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Reforms of the Public Administration under Thatcher and Reagan in the Neoliberal framework

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INTRODUCTION

Starting by the end of the 70s the political and economic asset of the Anglo-American countries changed due to a series of reforms in public administration inspired by the Neoliberal doctrine. Following the sharp increase in the price of oil, the economic system started a period of regression characterized by high inflation and a general sufferance of markets. The classic Keynesian paradigm, which had been considered a solid model for the economies of the western world particularly after the great depression of 1929, started to lose consensus and will be criticized by many economists. Monetarism will slowly take the place of Keynesianism and the focus will shift to the supply side.

It is in this historical context that the role of the State within the economic system starts to be questioned and the Neoliberal thought comes back in ague. Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade. The role of the State is to create and preserve an institutional framework appropriate to such practice. This theory was first born at the end of the 19th century but fell into decline during the two World Wars mainly due to economic recovery plans advocating a strict State control of the markets. The United Kingdom and the United States of America are to be considered the leaders and greatest proponents of this Neoliberal approach starting a mutual relationship which mirrored the deep sympathy of their respective leaders who had just been elected and formed a political marriage. Within the span of just one year, the politics of these two countries, the Unites States of America and that of the United Kingdom, seemed to collude towards the same ideological path. With the election in 1979 of the leaders of the English conservative party, Margaret Thatcher, and of the Republican Ronald Raegan as President of the US in 1980, a profound change started, which will bring about economic policies aimed at lessening the role of the State.

Both Thatcher and Raegan saw many flaws in the administrative sector of their countries; notably a lack of ability to focus on clients and a general inability to provide unbiased advice with the purpose of satisfying their group interests rather that of the public. From this reflection, a new way of managing the public sector called "New Public Management" emerged. This model emphasizes the economy, efficiency, and effectiveness of government organizations, instruments, and programs, and aims to improve the quality-of-service delivery. The new approach focuses on achieving results and prioritizes clients, outputs, and outcomes. It also emphasizes management by objectives and performance, using market-type mechanisms instead of centralized control, and introducing competition, choice, and devolution to improve authority, responsibility, and accountability.[1]

[1] Polya Katsamunska, 2012. "Classical and Modern Approaches to Public Administration," Economic Alternatives, University of National and World Economy, Sofia, Bulgaria, issue 1, pages 74-81, January.

The scope of this thesis is to analyze the main reforms in public administration implemented both in the US and the UK during the 80s, trying to envision their institutional rationale under the concepts of neoliberalism and evaluate to what extent a comparison can be made. The main areas on which the attention is focused, will concern the privatization and deregulation action, the process of reduction of government spending trough tax cut, outsourcing and decentralization and a specific analysis on civil service reform and how it varies in the two countries. The analysis regarding the US will include also a paragraph on the devolution process started by Raegan and the reform of the national security and defense which constituted one of the pillars of Raegan's administration. A section will be dedicated to a brief analysis of the main trends in public administration ranging from the NPM, largely addressed in this thesis, to the raising notion of governance. Finally, a conclusive paragraph will concern a short excursus trough the public administration changes implemented within the European continent in consequence of the large influence played by the new managerial approach fostered by the Anglo-American region.

CHAPTER 1. The UK: Thatcher's public administration reforms

Margaret Thatcher's election as the first female Prime Minister of the United Kingdom in 1979 marked a significant turning point in the country's political history. Thatcher's Conservative Party victory over the incumbent Labour Party was a result of her bold promises to revive the economy, reduce the power of trade unions, and uphold traditional values. Her leadership style, often characterized as tough and uncompromising, would come to be known as "*Thatcherism*" and would have a profound impact on British society for decades to come. Thatcher's election ushered in a new era of politics in the UK, and her legacy remains a subject of debate and analysis to this day.

The following chapter will focus on different aspects of the reforms concerning the British public administration system ranging from the privatization of public services to the reform of local councils, passing on a brief analysis of the tax cuts implemented by the government and finally touching upon the most relevant theme in terms of public administration reforms, namely civil service.

Overall, Thatcherism called into question the traditional concept of public and her belief in the private sector's ability to promote competition and achieve efficiency gains, resulted in the implementation of a massive "*managerialization*" program and tightening of all those offices and public expenses deemed superfluous. Thatcher's doctrine, along neoliberalism, was centered on competition by way of reduction of state intervention and support of markets in order to achieve an efficient allocation of resources and get the economy back on track. Albeit quite radical, Thatcher's way of doing will bring the UK on a new phase compared to other Western democracies of the time.

1.1 Privatization

Thatcher had a strong personal belief in privatization and the overall process had major implications politically for the conservatives rather than for economic reasons since selling assets raised better consensus rather that increasing public expenditure. Privatization entailed denationalization, as evidenced by British Gas and British Telecom's major offerings. Nonetheless, the term privatization evolved to encompass a broader idea of the desired relationship between the government and civil society. Privatization was crucial as she said for *"reversing the corrosive and corrupting effects of socialism," and central to "reclaiming territory for freedom"* [2] The purpose of privatization was to ensure *"the state's power is reduced, and the power of the people enhanced".* Thatcher was heavily influenced by economist F. A. Hayek, as well as by her key adviser Keith Joseph. During her office, the Conservatives were able to align themselves with the privatization process agenda by rejecting several aspects of the *1940s settlement*, which foresaw the nationalization of industries in addition to the enlargement of the functions and responsibilities of the State, and programs that were influenced by the radical concepts of The New Right.

[2] Thatcher 1993: 676).

As already mentioned, the Privatization process takes inspiration from the ideas and concepts fostered by the New Right Movement which is worth mentioning for the sake of our analysis due to the high influence it had in relation to the come to power of Thatcher. Such movement became particularly influential by the end of the 20th in the US and the UK as a reaction to the perceived failures of Keynesianism and the welfare state. A strong emphasis is put on free market economics, deregulation, privatization, and reduced government intervention in economic affairs along the goal of redefining the relationship between nation and economy by creating a free State in which the economy if able to thrive. As matter of fact, the movement condemns the growing role of markets and international trade as a form of political bargaining. Indeed, the primary goal of the Thatcher administration was to decrease the scope and extent of government interventions in the economy, thereby reducing the role of the State. This was intended to be accomplished by reinstating financial stability, cutting back on public spending in both relative and absolute terms, and eliminating any hindrances to the functioning of free markets.

The Thatcher Government introduced various policy initiatives under the umbrella term "privatization," which can be categorized into two types: asset privatization and service privatization. Asset privatization involves selling off nationalized industries, government shares in private companies, government-owned land and property, and council houses, resulting in a significant shift in the balance between public and private sectors. This transfer of ownership of state assets from public to private is considered a notable aspect of the Thatcher era and is extensively discussed by *James Foreman-Peck* in relation to nationalized industries, and by *Roger Burridge* and *Ann Stewart* with regards to housing[3]. The second aspect of privatization refers to the privatization of services, which is a more intricate and less dramatic process than asset privatization, but still a crucial part of the strategy to establish a free market economy. The reorganization of the State sector and changes in responsibilities and tasks of various agencies are involved in this type of privatization.

Prior to 1979, the United Kingdom had one of Europe's largest public enterprise sectors. Since then, the Conservative government has embarked on a massive privatization campaign. Between 1979 and 1995, more than £50 billion in state assets were sold to the private sector (excluding proceeds from the sale of government-owned housing), and the share of employment accounted for by publicly owned industries fell from 7.2% to less than 2%. Despite the size and speed with which the privatization program expanded in the 1980s, large-scale privatization was not part of the Government's economic policy when it was elected in 1979. Nonetheless, the economic and political motivations that underpinned the original nationalization program were much weaker by this time and as evidence in the late 1970s, public opinion appeared to be less convinced of the benefits of public enterprises. According to a MORI opinion poll conducted in the 1970s, an increasing number of people believed that private enterprises were more efficient than nationalized industries (*Heald 1988*).

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[3] Journal of Law and Society, Spring, 1988, Vol. 16, No. 1, Thatcher's Law (Spring, 1988), pp. 1-20

When discussing privatization, a distinction shall be made between the public market sector, i.e. public or state-owned enterprises, and the public non-market sector, also known as the welfare state. In general, the distinction is about institutions, which reflect past political decisions about financing, and the characteristics of the goods and services provided (Heald 1988). Goods and services in the public non-market sector, such as health care, can be considered marketable even if they are not currently widely marketed. They could not be privatized for a variety of technical reasons. Clearly, in the UK context, there has been significant support (or little resistance) to privatization in the public market sector, which has been dominated by a perception, at the very least, that public enterprises are inherently less efficient than their private sector counterparts. In contrast, a significant portion of the public non-market sector enjoys widespread public support. This is especially true of the National Health Service. The privatization program, which began in 1979, has evolved in stages.

During the first phase of privatization, from 1979 to 1983, the government sold public sector assets and public enterprises, which were small and mostly operated in competitive markets (Bishop and Kay 1989). At this stage, the sale of public property was more important than the sale of shares. During that time, more than 1 million public housing units worth £15 billion have been sold under 'right to purchase' schemes. The second phase of the privatization program concerned the extension of privatization to the utilities sector. This consisted of a mixture of attempts to liberalize monopoly markets and denationalize large public sector monopolies. It started with the sale of British Telecom and continues today with the privatization of the rail industry. This phase differs from the first in that separate regulatory bodies have been established for each of the large privatized utilities. The third phase overlaps with the second one but represents a new direction for the privatization programme. Privatization programs gained momentum when a significant number of public enterprises had already been sold, and it proved difficult or unlikely for the remaining firms to sell large companies. Faced with this situation, the government turned its attention to new areas of privatization, mainly involving contracting, user charging, and the introduction of consumer-oriented initiatives to simulate the market management of government agencies (Curwen 1995). It also included new routes to the much larger non-market public sector.

Four main methods of privatizing public services have been employed, namely charging, contracting out, liberalization, and withdrawal. Charging involves making users pay for services while the provision of the service remains under public control. This privatization method changes the financing of the service, with individual contributions replacing central or local taxation. Sometimes, charges are newly introduced or increased to reflect market levels. This approach aims to shift the responsibility of service provision from the individual as a taxpayer to the individual as a consumer. Examples of this type of privatization include education, health, pensions, and housing. Contracting out involves the state giving up its role in service delivery and becoming a client for private companies. Liberalization introduces competition to break up monopoly power, while withdrawal involves the state abandoning its responsibility for a particular service and shifting it to the private sector. These strategies have been used in various sectors including education, housing, telecommunications, broadcasting, and community care. The main aims of privatizations were the reduction of government involvement in national industries, to increase efficiency, and the reduction of the PSBR, namely the Public Sector Borrowing Requirement commonly referred to as budget deficit.

1.1.2 Privatization of companies

In order to provide with a better understanding of denationalization carried out between the 70s and the 90s, I will briefly describe the most remarkable state-owned companies to be privatized during the Thatcher era, namely British Telecom, British Airways, British Gas and British Steel and their implications for the State.

The privatization of British Telecom (BT) was a significant event in the economic history of the United Kingdom albeit being highly controversial issue at the time, with critics arguing that it would lead to higher prices for consumers and job losses. Yet, supporters of the privatization argued that it would lead to greater efficiency and investment in the telecommunications sector. In 1984, the British government sold off its majority stake in BT to private investors, including private and individuals, making it the first major state-owned company in the UK to be privatized. The main aim of privatizing BT was to improve the efficiency and competitiveness of the telecommunications sector in the UK. Prior to privatization, BT was a state-owned monopoly with a legal obligation to provide universal service. Yet, the government believed that the company's performance could be improved by introducing market competition and giving the company greater commercial freedom. Since privatization, BT had to make several adjustments, including the restructuring of its operations and the diversification of its business activities. Today, BT is a major provider of telecommunications services in the UK and has expanded into new areas such as mobile telephony and broadband services.

British Airways (BA) was privatized in 1987, during the era of Prime Minister Margaret Thatcher's government. Prior to privatization, British Airways was a nationalized company, owned and operated by the British government. The process of privatization involved the sale of shares in British Airways to private investors, with the government retaining a minority stake in the company. The sale of shares was conducted through a public offering, allowing members of the public to purchase shares in the airline. Following its privatization, British Airways has faced significant changes in the competitive landscape of the airline industry. Moreover, it has undergone several mergers and acquisitions, including a merger with Spain's Iberia in 2010 to form the International Airlines Group (IAG). The airline has also faced challenges from low-cost competitors, particularly in the European market.

British Gas, which was the state-owned gas utility in the UK, was privatized in 1986 Prior to privatization, British Gas had a monopoly on the supply of natural gas in the UK, as well as control over the country's gas distribution network. The privatization of British Gas involved the sale of shares in the company to the public, with the government retaining a minority stake in the company. The sale of shares was conducted through a public offering, which allowed members of the public to purchase shares in the company. After privatization, British Gas has been confronted by significant changes in the energy sector and it has diversified its operations to include electricity generation and supply, as well as other energy-related services while facing competition from new market entrants and from renewable energy sources.

Overall, the massive denationalization of companies carried out during the Thatcher ministry remains quite controversial. While there were certainly proponents of this policy, there were also criticisms from various quarters. Some of the main criticisms of privatization during Thatcher's era include: (a) Increased inequality as the benefits of privatization were felt mainly by the wealthy, while the poor were left behind; (b) Reduced accountability since privatized companies were no longer subject to the same level of public scrutiny and oversight, which meant that they could make decisions that were not in the public interest; (c) Reduced quality of service as companies focused more on profits than on providing quality services to their customers. This was especially true in the case of essential services like healthcare, education, and public transport. Additionally (d)Short-term thinking Privatized companies often focused on short-term profits at the expense of long-term planning and investment. This meant that they were not always able to make the necessary investments to ensure that their services would be sustainable over the long term. And finally (e) Loss of public assets in light of the fact that the public no longer had control over these assets, which were now in private hands. These criticisms suggest that while privatization may have had some benefits, it also had significant drawbacks that were not always fully considered by policymakers.

1.2 Deregulation

Having talked of privatization, it is inevitable to talk about deregulation which constitutes the other side of the coin. The difference between these two related concepts is that deregulation refers to the process of reducing or eliminating government regulations on an industry or sector, which allows for greater competition, innovation, and market efficiency while privatization, on the other hand, involves the transfer of ownership or control of a public sector entity, such as a government agency or state-owned enterprise, to the private sector. Thatcher believed that government regulation was hindering economic growth and that a freer market would lead to greater prosperity and efficiency. Under her government deregulation policies focused on several industries, including telecommunications, transportation, and finance. While these policies helped to reduce inflation and boost economic growth in the short term, they also led to rising inequality, job insecurity, and social unrest in the long term.

In the finance sector, Thatcher deregulated the City of London, removing restrictions on foreign exchange and other financial transactions in 1979, which allowed British citizens and businesses to invest abroad more easily. This move was followed by the deregulation of the banking and financial sector in the 1980s, which allowed banks and other financial institutions to compete more freely and operate with fewer restrictions. This led to an increase in the number of financial institutions in the UK and contributed to the rise of the City of London as a global financial center. Nonethless, the deregulation also led to a number of financial scandals and contributed to the global financial crisis of 2008.

The Conservative government also deregulated the labor market by restricting the power of trade unions and making it easier for employers to hire and fire workers. As a matter of fact, a series of laws were passed that made it more difficult for unions to strike, picket, and organize, and gave employers more power to dismiss employees who participated in union activities. Because of the privatization of many state-owned companies, the number of unionized workers in the economy was shrank. Moreover, the government reduced the protection of workers by repealing or weakening many laws that protected workers' rights, including laws regulating working hours, wages, and health and safety. The level of unemployment benefits was reduced and as a consequence it was more difficult for workers to refuse low-paying or precarious jobs. Overall employers were encouraged and facilitated by all these policies implemented by the government to use individual contracts instead of collective bargaining agreements, which allowed them to set wages and working conditions on a case-by-case basis.

Another important pillar of this set of policies is the deregulation of the Housing Market starting from 1980. Thatcher's government introduced a number of measures to deregulate the housing market, including the introduction of "right to buy" policies that allowed council tenants to buy their homes at a discounted price. Under the Right to Buy policy, eligible council tenants were able to purchase their home at a discount of up to 50% of its market value, depending on the length of time they had been a tenant. The "right to buy" the first home was strengthened by the cancellation of incentives for rentals, a policy that increased the prices of council house rentals. In 1984, the requirements to access the "right to buy" were reduced to a two-year rental contract. The maximum discount was initially set at £16,000 but was later increased to £38,000 in London and £28,000 elsewhere in the country. The aim of the policy was to encourage home ownership and to provide council tenants with greater control over their own homes. Moreover, the government also significantly reduced investments in public and social housing, redirecting some of the savings from this reduction to the renovation and upgrading of existing housing. The policy was highly successful, with around 2 million council houses being sold to their tenants by the mid-1990s. However, it also led to a reduction in the number of social housing units available, as many of the homes sold under the policy were not replaced by new council homes. The Right to Buy policy remains in place today, although the level of discount has been reduced in some areas, and local authorities have more control over the implementation of the policy.

1.3 Outsourcing

Outsourcing emerged as management practice in the 30s of the last century in the United States. The Thatcher government increased the use of outsourcing in public administration, allowing private companies to bid for contracts to provide services. Outsourcing in public administration refers to the practice of contracting out certain services or functions of a government agency to a private sector organization or another government agency. This can be done for a variety of reasons, such as to reduce costs, improve efficiency, or access specialized expertise or technology. It is important to note, that outsourcing in public administration can be a complex process, and it requires careful consideration of factors such as accountability, transparency, and security to ensure that the government's responsibilities and obligations to the public are met. Common examples of outsourced services in public administration include IT services, transportation services, waste management, and security services. The private sector organization or government agency that provides these services is known as a contractor, and they are typically selected through a competitive bidding process. Outsourcing can be a controversial practice in public administration, as it can potentially lead to a loss of control over the quality and delivery of services, as well as concerns about the accountability and transparency of the contracting process. However, when properly managed, outsourcing can also provide benefits such as cost savings, increased efficiency, and access to specialized expertise or technology.

One of the most important relevant reforms Thatcher adopted during her time as prime minister regards the review of the NHS, British National Health Service, as she believed the system lacked efficiency. Pre-Thatcher, the nature of what "outsourcing" meant was frequently very different. Prior to 1979, governments and NHS executives did not automatically (and ideologically) associate the private sector with unavoidable cost savings or efficiency gains. Private firms, like nursing employment agencies, were often used to fill gaps rather than to systematically drive down costs. In the 1980s, this would change. Following the publication of the Griffiths Report on efficiency in 1983, the government sought private sector expertise to improve service management.[4] The focus of the reforms during the Thatcher period was not articulated in terms of securing competition and choice, which dominated subsequent reform agendas, but rather emphasized making the NHS more 'business-like', which culminated in the setting up an internal quasi-market in 1991, together with support for some compulsory competitive tendering.

