

## INTERNATIONAL NEGOTIATION

University of Southern California  
School of International Relations

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Negotiation is one of the most common processes of life including international relations, yet governments and people often fail to use it as effectively as they might. This course is designed to help improve your skill as a negotiator, while you learn more about IR. It offers a conceptual framework to help you diagnose most bargaining situations. You will develop a feel for the process by dissecting what professionals did in historical episodes--economic, environmental, and military-political--and by watching experienced negotiators and mediators on tape. You will practice applying these ideas by negotiating with other students. You might even learn more about yourself.

**PREREQUISITES:** Two years of college study in the social sciences and willingness to work hard and have fun. Recommended: two courses in IR.

**REQUIREMENTS:** The syllabus lists eight short homework assignments called journal entries, falling mostly in the first half of the course--classes 2, 3, 6, 10, 15, 17, 20, and 28. You must write the first plus any four of the others. We do not accept papers by email. The student is expected to attend every class and answer questions. Each unexcused absence beginning with the second will reduce the grade on the next strategy memo by one point, except no more than five points will be deducted from one memo. **FINAL GRADE WEIGHTS:** Journal entries 20%; first strategy memo 20%; second strategy memo 25%; research memo 35%.

We will accept any paper late with a penalty of ten points (one letter grade) except not more than one week after it is due. Failure to complete a bargaining exercise with another student on time, without advance notice or a compelling excuse, will lower the final course grade average by one percentage point. Successful completion of JEP (including Peace Games) or TIRP will raise the final average by one percentage point.

It will make the most sense to complete assignments in the order given. All readings listed are required. For help in finding them, please see Annex C at the end of the syllabus.

**PART ONE: CLAIMING VALUE WITH TWO UNITARY PARTIES**

1. **13 January.** Tips for success in this course.
2. **15 January.** Study Lax and Sebenius, *The Manager as Negotiator* (B), chs. 1-4, and prepare to give oral answers to the following questions:
  - a. What are the meanings of basic concepts used to analyze any negotiation's static properties -- the negotiator's dilemma, claiming value, creating value, issues, interests; the "no agreement alternative"; the reservation value; the bargaining range (or zone of agreement)?
  - b. Under what conditions you would prefer to avoid negotiation?
  - c. Turn in a 2-page journal entry answering these questions (J1, mandatory). Keep copies of all your journal entries together in order; you will need them later. This entry may be an outline with a short definition of each concept and a concrete example of each, different from those in the book. Give each paper a short title like "journal entry on value-claiming tactics." Typing is preferred. (One page means about 250 words.)
3. **20 January.** Study *The Manager as Negotiator*, chap. 6.
  - a. Turn in a journal entry (J2) consisting of 1 or 2 page list of tactics that could be considered if you are assigned to claim value or defend against a value claimer in a future negotiation. Define each tactic in a sentence and make up an example different from those in the book. The list should be useful to you personally in the future. It should reflect what you have read, as well as your personal thinking, selection and synthesis.
  - b. Come to class prepared to explain why these tactics will work, when they will. To what dangers will they probably expose you?
4. **22 January.** Study H. Wriggins, "Up for Auction: Malta Bargains with Great Britain," in *The 50% Solution*, ed. I. W. Zartman, pp. 208-234 (A). Prepare to answer questions like these:
  - a. What was Malta's best alternative to an agreement with Britain? What was Britain's best alternative? Which party had the more attractive alternative?

- b. At the outset did a positive zone of agreement probably exist?
- c. Did either negotiator use value-claiming tactics? Value creating tactics?
- d. How did Mintoff make commitments? How did he make them credible?
- e. Does the bargaining range change over time? Do the parties' moves affect it?
- f. Why did this negotiation turn out as it did, rather than in a deadlock or an agreement with greater gain or loss for the parties?
- g. What lessons do you want to remember from this case?

**5. 27 January.** Study *Korean Joggers* (II), Pew 126

- a. Do you think a positive zone of agreement existed at the outset? What information do you need in order to answer this question? Ignore any domestic divisions for now.
- b. Where would you locate the outcome's value in the zone of agreement?
- c. What portable lessons can you derive from this episode?

