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ABSTRACT

The Demand for Economic Narratives*

Economic narratives are pervasive in the public discourse and can shape individual behavior. But so far we know very little about whether households actually demand and value narratives as information. We combine a comprehensive expert survey with a large-scale nationally representative household sample in the U.S. to examine the demand for economic narratives in a high-stakes environment of an unprecedentedly high recession probability. We document a substantial willingness to pay for economic narratives of more than 4 USD, which is higher than for numerical forecast information. The dominant motives for acquiring narratives are intrinsic, but a smaller share of participants also lists instrumental motives. Economic narratives improve respondents' understanding of recession drivers and shape beliefs about the economy and spending, but exert only a minor impact on quantitative expectations. Our findings underscore the potential of narratives as a tool to improve economic understanding and to foster more informed decision-making.

JEL Classification: D83, D84, D12, E32, E71

Keywords: narratives, experts, information acquisition, willingness to pay, expectation formation, belief formation, spending intentions, recession

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1 Introduction

Economic narratives — explanations about the causes and consequences of economic phenomena — are omnipresent in the media and public discourse. A growing experimental literature documents that narrative interventions, typically drawn from explanations of experts, can shift beliefs and intended actions of households when information is exogenously provided (Gorodnichenko *et al.*, 2023; Andre *et al.*, 2025). In practice, however, exposure to expert explanations is rarely passive; it requires attention, effort, and often cost (Maćkowiak and Wiederholt, 2025). An important, yet uncharted step in assessing the real-world influence of economic narratives is to determine whether individuals actually demand and value such information.

In this paper, we quantify the willingness to pay (WTP) for economic narratives and explore the determinants and consequences of this demand. Our experimental design rests on two large-scale surveys, targeting a comprehensive sample of renowned academic experts ($N = 160$) based in the United States (U.S.) and a large, broadly representative sample of the U.S. population ($N = 9,123$). Our laboratory is the historically high threat of a U.S. recession in late 2023, which, according to New York Fed forecasts, even exceeded the ex-ante recession probability observed prior to the 2007–08 Financial Crisis. This setup provides a high-stake testing ground on a macroeconomic phenomenon about which numerous competing explanations were widely discussed in the news and public discourse, confronting individuals with the challenge to make sense of ambiguous signals. We use this setting to explore three questions: (i) Are individuals willing to give up money to receive economic narratives from experts about this phenomenon? (ii) What determines the WTP for economic narratives, and what are people's motives when purchasing narratives? (iii) To what extent do the economic narratives that individuals purchased shape their expectations and intentions?

We begin by eliciting explanations for the elevated U.S. recession probability from renowned academic economists based in the U.S. Participants are recruited from the Economic Expert Survey, the most comprehensive expert survey globally that has been used in previous research requiring high-quality assessments by professional economists (e.g., Andre *et al.*, 2022; Boumans *et al.*, 2024), and the NBER research network. We ask the respondents in our expert survey to articulate, in their own words, why they believe that recession probability has surged, and apply a tailored manual coding scheme to quantify the explanations. We then present these narratives to a nationally representative sample of U.S. households within an incentivized information acquisition experiment, allowing participants to purchase access to these expert narratives.

Our main experiment uses a between-subjects design. We vary conditions along two main dimensions: First, we allow a randomly selected group of participants access to an estimate of the recession probability calculated by the New York Fed. Second, our main intervention offers participants the possibility to acquire expert narratives about the

main drivers of a possible recession (collected in our expert survey). For both dimensions, we vary whether the information (i) is not provided, (ii) can be acquired by giving up additional payment, or (iii) is provided to all participants in this condition. We also include a complementary treatment condition in which participants can acquire different types of narratives, allowing us to study the motives underlying their acquisition decision. Using incentivized multiple-price-list scenarios, we elicit individuals' WTP and approximate the demand curve for economic narratives. At the end of the survey, we ask all respondents about their posterior narratives, macroeconomic expectations, understanding of recession dynamics, and spending beliefs.

We document three sets of main results. Our first main result is that households have a large average demand for economic narratives. On average, participants in our baseline sample are willing to pay 4.23 USD to obtain the consensus narrative of academic economists. This amount is roughly equivalent to the price of a physical copy of the Financial Times purchased at a newsstand in New York City. Our setting is also specifically designed to measure the demand for narratives vis-a-vis numerical information about the recession forecast of the Fed. We find that the amount retrieved in our baseline narrative scenario is significantly higher than the willingness to pay for the Fed's recession probability forecast, for which participants are willing to pay an average of 3.61 USD. Participants that are provided with the Fed's forecast prior to being offered the expert narrative still have an average WTP of 4.07 USD for the narrative. These results show that, in our setting, expert narratives are at least as valuable to the population as numerical forecasts, and that expert narratives are not (perfect) substitutes for numerical information but rather seem to complement the numerical information. Assessing the quality of our WTP measures, we find strong evidence of both high external validity and discriminant validity. Using an obfuscated follow-up survey, we show that our measure of WTP for expert narratives not only significantly predicts individuals' real-world news consumption but also has a domain-specific nature, selectively predicting economic (and political) news consumption but not other types of news.

Our second set of main results documents the determinants and motives of individuals' demand for expert narratives. We uncover rich heterogeneity in the WTP across a range of socio-economic characteristics: high-income earners, women and more patient respondents exhibit above-average willingness to pay for expert narratives, whereas older, and more uncertain individuals show markedly lower demand relative to the baseline. In contrast, respondents' prior belief about the likelihood of a recession is not substantially linked to their WTP.

To uncover the motives behind respondents' demand for expert narratives, we designed open-ended text questions in which individuals are asked to explain their decision to acquire or not to acquire the information, prior to (potentially) receiving the narrative. Those who bought the economic narrative at any price respond that various forms of intrinsic motivation were the primary driver for their decision. These motives include

personal interest or the desire to better understand the current economic situation. A non-negligible share of individuals also responded to expect financial gains from acquiring expert information. Consistent with textbook models of economic demand, individuals who did not buy the narrative at any price respond that for them, the monetary reward has a higher value compared to the value of the information (the dominant motivation among never-buyers). Others report that the value of the monetary reward exceeded the value of the information beyond a certain threshold (the dominant motivation among those who purchased at low prices but discontinued buying when prices increased).

We also designed a dedicated treatment condition which allows us to specifically study whether the acquisition of narratives is rather motivated by accuracy concerns or by motivated beliefs. In this condition, respondents can choose whether they want to acquire the dominant "consensus" narrative, or the narrative provided by the most pessimistic or the most optimistic experts. We can then link individuals' decision about which narrative to buy with their own prior beliefs regarding the recession probability of the U.S. Under motivated beliefs, we would expect pessimistic (optimistic) respondents to be more likely than others to choose the pessimistic (optimistic) narrative. Contrary to this hypothesis, our analysis reveals that accuracy concerns largely dominate, but we also document a (smaller) share of pessimistic respondents who seem at least partially driven by motivated beliefs.

Our third set of main results shows that economic narratives are persuasive and consequential for the formation of economic beliefs. Based on our random assignment to the different treatment conditions, we can study the effects of receiving the expert narrative information versus the numerical recession forecasts provided by the Fed. In addition, we can also examine whether combined exposure to both types of information amplifies or mitigates the baseline effects. As a first part of our consequentiality analysis, we explore whether economic narratives cause respondents to update their posterior recession beliefs. As expected, our results show that the recession forecast by the Fed leads respondents to update their numerical recession expectations, while narratives, which do not convey any information about the likelihood of recessions, do not shift quantitative expectations. Interestingly, updates are smaller if the numeric recession forecast is paired with the narrative, suggesting that qualitative explanations can attenuate quantitative information.

While narratives have little impact on quantitative expectations, they significantly shape qualitative economic beliefs. Individuals in the narrative treatment groups strongly update their beliefs regarding the economic *mechanisms* driving the high recession risk (with no statistically significant effects for the Fed forecast groups). Individuals assigned to the narrative treatment groups are significantly more likely to report that tightened monetary policy (the explanation by experts that participants received as a narrative) is driving the elevated recession risk. Reassuringly, we find no such effect on any alternative recession narratives.

In a next step, we document that economic narratives improve respondents' understanding of the underlying phenomenon. Our analysis shows that exposure to narrative information significantly increases both individuals' *subjective* understanding of recession dynamics and their *objective* knowledge about recessions, as measured through a set of questions on recession symptoms. By contrast, we find no such effects when individuals receive only the numerical information on the Fed's estimated recession probability. When both forms of information are provided jointly, however, the effects tend to be amplified, indicating a complementary relationship between quantitative recession signals and explanatory context.

Lastly, we analyze whether improved understanding and knowledge translates into behavioral intentions and spending plans. We measure both individuals' personal spending plans and their general beliefs about whether current conditions are favorable for spending. Exposure to the economic narrative has no effect on personal spending intentions but it substantially reduces the share of respondents who agree that now is a good time for spending in general. Consistent with the consumption Euler equation, informing individuals about the high recession risk similarly decreases general spending beliefs, but the effect is amplified when the numerical recession forecast is supplemented by qualitative narrative information. Zooming in, the effect on general spending beliefs is driven primarily by expenditure on durable goods, consistent with their greater potential for intertemporal substitution.[1] We find no effects of economic narratives on policy preferences or key macroeconomic indicators (inflation, unemployment, interest rates, or housing prices).

As a finishing touch, our experimental design allows us to examine whether the effectiveness of economic narratives depends on whether individuals encounter them through passive exposure or active information acquisition. While prior research has focused on passively delivered narratives in information provision experiments (e.g., Andre *et al.*, 2025), real-world settings often require people to actively seek information, which might affect how the information is processed. Comparing treatment conditions with passive information provision to those with an active information acquisition setting, we find that the effects of economic narratives on beliefs and understanding of recessions are largely similar. Thus, at least in our particular setting, individuals are broadly receptive to expert narratives, regardless of whether they are provided directly or obtained through active search. This finding is encouraging for the extensive literature on information provision experiments (see Haaland *et al.*, 2023) and, in particular, for studies employing narrative interventions (Andre *et al.*, 2025). It suggests that these approaches—often simpler and less resource-intensive—can generate results comparable to those obtained from more realistic information acquisition tasks when examining the effects of narratives.

[1] The divergence between general spending beliefs and personal spending plans is in line with the well-documented "optimism bias" in social psychology research, showing that individuals systematically underestimate the likelihood of experiencing negative events personally, while acknowledging that such events happen to others (e.g., Weinstein, 1980).

Our paper has important implications for the design of economic policies, especially their communication through economic experts. Across the board, our results suggest that individuals have a considerable demand for expert narratives that make sense of macroeconomic phenomena. Obtaining these explanations also significantly improves individual's understanding of these phenomena and shifts their general economic beliefs. From a policy perspective, providing clear explanatory context to quantitative information in communication campaigns may increase public understanding of policy interventions. From a research perspective, our results echo the main message of previous work that emphasizes the need to integrate bounded rationality and sticky or noisy models into macroeconomic frameworks. The gap between theoretical predictions and observed behavior[2] underscores the need for future research investigating the mechanisms by which narratives influence beliefs, knowledge, and economic expectations.

Contribution to the Literature The main contribution of our study is to provide the first comprehensive assessment of the demand for economic narratives. Thereby, we contribute to a burgeoning literature on the role of narratives in economics. The study of economic narratives has gained considerable attention in recent years, particularly for their impact on individual expectations and behavior. Shiller (2017) emphasized the importance of narratives in shaping economic events, coining the term "narrative economics" to describe how popular stories can influence macroeconomic developments. Beyond Shiller, a growing body of literature supports the idea that narratives shape expectations and behavior by providing accessible explanations for complex economic phenomena. This includes both theoretical contributions (e.g., Bénabou *et al.*, 2018; Eliaz and Spiegler, 2020; Flynn and Sastry, 2024; Schwartzstein and Sunderam, 2021, 2022) and empirical studies (e.g., Goetzmann *et al.*, 2022; Han *et al.*, 2024; Shiller, 2017), as well as research exploring the behavioral aspects underlying these effects (e.g., Barron and Fries, 2024; Graeber *et al.*, 2024a,b; Kendall and Charles, 2024). Additionally, Andre *et al.* (2025) found that inflation-related narratives differ greatly between experts and non-experts, and that providing information about expert narratives significantly influences households' macroeconomic expectations. Our research contributes to this expanding literature by shifting the focus from the *supply side* to the *demand side*. We connect to previous work that individuals value economic explanations that make sense about economic phenomena, and show that respondents are willing to give up considerable amounts of money to gain access to such information. We also document that exposure to this information has substantial impact on economic beliefs and the understanding of economics.

By studying the demand side of economic narratives, we also relate to a growing experimental literature studying information acquisition, primarily via incentivized elicitation methods (as recently reviewed by Haaland *et al.*, 2023). Other papers in macroeconomic

[2]Under the conventional full-information rational expectations paradigm underlying most macroeconomic models, the WTP for economic narratives should be zero.

settings study either how individuals acquire numerical forecasts (e.g., Fuster *et al.*, 2022; Roth *et al.*, 2022), special reports (e.g., Mikosch *et al.*, 2024) or rely on self-reported information acquisition (e.g., Link *et al.*, 2023). Another related line of research looks at how people value different types of news content, for example opinionated versus objective news or entertaining versus accurate information (e.g., Bursztyn *et al.*, 2023; Chopra *et al.*, 2024). We contribute to this literature by showing that individuals have substantial demand for economic expert narratives around macroeconomic trends, even beyond their demand for statistical information about these trends. Further, we show that the dominant motive for information acquisition in this context is intrinsic learning rather than motivated reasoning.

2 Experimental Setting and Design

In this section, we describe our experimental setup and the samples we are using in our analysis. Our main goal is to study the demand for economic narratives, its underlying drivers, and the downstream effects of narrative acquisition on macroeconomic expectations and individual decision-making. Conceptually, we draw on recent work in behavioral macroeconomics, which considers narratives as causal accounts of why a given event, episode, or phenomenon occurred (e.g., Andre *et al.*, 2025; Barron and Fries, 2024).

2.1 Setting

Our setting exploits the rising fear of a possible recession in late 2023 to explore the demand for macroeconomic narratives and their consequentiality. Despite a GDP growth rate of 2.5% in 2023, concerns about a potential U.S. recession in 2024 have grown steadily towards the end of 2023, gaining attention among economists, market analysts, and ultimately dominating the broader public discourse. In late 2023, U.S. Treasury spreads implied a one-year-ahead recession probability of 46 percent for late 2024, the highest level observed in four decades. This spike even surpassed the ex-ante probability of a recession observed during the 2007–08 Financial Crisis (see FED New York, 2024). Figure (B.1) in the Appendix provides a validation exercise, relating the Fed recession forecast to realized recession episodes. The figure underscores that U.S. Treasury spreads have been highly predictive of economic recessions between 1960 and 2024. The remarkably high recession risk for the year 2024 was posed by the inversion of the yield curve, where short-term Treasury yields exceeded long-term yields, a pattern historically associated with impending recessions. Other financial market analysts estimated recession probabilities in a similar ballpark (e.g., J.P. Morgan, 2024). The elevated recession probability, which was widely discussed in the media, also raised concerns about a possible economic downturn among households. By the end of 2023, many individuals perceived their own financial situation to be at risk. For instance, the Expectation Index compiled by The Conference Board

(2024)—gauging consumers' short-term outlook for income, business, and labor market conditions—dropped sharply by 12.6 points to 81.1, a level close to the threshold that typically indicates an impending recession.

A variety of possible explanations for the high recession risk circulated in the media and public discourse. Many commentators attributed the high recession probability to geopolitical risks and global uncertainty stemming from the war in Ukraine and the Gaza–Israel conflict. Others emphasized unfavorable developments on financial markets, the pressures of tight monetary policy following the inflationary surge of 2022—2023, as well as slowing job growth. Through the lens of these narratives, various future economic scenarios seemed likely, and processing the competing pieces of information posed a challenging task for households without rigorous economic training. This environment serves as a high-stakes testing ground to study the demand for economic narratives provided by economic experts.

2.2 Surveys

Our experimental setting rests on two large-scale surveys. We first collect narratives explaining the high recession probability from internationally renowned academic economists. We then design an information acquisition experiment in which we offer a representative sample of the U.S. population the possibility to purchase these narratives at various price levels. Below, we describe the samples that we recruited and our survey design. Detailed survey instructions are provided in Section D in the Appendix.

2.2.1 Expert Survey

Sample We elicit economic narratives explaining the elevated U.S. recession risk through a special module of the Economic Experts Survey (EES). The EES, fielded by the ifo Institute in Munich, is the most comprehensive survey of economic experts worldwide (see Gründler *et al.*, 2023) and has been used in related studies that required high-quality responses from professional economic experts (e.g., Andre *et al.*, 2022; Boumans *et al.*, 2024). To broaden coverage of leading academic economists with expertise specifically for the U.S. economy, we supplement the EES sample by inviting all NBER affiliates not already included. The survey ran in December 2023.

The survey was sent out to 1,864 experts in total, of which 160 completed the survey. The response rate of 8.6% is comparable to similar expert surveys (e.g., Andre *et al.*, 2022; Andre *et al.*, 2025). The experts in our sample are prestigious academic economists with impact on both the public discourse and the academic sphere. Our participants include Nobel Prize winners in economics and members of economic advisory boards. Table (A.1) in the Appendix provides summary statistics of expert characteristics. On average, the experts in our sample have 3.9 journal publications in one of the "top five" economics journals, 13,353 citations on Google Scholar as of January 2025, and a Google Scholar

H-Index of 30.0 (median 23). A total of 71 out of 160 (i.e., 44%) of the participating experts have an X or Bluesky account to communicate with the public, with an average of 6,142 followers. They also published an average of 16.5 policy briefs and have 144.8 media mentions. Participants finished their PhD on average 24 years before the survey, and 82% of them are male.

Recession narratives Our survey first informs all experts about the high recession risk predicted by the New York Fed. We then adopt a dual approach to elicit experts' explanations for the elevated recession probability. To implement this approach, we randomly assign the sample to two equally sized groups. The first group was asked to describe the reasons for the high recession risk in open-ended text fields. To quantitatively explore the richness of the open-ended text answers, we manually classify expert responses using a tailored coding procedure (see Andre *et al.*, 2025 for a similar approach). The main advantage of this classification approach is that open-ended text questions prevent priming of the respondents, i.e., when structured closed-ended questions include economic narratives that our respondents would not naturally have thought about (see, e.g., Stantcheva, 2021; Haaland *et al.*, 2025).

As a validity check for our manual classification scheme, we benchmark the narratives retrieved from free-text responses against those provided by the second group of experts, which we asked to choose from a structured list of possible explanations (see Figure B.2 in the Appendix).

We employ a similar strategy to explore differential narratives across more optimistic and more pessimistic experts. Experts are classified as optimistic (pessimistic) based on whether they reported low (high) recession probabilities prior to receiving the Fed information compared to the average expert.[3]

2.2.2 Household Survey

Sample Our main household survey was collected between April and May 2024. We collaborated with the survey provider Dynata, a widely used platform for this type of research, which ensured the collection of a large representative sample of U.S. respondents. Our final sample includes a total of 9,123 respondents and is broadly representative of the U.S. population in terms of gender, age, income, education, and employment status (see Table A.2). For instance, 49% of our respondents are female (compared to 50% of the U.S. population according to official statistics from the U.S. Census Bureau). About 28% of our participants are aged 18–34 (compared to 29% of the U.S. population), while 22% are older than 65 (compared to 22% of the U.S. population). Our sample also closely matches the education and income distribution of the U.S. population, with 18.5% of

[3]Experts are classified as optimistic if they report recession probabilities lower than the 25th percentile of the expectation distribution, experts are labeled pessimistic if their recession forecasts exceed the 75th percentile of the expectation distribution.

the participants receiving an annual income of less than 25,000 USD (U.S. population: 15%) and 15% earning between 100,000 and 150,000 USD per year (U.S. population: 17%). Our sample is even reasonably close to the share of top-income earners, which is typically difficult to recruit for survey experiments (12% in our sample versus 21% of U.S. population). Complementary to the main survey on the demand for narratives, we also surveyed a randomly drawn subsample of respondents a second time in an obfuscated follow-up, which we conducted two weeks after our main survey. The sample is again broadly representative of the U.S. population (see Table A.3).

Data quality To achieve high data quality of our sample, we included several measures. To filter out inattentive respondents we included an attention check after the demographic question block. We arrived at our final sample after excluding respondents who did not provide consent, were screened out because of survey quotas, failed the attention check, did not finish the survey, clicked through the survey or answered it over multiple days. The median (mean) survey completion time was 13 (19) minutes. We also asked respondents about how they perceived the quality of the survey. In the control group 94% of participants rated the provided information in the survey as either "Very trustworthy" or "Rather trustworthy". In the other treatment groups, these numbers are very similar.

