ILLiad TN: 518192

Location: O'Neill Stacks

Citation Information:

JOURNAL: Negotiation analysis /
Imprint: Ann Arbor ; University of Michigan Press

VOLUME: ISSUE:
YEAR: 1992 MONTH:

ARTICLE: Thinking Coalitionally; Party Arithmetic, Process Opportunism, and Strategic Sequencing

PAGES: 153–193

Requested Delivery Method:

ODYSSEY ADDRESS: 206.107.43.109
EMAIL PDF: docdelivery@hbs.edu

Requested by: Baker Library, ILL Harvard Business School
Patron: Skocay, Michael

OCLC ILL#: 101824307

Supplied by: BXM / MAUBNU

Boston College
O'Neill Library/Interlibrary Loan
140 Commonwealth Avenue
Chestnut Hill, MA 02467
Phone: 617-552-1800/ Email: bdendingill@bc.edu

Resends will be honored for 5 DAYS ONLY

Stacks Search
LAC NOS INC OTHER DATE: / Initials:

E-Journal Search:
LAC INC OTHER DATE: / Initials:

Updated in ILLiad by:
DATE: / Initials
CHAPTER 8

Thinking Coalitionally: Party Arithmetic, Process Opportunism, and Strategic Sequencing

David A. Lax and James K. Sebenius

In recent years, many analysts have improved our knowledge of negotiation, yet it is probably fair to say that the clearest and most powerful advances in the theory have been within or mainly inspired by the bilateral or two-party case.\textsuperscript{1} While multilateral bargaining has been the subject of considerable investigation, the additional complexities posed by coalitional possibilities render the analytic task much more formidable. As Howard Raiffa observed, "There is a vast difference between conflicts involving two disputants and those involving more than two disputants. Once three or more conflicting parties are involved, coalitions of disputants may form and may act in concert against the other disputants" (1982, 11).

Much work has been done on coalition formation in legislative and voting situations (see, e.g., Brams 1975). The realist school of international relations and, more particularly, theories of the balance of power have coalitional dynamics at their core.\textsuperscript{2} Closely related is the study of alliances (Rothstein 1968; Walt 1987 and 1988), which may result, of course, from balance of power considerations as well as factors accounted for by the theories of collective action (Olson and Zeckhauser 1968). Within alliances, joint decisions to take particular actions (i.e., alliance politics) have been the object of study (see, e.g., Neustadt 1970). The bureaucratic politics school focuses attention on the actors as being composed of many parties and factions (Al- lison 1971). Finally, in the international arena, are the studies of conference diplomacy such as the various North-South and East-West gatherings on topics ranging from the law of the sea to trade to the environment (Rothstein 1979; Sebenius 1984).

\textsuperscript{1} We would like to thank Arthur Applebaum, Max Bazerman, H. Peyton Young, Saadia Touval, Howard Raiffa, Gilbert Winham, William Zartman, and referees for useful comments on earlier versions of this chapter.

\textsuperscript{2} See, e.g., Schelling 1960 and 1966; Iklé 1964; Walton and McKensie 1965; Rubin and Brown 1975; Raiffa 1982; Zartman and Berman 1982.
Less obviously, many seemingly bilateral negotiations involve multiparty negotiations because each "side" contains several different parties with different interests. These "two-level" games, involving "internal" as well as "external" bargaining, have been the object of considerable study.3 As former Secretary of Labor John Dunlop once said, "Every negotiation involves at least three negotiations—one across the table and one on each side" (Raiffa 1982, 166). When one includes two-level games, it is likely that multiparty negotiation is the predominant mode of negotiation.

With such interactions in mind, we use the terms *multiparty* or *multilateral* to refer to negotiations involving more than two monolithic parties or factions, which may be countries, distinct regions, or organizations, as well as groups or even individuals within larger entities. Coalitional interactions among such factions or parties in dealings ranging from two-level games to conference diplomacy, as well as to organizational bargains and bureaucratic politics, fall within the scope of this essay.

Despite an impressive body of work on multiparty bargains, however, an explicit focus on characteristic dynamics in multilateral settings, along with their effects on negotiated outcomes, remains generally lacking. It is this gap that our analysis in this chapter addresses. To sharpen our focus, we need to be more precise about the most salient, inherent differences between bilateral and multilateral negotiations that give rise to a rich array of dynamics and tactics. Apart from various group dynamics that have no bilateral counterparts, many elements of multiparty situations simply cannot occur in negotiations between two monolithic parties. We will analyze a number of such possibilities, including *coalitional alignments and realignments*, the potential for de facto alliances, "natural" coalitions, and blocking coalitions. Our analysis may lead to a blurring of the concept of side in negotiation—where more than one entity nominally comprises a side, but internal divisions and coalitions cutting across the different sides may act in concert. The bulk of our analysis, however, will deal with three overlapping classes of tactics distinctive to multiparty situations: (1) *party arithmetic*, or actions to affect which entities are and or are not actively involved in a given negotiation, that is, "adding" and "subtracting" parties; (2) *process opportunism*, or tactics that depend on more complex structural or process restrictions such as who can directly talk with whom, how information is transmitted, who may speak for whom, and which parties must approve the actions of others; and (3) *strategic sequencing*, or tactics that depend on the order and sequencing of how the different entities are approached and/or informed of the actions of other players. This may lead to agreements among subsets of the involved parties,

---

not necessarily coalitionally aligned, that may or may not pyramid to encompass a larger group.

It is toward developing an understanding of the purposes and effects of these multilateral possibilities that our analysis is aimed. In our exploration, we place special focus on the dynamics of these interactions. The predominant emphasis of coalition theories developed thus far, however, has been on the outcomes of coalitional actions rather than on the processes of arriving at those outcomes. In the words of Anatol Rapoport, when reviewing the contributions of $N$-person game theory,

If the behavioral scientist thinks about decision making in conflict systems in the mode suggested by $N$-Person Game Theory, he will focus on two fundamental questions: 1. Which coalitions are likely to form? 2. How will the members of a coalition apportion their joint payoff? (1970, 286)

Rapoport goes on to note that game theory "lacks almost entirely the dynamic component, i.e., a model of the conflict process." Similarly, Steven Brams, in his extensive review of game theory and politics, noted

Studies of coalition behavior have focused more on static outcomes than on the dynamic processes that produced them prior to the point at which one coalition has gone on to win. Even in the relatively well-structured context of voting bodies ... the development of dynamic models has only recently been initiated. (1975, 232)

While there are important exceptions to these generalizations, several of which we discuss below, we respond to these gaps in the literature by focusing on (1) the processes as well as outcomes associated with (2) tactics and dynamics arising in multilateral, rather than bilateral, settings. Before exploring possibly less familiar coalitional tactics, we first review what might be called canonical coalition dynamics.

**Canonical Coalition Dynamics**

"Classical" Coalition Dynamics

Although most existing theories do not explicitly address process questions, they often strongly point to or imply classes of coalitional dynamics. Certain dynamics—such as the efforts of two competing groups to recruit an as yet uncommitted third party into their coalition, and the efforts of one party to
play other, typically larger, powers against each other—have been extensively studied. For example, in 1902, given the Anglo-Japanese alliance, Japan's threat to settle a Manchurian dispute with Russia was an effective threat to obtain better terms in the alliance with the British (Snyder and Diesing 1977, 436). Similarly, shortly before World War II, the Soviets bargained openly with the British and French for a mutual assistance pact against German aggression while they secretly negotiated a nonaggression treaty with the Germans. The open Anglo-French discussions significantly enhanced the Soviet position in the latter talks (Ikle 1964, 55). Further, if a so-called debtors' cartel, greatly feared by large U.S. banks, could form and commit itself to a far lesser stream of payments, the banks would find this action much more difficult to deal with than such an action by an individual debtor. Hence, standard "divide and conquer" responses. For example, the international commercial banking community has, at times, sought to reward "good" behavior from debtor countries such as Mexico and to punish "bad" behavior in debtor countries such as Argentina to discourage a cartel from forming (see Cohen 1986, 221–22).

In the postwar period, relations among the United States, the USSR, and the People's Republic of China offer a virtual textbook case of coalitional dynamics in a balance of power context. First, China was seemingly strongly aligned with the Soviet Union. Then, following the Sino-Soviet split, was a period of nonalignment, finally leading to a tilt toward the United States. This balance of power competition for third parties has been well studied.Indeed, a recent article by Stephen Walt serves as the latest addition to a debate between adherents of the view that states align with each other in order to balance larger powers versus the view that states more frequently engage in bandwagoning, that is, aligning themselves with what seems to be the dominant power either for appeasement or to share in the spoils (Walt 1988).

Steven Brams and a number of his colleagues have written several papers that explicitly address the problem of two "protocoalitions" vying for the membership of an uncommitted party. They derive conditions for the optimal timing for the uncommitted party to join either rival group. These conditions are expressed in terms of a relationship between the probabilities that each protocoalition will become a winning coalition. This formalized version of the bandwagon effect has been generalized to the case of many parties by Philip Straffin (1977).

Early game theories (such as those promulgated by von Neumann and Morgenstern) included conditions for "solutions" to coalition games, such as the requirement that a party be able to do better in an ultimate coalition than

4. See, for example, Gulick 1955 for a very nice synthesis.
5. See Brams 1972; Brams and Heilman 1974; Brams and Garrigo-Pico 1975.
that party could do alone. That gives rise to simple dynamics of comparison of one outcome relative to another for each party. Aumann and Maschler (1964) later assumed this kind of individual rationality, but based their approach to bargaining in coalitions on the concepts of objections and counterobjections. In dealing with a tentatively formed coalition, another group—which might include members of the tentatively formed coalition—could object by offering a better deal to some of the members of the tentative coalition. Unless a valid counterobjection could be raised, the tentative coalition might become the ultimate coalition. Our point is not the mathematics nor the ultimate conclusions of these investigations, but rather the hint they give of possible coalitional dynamics arising from objections and counterobjections in tempting one group away from another.

