

KANSAS' LOBBYING HELPS FRANCE FLY CITI TO ITS TAX SHELTERS

Update: Apparently, Obama has explained to these Citi leeches the wisdom of giving up their new jet, and they have acceded to his demand wisdom. Well, so far, new-and-improved TARP is better than the old version.

It's not that I'm bitter that Congress took away GM's and Chrysler's (but not Cerberus') jets (in fact, I'll let you in on a little secret. Without the jets it'll make it hard to do business with suppliers in locations—like northern Mexico—that aren't really well served by commercial airlines).

It's that this makes the US look like world class chumps.

You see, earlier this month, Barney Frank tried to take the corporate jets away from those on Wall Street who—like GM and Chrysler—are sucking on the government teat to survive. Only, Kansas Congressman Dennis Moore hassled Barney until he took that provision out of the new-and-improved TARP.

To make sure corporate America got the message, Mr. Frank dropped a provision into the latest bailout bill, H.R. 384, the TARP Reform and Accountability Act, requiring would-be recipients of taxpayer funds to dump their corporate fleets. The message: If you want taxpayer money, sell your jet and fly commercial.

That sure sounded tough. And it sure sent a message to the automakers. When they came back to Washington, they drove.

But last week, Rep. Frank quietly stripped the no-jet provision from the

bill. Why?

In a word: Kansas.

Kansas is a hub of aircraft manufacturing, particularly the making of corporate jets. One of Frank's fellow Democrat[ic-sic] congressmen, Rep. Dennis Moore of Kansas, sent the powerful chairman a note that delicately suggested he re-think the tough talk.

"We have to be careful about Congress overreacting," Moore wrote in a statement.

What he told CNN he wrote to Chairman Frank was more diplomatic.

"It is clear that the auto executives were insensitive to American taxpayers when they flew in their private jets to request billions of dollars," wrote Moore. "But I have concerns that applying this well-intended provision may have unintended consequences of hurting the general aviation industry and its workers."

The congressman pointed out pointed out that 44,000 workers in Kansas work directly for the airplane manufacturing industry, and a lot of families depend on those paychecks. Last Tuesday, the "no-fly" language was dropped, and yet another get-tough message from Congress got a soft landing.

Late today, Chairman Frank sent a statement to CNN explaining his decision. "The private aircraft industry is an important industry in America, and it plays a necessary role with businesses in certain areas of the country,"

Now, less than a week after that provision came out of new-and-improved-TARP, the NYPost reports that Citi is set to take delivery on a brand

new-French-corporate jet.

Beleaguered Citigroup is upgrading its mile-high club with a brand-new \$50 million corporate jet – only this time, it's the taxpayers who are getting screwed.

Even though the bank's stock is as cheap as a gallon of gas and it's burning through a \$45 billion taxpayer-funded rescue, the airhead execs pushed through the purchase of a new Dassault Falcon 7X, according to a source familiar with the deal.

The French-made luxury jet seats up to 12 in a plush interior with leather seats, sofas and a customizable entertainment center, according to Dassault's sales literature. It can cruise 5,950 miles before refueling and has a top speed of 559 mph.

There are just nine of these top-of-the-line models in the United States, with Dassault's European factory churning out three to four 7Xs a month.

Citigroup decided to get its new wings two years ago, when the financial-services giant was flush with cash, but it still intends to take possession of the jet this year despite its current woes, the source said.

I suspect the finance industry is a lot like the auto industry. If we just take away their jets, it'll make it more difficult for them to do business in places we'd rather not have them do business in. Only, unlike the auto industry, it's not Northern Mexico. More likely it's places like the Caymans and Mauritius, which Citi have been using to avoid paying US taxes.

As it is, though, I guess those Citi execs will be flying in fine French style to their tax havens around the world.