As CEO compensation soars to new heights

Fifty-one million US households cannot afford "survival budget"

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Newly released data cast a revealing light on the state of income inequality in America a decade after the Great Recession. While CEO pay soars to unheard of heights, nearly 51 million US households cannot afford basic necessities like housing, food and health care. The figures show that a tiny oligarchy of the super-rich continues to tighten its grip over society, as more and more families struggle to get by.

The *New York Times* on Friday published the Equilar 200 Highest-Paid CEO Rankings for 2017. The survey, conducted annually by the executive compensation consulting firm Equilar, lists the pay packages awarded to CEOs at US public companies with more than $1 billion in revenue.

Entries regarding the 10 highest-paid CEOs in 2017 show not only massive compensation packages, but huge percentage increases over 2016.

• No. 1: Hock E. Tan of Broadcom, total compensation of $103,211,163—a 318 percent increase over 2016

• No. 2: Frank J. Bisignano of First Data, total compensation of $102,210,396—a 646 percent increase over 2016

• No. 10: Stephen Kaufer of TripAdvisor, total compensation of $43,160,584—a 3,400 percent increase over 2016

This year for the first time, as part of the 2010 Dodd-Frank banking law, publicly traded US corporations must begin publishing comparisons between the pay of their chief executive and the median compensation of other employees. (Figures are not yet available for all of the highest-earning CEOs.)

The following are just a few of the pay ratios for 2017:

• Mindy Grossman, Weight Watchers International, with $33,371,856 in total compensation, received *5,908 times* the median employee pay ($6,013).

• Margaret H. Georgiadis, Mattel, with $31,275,289 in total compensation, received *4,987 times* the median employee pay ($6,271).

• Michael Rapino, Live Nation Entertainment, whose total compensation rose by 577 percent to $70,615,760, received *2,893 times* the median employee pay ($24,416).

Put another way, a Walmart worker earning the company's median salary of $19,177 would have to work for more than 1,000 years to earn the $22.2 million that company CEO Doug McMillon was awarded in 2017.

Among the companies that disclosed CEO pay ratios, the median was 275 to 1, i.e., the typical employee would have to work 275 years to earn the annual compensation of his or her company's CEO.

While CEO compensation continues to climb—with the top 200 CEOs receiving an average raise of 14 percent in 2017, compared to 9 percent in 2016 and 5 percent in 2015—there are 50.8 million US households that cannot afford a basic monthly budget, including housing, food, child care, health care, transportation and a smart phone. The new data was made available Tuesday by the United Way ALICE Project.

Those struggling to meet a basic monthly budget include 16.1 million households living below the official federal poverty level, an abysmally low $24,300 for a family of four in 2016. Also included, however, were another 34.7 million families called ALICE, which stands for Asset Limited, Income Constrained, Employed. In other words, these households include working members and are not "officially" poor, but cannot afford basic necessities.

As the ALICE Project press release on the data notes, "ALICE is the nation's child care workers, home health aides and store clerks—those men and women who work at low-paying jobs, having little or no savings and are one emergency from poverty." Workers at companies whose CEOs rank in the top 200 in pay fall into this category, including McDonald's, Walgreens, Office Depot and food service companies Aramark and Sysco.

Data highlighted by the research includes the following:

• Two-thirds of all US jobs in the country are low-paying—less than $20 an hour, or $40,000 a year if full-time.

• More than 30 percent of households in each state cannot afford a basic "survival budget." The percentage of these families ranges from 32 percent in North Dakota to 49 percent in California, New Mexico and Hawaii.

• Those families earning over the poverty level but struggling to afford basic necessities outnumber similarly struggling households living in poverty in all 50 states.

• California, Texas and Florida—the first, second and fourth most populous states, respectively--have the largest number of ALICE households in the country.

Also published Tuesday was a study by the Federal Reserve Board that exposes the precarious financial situation facing millions of American workers and their families. The "Report on the Economic Well-Being of US Households in 2017" found that 4 in 10 adults, if faced with an unexpected expense of $400, would either be unable to cover it or would pay for it by selling a possession or borrowing money.

For working class families, such unexpected expenses could include a medical bill, a car repair, home repairs, appliance replacement, unexpected taxes or fines—the list goes on. While the CEOs in the top 200 have assets stashed away in rainy day funds in the millions, an unexpected emergency can mean going without food, being forced deeper into credit card debt, debt collection or eviction. The study found that 3 percent of renters were evicted or moved because of the threat of eviction in the last two years.

The report noted that one-fifth of non-retired adults are pessimistic about their future employment opportunities. A substantial number of workers are in precarious employment, with one-sixth having irregular work schedules imposed by their employer, and one-tenth receiving their work schedules less than a week in advance.

The study reported that over half of college attendees under age 30 have taken on debt to pay for their education. Those who failed to complete a degree, and those who attended for-profit institutions, were more likely to have fallen behind on their payments. Among those making payments on their student loans, the typical monthly payment was between $200 and $300, or 6 to 9 percent of total income for someone working full-time at $20 an hour.

Another Fed study, "The Demographics of Wealth," found that people born in the 1980s, part of the millennial generation, were at the greatest risk of becoming a "lost generation" in terms of wealth accumulation. This age group is one of the most likely to be saddled with student debt. While all families headed by someone born in 1960 or later have failed to recover economically since the Great Recession, those born in the 1980s are the least likely to have recovered to their pre-1980 financial level.

Not surprisingly, the "Economic Well-Being" report found that less than two-thirds of non-retired adults thought their retirement savings are on track. One-fourth had no retirement savings or pension whatsoever.

While workers are told by politicians of both big business parties that there is "no money" to pay for decent wages, education, health care or retirement, companies in the Standard & Poor's 500 stock index are sitting on the largest cash stockpile in history, with estimates varying between $1.8 and $2.2 trillion as of the end of 2017.

The obscene levels of compensation doled out to the CEOs and the corresponding struggle of working class families to pay basic monthly bills provoke no serious response from the Democratic Party, which is fixated on the claims of Russian "meddling" in the 2016 elections.

The Democrats have provided the votes to fund the Pentagon's record $700 billion budget and secure the confirmation of black-site torture administrator Gina Haspel to head the CIA. They put up no serious opposition to Trump's multi-trillion-dollar tax cut for corporations and the rich. Meanwhile, work requirements are being imposed on Medicaid and food stamps, with virtually no opposition from the Democratic Party.

The working class must break from both parties of the capitalist class and build a mass socialist movement to seize the wealth of the financial elite and put an end to the profit system. This is the only basis for meeting essential social needs.