TACKLING CRISES AND AUSTERITY: RECONSIDERING THE RELEVANCE OF GOVERNMENTAL CAPACITIES FOR RESILIENCE

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Running title: Reconsidering government resilience to face crises

ABSTRACT

At time of writing this contribution, we are witnessing a new global crisis affecting our societies and economies. The Covid-19 outbreak is only the last of a long chain of shocks and crises, such as 9/11 and other terrorist attacks, the global financial crisis, refugee and immigration crises, floods, climate change consequences, which have produced immediate disruptions, but also significant global and lasting effects on our societies and economies. Governments have been consistently on the frontline to tackle crises, yet, it appears that more emphasis should be placed on their resilience, ie., their capacity to deal with shocks and uncertainty.

Taking stock of past research on resilient approaches adopted by local governments in times of austerity, this chapter reiterates the need for such a resilient perspective and to put emphasis on how governments can build on existing capacities, or invest in new ones, to anticipate and cope with difficult times in the attempt to keep public service provision functioning.

In discussing about the extent to which NPM can play a role in supporting (or hampering) the development of such capacities, and on the role played by accounting in shaping them, we argue that while relying on typical NPM mechanisms supported local governments in reacting to austerity, an excessive focus on cutbacks and efficiency may have also reduced the capacity to act independently and to be enough flexible to cope with shocks, undermining anticipatory capacities.

If crises and shocks are becoming the new normality, we suggest that we need to reconsider and re-balance the administrative values ispiring governments, towards a stronger emphasis on preparedness, resilience and robustness in the face of uncertainties and shocks.

INTRODUCTION

Eleven years after the 2008-2009 economic-financial crisis, at the very time of writing this contribution, we are witnessing a new global crisis affecting our societies and economies. Covid-19, started as a local epidemic, has become a global pandemic, having forced government, organizations, and individuals to make unprecedented, at times controversial, decisions, and to re-assess values and priorities, as well as usual and taken-for-granted ways of seeing and doing things. This pandemic is only the last of a long chain of shocks and crises, such as 9/11 and other terrorist attacks, the global financial crisis, refugee and immigration crises, floods, climate change consequences, which have produced immediate disruptions, but also significant global and lasting effects on our societies and economies. The scale and frequency of these events suggests that facing continuous crises and shocks of different sort is increasingly becoming a new normality, rather than a one-off effort, for governments and the society as a whole.

Governments have been consistently on the frontline to tackle crises, often having to cope with new shocks while still recovering from the consequences of previous ones, or having to anticipate future ones. Yet, it appears that the main values inspiring their actions have generally focused on ensuring the normal functioning of the administration and the regular, routine provision of public services.

In his seminal paper, Hood (1991) suggested that that different sets of administrative (e.g.,, "theta", "lambda" and "sigma") values can inspire government action. In the traditional "Weberian" model of government, impartiality, neutrality, and fairness were considered overarching ("theta-type") values to guide administrative action. New Public Management, with its emphasis on managerialism and marketisation, brought about a new focus on efficiency, effectiveness, and economy ("sigma-type" values) in the public sector, with a variety of local translations. But the recent crises have shown that, while a focus on reliability, robustness and adaptability to face crises appears to be expected from governments at the time crises erupt, these (lambda-type) values may not have been the central preoccupation of policy makers who have designed public sector reforms over the last few decades. These values appear to be particularly relevant in anticipating and coping with crises, and may be particularly needed at a time when crises become the "new normality".

In their recent contribution on public sector research between 1998-2018, Lapsley and Miller (2019) highlight the great influence of NPM innovations in the public sector over the last 20 years but they also observe that "(t)*here remains a scope for further research, particularly longitudinal studies, into the resilience of public sectors in austerity and, more specifically, whether the manner and scope of these austerity programmes represented a renewal of early NPM practices of cutback management, albeit in a particularly severe form" (p. 35).* Resilience represents the capacity to deal with shocks and uncertainty, bouncing back to the conditions before the shock (Boin *et al*., 2010: p. 8; Linnenluecke, 2017: p. 6; Meyer, 1982) or bouncing forward to new (better) conditions (Meyer, 1982; Somers, 2009). Resilience requires organizations, people, communities to build and nurture capacities for responding to shocks as they emerge. If governments were to re-focus their attention on "lambda-type" values, and thus

on preparedness to crises, they would need to build capacities to anticipate future shocks, and cope with current ones.

