



# Public Understanding of Economics and Economic Statistics After the COVID-19 Pandemic

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## DISCUSSION PAPER

## Abstract

In February 2020, just before the COVID-19 pandemic, we conducted an online YouGov survey, and found that large parts of the UK public have misperceptions about economic figures, including on unemployment, inflation and GDP (Runge and Hudson, 2020). Two and half years later, in August 2022, we conducted a second survey where we repeated many of the questions from the original study and added some new ones. The aim was to explore whether there have been any changes in public understanding of economic statistics over this period, especially in the context of dramatic changes to the UK economy due to the pandemic and cost-of-living crisis. On inflation, our findings show that the UK public have become more confident about their understanding, and by far most people are aware that the inflation rate has increased and is considered high. However, economists and the media should be cautious about reporting a “fall in the inflation rate”, as this is often interpreted by the public as a fall in price levels, which might then fuel mistrust as it does not match what they experience in their daily lives. A better alternative would be to say that “prices are still going up, just not as quickly”. On labour market statistics, the steady rise in “economic inactivity” has been a defining development since the last survey: yet the term is still not widely understood by the public, who still see labour market statistics as binary between those who are in work and those who are out of work. In contrast, many people recognise that there has been a significant increase in job vacancies, though the term “tight labour market” is not widely understood by the public. GDP is still not well understood among the UK public, with less than half of people able to identify the correct definition. The same applies to the term “recession”, with our findings suggesting that public communication should simply refer to falls in economy activity or the size of the economy. The UK public still demonstrate a strong understanding of how interest rates affect personal finances for borrowers and savers, and most people are aware that interest rates have risen since the start of the pandemic. Finally, in the second part of the report, we provide reflections on the challenges in communicating labour market statistics to the wider public, and some of the potential solutions.

**Keywords:** public understanding, communication, economic statistics, labour market, inflation, prices, GDP, interest rates

**JEL classification:** Z00, D83.

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# Public understanding of economics and economic statistics after the COVID-19 pandemic

Johnny Runge<sup>1</sup>, Eliza da Silva Gomes<sup>2</sup> and Mike Hughes<sup>3</sup>

**Abstract:** In February 2020, just before the COVID-19 pandemic, we conducted an online YouGov survey, and found that large parts of the UK public have misperceptions about economic figures, including on unemployment, inflation and GDP (Runge and Hudson, 2020). Two and half years later, in August 2022, we conducted a second survey where we repeated many of the questions from the original study and added some new ones. The aim was to explore whether there have been any changes in public understanding of economic statistics over this period, especially in the context of dramatic changes to the UK economy due to the pandemic and cost-of-living crisis. On inflation, our findings show that the UK public have become more confident about their understanding, and by far most people are aware that the inflation rate has increased and is considered high. However, economists and the media should be cautious about reporting a “fall in the inflation rate”, as this is often interpreted by the public as a fall in price levels, which might then fuel mistrust as it does not match what they experience in their daily lives. A better alternative would be to say that “prices are still going up, just not as quickly”. On labour market statistics, the steady rise in “economic inactivity” has been a defining development since the last survey: yet the term is still not widely understood by the public, who still see labour market statistics as binary between those who are in work and those who are out of work. In contrast, many people recognise that there has been a significant increase in job vacancies, though the term “tight labour market” is not widely understood by the public. GDP is still not well understood among the UK public, with less than half of people able to identify the correct definition. The same applies to the term “recession”, with our findings suggesting that public communication should simply refer to falls in economy activity or the size of the economy. The UK public still demonstrate a strong understanding of how interest rates affect personal finances for borrowers and savers, and most people are aware that interest rates have risen since the start of the pandemic. Finally, in the second part of the report, we provide reflections on the challenges in communicating labour market statistics to the wider public, and some of the potential solutions.

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# Executive summary

## Background

In February 2020, just before the COVID-19 pandemic, we conducted an online YouGov survey on the [public understanding of economics and economic statistics](#). We found that large parts of the UK public have misperceptions about economic figures and the economy in general, especially in relation to the national economy and concepts such as GDP. In contrast, the UK public demonstrated a good understanding on concepts relating to their personal economy, for instance on how interest rates affect their personal finances.

2.5 years later, in August 2022, we conducted a second survey where we repeated many of the questions from the original study and added some new ones. The aim was to explore whether there has been any changes in public understanding over this period, especially in the context of dramatic changes to the UK economy due to the pandemic, health restrictions and the cost-of-living crisis. The annual UK inflation rate was 1.5% when we conducted the first survey; it was 10.1% at the time of our follow-up survey. The unemployment rate was 3.8%, then increased to a peak of 5.3% during the pandemic, before it again fell to 3.8% at the time of our follow-up survey. There has been an upturn in the economic inactivity rate from 20.2% to 21.4% between the two surveys, reversing a long-term trend of increased labour market participation.

## Methodology

The original survey was run on 26-27 February 2020, using the YouGov GB panel. It was completed by 1,665 people, and statistically weighted to the national profile of all GB adults aged 18+. The new survey was run on 23-24 August 2022, using the same methodology and completed by 2,007 people, and the results are presented in this report.

## Part 1: survey findings on public understanding

### Inflation and prices

- By far most people in the UK (85%) are aware that the inflation rate has increased, and that the current inflation rate is considered high (84%), though many feel it seems even higher than official figures suggest (59%).
- The UK public have become more confident about their understanding of inflation since the previous survey (57% compared to 47% say they have a good understanding of inflation).
- There is often confusion between price levels, changes in prices (the inflation rate) and changes in the inflation rate. The media and economists need to take care when they communicate this, especially in the coming months and years. For instance, a “fall in the inflation rate” (which is often how it is reported by media) is often misinterpreted by the public as a fall in price levels, which might then fuel mistrust as it does not match what they experience in their personal lives. A better alternative would be to say that “prices are still going up, just not as quickly”.

### Labour market

- The steady rise in ‘economic inactivity’ has been one of the defining features of the UK labour market since the last survey. However, the term ‘economic inactivity’ is not widely understood by the public. Less than a quarter of the UK public (22%) can identify the correct definition from a list of options, and most (85%) say they are not aware of the term or have a weak understanding.
- Another prominent development in the UK labour market is the high and rising number of job vacancies, but there are not a lot of available workers to fill those vacancies. Economists

refer to this as a 'tight labour market'. However, the term "tight labour market" is not widely understood by the public. Only around a third of the UK public (36%) can identify the correct definition from a list of options. However, many people (53%), but far from all, recognise that there has been a significant increase in job vacancies in the labour market.

- The unemployment rate is one of the most well-known economic statistics, but there are large variations in people's knowledge about the unemployment figures. Many are unsure about the rate of unemployment. Some are aware that unemployment is low and below 5%; however, there are many people who guess that unemployment is much larger than official figures, including above 20%.
- There is a lot of variation in perceptions among the UK public about whether the unemployment rate has increased (29% of people think this), decreased (32%) or stayed the same (20%) since the start of the pandemic, possibly reflecting the dramatic swings in the unemployment figures during that period because of the furlough scheme.

## **GDP**

- GDP is still not well understood among the UK public. As in the previous survey, less than half of people (44%) can correctly identify the definition that it relates to the size of the economy, and very occasionally people confuse it with the value of exports (8%) or the value of the pound (8%).
- Meanwhile, just over half of people (53%) can identify that an "economic recession" usually refers to a fall in the size of the economy.
- The ONS are often cautious in using the term "recession", and the survey findings suggest media and others should consider following suit, for instance simply referring to "a fall in economic activity" or "a fall in the size of the economy".

## **Interest rates**

- The UK public still demonstrate a strong understanding of how interest rates affect personal finances for borrowers and savers. Around 3 in 4 people can identify the best interest rate for a borrower and a saver, slightly better than before the pandemic.
- Most people (77%) are aware that interest rates have risen since the start of the pandemic.

## **Part 2: Roadmap for communicating labour market statistics to the public**

Chapter 2 provides reflections on the challenges in communicating labour market statistics to the wider public, and some of the potential solutions. This is based on existing evidence on public perceptions, including the survey data presented in the previous chapter, as well as discussions with key stakeholders, including a recent online workshop with experts on UK labour market statistics. This report used labour market statistics as a case study, and this approach could be replicated for other economic statistics in the future.

### **Challenge 1: People misunderstand "unemployment" and are unaware of "economic inactivity"**

- **The challenge** is that the key terms in labour market statistics, as defined by the International Labour Organisation (ILO) and used by most national statistical offices, are not currently effective when communicating to the wider public. Our research shows that people often understand the concept of "unemployment" in a different way to statisticians, they are generally unaware of "economic inactivity", and they often disagree with definitions of what count as "employment". People most often assume that labour market statistics are presented as a binary distinction: either you are working (employed) or you are not working (unemployed), rather than the official three categories.

- **A solution** would be to maintain the current headline figures, but focus more on explaining their composition, including the different sub-groups of employment (by hours worked), unemployment (by duration), and economic inactivity (by reasons, such as studying, caring, early retirement and illness). However, it may be difficult to shift existing public perceptions, especially of unemployment. Intensified attempts to explain the definitions of employment and the concept of economic inactivity may backfire and reaffirm existing cynicisms.
- **Another solution** would be to introduce new, alternative communication measures that are more intuitive for the wider public. The smallest change would be to communicate labour market statistics as binary in accordance with public perceptions, by using two headline figures (i.e., 75% are in paid work; 25% are not in paid work), and then breaking those down by sub-categories. Other changes would be more fundamental, for instance introducing entirely different unemployment and underemployment indicators, such as the U-1 to U6 indicators developed by the US Bureau of Labour Statistics (BLS), the unmet need for employment developed by Eurostat, or an entirely new measure. These would come with higher rewards, but also higher risks. Realistically, ONS would still have to produce figures according to the ILO definitions, including to ensure comparability over time and across countries. This means the new, alternative measures would be provided in parallel with the existing measures, and potentially further muddy the waters.

#### **Challenge 2: People believe the age range used is outdated and no longer relevant to policy concerns**

- **The challenge** is that people often believe the age range (16-64) used in the ILO figures is outdated and no longer relevant to policy concerns, especially due to the increasing retirement age, and this often causes confusion and scepticism about the data.
- **A solution**, which is largely adopted now, is to explain that this is in accordance with internationally agreed definitions and that it makes the data comparable over time and across countries. Public research participants, however, often argue that the internationally agreed definitions should be changed, or that we should simply use the most relevant figures for the UK.
- **Another solution** would be to headline figures that use alternative age ranges, for instance using the ONS dataset that tracks employment, unemployment and economic inactivity for people between 16 to state pension age, where the state pension age is a dynamic variable that changes over time. There could also be an increased focus on presenting labour market activity by different age groups, recognising the substantial differences along the age distribution, which is likely to resonate with the public and make the figures more relatable.

#### **Challenge 3: People distrust the messengers of official unemployment figures**

- **The challenge** is that people distrust the messengers of official unemployment figures, more so than for other economic statistics. Some of the distrust is directly related to the common belief that the unemployment rate seems higher than official figures suggest, which may be addressed by the solutions provided above, for instance by explaining the ILO figures better, or by introducing alternative communication measures. However, the distrust is also often related to misperceptions around the source and messengers of unemployment statistics, with many assuming they are based on DWP and HMRC data, and associating the data with politicians who present and discuss the figures on the news. In contrast, existing evidence show that most people trust the ONS as an organisation, including some awareness that it is an independent body that produces impartial statistics.
- **A solution** would be to improve awareness that the source of the principal labour market statistics is the Labour Force Survey, conducted by the Office for National Statistics. In our recent project that designed and tested different ways to communicate labour market

statistics, the summary that performed best in terms of trust was the version which provided clear information about methodology (i.e., that the data was collected through a large household survey) and the producer (i.e., that ONS was an independent body). However, other research has shown there is also a risk that further information can open up new cans of worms, such as concerns about the survey methodology, in particular that sample sizes are perceived to be small.

