

Read beyond the slogan and establish a fair comparison

Learn the book's central method before judging its policy conclusions. Reconstruct the broken-window comparison, distinguish visible spending from net benefit, and turn claims about barriers and capture into questions that can be examined.

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.

- Explain the book's stated purpose and its Bastiat–Hazlitt–Stigler framing.
- Construct a counterfactual that includes forgone alternatives and affected groups.
- Distinguish a mechanism from a universal prediction or an allegation of intent.
- Prepare a source-aware policy notebook with explicit assumptions and evidence needs.

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

Lesson sequence

1. The broken window and the missing comparison
2. From the wall metaphor to a testable policy inquiry

The broken window and the missing comparison

Allow approximately 150 minutes, plus any continuing activity.

Learning objectives

- Reconstruct the parable using a clear before-and-after comparison.
- Separate an immediate recipient's gain from an economy-wide welfare claim.
- Identify the source's normative aims and the evidence needed for causal claims.

Assigned source readings

[Preface: the arithmetic of good intentions](#)

Full-book PDF pages 4–7. Section links open the chapter at the relevant page.

[Spine statement and footnote 1](#)

Full-book PDF pages 9–11. Section links open the chapter at the relevant page.

[Introduction I: the parable](#)

Full-book PDF pages 27–28. Section links open the chapter at the relevant page.

Develop the argument

Begin with the author's governing argument

The preface expresses frustration with policies judged by attractive intentions and visible first effects. Its central demand is to count consequences over time and across groups. The spine statement expands that demand into an argument about competence, investment, trust, rules and entry into opportunity. It favours reforms that widen the path into productive activity and criticises policies it regards as rearranging claims without expanding what can be produced. These are the author's positions. The course asks you to understand their mechanisms and assess their support, not to treat a forceful tone as proof.

The front matter also gives the project a moral aim: improving the prospects of people who are excluded or vulnerable. That aim does not by itself select one policy. People can share an aim while disagreeing about the causal model, distributional priorities or evidence. Keep three questions separate in your notebook: what outcome is valued, what mechanism is proposed, and what observations would support the prediction? The author's biography supplies context, while the dedication and epigraph frame the work. None substitutes for answering those analytical questions.

Reconstruct both sides of the broken-window comparison

The introduction retells Bastiat's shopkeeper example. A broken pane creates a visible repair payment, and the glazier receives income. The error is to conclude from that payment alone that destruction enriches the community. The comparison must include what the shopkeeper could have done if the pane had remained intact: retain the functioning window and use the resources for another valued purpose. Repair restores something lost. It does not make the initial destruction a free source of prosperity.

Write the comparison as two possible paths from the same starting conditions. In the intact-window path, the window remains and the budget can finance another purchase or saving decision. In the broken-window path, resources go to repair. The forgone alternative is not directly observed, so it must be specified honestly rather than assumed to be whatever best supports your conclusion. Avoid double counting: a payment is an expense to one party and income to another. The welfare comparison concerns the resources and opportunities lost or gained, not simply the sum of visible cheques.

Use the parable as a method, not a universal verdict

The source presents Bastiat, Hazlitt and Stigler as intellectual anchors. Its front footnote points to Bastiat's distinction between seen and unseen effects. These references are reading leads within the supplied manuscript; this course does not claim to have independently checked every quotation or historical attribution. The introductory method is nevertheless clear enough to practise: identify the visible benefit, trace other consequences and ask how the rules shaped the situation. Later chapters examine those questions through incentives, incidence and institutions.

A careful learner also asks what the simple example leaves out. A real policy may address a genuine harm, use otherwise idle resources, protect a vulnerable group or change future capacity. Those possibilities do not erase opportunity cost; they change the comparison that must be made. Nor does identifying an unseen cost automatically settle the decision. Count relevant benefits by the same standard and state how they are valued. The course's central discipline is a fair counterfactual: compare feasible alternatives under explicit assumptions, with uncertainty and distribution visible. A conclusion earns credit because the reasoning supports it, including when it qualifies or challenges the source.

Original course example: repair spending and a training budget

Invented for this course.

