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Luger Lumber Company: The African Strategy

The following is transcribed from a meeting between Luger Lumber Co. Executives. The presentation is broken up into sections based upon the content of each section of the recording. It is believed that the events described herein are evidence for the illegal transportation and sale of firearms into Africa.

Introduction

Presenter: Gentlemen! In order to proceed with our plans to increase the viability of our *under performing assets*, I have been put in charge of our new direction. That being into the continent known as Africa. In this meeting, I will be going over our three options: Strong, Failed, and Weak states, to show you which will be the most economically viable for the **Luger Lumber Company**. I will do this by explaining to each of you how each state functions in conjunction with the political landscape of the African Region. If you would be so kind as to turn to page four of your packets [*packets are unavailable*] I will begin.

The Case Against Strong States

Presenter: A Strong State is a nation that maintains a monopoly of power over its people. Whether this is through the consent of these people is irrelevant. Examples of strong states, you may be familiar with, are the United States and North Korea. This is bad for *any kind* of business

as this means that you are also subject to said states laws and their enforcement of them. Regardless of the states legitimacy so long as it is strong there is an issue. On this point I bring your attention to the case of the Iguazú Triangle in Latin America. This area would have been ripe with entrepreneurship if the state government had not decided to securitize the border by putting in cameras and military personnel. Something that clashes with the neo-liberal ideas of the people in that area. Destroying the free market ideals that we hold so dear; through the intense regulation of the transfer of goods across the border. Tis' a shame! To quote Aguiar "In the 1980's Foz do Iguacu began seeing sacoleiros ("baggers" in Portuguese) which are petty smugglers specializing in the supply, transport, and retail of goods that they later resell to shop owners or informal vendors back home." (Aguiar pg.194) Gentlemen, these sacoleiros were forced into the classification of smuggling by the state. If the government had allowed a free market then the informal economy that they set up with the surrounding nations (Brazil, Paraguay, and Argentina) then they would have remained traders. A model that would have proven advantageous for our purposes as the "structure in which sacoleiros work [in] is open and liberal; agents can enter and exit, compete with one another and mostly work on an autonomous basis." (Aguiar pg.196) A perfect method of transporting our more *private* goods in an efficient and cost-effective manner. Yet, under a strong state this informal economy, which would be *excellent* for our business model, would suffer immensely. Therefore, the Iguazú Triangle should serve as both something we should aim to emulate from a trade standpoint and learn from in a governmental one.

The Case Against Failed State

Presenter: Which brings me to option two a Failed State. Failed States are the exact opposite of a strong one. They often have no or little government intervention which in contrast to a Strong

