

Confidential InformationAmbassador Williams

You are Ambassador Williamson, a diplomat from the Unusually Sneaky Amalgam (USA), an industrialized nation that has been a dominant world power for the past 50 years. You are a career diplomat and have worked a variety of overseas posting, and are well aware that your country has made more than its share of enemies during its rise to prominence. You are used to negotiating international deals, and your government has selected you for a particularly sensitive situation.

Because of the USA's power and technological advantages, it has long been on the cutting edge of medical research. A relatively new virus, dubbed Bird Mumps, has been spreading rapidly in third-world nations. While there have been virtually no cases within the USA yet, researchers in your country have been working hard and think they have found a cure for this disease in a compound found only in a rare species of beetle, known as the Winged Monkey Dog (WMD) beetle. Your country's interest in producing this vaccine is not altogether altruistic - due to trade deficits, the USA has suddenly found itself to be cash-strapped. Your government wishes to keep this information secret, lest its enemies see this as a weak spot. If your country is able to develop and market this vaccine, however, it could not only erase this sizeable deficit, but also create a surplus.

Unfortunately, in addition to its medicinal properties, it has just been discovered that the WMD beetle also contains chemicals which can be used to create biological weapons of frightening magnitude.

To the best of your knowledge, the WMD beetle has gone extinct in the wild, and the only colony is maintained by an entomologist in Yerrup, named Dr. Yess. Yerrup has long maintained a stance of neutrality in world affairs, and Dr. Yess has done business with many different countries in the past. Upon initial inquiry, Dr. Yess indicated that his WMD colony is for sale, but that he has also received a similar inquiry from the country of Istrolled.

The country of Istrolled is ruled by a fundamentalist theocracy which has been a vocal critic of USA foreign policy. The religious beliefs of its people are very different from those of most Amalgamians. While Istrolled officially claims to be neutral towards the USA, many of its religious leaders have urged their flocks to use force, if necessary, to oppose the USA's intervention in international affairs. Because your own country's research is a state secret, your government feels certain that Istrolled knows nothing of the WMD beetle's beneficial use in treating Bird Mumps. Your government is worried that if Istrolled obtains the WMD beetles, it could create a stockpile of dangerous weapons. The USA was attacked five years ago with conventional weapons, and while there is nothing to indicate that Istrolled was behind it, many of its religious leaders were openly supportive of the strike. If a WMD weapon were to be used in a similar attack, the casualties could easily number in the hundreds of thousands.

Dr. Yess has asked to meet with representatives of both governments in order to negotiate a deal. Your government has asked you to represent the USA in this deal. Dr.

Yess has told you that he has 500 beetles for sale. Although every part of the beetle must be used, your researchers only need 400 beetles in order to create an initial batch of medicine, after which the chemical compound in the beetle can be duplicated synthetically. However, it only takes 75 beetles to create one WMD weapon. Your government would like to be able to offer any amount to obtain all the beetles, but due to its financial difficulties, you only have \$10 million at your disposal. A year after production of the vaccine begins, your government projects that it will have an extra \$20 million to spare. While your government does not want to engage in unnecessary conflict, it has considered the possibility of military action to prevent the construction of even a single WMD weapon.

Confidential InformationAmbassador Hassan

You are Ambassador Hassan, a diplomat from Istrolled, a small well-to-do nation with a rich history. Your country is not considered a world power, but neither is it a third-world country. While many of your leaders are devoutly religious, your country considers itself to be relatively tolerant compared to some. You are a career diplomat and have worked a variety of overseas postings. You are especially aware of how countries that consider themselves to be more powerful look down upon you and don't bother to understand cultural differences. You are used to negotiating international deals, and your government has selected you for a particularly sensitive situation.

A relatively new virus, known as Bird Mumps, has been spreading rapidly in third-world nations. While the people of your country have been spared from this new illness so far, the same cannot be said for your olive tree crop. Istrolled's economy revolves around the production of olive oil. Oil exports are nearly the sole source of Istrolled's wealth, and the oil holds a special cultural and religious significance for all Istrolldians as well, who use it on a daily basis. Without this important daily sacrament, there is the potential for religious upheaval. The Bird Mumps have somehow infected the olive trees, and this year's crop is set to be harvested a month from now. A radical and violent religious leader in your country, known only as "Karesh", has been predicting a disaster involving this holy oil for over a year now. Your government has kept word of the infection under tight wraps for fear that this cleric would gain even more followers and perhaps even threaten civil war.

