Anchoring Inflation Expectations

A Teaching Treatment and Its Persistence Through the 2025 German Federal Election

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Abstract

We study how inflation expectations can be anchored through different forms of communication and whether such anchoring survives political change. Using a two-wave panel RCT around the 2025 German federal election, we show that providing the ECB's target and projections lowers expectations by about 100 basis points. We then introduce a teaching-style intervention explaining the ECB's institutional role using simple language and an intuitive metaphor, which proves equally effective. Treatment effects persist through the election, and partisan polarization remains modest. Our results suggest that well-designed communication–combining quantitative information with clear explanations of institutional responsibility–can durably anchor beliefs even in changing political environments.

Keywords: elections, anchoring, inflation expectations, central bank communication, survey experiment, randomized controlled trial (RCT)
JEL classification: E31, E42, E52, D84.

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1 Introduction

If expectations drift, inflation follows. This is the key implication of the forward-looking Phillips curve. To control inflation, policymakers therefore attempt to influence what people believe about it. But how can policymakers best reach people's minds and shape their beliefs? Clear communication of an inflation target, combined with delivering inflation close to that target, is helpful. Yet, anchoring expectations in practice is often more difficult.

Most of the time, people believe that inflation is and will remain above target, especially when inflation is in fact high (see e.g. the surveys of Deutsche Bundesbank, 2025 and University of Michigan, 2025). A growing literature documents that providing *quantitative* information can shape expectations. After receiving such information, households tend to revise their inflation expectations downward, bringing them closer to the target (Coibion et al., 2022; Weber et al., 2025). One of the most effective quantitative treatments is to present respondents with the official inflation projections of the European Central Bank (ECB): doing so lowers expectations by roughly 50 to 100 basis points (see e.g. Nghiem et al., 2024). A common interpretation is that financial literacy is limited and inflation is an abstract concept for many individuals, so when experts forecast a return to 2%, people tend to follow. Quantitative information becomes even more influential when preceded by a financial-literacy teaching treatment, which likely helps respondents understand and internalize the information (Dräger and Nghiem, 2025).

Treatments that follow the principle of *teaching instead of telling* should be particularly effective when they engage respondents' prior beliefs about inflation. By explicitly addressing and reshaping these beliefs, communication can become more powerful than merely providing numerical information. This raises the question of what households' prior beliefs are. Binetti et al. (2024) show that most households do not think about inflation through the lens of the Phillips curve. In their survey, 67% of respondents cite government actions as a main driver. Our own non-representative pre-survey of 83 economics and business administration students at the Berlin School of Economics and Law points in the same direction, with 60% naming (economic) policy as the primary cause of inflation.[1] If households attribute inflation mainly to government action, then their expectations should also respond to political preferences and to changes in the political landscape. Indeed, recent research documents partisan effects in inflation expectations (Bachmann et al., 2021; Binder et al., 2024; Aidala et al., 2024; DiGiuseppe et al., 2025).

This paper builds on these two insights by combining the idea that teaching, rather than merely telling, can anchor inflation expectations with the observation that many people believe the government is responsible for inflation. Our empirical approach is a randomized controlled trial (RCT)

[1] Some illustrative responses were: "Price increases due to political decisions (e.g. raising taxes on alcohol to make people buy less).", "Germany is going bankrupt. It was planned all along.", and "High government spending on refugees."

embedded in a representative two-wave survey of German consumers. Our first contribution is to design a new teaching-style treatment that explains that, although the government has limited influence on inflation, the institution with the greatest control over price stability is the European Central Bank (ECB). To make this explanation easy to understand, we describe the economy as an ocean liner and the ECB as its captain steering the ship toward price stability. Such metaphors help convey abstract economic concepts by relating them to familiar objects and relationships. We find that this treatment reduces inflation expectations by about 100 basis points, an effect comparable in magnitude to providing the ECB's inflation projections. Moreover, our results indicate that effective communication benefits from simple language and an intuitive metaphor that clarifies the ECB's role in maintaining price stability.

Our second contribution is to study how real-world political changes affect people's inflation expectations, given that politics are perceived to be of utmost importance for the evolution of prices. To this end, we fielded the first wave of the survey immediately before the latest German federal election in February 2025, which entailed a clear shift in the governing coalition from center-left to conservative-right, and recontacted respondents immediately afterward. We find that treatment effects remain pronounced even after the election, despite the fact that respondents did not receive the treatment again. We do not detect strong partisan differences across the seven major German political parties, although expectations tend to be higher at the extreme ends of the political spectrum, reenforcing the results from Coleman and Nautz (2023). Instead, what matters more for inflation expectations is respondents' self-placement on a left–right political scale: individuals who identify on the left increase their inflation expectations after the rightward shift in government, whereas those who identify on the right decrease theirs.

The rest of the paper is structured as follows. Section 2 describes the two-wave survey and the treatments. Section 3 presents the empirical approach, the estimated treatment effects and households' reactions to the German federal election. Section 4 concludes with implications for monetary policy communication.

2 The Two-Wave Survey and the Treatments

2.1 Data Collection

We fielded a two-wave online panel survey of 1,200 German consumers through the internet-based provider *Bilendi GmbH* in February 2025. The survey was conducted before and after the German federal election on 23 February 2025, allowing us to combine randomized information treatments with an exogenous political change. The first wave was fielded during the five working days prior to the election (17–21 February) and included the information treatments. The second wave re-contacted the same respondents during the five working days immediately after the election

(24–28 February) and contained no further information treatment. Of the 1,200 respondents in the first wave, 940 participated in the second wave, corresponding to a recontact rate of approximately 78%.