- **Another solution** is to diversify the main messengers of labour market statistics. There may be scope to increase further the profile of the ONS as an institution and as a direct messenger of labour market statistics, bypassing intermediaries such as the media and politicians. This could involve creating more publicly engaging outputs, for instance by launching a parallel release to the Labour Market Overview using more simple and relatable language, by creating more personalised outputs like the personal inflation calculator, or similar to the ONS podcast *Statistically Speaking*, by using more non-traditional channels such as YouTube, TikTok and Instagram, or through apps or games. The wider economics community could also be more visible to the wider public, for instance by communicating more directly with the public rather than through the media.

#### **Challenge 4: ONS commentary on monthly figures can lead to speculative media reporting of small, short-term, and sometimes volatile changes.**

- **The challenge** is that ONS commentary on monthly figures can lead to speculative media reporting of small, short-term, and sometimes volatile changes, which are not meaningful or important to most of the UK public (apart from during exceptional, fast-moving economic events such as the pandemic). While ONS need to publish figures on a regular basis for research and policy purposes, our research shows that people are generally more interested in longer term changes, for instance what happened to unemployment during the last year, or since the start of the pandemic, or since the financial crisis.
- **A solution** is to focus on longer-term developments in labour market data, for instance when publishing simple and engaging labour market summaries aimed at the UK public. This means outputs would not need to be changed fundamentally from month to month (which would likely make them easier and less costly), but the key challenge would be to identify when new long-term trends appear, and when it is appropriate to make more fundamental changes to the focus of the outputs.

#### **Challenge 5: Job vacancy figures are easy to understand and resonate with the public, but the figures would be more powerful if presented by local and industry context**

- **The challenge** is the unfulfilled potential in job vacancy figures. They are easy to understand and resonate with the UK public, as they are relevant to their personal lives and careers, especially as many sectors suffer from labour shortages. However, people's experiences with job searching are local and sector specific.
- **A solution** would be to personalise the job vacancy figures, by breaking them down by sector and local areas, so they become more relatable and important for people's lives, and something that can potentially inform key personal decisions, such as whether to apply for jobs, what sectors to target in job searches, or areas to consider moving to. In terms of public communication, it would be powerful to establish a tool like the inflation calculator, but for job vacancies.
- **Another solution** would be to avoid using the term "tight labour market", which is currently the only economic jargon that is used in reporting on job vacancies, and which is typically not understood by the UK public. It would be better to simply explain that "there is a lot of job vacancies, but not a lot of available workers to fill those vacancies".

# Chapter 1: Survey findings on public perceptions

This chapter describes our survey findings on public perceptions of economics and economic statistics. The original survey was run on 26-27 February 2020, using the YouGov GB panel. It was completed by 1,665 people, and statistically weighted to the national profile of all GB adults aged 18+. The new survey was run on 23-24 August 2022, using the same methodology and completed by 2,007 people. More information about the methodology can be found in Appendix 2.

## Section 1.1: Survey findings on inflation and the rises in the cost of living

### Summary

By far most people are **aware that the inflation rate has increased**, and that the **current inflation rate is considered high**, though many feel inflation **seems even higher** than official figures suggest.

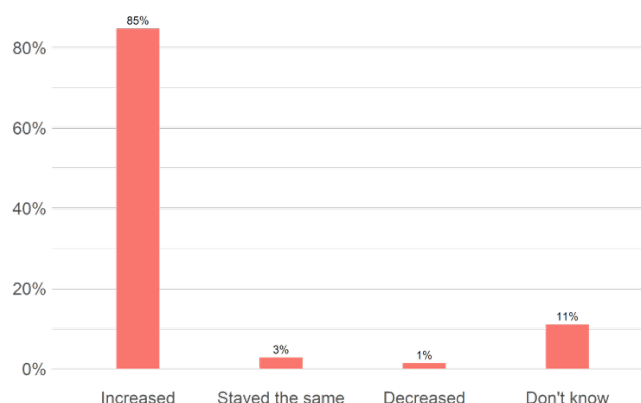
The UK public have become **more confident about their understanding of inflation** since the previous survey, possibly driven by the rises in the cost of living.

There is often **confusion between price levels, changes in prices (the inflation rate) and changes in the inflation rate**. The media and economists need to take care when they communicate this. For instance, a “fall in the inflation rate” is often misinterpreted as a fall in price levels, which might then fuel mistrust.

**The UK public have a very good understanding that the rate of inflation has increased since the last survey.**

- 85% of the UK public (correctly) think the inflation rate has increased.
- People over the age of 50 are more likely to be aware that inflation has increased (91%), compared to 18–24-year-olds (71%) and 25–49-year-olds (81%).

**Figure 1: Do you think each of the following economic figures and indicators have generally increased, decreased, or stayed the same since the start of the coronavirus pandemic (March 2020), according to data from the Office for National Statistics (ONS)? Inflation rate.**

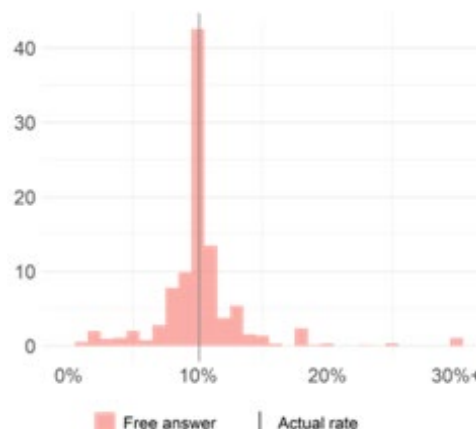


Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022.

**Overall, the public have a relatively good understanding of current official figures for the UK inflation rate.**

- When asked to guess the inflation rate in an open-ended text box, 42% gave answers within 1 percentage point of the inflation rate at the time (10.1%). 51% gave answers within 2 percentage points. 26% of respondents said, 'don't know'.
- Previous studies have shown that people often guess rounded figures (e.g., 5%, 10%, 15%...). At the time of the survey, this made people more likely to guess the current inflation rate correctly, but the relatively high level of knowledge could also reflect that this figure is a highly cited figure in public debate.

**Figure 2: To the best of your knowledge, what do you think the current UK inflation rate is, according to the Office for National Statistics (ONS).**

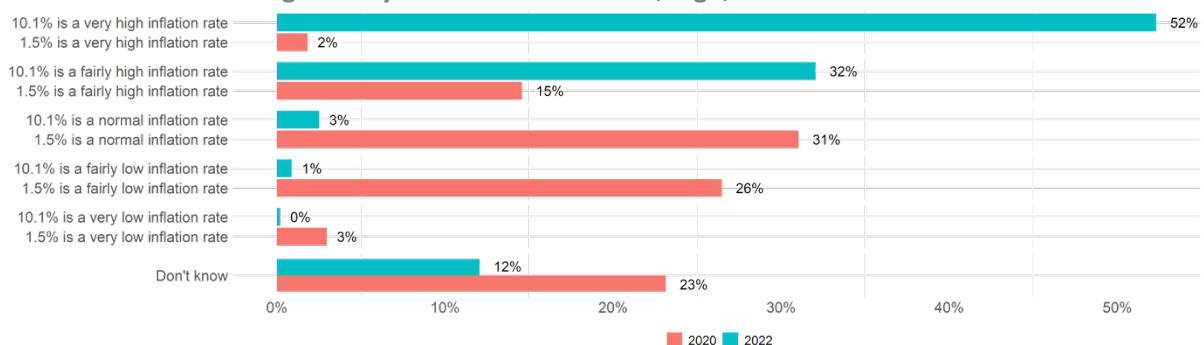


Source: YouGov survey, 2022: N=1,005 GB adults, 23-24 August 2022. 26% answered 'don't know'. Remaining responses coded into intervals from 0% to 30%+.

**Respondents were then told about the official UK figures. The UK public have a good understanding that the current rate of inflation of 10.1% is considered to be high.**

- This contrasts with our findings in 2020 where people were much more divided and unsure. At that time, the inflation rate was 1.5% and it was not top of the news agenda.
- 84% (correctly) think the current inflation rate of 10.1% is "fairly high" or "very high". In 2020, when the inflation rate was 1.5%, 60% thought this was either a low or normal rate of inflation (which would be considered correct answers by economists).

**Figure 3: The current annual inflation rate in the UK is 10.1% [1.5% in 2020 survey]. Do you think this is generally considered to be low, high, or normal for the UK?**

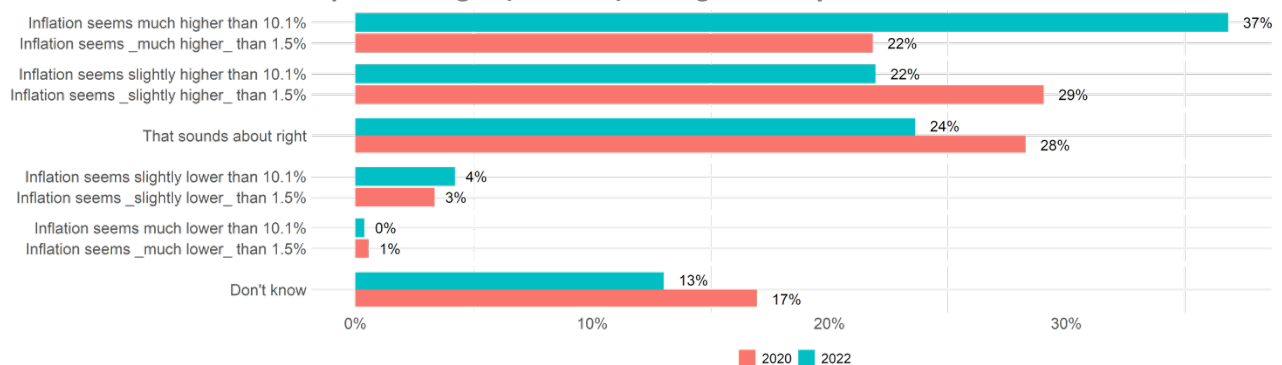


Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 2020: N=1,665 GB adults, 26-27 February 2020. Note the answer options are different, reflecting the different inflation rates at the time of the two surveys (1.5% in 2020, 10.1% in 2022), which means that the findings cannot be compared directly in the same way as other questions.

**While the UK public recognise that the current UK inflation rate of 10.1% is high, most people say inflation seems even higher than official estimates suggest.**

- 59% think inflation seems “much higher” or “slightly higher” than 10.1%, which is the official estimate. Before the pandemic when inflation was 1.5%, 51% thought inflation seemed “much higher” or “slightly higher”. It is worth noting that this might be a very reasonable belief, as different households will face different personal inflation rates based on their consumption patterns (see ONS’ [Personal Inflation Calculator](#)).
- Around a quarter of people (24%) think the 10.1% figure sounds about right, like 28% before the pandemic.

