



Episode 421: Doug Casey on Protecting Your Wealth Against Government, and Building a Free Country in Africa

Guest: Doug Casey

WOODS: You've been up to some interesting activity in Africa that I'd like to ask you about. And then after that, I have a bunch of listener-supplied questions that I solicited on Twitter last night just before bed. I thought, when I wake up this morning, my Twitter feed is going to be filled with questions for Doug Casey, and indeed it was. You're going to enjoy those. But start off by telling us what you've been doing – and in fact, it's the reason that we haven't had you on a few weeks earlier than this, is that you've been busy in Africa doing what exactly?

CASEY: Well, the last two weeks I've been in the Islamic Republic of Mauritania with a short side trip to Senegal. And I've been pursuing my hobby, which is to propose to a backward country a plan for complete and total free marketization, including taking the country itself public on a major stock exchange and distributing most of the shares directly to the people, who theoretically own government assets. This was a somewhat modified plan. I went over with a Norwegian chap named [inaudible], who gave me the connection to these folks. It was most interesting; I felt like I had Maria Muldaur's "Midnight at the Oasis" playing in the back of my mind the whole time I was there.

WOODS: Ha. Well, what kind of progress was made?

CASEY: Well, I usually have a sit down with the president when I do these things, because in these countries, the president is – he really owns and controls everything. That didn't happen this time. It could have, but I didn't. But I talked to a number of his ministers and best buddies and rich guys and so forth, and it was a very, very positive response. So I'm going to pursue this and see how far we can take it. So you never know. I mean, I've done this in 10 other countries, and sometimes I thought I could push them over the edge. But I think if one is going to succeed, (a) I can't do it alone, and (b) I'd have to live there and hold their hands. And I don't really desire to do that.

WOODS: Well, supposing you got everything you wanted, what would the outcome look like? What are you trying to do?

CASEY: 100% of all government assets – land, parastatal corporations, you name it – initially go into a corporation, and we'd distribute the shares, let's say, 70% pro rata, every man, woman, and child in the country. So theoretically they own the

government; now they actually do. 15%, put it in trust for the next generation, yet unborn, to defuse that time bomb. 10% would be distributed to people who, let's say, are significant help to making this happen and people who are important, whose rice bowls will be broken. And 5% to take public in major stock markets, to raise some capital. Then we'd get rid of all duties, taxes, regulations, and send the people out to draw in more capital and major corporations.

And of course, Dubai was absolutely nothing in 1980, and you know what Dubai is now. And if we go back further, in 1960 Hong Kong and Singapore were both very poor, and look what's happened to them. So I think in today's world, if somebody's daring, if enough to want to do this, I think it could be of world historic importance. So I'm looking for the right guy.

WOODS: All right, I'd like to get a glimpse inside a meeting like this, if I may. If you're sitting down with the president, you're sitting down with top officials, how do you make that case, especially when the response is going to be, "What's in it for me?"

CASEY: Well, that's always the first question, of course. And that's the way I start my presentation. And it's basically, "I believe I can do three things for you, Mr. President" – because it's always a question of the benefit to the buyer. "Number one, this plan will make you legitimately a multibillionaire." Well, that always goes down very smooth, because they know that doing what Mobutu and Mugabe and Marcos and people like that – that doesn't work quite as well now as it did generations past. So it gets their attention. "Number two, the people will love you and treat you as a new George Washington." Well, that sounds pretty good, too, because half the time in these places, most of the population wants to kill them. "And number three, we'll put you on the front cover of all the world's magazines in a favorable light for the next decade." Hmm, that sounds good, because these people, if they're even known to exist, they're considered pariahs. So they always listen to the rest of the presentation.

And of course then things start to go wrong, usually from people under the president who see that – because usually it's the people under the president who are making the big money, not so much the president himself, incidentally. So they're usually the problem. But it always makes for a fun adventure and interesting cocktail party stories that I can retell to people for hours because of these things. But it's my hobby; it's not an occupation. I haven't made any money on it, although I always have a plan B when I go to these countries: look for mining concessions and so forth.

