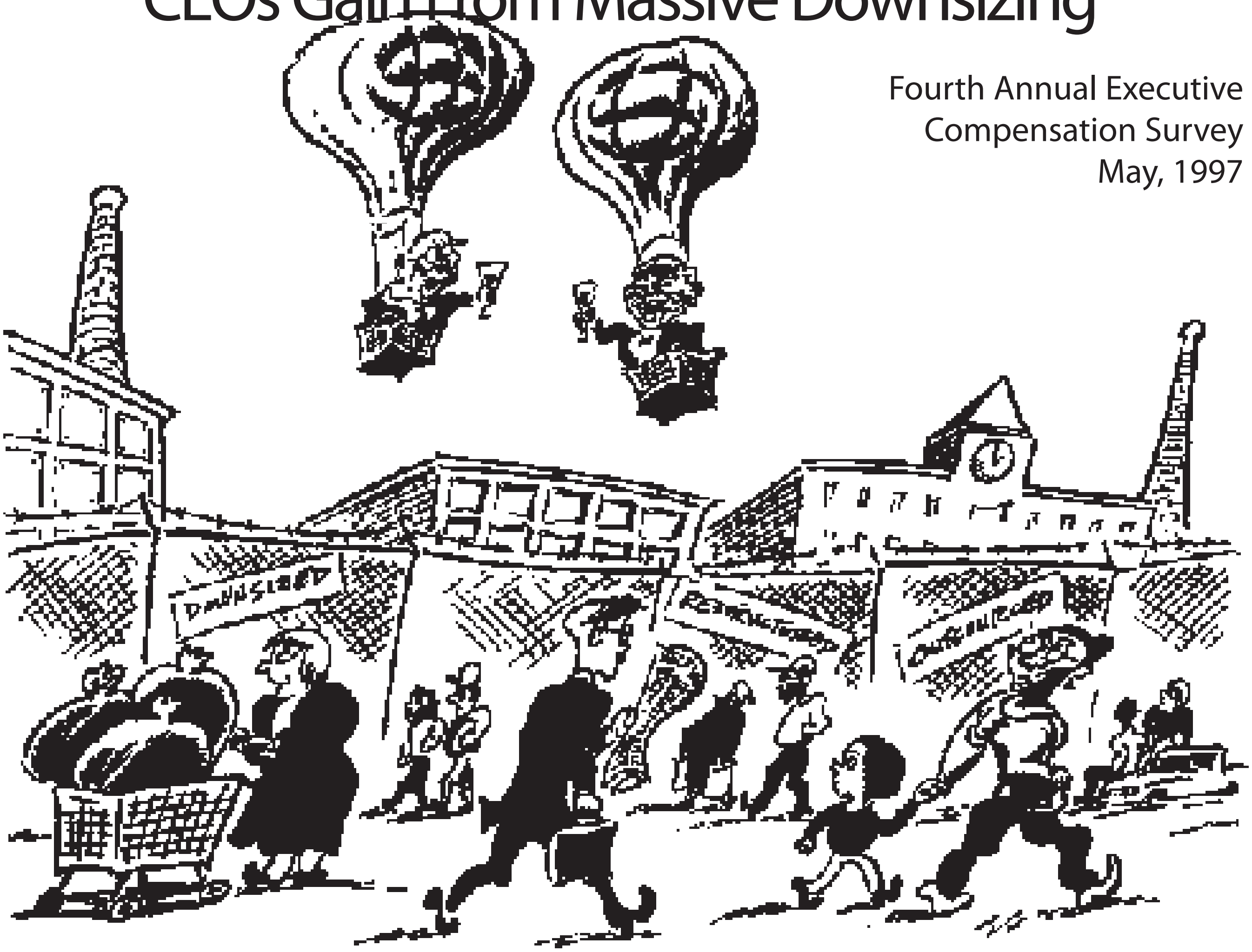
CEOs Win, Workers Lose

Executive Excess:

CEOs Gain From Massive Downsizing



Fourth Annual Executive
Compensation Survey
May, 1997

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United for a Fair Economy is a national, independent, non-partisan organization founded in 1994 to focus public attention and action on economic inequality in the United States—and the implications of inequality on American life and labor. United for a Fair Economy provides educational resources, works with grassroots organizations and supports creative and legislative action to reduce inequality.

The Institute for Policy Studies is an independent center for progressive research and education founded in Washington, DC in 1963. IPS scholar-activists are dedicated to providing progressive politicians, journalists, academics and activists with exciting policy ideas that can make real change possible.