A fictional workshop has an intact door and a budget of 100 teaching units for a training session. Accidental damage requires a repair costing all 100 units. Someone says the damage created prosperity because the repairer was paid.

1. Hold the starting conditions fixed: the workshop initially had a functioning door and the budget.
2. Compare the intact-door path, which permits the training, with the damaged-door path, which restores the door but forgoes that training.
3. Record the repairer's income without counting the same payment again as a separate economy-wide gain.
4. State the assumption that the training was the best feasible alternative and examine whether repair consumed resources that had another use.
5. Conclude only what the comparison supports; it does not establish that every public spending proposal resembles accidental destruction.

A visible payment is insufficient to prove a net benefit. The comparison must include the lost asset, resources used and the best feasible alternative.

Practice and evidence

1. Draw the two paths

Reconstruct the introduction's parable in a two-path account.

Deliverable: A 400-word comparison with the same starting position, final resources and forgone alternative.

1. Identify the visible payment and recipient.
2. Name the counterfactual and its uncertainty.
3. Check that transfers are not double counted as net gains.

Counterfactual · 4 points

Uses a common starting point and a feasible alternative.

Accounting · 3 points

Separates payments, resources and welfare claims.

Scope · 3 points

States what the example does and does not establish.

2. Separate aims from predictions

Choose six claims from the preface or spine statement and classify them.

Deliverable: A six-entry notebook separating values, mechanisms, empirical predictions and rhetoric.

1. Paraphrase the source fairly.
2. State the support required for each claim.
3. Include one possible observation that would challenge a prediction.

Source understanding · 3 points

Reconstructs claims without exaggeration.

Classification · 4 points

Distinguishes values from causal or descriptive claims.

Testability · 3 points

Specifies relevant evidence and a possible challenge.

Reflection

What attractive first effect would you find hardest to question, and what comparison would help you examine it fairly?

Formative self-check

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

1. Why is the glazier's payment insufficient to show that breaking the window improved welfare?

- A. The glazier's income is imaginary.
- B. The comparison omits the intact window and the shopkeeper's alternative use of resources.
- C. Repair work never has value.
- D. All spending reduces welfare.

2. Two analysts share the aim of improving housing access. What follows?

- A. They must support the same policy.
- B. Their models and evidence no longer matter.
- C. They can still disagree about mechanisms and distribution.
- D. One must have dishonest intentions.

3. An analysis identifies one delayed cost of a policy. What should happen next?

- A. Declare the policy rejected in every setting.
- B. Ignore the cost because it is delayed.
- C. Compare relevant costs and benefits against feasible alternatives.
- D. Count only the immediate recipient.

Answer explanations

1. B — The comparison omits the intact window and the shopkeeper's alternative use of resources.

The payment is real, but a net claim requires the counterfactual and the resource loss. The example does not say that repairs are worthless.

2. C — They can still disagree about mechanisms and distribution.

A shared objective does not settle causal assumptions or trade-offs. The course evaluates the reasoning rather than inferring motives.

3. C — Compare relevant costs and benefits against feasible alternatives.

An unseen cost belongs in the comparison, but is not by itself a complete decision rule. Benefits and alternatives require the same scrutiny.

From the wall metaphor to a testable policy inquiry

Allow approximately 150 minutes, plus any continuing activity.

Learning objectives

- Explain how the introduction links unseen costs with regulatory capture.
- Construct a stakeholder, mechanism and evidence map.
- Distinguish a burdensome rule from evidence that it was captured.

Assigned source readings

[Introduction II–V: design, the wall, method and moral stakes](#)

Full-book PDF pages 28–31. Section links open the chapter at the relevant page.

[Author context and spine statement](#)

Full-book PDF pages 8–11. Section links open the chapter at the relevant page.

Develop the argument

Two lenses do different work

The introduction combines an economic lens with a political one. The broken-window lens asks what the visible story leaves out. The capture lens asks how established interests may shape rules to protect their position. The author uses the wall as an image for barriers faced by newcomers: licensing, credentials, restrictions on building and protected industries. The image connects the loss of opportunity with the incentives of those already inside. It is an organising argument, not a substitute for examining a particular rule.

