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Keywords

fiscal expansion, household expectations, inequality, survey experiment

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Fiscal Expansion and Households' Income Inequality Expectations: A Survey Experiment*

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Abstract

We study how individuals' views on current and future levels of income inequality change during periods of expansionary fiscal policy. In a randomized controlled trial (RCT), we provide information on fiscal expansion to a representative sample of the German population. Our findings reveal that combining a fact-based (numerical) information treatment with a narrative treatment about fiscal expansion plans reduces inequality expectations among respondents who are ex-ante dissatisfied with the government's economic policy. These effects are more pronounced among respondents without a college degree or with low political interest, highlighting the importance of narrative information for individuals who are likely to benefit most from it. We explore potential mechanisms by examining revisions in macro- and micro-level assessments of future economic conditions and find that respondents primarily update their expectations regarding economic growth and individual layoff risk.

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1 Introduction

Advanced economies have recently seen sizable increases in government spending needs, for example, due to the COVID-19 pandemic or the energy crisis. At the same time, in many advanced economies, income inequality is rising, and political polarization is trending upwards (Figure 1). Given future challenges such as population aging and climate change, governments remain under pressure to expand their budgets, and the resulting economic dynamics can have redistributive consequences. While the concrete effects of the announced fiscal expansion are likely to show up only in the medium run, citizens might adjust their perceptions of inequality in the short run. However, the direction of adjustment is a priori unclear and might differ depending on ex-ante levels of satisfaction with the government. The latter aspect is important to consider given that satisfaction with governments is declining, a trend which also applies to Germany (Figure 2).

In this study, we combine two main strands of the literature to advance our understanding of how perceptions of inequality respond to fiscal expansion. On the one hand, macro-level studies have shown that fiscal policy can affect inequality. While fiscal consolidation is likely to raise income inequality (Agnello and Sousa, 2014; Ball et al., 2013; Klein and Winkler, 2019; Woo et al., 2017), expansionary fiscal policy can help lower the degree of wealth and income inequality (Amores et al., 2025; Anderson et al., 2016; Dhital et al., 2023; Heer and Scharrer, 2018). On the other hand, micro-level, survey-based studies provide evidence that individuals adjust inflation, earnings, and unemployment expectations in response to news about fiscal policies (Coibion et al., 2021; De Fiore et al., 2025; Georgarakos and Kenny, 2022; Guo et al., 2025).

However, there is no evidence on whether changes in fiscal policy affect individuals' views on (future) income inequality, and if so, what the underlying mechanisms are. Gaining a better understanding of the drivers of inequality perceptions in the presence of significant changes in fiscal policy is relevant as these perceptions can deviate from measured inequal-

ity, and in turn matter for voting behavior, trust in political institutions, or redistributive preferences (Bavetta et al., 2019; Bobzien, 2023; Cruces et al., 2013; Hvidberg et al., 2023; Knell and Stix, 2020; Roth and Wohlfart, 2018).

To analyze how news about fiscal expansion affects citizens' views on inequality, we conduct a randomized controlled trial (RCT), following the methodology of related studies on fiscal policy treatments and household expectations (Bianchi et al., 2025; Coibion et al., 2021; Guo et al., 2025; Roth et al., 2022). Our sample comprises approximately 2,400 respondents from Germany, which we surveyed via the company *bilendi* in August 2025, at a time when economic growth was depressed and the government was running a deficit (Figure 3).

We randomly assign respondents to one of two treatment groups or a control group. For the information treatments, we exploit the fact that in June 2025, the German government announced a large-scale fiscal expansion plan, accompanied by the establishment of the "Special Fund for Infrastructure and Climate Neutrality."[1] The first treatment group receives detailed, fact-based (numerical) information about this fiscal policy plan. The second treatment group receives the same information, complemented by a short narrative outlining common advantages and disadvantages of fiscal expansion. We then examine how the different treatments affect respondents' current perceptions and future expectations of inequality relative to the control group. For our analysis, we also draw on information on sociodemographic characteristics, such as gender, age, and income, as well as respondents' satisfaction with the government, collected in a previous survey wave with the same respondents in July 2025.

Our key finding is that the narrative treatment lowers inequality expectations among respondents who are ex-ante dissatisfied with the government. This result aligns with a growing literature emphasizing the role of narratives in shaping economic beliefs and behavior. Narratives, which Roos and Reccius (2024) define as "sense-making stories" that translate

[1]While fiscal announcements might not necessarily translate into economic outcomes, Latifi et al. (2024) generate a measure of expansionary or contractionary fiscal sentiment based on speeches in the German parliament and show that it helps explain shifts in government spending.

into action by a social group, can shape individuals' economic behavior and, in turn, aggregate outcomes (Andre et al., 2024).

Beyond shaping behavior, narratives also help respondents understand complex economic dynamics. In this context, complementing fact-based, numerical information on fiscal policy with a short explanatory narrative may facilitate interpretation, especially given that households often exhibit substantial knowledge gaps regarding public debt. Roth et al. (2022), for example, find that U.S. households systematically underestimate debt-to-GDP ratios and reduce support for government spending once informed of actual debt levels. Similarly, Grigoli and Sandri (2024), using surveys from the United Kingdom, the United States, and Brazil, find that respondents underestimate public debt levels and revise their inflation expectations after receiving accurate information. The extent of the adjustment depends on the size of the surprise. Consistent with the relevance and potential value of narratives in this setting, Blesse et al. (2025) show that survey participants are willing to pay for narratives, demonstrating demand for this type of interpretative content in economic contexts.

Additional tests indicate that the effect of the narrative treatment among respondents who are ex-ante dissatisfied with the government operates through increased growth expectations (macro level) and reduced fears of layoffs (micro level). This result suggests that providing additional context to particularly dissatisfied citizens helps them update their economic expectations more broadly, which in turn influences their expectations about income inequality. We also find that our baseline effects are most pronounced among respondents who are likely less informed about the consequences of fiscal policy, supporting the idea that the narrative provides valuable explanatory context. In particular, dissatisfied respondents without a university degree and with low political interest reduce their inequality expectations most strongly in response to the narrative treatment.

The study contributes to the literature on fiscal policy, households' expectations, and spending plans. D'Acunto et al. (2022), for example, find that households raise their inflation

expectations and their propensity to spend on durables in response to a sudden announcement of an increase in Germany's value-added tax. In contrast, Guo et al. (2025) find in an RCT that U.S. households reduce planned consumption in response to new information about fiscal expansion. The effect is smaller in the presence of policy uncertainty. Georgarakos and Kenny (2022) assess whether simple, factual information provision changes euro area households' perceptions of government support programs during the COVID-19 pandemic, using the Consumer Expectations Survey (CES). Their results reveal that information provision increases the perceived adequacy of these fiscal interventions, which in turn increases spending propensity.[2]

Coibion et al. (2021) analyze the difference between current and projected debt levels for the formation of inflation expectations. Results from their RCT indicate that inflation expectations do not respond in a sizable way to current debt levels, but rise once U.S. households receive information on future increases in public debt. Andrade et al. (2025) confirm this pattern and show that German households' inflation expectations increase when learning about projected levels of higher public debt in selected euro area countries. Similarly, David et al. (2025) find that fiscal consolidation announcements reduce medium-term inflation expectations. Recent studies by De Fiore et al. (2025) and Arndt and Tohme (2025), based on consumer survey data from the U.S. and Germany, respectively, show that public attention to fiscal stimulus programs and related media narratives are relevant factors in shaping households' inflation, unemployment, and earnings expectations. We relate to these papers by providing information on future debt levels paired with a narrative on the economic effects of fiscal expansion to assess changes in household expectations.

Another strand of literature focuses on households' expectations regarding taxes or public spending. In a household survey across 13 advanced and emerging market economies, Bianchi

[2] Anderson et al. (2016) study the actual changes in consumption following fiscal shocks and show that consumption inequality in the U.S. declines following expansionary shocks. Tagkalakis (2008) provides evidence for OECD countries that fiscal policies are more effective in stimulating consumption during recessions as liquidity constraints are more binding.

et al. (2025) find that respondents who have been more exposed to fiscal consolidation over their lifetime have less trust in the government's ability to manage higher debt levels and fear adverse economic effects for themselves and future taxpayers. Moreover, based on a RCT, they show that providing information lowers expectations of tax increases when a country's debt levels are low and stable, while expectations of spending cuts rise for countries with high or increasing public debt. Geiger and Zachariadis (2022) confirm the role of indebtedness and use U.S. survey data to show that consumers' propensity to spend increases only in low-debt states and following an expansionary fiscal spending shock. In sum, these studies corroborate the idea that announcements of expansionary fiscal policies can affect household expectations about future economic developments. We contribute to this literature by assessing changes in perceptions of inequality and the underlying drivers.

2 Experimental design and descriptives

In this section, we explain the survey questions and the treatments used for the randomized controlled trial (RCT). We conducted the pre-registered RCT in August 2025 via the survey company *bilendi*. Our sample comprises 2,425 German households. The survey questions and answer options are available in the Online Appendix (Part C).[3]

2.1 Socio-demographics and beliefs

Before conducting the RCT in August 2025, we collected respondents' sociodemographic characteristics in a first survey wave in July 2025.[4] Table 1 displays the summary statistics for the main variables of interest, and Table OA1 provides a detailed variable description.

[3]The German version of the survey questions is available upon request. The pre-registration of the RCT can be found on the AEA RCT Registry: https://www.socialscienceregistry.org/trials/16546.

[4]At the beginning of both surveys, we informed respondents that they were participating in the "Leibniz Online Survey of Households," which aims to gather views on inflation, monetary policy, and the general state of the economy.

Table 1 also indicates that our sociodemographic characteristics are similar to those of a representative sample from the Survey on Consumer Expectations in the Bundesbank Online Panel–Households (BOP-HH), conducted in June 2025, with respect to age, gender, income, education, and employment status.

Additionally, we ask respondents about their satisfaction with the government in the first survey wave:

How satisfied are you with the economic policy of the current government?

Answers range from 1 (very dissatisfied) to 5 (very satisfied) on a 5-point Likert scale. The average government satisfaction is 2.49, whereas the median is 2, suggesting that the median respondent in the sample is somewhat dissatisfied with the government (Table 1). Hence, the survey responses support the overall pattern observed in satisfaction with the federal government in Germany as depicted in Figure 2.

To better understand what drives government dissatisfaction, in Table 2, we define a dummy variable equal to 1 for respondents who are "very dissatisfied" with the government's economic policy and zero otherwise. This indicator variable is then related to respondents' characteristics and attitudes. We also define dummy variables for the region in which they live, comparing East and West, and the public debt level of their federal state.[5] Dissatisfaction with the government is more likely among older respondents, those in lower household income categories, and those who do not own a house. Also, geography matters, as respondents with high levels of dissatisfaction are more likely to live in the East of Germany. Moreover, respondents who have more trust in others are less dissatisfied with the government. More frequent exposure to news about the monetary policy of the European Central Bank (ECB) is positively correlated with government dissatisfaction.

Further questions on political attitudes include respondents' level of interest in politics,

[5]East Germany is a dummy variable equal to 1 for respondents living in Mecklenburg–Western Pomerania, Brandenburg, Saxony, Saxony-Anhalt, and Thuringia. High public debt states exclude Bavaria, Saxony, Baden-Württemberg, Mecklenburg-Western Pomerania, Thuringia, Brandenburg, and Lower Saxony (Bundesbank, 2025).

their political orientation from left to right, and their voting behavior in the event of upcoming federal elections.

2.2 Treatments

In the RCT, participants are randomly assigned to one of three groups: a control group and two treatment groups. The first treatment group receives fact-based (numerical) information about a planned debt-financed fiscal expansion. Following discussions on a special fund for infrastructure spending in March 2025, the German government announced detailed numbers for its federal budget in June 2025, which was accompanied by the Cabinet adopting a draft act establishing the "Special Fund for Infrastructure and Climate Neutrality."

