Median CEO pay in US tops $1 million a month

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The median income for 132 CEOs of major US corporations jumped to $12.4 million in 2018, more than $1 million a month, according to an analysis published Sunday by the *Wall Street Journal*. The CEOs, representing about one-quarter of the S&P 500 firms for which figures have thus far been released, saw pay rises of about 6.4 percent apiece compared to 2017.

The CEO gains were driven by rising stock prices for the year, despite a sharp drop in December 2018, the worst December for the financial markets since the Great Depression. Assuming the pay rises for the remaining CEOs in the S&P 500 match those of the first group, 2018 would mark the third consecutive year of record CEO pay in the United States.

Among the biggest payouts were $66 million for Robert Iger, longtime CEO of Walt Disney Co., $44.7 million for Richard Handler, CEO of Jefferies Financial Group, and $42 million for Stephen MacMillan, CEO of medical equipment maker Hologic Inc. Patrick McHale of Minneapolis-based manufacturer Graco Corp. made $34.9 million in 2018.

Some CEOs outside the S&P 500 received even bigger windfalls, topped by the $125 million for Nikesh Arora, a former Google executive who became CEO of Palo Alto Networks, a cybersecurity company, only in June 2018.

Corporate criminals like the CEO of Boeing and the heads of the major banks suffered no consequences from the devastation that their actions have caused for their own workers and the population as a whole.

Boeing CEO Dennis Muilenburg received $23.4 million after a year that ended with the crash of a 737 Max jetliner operated by Lion Air of Indonesia, killing 189 people. Two weeks ago, a second crash of a 737 Max, this time in Ethiopia, killed 157 people and led to the worldwide grounding of all the 737 Max 8 and Max 9 jets made by the company. Boeing stock plunged 10 percent, wiping out $25 billion in stock market value.

Among bankers, Jamie Dimon of JPMorgan Chase topped the list with $31 million, while Brian Moynihan of Bank of America received $23 million. Along with Goldman Sachs, these banks played central roles in precipitating the 2008 Wall Street crash.

Wells Fargo CEO Tim Sloan saw a pay rise to $16.4 million, including his first-ever bonus, despite the company’s stock plunging 24 percent due to the scandal involving the creation of millions of false accounts for customers, leading to fines and regulatory penalties.

Ford President and CEO Jim Hackett received a 10 percent raise in 2018, raking in $17.75 million, while the company continues to slash jobs both in the United States and internationally. According to press reports, the Ford CEO received 276 times the median pay for all Ford employees. General Motors has yet to report the 2018 compensation for CEO Mary Barra, who made $21.9 million in 2017.

A study reported last month in the magazine *Institutional Investor* found that median CEO pay at major US corporations has soared over the past four decades—from $1.8 million in the 1980s to $4.1 million in the 1990s, reaching $9.2 million in the early 2000s.

Following a drop after the 2008 Wall Street crash, when CEO compensation was driven down by falling share prices, the combined compensation from pay, stock options and bonuses for corporate bosses has returned to the level that prevailed before the financial crisis. In contrast, most workers have seen no significant recovery.

CEO pay has risen nearly 72 percent since the low point in 2009 and is now just 3.3 percent below the record levels set in 2007, on the eve of the financial collapse. According to the study reported in *Institutional Investor*, CEO pay grew 17.6 percent between 2016 and 2017 alone, while average pay for workers rose by only 0.3 percent.

The ratio of CEO pay to the pay of the average worker has risen from 20-1 in 1965 to 30-1 in 1978, 58-1 in 1989, 112-1 in 1995 and a record 344-1 in 2000. After the dip following the 2008 crash, the CEO-to-worker pay ratio rose back to 312-1 in 2017.

One corporate CEO's record pay package deserves particular attention: Daniel Loepp, CEO of Blue Cross Blue Shield of Michigan, the largest insurer in the state, covering the majority of autoworkers and other industrial workers, as well as auto retirees. Loepp has seen his annual compensation rocket from $1 million in 2006, when he became CEO, to $9 million in 2015, $13.4 million in 2017 and $19.2 million in 2018, including a staggering bonus of $16.2 million.

Loepp's bonus was "only" $10.4 million in 2017, and the $5.8 million raise in his bonus was due to meeting "performance targets" set by the corporate board. These targets included slashing corporate expenses by $360 million over the past three years, through cuts in jobs and employee compensation. Loepp also pushed through a cut in the health care coverage for Blue Cross retirees, who had expected, having worked for a health care company, that their benefits would be secure.

Loepp is by far the best-paid chief executive officer of a company that is still nominally not-for-profit—but posted an "operating margin" last year of $605 million—and which, because of its longstanding relationship with the auto industry, the UAW and the AFL-CIO, has eight union executives on its board of directors.

These union officials approved the bonus and other compensation for Loepp and set the "targets" that Loepp had to meet, which were achieved by cutting the jobs and benefits of Blue Cross Blue Shield workers, many of them members of the UAW, as well as benefits for workers insured by the company, which is the principal health insurer for unionized workers across the state.

The *Detroit Free Press* contacted the eight union officials, including those from the UAW, Michigan Education Association, Michigan Building Trades Council, and Michigan AFL-CIO, to question them about the basis for Loepp's whopping bonus and raise. Seven did not respond, while the Teamsters Union representative on the board of directors defended the $19.2 million payout.

William Black, executive director of Michigan Teamsters Joint Council 43, said in an email to the newspaper: "We at the board are sensitive to compensation issues, and we have emphasized that pay be tied to performance... His compensation is heavily weighted against company performance, as it should be. That performance has been very strong in recent years."

This statement underscores the scurrilous and thoroughly corrupt role of the unions in supporting the profit system and the gouging of union members to enrich the capitalists and the corporate bosses. The union executives have far more in common with Loepp than with the workers they claim to represent. In institutions like the UAW Retiree Medical Benefits Trust, the union officials preside over multibillion-dollar corporate entities with salaries and bonuses that are modeled on those of the Loepps, Hacketts and Jamie Dimons.