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Opinion

It's All About the Bonus

By CAMERON STRACHER DEC. 17, 1999

This week and next, as Wall Street records the latest in a stream of yearly profits for investment banks and the lawyers who feed on them -- courtesy of the surging stock market and the endless hunger for anything made of silicon -- bonuses will be announced. A few tears may be shed, but mostly there will be the satisfied hum of a certain smugness that comes with predictability.

We live in a time that hasn't seen a serious recession in more than a decade, a world where young college graduates' only memory of an economic downturn is one crazy day in October 1987 that might as well have been a video game. Now, as they line up for their money, we can only envy their luck, wish them well and pray for their demise.

There's nothing wrong with a little extra cash floating around. And the boom in tax revenues and fancy restaurants is good for mayors and waiters. But the bonus mentality has spawned an ethic of entitlement, where the job matters less than the options and nothing matters more than the dough. Quite simply, there are too many people who expect a yearly bonus, from office staff to industry analysts.

Young lawyers, for example, who until the 1980's rarely received bonuses at all, now expect a boom year bonus -- extra compensation for the heady profits their firms are making -- in addition to a guaranteed annual bonus. A few weeks ago, as

big law firms hesitated to announce boom year bonuses for this year, there was a huge outcry among the associates who had come to see a double bonus as a birthright, part of their annual compensation.

The surge in bonus-giving has naturally fortified the role money plays in career choices of the young and fortunately schooled. Law firms can't keep up with the compensation awarded by investment banks, just as banks can't keep up with the money lavished on employees by dot-coms. But they try.

The discussion at job evaluation time becomes all about money -- not about the people in the company, the work or the future. It's "How much did I make?" and "How much will I make?" and "How much are others around me making?" -- and not much else.

When lawyers become investment bankers and then Internet moguls, you know they're not doing it for the love of the law. Meanwhile, employers fret about the employees they can't keep and the race among their best and brightest to cash out.

Once upon a golden time, if you wanted to be rich, you went to medical school -- and older doctors wondered why some of the younger ones seemed so uninterested in the healing process. By the time I went to law school in 1984 the landscape was already changing, with law moving up as the lucrative choice. Yet even then we couldn't imagine a world of stock options and bonuses equal to an entire salary. We chose law at least partly because it challenged us.

The extravagant lunches we were wooed with during the summer of 1986 seem positively quaint now, compared with the option packages that Internet startups throw in when they make new hires. The route to partnership in a law firm, where real wealth for lawyers resided then, had daunting odds at best. Now many young lawyers don't think a partnership offers enough money to make it worth pursuing. A mere half-million is nothing when you're already 26.

Law firms, banks and other financial institutions have brought the bonus culture upon themselves. By trying to keep up in a war they can't win, they've encouraged their employees to use just one measure to evaluate their success.

Now it's too late to put that genie back in the bottle. Any attempt to eliminate bonuses, even if it involved increasing salaries, would only be seen by a younger generation as a cynical attempt by their elders to keep the money for themselves. And, in many cases, they would be right.

It will take nothing short of a market crash and the resulting wave of unemployment to focus today's new hires on the work, not the bucks.

If the boom went bust, college grads might choose law because they found it interesting, not as a route to investment banking, while bankers might try to create real wealth, not cybercastles, and computer nerds wouldn't be billionaires, but just funny little guys with ill-matched socks.

Let's hope for that crash, with its smothering of overheated expectations. On the day after the rest of us cash out our portfolios, of course.

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