



M&I Bank

STORAENSO

Doctor's Clinic of Wisconsin Rapids
The New Radio Group
Nash Podvin Attorneys at Law, S.C.
Wal-Mart

WISCONSIN RAPIDS 2004 ECONOMIC INDICATORS

**2nd Quarter 2004
presented
September 23, 2004**

Presented by:

Central Wisconsin Economic Research Bureau

Randy F. Cray, Ph.D., Professor of Economics and Director of the CWERB

Scott Wallace, Ph.D., Assistant Professor of Economics and Research

Associate of the CWERB

Nathaniel Throckmorton, Administrative Assistant

Special Report: The 2004 Presidential Election: A Preview

**Edward J. Miller, Ph.D., Professor of Political Science and Co-Director of the
Center for the Small City at the University of Wisconsin-Stevens Point .**

TABLE OF CONTENTS

National and Regional Outlook Table 1	1
Central Wisconsin Tables 2-6	3
Wisconsin Rapids Area Table 7-10, Figures 1-6	9
Special Report <i>The 2004 Presidential Election: A Preview</i>	21



A joint initiative between the Heart of Wisconsin Business & Economic Alliance and the Community Foundation of South Wood County, supported with partial financing from the US Dept. of Agriculture and Wisconsin Dept. of Commerce with federal community development block grant funds.



CWERB - Division of Business and Economics
University of Wisconsin-Stevens Point
Stevens Point, WI 54481
715/346-3774 715/346-2537
www.uwsp.edu/business/CWERB

NATIONAL AND REGIONAL OUTLOOK

The economy appears to have a split personality. Depending upon one's point of view the economy is either performing like the good Dr. Jekyll or like the evil Mr. Hyde. There are several reasons for this difference of opinions. First, the economic data is presenting a mixed picture of what is transpiring in the economy. For example employment numbers from the survey of employers suggest that job growth has been very disappointing for the nation. This survey indicated that payroll employment across the country expanded by only 32,000 jobs in July. Further, the employment increases in May and June were revised downward by 30,000 jobs. In sharp contrast the government's survey of households suggests that 800,000 jobs were created during the last two months. Secondly, the industry that a person works in and their particular occupation will have a huge influence on their perception of how the economy is performing. For example, manufacturing dominated states have been particularly hard hit with declining payrolls over the past four years. Increases in productivity and international competition have placed downward pressure on manufacturing payrolls and compensation. Further, while income levels in blue collar occupations have tended to stagnate, professional occupational income levels have been growing quite nicely over the past number of years. There are of course other examples of how a person's assessment of the economy will be dependent upon one's personal situation, but time will not allow for further elaboration.

Let's take a dispassionate look at a number of the major macroeconomic variables and try to assess the condition of the economy. Real GDP, which measures the output of final goods and services produced in the nation adjusted for inflation, grew by a healthy 4.8 percent when measured from second quarter 2003 to second quarter 2004. Moreover, the annualized estimate for the April-June 2004 period was approximately 3 percent. The second quarter 2004 real GDP growth figure came in under estimates; however, the rate of growth was still quite respectable and shows that the economy is expanding. Meanwhile the latest estimates on consumer spending suggest it is growing at a good clip. Consumption expenditures by households accounts for two thirds of all economic activity. However, it is also clear that personal income growth has not kept pace with consumption. Income growth is crucial for the long-term support of consumption growth. It goes without saying that income growth is closely tied to expanding payrolls, and for a large segment of the nation this has been a difficult proposition.

TABLE 1**NATIONAL ECONOMIC STATISTICS**

	2003	2004	Percent
	Second Quarter	Second Quarter	Change
Nominal Gross Domestic Product (Billions) ¹	\$10,884.0	\$11,649.3	+7.0
Real Gross Domestic Product (Billions of 2000 \$) ¹	\$10,287.4	\$10,778.0	+4.8
Industrial Production (1997 = 100) ²	110.6	116.2	+5.1
Three Month U.S. Treasury Bill Rate ³	0.89%	1.36%	+53.1
Consumer Price Index (1982-84 = 100) ⁴	183.7	189.7	+3.3

Source: ¹ U.S. Department of Commerce, Bureau of Economic Analysis

² Federal Reserve

³ U.S. Department of the Treasury

⁴ U.S. Department of Labor, Bureau of Labor Statistics

Another issue affecting the economy is investment spending on factories, plant, equipment, and inventories. The nation's business sector appears to be increasing their investment in the aforementioned categories. Investment spending rose by a robust nine percent in the second quarter. Increases in business spending are normally a precursor to an improved labor market. It should be noted that the slowdown in the economy during the early part of the 2000s was largely attributable to a sharp pull back in business investment spending; thus, an improvement in business spending bodes well for the economy. This development is especially important since the impacts of the federal tax cuts and easy monetary policy on the part of the Federal Reserve have just about worked their way through the economy. In other words the economic stimulus from these policy actions have done about all they are going to do for the economy. Moreover, given the huge federal deficits, it's hard to imagine that the federal government will be able to provide much more stimulus to the economy. Further, with interest rates at near record lows, and with inflation becoming a concern, it seems unlikely the Federal Reserve will be forthcoming with any additional appreciable monetary stimulus.

In conclusion, the majority of macroeconomic forecasts suggest the economy will continue to expand over the next six months and labor markets will continue to slowly

improve. However, there are a number of supply side issues that need to be considered and could possibly cause a revision in the forecasts. These issues include rising energy and health care costs. The Federal Reserve recently acknowledged that the aforementioned supply-side shocks have been a drag on economic performance, and if they persist they can move the economy away from full employment and price level stability.