The election outcome represented a meaningful political shift. Prior to the election, Germany was governed by a center-left coalition under Chancellor Olaf Scholz. The election brought a center-right government led by Chancellor-elect Friedrich Merz. This change in governing coalition plausibly altered the perceived orientation of economic policy and thus constituted an exogenous political shock to beliefs about inflation.

The first-wave questionnaire is considerably longer than the second. It begins with standard socio-demographic questions and then turns to respondents' political attitudes, including their interest in politics, perceptions of the political system in Germany, and their vote intention for the upcoming election. We also assess perceptions of the European Central Bank (ECB), including trust in its ability to ensure price stability. In addition, respondents are asked how strongly they believe government policy to influence inflation.

After these questions, respondents receive one of the information treatments described below and are subsequently asked about their inflation expectations. Following the literature, we collect short-term (1-year), medium-term (3-year), and long-term (5-year) expectations.

The second-wave questionnaire is substantially shorter. At the beginning, respondents report their actual vote choice and whether they are satisfied with the election outcome. Inflation expectations are then assessed again, using the same wording as in the first wave. The survey concludes with a short Big Five personality inventory and additional cognitive-style items. The complete questionnaires for both waves are provided in Appendix A.

2.2 Information Treatments

The information treatments are implemented in the first wave of the survey. Respondents are randomly assigned at the individual level to one of four treatments with equal probability. The control group (T0) receives no information. The remaining three groups (T1–T3) receive different information treatments, described below.

- **T0: Control Group**

  No information provided.

- **T1: ECB Forecast & Inflation Target** (quantitative information treatment)

  This treatment serves as a benchmark quantitative information intervention commonly used in the literature (e.g. Dräger and Nghiem, 2025). Respondents receive previous year's actual inflation rate, the current ECB official inflation forecast at the time of the survey, and the

value of the inflation target.

Respondents read:

"The average inflation rate in Germany was 2.2% in 2024. The European Central Bank (ECB) expects inflation in the Euro Area to be 2.1% in 2025, 1.9% in 2026, and 2.1% in 2027. The ECB is committed to conducting monetary policy in a way that stabilizes inflation at its 2% target over the medium term."

- **T2: Belief-Based Teaching (Rational) & Inflation Target**

  This treatment builds on respondents' existing beliefs by explicitly addressing the perceived role of government in inflation. It provides a rational explanation of the institutional responsibilities for inflation control, emphasizing the ECB's primary role.

  Respondents read:

  "Many believe that governments can directly control inflation. But that is not true. Inflation mainly depends on supply and demand, wages, and expectations.

  Only the ECB can influence inflation directly by adjusting interest rates to reach the 2% inflation target. Governments can shape conditions through taxes or subsidies, but their effects are indirect and delayed."

- **T3: Belief-Based Teaching with Metaphor (Intuitive) & Inflation Target**

  This treatment conveys the same institutional explanation as T2 but supplements it with an intuitive metaphor to enhance comprehension and retention.

  Respondents read:

  "Many believe that governments can directly control inflation. But that is not true. Inflation mainly depends on supply and demand, wages, and expectations.

  Only the ECB can influence inflation directly by adjusting interest rates to reach the 2% inflation target. Governments can shape conditions through taxes or subsidies, but their effects are indirect and delayed.

  Think of the economy as an ocean liner. The ECB is the captain, steering with the rudder (i.e. interest rates). The government works in the engine room, adjusting the fuel mix. But the ship's speed also depends on the weather (i.e. global markets) and its condition (i.e. economic fundamentals). A new government cannot simply grab the wheel and change course."

2.3 Data Cleaning

We apply a set of pre-defined data cleaning and sample selection procedures prior to the empirical analysis.

First, we exclude respondents with implausibly short or long completion times in Wave 1. The median survey duration was 4 minutes and 10 seconds. We classify respondents completing the survey in less than two minutes as speeders; this affects 16 out of roughly 1,200 observations. Respondents taking more than 30 minutes are classified as slow movers, accounting for 17 observations. In Wave 2, completion times fall within a narrower range, and only a very small number of observations are excluded on this basis.

Second, we remove extreme outliers in reported inflation expectations. Specifically, we exclude responses with values exceeding ± 20 percentage points. This threshold corresponds to approximately four to five standard deviations, depending on the expectation horizon, and eliminates implausible entries while preserving economically meaningful variation. Outliers account for roughly 3% of observations.

Finally, some respondents selected "do not know" instead of providing a numerical inflation expectation. Because our analysis relies on quantitative point forecasts, these responses are treated as item non-response and excluded from regressions requiring numeric expectations. We report the corresponding sample sizes in each table.

2.4 Summary Statistics

Table 1 reports summary statistics for respondents' inflation expectations by horizon and survey wave. On average, expectations exceed the ECB's inflation target by roughly 200 basis points. Inflation expectations increase with the forecast horizon. However, they remain largely unchanged between the pre- and post-election waves.

Table 1: Inflation Expectations by Horizon: Pre- and Post-Election Summary Statistics

Expectation	Pre-Election				Post-Election			
Horizon	Mean	Median	SD	N	Mean	Median	SD	N
1yr	3.89	3.00	3.28	660	3.81	3.00	3.19	475
3yr	4.13	3.00	3.95	598	4.15	3.00	4.04	432
5yr	4.43	3.00	4.60	506	4.69	3.00	5.16	386

Notes: The table reports mean, median, standard deviation (SD), and number of observations (N) for inflation expectations at different horizons before and after the German federal election on 23 February 2025.