Overview Our main survey consists of three fundamental building blocks, illustrated in Figure (1). In Block (I), after respondents gave their consent to participate in the survey under data protection rules, they were asked to answer a list of socio-economic and demographic questions.[4] After an attention check, we then provide all respondents with a detailed explanation of what economists mean by 'recession' to ensure inter-personal consistency in the interpretation of the term (see the Survey Wording in Section D in the Appendix). Afterwards, we ask participants to describe the term in their own words. This step ensures that respondents have understood the provided definition of a recession (rather than just passively reading it) and strengthens cognitive processing and recall. Finally, we elicit recession expectations prior to our main experiment.

Block (II) includes our main experiment that is designed to quantify the willingness to pay for economic narratives in an incentivized setting. We first randomly split the full sample into two subgroups, and inform participants in one group about the Fed recession forecast (see C.1 of the Appendix), with the other group receiving no information. Respondents are then further divided into eight experimental groups in total, which allow us to study different aspects of the demand for narratives and their relation to other forms of information. The two baseline groups are provided with the possibility to purchase economic

[4]These questions include gender, age, state of residence (in the U.S.), highest level of completed education, annual household income, employment status, reported patience, frequency of news consumption, and self-reported political ideology (Democrat-leaning, Republican-leaning, or independent).

narratives (with and without having seen the Fed forecast). To maximize precision of our WTP estimates, we allocate the majority of respondents into these groups ($N = 4,534$ altogether, with $N = 3,036$ and $N = 1,498$ for each treatment group, respectively). Other groups receive the Fed forecast without additional information ($N = 1,489$), are offered the possibility to purchase the Fed forecast ($N = 542$), are informed about expert narratives (with and without having seen the Fed forecast) in an information provision experiment ($N = 506$ in both cells), or serve as a pure control group ($N = 514$). We also offer a subgroup of respondents the possibility to buy specific narratives from optimist and pessimist experts ($N = 1,032$). As outlined in the pre-analysis plan, the sample size of the individual groups is determined by the focus of our research questions and backed by ex ante power analyses.[5]

Finally, Block (III) includes a series of post-intervention questions, covering recession posteriors, the subjective understanding of recessions, macroeconomic expectations, policy preferences, spending intentions, and questions measuring rational inattention across key macroeconomic dimensions. The survey closes with a range of background measures and a debriefing.

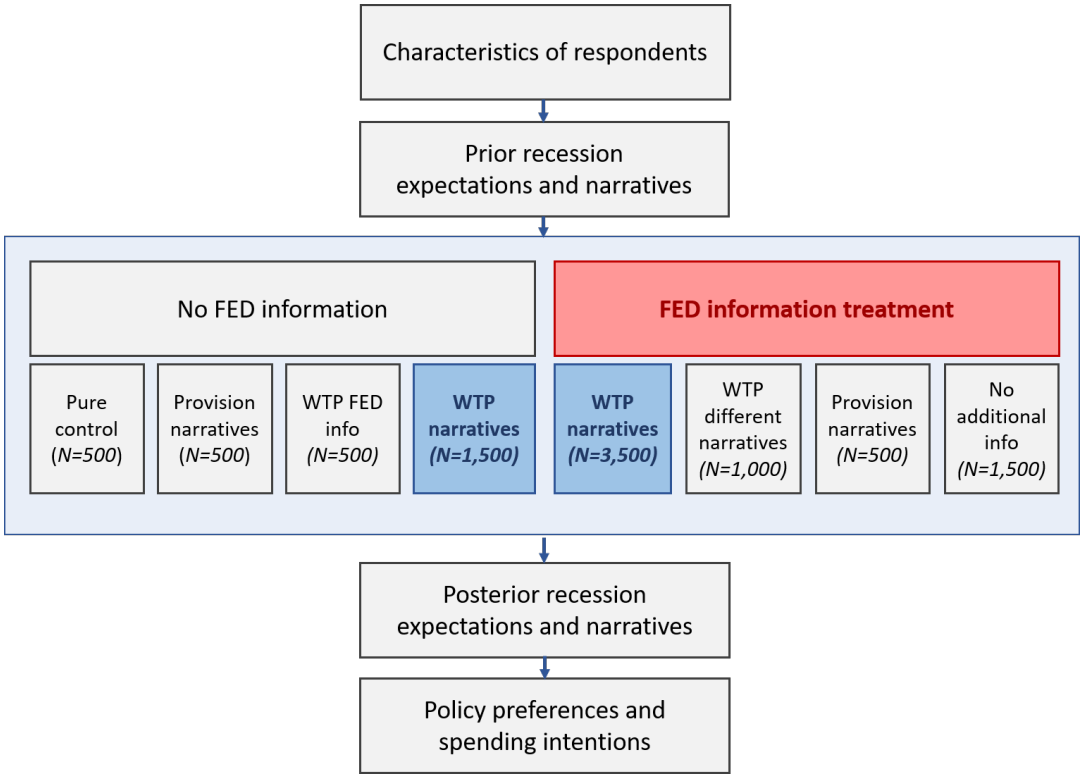
Demand for narratives The main part of our experiment (Block II) is designed to elicit the demand for economic narratives of academic experts. When eliciting self-reported demand for expert narratives, social desirability bias and experimenter demand effects, two common concerns in information experiments (e.g., De Quidt *et al.*, 2018), are potentially large. We therefore develop a design that imposes real cost on participants' behavior. Our approach builds on a multiple-price-list version of the Becker-DeGroot-Marschak method (Becker *et al.*, 1964). Similar approaches have been used in prior studies to elicit the willingness-to-pay of individuals for specific goods or information (Burchardi *et al.*, 2021; Fuster *et al.*, 2022).

Respondents in our experiment are exposed to five decision scenarios in which they have to choose between receiving an expert narrative or a monetary reward, which is incrementally increasing across scenarios (reaching from 0.05 USD to 6.90 USD). Participants learn that real stakes are involved in their choices, as each scenario has a nonzero probability of being implemented. Before entering the decision scenarios, participants saw an information screen which reminds them about this important feature of the design. Such settings have been shown to substantially reduce low-quality decision making, e.g., in the form of multiple switching (Burchardi *et al.*, 2021).[6] To mitigate centrality bias associ-

[5]Sample size was determined to have 80% power for detecting a treatment effect of 0.1–0.2 SD of the narrative provision on outcomes and $\alpha = 0.05$. The necessary sample size per treatment cell amounts to $N = 390 - 1570$; the sample size in the WTP for Narratives conditions was further increased to ensure a sufficiently large number of participants acquires the narrative.

[6]The high quality of our survey data is underlined by a very small share of multiple switchers. In fact, only 10% switch more than once. Dropping the subsample of multiple switchers does not change any of our main findings.

Figure 1 Survey Flow of Experimental Design



Notes: The figure shows the survey flow underlying our experimental design. The term "WTP" refers to willingness to pay. "Narratives" refers to the consensus estimate, i.e., the primary narrative provided by the majority of experts. "WTP Different Narratives" describes the subgroup of respondents that are offered to purchase narratives from optimist and pessimist narratives in addition to the consensus narrative.

ated with multiple price lists on a single screen (Shubatt and Yang, 2024), we present each scenario on a separate screen. Respondents who selected the narrative over the highest monetary offer (6.90 USD) are subsequently asked, in an open-ended format, to report the compensation required for them to opt for the monetary reward instead of the narrative.

For our baseline analysis, participants are offered the dominant ("consensus") narrative elicited in our expert survey. We consolidate the choices of individuals into two metrics that reflect the demand for narratives. For each decision scenario, we quantify the share of respondents that is willing to purchase the experts' narrative, allowing us to estimate a demand curve. We also use this information to calculate the average maximum willingness to pay of participants.

Our baseline analysis examines the demand for expert narratives among individuals who were informed about the recession probability by the Fed, compared to those who did not receive this information. We complement this analysis with several additional information acquisition tasks to benchmark the demand for expert narratives. In one

experimental arm, we offer participants the opportunity to purchase the Fed's recession forecast, allowing us to explore the demand for objective (yet unguided) information versus economic explanations. In a separate treatment arm, participants choose from a menu of expert explanations, which supplements the consensus narrative with optimistic and pessimistic perspectives.

To assess whether the impact of expert information differs between self-acquired and passively received explanations, we also conduct an information-provision experiment that *exposes* two participant subgroups to the consensus narrative. Similar to our baseline experiment, one group is informed about the Fed's recession probability before the intervention, while the other group is not. The remaining participants were allocated into two control groups, one that serves as a pure control group, and the other receiving the Fed recession forecast but no additional information.

Implementation of choices and consequentiality of narratives Upon completing all decision scenarios, one choice is randomly selected for implementation. If participants opted for the purchase of the narrative in the selected scenario, they receive an account that (truthfully) presents the corresponding narrative, supplemented with background information outlining the economic mechanisms (see Figure C.2 in the Appendix). In the final step of our survey, we ask respondents a series of post-treatment questions that allow us to explore several aspects related to the consequentiality of receiving these economic narratives. The set of questions includes quantitative and qualitative recession posteriors along with questions that elicit the understanding of recessions. We also ask participants about their broader macroeconomic expectations and beliefs, policy preferences, and a series of spending intentions. Finally, we also assess rational inattention to different aspects of the macroeconomy.

Classifying the motivation to buy narratives To elicit people's motives to purchase economic narratives, our survey includes open-ended text questions to prevent priming of respondents. We carefully went through a randomly drawn sample of responses to derive a tailored coding scheme to assign answers to specific motivations of buying economic narratives. The coding scheme along with details and examples of the assigned codes is listed in Tables (A.7) and (A.8) in the Appendix. We instructed research assistants to independently apply this coding procedure to all text responses, ensuring that all coders remain blind to the research objectives. We prefer human coding over artificial intelligence methods, as AI often struggles to detect implicit causal structures in human language, which is an intuitive task for human coders. Our method allows us to capture the full richness of our narrative data (see also Andre *et al.*, 2025 for a similar approach).

Compared to other coding tasks in social surveys, identifying people's motives is particularly challenging, as motives are sometimes intuitive and overlap. To minimize the risk of miscoding, we take two steps: first, we provide extensive training for coders, and,

second, each response is independently coded by two research assistants. The assigned codes overlap in 73% of cases, showing a high inter-coder reliability. Remaining discrepancies are resolved through review by the author team, ensuring that difficult cases receive a third evaluation.

3 Demand for Economic Narratives

This section presents evidence on the demand for economic narratives from our incentivized information acquisition experiment. We start by describing the macroeconomic narratives elicited in our expert survey, which serve as the informational treatments in the acquisition task. We then present our main findings on households' willingness to pay for these narratives.

3.1 Recession Narratives of Experts

The prevailing (consensus) narrative among experts attributes the elevated recession risk to the Fed's tight monetary policy response to the 2022–23 inflation surge (Figure B.2 in the Appendix). This narrative is retrieved consistently from coding of open-ended text questions (Panel a) and choices from structured closed-ended lists, which serve as a validation exercise (Panel b).[7] Expert narratives also show similar frequencies across elicitation types regarding other potential explanations of a recession, such as low consumption spending and geopolitical risks.

Distinguishing between narratives of pessimistic and optimistic experts, we find that pessimists again predominantly attribute the elevated recession risk to monetary tightening (Panel d), whereas optimists emphasize geopolitical factors as the primary drivers (Panel c).

3.2 Households' Demand for Economic Narratives

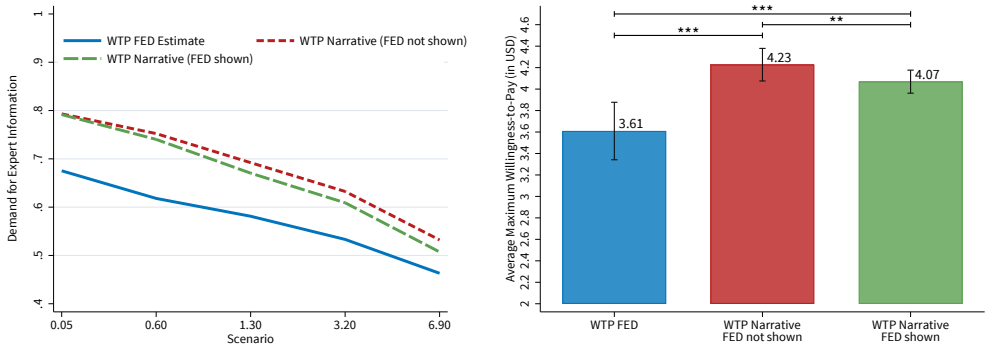
Our experiment reveals a significant demand for expert narratives among households. Figure (2) illustrates this demand, comparing the willingness to pay for economic narratives of participants who received information about the Fed's recession forecast prior to the decision scenarios (green dotted line) with those who did not (red dotted line). Additionally, we compare the demand for expert narratives with the willingness to pay for the Fed's recession probability (blue solid line).

At the lowest price of 5 cents, about 80% of respondents opt to receive the expert narrative. As the price increases, demand gradually declines, with an average of 50% choosing the expert narrative over a maximum additional payoff of 6.90 USD. Across scenarios, the

[7] Limiting the sample to experts active in fields of macroeconomics, tight monetary policy as a driver of the recession risk finds even stronger support.

Figure 2 Demand for Economic Narratives and Fed Information

(a) Relative Demand **(b)** Willingness to Pay



Notes: The left figure plots the share of respondents deciding to acquire the respective information (narrative or Fed information) at a given price level. The right figure shows bar graphs of the respective average WTP for the economic narrative or the Fed information. Confidence bands at the 95% level are included.

demand for expert narratives is lower among participants who were previously informed about the likelihood of a recession compared to those who did not receive this information. Notably, the demand for narratives is substantially higher compared to the willingness to pay for numerical information about the Fed's recession forecast.

Using respondents' choices across decision scenarios, we calculate their individual maximum willingness to pay for economic narratives. We adopt a conservative approach and assign participants the lower bound of the last decision scenario at which they choose to purchase the expert narrative. For example, if a respondent chooses to acquire the narrative at a price of 1.30 USD but opts for the additional payoff at 3.20 USD in the following scenario, we assign this respondent a willingness to pay of 1.30 USD.

Our experiment reveals an average willingness to pay for expert narratives of 4.07 USD for respondents that received the Fed's recession forecast prior to the acquisition task, compared to 4.23 USD for those who did not see this information. This difference, which is statistically significant at the 1% level, suggests that narratives and quantitative information are partial substitutes, but also implies that narratives are generally viewed as the more valuable form of information. Consistent with this evidence, we find that the average willingness to pay for the Fed's recession forecast of 3.61 USD is significantly lower than the demand for economic narratives. The comparatively higher demand for

narratives again underlines that individuals perceive explanations from experts as more valuable than uncontextualized numerical information.[8]

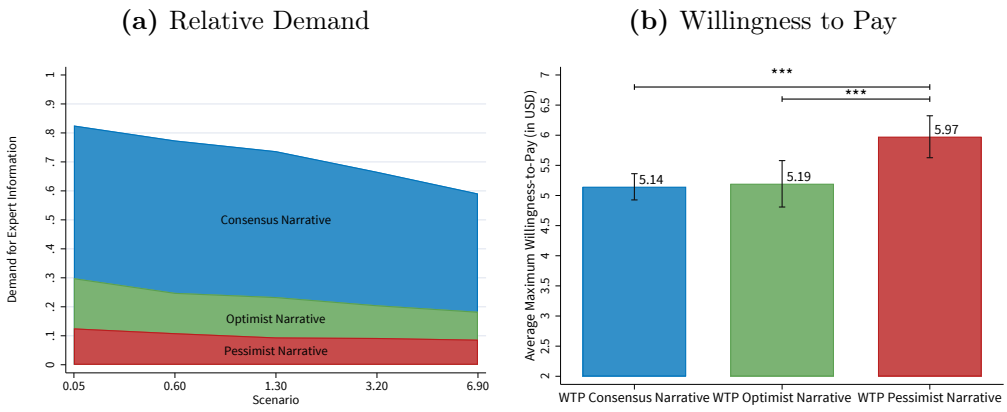
The demand for expert narratives uncovered by our acquisition experiment is economically sizable compared to the willingness to pay for other types of information (see Table A.5 for an overview). Adopting similar information acquisition designs, prior studies have found lower demand for, among others, travel information (0.40 USD, Khattak *et al.*, 2003), food certification information (0.80 USD, Angulo *et al.*, 2007), and home energy reports (3 USD, Allcott and Kessler, 2019). Closest to our estimates is the demand for information that facilitates individuals' forecast of future national home prices (4.16 USD, Fuster *et al.*, 2022). The willingness to pay for expert narratives is also similar to the price individuals would have to pay when acquiring similar assessments from other sources, e.g., a physical copy of the *Financial Times* purchased at a newsstand in New York City or a weekly premium subscription to *CNBC Pro*.

Maximum willingness to pay Approximately 50% of respondents are willing to pay the maximum amount of 6.90 USD that we offer in our incentivized information acquisition experiment. A natural question is the *maximum* amount those individuals are willing to pay for economic narratives. After individuals made their choices, we ask those who bought the narrative at the highest price what we would have had to offer them in order to take the money instead of the narrative. To prevent priming, respondents are asked to provide their answers in free-text entry boxes. This question is arguably less precise than an incentivized decision task (e.g., Yu *et al.*, 2021; Burchardi *et al.*, 2021), but provides an estimate of individuals' maximum WTP. As a baseline, we use responses to this question to expand our incentivized demand curve. This analysis implies that the demand for narratives drops to zero at approximately 50 USD (see Figure B.3 in the Appendix). We then cross-validate this result by applying both linear and quadratic out-of-sample predictions of our original demand curve. We find that open-ended text responses resemble a quadratic out-of-sample prediction, especially for values up to 20-25 USD.

Validation of the WTP via follow-up news consumption To validate our measure of individuals' willingness to pay for economic narratives, we design an obfuscated follow-up survey conducted approximately two weeks after the main experiment. In this follow-up, a subset of respondents reported their frequency of news consumption across distinct domains, including economic, political, and other non-economic topics. This

[8] We obtain qualitatively identical patterns when adopting an alternative approach to compute the maximum willingness to pay following Andersen *et al.* (2006). This approach adopts a less conservative assignment scheme, assuming that the "true" maximum willingness to pay between the last scenario (A) at which respondents opt to acquire the information and the next decision scenario (B) would be $(A+B)/2$. The method delivers an average WTP of 4.57 USD for respondents who did not receive the Fed information and 4.43 USD for respondents who did receive this information.

Figure 3 Demand for Types of Narratives (People Buying at Least Once)



Notes: Panel (a) plots the relative share of respondents acquiring a specific narrative among a list presenting the option to purchase either the consensus narrative, the narrative of optimistic experts, or the narrative of pessimistic experts. Panel (b) visualizes the average willingness to pay for the types of narratives, conditional on buying a certain type of narrative at the lowest price of 5 cents. Confidence bands at the 95% level are included.

design allows us to examine whether measured WTP in our main experiment correlates with actual information-seeking behavior over time.

The results, shown in Table (A.6) in the Appendix, reveal a positive and statistically significant relationship between the WTP of respondents we measured in our main experiment and their propensity to consume economic and political news two weeks after, while no such association emerges for other types of news consumption. This pattern suggests that our WTP measure gauges individuals' preference for acquiring economic narratives with high external validity. Importantly, the domain-specific nature of the relationship between WTP and news consumption underscores that our measure also has high discriminant validity. Individuals with a higher WTP selectively seek information in economically relevant areas rather than simply engaging in higher general news consumption.

3.3 Demand for Types of Narratives

A subgroup of 1,032 participants in our acquisition experiment was offered the chance to either buy the dominant consensus narrative or an explanation from a pessimistic or an optimistic expert. We implemented the design eliciting the demand for types of narratives similarly to our baseline willingness to pay task. Respondents were offered an additional payoff or the possibility to either purchase the dominant narrative or the narrative from experts that we explained to be particularly optimistic or pessimistic. All options were presented at the same time, with incrementally increasing payoffs across decision scenarios.

Figure (3) shows the results. Panel (a) illustrates that the majority of respondents chose to purchase the consensus narrative rather than selecting no narrative or opting for a specific narrative from pessimistic or optimistic experts. For example, in the first

scenario offering the lowest price of 5 cents, about 53% of respondents chose the consensus narrative, compared to 13% and 17% buying the pessimistic and optimistic narrative, and 17% opting for the monetary reward. This general pattern of relatively larger demand for consensus rather than optimist or pessimist narrative persists as the payoff increases. Notably, however, the willingness to purchase the consensus or optimistic narrative declines more rapidly than the demand for the pessimistic option.

