US CEOs made tens of billions on stock market rally

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The heads of Google, Facebook, Microsoft and other major US corporations made billions of dollars on shares in their own companies last year due to a surge in stock values fueled by the Federal Reserve's money-printing policies.

The twenty executives with the largest stakes in S&P 500 companies saw their wealth grow by a combined $80.9 billion in 2013, according to a study conducted by the *Wall Street Journal* and FactSet.

Warren Buffett, the head of Berkshire Hathaway, saw the value of his Berkshire stock increase by $12.7 billion last year, bringing his total holdings to $60 billion. Jeffrey Bezos of Amazon made $12 billion last year, bringing his total to $33.9 billion, while Mark Zuckerberg of Facebook saw the value of his Facebook holdings nearly double, from $11.3 billion to $23 billion.

This staggering increase is the intended result of the policies of the Obama administration. Unlimited funds have been made available for speculation on the markets, even as government spending on social programs has been slashed.

The US Federal Reserve injected over a trillion dollars into financial markets last year through the purchase of mortgage-backed securities and US Treasuries. This sent the prices of stocks and other financial assets into record territory. The Dow Jones Industrial Average, for instance, started at 13,300 in January and closed the year at 16,577, a new record. The index was up 24 percent on the year. The S&P 500 shot up 30 percent, while the tech-heavy NASDAQ grew by more than a third.

Over the past year, as the *Wall Street Journal* pointed out, the share price of Facebook rose 105 percent, Amazon 59 percent, Google 58 percent, and Berkshire Hathaway 32 percent.

Larry Page, the current CEO of Google, saw his holdings in the company increase by $9 billion, bringing his total to $26.9 billion. His fellow Google co-founder, Sergey Brin, saw his wealth grow by $8.8 billion, to $26.3 billion. Microsoft CEO, Steve Balmer saw his holdings in the company grow by $3.6 billion, to $12.5 billion, while Bill Gates holdings grew $1.6 billion, to $13.4 billion. Last year, Gates recaptured the title of world's richest man, with a total net wealth of $78.5 billion, up $15.8 billion from the year before.

Following the 2008 financial crash, companies shifted an increasing share of executive compensation into grants of stock options instead of cash. This policy, promoted by the Obama administration, was justified on the grounds that it would better align the interests of executives with the public interest. In reality, it has only further swelled the wealth of corporate executives amid a general upsurge in stock values, while creating an imperative on the part of executives to drive up share values through stock buybacks and other schemes.

Overall, the world's 300 richest people saw their wealth grow by 13 percent in 2013, to $3.7 trillion, up by $524 billion, according to a survey published last month by *Bloomberg*.

In addition to the value of the CEO's stock holdings, annual pay is up sharply at major US corporations. Google said it would give Executive Chairman Eric Schmidt $100 million in stock, on top of a $6 million cash bonus, for 2013. This adds to Schmidt's fortune of some $8 billion.

Microsoft's new CEO, Satya Nadella, is slated to make as much as $17.2 million this year and up to $30.4 million a year starting in 2015, according to CNN.

Major Wall Street banks have also dramatically increased executive pay. JPMorgan Chase CEO Jamie Dimon was awarded $20 million in pay for 2013, an increase of 74 percent from the previous year. Dimon has been at the center of a web of scandals resulting from JPMorgan's criminal activities, which led the bank to agree to more than $20 billion in settlements with the US government in 2013.

Lloyd Blankfein of Goldman Sachs, meanwhile, received stock worth $14.7 million last year, an increase of 11 percent over the previous year's stock bonus. His total payout is estimated to be $23 million—a ten percent increase—according to the *Financial Times*. The newspaper noted that this figure does not include additional "long-term incentives that will be disclosed later in the year."

Morgan Stanley increased CEO James Gorman's stock bonus by 88 percent, to $4.9 million, according to the *Wall Street Journal*, coming on top of a $1.5 million salary. The *Journal* added that Gorman "is also eligible to receive additional shares through the firm's long-term incentive plan for senior executives."

The vast increase in the wealth of the super-rich is fueling significant growth in the luxury market. "If you think the economy is not recovering very quickly, it seems no one told that to the people who buy Lamborghinis, Bentleys and Rolls-Royces," wrote the *Wall Street Journal*. "Sales of those cars are soaring." The luxury art market is likewise hitting records. An art auction by Christie's auction house early last year reported the highest sales figure of any art auction in history.

Meanwhile, programs that keep the poor, hungry, and jobless from destitution are being slashed, nominally because there is no money to pay for them. The US Senate voted Tuesday to pass $8.7 billion in cuts to the Supplemental Nutrition Assistance Program (SNAP), also known as food stamps, as part of a package of agricultural legislation. This comes on top of a cut to food stamps last November that slashed $11 billion from the program through 2016.

In December, emergency extended jobless benefits expired for 1.3 million long-term unemployed workers in the US, with another 3.6 million people expected to exhaust their jobless pay in the course of 2014.