Abstract

Political institutions increasingly communicate complex economic policy issues to the public by way of press releases or social media. When asked directly, members of the public often report that they do not understand economic policy and find it complicated or unintelligible; this is especially true for monetary policy. Embedding a vignette experiment into three waves of a panel survey on German households, we examine the influence of communications on monetary policy and inflation expectations. We find that households do indeed incorporate sophisticated information from central banks and that numerical information is particularly helpful in lowering the variance around households' expectations. The power of persuasion found for central banks is not matched by private economic actors. Further treatments illustrate the effect of shorter vs longer and more precise vs vague information on the influence of the central bank on public opinion on monetary policy indicators. In a final manipulation, we investigate the mediating effect of the source of economic news, private sector vs public sector, and test whether trust in governmental or private actors alter responses. Our findings are important for understanding the ways in which governmental and private actors inform (and perhaps misinform) the public on complicated policy issues.