Contents

International Institute for Applied Systems Analysis
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From the PIN Steering Committee

Fifteen years ago the Processes of International Negotiation (PIN) Project was launched at IIASA with the generous assistance of the Carnegie Corporation of New York. Both the then director of IIASA Robert Pry and the president of the Carnegie Corporation David Hamburg understood the importance of such an undertaking. Relations between the superpowers and the need to solve important international problems pointed up the significance of international negotiation.

From the beginning, not all our colleagues at IIASA and at our home institutions were equally happy with the PIN Project. There were those who did not see any particularly "scientific" component in the subject. To them, concentrating on a specific, and rather difficult, type of human activity—an activity that not only brings durable solutions to disputed problems but generally contributes to much more stable relationships in the world—was closer to "literature" than to "science." There were also those who agreed that negotiation was something deserving study, but only as it applied to some more "meaningful" subject.

Call for Proposals

New PIN Project: Negotiating European Union

The European Union (EU) can be looked at from several perspectives: It can be viewed as a political, economic, social, or security arrangement. It can be seen as a decision-making structure, a range of institutions, a lobbying circus, even an enormous multilateral and bilateral negotiation process. Although much has been written about the EU, not much has been written about its internal and external negotiation processes. In this study, PIN would like to make the case that negotiation is the main tool whereby the EU—or, better, the union of Europe—comes into existence. How can we understand this process of creation if we do not understand the ins and outs of the process of negotiation?

We hope to gain insights in the following areas:
- To what extent is the EU negotiation process unique? How does it differ from other processes of negotiation? Are there special strategical and tactical features or skills and styles that can help to make other negotiation processes more effective?
- Could this study be instrumental in coming to grips with the enormous complexity of the EU's internal and external, and bilateral and multilateral processes? Are there lessons for practice here, not only for the Union, but also for other negotiation processes?
- What interplay exists between the different negotiation levels: national, international, and supranational? How does the EU bargain collectively with the outside world? How does this "extra layer" of negotiation activities affect other international fora?

The Austrian and Dutch editors of the proposed project, one from a relatively new member state and one from a founding one, are looking for approximately 12 practitioners and academics willing to write a substantial chapter of 20 to 25 pages. Each contribution should have the following structure and should focus almost exclusively on negotiation aspects:
- Introduction to the subject and short historical background, context, and interests involved
- Description of behavior of actors (Commission, member states, state structures, negotiators, lobbyists)
- Discussion of procedures and (pre)processes, applied strategies and tactics, and decision-making devices
- Analysis of implementation of the negotiation results and presentation of overall conclusions

We invite proposals for contributions before 1 September 2001, although this call for proposals will remain open until the agenda is filled. The proposals will be discussed at the meeting of the PIN Steering Committee in Vienna and Laxenburg in mid-September. Potential authors will receive more detailed information by mid-October and will be asked to submit a brief outline of their chapter before 1 January 2002. Results will be discussed at the PIN meeting in Teheran in mid-January. Authors will receive final information by mid-February and will be asked to submit their chapters before 1 June 2002. In that month they will be invited to present their chapters at the PIN summer conference.

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Franz Cede & Paul Meerts

Despite this skepticism concerning international negotiation, the PIN group went ahead. It was a propitious time for starting a research project on international negotiation for several reasons. First, PIN emerged at a time when an end to the Cold War was becoming a real possibility. Because of the nature of IIASA, scientists at the Institute were accustomed to working under conditions of confrontation between the superpowers. But at this time, there was a strong hope that the conflict of the Cold War might be replaced with partnership. International negotiation was badly needed both to end the confrontation and to achieve a state of cooperation.

Second, works by people such as H. Raiffa, R. Fisher, W. Ury, I.W. Zartman, J. Rubin, and many others had made the subject of negotiation— international negotiation in particular— fashionable and relevant. Around the same time that the PIN Project was established, the Program on Negotiation was started up at Harvard University, bringing Harvard researchers together with scientists from Tufts University and the Massachusetts Institute of Technology (MIT). During this same period, publications on negotiation appeared in the Soviet Union, Germany, France, and Sweden.

Third, as the possibility of negotiable solutions lost its abstract nature and acquired a practical dimension, it became evident that people in the real world knew very little of the negotiating styles and behaviors of people from other cultures, of the changes in decision-making processes, and of the possibilities of working together and sharing the same values and approaches. The "real world" wanted to know more.

The PIN network responded actively to all these challenges, and at each stage of its research it has worked to make its results available to wider audiences. The following is a partial list of topics investigated by PIN researchers and the resulting publications:

• Identification of the people interested in the subject of negotiation and their initial contributions (*Processes of International Negotiations*, F. Mautner-Markhof, ed., 1989, Westview Press)

• An analysis of the state of the art of negotiation and an identification of future research agendas (*International Negotiation: Analysis, Approaches, Issues*, V.A., Kremenyuk, ed., 1991, Jossey-Bass, Inc.)

• Preliminary attempts to outline the area of research through identification of its "neighbors," such as culture (*Culture and Negotiation*, G.O. Faure and J.Z. Rubin, eds, 1993, Sage Publications) and power (*Power and Negotiation*, I.W. Zartman and J.Z. Rubin, eds, 2000, University of Michigan Press)

• Outline of some important areas of negotiation, including the environment (*International Environmental Negotiation*, G. Sjöstedt, ed., 1993, Sage Publications) and trade and finance (*International Economic Negotiation. Models versus Reality,* V.A. Kremenyuk and G. Sjöstedt, eds, 2000, Edward Elgar Publishing)

• Negotiations aimed at specific targets, including preventive negotiation (*Preventive Negotiation*, I.W. Zartman, ed., 2000, Rowman and Littlefield Publishers, Inc.) and negotiation concerning regime building (*Negotiating International Regimes: Lessons Learned from the United Nations Conference on Environment and Development (UNCED)*, B.I. Spector, G. Sjöstedt, and I.W. Zartman, eds, 1994, Graham & Trotman Limited)

• Analysis of multilateral negotiations (*International Multilateral Negotiation: Approaches to the Management of Complexity*, I.W. Zartman, ed., 1994, Jossey-Bass, Inc.)

