

The “Future Is Now” Heuristic: People’s Misguided Belief That the Future Will Mirror the Present

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Literature Review and Contribution

When people predict the future, they employ a variety of suboptimal heuristics. We extend this literature by documenting a novel heuristic people employ when forecasting whether the future will (vs. will not) be like the present; specifically, we demonstrate that people are systematically biased toward expecting the future to be like the present, even when the probabilities for future events make such a belief unfounded.

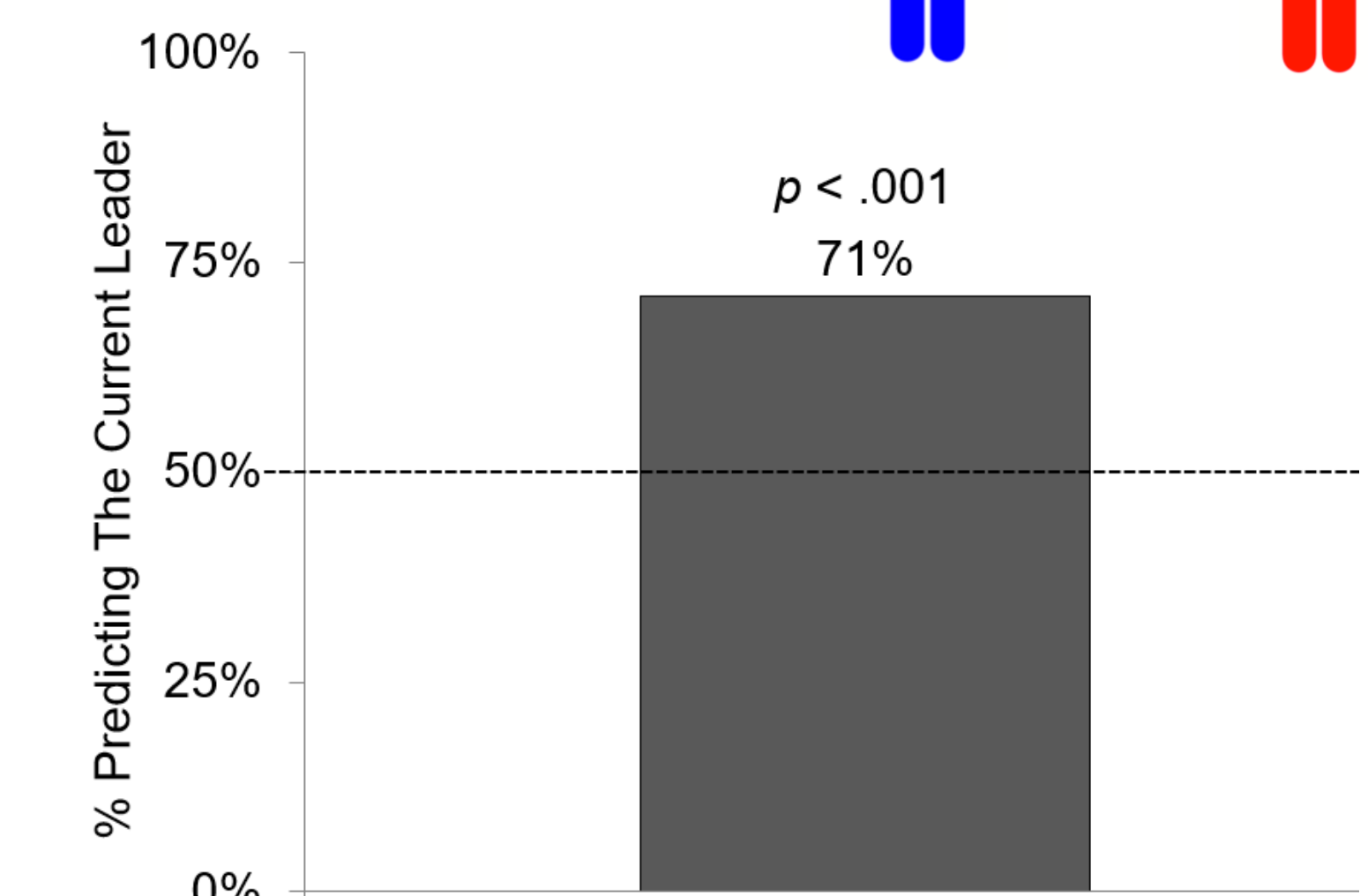
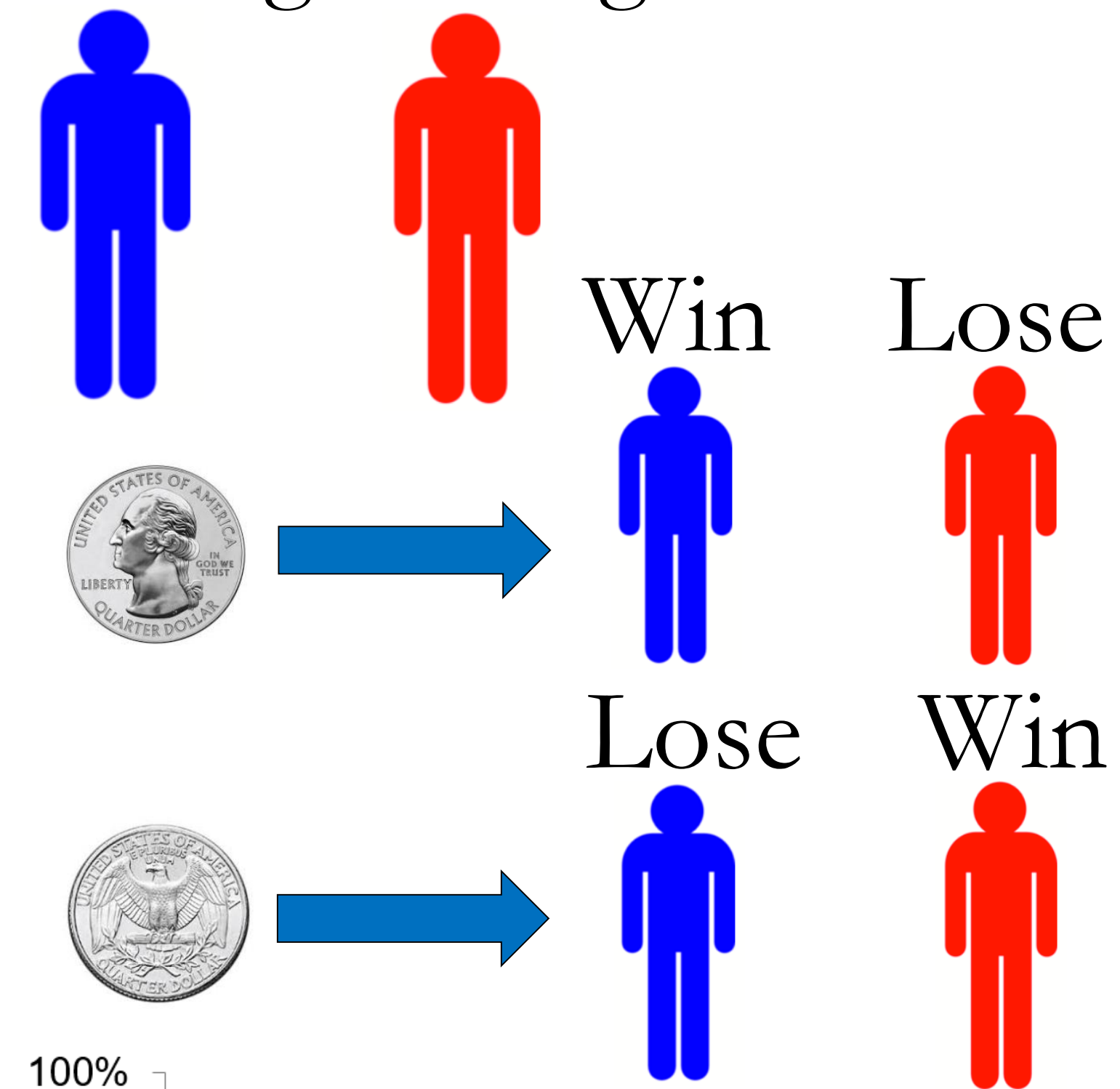
Summary of Findings

