“Our inquiry contributes to an understanding of how corporate and state stagecraft can proffer tragic narration for hegemonic purpose, which is resisted by epic narrators.”

LIFE IMITATES ART
Enron’s Epic and Tragic Narration

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Enron is more than tragedy; it is epic theatre. Epic theatre is not one narrator on one stage; it is a multitude of simultaneous theatrical performances, collectively negotiated by inquiry participants (reporters, regulators, analysts), narrating while wandering in an unstable labyrinth of networked stages. Narrators of the Enron epic (in contrast to tragic) grasp together a wider cast of characters, interlace more historical incidents, and suggest broader systemic changes to capitalism and democracy. The stages of dramatic action (rising, crisis, falling, and denouement), which we are taught to expect in narration, do not settle into one emplotment in epic as they do in tragedy. The authors contend that the tragic narrative form constrains meltdown inquiry, whereas epic expands it. The tragic version of this corporate meltdown absolves us of culpability and responsibility, as the tragic hero becomes our scapegoat.

Keywords: storytelling, narrative, Enron, critical dramaturgy, antenarrative

This analysis of Enron traces the meltdown of the seventh-largest American corporation into the largest free-fall bankruptcy in history. Financial meltdown or corporate meltdown are terms coined to describe a rapid, disastrous, and uncontrolled climactic fall in share prices. The term meltdown originally referred to the severe overheating of a nuclear reactor core, resulting in irreversible melting of the core, radiation escape, and catastrophic self-destruction. Our meltdown inquiry focuses on the series of incidents that interact dynamically to bring down the whole system. These incidents are collectively narrated and coconstructed. The narrative constructions create tragic and epic story lines, which affect the recleritimating of systems of capitalism and democracy following disaster. Gephart (1992, p. 119), for example, investigates “how sensemaking practices are used to transform (varied) preliminary interpretations of disasters into culturally rational, sensible and standardized interpretations assumedly shared by key inquiry participants.” We contend that epic and tragic interpretations of corporate meltdown each have differential readings of the scope and coherence. More specifically, we find that meltdown can be cast as either tragic or epic and that this choice constructs its scope: Tragic meltdowns severely limit the key characters and events, and simplify causal linkages in constructing closure, whereas epic is tragedy’s nemesis, forever expanding who and what is melting down.

Epic and tragic are narrative sense-making forms that Aristotle (350 BCE/1954) described in Poetics. Our main contribution is to trace how Enron is more than just tragic narrative; although
undoubtedly tragic to Enron employees and thousands of investors, it is also epic. Ignoring the epic aspects of crisis, in favor of just the tragic, masks critical dramaturgical complications that are the focus of this essay. The critical dramaturgy we have in mind would reverse Aristotle’s duality of tragedy over epic. Embedding tragic within epic (our reversal) provides a critical reading of late-modern capitalism’s strange, hegemonic partnership with democracy. For example, when people speak about a satisfying climax to tragedy, a tight beginning (rising action), middle (climax), and end (denouement), they are succumbing to the fascist nature of narrative. In resituating this dualistic hierarchy of tragic over epic perpetuated by narrators and audiences, we want to reveal ways in which tragic and epic are dialectic; at each historical juncture, one (tragic) constrains inquiry, whereas the other (epic) expands it.

We place great emphasis on the work of Augusto Boal (1979), who, like Kenneth Burke (1945), wanted to transform Aristotle’s (350 BCE/1954) Poetics into something more useful and pluralistic in contemporary times. Boal and Burke both provide the roots of a more critical dramaturgy and theory that can assess the hegemonic hold over dialog. Both bend Aristotle’s Poetics along a more postmodern turn (Best & Kellner, 1997). The turn we have in mind is to introduce more multiplicity and conarrating into Aristotle’s schema. Tragic narration offers up fewer scapegoats for punishment than epic, brings an end to multiple narrators’ co-inquiry, and re legitimates social systems and institutions with less reform.

There are several potential theoretical contributions to expanding narrative’s focus from tragic meltdown to epic meltdown proportions. First, since Aristotle, tragedy stands over epic as the newer, more modern, and higher aesthetic school of narrative. Retheorizing epic’s relation to tragedy changes the focus to the intertextual hegemonic aspects of story construction. Second, epic theory builds upon narrative studies and it allows us to extend our analysis; it can be related, for example, to “antenarrative” dynamics (Boje, 2001). Antenarratives are highly interactive, constituting and constructing evolving and shifting patterns of prestory connections that reterritorialize an emergent labyrinth that can veer out of collective authorial control. The dynamics of antenarrative labyrinths are marginalized in tragic constructions. Inquiries into tragic and epic dialectic traces how antenarratives form, reform, and
transform dramaturgical settings. Restricting analysis to tragic, unitary, linear narrative constructions marginalizes more epic morphing of antenarratives and their changing intertextual relationships. Third, the emergent context of the dialectic coconstructs a *Tamara*-esque (Boje, 1995) networking of antenarratives that tangle simultaneous stages with fragmenting audiences in ways that provoke subsequent collective transformations. Our inquiry contributes to an understanding of how corporate and state stagecraft can proffer tragic narration for hegemonic purpose, which is resisted by epic narrators. In short, each antenarrative conveys an ideological framing that is quickly opposed by counter-antenarratives. As such, there is cross-dialectic of antenarrative tragic-thesis and epic-antithesis, without synthesis.

Finally, the contribution of including epic’s dialectic relation to tragic narratives is that we expose a “shadow government’s” (Hellinger & Judd, 1991; Greider, 1993) effort to generate smoke and mirrors that shroud goings on in the wider political economy. Greider (1993) as well as Hellinger and Judd (1991) argued, well before Enron’s meltdown, that democracy is a hegemonic facade, something modern robber barons buy from politicians totally dependent on corporate political action committee (PAC) money. Our hypothesis is that conscribed tragic narration across education, news media, and political fronts keeps the charade in play; meanwhile, epic narrators keep expanding inquiry to crack the facade. In the case of Enron, tragic narration diverts public attention from the epic narration of the White House’s Enrongate to the mere tragic hubris of errant executives and their accountants and lawyers. In sum, rather than choose one over the other, we want to see how tragic and epic narratives interact.

Enron’s tragic and epic narratives also demonstrate differing visions of meltdown. The corporate world invokes the term *melt-down* to describe the uncontrolled spiraling of share prices falling fast and far. The tragic narration of meltdown seeks to assign the cause of the disaster to the classic elements of tragic drama: the tragic hero’s flaw (which causes both success and failure), their overweening pride (hubris), and the reversal of fortunes (changing circumstances). Epic narrations of meltdown retain more of the term’s original meaning: overheating leading to irreversible melting of the core and complete self-destruction. Epic meltdown is
triggered not by the tragic reversal of fortune but rather by the inherently dangerous and unsustainable nature of the political economy. These unsustainable practices of political economy build to the point of overheating, inevitably moving toward self-destruction, toward meltdown. In contrast, the tragic version of Enron corporate meltdown narrates the tragic hero as a scapegoat. Our attention, pity, and fear are focused on the tragedy of the hero, and our cathartic cleansing absolves us and distracts us from our culpability and responsibility for the global context that made this tragedy possible.

The structure of the essay is as follows. We begin with definitions of tragedy, epic, and antenarrative. We explain our method and then develop examples of these that we think contribute to the constructions of rising action, crises, falling action, and the denouement of Enron. We conclude with some implications of epic and tragic dialectic theory for meltdown narratives such as Enron.

**DEFINING TERMS**

Aristotle (350 BCE/1954, 1459b, pp. 9-10) differentiated between tragedies and epics by referring repeatedly to Homer’s poems: The *Iliad* is tragic, whereas the *Odyssey* is epic. Epic, said Aristotle (1462b), provides material for several tragedies, whereas tragic provides more unity and concentrated emotional effect to the story. Two kinds of error occur. The first one is direct error, in which agents intentionally describe the situation incorrectly as part of a subterfuge. The second is accidental error, in which agents fail through the power of expression to describe correctly the situation, thereby letting impossibilities get narrated (1460b, pp. 12-25).

