

Asinus Muses

That 1980's show

It's that time again: a new Conservative government in Britain needs to distract its population from its mismanagement of the macroeconomy. So we're due another Falklands conflict. Fortunately, neither side of the altercation is in any position, financially or militarily, to turn their tiff into a physical confrontation. But there has been plenty of huffing and puffing. The Argentines have complained to the UN, while the UK sent the destroyer HMS Dauntless, and Prince William in military garb, to the island, in what one observer described as 'William-waving'.

In a set of extraordinary rhetorical googlies, the UK has accused Argentina of colonialism, while the Argentine president, Cristina Fernandez, exhorted the UK to 'give peace a chance'. The great Argentine writer Jorge Luis Borges famously described the last Falklands conflict as 'a fight between two bald men over a comb'. If only that were still accurate. Unfortunately the islands are no longer merely a comb: now, both sides are keen to shine up their bald pates with the oil that lies under the surrounding sea. For it turns out – surprise! – that an otherwise-absurd disagreement is really about resource ownership.

Colonial swings and roundabouts

Asinus finds it difficult to muster much sympathy for either side. For the British, if it were really about self-determination of the 3000-odd islanders (and I use the term 'odd' advisedly), who were awarded British citizenship only in 1983, then they could accept that the oil is on the Argentine continental shelf and just give up the drilling rights. That would surely be enough for the South Americans. On the Argentine side, the idea that the occupation by the British in 1833 was outrageous colonialism sits uncomfortably

with the fact that the Argentines were proudly murdering their own indigenous folk and taking their land, the original natural resource, through the 1870s and beyond in the famous 'Conquest of the Desert', the 'Desert' in question being the home of said indigenous peoples.

Fathers of the people

Argentina's influence extends beyond the southern Atlantic all the way to Southern Europe, where the 'Argentine solution' remains a likely outcome for Greece – default on your debts, drop your currency peg, and clean up the resulting mess on your own terms. In the wake of Argentina's default in 2002 the MIT economists Rudiger Dornbusch and Ricardo Caballero argued that the country should give up economic policy-making to a panel of external 'experts'. Such *éminences grises* would of course be trusted to run the economy to the benefit of the people, and much more effectively than anyone those people might be foolish enough to vote into office. Argentina didn't accept the offer (and has since averaged about 8 percent growth). Greece, without even having pulled the Argentine plug, has jumped directly to the stage of being told to give up its sovereignty: Germany is demanding that Greece commit to austerity measures that would tie the hands of the next government, whoever gets in – neatly bypassing the notion that democracy is supposed to mean that voters get some input to policy making. One Greek politician dramatically declared that Greece 'can do without the German boot.'

Apparently it can, in that Greece's new provisional government is succeeding in stamping out opposition all on its own, having pushed through their desired austerity measures in the face of massive popular opposition. With exquisite irony, the unelected 'technocratic' Prime

Minister Lucas Papademos stated that 'Vandalism, violence and destruction have no place in a democratic country and won't be tolerated.' Asinus cannot resist responding to the wonderfully named Father of the People: and what about in your country?

They live to serve

Some think that rule by technocrats runs counter to the great Greek tradition of democracy. But while they may have invented the concept, Asinus notes that the original version was not altogether unlike the current set up: 'the people' for whom, and by whom, the original Athenian polity was run did not extend beyond about 30,000 men, or 10 percent of the population (according to our modern-day Oracle, Wikipedia). Back then, membership of this elite was achieved through military service. In the modern world the requirement is financial service. Papademos was governor of the Central Bank of Greece while Goldman Sachs was helping the government hide its debts from the European Union – the same Goldman Sachs that is the former employer of both the Prime Minister of Italy, Mario Monti, and the President of the European Central Bank, Mario Draghi. (As ever, the Americans are ahead of the curve on this, having had Goldman US Treasury Secretaries since the 1990s.)

Stir it up

In his last missive Asinus reported on Britain's argument with the rest of Europe over fiscal monitoring, a conflict in which we are probably on the same side as Greece. Such matters make our long-running disagreement over the 'Elgin Marbles' look rather trivial. Now if only they were to find oil under the Parthenon, things might get really interesting.

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