

The Roots Of The UK Implosion And Why War Is Inevitable



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In a lot of my commentary I give the UK a lot of grief. I give many people a lot of grief. It's kinda my thing.

But to remind everyone, I was one of the chief champions of Brexit, cutting my teeth hard during the endless Brexit negotiations of 2017-19, trying to explain why things were happening the way they were.

I always knew that Brexit was a fight between UK elites beholden to Davos, the same folks that overthrew Margaret Thatcher in the 1990s, and the people themselves, backed by what I'm now calling The British Remnant. This group is easy to understand, they are the group still clinging to the glory of an Empire lost and will graft themselves to whoever they have more influence with.

Neither of these groups love their native population, just to be clear. But the Remnant loves to invoke past glory to keep "Little Britain" still thinking someone cares about them. There are no good guys in this however, only villains and victims.

The heroes are few and far between. The people of the UK are victims. Their governments have been the villains. But the question always arises, is there a bigger villain?

To me that answer is yes, the EU. And I say that knowing that their desire to do away with the British Remnant is an unqualified good thing. It dovetails with what I would like to see. But I also say that knowing that those who are trying to replace the Remnant on the world stage are even worse, especially because a good portion of that British Remnant will happily cut a deal with the EU to advance its long-held agenda of global control if the US is successfully color revolution'd into splitting up.

Divide and rule. It is the prime strategic ploy of abusers, narcissists and villains. Triangulate two factions into fighting each other while you sidle up to both of them. It's worked brilliantly for the British and their allies for hundreds of years.

So, there are a lot of mixed feelings in laying out these scenarios. Because someone is going to wriggle off the hook if things work out for the best, defined as the US surviving in its current 50-state form, the BRICS alliance forming up to unify Asia, and the post-WWII institutional order, including the old monetary system, is destroyed.

To be blunt, I give that outcome something like a 5-10% probability.

Some form of the British Remnant or the EU will survive this. Globalism will not die, but it can be weakened severely and set on a different path, one not quite so sinister. So, for today's post I'm going to reframe my comments from that perspective, seeing the UK as a victim, trapped by their proximity and relationships with the EU.

This, of course, is not the real story, only a part of it.

So, let's get to the meat of today's comments:

Linked above is a pretty good video discussing the background to today's overlapping crises in the UK. It's worth watching for the statistics and the general arc of the story but it misses some essential elements of the larger picture.

Starting with the basics. London dominates the UK economy. Without London the UK is already an irrelevant economy. Taxes are insane, only surpassed by the regulatory burden on the middle class. I've talked about this in my [post about the television show Clarkson's Farm](#). The things Jeremy presents in that show, which I highly recommend as both entertainment and education, are just one angle on what's been going on in the UK.

What the video misses is that all of this is purposeful policy and that policy has been very successful. They identify three shocks to the British economy that rocked it to the core: **Brexit, COVID, Ukraine.**

I'll give them credit they integrated Ukraine into their analysis, few do.

Brexit

Let's start with Brexit. While the video blames Britain's lost decade on why the people were angry enough to vote to leave the EU, it implies this was the wrong choice. It wasn't. Remember back to the Brexit vote and the main criticism of Brexiteers was that they were backed by big oligarchic "old money," that it wasn't a grassroots movement.

Nonsense, of course it was, but it was also an opportunity for The Remnant to change the course of the country, and begin triangulating between the US and Europe. The election of Donald Trump a few months later solidified that opportunity.

That was to the Remnant's credit, but they made the now near-fatal mistake of using that opportunity to push the US, under Trump, further towards their long-stated goals of subjugating Russia, forking them from China, and getting back to their rightful business of running everything from the shadows.

The "uncertainty" over Brexit was a wholly manufactured uncertainty created by both the British government working in concert with the EU to punish the British people for 'voting wrong.' The Brexit 'negotiations' were a sham until the British people got involved, overthrowing Theresa May and bringing in Boris Johnson.

Three years it took to finally get the UK out of the EU, the drama ending in December 2019 with the election of Boris Johnson in an historic victory.

From the moment the Brexit vote was organized however that 'uncertainty' manifested itself in a major drop in the British pound vs. the Euro, as I presented in the Patron [Market Report from 9/18](#).

In currency charts the numerator directly correlates. In this case up means stronger euro and weaker pound.

The key here is that the big weakening of the pound versus the euro was a major source of inflation in the UK in the years before COVID. But, at the same time, there should have been a big investment push into the UK that created new jobs etc. because of that same weaker pound.

Trump promised this and was ready to give the UK a good trade deal which would have been excellent for the middle class.