*Tragedy* is selective, stringing together only a few beginning, middle, and end incidents, placing key central agents and victims in situations in which their fortune is reversed and spectators get a cathartic lesson. Tragedy demands stories that tie things up neatly, where order is restored in the end; and if ‘good’ does not triumph, we miss the moral satisfaction from knowing all is as it should be. Type-two error (accident) is less likely, for the language is to be ele-
gant, but clear and effective. Aristotle, for example, defined tragedy as

the imitation of an action that is serious and also, as having magnitude, complete in itself; in language with pleasurable accessories, each kind brought in separately in the parts of the work; in a dramatic, not in a narrative form; with incidents arousing pity and fear, wherewith to accomplish its catharsis of such emotion. (1449b, pp. 24-29)

The focus on a coherent whole and the cathartic message is important. A good tragedian, according to Aristotle (1451b, pp. 35-37), “stretches out the plot beyond the capabilities and is thus obliged to twist the sequence of incident” to arouse pity and fear. Aristotle (1461b, p. 14) adds, “A convincing impossibility is preferable to an unconvincing possibility.”

Epic is defined as a deviation from linear, coherent, tragedy narratives—storytelling without beginning, middle, and end; it is a plurality of plots, using diction Aristotle called a “barbarism” (1458a, p. 25). Epic is more apt to dilute the message in a raft of accurate historical facts and nuances; therefore, type-one (direct) error is more likely. Epic includes more of an “admixture” of “strange words and metaphors” (1460b, pp. 11-13). It is also hastier to include a wider net of characters and incidents. This complexity also makes it prone to type-two (accidental) error. Epic lies between and among the relegitimating pedagogic tragic narratives, outside the zone of tragic coherence. Epic narrative is high in situational improbabilities, incongruities, and inconsistencies. The incongruity of epic, and its simultaneous and disconnected incidents, are “offending to spectators” (1455a, p. 28). In short, tragedy is a weaker imitator of life and ironically more convincing, whereas epic can include too much and be less appealing. Tragedy is more apt to focus on type-one (direct) error and epic to commit both types of error.

Antenarrative is defined by Boje (2001, pp. 1-5) as a bet and a prestory that can be told and theatrically performed to enroll stakeholders in ways that transform the world of action. Antenarrative shifts the focus of traditional narrative analysis from “What’s the story here?” to questions of “Why and how did this particular story
emerge to dominate the stage?” It is a shift from linear, coherent narratives to the emergent behavior of nonlinear, interactive, and fragmented antenarratives. It is the antenarratives that epic includes and that tragic narrative excludes. Antenarratives are rhizomatic assemblages, networks that territorialize, deterritorialize, and reterritorialize the world. Deleuze and Guattari (1987, p. 203) asserted that rhizomatic lines “are constantly crossing, intersecting for a moment following one another.” Antenarratives cluster and interconnect, and in a flash can take off in new directions. Antenarratives are “in the middle” and “in-between” (p. 293) refusing to attach the Aristotelian beginnings and endings needed to achieve classic narrative closure. Kristeva (1980, p. 36) suggested that each text has an intertextual “trajectory” that is historical and social. Fairclough (1992) added the idea that the intertextual trajectory is embedded in hegemonic struggle, in selling and distributing ways of making sense. There have been few intertextual studies (O’Connor, 2002).

“In a [tragedy] play,” says Aristotle (350 BCE/1954, 1459b, p. 5), “one can not represent an action with a number of parts going on simultaneously; one is limited to the part on the stage and connected with the actor.” Epic theatre, for Aristotle, was less poetic and coherent than tragedy, which arouses pity and fear. Through these emotions, the spectator learns not to imitate the tragic hero lest they meet a similar reversal of fortune.

To explain some of the differences in multiple narrators’ perspectives on what was the cause of Enron, what should be the response, and how can we prevent it from happening again, we turn to the classical plot structures we assume most rhetors and narrators learned in school. The dramatic structures we diagrammed on the board consisted of rising action, crisis (climax), falling action, and resolution (solution) or denouement (lesson). We have been taught to expect and mimic dramatic plots, wherein some problem or conflict occurs. The plot develops in the rising action (conflict and character struggles that foreshadow crisis); there is then a crisis (turning point or discovery, with a climax), followed by the falling action (resolution), and any denouement (post hoc explanations of lessons or puzzles to unravel). Such emplotment imposes the tyranny of order upon chaos.
Each plot is a narrators’ manipulation, a pattern imposed on historical incidents, including some and excluding others. Plots sequence selective events, deliberately arranging them to manipulate meaning. Narration selects incidents to give a cause-effect reading. Plots foreshadow by causally linking events that may be just consecutive or simultaneous without connection. Narrators construct plots with cathartic effects, thought to have dramatic and/or emotional significance. Resolution is a solution (outcome) to plotted events, whereas denouement literally means “unknotting” (or untying) and refers to the final unraveling or clarification of a plot’s puzzle, tying off any loose ends. Denouement also locates the final cathartic lesson. In epic there is not as neatly wrapped and tidy an ending as in tragic, no “happily ever after,” but rather a more open denouement.

Our hypothesis is that the Enron masquerade and collective negotiation of the meltdown’s scope was accomplished with corporate and state theatre, replete with antenarratives in a dialectic of epic and tragic narrative constructions (for corporate theatre review, see Oswick, Keenoy, & Grant, 2001). Next we explore Enron’s rise, fall, meltdown, and aftermath as a dialectic of tragedy and epic narrative construction and performance.

We investigate the dialectic of two frameworks, the epic and the tragic, to explain the difference in what Gephart (1992, p. 119) called “preliminary interpretation” of disaster by “key inquiry participants.” This particular disaster has far-reaching implications, and more than a year after the bankruptcy, narrators are still trying to make sense of Enron.

**METHOD**

Enron texts chosen for analysis in this study were journal and news articles, congressional transcripts, and key Enron memos and reports. We worked with a large corpus of texts; for example, 9,684 news articles were published between December 2001 and March 2002. We searched a wide range of international and national news sources, using Lexis-Nexis and Proquest, plus congressional tran-
script archives and Web reports such as SEEN (2002) and the Powers report (2002). Our methodology was to read Enron texts, beginning with a series of themes (greed, fraud, Bush, Andersen, and scandal). There were 3,055 items about Enron and scandal in the popular press, 3,685 linking Enron and Arthur Andersen, 1,153 linking Enron and President Bush, 1,607 calling Enron a fraud, and 384 articles linking greed to Enron. Given our focus on meltdown, we did a Lexis-Nexis search of “Enron meltdown,” resulting in 192 matches between November 29, 2001, and December 29, 2002; we read all of these. For data sets larger than 350, we sampled news items on themes using random numbers, stratified across a week-by-week chronology. We also searched for Enron characters. For example, there were 473 articles on chief financial officer (CFO) Andrew Fastow alone between March 21, 1998, and August 3, 2002. In addition, we collected semistructured interviews from a key informant, who worked on Enron’s trading floor.

We did a close reading of the assembled and sampled texts to trace rising action, crises, falling action, and denouement (see Table 1). Although most accounts did not use words like denouement or rising or falling actions, 29 articles between January 11, 2002, and January 2, 2003, did use the term climax. Most tended to the stock analysts’ use of the term, such as the selling climax. Media writers, we observed, tended to focus on the climax of Enron or of Andersen, and pegged the climax as the January and February 2002 congressional hearings. As Figure 1 represents, there was little reporting on Enron before the October 16, 2001 write-down of its stock and the December 2 bankruptcy; the firestorm of reporting commenced with the January 2002 hearings (see appendix for basis for calculation of Figure 1).

We read excerpts chronologically, week by week, and made notes on the intertextual movement of utterances between different genres of texts (i.e., epic and tragic). We used this to assemble a 55-page, single-spaced chronology of reported Enron incidents between 1985 and 2002. Our notes are the basis of summary themes (see Table 1) and visual charts of two types of tragic (Figures 1 and 2) and our own epic reading (Figure 3). We therefore did not treat articles, memos, stories, transcripts, or interviews as unique, independent data points. Rather, we sorted the narrative fragments
according to whether they were tragic or epic. In short, the analysis is meant to be intertextual and rhizomatic (Boje, 2001). Like Grimes (2002, p. 388), we assume that “rather than revealing authors’ intentions, closer reading is based on readers’ interpretations arising from detailed engagement with the text.” The following presentation of tragic and epic frameworks is structured according to the emplotment of dramatic action (rising action, crisis, falling action, and denouement). Table 1 provides a summary listing of narrated themes.

We next turn to our analysis of the various emplotments.

