

Wall Street bonuses up by 15 percent last year

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14 March 2014

The average bonus payout for Wall Street employees grew by 15 percent in 2013, hitting the highest level since the 2008 financial crash, according to figures released Wednesday by New York State Comptroller Thomas P. DiNapoli.

The average employee bonus hit \$164,530 in 2013, the third-highest figure on record, including both cash bonuses and deferred compensation payouts for earlier years. The total cash bonus pool for Wall Street hit \$26.7 billion.

The payout came despite the fact that profits at financial companies listed on the New York Stock Exchange fell by 30 percent, although the profits were “still strong by historical standards,” according to DiNapoli, at \$16.7 billion.

The Comptroller noted that the financial sector has posted profits in each of the past five years, and that three of those years set profit records.

The average *individual* salary in the financial sector was \$360,700, not including bonuses, in 2012, five times the average salary in the private sector as a whole (both figures are skewed by the inclusion of the incomes of millionaires and billionaires in the average).

The estimate is based on income tax data, and does not include newly-issued stock options or other deferred compensation on which taxes have not yet been assessed. The growth in total payouts came despite the fact that the number of jobs in the New York City financial sector actually fell by 1.2 percent last year to 165,200 people.

The comptroller estimated that the city received some \$3.8 billion in taxes from the \$27 billion payout, 27 percent higher than the previous year. While the financial industry makes up only 5 percent of the jobs in New York City, it pays 22 percent of the city’s wages, according to the report.

The figures included major pay increases for top Wall Street executives that had been announced earlier.

JPMorgan Chase CEO Jamie Dimon was awarded \$20 million in pay for 2013, an increase of 74 percent from the previous year, the bank said in a January filing. Dimon has been at the center of a web of scandals resulting from JPMorgan’s criminal activities, which led the bank to make more than \$20 billion in legal payouts 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.”

The payouts came even as leading bank executives cashed out on shares that they had been issued in previous years. For instance, the *Wall Street Journal* reported that Christopher French, a Goldman Sachs partner, sold 27,366 shares in February, for a total payout of \$4.52 million.

The latest round of bonus payouts is fueling a spending binge by Wall Street traders and executives on luxury items such as high-end cars, yachts, art, and real estate. “My Wall Street clients feel like they have money and they want to unload it,” Michele Kleier, the president of a New York real estate firm, told the *New York Times*. “Now that they have their bonuses, and the bonuses are higher than they thought, they’re spending them on places to live.”

Wednesday’s announcement follows a bumper year for corporate executives and the super-rich more broadly. 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 last month by the *Wall Street Journal* and FactSet.

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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.

Bill De Blasio, the Democratic-party mayor of the city who postured as an opponent of income inequality during his campaign, did not publicly comment after the announcement of the record bonuses.

Responding to Wednesday's figures, the Institute for Policy Studies, a liberal think tank, said that the \$26.7 billion in Wall Street payouts would have been "enough to more than double the pay for all 1,085,000 Americans who work full-time at the current federal minimum wage of \$7.25 per hour."

The announcement came the same day as a gas explosion in the impoverished New York City neighborhood of Harlem killed seven people and injured at least 70 others.

According to initial reports, the explosion was attributable to the decrepit state of infrastructure in New York City, the home of Wall Street and the highest number of billionaires of any city in the world.



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