

Brits 'need to accept they're poorer', says Bank of England economist

Britons must accept that they are poorer otherwise inflation will stay persistent, the chief economist of the [Bank of England](#) has said.

Huw Pill said that people and businesses have responded to higher bills and costs by asking for higher wages or charging their customers more money.

But this, he said, adds to inflation, pushing up prices even further across the economy.

Speaking on the Beyond Unprecedented podcast from Columbia Law School, Mr Pill said: "The UK, which is a big net importer of natural gas, is facing a situation where the price of what you're buying from the rest of the world has gone up a lot, relative to the price of what you're selling to the rest of the world, which is mainly services in the case of the UK.

"You don't need to be much of an economist to realise that if what you're buying has gone up a lot relative to what you're selling, you're going to be worse off.

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“So, somehow in the UK, someone needs to accept that they’re worse off and stop trying to maintain their real spending power by bidding up prices whether through higher wages or passing energy costs on to customers.”

His comments come as British families face 17.3 per cent grocery inflation in supermarkets, with food prices growing at their fastest rate since 1977.

Meanwhile, the headline rate of inflation in the UK fell by less than expected in March, to 10.1 per cent from 10.4 per cent the previous month.

Strikes have also taken place across the public sector, with unions seeking a pay rise to match inflation to shield members from the cost of living crisis.

Mr Pill added: “What we’re facing now is that reluctance to accept that, yes, we’re all worse off and we all have to take our share; to try and pass that cost onto one of our compatriots and saying, ‘we’ll be alright, but they will have to take our share too’.

“That pass-the-parcel game that’s going on here, that game is one that’s generating inflation, and that part of inflation can persist.”

Last year, Bank of England chief Andrew Bailey faced criticism after urging workers not to seek a significant pay rise for risk of fuelling inflation.