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Executive Excess Report
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Foreword

U.S. Representative Martin Olav Sabo

For the last two decades, our nation has seen the gap between incomes of the rich and the poor grow by leaps and bounds. Nothing exemplifies this income gap better than the large disparity between executive pay and worker pay.

I believe that when many Americans complain about excessive executive pay, they are not really as upset about high pay as they are about the inequity that exists within so many companies. Part of the American work ethic has been that when a company succeeds, workers should get their fair share, and should be able to advance along with the company. Accordingly, many people are repelled when the workers at the bottom of the ladder have stagnant wages while executives prosper.

If economic opportunity is not extended to all Americans, we face the possibility of becoming a nation that is, in the words of former Labor Secretary Robert Reich, "sharply divided between the very rich and very poor." Clearly, such a development—the elimination of a strong middle class as the defining element of American society—would threaten the very fabric of our economy and society. It is therefore in our common interest for the government to address economic inequality in America.

We have made some headway in reducing inequality by expanding the Earned Income Tax Credit and increasing the minimum wage. Nevertheless, the government must do more. I have proposed using the tax code to eliminate what is essentially a subsidy for excessive executive pay. My legislation, the Income Equity Act of 1997, does this by limiting the tax deduction for executive compensation to 25 times the salary of the lowest-paid full-time worker in a firm.

My bill is only one way to address the persistent income gap in America. This report is an important contribution to this struggle. The report highlights a troubling trend that we must address: CEO compensation has risen even faster in firms that have slashed their workforces over the past year. I congratulate the Institute for Policy Studies and United for a Fair Economy on this report, and on their continuing efforts to gain economic security for American workers.

Martin Olav Sabo represents the Fifth Congressional District of Minnesota.

Foreword

Morton Bahr

In 1994, I thought I had seen corporate greed in the communications and entertainment industry peak when Ray Smith of Bell Atlantic took home a million stock options. Then in 1995, AT&T's Robert Allen received options worth as much as $84.5 million—and announced 40,000 job cuts. And now in 1996 comes Disney's Michael Eisner, with a pay package of $8,650,000 and options worth up to $984,000,000. There seems to be no end to CEO greed.

The pay gap between workers and CEOs has become enormous. CEOs in the United States make more than 200 times what average workers make. Compare this to Europe, where CEOs make only 20 to 30 times what the average workers are paid. And, as CEOs get richer, the rest of us are falling further and further behind, despite rising productivity and corporate profits.

The fortunes of all Americans used to rise together, but the last 15 years have brought prosperity only to the richest. To take just one example, from 1983 to 1989, the richest one-half of one percent of American families increased their wealth by $1.45 trillion. If that money were invested at a conservative rate of 7 percent, it would generate $100 billion per year, enough to create 18 million $50,000 a year jobs. America created the wealth but not the jobs. Just imagine 18 million more teachers, firefighters, or police officers. Instead, real incomes for the poorest in our society have fallen and working families are struggling with mounting debt and working longer hours, often juggling multiple jobs with minimal or no benefits.

We at the Communications Workers of America and the labor movement join with the Institute for Policy Studies, United for a Fair Economy, and many other allies in calling for a new vision of corporate accountability, one that embraces the interests of all: workers, managers, stockholders, customers, and neighbors. Transforming the U.S. corporate economy from one that focuses only on profits for Wall Street and excessive pay packages for CEOs to one that promotes jobs with justice for Main Street is our challenge for the 21st century.

Morton Bahr is the President of the Communications Workers of America, AFL-CIO.

Foreword

Robert B. Zevin

For those of us who want to see our children grow up as good citizens and productive workers in a democratic and fair society, there is something corrosive and disheartening about the well-publicized tributes which are lavished annually upon the lords of our corporate fiefdoms.

The 30 worthy gentlemen tabulated in this study were paid an average of $4,610,200 for their efforts in 1996. But they were perhaps entitled to extra compensation for bearing the collective burden of serving as executioners of the dreams of 209,015 workers and their families—a staggering 6967 average layoffs per CEO. Not to mention spreading fear and reducing morale for millions of additional employees.

If the total compensation received by the average American CEO in 1996 alone were invested in U.S. Government bonds, the interest on that investment would pay 15 employees their average wage for the rest of their lives and still leave the whole pay package for the CEO to bequeath to his business school.

As social investors, we have brought the issue of executive compensation to executive suites and shareholder meetings. However, the problem of excessive compensation at the top is ubiquitous in the private economy. The forces of competition, conspicuous display and measuring success against others are driving executive compensation farther and farther above the earnings of the ordinary millions.

