Public attitudes to inflation

By Norbert Janssen of the Bank's Inflation Report and Bulletin Division.

Since November 1999 the market research agency NOP has carried out quarterly and annual surveys of public attitudes to inflation, on behalf of the Bank of England. As part of an annual series, this article analyses the results of the surveys from May 2003 to February 2004. Public opinion on most issues has changed little over the past year. Around one in five people thought retail price inflation had been between 2% and 3% over the past year and a similar proportion expected price increases in that range. Both in November and February, a large majority of respondents expected interest rates to rise over the next year, though nearly 40% thought the economy would fare best if rates stayed where they were. Just over half the sample population remained satisfied with the way the Bank is setting interest rates.

Introduction

The Bank of England believes that the new monetary policy framework established in May 1997 will be most effective if it is accompanied by wide public understanding and support, both for the objective of price stability and the methods used to achieve it. The Bank has an objective to 'promote understanding of the MPC's remit and its processes.'(1)

MPC members use a variety of methods to explain themselves to the public, including the publication of minutes of their monthly meetings, the quarterly *Inflation Report*, speeches and lectures, research papers, appearances before parliamentary committees, interviews with the media, visits to the regions, and an education programme that includes the 'Target Two Point Zero' competition for schools.

The Bank decided that one way to quantify the impact of its efforts to build public support for price stability was to carry out quarterly sample surveys of public opinion and awareness. After trials between November 1999 and November 2000, the current version of the survey questions has been in use since February 2001. The results between November 1999 and February 2001 were described in the first annual article in the Summer 2001 edition of the *Quarterly Bulletin*, and this article updates the results from May 2003 to February 2004.

The survey covers a total of 14 questions, but the trials showed that the results of five of them varied little over the quarters. So the other nine questions are asked every quarter, after the publication of the *Inflation Report* in February, May, August and November, and a full survey covering all 14 questions is held once a year in February. The sample for the quarterly surveys is 2,000, about half the size of the annual February survey. A sample of 2,000 allows only a broad regional breakdown, but the larger sample used in the full annual survey allows more detailed analysis.

The range of questions seeks information on public knowledge, understanding and attitudes to the MPC process, but also covers expectations of interest rates and inflation. The five annual questions (numbers 9–13) cover perception of the relationship between interest rates and inflation, and knowledge of who sets interest rates. The nine quarterly questions, which are also asked in the annual survey, cover views of past and future changes in prices and interest rates, perceptions of the impact of inflation and interest rate changes on both the economy and the individual, and satisfaction/dissatisfaction with the way the Bank of England is doing its job of setting interest rates in order to control inflation.

The surveys are carried out by NOP in its regular Omnibus surveys using a random location sample designed to be representative of all adults in Great Britain, and interviewing is carried out in homes, face to

(1) See Bank of England (2004), *Annual Report*.

face. In the February 2004 survey, NOP interviewed a quota sample of 3,960 people aged 15 and over in 350 randomly selected enumeration districts throughout Great Britain between 12 and 24 February 2004. The February 2004 survey included two additional questions (3B and 3C) which were asked of 1,985 respondents, to test their knowledge of the change in the inflation target made by the Chancellor of the Exchequer in December last year. All raw data were weighted to match the demographic profile of Great Britain as a whole.

The quarterly results of the May survey are published as a separate News Release at the same time as this article in the *Bulletin*. The quarterly survey results for February were published in March, whereas the answers to the five annual questions for February are published here for the first time.

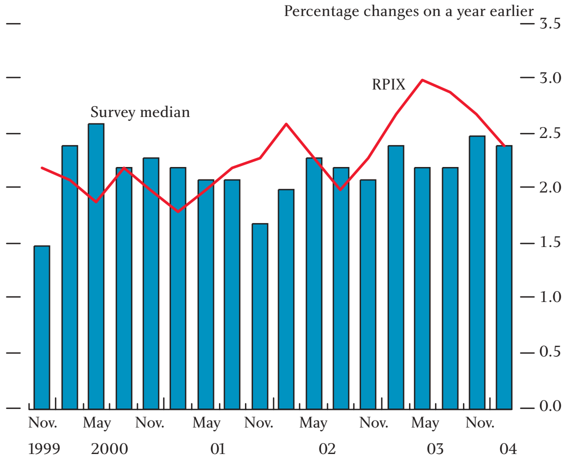
The following sections look at the answers to the questions[1] in a demographic and historic context, and compare answers across questions.

