

ENERGY ATTITUDES

SUMMER 2007

**Rising Public Demand for Government Action on Energy Independence
Even as Global Warming Remains a Low Priority for Voters**



An Analysis of Opinion Research on Energy and Global Warming

June 20, 2007

THE NATHAN
CUMMINGS
FOUNDATION

American
Environics

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EXECUTIVE SUMMARY

This is an analysis of public opinion research on global warming to benefit policy makers attempting to craft a comprehensive solution to climate change. It was created by American Environics for the Nathan Cummings Foundation.

Any successful public policy response must solve the problem of climate change, have the political support to be enacted, and be sustained over time. This report does not advocate specific policy prescriptions, but attempts to identify the opportunities for action and the potential political concerns that could doom any substantive proposal.

We found that:

- **The public overwhelmingly believes global warming is occurring and demands action.**

The polling shows widespread agreement that global warming is occurring and that the government should take action to address the problem. The debate about the validity of the science predicting global warming is over, and there is consensus that the government should take action to solve the problem. Recent polling found 82 percent believing that global warming exists, 70 percent believing that global warming is causing problems now, and 70 percent believing the government should do more to solve the problem.

- **Global warming remains a relatively low priority for voters, despite high-profile and extensive media attention in 2006 and 2007.**

When Americans are asked their priorities for Congress and the President, global warming ranks near the bottom of the list and is rarely mentioned as a response to open-ended questions. Although Americans view global warming as a problem that is already occurring, they rank the war, energy costs, health care, and a host of other issues as higher priorities. In fact, Pew recently found that “dealing with global warming” ranked 20th out of 23 policy priorities tested.

- **Both the cost of energy and energy independence are higher priority concerns than global warming.**

The concerns about energy costs require policy makers to be very careful to avoid allowing the policy response to global warming to be framed by our opponents as increasing the price of energy. Americans are extremely sensitive to the cost of energy, and they are very willing to express their anger over high energy costs to members of Congress. Allowing the issue to be framed as one that increases energy costs will create political difficulty for the tenuous majorities in both the House and Senate.

- **Voters strongly support large investments into clean energy sources to achieve energy independence and deal with global warming.**

The public overwhelmingly supports investment into renewable energy technologies and views research into renewable technologies as the best approach to achieving energy independence. Gallup found investment to be the most popular of a set of policy responses to global warming. As a political message, when investment is framed as creating energy independence and fighting global warming it proves to be tremendously powerful.

- **Voters say they would pay more for energy in the abstract, but vote against it in the concrete.**

Americans are extremely sensitive to the cost of energy and regularly express their anger over high energy costs to members of Congress. CNN recently found 67 percent of Americans say gas prices are causing them financial hardship, and a recent Washington Post survey found Americans overwhelmingly rejecting taxing electricity (79 percent oppose) and gasoline (67 percent oppose) to promote conservation. The best test of opinion research is the real world of politics, and in November 2006 California voters rejected a ballot initiative, Proposition 87, that would have taxed oil production in the state to fund research, development, and deployment of clean energy alternatives. Support for the initiative declined from July to November 2006 as voters turned against paying more for gasoline.

- **There is less concern about taxes and the size of government today than in the mid-1990s.**

Public opinion on the size of government, the deficit, and taxes has changed significantly in the past decade. Earlier this year Pew found Americans split over whether or not government should be bigger or smaller, a far different environment than when President Clinton declared “the era of big government” over. Additionally, most Americans see their federal tax burden as fair. While very few are calling for a dramatic increase in the size of government, the political environment over fiscal issues has shifted in the last ten years.

ENERGY ATTITUDES, SUMMER 2007

This report is based on a survey of the publicly available polling data on global warming, energy, priorities for Congress and the President, and other issues relevant to the debate over solutions for global warming.

1. Voters believe global warming is occurring and that government should respond.

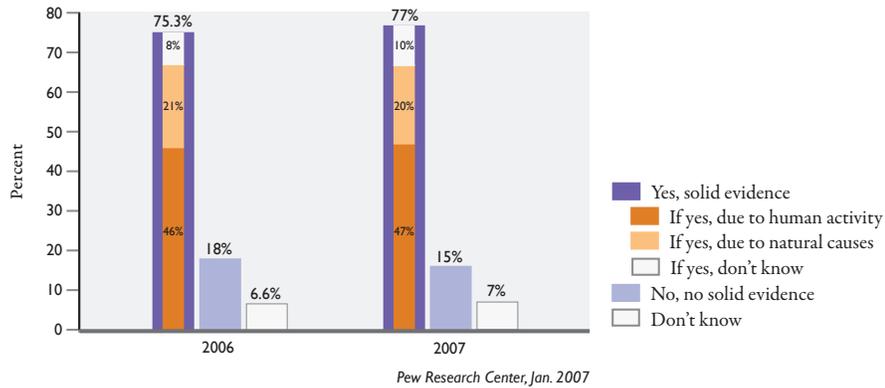
There is clear consensus that global warming is occurring and that the government should take action to address the problem. A Fox News/Opinion Dynamics poll in late January 2007 found that 82 percent believed that global warming exists. A CBS News/New York Times poll from the same time period showed that 70 percent believe that global warming is causing a serious problem now. Trends from Pew, Gallup, and other sources show that there is widespread belief that global warming is occurring, that the effects are beginning to occur, and that voters worry about the issue.

Despite extensive media exposure, there has been great continuity in attitudes on global warming. When asked if “the world’s temperature may have been going up slowly over the past 100 years,” respondents in April 2007 showed no change from respondents in March 2006 (84 percent in 2007 versus 85 percent in 2006). The same is true when respondents were asked how important global warming was to them personally (52 percent in 2007, 50 percent in 2006), and if the government should do more to try to deal with global warming (70 percent in 2007, 68 percent in 2006).

