

# ENRON VERSUS CONGRESS:

## THE "MAKE BELIEVE" CHARADES OF ETHICS

By: Daniel Sargis

Americans love a good game. Whether it is tennis, golf or monopoly, the citizens of this great nation are obsessed with the thrill of gaming. Just look at the revenues from the gambling Meccas of Las Vegas, Atlantic City or the Indian casinos of Connecticut and the proof is there for all to see how much this country loves a good game.

Lately, so much depressing news has been in the face of America's citizenry that it can become downright depressing. In the spirit of good citizenship, I'm going to lighten things up and play a little game of Charades. What the hell, everybody needs a break from the seriousness of the war on terrorism, the softening of the economy and the collapse of Enron.

### ***Charade #1***

#### **1. What Building Are You Really Looking At?**



It sure as hell looks like the Enron Headquarters in Houston but let's make believe that it is really the:



Bingo, you guessed it correctly. It is the U.S. capital, home of the United States Congress.

## ***Charade #2***

### **2. What serves the same deceptive function as the Enron partnerships?**

Enron, as most know by now, formed limited partnerships that were apparently used, among other things, to keep debt off company books. Thus, the company could show great operating profits and artificially keep its stock price high. This is one of the key claims of fraudulent misrepresentation that the United States Congress is starting to investigate in their uniquely pious posture.

If you haven't guessed the correct answer yet, here is a hint from [Don Luskin](#)

*...there is no such thing as "Social Security tax revenues" and there is no such thing as a "Social Security surplus" and there is no such thing as a "Social Security Trust Fund" and there is no such thing as a "Social Security Lock Box."*

*These are just accounting gimmicks. No, they aren't even that real. They are just words. No, they aren't even that real. They are just lies.*

*Truth: all revenues received by the federal government from whatever source is simply interchangeable income, to be spent by the government any old way it chooses.*

*Truth: there is no Social Security surplus, and never has been. The present value of the system's liabilities is greater than its assets by trillions of dollars.*

*Truth: any money invested in Treasury bonds to pay future*

*Social Security benefits-whether in a "trust fund" or a "lock box" or, as Johnny Carson used to say, in a mayonnaise jar on Funk & Wagnall's porch-isn't invested at all. It's just an IOU from the same government that claims it will use the proceeds from that same IOU to pay benefits.*

That's right, you guessed correctly again...it may look like Enron's debt hiding partnerships but it is actually the IOU's that Congress writes every time it bilks the cash out of the Social Security Trust.

## ***Charade #3***

### **3. What Looks And Acts Like Arthur Anderson accounting?**

From the [New York Times](#):

But much of the early attention has focused on the performance of Enron's accounting firm, Arthur Andersen, whose primary function was to assure that the company was accurately and completely disclosing its financial results and condition.

At the back of Enron's last annual report were two statements from Arthur Andersen. One attested to Arthur Andersen's opinion that Enron's internal accounting system "was adequate to provide reasonable assurance as to the reliability of financial statements." The other stated its opinion that Enron's financial reports "present fairly, in all material respects, the financial condition" of the company and its subsidiaries. The statements a version of which appears in the annual reports of all healthy publicly traded companies amounted to a Good Housekeeping Seal of Approval for Enron's books.

And, the correct answer is...[The General Accounting Office](#)

*The General Accounting Office is the investigative arm of Congress. GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people...GAO's activities are designed to ensure the executive branch's accountability to the Congress under the Constitution and the government's accountability to the American people. GAO is dedicated to good government through its commitment to the core values of accountability, integrity,*

*and reliability.*

Just in case this little point might have escaped you, the GAO serves the same function to the American taxpayer that Anderson accounting was supposed to serve to the Enron shareholder...certifying that a realistic truth was being represented to the public by management. For instance, is Congress acting responsibly in its administration of the Social Security Trust? If not the GAO is charged, by law, to let the American people know the truth.

## ***Charade Question #4***

### **4. Some Crooks Are About To Be Investigated For Fraud And They Look Like The Enron Group. Who Done It?**

The easy answer would be those from Enron who misrepresented the company's financial condition...including Anderson accounting. But that is way too obvious.

Bob Levy, in the [National Review](#) wins the grand prize by correctly answering the final question:

*For decades, administrations of both parties have been using the trust-fund surplus to supplement general revenues. That process will hasten the demise of Social Security. Yet most people have been misled by politicians and their allies into believing that funds taken from Social Security are merely "borrowed." After all, the politicians say, the trust fund has U.S. bonds, and that proves the money will be repaid. Nonsense!*

As the months and years of controversy over Enron ramble along, the American taxpayer should constantly be wondering about the hypocrisy of a government that can so castigate its business community for a few misrepresentations while the Government itself is running the greatest Ponzi Scheme in the history of fraud.

At least Enron robbed Peter to pay Paul. The U.S. Government, including [a truck full of self-righteous Democrats](#), has, for decades, been robbing the entire population with no intention of paying anybody.

Those who pee away the Social Security retirement benefits of successive generations for the self-serving pork barrel politics of convenience should vacation for the next twenty years in the caves of Afghanistan (technically they would not be POW's or entitled to treatment under the Conventions of Geneva).

But don't fret over small details because Don Luskin assures us that, "A public company that reported its financials to shareholders the way the federal government reports to citizens

would find its CEO and CFO sharing a jail cell. But when it comes to Social Security, you move up into a whole new level of fraud."

Who cares anyways...this has just been a little game of Charades.

**[Mail this article to a friend\(s\) in two clicks!](#)**

---

Daniel Sargis is a free lance writer from Connecticut and is a regular columnist for Ether Zone

Daniel Sargis can be reached at [iknowsme@snet.net](mailto:iknowsme@snet.net)

Published in the January 29, 2002 issue of Ether Zone.  
Copyright © 1997 - 2002 [Ether Zone](#).

**[We invite your comments on this article in our forum!](#)**

