

# Kluwer Mediation Blog

## Mediation may bring savings in the coming era of austerity

Rafal Morek (DWF LLP) · Sunday, October 9th, 2011

According to reports, we should now get used to living in an era of austerity. Tax increases, welfare cuts, and salary freezes are on their way in many countries. Does this mean that public spending on mediation must be cut as well? Quite the contrary. Mediation may bring significant savings in difficult times soon to arrive. [The Ministry of Justice's decision to add £10m to the UK's publicly-funded mediation budget for 2012](#) confirms this view. It is no coincidence that the government's drive to increase mediation has come at a time when it is being forced to make considerable spending cuts.

The MoJ's threefold aims are: to promote the use of mediation over litigation, to reduce the backlog of cases and, most importantly, to cut court costs. [An MoJ spokesperson explained](#) that *"mediation can cost a quarter of the price and take a quarter of the time of going to court. Data from legal aid cases show the average cost per client is £535 compared to £2,823, and that the average time for a mediated case to be completed is 110 days compared to 435 days for non-mediated cases."* On top of that, other savings can be achieved, including those related to productivity, health and emotional costs.

In the US, despite the presence of a number of harsh cuts in [President Obama's 2012 Budget Proposal](#), mediation-related expenditure will also be higher than in previous years. [The National Mediation Board's](#) budget will increase by 7.7% from 2010, and [the Federal Mediation and Conciliation Service](#) by 2.2%. Those numbers are favorable, while, by contrast, funds for the Employment and Training Administration are set to shrink by 51%, to take just one example.

Numerous research, reports and estimates confirm in many ways that cost savings, both for state budgets and individual beneficiaries, can be attributed to the use of mediation. For example, [the Florida Commission on Human Relations](#) praises itself for "providing Florida's taxpayers an extraordinary return on their investment. For every \$1 provided by the taxpayers, ...the Commission returned an additional \$1.44 to Florida businesses." Through its mediation services, an estimate \$60.8 million in litigation costs were avoided.

[A study](#) by the Oregon Department of Justice comparing legal/process costs across a diverse range of disputes found that the monthly cost of resolving a case by taking it through a trial to a verdict was over six times higher than when applying mediation.

The wide magnitude of mediation-related savings was also confirmed by [a recent EU-funded study](#). This showed that the time wasted by not using mediation is estimated at an average of between 331 and 446 extra days in the EU, with extra legal costs ranging from €12,471 to €13,738

per case.

A mediator is trained to see that “*in the middle of difficulty lies opportunity*”. Why shouldn’t we believe that the current financial turbulence may stimulate the use of mediation? Needless to say, such a side effect would be most welcome.

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