

New York Times publishes “persecuted” AIG executive’s resignation letter

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The Wednesday *New York Times* published an “open letter” of resignation by one of the American International Group (AIG) executives who had recently received a huge bonus (“Dear A.I.G., I Quit!”). The letter from Jake DeSantis, Executive Vice President of AIG’s Financial Products (AIG-FP) division, defended the AIG executive bonuses.

The *Times*’s decision to give it such prominence—it covered more than half a page in its editorial section—shows, once again, that the leading organ of US liberalism is committed to the defense of the financial aristocracy. The letter’s publication marks another volley in the ruling class counteroffensive over the AIG bonuses, in which the media has played a leading role (see, “The media defends executive bonuses”).

DeSantis’s letter will be added to the arsenal of those defending leading finance executives’ “right” to enormous bonuses. The story was immediately picked up and promoted by a number of media outlets, which generally presented DeSantis and the AIG executives in a favorable light, including American Public Media and blogs associated with MSNBC, the *Wall Street Journal*, and the *Los Angeles Times*, to name a few.

DeSantis trains his fire on CEO Edward M. Liddy, who was brought in by the Federal Reserve to head AIG after its collapse. Liddy, DeSantis writes, “was not strong enough to withstand the shifting political winds.”

DeSantis is angered that Liddy, in his congressional testimony regarding the AIG bonuses, had not taken a more defiant stand. “I and many others in the unit [AIG-FP] feel betrayed that you failed to stand up for us in the face of...members of Congress last Wednesday and from the press over our retention payments, and that you didn’t defend us against the baseless and reckless

comments made by the attorneys general of New York and Connecticut.”

The letter claims the pressure on AIG-FP executives to return their bonuses was unfair, DeSantis writing he was “in no way involved in—or responsible for—the credit default swap transactions that have hamstrung AIG.”

After news of the AIG bonuses first came out, generating enormous public outrage, politicians of both parties quickly engaged in political theater, cynically declaring their “outrage” over bonuses they had previously defended. Following a furious reaction from Wall Street and the media, however, plans to tax the bonuses at AIG have quickly been sidelined, and will likely be abandoned altogether.

DeSantis no doubt feels a sense of “injustice” that he and other executives were singled out, while all the other players in the game continue to receive their massive paychecks. The same day that it published DeSantis’s letter, the *Times* also printed a report noting that the top 25 US hedge fund managers pulled in a combined income of \$11.6 billion in 2008. DeSantis’s own bonus—a *net* of \$742,006.40—is “only” about 15 times the median annual US household income.

DeSantis argues that “employees at the [AIG] financial products unit needed some incentive to stay,” after its government rescue. While he ostensibly worked for an annual salary of one dollar after the collapse, DeSantis understood his real salary would come with his year-end bonus.

Only these “incentives to stay” kept the finance “experts” of AIG from going elsewhere to ply their disastrous trade. “Many of the employees have, in the past six months, turned down job offers from more stable employers,” DeSantis claims.

DeSantis declares he will hand over his executive

bonus to charity. He makes explicit, however, that it is his prerogative to "dictate how my earnings are spent. [I] do not want to see them disappear back into the obscurity of the AIG's or the federal government's budget." In other words, DeSantis refuses to recognize the right of the government to tax his enormous bonus, or even his own corporation's fiduciary obligation to protect its balance sheet. He will provide "honorable service" to AIG, but only up until that service conflicts with the building up of his personal fortune.

DeSantis writes that he "can no longer effectively perform my duties in this dysfunctional environment," and that he "can no longer justify spending 10, 12, 14 hours a day away from my family for the benefit of those who have let me down."

Millions of workers work two or even three jobs for a fraction of DeSantis's 2008 bonus. Households with two wage earners pass whole weeks without spending time together as a family. The family vacation has all but disappeared for large sections of the working class.

DeSantis complains that he, "like many others here," lost "a significant portion of my life savings in the form of deferred compensation invested in the capital" of AIG. Yet DeSantis's one-year bonus was far larger than the retirement accounts of most American workers, which have been decimated due to the financial havoc emanating from Wall Street.

According to DeSantis, "none of us [AIG executives] should be cheated out of our payments any more than a plumber should be cheated after he has fixed the pipes but a careless electrician causes a fire that burns down the house."

Whatever DeSantis's role at AIG, there is a crucial difference between the work of the plumber and that of the finance executive—besides the enormous disparity in pay. The plumber performs a socially useful labor. The financiers have played a socially destructive role, as the collapse of AIG and the larger economic crisis have made clear. Their entire *raison d'etre* is to enrich themselves and their cronies.

Those worried over DeSantis's fate after his premature retirement may rest assured. "I know that because of hard work I have benefited more than most during the economic boom and have saved enough that my family is unlikely to suffer devastating losses during the current bust," he writes.

DeSantis has no doubt made himself a very wealthy

man over the last 11 years. But he and his Wall Street colleagues have done so at the expense of workers in the US and the world over who are suffering "devastating losses during the current bust."



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