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■ *Scams for Rich Spotlight Greed*

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It's been an interesting week for the leadership of American business.

Just a few days before the jury began its deliberations in the criminal prosecution of Arthur Andersen, Dennis Kozlowski, the almost comically greedy tycoon from Tyco, was indicted for various frauds on his country and company, thus joining the bumper crop of corporate criminals who have surfaced in the past few months.

As Henry Paulson, head of the famous investment house of Goldman Sachs, told the National Press Club the same week, "I cannot think of a time when business overall has been held in less repute."

Paulson was urging a series of changes in corporate governance and accounting practice to restore public confidence in those who govern this society. But the same day he was offering his bromides for a more responsible American capitalism, what amounts to its executive committee, the Business Roundtable - the lobbying arm of the top 200 CEOs in the country - was pressing its members hard to oppose even minor reform.

The Roundtable was riled up by an expected proposal from the New York Stock Exchange that shareholders be permitted to vote on management's award, usually to itself, of lucrative stock options - a widely used form of disguised executive compensation. In the past decade, such options have tripled, from 5 to 15 percent, as the proportion of corporate shares outstanding, and they have doubled in the last two years alone, from 4.6 to 11.9 percent, as share of operating income.

Those numbers register a good chunk of corporate value and liability, but under the wisdom of our current tax system they are not, like other employee compensation, counted as a cost of doing business. In fact, they're sort of not counted at all.

Managers like this looser, nonaccounting standard on options since it permits them to confuse shareholders about company performance, making it easier for them to persuade shareholders to give them more for less performance. Shareholders dislike it for the same reason; it keeps them in the dark on how the company is really doing, and what managers should be paid. Hence the NYSE proposal that shareholders at least get to vote on company decisions to assume such hidden costs.

But even the thought of this suggestion drove Roundtable executives crazy, because it might actually hurt them where they eat. Hence their full-scale assault. As the New York Times decorously reported, the Roundtable's "lobbying effort, while not unexpected, is somewhat unusual in that it urged Roundtable members to denounce the exchange's proposal immediately, even before it and the exchange's other corporate governance proposals had been publicly announced." A sort of pre-emptive strike for greed.

On Capitol Hill, meanwhile, the Senate finally turned to consider the Bush administration's proposal to abolish estate taxes - an effort to achieve a generational lock-in for inequality, and part of its more general plan to starve government of any significant taxes on the rich.

In the 10 years that start a decade from now, 2012, the whole package should cost the United States \$4 trillion, with the lion's share of the gain going to the top 1 percent of the population. A very worthy return indeed on their purchase of our current president.

The estate tax repeal part of this is approaching a trillion - \$740 billion, to be precise. Projecting ahead, it will amount to a larger sum, something on the order of 40 percent of the total expected shortfall in Social Security over the next 75 years.

At a time when the Congressional Budget Office is projecting about \$4 trillion less in revenues over the next decade than it did just a few months ago, and the baby boomers are already gearing up for retirement in just another decade, forgoing revenues on this scale doesn't seem like the smartest public policy, does it?

What's more incredible is that W and friends continue to advertise this latest boondoggle for the very rich as of importance to the retirement and children of average citizens, family farmers, small business and the like, when in fact it has nothing to do with them at all. Under the plans in place for estate tax exemption - which are well short of the full-scale repeal now urged - all but the top 0.5 percent of estates, all but 5 out of every thousand, wouldn't be subject to any taxation at all.

What we're talking about here is a concern only to a handful of very rich people, albeit disproportionately represented in W's government. Like Dick Cheney, who would personally gain about \$40 million on the deal, or Donald Rumsfeld, who would gain \$120 million, or Paul O'Neill, who would gain \$51 million, or W himself, who would gain a mere \$10 million.

I'm no longer surprised at the shamelessness of these folks. They're moral midgets, and Martians. They couldn't care less about the country, and will say literally anything for a buck. Like rust, it seems greed never sleeps, even as it eats at the foundations of democracy. They're happy to do their destructive part.

* But you shouldn't be fooled. So call your relatives in other states and tell them to call their senator to tell him or her to "vote no" on estate tax repeal.

And call Sen. Herb Kohl, Wisconsin's favorite geillionaire, and congratulate him for finally promising to vote against it. Tell him in fact that he shouldn't have dithered so long in making up his mind, and that you're watching now, and you know where he lives. Something ominous like that.

Because some scams are so outrageous that those running them should at least know they're not fooling anybody - and this is one of those scams.

Joel Rogers is director of COWS, the Center on Wisconsin Strategy, at UW-Madison. COWS is sponsoring "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. Go to www.sustainingwisconsin.org for more information.

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