



Consumer Federation of America

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AMERICANS STRONGLY SUPPORT CUTTING OIL CONSUMPTION, INCREASING FUEL ECONOMY STANDARDS TO 50 MPG

*New Consumer Survey & Report on Oil Market Fundamentals Released as
Congress Holds Hearings on Oil Spill Today*

50 mpg Fleet Would Save More Oil in Two Years Than All Gulf Proved Reserves

Washington, DC – A national survey and report released today by the Consumer Federation of America (CFA) show that, even before the Gulf oil spill and Congressional hearings, Americans strongly supported reduced oil consumption and tougher fuel economy standards. In a late March survey commissioned by CFA and undertaken by Opinion Research Corp. (ORC), 87% of respondents said it is “important that the country reduce its consumption of oil,” while more than half (54%) said this was “very important.”

This strong support for reduced oil consumption helps explain why nearly two-thirds (65%) of respondents agreed that “the government should increase the fuel economy standard to an average of 50 miles per gallon (mpg) by 2025.” A new standard at this level would double the 25 mpg average of the current motor vehicle fleet and increase the 35 mpg standard set for 2016 by 15 mpg.

Furthermore, using a split sample technique, the survey found that when Americans understand the small percentage of world oil reserves held by this country, support for reduced consumption and higher fuel economy standards increased. When informed the U.S. holds less than three percent of the world’s oil reserves, the proportion of respondents who felt it “very important” to reduce our oil dependence increased from 54% to 68% and the proportion who supported a 50 mpg standard rose from 66% to 72%.

“Our survey data strongly suggest that the American public is getting very close to the point, if they’re not already there, where they are prepared to support radical measures to break our nation’s dependence on oil and oil imports,” said Jack Gillis, CFA Director of Public Affairs and author of *The Car Book*, “and the Gulf oil spill can only have increased this support,”

The survey of 1010 representative adult Americans was conducted by ORC March 25-28, 2010. Its margin of error is plus or minus three percentage points.

Survey Data and Economic Analysis Reveal Reasons for Support of Reduced Oil Consumption

Eleven times in the past six years, CFA has commissioned ORC to survey public concerns about gasoline prices and oil imports “thinking about the next five years.” Each survey has revealed great concern about both issues, and the recent survey is no exception. In this report, CFA links the survey results to an analysis of oil market fundamentals – supply, demand, imports, price and household expenditures. The changes in fundamentals are charted across time in comparison to the trends in attitudes, and the relationship between the two is examined.

In the most recent survey, three-quarters (75%) of respondents expressed concern about gasoline prices, with 51% expressing great concern. Predictably, those with incomes under \$50,000 were more likely to express concern than those with incomes above this level. These concerns are understandable considering that all households spend an average of more than \$2,000 on gasoline a year, which represents 3.5% of their incomes. While low-income households – the lowest income quintile – spend only about \$1,000 a year, that sum represents almost 10 percent of their income. And while lower-middle income households – the second income quintile – spend only \$1600 a year, that sum equals almost six percent of their income.

Furthermore, more than two-thirds (69%) of respondents expressed concern about “U.S. dependency on Mid Eastern oil,” with 48% expressing great concern. That concern certainly reflects, in part, the accurate understanding they have about the nation’s dependence on oil imports. When asked what percentage of oil consumed in the U.S. is imported, the average number given was 64%. The actual figure is very close to this percentage.

But most Americans also believe that U.S. has a far greater percentage of the world's oil reserves in the U.S. than it does. To better understand the impact of information on attitudes, CFA asked ORC to split the sample in half, giving one-half no information about oil reserves, and the other half correct information, before asking them about reducing oil dependence and increasing fuel economy. On average, the no-information respondents said that the U.S. has almost half of all global oil reserves when the actual figure is less than 3%. As indicated above, their support for reducing oil dependence and increasing fuel economy was significantly lower than that of respondents who had received correct information.

“While these survey questions were asked shortly before the oil spill in the Gulf of Mexico, this spill should only increase support for reducing oil consumption and strengthening fuel economy standards. Polls conducted since the spill indicate a sharp reduction in support for offshore drilling and an increase in concern about its environmental impacts.” said Mark Cooper, CFA Director of Research, Fellow at several universities, and author of the accompanying report. “More information changes public attitudes,” commented Mark Cooper. “If consumers knew that increasing passenger fleet fuel economy to 50 mpg would save more oil in just two years than all proved reserves in the Gulf of Mexico, I believe the support for radical change would increase dramatically.”

The report is available at:

http://www.consumerfed.org/elements/www.consumerfed.org/File/Oil_Market_Fundamentals_and_Public_Opinion_Report.pdf

The Consumer Federation of America (CFA) is a non-profit association of over 280 consumer groups that was founded in 1968 to advance the consumer’s interest through advocacy, research, and education.