NEW PERSPECTIVES ON PUBLIC GOODS PRODUCTION:  
POLICY IMPLICATIONS OF OPEN SOURCE SOFTWARE

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ABSTRACT

For a variety of policy reasons, governments throughout the world are now adopting different legislative and administrative strategies that support the development of open source software (OSS). Some governments have actually begun to procure OSS, whereas others have channeled public funds to large-scale OSS projects. This paper summarizes the various legislative and administrative approaches taken by governments to promote OSS, and categorizes these activities into government procurement of OSS and public subsidies for OSS projects.

Despite the fact that more and more public sectors have begun to migrate from proprietary software to OSS, this study reveals that governments find it difficult to legislate an explicit preference for open source software. Promoting OSS by administrative efforts, rather than by legislative action or subsidy, appears to be the most common practice among countries that have OSS policies. Moreover, this study finds that, although the “consideration” type of OSS legislation is much less controversial than the “preference” type of legislation, most of the proposed legislation is of the “preference” type.

This paper argues that there are numerous factors affecting governmental policies toward OSS. Such factors may be economic, technical, political, or legal. The most fundamental argument of the study is that, in lending its support to OSS, the difference between a government user and a business user is that the government should take into account society’s long-term interests, not merely its own interests as a consumer. Although strong network effects do not necessarily imply software market failure, this study holds that other types of market failure may justify government intervention in the software market through support of OSS. OSS is preferable to proprietary software when the goal is to increase compatibility and network effects for consumers. Furthermore, in some developing countries, OSS can serve to bridge the digital divide between the “tech-haves” and the “tech have-nots” and facilitate domestic software development. Therefore, when two systems have similar suitability, this study argues that government should choose OSS over proprietary software.
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