- People overestimate the likelihood of the future being like the present.
- This leads people to make irrational forecasts.
- This occurs because of recency in belief formation.
- This holds for incentive-compatible forecasts.

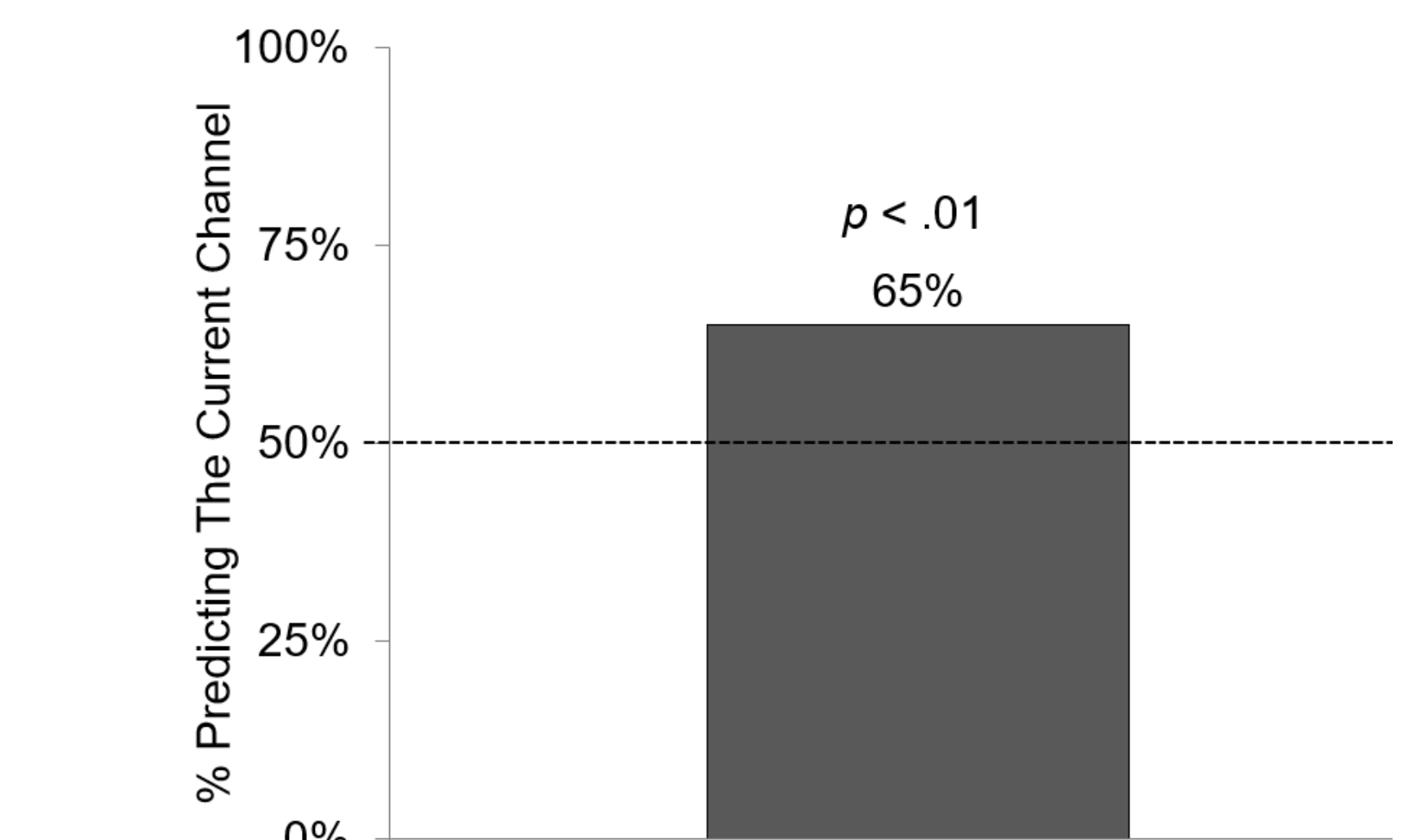
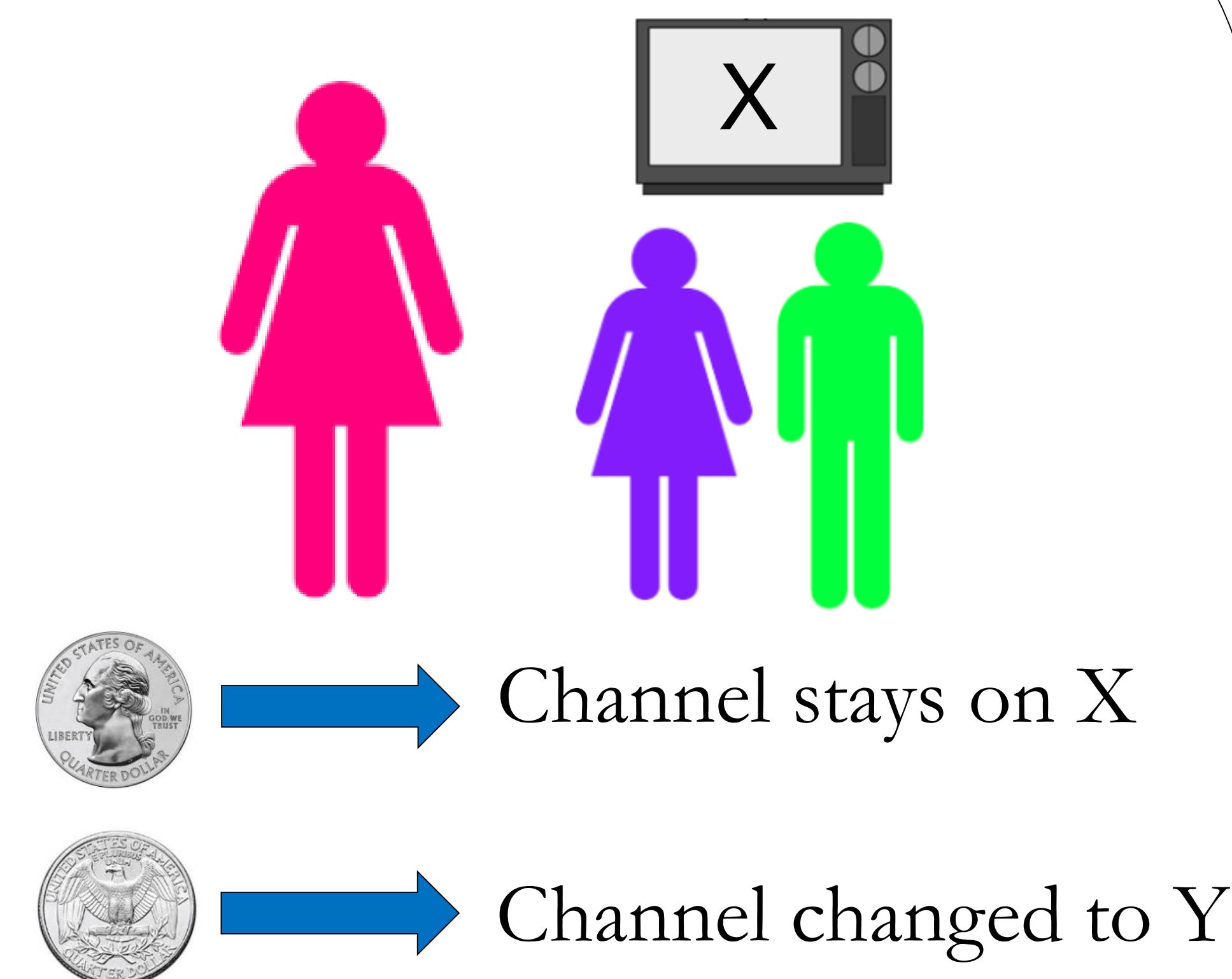
Studies 1-2: Demonstrating the Effect