Knowledge and predictions

Inflation

(*Question 1*) The median[2] view of the current annual rate of inflation was 2.4% in February, the same as a year earlier. Annual RPIX inflation in January this year (the latest month for which data were available at the time of the February survey) was also 2.4%. Annual CPI inflation, the MPC's current target variable, by contrast was 1.4%. Whereas RPIX inflation has been on a downward path since reaching 3.0% between February and April 2003, the median response fell to 2.2% in May and August last year, before rising to 2.5% in November. Consequently, in May and August the median responses diverged markedly from actual RPIX inflation in the respective months before the surveys (see Chart 1).[3] The gradual closing of the gap since May 2003 may be a result of increased awareness of RPIX inflation among survey respondents, at least at the median level. It also suggests that the change in the inflation target from 2.5% for annual RPIX inflation to 2.0% for annual CPI inflation in December 2003 has not affected respondents' interpretation of the first question. This is given more weight by the result that only 12% of respondents correctly answered that the current inflation target is lower than last year's (*Question 3C*, which was added in February 2004 to determine knowledge of the change in the target measure). Similarly, a minority of 23% rightly thought the inflation target for this year is between 1.5% and 2.5% (the range that includes the current target, see *Question 3B*, which was also asked only this February). The responses to *Questions 3B* and *3C* varied little across demographic groups, though awareness of the numerical value of the target was higher (around a third) among 55–64 year olds, AB respondents (professionals, managers and their adult dependants) and people earning more than £25,000 a year.

Chart 1
Median survey response to change in prices over the past twelve months and RPIX inflation[(a)]



(a) In month before survey.

The distribution of responses to *Question 1* across different inflation ranges has changed little in the four surveys since February 2003, with around one in five people thinking retail price inflation had been between 2% and 3% over the past year. Annual RPIX inflation has fluctuated between 1.5% and 3.2% since the Bank was granted operational independence in May 1997. In each of the past four surveys, just under half the number of people reported inflation in this range. So even though the median view of inflation has moved closer to

(1) The precise wording of the questions and the full results since the start of the survey are shown in the annex to this article.
(2) To calculate the median, responses are assumed to be evenly distributed within each band.
(3) The first question in the survey does not ask respondents explicitly about RPIX inflation, but about price changes of goods and services over the past twelve months. Given that the MPC targeted RPIX inflation until December 2003, respondents may be thinking of this measure when answering the question. Although individuals' consumption patterns may differ from that underlying the RPIX, such differences have no significant effect on responses to the questions about past (and expected) price changes (see Lombardelli, C and Saleheen, J (2003), 'Public expectations of UK inflation', *Bank of England Quarterly Bulletin*, Autumn, pages 281–90). This may suggest that respondents do not report their own inflation experience over the past year, but instead correctly interpret *Question 1* as being about inflation in the economy. Inflation expectations (*Question 2*) are, however, significantly affected by individuals' lifetime inflation experiences and are therefore not necessarily related to expected changes in the RPIX measure.

actual outturns over the past year, the proportion of people reporting price changes in the range of recorded inflation has been stable. The proportion of respondents having 'no idea' about inflation reached an all-time high of 18% in November last year, before falling back to 15% in February. Only 3% of respondents in February thought prices had fallen over the past twelve months, the lowest since the survey started in November 1999.

The distribution of responses was similar in most demographic groups of the February 2004 survey, peaking in the 2%–3% range. But among 15–24 year olds, DE respondents (semi and unskilled workers and those living on state benefits), those renting council accommodation and people living in 'other' accommodation, as well as participants in Wales and the West, the proportion who has 'no idea' about past price changes was the highest. In Scotland, the distribution was more skewed towards lower rates of inflation than in the rest of the country, with the largest group (20%) reporting price increases between 1% and 2%.

(*Question 2*) Chart 2 shows that the median of inflation expectations tends to move closely in line with that of reported inflation in the survey (the correlation coefficient is 0.9). Indeed, during the past year median inflation expectations were identical to reported inflation, except in November when expectations reached an all-time high of 2.6%. In February, median expected inflation fell to 2.4%, thereby remaining close to the previous inflation target. The distributions of responses to *Questions 1* and *2* across inflation ranges were also similar in February (see Chart 3). Both peaked in the 2%–3% band, with the proportion expecting such price increases over the next twelve months (22%) higher than that reporting these price changes over the past year. Since the Bank commissioned the first survey, the largest group of respondents has always expected prices to rise between 2% and 3% over the next twelve months. The precise distribution has fluctuated somewhat over the past four surveys, but responses in February 2004 were more concentrated in the bands up to 3% compared with a year earlier, perhaps reflecting the fall in RPIX inflation between those periods. At the individual level in February 2004, responses to *Questions 1* and *2* were less closely related than at the median level over time; nevertheless, the correlation in the February survey was strong at 0.6 (see Table A), consistent with people largely forming expectations on the basis of their most recent perceptions of inflation in general.

