6M DOLLARS

pay raise that Morgan Stanley's James Gorman got in 2020

Wall Street bosses' pay sets course for conflict

COMPENSATION

JOHN FOLEY
Reuters Breakingviews

A virus ravaged the US economy in 2020, yet Wall Street bosses' pay was virtually untouched. Morgan Stanley's James Gorman even got a $6 million raise. Financial firms benefited massively from government measures to support the economy and lending as Covid-19 struck. That makes it hard to justify the amounts.

Gorman's $33 million in cash and deferred stock makes him the best paid of the big six bank chief executives for 2020. Morgan Stanley had a good year, with pre-tax profit up 28 percent. But even at banks whose earnings collapsed, pay didn't fall much. Wells Fargo's pre-tax profit dropped 98% in 2020, but Charlie Scharf's pay only slipped 12 percent on an annualised basis, to $20.3 million. JPMorgan's Jamie Dimon got $31.5 million, the same as the year before.

Where there were big cuts in CEO pay, it wasn't because of Covid-19. David Solomon at Goldman Sachs and the now-retired Mike Corbat at Citigroup respectively lost $10 million and $5 million compared to 2019. But that was because their banks paid large fines for bad behaviour, not because their boards thought keeping pay at 2019's level would be inappropriate in an economic crisis.

Banks argue that they are merely keeping up with rivals. Their awards pale next to private equity firms like Blackstone. But even in a regular year, the amounts at stake make little sense. Gorman's pay in 2019 was 248 times that of the median Morgan Stanley employee. Jamie Dimon's private-jet perks and reimbursement for accounting assistance together amounted to seven years' pay for his average employee.

And in 2020 it was the government that did the heavy lifting. The Treasury paid employers to keep staff on the payroll and disbursed cash to households, which spared lenders a surge in bad debts.

Meanwhile, the Federal Reserve propped up markets, boosting trading desks.

With Democrats in control of Congress, taking a Covid-19 windfall and paying the boss $30-odd million is a brave choice. As for shareholders, they typically tolerate high pay.

@ Letters

The editor welcomes brief letters on topical issues. Opinions expressed here are not necessarily those of the editor or publisher. They may be edited for clarity, space or legal considerations. Send via e-mail to **bdfeedback2@ke.nationmedia.com**

What Africa expects from Ngozi at WTO

The rise of an African to lead the World Trade Organisation (WTO) at a time there has been intense debate and focus on the role of the continent as the next global frontier of growth is a treasure worth guarding.

All eyes from the continent will now shift focus on how the ex-Nigerian Finance Minister Ngozi Okonjo-Iweala will guide the continent in negotiating its place in the world in the wake of Covid-19 that has disrupted trade relations.

Africa has been clamouring for a transition from foreign aid to trade dominance without much success and the big question now is whether her appointment would help shift them further in that direction.

Ngozi Okonjo-Iweala: Covid-19 disruptions will be a major test.

She will also be expected to support the African Continental Free Trade Agreement (AfCFTA) implementation that was launched in January this year, an ambitious trade pact that has many cross-border barriers that it must first tackle to promote intra-trade as well as the rest of the world.

Dr Okonjo-Iweala has risen to the apex when the African continent is seeking to consolidate trade gains that will be defined in post Covid-19 era.

The continent will also be keen on how she will help it to boost and diversify its capacity to produce tradeable goods and services, including through African value chains and integrating better global supply chains.

Africa would be more competitive globally if it reduced its logistics costs such as transport, which are generally lower for imports from China than between African countries. Significant benefits are likely to come from better customs and border management and other trade facilitation improvements.

And an African in Geneva could also help the AfCFTA by sheltering it from wider global trade as it attempts to build up intra-African industrial supply chains. With the continental bloc in place, the African Union is also expected to play a central role as a "co-ordinator of demands" in future engagement at WTO.

Her elevation comes at a time Africa is increasingly emerging as a crucial global player and, last year, it was home to five fastest growing economies, according to forecasts by the IMF.

