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LOG OF THE EVENT AND/OR THE SPEECHES PRESENTED WITHIN.***

*THE NEW HAMPSHIRE POLITICAL LIBRARY AND THE NEW ENGLAND COUNCIL  
PRESENT POLITICS AND EGGS, THE 2007 PRESIDENTIAL CANDIDATE SERIES  
WITH FORMER NEW YORK CITY MAYOR RUDY GIULIANI. WITH SUPPORT FROM  
B.A.E. SYSTEMS, CLEAN HARBORS ENVIRONMENTAL SERVICES, AND FIDELITY  
INVESTMENTS.*

JAMES BRETT: GOOD MORNING, LADIES AND GENTLEMEN, AND WELCOME TO THE POLITICS AND EGGS HERE IN BEDFORD, NEW HAMPSHIRE. I WOULD LIKE TO WELCOME ALL OF YOU HERE AND LET ME JUST BEGIN BY SAYING THANK YOU TO ALL OF THE SPONSORS OF TODAY'S POLITICS AND EGGS THAT PROVIDE THE OPPORTUNITY TO HAVE BREAKFAST ON THE HOUSE. THE NAMES OF THE PEOPLE WHO ARE THE CORPORATE SPONSORS ARE AT YOUR TABLE AND THE BANNERS ARE ON THE WALL. THEY'RE NEEDLESS TO SAY VERY GENEROUS CORPORATE SPONSORS AND THEY MAKE THIS BREAKFAST SERIES POSSIBLE. I JUST WANT TO SAY THANK YOU TO THEM.

MY NAME IS JIM BRETT. I AM THE PRESIDENT OF THE NEW ENGLAND COUNCIL WITH ONE OF THE TWO SPONSORS OF THE POLITICS AND EGGS. MIKE CHANEY, NEW HAMPSHIRE POLITICAL LIBRARY IS OUR OTHER CO-SPONSOR. THE MISSION OF NEW HAMPSHIRE POLITICAL LIBRARY IS TO MAKE SURE THAT WE KEEP NEW HAMPSHIRE FIRST IN THE COUNTRY, IN THE PRIMARY AND OBVIOUSLY YOU HAVE DONE A VERY GOOD JOB AT DOING THAT. WE WANT TO THANK YOU MIKE. I ALSO JUST WANT TO LET PEOPLE KNOW THAT THE MAYOR WILL BE SPEAKING FOR 10, 15 MINUTES, AND THEN WE WILL HAVE QUESTIONS. WE JUST WANT TO LET PEOPLE KNOW THAT WHEN YOU ASK YOUR QUESTIONS, FIRST OF ALL, WOULD YOU WAIT FOR THE ROVING MIC TO COME TO YOUR TABLE. AND PLEASE IDENTIFY YOURSELF FOR THE BENEFIT OF THE PEOPLE WHO ARE HERE TO HEAR YOUR QUESTION. AND THEN WHEN WE CONCLUDE THE BREAKFAST HERE, IF YOU COULD REMAIN SEATED, BECAUSE THIS IS OUR LARGEST POLITICS AND EGGS EVENT THAT WE'VE HAD THIS YEAR. AND WE JUST WANT TO MAKE SURE THAT THE MAYOR WILL BE ABLE TO GET IN AND GET OUT TO THE MILK ROOM WHICH IS JUST OUTSIDE THE LOBBY AREA.

SO LET'S BEGIN WITH OUR PROGRAM HERE THIS MORNING. LET ME JUST BEGIN BY SAYING, BEFORE RUDY GIULIANI BEGAN HIS BID FOR PUBLIC OFFICE, HE WAS NOMINATED BY PRESIDENT RONALD REAGAN IN 1981 TO BE THE THIRD RANKING OFFICIAL IN THE JUSTICE DEPARTMENT. THIS EXPERIENCED CRIME FIGHTER WAS IN CHARGE OF ALL THE UNITED STATES ATTORNEYS, DRUG ENFORCEMENT, AND PRISONS. IN 1983 HE

RETURNED TO MANHATTAN TO BECOME ONE OF THE UNITED STATES ATTORNEYS. AND NOT JUST UNITED STATES ATTORNEY. FEW UNITED STATES ATTORNEYS IN HISTORY CAN MATCH HIS RECORD OF SOME 4,152 CONVICTIONS WITH ONLY 25 REVERSALS. ALMOST LIKE A DAVID ORTIZ BATTING AVERAGE. IN 1993, HE WAS ELECTED TO THE CITY'S FIRST REPUBLICAN MAYOR IN A GENERATION, SINCE JOHN LINDSEY'S 1965 ELECTION. WHILE MAYOR UNDER HIS LEADERSHIP OVERALL CRIME WAS DOWN SOME 57%. HE IMPLEMENTED THE LARGEST AND MOST SUCCESSFUL WELFARE TO WORK INITIATIVES IN THE UNITED STATES. THEN HE REDUCED TAXES BY \$2.5 BILLION. THEN RUDY WENT ON TO WIN A SECOND TERM. THE FIRST REPUBLICAN TO WIN A SECOND TERM SINCE MAYOR LAGUARDIA IN 1941 MAYOR GIULIANI GAINED INTERNATIONAL RECOGNITION FOR HIS LEADERSHIP IN NEW YORK CITY AFTER THE 9/11 TERRORIST ATTACKS. "TIME" MAGAZINE WROTE, "EVERY TIME HE SPOKE, MILLIONS OF PEOPLE FELT A LITTLE BETTER. HIS WORDS WERE FULL OF GRIEF AND IRON, INSPIRING NEW YORK TO INSPIRE THE NATION." THE HISTORIAN VINCENT CANARDO CONCLUDED IN SEPTEMBER OF 2006, "WITH TIME, GIULIANI'S LEGACY WILL BE BASED ON MORE THAN JUST 9/11. HE LEFT THE CITY IMMEASURABLY BETTER OFF, SAFER, MORE PROSPEROUS, MORE CONFIDENT, AND THE ONE THAT HE INHERITED EIGHT YEARS EARLIER. EVEN WITH THE SMOLDERING RUINS OF THE WORLD TRADE CENTER AT ITS HEART. DEBATE ABOUT HIS ACCOMPLISHMENTS WILL CONTINUE BUT THE SIGNIFICANCE OF HIS MORALITY IS HARD TO DENY." PLEASE JOIN ME IN GIVING A VERY WARM WELCOME TO THE FORMER NEW YORK CITY MAYOR, GOTHAM'S TRUE ACTION HERO, THE HONORABLE RUDY GIULIANI.

[APPLAUSE]

RUDY GIULIANI: THANK YOU. THANK YOU VERY MUCH. THANK YOU FOR HAVING ME HERE AND FOR HAVING INTRODUCED ME AS AN ACTION HERO. NOW I WILL GO IN A PHONE BOOTH AND CHANGE EXCEPT THERE ARE NO PHONE BOOTHS HERE. IS THERE ONE HERE? NOW I CAN CHANGE. THANK YOU VERY MUCH.

IT'S A GREAT PLEASURE TO BE HERE THIS MORNING AND TO ADDRESS YOU. I AM RUNNING FOR PRESIDENT OF THE UNITED STATES. THAT'S WHY I'M HERE THIS MORNING. RIGHT? AND I'M RUNNING FOR PRESIDENT OF THE UNITED STATES BECAUSE I BELIEVE THE COUNTRY NEEDS VERY, VERY STRONG LEADERSHIP. AND I REALLY AM DOING IT ON 12 COMMITMENTS THAT I MADE TO THE AMERICAN PEOPLE, WHICH YOU SHOULD KNOW WE MADE HERE FIRST IN NEW HAMPSHIRE BACK IN MAY OR JUNE. THEY LAY OUT THE VISION THAT I HAVE FOR WHERE THIS COUNTRY HAS TO GO OVER THE NEXT FOUR OR FIVE YEARS, THE DIRECTION IT HAS TO GO. IF YOU DON'T HAVE A VISION, IF YOU DON'T

HAVE A DIRECTION, IF YOU DON'T HAVE A SET OF GUIDE POSTS, TO ME YOU CAN'T LEAD.

I WROTE A BOOK ABOUT LEADERSHIP. ONE OF THE PRIMARY AND MOST IMPORTANT THINGS ABOUT LEADERSHIP IS, YOU HAVE TO KNOW WHERE YOU'RE GOING. IF YOU DON'T KNOW WHERE YOU'RE GOING YOU CAN'T ASK ANYONE TO FOLLOW YOU. SO IN ORDER TO KNOW WHERE YOU'RE GOING YOU HAVE TO BE WILLING TO SET GOALS. YOU HAVE TO BE WILLING TO HAVE COMMITMENTS. AND THEN PEOPLE EITHER AGREE WITH THOSE OR THEY DON'T AGREE WITH THOSE. I WOULD ASK YOU TO LOOK AT MY 12 COMMITMENTS AND IF YOU AGREE WITH MOST OF THEM, THEN, I SHOULD BE YOUR CANDIDATE. EXCEPT FOR ONE OR TWO THINGS. THE SECOND THING YOU NEED TO KNOW ABOUT A CANDIDATE IS NOT ONLY THEIR IDEAS, THE DIRECTION THEY WANT TO TAKE THE COUNTRY IN, SOME CANDIDATES DON'T BOTHER TO TELL YOU THAT. BUT YOU GOT TO NOTE DIRECTION THEY WANT TO TAKE THE COUNTRY, WHETHER YOU AGREE WITH MOST OF THAT, AND THEN YOU NEED TO KNOW, DO YOU BELIEVE THEY CAN ACCOMPLISH IT? DO YOU BELIEVE THEY CAN ACCOMPLISH THE GOALS THAT THEY'RE SETTING? AND THAT'S EQUALLY AS IMPORTANT. AND THAT'S AN AREA IN WHICH I THINK I HAVE THE STRONGEST ARGUMENT TO MAKE. BECAUSE I THINK THAT I CAN POINT TO RESULTS, HAVING GOTTEN RESULTS LIKE THAT IN THE PAST.