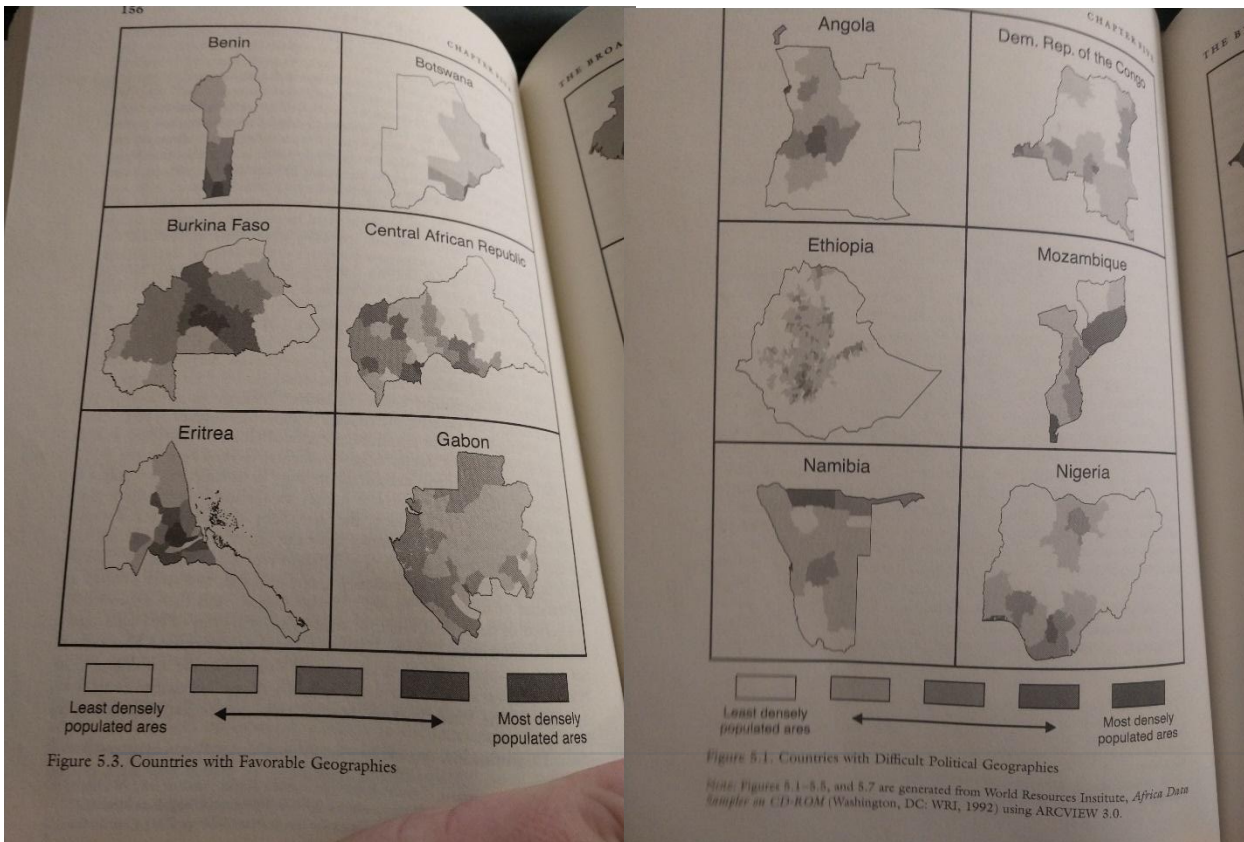
State must sound great! That solves our problem of Big Government imposing regulations and taxes on us doesn't it? Wrong! [*Loud bang from a book dropped on the table.*] Failed States have a whole slew of other problems to consider. Problems that this case study by Ken Menkhaus and Jacob Sharpiro illustrates quite well. The problem with this option is the chaos of the operating environment. In Menkhaus and Sharpiro's study they examine Al-Qa'ida and their attempted entry into Somalia. Which proved disastrous as they "sustained continual (economic) leakage through extortion from local clans and unintended losses during transportation as convoys and clan movements fell victim to banditry." (Menkaus and Sharpiro pg.86) Now if a group like Al-Qa'ida can get pushed around by these scoundrels how can we expect to set up a factory? Or even better, how can we expect them not to raid us or target us when they realize what we sell? Simple answer is that we can't. The more complicated answer is that we can't because they do not trust us. You see the Somalians had a five-point strategy which argued for, "(1) expulsion of the foreign international presence, (this would include businesses like ourselves) (2) rebuilding of state institutions (something that we could care less about), (3) establishment of domestic security (something that doesn't behoove us as it affects our profits), (4) comprehensive national reconciliation (this unity being bad for us as it will work to constrict our power), and (5) economic reform and combating of famine. (this causing an increase in costs for us)" (Menkaus and Sharpiro pg 80) Now, we say we despite all these odds we establish trust. Without something concrete like a government to oversee such a relationship it could dissolve in an instant. This is not good for business. Thus, Failed States are a bad place for our company to set up shop as we would lack the necessary control in the region to conduct ourselves to our fullest capacity.

The Benefits of a Weak State and Choosing a Country

Presenter: Which is why I advocate for us to work in a Weak State. For a Weak State is our happy medium for what we need to prosper; a government that is too weak or corrupt to care about our dealings and a people that are willing to trust in us more than the authority of the land. A Weak State functions as any other but in deficient fashion. We can use this to our advantage as we, a business, could come into one of these states and establish ourselves as a power in the region. We would accomplish this by providing jobs, products, and security (physical/economic) which would earn us the trust of the people. Once we have the backing of the people, we will be a sudo-government, ruling the land through our influence. In effect, we would be practicing modern day colonialism and they would become dependent on us. For critics of this approach I suggest we adopt (or at least pretend to adopt) the mindset of Dependency Theory. Dependency Theory or Dependent Development hinges upon two points: “First, the international economy is conceived as a hierarchically ordered system of dominance...[and]... [s]econd, [that] the character of the periphery’s development has largely been a function of the way in which it was incorporated into the international division of labor.” (Haggard pg. 16) Point one simply means that the world economy is in order of strength. Think natural selection for a nation’s economy and you got it. Point two is the idea that a nation is in poverty due to its station on the international market. Under this theory we would be the ones on the top of the hierarchy providing a *helping hand* to these Weak States by raising their economic capabilities and thus their station on the international hierarchy. Giving us the justification to allow us the most autonomous yet, secure option available for entering a business venture into the African continent.

