Attention and the Formation of Economic Narratives*

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Abstract

Households face competing narratives about the causes of inflation, but little is known about which they attend to and how this shapes their beliefs. Motivated by evidence that experts disagree on the causes of inflation, I develop a framework of how households allocate attention across inflation narratives and test it in two survey experiments with U.S. households. Households read longer about narratives they understand less well but choose to learn about the narrative they believe contributes most to inflation. Attention shapes beliefs: households shift more weight toward a narrative the longer they read it. Because they move only part of the way and keep seeking out the narratives they already consider important, narratives are sticky. In a New Keynesian model, sticky narratives dampen the initial inflation response to a productivity shock relative to full narrative updating, but prolong its duration.

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1 Introduction

When prices rise, people want to know why. The answer matters because different causes imply different futures. To form expectations about, say, inflation, households therefore need more than data on past inflation: they need a story about where inflation comes from, that is, a narrative.[1] The difficulty is that households are surrounded by competing narratives, and even professional economists disagree about which one is right. With limited time and attention, households cannot process every narrative they come across. So which narratives do households pay attention to? What drives this choice? And does this attention shape household expectations and the aggregate economy?

To answer these questions, I combine a theoretical framework, two survey experiments with U.S. households, and a large survey of economic experts. I start by showing that the competition among narratives is real: the typical U.S. expert attributes current inflation to several causes at once, and experts disagree sharply about which cause matters most. I then develop a framework in which households hold a mental model that splits inflation into the contributions of competing narratives and decide how much attention to pay to each one. The framework distinguishes two margins of attention: how long to read a narrative that one comes across, and which narrative to seek out. I design one survey experiment for each margin. In the first, the attention survey, respondents read two competing expert narratives about inflation, and I measure attention as the time they spend on each; a second randomization then shows them either a high or a low expert forecast of import tariffs. In the second, the acquisition survey, respondents choose which narrative they want to learn more about. Both experiments rely on a new, quantitative way to measure households' narratives. Finally, I build narrative updating, calibrated to the experimental estimates, into a New Keynesian model to study what it implies for inflation.

I document four main findings. First, prior beliefs predict attention, but different beliefs govern different margins. When households read competing narratives, they spend more time on the narrative they understand less well: they are drawn to uncertainty. When they choose which narrative to learn about, they pick the one they believe contributes most to inflation: they are drawn to importance. Intuitively, an extra minute of reading pays off most for a narrative one understands poorly, whereas a search for new information pays off most for the narratives that matter most. Second, attention shapes beliefs. Households shift weight toward the narratives they read, but only part of the way, and they move further when they read longer or are less confident in their priors. Together with the tendency to seek out narratives they already consider important, this partial updating gives rise to what I call *sticky narratives*. Third, narratives shape how households interpret news. A random-

[1] There are different definitions of the term narrative in economics. Shiller (2017) describes narratives as stories about economic events that spread contagiously, and Eliaz and Spiegler (2020) formalize them as causal models linking actions to consequences. I follow Andre et al. (2026), who define macroeconomic narratives as the causal explanations people use to make sense of macroeconomic events.

ized expert forecast of higher import tariffs raises inflation expectations, and more so among households that already attribute more inflation to tariffs. Fourth, sticky narratives matter for aggregate inflation. In a New Keynesian model, a public narrative that attributes the inflation from a supply shock to a more persistent cause pushes inflation above its rational-expectations path. With narrative updating calibrated to the experimental estimates, the peak effect is about half as large as under full updating, but the effect lasts longer and outlives the public narrative itself.

These findings suggest that expectations depend not only on what households know but also on how they explain it. Two households that learn the same fact (e.g., tariffs are going up) can draw different conclusions about inflation because they read the fact through different narratives. This has direct implications for policy. A central bank forecast or policy announcement reaches households through the narratives they already hold, so the same message can move the expectations of some households and leave others unaffected. And because households seek out information about the causes they already consider important, more information may entrench existing narratives rather than replace them. Communication that explains why inflation is moving, and not only where it is heading, may therefore be an important complement to communication about the outlook. Finally, because narratives are sticky, a narrative that takes hold during an inflationary episode can keep shaping expectations, and inflation itself, after the public debate that created it has moved on.

To document that inflation narratives indeed compete, I survey a natural source of the narratives that reach households: economists. Using the Economic Experts Survey (EES), the largest global survey of economists, I ask U.S. experts in 2025 to allocate 100 points across the potential drivers of current inflation.[2] Narratives compete both within and across experts. The average expert assigns positive weight to four drivers, and 80 percent put at most half of their weight on a single driver. Across experts, there is little consensus: tariffs are the largest driver in 42 percent of responses and government spending in 22 percent. In short, households face competing narratives in part because the experts themselves disagree.

To formalize how households pay attention to competing narratives, I develop a framework in which households are uncertain about how each narrative operates and how large its contribution is. When facing multiple narratives, the returns to an additional unit of attention are the highest for the narratives households are most uncertain about, so they shift attention toward the narrative they understand less well. When households instead search for information, the value of resolving uncertainty about a narrative scales with the share of inflation they attribute to it, so they choose the narrative they perceive as contributing most to inflation. Updating of narratives follows a Kalman filter: the household moves a narrative's perceived contribution toward what it read by a fraction that rises with attention and with prior uncertainty.

[2] Experts' narratives are broadly aligned with empirical decompositions of inflation (Shapiro, 2026), and are also reflected in newspaper coverage.

To measure the determinants and consequences of attention to inflation narratives, I field two pre-registered survey experiments, each designed to measure one margin. One key feature of both surveys is that they elicit respondents' own inflation narratives in a format that measures households' beliefs precisely and maps directly into the framework of narrative attention. First, respondents distribute 100 points across nine potential drivers of inflation according to how much each currently contributes; this measures perceived contribution. Second, respondents rank the same narratives by how well they understand each narrative and its impact on inflation, serving as an inverse measure of prior uncertainty. Relative to existing elicitations of inflation narratives, which rely on open-ended questions (Andre et al., 2026), this design quantifies households' narratives, especially the relative importance of different narratives, and maps them directly into their mental models.

The attention survey studies how respondents allocate attention across competing narratives. Each respondent is randomly exposed to two of three expert narratives—tariffs and trade conflicts, government spending, and government mismanagement—the three narratives with the largest weights among 127 U.S. experts in mid-2025. The narratives are similar in length and complexity and appear on separate screens, and I measure attention as the time a respondent spends on each narrative screen. Exploiting within-respondent variation, I find that respondents are 5.5pp less likely to spend more time on the narrative they understand better than on the other narrative shown. Perceived contribution, by contrast, does not raise reading time. A natural concern is that longer reading times reflect difficulty in comprehending a narrative rather than attention. Measured recall of narrative content after the treatment speaks against this interpretation: recall is higher among respondents who were relatively more attentive to the narratives.

The acquisition survey focuses on the decision of households to acquire additional information about narratives. Instead of being exposed to narratives in a treatment, respondents can choose among three narratives—tariffs, government spending, or energy prices—to acquire more information about. Respondents prefer to acquire the narrative they already consider most important for inflation: a one-standard-deviation increase in perceived contribution raises the probability of choosing a narrative by 8.7pp. Understanding, by contrast, does not predict the choice. This pattern finds qualitative support in respondents' motives elicited right after their choice, where a large share states importance as a primary reason for their acquisition decision. This preference is also persistent: in a follow-up survey about two weeks later, 48 percent choose the same narrative again, against 34 percent if their choices in the two waves were independent. Conditional on the choice, respondents spend more time reading the narrative when they were ex-ante more uncertain about it, which replicates the reading result.

Attention also shapes how strongly respondents revise their own narratives. After the treatment, I re-elicit the perceived contribution of each narrative in a reworded constant-sum question. Because each respondent reads two of three narratives, respondents who did

not read a given narrative serve as its control group. Respondents increase the perceived weight on the narratives they read and lower the weight on the narratives they did not read. This updating is larger among respondents who paid more attention: reading a narrative raises its weight by 6.3pp among respondents with above-median reading time on it, compared with 3.8pp among the respondents with lower attention. Open-ended descriptions of respondents' narratives, elicited after the treatment, show the same pattern more sharply: above-median readers are 12.2pp more likely to cite a narrative they read, about twice the 6.0pp among below-median readers. Respondents with low confidence in their prior update about twice as much as those with high confidence.

Attention to narratives also matters for how households interpret macroeconomic news. In the attention survey, a second treatment randomly shows respondents an expert forecast of either 23% or 15% for average U.S. import tariffs. Respondents who receive the high forecast raise their 12-month-ahead inflation expectations by 1.3pp relative to the low forecast. The response is stronger among respondents who perceive tariffs as an important driver of inflation: respondents with an above-median tariff weight revise their expectations upward by 1.65pp, whereas the others raise them by 0.96pp. A central bank that communicates news related to one driver may therefore move the expectations of households who already read inflation through that driver more than those of others.

To quantify the macroeconomic implications of sticky narratives, I augment an otherwise conventional New Keynesian model with household inflation narratives, building on Andre et al. (2026). In this model, narratives are the different causes of inflation, which shape inflation expectations through the persistence that households attribute to these causes. Households only update their narratives gradually in response to a new narrative. In an exercise, a public narrative attributes the resulting inflation from a productivity shock to a more persistent cause. If households adopt it immediately, inflation in the first quarter lies 18 basis points, or 11 percent, above its rational-expectations path. With sticky narratives calibrated with estimates from the attention survey, the peak effect is about half as large and arrives a quarter later, and 18 percent of the cumulative effect materializes after the public narrative has disappeared. The speed of narrative revision thus governs the timing of the effect, not its cumulative size.

Related Literature This paper contributes to four strands of the literature. First, it brings macroeconomic narratives into the theory and measurement of attention (Gabaix, 2019; Maćkowiak et al., 2023; Loewenstein and Wojtowicz, 2025). The framework is akin to models of rational inattention (Sims, 2003; Maćkowiak and Wiederholt, 2009; Maćkowiak et al., 2023), applied to a choice among competing causal explanations. Empirical work has studied how individuals allocate attention across macroeconomic variables (Link et al., 2026) and how the level of inflation triggers attention (Bracha and Tang, 2025; Pfäuti, forthcom-

ing).[3] Relative to this work, I study attention across competing explanations of a single macroeconomic variable instead of the level of the variable, measure it at two margins—reading and acquisition—and show that different prior beliefs govern each margin.

Second, the paper contributes to the literature on economic narratives (Shiller, 2017), which studies the determinants of narrative adoption (Eliaz and Spiegler, 2020; Schwartzstein and Sunderam, 2021), the transmission of narratives (Barron and Fries, 2024; Charles and Kendall, 2024), and their macroeconomic consequences (Flynn and Sastry, 2024). Closest to this paper, Andre et al. (2026) show that narratives shift households' inflation expectations, and Blesse et al. (2026) document households' demand for economic narratives. Relative to these papers, I study how households allocate attention when several narratives compete, and I show that the attention households pay to a narrative predicts how strongly it shifts their beliefs. While Andre et al. (2026) compare states with different narratives, I show that narratives are sticky and study how the speed of narrative revision shapes inflation dynamics.

Third, this paper relates to research on households' macroeconomic expectations and information provision experiments (e.g., Coibion et al., 2018, 2020, 2022, 2023; Haaland et al., 2023; Coibion and Gorodnichenko, 2026; Weber et al., 2025). While this literature focuses on how quantitative information and its source shape expectations, I show that the response to the same quantitative forecast varies with the narratives households hold. The paper complements Coibion et al. (2022), who show that the effect of monetary policy messages on inflation expectations depends on how the messages are framed, by documenting which narratives households select to process in the first place.

Finally, the expert evidence speaks to the debate over the causes of post-COVID inflation, divided between evidence in favor of government spending (e.g., Reis, 2023; Cochrane, 2023; Bianchi et al., 2023; Barro and Bianchi, 2026) and other work centered on supply disruptions, energy prices, or wage dynamics (e.g., Bernanke and Blanchard, 2025; Gagliardone and Gertler, 2026; Lorenzoni and Werning, 2023). The EES data show how U.S. experts view these different explanations of inflation and how their weights changed between 2023 and 2025. While experts initially viewed demand-side narratives as more important, their view shifted to supply-side explanations.

The remainder of the paper is structured as follows. Section 2 provides motivating evidence for the supply of inflation narratives among economic experts. Section 3 develops the framework of attention to inflation narratives and its predictions. Section 4 tests the framework's predictions in two household surveys. Section 5 studies how households update their narratives and how narrative weights shape the response of inflation expectations to a tariff forecast. Section 6 embeds sticky narratives in a New Keynesian model and explores their implications for inflation and consumption. Section 7 concludes.

[3] A few studies have also used screen times of respondents on treatment screens as measures of information processing (Fuster et al., 2022; Knotek et al., 2024).

2 Experts' Inflation Narratives

Economic experts are a major source of the narratives households encounter. This section documents what U.S. experts say drives inflation in 2025, the year of the acquisition survey. First, narratives compete within experts: the typical expert attributes current inflation to several drivers. Second, experts disagree about which driver matters most.

2.1 Expert Survey

I exploit data from the Economic Experts Survey (EES), administered by the ifo Institute and the CESifo research network, which surveys academic economists with expertise in their home country's economy (see Gründler et al., 2023; Heil and Potrafke, 2025, for a description). The survey is sent quarterly to over 10,000 experts, with a response rate of around 15% and participants from over 120 countries (Figure B.1 and Tables A.1 and A.2 in the Appendix). In the inflation module, experts state their inflation expectations and then allocate 0–100 points across potential drivers of current inflation in their country of expertise according to their perceived importance. The question is framed in a non-directional way. Similar to a probabilistic density question for inflation expectations, it captures the *relative* importance of each narrative (see Figure D.1 in the Appendix).[4]

2.2 Competing Inflation Narratives among U.S. Experts

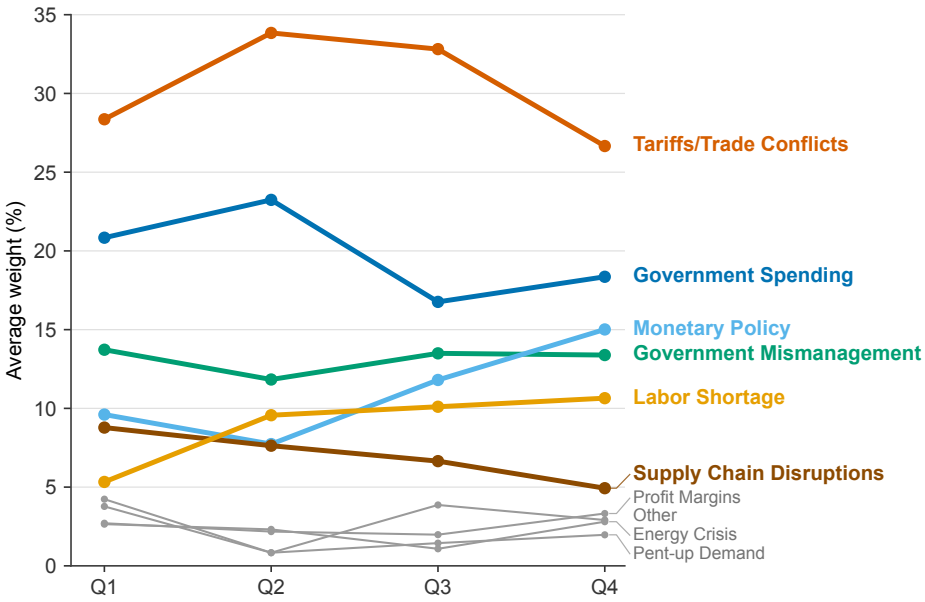
Figure 1 plots the average weight that U.S. experts assign to each driver in the four waves of 2025. Tariffs are the most important narrative throughout, at 28 percent in Q1, 34 percent in Q2, 33 percent in Q3, and 27 percent in Q4 2025. Government spending follows at 17 to 23 percent and government mismanagement at 12 to 14 percent. No narrative accounts for more than about a third of the average allocation, and three further drivers receive sizable weights: monetary policy rises from 8 percent in Q2 to 15 percent in Q4, labor shortages from 5 to 11 percent, and supply-chain disruptions account for 5 to 9 percent.

The competition among narratives is not only a feature of the cross-section of experts, but can also be observed within experts. Across the 396 responses of U.S. experts in 2025, experts on average assign positive weight to 4.3 drivers, and 90 percent of experts assign positive weight to at least three. The weight on an expert's perceived most important narrative averages 45 percent, and 80 percent of experts put at most half of their allocation on a single driver. Most experts attribute current inflation to several narratives.

Experts also disagree about which narratives matter most. Tariffs are the largest driver for 42 percent of responses, government spending for 22 percent, and government misman-

[4] Open-ended questions do not prime respondents with a list of narratives but do not yield comparable weights. To check that both formats capture the same narratives, I included both in the March 2025 wave: the weight assigned to a narrative in the structured question is positively correlated with the likelihood that the narrative appears in the open-ended answer.

Figure 1 Inflation Narratives of U.S. Experts in 2025



Notes: The figure plots the weight that U.S. economic experts assign to each inflation narrative in the Economic Experts Survey; weights sum to 100% for each respondent. The data include the four waves Q1–Q4 2025. The pandemic and the war in Ukraine were not offered as separate options in 2025 and are part of "Other". The series for the full period from Q2 2023 to Q4 2025 is in Appendix Figure B.3.

agement and monetary policy for 11 percent each. The standard deviation across experts of the weight on tariffs is 19pp, about two thirds of its mean of 31 percent, and for government spending the standard deviation is as large as the mean (19 and 20 percent). Thus, the disagreement across experts is of a similar order of magnitude as the average weights themselves.

The competition among narratives is not specific to 2025. Appendix Figure B.3 extends the series back to 2023. In 2023 and early 2024, government spending leads at 19 to 25 percent, while monetary policy, labor shortages, and supply-chain disruptions carry about 11 to 15 percent each; the ranking then changes sharply when tariffs enter the questionnaire in 2025. Worldwide, the perceived contribution of different narratives to inflation is spread more evenly, and European experts give the energy crisis more weight than U.S. experts do (Appendix Figures B.3 and B.4a).

3 A Framework of Attention to Inflation Narratives

This section develops a framework for how households allocate attention across inflation narratives. The framework yields one testable prediction for each attention margin the surveys measure. Reading time increases with the household's uncertainty about a narrative (Proposition 1). The choice of which narrative to learn more about depends on how much the household believes that narrative contributes to inflation (Proposition 2). Section 3.4

then derives what these attention choices imply for belief updating. Proofs and derivations are in Appendix F.

3.1 Mental Models of Inflation

Each household i has a mental model of what drives current inflation. This mental model splits inflation into N narratives, each representing a cause with an explanation for how it raises prices: tariffs raise import costs, government spending raises demand, government mismanagement raises policy uncertainty. Household i's mental model is

$$\pi_i = \sum_{n=1}^{N} \omega_{i,n}, \qquad \omega_{i,n} \geq 0, \quad \pi_i > 0, \tag{1}$$

where $\omega_{i,n}$ is the amount of inflation household i attributes to narrative n.[5] It is convenient to normalize each narrative's amount by household i's own total,

$$\bar{\omega}_{i,n} \equiv \frac{\omega_{i,n}}{\pi_i}, \qquad \sum_{n=1}^{N} \bar{\omega}_{i,n} = 1, \tag{2}$$

so that contributions sum to one regardless of how high the household thinks inflation is overall. Working with percentage contributions rather than raw amounts lets me compare attention and updating across households without the comparison being confounded by differences in π_i.[6] Narrative N is a residual category, and the framework concerns the named narratives $n < N$.[7]

Household i's beliefs concern how much of current inflation each narrative *actually* explains. Denote this true contribution by $\bar{\omega}_n$, without the i; it is the same for every household, and no household observes it. Household i holds an uncertain belief about it for each named narrative:[8]

$$\bar{\omega}_n \sim \mathcal{N}\left(\bar{\omega}^0_{i,n}, \sigma^2_{i,n}\right), \quad n < N \qquad \text{(household } i\text{'s belief)}. \tag{3}$$

In words: household i centers its guess about the true contribution at $\bar{\omega}^0_{i,n}$, with a margin of error, $\sigma^2_{i,n}$, that measures its prior uncertainty about the narrative. This guess is exactly the contribution $\bar{\omega}_{i,n}$ from (2): household i's mental model is its best estimate of how actual

[5] Narratives can also explain future inflation. For simplicity, I consider only the current view of inflation and suppress the time subscript. Section 6 develops the dynamic version, in which each narrative has different persistence over time which explains differences in inflation expectations of households and firms.

[6] I restrict $\bar{\omega}_{i,n}$ to be nonnegative, so each $\bar{\omega}_{i,n}$ lies in $[0,1]$ and reads as a share of inflation. The restriction mirrors the survey, in which households and experts allocate 100 points across drivers of inflation and cannot assign negative weights. A household that believes a factor lowers inflation assigns it zero weight.

[7] Because contributions sum to one, only $N-1$ of them are free. The list of potential narratives need not be exhaustive: the residual $\bar{\omega}_{i,N} = 1 - \sum_{n<N} \bar{\omega}_{i,n}$ captures whatever inflation household i does not attribute to the listed narratives.

[8] Because contributions lie in $[0,1]$, the Gaussian belief is an approximation, accurate when $\sigma_{i,n}$ is small relative to $\bar{\omega}^0_{i,n}$. The results below use only that the prior mean $\bar{\omega}^0_{i,n}$ is nonnegative.

inflation divides up.[9] The superscript 0 marks this estimate before the household reads anything; after reading, it becomes $\bar{\omega}^1_{i,n}$. $\tau^0_{i,n} \equiv 1/\sigma^2_{i,n}$ is the precision corresponding to $\sigma^2_{i,n}$. I take $\sigma^2_{i,n}$ to be the household's uncertainty about narrative n, which I measure inversely by self-rated understanding (Section 4.1): a household that understands the tariff channel has a clear belief about how much tariffs add to inflation, while a household unfamiliar with the mechanism does not.

3.2 Attention across Narratives

Households encounter inflation narratives in everyday life, for instance in a social media post arguing that importers pass tariffs on to consumers which leads to inflation, or that price increases are caused by greedy firms. Usually, a narrative does not state its (quantitative) contribution to inflation, but instead it gives an argument from which a reader can judge how much the narrative explains, and that contribution is the same for every person encountering the narrative. I model reading narrative n as observing a noisy signal of the common contribution:

$$s_{i,n} = \bar{\omega}_n + \varepsilon_{i,n}, \qquad \varepsilon_{i,n} \sim \mathcal{N}(0, \sigma^2_{\varepsilon,n}). \tag{4}$$

Two households reading the identical text can therefore end up with different beliefs because reading is imperfect. This is the standard structure in rational inattention: agents attend to a common state and differ in the noise with which they process it (Maćkowiak and Wiederholt, 2009; Maćkowiak et al., 2023). Let $a_{i,n} \geq 0$ be the attention household i pays to narrative n. Attention buys precision, $\sigma^2_{\varepsilon,n}(a_{i,n}) = \bar{\sigma}^2/a_{i,n}$, so more attention means a less noisy signal, and it costs $\psi > 0$ per unit, the opportunity cost of time and effort.[10] Let $\mathcal{T} \subseteq \{1, \ldots, N-1\}$ be the set of narratives the household reads; it receives a separate signal for each.[11]

Timing. (i) The household starts with beliefs $(\bar{\omega}^0_{i,n}, \sigma^2_{i,n})$. (ii) It chooses attention $\{a_{i,n}\}_{n\in\mathcal{T}}$. (iii) It observes signals $\{s_{i,n}\}$ and updates via Bayes' rule to $\bar{\omega}^1_{i,n}$.

Attention allocation across narratives. The household wants to hold accurate beliefs about inflation because they guide economic decisions, and what matters for those decisions is how many points of inflation it misattributes. Understanding a narrative means knowing how its mechanism works, and the same misreading of a mechanism misattributes more points of inflation when the narrative carries more weight. I therefore assume that an er-

[9] Under the quadratic loss in (5), the best estimate of $\bar{\omega}_n$ is the mean of household i's belief, so the contribution in (2) and the mean in (3) coincide.

[10] A hard capacity constraint $\sum_n a_{i,n} \leq A$ yields the same allocation when ψ equals its multiplier (Appendix F.1). I use the price form because there is no imposed time limit in the survey.

