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To: 'Schultheiss, Heidilynne (work)'
Subject: Did you see this? Its in today's

Enron and the Gramms

By BOB HERBERT

When Senator Phil Gramm and his wife Wendy danced, it was most often to Enron's tune.

Mr. Gramm, a Texas Republican, is one of the top recipients of Enron largess in the Senate. And he is a demon for deregulation. In December 2000 Mr. Gramm was one of the ringleaders who engineered the stealthlike approval of a bill that exempted energy commodity trading from government regulation and public disclosure. It was a gift tied with a bright ribbon for Enron.

Wendy Gramm has been influential in her own right. She, too, is a demon for deregulation. She headed the presidential Task Force on Regulatory Relief in the Reagan administration. And she was chairwoman of the U.S. Commodity Futures Trading Commission from 1988 until 1993.

In her final days with the commission she helped push through a ruling that exempted many energy futures contracts from regulation, a move that had been sought by Enron. Five weeks later, after resigning from the commission, Wendy Gramm was appointed to Enron's board of directors.

According to a report by Public Citizen, a watchdog group in Washington, "Enron paid her between \$915,000 and \$1.85 million in salary, attendance fees, stock options and dividends from 1993 to 2001."

As a board member, Ms. Gramm has served on Enron's audit committee, but her eyesight wasn't any better than that of the folks at Arthur Andersen. The one thing Enron did not pay big bucks for was vigilance.

There's a lot more you can say about the Gramms and Enron, and not much of it good. But Phil and Wendy Gramm are just convenient symptoms of the problem that has contributed so mightily to the Enron debacle and other major scandals of our time, from the savings and loan disaster to the Firestone tires fiasco. That problem is the obsession with deregulation that has had such a hold on the Republican Party and corporate America.

An article in yesterday's Times noted the extensive links between Enron and the powerful Texas congressman Tom DeLay. Mr. DeLay became unhappy when Enron wooed a Democrat — a senior treasury official in the Clinton administration — to run its Washington office. "Still," the article said, "whatever the tensions last year, Mr. DeLay and Enron had a natural alliance. In his days in the Texas Capitol, Mr. DeLay was called Dereg by some because of his support of business. And in Congress he has been a longtime proponent of energy deregulation, an issue dear to Enron."

Enron exploited the deregulation mania to the max, and the result has been economic ruin for thousands upon thousands of hard-working families. As Public Citizen put it, "Enron developed mutually beneficial relationships with federal regulators and lawmakers to support policies that

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significantly curtailed government oversight of [its] operations."

The kind of madness that went on at Enron could only have flourished in the dark. Arthur Andersen was supposed to have been looking at the books, but the vast shadows cast by the ideology of deregulation allowed that company to escape effective scrutiny as well. So you have revolving-door abuses and pernicious financial arrangements between companies like Enron and auditors like Andersen that are similar to those between private companies and government agencies.

Who's left to look out for the small fry?

If the deregulation zealots had their way, we'd be left with tainted food, unsafe cars, bridges collapsing into rivers, children's pajamas bursting into flames and a host of corporations far more rapacious and unscrupulous than they are now.

Enron manipulated the energy markets and cooked its own books in ways that would not have been possible if its operations had had a reasonable degree of transparency. But Enron operated in what has been widely characterized as a "black hole" that left competitors and others asking such basic questions as how the company made its money.

How long will it take? How many decades and how many scandals have to come and go before we catch on? We're human. We're self-interested. And when left to our own devices, some of us will do the wrong thing.

Some perspective is needed. Unchecked deregulation is an express route to chaos and tragedy. Where the public interest is involved, a certain amount of oversight — effective oversight — is essential.

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