Some of the key reforms concerning the NHS include the Introduction of an internal market, the abolition of regional health authorities and the overall increasing of the role of the private sector. The Thatcher government introduced an internal market into the NHS, which aimed to increase competition between different healthcare providers. Hospitals and other healthcare providers were required to compete for contracts with health authorities and were given financial incentives to increase efficiency and reduce costs. Moreover, the government abolished regional health authorities, which had previously been responsible for planning and coordinating healthcare services at a regional level. This responsibility was transferred to individual health authorities, which were given more autonomy in decision-making. The government encouraged the involvement of the private sector in the provision of healthcare services, particularly through the use of contracting out. Another important reform consists in the Introduction of the "GP fundholding" scheme: The government introduced a scheme in which general practitioners (GPs) were given control over their own budgets and were able to purchase services from a range of providers, including private companies. These reforms were designed to increase efficiency, reduce costs, and improve the

[4] https://peopleshistorynhs.org/encyclopaedia/outsourcing-in-the-nhs/

quality of healthcare services. Still, they were also controversial, with critics arguing that they led to fragmentation of the NHS, increased bureaucracy, and reduced access to healthcare for some patients.

1.4 Tax cuts

During the Thatcher period the Conservative government implemented several tax cuts as part of their economic policies. Thatcher believed that these tax cuts would stimulate economic growth by providing people with more disposable income to spend and invest. She also argued that they would encourage people to work harder and be more productive, as they would be able to keep more of the money that they earned. The tax cuts were not without controversy. In fact critics argued that they disproportionately benefited the wealthy, and that they led to rising income inequality and a reduction in public services. Supporters of the tax cuts, on the other hand, argued that they helped to create a more dynamic and prosperous economy, which ultimately benefited everyone.

The first major tax cut came in 1980, when the top rate of income tax was reduced from 83% to 60%. This was followed by further cuts in 1981 and 1982, which saw the top rate reduced to 50% and then to 40%. The basic rate of income tax was also reduced during this time, from 33% in 1979 to 25% in 1988. This was seen as a disincentive to hard work and entrepreneurialism, as it meant that high earners were effectively giving away the majority of their income to the government. Thatcher was determined to change this, and over the course of her time in office, she implemented a series of tax cuts that significantly reduced the amount of tax that people had to pay. Cuts in tax income can have several implications from an administrative perspective, some of which are budget shortfall as cuts in tax income can result in a shortfall in government revenue, which can affect the government's ability to meet its spending obligations, reduced funding for various government programs and initiatives including areas such as education, healthcare, social welfare, and infrastructure development; an increased pressure on Tax Collection authorities to collect more revenue to meet the government's obligations potentially resulting in the enforcement measures, increased audits, and penalties for non-compliance. Moreover, cuts in tax income can have political implications, as they can lead to public dissatisfaction with the government's economic policies impacting on the government's popularity and lead to a loss of support in future elections but also economic consequences such as inflation, currency devaluation, and reduced economic growth. This can affect both the government and the private sector and can have long-term effects on the economy.

Margaret Thatcher's government also introduced several changes to the UK's pension system, including tax breaks for private pensions. The changes were aimed at encouraging individuals to save for their retirement, rather than relying solely on state pensions. Additionally, the government reduced the rate of corporation tax from 52% to 35% in 1984, making the UK a more attractive location for businesses. One of the key changes was the introduction of Personal Pension Plans (PPPs) in 1988. These plans allowed individuals to set up their own pension scheme, which would be funded through contributions made by the individual and their employer. Contributions to PPPs were tax-deductible, which meant that individuals would receive tax relief on the money they put into their pension pot. This tax relief was given at the individual's marginal rate of income tax, which meant that higher-rate taxpayers received more generous tax relief than basic-rate taxpayers. The introduction of PPPs also meant that individuals had more control over their pension savings, as they could choose how their contributions were invested. This was a departure from the previous system, where individuals were required to join their employer's occupational pension scheme, which often had limited investment options. In addition to PPPs, Thatcher's government also introduced other measures to encourage private pension provision. For example, in 1986, the government allowed individuals to take out personal pensions alongside their occupational schemes, which gave them additional flexibility and control over their retirement savings.

In addition to policies aimed at cutting taxes, Thatcher introduced a cash limit policy. Cash limits were a mechanism used to control government spending by setting strict limits on the amount of money that each department could spend in a given year. These limits were enforced by the Treasury, which required departments to submit detailed spending plans and regularly monitored their expenditure to ensure they stayed within their allocated budgets. The imposition of cash limits was part of the Thatcher government's broader strategy to reduce the size of the public sector and control government spending. By imposing strict limits on spending, the government hoped to reduce waste and inefficiency in the public sector and promote a culture of fiscal discipline and responsibility. The cash limits policy was controversial, as it was seen by some as a blunt instrument that could lead to underfunding of vital public services. Critics argued that the limits were too rigid and inflexible and did not allow for necessary spending increases in response to changing circumstances or unexpected events. Although highly criticized, the cash limits policy remained in place throughout the 1980s and played a significant role in the Thatcher government's efforts to control government spending and reduce the budget deficit. The policy was later replaced by other budget control mechanisms, such as the use of departmental expenditure limits and resource accounting and budgeting.

Since when she was still a simple parliamentarian of the Conservative Party, Margaret Thatcher proposed to review the local taxation system and introduce a system of rate-capping, which is the possibility for the central government to establish a maximum limit on the taxation imposed by local government. Finally in 1980, a rate capping policy was introduced as a measure that aimed to limit the amount by which local authorities could increase their rates (a form of local property tax) in any given year. This meant that, once the maximum level of local taxation payable by local powers was set by London, local authorities could not further finance their expenses through an increase in municipal taxes. With this mechanism, which effectively imposed centralization of local public finance, the central government would have been able to better control the level of public spending by local authorities. Prior to the introduction of rate capping, local authorities had significant autonomy to set their own rates, which were used to fund a range of local services such as education, social care, and waste management. However, some local authorities were accused of overspending and increasing rates significantly, which led to public outcry and demands for central government intervention. In response, the Thatcher government introduced the Local Government, Planning and Land Act 1980, which allowed the Secretary of State for the Environment to impose a cap on the amount by which local authorities could increase their rates in any given year. The cap was initially set at 3.5% and was later reduced to 2.5%.

The strategy of the Conservative government, in fact, was in continuity with the initiative of the previous Macmillan government, which had established a correlation between the funding and public spending of local authorities. Thanks to this reform, transfers of public money from the central state to local governments had decreased from 58% in the year 1980-1981 to 47% in the year 1985-1986. Yet, hopes that this policy would drastically reduce local spending were soon dashed. In fact, the response of local governments was simply to raise local taxes. [5]Thus, in 1981, the mechanisms for penalizing local authorities that exceeded spending limits were further tightened. An additional law was promulgated in November 1981, which added to the sanctioning mechanism for local governments that exceeded spending limits a maximum taxation limit on citizens. If the taxation limit set by the central government was exceeded, these governments had to submit a referendum to citizens to express their approval or opposition to the tightening of local taxation. However, the proposed solution presented many political risks and institutional limitations. Local referendums would have been costly and complex, and at the same time, a precedent would have been created for extensive recourse to popular will. Thus, the idea was abandoned, and the law was modified in 1982, introducing a mechanism that prevented local government from adding additional taxes during the same financial year.

In addition, an amendment favored greater preparation of local authorities regarding required spending cuts. The government would have, in fact, informed those local authorities that would see their state transfers reduced for the following year in advance, instead of imposing spending cuts only after announcing and appropriating funds through the budget law. This law, passed in July 1982, imposed increasing rigidity on public accounts, but without really limiting those authorities with high levels of public spending. The government intended to counteract them by changing the mechanism through which spending levels and penalties were determined every year.

Consequently, the formula provided for by the 1982 law was unsuccessful and was replaced in 1984 with a new mechanism that further strengthened government control over the thresholds of local public spending. In addition to financial measures, the Local Government and Planning Act of 1980 imposed on the Direct Labour Organization of local authorities, the organizations established in the 1960s with the task of managing the provision of public services, to enter into contracts with the private sector and obtain an economic surplus within three years. The same law decreed the replacement of Direct Labour Organizations with Urban Development Corporations (UDCs), non-elective administrative structures whose members were appointed by local authorities, directly funded by the government with the aim of developing private investments in public services.

[5] Castellani, Lorenzo. (2018). The Rise of Managerial Bureaucracy.

1.5 Reform of local councils

During Margaret Thatcher's time as Prime Minister of the United Kingdom, there were significant changes made to the way local councils were structured and managed in the UK, including the abolition of several local councils. She started a war with local council which ended up with England being one of the most centralized countries among Western democracies. Indeed, the policy of abolishing local councils was part of a broader program of decentralization and reducing the power of local authorities and to promote greater efficiency and accountability.

One of the main changes was the abolition of the traditional two-tier system of local government, which consisted of county councils and district councils. This was replaced with a single-tier system of unitary authorities, which were responsible for all local government services in their area. A two-tier system of local government is a system of governance in which a region or country is divided into two tiers or levels of local government, each with distinct responsibilities and powers. The first tier of local government is responsible for providing services and making decisions on issues that directly affect the local community, such as maintaining parks and playgrounds, managing local infrastructure, and organizing community events. The second tier of local government is responsible for more strategic issues that affect a wider region, such as planning and development, transport, waste management, and education. The aim of this reorganization was to simplify the structure of local government and make it more efficient and cost-effective. Under the new system, a single local authority would be responsible for all local government services in a particular area, such as education, social services, housing, and waste collection. The single-tier system was first introduced in Scotland in 1975, and in the mid-1980s, it was extended to England and Wales. The reorganization was controversial, with some arguing that it would lead to a loss of local democracy and accountability. Having said that, Thatcher's government argued that it would streamline local government and make it more responsive to the needs of local communities. Today, the single-tier system remains in place, with 55 unitary authorities in England, 22 in Wales, and 32 in Scotland.

In addition to these changes, the Conservative government also abolished the Greater London Council (GLC) and the metropolitan county councils. These councils had been established in the 1970s to oversee services such as transport, housing, and planning across larger urban areas. Thatcher believed that the GLC and MCCs were inefficient and wasteful, and that they were taking too much power away from local authorities. She also believed that the GLC was being used by left-wing politicians to promote their political agendas, and that it was not serving the best interests of the people of London. In 1983, the Conservative government introduced the Local Government Act, which abolished the GLC and the MCCs. The Act transferred most of their functions to the local borough councils, which were seen as being more efficient and accountable. The decision was met with fierce opposition from Labour politicians and other critics, who argued that the GLC and MCCs had been effective in delivering services to local people, and that their abolition would lead to a decline in the quality of local government. Despite the opposition, the Act was passed and the GLC and MCCs were abolished in 1986. This was a significant change in the structure of local government in the UK, and it led to a shift in power away from central government and towards local authorities. However, it also led to a reduction in the overall size of the local government sector, and to a significant loss of jobs for people working in the GLC and MCCs. Overall, the abolition of local councils under Thatcher's government was part of a broader effort to reduce the role of the state and encourage market-based solutions to public service provision. While some argued that these changes improved efficiency and reduced costs, others criticized them for reducing local accountability and undermining democratic decision-making.

Thatcher also introduced a series of measures designed to limit the powers of local councils and promote greater efficiency. For example, the Local Government Finance Act 1988 introduced a system of council tax to replace the previous rates system, which had been based on property values. This was seen as a way of making local government funding more transparent and accountable, as well as encouraging greater efficiency in the use of resources. The idea behind the tax was to make local taxation fairer and to encourage people to take responsibility for the cost of local services. Under the Poll Tax system, each adult in a household was required to pay the same amount, regardless of their income or the value of their property.

The introduction of the poll tax was met with widespread opposition, particularly from those on low incomes who would be disproportionately affected by the tax. There were protests and riots across the country, particularly in Scotland where it was introduced a year earlier than in England and Wales. In response to the protests, the government introduced a series of measures to try and address some of the criticisms of the tax, such as reducing the amount that some people had to pay and exempting certain groups, such as students. Still, the poll tax remained deeply unpopular, and in 1991 the government eventually abandoned it and replaced with the Council Tax system, which is still in use today. This eventually will be considered by many as one of the key factors that contributed to Thatcher downfall as Prime Minister.

Another important change was the introduction of compulsory competitive tendering (CCT) for local government services. Under the CCT policy, local authorities were required to put all their services out to tender, except for those services that were deemed to be "exempt" or "protected" under the policy. The exempt services included those that were considered to be inherently governmental, such as social services, education, and certain aspects of housing management. The protected services were those that were provided in-house by the local authority and were deemed to be cost-effective and efficient. The CCT policy was controversial and faced criticism from various quarters. Critics argued that the policy undermined the quality of public services, led to job losses, and created a two-tier workforce. They also argued that the policy was ideologically driven and ignored the public's preferences for publicly provided services. Despite the criticisms, the CCT policy was in place in the UK until the late 1990s, when it was gradually phased out by the Labour government. Since then, public sector organizations have been given more flexibility in how they provide services, and there has been a renewed emphasis on partnership working between the public and private sectors.

1.6 Civil Service Reform

The following paragraph is going to illustrate one of the most relevant areas in which Thatcher was most incisive for the course of British Public administration. When talking of civil service, it must be borne in mind that its difficulty in reformation is given by its capillarity and strong legacy played by the senior civils servants that made the overall system hard to dismantle and "*managerialize*". Yet the whole reform proved to be strongly effective and one of the main interests for the first phase of the Thatcher government. When she came to power, Thatcher was fundamentally opposed to the idea of a welfare state, or indeed any redistributive interventions made by the state. Her attitude towards the Civil Service was described by one of her colleagues as "ferocious". [6] She considered the public administration an obstacle and a hindrance to government action in reforming the state therefore coming to office determined to tackle and overhaul it. Her views were influenced by her Methodist upbringing, which emphasized self-reliance and hard work, as well as the ideas of Hayek and Friedman, who were also against welfarism and believed in the power of market capitalism. Thatcher believed in making government more business-like, which involved cutting costs and making cabinet ministers and civil servants more efficient. The main aim of these reforms indeed, was to make the civil service more efficient, effective, and responsive to the government's priorities.

The particular interest in reforming the civil service is due to the debate that inflamed the public opinion, and which colluded with the prime ministry of Thatcher. Indeed, during the 1979 election campaign, she as leader of the conservative opposition, had been advised by Leslie Chapman, a former official of the Property Services Agency who had just made a publication in which he harshly criticized the Civil Service organisation and management. Afterwards, Chapman was substituted by Derek Rayner, a member of top management at Marks & Spencer, who had the idea of infusing managerial behaviors of the private sector into the public one. In April 1980 Rayner recommended to cabinet three stages of action: "a short-term getting rid of paperwork; a medium-term getting down to individual activities or discrete parts of government and improving the way they perform; and thirdly, lasting reforms, bringing about the changes and the education and the experience" of civil service careers. Just after four days the Thatcher government took office in 1979 an Efficiency Unit was created with three objectives for the management of the Civil Service: the rationalization of quangos, emergency reduction of manpower and a project for monitoring the public expenditure and reduction of waste, known as scrutinies. Scrutinies made it possible to build a more general case for public management modernisation. The number and variety of actual cases of waste and inefficiency showed that bad management was prevalent and action could be taken to deal with it. The project was carried on by Rayner who saw the value of a small and focused organization, believing that a large one would only replicate the Treasury or audit bodies already in existence and would "add to bureaucracy rather than lessen it". His basic idea was to start a process of spending monitoring through the scrutinies in ministries in order to eliminate waste, to save public money and to reduce public expenditure. The plan was aimed at establishing a long-term management culture in the Civil Service.

[6] Cosgrave 1985

The Rayner project aimed to reduce expenses by eliminating three administrative grades and reducing the size of the higher grades of the Civil Service to its 1965 level. Still, the head of the Efficiency Unit believed that this target was unattainable due to the Civil Service Department's limitations. The most sensitive aspect of the project was the strengthening of resource management at both political and administrative levels, which underwent several revisions before the final draft. The goals were to improve the efficiency of public expenditure calculation and allocation, achieve a better balance between central government and departments in terms of performance monitoring, and establish effective management systems in each department. Rayner understood that the key to the success or failure of his strategy relied on the dedication of Cabinet ministers. To achieve his desired outcome, he set three objectives. The first objective was to locate and eliminate any inefficiencies or unnecessary expenses, without involving senior officials or supervisor committees that might impede cost reduction efforts. The second objective was to work directly with ministers to instill in them a managerial mindset. In parallel with these measures, the Efficiency Unit concentrated on the simplification and elimination of forms and activities, a process that would be concluded in 1982 and it produced savings of £5 million per year.

Furthermore, during the time the conservatives were in office, the UK government introduced a series of reforms aimed at modernizing the country's public sector. One of these reforms was the restructuring of selection committees, which were responsible for appointing individuals to public sector roles and designed to mirror each government department. These committees were re-organized following machinery of government changes. Prior to the reforms, selection committees were typically composed of senior officials from the relevant government department, as well as representatives from trade unions and other interested parties. However, the Thatcher government felt that this system was too bureaucratic and not sufficiently focused on finding the best candidates for the job. To address these concerns, the government introduced a number of changes to the selection committee system. One key reform was the introduction of external assessors, who were appointed to provide independent assessments of candidates' suitability for the role. These assessors were typically individuals with relevant experience in the private sector or academia. Another key change was the introduction of open competition for public sector roles. Under this system, vacancies were advertised widely, and candidates were selected on the basis of merit rather than seniority or other factors. The reforms were intended to make the public sector more efficient and effective, and to ensure that the best candidates were appointed to key roles. While the changes were controversial at the time, many of them have since become established practices in the UK public sector. The creation of departmental select committees was meant to bring balance to the power dynamic between the executive and legislative functions in Whitehall. These committees were seen as a crucial means of scrutinizing and influencing executive actions. Civil servants were no longer anonymous as they were required to give evidence to the committees. Over time, the committees have become more significant in guiding departmental activities and holding officials accountable to the public, even though they technically answer on behalf of their minister who controls the scope of questioning.

