

Re-printed from the Chicago Tribune

Breaking faith with jobless Americans over an applause line

By R. Thomas Buffenbarger

September 30, 2011

Ever since he took office, President Barack Obama has repeatedly attacked corporate jets as a symbol of all that is wrong with American business, with the U.S. tax code and with government finances. In one White House news conference dedicated to extending the debt ceiling, he mentioned corporate jets no fewer than six times. Now, ending faster depreciation for corporate jets is one of the three proposed funding sources for his American Jobs Act.

Obama may think he is clipping the wings of high-flying corporate CEOs. But the people who will really pay the price for this change in the tax code are the people who build these planes, as well as those who fly them, maintain them and service them.

The president seems to have forgotten all about these people, who are trying to get by in an economy that is shedding as many jobs as it creates. Since the 2008 financial crisis, the aviation industry has been among the hardest hit. America's aviation manufacturers shipped a total of more than 6,000 airplanes in 2007 and 2008. The total for 2010 was 1,334. Net factory billings fell to less than \$8 billion last year from more than \$13 billion in 2008, retrenchment to a level not seen since 2004. The biggest losers have been industry workers who have lost their jobs.

Obama's proposal would pretty much finish off the rest of them. It's not like we haven't been down this road before. In 1990, Congress passed a 10 percent luxury tax on "yachts," defined as boats that cost more than \$100,000. That'll show the fat cats down at the yacht club, right?

Wrong. The real impact of the bill was to wipe out the boat-building industry. The target may have been J. Toppers Moneybags III, but who got hit was Joe Boatbuilder. The damage was so severe that two years later, Congress had to tuck its tail under its legs and repeal the tax.

The president tends not to emphasize that altering the business jet depreciation rules would generate no more than \$3 billion in revenue for his \$447 billion jobs bill. You would have to move the decimal point to the right a place or two for this business deduction to have an appreciable impact on either the jobs bill or the \$44.7 trillion of government outlays projected for the next decade. So what's next? Kill accelerated depreciation for farm machinery, complex manufacturing tools and information networks? We all know that is a nonstarter.

I could laugh off the president's proposal as penny-wise and pound-foolish — except that his constant harping is already driving away airplane customers and driving down profits, and preventing the industry from offering high-skilled, well-paying jobs to the long-term unemployed in dozens of states. Those are private-sector jobs that could be created the old-fashioned way — without tax subsidies, tax credits, tax expenditures or payroll tax holidays.

The president's proposal makes even less sense when you take into account the likelihood of Congress enacting it, which is near zero. For virtually every Republican member of Congress or senator and more than a few Democrats, eliminating the business jet deduction runs counter to their pledge not to raise taxes or worsen our unemployment crisis. As small as this deduction is, its elimination violates their core principles. It's a self-destruct mechanism for an urgently needed jobs bill.

Mr. President, millions of jobless Americans put their faith in you and in our system of government. They need to go back to work. This insistent demand to eliminate the deduction for corporate jets, a deduction your own administration pushed for in the first stimulus bill, will only delay enactment, perhaps indefinitely.

That you can break faith with jobless Americans over what amounts to an applause line is, to me, simply unconscionable. It demeans you, your office and your audience. And it puts at risk your plans for putting this nation back to work.

R. Thomas Buffenbarger is president of the International Association of Machinists and Aerospace Workers.