

French government essay

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1a. Mouse – BATNAs Although the parties in this case all have respective BATNAs, none are very good and would lead to a “lose-lose” proposition. For example, Mouse could disregard the positions and interests of the Mayors and attempt to move forward with the project. However, this would lead to risks such as project delays, increases in budget, lost revenue and diminished reputation in other foreign countries. Also, it would lead to a bad public relations image for the company. Therefore, the Mouse BATNA is very weak and it is in their best interest to find an agreement that satisfies all parties.

The French government’s BATNA is very weak as well. The French government could choose to disregard the positions and interests of the Mayors as well. However, appearing to be disloyal to the communes would lead to severe political issues across the country. Also, if the project did not progress smoothly it would risk the time, effort and capital invested by the government. Lastly, issues with the Mouse project could negatively impact France’s reputation with other foreign investors. It is also in the French government’s best interest to reach an agreement that satisfies the other parties. The Mayors have the strongest BATNA in the case. They could decide not to intervene if the farmers in their communes protest by blocking the roads to the project.

This would adversely impact the project and the investments that have been made by Mouse and the French government. Mouse would have no control over the protests or the difficulties it would create for the project. The French government would not be able to intervene to stop the protest by using police force because it would create negative press and political issues

throughout France. Therefore, the Mayors should use this BATNA as leverage to reach an agreement that addresses their positions and interests. 1b.

Mouse – Interests of Mayors
The primary interests of the Mayors are financial compensation, loss of the traditional French way of life, environmental concerns, affordable housing, community planning and administrative burdens. Although the French government and Mouse could potentially meet the particular interests of the Mayors, there are certain interests that are best met by one party or the other.

For example, it is more appropriate for the towns to receive financial compensation from Mouse. Mouse stands to make huge profits from the project and should share the revenue with the towns. In addition, this would be a symbolic gesture giving the Mayors a voice in the agreement, which translates to power. This is important considering the Mayors were not included in the negotiation of the master agreement. It would not be appropriate for the French government to provide financial compensation. This would set a precedent to other towns that they would be compensated by the government for the negative side effects of government approved foreign investment projects. Therefore, the government official was not authorized to agree to any form of financial compensation.

The interests like social impacts on the traditional French way of life, environmental concerns, affordable housing, community planning and administrative burdens are best met by the French government. Although foreign investment is important to a country's economy, it is not the responsibility of foreign companies to drive politics and policies of sovereign nations and local governments. Therefore, the French government should

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work with the Mayors to satisfy these interests. Especially, the symbolic interests related to the French way of life. In the case we see that although Mouse can offer a community planning resource, the Mayors are opposed to it because they believe their interest would be better served by the French government who would provide a resource who better understands the French way of life and how to preserve it. 1c.

Mouse - Value Creating There were several opportunities to create value in this case. For example, the Mayors had the opportunity to propose a hybrid revenue sharing agreement to Mouse that combined an annual payment and payroll taxes. If the Mayors were willing to share the risks related to the payroll tax with Mouse, the agreement could have increased the amount of revenue received by the communes. My team was unable to capitalize on this opportunity because the Mayors were risk averse and preferred an annual payment of one million euros.

Although money was potentially “left on the table,” the Mayors felt comfortable with pursuing and reaching an agreement based on certainty. There were also opportunities to create value by exploring creative ideas to address various stakeholder interests. For example, an agreement could have included innovative options like a long-term supplier contract between Mouse and commune farmers with support from the government. The agreement could have stipulated that Mouse was obligated to purchase food and produce from local farmers for the park’s restaurants. Other options to address key points of interests could have been agreements to include areas where farming and the traditional French way of life are preserved, subsidies

from the government to stabilize property taxes and government programs to make housing more affordable.

Options to address interests regarding employment could have been proposed. For example, an agreement could have included training and a guaranteed number of managerial positions for French employees. Lastly, additional options could have been explored related to the construction of the high-speed rail and autoroutes that the government agreed to build using the profits received from the sale of land to Mouse. Unfortunately, my team's negotiation was primarily focused on differences in positions. Each party value claimed and attempted to persuade the others why they were or weren't entitled to revenue.

Although we reached agreement, we didn't explore possible options to fit our differing interests together. Instead, we settled on the first solution that was accepted by the parties. Although my team avoided impasse, the final agreement did not create additional value that could be shared by the parties.