Perceptions of Public Debt and Policy Expectations: Evidence from Cross Country Surveys

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Abstract

We study fiscal knowledge, expectations, and belief formation across countries using survey evidence combined with experimental information treatments. Using large-scale survey data across a wide range of countries, we document substantial and systematic misperceptions about fiscal conditions. Individuals consistently underestimate public debt, particularly in high-debt countries, and knowledge of fiscal relationships is limited. However, a small group of older, financially wealthier agents displays a clearer understanding of fiscal trade-offs. Expectations about fiscal adjustment are skewed toward tax increases rather than spending cuts, and individuals expect adjustment costs to fall largely on themselves. We find evidence of consolidation fatigue: greater lifetime exposure to fiscal consolidations generates persistent pessimism about debt stabilization, future taxes, inflation, and personal economic prospects. Finally, providing accurate information about public debt causally shifts fiscal expectations. These findings highlight the role of information and experience in shaping fiscal expectations and political constraints on adjustment.

Keywords: public debt, fiscal policy, lifetime experiences, behavioral economics

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1 Introduction

The substantial fiscal packages implemented to address the COVID-19 pandemic have driven debt levels to historic highs in many countries. Concerns regarding debt overhang, government size, and risks to fiscal and financial stability permeate public and policy discourse. High debt burdens lead to expectations of costly fiscal adjustments and increase fears of pressure on central banks to maintain lower interest rates and accommodate higher inflation (Sargent et al., 1981; Leeper and Leith, 2016; Bianchi and Melosi, 2019; Bianchi et al., 2023). However, the tax and spending policies needed to reduce debt remain deeply unpopular.

This paper aims to understand how perceptions of public debt vary across countries and their effects on expectations of fiscal policy changes and macroeconomic outcomes. How do people's knowledge, subjective priors, and preferences for public debt shape attitudes towards spending and taxation? Are people's debt perceptions aligned with actual data? How do socioeconomic and political characteristics affect responses? Why do individuals with similar demographics have systematically different beliefs about the future trajectory of fiscal policy? Do responses vary based on the past experiences of fiscal consolidations faced by respondents? Does providing information about debt levels alter expectations for policy changes? Answers to these questions can shed light on the patterns of debt accumulation across countries, the design of fiscal adjustment, and public support for politically challenging fiscal reforms.

We address these fundamental questions through a large-scale global survey involving 27,000 respondents from thirteen countries, representing different income groups, debt levels, and economic contexts (see Figure 1)[1]. The survey's cross-sectional design and comprehensive demographic data enable us to identify factors influencing perceptions of fiscal policy and its macroeconomic relationships homogeneously across countries. We assess respondents' understanding of fiscal variables -taxes, government spending, deficits, and public debt- as well as their subjective views on taxation, spending, and debt levels in their countries. We then ask about their expectations for future changes in taxes and spending. The survey collects extensive data on key perceptions and preferences, including perceived time horizons for policy changes, impacts across different tax and spending categories, and the perceived effectiveness

[1]The survey covers nine advanced economies (Australia, Canada, France, Germany, Italy, Japan, Netherlands, the UK, and the US) and four emerging market economics (Argentina, Brazil, Hungary, and Poland).

of policy actions in managing debt.

Perceptions of fiscal variables and their trajectory vary across and within countries. For instance, only 10 percent of respondents in the Netherlands and Germany, relatively low debt countries, believe that debt will be lower in five years, compared to 50 percent in Argentina. Clearly, political, institutional, and economic experiences can exert an influence on attitudes and beliefs. In the second part of the paper, we examine whether the history of fiscal consolidations experienced by respondents predict beliefs about fiscal variables and attitudes about the efficacy of fiscal actions in reducing debt. We collect data on fiscal consolidations from Adler et al. (2024) and Escolano et al. (2018), complemented with data from Alesina and Ardagna (2010), and IMF country reports. We calculate each individual's fiscal consolidation experiences as a weighted average over their lifetime so far, in the spirit of the learning-from-experience parameter estimates of Malmendier and Nagel (2016).

Our paper makes three main contributions. First, we document how people perceive fiscal policy, its tradeoffs and how these perceptions depend on respondents' characteristics and experiences. We find significant knowledge gaps and heterogeneity in perceptions about fiscal policy. Generally, individuals have a weak understanding of the relationships between tax revenues, government spending, deficits, and public debt. Additionally, people systematically underestimate debt levels in high-debt countries compared to low-debt countries. However, older individuals who own financial assets have a significantly better understanding of the fiscal situation of their country and of the functioning of the government budget constraint.

We find that people generally expect tax increases more than spending cuts. Around 63 percent of respondents believe there is a 50 percent or greater likelihood of tax hikes, compared to 35 percent for spending cuts (22 percent in the US to over 50 percent in Argentina). Expectations regarding taxes and spending arise from different beliefs. Perceptions of public debt levels and current tax levels are the most important predictors of expectations of future tax increases. In contrast, expectations for spending cuts are shaped by country-specific factors and trust in the government.

Finally, people perceive the incidence of future tax increases and spending cuts to fall on themselves. For instance, high income individuals expect higher income taxes on the wealthy and on corporations compared to low-income individuals.[2] Similarly, lower income respondents

[2]Misperceptions about the incidence of taxes are highlighted in Bartels (2005) who finds that

assign a higher likelihood to cuts to pensions and social programs relative to upper income individuals. These results also speak to the support for or opposition to these politically-charged policies across different groups.

Our second contribution is to show how past experiences with fiscal consolidation shape individual beliefs about prospects regarding debt, taxes, and government spending both across and within different countries. Our findings reveal a *consolidation fatigue*. Individuals with greater lifetime exposure to fiscal consolidation not only expect rising debt levels in the future but also exhibit a marked pessimism regarding their own economic prospects and the government's ability to manage this debt effectively. Specifically, individuals who have experienced fiscal consolidation episodes in their countries are more likely to believe that high debt will require future tax increases or spending cuts. They also tend to feel that they personally will be worse off and that future taxpayers will be adversely affected. Additionally, these individuals are more likely to anticipate rising inflation associated with increasing debt levels.

Our analysis also underscores the critical role of individual experiences in shaping trust in government. We find that respondents with significant past exposure to fiscal consolidation exhibit lower levels of trust in government, which corroborates their pessimistic beliefs about the effectiveness of fiscal policy measures. Overall, our findings highlight the critical role of historical fiscal experiences in shaping attitudes toward government fiscal policies and the perceived efficacy of those policies in stabilizing debt.

Our third contribution utilizes randomized information treatments to demonstrate how information about debt levels and its trajectory influences expectations regarding tax and spending changes. This approach enables us to assess the causal impact of information provision on fiscal policy expectations across countries with varying debt levels.

We find that individuals adjust their expectations of tax increases and spending cuts when informed about the actual debt levels and trajectories in their countries. In countries with relatively low debt, respondents lower their expectations for tax increases when provided with accurate debt information. In contrast, in countries with high and rising debt levels, individuals tend to expect spending cuts when they are informed about high public debt levels; however, this does not alter their expectations regarding tax increases, which remain high.

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support for the 2001 and 2003 tax cuts in the US, which primarily benefited very wealthy taxpayers, was mainly driven by considerations over a person's own taxes.

Finally, our analysis reveals that past experiences with fiscal consolidation significantly influence how individuals interpret this information, particularly in countries with rising debt levels. We find that, on average, respondents with greater lifetime exposure to fiscal consolidation assign a low probability to spending cuts in their country. However, in countries with rising debt, these respondents are more likely to adjust their expectations about fiscal policy when informed of their country's debt level, with greater prior exposure to consolidation resulting in higher expectations for future spending cuts. This underscores the complex interplay between past experiences and current fiscal policy expectations.

Our results speak to a broad class of macroeconomic models. Standard general equilibrium and Ricardian frameworks assume fully informed, reational, forward-looking agents who observe the fiscal state and internalize the government's intertemporal budget constraint (Barro, 1974). Recent contributions introduce policy uncertainty (Bianchi and Melosi, 2019) or financial constraints and bounded rationality that limit agents' ability to internalize the budget constraint (Angeletos et al., 2024), yet typically maintain the assumption that agents accurately observe current fiscal conditions and share homogeneous beliefs. In life-cycle consumption models, individuals base decisions on the present value of expected after-tax income rather than current disposable income (Hall (1978); Campbell and Mankiw (1989)), implying that expectations about deficits and future taxes shape consumption and saving. Similar anticipatory effects arise in sticky-price DSGE models through news shocks. Our evidence of systematic misperceptions and belief heterogeneity suggests that equilibrium outcomes may differ from full-information benchmarks, and points to models in which a small group of financially wealthy agents is well informed while the majority is not as a promising direction for future research. At the same time, individuals display a form of ambiguity aversion (Gilboa and Schmeidler, 1989): uncertainty about the magnitude and composition of future fiscal adjustments leads them to expect that these adjustments will fall disproportionately on themselves.

Our paper contributes to a growing literature using survey methods to study perceptions and subjective beliefs about fiscal policy. Prior work shows that such perceptions shape policy preferences toward taxation (Fisman et al., 2020; Stantcheva, 2021), corporate bailouts (Colonnelli et al., 2024), and redistribution (Alesina et al., 2018), and influence views on taxes and government spending more broadly (Roth et al., 2022). Our findings are therefore relevant from a political economy perspective: fiscal perceptions affect not only economic behavior but also political support for fiscal reforms. In particular, voters' willingness to

endorse fiscal adjustments may depend on their understanding of debt and deficits. Consistent with historical evidence of a sustained expansion of the welfare state, we show that once large spending programs are implemented, they are widely expected to persist.

Our analysis also relates to research on experience effects in belief formation. Andre et al. (2022) show that individuals' interpretations of macroeconomic shocks depend strongly on past experiences and contextual cues. We contribute to this literature by examining how subjective beliefs shape expectations about fiscal policy and its financing in a cross-country setting. This approach allows us to elicit comparable macroeconomic expectations across countries and relate them to individual characteristics and institutional environments that are difficult to study in single-country analyses.

More broadly, our findings align with theories of expectation formation emphasizing salient past experiences (Bordalo et al., 2022). Prior studies document how personal exposure to stock market fluctuations, inflation, and unemployment shapes consumption, investment, risk-taking, and inflation expectations (Malmendier and Nagel, 2011; Malmendier and Shen, 2024), as well as how historical political regimes have persistent effects on preferences (Alesina and Fuchs-Schündeln, 2007; Fuchs-Schündeln and Schündeln, 2020). We extend this literature by providing the first cross-country evidence on how exposure to fiscal consolidations affects beliefs about governments' ability to stabilize debt, generating persistent pessimism about fiscal outcomes.

Our paper also contributes to work using information treatments to study how fiscal conditions shape household expectations about inflation (Grigoli and Sandri, 2024; Coibion et al., 2021), house prices (Armona et al., 2019), and personal economic prospects (Roth and Wohlfart, 2020). Building on Roth et al. (2022), we show that the effects of information about public debt on fiscal expectations depend on initial debt levels, prior beliefs, and lifetime experiences across countries.

Finally, we contribute to the literature on the political economy of government debt and fiscal adjustment (Alesina and Tabellini, 1990; Alesina and Passalacqua, 2016; Battaglini and Coate, 2008). While voters tend to favor policies that shift fiscal burdens onto others (Bierbrauer et al., 2021; Alpino et al., 2022), our results highlight how subjective priors and past experiences shape expectations and political support for fiscal adjustment, revealing an additional channel through which history influences contemporary fiscal politics.

2 The Survey

2.1 Survey data collection and sample

Data collection. We collected our survey data between April 2024 and May 2024 using the survey company YouGov. The company maintains a panels of respondents with panelists recruited online.[3] The survey was administered to respondents of at least 18 years of age, in their native language, chosen from the pool of pre-profiled panelists.

Data collection adhered to standard quality procedures. Sampling was done with replacement to minimize non-response bias, but each respondent could only take the survey once. To reduce cognitive fatigue, the questionnaire was administered individually and focused solely on study-related questions. The median completion time was 19 minutes (interquartile range: 20 minutes). Only respondents who completed the survey were included in the analysis. We excluded those who finished in less than 1 minute (speeders) and inattentive respondents who failed attention checks, resulting in a final sample of 27,202 respondents (ranging from 2,013 to 2,338 per country).

Sample. The survey encompassed both advanced and emerging market economies: Argentina, Australia, Brazil, Canada, France, Germany, Hungary, Italy, Japan, the Netherlands, Poland, the UK, and the US. Samples were selected to be nationally representative by age, gender, and region, as shown in Tables 1 and 2. Additional variables, such as socioeconomic class (UK) and race/education (US), were utilized in some countries to ensure representativeness. Additionally, sampling weights are constructed to ensure representativeness of the final sample.

2.2 Questionnaire

The questionnaire contains detailed information on socio-demographic characteristics and beliefs, described below. Annex B provides the full questionnaire.

Background information. We collect data on respondents' gender, age, income, education level, employment status, marital status, number of children, residence, financial constraints,

[3]YouGov conducts public opinion surveys online and has access to a panel of over 22 million registered members across more than 40 countries. YouGov rewards the respondents who fully complete the survey with compensation of varying amounts and forms, including cash and gift cards.

savings, and portfolio choices. Since views on taxes and spending vary by political affiliation and benefits received, we also ask about political leanings, social class, receipt of pensions or need-based government transfers (e.g., childcare, unemployment support), and self-identified net beneficiary status (i.e., whether paying more in taxes than receiving in benefits). Additionally, we ask about respondents' main sources of economic news, their engagement with economic issues, trust in government (Guiso et al., 2006), and views on the government's role in public service provision.

Knowledge and beliefs. Participants were asked a series of factual knowledge questions regarding the relationships among government spending, tax revenues, budget deficits, and debt. The framing of these questions was randomized: half of the respondents in each country were asked about the relationship between tax revenue and budget deficits in the context of increased taxes, while the other half received the same question framed around decreasing taxes. Similar randomizations were employed to assess understanding of the relationship between government spending and deficits, as well as between deficits and debt. Additionally, we inquired about respondents' perceptions of their country's total debt as a share of GDP and their expectations for debt over the next five years. Understanding prior beliefs is essential for distinguishing genuine belief updates from priming effects (Haaland et al., 2023). We also assess respondents' views on whether current levels of taxes, spending, and debt are high or low, and whether they expect government debt to rise over the next five years.

Treatment. We design an information experiment to evaluate how informing respondents about the level and trajectory of debt in their country influences their beliefs regarding fiscal policy direction and their own behaviors. Detailed descriptions of the information treatments are provided in Section 6.

Policy views and changes in own behavior. Following the randomized information intervention, all respondents are asked about their probabilistic expectations that the government will increase the level of taxes or cut the level of government spending. We also elicit their perceptions about the time horizon over which tax increases and/or spending cuts will materialize, and beliefs about the incidence of these changes (i.e., the likelihood it will impact specific tax and spending categories).

Beliefs regarding efficacy and mechanisms. In the final block of the survey, we explore respondents' views on the impact of public debt on their household, whether higher public

debt today will have to be paid for by higher taxes and/or lower government spending in the future, the distributional impact of higher debt (who will win or lose), and whether inflation will have to increase to lower debt in the future.

2.3 Data on past macroeconomic experiences.

Our primary data source on fiscal consolidations is derived from the comprehensive work of Adler et al. (2024), who compile fiscal consolidation data for 17 OECD economies spanning the years 1978 to 2020, along with data for Latin American and Caribbean economies from 1989 to 2020. We extend the temporal coverage of consolidation information and address data gaps identified in the Adler et al. dataset by incorporating data from Escolano et al. (2018), Alesina and Ardagna (2010), and relevant IMF country reports. Fiscal consolidation years for each country are reported in Annex Table 1. Data on fiscal crises is taken from the database of Medas et al. (2018) which identifies historical episodes of extreme fiscal distress from 1970 to 2015 (we supplement the database with information on recent years based on the definition of the authors).

Recent data on debt, real GDP growth and inflation are from the IMF's World Economic Outlook. To control for other macroeconomic experiences, we collect data on two other indicators for which sufficient historical data are available for our sample countries. We obtain historical data on inflation for our sample countries using a variety of cross-country and national databases, including: the OECD Consumer Prices Indices COICOP 1999 database, national data source retrieved through Haver Analytics, Australian Bureau of Statistics and Instituto Nacional de Estadistica y Censos de la Republica Argentina. Historical data on public debt is retrieved from the International Monetary Fund's database on Public Finances in Modern History.

3 Descriptive Statistics: Knowledge and Prior Beliefs

3.1 Knowledge of fiscal variables

Figure 2 presents summary statistics on respondents' factual knowledge concerning the connections between taxes, spending, deficits, and debt. Overall, the level of knowledge is weak, ex-

hibiting significant variation across countries. Nearly 60 percent of respondents in the Netherlands accurately understand the relationship between changes in tax revenues and budget deficits, while only 39 percent of respondents in Argentina demonstrate this understanding.

Asymmetry in understanding. Knowledge of the relationships among fiscal variables tends to be asymmetric, depending on how the questions are framed (see Figure 2 and Figure A1). A greater share of respondents (58 percent) recognize that higher government spending leads to higher budget deficits, compared to those who believe that lower spending reduces budget deficits (42 percent). This difference is statistically significant. Similarly, while nearly half of the respondents understand that lower tax revenues increase budget deficits, only 43 percent correctly identify the relationship between tax revenue increases and budget deficits.

Who has more knowledge? To summarize a respondent's knowledge about fiscal variables, we construct a knowledge index, which increases based on the accuracy of a respondent's answers to the knowledge question presented in Appendix Figure A1. First, we transform each underlying knowledge variable into a z-score by subtracting the sample mean and dividing by the sample standard deviation. Second, we calculate the average of these z-scores. Third, we standardize this average by dividing it by its standard deviation. In Figure 3.1 (Annex Table A2), we regress the knowledge index on respondents' socioeconomic characteristics, including country fixed effects, which account for time-invariant systematic differences across countries.

In most countries, possessing financial assets (savings/checking accounts, investments in stocks and bonds, or home ownership) is significantly correlated with more accurate knowledge. A college degree and higher income are also significantly associated with accuracy, although this varies by country. The effect of age is generally positive, but a nuanced picture emerges across different countries. Respondents who rely on traditional media sources and emphasize the importance of being informed about economic policies are generally more accurate.

To identify the most robust predictors of knowledge, we employ a random forests machine learning approach (Athey and Imbens, 2019)[4]. Figure 3.2 illustrates the average importance of the regressors, where scores increase in the importance of predictors to the estimated model.

[4]Random forest algorithms are found to be superior to linear regressions for prediction as they can capture non-linear relationship, interactions, and robustness to outliers. We exploit the feature importance estimation technique of the random forest to evaluate which predictors are contributing the most to the accuracy of the prediction.

The primary predictors of knowledge of fiscal relationships are owning financial assets and being aged 55 and above. These findings are consistent with research on household life cycle saving patterns and links between financial knowledge, saving, and investment behavior. Extensive research shows that a significant portion of the population across countries lacks financial literacy, with notable heterogeneity in financial knowledge observed by age and household wealth (see Lusardi and Mitchell (2014, 2023) for comprehensive reviews)[5].

3.2 Beliefs regarding debt levels

In this section, we examine respondents' perceptions of current and future debt five-years ahead[6]. As shown in Figure 4.1, respondents systematically under-estimate the level of public debt in countries with debt-to-GDP ratios exceeding 100 percent of GDP in 2023 (US, UK, Canada, Japan, France, and Italy).

These results align with other survey evidence indicating that the general public often has incorrect perceptions of government debt levels (Roth et al., 2022; Grigoli and Sandri, 2024). Our survey, however, reveals that the extent to which individuals under- or overestimate the degree of government indebtedness is influenced by the initial debt levels in their respective countries, with people more likely to underestimate debt in high debt countries.

Correlates of beliefs about debt. We next investigate how perceived debt to GDP ratios are correlated with individual characteristics. As in the case of knowledge, respondents with financial assets and older respondents are more likely to report higher estimates of the debt-to-GDP ratio, results that are statistically significant (Annex Table A3). Given that a high share of respondents under- or over-estimate the debt-to-GDP ratio, we also examine predictors of misperception, defined as the absolute deviation of prior beliefs from the true value as of 2023. The results indicate that errors are lower among older respondents, respondents receiving old age benefits and among respondents who believe in the importance of being informed about economic policy.

[5] Lusardi et al. (2017) develop a stochastic life cycle model with endogenous financial knowledge accumulation which predicts that that financial literacy is low among the young but should rise with age as people start investing in financial literacy. The model predicts that financial literacy is higher for the better-educated and highlights that people can be perfectly rational and yet choose not to be particularly financially sophisticated.

[6] To reduce the impact of outliers on the analysis, debt variables are winsorized by country at the 98 percent level.

There is a strong positive association between public perceptions of current debt and expectations of future debt levels. However, relative to their knowledge of current debt levels, respondents are more likely to have inaccurate perceptions of future debt levels (Figure 4.2). In countries where debt is projected to rise in the future, respondents are significantly more likely to underestimate debt, with 74 percent of respondents underestimating future debt relative to 50 percent in countries where debt is not expected to rise.

