

# Some guidelines for 21st-century economists on human welfare, poverty and inequality

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Extract from: <http://www.mattberkley.com/25.htm> with added highlighting.

1. Take time to think about **real-life situations** that might occur, to help you spot assumptions, guesswork and opinion.
2. Think and ask about whether, and if so how, key **words** might mean something different from their ordinary meaning.
3. Think how the goal or measure might be **meaningful in real life**.
4. Understand that the **burden of proof** is on the scientist or politician making a claim or goal.
5. Think about margins of **error in data**, **considering real-life reasons** to trust or not trust it.
6. Think about **margins of error** in the **reasoning**, **considering** possible **real-life** situations and possible skewing.
7. Distinguish survey answers (what **people told** researchers) from researchers' inferences as to **what** really **happened**.
8. Distinguish researchers' **samples** (people surveyed) from inferences on whole **populations**.
9. Distinguish **population trends** (e.g. rise in the average) from aggregate **trends for people** (e.g. average rise).
10. Distinguish spending from **income** (most global data on "income" are in fact on **what people said they spent**).
11. Distinguish **spending** from **items received** (economists sometimes confuse "consumption" with "expenditure").
12. Distinguish **level** (of resources) from judgements **about adequacy** (of resources for need).
13. Distinguish **incidence** (frequency) from **prevalence** (percentage of people in the situation at one time).
14. Distinguish prevalence from **extent** (the proportion of rich people doesn't say how rich they are).

15. Distinguish **commerce** from **income** (e.g. GDP per capita and average income).
16. Distinguish income from profit (**income** minus necessary **expenses** equals **profit**).
17. Distinguish prices from **judgements** about **prices relevant to these people**.
18. Distinguish **prices** from **judgements on** the **cost** of living (relevant prices x needs).
19. Distinguish **consumption** from personal **resources**.
20. Distinguish personal resources from **available resources**.
21. Distinguish available resources from **judgements** on **well-being**.
22. **Credibility** test: **Imagine** self and/or others in a realistic range of relevant situations.
23. **Ethics** test: **Would you apply** the assumptions, methods and claims to **yourself** and people you feel close to, over a realistic range of possible situations? Note: The **burden of proof** is on the scientist or politician to show unusual circumstances are not important to their claim.
24. Ask how far the categories of people form distinct and **meaningful groups**.
25. Distinguish statistical significance from **real-life importance**.