The distinction matters because an adverse effect and an explanation of its origin are separate claims. A compliance rule may impose a relatively larger cost on small firms. That observation alone does not prove the rule was written to protect incumbents, or that it provides no public benefit. A capture inquiry needs evidence about rule design, influence, alternatives and outcomes. Conversely, a benevolent stated purpose does not establish that the design is proportionate. Hold the public rationale and the exclusion mechanism in view at the same time.

Turn a metaphor into a mechanism map

Begin with a precisely described intervention. Who must do what, when, at what cost, and with which exemptions? Next identify the intended benefit and the people expected to receive it. Then map behavioural responses: entry, exit, substitution, prices, quality, investment, compliance and time spent obtaining permission. Identify who has alternatives and who does not. The source's repeated questions about the cheque, the bill and the brick can prompt this inquiry, but your final analysis should use clear descriptions rather than rely on the metaphor.

The introductory examples include specific money amounts for licensing and credentials, but they do not establish current requirements in every jurisdiction. Treat them as the source's illustrations unless verified for a defined place and date. The course uses fictional cases to teach the mechanics without giving legal or financial advice. For a real application, distinguish the actual rule from a summary, identify the relevant evidence and check its date. The goal here is to learn

what must be investigated, not to fill an evidence gap with a plausible number.

Establish a fair policy notebook

Use five sections in the notebook: the objective and feasible alternatives; a stakeholder map; the mechanism and assumptions; evidence and uncertainty; and a provisional judgment with review criteria. Include groups the proposal does not advertise, such as future entrants or people unable to navigate an application process. Include potential beneficiaries of the rule's protective function too. A fair map does not select only the unseen effects that favour one side. Distribution can matter even when an aggregate gain is positive, so explain whose interests are being weighed.

The book's preface and introduction are deliberately polemical. Your task is to translate that energy into propositions that could be examined. For example, "this wall protects incumbents" becomes a claim about entry costs, influence and market outcomes under a specified rule. Ask what evidence would support a simpler explanation or show that a different design achieves the protective objective at lower cost. The course proceeds in chapter order, then returns to the postscript and glossary for synthesis. Record revisions to your judgment as the analysis develops. Changing a conclusion when the assumptions fail is successful learning, not failure to defend the author.

Original course example: a certification rule with two objectives

Invented for this course.

In a fictional market, a safety certificate costs each provider 3,000 units a year. A small provider serves 100 customers and a large provider serves 10,000. The certificate may prevent a specified hazard, but no outcome data are yet supplied.

1. Calculate the average fixed compliance cost: 30 units per customer for the small provider and 0.30 for the large one, before any behavioural response.
2. Identify a potential entry disadvantage without assuming the safety benefit is zero.
3. Ask whether a lower-cost inspection or graduated requirement could address the same hazard.
4. Seek evidence about hazard rates, compliance quality, entry and participation in rule design.
5. Keep the incidence question open: costs could affect prices, returns, entry or service quality depending on market conditions.

The arithmetic identifies unequal cost exposure. It does not alone prove capture, determine final incidence or settle whether certification is justified.

Practice and evidence

1. Map the wall precisely

Analyse the fictional certification rule from the worked example using a different feasible alternative of your own.

Deliverable: A stakeholder and mechanism map plus a 500-word comparison.

1. Include entrants, incumbents, customers and the people exposed to the hazard.
2. Show a short-run and a longer-run response.
3. Name the assumptions that determine the comparison.

Mechanism · 4 points

Connects the rule to specific choices and outcomes.

Fair comparison · 3 points

Evaluates protection and exclusion under both designs.

Uncertainty · 3 points

Identifies missing evidence and conditional conclusions.

2. Design a capture inquiry

Write a plan to investigate a hypothetical allegation that an industry shaped a rule to exclude rivals.

Deliverable: An evidence plan with three supporting observations, two alternatives and a revision rule.

1. Separate effects from intent and influence.
2. Identify records or comparisons that could distinguish explanations.
3. State what would weaken the capture claim.

Claim precision · 3 points

Separates burden, benefit, influence and intent.

Evidence · 4 points

Proposes relevant and discriminating observations.

Falsifiability · 3 points

Explains how contrary evidence could change the judgment.