The fact that agents in high-debt environments underestimate the size of the debt may help explain why debt levels are elevated in the first place. If individuals misjudge the amount of accumulated debt, they may be less inclined to support fiscal reforms, thereby contributing to further debt accumulation. This lack of awareness could stem from rational inattention (Sims, 2003). To the extent that agents do not anticipate imminent fiscal adjustments or believe that such adjustments will not fall on them, they may rationally choose not to closely monitor the state of public finances. In this regard, the paper also connects to models such as the one proposed by Bassetto and Miller (2025), in which agents may remain uninformed about the fiscal situation for extended periods and only acquire information following unusual events, such as a large fiscal stimulus. Alternatively, this lack of awareness may result from political communication strategies, whereby politicians have incentives to avoid discussing fiscal issues. This interpretation aligns with the evidence presented by Cao et al. (2024), which shows that fiscal considerations have largely disappeared from the political platforms of major parties in democracies around the world.

Qualitative priors. Figure 6 reports qualitative beliefs about the current level of spending, taxes, deficits and current and future government debt for the full sample and across countries. Most respondents (72 percent) perceive debt to be somewhat high or very high, but a higher share of respondents believe that tax levels are high compared to government spending[7]. A significant number of respondents across most countries expect future debt to increase or to remain the same, but nearly half the respondents in Argentina believe that debt will decrease in five years (Figure 7). These results are in line with Andre et al. (2022) who find that differences in associations across individuals and economic contexts may drive heterogeneity in beliefs, as explored further in Section 5 below.

[7]In line with the misperceptions of numerical estimates, Japan is an outlier across all three questions, with a significantly lower share of respondents perceiving taxes, spending, or debt to be high.

For the subsample of respondents who provided both qualitative and quantitative assessments of debt levels, we find that that the two are correlated. Median and mean estimates of debt are strictly increasing for respondents who report that debt is 'Somewhat high' or 'Very high' compared to those who do not perceive debt is high[8]. We therefore use subjective beliefs as a reasonable proxy for respondents' perceptions of debt levels in their countries, particularly since half the sample did not provide a quantitative estimate of the country's debt level.

4 Policy Beliefs

In this section, we examine respondents' beliefs and attitudes regarding government spending and taxation and public debt. The descriptive statistics presented here and in the following section are based solely on the control group sample to ensure that the analysis is unaffected by the treatments. We then empirically analyze the extent to which individual socioeconomic characteristics and prior beliefs predict support for fiscal adjustment for the full sample and for individual countries. All regressions control for the information treatments received by the respondents.

4.1 Likelihood of fiscal adjustment

We begin by presenting stylized facts about expectations regarding tax increases and spending cuts. Figure 8 summarizes respondents' perceptions about the likelihood of policy changes, while Figure 9 illustrates the expected time-horizon for these adjustments. We then examine perceptions of incidence of adjustment and the role of beliefs and knowledge in shaping expectations.

Perceived likelihood of adjustment. Overall, a majority of respondents perceive a high probability of tax increases (50-80 percent), while only one-third report a high likelihood of spending cuts. In the US and Brazil, approximately 30 percent of respondents assign a probability of less than 25 percent to spending cuts, while 24 percent of respondents in Argentina assign a probability of greater than 75 percent, indicating considerable cross-country variation in attitudes toward government spending.

[8]Respondents who believe that the debt level in their country is 'Very high' report a median debt level of 75 percent of GDP, relative to 45 percent of GDP for respondents who believe the debt level is 'Somewhat high' and 30 percent of GDP for respondents who believe that the debt level is not high.

Perceived time-horizon. Most respondents who anticipate tax increases believe these will occur within two years. However, the perceived time horizon for government spending cuts shows greater variation. In Argentina and Italy, countries with relatively high debt levels, 77 and 69 percent, respectively believe that spending cuts are imminent. In contrast, this belief is much less prevalent in Brazil and Japan.

Perceptions across different groups. Figure 10 Panels A and B regress the likelihood that the government will cut spending and raise taxes, as well as beliefs about the time horizon for these adjustments, on individual socioeconomic characteristics and country fixed effects. To summarize the ordinal responses to these questions, we convert them into z-scores, by subtracting the control group mean and dividing by the control group standard deviation, with z-scores increasing in the respondent's beliefs regarding the direction of change in the respective variable. When average effects are relatively homogeneous across countries, we do not specifically discuss country heterogeneity (all results are in Annex Tables A4-A7).

Ownership of financial assets (stocks, bonds, or retirement products) is correlated with a higher probability of expecting spending cuts but no significant relationship with expectation of tax increases. Women tend to expect tax increases more than men and are less likely to assign a high probability to spending cuts, and they believe that tax adjustments will occur in the near term. The significance of age varies across policy views; older respondents are less likely to expect spending cuts, except in the Netherlands where they are significantly more likely, and they demonstrate higher expectations for tax increases in the U.S., Germany, and Argentina. Both prime-age and older respondents are less likely to believe that policy changes are imminent.

Respondents receiving need-based transfers and those who self-report staying informed about economic policy show heightened expectations for both tax increases and spending cuts. People who self-report paying more in taxes than receiving in government benefits exhibit a pessimistic attitude, with higher expectation of tax increases and lower likelihood of spending cuts. There exists a partisan gap in policy expectations; right wing orientation is generally associated with higher expectations of tax increases and lower expectations of spending cuts (except for Argentina, Hungary, and Japan).

Incidence of adjustment and Socioeconomic Characteristics. Among respondents assigning a probability greater than 50 percent to future tax increases or spending cuts, Figure 11 shows

that more than 70 percent in all countries expect higher taxes on middle-income households. This is consistent with the fact that middle-income households constitute a large share of the tax base and are relatively easy to target through increases in labor and consumption taxes. Respondents also expect fiscal adjustments to rely more heavily on cuts to social programs and public infrastructure (58 and 61 percent, respectively) than on reductions in defense spending (38 percent). This pattern is consistent both with the already limited size of defense spending relative to transfers in most countries and with the sustained elevation of geopolitical risk in recent years.

Individual traits and personal interests influence perceptions regarding taxes and government spending. Higher-income respondents are more likely to expect tax increases on wealthy households, wealth/estate taxes, and taxes on large corporations, even when controlling for income and asset ownership (Table 3). They are less likely to expect tax increases on middle-income households, taxes on small businesses and sales taxes. In contrast, prime-age individuals are more likely to anticipate sales tax increases and taxes affecting middle-income households and small businesses.

Respondents generally expect cuts to programs from which they directly benefit. Table 4 illustrates that recipients of need-based transfers are more likely to anticipate cuts to education spending, and lower-income respondents are also more likely to expect cuts to education spending relative to others with higher incomes. Individuals aged 55 and above and the retired are less likely to anticipate expenditure cuts to pensions but individuals who report receiving old age benefits or retirement benefits are more likely to expect cuts to pensions. Additionally, higher-income respondents are more likely to assign a lower likelihood to reductions in social programs than their lower-income counterparts.

Overall, therefore individuals expect the burden of tax increases and spending cuts to fall on themselves. This result aligns with existing evidence that individuals perceive themselves as more directly affected by and disadvantaged by policy changes. This result is consistent with the motivated reasoning in Bénabou and Tirole (2006), whereby individual beliefs are shaped by their functional goals and psychological needs, and models featuring ambiguity aversion (Gilboa and Schmeidler, 1989) or robust control (Hansen and Sargent, 2001), in which agents maximize utility based on a *subjective* worst case scenario.

4.2 Role of beliefs and knowledge

To investigate how policy priors, beliefs, and knowledge regarding fiscal variables are correlated with expectations of policy changes, we regress the likelihood of fiscal adjustments against these variables and other socioeconomic characteristics. The results are presented in Figure 12 (Annex Table A8). Overall, beliefs that taxes, spending, and debt levels are high, along with expectations of future debt increases, correlate with higher expectations of tax increases. In contrast, greater trust in government is associated with higher expectations of expenditure cuts and lower expectation of tax increases.

Random forest analysis reveals that the key predictors of tax increase likelihood include perceptions of government debt levels and trajectory, prior beliefs about tax levels, trust in government, and knowledge of fiscal relationships (Figure 13). Similar results obtain from a dominance analysis. Conversely, country fixed effects emerge as the primary predictors of expectations regarding spending cuts. This suggests that beliefs about spending cuts are heavily influenced by country-specific factors, such as the nature of the social contract, institutions, and the composition and trajectory of social spending. Additionally, trust in government and perceptions of government debt and spending levels and knowledge are more important predictors of expectations of spending cuts than demographic and socioeconomic characteristics.

5 The Role of Past Consolidation Experiences

The previous section emphasizes that prior beliefs about fiscal variables are the key predictors of expectations regarding policy changes. This raises the question: how are these beliefs shaped by past experiences with fiscal consolidations? A growing body of literature highlights the lasting impact of crisis experiences on individuals' macroeconomic beliefs and behaviors. In this section, we leverage the extensive national and international heterogeneity in experiences of fiscal adjustment to explore how past experiences shape the wide cross-sectional and within country differences in beliefs and perceptions. Specifically, we first investigate whether past fiscal consolidation experiences affect prior beliefs and expectations regarding future tax and spending changes. We then demonstrate that such experiences contribute to a pessimistic outlook on the effectiveness of fiscal actions in reducing debt, pointing into the direction of *consolidation fatigue*. This pattern may reflect the perception that fiscal consolidations often

fail to address underlying fiscal fragilities, instead postponing adjustment by a few years and leading to repeated consolidation episodes.

Following the approach of Malmendier and Nagel (2011, 2016), we develop a measure of individuals' exposure to historical episodes of fiscal consolidation in their country. Since our historical data only identifies the years of these episodes without detailing their magnitude, we calculate our measure based on incidence of consolidation episodes as opposed to size. For each respondent i, we calculate the following weighted average of past experiences of consolidation:

$$A_i = \frac{\sum_{k=1}^{age_i-1} w_i(k,\lambda) C_{age_i-k}}{\sum_{k=1}^{age_i-1} w_i(k,\lambda)}, \qquad where\ w_i(k,\lambda) = (\frac{age_i - k}{age_i})^{\lambda} \tag{1}$$

$C_{(age_i-k)}$ is an indicator that captures whether the respondent experienced a fiscal consolidation episode in their country in the k^{th} year prior to the survey. We follow prior literature in incorporating recency bias by assigning the highest weights to experiences in the most recent past, i.e. λ=1, so that weights decrease linearly from the year before the survey to zero at age 20. Given data availability, consolidation episodes experienced prior to the age of 20 are weighted as 0.

For robustness checks, we construct parallel measures for experiences of inflation and experience of sovereign debt, using historical cross-country data on the level of inflation and level of public debt in percentage of GDP to control for experience of other macroeconomic variables. We also consider a simple sum of the number of consolidation episodes experienced as an alternative consolidation measure, weighing all consolidation experiences equally.

5.1 Past experiences and beliefs

We relate individual differences in past exposure to fiscal consolidation on prior beliefs about fiscal variables within and across countries, controlling for individual characteristics and country-specific effects. To assist with interpretability, lifetime consolidation experiences and outcome variables are converted into standardized indices by subtracting the cross-country sample mean and dividing by the sample standard deviation.

We report the regression estimates for different sets of controls and fixed effects that remove potential sources of variation in experienced consolidation. The baseline specification controls

for age effects to remove average differences in experiences across age groups as well as common life-cycle experiences. In regressions with country fixed effects, we remove a key source of variation in country-specific average experiences, as well as cultural, political, and institutional differences. In Table 5, we first examine the relationship between past experiences of fiscal consolidation and prior beliefs regarding current debt, tax, and spending levels. Our findings indicate that respondents with greater experience of consolidation are less likely to perceive existing debt, spending, or tax levels in their country as high, highlighting significant differences in experiences across countries.

These results remain generally robust even when controlling for contemporaneous macroeconomic conditions that may influence beliefs across countries (see Annex Table A10). Specifically, the impact of experienced consolidation remains significant after accounting for factors such as inflation, real GDP per capita, and average debt over the past five years. However, the results on past experiences and current beliefs about fiscal variables lose significance when we include country fixed effects.

We find that past experiences of fiscal consolidation shape beliefs about future debt outcomes. Individuals who have lived through episodes of fiscal consolidation are significantly more likely to expect a higher future debt trajectory, both across and within countries. A one-standard deviation increase in lifetime exposure to fiscal consolidation predicts a 0.08-standard deviation increase in the belief that public debt will rise, corresponding to a 2.8 percent increase relative to the control-group mean. These results suggest that greater exposure to consolidation episodes fosters a more pessimistic assessment of governments' ability to manage debt accumulation effectively.

Expectations of future tax increases and spending cuts. We next investigate the extent to which past experiences influence expectations regarding current tax increases and spending cuts, as shown in Table 6. Our analysis includes individual characteristics and age effects in columns 1 and 3, while columns 2 and 4 incorporate country fixed effects to account for differences across countries.

Respondents with greater lifetime exposure to fiscal consolidation are more likely to expect future tax increases, but this finding is insignificant after including country fixed effects. However, we find that respondents with greater lifetime exposure to consolidation are significantly less likely to expect spending cuts in their country. This result remains statistically significant

when including country fixed effects and suggests that fiscal consolidations are typically unable to change the fiscal trajectory of the country.

In Annex Table 11, we present results that control for existing policy priors, beliefs, and knowledge about fiscal variables. This allows us to assess whether lifetime experiences provide additional explanatory power for current expectations of fiscal adjustments beyond their effects on prior beliefs. The results are robust to inclusion of prior beliefs, with greater experience of consolidation continuing to predict a lower likelihood of respondents expecting spending cuts in their country.

5.2 Beliefs about fiscal adjustments' efficacy and mechanisms

What mechanisms do people have in mind when thinking of fiscal adjustment and how does this correlate with past experiences? If people understand the government's intertemporal budget constraint, an increase in the expected level of government debt should lead to a decrease in the perceived net present value of the stream of public goods provision, to an increase in perceived net present value of tax revenues, or expectation of higher future inflation. To what extent do past fiscal consolidation experiences influence public sentiment about future outcomes? In this section we assess whether past experiences of fiscal consolidation affect respondents' beliefs regarding the efficacy of fiscal policy in stabilizing debt and are associated with a more pessimistic view of the perceived impacts of tax and spending changes.

In columns (1) and (2) of Table 7, we first examine the impact of past fiscal consolidation experiences on respondents' beliefs regarding the effectiveness of fiscal policy measures in stabilizing public debt for those reporting over a 50 percent probability of tax increases or spending cuts. Among the subsample of respondents who anticipate that fiscal policy adjustments will occur through tax hikes or spending cuts, those with a history of fiscal consolidation demonstrate significantly lower optimism about the government's ability to reduce or stabilize debt levels. This finding aligns with earlier results showing that respondents exposed to more fiscal consolidation are more likely to perceive an increasing trajectory of debt. These insights underscore the significant role that past experiences play in shaping current attitudes toward fiscal policy. They seem consistent with the fact that countries experience repeated fiscal consolidations that do not seem able to address the root causes of the rising debt, like, for example, demographic changes.

In Table 7 (columns 4-5), we also relate past lifetime experiences of fiscal consolidation to beliefs about future economic prospects for the full sample. Respondents with greater exposure to past fiscal consolidations are less optimistic about the anticipated economic policy changes in their country, indicating that they believe they will not be better off because of these changes. However, these results contrast with respondents who have experienced greater fiscal consolidation in the midst of a fiscal crisis (column 6), who are more likely to believe they will be better off following their government's fiscal actions. This indicates that respondents who have experienced corrective fiscal actions in the midst of a fiscal crisis are more likely to view current government policies more positively in relation to their own economic well being, even though they are not more likely to anticipate that these measures will correct the course of debt (column 3).

Greater exposure to fiscal consolidation is associated with a stronger belief that current high debt levels will require future tax increases or spending cuts. A one standard deviation increase in past exposure to consolidation increases belief that higher debt today will have to be paid off in the future by 0.03 standard deviations, or a 1 percent increase relative to the control group mean. Consistent with this belief, greater exposure to fiscal consolidation is also associated with a stronger perception that current high debt levels are detrimental to future taxpayers. A one standard deviation increase in past exposure to consolidation increases belief that debt will be harmful for future taxpayers by 0.04 standard deviation, or a 1 percent increase relative to the control group mean.

Respondents with significant past consolidation experiences are more inclined to believe that inflation may rise in the future due to elevated public debt levels today. This suggests that agents perceive that inflation will also contribute to debt stabilization, in line with recent evidence such as Barro and Bianchi (2023). In contrast, respondents who have experienced greater fiscal consolidation amidst fiscal crisis are less likely to anticipate higher inflation. This would suggest that individuals who have experienced corrective government fiscal action to address fiscal crises are less likely to believe that their government will resort to inflating away their debt.

These results are also mirrored in the levels of trust in government reported by respondents. We find a strong, statistically significant negative relationship between experienced fiscal consolidation and trust in government both across and within countries. In contrast, respondents

who experienced consolidation amidst crisis are more likely to trust the government.

Overall, individual experiences with fiscal consolidation contribute to heightened pessimism regarding the prospects for stabilizing debt, make individuals pessimistic about future economic prospects, enhance understanding of the government's intertemporal budget constraint, and clarify the relationship between inflation and debt, while negatively impacting overall trust in the government. This evidence on the beliefs channel is consistent with prior literature on experience effects and persistence of pessimism. Further, this result holds even after controlling for past inflation experiences as in Malmendier and Nagel (2011) or past debt experiences (see Annex Table 12), and alternative definitions of fiscal consolidation. However, on further examination of circumstances that surround episodes of fiscal consolidation, we find that respondents who have experienced fiscal consolidation in the context of a fiscal crisis are more likely to trust government, more likely to believe that government policies will make them better off, and less likely to believe that higher debt will result in higher inflation, suggesting greater overall confidence in corrective measures imposed by the government.

For a sub-sample of respondents, we obtained data on the type and size of fiscal consolidation they experienced, using information from Adler et al. (2024) [9]. We classify each consolidation episode as predominantly tax-based or spending-based, depending on whether the announced fiscal adjustment package involved a larger change in taxes or government spending as a percentage of GDP. In Annex Table A13, we examine whether the effect of past fiscal consolidation experiences on respondents' beliefs about the efficacy and economic mechanisms of fiscal policy varies by the type of adjustment they encountered. Our results show that the effects are driven entirely by respondents who experienced substantial spending-based consolidations, while the impact of tax-based consolidations is small and statistically insignificant across all outcomes examined. These findings are consistent with recent literature documenting stronger negative effects on public opinion following spending-based consolidation episodes (Jacques and Haffert, 2021), compared to studies highlighting greater resistance to tax-based consolidations (Bremer and Bürgisser, 2023).

[9] This sub-sample comprises 11 countries, excluding Poland and Hungary, and individuals born before 1979 in Argentine and Brazil and those born before 1957 in the remaining countries.

6 Causal Effect of Information About Debt

In this section we examine the causal effect of information about public debt levels on expectations about government spending and taxation. We run three randomized information experiments which vary the information provided to respondents regarding the level of public debt in their country and the relationship between fiscal variables.

6.1 Information treatments

The three treatment arms layer information treatments, such that treatments 2 and 3 build upon the information provided in the first treatment. In the first treatment, a randomly assigned quarter of respondents are informed about the actual debt-to-GDP ratio in their country in 2023[10]. Respondents are also shown a figure contrasting the debt-to-GDP ratio in 2023 with the debt-to-GDP ratio averaged over the pre-pandemic period and are given a short script that explains the concept of debt-to-GDP ratio from an economic perspective. Specifically, the script notes in the case of the US:

> The data shows that the US debt as a share of GDP has increased relative to recent years. Comparing a country's debt to its gross domestic product (GDP) reveals the country's ability to pay down its debt. This ratio is considered a better indicator of a country's fiscal situation than just the national debt number because it shows the burden of debt relative to the country's total economic output and therefore its ability to repay it.

This treatment allows respondents to update their priors on the level of debt in their country and adds more realism to their qualitative beliefs (Ansolabehere et al., 2013). By providing the historical debt levels, respondents are further able to contextualize the current level of debt with respect to its outturn in recent years and establish the debt trajectory for their country.

In the second treatment, in addition to the above information, treated individuals see an equation highlighting the relationship between debt and fiscal variables.

[10] Although the debt-to-GDP ratio is frequently discussed in the news, some respondents may not be familiar with the concept of GDP. We therefore explain that GDP refers to the the total annual value of the goods and services produced by the country.

> Here is how debt in the future and debt today are related: Debt in the future = Debt issued today + interest paid on today's debt + government spending today − taxes collected by the government today [11].

This treatment allows us to update incorrect or incomplete priors of respondents with respect to the relationship between different fiscal variables before their beliefs on the direction of fiscal variables are collected.

In the third treatment, in addition to the above information provided in treatments 1 and 2, a randomly assigned quarter of respondents are explicitly informed:

> Economic forecasters predict that government debt in the [name of the country]] will remain high relative to historical standards in the coming years.

This allows us to assess whether, in addition to the historical anchor, information on forecasters' predictions regarding the debt trajectory can shift people's beliefs about the direction of fiscal policy. Table 8 shows the balance of variables across the treated and control groups. While the groups are broadly balanced, in some specifications our regression analyses control for demographic covariates to account for any imbalance between the groups. We normalize the outcome variables with the mean and standard deviation for the control group and include for controls for demographic and socioeconomic characteristics, country fixed effects and report robust standard errors [12].

