

# Stories, Statistics and Memory

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## Abstract :

People have been shown to have highly biased beliefs about many important facts even though information about these facts is easily available and widely reported. This high degree of belief biases and misperceptions about factual issues is a puzzle, and at odds with a large literature which documents that people do update their beliefs in response to information, see Haaland et al. (2022). While the current literature has established a wide variety of biases in belief updating relative to Bayesian benchmarks (Benjamin, 2019), an alternative explanation is that beliefs are not only formed by factual statistical information, but also by stories that people are exposed to. Such stories, while usually providing a much less informative signal of reality, may be more memorable, and thus more powerful in shaping people's beliefs. In this paper, we test the conjecture that individuals' beliefs are more strongly shaped by stories than by facts. In our designs we expose individuals to both stories and statistics, and then measure their incentivized beliefs. We then study the evolution of their beliefs over time. We find that individuals initially update their beliefs more strongly in response to statistics. However, stories have a more long-lasting effect on beliefs. In additional treatments, we demonstrate that stories are easier to recall than beliefs, and that interference is a powerful mechanism that determines the recall accuracy of stories.