**Figure 4: Having read this information, which of the following comes closest to your view about price changes (inflation) during the last year?**

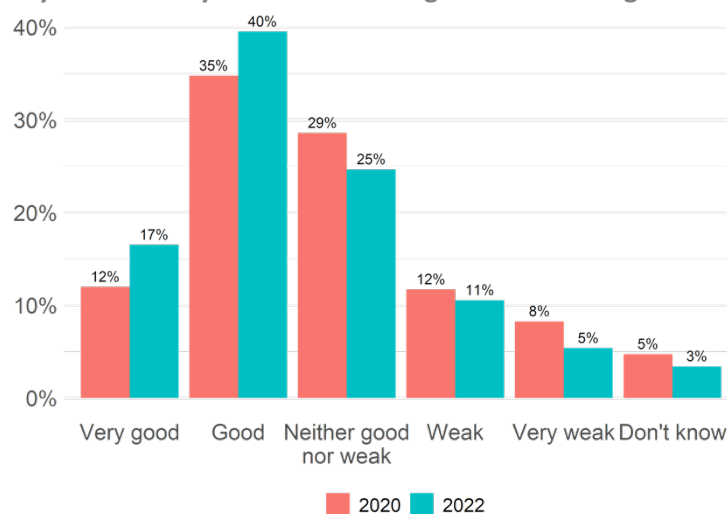


Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 2020: N=1,665 GB adults, 26-27 February 2020.

**The public have become more confident about their understanding of inflation since the last survey.**

- 57% of the UK public say they have a good understanding of inflation, compared to 47% in February 2020.

**Figure 5: How would you describe your understanding of the following economic terms? Inflation.**

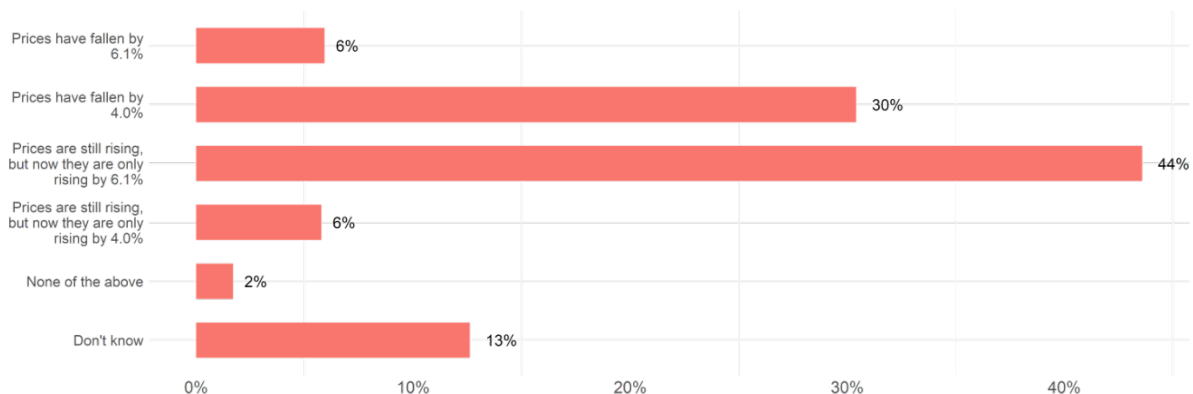


Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 2020: N=1789 GB adults, 26-27 February 2020. ‘Very weak’ includes those who ‘have never heard of it’.

There is often confusion between price levels, changes in prices (the inflation rate) and changes in the inflation rate. The media and economists need to take care when they communicate this. For instance, a “fall in the inflation rate” is often misinterpreted as a fall in price levels, which might then fuel mistrust. A better alternative would *be* to say that “prices are still going up, just not as quickly”.

- 44% correctly answered that a “fall in the inflation rate from 10.1% to 6.1%” meant that “prices are still rising, but that they are now only rising by 6.1%”. However, the remainder did not answer correctly, including 36% who thought it meant that prices had fallen.
- Some group are more likely to answer correctly (e.g. by gender: 51% of men compared to 36% of women, and by social class: 50% of ABC1 compared to 35% of C2DE<sup>1</sup>, that is people belonging to “middle class” were more likely to answer correctly compared to “working class”).

**Figure 6: Imagine, in January 2023, you read the following headline: "The inflation rate has fallen from 10.1% to 6.1%" Based on this headline, which of these statements about price levels do you think is correct?**



Source: YouGov survey, N=2,007 GB adults, 23-24 August 2022.

- It is worth noting that this is not a hypothetical headline. On 14 September 2022 – three weeks after our survey - many UK news outlets reported on the fall in the UK inflation rate in this way. These are technically correct, as they refer to the fact that the rate of price increase has fallen; however, Figure 6 shows they are likely to mislead the public:

*UK inflation falls to 9.9% after drop in petrol prices* ([Guardian](#))

*UK inflation falls for first time in nearly a year* ([Reuters](#))

- Another example is the difference between these two headlines by The Guardian, published one month apart, describing the 9.9% inflation rate in September and the 10.1% rate in October, respectively. These two inflation rates are very similar, especially for a public audience, but the message from the headlines may be interpreted very differently, with one referring to “rises” and “soaring”, and the other to “falls” and “drop”.

*Inflation falls to 9.9% after drop in petrol prices* ([Guardian](#), 14 September 2022)

*UK inflation rises to 10.1% on back of soaring food prices* ([Guardian](#), 19 October 2022)

- The BBC news website recently ran several stories explaining the difference, for instance: *Why inflation is falling but prices are still rising* ([BBC](#), 19 January 2023).

<sup>1</sup> The NRS social grades are a system of demographic classification used in the UK. They mean: A (upper middle class), B (higher middle class), C1 (lower middle class), C2 (skilled working class), D (working class), E (non-working). They are often grouped into ABC1 (middle class) and C2DE (working class).

## Section 1.2: Survey findings on labour market statistics

### Summary

The steady rise in ‘economic inactivity’ has been one of the defining features of the UK labour market since the last survey in February 2020. However, **the term ‘economic inactivity’ is not widely understood by the public**. Less than a quarter of the UK public can identify the correct definition from a list of options, and most say they are not aware of the term or have a weak understanding.

There are **large variations in people’s knowledge about the rate of unemployment**. Many are unsure. Some are aware that unemployment is low and below 5%; however, there are many people who guess figures that are much larger than official figures, including above 20%.

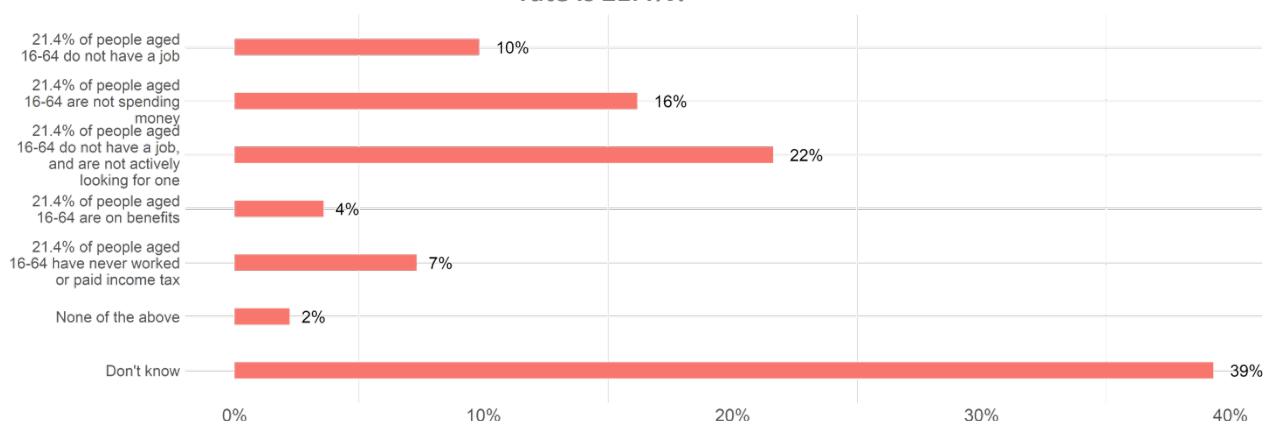
There are currently a lot of vacancies in the UK labour market, but not a lot of available workers to fill those vacancies. Economists refer to this as a ‘tight labour market’. However, **the term “tight labour market” is not widely understood by the public**. Only around a third of the UK public can identify the correct definition from a list of options.

Many people (but far from all) **recognise that there has been an increase in job vacancies**.

**The steady rise in ‘economic inactivity’ has been one of the defining features of the UK labour market since the last survey. However, the term is not widely understood by the UK public.**

- Less than a quarter (22%) can identify the correct definition from a list of options.
- Similarly, only 15% said they had a good understanding of the term “economic inactivity rate” when asked directly, which is much less than for other economic concepts. Most said they were either not aware of the term, or that their understanding was weak.
- Economic inactivity refers to people who do not have a job *and* are not actively looking for one. In contrast, unemployed people are actively looking for a job. While unemployment had returned to pre-pandemic levels at the time of the follow-up survey (3.8%), economic inactivity had continued to increase (21.4%).

**Figure 7: What option, if any, do you think explains what it means when the economic inactivity rate is 21.4%?**

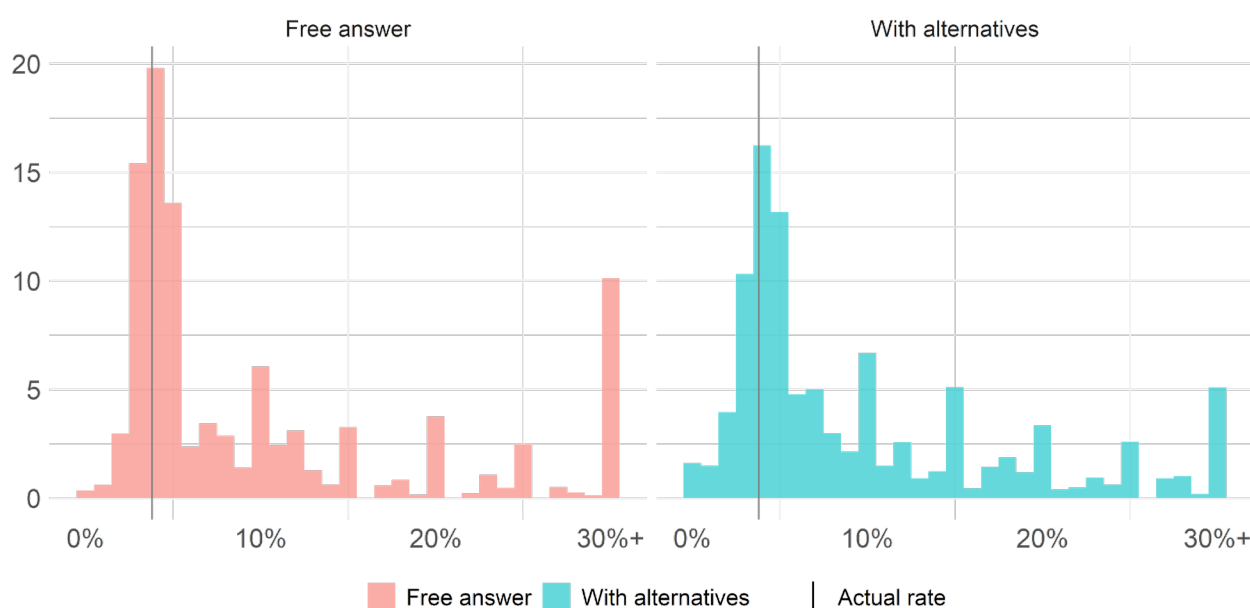


Source: YouGov survey, N=2,007 GB adults, 23-24 August 2022.

