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Sales of personal jets rise as US Corp unfreezes expense accounts

FROM JAMES DORAN, WALL STREET CORRESPONDENT

THE era of corporate Puritanism in America, spurred by the Enron, WorldCom, Tyco and Martha Stewart scandals, appears to be on the wane as sales of private jets, a key indicator of company excess, are climbing (see Commentary, facing page).

For the past four years — since Enron imploded and Tyco owned up to letting its chief executive buy a \$6,000 shower curtain with company cash — executives have been ordered to live life on the cheap. Some have even been seen crammed and confused like sheep in transit into the economy seats of regional jets. As if that were not ignominy enough, yet more been seen trying to make a meal of a packet of nuts and a plastic cup of tepid water. Martha Stewart gets better treatment in prison.

But many of them will suffer no more as sales of private jets have grown by more than 10 per cent in the first nine months of this year after two years of decline.

Some 392 new jets have been delivered this year, according to the General Aviation Manufacturers Association in Washington DC.

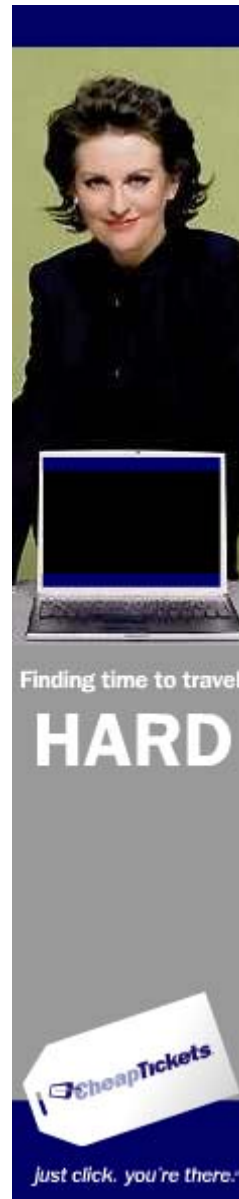
Raymond Jaworowski, senior aviation analyst at Forecast International, predicts that business jet production will increase by 157 per cent by 2011.

“The wake of the corporate scandals is definitely lessening,” he said. “Companies are remembering that a jet is a useful business tool. It saves time and increases productivity.”

Mr Jaworowski also said that increased security checks at airports since the September 11 terrorist attacks were forcing companies to think of more efficient modes of transport than ordinary air travel.

“Companies perhaps cannot afford to have executives spending all that extra time at the airport,” he said. “Plus it is easier to actually work on a private plane as there is more room.”

The Securities and Exchange Commission, the US market watchdog, has come down hard on those accused of abusing their perks — such as the executives of Tyco and Adelphia who both allegedly gave in to temptation when presented with a company jet at holiday time.



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But there are strong rumours in Washington that the SEC will soon stop breathing so heavily down executives' necks.

Two of the chief regulators at the SEC said yesterday that the fines it imposes are too big and that too many new rules and regulations are being forced upon companies. Cynthia Glassman and Paul Atkins, the two Republican commissioners of the SEC, have been voting against large fines and heavy penalties imposed by the regulator.

William Donaldson the SEC chairman, has also been criticised for introducing too much red tape and there is speculation that he may soon step down.

Mr Donaldson typically sides with the two Democrat commissioners at the SEC in crucial votes about fines and punishments, even though he is a Republican.

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