

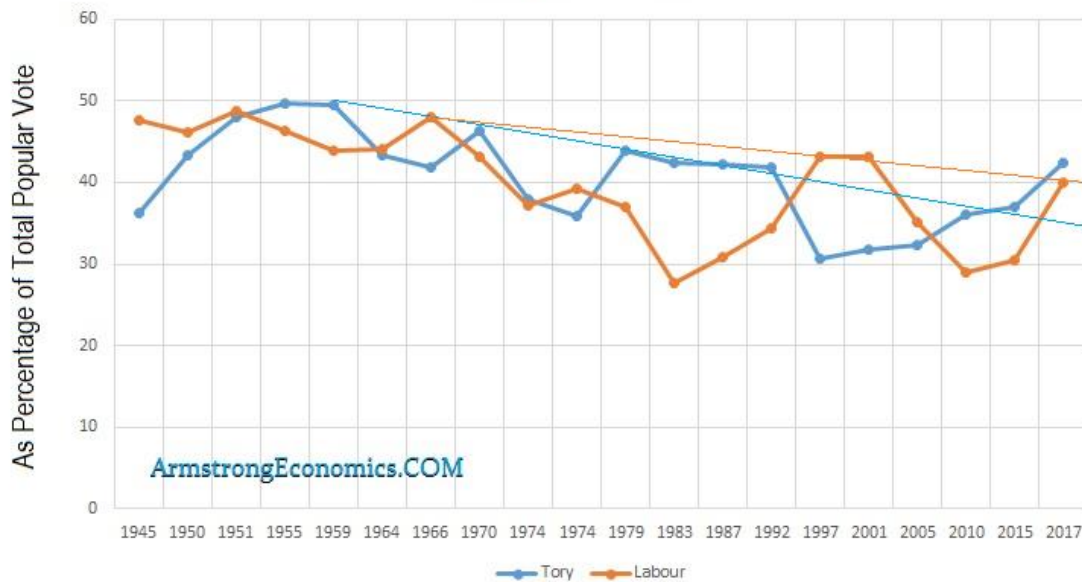


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360 Central Avenue, Suite 800, St Petersburg, Florida 33701

British General Elections Conservative (Tory) v Labour (1945 - 2017)



The Fate of Britain
May's Disastrous Decision
Is This Why Cable Goes to Parity?



United States - Abu Dhabi, UAE - China

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Preface



Prime Minister Theresa May has suffered one of the most dramatic reversals in modern British political history. After having a 5 year period not requiring an election, she assumed in April 2017 that with a 20-point lead in the British polls, she would call for a snap election to create an even stronger negotiating position in the divorce with Europe. Instead, she has lost an overall majority in parliament in a snap election the polls said she would win.

Our model has been warning that the British pound would collapse back to retest the par level of 1985. With this election result, any exit from the EU is called into question insofar as it being on British terms. The Labour government was originally against BREXIT. Now that the people voted for it, they must proceed, but it will not doubt be a much more softer divorce and Labour is now much more Marxist than at any point in British history.

They may have said the sun never sets upon the British Empire. It looks very much like the sun has indeed set this time on Britain as the financial capital of the world continues to migrate to Asia abandoning even the United States.

The Fate of Britain

May's Disastrous Decision

What Now?



Prime Minister Theresa May had called the snap election on April 18th, 2017 urging voters to boost her 17-seat working majority in order to strengthen her hand in the Brexit negotiations. This was a major mistake and it now threatens to destabilize Northern Ireland and fuel the divisions there that engulfed London in decades of violence. Teresa May really did not need to do this. However, she believed the British polls that she had a 20-point lead over Labour. Believing that a show of strength would boost negotiations with the EU proved to be a fatal mistake for Britain. First of all, the pointless nature of that decision boils down to a stark reality. In Brussels, they do not care about the

people. If she had a 17 seat majority or a 50 seat majority would never impress people who schemed a way to eliminate democracy since the people do not vote for the head of the EU or any other position that makes decisions. You cannot impress Brussels with votes. They devised a way to ignore them anyway.



The question is simply how are the British polls getting everything so wrong? Are they bothering to poll the youth at all? Opinion polls at that time gave the Conservatives a 20-point lead over Labour, enough for a potentially triple-figure majority. The final results were **Conservative Party** Theresa May 318 seats (48.9%), **Labour Party** Jeremy Corbyn 261 seats (40.2%), **Scottish National Party** Nicola Sturgeon with 35 seats (5.4%), the **Liberal Democrat** Tim Farron with 12 seats (1.8%), and finally the **Democratic Unionist Party** of Arlene Foster at 10 seats (1.5%). May needs 8 seats more to form a minority government. Instead, the country is staring at a hung Parliament and a deeply damaged Prime Minister Theresa May, her authority and credibility fractured by her failure to maintain her Conservative Party's majority in Parliament.

Theresa May is ignoring demands that she resign as prime minister. A resignation seems it would throw even more stability into the wind. She has said that she would cling to power by forming a minority government with the support of the Democratic Unionist Party of Northern Ireland. That would give her the needed 326 seats.

Because the Conservatives won the most seats and the most votes, Mrs. May gets the first chance to form a new government, despite winning only 318 seats, 12 fewer than in 2015, and short of a formal majority of 326 in the 650-seat House of Commons. The Democratic Unionists of Ireland won 10 seats.



Consequently, a Hung Parliament demonstrates that the polls got it wrong once again in Britain. Theresa May is facing a serious backlash over her shocking election campaign gamble that has completely failed to pay off. Where before the BREXIT vote was purely conservative, Corbyn had to embrace that position but then he turned to the youth and got a massive turnout in some areas 75%. London itself is filled with a lot of students who contribute nothing to the wealth of the nation yet consume resources. Corbyn appealed to them promising healthcare and tuition deals and thus was tapping into a reservoir of people who would not normally vote offering free-bees.



James Harold Wilson
Baron Wilson of Rievaulx (1916 – 1995)
British Labour Party Prime Minister (1964-1970) & (1974-1976)

British general elections have often evolved from contests between parties into battles between two opposing themes or ideas of economic freedom against Marxism. The election of 1964 became modernity versus the grouse moors. An outdated Conservative Britain was portrayed ruling from the grouse moors was cast against a modern Socialist Britain with technical skill based on equality of opportunity. This was the choice pictured in the minds of Britain by the British Labour Party politician who served as the Prime Minister of the United Kingdom from 1964 to 1970 and again 1974 to 1976. The 1974 parliamentary term had begun in October that year, when Harold Wilson led Labour to a majority of only three seats. However, within 18 months he had resigned as prime minister to be succeeded by James Callaghan (1912–2005), and within a year the government's narrow parliamentary majority had vanished.



James Callaghan
(1912–2005)
British Prime Minister (1974-1979)

Callaghan had made agreements with the Liberals, the Ulster Unionists, as well as the Scottish and Welsh nationalists in order to remain in power. However, on March 28th, 1979 there was again Scottish devolution referendum which was defeated. Margaret Thatcher then tabled a motion of no confidence in James Callaghan's Labour government, which was passed by just one vote (311 to 310). That is what then triggered a general election five months before the end of the government's term.

During the 1979 British Election, it became trade unionism versus individualism. Margaret Thatcher, (1925–2013) was a British Prime Minister from 1979 to 1990. The Labour campaign was faltered as unionists brought the country to its knees with unreasonable industrial disputes and strikes during the Winter of 1978–79, which became known as the Winter of Discontent. The Labour government back then also focused its campaign on support for the National Health Service and full employment.



Margaret Thatcher
(1925–2013)
British Prime Minister from 1979 to 1990

The Conservative campaign pledged to control inflation as well as curbing the power of the trade unions. The Liberal Party was damaged by allegations that its former leader Jeremy Thorpe had been involved in a homosexual affair, and amazingly had conspired to murder his former lover. The Liberals were now being led by David Steel, meaning that all three major parties entered the election with a new leader and the political chaos was just nuts.

The election saw a 5.2% swing from Labour to the Conservatives, which illustrated there was a generational shift from the extreme socialist agendas following World War II. This was the

largest political swing since the 1945 election up to this point in time. Margaret Thatcher became Prime Minister, and Callaghan was replaced as Labour leader by Michael Foot in 1980. The unionists were seen as greedy and disruptive and the new age of individualism was emerging. This trend would then emerge in the United States resulting in the election of Ronald Reagan in November 1980.

The British 1983 election saw defections from Labour as they turned even more Marxist. Labour adopted a platform that was considered way more left-wing than usual desperately calling upon union support. However, this merely alienated more non-union people and several moderate Labour MPs resigned

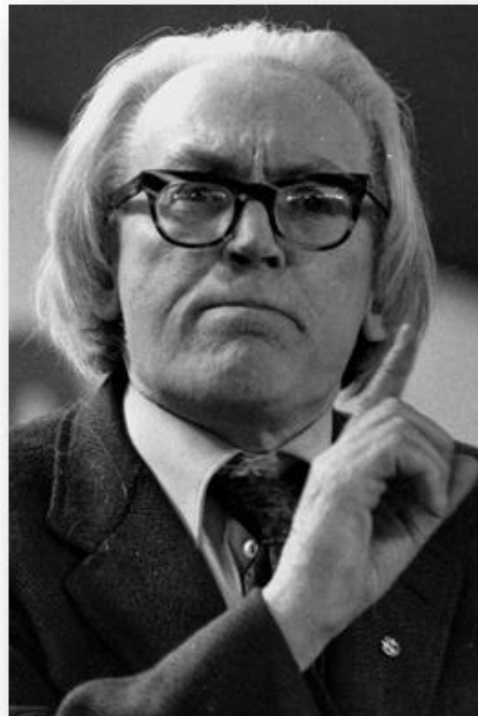
forming the Social Democrats. Then the new Social Democrats formed the SDP–Liberal Alliance with the existing Liberal Party. The opposition vote split almost evenly between the SDP/Liberal Alliance and Labour securing a major victory for the Conservatives led by Thatcher as Labour now almost collapsed scoring the worst election result since 1918 during the period of the Russian Revolution.

So the 1983 election turned on the Cold war strength versus unilateral nuclear disarmament. The Conservatives' key issues included employment, economic growth and defense while Labour's campaign led by Michael Foot (1913–2010) became dubbed by Labour MP Gerald Kaufman **"the longest suicide note in history"**.

Indeed, Labour's platform was a left-wing manifesto that championed leaving the European Economic Community, abolishing the House of Lords, abandoning the United Kingdom's nuclear deterrent and removing all nuclear cruise

missiles. Ironically, it was 1983 that saw Labour first champion a **BREXIT** election. Michael Foot resigned as the leader of the Labour Party on October 2nd, 1983 after the election defeat.

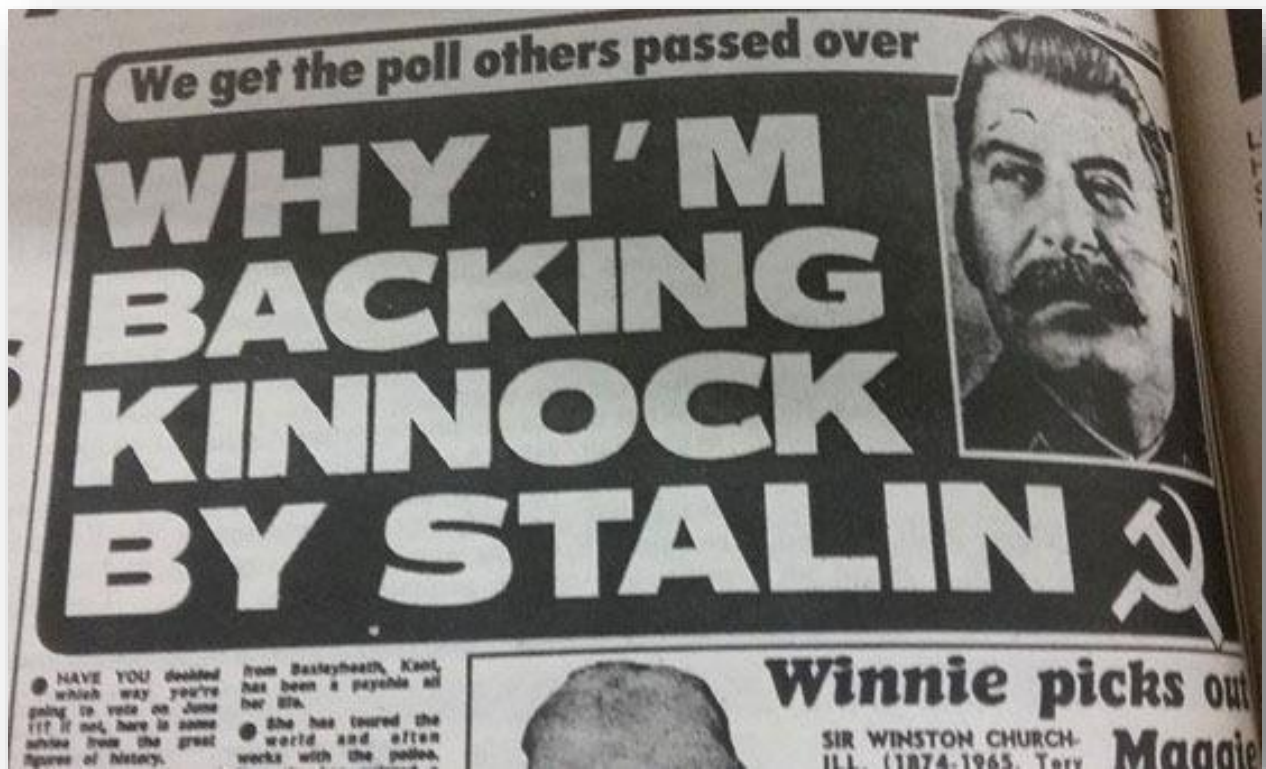
The 1987 election in Britain saw Labour led by Neil Kinnock (born 1942) become the new leader of the party between 1983 and 1992. The Labour Party, was still so left wing it was a joke. It was taking much abuse in many of the newspapers, but perhaps the Sun was by far the worst. The Sun ran stories against Labour that called it basically so left wing, Russian Communists would cheer.



Michael Foot

(1913–2010)

Leader Labour Party (1980–October 1983)



Neil Gordon Kinnock
(born 1942)

Leader of the Labour Party (1983-1992)

Labour was trying to disguise itself moving every so slowly towards a more centrist policy platform. The Labour Party was desperately trying to stage a come-back after being associated with Communists. The Sun also ran anti-Labour articles with headlines such as: ***"Why I'm backing Kinnock, by Stalin."***

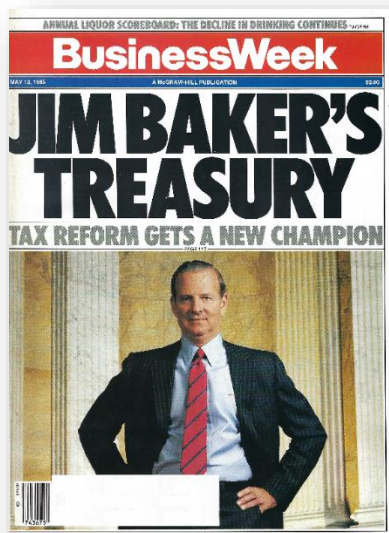
The Conservatives ran a campaign focusing on lower taxes, a strong economy and strong defense. They also emphasised that unemployment had fallen below the 3 million for the first time since 1981, and inflation was standing at just 4%. Thatcher was doing a good job.

It's a Political Union – Not Economic



September 22nd, 1985 - Plaza Accord

From left: Gerhard Stoltenberg of West Germany, Pierre Bérégovoy of France, James A. Baker III of the United States, Nigel Lawson of Britain and Noboru Takeshita of Japan.



Then came the fall of Margaret Thatcher on November 28th, 1990. It was the rise in the US dollar into 1985 that set everything in motion. James Baker (born 1930) became Secretary of Treasury on February 5th, 1985. With the dollar rising to record highs as the British pound fell to \$1.03 because Volcker had raised interest rates to insane levels in 1981 to fight inflation, the capital poured into the dollar sending it ever higher. Baker's solution was to create the Group of 5 (G5) and do a coordinated manipulation of the currency markets to force the dollar down.

This was the accord struck at in New York at the Plaza Hotel now known as the Plaza Accord. Baker proposed that Europe ban together and create a single currency to compete against the dollar to bring it down. There and then was the birth of the idea of the Euro. This was James Baker's vision of the world.



It was Margaret Thatcher who stood tall and refused to surrender the British Sovereignty or the British pound to James Baker's new world order. She stated bluntly that the EU was attempting to create a political union rather than an economic one. Just before she was forced to resign on November 28th, 1990, she stood up in Parliament and stated: "A single currency is about the politics of Europe. It is about a federal Europe by the back door." Baker had not proposed going that far. He wanted to see a single currency for Europe to compete with the dollar.

However, the Euro experiment did not stop with the currency. Indeed, today we can see that Thatcher was right after all. It is all about the extinguishing of democratic rights to an unelected authoritarian central government established in Brussels. The EU was converted from a trade union to a political union with centralized control. Europe has become the most overregulated entity in the world and as a direct result, it has produced the lowest economic growth with the highest unemployment. There are far too many regulations to comply with

and as a result, there is precious few new jobs being created by new business operations which has suppressed the youth casting them aside into what many now call the ***“Lost Generation”*** throughout Europe.

Thatcher knew what the real machinations were behind the curtain. Those in Brussels knew from the beginning the best sales-job they could pull off was a monetary union not political. They pushed the former and hide the latter always denying that as some conspiracy theory. They preached savings on foreign exchange trying to resurrect the Bretton Woods era of fixed exchange rates. They sold the idea that the Eurozone would be bigger than the United States economy and Europe would rise to its former glory. The mantra of a single currency hide the real agenda to federalize Europe. They were convincing themselves that a single government would eliminate European war. Their version of a one-world government at least for Europe ignored the cultural differences between the states.

The elite politicians sold the idea of a single currency would aid trade selling that idea while simultaneously swearing there was no federalist agenda and regulating trade to the point it became protectionism which raised the cost of food and everything in Europe reducing the living standards of the people as a whole.

Margaret Thatcher tried to fight against that political agenda within her own cabinet. It was after the 1987 election, when Thatcher became much more of an isolated figure within government fighting with members in her own cabinet who wanted to join the Euro as a new version of Bretton Woods minus the gold. There was some New World Order in the creation of the Euro that one government would eliminate war talked about behind the curtain in those days. Many in the UK at that time bought into the idea of the Euro would recreate Bretton Woods' fixed rate regime which began with the European Exchange Rate Mechanism (ERM) introduced by the European Economic Community on March 13th, 1979. It had been the Labour Party which agreed to the Euro for Thatcher became Prime Minister on May 4th, 1979 after the ERM began. This was part of the European Monetary System (EMS), to reduce exchange rate variability and achieve monetary stability in Europe, in preparation for Economic and Monetary Union and the introduction of a single currency, the euro, which took place on January 1st, 1999.

Thatcher's **"The Bruges Speech"** delivered September 20th, 1988 will always be remembered. She stated bluntly:



"I want to start by disposing of some myths about my country, Britain, and its relationship with Europe and to do that, I must say something about the identity of Europe itself. ... Europe is not the creation of the Treaty of Rome. ... Nor is the European idea the property of any group or institution."

Thatcher clearly saw the motivation behind the Euro was the federalization of Europe – a political union to prevent European war creating one government, not simply a monetary union.

Nigel Lawson was in Thatcher's cabinet between 1981 to 1989. Lawson was in favour of privatization and contributed to Britain's Big Bang. However, he was a closet Bretton Woods guy at the time who felt strongly that currencies had to be fixed. He was not so much a goldbug, but wanted a fixed currency and that would be the ERM followed by the end goal – the Euro.

The issue of exchange-rate mechanism membership (ERM) continued to fester between Lawson and Thatcher and was exacerbated by the re-employment by Thatcher of Sir Alan Walters as personal economic advisor who was my personal friend. Lawson's conduct of policy had become a struggle to maintain credibility once the August 1988 trade deficit revealed the strength of the expansion of domestic demand. As orthodox Keynesian monetarists, Lawson and Thatcher agreed to a steady rise in interest rates to restrain demand, but this had the effect of inflating the headline inflation figure. Yes, I explained how raising interest rates would attract foreign capital and fuel cost-push inflation. After all, I myself was standing in line buying assets in Britain when the pound fell to \$1.03 in 1985.



Sir Alan Walters
(1926-2009)



Nigel Lawson (born March 11th, 1932)
Member of Margaret Thatcher's Cabinet from 1981 to 1989

Lawson's fixing of the pound within the ERM is what led to the collapse of the pound. This was the clash with Thatcher for Lawson favoured the idea of the Euro that would be a fixed rate currency system – a sort of rebirth of the Bretton Woods concept. The clash between Lawson and Thatcher, who was dead against the fixed rate idea of the Euro that would become the federalization of Europe, led to his

resignation. Nigel Lawson delivered an ultimatum that Thatcher either fire Sir Alan Walters who supported a free floating currency or he would resign. Lawson lost and he tendered his resignation as **Chancellor of the Exchequer** on October 27th, 1989. Sir Alan Walters continued to favour a floating exchange rate and we had many discussions at the time concerning this issue. Lawson was succeeded in the office of Chancellor by John Major who later became her successor as PM. With time, Lawson now sees the error of his ideas and opposes remaining in the EU supporting BREXIT.

Geoffrey Howe (1926–2015) was another key cabinet member who clashed with Thatcher also over the Euro. He masterminded the development of new economic policies embodied in an Opposition mini-manifesto. In June 1989, Howe and Nigel Lawson, secretly

threatened to both resign over Thatcher's opposition to British membership in the exchange rate mechanism of the European Monetary System. Both Howe and Lawson were sold on the ERM and the coming idea of the Euro.

In the last weekend of October 1990, Lady Thatcher travelled to a European summit in Rome, where Jacques Delors' dream of European Monetary Union was high on the agenda. But while Mrs Thatcher was fighting her lone battle against the prospective single currency abroad, she was being fatally undermined at home. Geoffrey Howe, her bitterest cabinet critic, went on television to tell the interviewer Brian Walden that in principle Britain did not oppose the Euro.



Richard Edward Geoffrey Howe
(1926 – 2015)



Upon Thatcher's return, she delivered her Commons statement where she was forced to slap Howe down publicly stating: ***"this government believes in the pound sterling."*** Howe cabinet, resigned on November 1st, 1990 from his position as Deputy Prime Minister over her refusal to agree to a timetable for Britain to join the European Exchange Rate Mechanism which later collapsed making George Soros famous resulting in Black Wednesday (September 16, 1992). Lawson and Howe could not comprehend that Bretton Woods failed because fixed exchange rates never work. After resigning, Howe betrayed Thatcher still trying to push Britain into what would become the Euro delivering the famous

speech from the back benches that set in motion a leadership contest to oust Thatcher.



Howe and Lawson would have destroyed the British economy had they joined the Euro. To Delors, the private discussion I had seemed to believe that he was more trying to defeat the USA than creating a New World Order. He was fixated that joining all the countries together they

would have a bigger GDP than the USA and therefore the Euro would displace the dollar. It was a power struggle arising from pride for many in France.



Michael Heseltine
(b 1933)
Member of Parliament (1966-2001) who failed in his attempt to become Prime Minister 1990 displacing M. Thatcher

Margaret Thatcher was forced to resign as Prime Minister and party leader in November 22nd, 1990 for defending British Independence and keeping Britain out of the Euro. Michael Heseltine (b 1933) was also a former cabinet member appointed by Thatcher as Secretary of State for the Environment in 1979. Heseltine also I believe betrayed Thatcher launching a challenge to her leadership but only narrowly lost out.

In response to these members of her own cabinet who wanted to surrender British sovereignty to Brussels, Thatcher resigned so her party could place a more popular candidate against Heseltine. It was

very clearly that Heseltine would have betrayed Britain for the idea of the Euro.

