AFL-CIO report points to continued social polarization

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According to a report released Tuesday by the AFL-CIO union federation, American CEOs in 2015 earned 335 times the pay of a typical hourly, nonsupervisory worker. The figures reflect both the lack of any effective limits on executive compensation and the unrelenting war against the jobs and living standards of the working class.

The report noted that CEO pay averaged 800 times the annual compensation of a worker employed full time at the minimum wage. In 2015 the typical CEO of a Fortune 500 index company raked in $12.4 million while a nonsupervisory worker earned on average a paltry $36,900.

The rise in CEO pay has been a familiar feature of American life since the early 1980s when a typical CEO made only 42 times an average employee. By 1990 the typical CEO took in 107 times the compensation of an average worker.

The $12.4 million figure in 2015 was actually a decline from the average of $13.5 million in 2014 and was largely due to an accounting adjustment reflecting how companies value the present value of future pension benefits.

The list compiled by the AFL-CIO does not include other highly paid executives, such as hedge fund managers, whose compensation can reach the billions. For example, Ken Griffin, who runs Chicago-based Citadel, took in $1.7 billion in 2015, edging out James Simons of Renaissance Technologies who pocketed $1.65 billion.

Bloomberg reported in April that Patrick Soon-Shiong of Nantkwest, a cancer treatment firm, topped its list of highest paid executives in 2015, taking in $329.7 million in total compensation, mostly in the form of stock options.

Topping the list of highest paid Fortune 500 CEOs was Joe Kiani of Masimo Corporation, a manufacturer of patient monitoring technologies, with a compensation of $119 million. His income included $115 million in stock and $1.9 million in cash. In 2012 Masimo faced federal charges resulting from the actions of whistleblowers who alleged that it fraudulently billed Medicare and other government programs for its defective hemoglobin monitoring devices.

Among those pocketing hefty pay packages were CEOs at corporations that carried out mass layoffs. For example, Hewlett Packard CEO Meg Whitman took in $17.1 million in 2015. The same year HP axed some 30,000 jobs. Meanwhile, Halliburton CEO David Lesar grabbed $15.9 million in compensation in 2015. That year the oilfield services company cut 6,400 jobs. Caterpillar’s Doug Oberhelman pocketed $17.9 million in 2015, the same year the heavy equipment maker laid off some 5,000 workers.

Lowell McAdams, CEO of strikebound telecom Verizon, took in $18.3 million in 2014. Management is demanding enormous concessions including cuts in health care and pensions for active and retired employees, the right to lay off thousands of call center workers and turning much of the workforce into roaming work crews that could be forced to travel long distances from home.

The rise in CEO pay parallels a corresponding fall in wages, with the real income of workers in a decades-long retreat. The administration of President Barack Obama, elected with the full support of the AFL-CIO, has only accelerated this process.

Overall, workers’ wages fell by 4 percent between 2009 and 2014, with the largest fall among the most poorly paid sections. Food preparation workers and cooks saw real wages decline 7.7 percent and 8.9

percent respectively. Retail workers saw their wages fall by 5 percent and personal care aides by 6.6 percent.

At the same time, most of the current job growth has been in low wage sectors. Six of the 10 highest growth occupations saw a real wage decline between 2009 and 2014.

However, the decline in incomes has not been limited to the poorest paid sectors.

Manufacturing wages, once one of the better-paid sectors, are falling. In 2013 the typical manufacturing production worker made 7 percent less than the median wage for all occupations.

According to a recent Pew report, the number of people living in middle-income households from 2000 to 2014 fell 4 percent nationally. Among adults overall, the share living in middle-income households fell from 55 percent to 51 percent in the time period covered by the study. At the same time, the median income of US households in 2014 stood at 8 percent less than in 1999.

The publication by the AFL-CIO of its report on CEO pay should not divert attention from the fact that the unions have played a crucial role in the growth of social inequality by suppressing the class struggle and sabotaging any movement by the working class against the assault on its living standards. From the 1970s onward the unions have intervened to block strikes and smother any collective resistance by the working class to wage cuts and mass layoffs.

Under the two terms of the Obama administration strike levels continue at their lowest levels since before the formation of the mass industrial unions. There were only 12 work stoppages involving 1,000 or more workers in 2015, and just 11 in 2014. The largest strike in 2015 involved oil refinery workers across the country who were isolated and betrayed by the United Steelworkers (USW).

The USW only called out a small fraction of its membership, eventually saddling workers with contracts containing inadequate pay increases that also imposed unsafe levels of overtime and large co-pays for health care costs.

As a result of the strangling of the class struggle, the share of the national income going to wages is at its lowest level since World War II. At the same time, the top .1 percent of US families now own nearly a quarter of US wealth.

The AFL-CIO itself is the vehicle for a corrupt upper-middle class layer of highly paid union officials who profit from their collaboration with management. While they don’t earn in the tens of millions, they pocket salaries sometimes 10 to 20 times that of ordinary workers.

For example, according to the latest US Labor Department filing, American Federation of Teachers President Randi Weingarten took in $497,118 in salary and expenses in 2015. Former Communications Workers of America President Larry Cohen pocket $201,000 in 2015.

The figures reported to the labor department don’t include other sources of income from the union bureaucracy, which can often be quite substantial, including management of trust and pensions funds, positions on joint labor-management committees, and compensation from seats on corporate boards.

More than 200 international staff members in the CWA took in salary and expenses of over $100,000 in 2015. Meanwhile, 40,000 Verizon workers are being forced to survive on $200 a week in strike pay.