CENTRAL WISCONSIN

Over the past twelve months, the unemployment rate rose in both Portage and Wood County. All other reporting areas experienced declines. Total employment, based on a household survey, was higher in all geographic areas. Industrial sector employment was slightly higher than a year ago. Specifically, the manufacturing sector continues to have difficulty. Most of the other sectors continue to expand their payrolls. Sales tax collections have increased somewhat unevenly throughout the region. Lastly, central Wisconsin business executives are not as upbeat as they were in March of this year.

The unemployment rates in Portage and Wood counties increased from this time last year. The unemployment rate for Portage now stands at 5.7 percent, and 6.3 percent for Wood. Marathon county, however, experienced a decline in its unemployment rate compared to a year ago. The unemployment rate in Marathon fell to 4.2 percent. The labor force weighted unemployment rate for the three county area remained unchanged from June 2003 and stands at 5.1 percent. The state and national unemployment rates fell to 5.1 percent and 5.8 percent respectively.

TABLE 2**UNEMPLOYMENT IN CENTRAL WISCONSIN**

	Unemployment Rate June 2003	Unemployment Rate June 2004	Percent Change
Portage	5.6%	5.7%	+0.2
Marathon	4.5%	4.2%	-7.1
Wood	5.9%	6.3%	+6.0
Central Wisconsin	5.1%	5.1%	0
Wisconsin	5.8%	5.1%	-11.7
United States	6.5%	5.8%	-10.9

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Total employment in Table 3 comes from a government survey of households. All geographic area experienced employment growth over the past twelve months. Portage, Marathon, and Wood County payrolls expanded by 2.4 percent, 1.8 percent, and 0.9 percent respectively. Central Wisconsin's employment base increased over the course of the year from 151.7 thousand to 154.3 thousand, or by 1.7 percent. The percent change employment is in line with the population growth rate for the area. Likewise the state and nation payrolls grew by 1.9 percent and 1.0 percent respectively.

TABLE 3

EMPLOYMENT IN CENTRAL WISCONSIN

	Total Employment June 2003 (Thousands)	Total Employment June 2004 (Thousands)	Percent Change
Portage ¹	36.9	37.7	+2.4
Marathon ¹	75.1	76.4	+1.8
Wood ¹	39.8	40.1	+0.9
Central Wisconsin*	151.7	154.3	+1.7
Wisconsin ¹	2,958.2	3,013.4	+1.9
United States ³	138,468	139,862	+1.0

* Sum of Portage, Marathon and Wood

Source: ¹ Wisconsin Department of Workforce Development, Bureau of Workforce Information

³ U.S. Department of Labor, Bureau of Labor Statistics

Table 4 presents the employment statistics by sector. These estimates are generated from a government survey of business firms. Total nonfarm employment is estimated to have increased from 148.8 thousand to 149.2 thousand or 0.3 percent over the past year. The largest drag on employment growth was the decline registered in manufacturing. This sector's employment contracted from 32.3 thousand to 30.8 thousand, or by 4.6 percent. In contrast, if manufacturing is excluded from the calculation all the other industrial sectors in central Wisconsin grew by a respectable 1.63 percent over the past year. The point is that the manufacturing sector continues to suffer through some rather difficult times.

TABLE 4

CENTRAL WISCONSIN EMPLOYMENT CHANGE BY SECTOR

	Employment June 2003 (Thousands)	Employment June 2004 (Thousands)	Percent Change
Total Nonfarm	148.8	149.2	+0.3
Total Private	130.5	130.6	+0.1
Construction & Natural Resources	5.8	6.1	+5.2
Manufacturing	32.3	30.8	-4.6
Trade	24.9	25.1	+0.8
Transportation & Utilities	7.9	8.2	+3.8
Financial Activities	9.4	10.1	+7.4
Education & Health Services	20.8	21.7	+4.3
Leisure & Hospitality	12.4	12.1	-2.4
Information & Business Services	16.9	16.6	-1.8
Total Government	18.4	18.5	+0.5

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Table 5 presents county sales tax distributions figures. In Portage County, sales tax collections rose from \$1.09 million to \$1.1 million or by about 0.8 percent. Marathon county collections expanded from \$2.4 million to \$2.6 million or by approximately 10.6 percent. Wood County's newly installed sales tax generated about \$1.1 million in collections. Sales tax data are a useful barometer of the level of retail activity in an area and gives insight into how the economy is performing.

TABLE 5

COUNTY SALES TAX DISTRIBUTION

	Sales Tax 2003 Second Quarter (Thousands)	Sales Tax 2004 Second Quarter (Thousands)	Percent Change
Portage County	\$1,091.0	\$1,099.7	+0.8
Marathon County	\$2,360.0	\$2,611.1	+10.6
Wood County*	NA	\$1,107.4	NA

* Sales Tax adopted on January 1, 2004

Source: Wisconsin Department of Revenue

The CWERB's survey of regional business executives is given in Table 6. This group is generally less optimistic than it was in March. When asked about recent changes in economic conditions at the national and local levels, they said that matters were about the same as a year ago. In regard to future economic conditions at national, local, and industry level they felt that matters would moderately improve. This bodes well for the area economy and suggests slow but steady improvement.

TABLE 6

BUSINESS CONFIDENCE IN CENTRAL WISCONSIN*

	Index Value	
	March 2004	June 2004
Recent Change in National Economic Conditions	70	57
Recent Change in Local Economic Conditions	56	52
Expected Change in National Economic Conditions	69	65
Expected Change in Local Economic Conditions	64	62
Expected Change in Industry Conditions	70	62

100 = Substantially Better

50 = Same

0 = Substantially Worse

*N=15

Source: Central Wisconsin Economic Research Bureau

WISCONSIN RAPIDS AREA

Wood County's total employment, based upon a household survey, rose by 2.4 percent from a year ago. Total employment, generated from a survey of business firms, declined by 0.2 percent from a year ago. This discrepancy may indicate a structural change in the economy; a movement in employment toward smaller firms and the self employed may be taking place. These types of activity are not as likely to show up in the survey of business firms. Other variables in the report show that paper manufacturing employment has fallen in the state. However, public assistance and unemployment claim data show some improvement taking place locally. Weekly earnings have been rising as of late. Lastly, the employment level in the area is trending upwards.

