We Think That They Think:
Political Affiliation and Higher-Order Beliefs*

Rupal Kamdar

Indiana University, Bloomington

Walker Ray

Federal Reserve Bank of Chicago and CEPR

Mauricio Ulate

Federal Reserve Bank of San Francisco

January 31, 2026

Abstract

Surveys consistently show large heterogeneity of macroeconomic beliefs across consumers, and yet very little is known about consumers' *higher-order* beliefs. This paper conducts novel surveys eliciting first- and higher-order inflation expectations of U.S. consumers across the political spectrum. We find that higher-order beliefs differ substantially from own beliefs. Qualitatively, consumers correctly understand the "partisan gap" in inflation forecasts: consumers affiliated with the current president have lower inflation expectations. However, the "perceived" (higher-order) partisan gap is larger than the actual partisan gap in inflation forecasts. These patterns are true unconditionally and under hypothetical political scenarios.

JEL Codes: D84, E31, E37, E7

1   Introduction

Full-information rational expectations (FIRE), a workhorse framework in macroeconomics, makes a key simplifying assumption that all agents share the same information set, and that this fact is common knowledge. Thus, "higher-order beliefs" (beliefs regarding *others'* expectations) are identical to first-order beliefs. However, the assumption of common knowledge is not innocuous in situations with coordination frictions or strategic complementarities (e.g., Woodford 2001, Morris and Shin 2002). With imperfect information and dispersed expectations, higher-order beliefs become relevant. Perhaps surprisingly, we still know very little about how individuals actually form higher-order beliefs regarding macroeconomic aggregates. The scant evidence available, drawn from relatively homogeneous environments, suggests that people assume others think similarly to themselves (Coibion et al. 2021).

Inflation expectations of U.S. consumers offer a compelling setting in which to study higher-order belief formation for two key reasons. First, survey evidence has uncovered wide dispersion in first-order inflation expectations. Second, in recent years inflation disagreement has consistently fallen along partisan lines. This raises a natural question: if Democratic and Republican voters hold significantly different macroeconomic beliefs, do they also hold distinct *higher-order* views about what each side believes? And can the partisan patterns of higher-order beliefs shed light on the drivers of partisan disagreement? This paper answers those questions using an original survey that elicits both own inflation expectations and what respondents think other consumers across the political spectrum expect.

We empirically investigate how higher-order beliefs are shaped by political identity. Specifically, we conduct three waves of novel surveys on U.S. consumers that elicit both first-order inflation expectations and higher-order inflation expectations by political party—what respondents think typical Democrats, Republicans, and Independents believe one-year-ahead inflation will be. The first wave was conducted in 2023 and focused on the effects of information treatments on own and higher-order beliefs. The second wave was conducted in the days before and after the November 2024 election and investigates conditional beliefs in the hypothetical scenarios that Trump or Harris were to become president. The third wave was conducted shortly after Trump's "Liberation Day" tariffs were announced and investigates own and higher-order beliefs conditional on different tariff regimes.

Using these surveys, we document new facts about own expectations, higher-order

beliefs, and political affiliation. We confirm previous research (e.g., Mian et al. 2021, Kamdar and Ray 2022) indicating that there is a large partisan gap in inflation expectations of consumers: individuals who are politically aligned with the president tend to have lower inflation expectations than those who are not. We show that respondents understand that there is a partisan gap in inflation expectations. For example, in 2023 when Biden was in office, respondents understood that Democrats held lower inflation expectations than Republicans; consumers also understood that this partisan gap reversed following the re-election of Trump in 2024.

While the "perceived" partisan gap aligns qualitatively with the actual partisan gap, consumers systematically *overestimate* its magnitude. Relatedly, we also find that respondents view their own expectations as more "moderate" than those of other members of their own party; that is, one's own inflation expectations typically fall between one's higher-order beliefs about the average Democrat and Republican inflation expectations.

Additionally, despite the prominence of partisan disagreement in first-order beliefs, we find little evidence of partisan disagreement in higher-order beliefs. That is, Democrats and Republicans have similar higher-order beliefs regarding the partisan gap in inflation expectations. We find one key exception: in the week immediately before the 2024 presidential election, Democrats and Republicans differed in their perceptions of the partisan gap. While Democrats believed that the average Republican had higher inflation expectations than the average Democrat, Republicans believed the opposite. This is potentially driven by the fact that in our survey, both parties expected their candidate to win the election.

To better understand the drivers of own and higher-order beliefs, we also study conditional beliefs and explore information treatments. In the week before the 2024 election, we find that when consumers are asked to condition their inflation forecasts on either Trump or Harris winning the 2024 election, partisan disagreement about higher-order beliefs disappears. That is, conditional on Trump winning, respondents across both political affiliations believe Republicans will have lower inflation expectations than Democrats; conditional on Harris winning, Republicans and Democrats believe the opposite. Interestingly, following Trump's election, the higher-order beliefs elicited from respondents are nearly identical to those elicited a few days earlier and conditional on Trump prevailing.

We further assess conditional beliefs around different tariff scenarios. In a low-tariff hypothetical, higher-order beliefs of the partisan gap in inflation expectations are similar for Republicans and Democrats. In a high-tariff hypothetical, beliefs about the partisan

2

gap differ slightly by party: Democrats' higher-order beliefs regarding average Republican inflation expectations are somewhat lower than those of Republicans themselves. Overall, the conditional analyses from the 2024 election and the tariff regimes suggest there is typically limited partisan disagreement about conditional higher-order beliefs.

Additionally, using information treatments from Fox News or MSNBC, we show that respondents of all political parties update their inflation expectations towards the given signal. Basic "facts-only" reporting from either source tends to compress the distribution of beliefs. "High-spin" treatments move expectations of both Republicans and Democrats in the direction of the narrative. However, the effect is asymmetric across parties, with individuals responding more to the treatments from their ideologically-aligned news source. Higher-order beliefs are not affected by the information treatments.

Finally, we develop a stylized theoretical framework to better understand the drivers of partisan patterns in higher-order beliefs. We show that benchmark "agree-to-disagree" models fail to reproduce our key empirical findings. Instead, under some restrictive parametric assumptions, a model in which partisan individuals view members of the other political party as less responsive to information than in reality qualitatively succeeds: both parties similarly over-estimate the partisan gap, and non-zero "own-party" gaps reflect a moderation of individual forecasts. Additional empirical analysis of the association between own and higher-order beliefs across parties finds support for the required parametric assumptions.

However, the model-implied magnitude of the perceived partisan gap is significantly smaller than our empirical results suggest. Utilizing our survey results for higher-order beliefs under different presidential conditionals, we find evidence for strong correlation between individuals' own and higher-order perceptions of others' prior beliefs regarding the inflationary effects of the presidency. This association is positive within-party but strongly negative across-party. In other words, the results suggest that highly partisan individuals who *a priori* believe that their preferred presidential candidate will significantly reduce inflation also attribute a similarly high degree of partisanship to the opposing party's views on inflation. This implies that misperceptions of both prior beliefs and responsiveness to information are responsible for generating the partisan patterns in higher-order inflation beliefs we document. Our framework and survey results help point towards promising avenues for future theoretical and empirical work regarding higher-order beliefs.

Our results have importance beyond understanding the belief formation process

alone. Although beyond the scope of our paper, the patterns we document regarding higher-order beliefs of partisan disagreement have potential implications for the determination of aggregate quantities. In general, settings with dispersed expectations and coordination mechanisms imply that higher-order beliefs influence aggregate outcomes. We highlight two key ways in the context of partisanship and inflation expectations in the U.S. where this is likely to hold; this is far from an exhaustive list. First, the U.S. features substantial regional variation in political affiliation. Following a transition from a Democratic to a Republican president, inflation expectations in Democratic regions increase. Moreover, since individuals tend to view themselves as holding more moderate inflation views than their own party, individuals in Democratic regions perceive that the inflation expectations of those around them have increased substantially more than they really have. The opposite is true for Republican regions. To the extent that regional inflation expectations affect the decisions of price-setters, this implies regional variation in realized inflation that differs not only from the FIRE benchmark, but also from what would prevail with correct perceptions of the partisan gap.

Second, political affiliation differs systematically across sectors and occupations. Because individuals overestimate the partisan gap in inflation expectations, they are likely to believe that workers in heavily Republican industries have exceptionally high inflation expectations under Democratic presidents. If the perceived inflation expectations of potential workers affect the decisions of wage-setters at firms, we would expect variation in equilibrium wages across occupations arising from the misperceptions of the partisan gap.

Our paper builds on and contributes to two strands of literature. First, a large theoretical literature shows that relaxing common knowledge assumptions makes higher-order beliefs consequential for decision-making, equilibria, and dynamics. Woodford (2001) demonstrates how private information generates sluggish price adjustment, as firms only slowly adjust their higher-order beliefs about the actions of other firms. Morris and Shin (2002) investigate the value of public information in settings featuring private information and strategic complementarity. Angeletos and Lian (2018) and Farhi and Werning (2019) show how relaxing common knowledge can help resolve the forward guidance puzzle. Angeletos and La'O (2009) incorporate Calvo (1983) pricing with imperfect information and show that shocks can have long-lasting effects on macroeconomic dynamics. Huo and Takayama (2025) formalize rational-expectations equilibria with higher-order moments.

As shown by Angeletos and Lian (2018), even in models featuring noisy signals

and heterogeneous priors, if an econometrician were able to accurately measure average inflation expectations at all horizons, this would be enough to quantify certain classes of linearized models, without needing to worry about the behavior of higher-order beliefs. However, if one is interested in computing welfare, counterfactuals, or the impact of shocks on inequality, or if one is interested in global solutions to non-linear models, it is likely to be the case that simply knowing average inflation expectations will not be enough and the behavior of higher-order beliefs will become relevant. The empirical facts in this paper can serve as guidance when modeling the behavior of higher-order beliefs in small macroeconomic models of inflation.

Despite the substantial amount of theoretical work, there is limited empirical evidence for how agents in the economy form their higher-order beliefs outside of the experimental literature and in macroeconomic contexts. One exception is Coibion et al. (2021), who conduct a survey of firms in New Zealand to assess managers' own expectations and their beliefs of other managers' expectations. They find that the average higher-order inflation forecast across firms is similar to the average first-order inflation expectation. We add to this literature by investigating higher-order beliefs of U.S. consumers, where groups are defined by political party and thus quite heterogeneous.

Second, we contribute to the growing empirical literature establishing the relationship between beliefs and partisanship. Many papers have shown the role of political affiliation in first-order inflation expectations, and some have investigated the effects of partisan beliefs on decisions such as consumption and pricing. For example, see Mian et al. (2021), Kamdar and Ray (2022), Binder et al. (2024), Kay et al. (2025), Gillitzer and Prasad (2018), Gerber and Huber (2009), and Benhabib and Spiegel (2019). We contribute to this literature by documenting second-order inflation expectations by political party. This allows us to assess how the actual partisan gap differs from the perceived partisan gap, as well as how respondent's view their own beliefs relative to their own party. Outside of economic expectations, Bordalo et al. (2020b) documents that for socioeconomic and political issues, such as the attitudes towards defense spending, education spending, or whether all genders should have an equal role in society, individuals believe the partisan disagreement is larger than it actually is. We further show that the overestimated perceived partisan gap extends to the context of economic expectations.

Another strand of the partisan expectations literature has assessed how information treatments affect beliefs along party lines. For example, Garzon et al. (2025) conduct a survey with information treatments in the wake of "Liberation Day". They find that in-

formation about the effects of tariffs on inflation differentially raises Democratic inflation expectations, whereas information about the effects of tariffs on unemployment differentially raises Republican unemployment expectations. Huseynov and Murad (2024) show that in response to news attributed to partisan media sources, survey respondents overreact in the sense of Bordalo et al. (2020a); however, when the source is omitted, respondents' updating is closer to FIRE. We add to this literature by assessing how information treatments with different levels of partisan spin affect own-beliefs. Overall, our empirical moments can help discipline models of higher-order beliefs with partisan news sources.

The rest of the paper proceeds as follows. Section 2 describes the surveys we conducted. Section 3 analyzes respondents' first and second-order beliefs, while Section 4 documents beliefs conditional on election and tariff outcomes, as well as the response to information treatments. In Section 5 we propose a simple model to interpret some of our results and conduct regressions of higher-order beliefs on own beliefs to quantify potential channels underlying our empirical findings. We conclude in Section 6.

2 Survey Waves

We fielded three survey waves on Prolific, an online sampling and survey company. Each wave included a common core set of questions: (i) respondents' point and distributional expectations for one-year-ahead inflation, (ii) second-order beliefs about what typical Democrats, Republicans, and Independents expect regarding one-year-ahead inflation, and (iii) a full demographic profile including party identification. Beyond this common core, each wave was customized to answer specific questions and gain insight into how evolving political and policy developments affected these beliefs. We discuss each of the three waves in detail below; Appendix A provides survey flow charts and the exact language used for key questions.

Our first survey wave was conducted in mid-2023, the second in the weeks before and after the 2024 Presidential election, and the third in mid-2025. For each wave, our sample consisted of one-third Democrats, one-third Republicans, and one-third Independents. This stratification helped ensure we obtained sufficient power for analyses across the political spectrum. Despite this stratification, the demographic characteristics of our sample are similar to those in the broader U.S. population.

Appendix Table B1 provides demographic characteristics for each of the survey waves and compares them to U.S.-level demographic characteristics from the 2023 American

Community Survey (ACS). The table shows that our sample is similar to the U.S. population in terms of gender and ethnicity. Relative to the population, our survey respondents tend to be somewhat younger, more likely to be employed, and more likely to have attended college. The income distribution is similar except that our survey has fewer individuals at the top of the income distribution. Finally, the demographic characteristics of our respondents are stable across survey waves.

2.1   July and September 2023, News Treatments

The first wave, conducted in July and September 2023, was fielded during a period without large political developments and was the only wave to include information treatments. Respondents were randomly assigned to either the control group or to one of four treatment groups that received short news excerpts. The treatment excerpts varied along two dimensions: (i) *source*: either Fox News (right-leaning) or MSNBC (left-leaning), and (ii) *spin*: either "low spin" (in which facts were reported with minimal framing) or "high spin" (which included commentary from an economist that gives the story a stronger subjective perspective). The low-spin treatments were administered in July 2023 and the high-spin treatments were administered in September 2023. See below for the exact phrasing of the four treatments. The control groups received no information treatment for both the July and September 2023 surveys.

Low-Spin, Fox Treatment:

On June 13, 2023, Fox Business reported the following: Inflation cooled again in May [2023] to the lowest rate in two years, but a spike in the cost of used cars, rent and groceries kept prices uncomfortably high for millions of U.S. households. [...] Prices climbed 4% on an annual basis. Although inflation has cooled from a peak of 9.1%, it remains about more than double the pre-pandemic average and well above the Federal Reserve's 2% target rate.

Low-Spin, MSNBC Treatment:

On June 14, 2023, MSNBC reported the following: Brand new data shows inflation fell to its lowest level in two years last month [May 2023] at just 4%.[...] Although that is much slower than the 9% that we saw last year, [...] economists are saying that's an encouraging sign. We'd like to get a little closer to 2%, so it's not mission accomplished just yet. But when you look at things like airline fares, they're going down. Gasoline prices also went down between April and May so all of those are welcome news I imagine to a lot of Americans.

High-Spin, Fox Treatment:

On September 1, 2023, Fox News provided the following report on inflation: Overall, inflation is up nearly 16% from January 2021, when Biden first took office, to last month. Groceries are up nearly 20%. "Real unemployment," which includes those who are discouraged from looking for work or under-employed, spiked to 7.1%.

Steve Moore (Distinguished Fellow in Economics at The Heritage Foundation and former Economic Advisor to President Trump) said, "for 22 of the last 24 months, wages are behind what the rate of inflation [has been], and what that means is that the average family is about 5,000 dollars poorer today than they were when Joe Biden came into office."

High-Spin, MSNBC Treatment:

On August 16, 2023, MSNBC provided the following report on inflation: Inflation has gone from 8.5% to 3.2%. Unemployment remains at nearly a 50 year low. Our economy has the lowest inflation rate and the strongest economic recovery of all the G7 nations. The prospect of a recession is diminishing due in part to strong consumer confidence. The 'Bidenomics' score card: 13.2M jobs created, 789,000 manufacturing jobs created, and unemployment at 3.5%.

Robert Reich (Professor of Public Policy at University of California Berkeley and Former Secretary of Labor for President Clinton) said, "the economy is great. It's a 'Goldilocks economy.' I'll tell you, I've been watching or participating in economic policy for at least 30 years, and I don't recall an economy that is this good."

In terms of the survey flow, we began by eliciting respondents' point forecast of inflation over the coming year. Treated respondents were then shown one of the above news excerpts and asked a multiple-choice comprehension question to ensure they read it. Both the treated and control groups were then asked to provide a subjective distribution of their own inflation expectations. Then, we asked second-order beliefs of inflation expectations for typical Democrats, Republicans, and Independents. The survey concluded with demographic questions. Overall, this design allows us to measure the effects of low- and high-spin news from left-leaning and right-leaning news sources on own-beliefs and second-order inflation expectations.

2.2 November 2024, Presidential Election

The second wave was conducted in the days before and after the November 2024 presidential election. In this survey, we maintained the baseline questions about one's own inflation expectations and second-order beliefs of inflation expectations along party lines. In addition, we included questions of one's own beliefs and second-order beliefs in hy-

pothetical scenarios based on the outcome of the election. Each respondent was asked to provide their own and second-order point forecasts in the case that Trump won the election and in the case Harris won the election. Prior to the election itself, we also included a question asking respondents for their subjective probability that Trump or Harris would prevail. Following the election, we removed this question; however, we maintained the hypothetical of what would have happened if Harris had won.

2.3 April 2025, Liberation Day Tariffs

The third wave was conducted in April 2025 following President Trump's "Liberation Day" tariffs announcement, as well as after the 90-day pause on implementation. Similar to the survey conducted around the presidential election, we presented hypothetical tariff rates and elicited expectations under these scenarios. More precisely, in this wave we asked respondents to report their own and second-order expected inflation beliefs in "*the hypothetical scenario where the new tariffs are removed and the average tariff rate over the next 12 months is between 0 to 5%,*" and in another "*hypothetical scenario that the new tariffs are not fully removed and the average tariff rate over the next 12 months is 5% or greater.*" In the rest of the paper, we refer to these scenarios as the "low" and "high" tariff scenarios respectively.[1]

3 Perceptions of Partisan Inflation Expectations

This section documents stylized facts about unconditional moments of consumers' own and higher-order inflation forecasts. To set the stage, we use the Michigan Survey of Consumers (MSC) to first document the dynamics of the partisan divide in inflation expectations. Although the MSC has asked about one-year-ahead inflation expectations since 1978, political affiliation has only been elicited consistently since 2006.

Figure 1 tells a clear story of inflation expectations by political party: those affiliated with the party of the president have lower inflation expectations than those affiliated with

---

[1]Note that actual tariffs implemented after May of 2025 ended up being significantly higher than 5% (see, e.g., Rodriguez-Clare et al. 2025); however, the situation in April of 2025 was very uncertain. While the "Liberation Day" tariffs had already been announced by the time of the survey wave, there had also been a 90-day pause on implementation, and there was additional uncertainty about whether the courts would allow the new tariffs to stand. Our hypothetical descriptions were selected as a way to get respondents to think of one scenario where tariffs remained at their 2024 levels and another one where they increased an uncertain amount based on the new tariff policies.

the opposing party. Panel A plots six-month rolling averages of inflation expectations by political affiliation and the intensity of that affiliation. Individuals aligned with the president's party tend to report lower inflation expectations, whereas those aligned with the opposition report higher expectations. The difference is largest for strong partisans and smaller for weak partisans. Panel B plots coefficients from six-month rolling regressions of inflation expectations on an indicator variable which measures if the respondent either affiliates with or leans toward the Republican party. The reference group are respondents who either lean towards or are affiliated with the Democratic party; true Independents are omitted. Thus, the estimated coefficient reflects the difference between Republican and Democrat inflation expectations. Relative to Democrats, Republicans report lower inflation expectations under Republican presidents and higher expectations under Democratic presidents. For most of the sample, this difference is statistically different from zero.