Similar to Georgarakos and Kenny (2022), we provide the first treatment group with numerical facts from the German government without additional explanation.[6] Although fully informed households would not be surprised by this information, previous research shows that households often misperceive public debt levels, and providing factual information can lead them to update their expectations (Roth and Wohlfart, 2020; Grigoli and Sandri, 2024). Moreover, Coibion et al. (2021) demonstrate that information about the future fiscal stance drives changes in household expectations. We therefore expect the treatment to increase the salience of the planned fiscal expansion compared to the control group. The first treatment group receives the following information:

> *In 2025, the federal government plans to spend €503 billion and expects to collect €421.2 billion in revenue, creating a budget deficit of €81.8 billion. It will cover this gap through new borrowing, which is higher than the €33.3 billion planned for 2024. The government projects similar levels of spending and net borrowing*

[6]The press release by the German government as of June 2025 is available here (in German): https://www.bundestag.de/presse/hib/kurzmeldungen-1095010. An English summary is available via this link: https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2025/2025-06-24-2-government-draft-2025-federal-budget.html

for 2026. In addition, it has introduced a special fund for investments in "infrastructure and climate neutrality," which allows up to €500 billion in new debt to finance major infrastructure projects, including in transport, digital networks, and energy systems.

The second treatment group receives the same information, along with a brief explanation of both the potential growth benefits and future fiscal risks linked to such a policy. The additional information presents costs and benefits equally. Following Roos and Reccius (2024), it can be interpreted as a narrative, defined as a "sense-making story about some economically relevant topic that is shared by members of a group." The additional text provided to the second treatment group reads as follows:

Financing these expenditures through new debt can have both positive and negative economic effects. On the one hand, it increases the financial burden for the federal state, which can burden future budgets. On the other hand, higher public spending and investments in infrastructure can strengthen the economy and promote economic growth.

Table 3 summarizes the treatment information and Table 4 provides summary statistics for respondents in the control and treatment groups, along with pairwise t-tests for differences in means. Across most sociodemographic characteristics, no significant differences arise. In particular, respondents in the two treatment groups do not differ in their government satisfaction from those in the control group. We only find a statistically significant difference in the means regarding financial literacy between the control group and the group receiving the narrative treatment. However, the difference is only weak, and we control for financial literacy in all regressions.

After receiving the treatment information, respondents must confirm that they have carefully read it before moving on with the survey, and they are then asked to assess the information content of the text they just read.

2.3 Inequality expectations and drivers

The final part of the survey contains post-treatment questions to assess participants' expectations about economic developments, inequality, and trust in institutions.

Over recent decades, income inequality in Germany has been trending upwards, both in pre- and post-tax incomes, as shown in Figure 4. The pre-tax income share of the top 10% increased sizably, and the post-tax income shares of the top 10% versus the bottom 50% have shown opposite trends, increasing the gap in disposable income. Given these trends, we elicit survey respondents' perceptions of income inequality. The primary outcome variable of interest is respondents' views on current and future income inequality in Germany, which we measure based on the following question:

> *To what extent do you agree or disagree with the following statements?*
>
> 1. *Differences in income in Germany are currently too large.*
> 2. *Differences in income in Germany will be larger over the next three years.*

We record responses on a 7-point Likert scale, where 1 indicates strong disagreement, and 7 indicates strong agreement.

Furthermore, to investigate mechanisms, respondents are asked to provide their expectations for macroeconomic (macro-level) and individual outcomes (micro-level) over the next 12 months. Macro-level variables include, for example, economic growth, the average tax burden for private households, or consumer prices. Micro-level variables include questions on individual-level working hours, income tax payments, monthly net income, layoff risk, and the cost of living. We measure respondents' assessments of the development of these variables on a 5-point Likert scale ranging from 1 (considerably lower) to 5 (considerably higher).

In Table 5, we examine the relationship between respondents' expectations regarding macro- and micro-level economic dynamics and their assessments of current (columns 1 and 2) and future (columns 3 and 4) income inequality, using responses from the control group and controlling for sociodemographic confounders. Results in columns 1 and 2 show that

respondents who expect higher consumer prices or higher income tax expenditures are more likely to agree that inequality in Germany is currently too large. Columns 3 and 4 indicate a negative relationship between more optimistic expectations about overall economic prospects and own income, and respondents' views on future inequality. We find a positive link between expected consumer prices, tax burden, or layoff risk and expected future inequality. Based on this descriptive evidence, we consider both macro-level and micro-level channels in later analyses of the treatment effects on inequality perceptions.

Finally, respondents provide information on their perceived probability, ranging from 0 to 100%, that the ECB will maintain price stability, their spending patterns, and their trust in the press, economic forecasters, and the government. We measure responses to trust questions on a 7-point Likert scale, ranging from 1 (no trust at all) to 7 (very high trust).

To examine how respondents' expectations regarding the development of inequality relate to voting behavior, spending decisions, and trust in institutions, we present regression results for the control group, controlling for sociodemographics, in Table OA2. The results show that higher expected inequality negatively correlates with respondents' stated likelihood of re-electing the current chancellor's party (CDU/CSU) and the governing coalition parties (CDU/CSU and SPD). Respondents who expect higher inequality are less likely to say it is a good time for a major purchase and have less trust in the government. These findings underscore that expectations on income inequality relate not only to economic behavior but also to voting patterns and trust in political institutions (Bobzien, 2023).

3 Results of the randomized controlled trial

After exploring the link between inequality views, household expectations, and respondents' attitudes, we now provide evidence for a causal effect of announcing expansionary fiscal policy on respondents' assessments of income inequality.

3.1 Fiscal policy & views on inequality

We estimate ordinary least squares regressions with the dependent variable, $InequalityView_i^{post}$, measuring post-treatment views on inequality, on a scale from 1 to 5.[7] Higher values indicate that respondent i either agrees more strongly that *current* income inequality in Germany is too large, or expects that *future* income inequality will increase over the next three years. This specification allows us to differentiate between current perceptions of inequality and expectations about future inequality. The regression equation is specified as follows:

$$\begin{aligned} InequalityView_i^{post} = \alpha + \omega\, Government\ dissatisfied(0/1)_i^{pre} + \sum_{k=1}^{2} \beta_k\, Treatment_i^k \\ + \sum_{k=1}^{2} \gamma_k \left(Treatment_i^k \times Government\ dissatisfied(0/1)_i^{pre} \right) \\ + \lambda\, Controls_i + \epsilon_i \end{aligned} \tag{1}$$

We include a dummy variable for the pre-treatment government dissatisfaction of respondent i, $Government\ dissatisfied(0/1)$, which equals 1 if respondents are very dissatisfied with the government's economic policy and zero otherwise. Furthermore, the variable $Treatment_i^k$ indicates whether the respondent was assigned to treatment k, being either the first "fact-based" fiscal treatment or the second "fact-based plus narrative" fiscal treatment. Treatments are assigned randomly, but we still include individual controls as listed in the balance tests in Table 4 to improve estimation precision.[8]

The specification in Equation 1 allows us to examine whether an entirely fact-based treatment and a fact-based treatment accompanied by a narrative have different effects on inequality perceptions and expectations among respondents who are ex-ante dissatisfied with the government. A priori, given the lack of prior evidence on this research question, the

[7] For robustness, we also conduct ordered probit regressions given the ordinal nature of the dependent variable.

[8] Results for these controls are not reported to improve visual clarity, but are available upon request.

direction of the differential effect γ_k and the overall impact of announcing a fiscal expansion on the views of dissatisfied individuals regarding inequality are unclear. Thus, our study sheds light on whether the provision of new information on fiscal expansion is perceived differently by respondents who are ex-ante less satisfied with the government's economic policy. The two treatments in the RCT further speak to which type of information (fact-based or fact-based plus narrative) results in more substantial adjustments in inequality views.

Table 6 reports the results from estimating Equation 1. In column 1, the dependent variable measures respondents' current perceptions of income inequality, while column 2 captures their expectations for income inequality over the next 3 years. For both current and future inequality assessments, a clear pattern emerges. Respondents in the control group who are dissatisfied with the government are more likely to agree that income inequality is too large (column 1) and will further increase (column 2). Results in column 1 show that neither providing information on fiscal expansion by detailing planned spending and debt uptake (treatment 1) nor complementing this fact-based information with a brief explanation (treatment 2) significantly affects *current* inequality perceptions relative to the control group. This result is not surprising, since the treatments relate to future fiscal policy and therefore should influence expectations about *future* inequality rather than perceptions of current inequality levels.

The results in column 2 provide initial evidence that perceptions of future inequality depend on the interaction between the fiscal treatments and the level of government dissatisfaction. The coefficients β_k are not statistically significant, suggesting that respondents who are satisfied with the government do not exhibit different inequality perceptions after receiving the information treatments compared with the control group. However, the interaction term of the indicator for the second treatment, that is, the combination of fact-based with narrative information, and the dummy variable for government dissatisfaction is negative and statistically significant (γ_2). This result suggests that respondents who (i) entered the RCT with a low level of government satisfaction, and (ii) received both the numerical

facts about fiscal expansion and the explanatory narrative, disagree more with the statement that future income inequality will increase. Hence, among dissatisfied respondents in the second treatment group, fiscal expansion is more strongly associated with expectations of declining income inequality. It is also worth noting that the coefficient γ_1, which captures the interaction between the fact-based treatment and government dissatisfaction, is negative, confirming the direction and approximate size of the effect, which depends on respondents' ex-ante level of government satisfaction.

Figure 5 visualizes the overall marginal effect of the fiscal treatment, conditional on respondents' satisfaction with the government's economic policy. It illustrates the impact of the treatments on income inequality expectations conditional on the government dissatisfaction dummy. In panel (a), we show the effect for the treatment *with* the narrative. While the treatment effect is not significant among respondents who are satisfied with the government (Dummy = 0), we observe a significant decline in income inequality expectations among dissatisfied respondents (Dummy = 1).[9] Treatment effects *without* the narrative are not significant, as shown in panel (b).

Since we measure income inequality perception and expectation as categorical variables, we re-estimate our model specification using ordered probit regressions as a robustness check. Table 7 and Figure 6 show that our results remain unchanged. The total marginal effect estimate in panel (a) of Figure 6 shows that respondents who are dissatisfied with the government's economic policy and receive the treatment that includes the narrative explanation are about 10 percentage points less likely to indicate strong agreement that income inequality will increase over the next three years.

The finding that complementing fact-based information with a narrative explanation on economic outcomes lowers inequality expectations among dissatisfied respondents highlights a new dimension of how news on fiscal policy shape individuals' expectations. In particular,

[9]While significant results for the dissatisfied respondents arise, it has to be noted that satisfied versus dissatisfied respondents do not show responses that are significantly different from each other given the overlap in confidence bands.

the result suggests that the combined treatment encourages a more favorable assessment of the economic outlook, especially for less satisfied individuals. In a similar vein, Bui et al. (2023) find that information about government ratings leads to more optimistic assessments of macroeconomic variables, as respondents who were previously dissatisfied with the government were most surprised by a positive rating.[10] In our case, the narrative constitutes a necessary addition to the fact-based information to produce this positive effect, as evidenced by the fact that individuals both seek narratives and benefit from them in understanding economic concepts (Andre et al., 2024; Blesse et al., 2025). The latter might be particularly important for public debt levels and their dynamics, since studies document that people have wrong estimates in mind when it comes to fiscal variables (Grigoli and Sandri, 2024; Roth et al., 2022).

3.2 Mechanisms

To understand the mechanisms underlying differences in perceptions of inequality between respondents who receive information about fiscal expansion and those in the control group, we consider both macroeconomic and individual-level explanations. The regression approach remains the same as outlined in Section 3.1, with the only difference being that we replace the dependent variable with different macro- and micro-level variables reflecting the different potential channels.

