



Written by [Bob Adelman](#) on March 18, 2019

Wall Street Journal: Median Pay for CEOs Is a Million Dollars a Month

The results of [the survey](#) on American CEO (chief executive officer) compensation released on Sunday by the *Wall Street Journal* aren't likely to please progressives and socialists such as Bernie [Sanders] and Alexandria Ocasio-Cortez (AOC).

The *Journal* looked at total compensation being paid to the CEOs of 132 of the 500 companies making up the S&P 500 Index and reported that it reached \$12.4 million in 2018, up from \$11.7 million a year earlier.



Much of the compensation was driven by improved corporate profits and strong stock market performance that enhanced the value of their stock options. The *Journal* also reported that not every CEO got a raise: “Pay fell for 47 [of them], or about a third ... and more than 10% for 22 of them.”

This isn't likely to impress socialists and social-justice warriors who will likely use the *Journal's* results to focus on some kind of “parity” calculation: comparing CEO compensation to the average guy driving a truck or working a line in a factory. Expect outrage over the disparity, and legislation to “fix” the “inequity.”

How does one justify anyone making a million dollars a month? Anthony Smith, co-founder of management consulting firm Leadership Research Institute, knows many of those CEOs personally and thinks they're getting paid what they're worth: “After carefully weighing every aspect of their 24/7/365 jobs — which are carried out in isolation and can destroy [their] health [and] families [and] personal privacy — I have come to the conclusion that [their compensation packages] are justified.”

How?

First, those packages are still largely determined by competition in the free market. Every board of directors factors in each candidate's past track record; his potential for adding value to the company; competing job offers from similarly qualified people; what he or she is leaving behind to make the jump; their reputation on the “street”; and the team of other executives he or she is likely to bring over or to attract.

Second, the board looks at the unique set of skills the candidate brings to the corner office. True “stars” are in short supply while the demand for them is extremely high. After all, just how many Tiger Woodses or Phil Mickelsons are there in the world? For the record, Woods is the first athlete in history to make over a billion dollars (so far) while Mickelson is right behind him.

Third, the right candidate is in a position to create thousands of jobs, deliver massive returns to investors in the company's stock, not to mention breath-taking innovation simply by bringing a fresh set of eyes to the position.

In addition, for a large corporation, compensation packages of this size fade into just a “line item” in the budget compared to the revenue stream and profitability of the company. As Smith asked, “Who creates



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more value in the company, the CEO or a bunch of paper clips [costing the same, or more]?”

Institutional investors and shareholders understand this. Progressives and socialists either do not, or will not.

For example, take AOC, the House freshman (woman) from the Bronx. Upon graduation from college in 2011, she took jobs as a bartender and waitress to help her mother (who was working as a house cleaner and a bus driver) pay the bills.

She started a business — Brook Avenue Express (BAP) — which published children’s books, but the business failed. New York State closed it down when it failed to file a tax return or pay its corporate taxes. As of March 2019, BAP still owes the state \$1,870.36.

AOC now receives \$174,000 a year as a member of the House of Representatives, plus benefits. Who’s to say that she’s worth that?

Or take Bernie Sanders. *Politico* took the time and trouble to explore his business background and then reported on what they found in 2015: He lived from hand to mouth, stealing electricity from his landlord when he couldn’t pay his electric bill. From *Politico*:

He shared custody of his son in an informal arrangement with [Susan Campbell] Mott, according to people who knew them. “She was around a lot,” Nancy Barnett, a friend who lived nearby, told me. Barnett called Mott “a pretty quiet, private person.”

Sanders rented a small brick duplex at 295 1/2 Maple Street that was filled with not much furniture and not much food in the fridge but stacks of checked-out library books and scribbled-on legal pads. His son, who called his father “Bernard,” had an upstairs bedroom.

“Pretty sparse,” Gene Bergman, an old friend, said about the apartment.

“Stark and dark,” said Darcy Troville, a fellow Liberty Unionite who lived around the corner and shared with Sanders homemade jellies and jams.

“The electricity was turned off a lot,” Barnett said. “I remember him running an extension cord down to the basement. He couldn’t pay his bills.”

He worked some as a carpenter, although “he was a [poor] carpenter,” Bloch told me. “His carpentry,” Morrisseau said, “was not going to support him, and didn’t.”

He worked as a freelance writer, putting intermittent pieces in the low-budget *Vermont Freeman*, a Burlington alternative weekly called the *Vanguard Press* and a glossy, state-supported magazine called *Vermont Life*....

His writing wasn’t a living. The *Vanguard* paid as little as the rest. “It would’ve been not more than 50 bucks,” said Greg Guma, a former editor for *Vermont Life*. “Our rate was 10 cents a word,” said Brian Vachon, a former editor.

“He was always poor,” Sandy Baird, another old friend, told me in Burlington.

“Virtually unemployed,” said Nelson, the political science professor at the University of Vermont.

“Just one step above hand to mouth,” said Terry Bouricius, who was involved with Liberty Union, served at times as a de facto campaign manager for Sanders, and at one point crashed for a couple months on his couch.

It wasn’t until Bernie got into politics that his financial situation changed dramatically. In 2016, he



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earned more than a million dollars, part from his salary as a senator and the rest from advances on books that he hadn't written yet.

And yet these are the people who have opinions on what CEOs of America's most successful corporations ought to be making. They rail against the CEOs who have turned the American economy into the envy of the world: the lowest unemployment rate seen in decades and wage increases for workers not seen in years, including especially those in manufacturing jobs and for women joining the workforce for the first time.

Consider Cassandra Eaton, a 23-year-old high school graduate who was recently making \$8.25 an hour at a daycare center near Biloxi, Mississippi. She now works as an apprentice welder for Huntington Ingalls Industries in nearby Pascagoula and makes \$19.80 an hour. Once her apprenticeship is completed she will be making \$27 an hour. Said Eaton: "It's amazing that I'm getting paid almost \$20 an hour to learn how to weld."

Amazing, indeed. But tell that to Bernie or AOC.

There's James O. Wilson. He dropped out of high school in the 10th grade and started selling drugs on the street. He spent years in jail but now, at age 59 and released from prison, he works for FedEx and makes more than \$16 an hour. Wilson told the *Wall Street Journal*: "I wanted to show FedEx you can take a person, and he can change. I want FedEx to say: 'Do you have any more people like him?'"

Don't expect his story to be highlighted by progressives Bernie and AOC.

But what about the president of FedEx, David J. Bronczek? He doesn't make \$16 an hour. His base salary is \$1.1 million and, when his bonuses and stock options are added in, his total comp is \$8.2 million a year.

Isn't that grossly unfair? Consider: Bronczek started out as a courier for FedEx in 1976 and slowly worked his way up the ladder until he now serves the company as its chief executive officer. FedEx, which didn't even exist 50 years ago, now employs 425,000 people worldwide and generates more than \$65 billion an annual revenues.

Would anyone in their right mind even consider Bernie or AOC for that position? If not, why would anyone in their right mind even listen to their opinions about "fairness, equity, justice and parity" when it comes to compensation for the CEOs running America's and most successful companies?

Let the free market continue to determine what they should be paid, and ignore complaints about fairness from the likes of Bernie and AOC, who know nothing of the matter.

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