

# US bosses' pay is 400 times the average worker's

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A report released this weekend finds that the gap between the pay of corporate executives and the pay of workers has grown tenfold in the United States during the past two decades. While the CEOs of major corporations made an average of 42 times the pay of an average worker in 1980, today the top bosses make a staggering 419 times the average pay.

The report, entitled "A Decade of Executive Excess," was released by the Institute for Policy Studies and United For a Fair Economy, liberal study groups based in Washington, DC and Boston respectively. While providing new figures on corporate CEO pay increases in 1998, the most startling figures were those for the entire decade of the 1990s.

During this period the wages of the average worker rose by 28 percent, just barely ahead of the inflation rate of 22.5 percent, making the net gain only 5.5 percent. But the compensation of corporate CEOs, combining salaries, bonuses and stock options, rose 481 percent, for a net gain after inflation of 459 percent—a rate of increase 82 times as great as that for workers.

The average yearly pay for workers in the United States reached \$29,267 in 1998. If workers' pay had risen as fast during the 1990s as CEO compensation, the average pay would now stand at \$110,399. Similarly, the minimum wage, which rose from \$3.80 to \$5.15 an hour during the past 10 years, would now stand at \$22.08 an hour.

The average CEO at a major US corporation brought home \$10.6 million in combined salary, bonus and stock options in 1998, a 36 percent rise over 1997. By contrast, workers' wages rose only 2.7 percent, about the same as inflation.

Some 16 CEOs took in over \$50 million each, the largest number ever to hit that stratospheric figure for a single year, with Michael Eisner of Walt Disney, a

perennial leader among the executives at the corporate trough, taking top place with \$576 million.

Three top executives of the Long Island-based Computer Associates, including CEO Charles Wang, split \$1.1 billion from a May 1998 stock option deal. Another big winner was Sanford Weill of Citigroup, with an income of \$167 million, while Steven Case of America Online made \$159 million.

According to the study, American corporate bosses far outstrip their foreign counterparts in terms of income. Comparable foreign corporations reported paying their CEOs anywhere between 73 percent and 96 percent less than the amount paid to the CEOs of their American competitors. One estimate was that the pay for Japanese CEOs averaged just over \$400,000, 25 times lower than in the United States.

The pay disparity between bosses and workers is correspondingly greater in the United States than in other major industrialized countries. While US CEOs make 419 times the average pay, the ratio in Japan is 20 to 1 and in Britain 35 to 1.

As the report noted, "In today's economy, workers are told they must compete in a global labor pool, whereas US CEOs do not seem to face similar international wage competition.... Virtually all corporate proxy statements boast that the company aspires to pay executives at or above industry averages."

What is most remarkable about the latest report on executive pay is how inured American society and official public opinion have become to such gross displays of economic inequality. The IPS/UFE report was briefly summarized by the Associated Press and the *Washington Post*, but went virtually unmentioned in most newspapers and on television.

Even those reports which did appear were accompanied by the obligatory statements justifying the

feeding frenzy by corporate CEOs. A consultant on executive pay quoted in the *Post* declared, "We're really a capitalistic society, but we demand a lot of our leaders, too." Another such "expert" took a more openly "So what?" attitude, declaring, "We live in a market economy."

Such comments have more than a passing resemblance to the infamous remarks of Marie Antoinette as the Ancien Regime in France approached its demise, and the similarity is not only in the combination of complacency and indifference to the plight of the vast majority of people which such statements reveal. This social blindness is itself a hallmark of crisis and decrepitude in the ruling circles, and the gathering forces of a social upheaval.



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