Summary of Paper

"Tradeoffs and Comparison Complexity" examines the role of tradeoffs in informing comparison complexity. The authors propose a theory of comparison complexity and flesh out its details in the context of multiattribute, lottery, and intertemporal choice. The authors model a decision maker (DM) who faces a set of alternatives and receives a noisy signal concerning their value, which is informed by the ease of comparison between alternatives, τ_{xy} for alternatives x and y. The authors ground their theory in two reasonably simple principles: comparisons are easier when alternatives are similar and are maximally easy when one alternative dominates the other. Importantly, the authors take the comparability of alternatives to be an increasing transformation of the value-dissimilarity ratio, $\frac{|v_x - v_y|}{d(x,y)}$, where the numerator is the difference in the value of alternatives x and y and the denominator is their dissimilarity.

In elaborating on their theory in the context of their three aforementioned settings, the authors provide more structure on the components of the value-dissimilarity ratio and the probability of making a given choice, as well as provide axiomatic foundations for their characterizations. Through this setup, the authors offer a tractable model with parameters identifiable from binary choice data. They then extend this setup to multinomial choice.

General Comments

Small Comments