This problem can best be addressed by a steeply progressive income tax or consumption tax. Similar top-down social policies have helped other countries contain the gap between boss and employee. Among many benefits from reduced inefficiencies, higher taxes on gargantuan pay packages would protect corporations from wasting their resources on a competitive compensation race and would protect society from further demoralization and despair.

I commend United for a Fair Economy and the Institute for Policy Studies for this report and hope that its message is heard in boardrooms across the nation and in Congress.

Robert B. Zevin is Economist and Senior Vice President of United States Trust Company of Boston and a pioneer of Socially Responsible Investing for the past thirty years.

Executive Summary

In 1996, 30 firms announced U.S. layoffs of between 2,800 and 48,640 workers. Our analysis of these leading job-cutters reveals that their top executives, for the most part, were handsomely rewarded for wielding the axe.

MAJOR FINDINGS:

1. Layoff Leaders Get Massive Compensation Hike
In 1996, the layoff leaders enjoyed an average increase in total direct compensation (including salary, bonus, and long-term compensation) of **67.3 percent**—far above the average increase of 54 percent for executives at the top 365 U.S. firms. Most of the job-cutters' increased earnings came in the form of gains from stock options, reflecting the continued trend on Wall Street to reward downsizers. In salary and bonuses, the layoff leaders received a 22 percent raise, which placed them far ahead of the average U.S. worker, who earned only a 3 percent raise in wages in 1996.

2. Enormous Wage Gap at Job-Cutting Firms
Of the 12 top job-cutting companies for which data were available, the average gap between the top executive's salary and bonus (not including stock options) and the wage of the lowest-paid full-time worker was 178 to 1.

3. Efforts to Control Excessive Pay are Gaining Strength
A national coalition of community, labor, and business organizations is working to eliminate the massive loophole that presently allows corporations to deduct excessive salaries from their taxes. One proposed law, the Income Equity Act (H.R. 687), would prohibit corporate tax deductions on salary and bonuses that exceed 25 times the wage of a firm's lowest-paid full-time worker. This "CEO Subsidy" costs U.S. taxpayers billions. Capping the deduction for only the top two executives at the 365 U.S. firms surveyed in *Business Week* would generate over $514 million in increased revenue.

Introduction

Editorializing on skyrocketing CEO pay, *Business Week's* editors recently quipped: "Making 200 times the average paycheck, simply because the market has a good year, doesn't generate respect."[1] Such excessive pay should garner even less respect when the beneficiary is a leading job-slasher. However, for the fourth year in a row, our analysis of the executives who announced the largest layoffs of the year shows that these CEOs, for the most part, continue to make out very well on pay day.

This report focuses on the 30 CEOs who announced layoffs of between 2,800 and 48,640 workers in 1996. These layoff leaders' fat pay packages, detailed in Table 1 in the appendix, underscore the perverse incentives and devastating inequalities that permeate the U.S. economy. Last year saw a staggering 54-percent rise in total compensation for the top two executives at 365 leading U.S. firms (to an average of $5.8 million)[2] and a hefty 11-percent hike in corporate profits.[3] At the same time, U.S. companies continued to shed workers and the average U.S. wage barely kept pace with inflation.

Will it ever end? Section Three of this report documents a broad range of efforts—by legislators, investor activists, and even some businesses—that are aimed at putting the brakes on runaway pay. These efforts are a sign that American society is getting fed up with excessive compensation—particularly for executives who are throwing thousands of workers out on the street.

Section One
Layoff Leaders Get Massive Compensation Hike

quarter of 1996, 459,000 workers were victims of large layoffs (cases where over 50 workers were laid off), up 2 percent over the final quarter of 1995.[8]

Sunbeam

Consider Sunbeam, producer of toasters, heating pads and grills. In mid-1996, Sunbeam hired Al "Chainsaw" Dunlap as CEO after he had become famous for slashing workforces at Scott Paper, Crown-Zellerbach, Diamond International, and Lily Tulip. Dunlap earned the nickname "Chainsaw" after he cut 11,000 workers from Scott Paper's payrolls in 1995. In anticipation of a radical downsizing plan, Wall Street doubled the price of Sunbeam's stock between July 1996, when he was hired, and November 1996, when he announced that half of the company's 12,000 workers would be eliminated.[9]

Bell Atlantic & Nynex

Announcing layoffs can backfire on Wall Street if analysts perceive that the number of jobs to be cut is too low. When Bell Atlantic and Nynex announced their proposed merger, they said that they would lay off 3,000 workers in a drive toward greater efficiency. Wall Street's response: Investors pushed down the stock prices of both companies. One business page editor explained the reaction: "Wall Street analysts wanted to know, with some justification, where all the efficiencies from this merger were going to come from if only 3,000 jobs were going to be eliminated."[10]

bonuses and stock options have risen.

