

How Partisanship Shapes Economic Expectations: Evidence from the 2025 U.S. Tariff Announcement*

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Abstract

We study how households update expectations about the economic effects of tariffs following the “Liberation Day” policy announcement. Using an online survey experiment, we document substantial disagreement in subjective economic models, driven primarily by political affiliation. Providing evidence-based information leads to belief updating, but the form of updating depends on prior beliefs and the perceived novelty and interpretation of the information. When respondents largely agree on the direction of an effect—as in inflation—information is used to revise perceived magnitude. When prior beliefs are more dispersed—as in unemployment—updating occurs mainly through directional changes, often involving revisions in the underlying economic mechanism. These dynamics widen partisan gaps in inflation expectations but partially reduce differences in unemployment expectations, with no corresponding changes in political approval.

Keywords: expectation formation, subjective models, tariff shocks, partisan expectations

JEL Classification: D83, D84, E65, E71, F16.

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1 Introduction

How households anticipate the effects of government policy can shape how such policies propagate through the aggregate economy. When major policies are announced, households form expectations about their impact on inflation, employment, and other macroeconomic outcomes—expectations that influence consumption, saving, and investment decisions. These beliefs can in turn affect how policy shocks propagate through the economy (e.g., Candia et al., 2020; D’Acunto, Hoang, and Weber, 2022; Mertens and Ravn, 2012; Ramey, 2016). Yet relatively little is known about how households interpret salient policy announcements and form expectations about their macroeconomic consequences.

We study these questions in the context of the April 2, 2025, “Liberation Day” announcement, when President Donald Trump unveiled a sweeping plan to impose tariffs on imported goods. The tariffs were large and highly salient, providing a rare opportunity to examine how households revise their macroeconomic expectations in response to a real policy shock. At the time, professional forecasts broadly anticipated negative economic consequences—the stock market fell sharply, and financial institutions quickly revised upward the probability that the United States would enter a recession. While economists largely agreed on the policy’s likely macroeconomic effects, much less is known about how households interpret such policy announcements and form expectations about their consequences.

To investigate this question, we conducted an online survey on April 11, 2025, shortly after the policy announcement, to elicit households’ beliefs. We first document systematic heterogeneity in expectations. Inflation expectations vary across demographic characteristics—women, older respondents, and those with less education report higher expected inflation, consistent with prior research (D’Acunto, Malmendier, and Weber (2022) and D’Acunto et al. (2021), among others). At the same time, we observe pronounced partisan differences: self-identified Democrats report higher expectations for both inflation and unemployment compared to Republicans. This pattern is consistent with existing evidence that individuals who support the incumbent president’s party tend to report more favorable economic expectations (Binder et al. (2024) and Kamdar and Ray (2023), among others).

We then elicit respondents’ subjective models of how tariffs affect the economy. While previous re-

search has documented heterogeneity in macroeconomic expectations across demographic groups and partisan lines, less is known about how these characteristics shape beliefs about the mechanisms through which policies operate. Most respondents (82%) expect tariffs to raise inflation, but there is considerably greater disagreement regarding unemployment (63% expect it to increase) and stock prices (64% expect them to fall). Interestingly, these subjective models vary little across demographic characteristics but differ sharply across political groups. For example, 94% of Democrats expect tariffs to raise inflation compared with 68% of Republicans, while 83% of Democrats expect unemployment to increase versus only 40% of Republicans. These patterns highlight the role of partisanship in shaping subjective evaluations of fiscal policy.

To examine how these differences evolve in response to new information, we conducted a randomized information experiment. Respondents were randomly assigned to receive summaries of academic research on the 2018–2019 U.S.–China tariff war. The inflation treatment summarized evidence from Cavallo et al. (2021), documenting near-complete pass-through of tariffs to import prices. The employment treatment summarized findings from Autor et al. (2024), showing that tariff protections did not lead to employment gains in protected sectors while retaliatory tariffs reduced employment. The stock market treatment summarized evidence from Amiti et al. (2021) showing that financial markets reacted negatively to tariff announcements. We also implemented two additional treatments based on news coverage of Federal Reserve Chair Jerome Powell’s assessment that tariffs would raise inflation and slow economic growth.

The treatments generate distinct patterns of belief revisions across outcomes. Respondents receiving the inflation treatment revise inflation expectations upward by 0.5 percentage points relative to the control group, while those receiving the employment treatment revise unemployment expectations upward by 0.2 percentage points. In contrast, the stock market treatment does not affect inflation or unemployment expectations. Information based on Jerome Powell’s remark raised inflation expectations by approximately 0.5 percentage points.

We show that heterogeneity in belief updating reflects differences in prior beliefs and in how respondents interpret the information provided. For inflation, where prior beliefs about the effects of tariffs are largely aligned, revisions occur primarily among respondents who already expected tariffs to raise inflation; these respondents update the perceived magnitude of the effect. For unemploy-

ment, where prior beliefs are more dispersed—particularly across political groups—revisions are concentrated among respondents who initially believed tariffs would not increase unemployment.

To further unpack these patterns, we analyze open-ended responses describing what respondents learned from the treatments. These responses reveal heterogeneity in how individuals interpret the underlying economic mechanisms. For inflation, belief revisions are concentrated among respondents who report learning something new, whereas for unemployment—where updating involves directional change—revisions occur primarily among respondents whose interpretations align with the mechanism emphasized in the treatment.

Taken together, these findings show that the form of belief updating—whether magnitude or directional—depends on the interaction between prior beliefs and the informational content of the signal. When prior beliefs are aligned, information is directionally redundant but quantitatively informative, leading to magnitude updating. When beliefs are more dispersed, information is directionally informative and induces revisions in underlying economic models. Consistent with this, the inflation treatment increases inflation expectations among Democrats but has little effect on Republicans, leading to greater partisan divergence, while the employment treatment generates upward revisions among Republicans and little response among Democrats, resulting in partial convergence.

Finally, we examine whether these exogenous shifts in economic expectations influence political evaluations. Despite significant revisions in inflation and unemployment beliefs, we find no evidence that the information treatments affect respondents’ approval ratings of the administration’s economic policy.

This paper makes three main contributions. First, we provide evidence on how households anticipate the effects of policy and update beliefs in response to a salient real-world policy shock. While existing studies often rely on hypothetical scenarios, our analysis exploits the announcement of a major tariff policy, allowing us to observe belief formation and updating in real time. Second, we show that the form of belief updating depends on prior beliefs and the informational content of the signal. When prior beliefs are aligned, information primarily leads to revisions in the perceived magnitude of an effect; when prior beliefs are more dispersed, information can induce changes in the direction of expectations, often through revisions in respondents’ interpretation of the underlying economic

mechanism. Third, we document that political identity plays a central role in shaping both prior beliefs and the interpretation of policy-relevant information, generating asymmetric belief revisions across partisan groups.

Related literature and contribution This study contributes to a growing body of literature documenting partisan heterogeneity in economic expectations. Earlier studies—including Coibion et al. (2020), Alesina et al. (2020), Choi et al. (2022), Mian et al. (2023), Kamdar and Ray (2023), Binder et al. (2024), Kamdar et al. (2025), Kay et al. (2025) among others—show that partisan divides in expectations about inflation, unemployment, and broader economic conditions are both persistent and widening. These differences are not fully accounted for by variation in economic fundamentals or exposure to economic conditions, pointing instead to the influence of partisan bias.

More recent studies, such as Binder et al. (2025), Kuang et al. (2024), and Kuang et al. (2025), highlight that political alignment shapes trust in the Federal Reserve and the perceived credibility of its communications, thereby influencing inflation expectations. We extend this literature by shifting the focus from monetary policy communication to the interpretation of fiscal policy. Using a real-time policy shock—the April 2025 U.S. tariff announcement—we show that partisanship shapes how individuals mentally model and evaluate government policies themselves.

Our work also contributes to the growing literature on subjective models of the macroeconomy. The seminal study by Andre et al. (2022) documents that households’ subjective models in response to macroeconomic shocks differ markedly from those of experts. Building on this, Piccolo et al. (2024) show that education plays a key role in shaping heterogeneity in subjective models with respect to monetary policy. McMahon et al. (2025) further demonstrate that interventions designed to teach economic mechanisms in hypothetical scenarios can help align households’ mental models more closely with those of experts. Unlike these prior studies, which rely primarily on hypothetical vignettes to assess mental models, our study leverages a salient, real-world policy shock to examine how households form and revise their subjective models. In doing so, we provide novel evidence of partisan bias in belief updating in response to actual policy information—an effect that may be difficult to capture in vignette-based settings, where policy decisions are not tied to real political actors such as the sitting president or Federal Reserve Chair.

Our paper also contributes to the literature on how households update their beliefs in response to randomly provided information in surveys. Prior studies have shown that news or expert forecasts can shift expectations, but not uniformly across individuals (Armantier et al., 2016; Coibion and Gorodnichenko, 2012). More closely, Huseynov and Murad (2024) demonstrate asymmetric belief updating across political affiliations. We extend this literature by randomizing exposure to policy-relevant information about a salient policy by directly eliciting expectations across multiple macroeconomic outcomes. Crucially, our survey design allows us to identify heterogeneity in belief updating conditional on political identity and subjective models. We find that even when individuals are presented with evidence-based information, they revise their expectations in a partisan manner. This suggests that belief updating is shaped not only by the content of the information, but also by prior beliefs, perceived novelty, and political identity.

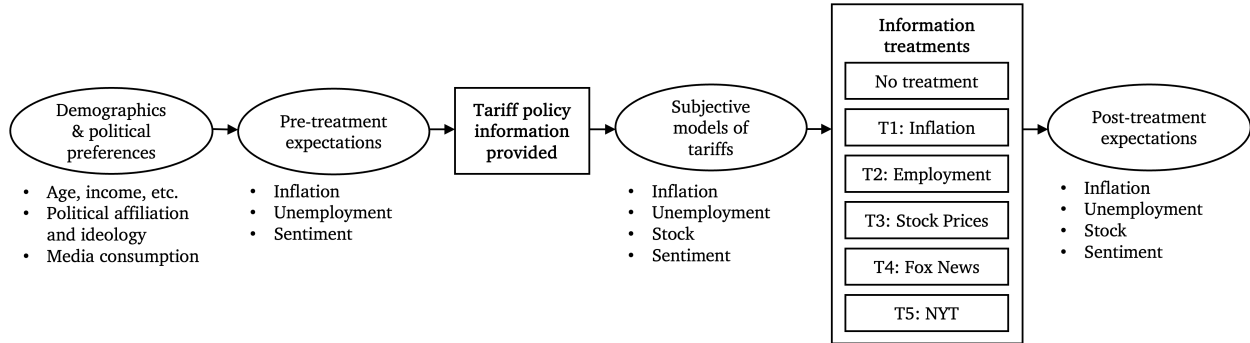
Related to the recent tariff episodes, Coibion et al. (2025) and Andrade et al. (2025) examine expectations about the effects of tariffs among households and small and medium-sized enterprises, respectively, around the time of President Trump’s inauguration. Binder et al. (2025) document that tariffs were salient among individuals who believed the election would lead to higher inflation. However, their surveys were conducted prior to the official policy announcement, when the size and scope of the tariffs were still uncertain. In contrast, Stantcheva and Tham (2025) investigate individuals’ understanding of and attitudes toward trade and trade policy, including tariffs, after the April 2025 announcement. Candia et al. (2026) examine the opposing effects of tariff policy expectations and uncertainty on consumers’ spending plans using randomized information interventions. Similarly, we field our survey shortly after the announcement, allowing respondents to react to an actual, salient policy shock. Our contribution differs by focusing on the role of partisan bias in shaping how households perceive the economic effects of the tariff policy—on employment, inflation, and stock prices—thereby highlighting the influence of political identity on economic beliefs and policy evaluation.

The remainder of the paper is structured as follows. Section 2 describes the design and implementation of the survey and provides descriptive statistics on perceptions and macroeconomic expectations as of April 2025. Section 3 investigates participants’ subjective models of the tariff policy announcement and documents sharp heterogeneity by political affiliation. Section 4 reports results from the

information treatments, highlighting how revisions differ by the source and content of the information. Section 5 concludes.

2 Survey Design

Figure 1: Survey flowchart



Following the April 2, 2025 announcement of tariff policy, we designed a survey to examine individuals’ subjective models of how tariffs affect macroeconomic outcomes. We recruited 1,212 respondents through Prolific, an online platform that enables demographic sampling to closely match the U.S. population in terms of age, gender, and political affiliation.¹ The structure of the survey is illustrated in Figure 1 and consists of three main modules: (1) baseline characteristics and macroeconomic expectations, (2) subjective models of tariff policy, and (3) post-treatment expectations following information treatments. The full survey is available in Appendix H.

Baseline module In the first section, we collect respondents’ demographic characteristics (e.g., age, income, education), political orientation, employment status, and media consumption habits.

Next, we elicit baseline expectations regarding inflation, unemployment, and economic sentiment over the short (1-year ahead) and medium term horizons, employing both quantitative and qualitative measures. Specifically, for inflation expectations, we asked respondents to provide density forecasts for the 1-year horizon following the methodology of the New York Fed’s Survey of Consumer Expectations (SCE). For analysis, we computed the implied mean of these inflation forecasts,

¹However, the Prolific sample contains a higher share of highly educated respondents than nationally representative surveys. See Table A.1 in Appendix A for a detailed comparison.

assuming a uniform distribution of masses within each bin. For unemployment expectations, respondents provided direct point forecasts, answering the question: "*What is your best guess about what the unemployment rate in the U.S. will be 12 months from now?*" Lastly, for economic sentiment, we adopted the Michigan Survey of Consumers approach, eliciting directional forecasts—"better," "about the same," or "worse"—for business and economic conditions over the following year.

Subjective models of tariffs The second module elicits respondents' subjective models of tariff policy. We begin by presenting a summary of the policy announcement, which includes a 10% universal tariff on all imported goods and country-specific reciprocal tariffs ranging between 11% and 50%. Respondents are then asked whether they had previously heard about the announcement; 87% report being aware of the policy.

We then elicit respondents' subjective expectations about the tariff's impact on the U.S. economy. Participants answer both open-ended and closed-form questions, such as: "*In your own words, how do you think the recently announced tariff policy would affect the U.S. economy?*" In addition, we ask participants to report their expectations regarding inflation, unemployment, stock prices, and overall economic sentiment in response to the newly announced tariff policies. These questions allow us to assess both the direction and magnitude of the perceived effects, enabling us to capture how individuals mentally model the macroeconomic consequences of trade policy.

Information treatment and posterior beliefs In the final module, we randomly assign respondents to one of six groups. One group receives no information and serves as the control. The remaining five groups receive one of two broad categories of information: (i) empirical research findings on how the 2018–2019 U.S.–China trade war affected inflation, employment, and stock prices, or (ii) statements from the Federal Reserve Chair regarding the expected macroeconomic consequences of the newly announced tariffs. Each treatment is designed to isolate specific mechanisms through which beliefs might be updated.

For the empirical research treatments, we provide a summary of findings from three academic sources. Each treatment notes that, during the 2018–2019 U.S.–China trade war, the average tariff rate peaked at 3.5%. We emphasize that the presented findings are derived from economic research

using state-of-the-art empirical methods to identify causal effects. For each treatment, we also include a key figure from the original research paper. A brief summary of the treatments is provided below, and full treatment texts are available in Appendix G.

1. Cavallo et al. (2021): Respondents are shown evidence that tariffs substantially raised import prices, with nearly complete pass-through to U.S. consumers. For example, a 10% tariff led to an estimated 9.4% increase in prices.
2. Autor et al. (2024): Respondents are presented with findings showing that tariff protections did not lead to job gains in targeted sectors. In contrast, retaliatory tariffs imposed by trade partners resulted in job losses, particularly in US farming regions.
3. Amiti et al. (2021): Respondents are shown evidence that financial markets reacted negatively to tariff announcements. Stock prices remained stable in the days preceding the announcements but dropped sharply afterward, with cumulative losses often exceeding 10%, indicating a strong adverse investor response.

Although our information treatments were based on specific academic empirical studies of previous tariff episodes, our findings are broadly consistent with both prior research on tariff impacts and contemporaneous theoretical analyses of the newly announced policy. For example, Fajgelbaum and Khandelwal (2022) survey pass-through rates from the 2018–2019 tariff episodes and documents near-complete pass-through, consistent with the evidence presented in our inflation treatment. Similarly, Rodríguez-Clare et al. (2025) argue that tariff increases can lead to employment declines for those sectors that are faced with retaliatory tariff, and Auclert et al. (2025) show that such policies are likely to generate stagflationary effects—higher inflation alongside slower economic activity.² More recent empirical studies (Barnichon & Singh, 2025; Känzig & den Besten, 2026) confirm these findings, showing that tariffs raise unemployment, while their inflationary effects depend on the response of monetary policy. Since 2025, U.S. monetary policy has been easing, which likely contributes to upward pressure on inflation.

²Theoretical research on the effects of tariffs suggests that the impact on employment may be positive if trade elasticities are sufficiently low and retaliation from trading partners is limited (Ignatenko et al., 2025; Rodríguez-Clare et al., 2025).

For the latter two treatments, we present excerpts from speeches delivered by the Chair of the Federal Reserve, as reported by either Fox News or The New York Times. Both treatments convey that tariffs are expected to raise inflation and slow economic growth. By holding the economic content constant and varying only the media source, we isolate the effect of partisan framing on belief formation.

Table 1 reports joint F-tests for covariate balance across groups, showing that randomization achieved balance across observable characteristics.

One might wonder how survey respondents processed the information, given that the treatments were based on sophisticated research articles containing technical graphs and language. To address this concern, we included a comprehension question following each information treatment to assess whether respondents understood the content. Surprisingly, 96% of respondents answered the comprehension question correctly. For those who did not, we reiterated the key takeaway by displaying the correct answer.

Following the information treatments, we re-elicited respondents' macroeconomic expectations – specifically, their forecasts for inflation, unemployment, and overall economic sentiment. We asked respondents to provide point forecasts for their one-year-ahead inflation and unemployment expectations. Additionally, we re-assessed economic sentiment by again asking respondents to provide directional forecasts ("*better*," "*about the same*," or "*worse*") regarding business and economic conditions.

In addition to these expectation measures, participants answered questions assessing their understanding of the policy itself, the incidence of tariff pass-through, and their approval of the current administration's economic policy. These post-treatment questions allow us to evaluate not only how individuals update beliefs about aggregate outcomes, but also how they interpret the mechanisms of the policy and revise their political attitudes.

Table 1: Demographic and political characteristics across treatment groups

Variable (Category)	Control	T1	T2	T3	T4	T5	F-test (p-value)
Demographic characteristics							
Age group							
Under 40	0.4	0.4	0.4	0.41	0.37	0.39	0.15 (0.98)
40 to 60	0.37	0.38	0.34	0.36	0.42	0.39	0.55 (0.737)
Over 60	0.23	0.22	0.26	0.23	0.21	0.22	0.33 (0.895)
Gender							
Female	0.49	0.46	0.54	0.51	0.52	0.53	0.58 (0.717)
Male	0.5	0.53	0.46	0.49	0.48	0.46	0.61 (0.693)
Ethnicity							
White	0.75	0.71	0.74	0.73	0.73	0.74	0.18 (0.97)
Non-white	0.25	0.29	0.26	0.27	0.27	0.26	0.18 (0.97)
Education							
No college degree	0.29	0.34	0.3	0.35	0.3	0.33	0.55 (0.736)
College degree	0.71	0.66	0.7	0.65	0.7	0.67	0.55 (0.736)
Marital status							
Single	0.26	0.32	0.35	0.27	0.29	0.31	1.08 (0.369)
Married	0.62	0.56	0.56	0.6	0.55	0.52	1.09 (0.364)
Home ownership status							
Owner	0.28	0.29	0.3	0.23	0.25	0.27	0.68 (0.638)
Mortgagor	0.41	0.28	0.34	0.35	0.33	0.43	2.8 (0.016)
Renter	0.3	0.39	0.36	0.4	0.38	0.28	2.19 (0.054)
Asset-holding behavior							
Stock, bond, or cryptocurrency	0.67	0.64	0.64	0.64	0.6	0.66	0.56 (0.732)
Employment status							
Not employed	0.25	0.27	0.28	0.22	0.28	0.19	1.19 (0.309)
Employed	0.75	0.73	0.72	0.78	0.72	0.81	1.19 (0.309)
Political characteristics							
Political party							
Democrat	0.43	0.43	0.44	0.47	0.42	0.42	0.26 (0.934)
Republican	0.37	0.42	0.41	0.33	0.42	0.37	1.1 (0.361)
Political belief							
Liberal	0.42	0.41	0.41	0.43	0.43	0.45	0.22 (0.954)
Moderate	0.24	0.21	0.2	0.26	0.24	0.21	0.67 (0.648)
Conservative	0.34	0.37	0.39	0.31	0.33	0.33	0.86 (0.507)
Awareness of tariff policy							
Aware of tariff policy	0.89	0.87	0.9	0.87	0.81	0.88	1.97 (0.08)
<i>N</i> = 1,212	214	198	196	201	207	196	

Notes: *T0* refers to the no-treatment (control) group; *T1–T3* correspond to information treatments based on academic research on the 2018–2019 tariff war; *T4–T5* reflect media treatments based on coverage of Chair Jerome Powell’s remarks regarding the expected macroeconomic consequences of the tariff policy, sourced from Fox News and The New York Times, respectively. P-values from joint F-tests are reported in parentheses.

2.1 Descriptive statistics

This section reports heterogeneity in perceptions and expectations of the current state of the economy. Table B.1 presents average perceived inflation and inflation expectations at multiple horizons.

One-year-ahead inflation expectations are calculated as the mean of respondents' density forecasts, assuming a uniform distribution within each bin of expected inflation rates. We calculate the mean and standard deviations after applying Huber regression weights to reduce the influence of outliers. As of April 2025, our survey data suggests that the average one-year-ahead inflation expectation is 4.15 percent (standard deviation: 3.03 percent).³

We also report subgroup means by demographic and political characteristics. The patterns are consistent with prior findings: women (4.4%) report higher inflation expectations than men (3.9%) , and respondents with lower educational attainment (4.5%) anticipate higher inflation than those with college degrees (4.0%), consistent with D'Acunto, Malmendier, and Weber (2022). Among all characteristics, political affiliation exhibits the most pronounced differences. Self-identified Democrats report a one-year-ahead inflation expectation of 4.9%, compared to 3.1% among self-identified Republicans. This partisan gap is also previously documented in the literature, where supporters of the incumbent president's party tend to report lower inflation expectations than those aligned with the opposition (Bachmann et al., 2021; Binder et al., 2024; Binetti et al., 2024; Kamdar & Ray, 2023; Mian et al., 2023).

