

The Worrying Global Economic Bubble in the Post-Pandemic Era

With Reference to the Public Management Reform Measures in the UK and the US

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Abstract

As two high-income economies with long-term stability and the largest gap between the rich and the poor, Britain and the United States have a more mature market mechanism, legal structure, supervision departments, intermediary organizations and high-quality civil servants; at the same time, they also have similar problems such as bloated institutions, centralized rights, bureaucratic style and low efficiency. In the face of the current new pandemic, both countries have been exposed to the problem of public budgets in the short term and the inability to balance the public interests in the long term. Therefore, based on the New Public Management (NPM) theory, this paper draws on the responses of the United Kingdom and the United States during the NPM period, and explores the patterns of these responses to provide some insights into the potential economic risks in the post-pandemic era.

Keywords: New Public Management Theory, Britain, USA, post-pandemic era, Covid-19

1. Introduction

At the end of the 1970s, around the globe, economic stagflation began to emerge, and social issues concerning unemployment, public safety, environmental pollution and social security were increasingly exposed. To address the 'government failure', the Thatcher cabinet in the UK and the Reagan administration in the US pioneered a new model of public management for the public sector different from the limited government doctrine and the use of the market. The model, regarded as a large-scale movement of government reform on a global scale, spread to some developed countries and eventually to many developing countries and countries in transition (Nemec, 2010). In a sense, the American administrative system originated from Britain, and its reform is a microcosm of historical development (Peters, 2018a). As two high-income economies with long-term stability and the largest gap between the rich and the poor, Britain and the United States have a more mature market mechanism, legal structure, supervision departments, intermediary organizations and high-quality civil servants; at the same time, they also have similar problems such as bloated institutions, centralized rights, bureaucratic style and low efficiency (Keeler, 1993). In the face of the current new pandemic, both countries have been exposed to the problem of public budgets in the short term and the inability to balance the public interests in the long term (Mazzucato and Kattel, 2020). Therefore, based on the New Public Management (NPM) theory, this paper draws on the responses of the United Kingdom and the United States during the NPM period, and explores the patterns of these responses to provide some insights into the potential economic risks in the post-pandemic era.

2. Comparative Case Study of the United Kingdom and the United States

2.1 The NPM reform period – an administrative reform model (1970s~1990s)

In the process of industrialization and urbanization, traditional public management emphasized political-administrative dichotomy (Audette-Chapdelaine, 2016). In terms of politics, traditional public management relied on the democratic procedures of the legislative mechanism to gather and express citizens' will; in terms of administration, it relies on the traditional bureaucratic management apparatus to achieve state and democratic will (Guo, 2019). And the government's emphasis on efficiency and effectiveness in its management process has, at the same time, greatly increased the size of the government (Jr, 2001). On the one hand, economic instability has reduced government revenues and, as the middle class has become the mainstay of society, it is no longer feasible to rely on taxation to solve the fiscal crisis (Drucker, 1994). On the other hand, social security spending has risen sharply and the government is in financial difficulty as it cannot make ends meet (Roubini and Sachs, 1989). Meanwhile, the ever-expanding size of the government has made its inefficiency and bureaucratic shortcomings evident, the image of the government is constantly damaged, and the public has lost confidence in the government (Khan, 2016). Consequently, the government suffered a financial crisis with increased government functions and responsibilities, and subsequently a crisis of governance and trust (Christensen and Lægread, 2007). To

overcome those crises, Britain took the lead in launching the NPM reform. In 1979, the British Thatcher government came to power and took measures to marketize the UK government; during the 17 years when the Conservative Party was in power, the new government examined the success and failures of the previous government and consolidated the reform achievements, brought forth new ideas, constantly debugged the policies, and steadily pushed forward the reform, as shown in Table 1 (Holliday, 2002). Until the end of the 20th century, Blair's government, which represented the interests of the Labor Party, came into power, and then the marketization of public management took another big step forward (Kelly, 2007). The United States, though following the course of British administrative reform, acted slightly slower than Britain (Gualmini, 2008). The country adopted the radical reform, which has the following features: using managerialism as the theoretical guidance, being market-oriented, streamlining government, reducing government employees, relaxing regulation, reflecting the competition mechanism, implementing performance management and reshaping the image of the government, as shown in Table. 2 (Pollitt and Summa, 1997). In terms of the content of the reform, although both Britain and the United States chose to introduce marketization and adjust the relationship between the government and the market, enterprises and society, the British government (led by the Prime Minister and the Cabinet) mainly promoted the top-down self-reform, while the United States implemented a bottom-up reform that started from the local government and then continued to the federal government (Caperchione, de Mirag and Grossi, 2017; Massey, 2019). From the perspective of the reform process, under the influence of the traditional Weber bureaucracy, Britain as a unitary country emphasized reconstructing the functional relationship between governments and improving the efficiency of government affairs (Connolly and Zwet, 2020). The United States, as a country with the separation of powers (the Checks and Balances system), focused on deregulation so that excessive regulation within government would not undermine government performance (Aberbach, 2001). From the perspective of the effectiveness of the reform, Britain mainly optimized the government functions and organizational structure, improved administrative efficiency, the quality of civil servants and the relationship between the central and local governments. Meanwhile, there are still phenomena such as fragmented institutions and unbalanced performance (Lapuente and Walle, 2020). However, the reform in the United States mainly reformed the rules and regulations and did not achieve outstanding results in simplifying government functions, and the final performance results were obviously inferior to those in the United Kingdom (Bryson and Edwards, 2017).