WOODS: I want to ask you a completely unrelated question now. I'm curious to know two things about how you got started. I mean, first of all, how did you start to get, let's say, unorthodox ideas like you and I share about the economy and the Fed and things like that? Where'd that come from? And then secondly, how did you get into what you're doing now? What was your break, or how did you break into it?

CASEY: Well, I think that being a libertarian or, for that matter, even an anarcho-capitalist – which we are – I think it's a genetic mutation, quite frankly.

WOODS: (laughs)

CASEY: So I've always tended in this direction, but actually the book that was a breakthrough for me – the first book – was Ayn Rand's *Virtuous Selfishness*. I remember when I first read it; I had to put it down after I read the first page, in shock, that someone had actually crystallized what I had actually been inchoately thinking in the past. So that was book number one. Book number two was Henry Hazlitt's *Economics in One Lesson*, which I think is the best short explanation of the way the world works that there is. Number three was Harry Brown's book, *How to Profit from the Coming Devaluation*, which was written in 1970, but is still a wonderful book. And number four was Morris and Linda Tannehill's book, *The Market for Liberty*, which showed me that I really was an anarchist, not just a libertarian – or God forbid a Randite – because those people are actually members of a cult, although I love Ayn Rand's stuff.

WOODS: I'm going to make sure to link to all the books you mentioned for up and coming thinkers and investors and iconoclasts on today's show notes page. This is episode 421, so it'll be TomWoods.com/421. Then how did you get into all the things you do? I mean, you're a world traveler; you've been writing on investment and finance since the 1970s. How did you get into that field?

CASEY: Well, you know, I really like to put the theory into practice. And one of the problems with most libertarians is they talk the talk, but they don't walk the walk. A lot of libertarians are like Marxists, and in this anecdote, where Mrs. Marx is supposed to have said to Karl, "Karl, it's wonderful that you write about capital, but why don't you get some of it?" Most libertarians are poor, for some reason.

Anyway, I like to put the theory into practice. And I was in Dominica – this is back in 1980 – and I hatched the idea – and it's a five-minute story, and it's very amusing – and presented it to the director of their Industrial & Development Bank, and he liked the idea, and ten minutes later, he was on the phone to Eugenia Charles, who was the president – who you might recall, when the U.S. invaded Grenada, it wasn't Ronald Reagan that led the multinational invasion force; it was actually Eugenia Charles. Dominica was in charge of the invasion of Grenada; we always like to put a beard on our actions. And the idea then was to make economic citizenships available, which I believe would have been very popular at \$50,000 a copy then, and of course, now Dominica, along with St. Kitts, is the leading force in that. So I really ought to go back and collect my courtesy passport from them.

WOODS: Ha, indeed. Now I guess I want to ask, suppose you had to do it all over again today starting in 2015 – let's say you turned 18 in 2015: have conditions changed to the point where you would take a different path? And incidentally, would you go to college?

CASEY: I would definitely not go to college. Even then, I only did it because everybody from my socioeconomic class was going to college. So there was no thought involved on my part; it was just like going from 8th grade into high school. But I counsel

students against it today. Unless you want to learn a trade like doctoring or lawyering, or you need a piece of paper to practice a particular occupation, or there's a formal discipline, like a hard science or engineering, college serves no useful purpose. You'll pick up lots of bad ideas. You'll spend a huge amount of money, get yourself under a financial rock that'll take you years to dig out from under. No, no, don't do that. What I suggest they do instead is lay out what the most intelligent thing to do with that four years of time and probably \$200,000 of capital. I like the idea of traveling. And the place I would put first and foremost on my travel list today, for economic reasons, is Africa.

WOODS: Okay, now that's interesting. I was actually going to ask you about Cuba, if you thought there were investment opportunities there? Let me ask you that, and then let's go to Africa.

CASEY: Well, I think there are in Cuba indeed. But the problem is there are lots of overseas Cubans living in southern Florida. And they have family connections; they have the fluency in Spanish. That's tough competition, actually. And Cuba's going to be overrun with gringos anyway. So I don't like to go places where there's a lot of competition.

WOODS: Yeah, good point.

