

## Awareness and perceived importance of the different measures of inflation

### Better Statistics CIC

#### Summary:

This is the second report on the public understanding of the UK inflation statistics produced by Better Statistics CIC. As with the [previous report](#), it is based upon an online survey of 2,000 adults conducted by Opinium Research Ltd on our behalf over the period 15<sup>th</sup> to 18<sup>th</sup> October. The full set of tabulations can be accessed [here](#).

The principal findings from the research are:

- There is a lack of awareness of **all** the economic initials we measured, even including GDP. In particular familiarity with the inflation-related acronyms (RPI, CPI, CPIH, GDP etcetera) is low. RPI remains better known than any of the other measures; CPIH is almost unknown to the general public.
- There is very little public understanding of the recent changes in inflation measurement, the reasons for those changes and the effect on them personally
- Confidence in the statistics is greater in informants who perceive their collection and publication processes as independent of government.

Better Statistics believe the UKSA should pay more attention to public awareness and understanding of official statistics. Not only because this helps them to monitor their performance against the objectives specified in the legislation creating the Authority, but also because the degree of misunderstanding has led to a lack of confidence in the statistics, causing widespread indifference and cynicism towards government. A situation that is inimical to effective governance.

The good news from our research is that clearer information on this subject, including ensuring an appreciation of the objectivity of our official statistics, could go far to allay this cynicism.

#### Awareness of Inflation measures and other economic acronyms

In an economic world that proliferates the use of acronyms and other initials, we thought it of interest to compare recognition of the Initials of the various inflation measures with other commonly used abbreviations. As can be seen, RPI remains the most recognised of the inflation measures but GDP and FCA are both known to more respondents. In each case the proportion of males exceeded the proportion of females claiming familiarity with the initials and familiarity increased with age. The latter is unsurprising given that the older people have had longer to gain familiarity and it is of some interest to note that older people are less aware of the more recent measure used by the ONS, namely CPIH; however very few respondents of any age claimed familiarity with that measure.

Possibly the most surprising finding is that such a large proportion of respondents, particularly younger respondents, do not claim to be familiar with **any** of the items listed.

Q1. Which of the following sets of initials are you familiar with? (Please tick all that apply).

	Total	Gender		Age		
		Male	Female	18-34	35-54	55+
Base: all respondents	2000	978	1022	552	659	789
GDP	47 %	56 %	38 %	34 %	47 %	55 %
	936	549	387	189	310	436
FCA	34 %	41 %	27 %	26 %	33 %	40 %
	674	400	274	141	218	315
RPI	31 %	40 %	22 %	17 %	30 %	41 %
	617	391	226	96	195	326
ONS	23 %	28 %	18 %	13 %	27 %	26 %
	455	273	182	70	180	205
CPI	20 %	29 %	12 %	13 %	21 %	25 %
	408	283	125	71	140	197
SME	16 %	21 %	10 %	14 %	17 %	15 %
	313	208	105	77	115	121
AIM	9 %	13 %	5 %	5 %	9 %	11 %
	174	123	50	28	59	87
FOS	6 %	6 %	5 %	5 %	7 %	5 %
	111	63	48	26	47	38
AMPS	4 %	3 %	4 %	2 %	3 %	5 %
	72	29	43	10	19	43
CPIH	2 %	3 %	1 %	2 %	3 %	1 %
	39	27	12	9	19	12
RPIJ	1 %	1 %	1 %	2 %	1 %	1 %
	28	14	14	13	7	8
None of the above	38 %	33 %	43 %	48 %	36 %	32 %
	756	318	438	267	234	255

### Degree of familiarity with various inflation measures

CPI and RPI are the only measures that significant numbers of respondents claimed any true familiarity with.

Although changes to the official inflation measure have been under review and discussed for many years, the public has very little awareness of the decisions taken or the reasons for them.

This despite the fact that the decisions have such an influence on many aspects of our lives; directly affecting the rail fares we pay, the wage increase we may receive, the mortgage we are offered and, ultimately, our pension. These and many other areas are affected by how inflation is measured.

