

# Business needs positive signs from D.C.

By PAUL BOUDREAU

Confidence in our leaders, predictability and transparency can provide an environment where businesses are willing to make commitments for the future. Unfortunately, the activities in Washington in recent months have done little to paint a clear picture of the environment in which businesses will have to operate this year, much less one that instills confidence.

As a result, strategic decisions about capital allocation and job creation are being postponed until the rules of the game are in place and not subject to sudden change based on the latest political fistfight between Congress and the administration.

Leading the list of unanswered questions is the ultimate fate of health care reform. The administration was emphatic it would sign a bill before the end of 2009. That didn't happen, and the election of Scott Brown from Massachusetts to the Senate changed the

political equation in a big way. Many not only believe this derailed a bad plan but also are hopeful it will force the two parties to come up with a more incremental and bipartisan approach.

After Brown's victory in January we moved health care off the front page and replaced it with a new proposal to tax banks. Over the next three days the Dow lost 500 points. Not exactly a big confidence booster as we continue to heal an economy battered by shrinking credit, bank failures and massive borrowing from our friends in China and elsewhere.

If health care and bank taxes are not enough to digest, Act III is the president's 2011 budget. Bill Clinton's campaign team coined the phrase "It's the economy, stupid." Now it looks as if this administration's mantra is "It's about jobs."

Yes, a worthy goal, but one that can be accomplished only by creating a no-surprises approach to policy and abandoning the

"villain of the week" program.

Unfortunately, as we look at the new budget, there are job-creation killers everywhere in the form of higher taxes. Washington wants to increase the capital gains tax from 15 to 20 percent; change inventory accounting methods that will increase taxes; prevent our global companies from taking certain credits for taxes paid in other countries; and on and on.

And oh, if you have been successful and built a business and paid taxes all your life, you can look forward to a return of the death tax in 2011. Does a 45 percent death tax do anything to create jobs? Not if your heirs have to sell the business to pay the taxes.

I would like to see our president be successful. I agree with his partisans that he wasn't dealt a great hand. That doesn't mean we should be raising taxes in a recession and keeping business and investors wondering from which direction the next punch will

come. And we need certainty about tax and regulatory policy going forward.

And let's not forget the importance of trade. Countries around the world are experiencing market growth that surpasses our own market. Their consumers can purchase goods from our competitors. By winning market share in high-growth markets, we preserve and grow jobs here. Let's not penalize our companies as they seek to be bigger players overseas.

Fortunately, here in the Garden State our new governor has already taken steps to reduce the size of the government by cutting spending to close a \$2 billion hole in the current budget. Long-suffering New Jersey taxpayers may finally be getting some relief as public officials on both sides of the aisle work to revive our broken state finances. We're only in the first inning of this game.

*Paul Boudreau is president of the Morris County Chamber of Commerce.*

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