

AROUND THE WORLD IN 1101 DAYS

LEARNING FROM THE ULTIMATE ADVENTURE CAPITALIST

By Scott Gillette

It's difficult to live in America and find out what is going on in the rest of the world. When was the last time the major cable stations had a lengthy story about Ecuador, South Africa or Thailand? BBC News and the Internet are the only ways you are going to find out about these places.

Or, if you're Jim Rogers, you see these places for yourself. He knows so much about the world because he has seen more of it than probably anyone else alive.

Born in a small town in Alabama, Rogers went on to create the Quantum Fund along with George Soros in the 1970s. He made more than enough to "retire" at the age of thirty-seven. Since then, he has worked on several TV and writing projects, and as a finance professor.

Rogers says that after his initial financial success, "I wanted to buy the freedom to taste as much of life as possible- I wanted to see the world." So he traveled 62,000 miles on six different continents. He chronicled this unmatched achievement in *Investment Biker: Around the World With Jim Rogers*. Written twelve years ago, it combined travel experiences with observations for potential investors.

Then he outdid himself on the trip that inspired *Adventure Capitalist*. 116 countries. 152,000 miles. There are few places that Rogers, his wife Paige, whom he married on the trip, and the traveling crew did not go. Three years of traveling nonstop. From Anghor Wat to Easter Island to Timbuktu to the Nasca Lines, From Ayers Rock, to Victoria Falls, to the mouth of the Nile. Both of the motorcycle and car trips broke Guinness World Records.

Everyone on the trip is fortunate to be alive. Traveling through war zones in Angola and eastern India was particularly perilous, but there were numerous other close calls. But the trip was even more exhilarating. From Chinese operas, to getting married on the first day of the millennium, to nights in the silent, otherworldly Sahara, to witnessing the largest religious ceremony on the planet, the trip was mind boggling in its scope.

Adventure Capitalist, is gripping stuff. But I write about the book now because it also contains observations and insights about where the world is headed, and how the world can be made better. This article takes a journey of its own into Roger's insights by quoting him from his book and from an interview I conducted in his Manhattan home.

There has never been a time when apathy about the rest of the world benefited the United States, but now it is dangerous. Rogers writes, "If the Central African Republic were to blow up, Americans may never find out, or at best find out a couple of weeks after the event." Rwanda's genocide in 1994 was a disturbing example of that reality. In 2005, America's biggest problem is that terrorists could plot attacks on us in places that almost nobody has ever heard about.

But American culture is still reaching these far flung places as well. Globalization is a real force that continues to accelerate across the planet. If the United States learns more about the world, it will minimize security threats and maximize new opportunities. It was Rogers' investment philosophy that propelled him to an astounding level of success in finance. Indeed, understanding the world can help someone become rich.

Rogers lays out three distinct guidelines. First, seeing is believing. Analysts are taught to crunch statistics in enormous detail, but there is no substitute for witnessing something in front of your own eyes. Rogers simply believes one can learn far more about a country's prospects by going there than by reading reports about countries written by people who have never been there in the first place.

Second, the most successful investments are made against the grain of conventional wisdom. And that is what Rogers' success is based upon: going against the conventional wisdom when it is wrong. Now, conventional wisdom might be right. But when it's wrong, and you know it, you can make safe and profitable investments. Getting to this knowledge threshold is extremely difficult, but once there, one can be very successful.

Finally, invest at the bottom, whether it be a company, commodity or country, and pick it up after everyone else has given up on it. "I do not take risks with my money. Ever. The way of the successful investor is normally to do nothing - not until you see the money lying there, somewhere over in the corner, and all that is left for you to do is go over and pick it up."

When Rogers went around the world, he saw nations that nobody else would ever consider, yet whose prospects could only improve. "One of the best ways to get rich is to get to a nation just as a horrible war ends." Angola stood out as the best prospect according to Rogers. "The opportunities for tourism, fishing, mining and infrastructure are everywhere. Still not sold? Angola will soon be Africa's largest producer of oil - larger than Nigeria, Libya or Gabon. Its diamond production will be among the world's largest." Clearly, Angola is poised for a huge boom, especially because of the rising long-term price of oil.

Another developing nation that caught Rogers' eye is Tanzania. Controlled by a socialist true believer named Nyerere for several decades, the nation predictably stagnated, and remains very poor to this day. With awesome tourist attractions and a literate population, Tanzania is poised to open its markets to investment and tourism, and there is nowhere to go but up.