Table. 1 Reform in the UK during the NPM period¹

Period	Implementation reasons	Measures	Implementation effectiveness
Premiership of Margaret Thatcher (1979s ~ 1990s)			
Rayner's Efficiency Scrutiny Program (1979)²	To adopt a solution-oriented approach to investigate, study, review and evaluate administrative reforms in government departments so as to improve administrative efficiency and reduce administrative costs.	Sir Rayner was appointed as the prime minister's efficiency administrative adviser, and an "efficiency team" was set up in the Cabinet Office to conduct a comprehensive investigation, study, review and evaluation of the operation of various departments of the central government. In view of the many problems existing in the administrative departments, practical improvement measures and specific programs were put forward, and the subjective initiative of the departments was encouraged and brought into play, thereby increasing the level of organizational economy and administrative efficiency of the sector.	The step-by-step approach helped the government make tangible progress; it was the most critical step and the first important stage of the Thatcher government's administrative reform in the next 20 years.
Ministerial Management Information System (1980)³	The aim was to keep senior management informed of the work of their staff and to monitor it effectively.	For a period of years, the person in charge of each department was supposed to submit a work statement to the minister for review, so the effectiveness of its implementation could be monitored and progress could be reported regularly.	The combination of target management and performance evaluation provided more up-to-date information on internal affairs and work processes.
The new Financial Management Initiative	To enable all levels of government, as well as the administration, to understand the fundamentals of administrative objectives and measuring administrative	The Cabinet Office and the Department of Finance jointly established a Financial Management Steering Group to guide the implementation of the new program and departmental coordination.	The administrative efficiency improved significantly, but the initiative aggravated the problem of using resources to maximize benefits.

¹ Obtained from relevant literature.

² Source: Warner, N. (1984) 'Raynerism in practice: anatomy of a Rayner scrutiny', *Public Administration*, 62(1), pp. 7-22.

³ Source: Likierman, A. (1982) 'Management Information for Ministers: the MINIS system in the Department of the Environment', *Public Administration*, 60(2), pp. 127-142.

(1982) ⁴	performance, and obtain the information needed to enhance administrative effectiveness and reduce administrative costs.		
The Next Steps Initiative (1988) ⁵	To promote rational reform within the public sector and made further efforts to improve public services. The initiative, together with the “citizen charter” movement and the “competition for quality movement”, constitutes the general framework for public administration reform in the UK.	The survey published by the Ibbs Review Panel stated that 1) The internal management system of the administrative department was not conducive to providing convenient public services to the public; 2) Most civil servants lack training in public services and management skills, and lack enthusiasm and creativity; and 3) Ministers and senior civil servants are overloaded with their daily work.	It has reduced the workload of ministers and senior civil servants, allowing them to devote more energy to revising and innovating public policies and improving the efficiency of policy implementation, but its effectiveness has been controversial, leading to a strike by tens of thousands of civil servants in 1993 and the removal of the head of the project team.
Premiership of John Major (1990s ~ 1997s)			
Citizen’s Charter (1991) ⁶	To introduce private sector management, technology and methods to improve administrative efficiency and reduce public expenditure as an attempt to alleviate the fiscal crisis faced by the government.	The dominance of public services in the monopolistic public sector was changed to provide service users with the opportunity to review their public services, both in terms of their commitment to citizens and in terms of the system for practicing that commitment.	The quality of public services and the satisfaction of citizens were greatly improved, while at the same time the international standing of the UK was enhanced and other countries followed the example of the campaign.
Competition for Quality Movement (1991) ⁷	To further strengthen the concept of competition, introduce the market and competition mechanism into the public sector, and gradually institutionalize it.	By means of market test, the internal and external service providers were compared to test the value process of funds.	Through market pressure, the quality of public services was enhanced to ensure the maximum efficiency of public funds.

Table. 2 The NPM Reform in the US⁸

Period	Implementation reasons	Measures	Implementation effectiveness
Presidency of Ronald Reagan (1981s ~ 1989s)			
Deregulation (1975) ⁹	To remodel the role of government, relax the regulation of government self-management and implement decentralization.	A number of government agencies were streamlined and abolished; outdated elements were eliminated through the implementation of a rigorous legal review system; the budget system was reformed to increase the flexibility of the budget in terms of timing; and organizational departments maximized their efficiency at a minimal cost.	Outdated regulations were repealed, government agencies were streamlined, and abolished, financial expenditure has been reduced, and government departments have become more results-oriented.
Economic Policy of “Small Government, Small Tax, Less Expenditure” (1981) ¹⁰	To focus on the market and limit the scope of government functions.	Continuously enacting reform of practical guidelines and policies, controlling the money supply, and raising interest rates.	The level of fees fell significantly, services were diversified, and the amount of money spent by the government on economic control of administrative expenditure was reduced. Negative effects such as financial speculation were brought in at the same time.
Presidency of Bill Clinton (1993s ~ 2001s)			
End Welfare	To link social welfare to the market to achieve greater effectiveness.	The marketization of welfare projects to reduce the budget expenditure of administrative departments; Adopting the three-level management system of the government to shift the financial burden of the federal, state and local governments, and allowing the grassroots government to have	The social assistance system entered the era of workfare, easing the ballooning welfare bill and increasing economic activity and growth by encouraging production and consumption.

