

scale), and we will concentrate on international outsourcing as an alternative provision arrangement, since it is largely unstudied and a very promising way for VSC to keep costs low. Note that international outsourcing can be viewed as a special case of public provision, since the VSC government usually guarantees provision by means of treaties or similar agreements.

Our analysis is further complicated by the fact that some of the goods which are generally assigned to the public sector (at the left hand side of Figure 4.1) are also provided by the private sector, like hospitals or education. It seems impossible to adhere to a clear and general distinction between publicly and privately provided goods, but there are, nevertheless, a set of goods which are considered to be mostly public, although cultural differences between European-oriented and Anglo-Saxon-oriented countries have to be taken into account.

For those goods, which we decided to label «publicly provided» (which are generally provided by a public agency), numerous organizational and institutional forms of production and provision exist, as has been exposed above. Table 4.1 provides a list of important characteristics or dimensions which may be helpful in classifying or grouping publicly provided goods. These classifications are not absolutely necessary for the following sections, but they help in explaining important terminology and some basic concepts.

The enumeration in Table 4.1 should be viewed as positive and not as normative. It displays to what extent publicly provided goods differ with regard to several dimensions. The characteristics therein, then, have to be connected with a theory to obtain an optimal organizational form of production and provision, assuming that such an optimum exists. Such a task, when it aims to provide a general framework for a sufficiently large set of publicly provided goods, is beyond the scope of this work.

We will concentrate on a few important characteristics and develop a theory-based analysis grid in Section 4.2. Although the framework, which is developed below, is more general, the main focus of the interpretations will be on the public good provision in VSC. Nevertheless, it is convenient to have a broader framework for examining VSC public sectors comparatively. First of all, though, the characteristics in Table 4.1 need some explanations.