US CEO pay hits record high

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A new study released by executive pay research firm Equilar and published earlier this month by the *New York Times* shows that compensation for chief executive officers for the largest US companies hit a new record in 2014.

The top 200 highest-paid US CEOs each made an average of $22.6 million in compensation, including salaries as well as stocks, options, bonuses and other forms of pay.

This represented a significant increase over 2013's average of $20.7 million. This figure was more than double that recorded by the firm in 2006, when it first began publishing numbers on executive compensation.

Together, the top 15 highest-paid chief executives took home over $1.1 billion in pay last year. Ranking highest on the list is David M. Zaslav of Discovery Communications, which the *Times* refers to as "the cable group behind Shark Week and shows like 'Cake Boss.'" Last year saw Zaslav's pay shoot up 368 percent to over $156,000,000, making him the highest-paid CEO on Equilar's list since Tim Cook of Apple was awarded a package of over $378 million in 2011.

Nicholas Woodman, chief executive officer and founder of camera maker GoPro, saw his compensation package shoot up more than 4,000 percent in a single year, to over $77,400,000 after his company's initial public offering last year, making him the fifth-highest-paid CEO.

Satya Nadella of Microsoft, who declared earlier this year that he would carry out a broad "restructuring plan" resulting in the layoff of 18,000 people—14 percent of its total workforce—raked in over $84,300,000 in 2014, making him the fourth highest-paid CEO.

Margaret C. Whitman of Hewlett-Packard saw her income climb by 11 percent to $19,612,164 last year after announcing over 50,000 job cuts since taking over as CEO. Similarly, Virginia M. Rometty of IBM saw a growth in pay of 28 percent to $17,942,400, even as her company carried out thousands of layoffs over the course of 2014.

Last year, the typical top-200 CEO pay package was roughly 339 times greater than the $51,939 median household income of a family in the United States. By comparison, the ratio in pay between a CEO and a worker in 1978 stood at about 30-to-1. According to the Economic Policy Institute (EPI), the growth in CEO pay outstripped even the growth of the stock market throughout this period.

As lavish as the pay for the top CEOs was, their total compensation paled in comparison to hedge fund chiefs. According to another study released earlier this month by Institutional Investor's *Alpha* magazine, the top 25 highest-paid hedge fund managers made nearly $11.62 billion for themselves in the past year, amounting to roughly $500 million apiece.

The growth in CEO pay comes as companies sit atop the largest cash hoard in history, with US corporations alone holding $1.4 trillion on their balance sheets. Instead of using this money to invest, hire workers or raise wages, companies are using it to buy back shares, increase dividends and engage in an orgy of mergers and acquisitions. US corporations recently spent over $500 billion buying back their own stock, according to a report in the *Financial Times*.

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The growth of CEO pay has continued despite claims by Democratic politicians and federal regulators that they have taken measures to restrain massive payouts for executives. The *New York Times* noted in a piece earlier this month ("For the Highest-Paid C.E.O.s, the Party Goes On") that the Dodd-Frank bill of 2010, the main "financial reform" passed in the wake of the 2007-2008 economic crisis, was underpinned by "a belief that more transparency would lead to some much needed belt-tightening" in terms of CEO pay. The *Times* bluntly declares that "it hasn't worked."

"It's a common story. Chummy boardrooms, easily achieved performance targets and large discretionary bonuses—these are the hallmarks of executive compensation today," the *Times* concludes that "there is little chance that the feeding frenzy will end anytime soon."

While the financial elite continues to rake in obscene amounts of wealth, conditions of poverty and social inequality prevail for the vast majority of the population. A report released on Thursday by the Organization for Economic Co-operation and Development (OECD), found that levels of international social inequality were the highest on record since the organization began recording statistics. Significantly, in the United States, the total wealth of the bottom fifth of the population fell by 26 percent between the years 2007-2013.

Far from being the outcome of impersonal economic forces, the enormous enrichment of the corporate/financial elite has been the product of conscious efforts by both Democratic and Republican administrations to enact a massive transfer of wealth from the bottom to the top of society, facilitated through the pumping of trillions of dollars into the financial system by the Federal Reserve and other central banks. Rather than leading to productive investment and job creation, the influx of cash has largely been pocketed by the corporate and financial elite in the form of executive pay, increased dividends, and soaring stock prices.