6.2 Effect on expectations of fiscal adjustment

Since the information provided is heterogeneous, depending on the debt trajectory of the respondent's country, we analyze treatment effects by type of information provided. Specifically, we consider two sub samples. The debt-stable subsample (Netherlands, Germany, Poland, and Hungary) consists of countries where respondents are informed that the debt level in their country decreased or remained stable in 2023 relative to the historical average. The debt-increased

[11] Respondents are informed that government spending consists of spending on goods and services (e.g., education, defense) and transfer programs (e.g., social security, unemployment benefits).

[12] The set of control variables is consistent with the set of correlates specified in all baseline regressions. Our results are robust to the exclusion of control variables.

subsample (the remaining nine countries) consists of countries where the information treatment reveals that the debt level in 2023 increased relative to the historical average.

Table 9 shows that the direction of the treatment effect is guided by the information on debt trajectories provided by the treatment. In the debt-stable country sample, all three information treatments lower expectations of tax increases by 0.6 - 0.11 standard deviations relative to the control group (1.7 - 3.2 percent decrease relative to the control group mean). In the debt-increased country sample, all three information treatments increase respondents' expectations of spending cuts by 0.04 standard deviations relative to the control group (1.7 percent increase relative to the control group mean). In the debt-stable sample, we do not find a consistent statistically significant effect.

These two last results, combined with the evidence presented above about the effects of having experienced fiscal consolidation, suggest that in countries that fail to control their debt level, agents might be more prone to anticipate cuts to benefits. Instead, in countries that have implemented fiscal adjustments or are generally more successful in keeping debt under control, taxation is the more relevant margin of adjustment. This difference could be because agents perceive fiscal issues arising from excessive spending or because historically the relevant margin of adjustment is taxation, but this requires agents to first learn about it.

We assess differences between treatments 1 and 2 to determine if information on fiscal variables and debt (treatment 2) influences treatment effects. Our analysis reveals no significant differences, even after accounting for prior knowledge (see Annex Table A14). Additionally, we compare treatment 3 with the other treatments to evaluate whether supplementary information on future debt trajectories alters treatment effects. Respondents informed about future debt trajectories are more likely to expect tax increases than those who are only aware of current debt levels (see Annex Table A15). This treatment effect is notably driven by respondents who learn that their country's future debt levels are expected to remain high.

6.3 Channels of treatment effects: heterogeneous debt priors

We next analyze how the treatment effects relate to debt priors of respondents. Table 10 evaluates the treatment effects identified in Section 6.2 in relation to respondents' qualitative debt priors. In the debt-stable country sample, treatment effects reduce expectations of tax increases by 0.09 - 0.14 standard deviations relative to the control group for those who perceive

debt as high or somewhat high (a 2.6 - 4 percent decrease from the control group mean). This indicates that the treatment effect operates through individuals with high initial debt priors who lower their tax increase expectations in response to receiving information that debt in their country has been stable in recent years. This treatment effect is insignificant among respondents with low debt priors.

In contrast, in the debt-increased country sample, people in treatment groups with qualitative priors that debt is not very high increase expectations of spending cuts by 0.06 - 0.07 standard deviations relative to the control group (2.6 - 3.1 percent increase relative to control group mean), but the treatment has no significant impact on respondents with initial priors that debt is very high. This suggests that the treatment effect is operating through respondents who learn that the debt-to-GDP ratio is much higher than their priors would suggest, which leads them to assign a higher probability to spending cuts.

We further investigate the impact of numerical priors on respondents' beliefs (see Annex Table A16). Our analysis shows that in both the debt-stable and debt-increased samples, the treatment effects highlighted in Table 10 are primarily driven by respondents who report numerical debt priors. In contrast, those without numerical priors tend to exhibit insignificant treatment effects. Additionally, Annex Table A17 reveals that treatment effects are strongest among respondents in the debt-stable sample who initially overestimate their country's debt levels and among those in debt-increasing countries who underestimate their debt levels.

Overall, our results provide strong evidence that people revise their expectations of fiscal adjustment when informed about the level and trajectory of debt in their country. However, there are differential responses for government spending and taxation depending on debt levels in a country. People in countries with stable or decreasing debt lower expectations of tax increases and spending cuts when informed about correct debt levels. This result is driven by respondents with high qualitative and quantitative initial debt priors who revise their expectations of tax increases down.

In contrast, people in countries where debt is high are more likely to expect spending cuts when informed about the correct debt levels, but this does not change their expectations regarding tax increases (which start with high baseline priors), a finding that is consistent with Roth et al. (2022) for the US. This result is primarily driven by people with low initial qualitative and quantitative debt priors, suggesting that people tend to adjust their expectations of spending

cuts when they are surprised by the high level of public debt. Moreover, the fact that the treatment effects are driven by individuals with a lower prior belief suggests that our results reflect true updating of beliefs, and that emotional responses and priming effects are not driving this result.

6.4 Treatment effect and past experiences of consolidation

We further explore whether treatment effects vary by respondents past experiences of fiscal consolidation. We begin by creating an indicator variable to identify respondents who have received any of the information treatments. Additionally, we construct a second indicator that takes a value of 1 if a respondent's exposure to fiscal consolidation exceeds the median level within their country, thereby designating individuals with high exposure to these episodes. We analyze the relationship between this exposure and expectations regarding tax increases in countries with stable debt, as well as expectations of spending cuts in countries with increasing debt, where we observe significant treatment effects as detailed in Section 6.2.

In countries with stable debt, our findings indicate that information about actual debt levels reduces respondents' expectations for tax increases. As shown in Table 11, column 1, the interaction between receiving this treatment and having above-median exposure to fiscal consolidation is insignificant. This suggests that respondents with higher consolidation exposure do not differ in their expectations of tax increases compared to those with lower exposure when informed about the current level of debt.

Conversely, in countries experiencing rising debt levels, the information treatment significantly raises respondents' expectations for spending cuts. In Table 11, column 2, the interaction between high exposure to past fiscal consolidation and the information treatment is significant, while the coefficient for respondents with lower exposure to consolidation is insignificant. This indicates that in countries with increasing debt, prior exposure to fiscal consolidation plays a critical role in shaping how information treatments affect beliefs about fiscal policy changes.

Specifically, respondents with high exposure to past fiscal consolidation episodes are generally less likely to expect spending cuts, a finding discussed in Section 5.1. However, these respondents are also more inclined to adjust their beliefs about fiscal policy when informed of their country's debt level, with greater prior exposure to consolidation leading to stronger expectations for future spending cuts as a corrective fiscal measure.

6.5 Policy implications

These findings contribute to the growing literature on economic expectations by highlighting the role of fiscal policy perceptions, an area less explored compared to monetary policy transparency and forward guidance. While central banks have long recognized the importance of anchoring inflation expectations, our results suggest that managing public expectations about fiscal variables-particularly public debt-may be equally consequential. Misperceptions about debt levels can influence support for fiscal consolidation and reactions to future tax changes, thereby affecting the effectiveness of fiscal policy.

Importantly, these effects are likely heterogeneous across countries. In financially advanced economies, where individuals tend to be more financially literate and asset-owning, a clearer understanding of the debt-tax link may lead to behavioral adjustments such as increased saving or greater support for fiscal reforms. This implies that the macroeconomic impact of a given debt level may depend not only on its size but also on how well-informed the population is.

Our experimental design, which involved informing respondents of the actual debt level, reveals that the impact of information varies with a country's debt trajectory and individuals' prior experiences. This opens up a promising avenue for policy communication. Just as central banks use forward guidance to shape expectations, governments or independent fiscal institutions might consider more transparent communication strategies to guide public perceptions of fiscal sustainability. For instance, in high-debt countries, greater transparency could foster acceptance of spending cuts, while in low-debt contexts, it might prevent unwarranted fears of tax increases. Drawing on insights from the monetary policy literature, we argue that effective fiscal policy may require not only sound legislation but also deliberate management of public expectations.

7 Conclusion

This paper provides new evidence on how individuals perceive public debt and how these perceptions shape expectations about fiscal policy and personal economic outcomes. The use of large-scale social economics surveys for a wide range of countries permits going beyond simply asking about support for or opposition to politically charged tax increases and spending cuts to bring down debt: we can understand people's reasoning better, identify gaps in information,

and assess how lifetime fiscal consolidation experiences color beliefs about fiscal outcomes.

Our findings reveal four key insights. First, knowledge of fiscal relationships is limited and varies significantly across countries and demographic groups. Individuals systematically underestimate debt levels, particularly in high-debt countries, and often fail to grasp the basic connections between taxes, spending, deficits, and debt. These knowledge gaps are not random: they are strongly correlated with age, financial literacy, and asset ownership. Older agents with financial wealth have a significantly better understanding of the fiscal situation and the relevant tradeoffs. These findings point to a promising avenue for future research: models in which a small number of wealthy agents are well-informed about the fiscal situation, while the broader population remains largely uninformed until a crisis unfolds.

Second, respondents tend to expect tax increases more than spending cuts, and they believe that the burden of fiscal adjustment will fall on themselves, regardless of income level or political orientation. This latter finding suggests that agents may be *pessimistic* about the effectiveness and distributional costs of fiscal adjustments. Models with heterogeneous agents featuring ambiguity aversion or robust control provide a promising environment to capture this feature of our findings.

Third, we uncover a *consolidation fatigue*: Past experiences with fiscal consolidation make agents overall more pessimistic about the future. Individuals with greater lifetime exposure to fiscal adjustments are more pessimistic about the trajectory of public debt, more likely to expect future tax increases, and less likely to trust the government's ability to manage debt effectively. These individuals also tend to believe that inflation will rise and that fiscal adjustments will not improve their personal economic situation and that future generations will bear the costs of today's debt. These findings underscore the importance of the lived experiences in shaping beliefs and expectations.

Finally, providing individuals with accurate information about their country's debt levels can significantly alter their expectations about fiscal policy, but the effects depend on both the country's debt trajectory and the respondent's prior beliefs and experiences. In countries with stable or declining debt, information treatments reduce expectations of tax increases and spending cuts, particularly among those who initially overestimated debt levels. In contrast, in countries with rising debt, information increases expectations of spending cuts, especially among individuals who previously underestimated debt levels. Importantly, the impact of

information is amplified among those with greater exposure to past fiscal consolidations, suggesting that personal history conditions how new information is processed and internalized.

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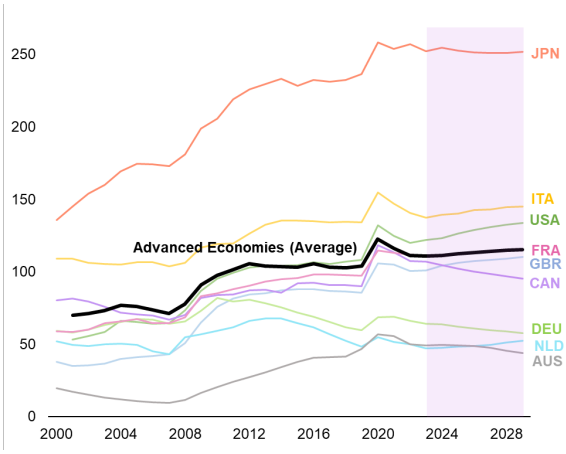
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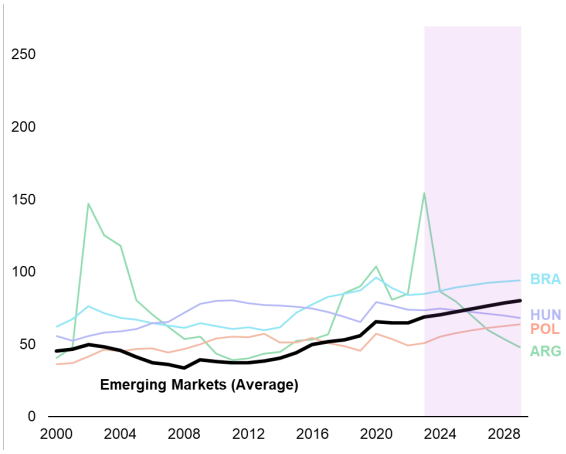
8 Figures

FIGURE 1: Debt Levels in Advanced and Emerging Market Economies in the Sample

1.1 Advanced Economies (Percent of GDP)



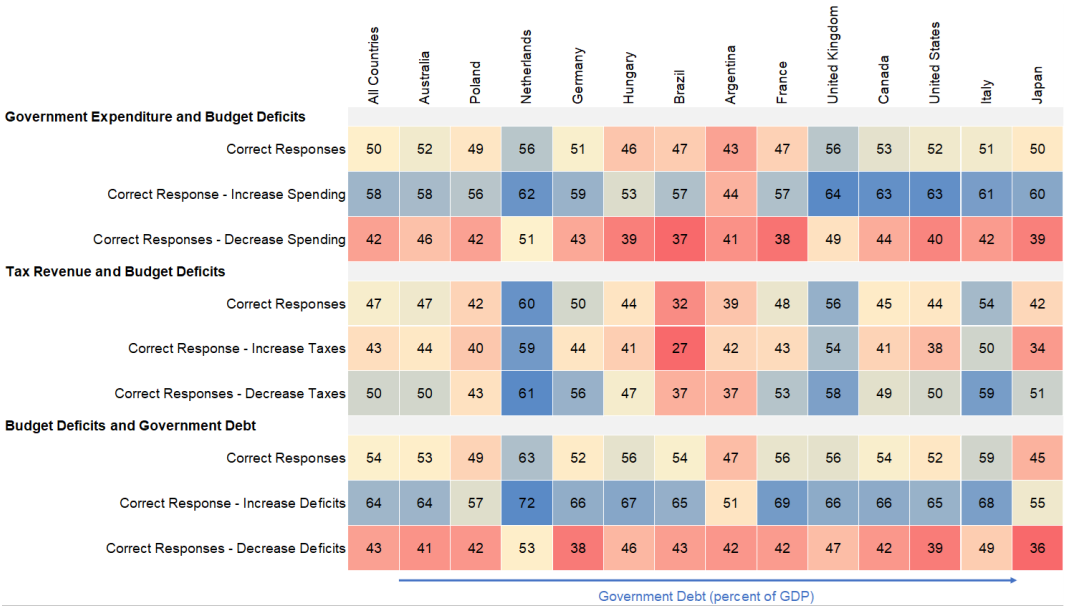
1.2 Emerging Market Economies (Percent of GDP)



Sources: World Economic Outlook database.
Note: Data labels in the figures use International Organization for Standardization (ISO) country codes

FIGURE 2: Knowledge and Asymmetrical Framing

(Percent of respondents)

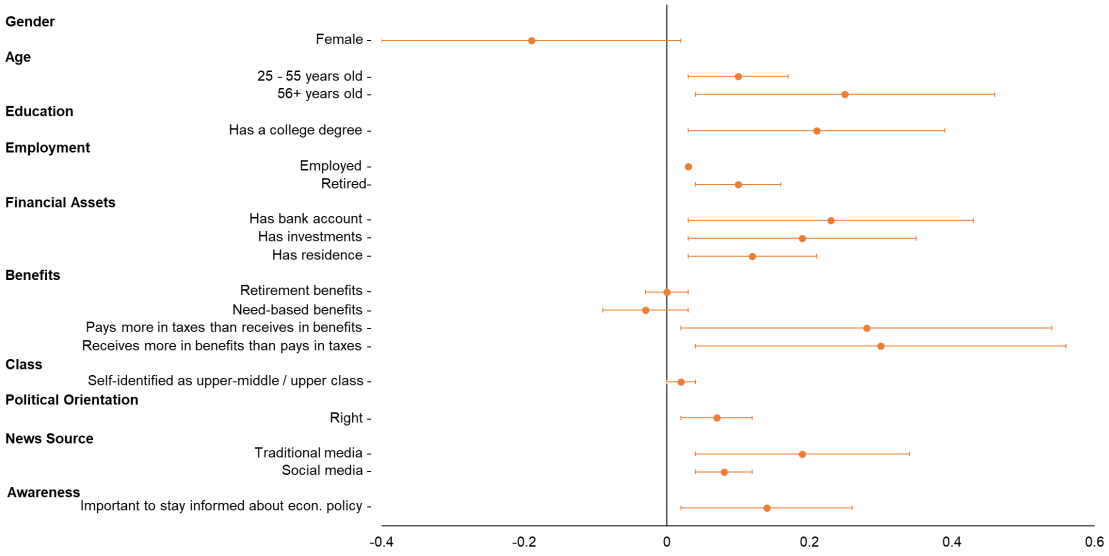


Sources: IMF staff calculations based on IMF-YouGov Survey

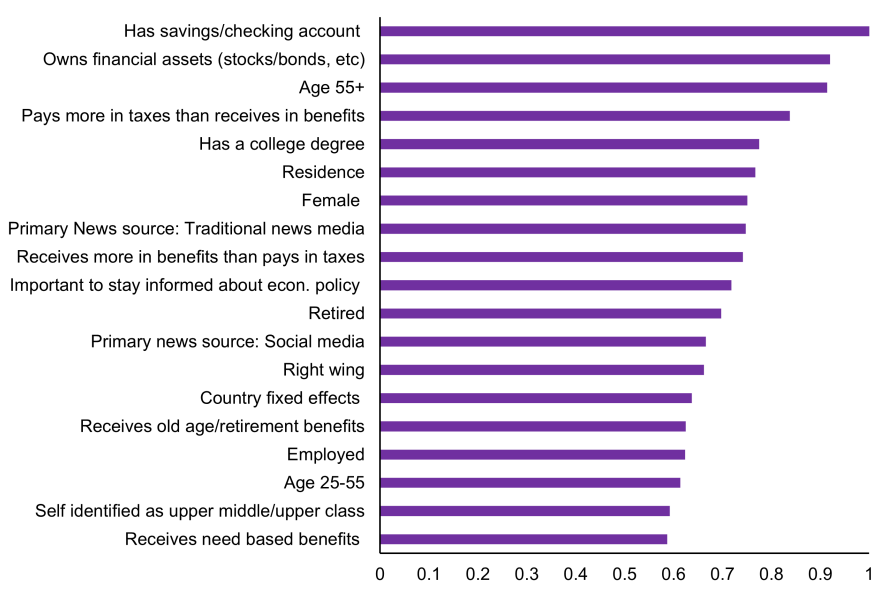
Note: This figure shows the share of people in each country who answered the questions "If government spending is increased/cut, what do you think is the impact on the government's budget deficit?" (top panel), "If the government collects more/less tax revenues, what do you think is the impact on the government's budget deficit?" (middle panel), and "If government's budget deficit increases/decreases, what do you think is the impact on the level of government debt?" (bottom panel). Correct Response represents all respondents who respond correctly to the question, regardless of the framing as increasing or decreasing. Don't know is the excluded category.

FIGURE 3: Correlates of Knowledge and Individual Characteristics

3.1 Coefficients with 95 % Confidence Intervals



3.2 Importance of Predictors of Knowledge Index

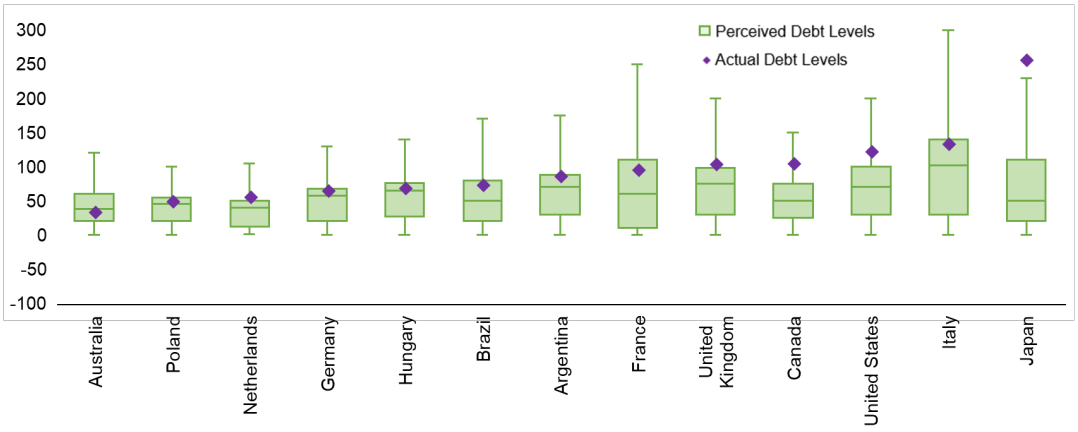


Source: IMF staff calculations based on IMF YouGov Survey.