Within the Efficiency Unit it was felt as compelling to institute a process of management modernization for government departments which would be functional in the long-term. The goal was to transition from a system of managing based on procedures to one that focuses on achieving results and improving performance each year. This required understanding the outcomes and expenses involved, as well as finding more effective ways to utilize both human and financial resources. In order to do so and make permanent the changes made during the Thatcher period, the FMI was used as the main driver for change. The FMI was a major attempt to reform the whole process of financial management in government with the aim of establishing better control of public expenditure. The FMI was born officially on 8 March 1982 and underlined the fact that ministers assumed greater responsibility for the management of their departments. To assist ministers in the performance of their new managerial role, a system known as MINIS was invented by Rayner in 1980. MINIS was designed to provide ministers and senior officials with systematically presented information which would enable them to review priorities, set objectives and allocate resources. The 1984 White Paper revealed that effective progress had been achieved with MINIS and that the FMI had been a watershed for the reform of the British Civil Service in the early 1980s and a breakthrough for the process of managerialisation in the public sector as it created a new ground encouraging a greater cost-consciousness by individual departments. Additionally, it also provided officials with a clearer view of policy objectives and proved to be successful in the financial saving objective the government sought to achieve. The FMI constituted the first moves towards a programme of decentralization for Whitehall, which were later better defined by the Next Steps Agencies reform.

In order to conclude this little excursus trough the evolution of the civil service during the Thatcher era, it shall be briefly mentioned the Next Step Report. The Next Steps Report is a document produced by the United Kingdom's civil service in 1988, which outlined a series of proposals for modernizing and reforming the government's structure and management practices. The report was commissioned by the Prime Minister Margaret Thatcher and was led by Sir Robin Ibbs and Sir Richard Wilson. The statement identified a number of inefficiencies in the government's operations, such as duplication of effort between departments and a lack of accountability for performance. It proposed a series of recommendations to address these issues, including: The creation of "Executive Agencies" to run specific areas of government business, with greater autonomy and accountability for performance; the establishment of a "Next Steps Unit" to oversee the implementation of the report's recommendations and monitor progress; The adoption of private sector management practices, such as performance indicators and regular reviews of operations; The consolidation of government departments to reduce duplication and streamline operations; And finally the introduction of market testing to determine whether government services could be provided more efficiently by the private sector. The Next Steps Report had a significant impact on the structure and operation of the UK civil service, with many of its recommendations being implemented over the following years. The creation of Executive Agencies, for example, led to the establishment of bodies such as the UK Passport Agency and the Driver and Vehicle Licensing Agency, which operate independently of their parent departments and are accountable for their own performance.

Chapter II: The USA and Reagan's reforms on public administration: Reagonomics and supply-side management

The following chapter of this paper will focus on the figure of the American president Ronald Reagan, highlighting the main implications, both from a social and economic perspective, following the adoption in the United States of policies inspired by Neoliberalism and in line with what has been said about the Uk during the Thatcher ministry. A particular emphasis will be put on public administration as it is the main topic of this thesis and one of the most crucial aspects worked on by Reagan himself.

Ronald Reagan served as the 40th President of the United States from 1981 to 1989, almost the exact period during which Thatcher was Prime Minister in the UK. Running for the Republican party, he defeated the democratic Jimmy Crater during his first-term election of 1981 and again the Democratic Mondale for his re-election. Widely regarded as one of the most significant political figures of the 20th century, Reagan is credited with shaping American politics and culture through his conservative ideology as proponent of the neoliberal thought. A term has been coined, Reaganomics, to describe the economic policies implemented during his presidency. The policies were based on the principles of supply-side economics, which emphasized the importance of reducing taxes and government regulations in order to stimulate economic growth. Reaganomics had four main pillars: tax cuts, deregulation, spending cuts and a tight monetary policy.

During his presidency, Ronald Reagan pursued a range of public administration reforms aimed at reducing the size and role of the federal government, increasing its efficiency, and promoting a more market-based approach to public policy. Some of the main achievements in Reagan's public administration reform include a broad-based deregulation agenda with the objective to reduce government intervention in the economy and promote market competition. This included deregulating industries such as transportation, energy, and telecommunications, as well as easing environmental and workplace regulations. Alike in the United Kingdom, a huge privatization campaign was undertaken given that Reagan sought to transfer some government functions to the private sector, including some federal agencies, such as the Conrail railroad system, and some government services, such as air traffic control. Furthermore, Reagan implemented a number of budget and tax reforms aimed at reducing the size of government and stimulating economic growth. This included a series of tax cuts, as well as efforts to control government spending and reform entitlement programs such as Social Security. Finally, Reagan implemented a number of administrative reforms aimed at improving government efficiency and effectiveness. These included efforts to streamline federal agencies, improve management practices, and use performance metrics to evaluate government programs.

2.1 Privatization

One of the major objectives Reagan wanted to achieve right after his come into office, was to make more "minimalistic" the government in order to reduces expenditure. The rise of privatization as a significant issue on the American government's agenda was characterized by various factors. The administration, for instance, developed assertive initiatives aimed at selling a broad range of government-owned properties. These initial proposals comprised the sale of federally owned natural reserves and parklands, satellites operated by the National Weather Service, transportation services such as Conrail and AMTRAK, and a considerable petroleum reserve. The Reagan administration didn't just see privatization as a practical solution, but they also intended to use it as a tool to transform the economy and politics. So, privatization went beyond being just an economic theory and became a political strategy. The Reagan administration initially attempted to privatize federally owned park lands, with the agency responsible for this headed by a conservative who strongly supported the antigovernment coalition. This was seen as a logical move by those who viewed privatization as a moral cause, but it faced intense backlash and dealt a significant blow to privatization efforts. This focus on valuable and visible federal assets was not well received by many people.

For this reason, during his second term, following the indications of his second budget director, James Miller, he "embarked the privatization road" as a strategy to reduce deficit by limiting government expenditure. President Reagan and his administration believed that government-run programs and services were inefficient and ineffective, and that private enterprise could provide better and more efficient services. Indeed, the major goal the Administration sought to achieve was to correct different types of inefficiency from production to supply. For the sake of clarity, it will be briefly explained the difference between the two and its significance for the administration. Inefficiency in production refers to the production of goods and services. When the production process is privatized, it is more cost-efficient than government production. In order to do so, the government increased the contracting out of commercial activities. As it has already been explained in the first chapter of this paper, contracting out is a form of partial privatization which allows to move production form one government agency to another, reducing the cost of government production without changing its scope. The second type of inefficiency regards supply, namely what and how much to produce. Generally, it has been noted that the government incurs in a bias of oversupply, meaning that there is a tendency for the government to provide more goods and services than necessary. The proposed solution by the Administration is to privatize federal credit programs in order to address this issue by leaving the decision of supplying goods and services to the private sector.

It has been neglected that privatization can be implemented trough two approaches: the technocratic and the political one. The technocratic approach urges public officials to employ tactics used in the commercial sector to increase efficiency. The A-76 program, which is going to be briefly explained right after, falls within this category. However, this approach is bound to fail due to the resistance by the bureaucratic body to apply private sector techniques to increase efficiency. In light of this, considering the bureaucratic prejudices and historical failures of the technocratic route to public-sector efficiency, the political approach is the most viable option for adopting privatization. The political answer consists of adopting legislation mandating privatization.

An important point of Reagan's privatization strategy was the aggressive implementation of the Commercial Activities Program, established by the OMB (Office of Management and budget) which sought to contract commercial activities to private companies. The A-76 program is part of this strategy and measures the efficiency difference between private and public sectors. *[The OMB A-76 Circular provides "an analytical framework on which the government bases a decision on who can best provide the products and services it needs."]* [7]The goal of the program is to introduce the discipline of the private market into government bureaucracy to correct inefficiencies in production. It is worth notice that the A-76 focuses on activities that are commercial rather than governmental. To decide whether a private sector company can provide a good or service more efficiently, agencies must estimate the production cost. The Reagan Administration claimed that substantial savings have been realized by the A-76 program to and predicts that greater savings will result both in the long and short run other than cutting government expenditures. Savings mostly result from the presence of competition in the market since price competition among government contractors ensures that contractors will produce goods and services in the most efficient manner possible, selling them to the government at the lowest price possible. Unfortunately, there is the potentiality that government contractors are moved into a monopolistic position leading to increased costs. Furthermore, many government contracts are awarded noncompetitively. This dynamic sets the premise for the necessity on the part of the administration to privatization. Yet, the main obstacle to the fully accomplishment of the A-76 program in the long-term lays in the fact that agencies and people opposed to the program were left with the decision of which activities could be contracted out making the initiative overall ineffective.

Another privatization policy implemented by the administration regards the federal credit program as the administration sought to move the allocative decision to the private sector. The Federal Credit Program was a government-run lending program that provided loans to individuals and businesses for various purposes, such as housing, agriculture, and education. To gain a better understanding of the government's role in credit markets, let us examine two ways in which it intervenes: (1) loan subsidy programs and (2) asset exchange programs that aim to establish and support secondary loan markets. In the first type of program, the government provides and manages the loan. The government also engages in the secondary credit market through five privately owned financial institutions known as "government sponsored enterprises" (GSEs). These entities direct credit towards specific sectors of the economy such as housing, agriculture, and education, as directed by the government. The GSEs benefit from an advantage over other private market participants in the secondary credit market. Two reasons are often given for the government's significant involvement in credit markets: (1) to counteract any inefficiencies resulting from private market activity and

[7] The AFGE Activist's Personal Consultant to A-76 Policy Implementation. American Federation of Government Employees.

(2) to direct funds towards social objectives that might not otherwise attract private investment through subsidized loans.

In 1981, President Reagan signed the Omnibus Budget Reconciliation Act, which included provisions for the privatization of the Federal Credit Program. The act established the Federal Financing Bank, which would purchase loans from various government agencies, including the Federal Credit Program, and sell them to private investors. The rationale behind the privatization of the Federal Credit Program was to reduce government spending and increase efficiency in lending. Proponents argued that private lenders would be more efficient and effective at managing loans and reducing default rates, thus saving taxpayer money. However, critics of the privatization argued that it would lead to a reduction in access to credit for individuals and businesses, particularly those in underserved communities. Additionally, they argued that private lenders would be more concerned with making a profit than providing affordable credit, potentially leading to higher interest rates and fees for borrowers.

During Reagan's presidency, a number of government-owned entities and services were privatized, including many in the transportation and communication sectors. For example, the government sold off the Conrail railroad system, the Alaska Railroad, and the Federal Communications Commission (FCC) began the process of auctioning off the airwaves.

The privatization of the Conrail railroad system was a significant event in the United States during the 1980s and falls within the category of transportation services which were privatized by the administration. Conrail was a government-owned corporation that was created in 1976 to take over and manage bankrupt railroads in the northeastern region of the United States. In 1987, the Consolidated Rail Corporation Privatization Act was passed, which authorized the sale of Conrail to private investors. The privatization of Conrail was a complex process that involved the sale of the company's assets and the distribution of its shares to various private investors. Ultimately, Conrail was split between two major railroads, CSX and Norfolk Southern, with each acquiring a portion of the company's assets and operations. The privatization of Conrail was controversial at the time, with critics arguing that the sale would result in job losses and reduced services for communities that relied on the railroad. However, proponents of the privatization argued that it would increase competition and efficiency in the railroad industry, leading to lower prices and better services for consumers. In the end, the Reagan administration's attempt to sell Conrail in 1981 through a private bid from Norfolk Southern Corporation was unsuccessful due to opposition from various groups, including other railroads, shippers, and political jurisdictions. The proposed sale also raised concerns about the dangers of railroad monopolies, leading to calls for increased regulation of the industry. Conrail management and workers were also opposed to the sale, as it would have resulted in a loss of jobs and special stockowner status. The failure of the initial privatization plan highlights the importance of gaining the support of all groups involved in the process. A more successful plan was eventually passed in 1986, which gained the necessary support and allowed for the sale of Conrail as an independent entity through a public stock offering. In the years following the privatization of Conrail, the railroad industry in the United

States underwent significant changes, with many smaller railroads being consolidated into larger companies. Today, CSX and Norfolk Southern remain major players in the industry, operating extensive networks of rail lines across the eastern United States.

The Alaska Railroad was established in 1914 and before Reagan it was one of the last remaining railroads owned by the U.S. government. In 1983 a proposal was put forward by the administration to privatize the Alaska Railroad. The proposal was part of a broader plan to reduce the role of the federal government in various industries, including transportation. However, the proposal was met with opposition from various groups, including Alaska Native corporations, environmental organizations, and labor unions. These groups argued that privatization would lead to job losses and environmental damage, as well as the potential loss of an important transportation link for remote Alaskan communities. Finally, the Alaska Railroad Corporation ownership was transferred from the Federal Railroad Administration to the state of Alaska and the state bought the company for 22.3 million dollars in 1985. Additionally, 70 million dollars were invested in purchasing new engines, rolling stock, and maintenance works. Despite the opposition, the Alaska Railroad was eventually privatized in 1985, with the creation of the Alaska Railroad Corporation (ARRC). The ARRC is a state-owned corporation, which operates and maintains the railroad, but with a more commercial focus. Since privatization, the Alaska Railroad has undergone significant changes, including an increase in freight operations and a reduction in passenger services. The railroad has also faced financial challenges in recent years, with declining revenues and increased competition from other modes of transportation.

The Federal Communications Commission (FCC) is an independent agency of the United States government responsible for regulating interstate communications, including radio, television, wire, satellite, and cable. During the 1980s, the Reagan administration sought to reduce the role of government in the economy and promote free-market principles. As part of this effort, the administration proposed to privatize some of the FCC's functions, such as licensing and spectrum allocation. The proposal to make the FCC a private entity was met with controversy and resistance from various parties, including members of Congress, industry organizations, and the general public. Those in favor of privatization believed it would decrease governmental red tape, foster competition, and encourage advancement in the telecommunications sector. Conversely, those against it argued that it could result in monopolies, restrict access to communication services, and go against the best interests of the public. Despite the opposition, the Reagan administration succeeded in enacting several deregulatory measures that reduced the FCC's authority and increased the role of market forces in the telecommunications industry. One of the most significant changes was the Telecommunications Act of 1982, which eliminated many of the FCC's regulatory powers and allowed for greater competition among telecommunications companies.

Reagan also encouraged the privatization of public housing and implemented policies that shifted the responsibility for providing social services from the federal government to state and local governments and the private sector. The Reagan administration also supported the privatization of military services, leading to the growth of private military contractors. Moreover, the Reagan Administration proposed a number of specific privatizations during its first term. Those measures included: the Justice Department's privatize the federal prison system, the Department of Interior's efforts to lands, and the Department of Housing and Urban Development's housing voucher plan. To conclude, it must be highlighted that privatization, especially in the US system, was more of a political move rather than economic since it was aimed at redistributing coat and benefits among different competing groups. As a matter of fact, privatization proved efficient in redefining both political and economic interests.

2.2 Deregulation

During the Reagan years in the United States, deregulation was a significant policy initiative aimed at reducing government intervention in the economy. This approach was based on the belief that deregulation would stimulate economic growth and create new job opportunities. Moreover, Reagan strongly opposed federal government regulation and as it will be mentioned later in this paper, during his term parts of State responsibilities will be transferred to local governments starting a “New Federalism” phase. He regarded regulatory activity—even when this action was aimed for the public good—as a federal imposition which wasn’t prescribed into the U.S. Constitution, therefore going against it. Indeed, according to Reagan, *“federal regulation grew from a neighborhood pest into a nationwide monster.”* [8]

Deregulatory efforts initiated by the Carter Administration were legitimated in terms of improving productivity, fostering competition, and facilitating affirmative action (in the sense that such actions encouraged new business entrants, among which would be minority-owned businesses). Additionally, these deregulatory actions also had a consumer-focused aspect that was linked to effective competition.[9]

The United States implemented deregulation in response to the growing interdependence of the global economy and the expansion of industrialization and automation. In a globalization perspective, deregulation was seen as a way for U.S. transnational corporations to maintain their dominance in international markets. This is particularly relevant in the telecommunications industry, which is crucial for the development and growth of information technology, a key industry in the world economy. In light of this, the telecommunications industry was also subject to deregulation during the Reagan years. Already in 1934, the Federal Communications Commission was established to regulate both broadcasting and telephone industries, including AT&T's monopoly over the latter. The FCC had the power to control industry entry and exit, set reasonable rates, ensure equal access, and require interconnection between carriers. In exchange for granting local monopoly telephone franchises, regulation guaranteed fair returns and long-term plant amortization, while also enforcing the public service obligation of "universal service" to make phone service affordable and available to all. Later, the Telecommunications Act of 1982 eliminated many of the

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[8] Reagan, "Remarks at the Los Angeles County, California, Board of Supervisors' Town Meeting."
[9] Theory and Society , Jan., 1986, Vol. 15, No. 1/2, Special Double Issue: Structures of Capital (Jan., 1986), pp. 139-174

regulations that had previously prevented competition in the industry. This led to a proliferation of new telecommunications companies and increased innovation in the sector. As a result of this deregulation, the telecommunications industry experienced a period of rapid growth and innovation. New services and technologies were developed, such as cellular phones and the internet, which changed the way people communicate and do business. In recent years, the deregulation of broadcast communications has been initiated through new FCC rules that promote competition, including direct broadcast satellites, more radio outlets, and additional orbital slots for satellites. Cable television has also been unshackled, while new services such as videotex and potential licensing of low-power television stations have emerged. However, telecommunications' ongoing technological innovation means that deregulation may have different implications than in other industries. While deregulation of transportation common carriers simply redistributes income within a finite pie, the deregulation of telecommunications could result in diversity or more monopolistic forms within the industry.

The deregulation of telecommunications is just a small piece of a bigger trend in contemporary law and government, where there is a shift from substantive to formal law and rationality. This shift involves a cross-class reaction against formal legal institutions, including regulatory agencies, criminal law, civil law, and the promotion of informal procedures like negotiation and dispute resolution outside of formal institutions. This broader trend seeks to decrease the magnitude and complexity of state intervention in various transactions.[10]

One of the most notable areas of deregulation during the Reagan administration was the financial sector. For many years, laws such as the Federal Reserve Act, the Banking Act of 1933, the Glass-Steagall Act, the Bank Holding Company Act, and the McFadden Act have tightly regulated banking institutions. The New Deal banking laws were put in place to prevent banks from selling or underwriting stocks. Prior to the Depository Institutions Deregulation and Monetary Control Act of 1980, regulations separated financial services from banking operations and specified which financial institutions could engage in which activities. Since 1980, these barriers have begun to dissolve and financial institutions like commercial banks, investment banks, securities brokers and dealers, and even retailers like Sears have been able to offer bank-like services. The Act mandated the gradual elimination of controls on interest rates in the banking industry and gave traditional mortgage lenders new powers, including limited powers to lend to businesses. As a result, banks today are selling insurance and stocks, and retailers are lending large sums of capital at market-determined interest rates. Telecommunications technologies played a big role in this "revolution" in financial services, and new technology, like electronic funds transfer, enabled companies like Merrill Lynch and Sears to offer bank-like services. With the support of the Reagan Administration, federal rules that limited interest rates on deposits were abolished in 1982, creating a new competitive dynamic in banking. Some experts claim that banking deregulation has increased the nation's economic efficiency by forcing financial

[10] The Politics of Informal Justice, Vol. 1, The American Experience, (New York: Academic Press, 1982); L. Nader, editor, No Access to Law: Alternatives to the American Judicial System, (New York: Academic Press, 1980).

institutions to analyze their costs and streamline their operations in order to compete for high-balance depositors and offer higher interest rates. Additionally, more institutions making loans has made risky industrial ventures more likely to receive credit.

