Report shows CEOs in US cashed in during the pandemic as workers lost jobs, wages and lives

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The Institute for Policy Studies (IPS) published a significant report on May 11 that details the rigging of executive compensation plans by corporate boards during the pandemic, so that vast sums could be funneled into the pockets of millionaire executives while workers suffered unemployment, reduced wages, exposure to COVID-19 and death.

Under the title "Pandemic Pay Plunder," the top finding of the IPS' 27th Annual Executive Excess report is that among the top US corporations with the lowest paid workforces, CEOs received a 29 percent increase in compensation, while workers' wages fell by 2 percent on average last year.

The IPS research shows that 51 out of the 100 corporations on the S&P 500 list with the lowest median worker wages bent corporate rules during the pandemic to ensure that their CEOs increased their compensation by an average of $4 million, to a total of $15.3 million, while workers' wages fell by more than $550 to $28,187. The CEO-to-worker pay ratio for these corporations reached 830 to 1.

In introducing the report, IPS authors Sarah Anderson, director of the Global Economy Project and co-editor of Inequality.org, and Sam Pizzigati, IPS associate fellow and co-editor of Inequality.org, write: "American families have been simply unable, on their own, to bear the COVID crisis. Meanwhile, corporate chief executives in the United States have continued to score the sorts of windfalls that have ballooned billionaire wealth."

In explaining how corporate boards modified compensation rules to ensure a windfall for executives, the report says that the companies engaged "in various rigging maneuvers" such as (1) lowering the performance numbers so executives could meet their bonus targets, (2) awarding special "retention" bonuses, (3) excluding poor second-quarter (March-May 2020) results from performance evaluations and (4) replacing performance-based awards with time-based awards.

The IPS report says that "an army of 'independent' compensation consultants" was retained by the corporate boards in order to "give all this rule-rigging a veneer of legitimacy." For example, Carnival—the largest international cruise line company—paid Frederick W. Cook & Co. $423,274 to give its CEO bonus "a stamp of fiscal probity as the company's profits cratered and workers suffered."

In relation to the Carnival compensation scam, the report notes that the company stranded employees at sea for months while it scrambled to get customers back home. But after securing $6 billion in low-cost financing from the US Federal Reserve, it gave CEO Arnold Donald special pandemic "retention and incentive" stock grants valued at more than $5 million. "Arnold's total 2020 compensation came to $13.3 million, 490 times the company's $27,151 median worker pay" the report states.

The IPS study does not mention reports that nearly a dozen cruise line workers died in suicides committed during the lengthy period of forced isolation without pay on ships, or as a result of mental health problems after they came ashore.

Other specific examples given by IPS of corporate manipulation of executive compensation in the midst of the pandemic include the meatpacking, poultry and automotive industries. In the case of $30 billion Arkansas-based Tyson Foods, the report says that "executives didn't meet their cash bonus targets last year," but the board "gave them stock awards to make up the difference."

Tyson CEO Noel White earned $11 million, which is 294 times Tyson's $37,444 median worker pay. The report states, “Another recipient of those special stock awards was company chair John Tyson, a billionaire hardly in dire need of special support. The heir and grandson of the company founder, Tyson has watched his personal wealth increase 72 percent during the pandemic—to $2.6 billion.”

Tyson workers, like all poultry and meatpacking employees, were declared essential workers during the pandemic and forced to stay on the job. The report says the Tyson workers suffered the most COVID-19 infections and deaths in the industry, noting: “As of February 2021, more than 12,000 Tyson workers had been infected by the virus and at least 38 had lost their lives to it.”

The automotive supplier Aptiv—one of the spin-offs from Delphi Automotive, itself a spin-off from GM—has the widest pay gap (5,294 to 1) on the IPS list of 51 low wage corporations. Aptiv CEO Kevin Clark was paid $31.3 million while the median wage earner made $5,906 in 2020. The report says, “The Aptiv board inflated Clark’s paycheck by moving bonus goalposts and excluding 2020 results from the 2018-2020 performance period for long-term executive incentive awards.”

The report also explains that the company justified the massive payout to Clark—totaling an additional $18 million—“as nothing more than the product of ‘accounting adjustments’ related to 2019 and 2020 stock awards.”

Aptiv operates in 44 countries and did not disclose to IPS where the workers earning a median wage of a little less than $6,000 are employed. The global corporation—which specializes in automotive cooling systems—was the product of the multi-billion-dollar July 2015 merger of Delphi Thermal with the German-based Mahle-Behr GmbH and British-based HellermannTyton.

Some of the other companies highlighted in the IPS report for extreme CEO-worker pay ratios in 2020 are:

* Hospitality corporation Hilton Worldwide, where CEO Christopher Nassetta pocketed the largest rigged pay-package adjustments, for a total compensation of $55.9 million in 2020.

*Apparel corporation Under Armour, where half the workforce earns less than $6,669 per year. There, the company board “altered bonus metrics and replaced performance-based with time-based stock awards” for CEO Patrik Frisk, so as to pay him $7.4 million.

* Chipotle Mexican Grill, where CEO Brian Niccol “received $38 million in 2020 compensation, 2,898 times the restaurant chain’s median worker pay.” The firm’s board of directors inflated his bonus by tossing out the company’s poor financial results from the peak shutdown period and excluding COVID-related costs.

While the political conclusions of the IPS editors are for tax reform that will force companies to pay increased taxes for CEO-worker wage gaps of more than 50-1—which is itself a defense of social inequality—the facts and figures presented in the report are a devastating exposure of the criminality of the ruling class under conditions of the worst public health crisis in a century.

The IPS report was published just as the US political establishment was launching a campaign to eliminate weekly supplemental unemployment benefits for millions of workers who remain unemployed as a result of the economic crisis and deadly health conditions caused by the response of the corporate and financial elite to the pandemic.

Already more than half of US states have revived their work search requirements in an effort to force workers back to work at low-paying jobs. As reported by the *New York Times* on Sunday, Arkansas and Louisiana brought back these requirements months ago and others such as Vermont and Kentucky have done so in the last few weeks.

Laying bare the economic interests that lie behind the Centers for Disease Control and Prevention decision to lift the mask requirement for “anyone who is fully vaccinated” last Thursday, President Biden ordered the Labor Department four days before to pressure state governments to put the job search requirements back into place.

The IPS report is a further confirmation of the analysis made by the *World Socialist Web Site* that the capitalist ruling class lives by the motto, “Never let a good crisis go to waste,” and has used the pandemic to intensify the exploitation of the working class, further enrich itself and expand social inequality to unprecedented levels.