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ECONOMIC LITERACY: MEASUREMENT, EXPECTATIONS, AND POLICY VIEWS

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Economic Literacy: Measurement, Expectations, and Policy Views*

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Abstract

How important is economic literacy – the understanding of basic economic concepts – for the formation of economic expectations and policy views? We design, implement, and psychometrically validate a survey module to measure economic literacy in a representative adult population. Economic literacy is associated with education and intelligence but captures a distinct skill. While unrelated to ideological orientation, individuals with higher economic literacy (1) hold better-anchored economic expectations, (2) are more responsive to experimentally provided information on policy trade-offs, and (3) show a closer alignment between preferences, policy views, and party support. The results are consistent with economic literacy enabling voters to better process information and form policy views more consistent with their underlying preferences.

Keywords: economic literacy, economic policy, voters, inflation expectations, trade-offs, financial literacy, economic education

JEL classification: I20, D72, D91, A20, G53

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1. Introduction

Economic policymaking ultimately requires the support of voters. Voters form views about different economic policies based on how the expected consequences of these policies align with their underlying preferences, reflecting their perceptions of efficiency, distribution, and fairness (Stantcheva 2026). The key proposition of this paper is that voters' ability to form economic policy views consistent with their preferences depends on their economic literacy, i.e., their ability to understand and apply fundamental economic concepts. We argue that economic literacy facilitates the processing of relevant information, the formation of coherent beliefs, and the understanding of how policies affect economic outcomes. Recent research has begun to explore how people comprehend specific economic concepts on topics such as taxation, trade, inflation, and climate change (Stantcheva 2021, 2022, 2026; Binetti et al. 2024; Dechezleprêtre et al. 2025) and how they form expectations about specific aspects of the economy (D'Acunto et al. 2021; Andre et al. 2022, 2026a; Coibion and Gorodnichenko 2026). While such focused approaches yield important insights into misperceptions and beliefs in specific areas, we study individuals' general ability to understand economic principles and its relevance for different economic domains. In this paper, we assess the economic literacy of a representative sample of adults, describe its distribution in the population, and show its relevance for the formation of expectations and policy views.

We devise a test of economic literacy that is suitable for use in adult populations. We curate a set of questions grounded in fundamental economic principles and well-established economic literacy tests (e.g., Walstad and Rebeck 2008; Walstad et al. 2013; Kaiser et al. 2020). The 15 test items, condensed from an initial pool of 30 items, capture the ability to apply basic economic concepts in five domains – scarcity, specialization, markets, government, and macroeconomics. The items are specifically constructed to be understandable by individuals without formal economics training and developed to be internationally applicable.[1] We also provide an ultra-short, five-item scale for settings in which questionnaire space is particularly limited.

We administer the novel survey module in a sample of over 2,700 participants drawn to be representative of the German resident population aged 18 to 70. Our survey additionally elicits participants' education, intelligence, sociodemographic characteristics, financial literacy, inflation

[1] Aiming to test understanding of economic concepts, our test items refrain from measuring factual knowledge of technical terms in economics, specifics of economic institutions, definitions of economic expressions, or current values of economic indicators.

expectations, preferences for redistribution, economic policy views, and political leaning. It also contains an experiment that randomly provides information on policy trade-offs.

Psychometric properties evaluated by item response theory (IRT) corroborate the reliability and validity of our test instrument. Finding a unidimensional structure supports that economic literacy can be interpreted as a single, distinct cognitive skill. The measure captures an overarching understanding of fundamental economic principles, suggesting that previously studied, topic-specific competencies are embedded in a broader, coherent cognitive framework. While related to general education, intelligence, and financial literacy, our results indicate that economic literacy is independently informative for individuals' expectations and policy views.

Descriptive analyses show that economic literacy is systematically associated with both socio-demographic background and policy views. Economic literacy increases strongly with age, in line with acquisition over the life course. Consistent with learning through experience, individuals working in occupations similar to economists (with respect to skill requirements and work activities) have higher economic literacy, but not at career start. Substantial variation by education, gender, and age suggests that prior evidence based on economic literacy measured in specialized samples of economics students in high school (e.g., Walstad 2001) or college (e.g., Allgood et al. 2015) may not necessarily generalize to the entire population. Policy views in four considered domains – tax, welfare, climate, and trade policies – differ significantly by economic literacy in ways that reflect surprisingly differentiated policy views: for example, more economically literate individuals are more likely to favor both open trade and wealth taxation, and to favor investments in green infrastructure and oppose bans on combustion engines. Consistent with this lack of a uniform policy stance, economic literacy is unrelated to left-right political leaning.

While these associations with policy views do not necessarily warrant a normative interpretation, we go on to perform a series of analyses consistent with economic literacy being beneficial for individuals. The underlying idea is that economic literacy improves the processing of relevant information, enabling individuals to identify policies and political parties that are better aligned with their underlying preferences. While lack of random assignment of economic literacy precludes causal identification, the results of three separate analyses are consistent with this underlying idea, and they are robust to conditioning on a rich set of observables, including not only pre-adult and adult sociodemographic characteristics, but also measures of fluid IQ, financial literacy, and other contemporaneous variables.

First, we show that more economically literate individuals hold more accurate expectations about key economic variables. Following recent interest in subjective inflation expectations for macroeconomic functioning (e.g., Coibion and Gorodnichenko 2026), we show that inflation expectations of individuals with higher economic literacy are more accurate on average and show substantially lower variance. Going from the top to the bottom quartile of economic literacy increases the absolute deviation from the central bank's inflation forecast more than ninefold and the standard deviation (SD) more than fivefold. Individuals with higher economic literacy also assess the overall economic situation more independently of their personal economic situation. This suggests improved belief formation, as reliance on personal experience has been shown to partly reflect systematic mis-weighting of inaccurate relative to accurate information (Ansolabehere et al. 2014; Cavallo et al. 2017; Kuchler and Zafar 2019; D'Acunto et al. 2021).

Second, we find that individuals with higher economic literacy react more strongly to information on trade-offs involved in economic policies. In a survey experiment, we randomly provide information that highlights specific trade-offs that are economically inherent in policy proposals related to government debt, retirement age, immigration, and carbon pricing. On average, the information reduces support for the proposed policies by 16 percentage points (ppts). Treatment effects increase by 5 ppts per SD in economic literacy, in line with economic literacy facilitating information processing and belief updating in the formation of policy views.

Third, we show that economic literacy is related to a closer alignment between individuals' underlying preferences, policy views, and party support. Individuals with higher economic literacy show a stronger association between their redistributive preferences and their support for redistributive policies and parties. They also support parties that are closer to their policy views. To analyze the coherence of voting decisions, we measure the distance between individuals' views on economic policies and the expert-rated positioning of political parties on these policies. On average, a one SD increase in distance lowers support for a given party by 7.3 ppts; this estimate is 1.5 ppts larger for each SD in economic literacy.

Our paper contributes to several literatures. First, we add to a growing literature on how citizens understand economic mechanisms and form beliefs about economic policy. Existing work typically focuses on specific domains, such as taxation (Stantcheva 2021), trade (Stantcheva 2022), inflation (Binetti et al. 2024), or climate change (Dechezleprêtre et al. 2025), and shows that people often hold incomplete or distorted beliefs about the mechanisms and trade-offs involved in these

policy areas. A related literature studies how households form expectations about macroeconomic outcomes (D'Acunto et al. 2021, 2024; Andre et al. 2022, 2026a; Coibion and Gorodnichenko 2026). We complement and unify these perspectives by studying economic literacy as a general capacity to understand basic economic principles across domains. Our results suggest that topic-specific competencies are embedded in a more general cognitive framework of economic literacy. Our finding that economic literacy is associated with a closer alignment of preferences and policy choices also relates to the finding that lower-educated voters are increasingly less consistently aligned with parties traditionally advancing their economic agenda (Gethin et al. 2022).

Second, extensive research on economic education focuses on how concepts of economic literacy are taught in schools and universities (Walstad 2001; Allgood et al. 2015; Bosshardt and Walstad 2017). Our test instrument builds on the tests developed in this literature to assess students' understanding of economics (Walstad and Rebeck 2008; Walstad et al. 2013; Kaiser et al. 2020). Population-wide studies have investigated knowledge of economic terms and economic opinions using test instruments developed for students in high school or college, mostly without broad testing of economic literacy or its relation to expectations and policy views (Gleason and Van Scyoc 1995; Walstad and Rebeck 2002; Grimes et al. 2021; Barton and Rodet 2025). We go beyond this by developing and psychometrically validating a new population-wide measure of economic literacy and showing that it matters not just for policy positions, but for economic expectations, responsiveness to policy trade-offs, and coherence between preferences, policy views, and party support. Our survey module lends itself to usage in future surveys of adult populations in which researchers aim to study or control for economic literacy.

Third, our paper relates to research on how individuals trained in economics differ from the general population. Prior work shows that economists hold different policy views (Sapienza and Zingales 2013), rely on different economic narratives (Andre et al. 2022, 2026a), and behave differently in the laboratory (Frank et al. 1993; Fehr et al. 2006) and the field (Acemoglu et al. 2026; Ash et al. 2026). We contribute to this literature by showing that differences in expectations and policy views are more generally related to individuals' level of economic literacy.

Fourth, a large literature assesses financial literacy in the population, its determinants, and its consequences for financial decision-making and individual well-being (Lusardi and Mitchell 2014, 2023; Kaiser and Lusardi 2024). Our approach parallels this literature by treating economic literacy as a measurable skill that can be distinguished from other competencies. While financial literacy

concerns individuals' understanding of their own financial decisions, economic literacy concerns their understanding of economic interactions, trade-offs, and mechanisms at the societal level and societies' economic well-being.[2] We show that, despite its strong correlation with financial literacy, economic literacy is independently important for economic expectations and assessments.

In what follows, Section 2 describes the development, implementation, and psychometric evaluation of our survey module. Section 3 documents the distribution of economic literacy across population subgroups and its association with economic policy views. Section 4 presents our main analyses of how economic literacy relates to expectation formation, responsiveness to policy trade-offs, and coherence between preferences, policy views, and party support. Section 5 concludes.

2. Measuring Economic Literacy in the Adult Population

This section introduces our measurement of economic literacy in the adult population. Section 2.1 describes the development and psychometric scaling of the test, with detailed analysis provided in Appendix B. Section 2.2 reports on its implementation, with details including analysis of data quality provided in Appendix C.

2.1 Test Development and Psychometric Scaling

Development of test items. Our aim is to derive a novel test instrument that measures economic literacy in the adult population. We define economic literacy as the ability to understand and apply fundamental economic concepts and ideas. To identify the concepts that are widely regarded as central to economic understanding, we start by reviewing standard introductory economics textbooks, such as Mankiw (2023), Frank and Bernanke (2007), and Stevenson and Wolfers (2020), as well as the Council for Economic Education's (2010) content standards. We examine the items used in prior tests of economic literacy, which are usually devised for more specific populations, such as students taking economics classes in high school or college. We cover tests such as the Test of Economic Literacy (TEL) (Walstad et al. 2013), the Test of Understanding in College Economics (TUCE) (Walstad and Rebeck 2008), and the Test of Economic Competence (TEC) (Kaiser et al. 2020; Oberrauch et al. 2023), among others.

[2] In related work, Caplin et al. (2026) measure workers' economic decision-making skill, defined as the ability to make good resource allocation decisions, and study its value for individual income on the job. To the extent that the more broadly conceived concept of economic literacy improves workers' capabilities to perform productive tasks on the job, it may also be considered as a dimension of skills that are valued in the labor market (Woessmann 2025).

Drawing from and adapting these existing instruments, we develop a battery of test items specifically constructed to be understandable by individuals without formal economics training and suitable for use across institutional contexts. We focus on items that assess understanding and application of basic economic concepts and exclude items that merely capture knowledge of economic terms or institutions. We assemble an initial pool of 30 items, covering five core domains of economic literacy with six questions each (shown in Appendix B.1):

1) scarcity, allocation, and decision making
2) specialization and trade
3) markets, prices, and competition
4) government intervention and incentives
5) macroeconomic reasoning.

Our goal is not to measure these domains as separate subdimensions, but to capture economic literacy as a single, distinct cognitive skill, with the aim of using psychometric tests and considerations to evaluate and reduce them to three items per domain.

Each test item requires respondents to apply economic reasoning to a specific decision problem. Respondents receive a description of the problem and choose among four answer options. For example, one of the items asks, "What is the most likely explanation for the substantial increase in wages for software developers in recent years?" The answer options are: (a) software development is not directly impacted by market demand; (b) the number of software developers in the job market has increased substantially; (c) wages have increased for all workers in the economy; and (d) the demand for software developers has increased relative to their availability. Selecting answer (d) requires respondents to apply the basic supply-and-demand mechanism to a labor-market setting.

Psychometric scaling. Economic literacy is a cognitive skill that cannot be observed directly. Each item provides a noisy signal of a respondent's underlying ability to understand and apply economic reasoning. We therefore use the joint response pattern across questions to distinguish common variation in economic literacy from item-specific variation. This interpretation relies on a dominant common dimension and on conditional independence of item responses once economic literacy is held fixed. Principal-component and residual-correlation diagnostics support these assumptions for our test instrument (Appendix B.3).

We use item response theory (IRT) to model the probability of a correct answer as a function of latent economic literacy and item characteristics. The two-parameter logistic model recognizes that questions can differ both in difficulty and in how sharply they distinguish between respondents at nearby literacy levels. Model comparisons strongly reject the restriction that all questions discriminate equally. More flexible models with a lower-asymptote parameter provide little support for a mechanical random-guessing correction: the estimated lower bounds are well below the 25 percent probability implied by random choice among four options (Appendix B.4). Item-level statistics, response-option diagnostics, and information functions show that all questions contribute positively to measurement and cover a useful range of difficulty (Appendices B.5-B.6).

We construct a shortened scale optimized for content coverage and measurement performance (Appendix B.2). The objective is to preserve the information in the 30-item pool while reducing survey length. To maintain content validity, we retain three questions from each of the five core domains, resulting in a 15-item scale. Within domains, selection reflects item information, corrected item-total correlations, discrimination, and difficulty distribution, together with the substantive relevance and portability of the item content. Shortening the scale reduces respondent burden while removing questions that contribute comparatively little information about economic literacy.

The 15-item scale has high internal consistency (Cronbach's alpha = 0.83), preserves the shape of the test information function, and produces IRT-scaled scores that correlate at 0.96 with those from the 30-item pool. Its lower test information reflects the expected loss of precision from using fewer questions, while precision remains highest over the central range of economic literacy observed in the population. Tests of differential item functioning provide little evidence that the items operate differently by gender, migration background, age, or education (Appendix B.7). While the selection of 15 items involves some judgmental discretion, scores are not sensitive to sensible alternative selection criteria: the selected scale correlates with scales chosen to maximize item information at 0.97 when retaining three questions per domain and at 0.96 without this restriction; even with entirely random selection, the correlation is 0.92 (Appendix B.8).

Taken together, the evidence on dimensionality, conditional independence, reliability, item performance, test information, and measurement invariance supports the use of the 15-item scale as our main measure of economic literacy.

For settings in which survey space is constrained, we also provide an ultra-short, five-item scale. This scale retains one item from each of the five content domains and closely tracks the 15-

item scale, albeit with lower measurement precision (Appendix B.9). Appendix D.1 shows that our main results are robust to using the five-item scale. We recommend the 15-item scale when economic literacy is a central construct of interest and sufficient survey time is available. Its multiple items per domain provide broader content coverage and allow for more precise measurement. The five-item scale provides an alternative when survey space is constrained.

2.2 Data Collection, Sample, Data Quality, and Controls

Data collection and sample. The test of economic literacy was embedded in a longer survey. Respondents first answered demographic questions required for quotas and an attention check (see Appendix Table A1). This was followed by two main blocks, shown in random order: one block contained the economic-literacy module and related measures such as financial literacy and fluid IQ; the other elicited policy views, inflation expectations, and the trade-off experiment. The survey then collected additional demographic, political, and preference measures.

We implemented the survey in a sample aimed to be representative of the German resident population aged 18 to 70 regarding age, gender, federal state, employment status, and educational attainment. After recruiting participants through the survey company Talk Online Panel, we conducted the survey as an online questionnaire between November 26, 2024, and January 5, 2025. From a gross sample of 3,798 respondents, we screened out 663 participants who failed an early attention check, dropped 288 participants who did not complete the survey, and removed 118 duplicates. The resulting final sample consists of 2,729 unique responses. Quotas in the initial sampling ensured close alignment with the German population along the targeted dimensions of age, gender, region, and employment status. We observe a modest underrepresentation of respondents with low secondary education. To correct this imbalance and match the targeted population margins, we use post-stratification weights throughout the analysis (see Appendix C.1 for details on the sample, representativeness, and weighting).

Median time to complete the full survey was 29.5 minutes, ranging from 12.8 minutes at the 10^{th} percentile to 75.3 minutes at the 90^{th} percentile (see Appendix C.2.3). Median time spent on the test instrument for economic literacy was 11.5 minutes (ranging from 2.6 to 24.4 minutes).

Data quality. We implemented several measures to ensure high data quality (see Appendix C.2 for details). First, we included two attention checks: an initial screening check and a more demanding check used as a data-quality indicator in robustness analyses. Second, participants report high conscientiousness in answering the survey (Dohmen and Jagelka 2024). We find that

item nonresponse is very low, including for sensitive questions.[3] Third, analyses of response times and straightlining provide little evidence of speeding, rapid guessing, or systematic low-effort responding. Appendix D.2 shows that the main results are robust to excluding respondents with potential data-quality concerns. We replicate our main results in four restricted samples: respondents who 1) spent at least half the median time on the survey, 2) passed the second attention check, 3) reported high response conscientiousness, and 4) showed no rapid-guessing behavior in the economic-literacy module. Overall, the robustness checks suggest that our findings are not driven by inattentive or low-effort respondents. Finally, we randomized the order of the economic-literacy and policy modules to assess fatigue and order effects. Appendix D.3 shows that the main results are stable across the randomized order.

Control variables. In our analysis, we use four different sets of control variables. Control set 1 includes two survey design features, namely whether the survey was answered on a mobile device and an indicator of the random block ordering. Control set 2 includes pre-adult sociodemographic characteristics, namely gender, own school education, parental education, fluid IQ, and migration background, plus state of schooling fixed effects, as well as age. Control set 3 includes adult sociodemographic characteristics, namely post-secondary education, employment status, household income, wealth, and household size. Control set 4 includes contemporaneous variables that may generally be related to economic literacy and policy views, namely financial literacy, interest in economics, consumption of information on economics, left-right political leaning, five Global Preferences Survey (GPS) measures (risk aversion, patience, altruism, positive reciprocity, and trust), and six World Values Survey (WVS) items (views on income inequality, private business ownership, government responsibility, competition, meritocratic beliefs, and wealth accumulation). We consider the latter variables separately because some of the variables in control set 3 are likely codetermined with economic literacy, and the variables in control set 4 tend to be "bad controls" that take out variation that may stem from economic literacy. Successive inclusion of the sets of control variables still allows us to test for robustness to considering a broad set of other observables. Appendix Table A2 shows descriptive statistics of the control variables, and Appendix Table A3 shows descriptive statistics of the other variables used in our analysis.

[3] We impute missing values of continuous control variables by the mean or median and of categorical control variables by assigning a separate category, and we include missing-value indicators in the analyses. We do not impute missing values for dependent variables, implying slight variations in sample sizes across analyses.

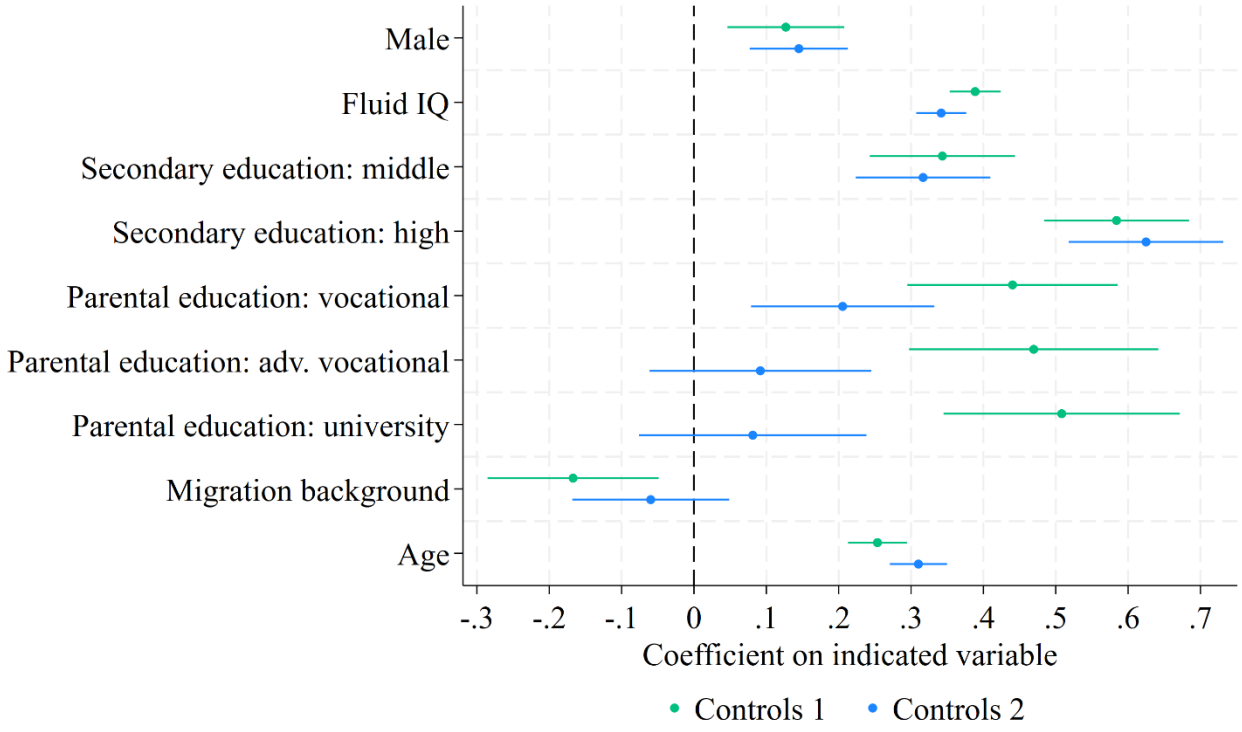
3. Descriptive Patterns of Economic Literacy

This section presents descriptive results on the distribution of economic literacy across subgroups of the population (Section 3.1) and how economic literacy is associated with views on a series of economic policies (Section 3.2).

3.1 The Distribution of Economic Literacy in the Population

Economic literacy differs strongly across sociodemographic subgroups of the voting-age population. As shown in Figure 1, men have 0.14 SD higher economic literacy than women. Such a gender gap is regularly found for financial literacy (Lusardi and Mitchell 2014, 2023) and economic education in secondary school (Oberrauch and Kaiser 2020).

Figure 1: Differences in economic literacy by sociodemographic characteristics



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing economic literacy on the indicated variables. Fluid IQ and age are standardized, all other variables are indicators. Green: conditioning only on survey design features (Controls 1: mobile device, ordering of survey blocks). Blue: additionally conditioning on the other variables in the figure (Controls 2), plus school state fixed effects.

Unsurprisingly, economics is better mastered by individuals with higher cognitive ability and schooling. A one SD increase in fluid IQ (measured by Raven-type matrices, Harris et al. 2020) is associated with a 0.34 SD increase in economic literacy. Relatedly, individuals with medium and high levels of secondary education have 0.32 and 0.62 SD higher economic literacy, respectively, than individuals with low levels of secondary education.

Parental education is positively and migration background negatively correlated with economic literacy. However, while all other variables are largely unaffected by controlling for the other sociodemographic characteristics, the coefficients on parental education and migration background become much smaller and mostly statistically insignificant when the other controls, in particular individuals' own education level, are included.

Economic literacy increases strongly with age, consistent with learning through life experience. An increase of one SD (15 years) in age is associated with 0.31 SD higher economic literacy.[4] Additional analysis indicates that economic literacy increases particularly strongly below age 30, without strong gender differences (Appendix Figure A1). After that, gender differences emerge, and economic literacy increases fairly linearly for both genders. The continuous increase of economic literacy with age contrasts with the age pattern of fluid IQ, which plateaus in the early 40s and declines at older ages (Appendix Figure A2).[5]

To further probe whether this pattern reflects learning from economically relevant experience rather than age alone, we examine whether economic literacy varies with occupational exposure to economic reasoning. We match respondents' open-field reports of their current occupation to O*NET job titles and measure each occupation's distance to economists based on 161 dimensions capturing the importance and level of abilities, skills, knowledge, and work activities across 305 occupations (see Appendix E for details). The larger the distance of individuals' occupations from economists, the lower their economic literacy. Importantly, at career start economic literacy does not yet differ between individuals in occupations with low and high similarity to economists, but a gap emerges quickly thereafter and then remains relatively stable over the life cycle (Appendix Figure E2). While people may obviously select into occupations based on their interest in

[4] Our cross-sectional data do not allow us to disentangle age and cohort effects. In principle, age differences may capture cohort effects such as educational expansion. However, the age coefficient is not reduced by conditioning on education and socioeconomic background. Given the positive association of economic literacy with education, educational expansion would anyway imply a decrease rather than an increase in economic literacy with age.

[5] Similarly, numeracy and literacy skills tend to plateau or decline much earlier, in particular for individuals who no longer use them (Hanushek et al. 2025).

economics, this pattern suggests that workplace exposure to economically relevant tasks and concepts may contribute to the accumulation of economic literacy.

Economic literacy is also associated with sociodemographic characteristics that emerge in adulthood. While the characteristics considered in Figure 1 are given prior to adulthood, other characteristics may be jointly determined with or directly affected by economic literacy. Individuals with a one SD higher economic literacy have 21 log points higher household wealth after controlling for pre-adult sociodemographic characteristics (Appendix Figure A3). They also have fewer children. While other characteristics – having a university degree, household income, and number of adults in the household – are also correlated with economic literacy (except for being employed), these associations become very small and mostly statistically insignificant when the pre-adult sociodemographic characteristics are controlled for.

Our measure of economic literacy is also correlated with other measures of economic skills and interests (Appendix Figure A4). Financial literacy is an important related concept, narrower than economic literacy, that has been shown to be associated with a wide range of economic outcomes (Lusardi and Mitchell 2011, 2014, 2023). The two concepts are strongly correlated: a one SD increase in economic literacy is associated with a 0.48 SD increase in financial literacy. Economic literacy is associated with interest in economic topics and the frequency of informing oneself about economic topics. By contrast, economic literacy is not significantly correlated with self-reported exposure to economics in high school or university. One possible explanation is that such exposure may not translate into adult economic literacy unless the material is retained and reinforced. McKee and Orlov (2025) show that economics test scores decline even shortly after economics courses, while retention is stronger when economic skills are reinforced through subsequent coursework or applied in jobs.

Economic literacy is also related to economic preferences as measured in the Global Preferences Survey (Falk et al. 2018, 2023). It is positively associated with risk aversion, patience, altruism, and positive reciprocity and negatively with trust (Appendix Figure A5).[6]

[6] The positive associations of economic literacy with risk aversion and patience are consistent with positive effects of teaching economic and financial literacy on these traits (Sutter et al. 2023). While prior research suggests more self-centered and less social behavior of individuals trained in formal economics compared to the general population (Frank et al. 1993; Fehr et al. 2006; Acemoglu et al. 2026; Ash et al. 2026), our results suggest that economic literacy does not in general relate to lower social preferences such as altruism or positive reciprocity.

In general, the indicated differences in economic literacy across various population subgroups suggest that findings in the prior literature based on samples of economics students in high school or college may not necessarily generalize to the overall population.

3.2 The Association of Economic Literacy with Political Attitudes and Policy Views

Results indicate little association between economic literacy and broad ideological orientation or basic political values that may capture underlying preferences. Conditional on basic sociodemographic characteristics, economic literacy is not associated with the commonly used left-right scale of political leaning (Appendix Figure A6); individuals with higher economic literacy are, however, less likely to hold extreme values on the scale. Similarly, there is little relation to WVS measures of attitudes toward income inequality, private business ownership, government responsibility, meritocratic beliefs, and wealth accumulation. The only exception is that individuals with higher economic literacy are more likely to think that competition is good rather than harmful. Economic literacy is not related to reporting support for any political party, but individuals with higher economic literacy are more likely to report always voting in elections and to express non-indifferent policy views (Appendix Figure A7). The latter finding is consistent with the idea that economic literacy reduces the cost of acquiring information to form policy views (Downs 1957; Riker and Ordeshook 1968; Feddersen and Sandroni 2006).

Economic literacy is more strongly associated with views on specific economic policies. In four policy domains – tax, welfare, climate, and trade policies – we elicit views on four specific policies each (16 in total). Figure 2 shows the coefficient on economic literacy from a regression where the dependent variable is whether the respondent favors the indicated policy, sequentially adding the four sets of control variables described in Section 2.2.

Interestingly, regarding tax policies, individuals with higher economic literacy tend to favor higher top-income tax rates, wealth taxes, inheritance taxes, and (marginally) corporate taxes, suggesting that they favor rather than oppose taxation of affluent groups. In terms of welfare policies, individuals with higher economic literacy tend to oppose a higher minimum wage and introducing a universal basic income, but do not differ significantly in their views on decreasing social benefits and introducing a rent price cap. Among climate policies, they are more likely to favor investments in green infrastructure, subsidies for clean technologies, and not abolishing combustion engines. The association with supporting carbon taxation is only marginally

significant. More economically literate individuals are more likely to favor lower trade barriers,[7] staying in the European Union, and incentives for high-skilled immigration, but oppose incentives for low-skilled immigration.[8]

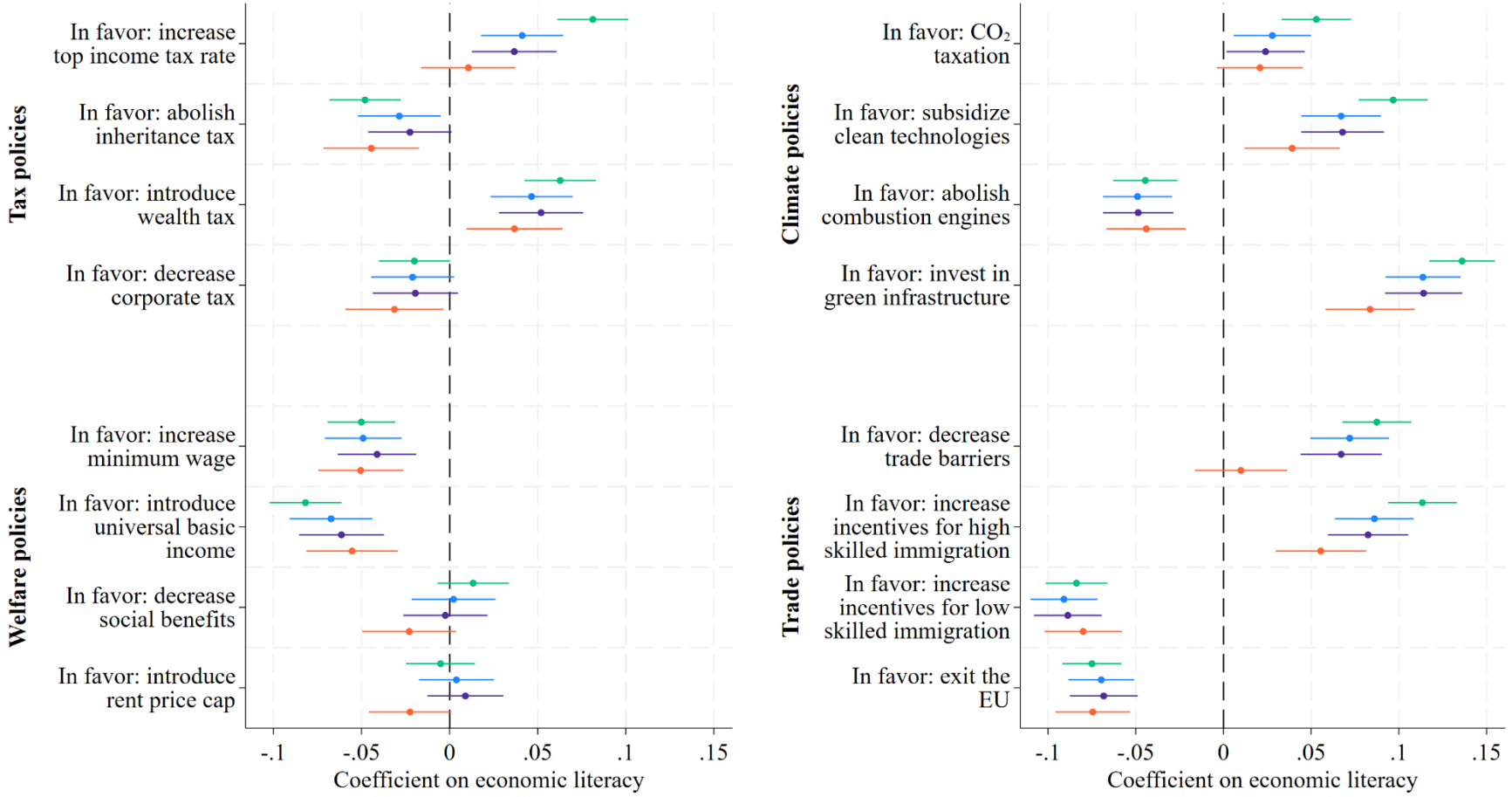
Taken together, individuals with higher economic literacy hold surprisingly differentiated policy views. When considering pairs of policies with similar goals – redistribution through wealth taxation or universal basic income, climate support through combustion engine ban or green infrastructure investments, immigration support for low- or high-skilled – economic literacy is rather unique among the considered correlates in showing opposite views within each pair (Appendix Figures A8-A12). Together with the absence of any association with left-right political leaning, this pattern underscores that economic literacy does not prescribe a single "correct" policy position. Substantial disagreement within the economics profession (Geißendörfer et al. 2025) and the influence of individual value judgments (Jelveh et al. 2024) suggest that even well-informed individuals may arrive at different conclusions when weighing economic and normative considerations.

