

- Distinguish motives from mechanisms.
- Evaluate productive and extractive actions under explicit conditions.
- Audit rhetorical shortcuts fairly.
- Trace three tax-and-trade examples.
- Compare uplift outcomes without diagnosing opponents' motives.

[Open the module and source reading links](#)

Lesson sequence

1. Separate motives from institutional outputs
2. Audit rhetoric and compare uplift mechanisms

Separate motives from institutional outputs

Allow approximately 100 minutes, plus any continuing activity.

Learning objectives

- Explain the source's productive-versus-predatory distinction.
- Identify conditions under which private incentives create or extract value.
- Distinguish the book's definition of envy from observable policy effects.

Assigned source readings

Complete consecutive source range, including its arguments and examples

Full-book PDF pages 94–97. Section links open the chapter at the relevant page.

Develop the argument

A motive is not a mechanism

The chapter's opening move is to separate motives from institutions. Greed and envy are not themselves policies; their effects depend on rules, opportunities, and constraints. The source uses greed unusually broadly, including the desire for security, comfort, status, and improvement. Label this book-specific definition rather than treating it as the only ordinary meaning. The analytical question becomes what a person must do to succeed: attract willing customers, improve a service, obtain a privilege, deceive someone, or influence an official. This reframing avoids explaining every undesirable outcome through bad character. It also prevents praise of a profit motive from substituting for evidence that a particular activity benefits others. The chapter's strong claim that consequences depend entirely on institutions should be read as an emphasis; technology, resources, information, preferences, and historical circumstances can also matter.

Productive and predatory pathways

Productive greed, in the source's terminology, earns rewards by providing valued goods, reducing costs, innovating, or improving reliability under competition and enforceable rules. Predatory greed earns rewards through exclusion, corruption, cartel behavior, capture, or privileges. Identify actions and payoff structures, not personalities. A single firm can innovate in one area and lobby for exclusion in another. Voluntary purchase is relevant evidence of value, but it is not a complete social-welfare test when information is poor, alternatives are limited, or harms fall on outsiders. The buyer's ability to say no is meaningful only when refusal is workable and contracts are fair. Likewise, lobbying and litigation are not always predatory: they can challenge exclusion or enforce legitimate rights. Ask what the activity changes, who bears its costs, and whether it expands or restricts beneficial exchange.

Envy, aspiration, and the danger of motive inference

The chapter defines political envy as wanting another person lowered rather than wanting a route to rise. It contrasts this with aspiration and calls envy economically sterile because subtraction alone creates no output. This is a philosophical and rhetorical distinction, not an empirical test that identifies the motives of everyone supporting redistribution. A person may favor a tax because of insurance, public goods, fairness, bargaining power, or harmful externalities. Evidence of these reasons must be engaged on its merits. Similarly, a person opposing a tax may be protecting a privilege rather than productive opportunity. The source's strongest usable instruction is to ask how a proposal changes opportunities and production, rather than assuming that a morally attractive label settles the question. Do not diagnose envy from a party label, an income group, or disagreement with the author.

Ladders, levelling, and a testable distinction

The policy-signature section contrasts opening housing, skills, work, ownership, and competition with targeting visible winners for punishment. Its qualification matters: redistribution is not categorically excluded, but the author objects when it replaces competence-building reform. Translate this into outcome questions. Does the policy increase practical access, reduce a documented bottleneck, protect people against severe risk, or fund a productive public service? Does it merely change a headline distribution while leaving exclusion untouched? A program can do several things at once, so avoid forcing mixed designs into a binary moral category. The required notes connect institutional incentives to entrepreneurship and extractive institutions, while a luxury-tax reference introduces incidence on workers. These references are leads, not proof of anyone's motive. A strong analysis can share the author's concern about political privilege while reaching a different distributional recommendation. The assessed skill is tracing the pathway between rules and consequences, including evidence that could reverse your initial classification.

Two routes to a profitable service

Invented for this course.

A fictional water-filter company can invest 200,000 units in a more durable product or spend the same amount seeking a rule that excludes compatible replacement filters. It claims both options protect consumers.

1. Specify the action in each route: product improvement changes performance; exclusion changes competitors' ability to serve customers.
2. Ask for durability, safety, compatibility, and cost evidence. A proprietary restriction might address a real risk, or might mainly protect margins.
3. Trace customer choice, repair access, rival entry, and external harms. Profit alone does not identify the social result.
4. Compare a performance standard open to all suppliers with an exclusive approved-brand rule.

The institutional test distinguishes useful safety protection from possible exclusion without needing to infer executives' private feelings.

