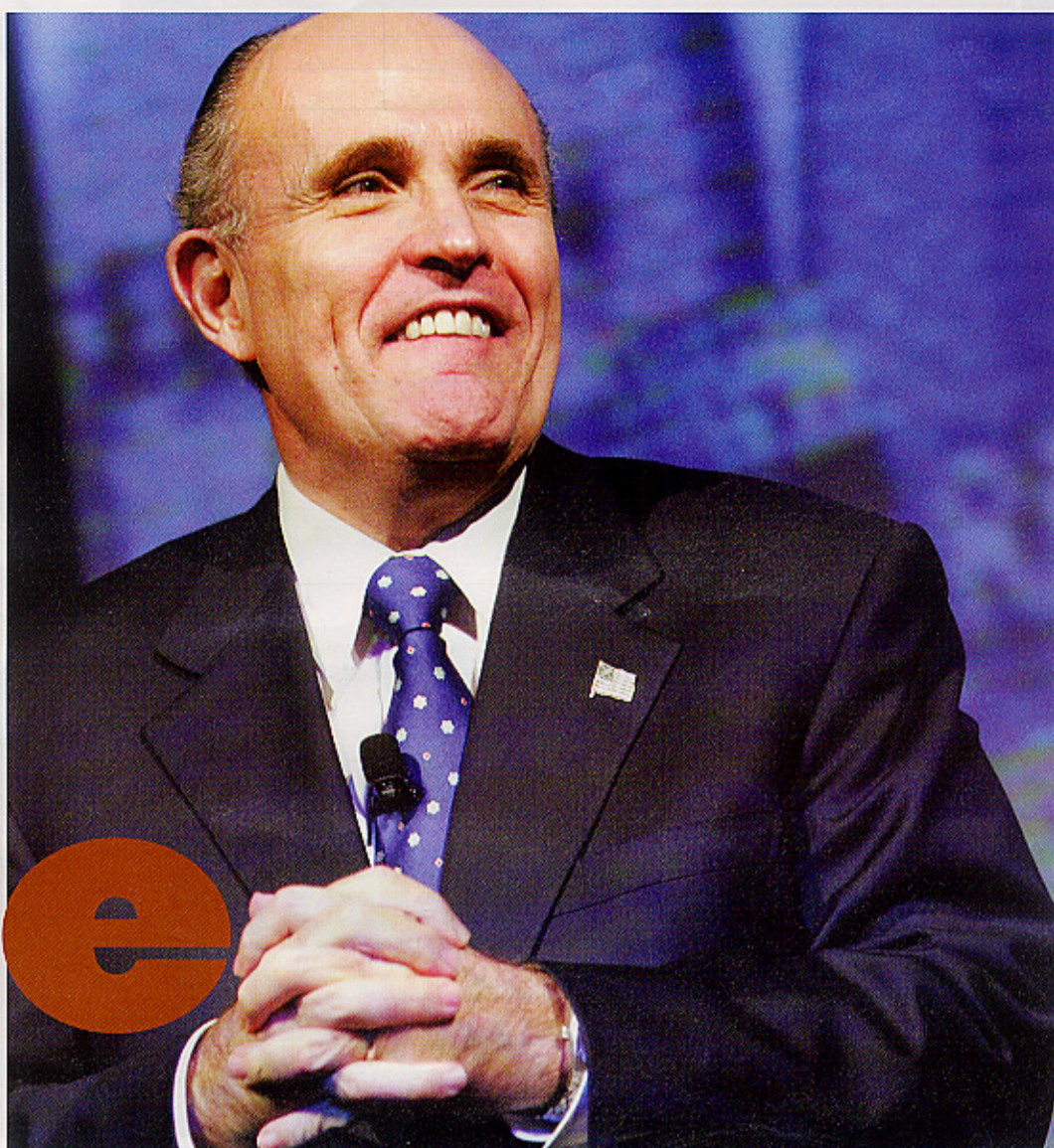


# Biting the big apple



Giuliani: illustrates the value of linking leadership to financial power for local government

**N**ine years ago, in an article in *The MJ*, entitled 'Looking for leadership?' (13 September 1996), I suggested that introducing elected mayors into UK local government could strengthen local leadership if councils were given enough power to take action on behalf of their communities.

