

Enron: Ultimate agent of the American empire

Part I: Money to get power, power to protect money. —*Motto of the Medici family*

By Larry Chin

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February 1, 2002—In portraying Enron as a “scandal,” and as an isolated case of overheated capitalism and “unusual political influence,” the American corporate media and congressional investigators are studiously avoiding the truth: Enron, like many multinational corporations, has functioned as an operational arm of the US government, and as a weapon of economic, political, and territorial hegemony. The case exposes an almost unspeakable and terminal malignancy at the heart of world politics, and global capitalism itself.

Cold Warriors in Suits

In a “free market world” in which (1) the goals of the state, corporations, and the national security apparatus (intelligence agencies and military) are indistinguishable, (2) these three groups plan and conduct operations cooperatively, and (3) government and business elites (linked by longtime social ties) move seamlessly between public and private sectors, the hydra that is Enron is nightmarishly uncontroversial—and quintessentially American.

Enron CEO Kenneth Lay was a Pentagon official during the Vietnam War. Another Enron board member who facilitated Enron’s most egregious violations overseas, Frank Wisner, Jr., has intimate CIA ties and is the son of former CIA Deputy Director Frank Wisner, Sr., who was present at the creation of the CIA.

Enron’s symbiotic relationship to the CIA/Pentagon-based Bush/Cheney oligarchy is well documented. As a pioneer of energy deregulation during his administration, George H.W. Bush virtually created Enron, and paved the way for its meteoric growth. And, as David Walsh (www.wsws.org) wrote, “to speak of “connections” or “intimate ties” between Enron and the Bush regime nearly misses the point. To a large extent, the present administration is an extension of the Enron board of directors. This government, one might say, is Enron in office, not simply because numerous Bush cabinet members and other appointees (and other leading Republicans) have been employed in one capacity or another by Enron, but more profoundly in the sense that the social types found in Enron’s boardroom and in leading government posts in Washington are interchangeable.”

As a corporate agent and beneficiary of US and western military and intelligence operations, Enron is also no more an aberration than the United Fruit and Standard Fruit companies, whose dominance of Central America during the 1960s depended on cooperative operations with the CIA, the Pentagon and organized crime.

More modern examples abound.

American International Group, the insurance giant, has long been tied to the CIA and the military, and its board (not coincidentally) also includes Enron director Frank Wisner Jr.

Citigroup over the years has been repeatedly charged with money laundering. Citigroup's board includes John Deutch, former CIA Director, Robert Rubin, former Treasury secretary and intimate friend to Ken Lay (who personally and financially intervened to bail out the collapsing Enron), and retired Executive Director of the CIA Nora Slatkin.

Then there is Enron's corporate cousin, Halliburton, which was headed by Dick Cheney from 1995 until he became vice president. The company provides "support services" to the military and oil industries, living off of US wars and "counter-insurgency" operations in Algeria, Angola, Bosnia, Burma, Croatia, Haiti, Kuwait, Nigeria, Russia, Rwanda, and Somalia and elsewhere.

Corporate quasi-agents like Enron are effective fronts in implementing the policies of the ruling elite. Among the goals are (1) securing and controlling of natural resources (oil, natural gas, electricity), (2) maintaining economic, geopolitical, and military advantage, and (3) controlling populations through the stifling of dissent, the elimination of political opposition, and the destruction of democratic reform movements.

Seen within this broad framework, Enron's activities are not only inherent manifestations of the ruling order, but official policy.

Enron at Home: Extortion and Racketeering for Bush and Gang

While media coverage and congressional inquiries have dwelled on the fraud, accounting irregularities, swindled mutual fund managers and stock jockeys, and ripped off pension fund owners, the most sinister aspects of Enron's operations remain cloaked.

Through manipulation of energy distribution, Enron was effective in subverting and controlling the politics and pocketbooks of entire populations within the US and overseas.

One of Enron's first acts on behalf of the present Bush administration was the manipulation of the California energy grid, which essentially blackmailed the state. California is a Democratic stronghold and "hotbed of liberal dissent" that opposed the installation of George W. Bush in the White House. California's once burgeoning economy was derailed, and its damaged Democratic political leadership was sent scrambling into months of damage control. So emasculated were the Democrats that they were unable to oppose Bush on the rest of his extreme right wing agenda. This delighted Bush and Cheney, who (on Ken Lay's advice) not only refused to assist, but also blamed California for "its own failures" and blocked the Federal Energy Regulatory Commission (FERC) from intervening. Enron made a fortune.

Today, California remains a hostage to the Enron/Bush scam, locked into expensive long-term energy contracts that will sap its resources and fleece consumers for years to come. Democrats throughout the state appear vulnerable to losing seats to Republicans in 2002.

As reported by David Lazarus in the San Francisco Chronicle (1/30/02), memos of conversations between Lay and Dick Cheney provide ample evidence of Lay's insider status in the Bush White House: he essentially dictated the administration's ruthless response to California—and perhaps the rest of the energy policy.

The California “energy shortage” became George Bush's national rallying cry for more deregulation, drilling, building new power plants and systematically gutting environmental regulations. The Alaska National Wildlife Refuge and other protected lands, and the California coast, have been targeted for drilling.

