

EASING OFF THE ACCELERATOR

This could be the week of sticky pedals as Toyota and the Bank of England face the truth about what happens when you take your foot off the gas. Has the UK economy reached its cruising speed? And it is now all down hill to an economic recovery?

The question now in everyone's minds is how safe is it to ease off, is the timing right and what happens if it starts to unravel? Will the economy continue to accelerate or will the brakes cut in?

But whatever happens it's hats off to Mervyn and his team. Not many people have managed 0 to 200 billion in less than a year; it has to be a new production record. Even Jeremy Clarkson and the Top Gear team would have to admit that's some performance. But what happens next? Will the impetus last until we vote on the next occupant of Number 10 and will the momentum just be sufficient to carry the Labour Government through?

Timing is everything. If the Bank has cut the acceleration too early we are going to witness a UK economy slowing in the face of an election as reality starts to dawn. This would result in us seeing through the fog of quantitative easing to judge our real economic performance against the rest of the world's unsupported economies.

As house prices rise and the feel good factor returns in the pre-election euphoria, will we become speed junkies and return to printing money? Or is that all behind us as we move into our environmentally friendly risk-free future, with little to worry us apart from that niggling doubt about the effectiveness of the brakes?

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