Thatcher was driven from office for her belief in Britain and scepticism of European politics after two world wars. She was betrayed by most of her cabinet, leaving Parliament in tears. Finally, after retiring from the Commons in 1992, she was given a life peerage as Baroness Thatcher, of Kesteven in the county of Lincolnshire, which entitled her to sit in the House of Lords. For a leader to be so betrayed for defending her country's identity, the lack of political wisdom of her



Thatcher Resigns
November 22nd, 1990

betrayers becomes self-evident.

The British general election of 1992 result took many by surprise, as opinion polling leading up to the Election Day had shown the Labour Party, under leader Neil Kinnock, would win.

Once again, they got it totally wrong back then. The Conservatives were led to victory under John Major (born 1943) with slogans – **“You Can’t Trust Labour.”**



John Major had won the leadership election in November 1990 following the resignation of Margaret Thatcher thanks to the attempt of Heseltine to become Prime Minister. During Major's term leading up to the 1992 election he oversaw the British involvement in the Gulf War, introduced legislation to replace the unpopular Community Charge with Council Tax, and signed the Maastricht Treaty. The economy was facing a recession around the time of Major's appointment following the collapse of the Japanese Bubble in December 1989.



Sir John Major
(born 1943)

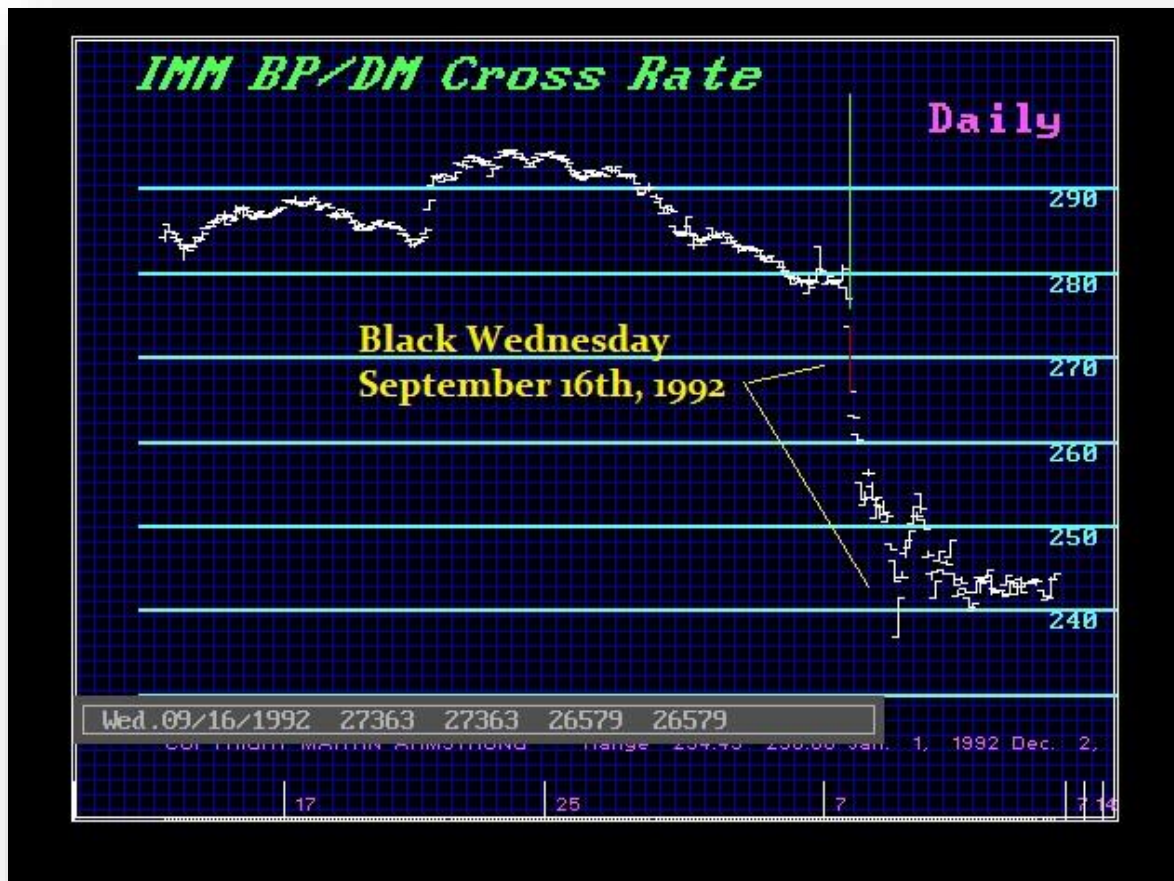
British Prime Minister (1990 – May 2, 1997)



The opinion polls got it dead wrong in the 1992 election once again. This was one of the most dramatic elections in the UK since the end of the Second World War. The Conservative Party received what remains the largest number of votes in a general election in British history, breaking the record set by Labour in 1951. The Sun ran one headline writting: ***"If Kinnoch wins today will the last person to leave Britain please turn out the lights."***

The monetary crisis that John Major faced was joining the European Exchange Rate Mechanism (ERM), which was setup in March of 1979 in order to reduce exchange rate variability and stabilize monetary policy across Europe before introducing a common currency. It was a vain attempt to create a peg resurrecting Bretton Woods.

Britain initially declined to join the ERM when it originated, but later adopted a semi-official policy that shadowed the Deutsche Mark only after they forced Marget Thatcher to resign. In late 1990, the country decided to join the ERM after a shake-up in leadership, preventing its currency from fluctuating more than 6% in either direction by intervening in the currency markets with countertrades. The peg which Thatcher said would fail, did in a very spectacular manner.



Of course they blamed George Soros for breaking the pen and the ERM, but in fact, what became known as Black Wednesday was simply caused by bad monetary judgement by all those who drummed Thatcher from politics.

When Britain joined the ERM, the rate was set to 2.95 Deutsche Marks per Pound Sterling with a 6% permissible move in either direction. The problem was that the country's inflation rate was three times that of Germany's, interest rates were at 15%, and the country's economic boom was far into a period of unsustainable growth – setting the stage for a bust period when there was no such boom in Europe.

Currency traders took note of these underlying problems and began short selling the Pound Sterling. George Soros was one of these bearish currency traders, amassing a short position of more than \$10 billion worth of Pound Sterling.



Because of my friendship with Margaret Thatcher and Alan Walters, I was called and asked what our computer was forecasting for the pound in the ERM. I explained that they had to devalue the pound. I was told that John Major had promised not to devalue the pound during the election. I explained that the wording should be then changed to he was allowing the pound to float to seek its own level. That was the words used and the pound returned to float. This would be something was remained in the back of the minds of the British people even if they did not realize that it was the overthrow of Thatcher that allowed this entire crisis to happen. The leftist union workers hated Thatcher and celebrated when he died.

The British general election of 1997 saw a Labour landslide with Tony Blair ending and 18-year losing streak winning 418 seats, the most seats the party has ever held in history.

The election saw the greatest swing of 10.2% Even the Sun, which had bashed Labour for 18-years, switched sides and suddenly backed Tony Blair.





Margaret Thatcher's Study

I was there in London at that time. I remember sitting in Marget Thatcher's study and we were talking about the elections. Long before the polls were even coming in, she told me John Major would lose. When I asked her why, she replied: **"It's just time."** I named a piece on cycles after that comment. She had a keen sense of cycles herself and knew that the Conservatives had been in too long.



Chester James Carville Jr.
Democrat Political Operative

Indeed, Maggie was right. The vote swung from the Conservatives to Labour on a national turnout of 71%. Tony Blair (born 1953) was being aided by Bill Clinton's team. I saw James Carvel in London during that period.

Under Blair's leadership, the Labour Party had adopted a more centrist policy platform under the name **'New Labour'**. This was seen as moving away from the traditionally more left-wing stance of the Labour Party that Jermeý Corbyn is now reviving. Labour made several campaign pledges such as the creation of a National Minimum Wage, devolution referendums for Scotland and Wales and promised greater economic competence than the Conservatives, who were unpopular following the events of **Black Wednesday** in 1992.

The Labour campaign was ultimately a success and the party returned an unprecedented 418 MPs and began the first of three consecutive terms for Labour in government. However, 1997 was the last election in which Labour had a net gain of seats until 2017. A record number of women were elected to parliament, 120, of whom 101 were Labour MPs. This was in part thanks to Labour's policy of using all-women shortlists.

The Conservative Party was led by incumbent Prime Minister John Major but there was a serious division over the European Union, that had led to the events of Black Wednesday. This internal conflict between in the Euro or out prevented the Conservatives from presenting a unified party. It was this internal battle that produced the Conservatives' worst defeat since 1906, with only 165 MPs elected to Westminster, as well as their lowest percentage share of the vote since 1832.

The Conservatives lost all seats in Scotland or Wales, and many key Conservative politicians lost their parliamentary seats. The future Prime Minister Theresa May was elected to the safe Conservative seat at Maidenhead at this time. Following the defeat, the Conservatives began their longest continuous decline for 13 years for the Tories/Conservatives since the 1760s. Conversely, the Liberal Democrats, under Paddy Ashdown, returned 46 MPs to parliament, the most for any third party had ever achieved since 1929.

Blair's **"New Labour"** did in fact act more like a conservative government. They cut expenses and compelled concessions from unions that no Conservative government could have. Blair was also very pro-British power and involvement in sending British troops to the Gulf War. Tony Blair ran under the Labour banner, but he was by no means a leftist. He was right of centre in politics and a YouGov opinion poll in 2005 found that a small majority of British voters, including many New Labour supporters, placed Blair on the right of the political spectrum. The Financial Times argued that Blair was not a conservative, but instead a populist.



Anthony ("Tony") Blair
(born 1953)
British Prime Minister (1997-2007)

The British General Election of 2001 was called “the quiet landslide” by the media, as the Labour Party was re-elected but with only 43.2% with the Conservatives coming in at 30.7% and the third party Liberal Democrats won with 16.8%. Blair's “**New Labour**” actually suffered a net loss of five seats and with a sharply lower turnout coming in at just 59.4%, well below the 70% number. Still, Tony Blair went on to become the first Labour Prime Minister to serve a second consecutive full term in office in British history. This was perhaps proving that Blair was clearly a right-of-center politicians who had abandoned the leftist philosophies of the old Labour, which Jeremey Corbyn has reignited.

The British General Election of 2005 saw Blair's “**New Labour**” Party once again won an unprecedented third-term for Labour. However, Labour's majority suffered a most important blow dropping from 160 seats to just 66 seats. Blair pointed to a strong economy, but he suffered a decline in popularity and then his decision to send British troops to invade Iraq in 2003 was the final straw.

The Conservative Party was pointing to immigration and proposing to set limits. They also argued to improve poorly-managed hospitals and reducing high crime rates, all under the slogan “***Are you thinking what we're thinking?***”. The Liberal Democrats were opposed to the Iraq War given that there had been no second UN resolution. Tony Blair was returned as Prime Minister, with Labour having 355 MPs. However, Blair won with only a popular vote of 35.2%; the lowest of any majority government in British history. This would prove to be the last Labour victory in a general election. Left to its own devices with Blair gone, Corbyn took the party into the land of neo-Marxism.



The British General Election of 2010 saw a Hung Parliament with none of the parties achieving the 326 seats needed for an overall majority. The Conservative Party, led by David Cameron (born 1966), won the greatest number of votes but was shy by 20 seats. This was only the second time a general election resulted in a hung parliament until 2017.

The coalition government that was subsequently formed was the first coalition in British history to eventuate directly from an election outcome. The hung parliament came about in spite of the Conservatives managing both a higher vote total and higher share of the vote than the previous Labour government had done in 2005, when it secured a comfortable majority.

Yet David Cameron was a Eurocrat to the core standing ready to hand the sovereignty of the Queen and Britain to Brussels. He had to agree that Scotland would get the opportunity to vote on its separation from the UK which was formed back in 1707. This became the Scottish referendum in September of 2014 that was obviously rigged. People were imported to count votes from Europe and were not even Scottish. It was on that vote when Cameron reveal his disloyalty to Britain. He arrogantly pronounced that the vote has decided the fate of the Scottish “for a generation” he proudly declared.

Back in 2012, David Cameron rejected calls for a referendum on the UK’s EU membership. The BREXIT vote was the result of a promise he was forced to make in 2013 when he was besieged by the increasingly assertive anti-European Union wing of his own Conservative Party who were loyal to the view of Margaret Thatcher. To placate the rebellion brewing against the loss of sovereignty to Brussels, Cameron made a promise that he intended only to keep a short-term peace before the 2015 general election.

Cameron promised that if re-elected, he would hold an in-or-out referendum on continued British membership in the EU. He never imagined that it would actually take place, no less win. It certainly appeared to be a meaningless gesture — a relatively low-risk ploy to deal with a short-term political problem to ensure he would be Prime Minister.

The 2015 election was won by the Conservatives led by David Cameron on the back of his promise to hold a BREXIT vote. The British General Election took place



David Cameron
(born 1966)
British Prime Minister (2010-2016)

on May 7th, 2015. It was the first general election at the end of a fixed-term Parliament. Local elections took place in most of the same day.

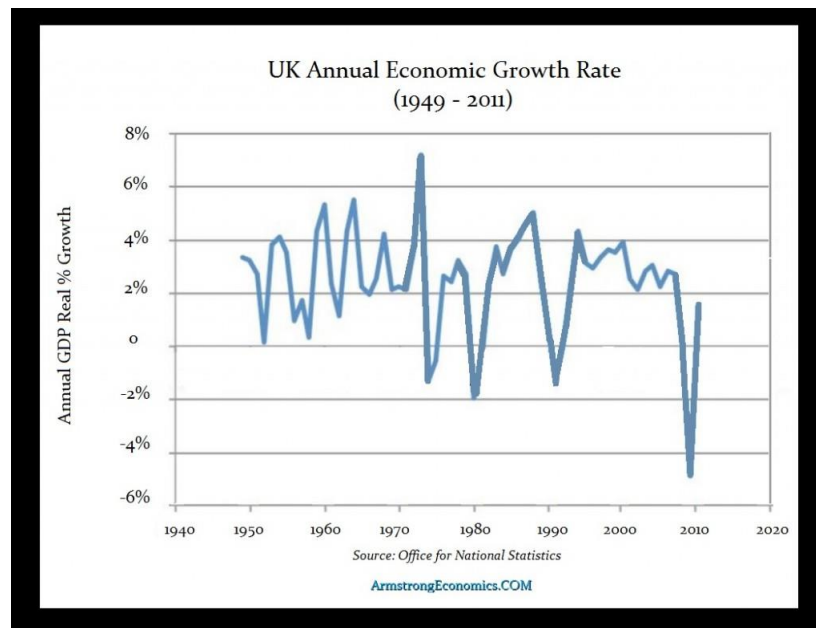
The British polls and commentators all got it wrong again for they had predicted the outcome would be too close to call and would result in a second hung parliament. As normal, the polls underestimated the Conservative vote as they won a surprise outright majority all based upon the promise of a BREXIT referendum. Cameron was now in the box and a referendum was mandatory.



Back in 1975, the United Kingdom held its first ever national referendum on whether the UK should remain in the European Communities (EC). The opposition had contested the October 1974 general election outcome with a commitment to renegotiate Britain's terms of membership of the EC and then hold a referendum on whether to remain in the EC. The establishment at that time and mainstream press supported remaining in the EC. Nonetheless, there were significant disputes and a great divide back then as well. The Labour Party held a one-day party conference in 1975 and voted by two to one in favor of withdrawal.

On June 5th, 1975, the first referendum took place of this subject matter. The question asked was simply: ***"Do you think the UK should stay in the European Community (Common Market)?"*** The result was a "YES" with a turnout of just under 65% and a "Yes" vote of 67.2%.

As BREXIT arrived, the betting markets are wagering that Britain will choose to remain in Europe. That seemed to be due to the fact that they know the vote will be rigged just as the Scottish vote was rigged. The polls suggested that the outcome was still too close to call.



There was certainly **NOTHING** to gain but continued pain and suffering if Britain remained tied to Brussels. Cameron lied about the data as shown here using the government's own publishes GDP data. It was abundantly clearly that the peak in British economic growth on an annual basis was 1973 and it has been progressively declining ever since it joined the EU in 1973. Fact meant nothing to Cameron. It was all about remaining inside the EU and he rejected all the warning of history that Margaret Thatcher pointed out. So here we have that quest among some Conservative to surrender to Brussels for they were the very element that drove Thatcher from office. The revolt from within her own cabinet to join the Euro and they learned nothing from the ERM crisis they created trying to fix the pound's value.

Cameron restored to scare tactics, and warned that a decision to leave the EU would be an "irreversible" choice. He was trying to scare the elderly voters, many of whom tend to favor leaving the EU. Cameron urged them to think about what they would bequeath to the next generation but failed to tell the truth. Like Clinton, they just say whatever is necessary to win without any backing whatsoever.

BREXIT



The Unexpected Consequence

Cameron said, “**Above all it is about our economy.**” Never once did he show a chart of GDP proving that the British economy suffered since joining the EU. Cameron simply lied to the world to push his own political agenda forward even though it was not beneficial to the British people.



Cameron called everyone to come help from the head of the IMF to Obama with the intent of maintaining his scare tactics. Obama complied and told the British that the United States was only interested in dealing with a unified Europe and Britain would have to get at the “**back of the queue**” if they voted for BREXIT. David Cameron and the EU Parliament were asking for help. Obama joined the scare tactics in an attempt to frighten the British into giving up their sovereignty to Brussels. He used the TTIP trade deal, which the French want to block, and



said the agreement is why the Brits should stay in the EU. The TTIP was supposed to be done back in 2014 and was really a dead deal.

Tony Blair had come out against BREXIT claiming it would be bad for Britain. In more recent times, he has called for a new political movement to overthrow the Democratic vote on BREXIT proving once again he too was just a Eurocrat wanting to hand the sovereignty of Britain to Brussels. Blair also never bothered to look at the data because it proved him dead wrong as well.

It seemed as though career politicians like Cameron and Blair can only see bigger and bigger government as always the solution. Betraying the sovereignty of their own country does not bother them in the least. The reality is the trade deal that is so precious to them was blocked by France. The truth is that Britain would be able to have a faster trade deal with the USA than the EU. Nevertheless, this was a scare tactic instigated by David Cameron and people like Blair. Despite all of this, we wrote on the blog June 22nd, 2016: **“Our computer shows that BREXIT should win.”** When BREXIT won, Cameron was forced to resign as Prime Minister.

The result was announced on the morning of June 24th, 2016. The vote was a shocking 51.9% in favor of leaving the European Union, and 48.1% voted to remain. David Cameron resigned on June 24th, 2016. Following Cameron’s resignation, Theresa May won the election for leadership on July 11th, and was appointed Prime Minister two days later. A petition calling for a second



referendum attracted more than four million signatures, but was rejected outright by the government on July 9th, 2016.

Yet May is not been a supported to true freedom. In August 2013 when she was Home Secretary, she supported the detention of David Miranda, a partner of Guardian journalist Glenn Greenwald, under the Terrorism Act 2000. She said that critics of the Metropolitan Police action needed to “think about what they are condoning”. The High Court subsequently acknowledged there were “indirect implications for press freedom” but ruled the detention legal. That was a serious blow to anyone challenging governmental actions.

Theresa May also championed legislation popularly dubbed the “**Snooper’s Charter**”, requiring internet and mobile service providers to keep records of



internet usage, voice calls, messages and email for up to a year in case police requested access to the records while investigating a crime. This was justifying holding records on everyone. The Liberal Democrats had blocked the first attempt, but after the Conservative Party

obtained a majority in the 2015 general election, Theresa May announced a new Draft Investigatory Powers Bill. Even though there were more limited powers and additional oversight, the Home Secretary was been forced to back off from her proposal that would give the police full access to see your complete internet search history.

As Prime Minister, Theresa May begun the process of withdrawing the UK from the European Union, triggering Article 50 on March 29th, 2017. Then on June 7th, 2017, we wrote quoting May ahead of the election saying: ***“The British response to terrorism has to change.”*** Prime Minister Theresa May said this in a speech after the new terror attacks in London. ***“There is, to be honest, too much***

*tolerance of extremism in our society.” PM May continued: “When it comes to overcoming extremism and terrorism, things have to change.” She announced potential changes to anti-terrorism laws. She further made it clear: “**We cannot give this ideology the safe space it needs to breed – but that’s exactly what the internet and the big companies that provide internet-based services provide. We must work with Allied democratic governments to reach international agreements to regulate the cyberspace to prevent the spread of extremism and terrorism planning.**”*



Then on April 18th, 2017, Prime Minister May announced an early snap election for June 8th, 2017. She called the early general election claiming that the division over BREXIT ***“risks ability to make success of Brexit.”***

We wrote on June 7th, 2017: ***“May could very well achieve a 64 seat majority according to the polls. But we asked our computer to do a What-If forecast if Corbyn won the election for Labour. This would probably be the best short in a very long time.”*** Once again, the British polls got it all wrong. After claiming that May had a 20-point lead, which no doubt prompted her to call the snap election.

Yet something was seriously wrong. The pound could not closed above 12954 for three months since that announcement. Our long-term models remained bearish on the pound. Yet still our model projected a Conservative victory that did not jive with a strong pound. Something was amiss.

2017 the Inter-Generational Election



Jeremy Bernard Corbyn (May 1949)
British Labor Leader

Jeremy Corbyn was never supposed to have had a chance in hell to win and certainly nobody even talked about a Hung Parliament. The British polls seem to get things wrong more often than correct. Corbyn has taken the Labour Party way to left of any Labour leader since the 1970s and may have surpassed them as well. It is reminiscent of the 1983 election when Labour MP Gerald Kaufman admitted that the Labour platform was **"the longest suicide note in history"**.

Corbyn took the British Labour Party to the far left as close to a Communist as one could get. He is a neo-Marxist who does not believe in freedom but that anyone with wealth deserves to be exploited. The question is always where one draws the line with wealth. That line seems to always fall between the person



demand to take other people's money and anyone who has even a little bit more.

Corbyn is not championing a minimum wage, to raise the living standard of the lower class, he is advocating a **MAXIMUM WAGE** to prevent anyone from earning more than he thinks is appropriate. The persecution of the Jews began that way. It started with the Jewish

bankers, then the Jewish storekeepers, and then just get all the Jews because they have all the money.

Corbyn is advocating real Marxism that no individual should be allowed to earn more than whatever he feels is appropriate. This neo-Marxism is all about retribution rather than making an economy better creating growth to create new jobs. Corbyn effectively believes in economic slavery and we are the property of the state. Whatever money you earn is not yours, it belongs to the state. I was in Canada and there was some socialist woman on TV being interviewed and she said that openly. It is not your money, it belongs to the state. They merely decide how much you are allowed to keep. I was dumbfounded she actually said that in public whereas I hear that all the time behind closed doors. Nothing belongs to you is their actual true belief.

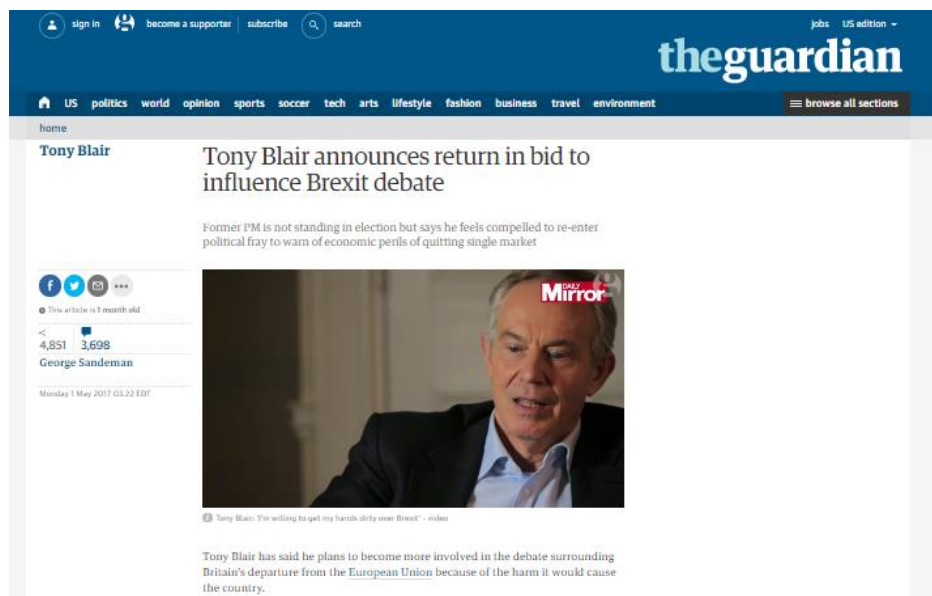
These Marxists want to suppress freedom and cannot see that we are all different and have a God-given right to pursue our own dreams. Some people want to produce while others do not. All these people do is drool over what other people have and demand they have been cheated because they are entitled to the same.