TABLE 1: Emplotments of Tragic and Epic Enron

<table>
<thead>
<tr>
<th>Emplotment of Dramatic Action</th>
<th>Tragic</th>
<th>Epic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rising action</strong></td>
<td>Skilling emerges as our hero of the New Economy by winning out over Mark for CEO (August 2000) SPEs, e.g., Cactus, LJM, Jedi, formed 1991-1999</td>
<td>Roots of the plot go back to 7 Sisters of Oil monopolies Spectrum 7 is Bush’s oil entanglement Lobbying world governments to change energy policies</td>
</tr>
<tr>
<td><strong>Crisis</strong></td>
<td>Lay appoints Powers and McLucas to Enron board (October 28, 2001) to forestall SEC intervention Kopper takes the fall; Fastow arrested</td>
<td>Valhalla and Greenmail meltdowns California energy crisis Dabhol, India GAO threatens EnronGate with requests for Cheney energy plan notes</td>
</tr>
<tr>
<td><strong>Falling action</strong></td>
<td>Did Skilling and Lay know? Or can they use Kopper and Fastow to cushion their own falls? Watkins is the only whistle-blower recognized by the media</td>
<td>EnronGate: Did Bush know? Harken and Halliburton are Enronesque accounting scandals Multiple marginalized whistle-blowers</td>
</tr>
<tr>
<td><strong>Denouement</strong></td>
<td>Purge spectator flaws (hubris, pride, overconfidence) by punishing scapegoats who bear the sins of the system Containment of efforts seeking to change the system</td>
<td>Spotlight flaws of broader systems of capitalism and democracy Widen inquiry to oil wars with Afghanistan and Iraq Deep system changes to SEC, accounting and law firms, 401(k)s, stock options, political lobbying laws</td>
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NOTE: SPE = special purpose entities; SEC = Securities and Exchange Commission; GAO = General Accounting Office.
RISING, FALLING, CRISIS AND DENOUEMENT OF ENRON

We explore Enron as an improbable Tamara-esque dialectic of emerging epic antenarratives and counteracting tragic antenarrative containment. We begin with epic and tragic emplotments of rising action.

RISING ACTION

Rising action chains together several events arranged in an order most meaningful to the narrator. Choices of a conflictful inciting
incident and characters foreshadow the crisis (climax) and denouement (lesson).

**Tragic Rising Action**

Most narrators speak of Enron’s meltdown as tragedy (e.g., Baller, 2002; Dart, 2002; Hedges, 2002; Hill, 2002; Knight, 2002; Pugh, 2002). To bend life to art, each narrator includes an incident that brings tragedy to closure, for example, narrating Enron’s CFO: “Handcuffed in the back seat of a gray government Ford Taurus . . . Andrew Fastow rode toward the conclusion of an American tragedy” (Dart, 2002, p. 3G). Columnists such as Smilgis (2002, p. 1) tag “Enron executives Kenneth Lay, Jeffrey Skilling and Andrew Fastow as pirates and miscreants.” And elsewhere, “It’s like a Greek tragedy: they defied the gods and the gods struck them down. . . . They felt they were so powerful and rich, they weren’t going to get caught or the rules didn’t apply to them” (Hoffman, 2002, p. C1). To explore tragic rising action, we include three examples: Lay’s vision of the New Economy, how Skilling won out over Rebecca Mark for CEO, and how Fastow and various accomplices formed special purpose entities (SPEs). First, we look at stock analysts’ variations.
Stock analysts construct their own tragic narratives. Enron stock was listed on the stock exchange April 11, 1986, and delisted January 15, 2002, following the December 2, 2001, bankruptcy. Rising action happens each time analysts and buyers change the volume of stock traded. A sharp downward shift is taken as evidence of a price climax. After that, analysts attempt to explain the falling action and offer denouement (advice on how the market puzzle operates). For example, Wirrick (2002) posted an analysis of Enron stock (January 24, 2002) arguing that although the Enron accounting irregularities are mind-boggling, stock chart analysts could easily spot red flags; there was time to dump the stock before it “crashed and burned.” The first sign was a “Triple Top”: three peaks in stock prices (around $90) in August, September, and October 2000; this is a signal the stock is about to tumble. Furthermore, the August 2000 high price of $90.56 could not sustain the heavy volume, and bears gained the advantage. This pattern repeated in August 2001. A second red flag is Enron stock’s inability to take out its previous highs; the stock started forming lower highs in December 2001 and February and March of 2001 (a sign of a possible downward trend). A third red flag occurred several times when the stock failed to sustain its rally; the stock traded below its 40-day moving average (e.g., February 2001). In short, the red flags are crisis points stock-chart analysts read into the pattern (see Figure 2; more detailed in left side of Figure 1). For the analysts, Enron’s New Economy (discussed below) is constructed as riding the 1990s’ dot-com bubble and bandwagon until it exploded; Enron hung on longer than most.

The rising action is quite different for stock analysts than for general business reporters. Analysts treat rising action as the volume shifts that foretell some potential crisis (or climax). The crisis for reporters is a more artsy confrontation of antagonist and protagonist, across events such as whistle-blowing, congressional hearings, arrests of executives by police, and trial testimony and verdicts. The timing is quite different. Media reporters did not do high-volume reporting (gauged by weekly volume of Enron tragedy stories filed) until after Enron’s October 16 revaluation of its worth.

In contrast to these tragic styles, epic narrators are more apt to take in even longer term historical trends, comparing Enron patterns to patterns of robber barons at the turn of the century and looking at patterns of political influence by other corporations before
and after the breakup of Standard Oil. It appears the non-U.S. press took a more epic perspective when compared to the more marginal coverage of Dabhol, Harken, and Halliburton in the U.S. press. We will, however, defer that question to another study.

Vision of new economy

In tragic as well as epic narration, Enron is part of the weave of interplots. The media’s usual narration of the Enron tragedy begins with Kenneth Lay and his vision for Enron; the big vision foretells the vision’s failure. In 1985 Lay made an antenarrative bet that the energy industry could be reordered through “strategic narration” into a new plot (Barry & Elmes, 1997, p. 430). Lay then inaugurated shifting visions of Enron’s role in the New Economy (Enron Web site http://cbae.nmsu.edu/~dboje/enron/; London & McNulty, 2001, p. 22; Steffy & Levy, 2002, p. 35).

- 1985: To become the premier natural gas pipeline in North America
- 1990: To become the world’s first natural gas major
- 1995: To become the world’s leading energy company
- 2001: To become the world’s leading company
- 2002: To emerge from bankruptcy as a viable, albeit smaller, company.

This broader, more epic view contrasts with the typical tragic narration. The tragic narrators might begin with Clinton’s 1997 description of Enron CEO Kenneth Lay as having the strength and diversity necessary to keep the New Economy on track in the 21st century. They then lace in flaws to explain the fall. For example, when Enron’s executive committee proposed that the new company motto be “the coolest company on Earth,” then-Chairman Lay suggested wrapping the headquarters building in a pair of giant sunglasses—clearly an act of arrogance and extravagance that presages disaster.

The rising action in narratives is driven by precipitating incidents that involve conflict. The earliest New Economy reference involving Enron focused on its strategy of outsourcing employees (Woodyard, 1996). Outsourcing and reengineering began at Enron in 1993 when nonessential functions were turned over to outside contractors that paid former Enron employees less:
Enron Corp. systematically reviewed all of its functions and weeded out those that didn’t have anything to do with the gas business—the mailroom, fitness center, cafeteria, photocopy center and others. . . . Enron employees were given time to transition into the contractors’ businesses or to quit. (Woodyard, 1996)

In 1997 and 1998 Enron executives were narrated as heroic reengineers of business processes, strategists who tossed out the old business model and reinvented entire industries in the new reinvent-or-die New Economy emplotment.

In the tragic version of Enron, the rising action sets up a conflict between the new and old economic models. The New Economy emerges as the triumph of free market over regulation, of reengineered temporary contractors over long-term labor security. For the plot to have tragic effect, we believe Enron is constructed to claim New Economy kingship status, projecting the image of the youthful, free market, revolutionary capitalist conquering tired utilities, converting their bureaucracy, and transforming them into virtual traders. The end result of the rising action in tragedy is to allow our hero (Enron the King) to slay the dragons (win the conflict). The higher the pinnacle of success, the more effective is the subsequent tragic fall. And to play out this theme, we need our tragic hero—not a corporation but a real person who personifies Enron the King through his or her own struggles and victories. This hero is Jeffrey Skilling.