One notable finding is that, among all individual characteristics, political affiliation explains the largest share of the variation in inflation expectations. Table B.2 reports the adjusted R^2 from regressions of one-year-ahead inflation expectations on each observable characteristic separately. Political affiliation consistently yields the highest explanatory power, significantly exceeding that of other demographic characteristics such as age, gender, or education. For example, identifying as Republican explains 7.5% of the variation in one-year-ahead inflation expectations, whereas identifying as male accounts for only 0.8% of the variation. Binder et al. (2024) similarly document that the partisan gap in inflation expectations has widened substantially since the onset of the COVID-19 pandemic and that partisan differences exceed those associated with other demographic characteristics.

A similar pattern emerges for expected unemployment rate. Table B.3 reports perceived and ex-

³The Michigan Survey of Consumers reported a one-year-ahead inflation expectation of 6.5% in April 2025, the Survey of Consumer Expectations reported 3.6%, and the Survey of Professional Forecasters reported 3.1%. The discrepancy between our survey and the Michigan survey likely reflects differences in elicitation methods: the Michigan survey collects point forecasts ("What do you expect inflation to be over the next year?"), whereas our instrument—similar to the New York Fed's Survey of Consumer Expectations (SCE)—uses a density forecast. This methodological difference is known to yield lower mean expectations, as documented in D'Acunto, Malmendier, and Weber (2022).

pected unemployment rates across multiple horizons. On average, respondents project a one-year-ahead unemployment rate of 5.74 percent.⁴ Women and less-educated respondents tend to report higher expected unemployment rates, consistent with patterns observed for inflation expectations.

Once again, the most pronounced differences in one-year-ahead unemployment expectations are driven by political affiliation or ideological orientation. For example, self-identified Democrats expect an unemployment rate of 6.36%, while Republicans anticipate a rate of 4.95%. These substantial differences mirror those observed in inflation expectations. Similarly, as shown in Table B.4, political orientation explains the largest share of variation in unemployment expectations among all individual characteristics.

While exploring downstream behavioral implications is beyond the scope of this paper, the observed heterogeneity in inflation and unemployment expectations across political groups may have consequences for real economic behavior. A large body of work shows that households' inflation expectations influence consumption decisions (Burke & Ozdagli, 2023; Coibion et al., 2019), saving behavior (Vellekoop & Wiederholt, 2019), and labor supply choices (Baek & Yaremko, 2024; Bostanci et al., 2025; Pilossoph & Ryngaert, 2024). Although our survey consists of a single wave and does not include measures of these outcomes, the sizable partisan differences in macroeconomic expectations we document may translate into persistent differences in economic behavior across political affiliations.

3 Subjective Models of Tariffs

Next, we examine how individuals form expectations about the effects of tariffs—that is, their subjective models of tariff policy. To do so, we first presented respondents with a summary of the initial policy announcement. This announcement, issued on April 2nd (“Liberation Day”), included a universal tariff on all imported goods as well as country-specific reciprocal tariffs. The summary was drawn directly from official U.S. administration statements and written in descriptive, non-normative language to avoid framing effects.

⁴The Second Quarter 2025 Survey of Professional Forecasters release reported a one-year-ahead unemployment rate of 4.5%.

By the time we fielded our survey on April 11th, several new developments had occurred following the initial announcement. To reflect these changes, we included a second round of policy information. Specifically, we noted that on April 9th, reciprocal tariffs had been scheduled to go into effect. However, the U.S. administration announced a 90-day delay in implementation—except for tariffs targeting China. We also informed respondents that, in response to the April 2nd announcement, China had raised its tariffs on U.S. goods, prompting a further escalation in U.S. tariffs on Chinese imports. This tit-for-tat response contributed to a rapid escalation in U.S.–China trade tensions. Importantly, our survey was conducted during a period of heightened media coverage and public awareness—on April 11th—when respondents were particularly attentive to tariff-related developments. Full details of the policy announcement are provided in Appendix F.

Following the policy announcement, we first asked respondents who they believed ultimately bears the cost of tariffs. A large majority indicated that the burden falls on the United States—whether through the government, retailers, importers, or households—rather than on foreign entities. The most common response, selected by 79.9% of participants, was that U.S. households bear the cost of tariffs (Figure D.1). We also asked respondents whether they had been aware of the announcement prior to the survey. A large majority (87%) reported prior awareness, indicating that the policy received substantial public attention.

How households evaluate this policy across political affiliations is not clear *ex ante*. Historically, tariff policies have received stronger support from Democratic constituencies than from Republicans (Irwin, 1998). For example, President Ronald Reagan (R) noted in 1987 that “over the long run, such trade barriers hurt every American worker and consumer” (Reagan, 1987). However, the fact that the current president—a Republican—implemented a major tariff initiative may have reshaped partisan attitudes toward trade policy (Essig et al., 2021). Consistent with this, support for the policy was sharply divided along political lines: among liberal respondents, 60% strongly opposed the tariff policy, whereas 31% of conservative respondents strongly supported it (Figure D.2).

Open-ended questionnaire responses Before providing any structured guidance, we began with an open-ended question to capture respondents’ perceived effects of the policy: *“In your own words, how do you think the recently announced tariff policy would affect the U.S. economy?”* This allowed

us to observe initial, unprompted beliefs. We analyze the structure of these subjective beliefs using a semantic classification framework applied to the open-ended responses. Each response is embedded in a semantic vector space and assigned to a belief category based on its proximity to a set of predefined prototype sentences.

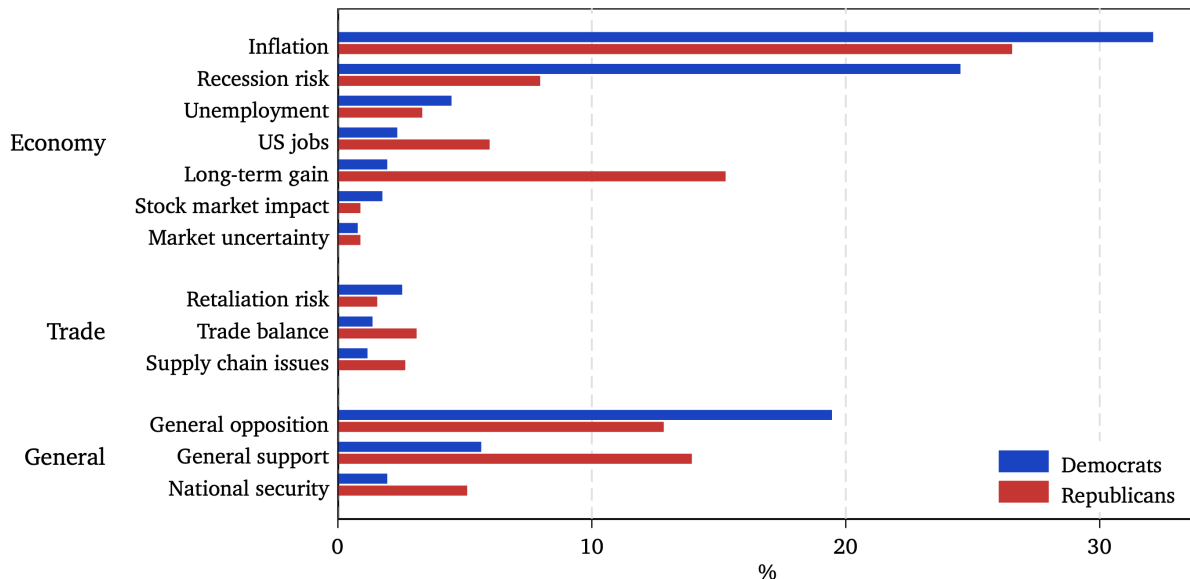
The belief categories reflect economically and politically salient themes, including: inflation/price concerns (e.g., tariffs raise consumer prices); job protection (e.g., tariffs support domestic employment); retaliation risk (e.g., concern about reciprocal trade barriers); national security (e.g., reducing foreign dependence); recession risk (e.g., anticipated negative effects on growth); and long-term gain (e.g., expectations of long-run benefits). Each category is defined by multiple prototypical sentences capturing different expressions of the same rationale. Classification is based on cosine similarity, enabling scalable and consistent analysis of belief content. Methodological details are provided in Appendix [E.1](#).

Figure [2](#) reveals sharp partisan differences in the expected effect of tariffs. While inflation concerns were salient across the political spectrum—with over 25% of respondents explicitly mentioning inflation—Democrats and Republicans emphasized different aspects of the policy’s effects. Democrats were substantially more likely to cite recession risks and to express general opposition to the policy, whereas Republicans emphasized long-term gains and general support. Some Republican-leaning respondents also invoked national security considerations, suggesting a tendency to frame tariffs in strategic or geopolitical terms.

These patterns are consistent with the broader media coverage at the time, as our survey was fielded during a period of heightened coverage focused on inflationary risks. Most strikingly, the qualitative responses reveal that individuals’ subjective models of the policy—both in content and tone—differ systematically by political affiliation. This highlights the central role of political identity in shaping how individuals interpret the economic consequences of tariffs.

Impact on inflation, employment, and stock prices We then asked survey participants whether they believe the recent tariff policy would increase, decrease, or leave unchanged three key macroeconomic variables: the inflation rate, the unemployment rate, and stock prices. Figure [3](#) presents respondents’ subjective models of the macroeconomic effects of tariffs. We find that 82% of respon-

Figure 2: Perceived economic effects of tariffs, by political affiliation



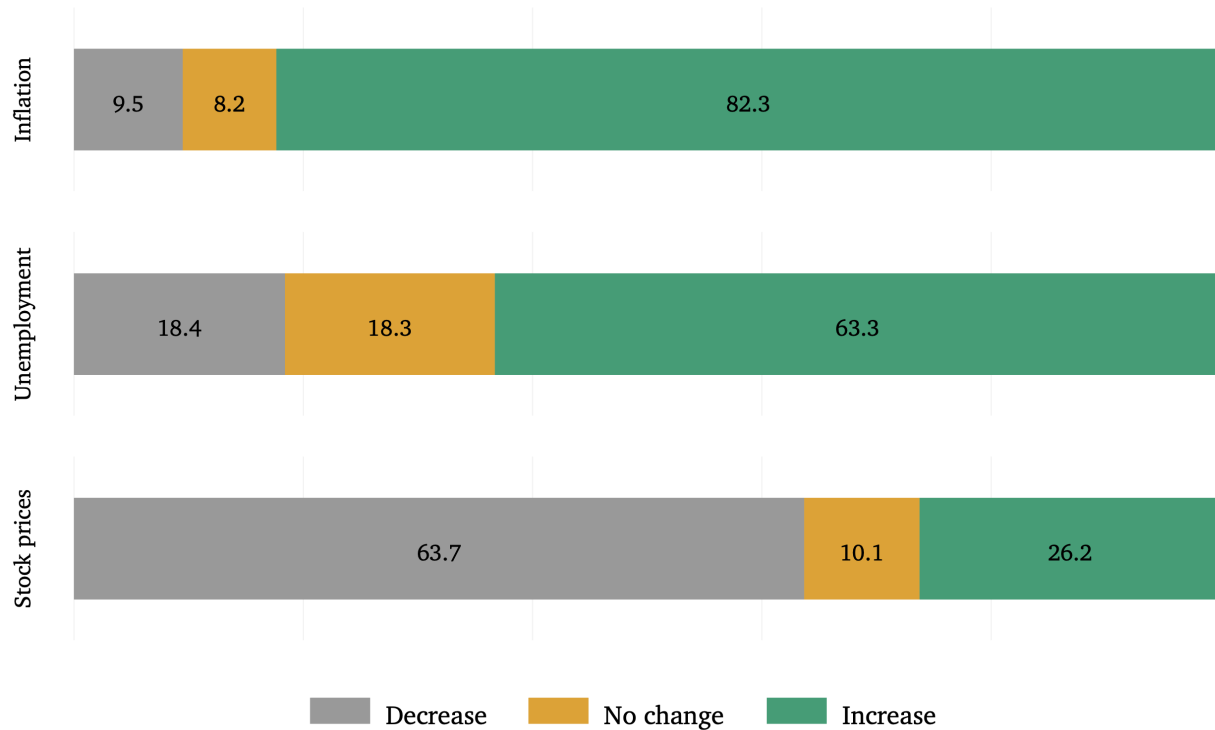
Notes: This figure summarizes categorized responses to the open-ended question: “In your own words, how do you think the recently announced tariff policy would affect the U.S. economy?” Responses were classified into thematic categories using natural language processing. The figure shows the share of Democratic and Republican respondents mentioning each theme.

dents expect inflation to rise, 63% anticipate an increase in unemployment, and 64% believe that stock prices will decline.

These results suggest that while higher inflation is widely viewed as a likely consequence of the policy, there is greater disagreement about its effects on labor and financial markets. Despite differences in the perceived channels through which tariffs affect the economy, the dominant narrative among respondents appears to be that tariffs constitute a negative supply shock—one that simultaneously increases inflation and unemployment.

This pattern is broadly consistent with prior studies documenting inflation expectations related to tariff episodes even before the April 2, 2025 announcement. Using pre-announcement survey data, Coibion et al. (2025) find that households anticipated tariff increases of 35–50 percent and expected import prices to rise by about 11–16 percent, implying a perceived pass-through to consumer prices of roughly 20 percent. Similarly, Binder et al. (2024) show that respondents who mention tariffs expect inflation to be about 0.5 percentage points higher than those who do not. Using a pre-announcement survey of small businesses, Andrade et al. (2025) report that firms anticipated tariff

Figure 3: Perceived effects of tariffs on inflation, unemployment, and stock prices

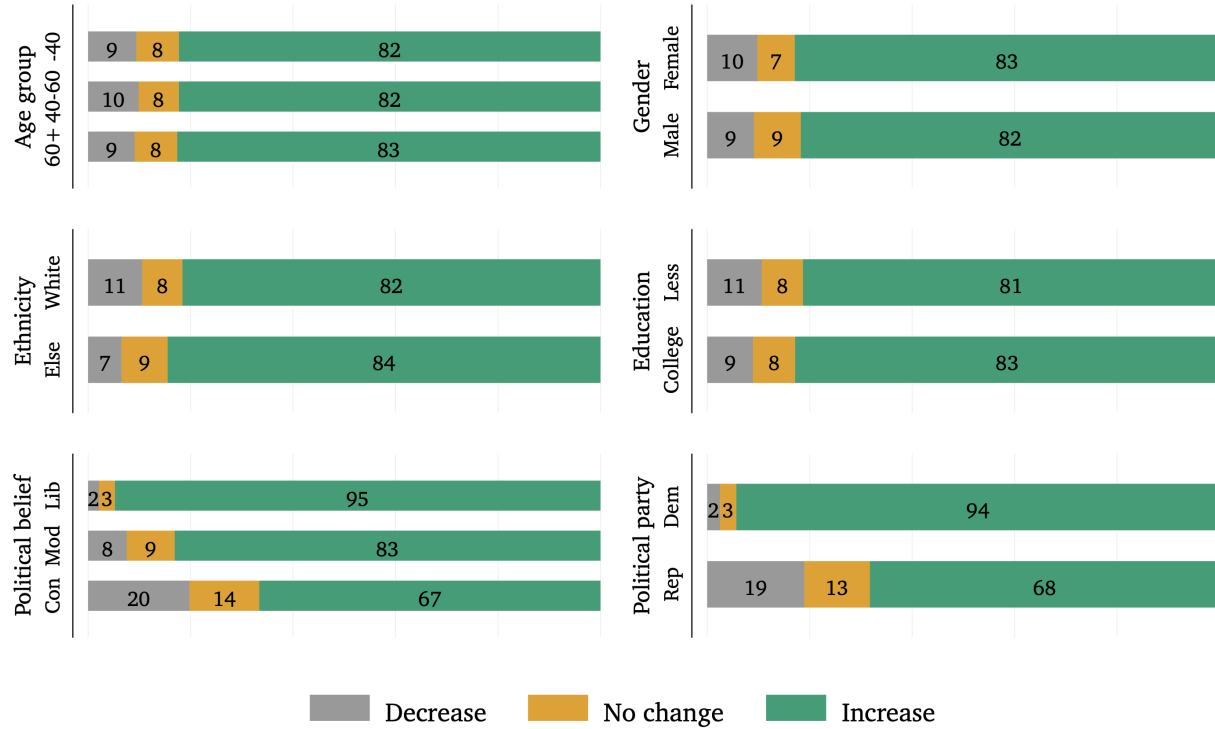


Notes: After providing information about the April 2025 tariff policy, respondents were asked: “How do you expect this tariff policy to affect the inflation rate, unemployment rate, and stock market over the next 12 months?” Participants selected one of three options for each outcome: (1) increase, (2) no change, or (3) decrease. This figure shows the share of respondents expecting each directional change.

increases of 13–20 percent and substantial cost pass-through among importers: firms facing a 10 percent tariff expected prices to rise by an additional 5 percentage points over the subsequent two years, with little effect reported among non-importers.

To explore heterogeneity in these subjective mechanisms, we examine how respondents’ beliefs about the inflationary effects of tariffs vary across observable characteristics. Figure 4 shows how inflation expectations differ across key individual traits, and Table C.1 in Appendix C reports results for a broader set of characteristics. We find that demographic variables account for little of the variation in these beliefs—responses are relatively consistent across groups defined by age, gender, ethnicity, or education. Overall, 82% of respondents expected inflation to rise, with comparable shares across demographic categories. This contrasts with our earlier findings on inflation and unemployment expectations, where we observed substantial heterogeneity along demographic lines. In contrast, the most pronounced differences in subjective models of tariff effects emerge along po-

Figure 4: Subjective models of tariffs on inflation, by respondent characteristics



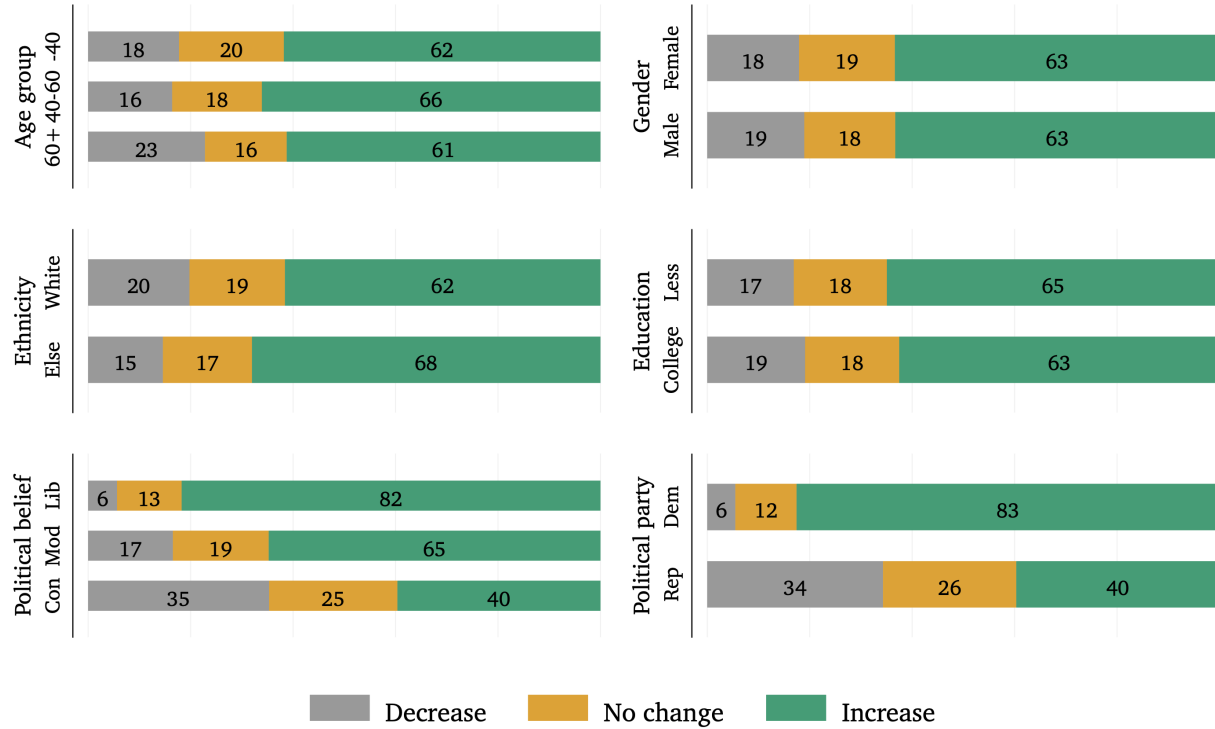
Notes: After receiving information about the April 2025 tariff policy, respondents were asked: “How do you expect this tariff policy to affect the inflation rate over the next 12 months?” They selected one of three options: (1) increase, (2) no change, or (3) decrease. This figure shows the share of respondents in each demographic and political subgroup selecting each response.

litical lines. Among Democratic respondents, 94% believed the tariff policy would increase inflation, compared to only 68% of Republicans. These results suggest that political affiliation is a primary determinant of individuals’ beliefs about the inflationary consequences of trade policy.

We observe a similar pattern when examining beliefs about the policy’s effects on unemployment, as shown in Figure 5 and Table C.1 for broader characteristics. Again, there is little variation across demographic groups. Overall, 63% of respondents expected unemployment to rise, with similar proportions across age, gender, ethnicity, and education. However, beliefs differ sharply by political orientation. Among Democratic respondents, 83% believed the tariff would increase unemployment. In contrast, Republican respondents were more divided: 40% expected unemployment to rise, 26% believed it would remain unchanged, and 34% thought it would decrease. These results underscore that subjective evaluation of the effect of tariff policy are strongly shaped by political affiliation.

