

The Final Round¹

Everett Rutan

Xavier High School

everett.rutan@moodys.com

or

ejrutan3@acm.org

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State Finals

Joel Barlow High School

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Resolved: The U.S. should significantly limit total compensation paid by corporations to individual employees.

A Note about the Notes

I've reproduced my flow chart for the final round at Joel Barlow High School augmented by what I remember from the debate. The notes are limited by how quickly I could write and how well I heard what was said. Others may have slightly different versions. I'm sure the debaters will read them and exclaim, "That's not what I said!" I apologize for any errors, but I hope debaters will appreciate this insight: what a judge hears may not be what they said or wish they had said.

There are two versions of the notes. The one below is chronological, reproducing each speech in the order in which the arguments were made. It shows how the debate was actually presented. The second is formatted to look more like my written flow chart, with each contention "flowed" across the page as the teams argued back and forth. It's close to the way I actually take notes during the debate.

The Final Round

The final round at State Finals was between the Wilton team of Thomas Dec and Michael Tartell on the Affirmative and Joel Barlow team of Alyssa Bilinski and Evan Streams on the Negative. The debate was won by the Negative team from Joel Barlow.

1) First Affirmative Constructive

- a) Introduction
- b) Statement of the Resolution
- c) Definition: "limit" any legal initiative to lower compensation
 - i) "Compensation" means any one of the five major components: salary, bonus, long-term incentives, benefits and perks.
- d) A1²: Adopting the resolution benefits the shareholders and workers.
 - i) In 1990 CEOs made 55 times the average worker's wage
 - ii) By 2000 it was 119 times

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² "A1" indicates the Affirmative first contention, "N2" the Negative second contention and so forth.

- iii) How much is too much? We need regulation to prevent CEOs manipulating their pay.
 - iv) We don't need an explicit pay cap
 - (1) If we strengthen the competing interests involved in setting pay
 - (2) If we provide a more equitable way of determining pay
 - (3) Now the CEO is often the Chairman of the Board of Directors
 - e) A2: There is an inherent need to regulate executive pay
 - i) The current scandals over Citigroup and AIG show this
 - ii) Executives are getting exorbitant pay even as they drive these companies into the ground
 - iii) How are the workers going to feel about this.
 - f) A3: Adopting the resolution will benefit the economy
 - i) Standards for CEOs are poor, pay high
 - ii) Workers see little increase in compensation
 - iii) CEO's pay structure encourages massive risk taking
 - iv) The system isn't working, it doesn't properly reward hard work
 - v) How can US workers and shareholders institute change?
- 2) Cross-Ex of First Affirmative**
- a) Under your plan everyone would get a say on executive pay? If they are shareholders
 - b) How many are there? Many
 - c) How will you include all these shareholders? Don't know. We aren't congressmen or experts.
 - d) Don't recent newspaper articles show we have transparency? More transparency would be better.
 - e) Is "transparency" part of the resolution? If people knew about these pay packages they would limit them.
 - f) Don't they know already for the large companies, the S&P 500? Isn't it in the articles we have? Not enough detail.
 - g) Does the resolution say to increase transparency? Transparency is a more reasonable way to check power.
 - h) Are bonuses bad? Yes
 - i) If they are paid to people who have fulfilled their contract, why is it bad? Our interpretation builds flexibility.
 - j) Will all firms be affected by this policy? Not all but most.
 - k) If everyone gets together and agrees on pay does does mean it is this fair? Not necessarily.
 - l) What if everyone agrees to unfair pay? We don't think that will happen in general.
- 3) First Negative Constructive**
- a) We all want a stable, efficient economy. The Aff. side does not do this.
 - b) The Aff plan seems to be all kumbaya, everyone sits around and talks.
 - i) The Aff plan is vague. Does it require every shareholder, everyone voting?
 - ii) There is no mechanism to implement it. How will it be enforced?
 - iii) Who will be affected? Since Aff didn't say, we assume it will be at least the Fortune 500 and firms receiving bailout funds.