The choice of topics for specific book projects may seem somewhat random. In reality, the PIN group started by working on topics that were at the surface. The analysis of the state of the art of negotiation revealed a number of unstudied topics and missed opportunities that demanded attention. And the PIN Project followed the logic of these findings.

To date, nine monographs have been published by the PIN network, and five more are in the pipeline. This alone is an impressive achievement. Add to this the *PINPoint*s newsletter sent around the globe to thousands of readers, PIN's annual "road shows" throughout the world, and the many courses and seminars carried out at home. All considered, PIN has made a sizable contribution to negotiation studies.

But this is only the beginning. A much more difficult and promising phase lies ahead. Even with the many topics already covered by PIN, there are still untouched areas of study. And the fifteenth anniversary of the PIN network is a good occasion to think about the future.

First of all, the problem of a negotiable component of international problems—an addendum to proposed solutions, which may constitute recommendations on agendas, participants, and possible (or desirable) outcomes of negotiations—has not even been touched upon. It is logical to expect that people working on models in areas such as food and water supplies, transboundary effects of air and water pollution, risk management, etc., would welcome the opportunity to transform their technical findings into the language of diplomats and international organizations. Without negotiation, even the most brilliant solution to an international problem is simply a piece of abstract thinking.

Second, computers are breaking down the doors of negotiation. The Internet has turned global communications into global bargaining: people negotiate, make deals and purchases, discuss issues, and exchange concessions via the Internet. Understanding how this expansion of negotiation affects the traditional identification of negotiation and what changes in the process, structure, and strategies it may introduce will be an important challenge in the near future.

Third, the growing assessment of negotiation as a decision-making procedure has not yet been studied in depth. This may invite a thorough reevaluation of the relevance of mathematical approaches to the study of negotiation, a reintroduction of game-theoretical elements, and other consequences of the same type and magnitude.

Fourth, it is high time to translate results of negotiation research into textbooks and other auxiliary materials for students, diplomats, business executives, international civil servants, and others exposed to negotiation.

One can also think of new works on legal aspects of negotiation, economic content, negotiation at the regional and local levels, and many other useful and promising areas.

Thus, an agenda for negotiation research is something to approach seriously and in a systematic way. Perhaps special meetings should be held between PIN and PON (the Program on Negotiation at Harvard), and between IIASA's PIN group and the PIN groups in Germany, France, Finland, the Netherlands, and China. "Negotiate on negotiations" may very easily become the motto of the next stage of negotiation research.

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Paul Meerts
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Negotiation Research

A Neglected Support for the Development of Strategies of Conflict Prevention

In recent years, increasing efforts have been made by the European Union (EU) to develop a viable capacity for preventing conflict in its "close surroundings"—in fact, a vast area of land. To the east and south this area extends from the republics of the former Soviet Union through the Indian Ocean into the Middle East. It covers large parts of Africa and stretches into the waters and islands of the South Atlantic. There is a general belief that successful conflict prevention early in an escalation process is less costly than intervention in the form of crisis management undertaken to stop erupting or ongoing open hostilities. As it grows increasingly difficult for the EU and its member states to isolate themselves from conflicts in these "close surroundings," the value of prepared policies for conflict prevention is growing steadily. This is an important motive for the current interest in conflict prevention in the EU institutions that are particularly concerned with foreign and security policy.

However, as Anders Bjuvner, the Swedish representative to the EU Interim Political and Security Committee, has observed, "much remains to be done to make prevention really happen" (Truedson, 2000:23). Thus, an aim of the policy process in the EU concerning conflict prevention is to systematically build capacity in this area in the context of a long-term strategy. Some measures have been highlighted in this regard, such as those to improve the effectiveness of the EU's early warning system for conflicts, those to increase the number of policy instruments at the EU's disposal, and those to generally adapt EU-controlled resources to fit into a strategy of conflict prevention.

The approach of building prevention capacity in the EU has certainly made some progress during the past few years. As a process, it has been closely linked to the continuous development of instruments and institutions for military (and civilian) crisis management, as well as to the general reinforcement of the EU's security policy. For example, general aims and policy guidelines have been articulated and lists of policy instruments have been identified, analyzed, acknowledged, and established in the EU's policy processes. However, looking at these developments from the perspective of a social scientist, a few ideas come to mind as to how process knowledge in the area of international negotiation, for example, might be employed to support the attempts to enhance the EU's capacity for conflict prevention.

The debate and related policy considerations in the EU system concerning the capacity for conflict prevention have essentially concerned the construction or modification of various structural elements such as *legal mandates* (e.g., specifying the conditions under which the EU may intervene in another country), *organizational solutions* (e.g., for decision making or early warning), or *policy instruments* (e.g., a "pool" of police units or lawyers to be sent to countries or regions with weak judicial systems). Such factors represent resources enhancing the EU's capacity for conflict prevention.

However, *capacity* is conditioned not only by *resources* but also by *capability*, in this case, the ability to undertake actions that prevent a potential conflict from erupting, escalating, or spreading geographically. To be effective, resources must be employed by an actor for a purpose. Employing resources for a purpose is not always successful. Where it is successful, the degree of achievement will vary depending on the circumstances. For example, the capability of the actor concerned is likely to be critical. Ultimately, capability pertains to individual actors, but it may be aggregated to higher levels such as decision or action systems. For instance, the EU's capability to make decisions about sending police units into a potential conflict area may be high or low. It may be low because this is a problem area in which the EU institutions have limited experience or because the distribution of prerogatives and responsibilities is unclear between the EU institutions and the governments of the member states.