Working day and night, a dedicated team of researchers in your country has isolated a compound that could eradicate all traces of Bird Mumps in the olive crop if applied in time. This compound exists only in a rare species of beetle, known as the Winged Monkey Dog (WMD) beetle. To the best of your knowledge, the WMD beetle has gone extinct in the wild, and the only colony is maintained by an entomologist in Yerrup, named Dr. Yess. Yerrup has long maintained a stance of neutrality in world affairs, and Dr. Yess has done business with many different countries in the past. Upon initial inquiry, Dr. Yess indicated that his WMD colony is for sale, but that he has also received a similar inquiry from the Unusually Sneaky Amalgam (USA).

Unfortunately, in addition to its medicinal properties, it has just been discovered that the WMD beetle also contains chemicals which can be used to create biological weapons of frightening magnitude.

The USA has not had a good relationship with Istrolled for more than 30 years. While your country has endeavored to take a neutral stand regarding world affairs, the USA is a large, wealthy, industrialized nation that considers itself to be the dominant world power and thinks it has the right to tell other countries what to do. The USA is a profit-driven capitalist society that only acts out of a desire for profit. The USA is ruled by a fundamentalist theocracy which has been a vocal critic of Istrolled simply because of perceived differences. The religious beliefs of its people are very different from those of Istrolldians. While the USA officially claims to be neutral towards Istrolled, many of its

religious leaders have urged their flocks to treat Istrolldians with suspicion and malice. Because your own country's research is a closely guarded state secret, your government feels certain that the USA knows nothing of the WMD beetle's beneficial use in treating olive trees. Furthermore, your government can discern no positive reason for the USA to want WMD beetles.

Your government is worried that if the USA obtains the WMD beetles, it could create a stockpile of dangerous weapons. The USA was attacked five years ago with conventional weapons, and while Istrolled had nothing to do with it, Karesh made a big show at the time about how the USA "had it coming". While he represents only a small segment of the population, your experience with the USA has shown you that their prejudice has led them to believe that Istrolled was somehow responsible. The USA has been making veiled threats recently, and your government is concerned about USA interest in the WMD beetles. If a WMD weapon were to be used in an attack, the casualties could easily number in the hundreds of thousands.

Dr. Yess has asked to meet with representatives of both governments in order to negotiate a deal. Your government has asked you to represent Istrolled in this deal. Dr. Yess has told you that he has 500 beetles for sale. Although every part of the beetle must be used, your researchers only need 75 beetles in order to treat this year's crop. However, because the future of Bird Mumps is uncertain, your government wants to create enough to treat 5 years' worth of crop. Although your experts cannot be certain, they estimate that it would take about 400 beetles to create one WMD weapon. Your government would like to be able to offer any amount to obtain all the beetles, but you only have \$10 million at your disposal. If your olive crop can be saved, however, your government projects that it will have \$10 million to spend each year, for the next five years, on this.

Confidential InformationDr. Yess

You are Dr. Yess, a world-renowned entomologist who specializes in raising rare and unusual bugs. You live in the country of Yerrup, which is politically neutral in world affairs. You personally think that politics are nowhere near as interesting as bugs, and could care less about your customers' beliefs as long as you can keep studying your insect friends.

You have recently been contacted by two different countries, the Unusually Sneaky Amalgam (USA) and the country of Istrolled, regarding a particularly rare species of bug known as the Winged Monkey Dog (WMD) beetle. You know that the USA is a powerful country and that Istrolled has money from selling olive oil, but beyond that you neither know nor care. Because these two countries had inquired about the same bug on the same day, you asked them each to send a representative to negotiate a deal at the same time. This will give you more time to spend with your bugs.

You told both countries that you have 500 WMD beetles in captivity and that they are extinct in the wild. While they are indeed gone from the wild, the captive population has undergone some genetic mutations, and now only 75 of the beetles are still able to reproduce. You would like to keep the 75 breeding beetles for yourself so that you can maintain a population of WMD beetles. But because the beetles do not have a particularly long lifespan, the 425 that you do have for sale will be dead and worthless if you do not sell them within the next month.