3 Treatment Effects and Electoral Reactions

3.1 Empirical Approach

Wave 1: Pre-Election Treatment Tffects To analyze treatment effects in the first wave, we compare inflation expectations across randomly assigned groups. The Wave 1 analysis exploits the full pre-election sample and does not condition on participation in Wave 2. We implement a between-subjects randomized design and elicit inflation expectations in percent once after the information treatment. This approach identifies the average treatment effect relative to the control group while avoiding potential measurement reactivity arising from repeated elicitation before and after treatment. It is also consistent with evidence that survey design and elicitation formats can materially affect reported expectations (see, e.g., D'Acunto et al., 2023).

For each expectation horizon h, let $t \in \{1, 2\}$ index the survey wave, where $t = 1$ denotes the pre-election survey (Wave 1) and $t = 2$ the post-election survey (Wave 2). We begin by analyzing treatment effects in Wave 1.

Specifically, we estimate

$$\pi^e_{i,h,1} = \alpha + \beta_1 T_{1i} + \beta_2 T_{2i} + \beta_3 T_{3i} + \varepsilon_{i,h,1}, \tag{1}$$

where $\pi^e_{i,h,1}$ denotes individual i's inflation expectation in Wave 1. T_{1i}, T_{2i}, and T_{3i} are treatment indicators, and the omitted category corresponds to the control group ($T_i = 0$).

Let $\pi^e_{i,h,1}(j)$ denote the inflation expectation of individual i in Wave 1 if assigned to treatment $j \in \{0, 1, 2, 3\}$, where $j = 0$ denotes the control group. Each individual realizes only one potential outcome depending on assignment. Under random assignment, treatment indicators are independent of potential outcomes, implying that mean differences across groups identify the average treatment effects.

Formally, for $j \in \{1, 2, 3\}$,

$$\beta_{j,h} = \mathbb{E}\left[\pi^e_{i,h,1}(j) - \pi^e_{i,h,1}(0)\right]. \tag{2}$$

Wave 1–2: Post-Election Treatment Effects To study how treatment-induced differences evolve after the federal election, we exploit the panel structure of the data and compare expectations within individuals across waves. This requires observing respondents in both survey waves; accordingly, the persistence analysis is restricted to the balanced panel.

We estimate the pooled two-period model

$$\pi^e_{i,h,t} = \alpha + \lambda Post_t + \sum_{j=1}^{3} \gamma_j T_{ji} + \sum_{j=1}^{3} \delta_j \left(Post_t \times T_{ji}\right) + u_{i,h,t}, \tag{3}$$

where $Post_t$ equals one in Wave 2 ($t = 2$) and zero in Wave 1 ($t = 1$). The coefficient λ captures the average change in inflation expectations between waves for the control group. The coefficients γ_j measure baseline differences between treatment group j and the control group in Wave 1.

The interaction coefficients δ_j capture how the treatment-control gap changes between waves. Specifically,

$$\delta_{j,h} = \Big(\mathbb{E}[\pi^e_{i,h,2} \mid T_i = j] - \mathbb{E}[\pi^e_{i,h,1} \mid T_i = j]\Big) - \Big(\mathbb{E}[\pi^e_{i,h,2} \mid T_i = 0] - \mathbb{E}[\pi^e_{i,h,1} \mid T_i = 0]\Big). \tag{4}$$

Thus, $\delta_{j,h}$ measures whether treatment-induced differences persist, attenuate, or amplify relative to the control group after the election. We test the null hypothesis $H_0 : \delta_{j,h} = 0$ (no change in the treatment-control gap) against the one-sided alternative $H_1 : \delta_{j,h} < 0$, which corresponds to attenuation of treatment effects after the election.

Wave 1–2: Revisions of Expectations by Political Orientation To examine whether post-election updating differs systematically along the political dimension, we exploit the balanced panel and analyze individual revisions in expectations. For each horizon h, define the revision

$$\Delta\pi^e_{i,h} \equiv \pi^e_{i,h,2} - \pi^e_{i,h,1}, \tag{5}$$

where $\pi^e_{i,h,1}$ and $\pi^e_{i,h,2}$ denote inflation expectations in Wave 1 and Wave 2, respectively. The analysis is restricted to respondents observed in both waves.

We estimate

$$\Delta\pi^e_{i,h} = \mu + \tau_1 T_{1i} + \tau_2 T_{2i} + \tau_3 T_{3i} + \rho\, P_i + \eta_{i,h}, \tag{6}$$

where P_i denotes a measure of individual political orientation. The coefficient ρ captures whether revisions in inflation expectations vary systematically with political orientation, conditional on treatment assignment.

3.2 Empirical Results

Wave 1: Pre-Election Treatment Effects We focus on the three-year and five-year horizons, which aligns with the ECB's medium-term objective. Figure 1 and Table 2 summarize the corresponding estimates.

In the pre-election wave, average three-year-ahead inflation expectations in the control group amount to 4.3 and 4.6 percent and are thus substantially above the ECB's target. At the time of the survey, actual year-on-year inflation in Germany stood at 2.3 percent.[2]

Providing respondents with information about the ECB's inflation target together with the official ECB inflation forecast for the current and the subsequent two years reduces expectations by slightly more than 100 basis points. This magnitude closely aligns with what is typically found in the literature for this particular treatment (see, e.g., Coibion et al., 2022; Dräger and Nghiem, 2025). The quantitative communication treatment therefore strongly anchors medium-term inflation expectations.

The teaching-treatment $T2$, which builds on respondents' existing beliefs and explains the institutional setup of monetary policy without providing numerical forecasts, proves to be substantially less effective than $T1$. The estimated impact amounts to roughly -30 to -60 basis points and is statistically indistinguishable from zero. Engaging with prior beliefs alone is thus not sufficient to move medium-term expectations in a meaningful way.

Notably, however, $T3$, which combines the teaching element with an intuitive ship-metaphor illustrating the role of the central bank, reduces inflation expectations by almost 100 to 130 basis points. The effect is economically large and statistically significant, and its magnitude is comparable to that of the quantitative information treatment $T1$.

