

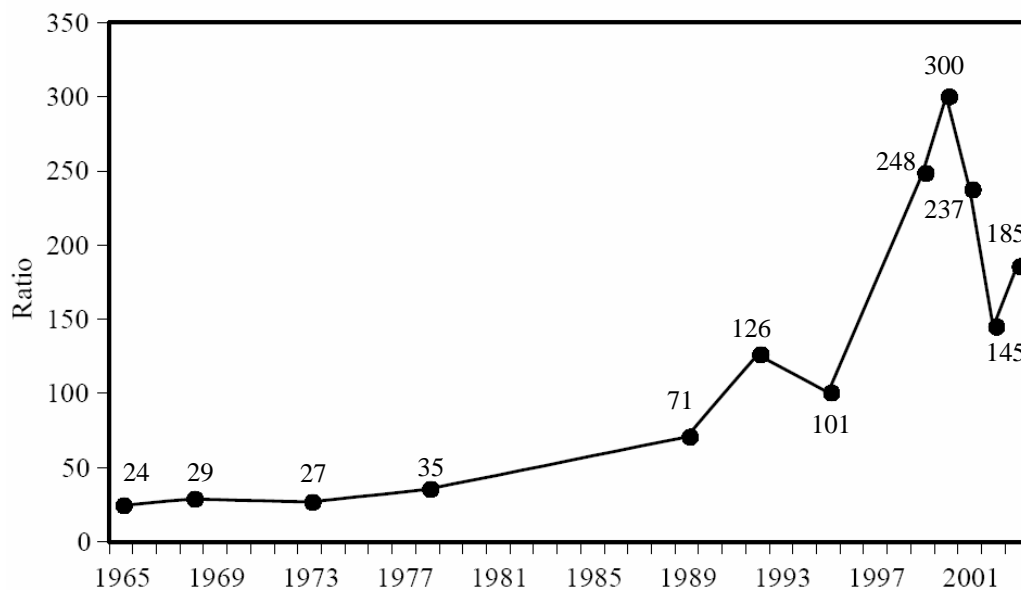
# CEO Pay

Executive compensation has soared over the last twenty-five years, especially in the 1990s. In contrast, the typical worker's wage fell in the early 1990s and rose from the mid-1990s until the recent recession. From 1989 to 2000, the compensation of the average chief executive officer grew 342%. CEO compensation was lower in 2003 than in 2000, yet CEOs in major companies still earned 185 times more than the average worker, up from 71 times in 1989. This rising extravagance of executive pay is a distinctly American phenomenon: U.S. CEOs make about three times as much as their counterparts abroad.

## CEO Pay & CEO-Worker Ratios

- ❖ CEOs at the median and the 25th and 75th percentiles saw increases in compensation (16.1% at the median) from 2000 to 2003. From 1992 (the first year of data for all but the average CEO) to 2003, the median CEO received an 80.8% raise. In contrast, the median workers' hourly wage rose 8.7%.
- ❖ In 1965, it took a CEO two weeks to earn a worker's annual pay. The ratio of CEO to worker compensation tumbled from 2000 to 2002 as CEO compensation fell, then rose to 185 in 2003, a lower ratio than at the 2000 peak (300) but still far higher than the pay gap between CEOs and average workers that prevailed in the mid-1960s (24) or late 1970s (35).

## Ratio Of CEO to Average Worker Pay, 1965-2003



International

- ❖ In 2003, it took a CEO one and a half workdays (260 in a year) to earn what an average worker made in 52 weeks.
- ❖ Not only are U.S. executives paid far better than U.S. workers, they also earn substantially more than CEOs in other advanced countries. U.S. CEOs earn three times the average of CEOs in the 13 other advanced countries for which there are comparable data.
- ❖ Only in one country, Switzerland, are CEOs paid even as much as 50% of what the average U.S. CEO makes.

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