Panel (b) presents the average willingness to pay across types of narratives. Since the willingness to pay for different types of narratives can only be computed for those participants who expressed any demand for expert explanations (82% of the relevant sample), we cannot compare these figures to the demand for narratives uncovered in our baseline experiment, but we can use these numbers to asses the relative value respondents attach to certain types of narratives.

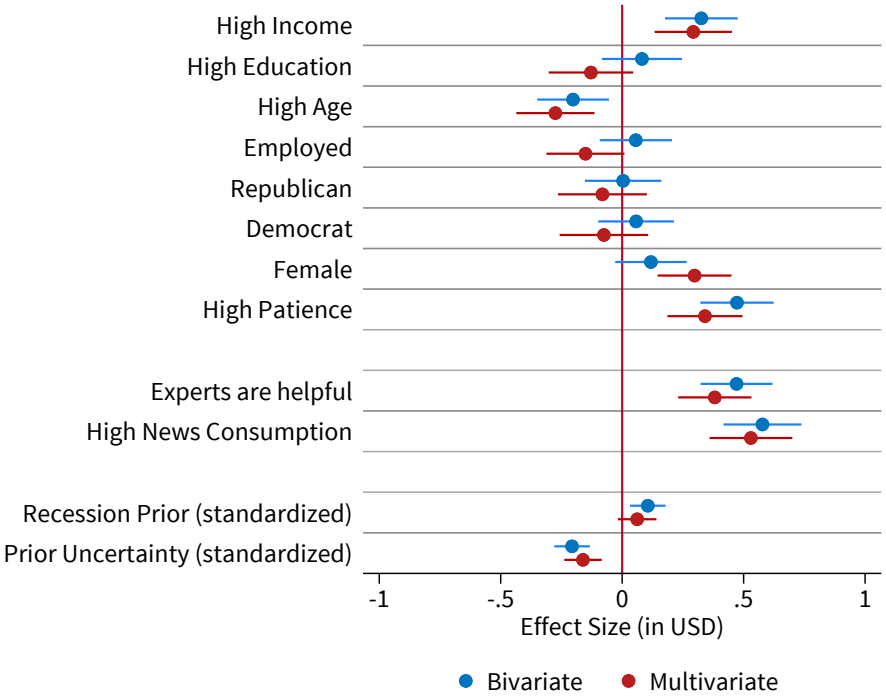
Conditional on having any demand for economic narratives, participants are substantially more willing to pay for explanations from pessimistic experts. This result aligns with the stable demand for the pessimistic option across decision scenarios depicted in Panel (a). The differences in the willingness to pay between the pessimistic narrative and the consensus or optimistic narrative are significant in both economic and statistical terms.

Single option versus multiple options Compared to our baseline acquisition task, which offers participants a single option (the consensus narrative), we find that a similar fraction of individuals choose to purchase any narrative at the lowest price in the multiple-option setting. Notably, however, the share of individuals purchasing any narrative at the highest price is larger than in the single-option case (about 60% compared to 50% in the single-option case). These differentials translate into a higher average willingness to pay for any narrative of 4.52 USD. This evidence suggests that offering more options caters to a broader range of respondents' preferences and also aligns with the *decoy* or *attraction* effect in consumer research, where adding alternative, less attractive options ("decoys") can increase demand for previously existing options (e.g., Huber *et al.*, 1982).

4 Why do People Demand Economic Narratives?

Having established a significant willingness to pay for economic narratives within a representative sample of the U.S. population, we next explore *why* participants demand economic narratives. We start by exploring how the willingness to pay for expert narratives correlates with socio-economic and demographic characteristics of respondents. Then, we explore the general motives behind acquisition choices of participants using answers to open-ended questions. Finally, we specifically study the extent to which individuals exhibit motivated beliefs (i.e., preference for information that is aligned with their priors) versus accuracy concerns (i.e., preference for the best available information).

Figure 4 Determinants of the Willingness to Pay for Economic Narratives



Notes: The figure plots the coefficients of a linear regression relating the maximum willingness to pay for economic narratives of individual i to a range of socio-economic and demographic characteristics $\mathbf{X}_i$ via $WTP_i = \mathbf{X}_i\boldsymbol{\beta} + \epsilon_i$. The figure reports parameter estimates from both bivariate (blue) and multivariate (red) estimates, with the latter including all characteristics within one model. Confidence intervals are obtained using robust standard errors and are plotted at the 90% level.

4.1 Correlational Evidence

To gain a first impression about cross-subject heterogeneity in the willingness to pay, we correlate the demand for expert narratives with a series of individual-level observables (Figure 4). The results, which are presented for both bivariate and multivariate regression models, show that the willingness to pay for expert narratives differs across socio-economic characteristics and stated beliefs.

For example, individuals with higher annual income have a significantly higher willingness to pay than others. This pattern is consistent with textbook models of demand, which, everything else equal, imply that demand increases with income. We also find that older individuals are less willing to acquire information from experts, which is in line with prior research showing that older individuals exhibit reduced information-seeking behavior, often due to cognitive decline, a preference for simplicity, or lower perceived returns from acquiring new information. Female respondents are considerably more willing to pay for narratives, which is in line with prior work showing that women exhibit generally more cautious and deliberative decision-making tendencies (Andreoni and Vesterlund, 2001). Similarly, participants with greater patience tend to demand expert narratives to a larger

extent, possibly reflecting that more patient individuals—who discount future rewards less heavily—may be more inclined to invest in acquiring information that enhances long-term outcomes.

The willingness to pay also correlates significantly with news consumption behavior and the belief that experts are helpful, revealing patterns that support the validity of our experimental design.[9] Furthermore, participants with high recession priors are more likely to choose the expert information instead of the additional return. Lastly, individuals with higher ex-ante uncertainty about their recession probability priors, or those who feel less informed to begin with, are less likely to seek additional information, possibly due to feelings of overwhelm or a belief that acquiring information will not reduce uncertainty effectively.

The correlational patterns are broadly in line with those underlying the willingness to pay for the Fed's recession forecast (Figure B.4 in the Appendix). Again, we uncover that richer and younger individuals have a higher willingness to pay, as do female respondents and participants who regularly consume news. While these consistencies may point to general patterns of information acquisition, we also uncover that cross-subject heterogeneity is less pronounced for the acquisition of the Fed forecast than for economic narratives. This suggests that individuals vary less in the value they place on unguided numerical information, and significantly more in the value they attach to economic narratives.

4.2 Reasons for the Acquisition of Narratives

Why did individuals decide to acquire a narrative about the driver of a recession? To shed light on people's motives, we asked them about the reasons underlying their decisions using open-ended text questions. These questions were asked immediately after individuals finished their acquisition choices and *before* the purchased information was provided.

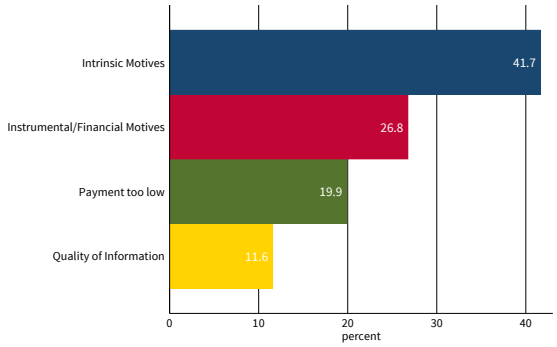
To structure the responses, we split the sample into (i) "always-buyers" who decided to acquire the information across all scenarios, (ii) "never-buyers" who did not acquire any narrative, and (iii) "switchers" who generally have a nonzero willingness to pay, but opted to switch towards the monetary reward across decision scenarios. The classification of answers was conducted manually using a tailored coding scheme (see Section 2.2.2). Results are presented in Figure (5).

Motivation among always-buyers Among those willing to purchase the consensus narrative at any price, intrinsic motivation was the primary driver, with over 40% of respondents citing a related rationale for their decision. Those individuals explained that they embrace the economic narrative out of personal interest, curiosity, or a desire for

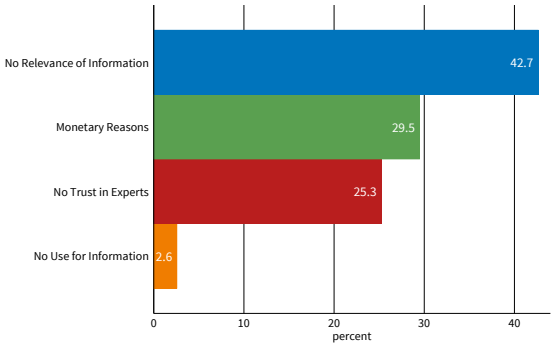
[9]Note that in the pre-analysis plan we defined "trust" in experts as a potential determinant for the WTP. We decided to use the "experts are helpful" category instead, since results are slightly more precisely estimated. Yet, results for trust in experts look very similar ($\beta = 0.32$, $p = 0.001$, in the multivariate regression).

Figure 5 Reasons for Buying and Not Buying Economic Narratives

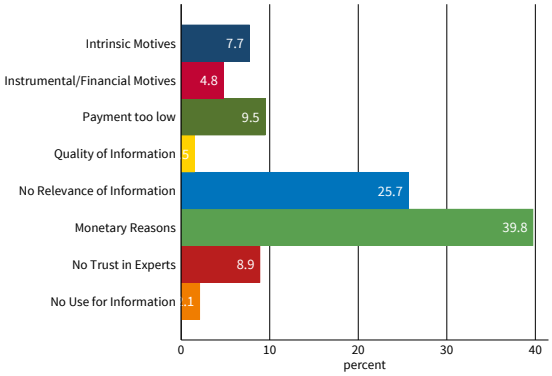
(a) Always Acquire Narrative (N=2,932)



(b) Never Acquire Narrative (N=894)



(c) Sometimes Acquire Narrative ("Switchers") (N=1,724)



Notes: The figures plot the relative share of answers falling into the specific categories. *Intrinsic Motivation* contains the codes of intrinsic motivation, motivated beliefs and accuracy concerns. *Instrumental/Financial Motivation* contains the respective two categories. *Quality* contains answers citing experts as a sign of quality, *Payment too low* are answers where respondents related to the amount they were offered. *No Trust* included answers that stated skepticism towards experts/the design or the underlying macroeconomic development. *No Relevance* contains answers that expressed a lack of relevance, availability of information or prior knowledge. *No Use* entails that a person would not be able to use/understand the information. *Monetary Reasons* describe answers, which included reference to the payoff. Note that multiple classifications of a given open-text answer are possible.

understanding economic mechanisms, even if this knowledge is not of immediate practical use. Beyond this knowledge-seeking motive, approximately 27% indicated instrumental or financial reasons, such as using the acquired information for investment decisions or anticipating future stock and labor market trends. Additionally, 12% stated that their main motivation was the perceived high quality of the information. Reassuringly, a substantial 20% of respondents explicitly responded that they did not find the potential payoff high enough, i.e., they valued the information more highly. This suggests that households understood the design and made their decisions accordingly.

Motivation among never-buyers Turning to those participants who never bought any narrative, we find that the primary reason for non-acquisition was the perception that the information will have no relevance (42.7%). Some of the respondents explained that they think they already possess this information or that it can be found somewhere else. A significant share of around 30% stated that they made their decision based on the monetary value of the available additional payoff, a response that is consistent with both the design of our acquisition task and textbook models of demand. Another 25% of the participants expressed low trust in the reliability of the provided information as a reason for their decision, with most participants explicitly saying they do not have trust in experts. Finally, a small fraction of respondents stated that the information would not be of any use to them.

Motivation among switchers Understanding the reasons for switching between buying and not buying the narrative is of particular interest, as such a decision should be more deliberate and independent from specific individual characteristics. The overwhelming reason for switching (about 50% of cases) is that the monetary reward becomes more attractive as it increases across decision scenarios, ultimately surpassing the perceived value of the expert narratives. Again, this pattern reflects the design of our acquisition task. Similarly, another 25% of participants indicated that they did not find the information relevant enough to justify foregoing the additional payment. Around 9% stated that their trust in experts was insufficient to warrant the acquisition beyond a certain payoff, while approximately 8% reported losing intrinsic interest in the narrative when opportunity costs became too high.

Acquisition reasons and demand Since the willingness to pay differs among switchers, we can use responses of this group to relate the reported causes of acquisition to the demand for economic narratives (Figure B.5). This analysis reveals that the willingness to pay is particularly high if respondents are intrinsically motivated, i.e., if the acquisition choice is driven by a genuine desire to learn, understand, or satisfy curiosity. The willingness to pay is also relatively higher if the perceived financial utility or quality of the information is high (albeit not being statistically significant at the 10% level). Regarding

non-acquisition, we find that respondents' demand for expert narratives is especially low when they distrust experts or believe they will have no use for the information.

4.3 Motivated Beliefs versus Accuracy Concerns

To specifically explore whether people's choices are driven more by *motivated beliefs* (i.e., preferences for information that is aligned with own priors) or *accuracy concerns* (i.e., preference for the best available information), we next relate the reasons underlying peoples' acquisition choices to the demand for types of narratives (see Chopra *et al.*, 2024; Faia *et al.*, 2024 for similar approaches). Whether individuals seek explanations to confirm their beliefs or to gain accurate information is crucial for understanding the broader implications of the high demand for expert narratives, particularly their potential as a tool for improving economic communication and promoting informed decision-making.

We first explore differentials in the demand for certain types of narratives among participants who were informed about the Fed's recession forecast. These participants learned that their prior beliefs were either overly optimistic, pessimistic, or reasonably accurate regarding the likelihood of a possible recession (Panel a of Figure 6).

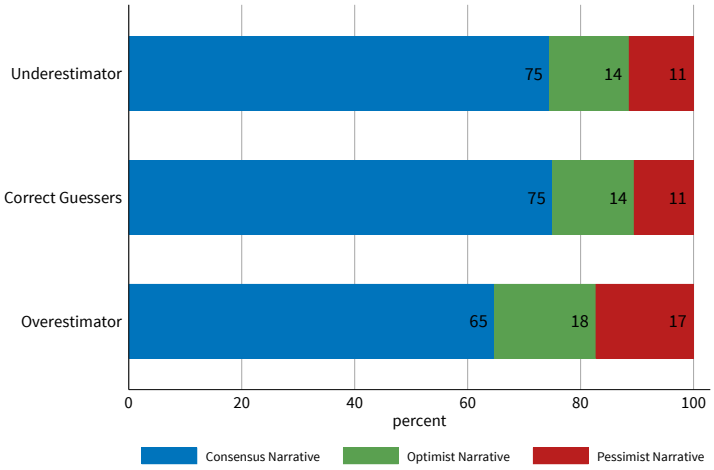
Our analysis reveals two distinct patterns. First, accuracy concerns largely dominate, as the majority of participants chose to purchase the consensus narrative regardless of how close to the Fed numbers their recession forecast was. Second, the choices of pessimistic respondents (i.e., those who overestimated the recession probability) are at least partially also driven by motivated beliefs. Relative to respondents who correctly guessed the recession probability, pessimistic respondents are significantly more likely to purchase the narrative provided by a pessimistic expert (17% versus 11%, $p = 0.016$) and are less likely to opt for the consensus narrative (65% versus 55%, $p = 0.004$). We do not find significant differentials regarding optimistic participants.

Next, we relate self-stated reasons for why participants choose to buy narratives to the types of narratives they purchased (Panels b and c of Figure 6). We find that only a very small fraction of participants who expressed motivated beliefs opted for the consensus narrative (6%) while the overwhelming majority either decided to buy the optimistic (53%) or the pessimistic (41%) narrative. On the other hand, individuals who refer to accuracy concerns are substantially more likely to acquire the consensus narrative (94% versus 64%). According to the Condorcet Theorem or the theories of swarm intelligence, the consensus narrative—reflecting the collective judgment of the largest group of experts—should have the highest ex-ante probability of being accurate, as compared to experts applying either an optimistic or pessimistic stance.

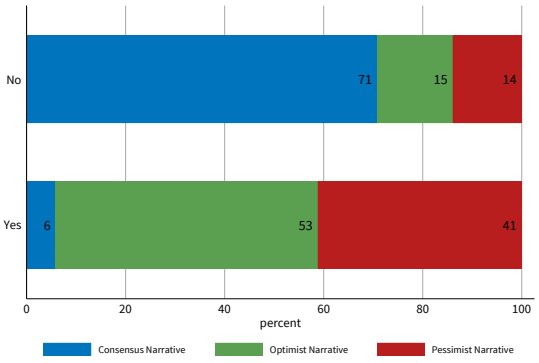
In summary, our results suggest that most individuals are driven primarily by accuracy concerns, while some respondents, particularly those being overly pessimistic, also exhibit belief confirmation motives when demanding expert narratives. This evidence suggests that people are generally more receptive to explanations reflecting the dominant views

Figure 6 Motivated Beliefs versus Accuracy Concerns in the Choice of Narratives

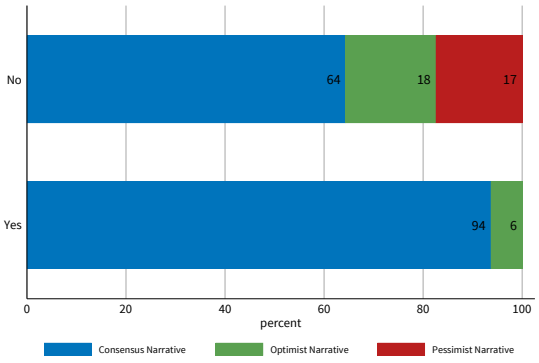
(a) Demand for Types of Narratives and Accuracy of Priors



(b) Motivated Beliefs



(c) Accuracy Concerns



Notes: The figures visualize the results of our analysis regarding motivated beliefs versus accuracy concerns. The analysis only considers respondents who decided to acquire any kind of narrative in the most expensive scenario (6.90 USD). In Panel (a), we relate the demand for types of narratives to the accuracy of individuals' priors. Underestimators have priors, which are 5 pp or more below the Fed recession risk estimate of 46%, Correct Guessers are within 5 pp above and below the Fed recession risk, and Overestimators have a prior 5 percentage points or more above the Fed recession risk. The respective number of respondents being Underestimators, Correct Guessers, and Overestimators are 157, 104 and 346. In Panels (b) and (c), we show the percentage of individuals buying a certain option conditional on having stated in open-ended text answers that the reason for their purchase decision was motivated reasoning (Panel b) or accuracy concerns (Panel c). The respective number of respondents expressing motivated beliefs are 17 vs 590 not expressing and 95 respondents expressing accuracy concerns (vs. 512 not expressing them).

among experts rather than those from a selective group that reinforces their prior beliefs, highlighting the potential of narratives as a tool to enhance economic understanding and promote informed decision-making.

5 The Effects of Economic Narratives

We next study whether receiving economic narratives from renowned experts leads to *actual* changes in people's macroeconomic expectations, their understanding of macroeconomic trends and mechanisms, and their beliefs and economic choices. Our experimental design also enables us to study the effects of economic narratives versus uncontextualized numerical information, as well as potential different effects of acquired vis-a-vis provided narratives. The richness of our survey allows us to explore a substantially broader set of outcome variables than examined in previous work.

5.1 Empirical Specification

Our main analysis to study the causal effects of economic narratives focuses on plain intention-to-treat (ITT) estimates, using treatment *assignment* to groups as the key treatment variables. We estimate variants of the following specification

$$Y_i = \alpha + \beta_1 \text{FED}_i + \beta_2 \text{Narrative}_i + \beta_3 (\text{FED}_i \times \text{Narrative}_i) + \mathbf{X}_i \boldsymbol{\theta} + \epsilon_i, \tag{1}$$

where we relate several outcome variables Y_i (covering i's expectations, beliefs, understanding of recessions, and spending intentions; see Table 1 for an overview) to three types of treatment indicators. The first treatment indicator (FED_i) equals 1 if the respondent was provided with the Fed recession forecast, and 0 otherwise. The narrative indicator (Narrative_i) equals 1 if the respondent was assigned to a narrative group (either in the provision or the acquisition group) and 0 otherwise. We also explore the interaction between both treatments ($\text{FED}_i \times \text{Narrative}_i$) to study whether combined exposure to the Fed forecast and economic narratives produces non-additive effects, shedding light on potential complementarities or substitution between numerical and narrative information. All treatment interventions are evaluated against a pure control group.

The ITT estimates in equation (1) measure the average causal effect of assignment to each treatment condition. Under random assignment, these estimates provide unbiased measures of treatment effectiveness irrespective of compliance (e.g., Angrist *et al.*, 1996). Our approach captures the impact of offering the interventions, accounting for imperfect adherence. As such, our estimates represent a conservative lower bound on the effect of actual treatment receipt.

