US CEO pay surges to record highs

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Median compensation for chief executives at S&P 500 companies reached $17.3 million in 2025, according to the AFL-CIO's 2026 Executive Paywatch report, released Thursday.

Excluding Tesla and SpaceX CEO Elon Musk, average S&P 500 CEO compensation rose 21 percent in a single year, from $18.9 million in 2024 to $22.8 million in 2025. This was the highest level recorded since the AFL-CIO began tracking the figure in the 1990s.

The average CEO-to-worker pay ratio increased from 285 to one in 2024 to 312 to one in 2025, again excluding Musk. The median company ratio was 198 to one. A majority of S&P 500 CEOs received more in one day than the median US worker earned during the entire year.

But Musk represents the most extreme expression of this process. Tesla reported $158.3 billion in 2025 compensation for Musk, 14 times the combined compensation of all the other S&P 500 CEOs. The figure increased average S&P 500 CEO compensation to $340.1 million and the average pay ratio to 5,387 to one. In 2025, Tesla reported median employee compensation of $62,786, producing a staggering ratio of 2,522,203 to one for this single company.

These figures do not include Musk's payday from the SpaceX IPO in June, which briefly made him the world's first trillionaire.

The figures document a vast transfer of wealth to a corporate and financial oligarchy. In the second quarter of 2026, the share of nonfarm business output going to workers fell to 52.9 percent, the lowest level since the Bureau of Labor Statistics series began in 1947. Real hourly compensation fell 3.1 percent during the quarter at an annualized rate.

Eight percent of households experience food insecurity, according to figures cited by Paywatch. Sixteen percent of adults cannot pay all their bills in full, 26 percent have skipped medical care because of the cost, and 37 percent lack enough cash to cover a $400 emergency.

The rise in executive pay continued a decades-long redistribution of income. The Economic Policy Institute estimates that realized CEO compensation increased 1,094 percent between 1978 and 2024. Compensation for a typical worker rose just 26 percent during the same period, while productivity increased 80.5 percent. The CEO-worker ratio rose from 31 to one in 1978 to 281 to one in 2024.

Stock awards account for the largest share of executive compensation and have driven its growth. The rise in share prices turns these awards into fortunes far beyond any income generated by the executives' activities. Federal Reserve data show that the richest 1 percent owned 50.2 percent of all corporate equities and mutual fund shares in the first quarter of 2026. The bottom half of the population owned 1.1 percent.

Corporate boards are now using Musk's compensation plans as a benchmark for still larger awards. AFL-CIO Secretary-Treasurer Fred Redmond told Reuters that Musk's pay "changes the dynamic when other CEO compensation plans come up, boards use it as a reference."

Real estate investment firm Welltower reported compensation of $821 million for its CEO Shankh Mitra, most of it tied to a long-term stock award. Only 19 percent of shares supported the package in an advisory vote, but the company proceeded with it. Goldman Sachs reported $118.9 million for CEO David Solomon. Other awards listed by Paywatch included $741 million for Opendoor Technologies CEO Kaz Nejatian and $281 million for Wayfair CEO Niraj Shah.

The form of the award demonstrates how speculative valuations generate personal fortunes. Tesla recorded $94.8 billion in revenue and $3.9 billion in net income in 2025. Its automotive revenue fell 9 percent. Musk's reported compensation exceeded the company's entire annual revenue and was 41 times its net income.

The enlarged SpaceX group reported only $18.7 billion in 2025 revenue and a $4.9 billion loss, but June's IPO valued it at $1.75 trillion. Tesla and SpaceX together produced about $113.5 billion in annual revenue, while their valuations supported a personal fortune nearly nine times larger.

Musk's wealth consists overwhelmingly of claims on future income from workers' labor. These claims can be sold, pledged as collateral and used to acquire other companies, finance political operations and exercise control over the state. Musk spent $291 million during the 2024 election cycle, making him the country's largest individual political donor.

The Paywatch report also states that President Donald Trump received $2.2 billion in 2025 after returning to the White House, including $1.4 billion from the sale of $TRUMP memecoins and his family's World Liberty Financial cryptocurrency business. The annual income of the median US worker would have to be accumulated for more than 43,000 years to equal Trump's receipts for one year.

Paywatch supplies valuable evidence of the growth of oligarchy. But its political conclusions conceal the role of the AFL-CIO bureaucracy in creating these conditions.

The report suggests lamely that CEOs should be compensated "fairly, in proportion to their actual contribution to the company." It proposes that companies with CEO-worker ratios above 100 to 1 should be required to negotiate union contracts.

This is by no means a proposal to limit the paychecks of CEOs. It is actually an incentive for the union bureaucracy to facilitate ever-rising CEO pay. If implemented, the proposal would mean that the greater the number of CEOs in the 100-to-1 category, the bigger the dues base and the greater the income flowing into the pockets of the labor bureaucracy.

The AFL-CIO's final appeal, under the heading "My Union, My Right, My Vote," calls on workers to elect officials who supposedly represent them, i.e., for the most part Democrats.

The AFL-CIO presents executive compensation as a problem of declining union membership and Republican attacks on the National Labor Relations Board. But it says nothing about the contracts through which the union bureaucracy has suppressed wages, blocked strikes and guaranteed uninterrupted corporate profits.

Bureau of Labor Statistics figures show that annual wage growth for unionized private-sector workers fell below that of nonunion workers during the sharpest inflation in four decades. In December 2021, union wages rose 3.9 percent, compared with 5 percent for nonunion workers. In March 2022, the figures were 3.7 percent and 5.1 percent. By December 2022, union wage growth stood at 3.9 percent, compared with 5.3 percent for nonunion workers.

The bureaucracy locked millions of workers into multiyear contracts without adequate cost-of-living protection while prices rose rapidly. These contracts drove union wage increases almost down to the level of nonunion employees. As recently as June 2026, union wages were rising at an annual rate of only 3.6 percent, compared with 3.1 percent for nonunion workers.

AFL-CIO President Liz Shuler has repeatedly described the suppression of social opposition as a service the unions provide to business. In 2024, announcing the federation's partnership with Microsoft, she declared that "[u]nions are a stabilizing force" and called their participation a "fundamentally good business decision." She praised the International Brotherhood of Electrical Workers for sitting "right beside management" and "making things go smoother."

These officials measure contracts by their contribution to profitability, competitiveness and social stability. They isolate strikes, force workers to remain on the job during layoffs, and impose agreements that subordinate wages to the demands of the corporations. The narrowing difference between union and nonunion wage growth records the result.

The AFL-CIO bureaucracy also works to subordinate workers to the Democrats, who have joined the Republicans in cutting corporate taxes, subsidizing the financial markets, blocking strikes and defending the private ownership of the banks and corporations. Under Joe Biden, Congress outlawed the 2022 railroad strike and imposed a contract the workers had rejected.

The explosive growth of executive compensation arises from capitalist ownership of the means of production and the domination of economic life by a financial oligarchy able to command economic resources, purchase political influence and dictate government policy.

The fight against oligarchy requires a rebellion against the union bureaucracy and the building of independent rank-and-file organizations to unite workers across companies, industries and national borders. The oligarchs must be expropriated and the major corporations and financial institutions converted into public enterprises under the democratic control of the working class, as part of the socialist reorganization of economic life.