Executive Compen-sation Reports, a business newsletter, did a survey of 56 large firms in February 1997 and reported that stock options accounted for 45 percent of total pay of CEOs at these firms in 1996, up from 40 percent in 1995. The share accounted for by salaries dropped from 27 percent in 1995 to 22 percent in 1996, while bonuses remained the same.[5]

A 1996 study by the Institute for Policy Studies calculated that CEOs from the 22 largest job-cutting firms enjoyed a combined increase in the value of their stock options of $37 million the day they announced the layoff.[6] Over this past year, it has become more difficult to pinpoint the exact moment that the stock market reacts to news of layoffs.

Often the stock price rises as rumors emerge that a large layoff is coming. Other times, the company slowly leaks news about restructurings that will involve job cuts. In a few cases, the stock even rises when the firm hires a CEO who is known as a job-cutter.

Even as CEOs continue to be rewarded for layoffs, some analysts are questioning the benefits of downsizing. A new Wharton School report claims that such layoffs, over time, have little if any positive impact on company earnings.[7]

Meanwhile, layoffs continue to grow across the country; in the last

Over the past three years, research by the Institute for Policy Studies and United for a Fair Economy has documented a dangerous trend: Wall Street rewards CEOs for announced layoffs. Since layoffs cut costs and usually boost short-term profits, stock prices rise in most cases after the announcement of layoffs. The value of the largest component of CEO pay, stock options, is directly linked to the performance of the company's stock price. If the stock price rises, CEO pay also rises since stock options allow executives to purchase company stock at preferential prices if the share price rises.

With workforce cuts leading to higher stock prices, there is a hefty personal incentive for CEOs to pursue this route to lowering company costs.

Our analysis of CEO compensation at the 30 corporations that made the largest layoff announcements of 1996 reveals that Wall Street continues to favor downsizers. These layoff leaders enjoyed an average increase in total direct compensation (including salary, bonus, and long-term compensation) of **67.3 percent**—far above the average increase of 54 percent for executives at the top 365 U.S. firms (see Table 1 in the appendix).

Most of the job-cutters' increased earnings came in the form of gains from stock options. However, the layoff leaders also enjoyed a 22 percent increase in salary and bonuses, placing them far ahead of the average U.S. worker, who earned only a 3 percent raise in wages in 1996.[4]

Among the layoff leaders, top earners in terms of total direct compensation included: Norman Augustine of Lockheed Martin ($23 million, 3,100 layoffs), Lawrence Bossidy of AlliedSignal ($11.8 million, 3,250 layoffs), Paul O'Neill of Alcoa ($7.7 million, 3,975 layoffs), Steven Goldstone of RJR Nabisco ($6.8 million, 4,200 layoffs), and Gilbert Amelio of Apple Computer ($6.6 million, 6,900 layoffs). Not surprisingly, Robert Priddy of Valujet came in last, with only $135,000 amid 4,000 layoffs in a deadly year at the ailing airline.

Recent shareholder initiatives have enhanced the incentive for CEOs to cut jobs by pressuring companies to tie more and more of CEO pay to performance. Hence, the share of CEO total pay in the form of salary has been shrinking, while

AlliedSignal

CEO Lawrence Bossidy has benefitted handsomely from

Section Two
The Pay Gap Between Job-Cutters and Their Employees

Workers who manage to hold on to their jobs at the top job-cutting firms face a huge gap between their pay and that of their executives. IPS and United for a Fair Economy were able to gather data on the wages of the lowest-paid full-time workers at 12 of the top 30 layoff leaders.

At these 12 firms, the average gap between the top executive's salary and bonus (not including stock options) and the wage of the lowest-paid full-time worker was 178-to-1 (see Table 2 in the appendix). Here are some of the most outrageous examples:

- RJR Nabisco CEO Steven Goldstone finished last year with a salary and bonus package of close to $6.8 million. That is equivalent to $3,255 an hour, which means Goldstone makes more in 3.5 hours than what a minimum wage worker makes in an entire year. Goldstone also makes 353 times what a starting level union employee makes at one of his factories. When announcing their 4,200 layoffs last June, Chairman John Greeniaus of RJR Nabisco said "the fundamental changes we must make require a leaner workforce."[13]

- Bank America's CEO David Coulter made over $3.5 million in salary and bonuses for 1996 despite the fact that he laid off 3,700 workers. His salary breaks down to a little over $68,000 a week. The average entry level teller at Bank America who starts off at $7.50 an hour would have to work for 227 years to earn Coulter's yearly paycheck.