The push for banking deregulation appears to be benefiting large corporations at the expense of small businesses, individuals with low bank account balances, and homebuyers. This has contributed to a widening income gap, as the less affluent are losing out to the more affluent. As Robert L. Thaler, executive vice-president in charge of planning for Los Angeles' Security Pacific Corporation, claims*, "The deregulation of banking is an enormous transfer of resources from the less affluent in our population to the more affluent."*[11]
There is also concern that bank failures may be more likely as a result of deregulation. The near-collapse of Continental Illinois in 1984 highlighted this risk, leading to the federal government stepping in to bail out the bank and protect all depositors and creditors. This has resulted in increased opposition to banking deregulation, which now primarily involves liberalizing financial markets.

Among the different sectors deregulated, the airline deregulation has the longest history, beginning in the mid-1970s. The process was initiated by the Airline Deregulation Act of 1978, which was signed into law by President Jimmy Carter to remove government regulation of commercial aviation. However, the Reagan administration played a significant role in implementing the act and pushing for further deregulation. Under the new law, airlines were allowed to set their own fares and routes, as well as merge with other airlines without government approval. This led to increased competition and lower prices for consumers, but also resulted in a number of bankruptcies and mergers in the airline industry. The Airline Deregulation Act, passed in 1978, led to both improvements and declines in airline service. Initially, major airlines stopped serving unprofitable routes, which created opportunities for small, successful, and typically non-unionized local and regional carriers to emerge. Many new airlines were formed, and over 700 new routes were established, primarily for shorter and less densely populated areas, in the first few years after deregulation. The Reagan administration further deregulated the airline industry by reducing the role of the Civil Aeronautics Board (CAB), the regulatory body that had overseen the industry since its creation in 1938. As the CAB continued to implement policies aimed at reducing regulations, the group of airlines that opposed these changes began to lose support. This was due in part to the fact that their resistance only made the uncertainty surrounding the deregulation process last longer. By the spring of 1978, almost all airlines had come to agree with the idea of replacing regulatory controls with market forces. In 1984, the CAB was abolished altogether, and its functions were transferred to the Department of Transportation. In conclusion. the deregulation of the airline industry has been credited with increasing competition and reducing fares, but it has also had some negative effects, including reduced service to smaller markets and a decline in airline safety.

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[11] Flanigan, "The Gap Between Rich and Poor is Widening," Los Angeles Times, (4 December 1983), Business section, 1, 9.

Contrary to airlines, Railroads present a less ambiguous case with regard to the impetus for deregulation. In 1887, due to the unstable national railroad system, the Interstate Commerce Commission was created. This regulation initially brought stability to the railroads, but by the early twentieth century, problems associated with overbuilding had arisen. The ICC responded by creating various regulations and restrictions on railroad entry, mergers, carriage prices, and routing. Unlike airline and trucking companies, which benefited from regulation, the railroads struggled. As early as 1958, railroad companies asked the ICC for greater freedom to cut rates, leading to the Railroad Revitalization and Regulatory Reform Act of 1976. This act allowed individual railroads to raise and lower their fares depending on the competition in each rail transportation market and permitted abandoning service on unprofitable routes. In 1979, the Carter Administration introduced legislation to deregulate the industry. This legislation was supported by the Association of American Railroads and railroad labor groups but opposed by the coal industry and shippers. A compromise was reached, and the Staggers Rail Act of 1980 created a regulation-free zone for rate changes, allowing carriers to annually adjust rates up or down.

What has been said brings us to the conclusion that administrative and economic reasoning often diverge. Regulatory rules may make sense administratively, but not necessarily economically. Deregulation uses market mechanisms, but it doesn't necessarily mean a complete shift towards market rationality. The effects of deregulation depend on the specific industry being deregulated and the direction given to deregulatory policies by agencies, Congress, and the executive branch. In some cases, deregulation may be a progressive action, especially for industries that have been protected by regulations in the past. In other cases, deregulation may benefit specific interests. Deregulation can help to reduce bureaucratic inefficiency, but it may also lower standards of protection and limit democratic access to policy-making. This may lead to a resurgence of economic and social demands that historically prompted regulatory controls.

2.3 Tax Cuts

One of the most fundamental aims of the Reagan administration upon taking office was a reorientation of the United States' economic, fiscal, and tax policies. Increases in defense expenditure, reduction in domestic spending, and tax cuts were essential components of this new strategy. When Congress passed a budget that included these three components in 1981, the Reagan "revolution" looked to be off to a quick start.

First it will be addressed briefly the main reforms involving taxation as during his presidency, Ronald Reagan implemented several tax cuts. Reagan’s tax cuts were designed to put maximum emphasis on encouraging innovation and entrepreneurship and creating incentives for the development of venture capital and greater investment in human capital through training and education. During his campaign for the White House in 1980, Reagan argued on behalf of “supply-side economics,” the theory of using tax cuts as incentives for individuals and businesses to work and produce goods (supply) rather than as an incentive for consumers to buy goods (demand).

The first noteworthy taxation act consists in the Economic Recovery Tax Act (commonly referred to as ERTA) of 1981. On July 29, 1981, the House of Representatives accepted the Senate's version of what would become the Economic Recovery Tax Act of 1981[12], which reduced individual tax rates by 25%o over the succeeding thirty-three months. This act lowered the maximum marginal tax rate from 70% to 50%, and also reduced the tax rate on capital gains. [13]ERTA led to a notable decrease in the effective tax rates of corporations compared to the "*pre-ERTA era*", with many profitable firms avoiding significant explicit taxation and benefitting from this taxation. However, this new tax policy did not seem to worsen the existing differences in tax rates among firms in various industries. Moreover, the measure contained a provision for future implementation of the indexing of taxes to counter the impact of inflation on tax bracket escalation, and a multitude of provisions which afforded tax breaks to encourage the supply side to invest, to expand, and to profit.

Some commentators suggest that ERTA was unique compared to previous major tax legislation mainly due to the political bidding process preceding it and the federal budget deficits that followed[14]. David Stockman, President Reagan's Office of Management and Budget director, characterized the process as driven by constituent interests. A few years after ERTA's passage, there was a lot of talk about tax equity of these benefits, coupled with contemporaneous reports of significant budget deficits, led to a perception among the public that the income tax system was unjust[15]. These factors likely provided much of the political motivation for TRA86. Unlike ERTA, the political debate preceding TRA86 was dominated by rhetoric about perceived fairness.

In 1982, the administration passed the Tax Equity and Fiscal Responsibility Act (TEFRA) which increased Social Security taxes and closed some tax loopholes. The Deficit Reduction Act (DEFRA) was passed in 1984 and was aimed at increasing taxes on gasoline, cigarettes, and telephone usage, and also reduced some deductions and exemptions. Finally, the Tax Reform Act (TEFRA or TRA86) was passed in 1986. This act simplified the tax code by reducing the number of tax brackets from 14 to 2 and eliminating many tax loopholes. The Tax Reform Act lowered the top tax rate from 50 percent to 28 percent. The lowest tax rate was raised from 11 percent to 15 percent. This was the only time in US history that income tax was lowered at the top and raised at the bottom. Capital gains taxation was also adjusted to relate to ordinary income and faced the same tax rates. Credit card debt and consumer loan interest was removed as a deductible. The TRA86 also increased incentives favoring investment in owner-occupied housing relative to rental housing by increasing the Home Mortgage Interest Deduction. The imputed income an owner receives from an investment in owner-occupied housing has always escaped taxation, but TRA86 changed the treatment of imputed rent, local property taxes, and mortgage interest payments to favor homeownership, while phasing

[12] Pub. L. No. 97-34, 95 Stat. 172.

[13] The Effect of the Economic RecoveryTax Act of 1981 and the Tax Reform Act of 1986 on the Distribution of Effective Tax Rates - Gil B. Manzon, Jr. and W. Robert Smith

[14] *Ibidem.*

[15] *ibidem*

out many investment incentives for rental housing.[16] TRA86 was expected to shift $120 billion in explicit tax burden from the individual to the corporate sector during the time period 1987-1991. Later analysis on part of economists and policy makers showed that TRA86 increased the effective tax rates of corporations and reduced the variability of effective tax rates across corporations in different industries and of different size. Conclusive analysis of the tax policies implemented by Reagan, bring to the final consideration that one of the main criticisms made to Reagan and the Neoliberal doctrine as a whole is that of having fostered social inequality and unequal distribution of wealth, despite alleviating economic tension.

One of the main sectors the Reagan taxation agenda was focused on is the Military defense budget. Indeed, it was of outmost relevance in the public debate how the huge budget cuts tax cuts could be paired with the increase in the military budget, blaming Regan for managing in the wrong way government expenditure. In the spring 1980, former President Jimmy Carter announced his intention of raising US military spending up to 's $1 trillion dollars. Yet, Reagan during his campaign declared that such amount was not sufficient and raised the pentagon tax, the name given to this particular taxation program, to 1 trillion and 314 billion dollars [17] A five-year defense budget of $1 trillion 341 billion is unmatched in US history. A Pentagon tax burden of this level will make increased industrial employment, higher productivity, lower inflation rates, and lower interest rates hard to accomplish. With increased military spending comes increased demand for increasingly limited resources such as skilled labor, essential commodities, and sophisticated industrial capability. Reagan's budget cutbacks are intended to move resources from the human resources and public capital sectors of the Federal budget, such as health, nutrition, and transportation, to Military programs, rather than to accomplish a meaningful net decrease in the breadth of Government spending.

2.4 From supply-side management to budget control

In order to understand the relation between the three components of the afore mentioned "Reagan revolution", namely tax cuts, budget control deficit and increase in defense budget, and how it is possible to combine them, it is crucial to introduce the concept of supply-side management, which constitutes the main pillar of Reaganomics. Supply-side management has brought to the forefront a renewed emphasis on governmental performance, a potentially lasting legacy, but has failed in other ways. Supply-side management also implies a resurgence of the politics-administration divide. The budgetary process as a whole has grown increasingly centralized. Traditionally, the president could maintain an appearance of executive branch unity prior to presenting the administration's budget to Congress, and then leave individual agencies largely free to negotiate the level of their funds directly with the appropriations committees. The

[16] Inman, R. P. (1993). State and Local Taxation Following TRA86: Introduction and Summary. *Journal of Policy Analysis and Management*, *12*(1), 3–8.
[17] Anderson, J. R. (1981). BANKRUPTING AMERICA: THE IMPACT OF PRESIDENT REAGAN'S MILITARY BUDGET. *International Journal of Health Services*, *11*(4), 623–629.

budget process under Reagan appeared to be more chaotic at first look, but it was really more tightly managed than previously by Office of Management and Budget (OMB) Director David Stockman and the White House.

David Stockman utilized the budget process, particularly the budget blitzkrieg of fiscal year 1981 and the budgets of 1983-86, to reorient public policy and shift responsibility to state, local, and other organizations. This was achieved by reducing federal payment of administrative costs and limiting federal micromanagement of grant, subsidy, loan and loan guarantee, contract, regulatory, credit, and other programs administered by nonfederal organizations. This approach differed significantly from demand-side budgeting, which involved aggregating budget requests from federal agencies and examining them in the context of the administration's projections. In contrast, Stockman used the budget to express the president's ideological and programmatic priorities, with little regard for conventional congressional and interest group opposition.[18] In pursuit of supply-side management, the Reagan administration changed regulatory federalism fundamentally. The goal has been to delegate regulatory power from federal agencies to states and other organizations, to simplify federal agencies by removing redundant layers of employees, and to decrease federal regulatory costs on states and other organizations. In light of this, it's worth mentioning the "private sector initiative" which can be considered a primary example of the supply-side management [19] In order to achieve these goals, the president established a Task Force on Private Sector Initiatives and a White House Office of Private Sector Initiatives. The program was created to encourage people, corporations, and nonprofit groups to augment, and in some cases replace, government action in areas such as employment, education, poverty, community development, health, and other needs.

The most important ally for the budget cut policy during all Reagan time in office has been the OMB. The Office of Management and Budget (OMB) was entrusted with the responsibility of overseeing the federal budget, ensuring that government agencies operated efficiently and effectively, and reviewing and approving all regulatory actions proposed by federal agencies. The OMB worked closely with other agencies to identify and eliminate unnecessary regulations, streamline government programs, and reduce government spending other than reducing the size and scope of the federal government. The OMB also played a critical role in shaping the President's budget proposals, as it worked closely with other federal agencies to develop and review budget proposals, ensuring that they were consistent with the President's priorities and goals. The OMB also worked with Congress to negotiate budget deals and ensure that the President's budget proposals were enacted into law being at the center of an inflamed debate whether it changed the policy and law enforcement process.

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[18] Carroll, James D., A. Lee Fritschler, and Bruce L. R. Smith. "Supply-Side Management in the Reagan Administration." *Public Administration Review* 45, no. 6 (1985): 805–14.

[19] See Renee A. Berger, "Private Sector Initiatives in the Reagan Era: New Actors Rework an Old Theme," in Salamon and Lund, eds., The Reagan Presidency and the Governing of America".

However, Reagan instituted several other initiatives aimed at increasing the efficiency and reducing the costs of the federal government. These included the creation of the President's Council on Integrity and Efficiency in March 1981 and the Cabinet Council on Management and Administration in September 1982. These bodies coordinated the efforts of different government agencies and departmental leaders to achieve these goals. The Cabinet Council consisted of members of the Presidential Cabinet and was responsible for implementing the recommendations of the Grace Commission, a unique initiative that used businessmen to bring private sector expertise to the government. Additionally, the Cabinet Council oversaw "Reform 88," a program aimed at improving the federal government's management and administrative practices by 1988. This Reform constitutes the second phase of the President's Management Improvement Program.

The Grace Commission was one of several components of Reagan's multilateral strategy to achieving his aim of lowering government size via management reform and waste control. Ronald Reagan's ideological foundation in neoliberalism, as well as the difficulties in eliminating programs to which citizens had grown accustomed, prompted him to change the narrative on government spending, focusing on the elimination of wasteful and inefficient government agencies and programs as a means of lowering taxes. Reagan's use of a private sector approach to tackle budget deficits dates back to his tenure as governor of California in 1967, long before he established the Grace Commission in 1982. In an effort to reduce the state's annual deficit of $180 million, he conducted a survey of the government's management and administrative practices with the aim of cutting down on California's expenses. Reagan viewed this survey as a chance to replicate his cost-cutting efforts on a national level through his Private Sector Survey for Cost Control.[20]

In 1982, the President created the President's Private Sector Survey on Cost Control, which was led by J. Peter Grace, the former CEO *of W.R. Grace and Co*. The Grace Commission consisted of 161 volunteers who were mainly company managers and shared Reagan's belief in deregulation. Their task was to assess the organization of the government using the techniques and experiences they gained in their own economic fields. The Grace Commission had the power to examine federal government agencies and departments to identify areas where costs could be reduced or where practices could be made more efficient to improve administrative activities. These volunteers were accountable to their shareholders rather than the general public. The Commission aimed to enhance the oversight of government finances. Through their efforts, they produced 47 reports that included 2,478 suggestions to eradicate inefficient practices within 784 sectors of the federal government. In a correspondence addressed to Reagan, the Grace Commission asserted that their initiatives led to savings of approximately $424 billion within three years, with projections of annual savings reaching $1.9 trillion by 2000.[21] However, many of the recommendations made by the Grace

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[20] J. Peter Grace, *Burning Money: The Waste of Your Tax Dollars*, New York, NY: Macmillan, 1984, 49.

[21] Grace Commission, 1, Letter of transmission to the President.

Commission were controversial and faced resistance from Congress and various interest groups as they were deemed to be out of the scope of the initial objective for which the Commission was instituted and accused of wanting to alter traditional social policies. However, some of the recommendations were implemented, and the commission is credited with helping to raise awareness of government waste and inefficiency. The most remarkable character of the overall reform and inquiry on public administration over-spending is the relation between public and private which has been massively put into question. J. Peter Grace and the Grace Commission, thus, offer a unique and compelling case study of the societal dangers that arise when experimenting with running the government like a business.

On the agencies most impacted by budget reduction policy recommendation operated by the Grace Commission and most historically debated is the EPA, a largely bipartisan agency for environmental protection. The Reagan administration attempted to make the EPA more business-friendly, politicizing the agency with their appointment of corporate lawyer and two-term Colorado legislator Anne Gorsuch as EPA administrator in 1981. Gorsuch reduced EPA staff by 21 percent between 1981 and 1983, targeting career EPA staff for removal, and also reduced civil enforcement cases by approximately 75 percent in her first year as administrator. Reagan's appointment of Gorsuch to the EPA was an overt and blatant move to weaken the EPA in favor of corporate interests against regulations. This was indicative of the Reagan administration's pro-business, deregulatory agenda, which took a more covert form by gutting agency powers under the guise of the Grace Commission recommendations to reduce government waste. [22] Right after the election of his successor George H. W. Bush, EPA reacquired importance to the eyes of the public for its role in environmental protection.

During the Reagan era in the United States, outsourcing became an increasingly common practice among American companies looking to reduce costs and increase profits. The Reagan administration's policies favored deregulation and free trade, which helped to create an environment in which outsourcing became more attractive to businesses, even more than the UK under Thatcher. One of the key factors that contributed to outsourcing was the availability of cheap labor in other countries, particularly in Asia and Latin America. Many American companies found that they could save money by moving their production facilities overseas to take advantage of lower wages and fewer regulations. The Reagan administration also passed a number of tax laws and policies that encouraged outsourcing. For example, the Tax Reform Act of 1986 lowered the corporate tax rate and eliminated many tax deductions, making it easier for companies to move their operations overseas. While outsourcing had some benefits for American businesses, it also had a number of negative consequences. Many workers lost their jobs as companies moved their operations overseas, and some industries, such as manufacturing, were hit particularly hard. Additionally, outsourcing contributed to the growing trade deficit in the United States, as more and more goods were imported from

[22] J. Peter Grace, "The Problem of Big Government: Are We Losing Our Marbles?" In *The Federal Deficit*, compiled by Andrew C. Kimmens, 93-103, New York: H.W. Wilson Company, 1985, 98.

other countries. Overall, the Republican administrations have traditionally emphasized the supply-side approach of outsourcing to private companies and delegating responsibilities to state and local governments. This approach has gained acceptance in public administration theory. Many experts have observed that the federal government has become more focused on setting goals, while private industries, universities, voluntary organizations, and state and local governments actually implement policies and programs.[23] Moreover, contracting services to external providers requires a highly competent and knowledgeable bureaucracy. The supply-side managers rightly emphasize the need for the government to maintain an arms-length relationship with contractors and avoid excessive intervention in their management. However, the American political system's realities make it impossible for an executive branch agency to treat public funds' expenditure the same way a private company manages its vendors.

