

Boo, bonuses; now, back to the main feature

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Question: What could be worse than insurance giant AIG handing out \$165 million in bonuses while taxpayers are investing \$175 billion to keep the company from going under and taking the economy with it?

Answer: Permitting blind rage to derail the recovery train on whose successful journey every American's future depends.

Sure, those bonuses - at least those going to people who share responsibility for AIG's reckless behavior and those larger than four or five figures - stink. But politicians, of both parties, and others who fan the fire of public resentment over the bonuses are encouraging the public to miss the forest for the trees.

The bonuses are like earmarks in federal spending bills. They infuriate taxpayers, but they amount to no more than lint in the satchels of which they are a part. The AIG bonuses, remember, represent less than one one-thousandth of the public money that went to buy 80 percent of AIG. So once we all express our indignation over their collection, we have much bigger things to focus on.

Like saving the economy, of which everyone - scoundrel to saint - is a part.

A good analogy, one of special significance to Northwesterners, was suggested last month by conservative columnist David Brooks of the New York Times. In a piece titled "Money for Idiots," Brooks wrote that today, "the economic landscape looks like that movie of the swaying Tacoma Narrows Bridge you might have seen in a high school science class. It started swinging in small ways and then the oscillations built on one another until the whole thing was freakishly alive and the pavement looked like liquid."

How those oscillations began matters today only insofar as we want to prevent them from happening again. But the more urgent goal is to stop them from bringing the bridge down.

"Individual responsibility doesn't mean much in an economy like this one ...," Brooks wrote. "It makes sense for the government to intervene to try to reduce the oscillation. It makes sense for the government to try to restore some communal order. And the sad reality is that in these circumstances government has to spend

money on precisely those sectors that have been swinging most wildly - housing, finance, etc. It has to help stabilize people who have been idiots."

Yes, that can mean giving more money to idiots, including idiots who have contracts entitling them to it, like AIG bonuses. But the guy charged with reducing the oscillation at AIG, former Allstate executive Edward Liddy, is no idiot, and he's doing it for \$1 a year. He and others are working mightily to save the bridge.

And here's the greatest danger: It will probably take more money to do it. If the furor over AIG bonuses is permitted to block that money, thanks in part to politicians beating their populist chests while the cameras roll, everyone loses. And for many, it won't be bonuses lost, but investments, homes and jobs. - J.F.