Chart 2
Median of percentage changes in prices over the past and the next twelve months

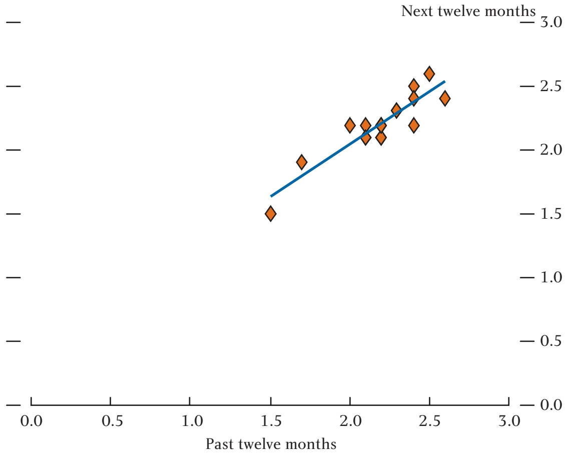


Chart 3
February 2004 survey: price changes over the past and the next twelve months

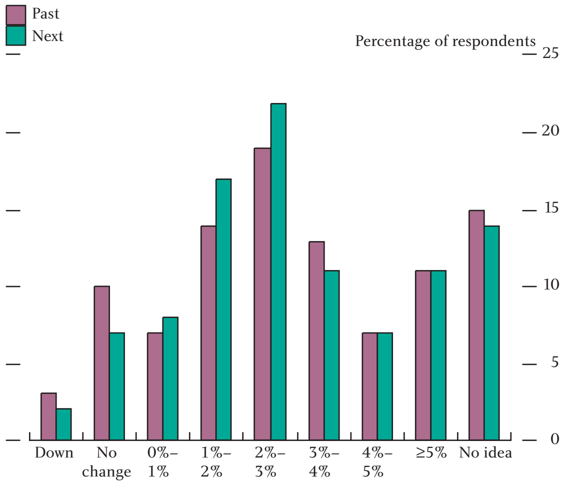


Table A
February 2004 survey: correlation coefficients between individuals' answers to different questions

Questions 1 and 2	0.60
Questions 5 and 6	0.64
Questions 6 and 7	0.45
Questions 7 and 8	0.41

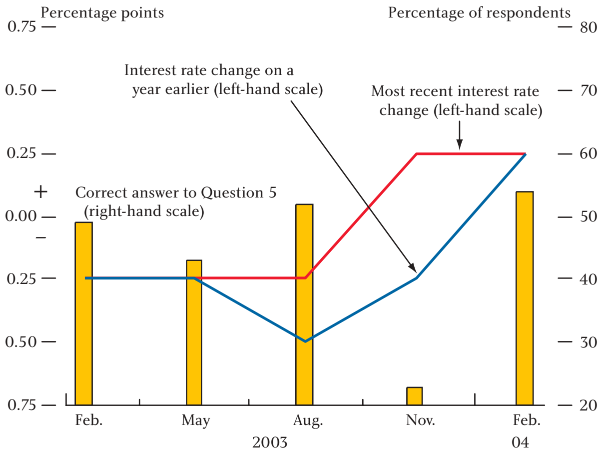
Although the distribution of inflation expectations was broadly similar across demographic groups, the largest part of DE respondents (19%) and those renting council houses (21%) had no idea what inflation rate to expect, whereas 5% of people with incomes above £25,000 gave this answer. Responses in Scotland (25%) and Wales and the West (19%) peaked in the 1%–2% range, and 14% of people in Scotland expected inflation between 0% and 1%, compared with a national score of 8% expecting inflation in that range. Expectations in the three English regions distinguished in the survey were more skewed towards higher inflation rates; 34%, 31% and 30% of respondents in the South East, the

Midlands and the North respectively expected inflation above 3% over the next twelve months. Mortgage payers reported lower inflation expectations (63% expect inflation to be less than 3%) than people with other forms of tenure. And fewer mortgage payers (9%) said they had no idea, again consistent with findings in previous surveys.

Interest rates

(*Question 5*) In the February 2004 survey a majority of 54% of respondents correctly answered that interest rates had risen over the past twelve months (the official interest rate was 3.75% in February 2003 and it was raised to 4.0% in February this year), and only 13% thought rates had fallen.(1) At the time of the preceding three surveys, actual interest rates had fallen compared with a year earlier (see Chart 4). But in these surveys, only in August last year did a majority (of 52%) give the right answer. The results over the past year suggest that respondents may answer the question with the most recent change in interest rates in mind, rather than compare the current level of rates with that a year earlier (as the question specifies); for example, in November 2003 more people said rates had risen rather than fallen, consistent with the rise in the official interest rate to 3.75% on 6 November, but ignoring the fact that rates were still lower than a year earlier.

Chart 4
Percentage of respondents giving correct answer to change in interest rates over past year and official rate changes



As in previous surveys, some of the differences between demographic groups in February confirm that people's own financial situation affects their awareness of interest rate changes. Nearly two thirds of mortgage payers and of those with incomes above £17,500 were aware of the rise in rates since February 2003. This is in sharp contrast with the score of 45% of people on incomes of less than £9,500 and 43% of council tenants. The proportion of correct answers rises with qualification level; from less than half in the DE category to just over 60% for AB respondents. Awareness of interest rate changes also appears to be positively related to the age at which respondents left education: from less than half for those who finished education when they were younger than 16, to just over 60% for individuals who left later than age 19. Correct knowledge of past changes in rates is below the national average for the youngest (15–24 years) and the oldest (older than 64) groups. Broken down by geographical area, the degree of awareness was highest in the Midlands and the South East (almost six in ten), but less than half the people surveyed in Wales and the West thought rates had risen over the past year.