Several of the described patterns are consistent with survey-experimental evidence showing that policy support changes when people are induced to consider specific economic mechanisms. For example, Stantcheva (2022) finds that explaining the efficiency gains from trade increases support for free trade, and Haaland and Roth (2020) show that information about the labor-market effects of immigration increases support for immigration. Regarding carbon taxation, the evidence is mixed: while some studies show that explaining efficiency considerations increases support (Dechezleprêtre et al. 2025; Jiang et al. 2026), others find no or limited effects of information interventions (Holzknecht et al. 2026).

[7] The strong drop in the coefficient for decreased trade barriers when the fourth set of controls is included is mostly driven by the inclusion of positive reciprocity, which is strongly correlated with economic literacy.

[8] For many of the policy views, economic literacy is among the strongest predictors among various correlates (see Appendix Figures A8-A12). In the specification that includes all variables simultaneously, economic literacy ranks 4.9 of 16 on average and is among the top three predictors for 7 of the 16 policy views.

Figure 2: Differences in policy views by economic literacy



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from linear probability models regressing the indicated policy views on economic literacy. The dependent variable is binary: favoring a policy refers to answering “rather in favor” or “strongly in favor” on a five-point Likert scale ranging from 1 (“strongly in favor”) to 5 (“strongly against”). See Appendix Table A2 for a description of the control variables.

4. Economic Literacy and the Formation of Expectations and Policy Views

This section provides evidence consistent with an important role of economic literacy in the formation of expectations and policy views that are beneficial for individuals.[9]

4.1 Conceptual Framework: Informational Constraints in Forming Policy Views

Economic literacy may improve individuals' ability to form policy views that are well aligned with their underlying preferences. Consider a conceptual framework where individuals have underlying preferences for economic outcomes such as their own and others' economic situation, reflecting their concerns about efficiency, distribution, and fairness. They aim to form policy views consistent with their underlying preferences. In a democratic process, these policy views are transformed into actual policies, which in turn affect economic outcomes. Individuals' utility depends on the alignment of their preferences with ultimate outcomes.

The extent to which individuals can form policy views that are consistent with their underlying preferences is constrained by their ability to process relevant information, their understanding of economic mechanisms, and their beliefs about how policies affect economic outcomes. This is where economic literacy comes into play: it reduces the costs of acquiring and processing policy-relevant information (Downs 1957; Matějka and Tabellini 2021) and facilitates the formation of coherent beliefs. For example, economic literacy may improve individuals' understanding of economic implications such as redistributive consequences, inefficiencies, and incentive and equilibrium effects (Stantcheva 2021, 2022; Dal Bó et al. 2018; Nunnari et al. 2024). Thereby, it improves the mapping of individuals' underlying preferences to their policy views, and thus ultimately to their voting decisions and other political choices. To the extent that economic literacy improves the alignment between preferences and economic outcomes, it is beneficial for individuals.

In the following, we study three aspects in which economic literacy may affect individuals' information and beliefs in ways that improve the mapping of policies and outcomes to their preferences. We assess whether economic literacy is related to more accurate expectations about key economic variables (Section 4.2), whether respondents with higher economic literacy react differently when policy proposals include explicit information about trade-offs (Section 4.3), and

[9] Results in Appendix D.2 show that the findings presented in this section are robust to restricting the analyses to highly attentive participants based on several attention indicators.

whether economic literacy is associated with better alignment between underlying preferences, policy views, and voting decisions (Section 4.4).

4.2 Economic Literacy and Expectations

This section studies the role of economic literacy in forming economic expectations, investigating its association with inflation expectations (Section 4.2.1) and whether it relates to the extent to which individuals' assessment of the overall economic situation relies on their personal experience (Section 4.2.2).

4.2.1 Economic Literacy and Inflation Expectations

Expectations about key economic variables are a central input into economic decision-making. More accurate expectations can improve households' choices, shape wage-setting, price-setting, and investment decisions in firms, and affect the information environment in which policymakers and public institutions operate. Subjective inflation expectations are particularly important because they influence behavior in ways that can feed back into macroeconomic outcomes, especially when expectations are weakly anchored or when they are shaped by selective attention and personal experience rather than by aggregate economic information (Cavallo et al. 2017; Kuchler and Zafar 2019; D'Acunto et al. 2021, 2024; Andre et al. 2022, 2026a). For instance, Coibion and Gorodnichenko (2026) argue that the inflation expectations of many economic agents have remained unanchored, and that this unanchored nature of inflation expectations helps account for the recent inflation surge and subsequent disinflation.

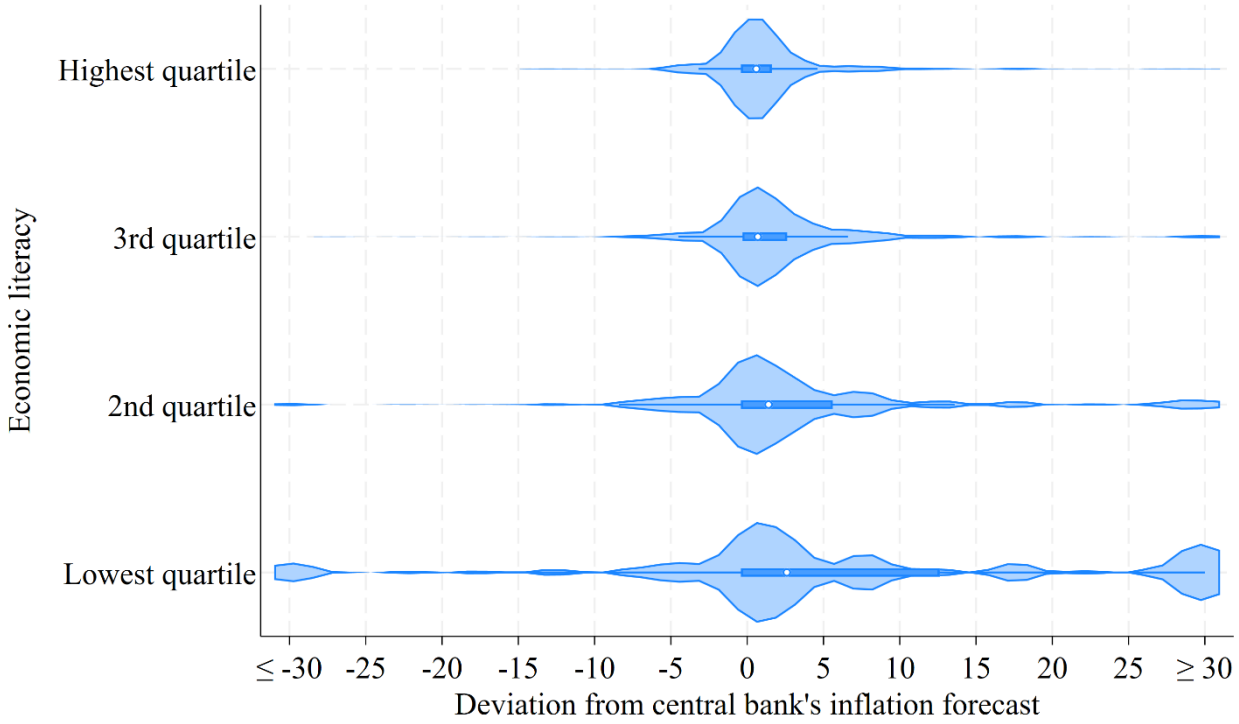
Economic literacy may help individuals process economic information, understand inflation dynamics, and form expectations that are closer to expert forecasts. We therefore examine whether individuals with higher economic literacy report twelve-month inflation expectations closer to the official German central bank forecast at the time of the survey.[10]

Individuals with higher economic literacy show both a substantially lower deviation of their inflation forecast from the official one and substantially lower variance in their predictions. Figure 3 plots the distribution and boxplots of the difference between individuals' inflation forecasts and the German central bank's official forecast for the four quartiles of economic literacy. If an

[10] The German central bank's projection in December 2024 for inflation in 2025, which serves as our benchmark, was 2.4 percent (Deutsche Bundesbank 2024). The realized harmonized consumer price inflation (HICP) in 2025 was 2.3 percent (annual average; Destatis 2026), so the official forecast was also close to the actual inflation rate over the forecast horizon.

individual's forecast is the same as the central bank's, the difference is zero. Results indicate substantial deviation from the official forecast that increases with lower economic literacy. The median absolute forecast error compared to the official forecast in the lowest quartile of economic literacy (7.4 ppts) is more than nine times as large as in the highest quartile of economic literacy (0.8 ppts). Furthermore, the SD of the absolute prediction error increases more than fivefold from the highest to the lowest quartile of economic literacy (from 3.8 to 19.9).

Figure 3: Economic literacy and the deviation of individual inflation expectations from official inflation forecast



Notes: The figure shows violin plots (kernel densities and boxplots) of the deviation between individuals' one-year inflation forecast and the one-year inflation forecast of the German central bank in December 2024. N = 2,718.

The negative association between economic literacy and the deviation of individuals' inflation forecast from the official one is robust to controlling for other observables. Table 1 regresses the absolute deviation from the central bank forecast on economic literacy, successively adding the four sets of control variables described in Section 2.2. Some of the variables are likely codetermined with economic literacy (in control set 3), and some variables are "bad controls" that

take out variation that may well originate from economic literacy (in control set 4). Still, columns 1-4 show that the strong and statistically significant negative association between the forecast deviation and economic literacy is robust, declining only somewhat from -4.9 in column 1 to -3.7 in column 4.[11]

The association of economic literacy with more accurate inflation expectations is also robust to conditioning on related cognitive and financial skills. Both fluid IQ and financial literacy have been shown to be related to inflation expectations (Bruine de Bruin et al. 2010; D'Acunto et al. 2023). Also in our analysis, the two concepts are each negatively associated with forecast errors when entered separately (columns 5 and 6 of Table 1). When these two measures are entered together with economic literacy (column 7), economic literacy remains strongly predictive of more accurate inflation expectations. Thus, the result that individuals with higher economic literacy have more accurate inflation expectations does not simply reflect that they have higher general cognitive ability or higher financial literacy. In fact, fluid IQ loses explanatory power once economic and financial literacy are included in the model. Financial literacy remains significantly related to more accurate inflation expectations when economic literacy is included, as might be expected given that understanding inflation is one of the three items in the measurement of financial literacy. In this model, the coefficient on economic literacy (-2.9) is larger in absolute value than the coefficient on financial literacy (-1.7) (p = 0.054). The results suggest that economic literacy captures a distinct component of economic understanding that is relevant for forming inflation expectations.[12]

[11] Because of a general imperviousness of qualitative results to the inclusion of control sets 3 and 4, in the following we directly include all four control sets together.

[12] Appendix Table A4 shows that the negative association between economic literacy and forecast deviations also holds in median regressions, indicating that the result is not driven by outliers in inflation expectations.

Table 1: Economic literacy and the deviation of individual inflation expectations from official inflation forecast

	Controls 1	+ controls 2	+ controls 3	+ controls 4	Fluid IQ	Financial literacy	All controls
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Economic literacy	-4.944***	-4.389***	-4.102***	-3.732***			-2.913***
	(0.335)	*(0.323)*	*(0.319)*	*(0.329)*			*(0.354)*
Fluid IQ					-1.172***		0.016
					(0.265)		*(0.259)*
Financial literacy						-2.921***	-1.743***
						(0.358)	*(0.382)*
Controls 1	yes	yes	yes	yes	yes	yes	yes
Controls 2 (w/o fluid IQ)	no	yes	yes	yes	yes	yes	yes
Controls 3	no	no	yes	yes	yes	yes	yes
Controls 4 (w/o financial literacy)	no	no	no	yes	yes	yes	yes
Mean of dependent variable	7.356	7.356	7.356	7.356	7.356	7.356	7.356
R^2	0.15	0.18	0.22	0.25	0.21	0.24	0.26
N	2,718	2,718	2,718	2,718	2,718	2,718	2,718

Notes: This table reports coefficients from OLS regressions. The dependent variable is the absolute deviation between individuals' one-year inflation forecast and the German central bank's one-year inflation forecast from December 2024. Controls 1: survey design features (mobile device, ordering of survey blocks); Controls 2: pre-adult sociodemographic characteristics (gender, migration background, parental education (4 categories), secondary-education degree (3 categories), school state fixed effects, age; note that fluid IQ is added separately in column 5); Controls 3: adult sociodemographic characteristics (post-secondary education (8 categories), employment status (8 categories), household income (13 brackets), household wealth (7 brackets), and household size (number of children and adults); Controls 4: contemporaneous variables (interest in economics, information about economics, left-right political leaning, five GPS measures (risk aversion, patience, altruism, positive reciprocity, and trust), six WVS items (views on income inequality, private business ownership, government responsibility, competition, meritocratic beliefs, and wealth accumulation); note that financial literacy is added separately in column 6). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

A potential concern with these results is that economic literacy and the other two concepts are measured with different degrees of precision. While our economic literacy measure is based on 15 underlying items, fluid IQ is measured by three Raven-type matrices, and financial literacy is measured by the so-called "big three" item battery (Kaiser et al. 2026). To allow for comparable measurement, we also obtain the results using the ultra-short, five-item scale to measure economic literacy that contains only one item from each of the five underlying domains (see Appendix B.9 for details). Results in Appendix Table D1 are very similar to the results in Table 1, with somewhat smaller point estimates on the coefficients on economic literacy. Importantly, the estimate on economic literacy remains large and highly significant in the model that also includes fluid IQ and financial literacy, and the estimate on IQ remains very small and insignificant. The main difference in this specification is that the significant coefficients on economic and financial literacy are of the same order of magnitude, suggesting that the two related concepts are similarly predictive of inflation-expectation accuracy.

4.2.2 Economic Literacy and Subjectivity in Assessing the Economy

A growing body of research shows that people often form views about the economy from their own experiences. For instance, beliefs about labor-market conditions, housing prices, and the broader economy have been shown to respond to local and personal economic circumstances (Ansolabehere et al. 2014; Kuchler and Zafar 2019), while inflation expectations have been shown to be shaped by the price changes encountered in own consumption bundles (Cavallo et al. 2017; D'Acunto et al. 2021). Using experience for belief formation may be useful when it contains relevant information. However, it can also lead to biased assessments when individuals extrapolate from non-representative or salient signals. Importantly, people have been shown to overweight personally observed information even when more informative statistics are available (Cavallo et al. 2017). This suggests that deviations from accurate macroeconomic beliefs reflect not only rational inattention, but also systematic mis-weighting of own relative to aggregate information.

We therefore examine whether economic literacy is associated with a greater ability to distinguish between one's own economic situation and the general state of the economy. In our survey, we asked individuals to assess their current economic situation and Germany's economic situation on a five-point scale from "very good" to "very bad" (recoded for the analysis so that higher values indicate a better assessment). If more economically literate individuals pay more attention to the overall economic situation and less often use their own economic situation as an

anchor, the association between the assessment of the overall economic situation and an individual's own economic situation should be weaker among those who are more economically literate. To assess this, we estimate the following model:

$$EconSitGer_i = \beta_0 + \beta_1 OwnEconSit_i + \beta_2 EL_i + \beta_3 (OwnEconSit_i * EL_i) + \boldsymbol{X_i \beta_4} + \varepsilon_i \quad (1)$$

where $EconSitGer_i$ is respondent i's assessment of the economic situation in Germany and $OwnEconSit_i$ is the respondent's assessment of their own economic situation. EL_i is the individual's economic literacy, X_i are control variables, and ε_i is the error term.

Table 2 reports the results. Among individuals with average economic literacy, a one SD more positive evaluation of their own economic situation is linked to a 0.35 SD more positive evaluation of Germany's economic situation (column 1). The negative main effect of economic literacy indicates that, conditional on own economic situation and the full set of controls, more economically literate individuals assess Germany's economic situation less favorably. This is plausible given Germany's weak macroeconomic performance since 2023, of which more economically literate individuals may be more aware.

Importantly, the association between the assessments of one's own and the Germany-wide economic situation decreases significantly with economic literacy. For example, the implied association between own and aggregate assessments is 0.44 for respondents 1 SD below average economic literacy, but only 0.25 for respondents 1 SD above average economic literacy. Without including economic literacy, fluid IQ also shows a significant negative interaction with own economic situation (column 2 of Table 2). However, this interaction becomes small and statistically insignificant once economic literacy is included, whereas the coefficients on economic literacy and its interaction hardly change (column 3). The coefficients on the interaction terms with economic literacy and fluid IQ are significantly different from each other ($p = 0.004$). Thus, intelligence does not play the same moderating role as economic literacy.[13]

[13] While we probe the robustness of interactions with economic literacy to the inclusion of interactions with fluid IQ throughout in order to rule out that the former simply reflects differences in intelligence, we refrain from including interactions with financial literacy since it overlaps in content with economic literacy, making interpretation much more difficult. However, all interactions with economic literacy shown in Tables 2-5 are in fact robust to including equivalent interactions with financial literacy.

Table 2: Economic literacy and the relationship between assessing the own and the overall economic situation

	(1)	(2)	(3)
Own economic situation	0.346***	0.362***	0.346***
	(0.023)	*(0.024)*	*(0.023)*
Own economic situation * economic literacy	-0.098***		-0.095***
	(0.018)		*(0.019)*
Economic literacy	-0.053**		-0.058**
	(0.024)		*(0.025)*
Own economic situation * fluid IQ		-0.045**	-0.009
		(0.018)	*(0.019)*
Fluid IQ		0.001	0.015
		(0.018)	*(0.019)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes
R^2	0.36	0.35	0.36
N	2,729	2,729	2,729

Notes: This table reports OLS estimates based on equation (1). The dependent variable is the assessment of the current economic situation in Germany (standardized, based on a five-point scale from "very bad" to "very good"). Own economic situation: assessment of the current personal economic situation (same metric). See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

4.3 Economic Literacy and Reaction to Salience of Policy Trade-Offs

Another way in which economic literacy may affect policy views is by shaping how individuals process information about policy trade-offs. Many policies involve competing objectives: a policy may advance one goal while imposing costs on another dimension. Evaluating policies therefore requires individuals to consider not only the intended benefit of a policy, but also its potential side effects. The literature on information processing suggests that individuals focus on information relating to own payoffs that is immediate or salient, while potentially neglecting information on complex, diffuse, or delayed consequences (Stigler 1961; Sims 2003; Bordalo et al. 2013, 2016; Gabaix 2014). Relatedly, evidence on equilibrium neglect shows that people underappreciate how policies change behavioral adjustments and equilibrium effects (Dal Bó et al. 2018; Andre et al. 2026b; Dreyfuss 2026). Economic literacy may help individuals understand and incorporate information on trade-offs when forming policy views. Survey-experimental evidence shows that making economic mechanisms and trade-offs salient can affect policy support, for example, with regard to education policy (Lergetporer et al. 2018), immigration (Haaland and Roth 2020), trade policy (Stantcheva 2022), price regulation (Elías et al. 2026), and environmental policy instruments (Jiang et al. 2026).

We examine whether respondents with higher economic literacy react differently when trade-offs inherent in policies are made salient. We conduct an experiment in which we vary whether a policy proposal is presented with or without an explicit trade-off statement. Respondents either see only the policy position or also receive information about a potential cost or unintended consequence of that policy. First, we expect that receiving trade-off information reduces support for a policy. Second, we hypothesize that the effect of receiving this information varies with economic literacy. However, the relationship between economic literacy and the reaction to receiving the information is theoretically ambiguous. On the one hand, individuals with higher economic literacy may be better able to understand and incorporate trade-off information once it is provided. If so, explicit trade-off statements may have stronger effects among the economically literate, either because they are more capable of incorporating new trade-off information or because priming them about the trade-off brings preexisting trade-off considerations to the top of their minds. On the other hand, individuals with higher economic literacy may already take relevant trade-offs into account when forming policy views. In this case, making these trade-offs

explicit should mainly affect individuals with lower economic literacy, whose initial views may incorporate side effects to a lesser extent.

The experimental design is as follows. For each of the four policy statements listed below, respondents were randomly assigned to one of two groups: a control group that saw only the policy position and a treatment group that saw the expanded version of the same proposal with the trade-off statement, which is indicated in brackets here:

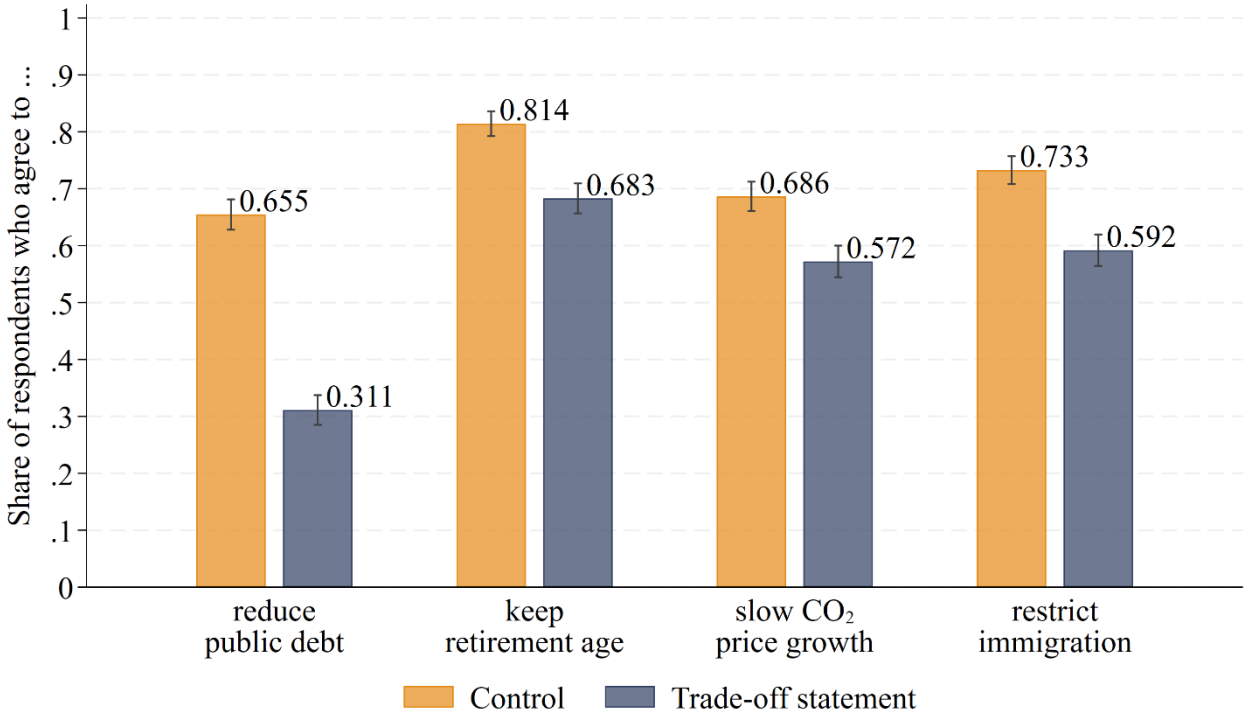
1. The government should reduce public debt, [even if this could mean reducing social spending and investments or increasing taxes.]
2. The government should not raise the current retirement age, [even if this could mean that pension contributions increase or that the funding of pensions for future generations is not fully secured.]
3. The carbon price should not increase too quickly to prevent bad effects on economic growth, [even if thereby the two-degree climate target may not be reached in time.]
4. The government should limit the number of immigrants to Germany, [even if this could exacerbate the labor shortage and the negative effects of demographic change.]

Randomization was implemented at the statement level, so that each respondent may receive the treatment version of some statements and the control version of others. Respondents indicate their level of agreement with each policy statement using a five-point Likert scale ranging from 1 ("strongly agree") to 5 ("strongly disagree"). This design allows us to compare treatment and control groups within each policy statement and, when pooling across statements, to include individual fixed effects that exploit within-respondent variation of exposure to trade-off information. Appendix Figure A13 shows that predetermined respondent characteristics do not predict assignment to any of the trade-off statements, supporting the validity of the experimental design.

Figure 4 illustrates how the trade-off statements affect individuals' support for the policy positions on average. Making the potential costs or unintended consequences of a policy salient significantly reduces support in all four domains. The decline is largest for reducing government debt: support falls from 65.5 percent in the control group to 31.1 percent when respondents are informed that debt reduction may require lower social spending, lower investment, or higher taxes. The trade-off statements also significantly reduce support in the other three domains: by 13.1 ppts

for not raising the current retirement age, 11.4 ppts for slowing CO_2 price growth, and 14.1 ppts for restricting immigration.[14]

Figure 4: Effects of trade-off statements on policy support



Notes: This figure plots control and treatment group means and 95-percent confidence intervals (based on robust standard errors) from regressing support for the respective policy on a dummy indicating whether the respondent saw the respective trade-off statement. Policy support: (strongly) agrees with the respective policy (binary, equal to 1 if respondent selects 1 "strongly agree" or 2 "agree somewhat" on the five-point Likert scale).

To investigate whether economic literacy moderates the effect of the trade-off statements, we estimate the following linear probability model for each of the four policy proposals:

[14] Our within-subject experimental design with a fixed ordering of the four policy proposals and orthogonal randomizations allows us to test for spillover effects of treatment in previous policy statements on support for subsequent policies. Results in Appendix Table A5 show some evidence that the first and strongest trade-off statement, on implications of reduced government debt, affects responses to the subsequent retirement-age proposal, but little evidence of spillover effects beyond this case. In addition, there is a marginally significant interaction between the two treatments in this case, but no significant interactions between the respective trade-off statements and the number of previously seen trade-off statements in the other cases (see Appendix Table A6).

$$Support_i = \beta_0 + \beta_1 TradeOff_i + \beta_2 EL_i + \beta_3 (TradeOff_i * EL_i) + \boldsymbol{X_i \beta_4} + \varepsilon_i \qquad (2a)$$

where $Support_i$ is a dummy indicating whether respondent i agrees with the respective policy proposal, and $TradeOff_i$ indicates whether respondent i was shown the statement on the potential trade-off for the policy. We also pool the four policy proposals p to estimate:

$$Support_{ip} = \beta_0 + \beta_1 TradeOff_{ip} + \beta_2 \left(TradeOff_{ip} * EL_i\right) + \delta_p + \alpha_i + \varepsilon_{ip} \qquad (2b)$$

where δ_p are fixed effects for policy proposals, and the orthogonal randomization across policy proposals allows us to include individual fixed effects α_i in the specification.

Results show that individuals with higher economic literacy respond more strongly to the trade-off information. Columns 1-4 in Table 3 indicate that the interaction of the respective trade-off statement with economic literacy is negative for all four policy proposals and statistically significant for three of them. Results that pool the four policy proposals are shown in column 5 without and in column 8 with individual fixed effects. In the latter, preferred specification, the trade-off statements reduce policy support by an average of 16.4 ppts. The significant interaction with economic literacy indicates that this treatment effect increases (in absolute terms) by 4.9 ppts for each SD in economic literacy. That is, the trade-off statement reduces support by 11.5 ppts for individuals 1 SD below the average economic literacy level and by 21.3 ppts for individuals 1 SD above it.

Fluid IQ also shows a significant negative interaction with the trade-off treatment, but this disappears once economic literacy is included in the model. When included separately in columns 6 and 9 of Table 3, the coefficient on the interaction term between the trade-off statements and fluid IQ is only about half the size of the one for economic literacy. When both interactions are included in columns 7 and 10, only the interaction with economic literacy remains strong and statistically significant, indicating that this result does not emerge because more economically literate individuals also have higher cognitive abilities. The coefficients on the interaction terms with economic literacy and fluid IQ are significantly different from each other ($p = 0.019$). Overall, the survey experiment suggests that economic literacy shapes how individuals incorporate decision-relevant information about policy trade-offs into their policy views.

Table 3: Economic literacy and the effect of trade-off statements on policy support

	Reduce government debt	Keep retirement age	Slow CO_2 price growth	Restrict migration	Four policies pooled			Four policies pooled with individual fixed effects		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Treatment	-0.331***	-0.138***	-0.104***	-0.136***	-0.176***	-0.177***	-0.176***	-0.164***	-0.164***	-0.164***
	(0.019)	*(0.017)*	*(0.019)*	*(0.018)*	*(0.009)*	*(0.009)*	*(0.009)*	*(0.011)*	*(0.011)*	*(0.011)*
Treatment * economic literacy	-0.024	-0.057***	-0.035*	-0.038**	-0.044***		-0.043***	-0.049***		-0.046***
	(0.019)	*(0.019)*	*(0.019)*	*(0.019)*	*(0.010)*		*(0.011)*	*(0.012)*		*(0.013)*
Economic literacy	-0.092***	0.009	-0.037**	-0.037**	-0.037***		-0.034***	–		–
	(0.016)	*(0.014)*	*(0.016)*	*(0.015)*	*(0.009)*		*(0.009)*			
Treatment * fluid IQ						-0.018**	-0.003		-0.025**	-0.008
						(0.009)	*(0.010)*		*(0.011)*	*(0.012)*
Fluid IQ						-0.014**	-0.012		–	–
						(0.007)	*(0.008)*			
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes	yes	–	–	–
Experiment fixed effects					yes	yes	yes	yes	yes	yes
Individual fixed effects					no	no	no	yes	yes	yes
R^2	0.23	0.14	0.15	0.21	0.16	0.15	0.16	0.46	0.46	0.46
N	2,726	2,726	2,726	2,726	10,904	10,904	10,904	10,904	10,904	10,904

Notes: This table reports estimates based on equations (2a) and (2b). In columns 5-10, the data are arranged as a respondent-policy panel with four observations per respondent, one for each of the four policy statements indicated in the headers of columns 1-4. The dependent variable is an indicator equal to one if the respondent strongly agrees or agrees somewhat with the respective policy statement (original scale: 1 "strongly agree" to 5 "strongly disagree"). Treatment is randomly assigned at the policy-statement level and indicates that the respondent was shown information about a potential trade-off related to the policy proposal. See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors (clustered at the individual level in columns 5-10) in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

4.4 Economic Literacy and Coherence in Political Behavior

An implication of Downs' (1957) economic theory of democracy is that people's voting decisions are influenced by how close their own position is to the positions of political parties in a policy or ideological space. On average, this proposition has received ample empirical support (Poole and Rosenthal 1984; Westholm 1997; Jessee 2009; Artiga González and Granic 2020). For this mechanism to operate at the individual level, voters must be able to form consistent policy views, understand parties' policy positions, and assess their proximity to these parties. Acquiring and processing political information is costly, even when high-quality official information is available (Ash et al. 2025). Economic literacy may help individuals understand policy consequences, identify which policies are aligned with their underlying preferences, and evaluate parties' policy positions. The final part of our analysis examines whether economic literacy is indeed associated with greater coherence between individuals' underlying preferences, policy views, and political choices. Section 4.4.1 studies the alignment between redistributive preferences and support for redistributive policies and parties, and Section 4.4.2 studies the alignment between individuals' policy views and support for political parties.

4.4.1 Economic Literacy as Moderator between Preferences and Support for Policies and Parties

A fundamental question is whether economic literacy helps individuals translate their underlying preferences into concrete policy views and political choices. In our empirical application, we focus on redistributive preferences, which are a central object of study because they shape support for tax-and-transfer policies and are closely related to political behavior (Alesina and Giuliano 2011; Luttmer and Singhal 2011; Alesina et al. 2018; Kerschbamer and Müller 2020). For example, Fisman et al. (2017) show that individuals who place greater weight on equality are more likely to have voted for Barack Obama and to identify with the Democratic Party. Building on these insights, we ask whether individuals with stronger general redistributive preferences are more likely to support redistributive policy measures and parties with more redistributive policy platforms, and whether this relationship is stronger among individuals with higher economic literacy. If economic literacy helps individuals understand the implications of economic policies and party platforms, underlying redistributive preferences should be more closely reflected in concrete policy and party support.

To measure underlying redistributive preferences, we use two WVS items on desired income equality and the responsibility of government in providing for citizens. The first item asks respondents to position themselves between 1, "income differences should decrease," and 10, "we need larger income differences as an incentive for individual effort." The second item asks respondents to position themselves between 1, "government should take more responsibility to ensure that everyone is provided for," and 10, "people should take more responsibility to provide for themselves." We code both items such that higher values indicate stronger redistributive preferences and average them into a standardized index. This measure captures broad redistributive orientations rather than support for any particular policy and has been used in the literature to measure preferences for redistribution (Alesina and Giuliano 2011; Chinoy et al. 2026).

