New figures show wider than ever pay gulf between US workers and corporate executives

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The growth of real wages of American workers slowed in the first quarter of 1999 while productivity increased sharply. Meanwhile the pay of chief executive officers rose 36 percent in 1998, meaning the average corporate head today earns 419 times the pay of a typical factory worker.

The US government's employment cost index rose just four-tenths of 1 percent in the first quarter of 1999, the smallest increase since 1982 and one half the predicted rise. However, productivity of US workers rose at a 4 percent rate in the first quarter after a rise of 4.3 percent in the fourth quarter of 1998.

Recently published figures show that 1998 was another extraordinary year for US bosses. The average pay for a chief executive of a major publicly held company rose to $10.6 million, 36 percent above 1997 and 440 percent above 1990. Topping the list once again was Michael Eisner of Disney who took home $575.6 million in salary, bonuses and stock options. Second was Mel Karmazin of CBS who pocketed $201.9 million. The five richest CEO's earned a combined total of $1.2 billion.

Heads of internet related firms had a good year. Stephen Case, CEO of America Online, took in $159 million.

Margaret Whitman of eBay, the internet trading company, netted $42.7 million, the highest ever for a woman executive.

Beverage makers had a banner year as well. Confirming the slogan "Things go better with Coke," Coca-Cola chief M. Douglas Ivester raked in $57.3 million. Pepsico heads R.A. Enrico and C.E. Weatherup had to settle for $14.7 million and $20.3 million respectively.

Drug manufacturers had some of the highest paid CEO's in the US. Charles Heimbold of Bristol-Myers Squibb earned $56.3 million. Duane Burnham of Abbott Laboratories earned $46 million and Gordon Binder of Amgen pocketed $39.1 million.

Auto executives also cashed in big. The top five officers at Ford took home a combined total of $138 million. Alex Trotman of Ford and Bob Eaton of DaimlerChrysler each netted more than $69 million in salary, bonuses and stock options, three times more than the previous record compensation for an auto executive. The full extent of Eaton's windfall may never be known, since German law does not require disclosure of executive compensation.

According to a report in the *Wall Street Journal*, 160 corporate officers surveyed exercised stock options in 1998, for a median gain of $2.78 million, up from $1.87 million in 1997. Overall option gains for those chief executives surveyed increased 85.3 percent over the previous year.

Recent figures on CEO pay do not take into account stock options by executives that have not yet been cashed in. The highest outstanding stock options include:

1. $659.5 million, Millard Drexler, The Gap;
2. $544.5 million, Timothy Koogle, Yahoo;
3. $496.3 million, Barry Diller, USA Networks;
4. $481.8 million, Charles Wang, Computer Associates;
5. $435.3 million, Louis Gerstner, IBM.

According to the results of a preliminary study, new stock option grants are up 17 percent over last year.

The 36 percent increase in executive compensation in 1998 compares to a 2.7 percent increase in real wages for factory workers in 1998 and a 3.9 percent rise for white-collar workers. By way of comparison, given a 36 percent yearly increase in pay, a worker earning $25,000 in 1994 would earn $116,290 today.

The slowdown in the already anemic pace of worker pay raises amidst rising productivity points to a further growth in corporate profits and even greater levels of inequality. First quarter profit reports point to a new surge in corporate earnings. The biggest gains went to so-called blue chip companies. Among the leaders was auto giant General Motors, which posted a profit of $2.09 billion in the first quarter of 1999, the fourth best quarter in history. Ford, meanwhile, posted a profit of $1.98 billion.

Even the minuscule pay increases won by workers are considered dangerous to the interests of US capitalism. Summing up the attitude of the ruling elite, Federal Reserve Board Chairman Alan Greenspan declared last week in a conference on "Global Financial Crisis" in Chicago that the main danger faced by the US economy is the threat of rising wages due to a "tight" labor market.