**Skilling wins out over Mark for CEO**

The bitter 10-year battle between two Harvard business graduates (Jeffrey Skilling and Rebecca Mark) within Enron provides narrative material for conflictful inciting incidents in the narration of rising action. *Newsweek* magazine (Peraino, Murr, & Gesalman, 2002), for example, blamed Enron’s collapse partly on a vicious 10-year rivalry between Jeffrey Skilling, the former chief executive, and Rebecca Mark, who headed the company’s water arm Azurix. Rebecca Mark (dubbed “Mark the Shark”) is described as “blond and tall and tone, she was sleek and fast and knew how to bite” (Peraino et al., 2002, p. 24). Wearing stiletto heels and tightly tailored, size-6 Escada suits, Mark used her “Sex in the City outfits, “her femininity,” her “Harvard-honed . . . no-nonsense manner,”
and her “powerful mentors” like Henry Kissinger, “to disarm, then buffalo the men sitting across the table” (Peraino et al., 2002, p. 25). Hired in 1991 as CEO of Enron Development Corporation, Mark the Shark would become the most powerful woman in America by 1998 (at age 41). Mark claims the Skilling camp, a hard-working, hard-partying team that members called “The Mighty Man Force,” forced her out. A spokesman for Skilling insisted he never saw Mark as a rival.

Skilling was known at the Harvard B-School to be “capable of some of the most extraordinary drama,” says Jeffrey Schoenfeld, associate dean of the Yale School of Management, who knew Skilling at Harvard (Schwartz, 2002, p. 1). Tom Peters (Steffy & Levy, 2002, p. 33) described Skilling as charismatic, shockingly bright, someone who could sell ice to Eskimos. Skilling cultivated another image, the darker, charismatic character known as “Darth Vader.” Skilling frequently dressed as Vader at company functions; he also kept referring to his traders as the “storm troopers” and decorated his mansion in the black and white Enron colors, which were also Vader’s colors. Skilling was also known as “The Prince,” a reference to Machiavelli. New hires were told to read The Prince cover to cover or be eaten alive (Schwartz, 2002, p. 1). These character sketches set the stage for Skilling’s subsequent tragic reversal of fortune.

**SPEs: Skilling’s magic sword**

SPEs began in an early 1990s regulatory opinion (Emerging Issues Task Force of the Financial Accounting Standards Board, or EITF Rule 90-15). SPEs were one of the key factors in Skilling’s rise within the corporation. Enron and other corporations could legally put partnerships off their corporate books when the outsider contributed even 3% of the capital to the entity (known as the 3% rule). As the tragic narrative tells it, “In the hands of Andrew Fastow and Jeffrey Skilling, EITF 90-15 and subsequent regulations were licenses to create imaginary profits and hide genuine losses” (Higgins, 2002).

Skilling and Enron were able to employ SPEs because of the financial wizardry of Andrew Fastow. Fastow is storied in media accounts as taking a tragic fall from grace. Lay supports Fastow in public speeches and press releases until September 2001. Dart
(2002, p. 3G) said, “Just three years ago, CFO magazine presented its Excellence for Capital Structure Management award to Fastow.” The magazine said much of Enron’s growth “has been fueled by unique financing techniques pioneered by Fastow” (explained Kaminski & Martin, 2001). When Enron went bankrupt, Fastow became what The Washington Post called “an American pariah” (cited in Dart, 2002). Off-the-balance-sheet partnerships helped to hide losses of $2 billion each in the water and telecommunications businesses, another $2 billion lost in a Brazilian utility investment, and an additional $1 billion lost on an electricity-generating plant in India. In secretive, behind-the-scenes partnerships, like RADR, for example, CFO Andrew Fastow and Michael Kopper (his lieutenant) and a “few of their close friends and colleagues raked in about $4.5 million in profits without disclosing the deal to Enron or its investors” (Fowler, 2002). Epic takes the inquiry further.

In tragic rising action, the focus is on Skilling’s role as hero and his relationship to the role played by Fastow. Later, in tragedy’s falling action, a crucial question will be the extent to which Skilling (and Lay) knew and approved of Fastow’s deceptive financial machinations. Although tragedy may portray SPEs as a tool misused by a villain, epic narratives see SPEs as a symptom of wider systemic problems in accounting and corporate financial practices.

Epic Rising Action

Epic rising action includes more events that tragedy treats as subplots or omits, perhaps not to distract from the narrator’s later resolution and/or denouement. Instead of one inciting incident, epic selects several and traces out all kinds of complications across different historical periods in the rising action. Epic narrators widen the scope further: Ralph Nader, for example, blames the government “watchdogs and gatekeepers” who failed to monitor Enron and Andersen (Pugh, 2002, p. 19). We therefore learn something important about corporate meltdown. Tragic narrators restrict meltdown, whereas epic narrators expand it.

We will look at three examples of epic narrations: the “Seven Sisters of Oil,” Spectrum 7, and the politics of influence lobbying. Each explains the 2000-2001 falling action as a result of much ear-
lier episodes than are typically included in either mainstream media or stock analyst accounts.

*The Seven Sisters of Oil*

The Seven Sisters of Oil were (until recent mergers) Exxon, Mobil, Shell, British Petroleum, Gulf, Texaco, and Chevron. In this plot, Enron is the seventh sister (a vacancy created by the merger of Exxon and Mobil). This epic plot situates Enron in the deeply rooted values of the energy industry that took shape in the robber barons era of the late 1880s (see Figure 3). The plot structure involves patterns of predatory corporate behavior, incestuous relations with government, and scandals of the turn of the last century that seem to be repeating in the turn of this century. The parallel drawn is that in the 1880s oil was a new industry to John D. Rockefeller, just as natural gas in the 1980s was a new industry to Kenneth Lay. As with Enron’s network of SPE partnerships, Jersey (the nickname for Standard Oil) had become a trust (a network of 322 interlocking corporate partnerships) controlled by a few executives.

*Spectrum 7*

The epic details are untidy: George W. Bush’s Spectrum 7 oil company had Enron partnerships (1985 and 1986); in other words, Bush did not just begin Enron relations with corporate and executive contributions to his gubernatorial or presidential campaigns. When Bush sold his shares in Harken Oil (renamed Harken Energy) in June 1990 for $848,560, some say there were four violations of Securities and Exchange Commission (SEC) filing laws at a time when Harken did business in the pre-Gulf War Middle East. There were allegations of Bush insider trading just before Harken’s stock meltdown (Flocco, 2000; Safire, 2002). Is it circumstantial that Bush’s lawyer was the SEC investigator and that Bush’s father had appointed the then-head of the SEC?

*Political influence lobbying*

Epic expands the tragic plot into political influence complications. Epic narratives trace the tentacles of political influence far and deep, including both lobbying efforts and financial contributions to political campaigns. Epic rising action reaches back into
history, to early 1920s energy industry scandals of government ties to megacorporations (e.g., Teapot Dome in the 1920s). Enron is said to fall off its pedestal as icon of the New Economy (deregulated free-market capitalism), which becomes tagged as Enronomics. Then the king falls, and New Economy is said to be more surface than substance, a slogan with a snake-oil ring to it.

Political contributions helped Enron’s rise. Between 1989 and 2001, Enron executives contributed an estimated $5.8 million to campaigns of political officials, with 75% going to Republicans. Arthur Andersen contributed even more than Enron; yet this, too, is circumstantial. It does not detail the specific role corporate political contributions played in realizing more laissez faire, free-market economics. Bush bailed out of Harken Energy days before the Gulf War. Bush sons were doing Enron deals at the end of the Gulf War. In 1993, following Desert Storm, James Baker, Robert Mosbacher, and former operations director of the Joint Chiefs Thomas Kelly (then on the Enron payroll) were all former Bush administration officials. These three, along with Bush family members (George H. W. Bush, Neil Bush, 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. These scenarios recall ways oil and railroad oligarchies influenced democracy a century ago.

Lay was a financial backer for the George H. W. Bush presidency, raising more than $100,000 and diverting another $700,000 from Enron for direct political contributions. Epic narrative also follows the trail of Enron money to influence Alaska drilling. Enron contributed $323,460 to U.S. senators not to cosponsor Senate Bill 411 (Senator Joseph Lieberman, D-CT), which would permanently close the Arctic National Wildlife Refuge (ANWR) to drilling. After his election, George W. Bush pushed to open the ANWR to oil and gas drilling. In January 2002 Bush’s interior secretary, Gail Norton, announced that oil drilling would not harm the polar bears on ANWR’s coastal plain, rejecting two studies showing that it would. She also imposed a gag order on all Fish and Wildlife Service employees, preventing them from making public comments on the refuge, and disparaged the agency’s research showing oil drilling in the refuge to be incompatible with wildlife.
CRISIS

Crisis is the turning point linking rising to falling action. Because there are several plausible crises, each narrator makes a choice. There is also the narrator’s choice of the climax point in the crisis, the selected incident in the crisis where conflict is most directly addressed. Tragic crisis tends to focus on the plight of the one hero. In contrast, epic narratives are decentered with multiple crises.