The contrast between $T2$ and $T3$ suggests that intuitive framing and using metaphors play a central role. While abstract institutional explanations alone have limited impact, embedding them in a simple and intuitive narrative renders the treatment as powerful as providing numerical forecasts. This indicates that expectation management does not require detailed quantitative information per se, but can be achieved through well-designed explanatory communication that reshapes how respondents think about monetary policy.

An additional advantage of the teaching treatment with metaphor, $T3$, is that it is less tightly linked to the current inflation outlook than numerical forecast information. When inflation is elevated and projected to remain high, central bank forecasts would reflect these conditions. In such situations, communicating high projected inflation may help little to counteract elevated expectations. By contrast, the teaching treatment $T3$ operates independently of the prevailing inflation

[2]The 2.3 percent figure refers to the year-on-year inflation rate for January 2025, the latest data available at the end of February 2025 when the survey was conducted.

environment, even if its effectiveness under high inflation remains to be established. Teaching-based communication should therefore be viewed as a complementary instrument.

Wave 1–2: Post-Election Treatment Effects In the second wave, conducted after the German federal election, the same respondents were again asked about their inflation expectations, without being re-exposed to the treatment information. Strikingly, the treatment effects in $T1$ and $T3$ remain virtually unchanged. Figure 2 illustrates this persistence for the three-year horizon. Table 3 reports the full set of estimates for both horizons and confirms this pattern. The estimated $\delta_{j,h}$ coefficients from Equation (3) are small in magnitude, and none are statistically significant.

This persistence indicates that communication-induced anchoring is not short-lived but survives a major political event. Expectations that were shifted through either quantitative information ($T1$) or belief-based teaching with metaphor ($T3$) remain at their lower levels even after the election outcome became known.

At the aggregate level, we do not observe a systematic election effect on inflation expectations, neither in the control group nor within treatment groups. This stands in contrast to evidence from the US documenting sizeable partisan shifts in economic expectations around political and economic events (e.g. Mian et al., 2023; Binder et al., 2024).

One possible explanation relates to coalition politics. Government formation in Germany typically involves multi-party coalitions, which may dampen sharp ideological breaks and reduce the scope for strong expectation revisions. Additionally, once expectations have been anchored by credible information, political events may simply provide less room for reinterpretation.

Wave 1–2: Revisions of Expectations by Political Orientation We next examine whether inflation expectations vary systematically across political groups. Using respondents' vote intention from the first wave and their reported vote choice from the second wave, we do not find evidence of pronounced partisan shifts in inflation expectations from pre- to post-election; see Figure 3, which illustrates the three-year horizon. Within-party changes from pre- to post-election are small and do not systematically differ between supporters of governing versus opposition parties.

In levels, however, some heterogeneity is visible. Supporters of parties at the ideological extremes, such as the BSW (Bündnis Sarah Wagenknecht) on the left and the AfD (Alternative für Deutschland) on the right, report noticeably higher inflation expectations than respondents closer to the political center. These differences are largely stable across waves and appear unrelated to the election outcome itself.

Turning to respondents' satisfaction with the electoral outcome, we observe modest asymmetries. Individuals who report being satisfied with the result slightly lower their inflation expectations in the second wave, whereas those who are very dissatisfied exhibit small increases (see

Figure 4 illustrating the three-year horizon). While these patterns are intuitively plausible, their magnitude remains limited.

A more systematic pattern emerges when considering respondents' self-placement on a left–right ideological spectrum; Figure 5 illustrates the three-year horizon. Respondents who identify more strongly with the political left tend to increase their inflation expectations following the rightward shift in government, whereas those identifying more strongly with the political right tend to decrease theirs. These movements are consistent with asymmetric optimism and pessimism regarding the expected economic competence of the incoming government. Quantitatively, however, the effects remain moderate. The regression results in Table 4 indicate that the estimated coefficients have the expected sign but are limited in magnitude. Statistical significance is attained only for the three-year horizon, whereas the corresponding estimate for the five-year horizon is not statistically significant.

Overall, the evidence points to comparatively limited partisan polarization in inflation expectations in Germany. This contrasts with the substantial partisan gaps documented for the United States (e.g. Mian et al., 2023; Binder et al., 2024). One likely reason is institutional: the German party system is multi-party and coalition-based, making it less straightforward to attribute macroeconomic outcomes to a single governing party. As a result, political identity may translate less directly into inflation beliefs than in more binary political systems.

Figure 1: Three-Year-Ahead Inflation Expectations by Treatment Group (Wave 1)

