Broken Window Fallacy: Worksheet

1. Define the broken window fallacy.

2. Who introduced the broken window fallacy?

3. True or False: Destruction is good for the economy. Explain your answer.

4. Explain the idea of lost opportunity costs.

5. How can you defend against the broken window fallacy?

6. Fill in the blank: The broken window fallacy is confined to that which is _____.

7. In the following examples, identify whether a broken window fallacy is used. If so, underline it, and state what is being undervalued. Either way, explain your reasoning.

A. War can lead to the destruction of property. However, it causes money to be spent on rebuilding destroyed property. Therefore, war actually is a stimulus to the economy, giving it a nice boost.

B. The earthquake may have destroyed the local Denny's, but I need not remind you that it was a popular spot for the youths to sell and buy drugs. Now, we plan to build a soup kitchen on the empty lot, which will overall benefit our community. Thus, the destruction of the restaurant was a small miracle.

C. Maybe 9/11 was a good thing overall. It showed we can come together in times of crisis and made America stronger and more vigilant.