

Britain: Corporate CEO pay rises again

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Last year saw growing criticism by both workers and shareholders of massive hikes in executive pay. In some cases, investors and shareholders even vetoed increased salary packages, multimillion-pound awards and giant payoffs awarded to CEOs who presided over falling profits. Notwithstanding such criticism, this year the pattern of huge handouts to British executives remains in place, except on an even greater scale.

Overall, executive pay in Britain rose last year by 17 percent.

In 2003, the British-based firm GlaxoSmithKline was forced to back down by its shareholders on a plan to double CEO Jean-Pierre Garnier's remuneration. This year, it emerges that the company paid Garnier a 14 percent increase in total compensation to £2.79 million, which reflected his bonus package and gains from a scheme that promised to pay option holders 10 percent of the value of the options if they held them for at least two years. Former chairman Richard Sykes received a windfall of £941,000 from the same scheme.

Barclays Bank announced in its annual report that CEO Matt Barrett's pay more than doubled to £3.92 million. Whilst his salary was unchanged at £1.1 million, his bonus increased from £516,000 to £1.919 million. His earnings included £831,000 in shares and £69,000 in benefits including life insurance and a company car. All this does not include the £990,000 paid into Barrett's pension last year.

Pay for Chris Lendrum, now the vice-chairman of the bank, rose to £868,000 from £560,000 a year earlier.

It has been widely noted that Barrett has overtaken Sir John Bond, the chairman of rival HSBC Holdings, the world's second-biggest bank by market value. He will see his basic salary rise to £1.2 million this year from £1 million in 2003. Sir John was also rewarded with shares worth £2.1 million. On top of that, there is an annual bonus of £1.1 million and a payment in his pension fund of £2.42 million. In total, HSBC will

increase its basic pay to senior executives by 18.9 percent this year. This includes Chief Executive Stephen Green, who will earn £700,000 this year against £551,000 in 2003.

The UK's second biggest bank, the Royal Bank of Scotland, raised its CEO Fred Goodwin's pay to £3.45 million last year, £1.53 million of which was paid in share options. He received £1.92 million in salary, bonus and benefits in 2003, down from £2.58 million a year earlier.

Other noteworthy payoffs include Dame Marjorie Scardino, head of the Pearson Group, which owns the *Financial Times*, who gets a 20 percent pay rise to £825,000, and Tom Glocer, Reuter's chief executive, who pockets a £10 million pay package.

Whilst life becomes more and more opulent on top of the pay ladder, it becomes more desperate at the lower end. Pay disparity becomes ever wider. Statistics show that half of the population now earns less than £21,000, whilst only 1 percent earns more than £100,000.

The increased profit margins of the top companies and the pay for its executives are paid at the direct expense of the growing misery of ever-wider layers of the population. While the top-paid see their pensions increase in huge proportions, many final pension schemes for the working class are being wound down, leaving scores of workers with the prospect of poverty in their old age.



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