Recent research focusing on how governments have responded to shocks in times of austerity have tried to investigate governmental financial resilience by looking at the conditions and capacities that allow local governments to be financially resilient (Barbera et al. 2017, 2019; Steccolini et al. 2017). Accounting systems can play an important role in the building of resilience (Barbera et al., 2020), as they contribute to shape "how crises and austerity are perceived, interpreted and tackled with, providing organizations with the relevant capacities, tools and resources to anticipate and cope with unexpected events" (Steccolini, 2019, p.25). Building on and accounting for this research, this chapter adopts an organizational perspective to discuss how governments can leverage existing capacities, or invest in new ones, to anticipate and cope with difficult times.

This chapter takes stock of the findings of financial resilience research including lessons learned from case studies in eleven countries, as well as a large-scale quantitative survey of local governments in Germany, Italy, and the UK in the aftermath of the global financial crisis, to reiterate the need for a resilient approach to the administering of governments and society. The role of accounting in shaping these capacities and consequent responses is also discussed, as well as the extent to which NPM has endowed local governments with the mechanisms and tools needed to develop such capacities.

The next section presents the main lessons learned from past research on governmental financial resilience in the context of austerity and its impacts on public sector organizations, looking at the organizational capacities that allowed local governments to deal with austerity. The third section looks at the roles of accounting in supporting these capacities. Finally, preliminary reflections on the tensions between NPM approaches and the need to cope with a new "normality" of crises are advanced, also in light of the current Covid-19 situation.

DEVELOPING ORGANIZATIONAL CAPACITIES TO DEAL WITH CRISES: A (FINANCIAL) RESILIENCE PERSPECTIVE

A study conducted on four English local authorities by Barbera et al. (2015) emphasized the relevance of adopting a resilience approach to understand how governments cope with financial shocks and difficulties.

Resilience can be defined as the ability to "learn how to do better through adversity" (Wildavsky, 1988, p. 2) and, as mentioned above, it may imply bouncing back or bouncing forward responses. *Bouncing back* responses include retrenchment, buffering, downsizing, and cutback strategies, i.e. they are based on increasing taxes and fees, deferring investments, reducing the costs, scope or size of the organization, and selling assets (see Barbera et al., 2017; Steccolini et al., 2017). *Bouncing forward* strategies refer to transformation, repositioning, reorientation strategies where organisations show self-sufficiency, entrepreneurship and innovation. Indeed, bouncing forward includes the re-definition of the mode of service delivery and core activities, as well as improving existing services or supplying new services (see table 2).

Table 2. Bouncing forward and bouncing back strategies for responding to shocks

Bouncing forward	Bouncing back
• Changed the way it delivers services • Changed the priorities of traditional activities • Changed its internal structure • Extended its existing services • Established new services	• Reduced existing services • Deferred/reduced investments • Increased fees and charges for its services • Liquidated assets in order to raise capital • Eliminated some services

Source: Adapted from Barbera et al. (2019)

In their first study adopting a resilience approach in the context of governmental entities, Barbera et al. (2015) proposed a specific facet of resilience, i.e., financial resilience, defined as the capacity of a government to face and absorb external shocks affecting public finances. At that time, the major shock was represented by the 2008 global financial crisis and the contribution underlined that, to be financially resilient, governments need to combine different capacities and reactions. From the study, two main approaches to financial resilience emerged: local self-sufficiency, i.e. trying to rely on own income resources while reducing cost and becoming more efficient in order to boost local economic growth and development, and internal financial management, i.e. anticipating and adjusting to external changes in order to be able to absorb shocks, including the reconfiguration of service delivery and services' reprioritisation.

In a following study extending the financial resilience approach to 12 European local governments across Austria, Italy and England (Barbera et al. 2017) a more nuanced view was provided and four main patterns of financial resilience were identified: self-regulation, constrained or reactive adaptation, contented or powerless fatalism, which were the result of the interplay and development over time of different internal and external dimensions.