**6. 29 January**

- a. Read guidelines to prepare to analyze a videotaped negotiation of a business transaction (C) (Blackboard)
- b. Study *Manager as Negotiator*, chapters 5 and 7.
  - i. How do negotiators create value or joint gains? Where do such mutual gains come from? Have you seen any examples in this course or elsewhere? Turn in 2 page J3 listing tactics or actions you could use to create joint value. Include a simple definition and make up an example for each tactic.
  - ii. Suppose you and a counterpart reach a tentative negotiated agreement. Have you "left any money on the table"? How could you make sure the two of you could not gain even more? What is the meaning of "an efficient agreement"?
  - iii. How could you manage the negotiator's dilemma? Can you think of a concrete example of someone who did?

**7. 3 February.** Study *Negotiating with Terrorists: TWA Flight 847*, Pew 333 (II)

- a. Who are the core negotiating parties (as opposed to intermediaries between the parties), and what are their main issues, goals and resistance points at the outset?
- b. How would you classify their strategies and tactics in terms of our negotiation theory?

- c. Why did the outcome turn out as it did and why did it not occur sooner? Why not later? Who gained what, and who lost what? Is it wise to take hostages and threaten them with death? Is it wise to make concessions to violent hostage takers?
  - d. Could any of the core parties have done better for its main goals, in your judgment? If so, how?
  - f. Before or after class, record lessons learned in your journal. No need to turn in this entry.
8. **5 February.** Study J. Odell and M. Matzinger-Tchakerian, *EC Enlargement and the United States*, Part A (C). Turn in strategy memo #1, following guidance given in syllabus annexes and in class. In place of your name give your USC identification number instead. Part B will be distributed in class.
9. **10 February.** Study guidelines to prepare to analyze a videotaped negotiation of a divorce dispute (Blackboard). Review *Manager as Negotiator*, chap. 7.

## PART TWO. MIXED STRATEGIES, CULTURES, AND ETHICS

10. **12 February.**
- a. Study *Manager as Negotiator* (B), chap. 9
  - b. Study Fisher and Ury, *Getting to Yes* (B), pp. 1-40.
  - c. Add to your journal new ideas for claiming or creating value that you find in these two books.
11. **17 February.**
- a. Review *Manager as Negotiator*, chap. 5 & 7 and journal entry on creating value (class 6).
  - b. Study *Getting to Yes*, pp. 41-111. Also recommended: "What if They Won't Play?" and "What If They Use Dirty Tricks?" Add to your earlier journal entries any new ideas that seem worth remembering.
  - c. J4 due today. Write 2 to 3 pages on ways to manage the dilemma between claiming value and creating value. To prepare, review chapters you have read in *Manager as Negotiator* and *Getting to Yes*. Note: If you have not submitted any journals, you must submit this one and all the rest.

Negotiate the Nari/Geodesic Dynamos exercise by Monday 23 February. Use role assignments and instructions distributed in class. Do not discuss this exercise, either before or after playing it, with any other student. Allow two hours for reading and careful preparation before negotiating. Review your notes and journal entries and try to apply those ideas. Each player should seek the largest possible gain or savings for his or her boss. The instructions indicate numerical payoffs called "utilities" for each possible outcome; endeavor to report as large a total as you can. Assume that everything your boss cares about is already represented in these scores. Never show your confidential instructions to others. Do not do anything you feel would be unethical. Deliver your scoring sheet to Professor Odell's mailbox in VKC 330. To send a fax to 213 742 0281, mark it "Odell" clearly at the top.

- 12. 19 February.** Study *Mexican Natural Gas*, HBS case 9-382-048 (II).
- What are your best estimates of the two negotiators' reservation values? (Ignore domestic disagreements for now.) Did a positive zone of agreement exist at the outset of negotiation?
  - How would you classify Mr. Diaz Serrano's strategy? the quality of his analysis? his tactics?
  - How would you classify Mr. Schlesinger's strategy? the quality of his analysis? his tactics?
  - Compare Diaz Serrano's outcome with Mintoff's in the Malta episode. How would you explain the difference in results?