Some of the most important capabilities concerning the EU's capacity for conflict prevention pertain to communication with potential conflicting parties within the context of an operation or strategy for conflict prevention. Like other capabilities, these are variable, may change over time, and may become reinforced by purposeful action by EU agents. In the present context, *communication capability* may be translated into *diplomatic skill*, the conduct of which, the practitioner would argue, is basically an art. Diplomats may be trained, but essentially they learn by doing. Consequently, the EU's communication capability depends on the overall diplomatic skill of those selected to act as EU agents in, say, an international negotiation.

However, as demonstrated in a recent book from the PIN network, negotiation to prevent conflict is a special kind of diplomacy (Zartman, 2001). Different approaches to conflict prevention will require somewhat dissimilar tactics and process methods. The kind of prevention effect envisioned must condition how the EU approach, or strategy, is constructed. Otherwise, an outcome may be produced that is contrary to that desired. Conflict may be enhanced rather than prevented. For example, if the EU is negotiating standard trade agreements with Israel and Palestine, it is natural that the EU approach be driven by economic interests and normal trade policy concerns, and that it take legal realities carefully into consideration. The problem is that such an approach, which is the one that the EU has hitherto chosen, spawns further

conflict between the Israelis and the Palestinians.

Although separated by formidable walls, Israel and Palestine are linked by a sort of informal economic integration. For example, many Palestinian products enter world markets as components of Israeli goods. This integration is seriously disturbed if a large trading bloc like the EU negotiates separately with the Israelis and Palestinians, and signs separate trade agreements with each party. To prevent further economic strife between them, the EU should try to develop an approach to somehow deal with them jointly in spite of the legal and political

situation characterized by division. This would require an unorthodox approach. EU agents other than the regular trade negotiators would have to take part, and the negotiations would have to be planned and structured differently than in a regular trade negotiation.

The general point is that when the "infrastructure" of action programs—concerning, say, conflict prevention—are prepared, it is not sufficient to use conventional structural elements (e.g., legal mandates or policy instruments) as building blocks. It is also necessary to include purpose-driven functional requirements related to the process. It

is in this connection that negotiation research may give important support.

Gunnar Sjöstedt

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Truedson, L., 2000, Future challenges to conflict prevention. How can the EU contribute? Report from a seminar organized by the Swedish Institute of International Affairs, 22 September 2000, Paris, France.

Zartman, I.W., editor, 2001, *Preventive Negotiation: Avoiding Conflict Escalation*, Rowman and Littlefield Publishers, New York, NY, USA.

Game Theory and the Elements of Negotiation Processes

As the introduction to *Negotiation Analysis,* edited by H. Peyton Young, points out,

the principal theoretical tool for analyzing negotiations is the theory of games. Game theory is a misnomer in some ways, since the theory covers much more than parlor games. It applies to any situation in which the outcome of one person's actions or decisions depends, in a definite way, on the actions or decisions of others.

Nonetheless, much of the negotiation research published over the past 20 years makes no use of game theory. How should Young's apodictic statement then be interpreted? My purposes here are to show that the *analytical framework for negotiation research* developed during PIN's activities corresponds very closely to the concepts of game theory and to discuss how these two approaches are related to each other.

We begin by looking at the analytical framework for negotiation research first formulated in *International Negotiation* in 1991 (Kremenyuk, 1991) and since developed and used extensively in PIN's subsequent work. According to this line of thinking, negotiation is basically purposeful communication between two or more *actors*. Purposeful

communication consists of *strategies* developed and implemented by actors to pursue or defend their interests. The entire pattern of interaction constitutes a *process*, whose form varies depend-

ing on the actors, their strategies, and the influence of background factors. Background factors that change slowly and only over the long term constitute the *structure* in which party

Myerson's Definition of Games in Extensive Form

For any positive integer n, an n-person extensive-form game is a *rooted tree*, together with functions that assign labels to every node (decision point) and branch, satisfying the following five conditions.

1. Each nonterminal (inner) node has a *player* label that is the set $(0,1,2,\ldots, n)$. Nodes that are assigned a player label 0 are called chance nodes. The set $(1,2,\ldots, n)$ represents the set of players in the game, and, for each i in this set, the nodes with the player label i are decision nodes that are controlled by player i.

2. Every alternative at a chance node has a label that specifies its probability. At each chance node, these chance probabilities of the alternatives are nonnegative numbers that sum to 1.

3. Every node that is controlled by a player has a second label that specifies the *information state* that the player would have if the path of play reached this node. When the path of play reaches a node controlled by a player, he knows only the information state of the current node. That is, two nodes that belong to the same player should have the same information state if and only if the player would be unable to distinguish between the situations represented by these nodes when either occurs in the play of the game.

4. Each alternative at a node that is controlled by a player has a *move* label. Furthermore, for any two nodes x and y that have the same player label and the same information label, and for any alternative at node x, there must be exactly one alternative at node y that has the same move label.

5. Each terminal node has a label that specifies a vector of n numbers $(u_1,\ldots, u_n)$. For each player i, the number u_i is interpreted as the *payoff* to player i, measured in some utility scale, when this node is the *outcome* of the game.

(Myerson, 1997)

interaction takes place and the negotiation process unfolds. The *outcome* comprises the results attained in a negotiation.

Now let us consider the theory of *games in extensive form* (as opposed to games in strategic or normal form, which are more common). A formal definition of such games (from Myerson, 1997) is provided in the box on page 4. In such a game, a *strategy* for a player is any rule for determining a move at any possible information state in the game. Mathematically, a strategy is a function that maps information states into moves. For each player i, let S_i denote the set of possible information states for i in the game. For each information state s in S_i, let D_s denote the set of moves that would be available to player i if he or she were to move to a node with information state s. Then the set of strategies for player i in the extensive-form game is the so-called Cartesian product of all D_s for s in S_i.