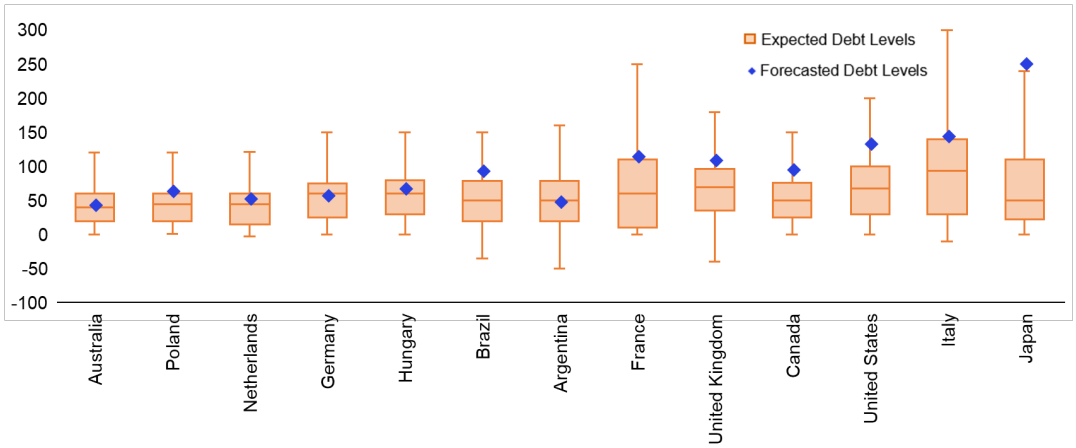
Note: This first figure shows the coefficients from linear regression on the knowledge index with the full set of socioeconomic controls and country fixed effects (Panel 1). The 95% confidence intervals are computed using robust standard errors. The second figure shows the importance score of the predictors using random forest techniques for prediction (Panel 2).

FIGURE 4: Perceptions of Debt Compared to Actual Debt Levels

4.1 Perceived vs Actual Debt Levels
(Percent of GDP)



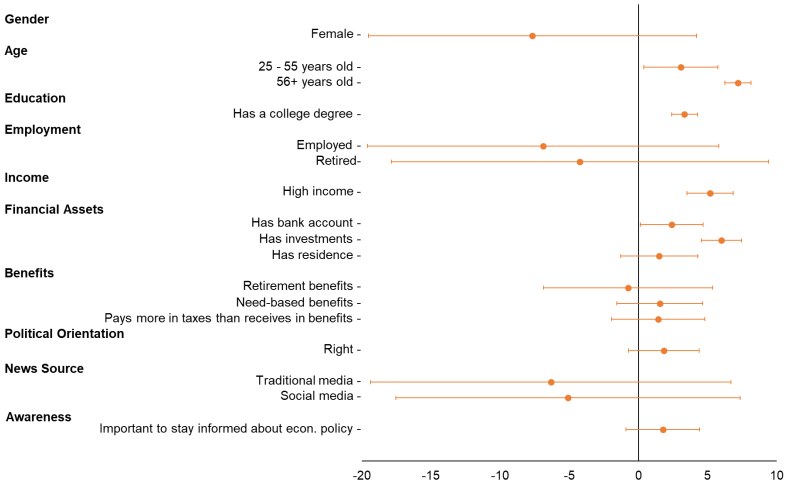
Expected vs Forecasted Debt Levels
(Percent of GDP)



Sources: World Economic Outlook database, official government sources, and IMF staff calculations based on IMF-YouGov Survey.
Note: This figure shows the response of people in each country to the questions "What do you think the current level of government debt is in percent of your country's Gross Domestic Product (GDP)?" (top panel) and "What do you think the level of government debt will be, in percent of your country's Gross Domestic Product (GDP) in five years?" (bottom panel), compared to figures for actual and forecasted debt levels. Forecasted debt levels are projected for 2029.

FIGURE 5: Correlates of Perceived Debt Levels with Individual Characteristics

(Regression Coefficients & 95% Confidence Intervals)



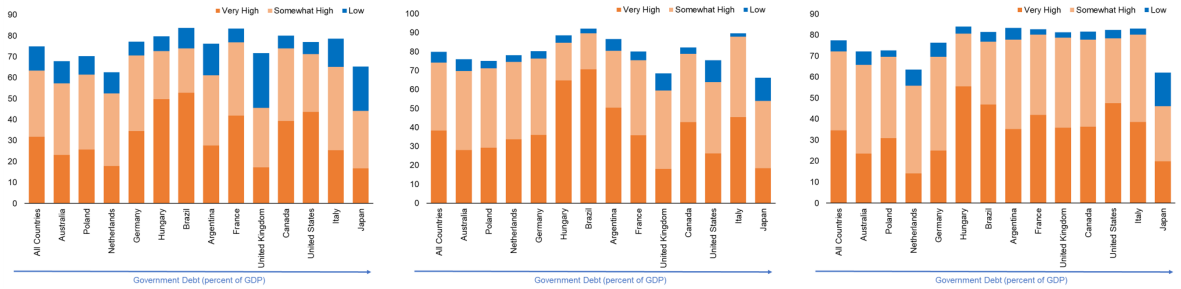
Sources: IMF staff calculations based on IMF-YouGov Survey.
Note: This figure shows the linear probability model regression coefficients on the dependent variable (current level of government debt in GDP) with the full set of socioeconomic controls and country fixed effects. The 95% confidence intervals are computed using robust standard errors.

FIGURE 6: Perceptions of Current Government Spending, Taxes, and Debt Levels

6.1 Spending Levels
(Percent of GDP)

6.2 Tax Levels
(Percent of GDP)

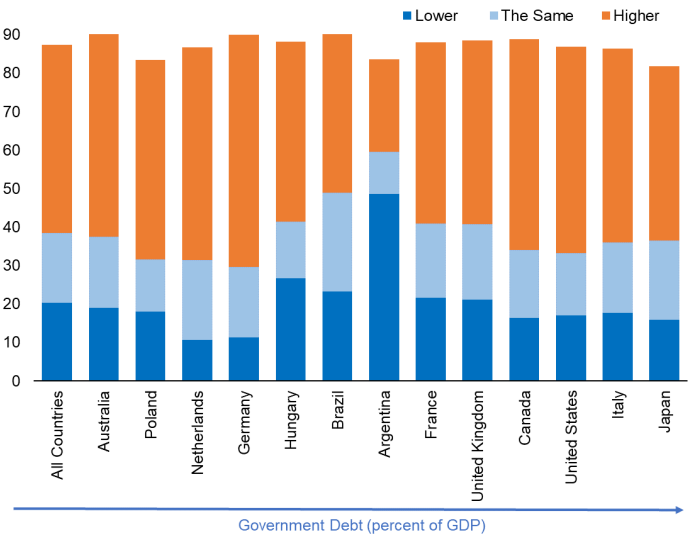
6.3 Debt Levels
(Percent of GDP)



Sources: IMF staff calculations based on IMF-YouGov Survey.
Note: The figures show the share of people in each country who answered the questions "Do you think that the current level of government spending is high or low?" (Panel 1), "Do you think that the current level of taxes is high or low?" (Panel 2), and "Do you think the level of government debt is high or low?" (Panel 3). Neither is the excluded category.

FIGURE 7: Beliefs about Future Debt

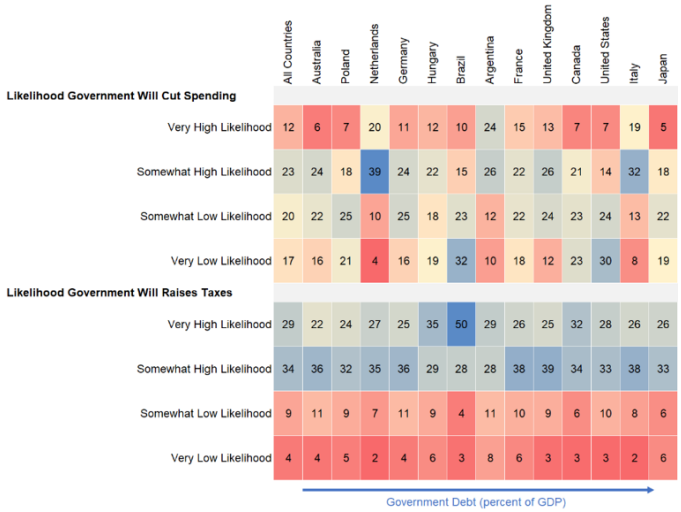
(Percent of respondents)



Sources: IMF staff calculations based on IMF-YouGov Survey
Note: This figure shows the share of people in each country for the full sample who answered the question "In five years, do you think the level of government debt in your country will be higher or lower than the current level?" Don't know is the excluded category.

FIGURE 8: Expectations of Spending Cuts and Tax Increases

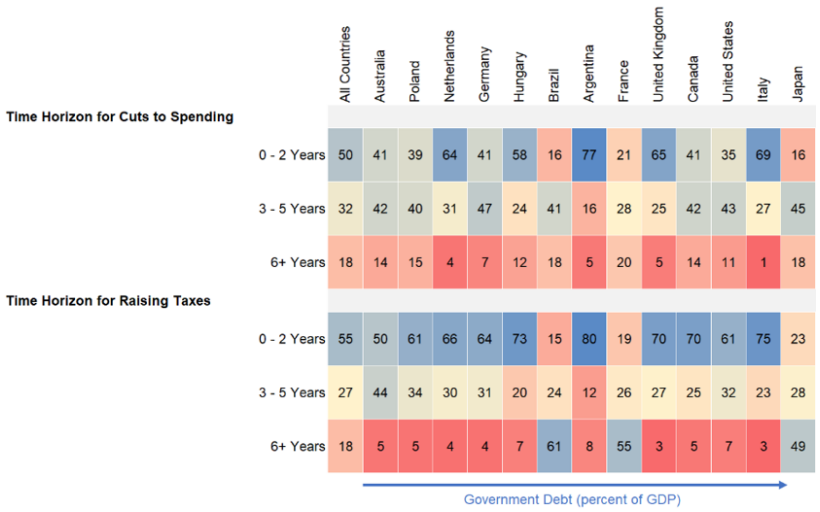
(Percent of control group respondents)



Sources: IMF staff calculations based on IMF-YouGov Survey.
Notes: The rows in this figure show the share of responses in each country to the question "Given your knowledge of debt as a share of GDP in your country, what do you think is the probability that the government will increase the level of taxes or cut the level of government spending?". Neutral is the excluded category. High includes over 50 percent probability, very high above 75 percent; low includes less than 50 percent probability. Shares reported for control group only.

FIGURE 9: Time Horizon of Fiscal Adjustment

(Percent of control group respondents)

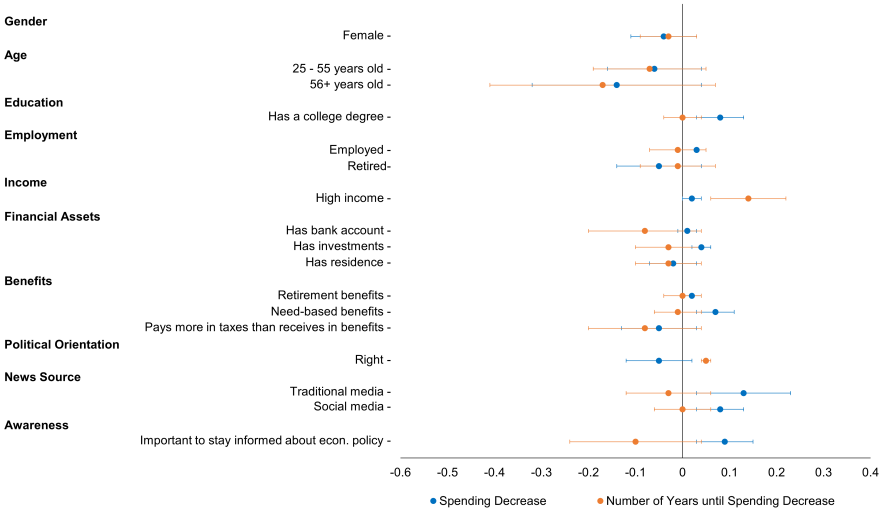


Sources: IMF staff calculations based on IMF-YouGov Survey.
Notes: The rows in this figure show the share of responses in each country to the questions "In how many years do you expect that the government will begin to cut government spending?" (top panel) and "In how many years do you expect that the government will begin to increase taxes?" (bottom panel). Shares reported for control group only.

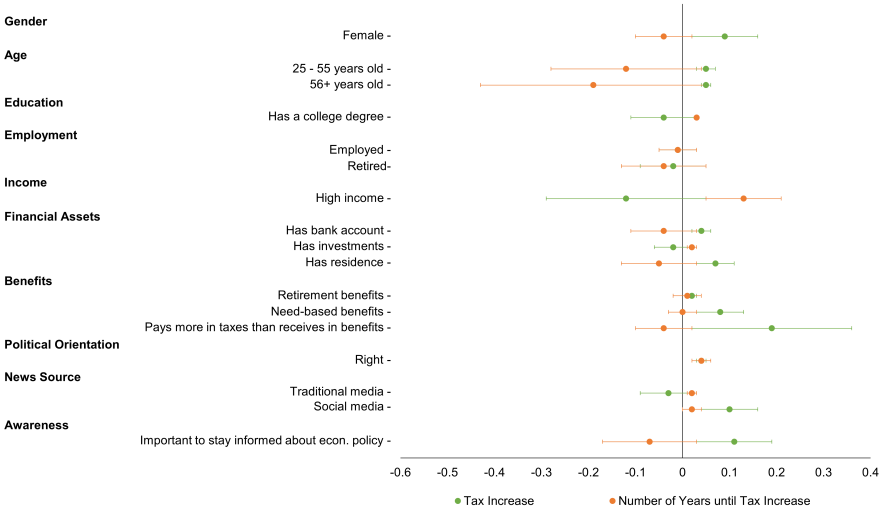
FIGURE 10: Correlates of Expectations of Spending Cuts and Tax Increases and Time Horizon for Policy Changes

(Regression Coefficients & 95% Confidence Intervals)

10.1 Spending Cuts



10.2 Tax Increases

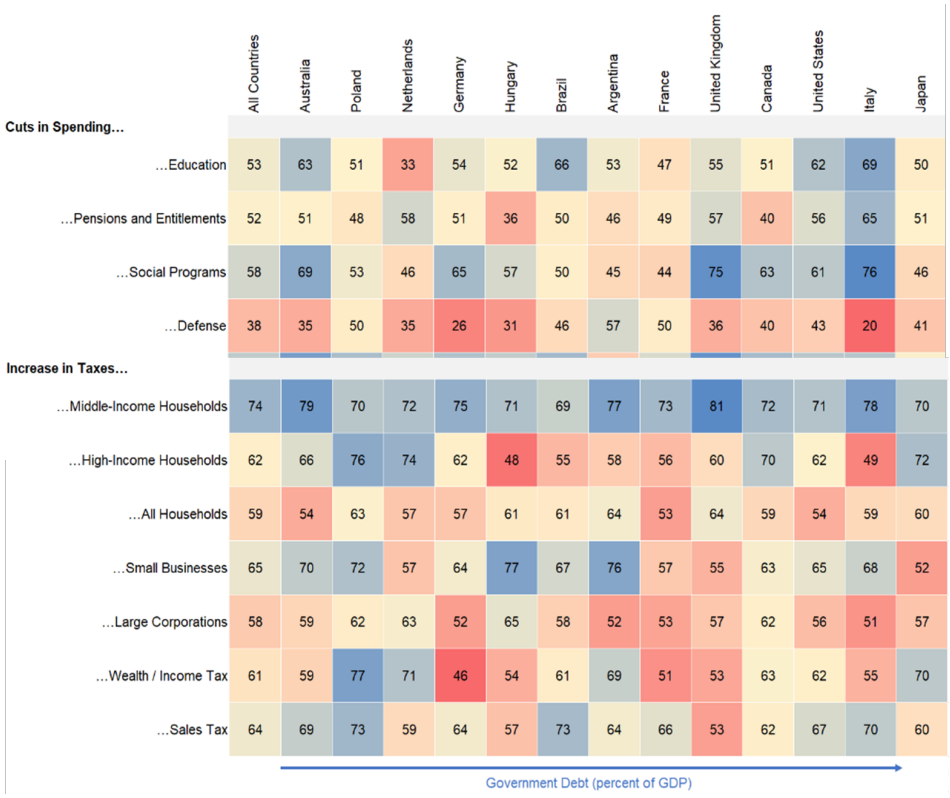


Sources: World Economic Outlook database, official government sources, and IMF staff calculations based on IMF-YouGov Survey.

Note: This figure shows the linear probability model regression coefficients on the dependent variables (likelihood of fiscal adjustment and time horizon of fiscal adjustment) with the full set of socioeconomic controls and country fixed effects for spending cuts (Panel 1) and tax increases (Panel 2). The 95% confidence intervals are computed using robust standard errors.

FIGURE 11: Perceived Incidence across Tax Types and Spending Categories

(Percent of control group respondents)



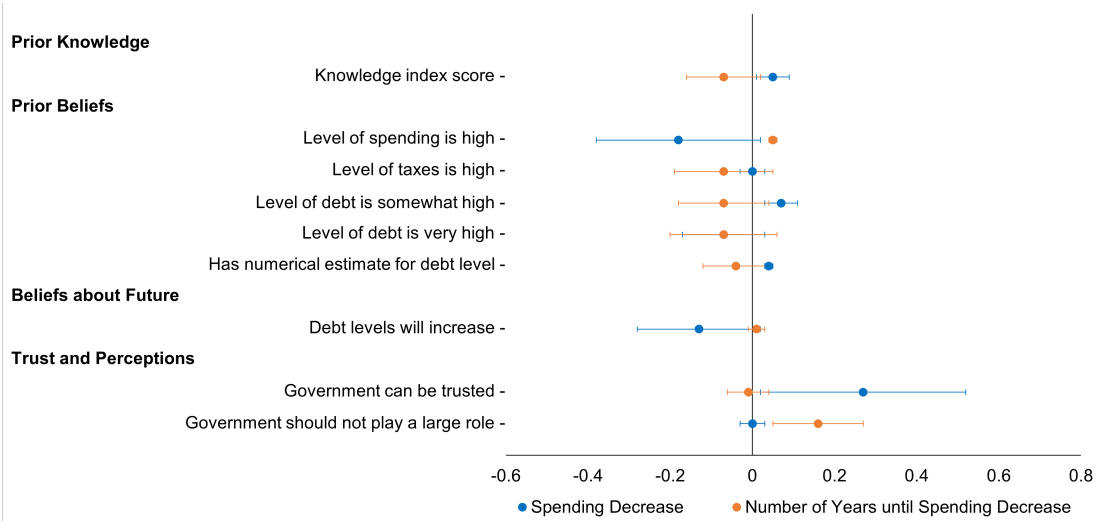
Sources: IMF staff calculations based on IMF-YouGov Survey

Note: The rows in this figure show the share of responses in each country to the questions "What do you think is the likelihood that the government will cut the following categories of government spending?" (top panel) and "What do you think is the likelihood that the government will raise the following categories of taxes?" (bottom panel). Shares reported for control group only.

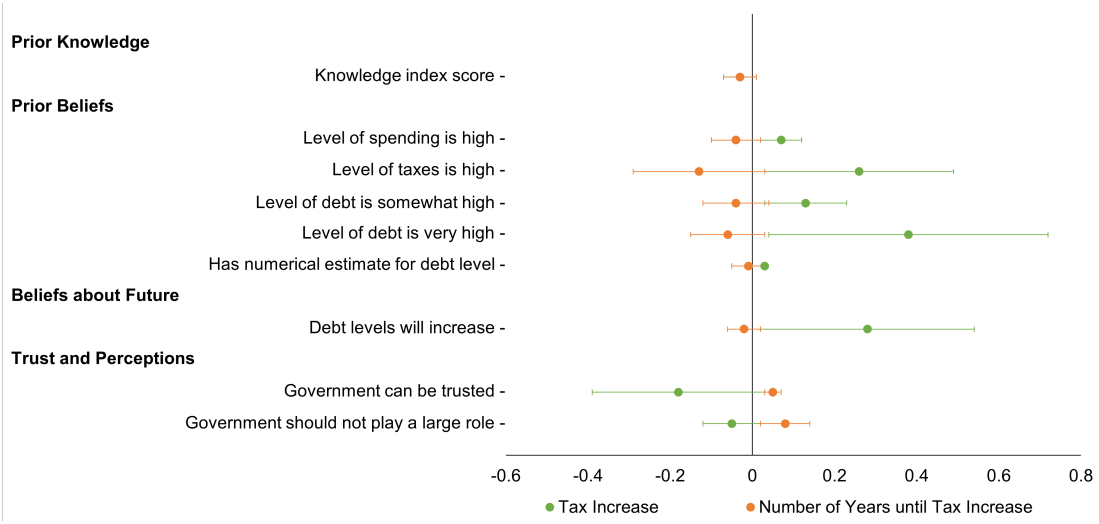
FIGURE 12: Fiscal Adjustment and Prior Beliefs

(Regression Coefficients & 95% Confidence Intervals)

12.1 Spending Cuts



12.2 Tax Increases

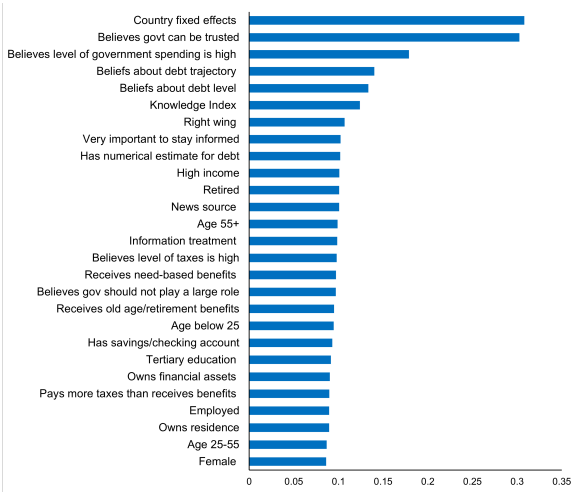


Sources: World Economic Outlook database, official government sources, and IMF staff calculations based on IMF-YouGov Survey.