You are very anxious to make a sale to someone, however, because you "borrowed" some funds from Yerrup's leading research facility and made some unwise choices at the Monty Carla Casino. If you can return the money before the month is up, no one will notice that it went missing. If you do not, you face a 30-year jail sentence with only common bugs to keep you company. You need to return \$11 million in order to keep out of prison, and no one must know about it. Ideally, you would like to see a profit on this as well. You contacted an appraiser who told you that 425 WMD beetles are worth \$15 million based on their chemical composition. You received no estimate on the 75 breeding beetles, and really have no interest in selling them, but you could be swayed if offered something in the range of \$50 million.



### Analysis of the Conflict and Possible Resolutions

This conflict is intended to be one of higher stress and greater emotional impact than most other simulations. National security and mutual distrust should play a much greater role, while issue of a drug with global application will probably take a backseat. To add a greater touch of authenticity, and greater likelihood that intent will be obscured, this simulation could easily be conducted in a multilingual setting. The addition of Dr. Yess was intended to add another layer and mitigate somewhat the unequal bargaining positions.

### Interests

For the USA, the primary interest is intended to be its own security. It views anyone who is not an outright friend as a potential enemy, and sees the possibility of a WMD weapon in the hands of the Istrolldians as a huge threat. I suspect most USA negotiators would focus on obtaining the entire supply of WMD beetles if for no other reason than so no one else could have them. While it is intended as a subtext, some USA negotiators may also be suspicious of Dr. Yee's interest in retaining the exact number of beetles needed to create a weapon. Tough negotiators suspecting a "mad scientist" of going off the deep end might try to argue from a position of military strength against the doctor as well.

The USA's secondary interest is economic, as it could use production of the Bird Mumps vaccine to dig itself out of debt. It doesn't want anyone to know of its dire financial straits, because it sees enemies everywhere. Economics will probably be secondary largely because security is the more immediate threat, and there are always other ways to make money. In addition, most people are familiar with a government routinely operating on a massive deficit, with no (apparent) ill effects. Most USA negotiators will probably still focus on the ability to turn a profit, because that is what we do, but probably only after security concerns have been addressed.

USA negotiators will probably be hesitant to give out any information, but if pressed will try to spin their interest as serving a global need. Most negotiators will probably reveal what they know about WMD weapons and their suspicions of Istrolled's intent only after that. USA's own economic problems would probably be the last thing to be disclosed, if at all.

Istrolled's primary interest is internal stability, first on an immediate basis, and then in the next five years. Without enough beetles to treat this year's crop, Istrolled faces the possibility of domestic turmoil. The olive oil is extremely important and a shortage of it could be disastrous, especially with a radical cleric on the loose. Istrolled needs to protect the immediate crop, first and foremost. While additional supplies are highly recommended, future outbreaks are uncertain.

Istrolled's secondary interest is national security, with fears that the USA is planning military action. While Istrolled negotiators will probably not be as paranoid as

USA negotiators, they are likely to be alarmed that the USA wants a large quantity of beetles, and will be unlikely to buy an altruistic explanation.

Dr. Yess' primary interest is getting enough money and keeping his theft quiet in order to stay out of jail. His absolute bottom line is \$11 million within a month, and nothing can sway that. His secondary interest is obtaining a small profit, but this is not crucial. Dr. Yess' third interest is in maintaining a viable population of WMD beetles, but for a ludicrous amount of money he would be willing to let them go extinct.

Dr. Yess should be expected to neither know of nor care much about the conflict between the USA and Istrolled. Dr. Yess will probably focus on selling to one or the other initially, but should quickly try to split his pie into even pieces so that both sides can contribute some money. Dr. Yess really needs to make the sale, so as negotiations slow down between the two countries, he should be expected to urge them to keep working at it. He may even try to facilitate between the two.

### BATNA

For the USA, the lack of an agreement might be acceptable as long as nobody else gets the beetles, either. In that event, while economic troubles persist, national security is not threatened. However, both the unknown interests of Dr. Yee and the possibility of the beetles being available in the future make it unlikely that the USA's fears would be assuaged if there were no deal and Dr. Yee kept the beetles. The immediate threat would be gone, but the future would be uncertain.