[11] The household receives a separate, precision-scalable signal for each narrative rather than one signal about the whole vector $(\bar{\omega}_n)_{n\in\mathcal{T}}$ at once. This restricted-signal setup is standard in rational inattention (Maćkowiak et al., 2023) and aligns with the attention survey, which presents each narrative as a separate text.

ror on narrative n counts in proportion to the narrative's perceived contribution: at equal understanding, the variance of a narrative's contribution, measured in points of inflation, scales with its weight.[12] The household chooses attention to minimize this weighted expected error, net of the cost of attention — the linear-quadratic-Gaussian rational-inattention problem (Sims, 2003; Maćkowiak and Wiederholt, 2009; Maćkowiak et al., 2023):

$$\min_{\{a_{i,n}\}_{n\in\mathcal{T}}} \sum_{n\in\mathcal{T}} \Big[(\bar{\omega}^0_{i,n})^2 \cdot \mathrm{Var}(\bar{\omega}_n \mid s_{i,n}, a_{i,n}) + \psi\, a_{i,n} \Big], \qquad a_{i,n} \geq 0. \tag{5}$$

A household that attributes 40% of inflation to tariffs and 15% to government spending misattributes more than twice as many points of inflation when it misjudges the tariff mechanism by a given proportion; $(\bar{\omega}^0_{i,n})^2$ captures this.[13]

At an interior optimum, reading raises the precision of every narrative the household reads to a level proportional to its perceived contribution, regardless of prior uncertainty. Optimal attention is

$$a^*_{i,n} = \max\Big\{0,\ \frac{\bar{\sigma}\,\bar{\omega}^0_{i,n}}{\sqrt{\psi}} - \frac{\bar{\sigma}^2}{\sigma^2_{i,n}}\Big\} \tag{6}$$

Proposition 1 (Attention to Uncertain Narratives)**.** *Holding perceived contribution fixed, the household pays more attention to narratives it is more uncertain about: for any narrative receiving positive attention,*

$$\frac{\partial a^*_{i,n}}{\partial \sigma^2_{i,n}} = \frac{\bar{\sigma}^2}{(\sigma^2_{i,n})^2} > 0. \tag{7}$$

Proof: See Appendix F.1. The result is akin to the general finding in rational-inattention models that agents pay more attention to variables about which they are more uncertain (Maćkowiak et al., 2023).[14]

3.3 Acquisition of Further Information about Narratives

Households can also seek more information about one narrative, which I model as a single supplementary signal of precision $\tau_s > 0$ directed at that narrative. The household values

[12] With a relative standard deviation of one third, a narrative with weight 0.30 has a 95% interval of about [0.10, 0.50], and a narrative with weight 0.02 one of about [0.007, 0.033]. The assumption mirrors Maćkowiak and Wiederholt (2009), where the attention a decision maker pays to a component of its target rises with the variance of that component's contribution to the target.

[13] The weight uses the household's own belief because the true contribution is what the household is trying to learn.

[14] The linear-precision technology $\sigma^2_{\varepsilon,n} = \bar{\sigma}^2 / a_{i,n}$ stands in for a mutual-information (Shannon) capacity constraint. Appendix F.1 shows that Proposition 1 and the equalization of post-reading precision (though post-reading precision becomes quadratic rather than linear in $\bar{\omega}^0_{i,n}$) carry over to the entropy-based formulation.

this signal by how much it lowers the objective in (5). The value of directing it at narrative n, evaluated at the household's current beliefs, is

$$V^0_{i,n} = (\bar{\omega}^0_{i,n})^2 \Big[\frac{1}{\tau^0_{i,n}} - \frac{1}{\tau^0_{i,n} + \tau_s} \Big] = \frac{(\bar{\omega}^0_{i,n})^2 \tau_s}{\tau^0_{i,n}(\tau^0_{i,n} + \tau_s)}. \tag{8}$$

The bracket is the reduction in posterior variance the signal buys; $(\bar{\omega}^0_{i,n})^2$ converts that reduction into points of inflation, as in (5).[15] Because $V^0_{i,n}$ is measured in the objective of the reading problem, the next result is a corollary of that problem and requires no further assumption.

Proposition 2 (Acquisition Increases in Perceived Contribution)**.** *For any prior precision $\tau^0_{i,n}$, $V^0_{i,n}$ is strictly increasing in $\bar{\omega}^0_{i,n} \geq 0$. Among narratives it is equally uncertain about, the household seeks information about the one it believes contributes most to inflation.*

Proof: See Appendix F.2. The proposition applies to a choice among narratives the general finding in models of costly information acquisition that the demand for information rises with the stakes (Maćkowiak et al., 2023).[16]

3.4 Belief Updating

After observing signal $s_{i,n}$, the household revises its belief about the true contribution by

$$\Delta\bar{\omega}_{i,n} = \kappa_{i,n}(s_{i,n} - \bar{\omega}^0_{i,n}), \qquad \kappa_{i,n} = \frac{\sigma^2_{i,n}}{\sigma^2_{i,n} + \bar{\sigma}^2/a_{i,n}} = \frac{a_{i,n}\sigma^2_{i,n}}{a_{i,n}\sigma^2_{i,n} + \bar{\sigma}^2}. \tag{9}$$

The household moves its perceived contribution a fraction $\kappa_{i,n}$ of the way from its prior toward what it read, and that fraction — the Kalman gain — rises with both attention and prior uncertainty. Two predictions follow from that: households revise a narrative's contribution more when they attend to it more, and when they were less certain about it beforehand. Both are standard properties of Bayesian updating.

Predictions. The framework yields three predictions. First, a household spends more time reading a narrative the more uncertain it is about that narrative's contribution (Proposition 1). Second, a household requests further information about the narrative with the largest perceived contribution (Proposition 2). Third, a household revises a narrative's perceived contribution more the longer it attends to the narrative and the more uncertain its prior is (equation (9)). The first two predictions concern the allocation of attention; the third concerns how attention and prior beliefs shape the processing of new information.

[15] Equation (8) is the value of information at prior beliefs $(\bar{\omega}^0_{i,n}, \sigma^2_{i,n})$ and does not depend on reading.

[16] The proposition does not require Gaussian beliefs (Appendix F.2). Salience or interest that rises with perceived contribution generates the same choice, so the prediction does not identify the household's specific motive. It does test the weighting in the reading problem: if perceived contribution predicts which narrative a household seeks out, the contribution scales a narrative's variance, as (5) assumes.

4 Households' Attention to Inflation Narratives

This section tests the framework's predictions on the allocation of attention in two surveys of U.S. households. In the attention survey, I randomly assign households to receive two of three competing expert narratives about inflation and track how long respondents read each. In the acquisition survey, respondents choose which of three narratives to learn about. A follow-up survey recontacts these respondents two weeks later.[17] I first describe how I measure households' beliefs about the contribution of different inflation narratives and their uncertainty about these narratives and their impact on inflation. I then present the results of the empirical tests of the two predictions for attention to inflation narratives.

4.1 Survey and Measurement

Survey and sample. The attention survey was fielded in August 2025 in collaboration with the survey provider Bilendi, a platform commonly used for survey experiments requiring high-quality responses (Stantcheva, 2023). The analysis sample comprises 3,002 respondents, with a median (mean) response time of 13 (14) minutes.[18] The sample is broadly representative of the U.S. population (Appendix Table A.3). In an introductory block, respondents answer demographic questions and questions on self-reported attention to inflation and news consumption. A definition of inflation with the most recent U.S. statistic then provides a common anchor. Respondents state their prior 12-month inflation expectation, elicited as the midpoint between their beliefs for the maximum and minimum possible inflation realization (Guiso et al., 2002; Coibion et al., 2024), and report their prior beliefs about the drivers of inflation and how well they understand each of them. See Appendix E.1 for the complete survey instructions.

Perceived narrative contribution. I elicit the perceived contribution of different inflation narratives with a constant-sum question that mirrors the experts' question:

> "In your view, how much does each of the following factors currently contribute to inflation in the United States?"

[17] The attention survey has been pre-registered at the AEA RCT Registry under the RCT ID: AEARCTR-0016456; the acquisition survey and its follow-up have been pre-registered at AsPredicted (https://aspredicted.org/4ub48s.pdf and https://aspredicted.org/sc65tj.pdf). The preregistration of the attention survey also includes a detailed Pre-Analysis Plan, which describes the survey design and outlines the empirical specifications and the formulated hypotheses.

[18] Studying attention to narratives requires particularly high data quality. At the beginning of the survey, participants are informed about the importance of responding carefully and notified that use of generative AI tools is prohibited. I exclude respondents who fail an attention check that requires careful reading, complete the survey in less than one-third of the median time, appear to use generative AI, skip screens, spend more than 7 minutes on an individual screen, or complete the survey over multiple days.

Respondents allocate 100 points across nine drivers and an "other" category before any treatment.[19] The weight divided by 100 is the household's prior perceived contribution $\bar{\omega}^0_{i,n}$ in the framework, the mean of its belief about the fraction of current inflation that narrative n explains; because the weights sum to 100, they correspond to the normalized contributions in equation (2). The question elicits a mean and not the dispersion of the belief. I ask a similar question in slightly rephrased form after the narratives and before the forecast treatment, so the change in the weight measures the revision $\Delta\bar{\omega}_{i,n}$ directly.

Uncertainty about narratives. Prior uncertainty about narratives $\sigma^2_{i,n}$ is challenging to elicit in surveys. In the attention survey, respondents rank the nine narratives by how well they understand each driver and its effect on inflation, from best (rank 1) to least (rank 9) understood.[20] I treat self-rated understanding as an inverse proxy for $\sigma^2_{i,n}$: the less a household understands the mechanism, the less precise its belief about the narrative's contribution. The rank is ordinal and averages five for every respondent, so it identifies the ordering of σ^2 across narratives within a household, which is what the relative reading-time tests use; the slider is cardinal. The identifying assumption is that understanding is monotonically related to σ^2, which is supported by recall accuracy after the treatment (Section 4.2). In addition, after the prior allocation of narratives the attention survey asks how confident respondents are in their overall response, on a scale from 1 to 7. This item measures uncertainty about the whole allocation and not about single narratives, so I use it only as a household-level measure of prior uncertainty in the updating tests (Section 5.2), with low confidence corresponding to high uncertainty.

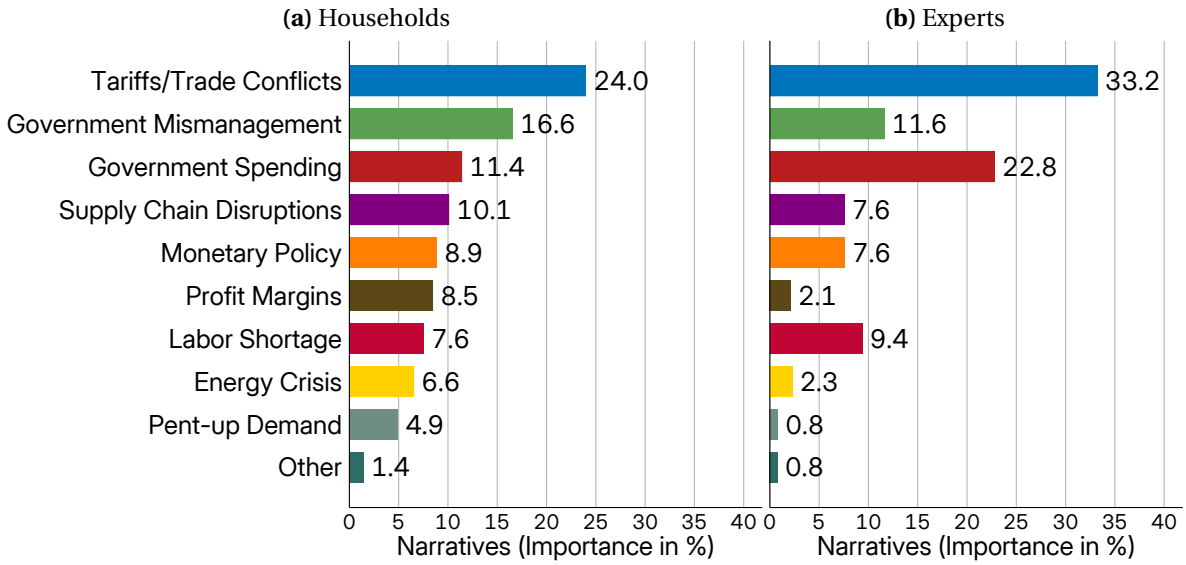
Households' and experts' narratives. Figure 2 compares the weights that households and U.S. experts attribute to each inflation narrative. Households place the most weight on tariffs and trade conflicts (24%) and government mismanagement (17%), followed by government spending (11%), supply-chain disruptions (10%), monetary policy (9%), and firms' profit margins (9%); labor shortages (8%), the energy crisis (7%), and pent-up demand (5%) receive less.[21] Experts concentrate their weight on tariffs (33%), government spending (23%), and government mismanagement (12%), and give 1–2% each to profit margins, the energy crisis, and pent-up demand. Relative to experts, households put more weight on government mismanagement and corporate behavior and less on tariffs and government spending. They also have more dispersed narratives, assigning positive weight to 6 drivers on average (vs. 4.3 for experts).

[19] The list comprises the narratives Government Spending, Monetary Policy, Pent-Up Demand, Supply Chain Disruptions, Tariffs/Trade Policy, Government Mismanagement, Labor Shortage, Energy Prices and Increased Profit Margins of Firms.

[20] In the acquisition survey, households rate their understanding of each of three narratives on a 0–100 slider.

[21] Respondents who voted for Trump in 2024 place significantly more weight on government spending and monetary policy, and less on tariffs, than other respondents do. Trump voters put a prior weight of 16.3 on tariffs against 28.9 for other respondents.

Figure 2 Inflation Narratives



Notes: The left figure plots the average perceived contribution of different inflation drivers according to households, elicited pre-treatment in the August 2025 Survey. The right figure shows the average perceptions of economic experts about these narratives, elicited in June and July 2025. The weights of different inflation drivers sum up to 100%.

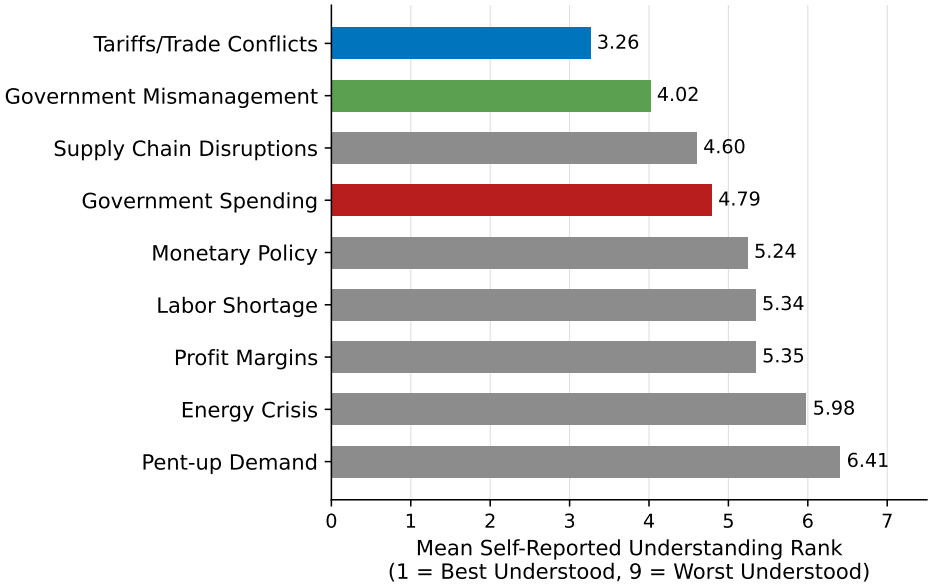
Prior understanding. There is large heterogeneity in the reported understanding of inflation narratives. Among the listed narratives, households understand tariffs (mean rank 3.26) and government mismanagement (4.02), two politically very salient narratives, best (Figure 3). The energy crisis (5.98) and pent-up demand (6.41) narratives come last, and government spending sits near the middle (4.79). The rank varies widely within each narrative, with a standard deviation above two positions for every driver.[22]

4.2 Attention across Competing Narratives

Narrative treatments. After the elicitation of priors, the attention survey randomly provides respondents with competing inflation narratives from economic experts (Figure 4). To construct the narrative treatments, I surveyed 127 U.S. economists in June–July 2025 about the main drivers of current U.S. inflation. The three narratives with the largest average weight were tariffs and trade conflicts, government spending, and government mismanagement. Each respondent randomly receives two of these three narratives, displayed on separate screens in random order, so the design yields three narrative pairs of equal expected size. The narratives are matched in length and complexity, so that differences in reading time reflect the allocation of attention rather than differences in difficulty. I use this

[22] As preregistered, I split understanding by reported voting in the 2024 U.S. presidential election (Appendix Figure B.6). Voters of Kamala Harris rank tariffs as their best-understood driver (2.52 versus 4.12 for Trump voters), while Trump voters understand government spending, monetary policy, and the energy crisis better; all differences are significant at the 1 percent level. Because understanding and perceived contribution both differ by party, the regressions below control for perceived contribution, demographics, and 2024 vote.

Figure 3 Households' Prior Understanding of Inflation Narratives



Notes: The figure plots the mean pre-treatment understanding rank for each of the nine inflation narratives, elicited before any treatment. Respondents rank the narratives from best understood (rank 1) to least understood (rank 9); a lower value denotes better understanding. Bars for the three treatment narratives are highlighted (tariffs in blue, government spending in red, government mismanagement in green).

active-control design because the object of interest is the relative allocation of attention: attention to one narrative is attention not paid to the other, as in the framework's reading problem.[23] To give one example, the tariffs narrative reads:

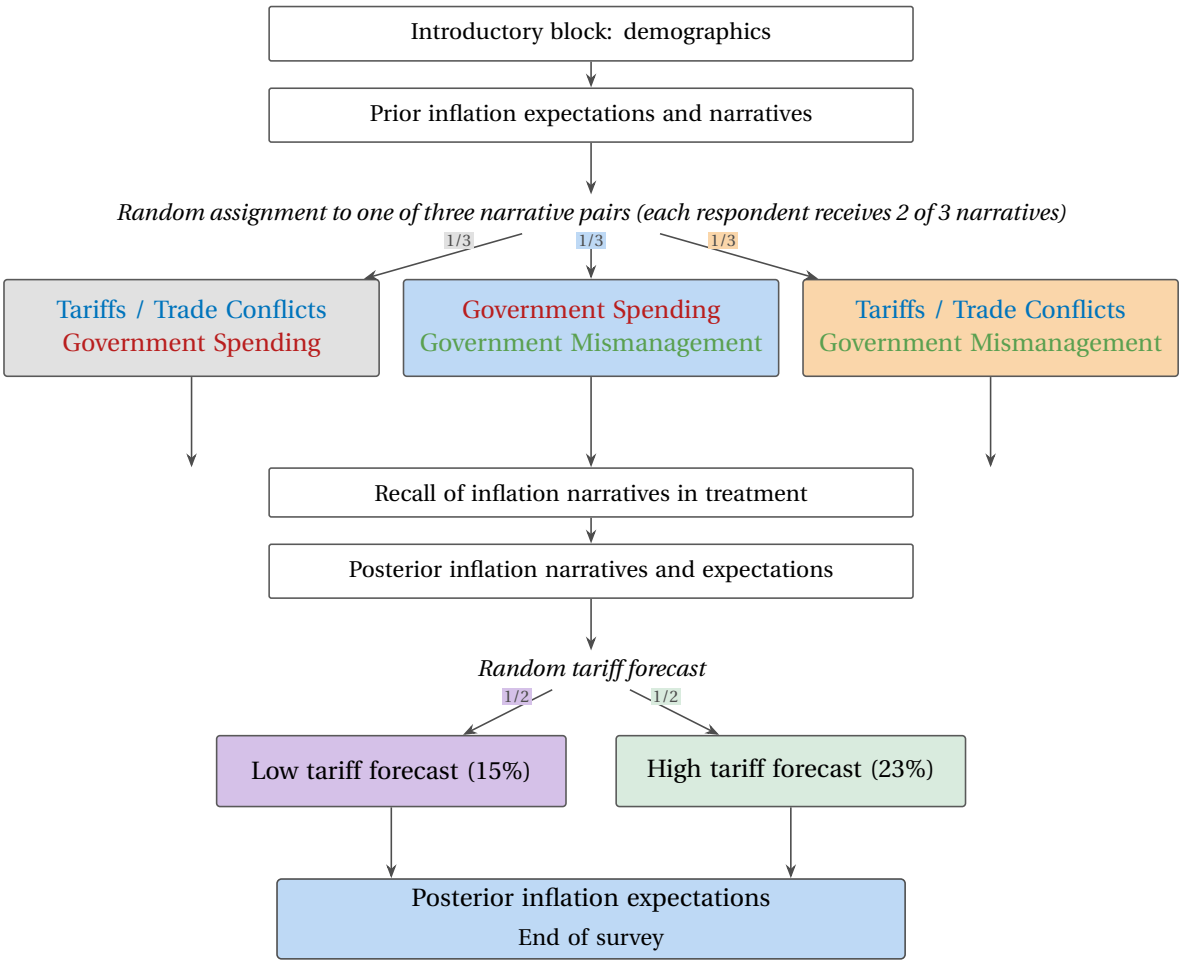
> Participants in a recent survey of leading economic experts stated that **Trade Conflicts and Tariffs** are major drivers of current Inflation in the United States.
> When **tariffs are imposed on imported goods**—such as industrial inputs, consumer electronics, or food products—**import costs rise** and are often passed through to consumers as **higher retail prices**. This direct price increase contributes to overall inflation.
> Additionally, trade tensions and retaliatory measures from other countries increase **economic uncertainty** and discourage investment. This reduces efficiency and productivity, **raising production costs** and further intensifying upward pressure on prices.
> Together, these effects elevate prices both by **raising import costs** and by creating **broader inefficiencies** in the economy.

The texts of the government spending and government mismanagement narratives are in Section E.1 in the Appendix. After the narratives, respondents describe them in their own

[23] The design does not include a pure control group (see Haaland et al., 2023, for a discussion), so it does not identify the effect of a narrative pair relative to no exposure; it identifies how exposure to one narrative shifts weights relative to a competing narrative. A pure control would also confound attention with survey length and with effects of reading any narrative, such as emotional responses.

words, report their posterior inflation narratives in a reworded version of the prior question, and state calendar-year inflation expectations.

Figure 4 Survey Structure



Notes: The figure illustrates the survey flow of the attention survey.

Measuring attention. Attention is measured by the time a respondent spends on each narrative screen. The median respondent spends 40 seconds on both narrative screens combined (Appendix Figure B.7a); on average, respondents spend 29 seconds on the government spending narrative, 27 seconds on government mismanagement, and 25 seconds on tariffs (Appendix Figure B.7b). Because each respondent reads two narratives, the outcome is an indicator for spending more time on a narrative than on the other one shown. My baseline specification is

$$\text{Longer}_{i,n} = \beta_1 \,\text{Understood better}_{i,n} + \beta_2 \,\text{Larger contribution}_{i,n} + \alpha_n + \gamma' X_i + u_{i,n}, \qquad (10)$$

where $\text{Understood better}_{i,n}$ and $\text{Larger contribution}_{i,n}$ indicate that narrative n ranks above the other narrative shown in the pre-treatment understanding rank and contribution weight, α_n are narrative fixed effects, and X_i includes the screen order and pre-specified controls.

The regression pools the two rows per respondent and clusters standard errors by respondent. Both regressors enter in the same form, so their coefficients are directly comparable. Proposition 1 predicts $\beta_1 < 0$.

Reading time and understanding. I estimate equation (10) and report the results in Table 1. A respondent is 5.5pp less likely to spend more time on a narrative that the respondent understands better than on the other narrative (column 1), against a baseline of 50 percent, and the estimate is significant at the 1 percent level. Respondents who rate both shown narratives at zero perceived contribution (263 respondents) read less overall (36 versus 55 seconds) and report lower attention to inflation and lower trust in experts; without them, the effect of understanding rises to 6.6pp (column 2). These results are consistent with Proposition 1: households pay more attention to narratives they are more uncertain about. The coefficient on perceived contribution is negative as well, between −3.4 and −3.9pp. Holding understanding fixed, the reading problem implies the opposite sign. The negative coefficient is consistent with Proposition 1 if households are less uncertain about narratives they consider important, so that perceived contribution picks up uncertainty that the binary understanding indicator does not capture. The data support this condition: narratives with a larger perceived contribution are better understood, with rank–weight correlations between −0.31 and −0.47 (Section 4.1).

Tariff and government pairs. The pooled estimates average two regimes (columns 3 and 4). In pairs of the two government narratives, understanding lowers the probability of reading a narrative longer than the other by 7.5pp and perceived contribution has no effect. In pairs that include tariffs, perceived contribution lowers it by 5.6pp and understanding by 4.3pp. I can reject equality of the slope on perceived contribution across the two pair types at the 5 percent level but not equality of the slope on understanding.[24] Thus, the negative effect of perceived contribution comes from pairs that include the tariffs narrative, while the effect of understanding holds in both pair types.

Attention by partisanship. Attention to inflation narratives does not differ by political affiliation. I compare respondents who voted for Trump in 2024 with all other respondents. Trump voters understand the tariff channel less well (mean rank 4.1 versus 2.7), but understanding lowers the probability of reading a narrative longer than the other by 6.3pp among Trump voters and by 6.1pp among other respondents. Perceived contribution does not raise reading time in either group (−1.4 and −4.2pp), so the absence of a positive contribution effect is not specific to one group. Trump voters do recall all three narratives worse, by 0.13 to 0.22 standard deviations, and the uniform gap across narratives suggests a general difference in effort rather than in the allocation of attention.