Unfortunately, much of the African nations remain unattractive places for capital. Why can't this continent shed its current impoverishment? Rogers addresses this question in detail, and then makes the most penetrating idea in his book. He calls for all foreign aid to the continent to cease, and all debt owed by African nations to be forgiven. He argues that much of the aid supports corrupt regimes, but the debt puts a stranglehold on the country. "Once the debt is forgiven, Africa's leaders will have an additional \$30 billion

annually that can be put to productive use, plus no debt hanging over them." Meanwhile, "A few groups like Doctors Without Borders do good work, a lot of the aid money is wasted." By these twin policies, Rogers believes that Africa can escape the current cycle of dependency with a sense of optimism.

East Timor, the newest nation on the planet, is another place in Rogers' mind that deserves a second look. In 1975, Portugal declared it was leaving this tiny colony that made up half the island of Timor. (The western part of the island was a Dutch colony, and became a part of the rest of Indonesia). East Timor's leftist political party sought independence from Indonesia. With the tacit approval of Gerald Ford and Henry Kissinger, Indonesia invaded East Timor and literally wiped out about a third of the nation's population in a matter of weeks. The occupation ended in 1999, but before it ended, the Indonesian militias destroyed what was left of the colony. Now East Timor is an independent nation, and has vast reserves of gas right off of its coast. With a population of only 600,000, one can imagine how an original investment today can produce enormous investments in the future, if gas exploration pans out.

Rogers has many other observations of the larger countries in the world. He predicts China will resume its historical tradition of being the world's most advanced civilization. When I asked Rogers whether it would take 100 years for China to surpass the United States, he replied, "that's academic, but I don't think it would take that long." The book also points out that the people in China are industrious, and the Chinese have a centuries-old tradition of entrepreneurship.

India, on the other hand, is a place to avoid, and Rogers even described the place as a "nightmare". "India is a country defined by violence and political instability....It is a glorious place in which to travel, a picturesque country with beautiful people and exquisite cuisines, its temples and peasant villages a reflection of thousands of years of culture. But the infrastructure is a nightmare-the phones, electricity, water, and roads are hopeless-and bureaucracy has a choke hold on the country."

There is no better example of bureaucracy that Rogers encountered throughout his trip than when Rogers left India. He had just traveled through the province of Manipur, which has been the source of separatist violence. Next to Angola, Rogers said it was one of the most dangerous portions of his trip. After finally reaching the border of Burma unharmed, Rogers exchanged this bizarre encounter with the border guard:

"My first response was to point out the obvious: we already had left India. 'No', he said, 'you cannot leave, because you do not have permission to be in Manipur.' He was telling us - I am not making this up- that we had to return to Manipur, because we were not allowed to be in Manipur, and thus we could not leave it."

Rogers does see the bureaucratic mindset as the one constant he encountered throughout his travels. "Scientists may find that many bureaucrats have the same defective gene. They are all the same: they all have the same glazed look, they all say 'no' no matter what." One theme that runs throughout the book is that the entrepreneurial spirit not only creates businesses and prosperity, but also great art, culture and religion. Meanwhile, the bureaucratic mind stifles all of these things so nothing can escape its commandments.

Rogers considers the prospects of the United States dimmer by our long-term debt. "There's a lot more money coming out of the country than coming in. Also, never in the

history of the world has debt become beneficial." Rogers also points out that many U.S. companies cook the books to a certain extent. "In much of the world, managements and accountants must certify that financial statements give an accurate reflection of the state of affairs. Here they just have to follow scores of rules."

I am just provided a small menu of the financial and political insights contained in this book. From a personal point of view, Rogers' own experience made him question the need for material things. "When you've driven through Africa, you realize you don't need a lot of stuff....Think of the investment banker working 90 hours a week. He may make a lot of money, but isn't he a slave in a way?" His comment made me think of many other travelers who say that people in poor countries may have much less materially, but may not live in misery. "Many of the poor people we encountered don't think they're poor at all. Ignorance is bliss." This does not deny great suffering, which Jim Rogers and Paige Parker also witness on this trip. It simply presents an accurate picture of human nature. "You tell enough people enough things, and they'll all believe it. We're not special in this regard either."

I loved this book. It's a great summer read, with an easy, folksy style. What's more, Rogers has compiled photos, audio, and video from many of the locations that contain hours of wonders on his website at <http://www.jimrogers.com>

Rogers has written a new book called *Hot Commodities* as well, which asserts that commodity prices will experience a bull run over the next 10 years. *Adventure Capitalist* explains in detail why commodities should be the most profitable investments in the foreseeable future. Rogers created an index fund in 1998 that is up 200%. Investors interested in getting in on the action should contact Uhlmann Price Securities at jbaer@upsecurities.com

The perspective of Jim Rogers, with a keen sense of human nature and a long-term perspective, makes him an invaluable source for understanding world financial markets, and the world in general. *Adventure Capitalist* was written in 2003 but it's still current today, and it is the best way to begin to discover the 95% of the world that Americans know so little about.