



Presidential White Paper #4

Rudy Giuliani Enacted Pro-Growth Policies Despite Liberal New York Environment

Taxes

The Club for Growth is committed to lower taxes—especially lower tax rates—across the board. Lower taxes on work, savings, and investments lead to greater levels of these activities, thus encouraging greater economic growth.

There is much to be impressed with in Rudy Giuliani's tax record. Elected in 1993, on the heels of the largest annual tax increase in the city's history,¹ Giuliani inherited a city crippled by high taxes, ballooning deficits, and stalled job growth. Despite these obstacles and an entrenched liberal City Council, Mayor Giuliani wasted no time in calling for \$1 billion in tax cuts over the next four years,² with \$35 million in tax cuts for the 1995 fiscal year alone.³ While he met with significant resistance, the persistent Mayor managed to push through a number of tax cuts over his eight-year tenure. These include:

- \$17 million in tax cuts for co-op and condo owners and an \$84 million cut in the commercial rent tax for the fiscal year 1996⁴
- \$319 million in various tax cuts for the fiscal year 1998⁵
- \$300 million in tax cuts for the fiscal year 2000, including an extension in the tax cut for co-op and condo owners and the repeal of the sales tax on clothing and shoes costing under \$110⁶
- \$190 million in tax cuts for the fiscal year 2001, including a reduction in the personal income tax surcharge⁷
- \$498 million in tax cuts for the fiscal year 2002, including a further reduction in the personal income tax surcharge.⁸ The 2002 budget also eliminated a local tax on

¹ *New York Times*, 06/30/90

² City of New York Official Executive Budget, Fiscal Year 1995, p. 17

³ *New York Times*, 05/11/94

⁴ *New York Times*, 06/15/95

⁵ *New York Times*, 06/05/97

⁶ *New York Times*, 06/05/99

⁷ *New York Times*, 11/01/00 & *New York Daily News*, 11/01/00

clothing purchases; a \$2 fee on hotel rooms; and tax on rent for more than 3,000 businesses in Manhattan⁹

Overall, Giuliani's record displays an intuitive appreciation for the vital role tax cuts play in growing the economy, as well as a deep-seated aversion to tax increases. Giuliani is also on record supporting \$792 billion in tax cuts passed by the Republican-controlled Congress in 1999,¹⁰ as well as President Bush's 2003 tax cuts.¹¹ After 9/11, Rudy even went so far as to criticize Fernando Ferrer's vow to raise taxes if he were elected mayor as "a dumb, stupid, idiotic, and moronic thing to do."¹² At the same time, Giuliani's impressive record is not without a number of glaring flaws, including:

- Giuliani's opposition to Republican candidate George Pataki's proposed cut in the state income tax in 1994¹³
- Giuliani's opposition to the City Council's proposal to eliminate the commercial rent tax in 1999, in favor of spending the tax revenue on building baseball stadiums¹⁴
- Giuliani's \$600 million extension of the 12.5% personal income tax surcharge for the fiscal years 1997 and 1998¹⁵ and his opposition to the City Council's push to eliminate the surcharge in 1998¹⁶
- Giuliani's opposition to the flat tax as advocated by presidential candidate Steve Forbes in 1996.¹⁷ Though he currently supports tax simplification, Giuliani has refused to endorse the flat tax as recently as March of 2007¹⁸

Giuliani's list of accomplishments is tinged by his occasional anti-growth positions. The context of these positions, however, helps to cast a redeeming light. Giuliani's opposition to Pataki's income tax proposal in 1994 was part of a larger political struggle between warring GOP camps. In 1998, Giuliani proposed a series of other tax cuts,¹⁹ and eventually acquiesced to cutting the personal income tax surcharge.²⁰

On balance, Giuliani's record of tax cuts outweighs what few indiscretions he has. It is important to remember that Gotham's economic revival was due, in large part, to Giuliani's determination to stimulate a stagnant economy by cutting taxes even in the face of fierce opposition. While Giuliani's record on taxes is not perfect, he deserves a lot of credit for tackling a municipal culture long addicted to taxing and spending itself into the ground.

