

I. Concepts to be Clarified

- How should an idea (mutualization, cooperative ownership or employee ownership) with few, if any, limits when applied to the private sector be applied, if at all, to the public sector?
- Revenues could come through taxes and supplemental private contracts. A contract between the government and the cooperative could replace what was formerly a contract between the government and the public sector unions.
- Mutualization is not a “post-union” concept. Mutualization alone does not solve problems of justice in the workplace. Instead, new models of union contracts should be developed within mutualized organizations appropriate to the new structure.
- Clarify distinction between “non-profit” mutuals and “for-profit” mutuals.

II. Patients, Kids, Cops and Crooks: The Limits to Mutualization

Zone 1: Not a good idea where the entity enjoys a monopoly on the use of force to compel obedience:

- Police
- Courts and Family Services
- Prisons
- Military
- Taxing Authorities

Zone 2: Possible idea where the entity engaged in the provision of a public good is subject to private sector competition:

- Trash Hauling
- Parks, building and grounds maintenance
- Education
- Certain health services

III. Six Protections Against Mischief for Mutuals Entering Public Service Realm

1. Long term contracts to protect the process of mutualization.
2. Assets transferred by government on a lease to purchase basis. Structure transfers as “rent in order to own” assets over 5 year horizon. Within a five year time frame, certain assets will depreciate and be replaced by proceeds of mutualized firm.
3. Claw back provisions for government if assets are sold.
4. Prior consent and actual “buy-in” by employees through their unions. Deliberation prior to decision to transfer. In theory, newly mutualized organizations comprised of dedicated “members” rather than employees of large and inadequately unaccountable public agencies or private corporate entities. Design of internal union structures appropriate to mutuals.
5. Assistance in negotiating transfers and consulting agreements with private contractors.
6. Vulture protection – emphasis that all externally contracted consulting to mutuals should emphasize education and “technology transfer” instead of “fattening the calf” for sale.

¹ Assistance provided by David Ellerman, Riverside, CA www.ellerman.org