Episode 661: A Visit to Zimbabwe, with Doug Casey

Guest: Doug Casey & Nick Giambruno

WOODS: It's a pleasure to talk to both of you. I've had you both on in the past. I've got you both on now. I don't frankly know if the audience is prepared for that level of awesomeness, but you know, you've got to roll with things here on the show. Let's start with a place most people really aren't thinking a lot about, but yet when they do think about it, there's one thing that comes to mind, and that's hyperinflation. And that's Zimbabwe. Now, I understand you were recently in Zimbabwe. What was the purpose of that visit.

GIAMBRUNO: Yeah, well I think a good place to start here is, in many ways Zimbabwe was the birthplace for Doug Casey as an international investor, so I think that's really where we should start. So, Doug, do you want to give a little background on your history there?

WOODS: That sounds great, sure.

CASEY: Yeah, I went to Rhodesia a number of times during the war, and it was a most interesting place at that time and a vastly different place than it is right now. And of course, from an entrepreneur's point of view, I had my first book, *The International Man* — which is the namesake of the publication, the free blog that Nick writes now, InternationalMan.com. I found a publisher in Salisbury, who realized that it was the perfect book for European Rhodesians that wanted to make the chicken run, as they call it. And it became the largest selling book in the history of the country, a record which is never going to be exceeded, for obvious reasons.

At that time there were about 250,000 white people in the country. We don't know how many there are right now. When I was there at the height of the hyperinflation the previous time I was there, that was 2009, I was told there were 5,000. We're guessing if we say 15,000 Europeans left now. So anyway, there's all kinds of interesting adventures that I had in those days during the war there. But that's when it started for me, back in the late '70s.

WOODS: Well, I have to ask the obvious question just for everybody listening: what accounts for the decline in the numbers?

CASEY: Well, they've all left. They've gone back to the U.K., mostly to New Zealand, Australia, the U.S., Canada. They've just left, because the economy's been in constant decline since then. There's absolutely no manufacturing at all. The place used to be the breadbasket of Africa. Huge exporter of all kinds of commodities. Now they have to import food. In fact, they have to import everything. Not everybody has left, though. The whites that are still there have a very high standard of living. It's anomalous. It's possible to make a lot of money, even if you're the wrong color, to make a lot of money and to live well in a disastrous economic environment.

WOODS: So things haven't improved since the currency stabilized?

CASEY: Well, I think they have improved a little bit. This time around we just stayed in Harare. I've been all over that country in the past, and there are some beautiful suburbs of Harare, where the houses would be quite at home in Beverly Hills, but you could buy those houses at 10%, perhaps much less, of what they would cost in California. And your standard of living would be much higher. Where else can you get a maid for $100 a month? And it's a very peaceful country at this point, nonviolent, although the next time the economy collapses, which I think it's on the edge of doing so, because the government doesn't even have the money to pay teachers or nurses or anybody — well, that's not a problem. You don't have to pay those people. You have to pay the army. And you don't pay the army, you're asking for trouble anywhere, but especially in an African country. So that's skating over the surface of these things, but an overview.

WOODS: Nick, you told me in an email that, while there, you encountered, I guess it was government officials who seemed to be familiar with the work of Mises? How can that be?

GIAMBRUNO: I know. It was like something out of *The Twilight Zone*. Actually, that was probably the most shocking aspect of the trip. We were going to a country that everybody knows is an economic basket case that recently experienced hyperinflation. And what do we find? We find the people who are responsible for that hyperinflation to not only understand that there's a difference between Keynesian economics and free market economics, but they're quoting Ludwig von Mises in their memos. It was quite astonishing.

So Doug and I actually had the pleasure of meeting the man who made everybody trillionaires there, Dr. Gideon Gono, who is the former governor of the central bank there. And that was quite amazing, because it's not as if he didn't know what he was doing with the hyperinflation, and it all goes back to what Doug was saying about the army. They were having problems with the army during the 2007-2008 hyperinflation episode, and he basically had a gun put to his head and said, you know, we've got to placate the army. And they need money, and you have a printing press, so, print. And that's what it really boiled down to. So it was interesting, because when we met him, it really felt like we had met — like, he was — not that we felt; we knew he was on the same wavelength, in terms of gold and economics and that kind of stuff. And that was a big surprise.

WOODS: Yeah, that's a total surprise, because it turns out, then, that maybe we weren't just dealing with the most crude form of economic ignorance imaginable, but rather a guy that's in a completely impossible political situation and is more or less being forced to do this. So you're telling me that this guy more or less understands money? Can that really be the case? And if so, by the way, if these people are quoting Mises, then we're going to get blamed for why Zimbabwe's not prospering. You know how the Somalia thing works.

GIAMBRUNO: Yes, yes. Well, that's interesting, because it's not well known that these people are on the same wavelength, but they're not implementing free market policies yet.