Key identifying assumption and integrity of randomization The key identifying assumption of our model is that treatment assignment is random and thus independent of potential outcomes, ensuring that differences in outcomes between groups reflect the causal effect of receiving the Fed information or being offered the economic narrative. In Table (A.4) in the Appendix, we present results from balance regressions

Table 1 Overview of Outcome Variables

Outcome Variable	Definition
Recession Probability Updating	Difference between posterior and prior expectation of a recession (posterior minus prior).
Monetary Policy Narrative (support)	z-scored posterior measure of support for the monetary policy narrative; positive values indicate more support in the posterior.
Subjective Understanding	z-scored self-assessed understanding of reasons for a recession; positive values indicate more confidence in understanding.
Beliefs about Recession Symptoms	z-scored index of agreement with statements that the U.S. economy is experiencing a fall in business investment, lower sales, or reduced consumer spending.
General Spending Beliefs	z-scored index of agreement with statements about whether it is a good or bad time to purchase (i) durable goods, (ii) take up a loan for a durable purchase, and (iii) take up a mortgage to finance a house.
Individual Spending Intentions	z-scored index based on questions indicating planned increase or decrease in spending on (i) food, (ii) durable goods, and (iii) leisure activities.

Notes: All indices are standardized (z-scored) within the analysis sample to mean 0 and standard deviation 1. Where applicable, items are coded so that higher values reflect more of the construct described (e.g., more support for the narrative, higher perceived understanding, stronger agreement with the stated symptoms).

that provide strong evidence supporting the validity of the randomization procedure.[10] To further mitigate potential imbalances across groups and improve estimation precision, our model controls for a vector of covariates, denoted by $\mathbf{X}_i$. These include dummies for age, gender, income, education, employment status, political ideology, patience, news consumption, trust in experts and prior recession expectations.

Complier-specific effects and selection In our main specification, we use ITT estimations pooling information provision and information acquisition conditions for simplicity of exposition. We complement this baseline model with two additional experimental strategies to address complier-specific effects and selection. Our first complementary strategy rescales the treatment effect to account for participants who actually acquired the narrative information. We implement a 2SLS approach for all treatment cells involving a WTP mechanism, instrumenting the likelihood of seeing the narrative with the assign-

[10]For one of our treatment groups, the Narrative Provision × FED group, we find an F-test significant on the 5-percent level. Given the large number of treatment cells (and respective comparisons) in our sample, this is likely driven by chance. However, we control for the demographic variable (education) that drives the difference in all our specifications.

ment to the information acquisition group.[11] These complier-specific effects provide a more precise estimate of the efficacy of actually *receiving* the Fed or narrative information.

Our second complementary strategy is specified to eliminate any remaining selection effect of specific subgroups selecting into buying a narrative. To this end, we estimate the effects of seeing the narrative (or the Fed prediction) only in treatment cells in which *every* participant is provided with a certain piece of information. We refer to this subset of treatment cells as "reduced sample". As in our baseline strategy, effects in both complementary strategies are measured against the pure control group. For brevity, we report the results of the two supplementary estimation strategies in Appendix Section B.1. Overall, the results are qualitatively very similar to the analysis presented in the main paper using our plain ITT approach.

5.2 Updating of Recession Expectations

We start by exploring whether economic narratives lead respondents to update their perceived recession probability. Since narratives about the causes of a potential recession do not convey any information about the *likelihood* of a recession per se, they would not necessarily cause respondents to update their recession probability beliefs. In contrast, the Fed forecast provides an explicit signal about the likelihood of a recession, which Bayesian respondents should incorporate into their expectations. For the combined treatment, the effect is ex ante less clear. The provision of additional narrative information may either contextualize and intensify the impact of the Fed signal or might as well attenuate it, for instance, by offering alternative frames, redirecting attention, or simply by information overload.

The results are presented in Panel (a) of Figure (7). We define updating as the difference between posterior and prior, measured in percentage points. Participants in the Fed treatment update on average by 5.1 pp ($p = 0.003$), while participants in the narrative conditions do not update their priors ($\beta = 0.21$, $p = 0.902$).[12] When respondents are exposed to the combination of the Fed's recession forecast and an accompanying expert narrative interpreting that forecast, their belief updating appears muted, suggesting that economic narratives can attenuate the impact of quantitative economic signals. This find-

[11] Specifically, we regress narrative provision (π_i) on assignment to the narrative group in the first stage $\pi_i = \gamma + \lambda Narrative_i + \mathbf{X}_i\boldsymbol{\rho} + \nu_i$, and use fitted values of π_i to estimate the causal effects of narrative provision in the second stage $Y_i = \alpha + \beta_1 FED_i + \beta_2\hat{\pi}_i + \beta_3 FED_i \times \hat{\pi}_i + + \mathbf{X}_i\boldsymbol{\theta} + \epsilon_i$.

[12] The effect in the Fed treatment seems mainly driven by participants who underestimate the recession probability prior to the treatment. On average, respondents assessed the likelihood of a recession at 56.8%, which is larger than the Fed forecast of 46%. Hence, the majority (55%) of respondents overestimated the recession likelihood as compared to the Fed estimate, and 28% underestimated it. 17% were within a range of 5 pp above and below the Fed estimate. The underestimators update on average by 10.02 pp ($p = 0.001$), whereas the effect for overestimators is smaller and statistically insignificant ($\beta = 2.83$, $p = 0.21$).

ing extends prior work on the effects of narratives on expectation formation (e.g., Andre *et al.*, 2025) which concentrated on the direct link between narratives and expectations.

5.3 Are Narratives Persuasive?

We next study the extent to which narratives are *persuasive*, i.e., whether providing economic narratives to individuals changes their beliefs about the causes of the high recession risk. The consensus narrative explains to respondents that tightened monetary policy is the primary factor driving the elevated recession probability. If the economic narrative successfully shifted subjects' posterior narratives, we would expect to see an increasing share of respondents referring to monetary policy in their description of the recession drivers after seeing the expert content. Our results document that this is the case (Panel b of Figure 7).

We find that individuals who receive the expert narrative are significantly more likely to report monetary policy factors as drivers of the current level of recession probability. The effects are even stronger (albeit not so in terms of statistical significance) among those subjects who were additionally informed about the elevated recession risk, possibly because they perceive the recession threat as more urgent and, as a result, engage in deeper reflection on its underlying causes. As expected, we see no effect on posterior narratives among those individuals who were informed about the Fed's recession forecast. Since this information did not include any explanation about the role of monetary policy, the null effect also serves as a falsification test for our results regarding the persuasiveness of the narrative.

Figure (B.6) in the Appendix shows no impact of receiving the narrative information on alternative explanations for the elevated recession risk. If anything, we find evidence that the narrative leads respondents to focus less on other potential explanations in their posterior beliefs.

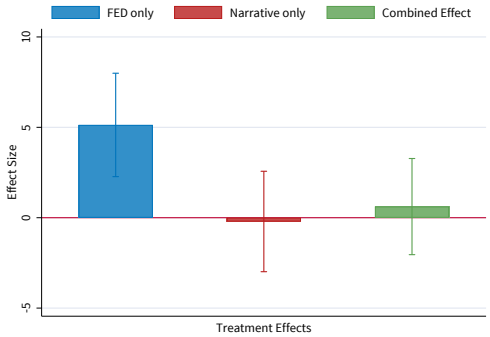
In line with the finding that people are persuaded by the narrative, we observe that respondents who receive the expert narrative are slightly more likely to report trust in the information provided in the survey (94% vs. 90%, $p = 0.00$), as measured in the debriefing question at the end of the survey.

5.4 Do Narratives Increase Understanding of a Recession?

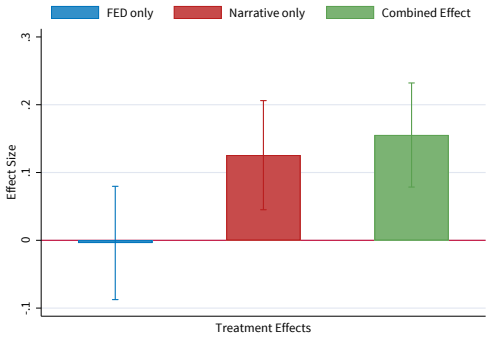
To assess respondents' understanding of the drivers of a potential recession, we elicit two complementary measures capturing both their *subjective* self-assessed understanding and their *objective* knowledge of recession drivers. First, we ask respondents to rate their agreement with the statement *"I understand why the U.S. economy might experience a recession"*, using a five-point Likert scale which we standardize into a z-score for our analysis. Second, we measure agreement with a set of statements about key recession symptoms,

Figure 7 Effect of Economic Narratives versus Fed Information

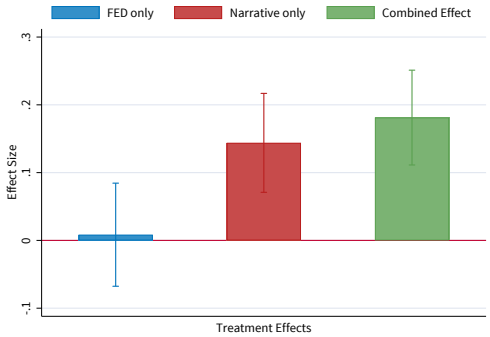
(a) Updating of Recession Probability



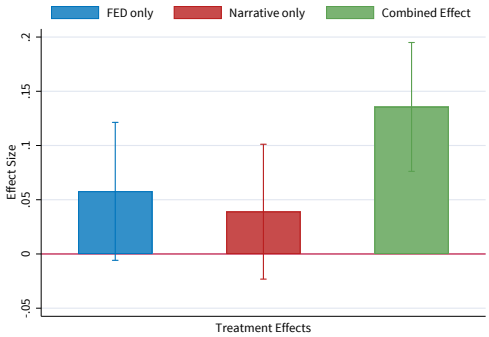
(b) Monetary Policy Narrative



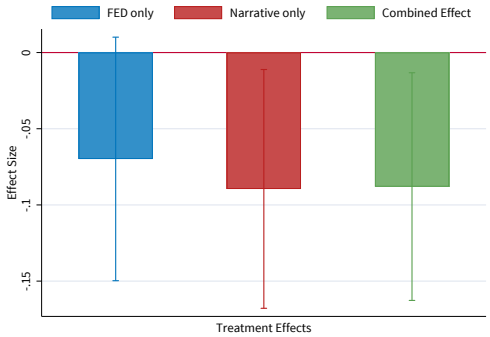
(c) Subjective Understanding



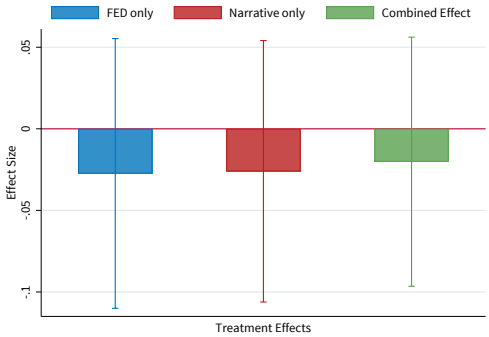
(d) Beliefs about Recession Symptoms



(e) General Spending Beliefs



(f) Individual Spending Intentions



Notes: The figures plot the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

including declines in business investment, sales, and consumer spending. Based on these items, we construct an index capturing beliefs about recession symptoms, with higher values pointing to better understanding of recessions.[13] In Panels (c) and (d) of Figure (7), we show how exposure to the expert narrative impacts respondents' understanding of recessions according to these measures.

We find that exposure to narrative information significantly improves respondents' subjective understanding of recessions (Panel c). It also leads to a modest improvement in objective understanding (Panel d). In both cases, the effect of narrative information is amplified when combined with the numerical Fed forecast, with particularly pronounced gains in objective understanding. The combined effect is also significantly larger than the impact of the numerical Fed information, indicating a complementary relationship between quantitative recession signals and explanatory context. This result suggests that economic narratives can help individuals interpret abstract numerical information.

5.5 Do Narratives Shift Spending Behavior?

An important remaining question is whether economic narratives also translate into actual behavioral responses. From a macroeconomic perspective, behavioral changes should be particularly consequential if they affect individuals' spending intentions. According to the standard consumption Euler equation, higher perceived recession risk should prompt individuals to cut back on current spending in anticipation of reduced future income, consistent with a precautionary saving motive. While this effect should be offset if individuals expect future increases in interest rates, our data shows no effect of the treatment interventions on interest rate expectations (see Figure B.7 in the Appendix).[14]

A key underlying assumption for a decline in individual spending intentions is that respondents expect to be personally affected by the elevated recession risk. In contrast, if they perceive the recession as likely to affect others but not themselves, we would expect changes only in their beliefs about whether spending is advisable for people in general under the current conditions, but not in their own behavior. To distinguish between these two channels, our survey elicits both individual spending intentions and beliefs about general spending conditions. For both types of spending questions, we ask respondents about several spending categories (e.g., durables, leisure, food, mortgage etc.), which we consolidate into indices capturing individual and general spending beliefs.

[13] We use slightly different wordings in the treatment (e.g. "borrowing more expensive", "big purchases less attractive", "decline in capital spending") compared to the outcome question ("fall in investments of businesses", "fall in wholesale-retail sales", "fall in consumer spending") to make sure that we do not pick up mere recognition effects but improved *understanding* of recession symptoms.

[14] This result is plausible, given that (i) the Fed information does not contain explicit signals about interest rates and (ii) the narrative informs individuals that the elevated recession risk is caused by tight monetary policy in the *past*.

Consistent with the predictions of the consumption Euler equation, the results in Panel (e) of Figure (7) show that being informed about the high recession risk reduces individuals' beliefs that current conditions are favorable for spending. The effect on general spending beliefs is even stronger for individuals exposed to the economic narrative. This result is consistent with the information conveyed in the economic narrative, which explains how tight monetary policy (the consensus narrative among experts) can suppress spending decisions. Since expenditures on durable goods allow for a greater intertemporal shift than routine consumption, we expect that the effects are primarily driven by durable spending. Exploring individual spending categories, we find that this is indeed the case (Figure B.8 in the Appendix).

Contrary to the substantial adjustment in beliefs about general spending conditions, we find no significant effect of the treatments on individuals' personal spending plans (Panel f of Figure 7). This finding may reflect that respondents perceive broader economic risks as less relevant to their own financial situations or expect that personal spending decisions depend on additional factors not captured by the economic narrative. Moreover, changes in personal consumption plans, which are typically made with considerable caution and foresight, may require stronger or more sustained signals than those provided by our experimental interventions.

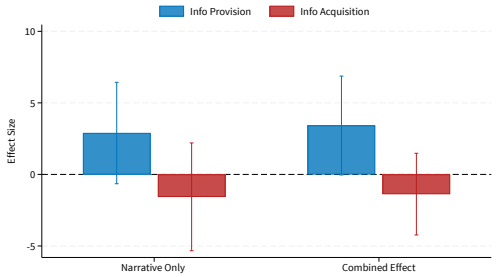
5.6 Information Acquisition versus Information Provision

Previous research on economic narratives has largely focused on the behavioral impact of narratives when they are directly presented to individuals. However, in natural settings, individuals typically engage in active information search rather than passive reception. Understanding whether narrative effects differ between these modes of exposure is therefore essential for assessing their real-world influence. If narratives only influence beliefs when passively delivered but lose effectiveness when individuals must actively acquire, then expert-driven communication strategies might be less influential in practice.

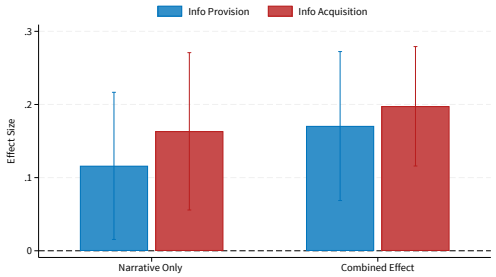
To explore the differential effects of economic narratives across experimental settings, we next compare treatment effects for respondents passively exposed to recession narratives in an information provision experiment with those who actively acquired similar narratives in an information acquisition task. For a clean comparison across both experimental settings, we apply the same ITT specification used in our main analysis for the information-provision group; for the acquisition group, we employ the 2SLS estimator (as in Section 5.1), which yields the effect among compliers. Figure (8) presents the results. Our findings reveal that narrative effects are largely similar across both experimental designs. While economic narratives tend to be somewhat more persuasive and enhance subjective understanding more when self-acquired, we observe that they have a slightly smaller impact on general spending beliefs compared to narratives delivered through information provision settings. Overall, however, our results indicate that individuals are

Figure 8 Effect of Economic Narratives – Information Provision versus Acquisition

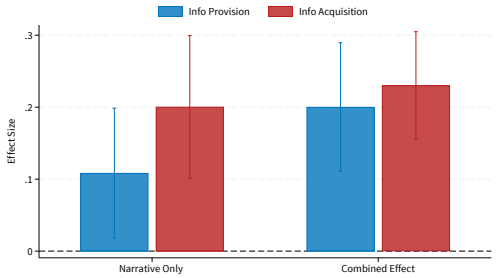
(a) Updating of Recession Probability



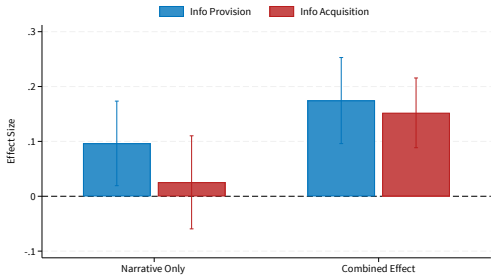
(b) Monetary Policy Narrative



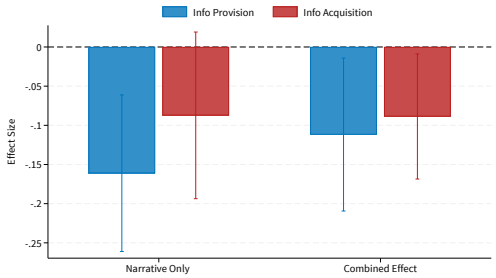
(c) Subjective Understanding



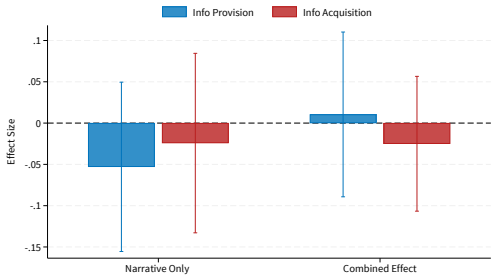
(d) Beliefs about Recession Symptoms



(e) General Spending Beliefs



(f) Individual Spending Intentions – Index



Notes: The figures plot the corresponding coefficients from Equation (1), considering the reduced sample, which includes the treatment groups *Narrative Provision X No FED*, *Pure Control*, *Narrative Provision X FED* and *No Narrative Provision X FED* in blue (information provision) and the corresponding coefficients from the 2SLS specification described in Section (5.1), considering the information acquisition sample, which includes the treatment groups *Pure Control*, *WTP Narrative X No FED*, *WTP Narrative X FED* and *No Narrative Provision X FED* in red. *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

at least in our setting similarly receptive to economic narratives regardless of how they encounter them.

5.7 Further Results

Heterogeneity Analysis As specified in our pre-analysis plan we also conduct heterogeneity analyses to understand for whom and under what conditions economic narratives are most effective. First, we explore how the effects of economic narratives vary with levels of news consumption and the willingness to pay for economic narratives. This heterogeneity analysis reveals how prior engagement and valuation of information shape the effectiveness of economic narratives, respectively. The results, presented in Figure (B.9) in the Appendix, show that economic narratives are more persuasive for individuals who frequently consume news and exhibit a higher willingness to pay for expert explanations compared to other groups.

Second, we also study how the effect of economic narratives differs across prior uncertainty levels. If respondents are Bayesian, they will place greater weight on new information when their prior uncertainty is higher. Figures (B.10) and (B.11) in the Appendix provide evidence in this direction, showing that the impact of economic narratives, especially regarding the persuasiveness of narratives, is stronger if individuals report a higher level of uncertainty prior to our treatment interventions.

Policy Preferences We also estimate the effect of economic narratives on policy preferences of respondents. Panels (a)–(d) of Figure (B.12) show the effect on the support for different policies in reaction to receiving information about the risk of a recession. The results show that there is a positive but non-significant effect on loose monetary policy as the counterpart to tight monetary policy causing the recession risk according to the consensus narrative. Expansionary fiscal policy also finds increased support when respondents are exposed to the narrative, but the effect is again not significant in statistical terms. The effect on other policy alternatives (tax cuts and protectionist policies) is negative but again not statistically significant.

Further Macroeconomic Expectations After the treatment we also elicit the views of respondents on the development of a range of economic indicators. The results in panels (e) to (h) of Figure (B.12) indicate no effect on the expectations of individuals regarding interest rates, inflation, house prices, labor income, and unemployment. This findings confirms the notion that narratives about a recession change individuals' (theoretical) understanding of a recession but do not necessarily translate to an update in numerical expectations.

