Massive growth of executive pay in US capital

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A recent report by the *Washington Post* shows the massive growth of executive pay in the Washington, DC area as part of attempts to skirt the regulatory measures passed by the Obama administration in the aftermath of the 2008 financial crisis.

In a related story, it was reported that corporate CEOs have managed to increase their pay by over 20 percent since 2010 by transferring their pay from direct salary compensation to indirect compensation such as stock options, which are tied to company performance, revenue and profit gain. “Giving long-term awards is more reflective of the scope of decision-making,” Charlie Tharp, a representative of the Center for Executive Compensation, told the *Post*.

As a result, despite the “slowing” of direct executive compensation, overall median executive pay was able to climb 41 percent and 22 percent in the last two years, reaching a median pay level of $3.1 million in 2011.

“Say on Pay,” a measure touted in the Dodd-Frank Act passed in 2010, was purportedly an attempt to ensure “accountability” among head executives of companies responsible for corporate mismanagement who showered themselves with extravagant pay packages during the financial crisis.

David Zaslav, executive of Discovery, a cable provider, gained 84 percent of his total $42.6 million in 2010 in stock equity. Zaslav is the third highest paid executive in the country, behind Simon Property Group’s David Simon and Oracle CEO Larry Ellison. (See: “Billionaire Oracle CEO buys Hawaiian island”)

Though not the area’s highest paid, executives for US government contractors were still within the top 10. Ranked third was defense firm Northropp Grumman’s Wesley G. Bush, who raked in nearly $21 million last year. Fourth was Lockheed Martin’s Robert J. Stevens, with $20.5 million. Both Bush and Stevens’ pay packages were bolstered by generous portions of equity.

Though reporting somewhat glowingly about the decrease in salaries, in another article the *Post* states that in comparison, average wage growth for workers has essentially flat-lined at the same time, growing only 1.5 percent last year according to the Bureau of Labor Statistics. This amount fails to even stay ahead of the rate of inflation.

According to research firm Equilar, year-upon-year executive income throughout the US grew by 4.3 percent in 2010 and at 2.5 percent in 2011.

The tying of executive compensation to company stock performance has exacerbated the downsizing and cost-cutting, which have been the hallmark of the ruling elite since the economic downturn of 2008.

Another example is the income of Richard D. Fairbank, CEO of Capital One Finance, who officially draws a salary of zero dollars but owns more than $18 million in total assets, including valuable stock options.

According to a DC Fiscal Policy Institute (DCFPI) study released last March, the top 5 percent in the region make an average $493,000 yearly in income, ranking over their other regional counterparts, who average “a mere” $272,000.

The stratification of executive wealth in comparison to the population finds its concomitant in the growth of social misery. In 2010, a study released by the DCFPI entitled “Nowhere to Go” found that affordable rental

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housing was disappearing in the District. The report is quoted saying that the combination of “sharply rising home values and the conversion of many rental units to condominiums, a growing number of DC residents are faced with housing affordability problems.” The report points out that rental units costing $750 or below monthly shrunk from over 65,000 units in 2000 to only 49,000 in 2008.

Since that time the crisis has only developed for those on low incomes.

Last year it was reported that average executive pay had reached a level of nearly 380 times that of employees. This was up from a difference of 42 to 1 recorded in 1980, and 25 to 1 in 1962. The growth in executive pay is only one expression of the parasitic nature of the ruling elite governing and controlling modern day society.

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