The resilience approach confirmed, thus, to be useful as it added to previous literature on responses to shocks a longer-term perspective which considered not only the actions and reactions to crises but also the underlying determinants. From this perspective, the resilience framework (Barbera et al., 2017; Barbera et al., 2019; Steccolini et al., 2017) was able to respond to calls asking to deepen attention on the skills and capacities required to cope with crises (e.g., Boin and Lodge, 2016). In doing so, it emphasized that both the organizational conditions and capacities already in place are relevant dimensions to understand how (local) governments respond to crises, as it proved to be in the study of governmental responses to the austerity measures.

A finer-grained view was then provided to this line of research through the book published by Steccolini et al. (2017) that, applying the perspective of the governmental financial resilience framework, presented evidence from 45 local governments across 11 countries with different administrative systems (eight European countries, i.e. Austria, France, Germany, Greece, Italy, The Netherlands, Sweden, UK, and three non-European, major economies, i.e. Australia, Brazil, US) on how they were affected, and, more importantly, how they were able to anticipate,

absorb, and respond to shocks. The multiple case studies all took the global financial crisis as the triggering event that made visible organizational capacities in times of crisis and shock.

This larger study allowed to consolidate previous research by showing that environmental conditions (i.e. institutional factors) are important but not sufficient to the understanding of different patterns of financial resilience. While institutional features of the local governments' environment, in particular centrally defined policies, may inhibit or enhance a local government's internal capacity, and thus also affect its overall ability to anticipate, absorb and react to shocks affecting its finances, governmental financial resilience is the result of the interplay of different factors (conditions and capacities). In particular, the reported findings highlight the role of perceived financial vulnerability, a dimension of financial resilience that lies at the interface between the environment (environmental conditions) and the organization (organizational capacities). It is defined as the „specific vulnerability that may affect governments' finances" which can be considered as the result of both external (e.g. dependency on grants, undiversified revenues) as well as internal (e.g. debt financing, reserves) sources (Barbera et al., 2018).

The main organizational capacities identified across the case studies are anticipatory and coping capacities and were later operationalised through a survey, conducted between 2017-2018, across over 500 municipalities in Germany, Italy and UK (that led to the definition of a financial resilience toolkit available in Barbera et al., 2018). *Anticipatory capacities* are defined as "the availability of tools and capabilities in place, or built up over time, that enable organizations to better identify and manage their vulnerabilities and to recognize potential financial shocks before they arise, as well as their nature, likelihood, timing, scale and potential impacts. These tools and capabilities could include internal and external monitoring processes and might occur within a medium-term financial planning framework or be built up incrementally over time" (Steccolini et al., 2017: 7). Anticipatory capacities consist also in risk assessment and are even related to cognitive abilities in terms of situation awareness and sense-making (see Boin et al., 2010; Lengnick-Hall and Beck, 2005; Linnenluecke and Griffiths, 2013; McManus et al., 2007; Somers, 2009). Anticipatory capacities, that enable organizations to be better prepared to cope with potential shocks, are operationalized as follows (Barbera et al., 2019):

- the exchange of information with external actors (e.g. upper government levels, service providers);
- monitoring activities (e.g. national policies and regulations, citizen's needs, economic and socio demographic developments);
- providing staff with sufficient information and fostering an organizational setting that encourages problem analysis and information sharing.

Coping capacities are the resources and abilities that allow shocks to be faced and vulnerabilities to be managed. They comprise abilities to buffer (i.e., ability for absorbing shocks), adapt (i.e., ability for implementing incremental changes) and transform (ability to undertake more radical changes) (Steccolini et al., 2017: 7; see also Béné et al., 2013; Darnhofer, 2014; Davoudi et al., 2013; Folke et. al., 2010) and are operationalized by Barbera et al. (2018) as people adaptability, rapidity of action, critical thinking, internal collaboration, and external collaboration. Table 3 provides more detailed examples of these capacities.