- AlliedSignal Chair Lawrence Bossidy—with his $4.8 million a year salary—makes almost the same money in a day—$18,461—that an entry-level union employee makes in an entire year at $18,637. AlliedSig-nal could have kept the majority of the 3,250 workers they laid off last year if Bossidy had taken a cut in his pay.

AT&T: Reach Out and Touch 49,000

Labeled "A Hit Man and Corporate Killer" by *Newsweek*, AT&T's CEO Robert Allen lead the downsizing pack with last year's announcement of 49,000 AT&T layoffs.

Since then, AT&T has taken some public relations hits—one joke has the letters in "AT&T" standing for "Allen and Two Temps." But AT&T has continued to slash employees and reward Allen.

Allen's salary and bonus compensation for 1996 totaled a little over $2.4 million. Comparing that to the $10,500 made by the lowest-paid full-time worker at AT&T, Allen does better by a ratio of 232:1.

What's more, Allen's $2.4 million salary is a completely tax-deductible business expense under current federal law. If the proposed Income Equity Act—which limits deductibility to 25 times the lowest salary in a firm—were applied to Allen's salary

ConAgra: Putting Workers on Ice

With a 1996 raise of nearly 20 percent in 1996, ConAgra Chairman and CEO Philip B. Fletcher is sitting pretty in the frozen food isle with a cool $2.25 million. ConAgra, the nation's largest independent meat and food processing company, gave Fletcher this raise despite a 50-percent drop in the company's return on equity and profitability between 1994 and 1996. *Business Week* gave Fletcher's CEO performance their worst possible rating of 5.[14] So why did Fletcher walk away with a raise while 6,500 employees walked away with pink slips?

Over 65 percent of ConAgra's employees make between $5.50 and $13.00 an hour.[15] Those $5.50-an-hour workers make only $11,440 a year. Are these the people who should be downsized if a company decides it's time to trim the fat?

Due to the "CEO Subsidy," U.S. taxpayers currently fully subsidize Fletcher's salary. If the Income Equity Act's salary deduction limit of 25 times the lowest salary in the firm were in place, taxpayers would recoup from ConAgra alone $687,645 in "corporate welfare" savings.

Section Three
Efforts to Close the Wage Gap

Corporate spokespersons are quick to argue that multi-million dollar compensation packages are good for business because they give top brass incentives to perform. Yet, at what point does the widening canyon between the rich and everybody else become so large that our social fabric starts to fray?

A growing number of business leaders are expressing alarm. Abraham Zaleznik, a retired Harvard Business Professor who heads or serves on compensation committees for four companies told *The Wall Street Journal,* "There is unease and disquiet and a sense of concern [about] when enough is enough. At some level, pay levels are obscene."[16]

It is interesting to note that other industrialized nations have significantly smaller income gaps between top and bottom, even though they are operating in the same global economy as the United States. Most European and Asian nations manage to hold pay ratios between top and average workers to less than 30 to one.[17]

This section describes an array of public and private policies that have been proposed to close the gap between top executives and those that work for them.

Corporate Self-Regulation

Some U.S. companies do maintain a much smaller gap between workers and top executives. Since 1984, the Herman Miller Company, a Michigan-based office furniture maker, has limited top management salaries and bonuses to 20 times the average paycheck in the firm. The company's retired CEO Richard Rueh told *The Wall Street Journal* that "the way the CEO gets more compensation is if he can raise the average workers up. From a fairness standpoint, it seems like a good idea."

Herman Miller adopted a narrow pay ratio policy, says Board Chairman Max DePree, after consulting with Peter Drucker, possibly America's most distinguished management guru. A smaller compensation differential, Drucker advised, would strengthen the company's team culture and productivity.

"People have to think about the common good," notes Herman Miller's DePree. "Our CEO and senior officers make good competitive salaries when the performance is there."[18]

The Salem, MA-based Harbor Sweets Candy Company employs 140 workers at peak season and maintains a pay ratio of less than ten to one. CEO Ben Strohecker believes that Corporate America's widening pay gap is "folly" and "counterproductive."[19]

Government Policy

Explosive CEO salaries not only tear at the foundation of the social contract between corporations and labor but actually cost taxpayers millions of dollars in lost tax revenue. Should government do anything to encourage more companies to take the Herman Miller and Harbor Sweets approach to compensation?

