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# Correspondence

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## An Author Responds

David Lax is one of the most well-respected practitioners in the arena of complex deal making, and so I was pleased to read his review of my book *Negotiauctions: New Dealmaking Strategies for a Competitive Marketplace* in the July 2010 issue of *Negotiation Journal* (volume 26, issue 3). I agree with Dr. Lax on many of his comments, and I appreciate his kind words about several aspects of my book. However, I feel compelled to write briefly to correct what I believe to be certain mischaracterizations and logical flaws in Lax's review. In describing the negotiator's dilemma, a seminal concept that Lax developed along with Professor Jim Sebenius in the 1980s, he wrote:

[S]ome early readers somehow assumed that we were contending that hard tactics (particularly, nondisclosure of real interests) would and should drive out collaborative moves. . . . Subramanian, however, seems to have reached the opposite conclusion, namely, that we asserted that collaborative moves would always trump competitive ones, at least in situations with high stakes. Specifically, he writes "One of the unstated but core assumptions in the negotiator's dilemma is that the parties will make a deal." We make no such assumption. Quite the contrary!

In fact, the negotiator's dilemma model does assume that the parties will make a deal. In Lax and Sebenius's classic formulation (although the point is generalizable to any model that follows its basic structure), each party has four potential payoffs: a "terrible" outcome that comes from (create, claim), a "mediocre" outcome that comes from (claim, claim), a "good" outcome that comes from (create, create), and a "great" outcome that comes from (claim, create). All of these payoffs assume that a deal will be made because they are conditioned upon the move of the other party. If you assume instead, as Lax does in his review, that the parties will not make a deal in (claim, claim) because their best alternatives to a negotiated agreement are better than mediocre, then by extension each party will individually veto the deal when it is terrible for them — which is exactly the basis for the reanalysis of the negotiator's dilemma in my book. All of

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this is not to say that the negotiator's dilemma does not exist — it is just a sharpening of the conditions under which it exists. For this reason my reformulation of the negotiator's dilemma does not imply, as Lax states in the quoted text above, that “collaborative moves would always trump competitive ones.”

Lax goes on to assert that “Subramanian maintains that deal makers are less likely to mask their preferences or otherwise choose value-claiming tactics when the stakes are high, but he presents no direct evidence for this statement.” I do not say this; in fact, I think Lax and I would agree that no serious scholar or practitioner in the deal-making arena would make this claim.

I am grateful for Lax's thoughtful review of my book and, in the end, he and I do not disagree about very much, but I wanted to write to clarify the record on these points.

*Guban Subramanian*