Table 3. Buffering, adapting and transforming capacities

Buffering capacities	Adapting capacities	Transforming capacities
• Cancellation of doubtful liabilities • Centralization of purchasing • Cost cuts • Deferring investments • Financial reserves • Increase in debt (loans) • Increasing fees and charges • Moratorium on debt repayment • Over-programming (for flexibility) • Prioritization of the expenditure • Selling assets • Virements	• Brake on debt • Collegiate planning • Efficiencies • Enhancing internal competencies • Invest to save • Networking with external stakeholders for service provision • Partnerships with private developers • Performance management, • Proactive activities in attracting businesses • Re-balancing the budget • Reorganizations • Restructuring services (e.g., mergers) • Re-targeting service users • Risk management • Task review • Urban planning	• Autonomy • Financial self-sufficiency (alternative income sources)

Source: Adapted from Barbera et al. (2018)

The role of anticipatory capacities is of particular relevance as they allow the implementation of bouncing forward strategies (e.g. transformation, repositioning, reorientation). Indeed, anticipatory capacities help organisations to see in advance shocks arising and the potential related consequences (Barbera et al., 2019):

> *"the adoption of bouncing forward (e.g. changing service delivery, establishing new services) appears to be positively associated with the presence of strong anticipatory capacities (especially information exchange) and to be hindered by high levels of financial vulnerability"* (Barbera et al., 2019, p. 12).

By contrast, it appears that bouncing back responses tend to prevail when local governments have a high awareness and understanding of their financial vulnerability and so the exposure to

potential shocks. The extent to which local governments feel able to control their financial vulnerability and/or influence its sources affects the way in which shocks are interpreted and thus the way in which organizations respond (Barbera et al., 2017, 2018).

From a more general point of view, the international study reported in Steccolini et al. (2017) shows that the included countries were affected by the global financial crisis very differently, and that different responses were adopted. Subject to increasing constraints on the revenue and expenditure side, but in need to respond to higher demands for (social) services, only a few local governments appeared to be able to buffer the increased expenditures by benefiting from grants from the national level (e.g. Sweden). In other countries, local governments were forced to find solutions themselves to face demands for services. What is interesting, however, is that, based on the dynamic interplay among anticipatory and coping capacities, as well as the financial shocks and the vulnerability characterizing each local government, (i) five broad patterns of resilience can be identified across the 45 local governments studied, and (ii) within one country, different patterns can be identified:

- self-regulative/pro-active adaptation patterns, i.e. adopting a behavior such that shocks are considered as an opportunity to improve through measures such as adaptation or transformation aimed to reduce expenditure, reconfigure service delivery and find alternative sources of income;
- constrained adaptation patterns, i.e. based on continuous adaptation but under the pressure of external forces (mainly from upper levels of government). Shocks are seen as opportunities but in the long-term there is a risk of incurring into higher vulnerability. Local governments following this pattern, indeed, are in a limbo between a fatalistic mode and a more self-regulating path;
- reactive adaptation patterns, i.e. characterized by the acceptance of the need to change which, however, appears to require external action to be activated;
- powerlessness, i.e. a fatalist and passive approach were a day-by-day management of emergencies prevails, as well as the postponement of solutions, and responses are mainly the result of external support or constraints; and
- contentedness, i.e. the behavior of those local governments showing wealthy condition before being hit by shocks, that appear not to be able to understand the potential consequences of crises and tend to rely on buffering. This behavior may, however, lead to higher vulnerability in the long-term.

THE ROLES OF ACCOUNTING UNDER CRISES AND AUSTERITY

The capacity of accounting to be shaped and, in turn, shape reality, has been largely emphasised in the literature. How accounting roles have evolved in the public sector to reflect overarching administrative values provides a clear illustration of this capacity. While traditional budgetary accounting reflected the need to ensure procedural fairness, transparency and impartiality in budget approval, execution and reporting, with the advent of New Public Management accruals accounting in its various forms (cost accounting, accruals- based financial statements, accruals based budgeting) was suggested as the tool which would support better decision making and accountability on the financial conditions and position of public sector organizations, thus

contributing to promote value for money principles. Under NPM, accruals accounting was advocated as central for focusing attention on the efficient «use» of resources, holding managers responsible on costs/efficiency, improving the management of assets, becoming more aware of liabilities.

In the aftermath of the global financial crisis, accruals accounting became the tool proposed for harmonizing public sector accounting, strengthening transparency of public sector financial reports, so that other levels of government or supra-national institutions could better «read» financial results of governments, keeping overall public finances under control (for example, ensuring that EU member states followed EU indications in budgeting, implicitly transferring sovereign power over public finances to the EU bodies).