Wood county nonfarm employment numbers are given in Table 7. Total nonfarm employment is estimated to have fallen by 0.2 percent over the past twelve months, or by 100 jobs. Difficulty in the manufacturing sector was the biggest drag on employment growth. Manufacturing is estimated to have contracted by 500 positions. Thus, nonfarm employment would have registered an increase of 400 positions if we excluded this troubled sector. Total nonfarm employment in Wood now stands at 44.6 thousand jobs.

TABLE 7**WOOD COUNTY EMPLOYMENT CHANGE BY SECTOR**

	Employment June 2003 (Thousands)	Employment June 2004 (Thousands)	Percent Change
Total Nonfarm	44.7	44.6	-0.2
Total Private	39.5	39.2	-0.8
Construction & Natural Resources	1.7	1.8	+5.9
Manufacturing	7.9	7.4	-6.3
Trade	6.2	6.2	0
Transportation & Utilities	3.3	3.3	0
Financial Activities	1.2	1.2	0
Education & Health Services	11.1	11.2	+0.9
Leisure & Hospitality	3.0	3.1	+3.3
Information & Business Services	5.0	5.0	0
Total Government	5.2	5.4	+3.8

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Figure 1 presents a graph showing Wisconsin employment in paper manufacturing. Employment in this sector peaked in mid 1997 at around 52 thousand jobs. Since that time employment has been trending downward and now stands at around 40 thousand people. A soft economy, international competition, and gains in productivity have had a major impact on this important industrial sector.

FIGURE 1



Table 8 presents the help wanted advertising index for Wisconsin Rapids. Since this is our first report for the area there is no number from last year to compare this year's figure. However, we do have a base year comparison. The index of 118 means there has been an 18 percent increase in the number of positions being advertised when compared to the base year. The U.S. index is considerably below its base year period. The mark of 40 means that the number of positions is only 40 percent of the base year number for the country.

TABLE 8

HELP WANTED ADVERTISING IN WISCONSIN RAPIDS

	Index Value	
	2003	2004
Wisconsin Rapids ¹ (June) 1980=100	NA*	118
U.S. ² (May) 1987=100	36	39

*Data not collected prior to 2nd Quarter 2004

Source: ¹ Central Wisconsin Economic Research Bureau

² The Conference Board

Public assistance claim data are presented in Table 9. Public assistance on a monthly county wide average basis remained unchanged from a year ago. Another measure of local family distress are unemployment claims, which are presented in table 10. On a weekly average basis new claims fell from 299 to 194 or by 35.1 percent over the course of the year. Likewise total claims receded from 1,908 to 1,623 or by almost 15 percent from 2003. Thus the unemployment claim data seem to suggest that there has been improvement in these figures. Hopefully this is signaling that people are finding employment opportunities rather than having their benefits running out.

TABLE 9

PUBLIC ASSISTANCE CLAIMS IN WOOD COUNTY

	2003	2004	
	Second Quarter	Second Quarter	Percent
	(Monthly Avg.)	(Monthly Avg.)	Change
New Applications	N/A	N/A	N/A
Total Caseload	115	115	+0.3

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

TABLE 10

UNEMPLOYMENT CLAIMS IN WOOD COUNTY

	2003	2004	
	Second Quarter	Second Quarter	Percent
	(Weekly Avg.)	(Weekly Avg.)	Change
New Claims	299	194	-35.1
Total Claims	1,908	1623	-14.9

Source: Wisconsin Department of Workforce Development, Bureau of Workforce Information

Figure 2 shows Wisconsin average weekly earning in paper and allied products manufacturing. Average weekly earnings peaked in mid 2001 at around \$875 per week. The latest data suggests that by 2003 the figure declined to about \$825 on a weekly average basis. The data are indicative of the tough times faced by this industrial sector. However, there has been an upward and encouraging trend in this figure over the past year.

FIGURE 2



Figure 3 presents the employment level in Wood County and how it has trended over a past number of years. Most importantly it has been moving upward over the year. Figure 4 gives the other side of the picture, the movements in the unemployment level in Wood County. Finally Figure 5 and Figure 6 display the historical fluctuations in the Wood county unemployment rate and the labor force respectively. Thus Figure 3 through 6 give a nice overview of how these major economic variables have performed over the past decade.