⁴ Source: Fry, G. K. (1988) ‘The Thatcher government, the financial management initiative, and the ‘new civil service’, *Public Administration*, 66(1), pp.1-20.

⁵ Source: Greer, P. (1992) ‘The Next Steps initiative: an examination of the agency framework documents’, *Public Administration*, 70(1), pp. 89-98.

⁶ Source: Pollitt, C. (2013) ‘The evolving narratives of public management reform: 40 years of reform white papers in the UK’, *Public Management Review*, 15(6), pp. 899-922.

⁷ Source: Kingdom, J. (1999) ‘Centralization and Fragmentation: John Major and the Reform of Local Government’, in Dorey P. (ed.), *The Major Premiership*. London: Palgrave Macmillan, pp.45-67.

⁸ Obtained from relevant literature.

⁹ It according to Mikva (1990) and Moore (2000).

¹⁰ Source: Reagan, R. (1982) Public Papers of the Presidents of the United States, Ronald Reagan: 1981-1988-89. Government Printing Office.

Policy (1996)¹¹		greater decision-making power of the welfare bureau; Changing social welfare into work welfare with an appropriate share of personal responsibility.	
Remodeling government movement (1993)¹²	A series of adjustments aimed at creating a highly efficient government maximizing the usage of funds, in response to the bloated structure of the bureaucracy and the inefficiency and slow response to emergencies under a hierarchical system.	Streamlining organizations, cutting the number of employees, deregulating, introducing competition and promoting performance management, emphasizing on being results-, performance- and customer-oriented, learning from and incorporating advanced ideas from other countries.	The results are mainly reflected in the streamlining of government, the rebuilding of institutions, the popularization of the customer-first principle, the application of market mechanisms, and the building of performance-based organizations, which has led to an accelerated transformation in the way the US delivers public services and has driven a strong momentum in the purchase of post-social services by the US government.

2.2 Post-NPM reform period - the new public service model (1990s ~ Present)

In the 30 years of the NPM movement, its corporate management model struggled to fully adapt to changes in public organizations (Lindberg, Czarniawska and Solli, 2015). The gradual marketization of public sector business also led to the exclusive benefit gain of the relevant stakeholders in cooperation, the imbalance of competition, and the fragmentation of the public sector structure system (Christensen, 2012). Therefore, the second round of government reform, the Post-NPM, as opposed to the NPM reform, was launched in the late 1990s (Christensen and Lægheid, 2011). The focus of the reform shifted to the entire government from the following: structural decentralization, institutional reduction and the establishment of a single-function institution (Klenk and Reiter, 2019). In recognition of the NPM's focus on efficiency, more attention was paid to the public interest and democratic management including citizen participation, and information technology was provided to break down the barriers of cooperative organizations, enabling stakeholders to achieve a multi-win situation (see examples in Table 3 and Table 4) (Mathiasen, 1999).

Table. 3 Post-NPM Reform in the UK¹³

Period	Implementation reasons	Measures	Implementation effectiveness
Premiership of Tony Blair (1997s ~ 2007s)			
Joined- Up Government (1997)¹⁴	While the NPM movement reduced the cost of public service delivery, it also provided the means for significant privatization, outsourcing and competition to hollow out government capacity, and with the divisions reinforced, the organizational landscape became more fragmented, making it difficult to handle social problems related to employment and crime.	Bringing together public, private and voluntary organizations; achieving a collaborative model of government that works across organizational boundaries to achieve common goals.	A rare sustained economic growth after World War II, was achieved and the unemployment rate was kept at a certain low level, making it quite capable, but it was still lagging behind the bottom-up, network-governed model.

¹¹ Source: Carcasson, M. (2006) 'Ending welfare as we know it: President Clinton and the rhetorical transformation of the anti-welfare culture', *Rhetoric & Public Affairs*, 9(4), pp. 655-692.

¹² Source: Campbell, C. and Rockman, B. A. (2001) 'Third Way leadership, old way government: Blair, Clinton and the power to govern', *The British Journal of Politics and International Relations*, 3(1), pp. 36-48.

¹³ Obtained from relevant literature.

¹⁴ Source: Cope, S. and Goodship, J. (1999) 'Regulating collaborative government: towards joined-up government?', *Public Policy and Administration*, 14(2), pp.3-16.

