

Competition Policy and Government Procurement

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Presentation Overview

- Rationales for Promoting Competition
- Designing Competitive Processes
- Regulatory Controls as Barriers to Entry
- Credible Commitments
- Preserving a Competitive Marketplace
- Institutional Prerequisites



The Private Sector Baseline

- What Strategies Characterize Private Sector Purchasing?
- What Considerations Properly Warrant “Exceptionalism” In Government Procurement?



Rationales for Competition

- Benefits of Rivalry Among Suppliers
 - Discipline over costs and prices
 - Quality improvements
 - Innovation
 - Possibility for reducing investment in direct regulatory controls



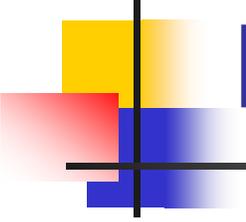
Regulatory Controls and Entry

- Regulation Affects Level of Competition
- Examples:
 - Domestic content requirements
 - Limits on foreign ownership
- Paradox
 - Regulations to promote the public interest can increase the likelihood that the public interest will suffer



Credible Commitments

- Commitment and Competition
- Commitments That Attract Sellers
 - Keeping promises
 - Allowing competitive returns on investment
 - Explaining decisions
 - Resolving disputes fairly
 - Compare: Evolving approaches to public utility regulation



Preserving a Competitive Marketplace

- Defeating Supplier Collusion
 - Promoting entry
 - Designing competitive procurements
- Mergers and procurement
- Cooperation with competition agencies



Institutional Prerequisites

- Attracting/Retaining Capable Personnel
 - Comparison: The Private Sector Model
- Evaluating Results from Previous Procurements and Procurement Policies
 - Rationale for ex post assessment of
 - Processes
 - Specific programs