Please, no more â€œczarsâ€•

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When motorists are paying twice as much for gas, for example, all but the most ardent free-marketer will regard record oil company profits as offensive.

Likewise when million-dollar-plus bonuses are paid to employees of Wall Street firms that received billions in government support, most people would regard that as excessive.

It’s interesting that you don’t often hear these phrases with regard to such people as Warren Buffett or Bill Gates. The feeling is that they are smart, hard-working people; their big incomes and high net worth don’t offend.

That’s because Americans (to generalize just a bit) like success stories. They respect talent, hard work, savvy.

If Andrew Hall, the $100-million-bonus man who heads Phibro, Citibank’s energy trading unit, had worked elsewhere, he might have been able to avoid the spotlight. Clearly he had a lucrative arrangement, but if he did, in fact, do a great job to earn that bonus, people tend to respect that, although questions have been raised about energy traders in general.

The problem for banks as a group is that the perception has become widely ingrained that the industry is populated by greedy, short-sighted types—a perception fueled in large measure by the fact that “bank” is applied to just about any activity under the umbrella of “financial services.” “Bankers,” therefore, must be forced to wear the equivalent of electronic ankle bracelets to make sure they don’t stray from some government-defined zone of pay propriety.

No industry is without bad apples. No company or organization—no human being—gets it right all the time. And, there are some legal activities that appear to do more harm than good while creating staggering wealth for a handful.

As individuals we have the responsibility to decide if that’s a business we want to be in, or have as part of our company. As a people we can decide that certain activities cross the line, and declare them illegal. Certain energy trading practices may fit that description. Some of the egregious mortgage practices certainly did.

There were excesses—pay-related and otherwise—that contributed to the recent mess. The great temptation of self-governing society is to legislate fairness on a massive scale and appoint a “czar” as overseer and enforcer. But true self governance begins with the self, which, we sometimes forget, is a responsibility of living in a free society.

As has clearly become evident in the great health-care debate, many people are wary of having the government make choices for them—rightly so. But business now has to deal with a so-called “pay czar,” Kenneth Feinberg, who, by the time you read this, may have decided whether Andrew Hall gets his bonus.

Given the circumstances involved, that is a legitimate issue. Even so, the appointment of a pay czar is a dangerous precedent. Why do we need one? Existing regulatory bodies have authority over pay. Further, to apply onerous rules retroactively, as seems likely to happen, to the hundreds of banks that bolstered their capital with TARP-CPP funds to help stimulate the economy would be patently unfair.

You cannot decree a perfect world. So let’s shelve the righteous indignation and deal with specific practices that need dealing with—by regulatory review and, importantly, by company review—and not implement sweeping government restrictions of compensation. â–