1. Capping Deductible Pay

Most corporate leaders reject any government regulation of CEO pay as interference in the free market. Actually, government is *already* involved in CEO pay—through the U.S. corporate tax code. The tax code currently allows businesses to deduct only "a reasonable allowance for salaries or other compensation." But there is a catch. The tax code does not define "reasonable." So companies can—and do—routinely deduct the entirety of executive pay packages that grotesquely exceed the salaries of other employees.

The Income Equity Act would generate an extra $514 million in revenue if applied to the top two executives of each of the 365 firms in the* Business Week *salary survey.

In 1993, Congress attempted to cap the deductibility of executive pay to a maximum of $1 million. But the law applied only to the five highest-paid executives in public firms and only capped non-performance based salaries. In response to

Investor Activism

1. Shareholder Resolutions

Shareholder resolutions have become the major way that investors are able to express their growing dissatisfaction with bloated executive pay packages.

According to the Investor Responsibility Research Center, in 1995, there were 40 shareholder resolutions addressing executive compensation. In 1996, the number jumped to 63. As of April there have already been over 112 shareholder resolutions introduced on the issue in 1997.[21]

U.S. Trust Company of Boston and the Women's Division of the United Methodist Church are sponsoring a 1997 shareholder resolution at AT&T that asks the AT&T Board to consider placing a cap on executive pay and freezing compensation levels during downsizings. This was prompted when AT&T CEO Robert E. Allen received $10 million in options after announcing a restructuring plan to cut over 40,000 jobs.

Investors in TIAA-CREF, the world's largest private pension fund, introduced and unsuccessfully pushed a resolution in 1996 that would have prohibited the firm from investing in companies that pay their top executives more than 150 times the median annual wage in the nation.

This year has already seen the introduction of a shareholder proposal by the International Brotherhood of Teamsters seeking to eliminate a form of deferred compensation for General Electric's chairman and CEO John F. Welch. The proposal calls for placing a $1 million limit on base salaries for GE's five top executives unless shareholders approve performance criteria. "This is important to preserve and promote shareholder prerogative over how much we compensate top executives," said Bart Naylor, Director of Corporate Affairs for the Teamsters.

2. Socially Responsible Investing

Excessive executive pay is becoming a concern among some socially responsible investors. Several socially responsible investment firms that have focused on corporate environmental, human rights, and fair labor practices are now designing criteria to avoid investing in firms with excessive pay ratios.

Nikki Daruwala, a Social Research Analyst at the Washington, DC-based Calvert Group, a socially responsible investment organization, said, "[Executive compensation] is one of the main economic justice issues of our time. We are trying to play on our strength as a socially responsible investor to move companies forward to do better."

Conclusion

The pay gap issue will not go away until effective action is taken. Unfortunately, corporations have shown for the most part that they are unwilling or unable to regulate themselves. The American public, for its part, feels that both corporate downsizing and executive salaries are excessive. Recent polling by the Preamble Center for Public Policy in Washington, DC revealed that 70 percent of the population believes that recent trends in corporate behavior—downsizing, outsourcing, CEO pay, etc.—are motivated by greed rather than the quest for competitiveness. By the same 70 percent margin, those same Americans favored government action to promote more responsible corporate behavior.[22] Americans want to ensure that the rising tide lifts all the boats, not just the yachts.

this massive loophole, many corporations passed resolutions making all compensation performance-based and shifted much of their top executive pay from base salary to stock options and bonuses linked to performance.

The result? Ordinary taxpayers continue to provide Corporate America with a generous "CEO Subsidy." Corporations are paying less in taxes than they should, and regular taxpayers are picking up the slack.

What can be done about it? One fair-minded proposal comes from Minnesota Congressman Martin Sabo, who recently filed legislation that clearly defines a reasonable deduction. Representative Sabo's Income Equity Act (H.R. 687) would deny corporations tax deductions for executive compensation that exceeds 25 times the pay of a firm's lowest-paid full-time worker. A Senate version will be introduced later in the year.

If enacted, such a law could generate many billions of dollars in increased federal revenues. Using 1996 data, IPS and United for a Fair Economy calculated that the 365 U.S. firms listed in the *Business Week* salary survey would pay an extra $514 million in increased income taxes if the deduction was reformed in a way that capped the deductibility of the salary and bonus of just their **top two** executives.[20]

If Representative Sabo's bill passed, no longer would ordinary taxpayers subsidize gargantuan executive salaries. Corporations seeking to reduce their tax liability would either have to reduce top salaries or lift pay at the bottom. "The polarization of income is bad for business and bad for the social fabric of society," says Representative Sabo. "Our hope is that the Income Equity Act will send a message that those who work on the factory floor are as important to a company's success as those who work in the executive suite."

