

# Citigroup's \$100 million banker

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The *Wall Street Journal* reported Saturday that a top Citigroup trader is demanding that the bank follow through on a 2009 pay package estimated at \$100 million. Andrew J. Hall, who runs Citigroup's energy trading division, has threatened to quit should the bank fail to honor his pay deal in full.

According to the *Journal*, Hall, an energy speculator and top money-maker for the bank, received more than \$100 million last year. Such nine-digit salaries exemplify the plundering of social resources that has become a hallmark of American capitalism and the American financial elite.

The crash of 2008 and Great Recession of 2009 have had no impact on the obscene levels of wealth that flow to a parasitic elite at the top of the economic ladder. On the contrary, the power of the aristocracy has, if anything, been enhanced as a result of the policies of the Obama administration, which has made the bailout of Wall Street at public expense its number one priority.

It would take a minimum wage worker, working full-time without vacations, 6,269 years to earn \$100 million. Hall's yearly pay is roughly equivalent to the annual wage of 2,000 workers in the US. He makes in an hour about the same amount most American workers earn in a year.

Hall's two-year take of \$200 million will be greater than the budget deficits confronting a large number of US cities and their public school systems.

Hall heads Citigroup's energy-trading unit, Phibro LLC, which the *Journal* describes as "a secretive operation, run from the site of a former Connecticut dairy farm [that] occasionally accounts for a disproportionate chunk of Citigroup's income."

The federal government has plowed \$45 billion in cash into Citigroup and guaranteed over \$300 billion of the bank's assets. It will soon own 34 percent of the bank's common stock, making it Citigroup's largest

shareholder.

Yet the Obama administration is tied up in knots over the demands of a single Citigroup energy speculator. Nothing could more clearly demonstrate the complete subordination of the government and the entire political system to the financial mafia.

The *Journal* writes that the payout would set "the stage for a potential showdown between Citigroup and the government's new pay czar," Kenneth Feinberg. President Obama recently appointed Feinberg to the Treasury Department to oversee executive compensation at seven corporations holding outstanding TARP (Troubled Asset Relief Program) funds—Citigroup, Bank of America, American International Group, General Motors, Chrysler, and the two automakers' finance arms.

Far from a "showdown," a chummy discussion among Wall Street insiders is underway over how to pay Hall. The *Journal* reports that Citigroup officials have been lobbying Feinberg to approve Hall's pay package, especially Citigroup Vice Chairman Lewis Kaden, "who has been handling most of the discussions with the pay czar, trying to capitalize on the two men's longtime friendship." The newspaper indicates that Citigroup might finesse the TARP pay limits by formally spinning off Phibro.

In a statement on the controversy over Hall's pay, Citigroup declared, "Retaining and attracting the best talent is very important to the success of Citigroup and all its stakeholders."

The type of talent so prized on Wall Street is indicated in a separate *Journal* article, "Traders Blamed for Oil Spike," published on Tuesday. The article points to the socially destructive nature of Hall's line of work. It states that the Commodity Futures Trading Commission will issue a report next month attributing the wild swings in oil prices from 2007 to the present largely to the role of energy traders.

Hall's enormous personal income is bound up with the manipulation of energy markets, which has contributed to the broken finances of millions of American households through higher gas and home heating bills and a run-up in food prices that has dramatically increased hunger in many parts of the world. The volatility on energy markets has played a significant role in the global economic crisis, driving up unemployment to levels not seen since the Great Depression.

Hall's case only highlights Wall Street's resumption of multimillion-dollar salaries and bonuses for executives and traders. In recent weeks, other major bailed-out banks, including Goldman Sachs, JPMorgan Chase and Morgan Stanley, have set aside sharply higher—in the case of Goldman Sachs, record—sums for bonuses and salaries. Last week, Morgan Stanley issued its second quarter financial results, revealing that it set aside 72 percent of revenues for salaries and bonuses, even though it reported a loss for the period.

The Obama administration has worked to block any real restrictions on Wall Street pay. Treasury Secretary Timothy Geithner and top economic adviser Lawrence Summers publicly opposed modest limits on executive pay at firms receiving TARP funds that were included in the \$787 billion economic stimulus bill passed last February.

The following month, Obama intervened to block executive pay limits passed by the House of Representatives and set for a vote in the Senate following public outrage over reports that the bailed-out insurance giant American International Group (AIG) was about to dispense hundreds of millions of dollars in bonuses.

Obama's July 22 prime time press conference provided a graphic demonstration of the utter servility of the president and the entire government to the barons of Wall Street. Asked by a reporter if new revelations about bank profits did not indicate that the White House should take "a harder line with Wall Street," Obama acknowledged that the banks' reckless speculation and profiteering had precipitated the global economic crisis.

"Wall Street," he said, "took extraordinary risks with other people's money, they were peddling loans that they knew could never be paid back, they were flipping those loans and leveraging those loans and higher and

higher mountains of debt were being built on loans that were fundamentally unsound. And all of us now are paying the price."

Far from suggesting that there should be any consequences for such crimes against society, Obama hastened to declare that "it's a good thing that they're profitable again, because if they're profitable that means that they have reserves in place and they can lend." (In fact, the banks have refused to significantly expand their lending to businesses and consumers). Obama added, "And this is America, so if you're profitable in the free market system, then you benefit."

As for the bankers' use of taxpayer money to reward themselves with colossal salaries and bonuses, the president could do no more than make a lame appeal for greater restraint. "With respect to compensation, I'd like to think that people would feel a little remorse and feel embarrassed and would not get million-dollar or multimillion-dollar bonuses," Obama said.

The same White House that dictates wage cuts, layoffs and poverty for auto workers dares not infringe on the wealth or prerogatives of the financial aristocracy. Such are the class realities of America and the dictatorial power exerted by the financial elite behind the trappings of American democracy.

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