What Corbyn cannot understand is that this is no different from robbery. If you walk down the street and a man points a gun at you, demands your watch, all your cash, and justifies it by saying that he has nothing you have everything, then what is the difference between that and writing a law to accomplish the



same thing? Where can we go to be free of people who just want to rob whatever we have because they are lazy or incompetent to ever have an original thought? This may be the final end of the British Empire. After all, it is getting close to 443.76 years from Elizabeth I (51.6×8.6). A very precarious event that may indeed signal the shift from the West is underway to China (2001–2046).

Furthermore, Corbyn's economic policies were considered by many to be simply incompatible with the values of the modern, aspirational British population. Tony Blair actually proved that by taking Labour to the center and away from the Marxist agenda. The battle was supposed to be between a Brexit-supporting Conservative government and a self-styled 'progressive alliance' of LibDems, Labour's pro-EU wing, the SNP, Greens and Plaid Cymru going into the 2015 election.



Jeremy Corbyn had criticized Tony Blair's call for pro-Europeans to form a new cross-party movement to oppose Brexit. Corbyn actually urged the former Prime Minister to respect the result of the referendum and to put his energy towards building relations in Europe. He said of Blair: ***"Well, it's not helpful. I would ask those to think about this – the referendum gave a result, gave a very clear decision on this, and we have to respect that decision, that's why we didn't block article 50."*** Tony Blair is trying to now get back into politics to overturn BREXIT refusing to accept democracy.

Even the Guardian came out against Tony Blair's Brexit speech suggesting to reject the people's vote, which effectively said they are too stupid to know what they voted for. The Guardian wrote: "The referendum happened, let's respect the result. Democracy happened, respect the result."



But now we know with the snap election, the youth who seemed to surround Jeremy Corbyn wherever he went during the campaign weren't just Labour activists bussed in to create the illusion of support as many tried to claim. Corbyn really has stirred the youth vote in a way that even Blair could not. He was cheered at a rock concert where no other candidate ever received such notoriety. This is what happens when we reach these generational transitions. The 1979 election saw a 5.2% swing from Labour to the Conservatives ushering in Margaret Thatcher, which illustrated there too was a generational shift from the extreme socialist agendas following World War II. Thatcher represented a generational shift from state dependency toward individualism. This snap election in 2017 comes 38 years after the generational shift in 1979. That is on schedule. However, but the time we reach 2032, the socialist generation that want everything for free who voted for Labour will be middle aged and suffer their own generational shift, which will be back to individualism.

Scotland created a problem for the Scottish Independence Referendum Act 2013 allowed 16 year olds to vote for the first time, but only in Scotland and only in that particular referendum. Eventually, the Scottish Parliament reduced the voting age to 16 for its own and Scottish local elections in 2015. The problem this introduced that it allowed children to vote against their parents without any economic responsibility for their actions. This invited class warfare.



UK Nurse Visiting Senior at Home

Then there was the “dementia tax”. Labour attacked the proposal by Theresa May that house prices should be included in an assessment of whether the state funds social care for those being looked after at home. Labour called it the “dementia tax” because while those who suffer cancer in old age have their costs looked after by the state, those suffering dementia may not. The Senior Tories argued that people with dementia were often looked after in care homes already and so will not be affected. The absurdity of the proposition was obvious. One can be cash poor and asset rich. To get healthcare at home, you could be forced to sell your home because its value rose in a market plagued with speculation.

Corbyn accused Conservatives of risking a ***“war between generations”*** with a manifesto that pitches young against old. ***“There is no trade-off between young and old – and there should be no trade-off,”*** Mr Corbyn said. ***“Society should not be setting the future of our young against security for the old. We have the wealth to offer a decent, secure life for all.”*** Once again, Corbyn’s solution was just take the money from the rich and all will be cured.

In the end, it was expected that this shift against the Tories would come from the elderly who were upset by the prospect of having to use the value of their homes to pay for their healthcare costs. The British healthcare system is in crisis. The costs rise and the quality has declined.

However, the details lie in the polling returns. Here a completely different story emerged. While there was certainly some shift in the elderly vote towards Labour, this was not the issue for the Hung Parliament, yet it contributed no doubt. An ICM poll on April 18th, 2017 at the beginning of the election, put 60% of the over



75 year olds intending to vote Conservative and just 4% were intending to vote Labour. The same ICM poll on the 29th of May saw the over-75s Conservative vote drop to 52% and Labour's rise to 18% among this age class.

The issue would not be determined by the elderly and the obvious collapse in socialism, which prompted the idea in the

first place of applying a means test to healthcare. You would think that Corbyn would agree with making the rich elderly pay. So was he just playing politics?

We we look at the 18-24 year olds, the poll on the 18th of April had 16% in favor of the Conservatives and 28% favoring Labour. Looking at the poll of May 29th, the numbers shifted to 61% in favor of Labour.

The election results were fueled partly by a higher turnout rate among young British voters. It was the youth who objected most to BREXIT falsely believing that their future employment was at risk leaving the EU. They were obviously brainwashed by the professors who are overwhelmingly socialistic. The youth had long been angry at the results of the referendum viewing that vote overwhelmingly supported by older Britons at their expense. There is enough evidence to see at least that the reversal in political opinion in Britain was driven by the youth. University life on campus seemed to have evolved from the youthful protests for socialism reflecting youthful irresponsibility to one of serious



study and preparation for career. That image just masked the brewing trend of socialism demanding something for nothing by just robbing the rich.

Something happened. Corbyn seemed to ignite a spark within the youth that turned into a wildfire. The data from the 2015 British General Election focusing on the 18-24 year olds, there was no evidence that they were especially attracted to the left. A YouGov analysis of the election of that year suggested that 36% of 18-29 year olds voted Labour and 32% voted Conservative.

YouGov's recent polling focusses on a slightly different age group, so isn't entirely comparable. Nevertheless, a 2017 poll taken on June 2nd suggested that among 18-24 year olds Labour was leading the Conservatives by 71% to 15%. What really got the students on his side was his promise to abolish student tuition fees. The Liberal Democrats collapsed in 2015 by giving their blessing to trebling tuition fees instead of abolishing them. That set the party back probably 100 years. Instead, the LibDems pitched the promise of reversing Brexit and legalizing cannabis instead. Neither promised moved the youth.

This election illustrated the entire problem we have been warning about. We are facing a generational conflict of major proportions. Everything from Obamacare to the abuse of student loans in Britain and the United States have Ironically, the youth do not quite realize that voting Labour was a vote for the very neo-Marxist policies that have created the crisis we have in pensions going forward. It has been this type of promising manna from heaven with assurances to make the rich pay for it. This is exactly the same policies of Hollande in France, which proved so disastrous. Yet the old saying; Ah to be young again, but know what I know now comes to mind. What the youth have done looks very well like fulfilling what our computer has been projecting – the fall of the British pound long-term.

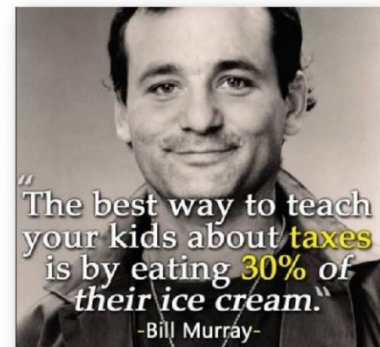


The Rising Tide Against Capitalism



Across the developed world there is a growing assumption that all the problems are caused by capitalism among the youth. Professors have been preaching this message for decades. The solution is always robbing the rich and even the playing field while handing government absolute control. I have warned for years that if you go extreme right or extreme left, we end up at the same spot. The answer is always hand all power to government.

This antipathy towards capitalism is widespread and is not confined to occupy Wall Street or anti-globalization protests. The Harvard Institute of Politics held a spring poll among 18–29 year old Americans, asking them if they “supported” capitalism and only 42% said “yes” and 33% said they supported socialism. Of course, these are youth without experience who will change their mind when they start getting their pay checks as they see that nearly 50% is taken by government. They will quickly begin to look as see that the taxes support government pensions and employees who account for about 40% of GDP and produce nothing to further the economy.



Today - Make it 50%



What they fail to understand is that Socialism is what promotes corruption, for once you start down the road of taxing the rich and industry, then come the bribes for exceptions. In a real capitalistic system where government does not interfere, there is no need for lobbying to buy exception furthering corruption.

The youth were also behind Bernie Sanders' near-defeat of Hillary Clinton if he was not conspired against by the Democratic Party and Clinton, Inc. The Harvard survey back then showed that 54% said they had a favorable impression of Bernie. It was another case of a white-haired leftist gaining far greater support among the youth than among his own age group. No other candidates besides Corbyn and Sanders inspired the youth with such socialistic promises of something for nothing.

In the French election, there too we saw the youth turn out for Jean-Luc Melenchon, who promised endless free-spending and who would pay for everything with a top rate of income tax of 90%. There too the polls showed that



Jean-Luc Melenchon Rally at the Place de la Bastille, Paris, on March 18, 2017

the 18-24 year olds favored Marine Le Pen, and turned their back of Emmanuel Macron relegating him to third place. The youth was rejecting Macron and his vision of an open international France and embracing globalization. It seemed they wanted their borders protected and they wanted the free things in life. They rejected Macron.

Pardon my French, but...

Laissez-Faire

So what is turning the youth away from capitalism and into the eager awaiting arms of Marxism? Primarily, we live not under capitalism with ***laissez-faire*** economics. We live in an oligarchy where they mistake corruption for capitalism. Under real capitalism, we are free. Under an oligarchy, we are economic slaves and played as fools. Tony Blair chooses to ignore the BREXIT referendum, rejecting democracy and capitalism with the distinct view that the people are too stupid and need to be subservient to the state – which is an oligarchy. True capitalism is free from government interference and once regulation becomes a commonplace, then so does the lobbying to create exceptions. Hence, every Republic has always morphed into an oligarchy.



From the youth's perspective of self-interest, it is not hard to understand some of the economic pressures that has resulted in the youth rejection of capitalism before they begin to earn a salary. The net take home of people from employment continually declines as government taxation rises. Post 1980, wages are actually declining for low level jobs as taxation rises and technology advances. Stores begin to decline in favor of online shopping. This is the first generation since the Industrial Revolution to witness the economic changes displaying employment driven by taxation.



Moreover, the cost of housing has gone beyond their reach and we find that the youth are living with parents at a much higher rate into their thirties. Property values have risen as a store of wealth against a sea of cash being created by governments in the middle of a deflationary trend as technology lowers the costs of production. In Britain, home-ownership among 30–34 year olds has plunged from 49.3% down to 43.1%.

However, part of the decline in home ownership among the youth is the fact that they saw their parents suffer from the 2007–2009 crash in property values. The shift toward renting has taken place ever since furthered by the stricter criteria on lending. Then the conservative government made the same stupid mistake as the American Democrats who created the S&L Crisis of the 1980s. In the States, they were greedy and changed the tax status on real estate to increase tax revenue. The Democrats created a one-way market of all sellers. British Conservatives did exactly the same thing sending shares in the housing construction industry crashing in what has proven to be a reversal of fortune in property.



Chancellor of the Exchequer, George Osborne

Chancellor of the Exchequer, George Osborne, delivered the budget under Cameron and one of the big announcements was a crackdown on so-called “**non-doms**” — the people who live in Britain but claim their “permanent” home is abroad. Osborne announced a shake-up of the tax system that we warned would drive both wealthy foreigners out of the property market and send prices crashing, impacting the values behind mortgages. The London property boom came to a crashing end.

Those claiming the **non-dom** status have limited taxes on any money they earn abroad, paying only on income earned in Britain. Osborne just abolished the indefinite **non-dom** tax status, and changed the rules now at the peak of the London property market creating a one-way sellers’ market.

Now, anyone who has lived here for 15 of the last 20 years is officially taxed the same way as any other Briton. Osborne has also announced a crackdown on properties owned “**through foreign companies or other opaque structures**” that are often used to minimize taxes. It is easy to attack the foreigners since they do not vote. They have given Britain the appearance of wealth and if they leave, the stores, shops, restaurants, and every industry will feel the sting of an economic collapse.

Already, the property companies at the top-end of the market have crashed. The wealthy are already looking at New York City. It is shocking just how instantaneous the flocking of Europeans to New York City as the alternative to London has been.



The London housing market sales in fact crashed to its lowest level now since 2013 within the first month. Values crashed by 11.5% in the first month. Landlords are joining together to challenge the Conservative's tax hike by filing a suit in the high court against their tax increase on "**buy-to-let**" investment properties. The buy-to-let investors became unable to offset all their mortgage interest against their profits. Within three years none of the interest will be tax-deductible. The changes mean that many landlords will pay more tax – and in some cases will be taxed on nonexistent profits. In trying to go after foreigners and property investors (hated rich), the bottom line was to cause rents to rise for the youth.

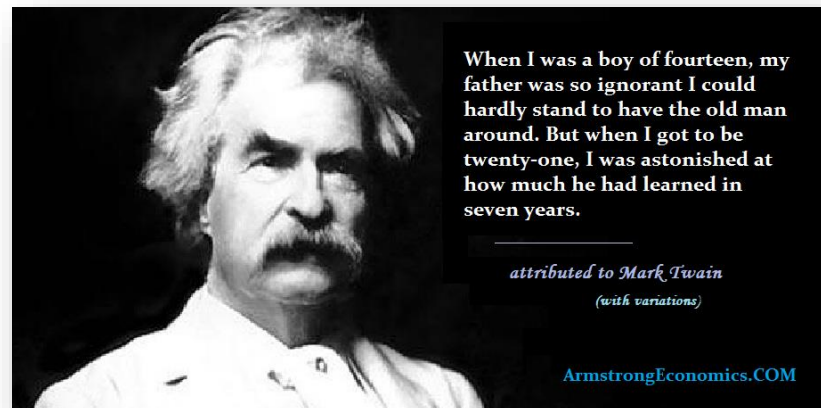
The figures are now out and they show that the number of homes bought over the year crashed by 40% between March 2017 and March 2016, from 173,860 to 102,810. That was thanks to new stamp duty rules introduced at the beginning of last April, which hiked stamp duty on second homes and led to a buying frenzy just before the rules were introduced.

High rents have prevented many young people from putting aside any kind of savings or investments, making it impossible to profit from the boom in the stock market or property investment. The youth are systematically being shut out of their chance to participate in a capitalist system, regardless of how hard they work. No generation before has been so prejudiced from every angle.

Then the Government has begun controversial plans to sell off billions of pounds worth of student debt to private companies for a small fraction of what is owed. Then the private companies hunt down student to collect full values. The government did not off to let students to pay off their debt at the same discount they sold those debts. Corbyn was hitting a nerve.

Even in the United States, Obamacare was devised to exploit the youth for the benefit supposedly for the elderly. In fact, it was pay for the illegal aliens and people who had no health insurance or could not get insurance. The scheme was to force the youth to buy health insurance that they did not need, punish them with fines if they did not, and then the hospitals did not have to give out free healthcare.

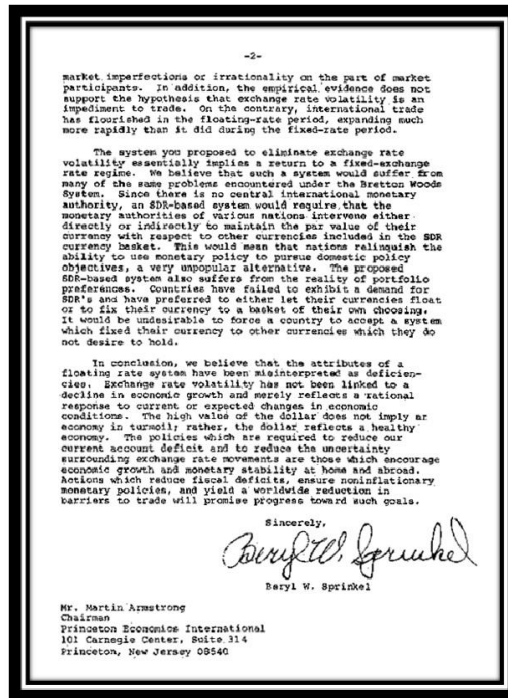
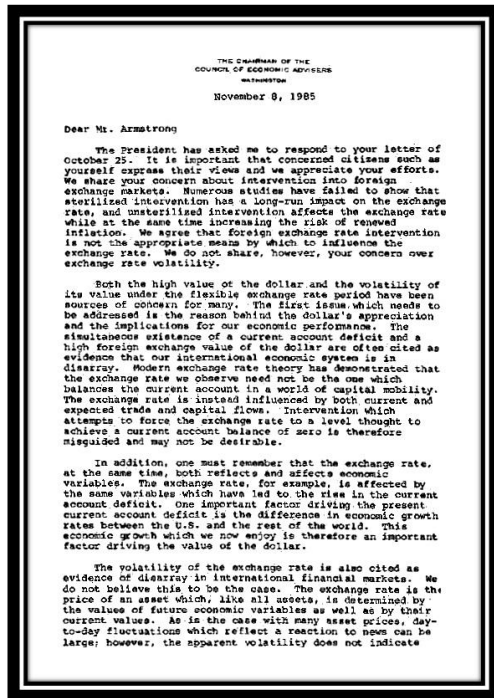
Obamacare was the same scheme as pensions under the Social Security system. You make the currency working generation pay for the benefits of the previous one on retirement. The entire scheme is always the exploitation of one generation for the next. This has been the way politicians see the world and justify schemes that lead to class warfare.



Mark Twain has been attributed with saying:

"When I was a boy of fourteen, my father was so ignorant I could hardly stand to have the old man around. But when I got to be twenty-one, I was astonished at how much he had learned in seven years."

Indeed, the youth rage against things they do not comprehend and are idealistic to begin with and become realistic only with age. In my younger days, I made an effort to get involved in Washington thinking I could make a difference. I met with the U.S. Treasury during the early 1980s when Volcker had raised interest rates to insane levels. With a simple pocket calculator one could see that the national debt at \$1 trillion in 1980 would be nearly \$5 trillion by 1990. I had a frank discussion and was plainly told, yes, true, but we will be paying back with cheaper dollars.



Response from White House November 8th, 1985

Then in 1985 I was asked for my opinion at the start of the formation of the Group of 5 (now G20), which became known as the Plaza Accord. You quickly realize that politics is just a dog & pony show. You are asked for your opinion just so they can claim they consulted top experts and then do as they intended all along. I went out of committee and wrote directly to President Ronald Reagan. I got a quick 2-page response thanking me and then disagreeing that volatility would rise.

I fully understand that in this journey through life, when we are young, it is hard not to be idealistic and believe you can make a difference. Only as you journey down this dark corridor you begin to see the light at the end of the tunnel. True at death they say go into the light. It is supposed to be the light of wisdom. So as they say: Ah to be young again, but know what I know today.



A similar expression of how this journey through life awakens the mind applies in this realm of politics and the trouble with allowing the youth to vote **BEFORE** they pay taxes. Certainly when it comes to economics, voting should be a right only to tax payers. Before then you have no proper understanding of the world and if you earn no salary it is always justified in your mind to just take it from others who do.

Likewise, it is immoral to send children off to war claiming at 18 they are old enough to die, but not old enough to vote. In a real democracy, technology is here today to allow people to vote from their computer. If we can secure payments with credit cards online, we certainly can apply that technology for voting. Then the age limit can change according to the issue to be voted upon. War should require a vote of those who will fight in battle more so than those who will sit back and watch it on TV. To vote on taxes, you must be a taxpayer.

We can also eliminate our republics masquerading as democracies when we have no right to vote on each and every issue. Technology is here to eliminate republics and move to the first real democracy in human history. One which cannot be lobbied and bought by anyone.



King Oscar II of Sweden & Norway
(1829 – 1907)

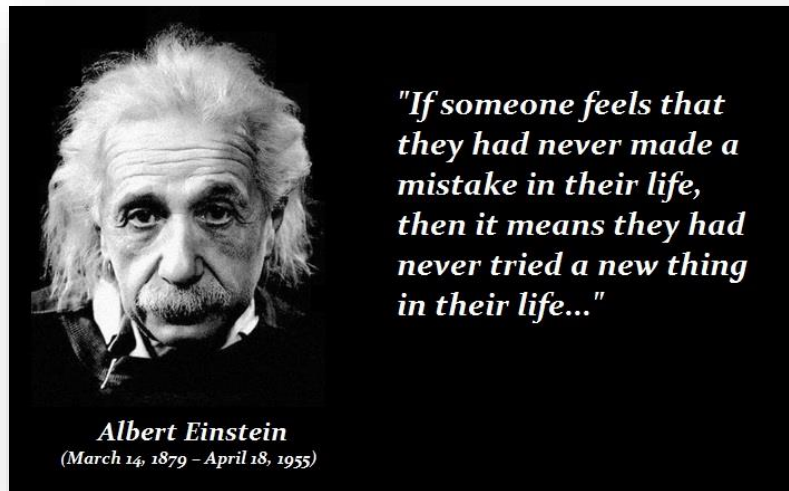
A man who has not been a socialist before 25 has no heart. If he remains one after 25 he has no head

King of Sweden (1872-1907)
King of Norway (1872- until dethroned 1905)

ArmstrongEconomics.COM

In 1923, the Wall Street Journal credited King Oscar II of Sweden with saying: ⁵

A man who has not been a socialist before 25 has no heart. If he remains one after 25 he has no head.—King Oscar II of Sweden



As human beings, it is absurd to pretend we make no mistakes just as it is insane to assume we do not evolve with time in our view of life including politics. The one thing that is certain besides death is not taxes, for they change as well, but that whatever we believe today may also change tomorrow.

It is only natural for a person to become more practical in life if not cynical about politics as we see a long line of broken promises to get elected. The average person will tend to drift to the right in politics with age unless they have failed to achieve self-worth and blame others for their failure. Trading markets are a classic example. They force one to be either a fool or a trader. The fool loses and blames conspiracies or manipulations rather than admit they were wrong. The trader cares not who did what, for the market is the ultimate judge of us all.

Through this journey of life, the grand mistake that often sparks revolution is the arrogance of those in power. It's one of the most famous quotes in history that at some point around 1789, when being told that her French subjects had no bread, Marie-Antoinette supposedly sniffed, "Qu'ils mangent de la brioche"— "Let them eat cake" or "la croûte de pâté" (the crust of the pâté).



Most famously, the philosopher Jean-Jacques Rousseau included the pâté story in his "Confessions" in 1766, attributing the words to "a great princess" (probably Marie-Thérèse). Whoever uttered those memorable words, it was not Marie-Antoinette, who at the time was only 10 years old. Nevertheless, with that callous remark rumored to be her words in 1789, the queen became a hated symbol of the decadent monarchy and fueled the revolution that would cause her to (literally) lose her head. There is no historical evidence that she said that, but the people believed that was her remark and it stirred a revolution because they were oppressed with taxation.

