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Expectations Surveys: Design and Applications

This course will focus on the creation and use of surveys of economic expectations, with particular focus on surveys of households and firms. The course will cover the design of surveys and formulation of questions, some properties of resulting expectations from existing surveys, as well as a number of applications to research and policy, particularly focusing on the use of information treatments as a source of exogenous variation in beliefs. A short overview of the course topics is provided below, with a list of relevant resources provided thereafter. While the course topics are broken down by days 1-3, actual coverage of topics by day may vary.

Day 1: Survey Design, Question Selection and Related Topics

- A. Achieving representative samples of households and firms
- B. Repeated cross-sections vs. panels
- C. Point forecasts vs. distributions
- D. Priming and information provision
- E. Micro vs macro questions
- F. Survey questions vs external sources of information

Day 2: Properties of Macroeconomic Expectations and Open Questions

- a. Biased expectations
- b. Disagreement
- c. Inattention and (mis)perceptions of recent conditions
- d. Underreaction vs overreaction
- e. Joint formation of macroeconomic expectations
- f. What models do people use in forming their beliefs?
- g. Anchoring of inflation expectations
- h. Higher order beliefs

Day 3: Expectations and Decisions, Information Treatments and Related Research applications

- a. What can we learn from randomized control trials?
- b. The (limited?) power of simple information treatments on expectations
- c. Information treatments and *instantaneous* effects on consumption plans
- d. The effect of inflation expectations on household spending and firms' decisions
- e. The effects of macroeconomic uncertainty on household spending and firm decisions
- f. Alternatives to RCTs for identification

References:

Day 1: Survey Design, Question Selection and Related Topics

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Binder, Carola and Gwangmin Kim, 2020. “Learning through Survey in Inflation Expectations,” Forthcoming in *American Economic Journals: Macroeconomics*.

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Day 2: Properties of Macroeconomic Expectations and Open Questions

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Bordalo, Pedro, Nicola Gennaioli, Yueran Ma, and Andrei Shleifer. 2020. “Overreaction in Macroeconomic Expectations.” *American Economic Review*, 110(9): 2748-82.

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Andre, Peter, Carlo Pizzinelli, Chris Roth and Johannes Wohlfart, 2021. “Subjective Models of the Macroeconomy: Evidence from Experts and Representative Samples,” Forthcoming in *Review of Economic Studies*.

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Coibion, Olivier, Yuriy Gorodnichenko, Saten Kumar and Jane Ryngaert, (2021). “Do You Know That I Know That You Know...? Higher-order Beliefs in Survey Data,” *Quarterly Journal of Economics* 136: 1387–1446.

Day 3: Expectations and Decisions, Information Treatments and Related Research applications

- Haaland, Ingar, Chris Roth and Johannes Wohlfart, 2021. "Designing Information Provision Experiments," Forthcoming in *Journal of Economic Literature*.
- Roth, Chris and Johannes Wohlfart, 2020. "How Do Expectations about the Macroeconomy Affect Personal Expectations and Behavior?" *Review of Economics and Statistics*, Vol. 102(4), October 2020, p.731-748.
- Coibion, Olivier, Yuriy Gorodnichenko and Michael Weber, 2021. "Monetary Policy Communications and their Effects of Inflation Expectations," Forthcoming in *Journal of Political Economy*.
- Coibion, Olivier, Yuriy Gorodnichenko and Saten Kumar, 2018. "How Do Firms Form Their Expectations? New Survey Evidence," *American Economic Review* 108: 2671-2713.
- Coibion, Olivier , Yuriy Gorodnichenko and Tiziano Ropele, 2020. "Inflation Expectations and Firm Decisions: New Causal Evidence," *Quarterly Journal of Economics* 135: 165–219.
- Coibion, Olivier, Dimitris Georgarakos, Yuriy Gorodnichenko, Geoff Kenny and Michael Weber, (2021). "The Effect of Macroeconomic Uncertainty on Household Spending," Manuscript.