

Simon Caulkin hits the theory of executive bonuses on t...

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There's a lot of emotion about bonuses right now.

Simon Caulkin on the Observer [offers analysis](#):

To root out the perverse incentives with which chief executives' pay is riddled, Obama ... needs to go far beyond the size of the bonus. At the heart of the pay spiral is governance, in the shape of the disastrous "agency" doctrine that demands the "alignment" of managers with shareholder interests through monetary incentives. Agency theory is management's very own Ponzi scheme. It is a self-reinforcing enrichment device for top managers and privileged shareholders who, in unholy alliance, have combined to loot the company at the expense of employees, customers and, as we now know, society as a whole. Breaking out of the corrupt and self-serving agency model is an essential first step to lasting pay reform.

The article is too good not to read. You won't regret doing so.