



Multi-Function Agencies: The Merger of Competition and Procurement

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Brno, 27 November 2011



The Czech System at 20

- Look Back to Look Ahead
- My Focus: Combination of Functions
- Competition and Procurement
- Lessons for Institutional Design



Themes

- Quality of Agency Design Deeply Influences Policy Outcomes
- The “Physics” and “Engineering” of Public Policy



Overview

- Theory of Agency Design
- Multiplicity: Frequency and Causes
- Factors That Should Affect Allocation
- Joint Work
 - Robert Anderson, WTO
 - David Hyman, University of Illinois



Theory of Agency Design

- Private Firms
 - Example: Coase and Williamson
- Public Agencies as “Firms”
 - Transaction cost explanations: Integration by ownership or contract?
 - Managerial explanations?
 - Diversification rationales?



Multiplicity: Pervasiveness

- Jurisdictions with Competition Systems
 - Nearly 120: >100 created since 1990
- Most Competition Agencies Do More Than Competition Policy
 - Advertising
 - *Public procurement*
 - Intellectual property
 - Public utility regulation



Causes of Multiplicity

- Conscious Choice: Procurement
 - Examples: Bulgaria, Czech Republic, Russia
- Unanticipated Evolution
- Recognition of Complimentarities
- Technological Change: Data Protection



Normative Criteria

- Common Intellectual Foundation and Policy Complementarities
- Capability/Commitment Compatibility
- Political Capital and Capture
- Operational Integration: Inside/Outside
- Regulatory Ecosystem Spillovers



Common Intellectual Links and Policy Complementarities

- Competition
 - Anti-cartel enforcement
 - Elimination of needless barriers to entry
- Procurement
 - Deep influence on market performance
 - Often a source of competitive distortions



Match Agency Capabilities to Commitments

- Challenges to Multi-Function Agency
- Managerial Skill and Appointments
- Staff Expertise
- Resources
- Rubbish Bin Phenomenon
- Impact on Judicial Deference



Political Capital and Capture

- Cross-Subsidization of Political Capital
- Imperviousness to Capture
 - Effects of Diversification



Operational Integration

- Coping with Internal Rivalry
- Coordination/Integration Across Agencies
- Impact upon Agency Branding



Regulatory Ecosystem Spillovers

- Mapping Existing Synapses
- Personnel Effects
- Jurisprudence Interdependenciies



Concluding Thoughts

- Significance for Modern Reforms
- Industries Change and Adapt: So Must Regulatory Authorities
 - Urgency of recurring reassessment
- Value of Comparative Study
- International Rivalry: Pursuit of Optimal Design