



The Importance of Competition to the Public Procurement Process

THE ISSUE: Competition is essential to public procurement and to the health and welfare of the economy as a whole.

BACKGROUND: Governments are large consumers of goods and services. Because governments purchase so much, its procurement practices can profoundly affect markets. Poor government practices can restrain trade, while good practices foster free and open competition.

In government, commodities and services are direct costs to the taxpayer, and procurement officials are obliged to obtain the best possible quality and price. Local, state and federal governments have developed procurement statutes, rules and practices over many decades. Historic reliance on lowest bidder procurement has given way to more creative and varied means of procuring goods and services.

While there are situations in which competition is limited or impractical (for example, sole source procurements and emergency procurements), competition is the central theme in public procurement. Every government procurement practice must therefore have two co-equal objectives: seizing the power of free markets to generate the best prices, and ensuring the fairness and impartiality of the procurement process.

NASPO Position Statement: Public procurements should be made under conditions that do not restrain markets and that foster adequate competition in the market for the item or service purchased.

For more information on the competitive procurement process, please see NASPO's State and Local Government Procurement: A Practical Guide.