An alternative dynamic was suggested by McKelvey, Orudesook, and Winer (1978). They envisioned a coalition not as a single entity but, instead, as a collection of individual parties, each of whom is playing two roles simultaneously. First, each member is seeking to attract and retain potentially pivotal members of its coalition; second, each member is offering itself as a potentially pivotal member to other potential coalitions. Though this is a very complex process, both conceptually and mathematically, it yields quite specific, testable predictions of outcomes (called the competitive solution). For our purposes, however, the process it isolates is the interplay between efforts to lure others and offers to join them.

Driving these game-theoretically highlighted dynamics—objection, counterobjection, offer, enticement, threat, and promise—are calculations by all parties of the value that a potential member or members of an as-yet-unformed coalition might add by joining and the alternative value that those members might obtain by other coalitional courses of action. (Related dynamics have been suggested and investigated in the work of social psychologists and political scientists.)

---

6. For general discussions of the game-theoretic contributions, see von Neumann and Morgenstern 1944; Luce and Raiffa 1957; Murnighan 1978; Straffin and Grofman 1984.
7. An insightful exposition of these dynamics is given in chapter 17 of Raiffa 1982.
8. A very insightful exposition of these dynamics is given in Raiffa 1982, 257–74.
9. From the social psychological and sociological perspectives, a number of models have been proposed that are driven by or give rise to characteristic coalitional dynamics. Good reviews of this literature appear in Rubin and Brown 1975 and Murnighan 1978. Caplow (1959 and 1968) proposed a model in which the players sought to control as many other players as possible; thus, resources such as votes or productive capacity became the focal point. Gamson (1961 and 1964) suggested that those players possessing the minimum necessary resources to prevail would, in fact, form a coalition and, in effect, that the payoffs to those individual members would be proportional to the resources they brought. Other social psychologists proposed that combinations of the resources brought to the encounter, notions of equity, and alternative coalitional possibilities available to the players as the game unfolds are critical elements in coalition formation.
Natural and de Facto Coalitions

When two independent actors negotiate with each other, the concept of a negotiating side (i.e., each actor) is obvious. Yet in multiparty dealings, what may be called sides may not indicate whose interests are actually aligned with whose. Natural coalitions can consist of parties—regardless of nominal side—who have powerful shared interests, who are able to make highly valuable trades, or who, as a unit, can extract significant value from others without much risk of being split. It is often worth asking which entities in a multilateral encounter could form a natural coalition.

National Football League Labor Negotiations

For example, the National Football League (NFL) and its Players' Association (the NFLPA) negotiated over a contract in 1981. The NFLPA was a coalition made up of a few "stars" and numerous "journeymen" players whose interests differed, as well as of young and old players whose interests also differed. While all players benefited, to some extent, by a union that could create a unified front with respect to the league, different contracts could confer relative advantage to stars or journeymen or to young or old players. The stars' performance is most directly related to team revenue; that is, the bigger and better performing a star, the more revenue "his" team would generate. Thus, if stars were paid according to performance, there would be a de facto natural coalition between the stars and the league. In contrast, the stars would be hurt by a salary schedule that depended solely on position and seniority.

Thus, by initial bargaining proposals in 1981 that set salary schedules as a function of position and seniority, the NFL strongly favored the journeymen, and payoff allocation (see Komorita and Chertkoff 1973; Komorita 1974). Again, the implied dynamics involve normative discussions of comparative resources furnished and alternative coalitional partners.

Within the realm of political science, Riker (1962) offered the first formal model of coalitional behavior. He proposed the size principle, which, in a zero-sum context, essentially predicts two dynamics. First, his model points to a process in which those parties necessary to form a minimal winning coalition aggregate; second, when coalitions are larger than minimal winning, Riker's model posits a process of disintegration until the coalition has declined to that minimal size. His model has been subjected to intense efforts at scrutiny and elaboration, the most significant of which for our purposes involve models in which "ideological proximity" (as measured on a unidimensional scale) plays an additional role in the choice of coalitional partners. For good surveys of such evaluations, see Brams 1975 or Murnighan 1978. Axelrod (1970), Leiserson (1970), Rosenthal (1970), and DeSwann (1970 and 1973) have all offered variants based on this idea, which seems intuitively plausible and has some empirical support. Each of the forces driving these models isolates a class of coalitional tactics and dynamics—scaling up or down to minimum size, seeking to coalesce with the smallest amount of resources, or striving for the least postcoalitional policy distance.
especially older ones, who formed the largest and most supportive block of the union. In contrast, any proposal that allowed teams to bid for free agents in a limited way or that pushed away from a fixed salary schedule would have been in the stars’ interests. Thus, when the NFL’s original proposals failed and a strike began, it floated an offer for limited free agency. This had the effect of splitting the stars from the union. When some of the stars began crossing the picket line, the union’s resolve appeared to weaken. The important point in this situation is realizing that de facto coalitions supported different kinds of contracts; to analyze this situation as if it were two monolithic parties (“the player’s union” versus “the NFL”) would overlook crucial coalitionary dynamics.

**Chrysler and the U.K. Government**

Consider a de facto natural coalition in negotiations between Chrysler and the British government over the sale of the money-losing and inefficient Chrysler-U.K. operations (see Lax and Sebenius 1986). Given Chrysler-U.K.’s shutdown costs and likely future losses, liquidating the U.K. operations would have been costly; thus Chrysler should have been willing to pay any lesser amount to avoid these costs. The British government in power at the time was relatively fragile. Its existence depended on the support of Scottish labor. Chrysler’s Scottish workers feared unemployment. Indeed, given the costs of unemployment and welfare, as well as other political considerations, the Labour government should have been willing to pay a great deal to keep the Chrysler operations going. Hence, the potential bargaining range between the company and the government was quite large.

Tony Benn, the British government negotiator, pushed for a fairly low price. Chrysler, reacting to Benn’s offer and mounting losses, threatened to liquidate its plants one-by-one, starting with a Scottish plant in a key electoral district. Intense union pressure from this district on key cabinet ministers forced Benn’s hand, and he ended up paying Chrysler a handsome price for the inefficient operations.

Ironically, there was a latent natural coalition between the workers and the British government behind a low purchase price. The money saved by paying a low purchase price could have been used to the workers’ benefit—for retraining, for investing in more modern equipment, and so forth. Further, a low price could have resulted in lower costs for the subsequent operation, thus making employment more stable.

Yet, partly because the workers and their union leaders were outside the deliberations, they did not see how Benn’s tough tactics (a very low offer)

---

10. Therefore, its reservation value in the sale of the operations should have been negative.
could, in fact, further their interests. Their pressure on the key ministers played right into the company’s hands. If Benn had brought union leaders into the negotiations early on and created a plan that shared the benefits of a low purchase price with the workers, persuading them to build support for their common interests in a low price purchase, British taxpayers might have paid considerably less. Chrysler managed to prevent this adverse coalition from forming by its strategically chosen plant closings before Benn had taken any steps to forge the alliance.

In short, where a natural coalition has the potential to form and commit to a position that would be disadvantageous to another party (here, Chrysler), there is sometimes the possibility of actions to prevent the adverse coalition from forming and making the undesirable commitment.

The 1975 U.S.-USSR Grain Agreement

Negotiators can sometimes—and quite unhappily—be struck by the belated recognition that apparently opposing groups indeed share a powerful interest, can consummate a valuable trade, and/or can extract value from other parties. A common result is the explicit emergence, or attempts at such emergence, of what has been a latent natural coalition. The force behind this dynamic is the joint gain that can result from forging separate pieces of the potential coalition together.

The 1975 grain deal between the United States and the Soviet Union, as described by Roger Porter, provides an instructive example (see Porter 1980). In that year, an extremely poor grain harvest was forecast for the Soviets, while a very good one was forecast for U.S. farmers. The question thus arose in high Ford administration councils of how this “agripower” might be used to offset OPEC’s oil power. Other issues beyond agricultural ones were quickly linked to the prospect of causing the Soviets economic hardship by withholding additional grain. Some of these other issues included the extent to which Soviet seaborne commerce would be carried on U.S. ships; apparently Soviet treaty commitments were unfulfilled on this score. A second issue involved Soviet conduct in the Middle East. A third set of issues, stimulated by the AFL-CIO and the International Longshoreman’s Association led to their refusal to load ships bound to or from the Soviet Union without assurances that any grain sales would not lead to inflationary consequences. Memories were very close of the “great grain robbery” of a few years before, when Soviet grain purchases caused the U.S. bread price to skyrocket.

The major problem for the administration involved Gerald Ford’s earlier campaign promise to U.S. farmers not to embargo agricultural products to the Soviet Union. As the administration began to play its embargo card with the Soviets again, the Farm Belt erupted in protest. In important part, this was the result of the process of negotiation whereby State Department officials
such as Henry Kissinger and Labor Department officials such as John Dunlop were seen to be in control of agricultural policy. (Earl Butz, the then secretary of agriculture, seemed to be irrelevant in public eyes; in fact, he was a participant.) Nevertheless, with the impending farm state primaries and farm pressure mounting, the administration found it necessary to drop its major demands of the Soviets and settle on a long-term agreement that involved no apparent concessions by the Soviets on oil prices or conduct in the Middle East.

Intriguingly, many participants and other observers saw these negotiations as a U.S.-USSR grain deal. That it surely was in terms of explicit agreements sought and sovereign entities involved. Yet the familiar characterization of these two opposing sides obscured what was a powerful de facto coalition between U.S. farmers and the Soviet Union. These two parties very much wanted to consummate a grain deal. Analytically, if one ceases to view the negotiation in terms defined by nationalities, one could understand it as a negotiation between a tacit coalition of the farmers plus the Soviet Union versus all the other participants who were either trying to frustrate or capitalize on that deal.