Reflection

What evidence would make you revise a claim about capture even if you still disliked the rule's consequences?

Formative self-check

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

1. A fixed compliance cost is larger per customer for a small firm. What has been established?

- A. Capture is conclusively proven.

- B. The rule has unequal average cost exposure before responses.
- C. The rule has no safety benefit.
- D. Every customer pays the full cost.

2. Which is the strongest counterfactual for evaluating a safety rule?

- A. No rules and no hazards by assumption.
- B. The current rule compared with a feasible alternative addressing the same hazard.
- C. An ideal system with unlimited resources.
- D. Only the incumbent's preferred design.

3. The introduction gives an undated licensing cost. How should it be used?

- A. As a verified current requirement everywhere.
- B. As a source illustration unless checked for a specific jurisdiction and date.
- C. As proof that every licence is harmful.
- D. As personal legal advice.

Answer explanations

1. B — The rule has unequal average cost exposure before responses.

The arithmetic shows cost exposure. Capture, benefits and ultimate incidence require additional analysis. It does not establish who influenced the rule or whether its protective function is valuable.

2. B — The current rule compared with a feasible alternative addressing the same hazard.

A feasible alternative preserves the objective while testing design. Comparing a real rule with an imaginary costless system is unfair.

3. B — As a source illustration unless checked for a specific jurisdiction and date.

The course distinguishes the source's illustration from current jurisdiction-specific evidence. The number alone establishes none of the broader claims.

Module assessment

Replace a slogan with an examinable claim

A fictional city proposes a grant for first-time workshop owners while retaining a long, costly permit process. Supporters say the grant opens opportunity; critics say it only raises the price of scarce approved premises. Prepare an inquiry without assuming either side is correct.

Required evidence

- A stated objective and two feasible policy paths.
- A seen/unseen stakeholder map over two time horizons.
- A mechanism diagram in words with five explicit assumptions.
- A 700-word evidence plan and provisional judgment.

Assessment criteria

Counterfactual · 5 points

Compares feasible paths from the same baseline.

Mechanisms and distribution · 5 points

Traces resources, responses and affected groups without double counting.

Evidence integrity · 5 points

Distinguishes illustration, hypothesis and verified observation.

Critical fairness · 5 points

Addresses the strongest case for each design and states revision criteria.

Model response: consult after your attempt

A strong response asks whether permits, premises, equipment or skills are the binding constraint. It does not assume that every grant becomes a price rise or that every recipient creates additional output. The comparison may include a grant with the existing permit process and a reform that reduces a specified delay while retaining proportionate safety checks. It names current applicants, future entrants, landlords, customers and taxpayers. It asks for capacity, waiting-time, entry, price and quality evidence, then states a conditional conclusion. The author's seen/unseen and capture lenses structure the inquiry without replacing it.

Source cautions and interpretation

- The source's rhetoric and policy predictions are attributed to the author. Assessments reward reconstruction, evidence and reasoning rather than agreement.
- The preface and introduction give differing illustrative licensing amounts. Neither is presented here as a verified current legal requirement.

- References to Bastiat, Hazlitt and Stigler are retained as source attributions; no independent verification of every historical statement or quotation is claimed.
- The introduction's advertised part labels are not used as a substitute for the supplied manuscript's actual chapter sequence.
- The source's claims about capture require evidence about mechanisms and influence; an entry cost alone does not prove intent or eliminate a possible public benefit.

Source coverage

Dedication

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 2](#)

Epigraph

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 3](#)

Preface: The Arithmetic of Good Intentions

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 4](#)

The Lost Lesson

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 5](#)

The Moral Stakes

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 6](#)

Who This Book Is For

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 6](#)

The Optimism of Reality

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 7](#)

About the Author

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

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Spine statement for The Lost Lesson: Economics After the Slogans

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

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Introduction: The Window and the Wall

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

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I. The Parable

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 27](#)

II. The Modern Mutation: From Accident to Design

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 28](#)

III. The Architecture of the Wall

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 29](#)

IV. The Method of This Book

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 29](#)

V. The Moral Stakes

Assigned reading, source-aware explanation and applied counterfactual or mechanism analysis.

[Read source section: full-book PDF page 30](#)