

2. Anger over rising gas prices

The supply of gas was one of the many industries that were part of the Government's **nationalisation** programme following the end of World War Two. It was eventually nationalised in 1948. In effect, therefore, the Government had a **monopoly** of the gas industry which lasted until 1986 when the Conservative Government passed legislation to privatise the industry once again.

Recently announced rises in the price of gas, well above the rate of inflation, have angered both industrial and domestic users. Representatives of the glass making industry, which relies heavily on the use of energy, have gone to Westminster to try to persuade MPs to do something about the problem.

David Watkins, a householder in Buckinghamshire, told the BBC that his annual bill from British Gas will rise by £130 following the recent increases. Whilst he accepts that he can shop around for cheaper prices, he also points out that, following deregulation and privatisation, the industry has been left with only six suppliers, who currently govern the market. In addition, one of the biggest problems seems to be that when a customer joins a new supplier, it immediately increases its charges. This would seem to run contrary to one of the reasons for the **privatisation** of the gas industry twenty years ago.

Adapted: BBC News, October 2005

(a) What do you understand by the term *nationalisation*? [2]

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(b) Explain, with references to particular industries, the arguments in favour of *privatisation*. [6]

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