The sign of the inflation expectation differences between Republicans and Democrats aligns with the political party controlling the presidency. In addition, the magnitude of the difference was relatively stable from 2006-2020. During this period, individuals associated with the party of the president had roughly 1-2 percentage points (pp) lower inflation expectations. However, following the sharp increase in inflation from 2021-2022, the magnitude of partisan differences in inflation expectations also increased significantly. During this time, the MSC data shows that average inflation expectations differed between Republicans and Democrats by as much as 5pp. Following the decline in inflation from 2023-2025, the difference in average inflation expectations across Republicans and Democrats also declined, but still remained elevated relative to historical levels. Between 2023-2024, average inflation expectations differed between Republicans and Democrats by roughly 3pp; following the 2024 election, the gap widened (and changed sign) to roughly -4pp.

While our survey focuses on inflation expectations, it is instructive to examine partisan differences in other economic beliefs in the MSC to assess whether our results are specific to inflation expectations or possibly a broader phenomenon affecting all economic beliefs. To do so, we analyze the MSC's index of consumer sentiment.[2] Appendix Figure B1 shows a clear partisan pattern in sentiment, much like that in inflation expectations in Figure 1. During Republican presidencies, strong Republicans have the

---

[2]For each respondent, the MSC constructs this value from the responses to five categorical questions about their economic beliefs: past and future personal financial conditions, current aggregate business conditions, current willingness to buy durables, and long-run aggregate economic prospects.
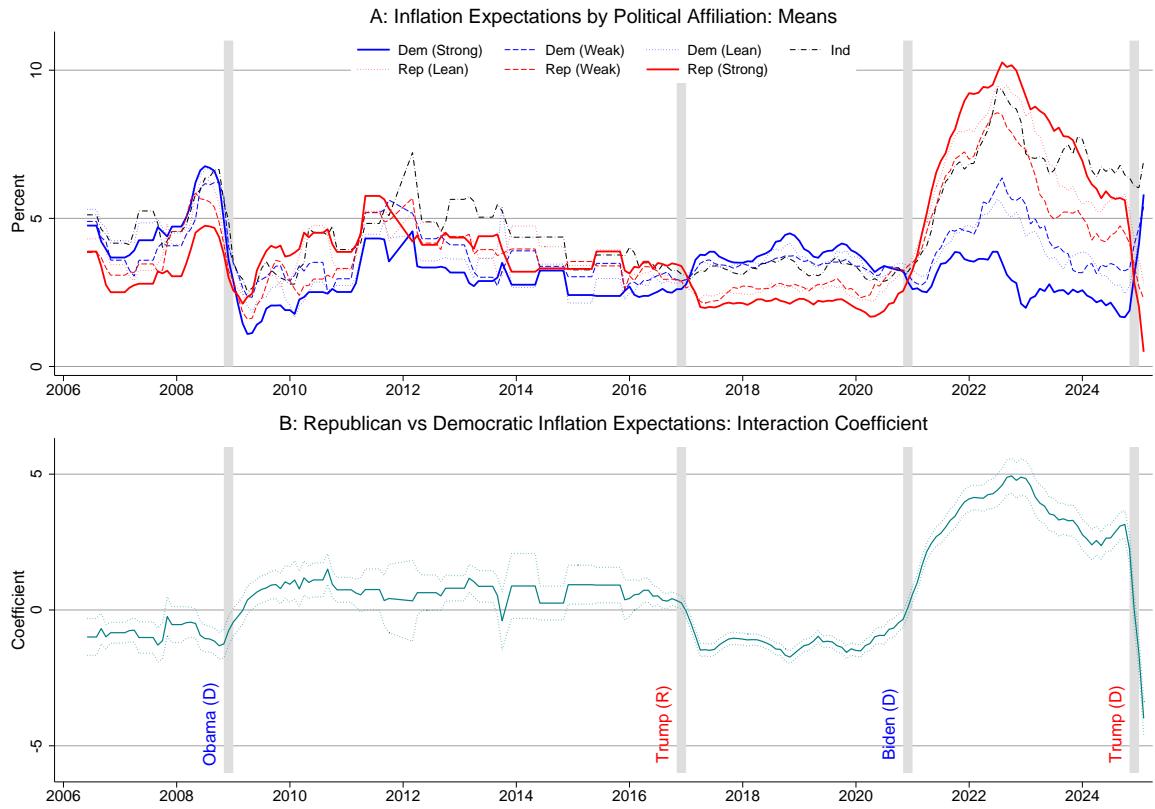
Figure 1: Inflation Expectations by Political Affiliation

Notes: Panel A plots the coefficient from regressing one-year-ahead inflation expectations on indicators for disaggregated political affiliation using a six-month rolling window. Panel B plots the coefficient from regressing one-year-ahead inflation expectations on an indicator for Republican using a six-month rolling window and a sample of only Republicans and Democrats. The gray vertical shading marks the occurrence of general elections where the president's party changed, they are accompanied by the last name of the newly-elected president and their party affiliation. The gray shading starts in November of the election year and ends in January of the following year (inauguration). Data are from the MSC.

highest sentiment and strong Democrats have the lowest sentiment (Appendix Figure B1, Panel A). At the same time, strong Republicans have low inflation expectations and strong Democrats have high inflation expectations (Figure 1, Panel A).

Furthermore, when comparing all Republicans to all Democrats in Appendix Figure B1, Panel B, Republicans have higher sentiment than Democrats under Republican presidencies (2006-2008, 2016-2020, 2024-present) and lower sentiment than Democrats under Democratic presidencies (2008-2016, 2020-2024). Interestingly, during the 2021-2022 spike in inflation we saw a rise in the partisan difference in inflation expectations without a similar increase in the magnitude of partisan difference in sentiment.

The fact that consumers dislike inflation is well established (Stantcheva, 2024; Shiller,

11

1996), therefore it is not surprising that we find that high sentiment is associated with lower inflation expectations. More broadly, Kamdar and Ray (2024) show that 80% of the variation in consumer beliefs can be captured by a single factor, where typical expansionary outcomes like unemployment falling and good business conditions enter positively and expected inflation enters negatively.

The correlation between Panel B in Figure 1 and the same panel in Appendix Figure B1 is strong over the whole sample (-0.81), but weakens to approximately zero during 2021-2022 (0.08). Taken together, these patterns suggest that partisan disagreement in inflation expectations strongly and negatively comoves with broad economic sentiment, but is not fully subsumed by it. The recent inflation episode highlights that inflation-specific disagreement can intensify even when partisan gaps in general sentiment do not.

3.1 Perceptions of the Partisan Gap

We now turn to assessing if respondents in our survey understand the partisan gap. To do so, define the average inflation expectations of Republicans (R), Democrats (D), and Independents (I) in the U.S. population as:

$$\bar{\pi}_{t+1}^{P} = \frac{1}{N^P} \sum_j \mathbb{1}(P(j) = P)\hat{E}_t^j[\pi_{t+1}], \quad \text{where } P = R, D, I, \tag{1}$$

where j indicates an individual with subjective expectations $\hat{E}_t^j$ at time t and who associates with the Republican party ($P(j) = R$), the Democratic party ($P(j) = D$), or neither ($P(j) = I$). The total number of individuals associated with each party is indicated by N^P. Using this notation, the "partisan gap" in inflation expectations documented in Figure 1 is given by $\bar{\pi}_{t+1}^{R} - \bar{\pi}_{t+1}^{D}$.[3]

Next, define the "higher-order belief of the partisan gap" for an individual i as the subjective perception of the difference in average inflation expectations of Republicans and those of Democrats:

$$\hat{\pi}_{t+1}^{i,GAP} \equiv \hat{E}_t^i[\bar{\pi}_{t+1}^{R} - \bar{\pi}_{t+1}^{D}]. \tag{2}$$

We use our survey waves to study the properties of $\hat{\pi}_{t+1}^{i,GAP}$ over time as well as across political affiliation.

---

[3]Higher-order beliefs were elicited by asking about the "typical" Republican, Democrat, or Independent. We used this language to avoid statistical terms, such as mean or median, which respondents may not understand. Consequently, we cannot know which statistic each individual reported. In (1), we assume people reported the mean higher-order belief; however, it is possible to use alternative assumptions.

Figure 2 focuses on the first and third waves of our survey that were conducted in 2023 and 2025. The top row reports estimates of $\hat{\pi}_{t+1}^{i,GAP}$ across Democrats, Republicans, and Independents. Panel A uses data from July 2023, Panel B is based on responses collected in September 2023, and Panel C uses data from the April 2025 survey. Blue bars denote point estimates, and the orange lines denote 95% confidence intervals. The black scatter points and lines denote point estimates and 95% confidence intervals of the estimated (first-order) partisan gap in each survey. The bottom row reports the entire distribution of $\hat{\pi}_{t+1}^{i,GAP}$ across Democrats and Republicans in the same set of surveys (in Panels D, E, and F, respectively).

Figure 2 shows that the estimated (first-order) partisan gap in inflation expecta-
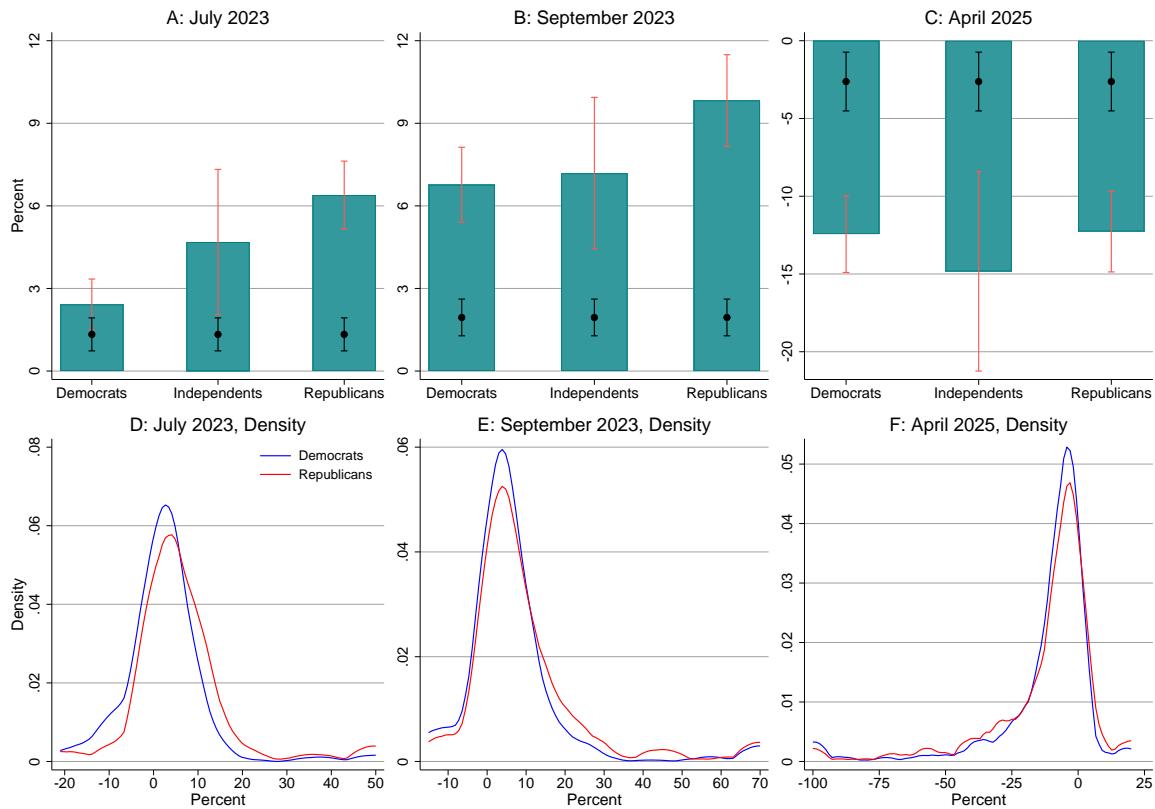
Figure 2: Higher-Order Beliefs of the Partisan Gap, 2023 and 2025

Notes: In Panels A, B, and C, blue bars and orange 95% confidence intervals are associated with the mean higher-order belief of the partisan gap, separately for Democrats, Independents, and Republicans. Black scatter points and 95% confidence intervals represent the actual mean partisan gap in the given survey. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 3) of the higher-order beliefs of the partisan gap, for Republicans (in red) and Democrats (in blue). Equation (2) defines the higher-order belief of the partisan gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B2.

tions from our surveys is consistent with the evidence from the MSC in Figure 1. In our 2023 surveys, Republicans had higher inflation expectations than Democrats by approximately 2pp, while in our 2025 surveys Republicans had lower inflation expectations than Democrats by approximately 3pp. Figure 2 shows that *qualitatively, individuals correctly perceive the partisan gap*: across all political parties, our estimates of $\hat{\pi}_{t+1}^{i,GAP}$ are positive in 2023 and negative in 2025. However, our survey results reveal that *quantitatively, individuals overstate the magnitude of the partisan gap.* In both of our 2023 surveys, the perceived partisan gap for all parties is above the actual partisan gap. Moreover, with the exception of Democrats in Panel A, the perceived partisan gap is at least 2pp larger (and the actual partisan gap is for the most part not included in the 95% confidence intervals).[4] The magnitude of the misperception widens in 2025, when the average perception of the partisan gap across all political groups is more than double the actual partisan gap.

Moving beyond mean differences, the bottom row of Figure 2 reports kernel density estimates of the higher-order partisan gap $\hat{\pi}_{t+1}^{i,GAP}$ across Democrats (in blue) and Republicans (in red). The mode of the distribution tells the same story as the estimated means in Panels A, B, and C: $\hat{\pi}_{t+1}^{i,GAP}$ was positive in 2023 and turned negative in 2025 for both Democrats and Republicans. In addition, the density estimates reveal fat asymmetric tails: in 2023, a relatively large fraction of respondents believed that the partisan gap was above 10pp; and in 2025, a similarly large fraction of respondents believed the partisan gap was less than -20pp. Given the fat tails in the reported densities, at the end of this section we discuss the robustness of our results to alternative outlier treatments and compare the incidence of outliers in our survey relative to other standard sources of inflation expectations.

The estimated distributions also reveal that despite the sizable differences in first-order inflation expectations, higher-order beliefs regarding the partisan gap feature relatively muted differences across partisan lines. In particular, both the mode of the distribution as well as the size of the tails are remarkably similar across Democrats and Republicans for all the surveys fielded in 2023 and 2025.

Figure 3 repeats our analysis regarding perceptions of the partisan gap $\hat{\pi}_{t+1}^{i,GAP}$ using

---

[4]Note that, while all the variables displayed in Panel B of Figure 2 are higher than their counterparts in Panel A (including the true partisan gap represented by the black scatter points), the differences are not always statistically significant. Additionally, while overall inflation in the U.S. did not change much between July and September of 2023, the average U.S. gas price increased by more than 30 cents per gallon. As pointed out by Coibion and Gorodnichenko (2015) and subsequent papers, gas prices matter disproportionately for the formation of inflation expectations. The gas-price increase could have driven the increase in the perceived partisan gap if most agents believed that Republicans' inflation expectations would be particularly sensitive to the gas-price increase during Biden's presidency.

data from our surveys conducted in the weeks immediately before and after the presidential election in 2024. Our results following the 2024 election (Panels B and D) generally align with our findings in Figure 2. In particular, across all affiliations, average perceptions of the partisan gap $\hat{\pi}_{t+1}^{i,GAP}$ are negative, larger in magnitude than the actual (first-order) partisan gap, and the asymmetric fat-tailed distribution of higher-order beliefs are similar across Republicans and Democrats. By contrast, there are some key differences in the results from the survey conducted in the weeks preceding the 2024 presidential election. Panel A shows that in the lead-up to the election, Republicans perceived a negative partisan gap while Democrats perceived a positive partisan gap (and in both cases the 95% confidence intervals do not contain zero). Independents perceived a positive parti-
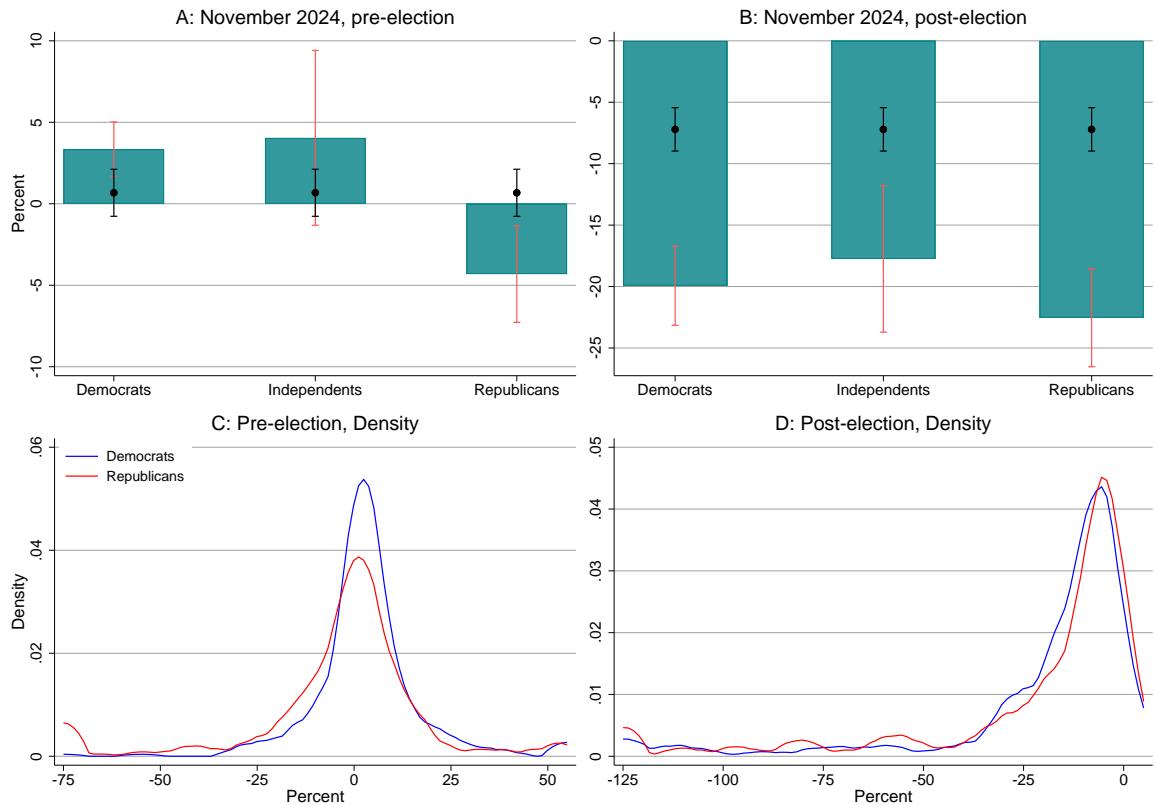
Figure 3: Higher-Order Beliefs of the Partisan Gap, 2024 Election

Notes: In Panels A, B, and C, blue bars and orange 95% confidence intervals are associated with the mean higher-order belief of the partisan gap, separately for Democrats, Independents, and Republicans. Black scatter points and 95% confidence intervals represent the actual mean partisan gap in the given survey. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 3) of the higher-order beliefs of the partisan gap, for Republicans (in red) and Democrats (in blue). Equation (2) defines the higher-order belief of the partisan gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B2.

san gap, although it is not statistically significant. Panel C shows that the overall distribution of the higher-order partisan gaps $\hat{\pi}_{t+1}^{i,GAP}$ across Democrats and Republicans differ along the same lines. For instance, the fraction of Democrats whose higher-order partisan gap beliefs are above 10pp is larger than Republicans, while the fraction of Republicans reporting partisan gap perceptions below -20pp is much higher than Democrats.

As we discuss later, our survey reveals that many Republicans thought the likelihood of Trump winning the election was high, while Democrats thought Harris was likely to prevail. Therefore, the partisan differences in higher-order beliefs are likely driven by the fact that Republicans thought Trump would win and therefore expected Republican inflation expectations to be lower than those of Democrats. By contrast, Democrats expected Harris to win and therefore expected Republican inflation expectations to be above those of Democrats. We return to this point in Section 4.

Outliers. Because of the large dispersion in first- and higher-order inflation expectations, examining the sensitivity of our results to outliers is important. Throughout the paper, all of our baseline results are derived from data which we winsorize at the 5% level (2.5% at the top of the distribution and 2.5% at the bottom) within each survey wave. However, all our findings are robust to alternative choices. Appendix Table B2 documents that the results from Figures 2 and 3 are largely similar under alternative procedures: winsorizing at the 1% level, winsorizing at the 10% level, median quantile regression, or Huber robust regression.