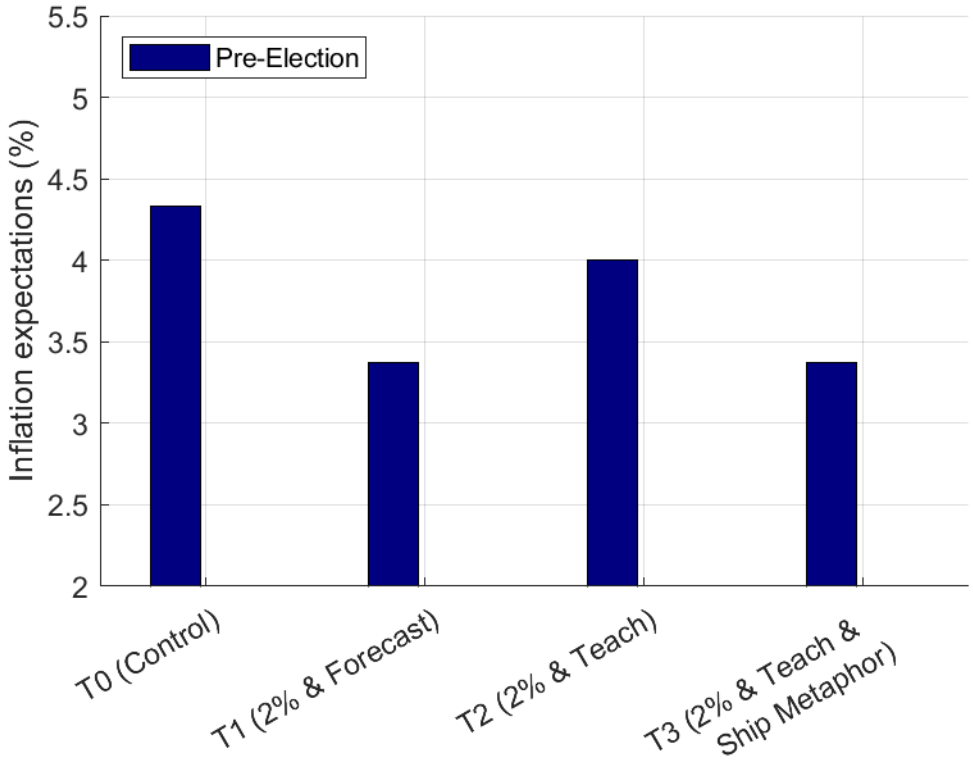


Table 2: Estimated Treatment Effects on Inflation Expectations, Wave 1 (β_i)

	3-Year Ahead	5-Year Ahead
T0 (Control)	4.328***	4.615***
	[0.370]	[0.457]
	(0.000)	(0.000)
T1 (2% & Forecast)	-0.957**	-1.040**
	[0.438]	[0.546]
	(0.015)	(0.029)
T2 (2% & Teaching)	-0.334	-0.616
	[0.444]	[0.537]
	(0.226)	(0.127)
T3 (2% & Teaching & Ship Metaphor)	-0.965**	-1.338***
	[0.457]	[0.540]
	(0.018)	(0.007)
Observations	453	377

Estimated coefficients refer to β_i in Equation (1). Standard errors in brackets. One-sided p-values (negative alternative) in parentheses. Robust (Huber 1964) standard errors. Significance levels: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table 3: Duration Effects: Post-Election Change in Treatment-Control Gap ($\delta_{j,h}$)

	3-Year Ahead	5-Year Ahead
T1 (2% & Forecast)	-0.135	-0.139
	[0.246]	[0.368]
	(0.293)	(0.353)
T2 (2% & Teaching)	-0.188	0.273
	[0.203]	[0.392]
	(0.179)	(1.000)
T3 (2% & Teaching & Ship Metaphor)	-0.028	-0.051
	[0.248]	[0.329]
	(0.456)	(0.439)
Observations	742	610

Estimated coefficients refer to $\delta_{j,h}$ in Equation (3). Robust standard errors clustered at the individual level in brackets. One-sided p-values (negative alternative) in parentheses. Null hypothesis: $H_0 : \delta_{j,h} = 0$ against $H_1 : \delta_{j,h} < 0$. A negative $\delta_{j,h}$ indicates attenuation of treatment effects in Wave 2. Significance levels: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Figure 2: Three-Year-Ahead Inflation Expectations by Treatment Group (Wave 1 vs. Wave 2)

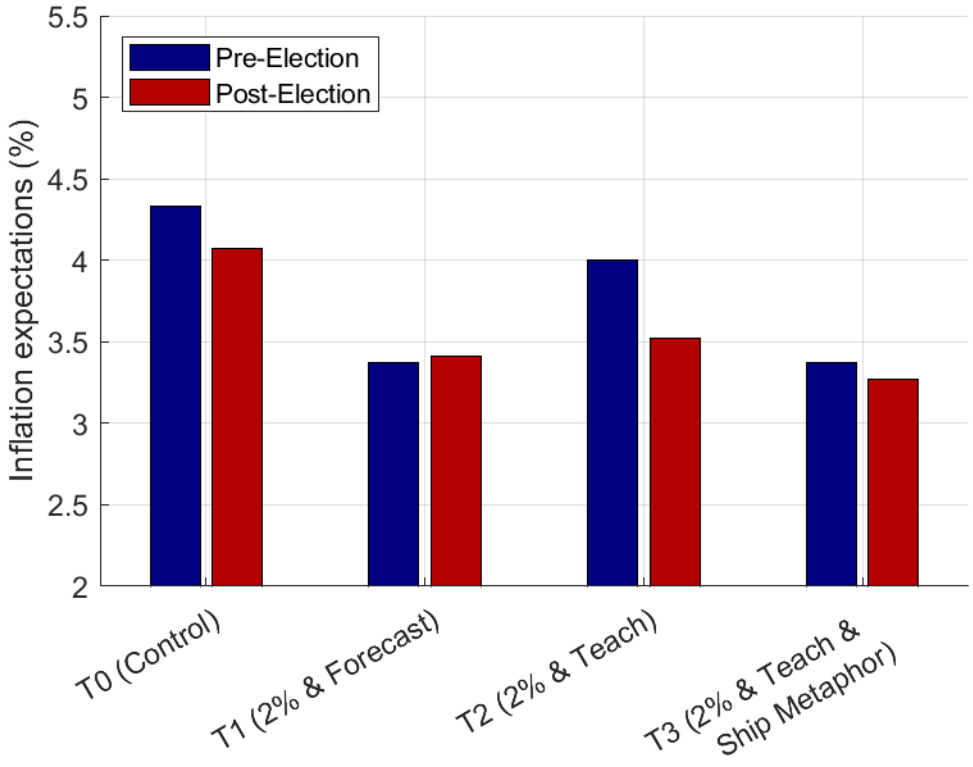
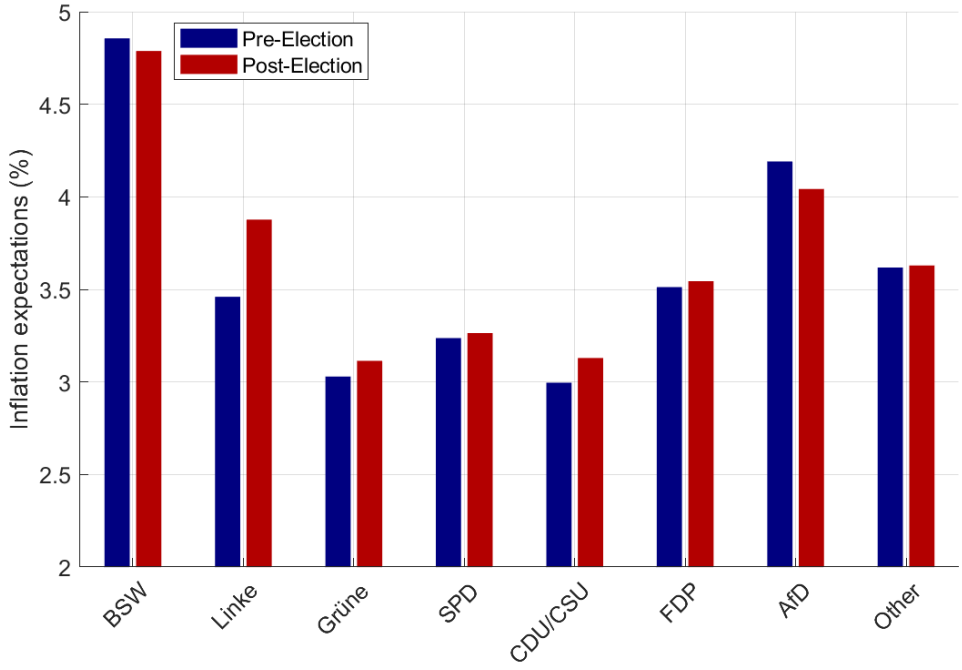