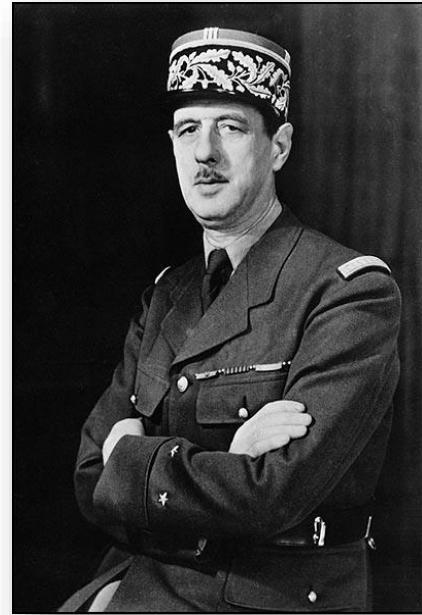
Understand one thing: revolutions emerge from the youth who are idealistic. With all the rhetoric hurled during the campaign, and Jeremy Corbyn and Bernie Sanders promising free everything at the expense of anyone who works for a living, the youth have become an increasingly communistic generation. Typically, candidates promise everything and nobody really expects them to deliver. This election has hit a nerve simply because it came at the wrong time. In the United States, the protesters were growing in number with signs that advocate anarchy, **"Not My President."** They are even singing this song: ***"We are standing for our future, we are hearing what is wrong, we are standing for our future, and together we are strong."***



All of the civil uprisings and political rallies are starting to be driven by the youth. We are witnessing these not just in the British snap election, but in Spain, France, and Greece in addition to America. The younger generation is revolting against

what they see as the corrupt elites. One cannot deny that the older establishment of thinking is so out of touch with reality it is unbelievable.

Each country has its own unique cycle. There was a major turning point in France that nearly became a revolution. Even Charles de Gaulle secretly left France for a few hours after fearing for his life and a revolution. The civil unrest began with a series of student occupation protests against capitalism, consumerism, and traditional institutions that manifested in a cultural revolution. This deeply rooted clash between freedom and capitalism contrasted against the social state to suppress the rich and industry has infected French society.



That year was a tremendously volatile period of civil unrest in France. May 1968



was highlighted by demonstrations and massive general strikes. Students, not the elderly, staged occupations of universities and factories across France. The uprising virtually brought the economy of France to a dramatic halt. The civil unrest had reached such a boiling point that political leaders feared civil war or revolution.

The social revolution of May 1968 had a profound impact upon French society and was the turning point that catapulted socialism to the forefront in French politics.

This shock wave has rippled through French society for decades ever since. Alain Geismar was one of the leaders of that time and characterized the uprising as “a social revolution, not as a political one.” (Erlanger, Steven. “May 1968 – a watershed in French life”. New York Times. August 31, 2012)

The French socialist state is now collapsing under Hollande which resulted in the fact that no mainstream party survived for the second round of elections in 2017. Both the socialists as well as the conservatives came in behind Macron and Le Pen. Civil unrest will erupt moving into 2017 and then



there is the risk of another major cultural revolution as the youth do not share the same values as the socialistic elites who are in control. We will see that risk erupt by 2020 or 51.6 years from the May 1968 cultural revolution.

According to the intense studies of the Continental Army at Valley Forge, the average age of George Washington's soldiers in 1777 was between 20 and 25. That was the average because the youth who joined were 16 to 18. The last verified surviving American veteran of the war was John Gray of Virginia who joined the Continental Army at the age of just 16 in 1780. Even the Russian Revolution was made up of predominantly youth under the age of 25.

Communism in China changed radically with the death of Mao on September 9th, 1976. The Chinese understand cycles, but they also are practical unlike Russia. After Mao's death, China re-embraced pragmatism. ***"Seeking truth from facts"*** became the Party's new guideline. The revolution in China began with the marginal revolution in private farming, which was nothing new in China. Prior to 1949, private individual farming had existed for millennia. During the early 1950s, Mao tried rather ruthlessly to collectivize farming creating the communistic system of the French Commune that impressed Marx. Many peasants believed that Mao's collectivization would offer them a way out of poverty. However, after 20 years of collective farming and 40 million famine deaths, the peasants knew better and by 1976 many returned to private farming after Mao died, despite the fact that Beijing was still trying to promote the commune system. In September 1980, we find that just by one Pi cycle 3.14 years following the death of Mao, Beijing was forced to allow private farming in areas where ***"the people had lost their confidence in the collective."***



Mao Tse Tung (Zedong)
(1893–1976)

This reform that was forced upon Beijing from the farmers opened the floodgates of private farming as it sprung back to life. China could no longer be controlled from a centralized planning position central to communism and the government responded appropriately whereas in the West government tends to be more authoritative demanding compliance with old ideas to retain control by regulation and threats of imprisonment.

By early 1982 private farming became a national policy and the rebirth of capitalism was under way 31.4 years from the birth of Communism in 1949.

Chinese collectivized agriculture was therefore dismantled – the first step back toward capitalism – the freedom of being self-aware and deterministic. Of course, the official account of reform credited government for launching agricultural reform when it was very much a bottom-up reform. The Beijing reform merely raised the purchasing prices of grain and increased grain import; which was facilitating the emerging trend of reestablishing private farming.

The next great change that forced the Chinese government into capitalism was the **vast unemployment among the youth**. It was here where we saw the first private businesses in China emerge driven by the people who did not have a job in the state sector. Most were city youths who had recently returned from the countryside. During Mao's era, we find some 20 million middle school graduates (ranging from 15 to 18 years old) in cities were sent to the countryside simply because the government's centralized planning could not create enough jobs – precisely the problem we see with socialism in Europe today.



Once again, only with the death of Mao, we begin to find the unemployed youth returned to the cities, but still found no jobs in the state sector. The youth; jobless, and restless, began to take to the streets and even blocked the railway. This



June 2nd, 1989 - Tiananmen Square

mounting pressure forced the government to open the door for self-employment. Private shops started to emerge in Chinese cities; they quickly ended state monopoly of the urban economy. The youth in the cities led to the **Tiananmen Square Massacre** or the **June 4 Massacre in 1989**.

The vast unemployment among the youth in Europe is the same fuel that sparked both the Chinese and Russian revolutions in 1989. This is the great reservoir from which revolution erupts. This is being greatly ignored. We see these signs rising in the election of the last five years. This is the danger that exists which government do not pay attention to and try to make excuses to dismiss them.

The side-effect of socialism and high unemployment among the youth in Europe is the rising crime rate involving youths under 25 for monetary gain. A 72 year-old retired boxer beat-up a youth with a knife who entered his home. Hiring police has been rising, but at the same time there are those who are arguing it was the removal of borders in Europe that fueled criminal operations. The theory is that police are confined to the locality whereas the criminals are not. So the unemployed youth in the south move north to plunder. Ironically, instead of looking at the high taxes destroying job creation, many argue now for an FBI of Europe and border controls restored. They always see this as they need more power to correct the trend rather than the possibility that they are causing the trend.

Therefore, the danger of civil unrest is merely confirmed by the General Election here in Britain. The older generation must address the disassociation of the youth from capitalism and comprehend that they must be brought into the reality of

the world or the world will be turned upside down to conform to their perception of socialism. It will not be possible to continue to preach the benefits of the free market if it is patently not working in favor of an entire generation. The idea that raising taxes to balance budgets is failing because we are reaching the maximum threshold for taxation.

Top 10 National Debts as of December 31st, 2016

Rank	Country	Debt	Per Capita	% of GDP
1	 United States	18,152,809,942,589	56,000	97
2	 United Kingdom	7,554,815,500,000	119,000	314
3	 France	5,104,831,200,000	75,800	210
4	 Germany	5,002,093,100,000	61,700	148
5	 Netherlands	3,945,974,400,000	234,000	525
6	 Luxembourg	3,932,580,200,000	6,733,000	6,731
7	 Japan	3,645,534,000,000	26,400	74
8	 Italy	2,265,430,500,000	37,900	126
9	 Ireland	2,235,142,300,000	471,000	780
10	 Spain	2,032,000,000,000	44,100	167

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The United Kingdom ranks 10th insofar as the highest debt per capita owing \$119,000 per person. The top of that list is Luxembourg at a stunning \$6.7 million. Ireland is at insane levels of \$471,000 per capita. Also included in the top 10 are Monaco, Netherlands, Singapore, Malta, Switzerland, and Hong Kong.

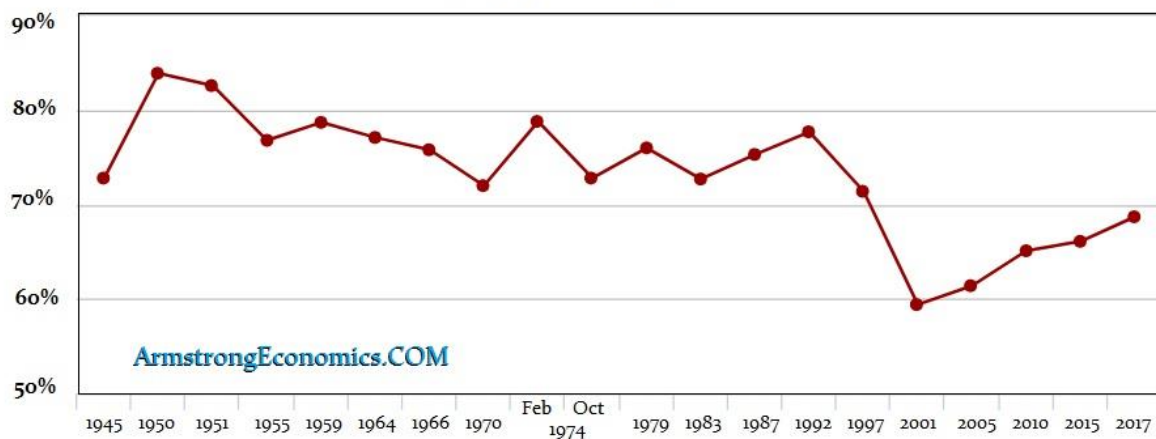
The entire reason and full meaning behind the American Revolution phrase of **"No Taxation Without Representation"**, was that by creating national debts, government routinely roll their debts which grow ever larger thanks to accumulative interest expenditures. Most major countries now have national debts composed of nearly 70% representing interest payments. One generation is saddled with rising taxation to pay for interest on past debts they never voted on and pre-date their own birth.

By the next General Election in Britain, the current generation of under 35s will comprise nearly half the population. If they have a sense that the economic

system is rigged against them they will revolt against it. Government is in serious need of reform and we MUST address this issue for if we cannot understand the problem embracing the youth and bringing them into the reality to acquire a stake in capitalism, then we are looking at revolution coming in the not so distant future. Only a fool will deny this based upon their personal desire to revolt. The older generation does not view the world through the eyes of the youth and therein lies the danger.

No doubt, the current establishment will never see the reality of what I have just written. This is why history simply repeats. The Conservatives will take the wrong message from this election result and blame Theresa May for her poor judgement in calling a snap election. They are focusing on the socialism that they upset the elderly by threatening to charge them for their care. That will just lead to raising more taxes to cover something they fail to comprehend. That will have only one result in the rising tensions among the youth moving toward socialism and authoritarianism with a vengeance.

British General Election Turnout (1945 - 2017)



The turnout is starting to rise for General Elections. This will only manifest in serious trouble and it will be reflected in the value of the pound sterling.

The Youth Know Nothing of Marxism



The youth under 35 have no memory of socialist states. Things such as the Berlin Wall are pictures from history books. They have never been exposed to the negative images of socialism that were familiar to older generations. Today, their images are of the rich who do not pay taxes and large tax-dodging corporations in league with sinister bankers who destroyed the economy and were **Too Big to Jail** amid golden parachutes for fired CEOs. Instead of looking at this as corruption of Government, they see it as capitalism to be solved with more government.

They are also ignorant of how Margaret Thatcher de-nationalized British industry that had fallen so far behind and was terribly inefficient, creating a boom thereafter. The youth instead cheer Corbyn's re-nationalization plans and yes the way to end corporate corruption.

Jeremy Corbyn's past support for the IRA means little to them because they don't recall the bombings in London. They take Corbyn's word that he was just a man before his time. I was in London during 1975 when the IRA blew up the Provisional IRA and continued to hit high profile targets, bombing Oxford Street (August 28th, seven injured), the London Hilton (September 5th, two killed and 63 injured) and Connaught Square (November 3rd, three injured).

As well as bombings, the Provisional IRA also carried out assassinations. In November 1975 gunmen shot dead Ross McWhirter outside his Middlesex home because he was a critic of the IRA and co-founder of the *Guinness Book of World Records*. They put a bomb in a car belonging to Airey Neave, a Conservative MP and adviser to Margaret Thatcher. The bomb exploded as Neave drove out of the parliament buildings in Westminster and he died shortly after. Then they assassinated five months later, Lord Louis Mountbatten, who was an uncle of Prince Philip and a distant cousin of Queen Elizabeth II. He was killed by a bomb they placed in his fishing boat. The blast also killed Mountbatten's 14-year-old grandson, an elderly female passenger and a 15-year-old crew member. On the same day, the Provisional IRA ambushed a British Army platoon near Warren point and killed all 18 men.



Harrods' IRA Bombings - Saturday December 17th, 1983

The IRA struck again on December 17th 1983, detonating a car bomb outside a popular department store Harrod's during the Christmas shopping period. The blast killed six people and



Brighton Hotel bombing, Thatcher's bathroom on Oct. 12th 1984

injured 90 others and caused extensive damage. This was followed by the bold attempt to assassinate Margaret Thatcher herself.

Then there was the Brighton Hotel bombing on October 12th, 1984 by the Provisional IRA attempting to assassinate Prime Minister Margaret Thatcher. The IRA was engaged in terrorism killing innocent people back then as well as attempts to assassinate political figures.



The Berlin Wall

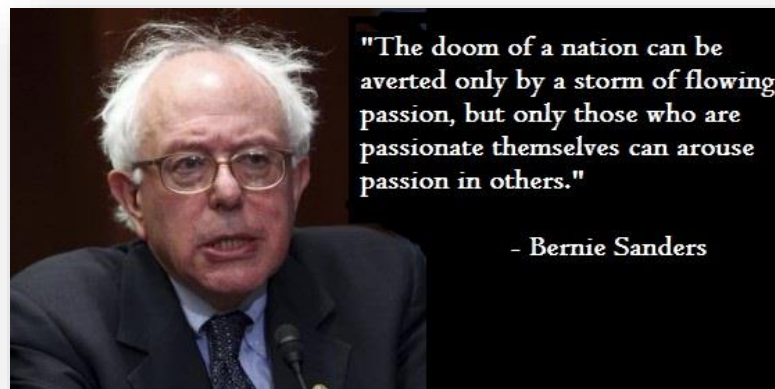
Some people progress through life learning from their mistakes. Others refuse to admit any mistake and always blame others. This is the type of person who



remains the socialist throughout life and never becomes the conservative at 35. Consequently, their memories of the past are reshaped and colored. Therefore, the Berlin Wall to them is just a piece of art to be photographed and admired. They live in the present and typically find history boring.

They are often the youth who go to the parties and nightclubs in their 20s living it up. If they typically continue that life style beyond 27, they have a higher

probability of become that old person sitting at the bar amid the youth for that is all they know and never progressed.



Sanders, 73, has been preaching socialism for nearly half a century, and he cites Eugene Debs (1855 – 1926), the five-time presidential candidate of the Socialist Party of America, as his hero. But he hasn't always embraced the label. Debs was also a member of the Democratic Party. He was elected as a Democrat to the Indiana General Assembly in 1884. Debs became an activist for unions during the beginning of the Industrial Revolution when unions were needed until things worked out about how to actually run industrial companies.

Debs instrumental was in the founding of the American Railway Union (ARU). Workers at the Pullman Palace Car Company organized a wildcat strike over pay cuts in the summer of 1894 when the depression was fierce. Management tried to lower wages rather than lay people off. Debs moved in to get them to join the ARU. He then called a boycott of the ARU against handling trains with Pullman cars, in what became the nationwide Pullman Strike involved more than 250,000 workers in 27 states. This brought the U.S. mail to a halt and President Grover Cleveland used the United States Army to break the strike. Debs was then charged and convicted on federal charges for defying a court injunction against the strike and served six months in prison.

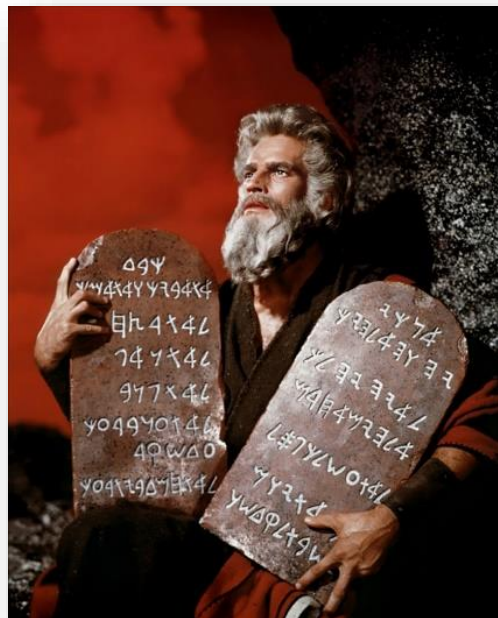
While in jail, Debs read various works of socialist theory and emerged six months later committed to the socialist movement. He then became a founding member of the Social Democracy of America (1897), the Social Democratic Party of America (1898), and the Socialist Party of America (1901). Running for

President, it was 1920 in the midst of that economic decline where he won 3.4% of the popular vote. This is the man Sanders said is his hero. It was all about Marxism.

Jeremy Corbyn has praised his “Jewish mentors” who gave him “Jewish values” while working in trade unions as a young man, and said he wants to work with the Jewish community to stamp out race hate once and for all. Corbyn also said that the economics systems he admired most was that in Scandinavian countries where they prioritize education and social justice in their thinking. But when it came down to who he admired most, he replied Karl Marx.

“Marx obviously analyzed what was happening in a quite brilliant way and the philosophy around Marx is fascinating. ... “He was essentially a fascinating figure ... from whom we can learn a great deal.”

Express, August 16, 2015:

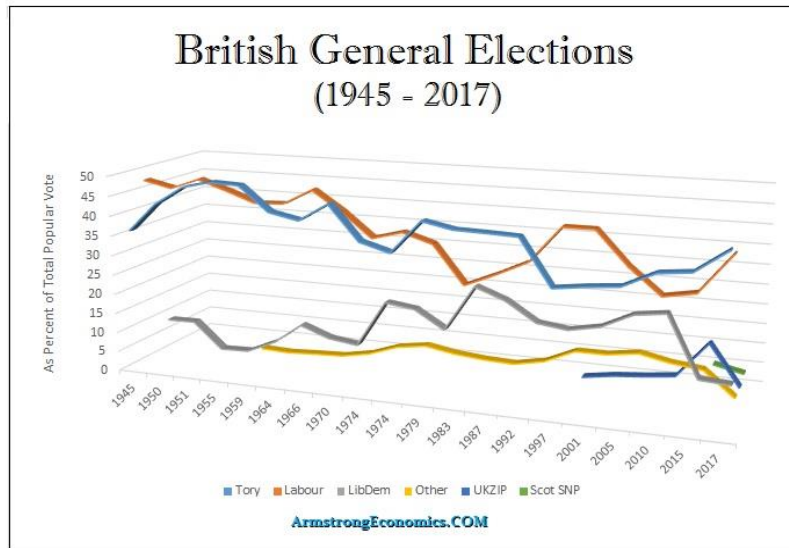


<http://www.express.co.uk/news/politics/593968/Corbyn-admits-Karl-Marx-my-communist-hero>

Corbyn clearly ignores the fact that no other person in history is responsible for the deaths than Marx. Tens of millions of died people thanks to the Revolution of 1917 in Russia and those in China all to force upon society those very “fascinating” economic theories of Marx.

Social Justice is a nice way of making it sound that coveting your neighbor's goods is not a violation of morality as forbidden in the **Ten Commandments**. Robbing your neighbor with a pen and police is not wrong to Marxists even though if someone did it themselves with a gun is somehow wrong than sending in the police to do the same job. Social Justice to Marxists means nobody should have property if someone else can use it. It should just be party-time with free drinks and carefree living with other people's money.

Is it Time to Turn Out the Lights in Britain?
















When we actually look at the date on the British elections, there arises a rather sick feeling in the pit of the stomach. Could Britain really turn just all out Marxist and the end of Conservatism? That sick feeling seems to be the reality that the Conservatives will not grasp that the changing mood of the youth is what will take over the politics.

Jeremy Corbyn, regardless of what anyone may think about his neo-Marxism, has tapped into the youth like no other candidate in Britain before him. This has resurrected the Labour Party and the danger is clear, the Conservatives are more interested in blaming Teresa May than looking at the true change in the political wind for that would require both action and listening.

The youth have been abused and disenfranchised. The rising taxes have reduced the long-term prospects for employment careers. Unlike America, becoming a doctor is not a means to the upper class, it is means to a government job. Those interested in high paying jobs in Britain have been attracted to the overcrowded field of lawyers while other looked to banking, which has come under serious new regulations.

UK 2017 General Elections Results (650 seats total)

PARTY	SEATS	+/-	VOTES	VOTE SHARE	+/- %
 Conservative	318	-13	13,867,213	42.4	+5.5
 Labour	262	+30	12,874,985	40.0	+9.5
 Scottish National Party	35	-21	977,569	3.0	-1.7
 Liberal Democrat	12	+4	2,371,772	7.4	-0.5
 Democratic Unionist Party	10	+2	292,316	0.9	+0.3
 Sinn Féin	7	+3	238,915	0.7	+0.2
 Plaid Cymru	4	+1	164,466	0.5	-0.1
 Green Party	1	0	525,371	1.6	-2.1
 UKIP	0	-1	593,852	1.8	-10.8
 Social Democratic & Labour Party	0	-3	95,419	0.3	0.0
 Ulster Unionist Party	0	-2	83,280	0.3	-0.1
 Alliance Party	0	0	64,553	0.2	0.0
 The Yorkshire Party	0	0	20,958	0.1	0.0
 National Health Action	0	0	16,119	0.1	0.0
 Christian Peoples Alliance	0	0	5,869	0.0	0.0
 British National Party	0	0	4,642	0.0	0.0
 Monster Raving Loony Party	0	0	3,890	0.0	0.0
 Women's Equality Party	0	0	3,580	0.0	0.0
 Pirate Party	0	0	2,321	0.0	0.0
 English Democrats	0	0	1,913	0.0	0.0
 Workers Revolutionary Party	0	0	771	0.0	0.0
 Social Democratic Party	0	0	469	0.0	0.0
 Others	1	0	186,675	0.6	+0.3

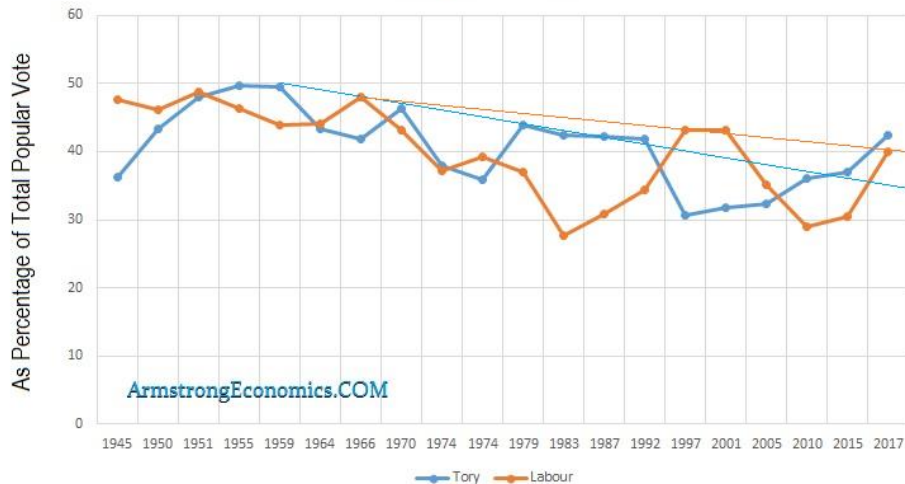
After 650 of 650 seats
Change compared with 2015

Turnout  68.7%
Electorate 46,843,896

British General Elections

Conservative (Tory) v Labour

(1945 - 2017)



We can see technically that Labour has rallied up to resistance, whereas the Conservatives did breakout in 2015. The interesting aspect is that May's snap election did win a greater percentage of the popular vote than in 2015. However, what was underestimated was the fact that Labour bottomed in 2010 and was starting an uptrend. This is where modeling would have cautioned May not to call such an election. The trend was not in her favor.