THE THINGS THAT WE TALK ABOUT IN THE 12 COMMITMENTS ARE KEEPING AMERICA ON OFFENSE AGAINST TERRORISM; ENDING ILLEGAL IMMIGRATION; RECUSING TAXES; AND SIMPLIFYING THE TAX CODE; GETTING CONTROL OF OUT OF CONTROL SPENDING, FISCAL DISCIPLINE IN WASHINGTON; TO ME THE CORE OF THE HEALTHY ECONOMY IS AN ECONOMY IN WHICH WE HAVE REASONABLE LEVELS OF TAXATION. WHAT I CALL COMPETITIVE TAXATION. TAXATION THAT DOESN'T DRIVE BUSINESS OUT OF THE STATE, OUT OF THE COUNTRY. WHERE WE HAVE REASONABLE LEVELS OF REGULATION, WHERE WE DON'T OVERREGULATE. AN ECONOMY IN WHICH WE HAVE A GOVERNMENT THAT IS CAREFUL ABOUT HOW MUCH MONEY IT SPENDS INSTEAD OF A GOVERNMENT THAT JUST SPENDS MONEY AS IF, AS IF IT'S NOT THEIR OWN. AS IF IT'S SOMEBODY ELSE'S. AND A GOVERNMENT IN WHICH WE HAVE A SOUND MONETARY POLICY. FISCAL CONSERVATISM IS AN IMPORTANT PART OF GROWTH. CONSERVATISM AND FISCAL CONSERVATIVES SOUNDS LIKE A NARROW PRINCIPLE. ACTUALLY A VERY BROAD PRINCIPLE. IT'S THE DISCIPLINE ON WHICH YOU UNLEASH THE DREAMS OF THE AMERICAN PEOPLE. THE KIND OF ECONOMIC PHILOSOPHY THAT I HAVE IS AN ECONOMIC PHILOSOPHY IN WHICH ARE ENTITLED TO LOOK UP TO THE SKY AND ACTUALLY DREAM THAT THEY CAN GO TO THE FURTHEST POSSIBLE LENGTHS OF SUCCESS. IN ORDER TO HAVE AN ECONOMY LIKE THAT, IT HAS TO BE AN ECONOMY THAT DOESN'T PENALIZE SUCCESS. IT HAS TO BE AN ECONOMY THAT, AND A

SOCIETY THAT REWARDS SUCCESS. AND A SOCIETY THAT DOES THAT IS ONE THAT GETS MORE PEOPLE OUT OF POVERTY THAN ANY IN THE HISTORY OF THE WORLD.

ALL OF THESE THING THAT I'M TALKING ABOUT, AND A LOT MORE YOU CAN FIND IN THOSE COMMITMENTS, I CAN BACK UP WITH HAVING DONE THESE THINGS BEFORE. WHEN I SAY THAT WE SHOULD LOWER TAXES, I'M NOT JUST SAYING THAT AS A SORT OF ECONOMIC THEORY OR POLITICAL THEORY OR IDEA. I'M NOT SAYING IT BECAUSE I'M PARTICULARLY PANDERING FOR IT. THERE ARE PEOPLE WHO ARE LOWERING TAXES AND PEOPLE FOR RAISING TAXES. I SAY IT BECAUSE I'VE ACTUALLY DONE IT. I'VE ACTUALLY LOWERED TAXES. AND I LOWERED TAXES IN A PLACE THAT'S HARD TO LOWER TAXES THAN IN WASHINGTON, D.C. NEW YORK CITY. I LOWERED TAXES 23 TIMES AS MAYOR OF NEW YORK CITY. THE DISPUTE IS ACTUALLY WHETHER I LOWERED THEM 15 TIMES OR 23 TIMES. 15 OF THE TAX CUTS OCCURRED THROUGHOUT CITY COUNCIL AND THEY'RE ONES THAT I SPONSORED. THE OTHER EIGHT WERE ONES I DIDN'T SPONSOR BUT I EVENTUALLY AGREED WITH AND SUPPORTED. HOW CAN YOU TAKE CREDIT FOR THE OTHER EIGHT? THE REALITY IS I PROCESS PD 6 WHEN TAX CUTS AND WAS ABLE TO NEGOTIATE ULTIMATELY 23 OF THEM. I HAD A CITY COUNCIL OF 15 OF ONLY FIVE -- ONLY FIVE REPUBLICANS AND 46 DEMOCRATS. I HAD A STATE LEGISLATURE OVERWHELMINGLY DEMOCRAT. SO IT WAS NOT EASY TO GET THROUGH ALL OF THOSE TAX CUTS. AND THEN WE WOULD COMPROMISE ON TAX CUTS. WE ENDED UP WITH 23 SO I'M AHEAD OF ANY REPUBLICAN CANDIDATE FOR PRESIDENT. EITHER 23-0 OR 15-0. THAT'S ALMOST A PATRIOTS SCORE. RIGHT?

SO WHEN I TALK ABOUT TAX CUTS, THE POINT IS, I KNOW WHAT I'M TALKING ABOUT AND IT COMES OUT OF EXPERIENCE. I KNOW THAT IF YOU CUT TAXES, AND YOU DO IT SMARTLY, YOU DO IT INTELLIGENTLY, YOU DO IT STRATEGICALLY YOU CAN ACTUALLY MAKE MORE MONEY. THIS IS STARTLING TO LIBERALS. IT REALLY IS. THEY DON'T -- NOT ONLY THIS, THEY DISAGREE WITH IT ALMOST AS A MATTER OF RELIGIOUS CONVICTION. BUT THERE'S NOTHING -- THERE'S NOTHING BEYOND HUMAN REASON ABOUT HOW THIS WORKS.

I'LL GIVE YOU AN EXAMPLE. I LOWERED EITHER THE INCOME TAX RATE OR SUPPORTED LOWERING THE INCOME TAX RATE IN NEW YORK CITY BY APPROXIMATELY 24%. REVENUES WENT UP FROM THAT PARTICULAR TAX BY 42%. SO THINK ABOUT THAT. PEOPLE WERE PAYING ALMOST A QUARTER LESS IN PERCENTAGE OF INCOME TAXES BUT I WAS COLLECTING 42% MORE. NOW, HOW COULD THAT HAPPEN? I'LL GIVE YOU ANOTHER ONE. I LOWERED, ARGUED FOR LOWERING AND GOT HOTEL OCCUPANCY TAX LOWERED BY 33%. AND I WAS COLLECTING \$200 MILLION MORE FROM THE LOWER TAX THAN THE CITY HAD BEEN

COLLECTING BEFORE I WAS MAYOR FROM THE HIGHER TAX. HOW COULD YOU -- HOW COULD YOU ACTUALLY COLLECT MORE MONEY BY LOWERING A TAX? ISN'T THE ARGUMENT ALWAYS, GOSH, IF YOU LOWER TAX YOU WOULD CREATE A DEFICIT? ISN'T THE ARGUMENT IF -- IN TIME OF WAR YOU BETTER RAISE TAXES IN ORDER TO GET MORE MONEY? HOW CAN IT BE THAT YOU CAN LOWER A TAX AND YOU COULD GET MORE MONEY?

HERE'S HOW IT HAPPENS. IT HAPPENS BECAUSE IF YOU LOWER A TAX AND THE RIGHT ONE, A COMPETITIVE TAX, MORE PEOPLE GET JOBS. BUSINESSES ADD MORE WORKERS. BUSINESSES INVESTMENT MORE MONEY IN YOUR COMMUNITY, IN YOUR CITY, IN YOUR STATE OR IN YOUR COUNTRY. THEY HIRE MORE PEOPLE. THEY SEE TAXES GOING DOWN. THEY MAKE BOLD PLANS FOR THE FUTURE. THEY LOOK TOWARD THE FUTURE BOLDLY. THEY LOOK TOWARD THE FUTURE WITH IDEAS OF EXPANSION AND GROWTH. YOU RAISE TAX, AND YOU HAVE EXACTLY THE OPPOSITE IMPACT. PEOPLE START CUTTING BACK. MAYBE WE GOT TO LAY OFF ONE OR TWO PEOPLE. WE BETTER NOT EXPAND. NOT INTO AN ECONOMY THAT A LOT MORE OF OUR PROFIT IS GOING TO BE TAKEN FROM US. WE'RE NOT GOING TO BE ABLE TO INVESTMENT AS MUCH OF OUR PROFITS. DEMOCRATS AND LIBERAL WRITERS, THEY DON'T GET IT. THEY REALLY DON'T GET IT. THIS IS NOT EVEN A -- THIS ISN'T AN IDEOLOGICAL DEBATE. THIS IS A PRACTICAL DEBATE. IF YOU LOWER TAXES SMARTLY -- NOT EVERY TAX. YOU LOWER A TAX TO NOTHING YOU GET NOTHING. YOU LOW AREA TAX TOO MUCH AND YOU PROBABLY GET LESS THAN YOU WOULD GET. BUT YOU GOT TO KNOW THOUSAND DO THIS INTELLIGENTLY. YOU WOULD HAVE TO KNOW HOW TO DO THIS SMARTLY. I WOULD HAVE MY OMB ANALYZE THIS. WE WOULD ACTUALLY TRY CHOOSE THE TAXES THAT WE THOUGHT WERE TOO HIGH AND IF WE LOWERED THEM, WE WOULD HAVE A NET GAIN, A NET GAIN FOR THE GOVERNMENT, AND PARTICULARLY A NET GAIN FOR THE PRIVATE SECTOR. BECAUSE JUST THINK HOW MUCH HEALTHIER IT IS IF WE'RE COLLECTING MORE MONEY FROM A LOWER TAX RATE. HOW MUCH HEALTHIER IN TERMS OF WHAT IT MEANS. CLEARLY MORE JOBS, AND BETTER PAYING JOBS. THOSE RIGHT ONLY TWO WAYS IN WHICH YOU CAN LOWER A TAX AND COLLECT MORE MONEY. AMERICA NEEDS THAT RIGHT NOW.

I WILL GIVE YOU AN EXAMPLE. THE CORPORATE TAX. CORPORATE TAX IN AMERICA IS ANTI-COMPETITIVE. IT IS THE SECOND HIGHEST TAX RATE IN THE WORLD, SECOND HIGHEST CORPORATE TAX RATE IN THE WORLD. PRESIDENT OF FRANCE WAS JUST HERE, KIND OF GAVE A STARTLING SPEECH ABOUT THE DIRECTION OF FRANCE. LOOKS LIKE A TOTALLY DIFFERENT DIRECTION FOR FRANCE. IF YOU READ HIS BOOK, "TESTIMONY," YOU SEE HE HAS A PROGRAM FOR FRANCE THAT I COULD SAY IS EXACTLY MY PROGRAM FOR THE UNITED STATES. AND WE

ARRIVED AT IT SEPARATELY EVEN THOUGH HE WAS DESCRIBED WHEN HE GOT ELECTED IN THE NEW YORK POST, HEADLINE WAS, THE FRENCH RUDY. I'M KIND OF PARTIAL TO HIM. THE FRENCH RUDY. YOU SHOULD BE BECAUSE HE VACATIONED IN NEW HAMPSHIRE. RIGHT? FRENCH PRESIDENT VACATIONING IN NEW HAMPSHIRE. THE WORLD IS SURPRISING ALL THE TIME. ISN'T IT? HERE'S WHAT HE BELIEVES IN. HE WANT TO LOW EITHER CORPORATE TAX IN FRANCE BECAUSE FRANCE IS LOSING BUSINESS TO THE U.K. AND TO THE REST OF EUROPE. THE FRENCH CORPORATE TAX IS LOWER THAN OURS. GOT TO SEND US A SIGNAL. RIGHT? IF THEY'RE LOSING BUSINESS WITH A CORPORATE TAX LOW ARE THAN OURS, YOU THINK MAYBE WE'RE LOSING BUSINESS? BECAUSE OUR CORPORATE TAX IS THE SECOND HIGHEST IN THE WORLD? HE WANTS TO LOWER THE MARGINAL TAX RATES, THEIR INCOME TAX RATES AS WELL. AGAIN, FOR THE SAME REASON. BECAUSE HE BELIEVED NOT NECESSARILY TO BENEFIT THE RICH OR HELP THE MIDDLE CLASS OR HURT THE MIDDLE CLASS OR HELP THE POOR OR HELP -- BUT WHAT A GOVERNMENT GETS TO DO I NOT HELP CLASSES OF PEOPLE. OTHERWISE YOU START HELPING CLASSES OF PEOPLE, YOU END UP WITH CLASSES OF PEOPLE. GOT TO HELP EVERYBODY. IT'S GOT TO THINK OF THE OVERALL ECONOMY. HE WANTS TO LOWER TAXES BECAUSE IT WILL HELP THE OVERALL ECONOMY. HE WANTS TO LOWER THE CORPORATE TAX RATE BECAUSE IT WILL HELP THE OVERALL ECONOMY. IT WILL MOVE PEOPLE OUT OF POVERTY. IT WILL MEAN MORE JOBS.