⁸ *New York Post*, 06/07/01 & *New York Daily News*, 06/07/01

⁹ *New York Times*, 06/07/01

¹⁰ *New York Times*, 08/25/99

¹¹ *New York Daily News*, 05/20/03

¹² *New York Post*, 10/10/01

¹³ *The Syracuse Post-Standard*, 10/30/94

¹⁴ *New York Times*, 04/23/99

¹⁵ *New York Times*, 12/19/96

¹⁶ *New York Times*, 03/16/98

¹⁷ *New York Times*, 03/04/96 & "Capital Gang," CNN, 03/09/96

¹⁸ "Kudlow & Co.," CNBC, 03/26/07

¹⁹ *New York Times*, 04/26/98

²⁰ *New York Daily News*, 11/18/98

Spending

The Club for Growth is committed to reducing government spending. Less spending enhances economic growth by enabling lower taxes and diminishing the economically inefficient political allocation of resources.

Mayor Giuliani's record on spending is worthy of praise. While Giuliani is often criticized for large spending increases during the surplus years, it is important to keep in mind New York City's reputation for ballooning budgets. Over the 1980's, city spending increased by an average of 7.11%, while 1991-1994 saw an average spending increase of 4.68%.²¹ In contrast, Giuliani entered the mayor's office in 1994 with a bang. Inheriting a \$2.4 billion budget deficit, he wasted no time in slashing city jobs²² and cutting city-funded spending in real terms by more than \$340 million.²³ Over his eight years, city spending increased just barely, by an average of 2.84%²⁴—a remarkable number given the 2.9% population plus inflation benchmark.²⁵ In addition, city spending as a percentage of GCP (Gross City Product) decreased from 10.9% to 9.3%—meaning, the size of government as a percentage of the economy actually decreased under Giuliani's tenure.²⁶

Mayor Giuliani's relative spending restraint is all the more impressive compared with the 10.01% average increase in spending under his successor's first term.²⁷ Below is a summary of city-funded spending over Giuliani's eight years in office.

FY	Dollar Amount	% Difference	Avg.
1994	21,723,132,203		
1995	21,382,377,315	-1.57%	
1996	22,038,088,100	3.07%	
1997	23,584,022,689	7.01%	
1998	24,509,691,220	3.92%	
1999	25,206,833,492	2.84%	
2000	26,640,719,162	5.69%	

²¹ New York City Independent Budget Office, City Revenue and Spending Since 1980, <http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf>

²² *New York Times*, 12/31/01

²³ New York City Independent Budget Office, City Revenue and Spending Since 1980, <http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf>

²⁴ New York City Independent Budget Office, City Revenue and Spending Since 1980, <http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf>

²⁵ Bureau of Labor and Statistics & New York City Comptroller

²⁶ New York City Comptroller

²⁷ New York City Independent Budget Office, City Revenue and Spending Since 1980, <http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf>

2001	28,193,677,137	5.83%	
2002	27,037,645,408	-4.10%	2.84%

New York City Independent Budget Office, City Revenue and Spending Since 1980,
<http://www.ibo.nyc.ny.us/iboreports/CityRevenueandSpending.pdf>

As the above chart demonstrates, Giuliani deserves some criticism for relaxing his initial fiscal discipline and spending more freely once surpluses began to flow into the city’s coffers. Giuliani also demonstrated an alarming propensity for doling out corporate welfare to select companies, including News America Publishing; Viacom; Credit Suisse First Boston Corp.;²⁸ and his favorite pet project of all—sports stadiums.²⁹

Finally, Giuliani’s narrow concern for New York City found him on the wrong side of the debate over the federal line-item veto. When President Clinton used his line-item veto to eliminate a line in the budget forgiving New York State’s Medicaid debt, Giuliani filed a lawsuit that resulted in the veto’s unconstitutionality.³⁰ If he were to become president, we hope Mayor Giuliani would support, at a minimum, enhanced rescission—a milder version of the line-item veto believed to pass constitutional muster.

In all, Giuliani’s spending record demonstrates some years of remarkable fiscal discipline and an extraordinarily low spending average that puts his predecessors and successor to shame. Despite his occasional profligacy, Giuliani’s ability to drastically cut spending in an adversarial climate speaks volumes about his ability to tackle Washington’s spending binges were he to win the presidency.

Free Trade

Free trade is a vital policy for maximizing economic growth. In recent decades, America’s commitment to expanding trade has resulted in lower costs for consumers, job growth, and higher levels of productivity and innovation.