At the individual level, respondents' expectations for interest rates over the next twelve months (*Question 6*) in the February survey were strongly positively related to their view of changes in rates over the past year (see Table A). To some extent, this may reflect individuals having experienced that interest rates tend to move in a particular direction for some time, so they expect past patterns in rates to continue in the near future. The Monetary Policy Committee also stressed in its January 2004 *Minutes* that increases in interest rates in the current cycle should be gradual.

In November and February, a large majority of respondents (of 71% and 69% respectively) expected interest rates to rise over the next year, though mainly by a small amount. This marked a big increase from the other 2003 surveys, partly related to the most recent changes in interest rates at the time of the surveys, but also perhaps to a better understanding gained from recent media coverage. Among mortgage payers and the highest earners, the majority expecting rates to rise was larger (above 80%) than for the February 2004 survey as a whole, whereas only half of council tenants expected higher rates. This may suggest that having a mortgage induces people to pay more attention to macroeconomic developments in general and monetary policy in particular. But over the lifetime of the NOP survey, the proportion of people expecting interest rates to rise over the next twelve months has tended to be larger than that reporting increases in rates over the past year. That was despite the fact that actual

(1) Part of the dispersion of respondents' views may also reflect their personal experience over the past year with interest rates on savings accounts, mortgages and bank loans. These rates do not all move in line with official interest rates.

official interest rates did not rise (and even fell) for a large part of the period covered. The proportion of people who have no idea about past or future changes in interest rates has been reasonably stable at around a fifth.

The Bank of England

Awareness of the monetary policy process, tested by asking without any prompts who sets 'Britain's basic interest rate level' (*Question 11*), has changed little from previous surveys. A stable proportion of 40% showed awareness, of which 4% correctly thought the Monetary Policy Committee is responsible, whereas 36% answered the Bank of England. But still more than half the number of participants (54%) did not know the answer. The degree of awareness improved markedly when respondents were given a show card with five options (*Question 12*); 69% (the same as the series high in August 2000 and February 2003) chose the Bank, although 13% answered 'Government ministers' and only 12% did not know.

Overall, awareness has changed little since the 2003 survey, both within and across demographic groups. Without prompting, awareness was highest among the AB class (7% said the MPC sets interest rates and 52% thought the Bank) of respondents. Other groups where a majority gave one of these answers were 45–54 and 55–64 year olds, people with incomes above £25,000 and those who finished education after age 19. When prompted, the highest earners and the AB group were again most aware of the monetary policy framework (85% and 84% respectively chose the Bank). But in the 15–24 age group only 42% of respondents gave the correct answer. In line with results in past surveys, more than three quarters of homeowners (both with and without mortgages) knew the Bank sets interest rates, whereas awareness among council tenants fell to 49%, from 51% a year earlier.

Knowledge of how the MPC is appointed improved; 38% answered that it is an independent body, partly appointed by the government (*Question 13*), compared with 36% in February 2003, though this year's score remained below the peak of 42% in August 2000. A further 23% of respondents thought the MPC is completely independent and 18% had no idea, slightly lower than the scores last year.

Attitudes

Inflation

Over the past four surveys, the proportion of the public that was aware of the negative relationship between inflation and the strength of the economy (*Question 3A*) was below the peak of 53% reached in February 2003, though it recovered gradually to 49% this February. A series high of 10% of respondents (up from 7% a year earlier) thought faster rates of inflation would benefit the economy, whereas around a fifth answered that these would make little difference and a similar percentage did not know. The latter two proportions fluctuated somewhat over the year, though the February results were close to those a year earlier. Understanding of the relationship between inflation and economic strength was lowest in the over-64 category. The group of 35–44 year olds, the highest earners, AB respondents and people in the Midlands showed the highest degree of understanding within their respective demographic breakdowns.

Throughout the history of the survey, more than half the sample population thought the actual inflation target at the time of questioning was 'about right' (*Question 4*). This proportion rose to 57% in February this year, from 54% a year earlier. Fewer than one in ten saw the current target as too low and fewer than one in five thought it was too high. Even though the inflation target was changed from 2.5% for annual RPIX inflation to 2.0% for annual CPI inflation in December last year, the distribution of responses has changed little between November and February. This suggests that economic decisions of businesses and individuals are unlikely to be affected by the change in the target, a point also made by the Governor in a speech in January.(1) Previous differences in responses across demographic groups persisted, with nearly 70% of the highest earners saying they were satisfied with the current target, compared with just over half of the lowest earners. More than six in ten homeowners were content with the target inflation rate of 2.0%.

