

Reducing monopolies and stimulating competition



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Transformed strategic institutions will have adequate incentives (such as performance based outcomes) for reducing monopolies and stimulating internal competition, and later competing with external institutions.

Monopolies are conducive to corruption. Such monopolies represent "negative feedback loops", or "causal loops" that strengthen corruption (Meadows, 2009). These loops need regulation to break corruption's circular character, its ability to self-organise that enables it to maintain its corrupt character.

An example of this circular character is when recruitment standards are lowered. This means fewer quality people are employed. Staff are less competent and more inefficient, which will co-produce an increase in corruption.

ANSWERS TO MONOPOLIES

Monopolies and programmes that create public scarcity should be abolished. If monopolies cannot be abolished in a small economy, competition should be created, for instance by stimulating entrepreneurship and innovation in the private and informal sector; and benchmarking, intrapreneurship and service contracts in the public sector. Intrapreneurship is a concept used to explain the ability of people in institutions to create new ventures, i.e. new programmes (Rwigema and Venter). Another option for increasing internal competition is benchmarking of small components of public services for comparison with best practices of similar

services in the private sector. For example, the 97 State Owned Enterprises that are all monopolies should apply best practices. The United Kingdom Civil Service implemented benchmarking and service level agreements between different public units with great success during the 1980's. Public institutions should be encouraged to compete with the private sector for the tendering of services.

If an increase in external competition is not possible, then an objective and independent regulator should be created before privatisation is embarked upon. However, in Namibia we tend to create regulators after the commercialisation process of State Owned Enterprises that increases the likelihood of corruption.

References

Meadows, D.H. 2009. *Whole Earth. Places to Intervene in a System*. Published during 1997.

Rwigema, H. & Venter, R. 2007. *Advanced Entrepreneurship*. Goodwood: Oxford University Press Southern Africa (Pty) Ltd.