After asking respondents about the directional impact of the tariff policy, we also elicited quanti-

Figure 5: Subjective models of tariffs on unemployment, by respondent characteristics



Notes: After receiving information about the April 2025 tariff policy, respondents were asked: “How do you expect this tariff policy to affect the unemployment rate over the next 12 months?” They selected one of three options: (1) increase, (2) no change, or (3) decrease. This figure shows the share of respondents in each demographic and political subgroup selecting each response.

tative estimates of the size of these effects. Quantitative follow-up questions were conditional on respondents’ directional responses. Specifically, respondents who indicated that inflation or the unemployment rate would rise (fall) were subsequently asked how much they expected the outcome to increase (decrease). Table 2 reports average expected changes in inflation and unemployment by selected respondent characteristics; full subgroup results are presented in Table C.2. On average, respondents expected the policy to increase the inflation rate by 3.22%. While these expectations show limited variation across demographic traits, they differ substantially by political affiliation: Democrats anticipated an average increase of approximately 4%, whereas Republicans predicted a smaller rise of 2.22%.

A similar pattern emerges for unemployment expectations. On average, respondents anticipated a 1.6% increase in unemployment. Once again, the most pronounced variation appears along partisan lines: Democrats expected a rise of 2.6%, while Republicans anticipated a much smaller in-

Table 2: Average expected change in inflation and unemployment due to tariffs, by respondent characteristics

	Δ in $\mathbb{E}\pi$	Δ in $\mathbb{E}u$		Δ in $\mathbb{E}\pi$	Δ in $\mathbb{E}u$
All	3.22%	1.62%			
Demographic characteristics			Political affiliation and orientation		
<u>Age group</u>			<u>Political party</u>		
Under 40	3.21%	1.43%	Democrat	4.04%	2.61%
40 to 60	3.32%	1.82%	Republican	2.22%	0.45%
Over 60	3.09%	1.62%			
<u>Gender</u>			<u>Political belief</u>		
Female	3.42%	1.57%	Liberal	4.06%	2.61%
Male	3.03%	1.66%	Moderate	3.37%	1.57%
			Conservative	2.15%	0.5%
<u>Education</u>			<u>Policy awareness</u>		
No college degree	3.22%	1.66%	Aware	3.25%	1.68%
College degree	3.23%	1.6%	Unaware	2.98%	1.17%

Notes: This table reports the average expected change in the inflation rate ($\Delta\mathbb{E}\pi$) and unemployment rate ($\Delta\mathbb{E}u$) over the next 12 months, as reported by survey respondents. Respondents were asked: “By how many percentage points do you expect this tariff policy to change (i) the inflation rate and (ii) the unemployment rate over the next 12 months?” Results are summarized by demographic and political subgroups. Full results are reported in Table C.2. Means are estimated using Huber robust regression to mitigate the influence of outliers. The Huber tuning constant is set to 6.

crease of just 0.45%. These findings suggest that partisan groups differ in their assessments of the effectiveness of policy—not only in the perceived direction of its impact but also in the expected magnitude—highlighting the presence of divergent economic models.

Overall, 80% of Democrats perceive the tariff shock as a supply-driven recessionary shock. In contrast, Republicans hold more divided views about the economic consequences of the policy. While 36% of Republicans also interpret the policy as a supply recession shock, 32% perceive it as a demand expansion shock—characterized by rising inflation with stable or declining unemployment. Additionally, 28% of Republicans view the policy as a supply expansion shock, anticipating a decrease or no change in inflation or unemployment.

These partisan differences in the evaluation of government policies may help explain heterogeneity in inflation expectations. The existing literature consistently documents that women, older individuals, and less-educated households tend to report higher inflation expectations than their counterparts (D’Acunto, Malmendier, & Weber, 2022; D’Acunto et al., 2021). In addition, a large body of work shows that individuals who support the incumbent president’s party typically report lower inflation expectations than supporters of the opposition (Binder et al., 2024; Kamdar & Ray, 2023;

Kamdar et al., 2025). Notably, inflation expectations flip with each presidential election, suggesting a partisan bias.

These patterns suggest that demographic characteristics alone cannot account for the observed differences in inflation expectations following changes in administration. Instead, differences in policy evaluation across political groups may play a central role, as illustrated in the case of the tariff policy announcement. Individuals aligned with the ruling party may interpret economic policies more favorably, leading to systematically lower inflation expectations depending on which party holds the presidency.

4 Information Treatment and Belief Updating

4.1 Beliefs revision

Having established baseline expectations and elicited respondents’ subjective models following the tariff policy announcement, this section examines how individuals update their macroeconomic beliefs in response to information and identifies the mechanisms driving these revisions. By this stage, respondents have already formed initial beliefs about the likely effects of policy. The purpose of these treatments is to examine how individuals incorporate research-based or media-framed information about past or contemporaneous tariff episodes into their expectations. Specifically, we test whether exposure to empirical evidence on the effects of tariffs from the 2018–2019 U.S.–China trade war—or to expected future economic effects of tariffs by Federal Reserve Chair Jerome Powell—leads respondents to revise their macroeconomic beliefs and, ultimately, their evaluations of government policy.

To investigate whether the information treatments influence respondents’ beliefs about the 1-year ahead inflation expectations, we estimate the following regression:

$$\mathbb{E}_i \pi_{t+1}^{\text{post}} - \mathbb{E}_i \pi_{t+1}^{\text{pre}} = \alpha + \beta T_j + \gamma X_{it} + \epsilon_{it}, \quad (1)$$

where $\mathbb{E}_i \pi_{t+1}^{\text{post}}$ denotes individual i ’s one-year-ahead inflation expectation after receiving the infor-

mation treatment, and $\mathbb{E}_i \pi_{t+1}^{\text{pre}}$ is the corresponding expectation prior to the treatment. The variable T_j captures the five distinct information treatments, and X_{it} includes a set of control variables for individual demographic characteristics and political orientation—specifically, age, gender, race, marital status, housing arrangement, employment status, ownership of financial assets, political party affiliation, and political ideology. The coefficient of interest, β , captures the average revision in inflation expectations for each treatment group relative to the control group, which received no additional information. We use Huber regression to mitigate concerns related to outliers.⁵

Table 3 presents the regression results based on Equation (1), examining revisions in one-year-ahead inflation expectations (Columns (1) and (2)). After controlling for individual characteristics, we find that respondents who received information about how past tariff shocks affected import prices (treatment T1) revised their inflation expectations upward relative to the control group by 0.5pp. Similarly, respondents exposed to inflation expectations from Federal Reserve Chair Jerome Powell, treatments T4 and T5, also revised their expectations upward, regardless of the news source by 0.5 or 0.4, respectively. In contrast, respondents who received information about the employment or stock market impacts of tariffs did not significantly revise their inflation expectations relative to the control group.

These results suggest that households revise their inflation expectations in response to new information about the effects of tariffs—regardless of whether the information comes from academic research or media sources, or whether it concerns past or future economic conditions. Notably, the T1 treatment, which reported the historical impact of tariffs on import prices, had a similar effect on inflation expectations as the T4 and T5 treatments, which presented forward-looking projections from the Federal Reserve Chair. In contrast, information about the employment or stock market effects of tariffs did not significantly affect inflation expectations, suggesting that respondents may not view these unemployment expectations as closely linked to inflation expectations.

We also examine how the information treatments influence respondents’ beliefs about the one-year-

⁵Survey measures of households’ inflation and unemployment expectations are known to be noisy and to exhibit heavy tails. For example, revisions in inflation expectations range from -72 to 90 in our sample. Because OLS regressions are sensitive to extreme outliers, our baseline specifications use Huber estimation, which limits the influence of extreme observations. We set the Huber tuning constant to 6. Unlike winsorization, which applies discrete truncation rules, Huber estimation downweights observations in a continuous manner, allowing moderately extreme responses to retain limited influence. This approach is commonly used in the literature studying belief updating in inflation expectations (e.g., Coibion et al. (2019)).

ahead expected unemployment rate. To do so, we estimate the following regression:

$$\mathbb{E}_i u_{t+1}^{post} - \mathbb{E}_i u_{t+1}^{pre} = \alpha + \beta T_j + X_{it} + \epsilon_{it}, \quad (2)$$

where $\mathbb{E}_i u_{t+1}^{post}$ denotes individual i 's expected unemployment rate one year ahead, measured after the information treatment, and $\mathbb{E}_i u_{t+1}^{pre}$ is the corresponding expectation prior to the treatment. The variable T_j indicates the five distinct information treatments, and X_{it} includes the same set of control variables used in the earlier regression on inflation expectations.

Columns (3) and (4) of Table 3 report the regression results based on Equation (2), with and without control variables for demographic and political characteristics. We find that respondents who received information on how past tariff shocks affected employment (treatment T2) revised their expected unemployment rate upward relative to the control group. In contrast, treatments related to inflation (T1) and stock prices (T3) did not significantly influence unemployment expectations. This pattern suggests that households may not conceptualize the economy through a general equilibrium framework in which macroeconomic variables such as unemployment, inflation, and asset prices are interconnected. Instead, they appear to respond narrowly to information that directly references unemployment. Although Treatments 4 and 5 included statements suggesting that newly imposed tariffs could slow economic growth, respondents did not revise their unemployment expectations—possibly because these treatments did not explicitly mention employment or job impacts.

We find that belief revisions vary across treatments. One possible channel through which treatment effects differ is the novelty of the information provided (Weber et al., 2025). To examine how awareness of treatment content influences revisions, we analyze responses to the open-ended question: “Which parts of this information were new or unfamiliar to you?” Using a semantic classification method, we categorize whether respondents indicated they learned something new. The detailed methodology is provided in Appendix E.2. Figure 6 reports the share of respondents who indicated that they learned something new from each treatment, as well as the share who reported receiving no new information. Overall, 61.3% of respondents reported learning something new. Among these, a larger share found the inflation and employment treatments unfamiliar—70.7% and 73.2%, respectively—compared to the other treatments. By contrast, only 58.5% of respondents reported that

Table 3: Revisions in 1-year ahead inflation and unemployment expectations

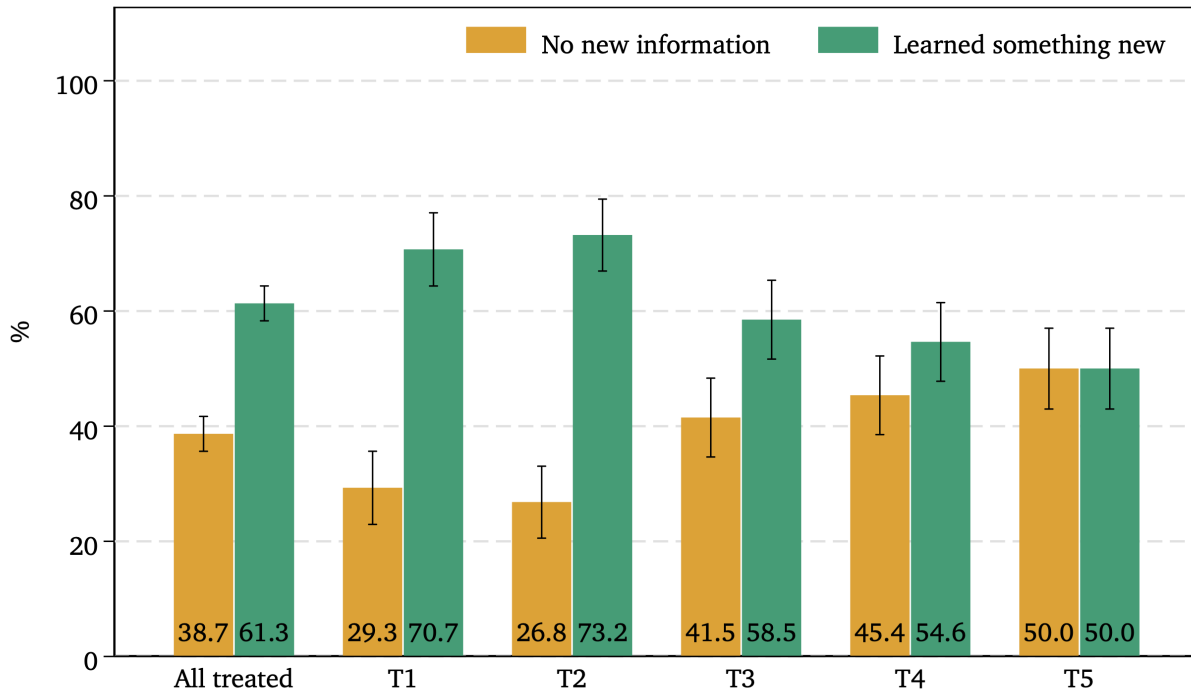
	(1)	(2)	(3)	(4)
	Revisions in 1-year ahead expected			
	Inflation Expectation ($\mathbb{E}\pi_{i,t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$)		Expected Unemployment Rate ($\mathbb{E}u_{i,t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$)	
T1: Inflation	0.619** (0.280)	0.537** (0.271)	0.0800 (0.111)	0.0148 (0.109)
T2: Employment	-0.152 (0.264)	-0.172 (0.260)	0.246** (0.114)	0.191* (0.112)
T3: Stock	0.115 (0.248)	0.191 (0.242)	-0.00611 (0.107)	-0.00563 (0.106)
T4: Fox	0.494* (0.271)	0.506* (0.263)	0.105 (0.107)	0.0736 (0.105)
T5: NYT	0.349 (0.254)	0.414* (0.247)	0.151 (0.109)	0.166 (0.107)
Ctr	No	Yes	No	Yes
Method	Huber	Huber	Huber	Huber
Observations	1,024	1,019	975	972
R ²	0.01	0.07	0.01	0.06

Notes: This table reports the effects of information treatments on revisions in one-year-ahead inflation and unemployment expectations. The dependent variable is the individual-level change in expectations before and after the treatment. Each row corresponds to one of five information treatments: *T1* refers to respondents receiving information on inflation; *T2* to information on employment; *T3* to information on stocks; and *T4* and *T5* to articles on Federal Reserve responses from *Fox News* and *The New York Times*, respectively. The control group received no additional information. Columns (1) and (3) present Huber regressions; Columns (2) and (4) additionally include demographic and political controls, including age, gender, race, marital status, housing arrangement, employment status, ownership of financial assets, political party affiliation, and political ideology. The Huber tuning constant is set to 6. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

the stock market treatment was new, likely because financial markets had already reacted strongly to the policy announcement, making the information more familiar.

These differences in perceived novelty across treatments may help explain why the inflation and employment treatments generated stronger belief revisions overall, whereas treatments with more balanced shares of respondents who were familiar with the information and those who were not likely produced offsetting effects. Table D.1 in Appendix D provides detailed regression results. Consistent with this interpretation, we find that respondents who reported learning something new from the inflation (T1), Fox (T4), and New York Times (T5) treatment revised their inflation expectations more strongly. By contrast, for the employment treatment, we do not observe systematic differences in revisions between respondents who were aware and those who were unaware of the information. We return to this distinction in the next subsection, where we examine the role of

Figure 6: Share of respondents reporting new learning, by information treatment



Notes: This figure reports whether respondents in each treatment group reported learning something new from the information they were shown. The green bars indicate the share of respondents who reported that at least part of the information was new or unfamiliar in response to the prompt: “Which parts of this information were new or unfamiliar to you?”. The yellow bars represent those who reported no new information. *T1* refers to the group of respondents receiving information on inflation, *T2* information on employment, *T3* information on stocks, *T4* and *T5* articles on Fed responses from *Fox* and the *New York Times*, respectively. Whiskers denote 95% confidence intervals for the corresponding binomial proportion in each cell.

information awareness in greater detail.

4.2 Who Updates Their Beliefs?

The effectiveness of information provision can depend on how novel or surprising the information is relative to individuals’ prior beliefs, as well as on the weight respondents place on the signal relative to their priors.

One approach to studying belief revision is to construct a direct measure of misperception—defined as the gap between an individual’s prior belief and the information provided in the treatment—and incorporate this measure directly into the regression analysis (Haaland et al. (2023)). In our setting, however, prior beliefs and information treatments are not directly comparable. We elicit respondents’

expectations for aggregate inflation and unemployment one-year ahead, whereas the information treatments provide more granular evidence, such as estimates of tariff pass-through to import prices and employment changes in commuting zones affected by retaliatory tariffs.

Instead, we examine heterogeneity in belief revisions using two alternative measures. First, we test whether belief updating varies with respondents' prior subjective models of tariff policy—that is, their prior beliefs about how tariffs affect the economy. For example, respondents who initially believed that tariffs would decrease unemployment may perceive the employment treatment as more novel. Second, we use respondents' self-reported assessments of whether the information was new or surprising as a proxy for the perceived novelty of the treatment. We then examine whether belief revisions are systematically related to these measures.

Finally, we note that pre-treatment awareness of the tariff policy itself is very high in our sample: 87% of respondents report having been aware of the policy prior to the experiment. As a result, there is limited variation to separately identify the role of prior knowledge of the policy itself.

Prior subjective beliefs Table 4 examines this mechanism by interacting treatment assignment with respondents' prior subjective models of tariff effects. For the inflation treatment, we distinguish between respondents who initially believed that tariffs would increase inflation and those who did not. For the employment treatment, we similarly distinguish between respondents who initially believed that tariffs would increase unemployment and those who did not.

The results reveal a clear asymmetry across outcomes. For inflation expectations (Column (1)), belief revisions are concentrated among respondents who already believed that tariffs would increase inflation, while respondents who did not initially expect inflationary effects show little or no revision. This pattern is consistent with confirmatory (or prior-consistent) updating, whereby individuals place greater weight on information that aligns with their prior beliefs (Coibion et al., 2019). Respondents whose prior directional beliefs aligned with the treatment revised their expectations more strongly, indicating that the information primarily refined beliefs about the magnitude of the effect rather than its direction.

This pattern can be understood through the combination of strong prior consensus and the nature

Table 4: Belief Revisions by Prior Subjective Models of Tariff Effects

	(1)	(2)
	Revisions in 1-year ahead	
	Inflation Expectation ($\mathbb{E}\pi_{i,t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$)	Expected Unemployment Rate ($\mathbb{E}u_{i,t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$)
T1: Inflation	0.606**	
× Prior: Inflation Increase	(0.284)	
T1: Inflation	0.175	
× Prior: Inflation <i>Does Not</i> Increase	(0.557)	
T2: Employment		0.0680
× Prior: Unemployment Increase		(0.135)
T2: Employment		0.371***
× Prior: Unemployment <i>Does Not</i> Increase		(0.137)
Controls	Yes	Yes
Method	Huber	Huber
Observations	1,019	960
R^2	0.08	0.08

Notes: The dependent variables are revisions in one-year-ahead inflation and unemployment expectations. "T1: Inflation" and "T2:Employment" are indicators for the corresponding information treatments. Prior belief indicators capture respondents' baseline subjective models of tariff effects: "Prior: Inflation Increase" ("Prior: Inflation Does Not Increase") indicates respondents who expected tariffs to increase (not increase) inflation prior to the treatment. Similarly, "Prior: Unemployment Increase" ("Prior: Unemployment Does Not Increase") indicates respondents who expected tariffs to increase (not increase) unemployment. All specifications include controls for age, gender, race, marital status, housing arrangement, employment status, financial asset ownership, political party affiliation, and political ideology. Estimates are obtained using Huber regressions with a tuning constant of 6. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

of the information provided. As shown in Figure 3, 82% of respondents already believed that tariffs would increase inflation, implying that the directional effect of tariffs was widely internalized prior to the treatment. In this setting, the information treatment is largely directionally redundant but quantitatively informative. While respondents broadly anticipated higher inflation, the treatment provided new evidence on the magnitude of tariff pass-through—specifically, near-complete pass-through to consumer prices—which appears to have been surprising even for those with correct directional priors.

Consistent with this interpretation, respondents who already expected tariffs to increase inflation still revised their expectations upward after receiving the treatment. This suggests that updating reflects revisions in perceived magnitude rather than directional correction. Supporting this mechanism, a large share of respondents report learning new information from the inflation treatment (Figure 6), often related to the size or details of price increases. Figure E.1 summarizes what re-

spondents report learning from the treatment. Among treated respondents, 18.7% report learning about the magnitude of pass-through, while 9.1% indicate that pass-through was higher than they had expected. Taken together, these results indicate that belief updating in the inflation treatment primarily operates through magnitude updating among respondents whose prior beliefs are already aligned with the direction of the effect.

For unemployment expectations (Column (2)), the pattern differs. Revisions are concentrated among respondents who initially did not expect tariffs to increase unemployment, whereas those who already anticipated higher unemployment show little or no revision. This pattern is consistent with limited scope for upward revision given prior beliefs (a ceiling effect): respondents who already expected unemployment to rise had little room to further adjust their expectations, while those with more optimistic or neutral prior views revised their beliefs when presented with information about employment.

This asymmetry reflects both greater disagreement in prior beliefs and the nature of the information conveyed in the employment treatment. Unlike inflation expectations, which exhibit substantial prior consensus, beliefs about unemployment are more dispersed—only 62% of respondents initially expected tariffs to increase unemployment. In this setting, the treatment is primarily directionally informative rather than quantitatively surprising. Figure E.2 summarizes what respondents report learning from the treatment. Only 4.6% of treated respondents indicate that they learned details about the magnitude, substantially lower than in the inflation treatment. For respondents who did not initially expect higher unemployment, the treatment introduces new evidence—particularly job losses associated with retaliatory tariffs—leading them to revise the direction of their expectations.

By contrast, respondents who already anticipated that tariffs would increase unemployment show little revision. For these individuals, the treatment provides limited additional information about the magnitude of the effect, and thus does not substantially shift their beliefs. Taken together, these results indicate that belief updating in the employment treatment operates primarily through directional updating among respondents whose prior beliefs differ from the signal, with limited adjustment among those whose expectations are already aligned. This stands in contrast to the inflation treatment, where prior beliefs were largely aligned and the information was directionally redundant but quantitatively informative, leading to magnitude updating rather than directional

change.

Learning and Mechanism Interpretation While prior alignment explains part of the variation in belief updating, it does not fully capture how respondents process the information provided in the treatments. To better understand this process, we analyze respondents' open-ended responses describing what they took away from the treatment.

Using our semantic classification approach, we categorize these responses along two dimensions. First, we identify whether respondents report learning something new from the treatment. Figure 6 reports the share of respondents who indicate that the information was new or unfamiliar.

