Hypothesis Testing

Economics

What a p-value says, and the four things it does not.

Reading a p-value correctly.

It is not

The probability the hypothesis is true	The probability the result was chance
A measure of effect size	Evidence of practical importance

It is

Conditional on the null being true	Sensitive to sample size
One input among several	Meaningless without the test being pre-specified

With a large enough sample, a trivially small effect becomes statistically significant. Always report the effect size too.