Incidentally, in the U.S.-USSR grain negotiation, a number of White House tactics might have prevented the farm belt debacle. First, simply recognizing the congruence of interest between the farmers and the Soviets would have increased attention to that possible alignment as a source of real negotiating difficulty. Sending the correct signals about process—by, for example, giving Agriculture Department players far more visible roles in the deliberations, public announcements, and negotiations—would have taken away the trigger that enraged the farmers. Moreover, the tacit coalition between the farmers and the Soviets, while sharing an interest in sales, had conflicting interests over price and terms. Those who wished to prevent this alliance from emerging or split it once it had emerged might have exploited those potential divisions. Further, it would have been possible for elements of the administration to mount appeals to superordinate interests of the farmers such as patriotism early on. And finally, despite the apparent congruence of interest in a grain sale the following year, the administration might have sought to be persuasive that the long-run real interest of the farmers lay in a coalition with the U.S. government sufficient to obtain a long-term agreement from the Soviets on guaranteed levels of grain purchase. Such classes of maneuvers, from enforcing alliance cohesion toward splitting potential adverse coalitions, characterize many international interactions.

As these examples—in football negotiations, U.K.-Chrysler, and the U.S.-USSR grain deal—indicate, the apparent coalition structure and the obvious "sides" in multilateral dealings may require deeper consideration. Analysis of
the patterns among subsets of the involved parties of shared interest, of potentially valuable trades, and of the possibility of extracting value from other parties can reveal de facto natural coalitions that may play key roles in the negotiating dynamics.

An Approach for Interpreting Coalitional Dynamics

Despite the array of dynamics suggested by the literature cited here, the observed complexity of coalitional interactions is scarcely fully captured.\textsuperscript{11} As we said in the introduction, certain \textit{inherent} differences between bilateral and multilateral situations give rise to a widely varied set of tactical possibilities that have not been systematically analyzed. In particular, these include the possibility of \textit{party arithmetic}, or actions to affect which entities are involved in a given negotiation, that is, “adding” and “subtracting” parties; \textit{process opportunism}, or tactics that depend on more complex structural or process restrictions such as who can directly talk with whom, how information is transmitted, who may speak for whom, and which parties must approve the actions of others; and \textit{strategic sequencing}, or tactics that depend on the order and sequencing of how the different entities are approached and/or informed of the actions of other players. This may lead to agreements among subsets of the involved parties, not necessarily coalitionally aligned, that may or may not \textit{pyramid} to encompass a larger group.

We will investigate, through a variety of examples, a range of coalitional interactions and their intended effects on negotiated outcomes. In particular, we propose viewing the classes of coalitional dynamics as efforts to improve negotiated outcomes for the coalition members by favorably affecting the \textit{zone of possible agreement} among the players. By the zone of possible agreement (or \textit{bargaining set}), we mean the set of possible agreements that are better for each potential coalition than the noncooperative alternatives to such agreement (see Lax and Sebenius 1986). By \textit{better}, we mean more satisfactory in terms of the perceived interests of the coalition members. In particular, we mean that the expected value of agreement (meaning its subjective probability times its value) is enhanced in the view of the entity taking the action under consideration. We will focus on three classes of favorable effects of coalitional action on the zone of possible agreements: (1) coalitional action to improve one’s alternative to negotiated agreement or worsen that of other coalitions; (2) coalitional action to realize joint gains; and (3) coalitional action to credi-

bly commit to positions within the perceived zone of possible agreements. We stress the fact that it is each party’s perception of the zone of possible agreement that informs its actions. While perceptions may be influenced by “objective” interests, especially in the longer run, perceived interests in the short run are necessarily subjective. Naturally, there may be differences of interest within nominal coalitions, such as the Group of 77 or the EC. If such differences are significant enough to motivate internal factions to act independently, then, for purposes of our analysis, we would treat the factions as separate coalitional actors. In the extreme, factions may consist of individual actors. In analyzing various dynamics, we shall assume that the relevant coalitional entities act purposively to further their interests, whether straightforward or complex and conflicting. (Note that purposive action need not meet strict [e.g., game-theoretic] criteria of rationality.)

In the next sections, we shall illustrate and elaborate these three broad classes of coalitional action, namely, party addition, process opportunism, and strategic sequencing. Within them, we will examine the processes of coalition building and coalition breaking. Under the rubric of coalition building, we include decisions taken by coalitions to act collectively as well as efforts to maintain coalitional solidarity. Within each category, we shall consider overt, covert, and, sometimes, tacit actions. Our broader purpose is to provide a framework within which to interpret the myriad tactics and dynamics that appear in multilateral (but not bilateral) contexts. We begin the discussion with the phenomenon we call party arithmetic and offer some relatively simple examples. As we move to process opportunism and strategic sequencing it will be obvious from the increasingly complex examples that these are not pure versions of each class of tactic; indeed, elements of each become closely intermingled.

**Party Arithmetic**

Existing theory, by and large, proceeds from the assumption of a well-specified and fixed situation within which coalitional actions are taken and outcomes determined. In other words, the issues, parties, and set of possible actions are taken as the starting point for analysis. In effect, the analysis posits a mapping between the structure of the situation and the ultimate outcome. Yet purposive action on behalf of the parties can change the structure of the situation itself and, hence, the outcomes. Often actions can be understood as a contest for what the game itself will be (Sebenius 1983 and 1984; Lax and Sebenius 1986).

For example, one party will sometimes try to act as if a particular item is on the negotiating agenda; other parties may strenuously resist including it. Such situations can result in tacit or explicit negotiation over the game itself.
To proceed further down this line of analysis, we need to ask precisely what
determines the configuration of the game. The answer, to us, seems simple,
yet it has deep implications for the analysis and practice of negotiation,
especially in coalitional situations. The game is that which the parties act as if
it is. There is no a priori reason why this or that issue should be included or
why this party or that interest should be excluded. If the parties deal with a
particular set of issues, alternatives to agreement, and possible agreements,
then, those elements, in fact, make up part of that game.

In particular, analytically interesting coalition dynamics often arise in
such situations where the game cannot be considered well-specified in terms
of the parties involved. (In the example of the U.S.-USSR grain deal, what
initially appeared to be an agricultural issue rapidly expanded to include
broader foreign policy actors, as well as the maritime industry and unions, the
longshoremen and the AFL-CIO.) Yet actions to add parties can be purposive.
For example, a country may wish to enlist the aid or assistance of others in
achieving a particular objective. The process of choosing, then approaching
and persuading, others to go along may best be studied without the common
assumption that the game is fully specified at the outset of analysis. Among
the most interesting examples of this phenomenon, which we call party arith-
metic, are cases in which the coalitions are tacitly or covertly built.

Kennecott in Chile

In the early 1960s, the Chilean appropriation of Kennecott Copper’s El Ten-
iente mine seemed increasingly likely (Smith and Wells 1975). In preparing to
negotiate the terms of expropriation, such as the timing, compensation, and
any continued management involvement with the mine, Kennecott sought
(early on) to involve a variety of other parties to change the nature of Chile’s
alternatives to agreement on Kennecott’s preferred terms. Somewhat sur-
prisingly, the company offered to sell a majority interest in the mine to Chile.
Kennecott planned to use the proceeds of this sale of equity along with a loan
from the U.S. Export-Import Bank to finance the expansion of the mine. The
Chilean government guaranteed this loan and made it subject to New York
law. The company then insured as much as possible of its assets under a U.S.
guarantee against expropriation. The mine’s output was to be sold under long-
term contracts with Asian and European customers and the collection rights
for these contracts were sold to a consortium of European banks and Japanese
institutions.

12. Conceptually, of course, one could argue that if the “supergame” of all possible issues
and parties were specified at the outset, the phenomenon on which we focus would not exist. But
this would be to define a very real set of dynamics out of bounds. See Oye 1979 or Sebenius
1983.
The result of this elaborate maneuvering was that customers, governments, and creditors shared Kennecott's concerns about future changes in Chile. A potent coalition to worsen Chile's alternatives to agreement had been tacitly built. Moreover, the guarantees and insurance improved Kennecott's alternative if no deal could be worked out with the host country. When no agreement could be reached and Chile acted to expropriate the operation, Kennecott was able to call this host of parties in on its side. In effect, Kennecott engaged in a tacit process of coalition formation by adding parties to worsen the other side's alternatives. Though the mine was ultimately nationalized, Chile's worsened unilateral alternative to Kennecott's preferred outcome seemed to give the firm a better position in the dealings than those of similar companies, such as Anaconda, that did not take such actions.

Maltese Base Negotiations

The 1971 Maltese-U.K. negotiations over renewed naval base rights provide a different, instructive example that included tacit coalition building by adding parties (Wriggins 1976). For a number of years, Britain had enjoyed the use of a Maltese naval base and had extended its use to other NATO countries. Nevertheless, changes in ship design, surveillance technologies, and warfare methods had rendered the Maltese bases of considerably less importance than they were, say, during World War II, when Malta had played a crucial role for the allies.

To obtain much improved base rental terms, however, the Maltese made highly visible overtures to the Soviet Union about possible base rights. They also approached Libya and other Arab states for large assistance payments in return for Malta's neutrality. At a simple level, these actions to add other parties to the potential bargain increased the attractiveness of Malta's alternatives to a negotiated agreement with the British. Yet the same moves made Britain's alternatives to agreement with Malta considerably worse. As the *Times* of London noted: "What is important . . . is not that the (the facilities) are badly needed in an age of nuclear war but that they should not, on the other hand, be possessed by Russia (Wriggins 1976, 219).

Not only did these actions put pressure directly on Britain, but NATO anxiety, which the Maltese carefully cultivated, served to indirectly increase the pressure on Britain. As the United States, Italy, and other members of NATO pressured the British to offer more money for base rights in Malta, the British sought to explain the relative unimportance of these bases and the lack of credibility of the Maltese alternatives—loudly touted—of Libya and the Soviet Union. Nevertheless, Malta had, in effect, tacitly aligned itself with the United States, Italy, and other NATO countries against the British in
seeking additional money. British efforts to increase the coherence of the NATO parties, while to be expected, were largely too late. Beyond quadrupling their base rental payments from the British, other NATO members ultimately agreed to provide supplemental aid to Malta.

Without passing judgment on the tactics employed, it is worth highlighting the fact that the Maltese actions to add other parties to a de facto coalition against Britain in order to improve Malta’s own no-agreement alternative and worsen those of others did appear to shift both sides’ perceptions of the bargaining range in a way that favored Malta. This appeared to result in a substantially better agreement from Malta’s perspective.

