Obama's hypocrisy on the corporate jet tax loophole

Patrick Martin 11 July 2011

In his press conference last week calling on congressional Republicans to agree to token tax increases on the wealthy in the name of "shared sacrifice," President Barack Obama mentioned the elimination of special tax treatment for corporate jets no less than six times in the space of 45 minutes. He returned to the subject repeatedly in ensuing days.

This harping on the corporate jet tax loophole is a red herring that only underscores the cynicism and hypocrisy of Obama and the Democratic Party. When the Democratic Party controlled the House and Senate with huge majorities in 2009 and 2010, the White House never seriously pushed for and Congress never approved any measures to limit the plundering of the public treasury by corporate interests.

One of the tax measures now proposed by the White House would limit the favorable tax treatment of the incomes of hedge fund managers, who pay only a 15 percent capital gains tax on their billion-dollar incomes, while ordinary working people pay 28 percent on their meager salaries. A proposal to change the tax treatment of hedge fund income when the Democrats controlled Congress was blocked by New York's senior Democratic senator, Charles Schumer, a favorite of Wall Street and the hedge fund billionaires.

Likewise, the special tax subsidies for US oil companies, now a target of fake White House outrage, were adamantly defended by Democrat Mary Landrieu, the senior senator from Louisiana, a center of the oil-drilling industry.

As for the favorable tax treatment of corporations that purchase corporate jets for executive travel,

representatives of the small jet industry lobby have pointed out that Obama himself was responsible for approving the tax break last year, when it was billed as a "stimulus" move that would give corporations an incentive to invest in "job creation."

The campaign finance watchdog group MapLight noted last week that two lobbies which favor the tax windfall for corporate jets, the General Aviation Manufacturers Association and the National Business Aviation Association, have given large sums to congressmen of both parties, with a slight edge, but only slight, to the Republicans. From 2001 to 2010, the two groups gave \$225,060 to Democrats and \$245,500 to Republicans.

Companies producing aircraft parts and equipment for small planes gave \$1,286,906 to Democrats and \$1,702,497 to Republicans, while the airplane manufacturers gave \$1,010,638 and \$1,434,510 respectively. Airport and aviation service facilities gave \$644,005 to the Democrats and \$575,932 to the Republicans.

As these figures demonstrate, both parties are in the pockets of the corporate jet industry, just as they serve the interests of the capitalist class as a whole.



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