Interest rates

With regard to the relationship between interest rate movements over the next few months and the strength of the British economy (*Question 7*), traditionally the

(1) See 'The Governor's speech at the annual Birmingham Forward/CBI business luncheon' (2004), *Bank of England Quarterly Bulletin*, Spring, pages 74–76.

largest group of respondents thinks it is best if rates stay the same. 36% of individuals chose this option in February this year, the same as a year earlier, though this proportion had picked up to four in ten in May 2003. Whereas in May the proportion saying that rates should go up was smaller (14%) than that arguing for lower rates (19%), the former has risen since to reach 23% in February, more than the 15% of people who then thought lower rates were best for the economy. Given actual movements in interest rates in the three months following each of the past four surveys, it would appear that 19%, 17%, 22% and 23% of respondents respectively would have been satisfied with the MPC's decisions, at least from a macroeconomic perspective. The correlation of individual responses to *Questions 6* and *7* was reasonably close at 0.4 in February (see Table A), suggesting that individuals thought that their expectations for interest rates over the next year were also likely to deliver the best outcome for the economy. Moreover, only fewer than one in ten thought interest rates do not matter for the strength of the economy. People with a mortgage had an above-average preference for unchanged rates and the youngest age group was more in favour of lower rates than the population as a whole. A third of the highest earners, the AB group and those who left education after age 19 thought rates should go up.

Asked about the relationship between interest rates and their personal situation (*Question 8*), 31% of the February survey participants would like lower interest rates and just over one in five people preferred higher rates. Responses to this question tend to vary little and indeed changes in their distribution have also been minor over the past year. The biggest group (of around a third) tends to prefer a fall in interest rates, whereas the finances of just under one in five people are perceived to be immune to rate changes. Perhaps surprisingly, one in ten respondents do not know how interest rates affect their position. Table A shows that individual answers to *Questions 7* and *8* were closely related in February. This may suggest that people's finances are perceived to depend to a large degree on the performance of the economy as a whole or that respondents do not distinguish sufficiently between the two questions.

As in previous surveys, across demographic groups, there was considerable variation in responses in February. Perhaps understandably, those with a mortgage and 25–44 year olds (who are likely to overlap considerably), as well as the highest earners, would benefit most from lower interest rates. Nearly half of outright homeowners and around 40% of above 54-year olds preferred higher rates, probably reflecting the fact that they have significant savings.

Inflation versus interest rates

(*Questions 9A and 9B*) As in the past, only a minority of respondents agreed with the statement that a rise in interest rates would make prices in the high street rise more slowly, either in the short (36%) or the medium term (39%). Responses to both questions were similar, indicating that the public is less than fully aware of the lags between changes in interest rates and their impact on inflation, and have changed only very slightly over the years. The results generally suggest limited understanding of the objective of monetary policy—to maintain low and stable inflation. Nevertheless, the fact that in February 2004 49% of people knew that faster rates of inflation would weaken the economy (*Question 3A*) indicates more awareness of the relationship in practice between inflation and economic growth.

Asked to choose between higher interest rates to keep inflation under control or lower rates and faster increases in the prices in the shops (*Question 10*), a majority of people tends to prefer the former, though in the most recent survey only 57% did so, compared with 62% last year. 19% of respondents would prefer prices to rise faster, the same as the series high in February and November 2000, and higher than the 16% last year.

The Bank of England

Finally, survey participants were asked for their degree of satisfaction with the way the Bank of England is doing its job of setting interest rates to control inflation (*Question 14*). Since the August 2000 survey, more than half of respondents have said they were satisfied with the Bank in this respect. During the past year, the distribution of responses has varied little. In February 2004, 8% of participants were very satisfied, the same as a year earlier, and 46% were fairly satisfied (47% in February 2003). So the overall proportion of satisfied people was 54% in February this year, compared with 55% a year earlier and 52% in August (which was the lowest in three years). Net satisfaction (the proportion of people satisfied minus that of dissatisfied respondents) fell from 47% in November to 44% in February—just below the figure for February 2003—perhaps reflecting the fact that the MPC raised interest rates again on 5 February 2004. Nevertheless, it remained well above net satisfaction in the first four surveys.

Net satisfaction in February peaked among the highest income earners (63%), and was also well above 50% for the AB group, 55–64 year olds, people who left education after age 19 and those with incomes in the range £17,500–£24,999. The male population continued to be far more satisfied than female respondents, with net satisfaction scores of 53% and 34% respectively. Net satisfaction was lowest in the youngest age group (20%), though the same proportion answered 'no idea' to *Question 14*. A small net majority of homeowners (51%) was satisfied to some extent with the Bank's policy on interest rates, but less than a third of council tenants and those living in 'other' accommodation were content.

