

Richardson's Stumble on U.S. Stage Erodes Clout at Home

Rev. Samuel Rodriguez identified as one of four key Latino leaders to influence national politics

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By STEPHANIE SIMON

SANTA FE, N.M. -- Gov. Bill Richardson is returning to work in a weakened political state.

The New Mexico governor's withdrawal as nominee for commerce secretary could embolden his opponents -- not just Republicans, but also conservative Democrats intent on reining in state spending. And his return comes as New Mexico had already lost much of its voice in Washington.

Just a few months ago, New Mexico was riding high, enjoying national stature as a battleground in the presidential race and reaping a windfall in revenue from energy-production taxes. But the state treasury has taken an enormous hit from the collapse of energy prices. This year's \$6 billion budget quickly developed a shortfall of nearly \$500 million.

Lawmakers had planned to deal with the crisis by working with Lt. Gov. Diane Denish, who was set to take over the state's top job as soon as Mr. Richardson was confirmed as commerce secretary. Now, abruptly, Mr. Richardson is back. Sunday he withdrew from his nomination to the cabinet post, citing a federal investigation into whether his administration steered a financial-advisory contract to a corporation that had donated to the governor's political committees. Mr. Richardson says he has done nothing wrong and expects to be cleared in the federal probe of CDR Financial Products.

But even some of the governor's legislative allies say he has lost face and clout, and can expect a bristly welcome.

"We're all surprised -- here he is again," said state Sen. Dede Feldman, a Democrat. "He has had his problems with the state senate in the past, and I don't think that will improve."

Mr. Richardson, who declined requests for an interview, has made his mark on New Mexico by spending money -- to improve roads, for example, and to build Spaceport America, meant to encourage tourist travel to the edge of space. With the legislature's assent, he offered financial incentives to woo businesses and movie productions to the state.

Now, his most urgent task will be cutting spending -- which will inevitably involve paring some of his pet programs, several legislators said. "It's not going to be a fun year for him," said political analyst and blogger Heath Haussamen.

Mr. Richardson has always been an aggressive, call-the-shots governor, and those close to him said they expect him to continue in that vein. But his stumble on the national stage could cost him politically.

"It's the wounded animal syndrome -- predators may sense blood and circle him, nipping at his flanks," said state Sen. Gerald Ortiz y Pino, a Democrat.

More broadly, New Mexico is left without much heft in Washington. The state's six-term senator, Republican Pete Domenici, long a powerhouse on the budget committee, has retired. And all three of its House seats are occupied by freshmen.

Advocates for New Mexico say their struggling state needs as much help as possible from President-elect Barack Obama's stimulus plan -- but they now fear being cut out for lack of clout. "We're all definitely wondering what this means for New Mexico over the next couple years," said Gabriel Sanchez, a political scientist at the University of New Mexico.

The withdrawal of Mr. Richardson, a Mexican-American, also has deeply disappointed many Latinos. Even among a growing group of politically prominent Hispanics, Mr. Richardson stood out for his charisma, ambition and swashbuckling style on an international stage.

"A lot of our community sees their hopes and dreams reflected in what Bill Richardson has been able to do," said Janet Murguía, president of the National Council of La Raza, a Hispanic advocacy group. "We hold him out as a role model for our young people."

Two Latinos remain among Mr. Obama's cabinet picks: Sen. Ken Salazar as interior secretary and Rep. Hilda Solis as labor secretary. Other Latinos likely to be influential in national politics over the next few years include New Jersey Sen. Robert Menendez; New York Rep. Nydia M. Velázquez; Miami mayor Manuel Diaz; and the Rev. Samuel Rodriguez, president of the National Hispanic Christian Leadership Conference.

People close to Mr. Richardson say he hopes to get a second chance to join the Obama administration. The question is whether any national comeback would be dramatic enough to restore Mr. Richardson's political reputation.

Meanwhile, scrutiny of Mr. Richardson's administration and associates intensified Wednesday.

William C. Sisneros, chief executive of the New Mexico Finance Authority, said in an interview that he had received calls from a senior member of the governor's staff, asking him to talk to firms including CDR; a woman who worked for a longtime adviser to the governor also called repeatedly to set up a meeting with CDR.

Neither effort prompted him to hire the firm, which was already doing business with the authority, Mr. Sisneros said. CDR made \$1.48 million for its work, he said, which netted the authority \$8.2 million.