[24] The pattern is unchanged under seven rules that exclude unusually long or short reading times and when all respondents with tied contribution ratings are dropped.

Table 1 Relative Reading Time (Linear Probability Model, Percentage Points)

	Pooled		Government pairs	Tariffs pairs
	(1)	(2)	(3)	(4)
Sample	Full	No zero omegas	No zero omegas	No zero omegas
Understood better	−5.49***	−6.60***	−7.45**	−4.33*
	(1.84)	(1.96)	(3.45)	(2.48)
Larger contribution	−3.93**	−3.44*	2.24	−5.61**
	(1.69)	(1.82)	(3.08)	(2.31)
Narrative fixed effects, order	Yes	Yes	Yes	Yes
Respondents	3,002	2,739	871	1,868

Notes: The dependent variable is 1 if the respondent spent more time on the narrative than on the other narrative shown. "Understood better" and "Larger contribution" are indicators for the narrative ranking above the other shown narrative in the pre-treatment understanding rank and contribution weight; ties are coded 0. Coefficients are percentage-point changes for a 0 to 1 change. Column (1) uses the full sample; columns (2)–(4) drop the 263 respondents who rate both narratives at zero perceived contribution. Columns (3) and (4) split by whether the pair contains the tariffs narrative and interact all controls with narrative indicators. Controls: narrative fixed effects, order, dummies for age, gender, education, employment status, income, and the 2024 presidential vote, and indicators for trusting experts and for reporting attention to inflation. Standard errors clustered by respondent. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Attention and recall. Reading time also tracks processing of the narrative. I score each respondent's description of a narrative from 0 to 100 with an LLM-assisted rubric for coverage, accuracy, hallucination, and coherence (Appendix C). Recall is higher among respondents who read the narrative for at least 20 seconds, and it increases with prior weight and understanding (Appendix Figure B.8). The second pattern validates the understanding measure against an independent behavioral outcome.

4.3 Acquisition of Information about Narratives

Acquisition survey. To test how households acquire information about narratives, I field the acquisition survey (see Appendix E.2 for the survey instructions). I recruited U.S. respondents through Prolific in September 2026; the analysis sample comprises 400 respondents and is broadly representative of the U.S. population.[25] Respondents first allocate 100 points across nine inflation drivers, identical to the attention survey, and rate their understanding of three narratives: tariffs, energy prices, and government spending. They then make a choice among those three narratives and are asked for the reasons for their choice in an open-ended question. Following that, they receive the chosen narrative. Respondents can then request one of the two remaining narratives or stop, and those who continue face the same choice for the last available narrative. Because the first choice is made before reading any narrative, it corresponds to Proposition 2.[26]

[25] Of 412 respondents who gave consent, passed an attention check, and completed the survey, 12 are excluded for being speeders or answering the survey unusually slow.

[26] The attention survey also elicits information acquisition, but only after respondents have read the two competing narratives (Appendix A.1).

Table 2 Information Acquisition

	Conditional logit			Logit
	(1)	(2)	(3)	(4)
Perceived contribution (std.)	0.350***		0.373***	0.411***
	(0.062)		(0.067)	(0.070)
Understanding (std.)		0.135	−0.100	−0.029
		(0.099)	(0.109)	(0.045)
Narrative fixed effects	Yes	Yes	Yes	Yes
Demographic controls	No	No	No	Yes
Respondents	400	400	400	395

Notes: Each respondent makes one mandatory choice among tariffs, energy, and government spending before seeing any narrative. Columns (1)–(3) report conditional-logit coefficients with narrative fixed effects; column (4) reports a stacked logit with demographic controls. Perceived contribution is the constant-sum weight and understanding the 0–100 slider, both standardized across narratives. Standard errors in parentheses. * $p <$ 0.10, ** $p < 0.05$, *** $p < 0.01$.

I estimate a conditional logit of the first choice of narrative,

$$\Pr(c_i = n) = \frac{\exp\left(\beta_1 \tilde{\omega}_{i,n} + \beta_2 \tilde{U}_{i,n} + \alpha_n\right)}{\sum_m \exp\left(\beta_1 \tilde{\omega}_{i,m} + \beta_2 \tilde{U}_{i,m} + \alpha_m\right)}, \tag{11}$$

where c_i is the narrative respondent i chooses, $\tilde{\omega}_{i,n}$ and $\tilde{U}_{i,n}$ are perceived contribution and understanding standardized across the three narratives, and α_n are narrative fixed effects. Proposition 2 predicts $\beta_1 > 0$.

Acquisition of narratives. Perceived contribution predicts the first choice (Table 2). A one standard deviation increase in a narrative's perceived contribution raises the probability that the respondent chooses it by 8.7pp, about a quarter of the one-in-three probability under random choice. The effect is statistically significant at the 1 percent level, holds for each of tariffs, energy, and government spending, and is similar with demographic controls (column 4). In contrast, understanding does not predict the choice (−0.6pp per standard deviation), and its estimates change sign across narratives. These results are consistent with Proposition 2: at prior beliefs, households direct additional information to the narratives they consider most important for inflation. The acquisition choice in the attention survey, made after reading, points in the same direction: a standard deviation of perceived contribution raises the probability that a narrative is requested alone by 2.2pp, while understanding has no effect (Appendix A.1).[27]

[27] In the attention survey, Trump voters are more likely than other respondents to request information about government spending (6.2pp) and government mismanagement (3.4pp), the two narratives that blame the government, but not about tariffs, and they are 4.6pp less likely to request both narratives shown. The effect of perceived contribution is similar in both groups (1.5 and 2.4pp per standard deviation).

Reading time on the acquired narrative. Respondents then read the narrative they chose, and I record their screen time. Conditional on the narrative chosen, reading time is 14.9 percent lower per standard deviation of understanding, significant at the 1 percent level, and is unrelated to perceived contribution (1.8 percent). Proposition 1 thus holds in a second sample and a different design. Within the same respondents, the reading margin of attention is driven by prior uncertainty, and perceived contribution governs which narrative households decide to acquire.

Persistence of narrative acquisition. To assess whether acquisition reflects a stable preference, I recontacted respondents of the acquisition survey about two weeks later in a follow-up survey, which was similar to the previous survey and again asked them to make a choice between the same inflation narratives. Of the 400 respondents in the September 2026 survey, 334 (83.5 percent) completed the follow-up, and 329 remain after excluding unusually fast or slow follow-up responses.[28] In the follow-up, 48 percent of respondents choose the same narrative as in the acquisition wave, against 34 percent if the choices in the two waves were independent given their marginal distributions (Appendix Table A.5). Perceived contribution in the follow-up again predicts narrative acquisition, significant at the 1 percent level, although the conditional-logit coefficient is about half its first-wave value for the same respondents (0.21 versus 0.43). This is consistent with the acquisition survey having satisfied part of the demand for a given narrative.

Stated motives for narrative acquisition. Respondents' stated reasons for their choice track their measured beliefs (Appendix Figure B.9). An LLM classifies respondents' open-ended reasons into non-exclusive categories. At the aggregate level, respondents most often cite learning or curiosity (44 percent), but also perceived importance of the specific narrative (37%) as the main motive for their choice.[29] At the individual level, the reasons reflect the estimated patterns of acquisition: respondents who chose the narrative with their own largest contribution are twice as likely to cite perceived contribution (21 versus 10 percent), and respondents who chose their own least understood narrative are almost five times as likely to cite low understanding (40 versus 9 percent).

4.4 Recap

Households allocate attention across competing narratives by two rules. They read longer about the narratives they understand less well, as Proposition 1 predicts, and they seek information about the narratives they believe contribute most to inflation, as Proposition 2 predicts, regardless of how well they understand them. The acquisition choice persists, as

[28] The follow-up was fielded from October 6 to October 14, 2026.

[29] Figure B.9 also contains the motives of respondents in the follow-up, which are very stable both at the aggregate and the individual level.

confirmed by a follow-up survey: two weeks later, about half of the respondents choose the same narrative again.

5 Narrative Updating and Expectation Formation

This section tests the framework's implications for belief updating (Section 3.4): that households revise a narrative's perceived contribution more when they attend to it more and are more uncertain about it. It then turns to inflation expectations, which the framework does not model: whether the narratives households read move their expectations, and whether the narratives they hold shape the response to a tariff forecast. All results come from the attention survey.

5.1 Updating of Narrative Weights

Specification. To identify the effect of receiving a narrative on respondents' own narratives, I estimate the intention-to-treat specification

$$\omega_{i,n}^{Post} = \beta_0 + \beta_1 \text{NarrativeTreat}_{i,n} + \beta_2 \omega_{i,n}^{Prior} + \gamma' X_i + u_{i,n}, \tag{12}$$

where $\omega_{i,n}^{Post}$ is respondent i's posterior weight on narrative n and $\text{NarrativeTreat}_{i,n}$ equals 1 if the respondent read narrative n. $\omega_{i,n}^{Prior}$ is the prior belief of respondent i about the contribution of narrative n. I estimate the equation separately for each of the three narratives. The covariates X_i are the pre-treatment inflation expectations, demographics (age, gender, education), socio-economic characteristics (employment status and income), political ideology, an indicator for trusting experts on economic news, reported attention to news about inflation, and total reading time. For inflation expectations, Section 5.3 replaces $\text{NarrativeTreat}_{i,n}$ with indicators for the narrative pair.[30] The outcomes are posterior inflation narratives, measured with the structured question and with the open-ended question, which a large language model classifies into the narratives of the structured format (Appendix C), and calendar-year inflation expectations.

Descriptive patterns. Respondents update their narratives after the treatments. Updating is the posterior weight minus the prior weight, so a positive value means the respondent now assigns the narrative a larger contribution; updates sum to zero across narratives by construction. In every treatment group, respondents raise the weight on the narratives they read and lower it on the narrative they did not read, as the pre-analysis plan predicted. The response differs across narrative pairs (Appendix Figure B.10). Respondents who read tariffs and government mismanagement raise the weight on mismanagement by 6pp but the

[30] I trim prior and posterior inflation expectations below the 1st and above the 99th percentile. Results are qualitatively unchanged, but less precise, without trimming.

weight on tariffs by only 0.9pp. Updating is largest among respondents who read the two government narratives: the weight on mismanagement rises by 5.2pp and the weight on spending by 3pp, and tariffs, which these respondents did not read, lose the most weight (−3.2pp), consistent with crowding out by the narratives shown.

Table 3 Updating of Inflation Narratives

	(1) Tariffs/Trade conflicts	(2) Government spending	(3) Government mismanagement
Narrative in treatment	5.499***	3.456***	6.023***
	(0.616)	(0.519)	(0.631)
Prior narrative weight	0.582***	0.381***	0.472***
	(0.023)	(0.035)	(0.030)
Controls	Yes	Yes	Yes
Total narrative time	Yes	Yes	Yes
Mean of dependent variable	24.10	13.51	20.12
Observations	3,002	3,002	3,002
R^2	0.437	0.158	0.225

Notes: This table displays OLS regression results of households' beliefs about inflation narratives on the provision of this narrative. The dependent variable is the post-treatment weight (0–100 scale) the respondent assigns to the focal inflation narrative ("Tariffs/Trade Conflicts," "Government Spending," or "Government Mismanagement"). "Narrative in treatment" is a treatment indicator equal to 1 if that focal narrative was one of the two narratives randomly assigned to the respondent. "Prior narrative weight" is the pre-treatment weight for the same narrative (same 0–100 scale). Controls include dummies for age, gender, education, employment status, income and voting indicators for the 2024 presidential election as well as indicators for perceiving experts as trustworthy regarding news and for reporting attention to inflation. "Total narrative time" measures the total time spent on the two screens. Mean of dependent variable reports the mean of the dependent variable in the corresponding subsample.
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses.

Average effects. I estimate equation (12) and report the results in Table 3. Reading a narrative raises its posterior weight by 5.5pp for tariffs, 3.5pp for government spending, and 6.0pp for government mismanagement, all significant at the 1 percent level. Relative to the mean posterior weight, these effects amount to 23, 26, and 30 percent. The coefficient on the prior weight lies between 0.38 and 0.58, so narrative weights persist: a respondent retains about half of a one-point difference in prior weight. In the open-ended question, respondents are significantly more likely to cite a narrative they read.

Experimenter demand A concern in information experiments is that respondents report the beliefs they think the researcher expects rather than their own (Haaland et al., 2023). Three features of the design limit this concern for the updating results. First, the posterior question differs from the prior question: the prior asks how much each factor currently contributes to inflation and has respondents allocate 100 points, while the posterior asks respondents to weight the drivers according to their importance in percent and lists them in a different order. Asking the identical question twice would make the purpose of the

treatment more visible and invite respondents to move their answer toward it. Second, the posterior is not elicited on the screen after the narrative treatments, but instead only appears after four screens in between, on which respondents rate the narratives, make the information-acquisition choice, and describe each narrative in their own words. Third, every respondent reads two expert narratives, so a general demand to appear responsive to expert information affects all respondents alike, and in the forecast experiment both groups receive an expert forecast. Moreover, De Quidt et al. (2018) bound experimenter demand in online experiments and find that even explicit signals about the researcher's hypothesis move responses only modestly.

5.2 Attention, Prior Uncertainty, and Updating

Reading time. As preregistered, I examine heterogeneity by the attention respondents pay to the narratives. The Bayesian benchmark predicts that more attention amplifies updating (equation (9); Appendix F.4). As respondents can only pay attention to the two narratives they see in the treatment intervention, I split the effect of reading a narrative by whether the reading time on that narrative is above or below the median among respondents who read it.[31] Both effects use the respondents who did not read the narrative as the control group.

Updating is stronger among respondents who pay more attention (Figure 5). Reading a narrative raises its posterior weight by 6.3pp among respondents who read it for longer than the median and by 3.8pp among those who read it for less, and I can reject equality of the two effects at the 1 percent level. The pattern holds for each narrative: 7.3 versus 3.6pp for tariffs, 4.9 versus 2.2 for government spending, and 6.7 versus 5.3 for government mismanagement.

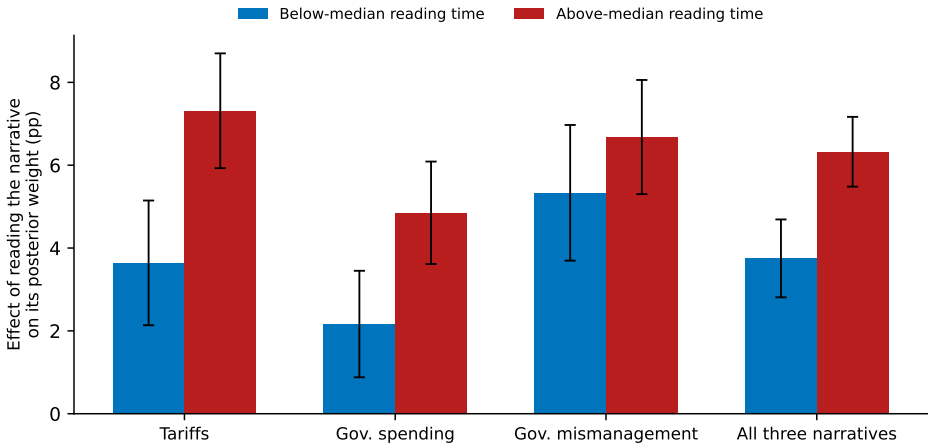
Prior uncertainty about aggregate distribution of narratives. The second preregistered dimension of heterogeneity is prior uncertainty about the distribution of narratives, which according to the framework would also amplify updating (Appendix F.4). I measure uncertainty with the respondent's confidence in the prior allocation of weights and classify respondents with a confidence of 4 or below on the 1–7 scale as having high uncertainty. These respondents update about twice as much as the other respondents: the treatment coefficients are 8.4 versus 3.9pp for tariffs, 6.0 versus 2.1 for government spending, and 9.3 versus 4.1 for government mismanagement (Appendix Table A.6). Thus, both comparative statics of the Kalman gain in equation (9) find support in the experimental data.

5.3 Narratives and Inflation Expectations

Inflation expectations do not differ across the narrative pairs households read. I regress calendar-year inflation expectations, elicited after the narrative treatment, on the narrative

[31] The median reading time per narrative is 16.5 seconds for tariffs, 21.0 seconds for government spending, and 17.8 seconds for government mismanagement.

Figure 5 Narrative Updating by Attention on the Narrative



Notes: The figure plots the effect of reading a narrative on its posterior weight (pp), relative to respondents who did not read it, separately for respondents whose reading time on the narrative is below or above the median among readers. "All three narratives" stacks the three narratives with narrative fixed effects. Controls: prior weight, total narrative time, demographics, and attitudes. Bars show 95% confidence intervals; standard errors are clustered by respondent.

pair a respondent read. Because every respondent reads two of the three narratives, any two pairs differ by one narrative, and Appendix Figure B.11 plots the three pairwise differences at each horizon. I cannot reject the null of no difference for any of the nine comparisons, and no point estimate exceeds 0.44pp in absolute value.[32] The confidence intervals are about ±1 percentage point wide, so the data rule out differences larger than about one percentage point between pairs but are uninformative about smaller ones. Without a pure control group, I cannot identify a common effect of reading any narrative. Two mechanisms could produce the null: confronting a second narrative may mute the channel from a narrative's weight to expectations, or two narratives may divide attention and so attenuate each one's effect.[33] In the model of Section 6, a narrative moves expectations through the persistence of the cause it invokes, and the three treatment narratives were not chosen to differ in persistence; equal effects across pairs are consistent with this channel.

5.4 Narrative Weights and the Response to Tariff News

Forecast treatment. The tariff-forecast treatment, the second randomized treatment of the attention survey, tests whether news about a narrative's driver move inflation expectations, and whether the weight a household places on the narrative moderates this effect. I randomly split respondents into two groups, each receiving an expert forecast of U.S. import tariffs by the end of 2025, elicited in the Q2 2025 EES wave. One group receives a high tariff forecast (23%, the third quartile of expert forecasts) and the other a low tariff forecast (15%, the first quartile). The high-forecast treatment reads:

[32] The result also holds when prior and posterior expectations are top- and bottom-coded at 20% and 0%.

[33] Andre et al. (2026) find a significant effect of narratives on inflation expectations in an experiment with a single narrative treatment.

> In a recent survey of leading economic experts, participants were asked about their **expectations for import tariffs**.
> Experts expect that by the end of 2025, the **United States government** will have imposed an **average import tariff of 23%** on goods imported from other countries.
> For example, suppose a car imported from outside the U.S. would cost the **importer $20,000** without tariffs. A **23% import tariff** would require the importer to pay an additional **$4,600** in tariffs, raising the total costs for the importer to **$24,600**.

The low forecast is an active control.[34] After the forecast, I elicit 12-month-ahead inflation expectations. I estimate

$$\pi_{Post,i} = \beta_0 + \beta_1 \pi_{Prior,i} + \beta_2 \text{Tariff High}_i + \gamma' X_i + \epsilon_i, \tag{13}$$

where $\pi_{Post,i}$ is respondent i's 12-month-ahead inflation expectation, $\pi_{Prior,i}$ is the prior inflation expectation,[35] and Tariff High_i equals 1 if the respondent received the high tariff forecast and 0 if the respondent received the low forecast. X_i includes dummies for the narrative treatments, to control for differences across the groups of the first treatment, and prespecified covariates: age, gender, education, employment status, income, political ideology, indicators for perceiving experts as trustworthy regarding economic news, and reported attention to news about inflation.

Average effect. The high forecast raises 12-month inflation expectations by 1.3pp relative to the low forecast, an effect significant at the 1 percent level (columns 1 and 2 of Table 4). Because the two forecasts differ by 8pp of average tariffs, a one percentage point higher tariff forecast raises expected inflation by about 0.16pp, and the effect amounts to 11 percent of the mean expectation.

Effect by narrative weight. Next, I test whether the effect of the tariff forecast depends on the narratives respondents hold when they receive it. A household that views tariffs as a central driver of inflation has more reason to translate news about tariffs into its inflation forecast. I split the sample by whether the respondent's posterior weight on tariffs and trade conflicts lies above the sample median of 20 percent (column 3) or not (column 4). The forecast raises expectations by 1.65pp among respondents with an above-median tariff weight and by 0.96pp among the others. Classifying respondents instead by their answer to the

[34] The active control isolates the effect of receiving a high tariff forecast. In a design with a passive control group the treatment effect would also pick up the effect of receiving any tariff forecast, for example through greater awareness of tariffs.

[35] I use the calendar-year inflation expectations elicited after the first treatment, which are orthogonal to assignment in the second treatment. I also use the inflation expectations elicited before the first treatment to increase precision.

Table 4 Effect of the Tariff Forecast on Inflation Expectations

	Full sample		Posterior tariff weight	
	(1)	(2)	(3) Above median	(4) Below median
Tariff forecast high	1.302***	1.260***	1.646***	0.964*
	(0.361)	(0.361)	(0.480)	(0.519)
Controls	Yes	Yes	Yes	Yes
Inflation prior	Yes	Yes	Yes	Yes
Day fixed effects	No	Yes	Yes	Yes
Control group mean	11.14	11.14	9.00	12.67
Observations	2,935	2,935	1,219	1,716
R^2	0.631	0.636	0.630	0.639

Notes: This table reports OLS regressions of households' 12-month-ahead inflation expectations on the high import tariff forecast. The dependent variable is the 12-month-ahead inflation expectation elicited after the tariff forecast. "Tariff forecast high" equals 1 if the respondent was randomly assigned to the high import tariff forecast (experts expect an average import tariff of 23%) and 0 if the respondent received the low forecast (15%). Columns (1) and (2) use the full sample. Columns (3) and (4) split the sample at the median weight on "Trade Conflicts/Tariffs" in the respondent's posterior narrative allocation (20%), elicited after the narrative treatment and before the tariff forecast: column (3) uses respondents with a weight above the median, column (4) respondents with a weight at or below the median. "Inflation prior" is the expectation for calendar-year 2025 inflation, elicited before the tariff forecast. Controls include indicators for the narrative treatment, age, gender, education, employment status, income, and the 2024 presidential vote, as well as indicators for perceiving experts as trustworthy sources of economic news and for reporting attention to news about inflation. Day fixed effects absorb contemporaneous news. Inflation expectations below the 1st and above the 99th percentile are dropped. Control group mean is the mean of the dependent variable among respondents who received the low tariff forecast in the corresponding sample.
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses.

open-ended question about the main driver of inflation, asked before the forecast, yields qualitatively similar results.

5.5 Recap

Attention to narratives shapes beliefs in three ways. First, reading a narrative raises its weight in the household's own account of inflation, and more so among households that read longer or are less confident in their priors, as Bayesian updating implies. Second, which narratives households read changes how they attribute inflation, not the level of inflation they expect. Third, a randomized tariff forecast raises inflation expectations, and more so among households that place more weight on the tariff narrative.

6 Macroeconomic Implications of Sticky Narratives

Households revise their narratives when they read about them, and they revise them more when they pay more attention (Section 5.2). This section studies how much the speed of narrative updating matters for the response of inflation to a shock. I embed narratives in a

New Keynesian model following Andre et al. (2026) and give the household narrative a law of motion. A supply shock raises inflation, and for six quarters a public narrative attributes this inflation to a persistent cause. If households fully adopt the public narrative as soon as it appears, the immediate effect on inflation is large. If they update only partially, the effect is dampened but lasts beyond the episode.

6.1 Narratives in a New Keynesian Model

Andre et al. (2026) formalize a narrative as a subjective causal model of inflation. A household attributes current inflation to a set of factors z, here productivity a_t, government spending g_t, and monetary policy v_t, and believes that each factor follows a first-order autoregressive process with persistence ρ_z. Its inflation expectation is then

$$\widehat{E}_t^H \pi_{t+1} = \Big(\sum_z \omega_{z,t}^H \rho_z\Big)\pi_t \equiv A_t \pi_t, \tag{14}$$

where $\omega_{z,t}^H$ is the share of current inflation that the household attributes to factor z, and the shares sum to one. A household that attributes inflation to persistent causes expects it to last; a household that attributes the same inflation to transitory causes expects it to fade. The shares $\omega_{z,t}^H$ are the object that my surveys measure: the constant-sum question asks households to allocate 100 points across the drivers of current inflation (Section 4.1), and the narrative treatments shift these shares (Section 5).

Apart from households' inflation expectations, the model is a conventional New Keynesian economy. All variables are log deviations from a zero-inflation steady state, and a period is a quarter:

$$\pi_t = \beta E_t \pi_{t+1} + \kappa\big[(\gamma + \varsigma\alpha)c_t - (1+\varsigma)a_t\big], \tag{15}$$

$$c_t = E_t c_{t+1} - \tfrac{1}{\gamma}\big(i_t - \widehat{E}_t^H \pi_{t+1}\big), \tag{16}$$

$$i_t = \phi \pi_t. \tag{17}$$

Equation (15) is the Phillips curve, with slope $\kappa = (1-\theta)(1-\beta\theta)/\theta$ for Calvo parameter θ, labor-supply curvature ς, and steady-state consumption share α; equation (16) is the households' Euler equation with inverse intertemporal elasticity γ; and equation (17) is a Taylor rule with $\phi > 1$. As in the benchmark case of Andre et al. (2026), only households' inflation expectations are subjective; firms' inflation expectations and households' expectations

of their own consumption are rational.[36] Substituting (14) and (17), the narrative enters through the real interest rate that households perceive,

$$i_t - \widehat{E}_t^H \pi_{t+1} = (\phi - A_t)\,\pi_t.$$

A narrative that attributes inflation to more persistent causes raises expected inflation and lowers the perceived real rate. Households raise consumption, and through the Phillips curve inflation rises.

