

**Dispute Resolution**  
Institute

**Deputy Chief of  
Staff to the President  
UNITED STATES**

## General Background

It is the fall of 2023. The previous two years have seen a number of dramatic developments in the state of New Mexico. The state's economy has been hit hard by massive cuts from Washington in defense spending and the planned closing of major air force and army bases, which have disproportionately impacted New Mexico. All of the bases inside of New Mexico, including the famed White Sands missile base, have been slated for closing by end of 2015. The closings alone would nearly double the number of unemployed New Mexicans, which was already near the highest in the United States at almost 20%. More than one-third of New Mexicans are already at or below federal poverty levels.

Despite significant economic recovery in the rest of the country, New Mexican private industry has suffered its own set of financial issues. New U.S. agreements with India and China have limited many New Mexican technology companies from growing their business with Mexico and South American partners. A trade embargo on Venezuela earlier this year has put three of New Mexico's largest manufacturers on the brink of bankruptcy.

In addition, new and stricter immigration policies that were enacted in spring of 2014 have been very unpopular with the majority of New Mexico's residents. Many of the Mexican-American residents in the state were put in the position of having to deport some of their relatives or face criminal charges. Recent discussions in Congress on establishing English as the official national language also deeply rankled the New Mexican populace and leadership.

Everything came to a boil last year at the state's centennial celebration. The Vice President and other U.S. dignitaries were literally booed off the stage. Hours later, federal marshals and secret service agents were summoned to help defend the IRS office three blocks away after a small group had fire bombed the building. Four New Mexican residents were killed by one of the trucks carrying federal marshals. The four had attempted to prevent the truck from pulling into the parking area by lying down in the street. The driver of the truck claimed that he did not see them because of the smoke and darkness, although it was 3:00 in the afternoon.

The response from Washington did not ease tensions. Washington took a hard line against calls from New Mexico to provide assistance ("we must continue to act in accordance with what benefits all of the citizens of the United States and not play favorites"). During a press conference, the President failed to acknowledge the deaths of the four residents and instead called on the people of New Mexico to resist "violence and terrorism" and to "abide by the laws of this great country."

After two more incidents of fire bombing (one at a postal station in Santa Fe and another attack at a small IRS office in Roswell), additional federal marshals were ordered to guard other federal facilities throughout New Mexico. Federal troops were stationed at the state borders on federal interstates to inspect trucks entering the state. Outraged at the level of federal intervention, the New Mexican congressional delegation submitted their joint resignations the next day.

Incredibly, within a matter of weeks, the state government began to consider seriously the extraordinary possibility of seceding from the United States. The Governor went on state-wide internet broadcast to explain how the U.S. federal government has now made life in New Mexico impossible under “its tyrannical stranglehold.” The state legislature, buoyed by 80% poll numbers in favor of secession by New Mexican residents, enacted special legislation and officially seceded from the United States. Last month, in a historic, state-wide special referendum, the citizens of New Mexico voted more than three to one to finalize their independence as a fully autonomous, separate nation.

This development has been very difficult for the remaining United States. The current administration still considers New Mexico part of its sovereign nation and has not recognized New Mexico as an independent country. The rest of the world, on the other hand (which has been monitoring the situation closely for the past few months), has embraced New Mexican independence and has tried to put pressure on the United States to relinquish its claims to New Mexican assets. As one leader of a prominent Middle Eastern nation put it, “if we are to promote democracy across the planet, we must be willing to promote it inside of our own borders.”

Tensions between the new nation and its parent country have heightened since the formal secession vote last month. Many international observers worry about the real possibility of formal conflict between the two countries. Of particular concern is that New Mexico, by virtue of Los Alamos, White Sands and other former United States military facilities and weapons systems, is now the third largest nuclear weapons power in the world, behind the United States and the Russian Federation.