Practice and evidence

1. Classify actions, not people

Identify four fictional business actions, including one mixed case, and evaluate whether each primarily creates value, extracts a privilege, or remains uncertain.

Deliverable: Four evidence-based action cards with one counterargument each.

1. State who can refuse and what alternatives exist.
2. Identify information gaps and external effects.
3. Explain what evidence would change the classification.

Specificity · 3 points

Evaluates actions and institutions rather than identity labels.

Balance · 3 points

Allows mixed effects and legitimate legal advocacy.

Evidence · 3 points

Provides relevant tests rather than relying on profit or rhetoric alone.

2. Reconstruct the strongest opposing argument

Choose a hypothetical tax or subsidy and write a fair argument for it that does not assume envy, followed by a mechanism-based critique.

Deliverable: Two 200-word arguments and a shared evidence agenda.

1. Identify stated objectives and strongest plausible reasons.
2. Separate normative disagreement from empirical disagreement.
3. Name observations both sides should accept as relevant.

Charity · 3 points

Represents the position without imputing motives.

Mechanism · 3 points

Connects rules to behavior and distribution.

Comparability · 3 points

Uses common evidence standards for both positions.

Reflection

Could you describe a policy you oppose without using a claim about its supporters' character?

Formative self-check

Choose an answer before looking at the answer key. These questions are open practice, not a secure assessment.

1. A profitable firm innovates and also seeks an exclusionary license. Which classification is strongest?

- A. All of its conduct is productive because it earns profit
- B. All of its conduct is predatory because it lobbies
- C. Evaluate the two actions separately and allow mixed institutional effects
- D. Its motives can be read from its name

2. A person supports redistribution. What does this establish about envy?

- A. It proves the person wants others harmed
- B. Nothing by itself; reasons, design, and effects must be examined
- C. It proves the policy increases output
- D. It eliminates the need to study incidence

3. Why might voluntary purchase be insufficient to establish net social benefit?

- A. Buyers never value goods
- B. Prices carry no information
- C. All profit is theft
- D. Information problems, limited alternatives, or third-party harms may matter

Answer explanations

1. C — Evaluate the two actions separately and allow mixed institutional effects

The source's useful distinction concerns pathways to reward. Firms and people can use more than one pathway.

2. B — Nothing by itself; reasons, design, and effects must be examined

A policy preference does not reveal a private motive. The course requires fair reconstruction and causal analysis.

3. D — Information problems, limited alternatives, or third-party harms may matter

Willingness to buy is relevant but not exhaustive. The institutional test includes conditions for meaningful choice and effects on others.

Audit rhetoric and compare uplift mechanisms

Allow approximately 100 minutes, plus any continuing activity.

Learning objectives

- Analyze four rhetorical shortcuts without assuming they prove envy.
- Apply incidence and substitution analysis to luxury taxes, top rates, and tariffs.
- Evaluate the source's uplift criteria and their limitations.

Assigned source readings

Complete consecutive source range, including its arguments and examples

Full-book PDF pages 97–103. Section links open the chapter at the relevant page.

Develop the argument

Four shortcuts, four missing questions

The source lists fairness as outcome parity, undefined excess, they can afford it, and no one needs that much as rhetorical disguises. A rigorous audit does not simply ban these terms. Ask what fairness means in the argument, how excess is measured, why ability to pay is relevant, and how needs relate to the stated social objective. Ability to pay can be a legitimate distributional criterion, but it does not establish unchanged behavior or zero cost. A need-based public program need not imply that all market preferences are centrally controlled. Conversely, calling an activity voluntary or competitive does not settle every fairness question. The lesson is to make normative premises explicit and supply the missing mechanism. The chapter's claim that every convergence of outcomes requires coercive surveillance is broader than the argument establishes and should be treated as contestable.

Discretion, capture, and feedback

The institutional-danger and two-economies sections propose a feedback loop: political punishment raises uncertainty, businesses seek protection, capture intensifies, and resentment grows. Reconstruct each link and specify evidence for it. A tax adopted through stable rules may differ from arbitrary selective punishment; a transparent grant may differ from a discretionary favor. Market and political allocation also coexist rather than forming perfectly separate systems. Competition depends on law, public infrastructure, and enforceable rights, while public allocation can use transparent competitive procedures. The moral-inversion section asks whether attention to visible wealth distracts from housing, licensing, credentials, safety, money, and captured rules. This is a valuable agenda-setting question. It does not establish that distribution itself is irrelevant. Compare whether a proposed intervention changes the identified bottleneck, merely changes claims, or does both.