Table. 4 Post-NPM Reform in US ¹⁵

Period	Implementation reasons	Measures	Implementation effectiveness
Presidency of George W. Bush (1997 ~ 2007)			
Collaboration Governance (2002) ¹⁶	To establish a citizen-centered one-stop service system in state and local governments.	Bringing stakeholders together in public institutions in the search for policy coherence to participate in outcome-oriented decision-making and emergency collaboration.	The high costs of adversarial policy regimes were avoided, democratic participation was expanded, effective links with stakeholders were established and more rapid development was prompted, but stakeholders' involvement could also lead to uneven access to the benefits of affairs.

As the NPM reform evolved to the Post-NPM reform, the development of public management measures was adjusted in line with different economic conditions and political service environments. The specific measures of reform comparison are shown in Table. 5 (Bach and Bordogna, 2011; Cohn, 1997). The following section further summarizes the characteristics of the two countries' responses to the public management reform, identifying the most typical changes in public management practices and their theoretical explanations in the UK and the US over the last half-century.

Table. 5 A Comparative diagram of specific models of public management reform in the UK and the US ¹⁷

	The United Kingdom	The United States
Depth of reform	Substitution type	Substitution type
Strength of reform	High	Medium
Privatization	High	Low
Marketization mechanism	High	High
Deregulation	High	High
Output orientation	High and systematic	High and unsystematic
Decentralization	Delegation of authority to central government agents	Delegation of authority mainly to local governments and communities
Customer orientation	Emphasize consumer rights	Emphasize citizen participation
Traditional reconstruction	Low	Low

3. Conceptual Framework and Literature Review

3.1 Government goal-oriented management efficiency and public value

Most of the NPM measures¹⁸ focused on performance and neglected democratic values such as fairness, justice and citizen participation (Bellon and Goerl, 2016). The Post-NPM reform rationally recognized the principle of efficiency first in NPM, and placed greater emphasis on the public responsibility, public interest of the government, and its civic orientation and responsiveness (O'Flynn, 2007). In the existing literature, it has been argued by some scholars that the administrative role derives from the civic role and that the responsibility of administrative officials must surely come from the involvement of citizens in the overall work, and that encouraging civic engagement becomes one of the essential tasks of the civil service role (Cooper, 1987). In the UK government's White Paper, it is emphasized that individuals, groups, families, and enterprises affected by the policy should be fully considered in all aspects of public service policy formulation, and various channels should be broadened and improved to allow stakeholders to participate and communicate with each other to improve the quality of the policy (Rhodes, 2000). Citizens were seen as customers constantly rating their satisfaction, and when they showed good positive feedback, it reflected, to a certain extent, their trust in government, and such an assessment also represented an innovation in the democratic values of public administration (Kelly, Mulgan and Muers, 2002).

¹⁵ Based on relevant literature.

¹⁶ It according to Ansel and Gash (2008) and Hall (2002).

¹⁷ It according to Bach and Bordogna (2011) and Cohn (1997).

¹⁸ Note: performance usually refers to the performance in the 3E (Economy, Efficiency and Effectiveness) theory for performance evaluation (Helden and Reichard, 2013).

3.2 The responsibility dilemma, from market competition to mutual trust

The Post-NPM reform improved administrative efficiency through cross-sectoral communication and cooperation, bringing together organizations of different nature and management styles (Goldfinch and Wallis, 2010). It did not apply orders and instructions; rather, it communicated and made cooperation through trust, creating an environment of information exchange, knowledge sharing and collective and efficient cooperation (Olsen, 2009). And fostering interdependence, the spirit of sharing responsibility, and a common vision of a cross-departmental organization with shared rules and regulations have become one of the main tasks in improving performance, requiring a gradual process of communication and bonding (Andrews *et al.*, 2009). According to Fig. 1, as collaboration skills and trust between departments increase (left side of the figure), the performance of the organizations' cooperation will gradually improve (right side of the figure) (Goldsmith and Eggers, 2005).

