

rival public goods are at stake. Gantner and Eibl (1999) point out that international outsourcing, e.g., in the health system, may be a good way to profit from stronger competition and existing knowledge in an adjacent country. In this study we concentrated on those public goods which display high diseconomies of scale, but the concept of international outsourcing can also be applied to other publicly provided goods. Third, VSC should pursue high levels of openness to benefit from international trade and integration without giving up protection of their economic niches and defense of the economically relevant core of sovereignty. Fourth, cultural heterogeneity and an international orientation have been found to be two sides of the same principle. VSC have to be sufficiently international, e.g. in education, to be economically successful, and VSC that are heterogeneous with regard to ethnicity, religion and language seem to be no less successful.