Current Score:

Winning Losing

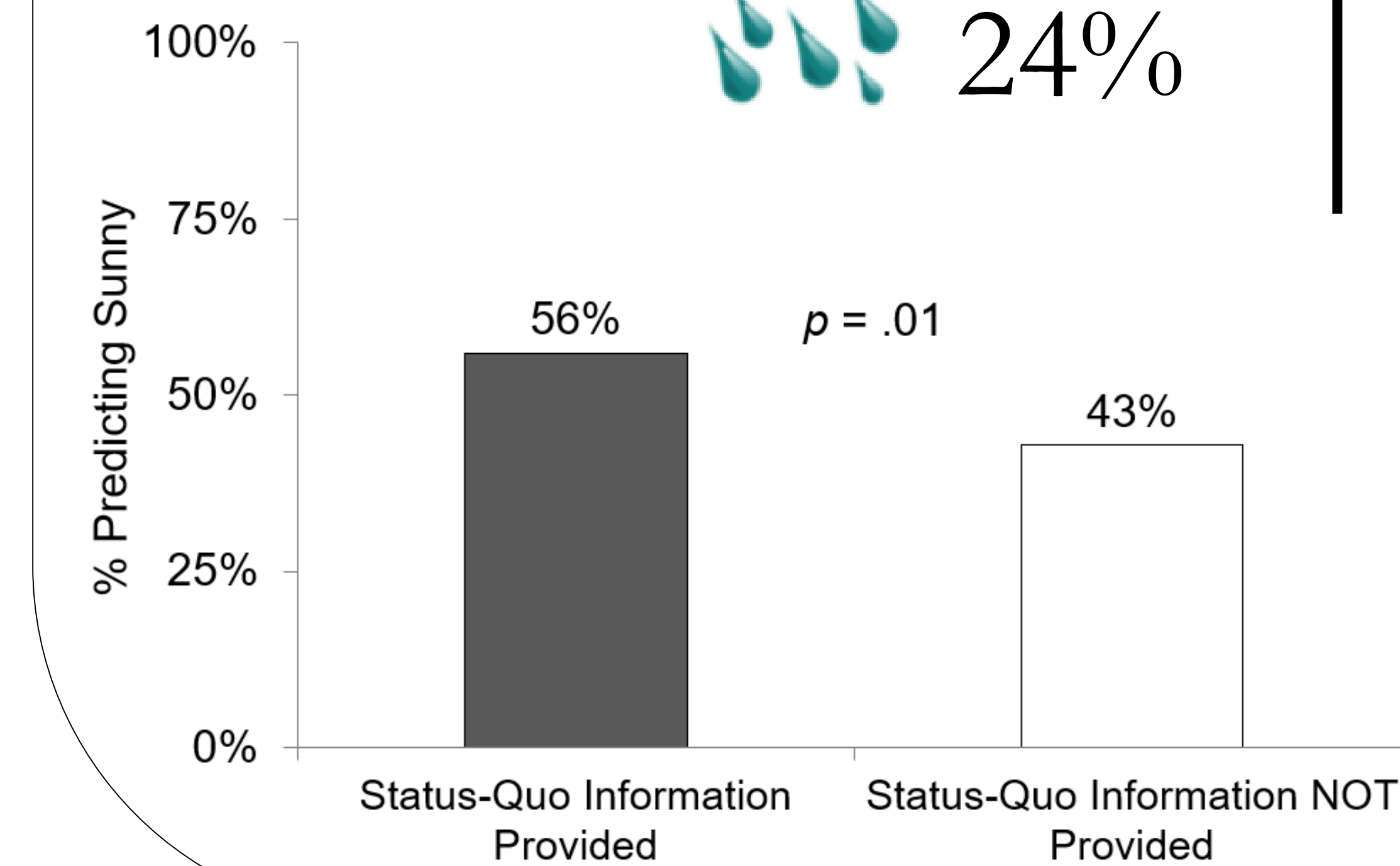
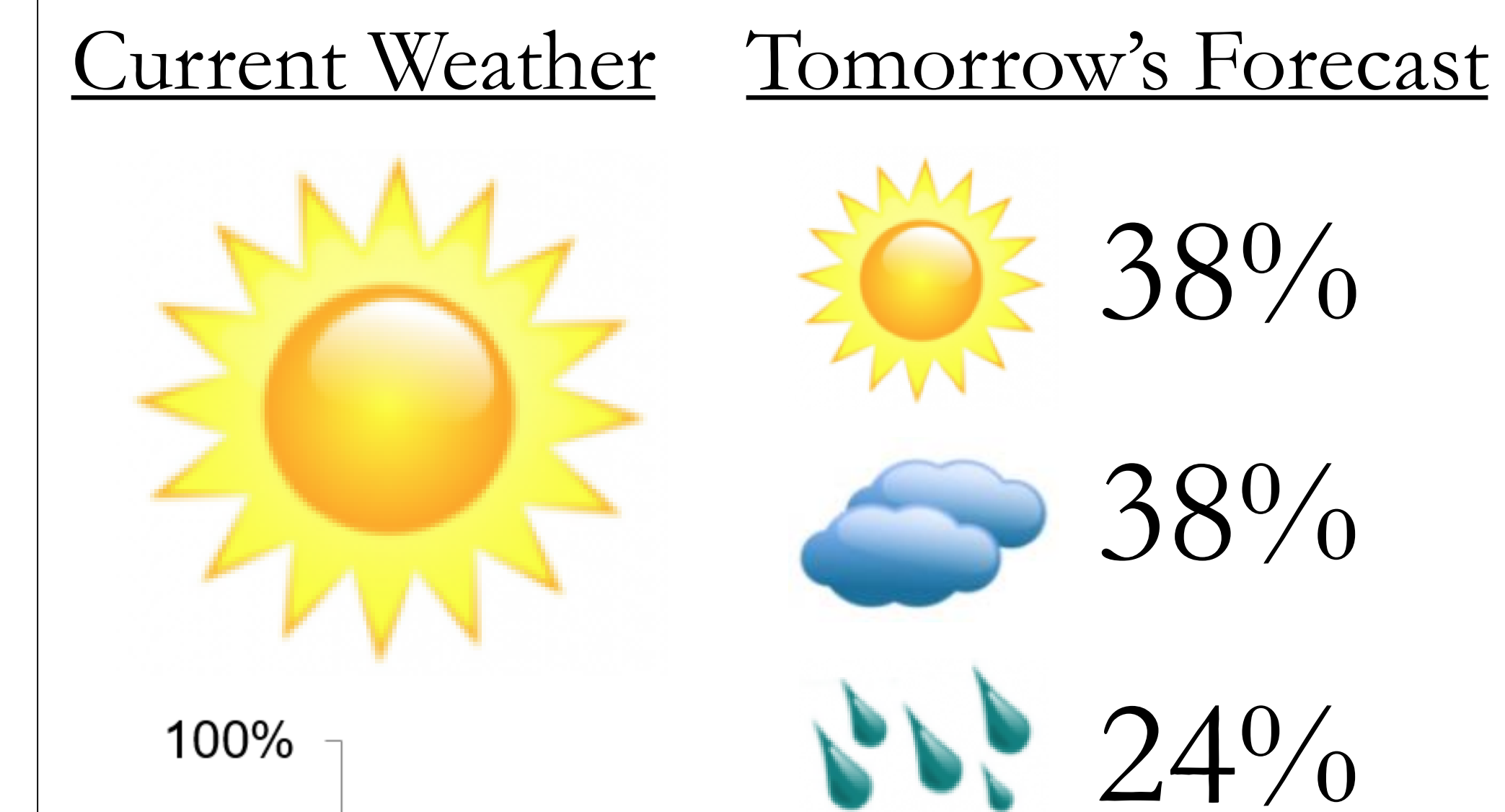


