

THE PIPA/KNOWLEDGE NETWORKS POLL

THE AMERICAN PUBLIC ON INTERNATIONAL ISSUES

THE FEDERAL BUDGET: THE PUBLIC'S PRIORITIES

March 7, 2005

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**PROGRAM ON INTERNATIONAL
POLICY ATTITUDES (PIPA)**

A joint program of the Center on Policy Attitudes and the Center for International and Security Studies at the University of Maryland



**Knowledge
NETWORKS**

A polling, social science, and market research firm based in Menlo Park, California

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The Program on International Policy Attitudes (PIPA) is a joint program of the Center for International and Security Studies at Maryland and the Center on Policy Attitudes. PIPA undertakes research on American attitudes in both the public and in the policymaking community toward a variety of international and foreign policy issues. It seeks to disseminate its findings to members of government, the press, and the public as well as academia.

Knowledge Networks is a polling, social science, and market research firm based in Menlo Park, California. Knowledge Networks uses a large-scale nationwide research panel which is randomly selected from the national population of households having telephones and is subsequently provided internet access for the completion of surveys (and thus is not limited to those who already have internet access).

The Center for International and Security Studies at Maryland (CISSM), at the University of Maryland's School for Public Policy, pursues policy-oriented scholarship on major issues facing the United States in the global arena. Using its research, forums, and publications, CISSM links the University and the policy community to improve communication between scholars and practitioners.

The Center on Policy Attitudes (COPA) is an independent non-profit organization of social science researchers devoted to increasing understanding of public and elite attitudes shaping contemporary public policy. Using innovative research methods, COPA seeks not only to examine overt policy opinions or positions, but to reveal the underlying values, assumptions, and feelings that sustain opinions.

Steven Kull, Clay Ramsay, Evan Lewis, and Stephen Weber designed the questionnaire and wrote the analysis. Phillip Warf, Elaine Magg, and Anita Dancs contributed to the statistical modeling of the budget exercise.

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Funding was provided by Business Leaders for Sensible Priorities, the Rockefeller Brothers Fund, and the Ford Foundation.

INTRODUCTION

As Congress undertakes the process of making up a discretionary budget in response to the Administration's recently proposed budget for FY 2006, the question arises of how well the proposed discretionary budget aligns with the priorities of the American public.

To find out, the Program on International Policy Attitudes conducted a unique type of survey. Respondents were presented the major items of the discretionary budget, including a breakdown of the proposed funding for each item, and given an opportunity to redistribute the funds as they saw fit. They were also given the opportunity, if they wished, to reallocate some funds to deficit reduction (though the amount of the deficit was not provided). What this reveals is how the budget would look if Americans could each specify where their own tax dollars would go.

The pilot study, as well as earlier budget exercises of this type, revealed that Americans often significantly cut defense spending. However, it is not clear whether they would do so when faced with the different components of the defense budget. To find out, additional questions were presented as to what areas of the defense budget, if any, respondents would want to reduce.

Broader questions related to general principles of budget priorities were also explored.

The poll was conducted February 18-25 with a nationwide sample of 1,182 American adults. The margin of error was 2.9-4.1% depending on whether the question went to the full sample or part of the sample. The poll was fielded by Knowledge Networks using its nationwide panel, which is randomly selected from the entire adult population and subsequently provided internet access. For more information about this methodology, go to www.knowledgenetworks.com/ganp.

The key findings were as follows:

1. General Discretionary Budget Exercise

When presented most of the major items in the discretionary federal budget and given the opportunity to modify it, Americans make some dramatic changes. The largest cut by far is to defense spending, which is reduced by nearly one-third, followed by spending on Iraq and Afghanistan, transportation and justice. The largest increases are to reductions in the deficit, various forms of social spending and spending on the environment.....2

2. Defense Budget: Priorities

When presented different areas of the defense budget, majorities favored reducing spending on the capacity for conducting large-scale nuclear and conventional wars. However, majorities opposed cutting spending on personnel, intelligence, communication, and the capacity to conduct unconventional warfare: special operations, peacekeeping, and fighting insurgencies. Support for military personnel was reflected not only in opposition to personnel-related spending cuts, but also in very high positive ratings of US armed forces as compared to more lukewarm attitudes toward the Pentagon itself.....7

3. Defense Budget: Sizing

Consistent with their preference for lower defense spending, when Americans think about principles for sizing US defense capabilities they favor relatively less ambitious standards. A very large majority would

size the defense budget so that the US could meet its commitments assuming multilateral participation, rather than the more demanding assumption that it would be acting on its own. Asked to prescribe US defense spending levels relative to its potential enemies, an overwhelming majority sets standards far below actual relative spending levels.11

4. Dealing With Terrorism

Majorities want to maintain or increase funding on aspects of the defense budget that have a clear relationship to fighting terrorist groups. However, a majority rejects the idea that net increases in the defense budget as a whole are necessary to fight terrorism. In the budget exercise, the Department of Homeland Security received a net increase in funding, but increases were not favored by a majority. The low support for supplemental funding for the Iraq and Afghanistan operations suggests that a majority may not see these as clearly related to fighting terrorism..... 12

5. Spending on Economic and Humanitarian Aid

Modest support for increasing economic and humanitarian aid appears to be greatly influenced by the fact that most respondents did not believe that the amount presented in the budget exercise was the full amount. Asked to estimate the actual amount, respondents gave estimates far in excess of the presented amount, and also proposed an amount much higher than the presented amount. Among the small minority whose estimates of spending on economic and humanitarian aid even roughly approached the actual amount, two thirds favored increasing it..... 14

6. Dealing With the Deficit

In addition to favoring cutting spending to reduce the deficit, a large majority favors rolling back the recent tax cuts for people with high incomes. A plurality also opposes making the tax cuts permanent. Among the two-thirds that perceive the US has a large deficit, support for reducing the deficit is significantly higher on all measures than it is among those who believe there is no deficit, or that it is small. 15

7. Perceptions of Budgetary Trends

A majority is aware that the Administration's proposed budget increases spending on defense. There is not majority awareness that the proposed budget cuts spending on education and the environment, though nearly half of Democrats are aware of this. 18

FINDINGS

1. General Discretionary Budget Exercise

When presented most of the major items in the discretionary federal budget and given the opportunity to modify it, Americans make some dramatic changes. The largest cut by far is to defense spending, which is reduced by nearly one-third, followed by spending on Iraq and Afghanistan, transportation and justice. The largest increases are to reductions in the deficit, various forms of social spending and spending on the environment.

To find out how Americans would allocate the discretionary federal budget if they each could control a correspondingly small portion, a representative sample participated in a budget exercise. Respondents were shown a spreadsheet with allocations for 16 key areas of the discretionary budget. All the figures they saw were based on the requests in the president's budget proposal for fiscal 2006. Two other items were included: the amount of probable supplemental funding for operations primarily in Iraq but also in