Tragic Crisis

When does our tragic narrator read crisis in the events of Enron? When does our hero encounter the dramatic crisis climax point? Here we find two quite divergent tragic perspectives: the stock analysts’ and the media/reporters’.

First the analysts’ viewpoint (see Figure 2): Enron’s stock, for example, had been slumping since May 2001. What event was climactic? Along the way from May 2001 to the bankruptcy, December 2, 2001, various narrators pick alternative climactic turning points. Skilling, for example, resigned in August. Some investors read this sign as the critical climax; it was time to sell off. Others waited until the stock reached a 3-year low in September. But the stock slid further in October 2001 with the write-down, and analysts thought the sell-off had reached its climax in a 27-cent drop in share prices, down to $25.15. But that was not the bottom of this ride (Rediff.com, 2001). Enron’s bankruptcy filing, on December 2, 2001, was yet another climax of a stock slide from $90 in August 2000 to 26 cents. It was a slide that Jeffrey Skilling could not prevent, even by resigning as CEO in August 2001. Stock price is not the only way to frame the key turning point. Reporters constructing tragic Enron narratives have similar choice points.

Next, we look at three tragic-narrative climax themes often highlighted by reporters: the confrontation of Congress and Enron, Lay’s appointment of Powers and McLucas to his board so they could investigate Enron before the SEC does, and finally, the climactic moment when Michael Kopper took responsibility for the tragedy and Fastow was arrested. Again, we hypothesize that reporters are more apt to seek out a dramatic encounter between
protagonist (Lay, Skilling, Fastow) and antagonist (Watkins, Congress, SEC, or the judicial system) to construct their narrative.

**Congressional hearings**

The congressional hearings became a minidrama all their own. When Representative Jim Greenwood (R-PA), chairman of the House Energy and Commerce’s Oversight and Investigations Subcommittee, opened the questioning of David Duncan with this query, “Mr. Duncan, Enron robbed the bank. Andersen provided the getaway car. And they say you were at the wheel”—we expected a climax, not Duncan to claim his Fifth Amendment right to refuse to answer. The spectators then had to wait for Lay and Fastow, who also refused to testify (citing their constitutional right against self-incrimination). Perhaps the miniclimax of the investigative hearing was the testimony by Skilling and an awaited conflictful confrontation with Sherren Watkins.

The crisis reached its climax point after weeks of revelations of Enron practices by the Justice Department, SEC, and a dozen congressional committees. In the words of committee chairman Billy Tauzin, Louisiana Republican (Subcommittee on Oversight and Investigations, 2002; cited in 4,620 Internet accounts), “What we have before us is a story of simple, old-fashioned theft—and the inexplicable acts, or lack thereof, that allowed the crooks to get away and to destroy a company.” In this tragic narration, spectators to the congressional hearings could now see the star of the New Economy was poised on the edge of the abyss. However, interest waned as most of the executives refused to testify.

**Lay appoints Powers and McLucas to Enron board**

On October 28, 2001, Kenneth Lay appointed William C. Powers, Jr. (dean of the University of Texas School of Law) and William R. McLucas (former SEC enforcement chief) as the newest Enron board members. They were appointed to manage the Enron inquisition and to come up with a report that would take the sting out of the escalating SEC investigation. In this way, Enron hoped to keep the Big Three ratings agencies from downgrading Enron stock to junk status.

Kristina Mordaunt, Enron’s in-house attorney, got nervous and talked: “I didn’t want Lay to be blindsided,” she said (Witt & Behr,
2002, p. A01). She implicated Ben Glisan and other Fastow associates. Glisan and Mordaunt each invested $5,800 in May 2000, and each made $1 million. In a climactic confrontation on November 8, 2001, Ben Glisan (Enron treasurer) and Kristina Mordaunt (general counsel to Enron) were confronted, fired, and escorted from the building by security (Habiby, 2001, p. D2).

Kopper takes that fall; Fastow arrested

One way to get the Enron narrative to climax is to handcuff and punish someone; then the tragedy might finish. As one reporter put it, “We are fast approaching the climax—will anyone be punished? If so, how severely?” (Smilgis, 2002, p. 1), then added, “Certain Enron executives launched a financial jihad against investors—and their own employees. Only they were shrewder than al Qaeda. They legalized their terrorist tactics.”

Tragic narrators (e.g., Baller, 2002; Dart, 2002; Hedges, 2002; Hill, 2002; Knight, 2002; Pugh, 2002) situated the tragic climax with the arrest of Fastow, who is taken away in handcuffs, on TV, a signal the Enron tragedy is moving from rising to falling action. These tragic versions are opposed by the scope of more epic narratives. The problem for tragic narrators is that the epic crisis continues. Global Crossing, Xerox, Tyco, Adelphia, Cendant, Rite Aid, Lucent, Microstrategies, Travelers, Informix, and Conseco, all are part of a seeming avalanche of other corporate scandals. Tragic form is stretched to the limits and ultimately must give way to an epic framing of Enron as the climax of an epidemic of questionable accounting and corporate ethics in the 1990s. Next we examine how crisis plays out in epic narratives.

Epic Crisis

To epic narrators, many crisis points occur, across varied contexts and over time. Although Enron’s crisis is rooted in two earlier meltdown scenarios (Valhalla and “greenmail”), it also encompasses the California energy crisis, international misadventures such as Dabhol, India and the now-concluded conflict between Vice President Cheney and the General Accounting Office (GAO) over energy plan meeting notes. In short, we hypothesize that epic is more tuned in to the chaotic emergent patterns of the situation.
Epic patterns are more like the orchestra tuning up before converging on a particular melody.

**Valhalla rogue traders crisis**

Epic narration reaches to many early meltdowns within Enron. Two early meltdowns began to interact to give Enron a near-death experience. The stakes were high, $4.3 billion in debt incurred by the 1985 merger of HNG/InterNorth. This corporation had a subsidiary unnoticed by the board or Lay, an oil corporation that set up its office in Valhalla, New York. They had a dozen employees, half of whom were oil futures traders (Kilgannon, 2002). On January 23, 1987, an Apple Bank security employee blew the whistle to Enron’s vice president of auditing, David Woytek. The “Enron Oil Company” subsidiary president Louis J. Borget (located in Valhalla, New York) and Enron’s treasurer Thomas N. Mastroeni in Houston had allegedly diverted $142 million to Panamanian and other offshore accounts between 1985 and 1987. Woytek called Enron general counsel Rich Kinder (Brenner, 2002).

On October 22, 1987, Enron executives finally disclosed that so-called renegade crude oil traders had been running two sets of trading books and filing fake trading reports. Enron finally fired Borget and Mastroeni and then announced that Enron would be taking an after-tax hit of $85 million in the third quarter alone that year. However, delay had bought Lay and Enron time to rework the renegade crude oil traders’ loss down to about $142 million for the year. Also, it appears their damage-control efforts were helped when public attention was diverted by the October 1987 stock market crash: “In 1987 Kenneth Lay, chairman and chief executive of Enron Corp., gathered his 1,700 employees together at the company’s downtown Houston headquarters and made them a promise: It won’t happen again” (Steffy & Levy, 2002, p. 30). This then serves as the narrator’s climax and close to the first crisis. Then, in spite of Lay’s promise, about a dozen years later, Enron was again in crisis.

Epic narrators argue Lay’s reactions to the 1987 near-meltdown and the 2001 one are not so different (Barnes, Barnett, & Schmitt, 2002). Lay is tentative and cautious and did not fire Borget and Mastroeni for committing fraud any more quickly than he did.
Fastow more than a decade later. After many delays, this time it was the September 11 tragedy that drew attention away from Enron.

**Greenmail crisis**

Simultaneous with Valhalla, incidental to George W. Bush’s Spectrum 7 oil company, Lay discovered another epic meltdown having its way. On October 21, 1986, Lay had to fend off a greenmail attack by the notorious Irwin Jacobs, who had invested substantial sums in HNG/InterNorth since 1985. It cost Enron a $13 million premium above the stock price for Jacobs’s 5.1 million shares to make him disappear. Another greenmailer named Leucadia amassed 2.3 million shares. The Jacob and Leucadia combined shares represented 16.4% of Enron’s stock. Enron paid the greenmailers $47 a share; $357 million was paid to buy back a total of 7.6 million shares (paying 6% above market value and borrowing $100 million from Citibank). Michael Milken’s bond unit at Drexel Burnham Lambert arranged the financing that prevented Enron’s meltdown at that point. Besides the hostile takeover bid by Leucadia and Jacobs, there were changes in deregulation laws, nationalization of a Peruvian pipeline, and losses from Enron’s oil trading activities. Some losses in 1987 were from the falling price of natural gas, which was a reaction to declining oil prices. This combination of circumstances combined to drastically cut Enron’s income. Enron reported a loss in 1987 of $29.3 million on revenue of $5.9 billion. Epic Enron narration strings together such near meltdowns and minimeltdowns to create a net of multiple crises.