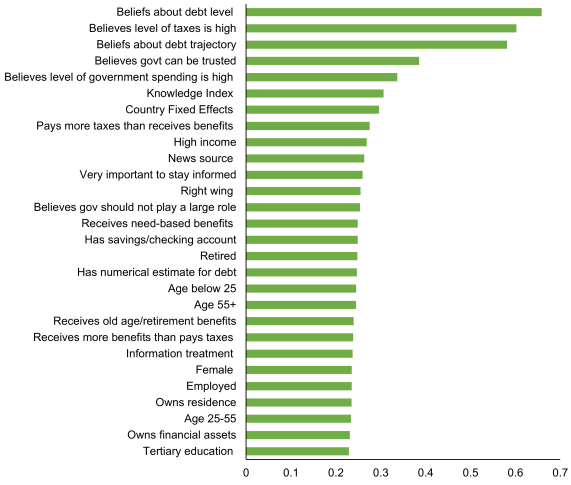
Note: This figure shows the linear probability model regression coefficients on the dependent variables (likelihood of fiscal adjustment and time horizon of fiscal adjustment) with the full set of socioeconomic controls, country fixed effects, and prior knowledge and beliefs for spending cuts (Panel 1) and tax increases (Panel 2). The 95% confidence intervals are computed using robust standard errors.

FIGURE 13: Importance of Predictors of Expectations of Fiscal Policy Changes

13.1 Spending Cuts



13.2 Tax Increases



Sources: IMF staff calculations based on IMF YouGov Survey.
Note: This figure reports the importance score of predictors that explain expectations for spending cuts (Panel 1) and tax increases (Panel 2) using random forest prediction.

9 Tables

TABLE 1: Sample Representativeness - 1

	United Kingdom		United States		Poland		Hungary		Canada		Netherlands		Italy	
	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample
Sample Size	NA	2338	NA	2013	NA	2018	NA	2040	NA	2065	NA	2131	NA	2064
Female	0.51	0.51	0.51	0.51	0.52	0.52	0.52	0.53	0.50	0.51	0.50	0.51	0.51	0.52
18-24 years old	0.08	0.18	0.09	0.20	0.08	0.18	0.08	0.16	0.08	0.17	0.09	0.17	0.07	0.14
25-34 years old	0.14	0.19	0.14	0.14	0.14	0.20	0.14	0.18	0.14	0.18	0.13	0.17	0.11	0.13
35-44 years old	0.13	0.17	0.13	0.15	0.16	0.18	0.14	0.18	0.14	0.15	0.12	0.16	0.12	0.17
45-54 years old	0.13	0.15	0.12	0.17	0.14	0.19	0.16	0.21	0.13	0.16	0.14	0.18	0.16	0.24
55-64 years old	0.13	0.17	0.12	0.19	0.12	0.20	0.12	0.17	0.13	0.18	0.14	0.19	0.15	0.22
More than 65 years old	0.18	0.14	0.18	0.13	0.19	0.06	0.20	0.09	0.20	0.16	0.20	0.13	0.24	0.10
Low income		0.17	0.30	0.19		0.12		0.28		0.16		0.18		0.36
Medium income		0.26	0.51	0.44		0.34		0.37		0.31		0.30		0.31
High income	‘	0.36	0.19	0.25		0.40		0.16		0.40		0.29		0.14
Region 1		0.84		0.18		0.20		0.13		0.12		0.10		0.27
Region 2		0.05		0.22		0.21		0.09		0.13		0.21		0.20
Region 3		0.08		0.37		0.17		0.15		0.04		0.21		0.20
Region 4		0.03		0.23		0.16		0.12		0.02		0.48		0.23
Region 5						0.11		0.11		0.02				0.11
Region 6						0.15		0.30		0.00				
Region 7								0.10		0.03				
Region 8										0.00				
Region 9										0.38				
Region 10										0.00				
Region 11										0.23				
Region 12										0.02				
Region 13										0.00				
Primary/lower secondary education	0.19	0.31	0.08	0.03	0.07	0.03	0.13	0.39	0.07	0.28	0.19	0.11	0.37	0.11
Upper/post secondary education	0.30	0.40	0.42	0.42	0.60	0.54	0.58	0.26	0.30	0.30	0.37	0.11	0.43	0.54
Tertiary education	0.51	0.29	0.50	0.54	0.34	0.41	0.29	0.35	0.63	0.41	0.45	0.78	0.20	0.34
Unemployment rate	0.04	0.10	0.04	0.19	0.03	0.14	0.04	0.13	0.07	0.12	0.04	0.13	0.06	0.18
Full time employment rate	0.49	0.42	0.48	0.37	0.47	0.53	0.48	0.51	0.50	0.40	0.55	0.34	0.40	0.42
Part time employment rate	0.20	0.14	0.11	0.14	0.04	0.10	0.03	0.08	0.17	0.12	0.34	0.23	0.16	0.13
Student	0.04	0.06	0.05	0.04	0.03	0.04	0.03	0.05	0.05	0.05	0.02	0.07	0.03	0.08
Retired	0.18	0.24	0.18	0.23	0.19	0.16	0.20	0.18	0.2	0.28	0.20	0.18	0.24	0.17

TABLE 2: Sample Representativeness - 2

	Germany		France		Brazil		Argentina		Australia		Japan	
	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample	Population	Sample
Sample Size	NA	2182	NA	2101	NA	2127	NA	2026	NA	2036	NA	2061
Female	0.50	0.51	0.52	0.52	0.51	0.51	0.51	0.51	0.50	0.51	0.51	0.52
18-24 years old	0.07	0.15	0.08	0.17	0.11	0.26	0.11	0.24	0.08	0.19	0.07	0.12
25-34 years old	0.13	0.18	0.12	0.16	0.16	0.22	0.15	0.20	0.15	0.25	0.10	0.14
35-44 years old	0.13	0.16	0.13	0.16	0.16	0.20	0.14	0.20	0.14	0.24	0.12	0.16
45-54 years old	0.13	0.20	0.13	0.18	0.13	0.17	0.12	0.18	0.12	0.15	0.15	0.17
55-64 years old	0.16	0.20	0.13	0.19	0.11	0.12	0.09	0.13	0.11	0.09	0.13	0.25
More than 65 years old	0.22	0.11	0.20	0.13	0.10	0.03	0.12	0.05	0.17	0.07	0.30	0.15
Low income		0.26		0.28		0.67		0.12		0.17		0.33
Medium income		0.33		0.27		0.08		0.12		0.39		0.33
High income		0.23		0.32		0.12		0.42		0.28		0.19
Region 1		0.16		0.22		0.42		0.46		0.32		0.11
Region 2		0.29		0.23		0.07		0.17		0.26		0.34
Region 3		0.20		0.18		0.28		0.14		0.20		0.17
Region 4		0.35		0.25		0.09		0.05		0.07		0.38
Region 5				0.12		0.14		0.17		0.10		
Region 6										0.02		
Region 7										0.01		
Region 8										0.02		
Region 9												
Region 10												
Region 11												
Region 12												
Region 13												
Primary/lower secondary education	0.16	0.14	0.17	0.04	0.40	0.08	0.26	0.12	0.15	0.09		0.02
Upper/post secondary education	0.51	0.35	0.42	0.23	0.44	0.42	0.55	0.43	0.34	0.42		0.47
Tertiary education	0.33	0.48	0.42	0.72	0.16	0.46	0.24	0.45	0.52	0.48	0.56	0.51
Unemployment rate	0.06	0.11	0.07	0.25	0.06	0.21	0.06	0.20	0.04	0.13	0.03	0.23
Full time employment rate	0.51	0.43	0.43	0.43	0.47	0.45	0.41	0.29	0.52	0.43	0.54	0.45
Part time employment rate	0.21	0.14	0.12	0.09		0.10		0.23	0.23	0.25	0.21	0.15
Student	0.03	0.05	0.04	0.03	0.04	0.07	0.05	0.09	0.06	0.02	0.02	0.03
Retired	0.22	0.23	0.20	0.18	0.10	0.09	0.12	0.11	0.17	0.12	0.30	0.12

Table 3: Socioeconomic Correlates of Expectation of Tax Changes by Categories

	Tax Categories						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Taxes on middle income	Taxes on high income	Taxes on all households	Wealth/estate taxes	Taxes on small businesses	Taxes on corporations	Sales taxes
Female	-0.02	0.05***	0.00	0.05***	0.01	0.10***	0.08***
Age 25-55	0.12***	-0.02	0.08***	-0.01	0.10***	-0.06**	0.10***
Age 55+	0.04	-0.03	0.03	-0.00	-0.03	-0.11***	0.09***
High income	-0.10***	0.15***	-0.12***	0.08***	-0.09***	0.13***	-0.09***
College education	-0.02	0.04**	-0.06***	0.02	-0.10***	0.02	-0.04**
Employed	0.03	0.02	0.02	-0.00	0.05***	0.05***	0.00
Retired	-0.08**	0.02	-0.08***	-0.03	-0.10***	0.03	-0.13***
Savings/checking account	-0.07***	0.08***	0.01	0.05**	-0.12***	0.06***	-0.00
Stocks/shares/funds/bonds/retirement products	0.03**	0.05***	-0.05***	0.06***	-0.05***	0.03*	-0.08***
Residence	0.02	0.05***	-0.02	0.03*	-0.05***	0.02	0.02
Recipient old age/retirement benefits	0.00	-0.01	0.02	0.01	0.05***	0.01	0.01
Recipient needs based benefits	-0.02	0.00	0.01	-0.02	0.01	0.02	0.01
Pays more in taxes than receives in benefits	0.16***	-0.03	0.08***	0.00	0.08***	-0.07***	0.09***
Political orientation: Right	0.10***	0.24***	0.10***	0.20***	0.15***	0.22***	0.12***
News: Traditional news media	-0.15***	0.12***	-0.04*	0.05**	-0.16***	0.14***	-0.05**
News: Social media	-0.07***	0.09***	-0.04	0.01	-0.03	0.10***	0.02
Self-reported awareness economic issues	0.09***	0.08***	0.09***	0.08***	0.08***	0.05***	0.07***
Constant	0.09**	-0.36***	-0.04	-0.43***	-0.09**	-0.39***	-0.32***
Observations	16,889	16,889	16,889	16,889	16,889	16,889	16,889
R-squared	0.03	0.06	0.02	0.06	0.07	0.04	0.03

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes a particular tax type will increase. The regression includes socio-demographic characteristics and country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table 4: Socioeconomic Correlates of Expectation of Spending Cuts by Categories

	Spending Categories					
	(1)	(2)	(3)	(4)	(5)	(6)
	Education	Pensions	Social programs	Defense	Infrastructure	Climate change-related needs
Female	-0.01	0.06***	-0.01	0.04*	-0.00	-0.01
Age 25-55	-0.07**	0.04	0.04	-0.05	-0.08***	-0.00
Age 55+	-0.23***	-0.07*	-0.00	-0.12***	-0.22***	-0.10***
High income	-0.08**	-0.12***	-0.13***	-0.03	-0.03	-0.02
College education	0.03	0.01	0.08***	-0.07***	-0.01	0.05**
Employed	0.07***	-0.01	-0.03	0.07***	0.07***	-0.03
Retired	-0.04	-0.12***	-0.09**	-0.01	-0.03	-0.09**
Savings/checking account	-0.18***	-0.02	0.03	-0.09***	-0.10***	0.01
Stocks/shares/funds/bonds/retirement products	0.02	0.00	0.02	-0.03	0.07***	0.03
Residence	-0.02	-0.01	0.04*	-0.06***	-0.01	0.00
Recipient old age/retirement benefits	0.04*	0.05*	0.03	0.04	0.04	0.05*
Recipient needs based benefits	0.07***	0.04	0.03	-0.00	0.04*	0.02
Pays more in taxes than receives in benefits	0.03	0.09***	0.08***	-0.00	0.02	0.03
Political orientation: Right	-0.10***	-0.03	-0.10***	0.14***	0.04**	-0.03
News: Traditional news media	-0.10***	-0.07**	-0.04	0.09***	-0.04	0.01
News: Social media	-0.01	0.02	0.04	0.14***	0.01	0.05
Self-reported awareness economic issues	0.11***	0.07***	0.09***	0.02	0.08***	0.10***
Constant	0.38***	0.20***	0.40***	-0.08	0.52***	0.31***
Observations	9,570	9,570	9,570	9,570	9,570	9,570
R-squared	0.08	0.05	0.10	0.07	0.06	0.05

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes a particular expenditure type will be cut. The regression includes socio-demographic characteristics and country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

TABLE 5: Relationship between past experiences of fiscal consolidation and perceptions of fiscal variables

	Current Perceptions							
	Debt level		Tax level		Spending level		Debt trajectory	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Past experience of fiscal consolidation	-0.061***	-0.014	-0.082***	-0.018	-0.042***	0.027*	0.083***	0.081***
Observations	25,960	25,960	25,960	25,960	25,960	25,960	21,761	21,761
R-squared	0.082	0.142	0.079	0.148	0.057	0.127	0.018	0.070
Country fixed effects	No	Yes	No	Yes	No	Yes	No	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1	1	1	1	1	1
Adjusted R-squared	0.0795	0.139	0.0767	0.145	0.0547	0.124	0.0151	0.0661

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE 6: Relationship between past experiences of fiscal consolidation and expectations of fiscal policy changes

	Fiscal Adjustment Expectations			
	Expectations of tax increases		Expectations of spending cuts	
	(1)	(2)	(3)	(4)
Past experience of fiscal consolidation	0.021***	0.007	0.012	-0.080***
Observations	25,960	25,960	25,960	25,960
R-squared	0.030	0.041	0.016	0.100
Country fixed effects	No	Yes	No	Yes
Age fixed effects	Yes	Yes	Yes	Yes
Lambda	1	1	1	1
Adjusted R-squared	0.0275	0.0377	0.126	0.0971

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE 7: Relationship between past experiences of fiscal consolidation and efficacy of fiscal policy changes and underlying mechanisms

	Respondent Beliefs								
	Debt will stabilize/decrease			Respondent will be better off			Higher debt will have to be paid off		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Past experience of fiscal consolidation	-0.102***	-0.072***	-0.072***	-0.088***	-0.052***	-0.056***	0.063***	0.029*	0.031**
Past experience of consolidation amidst crisis			-0.002			0.027**			-0.010
Observations	17,128	17,128	17,128	21,879	21,879	21,879	21,458	21,458	21,458
R-squared	0.023	0.054	0.054	0.061	0.104	0.105	0.051	0.149	0.149
Country fixed effects	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1	1	1	1	1	1	1
Adjusted R-squared	0.0188	0.0489	0.0489	0.0581	0.101	0.101	0.0477	0.145	0.145

	Debt harmful for future taxpayers			Inflation may have to be higher			Trust in government		
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Past experience of fiscal consolidation	0.037***	0.038**	0.040**	0.117***	0.039**	0.043***	-0.104***	-0.126***	-0.131***
Past experience of consolidation amidst crisis			-0.010			-0.027**			0.035***
Observations	22,208	22,208	22,208	19,381	19,381	19,381	25,275	25,275	25,275
R-squared	0.081	0.093	0.093	0.032	0.117	0.117	0.049	0.071	0.071
Country fixed effects	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1	1	1	1	1	1	1
Adjusted R-squared	0.0779	0.0895	0.0895	0.0281	0.113	0.113	0.0461	0.0674	0.0677

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country as well as their exposure to fiscal consolidation within a 2 year window of a fiscal crisis (see section 5 for details on variable construction). Columns 1 and 2 only pertain to the subsample which reports 50 percent or higher likelihood of tax increases and/or spending cuts. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE 8: Predictability of Treatment Status

	Joint Significance			
	Test against all other groups		Test against the control group	
	F-statistic	P-value	F-statistic	P-value
Control group	0.77	0.67		
Treatment 1	1.16	0.31	0.92	0.52
Treatment 2	1.28	0.23	0.98	0.47
Treatment 3	0.78	0.66	0.76	0.68

Notes: The table reports result for the following linear regression for each treatment group (k) separately: $Treatment_i^k = X_i\beta + \epsilon$, where i indexes respondents, X is a vector of control which includes age, gender, employment status, education, income, home and financial asset ownership, and $Treatment_i^k$ denotes the treatment group the respondent is randomly assigned. The table reports the F-statistic and p-values for the test of the joint significance of β.

TABLE 9: Treatment Effects on Policy Expectations for Debt Stable and Debt-Increased Samples

	Likelihood of Policy Changes by Debt Levels			
	Expectations of tax increases		Expecations of spending cuts	
	(1)	(2)	(3)	(4)
	Debt stable sample	Debt increased sample	Debt stable sample	Debt increased sample
Treatment 1	-0.11***	-0.02	-0.02	0.04**
Treatment 2	-0.06**	-0.03	-0.05*	0.04**
Treatment 3	-0.07**	0.01	-0.04	0.04**
Observations	8,371	18,831	8,371	18,831
R-squared	0.03	0.04	0.09	0.10

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE 10: Treatment effects and qualitative prior beliefs regarding the debt level

	Qualitative Debt Priors							
	Expectations of tax increases				Expectations of spending cuts			
	Debt stable sample		Debt increased sample		Debt stable sample		Debt increased sample	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Debt not high	Debt high	Debt not very high	Debt very high	Debt not high	Debt high	Debt not very high	Debt very high
Treatment 1	-0.06	-0.14***	-0.02	0.00	-0.04	-0.00	0.07***	-0.01
Treatment 2	-0.02	-0.09**	-0.02	-0.04	-0.03	-0.06*	0.07***	-0.02
Treatment 3	0.04	-0.13***	0.04	-0.02	-0.02	-0.05	0.06***	-0.00
Observations	2,611	5,760	11,900	6,931	2,611	5,760	11,900	6,931
R-squared	0.04	0.04	0.03	0.06	0.10	0.09	0.06	0.17

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Debt (very) high (Debt not (very) high) is an indicator variable for the respondent's qualitative prior beliefs regarding the debt level in their country pre-treatment. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE 11: Treatment effects and past experience of fiscal consolidation

	Likelihood of Policy Changes and Fiscal Consolidation	
	Expectations of tax increases	Expectations of spending cuts
	(1)	(2)
	Debt stable sample	Debt increased sample
Received information treatment	-0.075**	0.003
Past experience of fiscal consolidation	0.125**	-0.094***
Received information treatment * Past experience of consolidation	-0.028	0.082**
Observations	8,371	18,831
R-squared	0.041	0.105
Country fixed effects	Yes	Yes
Age fixed effects	Yes	Yes
Lambda	1	1
Adjusted R-squared	0.0301	0.100

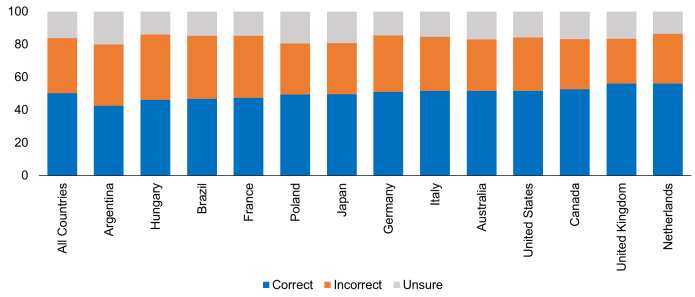
Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Received information treatment is an indicator variable for whether the respondent was randomly assigned to any of the information treatments. Experienced above median exposure to consolidation is an indicator variable for whether the respondent's exposure to past episodes of fiscal consolidation is above the median level for their country. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

A Annex

FIGURE A.1: Proportions of Correct Responses to Knowledge Questions

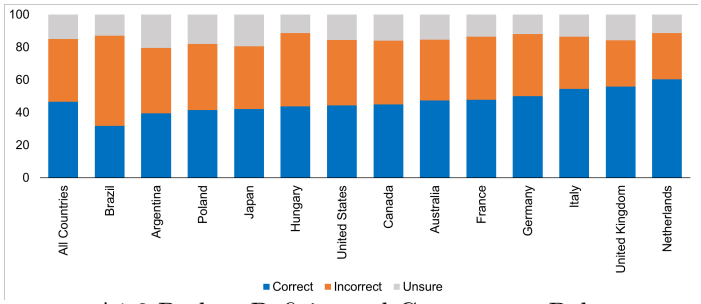
A1.1 Government Spending and Budget Deficits

(Percent of respondents)



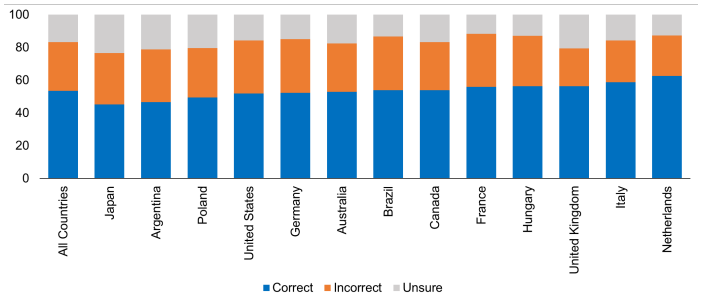
A1.2 Tax Revenues and Budget Deficits

(Percent of respondents)



A1.3 Budget Deficits and Government Debt

(Percent of respondents)



Sources: IMF staff calculations based on IMF-YouGov Survey

TABLE A.1: Fiscal Consolidation Episodes

	Years of Fiscal Consolidation
United Kingdom	1969 - 1971, 1977 - 1982, 1994 - 1999, 2010 - 2015
United States	1969 - 1971, 1976 - 1977, 1978, 1980 - 1981, 1985 - 1986, 1988, 1990 - 1998, 2011 - 2013
Poland	2004
Hungary	1985
Canada	1972 - 1973, 1981, 1984 - 1997, 2010 - 2014
Netherlands	1972 - 1973, 1981 - 1988, 1991 - 1993, 2004 - 2005, 2011 - 2013
Italy	1967, 1972 - 1974, 1976 - 1978, 1991 - 1998, 2004 - 2007, 2010 - 2014
Germany	1969, 1971 - 1972, 1976 - 1977, 1982 - 1984, 1991 - 1995, 1997 - 2000, 2003 - 2007, 2011 - 2013
France	1969, 1972 - 1973, 1979 - 1980, 1982 - 1984, 1987, 1989, 1991 - 1992, 1995 - 1997, 1999 - 2000, 2011 - 2015, 2018
Brazil	1979 - 1981, 1982 - 1986, 1989, 1994, 1999 - 2002, 2015, 2017
Argentina	1982, 1985, 1988, 1996 - 1997, 2018 - 2019
Australia	1973 - 1974, 1976 - 1977, 1985 - 1988, 1994 - 1999
Japan	1972 - 1974, 1979 - 1983, 1997 - 1998, 2003 - 2007, 2014 - 2015, 2019 - 2020

Notes: Years shown are episodes of fiscal consolidation within each country.