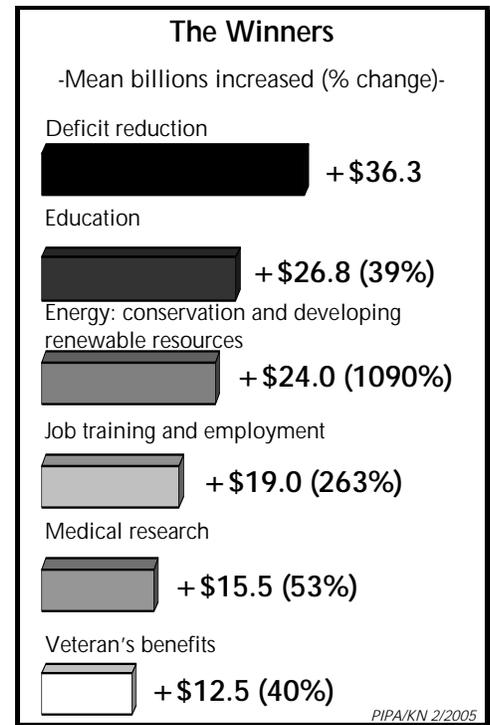
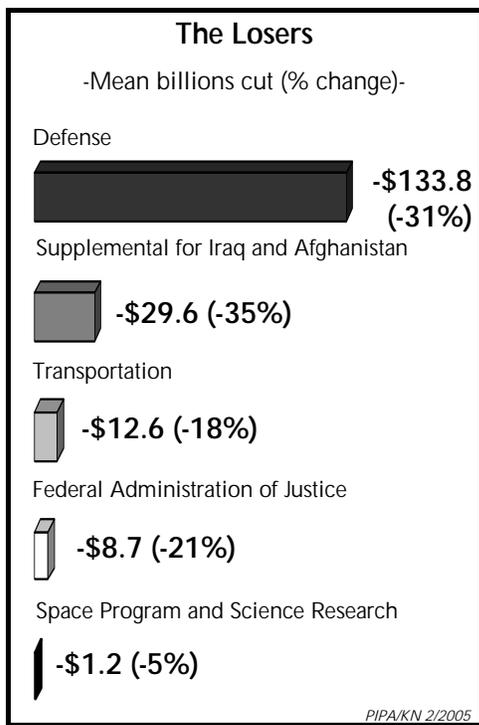
Afghanistan (as projected by the Congressional Budget Office); and an option to assign money to reduce the budget deficit.

Budget items were converted in terms of a total of \$1,000 for all of these budget items, as this is an amount that respondents would feel more comfortable dealing with and happens to roughly be the portion of the median taxpayers' bill that corresponds to the portion of the general budget devoted to these items. (However, in the discussion below, the amounts devoted to each item were converted back to their equivalent in billions of dollars of the budget.) Respondents were told:

As you may know, the White House proposes a budget to Congress. In this survey, you will make up a budget for 17 major areas of the budget. We're not including some big entitlement programs like Medicare or Social Security, which by law cannot simply be adjusted year to year. For these 17 areas, a budget of about \$912 billion has been proposed for 2006. Please imagine that you have \$1,000 of your tax money to divide among these 17 areas. For each area, you'll see how much of your \$1,000 is proposed to go to that area, and then you can indicate how many dollars you'd like to see go to that area. You'll be able to monitor how much of the \$1,000 you have left as you make decisions by scrolling down to the bottom of the page.

Respondents were also provided a line for reduction of the budget deficit, which, of course, was set at zero.

Nearly all respondents were able to complete the exercise. And overall, there were many changes made to the proposed budget. The budget items that were most deeply cut were defense spending, the Iraq supplemental, transportation, and federal administration of justice. The budget items that were increased the most were allocations to reduce the budget deficit and spending on education, conserving and developing renewable energy, job training and employment, and medical research. A more detailed analysis follows.

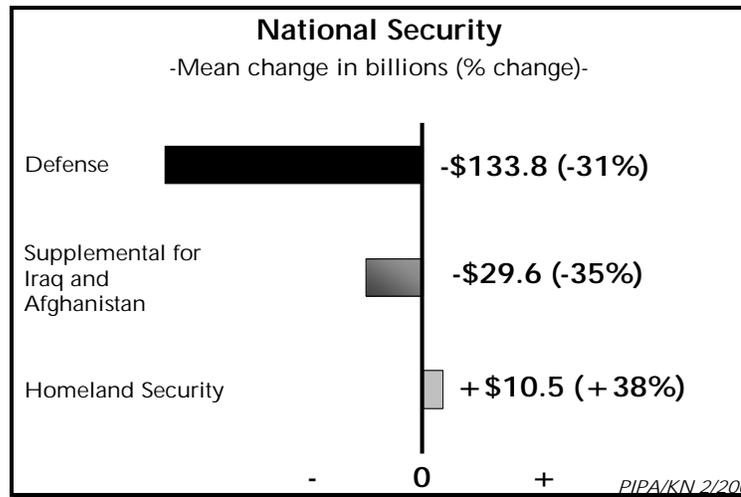


National Security Spending

Overall, by far the largest modification to the proposed budget was a major cut in defense spending. On average, defense spending was cut by the equivalent of \$133.8 billion (or 31%), from \$435.9 billion to \$302.1 billion. Fully two-thirds of respondents (65%) made cuts to the defense budget.

The projected Iraq supplemental was reduced a similar percentage (35%) from \$85 billion to \$55.4 billion--a reduction of \$29.6 billion. Here again, two thirds (65%) of respondents cut this item.

Homeland security received a robust average increase of 38% or \$10.5 billion (from \$27.3 to \$37.8 billion). But only 41% favored such increases.

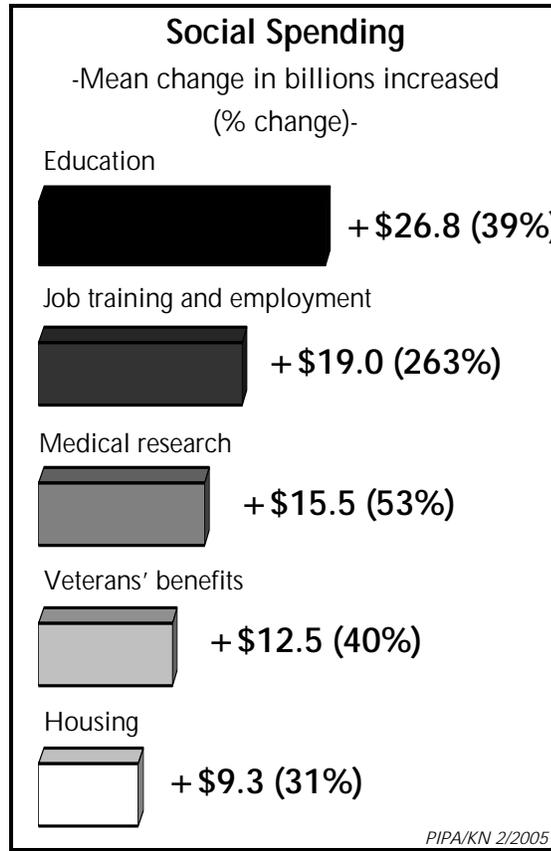


Cutting the Deficit

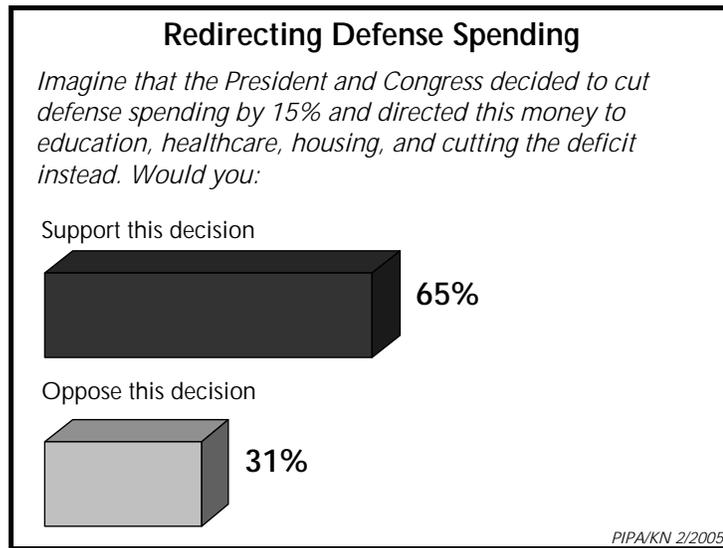
The largest increase was the reallocation to reductions in the budget deficit. The mean respondent reallocated \$36.3 billion to deficit reduction, with 61% of respondents making some reallocation. Interestingly, Democrats allocated more to deficit reduction (\$39.4 billion) than Republicans (\$29.6). It should be noted that respondents were in no way prompted to make some allocation to the deficit, other than offering a line for doing so. They were also not told the size of the deficit and, as will be discussed below, a large minority did not believe there was a large deficit. Those who did believe there was a large deficit allocated substantially more to deficit reduction.