HOW DO YOU MOVE PEOPLE OUT OF POVERTY? DO YOU GIVE THEM THESE BIG DEMOCRATIC WELFARE PROGRAMS, ENTITLEMENT PROGRAMS THAT THEY WANT TO REESTABLISH? HILLARY WANTS TO REESTABLISH NOW -- SHE WANTS TO DO WELFARE PROGRAMS FOR THE MIDDLE CLASS. IT WOULD BE A TERRIBLE MISTAKE. FIRST SHE WAS GOING TO DO A BABY BONDS. REMEMBER? THE \$5,000 BABY BONDS? SHE WAS GOING TO SEND OUT TO EVERYBODY BORN. NOW SHE WILL GIVE EVERYBODY \$1,000 FOR THEIR 401(K) AND PAY FOR TOO TELEVISION. WE'LL ESTABLISH A MIDDLE CLASS WELFARE PROGRAM. YOU DON'T MOVE ANYBODY OUT OF POVERTY WITH WELFARE PROGRAMS. WE SHOULD HAVE LEARNED THAT. THE PROGRAMS OF DEPENDENCY THAT THE DEMOCRATS HAVE IN MIND WILL TAKE THAT DREAM THAT I HAVE OF BEING ABLE TO LOOK UP TO THE SKY, AND DREAM FOR THE STARS, AND IT WILL PUT A LID RIGHT ON THAT DREAM. JUST PUTS A LID RIGHT ON IT. IT LEVELS EVERYBODY OFF. YOU START LEVEL, EVERYBODY OFF, YOU WILL LITERALLY PUSHING EVERYBODY DOWN. AND THE PEOPLE THAT HAVE TO COME OUT OF POVERTY RIGHT ONES THAT HURT THE MOST BY IT. WHAT I UNDERSTOOD ABOUT NEW YORK WAS, THAT THE PRINCIPLES OF AMERICAN ECONOMICS WEREN'T WORKING FOR POOR PEOPLE. BECAUSE THOSE PRINCIPLES WERE DELIBERATELY TAKEN AWAY FROM THEM BY THE WELFARE STATE. PEOPLE TALK ABOUT THE REDUCTIONS IN CRIME I GOT IN NEW YORK CITY THAT WERE HUGE. AND I AM VERY PROUD OF

THEM. BUT I HAVE TO TELL YOU IF YOU ASK ME ABOUT THE SINGLE BIGGEST SUBSTANTIVE ACCOMPLISHMENT THAT I BELIEVE WE HAD WHEN I WAS MAYOR OF NEW YORK CITY IT WAS REMOVING 640,000 PEOPLE FROM THE WELFARE ROLLS AND MOVING THEM TOWARD WORK. IN ONE YEAR WE FOUND JOBS FOR OVER 125,000 PEOPLE. AND IT DIDN'T HAPPEN BECAUSE OF NATIONAL WELFARE REFORM. WE STARTED IT BEFORE NATIONAL WELFARE REFORM. AND I DIDN'T BORROW IT FROM THE FEDERAL GOVERNMENT. I BORROWED IT FROM THE STATE OF WISCONSIN BECAUSE IT WAS BEING DONE SUCCESSFULLY BY GOVERNOR TOMMY THOMPSON IN WISCONSIN. THAT'S SPECIFICALLY WHERE WE BORROWED IT. WE NOT ONLY BORROWED IT FROM THERE, WE STOLE HIS PURSE. AND TOMMY'S A GOOD ENOUGH GUY TO NOT GET MAD AT ME AND HE ENDORSED ME FOR PRESIDENT. BUT LITERALLY HALFWAY THROUGH OUR WELFARE REFORM AND WE WENT AND GOT JASON TURNER INVOLVED IN THE PROGRAM IN WISCONSIN AND HE TOOK IT AND INSTITUTIONALIZED IT FOR US. IT WAS A PROGRAM THAT WAS BASED ON MAKING PEOPLE WORK IN EXCHANGE FOR THEIR WELFARE CHECK, WORKFARE, VERY CONTROVERSIAL. VERY MISUNDERSTOOD AND VERY CONTROVERSIAL. BUT WE STUCK WITH IT AND WE WORKED WITH IT AND WE ULTIMATELY CHANGED THE WELFARE AGENCY INTO AN EMPLOYMENT OFFICE. THE BEST WAY I COULD DESCRIBE IT. BUT WE MOVED MORE PEOPLE OFF WELFARE THAN THE POPULATION OF MOST CITIES IN THIS COUNTRY, 640,000 PEOPLE. AND WE FOUND THEM JOBS BECAUSE ALL MY WELFARE WORKERS BECAME EMPLOYMENT AGENTS. THEIR JOB WAS TO FIND JOBS FOR PEOPLE.

AND HERE'S WHY I DID IT. I WAS ACCUSED BY ALL OF THE LIBERAL MEDIA OF BEING MEAN, OF BEING CRUEL, AND I SAID, I WOULD GO TO THOSE NEIGHBORHOODS AND I WOULD SAY TO PEOPLE, I'M DOING THIS BECAUSE I LOVE YOU MORE. BECAUSE I CARE ABOUT YOU MORE. BECAUSE I ACTUALLY CARE ABOUT YOU AS A HUMAN BEING, NOT AS SOME KIND OF A STATISTIC. I CARE ABOUT YOU AS A PERSON THAT I WANT TO SEE BEING ABLE TO WORK, BEING ABLE TO TAKE CARE OF THEMSELVES JUST THE WAY I WOULD CARE ABOUT YOU IF YOU WERE MY FRIEND OR YOU WERE MY RELATIVE. I WOULDN'T MAKE YOU DEPENDENT IF YOU WERE MY FRIEND OR MY RELATIVE. I WOULD TRY TO FIND YOU A JOB SO YOU COULD HAVE THE DIGNITY AND THE SELF RESPECT OF TAKING CARE OF YOURSELF. AND THEN I KNOW I CAN MOVE YOU IN A POSITIVE DIRECTION AND ALL OF MY SOCIETY IN A POSITIVE DIRECTION. SO HOW DO YOU GET PEOPLE OUT OF POVERTY? THERE ARE TWO THINGS. WORK AND EDUCATION. THOSE RIGHT TWO THINGS THAT REALLY GET YOU OUT OF POVERTY, NOT HILLARY CLINTON'S MIDDLE CLASS WELFARE PROGRAMS OR THE OLD WELFARE PROGRAMS FOR THE POOR. MAYBE YOU NEED THOSE. TO HELP PEOPLE THROUGH A DIFFICULT TIME FOR A SHORT PERIOD. YOU CERTAINLY DON'T NEED THEM AS A WAY OF LIFE AND

BEING PRESENTED TO PEOPLE AS A WAY OF LIFE. AND THOSE RIGHT THINGS THAT I WANT TO DO FOR THE COUNTRY.

I WANT TO MAKE SURE THAT WE REMAIN A COUNTRY THAT HAS PEOPLE LOOKING UP TO THE SKY AND REACHING FOR THE STARS. WE'RE NOT GOING TO DO IT WITH SOCIALIZED MEDICINE. SOCIALIZED MEDICINE IS ONE OF THOSE THINGS THAT PUTS A LID ON PEOPLE. IT SOUNDS GOOD, HAPPY TALK THINGS. WE WILL GIVE EVERYBODY HEALTH CARE. IT WILL BE FREE. JUST SEE HOW NICE IT WILL BE. IT WILL BE FREE. THERE'S A GUY IN CALIFORNIA WHO SAID TO ME, WAY BACK AT BEGINNING OF THIS CAMPAIGN, "IF THEY EVER MAKE HEALTH CARE FREE YOU ARE GOING TO FIND OUT HOW EXPENSIVE IT REALLY IS." AND THE REALITY IS, BY TRYING TO MAKE IT FREE, BY TRYING TO MAKE IT UNIVERSAL, BY MANDATING HEALTH CARE, YOU DETERIORATE IT RIGHT FROM THE VERY START. ANYTHING MANDATED IS MORE EXPENSIVE. AND HEALTH CARE CAN'T GET MORE EXPENSIVE SO WHY WOULD YOU MANDATE IT IF YOU KNOW IT'S GOING TO MAKE IT MORE EXPENSIVE? WHY WOULD YOU MANDATE IT IF YOU KNEW IT'S GOING TO MOVE A LOT MORE PEOPLE TOWARD GOVERNMENT HEALTH CARE? THAT'S THE EXPERIENCE THEY'VE HAD IN THE, IN THE STATE TO YOUR SOUTH. RIGHT? DO A MANDATED. WHAT HAPPENS? PEOPLE DON'T BUY MORE HEALTH INSURANCE. THEY END UP GETTING TAXED. THEY END UP GETTING TAXED. THEY CAN'T AFFORD THEIR HEALTH INSURANCE BECAUSE IT'S GOING TO BE MORE EXPENSIVE THAN PREDICTED AND MORE PEOPLE GO ON GOVERNMENT COVERAGE.