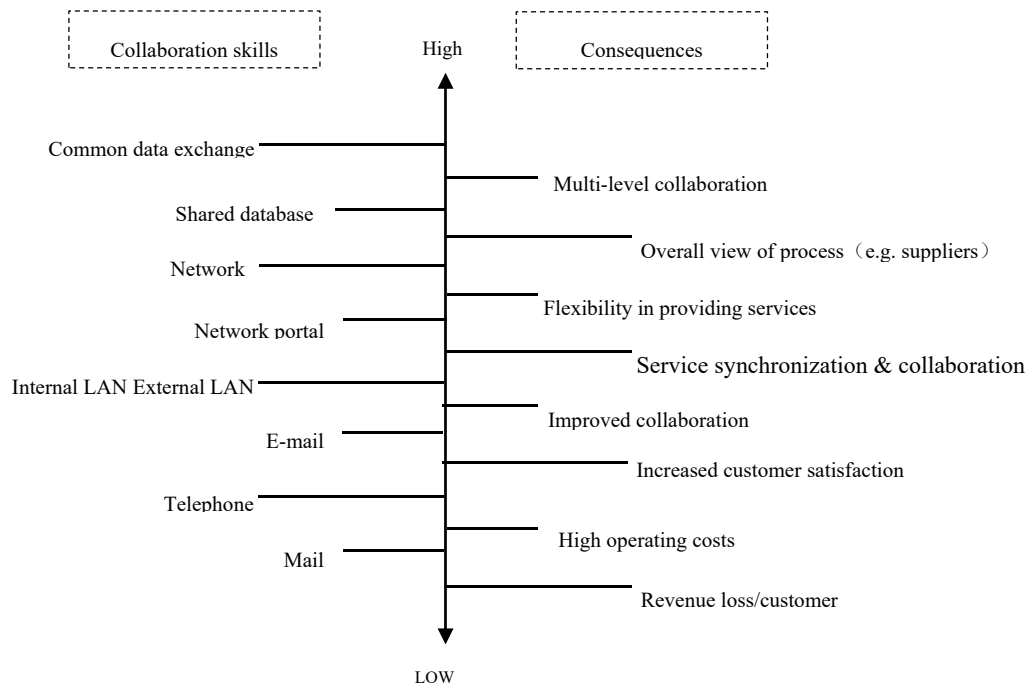


Fig.1 Technical model of public sector collaboration¹⁹

3.3 Sectoral structure, from single-organization development to overall collaboration

In the NPM, the flattening and decentralization of bureaucratic organizations through decentralization and marketization has, however, led to poor communication and coordination between those who give orders and those who implement them, and an increasing lack of integration and collaboration between agencies, leading to the fragmentation of government institutions (Bouckaert, Peters and Verhoest, 2016; Goetz, 2008). In comparison, the Post-NPM department attempted to create a cross-organizational, citizen-centered organization, which united the entire institution of social governance, including public organizations, private organizations, and volunteer groups (Kalimullah, Alam and Nour, 2012). Therefore, some scholars summarized the practice and experience of Post-NPM reforms in a number of countries, as shown in Figure Fig. 2 (Ling, 2002). However, on the other hand, cross-sectoral cooperation, which integrates various organizations into one large institution, tends to create a bloated structure; it can also be seen that the NPM model has not developed a standardized and systematic system of governance until today (Hood and Peters, 2004; Peters, 2018b).

¹⁹ Source: Goldsmith, S. and Eggers, W. D. (2005) *Governing by network: The new shape of the public sector*. Washington, DC: Brookings institution press.

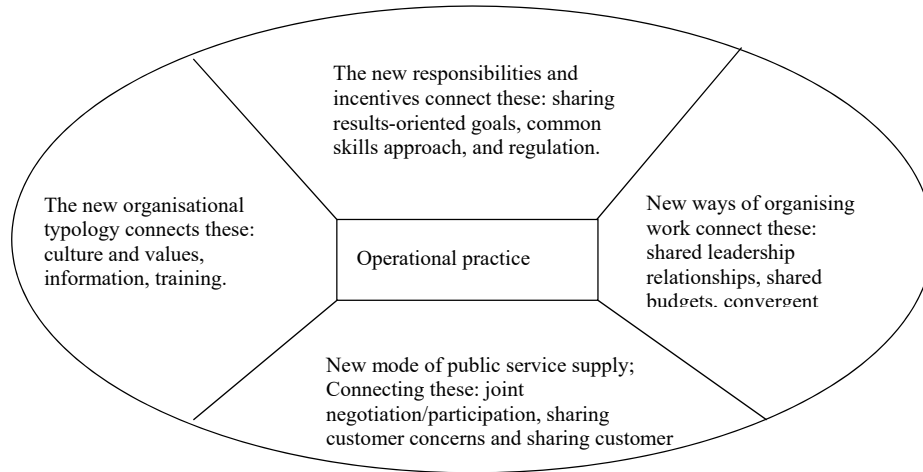


Fig.2 Best practical cooperative government organization model²⁰

3.4 Unified management, from simple decentralization to moderate centralization

In the NPM reform, the implementation of structural stratification and the decentralization of some central powers to regulatory agencies, public service organizations or state-owned enterprises often lead to ineffective regulation and delay in information transmission, thus weakening the central control ability (Kettl, 2000). The subsequent public administration reforms recognized this and increased moderate centralization to strengthen the decision-making powers of the executive leadership (Gray and Jenkins, 1995). During the Blair administration in the UK, the government was allowed to act as the glue in cross-sectoral communication and collaboration, responsible for bringing together the forces of different organizations, motivating them, yet keeping them within a certain level of control (Grimshaw, Vincent and Willmott, 2001). Therefore, the central government needs to strengthen the communication and cooperation between departments horizontally, and at the same time, strengthen the level control between vertical levels (Gelders, Bouckaert, and Ruler, B.V., 2007; McGuire, 2006).