CASEY: I like to go places where I'm unique. And whoever the new president of Cuba is, if you're just some guy from Iowa, and you want an appointment with the president, good luck, because you're going to need it. But you go to any of these small countries in Africa; you hang out for a week; you get to know people, which is easy to do – they're all interested in talking to you, because you've got experiences and contacts, which can be very valuable. And who knows, you might be a rich guy. You'd absolutely be a relatively rich guy. So yeah, go someplace like that, where you can be a big fish in a small pond quickly.

WOODS: Now back in the '50s and '60s, in the wake of decolonization in Africa, you had a bunch of Western educated, semi-Marxist political leaders, who were nationalizing property and confiscating assets from rich people, and so on. You wouldn't touch Africa with a ten-foot pole. What has changed since then?

CASEY: Well, politics always draws the worst kind of people, of course. So of course they still go into politics. And most of the presidents of Africa, even today, are ex-generals or ex-colonels or something like that. So it's kinder and gentler today. I mean, the place isn't – it's not white mercenaries running around like there were in the '60s. But it's pretty much the same place. It's economically improved a lot. The population has exploded a lot, and it's going to explode more in the years to come. It's chaotic. But if you can bring order to chaos, that's opportunity. No, I think Africa's it. I mean, you go to the Orient, there's a lot of rich, smart people there. So you're not going to have much of a competitive advantage. And that's true to a lesser extent in South America. So no, Africa is actually the place I think you want to go.

WOODS: Do you have any particular parts of Africa? I've heard good things about Botswana. Do you have anything, any place in particular that attracts you?

CASEY: I'd say Botswana is the most developed country in southern Africa for sure. But where would I go now? Well, of course, you've got — the nice thing about Africa is that it's divided basically into three parts: Anglophone Africa, Francophone Africa, and Lusophone Africa. And my French is, believe it or not, still adequately conversational, because I lived in France and Switzerland for a year during college. And my Spanish is functional. So the language thing is a consideration, of course. But on the other hand, most of the educated people in most countries in the world today, in fact, speak English, which is the world's lingua franca today. So even language isn't such a problem.

Where would I go? I mean, we have 50 countries in Africa. Take your choice. What do I like best? I like the small obscure ones. Maybe Ghana's a little too developed. I'd look at Benin or Togo or maybe Ivory Coast. Mauritania, where I just was, was actually quite interesting. Guinea-Bissau, Guinea-Conakry — I mean, you've got lots of choices, so somebody should get on a plane and just take a look. And then when they get into a country, a capital city, which is always where the action happens, get on the telephone to local lawyers and real estate agents and businessmen, set up appointments, and see who you get along with. And one thing will lead to another.

WOODS: You mentioned the Ivory Coast; it reminds me a story of the president, Félix Houphouët-Boigny, years ago. He was speaking to a group of African leaders, and he was one of the few who hadn't kicked all the European advisors out. He said, look, I want to learn from these people, and I want my country to be modern and sophisticated, and the rest of you don't. He said, let's compare notes one year from now, and see how your countries are doing compared to mine. But I fear, gentlemen, many of you will not be here one year from now. So very interesting.

All right, I want to ask you a little bit more about — from my Twitter feed here, somebody wants to know, what do you consider the safest, most affordable way for somebody to relocate outside the U.S., but yet be able to work in an economy similar to the U.S.?

CASEY: Well, I spend most of the year now in Argentina and Uruguay. I like them, because they're culturally very similar to the U.S., and Argentina's a very outward looking, sophisticated European country. So that's my personal choice; I enjoy it down there for many, many reasons. But I don't know if I answered the question exactly. Was the question, do you think, where should somebody think of going?

WOODS: I think that is the gist of it, because people always want it as specific as you can get. What should I do, and where should I go?

CASEY: Well, I wouldn't go to Africa as a lifestyle choice. I go there for economic reasons and for the adventure that it would yield. I would say as a lifestyle choice, it

comes down to South America or the Orient. Because I've lived in the Orient for years, and I love it.

WOODS: What about the language barrier?

CASEY: Well, I lived in Hong Kong, and when I was there, it was much more English – well, of course, everybody in China is learning English today. Everybody everywhere that you basically would want to talk to – I mean, I'm not trying to be elitist, but the educated people – put it that way – all speak English today as a second language. And this is one of the things that will slow down your progress on learning the local language, is that they all want to speak English to you. So that's a double-edged sword, but it's really an advantage. No, don't worry about the language problem.

