

Dispute Resolution
Institute

Governor
NEW MEXICO

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.

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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 Governor of the new Democratic Republic of New Mexico. You have decided to participate in these talks personally, but will defer to other members of the New Mexican negotiation team as you see fit (as is necessary for plausible deniability down the road, if the talks sputter). The New Mexican negotiation team is new to you, and you have never worked together before. The team has full authority to make whatever agreements are appropriate in light of the information below.

You are extremely eager to get these talks moving and to make as much progress as possible right away. There is an urgency to get major concessions from the United States as quickly as possible on both economic and security fronts. This does not have to be a final, long-term deal that is twenty pages long. All that is required is at least some brief non-aggression pact with economic and security provisions that gives both sides some breathing room.

Despite all of the enthusiasm and well wishes from the international community, your new country is in danger of unraveling. The economic sanctions imposed by the United States have crippled the economy and the growing tensions have decimated the tourist industry (New Mexico's third largest economic driver after aerospace and defense).

You need to lock in as many commitments as you can from the United States during these discussions. You have been given broad authority to negotiate whatever it takes, but you must protect New Mexican critical interests.

The New Mexican economy is dependent on leveraging its aerospace and defense resources. It is imperative that pending international trade agreements, including many with new South American allies, continue to go forward. While you are willing to trade with the United States, you need to establish other international partners.

In addition, you need certain security assurances that U.S. forces will not intervene with New Mexican affairs or enter New Mexican territory. You are well aware of your new clout as a nuclear power and military threat. You are not to be bullied by the U.S. If necessary, you are willing to reach out and forge new alliances with both China and Russia, something that would inflict great pain and embarrassment on the U.S. administration. But tread carefully – you do not want to unnecessarily provoke U.S. anger.

Additionally, you would like to establish the international presence of New Mexico on the world stage. The U.S. still refuses to recognize New Mexico as a sovereign nation, for example. While

you are open to creative ideas from both the United States and the other participants, you must ensure that New Mexico emerges from the talks as what every New Mexican citizen hopes for: recognition as a major player on the scene.

You are ready to get started with the United States as quickly as you can. You want to see whether they are serious or not about giving you what you need. There is no point if the U.S. is not interested in making this work for New Mexico (starting off by recognizing your national status would be a nice gesture, for example).

Your own prestige is at stake as well. Any agreement that is made will naturally reflect on your administration and could even forge a major part of your legacy. While you should remain quiet about this – even with your own team – if you cannot obtain real value from the U.S. here, no deal could be better than a bad deal. You are concerned that given the complexity of this matter and the number of players, that chaos could break out before any progress is made. With the U.N. and Mexico poking their heads under the tent, everything could fall apart quickly. If you feel like the possibility of getting what you need from the U.S. is not going to happen now, you are more than comfortable to leveraging the complexity and letting the U.N. and/or Mexico (or even the U.S.) take the fall.