Rational Inattention Lastly, we are interested in whether recession narratives shift the way how people think about the importance of inflation, monetary policy, and economic growth for their personal economic situation. To this end, we construct a z-scored index of the questions eliciting the importance of these three dimensions. Figure (B.12)

shows that there is a negative effect of the Fed information but no significant effect of the economic narratives (or the combined treatment) on this index.

6 Conclusion

We study whether the U.S. population values expert narratives about macroeconomic trends and whether such narratives shape beliefs, understanding, and spending intentions. We leverage high-quality, expert-elicited narratives on the main drivers of a potential recession and offer them to a nationally representative sample, using an incentivized information-acquisition experiment to study the demand for economic narratives in a macroeconomic setting. We further contrast the effects of narrative acquisition and provision and benchmark them against a numerical Fed recession forecast as well as a pure control group. We then track posterior narratives, understanding of recession mechanisms, expectations, and spending intentions.

First, households exhibit a substantial demand for expert narratives—exceeding the WTP for the numerical Fed forecast—with WTP varying systematically by education and income. Open-ended questions about acquisition motives reveal substantial intrinsic motivation regarding economic narratives. Moreover, there is higher demand when the information is perceived as useful or high-quality, and lower demand when experts are distrusted or the information is perceived as irrelevant. Further, the specific acquisition choices point to accuracy concerns as the dominant motive for demanding narratives: most buyers choose the consensus narrative; by contrast, a subset of pessimistic respondents shows signs of motivated beliefs, disproportionately selecting pessimistic content.

Second, expert narratives are informative and persuasive. Receiving the consensus narrative about monetary policy shifts posterior explanations toward exactly this specific explanation, improves subjective—and modestly objective—understanding of recession mechanisms, and complements numerical signals. Narratives and the Fed forecast reduce general beliefs that "now is a good time to spend," especially for durables, but do not change individuals' own spending plans.

Finally, treatment effects are relatively similar when comparing self-acquired narratives versus provided, with only minor differences in magnitude. This finding suggests that–in our setting–individuals are equally receptive to economic narratives, irrespective of whether they seek them or encounter them unintentionally. Moreover, broadly in line with expectations, our heterogeneity analyses show stronger narrative effects among respondents who consume more news, display higher WTP for narratives, and report greater prior uncertainty.

Our findings are extremely relevant for understanding how economic communications shape public beliefs. Even though there are rising sentiments against elites and experts amid growing political polarizations (e.g., Algan *et al.*, 2021; Eichengreen *et al.*, 2021), our

experiment illustrates that experts and their sense-making of macroeconomic trends are in high demand among the general public. Further, our results show that these expert narratives can be valuable complements to quantitative forecasts, particularly for audiences with high information demand and openness to expert perspectives. Thaler *et al.* (2024) show that experts indeed make intentional use of language rather than numeric messages to convince audiences, and that the latter are also persuaded by directional motives of experts and their underlying language. For policymakers, integrating clear, consensus-based narratives into public communication may improve comprehension and influence general sentiment, even if it does not directly shift behavioral intentions. Looking forward, future studies could assess the temporal persistence of narrative effects, their interaction with real-time economic developments, and their impact in settings beyond recessions—such as inflation episodes, instable financial markets, or climate-related economic risks. Moreover, exploring alternative senders (general population, experts, government), framing strategies, and formats could help identify the most effective ways to strengthen the link between the communication of macroeconomic trends and household decision-making.

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The Demand for Economic Narratives

Online Appendix

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A Supplementary Tables

Table A.1 Summary Statistics: Expert Sample

	Mean	Standard Deviation	Median	Observations
Personal characteristics:				
Years since PhD	24	14.8	21	145
Male	0.82			160
X/Bluesky Followers	6142	13280	1572	71
Academic output:				
Number of Top 5 Publications	3.9	4.5	3	153
H-index	30.0	22.3	23	149
Citations	13353	37662	4214	150
Policy Output:				
Number of Policy Briefs	16.5	34.9	6	125
Media Mentions	144.8	566.3	10	153

Notes: The table lists characteristics of the economic experts who participated in our expert survey. Experts are recruited from the Economic Expert Survey (EES) fielded by the ifo institute in Munich, and the NBER research network. Characteristics of experts are manually collected.

Table A.2 Covariate Balance for Survey and U.S. Population

	(1) Survey Sample		(2) U.S. Population
Variable	Mean	Std. Dev.	Mean
Female	0.494	0.500	0.500
Age 18–34	0.279	0.448	0.290
Age 35–44	0.178	0.382	0.170
Age 45–54	0.168	0.374	0.160
Age 55–64	0.157	0.364	0.160
Age 65+	0.218	0.413	0.220
Income $<$ 25,000	0.185	0.389	0.150
Income 25–50,000	0.222	0.415	0.180
Income 50–75,000	0.188	0.391	0.160
Income 75–100,000	0.137	0.344	0.130
Income 100–150,000	0.150	0.357	0.170
Income $>$ 150,000	0.118	0.322	0.210
Education: High School or less	0.272	0.445	0.370
Education: Some College	0.214	0.410	0.190
Education: Bachelor/Associate	0.349	0.477	0.300
Education: Master or above	0.166	0.372	0.140
Employed	0.505	0.500	0.549
Unemployed	0.129	0.335	0.093
Self-employed	0.062	0.240	0.068
Democrat	0.331	0.471	
Independent	0.293	0.455	
Republican	0.316	0.465	

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, income, and education.

Table A.3 Covariate Balance for Follow-Up Survey and U.S. Population

	(1) Follow-Up Survey Sample		(2) U.S. Population
Variable	Mean	Std. Dev.	Mean
Female	0.563	0.496	0.500
Age 18–34	0.090	0.286	0.290
Age 35–44	0.172	0.378	0.170
Age 45–54	0.208	0.406	0.160
Age 55–64	0.215	0.411	0.160
Age 65+	0.315	0.464	0.220
Income $<$ 25,000	0.162	0.369	0.150
Income 25–50,000	0.225	0.418	0.180
Income 50–75,000	0.185	0.389	0.160
Income 75–100,000	0.133	0.339	0.130
Income 100–150,000	0.168	0.374	0.170
Income $>$ 150,000	0.127	0.333	0.210
Education: High School or less	0.223	0.416	0.370
Education: Some College	0.196	0.397	0.190
Education: Bachelor/Associate	0.404	0.491	0.300
Education: Master or above	0.177	0.382	0.140
Employed	0.434	0.496	0.549
Unemployed	0.118	0.322	0.093
Self-employed	0.057	0.231	0.068
Democrat	0.346	0.476	
Independent	0.276	0.447	
Republican	0.342	0.475	

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, income, and education.

Table A.4 Balance Regressions Across Treatment Arms

Panel A: Cells with no Information about Fed Forecast

	(1) WTP FED	(2) Narrative Provision × No FED	(3) Pure Control	(4) WTP Narrative × No FED
Female	0.00776	-0.00084	-0.00123	-0.0112
	(0.00499)	(0.00485)	(0.00488)	(0.00779)
High Income	-0.00532	0.00777	0.00228	0.00712
	(0.00536)	(0.00535)	(0.00541)	(0.00859)
High Education	0.00576	-0.0119**	0.00248	-0.00361
	(0.00531)	(0.00520)	(0.00525)	(0.00837)
High Age	-0.00474	0.00031	0.00335	-0.00180
	(0.00505)	(0.00489)	(0.00494)	(0.00788)
Republican	-0.00319	0.00039	-0.00675	0.00611
	(0.00528)	(0.00524)	(0.00517)	(0.00848)
p-value (F-test)	0.399	0.317	0.762	0.591
Observations	9,123	9,123	9,123	9,123
Size of Treatment Cell	542	506	514	1,498

Panel B: Cells with Information about Fed Forecast

	(5) WTP Narrative × FED	(6) Narrative Provision × FED	(7) No Narrative × FED	(8) WTP Diff. Narrative × FED
Female	-0.00294	-0.00185	0.00359	0.00671
	(0.00997)	(0.00485)	(0.00782)	(0.00670)
High Income	-0.0128	0.00789	-0.00949	0.00252
	(0.0109)	(0.00526)	(0.00861)	(0.00740)
High Education	0.00814	-0.0155***	0.00297	0.0117
	(0.0107)	(0.00515)	(0.00846)	(0.00721)
High Age	-0.00434	0.00442	0.00269	0.00011
	(0.0100)	(0.00483)	(0.00788)	(0.00672)
Republican	0.00792	-0.00723	0.00067	0.00208
	(0.0107)	(0.00501)	(0.00843)	(0.00720)
p-value (F-test)	0.828	0.036	0.897	0.478
Observations	9,123	9,123	9,123	9,123
Size of Treatment Cell	3,036	506	1,489	1,032

Notes: Each column reports a separate OLS regression of treatment indicators on baseline demographic and political characteristics. Robust standard errors are shown in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A.5 Overview of Willingness to Pay (WTP) Measures in the Literature

Study	**Context**	**Willingness to Pay**
Khattak *et al.* (2003)	Travel information	0.40 USD
Angulo *et al.* (2007)	Food certification information	0.80 USD
Allcott and Kessler (2019)	Home energy reports	3.00 USD
Fuster *et al.* (2022)	Future national home prices	4.16 USD
Fehr *et al.* (2022)	Individual's rank in the global and national income distribution	5.71 EUR
Cullen and Perez-Truglia (2022)	Information about peer salary	191 USD (manager information) / 197 USD (peer information)

Notes: The table lists relevant estimates of previous willingness to pay experiments based on multiple-price-list scenarios in the literature, which are comparable to our approach. These estimates serve as a benchmark to assess the economic meaning of the demand for economic narratives measured in our study.

Table A.6 Validation of Willingness to Pay (WTP) Measure in Obfuscated Follow-Up

	Economy		Politics		Other	
	(1)	(2)	(3)	(4)	(5)	(6)
WTP (in USD)	0.027***	0.023***	0.026***	0.023***	0.001	-0.001
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
Observations	2,688		2,688		2,688	
Controls	No	Yes	No	Yes	No	Yes

Notes: The table reports coefficients from regressions validating the Willingness to Pay (WTP) measure using an obfuscated follow-up task, asking a subset of respondents two weeks later about their news consumption across different domains in the past week: Economy (Inflation, economic growth, unemployment, recession, monetary policy), Politics (Geopolitical conflicts, U.S. politics, international politics), and Other (Sports, celebrities, culture and arts, others). The dependent variable is an indicator taking value 1 if the respondent reported news consumption on that topic in the past week, 0 if not. Columns (1), (3), and (5) exclude control variables, while columns (2), (4), and (6) include controls. Robust standard errors are reported in parentheses. Significance levels: * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table A.7 Coding Scheme of Motives for Information Acquisition

Category	Motives	Explanation	Examples
Financial Motives	Instrumental /Financial Motives	Financial motives, such as investment opportunities.	*Expert advice will only help me further benefit in the long run and hopefully make more financial gain.*
Instrumental (non-Financial) Motives	Instrumental /Financial Motives	Instrumental (non-financial) motives, such as knowledge about risk of losing job or development of future economic indicators (e.g., inflation, GDP growth).	*Because it helps me determine whether it is good or bad to buy anything. I have to watch my budget. Also I determine if it is good to put some in savings account.*
Intrinsic Motives / Learning	Intrinsic Motives	Intrinsic motives such as curiosity, learning, or general interest in gaining knowledge.	*I'm interested in knowing what the experts have to say about the future of the economy.*
Motivated Reasoning	Intrinsic Motives	Confirming own beliefs; selecting information that supports one's prior views.	*it can be depressing and i don't want to be depressed. I want to live in my fairy tale world while I can.*
Exploratory Motives / Accuracy Concerns	Intrinsic Motives	Interest in other opinions, desire for balanced perspectives, or accuracy concerns.	*I work in business and disagree with the experts, but would like to hear what they say...*
Social Motives (Status, Reputation)	Social Motives	Social motives such as reputation, status, or the intention to discuss findings with others.	*I love learning new things and being in a position of strength because of knowledge.*
Experts as Sign of Quality	Quality	Experts are perceived as a positive quality signal that enhances the credibility of the information.	*I would like to hear the experts' opinions.*
Money Offered Too Low	Payment Too Low	The financial incentive was perceived as too low relative to the perceived value of the information.	*Could be potentially beneficial to my financial future and therefore worth more than $6.90.*
Bet on Higher Reward	Bet on Higher Reward	Respondents assumed they might earn more by rejecting the information offer and hoping for a better deal later.	*I thought more money would be offered.*

Notes: The table lists the different coding categories that were assigned to the motives of information acquisition, elicited in an open-ended question. The categories are further combined into motives. For each category an explanation and example responses are provided.

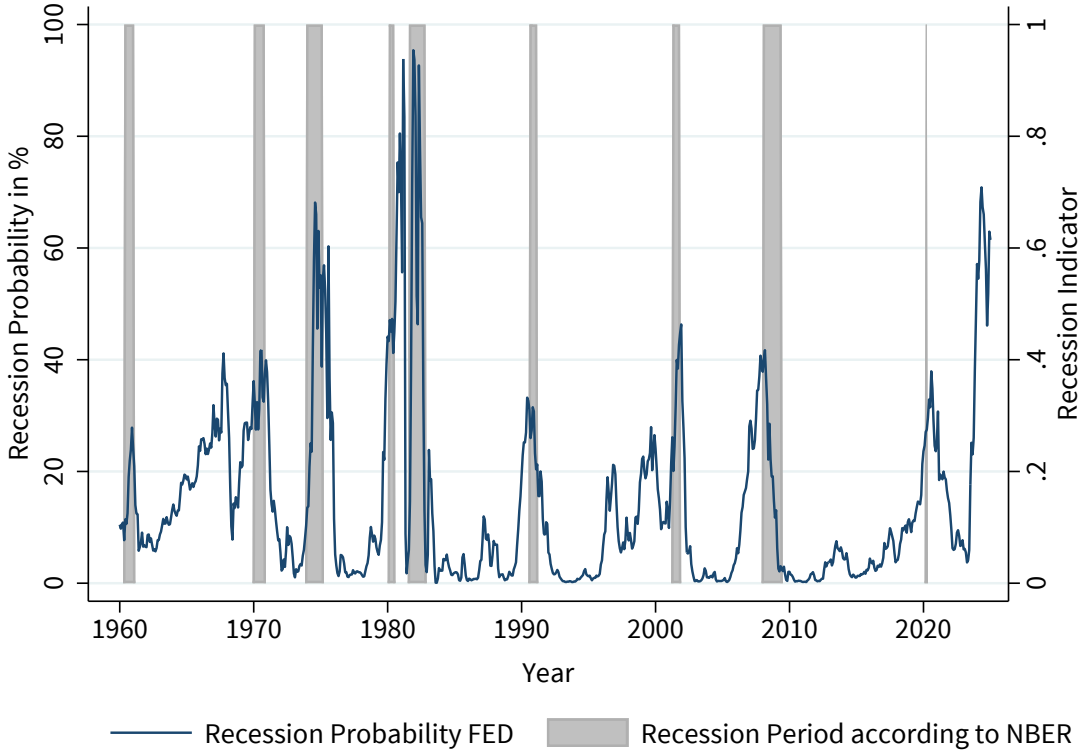
Table A.8 Coding Scheme of Motives against Information Acquisition

Category	Motives	Explanation	Examples
No Sufficient Knowledge	No Use for Information	Information is not useful because of lack of contextual knowledge; important background info is missing (complementarity).	*It's info I don't understand so I would rather just have the money.*
Information Already Known	No Relevance of Information	Information is not useful because it is already known or can be found elsewhere.	*I already know about what causes recessions and do not listen to others..and could use any money.*
Information Easily Available Online / Other Sources	No Relevance of Information	Information is not useful because it can be easily looked up online.	*Money is worth more than info I can freely find.*
Information Not Relevant / No Interest	No Relevance of Information	Information is not relevant to the respondent personally, or there is no interest in the topic.	*Because there is nothing i can do to change it. I need money to survive.*
Value of Info Too Low / Rather Take the Money	Monetary Reasons	Value of the information is perceived as too low compared to the money offered; respondents prefer to take the money instead.	*They are going to say the same. I prefer to receive the cash.*
No Trust in Experts	No Trust in Experts	No trust in the quality of the information or in experts; information is disregarded as biased or untrustworthy.	*Because those, "so called experts" are fear mongers trying to scare people.*
No Trust in Survey / Experimenter	Other	No trust in the survey or experimenter, e.g., fear of deception or not being told the truth.	*this is a cheap survey.*
Political Reasons / Conspiracy	Other	Political reasoning or conspiracy-related beliefs that lead to rejecting the information.	*Because it's propaganda.*

Notes: The table lists the different coding categories that were assigned to the motives of not acquiring information, elicited in an open-ended question. The categories are further combined into motives. For each category an explanation and example responses are provided.

B Supplementary Figures

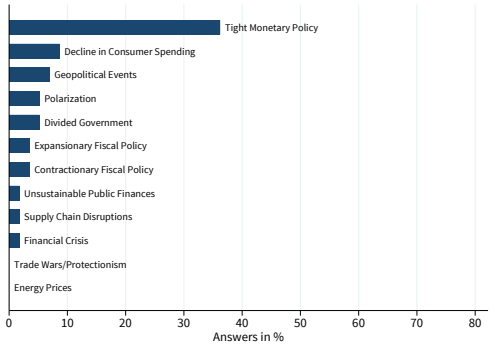
Figure B.1 Validation of Fed Recession Probability Measure



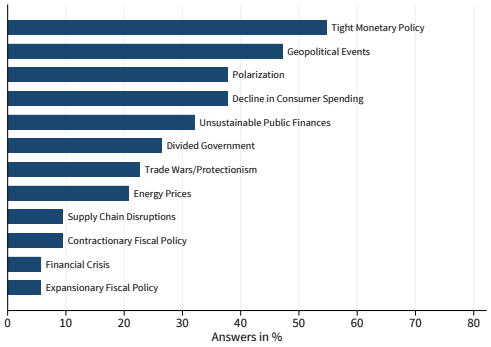
Notes: The graph plots the recession probability indicator provided by the New York Federal Reserve in comparison to the actual occurrence of recessions in the U.S. (according to the NBER) since 1960.