Three end-of-chapter examples

The chapter's final Hazlitt examples add concrete applications that are easy to miss if reading stops at the lesson line. A luxury tax may induce buyers to delay, substitute, or purchase elsewhere, shifting costs toward producers and workers. Do not assume demand is perfectly elastic or that every industry decline is caused by the tax; assess the counterfactual and public revenue. High top marginal rates can change real effort, reported income, timing, location, and avoidance. Separate those channels rather than equating reduced taxable income with equal lost production. Tariffs can protect some jobs while raising input or consumer costs and rewarding lobbying for protection. Include downstream firms, exporters, workers, consumers, and foreign responses. These examples use the earlier second-effects method to replace a visible target with a wider incidence map. The source-reported historical luxury-tax account and other citations require original-document verification before their magnitudes are treated as established.

Operational uplift and the final clarification

The practical distinction gives three uplift criteria: stable housing and safe neighborhoods, lower barriers to work and enterprise, and institutions supporting long-term planning. Its levelling criteria emphasize punishment, transfers without expanded output, and discretionary outcome management. Use these as the author's evaluative framework rather than mutually exclusive scientific categories. A transfer can protect consumption, insure risk, or enable training even if immediate output does not rise; whether that benefit is worth its cost is a normative and empirical question. The final clarification rejects worship of wealth and calls for distinguishing fortunes built through service from those protected by capture. This is essential: the chapter does not ask learners to defend every rich person. A strong conclusion identifies a mechanism, compares realistic alternatives, counts distribution and risk, and names the institutional changes that would make opportunity more accessible. It tests whether a proposal works without pretending that its author's vocabulary proves the verdict.

The artisan instrument tax

Invented for this course.

An invented city proposes a 10% tax on custom musical instruments priced above 8,000 units. Officials expect wealthy buyers to keep purchasing unchanged. Several local workshops employ trainees; imported substitutes are available.

1. Identify the static revenue assumption and distinguish price thresholds from an objective definition of excess.
2. Model delayed purchases, lower-priced models, imports, and unchanged demand as separate scenarios rather than selecting one without evidence.
3. Trace incidence to buyers, workshop owners, trainees, suppliers, taxpayers, and beneficiaries of the funded program.
4. Compare the tax with broader funding or direct entry reforms, including administrative costs and the actual public benefit.

The policy may affect workers beyond its intended wealthy buyers. The size and net value of that effect require demand, production, and spending evidence.

Practice and evidence

1. Translate slogans into propositions

Rewrite the four source rhetorical shortcuts as explicit normative premises and empirical claims.

Deliverable: Four claim maps with required evidence and a fair counterargument.

1. Define ambiguous words.
2. Identify what the premise does and does not imply.
3. Avoid attributing envy without evidence.

Precision · 3 points

Separates value judgments from behavioral predictions.

Fairness · 3 points

Allows legitimate uses of ability-to-pay and need criteria.

Testing · 3 points

Names evidence that addresses the actual claim.

2. Compare three incidence pathways

Analyze luxury taxes, high marginal rates, and tariffs using invented but clearly labeled scenarios.

Deliverable: Three six-part policy cards and a 250-word synthesis.

1. State substitution options and elasticities as unknown or assumptions.
2. Include workers and downstream groups.
3. Compare each with its stated public objective and a feasible alternative.

Mechanism · 3 points

Distinguishes consumption substitution, income response, and trade effects.

Incidence · 3 points

Includes indirect burdens and benefits.

Restraint · 3 points

Does not present source-reported history as independently verified causation.

Reflection

What policy label would you replace with a measurable objective in order to make a disagreement more productive?

Formative self-check

Choose an answer before looking at the answer key. These questions are open practice, not a secure assessment.

1. “They can afford it” is used to justify a tax. Which response is strongest?

- A. Ability to pay can never matter
- B. Ability to pay alone does not establish behavioral effects or net benefits
- C. The statement proves envy
- D. The tax must have zero revenue

2. Luxury-tax receipts are below a static forecast. What should be investigated?

- A. Only whether rich people are immoral
- B. Only the original forecast’s popularity
- C. Demand substitution, timing, enforcement, other shocks, and the forecast assumptions
- D. Nothing; any tax is a failure

3. Which conclusion follows from the chapter’s final clarification?

- A. Every fortune deserves protection
- B. Competition policy is unnecessary
- C. Redistribution always proves resentment
- D. Wealth creation and privilege extraction should be distinguished by mechanisms

Answer explanations

1. B — Ability to pay alone does not establish behavioral effects or net benefits

Distributional capacity may be relevant, but it cannot replace analysis of response, incidence, administration, and public uses.

