



## Calhoun: The NPS Institutional Archive

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2005-05

# Market based acquisition: competitive sourcing

Franck, Raymond

Naval Postgraduate School (U.S.)

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Acquisition Research Symposium, May 18-19, 2005

<http://hdl.handle.net/10945/47570>



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# MARKET BASED ACQUISITION: Competitive Sourcing

- Raymond Franck and Francois Melese (NPS)  
“A Transactions Cost Economics View Of DoD Outsourcing”
- John Driessnack (MCR Technologies)  
“Unique Transactions Costs in Defense Markets ...”
- Bernard Udis (Univs of Colorado, New Mexico)

# Confluence of Academic Research And Defense Issues

- THE DEFENSE MARKETPLACE ...  
COMPETITIVE SOURCING
  - THE “VERTICAL” BOUNDARY OF THE  
DOD ENTERPRISE
- NEW INSTITUTIONAL ECONOMICS

# NEW INSTITUTIONAL ECONOMICS

- “OLD” INSTITUTIONAL ECONOMICS: US, 20<sup>TH</sup> CENTURY
  - Veblen
  - Mitchell, Commons, ...
  - Galbraith
  - Regulation, correction for faults & foibles of capitalism
- NEW INSTITUTIONAL ECONOMICS
  - Has emerged as recognized field relatively recently.
  - Int’l Society For New Institutional Economics

# IT'S INDEED NEW

- DIFFERING INTERPRETATIONS
  - Broadening of neoclassical paradigm to explain social institutions ... markets and beyond
  - “Traditional neoclassical economic assessments ... none seem to have explanatory power.” (Driessnack, defense procurement)
- THREADS
  - “NEW” INSTITUTIONALISM: Transactions Cost Economics, Property Rights, Behavioral Theory Of Firm
    - COASE, WILLIAMSON, SIMON, CYERT, ...

# MORE THREADS

- NEW SOCIAL ECONOMICS: BECKER, ...
- NEW ECONOMIC HISTORY: FOGEL,  
NORTH, ...
- PUBLIC CHOICE: BUCHANAN, TULLOCK,  
...
- LAW AND ECONOMICS: POSNER, ...

# PAPERS THIS SESSION:

## Differing Approaches

- **FRANCK AND MELESE:** TCE is a well-developed line of inquiry whose findings offer useful insights into DoD practices
- **DRIESSNACK:** New Institutional Economics provides a foundation for a new defense acquisition research program.