EXAMPLE: WHAT YOU THINK YOU KNOW THAT ISN'T TRUE
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The Governor of Texas believes it will take something in the order of $150 billion to rebuild the aftermath of Harvey. And if that's not bad enough, another hurricane is headed for the east coast of middle Florida. Events of these nature always bring the "broken window" talk to Wall Street. It's a balance sheet versus profit and loss affair. I well remember past arguments with independent auditors and IRS types about the capitalization of items. As far as public economic accounting is used to measure the strength of the economy, the expenditure of the above $150 billion will be recorded as economic gain; whereas in fact the following are the facts:

1. The $150 billion is the replacement of mostly assets destroyed, no gain there. It will add to GDP, however.
2. It will be done with borrowed money, which does not show up in GDP.
3. Also, the $150 billion could have been spent on new projects, adding to the overall health of the economy.
4. Please note the explanation below taken from the Investopedia website.

On other matters, recently we have seen rather positive reports on the economy, such as the following:

1. Manufacturing payrolls increased 36,000.
2. ISM Manufacturing Index recorded a nice gain.
3. An estimated 500,000 vehicles will be scraped after Hurricane Harvey (broken window)

Also, other economies, Japan for example recorded a 4% gain in GDP, and Canada 4.5%. So, the question becomes, is the every seven year estimated stronger growth in the second half going to materialize? Or maybe this is the last gasp before my long concern of recession is at hand?

On the market speculation side of things, there is evidence of more and more leverage taking place in the securities market. How can that be as we outflow from junk bond funds? Isn't that a sign of moving to cover? Yes, but—and there is always a but—I see indicators that many large established pools of money are buying high quality bonds yielding say 1% and levering them 20 times and thereby obtaining a 20% return, less very low costs of carry. This is very reminiscent of the 2007's just before humpty dumpty fell off the wall.

From a timing standpoint, what should we do? As said before, keep your finger on the trigger. Everyone wants a bell to ring, which of course never happens.

What is the Broken Window Fallacy? – By Andrew Beattie

The broken window fallacy was first expressed by the great French economist, Frederic Bastiat. Bastiat used the parable of a broken window to point out why destruction doesn't benefit the economy.

In Bastiat's tale, a man's son breaks a pane of glass, meaning the man will have to pay to replace it. The onlookers consider the situation and decide that the boy has actually done the community a service because his father will have to pay the glazier (window repair man) to replace the broken pane. The glazier will then presumably spend the extra money on something else, jump-starting the local economy. (For related reading, see Economics Basics.)

The onlookers come to believe that breaking windows stimulates the economy, but Bastiat points out that further analysis exposes the fallacy. By breaking the window, the man's son has reduced his father's disposable income, meaning his father will not be able purchase new shoes or some other luxury good. Thus, the broken window might help the glazier, but at the same time, it robs other industries and reduces the amount being spent on other goods. Moreover, replacing something that has already been purchased is a maintenance cost, rather than a purchase of truly new goods, and maintenance doesn't stimulate production. In short, Bastiat suggests that destruction - and its costs - don't pay in an economic sense.

The broken window fallacy is often used to discredit the idea that going to war stimulates a country's economy. As with the broken window, war causes resources and capital to be funneled out of industries that produce goods to industries that destroy things, leading to even more costs. According to this line of reasoning, the rebuilding that occurs after war is primarily maintenance costs, meaning that countries would be much better off not fighting at all.

The broken window fallacy also demonstrates the faulty conclusions of the onlookers; by only taking into consideration the man with the broken window and the glazier who must replace it, the crowd forgets about the missing third party (such as the shoe maker). In this sense, the fallacy comes from making a decision by looking only at the parties directly involved in the short term, rather than looking at all parties (directly and indirectly) involved in the short and long term.

http://www.investopedia.com/ask/answers/08/broken-window-fallacy.asp