Social Spending

The largest budget areas increased were for social spending. Spending on human capital was especially popular. Education was increased \$26.7 billion, from \$68.5 billion to \$95.2 billion (a 39% increase), with a majority of 57% making increases. Job training and employment-related services were increased \$19 billion, from \$7.2 billion to \$26.2 billion, a sizeable increase of 263%, which was made by a strong majority of 67%. Veterans' benefits were also increased \$12.5 billion, from \$31.4 billion to \$43.9 billion, an increase of 40% by a majority of 63%. Likewise, medical research was increased \$15.5 billion, from \$29.2 billion to \$44.7 billion—a 53% increase by a 57% majority.



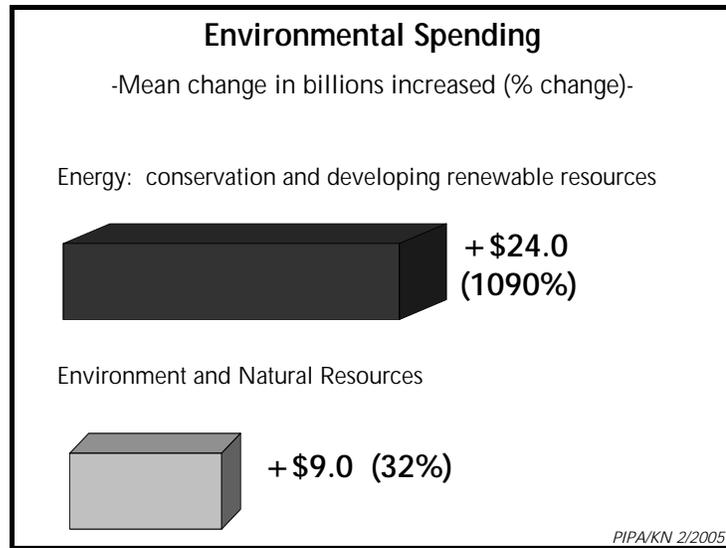
Consistent with the general pattern of cutting defense in favor of social spending and deficit reduction, when respondents were asked in a separate question to “imagine that the President and Congress decided to cut defense spending by 15% and directed this money to education, healthcare, housing, and cutting the deficit instead,” 65% said they would approve of this. This view was not simply attributable to having gone through the budget exercise, because a portion of the sample heard this question without going through the budget exercise and there was no significant difference in response.



Environmental Spending

By far the largest increase in percentage terms was for conserving and developing renewable energy. This amount was increased \$24 billion, from \$2.2 billion to \$26.2 billion—an extraordinary increase of 1090%. This was also the area increased by the largest majority—70%.

The environment and natural resources received a more moderate increase of \$9 billion (from \$28 billion to \$37 billion), up 32%—an increase driven by 42% of respondents. Similarly, housing was also increased \$9.3 billion, from \$30 billion to \$39.3 billion—a 31% increase made by 43% of respondents.



International Affairs Spending

In contrast to the large cuts to defense spending, there were substantial increases to spending on international affairs. However, in all these cases it was an enthusiastic minority that was driving these increases. In no case did a majority budget increases to these areas.

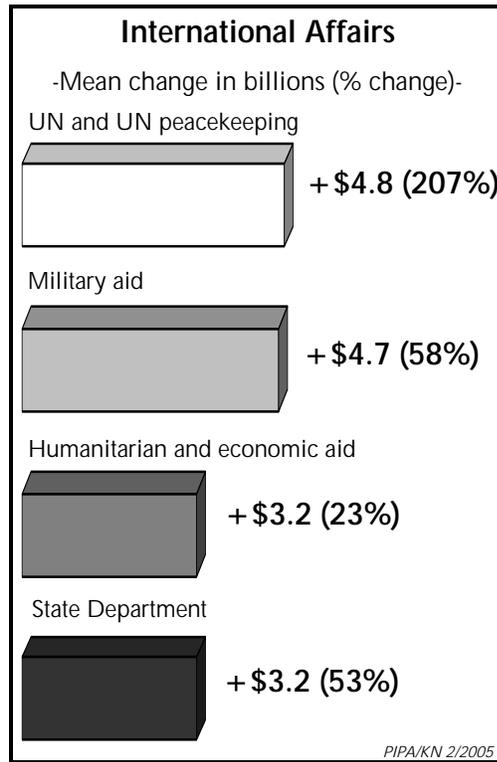
Spending on the UN and UN peacekeeping received the third largest increase of all items in the budget in percentage terms—an increase of 207%. Respondents tripled it from \$2.3 billion to \$7.1 billion—a \$4.8 billion increase. However, only 41% of respondents increased it. On average, those who increased it did so by \$12.7 billion. On the other hand, only one in three cut it and did so on average only \$1.8 billion.

The State Department received a substantial increase of \$3.2 billion, from \$6.1 billion to \$9.4 billion—an increase of 53%. However, in this case just 26% favored increases. This group however made large increases averaging \$16.3 billion. An even greater percentage—41%—made cuts, averaging a modest \$2.8 billion.

Spending on military aid also went up an average of \$4.7 billion or 53%, going from \$8.2 billion to \$12.9 billion. Again this was driven by a minority, with 28% of respondents making an average increase of \$25 billion. Forty-nine percent made cuts averaging \$5.1 billion.

Spending on economic and humanitarian aid went up an average of \$3.2 billion or 23%, from \$14.2 billion to \$17.3 billion. A minority of 32% made the increases, which averaged \$20.9 billion. Forty-eight percent made cuts averaging \$7.2 billion. However, as is discussed in some depth below, these

findings need to be viewed as not fully reflecting respondents' priorities. Most respondents stated that they did not believe that the amount presented in the budget exercise for economic and humanitarian aid was the full amount, and when asked to estimate the full amount nearly all gave an amount far higher than the amount presented in the budget exercise. More importantly, when asked how much such total spending on economic and humanitarian aid should be, the majority proposed an amount far greater than the amount budgeted in the exercise.



Other Domestic Items

There were also domestic spending items that majorities chose to reduce. Transportation was cut \$12.6 billion, from \$69.4 billion to \$56.8 billion (an 18% cut), with 58% making cuts. The federal administration of justice went from \$41.1 billion to \$32.4 billion (a 21% cut), with 56% making cuts. Space science and research was reduced slightly from \$24.7 billion to \$23.5 billion (5%), with 53% making cuts.

Partisan Variations

For 16 out of 18 budget areas, the average changes that were made by Republicans and Democrats went in the same direction relative to the Administration's proposed budget. There were only slight differences in their allocations for seven of the items: energy and renewable resources, homeland security, transportation, veterans' benefits, space and science research, medical research, and the federal administration of justice.

On nine other items, the Republicans' and Democrats' budgets went in the same direction but with meaningful differences of degree. In most cases Democrats made bigger changes from the Administration's proposed budget. While Republicans on average cut the Pentagon budget by \$70 billion, Democrats cut it by \$166 billion; and while Republicans cut the Iraq supplemental by \$17.8

billion, Democrats cut it by \$37.8 billion. Both increased education, but Republicans increased it by a mean \$7.2 billion while Democrats increased it by \$39.3 billion. On the environment and natural resources, Republicans increased this by a mean \$3.9 billion, but Democrats did so by \$14.3 billion. Republicans increased job training and employment by a mean \$8.6 billion and Democrats by over twice as much (\$23.1 billion). On the UN and UN peacekeeping, Republicans made an average increase of \$1.8 billion while Democrats made one of \$8 billion. Democrats also made a bigger increase for the State Department (mean \$4.8 billion) than did Republicans (\$1.2 billion). Republicans made a big average increase to military aid (of \$10.4 billion), while this came to only a \$1.4 billion increase on the Democratic side. And on deficit reduction, Republicans found \$29.6 billion for this purpose, while Democrats found \$39.4 billion.

