CEO pay up 17 percent while US workers' wages stagnate

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Average compensation for CEOs at the 350 largest companies in the US increased by 17.6 percent in 2017 over the previous year, soaring to $18.9 million. Workers' wages, meanwhile, continued to stagnate, rising a paltry 0.3 percent.

These indices of the relentless growth of economic inequality are reported in a new study published Thursday by the Economic Policy Institute (EPI), a Washington-based think tank.

The increase in US chief executive compensation brought the ratio of CEO to workers' pay to 312-to-1. This means that the typical CEO of a large firm makes in a single day almost as much as the typical worker earns in an entire year. By contrast, the ratio in 1965 was 20-to-1.

The surge in CEO pay is largely driven by the record rise in stock prices, with corporate bosses benefiting from massive stock buybacks, increased dividend payouts and other forms of financial parasitism. The policy of the Federal Reserve and Democratic as well as Republican administrations over the past four decades has been calculated to drive up stock prices, enabling the stock market to serve as the primary mechanism for redistributing wealth from the working class to the corporate-financial elite—the top 5 percent income earners, and, particularly, the top 1 percent, 0.1 percent and 0.01 percent.

This redistribution of wealth was greatly accelerated under the Obama administration, which responded to the financial crash of 2008 by instituting a series of policies whose net result was the greatest transfer of wealth from the bottom layers of society to the top in history. These policies included the multitrillion-dollar bank bailout, near-zero percent interest rates, and the money-printing operation known as "quantitative easing." These measures pumped trillions of dollars into the financial markets and provided the banks and hedge funds with virtually free credit, enabling them to mount new speculative operations similar to those that triggered the financial meltdown and Great Recession in 2008.

The vast inflation of stocks and other financial assets was made possible by the continuing suppression of the class struggle and workers' wages by the trade unions, which all but banned strikes in the aftermath of the Wall Street crash. Wage cutting and the growth of low-paying part-time and temporary jobs in the place of decent-paying jobs wiped out in the Great Recession dramatically lowered the social position of the working class. This was combined with cuts in health care, pensions, education, housing, food stamps and other vital social programs.

The orgy of self-enrichment of the financial oligarchy has continued and accelerated under Trump with the enactment last December of a multitrillion-dollar package of tax cuts for corporations and the rich. Trump's tax cuts have triggered a new round of mergers and acquisitions, stock buybacks and dividend payments that will increase the wealth of CEOs and investors by an estimated $2.5 trillion by the end of 2018.

According to the EPI, the average compensation of American CEOs has grown by 71.7 percent since 2009, while compensation for the average worker has grown only 2.1 percent in the same period.

The CEO compensation documented by the EPI report is 586 times the annual pay of a UPS warehouse worker under the sellout contract the Teamsters union is seeking to ram through over rank-and-file opposition. That agreement caps the pay of warehouse workers at $15.50 an hour.

The total 2017 compensation of CEOs at the country's 350 largest firms was $6,615,000,000. This is enough to grant every one of UPS's 230,000 workers in the US a bonus of $28,760.

Between 1978 and 2017, according to the EPI, CEO compensation rose in the US by 1,070 percent. The typical worker's compensation over these 39 years rose by a mere 11.2 percent. This points to the most important factor in the colossal growth of social inequality over this period—the suppression of the class struggle by the trade unions.

The span of 1978 to 2017 roughly corresponds to the period when the trade unions began collaborating in wage cuts and other concessions to the corporations and, after betraying a series of bitter strikes against wage cutting and union busting in the 1980s, all but ended strike activity in the US.

The suppression of class struggle by the unions has been particularly pervasive in the aftermath of the 2008 financial crisis. In 2017, major work stoppages in the US fell to seven, the second-lowest level since records began in 1947. This has enabled the ruling class to carry out a fundamental restructuring of class relations, with labor's share of nonfarm national income in the US falling from 66.4 percent in 2000 to 58.9 percent in 2018—a transfer of wealth that will equal $1.4 trillion in 2018 alone.

A second factor in the suppression of wages is the immense consolidation and concentration of corporate power, particularly in the US. In an article published Friday on next week's annual Jackson Hole, Wyoming conference of central bankers, the *Financial Times* reported that a major topic will be the role of accelerated corporate monopolization in wage stagnation as well as low productivity and slowing capital investment.

The article cites a measure of corporate concentration—the Herfindahl-Hirschman index—which is up 48 percent since 1996. It notes that there has been greater concentration in some 75 percent of US industries over the past two decades.

Although not part of the official agenda, one can be certain that foremost on the minds of the bankers who gather at Jackson Hole will be the resurgence of strike activity this year in the US and internationally. In the first six months of 2018 there were 12 major work stoppages in the US, involving 444,000 workers, more than the total number of strikers over the last six years combined.

The surge in strike activity, and the fact that teachers in West Virginia, Oklahoma and Arizona initiated their statewide strikes independently of the unions, have struck fear in the American and international ruling class.

In all of these struggles workers have confronted not only the intransigence of the capitalist class, but also the treachery of the trade union bureaucracy, which seeks to suppress, contain and derail any action by workers that imperils the privileged position the union executives enjoy as the policemen of the working class.

This is nowhere more apparent than in the current contract negotiations between UPS and the Teamsters union. In June, 93 percent of UPS workers voted in favor of a nationwide strike when their contract expired on July 31. Rather than prepare for a strike and appeal to other sections of workers to join them, the Teamsters extended the contract indefinitely so as to wear down opposition to the new contract.

The new five-year contract "negotiated" by the union maintains poverty-level wages for warehouse workers, 70 percent of whom are part-time. It also creates a new "hybrid" class of drivers who will both deliver packages and work in the warehouses, earning $6 less per hour than regular drivers.

The conditions are rapidly developing for a massive eruption of working-class resistance in the US. In addition to the contract covering 230,000 UPS workers, labor agreements will expire in the coming days for hundreds of thousands of workers at the US Postal Service and in the steel, telecom and entertainment industries. At the same time, teachers will be returning to their classrooms under conditions where none of the issues that sparked strikes in West Virginia, Oklahoma, Arizona and other states have been resolved.

The growth of militancy is combined with increased disgust with capitalism and interest in socialism. What is required is a struggle to break the grip of the pro-corporate, nationalist trade unions and mobilize the working class against the entire political establishment and the corporate oligarchs it represents.

The Socialist Equality Party urges UPS workers, postal workers, teachers and all other workers to establish new organizations of struggle independent of the unions—factory, workplace and neighborhood committees—to organize strike action and expand the fight for decent wages and conditions nationally and internationally.

This industrial offensive must be combined with a new political strategy to unite all of the various struggles—for jobs, wages, schools, health care, housing, against war—in a single unified political movement directed against the capitalist profit system and all of its political representatives. We urge workers to contact the SEP and the *World Socialist Web Site* to take up this struggle.