2.5 Devolution in Reagan administration

During his term as president, Reagan started a silent revolution aimed at shifting the power from the federal government to local governments starting a phase which is commonly referred to a New Federalism. In this progression of federalism, more power was returned to the state in an effort to even out the balance of strength between the national and state governments although having conflicting views on domestic policy issues. As a matter of fact, his public stance emphasized the return of political power to states and local governments, but privately he supported centralization of political power in certain functional areas. He also signed bills that restricted state economic regulation of certain industries. While Reagan's initiatives increased the discretionary authority of states to a limited extent, he generally favored a smaller federal regulatory role without necessarily advocating for a larger state and local government role. He signed bills that gave greater freedom of action to industries such as banking, communications, and transportation. However, by the end of his administration, intergovernmental relations had become more coercive compared to 1980.

Devolution in administration under Reagan refers to the policy of transferring power and responsibilities from the federal government to state and local governments. This was a central theme of Reagan's domestic policy, and he believed that the federal government had become too big and too intrusive. One of the keyways in which the Reagan administration implemented devolution was through block grants. These were federal grants that provided states with a fixed amount of funding to be used for a specific purpose, such as education or transportation. By giving states more control over how the money was spent, Reagan hoped to reduce the federal government's influence over state policies. The Reagan administration achieved impressive political results in 1981 through the creation of nine new block grants in the Omnibus Reconciliation Act, which consolidated seventy-seven programs and terminated sixty-two others. While Congress redefined the makeup of several block grants, added restrictions and earmarks to many of them,

[23] Mosher, "The Changing Responsibilities and Tactics of the Federal Government."

and refused to consolidate certain programs, the administration's accomplishment was substantial compared to previous efforts. Prior attempts to enact block grants, such as those by the Nixon administration, were slow and resulted in only a few programs being merged. The 1981 act reduced the total number of federal programs, which was a unique outcome of Reagan's distinctive pattern of block grant politics. Reagan successfully transformed block grants into a sharply partisan and ideological issue, using a perceived crisis of New Deal liberalism and the Democrats' inability to defend existing programs or generate viable policy alternatives to advance his philosophical position.

Another way in which Reagan pursued devolution was by reducing federal regulations. He believed that many regulations were unnecessary and stifled economic growth. By reducing the regulatory burden on businesses, Reagan hoped to stimulate economic growth and create jobs. The centerpiece of regulatory relief was Executive Order 12,291, which centralized regulatory oversight within the Office of Information and Regulatory Affairs (OIRA) of the Office of Management and Budget and called for the promulgation of a uniform cost-benefit standard that all regulations would be required to meet. The pace of formal delegation of federal regulatory responsibility to the states was quickened, regulations governing the transfer of that authority were relaxed, and both the formal and informal oversight of states activities by federal regulatory agencies was reduced. [24] The Administration's modus operandi in effecting the transfer, however, undercut political support. At the same time states were being called on to assume a greater share of the national regulatory burden, the federal government sharply reduced its funding for state programs. At the end of its first term, the Reagan Administration was able to claim a measure of success for its regulatory relief program. It had reduced the number of new regulations promulgated by the federal government and strengthened and expanded presidential oversight of the regulatory process. In some areas regulatory responsibility had been shifted to the states, and some progress had been made in reducing regulatory costs. The Administration imported into the arena of social regulation the deregulatory strategies and rhetoric which had been previously employed in the realm of economic regulation. The result was a set of strategies which led to a deterioration of institutional capacity in many regulatory agencies.

While market-based regulatory mechanisms were not given much attention during the early years of the Administration's first term, the same cannot be said for regulatory federalism. The Reagan Administration immediately pursued a policy of delegating regulatory authority to the states immediately after Carter left office. [25] The Reagan administration initiated a number of administrative actions to reduce the burden placed on state and states and local governments by preemption statutes. This resulted in significant transfers of authority during the first term and will continue in the future. However, it would be too simplistic to view regulatory federalism as an unstoppable force, as devolution appeared to slow towards the end of the first term, possibly due to political resistance.

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[24] The Prospects for Regulatory Reform: The Legacy of Reagan's First Term - Michael Fixt George C. Eadstt - Yale Journal on Regulation Vol. 2: 293, 1985
[25] *Ibidem*

An example of a major administrative decision designed to increase the discretionary authority of states was an Environmental Protection Agency (EPA) regulation allowing a state to employ the "bubble" concept in determining whether a change in a stationary source within an industrial plant met the requirements of the Clean Air Act[26]. Although second thoughts about state regulatory authority appear to be the exception rather than the rule, it seems that regulatory federalism will be pursued with a more careful consideration of political costs.

The above discussion suggests that the Administration cannot consider regulatory federalism as straightforward. If further delegation is to occur, it must be carefully evaluated in terms of political cost and expedience. Nevertheless, regulatory devolution continued during the second term, and the delegations that have already taken place will mostly remain. This is due to three characteristics of the delegation of regulatory power: (1) it is supported by the delegates; (2) it receives little public attention; and (3) it is consistent with the policies of previous administrations. Delegates such as state legislators and administrators, strongly politically supported delegation since it provided them with greater influence over the context in which trade-offs between regulatory protections and economic developments occur. Furthermore, they benefitted from the enhanced power and autonomy offered by regulatory federalism, which enables them to claim credit for successful regulatory programs. Although the process made it harder to shift blame for regulatory failures onto federal bureaucrats, state regulators generally favored the informal administrative channels of delegation, which are removed from public attention and media focus.[27]

To conclude the argument on federal devolution deregulation, it can be said that overall delegations caused little political controversy. In many cases, transferring regulatory authority did not require agencies to make rules or conform to the Administrative Procedure Act's modest requirements. A small group of professionals handled the complex relationships between local, state, and federal regulatory agencies, giving them significant policymaking power and limiting public debate and media attention. Regulatory federalism did not constitute a radical departure from past policies or principles. Instead, it was based on political and economic theories that were more widely accepted and mature than the "supply-side" economics embraced by the Reagan Administration. This foundation in established theory and recent history made regulatory federalism less susceptible to criticism from academic and political opponents.

2.6 Civil service Reform

The analysis of the main reforms implemented in the United States under the Reagan presidency, bring us to a final consideration on one of the most impactful reforms accomplished in the 80s, namely that on the civil service. Already before Reagan took office, it had been highlighted the importance of reforming the civil service in order to make it more efficient, reduce bureaucracy, and make the government more

[26] Zimmerman, J. F. (1991). Federal Preemption under Reagan's New Federalism. *Publius*, *21*(1), 7–28. http://www.jstor.org/stable/3330530
[27] Ibidem

responsive to the needs of the public, alike in the United Kingdom. However, when talking from the side of the US, an important premise ought to be done with reference to the separation between politics and administration Indeed, already during the Carter's presidency it emerged the necessity to make the civil service more responsive to the president's executive direction and leadership, diminishing the weight of restrictions placed upon them and make it more meritocratic. The following paragraph will stretch from the Civil Service Reform of 1978, which constitutes a dividing bridge, to the policies aimed at modernizing the civil service.

Albeit prior to the Reagan's presidency, it is of outmost importance to mention the Civil Service Reform Act of 1978. In 1977, the Carter formed a research commission consisting of political appointees, bureaucrats, experts, and academics to improve the federal bureaucracy. The act aimed to strengthen the president's control over policy-making by creating a new group of professional bureaucrats who would focus on policy development rather than just administration. These civil servants would report directly to the president, giving him greater control over the federal bureaucracy. However, this reform actually increased the power of high-level administrators in public policy-making and reduced the power of the president. The Senior Executive Service (SES) was also created, which was made up of the top three levels of the federal administration. These civil servants were more focused on policy-making and research, rather than practical implementation.[28]However, it's worth mentioning that they were not guaranteed job security and could be arbitrarily moved to different departments or roles based on political considerations. This meant that a senior executive's ideological and political leanings could impact their ability to climb the ranks and attain high-level positions under a particular president's administration.[29]

Additionally, the act eliminated the ten-step system for managers and supervisors and established a funding mechanism for annual merit pay increases based on individual and organizational performance in meeting department or agency goals. The intention was to encourage performance appraisal and responsiveness to managerial directions across the government. This was part of a larger movement in the late 1970s that sought to introduce business-like performance evaluation as a means of increasing efficiency and effectiveness, which continued through the New Public Management (NPM) era. Another element of discussion that emerged in the 1970s, concerned whether bureaucracy represented everyone, and steps were taken to protect minority groups. Additionally, there was a push to ensure equal opportunities for men and women in terms of careers and salaries in the federal civil service. This change in representative bureaucracy, achieved mainly through legal actions, caused a rethinking of the merit principle. Finally, in

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[28] Patricia Ingraham and Carolyn Ban, *Legislating Bureaucratic Change. The Civil Service Reform Act of 1978* (Albany: State University of New York Press, 1984).
[29] Castellani, L. (2021). The History of the United States Civil Service: From the Postwar Years to the Twenty-First Century (1st ed.). Routledge.

1978, a reform of the civil service weakened the role of unions and turned them into a lobby group that pressured lawmakers to obtain better legal protections for federal labor.[30]

When Reagan took office, it became since the very first moment clear that his ideological line was against "Big Government" and his campaign proved to be fiercely anti-bureaucratic. The idea he will foster for all his time in office was making government the most similar to the private sector. As already mentioned when analyzed tax cuts, one of his first actions was the formation of the Grace Commission in order to look for sources of inefficiency and waste. The main viewpoint was that the public and private sectors were fundamentally similar and should be studied using the same set of economic variables and managerial concepts and consequently, government should be structured similarly to a huge commercial corporation, with a framework that allows for top-down management. The Commission was an explicit manifestation of the transformation of the public and private sectors, as well as of a new managerialism that inherited from the early twentieth century a rationalism centered on efficiency, combining it with the neoliberal goal of dismantling the entrepreneurial American State and contracting out public services.

During Reagan's presidency, there was a return to a stronger form of the spoils system in order to have better control over the federal bureaucracy and policy implementation. Instead of the ideal of "neutral competence," the language of "responsive competence" became popular. This meant that the bureaucracy should be more responsive to the White House and its key appointees, rather than to Congress or the courts. Reagan believed in centralizing decisions and reinforcing the presidency, which was achieved through the use of the 1978 Civil Service Reform Act. As already remarked, this act allowed for the transfer of professional bureaucrats from one position to another, which the Reagan administration saw as fundamental to avoiding the risk of reforms being obstructed by employees who had spent too long in a particular sector of public administration.

Reagan believed that the government hindered economic growth, and he aimed to reduce the size and scope of the federal government. One of his first acts as president was to implement a block of turnovers in the federal administration, followed by a significant reduction in public employees through the Reduction in Force (RIF) policy. This meant that existing employees were asked to cover gaps opened by retirements and take on different positions than they originally held. Around 30,000 civil servants were subjected to RIF during Reagan's presidency, mostly in agencies and the OBM.

In 1984, Congress passed legislation that created the Performance Management and Recognition System (PMRS) to replace the merit play system. [31] Performance management under Reagan refers to the use of performance metrics and goals to evaluate the effectiveness of federal government programs and agencies during the Reagan administration, which spanned from 1981 to 1989. One of the key elements of Reagan's approach to performance management was the establishment of the Office of Management and

[30] Ibidem
[31] J. L. Perry, B. A. Petrakis, and T. K. Miller, "Federal Merit Pay, Round II: An Analysis of the Performance Management and Recognition System," *Public Administration Review* 49, no. 1 (Jan.–Feb. 1989): 29–37.

Budget's (OMB) Program Assessment Rating Tool (PART), which aimed to improve the accountability and performance of federal programs by requiring agencies to set goals and measure their progress towards achieving them. The PART was used to evaluate and rate the effectiveness of federal programs and determine which ones should receive funding and which ones should be eliminated or scaled back. Reagan also emphasized the importance of measuring the efficiency and effectiveness of government operations through the use of cost-benefit analysis and other performance measurement tools. His administration sought to reduce the size and scope of the federal government by cutting spending and streamlining operations, which required a focus on performance management. Overall, Reagan's approach to performance management reflected his broader conservative philosophy, which emphasized limited government and fiscal responsibility. The use of performance metrics and goals was seen as a way to ensure that government programs were achieving their intended outcomes and that taxpayer dollars were being spent effectively.

In order to conclude this brief excursus throughout the main changes in the civil service system under Reagan's presidency, it results quite important to give a delineation of the framework within which reforms to the civil service were carried out. Many of the changes made to the civil servants body had as consequence the modification of the traditional relational between policy and administration. [32] The Reagan administration attempted to politicize the bureaucracy by appointing individuals to key positions who were sympathetic to the administration's conservative agenda. This was particularly evident in the appointment of cabinet secretaries, agency heads, and political appointees who were ideologically aligned with the administration. There was also an effort to limit the power of the civil service by reducing the protections provided to federal employees, such as the ability to appeal personnel decisions[33]. This was done in an attempt to make it easier to fire employees who were seen as not supporting the administration's agenda. The politicization of the bureaucracy under Reagan was controversial and drew criticism from many quarters, including civil service organizations and some members of Congress. Some argued that the administration's efforts to politicize the bureaucracy threatened the independence and effectiveness of the federal workforce, while others saw it as a necessary step in reducing the size and scope of the federal government.

Writing in an era somewhat in which scientific management came into vogue, Woodrow Wilson proclaimed that *"The field of administration is a field of business. It is removed from the hurry and strife of politics. ... It is a part of political life only as the methods of the counting-house are a part of the life of society; only as machinery is part of the manufactured product".* [34] From this standpoint, the formal distinction made between "policy" positions and "nonpolicy career" positions in the U.S. federal bureaucracy was meant to be

[32] Rockman, Bert A. "Tightening the Reins: The Federal Executive and the Management Philosophy of the Reagan Presidency." *Presidential Studies Quarterly* 23, no. 1 (1993): 103–14.
[33] *ibidem*
[34] Woodrow Wilson, "The Study of Administration," Political Science Quarterly 2 (June 1887), pp. 209-210.

taken literally. Appointees of the president, who also serve at "his" discretion, in this rendition, have responsibility for policy while the careerists are merely to carry it out. If this formalism was to be taken seriously, then the Reagan strategy would have to constrict the range of civil service activities to those formally defined as non-policy. The role of the civil servant would be to manage not to make policy, according to this strategy. The old fiction, so to speak, would lay the basis for the new reality.

In other words, the Reagan philosophy of public management (or at least the philosophy of those who gave definition to the administration) was to micromanage its civil servant. The role of the civil servant was reduced to the efficient management of an ever-diminishing set of resources.[35] Yet, management itself would fall under increasingly restrictive interpretations imposed either within departments or from OMB and, in turn, from Congress. This approach required clear lines of authority and restricted involvement from Congress and interest groups. The administration believed that this would provide a democratic basis of authority by assuming that the president had a unique electoral mandate. The formal distinction between "policy" and "nonpolicy career" positions in the U.S. federal bureaucracy means that appointees of the president are responsible for making policy decisions, while career civil servants are meant to carry out these policies.

The Reagan administration had a strong emphasis on selecting politically aligned individuals for government positions, which was more pronounced than in previous administrations. They made use of various right-wing groups and intellectuals to counteract the policy initiatives of their left-wing counterparts. This resulted in a significant consensus on key issues. Although there were efforts to politicize the civil service, the administration's focus on political appointments was especially noteworthy. As time passed, this approach became more challenging to maintain, and the administration relied on central agencies to maintain control.[36]

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[35] Rockman, Bert A. “Tightening the Reins: The Federal Executive and the Management Philosophy of the Reagan Presidency.” *Presidential Studies Quarterly* 23, no. 1 (1993): 103–14.
[36] *ibidem*

Chapter III: Comparison in public administration and a glance at Europe

The third and final chapter of this thesis will be devoted to developing a brief comparative analysis of the main policies implemented to reform the public administration by Thatcher and Reagan in what has been renamed a political marriage between the US and the UK during the 80s. If it's true that the two shared a common political and socio-economic vision, it must be remarked that their attitude towards public administration policies has been slightly different one from the other. Furthermore, the reception of these reforms varies from one country to the other, due to historical reasons and social changes characterizing the time frame taken in consideration in this paper. One intrinsic difference between the US and the UK, which lies at the base of public administration systems, is the historical evolution of the institutions in these two countries. As a matter of fact, the American necessity to reform public administration is felt as a consequence of the historical inability to define the proper role of bureaucratic institutions in democratic government whilst the Uk boasts a long history in the public administration sector. In light of the description of the reforms implemented by both Thatcher and Reagan with regard to public administration and government agencies, it is possible to assess to what degree these two neoliberal leaders have acted similarly and what have been the main consequences for their two countries. First, it must be set the premise that both inherited the power during a period of economic regression and general dissatisfaction towards government performance. Therefore, their immediate goal was to revive the economy and profoundly change the governmental asset. While both leaders emphasized reducing the role of the state and promoting market-oriented reforms, there were some notable differences in their approach. Thatcher's policies were often more radical and confrontational, and her emphasis on privatization was more pronounced than Reagan's. Additionally, while both leaders introduced performance management and accountability mechanisms in the public sector, Reagan's focus on federalism meant that his policies tended to prioritize decentralization and state-level decision-making, while Thatcher's approach was more centralized. In line with the structure followed throughout the paper, this final comparison will follow the same sections focused on above. Furthermore, a conclusive section will also be dedicated to some European countries as the process started by US and UK kicked off a public administration revolution in most Western countries with the Anglo-American NPM model being taken as a model.