Leaving aside for the moment the discussion of an appropriate solution
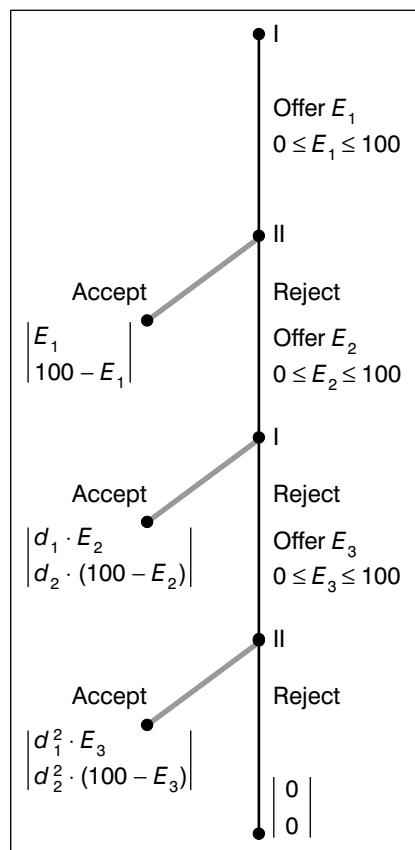
Extensive form of the Stahl–Rubinstein bargaining game with three rounds.

concept, the elements of an extensive-form game can be compared with those of the analytical framework. The rooted tree describes the entire negotiation process. Players and actors are just different words for the same concept. The information state is certainly part of the structure. The set of all possible player moves is the set of strategies, and the payoffs at outcomes are just quantitative measures of outcomes in the same sense as in the analytical framework. Having identified corresponding elements, the question is, Which differences remain? Or, to take up Young's statement, Why isn't all negotiation research applied game theory? To answer that question, we need to understand what game theory can and cannot achieve.

The figure below presents a simplified version of the Stahl–Rubinstein bargaining model (Stahl, 1972; Rubinstein, 1982). Two players bargain over the division of 100 units. For convenience, we assume that the units are transferable utility. We also assume that the players prefer reaching an agreement sooner rather than later. They discount the final bargain for each additional round of bargaining by a discount factor—d_1 for Player I and d_2 for Player II—where d is between zero and one. Each round of bargaining consists of two moves, an offer and a response. For ease of exposition, each offer is the amount Player I receives in that offer; Player II receives the remainder. Thus, this sequential bargaining game consists of the following six steps:

1. Player I offers E_1, some amount between 0 and 100.
2. Player II accepts or rejects E_1. If he or she accepts, Player I receives E_1, Player II receives the remainder, and the game ends.
3. Player II offers E_2, again between 0 and 100.
4. Player I accepts or rejects E_2. If he or she accepts, Player I receives E_2 devalued by his or her discount factor, Player II receives the remainder devalued by his or her discount factor, and the game ends.
5. Player I offers E_3, again between 0 and 100.

6. Player II accepts or rejects E_3. If Player II accepts E_3, Player I receives E_3 double devalued by his or her discount factor and Player II receives the rest double-devalued by his or her discount factor. If Player II rejects E_3, both players receive nothing. Here, the game ends in any case.

A specific negotiation analysis advises the players on matters such as how to divide an inheritance consisting of very different goods among a number of relatives. A game-theoretical analysis can do this under two conditions: if all the details of the problem are quantitatively known and if the problem is not too complicated. For example, the solution of the Stahl–Rubinstein model as presented above gives precise numerical advice as to what the two players should do at a given time if the two parties' discount rates are known. However, as already indicated, these assumptions are not always fulfilled: the structure in the sense defined above is either very complicated or not so well known, or it becomes known only in the course of the negotiation process.

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Negotiating a "Risk": Where Is the Problem?

There is a certain semantic game between two crucial notions that determine our sense of security: "threat" and "risk." As normal human beings, we want to avoid both. To do so we are ready to negotiate with anyone who may be instrumental to achieving that goal: allies, enemies, third parties, etc. We are ready to do anything—unilaterally, bilaterally, or multilaterally—to avoid threat and risk. But when discussing the possibility of a negotiation on risk control and aversion, we should specify how negotiating risk is unique and specific, and how it differs from other types of negotiation.

There are several crucial conditions in the absence of which negotiation is simply not possible. One of the most important is the identification of a set of interests shared by the parties, including the need to find a negotiable solution to the disputed problem through joint action. Identification of such interests often lies in the nature of the negotiated issue—particularly in negotiations on risk.

To begin with, what is the difference between threat and risk? The majority of those engaged in the business of negotiation agree that, although both categories are extremely similar, they are not identical: every risk is a threat, but not every threat is a risk. The greatest difference between the two lies in the origin and way of performance: whereas a threat comes from identifiable sources and may be traced toward its full demonstration, a risk may be imagined and it may be difficult to identify its origin and to describe its possible form of existence.

The difference can be explained in practical terms with a real-world example. During the Cold War both the Soviet Union and the USA knew perfectly well the threat each posed to the other. This threat was conceptualized through the knowledge of the other's capabilities and operational doctrine—under what conditions, in which forms, and to what extent the other side would use its military capabilities to attack (or counterattack). Each side wanted the other to know the real state of affairs. Although "strategic bluff" was a part of the equation on both sides, each preferred to send verifiable signals to the other in order to make it believe the threat of attack (or counterattack) was real. This assessment of threat portended no risk, but in reality a rather high level of risk existed, originating from the possibility of (1) human or technical error or (2) wrong or false signals that could trigger the other side's response as a result of the principle of "launch or warning" (LOW) (Frei, 1984).

So, first of all a risk should be distinguished from other threats as a subject of negotiation. Because of its origin and forms of performance, risk is not simply different from other threats; it is a type of event that challenges the capacity of a single actor or group of actors to keep the situation under control. Unlike other threats, risk cannot lead to either retaliation or reciprocation. Rather, it is a challenge to the orderly sequence of events, to predictability, and to stability. And as such, it must be negotiated between actors who feel their legitimate interests may be threatened by the risk.

As a rule, when two or more sides begin a negotiation on risk, they already agree (1) that there is a subject for negotiation, (2) that it can be negotiated, and (3) that both sides can find a solution to the problem. This knowledge comes from risk assessments by individual experts and government officials, from the existing literature and media reports, and from public opinion. All these elements usually give a detailed judgment on the existence of the risk and its possible consequences. Very often, this concern plays a major role in the start of negotiations, although there have been situations where negotiations were started and concluded in the absence of a public outcry (e.g., those concerning the ozone layer).

