

## Abstract

Two fair-division procedures that are applicable to negotiations between two parties over multiple issues are analyzed. Both procedures, which involve the parties' allocating points across the issues, guarantee the envy-freeness and equitability of a settlement. The first procedure ensures that the settlement is Pareto-optimal, but it is vulnerable to strategic manipulation, whereas the second procedure is relatively invulnerable to manipulation, but it is not Pareto-optimal. Despite the vulnerability of the Pareto-optimal procedure in theory, in practice it would be difficult to exploit, though the strategically more robust second procedure could be used as a default option (if one player requests it) under a combined procedure. Possible applications of the Pareto-optimal procedure are discussed and illustrated by the Panama Canal treaty negotiations in the 1970s.