Rudy Giuliani the presidential candidate is billing himself as a supporter of free trade. As recently as late March, the Mayor embraced free trade, albeit cautiously, at the Club for Growth Winter Conference. “I generally agree with the principles of free trade and I think and increasingly have become more convinced of those principles because I almost think they are inevitable,” Mr. Giuliani said. “If we fight them we hurt ourselves, if we embrace them we kind of move to the future.”³¹ In May of 2006, Giuliani professed his support for free trade to Republicans in Iowa,³² and supported free trade with China and granting Taiwan preferential trade status in 2000.³³

²⁸ *Crain’s New York Business*, 07/26/99

²⁹ *Newsday*, 04/23/07

³⁰ *New York Daily News*, 02/13/98

³¹ *New York Sun*, 04/09/07

³² *New York Times*, 05/02/06

³³ *Associated Press*, 05/04/00

While his professed support is a step in the right direction, the lack of hard evidence to support his claims and his ardent opposition to NAFTA in 1993 is troubling.

In a 1993 statement that positioned the Mayor to the left of many Democrats, Giuliani said: “I continue to be concerned about the effect it [NAFTA] would have on the job situation in New York City . . . I haven’t seen anything that’s going to explain to me how, at least in the short term, it would improve the job loss which has been very, very significant.”³⁴ Four years later, when Swingline Staplers moved its factory from Queens, NY to Mexico because of lower costs, the Giuliani administration threatened to boycott the company’s products.³⁵

While Giuliani has explained his opposition to NAFTA as motivated by his concern for New York City jobs, it is unclear if his parochial concerns bear out upon closer inspection. As the financial center of the country, if not the world, New York City stood to benefit from the removal of trade barriers in North America. Given his sparse record on trade and his curious opposition to NAFTA, Americans have a right to question whether a President Giuliani would expend the political capital to continue the kind of broad free trade deals that have contributed to American prosperity over the past generation.

Entitlement Reform

America’s major middle-class entitlement programs are already insolvent. The Club for Growth supports entitlement reforms that enable personal ownership of retirement and healthcare programs, benefit from market returns, and diminish dependency on government.

Rudy Giuliani was at the forefront of the battle to reform welfare in New York City. Immediately upon taking office, Giuliani announced the hiring of a private company, America Works, to find jobs for people on welfare.³⁶ Welfare recipients under Giuliani’s administration dropped from 1.1 million in 1994 to under 500,000 in 2001—the lowest level in 35 years and a drop of more than 50%.³⁷ This accomplishment marked the first time since July 1966 that New York City had less than 500,000 people on public assistance.³⁸

Giuliani also began a comprehensive program to root out fraud in welfare payments by forcing thousands of recipients to be finger-imaged or electronically fingerprinted.³⁹ He pursued an aggressive welfare-to-work program by employing able-bodied welfare

³⁴ *Newsday*, 11/09/93

³⁵ *Newsday*, 07/08/97

³⁶ *New York Times*, 01/20/94

³⁷ *The New York Times*, 12/31/01

³⁸ “Transforming Welfare and Expanding Opportunity,” Rudy Giuliani, 07/09/01

³⁹ *New York Times*, 08/05/96

recipients to work in exchange for welfare payments, such as raking leaves in city parks or cleaning subways,⁴⁰ and by converting welfare offices into job centers.⁴¹

Unfortunately, Mayor Giuliani's strong record at the local level did not translate into free-market positions on the federal level. In 1996, Rudy Giuliani actively opposed federal welfare reform legislation, even suing the federal government over the matter.⁴² Again, Mayor Giuliani claimed to be motivated by local concerns, opposing features in the legislation that would "shift costs to local governments" and cut off assistance to legal immigrants.⁴³

On other federal issues, Giuliani's positions are conspicuously scant. In January of 2007, Giuliani called for fixing Social Security by allowing some investment in personal accounts,⁴⁴ but has yet to embrace a comprehensive plan or commit himself to pushing for Social Security reform. His position on Medicare is more concerning. In 2000, Giuliani expressed a willingness to support President Clinton's proposal to provide "free" prescription drugs under Medicare,⁴⁵ and in 2006, praised the 2003 Medicare Prescription Drug Plan.⁴⁶

Giuliani's opposition to federal welfare reform is not as concerning as it may seem considering the burdens the federal law placed on local governments and Giuliani's outstanding success at slashing New York City's welfare rolls in half. Indeed, Giuliani was implementing welfare reform at the city level before it was mandated by the federal government. More troublesome is his position on Medicare, and he will need to demonstrate that his commitment to limited government and individual responsibility, as evidence by his record on welfare reform, will apply to other entitlement programs as well.

Regulation

Excessive government regulation stymies individual and business innovation necessary for strong economic expansion. The Club for Growth supports less and more sensible government regulation as a critical step toward increasing freedom and growth in the marketplace.

