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# Doug Casey on Getting Out of Dodge

## Doug Casey

(Interviewed by Louis James, Editor, *International Speculator*)

**L:** Doug, a lot of readers have been asking for guidance on how to know when it's time to exit center stage and hunker down in some safe place. Few people want to hide from the world in a cabin in the woods while life goes on in the mainstream, but nobody wants to get caught once the gates clang shut on the police state the US is becoming. How do you know when it's time to go?

**Doug:** Well, the first thing to keep in mind is that it's better to be a year too early than a minute too late. David Galland recently read *They Thought They Were Free: The Germans, 1933-45*, by Milton Mayer. He quoted a passage in his column of last Friday. It goes a long way in explaining why Americans appear to be such whipped dogs today. They're no different from the Germans of recent memory. For those who missed it, let me quote it:

"You see," my colleague went on, "one doesn't see exactly where or how to move. Believe me, this is true. Each act, each occasion, is worse than the last, but only a little worse. You wait for the next and the next. You wait for one great shocking occasion, thinking that others, when such a shock comes, will join with you in resisting somehow. You don't want to act, or even talk, alone; you don't want to 'go out of your way to make trouble.' ... In the university community, in your own community, you speak privately to your colleagues, some of whom certainly feel as you do; but what do they say? They say, 'It's not so bad' or 'You're seeing things' or 'You're an alarmist.'

"These are the beginnings, yes; but how do you know for sure when you don't know the end, and how do you know, or even surmise, the end? On the one hand, your enemies, the law, the regime, the Party, intimidate you. On the other, your colleagues pooh-pooh you as pessimistic or even neurotic... the one great shocking occasion, when tens or hundreds or thousands will join with you, never comes. That's the difficulty. If the last and worst act of the whole regime had come immediately after the first and smallest, thousands, yes, millions would have been sufficiently shocked... But of course this isn't the way it happens. In between come all the hundreds of little steps, some of them imperceptible, each of them preparing you not to be shocked by the next. Step C is not so much worse than Step B, and, if you did not make a stand at Step B, why should you at Step C?"

The fact is that the US has been on a slippery slope for decades, and it's about to go over a cliff. However, our standard of living, while declining, is still very high, both relatively and absolutely. But an American can enjoy a much higher standard of living abroad.

On the other hand, if I were some poor guy in a poverty-wracked country with few opportunities, I'd want to go where the action is, where the money is, **now**. Today, that means trying to get into the United States. The US is headed the wrong direction, but it's still a land of opportunity and a whole lot better than some flea-bitten village in Niger.

**L:** By the time things get worse than some Third-World dictatorship in the US, such a person could have remitted a whole lot of cash back home.

**Doug:** And you'd have a whole lot of experiences that would give you a competitive edge back where you came from, or in the next place you go to. The one-eyed man is king in the valley of the blind. People have to lose that backward, peasant mentality that ties them to the land of their birth. Sad to say, although the average American has somewhat more knowledge of the world – mainly due to television – his psychology is just as constrained as that of some serf from central Asia or some primitive village in Africa. It's all a matter of psychology.

But if you're not poor, you want to go someplace that is safe, nice – whatever that means to you – and with a lower cost of living. As most readers know, for me that's Cafayate, Argentina, but one size does not fit all. It needs to be a place you actually enjoy spending some time, with people whose company you enjoy.

**L:** Fair enough. But our readers want to know if your guru-sense is tingling yet, or how close you think we are to it being too late to leave – or at least too late to leave with any meaningful assets.