For the policy outcome, we construct a count measure of support for redistributive tax and welfare policies using eight policy items: supporting an increase in the top income tax rate and the introduction of a wealth tax, opposing the abolition of the inheritance tax and a decrease in the corporate tax, supporting an increase in the minimum wage, the introduction of a universal basic income, and of a rent price cap, and opposing a decrease in social benefits (see Figure 2). The count adds one for each policy for which the respondent takes the redistributive position, i.e., is rather or strongly in favor of the policy or, for the three policies where redistribution corresponds to opposition, is rather or strongly against it. For the party outcome, we construct an indicator equal to one if respondents report support for a party with a redistributive policy platform according to the Chapel Hill Expert Survey (CHES; Rovny et al. 2025).

We estimate the following specification:

$$Y_i = \beta_0 + \beta_1 RedistPref_i + \beta_2 EL_i + \beta_3 (RedistPref_i * EL_i) + \boldsymbol{X_i \beta_4} + \varepsilon_i \qquad (3)$$

where Y_i is either the count of the number of redistributive policies that individual i supports or their support for a redistributive party. $RedistPref_i$ are the standardized underlying redistributive preferences of individual i. The other right-hand side variables are defined as before.

Results show that higher economic literacy is indeed associated with a closer alignment between underlying redistributive preferences and support for redistributive policies. As expected, the first row in column 1 of Table 4 shows a strong association between individuals' general redistributive preferences and their support for redistributive policies. For individuals with average economic literacy, a one SD increase in redistributive preferences is associated with support for

0.60 additional redistributive policies. Importantly, the significant interaction with economic literacy indicates that this association is substantially stronger among individuals with higher economic literacy. For individuals whose economic literacy is 1 SD above (below) the mean, a one SD increase in redistributive preferences is associated with support for 1.00 (0.20) additional redistributive policies. As before, we examine whether this moderating role of economic literacy simply reflects higher cognitive ability. Columns 2 and 3 show that the interaction with fluid IQ is much smaller when included without interacted economic literacy and becomes very small and statistically insignificant when both interactions are included in the model.

Columns 4-6 of Table 4 show a similar pattern for support for a redistributive party. Among individuals with average economic literacy, a one SD increase in general redistributive preferences is associated with a 3.0 ppts higher probability of supporting a party with a redistributive platform. This association is again significantly stronger among individuals with higher economic literacy; a one SD increase in economic literacy doubles the association. In sum, the results suggest that economic literacy strengthens the alignment between underlying redistributive preferences and support for redistributive policies and parties.

4.4.2 Economic Literacy as Moderator between Policy Views and Political Party Support

Finally, we examine whether economic literacy also strengthens the link between respondents' ideological and policy positions and their support for political parties. This analysis differs from the previous one in that it asks whether policy positions map into support for parties with similar positions across multiple domains. Recent work shows that the traditional class-based structure of voting has become increasingly fragmented, with higher-educated voters shifting toward left-wing parties while high-income voters continue to lean toward right-wing parties in many Western democracies (Gethin et al. 2022). As party competition has become more multidimensional, translating economic-policy views into party support may have become less straightforward. In such a multidimensional policy space, economic literacy may matter because it helps voters evaluate parties' economic-policy positions and assess which parties are closest to their own views.

Table 4: Economic literacy and the relationship between redistributive preferences and support for redistributive policies and parties

	Support for redistributive policies			Support for redistributive party		
	(1)	(2)	(3)	(4)	(5)	(6)
Redistributive preferences	0.599***	0.591***	0.601***	0.030***	0.030***	0.030***
	(0.036)	*(0.037)*	*(0.036)*	*(0.010)*	*(0.010)*	*(0.010)*
Redistributive preferences * economic literacy	0.401***		0.395***	0.032***		0.030***
	(0.034)		*(0.036)*	*(0.010)*		*(0.010)*
Economic literacy	0.079*		0.068	0.006		0.005
	(0.045)		*(0.046)*	*(0.012)*		*(0.012)*
Redistributive preferences * fluid IQ		0.154***	0.020		0.016*	0.006
		(0.034)	*(0.034)*		*(0.009)*	*(0.009)*
Fluid IQ		0.034	0.041		0.006	0.006
		(0.037)	*(0.037)*		*(0.009)*	*(0.010)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes
Mean of dependent variable	3.789	3.789	3.789	0.348	0.348	0.348
R^2	0.34	0.30	0.34	0.23	0.23	0.23
N	2,727	2,727	2,727	2,710	2,710	2,710

Notes: This table reports OLS estimates based on equation (3). Dependent variable in columns 1-3: number of redistributive policies favored (from 0 to 8; neutral answers ("neither for nor against") count as 0 also for the three included reversed items); columns 4-6: support for a political party with a redistributive policy platform (equal to one if the respondent supports BSW, Die Grünen, Die Linke, or SPD, and zero if they support another or no party). Redistributive preferences: standardized, based on two WVS items. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables except for the two WVS redistribution items). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

For the analysis, we combine three pieces of information. First, we use respondents' reported long-term party support, elicited by asking which party they generally sympathize with. Respondents could choose among the parties in the federal parliament, name another party, or indicate not having a preference. Second, we use respondents' position on the left-right scale and their policy positions in domains with important economic implications: trade protectionism, EU membership, immigration, and climate policy (see Figure 2). Third, we use CHES expert ratings to measure parties' positions on the corresponding policy dimensions (Rovny et al. 2025). Appendix Table A7 provides a comparison of the measurement items in our and the CHES survey. The nine parties included in CHES received 97 percent of the votes in the last German federal election, and the party support that respondents reported in our survey, which took place two months before the election, matches the final vote shares remarkably well (Appendix Table C3).

We calculate the distance $Dist_{ij}$ between the policy or ideological position of individual i and party j in several steps. First, we rescale each policy or ideological position of respondents and each expert assessment to range from 0 to 1. We then construct a respondent-party dataset with nine observations per respondent, one for each party. For each respondent-party pair, we calculate the absolute distance between the respondent's position and the party's position on each dimension. The overall distance $Dist_{ij}$ is the average of these dimension-specific distances. Thus, a distance of zero would indicate that the respondent and the party have the same position on all dimensions, and a distance of one would indicate the greatest possible difference on each of the dimensions. For the regression analysis, we standardize the overall distance to mean zero and SD one across respondent-party pairs, so that coefficients refer to a one SD increase in distance.

To empirically assess the proposition that economic literacy increases the coherence of voting choices, we estimate the following pooled linear probability model using OLS:

$$P_{ij} = \beta_0 + \beta_1 Dist_{ij} + \beta_2 EL_i + \beta_3 \left(Dist_{ij} * EL_i\right) + \boldsymbol{X_i \beta_4} + \delta_j + \varepsilon_{ij} \quad (4)$$

where P_{ij} is a dummy indicating whether respondent i supports party j. $Dist_{ij}$ is the calculated average distance between individual i and party j. δ_j are party fixed effects, and the other right-hand side variables are again defined as before.

Results show that economic literacy is related to a closer alignment between individuals' policy views and those of the parties they sympathize with. Table 5 reports the results of estimating

equation (4). Column 1 shows that for individuals with average economic literacy, a one SD increase in distance to a party reduces the probability of supporting that party by 7.3 ppts. The interaction with economic literacy is negative and statistically significant, indicating that party proximity matters more for individuals with higher economic literacy. The magnitude is substantial. For individuals 1 SD below the mean of economic literacy, a one SD increase in distance to a party is associated with a 5.8 ppts lower probability of supporting that party. For individuals 1 SD above the mean, the corresponding association is 8.8 ppts. Thus, moving from low to high economic literacy increases the extent to which party support declines with ideological and policy distance by about 50 percent. Again, the moderating role of economic literacy cannot be explained by general cognitive ability. While the interaction between distance and fluid IQ is significant when included on its own (Table 5, column 2), it becomes much smaller and only marginally significant once the interaction with economic literacy is included (column 3). The coefficients on the interaction terms with economic literacy and fluid IQ are significantly different from each other ($p < 0.001$).

Columns 4-8 show that the pattern is similar across the dimensions included in the average: economic literacy significantly strengthens the relationship between party support and distance on the left-right positioning, on protectionism, EU integration, immigration, and climate policy. Thus, the result holds for each of the individual economic-policy dimensions as well as for the general left-right position, which captures broader ideological alignment beyond specific economic-policy items. Overall, the results suggest that economic literacy strengthens the alignment between individuals' policy positions and their party support, above and beyond general cognitive ability.

5. Conclusions

Understanding economic policy is a complex task. For example, economic policies are often characterized by trade-offs between competing objectives. Economic literacy may facilitate the understanding of trade-offs by enabling individuals to better grasp the mechanisms and consequences of different policies. Higher economic literacy may thus enhance the quality of democratic opinion formation and electoral decision-making.

Table 5: Economic literacy and the relationship between distance to political party positions and support for the parties

	Average			Left-right	Protect-ionism	EU	Immi-gration	Climate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Distance to party position	-0.073***	-0.073***	-0.073***	-0.056***	-0.002	-0.045***	-0.034***	-0.050***
	(0.002)	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Distance to party position * economic literacy	-0.015***		-0.014***	-0.017***	-0.005***	-0.014***	-0.009***	-0.013***
	(0.002)		*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Economic literacy	-0.007***		-0.006***	-0.004***	-0.003***	-0.005***	-0.005***	-0.003*
	(0.002)		*(0.002)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.002)*
Distance to party position * fluid IQ		-0.008***	-0.003*	-0.002	-0.002	0.001	-0.003	-0.003*
		(0.001)	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Fluid IQ		-0.004***	-0.003**	-0.002	-0.002**	-0.002*	-0.003**	-0.002
		(0.001)	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes	yes	yes
Party fixed effects	yes	yes	yes	yes	yes	yes	yes	yes
R^2	0.09	0.09	0.09	0.08	0.05	0.07	0.06	0.08
N	24,390	24,390	24,390	24,390	24,390	24,390	24,390	24,390

Notes: This table reports estimates based on equation (4). The unit of observation is a respondent × party combination. Dependent variable: support for party *j*. Distance to party position: (average) absolute distance between the position of the respondent and the expert assessment of the party (over the five dimensions; positions rescaled to 0-1), standardized across respondent-party pairs. All respondents who answered the party-preference question have an observation for each of the nine parties, so N equals nine times the number of these respondents (2,710 × 9 = 24,390). Preferred parties come from the closed answers (CDU/CSU, SPD, Die Grünen, FDP, AfD, Die Linke, BSW) and from open answers that could be assigned to Freie Wähler; CDU/CSU supporters are assigned to the CSU in Bavaria and to the CDU elsewhere. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

To examine this proposition, we develop a new test of economic literacy for the adult population. We show that economic literacy captures a single, distinct cognitive skill, separate from intelligence and financial literacy. Test diagnostics suggest that topic-specific economic competencies are embedded in a broader, coherent cognitive framework. Analysis of the psychometric properties of the test instrument supports its reliability and validity. Descriptive analysis shows a positive age gradient of economic literacy over adulthood. Consistent with learning through experience, we find that individuals working in occupations similar to economists have higher economic literacy, but this difference emerges only after career start.

Our results indicate that economic literacy is indeed systematically related to how citizens understand trade-offs, form expectations, and translate preferences into policy views and party support. First, individuals with higher economic literacy hold inflation expectations that are closer to official forecasts and assess the overall economic situation more independently of their own personal situation. Second, they react more strongly when policy trade-offs are made explicit, suggesting that economic literacy helps individuals process decision-relevant information about policy consequences. Third, economic literacy is associated with greater coherence between underlying preferences, concrete policy views, and party support. Thus, economic literacy matters for several stages of democratic decision-making.

These findings should not be interpreted as implying that economic literacy points toward a single "correct" political position. Economic policy involves normative trade-offs over many aspects, and academic economists disagree on many policy questions. Accordingly, economic literacy does not correlate with left-right political leaning and is reflected in surprisingly differentiated policy views. Thus, economic literacy does not make voters adopt a particular ideology but is associated with more informed and coherent economic reasoning.

Our results are consistent with the view that economic literacy is an important dimension of citizens' capacity to participate in democratic decision-making over economic policy. By improving their ability to understand economic mechanisms and policy trade-offs, higher economic literacy may also increase societies' capacity to build support for potentially costly reforms that address future challenges.

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Appendix A: Additional Tables and Figures

Table A1: Structure of the survey

Block	Content	Randomized ordering
1 Welcome and consent	Introduction to the survey and consent question; respondents who did not consent screened out	No
2 Initial demographics and attention check	Quota-relevant demographics; screeners for age and residence in Germany; core background characteristics collected before the main modules; attention check for screening	No
3a Economic-literacy module	Interest in economics; assessment of economic situation; perceived own economic literacy; five economic-literacy item blocks; perceived test performance; economic terminology; financial literacy; Raven-like matrix items	Yes: with policy module
3b Policy module	Policy-view batteries; four trade-off experiments; inflation expectations	Yes: with econ.-literacy module
4 Additional background and preferences	Second attention check, additional demographics; schooling; household composition; income and wealth; country of birth; parental background; political attitudes; party support and voting behavior; economic values; risk, time, and social preferences	No
5 Outro	Response-quality questions; perceived political leaning of the survey; open feedback	No

Notes: This table describes the flow of the survey. Blocks 3a and 3b were shown in random order; we control for this order in our analyses (see Appendix C.2.5). The economic-literacy module is described in Table B1. The full questionnaire is available at https://sites.google.com/view/woessmann-e/economic-literacy-questionnaire.

Table A2: Descriptive statistics of control variables

	Mean (1)	SD (2)	Min (3)	Max (4)	N (5)
Controls 1: Survey design features					
Responded on mobile device	0.52	0.50	0.00	1.00	2,729
Saw test block first	0.49	0.50	0.00	1.00	2,729
Controls 2: Pre-adult sociodemographic characteristics[a]					
Male	0.50	0.50	0.00	1.00	2,729
Age	45.97	14.63	18.00	70.00	2,729
Fluid IQ	1.13	0.90	0.00	3.00	2,729
Secondary education: low	0.21	0.40	0.00	1.00	2,729
Secondary education: middle	0.35	0.48	0.00	1.00	2,729
Secondary education: high	0.45	0.50	0.00	1.00	2,729
Parent with vocational training	0.71	0.46	0.00	1.00	2,725
Parent with tertiary degree	0.21	0.41	0.00	1.00	2,725
Migration background	0.14	0.34	0.00	1.00	2,727
Controls 3: Adult sociodemographic characteristics					
Vocational degree	0.61	0.49	0.00	1.00	2,729
Tertiary degree	0.26	0.44	0.00	1.00	2,729
Number of adults in household	1.97	1.13	1.00	21.00	2,722
Number of children (under 14) in household	0.34	0.80	0.00	14.00	2,695
Employed	0.72	0.45	0.00	1.00	2,729
Income per household member	2177.0	1203.5	65.8	10999.0	2,665
Wealth per household member	88435	162982	227	1250001	2,650
Controls 4: Contemporaneous variables					
Financial literacy	2.16	1.02	0.00	3.00	2,729
Interest in economics	2.60	0.85	1.00	4.00	2,727
Frequency economic information	3.45	1.21	1.00	5.00	2,728
Left-right scale	4.93	1.91	0.00	10.00	2,716
GPS items					
Risk taking	4.22	2.78	0.00	10.00	2,722
Patience	5.91	2.52	0.00	10.00	2,717
Altruism	5.99	2.77	0.00	10.00	2,713
Positive reciprocity	7.96	2.27	0.00	10.00	2,722
Trust	4.83	2.63	0.00	10.00	2,718
WVS items					
Income differences as incentive	4.18	2.56	1.00	10.00	2,720
More nationalization of private companies	5.41	2.13	1.00	10.00	2,718
Individual responsibility instead of government	4.64	2.67	1.00	10.00	2,718
Competition brings out the bad in people	4.14	2.23	1.00	10.00	2,718
Success also depends on luck, not only hard work	4.87	2.57	1.00	10.00	2,719
Wealth can grow for everyone	5.61	2.54	1.00	10.00	2,718

Notes: This table reports unweighted descriptive statistics of the control variables, grouped by the four sets of control variables described in Section 2.2. Fluid IQ is the number of correct answers to three Raven-type matrices. Net monthly household income and wealth are measured per equivalent adult, shown here as continuous per-capita values; the regressions use the categorical versions (household income: 13 brackets plus a missing category; wealth: 7 brackets plus a missing category). [a] Control set 2 additionally includes fixed effects for the federal state of schooling.

Table A3: Descriptive statistics of variables used in main analyses

	Mean (1)	SD (2)	Min (3)	Max (4)	N (5)
Expectations					
Inflation expectations	6.11	14.39	-70.00	100.00	2,718
Perceived general economic situation	2.59	0.95	1.00	5.00	2,729
Perceived own economic situation	3.26	0.96	1.00	5.00	2,729
Trade-off experiment (control group): *Agrees to…*					
reduce government debt	0.65	0.48	0.00	1.00	1,366
keep retirement age	0.81	0.39	0.00	1.00	1,362
slow CO_2 price growth	0.68	0.47	0.00	1.00	1,355
restrict migration to Germany	0.72	0.45	0.00	1.00	1,380
Trade-off experiment (treatment group): *Agrees to…*					
reduce government debt	0.31	0.46	0.00	1.00	1,360
keep retirement age	0.68	0.47	0.00	1.00	1,364
slow CO_2 price growth	0.58	0.49	0.00	1.00	1,371
restrict migration to Germany	0.58	0.49	0.00	1.00	1,346
Party support					
CDU/CSU	0.21	0.41	0.00	1.00	2,718
SPD	0.15	0.36	0.00	1.00	2,718
Die Grünen	0.12	0.33	0.00	1.00	2,718
AfD	0.14	0.35	0.00	1.00	2,718
BSW	0.04	0.21	0.00	1.00	2,718
Die Linke	0.04	0.20	0.00	1.00	2,718
FDP	0.04	0.20	0.00	1.00	2,718
Other	0.03	0.18	0.00	1.00	2,718
None	0.22	0.41	0.00	1.00	2,718
Tax policies: *Agrees to…*					
increase top income tax rate	0.51	0.50	0.00	1.00	2,725
abolish inheritance tax	0.52	0.50	0.00	1.00	2,725
introduce wealth tax	0.58	0.49	0.00	1.00	2,725
decrease corporate tax	0.42	0.49	0.00	1.00	2,725
Welfare policies: *Agrees to…*					
increase minimum wage	0.69	0.46	0.00	1.00	2,724
introduce universal basic income	0.54	0.50	0.00	1.00	2,726
decrease social benefits	0.47	0.50	0.00	1.00	2,726
introduce rent price cap	0.75	0.43	0.00	1.00	2,726
Climate policies: *Agrees to…*					
CO_2 taxation	0.36	0.48	0.00	1.00	2,722
subsidize clean technologies	0.56	0.50	0.00	1.00	2,726
abolish combustion engines	0.20	0.40	0.00	1.00	2,724
invest in green infrastructure	0.66	0.48	0.00	1.00	2,726
Trade policies: *Agrees to…*					
decrease trade barriers	0.67	0.47	0.00	1.00	2,726
increase incentives for high-skilled migration	0.52	0.50	0.00	1.00	2,726
increase incentives for low-skilled migration	0.19	0.39	0.00	1.00	2,725
exit the EU	0.19	0.39	0.00	1.00	2,723

Notes: Unweighted descriptive statistics. Inflation expectations: expected inflation rate over the next twelve months, in percent. Perceived general/own economic situation: five-point scale from "very bad" to "very good." Policy views and trade-off items: indicators equal to one if respondent (strongly) agrees with or is (strongly) in favor of the respective statement.

Table A4: Median regression of deviation of individual inflation expectations from official inflation forecast on economic literacy

	(1)	(2)	(3)	(4)
Economic literacy	-1.203***			-0.936***
	(0.138)			*(0.126)*
Fluid IQ		-0.273***		0.012
		(0.071)		*(0.073)*
Financial literacy			-0.983***	-0.517***
			(0.177)	*(0.174)*
Controls 1-4 (w/o fluid IQ and financial literacy)	yes	yes	yes	yes
Median of dependent variable	2.600	2.600	2.600	2.600
N	2,718	2,718	2,718	2,718

Notes: This table reports coefficients from median regressions. The dependent variable is the absolute deviation between individuals' one-year inflation forecast and the German central bank's one-year inflation forecast from December 2024. See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A5: Effects of trade-off statements on policy support: Spillovers from previous statements

	(1) Keep retirement age	(2) Slow CO_2 price growth	(3) Restrict migration
Debt treatment statement	-0.056***	-0.021	-0.011
	(0.017)	*(0.019)*	*(0.018)*
Retirement treatment statement	-0.141***	0.008	0.005
	(0.017)	*(0.019)*	*(0.018)*
CO_2 treatment statement		-0.105***	-0.009
		(0.019)	*(0.017)*
Migration treatment statement			-0.135***
			(0.018)
Controls 1-4	yes	yes	yes
R^2	0.14	0.14	0.20
N	2,726	2,726	2,726

Notes: Policy support: (strongly) agrees to the respective policy (binary; equal to 1 if values 1 and 2 from original scale: 1 "strongly agree" to 5 "strongly disagree"). Due to the fixed order of how policies were presented, we include for each policy a dummy in the set of control variables for whether in preceding policy statements trade-off information was presented or not. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A6: Effects of trade-off statements on policy support: Interaction with number of previously seen treatment statements

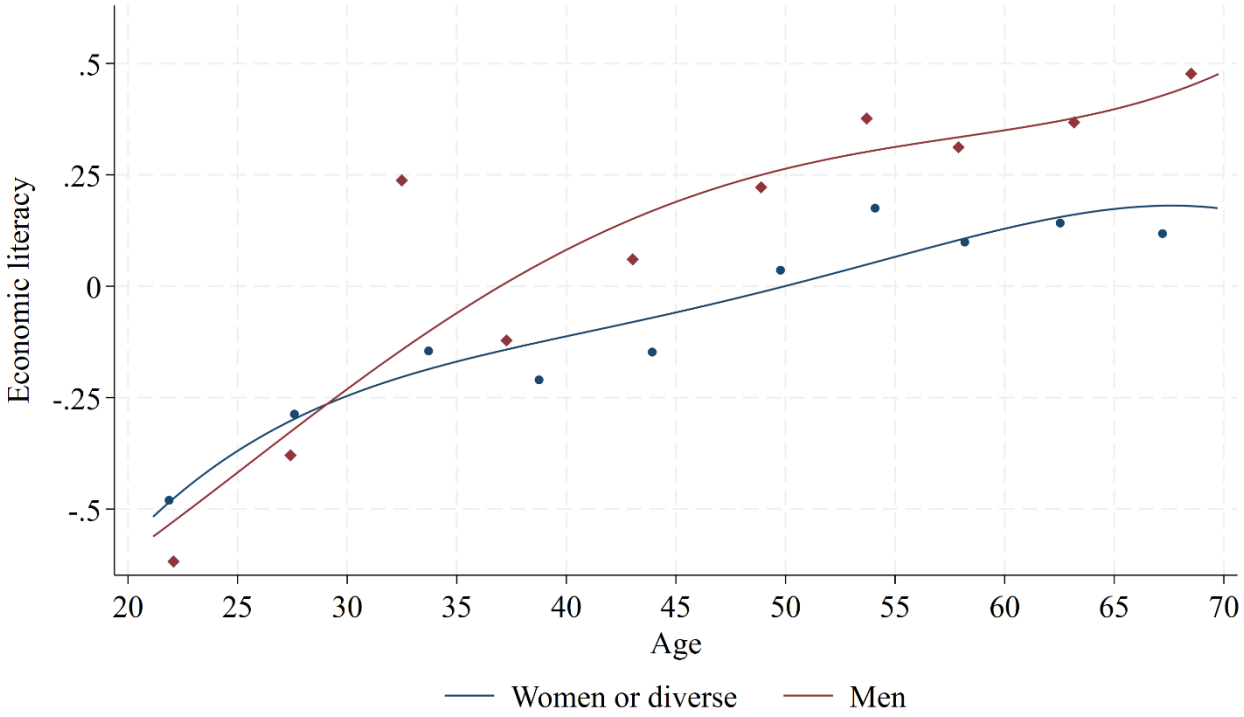
	(1) Keep retirement age	(2) Slow CO_2 price growth	(3) Restrict migration
Trade-off treatment	-0.110***	-0.101***	-0.116***
	(0.022)	*(0.033)*	*(0.035)*
# previous treatment statements	-0.025	-0.004	0.001
	(0.022)	*(0.019)*	*(0.014)*
Treatment * # prev. treat. statements	-0.061*	-0.004	-0.013
	(0.033)	*(0.028)*	*(0.020)*
Controls 1-4	yes	yes	yes
R^2	0.14	0.14	0.20
N	2,726	2,726	2,726

Notes: Policy support: (strongly) agrees to the respective policy (binary; original scale: 1 "strongly agree" to 5 "strongly disagree"). See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table A7: Measurement items for policy positions of individuals and parties

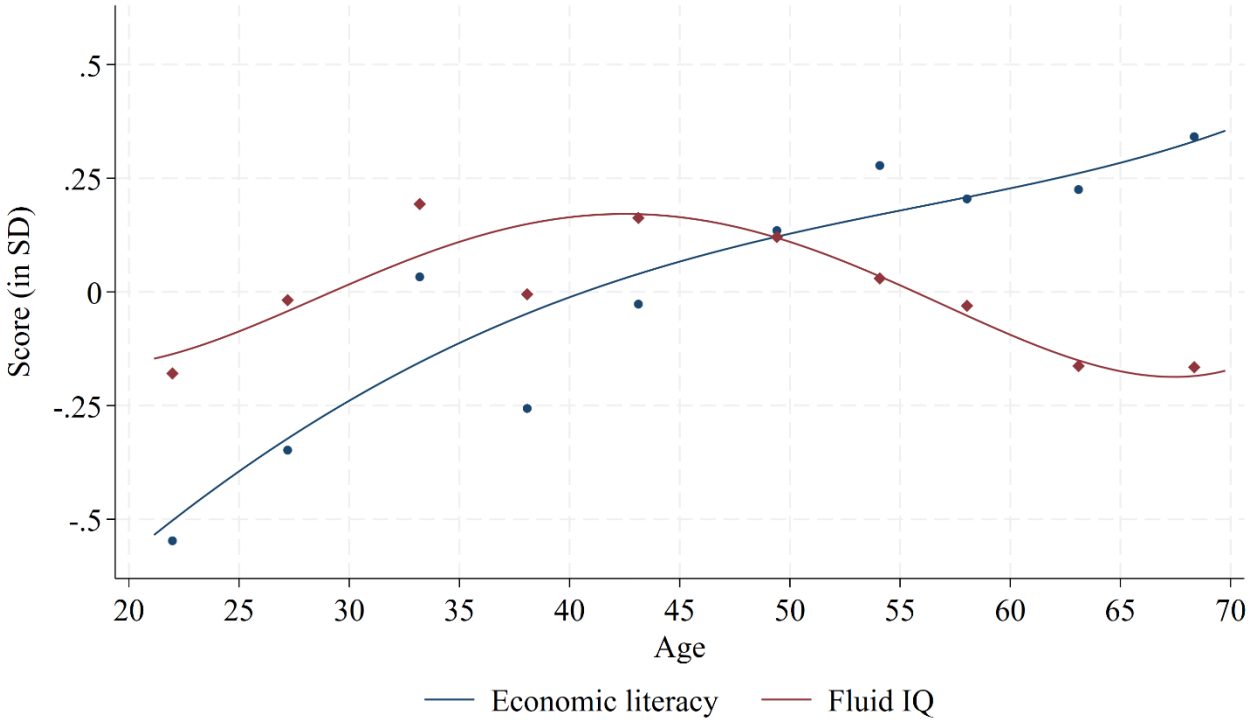
	Own survey	Expert assessment
Left-right	In politics people often talk about "left" and "right" when it comes to characterizing different political attitudes. If you think about your own political views: where would you place them? (0 = Far left; 1; …, 9; 10 = Far right)	Please tick the box that best describes each party's OVERALL IDEOLOGY on a scale ranging from 0 (extreme left) to 10 (extreme right)
Protectionism	Are you for or against the removal of trade barriers to facilitate trade? (1=strongly in favor, 2=rather in favor, 3=neither in favor nor against, 4=rather against, 5=strongly against)	Position towards trade liberalization/ protectionism (0=strongly favors trade liberalization, 10=strongly favors protection of domestic producers)
EU	Are you for or against Germany leaving the EU? (1=strongly in favor, 2=rather in favor, 3=neither in favor nor against, 4=rather against, 5=strongly against)	How would you describe the general position on European integration that the party leadership took during 2024? (1=strongly opposed, 2=opposed, 3=somewhat opposed, 4=neutral, 5=somewhat in favor, 6=in favor, 7=strongly in favor)
Immigration	Are you for or against 1. increasing the incentives for high-skilled immigrants to come to Germany? 2. increasing the incentives for low-skilled immigrants to come to Germany? (1=strongly in favor, 2=rather in favor, 3=neither in favor nor against, 4=rather against, 5=strongly against)	Where did political parties stand on immigration in 2024? (0=strongly favors a liberal policy on immigration - 10=strongly favors a restrictive policy on immigration)
Environmen-talism	Are you for or against 1. CO_2 taxation? 2. subsidies for low-carbon technologies (e.g., renewable energy, carbon storage)? 3. a ban on vehicles with combustion engines? 4. investments in green infrastructure (e.g., local public transport, sustainable agriculture, energy-efficient building refurbishment)? (1=strongly in favor, 2=rather in favor, 3=neither in favor nor against, 4=rather against, 5=strongly against)	What was their position towards 1. climate change policies during 2024? (0=strongly supports climate change policies even at the cost of economic growth - 10=strongly supports economic growth even at the cost of climate change policies) 2. environmental sustainability during 2024? (0=strongly supports environmental protection even at the cost of economic growth - 10=strongly supports economic growth even at the cost of environmental protection)

Figure A1: Economic literacy by age and gender



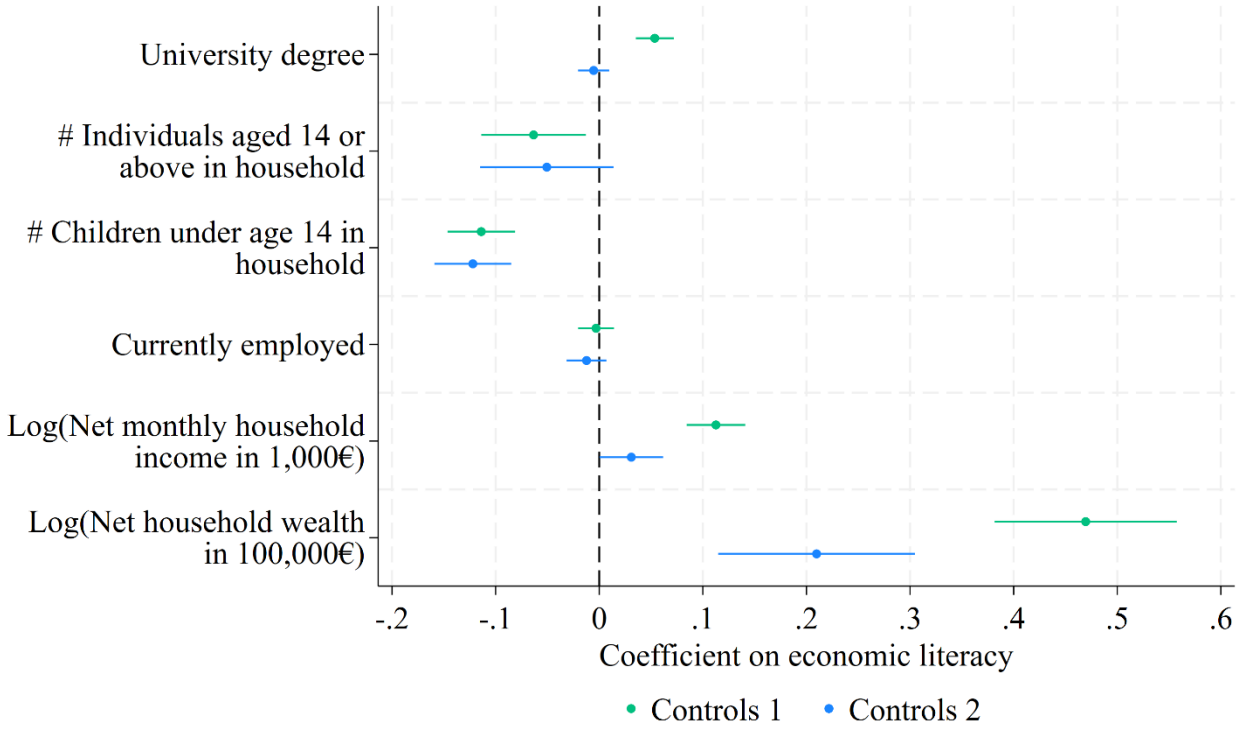
Notes: Binned scatterplot and fourth-order polynomial fit of the relationship between economic literacy and age, by gender. For each gender, age is divided into 10 bins; each dot shows the mean of economic literacy within a bin conditional on survey design features (Controls 1).