Nevertheless, because of some special features of the risk, a significant part of the first stage of the negotiation is devoted to risk identification and a joint assessment of its existence and qualities. Since risk often exists only as a probability, it can be difficult for the negotiators to find common approaches. While a risk may unite negotiating parties (e.g., the risk of proliferation of weapons of mass destruction), at the same time it may separate them, putting them at odds because of differences in their assessments of the size of threat, its mode of development, etc.

Identifying the risk involved is an unavoidable part of the negotiation. It naturally extends into risk assessment and evaluation, because a proper negotiation demands not only an agreement that a risk exists, but an estimate of its magnitude, its possible advent, and the conditions under which it may become real. Of course, this does not mean that the negotiation process in this case will become less difficult or less desirable. But bearing in mind the differences in capabilities, ways of thinking, positions, and traditions, it is easy to imagine that negotiating all possible aspects of risk is a difficult undertaking. What makes it especially difficult is the identification of the possible threat that such a risk may present, because neither side will negotiate the risk's theoretical magnitude (this will be left to academic experts). Rather, they will concern themselves with the practical aspects—first and foremost, the extent to which such a risk may challenge their individual or collective ability to foresee such a risk and to plan for such a contingency.

No less difficult is the other part of negotiation on risk: its purpose. The ideal solution is to eliminate the risk completely. However, doing so is not always within the negotiators' capabilities, nor is it completely in their interest if there is an asymmetry in the risk evaluation and expectation. Therefore, as a first step in this stage of negotiation an exchange concerning what to do with the risk once it is identified, evaluated, and agreed upon is logical and expected. Without necessarily revealing all their fears and hidden agendas, the negotiators establish the extent of their differences—specifically, whether to

eliminate the risk, to limit it, or to establish a procedure that would permit the parties to start an exchange once such a risk appears. The last of these options is similar to US–Soviet agreements on risks of inadvertent nuclear war, of incidents on and over the high seas, and of unauthorized missile launches. None of these cases initially led to the establishment of standing mechanisms to deal with the risks; instead, procedures were established to be implemented once a risk of that type appeared.

One possible area of negotiation on risk is risk reduction—measures to reduce either the scale or probability of a given risk. In this case, the negotiation concerns measures that may be helpful, but the threat as such is not discussed. Another possible aim for negotiation on risk is risk avoidance or risk prevention. Not all experts agree that these concepts are identical, but they are very close in their meaning and may be regarded, especially by practitioners, as one goal for negotiations.

In dealing with risk negotiations—especially with the goals of these negotiations—one must distinguish between natural risks presented by natural disasters (floods, droughts, etc.) and risks from human activities (wars, terrorist attacks, industrial accidents, etc.). This is important because both the entire approach to negotiation and the negotiation process itself depend on the type of risk involved. When it comes to natural disasters, negotiators always feel some sort of human solidarity, which almost automatically increases the amount of common interests and common goals in agendas. When it comes to risks from human activities, the situation changes. What matters in this case is the source of the risk, whether friendly, unfriendly, neutral, etc.

Victor Kremenyuk

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Book Reviews: Business Negotiations in Practice and Theory

Shell, G. Richard, *Bargaining for Advantage: Negotiation Strategies for Reasonable People.* New York: Penguin, 1999. ISBN 0 14 02.8191 6 paper.

Thompson, Leigh, *The Mind and Heart of the Negotiator.* Upper Saddle River, NJ, USA: Prentice Hall, 2001. ISBN 0-13-0017964-7 paper.

Books for the businessperson on how to negotiate are almost a dime a dozen (but the real price is negotiable). Generally, they are Books of Proverbs, sententious and often contradictory pieces of wisdom about what to do, with little sense of when to do it and no theory to tie it all together. The better among them do have some theory of negotiation, that is, a generalized notion of its dynamics.

To Richard Shell, who teaches negotiation at the Wharton School of the University of Pennsylvania, negotiation is composed of situation and style, but its dynamics depend on the negotiators' security points (what they get without negotiation), which are the source of leverage. The situations involve the four combinations of stakes and relationships: balanced concerns, where both the relationship and the stakes are important; relationships, where stakes are nonconflictual; transactions, where stakes outweigh relationships; and coordination, where stakes and relationships are low. The styles vary in number, but the most important are the compromiser, the competitor, and the problem-solver, all self-determined, with greater emphasis on the first two types. As in the better social psychological analyses, the appropriate tactic is recommended on the basis of the other's personality style (assuming that one's own personality style is open to recommendations).

The moving part in this machinery is provided by leverage, intelligently discussed and variously defined as deriving from "the balance of needs and fears" (p. 92) or "who has the most to lose?" (pp. 105, 175). This provides the key to the Negotiator's Dilemma: "As your leverage goes down, your need to soften your approach rises. And as your leverage rises your need to accommodate goes down—regardless of the situation you are in [and regardless of your personality style]" (p. 175). Leverage also derives from the ability to supply and to remove items the other side needs or wants. This is a conservative conceptualization, since it refers to losses rather than gains and hence encourages risk-averse behavior.

The book further divides negotiation into four phases, with a heavy emphasis on diagnosis, which in turn underscores the need for the negotiator to know his or her situation, style, and security point. Unfortunately, it is all concession/convergence analysis, missing the notion of a formula and reframing, which is the basis of a fully integrative understanding of the process.

To Leigh Thompson, who teaches negotiation at the Kellogg Graduate School of Management at Northwestern University, the essential categorization is between the two types of negotiation: distributive or concession/convergence, and integrative or win-win. The two are also linked to two important normative concepts, the first associated with fairness and justice and the ways of achieving it in its different meanings, and the second related to a long treatment of trust and the ways of building and repairing it.

