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The prospect of an irrational phase of the group process lying ahead of us which I outlined in my last newsletter seems to confirm. So the New York Times on Aug 30 in an article titled “White House Is Gaining Confidence It Can Win Fight in Congress Over Iraq Policy” wrote the following sentences:

- The White House is growing more confident that it can beat back efforts by Congressional Democrats to shift course in [Iraq](#), a significant turnabout from two months ago, when a string of Republican defections had administration officials worried that President Bush’s troop buildup was in serious danger on Capitol Hill.
- **At least one nonpartisan analyst, Charlie Cook, the editor of The Cook Political Report, an independent newsletter, says the pendulum appears to be swinging** — even though the war remains hugely unpopular and Republican lawmakers are under great pressure at home to end it. “It’s a momentum situation,” he said. “The momentum back in June and early July was really running hard against the war, and it was starting to snowball. But that snowballing stopped, and it has probably kind of reversed itself somewhat.”
- **Allies of the White House are encouraged, said Peter Wehner, a former policy analyst for Mr. Bush who works at the Ethics and Public Policy Center, a research organization. “I think the situation now is that people are confident the strategy is going to go forward until the spring,”** he said Wednesday in an interview.

This irrational turn of the group process should have consequences for the markets. So you should not see any shocking downward moves on stock markets during this period.

Secondly the irrational phase of the group process should also influence the US Dollar and the price of gold. William L. Silber, an US Professor for Finance and Economics, wrote in an article in the Tages-Anzeiger, Zurich on Sep 1, 2007 that the status of the Dollar is based on the acceptance of the idea of free markets, of the rule of law and on price stability in the USA. The second condition has been problematic during the years of the Bush presidency but it might be improving since it has become clear that irrational politics won’t find a majority anymore among the US voters. So the general trend of the USD should be up in the future. Similarly the general trend of gold should be down in the future since disorder in the world stemming from irrational US politics should diminish. These general trends down of gold and up of the dollar should be interrupted however as long as the current irrational political phase in the US will go on.

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