2. Raise the Federal Minimum Wage

The U.S. minimum wage is still not a living wage. Though the minimum wage was raised in 1996, it still lags far behind the wages required to lift a family out of poverty.

Several new minimum wage proposals have been introduced in Congress. The proposal that comes closest to closing the wage gap is that of Massachusetts Congressman John Olver. Representative Olver's bill (H.R. 685) would raise the minimum wage fifty cents each year starting in 1998 until it hit $6.50 an hour in the year 2000.

3. Local Living Wage and Corporate Accountability Ordinances

At the state and local level, living wage and corporate accountability campaigns have emerged as a new way to raise the wages of low-income workers. Living wage ordinances require companies that receive public tax subsidies, abatements, and contracts to pay a living wage to their workers. A living wage is calculated as the amount it would take to lift a family of four over the poverty line (currently around $7.50 an hour).

Some campaigns are beginning to look beyond simply lifting the wage floor to tackling the widening gap between top and bottom workers. Some variations of living wage and wage ratio ordinances include:

- A state version of the Income Equity Act that limits the amount of salary expenses corporations can deduct on their state taxes to that of 25 times the minimum wage. These proposals are being debated in Massachusetts and Rhode Island.

- Ordinances that flatly deny public subsidies, abatements, and contracts to any private company that has an excessive ratio between top and bottom workers (e.g., over 150 to 1).

- A two-tier corporate tax rate that builds in criteria to reward responsible firms with lower taxes. A lower tax rate would apply to firms that retain jobs in the community, maintain a relatively small ratio between highest and lowest paid workers, pay a living wage and are generally good corporate citizens. Such an ordinance has been introduced in the Connecticut state legislature.

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Appendix

Table 1: Layoff Leaders Rewarded Financially for Downsizing

Company	Top Executive	1996 sal+bonus ($1,000)	% change from 1995	1996 total direct comp ($1,000)	% change from 1995	Jobs to be cut[1]
1. AT & T	Robert Allen	2,436.3	-9.0	5,917.7	14.6	48,640
2. Wells Fargo	Paul Hazen	2,861.0	2.0	3,854.0	37.0	15,100
3. Aetna Life Insurance	Ronald Compton	2,189.2	4.2	5,371.8	-18.6	10,800
4. Lucent Technologies[2]	H.B. Schacht	n/a	n/a	n/a	n/a	10,000
5. U.S. West	R.D. McCormick	1,879.0	52.0	3,980.0	20.8	9,000
6. Unisys	James Unruh	1,409.0	76.1	3,430.1	328.8	7,900
7. Digital Equipment	Robert Palmer	900.0	-29.4	1,265.7	-24.4	7,250
8. Merry-Go-Round[3]	n/a	n/a	n/a	n/a	n/a	7,000
9. Apple Computer[4]	Gilbert Amelio	2,789.1	n/a	6,639.6	n/a	6,900
10. ConAgra	Philip Fletcher	2,250.7	18.7	4,452.0	9.1	6,500
11. Philips Electronics[5]	n/a	n/a	n/a	n/a	n/a	6,000
12. Motorola	Gary Tooker	1,840.0	-8.9	3,820.0	-64.8	6,000
13. Sunbeam[6]	Albert Dunlap	n/a	n/a	n/a	n/a	6,000
14. Texas Instruments	Thomas Engibous	509.6	-63.0	1,384.6	-86.5	5,000
15. Westinghouse Electric	Michael Jordan	2,272.8	-9.1	2,272.8	-9.1	4,600
16. Best Products[7]	n/a	n/a	n/a	n/a	n/a	4,500
17. DuPont	John Krol	2,400.0	38.0	2,788.7	35.4	4,500
18. RJR Nabisco	Steven Goldstone	6,772.0	388.0	6,772.0	704.7	4,200
19. Valujet	Robert Priddy	135.8	-194.6	135.8	n/a	4,000
20. Alcoa	Paul O'Neill	1,560.0	-22.0	7,673.6	-27.6	3,975
21. BankAmerica	David Coulter	3,541.7	99.0	4,954.2	24.6	3,700
22. Allied Signal	Lawrence Bossidy	4,800.0	10.3	11,805.0	40.4	3,250
23. General Dynamics	James Mellor	2,420.0	0.0	2,617.7	-44.9	3,200
24. ITT Industries	Travis Engen	1,721.0	29.5	2,090.9	-25.1	3,100
25. Lockheed Martin	Norman Augustine	2,781.0	20.0	23,105.0	372.4	3,100
26. Lucas Varity[8]	Victor Rice	n/a	n/a	n/a	n/a	3,000
27. Bell Atlantic	Raymond Smith	2,105.4	14.3	2,105.4	0.0	3,000
28. Navistar International[9]	John Horne	650.0	n/a	679.9	n/a	3,000
29. Allegheny Power	Alan Noia	613.7	44	837.6	76.7	3,000
30. KeyCorp	R. W. Gillespie	1,422.0	23.0	2,690.0	50.2	2,800
AVERAGES:						
• For layoff leaders		2,177.5	22.0	4,610.2	67.3	
• For top 365 U.S. firms		2,300.0	39.0	5,781.3	54.0	