THE REALITY IS THE ONLY WAY TO DO IT IS BY PRIVATE SECTOR SOLUTIONS THE MOST IMPORTANT ONE BEING THAT YOU SHOULD HAVE, ALL OF US SHOULD HAVE A TAX DEDUCTION TO GO OUT AND BUY OUR OWN HEALTH INSURANCE. \$15,000 ACTUALLY TO BE SPECIFIC, A TAX EXCLUSION. SO YOU WILL BE TREATED THE SAME WAY IF YOU BUY YOUR OWN HEALTH INSURANCE AS IF YOUR EMPLOYER BUYS IT FOR YOU. IN FACT, YOU WILL BE TREATED BETTER IF YOU BUY YOUR OWN. BECAUSE IF YOU CAN FIND HEALTH INSURANCE FOR LESS THAN \$15,000 YOU WILL STILL HAVE YOUR \$15,000 EXCLUSION. YOU CAN PUT THE REMAINING MONEY INTO A HEALTH SAVINGS ACCOUNT. SO LET'S SAY YOU CAN FIND A POLICY FOR \$10,000. YOU GET TO KEEP \$5,000, PUT IT INTO A HEALTH SAVINGS ACCOUNT. THAT HEALTH SAVINGS ACCOUNT CAN BUILD UP. IN TWO YEARS IT CAN BE 10, IN THREE YEARS IT CAN BE 15. YOU CAN USE IT YOUR HEALTH CARE LATER IN LIFE OR FOR RETIREMENT. AND WHAT IT ALLOWS YOU TO DO, IT ALLOWS YOU THEN TO NEGOTIATE FOR HEALTH CARE POLICY WAS A DEDUCTIBLE. THE MINUTE YOU CAN NEGOTIATE FOR A POLICY WITH A DEDUCTIBLE YOU HAVE DRIVEN THE PREMIUM DOWN. WHAT YOU NEED AMERICANS TO DO, THIS IS THE ANSWER TO HEALTH CARE IN THIS COUNTRY. EVERY AMERICAN HAS TO GIVE AS MUCH THOUGHT TO THEIR HEALTH CARE POLICY AND AS MUCH DECISION-

MAKING TO THERE ARE HEALTH CARE POLICY AS THEY GIVE TO THEIR AUTO INSURANCE POLICY OR THEIR HOMEOWNERS INSURANCE POLICY. WHEN YOU SIGNED UP FOR AUTO INSURANCE, DIDN'T YOU SET UP A DEDUCTIBLE? YOU DON'T PAY FOR YOUR OIL CHANGES WITH YOUR -- YOU DON'T MAKE AN INSURANCE CLAIM WHEN YOU GO HAVE YOUR OIL CHANGED IN YOUR CAR, DO YOU? YOU PAY FOR IT YOURSELF. RIGHT? THERE'S A MINOR SCRATCH OR WHATEVER. YOU PAY FOR IT YOURSELF. YOU PROBABLY HAVE A DEDUCTIBLE OF \$500. SOME PEOPLE HAVE \$1000. YOU ARE MAKING A CALCULATION, WHAT CAN I SUSTAIN OUT OF POCKET THAT ISN'T GOING TO HURT ME THAT MUCH? THAT CALCULATION REDUCES YOUR PREMIUM.

IF WE HAD NOT JUST 17 MILLION AMERICANS DOING THAT WITH HEALTH INSURANCE WHICH IS WHAT WE HAVE NOW. WE ONLY HAVE 17 MILLION AMERICANS WHO BUY THEIR OWN HEALTH INSURANCE. ALL THE REST ARE COVERED BY THE GOVERNMENT OR THEIR EMPLOYER. IF WE HAD 50 MILLION AMERICANS BUYING THEIR HEALTH INSURANCE, ISN'T THAT THE WAY YOU BRING DOWN THE COST OF IT? THAT WILL CUT THE COST IN HALF. THAT WILL CUT THE COST IN HALF. AND IT WILL BE VERY ATTRACTIVE WAY TO DO IT BECAUSE FOR YOUNG PEOPLE IN PARTICULAR YOU GET A SET UP NOT JUST A DEDUCTIBLE HEALTH SAVINGS ACCOUNT AND IT'S PORTABLE. YOU MOVE FROM ONE EMPLOYER TO THE NEXT ONE TO THE NEXT ONE TO THE NEXT ONE. YOU HAVE YOUR HEALTH INSURANCE POLICY PURCHASED AT AN EARLY AGE AT WHICH YOU CAN DEVELOP EQUITY. IF WE CAN MAKE THIS CHANGE, THAT'S THE WAY WE'RE GOING TO SAVE HEALTH INSURANCE, HEALTH COVERAGE, CREATE MORE ACCESS IN THIS COUNTRY. PEOPLE SAY HOW DOES THAT HELP PEOPLE WHO CAN'T AFFORD HEALTH INSURANCE TO BUY HEALTH INSURANCE? IT HELPS THEM THE ONLY WAY. IT MAKES IT CHEAPER. IT MAKES IT MORE ACCESSIBLE. IT DRIVES THE PRICE DOWN. HOW DO WE HELP PEOPLE TO BUY TELEVISIONS? WE DON'T GO OUT AND SUBSIDIZE IT. WE DON'T MANDATE THAT YOU HAVE TO HAVE A TELEVISION. A LOT OF PEOPLE BUY A TELEVISION AND THEY BUY THE PRICE DOWN. THESE RIGHT KIND OF SOLUTIONS THAT WE NEED. WE NEED FREE MARKET SOLUTIONS WITH A PRESIDENT THAT UNDERSTANDS HOW TO DO THAT. IS COMMITTED TO IT. KNOWS HOW TO EXPLAIN IT. AND HAS DONE IT BEFORE, HAS GOTTEN RESULTS. YOU CAN'T -- YOU CAN'T GO GET EXTRAORDINARY RESULTS WHEN YOU HAVEN'T DONE THAT THROUGHOUT THE REST OF YOUR LIFE WHEN YOU ARE DOING IT IN A PLACE LIKE WASHINGTON WHERE THINGS AS MUCH IN GRIDLOCK AS THEY ARE. YOU GOT TO KNOW HOW TO ACCOMPLISH THESE THINGS. YOU GOT TO KNOW HOW TO ACCOMPLISH THINGS THAT OTHER PEOPLE WEREN'T ABLE TO ACCOMPLISH. AND I THINK I'VE SHOWN THAT DURING MY, DURING MY CAREER. THAT I CAN GET RESULTS THAT OTHER PEOPLE WEREN'T ABLE TO GET. SO I PREMISE A LOT OF MY CAMPAIGN ON RESULTS.

I ALSO THINK IT GETS US OUT OF ALL THIS PROGRAMMING AND ATTACKING, PERSONALIZING. AFTER ALL WHAT THIS IS ABOUT IS, CAN YOU DELIVER? AND I THINK I DEMONSTRATED THAT I CAN DELIVER. THAT I CAN DELIVER SAFETY AND SECURITY, WHICH WE CERTAINLY NEED IN THIS COUNTRY RIGHT NOW, WITH THE THREAT OF ISLAMIC TERRORISM. WE CAN TALK ABOUT THAT IF YOU WANT IN MORE DETAIL. AND I THINK I'VE SHOWN I CAN DELIVER AN ECONOMY THAT GROWS ON AMERICAN PRINCIPLES, ON AN ECONOMY OF LOW ARE GOVERNMENT TAXES, LESS GOVERNMENT SPENDING, LESS REGULATION, MORE FREEING OF THE INDIVIDUAL HUMAN SPIRIT TO MAKE CHOICES ABOUT THEIR FUTURE. YOU SEE, I THINK OUR COUNTRY IS GREAT, NOT BECAUSE IT HAS A BIG CENTRAL GOVERNMENT. THE GREATNESS OF AMERICA HAS NEVER BEEN ABOUT ITS CENTRAL GOVERNMENT. THE GREATNESS OF AMERICA HAS BEEN ITS PEOPLE AND THE SOLUTIONS THAT ARE PEOPLE -- OUR PEOPLE COME UP. SO IF YOU UNDERSTAND THAT, OF COURSE, WE NEED GOVERNMENT AND, OF COURSE, GOVERNMENT IS IMPORTANT. THE GOVERNMENT PLAY AS CRITICAL ROLE IN ALL THESE THINGS BUT IT'S A SOPHISTICATED ROLE. IT'S IN THE WORDS OF OUR FRAMERS LIMITED IN THE SENSE THAT IT FREES YOUR SPIRIT RATHER THAN PUTS A LID ON YOU. AND I UNDERSTAND THAT. NOT ONLY DO I UNDERSTAND THAT I HAVE MADE IT HAPPEN UNDER VERY DIFFICULT CIRCUMSTANCES BEFORE. SO THAT'S WHY I'M RUNNING. AND I HOPE I HAVE YOUR SUPPORT. THANK YOU VERY MUCH.

[APPLAUSE]

RUDY GIULIANI: WE'LL TAKE SOME QUESTIONS.

JAMES BRETT: QUESTIONS FOR THE MAYOR?

AUDIENCE MEMBER: I'M FROM BEDFORD, NEW HAMPSHIRE, SIR. YOU MADE SOME REFERENCE TO ISLAMIC TERRORISM. AS WE ALL KNOW ONE OF THE BIGGEST PROBLEMS WE SEEM TO HAVE TODAY IS OUR FOREIGN POLICY. I WOULD LIKE YOU TO EXPAND ON WHAT YOU WOULD DO AS FAR OUR FOREIGN POLICY IN THE MIDDLE EAST. THANK YOU.

RUDY GIULIANI: WELL, ISLAMIC TERRORISM IS THE BIGGEST EXISTENTIAL THREAT WE FACE. IT'S CONSIDERABLY BROADER THAN ISLAMIC FUNDAMENTALISM. WE WOULD NOT BE ASSESSING OUR RISK CORRECTLY IF WE DIDN'T SAY THAT WAS OUR BIGGEST THREAT. THE FOREIGN POLICY OF THE UNITED STATES SHOULD BE PREMISED ON ADVANCING THE INTERESTS OF THE UNITED STATES. AND ADVANCING THE INTERESTS OF THE UNITED STATES OF THE BROADEST SENSE POSSIBLE. OUR POLICY TOWARD ISLAMIC TERRORISM ON OFFENSE RATHER THAN GOING BACK TO BEING ON DEFENSE, TO TRY TO ANTICIPATE WHAT THEY'RE GOING TO

DO NEXT AND STOP THEM FROM DOING IT AS BEST WE CAN. AND TO DO THAT WE NEED A LARGE MILITARY. WE NEED AN EXPANDED COME TELL GENERALS SERVICE. WE NEED THE PATRIOT ACT. WE NEED ELECTRONIC SURVEILLANCE. WE NEED AGGRESSIVE QUESTIONING, NOT TORTURE. WE NEED ALL OF THESE THINGS THAT ARE PART OF BEING ON OFFENSE AGAINST ISLAMIC TERRORISTS. AND WE CANNOT CUT BACK ON THEM IN BIG WAYS THE WAY THE DEMOCRATS WANT TO.