In the cases of both Kennecott and Malta, this class of tactics might be referred to as tacit coalition building by party addition. While the specific methods are particular to a given context, the intention is clear: affecting the bargaining range in a favorable manner by adding parties to the interaction that desirably affect no-agreement alternatives. As we shall see in later cases, however, parties may be added in order to generate joint gains or to extract value from others. Parties can also be “subtracted”—meaning separated, ejected, or excluded—from larger potential coalitions. For example, the Soviets were excluded from an active Middle East negotiating role in the process leading up to the Camp David accords that involved only Israel, Egypt, and the United States. Similarly, the Eighteen Nation Disarmament Conference in the early 1960s proved unwieldy and gave way to largely bilateral U.S.-Soviet talks over a nuclear test ban.13 Whether adding or subtracting players, however, this class of coalitional tactics can have potent effects on negotiated outcomes.

**Process Opportunism**

When more than two parties are involved in a negotiation, complex rules or norms often govern the interactions and open the door to a class of tactics that we call *process opportunism*. It may be difficult for one party to communicate directly with another; one party may have or assume the right to speak for another in a forum to which the first party has no access; certain parties may fail to ratify or may even veto tentative agreements among other parties. In such situations, entrepreneurial negotiators may exploit the lack of full information to affect coalitional actions. They may also seek to alter the process itself to affect possible agreements. We shall consider four very different examples of this class of tactics that begin to illustrate the range of such possibilities.

---

13. For a number of other examples, see Sebenius 1983 as well as subsequent sections of this chapter.
Internal-External Dynamics and Coalitional Committments: The INF Talks

As the complexity of the "internal" negotiations grow, the interactive dynamics associated with making commitments in the "external" negotiation can become correspondingly complex. For example, in U.S.-USSR talks over intermediate range nuclear weapons, consider an incident springing from initial U.S. pressure on West German Chancellor Kohl to support a "zero option." As time passed with no progress in the talks,

Kohl himself held to an unequivocal endorsement [of the zero option] . . . mainly because he knew it to be Reagan administration policy and he did not want to appear to be waverling. He would have been glad, however, had the U.S. . . . adopted a more flexible approach. . . . But in Washington, [Kohl's] support for the zero proposal was used to justify the administration's own adherence to it. (Talbot 1984, 171)

The intended effect was very clear: a set of internal coalitional dynamics was used to reinforce Soviet perceptions of a firm Western commitment to the "zero option." A process in which representatives from Washington and Bonn were effectively separated—and in which Washington spoke on behalf of the NATO alliance—opened the possibility for self-reinforcing perceptions to interact and generate a firm alliance commitment vis-à-vis the Soviet Union.

The 1978 Bonn Summit

By virtue of the number of parties involved, economic summits can generate interesting coalitional dynamics among the leaders actually attending the summit meetings. Robert Putnam's (1988) insightful analysis of the 1978 Bonn economic summit among the major Western powers illustrates how joint gains can be realized by coalitional action. In his words:

At the Bonn summit, however, a comprehensive package deal was approved, the clearest case yet of a summit that left all participants happier than when they arrived. [West German Chancellor] Helmut Schmidt agreed to additional fiscal stimulus, amounting to 1 percent of GNP, [U.S. President] Jimmy Carter committed himself to decontrol domestic oil prices by the end of 1980, and [Japanese Prime Minister] Takeo Fukuda pledged new efforts to reach a 7 percent growth rate. Secondary elements in the Bonn accord included French and British acquiescence in the Tokyo Round trade negotiations; Japanese undertakings to foster import growth and restrain exports; and a generic American promise to fight inflation. (1988, 428)
Yet Putnam's analysis offers more than a classic example of how different interests of several parties at a summit can be dovetailed into mutual gains; it illustrates an important kind of process opportunism commonly present in two-level games that involve internal and external bargaining. The heads of state in Bonn were maneuvering not only to fashion an accord among themselves, but also using the prospect of a valuable larger package deal and pressures from other governments as excuses to adopt policies opposed by important domestic factions. In particular, Carter's advisors and broader U.S. public opinion were divided on oil decontrol and Fukuada's government was split (the reluctant Ministry of Finance vs. MITI, some business interests, and others) about higher growth targets. Most interesting was the case of Helmut Schmidt, who had privately grown increasingly persuaded of the substantive and domestic political value of some economic stimulus, but who (a) faced powerful traditional German opposition in many quarters to calling for it, and (b) could extract concessions from other summitees by acting reluctant and having to be induced to endorse stimulative measures by concessions from the others.

As with other two-level games, the number of involved factions was far greater than the heads of state gathered in Bonn; thus, the coalitional interaction was more complex. In each country there were supportive and opposing groups, who could communicate with their respective head of state, and sometimes among each other, but did not take part directly in the Bonn proceedings. Their interactions displayed a characteristic dynamic of mutual influence between the summit and the domestic political environment. Supporters of a proposed policy in one country could influence "their" head of state to induce the other heads of state to "put intense pressure" on him into endorsing the policy. This real and contrived international pressure, plus the lure of a desirable package deal, could then tip the domestic balance in favor of the policy preferred by domestic supporters. This common dynamic springs from the fact that only a subset (the heads of state) of the full set of interested factions carried out the direct negotiations. These led to joint gains among both the principals and the domestic supporters of the policies endorsed by the principals at the summit.

Financial Arrangements in the Law of the Sea Negotiations

One key aspect of the Law of the Sea (LOS) Treaty negotiations was potentially the largest mining contract ever negotiated internationally.14 Here, a very different set of coalitional dynamics that led to considerable joint gain

14. Some of this material is taken from Lax and Sebenius 1986 (102-5). See also Sebenius 1984.
was induced by the efforts of Singapore’s U.N. Ambassador, Tommy T. B. Koh, who acted almost as a mediator and exercised a strong and influential hand over the process. In particular, part of the overall sea law negotiations came to concern a system of fees, royalties, and profit shares to be paid by future seabed miners to an international entity for the right to mine the deep seabeds. This negotiation was often viewed as inherently conflictual—its subject was frequently described as “how to divide the economic pie” expected to flow from seabed mining.

Instead, the results of intense coalitional bargaining that was widely predicted to be intractable proved to be an arrangement that effectively exploited differences among the participants of probability assessments, of risk aversion, and of time preference in order to create a remarkable degree of joint gain. We will consider each difference in turn before analyzing Koh’s approach.

First, a great deal of technical and economic uncertainty surrounded the prospects for deep ocean mining. Even after lengthy negotiations and the introduction of much common information, a strong divergence of opinion persisted between developed and developing countries about its likely economic profile. Developed countries saw mining providing a new, low-cost source of minerals. They argued that this industry would most likely show attractive, if modest, economic returns. Many negotiators from developing countries felt, however, that profitability prospects were very good indeed. In short, expectations diverged.

Second, any eventual revenues from seabed exploitation would be divided among all treaty signatories, and would not represent a major share of any country’s national income. Thus, countries signing the treaty could be thought of as a large syndicate that should try to maximize expected income rather than trying to assure itself a smaller, but steadier stream. For corporations, in contrast, investments in seabed mining operations could represent significant portions of their assets. In particular, managers of the ocean mining division of these companies were concerned about the potential impact of relatively fixed charges such as fees and royalties on the economic success of troubled projects. They seemed willing to share profits at high rates for successful projects in return for “low end” protection of economically marginal ventures. Attitudes toward risk thus differed.

Finally, there was the question of timing. The companies’ private, after-tax discount rates appeared to be higher than those implicitly used by the negotiators from many developing countries, who saw themselves as setting up an enduring system. The welfare of future generations figured heavily in their negotiating statements and in their evaluations of proposals. The two sides’ attitudes toward time seemed to differ, with developed countries acting relatively less patiently than the developing countries.

An agreement was reached only after two years of difficult bargaining.
The outcome dovetails these differences in probability assessments, risk aversion, and time preference. Two sharing schedules were agreed on, one with a low royalty and a low profit share, the other with much higher payment rates in each category. The low schedule is in effect until the overall cash flow of the operation, accumulated forward at an appropriate real interest rate, suffices to recover the preproduction investment costs (also accumulated forward with interest). Higher royalty and profit-sharing rates then take effect.

The negotiation of a single set of rates had proved extremely difficult, with any proposal either being opposed by the developed countries as too high or being opposed by the developing countries as too low. The two negotiated schedules, however, used the differences in profitability estimates by giving each side an advantageous tax schedule for the economic outcome it portrayed as likely. Given the developing countries' expectations of high profits, the negotiation of low rates from modestly successful projects was no great concession. Similarly, accepting high rates for bonanza projects was tenable for potential mining companies, given their lower profit forecasts. It was critical, however, that the low rates were neither so low, nor the high rates so elevated, that the ultimate result would be politically or economically unsustainable. The parties knew that they would have to live with and defend the outcome, however, the profit uncertainties resolved themselves.

The agreement protects troubled and marginal projects against overly high fixed charges. In return for such lower rates, however, the miners face higher rates for successful projects than would likely have otherwise been negotiable. The signal for switching to the higher rates is based on the "accumulated" present value of a project's cash flows, that is, inflows and outflows accumulated forward with interest. Therefore, the higher rates apply only to projects whose risk—that the investment and opportunity costs would go unrecovered—had substantially diminished. Differences in risk attitudes are dovetailed: the international community has a higher expected take, while companies enjoy "low-end" protection. In effect, contingent high-end premiums are paid for contingent low-end insurance.

Finally, since the economic success of the project can normally be expected to increase over time, the stream of international payments should be low at first, then much higher later; the firms' share should start high and then decline. This matches the expressed attitude toward the passage of time of the parties during the negotiation.

While it is not likely that any one of these differences, by itself, would have been sufficient to lead to a negotiated settlement of this set of issues, in combination they reinforce each other in pointing toward a solution. It is remarkable that this negotiation produced a new form of mineral taxation agreement designed to use differences among the participants to fashion joint gains. This novel outcome helped to avert the negotiating impasse on financial
issu﻿emas in the treaty that was widely predicted. Though seabed mining has largely remained an uneconomic proposition, the coaltional dynamics leading to what was taken to be joint gain merit discussion.