People overestimate the likelihood of the future being like the present.

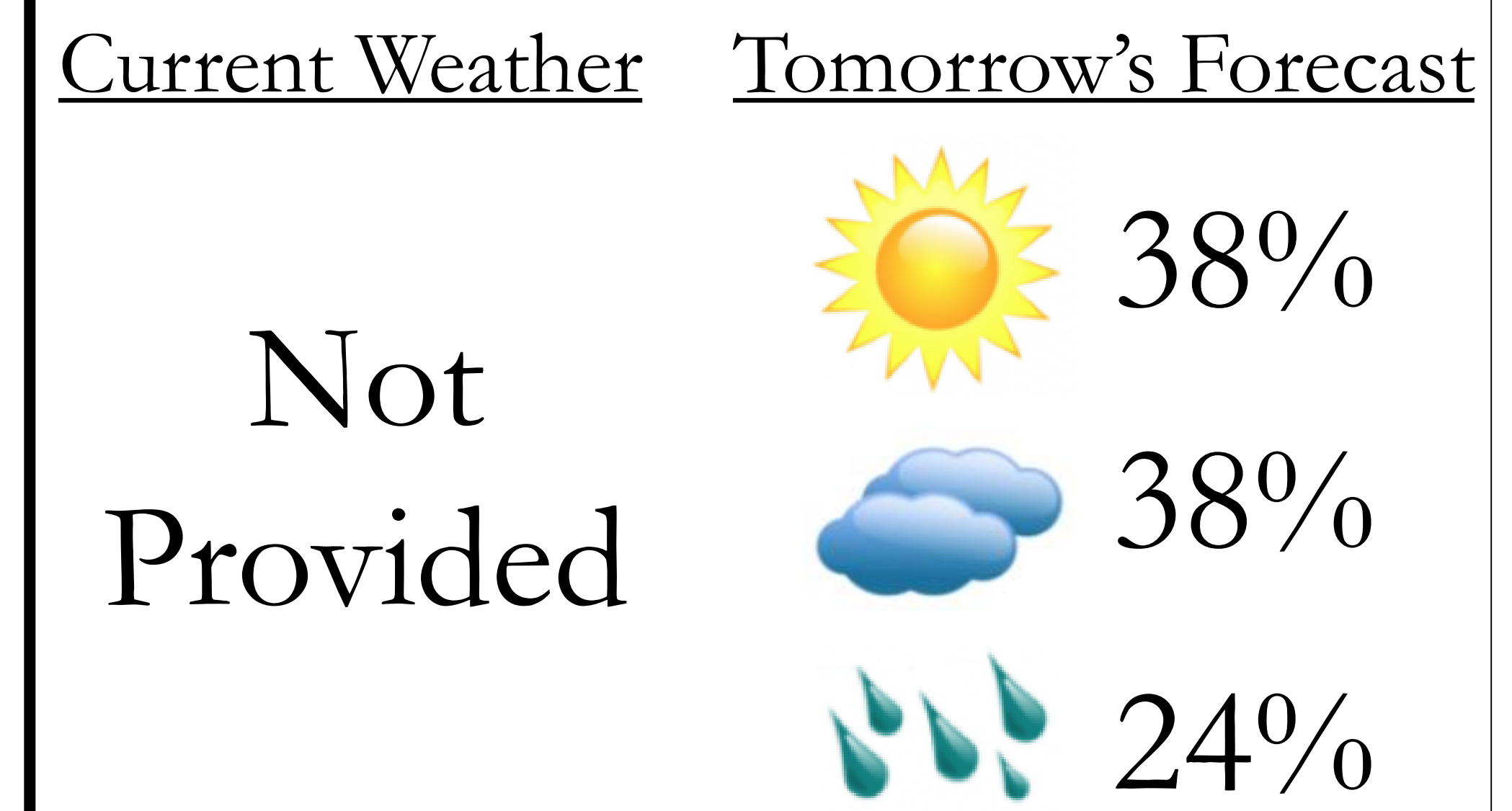


Study 3: Incentive-Compatible Forecasts