Figure 3: Three-Year-Ahead Inflation Expectations by Vote Choice



Notes: Party abbreviations refer to the following political parties: BSW = Sahra Wagenknecht Alliance (Bündnis Sahra Wagenknecht), Linke = The Left (Die Linke), Grüne = The Greens (Bündnis 90/Die Grünen), SPD = Social Democratic Party of Germany (Sozialdemokratische Partei Deutschlands), CDU/CSU = Christian Democratic Union / Christian Social Union (Christlich Demokratische Union / Christlich-Soziale Union), FDP = Free Democratic Party (Freie Demokratische Partei), AfD = Alternative for Germany (Alternative für Deutschland).

Figure 4: Three-Year-Ahead Inflation Expectations by Satisfaction with the Electoral Outcome

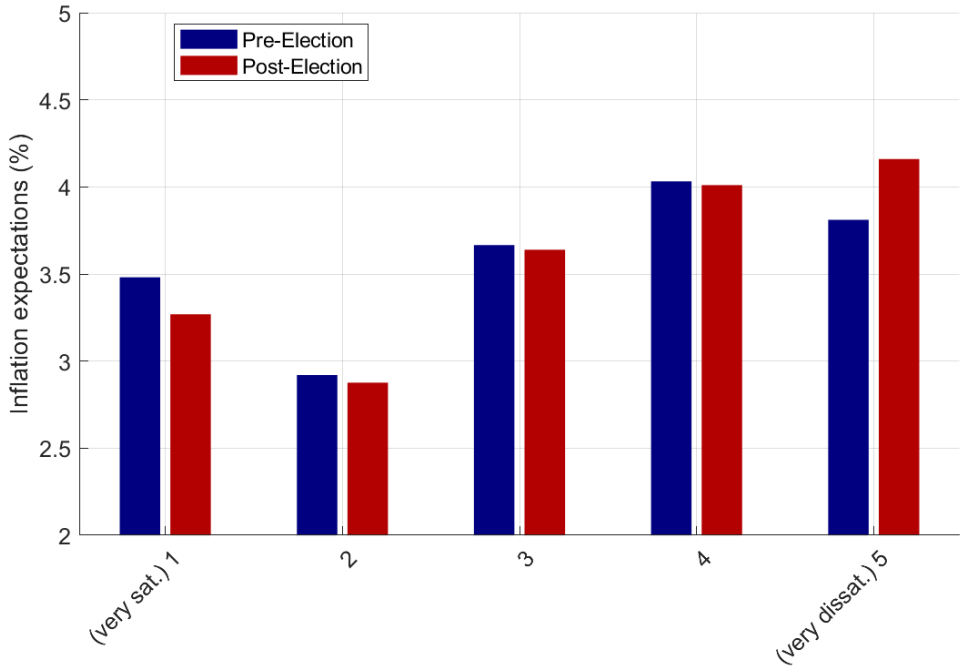


Figure 5: Three-Year-Ahead Inflation Expectations by Left-Right Ideological Self-Placement

