CHICAGO (Reuters) - A retrial of Rod Blagojevich on corruption charges will keep the former Illinois governor in the headlines and may hurt Democrats ahead of U.S. midterm elections in November.

Blagojevich was convicted on Tuesday on one count of lying to the FBI but a federal jury in Chicago deadlocked on 23 corruption charges. U.S. attorney Patrick Fitzgerald immediately announced he would seek a retrial.

"This is going to have an impact far beyond Illinois," said University of Illinois at Chicago politics professor Dick Simpson. "The ongoing retrial will be used by Republicans everywhere to show that Democrats are corrupt ... This will still be an issue in elections from Alaska to Arkansas."

Loyola University political scientist John Frendreis disagreed, saying the saga would have little effect beyond Illinois where Democrats are trying to hold on to the governor's mansion and a key U.S. Senate seat.

Democrats are defending their majorities in both houses of Congress in the November 2 elections as well as several important governorships.

The charges left unresolved by Blagojevich's seven-week trial included racketeering, conspiracy, mail fraud and attempted extortion. Prosecutors said Blagojevich tried to sell or trade the U.S. Senate seat vacated by President Barack Obama in 2008. On some counts, just one of the 12 jurors held out against a guilty verdict.

"In a high-profile case like this where you end up with just one holdout, as a prosecutor you have to go for it (and seek a retrial)," said Chris Steskal, a partner in the San Francisco office of law firm Fenwick & West.

SIMPLER CASE

Steskal added prosecutors will probably simplify their case for the retrial and drop some of the more complicated parts.

Jury foreman James Matsumoto, interviewed on NBC's 'Today Show on Wednesday, advised prosecutors to "streamline the case, concentrate on areas where they have more information and not rely so much on witness testimony which was sometimes weak."

"That's where we split the most," he said, adding that he was personally convinced of Blagojevich's guilt.
Some Chicago voters seemed unimpressed with the results of the trial, more than 18 months after Blagojevich was first arrested, even though many despise "Blago" as some local newspapers call him.

"Blago is a dirtbag, but there's no law against just being a dirtbag," said Brett Swanson, an office worker en route to work on Wednesday. "I'd like to see him go to jail, but I didn't see enough evidence from the prosecution to make it a slam dunk case against him."

Blagojevich is the fourth governor of Illinois to have been convicted on corruption charges. His predecessor George Ryan is currently in prison for corruption.

"The Blagojevich case merely serves to remind the rest of America of Chicago's reputation as the country's most corrupt city and Illinois' reputation as its most corrupt state," Simpson said.

Despite the ongoing saga and the prospect of the publicity-seeking Blagojevich making frequent public pronouncements, Loyola University's Frendreis said the issue would mainly affect Democrats in Illinois, especially Governor Pat Quinn, who was Lieutenant Governor under Blagojevich and is facing a battle against Republican state senator Bill Brady.

"The Republicans will run old footage of Quinn professing loyalty to Blagojevich, but this is more of a local phenomenon," he said. "Outside Illinois, Blagojevich is pretty much seen as a comical figure and not taken that seriously."

A Rasmussen poll last week found Brady leading Quinn 48 percent to 35 percent. In the Illinois U.S. Senate race, Republican Mark Kirk and Democrat Alexi Giannoulias were tied with 40 percent of the vote apiece.