

Broken Window vs. Entrepreneurial Discovery

It is absolutely essential, especially in the face of catastrophes, to understand the difference between the broken window fallacy and the entrepreneurial discovery process.

In other words, it is absolutely essential to understand the difference between the claim that a catastrophe that brings us to point -1 is actually a blessing in disguise, capable of subsequently hoisting us to point +1 (which is sheer insanity), and the claim that such a catastrophe incentivizes entrepreneurs to come up with solutions capable of returning us to point 0 (which is a basic insight about the nature of the market process).

Not being absolutely clear about the above distinction is tantamount to not being able to separate important truths from pernicious falsehoods, which is especially fatal in the face of life and death events, and which plays right into the hands of pseudo-economic charlatans and their political allies.

Never, ever make that mistake.