



Thursday, Jan. 10, 2002

Bush's Enron Problem

By Frank Pellegrini

The fall of the house of Enron has reached the political phase.

The Bush Administration, having run up against its first honor-and-dignity issue in the person of Enron's former chief, longtime (and politically generous) Bush buddy Kenneth Lay, is fervently washing its hands of the whole mess. George W. Bush on Thursday announced that he would have the Treasury Department look into the whole corporate pension issue "to make sure we learn from the past." Oh, and that he hadn't talked to Lay in who knows how long.

John Ashcroft, whose Justice Department launched its criminal investigation Thursday into Enron's fall — and the remarkable foresight of its top executives in parachuting out early and rich — recused himself and his chief of staff from the probe, just as designated attack Democrat Henry Waxman was dashing off a letter reminding Ashcroft that he'd received \$25,000 from Enronites for a Senate re-election campaign. The exodus may not stop there; Bush SEC chairman Harvey Pitt once did some work for Arthur Andersen, the blind (and document-shredding) accounting watchdog in the drama, and could be next to eagerly recuse himself from ever having to give a press conference on *his* agency's investigation, either.

Even Dick Cheney is playing ball, sending word Wednesday from his undisclosed ballpark that yes, he'd met with Lay six times during the energy-policy formulations of last spring, but no, the influence-seeking Lay didn't happen to mention to the Vice President or anyone else around that he was chairman of a house of cards.

Lay, of course, hasn't been charged with anything yet. But in the emerging court of public opinion he's become a radioactive character in a drama tailor-made for a class war. Democrats are poised to gin up every kind of Congressional committee they can think of this spring to very loudly look into the matter of why, on one hand, there are a host of impoverished Enron employees out there who had their non-diversified nest eggs cracked when the company's 401(k) plan was "frozen" during the stock's worst slide — and Lay and Enron executives on the other, allegedly unloading \$1.1 billion in *their* stock while it was still near its peak. Big bad executives? Victimized pensioners? This stuff is pure gold for the Democrats.

But Bush's exposure to any wrongdoing that gets attributed to Lay and his crowd seems limited. Sure, this White House has been an overt fan of energy deregulation, and certainly Bush didn't see Enron's role in the California crisis quite the way, say, Gray Davis did. And the list of Administration members with Enron connections is long indeed — aside from Lay buddies Bush and Cheney, Karl Rove was a big stockholder, Larry Lindsey and Robert

Zoellick were \$50,000-a-year board members, Marc Racicot was a lobbyist until Tuesday and Secretary of the Army Thomas White Jr. is a former executive.

But all that was when Enron was on top of the world; if the White House handed down any favors to Enron as it headed down the tubes (there was a flurry of phone calls to Paul O'Neill and Don Evans, and even Alan Greenspan) well, they obviously weren't very helpful.

The Democrats will have the company-he-keeps, guilt-by-association thing on their side, and with all the shareholder lawsuits, federal judges threatening to seize the execs' gilded parachutes and divvy them up among the poor, and general whiff of rich man's cover-up about the whole affair, they'll have a class warfare card to play this spring.

Which leaves Bush to do exactly what he did today — claim to have learned about the whole thing in the papers, just like everybody else (he *has* been pretty busy this fall), back his Justice Department to the hilt, and promise to see what he can do to keep this sort of disaster from happening again.

And start looking around for another campaign contributor for 2004.

 Click to Print

Find this article at:

<http://www.time.com/time/nation/article/0,8599,192920,00.html>

Copyright © 2010 Time Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited.

[Privacy Policy](#) | [Add TIME Headlines to your Site](#) | [Contact Us](#) | [Customer Service](#)