Bank executives get multimillion-dollar bonuses

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Goldman Sachs and JP Morgan announced multi-million-dollar year-end payouts for their chief executives on Friday.

Lloyd Blankfein, head of Goldman Sachs, received a $9 million bonus, while Jamie Dimon, CEO of JPMorgan Chase & Co, received $16 million. Blankfein and Dimon received their bonus payments in stock instead of cash.

Both Goldman Sachs and JPMorgan posted record-breaking profits in 2009, following unprecedented government interventions that injected $35 billion directly into the banks, and provided tens of billions in additional assistance.

The compensation figures, which are lower than the nearly $100 million the two men together received in 2007, have been presented in the media as a bow to popular opposition. The amount of money given to Blankfein and Dimon, however, is huge; their combined bonus is equivalent to the incomes of 500 US families earning median income, or 1,500 at the poverty level.

Other executives got bonuses even larger than that of Blankfein. John G. Stumpf, head of Wells Fargo, received $18.4 million. James P. Gorman, the chief executive of Morgan Stanley, received $11 million in stock and cash bonuses.

While Blankfein and Dimon managed to make less money this year than in 2007, thousands of their fellow executives, traders and speculators will get more money than ever. The top Wall Street firms are set to pay employees a record $145 billion in compensation, according to a preliminary study by the *Wall Street Journal*.

Steve Black, the former co-head of investment banking at Morgan Stanley, received $11 million, while Jes Stanley, his successor, is set to receive $10 million.

Kenneth Feinberg, Obama's "Pay Tsar" told Bloomberg TV that he had been in discussions with Goldman Sachs about how much to pay Blankfein, and that "To a large extent, I think he has succeeded in adopting the prescriptions we laid out." With that, the Obama administration essentially threw its support behind Blankfein's payout.

This development repudiates all of the White House's rhetoric against the banks; in the end, the Obama Administration fully supports and approves these multi-million dollar payouts given to the people who did more than anyone else to precipitate the economic crisis.

As Blankfein and Dimon were laying the groundwork for the financial crisis, they paid themselves immense bonuses as their companies posted year after year of record profits. In 2007, Blankfein took home $67.9 million, the biggest pay package of any Wall Street executive in history. Since 2000, Blankfein has received $181.5 million in salary and bonuses. Dimon received a $27.8 million bonus in 2007.

JP Morgan doubled its profits in 2009, reaching $11.7 billion. The average payout per employee at the company increased by nearly a quarter last year over 2008, and the average payout for employees in the investment banking division hit $380,000.

The four men immediately below Blankfein—David Viniar, the chief financial officer; Gary Cohn, the president; and vice chairmen J. Michael Evans and John Weinberg—received $9 million bonus payouts.

The *Wall Street Journal*, commenting on Blankfein's reduced payout, said that the figure of $9 million was "PR [Public Relations] Genius," because it would allow officials to claim success at lowering banker pay while still handing out huge sums.

"$9 million seems perfectly calibrated: Not large enough to be dubbed a 'double digit' bonus. But not so small as to seem that Blankfein capitulated completely to political pressures," the *Journal* wrote.

The pay packages of Dimon and Blankfein specify restrictions that will not allow them to receive their compensation if they leave their companies early, or if the boards of directors decide to take back their compensation. These are obviously token measures, and no one seriously expects that the directors of Goldman Sachs will threaten the pay of the executives, lest they themselves suffer the same fate.

These bonuses are funded by the American people. The banks, whose greed and speculation caused the crisis, have consistently refused to expand lending. With the help of government-financed bailouts, they have consolidated their firms, using their strengthened positions to increase fees on credit cards and checking accounts.

As the wages of ordinary workers are driven down, social programs slashed and millions of jobs wiped out, the "masters of the universe" are positioning themselves for even more lavish payouts in the coming years.