

On inflation: the real worry remains deflation

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There will be much talk of inflation risk today. Candidly, overheated stock markets and house prices apart - both entirely Osborne's fault - I don't see the risk. If anything deflation still remains a bigger risk.

[Martin Wolf dealt with this in the FT in April.](#)

So has [Paul Krugman](#).

I don't see inflation as a serious risk yet - unless the government and Bank of England set out to deliver it, deliberately, by massive bubble creation.

That's possible but it will be George who decides on that, not Mark Carney. In the meantime, deflationary factors make it very unlikely at present. For most of us real incomes are falling now.