Table A.2: Correlation between Knowledge Index with Individual Characteristics

	Knowledge Index													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	All	UK	US	POL	HUN	CAN	NLD	ITA	DEU	FRA	BRA	ARG	AUS	JPN
Female	-0.20***	-0.26***	-0.23***	-0.25***	-0.19***	-0.24***	-0.13***	-0.22***	-0.22***	-0.20***	-0.16***	-0.18***	-0.24***	-0.17***
Age 25-55	0.10***	0.23***	0.06	0.03	0.08	0.18***	-0.06	0.04	0.14**	0.15**	0.09**	0.08	0.13**	0.04
Age 55+	0.24***	0.22***	0.18**	0.09	0.36***	0.26***	0.07	0.22***	0.27***	0.24***	0.22***	0.25***	0.27***	0.24***
High income	0.01	-0.05	0.14**	-0.02	-0.14*	0.06	0.11**	0.11	-0.08	0.01	-0.07	-0.07	0.10	-0.02
College education	0.21***	0.26***	0.22***	0.26***	0.25***	0.15***	0.19***	0.21***	0.25***	0.23***	0.25***	0.13***	0.20***	0.17***
Employed	0.03*	-0.07	0.03	0.08	0.13**	-0.06	-0.01	0.05	-0.03	0.02	0.10**	0.09**	-0.00	0.00
Retired	0.11***	0.06	0.19***	0.11	-0.01	0.02	0.05	0.14*	0.09	0.15**	0.04	0.26***	0.21**	0.17**
Savings/checking account	0.24***	0.25***	0.25***	0.28***	0.16***	0.23***	0.47***	0.20***	0.31***	0.21***	0.11**	0.21***	0.15***	0.21***
Stocks/shares/funds/bonds..	0.20***	0.28***	0.22***	0.17***	0.19***	0.35***	0.27***	0.13***	0.20***	0.07	0.08*	0.07	0.24***	0.20***
Residence	0.12***	0.21***	0.08*	0.16***	0.17***	0.12***	0.06	0.11**	0.04	0.08*	0.01	0.08	0.15***	0.16***
Recipient old age/retirement benefits	0.02	-0.02	0.01	0.14**	0.02	0.04	0.15**	-0.02	0.06	-0.07	0.06	-0.13**	0.00	0.10*
Recipient needs based benefits	-0.00	0.00	0.04	0.03	0.02	-0.07	-0.08	0.06	0.12	0.01	-0.02	0.01	-0.01	-0.03
Pays more in taxes than receives in benefits	0.17***	0.18***	0.16***	0.20***	0.12***	0.02	0.20***	0.20***	0.20***	0.14***	0.10**	0.19***	0.27***	0.22***
Political orientation: Right	0.08***	0.15***	-0.02	-0.08*	0.11**	0.06	0.01	0.06	0.07	0.09**	0.05	0.47***	0.05	0.17***
News: Traditional news media	0.20***	0.03	0.10*	0.14**	0.08	0.21***	0.14**	0.23***	0.26***	0.37***	0.19***	0.32***	0.19***	0.33***
News: Social media	0.09***	-0.18***	-0.06	0.14**	0.14**	0.08	-0.04	0.18**	0.09	0.27***	0.10	0.24***	-0.01	0.25***
Self-reported awareness economic issues	0.15***	0.16***	0.12***	0.20***	0.18***	0.22***	0.08	0.25***	0.11**	0.25***	0.18***	0.05	0.04	0.19***
Constant	-0.61***	-0.55***	-0.73***	-0.76***	-0.73***	-0.78***	-0.64***	-0.68***	-0.83***	-0.95***	-0.78***	-1.02***	-0.70***	-1.07***
Observations	27,202	2,338	2,013	2,018	2,040	2,065	2,131	2,064	2,182	2,101	2,127	2,026	2,036	2,061
R-squared	0.16	0.19	0.17	0.16	0.14	0.16	0.15	0.14	0.15	0.14	0.10	0.18	0.16	0.21

Notes: The outcome variable is standardized using the mean and standard deviation of the control group, indicating a respondent's knowledge of the relationships between fiscal variables. Regressions control for type of information treatment received. Cross-country regressions includes country fixed effects and standard errrors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

TABLE A.3: Correlation between Current and Future Public Debt Levels and Misperceptions with Individual Characteristics

	Debt-to-GDP	
	(1)	(2)
	Current Debt-to-GDP	Deviation of Belief from Actual (Absolute)
Female	-7.66***	0.32
Age 25-55	3.06	-3.66
Age 55+	7.19*	-7.34**
High income	5.18	1.42
College education	3.33	-0.48
Employed	-6.90**	0.28
Retired	-4.23	0.34
Savings/checking account	2.41	-1.57
Stocks/shares/funds/bonds/retirement products	5.99***	0.67
Residence	1.50	-3.01*
Recipient old age/retirement benefits	-0.75	-4.03*
Recipient needs based benefits	1.54	2.77
Pays more in taxes than receives in benefits	1.44	-2.26
Political orientation: Right	1.85	0.33
News: Traditional news media	-6.33*	-1.12
News: Social media	-5.10	-0.05
Self-reported awareness economic issues	1.76	-3.38*
Constant	73.77***	61.06***
Observations	12,964	12,964
R-squared	0.05	0.18

Notes: The outcome variable is numeric (debt as percentage of the GDP) self-reported prior on debt-to-GDP in 2023. Column (2) reports the absolute bias in the self-reported prior belief about the debt-to-GDP ratio in 2023 (in percent of GDP units). Cross-country regressions includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table A.4: Correlation between Expectations of Spending Cuts with Individual Characteristics

	Spending Will be Cut													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	All	UK	US	POL	HUN	CAN	NLD	ITA	DEU	FRA	BRA	ARG	AUS	JPN
Female	-0.04***	-0.02	-0.03	-0.10**	-0.19***	-0.08*	-0.01	0.04	-0.04	-0.12**	0.05	-0.09**	-0.06	0.05
Age 25-55	-0.06***	0.12*	-0.40***	0.01	-0.03	-0.12*	0.19***	-0.01	-0.07	-0.08	-0.08	-0.10	-0.03	-0.11*
Age 55+	-0.14***	-0.03	-0.62***	0.09	-0.06	-0.29***	0.27***	0.05	-0.13	-0.21**	-0.19**	-0.12	-0.20**	-0.15**
High income	0.02	-0.16*	0.09	0.09	-0.05	0.06	-0.00	-0.03	0.00	0.03	0.21***	-0.22**	0.01	0.05
College education	0.08***	0.12***	0.09**	0.03	0.12**	0.14***	0.16***	0.06	0.01	0.14***	-0.14***	0.12***	0.18***	-0.01
Employed	0.03**	-0.03	0.12**	0.01	-0.14**	-0.02	0.01	-0.04	0.11*	-0.03	0.07	0.07	0.08	0.09*
Retired	-0.05**	-0.09	-0.05	0.02	-0.07	-0.15*	0.03	-0.05	-0.04	0.02	-0.08	0.20**	-0.07	-0.03
Savings/checking account	0.01	0.05	-0.18***	-0.05	0.04	-0.12**	0.07	0.15***	0.06	0.07	-0.23***	0.21***	-0.03	-0.05
Stocks/shares/funds/bonds/retirement products	0.04***	0.06	0.00	0.04	0.11**	0.05	0.03	0.06	0.08*	0.08*	0.05	0.01	0.03	-0.07
Residence	-0.02*	0.12**	-0.10**	-0.01	-0.05	-0.12***	-0.01	0.04	-0.04	0.03	-0.01	0.08	-0.10**	0.05
Recipient old age/retirement benefits	0.02	-0.03	0.06	-0.05	0.04	-0.05	0.07	-0.08	0.01	0.01	0.13**	-0.09	0.10**	-0.01
Recipient needs based benefits	0.07***	0.06	0.02	-0.01	-0.05	0.07	0.05	0.08*	0.10	0.08	0.19***	0.06	0.12**	0.07
Pays more in taxes than receives in benefits	-0.05***	-0.01	-0.15***	-0.14***	-0.07	-0.15***	0.01	0.04	-0.11**	0.03	-0.13**	0.09*	-0.04	0.04
Political orientation: Right	-0.05***	-0.10**	-0.13***	-0.02	0.18***	-0.11**	-0.05	-0.20***	-0.17***	-0.17***	-0.23***	0.35***	-0.03	0.10**
News: Traditional news media	0.13***	0.07	0.24***	0.20***	0.20***	0.22***	0.03	0.04	0.06	0.16**	0.14*	0.14**	0.15**	-0.06
News: Social media	0.08***	-0.03	0.22***	0.11*	0.11*	0.09	0.08	0.02	0.11	0.24***	-0.03	0.12	0.09	-0.03
Self-reported awareness economic issues	0.09***	0.06	0.09**	0.02	0.22***	0.05	0.11**	0.09**	0.02	0.18***	0.03	0.14***	0.01	0.12**
Constant	0.13***	-0.10	-0.07	-0.28***	-0.04	0.03	0.10	0.21**	-0.01	-0.17	-0.10	-0.03	-0.23**	-0.14
Observations	27,202	2,338	2,013	2,018	2,040	2,065	2,131	2,064	2,182	2,101	2,127	2,026	2,036	2,061
R-squared	0.09	0.03	0.103	0.0226	0.05	0.0562	0.0348	0.0310	0.0223	0.03	0.06	0.08	0.05	0.0214

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes that spending will be cut in their country. Regressions control for type of information treatment received. Cross-country regressions includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table A.5: Correlation between Expectations of Tax Increases with Individual Characteristics

	Taxes Will be Raised													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	All	UK	US	POL	HUN	CAN	NLD	ITA	DEU	FRA	BRA	ARG	AUS	JPN
Female	0.09***	0.08*	0.11***	0.07*	-0.01	0.06	0.19***	0.17***	0.16***	0.05	0.01	0.19***	0.20***	-0.02
Age 25-55	0.05***	0.02	0.05	-0.03	0.15**	0.06	0.08	-0.03	0.21***	-0.24***	0.06	0.19***	-0.17***	0.02
Age 55+	0.05**	-0.05	0.22***	-0.08	0.18*	0.04	0.13*	-0.19**	0.18**	-0.20**	0.12	0.22**	-0.21**	0.03
High income	-0.12***	0.02	-0.18***	-0.08	-0.23**	-0.16**	-0.15***	-0.20**	-0.00	0.05	-0.14*	-0.14	-0.28***	-0.11
College education	-0.04***	-0.08*	-0.09**	-0.04	0.12**	-0.17***	0.08	-0.07	-0.14***	-0.02	-0.04	-0.06	-0.10**	0.05
Employed	-0.01	-0.06	-0.13**	0.12**	-0.09	0.02	0.07	0.05	-0.17***	-0.07	0.05	0.13**	0.03	-0.01
Retired	-0.02	0.06	-0.03	-0.02	0.10	0.01	0.13	-0.09	-0.12	-0.16**	0.02	-0.06	0.04	0.01
Savings/checking account	0.04***	-0.11**	0.10*	0.00	0.04	0.15***	0.02	-0.01	0.08	0.10*	0.07	0.02	-0.08	0.29***
Stocks/shares/funds/bonds/retirement products	-0.02	0.03	0.00	0.04	-0.10*	0.08*	-0.09**	-0.04	-0.04	0.01	-0.04	0.03	-0.05	0.06
Residence	0.07***	0.01	0.08*	0.04	0.18***	0.04	0.01	0.06	0.07	0.13***	0.10**	0.03	0.01	0.08
Recipient old age/retirement benefits	0.02	0.00	-0.06	-0.02	0.07	-0.01	-0.00	0.04	-0.06	-0.11*	0.04	0.06	0.00	0.10*
Recipient needs based benefits	0.08***	0.11**	0.09*	0.03	-0.01	0.03	0.16***	0.09*	0.01	0.08	-0.02	0.19***	0.02	0.05
Pays more in taxes than receives in benefits	0.19***	0.21***	0.17***	0.13***	0.32***	0.22***	0.10**	0.18***	0.16***	0.12***	0.26***	0.20***	0.11**	0.20***
Political orientation: Right	0.04***	0.07	0.36***	0.28***	-0.57***	0.17***	0.14***	-0.35***	0.23***	0.14***	0.35***	-0.53***	0.24***	-0.06
News: Traditional news media	-0.03	-0.07	-0.08	-0.11*	0.01	-0.06	-0.03	0.02	-0.13**	-0.00	0.09	0.26***	-0.12*	0.19***
News: Social media	0.10***	0.09	0.05	0.04	0.23***	0.04	0.11	0.09	0.03	0.07	0.19**	0.19**	-0.14*	0.37***
Self-reported awareness economic issues	0.11***	0.02	0.02	0.10**	0.11**	0.09**	0.18***	0.02	0.18***	-0.04	0.15***	0.17***	0.13***	0.26***
Constant	-0.34***	-0.11	-0.28***	-0.32***	-0.32***	-0.24***	-0.40***	-0.05	-0.30***	-0.06	-0.28***	-0.72***	-0.03	-0.72***
Observations	27,202	2,338	2,013	2,018	2,040	2,065	2,131	2,064	2,182	2,101	2,127	2,026	2,036	2,061
R-squared	0.04	0.02	0.07	0.04	0.11	0.05	0.04	0.08	0.05	0.03	0.08	0.10	0.04	0.09

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes that taxes will be raised in their country. Regressions control for type of information treatment received. Cross-country regressions includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table A.6: Correlation between Time Horizon of Spending Cuts with Individual Characteristics

	Spending Cuts in 2+ Years													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	All	UK	US	POL	HUN	CAN	NLD	ITA	DEU	FRA	BRA	ARG	AUS	JPN
Female	-0.03	0.00	-0.07	-0.05	0.07	0.08	-0.08**	-0.09**	-0.03	0.11	-0.02	-0.06	-0.00	-0.24**
Age 25-55	-0.07***	-0.16**	0.18*	-0.09	-0.33***	-0.19*	-0.18**	-0.17**	-0.07	0.23**	0.19*	-0.24***	-0.15	0.03
Age 55+	-0.17***	-0.12	0.02	-0.27*	-0.67***	-0.23	-0.37***	-0.29***	-0.20	0.08	0.41**	-0.34***	-0.28*	0.09
High income	0.14***	0.13	0.15	0.47***	0.17	-0.07	0.10*	-0.01	0.01	0.19	-0.18	0.20	-0.09	0.67***
College education	-0.00	-0.07	0.23**	0.06	-0.14*	-0.00	-0.13**	0.05	-0.13*	0.35***	0.17*	-0.04	0.02	-0.26**
Employed	-0.01	0.23***	-0.37***	-0.09	0.02	0.17	-0.06	-0.02	-0.02	-0.18	-0.07	0.02	0.03	0.19
Retired	-0.01	0.23**	-0.24	0.21	-0.07	0.14	-0.07	-0.07	0.08	0.04	-0.06	-0.05	-0.10	0.34
Savings/checking account	-0.08***	-0.09	-0.25**	-0.27***	-0.19***	-0.24**	-0.17***	-0.08	-0.14	0.33***	0.25**	-0.15***	-0.20**	-0.04
Stocks/shares/funds/bonds/retirement products	-0.03	-0.08	0.03	-0.01	0.01	-0.01	-0.04	0.01	0.01	-0.20**	-0.15	-0.01	0.15**	0.05
Residence	-0.03*	-0.00	-0.04	-0.21**	-0.06	0.11	0.15***	-0.09*	-0.04	-0.10	-0.03	-0.10**	-0.10	-0.02
Recipient old age/retirement benefits	0.00	-0.03	0.00	0.01	0.03	-0.04	-0.07	-0.04	0.01	-0.04	-0.07	0.12**	0.10	-0.03
Recipient needs based benefits	-0.01	0.03	0.12	0.05	0.14	-0.18**	-0.09	0.00	-0.00	-0.08	-0.08	0.03	0.09	0.05
Pays more in taxes than receives in benefits	-0.08***	-0.08	0.04	-0.19**	-0.37***	-0.13	-0.11***	-0.04	0.01	0.03	-0.00	-0.10**	-0.16*	-0.07
Political orientation: Right	0.05**	-0.00	0.14	-0.04	0.14*	0.22**	-0.01	0.20***	0.02	-0.08	0.06	0.00	0.01	0.02
News: Traditional news media	-0.03	-0.05	-0.04	0.21	-0.12	0.09	-0.01	0.04	-0.09	-0.09	-0.42**	-0.19**	0.20	0.15
News: Social media	0.00	0.03	-0.09	0.15	-0.28**	0.33**	0.12	0.06	-0.08	-0.10	-0.16	-0.17*	0.25*	0.02
Self-reported awareness economic issues	-0.10***	0.08	-0.19*	-0.06	-0.19**	0.19**	-0.05	-0.06	-0.16**	-0.33***	-0.19*	-0.07	-0.10	-0.11
Constant	-0.04	-0.17	0.46*	0.46**	0.76***	0.04	0.23*	-0.12	0.42**	0.68***	0.99***	0.15	0.20	0.70***
Observations	9,570	996	386	456	690	520	1,225	1,089	668	795	605	1,097	594	449
R-squared	0.22	0.03	0.08	0.10	0.15	0.07	0.09	0.06	0.03	0.09	0.06	0.08	0.08	0.08

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes that spending will be cut more than 2 years into the future (relative to 0-2 years). Regressions control for type of information treatment received. Cross-country regressions includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table A.7: Correlation between Time Horizon of Tax Increases with Individual Characteristics

	Tax Increase in 2+ Years													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	All	UK	US	POL	HUN	CAN	NLD	ITA	DEU	FRA	BRA	ARG	AUS	JPN
Female	-0.04***	0.00	-0.01	-0.03	-0.03	-0.02	-0.08**	-0.04	-0.05	0.16**	-0.04	-0.06	-0.00	-0.16**
Age 25-55	-0.12***	-0.15***	-0.16**	-0.07	-0.40***	-0.27***	-0.23***	-0.27***	-0.32***	0.33***	-0.00	-0.24***	-0.12**	0.19
Age 55+	-0.19***	-0.18***	-0.36***	-0.11	-0.61***	-0.33***	-0.36***	-0.31***	-0.44***	0.35***	0.14	-0.33***	-0.32***	0.18
High income	0.13***	0.15**	0.16**	0.22***	0.28***	-0.00	0.09**	0.11	0.21***	0.10	-0.07	0.53***	-0.01	0.11
College education	0.03**	-0.04	-0.00	0.04	-0.05	0.01	-0.05	0.02	0.00	0.14*	0.09	-0.05	0.16***	-0.01
Employed	-0.01	-0.01	0.10*	0.04	0.01	0.07	-0.02	-0.03	0.06	-0.16**	-0.03	0.02	0.08	-0.08
Retired	-0.04*	-0.02	-0.00	0.01	0.08	0.01	-0.01	-0.12**	-0.10	-0.07	0.03	-0.03	0.07	0.08
Savings/checking account	-0.04***	-0.02	-0.17***	-0.12***	-0.09***	-0.23***	-0.20***	-0.08**	-0.07*	0.34***	0.16**	-0.21***	-0.11**	0.13
Stocks/shares/funds/bonds/retirement products	0.02	-0.01	0.10**	0.13***	0.02	0.01	0.01	0.04	0.03	-0.12*	-0.03	0.07	0.08**	0.02
Residence	-0.05***	-0.08**	-0.07	-0.20***	-0.03	-0.04	0.07**	-0.09***	-0.04	-0.05	-0.05	0.07	0.00	-0.08
Recipient old age/retirement benefits	0.01	-0.02	0.05	-0.01	-0.01	0.01	-0.12**	0.06	0.07	-0.07	0.03	0.05	0.05	0.01
Recipient needs based benefits	0.00	0.01	0.06	0.06	0.01	0.01	-0.05	0.01	-0.11*	0.07	-0.10*	0.03	0.09**	-0.16
Pays more in taxes than receives in benefits	-0.04***	-0.06	-0.07	-0.12***	-0.10**	-0.07**	-0.10***	-0.03	-0.17***	0.10	0.23***	-0.18***	-0.07	0.05
Political orientation: Right	0.04***	-0.02	-0.04	-0.00	0.13***	0.02	-0.04	0.15***	-0.07*	0.08	0.07	0.12***	0.00	0.07
News: Traditional news media	0.02	0.03	0.09*	0.15**	0.07	0.01	0.08	-0.00	-0.07	-0.10	-0.07	-0.15*	0.11*	0.01
News: Social media	0.02	0.03	0.09	0.15**	-0.03	0.03	0.12*	-0.05	-0.04	-0.17	-0.07	-0.17**	0.12*	0.15
Self-reported awareness economic issues	-0.07***	0.04	-0.07*	-0.13***	-0.07*	-0.01	-0.03	-0.06*	-0.04	-0.21***	-0.10*	-0.11***	-0.07*	0.06
Constant	-0.22***	-0.17**	-0.04	-0.16*	0.10	0.05	0.14	-0.07	0.23**	0.54***	1.06***	0.12	-0.20**	0.73***
Observations	16,889	1,484	1,338	1,072	1,290	1,448	1,309	1,325	1,231	1,257	1,589	1,190	1,166	1,190
R-squared	0.4	0.03	0.08	0.08	0.15	0.07	0.08	0.09	0.1	0.06	0.02	0.14	0.08	0.02