1. Hunt-Scanlon Publishing, "Workplace America's 50 Largest Layoff Announcements of 1996," April, 1997
2. Became CEO Feb. 1, 1996. Figures available for 9-month period only.
3. Announced liquidation plan Feb 2, 1996.
4. New CEO in 1996
5. Foreign-owned firm; does not file compensation data with U.S. Securities and Exchange Commission.
6. Became CEO in July, 1996.
7. 1996 proxy not yet available.
8. In 1996, Lucas Industries PLC and Varity Corporation merged to form Lucas Varity. Proxy for 1996 not yet available.
9. New CEO in mid-1995. Percentage change not meaningful.
10. *Business Week,* April 21, 1997, p. 59.

Table 2: Wage Gap Between CEOs and Workers

Job-Cutting Companies (for which data were avail.)	Top Executive	1996 sal+bonus[1] ($1,000)	Full-time worker pay[2] (n=lowest non-union) (u=lowest union)	1996 CEO-worker wage ratio
AT&T	Robert Allen	2,436.3	$10,500(n)	232:1
Aetna Life Insurance	Ronald Compton	2,189.2	17,680 (n)	124:1
U.S. West Communications	R.D. McCormick	1,879.0	12,000 (n)	157:1
ConAgra	Philip Fletcher	2,250.7	11,440 (n)	197:1
Westinghouse Electric	Michael Jordan	2,272.8	16,640 (u)	137:1
RJR Nabisco	Steven Goldstone	6,772.0	19,198 (u)	353:1
Alcoa	Paul O'Neill	1,560.0	26,299 (u)	59:1
BankAmerica	David Coulter	3,541.7	15,600 (n)	227:1
AlliedSignal	Lawrence Bossidy	4,800.0	18,637 (u)	258:1
General Dynamics	James Mellor	2,420.0	35,838 (u)	68:1
Lockheed Martin	Norman Augustine	2,781.0	16,058 (u)	173:1
Bell Atlantic	Raymond Smith	2,105.4	14,000 (n)	150:1
AVERAGE		2,917.3	17,824	178:1

1. *Business Week,* April 21, 1997 and 1996 Proxy Statements
2. Data collected from the research departments of the Communications Workers of America, Oil Chemical and Atomic Workers, United Autoworkers and United Steelworkers. Also the *Washington Post* and Bank America Human Resources Department.

Resources

Campaigns:

In April 1997, United for a Fair Economy launched the **Campaign to Close the Wage Gap.** For an organizing kit, fact sheets, and information on signing on to the campaign as a co-sponsor, contact United for a Fair Economy at the address below.

World Wide Web:

AFL-CIO's Executive Pay Watch	http://www.paywatch.org
American Compensation Association	http://www.ahrm.org/aca/aca.htm
Bud Crystal's Executive Pay Reports	http://www.crystalreport.com
Business Week	http://www.businessweek.com
Representative Martin O. Sabo	http://www.house.gov/Sabo
Securities and Exchange Commission	http://www.sec.gov
United for a Fair Economy	http://www.stw.org

Organizations:

AFL-CIO
Office of Investment
815 16th Street, NW
Washington, DC 20006
p: (202) 637-5244
f: (202) 508-6992

Institute for Policy Studies
733 15th Street, NW #1020
Washington, DC 20005
p: (202) 234-9382
f: (202) 387-7915

Interfaith Center on Corporate Responsibility
475 Riverside Drive
Room 566
New York , NY 10115
p: (212) 870-2295
f: (212) 870-2023

United for a Fair Economy
37 Temple Place, 5th Floor
Boston, MA 02111
p: (617) 423-2148
f: (617) 423-0191

Magazines:

Business Week

Dollars and Sense Magazine

The Wall Street Journal