FIGURE 3

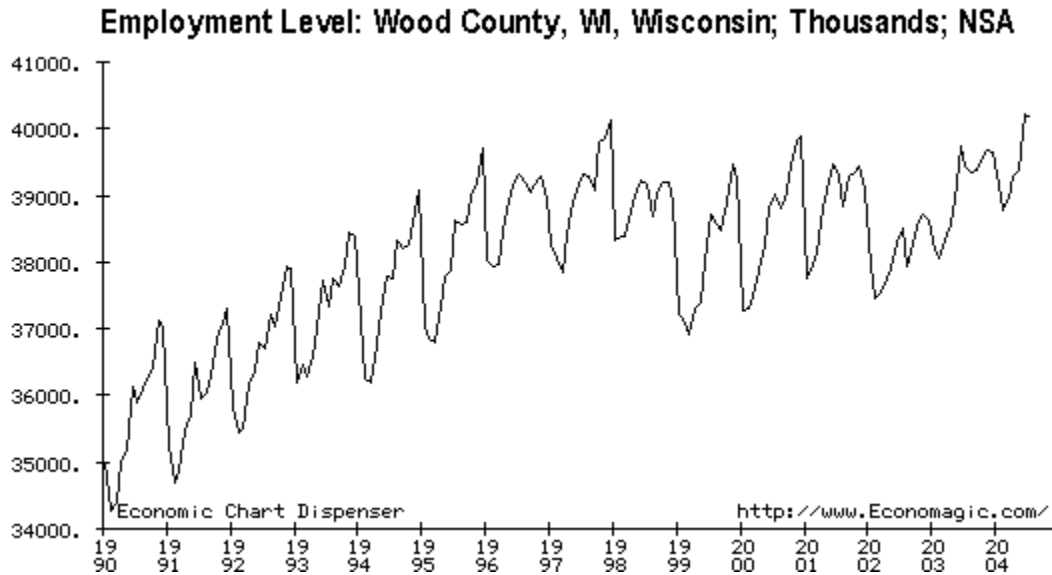


FIGURE 4

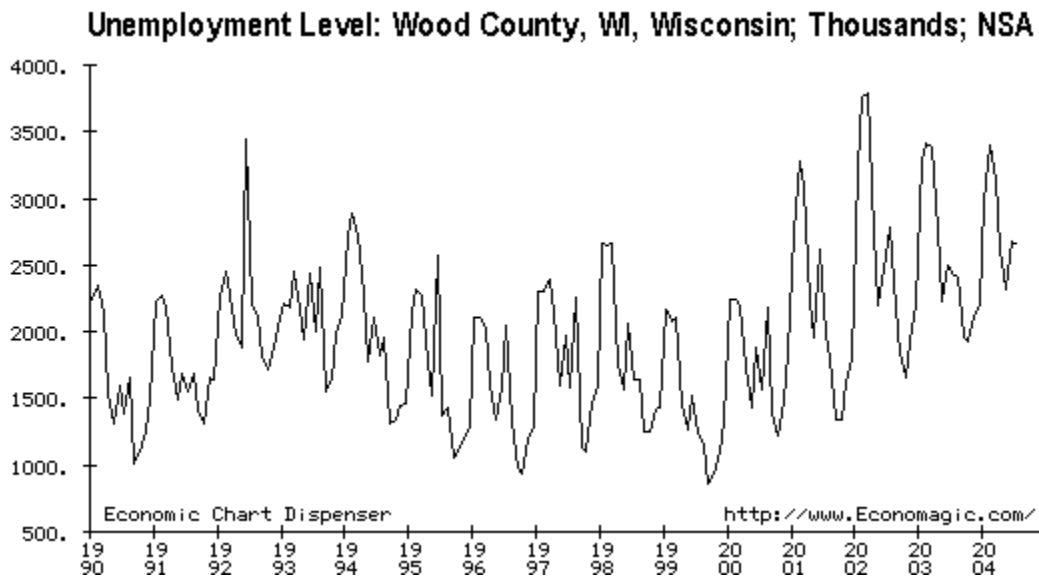


FIGURE 5

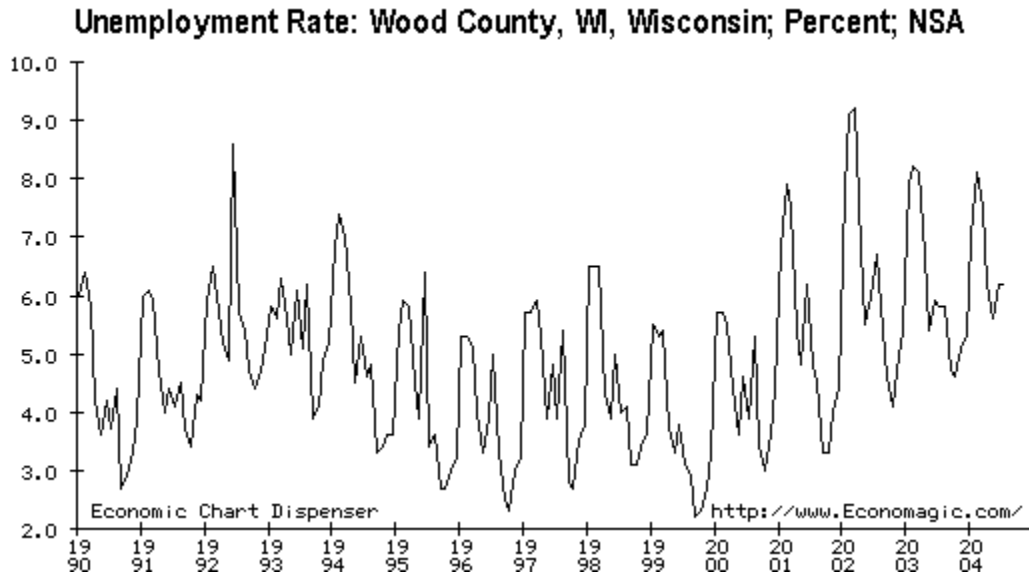
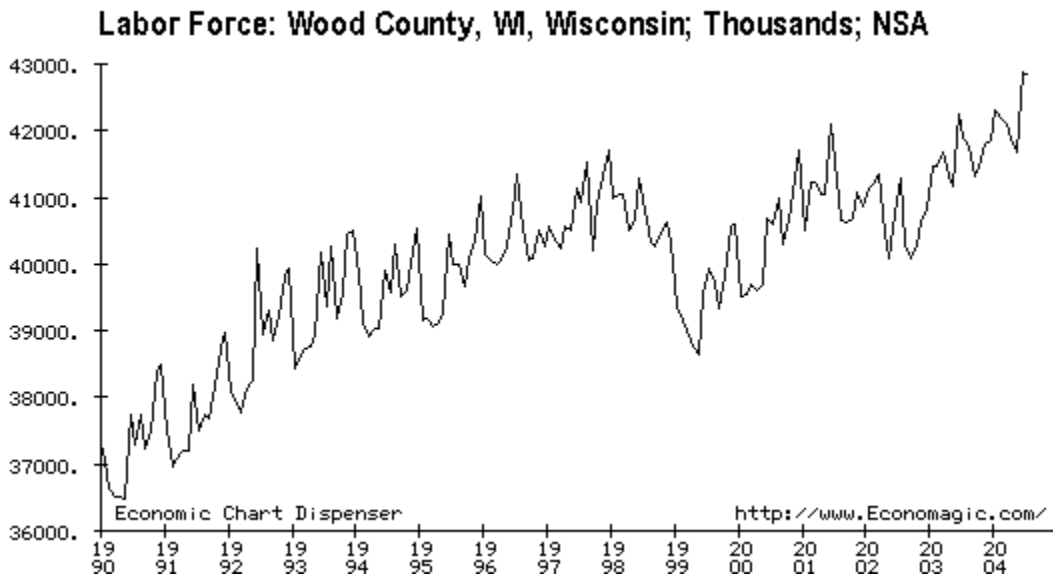