Status-Quo Information
Provided



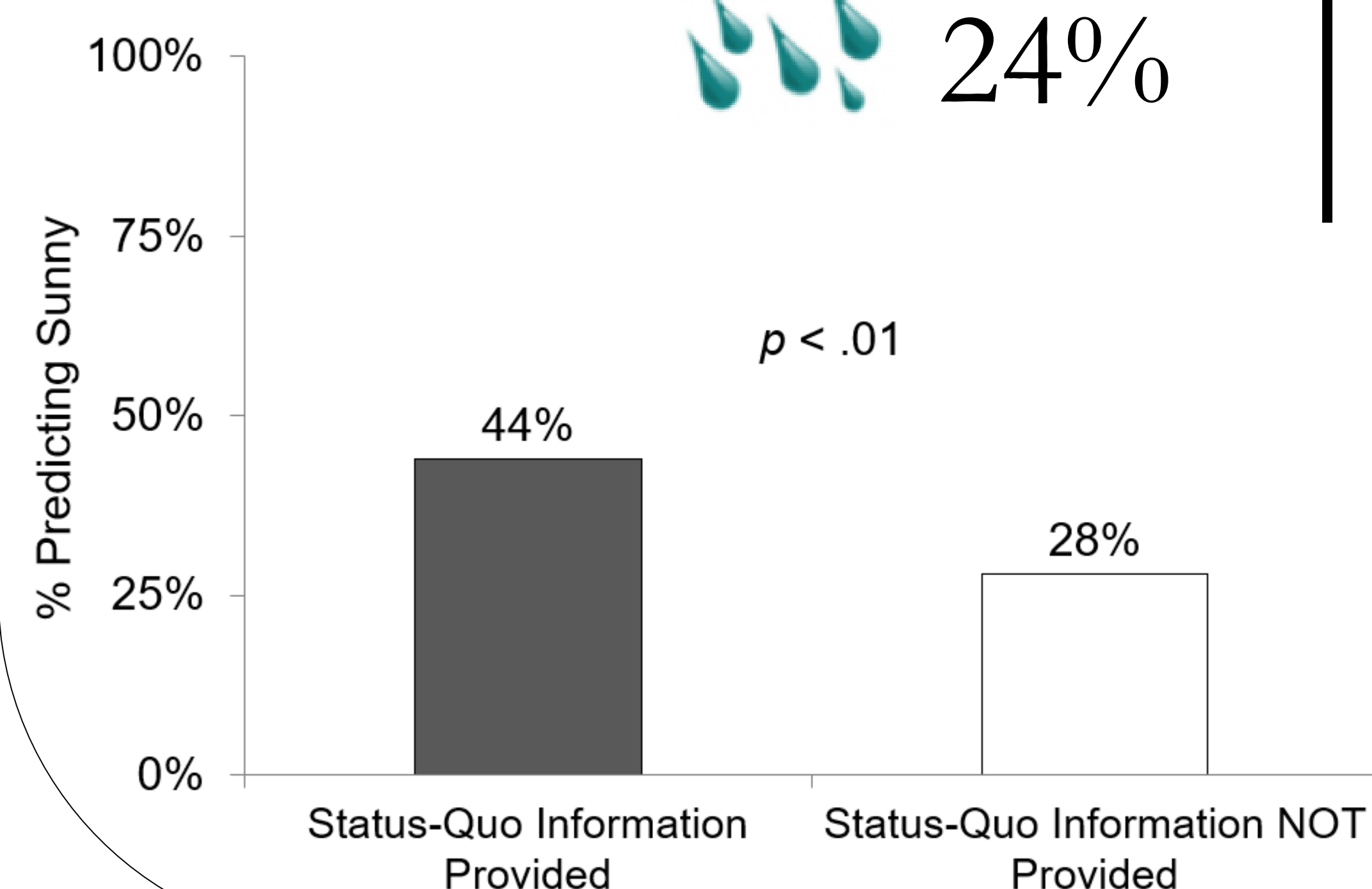
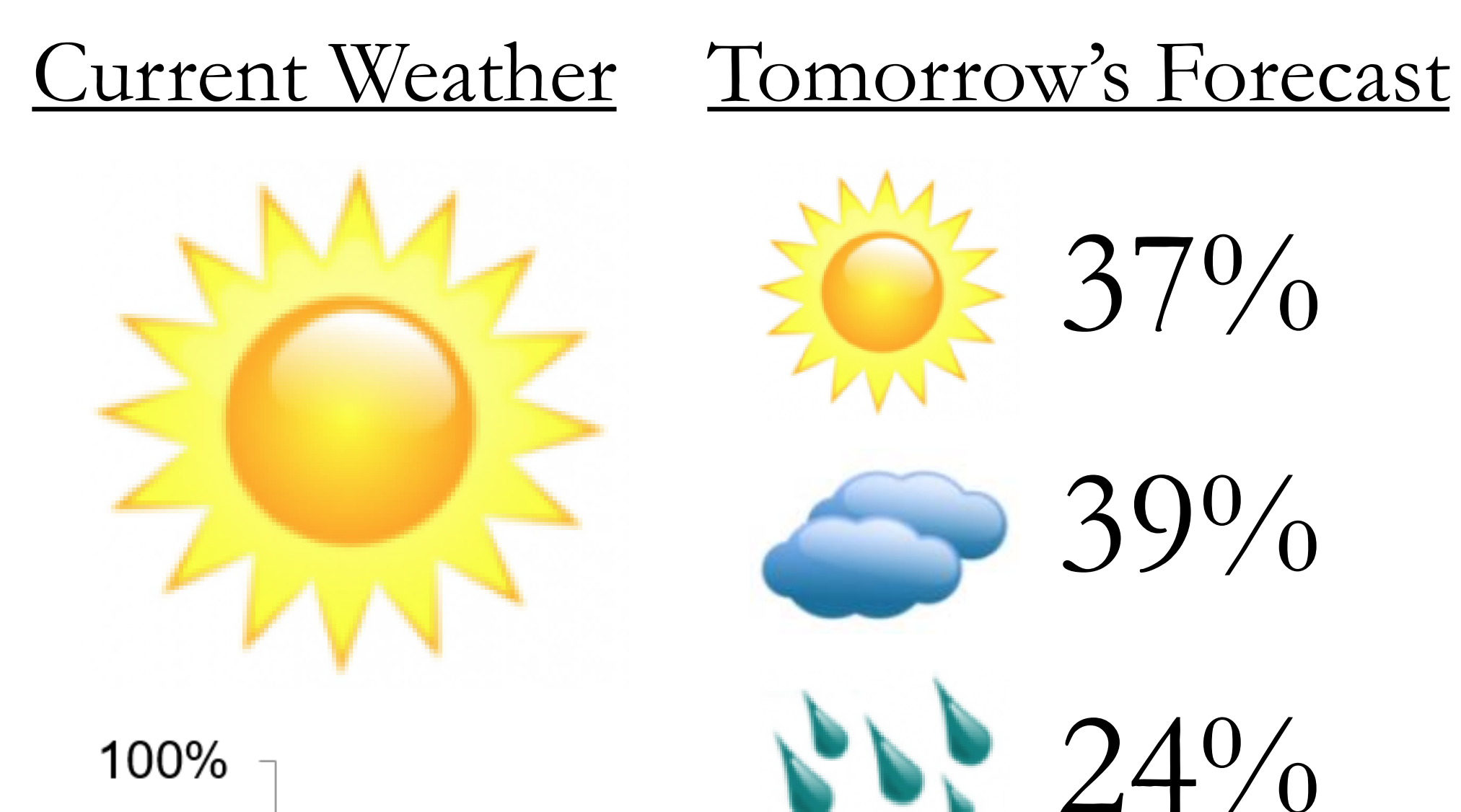
Status-Quo Information
NOT Provided



