

# INTRODUCTION

This Special Issue is devoted to papers given at an IEA Conference on *New Frontiers in Privatisation* held at Lake Bled, Slovenia, 25–28 August 2013. Special thanks are due to Christiana Hambro and Diego Zuluaga Laguna for their help.

Thirty years ago, Margaret Thatcher's administration pioneered widespread privatisation of public enterprises in the UK. Governments worldwide were to follow its example, and there is now a wealth of experience of privatisation. Some of this experience is discussed here, while a case is made for renewed emphasis on substituting private for public provision to open up areas where the state still retains a strong grip.

**David Myddelton** sets the scene by reflecting on privatisation in the UK. He argues that the nationalised industries were in deep trouble by the end of the 1970s, and that privatisation boosted productivity, increased consumer choice and reduced prices.

Private pension provision in the UK used to be a model for the rest of the world, but government interference has severely undermined it. **Philip Booth** and **Kristian Niemietz** propose a new contracting-out system, a voluntary form of privatisation in the spirit of the early post-war welfare state.

**Paul Ormerod** sees considerable scope for further privatisations in the UK and elsewhere but is aware that survey evidence suggests that there is significant resistance to such measures. He considers the value of sometimes contradictory survey evidence, and outlines ideas about alternative corporate forms which might elicit less opposition.

Using economic theory and evidence on consumer preferences from Switzerland, **Peter Zweifel** argues that privatisation can contribute to improved performance of health-care systems.

Despite its history of extensive state involvement, Sweden has introduced elements of the market economy into the provision of welfare services. **Karen Svanborg-Sjövall** examines the experience of 'New Public Management'.

**Gabriel Sahlgren** examines international evidence on school privatisation. The effects of privatisation on school performance are mixed, and he stresses the need for appropriate competitive incentives.

**Yarden Gazit** and **Robert Sauer** examine the role of privatisation in Israel, and conclude that it has not, as some have argued, been responsible for the apparently high degree of industrial concentration in the 'start-up nation'.

UK prisons have a poor record in preventing reoffending. **Guy Opperman MP** attempts to identify an improved prison system, involving a degree of privatisation (including the

involvement of charitable and other community organisations) and the use of payment by results.

**Carlo Stagnaro** reviews the development of privatised energy industries across Europe. Some progress has been made, but many governments have failed to exploit the full potential of privatisation and lack a clear strategic vision.

**Richard Wellings** assesses the performance of the privatised railway system in the UK. He is highly critical of the structure which has evolved since privatisation and makes proposals for improvement.

**Jure Stojan** describes developments in Slovenia, where an early burst of privatisation was not followed through. There remains considerable potential for reducing the role of the state in production.

The papers prompted lively discussion, and written comments are given here from **André Azevedo Alves, Žiga Andoljšek, Juan Castañeda, Stephen Davies, Gia Jandieri, Yauheni Preiherman** and **J. R. Shackleton**.

**J. R. Shackleton**, Editor