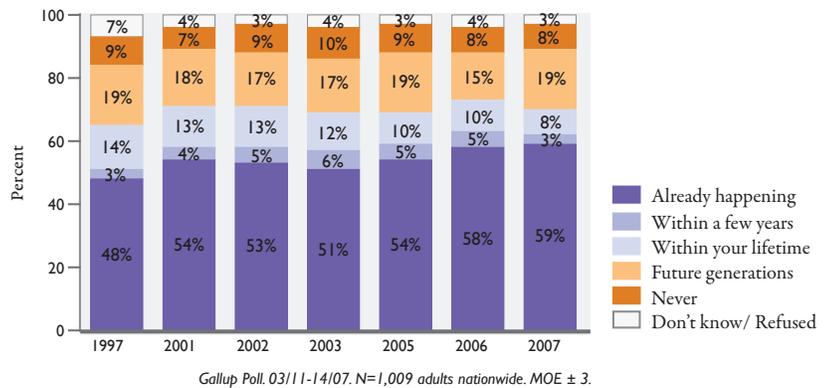
In a generic sense, Americans express a willingness to make personal sacrifices

Belief in Solid Evidence for Global Warming

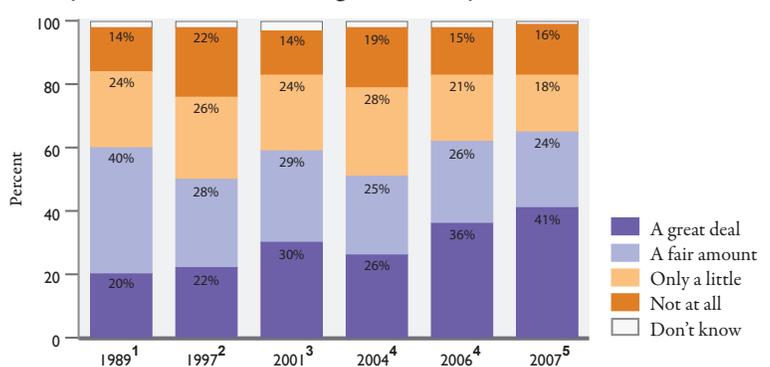
Change in opinion, '06-'07



When Effects of Global Warming will Begin



Worry about Global Warming, Personally



1. Union of Concerned Scientists Poll. 11/89. N=1200 adults nationwide. Answer scale: Extremely worried; Somewhat worried; A Little Worried; Not Worried at All.
 2. Newsweek Poll. 11/15/97. N=752 adults nationwide.
 3. Pew Research Center Poll. 4/26/01. N=1202 adults nationwide.
 4& 5. Gallup Poll. 3/18-11/04, 3/13-16/06, 3/11-14/07. N=1,009 adults nationwide. MOE ± 3.

to combat global warming, particularly when coupled with reducing American dependence on foreign oil. Analyzing the April 2007 survey for Gallup, Joseph Carroll found “a tremendous amount of public support for a broad range of measures that would reduce Americans’ reliance on fossil fuels.” His analysis of Gallup’s findings is consistent with other recent polling data on the issue.

2. Global warming remains a relatively low priority issue.

While there is widespread support for governmental action on global warming, very few Americans rate global warming as one of the most important issues facing the country. In early April, Diageo/Hotline read respondents a list of eleven issues to be addressed by Congress. The war in Iraq was, not surprisingly, the top choice by a large margin. “The environment” ranked last, with only 1 percent of respondents suggesting the issue should be the top priority for Congress.

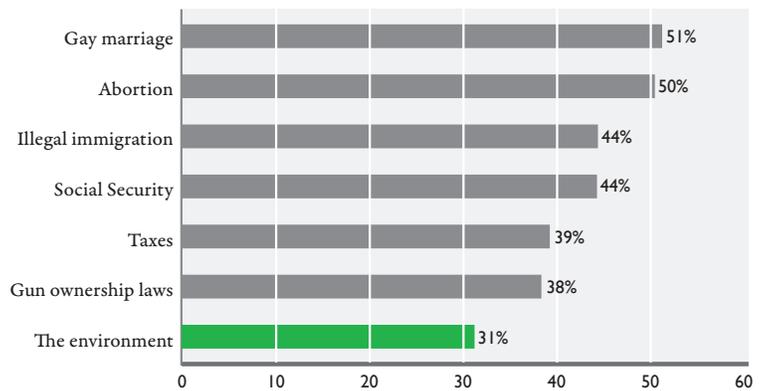
In response to an open-ended question in the April 2007 CBS News/New York Times poll about the top priorities that should be addressed by the White House and Congress, neither the environment nor global warming made the list. This tracks with a March 2007 Gallup poll in which “the environment” ranked last of ten issues probed. In the January 2007 Pew Research poll, “dealing with global warming” was identified as a high priority by only 38 percent of voters, ranking it 20th out of 23 policy priorities tested.

Given the relatively low priority of issues such as global warming, it is not surprising that environmental issues are not particularly strong motivators among voters. In a 2005 Nicholas Institute project, respondents were asked if they would vote for a candidate who did not share their views on a particular issue. Even self-described environmentalists place gay marriage, abortion, and illegal immigration higher than the environment. For all voters, the environment ranked dead last. Recent surveys have confirmed this finding. A late April 2007 CBS News/New York Times poll found that a majority of voters (51 percent) could still vote for a candidate who did not share their views on environmental issues.

The reason that the relative importance and unimportance of any given issue matters is because elected officials are far more willing to take decisive action on issues that are very high priorities, like terrorism, than they are on issues that are viewed as relatively low priorities, like global warming.

