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Commentary on "Analysis of Choice Expectations in Incomplete Scenarios"

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This paper addresses an important topic in the preference elicitation field, namely the method of inferring population preference from hypothetical choice data collected from a random sample of that population. While criticized by a subset of economists who object to the hypothetical nature of the responses and put faith only in preference predictions derived from revealed preference analysis, hypothetical choice analysis is widely used in a range of economic applications that draw their data from, for example, panel studies. Manski attempts to provide a solid theoretical basis for the use of such response data. The focus of his present paper is the use of probabilistic expectations data to predict behavior in feasible or counterfactual scenarios. Given the rich context in which actual decisions are made, any choice scenario described by a researcher is bound to be incomplete. The contribution of the paper lies in its attempt to combine assumptions about respondents' preference formation with assumptions about their expectations of (unspecified) scenario details that may affect their preferences.

The paper, indirectly, addresses an issue important above and beyond the analysis of expected choice data, namely the relationship between the judgments and decisions made by individuals and behavioral predictions at the aggregate level. The field of behavioral decision theory would greatly profit from more systematic research about the conditions under which aggregation can be expected to lead to a reduction of individual-level errors (through some averaging process) and conditions under which individual-level errors can be expected to escalate at the aggregate level. Manski points out that individual-level divergences between stated intentions and subsequent behavior, for one, generally *cannot* be expected to average out in the aggregate.

The paper's results are based on the premise that respondents' have access to their preferences, i.e., that preferences are constant and known. This is, of course, in marked contrast to the realization of behavioral decision theory that preferences, more often than not, are constructed. Manski offers his behavioral assumptions and resultant analysis as a best-case scenario and leaves it as a challenge to other researchers to replace them with more realistic ones. His paper shows that the interpretation of responses to expected choice questions requires a well-articulated set of assumptions. More work is needed, however, to turn the best-case scenario results into results that can be *used* to interpret the responses of members

of the general public whose cognitive and emotional limitations affect both preference elicitation and expectation formation. The literature on people's lapses of memory in the generation or evaluation of fault trees, for example, suggests that it is unlikely that respondents can generate unbiased subjective choice probabilities for described scenarios in the fashion assumed by Manski. Complicating things even more, there may well turn out to be relationships between people's systematic deviations from normative behavior in their preference assessment and in their expectation formation about future events.