- c) N1: High salaries attract good employees
 - i) There is a global war for talent
 - (1) There is also a war for talent within the US
 - ii) It's easy to switch jobs
 - (1) Limits on salaries would cause talented workers to switch jobs or move abroad
 - (2) For example, in the 1960's high taxes in the UK prompted the Beatles' song "Taxman"
 - (a) Tax rates hit 95%
 - (b) Many emigrated for tax reasons
 - d) N2: Limits on salaries violate our values
 - i) Article I Section 9 protects the right of contract
 - (1) There is no justification to change these contracts
 - ii) The resolution is a response to an angry mob
 - (1) People are really mad, going to executive homes
 - iii) Capitalism may be in crisis, but that doesn't justify this regulation
 - e) N3: The resolution is unenforceable
 - i) We don't have the specifics of the plan
 - ii) If we reduce salaries overall, these are high tax individuals and so we will lose revenue
 - iii) Federal micromanagement will cause shifts
 - (1) Hedge funds were created to avoid investment regulation
 - (2) Credit default swaps were created to avoid insurance regulation
 - (3) Companies will change to avoid the regulation.
 - f) A1: These people work long hours at risky, stressful jobs. They deserve their pay.
 - i) Not all high paid employees are CEOs.
 - g) A2: The Aff confuses the problem
 - i) AIG and Citi don't justify limiting the others
 - ii) Financial market are risky, workers deserve high pay.
- 4) Cross-Ex of First Negative**
- a) You say workers will go elsewhere? Yes
 - b) Were the Beatles executives? Since the salaries are determined by the Board, and it's not clear what your plan is, it's a good example.
 - c) Is there a problem with executive compensation? I'm not sure, but it isn't the government's job.
 - d) Salaries 114 times the average worker isn't a problem? No
 - e) Why not? It's what the system calls for. Hard work, risk, stress, 14 hour days.
 - f) Isn't the gov't responsible for the general welfare? Not to redistribute wealth.
 - g) Why are there taxes? We need to pay for basic facilities.
 - h) Couldn't we use a flat tax? It makes sense for the rich to pay more.
 - i) Did we say contracts would be renegotiated? You didn't say. But you gave AIG as an example.
 - j) If we don't break existing contracts is that ok? No. The constitution upholds the right to contract.
- 5) Second Affirmative Constructive**

- a) I would like to spend my speech comparing the Aff and Neg contentions
 - b) The Neg say that they don't see a problem
 - i) Companies make less, lay off workers, executives still get more pay
 - ii) Aff wants to align the interests of the CEO and workers
 - c) The Aff Plan is to increase direct shareholder input on executive compensation
 - i) We'd also give unions a say in executive pay
 - ii) Now the average shareholder does not have a large say
 - iii) Now CEOs can drive companies into the ground and get a bonus and a golden parachutes
 - d) A3: If we pay less to the CEO:
 - i) The company can prevent layoffs and continue to pay benefits
 - e) A1 vs. N2 and freedom of contract
 - i) We aren't requiring existing contracts be renegotiated.
 - f) Angry mob?
 - i) People have made the connection between profit and pay
 - ii) Economic success isn't due to pay incentives alone but a partnership with all workers
 - g) Violates capitalism?
 - i) The resolution looks out for the general welfare
 - h) CEOs work hard?
 - i) At the same time workers are getting fired
 - ii) CEOs get paid millions for doing a bad job.
 - i) The resolution doesn't incite class warfare
 - i) Pay will be determined by the shareholders
 - ii) If CEO does well, there will be no cuts. He may even get a raise.
 - iii) Only if company is driven into the ground can the pay be renegotiated and cut.
 - j) N3: We believe the resolution is enforceable.
 - i) Shareholders are not the government
- 6) Cross-Ex of Second Affirmative**
- a) In the status quo, are there shareholders on the Board? Only a few
 - b) Is the CEO on the Board? Yes
 - c) Isn't that where shareholders come together to negotiate pay? The CEO controls the Board
 - d) The Board are all shareholders? No
 - e) Don't shareholders appoint the Board? I'm not aware.
 - f) You said that if executives were successful their pay could go up? Money could go up or down in the next iteration.
 - g) So it might only go down a little or not at all. How is that consistent with the resolution? Depends on the significance
 - h) Is "a little" significant? Depends on the definition
 - i) So if you are fixing the system, why will this only apply to one contract? We want higher accountability for CEOs
 - j) Did high pay cause the crisis? Not entirely, but limiting it will help us get out.
 - k) Executives who do a good job will see no pay cut? Most Boards will cut pay.
- 7) Second Negative Constructive**

- a) I hate going to bed because the light switch is by the door, and after I turn off the light I have to walk through the dark to get to bed
- b) This is like the Aff plan. They haven't been clear so we don't know where everything is.
 - i) Shareholders and the corporation are distinct from the US, so it isn't clear how they meet the resolution.
 - ii) Also, the shareholders appoint the Board currently
 - (1) Unless they have thousands at the meeting, their plan won't work
 - (2) Many employees are already shareholders, so they would have a say too
 - (3) How many would be involved?
 - iii) What mechanism will lead to actual pay cuts?
 - (1) The parties involved might not cut pay. This could be a very bad mechanism
 - iv) Overall, we don't think the Aff proposal is very topical. It doesn't satisfy the resolution
 - (1) They want to affirm, but not for very long. Where is the change, the significance?
- c) A1: Depends on shareholders and workers not having a say now.
 - i) Currently shareholders elect the Board, some are on the Board
 - ii) So how much is too much? It will still be up to the company unless the gov't is involved
- d) A2: We need new regulation, but not this regulation
 - i) The recession is due to mortgage backed securities and leverage
 - (1) Regulation needs to control leverage and derivatives
 - ii) There is no linkage to executive pay
 - iii) Aff proposal is irrelevant to the fate of AIG or Citibank
- e) A3: Is based on the same assumptions as the other contentions.
- f) N1: Executives will move to where they get earn higher salaries
 - i) They will go to companies that aren't affected or overseas
- g) We shouldn't have to stumble around in the dark.