When Rudy Giuliani entered the mayor's office in January of 1994, New York City was a bureaucrat's dream and a businessman's nightmare. Though some of his boldest proposals failed to garner the necessary approval, such as the privatization of municipal hospitals,⁴⁷ Giuliani deserves credit for attempting to tackle some of the most

⁴⁰ *New York Times*, 12/31/01

⁴¹ "State Of The City Address," Rudy Giuliani, 1/08/01

⁴² *New York Times*, 10/12/96 & *New York Times*, 03/26/97

⁴³ *New York Times*, 07/27/96

⁴⁴ *The Providence Journal*, 01/28/07

⁴⁵ "Hardball With Chris Matthews," MSNBC, 05/03/00

⁴⁶ *Knight Ridder Tribune Business News*, 04/27/06

⁴⁷ *New York Times*, 03/31/99

overregulated and inefficient elements of the Gotham machine. Giuliani's battle to remove the city's airports from Port Authority's stewardship⁴⁸ and his 2001 attempt to turn over management of five failing schools to the privately-run Edison Schools Inc. also fell victim to fierce opposition.⁴⁹ Perhaps most impressive is Giuliani's opposition to and veto of a 1996 City Council bill mandating a living wage for employees of city contractors, even though the City Council overrode the veto.⁵⁰

Still, many of Mayor Giuliani's crusades proved successful. Whether it was the deregulation of masquerade balls⁵¹ or the privatization of laundry services in the city's hospitals,⁵² Giuliani was a man intent on "reinventing government,"⁵³ as he often described himself.

- In 1994, Mayor Giuliani removed the Department of Consumer Affairs' regulatory authority over 21 of 72 business categories,⁵⁴ easing the cost and burden of doing business in New York
- In 1996, he eased the regulatory burdens on New York's \$6.5 billion restaurant industry, including a one-stop licensing center; the elimination of a number of redundant regulations; and a speeded-up approval process⁵⁵
- Giuliani successfully implemented more than 60 different privatization actions,⁵⁶ including healthcare in New York City's jails;⁵⁷ maintenance work in the city's fire houses; counseling to the homeless; operation of the Department of Health's laboratories;⁵⁸ maintenance of city parks, playgrounds, roads, and homeless shelters;⁵⁹ services for the elderly;⁶⁰ water-meter reading; school construction; legal aid services for welfare recipients; the Central Park Conservancy; and public library and sanitation services⁶¹
- Giuliani sold many city-owned assets that he believed the city had no business owning, including the U.N. Plaza Hotel in 1997;⁶² the World Trade Center in 2001;⁶³ community gardens; television and radio stations; off-track betting facilities; and the New York Coliseum⁶⁴

⁴⁸ *Associated Press*, 08/22/97 & *New York Post*, 01/29/00

⁴⁹ *New York Post*, 04/03/01

⁵⁰ *New York Times*, 07/12/96 & *Los Angeles Times*, 10/28/96

⁵¹ *New York Times*, 09/26/94

⁵² Mayor's Management Report, 2001, p. 268

⁵³ *New York Times*, 10/30/93

⁵⁴ *New York Times*, 09/26/94

⁵⁵ *Crain's New York Business*, 02/26/96

⁵⁶ Mayor's Management Report, 2001, p. 266

⁵⁷ *New York Times*, 02/28/05

⁵⁸ *New York Times*, 08/12/95

⁵⁹ *New York Times*, 12/05/94

⁶⁰ *New York Times*, 05/14/94

⁶¹ Mayor's Management Report, 2001, pp. 267-269

⁶² *New York Times*, 03/05/02

⁶³ *New York Times*, 04/27/01

⁶⁴ Mayor's Management Report, 2001, p. 267

- He turned over thousands of city-owned properties to private owners and developers⁶⁵

This lengthy list is not to say that Mayor Giuliani did not have his failings. The most egregious of these is Giuliani's active opposition to Governor Pataki's 1997 effort to phase out rent control, despite its proven distortion on the marketplace.⁶⁶ Giuliani also supported the extension of rent control in 1994⁶⁷ and 2000.⁶⁸ This opposition was apparently motivated by the overwhelming support for rent control among the Mayor's constituents. As Giuliani himself admitted, "It's better to keep your constituents happy than to keep a political party happy."⁶⁹

Giuliani also initiated new regulatory requirements for furniture and appliance stores,⁷⁰ and called for new and more stringent price controls on wholesale electric power rates in New York State to combat a surge in the price of electricity.⁷¹ Finally, in 2000, the same man who courageously vetoed a living wage bill declared his support for increasing the minimum wage.⁷²

Rudy Giuliani's record on regulation demonstrates an intuitive understanding of the virtue of free markets and a fearlessness in the face of government bureaucracy. This is an admirable and necessary quality for a candidate looking to run a government behemoth in desperate need of a spring cleaning. While that same record displays some flashes of disappointment, his overall persistence is an encouraging sign.