Figure A2: The age gradients of economic literacy and fluid IQ



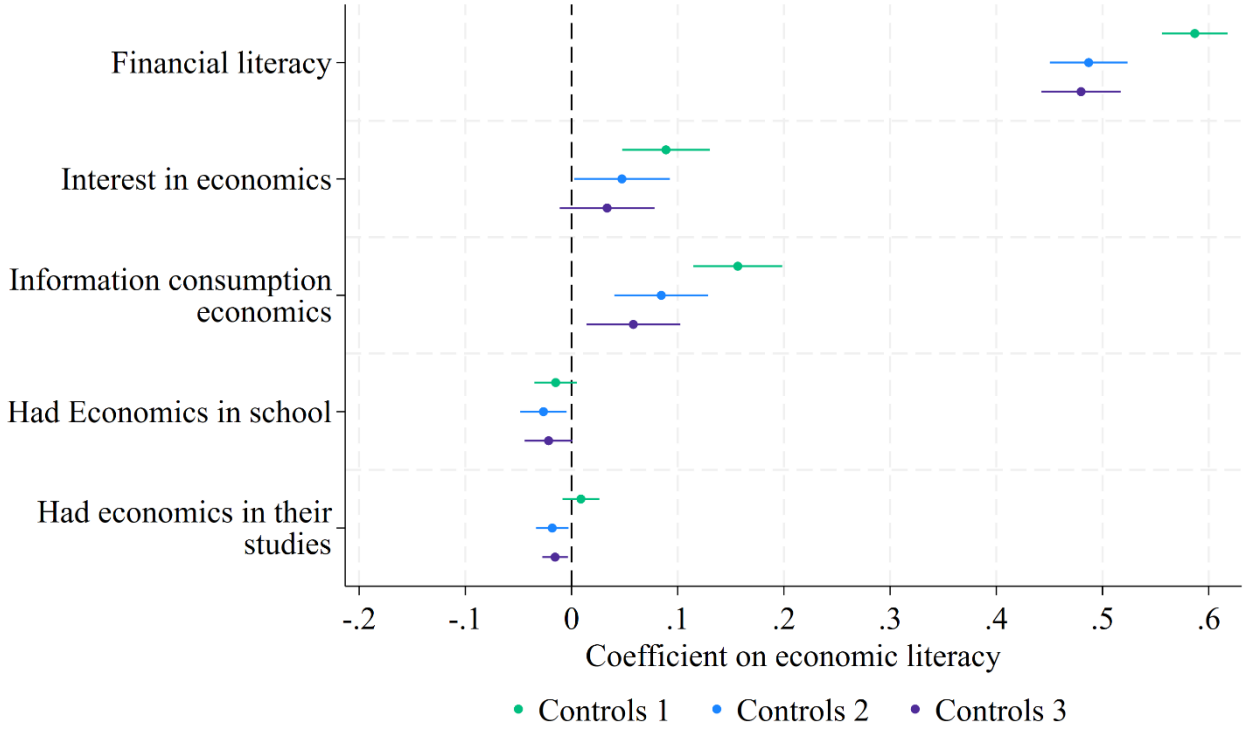
Notes: Binned scatterplot and fourth-order polynomial fit of the relationship of age with economic literacy and with fluid IQ. Age is divided into 10 bins; each dot shows the mean of the respective score within a bin conditional on survey design features (Controls 1).

Figure A3: Adult sociodemographic characteristics and economic literacy



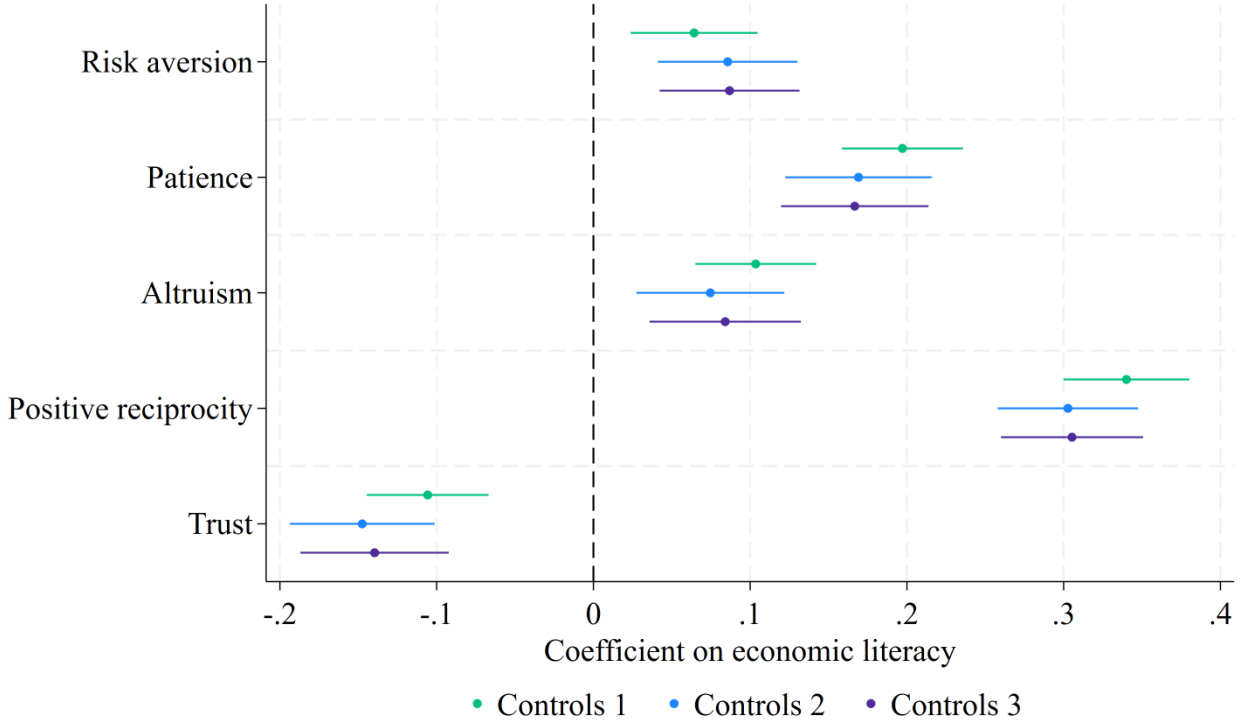
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing the indicated variables on economic literacy. Green: conditioning only on survey design features (Controls 1: mobile device and ordering of survey blocks). Blue: additionally conditioning on pre-adult sociodemographic characteristics (Controls 2: gender, migration background, parental education (4 categories), secondary-education degree (3 categories), 16 school state fixed effects, fluid IQ, and age).

Figure A4: Economic literacy and other measures of economic skills and interests



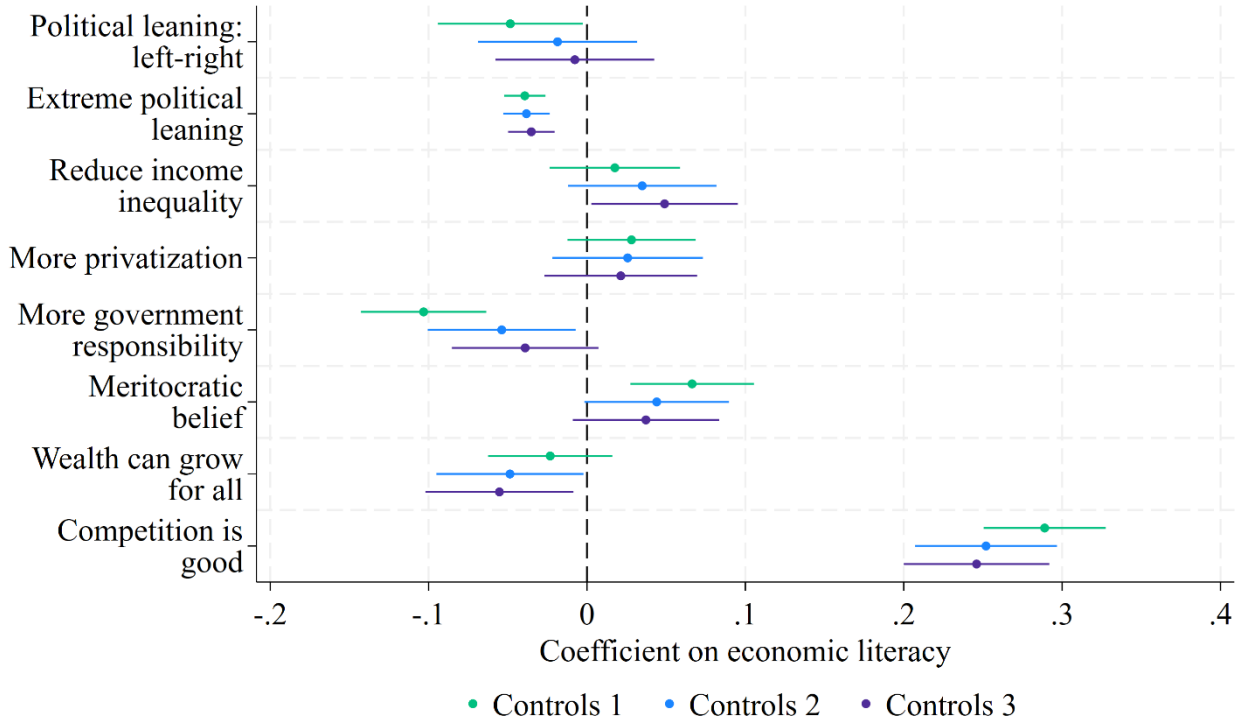
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing the indicated variables on economic literacy. Green: conditioning only on survey design features (Controls 1), Blue: additionally conditioning on pre-adult sociodemographic characteristics (Controls 2). Purple: additionally conditioning on adult sociodemographic characteristics (Controls 3). See Table A2 for statistics on the controls.

Figure A5: Economic literacy and economic preferences



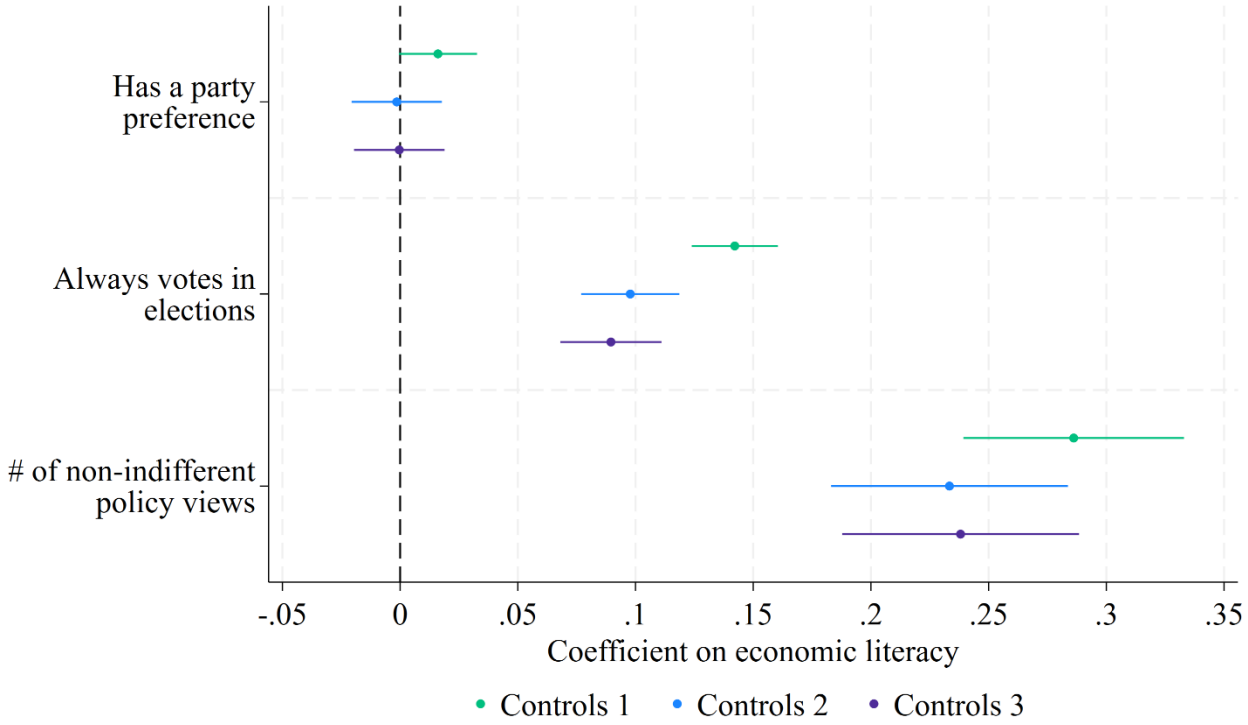
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing the indicated variables on economic literacy. Green: conditioning only on survey design features (Controls 1). Blue: additionally conditioning on pre-adult sociodemographic characteristics (Controls 2). Purple: additionally conditioning on adult sociodemographic characteristics (Controls 3). Risk aversion: reverse coding of GPS risk-taking item. See Table A2 for statistics on the variables.

Figure A6: Economic literacy and political attitudes



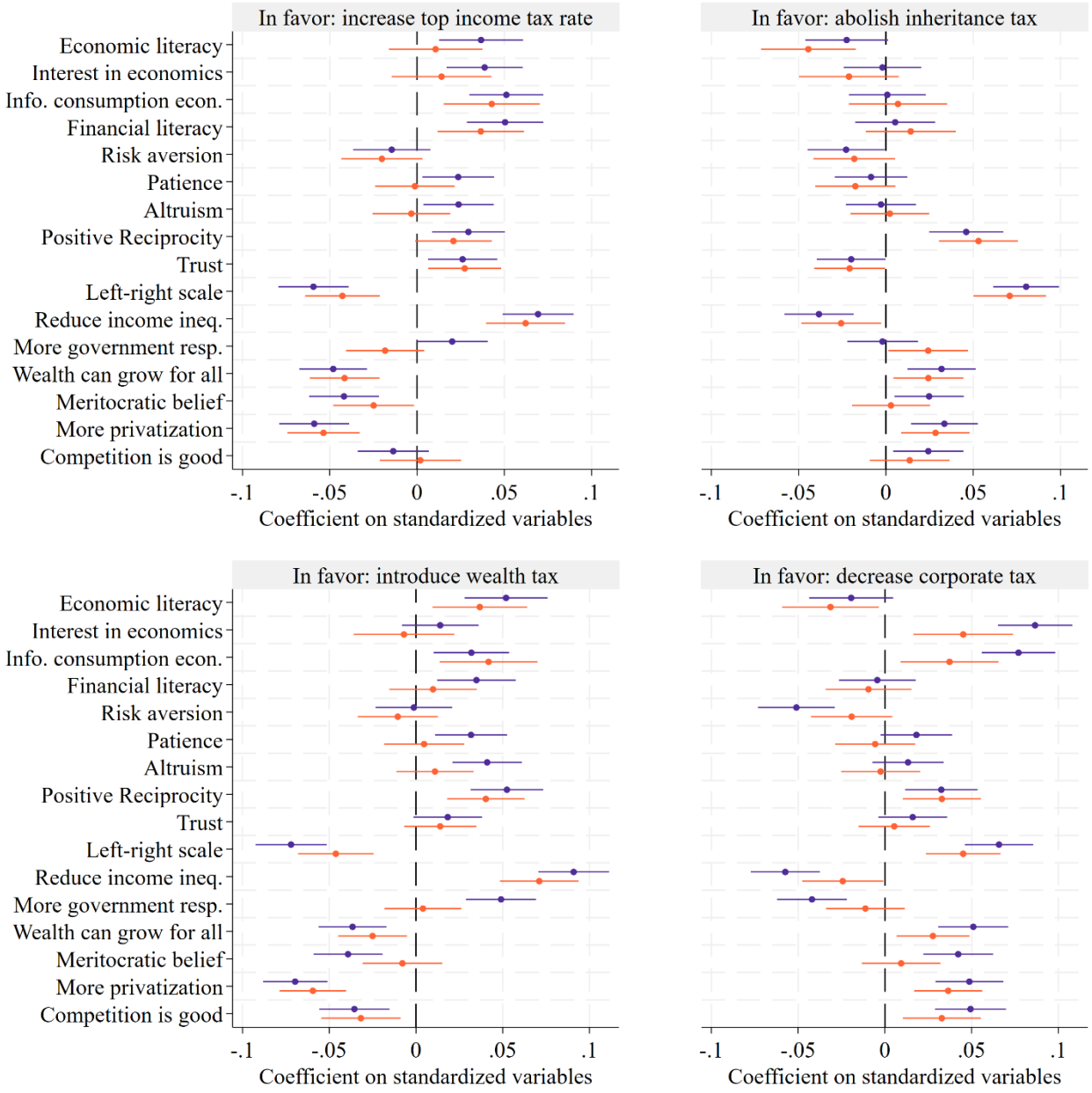
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing the indicated variables on economic literacy. Green: conditioning only on survey design features (Controls 1). Blue: additionally conditioning on pre-adult sociodemographic characteristics (Controls 2). Purple: additionally conditioning on adult sociodemographic characteristics (Controls 3). Extreme political leaning (binary) equals one if the respondent reports 0, 1, 9, or 10 on the left-right scale from 0 (far left) to 10 (far right). See Table A2 for statistics on the variables.

Figure A7: Economic literacy and political participation



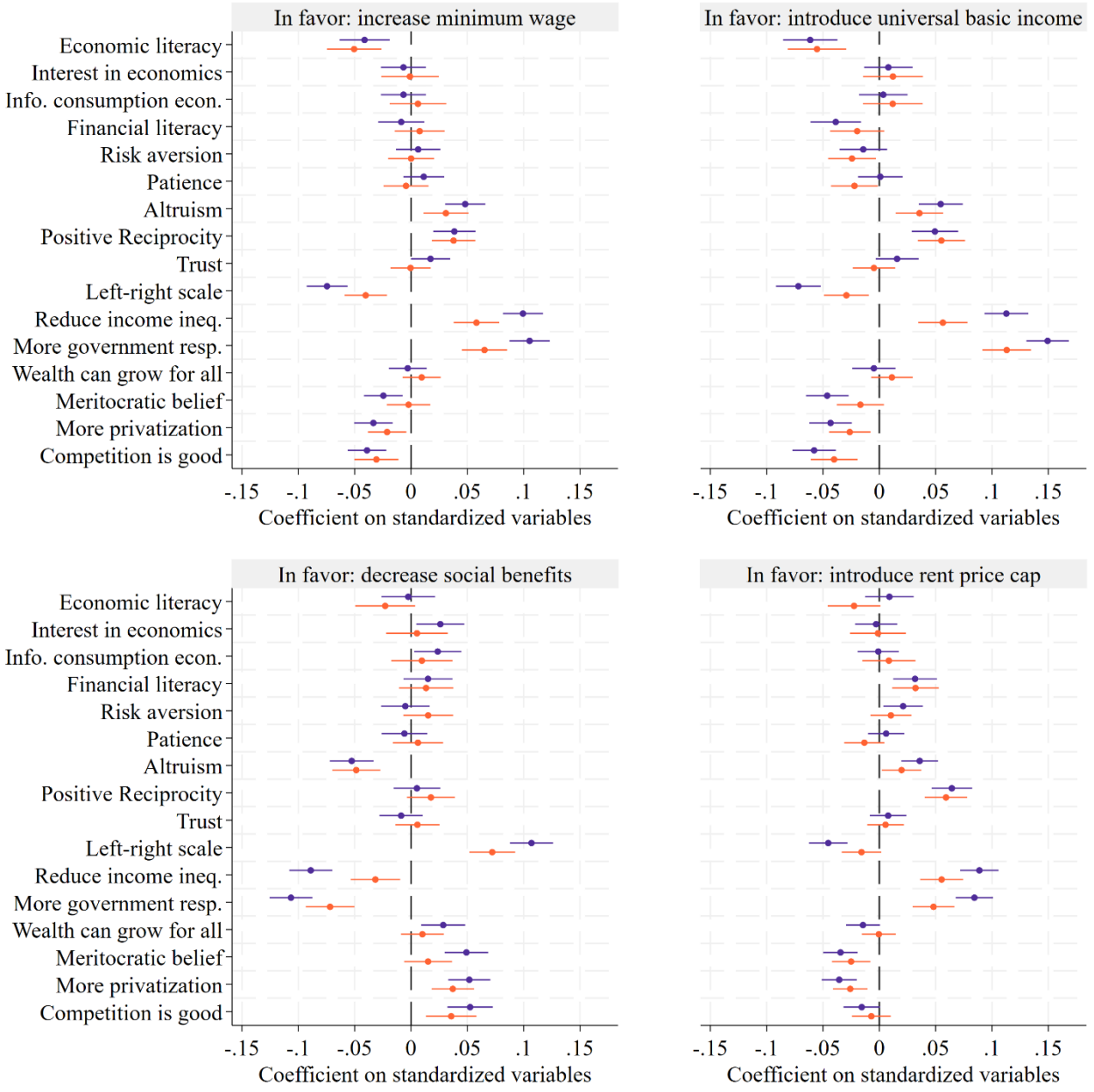
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing the indicated variables on economic literacy. Having a party preference is measured by a question on long-term party identification, asking with which party respondents generally sympathize. Respondents naming any party are coded as supporting that party. The number of non-indifferent policy views is measured by counting how often individuals do not select the "neither for nor against" category on the 16 items of the four policy batteries. Green: conditioning only on survey design features (Controls 1). Blue: additionally conditioning on pre-adult sociodemographic characteristics (Controls 2). Purple: additionally conditioning on adult sociodemographic characteristics (Controls 3). See Table A2 for statistics on the variables.

Figure A8: Correlates of views on tax policies



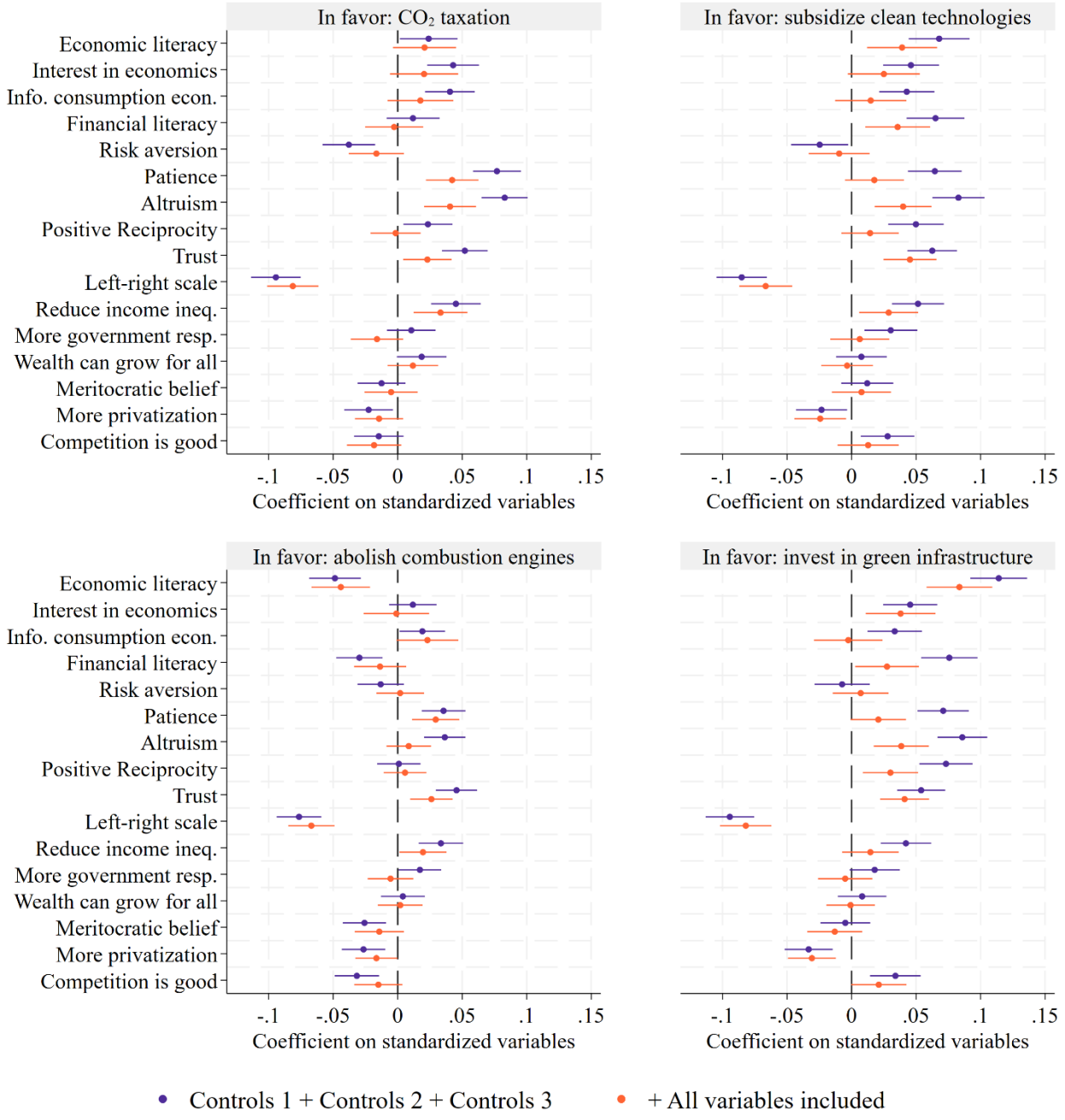
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing policy views on economic literacy and standardized correlates of economic literacy. Policy views: (strongly) favors the respective policy (binary; original scale: 1 "strongly in favor" to 5 "strongly against"). See the note to Table 1 for a list of the variables included in Controls 1-3 (survey design features, pre-adult and adult sociodemographic characteristics) and Controls 4 (contemporaneous variables), respectively.

Figure A9: Correlates of views on welfare policies



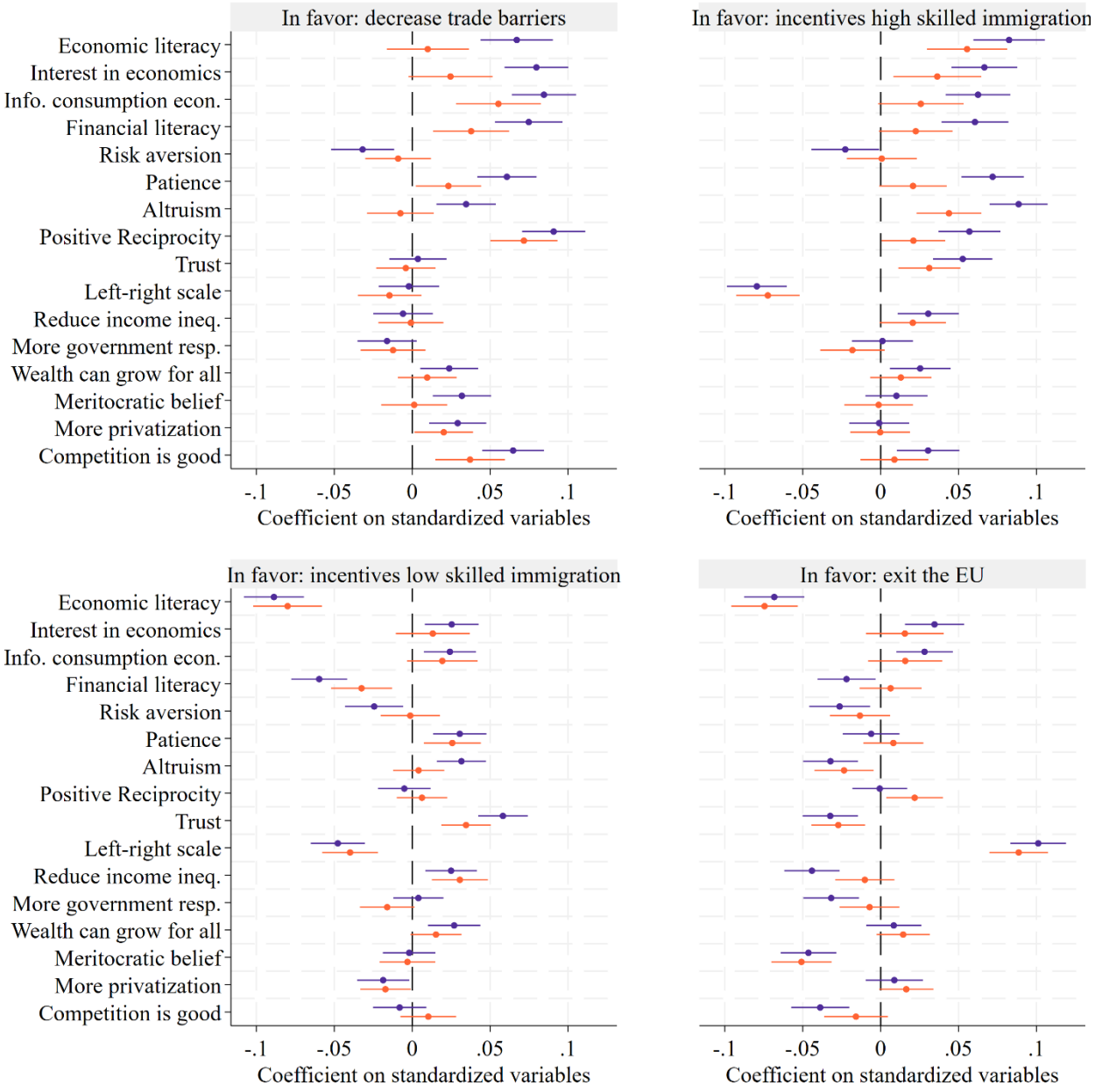
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing policy views on economic literacy and standardized correlates of economic literacy. Policy views: (strongly) favors the respective policy (binary; original scale: 1 "strongly in favor" to 5 "strongly against"). See the note to Table 1 for a list of the variables included in Controls 1-3 (survey design features, pre-adult and adult sociodemographic characteristics) and Controls 4 (contemporaneous variables), respectively.

Figure A10: Correlates of views on climate policies



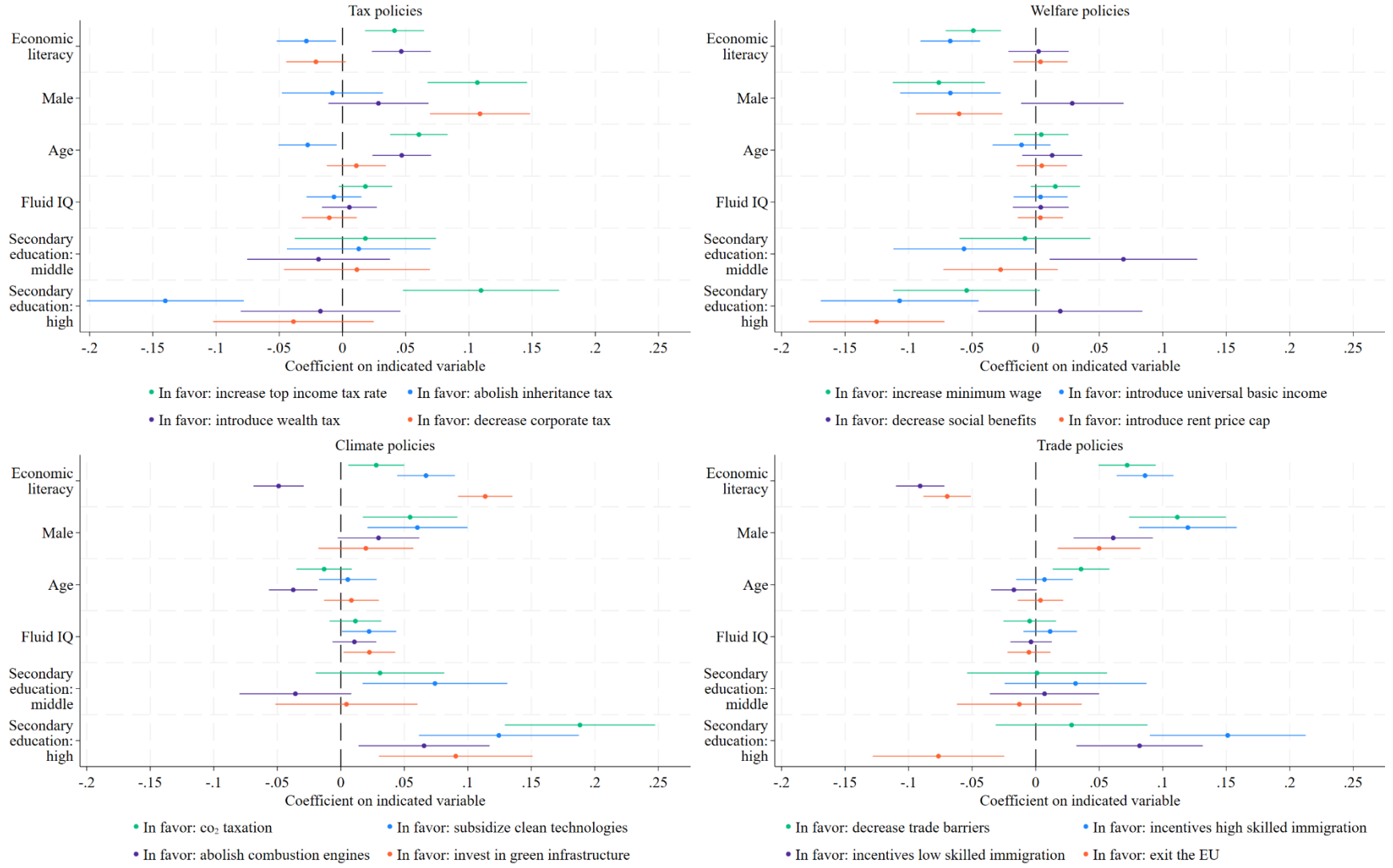
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing policy views on economic literacy and standardized correlates of economic literacy. Policy views: (strongly) favors the respective policy (binary; original scale: 1 "strongly in favor" to 5 "strongly against"). See the note to Table 1 for a list of the variables included in Controls 1-3 (survey design features, pre-adult and adult sociodemographic characteristics) and Controls 4 (contemporaneous variables), respectively.