**There are large variations in people’s knowledge about the rate of unemployment. Many are not sure. Some are aware that unemployment is low and below 5%; however, there are many people who guess figures that are much larger, including above 20%.**

- As we have shown in previous research, the large variations are not surprising as people are divided into different groups: those who have seen official unemployment figures in the news and try to recall the numbers (which they often perceive as too low), and those who have not seen official figures in the news but provide guesses. These guesses are often higher than official figures, driven in part by a different understanding of unemployment as including groups without jobs who are characterised as “economically inactive” in official statistics, such as carers, students and people who suffer from illness.
- Survey respondents were asked to guess what the current UK unemployment rate was (3.8% at the time of the survey). Half of respondents were asked to write their response without any further information. 62% of them answered ‘don’t know’, while 20% provided guesses within 2 percentage points of the actual unemployment rate of 3.8% (1.8%-5.8%), and 18% provided guesses outside that range.
- The other half was given answer options: 0%, 1%, 2%, 3%..., up to 28%, 29%, and ‘30% and more’. 32% answered ‘don’t know’, while 30% provided guesses within 2 percentage points of the actual unemployment rate of 3.8% (2%-5%) and 37% provided guesses outside that range (0%-1% and 6%-30+%). As such, the answer options meant that people were more confident in guessing, but most of the additional guesses were relatively far from the official figures. However, the distribution is still similar to the ‘free answer’ one, and with a notable concentration around the correct figure.
- The distributions in the graphs below show that people tend to give rounded figures as guesses (such as 10%, 15%, 20%, 25%, 30%), regardless of whether they are provided answer options or free text.
- The figures below exclude ‘don’t know’ answers, which is why some of the percentage numbers in the figures are slightly different to those in the text.

**Figure 8: To the best of your knowledge, what do you think the current UK unemployment rate is, according to the Office for National Statistics (ONS)?**

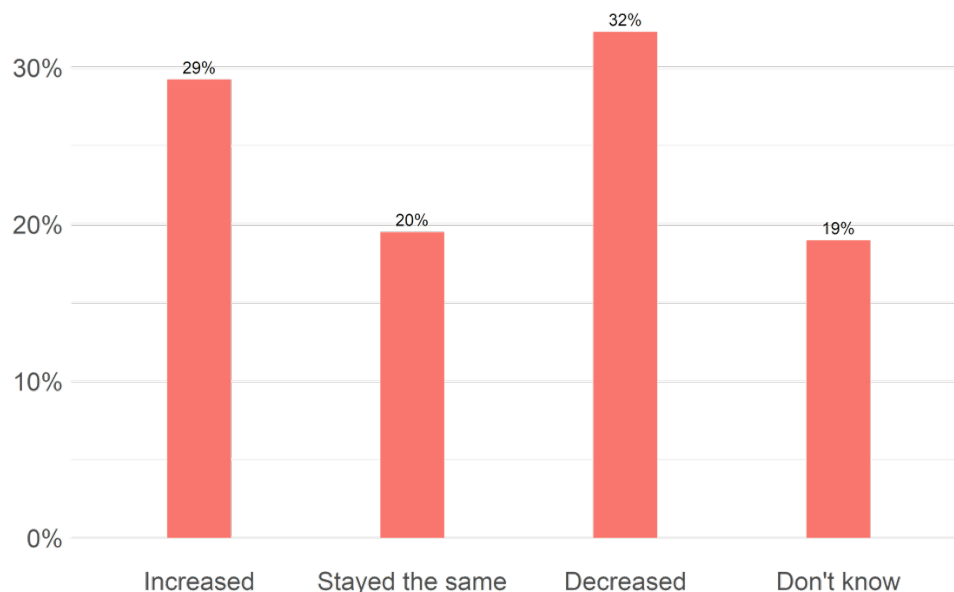


**Source:** YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 996 respondents were given options between 0%, 1%, 2%..., 28%, 29%, and “30% and above”. 13% of them said “I don’t know”, the remaining are coded into intervals in the graph. 1,011 respondents were asked to provide their answer as free text. 62% said “don’t know”. The remaining are coded into intervals in the graph. In the graph the proportions are shown as proportion of those who answered (excluding the “don’t knows”), while in the text we report figures as proportion of all respondents (including the “don’t knows”).

**There is a lot of variation in perceptions among the UK public about whether the unemployment rate has increased, decreased or stayed the same since the start of the pandemic, possibly reflecting the relatively large swings in the unemployment rate during that period.**

- 20% of the UK public said the unemployment rate has stayed the same. 32% said it had decreased, and 29% said it had increased, with a further 19% answering “don’t know.”
- While the correct answer is technically that it stayed the same (the unemployment rate was 3.8% at the time of the follow-up survey, identical to pre-pandemic), the different perceptions may reflect the relatively large swings in unemployment during this period, as it rose at the beginning of the pandemic to a peak of 5.4% before it fell again. People may also consider the impact of the furlough scheme in different ways. Overall, this graph should not be interpreted to argue that any proportion of the public are right or wrong about the change in the unemployment rate; if anything, it can be argued that it shows an impressive understanding of the current labour market because there is an even mix of responses, and in particular that there are not more than 29% who believed the unemployment rate increased.
- There are large variations across different demographic groups. In particular, younger people were more likely to believe the unemployment rate had increased (41% of 18–24-year-olds and 34% of 25-49-year-olds, compared to 22% of people aged over 50. Conversely, 41% of people aged over 50 thought it had decreased, compared to 24% of people under 50.

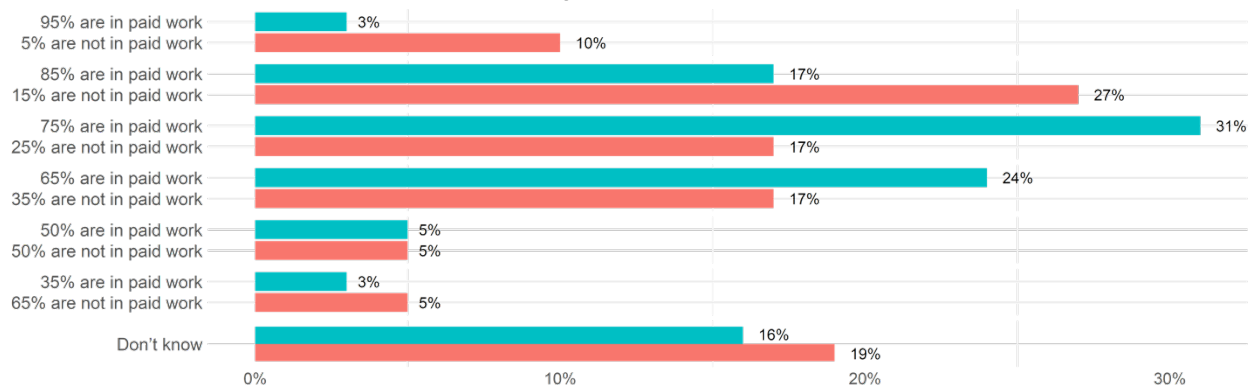
**Figure 9: Do you think each of the following economic figures and indicators have generally increased, decreased, or stayed the same since the start of the coronavirus pandemic (March 2020), according to data from the Office for National Statistics (ONS)? Unemployment rate.**



There are substantial differences in survey respondents' guesses about how many people are "in paid work" and "not in paid work". In theory, this should be a binary measure, for instance with similar answers for 75% "in paid work" and 25% "not in paid work" (which is the correct answer). There can be many interpretations of these differences. Framing clearly matters, with people estimating lower employment rates in the UK when it is framed as how many people are "in paid work" rather than "not in paid work".

- Respondents were randomly allocated one of two questions. One asked people to estimate how many people in the UK, aged 16-64, are "in paid work", and the other how many are "not in paid work". 31% of survey respondents correctly guessed that 75% are in paid work, while only 17% of respondents correctly guessed the identical option that 25% of people are *not* in work.
- When it is framed as "*not* in paid work", respondents tended to give estimates indicating that more people are working. A total of 37% of respondents guessed that either 5% or 15% are not in work, compared to 20% who guessed that either 85% or 95% are in work. This is possibly influenced by their knowledge that the official unemployment rate is lower, but they do not realise that there is another group of economically inactive among the people "not in paid work".
- The more generous way of interpreting this graph is that many people guess roughly correctly, that is within around 10 percentage points of the correct answer. When it is framed as "in paid work", a total of 72% of respondents answer either 65%, 75% or 85%. When it is framed as people "not in work", a total of 62% of respondents answer either 35%, 25% or 15%.

**Figure 10: How many people in the UK, aged 16-64, do you think are not currently in paid work (half of respondents) / How many people in the UK, aged 16-64, do you think are currently in paid work?**

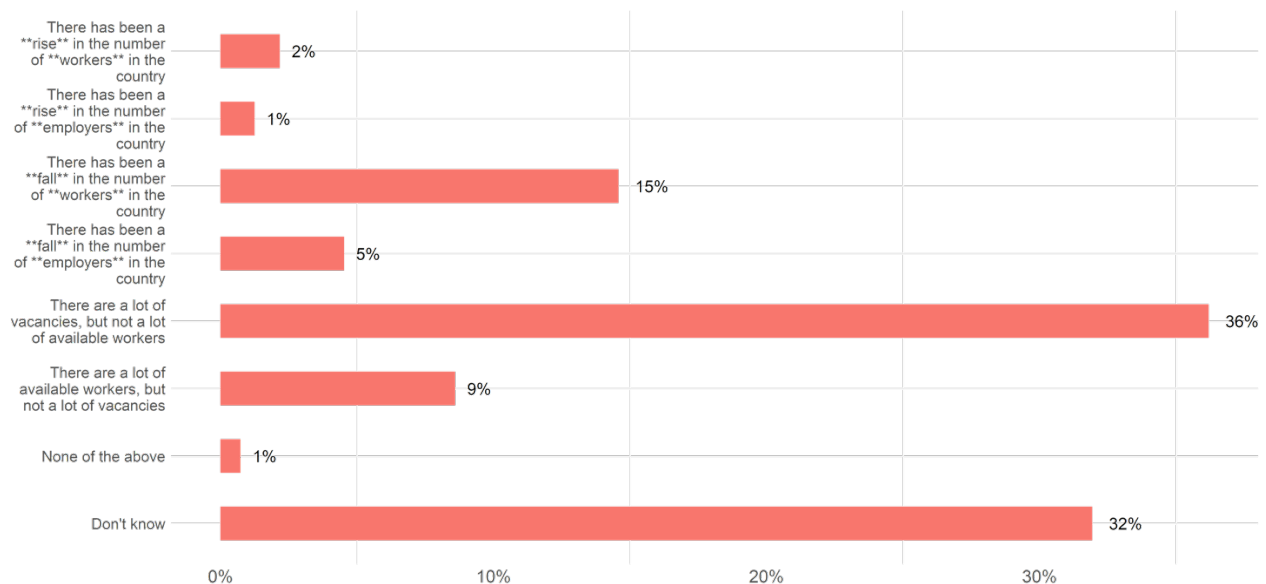


**Source:** YouGov survey, 2023: N=2,073 GB adults, 28 February – 1 March 2023. Note this survey question was asked in a separate later survey. Respondents were randomly allocated one of the questions. 1,040 answered the question about how many people are not in paid work; 1,033 answered the questions about how many people are in paid work.

