Need a Job? $17,000 an Hour. No Success Required.

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By Nicholas D. Kristof
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Are you capable of taking a perfectly good 158-year-old company and turning it into dust? If so, then you may not be earning up to your full potential.

You should be raking it in like Richard Fuld, the longtime chief of Lehman Brothers. He took home nearly half-a-billion dollars in total compensation between 1993 and 2007.

Last year, Mr. Fuld earned about $45 million, according to the calculations of Equilar, an executive pay research company. That amounts to roughly $17,000 an hour to obliterate a firm. If you're willing to drive a company into the ground for less, apply by calling Lehman Brothers at (212) 526-7000.

Oh, nevermind.

I'm delighted to announce that Mr. Fuld (who continues to lead Lehman since it entered bankruptcy proceedings this week) is the winner of my annual Michael Eisner Award for corporate rapacity and poor corporate governance. The award honors the pioneering achievements in this field of Mr. Eisner, the former Walt Disney chief.

This isn't a plaque that will simply gather dust in a closet. It's a shower curtain to commemorate the $6,000 one that the former C.E.O. of Tyco purchased and billed to his shareholders.

So, Mr. Fuld, you'll be pleased to know that I've picked out a lovely green vinyl number for you. Only $14.99! Why, I saved you $5,985!

Perhaps it seems frivolous to be handing out shower curtains to chief executives when we're caught in a deepening economic crisis. Well, it is.

But one of our broad national problems is rising inequality, and it is exacerbated by corporate executives helping themselves to shareholders' cash. Three decades ago, C.E.O.'s typically earned 30 to 40 times the income of ordinary workers. Last year, C.E.O.'s of large public companies averaged 344 times the average pay of workers.

John McCain seems to think that the problem is that C.E.O.'s are greedy. Well, of course, they are. We're all greedy. The real failure is one of corporate governance, which provides only the flimsiest oversight to curb the greed of executives like Mr. Fuld.

"Compare the massive destruction of wealth for shareholders to what he gets at the end of the day," said Lucian Bebchuk, the director of the corporate governance program at Harvard Law School. A central flaw of governance is that boards of directors frequently are ornamental and provide negligible oversight.

As Warren Buffett has said, “in judging whether corporate America is serious about reforming itself, C.E.O. pay remains the acid test.” It’s a test that corporate America is failing.

These Brobdingnagian paychecks are partly the result of taxpayer subsidies. A study released a few weeks ago by the Institute for Policy Studies in Washington found five major elements in the tax code that encourage overpaying executives. These cost taxpayers more than $20 billion a year.

That’s enough money to deworm every child in the world, cut maternal mortality around the globe by two-thirds and also provide iodized salt to prevent tens of millions of children from suffering mild retardation or worse. Alternatively, it could pay for health care for most uninsured children in America.

Do we truly believe that C.E.O.’s like Mr. Fuld are more deserving of tax dollars than sick children?

Perhaps it’s understandable that C.E.O.’s are paid heroically when they succeed, but why pay prodigious sums when they fail? E. Stanley O’Neal, the former chief of Merrill Lynch, retired last year after driving the firm over a cliff, and he walked away with $161 million.

The problem isn’t precisely paychecks that are huge. Baseball stars, investment bankers and hedge fund managers all earn obscene sums, but honestly — through arm’s-length transactions. You and I may gasp, but that’s the free market at work.

In contrast, boards pay C.E.O.’s after negotiations that are often more like pillow talk. Relationships are incestuous, and compensation consultants provide only a thin veer of respectability by finding some “peer group” of companies so moribund that anybody shines in comparison. The result is what critics call the Lake Wobegon effect, which miraculously leaves all C.E.O.’s above average. Indeed, one study of 1,500 companies found that two-thirds claimed to be outperforming their peer groups.

John Kenneth Galbraith, the great economist, once explained: “The salary of the chief executive of a large corporation is not a market award for achievement. It is frequently in the nature of a warm personal gesture by the individual to himself.”

There are widely discussed technical solutions to C.E.O.’s overpaying themselves that we should move toward. We can also learn from Britain and Australia, which offer shareholders more rights than in America, redrawing the balance between shareholders and management and curbing pay in the process.

As for Mr. Fuld, unfortunately, he had no comment for this column. At $17,000 an hour, it probably wasn’t worth his time.