**Dabhol, India**

In 1994 when construction of the Dabhol Power project began in Ratnagiri, India, local farmers, shopkeepers, fisherpeople, politicians, and other residents staged protests against Enron. The climax of that crisis for many epic narrators was 1997, when Enron was cited for violations of human rights (e.g., see Enron human rights history, 1999). Later, Dabhol reemerges as a critical incident in the Bush administration’s energy task force report. After one of the alleged Enron meetings, vice president Dick Cheney’s energy task force allegedly changed a draft energy proposal to include a provision to boost oil and natural gas production in India. The amend-
ment was so narrow that it apparently was targeted only to help Enron’s troubled Dabhol power plant in India (Vulliamy, 2002).

*California energy crisis*

After 180 days of George W. Bush’s presidency, California had spent nearly $8 billion buying open-market power to keep lights on and contend with rolling blackouts. Although not apparent at the time, it was later revealed that Enron (and several other firms) were manipulating California’s energy market and raking in huge revenues. They were artificially driving up the price of electricity by manipulating supply. Their strategies had strange words like *Death Star*, *Get Shorty*, *Fat Boy*, and *Ricochet*. Vice President Cheney was also a key player. On April 17, 2001, Cheney met with Lay, who wanted the energy task force to lobby against price caps in California. Deregulation, in some parts of California, increased rates from $30 to $1,500 per megawatt hour (Khilafah.com, 2002). Bush’s rear-guard action against price caps bought Enron and other energy traders extra time to gouge hundreds of millions of dollars from California’s consumers.

*GAO wants Cheney energy plan meeting notes*

Cheney defied GAO requests (since September 2001) for documents concerning Enron’s involvement in fashioning U.S. energy policy in meetings of the National Energy Policy Development Group. The GAO’s comptroller general David Walker took the unprecedented action of filing suit against the White House to get the information. A Washington federal court judge, John Bates, (named to the bench by President Bush) decided that Walker “does not have the personal, concrete and particularized injury required” under the Constitution to allow the lawsuit to go forward. Using strange diction, the Bush administration declared the ruling an endorsement of the president’s right to “receive unvarnished advice.” On November 13, the U.S. District Court judge Emmet G. Sullivan denied a request by Cheney for a stay of proceedings in a similar case brought by the conservative, legal watchdog group Judicial Watch and the Sierra Club, an environmental activist group. Another Washington court is considering a challenge to the McCain-Feingold campaign finance law. Both cases were stirred
up by Enron’s meltdown and focus on the disturbing role campaign contributions play in setting government policies.

Now that we have reviewed three examples each of tragic and epic crises, we turn to falling action.

FALLING ACTION

Falling action occurs after whatever crisis is the focus of epic or tragic narration. Falling action offers an exposition of the cause-and-effect relationships that led to the crisis the spectators just saw and that link that crisis to the final resolution. As with the other stages in the dramatic plot, here again, tragic narrations focus narrowly on the tragic hero and hinge on one crisis; epic narratives include multiple crises. Furthermore, epic’s cause-effect relationships address more systemic issues such as capitalism and its relation to democracy.

Tragic Falling Action

Tragedy uses falling action to bring closure to the narrative construction. In tragic narratives, more attention is given to how crisis events are causally related to resolution (perhaps the punishment of more errant executives). This provides the reader with certainty that the conflicts have been resolved and will not keep recurring. For Enron, the falling action’s exposition of causality translates into who and how: (a) Who knew and approved of, and who profited from, various deceptive strategies? and (b) How were SPEs used and/or misused to accomplish fraud?

Did Skilling and Lay know?

Skilling and Lay deny knowing that balance-sheet partnerships involving then-CFO Fastow and other executives were hiding losses and inflating earnings. Leopold (2002) and Zellner (2002) lace together a tragic narrative in which Skilling knows more than he let on during his testimony at congressional hearings. For the Justice Department, “Exhibit A against him could be testimony he gave before Congress in February, when he claimed he knew little
about one of Enron’s Byzantine partnerships” (Leopold, 2002). Skilling testified (February 7, 2002)

Congressman, Enron Corporation was an enormous corporation. Could I have known everything going on everywhere in the company? I had to rely on the best people. We hired the best people. We had excellent, excellent outside accountants and law firms that worked with us to ensure [that] . . . at no time did I enter into any transaction or was I personally involved in any transaction that I believed was not fully in the interest of Enron shareholders.

Zellner (2002) explained that these questions can be resolved by citing two documents. The first is a record of a May 1, 2000 meeting of the board finance committee, which was attended by Skilling. This document describes advantages of SPEs such as Raptor 1, stating that the SPE “does not transfer economic risk but transfers profit and loss volatility.” The second document, from an October 26, 2000 meeting about Fastow’s LJM partnership, “made it clear that accelerating earnings recognition for Enron was one of the purposes of the partnerships.” Skilling testified he did not recall the specifics of either meeting. Furthermore, Zellner (2002) listed three sources—Enron lawyer Mintz, finance executive Kopper, and Enron executive Baxter (his views related by Watkins, because he had already committed suicide)—and claims each of these three had informed Skilling about problems with the partnerships.

Enron had over 3,000 SPE partnerships. Lay knew about the partnerships if he was awake at the board meetings where each was approved. Furthermore, just before Skilling resigned, on August 14, 2001, former manager Margaret Ceconi sent an e-mail to Lay asserting Enron was shifting more than $500 million in losses out of one division. Then, after Skilling’s resignation, at a company-wide meeting on August 16, 2001, Sherron Watkins gave Lay the infamous memo (Ackman, 2002). Watkins reportedly had not confronted Skilling previously for fear of losing her job. Her memo said, “I am incredibly nervous that we will implode in a wave of accounting scandals” and “It sure looks to the layman on the street that we are hiding losses” (Ackman, 2002).

Watkins also claimed that former vice chairman J. Clifford Baxter, who had recently committed suicide, complained “might-
ily” to Skilling about the partnerships. On October 15, Enron’s attorneys Vinson & Elkins issued a nine-page report (a direct rebuttal to Watkins’s memo) stating that Andersen approved of the Condor and Raptor deals and that Enron had done nothing illegal. On October 16, the company announced a $618 million third-quarter loss and a $1.2 billion reduction in shareholder equity.

**Epic Falling Action**

In epic, falling action can lead to a no-resolution resolution. Each incident can trigger falling dominoes. Whereas tragic falling action results in closure, epic falling action leaves doubt, uncovers more incidents, and cycles and recycles through recurring patterns.

*Enrongate*

Enrongate is epic narration that threatens to unleash probes into the relation between U.S. energy policy and Enron. In this epic, Enron bet on George W. Bush as a long-term investment; the quid pro quo payback is quite circumstantial. For example, in 1993 Bush ran for Texas governor and asked Lay to be finance chairman of the Harris County campaign. Lay refused and instead gave Bush a check for $12,500 and worked behind the scenes. Lay gave Bush his second in command, Rich Kinder, to be his gubernatorial campaign manager. Also, Enron executives donated $146,500 to the junior Bush’s run for governor, an amount seven times more than they gave to incumbent candidate Ann Richards. Enron also donated PAC money to the campaign, becoming Bush’s largest contributor. After the election, Enron gave another $50,000 to the inaugural committee. Lay had the access he needed to influence the new president in the areas of energy policy, tax issues, and lawsuit reform.

Did energy companies that contributed to the 2000 Bush campaign exercise undue influence? According to the Center for Responsive Politics, Enron is President Bush’s largest career patron, having given him at least $563,000 for his campaigns, including his House campaign, his two gubernatorial campaigns, and the 2000 presidential campaign. Enron’s contributions are bipartisan—the Clinton administration, for example, provided more than $1 billion in subsidized loans to Enron overseas projects,
while Enron contributed nearly $2 million to various Democratic causes.

**Harken and Halliburton are Enronesque**

Epic inquiry juxtaposes parallel narratives. Bush and Cheney once headed energy production companies (Harken and Halliburton, respectively). While Bush was a high-ranking official of Harken Oil he sold its stock and made $848,000, an almost 200% profit. One week later, the company reported a quarterly loss of $23.2 million.