MY CONCERN IS IF THEY WANT TO GO BACK, THEY REALLY WANT TO PUT THE COUNTRY IN REVERSE. I THINK THEY WANT TO PUT THE COUNTRY IN REVERSE WITH AS FAR AS ISLAMIC TERRORISM AND WITH REGARD TO OUR ECONOMY. BUT WE WANT TO PUT THE COUNTRY IN REVERSE BECAUSE THEY WANT TO GO BACK TO THE '90'S, TO THE WAY THAT WE DEALT WITH ISLAMIC TERRORISM DURING THE '90'S WHICH WAS NOT TO FULLY RECOGNIZE THE RISK AND THE DANGER. NOT JUST TO FACE UP TO THE RISK THAT WAS REALLY THERE. AND IN THE '90'S THERE WAS AN EXCUSE FOR IT SO I'M NOT BLAMING ANYBODY IN THE '90'S. BECAUSE IN THE '90'S WE DIDN'T HAVE THE EXAMPLE OF SEPTEMBER 11th AND WHAT THEY DID TO US IN NEW YORK AND IN WASHINGTON AND OVER THE SKIES OF PENNSYLVANIA AND IN THE STATE OF PENNSYLVANIA. WE DIDN'T HAVE THAT EXAMPLE BUT NOW WE DO. SO WE HAVE TO BE ON OFFENSE. WE HAVE TO -- OUR MILITARY IS NOT LARGE ENOUGH TO DEAL WITH THE CHALLENGES THAT IT'S GOING TO HAVE TO FACE. IT NEEDS TO BE EXPANDED EVEN MORE. WE NEED 10 MORE COMBAT BRIGADES IN THE ARMY. WE NEED TO GET THE MARINES TO UP TO OVER 200,000. WE NEED TO HAVE A 300-SHIP NAVY. WE NEED TO BUILD THE FIGHTERS THAT WE HAVE BEEN DEBATING ABOUT. A WHOLE GROUP OF THINGS LIKE THAT HAVE TO BE DONE. BECAUSE AND MAYBE SEPTEMBER 11th INTERRUPTED IN A WAY.

THE CLINTON ADMINISTRATION'S, BIGGEST MISTAKE, I BELIEVE, WAS THE PEACE DIVIDEND. IT WAS AN EXAMPLE AGAIN OF HAPPY TALK. YOU KNOW, PEACE DIVIDEND. WHEN YOU SAY PEACE DIVIDEND, EVERYBODY KIND OF -- IT SOUNDS KIND OF LIKE YOU COULD CLAP FOR THAT. AND I HAVE TO TELL YOU I DON'T LIKE MONDAY MORNING QUARTERBACKING. SO I DON'T LIKE TO CRITICIZE PEOPLE FOR THINGS THEY DIDN'T NOTICE AT THE TIME BUT I DID NOTICE IT AT THE TIME. I HAVE CONSISTENTLY SAID DURING THE '90'S I THOUGHT THE PEACE DIVIDEND WAS A TERRIBLE MISTAKE. AND THE CUTS WERE DRAMATIC. THE CUTS WERE HUGE, 25%, 30% IN OUR MILITARY BUDGET. PROBABLY SOMEWHERE BETWEEN 20 TO 30% CUTS IN OUR INTELLIGENCE UNIT. ONE OF THE PEOPLE IN THE CLINTON ADMINISTRATION DESCRIBED THE CLINTON ACTION AS GUTTING THE INTELLIGENCE SERVICES. WE'VE NEVER REBUILT THEM. WE'VE NEVER REBUILT THEM IN THE WAY OF THE LEVELS THEY WERE THERE. SO THE NEXT PRESIDENT HAS TO TAKE THAT UP AND DO IT. THAT WILL PUT US IN A BETTER POSITION TO HAVE THE FLEXIBILITY TO DEAL

WITH ISLAMIC TERRORISM AND ALSO ULTIMATELY TO DO SOMETHING ELSE. IT ISN'T JUST ISLAMIC TERRORISM. WE ALSO WANT TO SAY TO LARGE NATION STATES THAT MIGHT THINK THEY HAVE THE CAPACITY TO CHALLENGE US MILITARILY AS THEY'RE GROWING. WE WANT TO SAY TO THEM, DON'T CHALLENGE US. LET'S NOT GET BACK TO THE COLD WAR ENSLAVE. AND THE BEST WAY WE DO THAT IS BY INVESTING IN OUR OWN DEFENSE. THE BEST WAY WE DO IT IS THE PRACTICAL WAY RONALD REAGAN DID IT.

RONALD REAGAN SPENT SO MUCH OF OUR G.D.P. ON SOVIETS COULDN'T KEEP UP WITH IT. IT MIGHT HAVE BEEN ONE OF THE CRITICAL FACTORS IN WINNING THE COLD WAR. IF THAT'S TRUE AND I BELIEVE IT IS TRUE, ONE OF THE WAYS TO MAKE CERTAIN THAT CHINA'S RISE IS A PEACEFUL RISE WHICH WE WOULD ALL LIKE TO SEE. SO MILITARILY STRONG THAT IT DOESN'T MAKE PRACTICAL SEND FOR CHINA TO INVEST AS MUCH AS IT WOULD HAVE TO GO TO CATCH US BECAUSE CHINA HAS BIG TRADEOFF IN MAKING THAT DECISION. THE TRADEOFF THAT IT HAS IS IF IT'S GOING TO INVEST THAT MUCH IN CHALLENGING US MILITARILY. AND WE ARE CONSTANTLY MOVING OUT OF REACH AS OPPOSED TO DECLINING WHERE THEY THINK THEY COULD REACH US. THEY'RE NOT GOING TO BE ABLE TO HAVE SUCCESS MOVING PEOPLE OUT OF POVERTY. CHINA IS AN EXCEEDINGLY PRACTICAL COUNTRY. IT HAS TREMENDOUS HUMAN RIGHTS ABUSES, UNFORTUNATELY. IT HAS NOT BECOME THE DEMOCRACY THAT HAS EVER COME TO BE. IT DOESN'T HAVE THE RULE OF LAW. IN THE OTHER WAY IT'S LIKE A CAPITALISTIC COUNTRY WHERE YOU COULD SAY IN MANY CASES THEY ARE EMBRACING ECONOMIC FREEDOM. SO ONE OF TWO THINGS ARE GOING TO HAPPEN. THOSE TWO THINGS ARE GOING TO COLLIDE WITH EACH OTHER AT SOME POINT IN A MAJOR WAY. WE WANT THEM TO GO IN THE RIGHT DIRECTION TO A PEACEFUL RISE AND TO ULTIMATELY FULFILLING WHAT I THINK WILL BE THE QUEST OF THE CHINESE PEOPLE AS THEY GAIN MORE ECONOMIC FREEDOM WHICH IS TO HAVE POLITICAL FREEDOM. WE HAVE A STRONG MILITARY. THEY ARE GOING TO MAKE A PRACTICAL CALCULATION. WE GOT SO MANY OTHER PROBLEMS TO WORRY ABOUT. NO NEED TO COMPETE WITH THIS COUNTRY THAT IS SO POWERFUL. AND NOT THREATENING. BECAUSE WE'RE NOT THREATENING TO CHINA. WE DON'T WANT THEM TO BE THREATENING TO US. I THINK TO A LESSER EXTENT YOU CAN LOOK AT OUR ISSUES WITH RUSSIA IN THE SAME WAY. ALTHOUGH CHINA HAS MUCH MORE POTENTIAL, ULTIMATELY, TO BE A COMPETITOR THAN RUSSIA DOES. SO A LARGE MILITARY HAS A LOT OF IMPORTANT PURPOSES.

I THINK THEN WE GO BEYOND ON FOREIGN POLICY. WE COULD TRADE MORE. WE SHOULD DO MORE TRADE WITH THE COUNTRIES THAT WE WANT TO BE CLOSER TO. WE COULD DO MORE TRADE WITH THE MIDDLE EAST. I'M A VERY BIG BELIEVER IN SPEAK SOFTLY AND A CARRY A BIG

STICK, MEANING WE SHOULD BE VERY STRONG AND VERY MUCH ON OFFENSE AGAINST ISLAMIC TERRORISM. BUT WE SHOULD BE VERY, VERY OPEN TO HAVING MUCH CLOSER RELATIONSHIPS WITH ARAB AND ISLAMIC COUNTRIES. BECAUSE WE SHOULD -- WE SHOULD, IN OUR PRACTICE, WE SHOULD DEMONSTRATE WHAT WE BELIEVE. AND I CERTAINLY BELIEVE THIS VERY, VERY STRONGLY. THE DEMOCRATS WOULD NOT SAY THE WORD "ISLAMIC TERRORISM" BECAUSE THEY BELIEVE THEY ARE OFFENDING PEOPLE BY SAYING THAT. I IMAGINE THAT. I CAN'T IMAGINE WHY YOU WOULDN'T IDENTIFY YOUR ENEMY. IT'S LIKE RUNNING IN APPROXIMATE 30'S AND NOT SAYING NAZI OR RUNNING TO THE '50'S, '60'S, AND '70'S AND NOT SAYING COMMUNIST. THAT IS THE WAY THEY ORGANIZE THEMSELVES. WE ARE NOT NAMING THEM SOMETHING THAT THEY'RE NOT. THAT'S THE WAY THEY ORGANIZE THEMSELVES. BUT WHEN I SAY ISLAMIC TERRORISM, I'M NOT INSULTING ANYONE. ANYONE WHO'S GETTING INSULTED IS GETTING INSULTED FOR NO REASON. UNITED THE ISLAMIC WORLD IS MUCH BROADER THAN THAT. I UNDERSTAND MOST PEOPLE OF THE ISLAMIC RELIGION ARE NOT TERRORISTS. I UNDERSTAND TO SOME EXTENT THE ISLAMIC RELIGION. I HAVE STUDIED IT. I HAVE GONE TO SERVICES. I STUDY RELIGION, PART OF MY WHOLE BACKGROUND THAT WE COULD DISCUSS SOME OTHER TIME. I THINK A WHOLE BOOK WAS WRITTEN ABOUT THAT. BUT THE REALITY IS WE HAVE TO BE OPEN TO DEALING WITH THESE COUNTRIES. WE COULD DO MORE TRADE WITH THEM.

WE SHOULD TRADE MORE WITH SOUTH AMERICA AND LATIN AMERICA. THERE ARE THREE FREE TRADE AGREEMENTS IN FRONT OF CONGRESS THEY HELD UP FOR A VERY LONG TIME WHERE PANAMA AND COLOMBIA AND PERU. THEY SHOULD ALL BE APPROVED. THE MORE AMERICA TRADES WITH A COUNTRY THE LESS CHANCE FOR HOSTILITY AND LESS CHANCE FOR WAR, THE LESS CHANCE THERE IS FOR HOSTILITY THAT CAN'T GET RESOLVED IN A RATIONAL BUSINESS LIKE WAY. TRADE IS A -- TRADE IS A -- SHOULD BE CONSIDERED ALMOST AS A PART OF OUR FOREIGN POLICY. IT'S PART OF HOW WE EMBRACE OTHER COUNTRIES. IT'S PART OF HOW THEY GET TO KNOW THE GENIUS OF OUR ECONOMIC SYSTEM. THE SAME THING I WAS TALKING ABOUT HAPPENING FOR POOR PEOPLE, MAKING THE GENIUS OF OUR ECONOMIC SYSTEM WORK FOR POOR PEOPLE RATHER THAN HAVING DEMOCRATIC PROGRAMS THAT STOP THAT, WHEN OUR COUNTRIES GET TO SEE THE GENIUS OF OUR ECONOMIC SITUATION THEY EMBRACE THAT. CHINA IS EMBRACING OUR ECONOMIC SYSTEM. THEY MAY NOT COMMIT IT'S OUR ECONOMIC SYSTEM BUT IT IS AND THEY GET IT. IF WE HAVE THE CAVEATS IN MIND I TALKED ABOUT.

