

George's nightmare

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George Osborne did not expect to win the election. No party did. But he did, and as a result inherited a nightmare from the previous administration and an election fought with the expectation of a coalition outcome. His position is, as a result, exceptionally difficult.

The offer to hold a referendum on Europe to keep the Tory far right [from defecting to UKIP](#) leaves a massive economic and political risk on the horizon [that might have implications for growth prospects for years to come.](#)

The City is growing in influence again. The [chance of another melt down](#) before the delayed measures designed to tackle issues arising from the last one are put in place in 2018 are high.

Interest rates [could rise soon](#), whether he likes it or not. This will severely impact growth. It may also cause mortgage defaults and so create a banking crisis.

And Scotland sits on the sidelines waiting to exit.

Mervyn King said post the 2008 crash that the 2010 election wasn't one to win. I wonder if he got his timing wrong?