The Labour Government elected in 1997 picked up the first idea, but overlooked the second.

A consequence is that the UK debate about elected mayors went off the rails for several years. Too many commentators focused on the leadership role of mayors in other countries and forgot about the importance of political power – particularly financial power – underpinning the performance of the very best mayors in the US and elsewhere.

Yes, successful elected mayors tend to be colourful personalities who can communicate well in a range of settings. But an elected mayor without serious financial power will always struggle to transform a city. Good on TV, yes. Serious player, probably not.

It looks as if the Government is now starting to recognise this point with talk of big financial powers going to localities with directly-elected mayors.

All credit, then, to the LGA for inviting Rudy Giuliani, ex-mayor of New York City, to address the LGA annual conference.

Mr Giuliani provides a splendid illustration of the value of linking outgoing leadership to massive financial power for local government.

Born and raised in a working class family in Brooklyn, he is a New Yorker through and through.

After making his name as the federal US attorney for the Southern District of New York – spearheading efforts to jail drug-dealers and prosecute white-collar criminals – he first ran as the Republican candidate for mayor of New York in 1989, but lost the contest

**As former New York mayor Rudolph Giuliani wings his way to Harrogate for the LGA conference, Professor Robin Hambleton asks whether his style of leadership could work in the UK**

to Democrat David Dinkins. Never one to give up he ran again in 1994 and won, serving as mayor until 2001. After the 11 September 2001 attacks on the World Trade Centre, he was widely recognised for his calm and thoughtful leadership in the crisis. And rightly so – he was magnificent.

During his period as mayor he was credited with 'cleaning up' New York City, and he certainly put a terrific amount of energy into tackling crime in the city.

Detractors note that the crime rate was already declining steadily under mayor Dinkins and that Giuliani's policies curtailed civil liberties. Many innocent people were arrested in error.

But few argue that the city did not become a safer place under his leadership. There are many examples of law-enforcement innovations introduced during his era and, of course, spending on the police climbed.

He was also energetic in transforming Times Square from a run-down, even seedy area into an up-market district filled with family-oriented shops and theatres.

Mayor Giuliani also worked tirelessly to improve public education – the New York City public schools annual operating budget increased from \$8bn to \$12bn under his leadership.

So the leadership is impressive – outgoing and, at times, entertaining. For example, shortly after his election, he was filmed filling a pothole in the street outside the Ed Sullivan Theatre. And he would often appear on *The Late Show With David Letterman*, sometimes in comedy segments.

But, I hear you say, leave out the colourful leadership stuff, where is the money coming from? The difference in financial power between a UK city council and New York City is breathtaking.

New York City has four major taxes: property tax;

personal income tax; general sales tax; and general corporation tax.

The city's reliance on these taxes has increased over the past three decades – the taxes' share of general expenditures rose from 40% in 1970 to a little more than 50% in 1999.

This isn't the whole story. The mayor also has a bunch of other taxes he can vary, including a hotel tax, utility tax, commercial rent tax and property transfer tax.

Compare this with the UK where the council has only one tax-generating a small fraction of revenue spending. And, incredibly, even that is subject to capping by central government. Effective local leadership cannot be expected to prosper in such a constrained setting.

In New York City, we are talking serious money and serious 'clout' – way more clout than UK political leaders dream of and, to be fair, probably too many tax options for local politicians. In my view, UK local authorities do not need a dozen or so new tax levers, but they do need a whole lot more financial power than they currently enjoy.

Even if Mr Prescott doubled the financial power of UK localities with elected mayors, they would still be weaker than New York City in terms of the proportion of revenue they raise locally.

Expect a great speech from Mr Giuliani. But don't forget to ask him for his advice on the financing of local government.

*Rudolph Giuliani addresses the LGA conference at 2pm on Wednesday 6 July* ■

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