

# Ex-Bank of England chief economist Andy Haldane warns inflation here 'for years' as business calls for emergency budget

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[BUSINESS](#) today called for an immediate emergency budget to deal with soaring costs, including the reversal of the recent [National Insurance](#) increase.

That came as former [Bank of England](#) chief economist [Andy Haldane](#) warned that [inflation](#) could go even higher than the 10% predicted and could be with us for years.

“Things have passed my worst expectations,” said Haldane, now head of the Levelling Up Taskforce.

Last week the Bank of England said inflation would top 10% this year and that a recession is a clear risk.

On inflation, Haldane told LBC: “I think it is certainly going to last the duration of the year, and into next or even the year beyond.”

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He was calling for an increase in rate rises to stem inflation last June. The Bank didn't move until December.

"Had we done that, we probably wouldn't be talking about rate rises as big or as rapid as we are now. We have a whole generation of mortgage holders who have scarcely seen a rise in interest rates. It will be a massive shock to the system not only financially, but psychologically."

Today the British Chambers of Commerce said an emergency budget should be used to cut VAT on energy bills for firms, and reinstate free Covid tests to ease labour shortages. That's on top of a reversal in NI increases until at least 2023.

The boss of Scottish Power also warned today that customers need a major government intervention. Keith Anderson said: "We need to be realistic about the gravity of the situation – around 40% of UK households, potentially 10 million homes, could be in fuel poverty this winter."

Concern about the UK economy continues to hit the pound. It was \$1.30 against the dollar just a month ago. Today it fell again to \$1.226.

Shevaun Haviland, Director General of the BCC, said:

"These are simple, straightforward measures that can be quickly reversed when the economy is in better shape.

"The Treasury and HMRC have proven their ability during the pandemic to implement similar changes quickly and efficiently. Making these changes would have an immediate benefit for both businesses and the public.

A government spokesperson said: "No government can control the global factors pushing up prices, but we will act where we can to support businesses."

Haviland added: "The government has a variety of financial levers it can pull, and this is the time to use them. Acting today will then give businesses a chance to create the future profits needed to fill tax coffers."