8) Cross-Ex of Second Negative

- a) Do you stand by your partner's belief there is no problem with executive compensation? Yes
- b) Did the Aff propose an intrusive plan? I don't know.
- c) What is wrong with shareholders ratifying executive pay? It's not an alternative
- d) Are corporate Boards concerned? Yes
- e) Do shareholders vote on the Board? Yes
- f) Why not have shareholders ratify pay? That is the current system.
- g) It's not. Don't the Board and the shareholders have different motivations? Sometimes, but both want to make money.
- h) Why are salaries so high? They were negotiated ahead of time, and executives would leave if they weren't.
- i) What checks exists? Companies determine if they are adequate.
- j) Who determines? The Board.
- k) Who is the head of the Board? The Chairman, who is sometimes the CEO.
- l) The CEO? He's still answerable to the Board.

m) Are the more shareholders than Board members? Yes.

9) First Affirmative Rebuttal

- a) The Neg is lost in the dark
- b) About the plan
 - i) Aff wants to increase shareholders say
 - (1) There is no direct vote now
 - ii) We also want to increase transparency, which is always good.
 - iii) It's also legitimate to increase unions
 - iv) Aff believes this is clear and equitable
- c) Neg. doesn't think there is a problem
 - i) My grandfather came over from Italy, worked hard, built something
 - ii) Now many are getting laid off while CEOs are paid exorbitant sums.
- d) Correcting this will increase worker morale
 - i) That will increase productivity
 - ii) It will also encourage immigration
 - iii) The Neg doesn't address the morale and moral arguments
- e) Aff is not breaking contracts
- f) The US is the best economy in the world. There is no place else to go.
- g) The Aff is not lost in the dark
 - i) There are risks, but the benefits outweigh the risks

10) First Negative Rebuttal

- a) The Negative has three questions. I'll discuss the first two and my partner will discuss the third
 - i) Will the Aff plan work?
 - ii) Are high salaries harmful?
 - iii) Is gov't action appropriate
- b) Will the Aff plan work? It's a plan of ideas, not actions
 - i) How will it increase shareholder influence
 - ii) How will they enforce limits on compensation
 - iii) Today this is already done by the shareholders and the Board
 - iv) In the rebuttal the Aff said the shareholders would ratify pay and they would increase transparency
 - (1) But how are they going to get them to vote on these issues?
 - v) They may not choose to reduce total compensation
 - (1) Aff said it might go down, but that it might go up
 - (2) They want the plan to work, but they can't show it will have a significant effect
- c) Are high salaries harmful? This is the class between A1 and N1.
 - i) What about CEOs who didn't drive their companies into the ground? No change?
 - ii) What about the others? They have a contract, and many have left their companies
 - iii) The Aff dream is that you come to the US, work hard, rise in the world, and best case you get low pay.
 - (1) The Negative believes they will go elsewhere if the Aff plan is effective.

11) Second Negative Rebuttal

- a) Resolved: All companies appoint all shareholders to their Board
 - i) Otherwise, how will the Aff implement their plan?
 - ii) Neg agrees that not all shareholders are involved now, but how do you force them to be involved? Aff doesn't say.
- b) Is gov't action appropriate?
 - i) We do need new regulations, but not this one
 - (1) Pay is not related to the crisis
 - (2) Pay caps won't prevent risky products
 - ii) Average hard working American?
 - (1) Resolution won't help them. Won't stop layoffs due to the economy
 - (2) Layoffs not related to pay. It's the result of bad decisions and risky products
 - iii) Values?
 - (1) Aff sees a different American dream. Climb the ladder and bang your head on a glass pay ceiling
 - (2) Neg. values capitalism.
 - (a) This change to the Board is nationalization.
 - iv) We don't really know what the plan is, it won't work, and it's immoral.
 - v) The Aff may appease anger, but it's no fix for mortgages.
 - (1) Until those programs are fixed, it won't help workers
 - vi) The Neg wants to turn on the light so we don't have to stub our toe on the inequities of human nature.

12) Second Affirmative Rebuttal

- a) Neg is not only stumbling in the dark, but they shut the door as the Aff tried to lead them out.
- b) Aff made a moderate proposal
 - i) No radical pay cuts
 - ii) Linking shareholders to pay is reasonable
 - iii) Calling it a "glass ceiling" is an unreasonable interpretation
- c) Shareholders will lower salaries because they are motivated to
 - i) Success will cause pay to rise, pay for performance
- d) Is pay the cause of the crisis? It's not relevant to the resolution.
- e) What is the best way to improve companies? What is the best way to improve profitability?
 - i) Without limits, CEOs take unnecessary risks. Fail and they have golden parachutes
 - ii) Capitalism is about making markets work
- f) We urge an Aff ballot to keep the American dream alive
 - i) Give shareholders a say, and only pay for performance