Second, we classify whether respondents' interpretations of the information are aligned with the economic mechanism emphasized in the treatment. Directionally aligned responses explicitly reference the channels highlighted in the treatment—for example, tariff pass-through to consumer prices or employment losses due to retaliatory tariffs. Directionally not aligned responses, in contrast, include interpretations that are either unrelated to the mechanism or imply a direction opposite to the treatment's economic implication. For instance, some respondents report learning about the existence of the 2018–2019 tariff episode without linking it to its macroeconomic consequences for the current episode. Details of the classification procedure are provided in Appendix E.2. Figures E.1 and E.2 summarize the types of mechanisms respondents report learning from the treatments.

Table 5 presents the results. For the inflation treatment, revisions in inflation expectations are concentrated among respondents who report learning something new from the treatment (Column (1)), whereas respondents who report that the treatment provided no new information exhibit little change in their expectations. This pattern suggests that even respondents who initially believed that tariffs would raise inflation still found aspects of the treatment informative. Among those who already expected tariffs to increase inflation, 72% report learning something new from the treatment.

These results are consistent with the interpretation that the inflation treatment primarily updates beliefs about the magnitude of price pass-through rather than correcting directional misperceptions about the inflationary effects of tariffs. Moreover, distinguishing between directionally aligned and non-aligned interpretations adds little explanatory power for inflation revisions (Column (2)), sug-

Table 5: Revisions in belief by the awareness of treatment

	(1)	(2)	(3)	(4)
	Revisions in 1-year ahead			
	Inflation Expectation ($\mathbb{E}\pi_{i,t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$)	Expected Unemployment Rate ($\mathbb{E}u_{i,t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$)		
Panel A: Inflation Treatment				
T1: Inflation × Nothing New	-0.0451 (0.433)	-0.0451 (0.434)		
T1: Inflation × Learned New	0.749** (0.296)			
T1: Inflation × Learned New - Directionally aligned		0.713** (0.331)		
T1: Inflation × Learned New - Directionally <i>not</i> aligned		0.834* (0.482)		
Panel B: Employment Treatment				
T2: Employment × Nothing New			0.277 (0.175)	0.281 (0.174)
T2: Employment × Learned New			0.127 (0.122)	
T2: Employment × Learned New - Directionally aligned				0.428*** (0.143)
T2: Employment × Learned New - Directionally <i>not</i> aligned				-0.261 (0.179)
Controls	Yes	Yes	Yes	Yes
Method	Huber	Huber	Huber	Huber
Observations	1,014	1,014	966	966
R ²	0.08	0.08	0.06	0.07

Notes: This table reports heterogeneity in treatment effects based on respondents' self-reported learning from the information treatment. Panel A presents results for the inflation treatment (T1), while Panel B presents results for the employment treatment (T2). Treatment indicators are interacted with measures of respondents' self-reported learning: "Nothing New" indicates respondents who report that the treatment provided no new information; "Learned New" indicates respondents who report learning something new; "Learned New – Mechanism Consistent" indicates respondents whose open-ended responses describe learning that is consistent with the economic mechanism emphasized in the treatment; and "Learned New – Mechanism Inconsistent" indicates respondents who report learning something new but whose interpretation is not consistent with the mechanism described in the treatment. The classification of these categories is based on natural language processing applied to respondents' open-ended responses. Details of the classification procedure are provided in Appendix E.2. All specifications control for age, gender, race, marital status, housing arrangement, employment status, financial asset ownership, political party affiliation, and political ideology. Estimates are obtained using Huber regressions with a tuning constant of 6. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

gesting that, conditional on having the correct directional belief, variation in how respondents interpret the underlying mechanism does not significantly affect belief updating.

The pattern differs for the employment treatment. Column (3) shows that revisions in unemploy-

ment expectations are imprecisely estimated when respondents are grouped only by whether they report learning something new. However, once we distinguish whether respondents' interpretations align with the mechanism emphasized in the treatment, a clearer pattern emerges. Revisions in unemployment expectations are concentrated among respondents whose interpretations are consistent with the employment mechanism described in the treatment, while respondents whose interpretations are inconsistent with this mechanism exhibit little or no revision.

This finding suggests that belief updating in response to the employment treatment depends not only on whether respondents report learning something new, but also on whether they interpret the information in a way that reflects the underlying economic mechanism emphasized in the treatment. In particular, belief revisions occur primarily among respondents who correctly interpret the employment mechanism, indicating that the treatment can shift the direction of expectations when the economic channel is understood. These results suggest that the drivers of belief updating differ across outcomes. For inflation expectations, updating is primarily associated with whether respondents perceive the information as novel. For unemployment expectations, however, updating occurs mainly among respondents who interpret the information in a way that reflects the underlying economic mechanism.

Taken together, these results highlight that belief updating depends on both the alignment of prior beliefs and the type of information provided. When prior beliefs are largely aligned, as in the case of inflation expectations, new information is primarily used to update the perceived magnitude of the effect. In contrast, when prior beliefs are more dispersed, as in the case of unemployment expectations, updating occurs mainly along the direction of the effect and requires that respondents interpret the underlying economic mechanism. These patterns suggest that the form of belief updating—whether directional or quantitative—depends on how new information interacts with prior beliefs and perceived novelty.

Partisan Updating The results reveal clear partisan heterogeneity in belief updating, driven by differences in prior beliefs and perceived novelty across groups. Table 6 reports how Democrats and Republicans revise their expectations in response to the information treatments relative to their own party-specific control groups.

Table 6: Partisan Heterogeneity in Belief Revisions

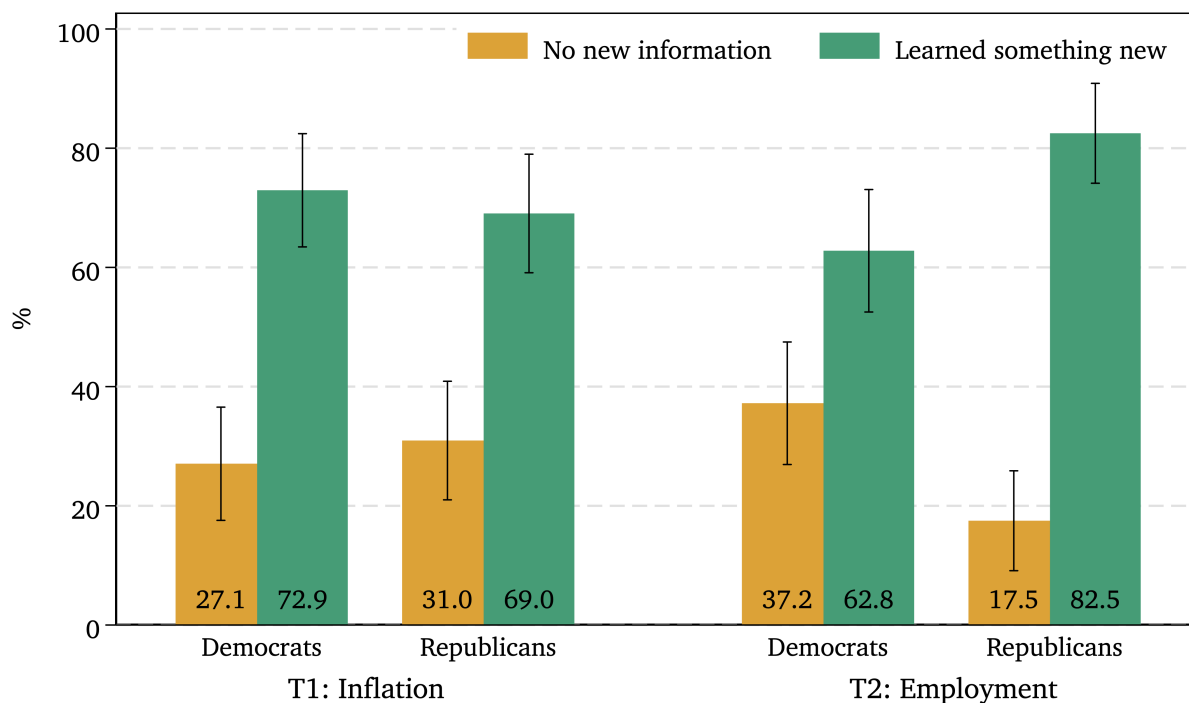
	(1)	(2)	(3)	(4)
	Revisions in 1-year ahead			
	Inflation Expectation ($\mathbb{E}\pi_{i,t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$)		Expected Unemployment Rate ($\mathbb{E}u_{i,t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$)	
T1: Inflation	0.737* (0.422)	0.0814 (0.454)		
T2: Employment			-0.0312 (0.183)	0.561*** (0.158)
Sample	Democrat	Republican	Democrat	Republican
Ctr	Yes	Yes	Yes	Yes
Method	Huber	Huber	Huber	Huber
Observations	444	403	428	364
R^2	0.15	0.07	0.17	0.11

Notes: This table reports treatment effects of the information treatments on revisions in one-year-ahead inflation and unemployment expectations, disaggregated by respondents' political affiliation. The dependent variables are the individual-level revisions in one-year-ahead inflation expectations (Columns (1) and (2)) and unemployment expectations (Columns (3) and (4)). Columns (1) and (3) restrict the sample to Democrats and compare treated Democrats to Democrats in the control group. Columns (2) and (4) restrict the sample to Republicans and compare treated Republicans to Republicans in the control group. All specifications include controls for age, gender, race, marital status, housing arrangement, employment status, and ownership of financial assets. Estimates are obtained using Huber regressions with a tuning constant of 6. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

For inflation expectations, Democrats revise their expectations upward following the inflation treatment, while Republicans show little or no revision. This pattern reflects differences in both prior beliefs and perceived novelty across partisan groups. As shown in Section 3, a large majority of Democrats already believed that tariffs would raise inflation, whereas this belief was less common among Republicans. Because belief revisions in the inflation treatment are concentrated among respondents who initially expected inflation to rise, the stronger response among Democrats is consistent with their higher likelihood of holding this prior and updating the perceived magnitude of the effect.

In addition, Democrats were more likely to report learning something new from the inflation treatment (Figure 7), suggesting that the information reinforced or refined their existing beliefs. Given that Democrats already held higher inflation expectations (4.9%) than Republicans (3.1%) prior to the treatment, these revisions further widened the partisan gap in inflation expectations: the average difference increased from 1.8 percentage points before the treatment to 2.5 percentage points afterward.

Figure 7: Shares of respondents reporting new learning, by party affiliation, for treatments T1 and T2



Notes: This figure shows the share of respondents in the T1 (Inflation) and T2 (Employment) treatment groups who reported learning something new, disaggregated by political affiliation. The green bars indicate respondents who reported that at least part of the information was new or unfamiliar in response to the prompt: “Which parts of this information were new or unfamiliar to you?” The yellow bars indicate respondents who reported that the information was not new. Democrats and Republicans are shown separately within each treatment group. Whiskers denote 95% confidence intervals for the corresponding binomial proportions.

In contrast, Republicans revise their unemployment expectations upward following the employment treatment, while Democrats exhibit little change in their unemployment expectations. This pattern again reflects differences in prior beliefs and perceived novelty across partisan groups: a substantial share of Republicans initially believed that tariffs would not raise unemployment (60%), whereas a large majority of Democrats already expected unemployment to increase (83%). Because the employment treatment primarily affects respondents whose prior beliefs are not directionally aligned with the information provided, Republicans exhibit larger upward revisions in unemployment expectations.

For Republicans, the evidence on job losses associated with retaliatory tariffs appears to have provided directionally new information, leading to upward revisions in unemployment expectations. Republicans were more likely to report that the employment treatment contained new or surprising

information (Figure 7). Open-ended responses frequently referenced job losses in sectors affected by retaliatory tariffs or indicated that the information about employment effects was unfamiliar, suggesting that the treatment introduced new information about the underlying mechanism.

By contrast, because Democrats already expected unemployment to rise, the treatment provided relatively little additional information for them to revise their expectations. As a result, the employment treatment generated upward revisions primarily among Republicans, leading to partial convergence in unemployment expectations across partisan groups. Before the treatment, Democrats expected the unemployment rate to average 6.4%, while Republicans expected 5.0%, a gap of 1.4 percentage points. After the treatment, this gap narrowed to 0.8 percentage points.

Recent work by Kay et al. (2025) documents partisan bias in macroeconomic expectations among professional forecasters, showing that the bias is larger for GDP forecasts than for inflation or unemployment. The authors attribute this pattern to differences in prior uncertainty and signal precision across variables. Consistent with this mechanism, we find that belief revisions among households are larger for unemployment expectations—where prior beliefs about tariff effects are more dispersed—than for inflation expectations, where prior beliefs are more aligned.

More broadly, these findings can be understood in the framework with Bayesian updating under heterogeneous priors. When individuals hold different prior beliefs about the economic effects of a policy, the same information signal may lead to asymmetric belief revisions across groups. In our setting, we show that the posterior beliefs depend not only on the information contained in the treatment (signals on the effect of policy) but also on prior beliefs, respondents' subjective models of tariff policy, and the extent to which the information is perceived as novel (relative precision of signal relative to prior belief). Because these components differ systematically across partisan groups, information treatments can produce divergent patterns of belief updating even when all respondents are exposed to the same signal.

Discussion We note that belief elicitation in our survey was unincentivized. As a result, baseline partisan differences in reported expectations may partly reflect partisan cheerleading (Bullock et al. (2015) and Prior et al. (2015)). Such effects would primarily operate through baseline levels of reported beliefs. Our main results, however, focus on asymmetric updating patterns identified from

within-respondent changes following randomized information provision. As in any information provision experiment, we cannot fully rule out experimental demand effects. However, the asymmetric updating patterns suggest that demand effects alone are unlikely to account for our findings.

One potential explanation for the partisan gaps in subjective macroeconomic models is differential media exposure. In our sample, 68 of 469 Republicans report receiving news exclusively from conservative outlets or social media, while 122 of 527 Democrats report relying only on liberal outlets or social media.⁶ More strikingly, 231 of 1,212 respondents—nearly one in five—report relying solely on social media for news. Trust ratings likewise reveal substantial partisan differences: Democrats report higher average trust in CNN (3.32 vs. 2.70 among Republicans), while Republicans report greater trust in Fox News (3.39 vs. 1.82 among Democrats).⁷

These differences in media consumption may have shaped both prior beliefs and the perceived novelty of the information treatments. In the period leading up to our survey, liberal-leaning outlets frequently emphasized the recessionary consequences of tariffs, whereas conservative outlets more often highlighted inflation risks or portrayed tariffs as beneficial for domestic employment. As a result, the employment treatment may have been more novel to conservative respondents, leading to larger revisions in their unemployment expectations.

Another potential explanation for partisan differences in belief updating relates to political alignment. Individuals may be more inclined to adopt economic narratives that align with positions taken by their preferred political leader (Essig et al., 2021; Keser et al., 2024; Lenz, 2012). Although tariffs have historically received greater support from Democrats than Republicans, our results suggest that partisan responses may reflect the stance of the current political leadership rather than long-standing party platforms (Figure D.2) (Essig et al., 2021; Keser et al., 2024). For example, Republican respondents in our survey place greater emphasis on protecting American jobs and supporting lower interest rates (Figures D.3 and D.4), positions that have historically been more closely associated with Democratic policy preferences. This pattern suggests that partisan belief formation may be shaped less by stable ideological commitments and more by alignment with contemporary political

⁶Liberal-leaning outlets include CNN, the New York Times, or the Washington Post; conservative-leaning outlets include Fox News or the Wall Street Journal.

⁷We ask “Please rate how much you trust the information from each media outlet below. (1 = Not at all, 5 = A great deal).”

Table 7: Effects of Information Treatments on Sentiment and Policy Evaluation

	(1) Revision in Sentiment	(2) Post Treatment WTP Remove Tariff	(3) Approval score (-10 to 10)
T1: Inflation	-0.0157 (0.0583)	0.606 (5.760)	0.525 (0.495)
T2: Employment	0.0562 (0.0524)	5.165 (5.923)	-0.406 (0.510)
T3: Stock	-0.0892 (0.0606)	7.925 (6.051)	0.0550 (0.505)
T4: Fox	-0.00325 (0.0628)	-9.274* (5.274)	0.532 (0.503)
T5: NYT	0.0245 (0.0621)	-2.537 (5.708)	0.333 (0.526)
Controls	Yes	Yes	Yes
Method	OLS	Huber	OLS
Observations	1,123	822	1,123
R^2	0.03	0.08	0.56

Notes: This table reports the effects of each information treatment on (1) economic sentiment, (2) willingness to pay (WTP) to remove the tariff, and (3) political approval. Column (1) presents treatment effects on revisions in economic sentiment, defined as the change in respondents' expected sentiment before and after the treatment ($\mathbb{E}_i[\text{Sentiment}]^{\text{post}} - \mathbb{E}_i[\text{Sentiment}]^{\text{pre}}$), relative to the control group. Column (2) reports post-treatment WTP to remove the tariff, based on responses to the question: "If you had the choice, what is the maximum one-time amount you would be willing to pay to remove the recently imposed tariff?" Because responses vary widely and include extremely large values, a Huber regression is used to reduce the influence of outliers. Column (3) shows effects on political approval, measured by how respondents rated President Trump's handling of the economy on a scale from -10 (strong disapproval) to +10 (strong approval). All regressions control for age, gender, race, marital status, housing arrangement, employment status, financial asset ownership, political party affiliation, and political ideology. The Huber tuning constant is set to 6. Heteroskedasticity-robust standard errors are reported in parentheses. in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

leadership. Understanding the relative importance of these channels—and the extent to which belief updating follows political leadership rather than underlying economic reasoning—remains an important question for future research.

4.3 Overall Sentiments and Political Evaluations

Our information treatments allow us to identify the causal effect of information on belief revision. In this section, we examine whether these exogenous changes in beliefs have downstream effects on overall economic sentiment and political evaluations of the current administration.

Column (1) of Table 7 reports how revisions in respondents' one-year-ahead economic sentiment,

Table 8: Political approval scores across different subjective models

	(1)	(2)	(3)	(4)	(5)	(6)
	Current administration's approval scores (-10 to 10)					
T1: Inflation	0.107 (0.584)	1.101 (0.751)	-0.352 (0.678)	0.175 (0.712)	0.634 (0.806)	0.102 (0.844)
T2: Employment	-0.737 (0.568)	0.168 (0.783)	0.130 (0.588)	0.135 (0.603)	-1.148 (0.931)	-0.595 (0.866)
Sample	Unemp Rise	No Unemp Rise	Democrat	Liberal	Republican	Conservative
Control	Yes	Yes	Yes	Yes	Yes	Yes
Method	OLS	OLS	OLS	OLS	OLS	OLS
Observations	707	416	485	464	444	401
R ²	0.50	0.48	0.27	0.38	0.13	0.18

Notes: This table reports regression estimates of the effects of the T1 (Inflation) and T2 (Employment) information treatments on respondents' political approval ratings of the current administration's handling of the economy. The dependent variable is an approval score measured on a scale from -10 (strong disapproval) to +10 (strong approval). Results are presented separately by subsample: Columns (1) and (2) split the sample by whether respondents initially expected the tariff to raise unemployment ("*Unemp Rise*"), and Columns (3)–(6) report heterogeneous effects by political affiliation and ideology. All specifications include controls for age, gender, race, marital status, housing arrangement, employment status, and ownership of financial assets. Specifications (1) and (2) include controls for political party affiliation, and political ideology. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

measured as the difference between post- and pre-treatment responses ($\mathbb{E}_i[\text{Sentiment}]^{\text{post}} - \mathbb{E}_i[\text{Sentiment}]^{\text{pre}}$).

While we previously found that the inflation treatment (T1) led to upward revisions in inflation expectations, and the employment treatment (T2) increased unemployment expectations, we observe no significant changes in overall economic sentiment compared to the control group.

We next examine whether respondents' post-treatment willingness to pay (WTP) to eliminate the tariff—a summary measure of the perceived cost of tariffs—differs across treatment groups (Column (2)). Despite significant belief revisions in the inflation and employment treatments, we do not find statistically significant differences in WTP relative to the control group, with the exception of the T4 group, which reports a slightly lower WTP.⁸

Lastly, we analyze whether revisions in inflation or unemployment expectations influence approval of the current administration's economic policy. Column (3) of Table 7 shows no significant differences in approval ratings between treatment and control groups, suggesting that updated economic beliefs—despite being statistically detectable—do not appear likely to translate into changes in political approval.

⁸Some respondents report extremely large WTP values, exceeding one million dollars. To limit the influence of such outliers, we estimate these specifications using Huber regression.

To further support this finding, we examine heterogeneity in approval effects among subgroups that revised their expectations. Table 8 reports approval scores relative to the control group for different subsets of respondents. First, we consider those who initially believed that tariffs would not increase unemployment but revised their expectations upward following the treatment. For this group, we find no significant differences in approval across treatment arms. We also explore variation by partisanship: although Democrats and liberals were more likely to revise their inflation expectations upward, and Republicans and conservatives revised their unemployment expectations upward, we again find no evidence of differential approval effects based on political affiliation or ideology.

Overall, these results suggest that while information can shift macroeconomic beliefs, such belief revisions translate into changes in political attitudes. Consistent with prior work on partisan information processing (Bisgaard, 2015, 2019), belief updating does not necessarily lead to changes in political evaluations. This pattern is also broadly consistent with Autor et al. (2024), which shows that even in the presence of local economic effects—such as job losses due to retaliatory tariffs from 2018-2019 tariff war—the tariff shock increased support for tariffs and the Republican Party, with only limited attenuation from adverse impacts such as foreign retaliatory measures.

One caveat is that the belief revisions induced by the information treatments may not be large enough to affect political attitudes. Inflation expectations increase by approximately 0.5 percentage points (in the inflation treatment T1 and the media treatments T4 and T5), while unemployment expectations increase by about 0.2 percentage points (in the employment treatment T2). While these belief changes do not generate detectable effects on post-treatment willingness to pay or approval outcomes, we cannot rule out the possibility of nonlinear effects, whereby sufficiently large belief revisions may be required to influence downstream political attitudes.