3.5 In the new era, from being exposed to the shortcomings of capitalism to taking measures to reform moderately and improve

The ultra-high transmission rate and death rate of Covid-19 have turned the pandemic into a global public health disaster, which also quickly triggered an economic crisis and exposed further flaws in the structure of the capitalist economy (Cairney and Wellstead, 2020). For the past decade, many countries have implemented austerity policies that have weakened the finances of public institutions for handling pandemics like Covid-19 (Dunlop, Ongaro and Baker, 2020). Since 2015, the UK has cut the public health budget by nearly 8.5 million pounds, reducing the long-term investment funds for patient safety, advanced technology and complete personnel facilities. Similarly, the United States has never had a well-funded public health system, and the Trump administration has been endlessly trying to cut the funds and capacity of important institutions such as the Centers for Disease Control and Prevention (Maani and Galea, 2020). Moreover, before the outbreak, the total household debt in the United States was \$14.15 trillion, which was \$1.5 trillion higher than that in 2008 when the economic crisis broke out in the United States, and the financial crisis was triggered by high private debt²¹ (Marte, 2020). Therefore, this paper analyses the most representative and influential public management changes in the United Kingdom and the United States, and compares the correct judgments made by the two countries based on the historical background of the development of their governments, in order to identify the patterns of their responses to the changes (see Fig. 3 for details).

²⁰ Source: Ling, T. (2002) 'Delivering joined-up government in the UK: dimensions, issues and problems', *Public administration*, 80(4), pp. 615-642.

²¹ Note: the dotcom bubble crisis of 1999-2001; then the international financial crisis of 2007-2009 triggered by the sub-prime mortgage crisis; and then the global economic recession of 2009, the world capitalist crisis has erupted several times (Thakor, 2015; Vries and Block, 2011; Wade, 2009).

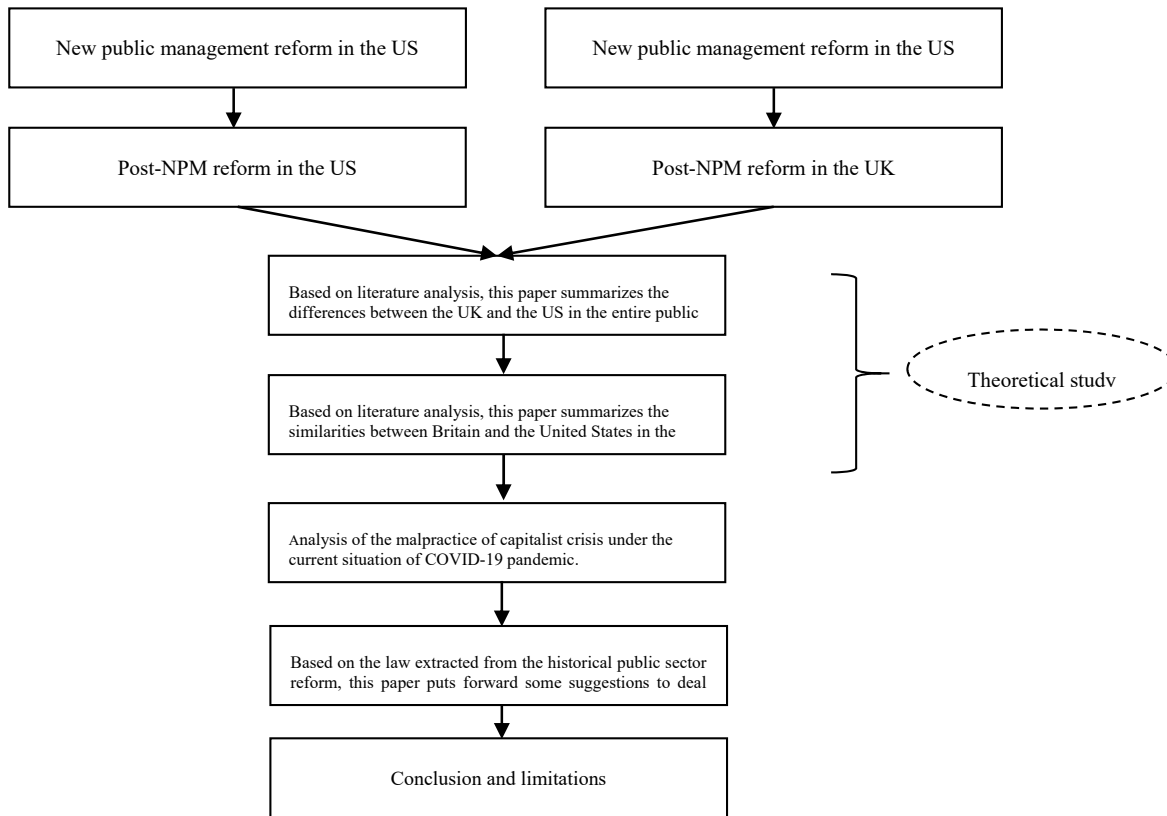


Fig.3 An analysis model from public management reform measures in Britain and the United States

4. Analysis and discussion

4.1 Adjusting economic policies to narrow the gap between rich and poor

The United Kingdom and the United States are both developed economies with a large gap between the rich and the poor. Among the world's most developed countries, the US exceeds the UK in terms of the severity of this indicator, as detailed in Fig.4.