Additionally, we note that the dispersion in first-order inflation expectations in our survey is similar to that in other well-established and widely-used sources for inflation expectations. For example, in July of 2023, one-year-ahead inflation expectations in the MSC had a mean of 4.7% and a standard deviation of 8.15%, while our survey had a mean of 4.6% and a standard deviation of 7.45%. Additionally, for that same month, the share of respondents providing inflation expectations above 20% in absolute value was 4% in the Michigan Survey, and just 1.8% in our survey. This indicates that, if anything, our survey is less prone to extreme outliers compared to other sources of inflation-expectations data.

3.2 Perceptions of Own-Party Gaps

Next, we investigate how respondents view their own inflation beliefs relative to what they think members of their own party believe. Define the "higher-order belief of the

own-party gap" as the difference between a respondents' higher-order belief of their own-party's expectation and their own expectation:

$$\hat{\pi}_{t+1}^{i,OWN} \equiv \hat{E}_t^i[\bar{\pi}_{t+1}^{P(i)} - \pi_{t+1}], \tag{3}$$

where $P(i)$ is respondent i's political affiliation. The higher-order belief of the own-party gap measures the difference between an individual's (higher-order) perception of the average inflation beliefs of members of their own party relative to their own forecast.

We first study the properties of own-party gaps $\hat{\pi}_{t+1}^{i,OWN}$ in the survey waves conducted in 2023 and 2025. Figure 4 repeats our analysis from Figure 2 but for own-party gap perceptions. The top row reports estimates of $\hat{\pi}_{t+1}^{i,OWN}$ across Democrats, Republicans, and Independents. Panel A uses data from July 2023, Panel B is based on responses collected in September 2023, and Panel C uses data from the April 2025 survey. Blue bars denote point estimates and the orange lines denote 95% confidence intervals. Panels D, E, and F in the bottom row report the entire distribution of $\hat{\pi}_{t+1}^{i,OWN}$ across Democrats and Republicans.

Panels A, B, and C of Figure 4 provide evidence that respondents tend to view their own expectations as more "moderate" than their own party. Consider the 2023 surveys, which were conducted during Biden's term. As previously documented, Republicans had higher inflation expectations than Democrats and respondents qualitatively understood this partisan gap. Interestingly, average own-party gaps are non-zero for Republicans and Democrats. In 2023 the average Democrat believed that fellow Democrats held *lower* inflation expectations than they did personally, producing a negative own-party gap $\hat{\pi}_{t+1}^{i,OWN} < 0$ (while the point estimate for Democrats in the September 2023 wave is negative, it is not statistically different from zero). By contrast, the average Republican believed that the average inflation forecasts of their own party exceeded their own forecast, yielding a positive own-party gap $\hat{\pi}_{t+1}^{i,OWN} > 0$. For the surveys that follow Trump's election, the estimated signs reverse across parties. The higher-order belief of the own-party gap is positive for Democrats and negative for Republicans. Across all surveys, non-partisan Independents have no statistically significant higher-order belief of their own-party gap (though the confidence intervals are large).

Panels D, E, and F of Figure 4 plot kernel density estimates of the perceived own-party gap $\hat{\pi}_{t+1}^{i,OWN}$ across Republicans (in red) and Democrats (in blue). Unlike perceptions of the partisan gap, there are relatively large fractions of respondents who report that their beliefs and their own-party higher-order beliefs coincide: in each survey

17
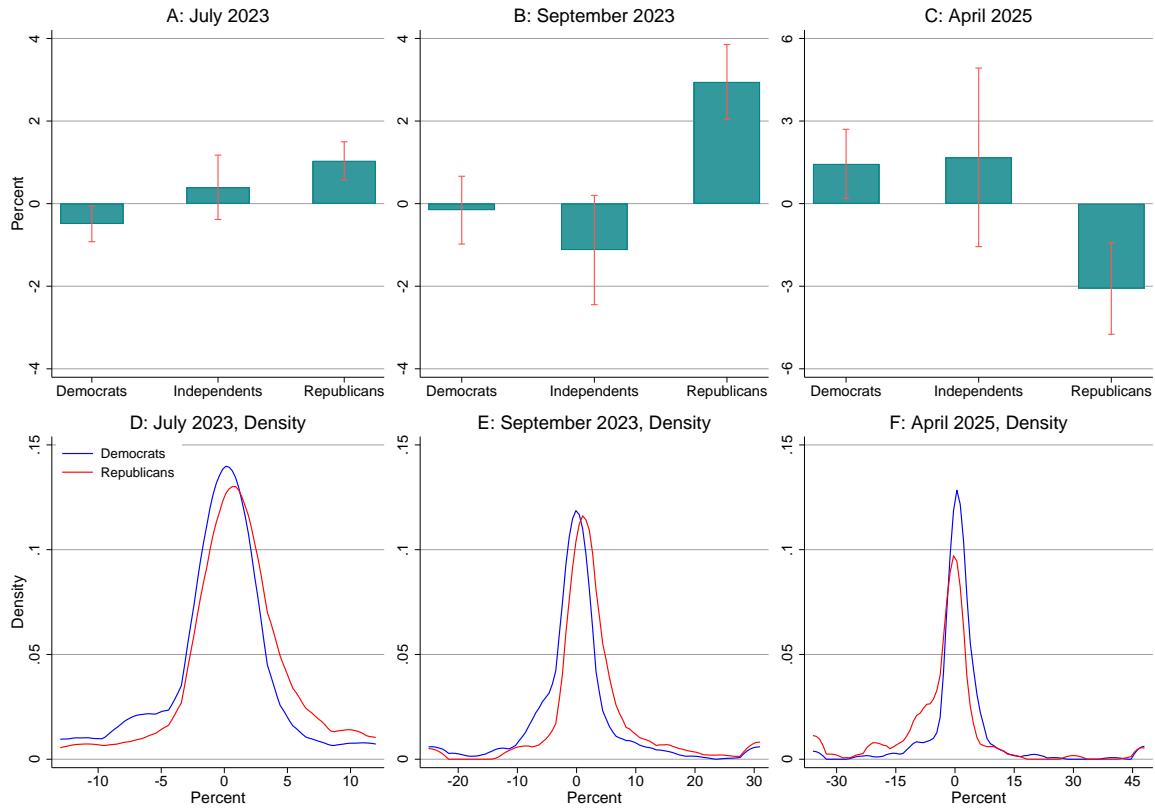
Figure 4: Higher-Order Beliefs of the Own-Party Gap, 2023 and 2025

Notes: In Panels A, B, and C, bars plot the mean higher-order belief of the own-party gap, for Democrats, Independents, and Republicans separately. 95% confidence intervals are included. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 1.5) of higher-order beliefs of the own-party gap, for Republicans (in red) and Democrats (in blue). Equation (3) defines the higher-order belief of the own-party gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B3.

there are a relatively large fraction of respondents, across both Democrats and Republicans, who report $\hat{\pi}_{t+1}^{i,OWN} \approx 0$. However, the estimated densities show that perceptions of $\hat{\pi}_{t+1}^{i,OWN}$ vary over time and across party.

In the 2023 waves, with Biden in office, Republicans believed that members of their own party had inflation expectations that exceeded their own inflation expectations (fatter right tail). At the same time, Democrats believed that members of their own-party had inflation expectations that were lower than their own inflation expectations (fatter left tail). In the April 2025 surveys with Trump in office, we find the opposite. That is, Republicans believed that members of their own party had inflation expectations that were lower than their own inflation expectations (fatter left tail), whereas Democrats had large higher-order beliefs of the own-party gap (fatter right tail). To summarize,

higher-order beliefs of the own-party gap have a fatter right (left) tail when the presidency is occupied by the opposing (preferred) candidate.

As with higher-order beliefs regarding the partisan gap, there are some important differences regarding the higher-order beliefs of the own-party gap in the weeks surrounding the 2024 presidential election. Figure 5 repeats the analysis of own-party gaps in the weeks before (Panels A and C) and after (Panels B and D) the election.

Panels A and C of Figure 5 show that before the 2024 presidential election, both Democrats and Republicans believed that their own party's inflation expectations were lower than their own. This represents a shift from what we found in 2023 for Republicans. However, these findings are still consistent with the interpretation that individuals perceive themselves as holding more moderate views compared to their own party.
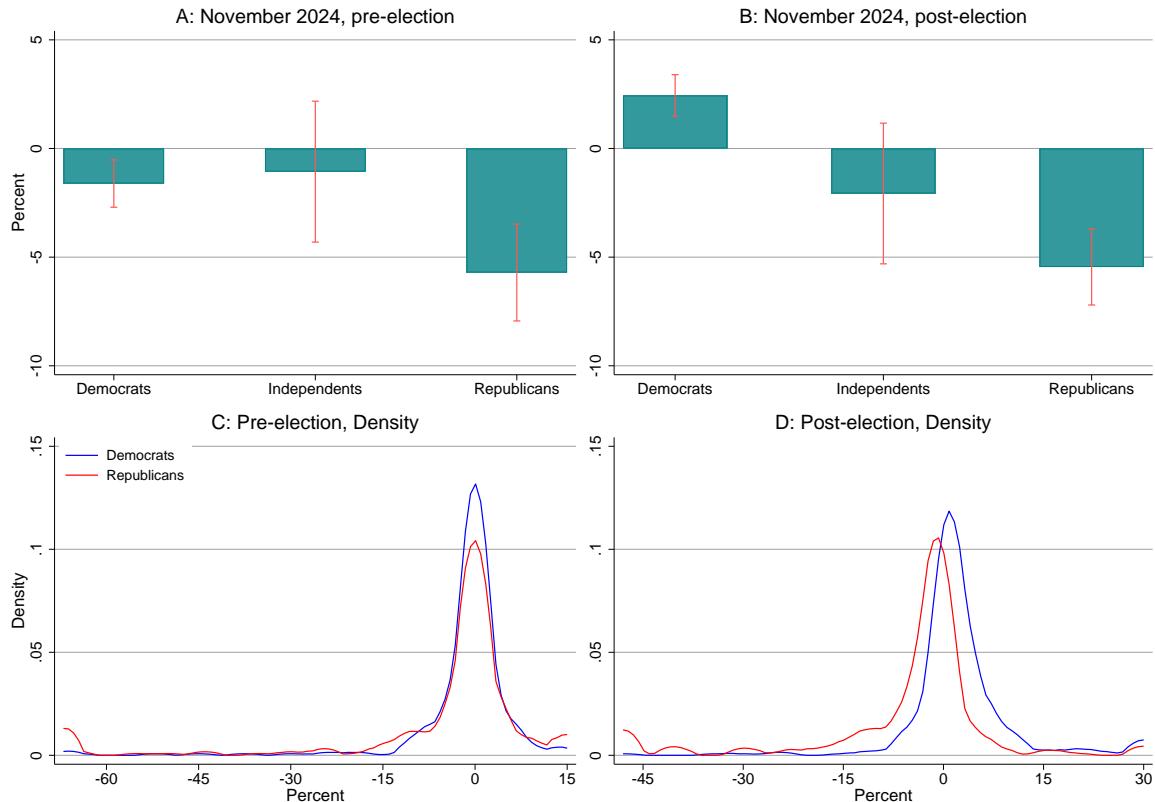

Figure 5: Higher-Order Beliefs of the Own-Party Gap, 2024 Election

Notes: In Panels A, B, and C, bars plot the mean higher-order belief of the own-party gap, for Democrats, Independents, and Republicans separately. 95% confidence intervals are included. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 1.5) of higher-order beliefs of the own-party gap, for Republicans (in red) and Democrats (in blue). Equation (3) defines the higher-order belief of the own-party gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B3.

Recall from the results regarding perceptions of the partisan gap that both parties' supporters anticipate victory of their preferred candidate. To the extent that respondents project that optimism onto their fellow partisans, a negative perception of the own-party gap therefore still reflects a tendency to view oneself as having more moderate forecasts than the general beliefs of one's own political party.

Following the election (Panels B and D), Democrats on average have a positive own-party gap and Republicans on average have a negative own-party gap. These results are broadly in line with the findings in Figure 4 based on the 2025 survey waves.

Returning to the treatment of outliers, Appendix Table B3 documents our results for own-party gaps in Figures 4 and Figure 5 under alternative procedures. As with the partisan gaps, the table illustrates that our results are broadly robust across different methods for dealing with outliers. Consistent with the observation that a relatively large mass of respondents report $\hat{\pi}_{t+1}^{i,OWN} \approx 0$, median regressions of the own-party gap tend to be smaller and are not always significant, particularly for Democrats in the pre-election survey waves. But overall, the results under alternative outlier treatments reinforce our key finding: higher-order beliefs of the own-party gap show that individuals tend to view themselves as more moderate when it comes to inflation expectations.

4 Conditional Beliefs and Information Treatments

In Section 3 we documented novel persistent features regarding higher-order beliefs of partisan patterns of inflation expectations. We now turn to analyzing respondents' *subjective conditional beliefs* as well as their *reactions to information treatments* in order to elucidate the drivers of the observed behavior of the partisan gap. Specifically, we analyze higher-order inflation expectations of respondents in the days preceding the 2024 presidential election conditional on Trump or Harris winning. Furthermore, we assess higher-order beliefs conditional on if average tariffs over the next year are relatively low (0 to 5%) or higher than in previous years (above 5%). We conclude this section with a discussion of the effects of the information treatments on own and higher-order beliefs.

Given the outsized role control of the presidency plays in driving partisan expectation gaps, examining the subjective conditional higher-order beliefs around the presidential election is a natural way to better understand the mechanisms at play in generating higher-order partisan beliefs. Similarly, the tariffs announced on "Liberation Day" represent a major pillar of the Trump administration's economic policy; thus, subjec-

tive conditional higher-order beliefs may also shed some light on the drivers of belief formation. Finally, given the importance of partisan media in shaping partisan beliefs, our information treatments also provide important insights into the drivers of first- and higher-order beliefs.

4.1   Conditional Partisan Gaps: Election Outcome

In our pre-election survey, respondents were asked who they thought would win the election and the probability they assigned to that outcome. Figure 6 plots the distribution of respondents' subjective probabilities that Trump would win. Approximately 27% of Republicans and 35% of Democrats thought the election was a pure toss-up between Trump and Harris. However, the majority of partisan respondents tended to be optimistic that the candidate aligned with their own party would win.

Respondents were also asked for their own and higher-order beliefs regarding inflation under these different hypothetical scenarios. Conditional on a given hypothetical scenario S, define the average conditional inflation expectations of Republicans (R),
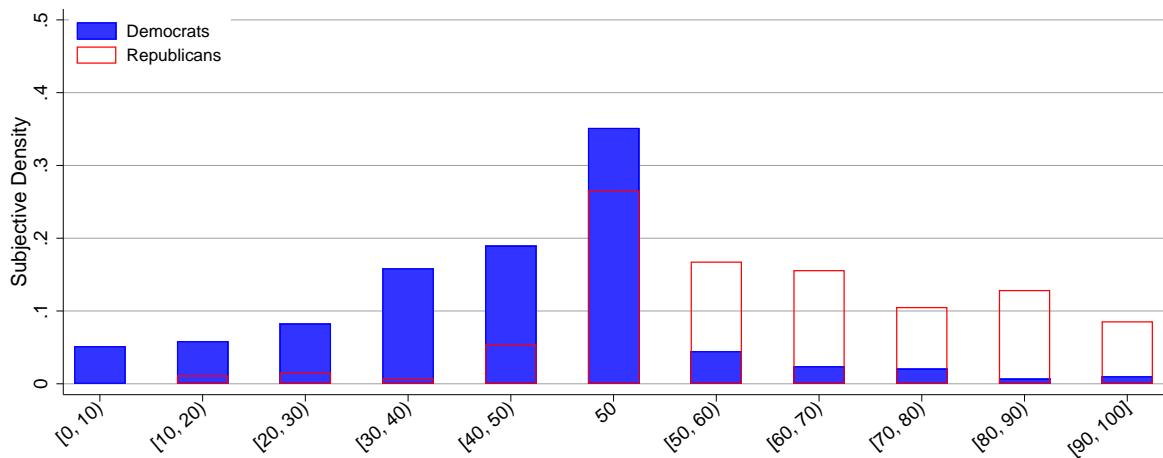
Figure 6: Subjective Probability of Trump Winning

Notes: Density of point estimates of the percent chance Trump will win the election. Respondents were asked "who do you think is more likely to win the presidential election" and could respond with Donald Trump, Kamala Harris, pure toss up (Donald Trump and Kamala Harris are equally likely), or prefer not to say. Individuals who selected pure toss up are assigned a 50% subjective probability that Trump would win. Respondents who selected an expected winner then assigned their perceived likelihood of that outcome by selecting one of five probability bins: 50-60%, 60-70%, 70-80%, 80-90%, or 90-100%. For respondents who predicted a Harris victory, we infer their perceived chance of a Trump win as 100% minus the probability they assigned to Harris. Data are from the 2024 pre-election survey only. Blue shaded bars include Democrats; red hollow bars include Republicans.

Democrats (D), and Independents (I) in the U.S. population as:

$$\bar{\pi}^P_{t+1|S} = \frac{1}{N^P} \sum_j \mathbb{1}(P(j) = P)\hat{E}^j_t[\pi_{t+1}|S], \quad \text{where } P = R, D, I, \qquad (4)$$

which is the conditional analogue of equation (1), where we have used the conditional subjective expectations operator $\hat{E}^j_t[\cdot|S]$. Thus, the "higher-order belief of the conditional partisan gap" for an individual i is:

$$\hat{\pi}^{i,GAP}_{t+1|S} \equiv \hat{E}^i_t[\bar{\pi}^R_{t+1|S} - \bar{\pi}^D_{t+1|S}|S], \qquad (5)$$

and the "higher-order belief of the conditional own-party gap" is:

$$\hat{\pi}^{i,OWN}_{t+1|S} \equiv \hat{E}^i_t[\bar{\pi}^{P(i)}_{t+1|S} - \pi_{t+1}|S]. \qquad (6)$$

Figure 7 reports the higher-order beliefs of the partisan gap $\hat{\pi}^{i,GAP}_{t+1|S}$ under different hypothetical scenarios involving control of the White House. In the survey wave immediately before the 2024 election, we estimate perceptions of the partisan gap conditional on Trump winning ($S = T$, Panels A and D) and conditional on Harris winning ($S = H$, Panels B and E); using the survey wave immediately after the election, we also report results under the counterfactual scenario that Harris had being elected (Panels C and F). Under a conditional Trump victory, the higher-order perception of the partisan gap is negative for both Republicans and Democrats: $\hat{\pi}^{i,GAP}_{t+1|T} < 0$; while under the assumption of a Harris victory, respondents from all parties hold the opposite beliefs: $\hat{\pi}^{i,GAP}_{t+1|H} > 0$. The latter is true both before and after the election under the Harris counterfactual.