Interestingly, however, much less is known on the use of accounting as a tool to support public sector organizations in coping with shocks. From this perspective, contributions on the role of accounting in adverse times appear to be limited. Ezzamel and Bourn's (1990) study on the roles of accounting information systems in a university experiencing financial crisis, while hypothesizing that accounting should allow to anticipate and prevent crisis during the "pre-crisis period" contribute to develop surveillance and capacities to plan for potential future shocks during the "post-crisis period" (thus acting as *answer and learning machine* in both phases), and support buffering capacities during "real time-crisis management" (accounting as *idea and dialogue machine).* , does not find support for this latter role. Interestingly, another set of studies addressing the topic of "Accounting for Natural Disasters & Humanitarian Interventions" (Special Issue published on CPA in 2014) provide evidence not only on how accounting can provide support to cope with crises, but also its potential pitfalls, before, during, and/or after a shock. In particular, Baker (2014) emphasizes the risk of breakdown in accountability during and after crisis, when too much emphasis is placed by government on "calculative" practices and numbers rather than on moral accountability, on human suffering and on responsible caring, as in the case of the 2005 Hurricane Katrina (US) emergency; Sargiacomo et al. (2014) find a shift in the use of accounting, from supporting victims to dealing with the disaster (in the form of distribution of emergency funds) to accounting as performing a more traditional function, i.e. reduction of moral hazard and fraud, enhanced financial accountability, and anticipation of future risks (in the form of accounting inscriptions for receiving relief funds on order to avoid financial overflows and, later, for financial accountability purposes and to estimate future disaster costs), as in the case of the 2009 Italian Region Abruzzo earthquake; Lai et al. (2014) point to the socializing role of accounting (when it comes to enhance dialogue, mutual understanding, trust and solidarity among stakeholders involved in the recovery and specifically among citizens and between citizens and government) and its role in ensuring transparent and fair management of public funds used to support victims and for prevention against future disaster, as in the aftermath of the 2010 Italian Region Veneto flood; Taylor et al. (2014) analysed published reports related to the 2009 Australia bushfires recovery process and highlighted that, despite the relevance of, and maybe expectation for, downward accountability (intended as „accessibility of beneficiaries to relevant organizational performance information, closeness to beneficiaries, and empowerment of beneficiaries ", p. 649) to victims/beneficiaries during natural disaster recovery by governmental/NGO organizations, it emerges that accounting ends up reporting for donors (upward accountability)

and internal staff and members (internal accountability). The authors observe that this may relate to the likely inappropriateness of the principal-agent framework, and the underlying economic-contractual approach, in capturing the accountability nexus between beneficiaries and NGOs, and suggest that other conceptual frameworks may be preferred such as "ethical behavior' and ' social responsibility' or similar concepts to address the reciprocal expectations between NGOs and their beneficiaries in natural disasters recovery; Walker (2014) draws lessons from the 1930 US droughts recovery phase by showing the role of accounting – and specifically record-keeping, budgeting and business and home planning – in monitoring a resettlement project of affected population (the Red River Valley Farm Project in North Dakota) and supporting government agencies to assess the performance of the overall project as well as of single families achievements, thereby ensuring attention on positive outcomes of governmental intervention in post-crisis recovery.

While these contributions focus on the role of accounting in the context of natural disasters, Sargiacomo (2014) calls for further investigation on how accounting can address more generally contemporary crises. The recent crises have provided new opportunities to reconsider the roles of accounting from a resilience perspective. Along these lines, Barbera et al. (2020) have attempted to further contribute to this literature by exploring how accounting is involved in the ways in which local governments cope with austerity. In particular, the authors analyze the different ways in which accounting shaped anticipatory and coping capacities in a sample of Italian municipalities and find that accounting can support three main responses to shocks, i.e. self–regulation, internally-led or externally-led adaptation. More specifically, "accounting contributed to anticipation of shocks in terms of the availability and deployment of planning and control systems, and emerged as central in ensuring an ex-ante as well as a continuous appraisal of potential risks and budget conditions, ensuring municipalities were in a position to react promptly" (Barbera et al. 2020; 16-17). At the same time, accounting supported coping with shocks via a mixture of short- (e.g., the creation of budgetary reserves) and long- (e.g., budget formulation as a shared process) term responses. Table 4 provides a detail on accounting practices supporting anticipatory and coping capacities.

