The Examiner.
WASHINGTON

April 26, 2006

Attack on Exxon Mobil's successful ex-CEO is nonsensical coming from N.Y. Times' pundit

By H. Sterling Burnett

WASHINGTON - In 1930, as the Great Depression set in, reporters asked Babe Ruth how he could justify making more money than the President of the United States — $80,000 a year compared to Herbert Hoover's $75,000.

The Babe's retort was swift and succinct. "Why not," he quipped, "I had a better year than he did."

I couldn't help think of the Babe's charming way of putting things in perspective, when I read a recent column by The New York Times' Paul Krugman. He took Exxon Mobil's board of directors to task for paying retiring CEO Lee Raymond $686 million over the 12 years he headed the oil company.

Beyond that huge amount of compensation, Krugman noted that "there's a better reason to excoriate Mr. Raymond: For the sake of his own personal enrichment, he turned Exxon Mobil into an enemy of the planet."

How is it that a successful head of a U.S. corporation, which satisfies more than 2 million shareholders and many millions more invested in mutual funds and retirement accounts, has emerged as Mr. Krugman's personal anti-Christ?

Raymond inherited a company that was undervalued and transformed it into one so efficient it has become a model not only for his own industry, but most others as well.

Earlier this month, Washington Post business reporter Steven Mufson noted that during Raymond's 12 years as CEO, Exxon Mobil's stock price quintupled and the market value of the company rose from $82 million to more than $352 billion.

Over a career that spanned 43 years, Raymond worked his way up from a production research engineer to head man. Exxon Mobil now has 86,000 employees working in 20 countries. By all accounts it treats its workers very well and its pay is well above the industry's average. During Raymond's stint as CEO, it never was forced to lay off an employee.

Krugman's employer, The New York Times Co., in contrast, is rated an underperformer by several leading financial analysts including Prudential Securities. Many of its papers are hemorrhaging red ink and circulation. Last September, it announced it would cut 500 employees this year — about 4 percent of its work force.

Krugman's criticism boils down to his belief that Exxon Mobil is not sufficiently "green" — and that it isn't quite convinced that the gradual global warming taking place can be attributed to man-made emissions of carbon dioxide. He is especially peeved that the company — unlike such rivals like BP and Royal Dutch Shell — won't embrace the Kyoto Treaty on climate change.

But neither did the U.S. Senate, which in 1997 voted 95-0 to urge President Clinton to ignore Vice President Al Gore's pleas, and not send the treaty to Capitol Hill for ratification. Clinton, a skillful reader of congressional and public opinion, didn't — permanently earning the simmering animosity of the man he selected as his veep.

The Senate's chief reasons at the time focused on two salient facts. A number of independent studies showed Kyoto's draconian rules would force huge cutbacks in energy use and plunge the U.S. economy into a prolonged recession. The second was that most of world's fastest-emerging economies — India, China, Brazil and Mexico among them — were exempted from it.

Exxon Mobil's position consistently has been that its chief business is exploring, transporting and selling petroleum products — not catering to Krugman's favorite environmental causes.

Krugman's general antipathy toward modern capitalism and large corporations is well-known. In excoriating Exxon Mobil, he may also have a vested interest that has been largely ignored by the mainstream media.

In 1999, he received $50,000 as an adviser to Enron, then a member of the International Climate Change Partnership and the Pew Center on Climate Change's Business Environmental Leadership.

Enron, which bilked both its shareholders and employees, had large investments in solar and wind power boondoggles and was engineering a scheme to be a global broker of carbon dioxide emissions trading credits. That so-called "free market" approach to reducing global warming would have netted the Houston-based company tens of billions of dollars.

Maybe Krugman ought to do his next CEO excoriation column on Enron's Ken Lay — someone who actually deserves it.

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