AUDIENCE MEMBER: MAYOR, THE SECOND OF YOUR COMMITMENTS AFTER TERRORISM --

RUDY GIULIANIA: LET ME SEE IF I CAN REMEMBER. END ILLEGAL IMMIGRATION AND SECURE OUR BORDERS.

AUDIENCE MEMBER: RIGHT. AND TO IDENTIFY EVERY NONCITIZEN IN OUR NATION. BACK IN THE MID '90'S TO THE LATE '90'S, YOU WERE TALKING IN TERMS OF THE RIGHTNESS OF PROVIDING EDUCATION AND HEALTH SERVICES TO NON-- TO ILLEGAL RESIDENTS. AND I WONDER TO WHAT EXTENT YOU ARE DISAVOWING THOSE EARLIER STATEMENTS.

RUDY GIULIANI: NOT DISAVOWING IT AT ALL. THE REALITY IS, LET ME TAKE YOU BACK TO BEING MAYOR OF NEW YORK CITY AND LET ME SEE IF YOU WOULD MAKE THE SAME CHOICES. WE HAD SOME OF THE HIGHEST CRIME IN THE HISTORY OF THE CITY. MY JOB WAS TO REDUCE CRIME IN NEW YORK CITY. IF I DIDN'T DO THAT THE CITY WAS GONE. IT WAS GONE AS A GREAT CITY OF THE FUTURE. AND PEOPLE WROTE THAT. "TIME" MAGAZINE HAD IT ON THE FRONT COVER THAT NEW YORK CITY, NEW YORK CITY WOULD NEVER EXCEED ITS PAST BECAUSE OF THE HIGH CRIME, 2,000 MURDERS A YEAR, 10,000 FELONIES A WEEK. IT TOOK OVER AS MAYOR OF NEW YORK CITY. ONE OF THE COMPONENTS OF ALL THIS, NOT NECESSARILY THE CRIME, JUST THE WHOLE SITUATION IN NEW YORK CITY WAS, WE HAD ROUGHLY 400,000 ILLEGALS IN NEW YORK CITY AT THE TIME THAT I WAS MAYOR. COULD HAVE BEEN 500,000. YOU DON'T GET TO COUNT THEM ALL ACCURATELY IF THEY'RE ILLEGALS. IMMIGRATION AND NATURALIZATION SERVICE DEPORTED THE YEAR BEFORE I WAS MAYOR 795 PEOPLE. MOST THEY COULD DEPORT WAS 2,000 PEOPLE. THE FEDERAL GOVERNMENT WASN'T DOING ITS JOB. IN OTHER WORDS, IF THE FEDERAL GOVERNMENT DID THE MAXIMUM THEY COULD DO, I WOULD HAVE 300,000 ILLEGAL IMMIGRANTS LIVING TO NEW YORK CITY THAT I HAD NO POWER TO REMOVE FROM NEW YORK CITY. THEY WERE JUST THERE. THE FEDERAL GOVERNMENT LEFT THEM THERE. AGAIN, THEY COULD DEPORT NO MORE THAN 2,000 PEOPLE A YEAR. I'M A PRACTICAL GUY. I HAVE A RESPONSIBILITY FOR THE SAFETY AND SECURITY OF 8 MILLION PEOPLE ON MY SHOULDERS. THIS IS WHY PEOPLE CAN SAY THESE THINGS WHO EITHER HAVE NOT HAD THIS RESPONSIBILITY OR MAYBE DIDN'T DO VERY WELL WITH IT. I DID VERY WELL WITH IT.

SO HERE'S THE CHOICE. IF YOU HAVE 400,000 ILLEGAL IMMIGRANTS IN NEW YORK CITY, YOU PROBABLY HAVE ABOUT 60 OR 70,000 CHILDREN. DO YOU LEAVE THEM AT HOME OR DO YOU LET THEM GO TO SCHOOL? WHICH WOULD BE THE MORE INTELLIGENT THING FOR A MAYOR DO TO DO IF THE MAYOR WANTS A CITY OF LESS CRIME, A CITY THAT FUNCTIONS WELL, A CITY THAT IMPROVES? OF COURSE, YOU LET THEM GO TO SCHOOL. WHAT WOULD HAPPEN IF 60,000 OR 70,000 CHILDREN LIVED ON THE STREET. IT WOULD BE TERRIBLE FOR THEM AND TERRIBLE

BECAUSE SOME OF THEM WOULD GET INTO TROUBLE THAT WOULD LEAD TO HIGHER CRIME RATHER THAN LOWER CRIME. SECOND GROOVE THAT YOU MENTION IS HEALTH CARE. SOMEBODY, NEW YORK CITY HAS A PUBLIC HOSPITAL SYSTEM. SOMEBODY WALKS INTO THAT PUBLIC HOSPITAL SYSTEM WITH A SERIOUS ILLNESS, DO YOU TURN YOUR BACK ON THEM? AND LET THEM GO OUT IN THE STREET AND DIE? DO YOU TURN YOUR BACK ON THEM IF IT'S A COMMUNICABLE DISEASE? IS THAT AN INTELLIGENT THING TO DO? OF COURSE NOT. YOU TREAT THEM. YOU TAKE CARE OF THEM. AND THE FINAL ONE WAS, THERE'S A THIRD PART THAT YOU MISSED WE ALSO ALLOWED ILLEGALS TO REPORT CRIMES. AND WHY WOULD YOU ALLOW ILLEGALS TO REPORT CRIME WITHOUT TURNING THEM IN? BECAUSE WE WANT TO KNOW ABOUT THE CRIMINALS. BECAUSE WE WANT TO CATCH THE CRIMINALS BECAUSE THE ILLEGAL MAY BE REPORTING A CRIMINAL THAT THE NEXT TIME HOAX SOMEBODY WHO ISN'T ILLEGAL, A MUGGER DOESN'T GO AROUND CHECKING GREEN CARDS. A MUGGER MUGS INDISCRIMINATELY. SOMETIMES AN ILLEGAL, SOMETIMES A LEGAL, SOMETIMES A BIG PERSON, SOMETIMES A LITTLE PERSON. SO YOU WANT THEIR INFORMATION. THAT WOULD HELP YOU CATCH MUGGERS AND DRUG DEALERS AND HELP YOU CATCH DRUG DEALERS. IN AN ILLEGAL COMMITTED A CRIME WE TURNED THAT IN IMMEDIATELY. WE NOT ONLY TURNED IT IN ILLEGALLY WE TRIED TO GET IMMIGRATION SERVICE TO PUT THEM ON A PRIORITY LIST TO EXPEL THEM FROM THE UNITED STATES. IT WAS A VERY INTELLIGENT POLICY. IT WAS A VERY GOOD POLICY. IT WOULD HAVE BEEN FOOLISH TO FOLLOW ANY OTHER POLICY AND THE PROOF IS IN PUDDING. I REDUCED ALL OF THESE AREAS OF CRIME BY 70% IN NEW YORK CITY. I TOOK A CITY THAT WAS THE MOST DANGEROUS IN THE COUNTRY, AND MADE IT INTO A CITY THAT WAS SAFER THAN ALMOST ANY OTHER CITY IN THE UNITED STATES, EVEN SMALL CITIES. BECAUSE I HAD INTELLIGENT POLICIES. IT DOESN'T MEAN THAT I DIDN'T UNDERSTAND FROM THE BEGINNING THAT IT WOULD BE FAR BETTER IF EVERYBODY THAT WAS THERE WERE LEGAL EXCEPT THE FEDERAL GOVERNMENT HAS TO DO THAT. AND I THINK I'M THE PERSON THAT CAN BEST DO THAT.

I DON'T THINK YOU HAVE A CANDIDATE FOR PRESIDENT THAT HAS ACHIEVED THINGS OF THAT MAGNITUDE IN TERMS OF CHANGING HUMAN BEHAVIOR. MEANING THE NEXT PRESIDENT OF THE UNITED STATES HAS TO END ILLEGAL IMMIGRATION. THE ONLY WAY YOU ARE GOING TO END ILLEGAL IMMIGRATION IS WAIT I REDUCED CRIME AND CHANGED WELFARE IN NEW YORK. YOU GOT TO CHANGE HUMAN BEHAVIOR. YOU GOT TO TEACH THE PEOPLE THAT ARE COMING IN THE UNITED STATES THAT YOU CAN'T COME IN HERE WITHOUT IDENTIFYING YOURSELF. AND THEN YOU GOT TO FIGURE OUT ALL THE POLICIES THAT MAKE THAT POSSIBLE. AND THAT IS NOT ANTI-IMMIGRANT. IT IS NOT ANTI-IMMIGRANT TO SAY THAT WE WANT PEOPLE IN THIS COUNTRY WHO

IDENTIFY THEMSELVES WHEN THEY COME IN TO ACCOMPLISH THAT, YOU GOT TO BUILD A TECH MOW LOGICAL FENCE ALONG THE BORDER THAT WARNS YOU ABOUT PEOPLE COMING INTO THE COUNTRY. YOU HAVE TO DEPLOY BORDER PATROL BASED ON A BORDER STAT SYSTEM TO HAVE THEM THERE TO STOP PEOPLE FROM COMING IN BEFORE THEY COME INTO THE COUNTRY. YOU HAVE TO SET UP A TAMPER-PROOF I.D. CARD SO EVERYBODY WHO WANTS TO COME INTO THIS COUNTRY CAN GET A CARD WITH YOUR NAME AND BIOMETRIC IDENTIFICATION THAT ALLOWS THEM TO COME IN AND ALLOWS THEM TO WORK. AND IF WE DO THAT, WE CAN END ILLEGAL IMMIGRATION AND WE CAN EXPAND LEGAL IMMIGRATION. AND THE FACT IS, THE EXPERIENCES THAT I HAVE HAD AND THE THINGS I HAVE ACCOMPLISHED IN THE PAST, I THINK ALLOW ME TO DO THIS. ALLOW ME TO ACCOMPLISH THIS. I DON'T THINK THAT MY OPPONENTS HAVE BEEN INVOLVED IN THIS ISSUE ENOUGH AND UNDERSTAND THIS WHOLE AREA OF SAFETY AND SECURITY WELL ENOUGH TO ACCOMPLISH ANYTHING CLOSE TO WHAT I'LL BE ABLE TO DO. ONE MORE QUESTION.