6.2 Sticky Narratives

Andre et al. (2026) compare economies that hold different narratives but do not specify how a narrative evolves over time. I give the household narrative a law of motion and study the following episode. Productivity falls in quarter 0 and recovers at rate ρ_a. Households attribute a share s_t of current inflation to a persistent cause b with $\rho_b > \rho_a$ and the rest to productivity, so that $A_t = (1 - s_t)\rho_a + s_t\rho_b$.[37] Households start from the correct narrative, $s_t = 0$. In quarters 1–6, a public narrative attributes all inflation to the persistent cause. Households move toward it at gain η and, once it disappears, revert toward their original narrative at the same gain:

$$s_t = (1-\eta)\,s_{t-1} + \eta\,\tilde{s}_t, \qquad \tilde{s}_t = \begin{cases} 1 & 1 \le t \le 6, \\ 0 & \text{otherwise.} \end{cases} \tag{18}$$

The gain η is the speed of narrative updating. With $\eta = 1$, households fully adopt the public narrative as soon as it appears and abandon it as soon as it ends. With $\eta = 0$, they ignore it, and the economy follows its rational-expectations equilibrium (REE). Between the two, households update partially, as respondents in the attention survey do: reading a narrative raises its weight, and by more among respondents pay more attention (Section 5.2). I therefore compare full updating with two degrees of partial updating, $\eta = 0.48$ and $\eta = 0.25$, which I interpret as more and less attentive households. The first measure is calibrated to the updating of inflation narratives in the survey experiment.

The episode is unanticipated, and households do not anticipate the revision of their own narrative. I use the calibration of Andre et al. (2026). The preference, price-stickiness, and monetary-policy parameters and the persistence of the productivity shock follow Galí (2015, ch. 3): $\beta = 0.99$, $\gamma = 1$, $\varsigma = 5$, $\theta = 0.75$, $\phi = 1.5$, and $\rho_a = 0.9$. The steady-state share of government spending in output, $1 - \alpha = 0.2$, follows Christiano et al. (2011). As in Andre

[36] Andre et al. (2026) also study cases in which firms share the households' narrative or households hold a narrative about their income. Appendix G reports their closed-form solution and the corresponding variants of the exercise below.

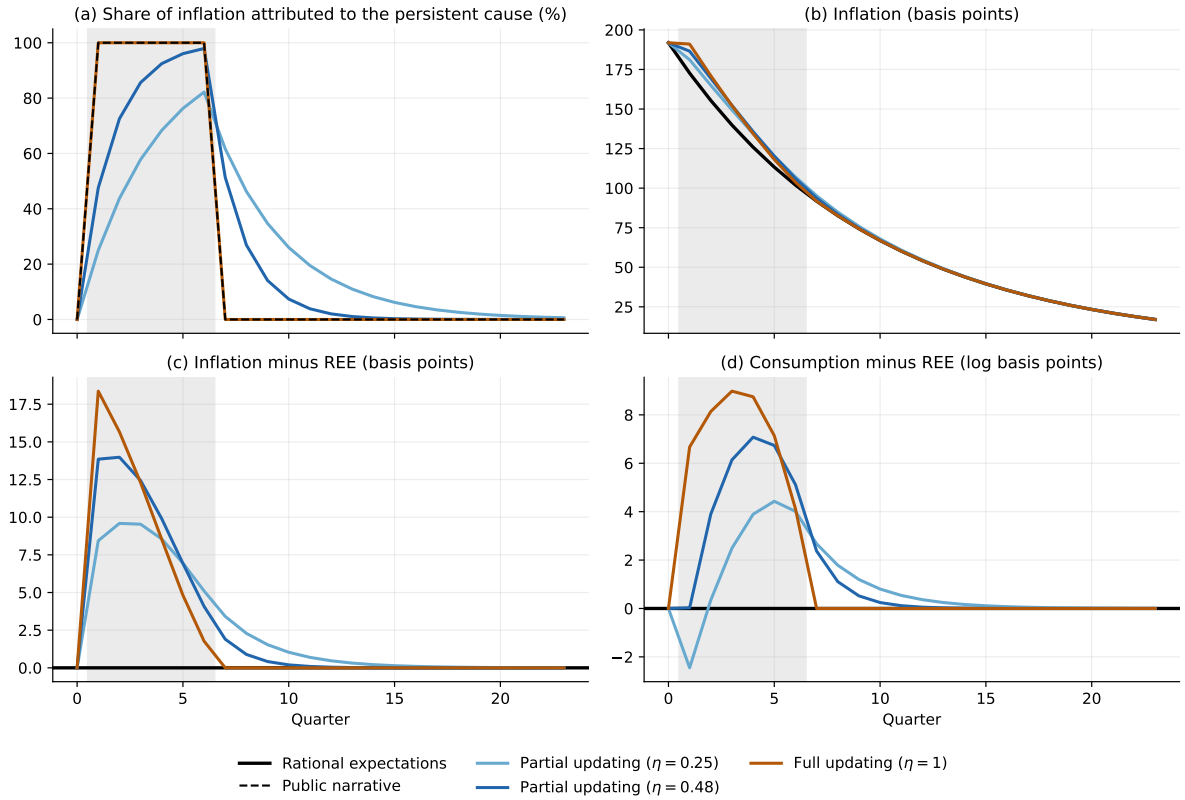
[37] Attributing inflation to a cause that is not active requires the assumption that households observe inflation but not its causes, which matches the household surveys, in which respondents attribute inflation across causes they do not observe. Because only A_t enters the model, the exercise is equivalent to households attributing all inflation to productivity while perceiving its persistence as A_t.

et al. (2026), productivity falls by 10 percent, $a_0 = -0.10$, which under rational expectations raises inflation by 192 basis points on impact. The persistent cause has $\rho_b = 0.95$: the public narrative presents the fall in productivity as longer-lasting than it is, and households that fully adopt it ascribe a persistence of 0.95 instead of 0.9 to inflation.

6.3 Results

Figure 6 shows the episode. Panel (a) shows the share of inflation that households attribute to the persistent cause, panel (b) the path of inflation with the REE path in black, and panels (c) and (d) inflation and consumption relative to the REE.

Figure 6 Aggregate Implications of Gradual Narrative Updating



Notes: The figure shows impulse responses to a fall in productivity ($a_0 = -0.10$, $\rho_a = 0.9$) in the New Keynesian model of Section 6. In quarters 1–6 (shaded) a public narrative attributes all inflation to a cause with persistence $\rho_b = 0.95$ (dashed line, panel a); households move toward it at gain η and revert toward the correct narrative afterwards. Inflation is in basis points and consumption in log basis points, both log deviations from the zero-inflation steady state. The black lines are the rational-expectations path, which coincides with the path without updating ($\eta = 0$). Calibration as in Andre et al. (2026), based on Galí (2015) and Christiano et al. (2011).

The main result is that the speed of updating determines how large the immediate effect of the public narrative is and how long it lasts. With full updating, the public narrative has a large immediate effect. Households read the inflation as persistent, perceive a lower real rate, and raise consumption. In quarter 1, inflation stays at 191 basis points, almost at its impact level, instead of falling to 173 basis points as under rational expectations: the nar-

rative raises inflation by 18 basis points, or 11 percent. The effect fades with the shock and ends with the episode.

With partial updating, the effect is dampened but persistent. At $\eta = 0.25$, inflation exceeds its REE path by at most 10 basis points, about half the effect under full updating, and the peak arrives a quarter later. Because households absorb the public narrative only gradually, they also abandon it only gradually: four quarters after the public narrative has disappeared, inflation is still 1.0 basis point above its REE path, and 18 percent of the cumulative effect materializes after the episode, compared with none under full updating. The cumulative effect, by contrast, barely depends on the speed of updating: it amounts to 61, 65, and 59 basis points at $\eta = 1$, 0.48, and 0.25. Consumption follows the same pattern, with a peak response of 9 log basis points under full updating and 4 log basis points at $\eta = 0.25$.

The speed of narrative updating thus shifts the inflation effect of a public narrative over time without changing its size. Relative to full updating, partial updating lowers inflation while the narrative is in public view and raises it after the narrative has faded. Because more attentive households update more strongly (Section 5.2), attention shapes when a public narrative moves inflation: inattentive households carry a narrative beyond the public debate that created it. The direction of the effect depends on how households form expectations of their own income. If households also apply the narrative to their income forecasts, or plan over an infinite horizon, the persistent narrative lowers inflation instead, but partial updating again dampens and delays the effect and moves a larger share of it beyond the episode (Appendix G).

7 Conclusion

This paper studies how households allocate attention across competing inflation narratives and how that attention shapes expectation formation. Motivated by expert survey evidence that the causes of inflation were contested and shifting, I develop a framework in which prior beliefs about each narrative govern attention, and I test its predictions in two pre-registered survey experiments with U.S. households. I find that prior beliefs predict attention, and that different beliefs govern different margins. When reading two different narratives, households spend longer on the narratives they understand less well. When they choose which narrative to learn more about, they seek out the narratives they believe contribute most to inflation.

Attention also has consequences for beliefs. Households update their own narratives toward the narratives they read, and more so when they read longer or hold their priors with less confidence. A quantitative tariff forecast raises inflation expectations, and more so among households that place more weight on the tariff narrative. Finally, in a New Keynesian model with inflation narratives, the speed at which households revise their narrative determines the immediate size and the duration of the effect of a productivity shock on inflation.

These results have implications for central bank communication. Communication typically centers on the inflation outlook and the policy path, but a forecast or policy announcement reaches households through the narratives they already hold, so the same message may move the expectations of some households and leave others unaffected. Because households seek out explanations for the drivers they already consider important, information acquisition may make narratives stickier instead of changing them. Communication that explains why a driver matters for inflation may therefore complement communication about the outlook itself. The Federal Open Market Committee already communicates such narratives: its statements attributed the 2021 rise in inflation first to transitory factors and then to pandemic-related supply and demand imbalances (Federal Open Market Committee, 2021*a*,*b*), and in 2025 the Chair attributed rising goods inflation to tariffs whose effect he expected to be a one-time shift in the price level (Powell, 2025).

Several limitations point to directions for future research. First, I measure attention by reading time and by a choice made within a survey, not by the information households seek in daily life. Tracking narrative consumption through news or search behavior would show whether the same rules govern attention outside the survey. Second, the surveys do not measure how households revise their narratives over longer horizons. Panel data on narratives would pin down the speed of revision, which in the model governs how long a public narrative moves inflation, and would allow researchers to quantify the role of narratives in household behavior and aggregate fluctuations.

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A Additional Tables

Table A.1 Characteristics of EES Respondents

Category	Subgroup	% Share
Gender	Male	84.1
	Female	14.2
Age	<34	1.4
	35–44	16.1
	45–54	28.6
	55–64	27.2
	65+	29.1
Sector/Affiliation	Academia	61.8
	Private Sector	9.5
	Public Sector	5.3
	Central Bank	5.8
	Research Institutes & Think Tanks	14.8
	Other	2.8
Region	Europe	52.4
	Americas	21.7
	Asia	15.2
	Africa	8.2
	Oceania	2.5

Notes: The table shows the characteristics of participants in the Economic Experts Survey. The relative shares of experts with the specified characteristics are based on data from Q2 2025.

Table A.2 Summary Statistics: U.S. Expert Sample

	Mean	Standard deviation	Median	Observations
Personal characteristics:				
Years since PhD	28	14.7	24	117
Male	0.86			127
X/Bluesky Followers	5,886	10,513	1,720	49
Academic output:				
Number of TOP 5 publications	4.5	6.3	2	125
H-index	36.2	29.3	27	117
Citations	16,299	32,645	5,320	117
Policy output:				
Number of policy briefs	21.3	40.7	9.5	104
Media mentions	90.4	403.2	5.5	104

Notes: The table lists characteristics of the economic experts based in the U.S. who participated in the Economic Experts Survey. Characteristics of experts are manually collected.

Table A.3 Household Sample Composition and Representativeness

Category	Subgroup	Attention survey	Acquisition survey	U.S. Population
Gender	Male	0.50	0.48	0.50
	Female	0.50	0.51	0.50
Age	18–24	0.12	0.12	0.12
	25–34	0.14	0.19	0.17
	35–44	0.19	0.18	0.17
	45–54	0.15	0.16	0.15
	55–64	0.17	0.24	0.16
	65+	0.24	0.10	0.23
Income	$0–19,999	0.11	–	0.11
	$20,000–39,999	0.14	–	0.13
	$40,000–69,999	0.19	–	0.19
	$70,000–89,999	0.12	–	0.11
	$90,000–109,999	0.08	–	0.09
	$110,000–149,999	0.13	–	0.13
	$150,000–199,999	0.11	–	0.10
	$200,000+	0.11	–	0.14
Income, acquisition survey	Less than $25,000	–	0.11	–
	$25,000–49,999	–	0.17	–
	$50,000–74,999	–	0.22	–
	$75,000–99,999	–	0.16	–
	$100,000–149,999	–	0.17	–
	$150,000–199,999	–	0.09	–
	$200,000 or more	–	0.07	–
Race	White	0.71	–	0.60
	African American/Black	0.12	–	0.12
	Asian/Asian American	0.08	–	0.07
	Hispanic/Latino	0.06	–	0.18
	Mixed Race/Other	0.03	–	0.03
Region	Northeast	0.20	–	0.17
	South	0.23	–	0.38
	Midwest	0.31	–	0.21
	West	0.25	–	0.24
Education	High school or less	0.26	0.14	0.36
	Some College/College	0.55	0.70	0.51
	Master	0.14	0.14	0.09
	PhD or Professional Degree	0.05	0.03	0.04
Employment	Employed	0.62	0.77	0.67
	Unemployed	0.11	0.06	0.03
	Not in labor force	0.27	0.17	0.30
2024 vote	Trump	0.39	–	0.48
	Harris	0.47	–	0.50
	Others	0.05	–	0.02
	Don't know/Don't want to say	0.09	–	0.00
Party, acquisition survey	Democrat	–	0.34	–
	Republican	–	0.27	–
	Independent	–	0.39	–
Observations		3,002	400	

Notes: The table displays summary statistics for the survey respondents and the overall U.S. population. National statistics are from the U.S. Census Bureau (2022). Survey quotas were designed to achieve a nationally representative sample in gender, age and income. Acquisition-survey shares refer to the 395 of the 400 respondents in the acquisition survey's analysis sample with demographic information. Acquisition-survey education and employment answers are mapped to the attention-survey categories (employed includes full-time, part-time and self-employed). The acquisition survey does not elicit race, region, or the 2024 vote, elicits political affiliation instead, and uses different income brackets, which are reported separately; shares within a category need not sum to one because of answers such as "prefer not to answer."

A.1 Acquisition After Reading Narratives (Attention Survey)

After seeing both narratives, respondents choose whether to acquire additional information about one of the two presented narratives, both, a third narrative they did not see, or none. The choice is single-select, so requesting the first narrative alone excludes requesting the second; I therefore code a narrative as acquired only if it was requested alone. This choice maps onto Proposition 2: households should ask about the narrative they believe explains more of inflation. The requested information is provided only at the end of the survey, so the choice does not affect posterior beliefs.

At this timing the framework still predicts that perceived contribution raises acquisition, so the attention survey provides a second test of that prediction under a different timing. It does not test the prediction for understanding (Appendix F.3). The distribution of choices is similar across the three treatment groups: close to half of respondents request information about both narratives they read, around 30% about one of them, about 5% about the third narrative, and roughly 20% decline. Table A.4 regresses the acquisition indicator on standardized perceived contribution and understanding, again pooling the two narratives each respondent sees. A standard deviation of perceived contribution raises the probability that a narrative is requested alone by 2.2pp, which is smaller than in the acquisition survey and may reflect the different sample, choice set, and format; understanding has no effect (0.3 points, $p = 0.57$). The two coefficients differ significantly (Wald $p = 0.036$).

Table A.4 Acquisition of Additional Information

	(1)	(2)
Perceived contribution (std.)	1.85***	2.24***
	(0.58)	(0.58)
Understanding (std.)	−0.14	0.30
	(0.53)	(0.53)
Narrative fixed effects, order	Yes	Yes
Controls	No	Yes
Observations	6,004	6,004

Notes: Two observations per respondent, one for each narrative shown ($N = 3{,}002$ respondents). The outcome is 1 if the respondent requested information about this narrative alone. Perceived contribution is the pre-treatment weight and understanding is 10 minus the rank, both standardized. Controls as in Table 1. Standard errors clustered by respondent. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

The framework predicts no role for understanding after reading only if reading equalizes precision (Appendix F.3). The reading-time evidence does not support that assumption, so I do not treat the attention survey's understanding estimates as a test of the framework.

Table A.5 Persistence of Acquisition: Acquisition Survey and Follow-Up

Panel A. Follow-up first choice by acquisition-survey first choice (row percent)

	Follow-up first choice		
Acquisition-survey first choice	Tariffs	Energy	Government spending
Tariffs ($n = 121$)	**46.3**	22.3	31.4
Energy ($n = 75$)	25.3	**42.7**	32.0
Government spending ($n = 133$)	23.3	24.8	**51.9**

Same first choice in both waves (percent)	47.7	[42.4, 53.1]
Expected if choices independent (percent)	34.3	
Cohen's κ	0.20	[0.12, 0.28]
One-sided binomial p-value (H_0: one third)	< 0.001	

Panel B. First choice and beliefs in both waves

	Conditional logit		Linear probability
	Acquisition survey	Follow-up	Both waves
	(1)	(2)	(3)
Perceived contribution (std.)	0.433***	0.207***	0.020
	(0.071)	(0.065)	(0.019)
Understanding (std.)	−0.118	0.137	−0.002
	(0.123)	(0.119)	(0.016)
Narrative fixed effects	Yes	Yes	–
Respondent × narrative fixed effects	No	No	Yes
Narrative × wave fixed effects	No	No	Yes
Respondents	329	329	329
Observations	987	987	1,974

Notes: Respondents of the acquisition survey's analysis sample who complete the follow-up about two weeks later and pass the duration exclusions (one third to three times the median completion time); fielded October 6–14, 2026. Panel A: row percent of the follow-up first choice; diagonal in bold. The expected share pairs the two waves' marginal distributions independently. Brackets: 95 percent Wilson interval for the repeat share and bootstrap interval (2,000 draws) for κ. Panel B: columns (1) and (2) are conditional logits with narrative fixed effects, estimated on the same respondents; column (3) stacks both waves and estimates a linear probability model of choosing a narrative first with respondent-by-narrative and narrative-by-wave fixed effects, so that it uses only changes in beliefs between waves. Perceived contribution and understanding are standardized across narratives. Standard errors clustered by respondent in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

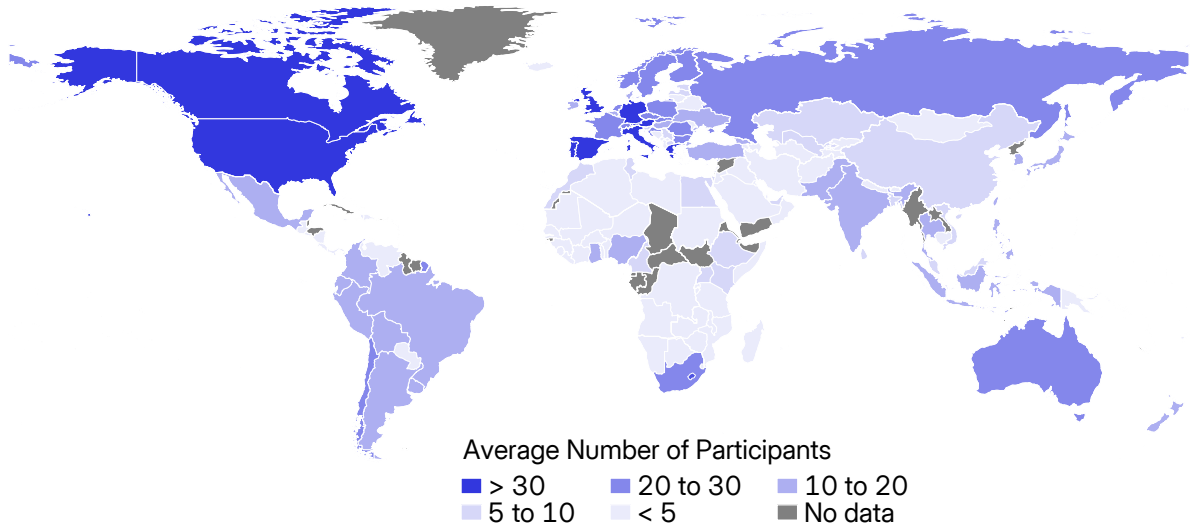
Table A.6 Updating of Inflation Narratives – Role of Uncertainty

	Tariffs/ Trade conflicts		Government spending		Government mismanagement	
	(1)	(2)	(3)	(4)	(5)	(6)
Prior uncertainty	Low	High	Low	High	Low	High
Narrative in treatment	3.929***	8.361***	2.117***	6.003***	4.141***	9.287***
	(0.753)	(1.049)	(0.671)	(0.822)	(0.819)	(0.979)
Prior narrative weight	0.600***	0.551***	0.366***	0.422***	0.496***	0.422***
	(0.028)	(0.041)	(0.044)	(0.052)	(0.036)	(0.054)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Total narrative time	Yes	Yes	Yes	Yes	Yes	Yes
Mean of dependent variable	23.71	24.76	12.98	14.41	19.93	20.43
Observations	1,898	1,104	1,898	1,104	1,898	1,104
R^2	0.479	0.373	0.158	0.189	0.251	0.198

Notes: This table displays OLS regression results of households' beliefs about inflation narratives on the provision of this narrative, separately estimated for respondents with low and high uncertainty about their (prior) inflation narratives. The dependent variable is the post-treatment weight (0–100 scale) the respondent assigns to the focal inflation narrative ("Tariffs/Trade Conflicts," "Government Spending," or "Government Mismanagement"). "Narrative in treatment" is a treatment indicator equal to 1 if that focal narrative was one of the two narratives randomly assigned to the respondent. "Prior narrative weight" is the pre-treatment weight for the same narrative (same 0–100 scale). The "Low" and "High" prior-uncertainty columns split the sample into respondents with low uncertainty (5 or higher on certainty scale) and high uncertainty (4 or lower on certainty scale) regarding their own prior inflation narratives. Controls include dummies for age, gender, education, employment status, income and voting indicators for the 2024 presidential election as well as indicators for perceiving experts as trustworthy regarding news and for reporting attention to inflation. "Total narrative time" measures the total time spent on the two screens. Mean of dependent variable reports the mean of the dependent variable in the corresponding subsample.
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$. Robust standard errors in parentheses.

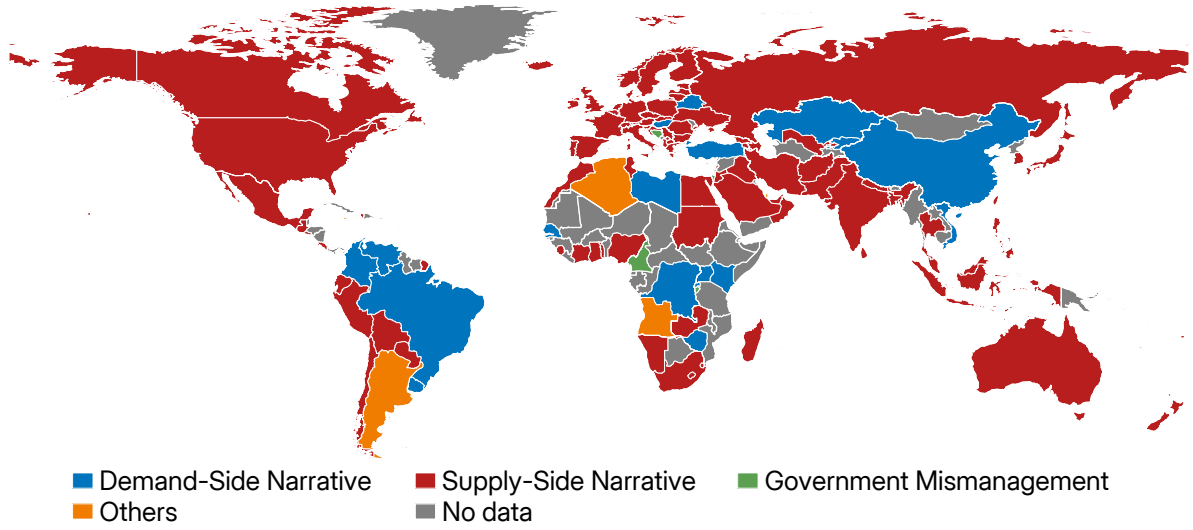
B Additional Figures

Figure B.1 Participation in the EES Across Countries



Notes: The figure plots the average number of participants per country in the Economic Experts Survey over the period Q1 2022 to Q2 2025.