Figure A11: Correlates of views on trade policies



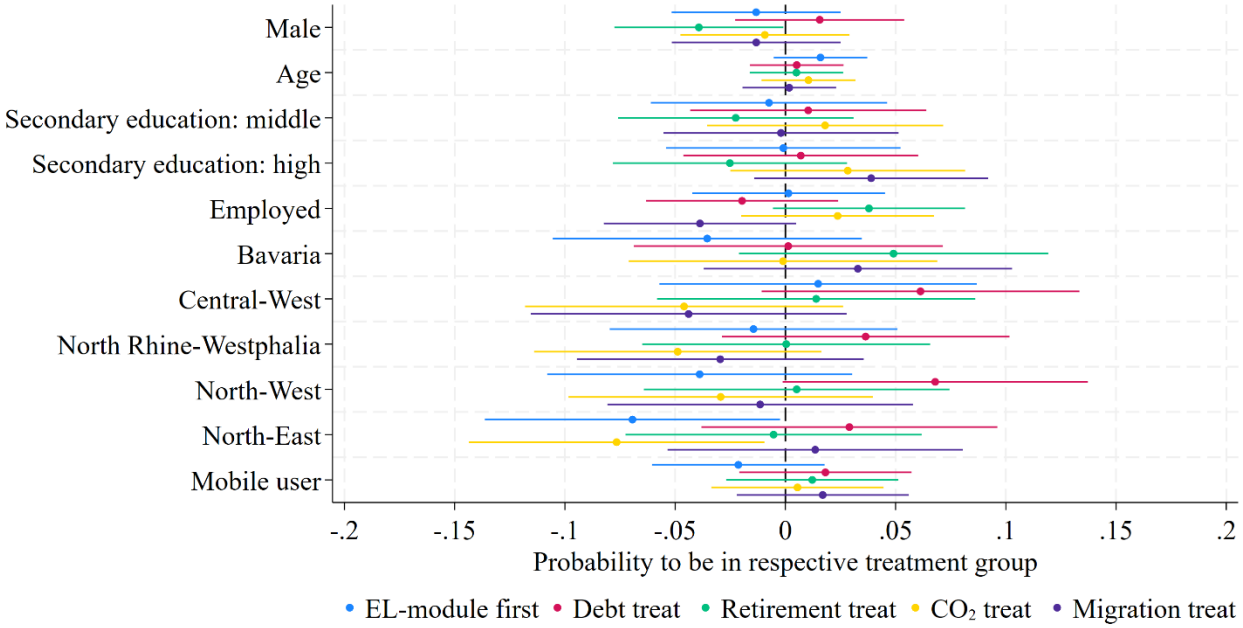
Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing policy views on economic literacy and standardized correlates of economic literacy. Policy views: (strongly) favors the respective policy (binary; original scale: 1 "strongly in favor" to 5 "strongly against"). See the note to Table 1 for a list of the variables included in Controls 1-3 (survey design features, pre-adult and adult sociodemographic characteristics) and Controls 4 (contemporaneous variables), respectively.

Figure A12: Sociodemographic characteristics and policy views



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors) from regressing policy views on economic literacy and pre-adult sociodemographic characteristics. Underlying regressions also control for mobile device, ordering of survey blocks, migration background, parental education (4 categories), and 16 school state fixed effects. Policy views: (strongly) favors the respective policy (binary; original scale: 1 “strongly in favor” to 5 “strongly against”).

Figure A13: Prediction of treatment status by covariates



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors). The dependent variables are dummy variables indicating whether the respondent saw the test module first, and whether they received the treatment statement for the debt, retirement, CO_2, and migration questions, respectively. Each dummy is regressed on the full set of controls depicted in the figure. The *F*-tests for the joint significance of the controls, i.e., whether observable characteristics jointly predict treatment status, show that randomization was successful for all five experiments; their *p*-values are 0.253, 0.594, 0.392, 0.499, and 0.261, respectively.

Appendix B: Scaling of the Economic Literacy Test

This appendix presents the development and validation of our test instrument for assessing economic literacy in the adult population. Appendix B.1 documents the test items and Appendix B.2 the construction of the 15-item scale. We then examine dimensionality and local independence (Appendix B.3), identify an appropriate item response theory (IRT) model (Appendix B.4), evaluate item characteristics and response patterns (Appendix B.5), provide graphical diagnostics (Appendix B.6), test for measurement invariance across key demographic groups (Appendix B.7), and assess robustness to item selection (Appendix B.8). Appendix B.9 presents an ultra-short, five-item version for settings where questionnaire length is particularly limited.

B.1 Test Items

Table B1 provides the full list of 30 test items with their respective answer categories. Each item has four answer options to choose from. The table also indicates which items from this pool are contained in the restricted 15-item and 5-item scales, whose derivation is described below.

B.2 Construction of Shortened Scale

From the 30-item pool, we select 15 items to construct our main test instrument suitable for use in population surveys. The objective is to preserve the content breadth and measurement properties of the full scale while lowering respondent burden.

We apply two selection criteria. First, to maintain content coverage, we retain three items from each of the five conceptual domains of economic literacy. Second, within each domain, we use psychometric evidence to select items that contribute most strongly to measuring the common latent trait. We prioritize items with higher corrected item-total correlations, stronger IRT discrimination parameters, and informative difficulty levels (see below). The selection procedure balances discrimination and difficulty. Items with weak associations with the overall scale or low discrimination are less attractive candidates for the shortened scale. Among the remaining items, we avoid selecting only very easy or very difficult questions, because such a scale would provide limited information for large parts of the population. Instead, we retain items that jointly cover a meaningful range of difficulty within each content area. We also consider substantive criteria, giving preference to items that capture central economic mechanisms and are suitable for use across institutional contexts. Both forms are internally consistent: Cronbach's alpha is 0.87 for the 30-item pool and 0.83 for the 15-item scale.

Table B1: Test items

Item no.	Survey items and answer options	15-item scale	5-item scale
	Below, we will ask you a few questions on economic topics. To ensure the validity of this survey, it is important that you answer these questions carefully. If you are unsure, please simply guess.		
	Scarcity, allocation, and decision making		
1	What is the most likely explanation for the substantial increase in wages for software developers in recent years? *Software development is not directly impacted by market demand.* *The number of software developers in the job market has increased substantially.* *Wages have increased for all workers in the economy.* ***The demand for software developers has increased relative to their availability.***	X	X
2	The maximum amount of goods and services produced in an economy is limited by *The amount of money in circulation.* *Government regulations and spending.* *Business demand for final goods and services.* ***The quantity and quality of labor, capital, and natural resources.***	X	
3	Which statement best describes who receives the goods and services produced in a society? *Most societies have an equal distribution of goods and services.* ***No method of distributing goods and services will satisfy everyone.*** *All methods of distributing goods and services will satisfy everyone.* *All societies use the same method for distributing goods and services.*		
4	Ms. Müller is self-employed and earns €100 per hour in her job. Today she is considering leaving work one hour earlier in order to mow the lawn at home. Alternatively, she could hire a gardening firm for €50. Which option maximizes her income? *She should mow the lawn herself in order to save the expense of the gardening firm.* *She should mow the lawn herself because she could do it just as quickly as the gardening firm.* ***She should hire the gardening firm in order not to lose her income for an additional hour of work.*** *It makes no difference because both cases involve one hour of work.*	X	
5	A small business would like to hire more workers. Each additional worker costs the business €200 per day. The additional revenue the business receives is €300 per day for the first worker, €240 per day for the second worker, and €180 per day for the third worker. How many workers should the business hire to maximize its profits? *No workers.* *One worker.* ***Two workers.*** *Three workers.*		
6	Ellie can buy one pack of gum for €0.75 or two packs for €1.00. If Ellie only buys one pack of gum, then Ellie must value the *First pack at less than €0.75.* *First pack at more than €1.75.* ***Second pack at less than €0.25.*** *Second pack at more than €0.50.*		
	Specialization and trade		
7	What is a potential benefit of specialization and division of labor? *Decreased interdependence among workers.* *More workers are needed for each job.* ***Increased productivity per worker.*** *Less income per worker.*	X	

(continued on next page)

Table B1 (continued)

Item no.	Survey items and answer options	15-item scale	5-item scale
8	When industries or countries specialize in producing particular goods and services, this generally leads to *higher inflation.* *lower output per hour worked.* ***greater economic interdependence.*** *a more equal distribution of income.*		
9	Specialization and trade generally lead to *Less economic interdependence.* ***Lower costs of goods and services.*** *Fewer choices of goods and services.* *Fewer exchanges of goods and services.*		
10	Someone who is willing to trade has a board game you want. To get it from her, you will have to give her something *You don't want anymore.* ***She values more than the board game.*** *You value more than the board game.* *That costs the same as the board game.*		
11	A person buys a sweatshirt from a store. The sweatshirt is on sale at a 20 percent discount off the regular price. In this exchange, ***The person and the store benefit.*** *The person benefits, but the store does not.* *The store benefits, but the person does not.* *Neither the person nor the store benefits.*	X	
12	Assume that the EU increases the general level of tariffs. What is the most likely consequence? *A decrease in inflation in the EU.* *An increase in gross domestic product (GDP) in the EU.* ***A decrease in imports into the EU.*** *An increase in exports from the EU to other nations.*	X	X
	Markets, prices, and competition		
13	Businesses wish to sell their products at high prices. Households wish to buy products at low prices. How is this conflict of interest usually resolved in a market economy? *Lawsuits* ***Competition*** *Collective bargaining* *Government regulation*	X	
14	When there is a shortage of a product in a competitive market, it is usually the case that the ***Market price of the product will eventually increase.*** *Market price of the product will eventually decrease.* *Quantity of the product exchanged in the market will eventually decrease.* *Quantity of the product exchanged in the market will not change, but demand will increase.*	X	
15	A large increase in the price of gasoline usually causes only a small decrease in the amount of gasoline sold in the short run. Why is this? *The cost of gasoline makes up a large part of a household's expenditure.* ***Gasoline cannot be easily replaced with something else.*** *Taxes on gasoline are high.* *Vehicles do not need much gasoline nowadays.*		

(continued on next page)

Table B1 (continued)

Item no.	Survey items and answer options	15-item scale	5-item scale
16	Assume that the government imposes a new tax of €5 on every pair of jeans sold. What is the most likely result in the market for jeans? ***Consumers would pay a higher price and buy a smaller quantity.*** *Consumers would pay a higher price and sellers would make larger profits.* *Consumers would pay a higher price and sellers would limit the quantity consumers could buy.* *Sellers would increase the quantity sold in order to make up for the taxes paid to the government.*		
17	In a competitive market, the price of a product is €5. If the government passes a law that sets the maximum price of the product at €4 this change will most likely result in *A surplus of the product.* ***A shortage of the product.*** *An increase in the supply of the product.* *A decrease in the demand for the product.*		
18	A newspaper reports, "Coffee Growers' Monopoly Broken into Several Competing Firms." If this is true, one would usually expect the coffee-growing industry to *Decrease output and decrease prices.* *Increase output and increase prices.* *Decrease output and increase prices.* ***Increase output and decrease prices.***	X	X
Government intervention and incentives			
19	A major economic role that government is supposed to perform in a market economy is to *Guarantee profits.* ***Maintain competition.*** *Set wages and salaries.* *Establish production targets.*	X	
20	Why are private businesses not likely to operate a lighthouse? *Ship owners buy insurance policies to protect themselves from losses so they won't pay for lighthouses.* ***The light from the lighthouse can be used even by ships that do not pay a fee for the service.*** *It would cost private business more to operate a lighthouse than it costs the government.* *Private businesses lack the expertise and technology required to effectively operate a lighthouse.*		
21	The tax described in the table below has a specific policy objective. Which statement about this objective is correct? Income — Tax rate 0 € to 10.000 € — 0 % 10.001 € to 40.000 € — 10 % 40.001 € to 90.000 € — 20 % 90.000 € and more — 30 % *Nobody should earn too much.* *Everybody should be taxed equally.* *Income after tax should be equally high for everybody.* ***Earners of higher incomes should contribute a larger share of their income to overall tax revenues.***	X	X
22	What is the main reason why some governments ensure that individuals do not have to pay themselves for flu shots? *To ensure that doctors are adequately compensated for their services in administering flu shots.* ***To boost vaccination rates as people often are not willing to pay individually for the social benefit of reducing overall infection transmission.*** *To reduce sick days, thus increasing income for flu shot recipients.* *To financially support pharmaceutical companies and increase economic growth in the health care sector.*		

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Table B1 (continued)

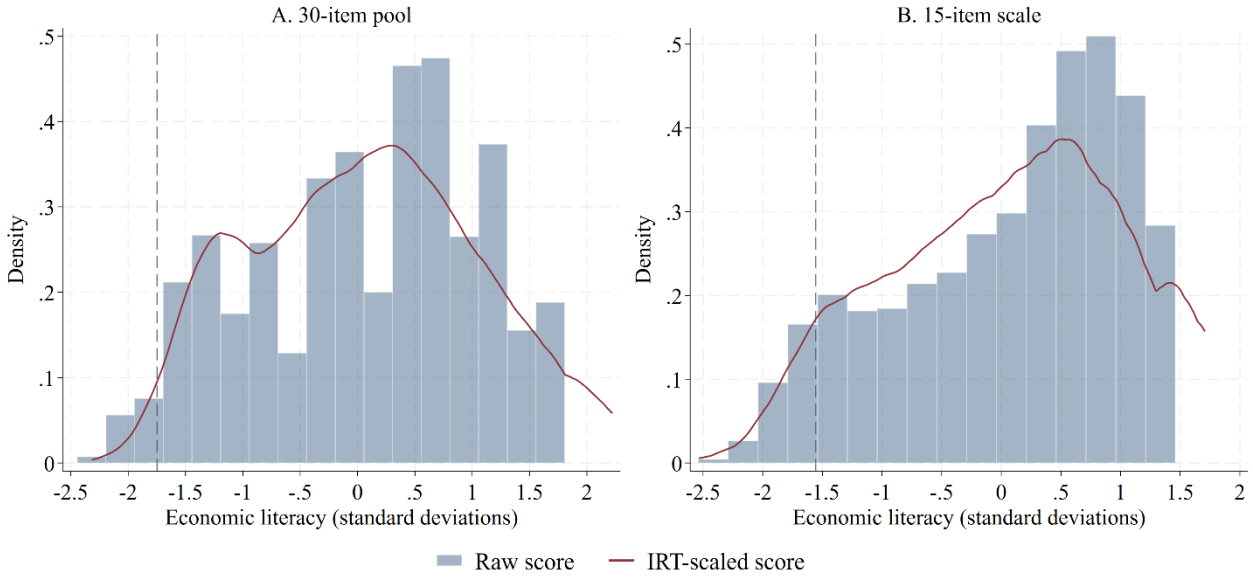
Item no.	Survey items and answer options	15-item scale	5-item scale
23	The state supports the work of consumer advice and consultation centers. These allow citizens to get ***Information about products independently of the manufacturers.*** *Information about products independently of the state.* *Information about what the state consumes.* *Information about how the state is financed.*		
24	Suppose that the government sets up a program to provide financial assistance to banks to prevent them from failing. In the long run, this action will likely *Restrict bank investments in real estate.* ***Encourage banks to make riskier loans.*** *Reduce the number of deposits made by bank customers.* *Increase the screening by banks of deposits from bank customers.*	X	
	Macroeconomic reasoning		
25	Advances in technology usually result in *A decrease in output.* *An increase in prices.* *Stagnant economic growth.* ***An increase in productivity.***	X	
26	To know if an increase in wages over a period of time has led to an increase in the standard of living, we must also look at changes in *Interest rates.* *Stock prices.* ***Prices of goods and services.*** *Government spending.*	X	
27	In the 1960s, many shoes were still produced in Germany. Today, most shoes are imported from abroad. What is the most likely reason for this? ***Labor costs are higher in Germany than abroad.*** *Shoes are produced by machines nowadays.* *The shoes produced in Germany were of lower quality.* *The kinds of shoes produced in Germany have gone out of fashion.*		
28	The number of jobs in manufacturing has been declining in Germany. Which of the following is the most likely reason for this? *The majority of goods are sold online.* ***Machines have replaced human labor.*** *People no longer want to do physical work.* *Manufacturing machines have become too expensive.*		
29	One reason the government might reduce the value added tax is to *Slow the rate of inflation.* *Slow a rapid rise in interest rates.* *Decrease business spending on investment into machines and equipment.* ***Increase consumer spending and stimulate the economy.***	X	X
30	An increase in (real) interest rates provides an incentive for people to *Save less and borrow less.* ***Save more and borrow less.*** *Save less and borrow more.* *Save more and borrow more.*		

Notes: Question items (non-italics) and answer options (italics). Correct answers in bold. Translations from the German original. Crosses identify questions retained in the 15-item and 5-item scales.

Table B1 indicates the questions retained in the 15-item scale. We derive IRT scales for the full and shortened forms in the following sections and show that the shorter form preserves the main measurement properties of the 30-item pool. The IRT-scaled estimates from the two forms correlate at 0.96, indicating that the reduction retains essentially the same ordering of respondents while substantially lowering survey length. In Appendix B.8, we show that the 15-item scale is not sensitive to sensible alternative selection criteria.

Figure B1 compares the distributions of economic literacy for the 30-item pool and the 15-item scale. In each panel, the blue bars show the raw score (converted into standard-deviation units) and the red line shows the distribution of the IRT-scaled score. The dashed vertical line marks the raw score expected from random choice among four answer options. Most respondents score above this benchmark, and both forms display substantial variation across the population. The close correspondence between raw and IRT-scaled scores shows that allowing questions to differ in difficulty and discrimination does not materially change respondents' relative position in the distribution. The number of correct answers is correlated at $r = 0.97$ (30-item pool) and $r = 0.98$ (15-item scale) with the IRT-scaled score. We use the IRT score throughout because it weights questions by their difficulty and discrimination.

Figure B1: Distribution of economic literacy scores



Notes: Bars show standardized raw scores; red lines show kernel densities of standardized empirical Bayes latent-trait estimates from weighted 2PL models. Dashed vertical lines mark the standardized raw score expected from random choice among four answer options: 7.5 correct answers for the 30-item pool and 3.75 for the 15-item scale.

B.3 Dimensionality and Local Independence

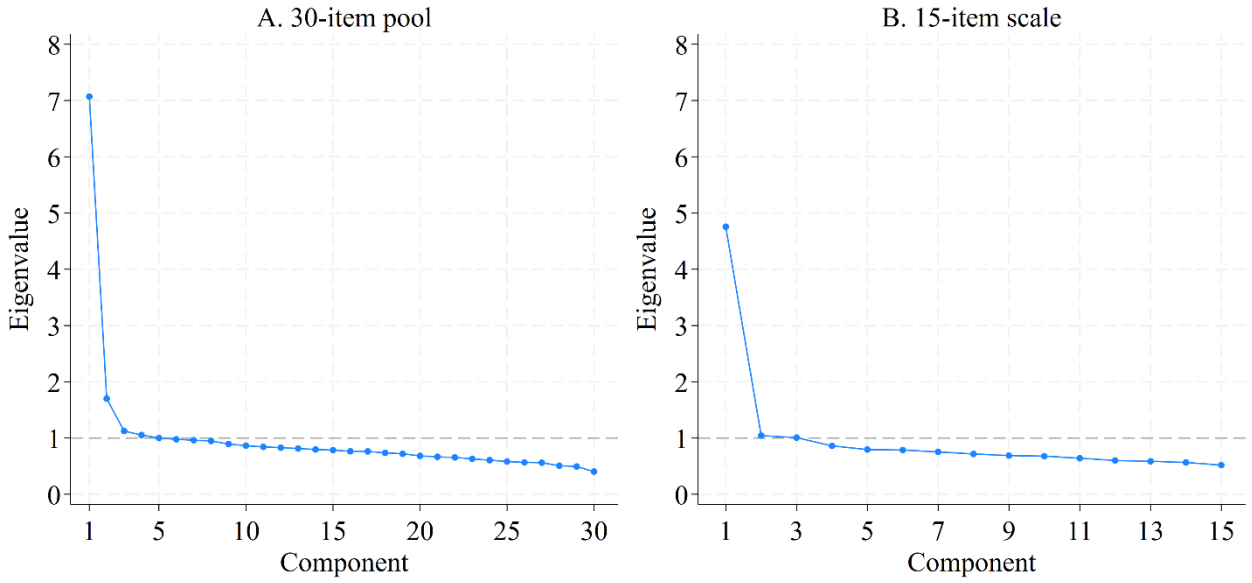
Economic literacy is not directly observed. Following the measurement approach described in Schennach (2022), the response to each question can be viewed as an imperfect indicator of a common latent trait. Multiple indicators allow the common signal to be separated from item-specific variation under two closely related assumptions. Unidimensionality requires that a dominant common factor summarizes respondents' performance across questions. Conditional, or local, independence requires that responses to different questions are not systematically related after conditioning on that factor. These are the central identifying restrictions of a unidimensional IRT model (Cai et al. 2016).

We examine dimensionality using weighted principal component analyses of the 30-item pool and the 15-item scale. In both cases, the first component is substantially larger than the subsequent components, and the scree plot displays a pronounced elbow after the first component (Figure B2). This pattern indicates a dominant common dimension despite the test's coverage of five content domains. Yen's (1984) Q3 residual-correlation diagnostics are likewise generally consistent with local independence and do not reveal a broad pattern of residual dependence among the retained questions. Together, these diagnostics support a parsimonious one-dimensional representation of economic literacy.

B.4 Choice of Scaling Model and Parameter Estimation

IRT provides a parametric link between latent economic literacy and observed answers (Cai et al. 2016). Each question has an item characteristic curve that gives the probability of a correct response at each level of the latent trait. In the 1PL and 2PL models, the difficulty parameter locates the point at which this probability reaches 50 percent, while the discrimination parameter determines how rapidly the probability rises with economic literacy. Because the location and unit of the latent trait are otherwise arbitrary, we normalize economic literacy to have mean zero and variance one. The one-parameter logistic (1PL) model allows questions to differ in difficulty but constrains their discrimination to be equal. The 2PL model allows both parameters to vary across questions. The 3PL model additionally estimates a common lower asymptote, often termed a pseudo-guessing parameter; we also estimate a version fixing this parameter at 0.25, the probability of selecting the correct answer at random from four options.

Figure B2: Principal component analysis



Notes: The figures report scree plots from weighted principal component analyses of the binary item scores. The dashed lines mark an eigenvalue of one. Panel A uses the 30-item pool (N = 2,699); Panel B uses the 15-item scale (N = 2,708).

Table B2 reports likelihood-based fit statistics. The 1PL model performs substantially worse than the 2PL model for both forms, showing that questions differ meaningfully in how strongly they discriminate. The freely estimated 3PL has lower AIC and BIC values, with the larger improvement occurring for the 30-item pool; for the 15-item scale, its BIC advantage over the 2PL is only about two points. The estimated lower asymptote is 0.118 for the 30-item pool and 0.045 for the 15-item scale. These estimates imply lower response probabilities of approximately 12 and 5 percent at very low levels of economic literacy, both well below the 25 percent benchmark for random choice. Fixing the lower asymptote at 0.25 worsens fit for the 15-item scale, while the corresponding 30-item model does not converge. The additional 3PL flexibility therefore does not support a mechanical correction for random guessing. We use the 2PL as the main specification because it captures the economically relevant differences in difficulty and discrimination in a stable and parsimonious calibration; the 3PL estimates serve as a diagnostic check on the role of guessing.

Table B2: Model fit statistics

Model	AIC	BIC	Log likelihood	Pseudo-guessing *c*
(1)	(2)	(3)	(4)	(5)
Panel A: 30-item pool				
1PL model	91,641.67	91,824.91	-45,789.84	–
2PL model	89,125.19	89,479.85	-44,502.60	–
3PL model (estimated *c*)	89,038.75	89,399.32	-44,458.37	0.118
3PL model (*c* = 0.25)	–	–	–	0.250
Panel B: 15-item scale				
1PL model	43,112.80	43,207.37	-21,540.40	–
2PL model	42,545.93	42,723.26	-21,242.97	–
3PL model (estimated *c*)	42,537.90	42,721.14	-21,237.95	0.045
3PL model (*c* = 0.25)	42,884.86	43,062.19	-21,412.43	0.250

Notes: The table reports fit statistics from one-, two-, and three-parameter logistic IRT models estimated by marginal maximum likelihood using survey weights. *c* is the common lower-asymptote parameter. The latent trait is normalized to have mean zero and variance one. Fit statistics of the 30-item model with *c* fixed at 0.25 are not reported because it does not converge within 50 iterations. N = 2,727.

B.5 Item Properties and Response Patterns

Next, we evaluate the characteristics and response patterns of individual items. Table B3 reports item-level statistics for the full 30-item pool. Column 3 shows the empirical item difficulty *p*, defined as the share of respondents answering the item correctly. Values range from 0.33 to 0.82, indicating that the pool contains both relatively difficult and relatively easy items and avoids concentration at either extreme. Column 4 reports corrected item-total correlations *r*, which measure how strongly performance on each item is associated with performance on the remaining test items. All item-total correlations are positive, ranging from 0.19 to 0.58, suggesting that each item contributes to the common scale rather than capturing an unrelated construct.

Table B3: Item statistics

Content domain	Item no.	*p*	*r*	*a*	*SE*(*a*)	*b*	*SE*(*b*)	15-item scale	5-item scale
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Scarcity, allocation, and decision making	1	0.619	0.485	1.432	0.077	-0.432	0.042	X	X
	2	0.333	0.398	1.182	0.067	0.810	0.054	X	
	3	0.616	0.315	0.762	0.055	-0.610	0.072		
	4	0.676	0.464	1.396	0.074	-0.674	0.047	X	
	5	0.534	0.300	0.717	0.053	-0.111	0.064		
	6	0.430	0.189	0.460	0.048	0.680	0.110		
Specialization and trade	7	0.706	0.446	1.364	0.080	-0.809	0.051	X	
	8	0.673	0.374	1.006	0.064	-0.819	0.064		
	9	0.501	0.198	0.443	0.048	0.070	0.096		
	10	0.523	0.247	0.536	0.051	-0.105	0.082		
	11	0.613	0.355	0.932	0.062	-0.533	0.059	X	
	12	0.773	0.482	1.819	0.104	-0.970	0.046	X	X
Markets, prices, and competition	13	0.821	0.441	1.735	0.105	-1.231	0.057	X	
	14	0.760	0.526	2.212	0.130	-0.869	0.039	X	
	15	0.719	0.456	1.413	0.078	-0.843	0.051		
	16	0.699	0.468	1.534	0.089	-0.761	0.045		
	17	0.527	0.275	0.644	0.052	-0.136	0.070		
	18	0.417	0.486	1.500	0.079	0.357	0.040	X	X
Government intervention and incentives	19	0.767	0.465	1.631	0.092	-0.976	0.050	X	
	20	0.477	0.195	0.440	0.048	0.260	0.098		
	21	0.783	0.574	2.760	0.169	-0.893	0.035	X	X
	22	0.738	0.382	1.091	0.067	-1.139	0.072		
	23	0.699	0.577	2.425	0.133	-0.628	0.034		
	24	0.548	0.299	0.660	0.053	-0.273	0.071	X	
Macroeconomic reasoning	25	0.669	0.570	2.132	0.109	-0.523	0.035	X	
	26	0.798	0.467	1.789	0.102	-1.109	0.050	X	
	27	0.818	0.579	3.987	0.279	-0.971	0.032		
	28	0.669	0.351	0.920	0.061	-0.833	0.069		
	29	0.616	0.564	1.939	0.103	-0.352	0.035	X	X
	30	0.652	0.298	0.732	0.055	-0.900	0.087		

Notes: *p* is the share of respondents answering the item correctly; *r* is the corrected item-rest correlation. The discrimination parameter *a* and difficulty parameter *b*, with robust standard errors reported in columns 6 and 8, are estimated from the weighted 2PL model for the 30-item pool. Crosses identify questions retained in the 15-item and 5-item scales. The IRT estimation sample contains 2,727 respondents.

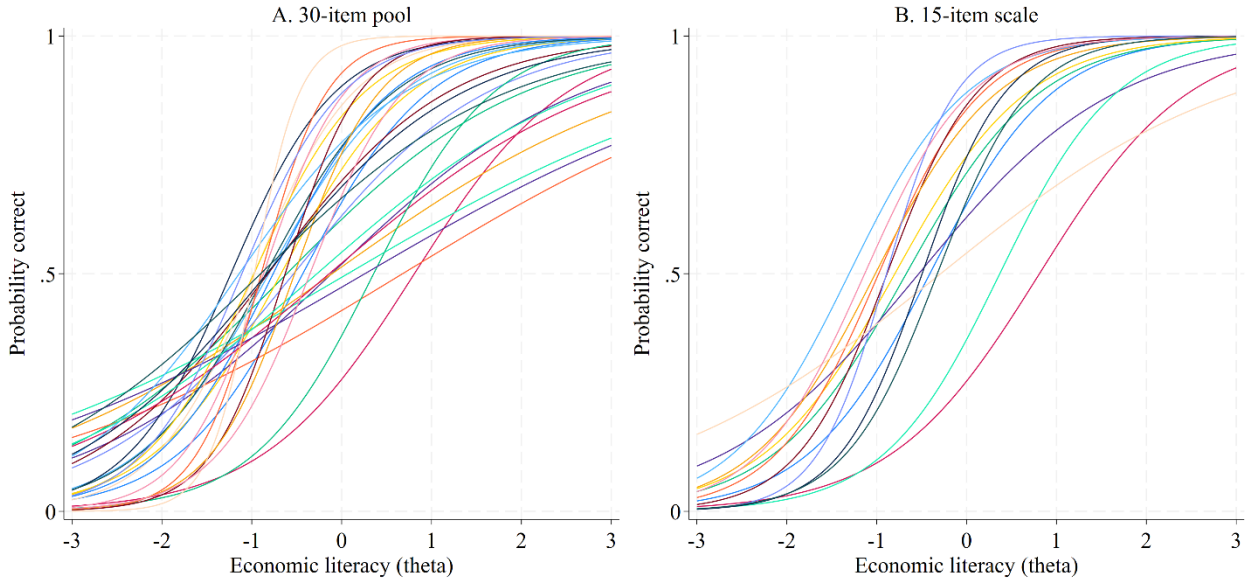
Columns 5-8 report parameters from the 2PL IRT model. The discrimination parameter *a* in column 5 captures how strongly an item differentiates between respondents with different levels of latent economic literacy. Most items display moderate to high discrimination, with several items showing particularly strong ability to separate respondents along the latent trait. The difficulty parameter *b* in column 7 indicates the level of latent economic literacy at which a respondent has a 50 percent probability of answering the item correctly. Negative values indicate easier items, while positive values indicate more difficult items. The estimated difficulties cover a broad range, from relatively easy items such as items 13 and 22 to more difficult items such as items 2, 6, 18, and 20. The corresponding standard errors in columns 6 and 8 indicate that the item parameters are estimated with reasonable precision.

The item-level analysis also considers the quality of the incorrect answer options. All 45 distractors in the retained 15 questions are selected, with weighted shares ranging from 2.0 to 39.2 percent; 37 are selected by at least 5 percent of the respondents. For 44 distractors, selection is negatively associated with performance on the remaining questions. For the remaining distractor, the correlation is close to zero. The distractors therefore generally attract respondents with lower economic literacy scores and do not leave answer options effectively unused.

B.6 Graphical Diagnostics

The two panels of Figure B3 show item characteristic curves (ICCs), which plot the predicted probability of answering each item correctly as a function of latent economic literacy (denoted by theta), for the 30- and 15-item forms. The upward-sloping curves indicate that respondents with higher latent economic literacy are more likely to answer each item correctly. Differences in the horizontal position of the curves reflect differences in item difficulty, while differences in their slopes reflect differences in item discrimination. Panel A shows that the items in the 30-item pool cover a broad range of difficulty and that many items discriminate most strongly around the central part of the latent-trait distribution. The same qualitative pattern is visible for the 15-item scale in Panel B, suggesting that the shortened instrument retains items with meaningful variation in both difficulty and discrimination.

