



THE BUSINESS CASE FOR OPTIMISM

By Mark Bregman

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In March, Lawrence Summers, (Director of the National Economic Council, former President of Harvard, and former Treasury Secretary), advised US business leaders to “break the excess of fear now present in the marketplace.” A few days later, President Obama sat next to Timothy Geithner at a press conference discussing the stimulus program, and the stock market started going up. The Dow finished March up 6.5%, and the S&P was up over 7%. Other good news started to appear (if you were willing to look for it): Consumer confidence remained stable, six out of ten of the key indicators in the Leading Economic Index went up, including, importantly, the interest rate spread, index of supplier deliveries (vendor performance), building permits, and real money supply. Housing sales moved up in March.

Most economists and pundits are still talking “declinism”, perhaps because it makes for far more interesting sound bites. But take a look at the “Misery Index”, created in the 1970’s, which tracks the unemployment rate plus the inflation rate. Today’s rate is 8.34. Compare that to the peak of 21.98 in 1980. This index continued to stay above 10 through 1986! There are favorable factors around; we just have to be willing to see them.

What we’re hearing from our clients is mixed. Some are feeling considerable pain, but others are adapting, moving quickly, upgrading teams, and capturing more market share. We believe that when financial liquidity loosens up a bit more, businesses will move forward decisively.

Renowned Psychologist Viktor Frankl’s most famous quote is: “Everything can be taken from a man but one thing: the last of the human freedoms -- to choose one's attitude in any given set of circumstances, to choose one's own way.”

In a previous article on the Top Ten Business Survival Strategies for 2009, we cited the principle of “AS IF” – believing that you can succeed, and acting “as if” you will. People believe you when you congruently act like good things will happen.

We are facing problems today, certainly, but with an optimistic attitude, you can be on the leading edge of the upswing curve.