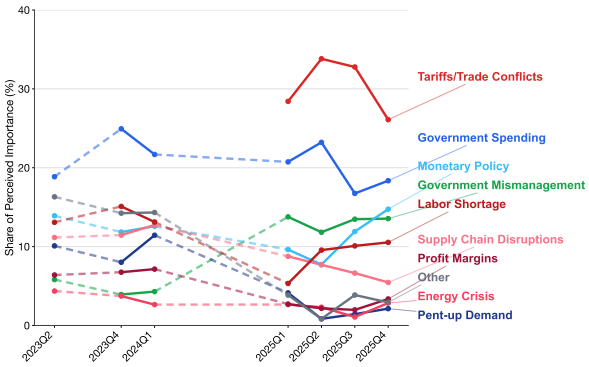
Figure B.2 Dominant Inflation Narratives in 2025



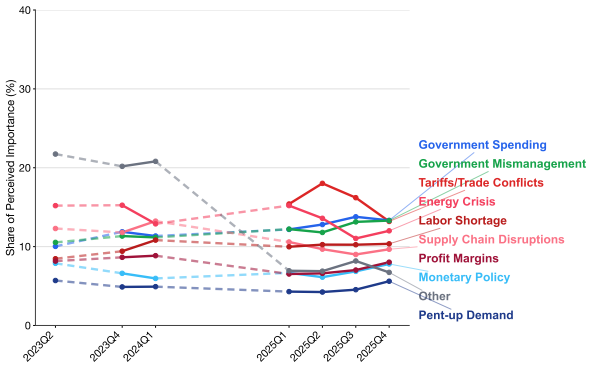
Notes: The figure plots the most prevalent types of narratives among economic experts, elicited in the Q4 2025 wave of the Economic Experts Survey. *Demand-Side Narratives* include Government Spending, Expansionary Monetary Policy and Pent-Up Demand, *Supply-Side Narratives* include Supply-Chain Disruptions, Labor Shortages, Energy Crisis, Tariffs and Trade Conflicts, and Increased Profit Margins of Firms.

Figure B.3 Inflation Narratives of Experts, 2023–2025

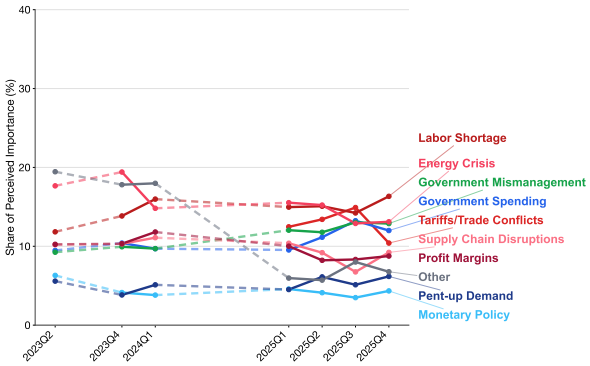
(a) U.S. Experts



(b) All Experts



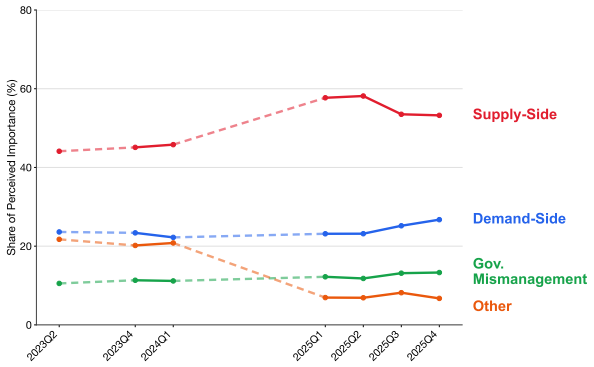
(c) European Experts



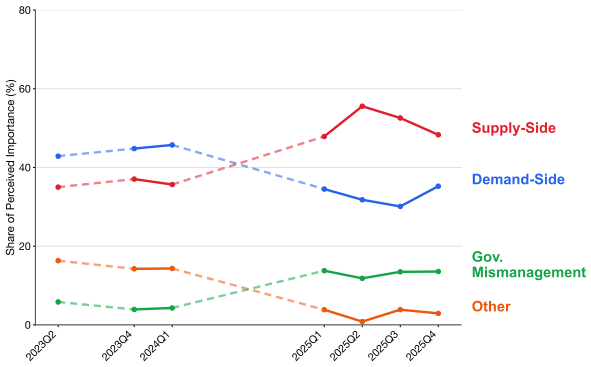
Notes: The figure plots the weight that economic experts in the United States (panel a), worldwide (panel b), and in Europe (panel c) assign to each inflation narrative in the Economic Experts Survey; weights sum to 100% for each respondent. For panels (b) and (c), narratives are averaged at the country level and then across countries. The data include the waves Q2 2023, Q4 2023, Q1 2024, and Q1 2025–Q4 2025; dashed lines connect waves that are more than one quarter apart. Tariffs enter the questionnaire in Q1 2025. The pandemic and the war in Ukraine were offered as separate options only until Q1 2024 and are part of "Other".

Figure B.4 Demand-Side and Supply-Side Narratives of Economic Experts Over Time

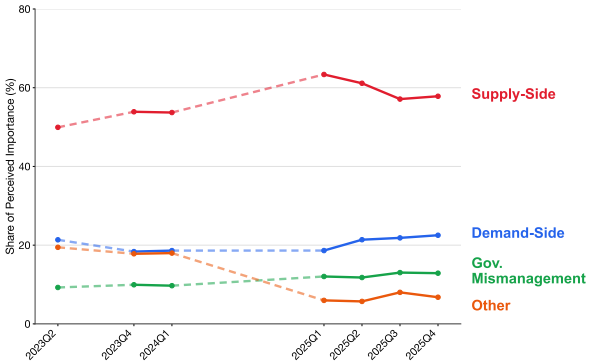
(a) All Experts



(b) U.S. Experts

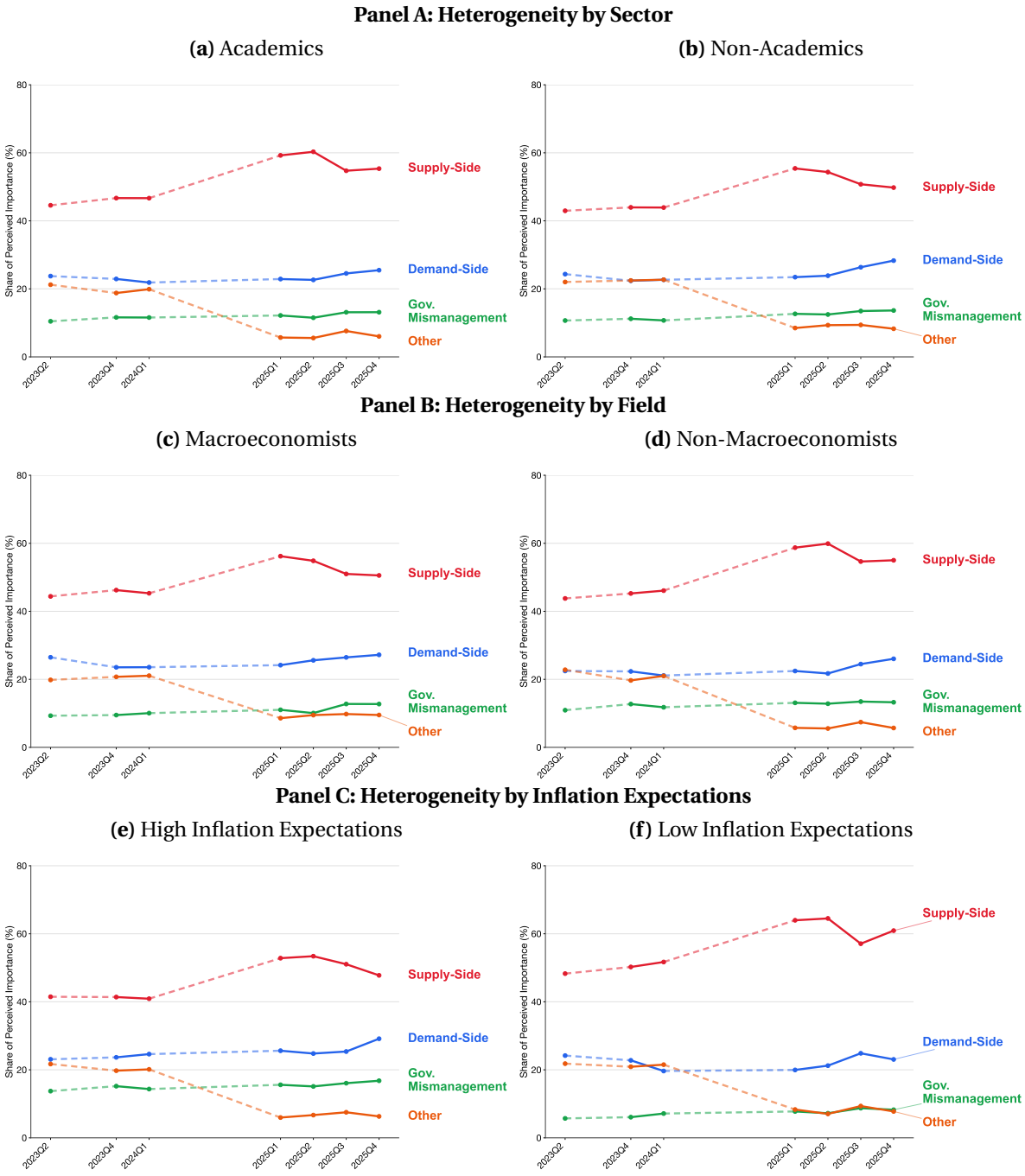


(c) European Experts



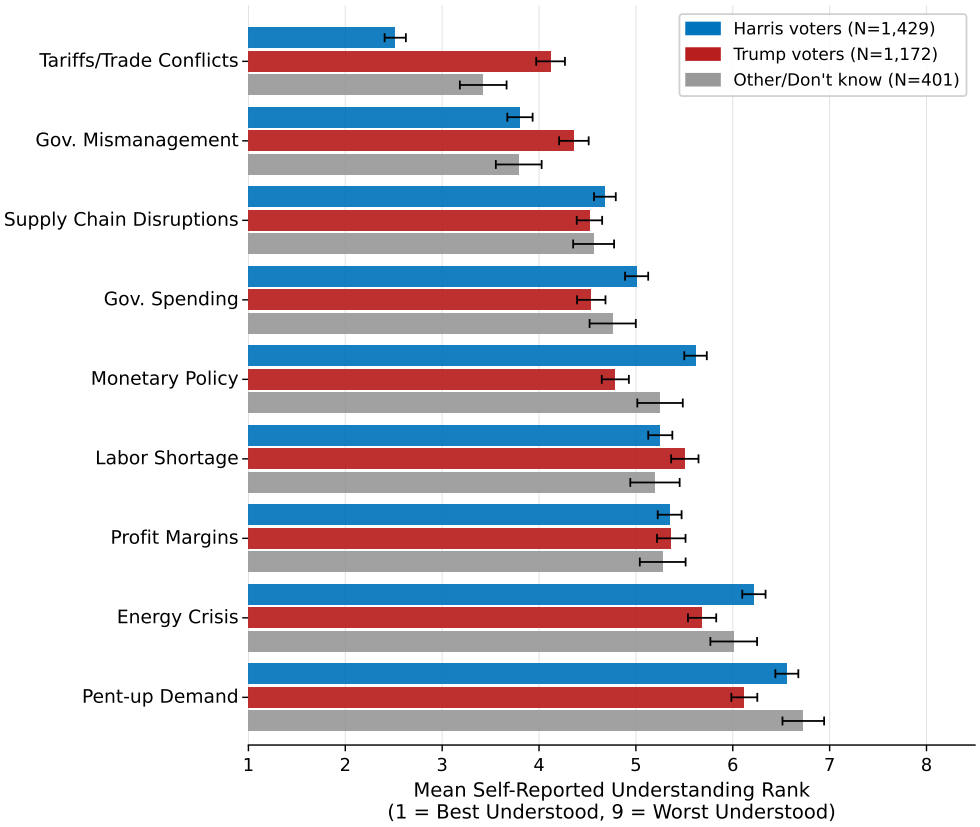
Notes: The figures plot the perceived contribution of grouped inflation narratives of economic experts worldwide (panel a), in the United States (panel b), and in Europe (panel c) over the period 2023–2025. Narratives are averaged at the country level and then aggregated. *Demand-Side Narratives* include Government Spending, Expansionary Monetary Policy and Pent-Up Demand; *Supply-Side Narratives* include Supply-Chain Disruptions, Labor Shortages, Energy Crisis, Tariffs and Trade Conflicts, and Increased Profit Margins of Firms. Worldwide, the weight on supply-side narratives rises from around 40% in 2023 to over 50% in 2025, and demand-side narratives keep a stable share of about 25%. Among U.S. experts, demand-side narratives fall from nearly 50% in 2023 to around 35% in 2025 as tariffs gain weight. European experts attribute inflation to supply-side forces throughout, from around 50% in 2023 to nearly 60% in 2025.

Figure B.5 Heterogeneity in Inflation Narratives of Experts



Notes: The figures plot the perceived contribution of different inflation narratives of economic experts over the period 2023–2025 across several heterogeneities of economic experts. The inflation narratives sum up to 100%. The data includes the survey waves Q2 2023, Q4 2023, Q1 2024 and Q1 2025–Q4 2025 of the Economic Experts Survey. For Panel C, experts are classified according to whether their inflation expectations are above (High Inflation Expectations) or below (Low Inflation Expectations) the median in their country.

Figure B.6 Prior Understanding of Inflation Narratives, by 2024 Vote

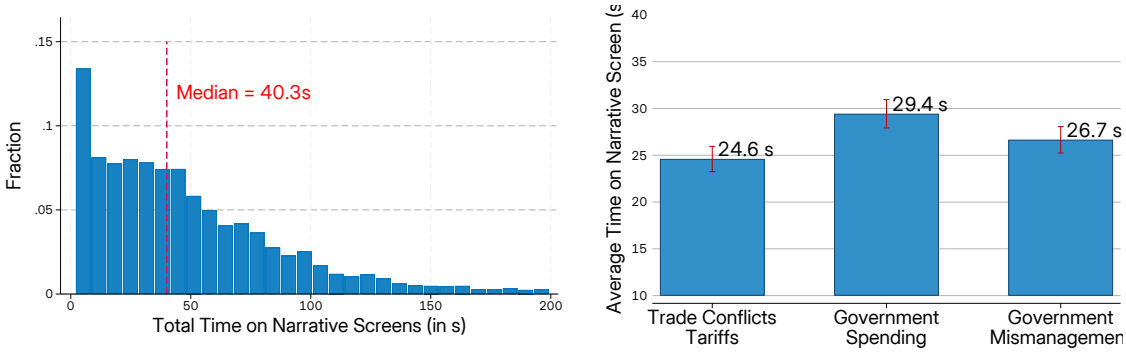


Notes: The figure plots the mean pre-treatment understanding rank for each narrative separately for respondents who report having voted for Kamala Harris ($N = 1{,}429$), Donald Trump ($N = 1{,}172$), and other or undisclosed ($N = 401$) in the 2024 presidential election. Respondents rank the narratives from best understood (rank 1) to least understood (rank 9); a lower value denotes better understanding. Narratives are ordered by the pooled mean understanding rank. Horizontal lines denote 95% confidence intervals based on robust standard errors.

Figure B.7 Time Spent on Narrative Screens

(a) Total Time Spent on Narratives

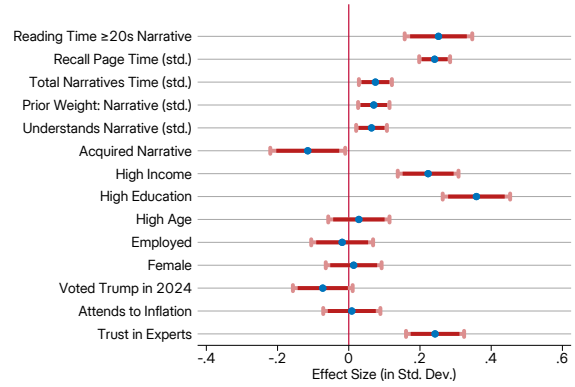
(b) Time on Different Narrative Screens



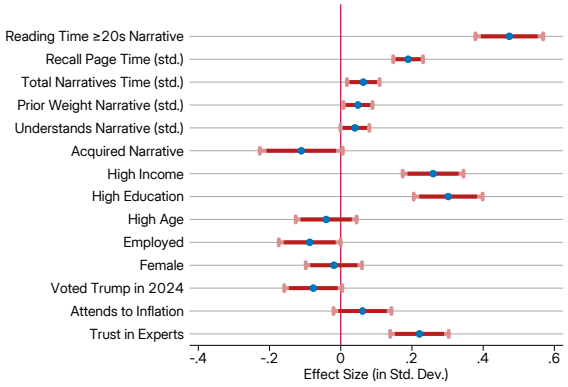
Notes: The left figure plots the total time participants spend on both narrative information screens. The right figure plots the average time of respondents on different narrative treatments. Confidence intervals are obtained using robust standard errors and included at the 95% level.

Figure B.8 Determinants of Narrative Recall

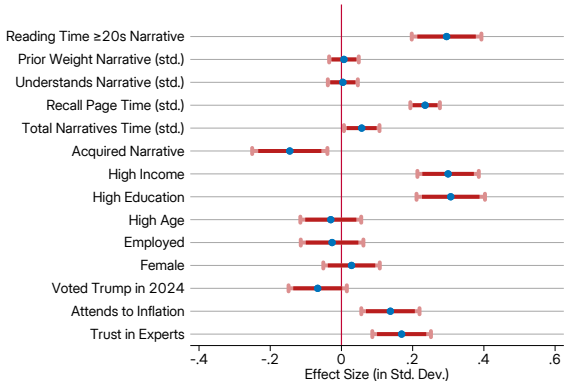
(a) Tariffs and Trade Conflicts



(b) Government Spending

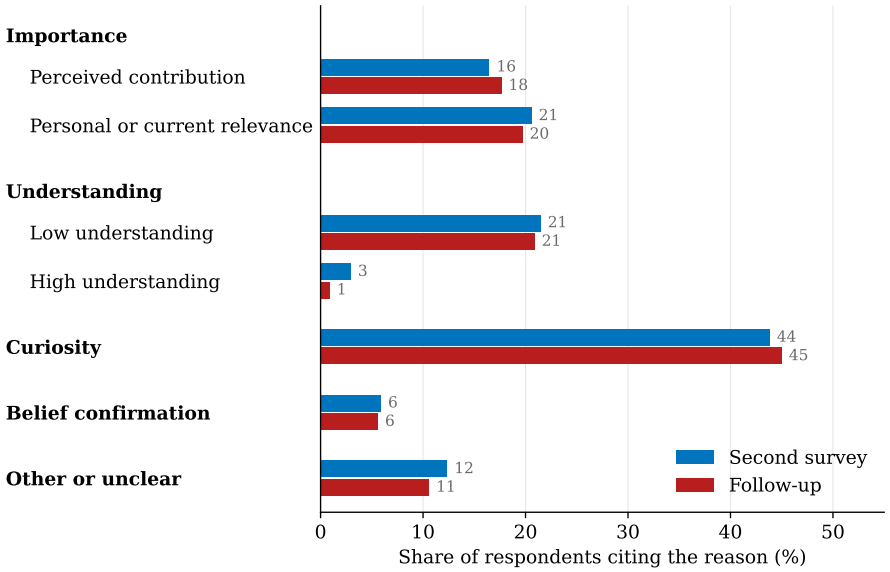


(c) Government Mismanagement



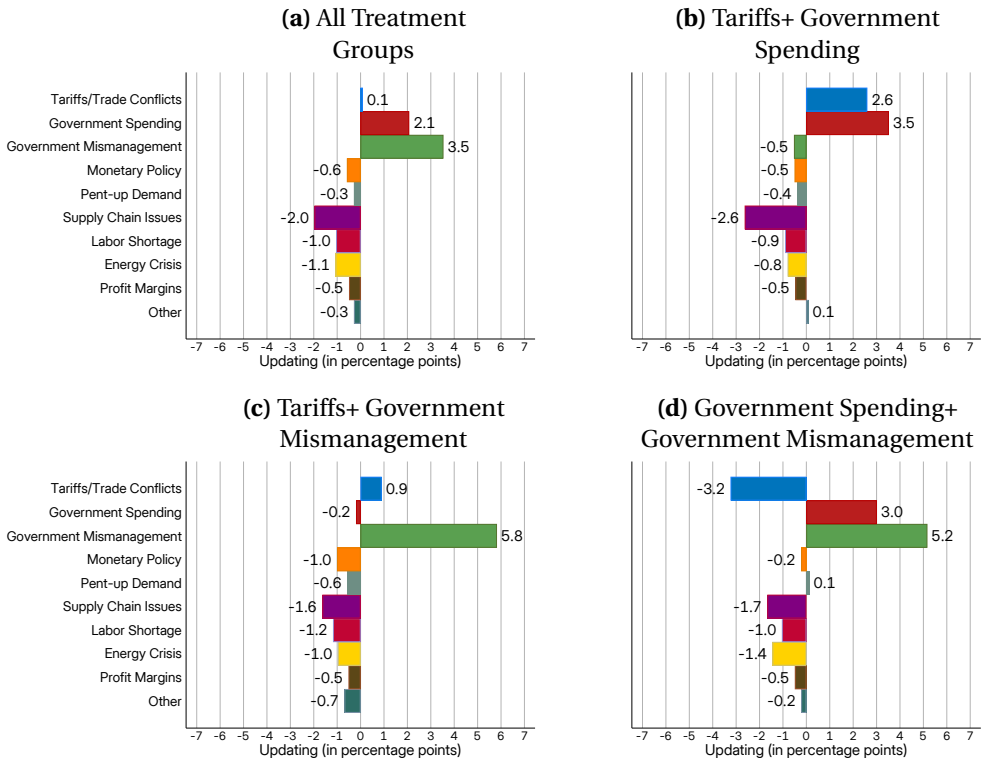
Notes: The figures plot the coefficients of a linear regression relating the quality of the recall of individual i regarding a narrative to a range of determinants, as well as socio-economic and demographic characteristics $\mathbf{X}_i$ via $Recall_i = \mathbf{X}_i\boldsymbol{\beta} + \epsilon_i$. Recall is scored 0–100 using a pre-specified LLM-assisted rubric for coverage, accuracy, hallucination, and coherence (see Section C in the Appendix). The outcome is standardized. The figures report parameter estimates from multivariate estimates, including all characteristics within one model. Confidence intervals are obtained using robust standard errors and are indicated at 95% (light color) and 90% (darker color) confidence levels. *Acquired Narrative* indicates whether the respondents decided to acquire additional information about the narrative, *Reading Time* measures the screen time on the narrative information treatment, *Prior Weight* is the standardized quantitative prior regarding the narrative, *Understands Narrative* measures the standardized self-reported understanding of the narrative. *Recall Page Time* and *Total Narratives Time* measure how much time the respondent spent on the recall question screen and in total on both narrative information treatment screens.

Figure B.9 Stated Reasons for the First Choice in the Acquisition Survey and the Follow-Up



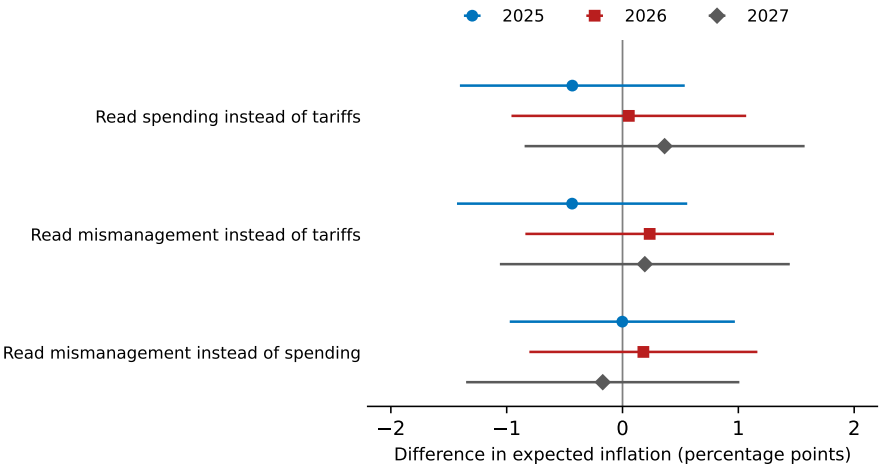
Notes: The figure shows the share of respondents whose open-ended reason for their first narrative choice falls into each category, in the acquisition survey and in the follow-up. The sample consists of the 340 respondents who completed both waves. Claude Haiku 4.5 codes the answers into non-exclusive categories with the same codebook in both waves, so shares do not sum to 100 percent. Categories are arranged under group headings: *Importance* (the respondent states that the chosen driver contributes to inflation, or links it to their own life or to current events) and *Understanding* (low or high prior understanding of the chosen narrative). *Belief confirmation* covers wanting to confirm or challenge a prior view. The acquisition-survey codes come from a coding of all acquisition-survey answers; the follow-up codes come from a separate coding in which follow-up and acquisition-survey answers were shuffled together, so the coder did not know the wave. No category changes significantly between waves at the 5 percent level (exact McNemar tests, smallest $p = 0.07$).