Again, the moving part of the machinery is provided in part by power, whose most important source is the security point or best alternative to a negotiated agreement (BATNA). The security point is not simply an element that gives a party its bottom line, but also a base for creativity in expanding the pie. A BATNA can be improved (and an opponent's BATNA weakened) as part of the negotiation dynamics. Power is also expressed through tactics of persuasion as well as through appropriate tactics for structural situations of symmetry and asymmetry.

But the work also presents another component of dynamics related to its emphasis on integrative negotiations, that of creativity. Thompson heavily emphasizes the need for an array of measures to expand the pie, so that it then may be cut more easily to the satisfaction of all the parties. The work recognizes the epistemological—and therefore also practical—problem with creativity, that it has no single theoretical dimension. Creativity is a release from unidimensional constraints, a challenge to "think outside the box," an invitation to trial and solution through trial and error, the result of a mental model of negotiation as problem solving, which Thompson—like Shell—identifies as the least common.

The problem with integrative bargaining is that it is much less amenable to theoretical formulations than concession/convergence thinking. The latter involves tactics along a battleline, which moves back and forth across the terrain of outcomes, whereas the former involves tricks to stimulate invention, reframing the stakes and adding new elements and dimensions. Both types are necessary, especially since much of business negotiation involves preestablished elements of trade. Reframing and expansion of the stakes are always possible; and integrative bargaining may be illegitimate when stakes (like the return of hostage airmen) are fixed or simply confusing to an opponent used to thinking only in terms of concessions.

But for that very reason the message of integrative negotiation is so important. Thompson declares that most people are ineffective negotiators precisely because they remain locked into fixed stakes and are unwilling or unable to work for broader, more creative outcomes. Shell's message is more limited and analytical: negotiations are ineffective when the parties mismatch their styles and their situations.

Both books are rich in their understanding and advice; Shell's in particular is full of illustrative anecdotes. They cover much of the same terrain and both cover it well. But their understanding of negotiation differs somewhat, producing different results.

I. William Zartman

The European Union as a Negotiated System

In the academic world, several theories have been used to explain the ever-growing integration of (Western) Europe (Cram, 1999). The first theory employed was functionalism, which holds that cooperation between countries leads to interdependency, which in turn fosters peace in the region concerned. Essentially, the economy is a tool for enhancing peace and security. Along these lines, the European Union (EU) can be seen first and foremost as an instrument of internal and external security. According to these ideas, functional cooperation "spills over" from one area to another.

A second theory, transactionalism, bases its explanation of integration on the intensification of transactions between countries. Intensified cooperation leads to greater understanding and the creation of a system of shared values and norms. Whereas functionalism is about institutions, transactionalism is about processes. A third theory, neo-functionalism, tries to find a synthesis between both approaches.

It can be argued, however, that the EU is in the end a negotiated system. Negotiations are the main tool for shaping the Union's institutions and regulations. It would therefore be wise to study the processes of EU negotiation in order to achieve a better understanding of the way the EU is created on a day-to-day basis. Negotiation is the lifeblood of the Union. One must analyze it to understand why the EU has been and will be forged in a certain way. The EU, afterall, is like a group of one-cell beings (states) that give up part of their autonomy to create a stronger and more potent organism that will serve all. The EU adds value: the member states as a united front should be greater than the sum of the parts. Whether this should be undertaken through supranationalism, intergovernmentalism, or a mixture of the two is another matter. The point here is that negotiation is the instrument used by the constituent parts to solve the problems that block their coming together.

Perhaps it goes a bit too far to declare that there should be something like a theory of *negotiatism*. However, it does make sense to unravel the negotiation processes in order to come to grips with the way policy making is approached in a group of countries working so closely with one another. Negotiation in the EU is a multilateral process that is international in nature but has supranational elements. In a way, the process is sandwiched between national and international negotiation. There is more control than in international negotiation processes, but less than in national processes. Diplomats are present on the scene, as in other international negotiations, but civil servants have slowly but surely become the dominant force, as in national negotiation (Meerts, 1999). In other words, this is a system in transition—in a number of ways. For instance, while traditional bilateralism is being pushed out the front door by multilateral EU processes, new bilateralism is coming in through the back door as a way to deal with the ever-growing complexity of multilateral interactions. Bilateral negotiations and lobbying are needed to keep the machine going. The more formal institutions and regulations that are created, the more informal tools that are needed. It is of interest to note, by the way, that in the latest issue of *International Negotiation* (vol. 5, no. 3, 2000, p. 571) "parallel informal negotiation" has been labeled as PIN (*sic!*).

The negotiation processes and their immediate environment need to be studied to discover how to deal with complexity and how to prevent the EU from grinding to a halt as a conse-

quence of its own growth. One way to answer this question is by looking at the behavior of the EU negotiator. How does he or she deal with the EU negotiation processes? In a study conducted at the beginning of the 1990s, an attempt was made to sketch the profile of the EU negotiator (Meerts, 1997). In 1993, 260 surveys of 95 questions were sent to European Departments or Ministries of Foreign Affairs. Forty percent of the diplomats from five countries (Belgium, Denmark, Ireland, The Netherlands, and Portugal) responded. Some conclusions were drawn on the basis of those results. The figures were presented in an article in *Group Decision and Negotiation* in 1997. They are but a small contribution to the intriguing questions of how people negotiate within the EU, what the most effective form of EU negotiation might be, and to what extent negotiation processes contribute to European unification.

Paul Meerts

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Current Negotiation Analysis: Camp David 2000–2001

The present-day paradigm for peacemaking in extremis is a "pure negotiation" event in which the parties are locked in a space under the beneficial ministrations of a mediator, with no communications in or out, no chance to exercise power by changing the situation on the ground, and no release until an agreement is signed. This was the model of the original Camp David talks on 6–17 September 1978 for Israeli–Egyptian relations, of meetings in Oslo (in extended form) on 20 January–13 August 1993 on Israeli–Palestinian relations, and of talks in Dayton on 1–22 November 1995 on the war in Bosnia. These three instances provide neat, self-contained cases of negotiation, ready for analysis. However, this model failed at Rambouillet on 6 February–18 March 1999 in discussions on Kosovo, and failed with catastrophic effect at Camp David in December 2000, with a reprise in January 2001, on Israeli–Palestinian relations. Why?