Would Not Vote for Candidate if Disagreed on Issue

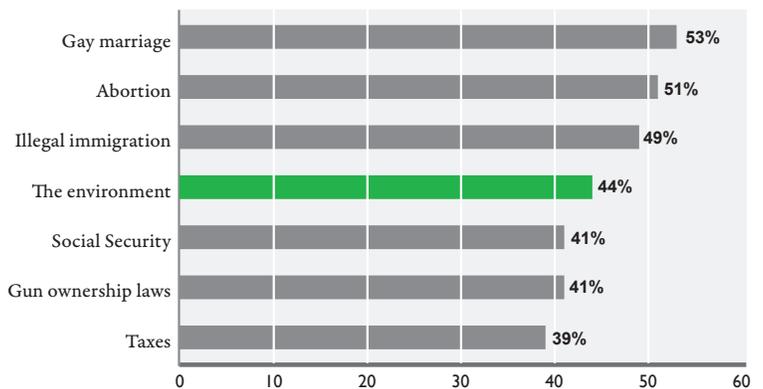
Asked of all participants



Nicholas Hart Research/Duke University survey of 800 registered voters, Aug. 25-28,2005; MOE +3.46%

Would Not Vote for Candidate if Disagreed on Issue

Shown here are self-proclaimed environmentalists: Rated selves 8-10 on scale



Nicholas Hart Research/Duke University survey of 800 registered voters, Aug. 25-28,2005; MOE +3.46%

Issue Rankings, Pew, June 2006

By percentage of those saying issue is "very important"

	Republicans	Democrats	Independent			
1	Terrorism	84	Health care	89	Education	83
2	The economy	80	Education	86	Health Care	79
3	Education	75	The economy	80	The economy	78
4	Taxes	74	Social Security	79	Terrorism	72
5	Social Security	73	Situation in Iraq	78	Situation in Iraq	72
6	Situation in Iraq	72	Job situation	78	Social Security	71
7	Health care	69	Terrorism	69	Energy policy	67
8	Immigration	64	Minimum wage	68	Taxes	63
9	Flag burning	60	Taxes	66	Job situation	63
10	Energy policy	56	Energy Policy	66	Environment	58
11	Inheritance tax	54	Environment	64	Immigration	57
12	Job situation	52	Budget Deficit	62	Budget Deficit	55
13	Abortion	50	Global Warming	56	Global Warming	49
14	Budget deficit	47	Immigration	52	Minimum wage	48
15	Gay marriage	43	Gov. surveillance	52	Gov. Surveillance	47
16	Minimum wage	36	Flag burning	44	Inheritance tax	45
17	Gov. Surveillance	33	Abortion	39	Flag burning	44
18	Environment	30	Inheritance Tax	37	Abortion	41
19	Global Warming	23	Gay Marriage	31	Gay marriage	28

Issue Rankings, Pew, January 2007

By percentage of those saying issue is "very important"

	Republicans	Democrats	Independent			
1	Terrorism	93	Health care costs	77	Terrorism	77
2	Education	65	Economy	77	Education	66
3	Economy	65	Terrorism	74	health care costs	66
4	Illegal immigrator	63	Education	74	Medicare	61
5	Social Security	62	Social Security	72	Economy	60
6	Health Care Costs	58	Minimum wage	71	Social Security	60
7	Stronger military	56	Medicare	70	Job situation	60
8	Crime	56	Health insurance	70	Environment	59
9	Morality	54	Crime	69	Energy	58
10	Medicare	53	Environment	67	Crime	57
11	Tax Cuts	49	Poverty	67	Budget deficit	53
12	Poverty	48	Job situation	67	Health insurance	52
13	Energy	45	Energy	64	Minimum wage	50
14	Health insurance	44	Budget deficit	57	Illegal immigration	49
15	Budget deficit	42	Tax cuts	54	Poverty	46
16	Environment	41	Illegal immigration	48	Stronger military	45
17	Job situation	39	Global warming	48	Morality	42
18	Int'l Trade	33	Morality	45	Tax cuts	41
19	Minimum wage	28	Gov't ethics	44	Global warming	40
20	Gov't ethics	28	Stronger military	42	Gov't ethics	35
21	Global warming	23	Int'l Trade	35	Int'l Trade	31

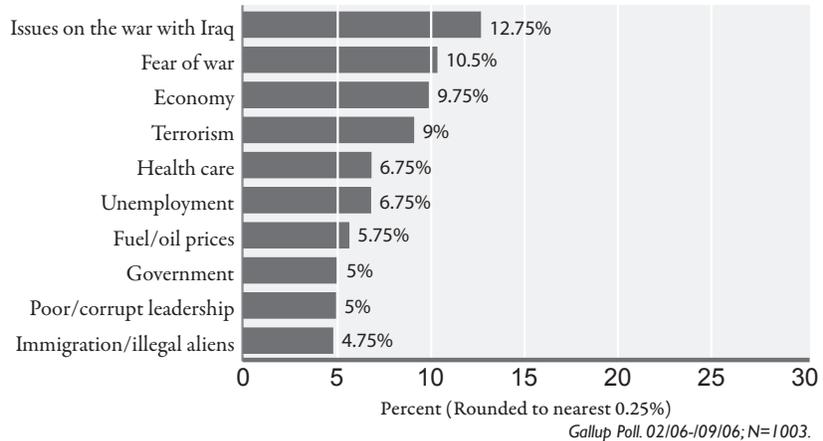
3. Energy independence is a far higher priority to voters than global warming.

Voters think about energy as consumers and thus worry about cost, and they think about it as a national security issue and thus worry about our dependence on foreign oil. While they are sympathetic to environmental concerns about energy, voters do not view energy through a strictly environmental lens.

A report commissioned by the Civil Society Institute and 40mpg.org and released on May 2, 2007, found that “More than three out of four Americans (77 percent) believe the federal government is not doing enough about the high cost of energy and this country’s dependence on Middle Eastern oil.”