It is first worth noting that well over 140 countries actively participated in the LOS talks and that a large fraction of these actively participated in the discussions and negotiations over the financial terms of seabed mining. The reader will notice that we have described the joint gains achieved as between two large coalitions of parties in these financial talks: potential seabed mining countries and the coalition of developing countries. Though there were many other divisions and crosscutting coalitions in the talks, these two groups rapidly coalesced in the financial discussions and largely determined their course.

In charge of these talks was Singapore’s ambassador, Tommy T. B. Koh. As chair of this particular set of the sessions, he was very innovative with respect to the process he set in motion to explore and build agreement around the set of mutually advantageous terms described here. Koh’s method was analogous to a three-ring circus. First, a small group under his direction was constantly utilized to invent new ideas and suggest means for negotiating impasses. Second, important delegates were invited into an enlarged version of this group to test their reactions to the working ideas. Based on these reactions, the smaller group’s proposals would be modified and ultimately gain a degree of acceptance or would be rejected by some of the key delegates. Finally, Koh would have promising ideas introduced into larger plenary sessions. He would often ask a prominent member attending the session to raise the idea. In discussion of the idea’s merits, Koh’s summaries would creatively interpret comments in an effort to build momentum toward agreement.

Successful proposals typically followed a path of increasing familiarity to the delegates, followed by incorporation into a sense of conventional wisdom, to gaining a degree of legitimacy, and finally inclusion in the draft treaty text. Of course, inclusion did not guarantee a permanent place; a dynamic process of textual change continued throughout the conference.

Thus far we have described a process of the diffusion of knowledge over time about the issues under negotiation. This was not, however, a pure learning process but, instead, involved considerable conflict of interest. Thus, the final structure of the financial arrangement as well as the rates and magnitudes involved were differentially advantageous to the various conference participants. Thus, when final arrangements had to be agreed, Chairman Koh devised a process far more conducive to distributional negotiations than were the large plenary sessions—in which concessions by one party could be rapidly accepted without reciprocity. After two years of negotiation over this set of issues, Koh had been able to discern what might be called patterns of deference among the delegates. Within each of the broad geographic blocs, certain
delegates had come to be seen as especially knowledgeable about the issues and as sufficiently committed to their respective groups' interests that Koh felt a small-scale negotiation among this group of such trusted delegates could bear fruit. Koh chose the delegates informally, and secretly closeted them for several days. Carrying out these final negotiations were diplomats from Argentina, Pakistan, the United States, Mauritius, and, of course, the chairman from Singapore. The trade-offs that were made in that five-party negotiation were never explicitly revealed; instead, the results were put forward by the Chairman as his best attempt at consensus, with the hope and expectation that those delegates who had participated in the small discussion would "deliver" their geographic groupings.

Koh's process opportunism was responsible for the result in no small measure. The consensus so achieved was not an endorsement of the financial terms but a tacit agreement not to attack them. They survived into the final text and were generally acclaimed by the conference—which subsequently elected Koh president of the overall negotiations.15 (Indeed, although the United States had a long list of objections to the seabed mining provisions of the treaty, the financial provisions largely went uncriticized.) Yet the "pyramiding" and maturation of smaller agreements into near-consensus is a common feature of international negotiations.16

In sum, two-level games offer fertile ground—not present in bilateral dealings—for process opportunism in seeking to affect coalitional dynamics. In the first example we presented, the lack of full information about the U.S. position in the INF talks led Chancellor Kohl to take what he felt to be a supportive position—while a powerful argument for maintaining that same U.S. position was taken to be Kohl's stance. These mutually supporting perceptions were thus welded into a firm commitment vis-à-vis the Soviets. Similarly, the fact that the domestic opponents of the policies being adopted at the 1978 Bonn summit did not have access to the direct negotiations among the heads of state made it possible for the summit to contrive added international "pressure" for such policies—as well as to use the lure of an international package involving a broader set of issues—to influence adoption of the policies.

Ambassador Koh's careful design of a sequence of procedures intended to lead to consensus in the LOS talks represents a different class of process tactics. With the leeway as chairman to influence who dealt with whom, in

15. A number of other factors, of course, contributed to this successful resolution of the financial terms. These are discussed in Sebenius 1984.

16. Winham (1986) coined the term pyramiding in negotiation. An additional example involving the chairman's actions at the Uruguay round of GATT, with strong parallels to the LOS experience, can be found in Winham 1989.
which forum, and over which issues, Koh was able to stimulate the effective
diffusion of knowledge about the issues. Small, private groups generated
ideas that were successively considered and, if promising, modified by larger
groups of delegates. Further, by discerning emerging patterns of deference
among the delegates, Koh was later able to constitute a very small negotia-
tion, whose agreement could be pyramided into a larger accord. Rather than
process opportunism, which suggests tactics that take existing processes for
granted, this episode really represents what more accurately might be called
process entrepreneurialism.

Across these examples, the observed tactical complexities derive from
three factors that are inherently absent from bilateral dealing. First, obviously,
there are many parties. Second, the patterns of interaction among these parties
are not merely free-form interactions among the full group; instead, there are
actual or de facto restrictions on communication and the order and conditions
of negotiating. Thus, third, in the absence of full information by all parties,
the process can be shaped or exploited for the ends of one or more of the
participants. Coalition building and breaking can take place by stages, in
separate places, and among carefully chosen subsets of the participants.

This section has by no means systematically analyzed the role of process-
related tactics in multilateral bargaining. For example, it has not dealt with
multilevel hierarchies or ratification requirements by players that may be
separated in time or place from the “primary” negotiators. In special settings
such as legislatures, procedural complexity breeds enormous sophistication in
coalitional action. Nevertheless, this section highlights and begins to illus-
trate a broad class of process-driven coalitional tactics that deserve extensive
investigation.

**Strategic Sequencing**

When numerous players are actually or potentially involved in a negotia-
tion, the sequence of approach can play a significant role in influencing negotiated
outcomes. A party involved in such a situation may seek to assess who should
be approached first and on what basis. Depending on the results of this
interaction, who next? And so on. The reasoning behind the answers to
these questions is the subject of this part of our discussion. This is not,
however, a separable subject from the tactics considered in our discussions of
party arithmetic and process opportunism. In particular, elements of the for-
mal or informal process may significantly influence sequencing choices; in-

---
18. Insightful discussions of bilateral interactions pyramiding into agreements involving
many parties can be found in Aumann and Myerson 1986 and Munnighan and Brass 1989.
deed, some process-inspired tactics might more felicitously be considered as examples of strategic sequencing. Moreover, it may become important to assess whether new players should be brought in, or existing ones “cut out,” and, if so, how. As such, party arithmetic also influences sequencing choices.

Coalitional Commitments in Arms Control

An intriguing coalition-building episode involving elements of the Reagan administration as well as the Soviets nicely illustrates the way that commitments can be attempted by careful consideration of the sequence of negotiations. Within the U.S. government, Secretary of State Shultz and National Security Advisor McFarlane conceived an approach to achieve a “grand compromise” whereby restrictions on the Strategic Defense Initiative would be traded for significant reductions in heavy offensive Soviet missiles. In Strobe Talbott’s 1988 account, Schultz and McFarlane developed

. . . the idea of getting [President] Reagan to approve, in its vaguest terms, a secret negotiation: The administration would open a back channel to the Soviets in a way that at least initially excluded the Pentagon civilians; McFarlane would quietly enlist the support of the uniformed military. With luck and skill, the negotiation might produce an agreement that could be presented to the President as virtually a done deal. Nitze would be both the chief designer and the chief negotiator [with the Soviets] of the American position.

Nitze knew that as soon as [Defense Secretary] Weinberger learned what had happened, he would “fight like hell,” but by then, he and McFarlane hoped, it would be too late. The alliance between the State Department and the Joint Chiefs of Staff on behalf of a deal that the Soviets had already accepted would be unbeatable. With the grand compromise a fait accompli, and with his own soldiers and diplomats as well as the Soviets lined up to support it, Reagan would impose it on Weinberger. (1988, 264)

Talbott reports that the idea was never implemented, largely due to Soviet reluctance. Even so, the intended complex series of intra—U.S. government maneuvers as well as dealings with the Soviets illustrates coalitional tactics designed to commit to an advantageous position within the relevant bargaining range (here, conceived as between Weinberger and everyone else—U.S. and Soviet). The intended sequence of dealings envisioned by Schultz—Reagan, the U.S. military, the USSR, and, only then, the Pentagon civilians—was intended to get allies on board first, generate momentum, and then, with public disclosure of the deal, overwhelm potential arms control
opponents. To see the importance of this sequence, imagine an initial approach to Weinberger and the Pentagon civilians; the process would have had a far smaller chance of success.

The 1985 Plaza Accord on the Dollar

When James Baker became Secretary of the Treasury in 1985, the strong dollar was taking a severe toll on U.S. industry and generating powerful protectionist reactions. The United States, under former Secretary Donald Regan, then chief of staff at the White House, had spurned international economic cooperation to bring the dollar down for some time. Baker’s complex efforts to build a domestic and international coalition committed to a coordinated effort to bring the dollar down merits review. To go forward with the strategy domestically, Baker relied on secrecy from most of the Reagan administration as well as the general public. Among the necessary players in the administration, deft tactics were used.

Reagan knew of the [Plaza Hotel] meeting in advance, of course, but was apprised of the full scope of Baker’s plan only two days beforehand. Devaluation “was sold to the President as necessary to stem the protectionist tide in Congress,” says a Baker intimate. “It was sold to Don Regan as being consistent with an earlier call he had made for an international conference to discuss exchange rates. To this day, I don’t think Don understood what we were about to do. [Then Federal Reserve Chairman Paul] Volcker was managed because we had carefully split his board. Paul had no alternative but to go along.” (Kramer 1989, 32)\footnote{For considerably more detail, see Funabashi 1988.}

Armed with this domestic “mandate,” Baker used the Plaza meeting to build the necessary international coalition both to act and to make it very difficult for his domestic rivals to later reverse the resulting policy course.