Interestingly, we see that both the means (top panels) and entire densities (bottom panels) of perceptions of the partisan gaps across Democrats and Republicans are quite similar (see Appendix Table B4 for different outlier treatments; we consistently find similarity across parties). This stands in contrast with the unconditional perceptions of the partisan gap at this time, as shown in Figure 3. Conditional on the outcome of the presidential election, perceptions of the partisan gap do not differ across party. However, because Democrats and Republicans disagree on the likelihood of a Trump or Harris victory, the unconditional perceptions of the partisan gap differ across party lines.[5]

---

[5]Whether the unconditional partisan differences regarding perceptions of the partisan gap $\hat{\pi}^{i,GAP}_{t+1}$ are consistent with partisan differences in higher-order beliefs regarding the election outcome probabilities is outside the scope of our survey.
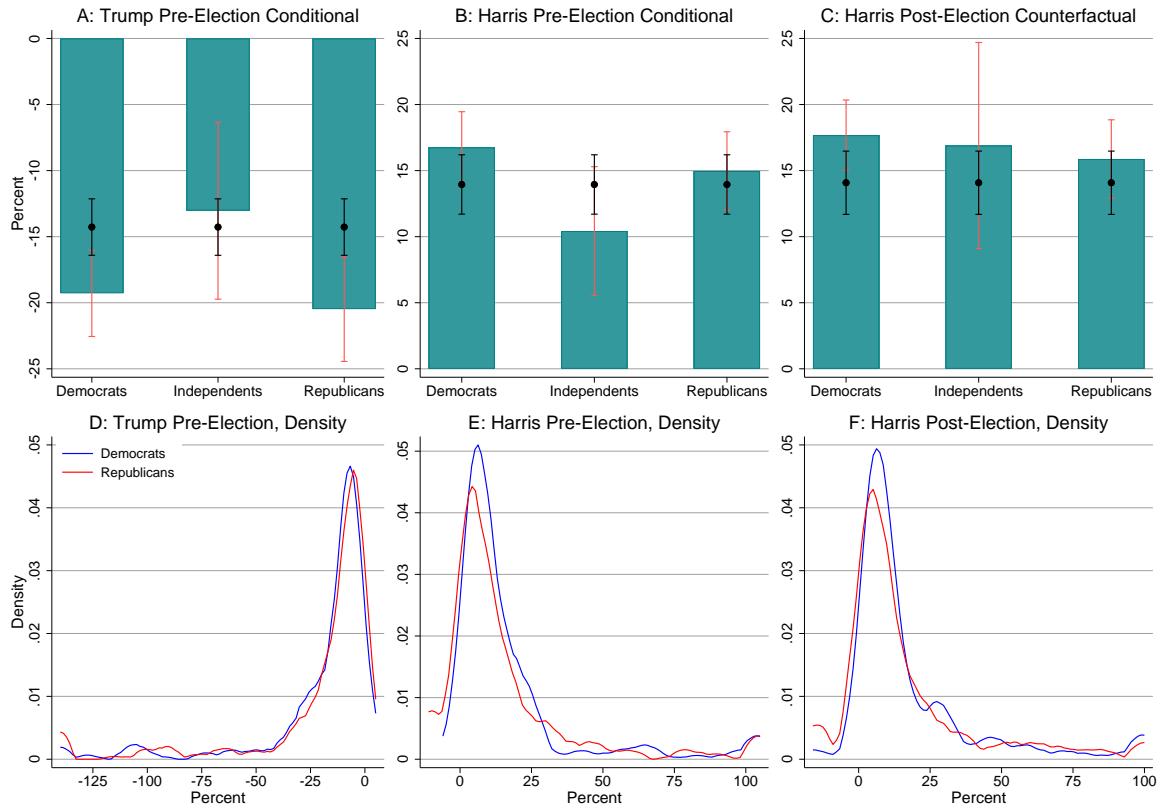
Figure 7: Higher-Order Beliefs of the Partisan Gap, Conditional on President

Notes: In Panels A, B, and C, blue bars and orange 95% confidence intervals are associated with the mean higher-order belief of the conditional partisan gap, separately for Democrats, Independents, and Republicans. Black scatter points and 95% confidence intervals represent the actual mean conditional partisan gap in the given survey. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 3) of the higher-order beliefs of the conditional partisan gap, for Republicans (in red) and Democrats (in blue). Panels A and D are conditional on Trump winning, while the remaining panels are conditional on Harris winning. Equation (5) defines the higher-order belief of the conditional partisan gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B4.

Additionally, in the mean estimates in the top panels, we find similar patterns as in the unconditional results across first- and higher-order beliefs. The black scatter points represent the actual partisan gap in our survey under the different hypothetical scenarios. Consistent with the results in Section 3.1, the actual and perceived partisan gap is of the same sign, but perceptions of the partisan gap tend to be larger in magnitude. This is true for both Democrats and Republicans (though in some waves the point estimate for Independents lies below the actual gap). However, compared to our findings regarding unconditional beliefs, the degree of over-estimation is mitigated.

Using the surveys conducted immediately before and after the election, we also investigate respondents' higher-order beliefs of their own-party gap $\hat{\pi}_{t+1|S}^{i,OWN}$ conditional on

presidential outcome $S = T, H$. Appendix Figure B2 shows these results by conditional outcome and political affiliation. Panels A and D report means and densities across parties for conditional beliefs in the case of a Trump victory, while Panels B and E report results conditional of a Harris victory, and finally Panels C and F for the post-election Harris counterfactual. As with our results regarding unconditional perceptions of own-party gaps, conditional own-party gap perceptions also feature a relatively large fraction of respondents who report identical first-order inflation forecasts and higher-order own-party inflation forecasts. However, conditional on Trump being elected (Panels A and D), a large fraction of Republican respondents feature negative own-party gap perceptions, while Democrats have positive own-party gap perceptions. The opposite tends to be true for the Harris hypotheticals (Panels B, C, E, and F), with the one exception of Republicans in the pre-election survey. Appendix Table B5 shows these estimates are not overly sensitive to different outlier procedures.

While there is substantial heterogeneity in the conditional own-party gaps, the results in Appendix Figure B2 are consistent with our previous stylized facts. Recall that under a Republican president, the partisan gap is negative (Republicans have lower inflation expectations than Democrats), which is qualitatively understood by respondents. In addition, Republicans typically report that their own inflation expectations are higher than other Republicans; and vice versa for Democrats. The opposite pattern is observed under a Democratic president. Our findings regarding the conditional perceptions of the own-party gap $\hat{\pi}_{t+1|S}^{i,OWN}$ line up with this pattern. These results are consistent with the interpretation that, conditional on either Trump or Harris winning the election, both Democrats and Republicans view themselves as holding more moderate beliefs than other members of their own party.

Hypotheticals and realizations. We also compare the pre-election higher-order beliefs of the partisan gap conditional on Trump winning to the post-election higher-order beliefs of the partisan gap. Figure 8 plots the densities for Democrats (Panel B) and Republicans (Panel C). The densities are remarkably similar, especially considering that we surveyed different respondents before and after the election. Panel A also shows that the mean differences in higher-order beliefs under the pre-election conditional relative to the post-election realization are very close to (and statistically indistinguishable from) zero. The nearly overlapping densities suggest that respondents understand how to think through simple conditional scenarios, even when these incorporate questions

24
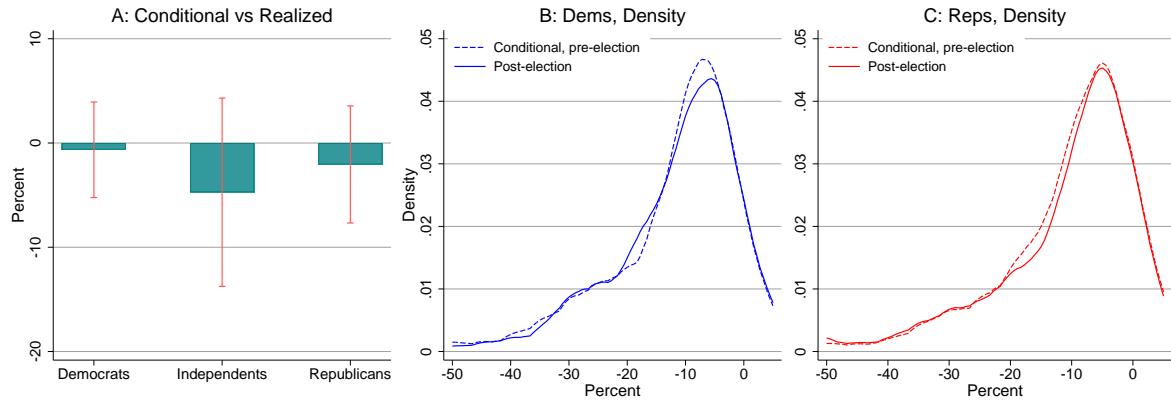
Figure 8: Conditional and Realized Higher-Order Beliefs of the Partisan Gap

Notes: In Panel A, bars plot the mean difference in unconditional and conditional higher-order beliefs of the partisan gap, for Democrats, Independents, and Republicans separately. 95% confidence intervals are included. Panels B and C report estimated densities (Epanechnikov kernel with bandwidth 3) of higher-order beliefs of the unconditional (solid lines) and conditional (dashed lines) partisan gap, for Republicans (in red) and Democrats (in blue). For clearer visualization, we reduce the range of Panels B and C to lie between −50 and 10 in order to focus on the large majority of respondents. Equations (2) and (5) define the unconditional and conditional higher-order beliefs of the partisan gap, respectively.

about higher-order beliefs. More broadly, this supports the use of vignettes and hypotheticals in survey research (Andre et al., 2022; Colarieti et al., 2024; Jiang et al., 2024).[6]

4.2   Conditional Partisan Gaps: Tariff Hypotheticals

In addition to conditionals about the 2024 election outcome, we also assessed hypotheticals about tariff policy in April 2025. We asked for conditional own and higher-order beliefs under two hypothetical scenarios about tariffs that could play out over the coming year. In one, we asked about "*the hypothetical scenario where the new tariffs are removed and the average tariff rate over the next 12 months is between 0 to 5%*," and in the other about "*the hypothetical scenario that the new tariffs are not fully removed and the average tariff rate over the next 12 months is 5% or greater.*" We refer to these as the "low" and "high" tariff scenarios, respectively.

Figure 9 plots the means and kernel densities of the higher-order beliefs of the partisan gap conditional on low tariffs (Panels A and C) and conditional on high tariffs (Panels B and D). The mean estimates show that most Republicans and Democrats believe that the partisan gap is substantially negative in either hypothetical scenario. In other

---

[6]For clearer visualization, we reduce the range of Panels B and C to lie between −50 and 10 in order to focus on the large majority of respondents. These panels reproduce the densities already reported in their entirety in Figure 3 Panel D and Figure 7 Panel D.
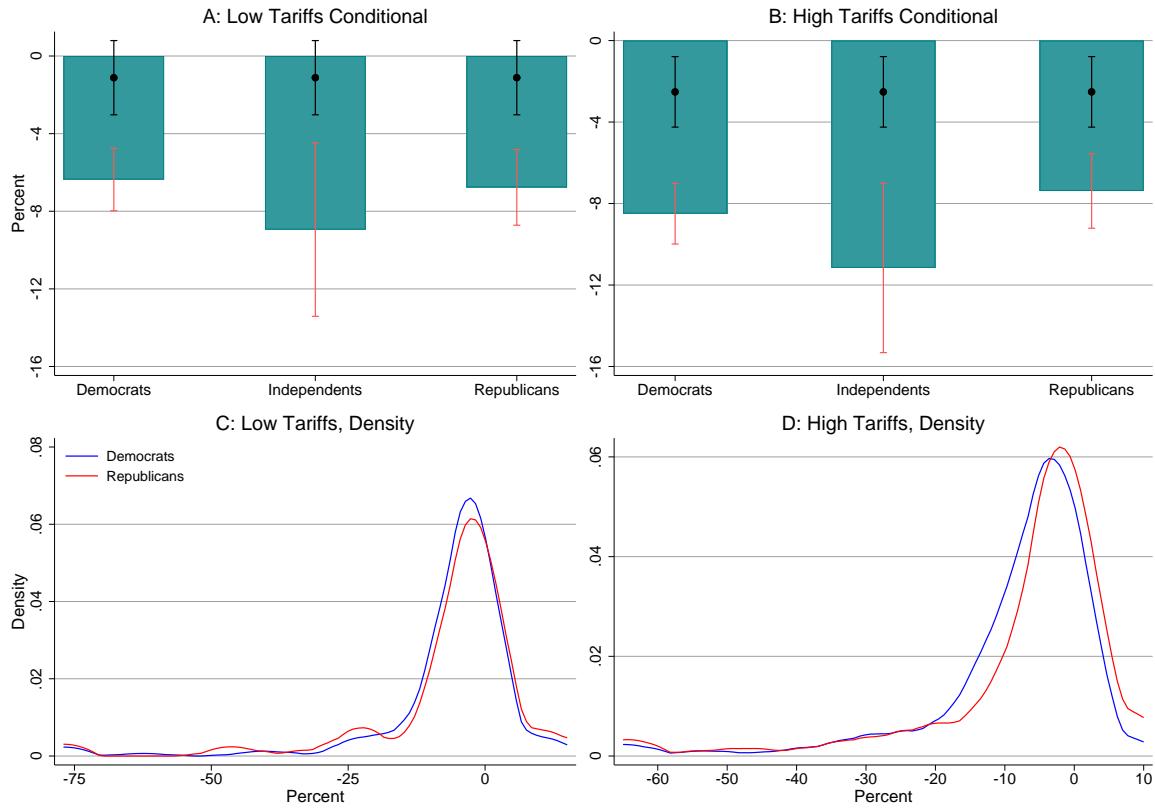
Figure 9: Higher-Order Beliefs of the Partisan Gap, Conditional on Tariff Regime

Notes: In Panels A and B, blue bars and orange 95% confidence intervals are associated with the mean higher-order belief of the conditional partisan gap, separately for Democrats, Independents, and Republicans. Black scatter points and 95% confidence intervals represent the actual mean conditional partisan gap in the given survey. Panels C and D report estimated densities (Epanechnikov kernel with bandwidth 3) of the higher-order beliefs of the conditional partisan gap, for Republicans (in red) and Democrats (in blue). Panels A and C are conditional on a low tariff scenario, while Panels B and D are conditional on a high tariff scenario. Equation (5) defines the higher-order belief of the conditional partisan gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B6.

words, regardless of the tariff scenario or the political party of the respondent, people tend to expect that the average Republican will have lower inflation expectations than the average Democrat. Additionally, as in our previous results, the perceived partisan gap is larger than the actual partisan gap under either tariff hypothetical (as shown by the black scatter points).

As with the presidential conditionals, Democrats and Republicans have similar higher-order beliefs about the partisan gap under different tariff hypotheticals. Particularly under the low-tariff hypothetical, both the mean and entire distribution of partisan gap perceptions are similar across Democrats and Republicans. However, there is some suggestive evidence that under the high-tariff scenario, Democrats perceive the partisan gap

as larger in magnitude compared to Republicans: comparing Panels A and B, the mean perception of Democrats shifts down by about 2pp, while Republican mean perceptions are essentially unchanged. Panel D also shows that the distribution for Democrats is shifted slightly to the left of Republicans. However, these differences are not large or statistically significant.

Putting our results from these tariff conditionals and the election conditionals together, we typically find that there is not much partisan disagreement about higher-order beliefs (see Figures 7 and 9). Our conditional results are broadly in line with the unconditional findings in Section 3.

Appendix Figure B3 plots the means and kernel densities of the higher-order beliefs of the own-party gap conditional on different tariff regimes. Consistent with our previous results under a Republican president, Democrats believe that other Democrats have higher inflation expectations than themselves (positive own-party gap) while Republicans believe that other Republicans have lower inflation expectations than themselves (negative own-party gap). We find no evidence of any meaningful differences in perceived own-party gaps as a function of hypothetical tariff scenarios.

4.3   Understanding the Partisan Gap: Information Treatments

In this section, we show that information treatments affect subjective distributions and lead agents to update beliefs towards the information they are shown. Specifically, "low-spin" treatments that mostly present factual information (with a small partisan angle) compress subjective distributions towards the objective information being shown. On the other hand, "high-spin" treatments that emphasize a political narrative drive beliefs away from factual information and towards the narrative being presented. We utilize the subjective densities for inflation outcomes to study how treated groups react to information relative to the control groups in the different survey waves. This allows us to study both how the average as well as the subjective degree of uncertainty of own inflation forecasts react to partisan news sources.

Figure 10 reports the reaction to information treatments across both party and information source. The first two columns focus on reactions to the "low-spin" treatments; recall that in the "low-spin" treatments, respondents are told that inflation was 4%, as well as some minor partisan spin on that information. The first column shows results for Democrats while the second shows the reaction of Republican respondents. The first row reports mean differences across treated and control groups (for both information
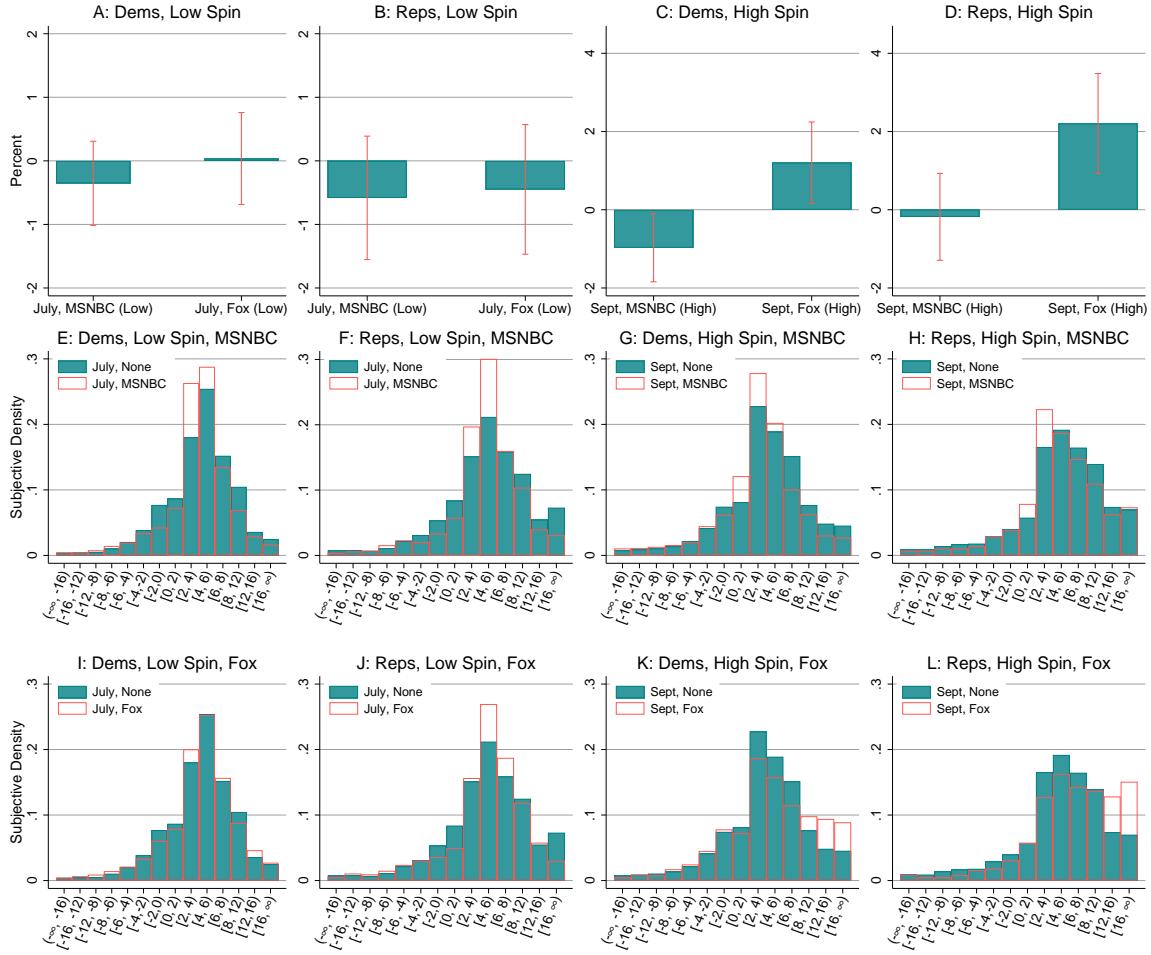
Figure 10: Information Treatments: Own Beliefs

Notes: Average and subjective probability reactions to information treatments in the July and September 2023 surveys. In the first row, bars represent the difference in mean inflation expectations for treated and control groups for the MSNBC or Fox information treatment by party (Panel A: Democrats, low spin; Panel B: Republicans, low spin; Panel C: Democrats, high spin; Panel D: Republicans, high spin). The remaining panels compare the entire subjective probability distributions for treated and control groups across information treatment and party. Blue filled bars represent the control groups while orange hollow bars represent the treated groups.

sources); the second compares the full subjective probability distribution for the control and the MSNBC treated group; the final row compares the control and Fox treated group.

In Panels A and B, we find that the average inflation beliefs show little response to the low-spin information treatments. Across both Democrats (Panel A) and Republicans (Panel B), the difference in average inflation beliefs across the treated and control groups are within 0.5pp (and this difference is always statistically insignificant). Instead, what we find is a reduction in subjective uncertainty regarding inflation forecasts. Panels E,

F, I, and J show that the beliefs of respondents exposed to "low-spin" treatment become more compressed towards 4% inflation relative to the control group. This broadly holds for Democrats and Republicans and across both news sources.

The third and fourth columns in Figure 10 repeat the analysis for the "high-spin" treatments, where respondents are shown more partisan interpretations of recent developments in inflation. Recall that the Fox News excerpt highlights the high cumulative rate of inflation under Biden, while the MSNBC excerpt highlights the decrease in inflation relative to other countries. Results for Democrat respondents' reactions to the high-spin treatment are in the third column, while Republican ones are in the final column.