Gallup 2006: Biggest Problem Facing Country

Open-ended question. “Don’t know”, “Other” and “Misc.” eliminated.



Energy has consistently ranked high as a top priority for voters over the past few years. Additionally, voters expect elected officials to take action on energy prices in the near term. Gallup provides a running analysis of the issues important to the American public. Their most recent report (March 12, 2007) listed the environment as last in a series of ten issues. Energy, conversely, was listed as fourth, behind Iraq, terrorism, and the economy.

Regarding the environment, Gallup notes:

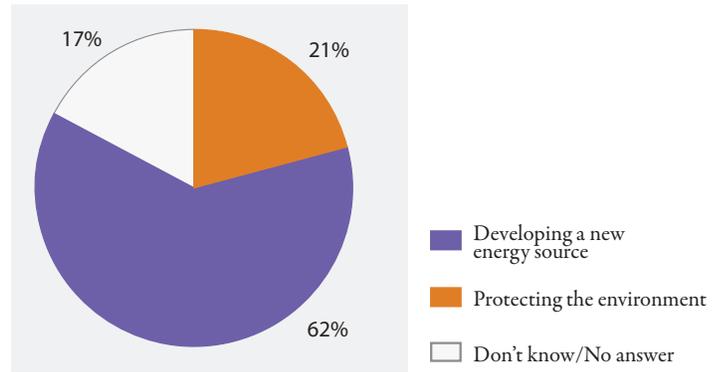
While there has been an increase in Americans’ general concern about the environment and awareness of global warming, their willingness to compromise economic growth or energy production in the furtherance of environmental quality has not grown. Americans are closely divided on the tradeoff between the environment and energy source development, with 49 percent choosing the environment and 42 percent choosing the development of U.S. energy supplies.

Regarding energy, Gallup reports

Americans’ concern about energy varies to a significant degree depending on the price of gasoline at the pump. . . . When asked which of two approaches to addressing the energy situation they prefer—more production or more conservation—Americans have consistently chosen conservation by a wide margin. However, the percentage choosing conservation has dropped in recent months. Similarly, the percentage favoring opening up the Alaskan Arctic National Wildlife Refuge has increased over the last three years.

CBS News and the New York Times found “[g]iven a choice between protecting the environment and developing new energy sources, by a wide margin the public prefers the government focus on the latter.” In their April 20-24, 2007 poll, they found that 62 percent believed developing new energy sources should be a higher priority for the government, versus 21 percent who believed the government should focus on protecting the environment. This view was held by a majority of both Democrats and Republicans.

Which Should Be a Higher Priority For the Government?



CBS News and the New York Times, April 20-24, 2007; N=1052

4. Support for action on global warming goes up dramatically when it is coupled to energy independence.

When global warming is coupled with energy independence, the issue generates very strong public support. A March 2007 Democracy Corps poll allowed respondents to select two issues from a battery and identify those issues that the next president should focus on getting done for the country. “Making America energy independent and addressing global warming” scored highest (23 percent), even scoring above “strengthening our military and keeping America safe” (19 percent). Democracy Corps found that by coupling global warming with energy independence, the issue became the top priority for voters, trumping even national security.

Democracy Corps tested the issue further. When asked to compare a generic Democratic candidate with a message focused on energy independence by increasing fuel efficiency, giving credits for alternative energy, and investing in new energy technologies that create jobs to a generic Republican candidate focusing on cutting taxes, moral values, and strengthening the military, respondents supported the Democrat over the Republican by a margin of 57 percent to 38 percent—on par with messages on health care and the economy, and five points higher than messages calling for a new direction in Iraq.

A Rasmussen Reports survey from October 2006 showed similar support for the idea of reducing dependence on foreign oil. They found 73 percent of Americans agreeing that it is “very important” that the United States become less dependent on oil imports. Only 5 percent disagreed with the statement. This tracks with a Rasmussen finding from August 2005 that found that 87 percent of Americans saw reducing reliance on foreign oil as somewhat or very important.

5. Americans are very sensitive to the cost of gasoline and electricity.

However advocates of action on global warming and energy security frame their proposal, we can be sure that their opponents will claim that any action will result in higher gasoline or electricity costs. Higher energy costs risks becoming the Achilles heel of any energy or global warming legislation.

CNN has been asking Americans if “recent price increases in gasoline [have] caused any financial hardship for you or your household.” The most recent poll, conducted in April 2007, showed 67 percent of Americans responding that gas prices were causing financial hardship. During this survey, the average price of a gallon of gasoline was \$2.92. Eight months earlier, in August 2006, 65 percent of respondents reported that gas prices were causing financial hardship, when gas prices were \$3.08. Interestingly, the number is virtually unchanged from May 2006 (65 percent) when the price of a gallon of gas averaged \$2.37.

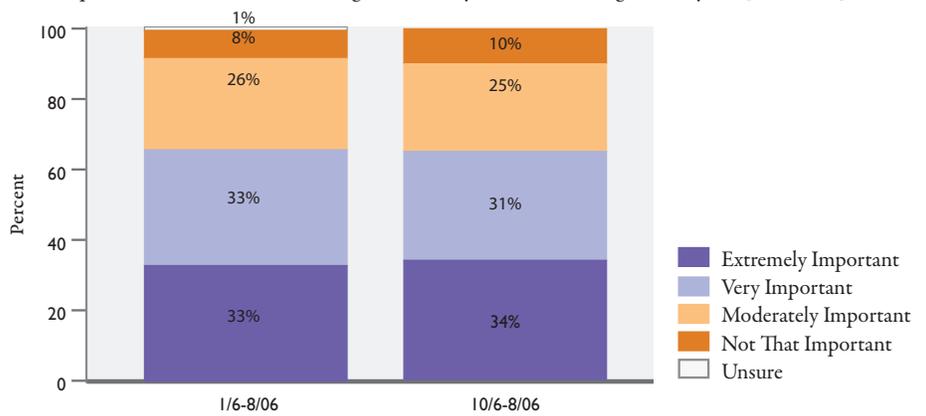
The intensity of voter dissatisfaction over energy tracks closely with the cost of gasoline. The feeling that gasoline costs are causing hardship, however, remained consistent between May 2006 and April 2007 even though the cost of gasoline varied from \$2.37 to \$3.08. Even if the price of gasoline drops in the coming months (which is unlikely but possible), there is no indication that the feelings of economic hardship caused by the cost of gasoline will dissipate.

