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Thinking About the Enron Convictions

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The conviction of Enron executives Kenneth Lay and Jeffrey Skilling is an historic development in the world of business and in the field of criminal prosecution, but the whole case raises more questions than these convictions can answer.

Some immediately celebrate the case as a victory for justice and the exposing of criminality in the corporate world. There is a clear sense in which this is an obvious conclusion. The jury believed the prosecution's claim that criminal wrongdoing and fraud were committed by these two executives.

In another sense, this case also lays open the strange world of the corporation — an entity created by law that takes on a life of its own. In *The Company: A Short History of a Revolutionary Idea*, authors John Micklethwait and Adrian Woolridge, both associated with *The Economist*, trace the development of the company as a legal and social institution. As they explain, the legal entity first designed to allow persons to make money legally (especially the limited-liability stock company) has been the driving force behind the most massive expansion of wealth in human history. The modern world is inconceivable without the company. Yet, the company also takes on a life of its own, and the lines between aggressive leadership and legal wrongdoing are often hard to see.

Add to this the fact that the average American is now a *bona fide* capitalist, with 401(k) and pension plans invested in the stock market. The very Americans who express horror at the ambitions of Enron demand that their retirement plans grow on the basis of investment in companies that demonstrate the greatest gains in value and capital growth.

Beyond these considerations, the convictions in the Enron case also demonstrate the limits of human justice. Both of these men may spend the rest of their lives in prison (though that is doubtful). Human justice can be punitive, and often must be. But true justice is restorative, and on this score the Enron case will never reach a satisfactory conclusion by human attempts at justice. Thousands of persons, ranging from employees and their families to those who purchased stock in the corporation, lost their fortunes, retirement accounts, and financial hopes in the fall of Enron. Much of this wealth was entirely in the form of stock valuations — valuations that evaporated in the company's fall. There is no way to bring restoration for those losses.

True justice — comprehensive and total justice — must await the judgment of God, who will render perfect judgment. Until that day, human beings are called to do our best to honor justice, preserve justice, and execute justice. For decades to come, the Enron case will serve as a painful parable of human pride, greed, human evil, the power of self-deception, and the limitations of human justice. Just what this parable means is difficult to assess.

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