

The Lost Lesson: Economics After the Slogans — Study guide

A detailed programme in economic reasoning: secondary effects, incentives, wealth and liquidity, opportunity, work, trust, institutions, tax incidence, valuation, behavioural responses and policy reform. Learn to reconstruct, test and challenge the book's arguments.

Learning path

1. Orientation: read the preface, spine statement and introduction; learn the claim-mechanism-evidence distinction.
2. The lesson: chapters 1–4 establish secondary effects, incentives, wealth and the ladder principle.
3. The moral economy and social infrastructure: chapters 5–10 examine virtue, work, trust, community and opportunity.
4. Taxation and valuation: chapters 11–15 develop incidence, liquidity, administration, dynamic responses and spillovers.
5. Reform and synthesis: chapters 16–20 examine institutions, education, competition, community and the closing rules.
6. Use the postscript and glossary to prepare the capstone. A 20–24 week route at one chapter module per week is a starting point; prerequisite mathematics and economics courses are available in the directory.

How to study

Read each chapter alongside its notes and follow the section-specific PDF links. Use the source's argument as an object of careful study, then work through the course's invented numerical examples and policy cases.

The course teaches distinctions and mechanisms before asking for policy judgments. A model result is conditional on assumptions; a philosophical claim needs reasons; an empirical generalisation needs evidence. Keep these categories distinct in your answers.

No personal tax, investment or legal recommendation is made. Numerical examples are invented teaching cases. For real decisions, current jurisdiction-specific information and suitable professional advice may be necessary.

Use the rubric as an evidence review: award full points when the stated criterion is convincingly met, about half for a partly supported response, and zero when the required evidence is absent or contradicted. Explain intermediate scores in a sentence. After feedback, preserve the first attempt, correct the reasoning and test a changed case. Revisit a self-check after several days without looking at the key; a score alone is not evidence of transfer.

Course outcomes

- Trace opportunity costs, secondary effects, time horizons, substitution and incidence.
- Distinguish wealth, liquidity, cash flow, valuation and control.
- Compare claims about virtue, work, trust, networks and institutions using mechanisms and evidence.
- Analyse tax and policy scenarios with explicit assumptions and affected groups.
- Evaluate behavioural and administrative responses rather than repeat a static revenue calculation.
- Design and defend a policy comparison that includes distribution, uncertainty, alternatives and counterarguments.

Module workbooks

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.

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Follow the full chain of consequences

Learn the book's basic policy test and practice separating visible gains from later adjustment. The chapter introduces a value-laden argument for open opportunity; the course makes its mechanisms, assumptions, and evidence testable.

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Behavior, resources, and credible rules

Examine the chapter's two omitted responses: a changing tax base and a changing production process. Use its windfall-tax, debt-relief, and monetary examples to build conditional analysis that includes benefits, costs, design differences, and credible counterfactuals.

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Wealth, liquidity, and tax design

Separate the value of assets from cash available for payment and the income they generate. Then compare four tax mechanisms, preserving the chapter's criticism of frictionless revenue claims while testing its predictions and explicit design qualifications.

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Open entry and test the ladder

Translate the book's ladder principle into measurable conditions of mobility, competence, stability, property, and honest exchange. Analyze four proposed exclusion mechanisms while distinguishing necessary safeguards from rules that protect incumbents.

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Trust as a condition of cooperation

Study the chapter's functional account of virtue as reliable behavior that reduces friction in exchange. Test its claims about trust, restraint, inflation, crime, institutions, and distribution with observable mechanisms and safeguards against moralizing disadvantage.

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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.

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Work, capability, and humane support

Study the book's claim that work can provide income, formation, and belonging, while separating its capability rhetoric from unconditional human dignity. Build evidence-based pathways that combine support, accessible learning, and institutional opportunity without romanticizing hardship.

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Social capital and reliable cooperation

Analyze networks, norms, trust, and associations as possible sources of lower cooperation costs. Evaluate the book's institutional arguments using inclusive measures, causal tests, and safeguards that distinguish shared civic standards from enforced sameness.

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Civic ties, household risk, and legal entry

Trace how information, reciprocity, and associations can affect household costs and opportunity. Combine the chapter's civic and legal-entry arguments with full-cost accounting, fair-access safeguards, and recognition that informal and formal protection can complement each other.

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Make merit contestable

Evaluate the book's claim that apparent failures of meritocracy often reflect closed access rather than excessive attention to competence. Audit credentials, networks, regulation, market power, and housing while preserving dignity and testing alternative explanations.

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Trace who bears a tax

Distinguish the legal remitter from the people whose opportunities change after market responses. Work through price, wage, asset-value and location channels, and test the chapter's property-tax example against an explicitly stated competitive model.

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Distinguish wealth, cash flow and tax design

Analyse the chapter's argument that taxing a stock of wealth can create cash-flow, valuation and control problems. Build a transparent liquidity model, keep borrowing percentages on the correct bases, and compare policy designs without assuming that every payment requires a forced sale.