And, guess what? The globalists within the UK political class sabotaged that at every turn. The EU dragged out negotiations for three years, ultimately lost the fight thanks to the alliance between Trump and Boris Johnson (as well as Queen Elizabeth) and the UK got all of the inflation, none of the investment, and ever increasing debt and more regulation to help ensure EU interests were protected.

Billions of euros of welfare for Brussels not a pound for "Little Britain," who, it can't be stressed enough, both factions despise, *Davos* and *The Remnant*.

The UK pursued a typical IMF-style austerity program, higher taxes and lowered social services to keep spending down to hold the budget deficit under a proscribed level. This is pure nonsense and, as always, prioritized sovereign bond holders at the expense of the local economy. It's a recipe for economic destruction of the middle class.

It's policy. And policy is a choice.

It is *prima facie* evidence that governments in the West are corrupt to the core. It is the exact opposite of how a country exits the debt trap from the previous round of government spending.

The better plan is to reduce taxes and spending at the same time and allowing bond yields to rise but issue far fewer of them. The budgetary cost is the same. Lower taxes invites investment which ultimately raise tax collections overall while the debt grows at a much slower rate thanks to lower spending in the long run.

They know this. And they don't ever do it. Why? Because they hate us.

The result was a strengthening of the pound vs. the euro and threatened a breakdown of the EUR/GBP cross which would drop the EUR/GBP out of the range, forcing Europe to be competitive.

At that point a stronger pound would have been beneficial, increasing British purchasing power coupled with Trump giving the UK favorable trade terms. So, from *Daovs'* perspective that had to be crushed.

When Jerome Powell took over the Fed and began raising interest rates while in 2019 US banks began refusing to take Euro-zone sovereign debt at repo collateral, pressure on Eurobond markets rose and Boris Johnson came to power taking the UK out of the EU at the end of that year.

COVID-19

Now, think about COVID-19. December 2019, Brexit gets done. Britain leaves the EU. Johnson and Trump become the main target of the globalist operation to destroy the global economy. Johnson is forced to backtrack hard on lockdowns, etc. after a couple of attempts on his life. The pound weakens again.

I've always viewed COVID-19 as some form of operation. I refused to even call it a pandemic because the political fallout from it was clear that this was a multi-theatre, multi-modal attack on the foundations of society itself. In the past I've discussed COVID from the perspective of it forcing the Federal Reserve back to the zero-bound after the US Treasury markets go 'bidless.' How does that happen?

Not without help, that's how.

As the video points out, serious damage is done to the UK labor market as the promises of Brexit never materialize. It never recovers. Why? Because the EU refuses to allow investment into the UK because it is no longer a member state. With Trump dealing with COVID and a *de facto* lame duck, nothing was going to happen on Capitol Hill to help the UK break free of this economic stranglehold the EU placed them in.

They just ran the operation, ran out the clock on Trump, with the intention to getting everything back on track. Brexit and Trump, as I've said for years, forced *Davos* to bring forward their timetable from 2030 to 2020. And, in the end, it will be their undoing, but man, have they fucked up the world in the process.

After Trump is deposed and there is no trade deal, a strengthening pound will now retard foreign investment. Johnson gets crushed. Powell starts raising rates. The Bank of England raises ahead of him, crushing the pound and further eroding the British budget.

Once Powell starts raising hard, Lagarde announces the TPI to protect bond spreads and the currency band, meaning she is going to further tilt the board in her favor, as I've discussed in countless posts and interviews.

The whole euro-zone goes on a UST buying spree to keep the US dollar from rising too fast and keep both City of London and EU banks from imploding. If Gilt and Bund prices fall too far then we'll have a banking crisis in both places.

It should be clear at this point that both the BoE and the ECB are on the offensive against their respective middle classes to foment the very currency crisis that we're on the verge of.

2021 is the year in which the US, through the Fed, begins tightening the noose on both of them, first by draining excess dollar liquidity globally through the Reverse Repo

facility and then, after Powell's reconfirmation as FOMC Chair through raising interest rates and quantitative tightening.

{Please refer to literally everything I wrote here on the blog in the second half of 2021 and 2022 to get up to speed. I can't link it all folks. [But you can start here](#) the podcasts from the time laying out the argument then are linked from there}

Ukraine War

Lastly we get the war in Ukraine, which, as [Alex Krainer has pointed out](#), the UK guaranteed billions in IMF loans to Ukraine to fight the war. After reading Alex's post linked above, I really recommend [Podcast Episode #190 for more detail](#).