AUDIENCE MEMBER: GOOD MORNING. I'M FROM MANCHESTER YOU TALK ABOUT HOW THE UNITED STATES NEEDS TO BE MORE ON THE OFFENSIVE ON THE INTERNATIONAL ARENA. A LOT OF AS YOU KNOW AND WE ALL KNOW WE ARE NOT IN GOOD STANDING IN THE INTERNATIONAL ARENA RIGHT NOW WITH A LOT OF COUNTRIES. THEY'RE VERY UPSET WITH US. THEY FEEL WE ARE VERY ARROGANT AND THEY DON'T LIKE FACT WE ARE PUSHING OUR AGENDA ON THEM, INCLUDING DEMOCRACY IN COUNTRIES THAT IT MAY NOT NECESSARILY BE THE RIGHT THING FOR. I HAVE NOT HEARD YOU TALK ABOUT DIPLOMACY. AND I WOULD LIKE TO KNOW HOW YOU FEEL ABOUT THE FACT THAT THE REST OF THE WORLD IS BEGINNING TO LOOK AT THE UNITED STATES IN A VERY POOR LIGHT?

RUDY GIULIANI: I THINK YOU COULD LOOK AT THAT FROM THE HALF EMPTY, HALF FULL GLASS ANALYSIS OF HOW OTHER COUNTRIES DON'T LIKE IT ANYMORE AND THEY DON'T SUPPORT US ANYMORE. I SURE DIDN'T HEAR THAT FROM THE PRESIDENT OF FRANCE WHEN HE CAME HERE. HE WAS TALKING ABOUT HOW HE LOVES AMERICA AND EVEN THE NEW PRIME MINISTER OF GREAT BRITAIN HAS GONE OUT OF HIS WAY TO POINT OUT SPECIAL RELATIONSHIP BETWEEN THE UNITED STATES AND GREAT BRITAIN. I HAVE TRAVELED, I'VE BEEN IN 90 -- I'VE BEEN ON 94 FOREIGN TRIPS IN 35 COUNTRIES IN THE LAST SIX YEARS. AND I ENCOUNTER WHAT YOU'RE SAYING. THERE ARE PEOPLE WHO DISAGREE WITH US WITH REGARD TO HOW WE'RE DEALING WITH TERRORISM. PEOPLE THAT DISAGREE WITH US BECAUSE OF IRAQ. ON THE OTHER HAND, THERE'S -- IT'S A VERY, VERY COMPLEX RELATIONSHIP THAT CAN'T BE OVERSIMPLIFIED. WE JUST TALKED ABOUT THE IMMIGRATION PROBLEM THIS COUNTRY HAS. THE OTHER SIDE OF THAT IS EVERYBODY WANTS TO COME HERE. THE REASON WE HAVE THAT IMMIGRATION PROBLEM IS

NOBODY'S COMING IN BY THE THOUSANDS OVER BORDERS LIKE THEY ARE INTO THE UNITED STATES. BECAUSE IT IS STILL THE SHINING CITY ON THE HILL. IT'S THE PLACE MORE PEOPLE WANT TO COME TO THAN ANY OTHER COUNTRY IN THE WORLD. IT'S A PLACE WHOSE ECONOMIC SYSTEM, AND EVEN THE BASICS OF OUR POLITICAL SYSTEM, PEOPLE ARE COPYING MUCH MORE THAN ANY OTHER PLACE IN THE WORLD. THEY MAY NOT EVEN KNOW IT. CHINA IS COPYING IT. INDIA HAS GONE FROM BEING A SOCIALIST COUNTRY TO NOW GOING THROUGH A TRANSITION AND BECOMING MORE OF A FREE MARKET CAPITALIST COUNTRY. AND SARKOZY WANTS TO MAKE A BIG SWITCH IN FRANCE INSTITUTING WHAT I WOULD CALL REPUBLICAN CONSERVATIVE PRINCIPLES IN FRANCE, AND, OF COURSE, MARGARET THATCHER ALREADY DID THAT IN THE U.K.

I THINK WE HAVE TO DO A BETTER JOB. HERE'S WHAT I CONSIDER DIPLOMACY. WE HAVE TO DO A BETTER JOB OF EXPLAINING OURSELVES. MAYBE SOMETIMES WE'RE TOO SHORT. MAYBE SOMETIMES WE ARE TOO ARROGANT. I THINK -- LOOK, AMERICANS HAVE -- EVERYBODY HAS GOOD POINTS AND BAD POINTS. ONE OF THE GREAT THINGS ABOUT AMERICANS ARE, WE'RE VERY PRODUCTIVE, WE'RE VERY LOGICAL, WE'RE TERRIFIC PROBLEM SOLVERS. AND SOMETIMES WE'RE TOO IMPATIENT. SOMETIMES WE WANT THINGS FASTER THAN THEY SHOULD BE, AND SOMETIMES WE EVEN ASSUME THAT PEOPLE UNDERSTAND OUR WONDERFUL MOTIVES WHEN, IN FACT, A LOT OF PEOPLE DON'T NECESSARILY UNDERSTAND THAT. YOU GOT TO EXPLAIN IT TO THEM. AND I THINK THAT THAT'S IS THE CORE OF DIPLOMACY. THE CORE OF DIPLOMACY IS BEING ABLE TO EXPLAIN THE UNITED STATES IN VARIOUS PARTS OF THE WORLD, IN CULTURES THAT MIGHT BE VERY DIFFERENT AND IT'S OUR JOB TO UNDERSTAND THEM BETTER.

IF I LOOK AT THE WHOLE SITUATION NOW WITH THE MIDDLE EAST, AND WITH ISLAMIC TERRORISM, AND IRAQ, WE DIDN'T KNOW ENOUGH ABOUT THAT CULTURE. IN ADVANCE. WE ASSUMED THINGS, IT SEEMS TO ME, IF YOU WANT TO KNOW WHY I THINK SOME OF THE MISTAKES WERE MADE. WE ASSUME THINGS THAT MIGHT COME OUT OF OUR KNOWLEDGE OF WESTERN CULTURE. OR EVEN OTHER ASIAN CULTURES THAT WE HAVE BECOME -- OR ASIAN CULTURES WE HAVE BECOME MORE FAMILIAR WITH LIKE JAPAN AND CHINA. WE ASSUMED THINGS ABOUT THE MIDDLE EAST THAT WEREN'T NECESSARILY CORRECT. BECAUSE WE DIDN'T SPEND THE TIME TO LEARN THAT CULTURE, THAT HISTORY AS WELL AS WE SHOULD. AND AMERICANS HAVE TO GET OVER THAT. AND WE HAVE TO GET OVER THE IDEA THAT WE'RE ISOLATED. WE'RE NOT. ISOLATIONISM HAS AGAIN -- TWO BASIC THEMES IN AMERICAN POLICY, FOREIGN POLICY, EVEN ECONOMIC POLICY AND SOCIAL POLICY, ENGAGEMENT WITH THE WORLD OR ISOLATION FROM THE WORLD. AND WHEN WE WERE BASICALLY THIS BIG CONTINENT SEPARATED BY OCEANS, I NEVER THOUGHT ISOLATIONISM MADE A GREAT DEAL OF SENSE ANYWAY BUT AT LEAST

THERE WAS AN ARGUMENT FOR IT. NOW THERE ISN'T AN ARGUMENT FOR IT. IF YOU ARE AN ISOLATIONIST YOU ARE IGNORING REALITY. THE REALITY OF OUR WORLD. OUR ECONOMY IS PART OF THE WORLD ECONOMY. OUR SOCIETY IS PART OF THE WORLD SOCIETY. WE ARE GOING TO HAVE TO UNDERSTAND IT BETTER. WE'RE GOING TO HAVE TO BE MORE HUMBLE. DOESN'T MEAN WE SHOULD BE LESS PROUD. WE SHOULD BE VERY, VERY PROUD. WE'RE THE MOST SUCCESSFUL NATION IN THE HISTORY OF THE WORLD. ANY OTHER COUNTRY WOULD, ANY PERSON IN ANY OTHER COUNTRY THAT REALLY FOCUSED ON THIS CAREFULLY ENOUGH WOULDN'T MIND BEING HERE. AND THAT'S WHY THEY COME HERE IN SUCH LARGE NUMBERS. WE HAVE BROUGHT MORE PEOPLE OFF THE POVERTY THAN ANY OF THEM. WE HAVE THE FAIREST LEGAL SYSTEM IN THE WORLD, WITH PROBLEMS. WE HAVE THE BEST HEALTH CARE SYSTEM IN THE WORLD WITH PROBLEMS THAT NEED TO BE SOLVED. WHO IS FLOCKING TO CANADA FOR HEALTH CARE OR TO ENGLAND OR TO GERMANY OR TO FRANCE? OR TO CUBA? MICHAEL MOORE IS GOING TO CUBA FOR HEALTH CARE BUT HE DOESN'T LOOK PARTICULARLY HEALTHY TO ME. BUT IF HE WANT TO GO TO CUBA FOR HEALTH CARE HE CAN GO TO CUBA FOR HEALTH CARE.

[LAUGHTER]

THESE THINGS ARE ALL TRUE BUT WE HAVE TO LEARN HOW TO DEAL WITH THESE IN NOT IN AN ARROGANT WAY. WE HAVE TO EVEN LEARN HOW TO SAY THEM IN NOT AN ARROGANT WAY. ALMOST LIKE GIFTS GIVEN US TO BY GOD, WONDERFUL RESOURCES OF THIS COUNTRY, THE GREAT SYSTEM THAT OUR FRAMERS CREATED THAT WAS INGENIOUS. AND IT WAS INGENIOUS BECAUSE IT UNDERSTOOD HUMAN NATURE. IT EVEN UNDERSTOOD THE BAD PARTS OF HUMAN NATURE, WHY WE HAVE TO BALANCE POWER. WHY WE HAVE TO CONTAIN POWER. THESE ARE BEAUTIFUL THINGS THAT WE HAVE AND WE DON'T WANT TO FORCE THEM ON THE WORLD. ANYBODY THAT THINKS WE WANT TO FORCE THEM TO BE A DOE MOCK CRASS SEE, WE SHOULD GO TALK TO THEM, E. PLAIN TO THEM, WE DON'T WANT TO FORCE YOU TO BE A DEMOCRACY. JUST THAT WE HAVE SOMETHING THAT'S SO GOOD WE REALLY WOULD LIKE TO SHARE IT WITH YOU. WE DON'T MEAN THIS IN AN ARROGANT WAY. WE MEAN IT IN A HUMBLE WAY. WE KNOW IT WOULD BE BETTER FOR YOU. IT WOULD BE BETTER FOR YOU IF YOU LET PEOPLE OWN PROPERTY. IT WOULD BE BETTER FOR YOU IF YOU LET WOMEN HAVE THE SAME RIGHTS AS MEN. IT WOULD BE BETTER FOR YOU IF ALLOWED PEOPLE TO SELECT PEOPLE THAT GOVERN THEM. YOU JUST GOING TO HAVE, JUST GOING TO HAVE A MUCH BETTER LIFE AND A MUCH BETTER WAY OF BRINGING PEOPLE OUT OF THE POVERTY IF YOU DO THAT. THESE THINGS ARE BETTER FOR YOU AND IT'S IN THE BECAUSE WE'RE ARROGANT. MAYBE BECAUSE WE'RE LUCKY OR FORTUNATE OR, AND IF YOU DON'T WANT TO ACCEPT ALL OF THEM, ACCEPT ONE OR TWO OF

THEM AND WE CAN DISAGREE ABOUT SOME OF THEM FOR THE FUTURE. WHICH IS ESSENTIALLY WHAT YOU SEE IN SOME PARTS OF THE WORLD NOW LIKE CHINA WHERE THEY'RE BUYING INTO SOME OF IT. AND THEY CAN BELIEVE THEY'RE GOING IN ONE DIRECTION, WE CAN BELIEVE THEY'RE GOING IN ANOTHER.