A number of specific actions have also contributed to the anxiety. The United States has deployed nearly 10,000 National Guard troops along the interstates and U.S. highways that connect New Mexico to its neighboring states. Another 7,500 troops are guarding the New Mexico – Mexico border. The troops have been ordered to block all trucks from entering or exiting the new nation, effectively blockading all ground transportation to and from New Mexico. In addition, the United States has frozen the banking assets of companies that claim New Mexico as their home country (which includes some major aerospace and defense companies with important ties internationally).

On the other side, there have been two attacks on U.S. military bases in Arizona where explosives were used against empty transport equipment. These attacks were carried out by militia who claim loyalty to New Mexico (but disavowed by New Mexico leadership). There has been reported sniper fire on some of the U.S. troops patrolling the New Mexican border, but no reported injuries. There is real concern that more conflict could erupt.

The United Nations has appointed a delegation (bypassing a threatened Security Council veto from the United States) to try to broker some sort of agreement to reduce the current tensions. The delegation has asked representatives from each country to attend meetings this afternoon.

## **Confidential Information for the Deputy Chief of Staff to the President, UNITED STATES**

The following is a brief description of your role. Please read and consider the information carefully. Note that you have both individual and team goals. You may not share this document with any other class member (whether or not they are on your team), but you are free to share or withhold this information as you see fit during discussions or in written correspondence.

You are the Deputy Chief of Staff to the President of the United States. You have been assigned by the administration to participate in these talks. The American negotiation team is new to you, and you have never worked together before. The team has been granted full authority to make whatever agreements are appropriate in light of the information below.

You are a little worried about how your participation in these talks might appear. Plus the Secretary of State is sending someone, and you need to be able to curtail any craziness coming out of that office. The President is worried that the State Department will give in too much and make the U.S. appear weak. The United States does not even recognize New Mexico as a country yet (you are beginning to understand Chinese claims to Taiwan). You do want anyone to get the wrong idea from your participating in these talks.

In particular, China and Russia are watching closely to see how you handle this matter. Both countries have enjoyed considerable success in the past few years expanding their international influence. The administration does not want to appear weak to these growing perceived rivals.

At the same time, internal politics in the U.S. are becoming strained on the issue of New Mexico. You must do something to tamp down the tensions and provide some appearance of respecting the democratic wishes of the New Mexican people and the concerns of the international community. You cannot afford any further conflict, and you must soften the image of the U.S. in the minds of many of your allies (even Great Britain has supported New Mexican independence and denounced what it has decried as “heavy handed interventions” by your government). But tread carefully. There are reports that New Mexico has already been talking with a number of South American countries about trade deals for military hardware and nuclear energy. Such an alliance could disrupt American hegemony in the Western Hemisphere.

The key from your perspective is taking as little action as possible while appearing to be acting in good faith. Be very careful about what commitments you make at this stage. While the administration has made it clear that given the urgency of the situation, you have great leeway to make commitments on any “preliminary” agreements, you will want to resist any final, comprehensive deals (if that is what they would be called formally).

You must also think carefully about how United States authority is perceived during these talks. It is important that the international community believe that the U.S. still has unilateral power to do as it needs. While you respect the role of the U.N. here, be careful not to grant it too much

power as this process unfolds. You are already a little concerned that the U.N. has set an “agenda” and may think that it is calling the shots.

And you still have no idea what Mexico is doing here – but maybe there are some things you can secure from them to prove that you are running this process. Perhaps Mexico can do something to limit New Mexican aspirations to share what are essentially American military and defense know-how with South American interests. But short of some concrete contributions from Mexico, you do not want to give them any sort of formal role that could minimize the appearance of American control over this matter.

As for the agenda, from your perspective, all meetings ought to go through and include the United States negotiation team. While the U.N. might be helpful – and that remains to be seen – be careful about conceding too much authority and control. Any press conference or public relations must be sensitive to this as well. You do not want the President watching the Governor of New Mexico announcing some sort of peace deal, and looking more presidential!

The bottom line, however, is that you need to deliver a deal of some sort – even a small one. The President cannot afford to be blamed for any further tension. The President recognizes that perhaps the U.S. has come across as too aggressive. The trick of course is accomplishing a deal without conceding too much U.S. power and authority here. This must have the feel of a U.S. directed deal.