In the context of all of this it should come as no surprise, in hindsight, that NATO was pushing for this war in late 2021/early 2022. At that point they figured Powell was dead in the water, with Biden at the helm, and the insider trading scandal at the Fed robbing him of his lieutenants, Kaplan, Carida, and Rosengren. Build Back Better and the Infrastructure bills would force Powell to stay at the zero-bound while war broke out.

In hindsight, February 2022 is a major turning point in this story. In the same week we get Powell's confirmation hearing and Putin surprises everyone by starting the war early. So, now, the plan which was to throw unlimited money at Ukraine at the zero-bound would now have to be funded at much higher rates, making it that much more difficult for the UK and the EU to finance their latest war for Asian physical collateral using US weaponry.

Liz Truss tried to implement a budget that would make the country energy self-sufficient and we get the Gilt crisis of Sept. 2022 because that budget looks unsustainable in the current rate environment. Davos activates Blackrock who begins pulling investments from British pension funds. This is effectively blackmailing the Bank of England who has to bail them out to the tune of 160 billion pounds, according to Mr. Krainer's analysis.

That brought down Truss' government and it was timed with the death of Queen Elizabeth II. The last gasp of the Remnant was swept away. Charles ascends to the throne and begins the last phase of the destruction of the old British economy on behalf of his Davos handlers/benefactors/jailors... whatever.

The video makes too big a point about the resultant labor deficit in the UK which was, like all of this, a manufactured outcome from the entire scheme to punish the country for Brexit. The EU warned Britons about this. They warned the US against voting for Trump. They will not stop until they have destroyed everything.

Rishi Sunak is brought in to maintain the current path to undermine Brexit by further saddling the country with unsustainable taxes, low purchasing power, more climate change/DEI/ESG bullshit to retard investment and prep the country for Keir Starmer. Sunak was brought in to destroy the Tories and prep the country for one party rule.

What set a lot of this in motion was Putin going for the decapitation strike on Kiev ahead of schedule. Putin did what he wasn't supposed to do... go first and invite the

cheap moralizing of *Davos* and the West.

Everyone plays word games to justify the hardcore geopolitics of the war but the framework is the same. The war was scheduled. It was inevitable. By going first with the wrong army for the task, Putin, achieves the most important strategic goal, forcing NATO and the West into fighting in the Donbass on his terms, not theirs.

They will now have to settle into a protracted and expensive meat grinder. And here is where the Remnant made their fatal mistake, by telling Ukrainian President Zelenskyy to stay the course and not surrender in March 2022 in Istanbul. By guaranteeing support to Ukraine via the debt issued for Ukraine to fight the war both *Davos* and the Remnant are at that moment pot-committed to playing this game out to the bitter end.

Putin knows that the longer this goes on, the worse it gets for both the UK ,with Brexit fully compromised and hundreds of billions in loan guarantees it can't credibly back, and the EU, who are dealing with political revolts in their core economies — Germany, France and Italy.

The only way out for them is for the US to fully commit to the Ukraine war militarily through NATO.

And that brings us to the events of July of 2024. This was the schedule on the Gantt chart in Brussels.

- Sunak is deposed on US Independence day, just to rub our noses in it. *Davos* buttplug Keir Starmer comes to power and immediately begins the final betrayal of *Little Britain*.
- Emmanuel Macron in France loses but just well enough to remain in power with his opposition canceling each other out.
- Trump was scheduled to be assassinated in the 2nd week of July.
- Biden removed from the scene after the debate, and the keys to the castle handed to Queen-heir-apparent Kamala Harris.
- But a miracle occurred. Trump survived.

The buying spree in the US bond market had to intensify after that to finally force Powell to cut rates. But he held his water in July, waiting for the Bank of Japan to make their move on the last day of the month.

The Fed held rates high until last week. The bond market still sold off.

Now, with the end of LIBOR the BoE is trying to figure out how to survive and was forced to not cut at the September meeting.

So, now, with all of that in your head, let's look at these past 2 years from the perspective of UK 10 year spreads versus their adversaries at *Davos* — the EU and the Biden Administration

First up UK/German 10 year spreads:



From the time Yellen went to China and had her magical mushroom moment, her compatriot at the ECB, Lagarde began sitting on credit spreads. At the time we all thought it was to contain Germany vs. Italy. But that wouldn't hold together for long without help from a bigger market, in this case, the US.

But Powell was on a mission to send rates higher. So, enter Yellen who supports Lagarde at every turn to manage the supply and demand for US 10-year notes to keep a lid on German yields. And yet, in the past few weeks, since Powell began cutting and Ukraine defaulted on its IMF debt which the UK guarantees, referring back to Mr. Krainer, Gilt/Bund spreads are blowing out beyond Lagarde's carefully constrained ranges at the same time the EUR/GBP is threatening to break down out of a 7-year range.