There were three major problems with the Camp David exercise:

First, it should never have happened in the first place because the necessary preparation work had not been done. Specifically, neither side had prepared its own population for the kinds of concessions that an agreement required or for a final agreement itself. At best, both sides looked for a separation, not realizing that it was impossible, and neither side was prepared for a neighborly relation. Yet the most important lesson of Oslo was that the key to its success—secrecy—was its undoing. As has been said, Oslo killed Rabin and Hamas elected Netanyahu. That was 1994, to be repeated in 2001.

Second, since it did happen, the two sides should have called a recess after the Israeli offer was tabled, suspended the talks for a specific time, and gone home to prepare their populations and prepare each other's populations. Breaking off talks was an inappropriate response, as was each side's campaign at home and abroad to build up support for a hardline response and a defense of breakoff. As F.W. de Klerk and Nelson Mandela know from practice, the success of an agreement—particularly among neighbors—depends on selling one's proposals to the opponent's reference group or population, in addition to selling one's own population on the need for compromise and the advantages of an agreement. Instead, they built up their security points and trumpeted the inadequacies of the other's position.

Third, when they returned, the parties should have kept negotiating to construct a viable and mutually acceptable agreement. The Israeli offer was at the same time creative and inadequate, to use mild terms. It put a revolutionary position on the table that—despite Ariel Sharon's claims—can never be taken back: the division of Jerusalem. It also reaffirmed the territorial base of a Palestinian state as almost all of the West Bank and Gaza, with additional territory elsewhere to make up the shortfall. But the 90% proposal of Ehud Barak and the 96% and 94% proposals of Bill Clinton all show Israeli fingers of territory reaching far into Palestine, often more than halfway across to Jordan and cutting almost all the major Palestinian roads, in order to annex conquered territory for the Jewish settlements. Similarly, the creative fudging of sovereignty and administration in Jerusalem left occupied territories of East Jerusalem under Israeli sovereignty. And the additional land to make up the 100% came, not in areas contiguous to the West Bank or Gaza, but in an area known as the Halutza Sands barely touching Gaza along the Egyptian border. Starters these may have been, but they were not finishers. Yet they were presented as the consummate generosity, take it or leave it. Similarly, the Palestinian position demanding the return of all occupied territories to Palestine and the right of return of all Palestinians to Israel was a nonstarter.

When an agreement is more harmful to both negotiators than non-agreement in their referent population's eyes, when parties cannot think of making concessions or building formulas, and when there is no bargaining zone involving opposing positions, there is no chance for negotiation.

I. William Zartman

Sovereignty and Negotiations

The concept of sovereignty in international relations is rapidly eroding. Until the beginning of the 20th century, the absolute authority of the nation-state was a salient feature of the international system. The prototype of a modern state was thus associated with the notion of sovereignty, implying the state's formal independence from any other power. According to classical political theory, the world was divided into fully sovereign states—considered the principle actors on the international stage—and dependent territories lacking the prerequisites of sovereignty. Therefore, only sovereign states could act as responsible and accountable negotiatiors.

Obviously, the ideal state—entirely self-reliant, powerful, and fully independent—has never existed in reality. As a concept of international law and political theory, however, the notion of the sovereign state developed into a basic element of the world's public order.

The Charter of the United Nations lists the principle of "sovereign equality" of all member states among its key principles (Article 32, Paragraph 1). It affirms that, as the main actors on the international stage, states are endowed with equal rights irrespective of any disparities that may exist in reality. According to this principle, as the principal subjects of international law, states possess the attributes of external sovereignty. They have all the essential characteristics of statehood: territory, population, and an effective government. The principle of equality is also a basic assumption of negotiation, in that all parties are equal because each has a veto and so can prevent an outcome from coming into being. Equality is a basic element in the ethos of negotiation.

In the present-day context, the integrity of the principle of sovereignty is under heavy pressure from various quarters, with consequences for both the parties and the subjects of negotiation. In this era of globalization and international cooperation in the political, economic, and social spheres, no state can possibly isolate itself from the impact of these factors. In addition, forces quite different from nation-states have come to the fore, making the concept of absolute state sovereignty somewhat fictitious. Ideology, mass media, and religion, and the worldwide interaction of the major economic operators are all contributing in their own way to the erosion of the sovereignty principle.

On the one hand, some of the forces at work (e.g., the impact of public opinion, the Greenhouse effect) are difficult to "domesticate." Nonetheless, such forces exercise an eroding effect on the state's cherished doctrine of full sovereignty with or without its participation. On the other hand, states are increasingly recognizing that the benefits of international interaction and cooperation far outweigh the usefulness of the rather abstract notion of "full sovereignty." Therefore, they engage in international negotiations in order to agree on the extent to which they are willing to give up certain sovereign rights in exchange for the benefits of an agreement in the participants' mutual interest. In an ideal world treaties would be concluded on the basis of consent by all parties. There is no denying, however, that in many instances (e.g., peace treaties), sovereign rights are given up only under pressure, leaving little or no choice to the weaker party. Generally speaking, all international negotiations cause collateral damage to the no-longer-sacrosanct principle of sovereignty. Bilateral or multilateral agreements, membership in international organizations, or the acceptance of international regimes and customs all imply sacrificing a measure of sovereignty.

In this context the phenomenon of the European integration is of particular interest. The negotiating process that has led to the treaty of the European Union (EU) as recently amended in Nice presents a showcase for the erosion of sovereignty. If the EU takes its course in the direction of a European Federation, little will be left for the individual member states in terms of sovereignty in the classical sense. All this, of course, is a matter for European fantasy and for international negotiations.