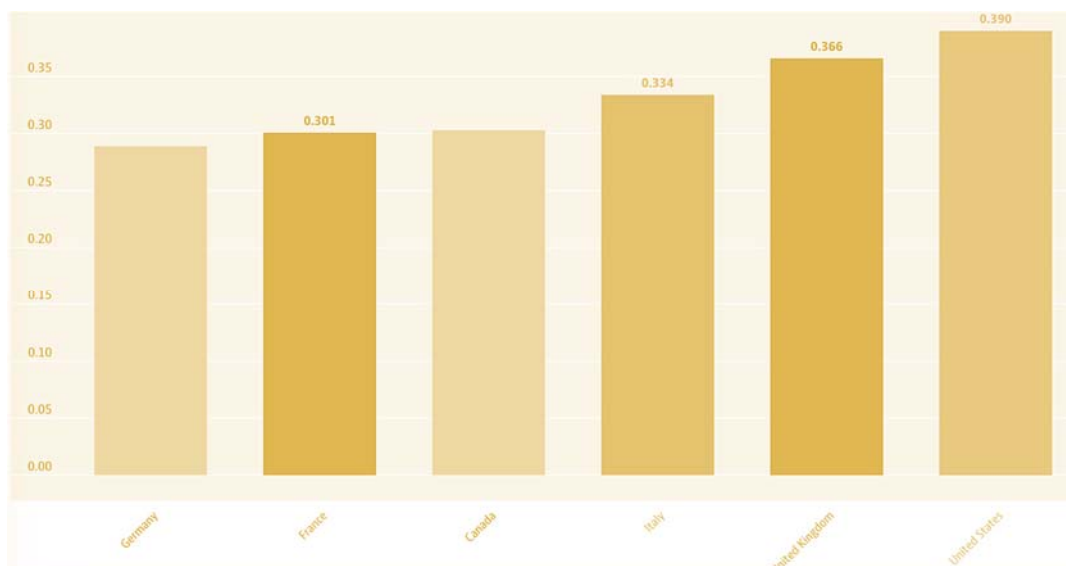


Fig. 4 Income inequality from 2016 to 2018 in five countries ²²

According to statistics, the richest 10% of Britain’s population owns 54% of the country’s total wealth, while the bottom poor, who accounts for 20% of the total population, only owns 0.8% of the country’s total wealth (Advani, Bangham and Leslie, 2020). One more mind-boggling fact is that in the US, the richest 10% of Americans now controls mainly 70% of America’s wealth (DeCambre, 2019; Swaminathan, 2019). Even the top 650 billionaires in the US increased their wealth by \$1.2 trillion during the new pandemic; in the same period, more than 20 million Americans lost their jobs, and a record 7 million people became homeless (Beer, 2021; Sherman, 2020). The pandemic has exacerbated the social divide between rich and poor, which the economists call a “K-shaped” economic recovery²³ (Burkhauser, Corinth and Holtz-Eakin, 2021; Molnar, Horváth and Regós, 2021). The UK government announced an unprecedented financial bailout to stem the tide of job losses in industries hit by the Covid-19 pandemic²⁴(GOV.UK, 2020; Scally, Jacobson, and Abbasi, 2020). And some authorities have warned that the UK cannot force cuts in government spending for the increased expenditure of the pandemic, suggesting growth/investment policies, progressive tax increases and central bank monetary policy as an alternative to austerity, tackling the debt problem, significantly increasing capital requirements for banks’ intermediary business while reducing regulatory interventions and, crucially, removing tax credits for interest costs, thus making debt financing equivalent to equity financing (Chris, 2021). Meanwhile, the US passed a new round of pandemic relief legislation²⁵, however, the amount of relief for the population was cut in half compared to previous years’ policies and there was doubt about its ability to meet the immediate needs of the population (Warner and Zhang, 2021). It implemented an unprecedented uncapped quantitative easing policy to avoid panic selling of assets by financial institutions due to lack of liquidity and its negative impact, but it may eventually have led to serious economic and financial risks and also laid the groundwork for a new round of global economic crisis (Hensher, 2020).

4.2 The market-oriented mechanism, flexibly adjusted with the current situation

Privatization, contraction, and service contracting have generally been on the decline since the 1990s, and the phenomenon of reverse privatization has become increasingly evident, with “contracting back in” ²⁶coexisting with “contracting” as one

²² Note: Gini Coefficient is presented in data, 0 = complete equality; 1 = complete inequality (OECD Data, 2021).

²³ A “K-shaped” recovery: one group recovers quickly from the economic impact of the epidemic, an upward trend in K, while the other group falls into long-term economic distress, a downward trend in K (Molnar, Horváth and Regós, 2021).

²⁴ Specific scheme: to pay 80% of the salary to employees who cannot work due to the epidemic, and using 1 billion pounds to subsidize tenants so that they will not be homeless during this time. In addition to the bailout for individuals, the UK government also announced £330 billions of aid loans to individual businesses, with interest-free periods extended from six months to 12 Months (HM Treasury, 2020),

²⁵ Key elements of the Federal Coronavirus Economic Relief Plan: allowing individuals and businesses to defer taxes, a one-time \$600 emergency relief provision for the vast majority of American adults, and providing emergency loans and employee payroll protections to businesses severely affected by the epidemic (BBC News, 2020).

