

'A change is gonna come'

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"In the wreckage left behind by the coronavirus pandemic, a new era is beginning. What does it hold?...What is clear is that the old economic paradigm is looking tired. One way or another, change is coming." [The Economist](#)

This quote relates to the way in which economies are managed at a macro level - where the nature and scale of interventions, that months ago would have been unthinkable, now seem commonplace - however it has much wider application. The impact of the pandemic will be felt in all corners of the economy, from the sharp contraction in activity following lockdown to changes in individual and corporate behaviour, which could lead to some significant longer term structural changes in both demand and supply. There is plenty of scope for those with mediation skills to help shape the new paradigm that emerges.

One of the most popular courses at Harvard Business School is 'Reimagining Capitalism: Business and Big Problems'. Course co-leader, Rebecca Henderson (author of a [recent book](#) on the subject) is hopeful that Covid-19 could be a catalyst for reimagining a more inclusive and sustainable way forward. In a [recent talk](#) for Ceres she argues that it could provide the jolt needed to the inertia of business as usual, by providing a stark warning that bad things can happen quickly and without much warning, while also reminding us of how much we depend on each other for our security and survival.

This view is echoed in the report of the Scottish Government's Advisory Group on Economic Recovery: *"If the monumental scale and nature of this economic shock is not a catalyst to accelerate change and to find new bold, radical interventions that will transform Scotland's economy, then nothing ever will be. We must be willing to revisit old demarcation lines without bias, and to discover new methods and levels of collaboration as we navigate our path of rehabilitation, recovery, and re-imagination."* And Scotland's Auditor General has also highlighted the opportunity presented by current circumstances: *"It feels as though this may be one of those rare times, like the creation of the welfare state after the Second World War, when major change suddenly becomes possible; our challenge is how to make the most of the current moment."*

Henderson argues that free market capitalism has been the greatest source of prosperity the world has ever seen, but that it is on the verge of destroying the planet and destabilizing society. She sees three broad problems: externalities (like the cost of carbon) not being fully priced into market decisions, the growing exclusion of large sections of society and firms using lobbying and other forms of influence to fix the rules of the game for their own benefit.

In her view business has a catalytic role to play, alongside others, in stimulating a re-imagination of capitalism to make it more purpose driven and to ensure outcomes are fairer and more sustainable. Although she recognises that markets alone can't achieve this without the right public institutions to provide legal and regulatory frameworks and invest in public goods.

Action by individual companies can help demonstrate that it is possible to run a business in a way which respects the environment and benefits society while still making money. Yet co-operation between companies will be critical to scale up the impact. Finance will also have a vital role to play, as investors increasingly recognise it will be impossible to diversify away from risks, such as those associated with climate change. Institutional reform will also be needed to improve the environment in which business operates. There are signs of things changing from individual companies to business associations and financial institutions, but it is only a start.

All elements of the system and how they interact have a critical role to play. The importance of a system in shaping outcomes is highlighted in recent book 'Why we are Polarized', while it is focussed on US politics, it has wider implications. It charts a vicious, self-reinforcing cycle of polarisation. *"The American political system...is full of rational actors making rational decisions given the incentives they face. We are a collection of functional parts whose efforts combine into a dysfunctional whole."* How often might this apply in other contexts?

There are reasons to be hopeful that a more environmentally sensitive, fairer economic system might emerge from the disruption of the pandemic, yet it can't be taken for granted, particularly given the growing tendency to polarisation and tribalism. It will take significant investment and changes in behaviour, alongside much more collaboration to reform the system so that it provides a better service to society and nature.

Mediators, with the skills to facilitate more productive dialogue, which moderates polarisation and deepens understanding, builds collaboration around shared interests, allows options to be fully explored and helps stimulate action, should have much to contribute to making the world that emerges from Covid a better place.

In the words of Sam Cooke:

*"It's been a long, a long time coming
But I know a change is gonna come, oh, yes, it will"*

Let's make the most of it