Gallup’s assertion that dissatisfaction over energy as an issue tracks with the cost of gasoline appears to have merit. Last summer, when gas prices hovered near \$3.00 per gallon, Fox News asked respondents “which one of the following issues do you think should be the top priority for Congress to work on this summer”; gas prices ranked second, behind the war in Iraq and immigration. If, as projected, gas prices increase this summer or if an unforeseen crisis causes a spike in gas prices, policy makers should expect increased calls for action on the issue.

When USA Today/Gallup asked how important gas prices are to someone’s vote for Congress in October of 2006, 90 percent of voters said it was at least moderately important. In fact, 34 percent of respondents called gas prices “extremely important,” and 31 percent cited the issue as “somewhat important.” Advocates should be aware that elected officials pay close attention to these numbers.

Effect of Gas Prices on Vote for Congress

How important will each of the following issues be to your vote for Congress this year? [Gas Prices]



USA Today/Gallup Poll, Oct. 6-8, 2006, N=1,007 adults nationwide. MOE± 3

Given these concerns over the price of energy, it is not surprising that voters oppose efforts to increase the federal gas tax, and elected officials will likely resist any public policy initiatives

that will result in increased gas prices. A CBS News/New York Times poll reported in April 2007 that 58 percent of Americans oppose an increase in the federal gas tax. Additionally, in an April 2006 Gallup poll 64 percent of Americans supported suspending all federal gasoline taxes. Remarkably, in that poll 70 percent favored government price controls on fuel prices, an extremely high percentage of people calling for the highest form of government regulation.

Americans are feeling economic pressures to an equal, if not greater, extent in terms of electricity. The April 2007 ABC News/Washington Post poll asked if the federal government should increase taxes on electricity or gasoline to encourage conservation. Americans overwhelmingly rejected this approach, with higher opposition for taxing electricity (79 percent oppose) than gasoline (67 percent oppose). The March 2006 poll showed similar results, with 81 percent opposed to increasing taxes on electricity to encourage conservation and 68 percent opposed to increasing taxes on gasoline to encourage conservation.

The anxiety of the cost of energy is very real to Americans. The vast majority of Americans perceive energy costs as causing financial hardship for their families, and they uniformly reject efforts by the government to increase the cost of gasoline or electricity to encourage certain kinds of behaviors. For policies framed as creating economic incentives for changes in behavior, the anxiety over cost is a serious problem.

Proposals that result in raising prices on energy will also likely trigger opposition derived from anger over energy costs. That anger is both real and powerful, and can be used by those wishing to kill global warming legislation perceived as raising energy costs. Energy price anxiety does, however, give proponents of comprehensive reform to address global warming an opportunity. So long as they can legitimately and effectively frame global warming as a solution to the high cost of energy and our reliance on foreign oil, we can likely raise both the levels of support for taking action and the degree of importance Americans attach to the issue.

6. Americans support new environmental regulations but fear they will have negative economic consequences.

Voters are very much open to the idea that policy proposals can both protect the environment and encourage economic growth, but they quickly turn on proposals perceived to create negative impacts on energy prices, the economy, and jobs. Additionally, given the cost sensitivities around energy, any proposal that either does not address energy costs or results in significantly higher energy costs will likely face stiff public opposition.

Gallup found significant support for the generic “setting higher emissions and pollution standards for business and industry” — 84 percent of respondents in the March 2007 poll favored increased emissions standards, up from 77 percent in March 2006 and 81 percent in 2001. Asked about “imposing mandatory controls on carbon dioxide emissions and other greenhouse gases,” 79 percent supported that policy option, up from 75 percent from 2006.

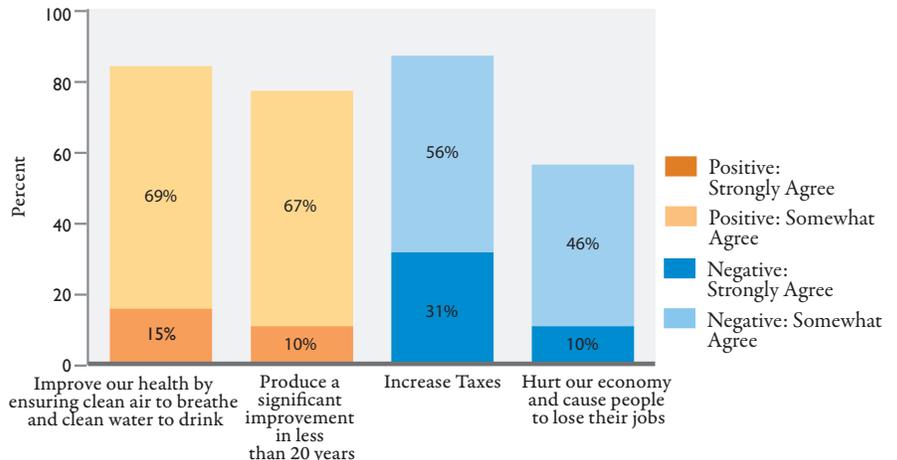
But support for environmental regulation falls off substantially when voters are asked to reflect on potentially negative economic consequences. When asked about “imposing restrictions on US industries and utilities that are so tough it would put some of them out of business,” only 38 percent said those restrictions are something the government should be doing, versus 58 percent who oppose such restrictions (Gallup). Similarly, “requiring a surcharge on the utility bills of home and business owners that exceed monthly limits on energy usage” was supported by 46 percent and opposed by 52 percent.