School Choice

The Club for Growth supports broad school choice, including charter schools and voucher programs that create a competitive education market including public, private, religious, and non-religious schools. More competition in education can only lead to higher quality and lower costs.

When it came to school choice, Rudy Giuliani was a work in progress, starting out as opposed as any Democrat, and ending up at the forefront of the battle to bring school choice to New York City.

At a 1995 teachers' union convention, the Mayor opposed school vouchers to the applause of the crowd, saying vouchers would bleed the public schools of funds.⁷³ In an address three months later at the Wharton Club, Giuliani reiterated these sentiments, declaring: "If the system's deterioration is allowed to continue . . . we will see an increase

⁶⁵ *New York Times*, 12/27/00

⁶⁶ *New York Daily News*, 04/15/97

⁶⁷ *New York Times*, 03/24/94

⁶⁸ *New York Times*, 03/07/00

⁶⁹ *Time Magazine*, 08/18/97

⁷⁰ *New York Times*, 09/26/94

⁷¹ *New York Times*, 03/28/01

⁷² "Late Edition with Wolf Blitzer," CNN, 02/06/00

⁷³ *New York Times*, 05/07/95

in calls for privatization and vouchers—alternatives, which in my view, will weaken the public school system . . . And New York City's proud legacy of public education may well end.”⁷⁴

By 1996 though, Mayor Giuliani began to have a change of heart. This change began modestly with a proposal to send 1,000 low-achieving city students to parochial schools to deal with massive overcrowding in New York City's public school system. While Giuliani caved when liberal groups opposed the use of public funds for this project, he quickly rallied the private sector to provide the necessary donations and continued to argue that the moribund public school system would benefit from the competition.⁷⁵ This modest proposal morphed into a widely popular program called the School Choice Scholarships Foundation, receiving more than 17,000 applications for 1,300 available scholarships in 1997.⁷⁶

In April of 1999, Mayor Giuliani made the leap to a self-proclaimed “prophet” of school choice, proposing a \$12 million pilot school choice program even as his school chancellor threatened to quit over the matter. Giuliani even went so far as to argue that “the whole [school] system should be blown up, and a new one put in its place.”⁷⁷

Mayor Giuliani also campaigned on behalf of charter schools, in the hopes of inspiring a “more innovative, performance-driven, entrepreneurial vision of schooling.” In 2000, he created the Charter School Improvement Fund, pumping \$10 million into the fund to be awarded to charter schools on a competitive basis.⁷⁸

As far as political conversions go, Giuliani's evolution into a champion of school choice is as genuine as they come. Over his eight years, Rudy Giuliani became one of the country's leading advocates for a competitive education market.

Political Free Speech

Maximizing prosperity requires sound government policies. When the government strays from these policies, citizens must be free to exercise their constitutional rights to petition and criticize those policies and the politicians responsible for them.

Rudy Giuliani's record on protecting political free speech falls woefully short. When John McCain launched his campaign finance crusade on the political stage, Mayor Giuliani was an unabashed supporter, telling CNN's Wolf Blitzer in a 2000 interview: “I'm a very, very strong supporter of campaign finance reform. A very strong supporter of McCain-Feingold for a long, long time now.”⁷⁹

⁷⁴ “A Vision for Education,” Rudy Giuliani, 08/11/95

⁷⁵ *New York Times*, 09/11/96

⁷⁶ *New York Times*, 04/24/97

⁷⁷ *Washington Times*, 04/22/99 & *New York Daily News*, 04/23/99

⁷⁸ “New York: City of Helping Our City's Charter Schools Help Our Children,” Rudy Giuliani, 11/06/00

⁷⁹ “Late Edition With Wolf Blitzer,” CNN, 02/06/00

As recently as December 2006, Giuliani refused to back away from his previous effusiveness. When radio host Dennis Prager pressed him, asking “Why shouldn’t people just be allowed to give any amount of money they want to any candidate, and just have it publicly known? Why should there be a law limiting that freedom?” the notoriously blunt Mayor hesitated, but ultimately embraced his previous support: “I think there are very good arguments on either side of that. I’ve always lived under a campaign finance law that had limitations on it, so I’m sort of pretty comfortable with it.”⁸⁰

Locally, Giuliani was embroiled in a number of campaign finance debates, but none of these demonstrated a general inclination to protect political speech.⁸¹ Worse, dubbed by John McCain as his “soul mate” on campaign finance reform,⁸² Mayor Giuliani offers no compelling reason to think that he would oppose further restrictions on the First Amendment.

