

**ECONOMY & WORK**

It Takes Jamie Dimon Three Hours to Earn What Some of His Employees Do In One Year

Attacking inequality means both raising wages at the bottom and doing away with outsized compensation at the top.

BY PETER DREIER AND DONALD COHEN | JULY 18, 2016



Jamie Dimon, chief executive officer of JPMorgan Chase & Co., speaks during a financial inclusion forum at the US Treasury Department. (Photographer: Andrew Harrer/Bloomberg via Getty Images)

This post originally appeared at [The Nation](#).

Jamie Dimon, CEO of JPMorgan Chase, announced in [a *New York Times* op-ed column](#) on July 12 that the bank would soon raise wages for its lowest-paid employees. JPMorgan Chase — America’s largest bank, with \$2.4 trillion in assets — has over 235,000 employees in over 100 countries, but the pay boost will cover only 18,000 employees in the United States.

“A pay increase is the right thing to do,” wrote Dimon. “Wages for many Americans have gone nowhere for too long.”

Dimon knows something about pay increases. Last year, JPMorgan Chase’s board [gave Dimon a 35-percent pay increase](#), from [\\$20 million to \\$27 million](#), even though the [bank’s profits fell 2 percent and it laid off 6,671 employees](#).

Starting wages at JPMorgan Chase — which are now \$10.15 an hour — will rise to between \$12 and \$16.50 an hour over the next three years, depending on the cost of living in specific geographic areas. In New York City and San Francisco, for example, the minimum wage would be \$16.50 an hour, while it would increase to \$15 an hour in Chicago and Washington, DC.

A JPMorgan Chase employee making \$15 an hour working full-time would earn \$31,200 a year. Dimon, who makes almost \$13,000 an hour, makes more than that in three hours.

It turns out that about 90 percent of the employees who will get these wage hikes live in cities that recently adopted local minimum-wage increases to between \$13.50 and \$16.50 an hour over the next few years, according to *Fortune* magazine. In other words, in many cities JPMorgan Chase's pay raises will simply comply with local laws or be just slightly above local minimums. The minimum wage in New York City, for example, will be \$15 an hour at the end of 2018.

Fortune estimates that JPMorgan Chase's pay hike will [cost the bank about \\$50 million a year](#). In contrast, last year JPMorgan Chase paid its five top executives — Dimon, Mary Callahan Erdoes, Daniel Pinto, Gordan Smith and Matthew Zames — [a total of \\$99 million](#).

The banking industry is known for its extravagant pay scales, especially for top executives and managers. Last year, JPMorgan Chase and other Wall Street banks handed out \$25 billion in bonuses to 172,400 employees based in New York City — an average bonus of \$146,200, according to [a report](#) by the Institute for Policy Studies.

But while banks' top executives and managers earn outrageous salaries, bonuses and stock options, the industry's working class can barely make ends meet.

A [recent report](#) by the National Employment Law Project on banking industry wages found that

- Over 30 percent of people working in the retail banking industry make less than \$15 per hour.
- Almost three-quarters (74.1 percent) of bank tellers in the United States earn less than \$15 per hour.
- The median hourly wage for bank tellers is \$12.44.
- Almost half of bank customer service representatives (44.2 percent) earn less than \$15 per hour.

A study by the UC Berkeley Center for Labor Research and Education [found](#) that nearly one-third of the families of all tellers — are on public assistance.

“
A JPMorgan Chase employee making \$15 an hour working full-time would earn \$31,200 a year. Dimon, who makes almost \$13,000 an hour, makes more than that in three hours.

“
Over 100 years ago, J. Pierpoint Morgan — one of the nation's wealthiest individuals at the time and the founder of the bank that Jamie Dimon now runs — argued that CEO pay should not exceed 20 times the average worker's pay.

In New York City — the capital of the nation's banking industry — 39 percent of tellers and their family members are on some form of public assistance program.

The pay boost will undoubtedly make a difference in the lives of retail bank workers. It's real money that will pay the rent, put food on the table and perhaps even a few movie nights with their family. But bank tellers' wages have been [stagnant for decades](#), while banking executives have seen their compensation skyrocket.

If you think this is unfair, you're in good company. Over 100 years ago, J. Pierpoint Morgan — one of the nation's wealthiest individuals at the time and the founder of the bank that Jamie Dimon now runs — [argued that CEO pay](#) should not exceed 20 times the average worker's pay.

As late as 1965, America's corporate elite were in sync with Morgan's advice. That year, the CEOs of America's 350 largest corporations earned 20 times more than their median worker. But in the 1980s corporate boards began removing the compensation straitjacket. Last year the typical CEO earned over \$15 million a year — [more than 276 times](#) the pay of their average workers, according to the Economic Policy Institute.