There are currently a lot of job vacancies in the UK labour market, but not a lot of available workers to fill those vacancies. Economists refer to this as a ‘tight labour market’. However, this term is not widely understood by the public.

- Only around a third (36%) of the UK public can identify the correct definition of “tight labour market” from a list of options. In interviews, it is evident that people often think about a “tight labour market” from the perspective of workers rather than employers, guessing it means that there are a lot of workers competing for few jobs, which is exactly the opposite of what economists mean by the term.

**Figure 11: What option, if any, do you think explains what it means when there is a "tight labour market"?**

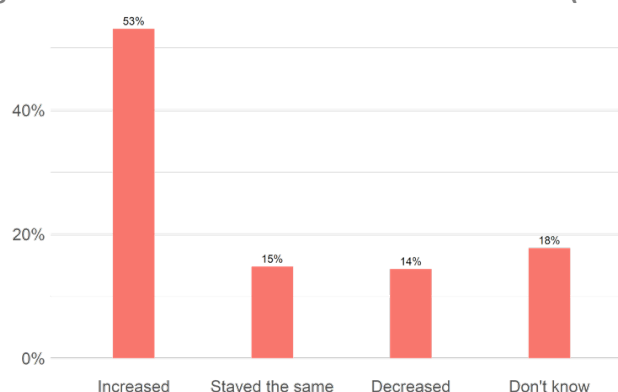


Source: YouGov survey, N=2,007 GB adults, 23-24 August 2022.

**Many people (but far from all) recognise that there has been an increase in job vacancies.**

- 53% (correctly) think the number of vacancies has increased since the start of the pandemic.
- People over 50 were more aware that job vacancies have increased, possibly reflecting different awareness of the statistics or different experiences in the jobs market.

**Figure 12: Do you think each of the following economic figures and indicators have generally increased, decreased, or stayed the same since the start of the coronavirus pandemic (March 2020), according to data from the Office for National Statistics (ONS)?: Job vacancies.**



Source: YouGov survey, N=2,007 GB adults, 23-24 August 2022.

## Section 1.3: Survey findings on GDP, GDP growth and recessions

### Summary

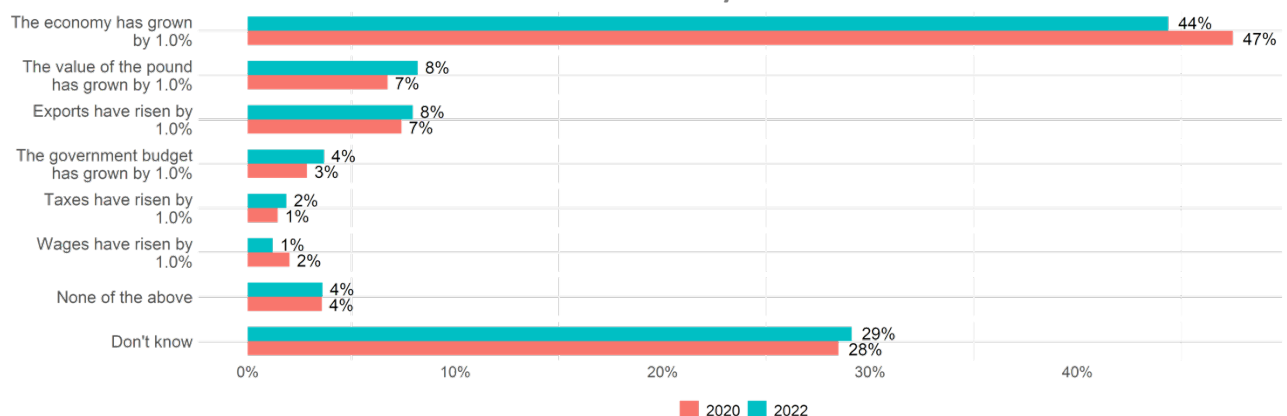
GDP is **still not well understood among the UK public**. Similarly to the last survey in February 2020, less than half of people (44%) can correctly identify the definition that it relates to the size of the economy, and sometimes confuse it with the value of exports or the pound.

Meanwhile, just over half of people (53%) can identify that an “**economic recession**” usually refers to a fall in the size of the economy.

**GDP or GDP growth is still not well understood. Similarly to the last survey, less than half of people correctly identify that it relates to the size of the economy. It is not unusual for people to confuse it with the value of exports or the pound.**

- 44% of the UK public correctly identified the definition from a list of options (“the economy has grown by 1.0%”), compared to 47% in our previous survey.
- There are substantial differences by gender (57% of men answered correctly, compared to 33% of women) and by social class (52% of ABC1 answered correctly, compared to 35% of C2DE<sup>2</sup> – that is people belonging to “middle class” were more likely to answer correctly compared to “working class” people).

**Figure 13: Which of the following statements, if any, do you think best explains what it means when GDP has increased by 1.0%?**



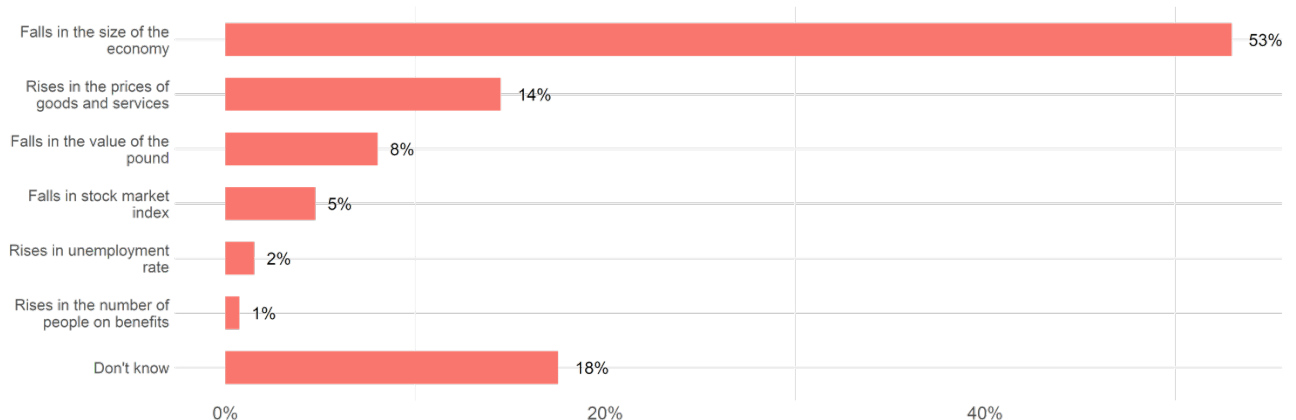
Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 2020: N=1,665 GB adults, 26-27 February 2020.

<sup>2</sup> The NRS social grades are a system of demographic classification used in the UK. They mean: A (upper middle class), B (higher middle class), C1 (lower middle class), C2 (skilled working class), D (working class), E (non-working). They are often grouped into ABC1 (middle class) and C2DE (working class).

**Meanwhile, just over half (53%) of people were able to identify that an “economic recession” usually refers to a fall in the size of the economy. Others associated it with rises in prices and a fall in the value of the pound, or simply answered that they did not know.**

- Like the knowledge of GDP, there are substantial differences by gender (63% of men answered correctly, compared to 44% of women) and by social class (61% of ABC1 answered correctly, compared to 43% of C2DE – that is people belonging to “middle class” were more likely to answer correct compared to “working class”).
- A recession refers to a period of decline in economic activity. A common definition among economists of a “technical recession” is a fall in GDP in two three-month periods - or quarters – in a row. That is, a fall in the value of goods or services in the country, or in other words the size of the economy. However, it should be said that this definition is contested, and some define a recession using a broader range of economic indicators.

**Figure 14: Which of the following do you think best explains what is most commonly meant by an “economic recession”?**



Source: YouGov survey, N=2,007 GB adults, 23-24 August 2022.

- The ONS are often cautious in using the term “recession” (as discussed in the ONS podcast [Statistically Speaking](#)), and the survey findings suggest media and others should consider the same approach, for instance simply referring to “a fall in economic activity” or “a fall in the size of the economy”. Similarly, GDP growth can be referred to “a rise/fall in economic activity” or “a rise/fall in the size of the economy”.
- On 10 February 2023, most UK media reported that the UK avoided a recession, for instance in these headlines. The danger with these headlines is that a proportion of the UK public understands recession to refer to economic concepts more closely related to their living standards, such as higher prices, lower incomes and austerity. This might mean people think we were already in a recession on 10 February 2023 and had been for some time:

*UK economy avoids recession but not out of woods - Hunt* ([BBC website](#))

*UK narrowly avoids a recession after figures show growth flatlining* ([Guardian](#))

*UK economy narrowly avoids recession despite December hit from strikes* ([Sky News](#))

*UK economy shows zero Q4 growth, narrowly avoids recession* ([Reuters](#))

## Section 1.4: Survey findings on interest rates

### Summary

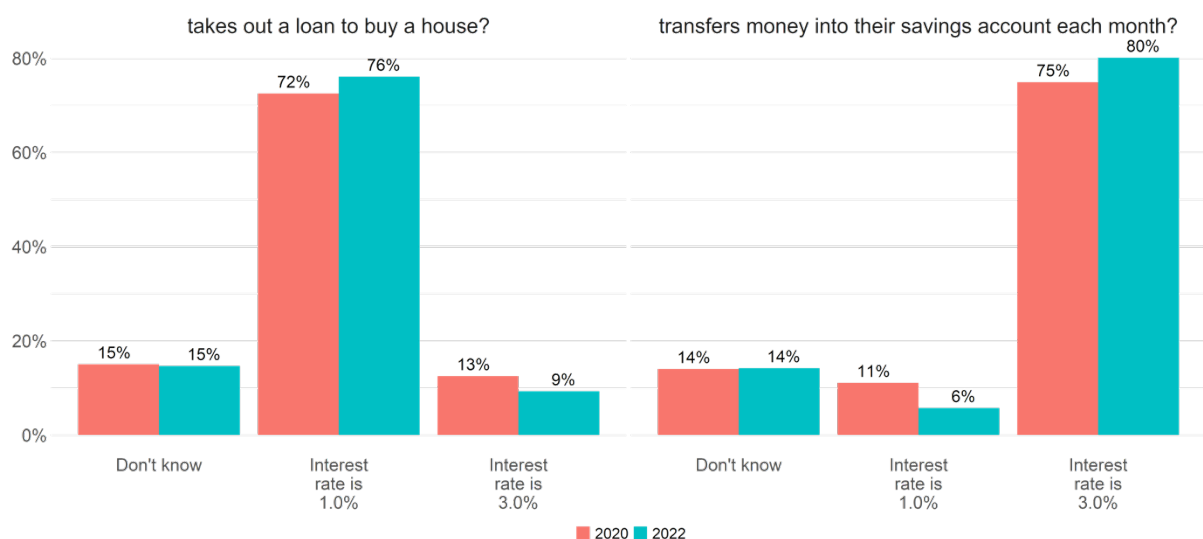
The UK public still demonstrate a **strong understanding of how interest rates affect personal finances** for borrowers and savers. Around 3 in 4 people can identify the best interest rate for a borrower and a saver, slightly better than before the pandemic.

They also have a high level of **awareness that interest rates have risen** since the start of the COVID-19 pandemic.

