

We quizzed 4,000 people on the economy – here's who knew the most

People in the UK say the economy and inflation are [currently](#) the most important issues facing the country. But do Britons actually know much about how the economy works?

My colleagues, Dan Kenealy and Hayley Bennett, and I used a survey to study public attitudes and knowledge about the UK economy and politics. We [analysed the responses](#) of more than 4,400 adults, and found that many people answer fact-based questions about the economy, employment rights and benefits incorrectly. For example, only just under half knew that stock markets can rise even when the economy is not growing.

This is a problem because, as a general election nears, people may not be able to tell fact from fiction in upcoming policy debates. Our findings also show that there are political implications, with certain groups of people more likely to be informed about different topics. This correlates with support for specific policies or political parties – people who know more factually about welfare are more likely to support it, for example.

We found that older people, those with university degrees and men tend to show somewhat greater knowledge about the economy and welfare state in general. But when we analysed specific

topics, important differences emerged. For example, men were more likely to answer questions about finance correctly than women – but women were more knowledgeable about benefits. And people from higher-income households answered more questions about finance correctly, but not about benefits or employment rights.

Welfare and benefits

One topic where people were particularly likely to get things wrong was welfare. Most respondents overestimated the amount of welfare spending on the unemployed and benefit fraud massively. [Less than 5%](#) of the UK government's welfare budget is spent directly on unemployment benefits, but the average public estimate was nearly 37%. And while less than [3%](#) of welfare benefits are claimed fraudulently, the UK public guessed that the figure was 28%.

[Previous studies](#) have highlighted deficiencies in public knowledge on this topic. But there has been no marked improvement in people's ability to make good estimates over the past ten years.

While one might expect that those most affected by the benefits system would know more from experience, that is not always the case. People who had been receiving benefits already before the pandemic, for example, were just as likely to overestimate spending or fraud and did not do better or worse on fact-based questions than others.

You might also expect members of trade unions to be particularly knowledgeable, given that their organisations work on improving workers' conditions. But, on average, they showed no difference in knowledge compared with non-members.

How knowledge relates to political attitudes

Major differences could be seen according to people's political and policy preferences. People who favoured greater redistribution of wealth and more generous benefits answered more fact-based questions correctly, and gave more accurate spending and fraud estimates.

Similarly, people who supported greater direct state involvement in the delivery of public services, such as healthcare, education or transport, were more knowledgeable than people emphasising private-sector delivery.

Many people don't know what support they are entitled to if they lose their job.

Overall, people who favour a more comprehensive welfare state demonstrate higher levels of knowledge of how the economy and welfare system in the UK work. This was true even when controlling for socioeconomic and demographic characteristics.

This further translates into party political choices. Labour voters, on average, demonstrated a better overall understanding of benefits and the economy than Conservative voters.

Why understanding the economy matters

When the economy is struggling, it is important for people to know factual information about what they are personally entitled to. Only about half of our respondents knew that all UK citizens who are employees are entitled to unemployment benefits if they lose their job. This lack of knowledge may be a reason why over £18 billion in eligible benefits is [estimated](#) to go unclaimed every year.

Knowledge is difficult to measure, and the economy is a particularly complex topic. But you certainly don't need a business degree to know that many people are struggling with the high cost of living. As our findings show, some groups understand specific topics more than others, for a number of reasons. This can be useful for them in their day-to-day financial decisions, but is also important in informing their political choices.

What this tells us above all else is that politicians, government departments and the media have work to do to make sure that all people are well-informed and engaged. Other sources of political education, like trade unions and political parties, can play a role here too in increasing the public's knowledge.

[Jan Eichhorn](#) is Senior Lecturer in Social Policy, [The University of Edinburgh](#)

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