**Monday, 23 February, 3 pm.** Deadline for turning in your scoring sheet from the *Royal Kingdom of Nari and Geodesic Dynamos* exercise (C).

- 13. 24 February.** Analyze how well you did in Nari/Geodesic Dynamos.

**14. 26 February.**

- Read notes to prepare for discussion of a video on gender and negotiation. (Continues on next page)
- Read M. Bazerman and M. Neale, *Negotiating Rationally*, pp. 1-22 (B, in bookstore & Blackboard, not in course reader).
- Read "Negotiating with the Americans," *Contract Management* 1998

**15. 3 March**

**If your family name begins with A through L:**

- a. Study M. Bazerman and M. Neale, *Negotiating Rationally*, pp. 23-48
- b. Did any of the barriers to agreement discussed in this book block a superior outcome in the case of Malta? Mexican natural gas? TWA flight 847? EC enlargement? Your Nari/GD exercise?
- c. Optional: Turn in 3-page journal entry J5. Define and briefly illustrate negotiator biases that have been documented in experiments, according to *Negotiating Rationally*. Then illustrate one or two of these biases by citing one or two cases or personal exercises from this course.

**If your family name begins with M through Z:**

**Go to Leavey Library, basement auditorium,** not the normal classroom. To prepare for a briefing on conducting research, read annex B and spend at least one hour looking for topics for your final memo. Go to USC electronic resources ([www.usc.edu/isd/elecresources](http://www.usc.edu/isd/elecresources)) and familiarize yourself with three databases: Global Newsbank, Lexis-Nexis, and Academic OneFile. For other leads, check [www-rcf.usc.edu/~odell](http://www-rcf.usc.edu/~odell), Useful IR links.

**16. 5 March.** Reverse the assignments for class 15. If your family name begins with A through L, go to Leavey Library. If your name begins with M through Z, prepare *Negotiating Rationally* and so forth as indicated for class 15. For you the optional journal will be due today.

**17. 10 March.**

- a. Study D. Lax and J. Sebenius, October 1986, "Three Ethical Issues in Negotiation," *Negotiation Journal* 3: 363-70 (A).
- b. Study Reitz, Wall, and Love, May-June 1998, "Ethics in Negotiation: Oil and Water or Good Lubrication?" *Business Horizons* 41: 5-15.
- c. Evaluate tactics you used in your bargaining exercises. Did you always do the right thing? How would you define the right thing or ethical behavior in this context? Submit a two page journal entry J6 stating how you will draw the line between ethical and unethical negotiating tactics in your next exercise (issue #1 in this article). What principle or test will you apply? Make references to the readings. Name and give examples of specific moves or tactics that would be on each side of your line.

**Wednesday, 11 March, 3 pm.** Deadline for the *United States-Mexico Toxic Waste Negotiation* (C), using role assignments and instructions distributed earlier. The same ground rules as in Nari/GD apply here. Review your notes and journal entries and try to apply those ideas. Each player should seek the largest possible savings relative to arbitration. Turn in your score sheet to VKC 330.

18. **12 March.** Evaluate how you did in *US-Mexico Toxic Waste*.

## RECESS

19. **24 March.** Individual appointments rather than class meeting. Select one contemporary negotiation for your final research paper, plus one or two alternatives should research on #1 indicate that it is not a good choice. Write a simple research plan--listing types of information you would like to have, steps to take to get each, and a deadline for each step that will complete the paper by the final deadline. It can be in outline form. Turn in your plan for approval and help today (mandatory).

## PART THREE. MANAGING INTERNAL DIVISIONS

20. **26 March.**

- a. Study *Panama Canal Treaty Negotiations*, A and B (Harvard Kennedy School cases C14-79-223 and 224 (II)).
  - i. What main foreign-policy objectives were US Presidents aiming to achieve by means of this negotiation (1973-1977)?
  - ii. What steps did the negotiators--Ambassadors Bunker and Linowitz--take to meet the challenge of managing internal divisions?
  - iii. If you were assigned to act as agent for a country or client with divisions like this, what are the most important lessons to remember from this case?
- b. J7: How did internal differences inside the US affect the negotiation of this treaty? Answer the 3 subquestions above (2 to 3 pages).