FIGURE 6



The 2004 Presidential Election: A Preview

Edward J. Miller, Ph.D.

Department of Political Science and the Center for the Small City
University of Wisconsin-Stevens Point

Democracy and the National Vote

Similar to Circadian, the moon, and sunspots, U.S. elections occur on a regular cycle. For those in the U.S. this is a natural part of a democracy. However, in other nations, national elections are not necessarily regularly scheduled. In Britain, for example, the prime minister requests the Queen to call elections at a time the P.M. believes is most political advantageous. It cannot be longer than five years, but it may be much shorter. A no confidence vote in the Parliament mandates immediate elections.

Another interesting aspect about our process is that the U.S. considers itself the premium democracy that other countries are encouraged to emulate. However, our presidential election does not meet the test of a majority driven, democratic process. For example, the nomination process now involves a series of state primaries and caucuses, each with different rules, which replaced the national caucus system of the early 1800s. In recent elections, small states with early primaries and caucuses, like Iowa and New Hampshire, have a disproportionate influence over the process. Howard Dean's loss in Iowa doomed his chances. Knowing the importance of the early state selection, states, including Wisconsin, have moved their primaries earlier in the year—a process that is known as “front loading.” Attempts to create a more systematic national primary or regional primary day have failed.

Once the candidates are selected, our electoral process comprises 50 state elections plus D.C. rather than one national election. In each state but two, the candidate that wins the state wins all the electoral votes of that state. The consequence is that strategically, candidates spend more time in competitive states than in states that are less competitive even if these states have many more voters. The consequence is that the voters in the “battleground” states are more important than the significantly larger number of voters in the large, but less competitive states. The ultimate result could be that the candidate wins the Electoral College vote, where each state has the votes equivalent to the number in their congressional delegation, but loses the national popular vote total, which of course is what happened in 2000. Even without the Florida debacle, the legitimacy of a president selected who did not win a majority is shaken.

Some historians have written that the founders thought that the Electoral College system would be eventually replaced and expected that after George Washington no candidate would receive a majority. The consequence would be that the House of Representatives, where each state would have one vote, would be the forum for selecting the president (Roche, 1961). Despite the views of the founders, we still have the Electoral College and the House has rarely been involved.

Beyond the process, questionable vote counting has challenged democracy in the U.S. On the presidential level, the impact of Mayor Daley on the vote in Chicago in 1960 is legendary. More recently, counting votes in Florida with hanging chads does not represent a mature democracy. After the 2000 election, Congress enacted a law granting funds to states to improve their voting process. (Much of the money has been delayed in being allocated.) However, the touch screen process, adopted by many communities, has been challenged for accuracy, its inability to create a backup paper record, and its vulnerability to hacking. For the first time in history, the U.S has invited international observers to monitor the election.

Public Opinion Polls and Forecasting the Election

The science of public opinion polling over the last half century has developed with polls becoming more accurate. It is a long time since a poll by the *Literary Digest* inaccurately predicted Landon's win over Roosevelt in 1936. It is intuitively difficult to accept how the opinions of a small group of people can accurately reflect the larger group, a relationship which has been mathematically verified. But results have shown that polls are accurate. Elections are more difficult for polling than general opinions because we have to add an additional unknown—who is going to vote. Thus polls differ a bit on the extraction from the data of "likely voters." Further, in presidential elections the polls have problems because we really do not have a national election but 51 separate elections. Therefore the proper polls would be ones taken in each state rather than a national poll. States vary in the quality of the reported state-level polls.

Regardless of increasing accuracy of public opinion polling, the presidential polls are having a harder time. For one, the response rate has dropped. The fundamental principle of polls is that everyone has an equal chance of being in the sample. The more people who refuse to be questioned, the less accurate the survey. The response rate fall off has occurred because of the proliferation of telemarketers, who are hated on the level of HMOs; the increased number of polls; the increasing concern with privacy; and the use of answering machines and caller ID to screen calls, although the latter two have had much less affect according to research. In addition, the development of more political campaigns using push polling, whose aim is to promote candidates has reduced the receptivity of people to legitimate polling efforts. The Pew Research Center found that interviews were completed in 38% of sampled households this year versus 58% in 1997 (Pew Research Center 2004).

Technological developments have impacted poll accuracy that rely upon land lines. An increasing number of people (although still representing a small percent) have only a cell phone. At this time, polls do not reach cell phones. Pollsters are conferring about what to do as this trend escalates. Today, it may be significant in swing states.

Lastly, close elections, which this is predicted to be, presents a number of problems. For one, polls only predict within a confidence range. The actual results may fall within this range, but be reversed. Further, close elections typically increase turnout. It is possible that someone who has not voted in recent elections will now vote. Poll results

using likely voters as their base may have problems because typically past voting turnout is among the principal criteria in extracting likely voters from the results.

