US CEO pay soars during pandemic

Marcus Day
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For the majority of the population, the COVID-19 pandemic has been a catastrophe on a scale not seen since the Second World War. With a death toll over 586,000 in the US alone, millions of families have lost loved ones, as parents, spouses, siblings, and even children fell ill and succumbed to the virus in a matter of days. Millions more have survived an infection only to face debilitating long-term consequences to their health.

For those employed in factories, warehouses and countless other workplaces which have remained open, the workday has become a gamble with death. For the millions of others who have been thrown into unemployment and deprived of adequate incomes, the threat of destitution, hunger and homelessness is ever-present.

But for a small section of society, the last year has produced a windfall.

Pay packages for CEOs at major US companies soared over the course of the pandemic, according to annual corporate filings released in recent weeks. And some executives received much bigger payouts than others, "earning" stratospheric compensation topping the until recently unprecedented amount of $100 million:

• Chad Richison, CEO of Paycom, a software company based in Oklahoma, took in over $211 million in salary and share options.

• Amir Dan Rubin, CEO of 1Life Healthcare, a chain of health clinics in San Francisco, was awarded over $199 million.

• John Legere, CEO of cell provider T-Mobile—which consummated a merger with rival Sprint last year—received over $137 million.

At companies listed on the S&P 500 index, which includes many of the largest US firms, median chief executive pay hit the relatively more "modest" amount of $13.3 million in 2020, nevertheless an all-time record and the 11th straight annual increase, according to ISS EGG, a shareholder advisory group.

Huge sums were handed over even to CEOs at corporations that suffered substantial losses due to the pandemic:

• James Murren, chairman and CEO MGM Resorts, the Las Vegas-based hotel and casino giant, received an exit compensation package of $32 million when he left last year, making him the 14th-highest paid executive in 2020, despite a loss of $1 billion by the company.

• Chris Nassetta, head of the Hilton hotel chain, was awarded $55.9 million, coming in at number five on the list of highest-paid executives. The company reported a loss of $720 million for the year.

• David Calhoun, president and CEO of aerospace manufacturing giant Boeing, received over $21 million in compensation, even though the company reported a colossal loss of $12 billion.

Companies such as Boeing, Hilton, and Norwegian Cruise Lines terminated or furloughed thousands or tens of thousands of workers, while requesting multi-billion-dollar government bailouts. Ultimately, Boeing was able to raise private funding, but only as a result of the Federal Reserve's direct support for the corporate bond market and maintenance of ultra-low interest rates.

In a number of instances, companies carried out cuts with the flimsy pretext of "shared sacrifice," misleadingly declaring in Hilton's case that Nassetta would forgo his salary for much of the year. However, for Nassetta and many others, awards of company shares now make up much more sizable portions of executive compensation than their base salary.

In fact, the gulf between executive pay and that of the average employee has expanded dramatically. At S&P 500 companies, median employee pay fell 17 percent, so that the CEO-to-employee pay ratio went from 182-to-1 to 227-to-1, according to the *Financial Times*.

For decades, the process of wealth accumulation at the top has been more and more separated from the productive process and instead drawn from stock market speculation and financial manipulation, a transformation proceeding under Republican and Democratic administrations alike. In fact, the Biden presidency has overseen the fastest rise of the S&P 500 of any administration in the last 75 years, going back to Eisenhower.

For workers, the seemingly endless stagnation or decline of wages and working conditions has produced a growing mood of opposition and the reemergence of strikes in recent weeks. In each case, workers' demands for their essential needs—including the reversal of previous wage and benefit cuts, adequate staffing levels, and, in particular, the implementation of serious measures to address COVID-19—have been bitterly resisted by corporate executives who have themselves reaped multi-million-dollar paydays:

• At Tenet Healthcare-owned St. Vincent Hospital in Worcester, Massachusetts, roughly 700 nurses are in the second month of their strike, fighting for safe nurse-to-patient staffing ratios and an end to dangerous workloads. Tenet's CEO, Ronald Rittenmeyer, raked in $16.7 million in 2020. Under Rittenmeyer, the company, a multibillion-dollar corporation, furloughed some 11,000 workers last year and pulled in almost $399 million in profit.