JPMorgan Chase has the widest pay gap among the nation's major banks. Dimon's compensation is [352 times greater](#) than the median pay (\$79,000) of JPMorgan Chase employees. The gap between his pay and that of tellers and other front-line bank employees is an even wider chasm.

JPMorgan Chase's new wage policy isn't the result of a new sense of noblesse oblige but in response to growing grass-roots activism, intense political pressure and changes in public opinion.

The Great Recession laid bare the massive gap between the fortunes of the wealthy and the rest of America, sparking movements and campaigns that have changed American politics. Occupy Wall Street captured the nation's imagination by identifying the nation's wide economic gulf between the 1 percent and the 99 percent. Campaigns by workers at Walmart, fast-food chains and other large corporations have pressured a number of major companies to raise wages. Earlier this week, Starbucks Corporation announced that, beginning in October, employees in its 7,600 company-operated stores will receive an increase in base pay of 5 percent or more, depending on geographic region.

Last year, a coalition of unions, community organizations, consumer advocacy groups and bank employees joined forces to create the [Committee for Better Banks](#) to raise wages, improve career paths and strengthen job security for front-line bank workers.

A growing list of cities and counties (including Seattle, Los Angeles, San Francisco, Kansas City, Birmingham, St. Louis, Washington, DC and Chicago) have passed new minimum wage laws significantly higher than the current federal level of \$7.25 an hour. California and New York [recently adopted laws](#) raising the minimum wage to \$15 over several years.

Bernie Sanders' campaign pushed this issue into this year's presidential campaign. Sanders' call for a federal \$15/hour minimum wage is now Democratic Party policy and guarantees that this will become a major national issue in Congress next year.

Public opinion has shifted. A poll conducted last year by Hart Research Associates found that 75 percent of Americans (and 53 percent of Republicans) favor an increase in the federal minimum wage to \$12.50 an hour by 2020. Sixty-three percent of Americans support

an even heftier raise to \$15 an hour. A [June poll by Edison Research](#) for the public-radio show *Marketplace* discovered that 58 percent of Americans — including 51 percent of Republicans — believe that Wall Street does more to hurt than to help the lives of most Americans.

Beginning next year — thanks to a new Securities and Exchange Commission regulation mandated by the 2010 Dodd-Frank bank reform law — publicly traded companies will be required to disclose the ratio of CEO pay to median worker pay, which will surely focus even greater attention on the widening gulf between the super-rich and other Americans.

Although JPMorgan Chase’s announcement has been heralded as a major breakthrough, it is actually far behind the policy of Amalgamated Bank, a union-owned lender. Last year, Amalgamated Bank became the first bank in the nation to raise its minimum wage to \$15 per hour. In response to JPMorgan Chase’s new policy, Keith Mestrich, Amalgamated’s President and CEO, [said](#):

We are pleased to see JP Morgan has joined our fight to raise the minimum wage for banks. If there is one industry that can afford to give its workers an honest living wage, it’s the banking industry. JP Morgan’s actions today are a step in the right direction, but more must be done if we are to do what is fair and just for our bank employees.

“This raise to front-line bank workers is pennies for JPMorgan Chase,” said Reuben Traite of the Committee for Better Banks. “This is the largest bank in America. Last year they made \$24 billion in profits. Jamie Dimon thinks he’s a hero for raising wages to \$13. That’s not a living wage anywhere in the country. Chase can do better and so can all big banks.”

A serious attack on inequality requires two things — increasing wages at the bottom and reducing outsized compensation at the top. Will that be Dimon’s next announcement?

TOPICS: ECONOMY & WORK

TAGS: BERNIE SANDERS, CEO COMPENSATION, DODD-FRANK ACT, JAMIE DIMON, JPMORGAN CHASE, MINIMUM WAGE, OCCUPY WALL STREET



PETER DREIER

Peter Dreier teaches politics and chairs the Urban & Environmental Policy Department at Occidental College. His latest book is [The 100 Greatest Americans of the 20th Century: A Social Justice Hall of Fame](#) (Nation Books, 2012). Follow him on Twitter: [@PeterDreier](#).



DONALD COHEN

Donald Cohen is the executive director of In the Public Interest, a national resource and policy center on privatization and responsible contracting. His opinion pieces and articles have appeared in *The New York Times*, Reuters, *The Los Angeles Times* and more. Follow In the Public Interest on Twitter: [@PubInterest](#).

PREVIOUS POST

← **Morning Reads: Police Killed in Baton Rouge; Aftermath of**

NEXT POST

Ballot Initiatives, Explained →