2. C — Demand substitution, timing, enforcement, other shocks, and the forecast assumptions

A shortfall can arise through several channels. Identifying them is necessary before attributing cause or evaluating the policy.

3. D — Wealth creation and privilege extraction should be distinguished by mechanisms

The source explicitly rejects worship of wealth and emphasizes attacking capture. The analytical distinction concerns how rewards are obtained.

Module assessment

Replace a punishment campaign with an evaluable proposal

A fictional council proposes a luxury-service tax and protective tariffs while promising to punish greed. It also faces costly licenses, housing scarcity, and opaque procurement.

Required evidence

- A fair reconstruction of the package's strongest objectives.
- A causal and incidence comparison with an entry-and-procurement reform package.
- A conditional recommendation that addresses public funding and distribution.

Assessment criteria

Representation · 5 points

Does not infer envy or virtue from policy labels.

Mechanism · 5 points

Separates consumer substitution, tax-base response, and protection rents.

Alternatives · 5 points

Assesses both market and public institutional design.

Evidence · 5 points

States missing data, counterfactuals, and conditions reversing the recommendation.

Model response: consult after your attempt

A strong response recognizes that the rhetoric does not establish either net harm or net benefit. It tests the taxes and tariffs against their public objectives, includes workers and downstream users, and asks whether entry and procurement reforms address documented bottlenecks. It can recommend a mixed package if supported by evidence. It treats the author's uplift framework as a perspective to engage rather than a compulsory moral classification.

Source cautions and interpretation

- Footnotes 25–28, four chapter notes, and all three final Hazlitt examples were read.
- Greed, envy, productive greed, predatory greed, uplift, and levelling are source-specific categories; policy support does not establish private motive.
- Claims about institutional determinism, luxury-tax history, and redistribution-growth relationships are contestable or source-reported, not independently verified here.
- No figures occur; source wording remains unchanged.

Source coverage

Chapter 6: Envy and Greed, Properly Placed

The complete opening quotation and chapter introduction establish the problem and author's governing position; the first teaching section reconstructs the argument and separates its assumptions from evidence.

[Read source section: full-book PDF page 94](#)

Greed: the motive is constant; the output depends on the rules

Labels the source's broad definition of greed and separates motives from the institutional route to reward.

[Read source section: full-book PDF page 94](#)

Greed's two faces: production or predation

Compares creation and extraction pathways without classifying whole people or firms by one action.

[Read source section: full-book PDF page 95](#)

Productive greed

Tests customer value, meaningful refusal, information, and external effects rather than profit alone.

[Read source section: full-book PDF page 95](#)

Predatory greed

Examines exclusion, privileges, and capture while recognizing legitimate legal advocacy.

[Read source section: full-book PDF page 96](#)

Envy: politically useful, economically sterile

Labels the book's envy definition and rejects inference of private motives from redistribution preferences.

[Read source section: full-book PDF page 96](#)

Envy's policy signature: levelling instead of ladders

Tests whether programs widen housing, skill, work, and ownership access; allows mixed designs and beneficial support.

[Read source section: full-book PDF page 97](#)

Envy's rhetorical tricks

Translates four rhetorical shortcuts into explicit value premises and empirical claims requiring evidence.

[Read source section: full-book PDF page 97](#)

The institutional danger: when envy becomes law

Reconstructs the policy-uncertainty and protection-seeking pathway with distinctions between stable rules and arbitrary punishment.

[Read source section: full-book PDF page 98](#)

Greed, envy, and the two economies: market versus political allocation

Treats market and public allocation as interacting institutions and compares transparent competition with discretion.

[Read source section: full-book PDF page 98](#)

The moral inversion: condemning wealth while excusing the causes of poverty

Asks whether visible-wealth disputes distract from actual bottlenecks without dismissing distributional goals.

[Read source section: full-book PDF page 99](#)

The practical distinction: uplift policy versus levelling policy

Uses the author's three uplift and three levelling criteria as a contestable framework rather than scientific categories.

[Read source section: full-book PDF page 99](#)

A final clarification: the opposite of envy is not indifference

Preserves the rejection of wealth worship and distinguishes service-based rewards from protected privilege.

[Read source section: full-book PDF page 99](#)

The Lesson Line

Tests accessible opportunity without making a person's worth or policy agreement conditional on earnings.

[Read source section: full-book PDF page 100](#)

Chapter 6 Notes

Flags institutional-determinism and historical luxury-tax claims as source reports requiring verification.

[Read source section: full-book PDF page 101](#)

The "Hazlitt" Examples (Primary)

Teaches luxury-demand substitution, top-rate response decomposition, and tariff incidence through three six-part case cards.

[Read source section: full-book PDF page 102](#)