Since 1995 Halliburton had been the world’s largest oil-service company. It has many Alaska ventures that would profit if the ANWR were opened to drilling. Ironically, when Vice President Cheney was Halliburton’s CEO, the Halliburton bookkeepers, in Enron fashion, in 1998 made an accounting change in order to redefine Halliburton’s revenues by $100 million and then failed to disclose the change at the appropriate time. Cheney and his former employer are now themselves subjects of a preliminary inquiry by the SEC for possible accounting improprieties sanctioned by Arthur Andersen. Cheney also received $33 million in severance pay when he left Halliburton in August 2000 to become Bush’s running mate. There was also a Halliburton meltdown, a 63% drop in stock price that devastated ordinary shareholders. Like Enron, there are class-action lawsuits against Halliburton, claiming that Cheney and others artificially inflated the company’s stock price and misrepresented its business condition. Judicial Watch filed suit for similar reasons, accusing Halliburton of using a change in accounting practices to overstate revenue by $445 million from 1999 through 2001. Cheney was chairman and chief executive of the company from 1995 to mid-2000.

**Marginalized whistle-blowers**

In the epic narrative, many crises loomed but fizzled when whistle-blowers (other than Watkins) were deflected or marginalized. Inside Enron, there were plenty of whistle-blowers before Watkins became the focus of media attention. In June 1999 Vince Kaminski warned Enron’s upper-level executives that the LJM partnerships were a bad financial risk. Jeffrey McMahon, an Enron insider, says he met with former CEO Jeff Skilling in March 2000 to raise sev-
eral concerns about conflicts surrounding the SPEs created to move assets and debts off Enron’s books. McMahon admitted that he sold $1.8 million of Enron stock on the day of this meeting with Skilling. McMahon said after he complained about the LJM partnerships, he was quickly transferred (March 16, 2001). In summer 2001 Enron corporate lawyer Jordan Mintz told Cable News Network that he hired law firm Fried, Frank, Harris, Shriver, & Jacobson to take another look at Enron’s financial structure. Fried, Frank then reportedly recommended that Enron end its partnership deals. Chung Wu, a UBS PaineWebber broker in Houston, was fired after he e-mailed 73 investment clients the third week of August “advising them to consider selling their Enron shares” at a time when PaineWebber was still recommending Enron as a “strong buy.” Enron executives asked that Wu be fired (Witt & Behr, 2002, p. A01).

Before Skilling resigned August 14, 2001, Margaret Ceconi, a former manager for Enron Energy Services (EES), sent an e-mail to Lay asserting Enron was shifting more than $500 million in losses out of one division. Then, on August 29, 2001, Ceconi sent Lay a 10-page e-mail addressed to the Enron board of directors. Ceconi made allegations of accounting irregularities and earnings losses very similar to those made only 2 weeks earlier by Sherron Watkins, which Lay had discussed with Watkins on August 21, 2001.

SEEN (2002) documents the chronology of all the whistle-blowers around the globe. Their voices were silenced in the American press until it became allowable for U.S. journalists to recharacterize the superhero Enron, and its superhero executives, as no longer the superstar of the New Economy. (Reporters do not report scandal of superstars unless the state first begins an investigation, then the firestorm begins.)

**DENOUEMENT**

Denouement is the final solution. It suggests the moral of the story. Tragic denouement completes the cathartic process. Catharsis is the purging, the emotional release the spectator experiences due to the pity and fear evoked by the hero’s tragedy.
In the tragic narrations, the denouement to the story line centers on the personal fate of the tragic hero, Jeffrey Skilling. We may extend this inquiry to our hero’s perceived close associates: What happened to Kenneth Lay, and in subtragedy, what happened to Andrew Fastow and his lieutenant, Michael Kopper? Tragedy trims out the marginal characters, omits antenarrative incidents, and focuses on sequenced incidents to create a more aesthetic and legitimating narrative. More epic Enron narrative construction draws attention to deep systemic changes needed in business education, SEC rules, 401(k) protection, executive stock options, political fund raising, and global capitalism. In contrast, tragic constructions seem overly simplistic; yet they are deeply satisfying and powerful due to the narrative and emotional closure they offer.

Tragic Denouement

*Purge spectator flaws*

In Enron and Andersen narrations, narrators root out tragic character flaws to get the public to purge their own tragic flaws (hubris, arrogance, fraud, and greed). Scapegoats became the focus of media attention and institutional inquiry, the nouveau American Inquisition, an Aristotelian purge of the tragic flaw, through the vicarious TV theatre drama of seeing a few rich executives and their accountants being grilled by senators and congresspersons, then on to the next agenda item (just in time). There was a brief purge, then back to business as usual. Congressional hearings and Justice Department inquiries investigate great reversals of fortune brought about by tragic flaws.

If the hero’s fall is to arouse in us the emotions of pity and fear, it must be a fall from a great height; this way, spectators learn the lesson and purge their own life of tragic character flaws. In classic terms, the tragic flaw is the quality that leads to both the rise and the fall of the tragic hero. The fall is triggered by the reversal of fortune. Tragic Enron narrations typically view greed as the flaw that led Lay and Skilling to create the Enron empire. A stock market glitch is the fateful reversal of fortune. In *The Wall Street Journal* (2003) online classroom notes on Enron, there is a cartoon that reads, “Greed, where did it come from?” The pedagogical notes list the
succession of corporate executives being fined, beginning with Enron, Andersen, Adelphia, and ending with Tyco. Why so many greedy executives? “The answer, put simply: A stock-market bubble magnified changes in accepted business practices and brought trends that had been building for years to a climax. The victims: the very shareholders the executives were supposed to serve.” The subtext of tragedy absolves us of any responsibility for creating the rules of the game that determine success and failure. Fortunes, and their reversals, are the province of the gods, not of men.

**Containment of efforts seeking to change the system**

Tragic narrative can be hegemonic when used to contain expansive epic connections to the elite. There are various containment strategies. For example, President Bush’s SEC chairman proposed a new public oversight board to monitor the quality of corporate audits. Similar boards have done little. There are proposed changes to executive stock options, to take the short-term motive out of it so long-term consequences are part of executive reward. The separation of audit from consulting by the same company will likely proceed; however, the effect is containable with interorganizational swaps among the same audit/consulting players. Professional codes for conduct in accounting and investment analysis are being bandied about. The auditor’s signature on a corporate report did not mean that the report was an accurate snapshot, says Treasury secretary Paul O’Neill, but rather “that a company had cooked the books to generally accepted standards.”

**Epic Denouement**

Epic denouement expands to include multiple lessons, multiple moral-of-the-story conclusions. However, the narrative connections among these conclusions are a tenuous web of cause-and-effect allegations (Boje, 2001). This contrasts sharply with the tight focus of tragedy. The web of epic implications includes deep system changes.

**Deep system changes**

There have been proposed changes to the SEC, accounting and law practices, 401(k) pensions, executive stock options, and politi-
cal lobbying. By focusing just on Enron and Anderson, we miss the
fact that 150 companies restated their earnings in each of the past 3
years, an acknowledgment that they had misinformed investors.
Handcuffing a few executives is a spectacle that takes attention
away from widespread system changes. The fear is that more epic
narrations will motivate a broader scale of changes, such as those of
the 1930s that created the SEC.

Purge flaws of broader systems of capitalism and democracy

The Enron epic was far reaching. Twenty-one U.S. government
agencies plus various multinational development banks and other
national governments were persuaded to support Enron’s global
strategies. Enron had 38 projects in 29 countries. Over $7.219 bil-
lion in financing was extended to nations to purchase Enron gas
lines and utilities. Enron’s ties to the World Bank from 1992 to
2001 provided $761 million in Enron loans, as well as political
pressure for countries to get with Enron programs or lose U.S. aid.
Together with the World Trade Organization and the International
Monetary Fund, the World Bank pressured the world’s govern-
ments to pursue deregulation and privatization of the power and
energy sectors of the global economy (SEEN, 2002).

Enrongate is a New Economy “asset-light” successor to the
Watergate, Irangate, and Monicagate White House megascandals.
In each “gate,” reporters, lawyers, and conspiracy theorists dig,
looking for evidence of malfeasance. Gate is a popular metaphor
for the corrupt use of power. Enrongate was deflected by spinning it
as a very minor or peripheral aspect of the tragic narrative construc-
tion. The tragic plot stays focused on the tragic hero, and long
before the Enron tragic denouement, Skilling and Lay had been
dropped from the White House party list. Enrongate has remained
off-off-Broadway to date.

