

Highlights

The Price of Exclusion: SME Set-Asides in Public Procurement

- Decomposes set-aside price effect into lost discipline and protected-pool offset.
- Recovers willingness-to-supply from English-reverse auction drop-outs.
- Full set-aside generates a 28.9% static welfare loss in standardized markets.
- A 10% SME price preference delivers redistribution at near-zero welfare cost.
- Welfare ranking is stable in non-pharma; pharmaceuticals are a boundary case.