CEO pay in US soared 23 percent in 2010

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While US unemployment remains at near-Depression levels and health care, pensions and education are being slashed by all levels of the government, the pay of corporate CEOs is soaring.

The compensation of the 200 highest-paid chief executives at large corporations increased by 23 percent in 2010 over the previous year, according to a report in Sunday's *New York Times*.

Median pay for these individuals was $10.8 million, equivalent to the median pay of nearly 280 US workers.

The *Times* report was based on a survey conducted by the executive compensation firm Equilar. The company looked at CEO pay at companies with revenue of $10.78 billion or more.

Aaron Boyd, head of research at Equilar, told the *Times* that CEO compensation skyrocketed largely because many companies had resumed cash bonuses. These had been curtailed by some large firms at the height of the financial crisis in 2008 and 2009 as a temporary concession to public outrage over the government bailout of the banks and corporate greed.

Corporate America, it was said at the time, was making its executives more accountable by making more of their pay dependent on the performance of their companies. This was supposedly done by allotting more pay in the form of stock and stock options, rather than cash.

In fact, executives have reaped huge windfalls from stock granted when financial markets were at post-crash lows. The value of their shares has since skyrocketed in the stock market rally of the past two years.

Now the corporate elite has returned to cash, with bonuses rising 38 percent last year. Cash bonuses for the highest paid CEOs are now three times their pre-recession levels, according to a report released in June by GovernanceMetrics.

Phillipe Dauman of Viacom headed up the *Times*' list with a compensation package of $84.5 million (equivalent to the median pay of over 2,100 American workers). He was joined by five other media CEOs in the top-ten category. These include Leslie Moonves, of the CBS Corporation, who got a 32 percent raise and took in $56.9 million; Michael White of DirecTV, who was paid $32.9 million; Brian L. Roberts of the Comcast Corporation and Robert A. Iger of the Walt Disney Company, each of whom received pay packages valued at $28 million.

Others at the top of the list include Richard C. Adkerson of Freeport-McMoRan Copper & Gold ($35.3 million), Gregg W. Steinhafel of Target ($23.5 million) and Michael E. Szymanczyk of Altria ($20.77 million).

The CEO pay figures do not include windfalls received by CEOs from the rise in the value of their previous holdings in company stock. In some cases, these are registered in the billions.

Berkshire Hathaway CEO Warren Buffett, for example, saw the value of his holdings increase $6.5 billion to $46.2 billion in 2010. Oracle CEO Lawrence J. Ellison's stock holdings rose $3.5 billion to $26.3 billion. Amazon's Jeffrey Bezos saw his company holdings increase $3.5 billion to $15.9 billion. News Corporation CEO Rupert Murdoch's holdings rose $1.1 billion to $4.5 billion.

These numerical indices of unrestrained self-enrichment by the corporate-financial elite provide the appropriate context for considering the unprecedented wave of budget-cutting taking place across the country. Record budget deficits—the result of depleted tax revenues stemming from the economic crash precipitated by corporate fraud, plus the multi-trillion-dollar bailout of the banks—are being used to justify the gutting of health care, pensions and education as well as pay cuts and attacks on workers' bargaining rights and the right to strike.

The universal claim is that "there is no money" to meet the basic needs of the broad masses of the people. As the CEO pay figures show, however, this is a modern-day example of the Big Lie.

In reality, the ruling class is using the crisis of its own making to effect a vast realignment of social conditions and relations, at the heart of which is a historically unprecedented transfer of wealth from the general population to the financial elite. The aim is to make the working class pay the full cost of the crisis of American and world capitalism by smashing all of its past social gains and reducing it to a state of poverty and immiseration.

This is the policy of both big business parties, and it is being spearheaded by the Obama administration. One day before the *Times* published its report, President Barack Obama delivered his weekly address. Before wishing all Americans a happy Fourth of July, he boasted that he and the Republican congressional leadership had agreed to more than $1 trillion in social spending cuts.

"That's trillion, with a 't,'" he declared. But, he continued, more cuts are required, and "nothing can be off limits."

Underscoring his determination to slash bedrock programs such as Medicare and Medicaid, he added, "It means we'll have to make tough decisions and scale back worthy programs." In the supposed name of a balanced approach to deficit-cutting, he also alluded to a few corporate loopholes that affect a relative handful of individuals and corporations. The ruling class well understands that Obama's talk about ending these loopholes is nothing more than a smokescreen to obscure his accession to Republican demands for deeper cuts.

Other data point to the fundamental and historic character of the social transformation taking place. An Associated Press report last week noted that two years after the official end of the recession in June 2009, American workers' wages and benefits make up only 57.5 percent of the economy, a record low. It pointed out that until the mid-2000s that figure had been stable through economic boom and bust at about 64 percent.

Corporate profits are up by almost 50 percent since the supposed end of the recession. In the first two years after the recessions of 1991 and 2001, by comparison, profits rose 11 percent and 28 percent, respectively.

The Dow Jones Industrial Average has risen 90 percent since bottoming out at 6,547 in March of 2009. The resulting stock market gains have gone overwhelmingly to the richest 10 percent of Americans, who own more than 80 percent of stock.

The average worker's hourly wages, meanwhile, are declining. Taking into account inflation, they were, according to government figures, 1.6 percent lower in May than a year earlier. This is, in all likelihood, a serious underestimation of the decline in wages.

Finally, the jobs that are being created pay less than the ones that have been wiped out. Higher paying private-sector jobs, with wages of between $19 and $31 an hour, made up 40 percent of the jobs lost from January 2008 to February 2010, but only 27 percent of the jobs created since then.

A measure of the growing social desperation in the country is the fact that social programs accounted for a record 18 percent of personal income in the last three months of 2010. Almost 45 millions Americans, the highest number ever, are receiving food stamps. These are precisely the programs that are targeted for deep cuts.

The ruling class relies on the so-called "unions"—in reality, former labor organizations that have been transformed into labor-management syndicates—to carry through this assault on the working class. Chrysler Group LLC said last week that the average cost of union labor fell to $49 an hour in 2010 as a result of cost-cutting deals with the United Auto Workers union. This is a drop of fully 35 percent from the nearly $76 an hour figure for 2007. Not even the Greek workers have to date suffered so brutal a decline.

Chrysler pointed in particular to the introduction of a $14 per hour wage for new-hires—the centerpiece of the Obama administration's forced bankruptcy of Chrysler and General Motors in 2009—and the establishment of a UAW-controlled trust fund to offload the cost of health care for retirees.