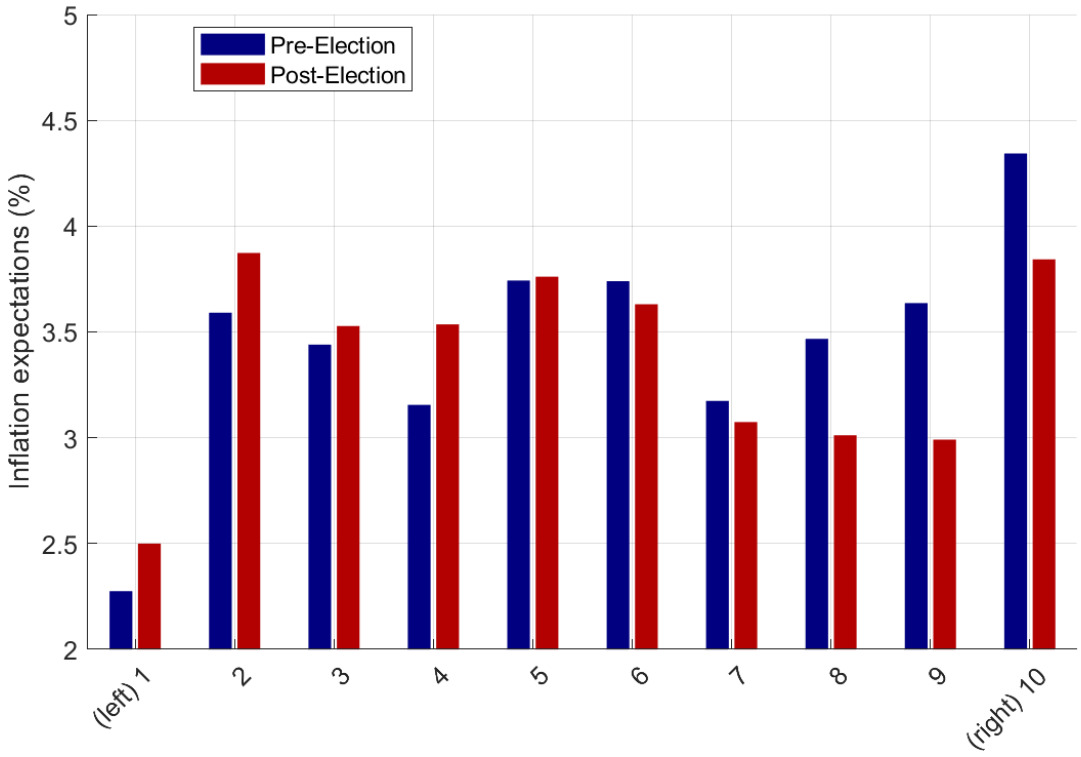


Table 4: Revisions of Inflation Expectations by Political Orientation (ρ)

	3-Year Ahead	5-Year Ahead
Left–Right,	-0.114***	-0.098
self-placement	[0.044]	[0.083]
(scale 1–10)	(0.005)	(0.119)
Observations	371	305

Estimated coefficients refer to ρ in equation (6). Standard errors in brackets. One-sided p-values (negative alternative) in parentheses. Regressions include treatment controls. Cluster-robust standard errors at the individual level. Significance levels: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

4 Concluding Remarks

This paper studies how inflation expectations can be anchored through different forms of communication and whether such anchoring survives political change. Using a two-wave panel RCT with data collected before and after the German federal election in 2025, we document that medium-term inflation expectations respond strongly to central bank inflation forecasts. Supporting existing findings, information about the ECB's target and projections reduces expectations by economically meaningful magnitudes. Notably, these effects persist through the election and are not undone by the change in the political environment.

A key result concerns the design and content of communication. Numerical forecast information is not the only effective tool. A structured intervention that explains the institutional role of the central bank and embeds it in an intuitive narrative proves to be equally powerful. In contrast, abstract explanations without intuitive framing have limited impact. These findings suggest that expectation management is not merely a matter of publishing projections, but also of helping people understand monetary policy. For central banks, communication strategies may therefore benefit from greater attention to clarity, adequate metaphors, and engagement with existing beliefs.

The absence of pronounced election effects and the comparatively modest partisan polarization in inflation expectations further indicate that institutional context matters. In a coalition-based political system with an independent monetary authority, electoral turnover appears to play a limited role in shaping medium-term inflation expectations. This contrasts with evidence from the more polarized two-party system in the US and suggests that the political economy of expectations is conditioned by institutional design.

Future research could build on these findings by systematically exploring alternative communication designs that engage more directly with people's prior beliefs and misconceptions. Treatments that combine institutional explanation with intuitive metaphors, interactive elements, or personalized feedback may prove particularly promising. Understanding which communication approaches are most effective in stabilizing expectations remains an important task for both researchers and policymakers.

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A Questionnaires

Wave 1: Pre-Election Survey

A.1 Introduction

This survey concerns your personal views on the economic situation and inflation in Germany.

The study is conducted by Prof. Dr. Till Strohsal and Prof. Dr. Christine Gockel at the Berlin School of Economics and Law.

This is the first of two survey waves. The data from both waves will be linked while ensuring full anonymity at all times. Please proceed only if you agree to this linkage.

The survey takes approximately 10 minutes to complete. Thank you for your participation.

A.2 Demographics

- Age (in years)
- Gender: Male / Female / Diverse
- Federal state of residence (16 German states listed)
- Highest educational attainment:
  - No school degree
  - Secondary school certificate
  - High school diploma
  - Vocational training
  - University degree (Bachelor, Master, PhD)

A.3 Political Attitudes

- Interest in politics (5-point scale: very strong – not at all)
- Interest in economic policy (5-point scale)
- Agreement (5-point Likert scale: fully agree – do not agree at all) with:
  - I understand important political issues well.
  - I feel confident participating in discussions about political issues.
  - The political system of the Federal Republic of Germany is fair.