Figure B.10 Narrative Updating in Different Treatment Groups



Notes: The figures plot households' updating of different narratives for different subsamples. Updating is defined as the difference between the weight assigned to the narrative in the posterior minus the weight assigned in the prior. Updates sum to zero by construction across narratives per respondent.

Figure B.11 Differences in Inflation Expectations Between Narrative Pairs



Notes: Each row shows the difference in covariate-adjusted calendar-year inflation expectations (pp) between two randomly assigned pairs of narratives, for 2025, 2026, and 2027. Every respondent reads two of the three narratives, so each comparison swaps one narrative for another and holds the other fixed: "Read spending instead of tariffs" compares respondents who read spending and mismanagement with those who read tariffs and mismanagement, and the other rows follow in the same way. Regressions control for the pre-treatment inflation expectation, total reading time, demographics, 2024 vote, trust in experts, and attention to inflation; expectations are trimmed at the 1st and 99th percentiles. Bars show 95% confidence intervals based on robust standard errors. $N = 2{,}923$ (2025) and 2,913 (2026, 2027).

C Coding of Open-Ended Questions

C.1 Inflation Narratives

For the inflation narratives of economic experts, as well as for the open-ended posterior narrative of households, I apply a structured classification process to generate a consistent coding scheme.

Set-Up and prompt Before the classification, empty responses are filtered out. All parts of the classification that involve an LLM use gpt-4o-mini.

First I set up a list of synonyms for the respective categories. If the open-ended responses contain one of those words, the respective code is assigned heuristically without using the LLM.

- **Expansionary fiscal policy**: government spending, public spending, public expenditure, stimulus, stimulus package, fiscal stimulus, tax cuts, deficit spending, fiscal expansion
- **Expansionary monetary policy**: low interest rates, rate cuts, cut rates, loose monetary policy, quantitative easing, qe, money printing, expansionary monetary, lower borrowing costs, interest rate
- **Pent-up demand**: pent-up demand, pent up demand, delayed consumption, accumulated demand, catch-up spending, backlog of demand
- **Supply chain issues**: supply chain, logistics, shipping delays, port congestion, component shortages, bottlenecks, import delays
- **Labor shortage**: labor shortage, worker shortage, staff shortage, hiring difficulties, lack of workers, wage pressure from shortage
- **Government mismanagement**: government mismanagement, policy failure, corruption, misgovernance, poor governance, incompetence of authorities, trump, uncertain politics, political uncertainty, policy uncertainty
- **COVID-19 pandemic**: covid, covid-19, coronavirus, pandemic, lockdowns
- **War in Ukraine**: war in ukraine, ukraine war, russia-ukraine, russian invasion, sanctions on russia, ukraine conflict
- **Energy Crisis**: energy prices, high energy prices, electricity prices, power prices, fuel prices, gas prices, oil prices, natural gas prices, diesel, energy crisis, energy shock
- **Increased profit margins of firms**: profit margins, price gouging, greedflation, corporate profits, markups, monopolization, market power, cartel
- **Tariffs/Trade Conflicts**: tariff, tariffs, import duties, trade war, trade conflict, trade tensions, trade restrictions, protectionism, customs duty, us-china trade war, import tax
- **Commodity prices**: commodity prices, raw materials, input prices, food prices, grain prices, wheat, corn, soy, metals, copper, steel, agricultural prices, commodities
- **No Narrative/No Response**: n/a, na, none, nothing, no comment, unsure, don't know, dont know, idk, dk

To further code responses which are not directly captured by the list of keywords, I also include the following definitions in the prompt, based on which the LLM is classifying the responses:

Definitions (mark ALL that apply; multiple 1s allowed):

- **Expansionary fiscal policy**: Government increases net spending (public expenditure, stimulus, deficit spending, tax cuts raising demand).
- **Expansionary monetary policy**: Central bank policy; treat any *interest rate* references (hikes/cuts/levels) as monetary policy.
- **Pent-up demand**: Demand delayed/accumulated causing a surge in purchases.
- **Supply chain issues**: Logistics/parts/bottlenecks/transport delays that restrict supply or raise costs.
- **Labor shortage**: Insufficient workers raising wages or limiting output.
- **Government mismanagement**: Poor governance, policy errors, corruption; also map "Trump" or "political uncertainty" mentions here.
- **COVID-19 pandemic**: Effects directly tied to COVID-19 or its restrictions.
- **War in Ukraine**: Effects directly due to the Russia–Ukraine war or related sanctions.
- **Energy Crisis**: Elevated *energy* input costs or energy supply shocks (oil, gas, electricity, fuel).
- **Increased profit margins of firms**: Firms' widening markups, price gouging, monopoly power, greedflation.
- **Tariffs/Trade Conflicts**: Trade barriers, duties, or conflicts raising costs or disrupting flows.
- **Commodity prices**: Elevated *non-energy* commodity costs (food, grains, metals, raw materials).
- **No Narrative/No Response**: Blank, "don't know," or not identifiable as any plausible inflation cause.

C.2 Recall of Narratives

For the classification of the quality of respondents' recall of the presented narratives, I apply a consistent coding scheme, implemented by an LLM.

Set-Up and prompt Before the classification, empty responses are filtered out. All parts of the classification which involve an LLM, use gpt-4o-mini as a model. I also feed the three potential narrative texts in their exact wording into the model to code the quality of the recall of those narratives.
The main prompt sent to the model is the following:

You grade recall quality for TWO assigned narratives drawn from THREE provided ground-truth narratives. Do NOT re-match; grade strictly against the ASSIGNED narrative names.

Output JSON with ONLY the necessary fields: per_recall (2 items) with fields:

- recall_index (1 or 2),
- narrative_name (string),

- coverage_score (0–4),
- accuracy_score (0–4),
- hallucination_score (0–4),
- coherence_score (0–4),
- overall_score (0–100),
- plausibility_score (0–1), plausibility_flag (boolean).

summary with fields:

- mean_overall_score (0–100),
- final_label ("poor"|"fair"|"good"|"excellent"),
- confidence (0–1).

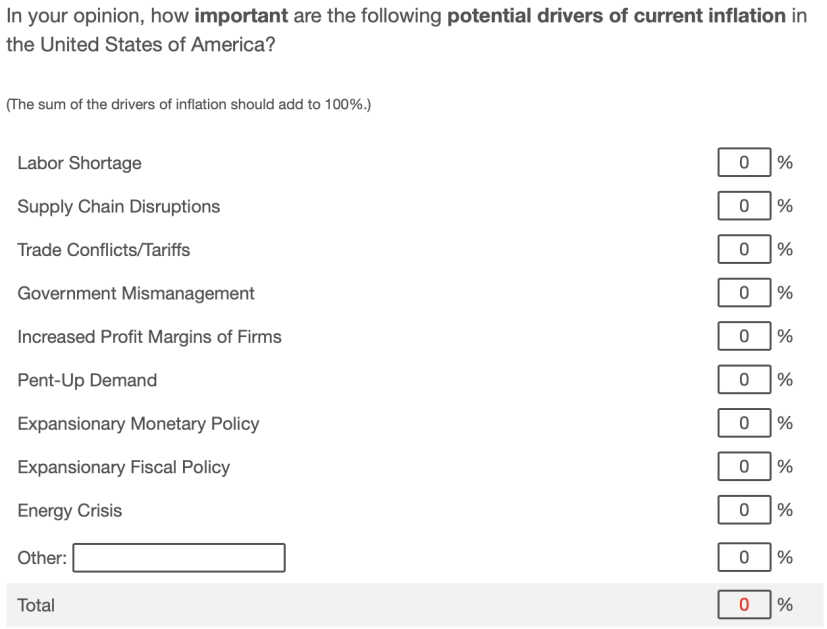
Rubric:

- Overall = 35% Coverage + 35% Accuracy + 15% Hallucination + 15% Coherence (round to 1 decimal).
- Hallucination: 0 = many invented claims, 4 = none

D Experimental Wording

D.1 Expert Survey

Figure D.1 Inflation Narratives of Experts



E Survey Transcripts

E.1 Attention Survey (August 2025)

We provide the survey instructions below. Text shown in *italics* is not shown to respondents. *The survey was fielded in August 2025 through Bilendi among 3,002 U.S. respondents.*

Introduction

Information sheet and informed consent. Respondents who do not give their consent are routed to the end of the survey.

Introduction. Welcome, and thank you for participating in this academic research survey conducted by the University of Munich and the ifo Institute, Germany. The survey asks about your background, habits, and opinions on societal trends in the United States.

Payment. You will receive a fixed payment for completing the survey, provided you finish and meet our quality checks (to detect rushed or inconsistent answers). Please read carefully and answer honestly to ensure valid results.

Confidentiality. Your responses will be used only for research. Data are anonymized immediately and stored in open-access repositories; no identifying information will ever be linked to your answers.

Time. The survey takes **approximately 8–10 minutes** to complete. Taking significantly longer can be a sign of distraction and may affect data quality. **Please try to stay focused and answer at a steady pace.**

Voluntary participation. Participation is voluntary and limited to those aged 18 or older. You may withdraw at any time. For questions about the survey or your rights, contact heil@ifo.de.

Data Quality

This study is intended only for **US Participants**.

To ensure data quality, we use technical tools to detect fraudulent behavior, including:

- False information regarding country of residence or nationality on Bilendi profiles
- Use of VPNs, or proxies to mask your location
- Use of automated bots or non-human response patterns
- Rushing through the study without reading instructions
- Remaining extensively long on individual screens indicating inattention

Participants who are found to fail these conditions will be reported to Bilendi and may not be paid.

To ensure high quality, we also ask you to please **refrain from using any external assistance when answering questions, such as Google, ChatGPT, or other LLM and AI tools.**

Please provide your consent to these terms by clicking the "Consent" button below. [I do give my consent to participate in the survey; I do not give my consent to participate in the survey]

Demographics

In the following screens, you will be asked some questions about your personal characteristics.

What is your **age**? [18-24; 25-34; 35-44; 45-54; 55-64; 65 or older]

Which **gender** describes you most accurately? [Male; Female; Non-binary / third gender; Prefer not to say]

In which **area** of the U.S. do you live? [Northeast; South; Midwest; West]

How would you describe your **ethnicity/race**? [White; African American/Black; Hispanic/Latino; Asian/Asian American; Mixed race; Other: _____]

What is the **highest level of education** you have completed or the highest degree you have received? [Less than primary school; Less than high school degree; High school graduate (high school diploma or equivalent including GED); Some college but no degree; Associate degree in college (2-year); Bachelor's degree in college (4-year); Master's degree; Doctoral degree; Professional degree (JD, MD)]

What was your **annual household income** in 2024 in USD before taxes and deductions? [Less than $10,000; $10,000 – $19,999; $20,000 – $29,999; $30,000 – $39,999; $40,000 – $49,999; $50,000 –

$69,999; $70,000 – $89,999; $90,000 – $109,999; $110,000 – $149,999; $150,000 – $199,999; More than $200,000]

[Page break]

Which of these describes your current **employment situation** most accurately? [Employed full-time; Employed part-time; Self-employed; Unemployed, looking for a job; Unemployed, not looking for a job; Retired; Student; Other: _____]

Generally speaking, do you consider yourself to be a: [Strong Republican; Not very strong Republican; Independent; Not very strong Democrat; Strong Democrat; Don't know/Don't want to say]

At the previous **presidential election**, who did you vote for? *[The order of the first two options is randomized.]*
[Kamala Harris (D); Donald J. Trump (R); Other candidate; Don't know/Don't want to say]

Attention Check

The next question is about the following problem. In questionnaires like ours, sometimes there are participants who do not carefully read the questions and just quickly click through the survey. This compromises the results of research studies. To show that you are **reading the survey carefully**, please choose "Orange" as your answer to the **below** question.

Given the above, what is the color of the sky? *[Options displayed in random order.]*
[Red; Blue; Green; Orange; Black]

[Respondents who do not select "Orange" are routed to the end of the survey.]

Self-Reported Attention to Inflation

On this screen you will be asked about your **searching behavior** regarding **economic variables**.

In the last year, did you **actively search for information** about any of the following **economic variables** in the United States? Please select all for which you actively searched for information. *[Select all that apply; options displayed in random order]*
[Mortgage rates; Inflation; Home prices; Dollar exchange rate; Stock market; Unemployment rate; Gross domestic product (GDP); Treasury bill rates; Federal funds rate; Industrial Production]

In your opinion, which sources of information are **trustworthy** regarding news on current economic trends in the US? Please note that you can choose multiple answer options. *[Select all that apply; the first five options are displayed in random order, "Other" and "None" are shown last]*
[Newspapers; Politicians; Experts; TV; Social Media; Other: _____; None]

When was the last time, that you **actively searched for inflation**? [Within the last week; More than one week ago; More than one month ago; Never]

Have you heard any **news about monetary policy** or the Federal Reserve in the last week? [Yes; No]

Have you heard any **news about inflation** in the last week? [Yes; No]

Inflation Definition

[Respondents can proceed only after a minimum time of 8 seconds on this screen; the screen advances automatically after 60 seconds.]

Inflation

Some of the following questions are about your views on and beliefs about the inflation rate in the United States. Here you are provided with a **definition of the term inflation**. Please read it carefully.

Inflation measures how much prices in the economy rise from year to year. It is defined as the **yearly increase in the general price level of goods and services** (Consumer Price Index).

If the inflation rate is **negative**, this is called **deflation**, meaning that prices decrease from one year to the next.

For example, recent official data show that the **annual inflation rate in the United States over the past 12 months was 2.7%**. A typical bundle of goods and services that did cost $1,000 a year ago, costs $1,027 now. *[An image of a shopping basket worth $1000 twelve months ago and $1027 now is displayed next to the example.]*

Inflation Expectations Prior

How will Inflation develop?

This question asks you about possible scenarios for the average **inflation rate** in the United States over the next 12 months.

Please give your best guess about the **lowest inflation rate** and the **highest inflation rate** you can imagine.

If you expect deflation, enter a negative number. The input of up to one decimal place is possible.

In the **US over the next 12 months**, what is the...

- **Lowest** inflation rate you can imagine? _____%
- **Highest** inflation rate you can imagine? _____%

[Page break]

How likely do you think it is that the **inflation rate** in the United States over the **next 12 months** will be **higher than *average of the respondent's lowest and highest inflation rate entered above*%**?

Please click and drag the slider below. [Slider (Likelihood in %), 0 to 100]

Inflation Narratives Prior

What drives Inflation?

In the following we will ask you about the **drivers of current inflation** in the United States. Please read the different available options carefully and take your time in answering them.

In your view, **how much does each of the following factors currently contribute to inflation** in the United States?

Please allocate a **total of 100 points** across the factors below to indicate how much you think each factor contributes.

- If you think one factor is much more important than the others, give it a higher number of points.

- If you think a factor is not important at all, you can assign it 0 points.

- The percentages you enter should sum to exactly 100 points.

[Factors displayed in random order, except "Other", which is shown last.]

- Expansionary Monetary Policy/Interest Rates: _____
- Trade Conflicts/Tariffs: _____
- Expansionary Fiscal Policy/Government Spending: _____
- Pent-up Demand: _____
- Supply Chain Disruptions: _____
- Labor Shortage: _____
- Energy Crisis: _____
- Government Mismanagement: _____
- Increased Profit Margins of Firms: _____
- Other: *[text entry]* _____

[A running total (out of 100) is displayed on screen.]

How **confident** are you in your response?

Please answer on a scale from 1= Not confident at all to 7=Very confident. [Response options: 1, 2, 3, 4, 5, 6, 7]

[Page break]

Please **rank the following drivers of inflation** based on how well you **believe you understand them and their effects on inflation**.

Place the factor you understand best at the top (Rank 1) and the factor you understand the least at the bottom (Rank 9).

Please rank all factors, even if you feel equally confident about some factors.

The list appears in a random order. Please drag the items to reflect **your own understanding — do not rely on the default order**.

[Drag-and-drop ranking, best to least understood; items displayed in random order:]

- Expansionary Monetary Policy/Interest Rates
- Expansionary Fiscal Policy/Government Spending
- Pent-up Demand

- Supply Chain Disruptions
- Trade Conflicts/Tariffs
- Labor Shortage
- Energy Crisis
- Government Mismanagement
- Increased Profit Margins of Firms

Narrative Treatment

[Respondents can proceed only after a minimum time of 7 seconds on the introduction screen; the screen advances automatically after 60 seconds.]

Narratives for Inflation

In a **survey among economic experts** active in the **United States**, participants were asked about their thoughts on the **drivers of current inflation**.

In the following screens, you will be presented with **two different narratives**, which explain the current development of inflation in the United States. These narratives are among the most important current drivers of inflation, according to the economic experts.

[Page break]

[Randomized: each respondent sees two of the three narratives below, i.e., one of the three pairs {Trade Conflicts/Tariffs, Government Spending}, {Government Mismanagement, Government Spending}, {Trade Conflicts/Tariffs, Government Mismanagement}, each with probability 1/3. The order in which the two narratives are shown is randomized with equal probability. The two narratives appear on separate, consecutive screens; the first narrative is labeled Narrative 1 and the second Narrative 2. The third narrative is not shown at this point. All three narrative texts are reproduced below.]

[Narrative: Trade Conflicts/Tariffs.]

What causes current Inflation?

Participants in a recent survey of leading economic experts stated that **Trade Conflicts and Tariffs** are major drivers of current Inflation in the United States.

When **tariffs are imposed on imported goods**—such as industrial inputs, consumer electronics, or food products—**import costs rise** and are often passed through to consumers as **higher retail prices**. This direct price increase contributes to overall inflation.

Additionally, trade tensions and retaliatory measures from other countries increase **economic uncertainty** and discourage investment. This reduces efficiency and productivity, **raising production costs** and further intensifying upward pressure on prices.

Together, these effects elevate prices both by **raising import costs** and by creating **broader inefficiencies** in the economy.

[Page break]

[Narrative: Government Spending.]

What causes current Inflation?

Participants in a recent survey of leading economic experts stated that **Expansionary Fiscal Policy/Government Spending** is a major driver of current Inflation in the United States.

When the **government increases its spending**—through stimulus checks, infrastructure projects, or expanded social programs—it injects additional money into the economy, boosting household and business purchasing power. This **increase in demand for goods and services** can exceed the economy's short-term productive capacity, putting **upward pressure on prices**.

If such spending is not offset by higher taxes or reductions elsewhere, it can result in persistent deficits that further stimulate demand.

In these circumstances, strong fiscal stimulus substantially **increases aggregate demand**; when supply is constrained, this contributes to higher inflation.

[Page break]

[Narrative: Government Mismanagement.]
What causes current Inflation?

Participants in a recent survey among prestigious economic experts stated that **Government Mismanagement** is a major driver of current Inflation in the United States.

When the government **poorly manages economic policy**—for example, by delaying necessary reforms, failing to control spending, or implementing inconsistent regulations—it can create **uncertainty** and **reduce economic efficiency**. These actions can **raise production costs** and limit the economy's ability to respond to rising demand.

Mismanagement can also **weaken public confidence** in economic institutions. This may lead households and businesses to expect higher future prices, causing them to spend more now, which adds to inflationary pressure.

Together, these effects **increase costs** and amplify **demand pressures**; when supply cannot adjust effectively, the result is higher inflation.

Narrative Credibility and Information Acquisition

"Narrative 1" and "Narrative 2" are replaced by the names of the respondent's two assigned narratives, in the order in which the respondent saw them; Narrative 1 is displayed in green and Narrative 2 in orange.

In the following questions, you will be asked some questions about the two narratives that you saw on the previous screens. You saw narratives about ***name of Narrative 1*** (Narrative 1) and ***name of Narrative 2*** (Narrative 2).

Which of the two narratives did you find **more credible**?

Click on the bar to see the slider. [Slider (Which of the two narratives was more credible?), 1 to 10; left endpoint labeled "Narrative 1 ***name*** *was more credible", right endpoint labeled "Narrative 2* ***name*** *was more credible"; the slider handle is hidden until the respondent clicks on the bar]*

You now have the option to **exclusively acquire additional information about the narratives you saw in the previous screens**.

You will receive the information at the end of the survey.

You can either acquire information about

- **one of the two** narratives,
- **both** narratives,
- **another narrative** which is considered to be important by economic experts, or
- **none of them**.

Which information do you want to receive? *[Single choice]*
[Receive additional information about **Narrative 1**; Receive additional information about **Narrative 2**; Receive additional information about **both Narrative 1 and Narrative 2**; Receive information about **another Narrative**; Receive **no additional information**]

[The information is delivered at the end of the survey (see "Additional Information" below). If the respondent chooses "another Narrative", the narrative text of the third narrative, which was not assigned to the respondent, is delivered.]

Narrative Recall

In the following you will be asked some questions about the narratives you just read. **We kindly ask that you answer these questions in your own words, without the use of AI-based tools** (e.g., to write, rephrase, or proofread your responses). Thoughtful, honest responses are more valuable than polished ones.

Please answer to the best of your knowledge. **Take about 2 minutes** to answer the questions on this page.

Please describe briefly in your own words **how Narrative 1 affects inflation**. Please try to answer in 2-3 sentences. _____

[Whether the respondent pasted text into the answer field is recorded.]

[An on-screen elapsed-time counter (in seconds) is displayed between the two questions; it starts after a delay of 5 seconds.]

Please describe briefly in your own words **how Narrative 2 affects inflation**. Please try to answer in 2-3 sentences. _____

[Whether the respondent pasted text into the answer field is recorded.]

Posterior Inflation Narratives and Expectations

In your opinion, what are the **current drivers of inflation** in the United States? Please **weight** the following potential drivers according to their **importance**.

Please allocate a total of **100 percentage points** across the factors below to indicate their relative importance. *[Factors displayed in random order, except "Other", which is shown last.]*

- Expansionary Monetary Policy/Interest Rates: _____
- Trade Conflicts/Tariffs: _____
- Expansionary Fiscal Policy/Government Spending: _____
- Pent-up Demand: _____
- Supply Chain Disruptions: _____
- Labor Shortage: _____
- Energy Crisis: _____
- Government Mismanagement: _____
- Increased Profit Margins of Firms: _____
- Other: *[text entry]* _____

[A running total (out of 100) is displayed on screen.]

What do you think the **average annual inflation rate** in the United States will be

- in the year 2025? _____%
- in the year 2026? _____%
- in the year 2028? _____%

In your opinion, what is the **most important driver of current inflation?**

_____

Tariff Forecast Treatment

[Randomized: each respondent is assigned with equal probability (50/50) to one of two forecast arms and sees only the screen of the assigned arm. Respondents can proceed only after a minimum time of 8 seconds; the screen advances automatically after 45 seconds. Both texts are reproduced below.]

[Arm 1: High forecast, average import tariff of 23%.]

Expert Expectations about Import Tariffs

In a recent survey of leading economic experts, participants were asked about their **expectations for import tariffs**.

Experts expect that by the end of 2025, the **United States government** will have imposed an **average import tariff of 23%** on goods imported from other countries.

For example, suppose a car imported from outside the US would cost the **importer $20,000** without tariffs. A **23% import tariff** would require the importer to pay an additional **$4,600** in tariffs, raising the total costs for the importer to **$24,600**.

[Page break]

[Arm 2: Low forecast, average import tariff of 15%.]

Expert Expectations about Import Tariffs

In a recent survey of leading economic experts, participants were asked about their **expectations for import tariffs**.

Experts expect that by the end of 2025, the **United States government** will have imposed an **average import tariff of 15%** on goods imported from other countries.

For example, suppose a car imported from outside the US would cost the **importer $20,000** without tariffs. A **15% import tariff** would require the importer to pay an additional **$3,000** in tariffs, raising the total costs for the importer to **$23,000**.

Posterior Inflation Expectations and Spending

What do you think the **inflation rate** (in %) is going to be over the **next 12 months**? Inflation rate: _____%

Compared to what you spent over the past 4 weeks, do you intend to spend more, less or about the same **the next 4 weeks** on...

- Food consumed at restaurants
- Durable goods such as automobiles or appliances
- Leisure activities such as visiting the cinema or sport games and performance acts

[Response options: Spend much less, Spend somewhat less, Spend about the same, Spend somewhat more, Spend much more]

Additional Information

[Shown at the end of the survey to respondents who chose to acquire additional information. A respondent who chose Narrative 1 or Narrative 2 sees the screen of the chosen narrative; a respondent who chose both sees both screens, in the fixed order Trade Conflicts/Tariffs, Government Mismanagement, Government Spending (restricted to the two assigned narratives), irrespective of the order in which the narratives were presented. Each screen advances automatically after 30 seconds. A respondent who chose "another Narrative" sees the narrative text of the third, unassigned narrative (as reproduced under "Narrative Treatment"). Respondents who chose no additional information skip this block.]

