Expectations with Endogenous Information Acquisition: an Experimental Investigation
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. . . everyone should have more or less the same inflation expectation.

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It is this proposition that the paper tests: with national house price expectations (not inflation expectations).

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This is NOT because the baseline survey design limits agents to one piece of information. When they have more than one, they still do not have guidance which ones to use how.

Four Steps

1. Elicit prior belief with probabilities, Manski-style
2. Elicit information preferences: experts, past growth rates, nothing
3. Elicit valuation of information
4. Elicit posterior beliefs

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- Already informed and high-confidence individuals seek out more information.
- High-confidence individuals use information more.
- Considerable bunching at high willingnesses-to-pay for relatively low reward.
- Volatile house prices are not more or less likely to induce information seeking / or expert information seeking.

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  - More generally: why not give the agents "the best" (in some sense) time series model forecast, telling them an AI has come up with it.
- Could it just be homophily? Highly educated people just like and trust people like them: "experts".

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This is all just to say: the literature is a big mess right now on this question.

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Also: is Bayesian updating toast?

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4. ...but NOT: with perceived difficulty of filling out the survey.

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More on this tomorrow.

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From ongoing work with Carstensen, Lautenbacher, and Schneider: here Knightian responses mean with respect to own sales growth in German manufacturing firms.

Importance of statistical analysis for quantitative sales planning
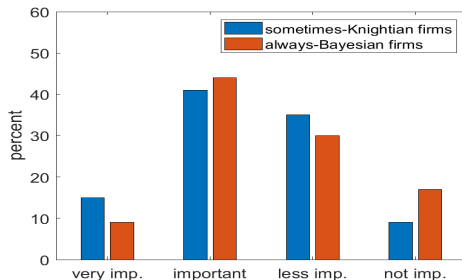
Bunching

Are you worried that you did not give them higher choices in the willingness-to-pay elicitation? Is that bunching a problem for your results? Especially if they had exceeded the maximal reward.

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  - Noisy information: variable costs.
  - What's the big deal?

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It would be cool to try to link their information choices to different mental models.

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Did you hear that Forward-Guidance-People?

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- What have we learned for policy?