  - The political system protects fundamental freedoms.
  - Only a few interest groups benefit from the political system.
  - All population groups have equal opportunities to influence politics.
- Left–Right self-placement (0 = left, 10 = right)
- Vote intention (SPD, CDU/CSU, Greens, FDP, AfD, Left, BSW, Other, Undecided)

A.4 Questions on the European Central Bank (ECB)

- What is the main objective of the ECB's monetary policy?
  - Stabilizing prices of goods and services
  - Stabilizing corporate bond prices
  - Maintaining low and stable interest rates
  - Reducing public debt
  - Don't know
- What do you think is the ECB's medium-term inflation target (approx. 3 years)? (Open numeric response)
- Trust in the ECB (1 = no trust at all, 10 = complete trust)

A.5 Treatment 0: Control Group

No information provided.

Respondents answered:

- Expected economic development (next 12 months; next 5 years)
- Expected inflation rate in 2025, 2027, and 2029 (open numeric)
- Trust that the ECB can ensure price stability within the next 3 years (5-point scale)
- Perceived influence of the government on inflation (5-point scale)
- Sources of information on economic policy (multiple choice)

A.6 Treatment 1: ECB Forecast & Inflation Target

Respondents first read:

> The average inflation rate in Germany was 2.2% in 2024.

The European Central Bank (ECB) expects inflation in the Euro Area to be 2.1% in 2025, 1.9% in 2026, and 2.1% in 2027.

The ECB is committed to conducting monetary policy in a way that stabilizes inflation at its 2% target over the medium term.

Respondents then answered the same expectation questions as in the control group.

A.7 Treatment 2: Belief-Based Teaching (Rational) & Inflation Target

Respondents read:

Many believe that governments can directly control inflation. But that is not true. Inflation mainly depends on supply and demand, wages, and expectations.

Only the ECB can influence inflation directly by adjusting interest rates to reach the 2% inflation target. Governments can shape conditions through taxes or subsidies, but their effects are indirect and delayed.

Respondents then answered the same expectation questions as in the control group.

A.8 Treatment 3: Belief-Based Teaching with Metaphor (Intuitive) & Inflation Target

Respondents read the same text as in Treatment 2 plus:

Many believe that governments can directly control inflation. But that is not true. Inflation mainly depends on supply and demand, wages, and expectations.

Only the ECB can influence inflation directly by adjusting interest rates to reach the 2% inflation target. Governments can shape conditions through taxes or subsidies, but their effects are indirect and delayed.

Think of the economy as an ocean liner. The ECB is the captain, steering with the rudder (i.e. interest rates). The government works in the engine room, adjusting the fuel mix. But the ship's speed also depends on the weather (i.e. global markets) and its condition (i.e. economic fundamentals). A new government cannot simply grab the wheel and change course.

Respondents then answered the expectation questions.

A.9 Own Situation

- Change in household financial situation over the past 12 months
- Expected change in household financial situation over the next 12 months

- Monthly household net income (income brackets)
- Number of persons in household
- Life satisfaction (1–10 scale)
- Open comments on the study

Wave 2: Post-Election Survey

B.1 Bundestag Election

- Which party did you vote for?
- Satisfaction with the election outcome (5-point scale)
- Attention check: Please select “Dog”.

B.2 Inflation Expectations and Economic Outlook

- Expected economic development (12 months; 5 years)
- Expected inflation in 2025, 2027, 2029
- Trust in the ECB (5-point scale)
- Perceived influence of government on inflation (5-point scale)

B.3 Personal Situation and Personality Measures

- Expected change in household financial situation
- Life satisfaction (1–10)
- Employment status:
  - Employed (employee or self-employed)
  - Unemployed
  - In education/studies
  - Not in labor force
- Short personality inventory (Big Five items)
- Need-for-cognition items

Diskussionsbeiträge - Fachbereich Wirtschaftswissenschaft - Freie Universität Berlin
Discussion Paper - School of Business & Economics - Freie Universität Berlin

2026 erschienen:

2026/1 Hundsdoerfer, Jochen; Löwe, Maren: How Do Value Added Taxes Affest Wages and Labor?
FACTS

2026/2 Gril, Lorena; Rendtel, Ulrich: Mapping High-Income Taxpayers in Berlin Using Kernel-Smoothed Proportions from Aggregated Georeferenced Data
Economics

2026/3 Gril, Lorena; Hossain, Md Jamal; Tzavidis, Nikos; Rendtel, Ulrich: Kernel density estimation under masking of geolocations with applications to DHS data
Economics

2026/4 Corneo, Giacomo: Narratives as Separating Equilibria: on the Origins of the Ukraine War
Economics

2026/5 Tauscher, Fabian; Kari, Arthur; Gersch, Martin: From Regulation to Realisation: Secure Processing Environment for the European Health Data Space
Information Systems

2026/6 Prummer, Anja; Nava, Francesco: Divisive By Design: Shaping Values in Optimal Mechanisms. – 2., überarb. Aufl.
Economics

2026/7 Hauck, Florian; Güth, Albrecht; Kliewer, Natalia; Rößler-von Saß, David: Applying Generative Adversarial Networks to Generate Synthetic Train Trip Data for Train Delay Prediction
Information Systems

2026/8 Corneo, Giacomo: Zeitenwende und öffentliche Finanzen
Economics

2026/9 Hu, Yue Louise: Credits that Count: High School Vocational Education from Sibling Comparisons
Economics

2026/10 Bertini, Raffaele; Grigoriadis, Theocharis: Climate Adaption, Water Governance & Conflict
Economics

2026/11 Martyshev, Pavlo; Grigoriadis, Theocharis N.; Nivievskyi, Oleg; Kolodiazhnyi, Ivan: The Russian Grain Trap: Food Security & Political Development in sub-Saharan Africa
Economics

2026/12 Bolouri, Armin A.; Lohse, Tim; Qari, Salamai: How Governments Finance and Defund Military Spending: Global Evidence on Deficits, Taxes, and Civilian Spending
Economics