21. **31 March**

- a. Walton and McKersie, *Theory of Labor Negotiations*, chap. X (A)

- b. *The Manager as Negotiator*, chap. 17
  - i. What general tactics for dealing with internal divisions can you find in these two chapters?
  - ii. Do any new dilemmas arise here?

**22. 2 April**

- a. L. Martin and K. Sikkink, 1993, "U.S. Policy and Human Rights in Argentina and Guatemala, 1973-1980," in P. Evans, H. Jacobson and R. Putnam, *Double-Edged Diplomacy*, pp. 330-62 (A).
  - i. Why did Washington claim greater human rights concessions, in effect, from the government of Argentina than from tiny Guatemala?
  - ii. Under what conditions would you expect such concessions in the future?
- b. G. Winham, 1980, "Robert Strauss, the MTN, and the Control of Faction," *Journal of World Trade Law* (A).
  - I. Why did internal opposition fail to block this deal that created value?
  - ii. Did the bilateral *Korean Joggers* negotiation have anything to do with this multilateral outcome?
- c. Using these ideas, re-analyze why the gasoducto episode unfolded as it did. And could either party have managed its counterpart's or its own internal differences better?
- d. Re-analyze the "Yuppie war" process to answer the same two questions.

- 23. 7 April.** Study J. Odell and A. Dibble, 1992, *Brazilian Informatics and the United States, 1984-1988*, Part A (C). Turn in strategy memo #2, following guidance given in annexes and in class. Review comments on memo #1. Add to the outline in annex A the questions concerning internal divisions developed in part three of the course. Part B will be distributed in class today.

**PART FOUR.  
MEDIATION AND MULTILATERAL NEGOTIATIONS**

- 24. 9 April.** Prepare to analyze a video illustrating how to mediate a local dispute, by studying:

- a. R. Fisher and W. Ury, *Getting to Yes* (B), 112-116 (pp. 118-122 in 1981 edition)
- b. M. Bennett and M. Hermann, *The Art of Mediation*, 3-7, 23-70 (A and paper reserve). This handbook is used to train people to become professional mediators. Past readers have included judges, attorneys, mental health professionals, organization managers, architects, city planners, and teachers at all levels.

**25. 14 April. Seoul Food in Urbana.** Complete this three-player simulation before the class meeting, following instructions distributed earlier. Turn in your report at class time.

**26. 16 April.**

- a. Study D. Lax and J. Sebenius, 1991, "Thinking Coalitionally: Party Arithmetic, Process Opportunism, and Strategic Sequencing," in H. P. Young, ed. *Negotiation Analysis*, pp. 153-196 (A)
- b. K. Arrow, et al., eds., *Barriers to Conflict Resolution*, chap. 9, J. Sebenius, 1995, "Dealing with Blocking Coalitions and Related Barriers to Agreement: lessons from negotiations on the oceans, the ozone, and the climate" (A)
- c. L. Antrim and J. Sebenius, 1997, "Formal Individual Mediation and the Negotiator's Dilemma: Tommy Koh at the Law of the Sea Conference," in J. Bercovitch and J. Rubin, eds., *Mediation in International Relations*, pp. 97-130 (A).

**Friday, 17 April.** Complete research and write an outline for your final memo (do not turn in yet). Make note of any information you still need to collect.

**27. 21 April.** Mediating violent conflicts

- a. D. Stewart, November 1997, "Expand the pie before you divvy it up." *Smithsonian Magazine*, 78-90 (A)
- b. K. Stein and S. Lewis, 1996, "Mediation in the Middle East," (A) and
- c. D. Rothchild, 1996, "Successful mediation: Lord Carrington and the Rhodesian Settlement," both in *Managing Global Chaos: Sources of and Responses to International Conflict*, ed. C. Crocker and F. Hampson with P. Aall (A). Does the Rhodesia experience confirm the Stein/Lewis guidelines for mediators drawn from the Middle East experience, or does Rhodesia indicate needs to modify those guidelines?

