

Proposal: 1410 (7100-AD69) - Incentive-Based Compensation Arrangements

Description: Joint notice proposing rules to implement section 956 of the Dodd-Frank Act. The proposed rule would require the reporting of incentive-based compensation arrangements by a covered financial institution and prohibit incentive-based compensation arrangements at a covered financial institution that provide excessive compensation or that could expose the institution to inappropriate risks that could lead to material financial loss.

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Comment ID: 80965

From: Stuart Parsons

Subject: Incentive-Based Compensation

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Comments:

May 27, 2011

Dear Sir or Madam,

According to Piketty and Saez, economists at the Paris School of Economics and the University of California, winners of a 2010 MacArthur Foundation "genius grant," the top ten percent wealthiest American households receive nearly 50%, one half, of American pre-tax income, and the top one percent (1%) receive roughly one quarter of national pre-tax income. This same top 1% most wealthy American households in recent decades have taken more than half (] 50%) of national economic growth. The middle and lower classes have either not gained any wealth whatsoever, in terms of actual purchasing power, and some have gone backwards.

This is "banana republic" phenomena. This is in no respect healthy democracy.

The human cost is immense. In my own personal experience, I have seen a glimpse. My own father, still semi-employed at 80 years old, solely out of the basic need to make expenses, at times forgoing necessary medication in order to pay the rent. My best friend, chronically unemployed with little hope of a reversal in fortunes at age 55, too old to start over very easily, his vibrant marriage of decades now in shatters because of the economic stress on the family. As for myself, having five degrees, one being a Ph.D. and a lifetime of continuous employment, I do not consider that I will be able to afford to ever retire.

Increasing social instability, widening human misery, and inevitable public outcry will surely compel sudden, strong reactions such as sharp tariff restrictions and who knows what else.

But more weighty are the social ethical issues. This income inequality is a social moral abomination. This claim may sound like the typical cry of someone on the political left. But in reality, I don't come from that part of the political spectrum, but rather from the conservative side, politically and for that matter also religiously. And it is from these conservative sides that I assert that this kind of economic inequality is truly indeed a social moral abomination. What can be done? Strong financial regulation reform can help level the imbalances. I urge strong regulatory reform, "with teeth." Among other things, they should include mechanisms to force surrendering of executive bonuses to shareholders during "out-years" if risky, short-term-myopia policies are found to have been used.

Thank you for your consideration.

Sincerely,

Stuart Parsons