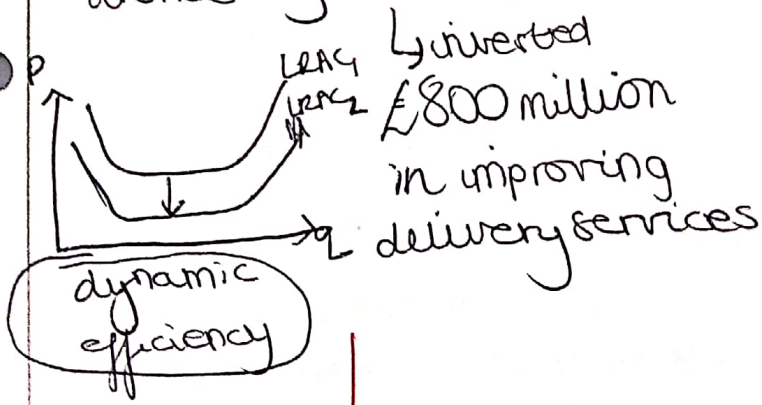


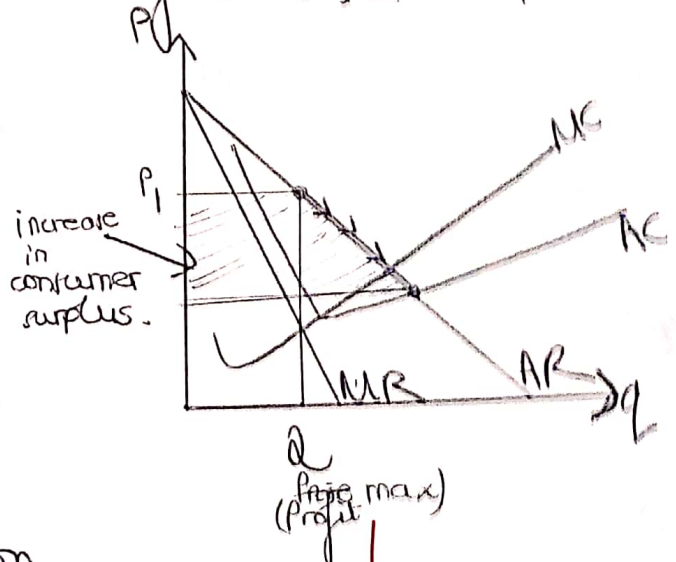
Q) Discuss whether Privatisation is better than Nationalisation:

micro

e.g. Royal Mail becoming privatised was beneficial because initial public offering and selling of shares meant investment into technology could be made to compete against fierce R&D (e.g. into drones by Amazon)



Privatisation of railways to private contractors means more consumer surplus as price falls due to firms wanting date to limit pricing because of increased competition



But 14/20 franchises for rail are now state-owned & National Rail is public body so arguably privatisation is not effective and long-lasting.

But if it is a natural monopoly, then trying to compete with others could mean breakdown of economies of scale as they lose mail system in favour of small scale package delivery.