

## Richardson's Santa Fe Line

Santa Fe, N.M.

Bill Richardson has done a lot of things since becoming governor more than four years ago, including cut taxes. But what he hasn't done is earn his stripes as a "fiscal conservative."

That may surprise those who follow the Democrat's presidential campaign. But there is more to Mr. Richardson's fiscal record than tax cuts. He's also a profligate spender who is laying groundwork that will make it harder to keep taxes in check and the budget in balance in the coming years. Mr. Richardson isn't a spending hawk. He's more like a roadrunner—New Mexico's state bird—darting across the landscape, trying to stay ahead of the anvil that is inevitably coming.

Consider the state's general fund, that portion of the budget over which the governor and the legislature have the most control. This year it hit \$5.6 billion, up \$1.5 billion since Mr. Richardson took office in 2003. The governor asked for and received an 11% increase in spending this year, the biggest jump in memory, outstripping inflation and population growth in the state.

And where is this money going? One of Mr. Richardson's priorities has been the State Children's Health Insurance Program (SCHIP), which is run under federal guidelines but administered and partly funded by the state. Bill Clinton launched SCHIP a decade ago, and it has been used by Democrats to expand federally controlled health care ever since.

This year Mr. Richardson wanted SCHIP to cover children of parents who make up to 300% of the federal poverty line (up from about 200%). That was too much for the legislature. But Mr. Richardson did succeed at getting the children's program to cover more adults. Previously, only the state's poorest adult residents were eligible. Now adults earning two times the federal poverty rate can receive health benefits through the program. His record of expanding government-run health care on the state level is a pretty good indicator of what he would do as president.

Mr. Richardson also likes trains. One of his pet projects is the Rail Runner, a commuter train that connects the northern and southern suburbs of Albuquerque and has been beset with financial problems, although its full length has yet to be completed. An anticipated \$75 million in federal financing for the project has fallen through, so state residents will have to foot the entire bill.

To complete the project, 20 miles of track will need to be run through the desert to Santa Fe at a total cost of about \$400 million (not a small sum in this state). This for a train that will take an hour and 20 minutes to complete a trip that takes just one hour by car.

Usually, commuter rail is built to take automobiles off of the roads during rush hour. But Santa Fe is a city with just 70,000 residents, and some

stoplights.

Mr. Richardson's secretary of transportation, Rhonda Faught, admits that the Rail Runner will need as much as \$10 million a year in ongoing subsidies. Meanwhile, ridership lags behind other commuter rail systems. The Rail Runner averages about 2,000 riders a day. The Virginia Railway Express, which ferries commuters in the suburbs of Washington and which cost much less to build due to the use of existing track, has about 14,000 riders a day.

That puts the governor in a tough spot. He now needs funding from the Democratically controlled legislature for a project that residents are already showing that they're reluctant to climb aboard. But pushing the project may not be a bad political decision on Mr. Richardson's part. A few years ago, he took a political pounding when it was revealed that he was chauffeured about the state in gas-guzzling automobiles. He now sports around the state in an alternative-fuel SUV, something environmentalists and corn farmers in Iowa love. Commuter rail is his eco-friendly SUV on a grander scale.

Mr. Richardson won re-election last year in a landslide. And he's been able to get away with his spending spree while cutting income tax rates for top earners to 4.9% and capital gains tax rates to 2.45% (both down from 8.2%). In large part he's managed this feat because the state is awash in energy tax revenue, partly because he's raised gasoline taxes, but mostly because New Mexico is an energy-producing state. It's a funny phenomenon, but one that all oil- and gas-rich states experience. When prices at the gas pump squeeze drivers, the state brings in tax revenue by the truckload.

This year the state took in \$1.23 billion in oil and natural-gas tax revenue. That's up dramatically from four years ago when the state took in some \$552 million. But if energy prices fall so too will tax revenue, and the party is over. Indeed, even in a booming economy, the state treasury could find itself coming up short—not good for a politician concerned with an image for fiscal conservatism.

But Mr. Richardson hopes soon to be on to something else. He's actually been on the move for well more than a decade. In 1993 he left Congress to become President Clinton's secretary of energy. A few years later he was off to the United Nations as U.S. ambassador. As governor, anticipating a lot of foreign-service work, he hired a part-time staffer to give him pointers on international etiquette. He also finagled, with sanction from the Bush administration, two meetings with North Korean officials, one of which took place in Santa Fe. He seems to enjoy being a go-between for the secretive Stalinist regime and the current administration.

It's this foreign policy experience that he now hopes will propel him into the White House. While a Richardson presidency would likely be to the right of a Clinton, Obama or Edwards administration on fiscal matters, labeling the governor of New Mexico a "fiscal conservative" would be a

### Our governor is no 'fiscal conservative.'

#### CROSS COUNTRY

By Paul J. Gessing

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