The Liberal Democrats peaked in 1983 with an impressive 25.4% of the popular vote and collapsed to 2.2% in 2005. They claim to be "open and outward-looking" yet they too have their mind in the sand. They say that their Party "passionately believe that Britain is better off in the EU. We will fight against the Conservatives disastrous hard Brexit – their choice to make the UK a poorer place." They obviously must enjoy reading comic book to devise their policies.

The unsettling result was the fact that the Conservatives bottomed in 1997 and the Yearly Bullish Reversal as a percent of the popular vote stood at 42.4%, which was the precise outcome on that number here in 2017. This was a substantial improvement over the 2015 election number of 36.9%. Yet this is a warning screaming at us that the Conservatives are in trouble and can be overtaken once again by Labour. If Labour breaks above 43.2%, it will be time to turn out the lights in Britain and the pound.

Did the Model Forecast the Election Result?



The greatest thing about the model is the simple fact that it reduces everything to a specific number. It is either elected or it fails. When it fails, there is a reason which may not be obvious at that instant. Nevertheless, one must pause, take a deep breath and reassess what just took place and why.

Over the decades, the one thing the markets have taught me is that they are infallible. Human error in interpreting fundamentals is always the downfall of analysis. We are influenced by the crowd and it is not always easy to go the other way just because they are headed in a different direction than you expected. Still, some of the best trades I have ever done in my life are the ones that made me think I must be nuts. Yet, through thick and thin, the markets have proven themselves omnipotent. We just have to listen, for they are precise beyond imagination.



We ran our model fearing that something was wrong. The polls were calling for a super majority for the Conservatives and a hard BREXIT. But that should have made the pound stronger. Yes it rallied. But only to a point. Something was wrong.

So the What-If model was asked what would be the outcome if Corbyn would actually win pulling off a surprise victory for Labour. It came back and said **SELL** Sterling! On the one hand, the model showed that the Conservatives would beat Labour. But British politics is not the same as in the USA. If one party failed to win the majority, you end up with a **Hung Parliament** and deals being struck to form a minority government. So on the one hand, the computer projected a sharp rise for the Conservatives and indeed they rallied from the 2015 result of 36.9% of the popular vote to 42.4%. The computer also projected a rise for Labour as UKZIP faded into the sunset when BREXIT won. But is also projected the pound would remain in a bear market. So just how these three forecasts could be reconciled made even me scratch my head. Something was seriously strange.

But something astonishing happened. The computer was correct on both Labour and the Conservatives as well as the pound sterling. The Conservatives settled precisely on the Bullish Reversal at 42.4% failing to elect the “buy signal”, in market terms. Labour did not get through its Bullish Reversal, but support now firmed up at 29% whereas resistance is firming up in the Conservatives.

This very strange combination of forecasts seemed just crazy. Obviously, the answer was a **Hung Parliament** would be the only possible outcome. Hence, it does not look good for the Conservative going forward and in fact this position warns that the pound remains in a broader bear market with a serious risk for the future.

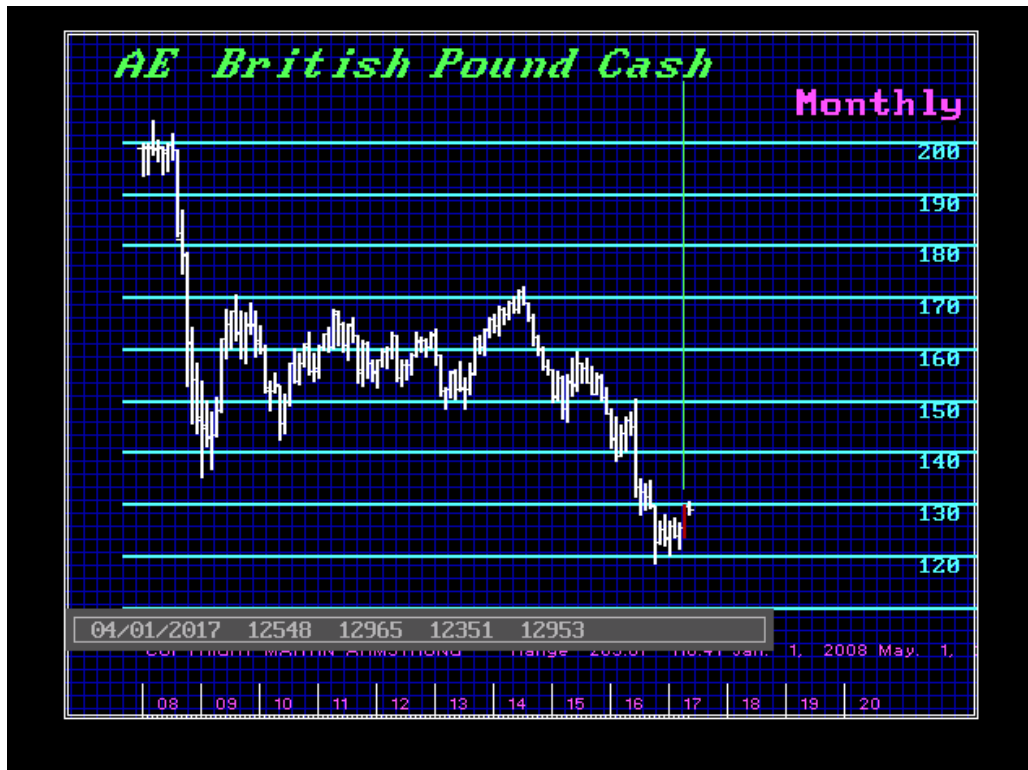


It is very curious how markets never lie and they show you the trend if you listen to them rather than try to fit their movement to a predetermined outcome. While our computer did show the Conservatives would win, something was wrong since the outlook for the pound was bearish – not bullish. Jeremy Corbyn, who saw a huge surge in support across the country, and Tim Farron who almost doubled the Lib Dem seats in Parliament, both called on her to leave.

Socrates Pro Version wrote in the pound concerning the Long-Term:



“Diagnostically, my wide-ranging projection recognizes that the major low in British Pound Spot took place back in 1985 completing a 52 year decline, but we have seen lower highs with each thrust upward leaving the major high intact as of 1959. We have not elected any Yearly Bullish Reversal from the major low of 1985 warning that we remain in a bearish long-term trend. Only an annual closing above 24280 would signal a change in long-term trend. There has been a post low rally after 1985 moving upward into a key high during 2007. Nonetheless, the market has undergone a reaction back to the downside for the past 9 years. This has warned that the overall trend of this market remains bearish since it has been unable to make higher highs. There remains a long-term risk of a decline extending into 2017 or as far out as 2020 in real terms adjusted for inflation. Unquestionably, there remains a risk that we could see a complete monetary reform as early as 2018 going into 2020 or the latest 2032 insofar as a change in the currency base system. This is likely to follow a Sovereign Debt Crisis which should begin to erupt by 2018.”



Our model has been showing that the major resistance stood in the 134 zone both on the Monthly and Weekly levels of our Reversal Model. Just to achieve a positive signal, we required a monthly closing **ABOVE** 12954. Socrates has been writing: ***"Critical resistance still stands in this market at 12954 and a break above that level on a monthly closing basis would warn of a continued advance becomes possible."***

April closed precisely one tick beneath at 12953. This was perhaps the first hint that there would be trouble ahead since that is when May announced the snap election. Then, the next month of May exceeded the April high intraday, but it



also fell back to close at 12889 and still could not break above 12954. Now Sterling has failed to exceed the May high and has dropped sharply to below the May low of 12769 level on the news of a **Hung Parliament**. A closed below the first Weekly Bearish at 12773 confirms it will be back down. Just follow the numbers. It is rather astonishing how precise this can be.

So What Went Wrong?

Theresa May clearly believed the polls which obviously did not bother to include the youth. There was what people called the Brenda factor, where many Britons viewed the election as a cynical ploy to score gains against an unpopular opposition leader, Jeremy Corbyn. There were already two referendums, Scottish independence in 2014 and



BREXIT 2016. These simply exposed how deeply divided the people were. Another election was opening old wounds. The BBC video that became viral on social media was a woman called Brenda who seemed to speak for many Britons. When asked by an interviewer in Bristol about her reaction to the coming election, she wailed: ***"Not another one! Oh for God's sake! I can't stand this!"***

Yes there was the 'Dementia tax', which Corbyn painted May as cold and uncaring. Then there was May's refusal from the outset to join a TV debate, saying she preferred ***"getting out and about, meeting voters and hearing directly from voters"*** rather than ***"debates where the politicians are squabbling among themselves."*** Some say that hurt her, but she did get more votes than in 2015. Corbyn seems to have made a bigger deal out of that one. And the Terrorist attacks which did boost her percentage of the popular vote. May took the high road projecting a no-nonsense, get-things-done Englishwoman against the idealistic dream-seeker Corbyn. That did not seem to work with the youth. May preferred staged events while Corbyn was running around as the passionate grassroots campaigner who enjoyed meeting the public.

All that said – the model gave us 12954 and it was very black and white.

The Risk for BREXIT

Of course, a **Hung Parliament** carries great risk. This opens the door to the possibility that nobody is able to form a government and there has to be a further election in the autumn – which can produce yet another stalemate. The distinction between Brexiteer and Remainer stands a real chance now of becoming worse despite the fact that Labour now accepts **BREXIT**. Both the



Liberal Democrats and the Scottish are hell bent on the “**Remain**” position standing against **BREXIT**. They remain eager to hand sovereignty to Brussels and are just ignorant of the fact that GDP growth has declined since joining.

This is Corbyn's big chance to bring Marxism back to Britain. Given Marxists are typically passionate, Corbyn is more likely to muddy the waters and obstruct the Conservatives. Doing so, can put **BREXIT** at risk despite the fact he claims one must respect the democratic vote.

Consequently, the two-year Article 50 clock keeps ticking and there's even less time to negotiate a decent divorce deal before **BREXIT** in March 2019 the more Labour interferes. Corbyn could prevent **BREXIT** by obstruction on economic positions surrounding it, which would be supported by the Liberals and the SNP. That said, the loss of a few months of talks over the summer isn't so damaging since many are on holiday and the more difficult negotiations will come after Germany's





general election in September. The issue become the spotlight is now on Corbyn to appear like a real possible head of state. The unthinkable has returned and we are back to Postwar Marxism which has kept Europe in last place economically behind Asia and the USA.

Battles over **BREXIT** can now still rage on, however, yet the terms and methods of restoring British independence can be completely

thrown into the air to make political headlines. The much of the youth fail completely to accept BREXIT and constantly want another vote.

Eurocrats in Brussels now face the prospect of an entirely different negotiating agenda where the Remain benchers will still yell and scream. Then, the risk of obstruction runs high.

Our own interaction with British institutions and corporates has been interesting. Many who were against **BREXIT** and saw that as the end of the world, flipped their position and said hey – this is pretty good. After accepting **BREXIT**, now the terms are up in the air thanks to May misreading the discontent rising among the youth. We have also warned that revolutions come from the youth, not from the old establishment who have too much to lose rocking the boat. Corbyn is a full blown admitted neo-Marxist who would love to convert Britain to a modern version of Communism. Instead of guaranteed minimum wages, he wants maximum wage



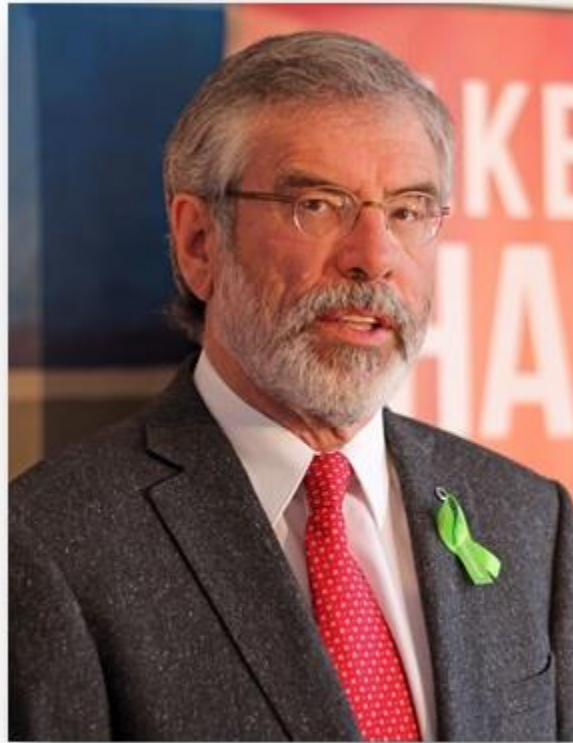


limits. He has been preaching the same old solution – just rob the rich, which Hillary was preaching while stuffing her own pockets. The youth have come out staging protests after the election demanding to oust Theresa May. They are rallying for Marxism yet fail to understand what that really means.

The Corbyn message has been if we reduce income of the rich, he can hand everything to the youth for free. This is the message they love to hear. Nobody should earn more than they think is appropriate as long as they pay no taxes yet. Corbyn's policies would be the final straw that ends Britain as any type of financial capital whatsoever. The talent will be on the first plane to New York or Hong Kong. With Corbyn in Britain and the EU insanity on the Continent who wants to outlaw short-selling, the pound will not survive even to be a hedge against the Euro.

Obviously, the more power Corbyn wields, the worse it will be for the British pound. Keep in mind that a lower pound has helped the British economy and caused some industrial leaders to flip their position from Remain to BREXIT. While Corbyn has criticized Tony Blair for wanting to ignore the BREXIT vote, still his Marxist approach to the economy can do far more damage to Britain than most realize when the capital flows are pointing to the migration of the financial capital of the world heading toward China after 2032.

The Irish Risk with Sinn Fein & Violence



Gerard "Gerry" Adams
(born 1948)
Irish Republican Politician
President of the Sinn Féin since 2011

Gerry Adams, the Sinn Féin president which was the party of the IRA, yesterday attempted to dictate terms to Theresa May by telling her that she could not form a Government with the backing of the Democratic Unionist party (DUP) in Northern Ireland. He said he told the Prime Minister “very directly” that she was “**in breach of the Good Friday agreement**” by trying to agree a deal with the DUP to support her minority Tory Government in the House of Commons. Adams said his party will not take its seats in Westminster or swear

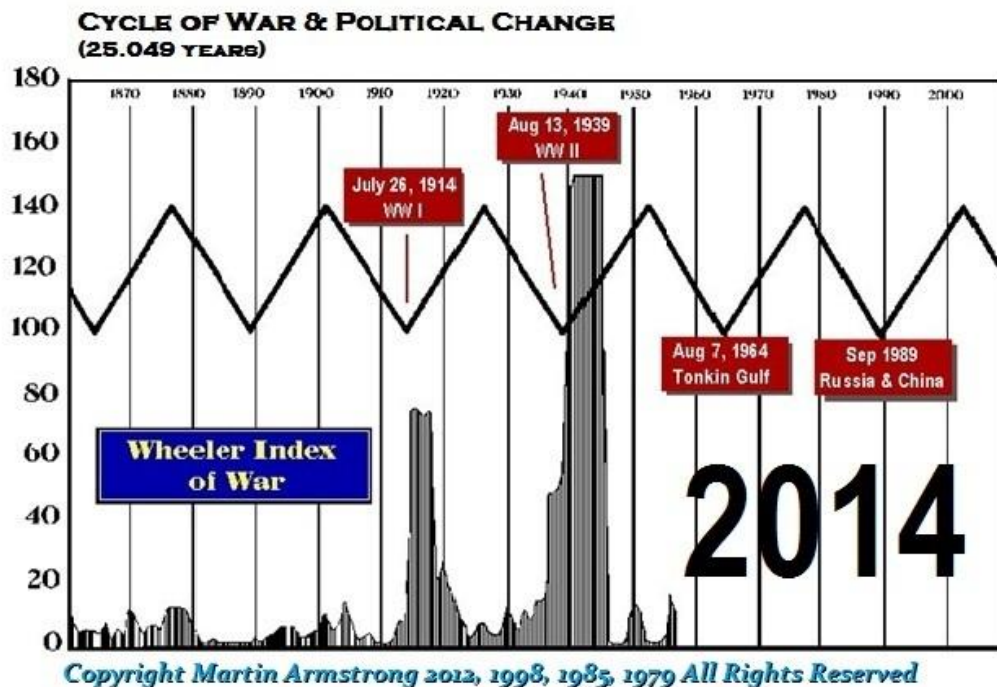
an oath to the Queen. Sinn Fein links to the IRA, which was responsible for the death of the Queen's cousin and her husband's uncle Lord Mountbatten in 1979, remain really intact beneath the surface while now claiming to have given up on terrorism as a tool.



There is a risk relying upon the DUP that the Northern Ireland's peace process can fall apart. Under the **Good Friday Agreement** of April 10th, 1998 (1998.2739), which established a devolved government in the province and brought an end to decades of IRA terrorism. The British government promised to oversee matters with "**rigorous impartiality**". Nationalists under Sinn Fein/IRA reasonably wonder how it will be able to do that if the main unionist party has the power of Westminster.

There clearly is the risk that the government might no longer be seen as impartial in Northern Ireland. What is feared is that this agreement will be used as an excuse to reignite the IRA regardless of who impartial Westminster would be. Absolutely every word will be scrutinized and used as an excuse by Sinn Fein/IRA to resurrect political opposition that will more likely than not turn to violence.

The DUP has a fundamentalist wing which opposes gay marriage and abortion. This is not a great philosophical fit with May's Administration. The Tories have spent years trying to change their image as an open party. An alliance with the DUP could set that back. The greater fear is that DUP will hold more power and be able to make demands that the Tories will have to accommodate or lose power.



Clearly, the atmosphere in Northern Ireland has soured. All but one of its MPs are now hardliners. The fragile middle-ground took a battering in the election, with two moderate parties losing all five of their seats. This is revealing the undertone to Northern Ireland that there is once again a rising polarization that has begun to rise even before this DUP deal. This presents a major political gamble. That was right on point with our model, which targeted the return of Irish tensions starting 2015.4739 or 17.2 years from the **Good Friday Agreement** of April 10th, 1998 (1998.2739).

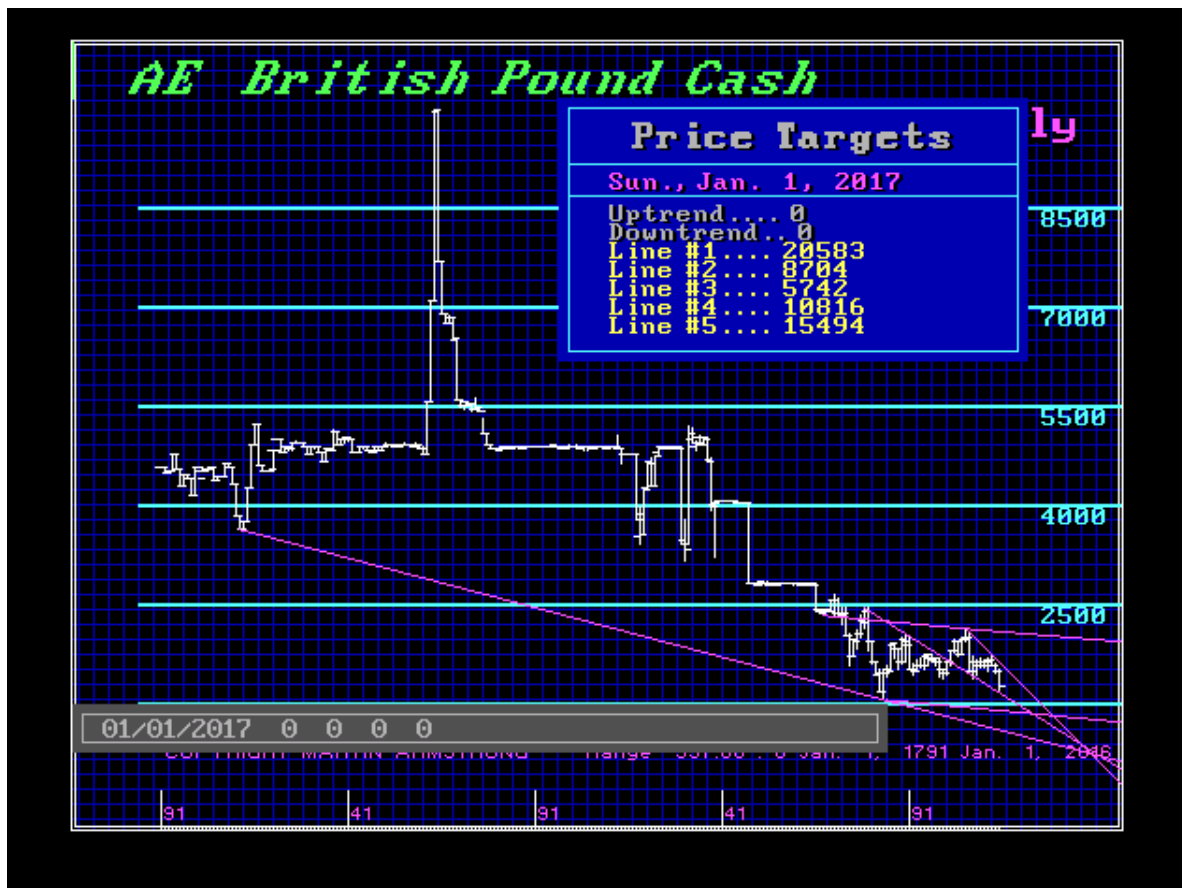
Clearly, a deal with the DUP will lead to the rebirth of violence from Sinn Fein who elects MPs, but they refuse to take their seat in Parliament because they will not swear an oath to the Queen. This is the ultimate representation without representation.

Can the Pound Go to Parity?



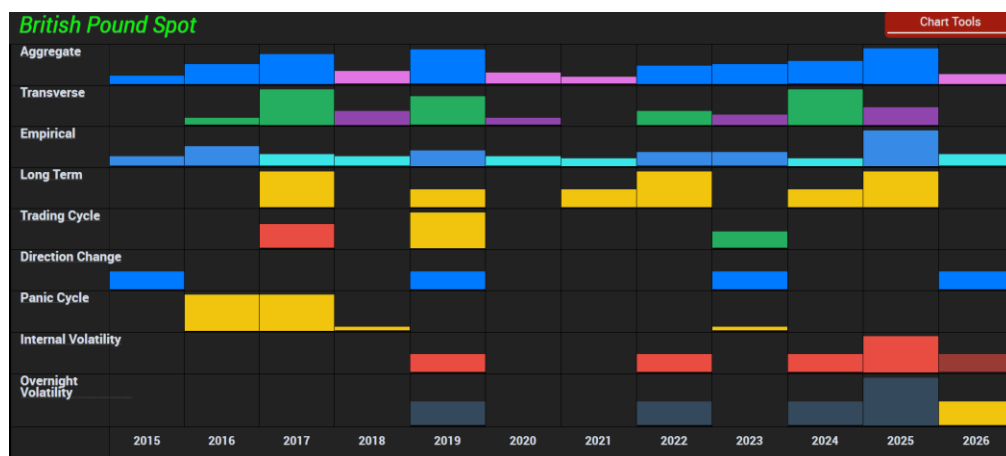
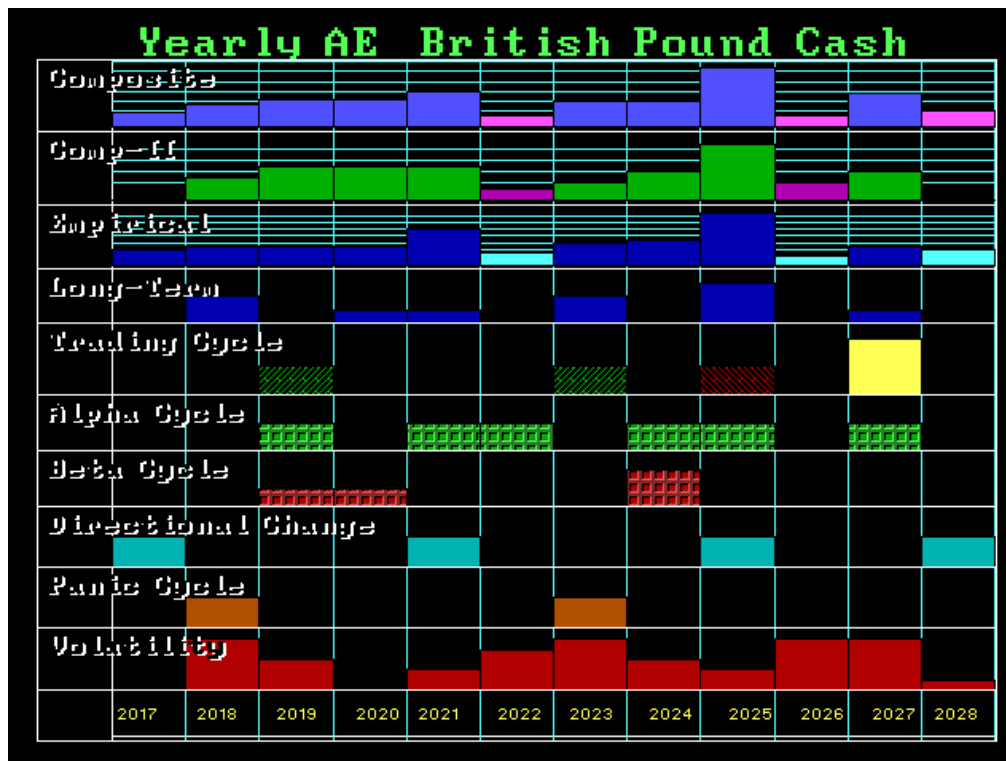
Can the Pound Fall to Parity?

