

# ***Economics: A Christian Worldview – Spot the Economic Fairy Tale***

## **(TEACHER INSTRUCTIONS/KEY)**

### **Purpose**

Train students to recognize the broken-window fallacy and “free-lunch” economic thinking.

### **Time**

12-15 minutes.

### **Instructions**

1. Print this page for yourself (no student handout!).
2. Tell students that bad economics often sounds appealing at first. Explain that many political claims work like fairy tales—they sound nice, but ignore reality.
3. Read aloud the below statements, and ask students to decide: **Economic Fairy Tale** or **Real Economics**?
4. After each question, (a) **reveal the answer**, and (b) **ask one student to explain why**.

### **Questions/Key**

#### **Round 1 – Classic Broken-Window Ideas**

1. “War helps the economy because rebuilding destroyed cities creates jobs.” **(FT)**
2. “If the government prints more money, people will be richer.” **(FT)**
3. “When a hurricane destroys homes, builders benefit, but society as a whole becomes poorer.” **(RE)**
4. “Breaking windows helps the glass industry, so destruction can boost business.” **(FT)**
5. “Money spent repairing damage cannot also be spent somewhere else.” **(RE)**

#### **Round 2 – Modern Economic Fairy Tales**

6. “If government limits prices, goods will become more affordable for everyone.” **(FT; ignores shortages)**
7. “When government sends out free money, everyone gets richer.” **(FT; money creation ≠ wealth)**
8. “If gov’t forces businesses to pay higher wages, the extra money must come from somewhere.” **(RE)**
9. “If stores are forced to sell goods below cost, many stores will eventually close.” **(RE)**
10. “Destroying crops to raise prices makes society poorer.” **(RE)**
11. “A government can make everyone prosperous simply by passing a law.” **(FT)**

#### **Round 3 – Hidden Cost Thinking**

12. “When tax money builds a stadium, that money cannot also remain with taxpayers.” **(RE)**
13. “If a city spends \$2 million on a statue instead of repairing roads, the statue has an opportunity cost.” **(RE)**
14. “Government spending creates wealth because money circulates.” **(FT)**
15. “If a bridge collapses, rebuilding it makes the country richer.” **(FT)**
16. “Economic growth comes from producing more goods and services, not from destruction.” **(RE)**
17. “Real prosperity comes from saving, investment, and production.” **(RE)**

### **Wrap-Up Question**

- Ask students: **Why do economic fairy tales sound believable at first?**
- Possible answers: People focus only on **visible benefits**, they ignore **unseen costs**, they assume **government can create wealth by decree**, they confuse **money with real goods and services**.