

4.1 Organizational forms of public good provision: a positive approach

Many goods that we consume are actually publicly provided. Some of them are tangible like, e.g., parks, money and federal police; some of them are intangible like, for instance, security or good governance. The conventional wisdom that certain goods have to be provided by public agencies has been challenged from two approaches with one central question each:

- What is the *optimal organizational form and unit* of provision and production *in general*? Specifically, which goods should be provided by the public sector and which by the private sector?
- What is the *optimal institutional and organizational form and unit within the public sector* to provide those goods, which are typically considered to be public?

A grid analysis similar to ours was developed by Gantner and Eibl (1999), who distinguish between three central terms in connection with the provision of public goods: *priority of tasks*, *mode of provision* and *expenditure intensity*.

Our analysis is intimately related to the question of the provision mode. In other words, which goods should be provided publicly, and which should be provided privately or, more generally, non-publicly? What seems to be a dichotomous question in fact much more resembles a continuum. Figure 4.1 shows some possible degrees of publicness.

We deliberately chose six possible positions on the continuum between public and private production and provision in Figure 4.1. Henceforth, we will stick to the term «public» for the three positions on the left-hand side of the scale and to the term «private» for the three positions on the right.

In contrast to Chapter 3 we now have to be stricter concerning the distinction between provision and production. Although it is not very difficult to distinguish in theory, reality provides a whole spectrum of different arrangements. It is therefore helpful to clarify our understanding of the distinction with a simple example in the field of education. In order to be as clear as possible, we restrict ourselves to university edu-