There is absolutely no question that if Britain turns back toward Marxism, it is time to turn out the lights. **BREXIT** was all about saving Britain from the European Union that is going down like the Titanic in a frigid sea of Marxism. Since the computer has been warning that Sterling can fall back to the 1985 low at \$1.03, it was hard to reconcile this currency possibility with the polls calling a major landslide for the Conservatives. The **Hung Parliament** seems to have been the only possible fundamental that could happen with both Conservatives and Labour rising in their respective share of the popular vote and the pound sterling falls in the process. The pound just could not close above 12954 on a monthly basis warning that something was not quite right after all.



The British pound can effectively now decline into a major historical low in 2021. The technical support lies at the 108, 87, and 58 levels. This is very shocking and a very serious situation. It reminds me of the 1987 Crash when I was desperately trying to find support between the Friday election of a Double Weekly Bearish Reversal at 286 and the next one was at 181. I could not find even technical support between those two numbers. This seem to be similar. I really do not find anything between 108 and 87. Now of course the 1985 low at 103 should provide some initial support, but that is not likely to hold for very long.

I honestly cannot imagine what the fundamentals might be to fulfill such a forecast. The worst case is 57 and that seems totally unreasonable. The only thing that seems a likely fundamental for something that extreme would be another inter-European War. That is certainly possible given the autocratic position of Brussels to force union and the federalization of Europe with no common ground to speak of that would offer economic hope for the youth moving forward.



When we compare the annual arrays from 2015 using data from just 1900 and 2017 using the full database back to the 1700s, we still see 2021 and 2025 are key turning points. Not that 2014 was the turning point that produced the reaction high up at 17191. The pound turned down thereafter into 2016 reaching 11841. It appears that volatility should rise in 2018 going into 2019 which is the BREXIT negotiations.

It does appear that there is a risk of the pound moving into 2021 before this decline is over. Yet the major turning point appears to be 2025 and this probably the end of the monetary system as we know it today. A final low in 2021 could result in a low down as far as 56–51. That is a very shocking projection to say the least. This is a serious situation and we cannot possibly speculate on the fundamentals at that time.

It certainly cannot be ruled out that should Corbyn succeed in gaining a majority government, then London is doomed as a financial market. How London would even comply with the European regulation of the Markets in Financial Instruments Directive 2004/39/EC (known as “MiFID”) remains a serious question.



On January 3rd, 2018 this is when MiFID II comes into play. It was to harmonize regulation for investment services across the 31 member states of the European Economic Area (the 28 EU member states plus Iceland, Norway and Liechtenstein). This will require asset managers to unbundle research payments from executions, and quantify the value of research for its clients. It remains an

open question will Europeans be barred from investing with US fund managers if they do not comply with MIFID II?



Then there is the ban on naked shorting of shares or sovereign debt. All short sales of shares must be covered by either having borrowed them, having arranged to borrow them; or have an arrangement with a third party confirming their location (i.e. naked short selling in shares is now banned). Furthermore, any short sales of sovereign debt instruments must be covered either by having borrowed them, arranged to borrow them, or had an arrangement with a third party confirming their location or that the trade can be settled when due (i.e. naked short selling in sovereign debt is now banned). Additionally, all credit default swaps positions related to a sovereign issuer must have an underlying exposure to

the risk of default of that sovereign issuer or of a decline in the value of the sovereign debt of that issuer (i.e. naked sovereign CDS are now banned).

Central counterparties providing clearing services must ensure that there are adequate arrangements in place for buy-in of shares as well as fines where there is a settlement failure. There is mandatory transparency of net short positions. Any net short positions in shares must be reported to the relevant competent authorities when they at least equal to 0.2% of any company issued share capital and every 0.1% above that must be further disclosed to the public when they at least equal to 0.5% of company issued share capital and every 0.1% above that.

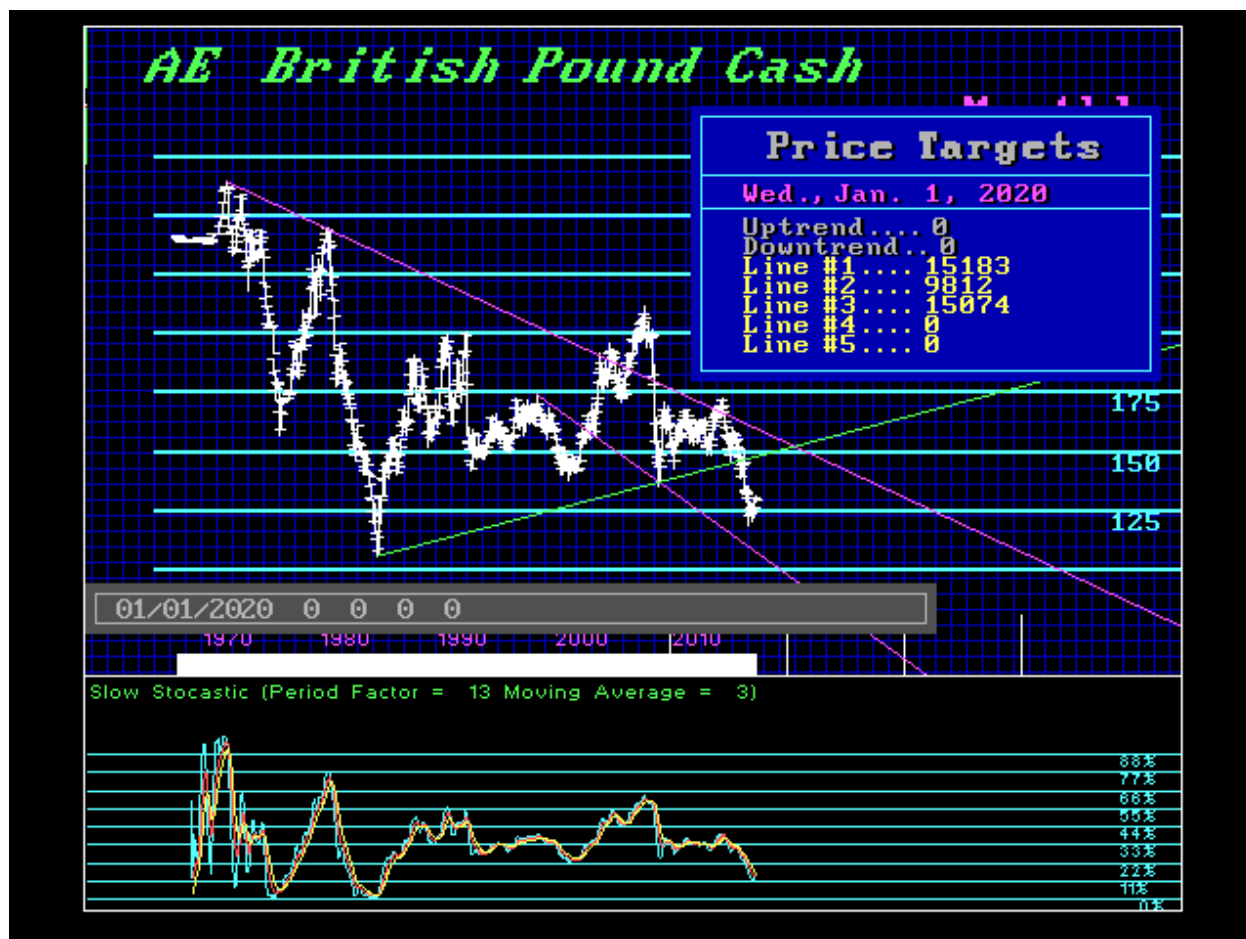
Any significant net short positions in sovereign debt must be reported to the relevant competent authorities when reaching or crossing one of the thresholds published by ESMA for sovereign issuers. The U.K. Lost its court fight over the EU directive to ban naked short selling back in 2014.

The Pound v the Dollar



Even when we look at the quarterly level, we see resistance at the 140–150 level out into 2021 with support at 89. The oscillators are point down as well. We see critical targets becoming the 3rd/4th quarter 2018 and the 4th/quarter 2019 as this particular wave in the Economic Confidence Model comes to an end in January 2020.

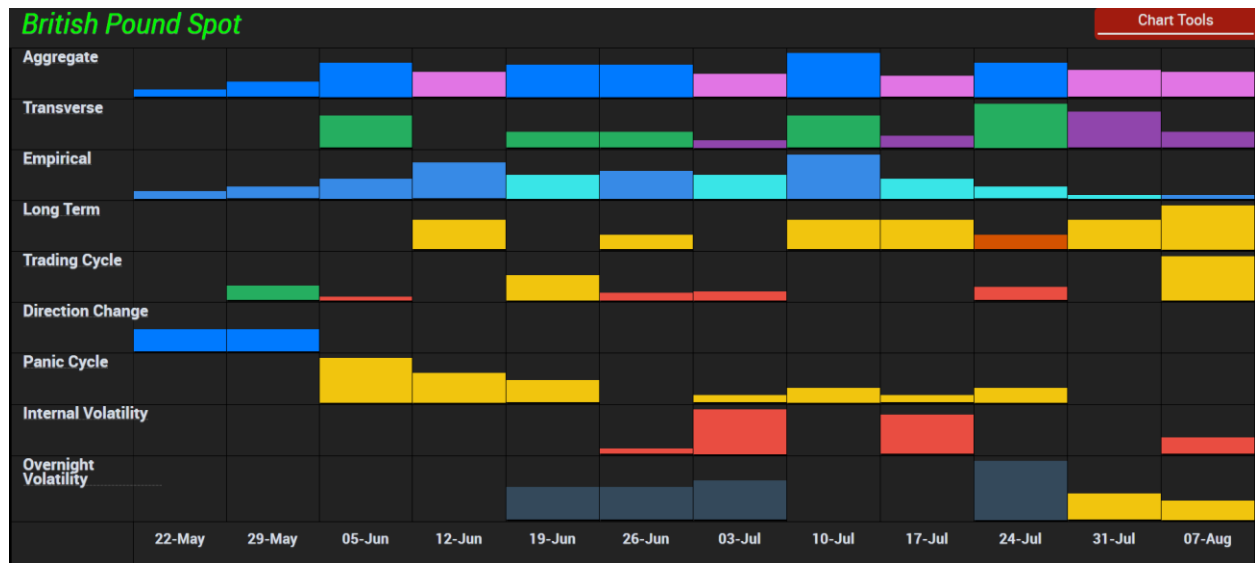
We have Quarterly Bearish Reversals that need to be watched at 12210 and 10520. Although the pound fell to 118 in 2016, we did not elect that 12210 Quarterly Bearish Reversal and this provide the strength for the rally into 2017 after failing to provide that sell signal.



When we turn to the monthly level, taking the technical projection out to just January 2020 when the Economic Confidence Model turns, the technical support lies at 98 while resistance stands in the 150–151 level. Once again, the risk of breaking below parity remains a viable option.

Our timing showed a Directional Change in June and it appears a move into August is likely. We then see a change in September with the turning point coming due in October.

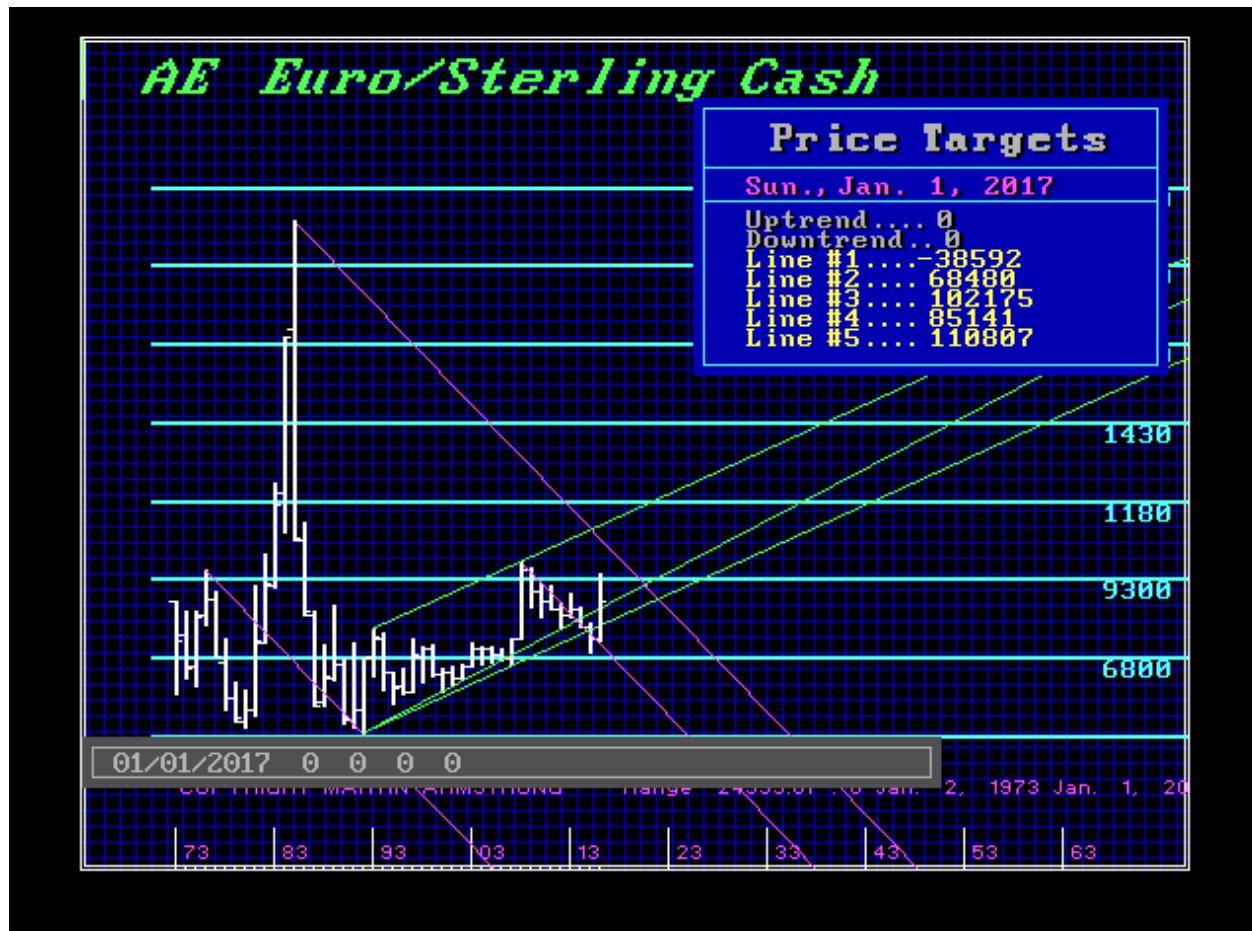
Clearly, there appears to be some turmoil in the markets centered on the German election in September. Right now, everyone is betting on Merkel since she has no real solid challenger.



The computer had targeted the week of June 5th as a turning point so it picked up the election quite well. By the close of that week it had elected the first Weekly Bearish Reversal at 12772. The bulk of sup now lies at the 12300–12382 level. A weekly closing below that zone will signal that the pound is indeed breaking down rather hard.

The next primary target where the pound should form a turning point will be the week of July 10th. Thereafter, the big target will probably come into play around the week of September 18th. The Germany election will be at the end of that week on Sunday, September 24th. Clearly, the pound will be in play going into the German elections as well.

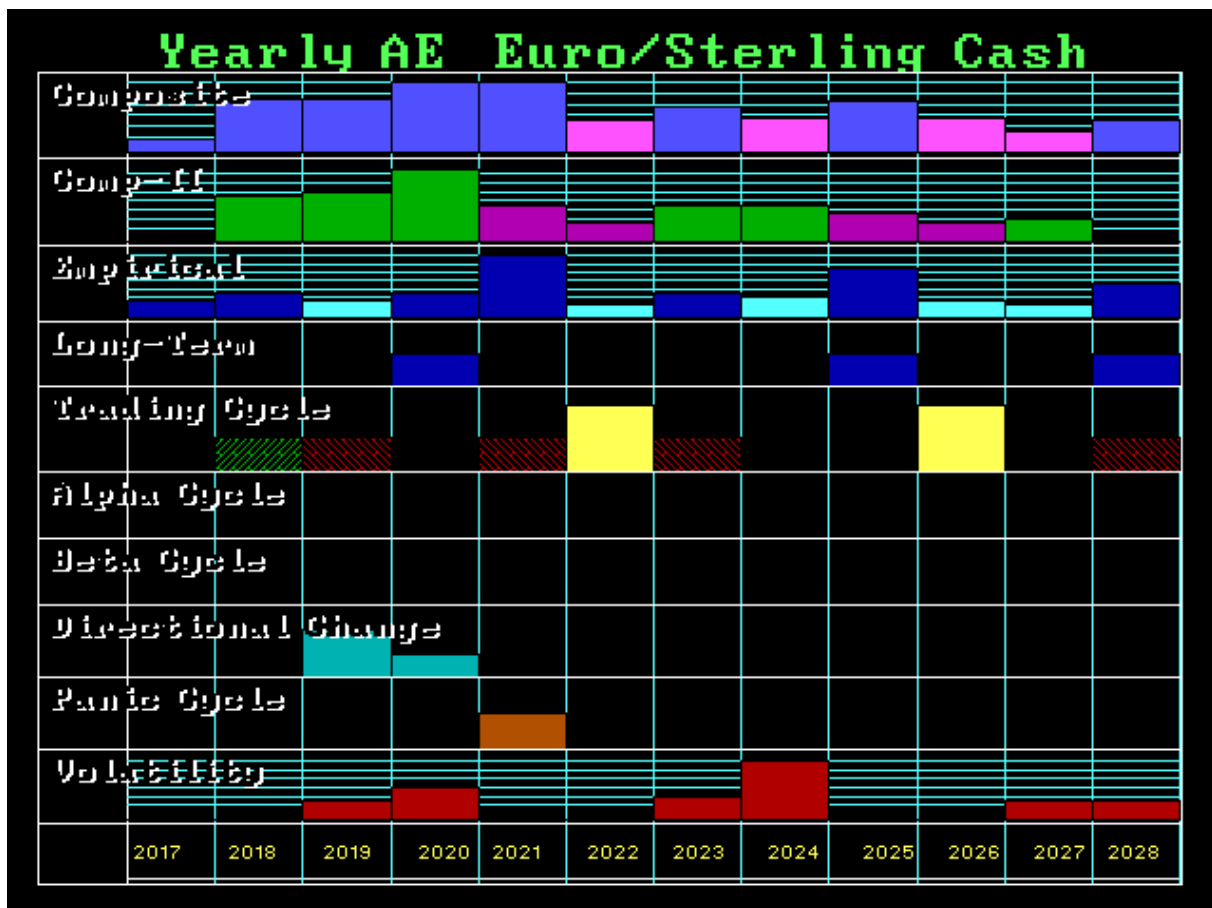
Pound/Euro Cross Rate



The Euro made its major high against the British pound also during 1985 when the pound hit \$1.03 on the Futures. From there, the pound rallied taking the euro down for 7 years when it bottomed in 1992 at 43463. However, the lowest closing took place on an annual basis in 1990 at 48555.

There is something wrong here in the formation of the pound against the euro. There does appear to be a risk of Corbyn grabbing hold of the government in the future and in that case he will not be a Tony Blair. An annual closing above 91480 will indeed confirm that the euro will rally against the pound.

It clearly shows that exceeding the 2016 high of 94150 intraday would point to a euro rally into 2018. This would be confirmed upon an annual closing above 91480.



When we look at the long-term, can see that important turning point comes in 2018 and then 2021. There are two Directional Changes in 2019 and 2020, but the overall trend should prevail into 2021. This is when it appears that we could see a monetary crisis and the system begin to really crack. Keep in mind that we are most likely looking at a major dollar rally into that period. Only a dollar rally will force monetary reform. Therefore, a dollar high may unfold in 2021.

We also have a Panic Cycle due in 2021. This further warns that we are most likely going to see a potential monetary crisis by that point in time. Clearly, be careful with that event. This could be the event that really brings things into focus.

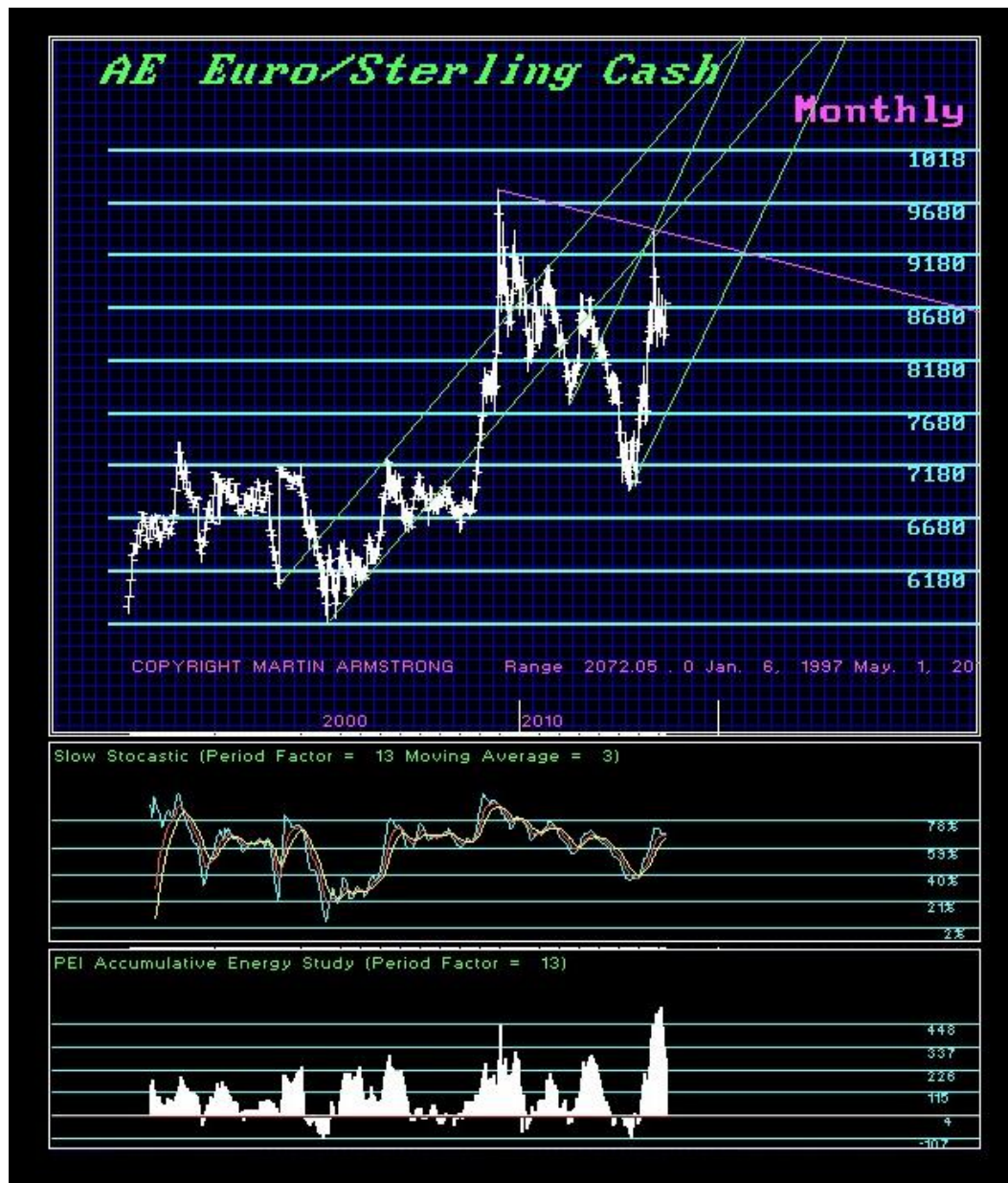
Of course, there is also the problem with the War Cycle. Here we have a convergence of international but mostly civil unrest. That is what warns the most that we could see a third European war sparked by the failed attempt of Brussels to force the federalization of Europe.