Ghana was projected to have the most rapidly expanding economy globally at 8.79 percent, followed by South Sudan (8.78), Rwanda at 7.8 percent, Ethiopia at 7.7 percent and Côte d'Ivoire at 7.4 percent.

The old days when trade was defined by the United States and the Europeans are long gone with the emergence of Asia countries as serious global contenders with a keen focus on the continent as trade partners.

Ngozi will also be in the spotlight on navigating the post Trump period, where WTO faced challenges in successfully completing any round of trade liberalisation talks and the WTO's ability to police global trade.

Trade officials have been concerned that the WTO could be sidelined if countries increasingly abuse the national-security exemption to justify their trade restrictions.

WTO former director-general Roberto Azevedo advised that it would be better for countries to address their national security concerns at a political level, rather than testing the limits of the WTO system.

Since August 2017, the US has blocked nominees to the WTO's appellate body – a key forum for mediation – saying it has overstepped its mandate.

China says the US and the EU have been violating WTO rules by continuing to treat it as a non-market economy in anti-dumping investigations. During the Trump administration, the US said it had no plans to treat China equally in international anti-dumping investigations because Beijing has not adopted market-economy principles.

SOFT POWER

Ngozi is, therefore expected to initiate institutional reforms to help WTO regain its centrality in global economic governance.

For this to happen, the WTO must be reformed, so that its rule-making function is revived, extending the rule book to new areas, such as e-commerce.

Although she does not have a real background in trade, like her two predecessors Roberto Azevêdo and Pascal Lamy, she is expected to be an honest broker to reach balanced agreements that would serve the interests of all members. A director-general with the soft power to convene, persuade and seek convergence.

Raphael Obonyo Public Policy Analyst

COVID-19

Stop telling half the story about women and girls

POLICY

MAUREEN MIRUKA
CARE Kenya, Country Director

In commemoration of this year's International Women's Day whose theme is *Choose To Challenge*, we at CARE International have elected to challenge actors to stop telling half the story.

In August 2020, we released a research report titled *She Told Us So* that revealed differing perspectives between men and women on challenges associated with the Covid-19 pandemic. The goal was not to elevate women's concerns above men's, but to make sure they are heard, so that humanitarian assistance can meet all people's needs.

Women more likely than men to report challenges in jobs, lack of food and mental health

Based on first person survey feedback from 6,200 women and 4,000 men in nearly 40 countries about the biggest impact Covid-19 has had on their lives, and how they are responding to these challenges, women were more likely than men to report challenges across three main areas namely: jobs, lack of food and mental health.

A Covid-19 Gender Assessment Report was also released in Kenya in December 2020 – being a collaborative effort between the government of Kenya, UN Women, CARE and other multinational agencies. It analysed the socio-economic effects of Covid-19 and the associated containment measures on the livelihoods and circumstances of women and men.

The findings showed that while the devastating effects of the virus have affected all humanity, women and girls were disproportionately more affected than men and boys. Specifically, following the onset of Covid-19, incomes for female-headed households declined while the majority of women particularly those working in urban areas informal sector lost their jobs; and, more women than men have had to either eat less or skip a meal; unpaid care work has increased for women more than men; women are walking for longer distances to fetch water and collect firewood; and gender-based violence notably increased at the onset of Covid-19 due to restrictions in movement.

For a long time, economists and humanitarians have failed to collect disaggregated data on gender, age and other applicable identifiers.

This has led to women and girls being 'invisible' in data collection. As a result, policies do not account for the capabilities and needs of women and girls.

When the 2008 recession hit, few questions were asked on how stimulus measures would affect women differently in comparison to men. That approach will not be effective for the Covid-19 crisis and other cyclic crisis including climate change and conflict which are ever increasing in our communities.

As leaders face the enormous challenge of rebuilding post-pandemic economies, women and girls' priorities must be central to crisis response, and the most effective pathway is to have them lead efforts to prevent and respond.

When women and girls lead, entire communities benefit, and more effective and sustainable solutions prevail.

Ultimately, it will be imperative that donors and development partners become emphatic in funding programs that demonstrate and account for the different needs and abilities of different vulnerable groups, particularly women and girls.