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I Wish You Wouldn't Be So Good to Me, Cap'n

or, Executive Compensation and Ass-Kicking

Kevin Carson

September 20, 2006

At Postivie Sharing, Alex Kjerulf cites the lamest argument ever for astronomical executive compensation:

The ugly truth is that your boss is probably overpaid—and it's for your benefit, not his. Why? It might be because he isn't being paid for the work he does but, rather, to inspire you. In other words, we work our socks off in underpaying jobs in the hope that one day we'll win the rat race and become overpaid fat cats ourselves. Economists call this "tournament theory."

So paying someone else for *your* hard work will inspire you to work harder? GMAFB. Reminds me of some stupid asshole talking head I saw on CNBC at the beginning of the Iraq war who argued that "Americans" didn't want the extra weeks of vacation time or the shorter work weeks enjoyed by Europeans, because "we" preferred to be able to build more carrier groups to advance "our"

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interests. Yeah, increasing my choco-rations from 30 to 20 grams a week is doubleplusgood, as long as I know “our boys” have another floating fortress at the Malabar front. What do you mean “we,” paleface?

One of the commenters, JACH, wrote:

There are many “corporate wisdom” phrases that seem more like a justification to how things are done than a real explanation. Here’s the last one I heard from a guy that has been manager for 20 years: “people don’t work if you’re not constantly kicking their ass.”

Of course. A corporate hierarchy substitutes administrative for market incentives. The producer doesn’t internalize his productivity gains; the costs and benefits of change are artificially divorced from each other and assigned to different people, so that management gets the bonus for increased productivity and labor gets harder work for the same pay. As one of my coworkers jokingly told me recently, “anything is possible as long as you’re not the one who has to do it.” What’s more, a wage worker accepting someone else’s priorities and assignments is robbed of another intrinsic motivation: the innate satisfaction of using one’s own skills and judgment in creative labor. The only possible alternative is to substitute extrinsic motivation, like not getting your ass kicked. The people at the top figure out new ways to get more output from fewer people, for lower wages, in order to increase their own bonuses and stock options. And those at the bottom, who know the most about how to rationally improve production, have absolutely no incentive to do so because they know it will just result in speedups and downsizing, and all the productivity gains will go to stockholders or management featherbedding.

One of the characters in Ursula LeGuin’s *The Dispossessed* observed that the hierarchical, authoritarian culture of the military was absolutely necessary for an organization designed to force people to do inherently irrational things stuff that they couldn’t be

motivated to do through legitimate self-interest. A guerrilla army could operate with elected officers and decentralized organization, because its soldiers were carrying out a mission that was rational and meaningful from their individual standpoints—defending their own homes and communities. But an army whose mission is to visit death and destruction on foreign populations, or to turn its weapons against an insurrection by the local civilian population, can only be motivated (as PM Lawrence commented on an earlier post) by a fear of its own officers that’s greater than the fear of the enemy.

The great majority of people are doing work that is utterly meaningless to them, that they have no control over, and in which their personal values and judgment are left at the door. A work shift is an eight- or twelve-hour chunk of their life that they surrender control of to be a puppet on somebody else’s string, a piece of their life that they essentially flush down the toilet, in order to get the money they need to support their real lives in the outside world—i.e., the part of their lives where they are in control, where they are ends rather than means. So obviously, they can only be motivated by fear: a fear of unemployment, bankruptcy, and homelessness that outweighs the dread of the job itself.