### The UK public still demonstrate a strong understanding of how interest rates affect personal finances.

- Around 3 in 4 people can identify the best interest rate for a borrower and a saver. There is a small improvement since the last survey. The proportion of the UK public able to identify the best interest for a borrower increased from 72% to 76%, and for a saver from 75% to 80%.
- While all demographic groups score highly on these questions, people over 50 do particularly well. For instance, 87% of people over 50 can identify the best interest rate for a saver, compared to 77% for 25-49 years-olds and 63% for 18–24-year-olds. Men and women score fairly similar.

Figure 15: Which interest rate do you think would be best for a couple who:

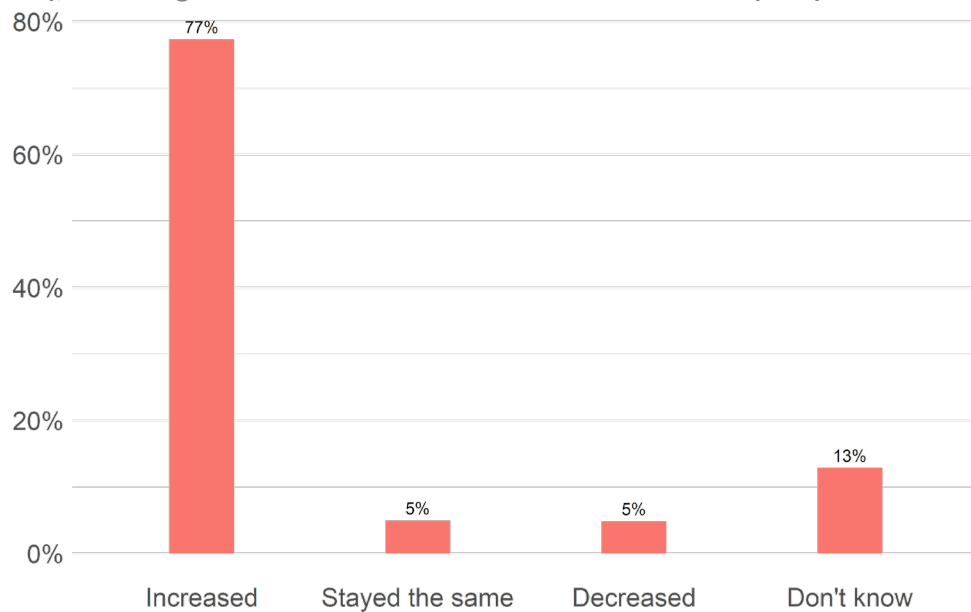


Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022. 2020: N=1,665 GB adults, 26-27 February 2020.

**The UK public also show a high level of awareness about the changes to interest rates.**

- Around 3 in 4 people (77%) correctly said the interest rate has increased.
- While all demographic groups score highly on these questions, people over 50 do particularly well. For instance, 88% of people aged 50-64 can identify that interest rates have increased, compared to 57% for 18–24-year-olds and 74% for 25-49-year-olds. Men score slightly higher than women (80% compared to 75%).

**Figure 16: Do you think each of the following economic figures and indicators have generally increased, decreased, or stayed the same since the start of the coronavirus pandemic (March 2020), according to data from the Office for National Statistics (ONS)? Interest rate.**



Source: YouGov survey, 2022: N=2,007 GB adults, 23-24 August 2022.

## Chapter 2: Roadmap for communicating labour market statistics to the public

This chapter provides some reflections on the challenges and opportunities in communicating ONS labour market statistics to the public. Based on existing findings about public perceptions<sup>3</sup>, including the survey data presented in the previous chapter, as well as discussions with key stakeholders, including a recent online workshop with experts on UK labour market statistics, we reflect on the key issues and pose some questions about how to improve public comprehension and trust in labour market statistics through improving communication to the wider public.

The chapter is structured as follows:

- To provide context for the discussion, **Section 2.1** and **Section 2.2** provides an overview of ONS statistics relating to ‘people not in work’ (e.g., statistics on unemployment, economic inactivity, benefit claimants and redundancies) and ‘people in work’ (e.g., statistics on employment, hours worked, payrolled employees and workforce jobs). **Section 2.3** provides an overview of ONS statistics on job vacancies. **Section 2.4** then discusses the challenges in communicating those statistics to the public, and some of the potential solutions.

### Summary of key challenges and potential solutions

#### ***Challenge 1: People misunderstand “unemployment” and are unaware of “economic inactivity.”***

- Solution 1: Maintain the ILO figures as headline figures, but focus more on explaining their composition, including the different sub-groups of employment, unemployment and economic inactivity.
- Solution 2: Introduce new, alternative communication measures with more relatable parameters that are more intuitive for the wider public than the ILO figures.

#### ***Challenge 2: People believe the age ranges used in the ILO figures are outdated and no longer relevant to policy concerns.***

- Solution 1: Explain the choice of age ranges.
- Solution 2: Introduce alternative age ranges or present numbers by age groups.

#### ***Challenge 3: People distrust the messengers of official unemployment figures.***

- Solution 1: Improve awareness about methodology and that the source of the principal employment and unemployment statistics is the Labour Force Survey conducted by the Office for National Statistics (ONS).
- Solution 2: Diversify the main messengers of labour market statistics.

#### ***Challenge 4: ONS commentary on monthly figures can lead to speculative media reporting of small, short-term, and sometimes volatile changes.***

- Solution 1: Publish simple and engaging labour market summaries aimed at the UK public, focused on long-term rather than short-term changes to labour market figures.

#### ***Challenge 5: Job vacancy figures are easy to understand and resonate with the public, but the figures would be more powerful if presented by local and industry context***

- Solution 1: Personalise vacancy figures by presenting local and sector context.
- Solution 2: Explain labour market tightness rather than using the economic jargon.

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<sup>3</sup> See an overview in Appendix 1.

## Section 2.1: Overview of ONS statistics relating to ‘people not in work’

### Unemployment

- **Unemployment summary** ([UNEM01](#)), monthly data, 3 month averages, by gender, age, duration.
- **Unemployment by industry of last job** ([UNEM03](#)), monthly data, 3 month averages, by gender and sector.
- **Summary of labour market statistics** ([A01](#)). Information on unemployment by: region ([A07](#)), gender ([A02](#)), age ([A05](#)), country of birth and nationality ([A12](#)), ethnicity ([A09](#)), disability ([A08](#)), and comparison with unemployment rates in OECD countries ([A10](#)).
- **Unemployment below state pension age** ([A04](#)), monthly data, 3 month averages, using 16 to state pension age rather than 16-64.

Based on Labour Force Survey (LFS), a survey of around 37,000 households in the UK. Quarterly, rotating sample with each household retained for 5 consecutive quarters. Unemployed defined as people without a job who have been actively seeking work in the past 4 weeks and are available to start work in the next two weeks.

### Economic inactivity

- **Economic inactivity by reason** ([INAC01](#)), monthly data, 3 month averages, by gender (student, looking after family/home, temp sick, long-term sick, discouraged workers, retired, others, does not want job, wants a job).
- **Summary of labour market statistics** ([A01](#)). Information on economic inactivity by: region ([A07](#)), gender ([A02](#)), age group ([A05](#)), country of birth and nationality ([A12](#)), ethnicity ([A09](#)), and disability ([A08](#)).
- **Economic inactivity below state pension age** ([A04](#)), monthly data, 3 month averages, using 16 to state pension age rather than 16-64.

Based on LFS. Economically inactive defined as people without a job who have not sought work in the last four weeks and/or are not available to start work in the next two weeks.

### Claimant Count (experimental statistics)

- **Claimant Count**, monthly data by: sex ([CLA01](#)), age group ([CLA02](#)) and regions: unitary and local authority ([CC01](#)), UK parliamentary constituencies ([CC02](#)), Scottish parliamentary constituencies ([CC02.1](#)), and Local Enterprise Partnerships, ([CC03](#)).
- **Jobseeker's Allowance claimants** ([BEN02](#) and [BEN03](#)), quarterly data, temporarily suspended, levels and inflows/outflows by sex, and levels by age, sex and duration.

Based on estimates sourced from the Jobcentre Plus administrative systems, developed by DWP. Defined as the number of people claiming unemployed related benefits: currently this includes all UC claimants who are required to seek work as well as all JSA claimants. Most of the UC claimants in the Claimant Count will be unemployed.

### Redundancies

- **Redundancies**, monthly data, 3 month averages, by sex ([RED01](#)) and by age, industry and region ([RED02](#)).

Based on LFS. Defined as the number of people, whether working or not working, who reported that they have been made redundant or had taken voluntary redundancy in the month of the reference week or in the two calendar months prior to this.

## Section 2.2: Overview of ONS statistics relating to ‘people in work’

### Employment

- **Summary of labour market statistics (A01)**, monthly data, 3 month averages. Information on employment by: type of employment (employees, self-employed, etc.) and by full-time, part-time and temporary working, and reasons (EMP01), region (A07), gender (A02), age group (A05), country of birth and nationality (A12 and EMP06), socio-economic classification (EMP11), industry (EMP13), occupation (EMP04), ethnicity (A09), disability (A08), and comparison with unemployment rates in OECD countries (A10).
- **Temporary employees (EMP07)**, quarterly data, by sex and full-time and part-time. Fixed-period contract, agency temping, casual work, seasonal work, other.
- **Employees and self-employed by industry (EMP14)**, quarterly data, by public/private sector, and by sex.
- **Job-related training received by employees (EMP15)**, quarterly data, by sex and age group.
- **Employment by public/private sector (EMP02)**, quarterly data, and public sector employment by industry (EMP03).
- **Underemployment and overemployment (EMP16)**, quarterly data, by sub-components of ‘wants more hours’ and ‘wants fewer hours’.
- **People in employment on zero-hours contracts (EMP17)**, by age, sex, region, education status and occupation.
- **Employment below state pension age (A04)**, monthly data, 3 month averages, using 16 to state pension age rather than 16-64.

Based on Labour Force Survey (LFS). Employed defined as people in paid work or who had a job that they were temporarily away from (e.g., holiday or off sick).

### Hours worked

- **Actual hours worked (HOUR01)**, monthly data, 3 month averages, by sex and full/part-time, and by industry (HOUR03).
- **Usual hours worked (HOUR02)**, monthly data, 3 month averages, by sex, hour bands, employee/self-employment.

Based on LFS. Estimates the hours that people in employment work in the UK, actual and usual.

### Payrolled employees (experimental)

- **Employment from Pay As You Earn Real Time Information**, experimental data, by month, inflows and outflows, region (NUTS1, NUTS2, NUTS3), industry, age group.

Employment statistics from PAYE real time information (RTI), experimental. Do not cover other sources of income, such as from pensions, self-employment or investments.

### Workforce jobs

- **Workforce jobs**, quarterly data. Information by: type of job (employee jobs, self-employment jobs, etc.) (JOBS01), industry (JOBS02), by industry and region (JOBS05), employee jobs by industry and sex (JOBS03), self-employment jobs by industry and sex (JOBS04).

Measure the number of jobs rather than people. The estimates are compiled from several sources, including Short Term Employer Surveys (STES) (32,800 business respondents per quarter), the Quarterly Public Sector Employment Survey (QPSES) (1,500 contributors per quarter) and the Labour Force Survey (LFS) (50,000 households per quarter).

### Labour market flows

- **Labour market flows (X02)**, quarterly data, by reason, industry, skill.