28. **23 April.** Read “Getting to Dayton: Negotiating an end to the War in Bosnia” KSG case c125-96-1356.0, pp. 1-21 + exhibits 1, 2, & 3 (II). Then suppose it had been your assignment at that point to design a strategy for the US President, whereby the USA would encourage and mediate an agreement by the three or four parties to ceasefire and establish a lasting peace. Analyze the situation using concepts you have learned in this course, including the outline for strategy memos, coalitions and mediation. What approach would have the greatest odds of success and smallest costs and risks? J8: Outline your recommendation and turn in at today’s class. Two pages would be sufficient.

**24 April.** Collect any missing information for your research memo.

29. **28 April.** No class meeting. Complete writing of the first half of your research memo (first draft). Your teachers will be available for individual consultations.

30. **30 April.** Concluding session. Study J. Odell. 2000. “Improving Negotiations,” chap. 10 of *Negotiating the World Economy* (A).

**Sunday 3 May.** Complete the first draft of your final paper (do not turn in). Test your arguments for objections a skeptic might raise. Look for opportunities to improve by reorganizing, deleting and expanding.

**Wednesday, 6 May, 2 p.m.** Deadline for final draft of your **research memo**. Base this strategy memo on your original research. Follow guidance given in annexes A and B and in class.

#### **ANNEX A: FORMAT FOR A STRATEGY MEMO**

This memo's purpose is to help your boss make a practical decision tomorrow, a decision on what action to take (or avoid taking) on some concrete problem. Thus the memo differs from typical papers written for university professors. Your boss wants your personal judgments on a concrete issue stated directly and concisely. No quotations of others' opinions or footnotes are used. Assume your boss is a senior veteran, a quick, penetrating thinker under extreme time pressure. She does not want to read the basics of politics or economics. She will have to act on three quite different situations the same day, and needs concise reminders of the major points about your particular problem and no more.

Use the following numbered headings exactly. The parts express a simple logical progression and they should be linked explicitly to each other. The bulk of the text should be in sections 3 and 4. Pages should be numbered, typed neatly, and of course free of sloppiness. Your boss will return unread any memo exceeding 1500 words. Please provide a word count. In place of your name, give your USC id number instead.

Often it is more difficult to make a short paper comprehensive and excellent than a longer one. Simply understanding the complex interests involved, and the implications of alternative moves for each of them, will take time. As usual, it will help to allow time for revising your first draft.

### NEGOTIATION STRATEGY MEMO

**TO:** (Name of individual and organization)

**FROM:** (Your id number)

**DATE:**

1. *The problem*

Specified by your principals (50 words or less)

2. *Our goals* (50 words or less)

Specifically, not in the long run of history. If we should seek or protect more than one value, outline them in descending order of priority, i.e., showing the order in which they should be sacrificed if tradeoffs prove inescapable. These may be debatable and might have to be revised, but show your own judgment.

3. *Diagnosis of the situation*

Before writing, review the analytical concepts you have learned in this course; do not wing it on intuition alone. Use your journal entries. Your diagnosis (section 3) should naturally lead the reader to your recommendations (section 4). Do not put your recommended actions in section 3. The following are examples of the most basic items to include here. As our analysis becomes more complex during the semester, you will learn additional questions to ask.

- The main outstanding issues today are . . . On each, their last position was . . . Our last position was . . .
- At this point, what is their outside alternative? Hence what is their probable reservation value? (In the EC memo, give a number, describing it as your best guess and explaining the reasoning that led you to it.)

- What is our outside alternative, and hence what should be our reservation value? (In the EC memo, give a number.)
- Does a positive zone of agreement exist now? (Remember this must be derived from the reservation values you have identified.)
- Does one side need an agreement more than the other? Why?
- Given the parties' apparent objectives, does the situation offer any opportunities to create value for every party – to make everyone better off than now? If not, what are the odds of changing their government's objectives? Those of our government?