Panels C and D of Figure 10 show that both Democrats and Republicans who are shown the MSNBC treatment have lower mean inflation expectations than their control group counterparts (though the Republican reduction is not statistically significant). Democrats in particular react strongly to the high-spin MSNBC treatment, cutting their mean inflation expectation by 0.92pp, while Republicans only reduced theirs by 0.19pp. We also see a relatively sizable reduction in the subjective probabilities Democrats assign to high-inflation scenarios (see the right tail of Panel G).

We also find strong reactions to the Fox treatment, but in the opposite direction. Panels C and D show that following the high-spin Fox excerpt, both Democrats and Republicans have higher inflation expectations (relative to the control). In this case, Republicans react more to the high-spin Fox treatment, increasing their mean inflation expectation by 2.04pp, while Democrats only increase theirs by 1.11pp. This provides some evidence that the members of each party seem to react more strongly to the treatment from their respective ideologically-aligned news source. Both parties, but particularly Republicans, increase the subjective probability assigned to very high inflation outcomes (see Panels K and L).

These results help us understand the role of media and information in shaping the partisan gap. The first mechanism is differential exposure to partisan news sources. Democrats and Republicans consume news from distinct outlets (Shearer et al., 2025), and to the extent that these news sources provide differential "spin" in their reporting, this will lead to a partisan gap in expectations. The second mechanism is differential responsiveness to news. We show that both Democrats and Republicans update their expectations when confronted with high-spin reporting from either side; however, the responsiveness is asymmetric. Democrats are more sensitive to left-leaning narratives, whereas Republicans respond more to right-leaning ones. This asymmetry means that

even if both groups were exposed to the same news, their beliefs would still differ, since each side places disproportionate weight on the narrative aligned with its priors.

Moving beyond individuals' own expectations, we find that information treatments have little effect on higher-order beliefs. Figure 11 shows the higher-order beliefs of the partisan gap, by party and across different information treatments. Panel A reports the mean difference for Democrats across the treated and control groups for the four dif-
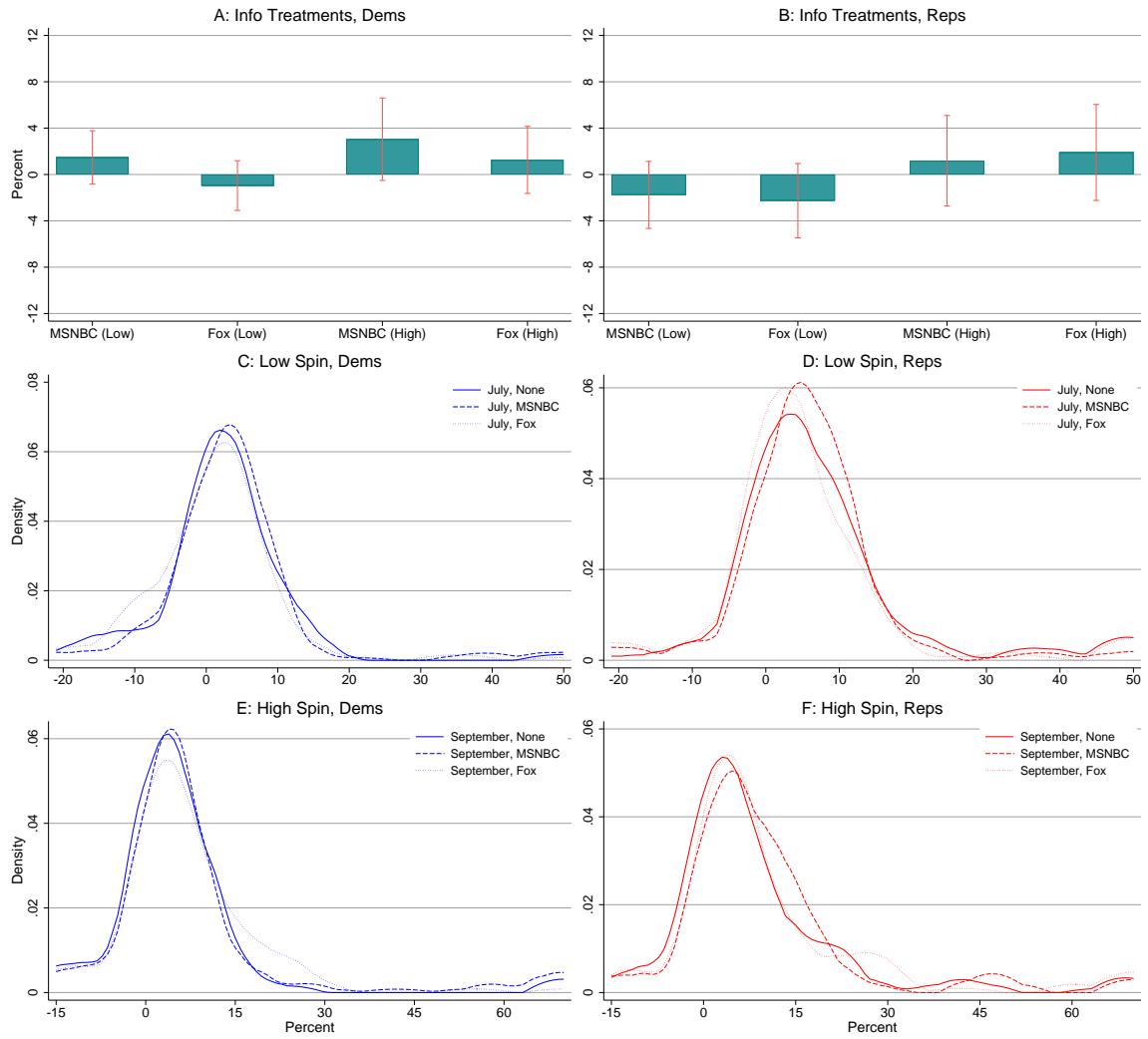
Figure 11: Higher-Order Beliefs of the Partisan Gap, Treatment Effect

Notes: In Panels A and B, bars plot the mean difference in higher-order beliefs of the partisan gap across information treatments (Panel A: Democrats; Panel B: Republicans); 95% confidence intervals are included. Panels C, D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 3) of higher-order beliefs of the partisan gap. Solid lines represent the control group, while dashed and dotted lines represent the MSNBC and Fox treatments, respectively (Panel C: low-spin, Democrats; Panel D: low-spin, Republicans; Panel E: high-spin, Democrats; Panel F: high-spin, Republicans).

30

ferent information treatments, while Panel B reports the same for Republican respondents. Panels C, D, E, and F report kernel density estimates by party and information treatment. For example, Panel C uses only Democrats and the low-spin July 2023 survey, and plots the kernel densities of the higher-order beliefs of the partisan gap for (i) the control group, (ii) the MSNBC treatment group, and (iii) the Fox treatment group. We find no evidence of mean differences in Panels A and B. The point estimates are also relatively small in magnitude (with the possible exception of the Democrat respondents' reactions to the high-spin MSNBC treatment, though once again this reaction is not statistically significant). In addition, the densities look remarkably similar, both in terms of modes as well as the size and asymmetries of the tails.

5   Interpretation

So far we have documented several empirical findings about first- and higher-order inflation expectations across political affiliation. We now present a simple framework to interpret these results. A full structural model of the determinants of partisan disagreement and higher-order economic beliefs is beyond the scope of the paper. Nevertheless, the model we present allows for some decomposition of the drivers of higher-order inflation beliefs across parties, and presents promising avenues for future theoretical and empirical investigations.[7]

5.1   Model

We start with a reduced-form decomposition of inflation expectations: for individual i, subjective inflation expectations are given by

$$\hat{E}^i\left[\pi\right] \equiv \hat{\pi}^i = \delta^i + \lambda^i \pi + \varepsilon^i, \tag{7}$$

where $\hat{E}^i[\cdot]$ is the subjective expectation operator for individual i, π is realized inflation, δ^i and λ^i are individual-specific parameters, and ε^i is a mean-zero error term. For simplicity, (7) is written in terms of deviations from steady state, so $\hat{\pi}^i > 0$ represents "above-average" inflation expectations, while $\hat{\pi}^i < 0$ represents the opposite.

---

[7]We are grateful to our discussant George-Marios Angeletos for suggesting the framework we present in this section.

Equation (7) can be derived from a standard Bayesian signal extraction problem.[8] However, we do not require strong assumptions regarding the microfoundations of (7). Instead, our main structural assumptions are on how individual j forms second-order beliefs regarding individual i. In particular, we assume that

$$\hat{E}^j\left[\hat{\pi}^i\right] = \hat{E}^j\left[\delta^i\right] + \hat{E}^j\left[\lambda^i\pi\right]. \tag{8}$$

That is, individual j forms higher-order beliefs with the understanding that the inflation expectations of individual i are based on (7). However, we do not necessarily assume that higher-order perceptions of the belief-formation parameters δ^i, λ^i are accurate.

For individuals associated with political party P, let $\bar{\pi}^P$ be the population mean inflation forecast: $\bar{\pi}^P \equiv \bar{E}^P[\pi] = \mathbb{E}\left[\hat{\pi}^i \mathbb{1}(P(i) = P)\right]$, where $\mathbb{E}[\cdot]$ is the mean across individuals and $\bar{E}^P[\cdot]$ represents the average perception of individuals across party P. Defining analogously $\bar{\delta}^P \equiv \mathbb{E}\left[\delta^i \mathbb{1}(P(i) = P)\right]$ and $\bar{\lambda}^P \equiv \mathbb{E}\left[\lambda^i \mathbb{1}(P(i) = P)\right]$, (7) implies that the observed partisan gap is given by

$$\bar{\pi}^{GAP} \equiv \bar{\pi}^R - \bar{\pi}^D = \bar{\delta}^R - \bar{\delta}^D + \left(\bar{\lambda}^R - \bar{\lambda}^D\right)\pi. \tag{9}$$

Thus, when realized inflation is at steady state ($\pi = 0$) or when the average reaction to information is the same across parties ($\bar{\lambda}^R = \bar{\lambda}^D$), the partisan gap is a function of the difference in average prior expectations of inflation across Republicans relative to Democrats ($\bar{\delta}^R - \bar{\delta}^D$). Our empirical results for first-order perceptions of inflation strongly suggest that $\bar{\delta}^P$ is negative when the White House is controlled by party P, and positive when party P is out of power; hence, $\bar{\delta}^R - \bar{\delta}^D < 0$ under a Republican president and $\bar{\delta}^R - \bar{\delta}^D > 0$ under a Democratic president.

Through the lens of this reduced-form model, we want to make sense of the facts documented in our survey. First, perceptions of the partisan gap are larger in magnitude than the actual partisan gap. That is, for either party P, the average perception of the partisan gap satisfies:

$$\left|\bar{E}^P\left[\bar{\pi}^{GAP}\right]\right| > \left|\bar{\pi}^{GAP}\right| > 0. \tag{10}$$

Second, perceptions of the partisan gap do not differ systematically across parties:

$$\bar{E}^R\left[\bar{\pi}^{GAP}\right] = \bar{E}^D\left[\bar{\pi}^{GAP}\right]. \tag{11}$$

---

[8]In this interpretation, λ^i represents the Kalman gain, $\delta^i \equiv (1-\lambda^i)\beta^i$ where β^i are prior inflation beliefs of individual i, and $\varepsilon^i = \lambda^i e^i$ where e^i is the unpredictable noise in the signal for individual i.

Third, perceptions of the own-party gap are non-zero and reflect a "moderation" of own beliefs relative to second-order beliefs. That is, for either party P, the average perception of the inflation beliefs satisfy:

$$\left| \bar{E}^P \left[\bar{\pi}^P \right] \right| > \left| \bar{\pi}^P \right|. \tag{12}$$

Failure of "agree-to-disagree." We first show that the assumption of common and accurate parameter knowledge (that is, textbook "agree-to-disagree") fails to replicate all three facts. By "common parameter knowledge", we mean that the second-order beliefs of all individuals j regarding average expectation parameters across parties satisfy $\hat{E}^j \left[\bar{\delta}^P \right] = \bar{\delta}^P, \quad \hat{E}^j \left[\bar{\lambda}^P \right] = \bar{\lambda}^P$, for each party $P = R, D$. Hence, (8) implies $\hat{E}^j \left[\bar{\pi}^P \right] = \bar{\delta}^P + \bar{\lambda}^P \hat{\pi}^j$, and taking the population mean over all members of party P, the own-party gap is

$$\bar{E}^P \left[\bar{\pi}^P \right] - \bar{\pi}^P = \bar{\delta}^P + \left(\bar{\lambda}^P - 1 \right) \left(\bar{\delta}^P + \bar{\lambda}^P \pi \right). \tag{13}$$

Thus, if realized inflation is on average equal to its steady state value ($\pi = 0$), the mean own-party gap is equal to $\bar{\lambda}^P \bar{\delta}^P$. Hence, whenever prior beliefs are non-zero ($\bar{\delta}^P \neq 0$) and agents put some weight on unbiased information ($0 < \bar{\lambda}^P < 1$, which always holds under the Bayesian signal interpretation), the model generates (12) (i.e., non-zero own-party gaps reflect a "moderation" of own beliefs).

However, turning to perceptions of the partisan gap, we have

$$\bar{E}^P \left[\bar{\pi}^{GAP} \right] = \bar{\delta}^R - \bar{\delta}^D + \left(\bar{\lambda}^R - \bar{\lambda}^D \right) \left(\bar{\delta}^P + \bar{\lambda}^P \pi \right).$$

Hence, either $\bar{\lambda}^R = \bar{\lambda}^D$, in which case the model fails to reproduce result (10) (since the perceived and actual partisan gap coincide); or $\bar{\lambda}^R \neq \bar{\lambda}^D$, so we have

$$\bar{E}^R \left[\bar{\pi}^{GAP} \right] - \bar{E}^D \left[\bar{\pi}^{GAP} \right] = \left(\bar{\lambda}^R - \bar{\lambda}^D \right) \left[\bar{\delta}^R - \bar{\delta}^D + \left(\bar{\lambda}^R - \bar{\lambda}^D \right) \pi \right] \neq 0.$$

Therefore, unless ad-hoc assumptions are made about the correlation of realized inflation and the partisan gap, the model fails to reproduce result (11) (since perceptions of the partisan gap differ systematically across parties).

Common (mis)perceptions. We now allow for potential misperceptions of belief parameters across party lines. In particular, consider the case where $\hat{E}^j \left[\bar{\delta}^P \right] = \bar{\delta}^{P|P'}$ and $\hat{E}^j \left[\bar{\lambda}^P \right] = \bar{\lambda}^{P|P'}$ when individual j is a member of party P'. That is, perceptions

of the expectations parameters in (7) depend only on political affiliation. So long as within-party perceptions are accurate ($\bar{\delta}^{P|P} = \bar{\delta}^P$, $\bar{\lambda}^{P|P} = \bar{\lambda}^P$), for the same reasons as above, the model continues to reproduce the own-party gap moderation result described in equation (12). But now, equation (8) implies

$$\bar{E}^P \left[\bar{\pi}^{GAP} \right] = \bar{\delta}^{R|P} - \bar{\delta}^{D|P} + \left(\bar{\lambda}^{R|P} - \bar{\lambda}^{D|P} \right) \left(\bar{\delta}^P + \bar{\lambda}^P \pi \right).$$

Consider the case where both parties react similarly to information ($\bar{\lambda}^R = \bar{\lambda}^D$), perceptions of the prior mean expectation differences are accurate ($\bar{\delta}^{R|P} - \bar{\delta}^{D|P} = \bar{\delta}^R - \bar{\delta}^D$), and realized inflation is at steady state ($\pi = 0$). Then

$$\bar{E}^P \left[\bar{\pi}^{GAP} \right] - \bar{\pi}^{GAP} = \left(\bar{\lambda}^{R|P} - \bar{\lambda}^{D|P} \right) \bar{\delta}^P. \tag{14}$$

Thus, under the assumption of symmetry regarding perceived reaction to news and prior beliefs ($\bar{\lambda}^{R|D} = \bar{\lambda}^{D|R}$ and $\bar{\delta}^R = -\bar{\delta}^D$), the model reproduces result (11) (perceptions of the partisan gap do not differ systematically across parties). Moreover, suppose members of one party believe the other party under-reacts to information relative to their true reaction ($\bar{\lambda}^{P|P'} < \bar{\lambda}^P$ when $P' \neq P$). Then equation (14) is positive if and only if the actual partisan gap is positive. Hence, the model also reproduces result (10) (perceptions of the partisan gap are larger in magnitude than the actual partisan gap). Finally, the magnitude of the over-estimation of the partisan gap is determined by the perceived degree of under-reaction to information of the opposing party:

$$\frac{\left| \bar{E}^P \left[\bar{\pi}^{GAP} \right] \right|}{\left| \bar{\pi}^{GAP} \right|} = 1 + \frac{1}{2} \left(\bar{\lambda}^P - \bar{\lambda}^{P|P'} \right). \tag{15}$$

5.2 Identification and Estimation

Thus, under some stark parametric assumptions about the perceptions within the model, the "common misperceptions" version of the model can replicate all the key empirical findings of our survey. But how realistic are these parametric assumptions? We can use data from our survey results to test and quantify this model. Under the assumption that perceptions for some individual j of $\bar{\delta}^P$ and $\bar{\lambda}^P$ are only a function of the political affiliation of individual j, we have

$$\mathbb{C}ov \left(\hat{E}^j \left[\bar{\pi}^P \right], \hat{\pi}^j \right) = \bar{\lambda}^{P|P'} \mathbb{V}ar(\hat{\pi}^j), \tag{16}$$

where in (16), $\mathbb{C}ov(\cdot, \cdot)$ is taken over individuals j belonging to party P'. Hence, regressing the higher-order party P inflation beliefs on own-inflation beliefs across individuals j associated with party P' identifies $\bar{\lambda}^{P|P'}$.

Figure 12 reports the results of these regressions across our survey waves. We include a series of binscatter plots that show a respondent's own (first-order) inflation forecast (on the x-axis) against higher-order beliefs (on the y-axis), by party and survey wave. Panel A uses only survey responses in the 2023 wave from Democrats; the x-axis contains own inflation expectations and the y-axis plots a respondent's higher-order beliefs of other Democrats' inflation expectations (blue line and markers); beliefs regarding Independents' inflation expectations (gray line and markers); and beliefs of Republicans' inflation expectations (red line and markers). Panels B conduct the same regressions but using the 2025 survey waves; Panels D and E use Republican own and higher-order inflation expectations in the 2023 and 2025 waves, respectively.

These plots help illustrate the relationship between an individual's own inflation expectations and higher-order beliefs of each party. First, notice that the relationship is strongest when comparing own-beliefs to higher-order own-party beliefs (the blue lines in Panels A and B, or the red lines in Panels D and E). That is, a respondent's inflation expectations are strongly and positively correlated with their higher-order own-party expectations. This relationship weakens as we move to higher-order beliefs of parties further away on the political spectrum from oneself. Specifically, the relationship is smaller for Independents (the gray lines) and smaller still for the opposing party (the red lines in Panels A and B, or the blue lines in Panels D and E).