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes that taxes will be raised more than 2 years into the future (relative to 0-2 years). Regressions control for type of information treatment received. Cross-country regressions includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

TABLE A.8: Correlation between Perceived Effectiveness of Policies with Policy Expectations, Individual Characteristics and Beliefs

	Debt Will Stabilize / Decrease		
	(1)	(2)	(3)
		Respondent expects taxes will increase	Respondent expects spending will be cut
Panel A: Individual Characteristics			
Female	0.08***	0.08***	0.06***
Age 25-55	-0.07***	-0.09***	-0.05*
Age 55+	-0.07***	-0.13***	-0.04
High income	0.02	-0.01	0.07**
College education	0.01	0.02	-0.01
Employed	-0.02	0.01	-0.04
Retired	-0.03	-0.04	-0.05
Savings/checking account	0.06***	0.05***	0.06**
Stocks/shares/funds/bonds/retirement products	0.03**	0.03**	0.04*
Residence	0.01	-0.02	0.04*
Recipient old age/retirement benefits	-0.01	0.01	-0.00
Recipient needs based benefits	0.00	0.01	-0.03
Pays more in taxes than receives in benefits	-0.02	-0.01	-0.01
Political orientation: Right	-0.00	-0.04**	0.07**
News: Traditional news media	0.05**	0.05**	0.08***
News: Social media	0.03	0.02	0.04
Self-reported awareness economic issues	-0.05***	-0.04***	0.03
Government can be trusted	0.27***	0.27***	-0.06***
Government should not play a large role in providing public services	-0.12***	-0.11***	0.25***
Belief: Level of taxes is high	-0.05**	-0.08***	-0.09***
Belief: Level of government spending is high	-0.00	-0.06***	-0.04*
Belief: Debt is somewhat high	0.01	0.01	0.03
Belief: Debt is very high	-0.14***	-0.13***	0.00
Belief: Debt will increase in future	-0.32***	-0.30***	-0.12***
Correct knowledge on relationships between spending, taxes, deficit, and debt	0.15***	0.13***	-0.37***
Has numerical estimate for debt	0.03*	0.00	0.17***
Panel B: Fiscal Adjustment			
Likelihood			
Expectation taxes increase (over 50 percent probability)	-0.16***		
Expectation spending cut (over 50 percent probability)	0.09***		
Time horizon			
Years until tax increase		-0.01	
Years until spending decrease			-0.06***
Expectations of incidence			
Taxes on high income		0.03**	
Taxes on all households		-0.05***	
Wealth/estate taxes		-0.01	
Taxes on small business		-0.09***	
Taxes on corporations		0.09***	
Sales taxes		-0.05***	
Expenditure on education			-0.12***
Expenditure on pensions			-0.01
Expenditure on social programs			-0.01
Expenditure on defense			-0.04**
Expenditure on climate			0.00
Constant	0.17***	0.20***	0.16**
Observations	17,937	15,038	8,691
R-squared	0.18	0.16	0.18

Notes: The outcome variable is standardized using the mean and standard deviation of the control group and indicates whether the respondent believes that debt in their country will stabilize or decrease. Columns 2 and 3 are conditional on whether the respondents anticipate tax increases or expenditure cuts respectively. The regression includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

Table A.9: Correlation between Expectations of Fiscal Adjustment and Prior Beliefs

	Prior Beliefs			
	Expectations of tax increases		Expectations of spending cuts	
	(1)	(2)	(3)	(4)
	Respondent expects taxes will increase	Respondent expects increase in 2+ years	Respondent expects spending will decrease	Respondent expects decrease in 2+ years
Female	0.07***	-0.04***	-0.02	-0.04**
Age 25-55	-0.01	-0.09***	-0.04**	-0.04
Age 55+	-0.06***	-0.15***	-0.09***	-0.11***
High income	-0.08***	0.11***	-0.01	0.13***
College education	-0.02	0.03**	0.05***	0.01
Employed	-0.00	-0.01	0.02	-0.01
Retired	-0.02	-0.04	-0.06***	0.01
Savings/checking account	0.00	-0.02	0.01	-0.05**
Stocks/shares/funds/bonds/retirement products	0.00	0.02	0.02	-0.02
Residence	0.05***	-0.05***	-0.02*	-0.02
Recipient old age/retirement benefits	0.01	0.01	0.01	0.01
Recipient needs based benefits	0.07***	0.00	0.06***	-0.01
Pays more in taxes than receives in benefits	0.10***	-0.01	-0.03**	-0.05***
Political orientation: Right	-0.01	0.05***	-0.04***	0.04**
News: Traditional news media	-0.01	0.03	0.09***	-0.01
News: Social media	0.07***	0.04*	0.08***	0.01
Self-reported awareness economic issues	0.06***	-0.05***	0.08***	-0.07***
Government can be trusted	-0.18***	0.05***	0.27***	-0.01
Government should not play a large role in providing public services	-0.05***	0.08***	-0.00	0.16***
Belief: Level of taxes is high	0.26***	-0.13***	-0.00	-0.07***
Belief: Level of government spending is high	0.07***	-0.04**	-0.18***	0.05***
Belief: Debt is somewhat high	0.13***	-0.04**	0.07***	-0.07***
Belief: Debt is very high	0.38***	-0.06***	-0.07***	-0.07***
Belief: Debt will increase in future	0.28***	-0.02	-0.13***	0.01
Correct knowledge on relationships between spending, taxes, deficit, and debt	-0.03***	-0.03***	0.05***	-0.07***
Has numerical estimate for debt	0.03**	-0.01	0.04***	-0.04**
Constant	-0.60***	-0.17***	0.19***	-0.07
Observations	27,202	16,889	27,202	9,570
R-squared	0.13	0.40	0.13	0.23

Notes: The outcome variable is standardized using the mean and standard deviation of the control group. The regression includes country fixed effects and standard errors are clustered at the country level. *** p<0.01, ** p<0.05, * p<0.1

TABLE A.10: Relationship between Past Experiences of Fiscal Consolidation and Current Perceptions of Fiscal Variables

	Current Perceptions with Macroeconomic Conditions											
	Debt level			Tax level			Spending level			Debt trajectory		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Past experience of fiscal consolidation	-0.038***	-0.012		0.018*	-0.020		-0.037***	0.031**		0.041***	0.088***	
Log real GDP per capita	0.048***			-0.150***			0.036***			0.000		
Log inflation	0.104***			0.010			-0.024***			-0.240***		
Log debt-to-GDP for 2015-2019 (average)	-0.023			-0.011			-0.125***			-0.207***		
Past experience of public debt		-0.138***			0.131***			-0.038			-0.182***	
Past experience of inflation		-0.020**			0.022***			0.014			-0.003	
Number of past episodes of fiscal consolidation			0.003			0.002			0.010***			0.019***
Observations	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960	21,761	21,761	21,761
R-squared	0.089	0.143	0.142	0.094	0.149	0.148	0.060	0.127	0.127	0.058	0.071	0.071
Country fixed effects	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1		1	1		1	1		1	1	
Adjusted R-squared	0.0862	0.140	0.139	0.0914	0.146	0.145	0.0571	0.124	0.124	0.0546	0.0674	0.0677

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Robust standard errors in parentheses.*** p<0.01, ** p<0.05, * p<0.1

TABLE A.11: Relationship between Past Experiences of Fiscal Consolidation and Expectations of Fiscal Adjustment

	Fiscal Adjustment Expectations with Macroeconomic Conditions and Prior Beliefs							
	Expectation of tax increases				Expectation of spending cuts			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Past experience of fiscal consolidation	-0.020**	0.007	-0.013		0.156***	-0.089***	-0.057***	
Log real GDP per capita	-0.008				-0.152***			
Log inflation	-0.040***				0.115***			
Log debt-to-GDP for 2015-2019 (average)	0.095***				-0.005			
Past experience of public debt		-0.029				0.160***		
Past experience of inflation		-0.005				-0.015*		
Number of past episodes of fiscal consolidation				-0.002				-0.013***
Government can be trusted			-0.207***	-0.207***			0.285***	0.283***
Government should not play a large role in providing public services			-0.054***	-0.054***			0.000	0.001
Belief: Level of taxes is high			0.276***	0.276***			-0.009	-0.009
Belief: Level of government spending is high			0.097***	0.097***			-0.190***	-0.189***
Belief: Debt is somewhat high			0.222***	0.222***			0.018	0.018
Belief: Debt is very high			0.290***	0.290***			-0.129***	-0.127***
Belief: Debt will increase in future			-0.029***	-0.029***			0.049***	0.049***
Correct knowledge on relationships between spending, taxes, deficit, and debt			0.045***	0.045***			0.032**	0.033***
Has numerical estimate for debt								
Observations	25,960	25,960	25,960	25,960	25,960	25,960	25,960	25,960
R-squared	0.033	0.041	0.119	0.119	0.047	0.101	0.130	0.131
Country fixed effects	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1		1	1	1	
Adjusted R-squared	0.0296	0.0377	0.116	0.116	0.0445	0.0982	0.127	0.127

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Robust standard errors in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

TABLE A.12: Relationship between Past Experiences of Fiscal Consolidation and efficacy of fiscal policy changes and underlying mechanisms

Panel A. Respondent Beliefs with Macroeconomic Conditions and Prior Beliefs

	Debt will stabilize/decrease				Respondent will be better off				Higher debt will have to be paid off			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Past experience of fiscal consolidation	-0.015	-0.073***	-0.044**		-0.038***	-0.053***	-0.007		0.023**	0.029*	0.035**	
Log real GDP per capita	-0.046***				0.144***				0.254***			
Log inflation	0.134***				0.190***				0.013			
Log debt-to-GDP for 2015-2019 (average)	0.018				-0.187***				-0.372***			
Past experience of public debt		0.048				0.039				-0.055*		
Past experience of inflation		0.007				0.009				-0.017		
Number of past episodes of fiscal consolidation				-0.008***				0.004				0.006**
Government can be trusted			0.355***	0.354***			0.563***	0.565***			0.175***	0.175***
Government should not play a large role in providing public services			-0.109***	-0.109***			0.077***	0.077***			-0.022	-0.022
Belief: Level of taxes is high			-0.113***	-0.113***			-0.159***	-0.159***			0.039**	0.038**
Belief: Level of government spending is high			-0.059***	-0.058***			0.037***	0.037**			0.164***	0.163***
Belief: Debt is very high			-0.059***	-0.059***			-0.097***	-0.097***			0.173***	0.173***
Belief: Debt will increase in future			-0.380***	-0.379***			-0.252***	-0.253***			0.051***	0.051***
Correct knowledge on relationships between spending, taxes, deficit, and debt			0.169***	0.169***			0.008	0.008			0.111***	0.111***
Has numerical estimate for debt			0.017	0.017			-0.025*	-0.025*			0.040***	0.039***
Observations	17,128	17,128	17,128	17,128	21,879	21,879	21,879	21,879	21,458	21,458	21,458	21,458
R-squared	0.041	0.054	0.152	0.152	0.089	0.104	0.197	0.197	0.091	0.149	0.184	0.184
Country fixed effects	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1		1	1	1		1	1	1	
Adjusted R-squared	0.0361	0.0490	0.147	0.147	0.0854	0.101	0.193	0.193	0.0876	0.145	0.181	0.181

Panel B. Respondent Beliefs with Macroeconomic Conditions and Prior Beliefs

	Debt harmful for future taxpayers				Inflation may have to be higher				Trust in government			
	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Past experience of fiscal consolidation	0.037***	0.045***	0.003		0.164***	0.031*	0.046***		-0.082***	-0.121***	-0.117***	
Log real GDP per capita	0.003				0.171***				0.010			
Log inflation	-0.025***				-0.077***				0.059***			
Log debt-to-GDP for 2015-2019 (average)	-0.043**				-0.642***				-0.009			
Past experience of public debt		-0.051				0.087***				0.003		
Past experience of inflation		0.027***				-0.027**				0.030***		
Number of past episodes of fiscal consolidation				0.002				0.003				-0.019***
Government can be trusted			-0.466***	-0.466***			0.130***	0.128***				
Government should not play a large role in providing public services			-0.175***	-0.176***			-0.009	-0.009			-0.017	-0.016
Belief: Level of taxes is high			0.137***	0.137***			0.036**	0.036**			0.018	0.019
Belief: Level of government spending is high			0.073***	0.072***			0.080***	0.080***			-0.210***	-0.209***
Belief: Debt is very high			0.229***	0.229***			0.122***	0.122***			-0.118***	-0.118***
Belief: Debt will increase in future			0.149***	0.149***			0.054***	0.055***			-0.309***	-0.308***
Correct knowledge on relationships between spending, taxes, deficit, and debt			0.084***	0.084***			-0.013*	-0.013*			0.071***	0.071***
Has numerical estimate for debt			0.045***	0.045***			-0.001	-0.000			-0.003	-0.003
Observations	22,208	22,208	22,208	22,208	19,381	19,381	19,381	19,381	25,275	25,275	25,275	25,275
R-squared	0.082	0.094	0.185	0.185	0.089	0.117	0.126	0.125	0.051	0.071	0.111	0.111
Country fixed effects	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1		1	1	1		1	1	1	
Adjusted R-squared	0.0784	0.0898	0.181	0.181	0.0857	0.113	0.121	0.121	0.0482	0.0678	0.107	0.108

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Columns 1 and 2 only pertain to the subsample which reports 50 percent or higher likelihood of tax increases and/or spending cuts. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

TABLE A.13: Impact of Tax vs. Spending-based Consolidation Experiences on beliefs regarding efficacy of fiscal policy changes and underlying mechanisms

	Respondent Beliefs											
	Debt will stabilize/decrease		Respondent will be better off		Higher debt will have to be paid off		Debt harmful for future taxpayers		Inflation will have to be higher		Trust in government	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Past experience of tax-based fiscal consolidation	0.002		0.019		0.005		0.018		0.003		-0.033	
Past experience of spending-based consolidation		-0.061**		-0.063***		0.024		0.047*		0.045*		-0.087***
Observations	10,587	10,587	13,379	13,379	13,120	13,120	13,591	13,591	11,720	11,720	15,576	15,576
R-squared	0.055	0.055	0.109	0.110	0.132	0.133	0.092	0.093	0.072	0.072	0.080	0.081
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lambda	1	1	1	1	1	1	1	1	1	1	1	1
Adjusted R-squared	0.0485	0.0489	0.105	0.105	0.128	0.128	0.0876	0.0878	0.0665	0.0667	0.0759	0.0766

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. The dependent variable is a standardized measure of the respondents' exposure to historical episodes of fiscal consolidation in their country (see section 5 for details on variable construction). Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.14: Treatment Effects on Expectations of Fiscal Adjustment with Prior Knowledge

	Likelihood of Policy Changes with Prior Knowledge			
	Expectations of tax increases		Expectations of spending cuts	
	(1)	(2)	(3)	(4)
	Debt stable sample		Debt increased sample	
Treatment 2	0.05	0.05	-0.00	-0.00
Knowledge index		0.02		0.07***
Treatment 2 * Knowledge index		-0.02		-0.01
Observations	4,188	4,188	9,446	9,446
R-squared	0.04	0.04	0.10	0.11

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.15: Comparing Treatment 3 (future debt trajectory) Against Treatments 1 and 2

	Information about Future Debt Level							
	Expectations of tax increases				Expecations of spending cuts			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Debt stable sample		Debt increased sample		Debt stable sample		Debt increased sample	
Treatment 3	0.01	0.02	0.04**	-0.10*	-0.01	-0.00	-0.00	0.02
Debt will remain high		-0.13***		-0.00		-0.07*		-0.22***
Treatment 3 * Debt will remain high		-0.01		0.16**		-0.03		-0.02
Observations	6,285	6,285	14,142	14,142	6,285	6,285	14,142	14,142
R-squared	0.03	0.03	0.04	0.04	0.09	0.09	0.10	0.10

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Debt will remain high is an indicator variable for whether the information treatment reveals that forecasters expect debt to remain high in the country. Robust standard errors in parentheses.
*** p<0.01, ** p<0.05, * p<0.1

Table A.16: Treatment Effects Among Respondents with Numerical Prior Beliefs Regarding the Debt Level

	Numerical Debt Priors							
	Expectations of tax increases				Expectations of spending cuts			
	Debt stable sample		Debt increased sample		Debt stable sample		Debt increased sample	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Has numerical priors	No numerical priors	Has numerical priors	No numerical priors	Has numerical priors	No numerical priors	Has numerical priors	No numerical priors
Treatment 1	-0.14***	-0.09**	-0.01	-0.02	-0.04	-0.00	0.06*	0.03
Treatment 2	-0.10**	-0.03	-0.04	-0.03	-0.08*	-0.03	0.09***	-0.01
Treatment 3	-0.12***	-0.03	0.03	-0.00	-0.07	-0.02	0.06*	0.03
Observations	3,881	4,490	9,083	9,748	3,881	4,490	9,083	9,748
R-squared	0.04	0.04	0.04	0.04	0.10	0.09	0.13	0.08

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Has numerical priors (No numerical priors) is an indicator variable for whether the respondents provided (did not provide) a numerical estimate of their belief regarding the debt level in their country pre-treatment. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Table A.17: Treatment Effects Among Respondents with Prior Beliefs that Under/Overestimate the Debt Level

	Debt Priors with Revealed Debt Levels							
	Expectations of tax increases				Expectations of spending cuts			
	Debt stable sample		Debt increased sample		Debt stable sample		Debt increased sample	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Overestimate	Underestimate	Overestimate	Underestimate	Overestimate	Underestimate	Overestimate	Underestimate
Treatment 1	-0.17**	-0.13**	-0.04	-0.00	-0.07	-0.01	0.02	0.08**
Treatment 2	-0.15**	-0.07	-0.06	-0.04	-0.07	-0.09	0.10*	0.09**
Treatment 3	-0.20***	-0.08	-0.04	0.06*	-0.06	-0.08	0.05	0.06*
Observations	1,682	2,199	2,912	6,171	1,682	2,199	2,912	6,171
R-squared	0.06	0.03	0.07	0.04	0.12	0.09	0.17	0.12

Notes: The outcome variables are standardized using the mean and standard deviation of the control group. Demographic and socioeconomic controls and country fixed effects are included. Debt stable (debt increased) sample includes countries where information treatment reveals that debt has been stable or decreasing (increased) relative to historical standards. Overestimate (Underestimate) is an indicator variable for whether the respondent's numerical prior for the debt level was higher (lower) than actual debt level revealed to them by the information treatment, with 'Underestimate' calibrated for guesses less than 90 percent of the actual debt level. Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

B Survey

Annex: Survey United Kingdom Version

This survey is on the topic of government debt, and the results will be used to inform our client. Your YouGov Account will be credited with 50 points for completing the survey. We have tested the survey and found that, on average it takes around 15 minutes to complete. This time may vary depending on factors such as your Internet connection speed and the answers you give.

Please click the forward button below to continue.

This question is being asked of all participants in the survey, drawn from all of the population in a representative way. Please choose a number from zero to 100. We will take your number as well as the numbers chosen by other people to calculate the average pick. The winning number will be the number that is closest to two-thirds (2/3) of the average. Please take your time to answer this question. Of those who get closest to the winning number 5 prize recipients will be randomly selected. One £100 prize is available and four £50 prizes are available. Click here for Terms and Conditions.

Question type: ***Open***

[bc1] Please choose a number between 0 and 100

Range: 0 ~ 100

The arrow will appear for the next page in 20 seconds.

Question type: ***Grid-Open***
#Required response on each column: 100

[bc2] Like you, other participants in this survey are asked to guess a number from 0 to 100, with the goal of making their guess as close as possible to two-thirds (2/3) of the average guess of all those participating in the contest. What percentage of other participants' guesses do you think will fall in each of the following ranges?

