

People with higher IQs make wiser economic choices, study finds

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People with higher measures of cognitive ability are more likely to make good choices in several different types of economic decisions, according to a new study with researchers from the University of Minnesota's Twin Cities and Morris campuses.

The study, set to be published online in the [Proceedings of the National Academy of Sciences](#) this week, was conducted with 1,000 trainee truck drivers at Schneider National, Inc., an American motor carrier employing 20,000. The researchers measured the trainees' [cognitive skills](#) and asked them to make choices in several economic experiments, and then followed them on the job.

People with better cognitive skills, in particular higher IQ, were more willing to take calculated risks and to save their money and made more consistent choices. They were also more likely to be cooperative in a strategic situation, and exhibited higher "[social awareness](#)" in that they more accurately forecasted others' behavior.

The researchers also tracked how trainees persevered on their new job. The company paid for the training of those who stayed a year, but those who left early owed thousands in training costs. The study found that those with the highest level of cognitive ability stayed at twice the rate of those with the lowest.

The finding that individual characteristics that improve economic success -- patience, risk taking and effective social behavior -- all cluster

together and are linked through cognitive skill, which could have implications for policy making and education.

"These results could shed light on the causes of differential economic success among individuals and among nations," said University of Minnesota-Twin Cities economist Aldo Rustichini, a co-author whose theoretical work on cognitive skills is used in the paper.

"It also suggests that the benefit from early childhood education programs not only affects cognitive skills, but extends to more effective economic decision-making," said study co-author Stephen Burks, the University of Minnesota-Morris economist who organized the project that gathered the data.

Source: University of Minnesota ([news](#) : [web](#))

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