For only two items did the average Republican budget and Democrat budget actually take opposing directions. On humanitarian and economic aid, Republicans made an average reduction of \$2.6 billion, while Democrats made an average increase of \$7.7 billion. And on housing, Republicans reduced by an average \$1.9 billion, while Democrats increased housing by \$18 billion.

Trends over Ten Years of Budget Exercises

The present budget exercise is the third performed by PIPA over the last decade. Two earlier budget exercises were conducted in summer 1996 and summer 2000. Taking the three exercises together, what can be learned about broad, long-term attitudes toward budget priorities?

First of all, great stability is evident in the public's preferences on the majority of items. There are 13 items that have been asked about in all three budget exercises. Of these, nine have been either cut consistently or increased consistently, on average, across all three exercises. Each time, defense has been cut by about a quarter or more. Each time, social spending has been increased, with education, job training, the environment, and medical research all going up on average. In the international affairs budget, the State Department and economic and humanitarian aid have always been increased on average, while the UN and UN peacekeeping have received very strong increases. Space and science research has basically held steady, with a slight erosion in funding. And budget deficit reduction (or in 2000, the reduction of the national debt) has always been given a modest fraction (2-5%) of the funds available.

The remaining items, though, do show noteworthy trends. The category of job training and employment-related services has gotten increasingly sharp average increases over the last decade—96% in 1996, 128% in 2000, and a startling 263% in 2005. Perhaps this expresses a growing concern about the impact of globalization and international trade on the capacity of the US work force to adapt and retain its standard of living.

For reasons that are unclear, willingness to fund the federal administration of justice has steadily dropped, shifting from an average 10% increase in 1996, to a 12% cut in 2000, to a 21% cut in the 2005 exercise.

Willingness to spend on transportation relative to other needs has shown a long-term decline. In 1996 it was increased 40% on average; in 2000, it was kept nearly flat (2% increase); and in 2005, it was cut by 18%.

Military aid seems to be a special case, and shows the greatest fluctuation over the three budget exercises. In both 1996 and 2005, majorities wanted to maintain or increase military aid, but in 2000 a majority wanted to reduce it. It may be that the security conditions in 2000 were comparatively more relaxed than in either 1996 (when US troops had just entered Bosnia with the outcome still uncertain) or in 2005,

under wartime conditions. It seems likely that in 2000 many Americans felt there was less need to maintain a military aid program at past levels, but that this view has eroded since.

2. Defense Budget: Priorities

When presented different areas of the defense budget, majorities favored reducing spending on the capacity for conducting large-scale nuclear and conventional wars. However, majorities opposed cutting spending on personnel, intelligence, communication, and the capacity to conduct unconventional warfare: special operations, peacekeeping, and fighting insurgencies. Support for military personnel was reflected not only in opposition to personnel-related spending cuts, but also in very high positive ratings of US armed forces as compared to more lukewarm attitudes toward the Pentagon itself.

As discussed above, defense spending was the area most deeply cut. On average respondents cut it \$133.8 billion or 31%, from \$435.9 billion to \$302.1 billion. Overall 65% cut defense spending.

Because earlier polling and a pilot study showed that a majority cut defense deeply in this study, respondents were asked about where they would cut. After doing the general budget exercise discussed above, respondents were shown a wide range of components of the defense budget, divided into (1) current kinds of personnel and hardware; (2) current capabilities; and (3) investment toward future capabilities and hardware. Those respondents who had cut the defense budget in the general exercise (65%) were offered a scale of 0 to -4 for each item, with 0 meaning “not at all” and -4 meaning “reduce a lot.” Thus this group was required to specify real locations for the reductions they had made in the general exercise. Respondents who had maintained (15%) or increased (16%) the defense budget in the general exercise were offered a scale of +4 to -4 for each item, allowing them to increase, maintain or reduce.

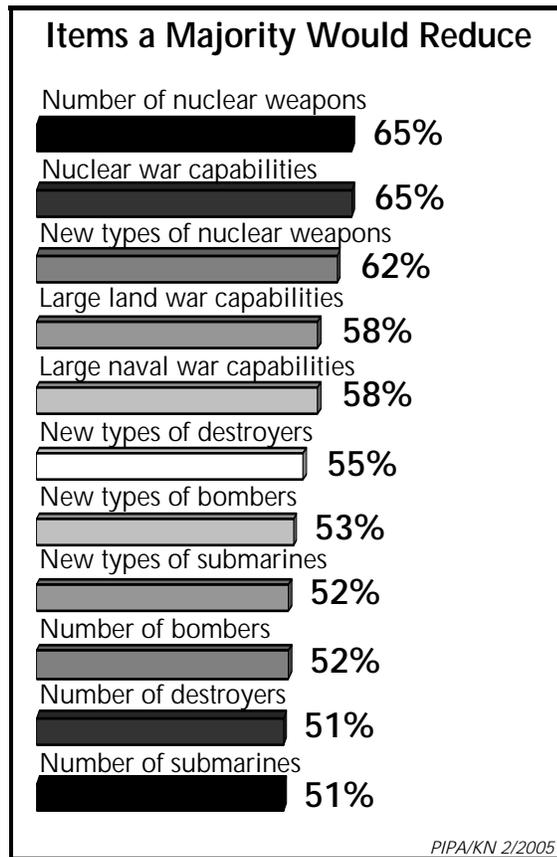
Overall, Americans show a strategic preference for shifting away from large-scale nuclear and conventional war priorities, and toward the personnel-intensive requirements of unconventional warfare, peacekeeping, and the development of capabilities related to the war on terrorism.

Spending Areas for Which Majority Favored Cuts

The areas of the defense budget that were cut by the largest majorities related to the capacity to conduct nuclear wars. Sixty-five percent reduced the capability for large-scale nuclear wars and the same percentage cut the number of nuclear weapons. Sixty-two percent cut spending on developing new types of nuclear weapons. Consistent with this low emphasis on nuclear weapons, when asked, in a separate question how many nuclear weapons the US should have on active alert the median response was a mere 150—far below actual levels.¹

¹ This tendency to deemphasize nuclear weapons has appears in other polls as well, outside of a budgetary context. A PIPA poll conducted in December 2004 asked, “Do you think it is or is not necessary for the US to develop new types of nuclear weapons, beyond those that it already has?” Sixty-six percent said that it not necessary (including 56% of Republicans and 71% of Democrats). In a July 2004 poll by the Chicago Council on Foreign Relations, when asked about circumstances under which the US should use nuclear weapons, the public was quite restrictive: 57% said the US should only use them in response to a nuclear attack, 22% that the US should never use them, while just 19% chose the option that gave a wider range of options (“In certain circumstances, the U.S. should use nuclear weapons even if it has not suffered a nuclear attack”).

Also quite large were the majorities favoring reducing capabilities for classical, large-scale conventional warfare. Capabilities for large-scale naval wars and large-scale land wars were both reduced by 58% of respondents. Accordingly, in the R & D area, 55% cut spending on new types of naval destroyers, 53% on new types of bombers, and 52% on new types of submarines. In terms of inventory, 52% cut the number of bombers, and 51% each cut the number of submarines and naval destroyers.



Spending Areas for Which Majority Opposed Cuts

The area of the defense budget of which the public was most protective was salaries of military personnel: 82% opposed cuts. Three out of five (61%) felt that the overall number of military personnel was necessary and could not be cut.

