Public & Private Ownership

Political Science

When ownership form matters for outcomes.

Public ownership suits

- Natural monopolies with network effects
- Where quality is hard to specify in contract
- Universal service obligations
- Long investment horizons
- Strategic or security functions

Private ownership suits

- Competitive markets with real entry
- Where output is easily measured
- Rapid innovation cycles
- Where capital discipline is valuable
- Consumer choice is meaningful

THE DIFFERENCE THAT MATTERS

Contestability often matters more than ownership: a private monopoly and a public one face similar incentive problems.

Educational reference. Evidence on privatisation outcomes varies by sector and by the regulatory framework accompanying it.