

## **Big Idea 2014: The Year of Clarity**

December 11, 2013



Uncertainty. It's been the theme in the C-Suite for all of 2013. Company executives are afraid to part with their cash because they're worried about either the government shutdown, more dysfunction in Washington, the Fed, Obamacare, an anemic economy, or...what they're going to have for dinner. You get the picture.

CEOs continually cite "uncertainty" as their reason for not investing. But, here's the thing: our economy is still growing, unemployment is falling, manufacturing is in the midst of a renaissance (six straight quarters of growth), and the country is on our way to becoming energy independent. In 2014, the business community will begin to recognize these positives. Forget uncertainty. The year of 2014 will be the year of clarity. Finally.

Consider the hurdles we've already cleared. We know Janet Yellen will take over for Ben Bernanke -- and, we know that the Fed will begin its tapering program in 2014. While the taper may temporarily dampen some stock market enthusiasm, it may also have the positive effect of incentivizing companies (and individuals) to borrow money and put cash to work before it's too late. After all, the mere threat of higher interest rates should encourage companies to borrow. It's human nature. We tend to procrastinate. Thus, if it's just as easy to borrow money a year from now as it is today, why take a risk? Rather than fear the taper, investors should recognize that it will have a positive and meaningful effect on corporate (and individual) incentives.

As for Washington? The good news is, lawmakers may have learned their lesson with their

shutdown escapade. Their political goodwill with constituents has been exhausted. The Republican Party recognizes the importance of maintaining a united front in 2016 and, as such, will likely work together to prevent a repeat of the budget impasse in 2014. Meanwhile, the democrats are still reeling from the botched healthcare rollout and thus, are also incentivized to keep a lid on any additional political fallout. Bottomline: We might get a Congress that actually works together - and given the deal they just reached, there's reason to be optimistic.

When it comes to paying Uncle Sam, both sides agree: we're in need of corporate tax reform. In an interview with me, earlier this year, President Bill Clinton, predicted corporate tax reform. It's necessary for the health of our manufacturing sector. "We could get more manufacturing jobs if they paid in the range of the international average, which is somewhere between 24 and 26 percent," he told me. (You can catch the interview in full here: <http://bloom.bg/IBVsv3>). Amazingly, corporate tax reform may be the one issue both sides can agree upon. And, it's good for the business sector.

Another key factor in The Year of Clarity: productivity. Our productivity gains are slowing. On the surface, this seems bad. In reality? It's good news. In order to grow the top line and stay competitive, companies will have no choice but to invest in people and improve their efficiency.

Don't forget: there's a lot to be excited about. Companies are bringing manufacturing jobs back to America because it's been proven that we have a more highly skilled and productive workforce. Couple that with lower energy costs to transport goods and you've got the makings of a promising future.

Enough with the uncertainty. 2014 will be different.

***Published on LinkedIn, by one of their Influencers – Trish Regan (image above), Anchor and Editor-at-Large, Bloomberg Television, New York.***