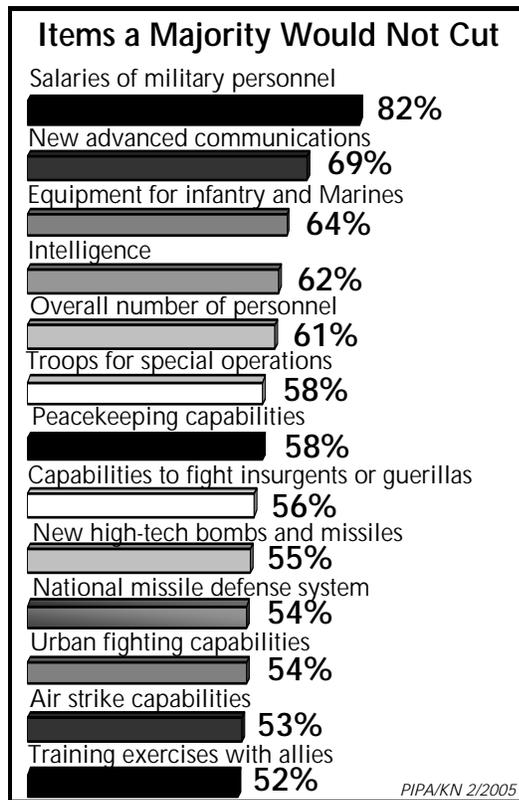
Intelligence was apparently seen as essential by most and its budget was maintained by 62% of respondents.

Less conventional types of military operations were protected from cuts. Fifty-eight percent opposed cuts for the number of troops for special operations; 58%, capabilities for conducting peacekeeping; and 56%, capabilities for fighting insurgents or guerrillas.

In the R & D area, development of advanced communications systems received wide support, with 69% maintaining it; and development of new equipment that would go directly to “infantry and Marines” was kept intact by 64%. Finally, work on “new types of high-technology missiles and bombs” was preserved by a 55% majority.

Other aspects of the defense budget were preserved by lesser majorities. Fifty-three percent opposed cuts for current US air strike capabilities, 52% for training exercises with allies for multinational operations, and 54% for a national missile defense system. Fifty-four percent maintained funding for urban fighting capabilities, currently in use in Iraq.

Respondents divided over whether to keep the current number of aircraft carriers, with 49% maintaining and 47% reducing funds.

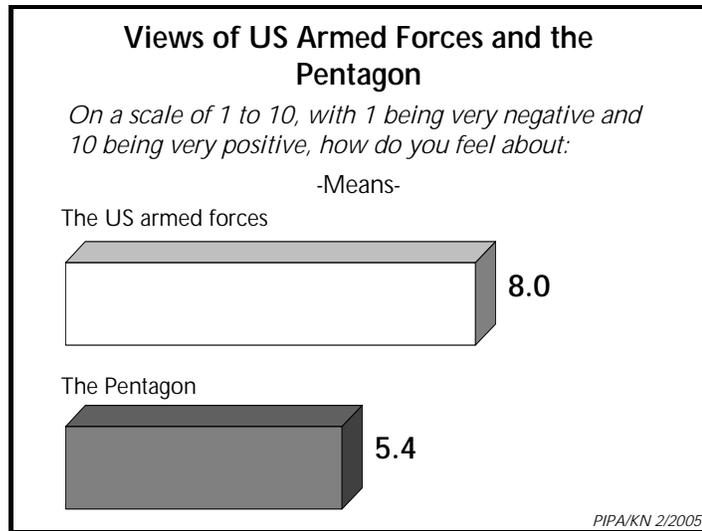


Strong Support for Armed Forces, But Not Pentagon

As discussed above, aspects of the defense budget that are related to military personnel are among the most popular. An overwhelming 82% wanted to maintain or increase spending on salaries for military personnel—the highest level of support for any item shown respondents within the defense budget. Within the R & D side of the defense budget, one of the most popular items was “equipment for infantry and Marines.” Sixty-four percent wanted to preserve funding levels for new equipment for soldiers on the ground, second only to work on advanced communications (69%). Likewise, in the general budget exercise a very large majority—83%--either maintained or increased veterans’ benefits as a share of the discretionary budget (63% increase, 21% maintain).

These positive feelings for military personnel were also expressed when respondents were asked “How do you feel about the US armed forces on a scale of 1 to 10, with 1 being very negative and 10 being very positive.” The average response was 8.0. Three out of four gave a rating of 7 or above.

However, it appears that these warm feelings are differentiated from other aspects of the defense establishment. Asked to rate their feelings about the Pentagon on the same scale, the average rating was 5.4. Only 31% gave a rating of 7 or above;



Support for US military forces does not, however, mean that the public favors the military taking the lead in all situations. Respondents were asked about the current controversy over whether “when the US military is in another country like it is today in Iraq,” who should conduct “most relief and reconstruction programs.” By a three-to-one ratio (74% to 23%) respondents preferred “the UN, international aid organizations and US civilian agencies” over “the US military.”

Partisan Variations

Between Republicans and Democrats there was partial agreement as to which areas of the defense budget should be reduced. Both focused strongly on the nuclear area, with majorities cutting funds to develop new types of nuclear weapons (Republicans 52%, Democrats 75%), the capability to wage large-scale nuclear war (Republicans 58%, Democrats 73%), and the number of weapons in the nuclear arsenal (Republicans 56%, Democrats 73%). A large plurality of Republicans (50%) agreed with a much larger number of Democrats (68-69%) that capabilities to conduct large naval wars and land wars should be reduced; however, fewer than half of Republicans wanted to actually lower the number of large hardware items (bombers, destroyers, subs) associated with such conventional wars.

Republicans and Democrats also agreed on maintaining certain areas of the defense budget. The salaries of military personnel came first (Republicans 90%, Democrats 77%). Developing more advanced communications (Republicans 80%, Democrats 64%) and equipment for use by infantry and Marines (Republicans 79%, Democrats 57%) both got strong bipartisan support, as did funding for intelligence (Republicans 75%, Democrats 55%). Surprisingly, slightly more Republicans (63%) than Democrats (57%) maintained spending on US peacekeeping capabilities.

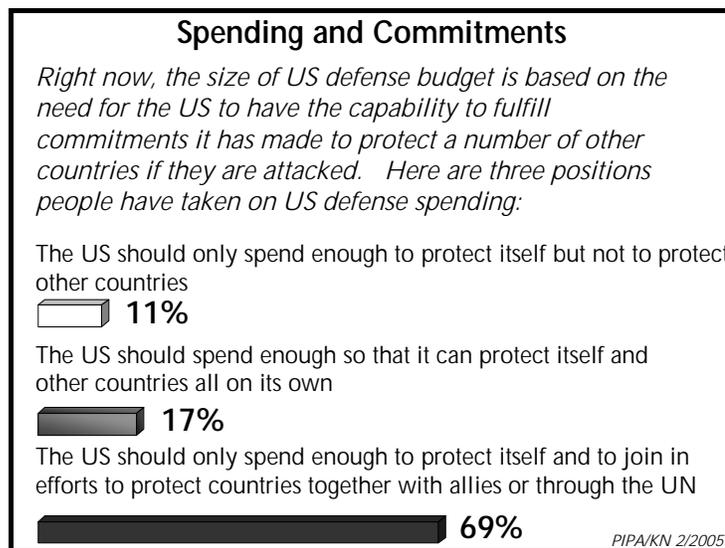
The major areas of disagreement between Republicans and Democrats were, first, about the size of inventories of conventional hardware, and second, about further R&D for such hardware. Thus, majorities of Republicans did not want to reduce the numbers of aircraft carriers (65%), bombers (61%), destroyers (59%), submarines (59%), or air strike capabilities (68%), while majorities of Democrats were

willing to make cuts in all of these (54-63%). Similarly, development of new types of bombers, submarines, and high-technology bombs and missiles all got support from Republicans (58%, 56% and 72% respectively) while Democrats were ready to reduce them (67%, 64% and 53% respectively). Asked about a national missile defense system, 68% of Republicans wanted to maintain funding while 52% of Democrats wanted to cut it. Interestingly, Republicans were more supportive than Democrats of funding training exercises with allies for multinational operations; 63% of Republicans wanted to maintain this, while Democrats were divided (46% maintain, 48% reduce).