For proposals focused on regulation, this will be a particularly challenging issue to overcome. An analysis on global warming by Peter Hart Research and Public Opinion Strategies for the Nicholas Institute in 2005 found that “while jobs and the economy is sixth on the ranking of factors overall, for a significant subgroup of voters it is by far their most important criterion. A proposal which did not satisfy their concerns about its impact on jobs would immediately peel away a certain chunk of the American electorate.”

Voters tend to believe environmental regulations will result in higher taxes. When asked if higher taxes were likely “as a result of creating stronger national standards to help protect our land, air and water,” 87 percent of respondents to a 2005 survey commissioned by the Nicholas Institute responded that it was likely or certain to occur. In fact, 31 percent of respondents said it was “almost certain” to occur.

Percieved Effects of Stronger Environmental Standards

Now I am going to list some things that may or may not happen as a result of creating stronger national standards to help protect our land, air, and water. After each one, please tell me how likely each is to happen if there are stronger standards.



Public Opinion Strategies and Hart Research, Nichols Institute Research Project, 2005, N=800; MOE +/- 3.46

When asked if regulations will hurt the economy and result in the loss of jobs, 56 percent of respondents reported that result was likely or certain, with 10 percent of the respondents saying it was almost certain.

When the Pew Center's 2007 Values Survey asked Americans if "government regulation of business usually does more harm than good," 57 percent of respondents agreed, up from 53 percent in 2003 and 48 percent in 2002. The percentage of respondents agreeing with the statement "When something is run by the government, it is usually inefficient and wasteful" rose to 62 percent from 57 percent in 2003 and 53 percent in 2002.

Once again, in the abstract, voters support the idea that "people should be willing to pay higher prices in order to protect the environment." This year, 60 percent of Pew Values Survey respondents agreed with that statement, down from 65 percent in 2003.

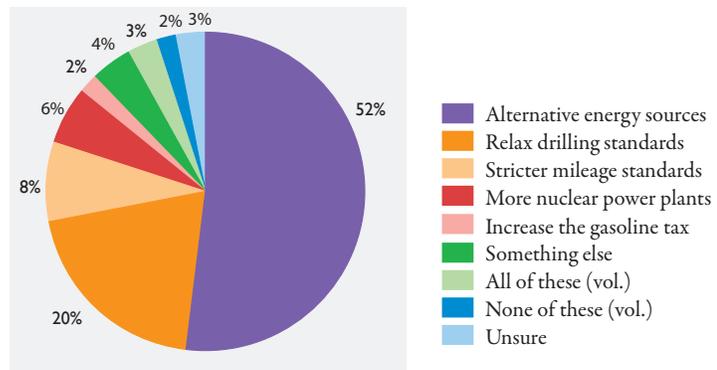
7. Americans strongly favor investment in new energy technologies.

According to the IPCC, the Stern Review, and most energy experts, any comprehensive response to global warming will include both regulation and investment in the development of new energy technologies. The good news is that the public very much favors aggressive investment in new energy sources. Those investments solve two political problems facing global warming regulations: investments are seen as a means both to lower energy costs and to increase the strength of the US economy, and those goals may help mitigate consumer concerns over higher energy prices.

An analysis by Joseph Carroll of Gallup’s April 2007 poll on global warming states that “[i]n terms of what the government should be doing, the public supports major research efforts to develop new energy sources.” When asked a battery of questions about what the government should do to address global warming, 65 percent of Americans said the government should be “starting a major research effort costing up to \$30 billion per year to develop new sources of energy,” the highest scoring item in the battery. It beat “imposing restrictions on U.S. industries and utilities that are so tough it would put some of them out of business” by 27 points. A clear majority of Democrats, Republicans, and Independents supported the idea of government research into new energy sources.

In addition to support for investment in renewables to combat global warming, investment in new energy technology is seen as the best way to combat our reliance on foreign oil. An August 2006 Los Angeles Times/Bloomberg poll asked Americans to identify the “best way for the US to reduce reliance on foreign oil.” A majority, 52 percent, cited “having the government invest in alternative energy sources, such as wind and solar power,” the top choice by a two-to-one margin. Relaxing drilling standards came in at 20 percent, increasing fuel efficiency standards was the choice of 8 percent, and increasing gasoline taxes came in at 2 percent.

Which of the following would be the best way for the U.S. to reduce reliance on foreign oil?



Los Angeles Times/Bloomberg. July 28-Aug. 1, 2006. N=1,478 adults nationwide; MOE± 3.

That level of support also scored high in an October 2006 Rasmussen Report poll which found 71 percent of respondents saying that developing new energy sources is more important than conserving energy (21 percent), up from 64 percent in August 2005. In the 2006 survey, developing new energy was favored by 81 percent of Republicans, 66 percent of Democrats, and 68 percent of Independents.

The highest levels of support in a March 2007 Gallup poll were for spending government money on the new energy sources. Proposals for “spending more government money on developing solar and wind power” was supported by 81 percent in 2007, up from 77 percent in

2006. The highest ranking option was “spending government money to develop alternate sources of fuel for automobiles,” which scored at 86 percent in 2007, up from 85 percent in 2006.

Gallup found that “starting a major research effort costing up to \$30 billion per year to develop new sources of energy” was supported by 65 percent of respondents, the largest level of support of the items tested. When both the benefits and costs of the policy initiatives are listed, the support for investment far exceeded the other options in the poll.

8. In the abstract, Americans say they would pay more for gasoline and electricity if it was used for clean energy R&D—but they have voted against such proposals in the concrete.

