

To the Editor
Financial Times

Sir:

Regarding your most recent, insightful article on the escalating costs of Sarbanes-Oxley ("Twist at the End of the Rulebook," April 21): an old joke is that the service economy means everybody takes in everybody else's laundry. The Sarbanes-Oxley economy means everybody audits everybody else. There is little doubt that this law is causing a huge wastage of shareholders' money under the Orwellian motto of protecting the shareholders. The principal beneficiaries of this misallocation of resources are the public accounting firms, for whom it is a bonanza.

I believe the best approach to Sarbanes-Oxley would actually be to expand its application! Specifically, it should be applied to all accounting firms themselves, as a precondition for their practicing Sarbanes-Oxley routines on other people. Would any unwieldy, multinational accounting partnership be able to demonstrate its own compliance with all the internal control documentation it demands of others? If not, let them look to their own internal improvement first: "Accountant, heal thyself!"

If so, let them demonstrate it by calling in each other to certify to compliance.

It may be unlikely that the Congress would legislate so poetically just a requirement. But the accounting firms should do this voluntarily.

Who will stand up and volunteer to apply the whole gamut of Sarbanes-Oxley routines and certifications to yourself? Please write the Financial Times editor to sign up.

While we are asking, will the Securities and Exchange Commission volunteer to apply Sarbanes-Oxley to its own internal controls and all its operating processes?
Mr. Donaldson, how about it?

Yours faithfully,

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