Q2: Which of the following best applies to your knowledge of these initials?

	CPI	CPIH	RPI	RPIJ
Base: All Respondents	2000	2000	2000	2000
All aware of term	20%	2%	31%	2%
	408	39	617	28
I have only heard of the term, I don't know any details	2 %	*	1 %	*
	35	9	24	3
I know what the letters stand for but not much else	5 %	2 %	8%	*
	91	13	152	3
I am fairly familiar, with the term and what it stands for	9 %	1 %	14 %	1 %
	173	11	276	13
I am very familiar with the term and what it stands for	5 %	*	8%	*
	100	7	160	8
Don't know / not sure	*	*	*	*
	8	0	5	0
NET: Unfamiliar	7 %	1 %	9 %	*
	127	21	176	7
NET: Familiar	14%	1%	22%	1 %
	273	18	436	21
All unaware of term	80%	98%	69%	98%
	1592	1961	1383	1972

### Measure Preferred by the ONS

Further evidence of the lack of understanding of how inflation is currently measured is provided by the failure to identify the measure currently preferred by the ONS.

As shown below the more popular choices are the RPI or the CPI, with very few people recognising CPIH as the preferred measure. The fact that almost 70% of respondents could not provide any answer to this question illustrates the failure of the UKSA to fulfil its statutory obligation to inform the public about social and economic matters.

As [reported](#) by Better Statistics in November 2020, PACAC had drawn attention to the issue of inflation in their report of 2019, when they had requested that the ONS should improve user engagement, stating that *“by failing to fix RPI, UKSA risks breaching its statutory duties.”*

Last year's public consultation and the subsequent decision by the Treasury may have resolved the official argument but it has failed to gain any significant degree of public confidence.

Q3. Which of these measures do you believe are now preferred by the Office of National Statistics as the best measure of inflation?

	Total	Gender		Age		
		Male	Female	18-34	35-54	55+
Base: all respondents	2000	978	1022	552	659	789
CPI	13 %	17 %	9 %	14 %	11 %	13 %
	253	164	89	78	70	105
RPI	12 %	15 %	10 %	9 %	14 %	13 %
	241	143	98	48	92	100
CPIH	4 %	5 %	4 %	7 %	4 %	3 %
	84	45	40	38	25	21
RPIJ	2 %	1 %	2 %	4 %	1 %	1 %
	35	15	21	19	7	8
Don't Know	69 %	63 %	76 %	67 %	70 %	70 %
	1387	612	775	368	464	555

We also asked in which year people had believed that the inflation measure had changed, with the answers further confirming that very few people understood the details.

### But what do people really think?

Finally, Better Statistics always allow respondents to provide any comments they may have on the topic surveyed. In this instance 14% of the respondents provided their replies to "Q5. *What comments do you have about the way the ONS measures inflation?*"

We have divided their answers into three categories determined by those offering a positive response towards the question (55 persons), those providing a negative response (113 persons) and the neutrals (80).

#### 1 Negative responses

As can be seen from the word cloud below, many people with a negative view of the measurement associate it with government and are unaware of the independence of the Office for National Statistics.

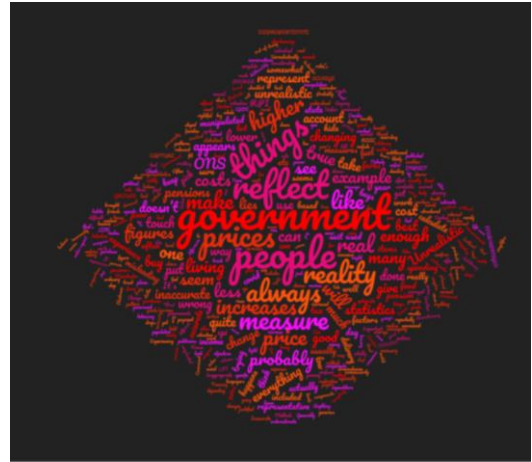
Some examples are:

- *Anything done by the government, especially the current one, or its agencies, is likely to be inaccurate...*
- *Convenient for Govt to massage figures to give good impression*
- *It changes the way it measures inflation depending on what the government wants to reflect*
- *Generally quite unclear and easy for government to pick the one they like*
- *It is only for the benefit of the Treasury and usually results in an estimate lower than reality*

- *The Government are changing all sorts of things so people don't realise that they're trying to cover up all the mistakes they've been involved in during Covid-19.*

Other typical negative comments are:

- *A way of massaging figures*
- *Another change to hide how bad things have become*
- *Bonkers that there are so many metrics. Real inflation for poor families is ALWAYS higher... ..*
- *Change from rpi to cpi not justified.*
- *I have no idea but there will be some fiddling in favour of the government*
- *Never heard of CPIH - why?*
- *it can be made to show what they want it to*
- *It doesn't seem to reflect the price increases I see.*



Overall, the level of cynicism evidenced by respondents is quite startling:

- *The CPI is always lower than RPI, hence taxpayers have lost out. All rail fares, bus fares and everything else goes up based on RPI. This is unfair on tax payers but nobody listens*
- *The usual manipulation of figures*
- *The whole system is a prime example of lies, damned lies and statistics*
- *What are they trying to hide? Why change it?*

## 2. Positive Responses

It is not a surprise that many of those offering a positive response are more familiar with the details and it is encouraging that the associated word cloud for this group highlights words such as 'accurate', 'reasonable' and even 'good'.

However, the main emphasis is trust in the ONS and, for some at least, awareness of the independence of that body:

- *I generally trust the ONS, they do not seem to be heavily controlled by government. Consequently I think their use of this altered method to measure inflation is reasonably well justified*

Other typical positive comments are:

- *Honest and impartial*
- *I have confidence in ONS it's been a very good public service provider....*
- *Sounds like a reliable method of how inflation affects ordinary individuals like myself*
- *It does seem to reflect modern way of life*
- *It's probably a good indicator*
- *They provide accurate statistical information*
- *it seems a reasonable guess at the real rate of inflation*
- *More or less accurate for me*



Some respondents recognise the difficulty of producing such a measure:

- *The basket of goods and services cannot possibly reflect the wide range of spending power across society, but the ONS are doing the best that they can.*

And many of those providing a positive response specifically mentioned the change to CPIH including housing costs:

- *Adding housing costs is a really good idea*
- *Good idea to include housing*
- *I am pleased that they include property prices, it is vital that all costs are included.*
- *I have no expertise in this area, but I think it's right to include housing costs*
- *I think I remember that they used to use a measure which didn't include housing, which seemed really weird*
- *The inclusion of housing cost gives a more realistic measure of the impact of inflation on "real world" families than CPI*

### 3. The neutrals

Those responses that were neither positive or negative provide a word cloud rich in expression of appropriate words with 'know' as the word most frequently used. Often emphasising a lack of knowledge on the subject:

- *As I don't know HOW it measures inflation I am not in any position to comment, am I?*
- *I can't give an answer as I do not understand what they do*
- *I do not know how accurate this measure is, but I suspect it is inaccurate for the AVERAGE household. I would like to know EXACTLY what is in the "basket" of goods and services before making any informed comment.*

Other neutral comments are:

- *All "experts" disagree on the best way*
- *Always going to be controversial to a degree*
- *Any method of measuring inflation has to be subjective and may or may not have relevance to everyone*
- *I do not understand enough to comment*
- *I can't give an answer as I do not understand what they do*
- *I don't know anything about it*
- *It matters little which system is used as no forward projection has ever been close to reality*



Possibly some people will always be neutral: *"Any single number is bound to be unrepresentative and cannot be useful for all purposes, locations, and sectors"*.

However, Better Statistics CIC have sympathy for the respondent who said:

- *I do not like people using abbreviations to communicate. It is not helpful.*