Figure B.2 Recession Narratives of Economic Experts

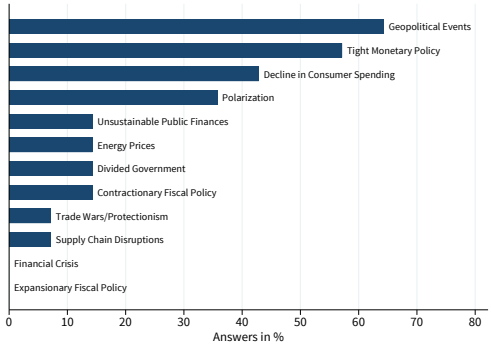
(a) All Experts – Open-Ended Question



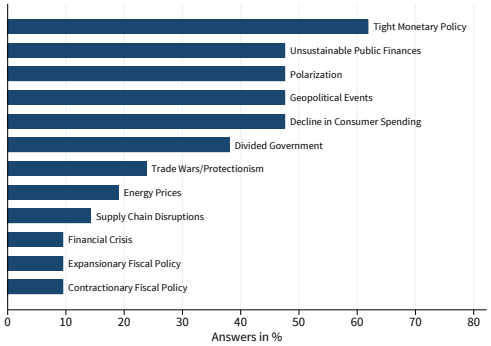
(b) All Experts – Structured Question



(c) Optimistic Experts – Structured Question

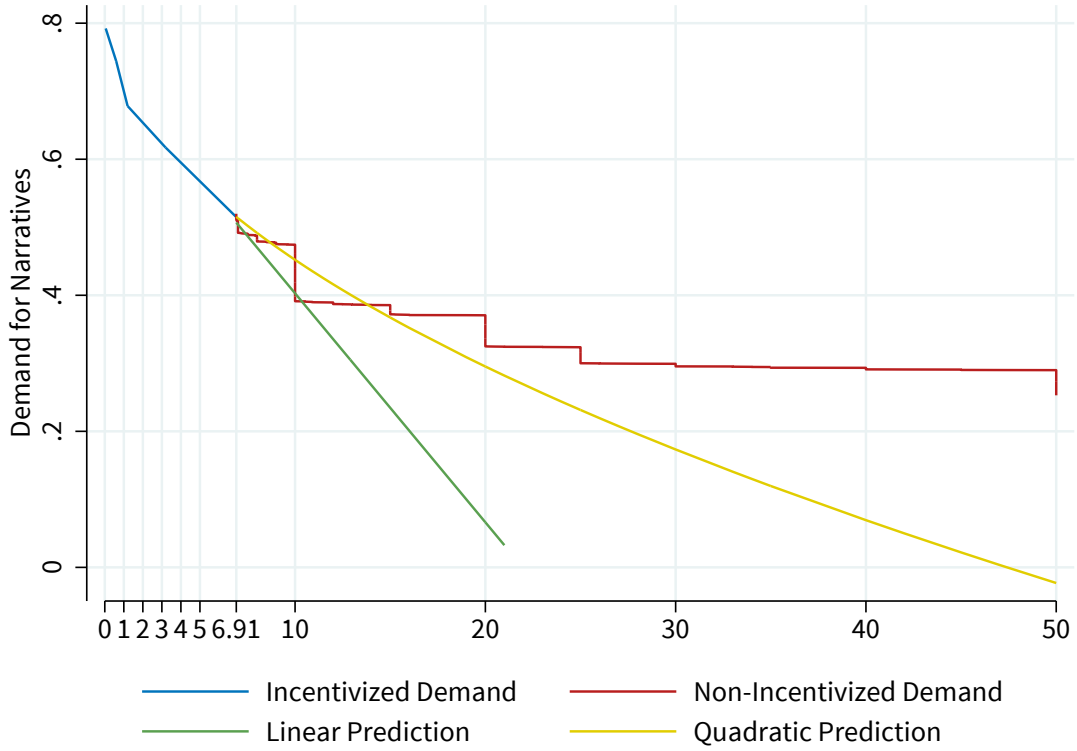


(d) Pessimistic Experts – Structured Question



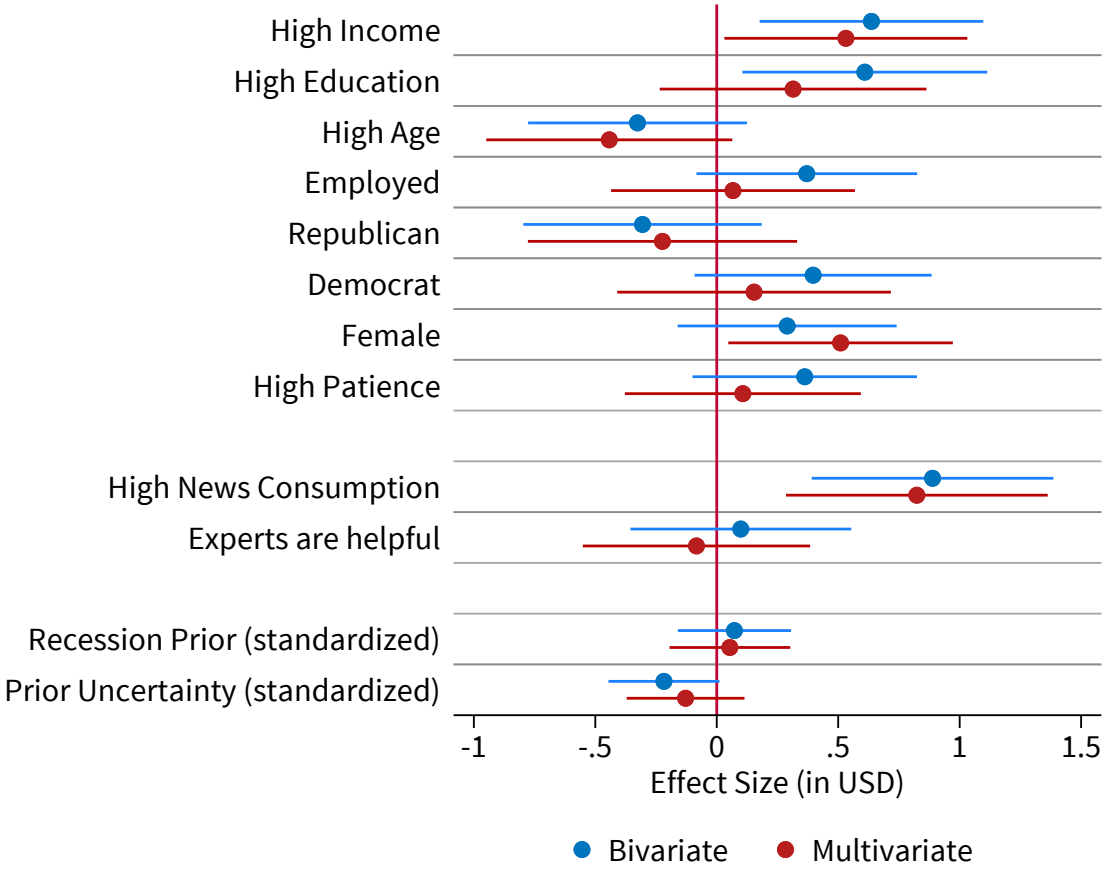
Notes: The figure reports the economic narratives of academic experts, explaining the high probability in autumn 2023 that the U.S. economy will have been hit by a recession by the end of 2024.

Figure B.3 Out-of-Sample Prediction and Maximum Willingness-to-Pay



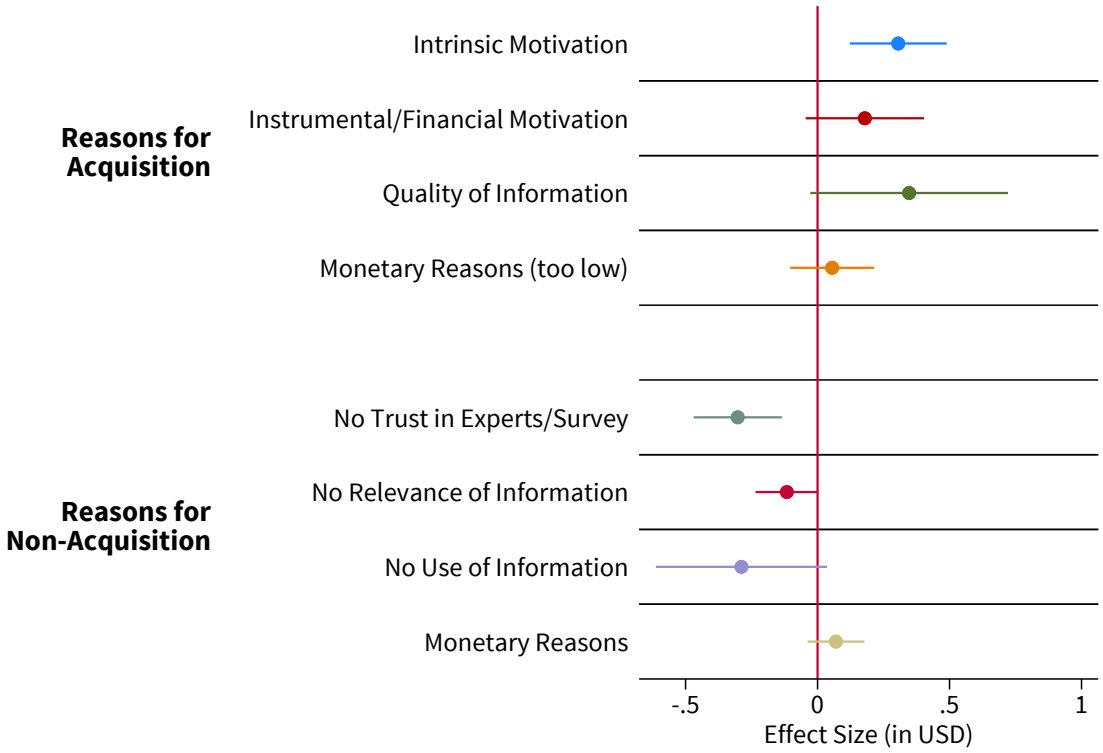
Notes: The figure plots the incentivized demand for economic narratives from our multiple-price-list design and the non-incentivized demand, which was elicited in an open-ended question for those that stated a maximum WTP of 6.90 USD. Linear and quadratic out-of-sample predictions based on the incentivized results are also included.

Figure B.4 Determinants of the Willingness to Pay for the Fed Recession Information



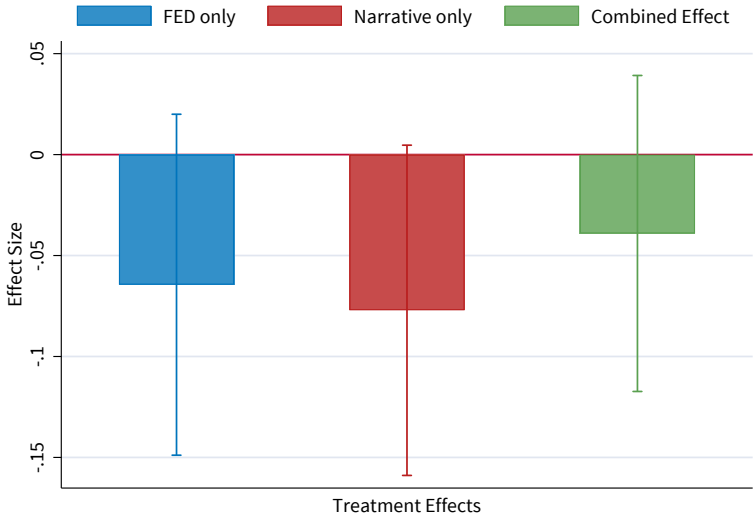
Notes: The figure plots the coefficients of a linear regression relating the maximum willingness to pay for the Fed recession information of individual i to a range of socio-economic and demographic characteristics $\mathbf{X}_i$ via $Fed_i = \mathbf{X}_i\boldsymbol{\beta}+\epsilon_i$. The figure reports parameter estimates from both bivariate (blue) and multivariate (red) estimates, with the latter including all characteristics within one model. Confidence intervals are obtained using robust standard errors and are plotted at the 90% level.

Figure B.5 Correlation between Acquisition Topics and WTP for Narratives



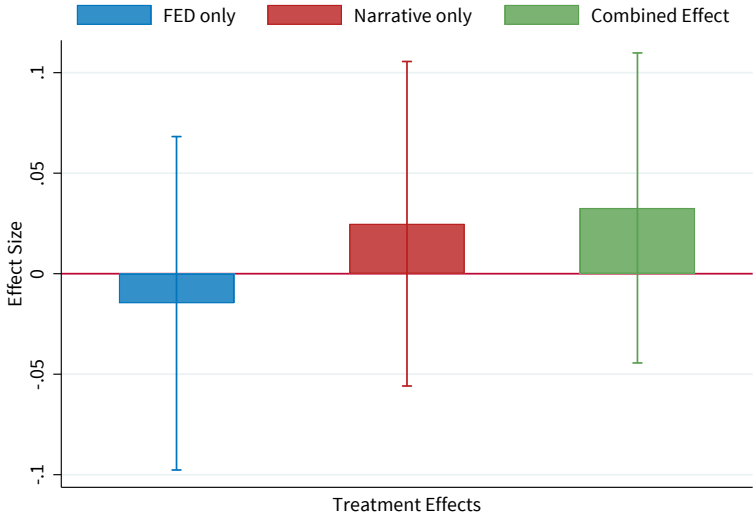
Notes: The figure plots the coefficients of a linear regression relating the maximum willingness to pay for economic narratives of individual i to a range of acquisition motives $\mathbf{M}_i$ via $WTP_i = \mathbf{M}_i\boldsymbol{\beta} + \epsilon_i$. The figures reports parameter estimates from bivariate regressions. Parameters are obtained by comparing the motives against omitted categories of other reported motivations. Confidence intervals are obtained using robust standard errors and are plotted at the 90% level.

Figure B.6 Effects on Other Narratives



Notes: The figure plots the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

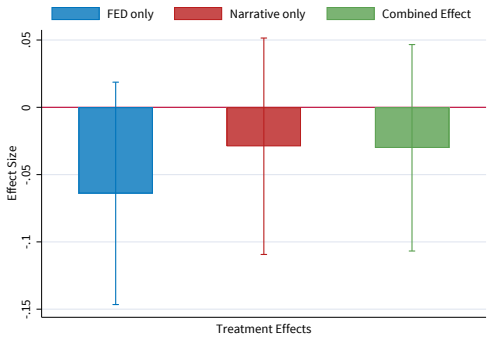
Figure B.7 Effects on Interest Rate Expectation



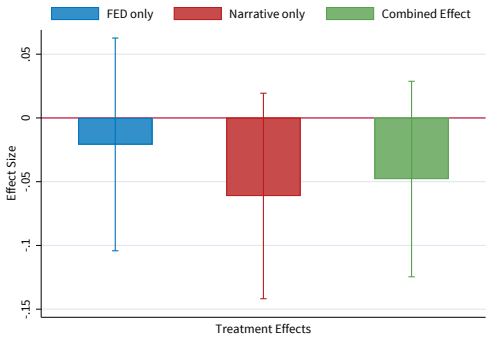
Notes: The figure plots the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

Figure B.8 Spending Results – Different Categories

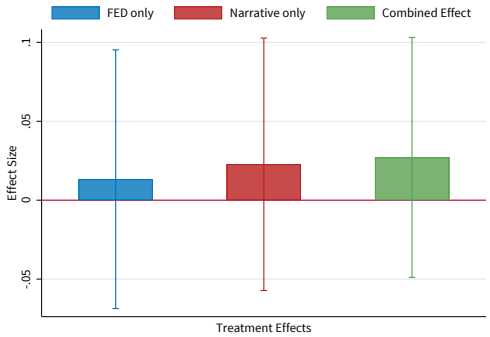
(a) Spending Intentions – Durables



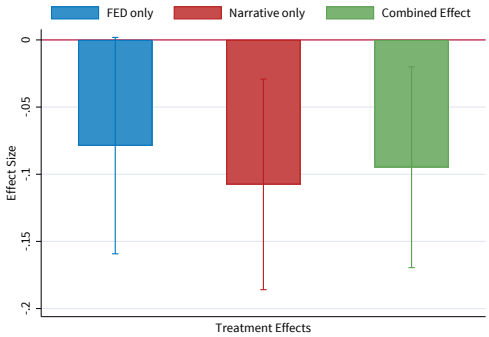
(b) Spending Intentions – Food



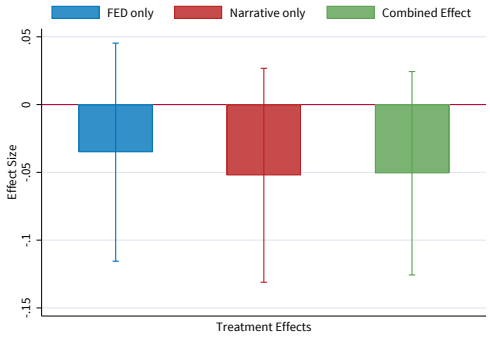
(c) Spending Intentions – Leisure



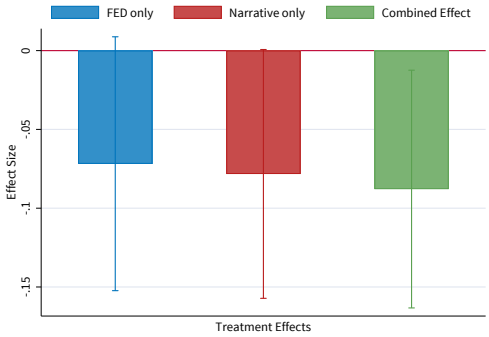
(d) General Spending Beliefs – Durables



(e) General Spending Beliefs – Loan



(f) General Spending Beliefs – Mortgage

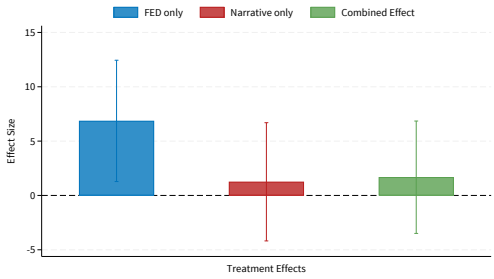


Notes: The figures plot the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

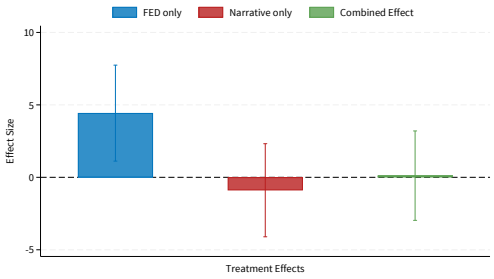
Figure B.9 Effect Heterogeneity by News Consumption and Willingness to Pay (WTP)

Panel A: Heterogeneity by News Consumption

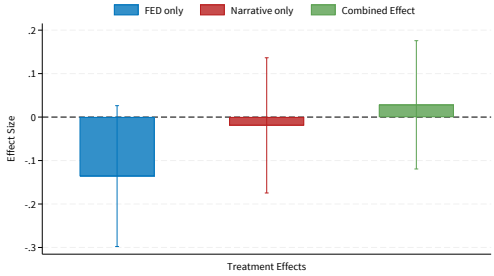
(a) Updating – Low News Cons.



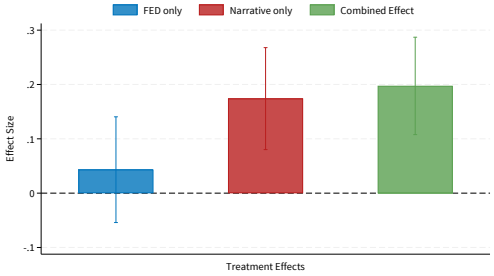
(b) Updating – High News Cons.



(c) Posterior Narrative – Low News Cons.

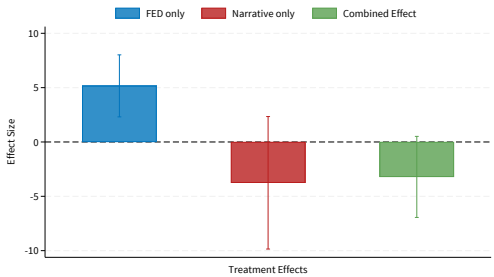


(d) Posterior Narrative – High News Cons.

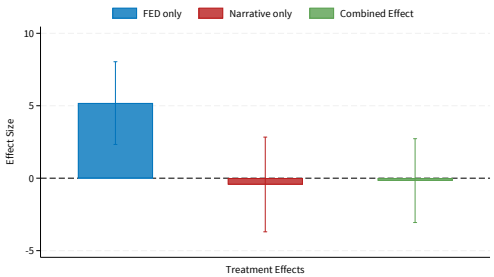


Panel B: Heterogeneity by Willingness to Pay (WTP)

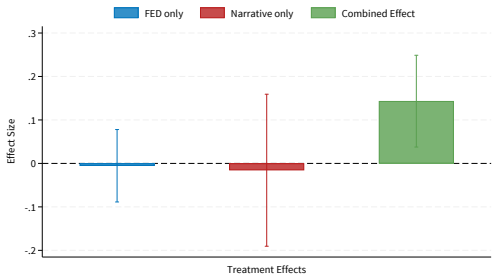
(e) Updating – Low WTP



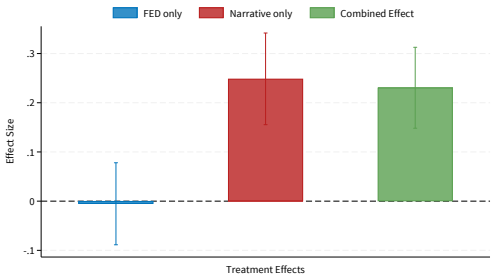
(f) Updating – High WTP



(g) Posterior Narrative – Low WTP



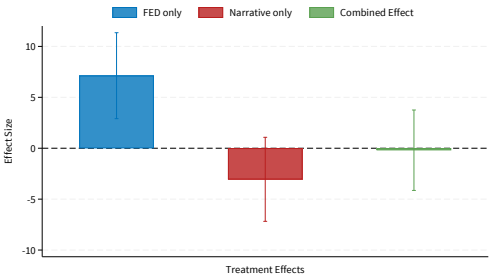
(h) Posterior Narrative – High WTP



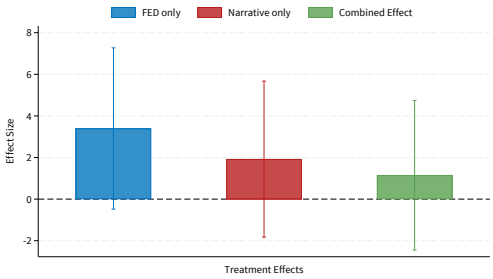
Notes: The figure displays estimated coefficients from Equation (1) for different subsamples based on news consumption and willingness to pay (WTP). Low News Consumption contains respondents stating that they consume news about the economy "Once a week" or less often. High News Consumption contains respondents stating that they consume news about the economy "Multiple times a week" or more often. Respondents in the high WTP sample have a WTP of 6.90 USD, while those in the low WTP have a lower WTP than that.

