**Tincani Notes**

* Rational expectations is really strong
* If don’t want to, then use subjective belief data:
  + Subjective beliefs about return OR stated choices (probability of making various choices in future)
  + Eliciting mean is easy, but goal is to elicit on the CDF (at the individual level) 🡪 variation around mean is the uncertainty
* This data can **inform the model**
  + ATT > ATE so ppl sort on ex-ante predictions of which occupation has higher wages
  + Tldr roy model is reasonable: wages + amenities
* Data can also **validate model**
  + Wolpin and Gonul (1985) 🡪 read the intro
    - 1. Is expectation better than model? 2. If so, the rational expectation doesn’t work! There are biased beliefs
  + Delavande and zafar (2019) ask about school choice probabilities and about counterfactual choices
    - Estimate life cycle model using stated beliefs (not RE) and compare their counterfactual to the stated one to validate it
* Can use to **model learning**
  + Collect repeated data to model belief updating
  + Wiswall and zafar (2015) belief updating
* **Compare to RE benchmark**
  + People make decisions based on wrong beliefs
    - Ppl who are weaker overestimate and ppl who are stronger underestimate beliefs lol
  + DA algorithm > Boston algorithm if ppl have wrong beliefs
* Tincani et al (2025):
  + Connect admin and survey data
  + **Assume students best respond to perceived cutoffs and odnt impose equilibrium beliefs**
  + Estimation: no need to solve equilibrium! Ppl just best-respond to beliefs
  + Subjective value function with objective laws of motion
  + **With subjective beliefs, hard to do counterfactual where beliefs will change unless you collect it or model how those will change**
  + So the do the latter 🡪 assume the belief *error* is constant in counterfactual so they add this measured Delta and add it to the RE cutoff (not the actual one)