

BiasAlert 

CBS's Smith: Why Not Limit Compensation In All Companies?

By: Kyle Drennen

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Discussing Obama administration efforts to limit executive pay in companies that took TARP funds, on Thursday's CBS Early Show, co-host Harry Smith asked Congressional Oversight Panel Chair Elizabeth Warren: **"Chuck Schumer, some others, have said...why wouldn't we...make this law across the board and put a governor on compensation for everybody in private enterprise?"**



Warren seemed very open to the idea: "Well you know, it reminds us that there is a compensation problem in American industry....executive compensation right now is – has got the wrong set of incentives in it....what we really need to do are change the basic laws to align the incentives of the executives with the long-term health of the company and ultimately the long-term health of the economy."

Smith later asked: "Honestly, do you think anybody on Wall Street is listening to this?" Warren replied: "You know, you really begin to wonder what it's going to take to get the attention of the people in charge of these very large corporations....executives want to say 'I take your money when I make mistakes and I still want to compensate myself richly because I'm the one who's in charge of this big company.' You know, being in charge also means being responsible."

Here is a full transcript of the segment:

7:00AM TEASE:










HARRY SMITH: The bonus round for some business execs is over. Find out why the White House pay czar wants to cut some top executives paychecks by 90%.

7:05AM SEGMENT:

HARRY SMITH: Now to the battle between the White House and Wall Street. The top executives of some of America's biggest bailed out companies are about to see much smaller paychecks if the Obama administration gets what it wants. CBS News senior White House correspondent Bill Plante has that story. Good morning, Bill.

BILL PLANTE: Good morning to you, Harry. Well, the government gave, you'll remember, billions of dollars to bailout failing financial firms and now the government is about to take away, slashing executive pay. In seven of the biggest companies that got the largest chunks of federal bailout money, the administration pay czar Kenneth Feinberg is about to cut the top executive salaries by 90% and cut their total compensation in half. The cuts will target the top 25 earners at each company. Insurance giant AIG, guaranteed almost \$180 billion from the government, caused new outrage when it announced \$165 million in bonuses. Now AIG's top financial products executives will be paid no more than \$200,000 each. The CEO of Citigroup, propped up with more than \$200 billion, got almost \$1 million in salary last year and another \$37 million or so in stock. Under

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