[Screen for Trade Conflicts/Tariffs.]

You stated above that you wanted to receive additional information about the inflation narrative **Trade Conflicts and Tariffs.**

On average, experts attributed a **relative importance of 33%** to this factor.

Here is an example of how tariffs might affect inflation:

Suppose the U.S. government imposes a **20% tariff** on imported washing machines. A retailer that used to buy washing machines from abroad for $500 now has to pay $600 for the same product. To

cover the added cost, the retailer raises the price for consumers to $650. As more products become affected by similar tariffs—such as refrigerators, smartphones, or food—**shoppers face higher prices across the board**. This general rise in prices contributes to inflation.

[Page break]

[Screen for Government Spending.]
You stated above that you wanted to receive additional information about the inflation narrative **Expansionary Fiscal Policy/Government Spending.**

On average, experts attributed a **relative importance of 23%** to this factor.

Here is an example of how government spending might affect inflation:

Imagine the government sends out **$1,400 stimulus checks to millions of households**. Many people use this extra money to buy things they had postponed—like new furniture, electronics, or booking a vacation. At the same time, supply chains are still recovering, and businesses can't keep up with the sudden surge in demand. As more people compete for the same limited goods and services, **sellers raise prices**. This widespread increase in demand—without an equal increase in supply—leads to higher prices across the economy, contributing to inflation.

[Page break]

[Screen for Government Mismanagement.]
You stated above that you wanted to receive additional information about the inflation narrative **Government Mismanagement.**

On average, experts attributed a **relative importance of 12%** to this factor.

Here is an example of how government mismanagement might affect inflation:

Suppose the government delays necessary economic reforms, spends excessively without proper oversight, or **implements inconsistent regulations**. These actions can increase uncertainty, raise production costs, and reduce the economy's efficiency. At the same time, weak policy management can undermine public confidence, leading households and businesses to expect higher future prices and spend more now. Together, these effects can put **upward pressure on prices and contribute to higher inflation**.

Feedback

How **trustworthy** did you find the **information** provided in this survey? [Very trustworthy; Rather trustworthy; Rather untrustworthy; Very untrustworthy]

In your opinion, was this survey **politically neutral or biased** towards a political ideology? [Very left-wing biased; Rather left-wing biased; Neutral; Rather right-wing biased; Very right-wing biased]

Thank you for your participation in this survey. If you have any feedback regarding the questions, please write it in the following text box. _____

E.2 Acquisition Survey (September 2026)

We provide the acquisition survey instructions below. Text shown in *italics* is not shown to respondents. *The survey was fielded on Prolific from September 21 to September 24, 2026, among U.S. respondents. Respondents cannot return to previous screens.*

Introduction and Consent

Introduction. Welcome, and thank you for participating in this academic research survey conducted by HEC Paris. The survey asks about your background, habits, and opinions on societal trends in the United States.

Payment. You will receive a fixed payment for completing the survey, provided you finish and meet our quality checks (to detect rushed answers). Please read carefully and answer honestly to ensure valid results.

Confidentiality. Your responses will be used only for research. Data are anonymized immediately and stored in open-access repositories; no identifying information will ever be linked to your answers.

Time. The survey takes **approximately 4 minutes** to complete. Taking significantly longer can be a sign of distraction and may affect data quality. **Please try to stay focused and answer at a steady pace.**

Voluntary participation. Participation is voluntary and limited to those aged 18 or older. You may withdraw at any time. For questions about the survey or your rights, contact heil@hec.fr.

Please provide your consent to these terms by clicking the "Consent" button below. [I do give my consent to participate in the survey; I do not give my consent to participate in the survey]

[Respondents who select "I do not give my consent to participate in the survey" are routed to the end of the survey and redirected to Prolific.]

Inflation Expectations

Inflation in the United States

What do you think the **inflation rate** (as measured by the Consumer Price Index) **is going to be over the next 12 months**? Please provide your answer as a percentage change from current prices. If you expect inflation, enter a positive number. If you expect deflation, enter a negative number. If you expect neither, enter zero. Inflation over the next 12 months (in %): _____ *[Numeric text entry]*

Drivers of Inflation

What drives Inflation?

In the following we will ask you about the **drivers of current inflation** in the United States. Please read the different available options carefully and take your time in answering them.

In your view, **how much does each of the following factors currently contribute to inflation** in the United States?

Please allocate a **total of 100 percent** across the factors below to indicate how much you think each factor contributes.

- If you think one factor is much more important than the others, give it a higher percentage.
- If you think a factor is not important at all, you can assign it 0 percent.
- The percentages you enter should sum to exactly 100 percent. [Constant-sum allocation: one numeric entry per factor, in percent. The nine factors are displayed in random order; "Other:" is always displayed last. Answers must sum to 100.]

- Expansionary Monetary Policy/Interest Rates: _____
- Trade Conflicts/Tariffs: _____
- Expansionary Fiscal Policy/Government Spending: _____
- Pent-up Demand: _____
- Supply Chain Disruptions: _____
- Labor Shortage: _____
- Energy Prices: _____
- Government Mismanagement: _____
- Increased Profit Margins of Firms: _____
- Other: _____ *[with a text field to name the factor]*

Understanding of Inflation Narratives

Understanding of Inflation Narratives
How well do you understand each of the following drivers of inflation and their effects on inflation?

Please answer on a scale from 0 (Not understand at all) to 100 (Fully understand).

- Tariffs and Trade Conflicts
- Energy Prices
- Government Spending

[Three horizontal sliders, 0 to 100, with end labels "Not understand at all" and "Fully understand"; items displayed in random order. No initial slider position: the slider handle appears only after the respondent clicks on the slider.]

Attention Check

The next question is about the following problem. In questionnaires like this, sometimes there are participants who do not carefully read the questions and just quickly click through the survey. This

compromises the results of research studies. To show that you are **reading the survey carefully**, please choose "Orange" as your answer to the below question.

Given the above, what is the color of the sky? *[Options displayed in random order]*
[Red; Blue; Green; Orange; Black]

[Respondents who do not select "Orange" are routed to the end of the survey and redirected to Prolific.]

Introduction to the Narratives

[A binary variable is drawn at random (equal probabilities) and stored with the response at this point. It does not change anything respondents see.]

Narratives for Inflation
In a **survey among economic experts** active in the **United States**, participants were asked about their thoughts on the **drivers of current inflation**.

In the following screens, you have the **option to receive more information** about some of those **different narratives**, which explain the current development of inflation in the United States.

These narratives are among the most important current drivers of inflation, according to the economic experts. *[Respondents can proceed only after a minimum of 7 seconds; the screen advances automatically after 60 seconds.]*

Choice of Narrative

Choose a Narrative
About which narrative would you like to receive additional information? *[Options displayed in random order; a response is required, so there is no option to decline at this stage]*
[Tariffs and Trade Conflicts; Energy Prices; Government Spending]

Reason for Choice

Why did you choose to receive information about **that narrative:** (***narrative selected in the previous question***)? Please try to answer in 1–2 full sentences. _____ *[Open text entry; a response is required]*

Inflation Narratives

[Each respondent sees the screen of the narrative selected in the preceding choice, shown after the Reason for Choice screen. The same screen is shown again after each later choice of a further narrative (see below). No narrative is shown more than once, and there is no minimum display time. The three narrative screens read as follows.]

[Shown if the respondent selected Tariffs and Trade Conflicts.]
Inflation Narrative: Tariffs and Trade Conflicts
Participants in a survey of leading economic experts stated that trade conflicts and tariffs can be important drivers of inflation in the United States.

When tariffs are imposed on imported goods, such as industrial inputs, consumer electronics, or food products, importers face higher costs. These higher costs are often passed on to consumers in the form of higher retail prices. Trade tensions can also create uncertainty for firms and make production and sourcing less efficient. Together, these forces can put upward pressure on prices across a range of goods.

[Page break]

[Shown if the respondent selected Energy Prices.]

Inflation Narrative: Energy Prices

Participants in a survey of leading economic experts stated that energy prices can be important drivers of inflation in the United States.

Energy is an input into nearly every part of the economy: factories use it to produce goods, stores use it to operate, and firms use fuel to transport products. When oil, gas, or electricity prices rise, many firms face higher production and delivery costs. Firms often pass some of these higher costs on to consumers. Because energy is used so widely, these price increases can spread across many goods and services.

[Page break]

[Shown if the respondent selected Government Spending.]

Inflation Narrative: Government Spending

Participants in a survey of leading economic experts stated that expansionary fiscal policy and government spending can be important drivers of inflation in the United States.

When the government increases spending, for example through transfers, infrastructure projects, or expanded public programs, it can boost the purchasing power of households and businesses. This raises demand for goods and services. If demand grows faster than the economy's short-run capacity to produce, sellers may raise prices. If the spending is not offset elsewhere, persistent deficits can further stimulate demand and contribute to inflationary pressure.

Option to Read Another Narrative (Second Choice)

Option to read another Narrative

You can now choose to receive information about one of the two remaining narratives below. Or, you can stop here. *[The two narratives not selected in the first choice are displayed in random order, followed by the stop option. A response is required.]*

[*first remaining narrative*; *second remaining narrative*; No, I don't want to read another narrative.]

[If the respondent selects a narrative, the corresponding narrative screen (see above) is shown next, followed by the third choice. If the respondent selects "No, I don't want to read another narrative.", the survey skips to Demographics.]

Option to Read Another Narrative (Third Choice)

[Shown only to respondents who selected a narrative in the second choice.]

Option to read another Narrative

You can choose to receive information about the last remaining narrative. Or, you can stop here. *[A response is required.]*
[*last remaining narrative*; No, I don't want to read another narrative.]

[If the respondent selects the remaining narrative, the corresponding narrative screen (see above) is shown next. Either way, the survey then proceeds to Demographics.]

Demographics

Before you finish the survey, we would like to quickly ask you a few questions about your background.

What is your **age**? [18–24; 25–34; 35–44; 45–54; 55–64; 65 or above]

[Page break]

What is your **gender**? [Male; Female; Other; Prefer to self-describe:]

[Page break]

What is the **highest level of education** you have completed? [Less than high school; High school diploma or equivalent; Some college, no degree; Associate's degree; Bachelor's degree; Master's degree; Doctoral degree (PhD, MD, JD, etc.); Prefer not to answer]

[Page break]

What is your approximate **annual household income** before taxes? [Less than $25,000; $25,000 – $49,999; $50,000 – $74,999; $75,000 – $99,999; $100,000 – $149,999; $150,000 – $199,999; $200,000 or more; Prefer not to answer]

[Page break]

What is your current **employment status**? [Employed full-time; Employed part-time; Self-employed; Unemployed and looking for work; Not in the labor force (student, retired, homemaker, etc.); Prefer not to answer]

[Page break]

What is your **political affiliation**? [Democrat; Republican; Independent; Other; Prefer not to answer]

[All demographic questions require a response.]

Comments

Thank you for your participation in the survey! If you have any comments or feedback, please let us know here. _____ *[Open text entry; optional. The survey then ends and respondents are redirected to Prolific.]*

E.3 Follow-Up Survey (October 2026)

We provide the follow-up survey instructions below. Text shown in *italics* is not shown to respondents. *The follow-up recontacts respondents of the acquisition survey (Section E.2) about two weeks later. It was fielded on Prolific from October 6 to October 14, 2026. It repeats the elicitation of the 12-month inflation forecast, the allocation across drivers, the understanding ratings, and the first and second narrative choices, and adds a question on the persistence of each driver's effect. The survey opens directly with the inflation forecast: it contains no consent screen, attention check, third narrative choice, or demographics questions. Respondents are identified by their Prolific ID. Respondents cannot return to previous screens. Where two questions appear on the same screen, this is noted.*

Inflation Expectations

Inflation in the United States

What do you think the **inflation rate** (as measured by the Consumer Price Index) **is going to be over the next 12 months**? Please provide your answer as a percentage change from current prices. If you expect inflation, enter a positive number. If you expect deflation, enter a negative number. If you expect neither, enter zero. Inflation over the next 12 months (in %): _____ *[Numeric text entry; a response is required]*

Drivers of Inflation

What drives Inflation?

In the following we will ask you about the **drivers of current inflation** in the United States. Please read the different available options carefully and take your time in answering them.

In your view, **how much does each of the following factors currently contribute to inflation** in the United States?

Please allocate a **total of 100 percent** across the factors below to indicate how much you think each factor contributes.

- If you think one factor is much more important than the others, give it a higher percentage.
- If you think a factor is not important at all, you can assign it 0 percent.
- The percentages you enter should sum to exactly 100 percent. [Constant-sum allocation: one numeric entry per factor, in percent. The nine factors are displayed in random order; "Other:" is always displayed last. Answers must sum to 100.]

- Expansionary Monetary Policy/Interest Rates: _____
- Trade Conflicts/Tariffs: _____
- Expansionary Fiscal Policy/Government Spending: _____
- Pent-up Demand: _____
- Supply Chain Disruptions: _____

- Labor Shortage: _____
- Energy Prices: _____
- Government Mismanagement: _____
- Increased Profit Margins of Firms: _____
- Other: _____ *[with a text field to name the factor]*

Understanding of Inflation Narratives

[Shown on the same screen as the allocation across drivers above.]

Understanding of Inflation Narratives
How well do you understand each of the following drivers of inflation and their effects on inflation?

Please answer on a scale from 0 (Not understand at all) to 100 (Fully understand).

- Tariffs and Trade Conflicts
- Energy Prices
- Government Spending

[Three horizontal sliders, 0 to 100, with end labels "Not understand at all" and "Fully understand"; items displayed in random order; a response is required. No initial slider position: the slider handle appears only after the respondent clicks on the slider.]

Persistence of the Effects of Drivers

[New in the follow-up. Shown after the understanding ratings and before the introduction to the narratives.]

How Persistent are the Effects of Different Drivers of Inflation?
Previously, you were asked about the importance of different potential drivers of inflation in the United States and how well you understand them.

Now consider how the effect of each driver may evolve **over the next 12 months.**

Relative to its effect on inflation today, how much of each driver's effect do you think will remain 12 months from now?

Please enter any value from 0 to 100. The following examples illustrate how to interpret the scale:

- ***0*** *means that none of the driver's current effect remains.*
- ***50*** *means that half of the driver's current effect remains.*
- ***100*** *means that the driver's entire current effect remains.*

You may select any value between these examples.

If you are unsure, please provide your best estimate. *[Nine horizontal sliders, 0 to 100, one per driver below, with scale labels "Not persistent", "Somewhat persistent", and "Very persistent"; "Other" is not included. Items displayed in random order; a response is required. No initial slider position: the slider handle appears only after the respondent clicks on the slider.]*

- Expansionary Monetary Policy/Interest Rates
- Trade Conflicts/Tariffs
- Expansionary Fiscal Policy/Government Spending
- Pent-up Demand
- Supply Chain Disruptions
- Labor Shortage
- Energy Prices
- Government Mismanagement
- Increased Profit Margins of Firms

Introduction to the Narratives

Narratives about Inflation
In a **survey of economic experts** in the **United States**, participants explained what they see as the **main drivers of current inflation**.

On the following screens, you can **choose to receive more information** about some of these **narratives**. According to the experts, they are among the most important drivers of current inflation in the United States. *[Respondents can proceed only after a minimum of 7 seconds; the screen advances automatically after 60 seconds.]*

Choice of Narrative

Choose a Narrative
About which of the following narratives would you like to receive additional information? *[Options displayed in random order; a response is required, so there is no option to decline at this stage]*
[Tariffs and Trade Conflicts; Energy Prices; Government Spending]

Reason for Choice

[Shown on the same screen as the choice of narrative above.]

What was the reason you choose to receive additional information about **narrative** (***narrative selected in the choice question***)? Please try to answer in 1–2 full sentences.
_____ *[Open text entry; a response is required]*

Inflation Narratives

[Each respondent sees the screen of the narrative selected in the preceding choice, shown after the screen with the choice and the reason. The same screen is shown again after the later choice of a further narrative (see below). No narrative is shown more than once, and there is no minimum display time. The wording of the three narrative screens differs from the acquisition survey (Section E.2); they read as follows.]

[Shown if the respondent selected Tariffs and Trade Conflicts.]

Inflation Narrative: Tariffs and Trade Conflicts

In a survey of leading economic experts, participants stated that tariffs and trade conflicts can be important drivers of inflation in the United States.

When tariffs are imposed on imported goods, such as industrial inputs, consumer electronics, or food, importers face higher costs. Firms often pass these costs on to consumers through higher retail prices. Trade conflicts also create uncertainty for firms and make production and sourcing less efficient. Together, these forces push up prices across a wide range of goods.

[Page break]

[Shown if the respondent selected Energy Prices.]

Inflation Narrative: Energy Prices

In a survey of leading economic experts, participants stated that energy prices can be important drivers of inflation in the United States.

Energy is an input into nearly every part of the economy: factories use it to produce goods, stores use it to operate, and firms use fuel to transport products. When oil, gas, or electricity prices rise, many firms face higher production and delivery costs. Firms often pass some of these costs on to consumers. Because energy is used so widely, these price increases can spread across a wide range of goods and services.

[Page break]

[Shown if the respondent selected Government Spending.]

Inflation Narrative: Government Spending

In a survey of leading economic experts, participants stated that government spending and expansionary fiscal policy can be important drivers of inflation in the United States.

When the government increases spending, for example through transfers, infrastructure projects, or expanded public programs, it boosts the purchasing power of households and firms. This raises demand for goods and services. If demand grows faster than the economy's capacity to produce in the short run, sellers raise prices. If the spending is not offset by higher taxes or cuts elsewhere, the resulting deficits can further stimulate demand and add to inflationary pressure.

Option to Read Another Narrative

Option to read another Narrative

You can now choose to receive information about one of the two remaining narratives below. Or, you can stop here. *[The two narratives not selected in the first choice are displayed in random order, followed by the stop option. A response is required.]*
[*first remaining narrative*; *second remaining narrative*; No, I don't want to read another narrative.]

[If the respondent selects a narrative, the corresponding narrative screen (see above) is shown next, and the survey then proceeds to Comments. If the respondent selects "No, I don't want to read another narrative.", the survey proceeds directly to Comments. There is no third choice.]

Comments

Thank you for your participation in the survey! If you have any comments or feedback, please let us know here. _____ *[Open text entry; optional. The survey then ends and respondents are redirected to Prolific.]*

F Theory Appendix

Setup Recall the framework from Section 3. $(\bar{\omega}_n)_{n=1}^{N-1}$ is the vector of true contributions of the named narratives: common across households, and unobserved by any of them; the residual's contribution follows from the adding-up condition in (2). Household i has subjective prior $\bar{\omega}_n \sim \mathcal{N}(\bar{\omega}_{i,n}^0, \sigma_{i,n}^2)$ over each named narrative's true contribution, and it observes signal $s_{i,n} = \bar{\omega}_n + \varepsilon_{i,n}$ with $\varepsilon_{i,n} \sim \mathcal{N}(0, \bar{\sigma}^2/a_{i,n})$, where $a_{i,n}$ is attention allocated to narrative n at unit price $\psi > 0$. Throughout I assume household i's subjective beliefs and signal noises are mutually independent across the $N-1$ named narratives, so that under joint normality the posterior precision matrix is diagonal and $\mathrm{Var}(\bar{\omega}_n \mid s_{i,1}, \ldots, s_{i,N})$ depends on $a_{i,n}$ alone — the property that lets the allocation problem separate narrative by narrative, and that lets a supplementary signal about narrative n affect only that narrative's term in the loss. Because the residual absorbs the adding-up condition, this independence is consistent with contributions that sum to one: the $N-1$ named contributions are free, and the belief about the residual is implied by the adding-up condition in (2). The residual is never read or chosen and does not enter the loss, so a signal about a named narrative that also moves the implied belief about the residual leaves the other terms of the objective unaffected.

F.1 Proposition 1 (Attention to Uncertain Narratives)

By standard Bayesian updating with normal priors and signals, the posterior variance of household i's belief about $\bar{\omega}_n$ given attention $a_{i,n}$ is:

$$\mathrm{Var}(\bar{\omega}_n \mid s_{i,n}) = \left(\frac{1}{\sigma_{i,n}^2} + \frac{a_{i,n}}{\bar{\sigma}^2} \right)^{-1}. \tag{A.1}$$

Writing $\tau_{i,n}^0 \equiv 1/\sigma_{i,n}^2$ for prior precision, problem (5) becomes

$$\min_{\{a_{i,n}\}_{n \in \mathcal{T}}} \sum_{n \in \mathcal{T}} \left[(\bar{\omega}_{i,n}^0)^2 \left(\tau_{i,n}^0 + \frac{a_{i,n}}{\bar{\sigma}^2} \right)^{-1} + \psi\, a_{i,n} \right], \qquad a_{i,n} \geq 0. \tag{A.2}$$

The objective is strictly convex and *additively separable* across narratives, with no constraint linking them: each $a_{i,n}$ solves its own one-dimensional problem. The first-order condition at an interior solution is

$$\frac{(\bar{\omega}_{i,n}^0)^2}{\bar{\sigma}^2} \cdot \left(\tau_{i,n}^0 + \frac{a_{i,n}}{\bar{\sigma}^2} \right)^{-2} = \psi. \tag{A.3}$$

Define $\tau_{i,n}^1 \equiv \tau_{i,n}^0 + a_{i,n}/\bar{\sigma}^2$ (posterior precision). Then (A.3) gives

$$\tau_{i,n}^1 \;=\; k\, \bar{\omega}_{i,n}^0, \qquad k \equiv (\psi \bar{\sigma}^2)^{-1/2}, \tag{A.4}$$

where $\psi\bar{\sigma}^2$ is the price of one unit of precision: a unit of attention costs ψ and adds $1/\bar{\sigma}^2$ of precision. Rescaling the units of attention changes $\bar{\sigma}^2$ and ψ but not their product, so k, unlike $\bar{\sigma}$, does not depend on how attention is measured. Optimal attention follows in closed form:

$$a^*_{i,n} = \bar{\sigma}^2\tau^1_{i,n} - \bar{\sigma}^2\tau^0_{i,n} = \frac{\bar{\sigma}\,\bar{\omega}^0_{i,n}}{\sqrt{\psi}} - \frac{\bar{\sigma}^2}{\sigma^2_{i,n}}. \tag{A.5}$$

The interior solution $a^*_{i,n} > 0$ requires $\bar{\omega}^0_{i,n}(\psi\bar{\sigma}^2)^{-1/2} > \tau^0_{i,n}$: a narrative already understood precisely enough, or currently believed to make a small enough contribution, optimally receives no attention at all ($a^*_{i,n} = 0$).

Comparative static. The first term of (A.5) does not depend on $\sigma^2_{i,n}$. Differentiating and using $\partial\tau^0_{i,n}/\partial\sigma^2_{i,n} = -1/(\sigma^2_{i,n})^2$:

$$\frac{\partial a^*_{i,n}}{\partial\sigma^2_{i,n}} = \frac{\bar{\sigma}^2}{(\sigma^2_{i,n})^2} > 0 \tag{A.6}$$

for every narrative with $a^*_{i,n} > 0$. Holding perceived contribution fixed, the household allocates more attention to narratives it is more uncertain about, with no auxiliary condition on the number of narratives or the distribution of prior beliefs about their contributions. ■

Remark (pricing versus rationing attention). Because attention is priced rather than rationed, the N allocation problems decouple: raising $\sigma^2_{i,n}$ changes $a^*_{i,n}$ and leaves every other narrative's allocation untouched. Under the dual formulation with a hard capacity constraint $\sum_n a_{i,n} \le A$, the multiplier λ on that constraint plays the role of ψ in (A.3), and the same comparative static obtains — but attenuated, since a change in one narrative's prior precision then shifts λ and hence every allocation. Solving the constrained problem gives $\partial a^*_{i,n}/\partial\sigma^2_{i,n} = \big(\bar{\sigma}^2/(\sigma^2_{i,n})^2\big)\big(1 - \bar{\omega}^0_{i,n}/\sum_{m:\,a^*_{i,m}>0}\bar{\omega}^0_{i,m}\big)$, which is strictly positive whenever at least two narratives receive attention and weakly positive otherwise. The sign of Proposition 1 is therefore common to both formulations; the price form simply removes the scope condition.

Remark (water-filling). At an interior optimum, posterior precision $\tau^1_{i,n} = \bar{\omega}^0_{i,n}(\psi\bar{\sigma}^2)^{-1/2}$ depends only on the household's own belief about the narrative's contribution and the price of attention ψ, not on the prior precision $\tau^0_{i,n}$. Two narratives the household currently believes make an equal contribution therefore reach equal posterior precision *regardless of prior uncertainty*, and optimal reading compresses — for these narratives, eliminates — prior differences in uncertainty. This is the posterior-invariance (water-filling) property of linear-quadratic-Gaussian rational inattention (cf. Maćkowiak et al., 2023), and it is exact for *any* pair of narratives with equal $\bar{\omega}^0_{i,n}$, not only a special case.