Americans say they are willing to pay more for gasoline if the funds are specifically used to eliminate our dependence on foreign oil. The Civil Society/40mpg.org study released in May 2007 found 78 percent of Americans supported using funds collected in the Federal Highway Trust Fund from taxes on gasoline sales to research alternative energy sources. More than half (54 percent) would even consider raising gasoline taxes if the funds were dedicated to research into alternative fuels.

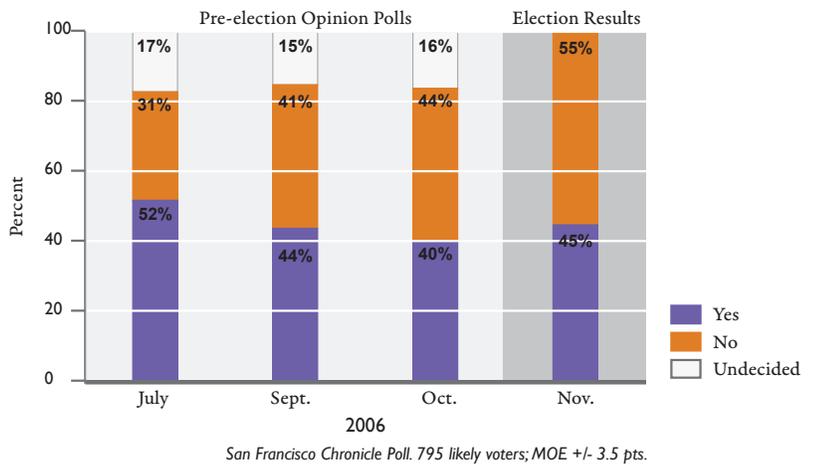
This tracks with a 2006 CBS/New York Times survey that found 55 percent of Americans willing to consider a modest tax on gasoline to reduce our dependency on foreign oil and an April 2007 CBS News/New York Times poll that showed 64 percent of Americans would be willing “to pay higher taxes on gasoline and other fuels if the money was used for research into renewable sources like solar and wind energy.”

The best test of public opinion is in the real world of politics, and it is here that support for taxing oil production for clean energy research and development falls apart. California voters are some of the most environmentally minded voters in the country. California is a national leader in terms of energy efficiency and has long been home to renewable energy innovators and investors. In 2006, California’s Republican Governor, Arnold Schwarzenegger, signed global legislation that would reduce greenhouse gases to 1990 levels by 2020.

In July 2006 California voters indicated their willingness to tax oil production to create clean energy alternatives. But just three months later they voted against Proposition 87 by a 10-point margin. The defeat is an important reminder that voters tend to overstate their willingness to pay more for energy.

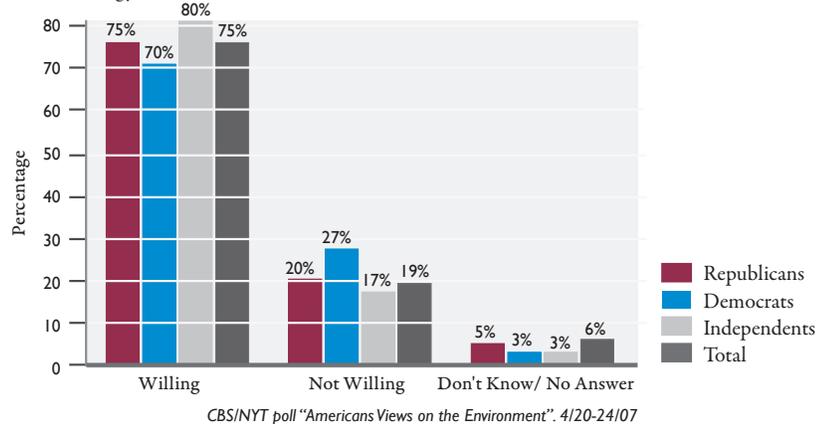
The Declining Support for Prop 87

Prop. 87 proposed taxing oil extracted in CA and using the funds to research and distribute alternative fuel sources.



Willingness to Pay More for Energy to Reduce Global Warming

“In order to help reduce global warming, would you be willing or not willing to pay more for electricity if it were generated by renewable sources like solar or wind energy?”



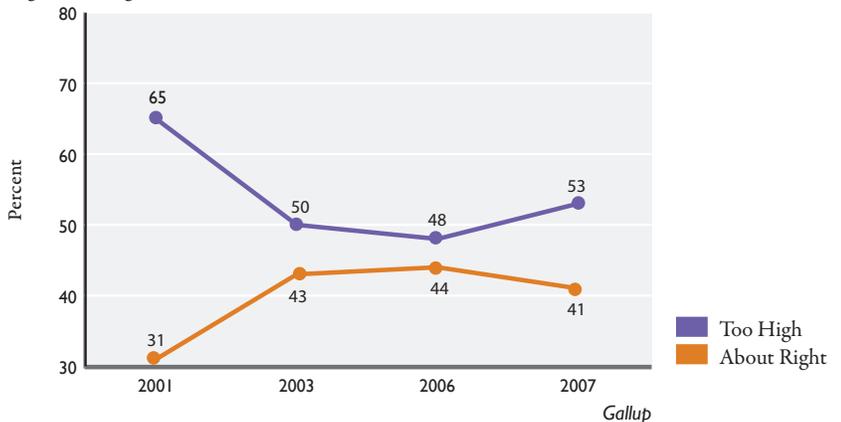
9. Voters are less concerned over size of government and federal taxes today than they were in the mid-1990s.

Attitudes around the size of government and the way Americans perceive their relative tax burden has changed significantly since the mid-1990s. The 2007 Pew Values Survey asked if Americans would “rather have a smaller government providing fewer services, or a bigger government providing more services.” Americans were split, with 45 percent favoring a smaller government and 43 percent favoring a larger government. This is a tremendous shift from the mid-1990s. In 1996, 61 percent supported smaller government, versus a mere 30 percent favoring larger government—a 31 percent margin.