To assess the different macro-level channels, we estimate the treatment effects on the following three outcome variables: respondents' expectations about the twelve-month-ahead development of (i) economic growth, which reflects respondents' perception of the potential economic impact of the fiscal expansion, (ii) the average tax burden for private households, which provides insight into respondents' assessment of the government's approach to "fi-

[10] Also, Grigoli and Sandri (2024) find that the adjustment of inflation expectations to public debt news depends on the size of the surprise. More trust in the central bank and greater confidence in the government's debt management mitigate the increase in inflation expectations in the context of their study.

nancing debt through taxation", and (iii) consumer prices, which relate to the idea that the government may "inflate away" its debt.

Figure 7 shows the estimated marginal effects of the treatment that comprises the fact-based information accompanied by the narrative explanation.[11] Panel (a) illustrates a positive treatment effect for respondents who are satisfied with the economic policy of the government (Dummy = 0) on economic growth expectations. The effect is even larger for those survey participants who are dissatisfied ex-ante (Dummy = 1). Conversely, only satisfied respondents anticipate an increase in household tax burdens that differs significantly from the control group (panel (b)). These findings suggest that the narrative treatment lowers inequality expectations among the ex-ante dissatisfied because these respondents anticipate stronger economic growth in the future and do not expect an increase in household tax burdens. Without the narrative, the positive assessment of future economic growth becomes more muted for both satisfied and dissatisfied respondents (see Figure OA1 in the Online Appendix). Irrespective of government satisfaction, we do not find significant changes in respondents' expectations about consumer price developments (panel (c)), suggesting no change in respondents' concerns about future debt being "inflated away".

At the micro level, we focus on respondents' expectations regarding (i) their monthly net income, (ii) income tax payments, and (iii) layoff risk. For example, if respondents who receive the treatment expect higher earnings or lower probabilities of being laid off, this could generate a positive spillover effect on expected income inequality. Georgarakos and Kenny (2022), using the Euro Area Consumer Expectations Survey, find that news about fiscal support measures during the pandemic positively affect income growth expectations while leaving tax expectations mostly unchanged. Similarly, De Fiore et al. (2025) show that respondents adjust their expectations about unemployment risks downward when they receive news of fiscal expansion packages, with the effects being most pronounced among financially literate respondents.

[11] The corresponding regression table is available in the Online Appendix (Table OA3).

Panel (d) of Figure 7 provides evidence that ex-ante dissatisfied respondents perceive a lower layoff risk following the narrative treatment, which we do not observe among respondents who were ex-ante satisfied with the government. Without the narrative, the layoff risk channel disappears for the dissatisfied, while satisfied respondents show significantly higher expectations of layoff risk (see Figure OA1 in the Online Appendix).These findings confirm that the narrative treatment produces significantly different adjustments in expectations across groups. We do not find significant effects on expectations regarding income or tax burdens.

Overall, the results indicate that the narrative treatment shapes perceptions of inequality primarily by influencing expectations about future economic growth and personal layoff risk, particularly among respondents who were ex-ante dissatisfied with the government. That suggests that providing additional narrative context to dissatisfied citizens helps them update their economic expectations more broadly, which in turn influences their expectations about income inequality.

3.3 Heterogeneity

Finally, we investigate for whom the narrative treatment contains new information. In addition, we assess whether the relevant heterogeneities identified by previous studies persist in our sample.

First, we test whether the fiscal treatments change inequality perceptions among the ex-ante dissatisfied respondents by providing new information. The underlying assumption is that respondents with lower prior knowledge should benefit most from receiving both facts and a narrative, as they are least likely to have acquired this information previously and have the highest marginal gain from additional explanations about the policy. To approximate respondents' prior knowledge and understanding of the fiscal expansion plan, we focus on subsamples with different levels of education or political interest.

Table 8 presents the regression results. In columns 1 and 2, we estimate the treatment effects for respondents without and with a university degree. The results demonstrate that ex-ante dissatisfied respondents without a university degree are most responsive to the fact-based plus narrative treatment and lower their inequality expectations. A similar pattern emerges when comparing the treatment effects of respondents with little or no interest in politics (column 3) with those who are more interested in politics (column 4). We observe a significant decrease in inequality expectations only among ex-ante dissatisfied individuals with little interest in politics if they receive the fact-based *plus* narrative treatment. These results support the notion that the narrative treatment is most effective in reducing inequality expectations among ex-ante dissatisfied respondents with lower prior knowledge or engagement, emphasizing the role of additional context for those who benefit most from it.

Second, we evaluate the role of factors identified as relevant to respondents' expectation adjustment in related studies. We focus on the role of public debt levels across federal states (Bianchi et al., 2025; Geiger and Zachariadis, 2022) and political views (Coibion et al., 2021; Guo et al., 2025). In Table 9, columns 1 and 2 show the estimation results for respondents living in low- vs. high-debt states. Among respondents in low-debt states, providing information on fiscal expansion through both treatments reduces inequality expectations for the ex-ante dissatisfied individuals. In contrast, we do not find significant treatment effects among respondents from high-debt states. These results align with Geiger and Zachariadis (2022), showing that in low-debt states in the U.S., consumption intentions increase following expansionary fiscal shocks. We interpret this finding as suggestive evidence that low levels of public debt may reduce respondents' concerns about the future burden of fiscal expansion, leading them to form a more optimistic perception of the policy when they learn about the expansion plan.

Respondents' political views also play a crucial role (columns 3–5). Only those who are dissatisfied with the government's economic policy and place themselves further to the right on the political spectrum respond significantly to both fiscal treatments by lowering inequality

expectations. The literature shows that individuals tend to have a more optimistic view of future economic conditions when they are closely affiliated with the party in power (e.g., Mian et al., 2023). Given that the conservative CDU/CSU under Chancellor Merz initiated the fiscal expansion plan and held power at the time of our survey, ex-ante dissatisfied respondents who lean right may have perceived the policy more positively due to their political alignment, leading to larger downward adjustments in their inequality expectations.

In the Online Appendix (see Table OA4), we show further heterogeneity tests conditional on income and financial literacy. We find that ex-ante dissatisfied respondents from low-income households revise their inequality expectations downwards in response to both treatments, with the treatment effects being stronger in absolute terms for respondents also receiving the narrative. Respondents living in low-income households might perceive the fiscal expansion as more beneficial, given that they might expect to be less affected by future tax increases. Also, empirical findings for the U.S. by Anderson et al. (2016) show that poorer households increase consumption following expansionary fiscal shocks, while wealthier households reduce consumption, in line with theoretical predictions. We further find that dissatisfied respondents with low financial literacy react to both treatments, leading to a decline in their expectations about future inequality. This pattern is consistent with our findings on heterogeneous treatment effects across education levels and political interest.

4 Concluding remarks

Recent developments, such as climate change, geopolitical tensions, and population aging, have increased the need for fiscal expansion across advanced economies. At the same time, political polarization is rising, and satisfaction with the economic policies of governing parties is declining. While public policies might impact economic outcomes and inequality in the medium run, related announcements can change expectations already in the short run. In this paper, we study how the announcement of an extensive fiscal expansion program affects

citizens' views on inequality.

We conduct a randomized controlled trial (RCT) for around 2,400 German respondents in the second half of 2025. The RCT randomly assigns respondents to a control group, a first treatment group that receives fact-based (numerical) information about a recently announced fiscal expansion program, or a second treatment group for which the fact-based information is complemented with a narrative outlining the potential benefits and drawbacks of debt-financed fiscal expansion. We include a narrative explanation since related literature shows that individuals often misunderstand fiscal debt, seek additional context, and adjust their economic behavior in response to narratives (Bianchi et al., 2025; Blesse et al., 2025; Grigoli and Sandri, 2024; Roth et al., 2022).

The main results show that respondents who are ex-ante dissatisfied with the government's economic policy lower their inequality expectations in response to an information treatment that details the facts of the fiscal expansion plan *and* includes a narrative explanation. The main channel operates through higher expectations of economic growth and reduced concerns about lay-off risk. Additional tests indicate that the effects are strongest among respondents who are likely less informed about the consequences of fiscal policy, supporting the idea that the narrative provides valuable explanatory context.

Overall, our findings suggest that fiscal expansion announcements can shift views on future inequality, while responses can be heterogeneous depending on ex-ante levels of satisfaction with the government. Changes in sentiment, particularly among individuals dissatisfied with the government's economic policy, may spill over into political attitudes and economic behavior, thereby amplifying the multiplier effects of fiscal policy.

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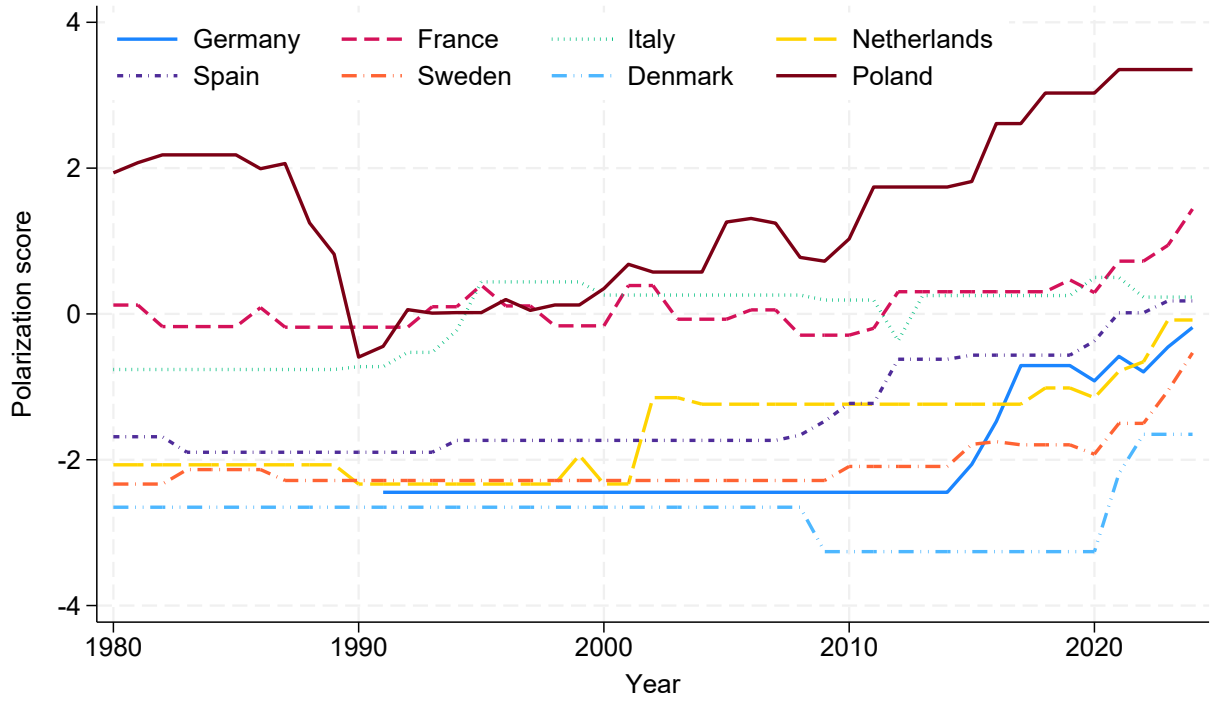
Figures and tables

Figure 1: Political polarization (selected countries)