Annex
Survey results

Per cent

	1999	2000				2001				2002				2003				2004
	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.	May	Aug.	Nov.	Feb.
Q.1 Which of these options best describes how prices have changed over the last 12 months?																		
Gone down	11	7	5	8	6	7	7	5	8	7	5	6	7	6	5	8	4	3
Not changed	18	12	10	12	14	15	15	16	18	16	14	13	14	11	14	13	12	10
Up by 1% or less	7	5	4	7	5	6	6	6	7	7	6	7	6	6	7	7	6	7
Up by 1% but less than 2%	12	11	12	12	13	12	13	13	14	14	12	15	14	12	13	10	10	14
Up by 2% but less than 3%	16	17	18	20	18	20	19	18	17	19	20	20	17	20	20	19	20	19
Up by 3% but less than 4%	7	11	13	13	13	11	11	11	9	10	12	12	10	13	11	13	13	13
Up by 4% but less than 5%	4	8	7	5	6	6	6	6	5	7	8	7	6	7	7	5	6	7
Up by 5% or more	9	12	13	10	11	12	10	9	7	9	10	11	11	10	9	11	12	11
No idea	17	17	17	12	13	13	12	15	15	11	13	10	15	14	14	13	18	15
Median	1.5	2.4	2.6	2.2	2.3	2.2	2.1	2.1	1.7	2.0	2.3	2.2	2.1	2.4	2.2	2.2	2.5	2.4
Q.2 How much would you expect prices in the shops generally to change over the next 12 months?																		
Go down	10	7	4	6	4	5	5	4	5	3	2	4	4	3	3	4	2	2
Not change	14	8	9	9	9	11	11	9	13	9	9	9	10	7	10	11	5	7
Up by 1% or less	10	7	7	10	8	9	9	10	10	10	10	10	8	7	8	9	8	8
Up by 1% but less than 2%	16	15	14	15	16	16	17	16	18	17	16	20	17	15	18	15	16	17
Up by 2% but less than 3%	17	21	21	19	21	20	20	21	20	22	22	22	20	20	21	20	20	22
Up by 3% but less than 4%	6	12	10	12	12	11	9	11	9	11	11	11	10	12	11	11	15	11
Up by 4% but less than 5%	3	7	7	6	6	5	7	6	5	6	8	6	5	8	6	6	7	7
Up by 5% or more	8	10	11	9	11	10	9	9	7	9	9	9	10	13	8	9	11	11
No idea	16	13	16	13	12	13	13	13	13	12	13	10	16	15	15	14	17	14
Median	1.5	2.2	2.4	2.2	2.3	2.1	2.1	2.2	1.9	2.2	2.3	2.1	2.1	2.5	2.2	2.2	2.6	2.4
Q.3A If prices started to rise faster than they do now, do you think Britain's economy would...																		
End up stronger	8	8	8	6	8	7	8	9	8	8	9	7	8	7	7	7	8	10
Or make little difference	28	23	22	23	25	26	27	23	28	27	29	26	25	22	26	24	24	22
Or weaker	44	48	47	50	49	47	47	48	48	48	44	50	48	53	47	48	48	49
Don't know	20	21	23	21	18	20	18	20	15	17	18	16	20	18	19	21	20	19
Q.3B The Government sets a target each year for what it thinks inflation should be. What do you think that the target is for this year?																		
Up by less than 0.5%																		1
Up by 0.5% but less than 1.5%																		5
Up by 1.5% but less than 2.5%																		23
Up by 2.5% but less than 3.5%																		18
Up by 3.5% but less than 4.5%																		5
Up by 4.5% or more																		5
Don't know																		44
Q.3C Do you think the figure the Government has given for the current target is higher, lower or the same as last year's figure?																		
Higher																		36
Lower																		12
The same																		27
Don't know																		26
Q.4 The Government has set an inflation target of 2%. (a) **Do you think this target...**																		
Is too high	19	27	23	22	23	22	20	21	21	18	20	23	20	21	21	22	23	19
Or too low	6	7	7	8	6	6	6	7	7	7	7	8	8	10	8	9	8	8
Or about right	51	50	52	54	58	58	61	55	60	61	61	57	56	54	55	52	51	57
No idea	24	16	18	16	13	14	13	16	12	13	12	12	16	15	15	17	18	16
Q.5 How would you say interest rates on things such as mortgages, bank loans and savings have changed over the last 12 months?																		
Risen a lot	7	18	19	13	10	6	4	5	2	4	5	5	6	5	6	4	7	8
Risen a little	35	37	37	36	29	16	10	10	8	11	13	14	12	12	12	11	28	46
Stayed about the same	18	12	13	20	26	20	12	12	7	13	20	25	24	14	20	13	23	16
Fallen a little	17	8	7	10	12	33	39	37	29	32	28	26	24	34	31	35	18	10
Fallen a lot	4	3	2	2	3	3	16	17	37	23	16	12	13	15	12	17	5	3
No idea	19	21	22	19	21	21	19	20	17	16	19	18	21	19	19	20	18	17
All saying 'risen'	42	55	56	49	39	22	14	15	10	15	18	19	18	17	18	15	35	54
All saying 'fallen'	21	11	9	12	15	36	55	54	66	55	44	38	37	49	43	52	23	13
Net risen	21	44	47	37	24	-14	-41	-39	-56	-40	-26	-19	-19	-32	-25	-37	12	41
Q.6 How would you expect interest rates to change over the next 12 months?																		
Rise a lot	7	16	10	8	6	4	4	6	5	6	6	6	6	8	5	4	15	12
Rise a little	52	50	46	47	39	24	24	30	31	43	46	43	34	33	33	32	56	57
Stay about the same	19	12	19	23	27	26	30	28	30	27	26	27	28	28	33	33	11	12
Fall a little	4	4	5	6	10	25	21	16	16	7	5	8	9	11	10	9	2	3
Fall a lot	1	1	1	0	0	1	1	1	2	1	1	1	1	2	1	1	*	*
No idea	18	17	20	16	17	20	20	19	17	16	17	16	22	18	18	20	16	16
All saying 'rise'	59	66	56	55	45	28	28	36	36	49	52	49	40	41	38	36	71	69
All saying 'fall'	5	5	6	6	10	26	22	17	18	8	6	9	10	13	11	10	2 (b)	3
Net rise	54	61	50	49	35	2	6	19	18	41	46	40	30	28	27	26	69	66
Q.7 What do you think would be best for the British economy—for interest rates to go up over the next few months, or to go down, or to stay where they are now, or would it make no difference either way?																		
Go up	12	12	11	11	9	8	10	13	14	16	17	19	17	17	14	17	22	23
Go down	21	27	29	27	24	28	24	24	21	16	16	17	17	17	19	15	15	15
Stay where they are	40	33	28	35	42	34	40	37	40	40	41	40	39	36	40	38	37	36
Make no difference	7	10	10	9	11	10	10	10	10	10	10	9	9	11	8	10	8	8
No idea	20	18	23	17	15	19	16	17	14	17	17	15	19	19	19	20	19	18

