

Doug Casey – Let's Do A Tour Around The World



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EUROPE



From at least the 1600s, Europe could claim to be the center of world civilization on all fronts. The colonies of the Portuguese, Spanish, English, French, and Russian empires (with the Dutch, Germans, Italians, and Americans as bit players) covered almost the entire planet. In its early days, an empire is both fun and profitable. You get to loot and pillage at will, and an empire provides lots of room to relocate the disenchanting, the overly adventurous, and the criminals. But the natives

pick up the imported technology and customs, and they start to resent the intrusion of foreigners on their turf. At that point, an empire becomes a liability and a gigantic cost, since it needs to be defended. The Romans discovered that, and their descendants are rediscovering it. Once an empire starts falling apart, trying to stop it is like trying to stop a tree from falling once its roots have rotted. It can't be done, and it's best not to be around when it happens.

The way I see it, Western Europe is living off its accumulated capital, and it can take a while to burn through assets accumulated over hundreds of years. But they're doing that quickly, as enamored as the continent has been with socialism. The other thing that's kept its head above water is "black money." The convenience of having lots of other countries nearby has helped make Europeans skilled and successful tax evaders; this has given them a lot more capital than they would have otherwise had, to use productively. But the rise of the EU, the U.S./EU drive for "tax harmonization" and against money laundering, and the lust to regulate coming out of Brussels will quash most of the continent's remaining productivity. The place is on a very slippery economic slope.

Will the EU last, and will the euro continue to exist? I would bet against it. A simple free-trade pact (no restrictions on the movement of goods, capital, and labor) in Europe would have been a huge boon to everyone. But, no. That would have been way too simple. They had to try to make it into a one-size-fits-all burnoose that fits no one. Here's what will happen. The EU will fall apart, with bad feelings all around, recriminations for subsidies and loans, and a rebirth of nationalism. The euro will cease to exist, with more bad feelings and a lot of money lost, by what's left of the middle class. And then it will be back to business as usual, which for Europe tends to mean war.

There are two big complicating factors here: Demography and Islam.

Every country in Europe is in serious demographic decline; this is to be expected as any society becomes more educated and more urban. It's aggravated, I think, by the continent's pervasive socialism. When the state acts as your parent, you tend to never grow up, leave home, and have a family. The state wants to take care of your kids, and your kids don't need to take care of you. So the decline of Europe's native population is likely to continue, if not accelerate.

This relates to Islam. It's well known that, due to heavy immigration from their old colonies (North Africa for France, Pakistan and India for Britain, Indonesia for Holland) and other reasons in the case of Germany and Switzerland (mostly Turkish immigration), the population of Europe has changed radically over the last 30 years. Furthermore, the trend is accelerating, because the Muslims, for whatever reasons, tend to have large families. So, it's said, in another 30 years most of the countries in Europe will have Muslim majorities or significant pluralities.

Frankly, I don't care where people come from, what color they are, or what superstitions they may hold (as long as they don't try to impose them on me). But it seems predictable that this demographic revolution, especially coming at a time of rising nationalism, is going to lead to some serious conflict. Could Europe turn into a large-scale Bosnia? I'm not predicting it will, but it's not out of the question.

Bottom line: Europe is fine for vacations (even though it's way too constipated and way too expensive to suit my taste). But for an expat looking for a permanent base, you would be asking for trouble.

THE ISLAMIC WORLD

We've been talking about Muslims in Europe. Does it make any sense to look to reverse the flow? I have to say, regrettably, no. One reason is that Muslims tend to take their religion much more seriously than Christians, Buddhists, Hindus, or any other group I can think of. Islam is more than a religion, it's an all-encompassing world view, with serious economic, political, and social implications. It's one thing being a tourist or a visiting businessman in one of the 40-something Islamic countries, but I think it's something else entirely to focus your life there.

All these countries were ex-European colonies, which has left lingering resentment in some quarters. And practically all of these countries were created - Iraq, Jordan, Pakistan, Libya, Somalia, Afghanistan, Fuhgedaboutistan - by fiat in a European boardroom, with zero regard to existing ethnic, linguistic, and cultural distinctions. That means they're all intrinsically unstable, and most of these "countries" will fall apart sooner rather than later.

The situation is aggravated by the ongoing and growing War on Islam - called by the more politically correct, but ridiculous and dishonest moniker, the War on Terror. This is really just a continuation of what's been going on, sporadically, since the Crusades. I think it's going to get much more serious before it goes into remission again.