WOODS: Yeah.

GIAMBRUNO: But they showed a genuine interest in doing so, and in fact, I think the area where we might have a chance of actually seeing this is with them adopting gold as money. Now, they were interested — and they have been interested — Mugabe has been interested in using a gold-backed currency or a gold standard of some variation for a very long time, going back to the 1990s. But we wanted to make it very clear to them that you should not use a gold standard or something like that; you should just simply use gold as money, because nobody is going to trust you to keep that backing or that ratio or whatever you decide to use. You just simply need to use gold as money. And the seemed to understand that. I'll let Doug talk a little bit about his experience with Gono and some of these other ministers, too.

CASEY: Yes, well, Nick and I had a couple of meals with Gono, and then I went and met just one on one with Gono several times. And with Gono in particular, but all the other ministers, the economics and finance ministers and trade ministers and all this, what I did was I engaged in what has been a hobby of mine for the last 35 years, which is approaching the guys that run backward third world countries and giving them a plan to turn their country into a new Singapore, a new Hong Kong, but to do so much faster than those countries evolved.

And one of the plans is to have gold as money. Another part is to take 100% of all government assets of whatever type, parastatals, land, you know name it, and initially put it into a big corporation, so the shares can be distributed pro rata to all the people in the country — not exactly that way — and then maybe take 5% of the shares and take them public in New York, London, and Tokyo to generate several billion dollars of cash. And you give a market value of the shares and lots of things like this.

And I've come pretty close. I like to imagine I came pretty close in some of the dozen countries where I pitched this. The best place to pitch it, incidentally, a radical plan like that, is a military dictatorship. Well, who knows? Maybe we'll go back to Africa after they try their next currency experiment, which they're currently doing now, and see if we can't totally free marketize the place.

WOODS: Doug, I've got to ask you more about this. There's an economist, economic historian, Robert Higgs, who came up with the phrase "regime uncertainty" to explain why in the 1930s business firms might have been reluctant to invest. They don't know what the government's going to do next week. They don't know what tax policy's going to be; they don't know what new agency's going to be formed, so they hold back. They're conservative. Well, likewise, under Obama you can understand why you don't know if there's going to be a carbon tax; you don't know what's going on. Again, you tend to be more conservative and not want to invest. Well, wouldn't Africa be the ultimate case of this, where some of these regimes, you don't know — I mean, it's cronyism times 1,000, and from day to day I'd bet I wouldn't know what the government would be up to. What would make me want to invest in Africa?

CASEY: Very little, actually. You don't want to go to — first of all, if I was 30 again and I wanted to become a billionaire, I would go to Africa, no question about it. I wouldn't go as an investor, however, for just the reasons that you pointed out, Tom. It's a terrible place to invest. I would go there as a speculator. I would go there as an Uhuru jumper, because the main purpose that all these African governments serve is to act as vehicles for theft for the people that get into the government. So the way you do this is you become buddies with top ministers, or better yet, the president, and exploit the system. It doesn't sound very nice to say this on a free market show, but that's the way the game is played over there.

Now, at the same time, if you want to improve the state of the world in general as opposed to your particular situation, there are investments that can be made. You can take advantage of the very low labor costs, the fact that land can be acquired at basically zero.

And one of the main reasons why I'd go to Africa is this, if I were an young American: is that here in the U.S., you're one of many millions of people with similar backgrounds, similar education, similar capital. It's a very competitive market. I don't like to play on level playing fields. I like to play on fields that are tilted very much in my direction. You go to Africa, and you'll find that if you have some moxie, if you have something to bring to the party, within a week or two weeks you can be in the same office as the president, as I always find myself being, pitching a deal and making connections and so forth. So I think it's idiocy to stay on a sinking ship here in the U.S. when you can go to any country in Africa and immediately become a big fish in a small pond.

WOODS: I'd bet some people hesitate to do that, because it is such a foreign environment to them, as a lot of countries in the world would be, and they probably want to know, well, how can I get briefed or how can I get some background before I go? Would International Man help them? Or do they just need to read about Africa? Where would they even begin?

GIAMBRUNO: Oh yeah, there's lots of country-specific information on International Man, not just in Africa, but around the world. And yeah, you can find information there, and you know, it's not as hard as it sounds. A lot of these places, most people whom you're going to want to talk to, who are educated and are in business, speak

English, so it's not as bad or as hard as it might seem. I had never been to Zimbabwe before, and just going there, it was quite apparent that, just the difference in being, like, as Doug says, a big fish in a small pond versus just another guy in the U.S., the opportunities really were just falling into our lap. We ran into a lot of different entrepreneurs and startups, believe it or not, in Zimbabwe. We were able to meet with top businesspeople, top government people, and just the things that you can do in that environment, it just seems the opportunities are much greater. And that's not just Zimbabwe. It's, as Doug says, Africa in general, and beyond that, countries that are kind of off the radar in general. That's where you find most of the opportunity.

