# Pay packages for US CEOs hit record for sixth year in a row

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The pay packages of the top executives of the largest US corporations set another record in 2021, hitting a median value of $14.7 million. This was the tenth year in a row that median compensation increased and the sixth straight year of record setting packages for the chief executive officers (CEOs) of the top US companies.

According to a *Wall Street Journal* analysis published on Monday, total compensation of the CEOs of more than 400 companies on the S&P 500 rose by 12 percent in 2021. The *Journal* study also said that "most companies recorded annual shareholder returns of nearly 30 percent."

Of the median total package value of $14.7 million, the analysis reports that $10.6 million consisted of equity awards, that is, non-cash compensation in the form of various company stock options. The balance of $4.1 million in the median CEO package was in the form of salaries, bonuses and other cash compensation.

In 2020, the median CEO package was worth $13.4 million, and the cash component was $3.1 million. In other words, while workers in nearly every US industry saw a reduction in real wages in 2021 due to an inflation rate of 7 percent, the cash portion of median CEO compensation increased by 32.3 percent.

As with everything related to the accumulation of vast sums of wealth in the upper echelons of American capitalist society, massive equity and cash compensation packages were awarded to a handful at the top end of the *Journal* rankings, and this exclusive club is growing. The analysis says, "Nine CEOs got pay packages worth at least $50 million last year—up from seven in 2020 and one in 2016."

At the very top of the list is Peter M. Kern of Expedia Group who took in $296.25 million in 2021, an increase of a whopping 6,952 percent from 2020. Kern took over the online travel shopping company in April 2020 when the pandemic devastated the travel and tourism industries worldwide. Since the collapse of Expedia Group on Wall Street at that time, the company's stock surged to more than double its pre-pandemic level.

As though it makes a difference, the *Journal* says that equity awards made up nearly all of Kern's package, and these assets will not begin vesting until 2024 "at the earliest." The Expedia Group CEO "isn't expected to receive additional equity during his three-year employment contract," according to a company spokesperson.

Second on the CEO pay package list is David Zaslav, the longtime CEO of Discovery Inc. and now the newly merged Warner Bros. Discovery, Inc., who received a total pay package of $246 million, an increase of 554 percent from the previous year. Of this amount, 82 percent, or $203 million, was in the form of an option grant "that depends on the stock price at least doubling from current levels before December 2027."

However, the *Journal* reports that Zaslav received a total $30.5 million in cash compensation. The executive started his leadership of the new media conglomerate—the merger of AT&T's WarnerMedia with Discovery—by announcing $3 billion in cuts that he says are needed to eliminate "overlapping" and to establish a company with "less layers." Zaslav is fully aware that attacking the workforce, which has a median income that is 3,000 times smaller than the CEO's, is the surest way to improve Wall Street performance and get him his $200 million.

Third on the list is Bill McDermott of ServiceNow, a software company that provides cloud computing services. McDermott's 2021 package was worth $165 million, an increase of 560 percent over the previous year, and the cash portion is $3.57 million. McDermott has a $139.2 million option award that requires the company stock value to increase by half and that the company reach subscription revenue targets.

Tim Cook, CEO of Apple, the most valuable company on Wall Street at $2.5 trillion, is next with total package worth $98.73 million and cash compensation of $15 million. Cook, who had not received an equity award since 2011, received nearly $84 million in options in recognition of "his exceptional leadership and is commensurate with the size, performance and profitability Apple has achieved during his tenure." Apple finished 2021 with $94.7 billion in profit.

Cook is followed by JPMorgan Chase CEO Jamie Dimon with a total pay package of $84.43 million, of which $6.5 million is salary and other cash compensation. The *Journal* says that Dimon "must wait at least five years to exercise options the company valued at $52.6 million, nearly two-thirds of his $84.4 million in reported 2021 pay, and hold resulting shares at least another five years."

As the leading voice of the US financial elite, the *Wall Street Journal* presents the increasingly grotesque accumulation of wealth at the top of society as the result of success for the winners among the capitalist class during "a tumultuous year that started with Covid-19 disrupting operations and sapping demand and ended with an economic rebound that left many US companies scrambling for workers and trying to stay ahead of rising inflation."

While the *Journal* sees the equity portion of the lucrative compensation awards as some kind of "performance" requirement for the ultra-wealthy executives, the dirty little secret behind the 30 percent returns earned by the majority of the firms in 2021 is that the unprecedented rise on Wall Street has been fueled by the infusion of trillions of dollars into the markets by the US Federal Reserve.

While the *Journal* expresses a jubilant attitude toward the increasing pay package data, very little is said about the decline in the financial markets since the beginning of 2022, the increase in the inflation rate to 8.5 percent, the Federal Reserve interest rate policies or the volatility in the bond prices, all of which are indications of mounting instability of the entire financial system.