**Doug:** I'm a trend observer. This is one of the advantages of studying history, because it shows you that things like this rarely happen overnight. They are usually the result of trends that build over years and years, sometimes over generations. In the case of the US, I think the trend has been downhill, in many ways, for many years. Pick a time. You could make an argument, from a moral point of view, that things started heading downhill at the time of the Spanish-American War. That was when a previously peaceful and open country first started conquering overseas lands and staking colonies. America was still in the ascent towards its peak economically, but the seeds of its own demise were already sewn, and a libertarian watching the scene might have concluded that it was time to get out of Dodge –

**L:** [Laughs] That would have been a bit early...

**Doug:** [Chuckles] Yes, that would have been way too soon. As Adam Smith observed, there's a lot of ruin in a country.

**L:** On the other paw, it would have gotten you out before the War between the States, a disaster well worth avoiding.

**Doug:** No, the Spanish-American War was in 1898.

**L:** Oops! Sorry, I was thinking of what Americans call the Mexican-American War, but which Mexicans call the "American Invasion" –

**Doug:** [Laughs]

**L:** I'm not joking. That's what they called it in the history books I was given in Mexican schools when I lived there in the '70s. It has long seemed to me that that was an ominous turn for the worse for the US and a clear example of conquering a weaker neighbor purely for pillage – not

just Texas, but everything from there all the way to California.

**Doug:** That's right. Davey Crockett and the boys, we love them, but in many ways they were the equivalent of today's Mexicans who want to recolonize the southwest and turn it back into part of Mexico, in what they call the Reconquista.

**L:** Indeed, but this is ancient history to most US taxpayers today – I'm reminded that it's not correct in many cases to call them Americans.

**Doug:** Yes, just as it was a misnomer to call the people who lived in the Roman Empire after Diocletian Romans – because Roman citizens were once free men. After about 300 AD most of them were bound to the land or their occupations as serfs. But the slide for Rome started at least 120 years earlier, after the death of Marcus Aurelius. Politically, the decline started with the accession of Julius Caesar 240 years before that. So, when did the slide – politically, economically, and socially – really start for the US? When were there no more trends going up?

**L:** FDR? The New Deal was really a moral, economic, and political turning point.

**Doug:** You could make that argument, but the US still grew economically, despite the roadblocks FDR threw in its path. US military power and global prestige continued growing from that point, although, paradoxically, the accelerating growth of the US military was directly responsible for the decline of the US economically and in terms of personal freedom. One reason for the ascendancy of the US after World War II was that we were the only major country in the world not physically devastated by the war.

**L:** Ah. Right.

**Doug:** So it seems to me that the peak of American civilization was in the 1960s. As for evidence, well, I like to put my finger on the 1959 Cadillac. Those twin bullet taillights, the opulence of it... In terms of then-current technology, things couldn't get much better.

**L:** "Opulence. I has it."

**Doug:** [Laughs – a real belly laugh] That's my favorite TV commercial! Anyway, that was the peak, in my mind. Though things continued getting better for a while, the US started to live out of capital.

**L:** Had to pay for guns **and** butter.

**Doug:** That's right. The Johnson administration's so-called Great Society created vast new federal bureaucracies that promised Americans free food, shelter, medical care, education, and what-have-you. Americans became true wards of the state. But the real, final nail in the coffin for America was in 1971 –

**L:** Nixon taking the US off the gold standard.

**Doug:** Nixon taking the US off the gold standard – open devaluation of the dollar, combined with wage and price controls for some months. And that was not long after the so-called Bank Secrecy Act, which abolished bank secrecy, and required the reporting of all foreign financial accounts. Nixon was, in many ways, even more of a disaster than Johnson. Republicans are usually worse than Democrats when it comes to freedom, partly because they like to couch their depredations in the rhetoric of defending the free market. While everyone understands that

Democrats are socialists just under the surface, Republicans actually give capitalism a bad name. Baby Bush is a perfect, recent example.

**L:** But don't you worry your pretty little head about devaluation – it's just a "bugaboo" – and as long as you're not one of those unpatriotic people wanting to buy imports or vacation abroad, your dollar will be worth just as much tomorrow as it is today. The scary thing is that the Belarusian dictator Lukashenko said almost the same thing when the Belarusian ruble lost two thirds of its forex value earlier this year, asking his countrymen why they need to go on vacation in Germany or buy German cars...

