

Salary Caps And Other Liberal Lunacies...

Some Americans may not have noticed it (busy as they were bundling up against the cold and then exhaling that nasty global-warming-causing carbon dioxide while they shoveled mountains of snow off their driveways), but the Obama/Democrat “economic stimulus bill” includes a limitation on executive salaries for those businesses which accept federal bail-out money. Rules proposed by Obama’s Secretary of the Treasury Timothy “*I forgot to pay my taxes*” Geithner will place a limit of \$500,000 on the annual salaries of CEOs and bankers whose firms accept cash from the Toxic Asset Relief program (TARP). Granted, a lot of Americans may be thinking, “Good. Those bums drove their companies into the ground and cost me 40 per cent of my 401(k). They deserve to lose their big salaries, fancy BMWs, and mistresses!” (No doubt the loss of the first two will lead directly to the loss of the third.)

But before you get too excited about a “Revenge Against Wall Street” (starring Susan Sarandon and Alec Baldwin, with Albert Brooks and Sandra Bernhard for comic relief), you may want to consider the long-range implications of such a salary cap. A half million dollars a year may seem like a lot to ordinary Americans, but it’s chump change to the movers and shakers who, like it or not, have been entrusted with the remaining 60 per cent of their 401(k)s and IRAs. Compensation consultant James Reda stated that “*On Wall Street, \$500,000 will get you someone five years out of Harvard Business School or a sixth-year associate at a major law firm. It’s not going to get you a lot.*” Considering the sorry state of education in the United States today, you may not want to trust the rest of your retirement assets to someone who is wet behind the ears and who can cost you a fast \$10,000 loss from a poorly-timed stock sale that was delayed by an urgent trip to Starbucks.

The media has been banging the blame-Wall-Street drum for more than six months now, so it’s natural to want to punish the CEOs, but one can argue they’ve already been punished enough – they lost 40 per cent of their assets too. The problem now is not the salaries of Wall Street executives, the problem is the power grab by Obama and his fellow Democrats. Emboldened by a far-left Obama in the White House, majorities in both the House and the Senate, and a phalanx of liberal lemmings in the media, Congress is flexing its fascistic muscles in an effort to see how much it can get away with. Enter the powerful, albeit less-than-muscular, Barney Frank.

The rumped and shameless Congressman Frank (D-MA), who contributed to the nation’s economic collapse more than just about anyone else in Congress, has decided that the \$500,000 salary cap should apply to *all* businesses – not just Wall Street. The clueless Geithner voiced support, saying he would consider “extending at least some of the TARP provisions and features of the \$500,000 cap to U.S. companies generally.”

Oh. Does that fall under “hope” or under “change?”

Frank and Geithner have apparently never read the U.S. Constitution, most specifically the Ninth and Tenth Amendments. (Then again, Obama hasn't read the document either, or he wouldn't have decided it was perfectly acceptable to take the census operations from the Department of Commerce and place them under the politically-motivated control of his Chief of Staff, Rahm “*never let a crisis go to waste*” Emanuel.) A national salary cap is certainly unconstitutional, but that won't stop it from being enacted. And if Obama has the opportunity to replace one or two of the aging or ill Justices on the Supreme Court, there's no telling what new federal powers the majority of Justices may find hidden between the Founding Fathers' otherwise clear and concise statements.

Suppose for a moment that Barney Frank has his way and Congress imposes a limit of \$500,000 on the salaries of *all* business executives in the United States. What would be the consequences of such an action? Would you care? Most people likely would not care – which is why Frank thinks he can get it through Congress. But the more the concept is examined, the more ludicrous it becomes. Thinking through the process may be enough to turn one against the idea... even if the principles of law, fairness, and morality do not.

Assume the CEO of a major corporation receives \$5 million per year in salary. Suddenly he is told by Barney Frank's payroll police that he must cut his salary by 90 per cent, or be hauled off to jail and be subject to public ridicule by the likes of Keith Olbermann, Andrea Mitchell, and Larry King. The CEO complies.

But the CEO happens to have several underlings who are his chief operating officers and financial officers. He's been paying them a cool million per year (Harvard grads all). The CEO is not about to have those who work for him getting paid double the amount of his own salary, so their salaries face the guillotine as well. Although the CEO just got his salary whacked by 90 per cent, he shows mercy and cuts their \$1 million salaries to a still-generous \$350,000.

Even the average liberal, given enough time and caffeine, should be able to figure out what will happen next. Those executives who just got their salaries reduced to \$350,000 *also* have underlings reporting to them, and they're most certainly not going to be allowed to keep their \$500,000 salaries. (Can you say “\$250,000?”)

The process continues, with those who had been receiving \$300,000 cut to \$175,000, and so on down the economic ladder. Eventually the process has to stop somewhere. And where might that be? The union workers on the assembly line, who have the protection of a collective bargaining agreement (and whose union officials conveniently made substantial contributions to the election campaigns of Obama, Frank, and other Democrats).

With all these salary reductions taking place, Barney Frank will be as pleased as any omnipotent master of the world can be. His concept of fairness and equality has now been implemented across the United States!

The national payroll has also declined by an astounding amount. Social Security tax revenues and federal (and state) income tax revenues have also declined, increasing the federal deficit by a few hundred billion or so. But that's not a problem, because the government is going to have to print money for the \$700 billion TARP bill and the \$800-plus billion "stimulus package" anyway, so it might as well print a few hundred billion more to compensate for lost tax revenues. Running the printing presses at the U.S. Treasury 24 x 7 will no doubt cause runaway inflation, but Barney Frank has a solution for that too – just require that all businesses give all employees an annual cost of living increase!

Americans should be thankful that they have people like Barney Frank and Timothy Geithner making all these important decisions for them. It probably wasn't easy for them to come up with this brilliant plan. After all, they could have picked \$750,000 as the amount of the salary cap, or \$250,000, or maybe even \$495,975.63. Rest assured, deciding on that \$500,000 amount probably required many hours of difficult deliberation. (It is not yet clear whether it will be Frank or Geithner who breaks the news to Oprah that, as head of Harpo Productions, her salary will be limited to \$500,000 per year.)

Congressman Frank has not yet released *all* the details of his plan. The legislation will no doubt have to include exceptions for those citizens whose contributions to the American economy are far too important for them to be limited to incomes of \$500,000 per year... people like Britney Spears, Snoop Dog, personal-injury lawyers, politicians, lobbyists, authors of self-absorbed books about life before becoming President, union officials, anyone in the media (except Fox News), and so forth. But those are just details to be worked out; it's probably best for the average American not to concern himself with those things.

Besides, the sooner Barney Frank finishes his important work on this legislation, the sooner he can move on to his next project: deciding how many miles per year each person will be permitted to drive.

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