#### 4. *Recommended strategy and tactics*

Do not beat around the bush; hit me with your proposals crisply and directly. The plan should recommend how we should negotiate. Make clear whether your boss should use strict claiming, strict value creating, or a mix, and tell me how to carry out the strategy. Any plan should think ahead to likely reactions by other parties and ways to respond to those reactions, should they occur. Consider tactics from this course and your checklists. Predict what will probably happen if your boss follows your strategy. Remember that a value-creating strategy is designed to make both sides better off. If one side concedes to the other and gets nothing in return, the first is worse off than before, not better.

#### 5. *Possible objections and risks*

Anticipate objections from skeptics. E.g., a relatively accommodative strategy may provoke questions about why a tougher approach would not gain us more at acceptable cost. If you propose a strong claiming strategy, the skeptic will want to know why it will not backfire, destroying opportunities to create common value, or worse. Consider identifying the second best alternative plan and showing why it is inferior to yours. Mention any serious risks raised by your plan that have not already been mentioned, together with means for handling them should they materialize. If all risks have already been discussed, simply note that this plan raises no additional important risks. If you claim to have discovered a plan that has no risks, we will be skeptical. It would be the first time in history.

### **ANNEX B: CONDUCTING RESEARCH FOR YOUR FINAL MEMO**

Every college graduate should know how to use a research library and write a paper based on original research. That is one reason for this assignment. You may work alone or form a team and work with one or two other students. Needless to say, a major project like this cannot be completed with high quality if work is delayed until the last week of the semester. The syllabus suggests intermediate deadlines to help you organize your time.

Identify a real international negotiation that is underway or scheduled somewhere in the world, one for which actual strategists are preparing and which is not already concluded. The

negotiation must be international in some sense, including company-to-company. As an exception, you might select a concluded negotiation, which you believe could have gained more. It is an advantage to start with subjects you have already studied in another course. A special class in the library will give tips on how to locate the information you need. Gateways to information can also be found through links on my personal web page. In any case, propose two possible topics and seek your teacher's approval and advice before launching the research.

In writing the memo, follow Annex A and comments on your earlier papers. The research memo should be addressed to a senior leader of one of the parties, should recommend strategies and tactics for achieving that party's objectives, and should predict what will probably happen if the recommendations are followed. Prepare for this final assignment by spending some time reviewing what you have learned in this course. We will be looking for applications of IR 405 analysis, not just common-sense thinking that the untrained person could have supplied.

One major difference from earlier memos: Use footnotes to identify sources for all claims of fact and all ideas that are not original to you. Provide the information a reader would need to check up on you. To cite a document found at a web site, cite the version published on paper if possible. If not, provide the name and city of the organization where I could get it as well as the web site where you got it. A web site alone is not enough.

A solo research memo should run between 3000 and 5000 words, and a team memo should be between 5000 and 6000 words in length. Provide a word count. If you are considering a team effort, see me to discuss how a team might approach the task. Have fun working on a real problem you are interested in.

### ANNEX C: FINDING THE READINGS

Three books (marked B) have been ordered in the bookstore and placed on reserve in Leavey Library. Items marked A are available two ways: via Blackboard and as a course reader (volume I) on sale at the bookstore. Cases marked II are for sale in course reader volume II and on paper reserve (and not on Blackboard). Cases marked C will be sold and distributed in the classroom.

**BOOKS SOLD IN BOOKSTORE:** *The Manager as Negotiator*; *Getting to Yes*; *Negotiating Rationally* (only recommended); course reader volumes I and II.

**CASES SOLD IN THE CLASSROOM** (required): The Tow Truck; EC Enlargement and the United States; Pakistani Prunes; Royal Kingdom of Nari and Geodesic Dynamos; United States-Mexico Toxic Waste Negotiation; Brazilian Informatics and the United States, 1984-1988; Seoul Food in Urbana.

Many periodical articles can be found in full text on line. Use your USC account to view the USC home page. At the bottom click Library; on the left margin click ejournals. In the search box enter the periodical title, and it should show databases where you can search for the article.

Students requesting academic accommodations based on disability must register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations

can be obtained from DSP when adequate documentation is filed. Deliver the letter to your teacher as early in the semester as possible and accommodation will be provided. DSP is open Monday-Friday, 8:30-5:00. The office is in Student Union 301 and their phone number is (213) 740-0776.