-[bc2_1]	From 0 to 19.99
-[bc2_2]	From 20 to 39.99
-[bc2_3]	From 40 to 59.99
-[bc2_4]	From 60 to 79.99
-[bc2_5]	From 80 to 100
<1>	Please type in

Question type: ***Multiple***
#row order: randomize

[Q1] Do you or anyone in your household own real or financial assets in each of the following categories? Please select all that apply. Click on underlined text for more information.

<1>	Savings and checking accounts
<2>	Stocks and shares (Ownership share in a public or private company)
<3>	Mutual funds and collective investments (Portfolio of stocks, bonds or other securities)
<4>	Retirement and pension products (other than a state pension), and whole life insurances (Voluntary plan for setting aside money to be spent after

	retirement; an insurance policy which is guaranteed to remain in force for the insured's entire lifetime or to the maturity date.)
<5>	Bonds (including short-term and long-term bonds) (Fixed income investment that pays back the principal amount at a future date)
<7>	Residence/home
<6 fixed>	Other financial assets not included above
<99 fixed xor>	None of the above

#PAGE 5

Base: those with each type of asset
Question type: ***Grid***
#row order: randomize

[Q2] Please provide an estimate of the total value of the financial assets that you and your household own in the following categories. Click on underlined text for more information.

-[Q2_1]	Savings and current accounts
-[Q2_2]	Stocks and shares (Ownership share in a public or private company)
-[Q2_3]	Mutual funds and collective investments (Portfolio of stocks, bonds or other securities)
-[Q2_4]	Retirement and pension products (other than a state pension), and whole life insurances (Voluntary plan for setting aside money to be spent after retirement; an insurance policy which is guaranteed to remain in force for the insured's entire lifetime or to the maturity date.)
-[Q2_5]	Bonds (including short-term and long-term bonds) (Fixed income investment that pays back the principal amount at a future date)
-[Q2_6]	Other financial assets not included above
-[Q2_7]	Residence/home

<1>	£1-£999	<7>	£70,000-£99,999
<2>	£1,000-£4,999	<8>	£100,000-£149,999
<3>	£5,000-£9,999	<9>	£150,000-£199,999
<4>	£10,000-£19,999	<10>	£200,000 or more
<5>	£20,000-£39,999	<98>	Prefer not to answer
<6>	£40,000-£69,999	<99>	Don’t know

Question type: ***Multiple***
#row order: randomize

[Q3] Please let us know if you or your family members have ever received any of the following in the last few years, even if for a few months? Please select all that apply.

<1>	Benefits for the unemployed (Jobseeker's Allowance, Universal credit, Employment and Support Allowance, Income Support)
<2>	Maternity pay, Child benefit, Guardian' Allowance, Universal Credit for Parents, Child tax credit, Working tax credit, Childcare benefits/free childcare
<3>	Disability benefits (Personal Independence Payment, Disability Living Allowance)
<4>	Benefits from Local councils (e.g. Council tax reduction, social services from local councils etc)
<5>	Universal Credit
<6>	State Pension
<7>	Benefits for heating expenses
<8>	Housing Benefit
<98 fixed xor>	None of the above

#row order: randomize

[Q4] Which of the following statements best describes your tax and benefits status? **Benefits** received include all those listed in the previous question

<1>	I pay more in taxes than I receive in benefits from the government
<2>	I receive more in benefits from the government than what I pay in taxes
<99 fixed xor>	Not sure

[Q5] If you had to use one of these five categories to describe your social class, which one would it be?

<1>	Lower Class or Poor
<2>	Working Class
<3>	Middle Class
<4>	Upper-middle Class
<5>	Upper Class

#row order: randomize

[Q6] Thinking about various sources of news available today, what would you say is your **main** source of news about current events in UK and around the world?

<1>	TV
<2>	Newspaper (print or online)
<3>	Magazine
<4>	Radio
<5>	Social media such as Facebook or Twitter
<6>	Word of mouth
<97 fixed>	Other
<99 fixed>	None, I don't follow the news

[Q7] In general, how important do you think it is to stay informed about economic policy?

<1>	Very important
<2>	Somewhat important
<3>	Not very important
<4>	Not important at all

[Q8] In economic policy matters people talk of "the left" and "the right". On this scale, where 0 means "left" and 10 means "right," which number best describes your position?

<1>	0 - Left	<8>	7
<2>	1	<9>	8
<3>	2	<10>	9
<4>	3	<11>	10 - Right
<5>	4	<12>	Don't know
<6>	5	<13>	Prefer not to say
<7>	6		

Question type: ***Grid***
#row order: randomize

[Q9] To what extent do you agree or disagree with the following:

-[Q9_1]	Most people can be trusted
-[Q9_2]	The government can be trusted to do the right thing
<1>	Strongly agree
<2>	Slightly agree
<3>	Neither agree nor disagree
<4>	Slightly disagree
<5>	Strongly disagree
<98>	Don't know

[Q10] In your opinion, how much of a role should the government have in providing public services (e.g., infrastructure, defense, public safety and security, etc.)?

<1>	A large role
<2>	A moderate role
<3>	A minor role
<4>	As small a role as possible
<98>	Don't know

We will now ask you as series of questions about government spending, taxes, government budget deficits, and government debt.

Order randomised groups of Q11_inc & Q11_dec; Q12; Q13_inc & Q13_dec; Q14; Q15_inc & Q15_dec

Within each set only showing a randomised one of Q11_inc or Q11_dec; Q13_inc or Q13_dec; Q15_inc or Q15_dec.

Base: those asked about an increase

[Q11_inc] If government spending **increases** (e.g., on pensions, education, defense, infrastructure), what do you think is the impact on the government's budget deficit?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: those asked about a decrease

[Q11_dec] If government spending is **cut** (e.g., on pensions, education, defense, infrastructure), what do you think is the impact on the government's budget deficit?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: all

[Q12] Do you think that the current level of government spending is high or low?

<1>	Very high
<2>	Somewhat high
<3>	Neither high nor low

<4>	Somewhat low
<5>	Very low

Base: those asked about an increase

[Q13_inc] If the government collects **more** tax revenues, what do you think is the impact on the government's budget deficit?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: those asked about a decrease

[Q13_dec] If the government collects **less** tax revenues, what do you think is the impact on the government's budget deficit?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: all

[Q14] Do you think that the current level of taxes in the United Kingdom is high or low?

<1>	Very high
<2>	Somewhat high
<3>	Neither high nor low
<4>	Somewhat low
<5>	Very low

Base: those asked about an increase

[Q15_inc] If the government's budget deficit **increases**, what do you think is the impact on the level of government debt?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: those asked about a decrease

[Q15_dec] If the government's budget deficit **decreases**, what do you think is the impact on the level of government debt?

<1>	Increase
<2>	Decrease
<3>	No change
<98>	Don't know

Base: all
Question type: ***Open***
#decimal

[Q16] What do you think the current level of government debt is in percent of your country's Gross Domestic Product (GDP)?

GDP is the total annual value of the goods and services produced by the country.

Don't worry if you're not sure, we are keen to hear your best estimate. (Please enter your answer in the box below as percent).

Range: -100 ~ 10000
I cannot guess

Question type: ***Text***

Base: all

[Q17] You thought the level of government debt to GDP is **<<answer to Q16>>**. Do you think the level of government debt level is high or low?

<1>	Very high
<2>	Somewhat high
<3>	Neither high nor low
<4>	Somewhat low
<5>	Very low

If Q16 was" I cannot guess" then Q17 was "In an earlier question you thought that the current level of government debt in percent of Gross Domestic Product (GDP) was not possible to guess a percentage for.

Base: all
Question type: ***Open***
#decimal

[Q18] What do you think the level of government debt **will be**, in percent of your country's Gross Domestic Product (GDP) **in five years?**

GDP is the total annual value of the goods and services produced by the country.

Don't worry if you're not sure, we are keen to hear your best estimate. (Please enter your answer in the box below as percent).

Range: -100 ~ 10000
I cannot guess

Base: those who 'could not guess' Q18
Question type: ***Single***
#Question display logic:
if Q18== 'I cannot guess'

[Q18a] In five years, do you think the level of government debt will be higher or lower than the current level?

<1>	Higher
<2>	The same
<3>	Lower
<4>	Don't know

randomised

[Treatment assigned] – not shown

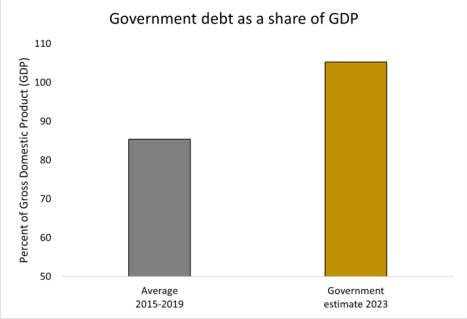
<1>	Nothing
<2>	Treatment 1
<3>	Treatment 2
<4>	Treatment 3

#Question display logic:
if Treatment is Treatment 1,2 or 3

On the next screen we will provide you with information on the level of government debt in your country relative to historical standards. We ask you to review this information carefully. Please note that this information will only be shown once and you will not be able to go back to it.

#Page display logic:
If Treatment 1

This page shows debt levels and estimates for this year.



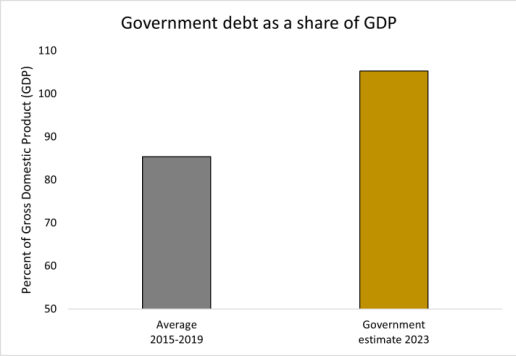
Note: GDP is the total annual value of the goods and services produced by the country

The data shows that the UK's debt as a share of GDP has increased relative to recent years. Comparing a country's debt to its gross domestic product (GDP) reveals the country's ability to pay down its debt. This ratio is considered a better indicator of a country's fiscal situation than just the national debt number because it shows the burden of debt relative to the country's total economic output and therefore its ability to repay it.

The arrow will appear for the next page in 20 seconds.

If Treatment 2

This page shows debt levels and estimates for this year.



Note: GDP is the total annual value of the goods and services produced by the country.

The data shows that the UK's debt as a share of GDP has increased relative to recent years. Comparing a country's debt to its gross domestic product (GDP) reveals the country's ability to pay down its debt. This ratio is considered a better indicator of a country's fiscal situation than just the national debt number because it shows the burden of debt relative to the country's total economic output and therefore its ability to repay it.

Here is how debt in the future and debt today are related:

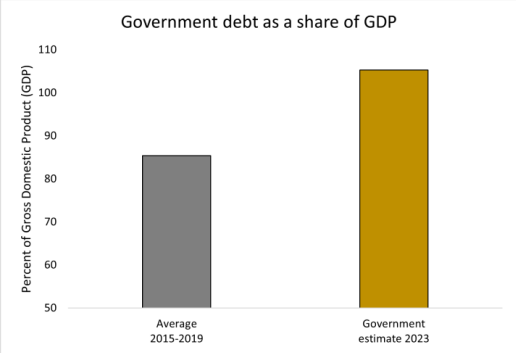
Debt in the future = Debt issued today + interest paid on today's debt + government spending today – taxes collected by the government today

Note: Government spending consists of spending on goods and services (e.g., education, defense) and transfer programs (e.g., Social Security, unemployment benefits, welfare)

The arrow will appear for the next page in 20 seconds.

If Treatment 3

This page shows debt levels and estimates for this year.



Note: GDP is the total annual value of the goods and services produced by the country.

The data shows that the UK's debt as a share of GDP has increased relative to recent years. Comparing a country's debt to its gross domestic product (GDP) reveals the country's ability to pay down its debt. This ratio is considered a better indicator of a country's fiscal situation than just the national debt number because it shows the burden of debt relative to the country's total economic output and therefore its ability to repay it.

Here is how debt in the future and debt today are related:

Debt in the future = Debt issued today + interest paid on today's debt + government spending today – taxes collected by the government today

Note: Government spending consists of spending on goods and services (e.g., education, defense) and transfer programs (e.g., Social Security, unemployment benefits, welfare)

Economic forecasters predict that government debt in the UK will remain high relative to historical standards in the coming years.

The arrow will appear for the next page in 20 seconds.

*Question type: **Grid***
#row order: randomize

[Q19] Given your knowledge of debt as a share of GDP in the United Kingdom, what do you think is the probability that the government will **increase** the level of taxes or **cut** the level of government spending?

-[Q19_1]	Your belief regarding the probability that the government will raise taxes
-[Q19_2]	Your belief regarding the probability that the government will lower government spending
<1>	Highly likely (more than 75 percent probability)
<2>	Somewhat likely (more than 50 percent but less than 75 percent probability)
<3>	Neutral (50 percent probability)
<4>	Somewhat unlikely (less than 50 percent but more than 25 percent probability)
<5>	Very unlikely (less than 25 percent probability)

Question type: ***Open***

[Q20] Above, you predicted how likely it was the government will increase the level of taxes or cut the level of government sending. Please tell us how you came up with your prediction. What are your main considerations in making the prediction? Please respond in 2-3 sentences.

#PAGE 33

Base: all
Question type: ***Grid***
#row order: randomize

[Q21] We also asked other people in the United Kingdom what they think is the probability that the government will increase the level of taxes or cut the level of government spending. We would like to know what you think **other people** believe regarding the probability that the government will increase the level of taxes or cut the level of government spending?

-[Q21_1]	Other people's belief regarding the probability of the government raising taxes
-[Q21_2]	Other people's belief regarding the probability of the government lowering government spending
<1>	Highly likely (more than 75 percent probability)
<2>	Somewhat likely (more than 50 percent but less than 75 percent probability)
<3>	Neutral (50 percent probability)
<4>	Somewhat unlikely (less than 50 percent but more than 25 percent probability)
<5>	Very unlikely (less than 25 percent probability)

Base: those thinking it is >50% likely taxes will rise

[Q22] You indicated that it is **<<Q19_1>>** that the government will increase taxes. In how many years do you expect that the government will begin to **raise** taxes?

<1>	0-2 years
<2>	3-5 years
<3>	6-9 years
<4>	10+ years

Base: those thinking it is >50% likely taxes will rise
Question type: ***Grid***

[Q23] You indicated that it is **<<Q19_1>>** that the government will increase taxes. What do you think is the likelihood that the government will **raise** the following categories of taxes?

-[Q23_1]	Taxes on middle-income households
-[Q23_2]	Taxes on high-income households
-[Q23_3]	Taxes on all households
-[Q23_4]	Wealth/estate taxes
-[Q23_5]	Taxes on all small businesses
-[Q23_6]	Taxes on large corporations
-[Q23_7]	Sales taxes
<1>	Highly likely (more than 75 percent probability)
<2>	Somewhat likely (more than 50 percent but less than 75 percent probability)

<3>	Neutral (50 percent probability)
<4>	Somewhat unlikely (less than 50 percent but more than 25 percent probability)
<5>	Very unlikely (less than 25 percent probability)

Base: those thinking it is >50% likely government spending will be cut

[Q24] You indicated that it is **<<Q19_2>>** that government spending will be cut. In how many years do you expect that government spending will begin to be cut?

<1>	0-2 years
<2>	3-5 years
<3>	6-9 years
<4>	10+ years

Base: those thinking it is >50% likely government spending will be cut
Question type: ***Grid***

[Q25] You indicated that it is **<<Q19_2>>** that government spending will be cut. What do you think is the likelihood that government spending will be cut for the following categories?

-[Q25_1]	Education
-[Q25_2]	Pensions and entitlements
-[Q25_3]	Social programs
-[Q25_4]	Defense
-[Q25_5]	Public infrastructure
-[Q25_6]	Climate change related needs
<1>	Highly likely (more than 75 percent probability)
<2>	Somewhat likely (more than 50 percent but less than 75 percent probability)
<3>	Neutral (50 percent probability)
<4>	Somewhat unlikely (less than 50 percent but more than 25 percent probability)
<5>	Very unlikely (less than 25 percent probability)

Base: all
Question type: ***Open***

[Q26] How, if at all, do you expect to change your economic behavior given your expectations regarding the level of taxes, government spending and public debt? Please let us know the main considerations that come to mind.

Base: all
Question type: ***Grid***

[Q27] How do you expect to change your own economic behavior in the following way given your expectations regarding the level of taxes, government spending and public debt? Click on underlined text for more information.

-[Q27_1]	Your spending on durable goods (Goods that last in time (for example, cars, electronics, furniture, jewelries; please exclude purchases of houses, apartments)).
-[Q27_2]	Your spending on nondurable goods and services (Goods that do not last in time (for example, food, alcohol, gasoline, clothing, haircuts, transportation, and other small services)).

-[Q27_3]	How many hours you work
<1>	Increase significantly
<2>	Increase somewhat
<3>	No change
<4>	Decrease somewhat
<5>	Decrease significantly
<99>	Not applicable to me

Base: all
Question type: ***Grid***

[Q28] We also asked other people in your country how they expect to change their economic behavior given their expectations regarding the level of taxes, government spending and public debt. We would like to know how you think **other people might change**. Try to think of all people in summary in a way that represents everyone.

-[Q28_1]	Other people's spending on durable goods
-[Q28_2]	Other people's spending on nondurable goods and services
-[Q28_3]	Other people's hours worked
<1>	Increase significantly
<2>	Increase somewhat
<3>	No change
<4>	Decrease somewhat
<5>	Decrease significantly

Base: all
Question type: ***Grid-Open***
#Required response on each column: 8000

[Q29] Given the economic changes you have described, imagine that you receive £8,000 to save or invest in financial assets. Please indicate in which of the following asset categories you will save/invest this amount. Instruction: You can allocate £8,000 by typing an amount in each box. Your answers should sum to £8,000. Click on underlined text for more information.

-[q29_1]	Savings or checking accounts
-[q29_2]	Stocks and shares (Ownership share in a public or private company)
-[q29_3]	Mutual funds and collective investments (Portfolio of stocks, bonds, or other securities (incl. ETFs))
-[q29_4]	Retirement or pension products (Plan for setting aside money to be spent after retirement)
-[q29_5]	Short-term bonds (Fixed income investment that pays back the principal amount in three years or less)
-[q29_6]	Long-term bonds (Fixed income investment that pays back the principal amount in ten years or more)
-[q29_7]	Bitcoin and/or other cyptocurrency assets (Virtual or digital means of payment that takes the form of tokens and secured by cryptography)
<1>	Please type in numbers that add to £8,000

Base: those thinking taxes will rise and / or government spending will be cut
#row order: randomize
if Q19_1 in [1,2] or Q19_2 in [1,2]

[Q30] You indicated that you believe that the government is <<Q19_pipe>>. Do you think this adjustment will result in the level of government debt decreasing, staying the same or increasing?

<1>	Debt will increase
<2 fixed>	Debt will be stable
<3>	Debt will decrease
<99 fixed>	Don't know

Base: all

[Q31] Given the economic changes you described in the previous question, do you think that you will be better off or worse off (i.e. the difference between what you receive from the government in benefits and what you pay in taxes, will increase or decrease)? Click on underlined text for more information.

<1>	Better off (The difference between what I receive in government benefits and what I pay in taxes after these economic changes will be greater than it was before)
<2>	Not better off nor worse off (The difference between what I receive in government benefits and what I pay in taxes after economic changes will be the same as it was before)
<3>	Worse off (The difference between what I receive in government benefits and what I pay in taxes after economic changes will be less than it was before)
<99>	Don't know

[Q32] If over the next 20 years, the level of government debt as a share of GDP increases significantly, will you be better off or worse off than you are presently?

<1>	Better off
<2>	No change
<3>	Worse off
<99>	Don't know

[Q33] To what extent do you agree or disagree with the statement that **"higher public debt today will have to be paid for by higher taxes and/or lower government spending in the future"?**

<1>	Strongly agree
<2>	Tend to agree
<3>	Tend to disagree
<4>	Strongly disagree
<99>	Don't Know

*Question type: **Grid***
#row order: randomize

[Q34] If government debt increases from current levels, how do you think this could impact the cost of borrowing for...?

-[Q34_1]	Households

-[Q34_2]	Firms
-[Q34_3]	Government
<1>	Increase cost of borrowing
<2>	Decrease cost of borrowing
<3>	No impact on the cost of borrowing
<99>	Don't know

Question type: ***Grid***
#row order: randomize

[Q35] Do you think the current level of government debt is beneficial or harmful for the following groups?

-[Q35_1]	Households
-[Q35_2]	Corporations
-[Q35_3]	Current taxpayers
-[Q35_4]	Future taxpayers
<1>	Very beneficial
<2>	Somewhat beneficial
<3>	Neither beneficial nor harmful
<4>	Somewhat harmful
<5>	Very harmful
<99>	Don’t Know

[Q36] To what extent do you agree or disagree with the statement that **"going forward inflation (consumer prices) might be higher to lower the level of government debt as a share of GDP?"**

<1>	Strongly agree
<2>	Tend to agree
<3>	Tend to disagree
<4>	Strongly disagree
<99>	Don’t Know