If you want to see the pyramids, rent a villa in Marrakesh, or speculate on property in Dubai (or Cairo, as a friend of mine is currently doing), that's one thing. As a focus, I think it's a mistake.

AFRICA

The whole continent is a nearly unmitigated disaster and tragedy. There are some who say that Africa would have been forever grateful to Europe, if Da Gama had just thrown a wheel ashore as he was rounding the Cape. But he would have also had to throw out an instruction book. And nobody on the continent knew how to read.

My own view is that European colonization was the worst thing that could have happened to Africa. It's true

that the Africans were living in primitive conditions; but that would have changed organically, through trade, if Europeans had arrived as merchants instead of conquerors. What happened is that every country on the continent (with the exceptions of Egypt and Ethiopia) is a totally artificial figment of some European bureaucrat's imagination.

Every government on the continent is a kleptocracy. If you're an ambitious African who wants to make money, you try to take control of the state and then cement your position by filling every important position with friends and tribal relations. The state can then serve as your personal piggy bank. Pre-conquest Africa was no model of libertarian equity, but the thousands of tribes at least had societies and economies that had worked over many generations.

Military conquest allowed the overnight infusion of advanced technologies, and a political structure that submerged the natives and their cultures. Worse, the ones that got a Western education were indoctrinated with the totally alien philosophy of Marxism and the alien religion of Christianity. This guaranteed long-term conflict with the equally alien religion of Islam. The poor African, who previously lived in about the most traditional of all societies, was uprooted and set adrift in every way possible.

As far as I'm concerned, Africa (with a few exceptions - Ghana, Namibia, perhaps Mozambique - and I would have picked Ivory Coast, as well, before the place blew up ten years ago) is going nowhere, until the present nation-states are restructured or disappear.

Before 1960, Africa was a safe and mellow place. Since then, it's been turbulent and dangerous, but with opportunities mainly for the daring Uhuru jumper. At this point, the average black in business has some sophistication, some money, and a good measure of residual resentment against the whites. I think South Africa will continue on its downward trajectory. Zimbabwe, I believe, has turned the corner and is going to recover, until it gets another Mugabe look-alike. Which it will. That's the way post-colonial Africa is structured. I don't see Africa as anything but a prospect for the occasional speculation.

I don't see long-term investment as an even remotely realistic possibility. Except for perhaps the Chinese, who might recolonize the place in an even less mellow way than the Europeans.

THE ORIENT

This is where the future lies. I'm a long-time fan of the Orient, including as a place to live. True, the whole area was colonized by the Europeans (with the prominent exceptions of Thailand and Japan), but the culture of the region is so old and deep, and the population so large, that it's retained its character.

But how is it for expatriation? My second most favorite country on the planet is Thailand, for many reasons I won't even attempt to touch on here. Singapore has replaced Hong Kong as the hub for entrepreneurs and rich expats in the region. The Philippines, the perennial poor man who should have become rich, is worth a serious look; the 400 years of Spanish influence, with an American overlay, gives it a nice ambiance, from my viewpoint. Burma is the country I'd most likely spend serious time in if I really wanted to make a huge amount of money - given a long-term view.

A key thing to remember in the Orient is that, although it's a fantastic place to live, if you're not a native, you'll never really become part of the local culture. This is a double-edged sword, though. It can be a huge advantage to always be viewed as a tourist, a foreign ghost. It can allow significant freedoms and leeway.

The big question is China. My view is that although the 21st will be China's century, they're in for some very serious problems. The business cycle runs there, too. And it's been immensely aggravated by the giant influx of U.S. dollars and the building of a manufacturing infrastructure catering to overextended Americans. I'll be really surprised if the property market doesn't collapse almost as badly as that in, in these pages.

NORTH AMERICA

Canada presents an excellent, and nearby, opportunity for Americans. It's America light. It has less in the way of financial problems than the U.S. and, with numerous new taxes on the way in the U.S., it will be a lower-tax jurisdiction, as well. But since Canadians (like almost everybody in the world except Americans) aren't subject to tax if they don't live in Canada, it's a mystery to me why anyone with capital doesn't expatriate. The answer, of course, is that serf mentality, keeping you close to what you know. Canadians suffer from it to a greater degree than Americans; it's a generally a more socially conservative country. It's a good time to leave Canada, though, since its property is quite overpriced by almost any standard - especially in Vancouver, BC.

But I'm fond of Canada, as are Asians. They are, for instance, now more than 50% of the British Columbia population.