Robustness to a mutual-information formulation. Proposition 1 does not depend on the linear-precision technology. You can replace it with a constraint on total information flow, $\sum_{n\in\mathcal{T}} \frac{1}{2}\log\left(\tau^1_{i,n}/\tau^0_{i,n}\right) \le C$, where $\tau^1_{i,n}$ denotes posterior precision and C is the household's information capacity. Minimizing the stakes-weighted posterior variance $\sum_n (\bar{\omega}^0_{i,n})^2(\tau^1_{i,n})^{-1}$ subject to this constraint gives the first-order condition $\tau^1_{i,n} = 2(\bar{\omega}^0_{i,n})^2/\lambda$, with λ the multiplier on the flow constraint: posterior precision again depends only on the household's belief about the narrative's contribution and the price of capacity, now quadratically rather than linearly. Two implications carry over. First, whenever at least two narratives receive attention, the capacity devoted to a narrative, $\frac{1}{2}\log(\tau^1_{i,n}/\tau^0_{i,n})$, is decreasing in prior precision, so less-understood narratives receive more attention (Proposition 1). Second, a narrative already understood precisely enough, $\tau^0_{i,n} \ge 2(\bar{\omega}^0_{i,n})^2/\lambda$, optimally receives zero attention. This alternative technology also changes the after-reading extension of Appendix F.3; it does not affect Proposition 2, which never refers to reading.

F.2 Proposition 2 (Acquisition Increases in Perceived Contribution)

$V^0_{i,n}$, defined in (8), is the difference in expected loss from (5)'s narrative-n term between having precision $\tau^0_{i,n}$ alone and having precision $\tau^0_{i,n} + \tau_s$:

$$V^0_{i,n} = (\bar{\omega}^0_{i,n})^2 \mathrm{Var}(\bar{\omega}_n \mid \tau^0_{i,n}) - (\bar{\omega}^0_{i,n})^2 \mathrm{Var}(\bar{\omega}_n \mid \tau^0_{i,n} + \tau_s) = (\bar{\omega}^0_{i,n})^2 \left[\frac{1}{\tau^0_{i,n}} - \frac{1}{\tau^0_{i,n} + \tau_s}\right].$$

The bracket is strictly positive and does not involve $\bar{\omega}^0_{i,n}$, so

$$\frac{\partial V^0_{i,n}}{\partial \bar{\omega}^0_{i,n}} = 2\,\bar{\omega}^0_{i,n}\left[\frac{1}{\tau^0_{i,n}} - \frac{1}{\tau^0_{i,n} + \tau_s}\right] > 0$$

for every $\bar{\omega}^0_{i,n} > 0$ and every $\tau^0_{i,n} > 0$: no restriction on prior precision, on Proposition 1, or on any reading having taken place. ■

Remark (why the weight is squared). The result uses only that $(\bar{\omega}^0_{i,n})^2$ multiplies the same bracket that Proposition 1's loss function uses — any strictly increasing, nonnegative function of $\bar{\omega}^0_{i,n}$ multiplying the same bracket would deliver the same sign. The square follows from the quadratic loss in (5) together with the assumption in Section 3.2 that a narrative's error, in points of inflation, scales with its weight.

Remark (beyond the Gaussian case). Proposition 2 does not depend on the Gaussian structure of this framework, as long as the narratives compared differ in perceived contribution but not in the shape of the belief around it. Multiplying a loss by a positive constant leaves the optimal action unchanged, so it multiplies the value of any signal by that same constant; $(\bar{\omega}^0_{i,n})^2$ is such a constant, and the value of a signal is never negative, since the household can

always ignore it (Blackwell, 1953). The argument also uses that narratives are independent (Setup above): a signal about narrative n's contribution affects the loss term for n alone.

F.3 Extension: Acquisition After Reading

A household may decide what to learn more about only after it has read, rather than at its prior beliefs as in Proposition 2. Two assumptions place the acquisition choice after reading. First, the household reads, observes its signals, and updates before it decides what to acquire. Second, while reading, it does not yet anticipate that the acquisition choice is coming, so it allocates attention exactly as in problem (5), unadjusted for a future opportunity to top up any one narrative. In the attention survey, the acquisition choice follows the two reading screens (Section 4.1), which fits the first assumption; the second assumption, no anticipation, is not tested.

Under these assumptions, the household's precision on a narrative it read is $\tau^1_{i,n} = k\bar{\omega}^0_{i,n}$ (Appendix F.1), independent of $\tau^0_{i,n}$: reading has already settled part of the acquisition problem before it begins. Substituting $\tau^1_{i,n}$ for $\tau^0_{i,n}$ in $V^0_{i,n}$ gives the value of a supplementary signal at this later stage:

$$\Phi(\bar{\omega}^0_{i,n}) \equiv (\bar{\omega}^0_{i,n})^2\Big[\frac{1}{k\bar{\omega}^0_{i,n}} - \frac{1}{k\bar{\omega}^0_{i,n}+\tau_s}\Big] = \frac{\bar{\omega}^0_{i,n}\tau_s}{k\big(k\bar{\omega}^0_{i,n}+\tau_s\big)}. \tag{A.7}$$

The stakes weight is unchanged from (8). What changed is the bracket: it now starts from post-reading, not prior, variance. A larger perceived contribution raises the stakes weight but also lowers the variance left to remove, since the household already read more of what it judged more important.

Proposition 3 (Acquisition After Reading)**.** *Under sequential timing without anticipation, and for narratives that received reading attention,* Φ *is strictly increasing in* $\bar{\omega}^0_{i,n}$ *and does not depend on* $\tau^0_{i,n}$.

Proof: Differentiating,

$$\Phi'(\bar{\omega}^0_{i,n}) = \frac{\tau_s^2}{k\big(k\bar{\omega}^0_{i,n}+\tau_s\big)^2} > 0,$$

strictly positive for all $\bar{\omega}^0_{i,n} > 0$. Φ depends on $\tau^0_{i,n}$ only through whether the narrative was read at all; conditional on an interior reading solution, $\tau^0_{i,n}$ has been fully absorbed into $\tau^1_{i,n}$ and does not separately appear. ■

Remark (reading and acquisition can diverge). Consider a household that attributes 40% of inflation to tariffs and 15% each to government spending and government mismanagement, that understands the tariff and spending mechanisms well, and that is uncertain about how mismanagement reaches the prices it pays. By (A.5), it spends longer reading about mismanagement than about tariffs, because its much higher uncertainty about mis-

management outweighs the larger contribution it attributes to tariffs. It still finishes reading knowing tariffs better: reading brings each narrative's precision up to a level set by its perceived contribution, and the household sees tariffs as contributing more. Offered a chance to learn still more, it directs that chance at tariffs. Reading time points to one narrative and the request for more information to the other, for the same household at the same moment.[38] Proposition 3 applies only to a choice made after reading has occurred, under the technology assumed in Section 3.2. For a choice made at prior beliefs, prior precision still enters (8) directly, and the pull toward less-understood narratives identified after Proposition 2 remains in force.[39]

Remark (corner narratives). If narrative n receives no reading attention ($a^*_{i,n} = 0$, which by (6) requires $\tau^0_{i,n} \geq k\bar{\omega}^0_{i,n}$ — a narrative about which the household is already certain relative to the contribution it believes it accounts for), its precision remains $\tau^0_{i,n}$, un-equalized, and the relevant value is $V^0_{i,n}$ rather than Φ; prior understanding then re-enters directly, exactly as in Proposition 2. For the attention survey's two assigned narratives, where reading is compelled, the model predicts this case when perceived contribution is small, as for the 263 respondents who rate both shown narratives at zero. It is also the relevant case for a third, unassigned narrative a respondent may also request.

Remark (scope of the extension). Proposition 3 predicts no role for prior uncertainty after reading only if reading equalizes precision across narratives with equal perceived contribution, which follows from the stakes-weighted reading problem in (5). The reading-time evidence in Section 4.2 does not support the stakes implication of that problem, so I do not treat the attention survey's estimates for understanding as a test of the framework. Proposition 1 does not depend on the stakes weight: the derivative in (A.6) does not involve $\bar{\omega}^0_{i,n}$.

F.4 Belief Updating and Narrative Contributions

This appendix derives the two comparative statics on narrative-contribution updating reported in Section 3.4.

[38] A numerical instance, with k a free scale parameter: let $\tau^0_{i,\text{tariff}} = \tau^0_{i,\text{spend}} = 0.35k$ and $\tau^0_{i,\text{mis}} = 0.05k$. By (6) and (A.4), reading adds precision $a^*_{i,n}/\bar{\sigma}^2 = 0.05k$ on tariffs, $0.10k$ on mismanagement, and nothing on spending, a corner solution. Post-reading precision is therefore $0.40k$ on tariffs, $0.15k$ on mismanagement, and $0.35k$ on spending. Mismanagement receives twice the reading attention of tariffs yet ends with less than half its precision, and by (A.7) a supplementary signal is worth more on tariffs than on mismanagement for any $\tau_s > 0$.

[39] Which effect dominates also depends on the attention technology. Let e denote the elasticity of post-reading precision with respect to perceived contribution: $e = 1$ under the linear-precision technology used here, $e = 2$ under a mutual-information (Shannon) constraint, where $\tau^1_{i,n} = 2(\bar{\omega}^0_{i,n})^2/\lambda$ (Appendix F.1). The elasticity of Φ with respect to perceived contribution is $2 - e(2\tau^1_{i,n} + \tau_s)/(\tau^1_{i,n} + \tau_s)$: positive at $e = 1$, strictly negative at $e = 2$ for any parameter values, so an additively-priced supplementary signal under Shannon reading reverses Proposition 3's sign. If the supplementary signal is itself priced in the same entropy units as reading, the two effects instead cancel exactly and the acquisition value does not depend on perceived contribution at all. Proposition 3 therefore holds under the technology this paper uses throughout, and does not hold under the technology Maćkowiak et al. (2023) take as their own primary framework; Proposition 2 is unaffected either way, since it never refers to reading.

Attention amplifies updating. After observing signal $s_{i,n}$, the household updates via Bayes' rule, with posterior mean $\bar{\omega}^1_{i,n} = (1-\kappa_{i,n})\bar{\omega}^0_{i,n} + \kappa_{i,n} s_{i,n}$ and Kalman gain

$$\kappa_{i,n} = \frac{\sigma^2_{i,n}}{\sigma^2_{i,n} + \bar{\sigma}^2/a_{i,n}} = \frac{a_{i,n}\sigma^2_{i,n}}{a_{i,n}\sigma^2_{i,n} + \bar{\sigma}^2}. \tag{A.8}$$

The contribution revision is $\Delta\bar{\omega}_{i,n} = \kappa_{i,n}(s_{i,n} - \bar{\omega}^0_{i,n})$, where $s_{i,n} - \bar{\omega}^0_{i,n} \sim \mathcal{N}(0, \sigma^2_{i,n} + \bar{\sigma}^2/a_{i,n})$. Its expected magnitude is

$$\mathbb{E}\big[|\Delta\bar{\omega}_{i,n}|\big] = \sqrt{\tfrac{2}{\pi}} \cdot \frac{\sigma^2_{i,n}}{\left(\sigma^2_{i,n} + \bar{\sigma}^2/a_{i,n}\right)^{1/2}}, \tag{A.9}$$

using $\mathbb{E}[|Z|] = \sqrt{2/\pi}$ for $Z \sim \mathcal{N}(0,1)$. Increasing $a_{i,n}$ decreases $\bar{\sigma}^2/a_{i,n}$ in the denominator, so $\mathbb{E}[|\Delta\bar{\omega}_{i,n}|]$ is strictly increasing in attention. This step is exact: the household's perceived contribution is its belief mean $\bar{\omega}^1_{i,n}$, so the contribution revision is $\Delta\bar{\omega}_{i,n}$ itself.

Uncertainty amplifies updating. Differentiating (A.9) with respect to prior variance, with $c \equiv \bar{\sigma}^2/a_{i,n}$ held fixed:

$$\frac{\partial}{\partial\sigma^2_{i,n}} \frac{\sigma^2_{i,n}}{(\sigma^2_{i,n}+c)^{1/2}} = \frac{\sigma^2_{i,n}+2c}{2\,(\sigma^2_{i,n}+c)^{3/2}} > 0. \tag{A.10}$$

Higher prior uncertainty (lower confidence in the prior allocation) increases the expected magnitude of contribution revision: $\partial\mathbb{E}[|\Delta\bar{\omega}_{i,n}|]/\partial\sigma^2_{i,n} > 0$. This is a partial derivative holding attention fixed; since optimal attention is itself increasing in $\sigma^2_{i,n}$ (Proposition 1), the total effect is larger still. ■

Corollary 1 (Full-Information and No-Updating Limits)**.** *Fix prior beliefs $(\bar{\omega}^0_{i,n}, \sigma^2_{i,n})$ with $\sigma^2_{i,n} > 0$. (i) As $a_{i,n} \to \infty$, $\kappa_{i,n} \to 1$ and $\bar{\omega}^1_{i,n} \to \bar{\omega}_n$ in mean square: the household adopts the true contribution, whatever its prior. (ii) As $a_{i,n} \to 0$, $\kappa_{i,n} \to 0$, and at $a_{i,n} = 0$, $\bar{\omega}^1_{i,n} = \bar{\omega}^0_{i,n}$: the household does not revise its belief.*

Proof: By (9), $1 - \kappa_{i,n} = \bar{\sigma}^2/(a_{i,n}\sigma^2_{i,n} + \bar{\sigma}^2)$, which tends to 0 as $a_{i,n} \to \infty$ and to 1 as $a_{i,n} \to 0$, with $\kappa_{i,n} = 0$ exactly at $a_{i,n} = 0$. For (i), substituting (4) into $\bar{\omega}^1_{i,n} = \bar{\omega}^0_{i,n} + \Delta\bar{\omega}_{i,n}$ gives $\bar{\omega}^1_{i,n} - \bar{\omega}_n = (1-\kappa_{i,n})(\bar{\omega}^0_{i,n} - \bar{\omega}_n) + \kappa_{i,n}\varepsilon_{i,n}$, so $\mathbb{E}\big[(\bar{\omega}^1_{i,n} - \bar{\omega}_n)^2 \mid \bar{\omega}_n\big] = (1-\kappa_{i,n})^2(\bar{\omega}^0_{i,n} - \bar{\omega}_n)^2 + \kappa^2_{i,n}\bar{\sigma}^2/a_{i,n} \to 0$. ■

The two limits are the benchmarks the expectations literature starts from. With unlimited attention, every household reads the narrative without noise and arrives at the same, correct contribution: the full-information rational-expectations benchmark, in which beliefs neither err nor disagree. With no attention, the household keeps its prior, like a household in a sticky-information model that has not yet updated its information; between the two,

$\kappa_{i,n}$ is the gain of noisy-information models (Coibion and Gorodnichenko, 2015).[40] What this framework adds is that the household chooses where it sits between the two benchmarks, narrative by narrative. Under optimal attention (6), $a^*_{i,n}$ grows without bound as $\psi \to 0$. A high enough price puts the household exactly at the second limit: $a^*_{i,n} = 0$, and hence $\kappa_{i,n} = 0$, whenever $\psi \geq (\bar{\omega}^0_{i,n}\sigma^2_{i,n})^2/\bar{\sigma}^2$. For the household of Section 3.2, if it gives the spending narrative no attention, its spending contribution stays at 15% after reading, whatever the text argues.

G Sticky Narratives: Model Details

G.1 The Model

The assumptions about preferences, technology, market structure, price stickiness, and monetary and fiscal policy are those of a conventional New Keynesian model (Galí, 2015, ch. 3); Andre et al. (2026, Online Appendix F.1) derive the equations below. All variables are log deviations from the non-stochastic steady state, and a period is a quarter. Inflation follows the New Keynesian Phillips curve,

$$\pi_t = \beta \widehat{E}^F_t \pi_{t+1} + \kappa\big[(\gamma + \varsigma\alpha)\, c_t + \varsigma(1-\alpha)\, g_t - (1+\varsigma)\, a_t\big], \tag{A.11}$$

where $\widehat{E}^F_t \pi_{t+1}$ is firms' expectation of next quarter's inflation, g_t is government spending, and a_t is productivity. The slope $\kappa = (1-\theta)(1-\beta\theta)/\theta$ depends on the probability θ that a firm cannot adjust its price, ς governs the disutility of labor, and $1-\alpha$ is the share of government spending in output. Consumption follows the households' Euler equation,

$$c_t = \widehat{E}^H_t c_{t+1} - \frac{1}{\gamma}\Big(i_t - \widehat{E}^H_t \pi_{t+1}\Big), \tag{A.12}$$

where $\widehat{E}^H_t$ denotes households' expectations and γ is the inverse of the intertemporal elasticity of substitution. The central bank sets the nominal interest rate according to the rule

$$i_t = \phi \pi_t + \nu_t, \tag{A.13}$$

where $\phi > 1$ and ν_t is a monetary-policy shock. Productivity, government spending, and the monetary-policy shock each follow a first-order autoregressive process with persistence ρ_a, ρ_g, and ρ_ν.

[40] Under any Gaussian signal, $\kappa_{i,n} = 1 - \tau^0_{i,n}/\tau^1_{i,n}$. Under the mutual-information formulation of Appendix F.1, this equals $1 - e^{-2c_{i,n}}$, where $c_{i,n} = \frac{1}{2}\log(\tau_n/\tau^0_{i,n})$ is the capacity devoted to narrative n, so both limits carry over with $c_{i,n}$ in place of $a_{i,n}$.

G.2 Narratives

Following Andre et al. (2026), a household's narrative is its subjective causal model of inflation:

$$\pi_t = \psi_a^H a_t + \psi_g^H g_t + \psi_\nu^H \nu_t. \tag{A.14}$$

The term $\psi_z^H z_t$ is the amount of current inflation that the household attributes to factor z. Let $\omega_{z,t}^H \equiv \psi_z^H z_t / \pi_t$ denote the corresponding fraction: according to the household's narrative, a fraction $\omega_{a,t}^H$ of current inflation is caused by low productivity, a fraction $\omega_{g,t}^H$ by high government spending, and a fraction $\omega_{\nu,t}^H$ by loose monetary policy, and the three fractions sum to one. Because the household expects each factor to decay at its own rate, its inflation expectation is

$$\widehat{E}_t^H \pi_{t+1} = \sum_z \psi_z^H \rho_z z_t = \Big(\sum_z \omega_{z,t}^H \rho_z\Big)\pi_t \equiv A_t \pi_t, \tag{A.15}$$

which is equation (14) in the main text.

Andre et al. (2026) also allow firms to hold a narrative about inflation and households to hold a narrative about their income, which determines their expected consumption. Each subjective expectation opens a channel. Households' inflation narrative changes the real interest rate they perceive and thereby consumption. Firms' inflation narrative changes their expected inflation and thereby their prices directly. Households' income narrative changes their expected future consumption and thereby current consumption. In the main text, as in the benchmark case of Andre et al. (2026), only households' inflation narrative is subjective; Section G.5 relaxes this assumption.

G.3 Equilibrium with a Fixed Narrative

Suppose that productivity is the only active factor, that firms' inflation expectations and households' consumption expectations are rational, and that the narrative, and thus A, is constant over time. Then inflation and consumption decay at the rate ρ_a of the shock. The Phillips curve (A.11) and firms' rational expectation $\widehat{E}_t^F \pi_{t+1} = \rho_a \pi_t$ imply

$$(1 - \beta\rho_a)\,\pi_t = \kappa\big[(\gamma + \varsigma\alpha)\,c_t - (1+\varsigma)\,a_t\big]. \tag{A.16}$$

The Euler equation (A.12), the policy rule (A.13), households' rational expectation $\widehat{E}_t^H c_{t+1} = \rho_a c_t$, and the narrative (A.15) imply

$$(1 - \rho_a)\,c_t = -\frac{1}{\gamma}\,(\phi - A)\,\pi_t. \tag{A.17}$$

Solving equations (A.16) and (A.17) for inflation and consumption yields

$$\pi_t = \frac{-\kappa(1+\varsigma)(1-\rho_a)}{D(A)}\,a_t, \tag{A.18}$$

$$c_t = \frac{\frac{1}{\gamma}(\phi - A)\,\kappa(1+\varsigma)}{D(A)}\,a_t, \tag{A.19}$$

where

$$D(A) \equiv (1-\rho_a)(1-\beta\rho_a) + \frac{\kappa(\gamma+\varsigma\alpha)}{\gamma}(\phi - A),$$

which is the corresponding case of Proposition 2 in Andre et al. (2026). If households attribute all inflation to productivity, $A = \rho_a$, and equations (A.18)–(A.19) describe the rational-expectations equilibrium: a fall in productivity of 10 percent raises inflation by 192 basis points and lowers consumption by 11.5 percent. A narrative that attributes part of this inflation to a more persistent cause raises A. Households perceive a lower real rate, consumption falls by less, and inflation is higher.

G.4 Sticky Narratives

With the law of motion (18), the narrative and thus A_t change over time. Firms and households' consumption forecasts are rational about the actual path, while households forecast inflation with their current narrative. In every quarter $t \geq 1$, the Phillips curve and the Euler equation therefore read

$$\pi_t = \beta\,\pi_{t+1} + \kappa\left[(\gamma+\varsigma\alpha)\,c_t - (1+\varsigma)\,a_t\right], \tag{A.20}$$

$$c_t = c_{t+1} - \frac{1}{\gamma}(\phi - A_t)\,\pi_t. \tag{A.21}$$

The model has no endogenous state variable: given inflation and consumption in quarter $t+1$, equations (A.20)–(A.21) determine inflation and consumption in quarter t. Long after the episode, the narrative has returned to its original value, and the economy follows the rational-expectations equilibrium (A.18)–(A.19). Starting from this equilibrium, I compute the path backward to quarter 1. Equation (A.21) shows the mechanism: for given inflation, a narrative that raises A_t lowers the perceived real rate and raises consumption, which raises inflation through equation (A.20).

G.5 Alternative Assumptions

Table G.1 varies one assumption at a time. The effect of the public narrative scales with its share, with the length of the episode, and with the gap between the persistence that households ascribe to inflation and the persistence of the shock: a perceived persistence of 0.92 instead of 0.95 lowers the cumulative effect from 65 to 25 basis points, and 0.99 raises it to 122 basis points. A weaker monetary-policy response amplifies the effect. When firms share the narrative, inflation rises by about as much as in the baseline, a larger share of the effect materializes after the episode, and consumption falls: firms raise prices because they expect inflation to persist, and the central bank's response to higher inflation outweighs the lower

real rate that households perceive. This mirrors the result in Andre et al. (2026), where firms that share a transitory narrative lower inflation and raise consumption.

Two assumptions determine the sign of the effect. If households also apply the narrative to their income forecasts, households that read the fall in productivity as persistent expect their income to stay low for longer and cut consumption. If households plan over an infinite horizon and know the policy rule (Preston, 2005; Eusepi and Preston, 2011), households that read inflation as persistent also expect the higher policy rate to persist. In both cases the public narrative lowers inflation. The speed of updating plays the same role as in the main text: under narrative-based income forecasts, the peak effect falls from 77 basis points under full updating to 53 basis points at $\eta = 0.48$ and 38 basis points at $\eta = 0.25$, it arrives two and three quarters later, and the share of the effect that materializes after the episode rises from zero to 10 and 26 percent.

Table G.1 Sticky Narratives: Alternative Assumptions

Variant	Peak π gap (bp)	Cumulative π gap (bp)	Share after episode (%)	Cumulative c gap (log bp)
Baseline ($\eta = 0.48$)	14.0	64.7	5.5	33.5
Partial updating, $\eta = 0.25$	9.6	58.6	17.8	20.8
Full updating, $\eta = 1$	18.4	61.4	0.0	43.8
Public narrative attributes half of inflation	6.7	31.4	5.7	16.1
Public narrative lasts 12 quarters	11.4	103.6	1.9	26.4
Perceived persistence 0.92	5.4	25.0	5.7	12.8
Perceived persistence 0.99	26.7	122.3	5.3	64.3
Taylor coefficient $\phi = 1.25$	41.0	162.1	4.6	98.5
Firms share the narrative[a]	11.9	71.6	20.1	−72.3
Income forecasts follow the narrative	−53.2	−314.9	10.3	−97.5
Infinite-horizon households	−47.4	−279.3	10.2	−87.7

Notes: Fall in productivity of 10 percent ($\rho_a = 0.9$); in quarters 1–6 a public narrative attributes all inflation to a cause with persistence 0.95. Differences from the rational-expectations path, summed over 40 quarters. Each row changes one assumption relative to the baseline. "Share after episode" is the share of the cumulative inflation gap realized after the public narrative ends. [a] End of the episode unanticipated. Calibration as in Andre et al. (2026), based on Galí (2015) and Christiano et al. (2011).