²⁶ “Contracting back in” means that the government takes back public services that were previously contracted out and reintroduces them to the government. This reverse trend of privatisation, where contracting back in is the main form of contracting out, is called Reverse Privatization (Hefetz and Warner, 2004).

of the most prominent features of the Post-NPM era (Casady *et al.*, 2020). Nowadays, on the other hand, competition in the United States has weakened to a very serious degree, deregulation has not strengthened it, leading companies are firmly established, profit margins are too high, and big technology companies and many other increasingly concentrated industries allow large companies to make their own arrangements to their advantage (Shapiro, 2019). In addition, this lack of competition harms the interests of American consumers and workers: it leads to higher prices, lower investment and slower productivity growth (Philippon, 2019). It is therefore not feasible to rely on regulation alone in order to be spared the consequences of short-sighted business practices, especially when a business uses the vast resources at its disposal to lobby another party, and new laws are needed to bring about the required changes (Durand and Gueuder, 2018).

5. Social welfare policies in line with the current level of fiscal

After the Second World War, the British government aimed to extend social welfare to everyone through various welfare measures, with social security funds being borne by the state to maintain a normal standard of living for people, forming a network of safety and security services with wide coverage and a comprehensive welfare system (Mulgan, 2002; Rose and Miller, 1992). The “British Disease” of welfare excesses grew, and policy adjustments had to be made to reduce spending until the mid-1970s, but both the Labor Party and the Conservative Party remained supportive of the welfare system, in large part because of Britain’s democratic politics and cultural history (Williams, 1989). Different from Britain, the United States is a country with a high degree of marketization (Michelon, Rodrigue and Trevisan, 2020). The country’s concept of social service is based on the historical foundation of market economy, democratic politics and civil society, and the country has always pursued the concept of “small government, big society” with its controversial welfare policy (Blank, 2002). The universal health care policy reform was opposed after the Obama administration’s brief implementation attempt (Galea, Ettman, and Abdalla, 2020). The main purpose of the abolishment is to reduce the system cost and improve the efficiency of enterprises, and medical insurance expenses became the first costs to be cut (Vogue, Luhby and Mucha, 2020; Xu and Basu, 2020). Therefore, it is important to be cautious about welfare-enhancing and risk-resilient programs, taking into account various factors such as the existing national conditions, the level of economic and social development, the relationship between short-term and long-term welfare, etc. It is also undesirable to have a high level of welfare that is simply detached from the reality of a country’s social and economic development (Rezende, 2008). In general, reform seems to proceed in a circular fashion, with decentralization being pursued first, followed by centralization, then again, by a new round of decentralization. The government reform in the Post-NPM era was also a measure to correct, remedy, facilitate or improve the NPM reform (Talbot and Johnson, 2007). The trajectory of public administration reform in the UK can be seen to have varied at different stages, with different reform focus and objectives pursued, but the different stages were interlinked, and each major reform initiative was evaluated independently. The following has become a permanent and difficult task for contemporary governments and practitioners: to discover measures for making use of bureaucratic, market and non-profit mechanisms in order to make reform policies efficient, democratic and liberal, to better respond to the imbalance between economic growth and social development, and to develop a market economy while protecting the disadvantaged from social exclusion (Bevir, Rhodes and Weller, 2003).

6. Conclusion

The NPM reforms, from the Thatcher and Reagan administrations onwards, have initially helped most countries to withstand the stagflationary crisis of the inflationary era (Linsi, 2020). While the relevant policies have to some extent revived the economy and promoted rapid development, they have also further exacerbated the ills of the capitalist system, and the current outbreak of the Covid-19 pandemic is bound to deepen the crisis (Ansell, Sørensen and Torfing, 2020). Therefore, this paper first reviews the background of NPM and Post-NPM, compares and analyses the specific reform measures and related theories in the UK and the US, identifies the similarities and differences between the two countries’ approaches, and summarizes five patterns in the two countries’ public sector reforms: 1) switching from government goal-oriented management efficiency to public values; 2) the responsibility dilemma, from market competition to mutual trust; 3) the sectoral structure, evolving from single-organization development to overall collaboration; 4) the unified management, switching from decentralization to moderate centralization; 5) in the new era, from being exposed to the shortcomings of capitalism to taking measures to reform moderately and improve. And in the context of the current pandemic outbreak leading to the intensification of the ills of capitalism, this paper has identified the following adjustments that may follow the pandemic: 1) adjustment of economic policies to reduce the gap between the rich and the poor; 2) market-based mechanisms flexibly adjusted to the forms of the times; 3) social welfare policies that do not exceed the current level of fiscal. Due to the limitations of my research scope and time, the specific measures taken by the two countries in the context of the pandemic were not explored in depth; meanwhile, for future studies, the brief prediction of the next round of reforms in the new period can be further researched and improved.

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