Through the lens of our simplified "common misperceptions" model, Panels A and D of Figure 12 indicate that $\bar{\lambda}^{R|D} \approx \bar{\lambda}^{D|R} \approx 0.20$, and that $\bar{\lambda}^{R|R} \approx \bar{\lambda}^{D|D} \approx 0.70$; the association with higher-order beliefs regarding Independents lies between these coefficients. That is, consistent with the parametric assumptions discussed above, the results suggest that both Democrats and Republicans believe that members of the opposite party react little to unbiased information about inflation, while believing that their own side responds substantially more. The results are also quantitatively in line with the assumption of symmetry across parties. The results from the 2025 survey waves (in Panels B and E) are qualitatively the same: the slope is largest when looking at the within-party regression, flattens somewhat for higher-order beliefs regarding Independents, and is smallest when looking at cross-party regressions. Quantitatively, the results are also similar, with the possible exception of Democrats' perceptions of Republicans inflation
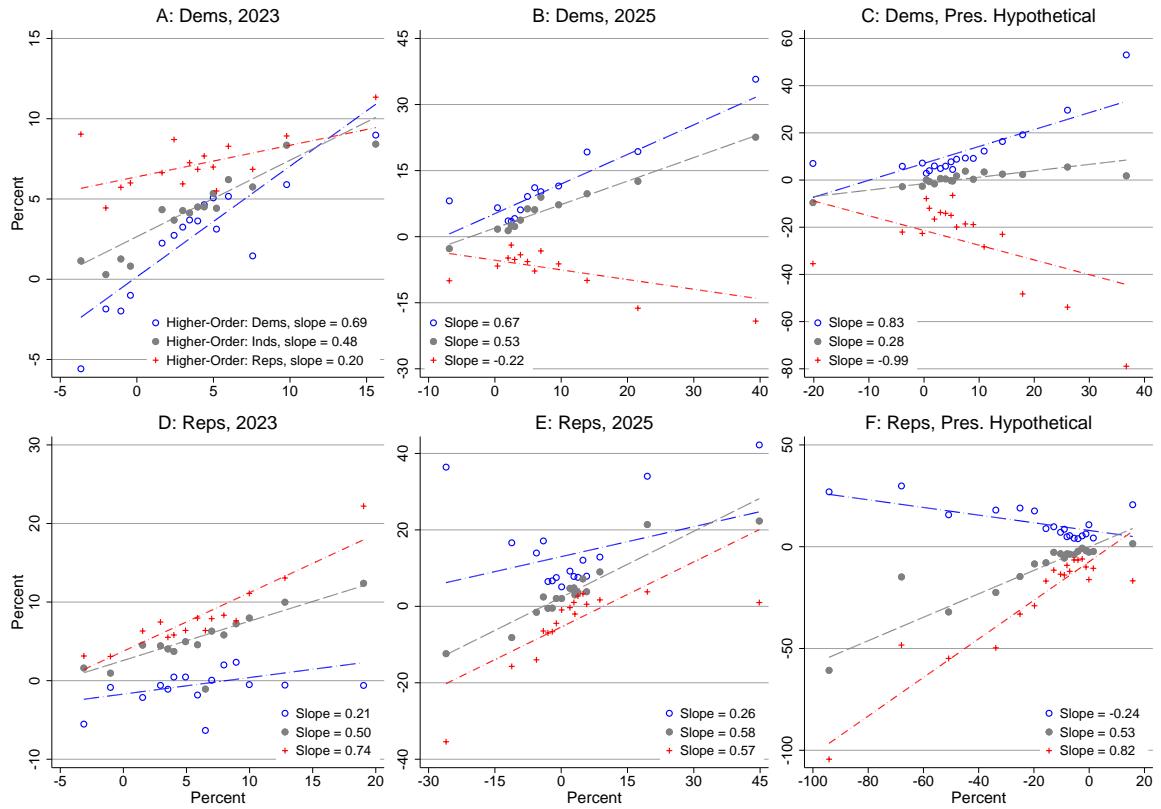
Figure 12: Association Between Own Beliefs and Higher-Order Beliefs

Notes: Binscatter plots of higher-order beliefs (y-axis) on own-belief (x-axis), by party and across survey waves. Panel A uses own inflation expectations of Democrats (on the x-axis) and plots them against that respondent's higher-order beliefs for Democrats (blue line and markers), Independents (gray line and markers), and Republicans (red line and markers) in the 2023 wave. Panel B uses the 2025 wave. Panels D and E are equivalent to Panels A and B, but using Republicans own inflation expectations on the x-axis. Panel C uses the 2024 pre-election survey and contains the difference in own expected inflation of Democrats between the Trump hypothetical and the Harris hypothetical on the x-axis and the higher-order belief of this difference across parties on the y-axis. Panel F is equivalent to Panel C but with the difference in own expected inflation of Republicans between the Trump hypothetical and the Harris hypothetical on the x-axis.

expectations, where we estimate a negative value of $\bar{\lambda}^{R|D} = -0.22$.

5.3 Further Tests

Taken as a whole, the results in Figure 12 are broadly in line with the main assumptions which allow the "common misperceptions" model to qualitatively replicate all our key empirical findings. However, the quantitative prediction based on (15) suggests that since $\bar{\lambda}^P - \bar{\lambda}^{P|P'} \approx 0.5$, the perceived the partisan gap should be around 25% larger than the actual partisan gap. By contrast, our empirical results show that the degree of overestimation is much larger.

We now revisit an important implication of the common misperception model. Because perceptions of belief parameters depend only on political party, the prior beliefs δ^j of individual j are uncorrelated with perceptions of the average prior beliefs $\hat{E}^j\left[\bar{\delta}^P\right]$ of party P. That is, the model makes the following prediction:

$$\mathbb{C}ov\left(\hat{E}^j\left[\bar{\delta}^P\right], \delta^j\right) = 0, \tag{17}$$

where in (17), $\mathbb{C}ov(\cdot, \cdot)$ is taken over individuals j belonging to party P'.

We now extend the model and consider the case of higher-order beliefs regarding conditional expectations. Because of the close relationship between higher-order beliefs regarding partisan gaps in hypothetical and realized scenarios (as shown in Figure 8), this extension allows us to utilize our survey results regarding hypothetical presidential scenarios to test (17). Denote the conditional inflation expectation of individual i as $\hat{\pi}^i_S = \hat{E}^i\left[\pi|S\right]$ under the hypothetical scenario where the president is either Trump or Harris ($S = T$ or $S = H$). We consider two possible models for higher-order belief formation in the case of presidential hypotheticals. First,

$$\hat{E}^j\left[\bar{\pi}^j_S\right] = \hat{E}^j\left[\bar{\delta}^j_S\right] + \hat{E}^j\left[\lambda^i\right]\hat{\pi}^j. \tag{18}$$

Alternatively,

$$\hat{E}^j\left[\bar{\pi}^j_S\right] = \hat{E}^j\left[\bar{\delta}^j_S\right] + \hat{E}^j\left[\lambda^i\right]\hat{\pi}^j_S. \tag{19}$$

In both cases we assume that the perceptions of λ^i are independent of the inflation expectations of individual j and perceived to be equal to the unconditional value. The assumption behind (18) is that individual j assumes that other individuals form beliefs based on the unconditional signal for inflation. Instead, under (19), individual j assumes that others form beliefs based on a conditional signal.

Let the difference $\hat{\pi}^i_{T-H} \equiv \hat{\pi}^i_T - \hat{\pi}^i_H$ be the "hypothetical presidential inflation gap" for individual i, and so $\bar{\pi}^P_{T-H} \equiv \mathbb{E}\left[\hat{\pi}^i_{T-H}\mathbb{1}(P(i) = P)\right]$ is the population mean for party P. Then (18) implies

$$\hat{E}^j\left[\bar{\pi}^P_{T-H}\right] \equiv \hat{\pi}^{P|j}_{T-H} = \hat{E}^j\left[\bar{\delta}^P_T - \bar{\delta}^P_H\right]. \tag{20}$$

According to the "common misperceptions" model, we should have that $\hat{E}^j\left[\bar{\delta}^P_S\right]$ differs across individuals j only to the extent that individuals are members of different parties. Thus, a regression of higher-order on first-order conditional beliefs of the "hypothetical

presidential inflation gap" $\hat{\pi}_{T-H}^{P|j}$ on $\hat{\pi}_{T-H}^{j}$ for members $P(j) = P'$ should recover a zero slope coefficient for any combination of P, P'.

Alternatively, (19) implies

$$\hat{\pi}_{T-H}^{P|j} = \hat{E}^j \left[\bar{\delta}_T^P - \bar{\delta}_H^P \right] + \hat{E}^j \left[\bar{\lambda}^P \right] \hat{\pi}_{T-H}^{j}. \tag{21}$$

According to the "common misperceptions" model, a regression of higher-order on first-order conditional beliefs of the "hypothetical presidential inflation gap" $\hat{\pi}_{T-H}^{P|j}$ on $\hat{\pi}_{T-H}^{j}$ for members $P(j) = P'$ should recover $\bar{\lambda}^{P|P'}$ for any combination of P, P'; the same slope coefficients from the unconditional regressions already discussed.

Using our hypothetical presidential scenario questions in the 2024 survey waves, we run these regressions and report the results in Panels C and F of Figure 12 (for Democrats and Republicans, respectively). We find strong evidence that the null hypothesis is violated. In particular, there is an extremely strong association within party: the slope coefficient for Democrats is 0.83 (blue line in Panel C) and 0.82 for Republicans (red line in Panel F). The estimated coefficient flattens when examining the perceptions of Independents (gray lines in panels C and F). And most strikingly, the cross-party slope coefficient is highly negative: for Republicans, the estimate is -0.24 (blue line in Panel F), while for Democrats, the estimate is -0.99 (red line in Panel C).

These estimates are clearly non-zero and noticeably different from those in the unconditional results (in Panels A, B, D, and E). Thus, interpreted through the lens of the model, this suggests that, all else equal, individuals who have strong prior beliefs about the role of the presidency in the determination of inflation ($|\delta_T^j - \delta_H^j| \gg 0$) tend to believe that others also hold strong views about the role of the presidency ($|\hat{E}^j[\bar{\delta}_T^P - \bar{\delta}_H^P]| \gg 0$). Moreover, these individuals' own beliefs are strongly negatively correlated with their perceptions of the beliefs of those in the opposite party. In other words, our results imply that (17) is positive within-party and negative across-party.

Taking stock, the results of Figure 12 interpreted through our model suggest one possible explanation for our empirical findings: individuals view members of the opposite party as less sensitive to information than they truly are. However, the quantitative estimates should be treated with caution, as we also find evidence that partisans with particularly strong inflation priors regarding the role of the presidency also view others as holding equally strong priors, both within and across parties. Our results suggest that both mechanisms are necessary to quantitatively match our empirical findings.

6 Conclusion

This paper documents several new facts regarding partisan identity and higher-order macroeconomic beliefs. First, the well-known partisan gap in U.S. consumers' inflation expectations is readily perceived by respondents: Democrats and Republicans both understand that "their side" expects lower inflation when their preferred candidate occupies the White House. However, this perceived gap is systematically overstated by both Democrats and Republicans. Next, individuals view their own forecasts as more "moderate" than those of their own-party; typical respondents place themselves between what they believe the average Democrat and the average Republican expect. All of these results hold even in hypothetical scenarios regarding the outcome of the 2024 presidential election. Finally, information treatments show that factual news compress the distribution of beliefs, whereas partisan, perspective-driven stories shift the entire distribution in the intended direction, regardless of the respondent's political affiliation.

References

Andre, P., Pizzinelli, C., Roth, C., and Wohlfart, J. (2022). Subjective Models of the Macroeconomy: Evidence from Experts and Representative Samples. *The Review of Economic Studies*, 89(6):2958–2991.

Angeletos, G.-M. and La'O, J. (2009). Incomplete Information, Higher-Order Beliefs and Price Inertia. *Journal of Monetary Economics*, 56:S19–S37.

Angeletos, G.-M. and Lian, C. (2018). Forward Guidance without Common Knowledge. *American Economic Review*, 108(9):2477–2512.

Benhabib, J. and Spiegel, M. M. (2019). Sentiments and Economic Activity: Evidence from US States. *Economic Journal*, 129(618):715–733.

Binder, C. C., Kamdar, R., and Ryngaert, J. M. (2024). Partisan Expectations and COVID-Era Inflation. *Journal of Monetary Economics*, 148:103649.

Bordalo, P., Gennaioli, N., Ma, Y., and Shleifer, A. (2020a). Overreaction in Macroeconomic Expectations. *American Economic Review*, 110(9):2748–82.

Bordalo, P., Tabellini, M., and Yang, D. Y. (2020b). Stereotypes and Politics.

Calvo, G. A. (1983). Staggered Prices in a Utility-Maximizing Framework. *Journal of Monetary Economics*, 12(3):383–398.

Coibion, O. and Gorodnichenko, Y. (2015). Is the Phillips Curve Alive and Well after All? Inflation Expectations and the Missing Disinflation. *American Economic Journal: Macroeconomics*, 7(1):197–232.

Coibion, O., Gorodnichenko, Y., Kumar, S., and Ryngaert, J. (2021). Do You Know that I Know that You Know...? Higher-Order Beliefs in Survey Data. *The Quarterly Journal of Economics*, 136(3):1387–1446.

Colarieti, R., Mei, P., and Stantcheva, S. (2024). The How and Why of Household Reactions to Income Shocks. Technical report, National Bureau of Economic Research.

Farhi, E. and Werning, I. (2019). Monetary Policy, Bounded Rationality, and Incomplete Markets. *American Economic Review*, 109(11):3887–3928.

Garzon, J. H., Hwang, T., and Joo, Y. J. (2025). How Partisanship Shapes Economic Expectations: Evidence from the 2025 US Tariff Announcement. Technical report.

Gerber, A. S. and Huber, G. A. (2009). Partisanship and Economic Behavior: Do Partisan Differences in Economic Forecasts Predict Real Economic Behavior? *American Political Science Review*, 103(3):407–426.

Gillitzer, C. and Prasad, N. (2018). The Effect of Consumer Sentiment on Consumption: Cross-Sectional Evidence from Elections. *American Economic Journal: Macroeconomics*, 10(4):234–269.

Huo, Z. and Takayama, N. (2025). Rational Expectations Models with Higher-Order Beliefs. *Review of Economic Studies*, 92(5):3138–3173.

Huseynov, S. and Murad, Z. (2024). Seeing Through Different Lenses: Partisanship and Updating of Inflation Expectations.

Jiang, J. H., Kamdar, R., Lu, K., and Puzzello, D. (2024). How do Households Respond to Expected Inflation? An Investigation of Transmission Mechanisms.

Kamdar, R. and Ray, W. (2022). Polarized Expectations, Polarized Consumption.

Kamdar, R. and Ray, W. (2024). Attention-Driven Sentiment and the Business Cycle.

Kay, B. S., Lakdawala, A., and Ryngaert, J. (2025). Partisan Bias in Professional Macroeconomic Forecasts. *Available at SSRN 5324623*.

Mian, A., Sufi, A., and Khoshkhou, N. (2021). Partisan Bias, Economic Expectations, and Household Spending. *The Review of Economics and Statistics*, pages 1–46.

Morris, S. and Shin, H. S. (2002). Social Value of Public Information. *American Economic Review*, 92(5):1521–1534.

Rodriguez-Clare, A., Teti, F. A., Ulate, M., Vasquez, J. P., and Zarate, R. D. (2025). The 2025 Trade War: Dynamic Impacts Across U.S. States and the Global Economy. CESifo Working Paper Series 12179, CESifo.

Shearer, E., Eddy, K., Lipka, M., and Matsa, K. E. (2025). The Political Gap in Americans News Sources. *Pew Research Center*.

Shiller, R. J. (1996). Why Do People Dislike Inflation? Cowles Foundation Discussion Papers 1115, Cowles Foundation for Research in Economics, Yale University.

Stantcheva, S. (2024). Why Do We Dislike Inflation? *Brookings Papers on Economic Activity*.

Woodford, M. (2001). Imperfect Common Knowledge and the Effects of Monetary Policy. NBER Working Papers 8673, National Bureau of Economic Research, Inc.

Appendix A Survey Flow and Questions

A.1 Survey Flow

Figures A1, A2, and A3 present the flow for each of our three main survey waves.

Figure A1: July and September 2023, News Treatment Survey Flow

```
┌─────────────────────────────────────────────────────────────────────┐
│                          Own Beliefs:                                │
│   inflation expectations, one-year-ahead point and subjective        │
│                          distribution                                │
└─────────────────────────────────────────────────────────────────────┘
                                   │
                                   ▼
┌─────────────────────────────────────────────────────────────────────┐
│                      Higher-Order Beliefs:                           │
│  subjective point estimates of what the typical Democratic,          │
│  Republican, and Independent voter thinks inflation will be in       │
│                          one year                                    │
└─────────────────────────────────────────────────────────────────────┘
```
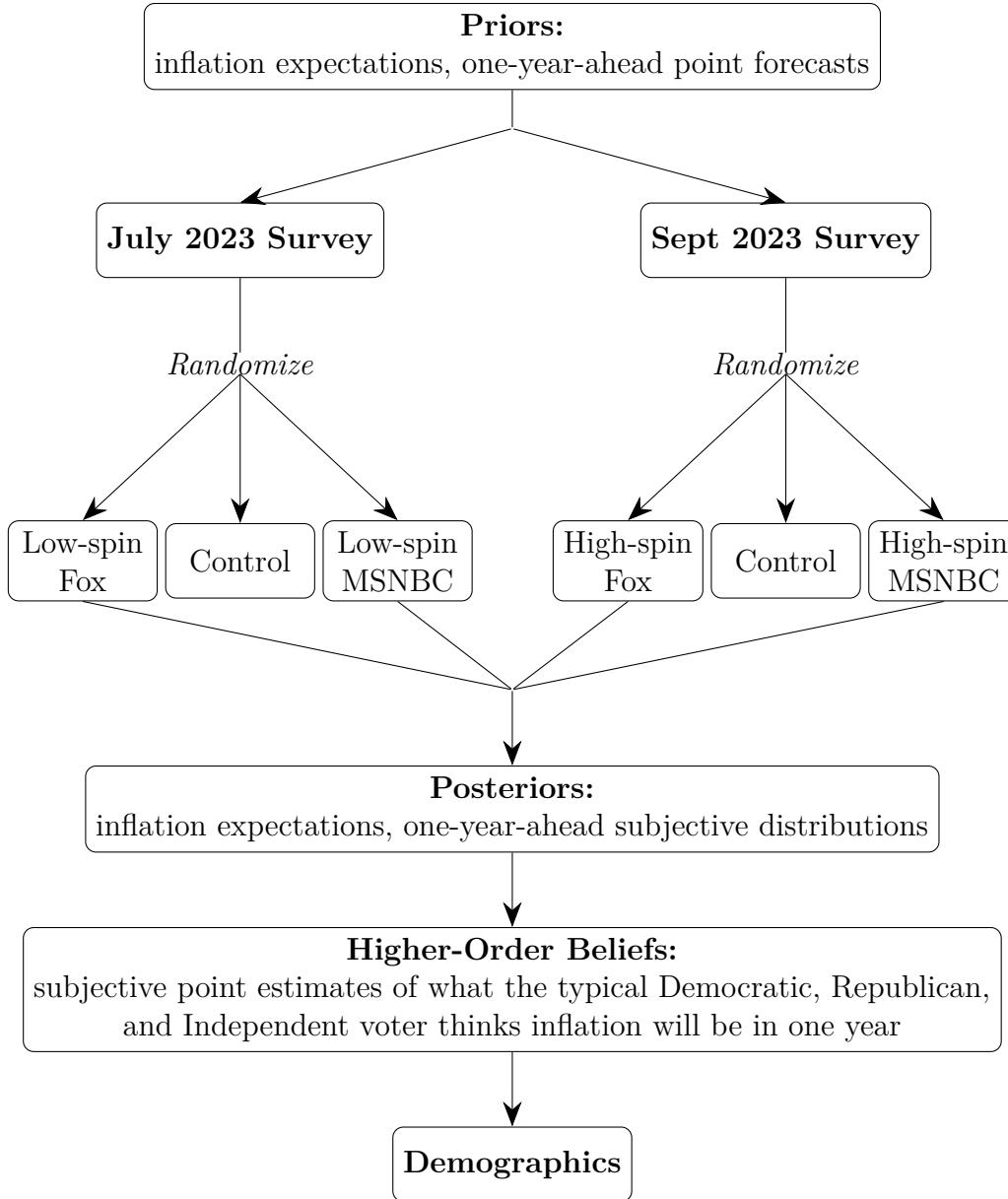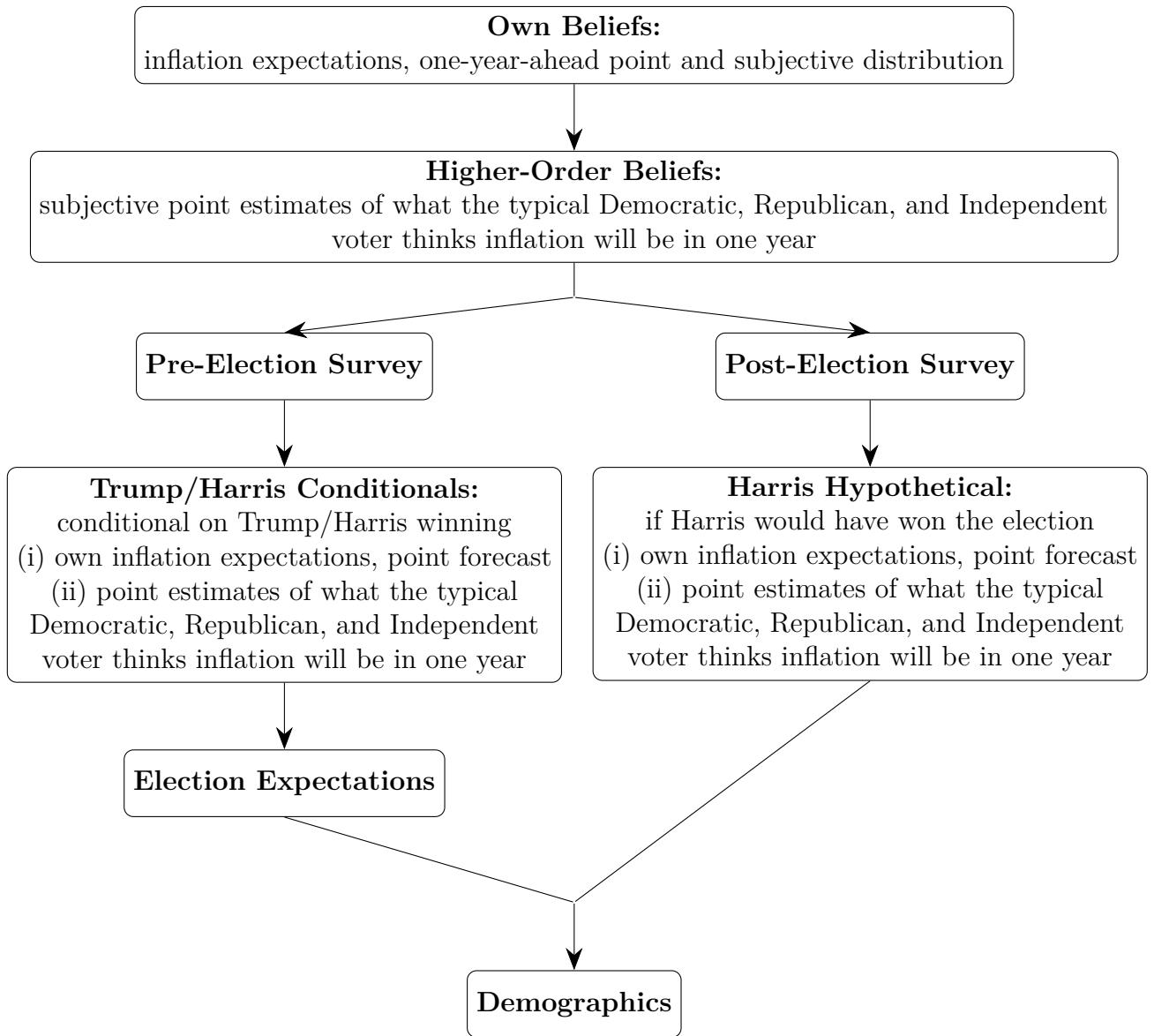
Figure A2: November 2024, Presidential Election Survey Flow