3.1.1 *Reduction of government size*

Most national efforts of the past two decades both in the UK and US have focused on core reform ideas and principles commonly referred to as "managerialism." This approach draws heavily on private-sector techniques and practices, with influence from public choice and market theories. In the 1980s and early 1990s, Western democracies underwent major reforms, building on past dissatisfaction with government and the work of previous commissions and groups. For example, the Fulton Report in 1968 found that British higher service members lacked management skills, while the Grace Commission in the US in a less subtle way, suggested that government should be run like a business. The underlying message was consistent across those efforts: administrative reform is essential for improving governmental performance and is an integral part of all policy performance, rather than a separate technical effort. As a result, the reforms that followed focused not only on downsizing but also on improving management capabilities.[37]

Thatcher's government pursued policies of privatization and deregulation, aiming to decrease the size of the state and encourage competition in the economy. Thatcher was a pioneer in privatizing and reducing the size of the government. Every activity was evaluated to determine what could be transferred to private ownership, decentralized, or eliminated from the central government.[38] The organizations that remained were reduced in size, with most job cuts occurring at lower levels. In 1988, Next Steps agencies were introduced as a notable reform in the UK. These agencies aimed to create single-purpose or related-purpose organizations by separating operating or service delivery agencies from their original ministries. This allowed for better measurement and monitoring of productivity and effectiveness. The recruitment of chief executives from outside the government was a strong effort to establish a new management culture that was closely tied to contractual provisions and performance.

President Reagan viewed reform as reducing the size of government, cutting budgets and personnel, and increasing political management. The Reagan revolution aimed to limit the influence of the federal government and make it smaller. The Grace Commission, appointed by President Reagan, reflected this perspective in its report "*War on Waste*". While there were some efforts to simplify government and reduce paperwork, the focus was primarily on downsizing. However, there was no clear plan for what the reformed government would look like, except for being smaller. There was little attention given to managing or administering what remained after the cuts and maintaining a basic level of government capacity did not become a priority until the Bush presidency. Reduced size and growth would make government simpler and more intelligible, as well as allow for a realignment of powers between the central government and the states, both of which are key domestic concerns for the president. In pursuing this aim, Reagan was sure that he could persuade the voters and Congress to back his plan if necessary. Reagan's attention and energies have been centered on "selling" his view that the only guaranteed way to lower the size of government is to cut expenditure on superfluous or undesired projects. In theory, he knew which initiatives were undesirable: Reagan had long been a target of the "*tax-taker."* His strategy was twofold: there would be significant incentives for individuals who had been unduly living off government handouts to become self-sufficient, and tax relief would be offered for citizens who had borne the weight of an expanded government. The subsequent realignment of the public-private sector borders would create an environment in which businesses might once again thrive, culminating in a general improvement in the American economy. Reagan's approach to governing has emphasized the need of the chief executive defining clear, straightforward objectives to be realized by giving the power to designate the precise programmatic tools to

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[37] Ingraham, Patricia W. "Play It Again, Sam; It's Still Not Right: Searching for the Right Notes in Administrative Reform." *Public Administration Review* 57, no. 4 (1997): 325–31.
[38] *ibidem*

be employed to individuals who share his view of the right function of government.[39] In 1981, the Reagan administration achieved a genuine reordering of budget priorities using the *reconciliation process,* which involved funding cuts and changes in eligibility requirements. This led to an immediate reduction of public managers and a long-term effect of placing a heavier burden on the low-income strata of the population. If it is considered the combined effect of domestic spending cuts, changes in eligibility requirements, and tax law changes, the lowest income levels bear the heaviest burden.

On the other side, the main focus of Prime Minister Thatcher was to increase investment and productivity, which would lead to economic growth. She believed that government intervention had been hindering growth and that excessive public spending had caused dependence on government assistance. To reduce this dependence and promote growth, Thatcher aimed to cut social welfare programs and reduce public spending while reinstating incentives for individuals and firms to be productive. She also felt it was important to educate the public on the nature of the problems and how to solve them. Thatcher's approach emphasized the public responsibility of the executive to involve citizens in the formulation of policy objectives while persuading and educating them. However, she sometimes had to balance her beliefs with public opinion to avoid alienating herself from the public.[40] The Thatcher government has also implemented significant changes in social welfare and tax policies, using appropriations and regulations to reduce the drain on public funds and encourage self-reliant behavior. Their tax policy aimed to increase savings and investments, shifting the tax burden onto the poor and resulting in an increase in tax revenue rather than a decrease in spending. The poor were paying a larger proportion of their incomes in taxes and lost benefits, and overall dependence has increased due to a lack of economic growth and rising unemployment. Despite the government's efforts, social welfare spending and dependency on government programs had not significantly decreased, making Prime Minister Thatcher less successful in this regard than President Reagan.

3.1.2 Privatization

Both Thatcher and Reagan embarked the privatization starting with state-owned enterprises, which involved transferring ownership and control of publicly owned assets to the private sector. They both believed that privatization would improve the efficiency and effectiveness of industries that were previously owned and managed by the government. Furthermore, both leaders viewed privatization not only as an economic strategy but most importantly as a political tool, in order to change the relationship between government and civil society. However, there were some differences in how they approached privatization and the extent to which it was implemented in their respective countries.

In the UK, Thatcher launched a program of privatization in the early 1980s, selling off a number of state-owned industries, including telecommunications, steel, and utilities. Thatcher's government also encouraged

[39] CLAYTON, DOROTHY H., and ROBERT J. THOMPSON. "Reagan, Thatcher, and Social Welfare: Typical and Nontypical Behavior for Presidents and Prime Ministers." *Presidential Studies Quarterly* 18, no. 3 (1988): 565–81.
[40] *ibidem*

the sale of council housing to tenants, which led to a significant increase in homeownership. By the end of her tenure in 1990, over 50 state-owned companies had been sold off. In contrast, Reagan's privatization efforts in the US were more limited in scope. Although he supported the idea of privatization, he faced more political opposition and was only able to achieve a few significant privatizations. One of the most notable examples was the privatization of Conrail, a government-owned railway, which was sold off to private investors in 1987.

Overall, while both Thatcher and Reagan were proponents of privatization, Thatcher's government was more successful in implementing the policy and selling off a larger number of state-owned enterprises. Reagan faced greater political resistance and was only able to achieve a few significant privatizations during his time in office.

3.1.3 Deregulation

As it has been largely said in the above lines, Margaret Thatcher and Ronald Reagan spearhead a wave of deregulation in their respective countries.

Thatcher's approach to deregulation in the UK was characterized by a focus on privatization and market liberalization. She pursued a program of privatizing state-owned enterprises and utilities aimed at reducing the size of the state and increasing competition in these sectors, which was seen as a way to drive down prices and improve efficiency. Thatcher also introduced a number of reforms aimed at reducing the power of trade unions and increasing the flexibility of the labor market, which was seen as a way to boost productivity and competitiveness.

Reagan's approach to deregulation in the US, instead, was focused more on reducing the regulatory burden on businesses and freeing up markets to operate more freely. He pursued a program of deregulation across a range of industries, including finance, transportation, and energy. Reagan believed that excessive regulation was stifling innovation and growth, and that reducing regulatory barriers would encourage entrepreneurship and job creation. His administration also implemented a number of tax reforms aimed at reducing the tax burden on businesses and individuals, which was seen as a way to stimulate economic growth.

While both Thatcher and Reagan pursued deregulatory policies, there were some notable differences in the specific areas of regulation they targeted and their overall approach. However, both leaders are credited with playing a significant role in the wave of deregulation that swept through the Western world in the 1980s and 1990s, which has had a lasting impact on the global economy.

The Thatcher government was more successful than the Reagan administration in deregulation and reducing government responsibilities. They sold state-owned assets to private companies, allowing private firms to compete with former public monopolies in certain areas. Local authorities and the National Health Service also contracted certain services out to private firms. They also reduced bureaucracy for small businesses by simplifying regulations and reducing the number of forms. In the financial services industry, certain regulations were removed, allowing greater competition between commercial banks and building societies, and banks to offer new services.

On the other hand, President Reagan had little success in his drive for deregulation. He abolished controls on oil prices but continued to regulate the domestic airline industry. The Environmental Protection Agency and the Occupational Safety and Health Agency spent less time enforcing nitpicking rules. The deregulation policy eventually became controversial and had to be toned down. Major American banking law reform desired by many banks and the Reagan administration had to be shelved due to opposition from regional and small-town banks and Wall Street investment firms.

3.1.4 Outsourcing

Thatcher and Reagan were both leaders of their respective countries during a time when outsourcing was becoming an increasingly prevalent practice. While they shared some similarities in their economic policies, there were also differences in how they approached outsourcing.

As already said, Thatcher pursued a policy of privatization and deregulation which encouraged outsourcing as a means of reducing costs and improving efficiency. She believed that the government should not be involved in industries that could be managed more effectively by the private sector. As a result, Thatcher oversaw the privatization of several state-owned industries, including British Telecom and British Airways. These companies then began to outsource some of their operations to other countries in order to reduce costs. Reagan also pursued policies that encouraged outsourcing pushing for deregulation and tax cuts, which he believed would spur economic growth and job creation. This led to an increase in outsourcing as companies sought to take advantage of lower labor costs in other countries.

In terms of their specific approach to outsourcing, Thatcher and Reagan had some differences. Thatcher tended to be more hands-off, allowing private companies to make their own decisions about outsourcing. Reagan, on the other hand, was more vocal about his support for outsourcing and actively encouraged companies to take advantage of it. He believed that outsourcing would ultimately benefit the US economy by reducing costs and increasing competitiveness.

In conclusion, both Thatcher and Reagan pursued policies that encouraged outsourcing as a means of reducing costs and improving efficiency. However, while Thatcher tended to be more hands-off, Reagan actively encouraged companies to take advantage of outsourcing.

3.1.5 Tax cuts

Both Margaret Thatcher and Ronald Reagan implemented significant tax cuts during their time in office. However, there were some differences in the specifics of their policies and the contexts in which they were implemented.

Thatcher's main tax reform was the introduction of the "poll tax," officially known as the Community Charge, which replaced the previous system of local property taxes. The poll tax was a flat-rate tax on every adult in a household, regardless of their income or wealth. The policy was highly controversial and unpopular, leading to widespread protests and eventually being scrapped in 1991.

Reagan's tax reform was known as the Economic Recovery Tax Act (ERTA) of 1981. The policy involved a series of tax cuts that lowered individual income tax rates, reduced capital gains taxes, and increased tax incentives for businesses. Reagan's tax cuts were aimed at spurring economic growth and reducing government intervention in the economy. The policy was successful in boosting economic growth, but also led to a significant increase in the federal deficit.

After a slow economic recovery in Britain from the end of 1981, the country has experienced an average growth rate of approximately 3% per year. The United States, on the other hand, experienced a faster growth rate starting in late 1982 but saw a significant slowdown in 1985. Both countries' economic recoveries were due to factors such as lower interest rates, decreasing inflation, and less expensive oil prices. Tax cuts were not very effective in boosting the economy, as large corporations engaged in mergers and acquisitions instead of significant investment in the US, while wealthy individuals in Britain continued to invest outside the industry or overseas. The main driver of economic development in both cases was not supply-side market forces but rather Keynesian demand-side forces, such as increased consumer spending on cars, housing, and retail. This was aided by the failure of both governments to limit public spending as intended, resulting in massive budget deficits, especially in the US, which was three-fifths financed by foreign investment drawn in by high interest rates.

Overall, both Thatcher and Reagan implemented significant tax cuts during their time in office, but the specifics of their policies differed. Thatcher's poll tax was highly controversial and ultimately failed causing her a high degree of dislike leading to her loss of power, while Reagan's tax cuts were successful in spurring economic growth but also contributed to a significant increase in the federal deficit.

3.1.6 Devolution of power

In terms of devolution of power, Reagan' and Thatcher's approaches differed to some extent. Thatcher's approach to devolution was focused on centralizing power in the hands of the UK government in Westminster. She believed that local authorities had become inefficient and bloated and sought to reduce their power in favor of a more centralized approach to government. Her government's policies in this regard included abolishing the Greater London Council, which was responsible for the administration of London, and replacing it with smaller boroughs. Additionally, Thatcher's government introduced a system of rate capping, which limited the amount that local authorities could raise in taxes, further reducing their power.

In contrast, Reagan's approach to devolution of power was focused on reducing the power of the federal government in favor of the states. He believed that the federal government had become too large and intrusive, and sought to return power to the states. Reagan's policies in this regard included cutting federal funding to certain programs, such as education and social welfare, and devolving responsibility for these programs to the states. He also supported the use of block grants, which provided states with more control over how they spent federal money.

Although Reagan was unable to completely transfer federal responsibilities to the states because some state governors saw it as a disguised budget cut, he did succeed in some devolution to lower levels of government and the voluntary sector. However, some people still believed that the Federal government did not become any less burdensome under Reagan. Similarly, in Britain, the government reduced the public sector's size since 1979, but the burden of the state did not decrease. The government had to intervene to ensure its monetarist policies and market forces were not hindered, and a former Thatcher minister noted in 1984 that the central government exercised direct control over more aspects of people's lives. For instance, since 1980, the government exerted extensive control over the spending policies of local authorities.

Generally, it can be asserted that their approach to devolution of power were different. Thatcher focused on centralizing power in the hands of the UK government, while Reagan sought to reduce the power of the federal government and give more control to the states.

3.1.7 Civil Service Reform

From the analysis of the reforms made to the civil service in the UK and the US in the 80s, it clearly stands out that both Thatcher and Reagan sought to reduce the size and scope of government and strongly supported the idea that the civil service was in need of significant reform. Already in the speeches held during the electoral campaign, both Margaret Thatcher and Ronald showed themselves to be critical of the civil service and considered it part the problem leading to economic regression. They did not try to hide their disdain for the institution, and unlike previous leaders, their rhetoric did not diminish after they were elected. Thatcher, in particular, continued to emphasize the importance of *"deprivileging the civil service"* and asserted that *she would not allow senior permanent officials to "educate"* her.[41] Indeed, as already mentioned, the civil service was believed to be hindering the implementation of new programs, intentionally or unintentionally, and thereby thwarting efforts to bring about significant policy and administrative reforms. There was also a view that the bureaucracy was operating without sufficient oversight. By being shielded from democratic oversight from above and market pressures from below, public organizations were able to pursue their own objectives rather than working towards the goals that society as a whole desired. Consequently, one of the key priorities for both Thatcher and Reagan in reforming public administration was to reestablish control over the public sector. In the mid-1980s, it became evident that political leaders from different countries shared a common view of the problems with the civil service, despite differences in their respective governmental structures, as seen in the cases of Britain and the United States.

[41] Hennessy, 1989, p. 62

Most Anglo-American democracies attempted to reform their civil service in the 1980s, and their approaches were remarkably similar. However, simply reducing the size of the civil service did not necessarily lead to better management, creativity, or responsiveness to political direction when shaping policy. To achieve these goals, political leaders looked to the private sector for inspiration and believed that private sector management practices were superior to those in government. These leaders considered the bureaucracies they inherited to be "fat" and enlisted senior business executives to introduce "turnaround management" to government operations. For instance, Thatcher had Rayner, and Reagan had Grace. Although there were some differences in how the reviews were conducted, such as Thatcher's being publicly financed and Reagan's not, the reviews had more similarities than differences.

Thatcher and Reagan both sought to improve the efficiency of government operations through various means. Thatcher asked Rayner to increase managerial efficiency in Whitehall and spending departments, while Reagan instructed Peter Grace and his colleagues to investigate waste, inefficiency, and poor management practices in government, and to view government agencies as if considering a merger or takeover. Both leaders were willing to experiment with market approaches and privatization to introduce competition and restructure government operations. They looked to the private sector for inspiration and aimed to refocus the civil service on management rather than policy making. Management became a buzzword, and the focus was on finding "*doers rather than thinkers".* The aim was to better manage the remaining activities in the public sector.

Despite occasionally taking different approaches, the political leaders sought to treat government operations as a business entity. Thatcher and Reagan advocated for decentralization and simplification respectively. Thatcher's Financial Management Initiative aimed to give budget-holders more decision-making power in operational management, encouraging public servants to view themselves as managers and empowering them to take action when necessary. The target of this initiative were career public servants who tended to uphold the status quo. Correspondingly, President Reagan introduced his *"President's Management Improvement Program: Reform 88"* shortly after taking office, as he believed that efficient management practices were not a priority in Washington. He criticized the existing management systems, calling them an expensive and incompatible mess with unclear responsibilities. The objective of "Reform 88" was to enhance the authority of line managers by requiring all executive departments and agencies to evaluate their management systems, establish performance measurements, and provide top-level managers with the information and flexibility they needed to effectively manage. Like Thatcher in the UK, Reagan called for a reduction in government decision-making regulations and for officials to adopt effective management practices from the business community. He aimed to minimize overhead costs and administrative tasks while introducing incentives to enhance government operations. Moreover, he wanted to have more control over policies, so he focused on personnel policy. Reagan and his administration tried to make the upper levels of the federal bureaucracy more politically aligned with them, using both formal and informal methods. They knew that appointments were crucial to implementing their agenda, especially at the assistant secretary level. Thatcher, on the other hand, went beyond endorsing new management techniques and restructured the government's operations to allow programs and services to function independently from ministers and Whitehall's culture. The leadership also implemented several measures to strengthen their influence in shaping policies. She eliminated the Central Policy Review Staff (CPRS) linked to the cabinet office and increased the effectiveness of her own policy unit, claiming that it was more responsive to her policy preferences and requirements, including small details.

On the whole, Thatcher's approach to reform was more radical than Reagan's, and she implemented a number of measures designed to reduce the size of the civil service and increase its efficiency. One of her most significant reforms was the introduction of competitive tendering for government services, which required government agencies to compete with private companies for contracts to provide services. This resulted in significant cost savings and increased efficiency. Reagan, on the other hand, was more focused on reducing the role of the federal government in the United States. He implemented a hiring freeze for federal employees and sought to reduce the number of governments' regulations but did not undertake the type of radical restructuring of the civil service that Thatcher did. Reagan also worked to decentralize government decision-making, giving more power to individual states and local governments.

Overall, the legacy of Thatcher and Reagan on public administration has been one of greater emphasis on market mechanisms, decentralization, and the use of new technologies. These changes have had a lasting impact on public administration in the UK and the US and continue to shape the way that public services are delivered and managed today.

3.2 Theories of public administration in the aftermath of NPM

In concluding this excursus throughout reforms in public administration in the 80s under Thatcher and Reagan, it becomes important to highlight that generally the traditional view of the public sector had been challenged during the 80s and that Thatcher and Reagan are implicitly advocating an ideology which started to permeate political systems already in the aftermath of WW2. Two main notions are going to be analyzed: firstly the dichotomy between public and private which has always characterized the history of public administration, particularly in the American system; secondly, a few words of attention will be devoted to the rising concept of governance in its initial intermingling with NPM, addressed within this paper. Generally, in the 20th century, the increasing administrative state led to the prominence of public professionals who played a role in creating and carrying out public policies. As the government's role expanded, there was a need for efficient management while also considering broader public goals. There were various attempts to improve government efficiency by applying scientific and business methods, particularly in national government management. At the local level, the council-manager plan was created based on a corporate structure with the aim of achieving efficiency and effectiveness.