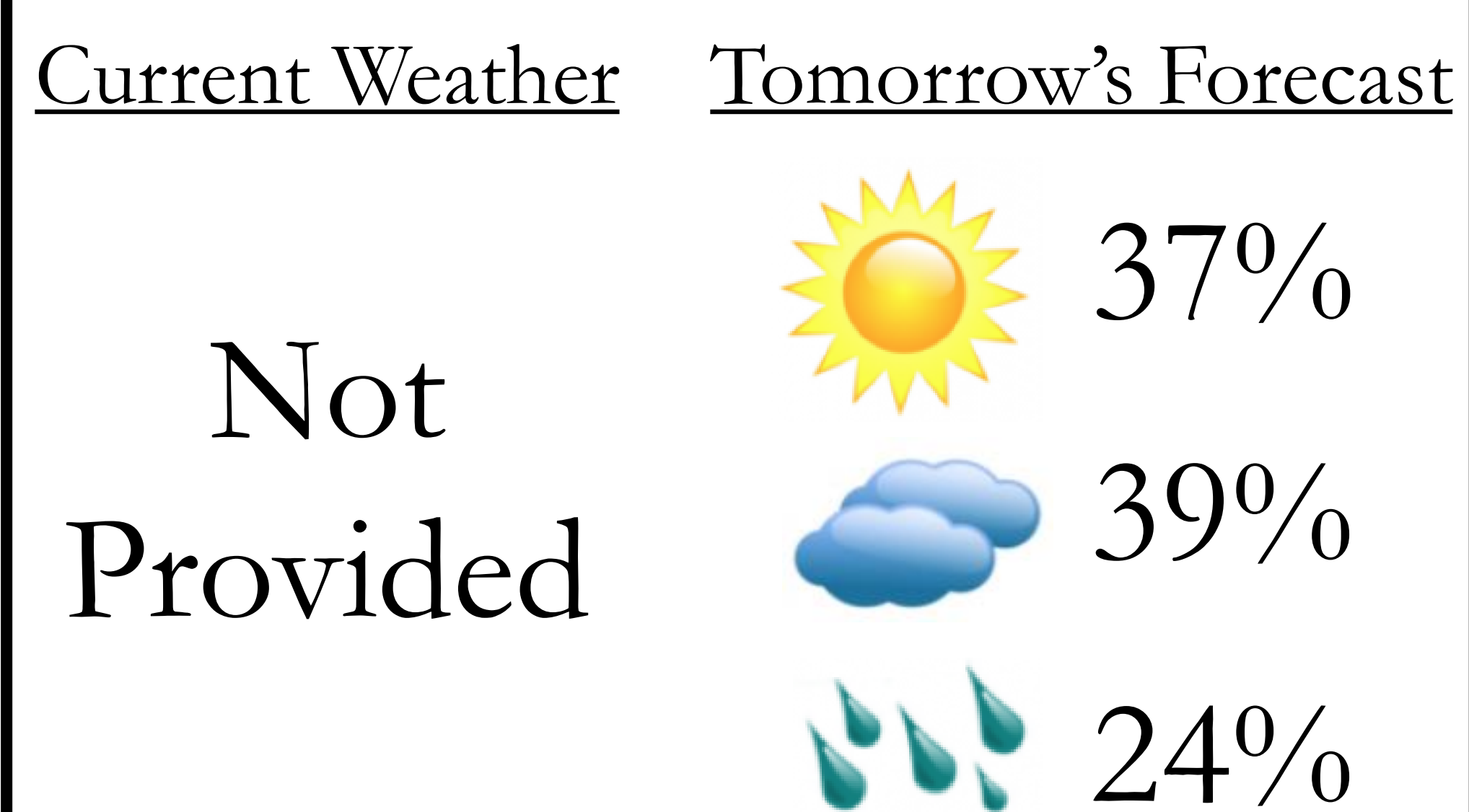
People overestimate the likelihood of the future being like the present, when making incentive-compatible forecasts.

Study 4: Irrational Incentive-Compatible Forecasts

Status-Quo Information
Provided



Status-Quo Information
NOT Provided



People overestimate the likelihood of the future being like the present, when making incentive-compatible forecasts, even when it is irrational to do so.

