

Overview and Learning Goals

Climate Club is a six-party exercise that illustrates several central mechanisms of multi-state policy negotiations. Initially comprising four issues, the exercise deals with both conflicts of interests and conflicts of values. It is set in a context that places a high importance on finding integrative (i.e., “win-win”) solutions. Successful participants can create value by:

- identifying subjective differences in the value of the negotiation issues (logrolling),
- adding new issues in a creative way, and
- identifying compatible interests behind opposing positions.

Administration

Number of players

This exercise can be run with up to six players in each of the six country groups (i.e., a total of 36 players). Based on our experience, the exercise works best with four participants per country group (i.e., a total of 24 players). For larger groups, we recommend playing the exercise in several rooms simultaneously.

Required participant competencies

While a background in integrative negotiation, politics, or diplomacy will be beneficial to participants, no prior skills or knowledge are needed for playing this exercise. In fact, we have seen that players without such a background often particularly enjoy the exercise as it allows them to step into new roles.

We recommend that participants read the general instructions before coming to class. This allows for the information to sink in and for questions about climate clubs and the six roles to emerge.

Timing

Pre-negotiation meeting (0.5 to 1 hour). Before starting the negotiation in class, instructors should dedicate time to:

- creating the country teams
- giving the participants a short overview of the theory of climate clubs (optional)
- discussing questions from the participants.

Negotiation (2.0 to 5 hours). The duration of the exercise is flexible and depends on the size of the group and the ambition of the players. Generally, the larger the number of participants and the more ambitious they are, the longer it takes.

Debriefing (0.5 to 2 hours): As teachers of applied improvisation theater sometimes say, “the exercise is just the excuse for the debrief.” When participants reflect on an activity in a well-led manner, they often learn more than during the activity itself.

Total: 3 to 8 hours.

Issues

The negotiation initially comprises four issues: carbon tax, R&D requirements, tariffs, and punitive measures. Each of these issues is associated with a positive or negative utility for each country.

Also associated with a subjective utility for each country is whether a country does or does not join the club and how many others join or not join. The rule of thumb for all countries is: join if the other countries join the club as well; do not join if the others also do not.

All six countries can benefit substantially from adding new negotiation issues, ideally ones that address their interests (see “Debriefing: Integrative potential” below).

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Roles

1. **Big Country.** For Big Country, agreeing on a low/moderate carbon price is the most important logrolling goal (logrolling means *trading concessions based on differing subjective priorities*).
2. **Developing Country.** For Developing Country, the most important logrolling goals are agreeing on low tariffs and a low carbon price.
3. **Coal Country.** This country has the role of the spoiler; its preferred outcome is that no climate club is founded. Reaching this outcome, however, is very difficult, as all five other countries want a club. Therefore, Coal Country tries to “minimize losses.” By adding new issues, the country can develop a more positive perspective on a climate club.
4. **Island Country.** In terms of logrolling, Island Country is most interested in agreeing on a high level of R&D investments.
5. **Green Country.** Committed not only to the environment but also to the authority of the club, Green Country wants to logroll an agreement that includes a high level of R&D investments and strong punitive measures.
6. **Divided Country.** Not having any tangible strategy on climate policy, this country seeks to logroll for a high level of punitive measures.

Negotiation structure

After the initial preparation phase, the summit alternates between often restrained plenary sessions and lively (or even outright chaotic¹) negotiation/drafting phases. The number of such phases needed to finalize the summit varies for different participant groups between one and five.

If time is limited, the number of negotiation/drafting phases can be reduced to one.

Playing the exercise in one sitting versus in several classes

Climate Club can either be played on one 8-hour day—for instance in the frame of a multi-day professional training or an MBA block course—or it can be played across several classes, which is more suitable for regular university courses. If spread over several classes, instructors can either:

- Give the students the task to complete the phases for preparation and negotiation/drafting between the course sessions (i.e., in the students’ free time). This option means that only a general introduction, the plenary sessions, and the debrief are conducted during class time.
- Or dedicate course time also for the preparation/negotiation/drafting. This option allows instructors to observe the negotiation process and to support students whenever needed.

General debriefing questions

Here are examples of questions that can be asked during the debrief:

1. **Experiencing chaos.** *Did any of you experience chaos during inter-team and intra-team negotiations? When did it start, when was it strongest, and how did it feel? Who tried/managed to embrace the chaos?*
2. **Negotiation atmosphere.** *What kind of atmosphere did your negotiations have? What contributed to this?*
3. **Deal satisfaction.** *Are you satisfied with the negotiation outcome and process? Why or why not?*
4. **Understanding other roles.**
 - To those participants who did *not* play Coal Country: *What was the main goal of Coal Country?*
 - To those participants who did *not* play Divided Country: *What was the main goal of Divided Country? What does its general climate policy preferences look like?*
5. **Information-Seeking.**
 - **Self:** *What kinds of questions did you ask your counterparts? Why? Were they good questions and did they yield relevant insights, for instance on priorities or interests?*
 - **Others:** *Did any of you feel that you were asked particularly good questions by others during the negotiation? What were these questions and why were they particularly good?* (Recommendation: Point out if many people say that they had asked good questions themselves but few say that they were asked good questions by others).

¹For advice on negotiating in chaotic contexts see Wheeler, M. (2013). *The art of negotiation: How to improvise agreement in a chaotic world*. Simon and Schuster.