“At first,” says one of [the Finance Ministers at the Plaza negotiations], he split us just like he split the Fed. He began by using the U.S. and Japan against West Germany. Then he combined those three to bring along the whole Group of Five [including Britain and France]. He bluffed us constantly and regularly threatened to go home. . . . [Yet] it all seemed so mellow.” (Kramer 1989, 32)

Again careful sequencing to break and build coalitions is evident as Baker achieved an effective commitment of the finance ministers to his pre-
ferred agreement—which was, indeed, implemented. Here, the zone of possible agreements must be understood as encompassing both domestic and international players. Secrecy and ambiguity, divide-and-conquer tactics, along with a tight deadline were used domestically to gain Baker the right to move into the actual Plaza process. There, with the initial concurrence of the Japanese—whose position on the dollar was firmly allied with that of the United States—it was possible to get German agreement. Then, this powerful three-way coalition could press the others into the final agreement. (To see the potential importance of sequencing here, imagine that the Germans, in advance, had been able to forge an ironclad coalition with the British, French, and others against the likely American proposal.) As before, the coalitional machinations are complex, but they are members of a broad class of such sequencing actions intended to create an irreversible commitment to a preferred agreement.

The Bureau of Security and Consular Affairs

A more involved example from the realm of bureaucratic politics illustrates a characteristic form of strategic sequencing. The acting Administrator of the State Department’s Bureau of Security and Consular Affairs (the Visa Bureau) in 1966, Phillip Heymann, sought to permit non-U.S. citizens to obtain lifetime visas rather than visas of a single year’s duration (see Heymann 1987). Heymann’s bureau had been at the center of an enormous public (liberal vs. conservative) controversy the previous year that involved allegations of FBI investigations of U.S. citizens abroad (notably anti-Vietnam War intellectuals). Though this controversy had finally passed, the bruising public battle had left a strong preference for peace and quiet from Heymann’s bureau at high levels of the State Department.

A revocable lifetime visa could, in fact, be terminated at any time should unfavorable information be uncovered on a foreign citizen; hence, there was no substantive security threat posed by Heymann’s proposed policy change. Nonetheless, this issue could be seen as an explosive one that might again pit conservative guardians of national security against liberal proponents of a more open society. It was likely to reopen old wounds and flare up into the same kind of controversy as had occurred in the previous year around the bureau’s alleged complicity in the FBI’s requests for questionable surveillance abroad. Quite likely, the simple announcement that this policy had been adopted administratively—a move that was entirely within Heymann’s formal authority—would antagonize relevant congressional subcommittees and committee chairmen as well as the FBI and other national security–conscious parties.

Beyond Heymann, there was, however, no real support for the idea of a
lifetime visa. Only a very few potentially involved parties would be even weakly positive toward this proposal if it were unexpectedly presented to them for support. Given the possible political risks, premature appeal by Heymann to Secretary of State Dean Rusk for support of this visa proposal—although Rusk was broadly sympathetic with the notion of an open society—would have almost certainly produced a negative response. To the secretary, the risks of generating bureaucratic opposition and a public flare-up would have been too great for the general benefits of the idea.

Thus, before presenting the idea to the secretary of state, it was necessary for Heymann to build a coalition of support for it by adding a series of parties whose assent would signal a less risky, and hence more desirable, measure. The dynamics of this process were very similar to those one encounters in international conferences and legislative bodies and among countries seeking support for various other initiatives. To accomplish this goal, Heymann paid careful attention to the sequence for approaching the various parties and to the nature of his proposed appeal to each one of them. Who should be approached first and on what basis? Then who? And how should the subsequent order of approach be determined?

Let us briefly review the set of potentially involved parties who need to be consulted for any initiative to succeed.

A Key Subordinate. Heymann had a key subordinate who was extremely familiar with the operational side of the Visa Office. He had briefly been an FBI agent and was sympathetic to the security concerns that might be raised by Heymann’s visa proposal. Nonetheless, he would fully understand the lack of any real security threat posed by Heymann’s idea. This subordinate had close links to the relevant congressional subcommittees as well as to the Immigration and Naturalization Service (INS) at the Justice Department with whom the Bureau of Security and Consular Affairs closely worked. This subordinate had felt sufficiently close to Heymann at one time to ask him to propose the subordinate for an ambassadorship, a post not normally given to those who had followed his career path.

A Key Congressman. This midwestern representative, a Democrat, chaired the House subcommittee that oversaw Heymann’s bureau’s operations. He was strongly security-conscious and would likely be suspicious of any proposed change of the sort suggested by Heymann. Despite his subcommittee’s formal oversight role, however, he and Heymann had not met in the year since Heymann became acting Administrator of the Bureau of Security and Consular Affairs.

Dean Rusk, Secretary of State. As indicated, Rusk was sympathetic to Heymann’s goal for a more open society in the United States, certainly one that was more open to foreign visitors. Yet Rusk’s preoccupation with the diplomatic difficulties involved with the Vietnam War and his extremely un-
happy experience with the previous year's blowup emanating from Heymann’s bureau’s activities would lead him to be very skeptical of any proposal with political risks.

* A Key Senator. This southern senator chaired the Senate committee in whose charge fell the activities of the Visa Bureau. He was strongly security-minded, but had so many issues before his committee that he tended to defer to those in the House of similar mind and who could focus more on particular issues.

* The Director of the Immigration and Naturalization Service (INS). This man’s office closely coordinated with the Visa Office and exchanged many favors back and forth. In particular, this man and Heymann’s key subordinate were good working colleagues. The INS director was concerned with security but very knowledgeable about the actual effects of any changes in procedure.

* J. Edgar Hoover, Head of the FBI. Hoover, whose agency had been entangled with the previous year’s imbroglio, was actively security-minded and could be expected to oppose actions brought to him for approval.

* The U.S. Attorney General. The attorney general, within whose department both the INS and the FBI were located, was concerned about security issues with substantive merit. He had, however, worked closely with Heymann before, and had both trust and respect for him. Nevertheless, he could be expected to be skeptical of the proposal unless it was fine on the merits.

* The Secretary of Commerce. The commerce secretary chaired a recently convened committee on emergency measures to address the growing balance of payments deficit due to the Vietnam War. President Johnson had urgently requested a list of measures intended to address the payments problem, but under the constraint that little new expense for implementing the suggested measures would be available.

* The Department of State’s European Bureau. This bureau had long chafed under the asymmetry between European countries, which allowed free travel for U.S. citizens without visas, and the United States, which required visas of foreigners. This bureaucratic entity would likely find Heymann’s proposal attractive.

Having thought through this likely set of potentially involved players and how they might see his proposal—on balance, quite negatively—Heymann needed to think through a strategy for building his supportive coalition for bringing in Rusk. Without going into great detail about the building of his coalition, it is worth tracing the sequence of steps he took, recounting some of his reasoning, and, then, extracting analytical lessons.

From the time he became interested in the visa proposal, Heymann waited almost a year until the balance of payments crisis arose. As noted, President Johnson was politically desperate for a series of measures that could
be publicly presented as at least conceivably improving the payment balance. A lifetime visa would arguably make it easier for foreigners to visit the United States and, hence, increase tourism and boost the balance of payments. At worst, it would make no difference. Thus, Heymann responded to the call of the Secretary of Commerce for members of the administration to suggest proposals intended to improve the balance of payments. His visa proposal had been a "solution awaiting a problem." Of course, Heymann could only present this as a tentative personal idea, without formal State Department support.

Once the Commerce Secretary's grateful assent had been given, Heymann then returned to the State Department and approached the European Bureau with his "personal suggestion." The European Bureau was delighted with the idea, which Heymann again stressed did not yet have any official standing.

It was then desirable and possible to approach Heymann's key subordinate. Heymann did so, taking care to stress that his discussions of the idea to date were only exploratory. He then solicited his subordinate's informed professional view of the merits of this issue as a security matter. Of course, the merits were not in question and, after adopting a few modifications suggested by the subordinate, Heymann convened a meeting of the European Bureau and his subordinate to discuss the issue. This was a chance for his subordinate to act "statesmanlike" in front of a group of people who would be his peers should an ambassadorship become available.

By this approach, in particular, sticking to the strict merits of the proposal, Heymann won over his powerful subordinate who controlled the implementation of the process and to whom many relevant legislative staff members as well as key legislators looked for guidance on the security dimensions of such issues.

The next step was also clear. With his subordinate on board it was relatively easy to earn the endorsement of the Immigration and Naturalization Service, given their close working relationship. Yet how should Heymann's coalition-building efforts continue? Rather than reasoning "forward" (asking who next?) as he had done thus far, Heymann asked a hypothetical question, reasoning "backward" from Secretary of State Dean Rusk. Whose approval would Heymann ideally gain in order to maximize the probability that Rusk would acquiesce to Heymann's proposal? Heymann's answer: if Heymann could tell Rusk that the Secretary of Commerce, the Attorney General, the key congressman, and the key senator were all on board, then it would be relatively easier for Rusk to say yes to Heymann's proposal—since the political risks would largely have been neutralized, given that constellation of support.

But continue this process of reasoning "backward." If Heymann were to approach the key senator with his proposal, whose prior approval would maximize the chances of the senator's acquiescing? Heymann's answer to this
question seemed to be the combined support of the most knowledgeable House player and the Attorney General.

Continuing this reasoning, who would the representative want to see on board to maximally increase the chances of approval? To Heymann, the answer to this question seemed clear. If both Heymann’s key subordinate and the INS director—who represented the operational side of this issue and whom the representative knew to share his security concerns—were on board, some of his concern would be assuaged. Moreover, if the nation’s senior law enforcement officer, the Attorney General, were behind the issue, and if the Secretary of Commerce and, arguably, the President wanted the proposal, there would be still greater allure. Since Heymann already had his subordinate’s support, plus the INS director’s and the direct support of the Commerce Secretary, his next target—the Attorney General—became clear.

Given Heymann’s personal relationship with the Attorney General, the Commerce Secretary’s support, and the acquiescence of the INS (the Justice Department’s responsible agency), the Attorney General gave his blessing. Then the representative could be approached with the full set of desirable supporters in tow. The senator’s acquiescence would be relatively easy. Then the approach to Secretary of State Rusk could be made in the most persuasive manner.

