

Why we argue about the war on Terrorism: Bad forecasts and how to avoid them
DISCUSSION: Forecasts and the War on Terrorism

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There is broad agreement on the objective in the war on terror: We would all like a safe world. The arguments and rancor over the invasion of Iraq arise because people around the world have made different predictions about what might happen, given various strategies. For example, will the war in Iraq reduce terrorism in the future, or will it increase it?

In general, people are using unaided judgment, a pre-WWI method, to make these forecasts. Research on judgmental forecasting has shown that this is not a good way to make such predictions. For example, (1) those with high expertise (e.g., people with Nobel prizes in economics) are no more accurate than those with little expertise (people who follow the situation in newspapers or on television), (2) beyond a minimal level, the collection of more information does not improve accuracy, and (3) the strength of conviction (e.g., "I will quit my job!") is unrelated to accuracy. These findings, although well supported, are contrary to common beliefs, which is probably why people cling to the use of unaided judgment.

For the past 17 years, I have been involved with research on how to make forecasts for conflict situations. In recent years, Kesten Green of Victoria University of Wellington in New Zealand has done much to advance what we know about such methods. We take actual situations and disguise them (checking to be sure people do not recognize the situations). We then list some plausible outcomes (there are usually three or four) and ask people to make forecasts about the decisions that the groups in conflicts will make.

We were surprised that unaided judgments by undergraduate students were no better than chance. We then asked experts (clever people like those you see on TV). Surprisingly, they were no more accurate than the undergraduates. Based on the research to date, then, our discussions about what to do in situations such as in Iraq, are based on worthless forecasts!

But it is possible to make good forecasts. We have been doing comparative research on simulated interaction. This involves role playing the interactions between the competing parties (e.g., between Saddam Hussein and George Bush). The forecasts are not perfect but, in our studies using undergraduate student role players, the error rate was halved compared to that of experts using unaided judgment. We expect the forecasts would be even more accurate if experts were involved in the simulated interactions. The U.S. military has used simulated interactions in the past. I have heard rumors that they are using them in the current situation involving Iraq. My guess is that Saddam Hussein has not done so.

In addition, we have found that the use of a procedure we call "structured analogies" allows experts to make good forecasts – as long as they can think of analogies. Experts are asked to describe analogies and to rate their similarity to the current situation. The outcomes of the analogies are then used as the forecasts.

The simulated interaction and structured analogies procedures allow us to make better forecasts. If we can make better forecasts, then we should be able to make better decisions and save lives. To aid this process, Kesten Green has summarized the procedures, along with the evidence in “What's New” at <http://www.forecastingprinciples.com>, While the benefits are expected to be greatest if all parties would use these procedures, improvements in conflict resolution are expected if only one party uses them.