When we turn to the Quarterly level, here too we find that there have been three Minor Quarterly Bullish Reversals elected from the third quarter low of 2015. We do have Quarterly Bullish Reversals at 88300, 90825, and 91730. The euro rallied into the fourth quarter of 2016 reaching 94150. A Quarterly Bearish Reversal now lies at 83325. Therefore, we have a rather tight range of 88300 on

the upside and 83325 on the downside. The first quarter for 2017 closed at 84942 between these two points.

Here we have a Directional Change the 4th quarter 2017 and the two turning points appear to be the 3rd quarter 2017 and 3rd quarter 2018. Volatility should rise from the 2nd quarter 2018 onward.



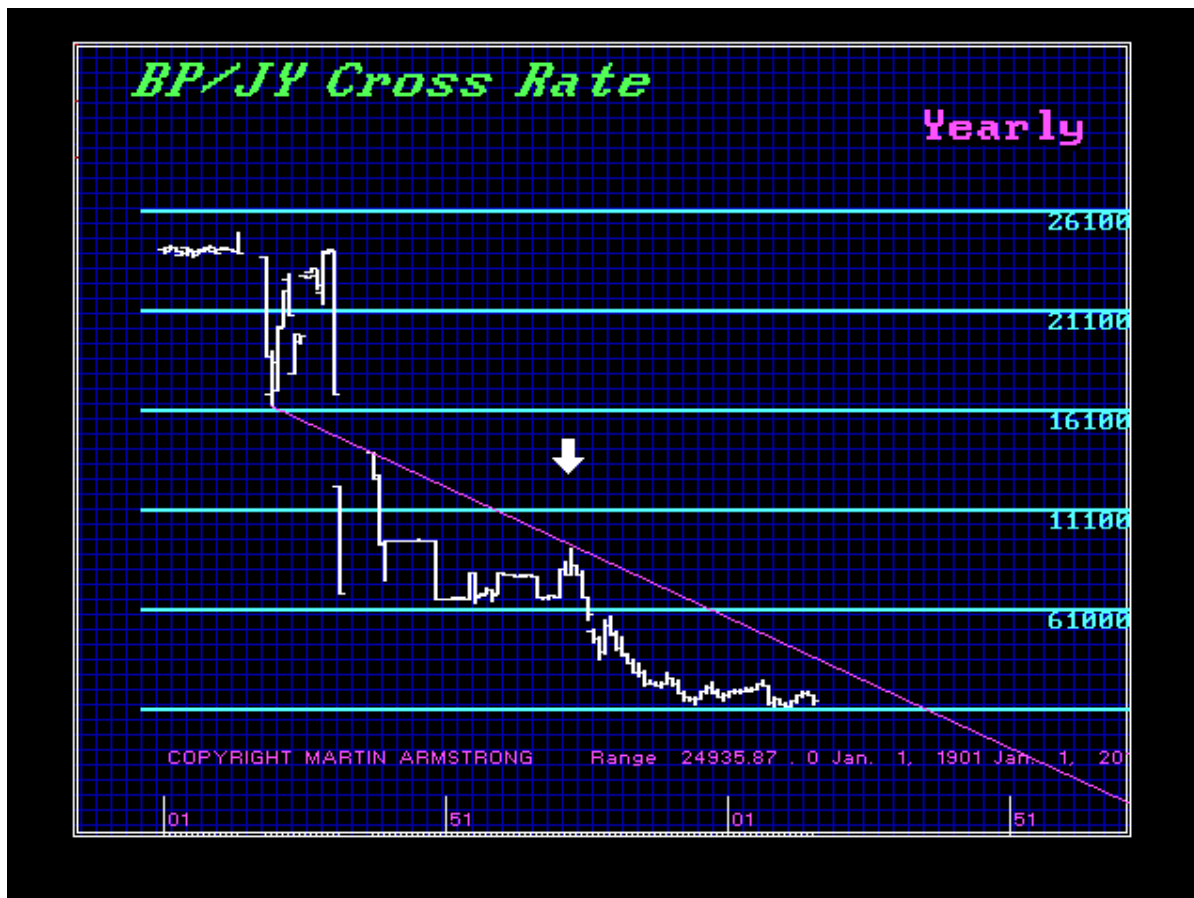
When we look at the monthly level, technically the euro did reach resistance and backed-off from the 94150 level. However, no Monthly Bearish Reversals

were elected. From the 2015 low, we did elect the four Monthly Bullish Reversals, which confirmed the euro rally. The next Monthly Bullish Reversal stands at 90670. We need a monthly closing above that to push to retest the 2016 high. Both Energy and Oscillators remain bullish just yet. From a timing perspective June was a target and the next looks to be Aug/Sep 2017 followed by February and April in 2018.



On the Weekly Level, we did elect two Weekly Bearish from the high of the week of October 3rd, 2016. But the main Weekly Bearish lie at 83550 and 79600. The Weekly Bullish stands at 90495. We can see that technical resistance 88373 and the euro rallied to 88595 but closed back down at 87880 for the week of June 5th during the elections. The weeks ahead for turning points ate 06/26, 07/10, and 08/07.

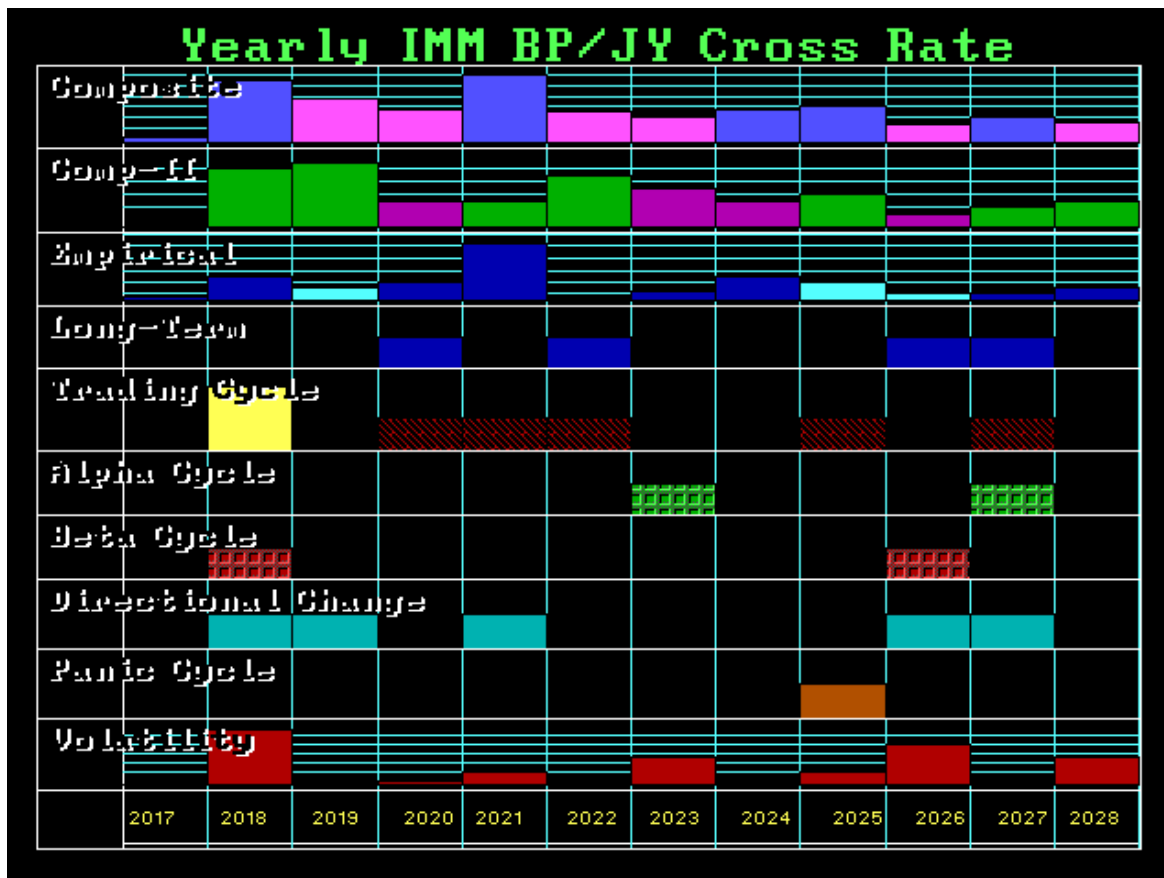
Pound/Yen Cross Rate



The British pound has fallen against the Japanese yen despite the fact that Japan lost in World War II. The interesting technical perspective in that the Breakout Line constructed from the 1932 low actually provided the maximum rally for the British pound in 1973. That technical projection stood at 92615 in 1973 while the intraday high was 906464. During 2017, that projection

stands above the market at 341039, well above the market given the closing against the yen at 144141 for 2016.

The channel created from the 1995 low against the Japanese yen provided resistance at the bottom of that channel, which stood at 187390 in 2015 while the pound rallied to 195840. However, 2015 closed the year at 177210 and in 2016 that bottom of that channel stood at 190290 when the high for that year was only 177550.



The Downtrend Line from 2007 stood at 188928 during 2016 and declines to 182015 during 2017. Strangely enough, despite losing the war, Britain could not hold up against Japan. The only possibly explanation is the extreme Marxism that consumed the country under the Labour government. The weakness looking ahead seems to imply that Labour will still prevail in Britain and this will not be good for the country as a whole.

When we look at the yearly timing, we see that 2018 should be a turning point, If this is a low, then a bounce becomes possible for the pound into 2020/2021. But once again, we see this 2021 period as rather serious and holds the potential for a monetary reform crisis.

The Monetary Crisis Cycle which target 1934 and then 1971, was due in 2008, which was the high in the euro and low in the dollar. The next turning point on that major global cycle will be 2019. We see back-to-back Directional Changes in 2018 and 2019.



The major low for the pound came in 2011 at 116890 during the third quarter. The major technical support for the pound lies at the 111860 level going into 2018. The closing for the first quarter 2017 came in at 138449. We have elected two Quarterly Bearish Reversals on the pound since the 2nd quarter 2015 against the yen. A Quarterly closing below 129960 will signal that we will head lower again. The energy is starting to turn negative as well. From a timing perspective we see the 2nd and 4th quarters for turning points here in 2017 and the major one being the 3rd quarter 2018.



On the monthly level, we are looking at a Directional Change in July with the main target being October followed by December and February 2018. From the June 2015 high, we have elected all four Monthly Bearish Reversals. The next Monthly Bearish lies at 124700 followed by 117050.

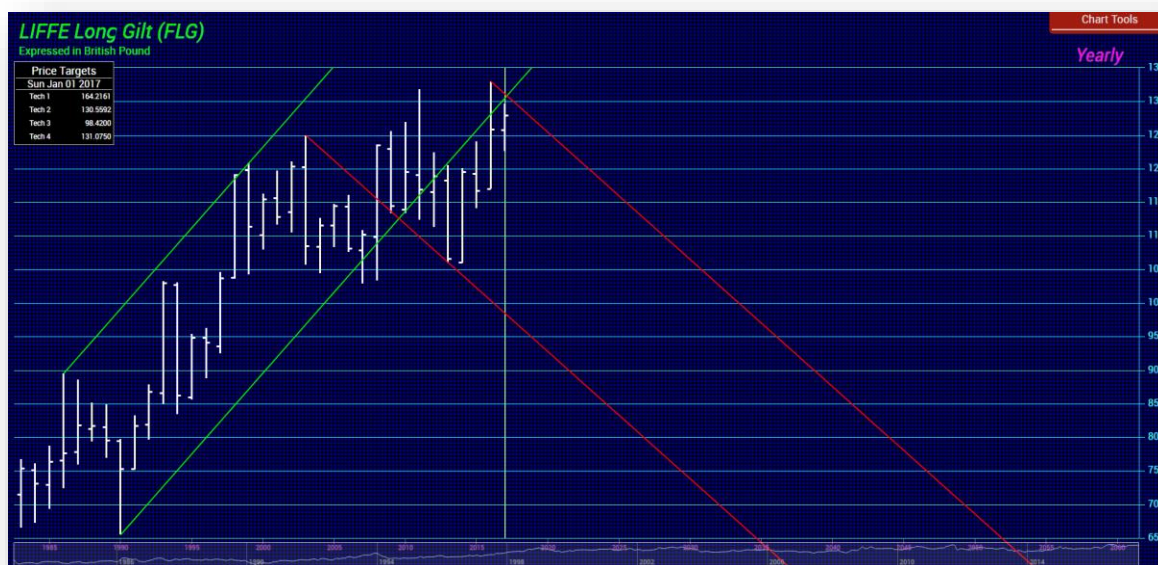
The Monthly Bullish Reversal stands at 163905. We need a monthly close above that to signal a rally up to the 17300 zone.



We have not elected any Weekly Bearish Reversals just yet from the May high in the pound against yen. The Major Weekly Bullish Reversal stands at 161180. The next Weekly Bullish stands at 152530. We need a closing above that to signal a sustainable rally is possible.

Technical support lies at 139360 followed by 132788. The technical resistance stands at 179541. The key weeks ahead are 06/26, 07/10, 07/32, and 08/21-28.

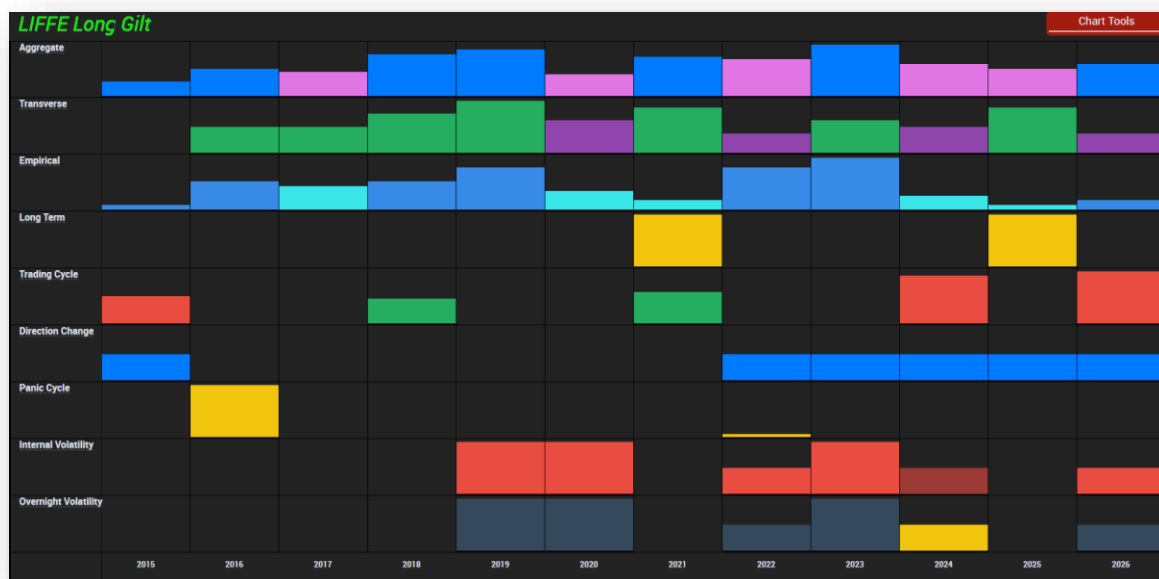
The Long Gilt



The Long Gilt in the UK interest rate market appears to have established his major high on target in 2016. We should see a trend change come July in LIFFE Long Gilt so pay attention to events ahead. An annual closing for 2017 below 12235 will not only confirm the high is in place, but warn that a sharp correction is under way. Looking ahead into 2018, resistance will begin at 12700 followed by technical resistance at 12918.

To date, this market has not breached any long-term support which begins at 11700 on an annual closing basis. A breach of that level intraday may indeed cause a sharp panic sell-off. So far, this market has remained in a negative to bearish tone since the 13297 major high established back in 2016.

The Yearly Bearish Reversal lies at 11240. An annual closing below that will signal that a major bear market is unfolding. Our model indicated that 2016 should have been the major turning point even on a trading cycle perspective. So far 2017 has been an inside trading year and there remains the risk of a bear market unfolding into 2019 at the very least.

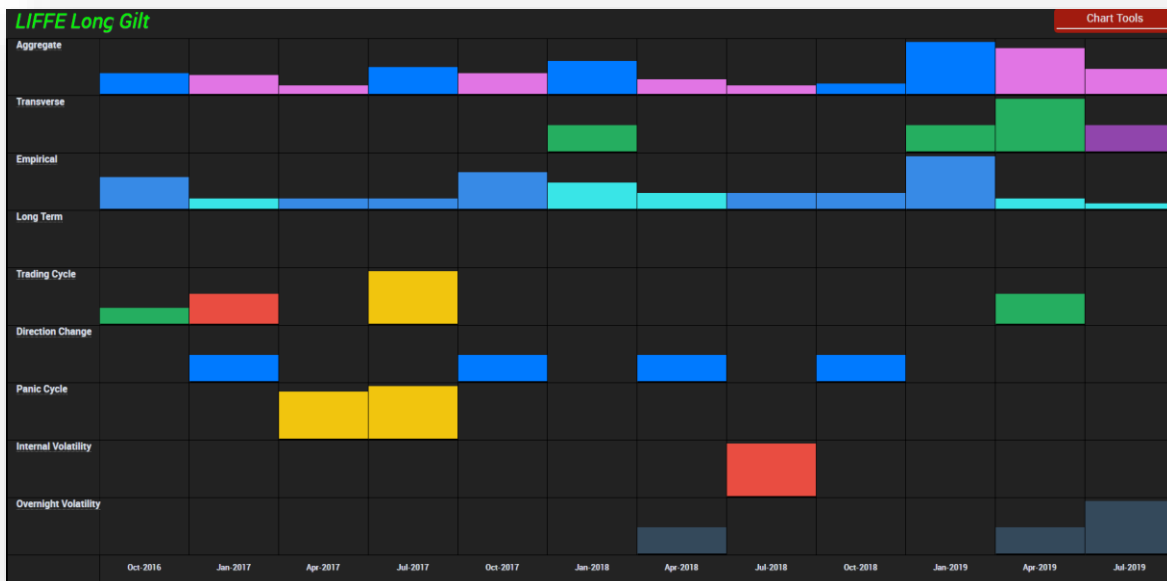
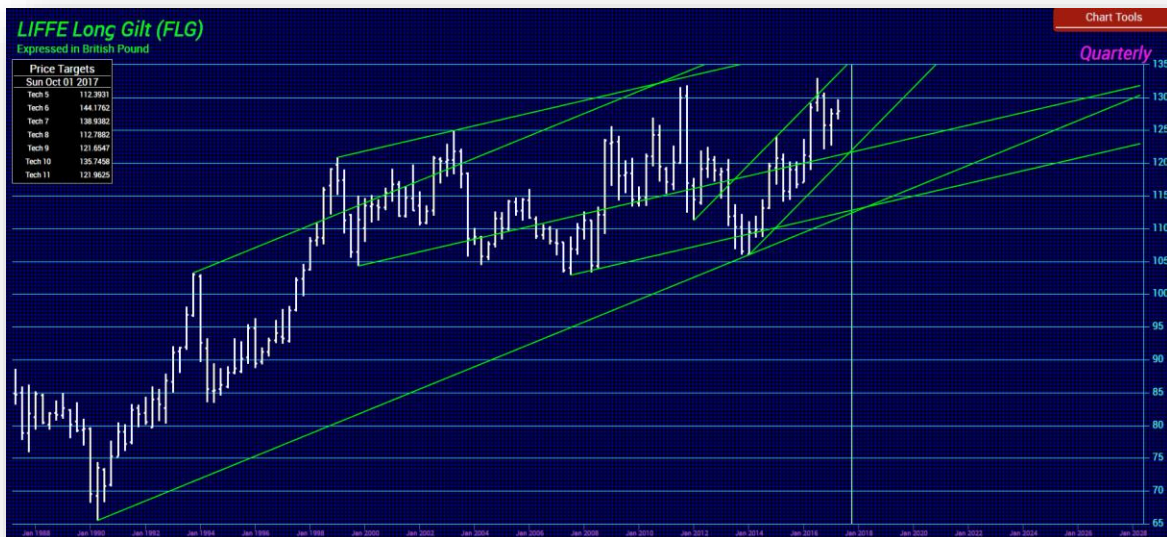


Our Yearly Array confirmed that 2016 can stand as the major high. In order for the rally to extend into 2019 before turning down sharply, required an annual close for 2017 to be (1) high than the close of 2016 at 12583. A closing for 2017 above 12918 would signal a breakout to the upside and that could only be caused by a capital flight from Europe. Therefore, this type of pattern would also require the pound to breakout to the upside against the euro.

While the Gilts have not produced a major sell signal just yet, we have to pay attention for we are clearly pressing the issue. The major resistance stands at 13320–13400. This is what has to be exceeded driven by capital flows rather than the Bank of England lowering rates. This would be a flight of capital out of the

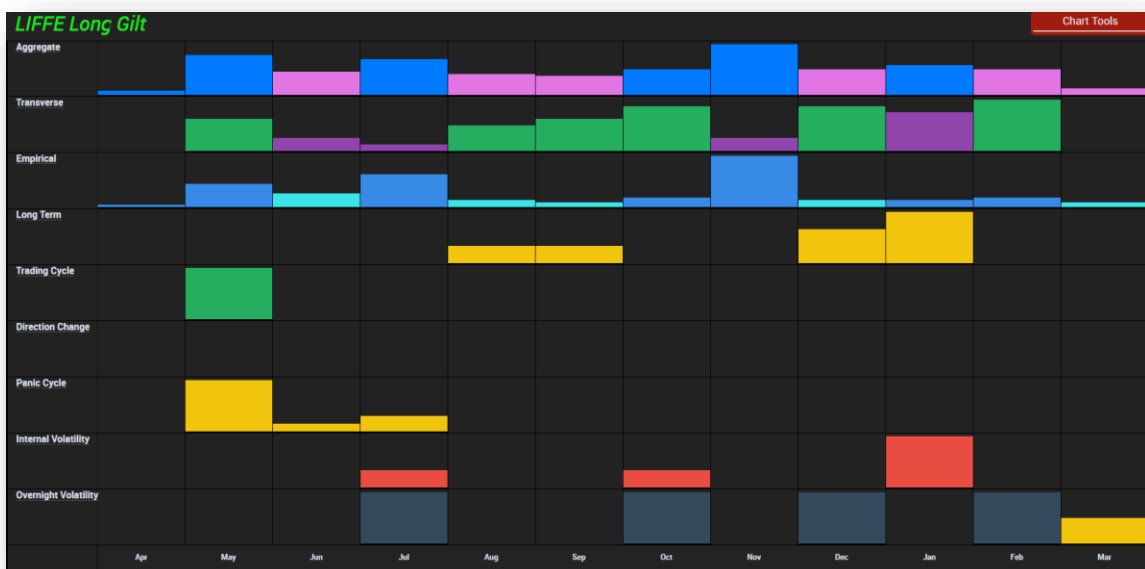
Euro perhaps because of a banking crisis, but it would also hint that Corbyn will not be able to seize control of Parliament.