The U.S., even though it's perhaps the major epicenter of the Greater Depression, still may be the best place for an immigrant to come to make his fortune. This will change, of course, as the general standard of living in the U.S. drops. As recently as a generation ago, the U.S. would have gotten the nod as the best country for someone to make the most of his personal freedom and financial opportunity; but that's definitely no longer the case.

OCEANIA

You've got to like Australia and New Zealand. Consider them being like Canada, but with good weather. My choice is New Zealand, perhaps the most benign place on the globe, where nothing will hurt you except perhaps a visiting Australian stock promoter.

The problem is that it's quiet and insular, with as many cattle and 20 times as many sheep as people. But it has some good universities, and I consider Christchurch one of the world's nicest cities (although I'm in Auckland a couple months of the year, for reasons of convenience and polo). When people ask me what I'm doing in New Zealand, I usually answer, "I came for the kangaroos."

Australia is (surprisingly) perhaps the most urbanized country in the world, Crocodile Dundee myths notwithstanding. Maybe that's because in the outback everything will kill you, from the heat to the snakes. Sydney and Melbourne are great cities. This country is uniquely blessed in a lot of ways.

Nothing wrong with it but the government, which seems consistently dominated by people with a peculiarly British lower-middle-class view of the world. Property is in a debt-driven bubble here that will be ugly when it bursts - the country has always imitated, but been a bit behind, the US.

LATIN AMERICA

I'd forget the Caribbean countries. Too insular (obviously), unsophisticated, viciously expensive, and racially charged.

Mexico is heading for trouble, in that almost half the government's revenue comes from the Cantarell oilfield, which is well into terminal decline. That means that not only will the government be madly scrambling for cash, but the place will shortly go from a major oil exporter (mainly to the US) to a major importer. The drug wars along the border were long overdue and aren't going away unless drugs are legalized in the US - which isn't likely to happen for any number of reasons, not least of which is the entrenched bureaucracy in the DEA would never permit it.

In Central America, Nicaragua is cheap. Costa Rica is overbuilt, discovered, and expensive. Guatemala is sophisticated, but I suspect the long guerrilla war - which in some ways was a war between the rich European immigrants and the poor Indian natives - could be a simmering problem. Forget overpopulated El Salvador.

Most interesting in Central America, by far, is Panama; I think you should put it on your list. And Belize, which is demographically more part of the Caribbean.

The problem with Central America is that it just lacks class; the place has always attracted expats who are down on their luck, looking for a place with warm weather, cheap beer, and available young girls.

Forget Venezuela. It's not just Chavez, it's that the oil has completely corrupted the society for a long time to come. Colombia is getting much better, especially around Cartagena, which is almost a different country. Ecuador, like Bolivia and Peru, suffers from a divide between the Indians and the immigrants. The eastern part of Bolivia could be nice if the country breaks in two, which is not unlikely.

They say that Brazil has always been the Country of Tomorrow - and always will be. That may be changing. Even the real, their latest currency (they've destroyed more currencies than Argentina) has been quite strong. This may be giving them delusions of grandeur - or not. But the place is now too expensive to get my attention.

Chile is the Latin country where everything works; the average Chilean has a higher net worth now than the average American. And Santiago is one of the safest large cities in the world.

Uruguay is basically a quiet, sleepy province of Argentina, but with serious fiscal advantages; it has an excellent future.

Which brings us to Argentina, my personal favorite.

It's a rich country down on its luck because of decades of destructive government mismanagement. I like it because of Buenos Aires' class and style. Its low population and wide-open spaces. Its low costs. At this point it's more European than Europe, but without most of that continent's risks and aggravations.

And if the government simply stops being actively stupid, the place should regain its previous place as one of the world's richest countries. If it does, it will present a great speculative opportunity, which is the way I see it. If it doesn't, it will remain a great place to be. In the meantime, it's pretty much out of harm's way, relative to most of the world's serious problems.

So that's where I'm placing a few bets personally, since you can't be everywhere at the same time.

I don't, incidentally, view expatriation as a panacea of any type. Notwithstanding the fact you don't ever want to get caught in a place like Germany in the '30s, or Rwanda in the '80s, most people's problems begin in their own heads. A counselor often provides a better solution than a travel agent.

In conclusion, I think time is growing short, as the economy emerges from the eye of the current hurricane. After which it will encounter several more even bigger ones. There you have it. But don't look at this as idle information. I suggest you allocate some time, call your travel agent, and get going.

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