Widen inquiry to oil wars with Afghanistan and Iraq

The epic narration is that each time Enrongate threatened, Bush
Jr. launched a new battle in the “war on terrorism.” This denoue-
ment reveals how oil companies (including Enron) invested bil-
lions in bribes to heads of state in Kazakhstan to secure equity
rights in the huge oil reserves in the Afghanistan region (Escobar,
2002; Hersh, 2001). What they wanted in Afghanistan was the
CentGas (Central Asian Gas) pipeline; Enron did the $2.5-billion-dollar feasibility study (Escobar, 2002). In this revised plot line, the Seven Sisters of oil (including Enron) continue to be a secretive world government, the backstage leaders of the New Economy of deregulated free-market oil capitalism. The implication is that Bush had other motives for the war on terrorism: “Follow me into the next great battle in the war on terrorism,” he shouts, before galloping off stage with all of the press running after him. The audience, playing the role of the public, applauds (Day, 2002).

In sum, Enron epic constructions trace several meltdowns antecedent to the big one, insert parallel and contingent episodes, and follow lesser characters that are not allowable in the universal form of tragedy. Tragic and epic pull Enron inquiry in opposite directions. In tragic inquiry, critics construct linear narratives of how the things that made Enron successful led to its downfall; Enron’s success and failure are linked in tragedy by its risk-taking traders (Fastow, Kopper), the charisma of its executives (Lay, Skilling, and Mark), and their use of corporate theatre to create a public image.

Epic takes us outside the cohesive plot construction of Enron tragedy. Epic Enron narrative construction opens out the history to many periods, includes disconnected events, some of which are consecutive (yet unlinked) and others that are simultaneous (with ignored relations). Epic Enron traces the plight of lesser characters, finding themes not yet intelligible and hearing voices not quite audible. There are clues to epic in strange words, absurd metaphors, and unfamiliar technospeak. Enron’s list of unpoetic words and metaphors would include LJM, Jedi, Raptor, and other partnerships mimicking *Star Wars* and *Jurassic Park* vocabulary.

Antenarrative serves both epic and tragic constructions. Antenarratives become part of Enron’s facade, and they become ways to unmask that facade, to resist narrow tragic narration. Enron made the antenarrative bluff that Washington politicians, business professors, and Wall Street analysts would not be able to distinguish between fiction and real. Antenarrative plays a special role in the emergent oscillating, contending, and morphing labyrinth of Enron SPEs, and in their unraveling. People were held captive in the Enron theatric spell, too fascinated and entertained by financial wizards to question the incoherent and fragmented antenarratives. Few paused to critique Enron’s rhetorical arguments, to examine
the probabilities or premises being expressed in its logic, what Aristotle called the enthymeme.

In tragic narration, stories proliferate that if only a couple of things had worked (the bailout), or not worked (Enron had not escaped two meltdowns in 1987), if the whistles blown earlier than Sherron Watkins’s August 2001 note had been heard, then Enron’s final meltdown could have been averted.

Narrators reducing Enron to some simple tragedy oppose epic multiplicity, simultaneity, and complexity. Although rise, fall, and meltdown seems a linear order (a necessity in journal article writing), there is a nonlinear intertextual quality we also explore. In sum, Enron is information politics, manipulation by rhetorical appeal.

Conclusion

This article has suggested and applied a critical dramaturgical theory to analyze a broad range of narratives about the Enron meltdown. Corporate meltdowns such as Enron’s are financial cataclysmic disasters in which share prices fall and the corporation uncontrollably self-destructs. We examine the impact of the tragic versus the epic narrative forms at each of the classical stages of this drama: rise, crisis, fall, and resolution or denouement. Throughout we trace the tragic and epic constructions of the Enron meltdown narratives, examining tragedy’s focus and closure in contrast to epic’s antenarrative unfocused expansive qualities. We critically investigate a network of emergent dramaturgies, in which spectators cocreate the narrative by selecting which characters to chase from trading floor to boardroom to the meeting rooms of Congress, SEC, and the Justice Department.

Aristotelian tragic-epic dualism, which privileges tragic over epic, exhibits itself in this essay just as it does in the Enron narratives. Burkean scholars note the difficulty of writing epic analysis in epic form. It is a project that Burke attempted but eventually abandoned, for academia is as guilty as the average general audience of preferring a tight, focused narrative complete with closure. Although epic narratives are more complex than three-dimensional chess, we hope we have been able to suggest some of the dynamism
of an epic meltdown narrative while retaining coherence demanded by readers.

Our analysis suggests that at each of the stages of the Enron drama, the narrative choice of tragic versus epic forms leads to very different conclusions regarding the scope of the problems and the cause of the meltdown, as well as potential remedies. We derive four implications from this analysis.

First is the implication that there is a dialectic of epic and tragic narration that is without synthesis thus far. Tragic narrators resist meltdown’s epic expansion by citing personal pride and greed as the cause of the tragedy. On the other hand, epic narrators keep trying to build links that cut across systems, finding relationships between political and economic systems and between university curriculums and professional practice.

Second, the epic meltdown’s scope is much broader than the tragic, falling on still more institutions such as Enron’s board, Arthur Andersen, law firms such as Vinson & Elkins, and universities, particularly in their business schools. Epic’s scope is as wide as the entire system of state capitalism. State tragedies are not about challenging the received view; they are about sedating consumers with tragic narrative. Enron epic narrators coconstruct a co-evolving, shifting labyrinth. The labyrinth is full of choices, and the interactivity breeds even more choices. Epic invites us to step into the narrative through exercising these choices as we cocreate the story.

Third, epic narrators write to initiate institutional reforms to fields, such as the SEC, accounting, and legal systems of corporate regulation that allowed Enron to spin out of control. There are even calls for Enrongate, which would totally unravel the tragic narrative’s hegemony. By contrast, tragedy’s offer of lesser scapegoats on the sacrificial altar, so as to restore integrity to the system and protect its more powerful elites, is always refused by epic narrators. In this way, institutional reform movements are curtailed; this seems to be the present circumstance.

Finally, our intent was to lift the romantic from concentrated spectacle (Debord, 1967). In making this critical dramaturgical turn, we argued that tragedy with its tight beginning, middle, and end, as well as its personal moral message, succumbs to the fascist nature of narrative manipulation. Tragedy ties things up a bit too
neatly—restoring order although not ferreting out hegemony in the political economy. Enron tragedy closes the narrative loop, providing a popular rise-and-fall plot and a purge of spectators’ flaws without fixing anything.

There is no final chapter to the Enron story; it is suspended in an antenarrative maze that keeps imploding. In the land of antenarratives, Enrongate could rekindle and become a firestorm. The firestorm has died down now; there is no longer much push for accountability and standards; public focus is on domestic security and international relations.

Without epic, tragedy is constructed as an apologetic to legitimate predatory capitalism. After a few scapegoats are prosecuted and legislative promises made, the drama is over. An epic inquiry can explore the marginal inconsistencies and incredulities and, though not as coherently as tragedy, point to systemic problems. Epic is more compatible with chaos-complexity perspectives that seek emergent and bifurcating patterns. The meltdown of so many American corporations seems to us an epic tale of unsustainable practices of political economy that are so recurrently self-destructive. To the extent that we as a society continue to privilege tragic story lines to narrate corporate meltdowns, we marginalize more epic inquiry that could lead to widespread systemic reform.

**APPENDIX**

Basis for Calculation of Line Drawing of News Coverage in Figure 1
NOTES

1. The first use of “financial meltdown” was Black Monday, the October 28, 1929 Wall Street crash, when the Dow Jones average fell 13%. A second Black Monday occurred October 19, 1987, when the Dow lost 23%. Both Black Mondays triggered heavy stock market falls around the world.

2. Hegemony comes from the Greek word, hegeisthai, which means to erect common sense that keeps elite power hidden (Hellinger & Judd, 1991, p. 9).

3. Extended counts of themes by category are available from the authors on request.

4. Seymour Hersh laid out this story line in The New Yorker magazine September 1993; also in Hersh, 2001.

5. In 1990 former Enron employees Borget and Mastroeni settled their lawsuit and pleaded guilty of defrauding Enron.

Enron charged in a March 26 1990 lawsuit, filed in the U.S. District Court for the Southern District of New York State, “there was no such person (as M. Yass) and these funds had been diverted to Mastroeni’s own personal use and benefit” (United Press International [UPI], March 21, 2002).

Borget served 5 months in prison (on a 1-year sentence), and Mastroeni was given a suspended sentence and ordered to perform 400 hours of community service (UPI, March 21, 2002; Steffy & Levy, 2002).

6. Enron did $3 billion in business with Drexel Burnham Lambert in the late 1980s, issuing $179.5 million in debt.


REFERENCES


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