Despite the problems for polls for this year's election, the variability of poll results in this election is small, leading to more confidence in the results. Keeping in mind the caveats expressed above, the discussion in this paper relies upon various polls that have been considered the most creditable.

Kerry versus Bush: Issues and Strength

There are many potential issues that will impact this election. Based upon a number of polls, it is clear that Iraq, terrorism/homeland security, the economy (especially jobs and unemployment) and health care (including Medicare and Prescription Drugs) are the leading issues that voters say will influence their vote. The NBC/ Wall Street Journal poll's results below are similar to others.

NBC News/Wall Street Journal Poll conducted by the polling organizations of Peter Hart (D) and Robert Teeter (R). June 25-28, 2004. N=1,025 registered voters nationwide. MoE ± 3.

"Please tell me which ONE of the following issues will be most important to you personally in your voting for Congress and president this year." Read list. If "All": "Well, if you had to choose, which one will be MOST important?"

	%
The war in Iraq	25
Terrorism and homeland security	22
Jobs and unemployment	21
Health care and prescription drug coverage	11
The federal budget deficit	9
Taxes	4
Energy and gasoline prices	5
Other (vol.)	2
Not sure	1

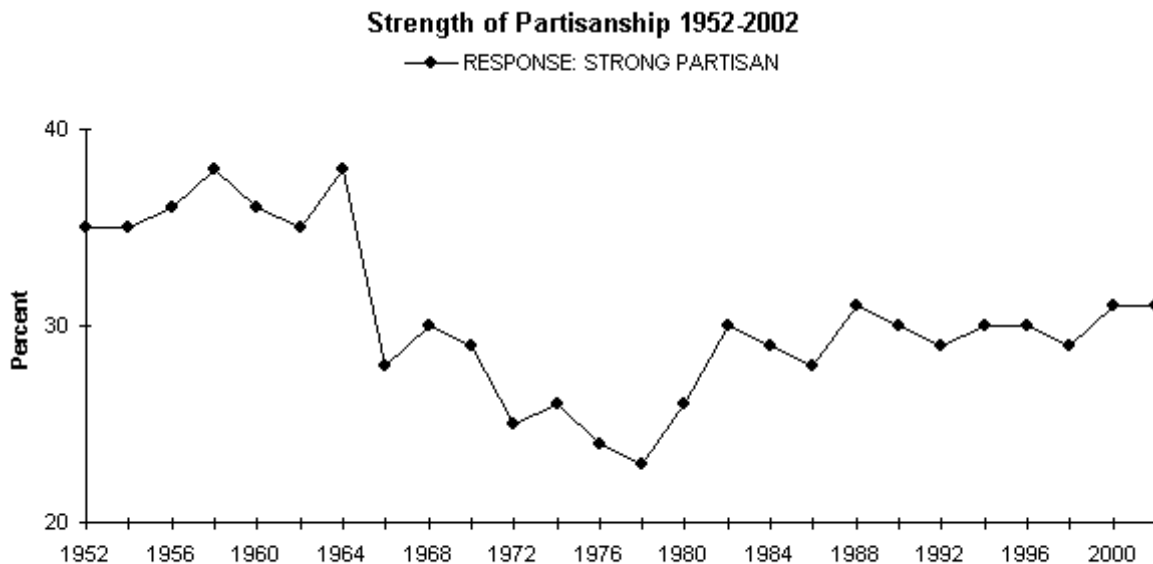
As for trends for the three top issues, President Bush is losing support. This is especially evident in confidence in him over Kerry to provide homeland security, where the President had been consistently ahead. With the jobs picture showing signs of weakening in August, Kerry has been able to expand his lead on this issue.

Polarization of the Electorate

Many commentators have noted that there are fewer undecided voters at this time of the election year than typical. In the swing states, the task for the candidates is to appeal to the small segment of the decided voters, which is crucial given how close the election appears to be, and most significantly mobilize their base of support. It is not only how many people support the candidate, but most importantly how many

supporters turn out to vote. Traditionally, the Republicans have had an advantage here. Differential turnout is related to the socio-economic status of the supporters with the Republicans, having a larger number of upper income and more educated voters. Kerry supporters will have to work hard to get groups who traditionally vote Democratic, such as African-Americans, out to vote.

Is the electorate more polarized than in the past? One way of examining this is through the strength of party affiliation. Since the 1950s, attachment to the parties has weakened as the graph below shows. This has allowed candidates to gain votes from those who identify with the opposite party. However, beginning in the 1980s, we see a trend where party identification has again strengthened, although still not to the levels of the 1950s, but certainly stronger than in the 70s, illustrating polarization. Along with this change have been demographic changes in party attachment. The most notable change is the gender gap between the parties, especially evident on racial lines. White women are more likely to be Democratic while white males Republican. With this change, there has been some disconnect between economic status and party affiliation. Some analysts see a significant dose of social issues as differentiating the parties. Another polarization view is how party members evaluate the candidates on various



Graph 2A.3.4

Source: *The National Election Studies 15SEP3*

issues. Issue differences by party are not atypical, but in this election, surveys have shown that it is even stronger than usual. For example, disapproval of the President's Iraq policy is much greater among Democrats than Republicans and events, which have not been too favorable to the President's policy, have moved evaluations very slightly. On questions related to the voters perceptions of the candidates (asked by the Annenberg Public Policy Center) such as which candidate is more optimistic, cares about people like me, inspiring, a stronger leader, trustworthy, and more likely to share

my values, among others, the results show polar opposite evaluations by Democrats and Republicans. Most of the responses show 80% favoring their own party's candidate.

