

Blowing bubbles: George Osborne's favourite song

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West Ham fans sign 'I'm forever blowing bubbles'. So is George Osborne.

He tried to reflate the economy via the City with QE. He has created a commodity price and now stock market bubble in turn. And a few in the 1% gained.

Now he's reflating the housing sector by inflating house prices, not by building new homes.

And, as Duncan Weldon at the TUC has pointed out:

What has happened instead is almost three years of stagnation followed by a consumer-led recovery. [Consumer spending is rising faster than consumer income with a falling household savings ratio making up the difference.](#)

Follow that link and what Duncan shows is that the savings ratio has fallen dramatically in the last year:

In that case what we are seeing happen now is a classic credit driven bubble, and as we know those are totally unsustainable.

Boom and bust is back big time.

No wonder people are petrified about the impact of interest rate rises. The merest hint of inflation rising and the Bank of England will strangle this growth. It's hat unsustainable.

But of course, Carney may make a pact not to do that until June 2015. I don't rule that out. Watch this morning's press conference.