

Economics: What To Do Now

Watch for these patterns in daily life.

A cheat sheet for spotting bad arguments
and thinking clearly about the economy.

Keep it handy. Use it daily.

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The Two Questions

Master these two questions and you'll understand economics better than most pundits.

"And then what?"

Trace the effects past the first obvious result.

The politician promises a new policy. What happens next? And after that? And then? The full chain of consequences usually tells a very different story from the first effect.

"Who else is affected?"

Look past the visible winners to find the invisible losers.

The tariff protects factory jobs (visible). But every other industry that uses that material now costs more (invisible). The concentrated benefit gets the press. The diffuse cost gets ignored.

THIS WEEK: Watch for these patterns

- 1 The Hidden Cost**
 When someone says a disaster or war is "good for the economy" because it creates jobs and rebuilding. Remember the cracked phone: the visible repair work hides the hotels, restaurants, and savings that were destroyed instead.
- 2 The Tariff Trap**
 When a politician says a tariff will "protect our jobs." Ask: which jobs? At whose expense? The steel tariff protects steel workers. It hurts every manufacturer who uses steel. And it hurts their customers.
- 3 The Cooperation Check**
 When you buy something, notice both sides. Did the seller agree freely? Did you? That's cooperation - proof that the exchange made both of you better off. If it didn't, it wouldn't happen.
- 4 The Shortcut Warning**
 When a policy sounds simple and a politician sounds certain. The bad economist shows you one effect. The good economist follows the chain. The shortest story is usually the most wrong.

The habit

You don't need to get the answers right yet. You're building a habit. The answers will come.