

## Chapter 18

### Other Forms of Privatization

In Chapter 17 we distinguished between complete privatization, or liquidation, and incomplete privatization. There are various forms of incomplete privatization. In this chapter we consider three forms. In the first two, the government still retains responsibility for causing the good or service to be supplied yet does not use a bureau to supply it. In the first case, the budget office makes contracts with private firms to supply the good or service. We call this *contracting out*. In the second, the budget office subsidizes qualified demanders by issuing them vouchers to buy. The demanders use the vouchers to buy the goods or services from suppliers. The suppliers then redeem the vouchers by exchanging them at the government budget office for a specified sum of money. We call this a *voucher system*. In addition to these cases, we discuss the removal of monopoly protections that had, for one reason or another, previously been given to firms. This is privatization in the sense that the government gives up responsibility for helping to determine how private individuals and firms can employ their resources.