Figure B3: Item characteristic curves (ICC)

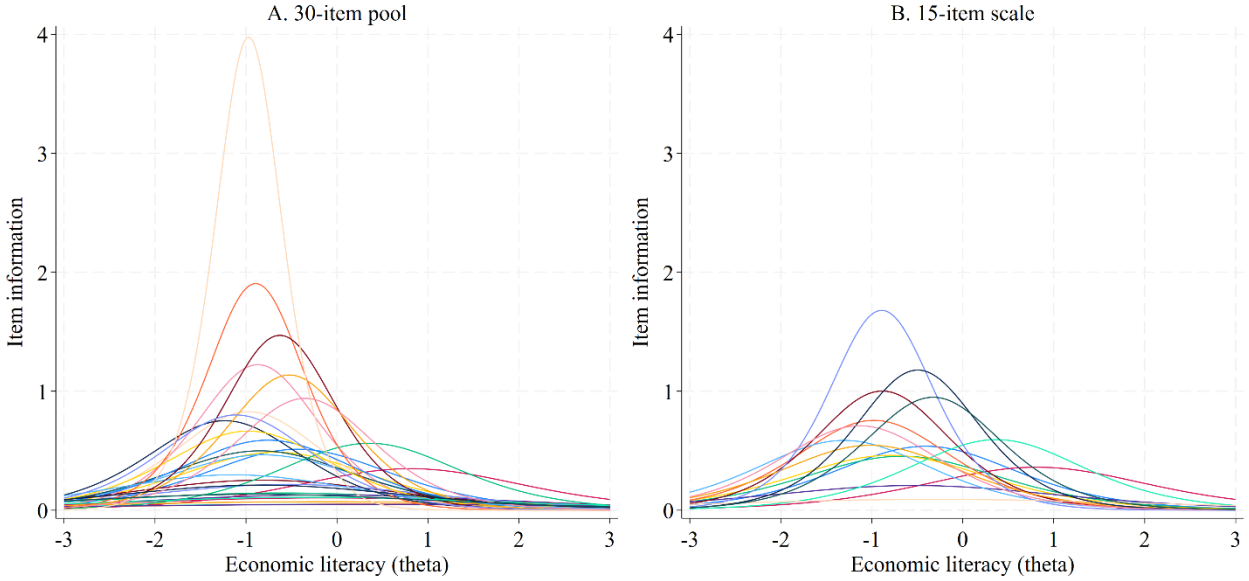


Notes: The figures report item characteristic curves implied by weighted 2PL models. Each curve gives the predicted probability of a correct response over the latent economic literacy distribution. Panel A uses the 30-item pool; Panel B uses the 15-item scale. N = 2,727.

Figure B4 depicts item information functions (IIFs). These functions indicate where along the latent-trait distribution each item is most informative. Items provide the most information around the level of theta at which they best distinguish between respondents, with more discriminating items producing higher peaks. The IIFs show that information is concentrated around the middle of the economic literacy distribution, rather than only at very low or very high levels. This is desirable for a population survey because most respondents are located in this range.

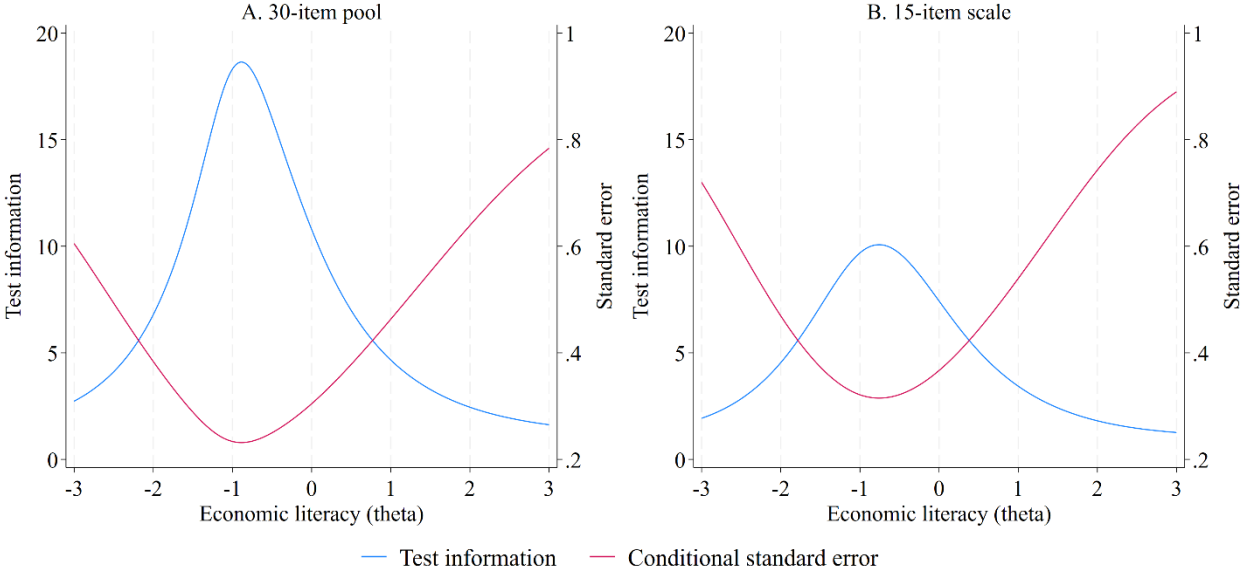
Figure B5 shows test information functions (TIFs), which combine item-level information with the information from the assumed standard normal distribution of latent economic literacy. The TIFs show the overall precision of the test at different levels of latent economic literacy; the corresponding standard errors are inversely related to the test information. As expected, the full 30-item scale provides more information than the 15-item scale. However, the shorter scale preserves the same overall shape and remains most precise around the central part of the distribution. Thus, the 15-item instrument sacrifices some precision relative to the full scale, but retains the key measurement properties needed for a compact population-level measure of economic literacy.

Figure B4: Item information functions (IIF)



Notes: The figures report item information functions implied by weighted 2PL models. Higher values indicate greater measurement precision at the corresponding level of latent economic literacy. Panel A uses the 30-item pool; Panel B uses the 15-item scale. N = 2,727.

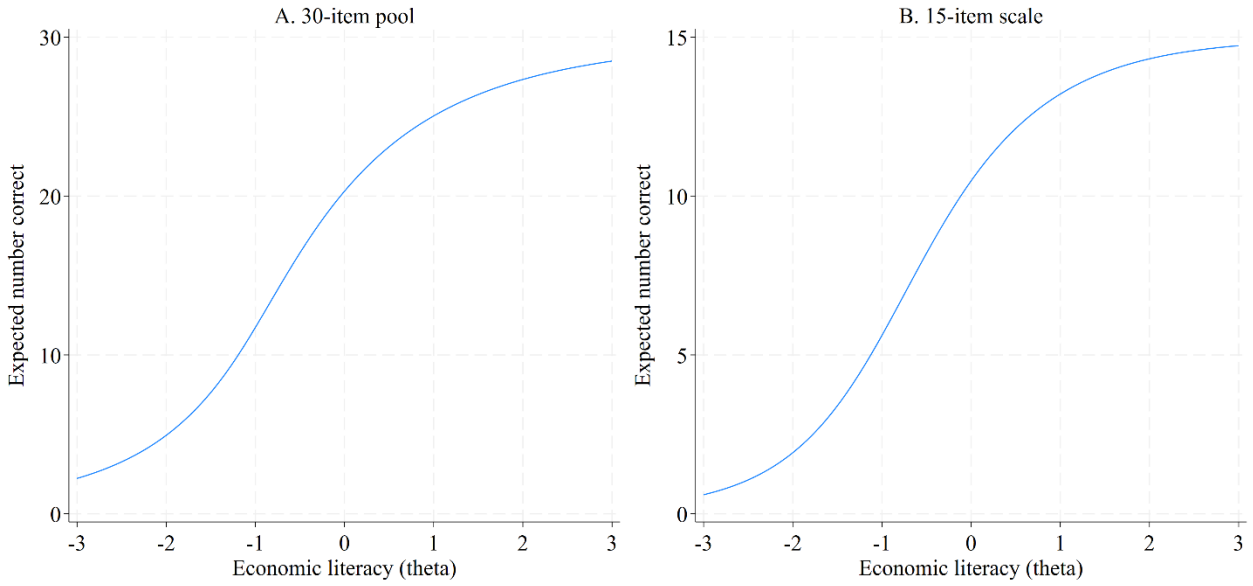
Figure B5: Test information functions (TIF)



Notes: The figures report test information and corresponding conditional standard errors from weighted 2PL models. Panel A uses the 30-item pool; Panel B uses the 15-item scale. The plotted information is the sum of item information and one unit of prior information from the standard normal latent distribution. The plotted standard error is the inverse square root of this sum. N = 2,727.

Figure B6 reports test characteristic curves (TCCs). The TCCs map each value of the latent trait theta into the expected number of correct answers. They therefore show how the model translates latent economic literacy into the observed test score. For both the full and the shortened scales, the curves are smooth and monotonically increasing: respondents with higher latent economic literacy are expected to answer more items correctly. The shortened-scale curve closely mirrors the shape of the full-scale curve, with the expected score mechanically rescaled from 30 to 15 items. This confirms that the shortened instrument preserves the ordering of respondents along the latent trait.

Figure B6: Test characteristic curves (TCC)



Notes: The figures report test characteristic curves implied by weighted 2PL models. Each curve gives the expected number of correct responses at each level of latent economic literacy. Panel A uses the 30-item pool; Panel B uses the 15-item scale. N = 2,727.

B.7 Test for Measurement Invariance

We examine differential item functioning (DIF) to assess measurement invariance across demographic groups. An item exhibits DIF when the probability of answering it correctly differs across demographic groups among respondents with the same overall test score. Following the logistic-regression approach of Swaminathan and Rogers (1990), we estimate models for each of

the 15 retained questions, comparing men and women, respondents with and without a migration background, and respondents across education and age groups. The models condition on the observed total score and allow both the response level and its association with the score to differ across groups. Table B4 summarizes the largest change in Nagelkerke's (1991) pseudo-R^2 across questions for each comparison. We use this change as a measure of DIF magnitude: it records the improvement in model fit when group membership and its interaction with the total score are added relative to the benchmark model which only includes the total score as a covariate.

Table B4: Differential item functioning (DIF)

Comparison	N	Largest ΔR^2
(1)	(2)	(3)
Men versus women	2,698	0.012
No migration versus migration background	2,707	0.005
Age groups (six categories)	2,708	0.026
Age 18–45 versus 46–70	2,708	0.015
Low versus middle education	1,492	0.003
Low versus high education	1,770	0.013
Middle versus high education	2,154	0.011

Notes: Logistic DIF models condition item responses on the observed total score and add group and group-by-score terms. The table reports the largest omnibus change in Nagelkerke's pseudo-R^2 across the 15 retained questions for each comparison. The age comparison uses six groups: 18–25, 26–35, 36–45, 46–55, 56–65, and 66–70 years. The binary age comparison combines the first three and last three age groups (18–45 versus 46–70 years).

The estimated changes in pseudo-R^2s are small for all comparisons. For the five binary comparisons other than age, the largest value is 0.013. For the six-group age comparison, the maximum change in pseudo-R^2 is 0.026 (item 24). The slightly larger value may partly reflect the greater number of estimated coefficients and should thus be interpreted separately from the binary comparisons. When we perform the same analysis using two age groups (18–45 and 46–70 years), the maximum change in pseudo-R^2 is 0.015 (item 4), close to the other binary comparisons, providing further reassurance for comparisons of economic literacy across age groups.

Overall, the evidence provides little indication that comparisons of the 15-item scale across gender, migration background, education, and age groups are driven by differences in how the questions function.

B.8 Sensitivity to Item Selection

We assess how strongly the economic literacy score depends on the choice of specific questions from our initial 30-item pool. The first exercise varies the item-selection rule while keeping test length fixed at 15 questions. The second exercise omits each content domain in turn, allowing us to assess how closely the remaining questions track the retained scale.

Table B5 examines sensitivity to item selection. In Panel A, choosing the 15 most informative items yields correlations with the retained scale of 0.966 when three questions per domain are required and 0.958 without this restriction. Even if the 15 items are selected entirely at random, the score correlates at 0.918 with the retained scale and at 0.938 with the 30-item form. The two information-based alternatives also correlate at 0.969 and 0.963 with the full 30-item form, compared with 0.963 for the retained form. The high correlations for the unrestricted alternative suggest that requiring equal representation of the five domains has limited influence on the resulting scores. The random-draw result is consistent with a common economic literacy signal across the original item pool, although its scores are somewhat less closely aligned with the retained and full scales.

Panel B of Table B5 omits each domain in turn and retains three questions per remaining domain. Correlations of these 12-item scores with the retained scale range from 0.934 to 0.956 under information-based selection and from 0.860 to 0.935 under random selection. Thus, scores remain closely aligned with the retained scale after any one content area is omitted. The random-selection results vary more across omitted domains. The lowest correlation occurs when macroeconomic reasoning is excluded (0.860); information-based selection from the same four remaining domains yields a correlation of 0.947. This comparison suggests that the choice of questions within the remaining domains also matters. Overall, these results support the stability of the scores across the considered item-selection rules.

Table B5: Correlations of economic literacy scores under different item selection criteria

Panel A: 15-item forms

Item selection	Selected 15-item form	30-item form
	(1)	(2)
Selected form	1.000	0.963
Maximum information within domains	0.966	0.969
Maximum information without domain restrictions	0.958	0.963
Random selection	0.918	0.938

Panel B: 12-item forms resulting from leaving one domain out

Omitted content domain	Maximum information within domains		Random selection within domains	
	Selected 15-item form	30-item form	Selected 15-item form	30-item form
	(1)	(2)	(3)	(4)
Scarcity, allocation, and decision making	0.934	0.942	0.935	0.928
Specialization and trade	0.950	0.953	0.925	0.929
Markets, prices, and competition	0.951	0.947	0.894	0.901
Government intervention and incentives	0.956	0.950	0.924	0.924
Macroeconomic reasoning	0.947	0.949	0.860	0.895

Notes: Entries are survey-weighted Pearson correlations between latent economic literacy scores estimated using 2PL IRT models. N = 2,727. Respondents with no observed response in any of the compared forms are excluded. The selected 15-item form is the one retained in the paper. Each alternative form is drawn from the original 30-item pool and scored using a separately estimated, survey-weighted 2PL model.

Information-based selection ranks questions by their average item information over the observed, survey-weighted distribution of 30-item IRT scores, using parameters from the 30-item model. The domain-restricted variant in Panel A retains three items per domain; the unrestricted variant retains the 15 highest-ranked items overall. Panel B omits each domain in turn and retains three items from each of the four remaining domains.

Random selection refers to one reproducible draw for each specification (seed 17092026). In Panel A, 15 items are drawn without domain restrictions. In Panel B, three items are drawn from each remaining domain, with the within-domain item ordering held fixed across omitted domains.

B.9 Ultra-Short Five-Item Scale

For settings in which questionnaire space is especially limited, we also construct an ultra-short, five-item scale. The scale retains one question from each content area (see Tables B1 and B3). Within each content area, selection balances item information, discrimination, and the distribution of difficulty with substantive coverage of central economic mechanisms. A single question cannot represent the full breadth of a content area, so the 15-item scale remains preferable when survey space permits.

Table B6 reports item statistics after re-estimating the 2PL model on the five selected questions. All questions have positive item-rest correlations and discrimination parameters above 1.4, while their difficulty parameters range from -0.99 to 0.37. Internal consistency is necessarily lower than for the longer forms but remains adequate for an ultra-short instrument (Cronbach's alpha = 0.70). The IRT-scaled score correlates at 0.91 with the score from the 15-item scale.

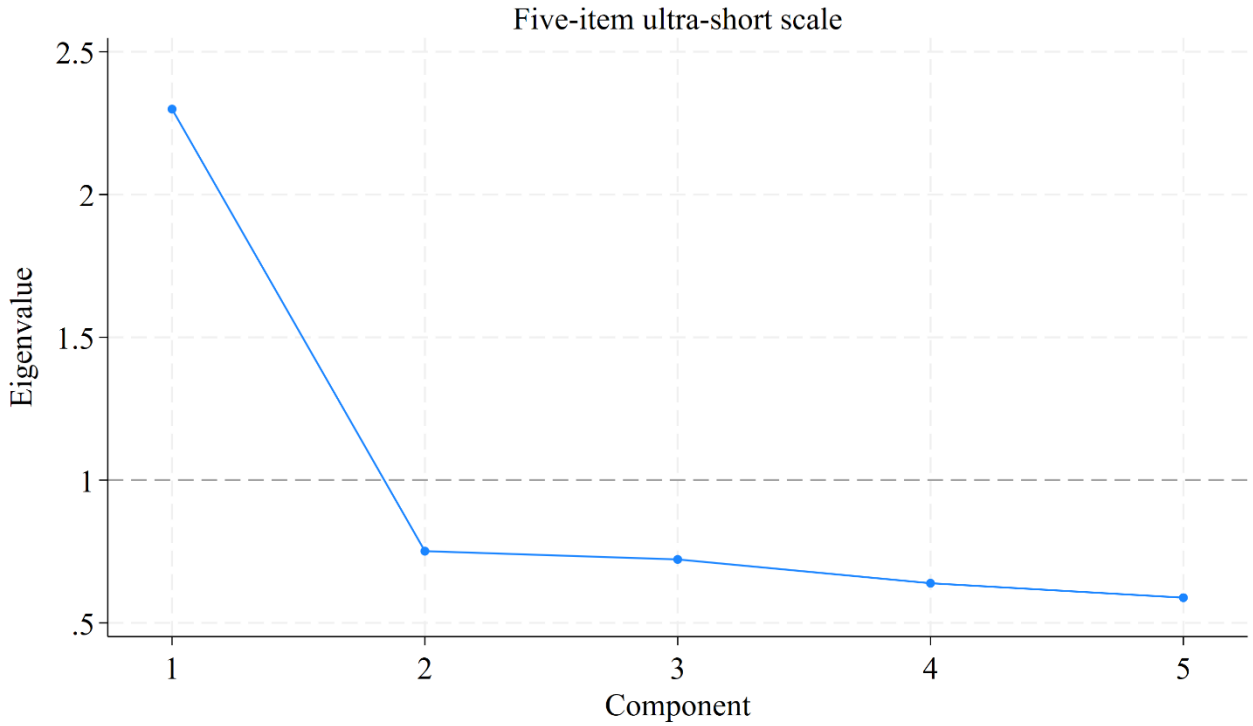
Table B6: Item statistics for the ultra-short five-item scale

Content domain	Item	*p*	*r*	*a*	*SE*(*a*)	*b*	*SE*(*b*)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Scarcity, allocation, and decision making	1	0.619	0.431	1.454	0.099	-0.400	0.044
Specialization and trade	12	0.773	0.431	1.650	0.117	-0.991	0.057
Markets, prices, and competition	18	0.417	0.410	1.570	0.106	0.369	0.039
Government intervention and incentives	21	0.783	0.514	2.613	0.231	-0.868	0.043
Macroeconomic reasoning	29	0.616	0.506	2.063	0.152	-0.308	0.035

Notes: *p* is the share of respondents answering the item correctly; *r* is the corrected item-rest correlation within the five-item form. The discrimination parameter *a* and difficulty parameter *b*, with robust standard errors, are estimated from a weighted 2PL model for the five selected questions. N = 2,726.

Figure B7 shows that the five-item scale also displays a dominant first principal component. Only the first eigenvalue is larger than one.

Figure B7: Principal component analysis for the ultra-short five-item scale

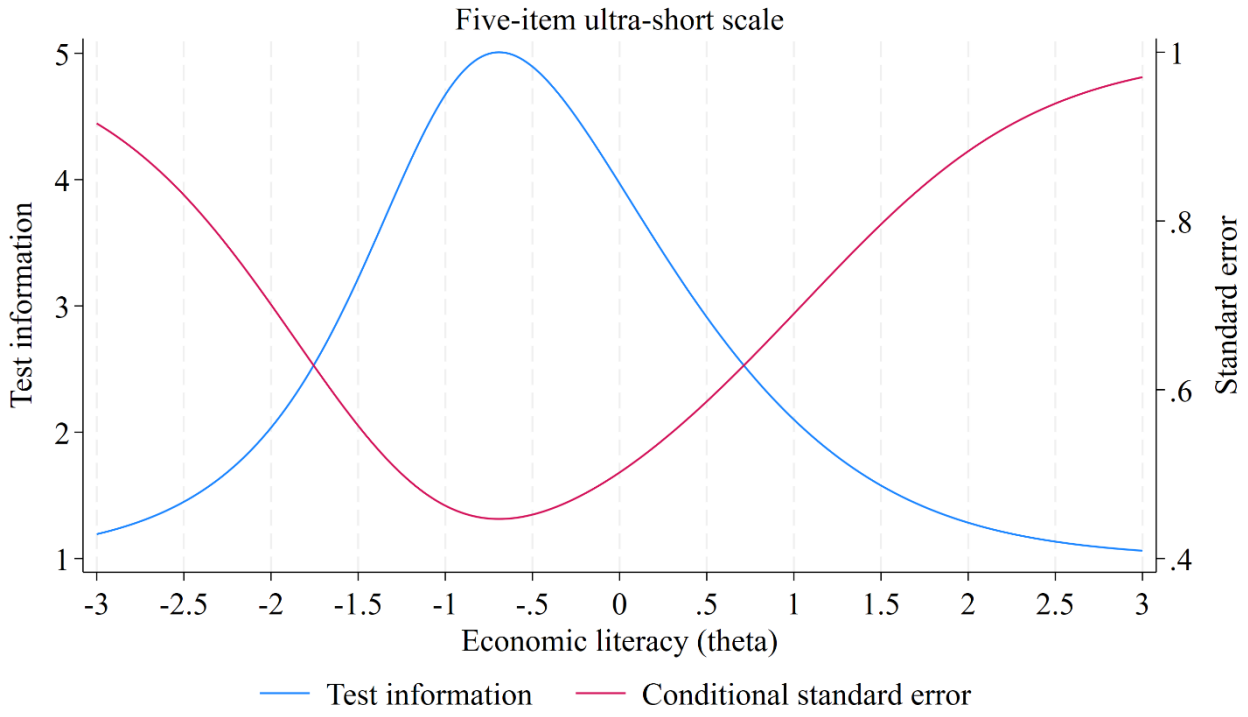


Notes: The figure reports the scree plot from a weighted principal component analysis of the five binary item scores. The dashed line marks an eigenvalue of one. N = 2,715.

Figure B8 shows that the scale is most informative near the center of the economic literacy distribution. As expected for a five-question instrument, the scale becomes less precise toward the tails.

The DIF results for the five-item version are also small: the largest change in Nagelkerke's pseudo-R^2 is 0.019. The maximum across the six binary comparisons is 0.012. Taken together, the results support use of the ultra-short, five-item scale when questionnaire space is especially limited, while the 15-item scale remains preferable when greater content coverage and measurement precision are required.

Figure B8: Test information for the ultra-short five-item scale



Notes: The figure reports test information and the corresponding conditional standard error from the weighted 2PL model for the five selected questions. The plotted information is the sum of item information and one unit of prior information from the standard normal latent distribution. The plotted standard error is the inverse square root of this sum. N = 2,726.

Appendix C: Survey Implementation

This appendix reports on the implementation of our survey. Appendix C.1 describes recruitment, sampling, and representativeness. Appendix C.2 provides an analysis of the quality of the data, including screening checks, response patterns, straightlining, and rapid guessing.

C.1 Recruitment, Sampling, and Representativeness

To recruit the participants for our survey, we used the provider Talk Online Panel who operates online panels with more than 1 million active members in 24 European countries. To ensure broad online representativeness, the provider recruits participants through several different digital marketing channels. In Germany, the majority of participants are recruited via social media, display advertising, and media partnerships. Additional participants are recruited through newsletter campaigns, search advertising, and peer referrals. In general, members of the panel are rewarded for their efforts through a points-based incentive system. The number of points panelists receive for participating in a survey depends, among others, on the length of the survey. Points can be redeemed on the provider's website for vouchers or cash, or can be donated to charity.

We implemented the questionnaire using the online platform Qualtrics. The questionnaire could be completed on desktop or mobile devices. The survey company recruited the participants, emailed them a personalized survey link, and compensated them for their participation. Invited participants can freely decide whether or not to participate. In Germany, the Talk Online Panel has approximately 100,000 active members. Taking into account the demographic criteria specified by us, a panel management system was used to draw a random, quota-based sample to ensure representativeness. The sampling algorithm also factors in average response rates and the target number of completed interviews. In total, 4,857 individuals participated in our Qualtrics survey and reached the landing page. Field time was between November 26, 2024, and January 5, 2025.

Our target population are German residents between the ages of 18 and 70. After reading the landing page, 121 participants were dropped because they did not provide consent for data collection (Table C1). On the first page of the survey, we collected the necessary demographic information to verify that the respondents were in our target population and not part of a quota that had already been filled. 42 respondents dropped out of the survey without answering the first demographic questions. 28 respondents were screened out because they were outside the target age range or did not currently reside in Germany. We used quotas for age, gender, state,

employment status, and educational attainment. Once a quota was reached, individuals who matched the quota were also screened out after the first block of questions; this applied to 868 respondents.

Table C1: Sample derivation

	N (1)	Share of eligible (2)
Started survey	4,857	
Screened out due to missing consent	121	
Dropped out without answering quota demographics	42	
Screened out due to age range or non-German residence	28	
Screened out via quota	868	
Eligible respondents remaining after quota screening	3,798	100.0
Screened out by attention check	663	17.5
Non-completion	288	7.6
Duplicates removed	118	3.1
Final sample	2,729	71.9

Of the 3,798 respondents who went beyond the quota screening, 663 respondents who failed the early attention check were screened out. We also excluded 288 respondents who did not complete the survey and 118 duplicate responses (see Appendix C.2.1). This yields a final analysis sample of 2,729 unique completed responses.

The quota-based sampling achieved close alignment with the German population along the targeted dimensions of gender, age, employment status, and region. Comparing columns 1 and 3 of Panel A of Table C2, the main deviation in the unweighted sample concerns secondary education: respondents with low secondary education are underrepresented (20.6 percent in the sample versus 27.2 percent in the population), while respondents with medium and high secondary education are correspondingly overrepresented. To address these imbalances and ensure representativeness with respect to the targeted margins, we apply post-stratification weights in all analyses in the paper. The weights were provided by the survey company and constructed using

iterative proportional fitting based on the marginal distributions of the following variable combinations: (i) age × gender, (ii) region × gender, (iii) age × region, (iv) age × education, (v) age × employment status, and (vi) region × gender × employment status. As shown in column 2 of Panel A, the weighted sample matches the German population on all targeted characteristics by construction.

Panel B of Table C2 compares the sample to the German population along characteristics that were not directly targeted by quotas or weighting. The weighted sample closely resembles the population distribution of monthly net household income. Household size is also broadly similar, although single-person households are underrepresented (30.2 percent versus 41.2 percent), with correspondingly higher shares of two- and three-person households. The largest discrepancy concerns country of birth: respondents born outside Germany are substantially underrepresented in the sample. This likely reflects the fact that the survey was administered in German and therefore less accessible to residents with limited German-language proficiency.

Table C2: Sample representativeness and weighting

	Unweighted sample (1)	Weighted sample (2)	German population (3)
Panel A: Targeted characteristics			
Gender			
Female	0.5038	0.5003	0.5003
Age			
18-29 years old	0.1616	0.1910	0.1910
30-39 years old	0.1953	0.1900	0.1900
40-49 years old	0.1876	0.1765	0.1765
50-59 years old	0.2232	0.2285	0.2285
60-70 years old	0.2323	0.2140	0.2140
Secondary education level			
Low	0.2063	0.2718	0.2718
Middle	0.3455	0.3187	0.3187
High	0.4481	0.4096	0.4096
Employment status			
Not employed	0.2811	0.2670	0.2670
Employed	0.7189	0.7330	0.7330
Region			
Baden-Wuerttemberg	0.1352	0.1354	0.1354
Bavaria	0.1543	0.1596	0.1596
Central-West	0.1374	0.1381	0.1381
North Rhine-Westphalia	0.2180	0.2185	0.2185
North-West	0.1634	0.1612	0.1612
North-East	0.1916	0.1873	0.1873
Panel B: Non-targeted characteristics			
Birth country			
Germany	0.9490	0.9495	0.7814
Monthly net household income			
0-499 Euro	0.0156	0.0182	0.0140
500-999 Euro	0.0449	0.0457	0.0618
1000-1499 Euro	0.0972	0.1041	0.1053
1500-1999 Euro	0.1035	0.1061	0.1254
2000-2499 Euro	0.1265	0.1300	0.1320
2500-2999 Euro	0.1173	0.1197	0.1010
3000-3499 Euro	0.1098	0.1113	0.0889
3500-3999 Euro	0.0928	0.0891	0.0743
4000-4999 Euro	0.1265	0.1209	0.1147
5000 Euro or more	0.1659	0.1549	0.1820
Household size			
1 person	0.2998	0.3017	0.4115
2 persons	0.3677	0.3601	0.3350
3 persons	0.1602	0.1669	0.1195
4 persons	0.1264	0.1222	0.0954
5 persons or more	0.0459	0.0491	0.0387

Notes: Column 1 provides unweighted sample statistics for the 2,729 respondents. Column 2 provides weighted statistics using post-stratification weights provided by the survey company. In Panel A, columns 2 and 3 coincide by construction, since the post-stratification weights target these characteristics; the population figures are from the 2022 German Census (Zensus 2022). In Panel B, the population figures for birth country are from the 2022 German Census, and those for household income and household size are from the German Microcensus (Destatis, GENESIS table 12211-0300). All figures are shares.

Table C3 compares the support for political parties that respondents report in our survey to the vote shares in the federal election that took place two months after the survey was conducted. This comparison suggests that the sample captures the broad political composition of the electorate reasonably well: support for the CDU/CSU, AfD, SPD, BSW, FDP, and other parties is very similar to the official vote shares, while support for Die Grünen is somewhat higher and support for Die Linke somewhat lower.

Table C3: Political party support in our survey and in the federal election

	Our sample	Election February 2025
Party	(1)	(2)
CDU	20.5	22.6
CSU	5.7	6.0
AfD	19.4	20.8
SPD	18.8	16.4
Die Grünen	15.0	11.6
Die Linke	5.2	8.8
BSW	6.0	5.0
FDP	5.5	4.3
Freie Wähler	0.9	1.5
Other	2.8	2.9

Notes: Column 1 reports the distribution of preferred parties in our sample; respondents without a party preference are excluded. Column 2 reports second-vote shares in the 2025 German federal election (23 February 2025). All figures are in percent. Election results are the final results from the Federal Election Commissioner (Bundeswahlleiterin).

C.2 Data Quality

To explore the quality of the collected data, we study quality checks included in the survey (Appendix C.2.1), item nonresponse (Appendix C.2.2), response times and rapid guessing (Appendix C.2.3), straightlining (Appendix C.2.4), and survey order and fatigue (Appendix C.2.5). Appendix D.2 shows the robustness of our results to considering potential quality concerns.

C.2.1 Quality Checks Included in the Survey

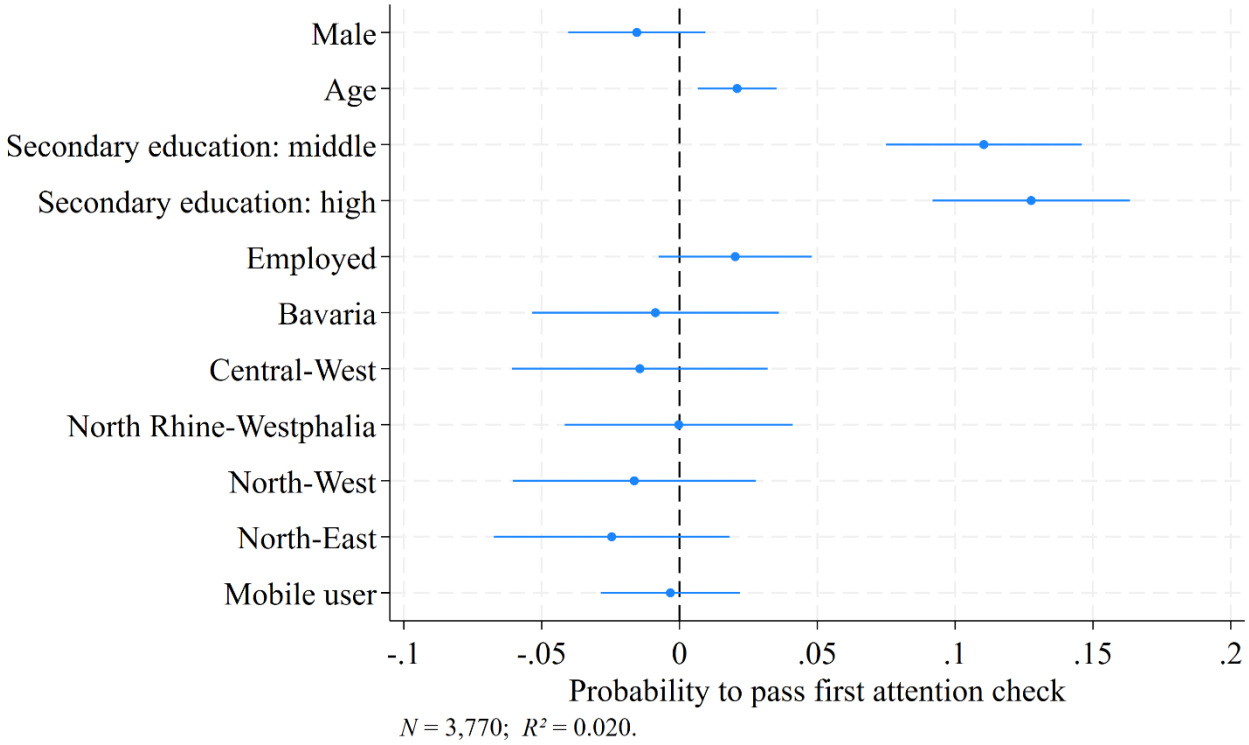
We took several steps to ensure high data quality. First, we used a simple attention check to screen out inattentive respondents after the initial questions: "It sometimes happens that respondents do not read individual questions carefully. To show that you are answering the questions carefully, please select both 'Not at all' and 'Very much' from the following answer options." The response options were 'not at all', 'a little', 'moderately', 'a lot', and 'very much'. The 663 respondents who did not answer the question correctly were screened out of the survey. We included a second, more demanding attention check after the economic literacy test and policy question block: "To ensure that you read the questions carefully, we ask you to ignore the following question and enter the number twenty-two in the text field. How many German federal states do you estimate currently have mandatory economics instruction in secondary schools? __ of the 16 federal states." 73.3 percent of the sample answered correctly.

