

Kluwer Mediation Blog

How can you make the pie bigger in a finite world?

Charlie Woods (Core Solutions Group / Scottish Universities Insight Institute) · Sunday, December 8th, 2019

If the natural resources of the planet and its capacity to cope with our waste are finite, is it reasonable for mediators to be encouraging people to search for positive sum solutions which can benefit all parties to a negotiation? If you can achieve a win-win in one case could it, on a global scale, be at the expense of someone else either now or in the future?

Is there after all only so much pie to share? Was satirist PJ O'Rourke right when he wrote: *"There is only so much money. The people who have money are hogging it. The way for the rest of us to get money is to turn the hogs into bacon."*?

Increased productivity is the driving force behind growing prosperity and hence growing the pie – it is at the heart of positive sum solutions. As Nobel Prize winning economist Paul Krugman put it: *"Productivity isn't everything, but, in the long run, it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker."*

As Krugman suggests, productivity is typically defined as the amount that can be produced per person. The more we can each produce per hour worked, the better off we are in total. Since the industrial revolution new forms of organisation, employing machines and using the energy stored in carbon based deposits have been the driving force behind big increases in our productivity and living standards.

Recently more attention has been placed on measuring 'resource productivity', which encompasses a wider set of inputs, not just labour, to get a better idea of how sustainable development is. The concept of resource productivity relates to the degree to which resources are finite. While in the past natural resources well have seen infinite in the context of relatively low levels of demand, this is no longer the case. However, the one resource, which for the time being at least, still seems to be inexhaustible, is the energy we receive from the sun and the associated wind energy along with the plant and animal growth it facilitates.

The more we can use resources which are either renewable or are reusable, the more we can have a positive influence on one side of the resource productivity equation. Reuse of resources is at the heart of the concept of a more circular economy, moving away from the traditional linear model of 'take, make, dispose', to one which is more 'make, use and recycle'. Creativity and cooperation to understand the symbiosis between what might appear to be waste in one sector yet be valuable inputs in another will be critical to making a circular economy function.

What about the other side of the productivity equation? Is increased prosperity all about more stuff or is it more to do with better stuff? More stuff may well be more important when you have very little, but is it as valuable when you have sufficient for a good life – in the jargon of the economist do diminishing marginal returns set in?

What constitutes a good life will vary from person to person, although the [Harvard Study of Adult Development](#) (following a group of people since the 1930s) reaches some very clear conclusions on the importance of relationships. *“Close relationships, more than money or fame, are what keep people happy throughout their lives...Those ties protect people from life’s discontents, help to delay mental and physical decline, and are better predictors of long and happy lives than social class, IQ, or even genes.”* (this [TED talk](#) gives more details).

Perhaps we need to be more imaginative in framing what constitutes value – should it be restricted to what can be given a monetary value and can be bought or sold, or should it encompass more tangible things such as relationships, beauty, experience, freedom etc. After all we have it on good authority that *“Money can’t buy me love”!*

Judging value also relates to how we assess things that will happen in the future as a result of actions today. Any investment decision involves weighing up the future costs and benefits associated with it. If we heavily discount the future, which we have a tendency to do (one of those many cognitive biases linked to our evolutionary past), we will worry less about the damage we might be doing to future generations and undervalue benefits arising in the future. This will also be the case if we only take into account private costs and benefits and ignore the wider societal impact of our actions.

In the context of geopolitical relations Martin Wolf of the Financial Times has [recently highlighted](#) the need for a new approach built on mutual gains, hard though that might be to envisage given the way things seem to be developing at the moment. *“A positive sum vision...has to become dominant if we are to manage the economic, security and environmental challenges we face. Humanity has to do far better than it has done before.”*

There are many dimensions to understanding how to grow and share the global pie. Reframing and reimagining to deepen understanding and help generate options are key components in the mediator’s toolkit. We should have much to offer the search for positive sum games in a resource constrained world.

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