AND I WOULD CHANGE THE STATE DEPARTMENT, TOO, CHANGE THE MISSION OF THE STATE DEPARTMENT. THE STATE DEPARTMENT EXISTS NOT JUST FOR THE PURPOSE OF EXPLAINING OTHER COUNTRIES TO US. IT'S REALLY IMPORTANT. AND AS I SAID WITH THE MIDDLE EAST, MAYBE WE DIDN'T DO A GOOD ENOUGH JOB WITH THAT AND I THINK WE'RE ALL CATCHING UP WITH THAT. AMERICANS ARE LEARNING MORE ABOUT THE HISTORY OF THE MIDDLE EAST AND THE COMPLEXITY OF IT AND SOME OF THE REALLY BEAUTIFUL THINGS ABOUT IT AND THE BEAUTIFUL CONTRIBUTIONS THAT HAVE BEEN MADE BY THAT PART OF THE WORLD TO US. BUT THE MAIN PURPOSE OF AN MANY BASS DOE IS TO SELL THE UNITED STATES OUT OF THE STATE DEPARTMENT. THERE'S TWO PARTS TO THAT. AND THE FIRST ONE IS THE MOST IMPORTANT. AND I THINK WE GOT TO REINVIGORATE THE STATE DEPARTMENT. WHEN YOU TELL ME AMERICA'S REPUTATION IS IN TROUBLE IN VARIOUS PARTS OF THE WORLD, I SAY, WHAT HAS OUR AMBASSADOR DONE TO PROTECT THAT REPUTATION? HOW MUCH EXPLANATION HAS THE AMBASSADOR DONE ON TELEVISION? HOW MUCH EXPLANATION HAS THE AMBASSADOR DONE ON THE MEDIA AND IN MEETINGS AND EXPLAINING WHAT THE UNITED STATES IS REALLY ALL ABOUT? EXPLAINING WHAT YOU JUST EXPLAINED IN SOUTH AMERICA OR IN THE MIDDLE EAST OR ASIAN ABOUT WHAT OUR COUNTRY IS ALL ABOUT. HOW WONDERFUL OUR PEOPLE ARE, WHAT OUR MOTIVES REALLY ARE. HOW MAYBE WE DO SOMETIMES APPEAR ARROGANT BUT MAYBE SOMETIMES, MAYBE SOMETIMES IT'S ON YOUR SIDE OF IT, TOO. MAYBE THEY DON'T GIVE US ENOUGH OF A CHANCE TO EXPLAIN OURSELVES. MAYBE IT'S JEALOUSY IN SOME CASES. IT'S NOT AS SIMPLE AS, IT'S ALL THAT AMERICA IS BAD AND EVERYBODY ELSE IS GOOD OR VICE VERSA. AND OUR AMBASSADORS HAVE TO DO A BETTER JOB OF EXPLAINING THAT. WHEN WE SENT BENJAMIN FRANKLIN TO ENGLAND AS AN, I GUESS OUR FIRST AMBASSADOR, WE DIDN'T SEND HIM THERE TO EXPLAIN THE ENGLISH TO US. OR TO FRANCE, RATHER. THE AMBASSADOR OF FRANCE. WE SENT HIM TO FRANCE TO EXPLAIN AMERICA TO THE FRENCH. AND THE REALLY IS THAT'S PART OF IT ALSO.

I'LL CLOSE WITH THIS STORY ABOUT GEORGE SCHULTZ. WHEN HE WOULD INTERVIEW AN AMBASSADOR BEFORE THE AMBASSADOR WENT OFF ON HIS ASSIGNMENT, HE WOULD DO IT ALL THE TIME. HE WOULD HAVE LIKE AN INTERVIEW WITH THE AMBASSADOR WENT OFF ON THEIR ASSIGNMENT TO INDIA OR TO IRELAND OR TO ITALY OR TO GERMANY OR COLOMBIA OR -- HE WOULD DO THE BIG LONG INTERVIEW. HE WOULD GET TO THE UNDERSTAND OF THE INTERVIEW AND HE WOULD SAY, LET'S

TAKE A PICTURE. SO THEY GO OVER TO THE GLOBE AND THEY TAKE A PICTURE. SHAKE HANDS SO THE AMBASSADOR CAN PUT IT IN HIS OFFICE IN THE FOREIGN COUNTRY. THEN WOULD HE WOULD TAKE HIM OVER TO THE GLOBE AND SAY SHOW ME THE COUNTRY THAT YOU REPRESENT. AND HE WOULD SPIN THE GLOBE AROUND AND THE AMBASSADOR KIND OF LOOK AND WAIT AND THEN HE WOULD POINT TO JAPAN OR GO PICK OUT GERMANY. COLOMBIA. AND SECRETARY WOULD WAIT, LET HIM FINISH AND HE WOULD SAY AND SPIN THE GLOBE BACK AROUND AND SAY, NO, NO, YOU REPRESENT THE UNITED STATES OF AMERICA. THAT'S WHY YOU ARE GOING THERE. THE OTHER PART IS THE SECOND PART OF IT. AND WE'VE GOT TO HAVE A STATE DEPARTMENT THAT GETS THAT, THAT UNDERSTANDS THAT. THAT WE HAVE GOT A REPUTATION THAT NEEDS TO BE DEFENDED AND PROTECTED JUST AS MUCH AS WE HAVE EVERYTHING ELSE THAT NEEDS TO BE DEFENDED AND PROTECTED. WE ARE A COUNTRY OF GOOD MOTIVES, OF TO GOOD PEOPLE, OF GREAT ACCOMPLISHMENT. WE DON'T WANT TOKERS THEM ON ANYBODY IN THE WORLD. WE WOULD LIKE TO SHARE IT WITH THEM. BUT HERE'S WHAT WE -- THAT'S WHAT DIPLOMACY IS ABOUT. IT'S ABOUT SHARING WHO WE ARE WITH OTHERS AND GETTING THEM TO UNDERSTAND US BETTER AND UNDERSTAND OUR MOTIVES BECAUSE WE DON'T HAVE BAD MOTIVES. SECOND PART OF IT IS, AND THIS IS WHAT I TALK ABOUT WHEN I SAY, YOU KNOW, SPEAK SOFTLY BUT CARRY A BIG STICK. SPEAK DIPLOMATICALLY, BE OPEN TO EVERYBODY AND NEGOTIATE AND DISCUSS. BUT ON THE SECOND PART OF IT, YOU WANT TO ATTACK US. YOU HAVE THESE ORGANIZATIONS THAT WANT TO COME HERE AND KILL US. WE'RE NOT NEGOTIATING THAT. YOU COMMIT YOURSELF TO DESTROYING THE UNITED STATES OF AMERICA, AS 9 ISLAMIC TERRORISTS HAVE DONE, YOU GO KILL INNOCENT AMERICANS, YOU KILL AMERICAN SAILORS, WELL, THEN, WE ARE GOING TO BE ON OFFENSE AGAINST YOU IN A WAY THAT HE WOULD MAKE US SUCCESSFUL AGAINST. THAT IS NOT SOMETHING WE NEGOTIATE ABOUT. YOU NEED TO KNOW WHEN TO NEGOTIATE AND YOU NEED TO KNOW WHEN NOT TO NEGOTIATE. BECAUSE IN NEGOTIATING WHEN YOU ARE NOT SUPPOSED TO, YOU CREATE FALSE EXPECTATIONS. AND YOU KILL MORE PEOPLE. I KNOW THAT'S HARD FOR SOME PEOPLE TO UNDERSTAND BUT IF YOU NEGOTIATE AT THE WRONG TIME YOU CAN COST HUMAN LIVES. IF YOU ARE NOT TOUGH ENOUGH TO SAY, NO, WE'RE NOT GOING TO NEGOTIATE. JUST LEAVE WITH YOU THIS EXAMPLE. WHAT ABOUT HIT LETTER? SHOULD CHAMBERLAIN HAVE NEGOTIATED WITH HITLER? OR SHOULD ENGLAND HAVE LISTENED TO CHURCHILL IN THE 19 30'S? THE ANSWER IS PRETTY SIMPLE MANY WE WOULD HAVE SAVED MILLIONS OF LIVES IF WE HAD STOOD UP TO HITLER AT A MUCH EARLIER STAGE. WE WOULD HAVE SAVED A LOT OF LIVES IF WE WOULD STOOD UP TO ISLAMIC TERRORISM EARLIER. SOMETIMES IT'S ABOUT STANDING UP AND DEFENDING YOURSELF AND BEING ON OFFENSE AS YOU DEFEND YOURSELF. THANK YOU VERY MUCH.

[APPLAUSE]

JAMES BRETT: I WOULD JUST LIKE TO RECOGNIZE THE HARD WORKING MAYOR OF THE CITY OF MANCHESTER WHO IS HERE THIS MORNING. YOU HONOR US WITH YOUR PRESENCE AND WE APPRECIATE YOU BEING HERE.

[APPLAUSE]

I WOULD JUST LIKE TO PRESENT THIS LITTLE MOMENTO OF THE MAYOR'S VISIT TO POLITICS AND EGGS AS HE GOES ACROSS THE STATE OF NEW HAMPSHIRE. SO HE REMEMBERS HIS OCCASION HERE, POLITICS AND EGGS, AND THIS LITTLE CUP HERE THAT HE CAN GO BACK TO NEW YORK CITY AND SAY THAT HE GOT MUGGED. IN NEW HAMPSHIRE.

RUDY GIULIANI: THANK YOU VERY, VERY MUCH.

[APPLAUSE]

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