Second, we used an open-ended response to capture the respondents' current occupation. We noticed striking repetitions in responses to the open-ended feedback questions. Review of these observations showed that they also gave the same answers to the demographic questions about gender, year and month of birth, state and zip code of residence, employment status, and educational attainment. We used these variables to identify observations that had exactly the same response pattern and additionally verified duplicates by checking the answers to the open-ended question about the respondent's current occupation. For identified duplicates, we kept the first response to our survey but dropped all subsequent responses, which led to a total of 118 removals.

We analyze whether the removals can be predicted based on observables. Figure C1 examines whether passing the attention check can be predicted with the demographics we collected on the first page of the survey. The covariates seem to have little explanatory power, as indicated by the low R^2 of 0.02. The only statistically significant, but small predictors are age and the level of secondary education, which may have contributed to the slight underrepresentation of younger and

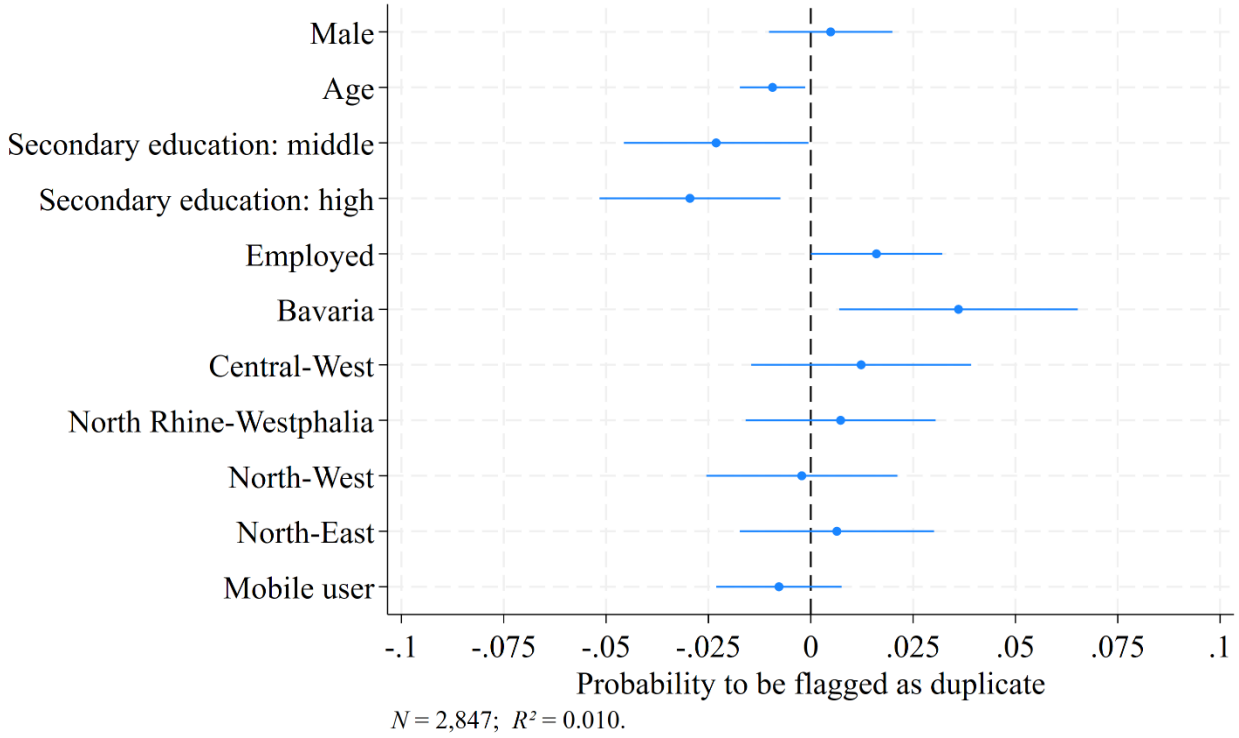
less educated individuals in our final, unweighted sample (see Table C2). Figure C2 shows that being flagged as a duplicate is only weakly related to our quota demographics (R^2=0.01). This suggests that low attention and duplicates do not alter the composition of our final sample.

Figure C1: Prediction of passing the early attention check by covariates



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors).

Figure C2: Prediction of duplicate responses by covariates



Notes: This figure plots coefficients and 95-percent confidence intervals (based on robust standard errors).

Third, we asked respondents about the reliability of their answers (Dohmen and Jagelka 2024). On a scale from 0 (“not conscientious at all”) to 10 (“very conscientious”), 84.1 percent of the respondents rated the conscientiousness of their responses as eight or higher.

Fourth, we inquired whether respondents perceived the survey to be biased. The vast majority (90.4 percent) felt the survey was unbiased, while 4.5 percent felt it was biased to the right and 5.2 percent felt it was biased to the left.

C.2.2 Item Nonresponse

We did not include categories such as “no answer” or “don’t know” for most items and did not force responses. Instead, if respondents did not provide an answer to a question and wanted to proceed to the next page, we displayed a pop-up reminding them to provide an answer to the question. Respondents had the option of going back to the unanswered question or proceeding to the next page.

Overall, this approach led to very low item nonresponse. The item nonresponse rate is below 0.5 percent for most questions, and below 2 percent for more sensitive questions, such as the number of children in the household, and household income and assets. In our analysis, we account for missing values by including a separate category for categorical variables and by imputing missing values of continuous variables with the mean or median and including a dummy that indicates missing values.

C.2.3 Response Times and Rapid Guessing

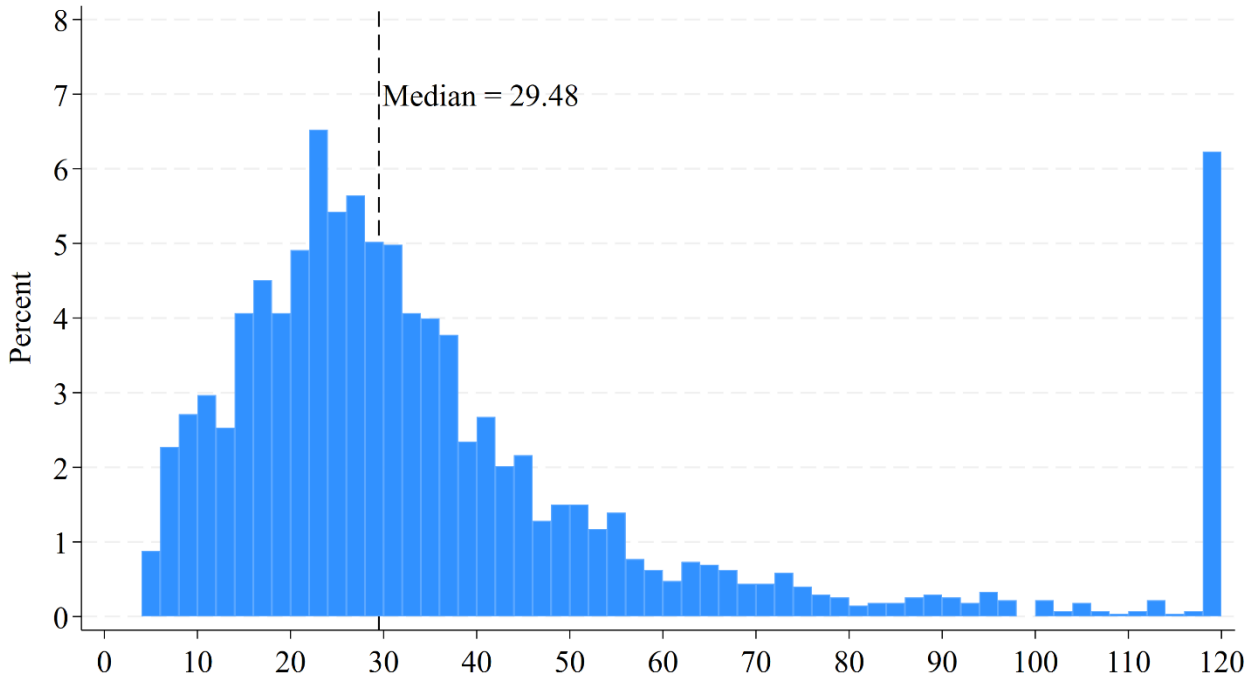
Response times. Table C4 shows descriptive statistics for the time respondents spent on the entire survey and on each block. In the final sample, the median time to complete the full survey is 29.5 minutes (10^{th} percentile = 12.8 minutes; 90^{th} percentile = 75.3 minutes). Figure C3 shows the distribution of time spent on the survey. Because respondents were able to pause the survey and resume at a later time, about 6 percent of the sample has a very long survey duration of two hours or more. For this reason, the median is generally a more informative statistic of average response time than the arithmetic mean.

Table C4: Minutes spent on the survey

	Mean	p10	Median	p90
	(1)	(2)	(3)	(4)
Complete survey	117.84	12.78	29.48	75.28
Survey blocks				
1 Welcome and consent	0.76	0.12	0.25	0.97
2 Initial demographics and attention check	2.05	0.85	1.38	2.75
3a1 Economic literacy test	14.64	2.58	11.47	24.35
3a2 Questions related to economic literacy	7.13	2.72	5.81	11.29
3b Policy module	3.82	1.3	2.72	6.04
4 Additional background and preferences	4.27	1.74	3.52	7.04
5 Outro	0.48	0.19	0.33	0.79

Notes: Unweighted descriptive statistics. Based on final sample of N=2,729. Respondents were able to pause the survey and continue later.

Figure C3: Distribution of time spent on the survey

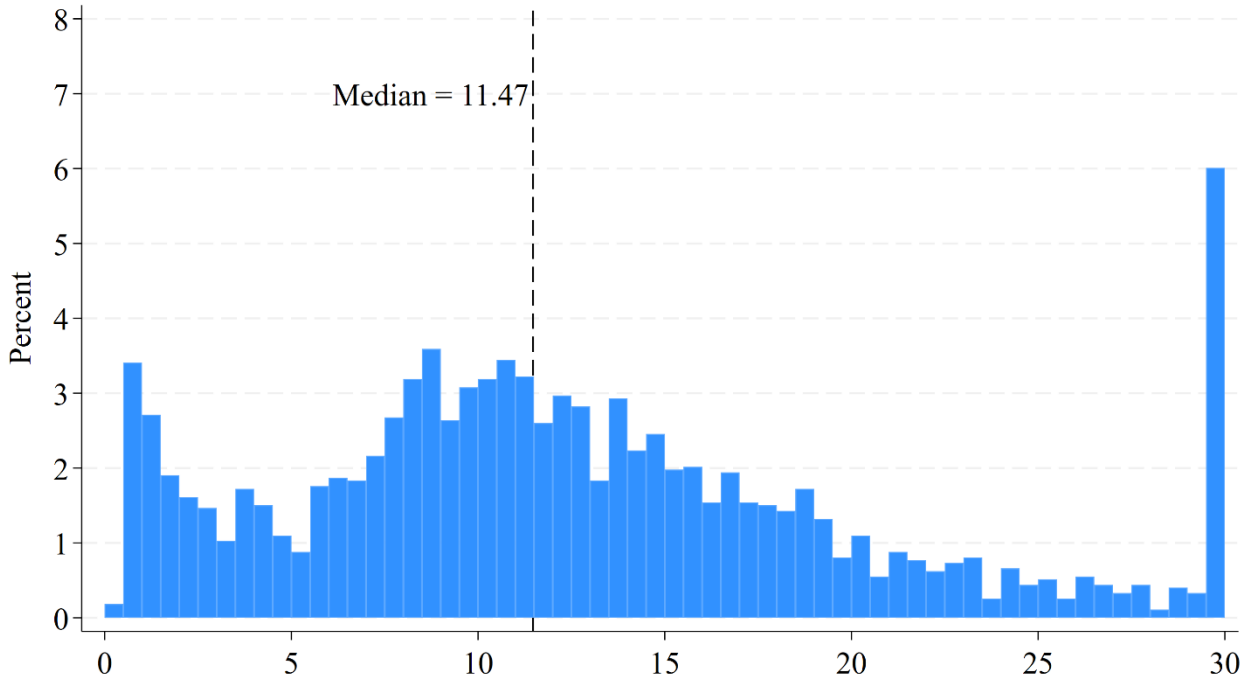


Notes: Survey duration in two-minute bins (capped at 120 minutes). Based on unweighted final sample of N=2,729. Respondents were able to pause the survey and continue later.

The core of our survey is the economic literacy test, which consists of 30 questions (six questions per page). Respondents spent the largest share of their time on this module (Table C4): the median time spent on the economic literacy test is 11.5 minutes (10^{th} percentile = 2.6 minutes; 90^{th} percentile = 24.4 minutes). Figure C4 shows the distribution of time spent on this module.

Rapid-guessing behavior. We use response times on the economic literacy test to assess whether some respondents answered too quickly to have seriously engaged with the items. The module consisted of five pages with six items each. Figure C4 shows the distribution of time spent on the module, winsorized at 30 minutes to reduce the influence of long pauses. The distribution is bimodal, a pattern often observed in low-stakes assessments such as PISA and commonly interpreted as reflecting a mixture of rapid-guessing behavior and actual solution behavior (Wise 2017).

Figure C4: Distribution of time spent on the economic literacy test

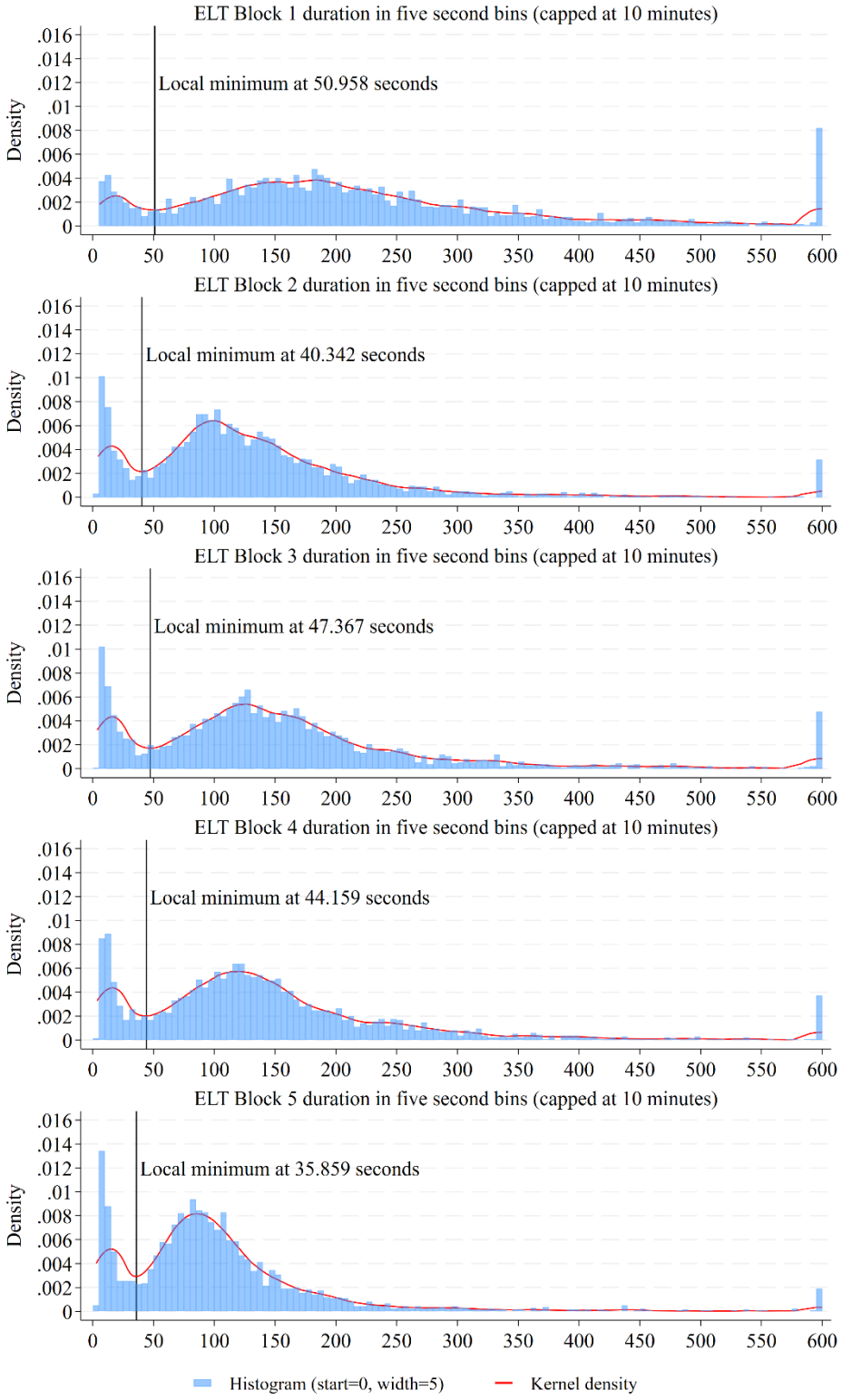


Notes: Duration of the economic literacy test module in half-minute bins (capped at 30 minutes). Based on unweighted final sample of N=2,729. Respondents were able to pause the survey and continue later.

To classify rapid guessing, we use response times separately for each of the five pages of the economic literacy test. For each page, we identify the point at which the short-time and longer-time parts of the response-time distribution intersect (Figure C5). Respondents whose response time on a page falls below this threshold are classified as rapid guessers for that page. We then count, for each respondent, on how many of the five pages they exhibit rapid-guessing behavior. Figure C6 shows the resulting distribution. Using this conservative page-level approach, 78 percent of respondents show no rapid-guessing behavior on any of the five pages, while about 16 percent are classified as rapid guessers on at least three pages.

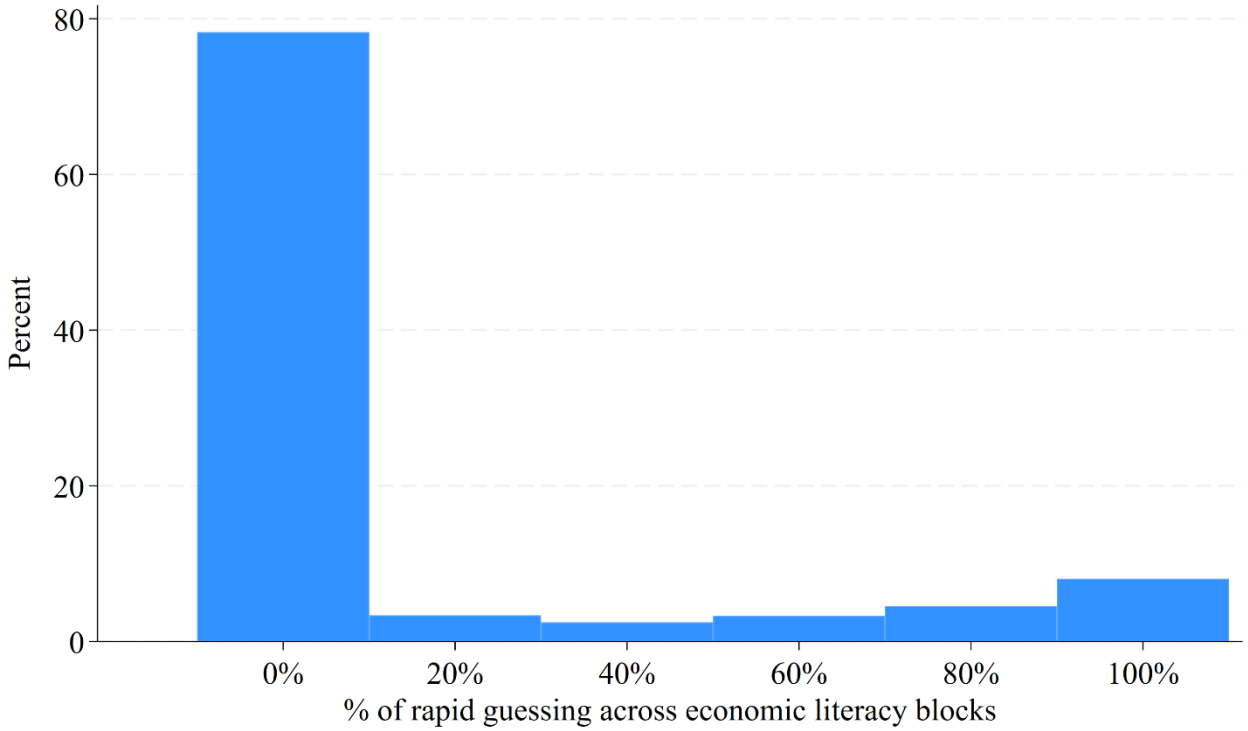
Alternatively, we can use a threshold of 10 percent of mean response time that is often used in the literature to identify rapid guessing behavior (Anaya and Zamarro 2024). In this case, only 8 percent of the sample is identified as guessing at least three of the five blocks.

Figure C5: Identifying rapid guessing



Notes: The figure shows, separately for each of the five pages of the economic literacy test, the unweighted distribution of the time spent on the page (histogram with five-second bins and kernel density; times capped at 10 minutes). The vertical line marks the local minimum of the density between 20 and 80 seconds; responses faster than this threshold are classified as rapid guessing on that page.

Figure C6: Distribution of rapid guessing



Notes: The figure shows the unweighted distribution of the number of pages of the economic literacy test on which respondents are classified as exhibiting rapid-guessing behavior. The economic literacy test consists of five pages with six items each. A respondent is classified as a rapid guesser on a given page if their response time falls below the page-specific cutoff separating unusually fast responses from regular solution times as shown in Figure C5.

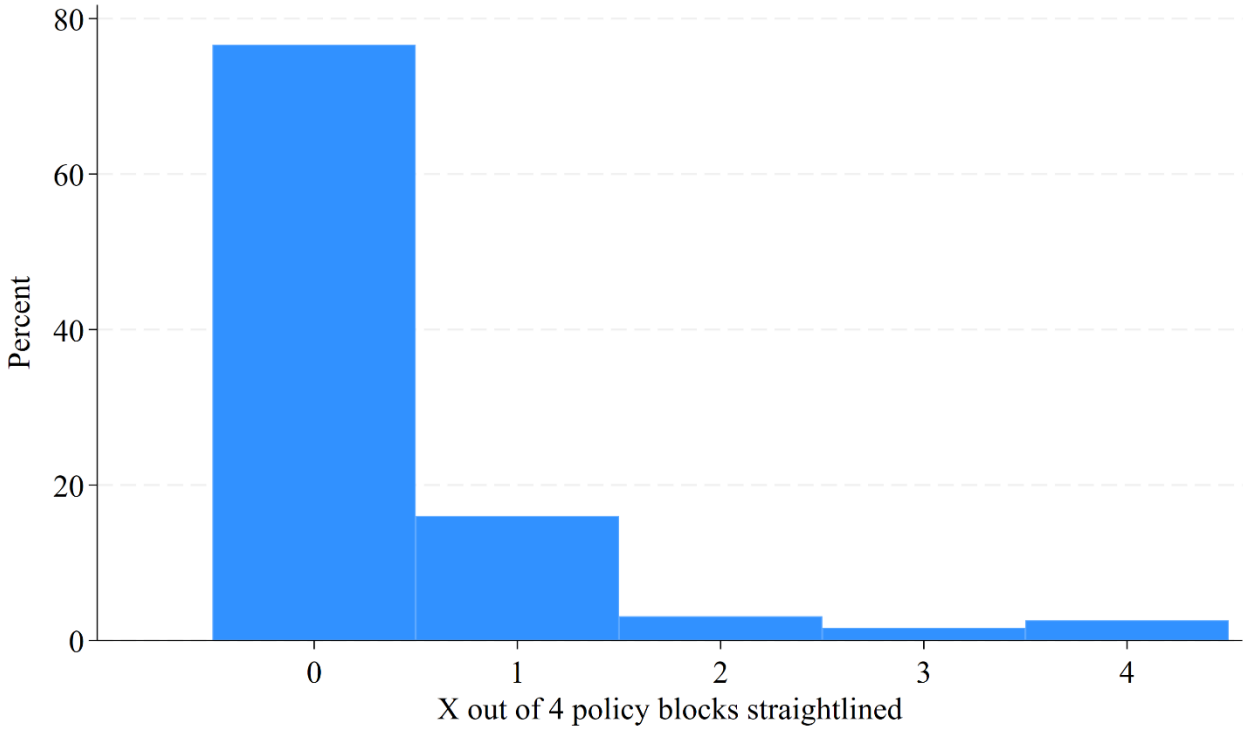
C.2.4 Straightlining

Another common indicator of low-quality survey responses is straightlining, defined as selecting the same response option across all items in an item battery. The only questions displayed as item battery matrices for both mobile and desktop users are the four batteries on support for tax, welfare, climate, and trade policies, which contain four items each.

Figure C7 shows the distribution of straightlining behavior across the four policy batteries. While 23 percent of respondents selected the same response option in at least one of the four batteries, straightlining across multiple batteries is rare. This distinction is important because straightlining in a single policy battery need not indicate low effort: respondents may genuinely hold consistently supportive or opposing views within a policy domain, or may consistently choose the middle category when they are indifferent or uncertain. We therefore interpret repeated

straightlining across several policy batteries as the more informative indicator of potential low-quality responding. By this measure, systematic straightlining behavior is extremely limited.

Figure C7: Distribution of straightlining across four policy batteries



Notes: The figure shows the unweighted share of respondents (in percent) by the number of the four policy batteries (tax, welfare, climate, and trade policies) in which all four items received the same answer (straightlining); 0 means no battery, 4 means all four batteries.

C.2.5 Survey Order and Fatigue

Because the survey and the economic literacy test are relatively long, we assess the extent to which participants' response patterns were affected by survey fatigue, exploiting the randomization of the order of the economic-literacy module and the policy module (see Table A1). The results of *t*-tests, presented in Table C5, suggest that survey fatigue influences response behavior to some extent. Individuals who answered the policy module first, and thus started the economic-literacy module about three minutes later, answer about 0.7 fewer items correctly, spend about 0.5 minutes less on the module, and show a 4 ppts higher rate of guessing behavior. This

suggests that performance on or motivation for the economic literacy test are sensitive to timing, and that the test should be included at the beginning of a survey whenever possible.

Table C5: Tests for survey fatigue based on randomization of survey order

	Economic-literacy module first	Policy module first	*p*-value
	(1)	(2)	(3)
Number of test items answered correctly	19.497	18.750	0.002
Duration economic-literacy module	12.951	12.433	0.085
Rapid-guessing score	13.170	17.447	0.001
Duration policy module	3.046	3.379	0.000
X/4 policy batteries straightlined	0.413	0.339	0.022
N	1,350	1,379	

Notes: Durations (in minutes) are winsorized at the 95th percentile. The rapid-guessing score is the share (in percent) of the five pages of the economic literacy test on which the response time was below the local minimum of the response-time density of that page (see Figures C5 and C6). X/4 policy batteries straightlined is the number of the four policy batteries (tax, welfare, climate, and trade) in which all four items received the same answer. Columns 1 and 2 report unweighted means by module order; column 3 reports *p*-values of two-sided *t*-tests of equal means.

Respondents who first answered the economic-literacy module also tend to show fatigue when answering the policy questions. They spend about 0.3 minutes less on this module, and straightline 0.074 batteries more. While these differences are statistically significant, they are small in absolute terms, given that these respondents already spent much more time on the survey before. In Appendix D.3, we examine whether not only data quality but also response content changes with the ordering of the modules.

Appendix D: Robustness Analysis

This appendix shows robustness of our main results to several alternative analyses: to using the ultra-short, five-item scale (Appendix D.1), to four sample restrictions that exclude respondents with potential data-quality concerns (Appendix D.2), and to the ordering of the two main survey blocks, the economic-literacy module and the policy module (Appendix D.3). In each case, we replicate the central analyses of Tables 1-5 from Sections 4.2-4.4.

D.1 Robustness to the Ultra-Short, Five-Item Scale

For settings with particularly constrained survey space, we develop an ultra-short, five-item scale of economic literacy (described in Appendix B.9). The following tables show that our main analyses from Sections 4.2-4.4 are robust to using this ultra-short scale: the closeness of individuals' inflation expectations to the central bank forecast (Table D1), the relationship between assessments of one's own and the overall economic situation (Table D2), the effect of trade-off information on policy support (Table D3), the alignment between redistributive preferences and support for redistributive policies and parties (Table D4), and the relationship between party-position distance and party support (Table D5).

As expected, most of the coefficients on economic literacy and its respective interaction terms are slightly smaller when the underlying measurement of economic literacy is less precise and covers less content. However, the overall results, including robustness to considering fluid IQ, are fully robust when using the ultra-short, five-item scale.