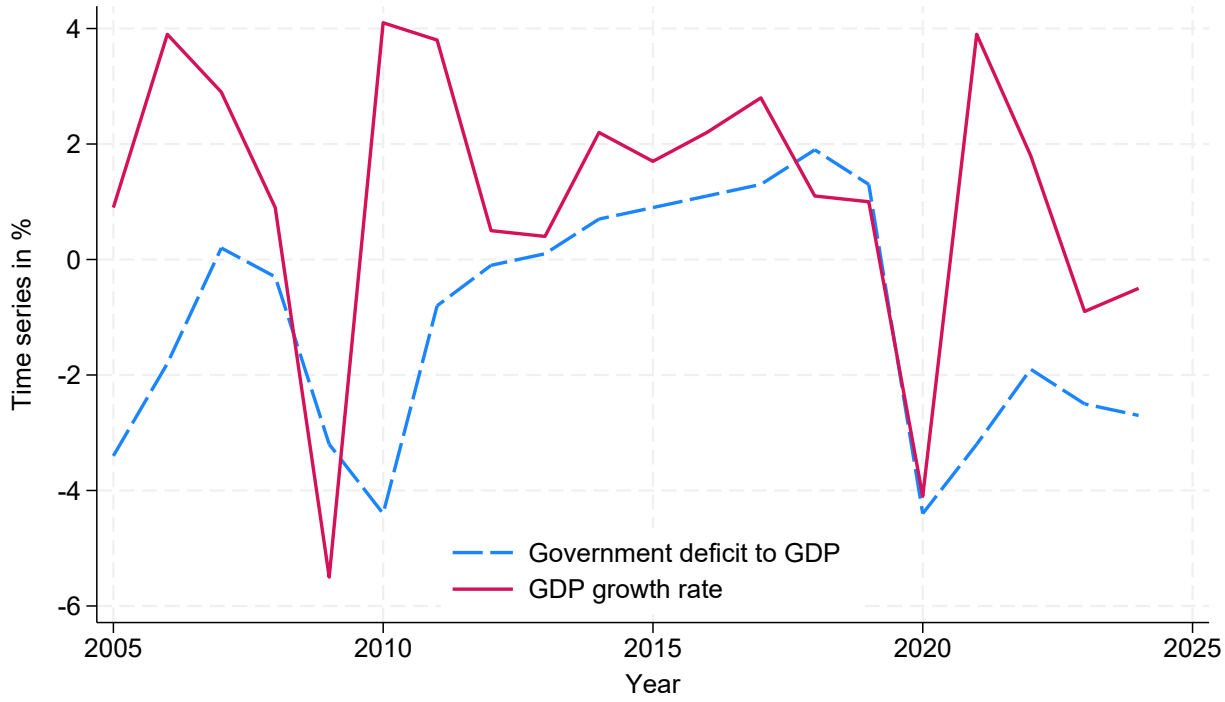


Note: The figure displays a political polarization index for Germany and selected other countries, including France, Italy, the Netherlands, Spain, Sweden, Denmark, and Poland over the period from 1980 to 2024. The index measures the degree of ideological dispersion or divergence among political attitudes in nationally representative surveys. Higher values indicate a more polarized electorate. The index ranges from -3 to 3, with 0 representing the weighted average across all countries (roughly 190) under investigation. Source: Our World in Data.

Figure 2: Political satisfaction with the German federal government

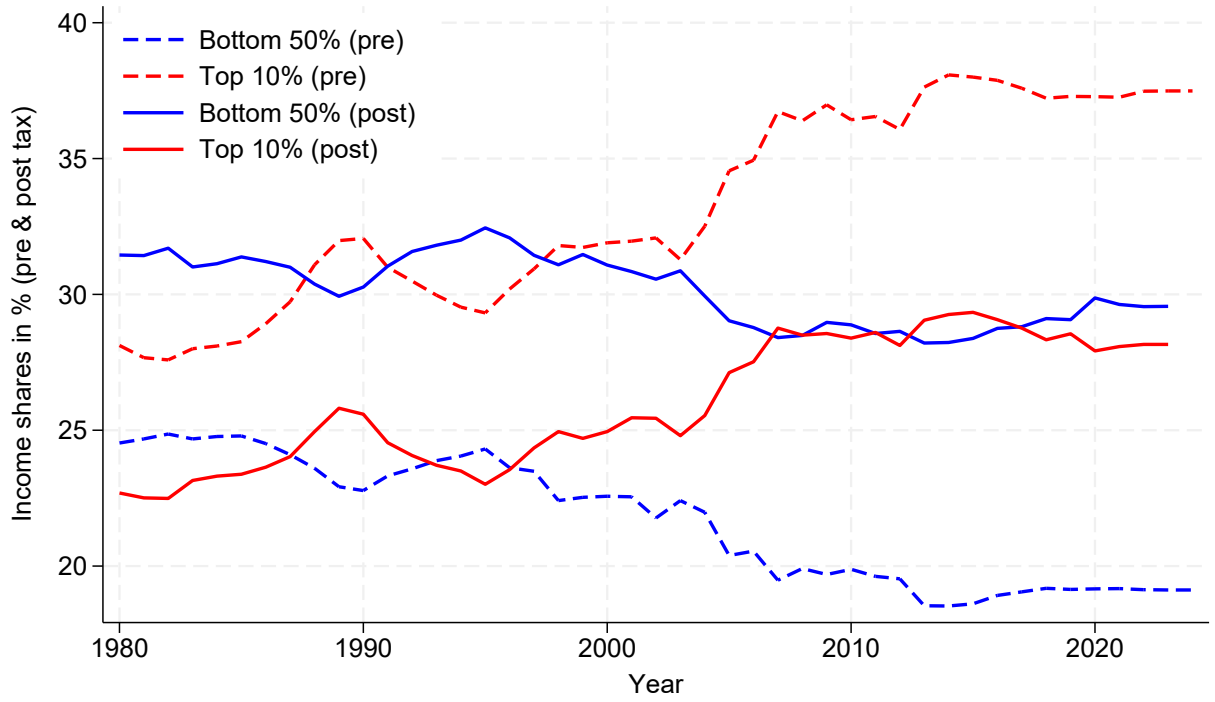
Note: This figure displays the percentage share of Infratest survey respondents (annual average) reporting that they are "very satisfied" or "satisfied" (blue, solid line), respectively, "less satisfied" or "not at all satisfied" (red, dashed line) with the performance of the German federal government. Source: Infratest dimap – DeutschlandTREND.

Figure 3: Government deficit and GDP growth in Germany



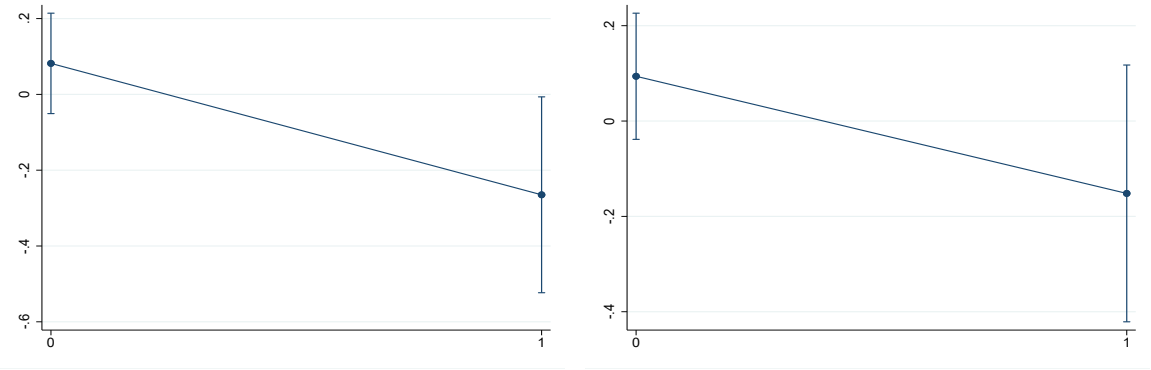
Note: This figure plots Germany's general government deficit as a percentage of GDP (blue, dashed line) alongside the year-over-year percentage change in real GDP (red, solid line) for 2005–2024. Source: Eurostat and Destatis.

Figure 4: Income inequality in Germany (pre- and post-tax shares)



Note: This figure shows income shares of the bottom 50% (in blue) and the top 10% (in red) of the income distribution in Germany, separately for pre-tax national income (dashed line) and post-tax disposable income (solid line). The data cover the period from 1980 to 2024. Income shares are expressed as percentage shares of total pre- or post-tax national income. Source: World Inequality Database (WID).

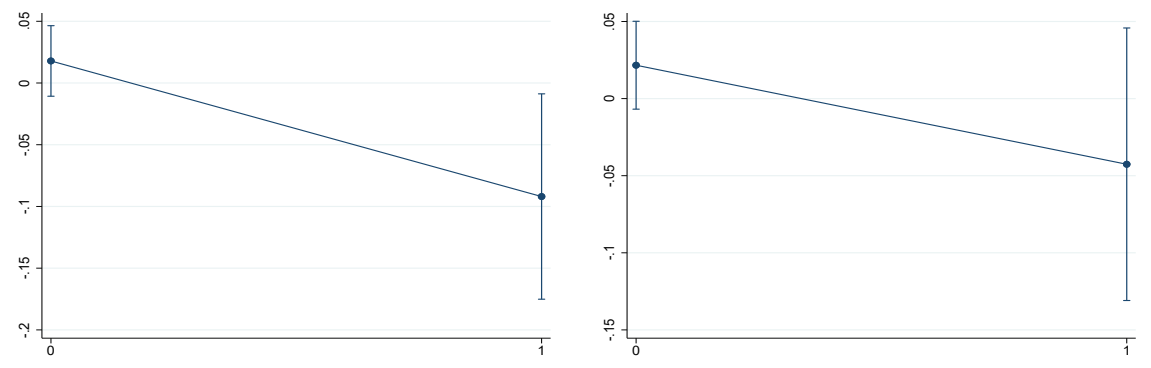
Figure 5: Treatment effects of fiscal expansion on income inequality expectations, by dissatisfaction with the government's economic policy (*linear model*)



(a) *Fiscal expansion with narrative* (b) *Fiscal expansion without narrative*

Note: This figure shows average treatment effects on three-years-ahead income inequality expectations across different levels of satisfaction with the central government's economic policy using OLS regressions. The government dissatisfaction dummy is one if respondents are very dissatisfied with the economic policy and zero otherwise. Panel (a) shows the effect for the fact-based plus narrative treatment and panel (b) for the fact-based treatment. We display 90% confidence intervals around the coefficient estimates.

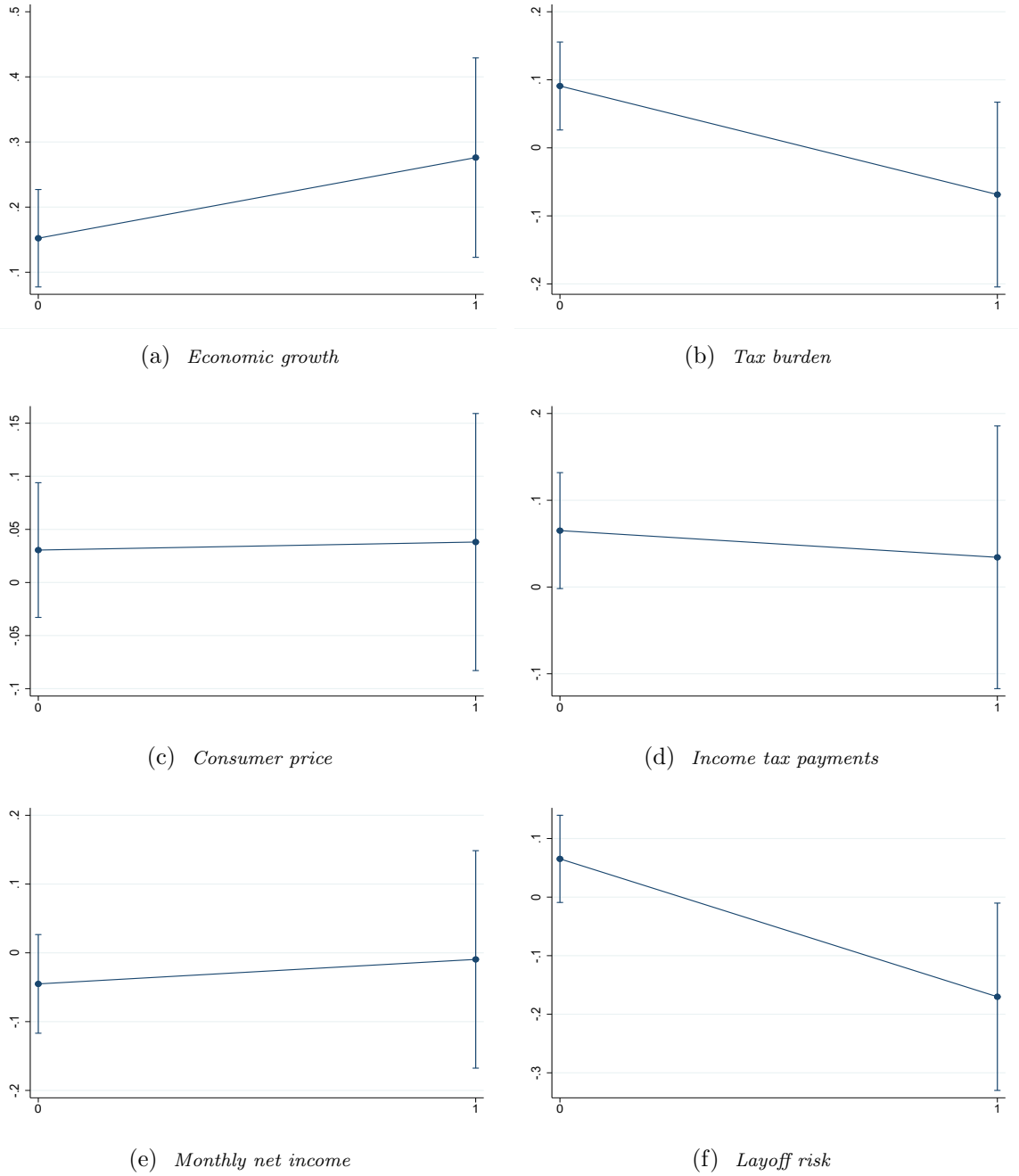
Figure 6: Treatment effects of fiscal expansion on income inequality expectations, by dissatisfaction with the government's economic policy (*ordered probit model*)