WOODS: Doug, do you feel like you're at liberty to tell us what the response was when you made this proposal that you've been making for over 30 years? Look, I'll make you guys rich and I'll make your country rich, and we can do this. It's a tried and true strategy that's been followed by a lot of other countries, but I'm going to speed it up for you. Why would they say now to that?

CASEY: Well, it's either two reasons. One is fear, fear of change. The very idea of making a change this radical hits them between the eyes like a 2x4, hitting a jackass between the eyes. And the second reason is stupidity. Einstein said that after hydrogen, stupidity's the most common thing in the universe. But the interesting thing that I've found in these countries, not all of them — I think all but one — well, all but two. The problem isn't selling the deal to the big man, to the guy on top. The problem is the people that are just under him, who are doing the really massive stealing. It's usually not the guy on top; it's usually the guys just underneath him that you don't see, and they don't want to see any changes. They don't want to see a breaking of their rice bowl. So I don't know. Maybe the next country that I go to to pitch this deal, maybe I'll have the charm; we'll strike then.

But it's very fun, because you can have some fantastic adventures pitching something radical like this. Nick and I gave a speech to the — I don't know, there must have been about 100 people; there were journalists and government people. I don't know who all these people were, where the subject of my presentation was how you could radically reform this country. And, you know, one of these days we'll get lucky.

WOODS: I've got to ask you: in your travels that you've taken, let's say, in the past 6 to 12 months, what kind of — I mean, people are interested in news out of the U.S. You have to be, because the U.S. has its hand in everything. You want to know what's going on. There must be some international response to Donald Trump and/or the U.S. presidential election in general, maybe the point where you're sick of talking about it, but what kind of insights can you share with me about that?

CASEY: Well, I'm talking to you right now from Argentina, but this is true everywhere that I can think of that I've been recently. It's that everybody is fearful of Trump, because the only thing they hear on the media, whether it's CNN and MSNBC and these things that are international or their local media, everybody's afraid of Trump, that he's going to start World War III and do all kinds of disastrous things. And of course, Trump says all kinds of really stupid things, and as you can imagine, Tom, I'm not going to vote for anybody, for many reasons. I don't believe in voting. But I actually hope Trump wins, and I shock people when I tell them he's not only going to win, but I believe he's going to win in a landslide. And the reason I hope he wins is that he's the only one that has a chance of overturning the cartful of rotten apples that everybody in Washington has. He could really upset the deep state, at least until he's coopted into it. But to answer your question, I think everybody around the world outside of the U.S. is really afraid of him.

WOODS: That's a really interesting response, because I would have been much more afraid of Ted Cruz. I would have been more afraid of Hillary, because Hillary's very hawkish and she's a woman and a Democrat, so she's going to have a lot to prove on foreign policy. Whereas Trump can be more like a Nixon. Everybody knows he's a hardliner, so therefore he doesn't have to act like one. So it's too bad people miss this subtlety.

CASEY: Yeah, but it's the PR the deep state puts out against him. Here in Argentina, they're afraid of Trump, but they really don't like Hillary at all, because they had this disastrous experience with Evita Perón, who never became the president, but actually was the president behind the scenes when Juan Perón was in. And then Juan Perón's second wife, Isabel, who was an Evita lookalike. And then the most recent president that we had down here, Cristina Kirchner, who thought she was the reincarnation of Evita too. So I think Argentinians have probably had it with left-wing women presidents for some time. So nobody that I know down here — but of course, I only hang out with the ranchers and the farmers and the landowners and things like that, and of course they all despise the Peróns and Perónism, but it's the *descamisados*, the shirtless ones that actually vote for these idiots, just as it's going to be in the U.S.: the people on welfare, the uneducated, the naive, the stupid, the envious, and of course the crony capitalists all want to vote for somebody like Hillary or these three Argentine women, because you can steal more that way.

WOODS: Right, all right, I've got one for either or both of you, because if I have you guys on and I don't ask this, people are going to be on my case. I get people asking once in a while, if I were to move somewhere else in the world, where would it be. In terms of two questions, if I wanted to move somewhere where it would be a comfortable place to open a business, or secondly, just a comfortable place to live, and those might not necessarily be the same answer. Do you have any immediate answers that come to mind, other than Argentina, that you would offer?

GIAMBRUNO: Well, yes, and they don't necessarily have to be the same place. I mean, look at myself and yourself, Tom. I think you can pretty much run a location-independent business —

WOODS: Yeah.

