The forecasting of events in our existential world is fraught with unanticipated events and actors. Privatization and its important subset, the purchase of services (POS), is no less subject to the vagaries of our times. Yet there are some identifiable activities, even some trends, that may help to provide some insight into the next decade or so. In this final chapter, some of those factors that may influence the use or nonuse of purchase of services as a means to realize privatization goals are discussed. This chapter begins with a brief overview of the broad trends and issues in privatization.

WHITHER PRIVATIZATION?

By definition, privatization has the government transferring one or more of its functions to the private sector as a gift, for a nominal sum or for the full value of the operation. In classical terms, the former governmental responsibility would now be that of the private sector. There are modifications of this scenario. The federal government may establish federally charted entities, such as the U.S. Post Office, the Federal Deposit Insurance Corporation, and the Export-Import Bank. In its December 1995 report to Congress, the GAO surveyed 58 entities that it believed were governmental corporations (GCS), which it defines as “federally charted entities created to serve a public function of a predominately business nature” (General Accounting Office [GAO], 1995b, p.1).

In many states there are state-established authorities that manage toll roads, bridges, tunnels, steamship authorities, and conference centers,
among others. At both the federal and state levels, they generally provide business-type services. They may also be known as quasi-governmental or "quangos." Basically, they are responsible for their own financing, budget, and operations, and at the state level they sometimes become patronage havens for the political party in power. In a deficit situation, they are often able to turn to government for financial assistance.

THE FUNCTIONS OF GOVERNMENT

The future of privatization is inseparably linked to the determination of what is inherently public and what is and should be inherently private. (A similar close linkage is to be found in the current close association between privatization and the purchase of services, with privatization as much the senior partner. As such, much of the forecasting to follow is targeted on privatization.) There are several essential components in this long-standing debate about what should be public and what should be private.

In the second volume of this series, former Massachusetts Governor and the 1988 presidential nominee Michael Dukakis (1998) contended with the limits of contracting for state government by reflecting on his own experiences as governor. What are the appropriate functions of state government? Dukakis' global view is that government must be willing and able to manage a first-rate service system. Specifically, he would never contract adult maximum and medium correctional institutions. Transitional facilities are excepted. He feels similarly about the care and treatment of the severely and chronically mentally ill. As with adult corrections, he is comfortable about purchasing other mental health services. His review is humanistic, pragmatic and experiential. He does not theorize. He does not ask who has the authority to establish the limits and from where they emanate.

There are experiences in other states where both of the populations excluded by Dukakis have been served by purchased programs. The Corrections Corporation of America (CCA) receives contracts from 11 states to manage 45 prisons or detention centers, housing more than 20,000 inmates. Nationally, about 50,000 inmates are in such privately operated settings (Purdy, 1996, citing CCA literature). In many, perhaps most states, services for the severely mentally ill are now being purchased. Thus, neither alternative is beyond the choice of some governor at some time in some state.

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