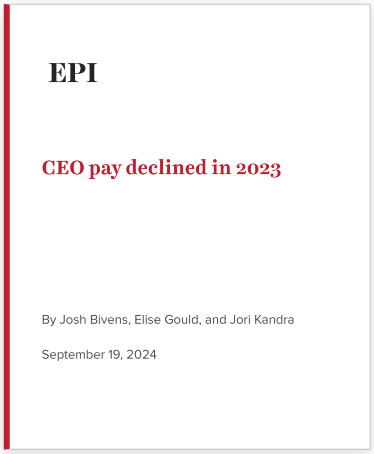
CEO pay declined in 2023

But it has soared 1,085% since 1978 compared with a 24% rise in typical workers' pay

Summary: CEO pay dipped in 2023 but remains enormous compared with the pay of other workers.



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Key findings

- From 1978–2023, top CEO compensation shot up 1,085%, compared with a 24% increase in a typical worker's compensation.
- In 2023, CEOs were paid 290 times as much as a typical worker—in contrast to 1965, when they were paid 21 times as much as a typical worker.
- That CEOs were paid nearly 10 times as much as the top 0.1% of U.S. wage earners in 2022 illustrates just how distorted CEO pay increases have become.
- CEO pay is linked strongly to the stock market—but in 2023, the stock market held fairly steady, while there was an uncharacteristic dip in CEO pay.

Why this matters

CEOs are getting paid more because of their leverage over corporate boards, not because of their skills or contributions they make to their firms. Exorbitant CEO pay has contributed to rising inequality in recent decades as it has likely pulled up the pay of other top earners—concentrating earnings at the top and leaving fewer gains for ordinary workers.

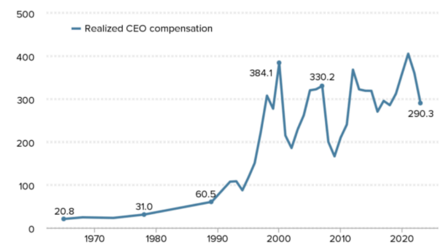
How to fix it

Policies that limit CEOs' ability to collude with corporate boards to extract excessive compensation are needed to prevent the U.S. from becoming a winner-take-all society. These policies could include reinstating higher income tax rates at the very top, using tax policy to incentivize lower CEO pay, allowing shareholders to vote on CEO compensation, and using antitrust enforcement and regulation to rein in the market power of the largest firms.

Charting the problem

CEOs make 290 times as much as typical workers

CEO-to-worker compensation ratio, 1965–2023



Notes: Average annual compensation for CEOs is for CEOs at the top 350 U.S. firms ranked by sales. Typical worker compensation is the average annual compensation (wages and benefits of a full-time, full-year worker) of production/nonsupervisory workers in the industries that the top 350 firms operate in.

Source: Authors' analysis of data from Compustat's ExecuComp database, the Bureau of Labor Statistics' Current Employment Statistics data series, and the Bureau of Economic Analysis NIPA tables.

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