42

```
┌─────────────────────────────────────────────────────────────────────┐
│                          Own Beliefs:                                │
│  inflation expectations, one-year-ahead point and subjective distribution │
└─────────────────────────────────────────────────────────────────────┘
                                │
                                ▼
┌─────────────────────────────────────────────────────────────────────┐
│                      Higher-Order Beliefs:                           │
│  subjective point estimates of what the typical Democratic, Republican, and Independent │
│                  voter thinks inflation will be in one year          │
└─────────────────────────────────────────────────────────────────────┘
```

Own Beliefs:
inflation expectations, one-year-ahead point and subjective distribution

Higher-Order Beliefs:
subjective point estimates of what the typical Democratic, Republican, and Independent voter thinks inflation will be in one year

Survey Before the 90 Day Pause

Survey After the 90 Day Pause

"On April 2, 2025, President Trump announced new tariffs on goods imported from many countries. While in effect, this policy sets the average tariff on imported goods to approximately 25%. The average tariff in 2024 was approximately 2%."

"On April 2, 2025, President Trump announced new tariffs on goods imported from many countries. While in effect, this policy sets the average tariff on imported goods to approximately 25%. On April 9, President Trump announced a 90 day pause on many of these tariffs but maintained the base tariff rate of 10%. The average tariff in 2024 was approximately 2%."

Tariff Expectations:
subjective distribution of expected average tariff rates over the next year

Hypotheticals:
own and higher-order beliefs of what the typical Democratic, Republican, and Independent voter thinks inflation will be in one year in two hypotheticals:
(i) average tariff rates between 0% and 5% over the next year,
and (ii) above 5% over the next year.

Demographics

Figure A3: April 2025, Liberation Day Tariffs Survey Flow

A.2   Example Questions

In this section, we provide screenshots of key questions in our survey. Respondent's own point estimates of inflation expectations are elicited as follows. We begin with a qualitative question:

> Over the next 12 months, do you think that in the US there will be inflation (prices in general to go up) or deflation (prices in general to go down)?
>
> ◯ Inflation
> ◯ Deflation (the opposite of inflation)

Based on their response, subjects see one of the following questions which ask for their inflation or deflation point forecast:

> What do you expect the rate of inflation to be over the next 12 months?
>
> [   ]

> What do you expect the rate of deflation to be over the next 12 months? Please enter a positive number to indicate deflation.
>
> [   ]

We elicit subjective distributions as follows:

In the following questions, we will ask you to think about the percent chance of something happening in the future. Your answers can range from 0 to 100, where 0 means there is absolutely no chance, and 100 means that it is absolutely certain.

For example, numbers like:

2 and 5 percent may indicate "almost no chance"
18 percent or so may mean "not much chance"
47 or 52 percent chance may be a "pretty even chance"
83 percent or so may mean a "very good chance"
95 or 98 percent chance may be "almost certain"

Next, we would like you to think about the different things that may happen to inflation in the US over the next 12 months. We realize that this question may take some effort.

In your view, what would you say is the percent chance that over the next 12 months...

the rate of inflation will be 16% or higher	0	%
the rate of inflation will be between 12 and 16%	0	%
the rate of inflation will be between 8 and 12%	0	%
the rate of inflation will be between 6 and 8%	0	%
the rate of inflation will be between 4 and 6%	0	%
the rate of inflation will be between 2 and 4%	0	%
the rate of inflation will be between 0 and 2%	0	%
the rate of deflation (opposite of inflation) will be between 0% and 2%	0	%
the rate of deflation (opposite of inflation) will be between 2 and 4%	0	%
the rate of deflation (opposite of inflation) will be between 4 and 6%	0	%
the rate of deflation (opposite of inflation) will be between 6 and 8%	0	%
the rate of deflation (opposite of inflation) will be between 8 and 12%	0	%
the rate of deflation (opposite of inflation) will be between 12 and 16%	0	%
the rate of deflation (opposite of inflation) will be 16% or higher	0	%
Total	0	%

Higher-order belief questions are difficult, and so we begin with a transition and primer:

> Next, we will ask you to think about what _other_ people expect about the economy. We will ask you questions about what you think the **typical Democratic Party voter**, the **typical Republican Party voter**, and the **typical Independent voter** expects regarding inflation and unemployment.

We then ask for the respondent's higher-order inflation expectations for each party. Below we provide the "typical Democratic voter" example. The questions "typical Republican voter" and "typical Independent voter" expectations are asked in an analogous matter. We use red and gray, rather than blue font, for Republicans and Independents, respectively. The color choices are intended to ease the interpretation for respondents.

> Let's begin with questions about your beliefs about the **typical Democratic voter**. We know this is difficult. Please provide us your best estimates.

> Over the next 12 months, do you think that the **typical Democratic voter** expects inflation (prices in general to go up) or deflation (prices in general to go down)?
>
> ○ Inflation
> ○ Deflation (the opposite of inflation)

> What do you think the **typical Democratic voter** expects the rate of inflation to be over the next 12 months?
>
> [   ]

> What do you think the **typical Democratic voter** expects the rate of deflation to be over the next 12 months? Please enter a positive number to indicate deflation.
>
> [   ]

In the pre-2024 election survey, we ask for expectations conditional on Harris and conditional on Trump winning. Below is an example using Harris; however, there was an analogous survey block with Trump. We begin with a transition:

> Next, we would like to ask you for your expectations about the US economy **in the hypothetical scenario where Kamala Harris wins the presidential election**.

Then, we elicit own inflation expectations, conditional on the presidential outcome:

> **Suppose Kamala Harris wins the presidential election**. In that case, <u>over the next 12 months</u>, do you think that in the US there will be inflation (prices in general to go up) or deflation (prices in general to go down)?
>
> ○ Inflation
> ○ Deflation (the opposite of inflation)

> **Suppose Kamala Harris wins the presidential election**. In that case, what do you expect the rate of inflation will be <u>over the next 12 months</u>?
>
> [   ]

> **Suppose Kamala Harris wins the presidential election**. In that case, what do you expect the rate of deflation will be <u>over the next 12 months</u>? Please enter a positive number to indicate deflation.
>
> [   ]

Maintaining the hypothetical, we then elicit higher-order beliefs for each party. Below see an example using the "typical Democratic voter":

Suppose Kamala Harris wins the presidential election.
In that case, <u>over the next 12 months</u>, do you think that the **typical Democratic voter** will expect inflation (prices in general to go up) or deflation (prices in general to go down)?

○ Inflation
○ Deflation (the opposite of inflation)

Suppose Kamala Harris wins the presidential election.
In that case, what do you think the **typical Democratic voter** will expect the rate of inflation to be <u>over the next 12 months</u>?

[   ]

Suppose Kamala Harris wins the presidential election.
In that case, what do you think the **typical Democratic voter** will expect the rate of deflation to be <u>over the next 12 months</u>? Please enter a positive number to indicate deflation.

[   ]

In the pre-2024 election survey, we also asked who the respondent expected would win the presidential election:

> Next, we will ask you for your thoughts about the upcoming presidential election. <u>Regardless of who you support</u>, who do you think is **more likely to win the presidential election**?
>
> ○ Kamala Harris
> ○ Donald Trump
> ○ Pure toss-up (Donald Trump and Kamala Harris are equally likely)
> ○ Prefer not to say

Conditional on their response to their prior question, a follow-up question may be asked. If they expect Trump or Harris to win, they would receive the respective question below. If a respondent expects a "pure toss-up," they do not get a follow-up question, and we assign a 50% chance belief that each candidate would win. If a respondent prefers not to say, we assign their probability as missing.

> What do you think is the percent chance that Donald Trump will win the presidential election?
>
> ○ 50-59%
> ○ 60-69%
> ○ 70-79%
> ○ 80-89%
> ○ 90-100%

> What do you think is the percent chance that Kamala Harris will win the presidential election?
>
> ○ 50-59%
> ○ 60-69%
> ○ 70-79%
> ○ 80-89%
> ○ 90-100%

In the survey following the 2024 election, we ask for inflation expectations in the hypothetical scenario that Harris had won. When we do this we begin with a transition:

> Next, we would like to ask you for your expectations about the US economy **in the hypothetical scenario where Kamala Harris had won the presidential election**.

Under the Harris counterfactual, we then ask for their point forecast for inflation:

> **Imagine if Kamala Harris had won the presidential election**. In that hypothetical scenario, <u>over the next 12 months</u>, do you think that in the US there will be inflation (prices in general to go up) or deflation (prices in general to go down)?
>
> ○ Inflation
> ○ Deflation (the opposite of inflation)

> **Imagine if Kamala Harris had won the presidential election**. In that hypothetical scenario, what do you expect the rate of inflation will be <u>over the next 12 months</u>?
>
> [   ]

> **Imagine if Kamala Harris had won the presidential election.** In that hypothetical scenario, what do you expect the rate of deflation will be <u>over the next 12 months</u>? Please enter a positive number to indicate deflation.
>
> [   ]

Under the Harris counterfactual, we also elicit higher-order beliefs, for each party (the Democratic example is below):

Imagine if Kamala Harris had won the presidential election. In that hypothetical scenario, <u>over the next 12 months</u>, do you think that the **typical Democratic voter** will expect inflation (prices in general to go up) or deflation (prices in general to go down)?

○ Inflation
○ Deflation (the opposite of inflation)

Imagine if Kamala Harris had won the presidential election. In that hypothetical scenario, what do you think the **typical Democratic voter** will expect the rate of inflation to be <u>over the next 12 months</u>?

☐

Imagine if Kamala Harris had won the presidential election. In that hypothetical scenario, what do you think the **typical Democratic voter** will expect the rate of deflation to be <u>over the next 12 months</u>? Please enter a positive number to indicate deflation.

☐

For the surveys following the April 2nd tariffs announcement, we collect respondents' subjective distributions of the average tariff rate over the next 12 months as follows:

In your view, what would you say is the percent chance that, <u>over the next 12 months</u> ...

the average tariff rate will be between 0% and 5%	0	%
the average tariff rate will be between 5% and 10%	0	%
the average tariff rate will be between 10% and 20%	0	%
the average tariff rate will be between 20% and 30%	0	%
the average tariff rate will be between 30% and 40%	0	%
the average tariff rate will be between 40% and 50%	0	%
the average tariff rate will be 50% or higher	0	%
Total	0	%

We use two hypothetical tariff regimes, "low" and "high", which we respectively describe as:

Next, we would like to ask you for your expectations about the US economy **in the hypothetical scenario where the new tariffs are removed and the average tariff rate over the next 12 months is between 0 to 5%.**

Instead, now we would like to ask you about your expectations about the US economy **in the hypothetical scenario that the new tariffs are not fully removed and the average tariff rate over the next 12 months is 5% or greater**.

For each of the tariff hypotheticals, we elicit own and higher-order beliefs by party. For example, below is a question eliciting higher-order beliefs about Democrats' inflation expectations in the low-tariff hypothetical.

Suppose the average tariff on imported goods over the next 12 months is between 0% and 5%. Do you think that the **typical Democratic voter** given this hypothetical scenario would expect inflation (prices in general to go up) or deflation (prices in general to go down) <u>over the next 12 months</u>?

○ Inflation
○ Deflation (the opposite of inflation)

Suppose the average tariff on imported goods over the next 12 months is between 0% and 5%. What do you think the **typical Democratic voter** given this hypothetical scenario would expect the rate of inflation to be <u>over the next 12 months</u>?

[ ]

Suppose the average tariff on imported goods over the next 12 months is between 0% and 5%. What do you think the **typical Democratic voter** given this hypothetical scenario would expect the rate of deflation to be <u>over the next 12 months</u>? Please enter a positive number to indicate deflation.

[ ]

Appendix B   Additional Results

B.1   Additional Exhibits

Table B1: Comparison of Demographic Characteristics Across Waves and with ACS

Variable	Wave 1	Wave 2	Wave 3	All	ACS
Age group					
18 to 24	10.06	12.12	10.44	10.81	11.62
25 to 34	30.52	30.12	33.61	30.91	17.28
35 to 44	22.77	27.63	23.16	24.46	17.07
45 to 54	16.81	17.76	16.64	17.10	15.45
Over 55	19.84	12.37	16.15	16.71	38.58
Gender					
Female	43.06	56.76	53.67	49.46	50.50
Male	54.92	41.66	45.51	48.87	49.50
Ethnicity					
White	79.43	70.29	70.96	74.92	72.30
Non-white	20.57	29.71	29.04	25.08	27.70
Education					
No college	35.41	37.10	27.73	34.67	55.00
College or more	64.59	62.90	72.27	65.33	45.00
Employment status					
Not employed	25.74	29.46	22.51	26.44	38.90
Employed	74.26	70.54	77.49	73.56	61.10
Income					
Less than 50k	38.22	34.85	32.46	36.11	32.30
50-100k	34.29	35.52	34.26	34.70	28.80
100-150k	14.95	17.68	18.27	16.43	17.40
150-200k	6.41	6.14	9.46	6.84	9.10
More than 200k	4.16	4.07	5.06	4.28	12.40
N	1779	1205	613	3597	

Notes: This table reports the demographic characteristics of survey respondents for each of the survey waves as well as for all waves combined. The values are percentages within each category for each subgroup. "N" refers to the total number of observations (by wave or in total). Wave 1 refers to the July and September of 2023 waves, Wave 2 refers to the November 2024 wave, and Wave 3 to the April 2025 wave. The last column reports demographic characteristics from the 2023 American Community Survey. For the Prolific surveys, the gender and income categories do not necessarily sum to 100% due to the presence of either non-binary individuals or individuals that "prefer not to say" their gender or income.
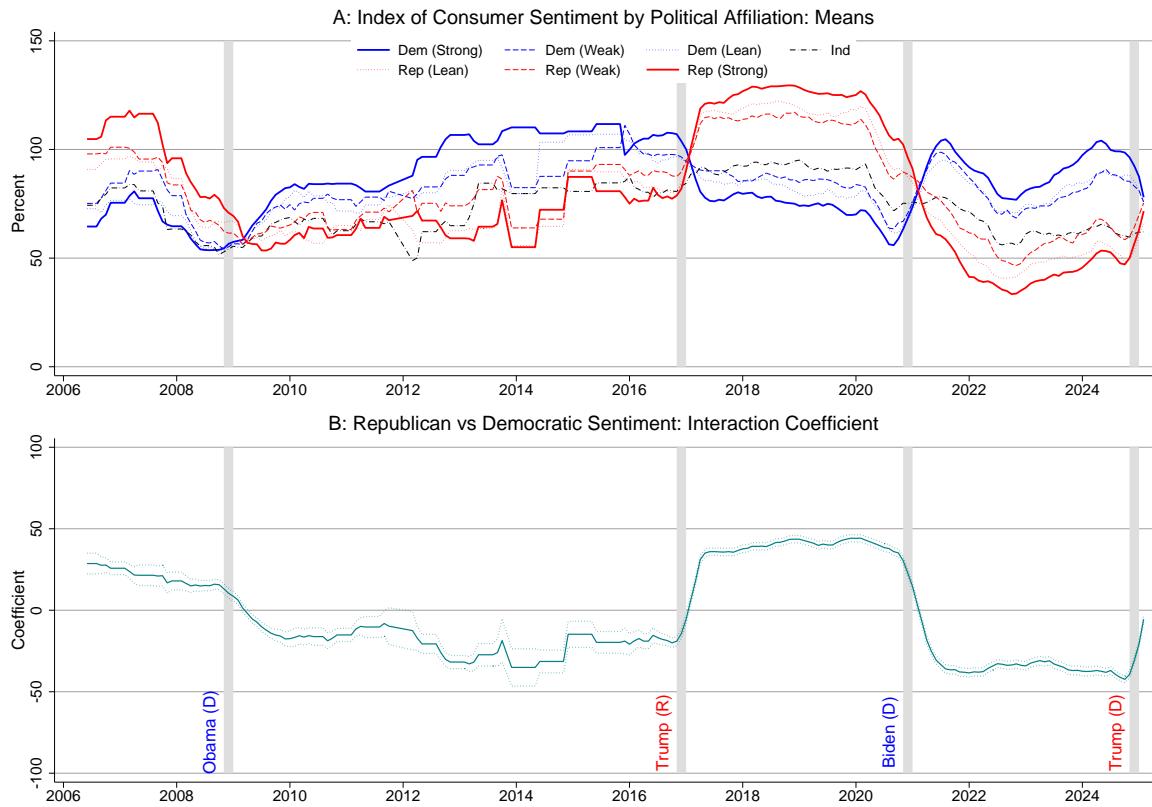
Figure B1: Consumer Sentiment by Political Affiliation

Notes: Panel A plots the coefficient from regressing consumer sentiment on indicators for disaggregated political affiliation using a six-month rolling window. Panel B plots the coefficient from regressing consumer sentiment on an indicator for Republican using a six-month rolling window and a sample of only Republicans and Democrats. The gray vertical shading marks the occurrence of general elections where the president's party changed, they are accompanied by the last name of the newly-elected president and their party affiliation. The gray shading starts in November of the election year and ends in January of the following year (inauguration). Data are from the MSC.

