US corporate profits, CEO pay surged in 2021 while inflation slashed real wages

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The corporate assault on US workers' living standards during the pandemic intensified in 2021. While inflation slashed living standards for most of the population, corporate profits surged to their highest levels in decades, rising 25 percent year over year to $2.81 trillion. The rise is even greater—37 percent—when taxes are factored in. This is the highest figure since records began in 1948.

At the same time, according to a report by Compensation Advisory Partners, US CEO pay increased in 2021 by an average of 19 percent at the 50 companies surveyed, a record amount. Leading the field was Discovery CEO David Zaslav, who took in a staggering $246.6 million. Amazon CEO Andy Jassy received a pay package valued at $212.7 million, mostly from stock options.

Others cashing in included:

• Apple CEO Tim Cook, who took in $99 million last year
• Intel CEO Pat Gelsinger, who received $178.6 million
• Chad Richison, CEO of Paycom Software, who was paid $211,131,206
• Lawrence Culp Jr., CEO of General Electric, who pocketed $73,192,032
• Mike Sievert, T-Mobile CEO, who received $54,914,015
• Leonard Schleifer, CEO of Regeneron Pharmaceuticals, who took in $135,350,121.

Surging profits on Wall Street boosted the average employee bonus in the New York securities industry to a record $257,500 last year, according to state officials.

The statistics on corporate profits and executive pay expose the blatant profiteering by large corporations during the pandemic. Companies have been able to raise prices far beyond increases in production costs, vastly inflating profit margins.

According to a report by a watchdog group, the top 25 global oil companies reaped $237 billion in profits in 2021. Last year, oil giant ExxonMobil posted its largest profit in seven years, $23 billion, as increased oil prices added $100 billion to its sales revenues. Saudi Aramco, a major oil and gas company owned and managed by the Saudi royal family, reported $110 billion in profits last year, a 124 percent increase from 2020.

Logistics giant Amazon reported $33.4 billion in after-tax profits in 2021, up from $21.3 in 2020.

Despite COVID and chip shortages, US auto companies enjoyed a profit surge. Ford recorded $17.9 billion in after-tax profits, following a loss in 2020. GM reported $14.3 billion in 2021 earnings.

The official inflation rate was 6.7 percent last year. Inflation has accelerated in 2022, with prices rising 7.9 percent year over year in February 2022, eclipsing year-over-year wage gains of 5.1 in February and 5.6 percent percent in March.

According to Bloomberg Economics, the average American household will spend $5,200 more this year to buy the same goods and services it purchased last year. With prices on basic commodities set to rise even higher due to the war in Ukraine and US and NATO sanctions on Russia, a further assault on living standards is being prepared.

Even though real wages are declining in many sectors, Wall Street is expressing concern over the tight labor market, which has allowed workers to press for higher wages. The US jobs report for March, released Friday by the Labor Department, reported the addition of 431,000 jobs, the 11th straight month of job gains surpassing 400,000. The official unemployment rate fell to 3.6 percent in March, close to the 3.5 percent pre-pandemic rate, which was a 50-year record low.

In fact, the figure for new jobs was lower than predicted by economists, and far below the average of 600,000 over the past six months. More threatening to the ruling class are near-record highs of unfilled jobs and voluntary quits.

In remarks Friday morning after the release of the jobs report, President Biden hailed the increase in hiring, citing "Record job creation. Record unemployment declines. Record wage gains." However, the reality is quite different for workers, whose paltry wage gains are being eaten up by rising prices for gasoline, electricity, food and other necessities.

The most significant job gains have been for workers in the retail sector and leisure and hospitality, such as hotels and restaurants. These sectors have historically paid poverty-level wages.

The resistance of workers to laboring for near-starvation wages in the midst of a deadly pandemic, and ongoing supply chain bottlenecks due to shortages of workers in key sectors such as trucking, potentially put workers in a strong position to fight for significant improvements in living standards.

In 2021, strikes took place in a number of key industries as workers sought to fight back against rising prices and the impact of decades of wage stagnation. These struggles for the most part took the form of rebellions against the trade union bureaucracies, which for decades have worked to impose brutal cuts in wages and the destruction of working conditions, in line with their transformation into corporatist appendages of the corporations and the capitalist state.

In a number of contract struggles last year, unions settled for pay raises well below the rate of inflation, including Volvo (average 2 percent annually over 6 years), Nabisco (2-2.5 percent annual raises), Kellogg's (one-time 3 percent for "legacy" workers), and Dana Corporation (as low as 1 percent annually for top pay scales).

In each of these cases, the unions sabotaged the struggles of workers, keeping the strikes isolated and shutting them down at the point where they threatened to seriously impact corporate profits and inspire solidarity action by other workers both in the US and internationally. Workers were forced to vote without having time to adequately review the terms of the contract and were often denied the right to see the full contract language.

At Volvo and other workplaces, unions called strikes only after workers had voted multiple times by massive margins against sellout agreements brought back by union officials.

In one of the latest acts of treachery, the Steelworkers union blocked strike action by 30,000 US oil workers and rammed through a sellout deal with wage increases far below the rate of inflation, even as the oil giants continued to gouge the public with spiraling gas prices.

In recognition of the vital services of the unions in suppressing workers' wage demands and squashing strikes, the Biden administration has made a central focus of its anti-working class policy the promotion of the trade unions, appointing a "Task Force on Worker Organizing and Empowerment," including national security cabinet officials. In a report issued in February, the task force made a series of recommendations to encourage unionization by government contractors, with the aim of "promoting stability" and "minimizing disruption"—that is, preventing strikes.

Fearing that low levels of unemployment will encourage workers to battle back against raging inflation by demanding significant wage increases, US financial authorities are taking measures to slow down the economy by increasing interest rates. Remarking on the fact that there are 1.8 job openings for every unemployed worker, US Federal Reserve Chairman Jerome Powell said, "By many measures, the labor market is extremely tight, significantly tighter than the very strong job market just before the pandemic," adding that it was tight to "an unhealthy level."

After raising rates by 0.25 percent in March, the Federal Reserve is indicating support for a more substantial 0.5 percent rise in May. The central bank has already said it plans at least six more rate increases in 2022, the first increases in three years.

The last round of rate increases set off a precipitous fall in the stock market, inducing the Federal Reserve to rescind its rate hikes. Since then, the markets have become even more inflated as the US Treasury pumped trillions of dollars into Wall Street. The turn toward deflationary policies threatens to upset this financial house of cards in dramatic fashion.

Growing sections of workers are defying the pro-corporate unions, including oil refinery workers in Richmond, California, who have voted down two sellout contracts pushed by the United Steelworkers' union and gone on strike to secure a substantial wage increase and an end to brutal overtime and unsafe working conditions. They are joined by 5,000 teachers on strike in Sacramento, California and tens of thousands of other workers with looming contract expirations. This is part of a growing movement of workers internationally fueled by inflation, inequality and the growing threat of world war.

Reports of the unrestrained profiteering by the financial elite will only further fuel workers' anger over declining living standards and the criminal mismanagement by all sections of the political establishment of the pandemic. The impending war danger and the demands that workers finance another huge military buildup at the expense of wages and social services will heighten class tensions.

This social anger must be consciously directed against the capitalist system, its political parties, the Democrats and Republicans, as well as the pro-capitalist trade unions. The way forward requires the building of new, genuinely democratic organizations of struggle—rank-and-file committees in every factory, school and workplace—and a political movement of the working class, international in scope, to end the subordination of the productive forces to the profit drive of big business. The working class must assume direction of economic and social life based on a new, higher principle—production for human need, not profit—that is, socialism.