As an alternative approach, one could examine the effect of belief revisions on approval outcomes more directly by instrumenting belief changes with randomized information provision. In our data, however, the first-stage relationship is weak, reflecting substantial noise in reported belief revisions. As a result, the corresponding 2SLS estimates are not informative about the effect of belief revisions on approval. Consistent with our main findings, we do not detect statistically significant effects in these specifications, though they should be interpreted with caution given the weak first stage. We

report the corresponding results in Table D.2 in the Appendix.

5 Conclusion

This paper investigates respondents' subjective models of how tariffs affect the economy. Unlike inflation or unemployment expectations, we find that these models do not vary substantially by demographic characteristics. However, we observe a clear partisan divide: while there is broad agreement across political lines that tariffs raise inflation, views on their employment effects diverge sharply. Specifically, 83% of Democrats expected unemployment to rise in response to the tariff shock, compared with only 40% of Republicans.

Building on these prior beliefs, we administered information treatments based on economic research from the 2018–2019 U.S.–China tariff war and news articles covering Federal Reserve Chair Jerome Powell's speech on ongoing tariff policy. We find that Democrats revised their inflation expectations upward following the inflation treatment, while Republicans revised their unemployment expectations upward following the employment treatment. This pattern of divergent belief updating appears to reflect both differences in respondents' prior subjective models and in how novel they perceived the information to be. Notably, although the treatments shifted economic beliefs, we find no corresponding changes in support for the current government's policy.

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Appendices

A Comparison with U.S. Census Data

Table A.1: Comparison of demographic characteristics with the 2023 American Community Survey

Variable (Category)	T0	T1	T2	T3	T4	T5	All	2023 ACS
Age group								
Under 40	0.4	0.4	0.4	0.41	0.37	0.39	0.4	0.39
40 to 60	0.37	0.38	0.34	0.36	0.42	0.39	0.38	0.32
Over 60	0.23	0.22	0.26	0.23	0.21	0.22	0.23	0.29
Gender								
Female	0.49	0.46	0.54	0.51	0.52	0.53	0.51	0.51
Male	0.5	0.53	0.46	0.49	0.48	0.46	0.49	0.49
Ethnicity								
White	0.75	0.71	0.74	0.73	0.73	0.74	0.73	0.73
Non-white	0.25	0.29	0.26	0.27	0.27	0.26	0.27	0.27
Education								
No college degree	0.29	0.34	0.3	0.35	0.3	0.33	0.32	0.58
College degree	0.71	0.66	0.7	0.65	0.7	0.67	0.68	0.42
Marital status								
Single	0.26	0.32	0.35	0.27	0.29	0.31	0.3	0.31
Married	0.62	0.56	0.56	0.6	0.55	0.52	0.57	0.51
Home ownership status								
Owner	0.28	0.29	0.3	0.23	0.25	0.27	0.27	0.23
Mortgagor	0.41	0.28	0.34	0.35	0.33	0.43	0.36	0.44
Renter	0.3	0.39	0.36	0.4	0.38	0.28	0.35	0.31
Employment status								
Not employed	0.25	0.27	0.28	0.22	0.28	0.19	0.25	0.38
Employed	0.75	0.73	0.72	0.78	0.72	0.81	0.75	0.62
<i>N</i>	214	198	196	201	207	196	1,212	2,765,524

Notes: This table reports the demographic characteristics of survey respondents for all survey respondents as well as those for each treatment group. Values are shares within each category for each subgroup. *T0* refers to the no-treatment (control) group, *T1* refers to the group of respondents receiving information on inflation, *T2* information on employment, *T3* information on stocks, *T4* and *T5* articles on Fed responses from *Fox* and the *New York Times*, respectively. The last column reports demographic characteristics from the 2023 American Community Survey. *Not employed* refers to respondents that are unemployed or not in the labor force. *Source:* IPUMS USA.

To assess the representativeness of our survey sample, we compare respondents’ demographic characteristics with those reported in the 2023 American Community Survey (ACS), as shown in Table A.1. The ACS is an annual nationwide survey conducted by the U.S. Census Bureau that collects detailed demographic, social, economic, and housing information from a representative sample of over 3 million households. We use microdata from the 2023 ACS, accessed via IPUMS USA, to construct national benchmarks. For all variables except housing, we use individual-level ACS data

and apply the appropriate person weights (PERWT) to compute population-representative shares that align with the survey categories used in our study. For homeownership status, we use household-level data and apply the household weights (HHWT) accordingly.

The final column in Table [A.1](#) presents ACS population shares, which we compare to the pooled sample of all survey respondents in the “All” column. Overall, the demographic distribution of our sample is broadly similar to the U.S. population. For example, the age distribution, gender balance, and ethnic composition align closely with ACS benchmarks. The share of college-educated respondents in our sample is notably higher (68%) than in the ACS (42%), a common feature in online survey samples. Similarly, our respondents are more likely to be employed (75% vs 62%) and to own or be paying off a home, with fewer renters relative to the national average. While some discrepancies exist—particularly in education and employment—these differences are consistent with patterns seen in survey-based research and do not undermine the general demographic comparability of our sample.

B Pre-treatment expectations

Table B.1: Perceived and expected inflation, by demographic and political subgroups

Sample	Perceived inflation		Expected inflation			
			1yr ahead		3-5yr ahead	
	Mean	SD	Mean	SD	Mean	SD
All	3.54	1.69	4.15	3.03	4.15	2.58
Demographic characteristics						
<u>Age group</u>						
Under 40	3.62	1.83	4.07	3.20	4.41	2.71
40 to 60	3.54	1.64	4.21	2.99	4.22	2.61
Over 60	3.44	1.52	4.20	2.81	3.67	2.28
<u>Gender</u>						
Female	3.64	1.75	4.41	3.30	4.26	2.82
Male	3.46	1.63	3.89	2.74	4.06	2.37
<u>Ethnicity</u>						
White	3.59	1.72	4.19	3.03	4.13	2.60
Non-white	3.43	1.61	4.05	3.04	4.23	2.54
<u>Education</u>						
No college degree	3.57	1.76	4.46	3.17	4.01	2.59
College degree	3.53	1.66	4.02	2.96	4.22	2.58
<u>Marital status</u>						
Single	3.71	1.69	4.39	3.00	4.36	2.72
Married	3.46	1.73	3.97	3.01	4.07	2.52
<u>Home ownership status</u>						
Owner	3.45	1.62	3.97	2.93	3.94	2.54
Mortgagor	3.54	1.66	4.31	2.92	4.33	2.59
Renter	3.62	1.77	4.16	3.22	4.22	2.61
<u>Asset-holding behavior</u>						
Stock, bond, or cryptocurrency	3.47	1.58	4.13	2.96	4.09	2.49
<u>Employment status</u>						
Not employed	3.61	1.72	4.50	3.07	3.95	2.53
Employed	3.52	1.68	4.04	3.02	4.22	2.60
Political affiliation and orientation						
<u>Political party</u>						
Democrat	3.55	1.61	4.94	2.93	4.71	2.41
Republican	3.55	1.77	3.11	2.82	3.55	2.60
<u>Political belief</u>						
Liberal	3.61	1.67	4.87	3.03	4.78	2.40
Moderate	3.41	1.65	4.28	3.12	4.08	2.59
Conservative	3.56	1.73	3.22	2.72	3.47	2.61
Awareness of tariff policy						
Aware of tariff policy	3.54	1.65	4.23	2.98	4.15	2.54
Unaware of tariff policy	3.55	1.94	3.63	3.38	4.15	2.90

Notes: The table reports the mean and standard deviation of perceived inflation and expected inflation at multiple horizons across individual characteristics. We apply Huber regression weights to mitigate the influence of outliers. The Huber tuning constant is set to 6.

Table B.2: Regression results of inflation expectations on observable characteristics

Characteristic	Coef	SE	p	AR2 (%)
Demographic characteristics				
Age group				
Under 40	-0.14	0.16	0.39	0.05
40 to 60	0.10	0.16	0.55	0.02
Over 60	0.06	0.17	0.74	0.01
Gender				
Female	0.50	0.16	0.00	0.67
Male	-0.54	0.16	0.00	0.79
Ethnicity				
White	0.15	0.18	0.41	0.05
Non-White	-0.15	0.18	0.41	0.05
Education				
No college degree	0.45	0.17	0.01	0.46
College degree	-0.45	0.17	0.01	0.46
Marital status				
Single	0.34	0.17	0.05	0.26
Married	-0.42	0.16	0.01	0.46
Home ownership status				
Owner	-0.25	0.17	0.14	0.14
Mortgagor	0.25	0.16	0.12	0.16
Renter	0.01	0.17	0.96	0.00
Asset-holding behavior				
Stock, bond, or cryptocurrency	-0.06	0.17	0.70	0.01
Employment status				
Not employed	0.46	0.18	0.01	0.43
Employed	-0.46	0.18	0.01	0.43
Political affiliation and orientation				
Political party				
Democrat	1.38	0.15	0.00	5.07
Republican	-1.72	0.15	0.00	7.64
Political belief				
Liberal	1.23	0.15	0.00	4.03
Moderate	0.17	0.19	0.38	0.05
Conservative	-1.44	0.15	0.00	5.17
Awareness of tariff policy				
Aware of tariff policy	0.60	0.25	0.02	0.43
Unaware of tariff policy	-0.60	0.25	0.02	0.43

Notes: This table reports regression estimates of one-year-ahead inflation expectations on individual observable characteristics using the following specification: $\mathbb{E}[\pi_{i,t+1}] = \alpha + \beta \cdot 1(\text{Characteristic}) + \epsilon_i$. The table presents the coefficient estimate β , its associated standard error and p -value, as well as the adjusted R^2 for each regression.

Table B.3: Perceived and expected unemployment, by demographic and political subgroups

Sample	Perceived unemployment		Expected unemployment			
			1yr ahead		3-5yr ahead	
	Mean	SD	Mean	SD	Mean	SD
All	4.44	1.12	5.74	2.43	5.95	3.27
Demographic characteristics						
Age group						
Under 40	4.53	1.20	5.81	2.41	6.14	3.26
40 to 60	4.44	1.12	5.88	2.51	6.23	3.43
Over 60	4.34	1.02	5.46	2.31	5.26	2.94
Gender						
Female	4.53	1.16	6.02	2.62	6.30	3.54
Male	4.36	1.07	5.50	2.21	5.62	2.97
Race						
White	4.43	1.12	5.77	2.46	5.99	3.31
Non-White	4.49	1.12	5.68	2.36	5.86	3.17
Education						
No college degree	4.46	1.21	6.02	2.68	6.26	3.57
College degree	4.43	1.08	5.63	2.31	5.82	3.14
Marital status						
Single	4.54	1.18	5.99	2.41	6.25	3.24
Married	4.39	1.08	5.55	2.42	5.78	3.24
Home ownership status						
Owner	4.42	1.04	5.59	2.48	5.61	3.13
Mortgagor	4.37	1.09	5.77	2.34	6.00	3.25
Renter	4.53	1.21	5.86	2.47	6.26	3.42
Asset-holding behavior						
Stock, bond, or cryptocurrency	4.41	1.08	5.63	2.31	5.79	3.12
Employment status						
Not employed	4.41	1.12	5.77	2.60	5.93	3.38
Employed	4.45	1.12	5.74	2.38	5.96	3.24
Political affiliation and orientation						
Political party						
Democrat	4.39	1.10	6.36	2.26	6.77	3.17
Republican	4.48	1.09	4.95	2.39	4.92	3.17
Political belief						
Liberal	4.38	1.09	6.42	2.25	6.84	3.17
Moderate	4.48	1.21	5.88	2.50	6.15	3.29
Conservative	4.50	1.10	4.87	2.32	4.84	3.05
Awareness of tariff policy						
Aware of tariff policy	4.47	1.12	5.77	2.42	5.97	3.26
Unaware of tariff policy	4.19	1.08	5.54	2.52	5.81	3.42

Notes: The table reports the mean and standard deviation of perceived unemployment and expected unemployment rate at multiple horizons across individual characteristics. We apply Huber regression weights to mitigate the influence of outliers. The Huber tuning constant is set to 6.

Table B.4: Regression results of unemployment expectation on observable characteristics

Characteristic	Coef	SE	p	AR2 (%)
Demographic characteristics				
Age group				
Under 40	0.10	0.15	0.47	0.04
40 to 60	0.21	0.14	0.14	0.18
Over 60	-0.39	0.16	0.01	0.49
Gender				
Female	0.51	0.14	0.00	1.09
Male	-0.53	0.14	0.00	1.17
Ethnicity				
White	0.09	0.16	0.58	0.02
Non-White	-0.09	0.16	0.58	0.02
Education				
No college degree	0.38	0.16	0.02	0.52
College degree	-0.38	0.16	0.02	0.52
Marital status				
Single	0.35	0.15	0.02	0.43
Married	-0.44	0.14	0.00	0.83
Home ownership status				
Owner	-0.21	0.16	0.18	0.16
Mortgagor	0.04	0.14	0.76	0.01
Renter	0.17	0.15	0.24	0.11
Asset-holding behavior				
Stock, bond, or cryptocurrency	-0.37	0.16	0.02	0.49
Employment status				
Not employed	0.04	0.17	0.82	0.00
Employed	-0.04	0.17	0.82	0.00
Political affiliation and orientation				
Political party				
Democrat	1.10	0.14	0.00	5.09
Republican	-1.29	0.14	0.00	6.64
Political belief				
Liberal	1.17	0.14	0.00	5.63
Moderate	0.17	0.17	0.32	0.08
Conservative	-1.36	0.14	0.00	7.25
Awareness of tariff policy				
Aware of tariff policy	0.23	0.23	0.31	0.08
Unaware of tariff policy	-0.23	0.23	0.31	0.08

Notes: This table reports regression estimates of one-year-ahead expected unemployment on individual observable characteristics using the following specification: $\mathbb{E}[u_{i,t+1}] = \alpha + \beta \cdot 1(\text{Characteristic}) + \epsilon_i$. The table presents the coefficient estimate β , its associated standard error and p -value, as well as the adjusted R^2 for each regression.

C Expected Effects of Tariffs on the Economy

Table C.1: Expected effects of tariffs on macroeconomic conditions, by respondent characteristics

Variable (Category)	Inflation			1y unemployment			5y unemployment			Stock		
	↓	–	↑	↓	–	↑	↓	–	↑	↓	–	↑
Demographic characteristics												
Age group												
Under 40	0.09	0.08	0.82	0.18	0.2	0.62	0.25	0.18	0.57	0.62	0.13	0.25
40 to 60	0.1	0.08	0.82	0.16	0.18	0.66	0.25	0.15	0.6	0.68	0.08	0.25
Over 60	0.09	0.08	0.83	0.23	0.16	0.61	0.34	0.13	0.52	0.61	0.09	0.3
Gender												
Female	0.1	0.07	0.83	0.18	0.19	0.63	0.27	0.18	0.55	0.63	0.11	0.26
Male	0.09	0.09	0.82	0.19	0.18	0.63	0.28	0.14	0.58	0.64	0.09	0.26
Ethnicity												
White	0.11	0.08	0.82	0.2	0.19	0.62	0.28	0.16	0.55	0.64	0.1	0.26
Non-white	0.07	0.09	0.84	0.15	0.17	0.68	0.25	0.14	0.61	0.62	0.11	0.27
Education												
No college degree	0.11	0.08	0.81	0.17	0.18	0.65	0.26	0.18	0.56	0.65	0.15	0.21
College degree	0.09	0.08	0.83	0.19	0.18	0.63	0.28	0.15	0.57	0.63	0.08	0.29
Marital status												
Single	0.08	0.07	0.84	0.17	0.2	0.64	0.26	0.15	0.59	0.65	0.13	0.21
Married	0.1	0.09	0.8	0.2	0.18	0.62	0.29	0.16	0.56	0.62	0.08	0.3
Home ownership status												
Owner	0.12	0.1	0.78	0.22	0.17	0.61	0.3	0.15	0.56	0.61	0.12	0.27
Mortgagor	0.09	0.07	0.85	0.17	0.18	0.65	0.27	0.16	0.57	0.67	0.06	0.27
Renter	0.08	0.07	0.84	0.16	0.2	0.64	0.25	0.16	0.59	0.63	0.12	0.24
Asset-holding behavior												
Stock, bonds, or crypto	0.09	0.08	0.83	0.18	0.17	0.65	0.27	0.15	0.59	0.66	0.08	0.25
None listed above	0.1	0.09	0.82	0.19	0.21	0.6	0.29	0.18	0.53	0.59	0.13	0.28
Employment status												
Not employed	0.11	0.09	0.8	0.19	0.21	0.6	0.3	0.17	0.53	0.65	0.12	0.23
Employed	0.09	0.08	0.83	0.18	0.17	0.64	0.27	0.15	0.58	0.63	0.1	0.27
Political Affiliation and Orientation												
Political party												
Democrat	0.02	0.03	0.94	0.06	0.12	0.83	0.1	0.13	0.77	0.84	0.06	0.11
Republican	0.19	0.13	0.68	0.34	0.26	0.4	0.49	0.19	0.33	0.39	0.14	0.46
Political belief												
Liberal	0.02	0.03	0.95	0.06	0.13	0.82	0.1	0.13	0.77	0.81	0.06	0.13
Moderate	0.08	0.09	0.83	0.17	0.19	0.65	0.23	0.18	0.59	0.66	0.12	0.22
Conservative	0.2	0.14	0.67	0.35	0.25	0.4	0.52	0.18	0.3	0.41	0.13	0.46
Awareness of tariff policy												
Aware of tariff policy	0.1	0.08	0.83	0.18	0.18	0.64	0.28	0.15	0.57	0.66	0.09	0.25
Unaware of policy	0.09	0.11	0.8	0.2	0.21	0.59	0.24	0.21	0.55	0.45	0.18	0.37

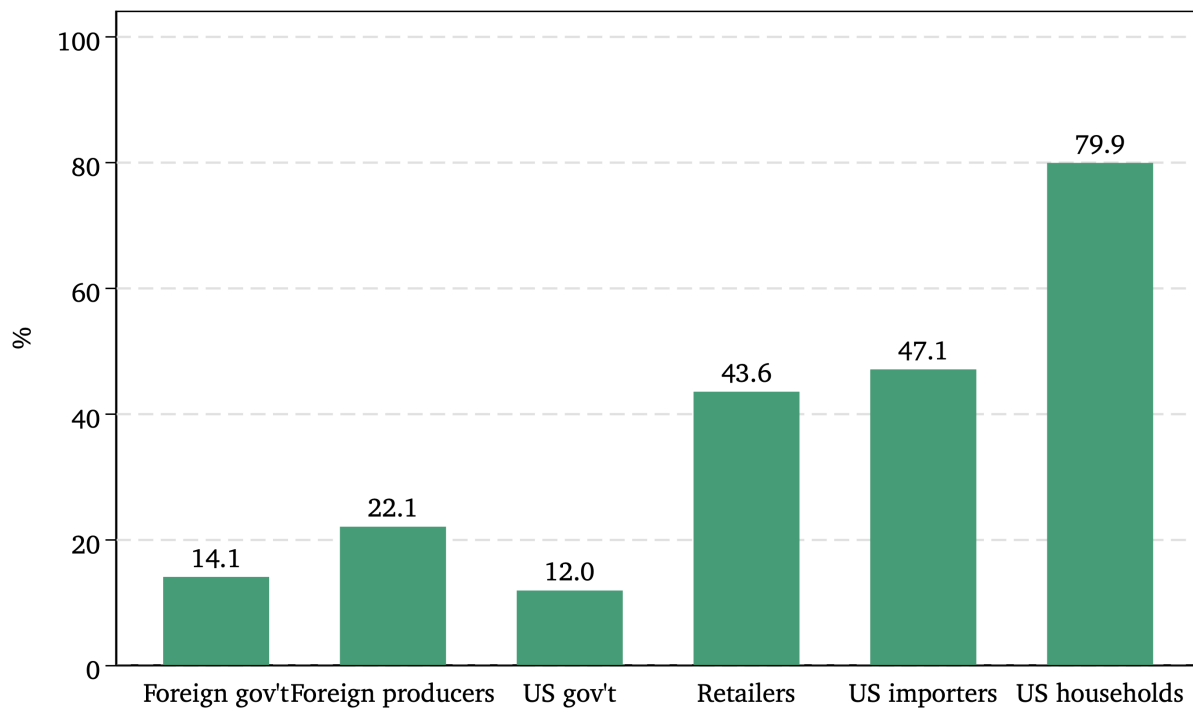
Notes: This table summarizes how survey respondents expect the April 10, 2025, tariff policy to affect key economic indicators. After receiving factual information, participants were asked about its expected impact on inflation, unemployment, and the stock market over the next 12 months, as well as over a 5-year horizon for unemployment. Each cell reports the percentage of respondents in each demographic or political subgroup who expect the indicator to decrease (↓), stay the same (–), or increase (↑).

