

Thomas Crombie Schelling, 2007 IACM Lifetime Achievement Award: An Appreciation¹

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This year we are recognizing the work of a theorist who has had an enormous impact on our field and on the social and economic sciences more generally. Theorists live in a world of abstractions. Unlike most theorists, however, Tom's concepts come alive with examples from everyday experience. Just last week when in Malaysia, I was reminded of the power of commitment in bargaining. With only 10 ringgits (Malaysian currency) in my pocket and within a few minutes of making a dash to the border crossing for a return to Singapore, I offered this amount to the shopkeeper. Knowing that it was well below her asking price I explained my situation. The "take-it-or-leave it" proposition was taken, eliciting a quick smile as I was reminded about the power of commitments, which Tom referred to as casuistry.

This was one of a number of ideas that surfaces in Tom's 1960 classic, *The Strategy of Conflict*. So, then, what makes this book a classic? In addition to making game theory accessible—the math is not difficult—the book shows that it is insightful and intuitively compelling. Tom showed that the basic concepts of game theory apply to a wide range of examples from nuclear exchanges and arms control to tailgating and riding a bicycle to work. He put Grand Central Station on the map as the meeting place—or focal point—of choice for busy visitors to Manhattan. But the book is also compelling for its counter-intuitive insights: for example, a party can strengthen its position by worsening its own options—contrary to the intuitive idea of a BATNA but consistent with the idea that power resides in weakness; an evident capability to retaliate can be more useful than the ability to resist an attack, and uncertain retaliation is more credible and more efficient than certain retaliation.

The reach of Tom's theoretical approach extends well beyond the strategic arms control focus of the 1960 book. Among his 200, mostly single-authored, publications are analyses of energy and environmental policy, climate change, terrorism, organized crime, racial segregation and integration, the draft, health policy, tobacco and drug policy, and

¹An earlier version of this appreciation was presented at the IACM awards banquet in Budapest, July 3, 2007.

ethical issues in public policy and business. Running against the *tide* in the early 1990s, he argued the climate change would have only modest consequences for an individual's health and well being. [Although he still calls attention to the many uncertainties of climate change, he warns against inaction. See his 2007 article in *The Economists' Voice*.] The work done in the early 1970s on residential segregation (referred to by him as "neighborhood tipping") is now being picked up in the work presented at this conference on dynamical systems. In a 1968 article on game theory and ethical systems, he argued that both selfishness and altruism can be socially inefficient, illustrating a connection between individual motives and collective consequences. Many of these contributions are found in his 1984 book of collected papers titled *Choice and Consequence*.

Many of us would be surprised to learn that Tom was trained as an economist. He was a former president of the American Economics Association. Economics provided a foundation and the technical tools for his work. However, the discipline was not a constraint on the way he performed analyses or on the scope of his interests.

But, it was his eleventh article that left the strongest impression on me, and perhaps on many of us who study conflict resolution. Published in the first issue (1957) of the *Journal of Conflict Resolution*, "Bargaining, Communication, and Limited War" introduced the idea of tacit bargaining, which he contrasted to explicit bargaining involving the use of speech. With the help of a set of familiar dilemmas—presented as classroom problems—that occur when interests converge and when they diverge, Tom showed that solutions could be found in conspicuous features of the situation. In his words: "The obvious outcome depends greatly on how the problem is formulated, on what analogies or precedents the definition of the problem calls to mind, and on the kinds of data that may be available to bear on the question in dispute." His application of the concept to the practical problems of strategic maneuvering in decisions about limited war emphasized the challenges associated with incomplete communication. It is in these circumstances where "participants must allow the situation itself to exercise substantial constraint over the outcome." Nor did he ignore the usefulness of mediators and other third-party roles in pointing out features of situations that would help parties to coordinate their expectations when direct communication is limited.

The shelf-life of an idea can only be assessed with the passage of time. It has been 51 years since Tom's *JCR* article appeared. In that time, we have come to appreciate the way tacit bargaining has influenced a number of popular themes in our literature: From the 50% solution to prospect theory's framing and including work on fairness and the power of norms in bargaining, reciprocity and unilateral initiatives, turning points, systems design, situational levers, synchrony in verbal and nonverbal communication, and linkages between micro-level motives and macro-level (or collective) behavior. Yet, despite their influence, original ideas often surface in a different way or acquire new labels in later work.² For this reason, we thought that the new generation of *NCMR*

²Another example is Thibaut and Kelley's (*The Social Psychology of Groups*, Wiley, 1959) idea of a "comparison level for alternatives" as a forerunner to the popular concept of a "best alternative to a negotiated agreement" (BATNA).

contributors and readers would benefit from its inclusion. Thus, this classical article is reprinted in this issue.