• At steel firm Allegheny Technologies Incorporated (ATI), 1,300 steelworkers in five states have been on strike against company demands for major concessions to jobs, health benefits, and pensions, although the United Steelworkers union has sought to avoid raising any concrete demands by conducting the walkout as an "unfair labor practices strike," claiming ATI is not bargaining in "good faith." ATI CEO Robert Wetherbee received compensation of $5.7 million in 2020, a 3 percent increase from the prior year.

• At Volvo Trucks' New River Valley plant in southwestern Virginia, nearly 3,000 workers have been on strike since April 17. Martin Lundstedt, president and CEO Volvo AB, the Swedish-based parent company of Volvo Trucks North America, took in approximately $5.2 million (43,926,000 Swedish kronor) in 2020, while his deputy, Jan Gurander, received roughly $2.5 million.

• At Warrior Met Coal in Alabama, 1,100 miners have been on strike for over three weeks, demanding to reverse the $6-an-hour wage cut and benefit concessions negotiated by the United Mine Workers of America union in 2016. Warrior Met's CEO, Walter J. Scheller, III, received over $4.3 million in pay in 2020, an 8 percent increase from the prior year.

• And at Columbia University in New York City, some 3,000 graduate student workers have been waging a struggle for decent pay, health care, and other benefits. Like many of his university administrator colleagues increasingly drawn from corporate America, Columbia's president, Lee Bollinger, has a multi-million-dollar pay package of $4.5 million.

In discussions with workers, the *World Socialist Web Site* and Socialist Equality Party are frequently asked: How is it that management doesn't recognize that we're being exposed to COVID-19, that people are dying, that we need more to live? Why don't they see that we need to shut down to deal with the virus? And why do the unions, which say they represent us, always side with management?

The answer is that the incomes and fortunes of the major corporate executives, and behind them the financiers and large investors, dictate their determination that workplaces remain open and that profits continue to be produced through the exploitation of the working class, both in the US and globally. Not only that, the material interests of the capitalist class require that this exploitation intensify, with new rounds of wage cuts, layoffs, and corporate restructuring being planned and implemented.

And the heads of the corporatist enterprises called "unions" themselves have become integral parts in enforcing these policies, junior executives in the systems of labor management, and are compensated as such. From American Federation of Teachers President Randi Weingarten (annual pay, $564,236), to Stuart Applebaum of the RWDSU ($344,464), to Service Employees International Union President Mary Kay Henry ($279,126), to the countless other union executives with bloated expense accounts and six-figure salaries, all have wealth and interests placing them in a social strata both separate from and hostile to workers. The integration of the unions into management has taken place internationally, with Bernd Osterloh, head of the joint works council at Volkswagen and leading member of the IG Metall trade union, recently announced to have accepted a management position at VW's truck and bus subsidiary, with a projected income of around €1 million.

The interests of the corporate executives and financial aristocracy, defended loyally by their aides in the unions, have become a cancer on society. Their entire social order, capitalism, is the main obstacle to meeting any of the essential needs of the majority of the population and is preventing the measures necessary to end the pandemic, including an emergency shutdown of non-essential production and full compensation for workers and support for small businesses.

Growing layers of the working class are being moved into struggle, struggles which will increasingly raise the question of who controls society—the capitalists and pandemic profiteers, whose interests demand profits and death, or the working class, whose interests demand the defense of life and satisfaction of social needs, i.e., socialism?

To equip these struggles with the necessary international perspective, program and organization, the International Committee of the Fourth International (ICFI) has issued a call for an International Workers Alliance of Rank-and-File Committees (IWA-RFC), a global network of rank-and-file factory and workplace committees democratically controlled by workers and independent of the trade unions and all bourgeois parties. This year, the ICFI is holding its International May Day Online Rally on Saturday, May 1, in order to explain the logic of the global crisis of capitalism and advance this initiative among workers around the world. We urge all our readers to join this effort and register to attend the International May Day Rally today.