

Ever since helping to pass legislation to recover some bonuses by TARP recipients, I have been besieged with calls from angry people on both sides of the issue. The calls reflect a more serious problem than the bonuses controversy itself. They reveal a serious cleavage in America and a dangerous disconnect between the middle class and the wealthy.

Consider two perspectives I heard on the same day.

From a neighbor of mine: "My taxes bailed out those companies, Mr. Israel. Now these people are saying it's unfair for us to take back their bonuses. Poor babies. Hey, I just got my overtime cut. They just don't get it!"

From a friend: "I took the risk that created the capital that fueled the middle class. Now they want to punish me for that. How do they think they got their credit? They have no idea."

Both views reflect a basic premise from either side: the other side just doesn't get it.

For the record - and understanding the consternation my view causes -- I believe it is fundamentally unfair to ask people earning \$50,000 or \$100,000 to bailout companies who then use the proceeds for bonuses. As a matter of policy, that is unjust enrichment. As a matter of fairness, Congress needs to act. As a matter of financial stability, the only way future TARP payments can be made is if the public is satisfied they're not going to reward failure in the form of bonuses while families are working 2 or 3 jobs and losing their homes.

But the tenor of anger -on both sides - suggests that people are not just living in different economic conditions, they are living on different planets. The rhetoric is a reflection of a massive economic disparity in America that is now a firm cultural disparity.

We need to step into each other's shoes.

Many middle class and working families watched the rising discrepancy in rising salaries between them and well-paid executives, but weren't visceral about it. They may not have liked the disparity, but they intuitively accepted that society was paying for success; that Wall Street compensation was merit based; and that one day, maybe they or their kids could benefit by occupying the high end of the compensation disparity scale.

Now they received a shock. The high pay scales were not merit based. Bonuses were rewarding failure. Even worse, the middle class had to foot the bill for bonuses that create an even greater disparity of wealth. They listened with boiling blood pressure to executives talk about how "unfair" it is to take away their bonuses, without expressing any empathy for workers who lost real wages, who couldn't afford college for their kids, who watched the equity in their modest homes plummet.

At the other end are the angry who believe they are under assault from politicians with pitchforks for committing the heinous crime of capital formation. They were doing their jobs in

system where the rules were to make money. They paid higher taxes, took greater risk, expanded credit markets and made it possible for families to get multiple student loans, jumbo-mortgages, and consumer goods. What thanks to they get? The stripping away of their incentives.

The huge gaps between rich and less-rich has create a vast chasm in perspective. The past 10 years has polarized income levels and fortified the walls around us. And so the national discourse in economic fairness has been reduced to a Jerry Springer show.

We need a national conversation about collective responsibility and empathy in a turbulent and even fearful time. And the debate can start with an exploration of compensation structures in companies with significant infusions of public money. For example, when the federal government invests heavily in a corporation, what is the proper balance between ensuring the quality of executives needed to mind the taxpayers investment and the need to prevent excessive pay package abuse? What is a fair compensation structure that reflects incentives for success but also responsibility for failure?

I believe a rational discourse on economic polarization can begin with a federal commission that will address those issues. And perhaps that long-term view - removed from the passions of the day and the anger of the moment - can draw us into broader conversations about our responsibilities to each other.

Ironically, the economy is forcing us all into the same boat. The middle class is slowly becoming a majority shareholder in some of America's largest enterprises. Senior executives are now increasingly stewards of the public treasury. In that context, it is no longer about Wall Street versus Main Street. It's about all of us.