

Con Ed lavishes bonuses on top executives

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Consolidated Edison, the major supplier of electricity, natural gas and steam to New York City and adjacent counties, announced in its recently released shareholder statement that top executives had received extra bonuses totaling more than \$600,000 for “exemplary” performance in 2012. These sums are in addition to the executives’ regular bonuses and salaries.

The company’s president, Kevin Burke, received a total compensation package of \$7.4 million, including an extra bonus of \$315,000.

The year 2012 saw the devastation wrought on New York and New Jersey by Superstorm Sandy, during which over a million Con Ed customers lost power for nearly a week, and some even longer, due to the company’s lack of preparation. Con Ed and other regional utilities have come under severe criticism for their poor performance. A state commission has been appointed to review the continuation of their operating licenses.

This was also the year when the company carried out a month-long lockout of approximately 8,000 workers in order to impose massive contract concessions. No doubt this “achievement” was the main consideration in the decision of the board of directors to hand out additional bonuses to leading executives.

The lockout was part of the growing onslaught by public and private employers on workers’ living standards, which included the imposition the previous year of concessions against Verizon workers following the calling off of their strike by the union leadership and, more recently, the destruction of job security, wages and benefits of New York City school bus workers as a result of the betrayal of their strike by the Amalgamated Transit Union.

The Con Ed executives are being rewarded for their service in promoting the interests of the ruling class.

These bonuses reflect the corporate elite’s unabashed greed and contempt for working people. The vast sums

that the federal government is pumping into the coffers of financial institutions encourage the culture of no-holds-barred self-enrichment and outright criminality that dominates the American ruling class. Even the *New York Times* felt obliged to observe, “The bonuses illustrate how wide the gap was between the public perception of how Con Ed performed last year and the positive self-image flowing through the company’s headquarters near Union Square in Manhattan.”

The lockout, which had been a year in the planning, came during the summer, the time of year when the electrical system is under the greatest stress. The absence of the skilled workforce significantly increased the danger of system failure. The lockout posed a great risk to the management staff and strike-breakers who were forced into unaccustomed roles, while increasing the risk of a breakdown of the system, with all of the disastrous consequences for the general public.

Nevertheless, Con Ed initiated the lockout so as to extract major concessions in wages and benefits from the workers and bolster the corporate bottom line. This goal was achieved with the collaboration of the union, which isolated and eventually sold out the workers.

Con Ed’s profits (up 22.4 percent since 2009) have been bolstered by cheap natural gas from the hydrofracking of shale deposits, which it uses to generate the majority of its electricity output. In the past year, however, the price of natural gas has gone up by 131 percent as producers tightened production in order to boost their own profit margins.

As Con Ed’s profits come under pressure, it will undoubtedly renew its attacks on its workforce. Meanwhile, it is seeking government approval for a rate increase that would add \$400 million in the company’s income per year.

Con Ed, as well as other regional utilities, exhibited gross incompetence, resulting from placing profits ahead of safety and reliability, in its failure to

adequately prepare for a major storm, such as Sandy, the dangers of which had been predicted years in advance. (See: “In advance of Hurricane Sandy, New York warned on vulnerable infrastructure”). This failure, which resulted in great suffering for millions of people, obviously does not enter into the company’s evaluation of its executives’ worth.

Following the announcement of the additional bonuses, the company issued a statement to justify its executive pay practices, writing: “Our executive compensation is in line with that of similar-sized utilities and is intended to help attract and retain key executives critical to the company’s long-term success.”

The oft repeated mantra of the ruling elite, that high profits and stratospheric executive compensation are the just rewards for a “job well done,” holds true in the Con Ed case if the “job” in question is a successful attack on employees’ living standards and a blatant disregard for public safety. Con Ed’s display of greed and arrogance highlights the inability of a system based on private ownership of the major levers of economic life and production for profit to meet the needs of the vast majority of the people and society as a whole.



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