3. Defense Budget: Sizing

Consistent with their preference for lower defense spending, when Americans think about principles for sizing US defense capabilities they favor relatively less ambitious standards. A very large majority would size the defense budget so that the US could meet its commitments assuming multilateral participation, rather than the more demanding assumption that it would be acting on its own. Asked to prescribe US defense spending levels relative to its potential enemies, an overwhelming majority sets standards far below actual relative spending levels.

Consistent with their preference for lower defense spending, when Americans think about principles for sizing US defense capabilities they favor relatively less ambitious standards. A very large majority would size the defense budget so that the US could meet its commitments assuming multilateral participation, rather than the more demanding assumption that it would be acting on its own. Respondents were told that "Right now, the size of the US defense budget is based on the need for the US to have the capability to fulfill commitments it has made to protect a number of other countries if they are attacked." They were then offered three positions on US defense spending. Only 17% thought "The US should spend enough so that it can protect itself and other countries all on its own." An even lower 11% took the option of abandoning US commitments ("The US should only spend enough to protect itself but not to protect other countries"). Instead, 69% said "The US should only spend enough to protect itself and to join in efforts to protect countries together with allies or through the UN."



When Americans think about US defense preparation in the context of potential threats from other states, most Americans propose a level of preparation far lower than the present US level. Respondents were asked to “think about how much the US should spend on defense as compared to its potential enemies” and were told that “for discussion’s sake, let’s include...Russia, China, North Korea, Iran, Libya and Syria” as potential enemies. They were shown “some possible levels that have been discussed for US spending,” as follows:

- A bit more than its most powerful potential enemy
- About as much as all of its potential enemies combined
- About twice as much as all its potential enemies combined
- About three times as much as all its potential enemies combined

The actual current level—excluding supplemental funding for the Iraq and Afghanistan operations—is over three times as much as all the US’s potential enemies combined.² Only 7% of respondents thought US defense spending should be at this level. Instead, 71% thought the US should spend either “a bit more than its most powerful potential enemy” (41%) or “about as much as all of its potential enemies combined” (30%). Another 15% wanted to spend about twice as much as potential enemies.”

It would be natural to assume that the severe experiences undergone by Americans—the September 11 attacks, the war in Afghanistan, the break with traditional allies over Iraq, the invasion of Iraq and the difficulties of the occupation—would have had a noticeable impact on broader attitudes toward defense generally. However, no real impact was registered in these questions. These attitudes are very stable, both in peacetime (the mid-‘90s) and in wartime (the current period).

In the current poll 71% thought US defense spending should be, at most, about as much as all of its potential enemies combined—the position held by 76% in 1995 (PIPA) and 81% in July 2002 (PIPA/KN). Currently, 69% would size US defense spending with the assumption of multilateral participation, as did 71% in 1995 and 77% in 2002; only 17% would size it without this assumption, as did 17% in 1995; and just 11% would drop US commitments to defend other countries—as did 10% in 1995. These attitudes are presumably grounded in fundamental views about the US role in the world held by most Americans.

4. Dealing With Terrorism

Majorities want to maintain or increase funding on aspects of the defense budget that have a clear relationship to fighting terrorist groups. However, a majority rejects the idea that net increases in the defense budget as a whole are necessary to fight terrorism. In the budget exercise, the Department of Homeland Security received a net increase in funding, but increases were not favored by a majority. The low support for supplemental funding for the Iraq and Afghanistan operations suggests that a majority may not see these as clearly related to fighting terrorism.

Though a majority cut the defense budget overall in the general exercise, majorities do want to maintain or increase funding on aspects of the defense budget that have a clear relationship to fighting terrorist groups. Funding for more advanced communications was maintained by 69% and intelligence by 62%.

² The new edition of *The Military Balance* (International Institute for Strategic Studies, 2004) shows defense spending by the countries named to be as follows: Russia, \$31 billion; China, \$56 billion (defense expenditure, off-budget included, 2003); North Korea, \$5.5 billion (defense expenditure, off-budget included, 2003); Iran, \$3.5 billion; Libya, \$742 million (defense expenditure, 2003); Syria, \$1.6 billion—for a total of \$98.3 billion.

Troops for special operations were supported by 58%, capabilities to fight insurgents and guerrillas by 56%, and capabilities for urban fighting by 54%.

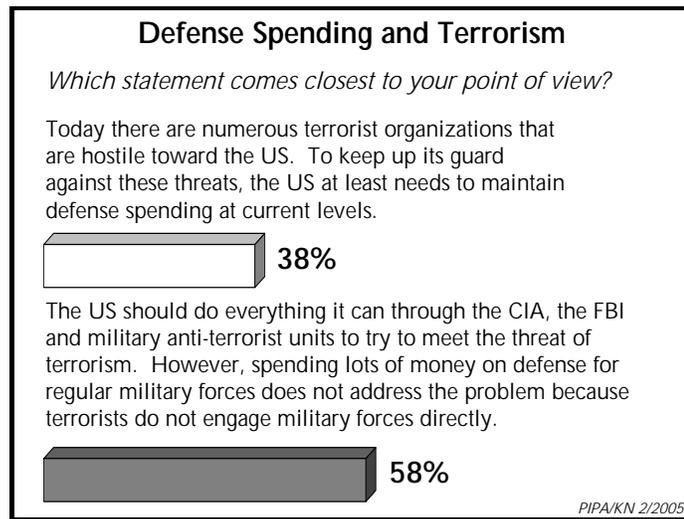
However, a majority rejects the idea that the defense budget as a whole is applicable to fighting terrorism. Respondents were offered two positions on this issue. On the side supporting the relevance of the whole defense budget to terrorism, they read:

Today there are numerous terrorist organizations that are hostile toward the US. To keep up its guard against these threats, the US at least needs to maintain defense spending at current levels.

On the side viewing the fight against terrorism as a more specialized activity, they read:

The US should do everything it can through the CIA, the FBI and military anti-terrorist units to try to meet the threat of terrorism. However, spending lots of money on defense for regular military forces does not address the problem because terrorists do not engage military forces directly.

Asked to choose, only 38% preferred the first position, while 58% preferred the second. (The same question was asked in 1995 by PIPA with similar results: the first position got 31% and the second 63%.)



This is highly consistent with the majority's choices, discussed above, in sifting through the various aspects of the defense budget. It strongly suggests that a majority would prefer to reprogram funds within the defense budget to meet the needs of fighting terrorism. In August 2002, PIPA asked: "If the government decides to increase spending in the coming year on the military's ability to fight terrorism, do you think that to do this it is necessary for the government to increase defense spending overall, or that the government can safely shift funds from other areas of the defense budget?" Sixty-two percent said funds could be shifted, and only 37% said it would be necessary to increase overall defense spending to fight terrorism.

If Americans could direct their tax dollars, the Department of Homeland Security would receive a net increase in funding (though not from a majority). Homeland security got an average increase of 38% in the budget exercise—an increase driven by about four in ten respondents (41% increased it, 31% kept it the same, and 26% reduced it).

The low support for supplemental funding for the Iraq and Afghanistan operations suggests that a majority may not see these as clearly related to fighting terrorism. Iraq/Afghanistan funding was cut by about as many people (65%) as cut the defense budget overall in the general exercise (65%).