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6. Negotiation mandates (or “confidential instructions”) in the real world.
 - *Are negotiation mandates—which are used very often in diplomacy but also in business and in other contexts—ever perfect?*
 - Suggested answer: No. Mandates reflect the personality of the writer and the culture of the organization. They often address positions rather than interests. At times, they are deliberately vague. They might be outdated a couple of minutes after they were written. As negotiators, we often want to ask clarifying questions when we receive a mandate. Also, we might need to ask our negotiation counterpart to communicate with their home office to double-check or update their mandate.
 7. Learning analysis. *Thinking back on the negotiation training that you have taken, which of the presented knowledge, skill, or mindset was particularly helpful for you during this summit (if any)?*
 8. Lessons learnt. *What would you do differently next time and what not?*
 9. Learning transfer. *How will you be able to apply the skills from this exercise to real-world situations in your life?*

Debriefing the integrative potential and successful value creation

A central focus of the debrief should be about value creation. Here, instructors can discuss with the participants several possible ways to create value.

1. Logrolling (i.e., trading concessions based on differing subjective priorities). Based on the utility functions regarding the initial four issues, the following agreement maximizes total utility points:
 - A LOW carbon price. This issue has a particularly high priority for Coal, Big, and Developing Country.
 - A HIGH requirement for R&D investments. This issue has a particularly high priority for Island and Green Country.
 - A LOW level of tariffs. This issue has a particularly high priority for Developing and Coal Country.
 - A HIGH level of punitive measures. This issue has a particularly high priority for Green and Divided Country.
2. Identifying compatible interests behind conflicting positions. There are many possible interests that the countries can address when adding new issues. For example,
 - all countries want to be perceived as strong, professional, and negotiating with a certain level of integrity independent of the negotiation outcome.
 - all countries are interested in continuing good multilateral and bilateral relationships.
 - all countries except Coal Country can generally benefit from the creation of a club. Having an agreement—even an imperfect one—already makes them better off.
 - all *individual negotiators* want to be perceived as strong, professional, and honest.

In order to learn something about their counterparts’ interests, negotiators can:

- ask repeated “why” questions
 - make multiple simultaneous package offers
 - share information about their own interests and point out how they might differ from their initial positions
 - invite others to describe their vision of a perfect future
 - listen carefully and observe body language, voice, etc.
3. Creatively adding issues. Players can create value by developing a resolution that includes more than the initial four issues. They may:
 - add a rule that the carbon price (and/or R&D investments) starts at a certain level and then increases in pre-defined steps during the following years (“dynamic carbon price”)
 - create a rule that the carbon price (and/or R&D investments) will need to be higher in some countries than in others. For example, they may add a rule that Green Country and Big Country introduce a carbon price of EUR 70, Divided Country and Island Country of EUR 50, and Developing Country and Coal Country of EUR 30.
 - add a rule that the club members will meet once a year to update the resolution
 - add joint investments in a sustainability research center that will be in Island, Coal, or Developing Country

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- add a rule for allowing additional members to join the club in the future.

Negotiation Performance Appraisal

A key goal of conducting this exercise is to allow the participants to understand how well they performed as country teams and as individuals. The method that we recommend is having the whole group vote on questions like these:

1. Country performance:
 - Which country (other than your own) impressed you most during today's summit? (Discussion questions after the vote: Why did they impress you? What can you learn from them?)
 - Which country (other than your own) used the negotiation concepts from our course best? (Discussion question after the vote: How?)
 - Which country (other than your own) showed the best leadership? (Discussion question after the vote: How?)
 - Curiosity: Which country (other than your own) asked the best questions? (Discussion question after the vote: Which ones?)
 - Creativity: Which country (other than your own) had the most creative ideas? (Discussion question after the vote: Which ones?)
 - Integrative Mindset: Which country (other than your own) conducted the negotiation with the most suitable mindset for value creation? (Discussion question after the vote: How could you see that?)
2. Individual performance:
 - "Most Valuable Player": Which person (who is not a member of your team) would you endorse most strongly for a real-world job as lead negotiator (be it in diplomacy, politics, business, or civil society)?
 - "Most Improved Player": Who surprised you most today because they performed better than you expected them to?
 - "Rookie of the Year": Which of the youngest participants (who is not a member of your team) stood out to you most? (Applicable only in age-diverse groups; it may be necessary to clarify before the vote who is eligible for this category).
 - "Future negotiation instructor": Which person (who is not a member of your team) should be offered a job as a negotiation instructor?
3. General comments:
 - To avoid hurting anyone's feelings, we recommend holding the votes secretly and to announce only the winners (and not indicate how many votes they received). The voting can be done either on paper, using a digital voting system, or by simply asking participants to vote by raising their hands while everybody has their eyes closed.
 - Each individual participant should only be able to win one category. After having been selected as MVP, for instance, a person should be excluded from the ballots on "Most Improved Player", etc.
 - Appraising the best teams and individual participants can often be an emotional part of a negotiation training. If instructors want to put special emphasis on this and create a celebratory atmosphere, they can award the winners with little prizes (pieces of fruit, organizational merchandise, or even trophies.).

Real-world Climate Clubs and Further Reading

In Spring 2021, the European Union had started to plan an institution similar to a climate club². This would be the first institution of its kind.

At the time of writing these teaching notes (July 2021), the public discussion of policy related to climate clubs had started to take up speed. For instance, the *New York Times* reported on July 19th that U.S. Democrats had proposed a "border tax based on greenhouse gas emissions"³. As many news sources on climate clubs will quickly be outdated, we recommend that instructors look up sources right before a course and share these with the participants.

Contact

If you have any feedback or questions regarding this exercise, please feel free to contact Val Ade: ade@negotiationstudio.com.

² <https://www.weforum.org/agenda/2021/06/eu-carbon-border-clubs-climate/>

³ <https://www.nytimes.com/2021/07/19/climate/democrats-border-carbon-tax.html>