WOODS: Okay, all right, well that is good to hear. Because I always find when I travel abroad, I enjoy doing it, but I always feel a bit like a fish out of water, because I don't know the native language. And I would want to feel completely at ease if I actually settled down somewhere.

CASEY: Yeah, well I think it's less of a problem than it was before. But I mean at a minimum, Spanish is probably the most useful language after English. I'd put French in third place. And after that, it just depends on where you're going to go. If we were talking 100 years from now, I'm sure Mandarin Chinese will be well on its way to having replaced English as the world language.

WOODS: Well, I'm glad you said Spanish in second. I find Spanish to be by far the easiest language I've studied. The rules all make sense; the pronunciation is always consistent; the spelling is always consistent. The tricky part would be that in a country like Chile they speak at 500 miles an hour; whereas in Mexico, I think they speak a little bit more slowly. You'd have to get used to that.

CASEY: That's right. And for that reason, I mean, you did hit the nail on the head, Tom, because I can – my reading of Spanish, and for that matter, French, is really very good. But listening to natives speak it, that does slow you down.

WOODS: Yeah, that's tricky. But as you say, given the ubiquity of English, you're going to be in good shape anyway. Somebody else wants to know, suppose you've got rich clients and then you've got middle class clients. How does your advice differ to them, in terms of asset and property protection for them, the strategies they should adopt?

CASEY: Now that's a good question, of course. I think everybody should own gold coins as a basis. That's savings; that's the only financial asset that's not simultaneously somebody else's liability. And as we speak right now, with gold just lightly under 1200, it's once again very, very good value with big upside and minimal downside. I mean, that's generic advice I give to anybody and everybody. And to a lesser extent, silver coins too, because silver's pretty bulky. I mean, if you're going to have any real wealth, find a place to store it, because it takes up a lot of room. What after that? I really believe that the world is right on the cusp of stage two of the "Greater

Depression," as I call it. We saw stage one in 2007 and '08 and '09, and things nearly went over the edge. But I suspect that within a year, we're going to be back into total financial and economic chaos again, and it's going to be much worse and much different than what happened five or six years ago.

WOODS: And finally, tell us a little bit about what kind of products you guys produce, in terms of research and so on, at CaseyResearch.com. I had Nick Giambruno on some time ago, and I'll link to that conversation at TomWoods.com/421, so we know a bit about the International Man. What else are you guys doing there?

CASEY: Well, we're doing a lot of new things, and this is a marvelous time to look at some of the markets, because as we speak, we're in the midst of the greatest financial bubble probably in all of history: the bond bubble, with interest rates having pushed down to zero by these idiotic governments, and with trillions and trillions of currency units having been created, not just by the Americans, but by the Europeans, the Japanese, the Chinese. So that presents huge opportunities.

At this point, the mining stocks, which have always been a specialty of mine, because they're so volatile – the most volatile securities on the planet's face – are now at essentially all time lows, in real terms. And I think there's big upside in them. Same is true at this point for small oil stocks – which, I like energy stocks – same with uranium. So there's a lot of opportunities looking from the short side. And the bond market – and for that matter, the general stock market, which is approaching bubble levels – and opportunities for the long side in mining shares. And there are special situations that come up from time to time also.

But, you know, one thing I've got to say, and this is I'm sure underlining what Nick Giambruno said from InternationalMan.com – is that it's important to diversify your assets across different types of investments, but most important is you've got to diversify internationally, because your biggest risk today is political. It's your own government. So you've got to insulate yourself from what they can do to you and your capital. So you've got to get money out of your native country.

WOODS: Well, we will link to InternationalMan.com and, as I say, to my conversation with Nick, and to – you and I talked back in December 2013 on this show, when I was just getting started. So we'll link to all that and of course to CaseyResearch.com, and urge people to check that all out at TomWoods.com/421. Well, I sure appreciate your time, Doug Casey. You are the International Man himself, and we're always grateful for your time.

CASEY: Well, thank you, Tom. It is a pleasure to talk to you under any circumstances.