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The institutions behind asset valuation

Examine how asset definitions, uncertain appraisals, and administrative incentives shape the operation of an annual wealth tax. Evaluate the book's strong valuation-state thesis through realistic design comparisons rather than treating a stated rate as a complete policy.

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Revenue over time and adaptive behaviour

Turn a static tax calculation into a transparent multi-period analysis. The chapter's behavioural and political mechanisms become hypotheses to test, including migration, restructuring, leverage, valuation disputes, and the use of uncertain receipts to finance lasting commitments.

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Capital-market incidence beyond the named taxpayer

Trace the chapter's proposed repricing mechanisms through pensions, endowments, insurers, and households. Learn to distinguish exposure from demonstrated harm, a current price loss from future returns, and an institution's asset movement from its ability to meet obligations.

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Institutions that let ordinary effort compound

Study the chapter's institutional account of mobility: secure rights, usable contracts, low corruption, intelligible taxes, and predictable rules. Turn its ladder metaphor into an inclusive implementation plan that recognises both individual agency and practical constraints.

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Education, credentials, and plural pathways

Analyse the distinction between learning and certification, including signalling, human capital, tuition incentives, and occupational mismatch. Design credible alternatives through fair skills assessment, good apprenticeships, transparent outcomes, and individual choice.

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Competition, capture, and proportionate entry rules

Distinguish the author's pro-market objective from protection of incumbent firms. Investigate licensing, fixed compliance costs, tax structures, and intellectual-property barriers, then design open-access reforms with evidence-based safeguards.

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Community, reciprocity, and competent institutions

Explore the chapter's argument that associations and relationships contribute something distinct from transactions and standardised services. Evaluate crowding out, cronyism, place, subsidiarity, mutual aid, and equal accountability while designing inclusive and voluntary forms of participation.

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The four-rule discipline of policy judgment

Synthesize the book's Hazlitt, Stigler, Moral, and Boring Rules into a practical method for analysing consequences, entry, conduct, and institutions. Build a policy judgment that is explicit about counterfactuals, values, uncertainty, implementation, and revision.

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Use precise definitions and test the policy after the headline

Consolidate the glossary into a working analytical toolkit, then apply the postscript's demand for testable mechanisms. Produce a policy comparison that handles resources, behaviour, administration, distribution and uncertainty together.

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Course capstone

Write a policy analysis that counts what is unseen

Choose one fictional policy proposal from housing, education, business entry or taxation. Compare the proposal with the status quo and at least one feasible alternative. Use the book's mechanisms without assuming that its preferred conclusion follows in every setting. Define whose welfare matters, the time horizon and the uncertainty.

Required evidence

- A 250-word policy specification with jurisdiction-neutral fictional facts and explicit assumptions.
- A stakeholder and incidence map showing statutory and economic burdens, immediate and later effects.
- A numerical baseline and at least two sensitivity scenarios with units and reproducible calculations.
- An analysis of behavioural response, administration, valuation where relevant, and effects on entry or opportunity.
- An evidence plan distinguishing causal evidence, descriptive evidence and unresolved questions.
- A 2,000–3,000 word policy memorandum with a recommendation, strongest counterargument, response and review criteria.

Assessment criteria

Problem and counterfactual · 15 points

Defines the objective, baseline and alternatives precisely; does not compare a real policy with an idealised alternative.

Mechanisms and coverage · 25 points

Uses relevant opportunity-cost, incentive, incidence, institutional and social-capital mechanisms accurately with chapter references.

Quantitative reasoning · 20 points

Calculations are reproducible, units and assumptions are explicit, and sensitivity scenarios test important uncertainties.

Evidence and counterarguments · 20 points

Separates claims from verified findings, addresses a strong alternative interpretation and states what evidence could change the conclusion.

Recommendation and evaluation · 20 points

Weights distribution and implementation, explains trade-offs and proposes observable review or reversal criteria.

Model response: consult after your attempt

A strong memorandum might examine a fictional housing grant where supply is initially constrained. It states the grant design and compares it with an alternative that relaxes a specified bottleneck. It does not assume that all assistance is capitalised into prices: it shows why the result depends on demand, supply response and time horizon. It distinguishes eligible buyers, excluded buyers, sellers, renters and taxpayers, then tests at least two supply-response assumptions. Administrative costs, transition delays and distributional objectives are included rather than hidden. The author's ladder principle can frame entry and mobility, but the response also considers the strongest case for targeted support and explains what empirical observations would distinguish the mechanisms. The final recommendation is conditional, includes monitoring criteria and remains open to revision. A different conclusion can earn full credit if it follows from a coherent model, credible evidence and explicit values.

Source and access notes

This course is based on the supplied The Lost Lesson.docx, titled The Lost Lesson: Economics After the Slogans. It is a complementary economics pathway, not a replacement for the Discipline of Greatness course.

Source footnotes and chapter notes are retained in the PDF readings. Their existence does not itself verify a claim. Learners are asked to examine assumptions, distinguish association from causation and consider evidence that would challenge the author's argument.