CEO pay in US tops pre-crisis levels

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Two surveys released this week show that CEO compensation at major US corporations for 2010 topped the levels reached in 2007, prior to the financial meltdown and global recession.

The *Wall Street Journal* on Monday published its review of 350 companies listed in the Standard & Poor's 500 stock index, concluding that the median value of salaries, bonuses and long-term incentive awards for their CEOs rose 11 percent over 2009 to $9.3 million.

In 2010, the average annual pay of US workers was $40,500. Thus, according to the *Journal*'s survey, the typical CEO at a major US corporation took in the equivalent of the combined salaries of 230 American workers.

A separate analysis by the Associated Press, based on a survey of 334 firms in the S&P 500 index, concluded that CEO pay rose 24 percent in 2010 over the previous year, with the typical pay package coming in at $9 million. AP reported that the 10 highest-paid CEOs made $440 million in 2010, a third more than the top 10 made in 2009. These 10 individuals took in the equivalent of the earnings of more than 11,000 US workers.

Pay for workers grew by only three percent in 2010, barely keeping pace with inflation. The average wage was less than one-half of one percent of the amount awarded to the typical CEO.

According to AP, median compensation in 2007 was $8.4 million. In 2008, following the Wall Street crash, it fell to $7.6 million. In 2009, when the stock market hit its post-crash low point, CEO pay dropped again to $7.2 million. The $9 million median figure for 2010 is the highest since AP began tracking CEO pay in 2006.

AP reported that the biggest gains came in cash bonuses, with the typical CEO bonus reaching $2 million, up 39 percent from 2009. Two-thirds of executives got a bigger bonus than they received the previous year, some more than three times as big.

The *Wall Street Journal*, using a somewhat different sampling of companies, also concluded that cash bonuses rose faster than any other component of pay. It set the increase over 2009 at 19.7 percent.

According to the *Journal*, median CEO pay in oil and gas was $13.7 million; in telecom, $12.5 million; in financials, $10.9 million; in consumer goods, $10.7 million, in health care, $10.6 million; in technology, $9.7 million.

The newspaper listed the five highest-paid CEOs as Phillippe Dauman of Viacom ($84.3 million, an increase of 150 percent), Lawrence Ellison of Oracle ($68.6 million, a 17 percent decline), Leslie Moonves of CBS ($53.9 million, a rise of 38 percent), Martin Franklin of Jarden ($45.2 million, up 143 percent) and Michael White of Directv ($32.6 million in his first year as CEO).

Among those in the top 20 were Alan Mulally of Ford ($25.8 million) and Jamie Dimon of JPMorgan Chase ($23 million).

The *Journal*'s computation for 2010 compensation did not include payouts on long-term incentives, the vesting of restricted stock or the exercising of stock options. The result is a significant underestimation of the amounts actually taken in by CEOs. Mulally, for example, received a stock bonus of $56.6 million, bringing his total take for the year to more than $83 million.

Ray Irani of Occidental Petroleum received $70 million in 2010 from such incentives; Thomas Ryan of CVS Caremark received $50 million.

Last month the AFL-CIO published its annual Executive Pay Watch, showing an even more massive windfall for CEOs. It reported that the CEOs at 299 US companies took in $3.4 billion combined in executive compensation in 2010, with the average CEO pay coming in at $11.4 million.

This represented a 23 percent increase from the prior year. The sum of the salaries of those 299 CEOs equaled, the report concluded, the combined average earnings of more than 100,000 workers in their respective companies.

These staggering sums coincide with soaring corporate profits and stock prices on the one hand, and near-Depression levels of unemployment, record long-term joblessness, rampant wage-cutting, millions of home foreclosures and growing poverty, on the other. S&P 500 companies saw their profits rise 47 percent last year, and major stock indexes have nearly doubled from their 2009 lows.

This bonanza for the corporate elite is almost entirely derived not from expanded production and hiring, but rather from ruthless cost-cutting. Revenues at S&P 500 firms rose by only 7 percent last year.

The Obama administration, acting in behalf of the financial aristocracy, has utilized the economic crisis to fundamentally and permanently alter class relations in America. Its central preoccupation has been to protect the wealth of the parasitic financial elite and ensure its ability to continue plundering the country's resources.

No one has been held accountable for the wild speculation and outright criminal practices that precipitated the crisis. No measures have been taken to reclaim the ill-gotten wealth or rein in the banks and corporations. To the contrary, everything has been done to shield the perpetrators and make them richer than ever.

It is essentially in pursuit of this aim, concealed behind homilies on the need to reduce the deficit, that jobs, wages, unemployment benefits, schools, health care, pensions and social programs upon which tens of millions of people depend are being gutted.

The deliberate policy of keeping unemployment high, in order to weaken the resistance of workers to pay cuts and speedup, is reflected in the record cash hoard of nearly $2 trillion held by US corporations, the result of their refusal to use their bumper profits to significantly increase hiring.

The surge in CEO pay underscores the fact that the American capitalist class and its political representatives, beginning with the Obama administration, are pursuing a policy of class war.