A similar shift has occurred on taxes. After the passage of the Bush tax cuts in 2001 (and after 9/11 and the invasion of Iraq), the respondents reporting that the amount they paid in federal taxes was too high dropped from 65 percent to 47 percent. Since then, the percentage reporting that they pay too much in federal taxes has hovered around 50 percent, with 53 percent responding that way in April of this year. When asked about the perceived tax burdens on segments of the population, 45 percent believe lower-income Americans pay too much in federal taxes and 47 percent believe middle-class Americans pay too much in taxes.

Perception of Taxes

Do you consider the amount of federal income tax you have to pay as too high, about right, or too low?



Interestingly, respondents believe that upper-income Americans and corporations pay too little in taxes by a wide margin, with 66 percent believing that upper-income Americans pay too little in federal taxes and 71 percent believing that corporations pay too little in federal taxes.

When phrased another way, the results are even more encouraging. The April 2007 CBS News/ New York Times poll, asked: “[D]o you feel you pay more than your fair share in federal income taxes, less than your fair share, or is the amount you pay about right?” A majority, 55 percent, said the amount they paid was “about right,” and only 37 percent reported they paid “more than their fair share.” Gallup found a similar response in the same month, with 60 percent of those asked reporting that the income tax they paid this year was “fair.” Additionally, the CBS News poll from January 2007 found Americans equally split at 39 percent on allowing the Bush tax cuts to expire.

The view of tax cuts generally has been remarkably different since the mid-1990s. In 2005, NBC News and the Wall Street Journal asked respondents to identify the statement closest to their point of view: “Statement A: Federal tax cuts have been worth it, because they have helped strengthen the economy by allowing Americans to keep more of their own money. Statement B: Federal tax cuts have NOT been worth it, because they have increased the deficit and caused cuts in government programs.”

Only 39 percent reported that the tax cuts were worth it, and 53 percent said the tax cuts had not been worth it. For comparison, in 1999, 68 percent of Americans thought their taxes were too high, according to Gallup. When asked by Gallup in January of 2007, only 54 percent reported a desire to see their federal income taxes decreased. In September 1999, Gallup found 68 percent agreeing that their taxes were too high.

Neither taxes, the deficit, nor the size of government registers as particularly significant concerns for the American people. The April 9-12, 2007, CBS News poll asked an open-ended question about the top priorities for the Congress and the President. Like the environment and global warming, neither taxes nor the deficit made the list. While Americans would generally like to see their taxes go down and are very much opposed to deficit spending, they do not see either of those issues as a top priority for Congress or the President.

When energy independence and global warming are combined as a priority and compared with reducing taxes or reducing the deficit as national priorities, Americans overwhelmingly favor action on energy and global warming. In the March 2007 Democracy Corps battery of priorities, “making America energy independent and addressing global warming” scored highest (23 percent), even above “strengthening our military and keeping America safe” (19 percent). Fiscal discipline issues such as “reducing the federal deficit” (9 percent) and “lowering taxes and reducing government regulations on individuals and businesses” (13 percent) scored substantially lower.

None of this should suggest that Americans will welcome either an increase in their federal tax burden or increased deficit spending. There is a deep-rooted general anti-tax sentiment within the American psyche, and there is no evidence that the public’s long-stated opposition to deficit spending has changed. But it is important to recognize that many of the political realities that existed in the mid-1990s have dramatically changed in the last decade. Americans are much more open to an increase in the size and scope of government; they question the value of the 2001 tax cuts; and the percentage reporting that they feel overtaxed has declined significantly. Additionally, while there is generic public support for reducing the deficit and decreasing taxes generally these issues do not register as top priorities in the minds of voters, and voters overwhelmingly prioritize a combined global warming and energy independence message over reducing taxes or reducing the deficit.

CONCLUSIONS

- 1. The dramatic increase in media coverage of global warming in 2006 and 2007 has not made global warming a high priority for voters.** Despite the unprecedented coverage of global warming, the issue remains a relatively low priority compared to other national issues. It is also a low priority compared with other energy issues. This could become important if action on this relatively low priority issue is perceived as raising energy prices.
- 2. Coupling global warming with energy independence, higher gas prices, and national security increases the issue's saliency.** While global warming and energy are inextricably intertwined at a policy level, most voters do not see energy through an environmental lens. Action on global warming and energy independence rank as a higher priority concern than "strengthening the military and keeping America safe," according to Democracy Corps in March 2007.
- 3. Concerns over higher energy costs could undercut action on energy or global warming.** Americans tend to view energy as consumers and are extremely sensitive to the cost of energy. For this reason they steadfastly reject policies that increase the cost of gasoline or electricity in order to encourage conservation. Any public policy responses that have the effect of increasing energy costs rather than decreasing energy costs will likely exacerbate the high levels of energy cost anxiety felt by Americans. The rejection of Proposition 87 by California voters in November 2006 is a cautionary tale.
- 4. Large public investment in clean energy is more popular than new regulations.** The public overwhelmingly supports investment into renewable energy technologies, especially when those investments are framed as creating energy independence and lowering the price of energy over the long term. While the potential for increased energy costs and a perception that regulation negatively impacts the economy will provide fodder for the opponents of significant limits on greenhouse gases, a significant focus on investment in renewable energy technologies offers an economic argument for action.
- 5. Softening concern over taxes, the size of government, and the deficit may provide opening for investment-based strategy.** While few are calling for a dramatic increase in the size of government, the political environment over fiscal issues has shifted in the last ten years. The public seems very open to the idea of a more active government, has regrets about previous tax cuts, and believes that corporations and the wealthy should pay more in taxes.

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