Table 4. Accounting practices supporting anticipatory and coping capacities

Accounting and anticipatory capacities	Accounting and coping capacities
• Simulations to forecast future revenues and expenditure • Facilitating early budgetary approval • Providing continuous monitoring of revenues collected, expenditure, and quantity and quality of services provided	• The creation of budgetary reserves • The "artificial" increase of the surplus • Budget formulation as a shared process • The improvement of internal communication and information flows

Source: Adapted from Barbera et al. (2020)

In some of the cases analyzed in their contribution, Barbera et al. (2020) find that a change in accounting tools and mechanisms was triggered by the crisis and austerity measures, confirming that uncertainty and external pressures may represent an opportunity to rethink the role of accounting for enhancing both anticipatory and coping capacities and, in turn, restore or develop a more sustainable path of public service provision. This is also in line with past accounting research that showed that during crises budget control becomes tighter (Johansson and Siverbo, 2014; Van Der Kolk *et al.,* 2015; cit. Barbera et al., forthcoming). By contrast, in other cases accounting mechanisms were used to resist change and maintain the status quo. This study, thus, appears to confirm that accounting may act also as an idea and dialogue machine during crises.

FINAL REFLECTIONS: BEYOND NPM AND COVID-19?

The governments which had to face the global financial crisis, and which are now facing a global pandemic, are often emerging from a long period of implementation of NPM-like reforms. These reforms were inspired by the idea that the adoption of managerialist approaches "imported" from the private sector would lead to higher efficiency, cost-saving, outcome-orientation, value-for-money and effectiveness in the provision of public services. A significant body of literature has now shown that those reforms were not often or always successful, and that they produced unexpected effects (on this, see also Steccolini et al., 2020). Yet, it may be interesting to ask whether those reforms (at least) put the governments in the position to be prepared to better face the challenges coming onto them in the new century.

Unfortunately, one of the main lessons learned from the 2008-2009 global financial crisis and the subsequent austerity measures imposed is that most governments have found themselves unprepared to face their consequences. Similar considerations can be advanced with reference to the Covid-19 crisis, whereby the lack of preparedness of many governments has been identified as one of the causes of the high mortality and diffusion of the virus.

This appears to illustrate one of the "tensions" inherent in giving primacy to certain administrative values over others. In 1991, Hood (1991) already pointed out that among the administrative value families there might be overlaps, but also tradeoffs, in that "[I]f NPM is a design for putting frugality at center stage, it may at the limit be less capable of ensuring honesty and resilience in public administration" (p. 15). The focus on cutback management and recovering efficiency may have diverted attention away from "lambda-type values" in public administration theory and practice over the last few decades, and, more specifically, resilience.

The period of austerity following the global crisis may have even contributed to erode the capacities for resilience of governments, whereby continuous cuts of expenditure and the contracting out of services (a typical NPM approach, promoted also by the austerity policies) may lead to an "hollowing out of the state", where governments lose the capacity of in-house provision, and thus to act independently; reduced horizontal integration with too many contracts to be managed; the risk of discretionary spending with associated higher levels of corruption; an increase of citizens' distrust in government due to higher participation of businesses in

government (see Lippi and Tsekos, 2018) [1]. The consequences of such an approach appear to be evident today: in several European countries, for example, governmental capacity to cope with the current pandemic has suffered, since the outset, as both NPM and austerity policies undermined anticipatory capacities by leaving at least local governments and other public sector organizations (e.g., public healtcare providers) with limited reserves and limited slack resources.

If crises and shocks are becoming the new normality, and governments are the ones on the frontline to cope with them, it is likely that this new post Covid-19 world which is emerging will require, among other things, a reconsideration and re-balancing of the administrative values ispiring the actions and day-by-day activities of governments. The current discourses surrounding the possibility of new pandemics, or co-existence with unbeatable viruses, but also of possible future consequences of climate change, or future unexpected shocks, should encourage both scholars and practitioners to envision new solutions and ways of conceiving of the role of governments which allow our societies to be better preparred in the face of them.

This chapter has discussed emerging research on the financial resilience of local governments, which shows that the responses to shock only in some cases drew on organizational capacities which were present as a consequence of managerial reforms. This was typical in the so-called „self-regulatory" organizations, which had developed strong financial planning, monitoring and control, doing simulations, risk assessment, partnerships with private sector, performance management, and showed an attention to rationalization, financial autonomy, prioritization, attraction of businesses. In these cases, NPM offered those organizations an arsenal of capacities, or potential to respond to shocks.

