

Corporate Directors Say Fiscal Cliff Is Hampering Investment

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Businesses are already planning to spend less in 2013 due to the impending fiscal cliff, attendees of the National Association of Corporate Directors Directorship 100 conference in New York said Tuesday. Company directors are worried that uncertain consumer demand and tax policies next year could make it irresponsible for them to make long-term investments.

“We’ve pulled back on our capital planning for 2013,” [Ellen Kullman](#), chairman and CEO of chemical maker [DuPont](#), said in comments to the conference in New York on Tuesday. “We can’t in good conscience put that money into the ground and create new plant sites or make improvements to our existing plants if we don’t think the return is going to be there soon enough, so we’re taking a wait and see attitude,” she added.

The uncertainty over what kind of deal lawmakers will strike and when they will make it is creating an environment where “people don’t have confidence that it’s time to invest,” said James D. Robinson III, presiding director at [The Coca-Cola Company](#), at the conference. He said the lack of certainty about the direction of the economy leads to questions about whether consumer demand will be enough to support investments.

Corporate executives have had ongoing discussions with politicians over the impending fiscal cliff, with a number of CEOs scheduled to hold separate meetings with President Obama and House Republicans on Wednesday.

At DuPont, Kullman said uncertainty about the continuation of the research and development tax credit has plagued the company for the past three years. The tax credit expired at the end of last year, but was in effect during all of 2011, so DuPont could take

advantage of it each quarter. The credit was reinstated retroactively in 2010, which led the company to take its credit all in one quarter.

The retroactive implementation “didn’t do us any good,” Kullman said. “How do we plan if we get the tax credit in December retroactively, and then we are shown as being a poor corporate citizen because our tax rate is so low because we got 100% of the tax credit in one quarter?”

A number of tax and spending packages are currently being debated by legislators, but businesses are worried the R&D tax credit won’t be addressed until a deal is cut. They say that uncertainty makes it difficult to make short-term plans.

Kullman also said the agriculture industry, where DuPont gets much of its supplies, is faced with even less clarity because of the unknown fate of the farm bill.

“They need some certainty there before they are going to make those next investments,” Kullman said. “The government does have a large part to play in creating the environment with which jobs can grow.”