US corporate executives cash in

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22 March 2013

As the US government prepares to furlough 1 million federal workers and slash hundreds of billions in social spending, corporate executives in the United States are receiving among the highest payouts in history.

USA Today reported Thursday that at least ten CEOs took in $50 million apiece in 2012, largely as a result of cashing in stocks that have soared in value with the rising market. According to the newspaper, “Early 2013 proxy filings detailing 2012 compensation show a growing number of CEOs reaping $50 million or more, gains that could prove unmatched in breadth and size since the Internet IPO craze enriched tech company executives more than a decade ago.”

In its own analysis, the *Wall Street Journal* observed that executive pay has become ever more directly tied to stock values, noting that last year, more than half of compensation at major companies was tied to “stock or financial performance,” compared to 35 percent in 2009.

Among the top pay packages according to preliminary calculation is that of Starbucks CEO Howard Schultz, which included stock options valued at $103.3 million this year, on top of $30 million in other compensation and stock, as well as $10.2 million in vested shares, according to *USA Today*.

Ford CEO Alan Mulally likewise took home $61 million by cashing in shares that vested last year, added to his compensation of $21 million. This payout was based on a sharp rise in the company’s profitability that has been made possible by downsizing and the slashing of wages for newly hired workers to $15 per hour. Mulally’s pay is more than 2,500 times that of a new auto worker.

Apple’s Tim Cook got $139.7 million from restricted shares that vested last year, while Oracle CEO Larry Ellison was granted $90 million in stock.

These payouts are only a sampling of the huge sums that the ruling class is handing itself. The stock market, inflated through $85 billion a month handed to the banks by the US Federal Reserve, is the central transmission belt for this enrichment.

The engorgement of the ruling class has been facilitated by the actions of the state, and in particular the Obama administration. After the financial collapse of 2008, facing widespread public outrage at executive compensation, the administration explicitly opposed any constraints on pay. “We don’t disparage wealth,” Obama said repeatedly. Proposals for CEO pay centered on encouraging companies to tie this pay more directly to “performance”—i.e., share values.

Even while the corporate CEOs and other members of the financial oligarchy rake in astronomical payouts, the constant refrain from the media and big business parties is that there is no money to pay for social spending, and that health care and retirement programs must be cut and workers’ incomes slashed.

Next month, as a result of $85 billion in “sequester” spending cuts, over 1 million federal government employees will begin scheduled furloughs, resulting in effective pay cuts of 20 to 35 percent. These furloughs come together with tens of billions in cuts to public education, anti-poverty programs, and unemployment insurance.

With both Democrats and Republicans acknowledging that the cuts will be permanent, the turn now is toward working out an agreement to slash hundreds of billions of dollars from Medicare, Medicaid, and Social Security. The ultimate aim of the ruling elite is to dismantle everything that remains of the social safety net, plunging the working class into Dickensian poverty and social misery.

The argument that there is no money to pay for these programs is rendered absurd by the vast amounts of cash being handed out to executives or simply sitting around on corporate balance sheets. In 2012, the amount of cash held by US non-financial corporations rose by 10 percent, to $1.45 trillion, according to Moody's. This figure is enough to pay for the sequester cuts 17 times over.

In fact, Apple, whose cash hoard rose to $137 billion, could itself pay for this year's sequester cuts, with $50 billion to spare.

Loaded with cash and unwilling to invest, corporations have dramatically increased dividend payments to investors. The *New York Times* reported earlier this month that S&P 500 companies are expected to hand investors $300 billion in dividends this year, an increase over last year's payout of $282 billion. American corporations bought back $117.8 billion in their own stock last month, the highest total on records going back to 1985.

The relationship of the American ruling class to the rest of society is a fundamentally parasitic one. Over the course of three decades, under conditions of economic decline, stock market speculation, rather than production, has become the central mechanism of wealth accumulation.

The 2008 crisis, far from reversing this process, has strengthened it. The ruling elite seized on the crisis to escalate the transfer of wealth. The soaring CEO pay and investor payouts on one hand, and vast social misery on the other, are in reality two sides of the same process.

The American ruling class proceeds with an almost shameless disregard for the consequences of its own actions. Amidst mass poverty and unemployment, as it dictates the most brutal austerity measures all around the world, the financial aristocracy engages in an uncontrollable orgy, propelled by its own social being.

Such actions, however, do not go unnoticed. They are producing within the United States an immense wellspring of social opposition that will take the form of working class struggle.