Survey results (continued)

Per cent

Q.8 And which would be best for you personally, for interest rates to…

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Go up	17	19	16	17	17	18	22	20	24	22	22	22	22	24	22	23	20	22
Go down	30	35	33	36	36	33	33	33	32	30	29	30	29	29	29	28	30	31
Stay where they are	22	15	16	18	19	17	18	16	18	20	21	23	22	20	22	20	21	20
Make no difference	17	22	22	19	20	22	20	22	21	20	21	19	18	18	19	18	19	19
No idea	14	10	13	10	8	10	20	8	6	8	7	6	9	10	9	10	10	9

Q.9 How strongly do you agree with the following statements?
(A) A rise in interest rates would make prices in the high street rise more slowly in the short term—say a month or two

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Agree strongly					2	2	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	2	n.a.	n.a.	n.a.	1
Agree					35	32	n.a.	n.a.	n.a.	34	n.a.	n.a.	n.a.	35	n.a.	n.a.	n.a.	35
Neither agree nor disagree					16	19	n.a.	n.a.	n.a.	19	n.a.	n.a.	n.a.	18	n.a.	n.a.	n.a.	19
Disagree					25	20	n.a.	n.a.	n.a.	20	n.a.	n.a.	n.a.	19	n.a.	n.a.	n.a.	20
Disagree strongly					2	2	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	2	n.a.	n.a.	n.a.	1
Don't know					21	25	n.a.	n.a.	n.a.	25	n.a.	n.a.	n.a.	24	n.a.	n.a.	n.a.	23
All agree					37	34	n.a.	n.a.	n.a.	35	n.a.	n.a.	n.a.	37	n.a.	n.a.	n.a.	36
All disagree					27	22	n.a.	n.a.	n.a.	21	n.a.	n.a.	n.a.	21	n.a.	n.a.	n.a.	21
Net agree					10	12	n.a.	n.a.	n.a.	14	n.a.	n.a.	n.a.	16	n.a.	n.a.	n.a.	15

(B) A rise in interest rates would make prices in the high street rise more slowly in the medium term—say a year or two

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Agree strongly					2	2	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	2
Agree					39	35	n.a.	n.a.	n.a.	38	n.a.	n.a.	n.a.	38	n.a.	n.a.	n.a.	37
Neither agree nor disagree					16	19	n.a.	n.a.	n.a.	18	n.a.	n.a.	n.a.	18	n.a.	n.a.	n.a.	19
Disagree					21	16	n.a.	n.a.	n.a.	15	n.a.	n.a.	n.a.	16	n.a.	n.a.	n.a.	16
Disagree strongly					1	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1
Don't know					22	27	n.a.	n.a.	n.a.	26	n.a.	n.a.	n.a.	25	n.a.	n.a.	n.a.	25
All agree					41	37	n.a.	n.a.	n.a.	39	n.a.	n.a.	n.a.	39	n.a.	n.a.	n.a.	39
All disagree					22	17	n.a.	n.a.	n.a.	16	n.a.	n.a.	n.a.	17	n.a.	n.a.	n.a.	17
Net agree					19	20	n.a.	n.a.	n.a.	23	n.a.	n.a.	n.a.	22	n.a.	n.a.	n.a.	22

Q.10 If a choice had to be made, either to raise interest rates to try to keep inflation down; or keep interest rates down and allow prices in the shops to rise faster, which would you prefer:

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Interest rates to rise	51	58	52	57	63	62	n.a.	n.a.	n.a.	63	n.a.	n.a.	n.a.	62	n.a.	n.a.	n.a.	57
Prices to rise faster	17	19	16	15	19	16	n.a.	n.a.	n.a.	16	n.a.	n.a.	n.a.	16	n.a.	n.a.	n.a.	19
No idea	31	24	31	28	18	22	n.a.	n.a.	n.a.	21	n.a.	n.a.	n.a.	23	n.a.	n.a.	n.a.	24

Q.11 Each month, a group of people meets to set Britain's basic interest rate level.
Do you know what this group is?

