Business ‘crying out for leadership’, warns former CBI boss as political turmoil continues

Businesses are crying out for leadership, the former boss of the CBI has warned, as he called on new Chancellor Nadhim Zahawi to urgently slash taxes.

With Boris Johnson fighting to hold on to office, Lord Karan Bilimoria, founder of the beer brand Cobra and ex-President of the Confederation of British Industry, told BBC Radio 4’s Today Programme the world was looking at the UK and wondering what the country was doing.

“We need to cut taxes,” he said. “We’ve got the highest tax burden in 70 years. It’s absolutely the wrong thing to have at this time, at any time, let alone at a time like this when business needs help, and consumers need help consumers are really squeezed at the moment.

“There has been some help by the previous chancellor £37 billion. But businesses are not getting any help apart from a little bit of a business rates relief. And the whole world is now looking at the UK and saying what is this great country doing and with the political turmoil, the mess that we’re in now with desperately businesses crying out for leadership crying out for the government to focus on growth focus on investment.”

Lord Bilimoria also warned over the future health of the UK’s economy, with inflation set to soar to 11 per cent later in the year and growth forecasts looking increasingly gloomy.

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He said: "If you look at the growth forecasts, the latest forecast from the CBI 1 per cent growth for the United Kingdom next year versus over 2 per cent in the Eurozone over 2 per cent in America, 4.5 per cent in China, 6.5 per cent in India…some economists are forecasting zero growth, growth and investment here."

Asked whether tax cuts would fuel indlation, he added: "Well, we've got this choice are we going to try and grow? Or are we going to staring staring in the face is a recession not just in this country, but in many countries around the world?

"We need to try and prevent that as much as possible and the inflation that has been generated now has been generated by global factors, by energy costs by food caused by the sad war in Ukraine.

"We've got to continue to be a magnet for inward investment. We're not going to be that if you put up corporation tax from 19 per cent to 25 per cent."

On Wednesday, Mr Zahawi dangled the prospect of more tax cuts as Mr Johnson battled for survival.

He stressed that the crisis-hit Prime Minister had tasked him

with “rebuilding” and “growing” the economy.

“The most important thing is to rebuild the economy post-pandemic, and to get growth going again, and tax cuts,” he told Sky News.

“We are delivering the first tax cut in a decade today, I’m determined to do more.”