Tort Reform

The American economy suffers from excessive litigation which increases the cost of doing business and slows economic growth. The Club for Growth supports major reforms to our tort system to restore a more just and less costly balance in tort litigation.

From the very beginning of his tenure, Rudy Giuliani was determined to tackle New York City’s expensive tort system, but his tort reform proposals, while impressive, were limited to suits against the City. Both his 1994 and 1999 proposals sought to cap awards on pain and suffering at \$250,000 and establish a minimum expense threshold of \$5,000 for plaintiffs seeking non-economic damages against New York City.⁸³

Giuliani’s record of supporting tort reform in the private sector is mixed. The Mayor is on record supporting the federal Auto Choice Reform Act in 1997, which would decrease the number of lawsuits by giving motorists the option of buying no-fault auto insurance policies with low-cost premiums.⁸⁴ He also joined a coalition of medical groups in 2000 urging Governor Pataki to veto legislation that would repeal limits on the amount of money trial lawyers can claim in medical malpractice cases.⁸⁵

At the same time, Rudy Giuliani was not averse to using the courts when it suited his political aims. In 2000, Giuliani filed a lawsuit against two dozen major gun manufacturers and distributors.⁸⁶ Whatever one’s thoughts on gun control, Giuliani’s use of the courts to punish a legally functioning industry is an abuse of the legal system.

⁸⁰ “The Dennis Prager Show,” 12/05/06

⁸¹ *New York Times*, 10/23/98

⁸² *Milwaukee Journal Sentinel*, 04/05/00

⁸³ *New York Times*, 06/05/94 & Press Release, “Mayor Giuliani Details City’s Tort Reform Proposal,” Office Of Mayor Rudy Giuliani, 02/04/99

⁸⁴ *New York Times*, 04/24/97

⁸⁵ *New York Daily News*, 11/10/00

⁸⁶ “New York City Sues Gun Industry,” Rudy Giuliani, 06/26/00

Giuliani's support for limited tort reform is laudatory, but his 2000 suit against two dozen major gun manufacturers and the absence of information to flesh out his broader philosophy on tort reform is cause for concern. It would behoove Mayor Giuliani to demonstrate that his impressive municipal tort reform packages would apply equally to the private sector.

Summation

There is no doubt that Rudy Giuliani took some anti-growth positions over his eight years as mayor of America's largest city. From his support for extending income tax surcharges, to his affinity for corporate welfare projects, to his vocal opposition to NAFTA, there are undoubtedly some stains on Giuliani's fiscal record.

However, any exploration of a municipal executive record has to be colored by the unique context in which that record is achieved. Some of Giuliani's positions are understandable given the liberal constituency he represented—such as his support for New York City rent control; others—like his support for McCain-Feingold and the 2003 Medicare Prescription Drug Plan—are not. In New York City, Rudy Giuliani governed a locality that was thoroughly dominated by liberal Democrats; public sector labor unions; social welfare activists; and a powerful local news media actively hostile to a limited-government philosophy. In the face of such tremendous headwind, Giuliani's fiscal accomplishments are remarkable.

Despite powerful local obstacles, Giuliani was able to significantly cut taxes; hold spending increases down below the rates of inflation and population growth; overhaul the welfare system; deregulate and privatize many local government services; and join the fight for school choice. These accomplishments played a crucial role in transforming New York City from an economic basket case into a thriving economy.

The most important question is what Giuliani's mayoral tenure tells us about how he would govern if elected president. The answer is not clear cut, as some of his local positions are worrisome and some of his federal positions are still unknown. Nonetheless, one cannot help but conclude that if Giuliani could accomplish the pro-growth record he did in the hostile environment of New York City, the potential for him to accomplish even more amid the more politically balanced federal government is great.

The Club for Growth is a nationwide membership organization dedicated to advancing public policies that promote economic growth. The Club's website can be found at <http://www.clubforgrowth.org/>.