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3 reasons why CEOs today are better than ever

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According to former Treasury Secretary -- and former Goldman Sachs CEO -- Hank Paulson, we're in a golden age when it comes to our chief executives.

By Geoff Colvin, senior editor-at-large

DAVID PAUL MORRIS/BLOOMBERG/GETTY; T.J. KIRKPATRICK/BLOOMBERG/GETTY; ANDREW HARRER/BLOOMBERG/GETTY

Superstsar CEOs Steve Jobs, Jeff Bezos, and Kenneth Chenault

FORTUNE -- Talking with Hank Paulson not long ago, I was stopped short by an observation he made: "I've been working with CEOs since the 1970s, and CEOs today are so much *better* than they used to be."

He's certainly in a strong position to judge. In a long career at Goldman Sachs (**GS**), where he rose to CEO, and then as Treasury Secretary, he got a close-up look at a wide range of major corporate chiefs. So is he right?

I think he is. Many people lament that there aren't any CEO heroes anymore, but a powerful case can be made that we're actually in a golden age of outstanding CEOs. If Amazon's (**AMZN**) **Jeff Bezos** retired today he'd be in the CEO pantheon of the past 50 years, and he's still only 49. Steve Jobs, who turned a failing company into the world's most valuable, will be remembered as much for his managerial innovations as for Apple's (**AAPL**) products. I'm not sure CEOs get much better than American Express' (**AXP**) **Ken Chenault**. No one pays attention to Haier Group's Zhang Ruimin (**HRELF**), but I'm telling you now that he'll be remembered as the Chinese Jack Welch. Don't get me started on Costco's (**COST**) Jim Sinegal or IBM's **Sam Palmisano** (**IBM**), both of whom stepped down last year. I could keep going.

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The notion that CEOs have improved is more than just an impression. It stands to reason that they'd be better now than they were in the '70s. Consider:

-Back then most U.S. businesses were barely exposed to giant, top-caliber foreign competitors. Europe was still recovering from the destruction of World War II; China and Russia were communist; India was a socialist basket case. As business has globalized, CEOs have in effect been pushed from high school sports to the Olympics and have had to raise their game dramatically.

-CEOs are under far more scrutiny today. It's fashionable to deride the advent of the celebrity CEO, but in the '70s, few Americans could name the CEO of any **Fortune 500** company. When the world knows your name, the stakes get higher.

-Shareholders have far more power today. In theory, shareholders could always fire the CEO, but it almost never happened. Today, for many reasons -- shares more concentrated in the hands of institutions, SEC rule changes, technology that lets shareholders find one another and communicate far more easily -- the balance of power has shifted. The best way not to hear from **Bill Ackman** is to make sure he has no reason to call.

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Paulson's right: On the whole, CEOs are better. (They're also much, much better paid, which may become a societal issue they'll have to confront.) The rising standard is not necessarily good news for them. The lesson of the past 40 years is that we should all maintain heavy, unrelenting pressure on CEOs to improve. It works.