

# The Rise of the Regulatory State: A Case Study of Regulatory Governance in the Privatizing of the British Railway

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## Abstract

In the traditional view, the “welfare state” would both manage the economy and promote the welfare of the public. However, New Public Management (NPM) is driven by the assumption that large state bureaucracies are inherently defective and wasteful, and that the market is better equipped than the state to provide most goods and services. This paper looks critically at the institutional and policy foundations of NPM. It begins with an explanation of the key concepts of regulatory governance in the UK, then explores the developments that have taken place in these policy areas in the British railway industry. The final section analyzes problems related to the application of regulatory governance in developing economies. “Policy transfer” from developed western countries to developing, non-western countries is a tricky and complex process which requires long periods of transition, and this is certainly true for developing countries which want to adopt a modern regulatory governance system of the British type. Yet not until the latter has been fully (if flexibly) adapted to the context of a developing country can substantial reforms in the developing country’s system become successful. Based on a case study of the UK’s Railway System, then, this paper finally offers some policy suggestions for Taiwan’s current policy of regulatory governance.

**Keywords:** British rail, new public management, privatization, regulatory governance, regulatory state