

# Dollars and Democracy

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Those in the business of crusading against lavish corporate pay will find much fodder in this issue. There's a roster of [well-compensated clunkers](#); [Elizabeth MacDonald turns up some evidence that execs in privately owned companies don't do as well as those nurtured in clubby public company boardrooms](#); [a list of high earners has three averaging \\$100 million or more a year](#).

Executives need an incentive to get up in the morning. Maybe they don't need that much. In any event the sin in corporate pay is not so much its magnitude as the fact that it is often completely decoupled from performance, as Harvard law professor Lucian Bebchuk has documented.

But what would the crusaders do about these paychecks? Reforms being implemented, talked about and/or working their way through Congress include fuller disclosure of cushy deals, shareholder votes on pay plans and more democracy in elections of directors. Democracy: It sure sounds good in principle, but do we really want to turn the corporation into a debating society? Next thing you know we'd have corporate political parties and calls for public financing of their campaigns.

Reforms, alas, have a way of making life more complicated. Scott DeCarlo, who compiled the statistics in our pay survey, notes that the new, tougher Securities & Exchange Commission rules on disclosure have turned proxy statements into thickets of legalese. To find out about compensation at **Sprint Nextel** (nyse: [S](#) - [news](#) - [people](#)), shareholders have to wade through 60 pages. You could probably design rules that would prevent Steve Jobs from cadging an extra four bucks a share from his options, but what's the point if all the savings would be sucked away by lawyers and financial printers?

Here's a different kind of reform, one that works not by adding to the statute books but by subtracting from them. In a FORBES essay published 20 years ago, the economist George Stigler said Congress should repeal the Williams Act, the 1968 law that inhibits takeovers. With this law off the books, it would be easier for raiders to ambush sleepy boards of directors by quietly accumulating voting control. If the directors dissipated shareholders' assets on wasteful pay schemes, they'd depress the stock and one day wake up out of jobs themselves.

Dollar democracy, you could call it. It's not as glamorous as open elections for board seats, but it's a lot cheaper.