### Labour disputes

- **Labour disputes summary (LABD)**, monthly data, 3 month averages: working days lost, number of stoppages, number of workers, by: public/private sector, region, and industry.

## Section 2.3: Overview of ONS statistics relating to job vacancies

### Headline job vacancy estimates

- **Vacancies by industry ([VACS02](#))**, monthly data, 3 month averages.
- **Vacancies by size of business ([VACS03](#))**, monthly data, 3 month averages.

Based on ONS Vacancy Survey; sent to around 6,000 businesses every month. Available by industry and size, not region. Vacancies = positions for which employers are actively seeking recruits from outside their business/organisation.

### Other sources of vacancy estimates (experimental, more timely)

Two experimental sources, not seasonally adjusted, provide more timely, one-month estimates:

- **Single month vacancies, by industry and size ([X06](#))**, monthly, ONS Vacancy Survey.
- **Online remote working adverts ([Adzuna](#))**, experimental weekly, by category and region.

Latter based on job adverts provided by Adzuna, an online search engine collating information from different sources, from employers' websites to recruitment software providers to traditional job boards. Several million job advert entries each month, live across UK, by job category and regions.

### Other estimates

- **[BICS](#) survey questions on recruitment difficulties**, by sector and employer size

questions on: whether experienced recruitment difficulties; which type of employees difficulties in recruiting; the perceived reasons for difficulties in recruiting. [ONS analysis](#).

- **Unemployed per vacancy ([VACS01](#))**, monthly data, 3 month averages.

## Section 2.3: Opportunities and challenges in communicating labour market statistics

This section outlines several challenges in communicating labour market statistics, and then reflects on some of the potential solutions, including their advantages and disadvantages.

### Challenge 1: People misunderstand the concept of “unemployment” and are unaware of “economic inactivity”

Existing evidence shows that some of the key terms in labour market statistics, as defined by the International Labour Organisation (ILO) and used by most national statistical offices, are not currently effective when communicating to the wider public. People often understand the concept of “unemployment” in a different way to statisticians, and they are generally unaware of “economic inactivity”.

The public generally assume that labour market statistics are presented as a binary distinction: either you are working (employed), or you are not working (unemployed). This means that people’s implied assumptions about who is counted as unemployed often differ substantially from the official definition, with many assuming that large parts of the economically inactive population are included in the unemployment numbers, such as carers, stay-at-home parents, and people suffering from illness. It is then no surprise that people are often sceptical about official unemployment figures that are perceived as low.

Similarly, in addition to a lack of awareness about the concept of “economic inactivity”, the term also creates confusion and sometimes delusion, with some people seeing it as an unfair term and arguing that many economically inactive people contribute to the economy in important ways. Finally, the UK public are often sceptical about “employment” figures, particularly that people working very few hours on zero hours contracts are included, and more broadly that all jobs count equally, including insecure and low paid jobs.

- **Solution 1: Maintain the ILO figures as headline figures, but focus more on explaining their composition, including the different sub-groups of employment, unemployment and economic inactivity.**

This solution would not require any changes from the current framework, domestically or internationally, and it would remain easy to compare data over time and across countries. The sub-components of ILO figures are already published on the ONS website, in datasets and on different sub-pages, including employment (by hours worked), unemployment (by duration), and economic inactivity (by reasons, such as studying, caring, early retirement and illness). However, these sub-components could be positioned more front and centre in public communication, including in the Labour Market Overview, which would help address the misperceptions highlighted in the previous section. Some of the underlying challenges would still persist, however. On the one hand, the key ILO concepts should be easy to explain and convey successfully in public communication. Our research has found that, when people are provided with explanations about the ILO categories, many understand the rationale behind making a distinction between those who are actively applying for jobs and those who do not. On the other hand, it is a significant barrier that there is no wide awareness of the terms, especially ‘economic inactivity’, or shared understanding, especially of ‘unemployment’. It may prove difficult to shift the different public perceptions of ‘unemployment’, and intensified attempts to explain the definitions of ‘employment’ and the concept of ‘economic inactivity’ may backfire and reaffirm existing cynicisms.

- **Solution 2: Introduce new, alternative communication measures with more relatable parameters that are more intuitive for the wider public than the ILO figures.**

This solution would require fundamental changes in how we communicate labour market figures, but it would address head on the public misperceptions about labour market data. What could the new measures be? The smallest change would be to communicate labour market statistics as binary in accordance with public perceptions, by using two headline figures (i.e. 75% are in paid work; 25% are not in paid work), and then breaking down those figures by sub-categories, for instance by number of hours for people in paid work, and by reasons for not working for people not in paid work, such as those actively applying for work and those not actively applying for work due to caring, illness and early retirement.<sup>4</sup> Other changes would be more substantial, for instance introducing entirely different unemployment and underemployment indicators, such as the U-1 to U-6 indicators developed by the US Bureau of Labor Statistics (BLS)<sup>5</sup>, the unmet need for employment developed by Eurostat,<sup>6</sup> or an entirely new measure, for instance focusing on job security as a key variable to break down data on people in work. These would need to be carefully piloted and tested beforehand, through interviews and online experiments, and monitored and reviewed after potential rollout.

These more fundamental changes come with higher rewards, but also higher risks. Realistically, ONS would still have to produce figures according to the ILO definitions, including to ensure comparability over time and across countries. This means the new, alternative measures would be provided in parallel with the existing measures, and potentially further muddy the waters, enabling media, politicians and others to cite and use different figures for different purposes. This is already a feature of some labour market statistics commentary, as demonstrated by how people cited payrolled employees and employment figures to suit their argument during the pandemic. There would also be a transition period, in which the public may be confused about the use of new figures, and the reasons for introducing these. They would be particularly sceptical if these changes made the labour market data look better in terms of government performance. Our research shows that older generations still have memories of changes to unemployment statistics in the 1980s, which still to this day forms their lack of trust in unemployment figures. There is also a risk that media would simply avoid the new figures and keep using the ILO figures, like their consistent reporting of CPI figures, rather than ONS's headline inflation measure CPIH.

## **Challenge 2: People believe the age ranges used in the ILO figures are outdated and no longer relevant to policy concerns**

Existing evidence shows that the UK public are confused about the use of the outdated age range (16-64) for the employment and economic inactivity figures. They argue that the default retirement age is now higher than 65 and increasing. Similarly, though people mention this less often, legislation in England requires young people to continue in full-time education until they are 18, for instance at a college or by starting an apprenticeship or traineeship.

- **Solution 1: Explain the choice of age ranges**

The main explanation used by ONS and others seems to have been that this is in accordance with internationally agreed (ILO) definitions, and that it is comparable over time and across countries. However, in interviews and focus groups, public participants are rarely sympathetic to this

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<sup>4</sup> Our recent [ESCoE report](#) (Cathro et al, 2022) tested five alternative versions of the ONS labour market overview, where some used the binary headline measure, for instance this [alternative summary](#).

<sup>5</sup> [ONS analysis](#) explores how those figures would look in the UK context and using UK data.

<sup>6</sup> [ONS analysis](#) explores how those figures would look in the UK context and using UK data.

explanation, and often argue that the internationally agreed definitions should be changed, or that we should simply use the most relevant figures for the UK.

- **Solution 2: Introduce alternative age ranges or present numbers by age groups**

The ONS currently publishes a complementary dataset summarising employment, unemployment and economic inactivity for people below state pension age (16 to state pension age, where the state pension age is a dynamic variable changing over time) rather than the traditional ILO age range (16-64).<sup>7</sup> For public communication purposes there is a strong argument that these should be used as the headline measures. While it does not make a big difference to the aggregated figures, it addresses the public scepticism about the use of 64 as the upper age limit. However, as already discussed, a concern would be that this could muddy the waters, and provide opportunities for cherry-picking, and that it can feed distrust and the common belief that statistics can be used to show anything.

The other solution is to consistently and regularly present labour market activity figures by different age groups, recognising the substantial differences along the age distribution, which is likely to resonate with the UK public. A recent example along those lines was done by Jonathan Boys<sup>8</sup>, which shows the significant differences, especially at both extremes of the age distribution, for instance for those aged 16-17, 18-19 and 20-24 on one side of the age distribution, and those aged 55-59, 60-64, and 65-99 on the other side of the distribution.

### **Challenge 3: People distrust the messengers of official unemployment figures**

Studies identify a lack of trust in official unemployment figures, more so than for other economic statistics. Some of this distrust is directly related to the common perception that unemployment is higher than official figures suggest, leading people to express a lack of confidence in the accuracy and reliability of unemployment statistics. This might be addressed by the solutions provided above, for instance by explaining the ILO figures better, or by introducing alternative communication measures. However, the distrust is also often related to the misperceptions around messengers of unemployment statistics, and this is often how people rationalise their distrust in the official figures. Many assume the unemployment figures are based on benefit claimant data, held and collected by the Department of Work and Pensions (DWP) and employment data is based on national insurance and tax data, held by the HM Revenue and Customs (HMRC). People often associate labour market data with politicians who present and discuss the figures in the news, driven by what Blastland and Dilnot called “politically led news” in a recent review of the BBC’s economic reporting in the UK. This leads the public to believe figures are “massaged”, “fudged” or “manipulated” to reflect well on government performance.

- **Solution 1: Improve awareness about methodology and that the source of the principal employment and unemployment statistics is the Labour Force Survey conducted by the Office for National Statistics (ONS)**

Existing evidence show that most people trust the ONS as an organisation, including awareness that it is an independent body that produces impartial statistics. This trust was reinforced by ONS’s reporting of the pandemic. As outlined above, distrust is usually driven by scepticism about the level of specific figures, which then makes people reflect on and question the source of the figures,

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<sup>7</sup> [ONS summary](#) on employment, unemployment and economic inactivity for people below state pension age, using 16 to state pension age rather than 16-64.

<sup>8</sup> Jonathan Boys, [Twitter post](#), 23 February 2022.

frequently assuming the government is the source or that they can influence the numbers. In our recent project that designed and tested different ways to communicate labour market statistics, the summary that performed best in terms of trust was the version which provided clear information about methodology (i.e., that the data was collected through a large household survey) and the producer (i.e., that ONS was an independent body). However, while methodological explanations can provide answers and increase trust, we have also done interview research where further information opened up new cans of worms, such as concerns about survey methodology, that sample sizes were perceived to be small and that the LFS figures would be uncertain.

Meanwhile, administrative data (such as the Claimant Count and payrolled employee figures) have some advantages in public communication, including due to their coverage and granularity in terms of geography, which often make them popular among local media organisations. The methodology is often easier to understand for the wider public, but the messengers (typically government departments) are less trusted. However, administrative data currently have limitations compared to the LFS figures in describing the trends and breakdowns that people are often interested in, and the focus on administrative data risks downplaying the LFS figures. While the administrative labour market data was useful, effective and essential for communication during the pandemic, where it was included in the ONS Labour Market Overview, often as a leading headline figure, there is an argument for dropping those measures again, and refocusing solely on the LFS figures for public communication purposes.

- **Solution 2: Diversify the main messengers of labour market statistics**

Currently, the main messengers of labour market data are politicians/government and the media, but they are widely distrusted by large parts of the UK population who are not confident they will provide an unbiased presentation of the economy. Who are the other potential messengers of labour market statistics? While the ONS is widely known, there might be scope to increase further the profile of the ONS as an institution and as a direct messenger of labour market statistics, bypassing intermediaries such as the media and politicians. This could involve creating more publicly engaging outputs, for instance by launching a parallel release to the Labour Market Overview using more simple and relatable language, or by creating more personalised outputs similar to the personal inflation calculator, embedded and hosted on popular media platforms such as the BBC website, or similar to the ONS podcast *Statistically Speaking*, by producing more engaging and creative outputs on non-traditional channels such as YouTube, TikTok and Instagram, or through apps or games.