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Monetary Policy Committee	7	4	5	6	5	5	n.a.	n.a.	n.a.	4	n.a.	n.a.	n.a.	4	n.a.	n.a.	n.a.	4
Bank of England	39	29	33	38	29	32	n.a.	n.a.	n.a.	35	n.a.	n.a.	n.a.	35	n.a.	n.a.	n.a.	36
The Government	4	2	3	2	3	3	n.a.	n.a.	n.a.	4	n.a.	n.a.	n.a.	3	n.a.	n.a.	n.a.	4
The Treasury	1	1	1	1	1	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1
Parliament	1	*	*	*	1	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	*
Other	1	2	1	2	1	2	n.a.	n.a.	n.a.	2	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	2
Don't know	47	62	57	51	60	57	n.a.	n.a.	n.a.	54	n.a.	n.a.	n.a.	56	n.a.	n.a.	n.a.	54

Q.12 Which of these groups do you think sets the interest rates?

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Government ministers	14	15	12	13	16	15	n.a.	n.a.	n.a.	13	n.a.	n.a.	n.a.	12	n.a.	n.a.	n.a.	13
Civil servants	n.a.	n.a.	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	1	n.a.	n.a.	n.a.	*	n.a.	n.a.	n.a.	1
Bank of England	67	63	63	69	65	66	n.a.	n.a.	n.a.	67	n.a.	n.a.	n.a.	69	n.a.	n.a.	n.a.	69
High street banks	3	4	3	2	4	3	n.a.	n.a.	n.a.	3	n.a.	n.a.	n.a.	3	n.a.	n.a.	n.a.	2
European Central Bank	2	3	3	3	3	3	n.a.	n.a.	n.a.	4	n.a.	n.a.	n.a.	2	n.a.	n.a.	n.a.	3
No idea	13	14	18	12	12	13	n.a.	n.a.	n.a.	13	n.a.	n.a.	n.a.	13	n.a.	n.a.	n.a.	12

Q.13 In fact, the decisions are taken by the Monetary Policy Committee of the Bank of England.
Which of these do you think best describes the Monetary Policy Committee?

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Part of the Government	11	11	9	10	12	11	n.a.	n.a.	n.a.	11	n.a.	n.a.	n.a.	13	n.a.	n.a.	n.a.	13
A quango, wholly appointed by the Government	8	8	8	8	9	8	n.a.	n.a.	n.a.	7	n.a.	n.a.	n.a.	7	n.a.	n.a.	n.a.	8
An independent body, partly appointed by the Government	38	39	37	42	37	38	n.a.	n.a.	n.a.	39	n.a.	n.a.	n.a.	36	n.a.	n.a.	n.a.	38
A completely independent body	23	20	22	20	24	24	n.a.	n.a.	n.a.	23	n.a.	n.a.	n.a.	24	n.a.	n.a.	n.a.	23
No idea	20	21	24	20	17	19	n.a.	n.a.	n.a.	19	n.a.	n.a.	n.a.	19	n.a.	n.a.	n.a.	18

Q.14 Overall, how satisfied or dissatisfied are you with the way the Bank of England is doing its job to set interest rates in order to control inflation?

	Nov. 1999	Feb. 2000	May 2000	Aug. 2000	Nov. 2000	Feb. 2001	May 2001	Aug. 2001	Nov. 2001	Feb. 2002	May 2002	Aug. 2002	Nov. 2002	Feb. 2003	May 2003	Aug. 2003	Nov. 2003	Feb. 2004
Very satisfied	7	4	5	6	7	8	9	10	11	11	10	11	11	8	9	12	10	8
Fairly satisfied	41	37	38	45	48	47	49	45	51	50	49	46	42	47	46	40	45	46
Neither satisfied nor dissatisfied	26	28	27	25	26	25	23	23	19	20	23	22	23	24	22	22	22	24
Fairly dissatisfied	7	12	9	9	8	7	6	6	6	6	6	7	7	7	7	6	6	7
Very dissatisfied	4	5	4	4	3	3	2	2	2	2	2	3	3	3	2	2	2	3
No idea	16	14	17	12	9	11	12	14	11	11	11	11	14	11	14	17	15	12
Total satisfied	48	41	43	51	55	55	58	55	62	61	59	57	53	55	55	52	55	54
Total dissatisfied	11	17	13	13	11	10	8	8	8	8	8	10	10	10	9	8	8	10
Net satisfied	37	24	30	38	44	45	50	47	54	53	51	47	43	45	46	44	47	44

n.a. = not available.

Note: * indicates less than 0.5%. Figures may not add to 100 due to rounding.

(a) Figures up to and including November 2003 are based on a target of 2.5%.
(b) The November 2003 release incorrectly stated that the November 2003 figure for all saying 'fall' was 5%.