Table C.2: Average expected change in inflation, unemployment, and stock prices due to tariffs, by respondent characteristics

Sample	Inflation rate			Unemployment rate			Stock market		
	Average	Conditional on		Average	Conditional on		Average	Conditional on	
		Up	Down		Up	Down		Up	Down
All	3.22	4.47	-2.33	1.62	3.47	-1.82	-4.91	6.68	-9.86
Demographic characteristics									
Age group									
Under 40	3.21	4.47	-2.45	1.43	3.21	-2.06	-4.68	5.86	-9.52
40 to 60	3.32	4.64	-2.31	1.82	3.66	-1.81	-5.39	7.32	-10.05
Over 60	3.09	4.21	-2.18	1.62	3.56	-1.58	-4.52	6.96	-10.10
Gender									
Female	3.42	4.86	-2.54	1.57	3.46	-2.06	-4.55	6.54	-9.50
Male	3.03	4.10	-2.15	1.66	3.45	-1.61	-5.20	6.82	-10.16
Ethnicity									
White	3.20	4.50	-2.32	1.59	3.51	-1.82	-5.07	6.84	-10.07
Non-White	3.29	4.42	-2.41	1.69	3.35	-1.80	-4.46	6.20	-9.24
Education									
No college degree	3.22	4.56	-2.43	1.66	3.64	-1.85	-5.25	6.46	-9.96
College degree	3.23	4.44	-2.28	1.60	3.39	-1.80	-4.75	6.75	-9.81
Marital status									
Single	3.25	4.43	-2.28	1.48	3.29	-1.75	-5.17	6.96	-9.77
Married	3.14	4.44	-2.39	1.64	3.51	-1.90	-4.66	6.54	-9.95
Home ownership status									
Owner	2.93	4.36	-2.36	1.57	3.45	-1.78	-4.55	6.66	-9.63
Mortgagor	3.47	4.57	-2.15	1.79	3.58	-1.71	-5.49	6.81	-10.24
Renter	3.27	4.48	-2.50	1.56	3.39	-1.98	-4.79	6.61	-9.59
Asset-holding behavior									
Stock, bond, or cryptocurrency	3.18	4.37	-2.13	1.64	3.35	-1.59	-5.12	6.64	-9.68
Employment status									
Not employed	3.16	4.53	-2.05	1.51	3.65	-1.65	-4.87	6.88	-9.95
Employed	3.24	4.45	-2.45	1.65	3.41	-1.88	-4.93	6.61	-9.83
Political Affiliation and Orientation									
Political party									
Democrat	4.04	4.70	-2.13	2.61	3.68	-2.21	-8.35	6.77	-10.73
Republican	2.22	4.03	-2.46	0.45	2.80	-1.81	-1.04	6.72	-8.31
Political belief									
Liberal	4.06	4.73	-2.53	2.61	3.79	-2.17	-8.23	6.75	-10.80
Moderate	3.37	4.58	-1.86	1.57	3.30	-2.04	-4.84	6.95	-9.28
Conservative	2.15	3.97	-2.41	0.50	2.84	-1.70	-1.13	6.57	-8.34
Awareness of tariff policy									
Aware of tariff policy	3.25	4.50	-2.26	1.68	3.49	-1.69	-5.36	6.67	-10.10
Unaware of tariff policy	2.98	4.30	-3.22	1.17	3.23	-2.81	-1.91	6.70	-7.57

Notes: This table reports the average expected change in the inflation rate ($\Delta E\pi$) and unemployment rate (ΔEu) over the next 12 months, as reported by survey respondents. Respondents were asked: “By how many percentage points do you expect this tariff policy to change (i) the inflation rate, (ii) the unemployment rate, and (iii) stock prices over the next 12 months?” Results are summarized by demographic and political subgroups. Means are estimated using Huber robust regression to mitigate the influence of outliers. The Huber tuning constant is set to 6.

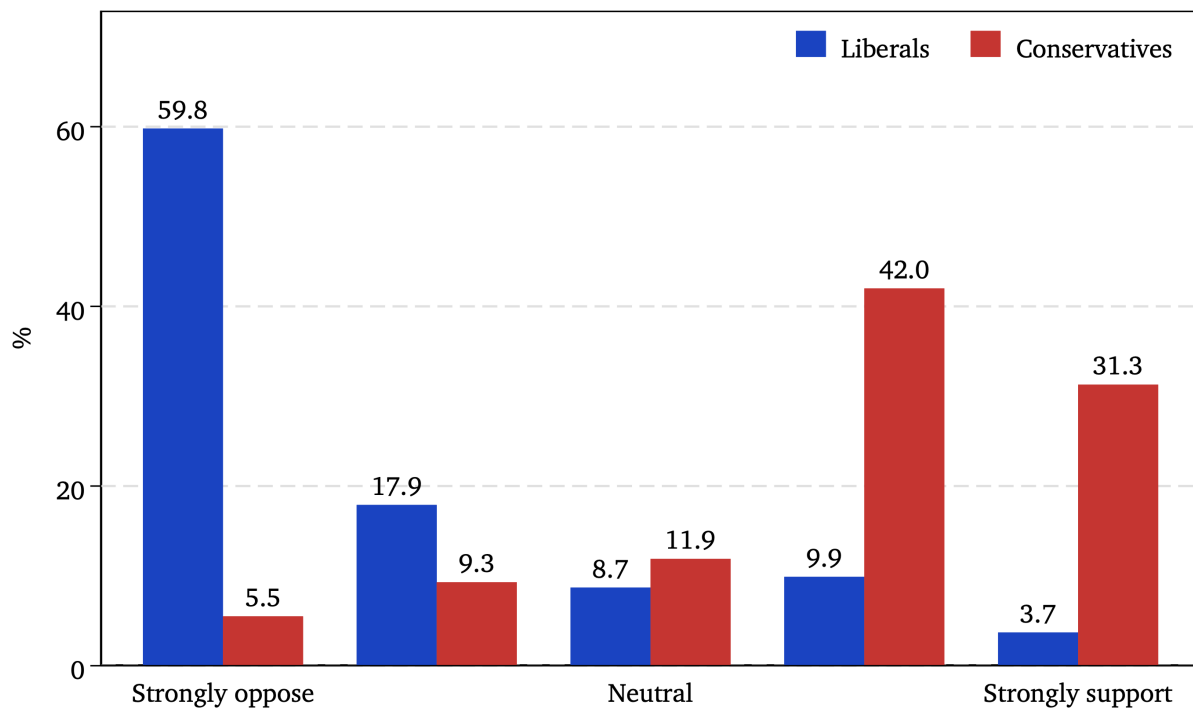
Figure D.1: Who pays for tariffs?



Notes: This figure summarizes responses to the question: “Who do you think ultimately pays for the costs associated with tariffs?” Respondents could select multiple answers from six options. Each bar represents the proportion of total respondents who selected each response.

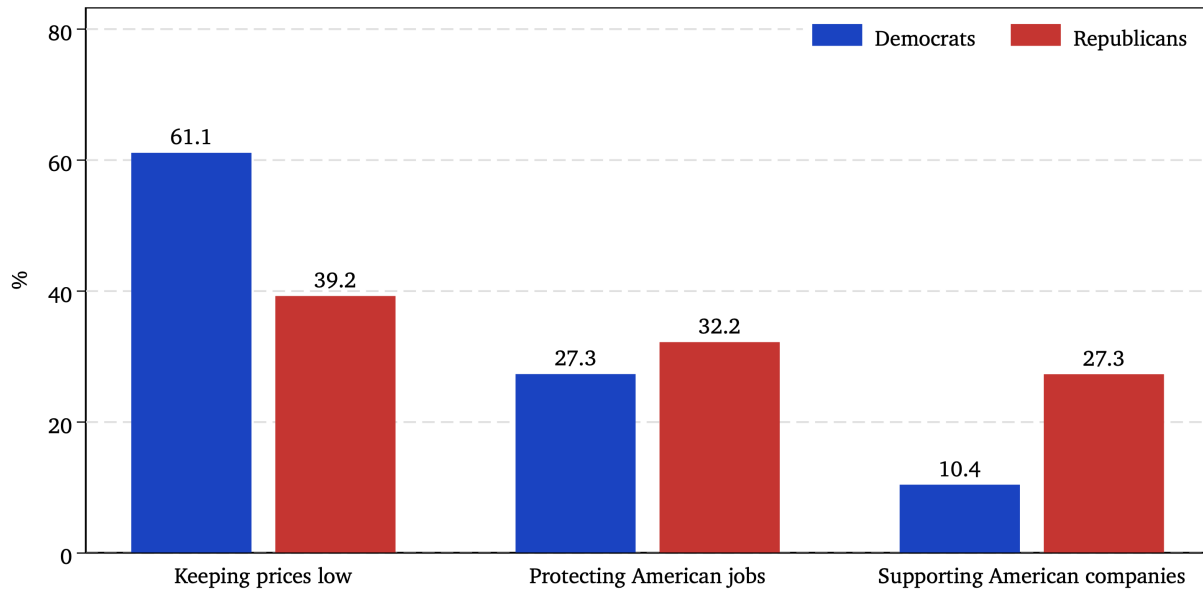
D Additional Figures and Tables

Figure D.2: Support for tariffs, by political orientation



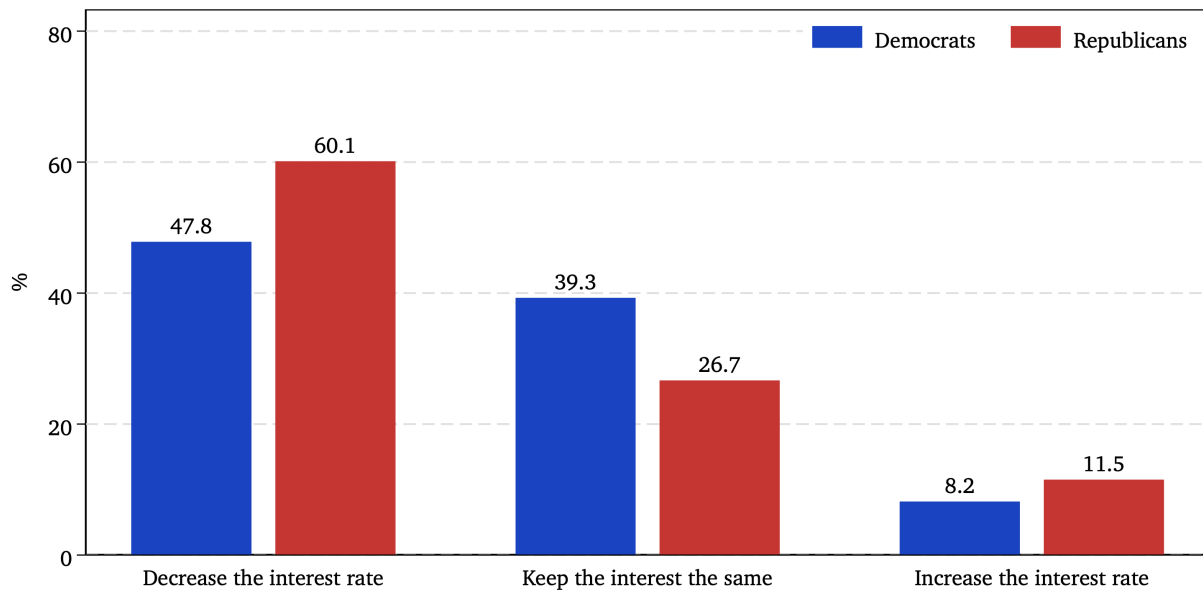
Notes: This figure shows the distribution of responses to the question: “Based on what you just read, to what extent do you support or oppose the U.S. trade policy described above?” Responses are shown by political orientation, with separate bars for self-identified liberals and conservatives.

Figure D.3: Which of the following is most important to you?, by political affiliation



Notes: This figure shows survey respondents' answers to the question, "Which of the following is most important to you personally?" Bars indicate the percentage of respondents within each party selecting a given category as most important. Blue bars represent Democrats; red bars represent Republicans.

Figure D.4: What do you think the Federal Reserve should do?, by political affiliation



Notes: The figure reports responses to the question, "What do you think the Federal Reserve should do in the near future regarding interest rates?" Bars show the percentage of respondents within each party selecting each listed action. Percentages do not sum to 100 because responses of "Other" (open-ended) are excluded. Blue bars represent Democrats; red bars represent Republicans.

Table D.1: Revisions by awareness of treatment

	(1)	(2)	(3)	(4)
	Revisions in 1-year ahead			
	Expected inflation rate ($\mathbb{E}\pi_{i,t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$)		Expected unemployment rate ($\mathbb{E}u_{i,t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$)	
T1: Inflation	-0.0423	-0.0412	0.00796	-0.0791
× Nothing New	(0.434)	(0.436)	(0.150)	(0.147)
T2: Employment	-0.583	-0.392	0.312*	0.274
× Nothing New	(0.396)	(0.400)	(0.182)	(0.174)
T3: Stock	0.264	0.520*	0.00787	0.0208
× Nothing New	(0.313)	(0.316)	(0.125)	(0.125)
T4: Fox	0.168	0.333	0.0347	0.0447
× Nothing New	(0.327)	(0.317)	(0.125)	(0.121)
T5: NYT	0.0622	0.247	0.0124	0.0187
× Nothing New	(0.289)	(0.280)	(0.132)	(0.127)
T1: Inflation	0.582*	0.753**	0.000811	0.0701
× Learned Something New	(0.298)	(0.298)	(0.126)	(0.127)
T2: Employment	0.143	-0.104	0.136	0.129
× Learned Something New	(0.291)	(0.289)	(0.122)	(0.122)
T3: Stock	-0.201	-0.0658	-0.0243	-0.00734
× Learned Something New	(0.287)	(0.284)	(0.130)	(0.135)
T4: Fox	0.484	0.644*	-0.00831	0.0455
× Learned Something New	(0.341)	(0.347)	(0.132)	(0.135)
T5: NYT	0.670**	0.662**	0.243*	0.333**
× Learned Something New	(0.331)	(0.332)	(0.135)	(0.135)
Controls	No	Yes	No	Yes
Method	Huber	Huber	Huber	Huber
Observations	1,099	1,015	1,038	965
R ²	0.01	0.08	0.01	0.06

Notes: This table reports regression results on how respondents revised their inflation expectations (Columns (1)–(2)) and unemployment expectations (Columns (3)–(4)) by the novelty of information. The specification interacts the five treatment indicators with two indicators capturing whether respondents reported learning nothing new or learning something new from the treatment. Columns (1) and (3) present results without additional controls, while Columns (2) and (4) include additional control variables. Estimates are based on Huber regressions and the Huber tuning constant is set to 6. Heteroskedasticity-robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table D.2: Alternative specifications: Instrumental Variable Estimates

	(1)	(2)	(3)
	Revision in	Post Treatment	
	Sentiment	WTP	Approval score
		Remove Tariff	(-10 to 10)
$\mathbb{E}\pi_{t+1}^{post} - \mathbb{E}\pi_{i,t+1}^{pre}$	0.00816 (0.0287)	-0.139 (1.475)	0.271 (0.240)
$\mathbb{E}u_{t+1}^{post} - \mathbb{E}u_{i,t+1}^{pre}$	0.0624 (0.0500)	-1.913 (4.214)	-0.620 (0.482)
Sample	All	All	All
Control	Yes	Yes	Yes
Method	2SLS	2SLS	2SLS
First stage F-stat	0.79	0.69	0.79
Observations	1,118	819	1,118

Notes: This table reports IV estimates of how changes in economic expectations affect (1) revisions in economic sentiment, (2) willingness to pay (WTP) to remove the tariff, and (3) political approval of the current administration. Revisions in inflation and unemployment expectations are instrumented using the random assignment of information treatments. All regressions are estimated using two-stage least squares (2SLS). Robust standard errors are reported in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

E Semantic Belief Classification

This appendix outlines the methodology used to classify open-ended survey responses regarding the effects of tariffs into semantically meaningful belief categories. We employed a semantic embedding and similarity approach that captures the underlying reasoning in respondents' answers and assigns each response to one or more belief categories based on its proximity to curated prototype phrases.

E.1 Subjective models of tariffs

We first preprocessed all text responses by converting them to lowercase, removing punctuation and digits, and eliminating both standard and domain-specific stopwords. Negation terms (e.g., *not*, *no*, *never*, *without*) were explicitly preserved to retain semantic polarity. Responses were embedded into a 384-dimensional semantic space using the all-MiniLM-L6-v2 model from Sentence-BERT. Each response was then compared to a bank of manually curated prototype phrases representing key beliefs about tariffs. Each response was assigned to the belief category whose prototype phrases were most semantically similar, measured via cosine similarity. This methodology was implemented in order to analyze responses to the question: *"In your own words, how do you think the recently announced tariff policy would affect the U.S. economy?"* To validate this approach, we manually reviewed all the responses and found that the automated classification agreed with human judgment in approximately 70 percent of cases. This level of concordance suggests that the embedding-based classification provides a reasonably accurate approximation of human interpretation while enabling high-throughput analysis across the full dataset.

Below, we describe each belief category and list the prototype phrases used in the semantic classification process. These phrases serve as anchors that define the semantic center of each belief category.

Inflation responses expressed that tariffs increase costs or contribute to inflation. Prototype phrases included: *"Tariffs raise prices for consumers and businesses," "Consumers face higher prices on everyday goods due to tariffs," "Prices will rise," "Paying more," "Pay more," "Is going to be so much more," "High costs," "The cost of everything is going to go up," "Significant inflation," "Raise costs," "Hard for*

some people to afford basic,” “Inflation,” “Increase on foods/goods,” “It would make things more costly,” “Causing great increase in prices,” “Price increases,” “No more cheap items,” “Prices will go up,” “Much higher prices,” “Things more expensive,” “Price of goods is going to go up,” “Increase costs for American consumers,” “More expensive to get foreign goods,” “I think it will make it harder in us Americans that actually buy goods,” “I think it will lead to the increase of the cost of goods,” “Will be more expensive,” “Inflationary effect,” “Lead higher prices inflation,” “It will likely lead to the increase in cost of goods,” “Will have to pay more for products in our country,” “It’s going to make a lot of things much more expensive,” “Increase the cost,” “Consumers will now be paying more,” “Inflation is going to be high as a result,” “It will cause inflation,” “It will raise the costs of goods and increase inflation generally.”

Recession risk responses linked tariffs to broader economic decline or recession. Prototype phrases included: *“Tariffs contribute to economic slowdown or recession,” “Tariffs represent harmful government intervention,” “The economy slows down when global trade is restricted,” “Tank the U.S. economy,” “Tank the economy,” “It is going to kill our economy,” “Recession,” “Depression,” “Start recession,” “Slowing economic growth,” “Reduce GDP growth,” “Damaging for our economy and put us into an economic hardship,” “Economy go into a depression,” “I think it’s going to destroy the U.S. economy,” “It is going to cause a major economic depression,” “It will cause it to crash,” “Growth economy will be trashed,” “It will sink the economy,” “It will hurt the economy,” “It would result to an economic crisis,” “Tank it,” “The economy will plummet,” “The economy will worsen,” “Damage to workers and businesses,” “It’s destroying the economy,” “Wreck our economy,” “Causing a depression.”*

Unemployment responses highlighted the potential for job losses due to tariffs. Prototype phrases included: *“Tariffs lead to job losses in sectors that rely on imported inputs,” “Retaliatory tariffs from other countries result in layoffs for export-dependent workers,” “Trade tensions have caused companies to cut jobs due to rising costs,” “Increased production costs from tariffs force firms to downsize their workforce,” “Farmers and manufacturers have laid off workers after losing access to foreign markets,” “Jobs were lost when global supply chains were disrupted by tariffs,” “Some small businesses closed and workers were laid off because of rising tariff costs,” “Job loss,” “Freeze hiring,” “Layoffs,” “Increase unemployment,” “Job losses,” “It will cause people to lose they jobs,” “It will increase unemployment,” “Cause unemployment,” “Cause people to lose they jobs.”*

US jobs responses emphasized that tariffs would boost domestic employment or revive local industry.

Prototype phrases included: *“Tariffs protect domestic employment and help create jobs,” “Tariffs help protect American jobs from unfair foreign competition,” “Domestic industries can hire more workers if imports are reduced,” “Protecting local manufacturing jobs requires tariff barriers,” “Will promote local industries,” “Strengthening local manufacturers,” “It would bring more jobs,” “It will help make more opportunities for employment and production,” “It’ll cause companies to begin manufacturing their products here,” “It will bring back manufacturing jobs to America,” “Back guaranteeing employment.”*

Long-term gain responses acknowledged short-term challenges but predicted eventual economic benefits. Prototype phrases included: *“Tariffs may hurt short-term but benefit the economy in the long run,” “Benefit in the future,” “In the longer term win win,” “I believe that they will end in more favorable deals,” “It will help us when all is done,” “Right back up once countries renegotiate,” “Long term I would hope to see American job increase and American quality product increase,” “It will end up being good for the USA,” “In the long run will produce greater security and income for the US economy,” “Going to make it much stronger & more independent,” “In the long run it will bring back more manufacturing here,” “It will help in the long run,” “Help our economy in the long run,” “It’s going to help more Americans in the long run,” “Long term should be positive,” “Good for us in the long run,” “Long term growth,” “In the long run it will work,” “I think it will be positive in the long run,” “Will ultimately be far better,” “Initial pain leading to growth,” “Bad at first. Then level off, then on the upswing.”*

Stock market impact responses specifically referenced stock market outcomes. Prototype phrases included: *“Tariffs hurt stock market performance by increasing economic uncertainty,” “Markets fall when new tariffs are announced due to investor fears,” “Stocks are reducing in price,” “Tariff-related news causes volatility in stock prices and financial markets.”*

Market uncertainty responses mentioned adverse effects on the investment climate or general economic uncertainty. The key prototype phrase was: *“Tariffs increase economic uncertainty and reduce investment.”*

Retaliation risk responses expressed concern that tariffs would provoke retaliatory actions from other countries. Prototype phrases included: *“Other countries retaliate against US exports in response,” “Trade war,” “Closes doors to other countries wanting to do business with us,” “Retaliatory measures,” “Stop trading with us,” “They will try and punish the United States,” “Discourage some*

overseas trade.”