Table D1: Robustness of results on expectation deviation (Table 1) to ultra-short five-item scale

	Controls 1	+ controls 2	+ controls 3	+ controls 4	Fluid IQ	Financial literacy	All controls
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Economic literacy (5-item)	-4.415***	-3.764***	-3.457***	-2.992***			-2.107***
	(0.338)	*(0.319)*	*(0.311)*	*(0.316)*			*(0.333)*
Fluid IQ					-1.172***		-0.133
					(0.265)		*(0.262)*
Financial literacy						-2.921***	-2.098***
						(0.358)	*(0.374)*
Controls 1	yes	yes	yes	yes	yes	yes	yes
Controls 2 (w/o fluid IQ)	no	yes	yes	yes	yes	yes	yes
Controls 3	no	no	yes	yes	yes	yes	yes
Controls 4 (w/o financial literacy)	no	no	no	yes	yes	yes	yes
Mean of dependent variable	7.356	7.356	7.356	7.356	7.356	7.356	7.356
R^2	0.13	0.16	0.20	0.24	0.21	0.24	0.25
N	2,718	2,718	2,718	2,718	2,718	2,718	2,718

Notes: This table reports coefficients from OLS regressions. The dependent variable is the absolute deviation between individuals' one-year inflation forecast and the German central bank's one-year inflation forecast from December 2024. See note of Table 1 for a list of the variables included in the four sets of control variables: Controls 1: survey design features; Controls 2: pre-adult sociodemographic characteristics; Controls 3: adult sociodemographic characteristics; Controls 4: contemporaneous variables. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D2: Robustness of results on assessment subjectivity (Table 2) to ultra-short five-item scale

	(1)	(2)	(3)
Own economic situation	0.348***	0.362***	0.348***
	(0.023)	*(0.024)*	*(0.023)*
Own economic situation * economic literacy (5-item)	-0.085***		-0.080***
	(0.019)		*(0.019)*
Economic literacy (5-item)	-0.074***		-0.078***
	(0.022)		*(0.023)*
Own economic situation * fluid IQ		-0.045**	-0.015
		(0.018)	*(0.019)*
Fluid IQ		0.001	0.018
		(0.018)	*(0.018)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes
R^2	0.36	0.35	0.36
N	2,729	2,729	2,729

Notes: This table reports OLS estimates based on equation (1). The dependent variable is the assessment of the current economic situation in Germany (standardized, based on a five-point scale from "very bad" to "very good"). Own economic situation: assessment of the current personal economic situation (same metric). See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D3: Robustness of trade-off statements (Table 3) to ultra-short five-item scale

	Reduce government debt	Keep retirement age	Slow CO_2 price growth	Restrict migration	Four policies pooled			Four policies pooled with individual fixed effects		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Treatment	-0.330***	-0.138***	-0.105***	-0.135***	-0.176***	-0.177***	-0.176***	-0.164***	-0.164***	-0.164***
	(0.019)	*(0.017)*	*(0.019)*	*(0.018)*	*(0.009)*	*(0.009)*	*(0.009)*	*(0.011)*	*(0.011)*	*(0.011)*
Treatment * economic literacy (5-item)	-0.050***	-0.052***	-0.031	-0.042**	-0.047***		-0.047***	-0.053***		-0.050***
	(0.019)	*(0.018)*	*(0.019)*	*(0.019)*	*(0.010)*		*(0.010)*	*(0.012)*		*(0.013)*
Economic literacy (5-item)	-0.071***	0.010	-0.036**	-0.031**	-0.031***		-0.027***			
	(0.016)	*(0.014)*	*(0.016)*	*(0.014)*	*(0.009)*		*(0.009)*			
Treatment * fluid IQ						-0.018**	-0.002		-0.025**	-0.007
						(0.009)	*(0.010)*		*(0.011)*	*(0.012)*
Fluid IQ						-0.014**	-0.013*			
						(0.007)	*(0.008)*			
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes	yes	–	–	–
Experiment fixed effects					yes	yes	yes	yes	yes	yes
Individual fixed effects					no	no	no	yes	yes	yes
R^2	0.23	0.14	0.15	0.21	0.16	0.15	0.16	0.46	0.46	0.46
N	2,726	2,726	2,726	2,726	10,904	10,904	10,904	10,904	10,904	10,904

Notes: This table reports estimates based on equations (2a) and (2b). In columns 5-10, the data are arranged as a respondent-policy panel with four observations per respondent, one for each of the four policy statements indicated in the headers of columns 1-4. The dependent variable is an indicator equal to one if the respondent strongly agrees or agrees with the respective policy statement (original scale: 1 "strongly agree" to 5 "strongly disagree"). Treatment is randomly assigned at the policy-statement level and indicates that the respondent was shown information about a potential trade-off related to the policy proposal. See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors (clustered at the individual level in columns 5 to 10) in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D4: Robustness of results on redistributive preferences (Table 4) to ultra-short five-item scale

	Support for redistributive policies			Support for redistributive party		
	(1)	(2)	(3)	(4)	(5)	(6)
Redistributive preferences	0.595***	0.591***	0.599***	0.030***	0.030***	0.030***
	(0.037)	*(0.037)*	*(0.037)*	*(0.010)*	*(0.010)*	*(0.010)*
Redistributive preferences * economic literacy (5-item)	0.346***		0.331***	0.029***		0.026***
	(0.034)		*(0.037)*	*(0.009)*		*(0.010)*
Economic literacy (5-item)	0.062		0.054	0.010		0.009
	(0.043)		*(0.044)*	*(0.011)*		*(0.011)*
Redistributive preferences * fluid IQ		0.154***	0.044		0.016*	0.008
		(0.034)	*(0.036)*		*(0.009)*	*(0.009)*
Fluid IQ		0.034	0.038		0.006	0.005
		(0.037)	*(0.037)*		*(0.009)*	*(0.010)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes
Mean of dependent variable	3.789	3.789	3.789	0.348	0.348	0.348
R^2	0.33	0.30	0.33	0.23	0.23	0.23
N	2,727	2,727	2,727	2,710	2,710	2,710

Notes: This table reports OLS estimates based on equation (3). Dependent variable in columns 1-3: number of redistributive policies favored (from 0 to 8; neutral answers ("neither for nor against") count as 0 also for the three included reversed items); columns 4-6: support for a political party with a redistributive policy platform (equal to one if the respondent supports BSW, Die Grünen, Die Linke, or SPD, and zero if they support another or no party). Redistributive preferences: standardized, based on two WVS items. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables except for the two WVS redistribution items). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D5: Robustness of results on party distance (Table 5) to ultra-short five-item scale

	Average			Left-right	Protect-ionism	EU	Immi-gration	Climate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Distance to party position	-0.073***	-0.073***	-0.073***	-0.056***	-0.002	-0.045***	-0.033***	-0.051***
	(0.002)	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Distance to party position * economic literacy (5-item)	-0.014***		-0.012***	-0.015***	-0.004***	-0.013***	-0.007***	-0.011***
	(0.002)		*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Economic literacy (5-item)	-0.007***		-0.006***	-0.005***	-0.004***	-0.005***	-0.005***	-0.004***
	(0.002)		*(0.002)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*
Distance to party position * fluid IQ		-0.008***	-0.003**	-0.003	-0.002	-0.000	-0.004**	-0.004**
		(0.001)	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Fluid IQ		-0.004***	-0.003**	-0.001	-0.002*	-0.002*	-0.003**	-0.001
		(0.001)	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*	*(0.001)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes	yes	yes	yes
Party fixed effects	yes	yes	yes	yes	yes	yes	yes	yes
R^2	0.09	0.09	0.09	0.08	0.05	0.07	0.06	0.07
N	24,390	24,390	24,390	24,390	24,390	24,390	24,390	24,390

Notes: This table reports estimates based on equation (4). The unit of observation is a respondent × party combination. Dependent variable: support for party *j*. Distance to party position: (average) absolute distance between the position of the respondent and the expert assessment of the party (over the five dimensions; positions rescaled to 0-1), standardized across respondent-party pairs. All respondents who answered the party-preference question have an observation for each of the nine parties, so N equals nine times the number of these respondents (2,710 × 9 = 24,390). See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

D.2 Robustness to Restriction to Attentive Participants

This appendix shows that our main results are robust to excluding respondents with potential data-quality concerns (see Appendix C.2). We use four restricted samples of attentive participants: respondents who completed the survey in at least half the median completion time (N = 2,381), respondents who did not fail the second attention check (N = 2,001), respondents who rated the conscientiousness of their answers at least 8 on a 0-10 scale (N = 2,295), and respondents who did not exhibit rapid-guessing behavior on any of the five pages of the economic literacy test (N = 2,136).

We replicate the main specifications of Tables 1-5 in Sections 4.2-4.4: results on expectation deviation (Table D6), assessment subjectivity (Table D7), trade-off statements (Table D8), redistributive preferences (Table D9), and party distance (Table D10). Results prove highly robust to the different robustness tests. The only case where an estimate becomes only marginally significant is the rapid-guessing check for the trade-off result ($p = 0.12$). Overall, our results thus do not seem to be driven by inattentive participants.

Table D6: Robustness of results on expectation deviation (Table 1) to restriction to attentive participants

	Main	Response time	2nd attention check	Conscientiousness	No rapid guessing
	(1)	(2)	(3)	(4)	(5)
Economic literacy	-3.732***	-3.509***	-3.259***	-3.603***	-2.848***
	(0.329)	*(0.348)*	*(0.404)*	*(0.348)*	*(0.396)*
Controls 1-4	yes	yes	yes	yes	yes
R^2	0.25	0.23	0.23	0.25	0.19
N	2,718	2,372	1,997	2,287	2,129

Notes: The first column replicates column 4 of Table 1. The subsequent columns restrict the sample to attentive participants as indicated in the column headers. The table reports coefficients from OLS regressions. The dependent variable is the absolute deviation between individuals' one-year inflation forecast and the German central bank's one-year inflation forecast from December 2024. See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables), without fluid IQ and financial literacy. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D7: Robustness of results on assessment subjectivity (Table 2) to restriction to attentive participants

	Main	Response time	2nd attention check	Conscien-tiousness	No rapid guessing
	(1)	(2)	(3)	(4)	(5)
Own economic situation	0.346***	0.366***	0.341***	0.369***	0.357***
	(0.023)	*(0.024)*	*(0.030)*	*(0.026)*	*(0.028)*
Own economic situation * economic literacy	-0.098***	-0.090***	-0.067**	-0.106***	-0.047*
	(0.018)	*(0.021)*	*(0.026)*	*(0.021)*	*(0.026)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes
R^2	0.36	0.34	0.32	0.37	0.31
N	2,729	2,381	2,001	2,295	2,136

Notes: The first column replicates column 1 of Table 2. The subsequent columns restrict the sample to attentive participants as indicated in the column headers. The table reports OLS estimates based on equation (1). The dependent variable is the assessment of the current economic situation in Germany (standardized, based on a five-point scale from "very bad" to "very good"). Own economic situation: assessment of the current personal economic situation (same metric). See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D8: Robustness of results on trade-off statements (Table 3) to restriction to attentive participants

	Main	Response time	2nd attention check	Conscien-tiousness	No rapid guessing
	(1)	(2)	(3)	(4)	(5)
Treatment	-0.164***	-0.175***	-0.180***	-0.174***	-0.180***
	(0.011)	*(0.012)*	*(0.014)*	*(0.013)*	*(0.014)*
Treatment * economic literacy	-0.049***	-0.034**	-0.034**	-0.037***	-0.027
	(0.012)	*(0.014)*	*(0.016)*	*(0.014)*	*(0.017)*
Experiment fixed effects	yes	yes	yes	yes	yes
Individual fixed effects	yes	yes	yes	yes	yes
R^2	0.46	0.46	0.45	0.46	0.45
N	10,904	9,515	8,001	9,176	8,537

Notes: The first column replicates column 8 of Table 3. The subsequent columns restrict the sample to attentive participants as indicated in the column headers. The table reports estimates based on equation (2b). The data are arranged as a respondent-policy panel with four observations per respondent, one for each of the four policy statements (reduce government debt, keep retirement age, slow CO_2 price growth, restrict migration). The dependent variable is an indicator equal to one if the respondent strongly agrees or agrees somewhat with the respective policy statement (original scale: 1 "strongly agree" to 5 "strongly disagree"). Treatment is randomly assigned at the policy-statement level and indicates that the respondent was shown information about a potential trade-off related to the policy proposal. Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D9: Robustness of results on redistributive preferences (Table 4) to restriction to attentive participants

	Main	Response time	2nd attention check	Conscien-tiousness	No rapid guessing
	(1)	(2)	(3)	(4)	(5)
Redistributive preferences	0.599***	0.576***	0.520***	0.595***	0.523***
	(0.036)	*(0.040)*	*(0.042)*	*(0.039)*	*(0.043)*
Redistributive preferences * economic literacy	0.401***	0.355***	0.388***	0.398***	0.388***
	(0.034)	*(0.041)*	*(0.042)*	*(0.037)*	*(0.046)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes
R^2	0.34	0.36	0.37	0.37	0.40
N	2,727	2,380	2,001	2,295	2,135

Notes: The first column replicates column 1 of Table 4. The subsequent columns restrict the sample to attentive participants as indicated in the column headers. The table reports OLS estimates based on equation (3). Dependent variable: number of redistributive policies favored (from 0 to 8; neutral answers ("neither for nor against") count as 0 also for the three included reversed items). Redistributive preferences: standardized, based on two WVS items. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables except for the two WVS redistribution items). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D10: Robustness of results on party distance (Table 5) to restriction to attentive participants

	Main	Response time	2nd attention check	Conscien-tiousness	No rapid guessing
	(1)	(2)	(3)	(4)	(5)
Distance to party position	-0.073***	-0.075***	-0.075***	-0.074***	-0.075***
	(0.002)	*(0.002)*	*(0.003)*	*(0.002)*	*(0.003)*
Distance to party position * economic literacy	-0.015***	-0.016***	-0.017***	-0.016***	-0.019***
	(0.002)	*(0.002)*	*(0.002)*	*(0.002)*	*(0.002)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes	yes	yes
Party fixed effects	yes	yes	yes	yes	yes
R^2	0.09	0.10	0.10	0.10	0.10
N	24,390	21,285	17,901	20,538	19,116

Notes: The first column replicates column 1 of Table 5. The subsequent columns restrict the sample to attentive participants as indicated in the column headers. The table reports estimates based on equation (4). The unit of observation is a respondent × party combination. Dependent variable: support for party *j*. Distance to party position: (average) absolute distance between the position of the respondent and the expert assessment of the party (over the five dimensions left-right, protectionism, EU, immigration, and climate; positions rescaled to 0-1), standardized across respondent-party pairs. All respondents who answered the party-preference question have an observation for each of the nine parties, so N equals nine times the number of these respondents. Preferred parties come from the closed answers (CDU/CSU, SPD, Die Grünen, FDP, AfD, Die Linke, BSW) and from open answers that could be assigned to Freie Wähler; CDU/CSU supporters are assigned to the CSU in Bavaria and to the CDU elsewhere. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

D.3 Robustness to Ordering of Survey Blocks

The survey randomized the order of the two main modules: the economic-literacy module and the policy module (see Appendix C.2.5). This appendix examines whether the central analyses from Sections 4.2-4.4 differ across orderings. Note that the implications of the order randomization differ across analyses. In the analysis of assessments of the economic situation, the relevant order concern runs in only one direction: prior exposure to the policy module may affect subsequent economic assessments or measured economic literacy (see Table A1). In the other four analyses, the relevant variables come from both modules. The economic-literacy module may affect subsequent policy responses when it comes first, while the policy module may affect subsequent measured economic literacy when it comes first.

We find that survey order does not drive the main findings. We again replicate the main specifications of Tables 1-5. Results on expectation deviation (Table D11), redistributive preferences (Table D14), and party distance (Table D15) are very similar across the two orders. Table D12 shows that economic literacy also attenuates the relationship between respondents' own economic situation and their assessment of the German economy in both survey orders. While the moderation effect is larger when the policy module comes first, the difference between the two subsamples is only marginally significant ($p = 0.09$). Table D13 shows that the average effect of the trade-off statements is largely stable across survey orders: the treatment reduces policy support by roughly the same amount whether the economic-literacy module comes before or after the policy module. The interaction with economic literacy is negative in both subsamples; however, it is significant only when the economic-literacy module comes first, and the difference across survey orders is marginally significant ($p = 0.06$), indicating that heterogeneity in responsiveness to trade-off information is more sensitive to survey context.

Table D11: Robustness of results on expectation deviation (Table 1) to ordering of survey blocks

	Main	Economic-literacy module first	Policy module first
	(1)	(2)	(3)
Economic literacy	-3.732***	-3.830***	-3.599***
	(0.329)	*(0.433)*	*(0.499)*
Controls 1-4	yes	yes	yes
R^2	0.25	0.32	0.25
N	2,718	1,341	1,377

Notes: The first column replicates column 4 of Table 1. Columns 2-3 restrict the sample to participants who answered the randomly ordered modules on economic literacy or on policy first, respectively. The table reports coefficients from OLS regressions. The dependent variable is the absolute deviation between individuals' one-year inflation forecast and the German central bank's one-year inflation forecast from December 2024. See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables), without fluid IQ and financial literacy. Robust standard errors are reported in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D12: Robustness of results on assessment subjectivity (Table 2) to ordering of survey blocks

	Main	Economic-literacy module first	Policy module first
	(1)	(2)	(3)
Own economic situation	0.346***	0.362***	0.327***
	(0.023)	*(0.034)*	*(0.032)*
Own economic situation * economic literacy	-0.098***	-0.064**	-0.128***
	(0.018)	*(0.026)*	*(0.026)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes
R^2	0.36	0.38	0.38
N	2,729	1,350	1,379

Notes: The first column replicates column 1 of Table 2. Columns 2-3 restrict the sample to participants who answered the randomly ordered modules on economic literacy or on policy first, respectively. The table reports OLS estimates based on equation (1). The dependent variable is the assessment of the current economic situation in Germany (standardized, based on a five-point scale from "very bad" to "very good"). Own economic situation: assessment of the current personal economic situation (same metric). See note of Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D13: Robustness of results on trade-off statements (Table 3) to ordering of survey blocks

	Main	Economic-literacy module first	Policy module first
	(1)	(2)	(3)
Treatment	-0.164***	-0.161***	-0.165***
	(0.011)	*(0.016)*	*(0.016)*
Treatment * economic literacy	-0.049***	-0.070***	-0.025
	(0.012)	*(0.017)*	*(0.017)*
Experiment fixed effects	yes	yes	yes
Individual fixed effects	yes	yes	yes
R^2	0.46	0.47	0.46
N	10,904	5,391	5,513

Notes: The first column replicates column 8 of Table 3. Columns 2-3 restrict the sample to participants who answered the randomly ordered modules on economic literacy or on policy first, respectively. The table reports estimates based on equation (2b). The data are arranged as a respondent-policy panel with four observations per respondent, one for each of the four policy statements (reduce government debt, keep retirement age, slow CO_2 price growth, restrict migration). The dependent variable is an indicator equal to one if the respondent strongly agrees or agrees somewhat with the respective policy statement (original scale: 1 "strongly agree" to 5 "strongly disagree"). Treatment is randomly assigned at the policy-statement level and indicates that the respondent was shown information about a potential trade-off related to the policy proposal. Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D14: Robustness of results on redistributive preferences (Table 4) to ordering of survey blocks

	Main	Economic-literacy module first	Policy module first
	(1)	(2)	(3)
Redistributive preferences	0.599***	0.631***	0.582***
	(0.036)	*(0.053)*	*(0.053)*
Redistributive preferences * economic literacy	0.401***	0.384***	0.409***
	(0.034)	*(0.056)*	*(0.045)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes
R^2	0.34	0.39	0.34
N	2,727	1,348	1,379

Notes: The first column replicates column 1 of Table 4. Columns 2-3 restrict the sample to participants who answered the randomly ordered modules on economic literacy or on policy first, respectively. The table reports OLS estimates based on equation (3). Dependent variable: number of redistributive policies favored (from 0 to 8; neutral answers ("neither for nor against") count as 0 also for the three included reversed items). Redistributive preferences: standardized, based on two WVS items. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables except for the two WVS redistribution items). Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Table D15: Robustness of results on party distance (Table 5) to ordering of survey blocks

	Main	Economic-literacy module first	Policy module first
	(1)	(2)	(3)
Distance to party position	-0.073***	-0.076***	-0.073***
	(0.002)	*(0.003)*	*(0.003)*
Distance to party position * economic literacy	-0.015***	-0.015***	-0.014***
	(0.002)	*(0.002)*	*(0.002)*
Controls 1-4 (w/o fluid IQ)	yes	yes	yes
Party fixed effects	yes	yes	yes
R^2	0.09	0.10	0.10
N	24,390	12,087	12,303

Notes: The first column replicates column 1 of Table 5. Columns 2-3 restrict the sample to participants who answered the randomly ordered modules on economic literacy or on policy first, respectively. The table reports estimates based on equation (4). The unit of observation is a respondent × party combination. Dependent variable: support for party *j*. Distance to party position: (average) absolute distance between the position of the respondent and the expert assessment of the party (over the five dimensions left-right, protectionism, EU, immigration, and climate; positions rescaled to 0-1), standardized across respondent-party pairs. All respondents who answered the party-preference question have an observation for each of the nine parties, so N equals nine times the number of these respondents. Preferred parties come from the closed answers (CDU/CSU, SPD, Die Grünen, FDP, AfD, Die Linke, BSW) and from open answers that could be assigned to Freie Wähler; CDU/CSU supporters are assigned to the CSU in Bavaria and to the CDU elsewhere. See the note to Table 1 for a list of the variables included in the four sets of control variables (survey design features, pre-adult and adult sociodemographic characteristics, and contemporaneous variables). Robust standard errors clustered at the individual level in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

Appendix E: Analysis of Occupational Distances to Economists

This appendix describes our analysis of distances of respondents' occupations to economists. To study economic literacy by occupation, we use ChatGPT- and Claude-supported hand coding by research assistants to match respondents' open answers about their current or last occupation to job titles from the U.S. Occupational Information Network (O*NET) 30.0 database. O*NET provides regularly updated, standardized information on abilities, skills, knowledge, activities, tasks, and work context of occupations. Data are gathered through surveys of job incumbents and occupational experts and supplemented by analysis from trained occupational analysts.[15] We matched 91 percent of the answers with 305 out of 894 job titles from the O*NET database. Ninety percent of the unmatched cases are individuals who are not currently employed full or part-time (e.g., they are self-employed, unemployed, retired, or students).

The O*NET data include information on the importance and level of 52 abilities, 35 skills, 33 pieces of knowledge, and 41 work activities for each of these 305 occupations. For each dimension, O*NET provides two ratings: the importance of the dimension for the occupation and the level at which it is required. To measure the distance between any occupation and that of an economist, we follow O*NET's approach and standardize the importance and level scores for each dimension and occupation to be on a scale from 0 to 100. We take the average of the two scales to create a third, combined scale. Table E1 reports the three scores of the five least and most important abilities, skills, knowledge, and work activities of economists. For instance, economists receive a score of 82.5 in the knowledge domain of *Economics and Accounting*, whereas accountants and auditors receive a score of 87.3 and occupational therapists a score of 18.2.

These scores form the benchmark against which all other occupations are compared when constructing the distance-to-economists measure. We calculate the absolute distance between economists and other occupations for each of the 161 dimensions, separately for all three scales. To create the overall distance to economist scores for each occupation, we take the average of the absolute distance to economists from all 161 dimensions and standardize it (separately for the three scores). Table E2 shows the ten occupations in our data that are least and most distant to economists. Figure E1 shows the distribution of the unstandardized combined distance score.

[15] See https://www.onetcenter.org/database.html#overview, retrieved on August 27, 2025.

Table E1: Five least and most important occupational dimensions of economists

Dimension	Combined score	Importance score	Level score
(1)	(2)	(3)	(4)
Abilities (52)			
Five least important abilities			
1 Arm-hand steadiness	0	0	0
2 Control precision	0	0	0
3 Dynamic flexibility	0	0	0
4 Dynamic strength	0	0	0
5 Explosive strength	0	0	0
Five most important abilities			
48 Mathematical reasoning	70.29	78.00	62.57
49 Oral comprehension	72.36	75.00	69.71
50 Oral expression	72.36	75.00	69.71
51 Written expression	73.21	75.00	71.43
52 Written comprehension	74.71	78.00	71.43
Skills (35)			
Five least important skills			
1 Equipment maintenance	0	0	0
2 Equipment selection	0	0	0
3 Installation	0	0	0
4 Operation and control	0	0	0
5 Repairing	0	0	0
Five most important skills			
31 Speaking	68.79	75.00	62.57
32 Writing	68.79	75.00	62.57
33 Mathematics	69.36	78.00	60.71
34 Critical thinking	72.93	78.00	67.86
35 Reading comprehension	72.93	78.00	67.86
Knowledges (33)			
Five least important knowledges			
1 Fine arts	1.86	2.00	1.71
2 Food production	2.79	2.00	3.57
3 Mechanical	3.29	3.00	3.57
4 Building and construction	4.48	4.25	4.71
5 Therapy and counseling	5.63	5.25	6.00
Five most important knowledges			
29 Education and training	59.86	53.00	66.71
30 Computers and electronics	68.68	69.50	67.86
31 English language	72.86	76.00	69.71
32 Economics and accounting	82.54	86.50	78.57
33 Mathematics	87.68	88.50	86.86

(continued on next page)

Table E1 (continued)

Dimension	Combined score	Importance score	Level score
(1)	(2)	(3)	(4)
Activities (41)			
Five least important activities			
1 Operating vehicles, mechanized devices, or equipment	0.00	0.00	0.00
2 Repairing and maintaining mechanical equipment	1.07	1.00	1.14
3 Performing general physical activities	2.50	2.00	3.00
4 Handling and moving objects	2.79	2.00	3.57
5 Controlling machines and processes	3.00	3.00	3.00
Five most important activities			
37 Interpreting the meaning of information for others	85.25	86.50	84.00
38 Updating and using relevant knowledge	86.30	85.75	86.86
39 Getting information	90.95	93.75	88.14
40 Processing information	92.05	91.25	92.86
41 Analyzing data or information	97.21	98.00	96.43

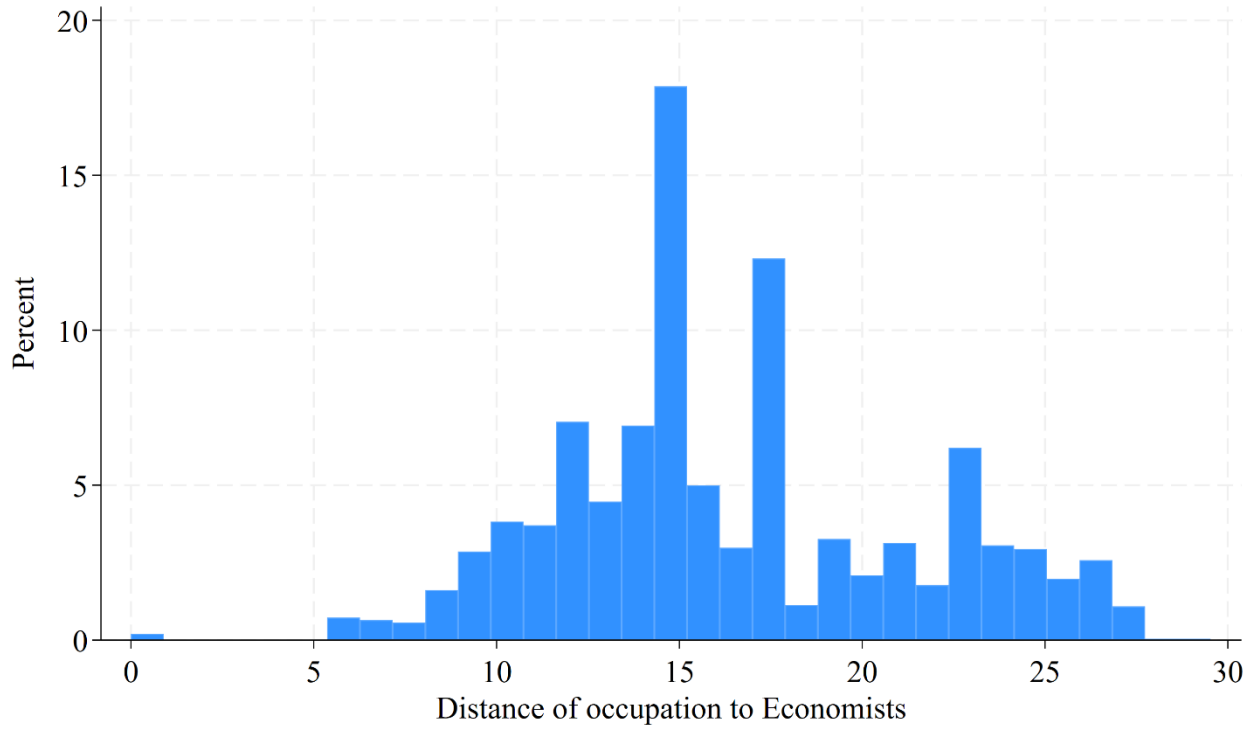
Notes: Source: Occupational Information Network (O*NET) 30.0 database, https://www.onetcenter.org/database.html#overview, retrieved on August 27, 2025. Importance score: how important this dimension is for economists. Level score: the level at which economists need this dimension. Combined score: the average of importance and level.

Table E2: Respondents' ten occupations that are least and most distant to economists

	Occupation	Combined score	Importance score	Level score
	(1)	(2)	(3)	(4)
Least distant				
1	Economists	0.00	0.00	0.00
2	Business intelligence analysts	5.66	5.64	5.93
3	Market research analysts and marketing specialists	6.08	6.89	5.86
4	Statisticians	6.15	6.60	6.06
5	Survey researchers	6.17	7.12	6.00
6	Financial quantitative analysts	6.50	6.49	6.82
7	Sociologists	6.66	7.12	6.41
8	Personal financial advisors	7.01	7.15	7.32
9	Operations research analysts	7.23	7.52	7.26
10	Business teachers, postsecondary	7.61	7.89	7.64
Most distant				
296	Industrial machinery mechanics	26.39	26.54	26.73
297	Paving, surfacing, and tamping equipment operators	26.56	27.15	26.66
298	Dishwashers	26.61	25.96	27.65
299	Model makers, metal and plastic	26.62	27.12	26.52
300	Excavating and loading machine and dragline operators, surface mining	26.82	27.84	26.47
301	Welders, cutters, solderers, and brazers	26.83	26.28	27.58
302	Heavy and tractor-trailer truck drivers	26.92	27.68	26.68
303	Landscaping and groundskeeping workers	27.07	26.95	27.45
304	Structural iron and steel workers	28.12	28.94	27.76
305	Refuse and recyclable material collectors	29.52	30.02	29.13

Notes: Own calculations based on the Occupational Information Network (O*NET) 30.0 database, https://www.onetcenter.org/database.html#overview, retrieved on August 27, 2025.

Figure E1: Distribution of the distance of respondents' occupations to economists



Notes: Own calculations based on the Occupational Information Network (O*NET) 30.0 database, https://www.onetcenter.org/database.html#overview, retrieved on August 27, 2025.

Table E3 reports the results of regressing economic literacy on our standardized distance scores. Unconditionally, a one SD increase in the distance of an occupation to economists is associated with a 0.16 SD lower economic literacy (column 1). After controlling for pre-adult sociodemographic characteristics, the conditional association decreases in absolute size to -0.07 SD (column 2). Including adult sociodemographic characteristics and all other covariates leaves the conditional association effectively unchanged (columns 3 and 4). Columns 5 and 6 show that the results are robust to using O*NET's importance and level scores instead of the score that combines the two.

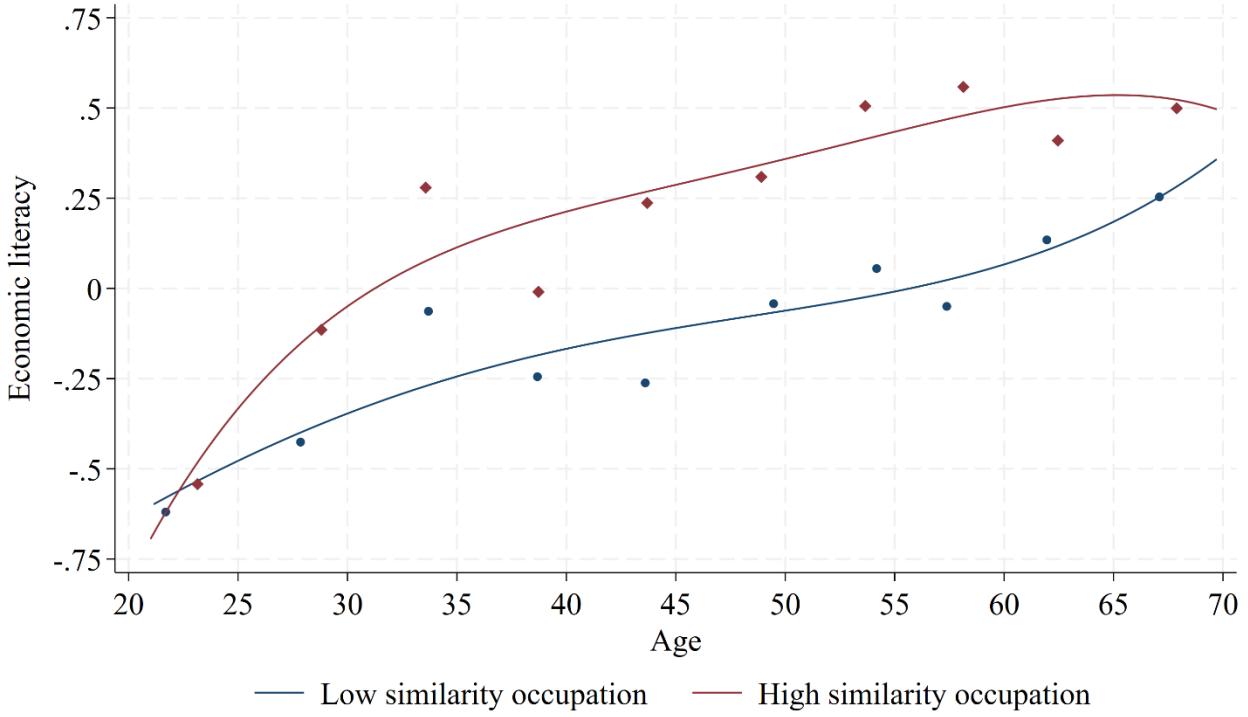
Table E3: Distance of occupation to economists and economic literacy

	(1)	(2)	(3)	(4)	(5)	(6)
Distance (combined score)	-0.156***	-0.066***	-0.064***	-0.066***		
	(0.021)	*(0.020)*	*(0.021)*	*(0.018)*		
Distance (importance score)					-0.062***	
					(0.017)	
Distance (level score)						-0.068***
						(0.018)
Controls 1	yes	yes	yes	yes	yes	yes
Controls 2	no	yes	yes	yes	yes	yes
Controls 3	no	no	yes	yes	yes	yes
Controls 4	no	no	no	yes	yes	yes
R^2	0.05	0.30	0.35	0.53	0.53	0.53
N	2,485	2,485	2,485	2,485	2,485	2,485

Notes: Dependent variable: economic literacy. See note of Table 1 for a list of the variables included in the four sets of control variables: Controls 1: survey design features; Controls 2: pre-adult sociodemographic characteristics; Controls 3: adult sociodemographic characteristics; Controls 4: contemporaneous variables. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.

To assess how the association between individuals' occupation and their economic literacy develops over the life-cycle, Figure E2 plots the relationship between age and economic literacy, separately for individuals with occupations that have low and high similarity to economists (based on a median split). For individuals in their early 20s, there is no evidence of a gap in economic literacy. Afterwards, economic literacy increases much more steeply until the age of around 35 among individuals in occupations which are similar to economists. From this point onward, economic literacy increases fairly linearly for both groups. The pattern is broadly consistent with the idea that economic literacy is shaped by individuals' (initial) occupational experiences. Additionally, the absence of a gap in economic literacy among the youngest individuals, who are at the start of their careers, provides evidence against the idea that individuals with higher economic literacy initially select into occupations that are more similar to economists. This supports the notion that experiences gathered at the workplace and the content of jobs shape economic literacy.

Figure E2: Gap in economic literacy between occupations with low and high similarity to economists, by age group



Notes: Binned scatterplot and fourth-order polynomial of the relationship between economic literacy and age for occupations with low and high similarity to economists (based on a median split); 10 bins per group.