5. Spending on Economic and Humanitarian Aid

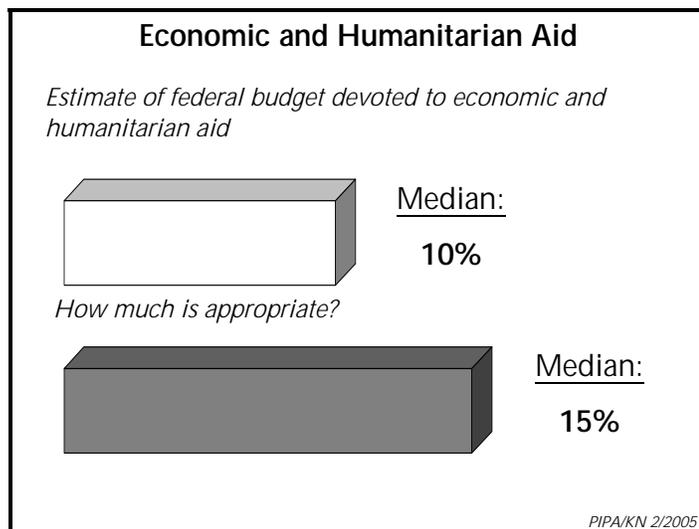
Modest support for increasing economic and humanitarian aid appears to be greatly influenced by the fact that most respondents did not believe that the amount presented in the budget exercise was the full amount. Asked to estimate the actual amount, respondents gave estimates far in excess of the presented amount, and also proposed an amount much higher than the presented amount. Among the small minority whose estimates of spending on economic and humanitarian aid even roughly approached the actual amount, two thirds favored increasing it.

As discussed above, spending on economic and humanitarian aid was increased on average by \$3.2 billion or 23%. However, this increase was driven by a minority of 31%. Indeed, 48% reduced it.

Past research has indicated that Americans tend to greatly overestimate the amount of spending devoted to all foreign aid (their median response is generally 20% of federal spending) and to propose amounts of foreign aid spending that are substantially lower than their assumed amount (generally a median of 10%), but far higher than the actual amount of federal spending (about 1%). Nonetheless, when presented a far smaller amount for foreign aid in the budget exercise, only a minority increased it.

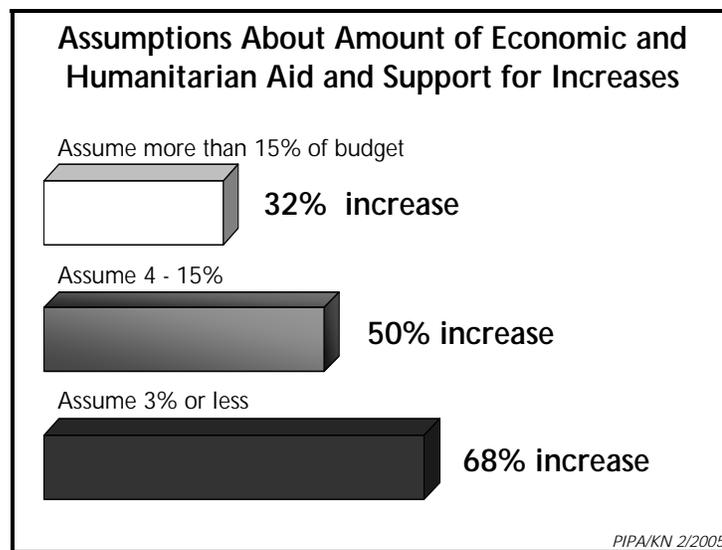
This raises the question of whether respondents *believed* that the amount they were presented in the budget exercise was in fact the actual amount. To explore this, PIPA asked this of respondents directly, immediately after they had done the budget exercise. Sixty-five percent said they thought there is “substantially more spending on aid somewhere else in the federal budget.”

More germane, when the respondents were asked to estimate what percentage of the entire federal budget is devoted to economic and humanitarian aid, their median estimate was ten percent—even though they had just seen for themselves that it only constituted a small fraction (actually, 1.6%) of the discretionary budget shown. Only 18% of respondents estimated that the amount was 3% or less. Furthermore, when respondents were asked what percentage of the overall budget should be devoted to economic and humanitarian aid, the median response was a remarkable 15%—substantially more than the median estimate of the actual amount, and completely inconsistent with the amounts proposed in the budget exercise. Only 12% of respondents said the amount should be 2% or less of the entire federal budget.



Thus it appears that respondents' actions in the budget exercise in relation to humanitarian and economic aid were quite disconnected from the totality of their attitudes about such aid. This is further corroborated by the fact that respondents' budgeting on such aid did not vary according to their beliefs about the actual level of aid.

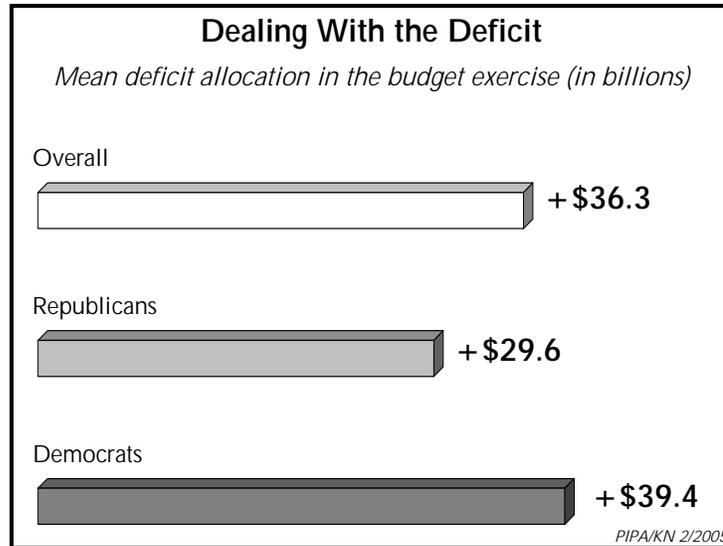
Of course, this raises the question of what people would do if they were acting on more correct information. We can get some indication by comparing people with relatively accurate perceptions to those with inaccurate perceptions. Those who estimated that economic and humanitarian aid was 3% of the federal budget or less were in fact far more likely to propose increasing it to a level higher than their assumed amount than those with higher (and less accurate) perceptions. Among those estimating 3% or less, 68% proposed a level higher than what they assumed to be the case; among those estimating 4-15%, 50% proposed a higher level; while among those estimating more than 15%, only 32% proposed a higher level.



6. Dealing With the Deficit

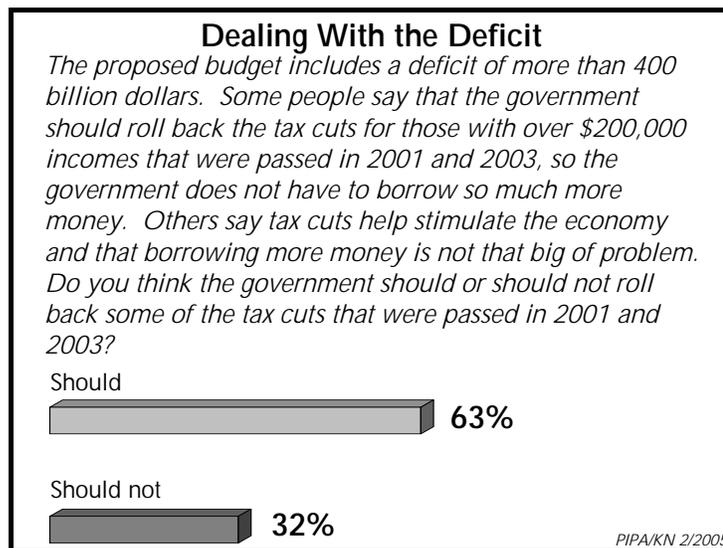
In addition to favoring cutting spending to reduce the deficit, a large majority favors rolling back the recent tax cuts for people with high incomes. A plurality also opposes making the tax cuts permanent. Among the two-thirds that perceive the US has a large deficit, support for reducing the deficit is significantly higher on all measures than it is among those who believe there is no deficit, or that it is small.