The wider economics community could be more visible to the wider public. They should consider the balance between their role as intermediaries to support media reporting (by providing quotes and commentary to journalists), with the ability to communicate more directly with the public. Regarding the role as supporting media reporting, it may be beneficial to establish stronger relationships between statisticians and journalists, to support journalists' reporting on labour market and other economic statistics, and to diversify the expert voices that journalist consult. An example from science is the Science Media Centre, which connects scientists and journalists through the organisation of interviews and briefings. Regarding the ability to communicate more directly with the public rather than through the media, there may also be an important space for other economic organisations to become trusted and effective communicators. This could, for instance, be to publish explainers and summaries (for instance on labour market data) that are specifically designed for the wider public, rather than for professionals and the very engaged public, and that are published on a wide variety of channels, including non-traditional ones.

## **Challenge 4: ONS commentary on monthly figures can lead to speculative media reporting of small, short-term, and sometimes volatile changes.**

For research and policy purposes, labour market statistics are published monthly and will and should continue to be so. However, our research shows that people are more interested in longer term changes, e.g., what has happened to unemployment during the last year or since the start of the pandemic, or since the financial crisis, or longer. The current anchor point (pre-pandemic) seems very strong and salient with the public. However, driven by the news cycle and led by the monthly ONS labour market release, news reporting often focuses mainly on the shorter-term, monthly changes. With the rare exceptions of economic crises such as the pandemic, the numbers rarely move much from month to month, and not to an extent which is meaningful to most of the UK public, but those small changes are covered extensively and often as breaking news stories.

- **Solution 1: Publish simple and engaging labour market summaries aimed at the UK public, focused on long-term rather than short-term changes to labour market figures**

If the ONS or other economic organisations publish summaries on economic statistics specifically designed for and aimed at the UK public, these should focus on longer term trends. This means they would not have to be changed fundamentally from month to month (which would likely make them easier and less costly to implement), but the producer would merely have to update the figures after each ONS release. The key challenge is then to identify when new long-term trends appear, and when to make more fundamental changes to the focus of the summaries.

## **Challenge 5: Job vacancy figures are easy to understand and resonate with the public, but the figures would be more powerful if presented by local and industry context**

The terminology used by the ONS and used in news reporting is generally well understood, except for references to a ‘tight labour market’ or ‘labour market tightness’. The UK public are generally highly interested in vacancy figures, as it is relevant to their personal lives and careers, especially in the current environment where many sectors suffer from labour shortages. However, generally, and even in the current context, people’s experiences with job searching are local and sector specific.

- **Solution 1: Personalise vacancy figures by presenting local and industry context**

The job vacancy figures are especially powerful when they are broken down by sectors and local areas, so they become relatable and important for people’s everyday lives, and something that can potentially inform key personal decisions, such as whether to apply for jobs, what sectors to target in job searches, or areas to consider moving to. Currently, the media typically report the aggregated figures, and then highlight the figures for some key sectors in the economy. In term of public communication, it would be more powerful to establish a tool like the inflation calculator, which allowed the UK public to enter their personal details (sector, local area), and see the specific statistics that are relevant to them. Currently, it is only the experimental Adzuna vacancies data that could provide these regional breakdowns.

- **Solution 2: Explain labour market tightness rather than using the economic jargon**

It would be better to simply explain that “there are a lot of job vacancies, but not a lot of available workers to fill those vacancies.” This will not fit into headlines or soundbites as easily, but it will avoid misinterpretation or lack of awareness about what a tight labour market is.

## Conclusion

Through survey research in August 2022, this report explored how the UK public understand economics and economic statistics, especially whether there have been any changes in public perceptions since we conducted our first survey in February 2020. In the intervening 2.5 years, the UK economy has undergone dramatic changes due to the pandemic, health restrictions and the cost-of-living crisis. Overall, our survey findings show that the UK public have improved their understanding in some areas, notably inflation, and have a good grasp of some of the recent developments in the economy, including the rise in prices and job vacancies. But at the same time, public understanding remains relatively limited in other topical areas, including economic inactivity, GDP and recessions. The report also provides reflections on the specific challenges in communicating labour market statistics to the wider public, and some of the potential solutions.

## Future research studies

There continues to be an increased focus on public communication and engagement among economists and economic organisations, which should be encouraged and welcomed, but there is arguably still a long way to go to address what the then Chief Economist of the Bank of England, Andy Haldane, called the “twin deficit” of economics, use to describe that the public lack trust in the profession and lack detailed knowledge of economics (Haldane, 2018). It is therefore important to build on the ESCoE research programme on public understanding of economic statistics as well as other studies and focus considerable efforts in continuing to explore how people understand economics, and how to improve communication of economic information to non-experts. Below we have provided a (non-exhaustive) list of areas, which we have identified for future research and projects. We are currently exploring collaborations and funding opportunities in relation to these, and welcome potential collaborators and funders to get in touch with the corresponding author.

### **Creating an infrastructure, or a research hub, to test and evaluate ongoing efforts to improve public communication and engagement**

Currently, there are an increasing number of new initiatives that aim to communicate economic issues and data to the UK public and other non-expert groups, but most often these are not evaluated and tested with a public audience, so it is difficult to identify robustly good and bad practices. Therefore, we recommend, and are currently exploring, the possibility of creating a research hub to identify and monitor, on an ongoing basis, how statisticians, economists, economic organisations, media, government and other stakeholders communicate economic issues and data. The research hub would then test and evaluate these – including through online experiments, interviews, focus groups and other evaluation methods – to identify and inform best practices on public communication and engagement. The research hub would provide real-time insights to inform stakeholders how to most effectively communicate the topics that are relevant in public debate. The hub would also collaborate directly with and help and support economic organisations in evaluating their communication tools. Having access to internal data, such as website data on access and engagement before and after implementation, this would enable us to explore the impacts pre- and post-changes to communication as natural experiments. All findings would be published on the research hub’s website, to inform learning and best practices in the wider economist community.

### **Testing the impact of using different formats, channels and messengers for communication**

Most existing research studies on economic statistics test the effectiveness of communicating different versions of written outputs, which can be used on traditional website pages or in

newspapers. However, there is scope to explore the impact on comprehension, engagement and trust of using different formats (such as podcasts, videos and games), different channels (such as YouTube, TikTok, Instagram and apps) and different messengers (such as ONS, media, economic organisations and academics).

### **Testing the impact of economic communication in real life rather than ‘lab’ settings, including long-term effects**

Most existing research studies on economic statistics, including our ESCoE research, test the effectiveness of different communication instruments by showing these to survey, interview or focus group participants. This is, in many ways, an artificial setting, or a ‘lab setting’. Research participants are typically incentivised to take part, for instance through cash payments or vouchers, and they will usually devote their attention fully to the economic information they are presented with. This is a good, cost-effective way of testing and getting a sense of public comprehension, engagement and trust; however it is only an approximation. In real life, there are distractions from work, family and friends, and the different priorities create different dynamics in how people are likely to engage in economic information. For instance, do people come across the information in the first place? What are the barriers to accessing and engaging with information, and how are those addressed? When people do come across the information, in what way do they engage with it, and how does that differ from the ‘lab setting’? How many read beyond the headline? How many people retain the information in the days, weeks or months after they see it, and do they use it in meaningful ways? These questions are largely unanswered. There is scope to conduct research using qualitative methods, such as ethnography, diaries and other longitudinal methods, to explore in more depth and real-time how people are absorbing and engaging with economic information. These could also explore whether and how economic statistics affect decision-making, opinions and democratic accountability, and how changes to communication can facilitate this.

### **Increase opportunities for economists to take part in public engagement activities, to listen to and understand public perspectives in more depth, and increase opportunities for members of the public to feed into how economics is communicated to them**

One of the key findings of existing research into public understanding of economics is that the public and economists use two different languages when they speak about the economy. Our previous studies have suggested it would be helpful to frame this area as consisting of two different and parallel ways of understanding an issue, namely “public understanding” and “expert understanding”. If you take these two perspectives equally seriously, rather than seeing one as the “correct” version of knowledge and the other simply because of biases and ignorance, this opens up new areas of research. For instance, it is important to increase opportunities for economist to take part in public engagement activities, so they can learn first-hand how to effectively communicate with a public audience on their topic. Another idea is to create an infrastructure that enables economic organisations and communicators to submit their written outputs to be reviewed by members of the public through a process of ‘lay review’. This is commonly used in medical research, where public reviewers – such as patients, carers and members of the public – provide feedback. This could help economists and economic organisations to understand how to tailor their outputs better to the public, both in terms of language and style, but also in terms of what content is most relevant for non-experts.

**Test the impact of the cost-of-living crisis on inflation perceptions and expectations.** Our previous research has shown that economic crises live long in public consciousness and how people view the economy. For instance, high interest rates in the 1970s and 1980s are still frequently cited in interviews and focus groups. It is important to understand how the current cost-of-living crisis, as well as the pandemic, shapes people’s ways of thinking about the economy going forward.

## Appendix 1: Existing evidence on public perceptions of labour market statistics

The main evidence on public understanding of labour market statistics that we used to inform the discussions in this chapter are part of the current ESCoE research programme and funded by the ONS. This involved research using focus groups and surveys (Runge & Hudson, 2020), workshops with economists and members of the public (Runge & Killick, 2021), interviews with public participants (Runge, 2021a), online experiments and interviews with public participants (Cathro, et al, 2022) and content analysis of media reporting and interviews with journalists (Runge et al., 2022). Other studies include the ongoing surveys on public confidence in official statistics funded by the UK Statistics Authority (Morgan & Cant, 2019; Butt, Swannell & Pathania, 2022); a recent study involving interviews about the economic impacts of COVID-19 (Runge, 2021b); and ethnographic research on different public understandings of the economy (Killick, 2017). We also used other insights about public understanding of the economy (for instance, Economy, 2017; NEF, 2018) and about communication of economic issues, including previous work on communicating the Bank of England's monetary policy summary (Bholat et al., 2019), and a recent review of BBC economic reporting (Blastland & Dilnot, 2022). Our first report for ESCoE (Runge & Hudson, 2020) also includes a detailed overview of the broader evidence, and a full bibliography.

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## Appendix 2: Survey methodology and design

We ran a nationally representative, online survey with 2,007 participants, administered by YouGov. The survey contains 19 questions, exploring people's knowledge and perceptions about specific economic indicators, including inflation, unemployment, interest rates and GDP. The detailed survey questionnaire can be found below. The survey was run on 23-24 August 2022 using the YouGov GB panel of 185,000+ individuals who have agreed to take part in online surveys. An email was sent to panellists selected at random from the base sample according to the sample definition (GB aged 18+, nationally representative). The figures were then statistically weighted to the national profile of all GB adults aged 18+. The data is weighted by age, gender, social class, region, level of education, political interest, referendum vote and general election vote. The original survey was run on 26-27 February 2020, using the same methodology and completed by 1,665 people. More information about the methodology and design can be found in the [original report](#). Survey results tables can be found on YouGov's website: [2020](#) and [2022](#). An additional question was run, with a similar methodology, in [2023](#).