Double-digit rise in American CEO pay

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The 200 highest paid CEOs at US public companies with revenue above $1 billion received a median compensation package of $15.1 million in 2012, 16 percent higher than the previous year, according to a report published Sunday by the *New York Times*. The *Times* compiled its report based on data provided by the executive compensation analysis firm Equilar Inc.

The *Times* also published an adjoining article on the ongoing practice of granting retiring and even fired CEOs multi-million-dollar “golden parachute” retirement packages. The articles provide insight into the further enrichment of the corporate elite, under conditions of declining wages and mounting poverty for millions of workers and youth in the US.

Most of the money in the CEO compensation packages came from stock and option grants, which generally rose sharply in line with the rise on US and world stock exchanges. The boom in stocks prices was, in turn, driven by the policies of the Obama administration and the Federal Reserve Board, which flooded the financial markets with virtually free credit in order to drive up share values.

Overall, the stock prices of the 200 firms included in the *Times* survey rose 19 percent in 2012, just 3 percent higher than the median rise in CEO compensation. In some cases, however, CEO pay shot up even though the company’s stock fell.

At the top of the list is Lawrence Ellison, CEO of the software company Oracle, with compensation totaling $96.2 million, including $90.7 million in stock options. His pay package increased by 24 percent over 2011. Oracle’s total share value, however, decreased by 22 percent.

The second highest paid executive on the list was Robert Kotick of the software publishing firm Activision Blizzard (ATVI). He took in $64.9 million, a staggering 680 percent increase over his 2011 salary. Included in that figure were stocks estimated at $55.9 million. ATVI stock, however, was down 12 percent in 2012.

The fifth highest paid executive, James Crowe, of Level 3 Communications (LVLT), received $40.7 million in 2012, an increase of 261 percent, with over $37 million coming in the form of stock options.

The continuing rise in CEO pay five years after the 2008 financial crash points to the futility of calls for reforming the capitalist system. The growth of inequality and plundering of the social wealth by the financial aristocracy are intrinsic features of the system, not merely blemishes that can be removed. The massive sums pouring into the stock portfolios and bank accounts of a handful of people represent a colossal squandering of resources.

In 2012, the total federal budget for assistance to homeless people was $2.7 billion. This was less than the approximately $3 billion that went to the 200 highest paid CEOs.

The city of Detroit, with a population of 707,000, carries a recorded deficit of $327 million, which is less than the total compensation of the top 6 executives, who took in a combined $350.6 million in 2012. The wealth going to these six individuals would be more than enough to stop the wholesale destruction of jobs, services and living standards being carried out in Detroit on the grounds that “there is no money.”

Also in 2012, the entire budget for the federal Low Income Home Energy Assistance Program (LIHEAP) was $3.5 billion. This sum, the result of budget cuts enacted by the Obama administration, is only marginally higher than the personal pay packages of the 200 top CEOs.

Many workers at the Big Three US auto plants are now making $14 an hour. This means their annual income is about $28,000. The compensation awarded to Ellison would pay the wages of 3,435 of these auto workers, and the combined income of all 200 of the top paid executives would supply wages for 107,857 auto workers.

On top of the obscenely large salaries and stock options awarded to current officers, many executives are given multi-million-dollar severance packages when they choose to retire. In many cases, retiring chief executives continue to receive millions of dollars even years after their retirement. This also applies to many CEOs who have been fired.

The biggest package in 2012 went to James Mulva, who stepped down as CEO of ConocoPhillips after 10 years, taking $156 million as an exit package, most of which came from the market value of the stock gains he received. Edward Breen, formerly of Tyco International, received an exit package of $46 million in 2012, followed by $55.8 million in deferred shares in 2013. As chairman, he will receive $30 million more as a pension payment in 2016.

While there have been savage cuts in the wages and benefits of workers since 2008, nothing has been done to rein in the compensation of top corporate executives. The opposite is the case. Nor will anything be done so long as corporate America continues to exercise a de facto dictatorship by means of its two-party system.