Now let's look at the same events from Yellenville:



Note that both times that UK 10-years went +60 bps from US 10-years, something massive happened. Yellen went to China. I called it then saying that the reason for that was to save Europe's hide getting China to stop selling US bonds to move price. China agreed and the TIC report is clear. China's holdings of US debt have bounced around between \$750 and \$800 billion for more than a year.

What was the *quid pro quo*? No further NATO prospects for Ukraine. Credit crisis in G-7 debt avoided.

From the UK's perspective, especially that of the British Remnant that is desperately clinging to their future, Yellen's Yield Curve Control (YCC) began the process of blowing out those spreads towards that fateful +60 bps level.

It's accelerated since July with Starmer at the helm, Trump surviving, etc.

So, now, if you are *Davos* and you are trying to destroy both of your enemies — the US and the Remnant — wouldn't you keep them running on auto-pilot into wars neither can fight?

Or if you're the Remnant, wouldn't you try to get the US to fight your battles for you to send the signal to the bond holders of your debt that the plan is still working and soon, very soon, Russia will collapse and we'll have all the collateral and rebuilding contracts and cash flow you could ever desire to pay back those measly couple hundred billion in loans. There are tens of trillions on the table in a winning scenario.

The Current State of Affairs

When you see the current UK government cut deals with Ukraine pledging support for another century we all laugh, thinking, "The UK isn't going to be a thing in 100 years." When you see Starmer and EU Commission President Ursula Von der Leyen do a lovey-dovey photo op on the sidelines of the UN meeting where Zelenskyy is given the rock star treatment we laugh and say, "Oh look, two has-beens on another reunion tour."

War is the only path they see out of this. Their power rests on being able to convince bold holders there's a path to paying back the debt. It's why there couldn't be political fractiousness in the UK. The Tories had to be destroyed to bring 'unity' under Starmer. The same goes in the EU, they need everyone brought to heel, which is why Macron wouldn't leave power, and why AfD in Germany will never be allowed into any state government coalitions.

They will be forcibly disbanded before that ever happens.

Both *Davos* and The Remnant have to capture the Donbass at a minimum to balance the gameboard. Russia, at this point, is a stretch goal. They haven't fully admitted this to themselves or to us, but I think it's pretty clear.

And that's why Israel is attacking in every direction. It's why Zelenskyy begged the G-7 to allow him to send missiles to Moscow. It's why Russian ammo dumps were hit with British built and French designed Storm Shadow missiles.

It's why Biden was sidelined during the last four months of the campaign to keep the Neocon Zio-crazies at the State Dept. under Antony Blinken in charge. War is their only answer otherwise it's default without the justification. So, Iran and/or Russia have to escalate to turn this again into the Great Chest Beating to destroy the implacable evil of Putler and the Mullahs.

But nothing is settled yet. They continue to act as if nothing has happened which will alter their plans. Think back to July and there was this eerie calm they all had between the Trump/Biden debate and the shooting in Butler, PA. It's still there.

Are they fronting strength while they are screaming inside that it's all about to collapse?

Or are there other fallback plans in place that are up on the Gantt chart at Evil Corp Central?

I think it's both really.

The UK is truly in a very precarious position. Starmer is trying everything he can to deliver a broken UK to a rapacious EU. The EU is doing everything they can to ensure the US slides into a similarly desperate condition. Both want us to fight their wars for them.

If you look at the policies of the Biden administration, especially at the agency level, you see a similar state of affairs as you do in the UK. From Genzler at SEC to Samantha Power at USAID, to Merrick Garland at Justice or ButtGiggler at Transportation, it's the same refrain over and over again.

They go to Congress, sneer openly at their threats, refuse to change policy, provide demanded details, and continue on continuing on as if nothing can touch them. They act like nothing can get to them. The tragedy in the wake of Hurricane Helene is the biggest tell yet.

Clearly they have been told, or just know, that there are other plans afoot to ensure that even if Trump returns to the White House nothing will change.

They are now just trying to wait out Powell at the Fed and resume the casual destruction of the country.

The difference however between the US and UK is stark. The UK is weak. It has been fully betrayed. The US is not. It's weaker than it's been but it is not objectively weak in comparison to its chief rivals.

And the big question you should be asking is, "Do they have the time to wait this all out?" The markets are telling us no. Events are being accelerated which support that. October is here and we had four surprises in one day. The day after City of London lost to New York over the future price of dollars.

They will not take this lying down. Look to the markets and where the money flows and you'll see why the politics plays out the way it does... every.... single... time.

What's been set in motion is a spiral to a bottom that no one should want to contemplate.

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