Trade balance responses indicated support for tariffs as a way to improve trade balances or enforce fairer trade. Phrases included: *“Tariffs reduce trade deficits and promote fair trade,” “I think it will help with the deficit and keep trade fair.”*

Supply chain issues responses cited potential interruptions in production or logistics. Phrases included: *“Tariffs disrupt supply chains and raise input costs,” “Supply chain issues,” “Is going to hurt us and disrupt supply chains,” “Disrupt the supply chain.”*

National security responses framed tariffs as tools to assert national sovereignty or protect national interests. Prototype phrases included: *“Tariffs are necessary to protect national interests and reduce foreign dependence,” “Trade policy should prioritize American sovereignty and independence,” “Limiting imports from rival nations strengthens national security,” “Tariffs help take back control from global elites,” “Tariffs defend against threats from China or other foreign adversaries,” “Stop other countries from taking advantage of us,” “This is especially concerning as China is a communist,” “We need to manufacture our products in the US,” “It is necessary to combat what China has been doing,” “Other countries are afraid now and want to make the trade fair for the U.S.”*

General support responses conveyed general support or optimism regarding tariffs. Phrases included: *“Tariffs are good or necessary,” “Tariffs are a good policy and show support for Trump,” “I believe it would have a positive impact on the US economy,” “I believe this would make our economy better,” “Great,” “Good,” “Positive,” “Positively,” “It would improve the economy of the country,” “I think it will greatly improve the economy,” “I think it will improve,” “It could be good,” “It is going to help,” “Positive impact,” “It would affect it positively,” “This would have a positive impact on the U.S. economy,” “The US economy is becoming stronger,” “It will boost the economy,” “It provide businesses to grow,” “Proposed tariffs likely improve economy,” “In the right way,” “Positive impact economy,” “Good, it would affect it positively.”*

General opposition responses expressed strong disapproval or alarm without specifying a particular economic mechanism. Prototype phrases included: *“Tariffs are bad or harmful,” “Tariffs are part of harmful policies from the Trump administration,” “Badly,” “Crazy bad,” “Horribly,” “I do not think it will be a positive thing,” “I think it will be very bad, it has caused great confusion and concern,” “Negative*

effect,” “It’s a pointless disaster,” “I find this whole thing ridiculous,” “Its going to make life harder,” “Very detrimental,” “We’re screwed,” “Very badly,” “Very poorly,” “It will not be good in the short term,” “I think the economy will take a hit,” “I don’t see any benefits,” “Very very very badly,” “Terrible decision,” “None of this will do any good for the U.S.,” “It is going to be bad,” “A harsh amount of damage on the U.S. economy,” “It will definitely negatively affect the economy,” “This terrible policy will affect Americans negatively,” “Negative impact economy,” “Recently announced negatively affect economy,” “Not positive,” “I think the new tariff policy is a complete failure,” “It will destroy the American economy,” “It will not be good for the people of the United States,” “Cripple big part economy,” “Negative,” “It will not be good.”

Unclear or off-topic responses were vague, irrelevant, or revealed no knowledge. Prototype phrases included: *“The response is vague, irrelevant, or not meaningful,” “I’m not sure,” “I’m not too sure of that,” “I am unsure,” “I really don’t know,” “I don’t know enough about it to have an opinion,” “Don’t understand tariffs,” “It is pretty hard to say,” “I am not sure to be honest,” “I’m not sure.”*

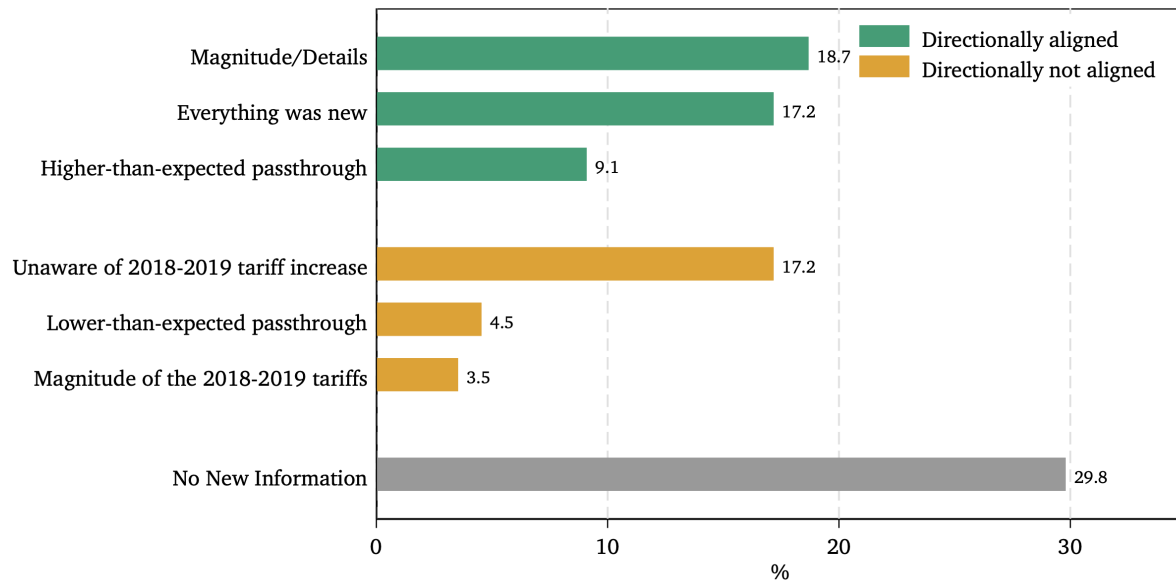
E.2 Awareness of information treatment

To analyze responses to the question *“Which parts of this information were new or unfamiliar to you?”*, we employed a semantic similarity classification method based on Sentence-BERT embeddings. Responses were first assigned to a binary classification—**Learned Something New** or **No New Information**—and then further divided into more granular subcategories specific to each treatment.

We then grouped these subcategories into two broader categories: directionally aligned and directionally *not* aligned responses. For the inflation treatment, directionally aligned responses include “Magnitude/Details,” “Everything was new,” and “Higher-than-expected pass-through.” Directionally *not* aligned responses include “Unaware of the 2018–2019 tariff increase,” “Lower-than-expected pass-through,” and “Tariff magnitude in 2018–2019 larger than expected.”

For the employment treatment, directionally aligned responses include “Job losses from retaliatory tariffs,” “Everything was new,” “Expected better outcomes than suggested,” and “Magnitude/Details.” Directionally *not* aligned “Expected worse outcomes than suggested,” “General response,” and “Farming-specific.”

Figure E.1: Directionally aligned and Directionally not aligned Learning for treatment T1



Notes: This figure shows the shares of respondents in the T1 (Inflation) treatment group categorized as mechanism-consistent (green bars), mechanism-inconsistent learning (yellow bars), and no learning (gray bars) based on responses to the prompt: “Which parts of this information were new or unfamiliar to you?” Classification methods are discussed in detail in Appendix E.2.

To validate this approach, we manually reviewed all responses and found that the automated classification agreed with human judgment in 90 percent of cases for the binary classification and approximately 70 percent for the subcategories.

Inflation treatment subcategories

Higher-than-expected passthrough responses reflected surprise at the magnitude of price effects. Phrases included: “Prices rose more than I expected,” “I didn’t know consumers bore that much of the cost,” “The cost increase was shocking,” “Inflation effect was stronger than I thought,” “sharp one to one association,” “nearly all of the tariff costs were passed on to consumers,” “The consumer took most of the hit for the imposed tariff,” “actual percentage price increase products was shocking,” “all tariff was absorbed customers,” “similar increase price correlation increase tariff,” “didn’t know price jump was big,” “drastically prices increased as result,” “specifics sharp association.”

Lower-than-expected passthrough responses indicated expectations of stronger effects than what

was shown. These included: *“Tariffs didn’t raise prices as much as I thought,” “Price impact was smaller than expected,” “I assumed costs would be higher.”*

Magnitude of the 2018–2019 tariffs responses emphasized surprise at the size of the tariff. Phrases were: *“I didn’t realize the tariff was 3.5%,” “That’s a large tariff,” “I was surprised by the 3.5% figure,” “It was a bigger tariff than I thought.”*

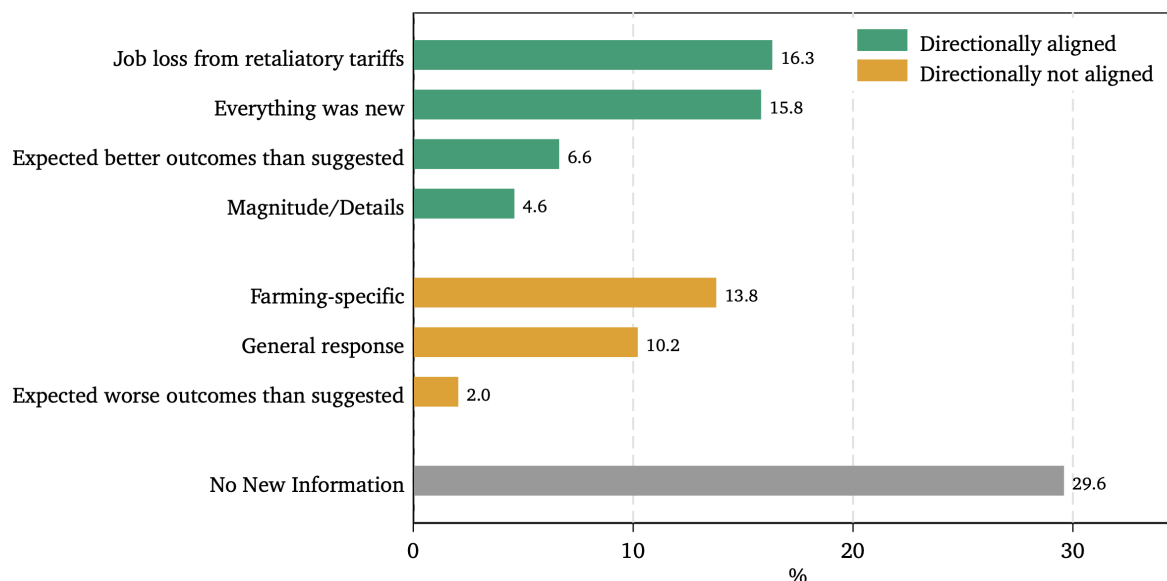
Unaware of 2018–2019 tariff increase responses revealed unfamiliarity with the historical policy timeline. Phrases included: *“I didn’t know there were tariffs in 2018,” “I was unaware of previous tariff rounds,” “The 2018–2019 tariffs were new to me,” “tariffs imposed on China in 2018–19,” “About the tariff increase in 2019,” “didn’t know it happened before,” “previous tariffs increases,” “The tariffs imposed in 2018.”*

Magnitude/Details responses pointed to new factual or numerical content. Phrases included: *“didn’t know specific numbers,” “not aware specific numbers,” “didn’t know numbers,” “not know exact percentages,” “amount was new to me,” “exact numbers,” “actual real figures,” “tariff imposed,” “specifics tariffs,” “didn’t know exact details,” “some percentages tariffs,” “effects tariffs,” “Specific details were new to me,” “How much the price would increase,” “I was not familiar with the 3.5 tariff,” “the rates were new,” “Some of the specific statistics were relatively new to me.”*

Everything was new responses signaled complete unfamiliarity. These included: *“all was new,” “was first time reading,” “wasn’t familiar,” “all it was unfamiliar,” “almost all information was new,” “actually all information was unfamiliar,” “I haven’t been super familiar with tariffs,” “all it was new information,” “all it haven’t particularly pay much attention economic news past years,” “all.”*

No new information responses reflected prior knowledge of all presented material. Exact phrases were: *“I already knew everything presented,” “I was aware of all,” “none,” “not much,” “I was already familiar,” “not much kept track market,” “na,” “none watch news multiple times,” “Nothing in the materials was new to me,” “nothing unfamiliar,” “none of the information was really new,” “I know most of this,” “nothing new,” “familiar with much of the content,” “I have heard this before,” “This information confirmed what I already believed,” “Nothing was new,” “none information was new,” “nothing new,” “I am familiar with the concept,” “None of this was new or unfamiliar,” “read most previously.”*

Figure E.2: Directionally-aligned and Directionally-not aligned Learning for treatment T2



Notes: This figure shows the shares of respondents in the T2 (Employment) treatment group categorized as mechanism-consistent (green bars), mechanism-inconsistent learning (yellow bars), and no learning (gray bars) based on responses to the prompt: “Which parts of this information were new or unfamiliar to you?” Classification methods are discussed in detail in Appendix E.2.

Employment treatment subcategories

General response entries used only high-level references. Phrases included: “Tariffs,” “The Tarriffs,” “retaliatory tariffs,” “the 2018 and 2019 imposed tariffs.”

Farming-specific responses noted the agricultural sector. Phrases were: “Farmers were hit hardest,” “Agriculture was impacted most,” “agriculture,” “losses being more significant in farming regions,” “farming information was new,” “agricultural products,” “job losses for Americans in the farming regions,” “farming regions,” “Job losses in agriculture,” “Farming jobs.”

Job loss from retaliatory tariffs responses identified retaliation-induced domestic job loss. These included: “Retaliation caused layoffs,” “Jobs lost because other countries hit back,” “Retaliatory tariffs led to job cuts,” “didnt know farmers lose jobs tariffs,” “The part about tariffs causing job losses in the US,” “I did not know that unemployment goes up when retaitory tariffs are put into place,” “the loss of jobs due to retaliating tariffs,” “was not aware employment losses due tariff situation,” “That retaliatory tariffs caused job loss,” “The part about job losses was new to me.”

Expected worse outcomes than suggested responses stated that the information was less negative than anticipated. Phrases included: *“I thought it would be worse,” “I expected bigger job losses,” “it not lead major job losses.”*

Expected better outcomes than suggested responses reflected surprise that tariffs were not beneficial for employment. These included: *“I didn’t think tariffs would hurt jobs,” “Surprised it had negative effects,” “Didn’t expect job loss,” “us tariffs failed to create job,” “Tariffs did not lead to job gains,” “did not lead to job gains.”*

Magnitude/Details responses focused on numerical unfamiliarity. Phrases included: *“didn’t know specific numbers,” “not aware specific numbers,” “didnt know numbers,” “not know exact percentages,” “amount was new to me,” “exact numbers,” “The more in depth information,” “A bit of the details were new to me,” “authors names,” “actual real figures.”*

Everything was new responses included: *“all was new,” “was first time reading,” “all basically new,” “Almost the whole information,” “wasnt familiar,” “all it was unfamiliar,” “almost all information was new,” “actually all information was unfamiliar,” “I haven’t been super familiar with tarriffs,” “all it was new information,” “all information was new,” “all it havent particularly pay much attention economic news past years,” “I was not familiar with any of it,” “All of it,” “all.”*

No new information responses reflected no learning. Phrases included: *“I already knew everything presented,” “I was aware of all,” “none,” “not much,” “I was already familiar,” “not much kept track market,” “na,” “none watch news multiple times,” “Nothing in the materials was new to me,” “nothing unfamiliar,” “none of the information was really new,” “I know most of this,” “nothing new,” “familiar with much of the content,” “nothing about it was unfamiliar,” “I have heard this before,” “This information confirmed what I already believed,” “Nothing was new,” “none information was new,” “nothing new,” “I am familiar with the concept,” “None of this was new or unfamiliar,” “Not surprising,” “read most previously.”*

This classification approach enables a structured interpretation of subjective responses, facilitating systematic comparison across groups.

F Policy Announcements

Policy Announcement I

Policy Announcement: U.S. Trade Tariff Changes (April 2025)

On April 2, 2025, President Donald Trump announced a major change in U.S. trade policy by introducing a **10% universal tariff** on all imported goods, effective April 5, 2025. According to the administration, the policy is intended to address trade imbalances and support domestic industries.

The administration also announced plans to implement additional, country-specific tariffs on approximately 60 countries identified as maintaining unfair trade practices. These tariffs are scheduled to take effect on April 9, 2025.

The table below presents information on the proposed **reciprocal tariff structure**. The first column shows the estimated tariff rates that these countries currently apply to U.S. exports, including adjustments for trade barriers such as currency manipulation. The second column shows the corresponding tariff rates that the U.S. proposes to apply to imports from these countries. The U.S. rates are described as "**discounted reciprocals**," meaning they are generally lower than the rates these countries impose on U.S. goods.

The information above is based on official statements released by the U.S. administration and public policy announcements.

 Reciprocal Tariffs		
Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

Policy Announcement II

Since then, the United States has significantly escalated its trade policy through a series of new tariff measures

On **April 2**—known in the U.S. as *Liberation Day*—the government raised the total tariff rate on Chinese imports to **54%**, citing continued concerns over unfair trade practices. In response, **China announced 34% tariffs** on U.S. goods, effective April 4.

On **April 5**, President Trump's new 10% minimum tariff on imports from nearly all countries and territories took effect.

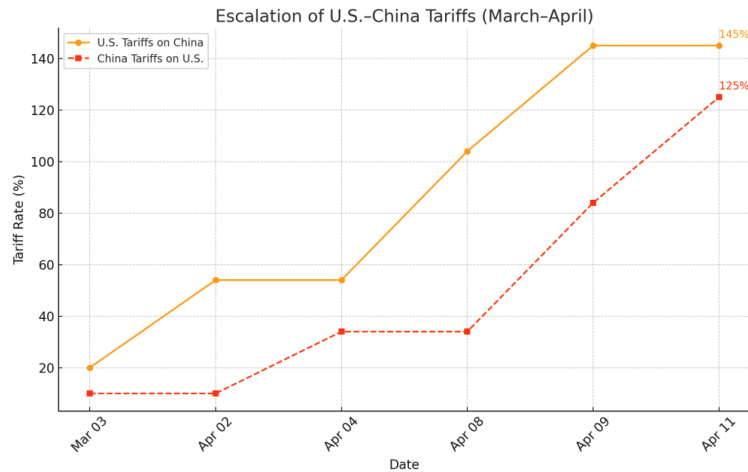
On **April 9**, the administration's proposed reciprocal tariff rates were scheduled to raise import taxes on dozens of countries. However, just hours after implementation, the administration **suspended** most of these higher rates **for 90 days**, while keeping the 10% universal tariff in place.

China was the exception. On April 9, the U.S. proceeded with an additional increase targeting Chinese imports specifically:

- The U.S. had raised total tariffs on Chinese goods to **145%**
- China had increased tariffs on U.S. exports to **84%**

On April 10, China responded to President Trump's tariffs on Friday, raising its own tariffs on American goods to **125%**.

The chart below illustrates how average tariff rates changed between the two countries during this period.



G Information Treatments

T1: Inflation

In 2018 and 2019, the U.S. government imposed several rounds of tariffs on imports from China. At that time, the average tariff rate reached a maximum of **3.5%**. Economists Cavallo, Gopinath, Neiman, and Tang (2021) conducted an in-depth study using the latest economic techniques to understand the causal impact of these tariffs on the prices of imported goods.

Their research found that tariffs significantly increased the prices paid by U.S. importers. For example, **a 10% tariff led to an average price increase of about 9.4% on affected imports** — meaning nearly all of the tariff cost was passed on to U.S. buyers.

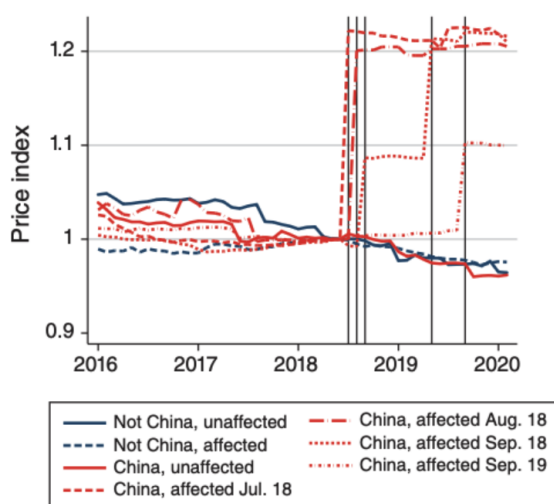
The figure below shows how import prices changed during that period. Each line represents a different group of imported products. Items that were never affected by tariffs followed a stable or slightly declining price trend. In contrast, products from China that were hit by tariffs showed **a sharp increase in prices right after the tariffs took effect**.

The vertical lines on the graph show when key tariff rounds were implemented:

- Summer 2018: First three waves of tariffs on Chinese goods
- May 2019: Tariff on one group increased from 10% to 25%
- September 2019: A new 15% tariff added on another \$112 billion in goods

These results suggest that **tariffs caused immediate and visible price increases** for the affected imports. Prices of unaffected products did not change in the same way.

Panel A. Import price indices (including tariffs)



[Read Full Article](#)

T2: Employment

In 2018 and 2019, the U.S. government imposed several rounds of tariffs on imports from China. At that time, the average tariff rate reached a maximum of **3.5%**. Economists Autor, Beck, Dorn, and Hanson (2024) conducted an in-depth study using the latest economic techniques to understand the causal impact of these tariffs on employment across different parts of the United States.

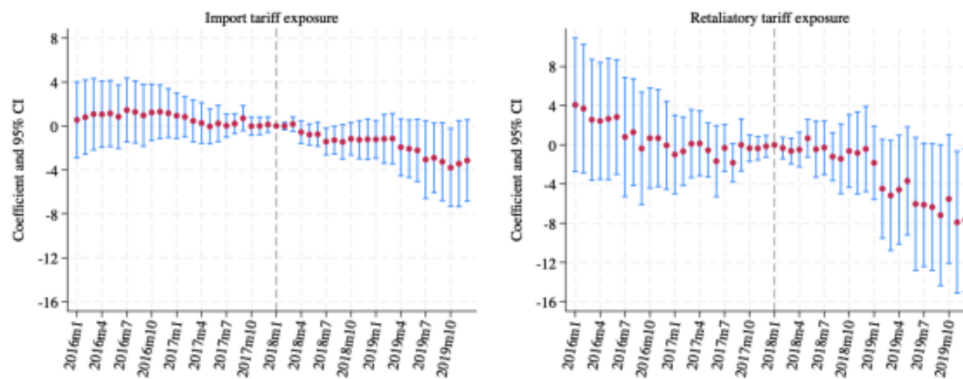
They found that **tariffs on foreign goods did not lead to noticeable job gains** in the U.S. sectors that received new tariff protection. However, **retaliatory tariffs from other countries—especially on U.S. agricultural exports—caused clear job losses**, particularly in farming regions.

The chart below shows changes in employment rates across different U.S. regions (called "commuting zones") depending on their exposure to tariffs:

- The **left panel** shows how employment changed in areas more exposed to U.S. import tariffs.
- The **right panel** shows how employment changed in areas more affected by retaliatory tariffs from other countries.

After the trade war began, employment rates declined slightly in regions exposed to U.S. tariffs, and more significantly in regions hit by foreign retaliation.

Figure 3: Impact of Tariff Exposure on CZ Employment/Population Ratios



[Read the full article](#)

T3: Stock

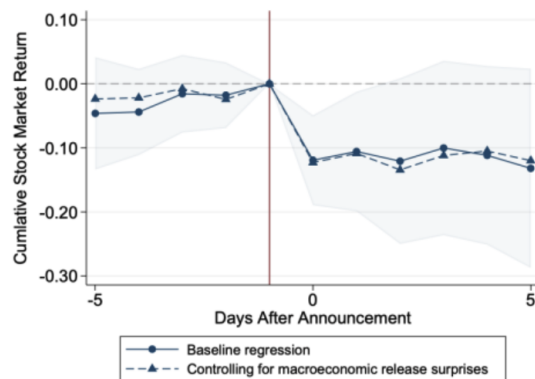
In 2018 and 2019, the U.S. government imposed several rounds of tariffs on imports from China. At that time, the average tariff rate reached a maximum of 3.5%. Economists Amiti, Gomez, Kong, and Weinstein (2024) conducted an in-depth study using the latest economic techniques to understand the causal impact of these tariff announcements on the U.S. stock market

They found that **tariff announcements led to sharp declines in stock prices.**

Figure 1 below shows how the stock market responded in the days before and after each announcement. Stock prices were relatively stable in the days leading up to the announcements. But immediately after, there were **sizable drops in market value**, often exceeding **10% cumulative losses**, showing a clear negative reaction by investors.

