

Ideas Wales: Economy seminars

Seminar One: Professor Kevin Morgan: the New Mutualism

23 September 2010

1. starting point was that the next decade is shaping up to be an economic storm for Wales.
2. latest forecasts, for example from Oxford Econometrics, suggest that employment levels in Wales will not return to their 2008 peak for at least ten years – with the downward slope stretching head for most of that period.
3. in these circumstances, local authorities and others will come under huge pressure to outsource services, as a quick way of saving money. Reports, over the past two days, of Suffolk council's decision to outsource the whole of its operation is just the first sign of this, on such a scale – and entirely consistent with the long term Tory plan, as described by Nicholas Ridley, in which the ideal council would be one which met once a year to award contracts.
4. In the Tories hands, then, the Big Society very quickly becomes 'Circoisation' or 'Capitisation', as large, predatory firms move in to asset strip local services and drive down working conditions.
5. there is a Labour alternative, in mutualisation, bringing together the state, civil society and the local economy. It means tackling some long-standing objections in some parts of Labour thinking which regard any changes to existing patterns of public service delivery as steps on the slippery slope to privatisation. The argument against this position is essentially two-fold:
 - (i) standing still is not an option. The financial pressures mean that the current pattern of services cannot be sustained. The choice is between simply doing less (cuts) or trying to find new ways of doing things which preserve more of the service landscape.
 - (ii) The mutual approach has strong roots in the Welsh Labour tradition. Socialism and statism are not the same thing, but mutualism, too, depends upon the positive power of the state to underpin its operation. A Labour future would be one based not on shrinking the state, but on refocusing its operation, so that it enables people to take control, collaborative and collectively, of services. We need an active and interactive government to help make that happen.
6. mutualisation can be applied to many of the basic human needs which public services seek to supply, including:
 - care of the elderly

- housing
- finance
- energy
- food
- transport

7. there are four major areas and issues on which mutualism depends:

(i) public procurement: the 'sleeping giant' of the Welsh economy. Governments tax, regulate and buy. The power of the buying function has been neglected: it remains highly fragmented and under-skilled. Responsibility for procurement involving very large sums of public money are often in the hands of individuals very low in the hierarchy of organisations, lacking both the skills and the authority to be effective.