**Doug:** You see why I like to study history? It doesn't repeat, but it sure does rhyme...

**L:** With a vengeance.

**Doug:** So, anyway, since 1971, some things have improved largely due to technological advances, but the America That Was has been fading into the past. It was a decisive turning point. You can see that in the accelerated proliferation of undeclared wars we've had since then. I don't just mean the penny-ante invasions of Granada and Panama – the US has always lorded it over Caribbean and Central American banana republics; those are just sport wars. But Iraq and Afghanistan are alien cultures on the other side of the world – apart from never posing any threat to the US. Now it looks like Iran and Pakistan are on the dance card, and they're big game. The War Against Islam has started in earnest, and it's going to end badly for the US. I explained all this at great length in the white paper, *Learn to Make Terror Your Friend*, that I wrote for The Casey Report last month.

Domestically, saying that the US is turning into a police state when you started this conversation was quite accurate. You can see more and more videos spreading over the Internet, not just of police brutality, but demonstrating the militarization and federalization of police, who are being inculcated with both disdain for and paranoia about ordinary citizens.

In the old days, if you were stopped for speeding, the peace officer was polite – you could get out of your car, meet the cop on neutral ground, and chat with him. You didn't have a serious problem unless you were obviously drunk or combative. Now, you don't dare make a move. You better keep your hands in plain sight on the steering wheel and be ready for a Breathalyzer test without probable cause. The law enforcement officer will stand behind you with his hand on his gun. And you're the one who'd better be polite.

**L:** There has been a polar reversal. The cops used to address citizens as "sir" or "ma'am." Now, the correct response in a traffic stop is: "Yes, sir! I would love to inspect the bottom of your boot, sir!"

**Doug:** [Laughs] That's right. My friend Marc Victor gives out magnetized business cards. People ask, "Why?" He answers that it's so clients can put them on the bottom of their cars or refrigerators, so they can see it when the cops throw them to the ground.

**L:** Marc's a good man. There's a handy video on Marc's website, offering advice on what to do if you're pulled over by the police in a traffic stop.

**Doug:** A good public service announcement. At any rate, I think there's no question that the US has turned the corner on every basis: politically, socially, morally, and now, economically...

**L:** Okay, but, Doug, you said that in 1979 too. The question is, how do we know when the door

is going to close?

**Doug:** [Laughs.] Well, sometimes I feel a little like the boy who cried wolf. But Roman writers like Tacitus and Sallust saw where Rome was going before it got completely out of control. Should they have said nothing, for fear of being too early? Here in the US, it should have gone over the edge back in the 1980s, but we got lucky. There was still a lot of forward momentum, which can last for decades when you're speaking of civilizations. There was the computer productivity boom. The Soviet Union collapsed, China liberalized, and Communism was discredited everywhere except on US college campuses. The end of the Cold War opened up vast areas of the world to the global market. And most surprising of all, Volker tightened up the money supply and interest rates went high, causing people to save money and stop borrowing to consume.

**L:** That's not happening this time.

**Doug:** No. We got lucky back then. Since the '90s we've had a long and totally phony, debt-driven boom that's now come to an end. I feel very confident that there's no way out this time. There are huge distortions and misallocations of capital that have been cranked into the system for two decades. And not just in the US this time, but in Europe, China, Japan, and elsewhere.

The US is very clearly on the decline. The fact that in spite of bankrupting military expenditures to no gain for the American people, those in power are talking overtly and aggressively about attacking more countries – Iran and Pakistan in particular – is extremely grave. The fact that they attacked Libya – which, incidentally, is going to turn into a total disaster, a civil war that will last for years – shows it's not stopping. Sure, Obama brought troops home from Iraq – another disaster that's going to remain a disaster for years to come – but at the same time he put a company of combat troops in Uganda, of all places and Marines in Australia, to provoke the Chinese.

Back home, I've read reports that people are being stopped for carrying gold coins out of the US, in Houston in particular. Now we have authorization of the military to detain US citizens, on US soil, with no trail, and indefinitely, on the verge of becoming law. And Predator Drones have been used to hunt down farmers on their own ranches.