This exercise illustrates a more complex version of strategic sequencing as a central dynamic of coalition building. A few observations are in order. First, the prior commitments of other parties may be used as resources in obtaining the acquiescence of other subsequent parties. Second, the sequence of approaches depends on what we called patterns of deference in the Law of the Sea case, that is to say, who defers to whom on the basis of perceived expertise, status and reputation, or obligations of reciprocity and friendship. By choosing early parties to whom later ones will defer, it is possible to build a coalition by this method. (Similarly, patterns of antagonism would likely preclude the United States seeking Iranian or Libyan support early on in any international initiatives taken in the 1970s or 1980s.)

The method illustrated by Heymann’s actions might be called backward mapping, an approach closely related to the mathematical technique of dynamic programming. Starting with the party whose agreement is ultimately needed—in this case, Secretary of State Dean Rusk—one then works backward, asking whose prior assent would maximize the probability of agreement from the parties ultimately needed. Then, from that prior group of parties, ask who is most likely to agree and whose assent prior to approaching this group would be most helpful. By this logic, one can work backward from an ultimate target to a present situation. In alliances, both formal and informal, in

20. See Bellman 1957 or Dreyfus 1965.
international conferences, as well as in legislative bodies, this kind of backward mapping—albeit on an intuitive basis—is a common feature. Critical to the process, the sequence of parties approached can significantly affect the probability of success; that is, there is path dependence.

It is worth noting in this example that the tacit alliance formed by Heymann not only furthered his interest but also decreased the perceived political risk of the initiative from Rusk's perspective. Hence, as between the Secretary of State and the acting administrator, at least, a mutual gain was attained as a result of elaborate coalitional tactics.

**Effects of Coalitional Action on the Perceived Bargaining Set**

In our analysis thus far, we have examined tactics and dynamics associated with the two basic multiparty processes: building and breaking coalitions. Beyond reviewing canonical coalition dynamics and analyzing sometimes unexpected, de facto coalitions, we have focused on three classes of tactics that we have called *party arithmetic, process opportunism,* and *strategic sequencing.* The tactical actions themselves as well as the intent behind them and their effects can be covert, tacit, or explicit.

It now remains to relate tactical action to its intended effect on negotiated outcomes. We will argue that the tactics are intended to favorably affect the zone of possible agreement in three distinct ways: (1) improving one's alternative to negotiated agreement or worsening that of other coalitions; (2) realizing joint gains; and (3) credibly committing to advantageous positions within the perceived zone of possible agreements. We consider each class of favorable effect on the zone of possible agreement in turn.

**Tactics that Favorably Change Alternatives to Negotiated Agreement**

The negotiation process, including that involving many parties, typically consists of each party trying to reach an agreement that advances its interests as much as possible, subject to exceeding (in value terms) its best alternative to negotiated agreement. Such alternatives to agreement may include legal action, forming a coalition with another party, imposing military or economic sanctions, withdrawal from the negotiation, or other unilateral actions. Each side's perceptions of the alternatives to negotiated agreement are of central tactical importance in negotiated interactions. Indeed, a necessary condition for agreement is that each side see cooperative action as advancing its interests more than would be the case in the event of no agreement. (In coalitional cases, the value of a party's no-agreement alternative is its assessment of the
possible agreements that might be reached among the other parties.) If the no-agreement alternatives of one coalition improve, the zone of possible agreement—which is defined as those potential agreements that are better for each side than its alternatives to agreement—correspondingly shrinks. In general, the more attractive one’s alternatives to agreement with other coalitions (or, for that matter, within one’s own coalition), the more favorable agreement is likely to be. A significant amount of analytical and experimental evidence supports this general proposition. By contrast, worsening the no-agreement alternatives for others can improve the likely attractiveness of an agreement for one’s own side.

A variety of the cases we have discussed illustrate this class of effects. In particular, Chrysler U.K. acted to worsen the Labour government’s alternatives in order to prevent the formation of an adverse union-government coalition. Similarly, the tacit coalition building by Kennecott and Malta improved their own no-agreement alternatives while worsening those of Chile and Great Britain, respectively.

Coalitional Actions That Realize Joint Gains for the Parties

The second potential favorable effect of coalitional action on the zone of possible agreement involves moves to realize additional joint gains for the parties relative to those presently perceived as available. By joint gains we mean improvements in the outcomes of all parties to potential agreement—improvements that do not come at the expense of any party. At a fundamental level, all joint gains arise from three sources (Lax and Sebenius 1986, chap. 5). First, the parties may have identical or shared interests in the outcome; that is, they want the agreement to contain the same elements. Second, there may be differences in interests or perceptions that may be dovetailed. For example, if different interests are accorded different levels of importance by the various sides, mutually beneficial trades or exchanges may be fashioned. (Certain linkage and logrolling strategies fall within this category; see, e.g., Tollison and Willett 1979 or Sebenius 1983.) If the various sides have different forecasts of the likelihood of future events, different attitudes toward risk, or different discount rates, for example, contingent agreements or agreements that vary over time may yield joint gains for the parties. Finally, agreements may yield joint gains to the parties where there exist economies of scale or number, as in the case of alliances or jointly undertaken ventures.

When coalitional action increases the possibility or salience of joint

Thinking Coalitionally

22 Intuition suggests that negotiations are likely to be more successful when they offer greater joint gains or, equivalently, have less conflict of interest. Indeed, in a series of carefully controlled experiments, Malouf and Roth (1981) found that agreements took longer to achieve as the conflict of interest among the parties increased. Axelrod (1970) found a strong positive relationship between conflict of interest in Prisoner’s Dilemma games and the probability of defection (rather than mutually beneficial cooperation). Reviews of the social-psychological literature lend support to the propositions that lower conflicts of interest (1) lead to speedier settlements, (2) have higher agreement probabilities, (3) reduce the danger that one or more parties will repudiate the agreement, (4) tend to strengthen relationships among the parties, thus facilitating later agreements, and (5) contribute to organizational effectiveness where subunits (individuals, subunits, departments) with distinct needs and values engage in intraorganizational bargaining. 23

Coalitional actions to realize joint gains from different interests and capabilities were taken in the case of the Bonn summit, and, to a lesser extent, at the Plaza in 1985. Tommy Koh’s carefully orchestrated process entrepreneurialism in the Law of the Sea talks was aimed at generating joint gains (that derived from differences in forecast, risk aversion, and time preference). Phillip Heymann’s covert coalition building led to joint gains in his tacit agreement with the Secretary of State. Perhaps less obvious was the lure of joint gains from a grain deal that drove the emergence of the de facto farm community—Soviet alliance in 1975.

Coalitional Actions That Commit to Advantageous Points within the Zone of Possible Agreement

Coalitions may form or take actions to commit to points within the perceived bargaining range. In line with Schelling’s pioneering work in this area, a visible, binding, irrevocable, and credible commitment within the zone of possible agreement effectively presents others with the equivalent of a take-it-or-leave-it offer (see Schelling 1960 and 1966). If the process has been such that the commitment does not generate hostility or spite, or engender a conflict spiral, the other sides will have to choose between the agreement to which the first coalition has committed and less attractive alternatives to agreement.

22. For a precise discussion of the concept of conflict of interest, see Axelrod 1970. An elaboration of the effects of changes in perceptions of joint gains can be found in Sebenius 1984 (114—16).

23. Some of this paragraph is paraphrased from Sebenius 1984. In particular, see Pruitt 1982.
tions under which commitments are effective (Bachrach and Lawler 1981; Lax and Sebenius 1986), but for present purposes, it is worth specifying the mechanism by which a commitment functions. In effect, a commitment incurs significant costs for the committed party in the event that the party violates its commitment. Other points, formerly within the (precommitment) bargaining range, are thus rendered unacceptable—given the conditional costs incurred for violating the commitment. Thus, a successful commitment reshapes the bargaining range in a favorable way for the committed party. Notice that, while the members of a coalition may create joint gains among themselves by coalescing, they may also extract value from nonmembers by committing to advantageous demands vis-à-vis the outsiders. Either way, by creating value internally or extracting it from others by credible commitment, the coalitional members are better off.

Thus, the third class of coalitional action for advantageously influencing the outcome of negotiations involves building support among a group to credibly stake out an advantageous position. For example, agreement among the heads of state at the Bonn summit effectively committed their governments to actions that might otherwise have been blocked by domestic, opposing coalitions. The MacFarlane-Shultz plan to covertly build a coalition inside the U.S. government, with the Soviets, was intended to lead to an agreement that would neutralize the Pentagon civilians. James Baker’s coalitional actions vis-à-vis the Plaza Accords led to a commitment by the industrial countries to a policy devaluing the dollar; that commitment also neutralized his domestic opponents.

**Accounting for the Effects of Coalitional Actions on the Perceived Bargaining Set**

Thus far, we have related classes of coalitional tactics to intended negotiated outcomes through changes in perceptions of the bargaining set. Of course, such effects are necessarily subjective and only change the perceived probabilistic distribution of possible ultimate agreements. At least one important analytic task remains, namely, accounting for the means by which each class of tactics achieves its effects on the perceived zone of possible agreements. We shall consider each class of coalitional action in turn.

**Accounting for the Effects of Party Arithmetic on the Perceived Bargaining Set**

In general, tactics to add or subtract parties from coalitional interactions function by observing and exploiting actual or potential linkages between the
targets of the tactics and the other involved parties. These linkages may involve interests, alternatives to agreement, or other existing or potential interdependencies.

Consider first the tactics to add parties. In the Kennecott case, a variety of potential but nonobvious financial links were forged by the company to build an advantageous coalition vis-à-vis the Chilean government. Similarly, Maltese Prime Minister Dom Mintoff exploited NATO alliance relationships with Britain as well as longstanding usage patterns of Maltese facilities by NATO members to expand the scope of what could otherwise have been a simple U.K.-Malta negotiation over base rental terms.

When seeking to “subtract” the assuredly hostile FBI director from his bureaucratic coalition-building efforts, Phillip Heymann relied on the hierarchical linkage between the FBI and the attorney general—with whom Heymann had a good relationship and could make an argument on the merits—to speak for and prevent FBI involvement. (Notice how this tactic relied opportunistically on the formal process that determined who could speak for whom in the Justice Department.)