The relationship between public and private in the history of public administration has been a topic of ongoing debate and discussion. At its core, this relationship is concerned with how public administrators interact with private actors and entities, and how they balance competing interests and values. Throughout history, public administration has evolved to reflect changing social and economic conditions, and the relationship between public and private has likewise evolved. In early societies, public administration was often closely tied to the ruling class, with little distinction between public and private interests. As societies became more complex, however, the need for a more formalized system of public administration emerged. During the Industrial Revolution, the relationship between public and private became more complex as the private sector grew in size and importance. Public administration became increasingly involved in regulating private businesses, particularly in areas such as labor standards, consumer protection, and environmental protection. This led to tension between public and private interests, with some arguing that the role of government should be limited to providing basic services and maintaining law and order, while others argued that government had a responsibility to protect the public interest. In the 20th century, the relationship between public and private became more collaborative in nature, as public administrators recognized the importance of working with private actors to achieve common goals. This led to the rise of public-private partnerships (PPPs), which have become an important tool for delivering public services and infrastructure.

As it has been seen throughout the whole paper, theories deriving from the private sector appeared to be useful for public management and the idea that it has an impact on public policy through various formal and informal structures started to be widely discussed. Evidence of the expansion of market concepts in the public sector may be found in the practice of public administration that has been described both regarding Thatcher and Reagan, namely privatization, downsizing, rightsizing, entrepreneurism, reinvention, enterprise operations, quality management, and customer service.[42] The government had lost some of its legitimacy due to its bureaucratic and path-dependent nature, as well as the fact that private actors controlled information and implementation structures. The private sector overall was seen as more effective than the government, therefore resulting in a blending of public and private resources. This led to the use of public-private partnerships as a way for the government to explore alternative methods of policymaking and implementation within the governance framework.

It must be made clear that the idea that the public sector should conduct its affairs in a businesslike way was not new in the United States. The idea of governing without a government seemed since its very beginning to be compatible with the American public administration's traditions, as the United States is often perceived as a stateless society with no European-style state traditions. The American government's perceived weaknesses are compensated by the strong civil society's governing role. Unlike in Europe, where the central government monopolized power, property, and policies for most of the 20th century, the American government distributed powers and public goods to the private sector, strengthening its public impact, expanding its regulatory and jurisdictional role, and increasing its legitimacy by involving it in a

[42] Box, R. C. (1999). Running Government Like a Business: Implications for Public Administration Theory and Practice. *The American Review of Public Administration*, *29*(1), 19–43

shared governance process with the central government. public power in America is distributed among a series of groups, associations, organizations, and institutions that cannot be classified as entirely public or private.

The discussion concerning new forms of governance arose around the same time as the spread of the new public management (NPM), widely discussed in this thesis, and was in part triggered by its management philosophy. Governance and new public management (NPM) are two related but distinct concepts in the field of public administration. The New Public Management (NPM) emphasizes the importance of competition in the public sector, as it encourages changes in managerial styles. Moreover, new public management seeks to separate politics from administration, allowing (or making) managers to manage according to cost-benefit economic rationality, largely free from “day-to-day democratic oversight”. [43] The idea of keeping politics and administration separate is the result of a new agreement among elites about the government's role. This has been a topic of discussion among public administration professionals and scholars for a long time, with different views on whether practitioners should simply carry out policies decided by others or actively participate in the policy-making process. This approach is akin to running the government like a business.

The aftermath of NPM in public administration has been mixed, with both positive and negative impacts. On the positive side, NPM has led to increased efficiency and effectiveness in many public sector organizations. By introducing market-oriented approaches and performance-based management systems, NPM has encouraged public sector organizations to focus on delivering results and improving the quality of their services. This has resulted in improvements in areas such as customer satisfaction, cost reduction, and accountability. However, there have also been negative impacts of NPM on public administration. One criticism is that NPM has led to an emphasis on short-term efficiency gains at the expense of long-term strategic planning and development. NPM has also been criticized for creating a culture of target-driven performance that can lead to a narrow focus on measurable outputs rather than the broader outcomes that public sector organizations are intended to achieve. Additionally, the emphasis on market-oriented approaches in NPM has led to the outsourcing of many public sector functions, which has sometimes resulted in the loss of institutional knowledge and a reduction in the quality of services provided. Furthermore, the focus on performance metrics and accountability has sometimes led to a culture of blame and fear, with public sector employees feeling pressured to meet targets and avoid criticism, even if it means compromising on other important values such as ethics and professionalism.

Due to these criticisms a new theorization of public administration started to rise. The concept of governance has risen in public administration as a response to the changing nature of the state and the challenges it faces in the modern world. In traditional public administration, the state was seen as a

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[43] Box, R. C. (1999). Running Government Like a Business: Implications for Public Administration Theory and Practice. *The American Review of Public Administration*, *29*(1), 19–43

centralized authority that controlled and regulated all aspects of society. Governance is a more collaborative and decentralized approach to public administration that involves a range of stakeholders, including government agencies, civil society organizations, and the private sector. The concept of governance emphasizes the importance of transparency, accountability, and participation in decision-making processes, and seeks to ensure that public policies and programs are responsive to the needs of citizens.[44]

One of the key drivers of the rise of governance in public administration has been the recognition that effective governance requires the involvement of a range of actors beyond the state. The growth of civil society organizations, the private sector, and other non-state actors has created new opportunities for collaboration and partnership in the governance of public affairs. Governance involves blending public and private resources and is more concerned with producing and delivering services than with competition. Nonetheless, competition is welcome among public and private initiatives. This has led to the development of new models of public-private partnerships, social entrepreneurship, and participatory governance that seek to involve citizens in the decision-making process. Another important factor contributing to the rise of governance in public administration has been the growing importance of global issues such as climate change, terrorism, and pandemics. These issues require coordinated action and cooperation among governments, civil society organizations, and other stakeholders at both the national and international levels. Governance provides a framework for addressing these complex issues by bringing together actors from different sectors and levels of governance to work together towards common goals.

Both governance and NPM theories argue that public administration has become disconnected from society, leading to inefficiencies and complacency.[45] They also suggest that the public-private dichotomy is no longer relevant, as it has hindered public-sector reform. Generally, it can be said that the early adoption of NPM by Anglo-Saxon countries that took place under the lead of Margaret Thatcher and Ronald Reagan may be explained by cultural factors and a preference for free enterprise. The subsequent emergence of governance in Western Europe needs to be viewed within the historical context of public administration and state-society relationships. Indeed, NPM reforms can contribute to improved governance by promoting transparency, accountability, and citizen participation, but they can also create tensions with traditional public values and principles, such as equity, fairness, and social justice. Therefore, it is important to balance NPM reforms with a broader understanding of governance that includes not only efficiency and effectiveness but also legitimacy, social equity, and democratic accountability. Public administration faced challenges in including organized interests in policy implementation and blending public administration

[44] "The New Public Governance? Emerging Perspectives on the Theory and Practice of Public Governance" - Stephen P. Osborne (2006)

[45] Peters, B. Guy, and John Pierre. "Governance without Government? Rethinking Public Administration." *Journal of Public Administration Research and Theory: J-PART* 8, no. 2 (1998): 223–43.

ideals with welfare state programs. The problem with welfare state programs has not been compromising public administrative values, but rather gaining bureaucratic support for them.[46]

3.3 Reforms of the Public Administration in Europe

The final part of this paper will focus on what has been the influence of the Anglo-American NPM model in the European public administration. As a matter of fact, England and the US acted as pioneer of a considerable evolution on public administration systems which took place between the 80s and the 90s in the old continent albeit in different ways on the basis of the preset assets European countries had in place. European scholars have categorized the main features of the imported NPM approach in devolution, performance management reforms, personnel management and the relationship between government and citizens. Moreover, a further classification must be made based on the four public administration models that have traditionally characterized the region of the European continent, namely Germanic, Southern European, Anglo-Saxon and a fourth group comprising the Nordic countries and the Netherlands, which are considered a mixed form of the Anglo-Saxon and Germanic types. [47] However, for the sake of clarity, it must be borne in mind that East European countries are excluded from this brief analysis as they present an historical evolution of their public administration which cannot prescind from the USSR experience for which they diverge from NPM trends and cannot undergo a comparative evaluation of their public administration.

The bureaucratic model in the Germanic countries such as Austria, Germany, and Switzerland follows a Weberian approach within a complex federal system where power is exercised by the federal government and the *Länders (regions)*. This model emphasizes a legalistic philosophy with a strict hierarchy. On the other hand, the Nordic countries and the Netherlands are unitary states focused on meeting citizens' needs, with Sweden, Finland, and the Netherlands transitioning from legalistic to pluralistic/consensual government styles in the latter half of the 20th century. In contrast, the Southern European countries are influenced by the French legal model, which emphasizes administrative law and seeks to provide equal levels of public services throughout the country through a centralized state apparatus. Their public administration model emphasizes the coordination of state action to serve the *"l'intérêt général", with* the central government defining overarching state rules and a unitary treasury system receiving almost all fiscal revenues on behalf of all public authorities.[48]

Although both the Germanic and Southern European models of public administration rely on administrative law as the foundation of their organizations, there are differences that explain the distinct characteristics of NPM reforms in each group. The Germanic model is based on Weberian concepts of a legal-rational polity and hierarchy within a robust federal system. This federal system creates complexity

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[46] *Ibidem*
[47] Torres, l. (2004). Trajectories in public administration reforms in European continental countries. Australian journal of public administration, 63(3), 99–112.
[48] *ibidem*

and makes it challenging to introduce uniform NPM reforms across the country, as each *Länder* has its own sovereign state power and defines its own reform program. As a result, there is vertical and horizontal variance and fragmentation. In contrast, the Southern European model focuses on the central government's responsibility to ensure "equality of treatment" for all citizens and the "general interest" by setting common service features for the entire country and collecting most of the tax revenues. These revenues are then distributed by the central government to regions and municipalities, and there is a presence of the central government through offices in different areas to ensure equal service delivery. In Southern European countries, the civil service is divided into different corps, each with its own educational requirements and hierarchical positions. Moreover, the involvement of civil servant elites in political affairs is lower than in the Germanic model.[49]

Throughout the 80s, governments aimed for more efficient and adaptable public services by transferring decision-making authority and resources to public service managers or institutions. In the UK, as it has been seen, this approach involved providing greater operational freedom to organizations and managers, while reducing constraints on resource management. Meanwhile, many European countries focused on territorial devolution, which aims to bring public administration and servants closer to citizens and promote better communication to increase public trust in government. As a result of these initiatives, politicians, organizations, and managers are more directly accountable to citizens for service results, as citizens can easily identify the entity or person responsible for providing adequate service. Territorial decentralization is a method of bringing services closer to citizens, but in Germanic and Southern European countries, it is due to constitutional or political reasons rather than initiatives related to New Public Management (NPM). As a result, its impact on public administration reforms has been insignificant. Overall, devolution is a powerful tool for enhancing citizen trust in governments, but it does not always come with new management approaches. Scandinavian countries and the UK have focused on deconcentrating ministries through agencies, while Germanic and Southern European countries (except Portugal) have strong territorial decentralisation through intermediate levels. Agencies typically provide management freedom to enhance efficiency and results and facilitate the transition from input control to output control. In contrast, the territorial decentralisation in Germanic and Southern European countries replicates the central government's bureaucratic structures at the regional level.

Numerous academics have emphasized how management reforms have contributed to changes in public administration by increasing accountability and transparency. It is argued that introducing performance measures and accrual accounting has helped to unbundle the public sector. In Germanic countries like Austria and Germany, the traditional budgetary structure remains in place at the federal level, with no management by results, performance indicators or accrual accounting. However, these countries have implemented performance management initiatives in specific agencies. Only Switzerland has fully introduced performance measurements and accrual accounting into its federal government accounting

[49] *ibidem*

system, but it overlaps with the traditional budgetary system. In contrast, Nordic countries like Norway and Denmark introduced a management by objectives/results system in the 1980s and now have exceptional performance management initiatives. Southern European countries like France, Portugal, and Spain have introduced accrual accounting at the central level, but it overlaps with their traditional budgetary accounting system, and they have few initiatives in the field of performance management.[50]

The UK's efforts to reform its civil service, as it has been pointed out, included limiting the power of civil service trade unions and appointing temporary civil servants as agency CEOs. In contrast, European continental countries did not follow this approach in their personnel modernization initiatives. Instead, they generally maintain a concept of human resource management based on professional expertise rather than private sector management systems. Developments in this field are limited to supplementary payments, empowerment of senior civil servants, training, and mobility within existing staff management systems. In Germanic and Southern European countries, bureaucratic structures in civil servant recruitment and education lead to law professionals who are hesitant to make managerial decisions or change their legalistic professionalism. However, in Nordic countries and the Netherlands, lawyerly dominance has decreased during the latter half of the twentieth century. The three public administration models analyzed faced challenges in implementing effective pay-for-performance systems, leading to the exploration of alternative models such as the Nordic approach to human resource management.

In summary, the European continental countries examined have all implemented modernization reforms in their public administrations, with a focus on territorial decentralization and the creation of autonomous bodies. These policies aimed to improve the efficiency, effectiveness, and quality of services while increasing citizens' trust in their governments. Some countries, such as Sweden, Finland, and the Netherlands, have also implemented performance management reforms to hold autonomous bodies accountable and achieve more visible transformation. However, there is no single model for effective public management reforms, even if the policies of the different countries converge or share a common repertoire of responses in some ways. In the modernization programs of European Continental countries at the central level, only three key issues related to the New Public Management (NPM) are identifiable. These three issues are: unbundling the public sector into corporatized units through decentralization, corporatization, and deconcentration; implementing explicit formal measurable standards and measures of performance and success; and placing greater emphasis on output controls[51]. While experiences with these reforms can be found in agencies, corporatized entities, and local governments across all European Continental countries, introducing the other three key issues - contract-based competitive provision, private sector management practices, and visible hands-on top management - is difficult due to the inherent tension between these private management techniques and the concept of the public sector's role in society. Only Sweden, Finland, and the Netherlands have implemented initiatives related to these issues, albeit to a lesser extent. The

[50] *ibidem*
[51] *Ibidem*

Germanic countries have a distinct approach to reform compared to the Anglo-American model, as they prioritize territorial decentralization. On the other hand, Southern European countries are adapting their bureaucratic systems to enhance citizen and employee empowerment, as well as the quality of services, while still keeping their administrative structure. Instead of adopting a one-size-fits-all approach to reform, these countries implement a range of initiatives and adjustments, which are often spearheaded by different political parties.

As already said, the public administration systems in Germanic and Southern European countries are based on administrative law, meaning that all aspects of public administration, including management, are regulated by norms. However, the federal system in Germanic countries makes it harder to introduce reforms compared to the more centralized system in Southern European countries, as it requires the involvement of multiple government bodies and even constitutional changes. Additionally, the existing civil servant organization makes it difficult to implement competition and performance evaluation. However, there is a shift towards empowering citizens and employees. The Nordic countries and the Netherlands have different public administration models compared to the legalistic models in Germanic and Southern European countries, as well as the market-oriented model in Anglo-American countries. Their approach is based on negotiation and prioritizes staff qualifications and professional knowledge over bureaucratic rules and customer demands. These reforms could be an alternative for modernizing the public sector and may be more suitable for the Germanic and Southern European countries' models. The way public administration is organized and perceived plays a significant role in how modernization initiatives are implemented.

Although Anglo-American experiences had been promoted worldwide during the neoliberal decade, the traditional core concept of a good public sector in Nordic, Germanic, and Southern European countries challenged the Anglo-American NPM model. Anglo-American public administration emphasizes competition and accountability to customers, while market-oriented reforms and human resource management are the most significant differences between Anglo-American and European continental countries. One of the main ways in which NPM influenced European public administration in the 1980s was through a shift in focus towards results and outcomes rather than inputs and processes. This meant that public sector organizations were encouraged to set clear goals and objectives and to measure their performance against these objectives. NPM also emphasized the use of performance indicators and benchmarking to evaluate performance, which led to a greater emphasis on accountability and transparency in public administration. Finally, NPM also influenced the structure and organization of European public administration. This included the decentralization of decision-making and the creation of executive agencies, which had greater autonomy and flexibility than traditional public sector organizations. Overall, the influence of NPM on European public administration in the 1980s was significant and far-reaching. It led to a greater focus on results and outcomes, the use of market-based mechanisms, and changes in the structure and organization of public administration. These changes have continued to shape public administration in Europe in the years since the 1980s.

CONCLUSION

In conclusion of the various topics proposed in this thesis concerning public administration, it is possible to assert that during the 80s the Neoliberal thought has brought a considerable change in the public administrative sector of all western countries. Overall, the main focus of this paper has regarded the public administration sector in the United Kingdom and United States under the leadership of Margaret Thatcher and Ronald Reagan. While there were some differences in their approaches, there were also similarities in the goals they sought to achieve. As it has been seen, Thatcher's reforms, which began in the late 1970s, aimed to reduce the size and role of government in the UK, and to shift responsibility for the provision of services to the private sector and local authorities. One of her key reforms was the introduction of competitive tendering, which required public bodies to put services out to bid to private contractors. This was intended to increase efficiency and reduce costs. Another significant aspect of Thatcher's reforms was the decentralization of power from central government to local authorities. This was achieved through the abolition of several regional bodies, such as the Greater London Council, and the transfer of their responsibilities to local authorities.

Reagan pursued similar goals in the US, with a focus on reducing the size and role of the federal government. He sought to limit the growth of government spending and to reduce the regulatory burden on businesses. One of his most significant reforms was the deregulation of many industries, including transportation and telecommunications. Reagan also sought to devolve power to state and local governments, with the aim of increasing efficiency and responsiveness. One of his key initiatives in this regard was the Block Grants program, which provided federal funding to states for a range of services but allowed them greater discretion in how the money was spent. Both Thatcher and Reagan's reforms were controversial, with critics arguing that they resulted in the erosion of public services and the welfare state. However, supporters of the reforms argue that they were necessary to reduce the role of government in the economy and to increase efficiency and competitiveness.

Following their example, the NPM approach will be implemented in other countries even if criticisms arising from the relationship between the public and private sector and the theorization of the correlation between politics and administration will lead to new conception of public administration, governance still largely debate today. As it has been seen, European countries, involved in the process of formation of former CEE in the 80s, have been influenced by NPM although traditional Weberian structure, boasting a long history in the old continent will constitute an obstacle for a full implementation of the theories and practices analyzed in the Anglo-American region.

