

his or her own portfolio, which is rather unusual in larger countries. More surprising than this fact is the sometimes very high concentration of power in one or two ministers. It is not an exception that, e.g., the Prime Minister is also the Minister of Finance and/or Minister of Foreign Affairs. A good example is St. Kitts and Nevis, where the Prime Minister is also the Minister of Finance, Development, Planning and National Security. Hence, there seems to be a tendency of combining, on the one hand, central or high-priority departments with other central departments in one ministry and, on the other hand, peripheral with other peripheral ones. One reason for this tendency may lie in the limited number of highly qualified and experienced politicians. Another reason could be the strategy of VSC of assigning important issues to two or three ministers who are *the* representatives of the country abroad in order to be actually recognized by other, larger countries

The fact that some VSC have a Minister of Local Government suggests that, despite the smallness of the countries, a considerable degree of federalism exists. This is especially true for island VSC consisting of only a few islands. A prominent example is Micronesia with its four states, which play an important role in the political system of the country.

4.4 The extent and structure of international outsourcing in very small countries

It has been shown in Chapter 3 that there is a relatively solid and non-negligible disadvantage for smaller and very small countries with regard to the size of the public sector, in the sense that smaller countries on average exhibit larger public sectors. In brief, we detected a negative size effect, i.e. a negative relationship between country size and public sector size (measured in public expenditure), which has become even more aggravated in the course of the last decades. Theoretically, a large part of this negative size effect must be attributed to diseconomies of scale in the provision of publicly provided goods.

Chapter 4 builds on this important result and is designed to shed some light on the public good provision process in VSC, given the findings of Chapter 3. Contrary to the empirical part of Chapter 3, which is an overall assessment on a highly aggregated level, Chapter 4 follows a case study approach. Based on the presumption that diseconomies of