For Istrolled, the failure to obtain at least 75 beetles would lead to almost certain internal upheaval, which could have far-reaching consequences. Even without a WMD weapon, the USA conceivably has military strength and a known enmity with Karesh. Should the crop fail and Karesh gain more support, the USA may well choose to attack. The BATNA for Istrolled is very grim, but it could get away with only 75 beetles and hope for the best in the future.

For Dr. Yess, the lack of an agreement means a certain jail sentence. He needs to make a deal, and does not have the time to seek out other buyers.

### Bargaining Tactics

Assuming that all negotiations take place openly, both potential buyers should operate under the initial assumption that the whole lot is for sale for \$10 million or less, regardless of the initial position (if any) taken by Dr. Yess. The USA should focus on the beneficial effects if it gets the beetles, and Istrolled should focus on how it only wants a small quantity. Dr. Yess should probably encourage competitive bidding at first, but suggest compromise solutions once it becomes apparent that neither side will (nor can they) offer enough individually. At this point, if the two countries stick with competitive bargaining tactics, the entire negotiation will sputter out. Neither side acting alone can reach a deal with Dr. Yess.

Cooperative bargaining is possible, but involves a level of trust that neither side is predisposed to have. There is no way to expand the pie as far as the number of beetles available immediately, but there are a number of possible integrative solutions. Mostly, it depends on how much each side is willing to believe the other when (and if) they finally get to the truth.

### Possible Resolutions

#### **Scenario #1: Everyone Wins**

In this scenario, all three parties have to shed light on their underlying interests and trust that the others are being honest. There are 500 beetles to go around, 75 of which are still capable of reproduction. The USA only needs 400 and then can create a synthetic compound mimicking the beetle's chemical properties. Istrolled needs 75 beetles immediately, then would need a vaccine in subsequent years, but if this could be engineered genetically, it would have no need of actual beetles. Dr. Yess could retain 25 breeding beetles and keep the species going.

The USA and Istrolled have a combined pool of \$20 million available immediately, and then as much as another \$70 million over a period of years. Dr. Yess only needs \$11 million up front, and could easily accept a larger sum over time.

In order for this to work, the USA would need to understand that its security interests would actually best be served by allowing Istrolled to cure its infected olive crop. Should the crop fail, the Istrolled government could be taken over by an enemy of the USA. Istrolled would need to know that given enough beetles, USA scientists can create the chemical compound of the beetles in a laboratory, obviating the need for WMD beetles in the future. Dr. Yess could take care of his financial problems and turn a tidy profit at the same time, and still be allowed to keep some beetles. Istrolled and the USA might also want to consider some sort of consensual ban on WMD sales in the future.

A number of different monetary arrangements could be worked out, with Dr. Yess receiving anywhere from \$11-\$20 million up front, with some future payments over time. Depending on how comfortable the parties are with each other, Istrolled could either purchase synthetic material from the USA in the future, or scientists from the two countries could work in some sort of collaborative effort. While the USA would need the vast majority of the beetles, costs should probably be borne somewhat equally.

#### **Scenario #2: Best Alternative Lacking Trust**

In this scenario, while all parties get the bare minimum of what they need, all sides lose out on major points. Because Dr. Yess needs the money, he could broker a joint agreement to sell 475-500 beetles for a combined price of something greater than \$11 million. Because neither side has enough money acting alone, he needs to sell at least some to each party. Istrolled needs a bare minimum of 75, and USA a bare minimum of



400. The real deal-breaker here is the USA, which could gamble on its BATNA. Assuming the USA wanted a deal at any cost, however, it could be arranged even if the underlying interests are not expressed or believed.

The USA would probably end up with 425 beetles so that at the very least it would prevent future sales to unknown parties. Istrolled would get 75 beetles to manage its immediate outbreak of Bird Mumps. Dr. Yess would get some amount above \$11 million, but probably not much. The USA could balk at any amount less than 425 beetles, and Dr. Yess would eventually have to fold or face prison and no money at all. The countries would haggle over the joint contributions to the final sale price, which could be all over the board. The USA would be getting the majority of the beetles, even though the needs are equal. Either county might be willing to shoulder the bulk of the monetary burden if convinced that it were the only way to make a deal.

Any agreement along these lines would likely include some sort of joint inspection program to try and assuage fears that one or both are actually in pursuit of a WMD weapon.