55
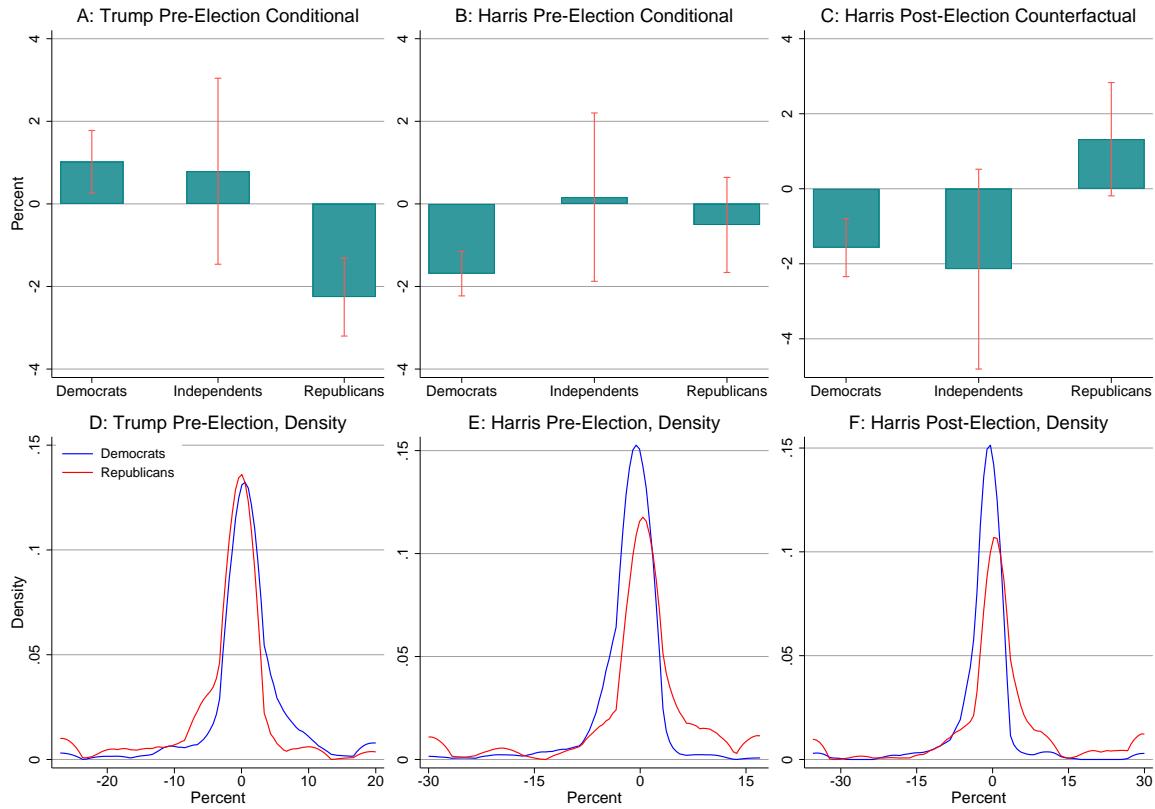
Figure B2: Higher-Order Beliefs of the Own-Party Gap, Conditional on President

Notes: In Panels A, B, and C, bars plot the mean higher-order belief of the conditional own-party gap, for Democrats, Independents, and Republicans separately. 95% confidence intervals are included. Panels D, E, and F report estimated densities (Epanechnikov kernel with bandwidth 1.5) of higher-order beliefs of the conditional own-party gap, for Republicans (in red) and Democrats (in blue). Panels A and D are conditional on Trump winning, while the remaining panels are conditional on Harris winning. Equation (6) defines the higher-order belief of the conditional own-party gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B5.
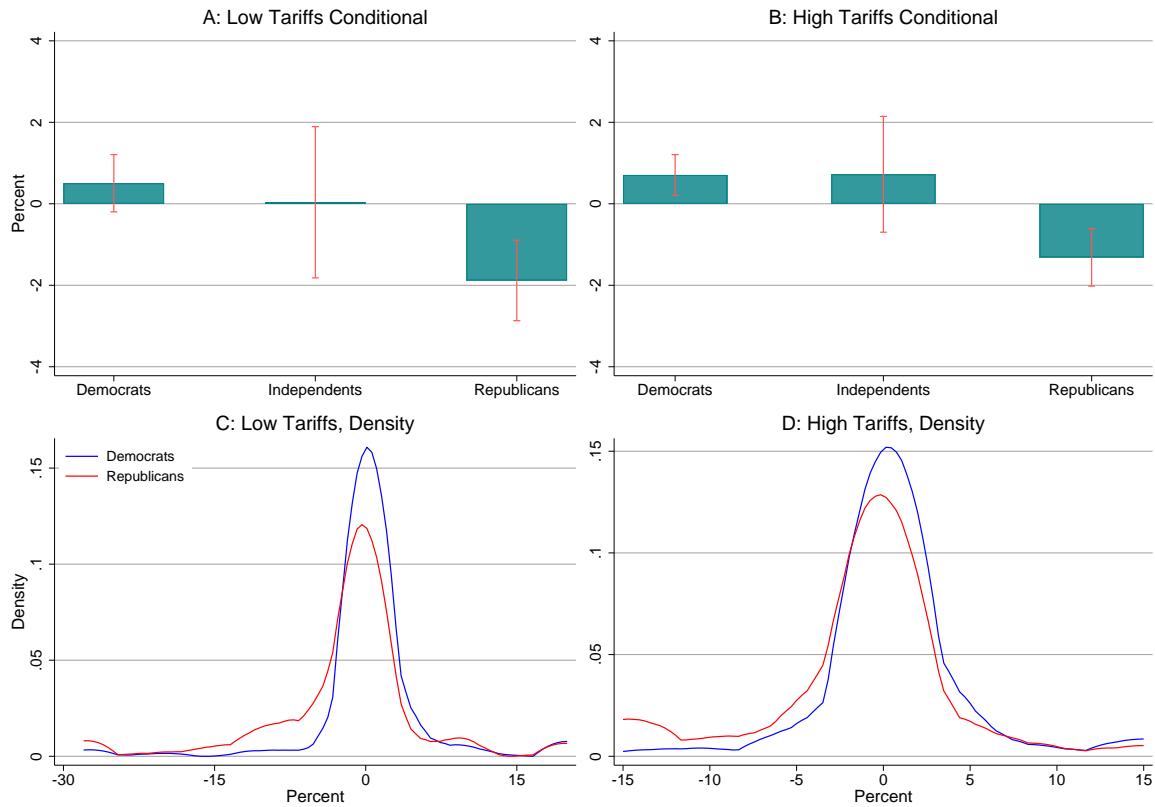
Figure B3: Higher-Order Beliefs of the Own-Party Gap, Conditional on Tariff Regime

Notes: In Panels A and B blue bars and orange 95% confidence intervals are associated with the mean higher-order belief of the conditional own-party gap, separately for Democrats, Independents, and Republicans. Panels C and and D report estimated densities (Epanechnikov kernel with bandwidth 1.5) of the higher-order beliefs of the conditional own-party gap, for Republicans (in red) and Democrats (in blue). Panels A and C are conditional on a low tariff scenario, while Panels B and D are conditional on a high tariff scenario. Equation (6) defines the higher-order belief of the conditional own-party gap. All variables are winsorized at the 5% level; alternative outlier treatments are reported in Appendix Table B6.

B.2 Treatment of Outliers: Robustness

Table B2: Higher-Order Beliefs of the Partisan Gap

|	(1)	(2)	(3)	(4)	(5)
Panel A: Winsorize 1%					
Dem	2.57***	6.07***	4.14***	-19.82***	-13.20***
	(0.75)	(1.00)	(1.13)	(1.74)	(1.65)
Ind	5.02***	7.84***	7.52*	-17.96***	-13.52***
	(1.85)	(1.88)	(4.16)	(3.48)	(4.03)
Rep	6.78***	9.70***	-5.49***	-23.26***	-12.00***
	(1.03)	(1.27)	(1.99)	(2.21)	(1.57)
Panel B: Winsorize 5% (Baseline)					
Dem	2.42***	6.77***	3.35***	-19.94***	-12.44***
	(0.47)	(0.69)	(0.85)	(1.64)	(1.26)
Ind	4.69***	7.19***	4.05	-17.76***	-14.83***
	(1.35)	(1.40)	(2.74)	(3.04)	(3.27)
Rep	6.39***	9.83***	-4.32***	-22.54***	-12.27***
	(0.63)	(0.85)	(1.51)	(2.03)	(1.33)
Panel C: Winsorize 10%					
Dem	2.09***	6.08***	2.89***	-19.17***	-11.28***
	(0.32)	(0.50)	(0.67)	(1.46)	(0.91)
Ind	3.77***	6.47***	2.46	-17.43***	-13.15***
	(0.82)	(1.05)	(1.74)	(2.67)	(2.21)
Rep	5.22***	8.82***	-1.83**	-21.47***	-11.75***
	(0.38)	(0.64)	(0.92)	(1.81)	(1.04)
Panel D: Median					
Dem	2.00***	4.00***	2.50***	-10.00***	-6.00***
	(0.24)	(0.36)	(0.38)	(0.75)	(0.58)
Ind	3.00**	5.00***	1.00	-13.00***	-6.00***
	(1.18)	(1.03)	(0.88)	(2.48)	(1.33)
Rep	4.00***	6.00***	0.00	-9.00***	-6.00***
	(0.66)	(0.53)	(0.68)	(1.09)	(0.55)
Panel E: Huber Robust					
Dem	2.07***	4.54***	2.43***	-10.45***	-6.76***
	(0.30)	(0.35)	(0.56)	(0.61)	(0.55)
Ind	3.72***	4.47***	1.52	-12.23***	-6.82***
	(0.59)	(0.66)	(1.30)	(1.51)	(1.14)
Rep	4.59***	5.77***	0.15	-8.80***	-6.39***
	(0.33)	(0.38)	(0.60)	(0.67)	(0.58)

This table presents higher-order beliefs of the partisan gap using alternative treatments to outliers. Each panel applies a different approach: (A) 1% winsorization (0.5% each tail), (B) 5% winsorization (2.5% each tail), (C) 10% winsorization (5% each tail), (D) median (50th percentile) quantile regression, and (E) Huber robust regression. Each column, within each panel, presents the results of one regression. Columns distinguish different survey waves: (1) July 2023; (2) September 2023; (3) November 2024 pre-election; (4) November 2024 post-election; and (5) April 2025.

Table B3: Higher-Order Beliefs of the Own-Party Gap

	(1)	(2)	(3)	(4)	(5)
Panel A: Winsorize 1%					
Dem	-0.95*	-0.27	-1.16*	3.06***	1.93**
	(0.58)	(0.76)	(0.67)	(0.78)	(0.94)
Ind	0.20	-2.17*	-0.56	-2.26	1.96
	(0.49)	(1.23)	(2.66)	(2.17)	(1.78)
Rep	1.72***	3.14***	-6.29***	-6.68***	-4.01***
	(0.52)	(0.88)	(1.46)	(1.23)	(1.16)
Panel B: Winsorize 5% (Baseline)					
Dem	-0.49**	-0.16	-1.61***	2.44***	1.44**
	(0.22)	(0.42)	(0.56)	(0.49)	(0.64)
Ind	0.40	-1.12*	-1.07	-2.07	1.68
	(0.40)	(0.67)	(1.65)	(1.65)	(1.65)
Rep	1.04***	2.95***	-5.71***	-5.46***	-3.08***
	(0.23)	(0.46)	(1.14)	(0.89)	(0.85)
Panel C: Winsorize 10%					
Dem	-0.44**	-0.11	-1.19***	1.92***	0.66*
	(0.19)	(0.28)	(0.37)	(0.35)	(0.36)
Ind	0.37	-0.56	-0.63	-1.70	-0.02
	(0.34)	(0.45)	(1.13)	(1.23)	(0.94)
Rep	0.95***	2.50***	-3.43***	-4.13***	-3.10***
	(0.20)	(0.30)	(0.63)	(0.57)	(0.52)
Panel D: Median					
Dem	0.00	0.00	0.00	1.00***	0.20
	(0.26)	(0.07)	(0.13)	(0.19)	(0.13)
Ind	0.00	0.00	0.00	0.00	0.00
	(0.26)	(0.07)	(0.29)	(0.16)	(0.13)
Rep	0.70***	1.00***	0.00	-1.50***	-1.00**
	(0.20)	(0.13)	(0.14)	(0.27)	(0.41)
Panel E: Huber Robust					
Dem	0.13	-0.37**	-0.16	1.42***	0.88***
	(0.11)	(0.16)	(0.20)	(0.20)	(0.20)
Ind	0.23	0.01	1.20***	0.05	0.11
	(0.22)	(0.31)	(0.45)	(0.49)	(0.42)
Rep	0.89***	1.61***	-0.17	-1.45***	-1.13***
	(0.13)	(0.17)	(0.21)	(0.22)	(0.22)

This table presents higher-order beliefs of the own-party gap using alternative treatments to outliers. Each panel applies a different approach: (A) 1% winsorization (0.5% each tail), (B) 5% winsorization (2.5% each tail), (C) 10% winsorization (5% each tail), (D) median (50th percentile) quantile regression, and (E) Huber robust regression. Each column, within each panel, presents the results of one regression. Columns distinguish different survey waves: (1) July 2023; (2) September 2023; (3) November 2024 pre-election; (4) November 2024 post-election; and (5) April 2025.

Table B4: Higher-Order Beliefs of the Partisan Gap, Presidential Hypotheticals

	(1)	(2)	(3)
Panel A: Winsorize 1%			
Dem	-19.43***	17.34***	18.22***
	(1.75)	(1.53)	(1.60)
Ind	-13.29***	11.34***	17.41***
	(3.84)	(3.34)	(4.32)
Rep	-20.88***	14.65***	15.14***
	(2.15)	(2.09)	(1.79)
Panel B: Winsorize 5% (Baseline)			
Dem	-19.29***	16.76***	17.69***
	(1.67)	(1.38)	(1.36)
Ind	-13.03***	10.43***	16.90***
	(3.42)	(2.48)	(3.98)
Rep	-20.48***	14.98***	15.88***
	(2.02)	(1.51)	(1.51)
Panel C: Winsorize 10%			
Dem	-18.37***	15.51***	16.87***
	(1.43)	(1.11)	(1.15)
Ind	-12.25***	10.37***	15.51***
	(2.78)	(2.07)	(3.03)
Rep	-18.99***	14.31***	15.82***
	(1.67)	(1.22)	(1.31)
Panel D: Median			
Dem	-10.00***	9.00***	9.00***
	(0.77)	(0.64)	(0.63)
Ind	-6.80***	5.00***	9.00***
	(1.17)	(1.32)	(1.55)
Rep	-9.00***	8.00***	8.00***
	(0.95)	(0.81)	(0.68)
Panel E: Huber Robust			
Dem	-10.02***	9.33***	9.69***
	(0.57)	(0.54)	(0.58)
Ind	-7.14***	5.74***	8.08***
	(1.31)	(1.23)	(1.44)
Rep	-8.69***	7.90***	8.26***
	(0.60)	(0.57)	(0.63)

This table presents higher-order beliefs of the partisan gap under different presidential counterfactuals using alternative treatments to outliers. Each panel applies a different approach: (A) 1% winsorization (0.5% each tail), (B) 5% winsorization (2.5% each tail), (C) 10% winsorization (5% each tail), (D) median (50th percentile) quantile regression, and (E) Huber robust regression. Each column, within each panel, presents the results of one regression. Columns distinguish different survey waves and counterfactuals: (1) November 2024 pre-election, Trump conditional; (2) November 2024 pre-election, Harris conditional; and (3) November 2024 post-election, Harris counterfactual.

Table B5: Higher-Order Beliefs of the Own-Party Gap, Presidential Hypotheticals

	(1)	(2)	(3)
Panel A: Winsorize 1%			
Dem	1.37**	-1.79***	-1.74***
	(0.57)	(0.48)	(0.52)
Ind	0.03	1.35	-2.15
	(1.84)	(1.80)	(1.36)
Rep	-3.24***	-0.51	0.43
	(0.84)	(1.02)	(1.16)
Panel B: Winsorize 5% (Baseline)			
Dem	1.02***	-1.69***	-1.57***
	(0.39)	(0.27)	(0.39)
Ind	0.79	0.16	-2.14
	(1.15)	(1.04)	(1.36)
Rep	-2.26***	-0.51	1.32*
	(0.48)	(0.59)	(0.77)
Panel C: Winsorize 10%			
Dem	0.81***	-1.54***	-1.35***
	(0.28)	(0.22)	(0.26)
Ind	0.65	0.20	-1.14
	(0.82)	(0.65)	(0.94)
Rep	-1.79***	-0.04	1.36***
	(0.34)	(0.40)	(0.46)
Panel D: Median			
Dem	0.00	0.00	0.00
	(0.13)	(0.14)	(0.13)
Ind	0.00	0.00	0.00
	(0.29)	(0.14)	(0.31)
Rep	0.00	0.00	0.00
	(0.14)	(0.14)	(0.21)
Panel E: Huber Robust			
Dem	0.66***	-0.74***	-0.90***
	(0.14)	(0.12)	(0.14)
Ind	0.76**	0.16	-0.38
	(0.32)	(0.28)	(0.34)
Rep	-0.49***	0.46***	0.68***
	(0.15)	(0.13)	(0.15)

This table presents higher-order beliefs of the own-party gap under different presidential counterfactuals using alternative treatments to outliers. Each panel applies a different approach: (A) 1% winsorization (0.5% each tail), (B) 5% winsorization (2.5% each tail), (C) 10% winsorization (5% each tail), (D) median (50th percentile) quantile regression, and (E) Huber robust regression. Within each panel, each column presents the results of one regression. Columns distinguish different survey waves and counterfactuals: (1) November 2024 pre-election, Trump conditional; (2) November 2024 pre-election, Harris conditional; and (3) November 2024 post-election, Harris counterfactual.

Table B6: Higher-Order Beliefs of Partisan and Own-Party Gaps, Tariff Hypotheticals

	(1)	(2)	(3)	(4)
Panel A: Winsorize 1%				
Dem	-6.66***	-8.89***	0.96*	1.39***
	(0.93)	(0.99)	(0.56)	(0.49)
Ind	-9.50***	-12.16***	-1.84	1.34
	(2.65)	(2.91)	(2.07)	(1.18)
Rep	-6.56***	-7.59***	-2.86***	-2.01***
	(1.29)	(1.17)	(1.00)	(0.73)
Panel B: Winsorize 5% (Baseline)				
Dem	-6.37***	-8.50***	0.50	0.71***
	(0.82)	(0.76)	(0.36)	(0.25)
Ind	-8.94***	-11.16***	0.04	0.72
	(2.28)	(2.12)	(0.95)	(0.73)
Rep	-6.77***	-7.39***	-1.88***	-1.31***
	(1.00)	(0.93)	(0.50)	(0.36)
Panel C: Winsorize 10%				
Dem	-5.39***	-7.91***	0.47**	0.56***
	(0.53)	(0.61)	(0.22)	(0.21)
Ind	-7.21***	-9.55***	0.51	0.68
	(1.42)	(1.53)	(0.60)	(0.61)
Rep	-5.63***	-6.72***	-1.42***	-1.11***
	(0.65)	(0.72)	(0.33)	(0.30)
Panel D: Median				
Dem	-4.00***	-5.00***	0.00	0.00
	(0.39)	(0.51)	(0.61)	(0.00)
Ind	-3.00***	-5.00***	0.00	0.00
	(1.07)	(0.80)	(0.61)	(0.00)
Rep	-3.00***	-3.00***	-0.30**	0.00
	(0.55)	(0.55)	(0.14)	(0.14)
Panel E: Huber Robust				
Dem	-3.37***	-4.99***	0.26**	0.33**
	(0.34)	(0.37)	(0.11)	(0.13)
Ind	-2.84***	-4.97***	0.21	-0.17
	(0.70)	(0.78)	(0.23)	(0.27)
Rep	-2.71***	-2.91***	-0.42***	-0.27**
	(0.36)	(0.40)	(0.12)	(0.14)

This table presents higher-order beliefs of the partisan and own-party gaps under different tariff conditionals using alternative treatments to outliers. Each panel applies a different approach: (A) 1% winsorization (0.5% each tail), (B) 5% winsorization (2.5% each tail), (C) 10% winsorization (5% each tail), (D) median (50th percentile) quantile regression, and (E) Huber robust regression. Within each panel, each column presents the results of one regression. Columns distinguish different gaps and tariff regimes: (1) partisan gap, low tariff regime; (2) partisan gap, high tariff regime; (3) own party gap, low tariff regime; and (4) own party gap, high tariff regime.