These findings suggest that **tariff announcements** had a significant negative impact on financial markets.

Figure 1: The Dynamics of Stock-Market Returns around Tariff Announcements



[Read the full article](#)

T4: Fox

You're almost done with the survey. Before the final questions, we'd like to share the news article from FOXBusiness:

Fed Chair Powell says tariffs likely to cause inflation to rise, could be persistent

Powell said the extent and duration of a tariff-induced inflation hike is uncertain

By Eric Revell [FOXBusiness](#)

Federal Reserve Chair Jerome Powell said at a conference Friday (on April 4th) that President Donald Trump's tariffs are likely to increase inflation and slow economic growth, saying the central bank will do what it can to keep long-term inflation low.

President Trump unveiled sweeping tariff plans on Wednesday that prompted a stock market sell-off and which have prompted retaliation from U.S. trading partners. The S&P 500 is down about 4% on Friday and more than 6% over the past five trading days, while the Dow Jones Industrial Average entered correction territory, down over 10% from its record high in December.

Powell said in his remarks at Friday's conference that it's difficult to predict the impact of tariffs on inflation and other economic indicators "until there is greater certainty about the details, such as what will be tariffed, at what level, and for what duration, and the extent of any retaliation from our trading partners."

"While uncertainty remains elevated, it is now becoming clear that tariff increases will be significantly larger than expected, and the same is likely to be true of the economic effects, which will include **higher inflation and slower growth**," he explained. "The size and duration of these effects remains uncertain."

Read full article: <https://www.foxbusiness.com/economy/fed-chair-powell-says-tariffs-likely-cause-inflation-rise-could-persistent>

T5: NYT

You are almost done with the survey. Before the final questions, we'd like to share the following news article from **NYTimes**:

Powell Says Trump's Tariffs Raise Risks of Faster Inflation and Slower Growth

Jerome H. Powell, chair of the Federal Reserve, says the central bank's "obligation" is to ensure that a "one-time increase in the price level does not become an ongoing inflation problem."

By Colby Smith, NYTimes

Jerome H. Powell, the chair of the Federal Reserve, warned that President Trump's tariffs risk stoking even higher inflation and slower growth than initially expected, as he struck a more downbeat tone about the outlook, despite the economy so far remaining in a "good place."

"While uncertainty remains elevated, it is now becoming clear that the tariff increases will be significantly larger than expected," he said. "The same is likely to be true of the economic effects, which will include **higher inflation and slower growth**."

Mr. Powell characterized the risks of that outcome, which he warned could include higher unemployment, as "elevated."

"While tariffs are highly likely to generate at least a temporary rise in inflation, it is also possible that the effects could be more persistent," he said in a speech at a conference in Arlington, Va., on Friday (on April 4th).

Read the full article: <https://www.nytimes.com/2025/04/04/business/economy/powell-trump-tariff-inflation-risk.html>

H Survey Questionnaire

A.Demographics

What is your prolific ID?

What is your gender?

- Male
- Female
- Other

What is your age?

How would you describe yourself? Please select all that apply.

- White
- Black or African American
- American Indian or Alaska Native
- Asian
- Native Hawaiian or Pacific Islander
- Hispanic or Latino Origin
- Other

What is the highest degree or level of school you have completed?

- Less than a high school diploma
- High school degree or equivalent (e.g. GED)
- Some college. no degree

What is your highest degree?

- Associate degree (e.g. AA, AS)
- Bachelor's degree (e.g. BA, BS)
- Master's degree (e.g. MA, MS, MEd)
- Doctorate or professional degree (e.g. MD, DDS, PhD)

What is your marital status?

- Single (never married)
- Married, or in a domestic partnership
- Widowed
- Divorced
- Separated

Where is your primary residence? Please enter the 5 digit zip code.

Which political party do you lean towards?

- Democratic party
- Republican party
- Green party
- Libertarian party
- Other
- Prefer not to answer

Where would you place yourself on this scale?

- Extremely liberal
- Liberal
- Slightly liberal
- Moderate; middle of the road
- Slightly conservative
- Conservative

Extremely conservative

Who did you vote for the last election?

- Kamala D. Harris
- Donald J. Trump
- None of above
- Not eligible to vote
- Prefer not to say

What kind of news outlet do you follow usually? (select all that apply).

- The Washington Post
- USA Today
- Social media (twitter, instagram, facebook, or youtube)
- Fox News
- Wall Street Journal
- New York Times
- CNN

Others

Please rate how much you trust the information from each media outlet below.
(1 = Not at all, 5 = A great deal)

	1=Not at all	2=A little	3=Moderate	4=Qu
CNN	☐	☐	☐	
New York Times	☐	☐	☐	

USA Today	☐	☐	☐	
Fox News	☐	☐	☐	
Wall Street Journals	☐	☐	☐	

In the last month, how much did your household spend (**per month**) on goods and services in total and for each of the individual components listed below?

Please enter a number between 1 and 10,000 for each category. The sum of the expenditures for the individual categories should add up to the total amount.

Food (including groceries, dining out, take-out food, and beverages)	\$	0
Debt and rent payments (mortgages, rent, auto loans, student loans, etc.)	\$	0
Everything else	\$	0
Total	\$	0

In the last month, did you buy a new home, car, or other major big-ticket items (TV, fridge, furniture, and similar items)?

Yes
No

How much did you spend on the following?

A house/apartment	\$	0
A car or other vehicle	\$	0
A large home appliance, electronics, or furniture	\$	0
Total	\$	0

Do you plan/expect to purchase a new home, car or other major big-ticket items (TV, fridge, furniture, and similar items) over the next month?

Yes

No

How much do you plan/expect to spend on the following?

A house/apartment	\$	0
A car or other vehicle	\$	0
A large home appliance, electronics, or furniture	\$	0
Total	\$	0

Which of the following best characterizes your household:

- Own our house/apartment without a mortgage
- Own our house/apartment and have a fixed-rate mortgage
- Own our house/apartment and have a variable-rate mortgage
- Rent our house/apartment
- Other

How much does your household pay for the monthly mortgage?

dollars per month

How much is your monthly rent?

dollars per month

Do you currently own or hold any of the following assets?

- A home that you or your family live in (owner-occupied housing)
- Stocks or stock mutual funds (including through retirement accounts like 401(k), IRA)
- Bonds or bond mutual funds (including municipal or Treasury bonds)
- Cryptocurrency (e.g., Bitcoin, Ethereum)
- Savings account
- None of above

Approximately how much do you hold in each of the following
(**including** in retirement accounts)?

(Use your best guess. Round to \$1,000 if unsure.)

Home equity (home value minus mortgage)	\$	0
Stocks	\$	0
Bonds	\$	0
Cryptocurrency	\$	0
Savings account	\$	0
Total	\$	0

How would you describe your level of involvement in
managing your investments?

- Very active — I manage my portfolio myself
- Somewhat involved — I check and make changes occasionally
- Not involved — My investments are managed for me
- Not sure / Prefer not to say

B.Labor

Do you have a paid job?

- Yes, Full-time
- Yes, Part-time
- ..

NO

How much do you make before taxes and other deductions at your main/current job, on an **annual** basis? Please include any bonuses, overtime pay, tips or commissions

dollars per year

Please select the option that best describes your industry for your main job.

- Agriculture, Forestry, Fishing or Hunting
- Mining, Quarrying, or Oil and Gas Extraction
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation or Warehousing
- Information Services (including Publishing or Media)
- Banking, Finance, or Insurance
- Real Estate, or Rental & Leasing Services
- Professional, Technical, or Business Services
- Education
- Health Care or Social Assistance
- Arts, Entertainment, or Recreation
- Hotel, Accommodation, Restaurant, or Food Services
- Other Services (except Government)
- Government, including Military

Are you actively looking for a job?

Yes

No

Here are a number of possible reasons why people who are not working choose **not** to look for work. Please **select all that apply** to you.

Homemaker

Raising children

Student

Retiree

Disabled, health issues

Couldn't find a job

On break

No financial need

Temporarily laid-off (expect to be recalled with the next 6 months)

Temporarily laid-off (do not expect to be recalled with the next 6 months)

Other

C. Inflation/wage/price expectations

We would like to ask you about the **rate of inflation/deflation**.

Note: inflation is the percentage rise in overall prices in the economy, most commonly measured by the Consumer Price Index and deflation corresponds to when prices are falling.

Over the last 12 months, what do you think the overall rate of **inflation/deflation** has been in the economy?

If you think there has been inflation, please enter a positive number.

If you think there has been deflation, please enter a negative number.

If you think there has been neither inflation nor deflation, please enter zero.

The rate of inflation/deflation was % over the last 12 months.

In THIS question, you will be asked about the probability
(**PERCENT CHANCE**) of something happening.

The percent chance must be a number between 0 and 100.
The sum of your answers must add up to 100.

0 means there is absolutely no chance.
100 means that it is absolutely certain.

What do you think is the **percent chance** that, **over the next 12 months...**

the rate of inflation will be 12% or more	0
the rate of inflation will be between 8% and 12%	0
the rate of inflation will be between 4% and 8%	0
the rate of inflation will be between 2% and 4%	0
the rate of inflation will be between 0% and 2%	0
the rate of deflation (opposite of inflation) will be between 0% and 2%	0
the rate of deflation (opposite of inflation) will be between 2% and 4%	0
the rate of deflation (opposite of inflation) will be between 4% and 8%	0
the rate of deflation (opposite of inflation) will be between 8% and 12%	0
the rate of deflation (opposite of inflation) will be 12% or more	0
Total	0

Over the next 3-5 years, what do you think the overall rate of
inflation/deflation will be?

If you think there has been inflation, please enter a positive number.

If you think there has been deflation, please enter a negative number.

If you think there has been neither inflation nor deflation, please enter zero.

The rate of inflation/deflation will be % over the next 3-5 year.

How would you rate **business/economic conditions** in this
country as a whole **today**?

Excellent

Good

Only fair

Poor

In a year from now, do you think that **business/economic conditions** in this country, as a whole, will be better than they are at present, will be worse, or will be about the same?

Better a year from now

About the same

Worse a year from now

D. Unemployment

What is your best guess about the **current unemployment rate** in the U.S.?

 %

What is your best guess about what the **unemployment rate** in the U.S. will be **in 12 months**?

 %

What is your best guess about what the **unemployment rate** in the U.S. will be over the **next 3-5 years**?

 %

E. Tariff-mechanism

Next, we'll ask for your opinions about international trade and recent tariff policies.

What do you think foreign trade means for America?

Do you see foreign trade more as an opportunity for economic growth through increased U.S. exports, or a threat to the economy from foreign imports?

Opportunity for economic growth

Threat to the economy

I don't follow trade policy closely enough to say

Others

Policy Announcement: U.S. Trade Tariff Changes (April 2025)

On April 2, 2025, President Donald Trump announced a major change in U.S. trade policy by introducing a **10% universal tariff** on all imported goods, effective April 5, 2025. According to the administration, the policy is intended to address trade imbalances and support domestic industries.

The administration also announced plans to implement additional, country-specific tariffs on approximately 60 countries identified as maintaining unfair trade practices. These tariffs are scheduled to take effect on April 9, 2025.

The table below presents information on the proposed **reciprocal tariff structure**. The first column shows the estimated tariff rates that these countries currently apply

to U.S. exports, including adjustments for trade barriers such as currency manipulation. The second column shows the corresponding tariff rates that the U.S. proposes to apply to imports from these countries. The U.S. rates are described as **"discounted reciprocals,"** meaning they are generally lower than the rates these countries impose on U.S. goods.

The information above is based on official statements released by the U.S. administration and public policy announcements.

 Reciprocal Tariffs		
Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%

According to the policy announcement, what is the universal tariff rate the U.S. plans to apply to all imported goods?

- 5%
- 10%
- 15%
- 25%
- I'm not sure

Based on what you just read, to what extent do you support or oppose the U.S. trade policy described above?

- Strongly support
- Somewhat support
- Neither support nor oppose
- Somewhat oppose
- Strongly oppose

Before today, had you seen or heard about the policy announcement described above?

- Yes
- No

Since then, the United States has significantly escalated its trade policy through a series of new tariff measures

On **April 2**—known in the U.S. as *Liberation Day*—the government raised the total tariff rate on Chinese imports to **54%**, citing continued concerns over unfair trade practices. In response, **China announced 34% tariffs** on U.S. goods, effective April 4.

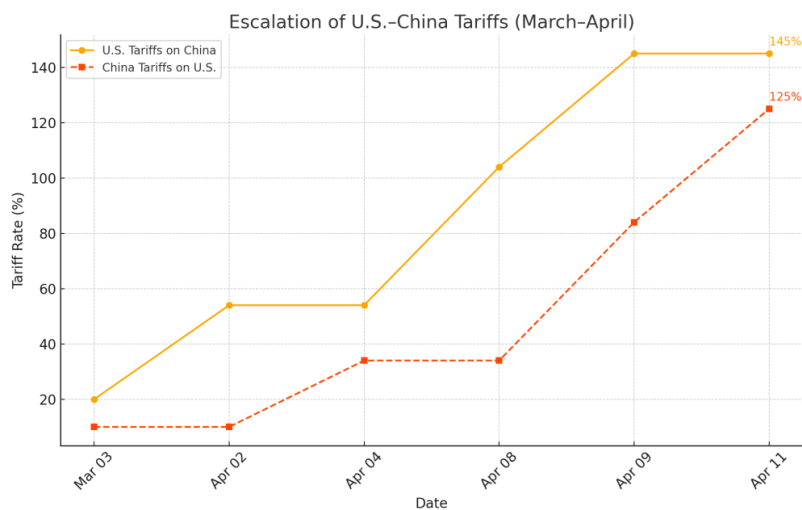
On **April 5**, President Trump's new 10% minimum tariff on imports from nearly all countries and territories took effect.

On **April 9**, the administration's proposed reciprocal tariff rates were scheduled to raise import taxes on dozens of countries. However, just hours after implementation, the administration **suspended** most of these higher rates **for 90 days**, while keeping the 10% universal tariff in place.

China was the exception. On April 9, the U.S. proceeded with an additional increase targeting Chinese imports specifically:

- The U.S. had raised total tariffs on Chinese goods to **145%**
- China had increased tariffs on U.S. exports to **84%**

On April 10, China responded to President Trump's tariffs on Friday, raising its own tariffs on American goods to **125%**. The chart below illustrates how average tariff rates changed between the two countries during this period.



According to the information you just read, what were the final tariff rates imposed between the U.S. and China as of April 10?

The U.S. imposed 145% tariffs on Chinese goods; China imposed 84% tariffs on U.S. goods

The U.S. imposed 10% tariffs on all countries, including China; China did not respond

The U.S. imposed 145% tariffs on Chinese goods; China imposed 125% tariffs on U.S. goods

I'm not sure

"The U.S. imposed 145% tariffs on Chinese goods, and China imposed 125% tariffs on U.S. goods."

In your own words, how do you think the recently announced tariff policy would affect the U.S. economy?

How do you expect this tariff policy to affect the **inflation rate** over the **next 12 months**?

Increase

No change

Decrease

By how much percentage points do you expect this tariff policy to **raise** the **inflation rate** over the **next 12 months**?

Increase by %

By how much percentage points do you expect this tariff policy to **decrease** the **inflation rate** over the **next 12 months**?

Decrease by %

How do you expect this tariff policy to affect the **unemployment rate** over the **next 12 months**?

- Increase
- No change
- Decrease

By how many percentage points do you expect this tariff policy to **raise** the **unemployment rate** over the **next 12 months**?

Increase by %

By how many percentage points do you expect this tariff policy to **decrease** the **unemployment rate** over the **next 12 months**?

Decrease by %

Over the **next 5 years**, how do you expect this tariff policy to affect the **unemployment rate**?

- Increase
- No change
- Decrease

How do you expect this tariff policy to affect the overall **stock market** level over the **next 12 months**?

market level over the **next 12 months**?

- Increase
- No change
- Decrease

By how many percentage points do you expect this tariff policy to **raise** the value of the **stock market (for example, S&P 500)** over the **next 12 months**?

Increase by %

By how many percentage points do you expect this tariff policy to **decrease** the value of the **stock market (for example, S&P 500)** over the **next 12 months**?

Decrease by %

How do you expect this tariff policy to affect the **business and economic conditions** in the **next 12 months**?

- Better
- About the same
- Worse

How do you expect this tariff policy to affect the **business and economic conditions** in the **next 3-5 years**?

- Better
- About the same
- Worse

F. Information treatment

You are almost done with the survey. Before the final questions, we'd like to share the following information:

In 2018 and 2019, the U.S. government imposed several rounds of tariffs on imports from China. At that time, the average tariff rate reached a maximum of **3.5%**. Economists Cavallo, Gopinath, Neiman, and Tang (2021) conducted an in-depth study using the latest economic techniques to understand the causal impact of these tariffs on the prices of imported goods.

Their research found that tariffs significantly increased the prices paid by U.S. importers. For example, **a 10% tariff led to an average price increase of about 9.4% on affected imports** — meaning nearly all of the tariff cost was passed on to U.S. buyers.

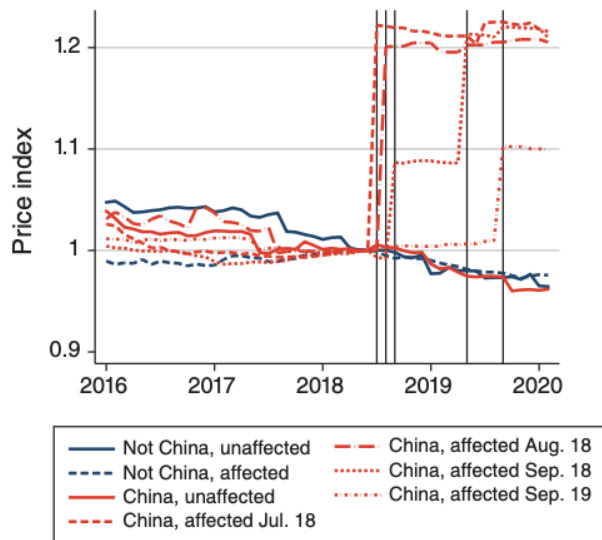
The figure below shows how import prices changed during that period. Each line represents a different group of imported products. Items that were never affected by tariffs followed a stable or slightly declining price trend. In contrast, products from China that were hit by tariffs showed **a sharp increase in prices right after the tariffs took effect.**

The vertical lines on the graph show when key tariff rounds were implemented:

- Summer 2018: First three waves of tariffs on Chinese goods
- May 2019: Tariff on one group increased from 10% to 25%
- September 2019: A new 15% tariff added on another \$112 billion in goods

These results suggest that **tariffs caused immediate and visible price increases** for the affected imports. Prices of unaffected products did not change in the same way.

Panel A. Import price indices (including tariffs)



[Read Full Article](#)

According to the research described above, what happened to the prices of U.S. imports from China when tariffs were imposed in 2018–2019?

- ☐ Prices of Chinese imports decreased significantly
- ☐ Prices of Chinese imports remained the same
- ☐ Prices of Chinese imports increased sharply
- ☐ Prices of non-Chinese imports were also affected in the same way
- ☐ I am not sure.

G. Post treatment

Which parts of this information were new or unfamiliar to you?

What do you think the **inflation/deflation rate** (as measured by the Consumer Price Index) is going to be **over the next 12 months**? Please provide an answer as a **percentage change from current prices**.

If you think there will be inflation, please enter a positive number.

If you think there will be deflation, please enter a negative number.

If you think there will be neither inflation nor deflation, please enter zero.

The rate of inflation/deflation will be % over the next 12 months.

What do you think the **unemployment rate** will be **at the end of 2025**?

 %

How much do you think the **stock price** will have changed by the **end of 2025 compared to now**?

Please provide an answer as a **percentage change from current stock prices**.

 %

How would you rate **business/economic conditions** in this country as a whole **today**?

Excellent

Good
Only fair
Poor

In a year from now, do you think that **business/economic conditions** in this country, as a whole, will be better than they are at present, will be worse, or will be about the same?

Better a year from now
About the same
Worse a year from now

In 3-5 years from now, do you think that **business/economic conditions** in this country, as a whole, will be better than they are at present, will be worse, or will be about the same?

Better a year from now
About the same
Worse a year from now

Who do you think ultimately pays for the costs associated with tariffs? (Select all that apply)

Foreign government
Foreign producer
U.S. importers/distributors
Retailers
U.S. government
U.S. households

If a 10% tariff is imposed on imported goods, by how many percentage points do you expect their prices to rise for U.S. consumers?

%

If you had the choice, what's the maximum one-time amount you'd be willing to pay to **remove** the recently imposed tariffs?

\$

How much do you approve or disapprove of how Donald Trump is handling the economy?

Strongly disapprove				Neutral		Strongly approve				
-10	-8	-6	-4	-2	0	2	4	6	8	10

Which of the following is most important to you personally?
(Rank order)

Keeping prices low

Protecting American jobs

Supporting American companies

When it comes to trade policy, who do you believe best represents your interests? (1 = Not at all, 5 = A great deal)

	1=Not at all	2=A little	3=Moderate	4=A great deal
Academic economists	☐	☐	☐	
Political leaders	☐	☐	☐	

Business executives	☐	☐	☐	
Labor Union	☐	☐	☐	

What do you think the Federal Reserve should do in the near future regarding interest rates?

Decrease the interest rate

Keep the interest the same

Increase the interest rate

Others (please specify):

Thank you for participating in the survey! We appreciate your time and value your input. If you have any comments or suggestions, please feel free to share them with us — we'd love to hear from you.

To submit your responses and complete the survey, please click the blue arrow button below.