

# Wall Street bonuses at highest level since 2008 crash

Shannon Jones  
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The average bonus paid out to employees in New York City's financial industry hit \$172,860, the highest level since the 2008 financial crash, according to figures released last week by the New York State Comptroller. Even after adjusting for inflation, the average Wall Street bonus is five times greater today than it was in 1987.

The bonus pool for Wall Street financial firms rose by some 3 percent in 2014 to reach the astronomical sum of \$28.5 billion.

In a report published last week, the Institute for Policy Studies notes that the total bonuses handed to Wall Street employees amount to double the total annual pay for the 1 million US workers employed full time at the federal minimum wage of \$7.25 per hour.

The typical Wall Street bonus is three times the annual US median income and almost four times the annual pay of a typical US worker. The report notes that the Wall Street bonus pool was 27 percent higher than in 2009, the last time Congress raised the minimum wage.

According to the *New York Post*, the average total pay on Wall Street including bonuses is now \$355,900—five times the private sector average in New York City.

After several years of decline, total securities industry employment rose to 167,800 in 2014, an increase of 2,300. The securities industry in New York City accounted for 21 percent of all private sector wages paid in the city last year even though it accounts for less than 5 percent of private sector jobs.

The rise in bonus payouts on Wall Street comes despite a 4.2 percent decline in security industry profits. That makes the bonus pool 170 percent of total profits and 40 to 50 percent of total revenues. 2014 was the second year in a row that bonuses have risen despite

a decline in profits.

Meanwhile, banking industry CEOs continue to collect massive pay packages. Goldman Sachs chief Lloyd Blankfein received a cash bonus of \$7.3 million, up \$1 million from the year before, out of a total compensation of \$24 million in 2014.

JPMorgan Chase CEO Jamie Dimon received a \$4.7 million cash bonus out of total pay of \$20 million. Morgan Stanley CEO James Gorman received restricted shares valued at \$4.5 million. This is part of a pay package that will reportedly exceed \$18 million.

Swelling salaries in the financial sector are part of a broader trend of rising executive pay nationally. This week, US Steel announced that CEO Mario Longhi's 2014 compensation doubled to \$13.2 million, compared with \$5.6 million in 2013. The pay of Coca-Cola CEO Muhtar Kent shot up 23 percent last year, hitting \$25.2 million.

Meanwhile, Boeing said that its CEO, Jim McNerney, got a 24 percent rise in pay last year to \$28.9 million. In 2014 McNerney, with the collaboration of the International Association of Machinists, scrapped the defined benefit pension plan for its unionized employees. That was followed by the freezing of pensions for 68,000 non-union employees and the transition to a 401(k) style plan.

The continued growth of Wall Street pay takes place in a city that is already one of the most economically unequal in the United States. New York City is home to the most billionaires of any city in the world.

For New York State as a whole, the average income of the top one percent of wage earners is \$2.1 million, compared to an average income of \$44,049. In part due to the concentration of the financial sector in metropolitan New York, both New York state and neighboring Connecticut have the largest gaps between

the average income of the top 1 percent and the bottom 99 percent, with a ratio of 48 to 1.

A study authored by the Urban Institute found that 21.4 percent of New York City's population lived in poverty in 2012. Out of that total, 3.8 percent were in "deep poverty," meaning they had incomes less than one-half the official poverty level.

According to a report by the National Association of Realtors, the average New York City resident pays 60 percent of their income in rent, leaving only 40 percent for other basic needs such as food, clothing and medical care. According to the same report, rents in New York have risen faster than in any other American city since 2009.

Homelessness is at an all-time high in New York City, with nearly 60,000 people per night depending on the city's emergency shelter system. Meanwhile, there is a construction boom in the city for residences for the ultra wealthy. A Manhattan penthouse recently set a new record by selling at more than \$100 million.



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