However, in several other cases local governments responded to shock relying or building on different types of capacities, inspired by values which are not necessarily in line with a NPM paradigm. For example, solutions such as networking with external stakeholders for service provision or enhancing external collaboration may be seen more associated with the paradigm identified in literature as Public Governance (Osborne, 2006), rather than NPM.

Moreover, in many cases an excessive focus on cutback and efficiency may have distracted LGs from the building of those slack resources, reserves, and anticipatory capacities, which would have been needed to face difficulties. For example, Barbera et al. (2016) highlight that the development of financial management tools based on avoiding waste of resources also by means of tight control on staff turnover and service management may reduce the ability of LGs to respond to crises and, more specifically, to centrally-imposed constraints. Indeed, legislation

[1] Lippi and Tsekos (2018) provide a discussion on the types of austerity measures and their relationship with typical NPM recipes. According to the authors, "two dimensions can lead to the understanding of the relations between ARs and NPM: the first concerns the type of NPM's revival by reorganization or by purely fiscal measures and the second concerns the supposed breakdown in the system opening the door to NPM and generated by austerity" (pp. 15-16). With specific reference to the firs aspect, "there is a continuum between a strong relation with NPM, where the austerity policy implicitly or explicitly pertained also to a reorganization of the public sector and influences management and delivery of local service, on the one hand, and on the other, a weak relation with NPM, where the ARs operated at fiscal level one, ranging from cutbacks to financial retrenchment without impacting on the administrative system" (p. 16).

requiring cutbacks and the achievement of higher efficiency gains tends to be of difficult implementation in those organizations that have already reduced their expenditure in the past.

The current pandemic, from this perspective, provides many examples of how the availability of capacities for resilience, such as slack resources, or collaborative attitudes, have made a difference in preparedness to face the crisis. For example, under-used digital infrastructures, hospital beds or buildings have become central when being put to use to face the crisis, by allowing to move to online provision of services, or homework, and to accommodate critically-ill patients. Similarly, collaborative and inclusive approaches, often pointed out as relevant under a resilience focus, have proven important in addressing the Covid-19 emergency. These include the involvement of citizens and other stakeholders in different ways: from the production of health information (such as the use of apps in China, South Korea or Italy aimed at monitoring and quantifying the spread of Covid-19 and to create a map of the risk of contagion, thereby affecting policy making and planning) to volunteers shopping for elderly people; from citizens sharing medical safety devices to restaurants and citizens cooking for meds; from parents' engagement in the education of their children provided through distance learning to businesses providing medical safety devices such as masks, hand sanitizers, and glove to their employees to guarantee their safety and that of their families. In some context a higher cooperation between different levels of governments was observed, such as in Italy and France where we assisted to patient transportation from one region to another. Also staying at home as a way to reduce the contagion risks and to assist the healthcare personnel struggling with peaks of infection in hospitals can be seen as a way to support government coping with the emergency.

These approaches and responses highlight the need to explore further the multiple facets of resilience, and how governments can build capacities to be prepared for the next crisis. More research is needed to understand to what extent these new ways of service provision will become permanent solutions, institutionalized and embedded in new routines, anticipatory and coping capacities or, rather, whether they will represent short-term responses, supplanted by other new alternatives or old ones. We, as academics, are called to support governments in better understand the interconnections between vulnerabilities, anticipatory and coping capacities, and financial health, and to support governments in building or enhancing their capacities to be prepared for and cope with future shocks. We also need to pay attention and warn politicians against the risks of ending up with citizens' self-provision of critical services which, by contrast, would require specific competences or that are financed by citizens who, however, cannot benefit from them. This latter issue is strictly related to the risk that crises, and the erosion of public finances in the attempt to address them, translate into increasing inequality and human suffering. More generally, as crises become our new normality, and governments adjusts to a post-Covid-19 world, we will need to understand if neo-liberal discourses, and related NPM values, will continue to stick, or a new emphasis on robustness and preparedness will take over. At the time of writing, when governments are expanding spending to cope with the negative economic effects of Covid-19, it appears that financial resilience, and alternative solutions to austerity, may become even more important than before, if public debts and deficits expand to new heights.

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