



FOR RELEASE:
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Commemorating the 55th Anniversary of Bureau of the Budget Bulletin 55-4 Key Policy for Federal Government Utilization of the Private Sector for Goods and Services

Today marks the 55th anniversary of a key government policy published by the Eisenhower Administration. The significance of this policy looms large considering the current state of the U.S. economy. The Obama Administration, specifically the Office of Management and Budget (OMB), would be wise to re-engage on the correct side of this public policy as one major way to generate job creation and growth in the private sector.

OMB's predecessor, the Bureau of the Budget, first published Bulletin 55-4 on January 15, 1955. Bulletin 55-4 stated:

"The Federal government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels."

Unfair government competition with the private sector is already rampant in many sectors of the economy including architecture, audits, buses, construction, debt and bill collections, engineering, equipment repair and maintenance depots, food service, furniture, information technology, laboratories, landscaping, laundry and dry cleaning, office products, mapping, meeting planning, marketing research, roofing, motorcoaches, printing, public storage, surveying, tax preparation, transportation and utilities, among other just as important sectors of the U.S. economy. In recent months, the U.S. economy has seen a dangerous trend toward government operations in automaking, car dealerships, banks, student loans; Departments of Agriculture, Defense and Homeland Security insourcing; and the threat of a Federal government-run health entity. This unprecedented government intrusion and competition in the private market is having a detrimental effect on capital investment and jobs creation.

Given the Federal government's shift to insourcing private sector positions in-house to Federal positions, OMB's likely redefinition of "inherently governmental" activities and functions signaling a green light for insourcing private sector positions on a vast scale, Congress' restrictions on the A-76 competitive sourcing process, debate on stimulus proposals to combat an unemployment rate in excess of 10%, and the loss of 4,099,000 private sector jobs since December 2008, the stakes moving forward could not be higher for the nation's economy.

Of a Federal (non-military uniformed, non-Postal) workforce of 1.7 million, more than 850,000 positions have been identified as "commercial" in nature, meaning there are private firms that commercially provide the product or service. In the current economy we are losing private sector jobs and growing government jobs. It is wrong to believe that taxpayer money should be spent to build in-house government capabilities to compete with the private sector. It is abundantly clear this will only exacerbate private sector job loss in the short-term and unsustainable in the long term.

The private sector, especially small business, faces difficult odds when competing for contracts and work when the private sector's main competition is a public agency with vast resources including in-house capabilities firmly in place. It is no wonder that when the government tries to compete with the private sector, unfair government competition results. Every Congressionally-chartered White House Conference on Small Business has made unfair government competition with small business a top issue. Concern for government competing with the private sector has been a serious concern for small business for decades.

The time is now for President Obama and Congress to employ the private sector to the maximum extent practical. President Obama would be well served to leverage the benefits of and need for maximum utilization of the private sector--- thus creating private sector jobs now. It is time for the federal government to rededicate itself to Eisenhower's common sense policy.

John M. Palatiello, President
Business Coalition for Fair Competition (BCFC)

The Business Coalition for Fair Competition (BCFC) is comprised of trade associations, businesses, and organizations dedicated to free enterprise, relief from unfair government sponsored competition, and smaller, more efficient government. BCFC is working to elevate the issue of unfair government competition, promoting legislation and policies to eliminate unfair competition, and opposing efforts to mandate government monopoly performance of commercially available goods and services.