Figure B.10 Effect Heterogeneity by Prior Recession Uncertainty (UC)

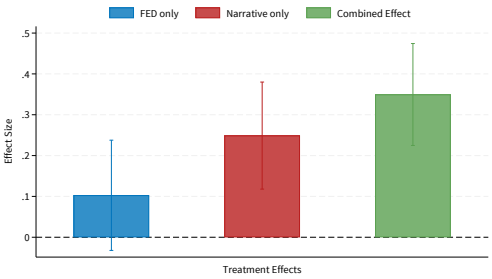
(a) Updating – High UC



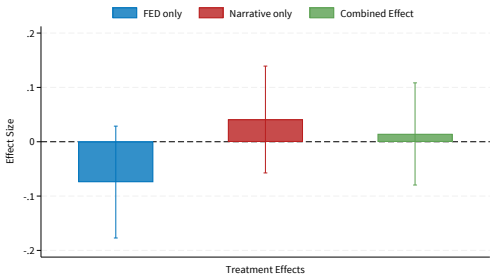
(b) Updating – Low UC



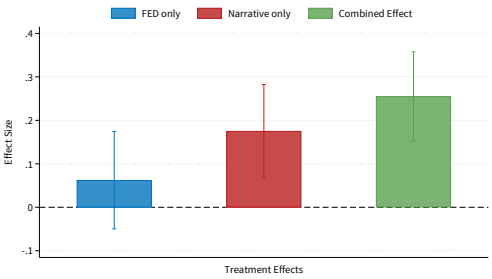
(c) Posterior Narrative – High UC



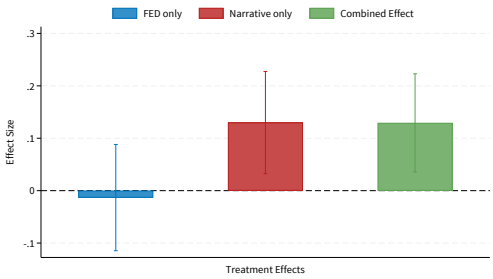
(d) Posterior Narrative – Low UC



(e) Subjective Understanding – High UC



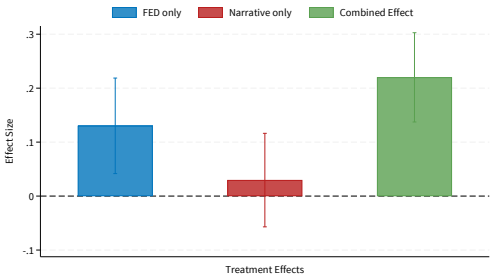
(f) Subjective Understanding – Low UC



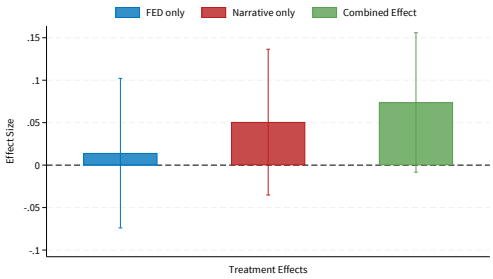
Notes: The figures plot the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. The high uncertainty sample includes respondents reporting they were "Very unsure", "Very unsure" or "Somewhat unsure" about their prior expectations. The high uncertainty sample contains those stating to be "Sure" or "Very sure". 90%-confidence intervals are plotted for the respective coefficients.

Figure B.11 Effect Heterogeneity by Prior Recession Uncertainty (UC)

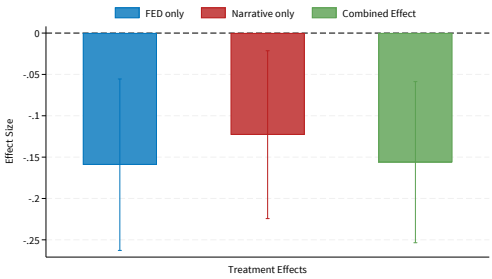
(a) Beliefs Symptoms – High UC



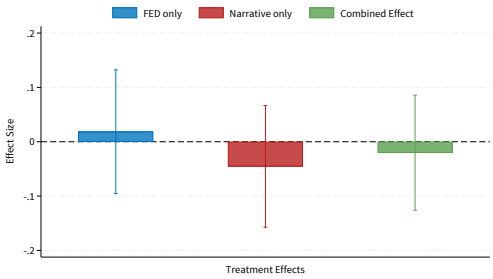
(b) Beliefs Symptoms – Low UC



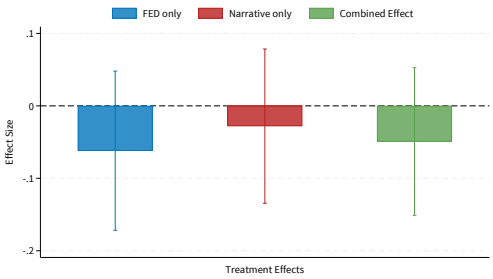
(c) General Spending Beliefs – High UC



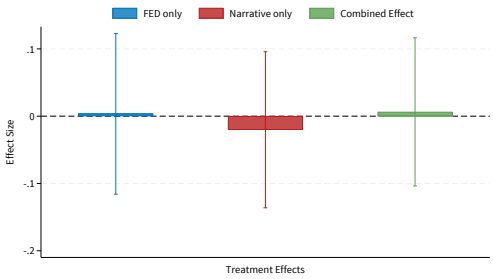
(d) General Spending Beliefs – Low UC



(e) Spending Intentions – High UC



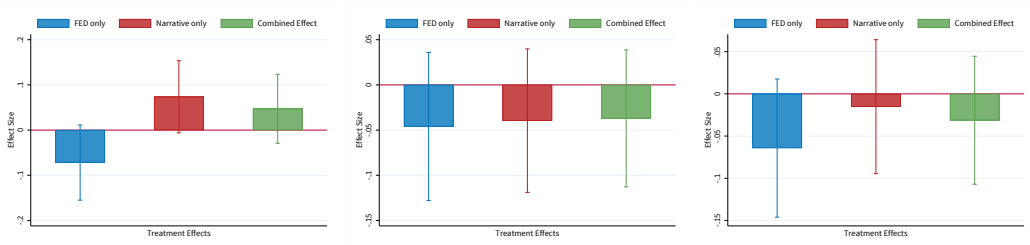
(f) Spending Intentions – Low UC



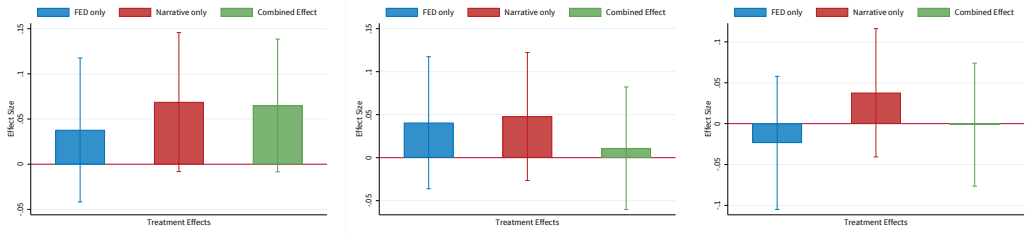
Notes: The figures plot the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. The high uncertainty sample includes respondents reporting they were "Very unsure", "Very unsure" or "Somewhat unsure" about their prior expectations. The high uncertainty sample contains those stating to be "Sure" or "Very sure". 90%-confidence intervals are plotted for the respective coefficients.

Figure B.12 Further Results

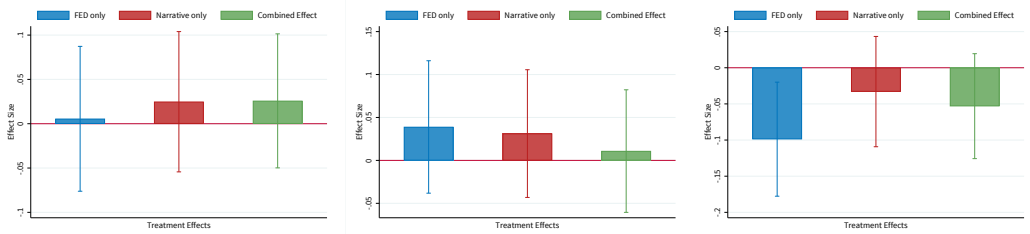
(a) Loose Monetary Policy **(b)** Tax Cuts **(c)** Protectionism



(d) Expans. Fiscal Policy **(e)** Inflation Development **(f)** House Price Development



(g) Household Labor Income **(h)** Unemployment Rate **(i)** Rational Inattention



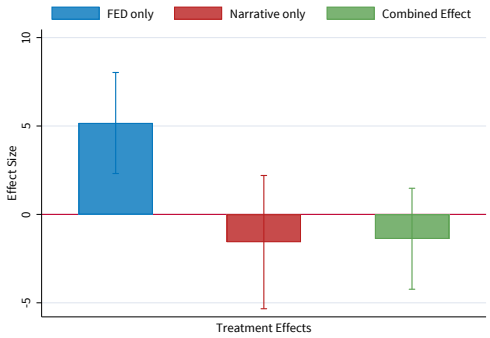
Notes: The figures plot the corresponding coefficients from Equation (1), considering the full sample, except treatment groups *WTP FED* and *WTP Different Narratives*. *FED only* corresponds to the coefficient of FED_i, *Narrative only* corresponds to the coefficient of Narrative_i and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $\text{FED}_i \times \text{Narrative}_i$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

B.1 Additional Results for Alternative Empirical Specifications

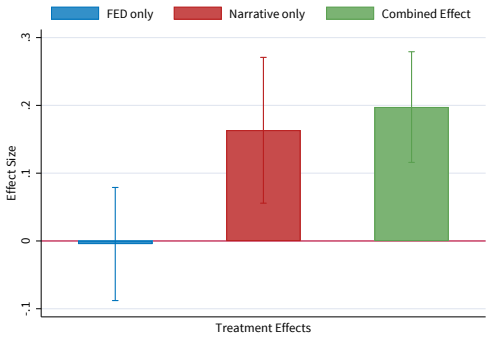
B.1.1 2SLS Specification

Figure B.13 Effect of Recession Narratives – 2SLS Specification

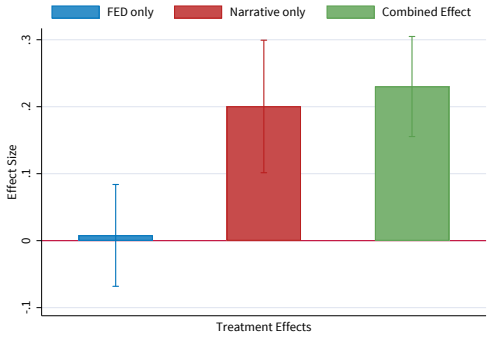
(a) Updating



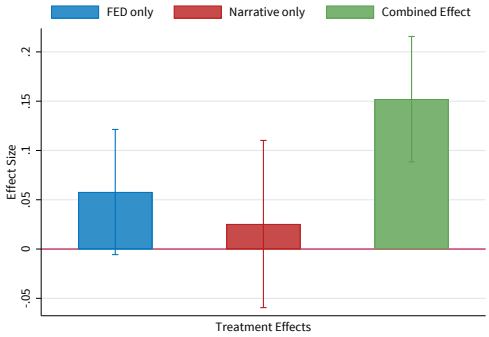
(b) Monetary Policy Narrative



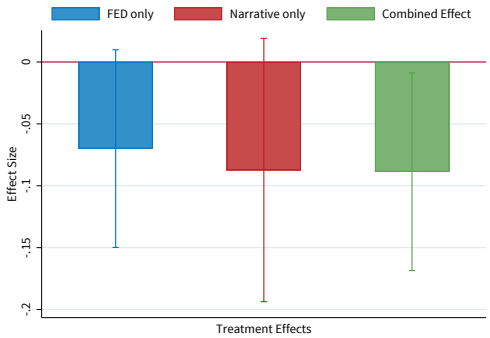
(c) Subjective Understanding



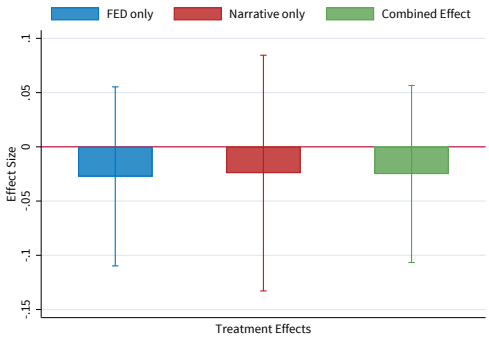
(d) Beliefs about Recession Symptoms



(e) General Spending Beliefs



(f) Individual Spending Intentions – Index

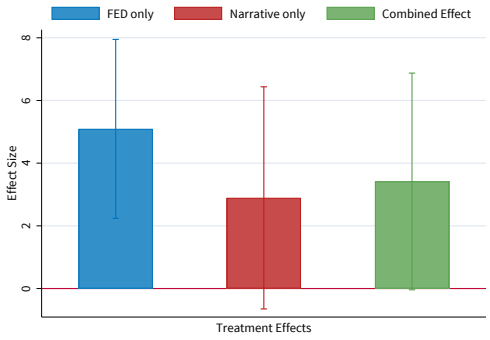


Notes: The figures plot the corresponding coefficients from the equation in Section (5.1), restricting the sample to treatment groups *WTP Narrative X FED*, *WTP Narrative X No FED* as well as the two groups *Pure Control* and *FED Provision*. *FED only* corresponds to the coefficient of FED, *Narrative only* corresponds to the coefficient of $NarrativeGroup$ and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $FED \times NarrativeGroup$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

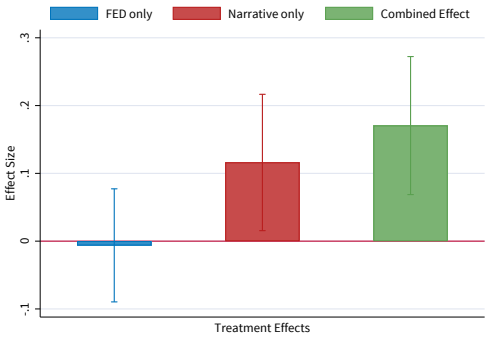
B.1.2 ITT Reduced Sample Specification

Figure B.14 Effect of Recession Narratives – Reduced Sample ITT

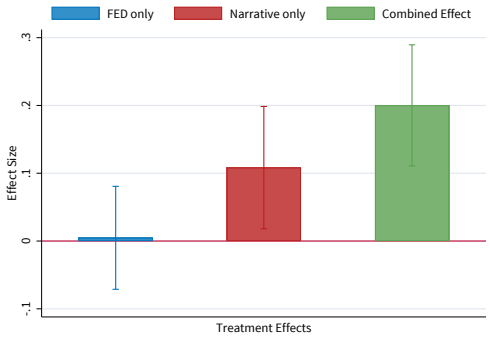
(a) Updating



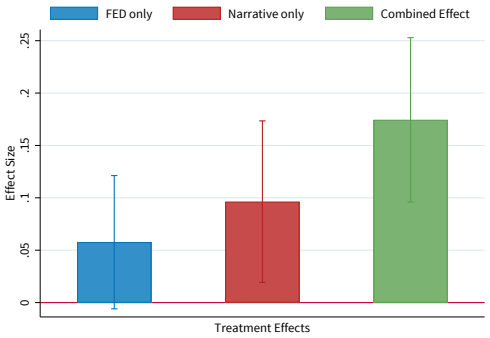
(b) Monetary Policy Narrative



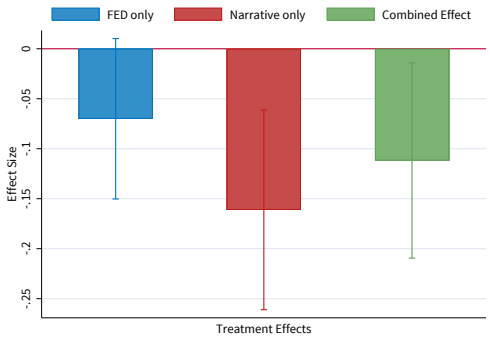
(c) Subjective Understanding



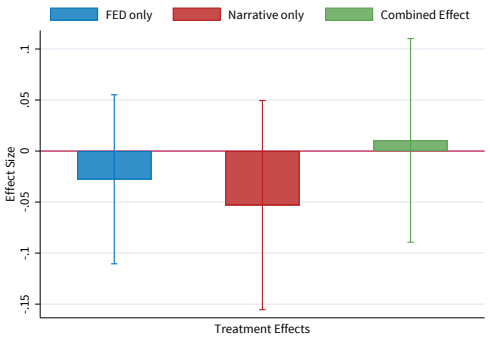
(d) Beliefs about Recession Symptoms



(e) General Spending Beliefs



(f) Individual Spending Intentions – Index



Notes: The figures plot the corresponding coefficients from equation (1), restricting the sample to treatment groups *Narrative Provision X FED*, *Narrative Provision X No FED* as well as the two groups *Pure Control* and *FED Provision*. *FED only* corresponds to the coefficient of FED, *Narrative only* corresponds to the coefficient of $NarrativeGroup$ and *Combined Effect* shows the combined effect, including both singular as well as the interaction term $FED \times NarrativeGroup$. Outcomes are standardized. 90%-confidence intervals are plotted for the respective coefficients.

C Screenshots of Treatments

Figure C.1 FED Treatment

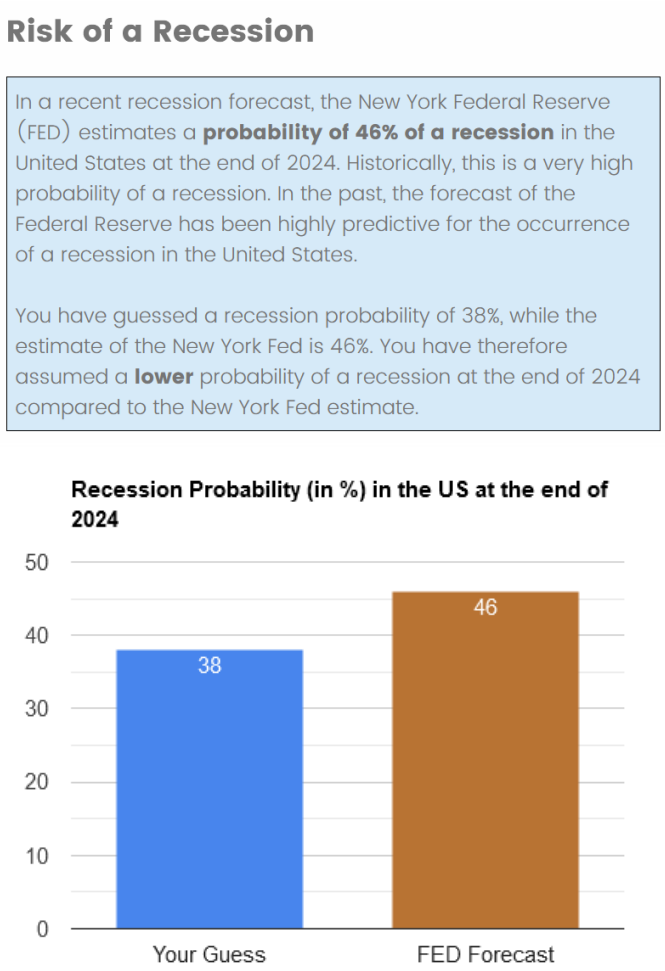
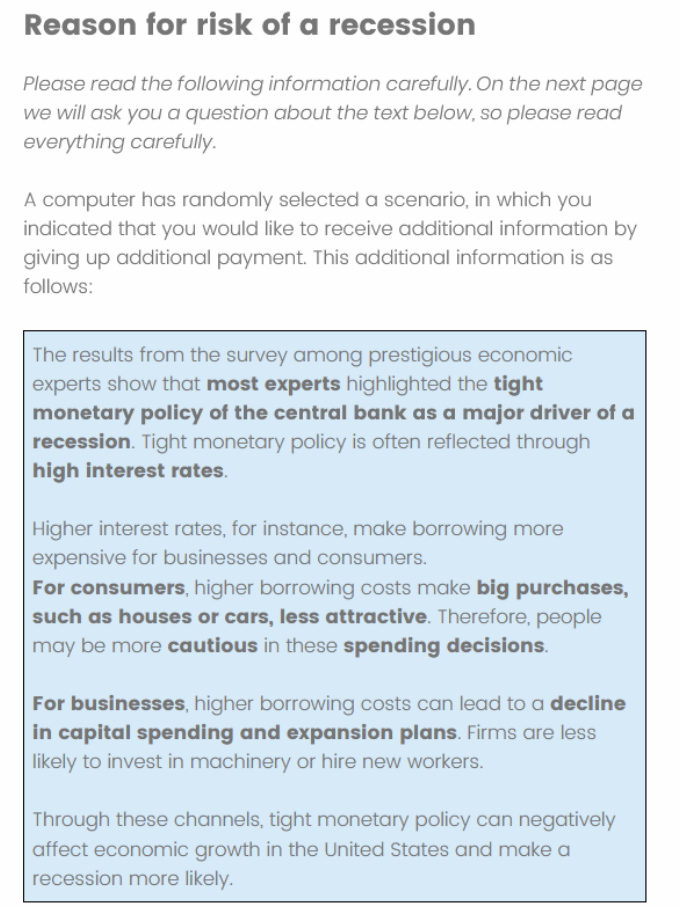


Figure C.2 WTP Narrative Provision - Majority



D Survey Instructions

The treatment conditions of the experimental question are reported here. Bold text, underlining, tables, etc. appear as in the original question.

