Does a Better Model Yield a Better Argument? An Info-Gap Analysis

Yakov Ben-Haim
Yitzhak Moda'i Chair in Technology and Economics
Technion—Israel Institute of Technology

Workshop on Prediction of Rare Events
Australian National University
Canberra, Australia
17–18 August 2017

Abstract Theories, models, and computations underlie reasoned argumentation in many areas. The possibility of error in these arguments, though of low probability, may be highly significant when the argument is used in predicting the probability of rare high-consequence events. This implies that the choice of a theory, model or computational method for predicting rare high-consequence events must account for the probability of error in these components. However, error may result from lack of knowledge or surprises of various sorts, and predicting the probability of error is highly uncertain. We show that the putatively best, most innovative and sophisticated argument may not actually have the lowest probability of error. Innovative arguments may entail greater uncertainty than more standard but less sophisticated methods, creating an innovation dilemma in formulating the argument. We employ info-gap decision theory to characterize and support the resolution of this problem and present several examples.

Keywords Reasoned argument, modeling, uncertainty, high-consequence events, info-gap uncertainty, robustness, satisficing.

Selected References (see also info-gap.com)

- 1. Yakov Ben-Haim, 2006, *Info-Gap Decision Theory: Decisions Under Severe Uncertainty,* 2nd edition, Academic Press.
- 2. Yakov Ben-Haim, 2010, Info-Gap Economics: An Operational Introduction, Palgrave-Macmillan.
- Yakov Ben-Haim, 2017, Does a better model yield a better argument? An info-gap analysis, *Proceedings of the Royal Society, A.* 5 April 2017 http://rspa.royalsocietypublishing.org/content/473/2200/20160890 Link to pre-print at: http://info-gap.technion.ac.il/foundations-and-philosophy/
- 4. Michael Smithson and Yakov Ben-Haim, 2015, Reasoned Decision making without math? Adaptability and robustness in response to surprise, *Risk Analysis*, vol.35, #10, pp.1911–1918. Link to pre-print at: http://info-gap.technion.ac.il/foundations-and-philosophy/
- 5. Yakov Ben-Haim, Craig D. Osteen and L. Joe Moffitt, 2013, Policy dilemma of innovation: An info-gap approach, *Ecological Economics*, 85: 130–138. Link to pre-print at: http://info-gap.technion.ac.il/ecological-and-environmental-economics/
- 6. Barry Schwartz, Yakov Ben-Haim, and Cliff Dacso, 2011, What makes a good decision? Robust satisficing as a normative standard of rational behaviour, *The Journal for the Theory of Social Behaviour*, 41(2): 209–227. Link to pre-print at: http://info-gap.technion.ac.il/foundations-and-philosophy/

\lectures\talks\lib\anu2017ws-abs001.tex 9.8.2017