(a) *Fiscal expansion with narrative* (b) *Fiscal expansion without narrative*

Note: This figure shows average treatment effects on twelve-months-ahead income inequality expectations across different levels of satisfaction with the central government's economic policy using ordered probit regressions. The government dissatisfaction dummy is one if respondents are very dissatisfied with the economic policy and zero otherwise. Panel (a) shows the effect for the fact-based plus narrative treatment and panel (b) for the fact-based treatment. We display 90% confidence intervals around the coefficient estimates.

Figure 7: Mechanism: Effects of *fact-based plus narrative* fiscal treatment on economic expectations, by dissatisfaction with the government's economic policy



(a) *Economic growth*

(b) *Tax burden*

(c) *Consumer price*

(d) *Income tax payments*

(e) *Monthly net income*

(f) *Layoff risk*

Note: These figures show the marginal effects of the fact-based plus narrative fiscal expansion treatment on economic expectations across different levels of satisfaction with government economic policy using OLS regressions. The government dissatisfaction dummy is one if respondents are very dissatisfied with the economic policy and zero otherwise. We display 90% confidence intervals around the coefficient estimates. Panels (a) to (f) refer to questions on respondents' twelve-months-ahead expectations about the development of aggregate variables (economic growth, households' tax burden, consumer prices) and personal outcomes (income tax payments, monthly net income, layoff risk), with answers ranging from one (considerably lower) to five (considerably higher).

Table 1: Summary statistics

	Mean	Med.	SD	Min.	Max.	N	BOP
Sociodemographics							
Age	49.11	51.00	15.24	18.00	79.00	2,425	48.40
Male	0.52	1.00	0.50	0.00	1.00	2,425	0.50
Income (Euros)	3,554	3,250	2,015	500	10,000	2,425	4,073
East Germany	0.14	0.00	0.35	0.00	1.00	2,425	
High public debt	0.48	0.00	0.50	0.00	1.00	2,425	
University degree	0.33	0.00	0.47	0.00	1.00	2,425	0.36
Full-time job	0.51	1.00	0.50	0.00	1.00	2,425	0.45
Part-time job	0.16	0.00	0.37	0.00	1.00	2,425	0.14
Retired	0.24	0.00	0.42	0.00	1.00	2,425	0.25
Unemployed	0.03	0.00	0.16	0.00	1.00	2,425	0.01
Homeowner	0.50	0.00	0.50	0.00	1.00	2,425	
Literacy, politics & trust							
Financial literacy	0.36	0.00	0.48	0.00	1.00	2,425	
Numerical literacy	0.82	1.00	0.39	0.00	1.00	2,425	
News attention (Inflation)	3.24	3.00	1.03	1.00	5.00	2,425	
News attention (ECB)	2.81	3.00	1.03	1.00	5.00	2,425	
Government satisfaction	2.49	2.00	1.10	1.00	5.00	2,424	
Trust	5.02	5.00	2.34	0.00	10.00	2,420	
Political view	4.98	5.00	1.91	0.00	10.00	2,418	
Political interest	3.12	3.00	0.87	1.00	4.00	2,425	
Vote (CDS/CSU)	0.24	0.00	0.43	0.00	1.00	2,425	
Vote (SPD)	0.15	0.00	0.35	0.00	1.00	2,425	
Vote (Current coalition)	0.38	0.00	0.49	0.00	1.00	2,425	
Outcome variables							
Exp(Economic growth)	2.68	3.00	0.88	1.00	5.00	2,424	
Exp(Tax burden)	3.67	4.00	0.76	1.00	5.00	2,423	
Exp(Consumer prices)	3.89	4.00	0.73	1.00	5.00	2,424	
Exp(Monthly net income)	2.84	3.00	0.83	1.00	5.00	2,422	
Exp(Income tax payments)	3.42	3.00	0.77	1.00	5.00	2,417	
Exp(Layoff risk)	3.16	3.00	0.86	1.00	5.00	2,418	
Spending on major purchase	1.89	2.00	0.63	1.00	3.00	2,423	
Spending on essential goods	2.01	2.00	0.57	1.00	3.00	2,421	
Savings	1.90	2.00	0.72	1.00	3.00	2,423	
Trust in press	3.62	4.00	1.61	1.00	7.00	2,424	
Trust in economic forecast experts	4.36	5.00	1.51	1.00	7.00	2,424	
Trust in federal government	3.37	4.00	1.66	1.00	7.00	2,424	
Income inequality$_{Perception}$	5.19	5.00	1.65	1.00	7.00	2,423	
Income inequality$_{Expectation}$	5.36	6.00	1.50	1.00	7.00	2,422	

Note: This table reports summary statistics for all variables used in the analysis. Appendix A in the Online Appendix provides variable definitions. The last column reports the means of selected sociodemographic characteristics from the Bundesbank Online Panel–Households (BOP-HH), conducted in June 2025.

Table 2: Determinants of dissatisfaction with the government

	(1) Government dissatisfaction (0/1)
Age	0.002***
	(0.00)
Male	-0.004
	(0.02)
Log of Income	-0.065***
	(0.02)
East Germany	0.087***
	(0.02)
High public debt	-0.029
	(0.02)
University degree	-0.021
	(0.02)
Full-time job	0.023
	(0.03)
Part-time job	0.001
	(0.04)
Retired	-0.027
	(0.04)
Unemployed	0.005
	(0.06)
Homeowner	-0.028
	(0.02)
Financial literacy	-0.028
	(0.02)
Numerical literacy	0.014
	(0.02)
Trust in others	-0.040***
	(0.00)
News attention (Inflation)	-0.002
	(0.01)
News attention (ECB)	0.040***
	(0.01)
Pseudo R^2	0.088
Observations	2,419

Note: This table presents probit regression results for the determinants of respondents' dissatisfaction with the economic policy of the government. The government dissatisfaction dummy is one if respondents are very dissatisfied with the economic policy and zero otherwise. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3: Description of Treatments

T1: Fact-based fiscal treatment	*"In 2025, the federal government plans to spend €503 billion and expects to collect €421.2 billion in revenue, creating a budget deficit of €81.8 billion. It will cover this gap through new borrowing, which is higher than the €33.3 billion planned for 2024. The government projects similar levels of spending and net borrowing for 2026. In addition, it has introduced a special fund for investments in "infrastructure and climate neutrality," which allows up to €500 billion in new debt to finance major infrastructure projects, including in transport, digital networks, and energy systems."*
T2: Fact-based plus narrative fiscal treatment	T1 plus *"Financing these expenditures through new debt can have both positive and negative economic effects. On the one hand, it increases the financial burden for the federal state, which can burden future budgets. On the other hand, higher public spending and investments in infrastructure can strengthen the economy and promote economic growth."*

Table 4: Balance test: Demographic variables of respondents in the control vs. treatment groups

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	C: Control		T1: Fact-based		T2: Fact-based + narrative		Pairwise t-test: T1-C		Pairwise t-test: T2-C	
Variable	N	Mean/(SD)	N	Mean/(SD)	N	Mean/(SD)	N	P-value	N	P-value
Age	803	49.413 (15.084)	807	48.885 (15.171)	815	49.044 (15.486)	1610	0.483	1618	0.627
Male	803	0.537 (0.499)	807	0.503 (0.500)	815	0.513 (0.500)	1610	0.177	1618	0.337
Income	803	3602.117 (2043.290)	807	3562.887 (1959.103)	815	3496.319 (2043.519)	1610	0.694	1618	0.298
East Germany	803	0.143 (0.351)	807	0.151 (0.358)	815	0.137 (0.345)	1610	0.652	1618	0.738
High public debt	803	0.489 (0.500)	807	0.468 (0.499)	815	0.476 (0.500)	1610	0.399	1618	0.592
University degree	803	0.344 (0.475)	807	0.331 (0.471)	815	0.319 (0.466)	1610	0.586	1618	0.292
Full-time job	803	0.519 (0.500)	807	0.513 (0.500)	815	0.485 (0.500)	1610	0.801	1618	0.164
Part-time job	803	0.161 (0.367)	807	0.152 (0.360)	815	0.163 (0.370)	1610	0.650	1618	0.890
Retired	803	0.224 (0.417)	807	0.230 (0.421)	815	0.253 (0.435)	1610	0.762	1618	0.177
Unemployed	803	0.021 (0.144)	807	0.032 (0.177)	815	0.025 (0.155)	1610	0.169	1618	0.651
Homeowner	803	0.508 (0.500)	807	0.492 (0.500)	815	0.491 (0.500)	1610	0.517	1618	0.487
Financial literacy	803	0.376 (0.485)	807	0.377 (0.485)	815	0.335 (0.472)	1610	0.980	1618	0.084*
Numerical literacy	803	0.832 (0.374)	807	0.808 (0.394)	815	0.809 (0.394)	1610	0.211	1618	0.223
News attention (Inflation)	803	3.273 (0.991)	807	3.270 (1.053)	815	3.190 (1.054)	1610	0.959	1618	0.105
News attention (ECB)	803	2.812 (1.015)	807	2.831 (1.059)	815	2.790 (1.014)	1610	0.706	1618	0.666
Government satisfaction	803	2.441 (1.110)	807	2.507 (1.071)	814	2.525 (1.115)	1610	0.225	1617	0.130
Trust in others	802	4.999 (2.288)	805	5.103 (2.369)	813	4.946 (2.349)	1607	0.369	1615	0.647

Note: This table reports balance-test results for respondents' sociodemographic variables across the treatment and control groups. Columns (1), (3), (5) present the number of observations in each group, while columns (2), (4), (6) show group means and standard deviations. Columns (7)-(10) report p-values from pairwise difference-in-means tests. Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 5: Relationship of economic expectations and income inequality views (control group)

	(1)	(2)	(3)	(4)
	Inequality$_{Perceptions}$		Inequality$_{Expectations}$	
Mechanism:	*macro*	*micro*	*macro*	*micro*
Exp(Economic growth)	-0.038		-0.150**	
	(0.07)		(0.06)	
Exp(Tax burden)	0.180*		0.360***	
	(0.10)		(0.09)	
Exp(Consumer prices)	0.240***		0.280***	
	(0.09)		(0.09)	
Exp(Monthly net income)		-0.001		-0.140**
		(0.08)		(0.07)
Exp(Income tax payments)		0.170**		0.250***
		(0.08)		(0.07)
Exp(Layoff risk)		0.073		0.130**
		(0.08)		(0.06)
Controls	Yes	Yes	Yes	Yes
R^2	0.121	0.105	0.173	0.124
Observations	799	799	798	799