Consequently, we are looking at the 133-13400 level up the upside in contrast with 11700 on the downside. A break to the upside would peak by 2019 and likewise, a break beneath 117 will point to an initial crash into 2019.



When we turn to the Quarterly Level we can again easily see that the biggest target is off in 2019. The period rich now for the 2nd and 3rd quarter of 2017 is critical with a Directional Change going into the first quarter of 2018.

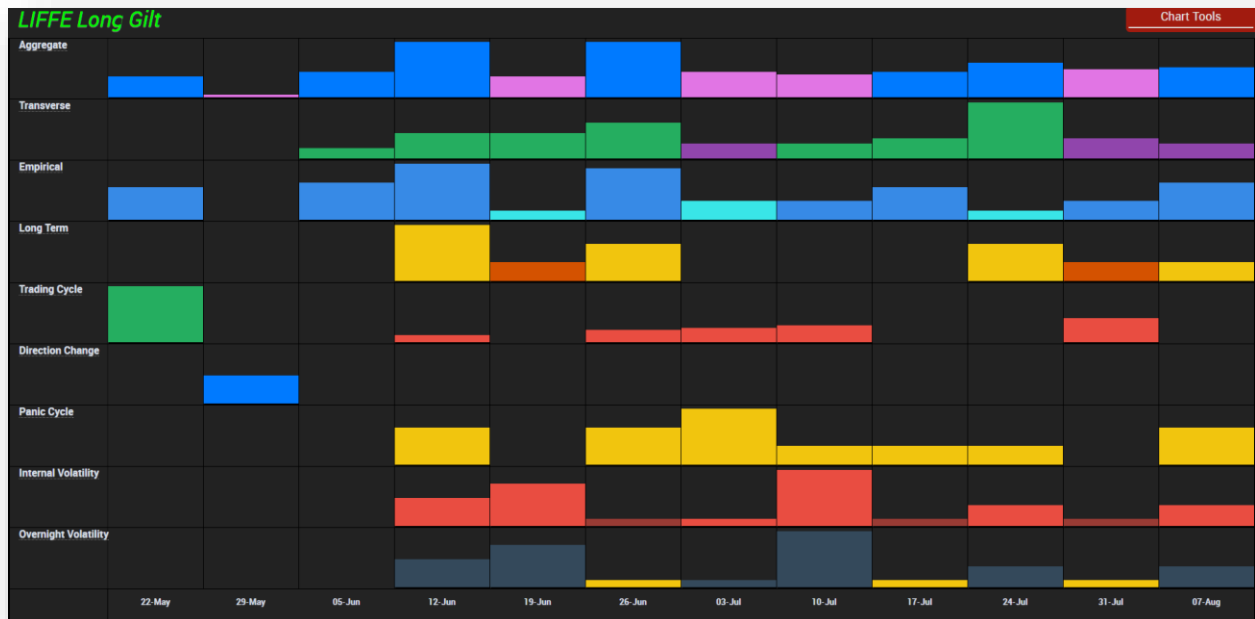
Obviously, the Bank of England may raise rates now in 2017 departing from the path of the ECB. Nevertheless, it still appears to be more of a capital flow issue than the mere level of interest rates set by the central bank.



On the monthly level, we have a rare Double Monthly Bearish Reversal at 11950. This type of signal tends to be generated from a major event. Therefore, the 2016 high may very well be it for this move even if the capital flows shift sharply out of Europe into Britain.

From a technical perspective, a break of the May low of 12668 and a monthly closing beneath that level will tend to imply even technically that the Gilts will turn back down.





On the weekly level, from a technical perspective, the key resistance stands at the 13100 area. The Weekly Bullish stands at 13188. The key Weekly Bearish lies at 12063. Expect a turning point during the week of June 26th. Thereafter, we should see the opposite movement into the week of July 10th with another reversal into the week of July 24th.

The British Share Market – FTSE



The British share market only exceeded the 1999 high finally in 2015. Then 2016 saw a share Panic Cycle unfold with an outside reversal to the upside, meaning it penetrated the 2015 low and then closed above the 2015

high. That is normally a very powerful technical pattern. We have seen a very sharp rally since February 2016 and the rally to new highs has continued into May 2017. Both the stochastics and our Energy Models remain in a bullish position. Should the pound decline sharply, then the FTSE should generally rally in proportion to the decline in the currency in the long-run.

In the Year-End report for 2015, we explained that the FTSE was still bullish and we were looking for new highs once again into 2016. We warned that a closing below that in the FTSE warranted caution. Indeed, the closing for 2015 came in at 6243 yet holding the critical support we gave at 6024. Then 2016 penetrated that low and swung to the upside making an outside reversal exceeding the 2015 high intraday and then closed above it at 71248.

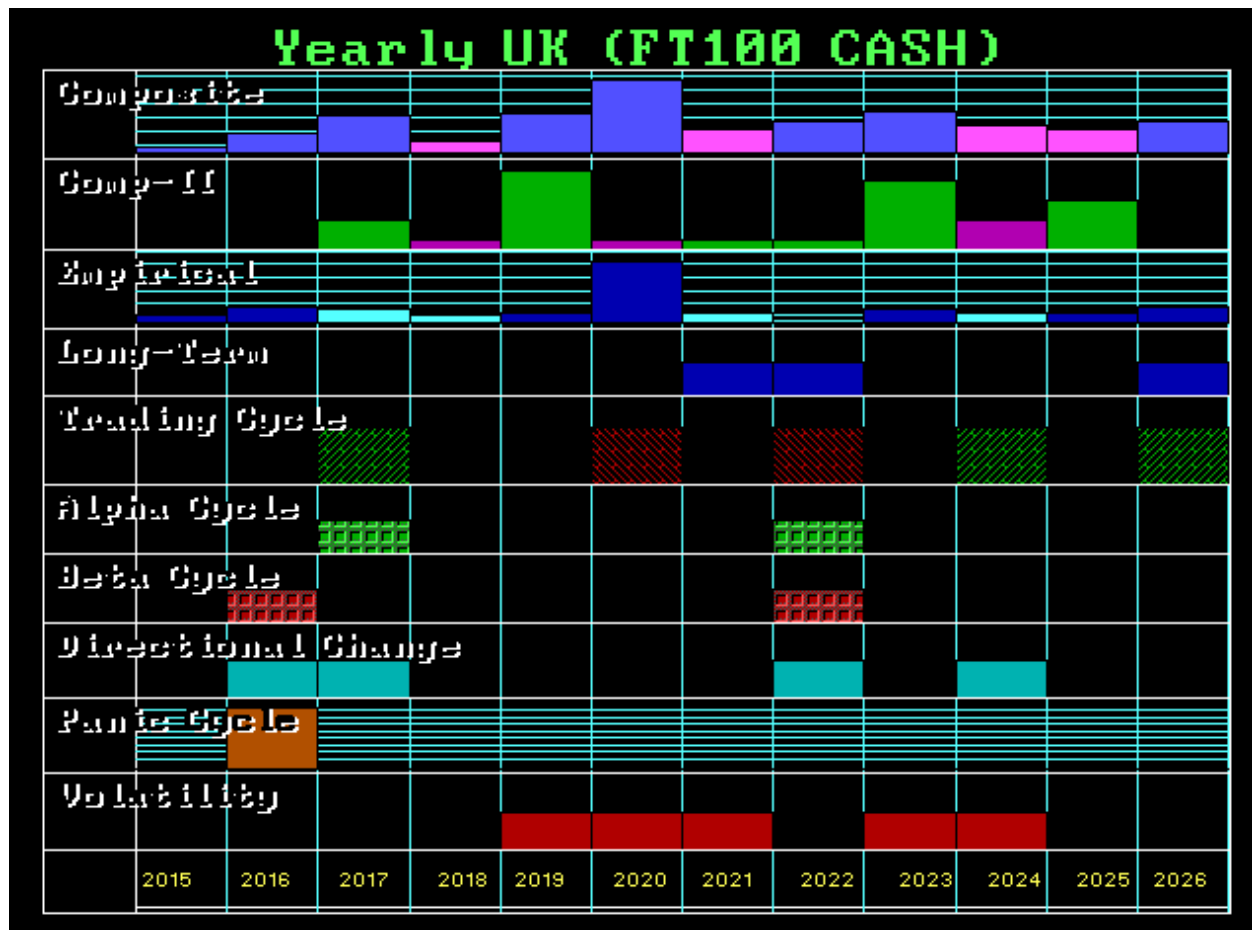
"The FTSE has at last made a new high exceeding the 1999 high of 69506 reaching 71227 in April. Our technical projections for 2015 stood at 87970, 85333, 77729, 73614, 71652, 48597 and 38942. As we look ahead into 2016, these projections move to 93787, 89124, 78493, 78243, 72166, 49751, and 39456. As long as the FTSE closes above 67550, then it will remain in a bullish posture. A year-end closing beneath that level will signal some caution is warranted.

Critical support for the year-end closing lies at 58975 and a closing below that level will warn of a retest of support. Initial closing support lies at 60234. If we close even below this level for 2015, caution short-term is warranted. A year-end closing ABOVE 68950 will signal new highs lie ahead."

Date	Open	High	Low	Close	Center	Top Env	MA5	MA7	Bottom Env	Momentum	Trend	Long Term	Cycle Strength	S1	S2	S3	GMW Monthly Trend
01-Feb-2017	7099.2	7329.6	7093.6	7253.4	7211.6	8221.8	6889.2	7121.4	5147	Bullish	Bullish	Bullish	Bullish	95	90	95	Turning Back UP
01-Mar-2017	7263.4	7447	7255.8	7322.9	7351.4	8337.8	6960.8	7191.7	5219.6	Bullish	Bullish	Bullish	Bullish	91	90	81	Pressing Higher
01-Apr-2017	7322.9	7406.4	7096.8	7203.9	7251.6	8435.2	7044.8	7258.1	5280.6	Bullish	Bullish	Bullish	Bullish	85	91	83	Knee Jerk Low
01-May-2017	7203.9	7586.5	7203.9	7520	7395.2	8556.1	7149.9	7323.4	5356.3	Bullish	Bullish	Bullish	Bullish	96	91	85	Still BULLISH
01-Jun-2017	7520	7599	7449.7	7500.4	7524.3	8676.3	7220	7409.3	5431.5	Bullish	Bullish	Bullish	Bullish	90	86	91	Caution Temp High

Date	Open	High	Low	Close	Center	Top Env	MA5	MA7	Bottom Env	Momentum	Trend	Long Term	Cycle Strength	S1	S2	S3	GMW Quarterly Trend
01-Apr-2016	6174.9	6504.3	5788.7	6504.3	6146.5	7969.9	5889.9	6715.5	4989.3	Bearish	Bearish	Bullish	Bullish	62	50	66	Turning UP
01-Jul-2016	6504.3	6955.3	6432.5	6899.3	6693.9	8034.6	5872.2	6741.6	5029.8	Bullish	Neutral	Bullish	Bullish	95	50	62	Pushing Higher
01-Oct-2016	6899.3	7142.8	6676.6	7142.8	6909.7	8099.1	6053.8	6752.7	5070.1	Bullish	Bullish	Bullish	Bullish	100	58	62	New-Term BULLISH
01-Jan-2017	7142.8	7447	7093.6	7322.9	7270.3	8153.3	6298.2	6799	5104.1	Bullish	Bullish	Bullish	Bullish	94	72	65	Pressing Higher
01-Apr-2017	7322.9	7599	7096.8	7500.4	7347.9	8238.7	6617.6	6911.2	5157.5	Bullish	Bullish	Bullish	Bullish	94	70	64	Still BULLISH

Date	Open	High	Low	Close	Center	Top Env	MA5	MA7	Bottom Env	Momentum	Trend	Long Term	Cycle Strength	S1	S2	S3	GMW Yearly Trend
01-Jan-2013	5897.8	6875.6	5897.8	6749.1	6386.7	6690.5	4833.9	6247.7	4188.3	Bullish	Bullish	Bullish	Bullish	95	85	84	Making Important Rally to New Highs
01-Jan-2014	6749.1	6904.9	6072.7	6568.7	6488.8	6818	5356.3	6269.2	4268.2	Bullish	Bullish	Bullish	Bullish	91	73	66	Possible Temp High
01-Jan-2015	6566.1	7122.7	5768.2	6242.3	6445.4	7035.8	5551.9	6353.2	4404.6	Bullish	Neutral	Neutral	Bullish	77	79	69	Making New Recent Record High
01-Jan-2016	6242.3	7142.8	5499.5	7142.8	6321.2	7288	5693.6	6595.8	4562.4	Bullish	Bullish	Bullish	Bullish	100	85	73	Slingshot Up
01-Jan-2017	7142.8	7599	7093.6	7500.4	7346.3	7542.2	6066.4	6821.1	4721.6	Bullish	Bullish	Bullish	Bullish	91	76	68	Pushing Higher



There is a risk of a temporary high here in 2017 with a sharp swing back to retest support in 2018, and then a rally back up into 2020. Last year was a Panic Cycle target which is in play. We saw the outside reversal to the upside penetrating the low of 2015 and the blasting to close above the 2015 high.

We have a Directional Change here in 2017 so we need to be careful here as we move into the second-half of 2017. The big target appears to be 2020 looking into the years ahead.

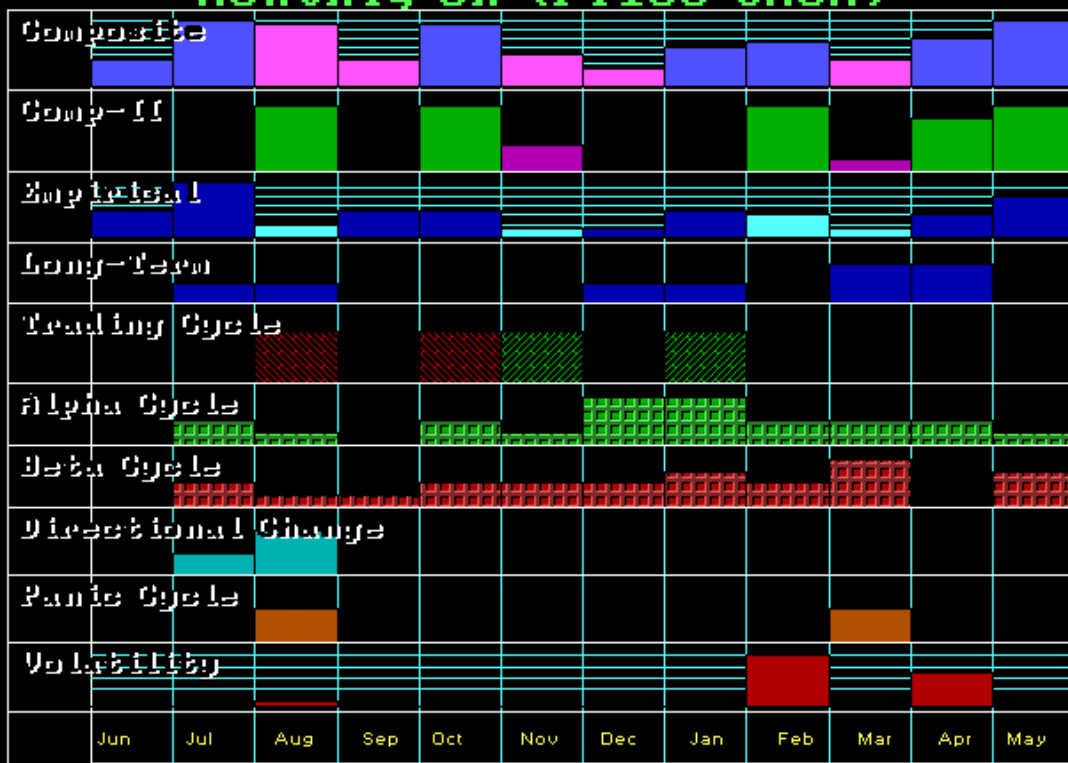


When we look at the quarterly level, we can see that if we get the breakout following 2018, then a rally into 2020 should produce a high around 99795 level. Initial resistance. The week of May 29th ahead of the election, the FTSE reached 75990. We can see that the resistance stands at 75817 followed by 76789. Therefore, the rally into Friday June 2nd, 2017, encountered the first major zone of technical resistance. We can see that the Energy is by no means maxed-out and the Stochastic is still in a bullish position for the long-run.

Monthly UK (FT100 CASH)

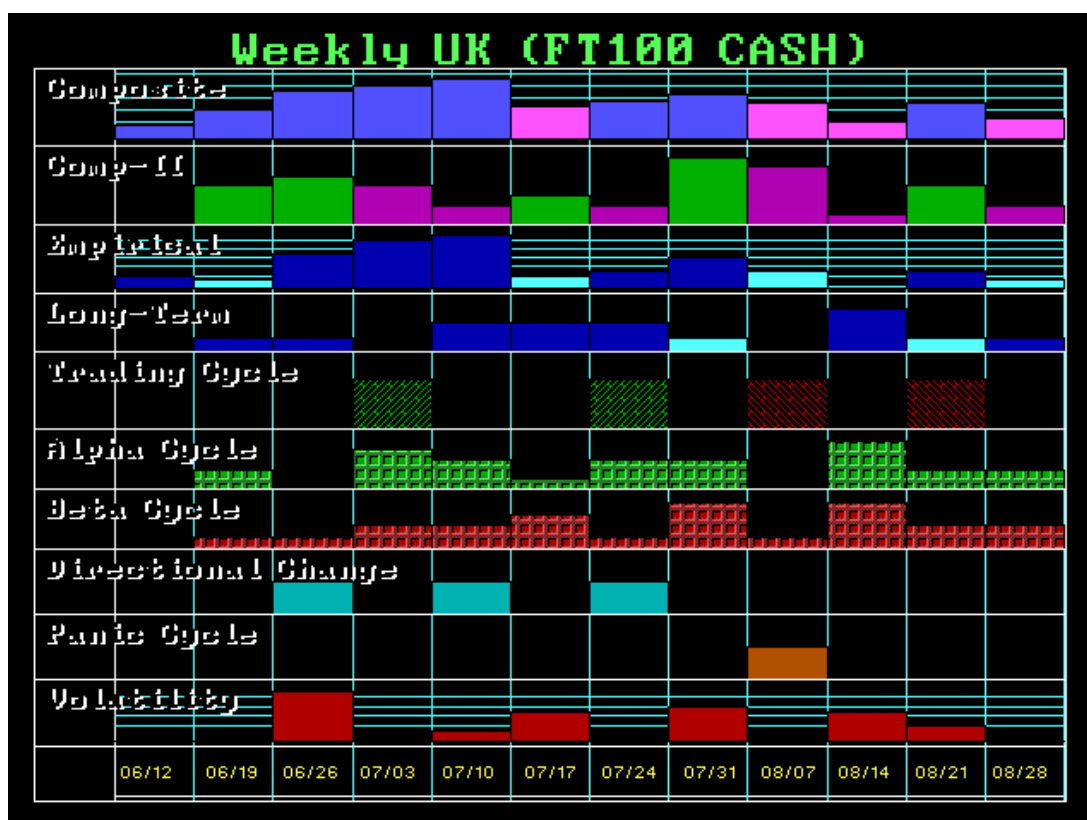


Monthly UK (FT100 CASH)



On the previous page ate two arrays. The first was from November 2016 and the bottom was made June 2017. You can see that there is a tiny hit on the Panic Cycle in the top array for August 2017. The bottom array shows how that fills in as time moves.

We are looking at a July/August turning point going into the opposite direction most likely for September/October 2017. Clearly, there remains a risk of a correction, but this is most likely is a bear-trap. The more unstable the political-economy becomes the more likely we will see a panic out of sovereign debt and banking with a capital flight into share markets.



The weekly array points to the week of July 10th as critical. Thereafter, it looks like we pick up volatility in early August.

Conclusion



Britain was my home during the 1980s. It pains me to look at a future that is so unstable. The leftist mentality in Britain has never been completely eradicated. After all, Karl Marx fled to Britain when he was banned from Germany as a revolutionary. This is his signature for entry into the British library.

The greatest danger of this thinking process from the left is the simple fact that their main objective in life is to suppress others. They are not satisfied with merely improving their own lives, it is always someone else's fault. They are constantly the victim of other people. This sad message is the core of leftist theories and it is in this manner that they "covet" their neighbor's goods which is precisely one



of the prohibited behaviors of the Ten Commandments. It is clearly the dark side of theory for it has destroyed nations and in the process been responsible for more deaths than all the wars throughout history combined.

Corbyn is highly dangerous for his proposals would absolutely destroy Britain as any modern state. The EU would not have to worry about

taking back euro trading from London, Corbyn would most likely send the talent running to New York and Hong Kong.

When I began to warn back in 2011 that sterling could fall back to parity against the dollar, it seemed to be a bit of an extreme forecast. However, as time has



Chancellor of the Exchequer, George Osborne

moved on, the fate that would befall upon Britain has been a series of absolute political disasters.

We have Osborne imposing taxes and laws upon the British property market that you would swear he was Corbyn's right hand man. He has the audacity to come out and say that Theresa

May is a "deal woman walking" speaking in a political sense. It was he and David Cameron who were selling Britain cheap to Brussels and were blinded by the vision of power rather than the facts of economics. George Osborne has sealed the fate of Britain and is

Then there was James Gordon Brown who was the head of Treasury (Chancellor of the Exchequer) under Tony Blair's Labour Government who made the decision to sell off British gold reserves but in a manner that proved he was incompetent for the job. He announced in advance under the theory of an "open government" telling traders 400 tonnes was on its way. He succeeded in driving the price down to its 19-year low from the 1980 high.



James Gordon Brown
(born 1951)

Labour Prime Minister (2007-2010)
Chancellor of the Exchequer (1997-2007)

After proving he was incompetent to run the finances of the country, he then became Prime Minister following Tony Blair. Why these type of people move from one job to the next without any possible experience is truly astonishing. It is indistinguishable from taking a cab driver and putting him in charge of a medical clinic. Yet this is how government works around the globe. They are filled with people who have no experience in the field they are put in charge of and then they want to tell the rest of us low-life fools how to live our lives as if they have any clue.



Nicola Ferguson Sturgeon
(born 1970)

First Minister of Scotland since 2014
Leader Scottish National Party (SNP)

The crisis in the Hung Parliament is rather serious. If May does the deal with the Democratic Union Party in Northern Ireland, she risks becoming the excuse to rekindle violence from the Sinn Fein/IRA links who will use the rising tensions that pre-existed since late 2015 to claim that Teresa May has violated the Good Friday Agreement. In Scotland, the SNP is in trouble for Nicola Sturgeon is accused of trying to revive 'sinking' independence dream after election. The polls show that 43% of those who wanted independence from Britain no longer support that union with swapping London for Brussels.

The danger that we now see is an unstable government moving forward with the rising

cry for Marxism from the youth who are clueless about what they are asking for beside free everything so they can enjoy partying.

The fragile position of the government and the extreme Marxist desires of Corbyn present a serious risk of destroying the British economy as the Labour Party did before Tony Blair took it to the right of center.

The risk of parity for the pound against the dollar is clearly in play. The capital flight to the dollar is in part caused by the Byzantine structure of the Brussels government in its quest to eliminate democratic processes to prevent the people from actually voting against their dream to federalize Europe. They are counting upon the youth to see Europe as one nation and that the memories of borders will fade with the passing of generations. But the refugee crisis created unilaterally by Angela Merkel without the consent of the rest of Europe is undermining the stability of Europe as a whole.

The British pound has elected **ALL FOUR** Yearly Bearish Reversals from the 2007 high. This leaves the 1985 low offering some support. A closing below that on an annual basis will confirm the major decline for the pound sterling. A 2017 closing below 15200 will keep the pound bearish for the broader term. Remaining below 14000 will keep the pound bearish at least into 2018.