There is no scarcity of literature on the erosion of the concept of sovereignty. However, little or nothing has yet been written on the effects of this loss of sovereignty on the negotiation process. Therefore, it is to be hoped that this interrelation will be studied in depth.

Franz Cede

Recently Published PIN Books

International Negotiation— Second Edition

Jossey-Bass Publishers of San Francisco are publishing a second edition of *International Negotiation: Analysis, Approaches, Issues,* one of the first and most important books issued by the PIN Project. The importance of this undertaking should be fully understood. An overarching aim of the PIN Project at IIASA has been to try to find a common approach to this multifaceted subject for scholars from strikingly different educational, cultural, political, and geographical backgrounds. A second goal is to produce integrated works (not merely collections of individual papers) of interest to university students, teachers, diplomats, and other professionals. The fact that a second edition of this work is called for means that we have passed an important test: despite its rather high price, its relatively academic and abstract nature, and its sometimes controversial statements, the book has found an audience.

Of course, some minor changes will have to be made—since the publication of the first edition, some important changes have taken place. But, in essence, the book will remain as it was, continuing to disseminate its message.

The gist of that message can be summed up in two words: problems and negotiations. The work began as the Cold War was already winding down and both superpowers—the Soviet Union and the USA—were beginning to understand the importance and relevance of negotiations. It was a time when the old art of diplomacy received a fresh assessment and world developments—technological, cultural, intellectual, artistic, etc.—encouraged a new look at negotiations.

The PIN Steering Committee, at that time taking its first steps, grasped the moment and delved into what has since become a fashionable area of study: not military strategy, not electronic decision making, but the old human tradition of sitting together and deciding what to do once a problem appears that people want to work together to solve.

The book did not appear in an intellectual desert. A respectable list of publications on the subject already existed, and figures like H. Raiffa, I.W. Zartman, F.C. Iklé, and R. Fisher were already known for their contributions in the field. But the first PIN book broadened the notion of negotiation research for many people in many countries.

Over the years, PIN has held meetings and conferences on the subject. New books on the cultural aspects, power relations, and multilateral dimensions of negotiation, and on new areas of negotiation (e.g., concerning trade, economics, water disputes, and nuclear safety) have been written. PIN has recruited several thousand interested people in dozens of countries. And all of this started with the publication of *International Negotiation*.

The second edition of *International Negotiation* will carry PIN's message to new audiences. At the same time, it will illuminate new study possibilities, new horizons, and new research problems in the research area.

Victor Kremenyuk

Preventive Negotiation: Avoiding Conflict Escalation

Negotiation lies at the core of preventive diplomacy. *Preventive Negotiation: Avoiding Conflict Escalation*, edited by I. William Zartman, is unusual in approaching preventive diplomacy by issue area. The book looks at how preventive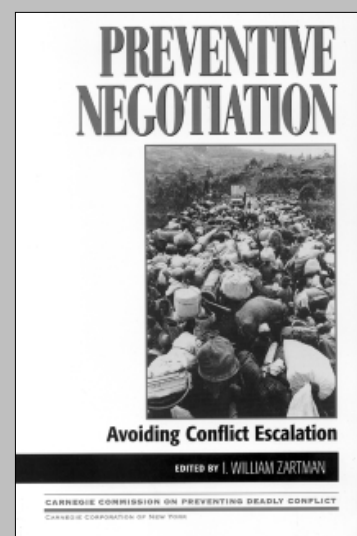 negotiation has been practiced, notes its characteristics, and then suggests how lessons can be transferred from one area to another, but only when particular conditions warrant such a transfer. The distinguished contributing authors treat 11 issues: boundary problems, territorial claims, ethnic conflict, divided states, state disintegration, cooperative disputes, trade wars, transboundary environmental disputes, global natural disasters, global security conflicts, and labor disputes. The editor's conclusion draws out general themes about the nature of preventive diplomacy.

Preventive Negotiation: Avoiding Conflict Escalation
Edited by I. William Zartman

1. Preventive Diplomacy: Setting the Stage — *I.William Zartman*
2. Boundary Conflicts: Drawing the Line — *Kjell-Åke Nordquist*
3. Territorial Conflicts: Claiming the Land — *Anatole Ayissi*
4. Peacemaking Processes: Forestalling Return to Ethnic Violence — *Timothy Sisk*
5. Divided States: Reunifying without Conquest — *Sukyong Choi*
6. Disintegrating States: Separating without Violence — *P. Terrence Hopmann*
7. Cooperative Disputes: Knowing When to Negotiate — *Fen Osler Hampson*
8. Trade Wars: Keeping Conflict Out of Competition — *Gunnar Sjöstedt*
9. Transboundary Disputes: Keeping Backyards Clean — *Bertram Spector*
10. Global Natural Disasters: Securing Freedom from Damage — *Winfried Lang*
11. Global Security Conflicts I: Controlling Arms Races — *James Goodby*
12. Global Security Conflicts II: Controlling Alliance Crises — *Victor Kremenyuk*
13. Labor Disputes: Making Use of Regimes — *Mark Anstey*
14. Conclusion: Discounting the Cost — *I. William Zartman*

PIN *Points*

The Processes of International Negotiation Project

Culture and Negotiation Translated into Chinese

A Chinese translation of *Culture and Negotiation: The Resolution of Water Disputes* has recently been published by the China Social Science Documentation Publishing House, Beijing. The book, edited by Guy Olivier Faure and the late Jeffrey Z. Rubin of IIASA's PIN network, was originally published in 1993 by Sage Publications. *Culture and Negotiation* was the outcome of cooperation between UNESCO and IIASA. The cultural factors bearing on international negotiations are a topic of importance, not least in the environmental field. The book's strength is its combination of a lucid and comprehensive discussion of issues and concepts with a series of case studies concerning specific rivers and the people who live and produce on their banks and tributaries. The result throws interesting light on the cultural parameters of human agreement and discord, and offers useful, practical pointers for the art of negotiation. For further information, e-mail Ms Xi Cheng: xi_cheng@hotmail.com.

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