As discussed above in the budget exercise, the largest increase was the reallocation to reductions in the budget deficit. The mean respondent reallocated \$36.3 billion to deficit reduction, with 61% of respondents making some reallocation. Interestingly, on average Democrats cut spending (\$39.4 billion) one third more than Republicans (\$29.6 billion).



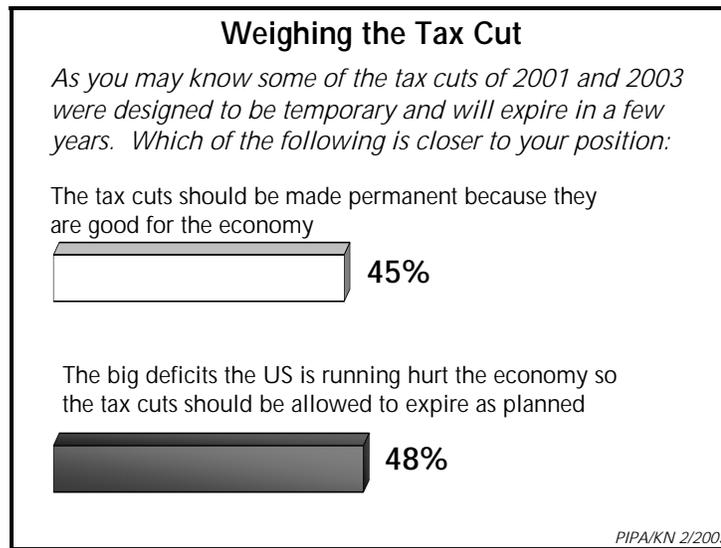
Cutting spending is not the only way to reduce budget deficits; revenues could be increased as well. Among the options for increasing revenues, discussed during the 2004 campaign and subsequently, are to roll back the tax cuts passed for those with incomes over \$200,000 that were passed in 2001 and 2003, or to allow the tax cuts of 2001 and 2003 to expire. Those favoring maintaining or extending the tax cuts argue that tax cuts are good for the economy and that the recent cuts should be kept in place.

A clear majority of the public (63%) favors rolling back the tax cuts for people with incomes over \$200,000. However, this position varies along partisan lines with 81% of Democrats in favor of rollback, 64% of independents, and just 45% of Republicans (48% of Republicans were opposed).



The question of whether to make the tax cuts permanent was explored with a separate half sample. Respondents were presented two arguments: one favored making the tax cuts permanent “because they are good for the economy,” while the other said that big deficits “hurt the economy, so the tax cuts should be allowed to expire as planned.” In this case, 48% favored letting them expire and 45% wanted them

extended. Once again views were highly partisan; 62% of Democrats and 53% of independents favored letting them expire, but only 30% of Republicans supported this approach to increasing revenues.

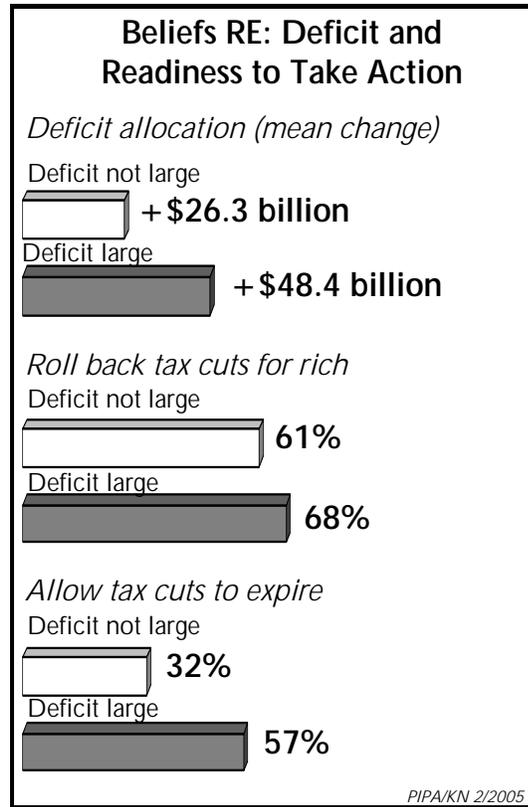


There are several factors that account for these differences. In the question on rolling back the tax cuts, the proposed action was targeted at those with high incomes, while in the question about making the tax cuts permanent, this distinction was not made. Also the question about making the tax cuts permanent included an argument in favor of tax cuts (i.e., that they are good for the economy).

The Effect of Information about the Deficit

A large majority of respondents (62%) perceived that the proposed budget includes a large deficit. Nine percent assumed that there is a small deficit, 7% that the budget is in balance, and 9% that there is a surplus.

Those who perceive that there is a large deficit were significantly more ready to take steps to reduce the deficit. In the budget exercise they allocated an average of \$48.4 billion for the deficit, as compared to an average of \$26.3 billion for all others. They were a bit more ready to roll back the tax cuts (68% vs. 57% for the rest) and much more supportive of allowing the tax cuts to expire (57% vs. 36%).



7. Perceptions of Budgetary Trends

A majority is aware that the Administration's proposed budget increases spending on defense. There is not majority awareness that the proposed budget cuts spending on education and the environment, though nearly half of Democrats are aware of this.

A majority of the public (59%) knew that the Administration budget had spending increases for defense (not including spending on Iraq) – including 64% of Republicans, 61% of Democrats, and 49% of Independents.

In terms of spending on education and the environment, opinion about whether the Administration's budget proposal increases or decreases these was more divided and somewhat more partisan. The proposed budget actually has decreases in real spending for both education and the environment. Among the public, 35% believed the Administration's budget increased spending on education and 34% believed that it decreased spending; only 26% of Republicans, but 47% of Democrats, recognized that the budget decreased spending in this area.

A slight plurality of the public overall (39%) believed that the budget proposed by the Administration decreases spending on the environment—among Republicans, 38%, and among Democrats, 47%. Generally, the public seemed divided and somewhat uncertain about trends in spending in these categories, though Democrats had a somewhat more accurate picture of Administration spending priorities in these areas than Republicans or independents. Compared to defense, spending on education and the environment is smaller, and probably received less focused press attention following the release of the budget. Overall, it appears that the public had a basic, though not fine-grained, understanding of the proposed Administration budget in the weeks following its release.

METHODOLOGY

The poll was fielded by Knowledge Networks, a polling, social science, and market research firm in Menlo Park, California, with a randomly selected sample of its large-scale nationwide research panel. This panel is itself randomly selected from the national population of households having telephones and subsequently provided internet access for the completion of surveys (and thus is not limited to those who already have internet access). The distribution of the sample in the web-enabled panel closely tracks the distribution of United States Census counts for the US population on age, race, Hispanic ethnicity, geographical region, employment status, income, education, etc.

The panel is recruited using stratified random-digit-dial (RDD) telephone sampling. RDD provides a non-zero probability of selection for every US household having a telephone. Households that agree to participate in the panel are provided with free Web access and an Internet appliance, which uses a telephone line to connect to the Internet and uses the television as a monitor. In return, panel members participate in surveys three to four times a month. Survey responses are confidential, with identifying information never revealed without respondent approval. When a survey is fielded to a panel member, he or she receives an e-mail indicating that the survey is available for completion. Surveys are self-administered.

For more information about the methodology, please go to:
www.knowledgenetworks.com/ganp.