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Riassunto in italiano

Tale tesi prende in considerazione il decennio tra il 1979 e l'inizio degli anni Novanta, periodo durante il quale la politica degli Stati Uniti e quella del Regno Unito convergono in quella che è definita come ideologia neoliberale. La dottrina neoliberale è una teoria economica che propone una serie di politiche e misure volte a ridurre l'intervento dello Stato nell'economia, promuovendo la libera iniziativa e la concorrenza tra le imprese quali la liberalizzazione dei mercati attraverso la privatizzazione delle imprese statali e la deregolamentazione degli interventi pubblici; la minimizzazione del ruolo dello Stato e riduzione della spesa pubblica. In aggiunto a ciò, si pone come di primaria importanza la riduzione del corpo amministrativo e una serie di riforme indirizzate al settore della pubblica amministrazione al fine di rendere più efficiente ed effettivo il servizio per i cittadini. A seguito di un periodo di regressione dei mercati e del declino del modello economico Keynesiano, il neoliberalismo si pone come risposta al sentimento di discontento dei paesi occidentali. Fautori delle repubbliche neoliberali sono la leader del partito conservatore Margareth Thatcher nel Regno Unito eletta primo ministro nel 1979 e il Repubblicano Ronald Reagan, quarantesimo presidente degli Stati Uniti eletto nel 1980 che danno inizio ad una fase di riformismo incentrato al settore pubblico. Le riforme che interessano il settore pubblico si pongono sul piano del *new public management* (NPM), stile di governance che mira ad applicare gli assiomi derivanti dal settore aziendale privato ai servizi governativi diretti al pubblico. In questo contesto, la pubblica amministrazione viene trattata come una macchina aziendale e i funzionari statali come dei dipendenti, responsabili della fruizione di un servizio volto alla massimizzazione del prodotto a un costo minimo.

Sia Thatcher che Reagan durante i loro rispettivi mandati hanno cercato di ridurre il ruolo dello Stato nell'economia e nella società, promuovendo il libero mercato e l'individualismo. I principali cambiamenti si ebbero in termini di privatizzazione delle principali aziende statali e deregolamentazione attraverso la pratica dell'outsourcing. Inoltre, un considerevole taglio alle imposte fu attuto al fine di stimolare l'economia. A ogni modo, il fulcro di questo scritto è costituito dalla pubblica amministrazione. Infatti, le maggiori riforme attuate in codesto campo ebbero come scopo principale l'introduzione di una cultura manageriale nella pubblica amministrazione, con l'obiettivo di aumentare l'efficienza e la produttività. In aggiunta a ciò, furono introdotte in entrambi i Paesi misure per aumentare la responsabilità e la trasparenza della pubblica amministrazione e l'istituzione di organi di controllo indipendenti. Queste riforme hanno avuto un impatto significativo sulla pubblica amministrazione e sulla società nel loro complesso e si pongono da apripista per una serie di trasformazioni che interesseranno la *governance* anche nei paesi europei. Nonostante sono molte le similarità tra i due paesi, vi sono delle differenze nell'approccio assunto da Thatcher e Reagan tenendo conto delle differenze a livello storico nelle istituzioni dei due paesi. Ai fini di una corretta analisi è bene sottolineare che la relativa breve storia nell'assetto burocratico statunitense ha fatto in modo che il rapporto tra pubblico e privato tipico del nuovo managerialismo fosse più effettivo negli Stati Uniti e che le radicate pratiche di *patronage* nell'assetto burocratico inglese giustificassero un approccio più aggressivo da parte della amministrazione thatcheriana.

Negli anni '80, Thatcher intraprese una serie di riforme volte a ridurre il ruolo dello Stato nell'economia britannica. Ciò ha comportato la vendita di numerose imprese statali, tra cui British Telecom, British Gas, British Airways e molte altre. Le riforme di privatizzazione hanno portato ad una significativa riduzione del debito pubblico del Regno Unito e ad un aumento dell'efficienza delle aziende coinvolte. Tali riforme di privatizzazione hanno portato a una maggiore efficienza e competitività nel settore privato, e contribuito a migliorare l'economia britannica nel lungo termine. Il governo Thatcher ha introdotto varie iniziative politiche sotto il termine generico "privatizzazione", che può essere classificato in due tipi: privatizzazione dei beni e privatizzazione dei servizi. Tra il 1979 e il 1995, più di 50 miliardi di sterline di beni statali furono venduti al settore privato con la quota di occupazione rappresentata dalle industrie di proprietà pubblica che scese al 2%. In particolare, furono impiegati quattro metodi principali per privatizzare i servizi pubblici, vale a dire l'addebito, l'appalto, la liberalizzazione e il ritiro. Thatcher implementò anche una serie di riforme nel campo della deregolamentazione, volte a ridurre la regolamentazione governativa su diverse industrie. In particolare, Thatcher ha promosso una serie di riforme che hanno eliminato o ridotto i controlli governativi su settori come quello bancario, finanziario, dei trasporti e delle telecomunicazioni, tra gli altri. La Deregolamentazione di Thatcher è stata parte integrante del più ampio programma di riforma economica noto come "Thatcherismo", che aveva l'obiettivo di aumentare la libertà economica e di incentivare l'impresa privata. Uno dei settori protagonisti delle riforme di deregolamentazione fu quello immobiliare che fu sollevato da alcune restrizione al fine di incentivare l'acquisto di un immobile da parte del pubblico. Sebbene questa politica abbia avuto successi, come la liberalizzazione del mercato immobiliare e la riduzione del controllo del governo sulle imprese, è stata anche criticata per aver portato a una maggiore disuguaglianza sociale e a una diminuzione dei diritti dei lavoratori.

Attraverso pratiche di outsourcing, Thatcher esternalizzò e privatizzò servizi pubblici precedentemente gestiti dallo Stato, come la sanità, l'istruzione, i trasporti e altri servizi pubblici. L'outsourcing era considerato parte della politica di "riduzione delle dimensioni dello Stato" secondo il quale esso avrebbe dovuto concentrarsi solo sui compiti essenziali e lasciare il settore privato a gestire i servizi non essenziali. In questo modo, si sperava che l'outsourcing avrebbe portato a una maggiore efficienza, ridotto il costo delle spese pubbliche e creato opportunità per il settore privato. L'outsourcing fu implementato attraverso l'assegnazione di contratti pubblici a società private, che assunsero la responsabilità di gestire i servizi pubblici in modo più efficiente e a un costo inferiore rispetto alle agenzie governative. Tuttavia, l'outsourcing suscitò anche critiche, in quanto alcuni servizi pubblici essenziali sono stati privati della loro natura di servizi pubblici a vantaggio del profitto aziendale. Per quanto riguarda la politica fiscale, invece, essa era basata sull'idea che la riduzione delle tasse avrebbe stimolato l'economia, aumentando la produzione e la creazione di posti di lavoro. Tra le misure fiscali più significative adottate dal governo Thatcher ci sono state la riduzione delle aliquote fiscali marginali per le persone ad alto reddito, l'abolizione di alcune tasse sulle imprese e la riduzione delle tasse sui profitti delle società. I sostenitori di questa politica affermano che i tagli alle tasse hanno stimolato l'economia britannica, aumentando la produzione, la competitività e l'occupazione.

Tra le varie riforme implementate da Thatcher, vi è stata anche una riforma dei consigli comunali (local councils). La riforma dei consigli comunali è stata introdotta con il Local Government Act del 1985. L'obiettivo principale era quello di ridurre la spesa pubblica e aumentare l'efficienza e l'efficacia dei servizi pubblici a livello locale. In pratica, la riforma ha comportato la creazione di autorità locali più grandi e la riduzione del numero di consiglieri comunali. In particolare, la riforma prevedeva la soppressione dei consigli comunali metropolitan, che venivano sostituiti da autorità unitarie con poteri più ampi, compresi i poteri precedentemente detenuti dai consigli di contea. Inoltre, veniva introdotta la figura del leader del consiglio, che aveva poteri esecutivi, e venivano istituiti i comitati esecutivi per gestire i servizi pubblici a livello locale.

Ad avere maggiore rilievo però fu la serie di riforme mirate all'apparato amministrativo britannico. Margaret Thatcher portò avanti diverse riforme nel settore del servizio civile durante il suo mandato. Tra le più significative vi è la creazione dell'agenzia esecutiva, una struttura organizzativa indipendente dalle tradizionali gerarchie della funzione pubblica. Thatcher cercò anche di ridurre la burocrazia e semplificare le procedure amministrative. Significativo fu il *Civil Service Reform Act* del 1979 che introdusse la competizione per le posizioni nel servizio civile, anziché la nomina basata sull'anzianità di servizio. Ciò comportò l'istituzione di una commissione indipendente per la selezione dei candidati e la creazione di un sistema di valutazione basato sul merito. La riforma ha introdotto una maggiore responsabilità e responsabilità individuale per i funzionari pubblici, con l'obiettivo di migliorare l'efficienza e l'efficacia del servizio civile. Infine, la riforma comportò la creazione di un nuovo sistema di gestione delle risorse umane per il servizio civile, al fine di migliorare la gestione del personale e promuovere l'efficienza e l'efficacia del servizio civile che sarà completata infine dal Next Step Report. In sintesi, le riforme di Thatcher hanno cercato di ridurre il potere del servizio civile britannico, dando maggiore autonomia ai singoli dipartimenti e incentivando la competizione tra di essi, allo scopo di migliorare l'efficienza e la produttività del settore pubblico.

Le riforme implementate da Reagan vanno contestualizzate in quella che viene ideologicamnete definita "Supply Side Management". Secondo questa teoria, l'aumento della produzione (supply) sarebbe il fattore chiave per stimolare la crescita economica e creare posti di lavoro. La teoria sottolinea l'importanza di ridurre le tasse sui redditi delle imprese e degli individui più ricchi, in modo che dispongano di più denaro per investire e creare nuove opportunità di lavoro. Reagan credeva che l'abbassamento delle tasse e la deregolamentazione avrebbero stimolato gli investimenti e la produzione, aumentando quindi la quantità di beni e servizi disponibili sul mercato e riducendo l'inflazione. In questo modo, la Supply Side Management mirava a favorire l'offerta di beni e servizi, anziché la domanda.

Negli anni '80, il presidente attuò un programma di riforme volte a ridurre il ruolo del governo nella regolamentazione dell'economia e a promuovere la privatizzazione di numerose industrie e servizi pubblici. Tra le riforme più significative si visto quelle relative al settore dei trasporti, come l'abolizione del Civil Aeronautics Board che regolava il settore dell'aviazione civile, e la deregolamentazione delle ferrovie e dei trasporti su strada. Inoltre, il governo Reagan ha promosso la privatizzazione di numerose imprese statali, come la Conrail (una società ferroviaria, e la AT&T (una società di telecomunicazioni) e del programma di credito federale. L'obiettivo principale di queste riforme era quello di aumentare l'efficienza e la competitività del settore privato, ridurre i costi del governo e promuovere la crescita economica, anche attraverso il ruolo attivo dell'OMB. Al fine di ridurre l'intervento dello Stato nell'economia e ad aumentare la libertà delle imprese e dei mercati. Reagan implemento alcune forme di deregolamentazione sulla scia del progetto del suo predecessore Carter. Una delle principali riforme di deregulation di Reagan è stata la riduzione delle restrizioni sulle fusioni e acquisizioni tra aziende, che ha portato a un'onda di concentrazione nel settore privato. Inoltre, Reagan ha cercato di ridurre il ruolo del governo nell'economia attraverso la riduzione delle tasse e la deregolamentazione dell'industria finanziaria. Tra le altre riforme di deregulation promosse dall'amministrazione Reagan, vi sono: la deregolamentazione dei trasporti, del settore delle telecomunicazioni e di quello energetico e la deregolamentazione del settore immobiliare. Come per Thatcher, Reagan introdusse una serie di tagli alle tasse che hanno portato a significative riduzioni delle aliquote fiscali sul reddito delle persone e delle imprese. I tagli alle tasse di Reagan erano incentrati sulla riduzione delle aliquote fiscali marginali sul reddito personale e sull'abolizione di diverse deduzioni fiscali. Ciò ha portato a una significativa diminuzione della pressione fiscale sui contribuenti ad alto reddito, che in precedenza erano soggetti a aliquote fiscali molto elevate. a più significativa fu la Economic Recovery Tax Act del 1981, che ridusse le tasse sul reddito personale, le tasse sulle società e le tasse sulle proprietà. La legge ridusse anche le aliquote fiscali marginali per tutte le fasce di reddito e introdusse una serie di crediti fiscali per incentivare gli investimenti e la creazione di posti di lavoro. Reagan implementò inoltre la Tax Reform Act del 1986, che semplificò il codice fiscale e ridusse le tasse per la maggior parte dei contribuenti. La legge eliminò molte deduzioni fiscali e semplificò il sistema di tassazione delle società. I tagli alle tasse di Reagan sono stati uno dei principali pilastri della sua politica economica, nota come "Reaganomics". Si è visto inoltre come Il presidente Reagan ha promosso una filosofia politica che incoraggiava una maggiore autonomia degli stati e una riduzione del ruolo del governo federale. In particolare, la politica di Reagan era incentrata sulla riduzione dei programmi federali di assistenza sociale e la promozione dell'iniziativa privata. Questa politica ha portato a una maggiore autonomia degli stati nella gestione delle proprie economie e nella definizione dei propri programmi di assistenza sociale, ma non ha comportato una vera e propria devoluzione di potere statale.

Il presidente statunitense Ronald Reagan ha effettuato una serie di riforme al servizio civile americano durante il suo mandato negli anni '80. Una delle principali riforme è stata la Legge sulla riforma del servizio civile del 1984, che ha introdotto una maggiore flessibilità nella gestione del personale e ha cercato di aumentare l'efficienza del servizio civile attraverso la riduzione della burocrazia. La legge ha inoltre creato il Senior Executive Service (SES), un sistema di gestione del personale che ha dato ai dirigenti federali maggiori responsabilità e maggiore autonomia nella scelta dei loro dipendenti. La sua visione era quella di ridurre la dimensione e il ruolo del governo federale, aumentando l'efficienza e la responsabilità delle agenzie governative. In questo ambito l'OMB ha svolto un ruolo importante nel ridurre la spesa pubblica e in particolare per ridurre il deficit federale attraverso tagli alla spesa e alla riduzione delle tasse. Importante è stato anche il ruolo della Grace Commission nell'identificare una serie di raccomandazioni per ridurre la spesa del governo, tra cui la riduzione del personale federale, la soppressione di programmi federali inutili, la riduzione delle sovvenzioni e l'eliminazione di sovrapposizioni e duplicazioni tra le agenzie federali.

Alla luce di quanto detto, le riforme alla pubblica amministrazione implementate da Ronald Reagan negli Stati Uniti e da Margaret Thatcher nel Regno Unito condividono molte caratteristiche simili, ma ci sono anche alcune differenze importanti. In entrambi i casi, le riforme sono state motivate dalla convinzione che lo stato fosse diventato troppo grande, inefficiente e costoso, e che fosse necessario ridurre la spesa pubblica e aumentare l'efficienza. Inoltre, sia Reagan che Thatcher hanno cercato di introdurre un maggior grado di competizione e di efficienza aziendale nel settore pubblico, introducendo concetti come il "reinventing government" e il "New Public Management". Tra le riforme specifiche che hanno implementato, vi sono la privatizzazione di alcune imprese pubbliche, la riduzione del personale del settore pubblico, la decentralizzazione del potere decisionale e la semplificazione dei processi decisionali. Tuttavia, ci sono alcune differenze importanti. Le riforme di Reagan erano più orientate al mercato rispetto a quelle di Thatcher, che hanno mantenuto una maggiore attenzione per l'equità sociale e l'assistenza ai gruppi svantaggiati. Inoltre, le riforme di Reagan hanno messo un maggior accento sulla deregolamentazione e sulla riduzione del ruolo del governo, mentre le riforme di Thatcher hanno mantenuto un maggiore coinvolgimento del governo nella regolamentazione dell'economia. Nel complesso, l'approccio della Thatcher alla riforma è stato più radicale di quello di Reagan e ha implementato una serie di misure volte a ridurre le dimensioni del servizio civile e ad aumentarne l'efficienza. Una delle sue riforme più significative è stata l'introduzione di appalti competitivi per i servizi governativi, che richiedevano alle agenzie governative di competere con le società private per i contratti di fornitura di servizi. Ciò ha comportato notevoli risparmi sui costi e una maggiore efficienza. Reagan, d'altra parte, era più concentrato sulla riduzione del ruolo del governo federale negli Stati Uniti. Ha implementato un blocco delle assunzioni per i dipendenti federali e ha cercato di ridurre il numero di regolamenti governativi, ma non ha intrapreso il tipo di ristrutturazione radicale del servizio civile che ha fatto la Thatcher. Reagan ha anche lavorato per decentralizzare il processo decisionale del governo, dando più potere ai singoli stati e ai governi locali.

Come detto, gli Stati Europei ricevettero da Inghilterra e Stati Uniti l'impulso per riformare la pubblica amministrazione con l'obiettivo di migliorare l'efficienza, la trasparenza e la responsabilità dei servizi pubblici. Il settore amministrativo europeo vantava un'ampia base storica basata sulle strutture amministrative ideate da Weber nell'800, un approccio più tradizionale e centrato sulla regolamentazione.

Tuttavia, durante gli anni 80 la pubblica amministrazione europea ha iniziato ad adottare alcune delle tecniche del NPM, come la valutazione delle prestazioni e la gestione basata sui risultati. Questa evoluzione è stata guidata dalla necessità di migliorare l'efficienza e l'efficacia della pubblica amministrazione europea e di fornire servizi pubblici migliori ai cittadini. In generale, le riforme si concentrarono su diverse aree, tra cui la decentralizzazione e privatizzazione. Sostanziali fu la riduzione della burocrazia al fine di semplificare i processi amministrativi e ridurre la burocrazia per migliorare l'efficienza e ridurre i costi. Molti paesi introdussero maggiori controlli e meccanismi di responsabilità per garantire che i servizi pubblici siano erogati in modo efficiente e trasparente. Inoltre, la pubblica amministrazione europea ha iniziato ad adottare anche alcune delle tecniche di *governance* del settore privato, come la pianificazione strategica e la gestione del rischio. Questo approccio ibrido ha portato a una maggiore flessibilità e capacità di adattamento alla pubblica amministrazione europea, senza compromettere la sua responsabilità democratica e la trasparenza. In sintesi, la pubblica amministrazione europea e il NPM hanno avuto un rapporto di influenza reciproca nel corso degli anni, ma con alcune differenze significative tra i due approcci. Infatti, la pubblica amministrazione europea mirava ad adottare alcune delle tecniche del NPM per migliorare l'efficienza e l'efficacia della gestione pubblica, ma cercando di mantenere la sua responsabilità democratica e la trasparenza.