### **Scenario #3: Variations**

Depending on what concessions the different negotiators are willing to make, there are a number of variations on an integrative solution. Some examples include USA purchase of all beetles, with the agreement of cooperative scientific development and immediate delivery of some vaccine to Istrolled. Because the USA is in the position of power, this is likely alternative strategy. This gives Istrolled access to the technology, but no control over the beetles. In this situation, Istrolled would be loath to pitch in more than absolutely necessary, and the split would probably be along the lines of ten to one as far as providing funds.

Another situation might give Istrolled the 75 beetles it needs, but require some sort of military presence by the USA in order to protect what it perceives to be a security risk. This would probably be highly objectionable, but the USA might be able to force the issue.

One possible alternative might allow joint research to be conducted at Dr. Yess' facility in Yerrup, where both sides could keep an eye on each other. This is a variation of the win-win that would not require the parties to trust each other at their word.

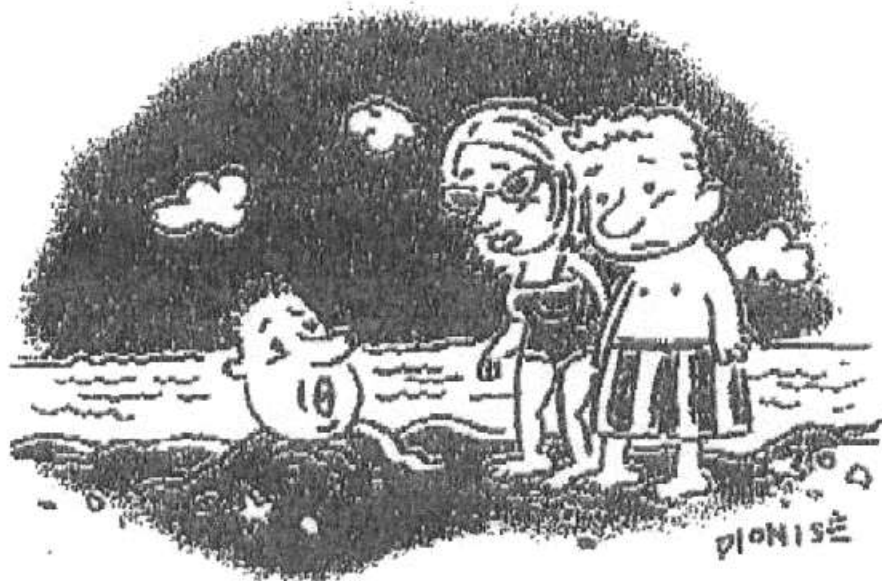
### **Summary**

In this simulation, the USA wields the most power because it has the least to lose if no agreement is reached. However, its BATNA is sufficiently worrisome to encourage most negotiators to reach some sort of deal. Neither country acting alone can make a deal happen, absent an extreme position where Dr. Yess would be willing to spend 30 years in jail before receiving his payout. Thus, cooperative bargaining is necessary, although a win-win solution is still not a guarantee. Dr. Yess has a strong interest in brokering the

deal, and is in a neutral position to probe for underlying interests. If Dr. Yess controls the negotiations effectively, he could end up very well off in the end. If the USA is allowed to take charge of the negotiations, its superior bargaining position gives it more leverage. The USA could use a combination of cooperative and competitive bargaining to position itself the best at the expense of the other two parties, or it could remain exclusively cooperative and seek the deal that is best for all parties. Istrolled has the ability to break the deal, but is not in a position to actually do so. They may threaten to walk away, but this is a dangerous tactic as anyone could call their bluff. Their position puts them least likely to be in charge of the negotiations.

This simulation has a relatively straightforward win-win-win solution if everyone divulges the truth and trusts the other parties involved. The positions are hopefully presented in such a way, however, that this is not readily apparent. An initial round of competitive bargaining should quickly dissolve, and a regroup probably necessary in order to formulate cooperative strategies. The political tensions and cultural differences are designed to foster mistrust and make cooperation difficult at first. The various numbers that each side possesses have been manipulated to add to the suspicion that all parties are actually interested in weapons development.

There should be enough leeway to foster a number of possible resolutions, but the parties should all have sufficient reason to try for a deal at any cost.



You think this is bad? You should've seen my BATNA!

**(FINAL WORD COUNT 4,265)**