Introduction
Welcome to this survey. We appreciate your participation. This study is part of a research project conducted by the University of Munich and the ifo Institute Munich, Germany. The survey is concerned with questions about your background, your habits, and your opinions in the context of ongoing societal trends in the United States (US).

Payoff
You will receive a fixed payment for completing the survey. Note that with some questions and decisions during the survey, you can potentially increase your final payoff beyond this amount. The survey takes a few minutes to complete.

Confidentiality
All data obtained from you will be used for research purposes only. Data will be anonymized immediately after collection. Researchers will at no point have access to any information that could be used to personally identify you. The collected anonymized data will be used and shared for research purposes and will be stored in open-access repositories.

Voluntary participation
Please note that you must be 18 years old to participate in this survey. It is voluntary to participate in the survey, and you can at any time choose to withdraw your consent without stating any reason. If you want to do so or in case you have questions about this survey or your rights, please get in touch with us via heil@ifo.de.

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

[Page Break]

D.1 Demographics

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

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 2023 in USD before taxes and deductions?

- Less than 15,000
- Between 15,000 and 25,000
- Between 25,000 and 50,000
- Between 50,000 and 75,000
- Between 75,000 and 100,000
- Between 100,000 and 150,000
- Between 150,000 and 200,000
- More than 200,000

[Page Break]

In which state do you currently reside? [List of all states]

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: ___

[Page Break]

How often do you consume (i.e., read/watch/listen) news about the U.S. economy?

- Multiple times a day
- Daily
- Multiple times a week
- Once a week
- Multiple times a month
- Once or less than once a month
- Never

In your opinion, which sources of information are **helpful** to understand current economic trends in the US?
Please note that you can choose multiple answer options.

- □ Newspapers
- □ Politicians
- □ Experts
- □ TV
- □ Social Media
- □ Other: ___
- □ None

[Page Break]

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.

□ Newspapers
□ Politicians
□ Experts
□ TV
□ Social Media
□ Other: ___
□ None

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

How willing are you to give up something that is beneficial for you today in order to benefit more from that in the future?
Please indicate your answer on a scale from 1 to 7, where 1 means you are "completely unwilling to do so" and a 7 means you are "very willing to do so".

- 1 = Completely unwilling to do so
- 2
- 3
- 4
- 5
- 6
- 7 = Very willing to do so

[Page Break]

D.2 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?

- Red
- Blue
- Green
- Orange
- Black

[Page Break]

D.3 Recession Definition and Priors

Recession
We will now provide you with an explanation of the term recession. Please read the definition carefully.

A **recession** entails a **significant decline in economic activity** that is spread across the economy and lasts more than a few months. Such a decline in economic activity is often reflected

in a **fall of real Gross Domestic Product (GDP), income, employment and industrial production**.

Please explain the term recession in your own words.

[Page Break]

In your opinion, what is the **probability** that the United States will be in a **recession at the end of 2024**?

Please click on the bar to see the slider.

	Recession Probability in % 0 10 20 30 40 50 60 70 80 90 100
Please answer from 0 to 100 (%)	`<Slider>`

How sure are you about your prediction?

- Very sure
- Sure
- Somewhat unsure
- Unsure
- Very unsure

In your opinion, what are the major drivers of a possible recession? Please answer in full sentences.

[Page Break]

D.4 FED Treatment

[Only to FED Provision Branches]

Risk of a Recession

In a recent recession forecast, the New York Federal Reserve (FED) estimates a **probability of 46% of a recession** in the United States at the end of 2024. Historically, this is a very high probability of a recession. In the past, the forecast of the Federal Reserve has been highly predictive for the occurrence of a recession in the United States.

You have guessed a recession probability of <Respondents Estimate>%, while the estimate of the New York Fed is 46%. You have therefore assumed a <higher/lower> probability of a recession at the end of 2024 compared to the New York Fed estimate.

D.5 FED Info Acquisition

[Only to WTP FED branch]

You now have the option to acquire **information about the predicted recession probability for the United States at the end of 2024** by the New York Federal Reserve (New York Fed). In the past, the forecast of the New York Fed has been highly predictive for the occurrence of a recession in the United States.

You will now see five different scenarios on the next screens. After you have made your decision on all scenarios, a computer will **randomly draw one of the scenarios** to be implemented. Note that **each scenario could get implemented and could affect your final payoff**, so we advise you to consider all of them carefully.

[Page Break]

Before you see the different scenarios on the next screens, remember that any of them could be selected for implementation and could affect your final payoff. Please take this into account when making your decision.

[Page Break]

Scenario 1/2/3/4/5: Would you like to receive information from the New York Fed or [$0.05/$0.60/$1.30/$3.20/$6.90]?

- Receive **additional information** from the New York Fed on the predicted **recession probability**.
- Receive [$0.05/$0.60/$1.30/$3.20/$6.90] and **no information**.

[Page Break]

Reason WTP Point Estimate - Acquisition

Why did you decide to acquire/not acquire this information?

[Only if WTP FED = 6.90 USD]

Max WTP

In the previous scenarios, you had the opportunity to acquire information. In the last scenario you stated that you would like to receive the information and not receive 6.90 USD.

Hypothetically speaking: What price (in USD) would we have had to offer you to make you choose the money instead of the information?

[Only if Choice=Additional Information about FED recession probability in randomly chosen scenario]

Risk of a Recession

A computer has randomly selected a scenario, in which you indicated that you would like to receive additional information by giving up additional payment. This additional information is as follows:

In a recent recession forecast, the New York Federal Reserve (FED) estimates a **probability of 46% of a recession** in the United States at the end of 2024. Historically, this is a very high probability of a recession. In the past, the forecast of the Federal Reserve has been highly predictive for the occurrence of a recession in the United States.

You have guessed a recession probability of <Respondents Estimate>%, while the estimate of the New York Fed is 46%. You have therefore assumed a <higher/lower> probability of a recession at the end of 2024 compared to the New York Fed estimate.

D.6 Narrative Info Provision

[Only to Narrative Provision Branches]

Reason for risk of a recession

Please read the following information carefully. On the next page we will ask you a question about the text below, so please read everything carefully.

A computer has randomly selected a subgroup of participants to receive additional information. You are part of this group. This additional information is as follows:

We regularly conduct a survey among prestigious economic experts, among them several Nobel Laureates. In a recent survey among experts from the United States, we presented these experts with a current **recession probability** forecast for the **United States at the end of 2024** from

the New York Federal Reserve. We asked these experts about **major drivers** for this estimate of a possible recession in the United States.

The results from this survey show that **most experts** highlighted the **tight monetary policy of the central bank as a major driver of a recession**. Tight monetary policy is often reflected through **high interest rates**.

Higher interest rates, for instance, make borrowing more expensive for businesses and consumers. **For consumers**, higher borrowing costs make **big purchases, such as houses or cars, less attractive**. Therefore, people may be more **cautious** in these **spending decisions**.

For businesses, higher borrowing costs can lead to a **decline in capital spending and expansion plans**. Firms are less likely to invest in machinery or hire new workers.

Through these channels, tight monetary policy can negatively affect economic growth in the United States and make a recession more likely.

[Page Break]

Please describe in your own words how tight monetary policy can cause a recession.

D.7 Narrative Info Acquisition

[Only to WTP Narratives branches]

We regularly conduct surveys among prestigious economic experts, among them several Nobel Laureates. In a recent survey among experts from the United States, we presented these experts with a recent **recession probability** forecast for the **United States at the end of 2024** from the New York Federal Reserve. We then asked these experts about the **major drivers** for this estimate of a possible recession in the United States.

You will now have the option to acquire exclusive information from this survey about the most frequent explanation of economic experts for a possible recession in the United States. This information is not publicly available.
You will now see five different scenarios on the next screens. After you have made your decision for all scenarios, a computer will **randomly draw one of the scenarios** to be implemented. Note that **each scenario could get implemented and could affect your final payoff**, so we advise you to consider all of them carefully.

[Page Break]

Before you see the different scenarios on the next screens, remember that any of them could be selected for implementation and could affect your final payoff. Please take this into account when making your decision.

[Page Break]

Scenario 1/2/3/4/5: Would you like to receive the most frequent explanation for a possible recession among economic experts or [$0.05/$0.60/$1.30/$3.20/$6.90]?

- Receive **most frequent explanation** for a recession among **all economic experts**.
- Receive [$0.05/$0.60/$1.30/$3.20/$6.90] and **no information**.

[Page Break]

Reason WTP Narrative - Acquisition

Why did you decide to acquire/not acquire this information?

[Only if WTP Narrative = 6.90 USD]

Max WTP

In the previous scenarios, you had the opportunity to acquire information. In the last scenario you stated that you would like to receive the information and not receive 6.90 USD.

Hypothetically speaking: What price (in USD) would we have had to offer you to make you choose the money instead of the information?

[Only if Choice=Additional Information about Narrative in randomly chosen scenario]

Reason for risk of a recession

Please read the following information carefully. On the next page we will ask you a question about the text below, so please read everything carefully.

A computer has randomly selected a scenario, in which you indicated that you would like to receive additional information by giving up additional payment. This additional information is as follows:

The results from the survey among prestigious economic experts show that **most experts** highlighted the **tight monetary policy of the central bank as a major driver of a recession**. Tight monetary policy is often reflected through **high interest rates**.

Higher interest rates, for instance, make borrowing more expensive for businesses and consumers. **For consumers**, higher borrowing costs make **big purchases, such as houses or cars, less attractive**. Therefore, people may be more **cautious** in these **spending decisions**.

For businesses, higher borrowing costs can lead to a **decline in capital spending and expansion plans**. Firms are less likely to invest in machinery or hire new workers.

[Page Break]

Through these channels, tight monetary policy can negatively affect economic growth in the United States and make a recession more likely.

Please describe in your own words how tight monetary policy can cause a recession.

D.8 Different Narrative Info Acquisition

[Only to WTP Different Narratives branch]

We regularly conduct surveys among prestigious economic experts, among them several Nobel Laureates. In a recent survey among experts from the United States, we presented these experts with a recent **recession probability** forecast for the **United States at the end of 2024** from the New York Federal Reserve. We asked these experts about the **major drivers** for this estimate of a possible recession in the United States.

You now have the option to acquire exclusive information from this survey about the most frequent explanation of economic experts for a possible recession in the United States. This information is not publicly available.

This explanation can either come from
- **Economic experts** that **themselves** expect a rather **high recession probability**, also called **pessimistic economic experts**.
- **Economic experts** that **themselves** expect a rather **low recession probability**, also called **optimistic economic experts**.
- **All economic experts**.

You will now see five different scenarios on the next screens. You can only choose one explanation in each scenario. After you have made your decision on all scenarios, a computer **will randomly draw one of the scenarios** to be implemented. Note that **each scenario could get implemented and could affect your final payoff**, so we advise you to consider all of them carefully.

[Page Break]

Before you see the different scenarios on the next screens, remember that any of them could be selected for implementation and could affect your final payoff. Please take this into account when making your decision.

[Page Break]

Scenario 1/2/3/4/5: Would you like to receive the most frequent explanation for a possible recession among economic experts or [$0.05/$0.60/$1.30/$3.20/$6.90]?

- Receive **most frequent explanation** for a recession among **pessimistic economic experts**.
- Receive **most frequent explanation** for a recession among **optimistic economic experts**.
- Receive **most frequent explanation** for a recession among **all economic experts**.
- Receive [$0.05/$0.60/$1.30/$3.20/$6.90] and **no information**.

[Page Break]

Reason WTP Different Narrative - Acquisition

Why did you decide to acquire/not acquire this information?

[Only if WTP Narrative = 6.90 USD]

Max WTP

In the previous scenarios, you had the opportunity to acquire information. In the last scenario you stated that you would like to receive the information and not receive 6.90 USD.

Hypothetically speaking: What price (in USD) would we have had to offer you to make you choose the money instead of the information?

[Only if Choice=Consensus Narrative (all experts) in randomly chosen scenario]

Reason for risk of a recession

Please read the following information carefully. On the next page we will ask you a question about the text below, so please read everything carefully.

A computer has randomly selected a scenario, in which you indicated that you would like to receive additional information by giving up additional payment. This additional information is as follows:

The results from the survey among prestigious economic experts show that **most experts** highlighted the **tight monetary policy of the central bank as a major driver of a recession**. Tight monetary policy is often reflected through **high interest rates**.

Higher interest rates, for instance, make borrowing more expensive for businesses and consumers. **For consumers**, higher borrowing costs make **big purchases, such as houses or cars, less attractive**. Therefore, people may be more **cautious** in these **spending decisions**.

For businesses, higher borrowing costs can lead to a **decline in capital spending and expansion plans**. Firms are less likely to invest in machinery or hire new workers.

[Page Break]

Through these channels, tight monetary policy can negatively affect economic growth in the United States and make a recession more likely.

Please describe in your own words how tight monetary policy can cause a recession.

[Only if Choice=Optimist Narrative (optimistic experts) in randomly chosen scenario]

Reason for risk of a recession

Please read the following information carefully. On the next page we will ask you a question about the text below, so please read everything carefully.

A computer has randomly selected a scenario, in which you indicated that you would like to receive additional information by giving up additional payment. This additional information is as follows:

The results from the survey among prestigious economic experts show that most experts who themselves expected a recession to occur with a **low probability, i.e., optimistic experts**, highlighted **geopolitical conflicts as a major driver of a recession**.

For instance, this explanation contains the **negative effects of current conflicts** that might negatively impact the U.S. economy. Such geopolitical conflicts can **increase uncertainty** and make **businesses more cautious about their investments**. Another channel is through the **disruption of trade**, as the flow of goods between countries could be negatively affected by conflicts.
Through these channels, geopolitical conflicts can negatively affect economic growth in the United States and make a recession more likely.

[Page Break]

Please describe in your own words how geopolitical conflicts can cause a recession.

[Only if Choice=Pessimist Narrative (pessimistic experts) in randomly chosen scenario]

Reason for risk of a recession

Please read the following information carefully. On the next page we will ask you a question about the text below, so please read everything carefully.

A computer has randomly selected a scenario, in which you indicated that you would like to receive additional information by giving up additional payment. This additional information is as follows:

The results from the survey among prestigious economic experts show that most experts who themselves expected a recession to occur with a **high probability, i.e., pessimistic experts**, highlighted the **tight monetary policy of the central bank as a major driver of a recession**. Tight monetary policy is often reflected through **high interest rates**.

Higher interest rates, for instance, make borrowing more expensive for businesses and consumers. **For consumers**, higher borrowing costs make **big purchases, such as houses or cars, less attractive**. Therefore, people may be more **cautious** in these **spending decisions**.

For businesses, higher borrowing costs can lead to a **decline in capital spending and expansion plans**. Firms are less likely to invest in machinery or hire new workers.

Through these channels, tight monetary policy can negatively affect economic growth in the United States and make a recession more likely.

[Page Break]

Please describe in your own words how tight monetary policy can cause a recession.

D.9 Posterior Expectations and Narratives

[From here same for all respondents]

In this question we present you with possible scenarios for the average **growth rate** of the value of real **Gross Domestic Product (GDP)** in the United States, in the year 2024. The GDP reflects the value of all goods and services produced in a given year. Please let us know how likely you think it is that each scenario will occur. Please type in the number to indicate the probability,

in percent, that you attach to each scenario. The probabilities of the scenarios have to sum up to 100 percent.

What do you think how the real GDP in the United States at the end of 2024 will have evolved compared to one year before?

Scenario 1: Real GDP has decreased by more than 1.5% : _____
Scenario 2: Real GDP has decreased by between 1.5 and 1.0% : _____
Scenario 3: Real GDP has decreased by between 1.0 and 0.5% : _____
Scenario 4: Real GDP has decreased by between 0.5 and 0% : _____
Scenario 5: Real GDP has grown by between 0 and 0.5% : _____
Scenario 6: Real GDP has grown by between 0.5 and 1.0% : _____
Scenario 7: Real GDP has grown by between 1.0 and 1.5% : _____
Scenario 8: Real GDP has grown by more than 1.5% : _____
Total : <Sum of values above>

[Page Break]

To what extent do you agree with the following statement?

The U.S. economy will likely **experience a recession** during this year.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

[Page Break]

To what extent do you agree with the following statements?

I understand why the U.S. economy might experience a **recession**.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I understand how such a recession may **affect consumers**.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

I understand how such a recession may **affect businesses**.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

[Page Break]

To what extent do you agree with the following statements?

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
The U.S. economy will likely experience a **fall in investments of businesses** until the end of 2024.	❍	❍	❍	❍	❍
The U.S. economy will likely experience a **fall in wholesale-retail sales** until the end of 2024.	❍	❍	❍	❍	❍
The U.S. economy will likely experience a **fall in consumer spending on durable goods** (like houses or cars) until the end of 2024.	❍	❍	❍	❍	❍

[Page Break]

Opinions may differ on the development of the U.S. economy until the end of the year.
In your opinion, how important are the following factors for a potentially negative development of the U.S. economy until the end of 2024?

	Very important	Fairly important	Important	Slightly important	Not important at all	No opinion
Monetary Policy, e.g., Interest Rates	❍	❍	❍	❍	❍	❍
Energy Prices	❍	❍	❍	❍	❍	❍
Political Polarization	❍	❍	❍	❍	❍	❍
Fiscal Policy, e.g., Government Spending	❍	❍	❍	❍	❍	❍
Geopolitical Events, e.g., Wars and Armed Conflicts	❍	❍	❍	❍	❍	❍

[Page Break]

D.10 Spending Decisions

Compared to what you spent last year, do you intend to spend more, less or about the same **this year** on...

	Spend much less	Spend somewhat less	Spend about the same	Spend somewhat more	Spend much more
Food consumed at restaurants	❍	❍	❍	❍	❍
Durable goods such as automobiles or appliances	❍	❍	❍	❍	❍
Leisure activities such as visiting the cinema or sport games and performance acts	❍	❍	❍	❍	❍

[Page Break]

Generally speaking, do you think this year is a good or a bad time for people to **buy major durable goods** such as automobiles, furniture or household appliances?

- A very good time
- A somewhat good time
- Neither a good nor a bad time
- A somewhat bad time
- A very bad time

Generally speaking, do you think this year is a good or a bad time for people to **take up loans** to finance **durable goods**, such as automobiles, furniture or household appliances?

- A very good time
- A somewhat good time
- Neither a good nor a bad time
- A somewhat bad time
- A very bad time

Generally speaking, do you think this year is a good or a bad time for people to **take up a mortgage** to finance **a house**?

- A very good time
- A somewhat good time
- Neither a good nor a bad time
- A somewhat bad time
- A very bad time

[Page Break]

D.11 Policy Preferences

To what extent do you support the following policy options?

	Fully support	Somewhat support	Neither support nor oppose	Somewhat oppose	Fully oppose
Loose monetary policy, i.e., the Federal Reserve decreases interest rates	❍	❍	❍	❍	❍
Expansionary fiscal policy, i.e., higher government spending	❍	❍	❍	❍	❍
Tax cuts	❍	❍	❍	❍	❍
Protect domestic businesses from foreign competition	❍	❍	❍	❍	❍

[Page Break]

D.12 Economic Indicators

Now we would like to ask you about your views on the development of different economic indicators until the end of 2024.
At the end of 2024, will the following indicators be lower or higher as compared to today?

	Lower	Somewhat lower	Same	Somewhat higher	Higher
The average **interest rate on a savings account**	❍	❍	❍	❍	❍
The average annual **inflation rate**	❍	❍	❍	❍	❍
The average level of **house prices**	❍	❍	❍	❍	❍
The monthly **total labor income of households**	❍	❍	❍	❍	❍
The monthly **unemployment rate**	❍	❍	❍	❍	❍

[Page Break]

D.13 Rational Inattention

To what extent do you agree with the following statements?

Inflation is **important** for the **economic situation of my household**.

- Strongly agree
- Somewhat agree

- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Monetary policy of the FED (e.g., interest rate policy) is **important** for the economic **situation of my household**.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

Economic growth is **important** for the **economic situation of my household**.

- Strongly agree
- Somewhat agree
- Neither agree nor disagree
- Somewhat disagree
- Strongly disagree

[Page Break]

D.14 Debriefing

You are almost done with the survey. Please answer the following questions, before submitting your survey responses.

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

If you want to tell us something else, please let us know here.

Thank You + Payoff

Thank you for participating in the survey! Your additional payoff is <Sum of additional payoff> USD.