

POLITICS 

White House Cuts Bailout Exec's Pay

Thursday, October 22, 2009

 By Tahman Bradley

NEW YORK -- The White House is taking a meat ax to a lot of fat executive salaries. The top management at seven big firms that were bailed out with taxpayer funds will soon see a big cut in their take-home pay.

Seven U.S. companies that received exceptional taxpayer assistance from the federal bailout program will be ordered to cut executive compensation in a big way.

The treasury department's special master for compensation, Kenneth Feinberg, determined the cuts. "When issue these packages I suspect I'll move to Pluto, which will be too close to earth."

The top 25 executives at each of the seven companies who have not repaid their government loans will see the cash portion of their salaries slashed by an average of 90-percent. Their total compensation, including retirement and bonuses will be cut by 50-percent.

[Story continues below](#)

Advertisement



Executives seeking additional perks like limos, private planes and country club memberships worth more than \$25,000 will be required to ask for government permission first.

"The fact that a government official is actually setting pay for the highest paid members of some of the larger companies in the financial services industry is really extraordinary," said Dan Arnall with the ABC News Business Unit.

Some conservatives who opposed bailing out Wall Street in the first place, support

the deep pay cuts.

"We shouldn't forget about who put the money in there," said Alabama Senator Richard Shelby (R).

71-percent of the public backs slashing executive compensation, according to the latest ABC News / Washington Post poll.

But some critics warn companies partly owned by the government shouldn't have that same government setting salaries.

"If you wind up having second rate people in your companies because you can't pay them enough, that is presumably going to hurt the rest of us because our economy won't be as dynamic," said Daniel Mitchell, Senior Fellow with the Cato Institute.

The 7 companies ordered to make the cuts have received almost \$300 billion in taxpayer loans.

[MORE POLITICS NEWS](#) | [TWEET@ABC30](#) | [FREE ABC30 WIDGET](#)

Sign up for Breaking News Alerts
[Breaking News E-Mail Alerts](#) | [Text Message Alerts](#)

More News on abc30.com
[Local California/State](#) | [National/World](#) | [Weather](#) | [Entertainment](#) | [Business](#) | [Sports](#) | [Health Watch](#) | [Consumer Watch](#) | [Mr. Food](#) |

(Copyright ©2009 ABC News Internet Ventures.)