

The corporate looting of America

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4 April 2011

Ford CEO Alan Mulally received a pay package worth \$26.52 million in 2010, a 48 percent raise from the previous year, according to a Friday filing by the US auto company with the Securities and Exchange Commission. This is in addition to a stock bonus of \$56.6 million the chief executive was awarded in March, bringing his total take for the year to more than \$83 million.

Executive Chairman Bill Ford Jr. also received a hefty raise to \$26.46 million on top of a stock award of \$42.2 million, for a total of nearly \$69 million.

These obscene sums were revealed only days after the United Auto Workers union announced that it would seek to expand the \$14-an-hour wage for new-hires to more auto workers in upcoming contract talks. The aim of the union is to convince auto makers that they can make more money by shifting production to low-wage UAW plants, thereby increasing the UAW executives' dues income.

The Ford bosses' display of greed is not an aberration. The heads of major US corporations received their biggest raises in recent memory last year. Median CEO pay (not counting stock awards and other perks) jumped 27 percent to \$9 million. The *Detroit News* reported Saturday that "\$25 million is the pay level top companies performing well are paying their chief executives..."

Among the companies that have handed out huge executive bonuses is Transocean, the owner of the Deepwater Horizon rig that exploded nearly a year ago, killing 11 workers and sending oil gushing into the Gulf of Mexico. In a filing Friday, Transocean reported that it had awarded safety bonuses to its executives as a reward for the firm's "best year in safety performance." CEO Steve Newman's safety bonus was over \$374,000, part of a total compensation package of \$5.8 million.

Two-and-a-half years after the Wall Street crash and

taxpayer bailout of the banks, the corporate looting of America is accelerating. The executives are rewarding themselves for soaring profits and a corporate cash hoard in the trillions—achieved almost entirely through downsizing and cost cutting. Firms in the Standard & Poor's 500 stock index registered a 47 percent growth of profits in 2010, while their revenues increased by only 7 percent.

To place the compensation of Ford's two top executives in perspective, their combined payout of \$152 million is equivalent to the annual wages of 5,241 hourly workers earning the coming industry benchmark of \$14 an hour—i.e., the wage bill for a large auto plant.

These facts expose the fraud of the claims that "there is no money" for jobs, decent wages and vital social needs such as education, health care and housing. The Ford announcement came as the Obama administration and congressional Democrats were offering to cut a record \$33 billion from social programs in the current year's federal budget and as the Republicans were preparing to unveil a plan to slash trillions of dollars, gutting Medicaid and privatizing Medicare, beginning in fiscal year 2012.

At the state and local level, Democrats and Republicans alike are carrying out savage austerity measures—slashing public workers' jobs and wages, closing schools and libraries, and reducing Medicaid benefits—even as they continue to cut taxes for corporations and the wealthy.

A significant factor in the fiscal crisis is the fact that US corporations pay little or no federal or state taxes. Just last month it was reported that General Electric, the largest US corporation, which took in \$14.4 billion in profits in 2010, paid no income tax last year. In fact, it is expecting a \$3.2 billion tax credit from the federal government.

GE is the rule, not the exception. A 2008 study by the Government Accountability Office showed that nearly

70 percent of American corporations paid no corporate income tax.

Meanwhile, with mass unemployment a permanent feature of economic life, workers' wages are declining. According to the Labor Department's employment report released Friday, average hourly wages for private-sector workers, including salaried employees, were only 1.7 percent higher last month than in March of 2010. But with the official inflation rate above 2 percent—and the prices of basic necessities such as fuel and food rising much faster—the real wages of American workers are falling.

That this trend is bound up with the policies of the Obama administration is indicated by the following anomaly: average hourly earnings rose over 3 percent annually during most of the 18-month official recession from December 2007 to June 2009. Then wage growth slowed sharply.

This shift corresponds to the bankruptcy and restructuring of General Motors and Chrysler carried out under the auspices of Obama's Auto Task Force and with the full support of the UAW. The Obama administration insisted as a condition for loans to the auto companies the imposition of drastic cuts in auto workers' benefits and a 50 percent wage cut—to \$14 an hour—for new-hires. This was a signal for the corporate elite to launch a wage-cutting drive in every sector of the economy—a process that has now been expanded to encompass the public sector as well.

The working class is being impoverished in order to further enrich the financial aristocracy. A study released Friday by the nonprofit group Wider Opportunities for Women concluded that less than 13 percent of the jobs expected to be created by 2018 will provide economic security to a single parent raising two or more children. Only 43 percent of these jobs, according to the study, will pay wages sufficient to provide economic security for two workers raising two children.

The resources exist in abundance to provide a secure, good-paying job to all who want to work as well as quality education, housing, health care and a comfortable retirement. But under the capitalist system they are monopolized by a parasitic ruling elite that owns the means of production and controls both political parties and all of the levers of state power.

The month-long struggle in Wisconsin signaled the

reemergence of the working class into mass struggle in America, after decades during which it was suppressed by the official trade unions. But the betrayal of that struggle by the unions, working in league with the Democratic Party, underscores the critical need for the development of a new, revolutionary leadership in the working class. This is the essential requirement for the independent mobilization of the working class and the development of a mass socialist movement.

The Socialist Equality Party, the International Students for Social Equality and the *World Socialist Web Site* are holding a series of conferences this month in Ann Arbor, Michigan, Los Angeles and New York City on "The Fight for Socialism Today," beginning with the Ann Arbor conference this coming Saturday and Sunday.

These conferences will discuss a socialist program to secure the basic social rights of the working class, oppose imperialist war, and halt the assault on democratic rights. We urge all of our readers and all those looking for a perspective to fight the attacks on working people and youth to make plans to attend.

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Click here for information or to register for the conferences.



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