Ideological division could also lead to voter polarization. Is the electorate divided more in conservative and liberal camps than in the moderate category? The data from the University of Michigan National Election Survey shows a drop in moderates (moderates or slight liberal or slightly conservative) by 10% in 2002 in contrast to 1972. Rather than half the electorate considering themselves in the middle, now 40% do, a significant percent but less than in the earlier period. In addition, 22% in 2002 said they had not thought about their ideological position. If we add these to the moderate category, a substantial portion of the electorate is in neither the conservative or liberal camps., which counters the polarization view. The significant ideological change has been with those who consider themselves conservatives (more than slightly conservative), which went from 11% to 25%. However, a presidential candidate cannot rely solely on their ideological group to get elected and therefore must make a play for the center. Clearly, neither Goldwater nor McGovern was successful at doing this. In 1976, it was argued that Dole was also not able to get back to the center after the primaries. George W. Bush, who has taken a number of conservative stands, may similarly have difficulty appealing to this moderate group. Social policy positions, such as pressing for a Constitutional Amendment opposing gay marriage, have alienated the Log Cabin Republicans, a gay Republican organization, who chose not to endorse the President for reelection. In 2000 they claim, one million gay individuals voted for Bush most of who will not in 2004 because of his position on the amendment. Prior Republican candidates had been careful not to alienate this group. A similar conservative position on stem cell research may reduce his appeal to moderates.

The Pew Research Center for the People and the Press noted that the polarization also can be seen in the change in news viewing habits. *Fox News* has seen a significant increase in audience from 17% to 25% of those who regularly watch the news. Their audience is more conservative (52% describe themselves as conservative) and more Republican than the other networks with an increase in this imbalance. CNN, the first all news TV network, has had a shift in its viewers, according to Pew research, with its audience being composed of a larger percent Democrats than in earlier periods.

One aspect of polarization is clearly evident. With reapportionment, parties have drawn safe districts that are very homogeneous for one party or the other. The consequence is that Congressional districts and state legislative districts, especially in Wisconsin, have little competition. Individuals elected from such districts are far less likely to compromise with the consequence that lawmaking is paralyzed by party strife. In Wisconsin, one-third of the Assembly seats are not contested, another seven have only primary competition, and in another three, there is only third party competition. Four of the Senate races have no main party competition. Nationally, competitive Congressional districts are rare.

Demographic Division Between the Parties

As the following chart shows, based upon polls by the Pew Research Center, the Democrats now lead the Republicans 33% to 29% in party affiliation, the same as in 2000. After 9/11, Democratic identifiers had decline, but in recent years they have recovered. If you add independents who say they lean to one party or the other, Democrats expanded their lead to 41% to 47%.

The Democratic advantage among women is evident with 37% of women declaring a Democratic affiliation with 27% being Republicans. For men, Republicans slightly outnumber Democrats. In terms of religious affiliation, the greatest difference between parties is that White Evangelical Protestants are more likely to be Republican while Jews, Democratic. Other religious groups break fairly closely. According to the Pew data, whites are 5% more likely to be Republican and Blacks, significantly Democratic. This is not surprising. What is interesting and significant for the election is Hispanics because their party affiliation has fluctuated and many are located in key states, especially Florida. The Pew Poll shows 40% of Hispanics considering themselves Democrats with 20% being Republican. In ideological terms, liberals are overwhelming Democratic with conservatives being Republican, reinforcing a polarized view of the electorate. Those considering themselves moderates are more likely to be Democrats than Republicans, a division that could significantly impact the election if Bush is seen as too conservative.

Of the religious groups, there has been interest in Catholic support because John Kerry is a Catholic, the first to run in the general election for President since John Kennedy. Moral issues raised related to abortion, stem cell research, and gay marriage also may influence Catholic voters. The Gallop Poll survey, taken at the end of July, shows Kerry leading Bush among Catholics 54% to 41%. Most interesting is that Catholics who attend church more regularly are more likely to vote for Bush. Catholics attending every week support Bush by 52% to 42%. However, this lead reverses for Catholic attending fairly regularly (nearly every week or monthly) who support Kerry by 50% to 42%. Infrequent church attendees overwhelmingly support Kerry by a majority of 57% to 37%. This percent is also seen among Hispanics, who are mainly Catholic, and support Kerry over Bush by 58% to 38%. Interestingly for Hispanics, extent of church attendance does not impact their intended vote.

Jewish voters have been significantly Democratic since the New Deal. However, there had been an erosion of Democratic support during the Reagan years. Clinton regained the Jewish vote for the party. Bush had low ratings in 2000. In an August poll of Jewish voters, released by the National Jewish Democratic Council, Senator Kerry is favored by 75% to 25% over Bush. This poll surveyed voters using the web (although it did use a random sample) so there may be some skew because it was received only by those who have computers. However the results were compatible with other polls taken.

Party Identification Trend, By Demographic Groups							
	2000		2002		2004		Millions
	Rep. Dem.		Rep. Dem.		Rep. Dem.		
	%	%	%	%	%	%	
Total	28	33	30	31	29	33	19,110
Men	30	28	32	27	31	29	8,995
Women	26	38	29	35	28	37	10,125
White	32	29	35	27	34	29	15,613
Black	6	63	6	63	6	63	2,030
Hispanic	21	42	22	36	20	40	1,204
Conservative	49	23	30	23	51	23	7,006
Moderate	21	39	24	35	22	36	7,370
Liberal	9	52	9	47	9	30	3,395
18-29	25	30	27	27	25	29	3,320
30-49	29	32	32	30	31	32	7,226
50-64	28	35	30	33	28	34	4,724
65+	30	40	32	38	32	41	5,012
< HS Grad	19	39	20	36	20	41	1,510
HS Grad	26	34	29	32	28	34	6,500
Some College	31	32	34	30	32	31	4,329
Coll. Grad+	34	30	36	29	33	32	6,017
Wh. Catholic	29	34	32	30	31	32	3,120
Wh. Protestant	39	27	42	24	40	26	7,936
Evangelical	43	26	47	23	48	22	4,033
Mainline	34	29	35	27	32	29	3,903
Jewish	16	52	18	51	18	55	346
No Religion	16	28	16	27	15	31	1,205
< \$20k	19	43	20	39	18	43	2,076
\$20-\$30	26	37	26	35	24	37	2,150
\$30-\$50	29	34	31	32	30	34	4,061
\$50-\$75	34	31	35	29	35	29	2,954
\$75+	37	27	39	27	39	28	4,329