Note: This table presents OLS regression results for the relationship between respondents' economic expectations and their views on inequality. The sample is based solely on respondents in the control group. In columns 1-2, the outcome variable is perceptions about current income inequality. In columns 3-4, it is the three-year-ahead expectations of income inequality. Answers range from 1 to 7, where higher values indicate greater agreement with the statement that income inequality in Germany is currently too large or will increase over the next three years, respectively. The explanatory variables refer to questions on respondents' twelve-months-ahead expectations about the development of aggregate variables (economic growth, households' tax burden, consumer prices) and personal outcomes (income tax payments, monthly net income, layoff risk), with answers ranging from one (considerably lower) to five (considerably higher). The estimations contain sociodemographic controls for household income, age, gender, education, financial literacy, numerical literacy, trust in others, homeownership status, region, attention to inflation news, and attention to ECB news. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 6: Fiscal treatment effects on income inequality views, by government dissatisfaction (*linear model*)

	(1) Inequality$_{Perceptions}$	(2) Inequality$_{Expectations}$
Government dissatisfied(0/1)	0.440***	0.740***
	(0.14)	(0.12)
T1: Fact-based fiscal	0.033	0.091
	(0.09)	(0.08)
T2: Fact-based & narrative fiscal	0.093	0.094
	(0.09)	(0.08)
T1: Fact-based fiscal × dissatisfied(0/1)	0.100	-0.260
	(0.21)	(0.18)
T2: Fact-based & narrative × dissatisfied(0/1)	-0.220	-0.360**
	(0.20)	(0.18)
Controls	Yes	Yes
R^2	0.080	0.093
Observations	2,417	2,416

Note: This table reports estimated coefficients from OLS regressions of the average change in inequality views for individuals in each treatment group relative to the control group and conditional on respondents' dissatisfaction with the economic policy of the government (Equation 1). T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. In column 1, the outcome variable is perceptions about current income inequality. In column 2, it is twelve-months-ahead expectations of income inequality. Answers range on a scale from one to seven, where higher values reflect that respondents' agree more with the statement that income inequality in Germany is currently too large, respectively will go up over the next three years. The government dissatisfaction dummy ($Government\ dissatisfied(0/1)$) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls for household income, age, gender, education, financial literacy, numerical literacy, trust in others, homeownership status, region, attention to inflation news, and attention to ECB news. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 7: Fiscal treatment effects on income inequality views, by government dissatisfaction (*ordered probit model*)

	(1) Inequality$_{Perceptions}$	(2) Inequality$_{Expectations}$
Government dissatisfied(0/1)	0.350***	0.650***
	(0.10)	(0.10)
T1: Fact-based fiscal	0.022	0.069
	(0.06)	(0.06)
T2: Fact-based & narrative fiscal	0.060	0.067
	(0.06)	(0.06)
T1: Fact-based fiscal × dissatisfied(0/1)	0.110	-0.190
	(0.15)	(0.15)
T2: Fact-based & narrative × dissatisfied(0/1)	-0.150	-0.310**
	(0.14)	(0.14)
Controls	Yes	Yes
Pseudo R^2	0.026	0.034
N observations	2,417	2,416

Note: This table reports estimated coefficients from ordered probit regressions of the average change in inequality views for individuals in each treatment group relative to the control group and conditional on respondents' dissatisfaction with the economic policy of the government (Equation 1). T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. In column 1, the outcome variable is perceptions about current income inequality. In column 2, it is twelve-months-ahead expectations of income inequality. Answers range on a scale from one to seven, where higher values reflect that respondents' agree more with the statement that income inequality in Germany is currently too large, respectively will go up over the next three years. The government dissatisfaction dummy ($Government\ dissatisfied(0/1)$) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls for household income, age, gender, education, financial literacy, numerical literacy, trust in others, homeownership status, region, attention to inflation news, and attention to ECB news. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 8: Heterogeneous treatment effects on income inequality expectations: The role of education and interest in politics

	(1)	(2)	(3)	(4)
	University degree		Interest politics	
	no	yes	less	more
Government dissatisfied(0/1)	1.041***	0.063	0.914***	0.498***
	(0.13)	(0.25)	(0.16)	(0.17)
T1: Fact-based fiscal	0.176*	-0.046	0.102	0.050
	(0.10)	(0.13)	(0.10)	(0.14)
T2: Fact-based & narrative fiscal	0.144	-0.005	0.124	0.066
	(0.10)	(0.13)	(0.10)	(0.14)
T1: Fact-based fiscal × dissatisfied(0/1)	-0.356*	-0.085	-0.234	-0.235
	(0.20)	(0.38)	(0.23)	(0.28)
T2: Fact-based & narrative × dissatisfied(0/1)	-0.684***	0.493	-0.481**	-0.230
	(0.21)	(0.33)	(0.24)	(0.27)
R^2	0.133	0.049	0.103	0.090
N observations	1,614	802	1,469	947

Note: This table reports estimated coefficients from OLS regressions of the average change in inequality expectations for individuals in each treatment group relative to the control group, conditional on respondents' dissatisfaction with the economic policy of the government (Equation 1) and by subsamples of respondents without or with a university degree (1 = university degree), less or more interest in politics (1 = very interested in politics). T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. The outcome variable is respondents' twelve-months-ahead expectations with respect to income inequality. Answers range on a scale from one to seven, where higher values reflect that respondents' agree more with the statement that income inequality in Germany will go up over the next three years. The government dissatisfaction dummy ($Government\ dissatisfied(0/1)$) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls as in the baseline estimation. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 9: Heterogeneous treatment effects on income inequality expectations: The role of public debt and political views

	(1)	(2)	(3)	(4)	(5)
	Public debt		Political view		
	low	high	left	center	right
Government dissatisfied(0/1)	0.799***	0.673***	0.595***	0.647***	1.023***
	(0.16)	(0.17)	(0.23)	(0.22)	(0.18)
T1: Fact-based fiscal	0.221**	-0.024	-0.180	0.070	0.323**
	(0.11)	(0.12)	(0.13)	(0.14)	(0.15)
T2: Fact-based & narrative fiscal	0.173	0.031	-0.011	0.033	0.188
	(0.11)	(0.12)	(0.12)	(0.14)	(0.15)
T1: Fact-based fiscal × dissatisfied(0/1)	-0.449*	-0.029	0.097	-0.334	-0.595*
	(0.25)	(0.28)	(0.31)	(0.31)	(0.32)
T2: Fact-based & narrative × dissatisfied(0/1)	-0.440*	-0.281	0.082	-0.472	-0.628**
	(0.24)	(0.26)	(0.33)	(0.33)	(0.27)
R^2	0.105	0.091	0.166	0.101	0.101
N observations	1,262	1,154	790	832	794

Note: This table reports estimated coefficients from OLS regressions of the average change in inequality expectations for individuals in each treatment group relative to the control group, conditional on respondents' dissatisfaction with the economic policy of the government (Equation 1) and by subsamples of respondents living in a low versus high public debt state (1 = high debt), political views on the left (1-4), center (5) or right (6-10). T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. The outcome variable is respondents' twelve-months-ahead expectations with respect to income inequality. Answers range on a scale from one to seven, where higher values reflect that respondents' agree more with the statement that income inequality in Germany will go up over the next three years. The government dissatisfaction dummy (*Government dissatisfied*(0/1)) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls as in the baseline estimation. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Online appendix

A Variable description

Table OA1: Variable definitions

Variable	Definition
Age	Respondent's age in years
Male	Dummy variable that equals one if respondent's gender is male
Household income [€]	Average total net monthly household income based on 13 predefined ranges from less than €500 to €10,000 or more
East Germany	Dummy variable equal to one if the respondent resides in Brandenburg, Mecklenburg–Western Pomerania, Saxony, Saxony-Anhalt or Thuringia
High public debt	Dummy variable equal to one if the respondent resides in a federal state with public debt above the mean as of 2024 (Bundesbank, 2025)
University degree	Dummy variable equal to one if the respondent holds a university degree
Full-time job	Dummy variable equal to one if the respondent is currently employed full-time
Part-time job	Dummy variable equal to one if the respondent is currently employed part-time
Retired	Dummy variable equal to one if the respondent is retired
Unemployed	Dummy variable equal to one if the respondent is currently unemployed
Homeowner	Dummy variable equal to one if the respondent owns property
Financial literacy	Dummy variable equal to one if the respondent correctly answered all three questions assessing financial literacy
Numerical literacy	Dummy variable equal to one if the respondent correctly answered a question assessing basic numerical literacy
News attention (Inflation)	Indicator variable measuring how often the respondent has followed news related to the inflation rate over the past 12 months, coded from 1 = "never" to 5 = "very often"
News attention (ECB)	Indicator variable measuring how often the respondent has followed news related to the monetary policy of the European Central Bank (ECB) over the past 12 months, coded from 1 = "never" to 5 = "very often"
Government satisfaction	Respondent's satisfaction with the economic policy of the government, measured on a scale from 1 = "very dissatisfied" to 5 = "very satisfied"

Continued on next page –

Table OA1 – continued from previous page

Variable	**Definition**
Government dissatisfied(0/1)	Dummy variable equal to one if the respondent is "very dissatisfied" with the economic policy of the government
Trust in others	Respondent's level of general trust in others, measured on a scale from 0 = "cannot trust/need to be very careful" to 10 = "most people can be trusted"
Political view	Respondent's political view ranging from 1 = "left" to 10 = "right"
Political interest	Respondent's interest in politics ranging from 1 = "not interested at all" to 4 = "very interested"
Vote (CDU/CSU)	Dummy variable equal to one if the respondent is most likely to vote for CDU/CSU
Vote (SPD)	Dummy variable equal to one if the respondent is most likely to vote for SPD
Vote (Current coalition)	Dummy variable equal to one if the respondent is most likely to vote for CDU/CSU or SPD
Exp(Economic growth)	Respondent's expectation about economic growth over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Exp(Tax burden)	Respondent's expectation about households' tax burden over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Exp(Consumer prices)	Respondent's expectation about consumer prices over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Exp(Monthly net income)	Respondent's expectation about own monthly net income over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Exp(Income tax payments)	Respondent's expectation about own income tax payments over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Exp(Layoff risk)	Respondent's expectation about own layoff risk over the next 12 months, measured on a scale from 1 = "considerably lower" to 5 = "considerably higher"
Spending on major purchase	Respondent's attitude on the timing of spending on major purchases, measured on a scale from 1 = "bad time" to 3 = "good time"
Spending on essential goods	Respondent's attitude on the timing of spending on essential goods, measured on a scale from 1 = "bad time" to 3 = "good time"
Savings	Respondent's attitude on the timing of savings, measured on a scale from 1 = "bad time" to 3 = "good time"

