Top bankers’ pay rose 17 percent in 2014

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CEO pay at 15 of the world’s major banks shot up by 17 percent last year, according to a survey conducted by Equilar and published by the *Financial Times* Friday.

The typical chief executive at the banks surveyed received $14.5 million last year, up from $12.4 million in 2013. The biggest payout went to JPMorgan Chase CEO Jamie Dimon, whose compensation more than doubled, hitting $27.6 million.

The ever-growing payouts to bank executives are the outcome of the measures taken following the 2008 financial crash by the Obama administration and its counterparts around the world, aimed at increasing the wealth of the financial oligarchy at the expense of the working class.

The vast sums of money pocketed by bank executives are bound up with activities that range from borderline legal to flagrantly illegal. Nearly all of the CEOs included on the list head banks that have been the subject of multiple investigations and fines related to the rigging of global interest and foreign exchange rates, mortgage fraud, money laundering, tax evasion and other crimes.

Not a single leading banker in the US has been charged, much less sent to jail, for helping cause the 2008 financial meltdown. Rather than being broken up, the biggest banks have been allowed to tighten their grip on the global economy, growing in size and economic power in the aftermath of the crash.

The report of the payouts comes less than two months after the latest settlement with major global banks, in which JPMorgan Chase, Citigroup, UBS, Barclays and Royal Bank of Scotland (RBS) admitted to conspiring to rig global currency exchange rates in order to make billions of dollars at the expense of businesses and individuals around the world.

The foreign exchange rigging settlement, and the wrist-slap fines it entailed, did nothing to impact payouts to the five banks’ CEOs, all of whom are on the list of top-paid executives this year.

The list of bankers reads like a “15 Most Wanted” list, beginning with JPMorgan’s Dimon, the head of the biggest US bank. Dimon has been at the center of numerous scandals, including lying to investors and government regulators about a multibillion-dollar trading loss in 2012, rigging global interest rates and forging mortgage documents to expedite foreclosures. This is in addition to JPMorgan’s role in helping cause the 2008 financial crash by selling toxic mortgage-backed securities.

Dimon, who visited the White House six times in 2009 alone, has been referred to in the media as President Obama’s “favorite banker.”

Next on the list is Morgan Stanley CEO James P. Gorman, whose pay increased 60 percent last year, to $23.1 million. In 2012, Morgan Stanley was fined $5 million for defrauding New York State residents of some $300 million in an electricity price-fixing scheme. That same year, in addition to numerous smaller scandals, the bank paid $6.75 million to resolve charges that it carried out “fictitious sales” of securities.

Number three on the list is Lloyd Blankfein, head of Goldman Sachs. In addition to a litany of scandals, including conspiring to manipulate the prices of oil and aluminum, Goldman’s criminal activities in the run-up to the 2008 financial crisis were documented in 2011 by the report of the Senate Permanent Subcommittee on Investigations. The committee found that Goldman had placed bets against the same toxic mortgage-backed securities it sold to investors.

Fifth on the list is Stuart Gulliver of HSBC, who received $15.6 million, up from $11.6 million the year before. In December 2012, HSBC paid $1.9 billion to US regulators after being caught laundering hundreds of millions of dollars for Mexican drug cartels. This past February, it was revealed that HSBC's Swiss private banking business had functioned for years as an international tax evasion service, helping wealthy clients dodge taxes by handing out untaxed "bricks" of cash at its branches.

The lowest-paid executive on the *Financial Times* list is Ross McEwan, CEO of the Royal Bank of Scotland, who received "only" $7.4 million. RBS is 81 percent owned by the British government, meaning the majority of McEwan's payout came out of the pockets of UK taxpayers.

It is now six years since the Obama administration appointed mediator Kenneth Feinberg as its "special master" of executive pay for companies that were bailed out by the government during the 2008 financial crisis. In the immediate aftermath of the bank bailout, Feinberg rubber-stamped multimillion-dollar bonuses to executives at firms that had received billions of dollars in bailout funds, including JPMorgan, Goldman Sachs and Citigroup.

Having performed this service for the US financial oligarchy, Feinberg was last month appointed by the Obama administration to oversee the slashing of pension benefits of retirees at multiemployer pension funds. Feinberg will be given unilateral authority to impose benefit cuts on workers who vote against proposals to slash their benefits.

In addition to direct bailouts, banks have been among the principal beneficiaries of the US Federal Reserve's policies of near-zero interest rates and "quantitative easing," by means of which virtually free money has been pumped into the financial system. This policy has been mirrored by central banks throughout the world.

The massive handout to the financial aristocracy has accelerated even as the banks have cut back lending for productive investment. Instead, the banks have used the cash they received at public expense to enrich their shareholders and executives through share buybacks, dividend increases and mergers and acquisitions—all entirely parasitic activities.

Rather than throwing financial criminals like Dimon and Blankfein in jail, the Obama administration has ensured that they continue to receive millions of dollars in pay and bonuses. These facts demonstrate that American "democracy" is in reality a plutocracy—the rule of the rich.

Any attempt to hold the banks and those who run them to account without challenging the capitalist system is impossible. Breaking the power of the financial oligarchy requires the complete reorganization of society on the basis of social need, not private profit.