Source: The Pew Research Center for the People and the Press

Regional Support of the Candidates

It is expected that Kerry will do well in the northeastern and West Coast states. The Midwest states have been considered the swing states, where the greatest focus of the campaigns has been directed with the bulk of the political advertising aired in these states. Wisconsin, a swing state, has seen extensive advertising while voters in less competitive states have viewed comparatively few (Wisconsin Advertising Project 2004). Kerry may have some advantage in the swing states in comparison to Gore in 2000 because many of these states are also the ones that have lost jobs in recent years and the job issue is more of a concern than in 2000. Although many economic indicators show a recovery, job creation has been a significant weak spot.

The South, which at one time was considered a solid Democratic region because of the politics of race, has moved in recent decades into the Republican fold. It is here that President Bush, focusing on issues such as faith based government service provision, gay marriage, and gun control, hopes to mobilize his supporters to keep the states in his column. In recent times, only Democrats from the South such as Johnson, Carter, and Clinton have done well. Gore was not able to take advantage of this, losing even his home state of Tennessee. However, Edwards is more of a populist candidate. Whether a Southern vice president will be able to overcome the view of Kerry as a liberal from the North as Johnson did for Kennedy in 1960 remains to be seen. The Hispanic presence in the South could aid Kerry because recent Bush Administration travel restrictions to Cuba have angered Hispanics as did the return to Cuba of a child who had left with his mother who died escaping Cuba brought unfavorable views of the Clinton Administration, harming Gore's election chances. Virginia, last supporting a Democratic presidential candidate in 1964, has changed with large population increases in the more competitive northern D.C. suburbs, the election of a Democratic governor, and the large number of veterans to whom Kerry has appealed (Benenson 2004: 1446).

The Southwest, typically Republican, may be more favorable to Democrats. Gore won only New Mexico by about 300 votes. Demographic changes with an increased Hispanic population, such as in Colorado, and liberals moving from the West Coast may make this region competitive. Booming resorts have attracted a number of low income workers. With population growth recorded in the 2000 Census, these states have gained importance as they have increased their number of votes in the Electoral College (Schlesinger and Jordan 2004: A1).

The Nader Factor

Given the closeness of the 2000 election and Ralph Nader's role in some close states, his impact on the 2004 election could be significant. In Florida, Nader received only 1.6% of the vote, but Bush's recorded margin was only .01%. In Wisconsin Nader received 3.6% of the vote. Gore did win the state but with the slim margin of .2%. In New Hampshire if most of Nader's vote went to Gore, Gore would have won the state.

Nader could still play an important role in swing states. His overall impact will be less because he did not receive the Green Party's nomination as he did in 2000. As an independent, he will be on fewer ballots. Republicans have worked in several states to secure the needed signatures to get Nader on the ballot, which they see as a way to divide the liberal vote. Given what some considered his "spoiler" role in 2000 and his statement that he would not seek the Green Party's nomination (although he had hoped for their endorsement), some of his former supporters have urged him to withdraw this time for fear that his candidacy may aid the President's reelection (Wilfong 2004: 1452).

Nader's 2.7% of the vote in 2000 trailed many third party candidates in the past. Former President Theodore Roosevelt, running as a third party candidate in 1912, received 27% of the votes and carried seven states. Wisconsin's La Follette in 1912

won 13 electoral votes with nearly 17% of the vote. More recently, George Wallace in his best race in 1968 won five states with 10 million votes, possibly tipping a close election to Richard Nixon. Ross Perot similarly was a factor in Clinton's win in 1992, having gained 19 % of the vote, much of it may have gone to George H.W. Bush. Therefore, given the projected close margin, it is possible that Nader could be a factor. However, if he fails to make the ballot in may swing states, his role will be diminished.

In conclusion, the election is projected to be one of the closest in history. Kerry has benefited from opposition to Bush's policies, but has had difficulty in defining himself to the voters. Attempting to let voters know more about Kerry, personally and politically, was the theme of the Democratic National Convention. A pro defense posture was emphasized but one that would be better executed than the current administration. Socially, the emphasis was on policies that would not tilt to the wealthy as they claim is the result of Bush policies and would help the middle and working classes within the framework of a balanced budget (Cochran 2004). With perceived significant differences in policy in many areas, the race's outcome will be significant to the direction the U.S. takes in social, economic, and international policies in the next four years.

Sources Cited

- Benenson, Bob. 2004. "Playing the Long-Shot States." *Congressional Quarterly Weekly*. June 19.
- Cochran, John. "Democrats Polish Message, Renew Push for Swing Voters." 2004 *Congressional Quarterly Weekly*. July 31.
- National Election Studies. 2004. University of Michigan. <http://www.umich.edu/~nes/nesguide/nesguide.htm>
- Pew Center for the People and the Press. 2004. <http://people-press.org/>
- Roche, John P. 1961. "The Founding Fathers: A Reform Caucus in Action." *American Political Science Review*. LV:799-816.
- Schlesinger, Jacob and Miriam Jordan. 2004. "Population Shifts in West Shape Kerry's Strategy." *The Wall Street Journal*. July 21.
- Wilfong, Catherine. 2004. "Nader's Great Green Divide." *Congressional Quarterly Weekly*. June 19.
- Wisconsin Advertising Project. 2004. <http://polisci.wisc.edu/tvadvertising/>