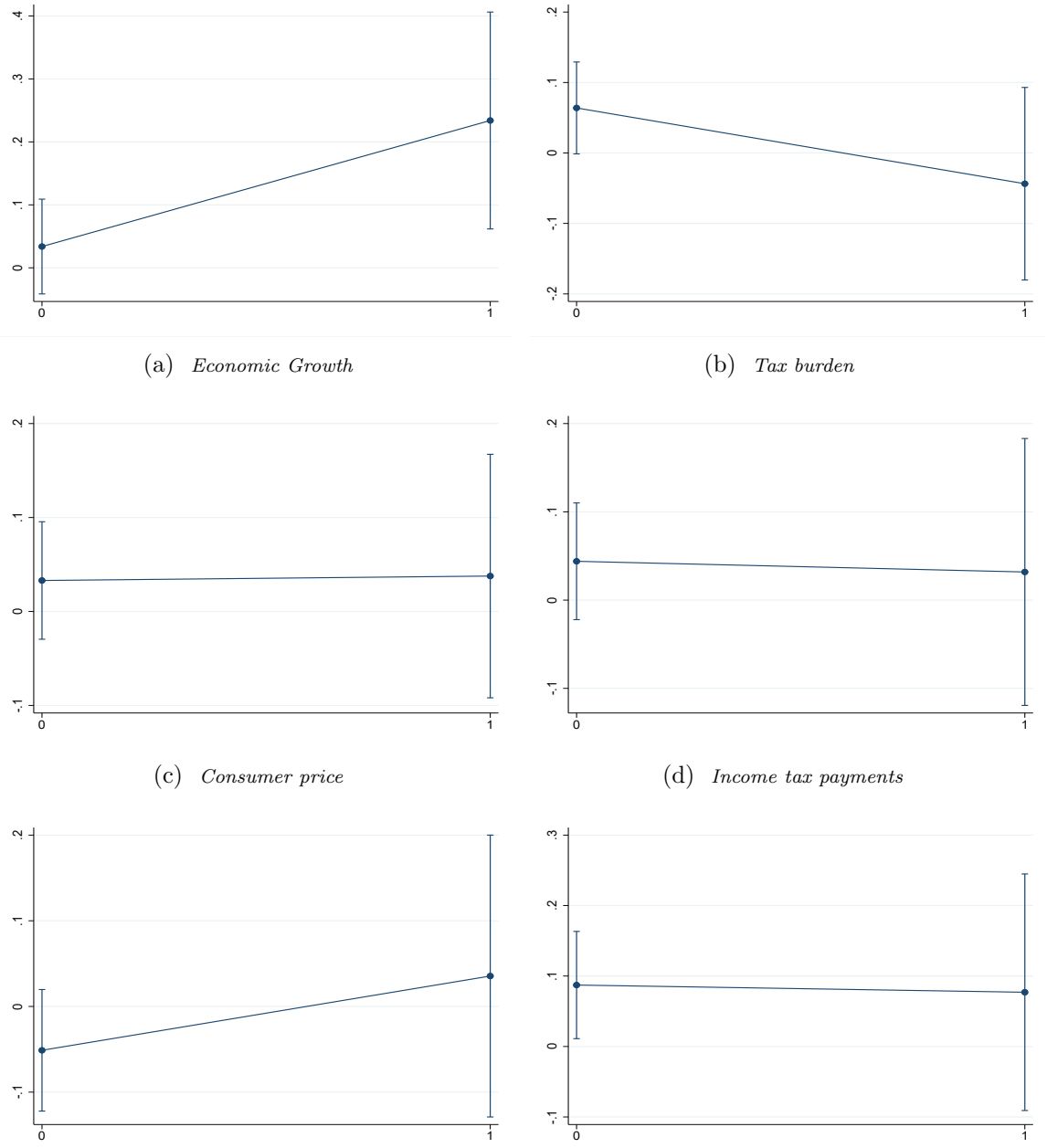
Continued on next page –

Table OA1 – continued from previous page

Variable	**Definition**
Trust in press	Respondent's level of trust in the press, measured on a scale from 0 = "no trust at all" to 7 = "very high trust"
Trust in economic forecast experts	Respondent's level of trust in the experts for economic forecasts, measured on a scale from 0 = "no trust at all" to 7 = "very high trust"
Trust in federal government	Respondent's level of trust in the federal government, measured on a scale from 0 = "no trust at all" to 7 = "very high trust"
Income inequality$_{Perception}$	Respondent's agreement that "differences in income in Germany are currently too" ranging from 0 = "strongly disagree" to 7 = "strongly agree"
Income inequality$_{Expectation}$	Respondent's agreement that "differences in income in Germany will be larger over the next three years" ranging from 0 = "strongly disagree" to 7 = "strongly agree'

B Additional figures and tables

Figure OA1: Mechanism: Effects of *fact-based* fiscal treatment on economic expectations, by dissatisfaction with the government's economic policy



(a) *Economic Growth* (b) *Tax burden*

(c) *Consumer price* (d) *Income tax payments*

(e) *Monthly net income* (f) *Layoff risk*

Note: These figures show the marginal effects of the fact-based fiscal expansion treatment on economic expectations across different levels of satisfaction with government economic policy using OLS regressions. The government dissatisfaction dummy is one if respondents are very dissatisfied with the economic policy and zero otherwise. Coefficient estimates are surrounded by 90% confidence intervals. Panels (a) to (f) refer to questions on respondents' twelve-months-ahead expectations about the development of aggregate variables (economic growth, households' tax burden, consumer prices) and personal outcomes (income tax payments, monthly net income, layoff risk), with answers ranging from one (considerably lower) to five (considerably higher).

Table OA2: Relationship of inequality expectations and voting behavior, spending attitude, and institutional trust

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Voting behavior			Spending attitude			Institutional trust		
	CDU/CSU	SPD	Governing coalition	Major purchase	Essential goods	Savings Savings	Press	Economic experts	Federal government
Income inequality$_{Exp.}$	-0.042***	-0.0030	-0.045***	-0.049***	-0.023*	-0.021	-0.0026	0.010	-0.16***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.04)	(0.04)	(0.04)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.099	0.053	0.109	0.078	0.054	0.098	0.142	0.137	0.197
Observations	799	799	799	799	798	799	799	799	799

Note: This table reports the relationship between a) voting behaviors, b) spending attitudes, c) institutional trust and respondents' twelve-months-ahead income inequality expectations. The estimations rely on observations based on respondents in the control group only. In columns 1-3, the outcome variable is an indicator being one if a respondent states to vote most likely for the respective party as indicated in the column header. In columns 4-6, the answers on the respective activity range from one (bad time) to three (good time). In columns 7-9, trust in the indicated counterpart ranges from one (no trust at all) to seven (very high trust). The estimations contain the same sociodemographic controls as in the baseline estimation while age is defined based on six age groups ("18 to 29", "30 to 39", ..., "70 to 79"). Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table OA3: Mechanism: Effects of fiscal expansion treatment on economic expectations, by dissatisfaction with the government's economic policy

	(1)	(2)	(3)	(4)	(5)	(6)
	Macroeconomic expectations			Expectations on personal outcomes		
	Economic growth	Tax burden	Consumer prices	Monthly net income	Income tax payments	Layoff risk
Government dissatisfied(0/1)	-0.64***	0.48***	0.41***	-0.34***	0.24***	0.34***
	(0.07)	(0.06)	(0.06)	(0.07)	(0.07)	(0.08)
T1: Fact-based fiscal	0.033	0.063	0.035	-0.052	0.040	0.083*
	(0.05)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)
T2: Fact-based & narrative fiscal	0.15***	0.091**	0.026	-0.044	0.067*	0.068
	(0.05)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)
T1: Fact-based fiscal × dissatisfied(0/1)	0.20*	-0.11	0.0027	0.085	-0.0021	-0.0062
	(0.11)	(0.09)	(0.09)	(0.11)	(0.10)	(0.11)
T2: Fact-based & narrative× dissatisfied(0/1)	0.13	-0.16*	0.014	0.034	-0.028	-0.23**
	(0.10)	(0.09)	(0.08)	(0.11)	(0.10)	(0.11)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
R^2	0.112	0.108	0.119	0.068	0.054	0.063
Observations	2,418	2,417	2,418	2,416	2,411	2,412

Note: This table reports the average change in expectations on macroeconomic as well as personal outcomes for individuals in each treatment group relative to the control group and conditional on respondents' dissatisfaction with the economic policy of the government. T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. In columns 1-3, the outcome variable relates to expectations on macroeconomic outcomes and in columns 4-6, to expectations on personal outcomes. Answers range on a scale from one (considerably lower) to five (considerably higher). The government dissatisfaction dummy (*Government dissatisfied*(0/1)) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls as in the baseline estimation. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table OA4: Heterogeneous treatment effects on income inequality expectations: The role of income and financial literacy

	(1)	(2)	(3)	(4)
	Income		Financial literacy	
	low	high	low	high
Government dissatisfied(0/1)	0.959***	0.433**	1.061***	0.125
	(0.16)	(0.18)	(0.13)	(0.22)
T1: Fact-based fiscal	0.042	0.115	0.216**	-0.103
	(0.13)	(0.10)	(0.10)	(0.13)
T2: Fact-based & narrative fiscal	0.087	0.091	0.097	0.093
	(0.13)	(0.10)	(0.10)	(0.13)
T1: Fact-based fiscal × dissatisfied(0/1)	-0.562**	0.137	-0.600***	0.353
	(0.25)	(0.27)	(0.22)	(0.30)
T2: Fact-based & narrative × dissatisfied(0/1)	-0.808***	0.242	-0.688***	0.406
	(0.24)	(0.26)	(0.20)	(0.32)
R^2	0.128	0.074	0.134	0.073
N observations	1,055	1,361	1,538	878

Note: This table reports estimated coefficients from OLS regressions of the average change in inequality expectations for individuals in each treatment group relative to the control group, conditional on respondents' dissatisfaction with the economic policy of the government (Equation 1) and by subsamples of respondents with low or high income (1 = income above 2.999 Euros), low or high financial literacy (1 = high financial literacy). T1 refers to the fact-based fiscal treatment and T2 refers to the fact-based plus narrative fiscal treatment. The outcome variable is respondents' twelve-months-ahead expectations with respect to income inequality. Answers range on a scale from one to seven, where higher values reflect that respondents' agree more with the statement that income inequality in Germany will go up over the next three years. The government dissatisfaction dummy ($Government\ dissatisfied(0/1)$) is one if respondents are very dissatisfied with the economic policy and zero otherwise. The estimations contain sociodemographic controls as in the baseline estimation. Standard errors are robust, and Appendix A in the Online Appendix provides variable definitions. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

C Survey description

This study draws on data from two survey waves. The survey informed respondents that they were participating in the "Leibniz Online Survey of Households" conducted by Leibniz University of Hannover and the Halle Institute for Economic Research (IWH). We can link participants' responses across the two waves. From the first wave, we obtain information on sociodemographic characteristics, financial literacy, trust, and satisfaction with the government (see Ludolph et al. (2026) for the full questionnaire of the first survey and more details on the survey). The second wave provides the key information on fiscal expansion plans, as described in Section 2 of the paper.

C.1 Questionnaire of first survey wave

This survey is about your views about inflation, monetary policy and the general state of the economy. The survey is part of a scientific study at the Leibniz University Hannover and the Halle Institute for Economic Research (IWH). Answering this survey takes about 15 minutes, your responses are strictly anonymous and will be used for scientific purposes only. In the coming weeks, we will invite you to participate in a short follow-up survey, which will take about 5 minutes to complete.

The information you provide in this survey will be linked to your responses in the follow-up survey. Do you consent to having your data linked across these two survey waves?

- ◯ Yes, I consent
- ◯ No, I do not consent

We care about the quality of our data. In order for us to get the most accurate measures of your knowledge and opinions, we kindly ask you answer each question to the best of your ability. For most questions, there are no right or wrong answers. We are primarily interested in your personal assessments, regardless of how much experience you have with the topic. Do you commit to thoughtfully provide your best answers to each question in this survey?

- ◯ Yes
- ◯ No

If you are unable or do not want to answer a question, simply click CONTINUE.

How old are you?

- ◯ _____ years

Please specify your gender.

- ◯ Male
- ◯ Female
- ◯ Diverse

In which German federal state do you live?

- ◯ Baden-Württemberg
- ◯ Bavaria
- ◯ Berlin
- ◯ Brandenburg
- ◯ Bremen
- ◯ Hamburg
- ◯ Hesse
- ◯ Mecklenburg-Vorpommern
- ◯ Lower Saxony
- ◯ North Rhine-Westphalia
- ◯ Rhineland-Paptinate
- ◯ Saarland
- ◯ Saxony
- ◯ Saxony-Anhalt
- ◯ Schleswig-Holstein
- ◯ Thuringia

Over the past twelve months, what is the total net monthly income of your household on average?

Hint: This refers to the total amount, comprising wages, salaries, income from self-employment and pensions, in each case after deducting tax and social security contributions. In this amount, please include any income received through public aid, earnings from rents and leases, housing allowance, child benefits and any other sources of income.