GIAMBRUNO: — so your business does not need to be incorporated or really necessarily run, except for the stuff that you do, from the same place in which you live. One place that I like — I of course like Argentina, as well. I think the lifestyle and the cost of living there is tough to beat. But close, a very close alternative, and this surprises a lot of people, I think is Colombia. Colombia is extraordinarily cheap. But people still think it's how it was in the 1980s, or they see this Netflix show and they think it's still a drug cartel war zone. But it's really far from that truth. Colombia has totally changed over the past 25 years, and it's quite apparent the place is on an upswing, and it's also quite a pleasant place to be. So I like Colombia for that reason too. For basing a business, you don't have to base your business, as I mentioned, where you live. You can choose any number of locations to base your business. Incorporating in, like, Hong Kong or somewhere else could do the trick if you're living abroad as well.

CASEY: Nick is absolutely correct, because, as an American, when you move out of the U.S., you should be able to take advantage of $100,000 exemption from your taxes. Of course, Americans are about unique in the whole world in that, even if you leave the country and you never come back, the empire requires taxes from you every year on a tax return. But that said, kind of out of sight, out of mind, you might say. But there are a lot of places in the world where you can have a much higher standard of living, not pay any taxes at all, including that exemption to the U.S. government, and just have a much higher standard of living. So it's too bad that most Americans have the mentality of a medieval serf, where they're born in one place and they're rooted there like a plant, because there's a lot of opportunity in the world.

WOODS: Can you guys, one of you, maybe Doug, take a minute to tell people about, of course InternationalMan.com they should visit, but also CaseyResearch.com? I love reading your stuff. I absolutely love it. I love the style; I love the content. Tell people what they'll find at these places and why they should go.

CASEY: Well, I guess Casey Research has a specialty in precious metals and mining stocks, and as we speak right now, we're very close to the bottom. In fact, we're coming off of the bottom of a long, five-year and very, very deep bear market, so that since all these governments all over the world have been creating — have been and still are and will be creating — trillions and trillions of new currency units, I think what we're going to see is an explosion in commodity prices, led by gold, and I think the shares of small resource companies, which are not just small cap — they're not even microcaps, not even nanocaps; they're picocaps — these things could explode. And it's possible that you're going to see many moves of 10, 20, 50, 100 to 1 in price. I've seen it before. It's happened many times in cycles in the past since I've been in this business, and I think we're on the cusp of a very big one right now. So anyway, that's the stuff that we have at Casey Research. That's the kind of stuff we look at: speculative opportunities, in addition to more conventional investment-type things.

WOODS: Okay, Nick, tell me a little about International Man.

GIAMBRUNO: Yeah, International Man, it looks at a number of things. We talk about the big picture trends and big stories that you otherwise don't get in the mainstream media or a point of view you don't get in the mainstream media. We've been covering very much in detail the global war on cash, the foreign account tax compliance act and how that's killed financial privacy and then how that spawned really a global version of it and that's killing financial privacy. So we talk about these kind of topics, as well, and as well as places that you can diversify internationally. And it doesn't always require that you have to up and move to South America. You can always open a bank account in another country, and that prevents you from getting a bail in, capital controls, or civil asset forfeiture taking your money instantly and at the drop of a hat. So there's a lot of things you can do without leaving your home country. I have Italian ancestry, and I was able to use that ancestry to get an Italian passport. And that gives people enormous political diversification benefits, to have multiple citizenships. So we talk about all that stuff. But the bottom line is that all of these steps do, it gives you a chance to really divorce yourself from any single country or any single group of bureaucrats, and really it's a way to live life freer from their clutches.

WOODS: That is a good sentiment, indeed, so I will link to both of these things on the show notes page, which is TomWoods.com/661. And Doug Casey and Nick Giambruno, a real pleasure talking to you of course, as always, and I hope we can do it again soon.

CASEY: Yes, I'd like that very much, Tom. Oh, also, one thing I was going to mention is that I just completed my first novel, the first of a sextet of novels, which reform the unjustly besmirched occupations of six unjustly besmirched and highly politically incorrect occupations. And the first of them is *Speculator*, which centers around a gigantic mining fraud and revolution in Africa. So that'll be out next month. Maybe you'll invite me back, and I can reveal people with the stuff in that novel.

WOODS: What do you mean, "maybe" I'll invite you back? That is the biggest definite in the history of the show? What's the name of the book?

CASEY: It's called *Speculator*.

WOODS: That's awesome (laughing). Totally in your face. All right, is there an Amazon — is there anything I can link to yet, or should I just wait?

CASEY: Not yet, because it's not published yet, so we don't have the website up, and it's not on Amazon yet, but this time next month it will be. So I have high hopes that it's going to be a cult novel, kind of a little bit of an off-the-wall *Atlas Shrugged*, if you would.

WOODS: Well, I'm very, very interested. We'll stay in touch about that. All right, thanks again, Doug. Thanks, Nick.

GIAMBRUNO: Thanks, Tom.

CASEY: Thanks, Tom.