Political Geography and Land Tenure in Africa

Presenter: But, before I can proceed, it is critical that you all understand how the political landscape of Africa and the laws surrounding land tenure will affect our attempts at entering the



region. If you will examine the following infographics, we can see countries that have favorable geographies on the left and unfavorable ones on the right. If you will note these diagrams demonstrate how power is centralized in densely populated areas. Typically, this is where the central power is. Which in the favorable one's case emanates outward with most of the country being populated, while, the unfavorable ones show nations where the majority of the country is devoid of people and progress. You need to know this because it is crucial to understanding our operating costs in the region. For while it would be easy for us to take an uninhabited area for its natural resources and gut it for what it is worth; we will lack a workforce. Additionally, the farther out we go from the centralized powers the more of a risk we run of running into bandits

and local powers, as we will lack government protection. This means that we will need to raise the budget of a security force with every square mile we venture away from the capital to combat the increased violence. Land tenure or land ownership in Africa is another factor that needs to be addressed. On the left in figure 3 you will see a table that shows what various nations in Africa allow in this regard. Now in attaining land we must be careful in our choosing so that we can get something that is close enough to a populated center that we maintain relevance and far enough away to maintain discreteness. Additionally, we need to consider the land laws in the available Weak States and see how they correlate towards our plans. These all being factors in my top choices for our new venture being Gabon or the Central African Republic or the C.A.R.

Figure 3 Land Tenure Table (Herbst 186)

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TABLE 6.1
Land Tenure Patterns

CHAPTER VI

Country	Private Ownership	State Leasehold	Explicitly Recognizes Customary Tenure
Angola	No	Significant	
Benin	Exists	Exists	No
Botswana	Exists	Significant	No
Burkina Faso	No	Exists	Yes
Burundi	Exists	Significant	No
Cameroon	Exists ^a	Significant	No
C.A.R.	Exists	Exists	No
Chad	Exists	Exists	No
Congo-B	No	Exists ^b	No
Côte d'Ivoire	Exists	Exists	No
D.R.O.C.	No	Exists	No
Ethiopia	No	Significant	No
Gabon	Exists	No	No
Gambia	Exists	Exists	Yes
Ghana	Exists	Exists	Yes
Guinea	Exists	No	No
Guinea-Bissau	Exists	No	Yes
Kenya	Significant	No	No
Lesotho	No	Significant	No
Liberia	Significant	Unknown	Yes
Malawi	Significant	Significant	Yes
Mali	Exists	Exists	No
Mauritania	Significant	Significant	No
Mozambique	No	Significant	No
Namibia	Significant	Significant	No
Niger	Exists	Exists	Yes
Nigeria	No	Exists	Yes
		Exists	No

one of the highest urbanization rates on the continent (see chapter five)
is physically closer to a much larger
most African countries

Choosing a Country: Gabon and the Central African Republic (C.A.R)

Presenter: If you recall figure 1 then you will know that both nations process a favorable political geography. This in conjunction with their relative weakness as states and lumber export

capabilities make them the perfect candidates for our operation. Gabon is the more stable of the two providing a government that would provide adequate protection against undesirables. With their corruption making it easy for their officials to be convinced to look the other way on some of our *shadier* transactions. This combined with their international presence as a United Nations member and the growth of their Gross Domestic Product (GDP) which “grew by more than 6% per year from 2010 to 2012.” (Wikipedia, Gabon) Provides a great foundation for us to build upon by giving us legitimacy on the world stage and power in the economy. The only negatives are that any land that we use must be bought and run as private and that we will have to go farther to transport our products. The C.A.R on the other hand is far more anarchistic as they have been in the midst of a civil war since 2012. This could prove beneficial as we could claim to provide stability to the region with jobs and sell our products locally to improve the quality of life for these people. Giving us a perfect opportunity for using our Dependency Theory justification to take power. Something that would certainly look tempting to the government as “the Central African Republic is among the ten poorest countries in the world, with the lowest GDP per capita at purchasing power parity in the world as of 2017.” (Wikipedia, Central African Republic) Additionally, the C.A.R allows leasing of land which gives us an easier time in the procurement of a space to build. This would allow us greater control over our business at the cost of the stability that Gabon has.

Conclusion

Presenter: So, we here at **Luger Lumber Co.** must consider what is the best way for us to proceed. I argue for a Weak State as it provides the best of both worlds for us: the freedom from government intervention in our affairs and the relative security/legitimacy provided by said government. This with the understanding of how distance factors into our operation costs, that

being population density with regards to workforce and security. Along with how the laws pertaining to the leasing of land and how that will affect our situation; that being private ownership over renting from the state. My preference being for ownership of course as that allows us more freedoms with what we do on our property as opposed to what we do on state property. Brings us to the question of what we should do. My vote being to pick one of my suggested states and begin the processes necessary to begin construction immediately. All in favor say I.

Numerous Board Members: I!

[End of Recording]

Below is a list of resources that the Department of Justice believes were utilized for this presentation. They are listed alphabetically according to the author as to correlate with the page numbers that have been added to the reference material used including quotes, images, etc.

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