- ◯ Less than 500 Euro
- ◯ 500 bis 999 Euro
- ◯ 1000 bis 1.499 Euro
- ◯ 1.500 bis 1.999 Euro
- ◯ 2.000 bis 2.499 Euro
- ◯ 2.500 bis 2.999 Euro
- ◯ 3.000 bis 3.499 Euro
- ◯ 3.500 bis 3.999 Euro

◯ 4.000 bis 4.999 Euro

◯ 5.000 bis 5.999 Euro

◯ 6.000 bis 7.999 Euro

◯ 8.000 bis 9.999 Euro

◯ 10.000 Euro and more

Over the past twelve months, how much did your household spend on average per month on the following goods and services?

Hint: If your household did not spend any money on a specific item or service in the last 12 months, then enter 0. If you don't know the exact figure, please provide an estimate.

1. **Food, beverages, groceries, tabacco**: _____€
2. **Restaurants** (incl. take-out food, delivery)**, cafes, canteens**: _____€
3. **Housing** (incl. rent, maintenance/repair costs, home owner/renter insurance, but excluding mortgage payments): _____€
4. **Utilities** (including water, sewerage, electricity, gas, heating oil, phone, cable, internet): _____€
5. **Furnishings** (furniture, carpets), **household equipment** (textiles, appliances, garden tools), **small appliances and routine maintenance of the house** (cleaning, gardening): _____€
6. **Clothing, footwear**: _____€
7. **Health** (health insurance, medical products and appliances, dental and paramedical services, hospital services, prescription and non-prescription medication, personal care products and services): _____€
8. **Transport** (fuel, car maintenance, public transportation fares): _____€
9. **Travel, recreation, entertainment and culture** (holidays, theatre/ movie tickets, club/ gym membership, newspapers, books, hobbies equipment): _____€
10. **Childcare and education** (including tuition fees for child and adult education, costs of after school activities, care of children/ babysitting, but excluding instalments on student loans): _____€

What is the highest level of vocational training or academic degree you have completed?

Please only select your highest qualification.

◯ Currently in training or studying (have not yet completed a Bachelor's degree)

◯ Completed vocational/apprenticeship training (company-based)

◯ Completed school-based vocational training (e.g., vocational school, higher commercial school)

◯ Completed training at a technical college, trade school, or professional academy; completed master craftsman training

◯ Completed a Bachelor's degree, university of applied sciences degree, or engineering school degree

◯ Completed a Master's or Diploma degree, or teacher training

◯ Completed a Doctorate (PhD)

◯ Other vocational qualification

◯ No vocational qualification (and not currently in training or studying)

Which of the following best describes your current employment status?

◯ In full-time employment (including apprenticeship)

◯ In part-time employment (including phased retirement)

◯ In casual or irregular employment (including paid internship and integration measures)

◯ On maternity leave/parental leave/longer-term sick leave/other leave; planning to return to work

◯ Unemployed (officially registered)

◯ At school, university or in an unpaid internship

◯ Retirement / pension

◯ Early retirement or about to retire (including unfit for work or reduced ability to work)

◯ Federal volunteer service/voluntary year

◯ Homemaker

◯ Other form of non-employment

Does your household live in a rented property or an owner-occupied apartment or house?

◯ Rent and do not own any other home(s)

◯ Rent but own other home(s)

◯ Live in own apartment

◯ Live in own house

Generally speaking, would you say that most people can be trusted or that you cannot trust people and need to be very careful in dealing with people?
Please indicate your level of trust on a scale from 0 to 10, where 0 means 'you cannot trust/ need to be very careful' and 10 means 'most people can be trusted'.

0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

How often have news about the following topics come to your attention in the last month?
Please select one answer for each row.

	Never	**Rarely**	**Occasionally**	**Often**	**Very often**
Inflation rate	◯	◯	◯	◯	◯
Monetary policy of the ECB	◯	◯	◯	◯	◯

We now ask a series of questions to better understand your comfort and experience with handling financial and numerical information.

Imagine you have 100€ in your account with an annual interest rate of 10%. How much money would you have in your account after two years?

- ◯ Exactly 110€
- ◯ Exactly 120€
- ◯ Exactly 200€
- ◯ Slightly more than 120€
- ◯ Don't know

Imagine that your net income (income after taxes and social transfers) had been twice as high, but that the prices of all goods had also doubled. How would you have been able to buy with your income last year in that case?

- ◯ More than before
- ◯ The same as before
- ◯ Less than before
- ◯ Cannot be determined based on the given information
- ◯ Don't know

Do you agree with the following statement: "Investing in the stock of an individual company is less risky than investing in a fund of stocks from similar companies"?

- ◯ I agree
- ◯ I disagree
- ◯ Don't know

If the chance of getting a disease is 10 percent, how many people out of 1,000 would be expected to get the disease?

- ◯ _____ people
- ◯ Don't know

— Additional questions unrelated to this RCT —

Do you think now is a good time or bad time to spend more on the following things?

Major purchases (e.g. car, furniture, electrical appliances, etc.)

- ◯ Good
- ◯ Neither good nor bad
- ◯ Bad

Essential goods (e.g. food and beverages, non-food items such as cleaning products or similar)

- ◯ Good
- ◯ Neither good nor bad
- ◯ Bad

Savings (e.g. savings account, stocks, bonds)

- ◯ Good
- ◯ Neither good nor bad
- ◯ Bad

To what extent are you concerned about the expected future development of the inflation rates in Germany over the next twelve months and over the next three years?

Over the next twelve months:

- ◯ No concern
- ◯ Little concern
- ◯ Some concern
- ◯ Great concern

Over the next three years:

- ◯ No concern
- ◯ Little concern
- ◯ Some concern
- ◯ Great concern

Do you think that a year from now you will be better off financially, worse off financially, or just about the same as now?

- ◯ I will be better off financially a year from now.
- ◯ My financial situation is unlikely to be much different a year from now.
- ◯ I will be worse off financially a year from now.

Now we would like to ask you a few general questions about your lifestyle and attitudes.

Who does the grocery shopping for you or your household?

- ◯ I do most of the grocery shopping.
- ◯ I do part of the grocery shopping.
- ◯ Someone else does the grocery shopping.

How likely do you think it is that the European Central Bank (ECB) will maintain price stability over the next three years? Please use the slider below with values from 0 (probability of 0%) to 100 (probability of 100%) to indicate your response.

0% _____ **100%**

How satisfied are you with the economic policy of the current government?

- ◯ Very unsatisfied
- ◯ Rather unsatisfied
- ◯ Neither nor
- ◯ Rather satisfied
- ◯ Very satisfied

How interested are you in politics?

- ◯ Not interested at all
- ◯ Slightly interested
- ◯ Moderately interested
- ◯ Very interested

Where would you place yourself on a political scale from left (1) to right (10)?

1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Suppose there were a federal election next Sunday: Which party would you be most likely to vote for?

- ◯ CDU/CSU
- ◯ SPD
- ◯ Bündnis 90/Die Grünen
- ◯ FDP
- ◯ AfD
- ◯ Die Linke
- ◯ BSW
- ◯ Other

Thank you very much for participating in our survey.

C.2 Questionnaire of second survey wave

A couple of weeks ago, you participated in the **Leibniz Online Survey of Households**. The survey is part of a scientific study at the Leibniz University Hannover and the Halle Institute for Economic Research (IWH). This follow-up survey takes about 5 minutes to complete. Your responses are strictly anonymous and will be stored for scientific purposes only.

If you are unable or do not want to answer a question, simply click CONTINUE.

— Additional questions unrelated to this RCT —

Only for treatment groups:

Finally, we would like to ask for your opinions on the government's current fiscal policy.

— Treatment text dependent on group allocation, as provided in Table 3, is inserted here. —

◯ I have read the text in full.

How informative did you find the text? Please rate your answer on a scale from 0 (not informative at all) to 10 (very informative).

0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
◯	◯	◯	◯	◯	◯	◯	◯	◯	◯	◯

Please now share your opinions on the following final questions.

What development do you expect <u>over the next twelve months</u> for the economic situation in Germany with respect to the following variables?

	Significantly lower	Lower	(Almost) no change	Higher	Significantly higher
Economic growth	◯	◯	◯	◯	◯
Average tax burden for households	◯	◯	◯	◯	◯
Consumer prices	◯	◯	◯	◯	◯
Unemployment rate	◯	◯	◯	◯	◯
Interest rate on savings deposits	◯	◯	◯	◯	◯

What do you expect for you personally with respect to the development of the following variables over the next twelve months?

	Significantly lower	Lower	(Almost) no change	Higher	Significantly higher
Working hours	◯	◯	◯	◯	◯
Income tax payments	◯	◯	◯	◯	◯
Monthly net income	◯	◯	◯	◯	◯
Layoff risk	◯	◯	◯	◯	◯
Cost of living	◯	◯	◯	◯	◯

Next, we would like to ask you about your expectations regarding the average inflation/deflation rate over the next twelve months and over the next three years in Germany. Please enter a number in the field below.

Hint: In the case of assumed falling prices (deflation), please enter a negative value.

I expect the average inflation/deflation rate in Germany over the next twelve months will be _____% (one decimal point possible).

I expect the average inflation/deflation rate in Germany over the next three years will be _____% (one decimal point possible).

What do you expect your personal inflation/deflation rate to be over the next twelve months and over the next twelve months and over the next three years?

Hint: In the case of assumed falling prices (deflation), please enter a negative value.

I expect my personal inflation/deflation rate over the next twelve months will be _____% (one decimal point possible).

I expect my personal inflation/deflation rate over the next three years will be _____% (one decimal point possible).

Do you think now is a good time or bad time to spend more on the following things?

Major purchases (e.g. car, furniture, electrical appliances, etc.)

- ◯ Good
- ◯ Neither good nor bad
- ◯ Bad

Essential goods (e.g. food and beverages, non-food items such as cleaning products or similar)

- ◯ Good
- ◯ Neither good nor bad

◯ Bad

Savings (e.g. savings account, stocks, bonds)

◯ Good
◯ Neither good nor bad
◯ Bad

Imagine you unexpectedly received a transfer equal to the amount of what your household earns in a month. How much of it would you spend over the next six months? Please give the percentage share (between 0 and 100) you would spend: _____%

How likely do you think it is that the European Central Bank (ECB) will maintain price stability over the next three years? Please use the slider below with values from 0 (probability of 0%) to 100 (probability of 100%) to indicate your response.

0% _____ **100%**

To what extent do you agree or disagree with the following statements? Please indicate your level of agreement on a scale from 1 to 7, where 1 means that you strongly disagree and 7 means that you strongly agree.

	1	**2**	**3**	**4**	**5**	**6**	**7**
Differences in income in Germany are currently to large.	◯	◯	◯	◯	◯	◯	◯
Differences in income in Germany will be larger over the next three years.	◯	◯	◯	◯	◯	◯	◯

Please indicate for the following institutions how much you trust them. Please indicate this on a scale from 1 (no trust at all) to 7 (very high trust).

	1	**2**	**3**	**4**	**5**	**6**	**7**
Press	◯	◯	◯	◯	◯	◯	◯
Experts for economic forecasts	◯	◯	◯	◯	◯	◯	◯
Federal government	◯	◯	◯	◯	◯	◯	◯

Are you generally a patient or impatient person? Please indicate this on a scale from 1 (very impatient) to 7 (very patient).

1	**2**	**3**	**4**	**5**	**6**	**7**
◯	◯	◯	◯	◯	◯	◯

How much mental effort did it take to complete the survey questions? Please indicate this on a scale from 1 (very little effort) to 7 (very much effort).

1	**2**	**3**	**4**	**5**	**6**	**7**
◯	◯	◯	◯	◯	◯	◯

How interesting did you find the survey overall? Please select one answer.

- ◯ Very interesting
- ◯ Interesting
- ◯ Interesting in parts/uninteresting in parts
- ◯ Not so interesting
- ◯ Not interesting at all

How confident were you in your answers while completing the survey? Please indicate this on a scale from 1 (not at all confident) to 7 (very confident).

1	**2**	**3**	**4**	**5**	**6**	**7**
◯	◯	◯	◯	◯	◯	◯

Thank you very much for participating in our survey.