There is evidence that the California “crisis” was entirely manufactured. Several investigations into the scam have begun.

Not content simply to deregulate energy markets, Enron deregulated futures markets, making itself exempt from government oversight and from fraud laws. This maneuver, headed by Wendy Gramm (who moved back and forth between the Chicago Board of Trade and the Enron board) and assisted by Phil Gramm (who pushed Enron-friendly changes in legislation in Congress), was tantamount to the company giving itself permission to launder massive amounts of money. Which it did.

Enron, Bush administration officials and Enron-funded right-wing “think tanks” such as the American Enterprise Institute, the American Council for Capital Formation (where Ken Lay is a director), the Institute for Policy Innovation (founded by Dick Armey) collaborated to lift restrictions on offshore tax havens. This blocked a multi-year 30-nation crackdown on the abuse of offshore tax havens led by the Organization of Economic Cooperation and Development.

Today, thanks to Enron, billions of dollars of mystery money are sheltered in thousands of phantom offshore accounts, in 874 Enron subsidiaries.

Enron's Past Overseas Adventures: Collusion and Exploitation

Where there has been warfare (led or funded by the US), there have been capitalists ready to profit from it, regardless of the cost in human lives. Where there is oppression, corporations are there to cut deals with dictators and corrupt finance ministers. Enron was a master at this game, working alongside operatives of the Bush and Clinton administrations.

- In 1988, George W. Bush pressured Argentina's public works minister to award Enron a contract to build a natural gas pipeline by invoking the name of his father, president George H.W. Bush. The contract was eventually awarded to Enron when Carlos Menem, a friend of the Bush family, became president.

- Operation Desert Storm secured the Iraqi oil field of Rumaila for western interests, expanding the boundaries of Kuwait, doubling Kuwaiti oil output for American and British oil companies. In 1993, with James Baker, Robert Mosbacher and former operations director of the Joint Chiefs Thomas Kelly on the Enron payroll, the three former Bush administration officials, along with George H.W., Neil and Marvin Bush pressured Kuwaiti officials to award Enron a contract to rebuild the Shuaiba power plant, which was destroyed during the war. The contract was awarded to Enron, even though Enron's price for supplying power was significantly higher than that of other bidders.
- Enron hired former US Ambassador to India Frank Wisner, who subsequently used CIA influence to help Enron win a \$2.8 billion contract for the Dabhol power plant, the biggest international investment since India opened its economy in 1991. When thousands of local residents, including acclaimed journalist Arundhati Roy, protested the plant, Enron hired Indian police to beat and arrest opponents of the project. A detailed Human Rights Watch analysis of the human rights violations of Enron and the US government can be found at www.hrw.org/reports/1999/enron/enron9-0.htm.
- According to Enron's web site, as of January 2002, the company is in the early stages of developing a natural gas pipeline on India's west coast in Maharashtra.
- In 2001, as vice president, Dick Cheney spoke to Indian government officials about the Dabhol project. His justification: the plant was financed in part through the US government's Overseas Private Investment Corporation (OPIC).
- According to an investigative series on the notes of the late Ron Brown by WorldNetDaily.com, Enron became a major contributor to the Democratic National Committee (after the heavily Enron-financed George H.W. Bush re-election effort failed in 1992). Members of the Clinton administration, particularly Commerce Secretary Ron Brown, routinely negotiated deals for Enron and other big donors.

In 1994, Brown participated in a US business trade mission in Indonesia. Documents obtained using the Freedom of Information Act shows that Brown assisted Indonesian dictator Suharto and his son in a kickback scheme involving US tax money and the construction of the Paiton Power Plant. Enron was awarded a contract. This project was funded in part by the Export-Import Bank (EXIM), which also financed \$4 billion in gas deals for Enron. EXIM has ties to Robert Rubin, a longtime friend of Kenneth Lay and Enron from his Goldman Sachs days.

- Also in part from generous DNC contributions, Enron received Clinton administration help in the marketing of Russian gas in Europe. Ken Lay and Boris Brevnov of Unified Electricity Systems of Russia signed a 10-year strategic alliance during the 1998 World Economic Summit in Davos, Switzerland. The press release quotes Lay: "We are very optimistic that the rapidly liberalizing markets in Russia, Europe, and Central Asia will create *new electricity trading and marketing opportunities* for both our companies."

- When Frank Wisner was the US Ambassador to the Philippines (1991-92), Enron was negotiating to manage the two Subic Bay power plants. Wisner helped Enron win the deal and began to manage the plant in January 1993. The plants cost the Philippine National Power Corporation (NPC) eight cents a kilowatt-hour—20 percent more than NPC charged customers. The entire NPC board resigned in protest.
- In 1995, Enron signed an agreement to build a gas pipeline from Mozambique to South Africa, to develop a gas field in southern Mozambique. Anthony Lake, president Bill Clinton's National Security Advisor, and the US Agency for International Development pressured the Mozambican government to sign with Enron.

Next, Part II: Enron, the Bush administration, and the Central Asian war

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