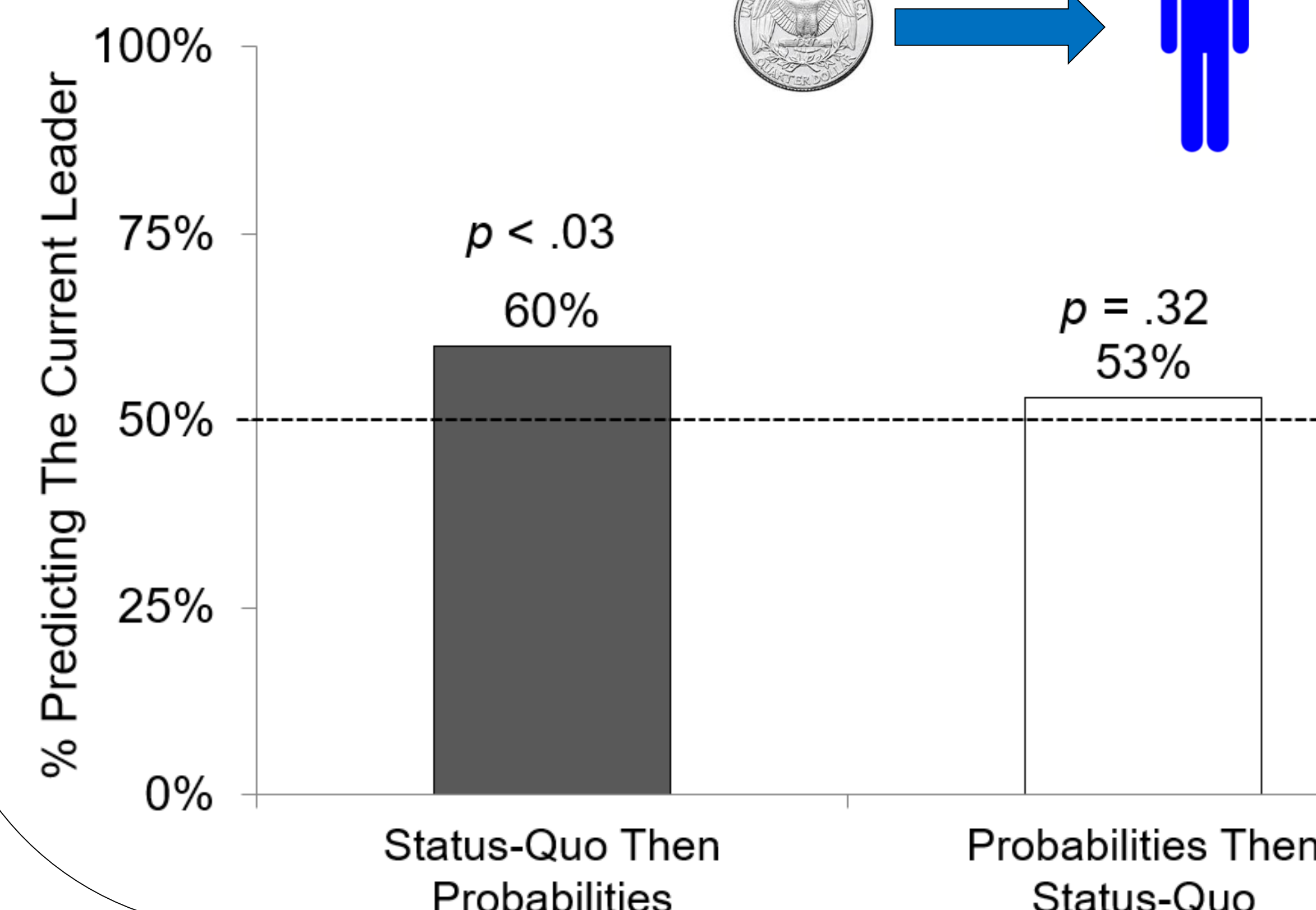
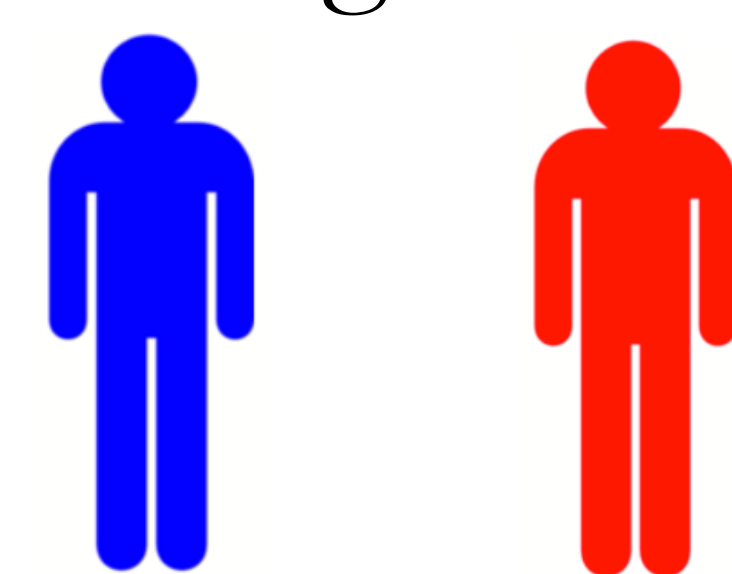
Study 5: Ruling in a Recency Mechanism

Status-Quo Then Probabilities

First Information

Current Score:

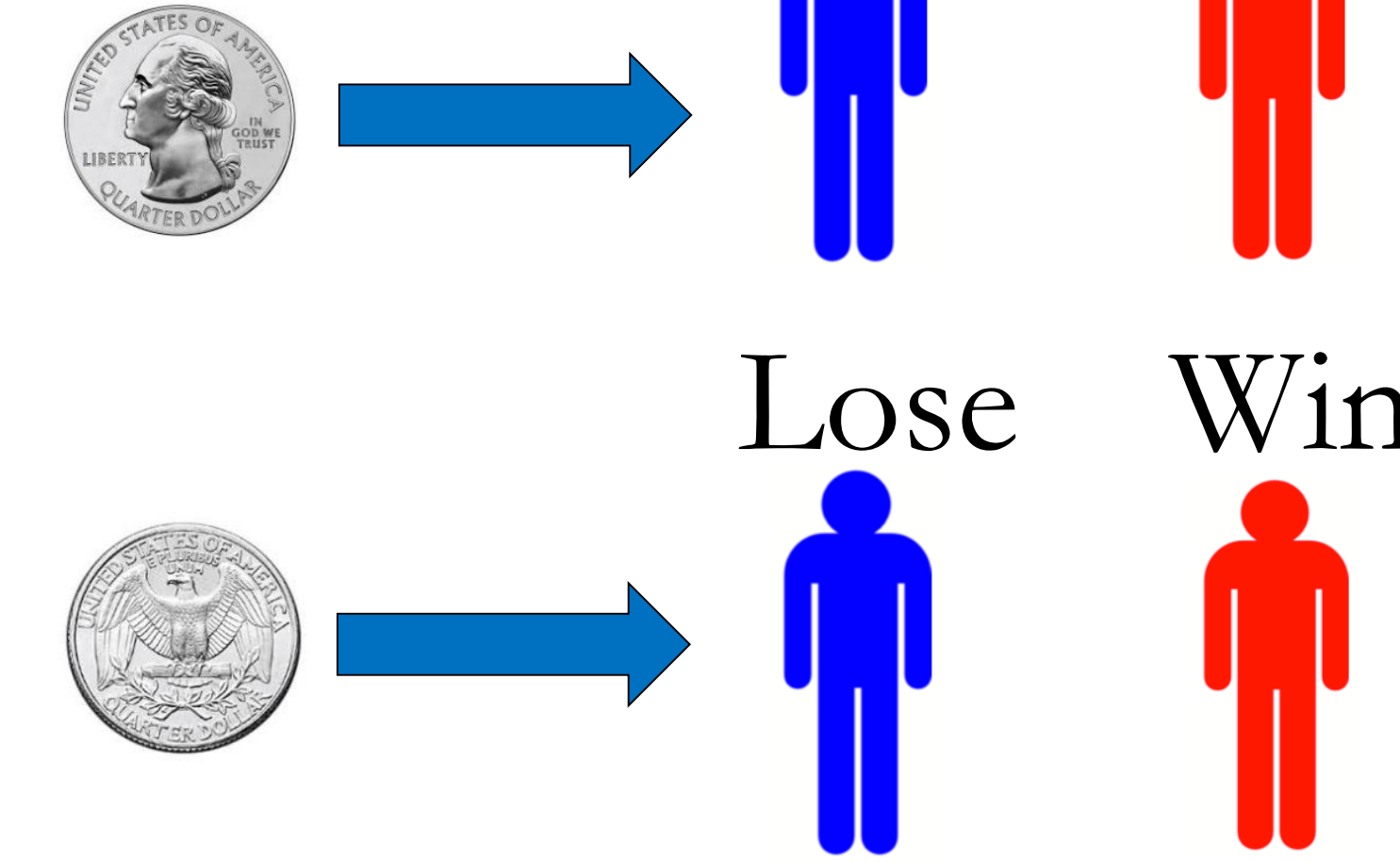
Winning Losing



Second Information

Win Lose

Lose Win

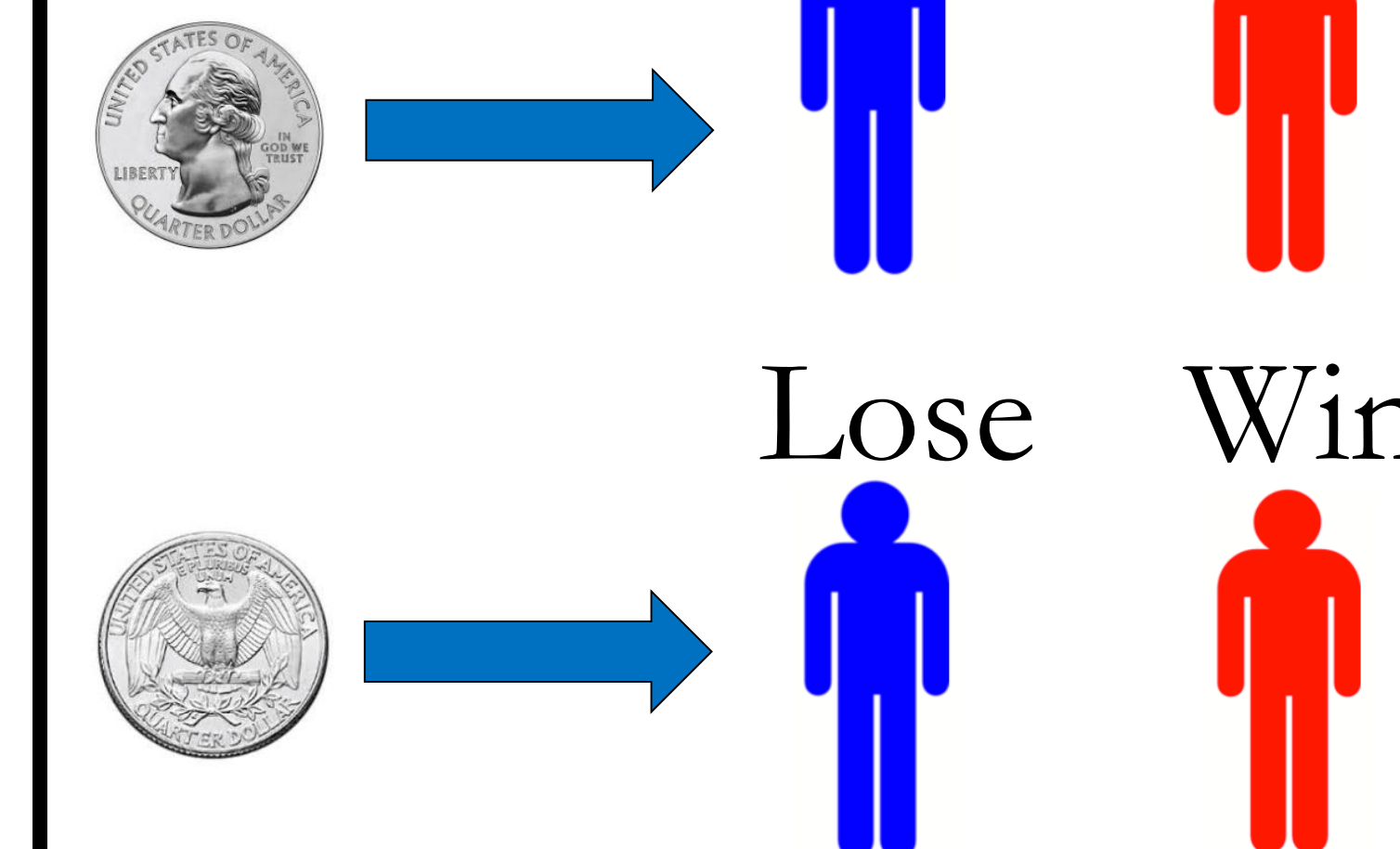


Probabilities Then Status-Quo

First Information

Win Lose

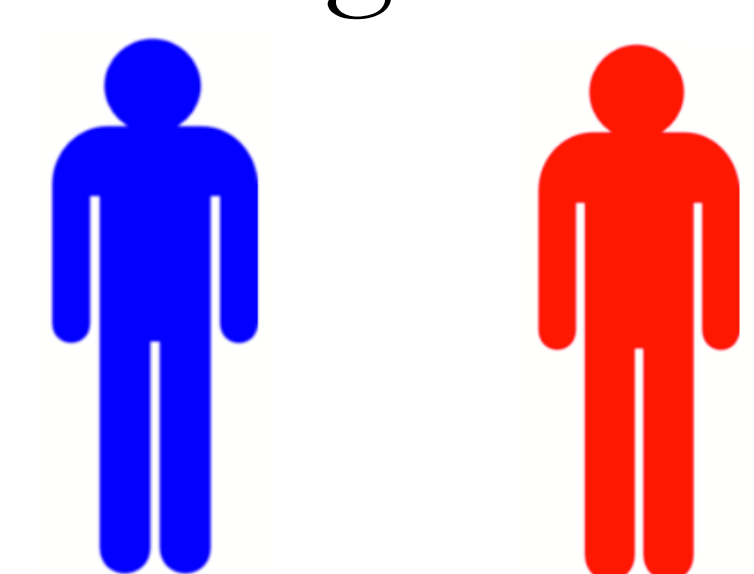
Lose Win



Second Information

Current Score:

Winning Losing



People overestimate the likelihood of the future being like the present only when they **FIRST** learn about the present and **THEN** learn about the probabilities of potential future outcomes.