

A MELI Manifesto: Median Expected Lifetime Income and Complementary Measures

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Paper Abstract:

As the title suggests, unlike most IARIW papers, this is a white paper. It argues that median income is a better statistic of central tendency for skewed income data than mean income (per-capita GDP). It offers philosophical and practical reasons for why Median Expected Lifetime Income (MELI) should supersede GDP as a measure of welfare. MELI is a snapshot of a nation's health and earnings during a particular year. It is the amount that a person could reasonably expect to earn over a lifetime if conditions always remained exactly the same as during the measured year. This paper demonstrates that MELI can be measured at minimal expense using data that is already available in rich nations. Even though MELI is already a better measure of welfare than GDP, I also give suggestions for how MELI and related statistics could be improved substantially by spending a modest amount of resources to gather better data and develop more sophisticated methodologies. I examine why GDP has been successful from interdisciplinary perspectives and use these perspectives to argue why MELI has more potential for success at going beyond GDP than all the numerous other attempts. As a generalist white paper, it raises some big-picture philosophical issues that will hopefully be at least incidentally relevant to a wide variety of other IARIW-BOK conference paper topics.