I could go on and on. This is not like spotting early signs of decay in America's expansionist wars of the 19<sup>th</sup> century or things getting worse with FDR. Most people can't see it with all the noise and confusion, but we've reached the edge of the precipice.

**L:** Don't worry about exactly where the edge is, just assume it's there and take appropriate action?

**Doug:** Yes. It really is there. It's a clear and present danger. But most Americans are as oblivious as most Germans were in the '30s. In fact, most of them support what's going on, just as most Germans supported their government in the '30s and '40s.

**L:** So... don't worry about figuring out exactly when the gates will shut. Assume they are shutting now?

**Doug:** That's right. One should be actively and vigorously looking to expatriate assets, cash, and even one's self. A prudent person will always be diversified politically and internationally.

**L:** What about people who have jobs they can't continue doing from abroad and who need the income?

**Doug:** They should still prepare, as best they can, to be ready to go on a vacation when things get hot – a vacation from which they might not return for a long time. All that needs happen, with the hysteria that's building in the US, is for a major terrorist incident – real or imagined – to occur. Homeland Security will lock the country down. I hate to admit it, but I'm almost starting to credit the stories about those FEMA camps.

Look, I know it sounds extreme, and the comparison to pre-WWII Germany has been made many times, but it bears repeating. Germany was the most literate, civilized, and even mellow, in some ways, country in Europe. It was much admired all around the world – a nation of shopkeepers, small farmers, and scholars. But the whole character of the place started changing in 1933, and it just got worse and worse. By the end of 1939, if you weren't out, you were done.

**L:** [Pauses] Well, not a cheerful thought. Actions to take?

**Doug:** Things we've said before: Set up foreign bank accounts in places you like to travel, while you can. Set up vault arrangements for physical precious metals outside the US. Buy foreign real estate that you'd like to own, because it can't be forcibly repatriated. Offshore asset protection trusts are a good idea too. Become an International Man. Let me emphasize that US taxpayers should stay within all US laws, because the consequences of breaking them are unbelievably draconian.

Generally, one simply must internationalize one's assets. The biggest danger investors face, by far, is not market risk – huge as that will be – but political risk. The only way to insulate yourself from such risk is to diversify yourself politically and geographically.

**L:** Right then... words to the wise. Thanks for your insight.

**Doug:** You're welcome. Most won't, but I just hope readers listen.

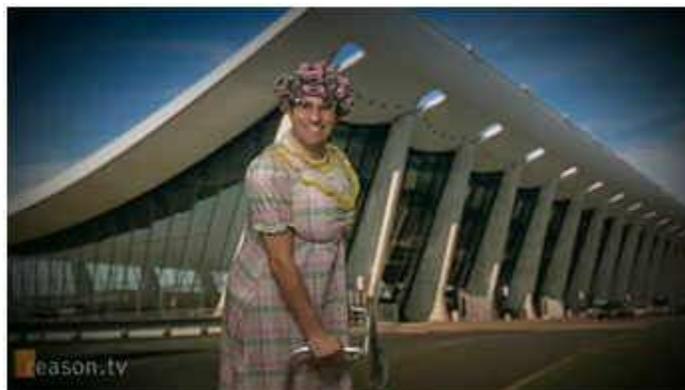
[For more specific investment advice and big-picture observations from Doug – as well as insightful analyses from other Casey Research experts, including Chief Economist Bud Conrad – give **The Casey Report** a test drive. It is absolutely risk-free for ninety days... and will give you a solid boost in becoming a rational speculator.]

## Happy Holidays from Casey Research!

With the holidays descending upon us, we here at Casey Research are going to be dialing things back a bit in order to spend time with our families.

Speaking of families, we'll leave you with a funny – but still thought provoking – video from the folks at Reason.TV: *Grandma Got Indefinitely Detained (A Very TSA Christmas)*.

The *Daily Dispatch* will return on January 2,



2012. Until then, thank you for reading, and for being a Casey Research subscriber. It should be a very interesting – and played correctly, a very profitable New Year.

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