

MAXIMS FOR THINKING ANALYTICALLY

THINKING STRAIGHT



When you are having trouble getting your thinking straight:

1. Go to an **extreme case**
2. Go to a **simple case**
3. **Don't take refuge in complexity**
4. When trying to understand a complex real-world situation, think of an **everyday analogue.**

TACKLING UNCERTAINTY



5. The world is much more uncertain than you think
6. Think probabilistically about the world
7. Uncertainty is the friend of the status quo

MAKING DECISIONS



8. Good decisions sometimes have poor outcomes
9. Some good decisions have a high probability of a bad outcome
10. Errors of commission should be weighted the same as errors of omission
11. Don't be limited by the options you have in front of you
12. Information is only valuable if it can change your decision

UNDERSTANDING POLICY



13. Long division is the most important tool for policy analysis
14. Elasticities are a powerful tool for understanding many important things in life
15. Heterogeneity in the population explains many phenomena
16. Capitalize on complementarities

LIVING FULLY

17. Strive hard to avoid envy – see your friend's success as your gain
18. Do your best to banish regret
19. Make pleasure-enhancing decisions long in advance, to increase the utility of anticipation