Our understanding of bargaining as a problem of coordination owes much to Schelling's early writings. So too does the current vogue for contingency theories and their emphasis on taxonomic classifications of conflict environments and stages. Research streams lapse or become sterile without theoretical insights—Tom has been a source for insights that ignited communities of researchers to pursue their implications. And, the insights are original. He has not reinvented wheels discovered long ago. Nor is his work only a small advance in the state of the art. His penchant for limiting citations only to the most relevant earlier work is symptomatic of a desire to seek new directions rather than “evidence” for a lack of awareness of literatures on the subject. Nonlinearity is evident in both his analyses of problems and in the way he has challenged familiar ideas.

Although taking into account the role of context has enriched our understanding of negotiation, there is a strong attraction to concepts that capture a kind of elemental essence. Tom gets to the heart of a question, not by reducing complexity, but by representing it in an idea that captures both process and a situation's structure. For him, context is found in the details of particular situations rather than in a broader setting. In his words: “... there is a danger in too much abstractness: we change the character of the game when we drastically alter the amount of contextual detail that it contains ... It is often the contextual detail that can guide players to the discovery of a stable or, at least, a mutually nondestructive outcome” (p. 256 in Schelling, T.C. [1958]. “The strategy of conflict: Prospectus for a re-orientation of game theory.” *Journal of Conflict Resolution* 2: 203–264).

His work does not encourage us to substitute labels for dynamics ... but he did add to a concept's shelf-life with intriguing labels such as casuistry, tipping points (long before Gladwell's popular book by that title in 2000), MIRV (“Marginal Individual Right Value”), and focal points ... to which we can add the title of his 1973 article, “Hockey Helmets, Concealed Weapons, and Daylight Saving: A Study of Binary Choices with Externalities.” He tied these and other diverse examples together by their similar structure. Each is a binary choice—to wear a helmet or not, to go on Daylight Saving time or not—and the outcome depends on how many people in a population make one choice or the other, referred to as externalities. These features are used in a sophisticated theoretical analysis of “potential equilibrium points.” For more on this form of analysis, see the article in the September 1973 issue of the *Journal of Conflict Resolution*.

So, then, what more is there to say about Tom Schelling's career? Well here is something never told before. In his words:

“When I was interviewed for my first professional job it was at the Fiscal Division of the U.S. Bureau of the Budget, the precursor of the Council of Economic Advisers. Arthur Smithies—later a colleague at Harvard—spent half an hour with me and then, somewhat apologetically, asked whether he might have me add a column of figures from the U.S. Budget. Always good at arithmetic, I was happy to respond. He opened the book, pointed to a column of figures, and gave me pencil and paper. Quickly I added them up, sure I was correct, and showed him the sum. He then pointed out that the column of figures contained several tiny footnotes. Some said ‘negative, to be subtracted,’

and some said ‘subtotals.’ I had added in all the subtotals as well as the negatives. He smiled and hired me. I do not know what his intention was, but it’s a lesson I never forgot.”

This early experience may help to explain Tom’s exquisite attention to detail and clarity of exposition in writing and speaking.

I introduced my Lifetime Achievement award (LAA) keynote address in 2003 by noting the influences on my work of each of the previous award recipients. To this list, I would add Tom’s ideas but with a “footnote”—these ideas were the basis for many of the contributions made by the other LAA recipients as well. And, do not forget to read this footnote!

I recall presenting a paper at a meeting on “Arms Control without Negotiation” held in the 1980s at the American Academy of Arts and Sciences. The paper’s topic was the social psychology of arms control and reciprocation. Tom was in the audience. During a break, and without introducing himself, he mentioned that he enjoyed my talk. As a mid-career scholar, this reinforcement from a “guru” bolstered my confidence and enabled me to survive the peer reviews to follow. Some years later, riding the bus with Tom from Laxenburg, Austria (the location of the International Institute of Applied Systems Analysis) to Vienna, he slipped another compliment into the conversation, this time about a co-edited book recently published on human performance. I took away from these experiences a lesson: Be generous with your compliments to younger scholars about their work. And, this is also what makes our Association special. Thanks Tom for teaching me this lesson. This is also what makes the long-time members of our Association special. And, thanks for giving us and future generations of scholars so many ideas to build upon. Welcome to the IACM Advisory Council.

There is little doubt that *Schelling is compelling*.

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