Accounting for the Effects of Process Opportunism on the Perceived Bargaining Set

Recall that, by the term process, we encompass the formal and informal factors that influence or determine who can speak on whose behalf (and in what order), who can and cannot communicate with whom, who can commit whom to an agreement (even if provisionally), who must ratify or can over-turn whose previous actions, as well as the nature of the decision rules (e.g., voting, unanimity, nonobjection, etc.). Normally, laws, formal rules, protocol, or informal patterns embody these elements of process, but physical, temporal, and spatial considerations often exercise significant process influence.

Obviously, an infinitude of possible processes exist and we could not possibly investigate all the classes of coalitional tactics to which they give rise. Yet we have examined a number of characteristic processes: intra-alliance consultation (Kohl and the “zero option”), “internal” bureaucratic politics (the Bureau of Security and Consular Affairs), two-level games and their first cousins, internal-external bargaining (the 1978 Bonn summit; the 1985 Plaza accord; the Shultz-MacFarlane arms control plan); as well as international conference diplomacy (Koh and the Law of the Sea).

Notice that process opportunism, as we have used the term, can mean tactical choices that take advantage of a given process (e.g., the Bonn summit) as well as entrepreneurial efforts to put in place or alter a process (e.g.,
Koh and the Law of the Sea). We should also stress that opportunistic action can be intended to advance individual policy choices (e.g., Heymann) or facilitate a collectively beneficial agreement (e.g., Koh).

That the involved parties were often not all present at the same time in the same place was among the factors across these varied situations that permitted tactical action to change perceptions of the zone of possible agreement. With physical and temporal separation, there was typically less than full, ongoing communication. With secrecy, partial communication, and/or imperfect information, one player could act treacherously (as in the Hitler-Stalin nonaggression pact), or "merely" opportunistically shape the perceptions of others in ways that made that player's preferred agreement seem more valuable. Potential allies could be enlisted early and potential opponents separated to prevent their forming an opposing coalition.

To the extent that partial or full commitment to an emerging interpretation or agreement resulted from such subgroup interactions, it could become harder subsequently to dislodge for at least four reasons. First, commitments (even provisional commitments) carry costs to reversing. Second, the agreement could become something of a focal point and gain psychological prominence and attractiveness (Schelling 1960). Third, renegotiation can become increasingly costly and uncertain. Fourth, potential opponents may become isolated, thwarted from forming effective opposing coalitions, or coopted. As increasing numbers of involved parties become committed to an emerging agreement, we might describe the process as one of pyramiding toward ultimate agreement; this can be as simple as adding needed allies or changing the expectations of a large number of parties about the likely ultimate outcome and thereby generating bandwagon effects.

Accounting for the Effects of Strategic Sequencing
Actions on the Perceived Bargaining Set

As we have noted at several points in the course of the analysis, the classes of coalitional action under consideration are not at all mutually exclusive. Indeed, our presentation took advantage of the fact that certain cases involving process opportunism also involved party arithmetic and that strategic sequencing actions sometimes depended on process elements as well as the possibility of adding or subtracting parties. In seeking to give an account of the effects of process opportunism, we described a dynamic that is very common in coalitional interactions, namely, that bilateral agreements (or agreements among subgroups) often expand to become agreements of the whole. This pyramiding phenomenon necessarily implies some order of actions that can be chosen with the goal of affecting perceptions of the target zone of possible agreement.
The choice of sequence can be made by a reasoning process that we have
called backward mapping that works from the desired end back through the
sequence of possible choices until it reaches the starting point. The path so
chosen should involve actions—approaches, appeals, proposals, and other
tactics—that pyramid to offer the highest subjective probability of reaching
the ultimately desired agreement. The choice of path matters, of course,
because the effectiveness of subsequent actions depends—sometimes heav-
ily, sometimes lightly—on the path of previous actions and their results; in
short, the unfolding outcomes of coalitional actions are path-dependent. To
give a satisfactory account of the functioning of strategic sequencing, then,
we must ascertain the conditions that give rise to this path dependence and
efforts to pyramid coalitional actions into desired agreements. Three factors
stand out.

First, as we argued in the case of process opportunism, prior commit-
ments to emerging agreements necessarily entail a cost to change. For exa-
ample, as the Plaza and Bonn summit agreements took shape and drew ad-
herents, they became progressively harder for potential opponents to
dislodge. Hence the commitment possibilities that inher in a situation can
affect the chosen path.

A second factor involves the possibility that prior actions can build
credibility and reputation that favorably shape expectations of players at sub-
sequent stages of the process. James Baker, by early successes, was able to do
this effectively, persuading those with whom the government would later
negotiate that the alternatives to agreement on the proposed terms were bad
and that opposition would likely be costly. As a result, something of a band-
wagon might gain momentum.

Third, if patterns of deference exist (as in the Bureau of Security and
Consular Affairs) or can be discerned over time (as with Koh in the Law of the
Sea), the strategic sequence may be affected. If such patterns of deference
exist, the prior agreement of those to whom others defer can serve as a
resource in later encounters. Parties approached later in the sequence, having
been made aware of the prior acquiescence of others, may take the others’
action as a substantive signal: “If X or if X and Y agreed, it must be a good
idea; I’ll go along.” Those approached later may also be more willing to go
along if others have already agreed, since the risk of being wrong is spread
over more parties. Further, it may be that some relationship of rec-

24. Another objective may be appropriate, such as maximizing the expected value or utility
of the outcome, perhaps subject to a constraint of not exceeding a certain risk level.

25. See Schelling 1966 in particular for an elaboration of the conditions under which
various commitments can be made and undone.
Propriety exists, that if an earlier party agreed, a later party may be returning a favor (or "banking" one) by joining the group.

In short, the presence and extent of commitment possibilities, opportunities to build a reputation and shape expectations, as well as patterns of deference (as substantive signals, for risk spreading, or as a result of reciprocity) comprise conditions that permit path-dependent pyramiding, in which the effectiveness of subsequent actions depends on the path of actions previously taken. These are the factors behind strategic sequencing calculations.

Conclusions

We have used the term multilateral to refer to negotiations involving more than two monolithic parties or factions, which may be countries, distinct regions, or organizations, as well as groups or even individuals within larger entities. Coalitional interactions among such factions or parties ranging from two-level games to conference diplomacy, to alliance dealings and bureaucratic politics, have fallen within the scope of this chapter. As we noted in the introduction, and which for convenience we revisit here, much is possible in multiparty situations that simply cannot occur in strictly bilateral settings, including coalitional alignments and realignments, the possibilities of de facto alliances, "natural" coalitions, and blocking coalitions. In particular, this can lead to blurring the concept of side in negotiation—where more than one entity nominally comprises a side, but "internal" divisions and coalitions cutting across the different sides may act in concert. In particular, we have investigated three classes of tactics and dynamics that can only occur in a multiparty context: (1) party arithmetic, or actions to affect which entities are and/or are not actively involved in a given negotiation, that is, "adding" and "subtracting" parties; (2) process opportunism, or tactics that depend on more complex structural or process restrictions such as who can directly talk with whom, how information is transmitted, who may speak for whom, and which parties must approve the actions of others; and (3) strategic sequencing, or tactics that depend on the order and sequencing of how the different entities are approached and/or informed of the actions of other players. This may lead to agreements among subsets of the involved parties, not necessarily coalitionally aligned, that may or may not pyramid to encompass a larger group.

An almost bewildering variety of coalitional tactics and dynamics flow from the inherent differences between bilateral and multilateral settings. The detailed examples we have discussed should amply bear out this claim. Despite the literature that we reviewed on multiparty bargains from several fields, however, we found that a thorough and explicit focus on process, on
characteristic tactics and dynamics in multilateral settings, along with their effects on negotiated outcomes, was generally lacking in key respects. While some elements of process and certain coalitional dynamics in relation to negotiated outcomes have been investigated, the set of observed behaviors—even those illustrated by the various examples presented in this chapter—was far wider than that which appeared to be accounted for by the literature.

In response, we offered a relatively simple framework to interpret such extremely varied coalitional actions in terms of their intended effects on the zone of possible agreement among a relevant set of parties. This framework, which has significant negotiation analytic and empirical support, interpreted coalitional actions as shaping the zone of possible agreement in desirable ways by (1) favorably influencing alternatives to negotiated agreement, (2) realizing joint gains, and/or (3) committing to favorable points within the zone. For each broad class of coalitional action—party arithmetic, process opportunism, and strategic sequencing—we offered an account of the conditions that permitted it to affect perceptions of the bargaining set. We used this framework to account for a number of observed behaviors, including both coalition building and breaking, covert and tacit as well as explicit. To us, a virtue of this framework lies in its capacity to make ready sense out of apparently highly diverse phenomena observed in multiparty settings.

Of course, there are many other rationales for coalitional action. For example, group action may seek to establish or reinforce important norms, either among the members or with respect to dealings with another coalition. Further, beyond what a coalition can do collectively may be values intrinsic to its formation and continuation, the benefits of simply being together affirming common values or, as James Q. Wilson (1975) referred to it, the “solidary” rather than the individual incentives for action as a group. Yes, as illustrated by our examples, the three basic purposes described here account for significant classes of observed behavior.

Valuable next steps would include a more systematic characterization of the dynamics we have identified, a careful investigation of specific kinds of tactics, along with a specification of the conditions under which particular classes of such dynamics arise. Although we have moved among numerous substantive areas, certain dynamics may frequently be associated with particular types of multilateral negotiation, such as bargaining within alliances as opposed to with adversaries, or those with economic as opposed to military focus, or others taking place within an ongoing forum (such as a United Nations conference), or in an ad hoc setting.

It is probably fair to assert that the predominant mode of bargaining is multilateral, especially where one considers the possibilities of different factions within each “side.” Yet theoretical attention has largely been focused,
for understandable and justifiable reasons, on the bilateral case. We hope our exploration of tactics and dynamics in multiparty situations has helped redress the balance.

BIBLIOGRAPHY


Negotiation Analysis


