

Asinus Muses

Foxy lady

The US *telenovela* The Life of Sarah Palin continues to delight as its heroine stands down as Governor of Alaska to follow an unspecified 'higher calling'. This higher calling apparently includes writing op-eds criticising Obama's cap-and-trade plan. But as pointed out by her fellow larger-than-lifer John Kerry (who always looked to Asinus like a cartoon pilot), it was curious that an article on cap-and-trade had not one mention of climate change. Republican thinker and Palin cheerleader Bill Kristol, a subscriber to Asinus's farmyard theory of politics, commented that 'maybe she's crazy like a fox'.

Plus ça change...

In his last column was Asinus unfair to Exxon in suggesting they are indifferent to alternative energies? After all, the company has started to invest in algae-based biofuels, and they are also working on battery technologies for electric cars. On the other hand Exxon also funds (among others) the climate change-denying, and ironically named, Heritage Foundation. The Foundation claimed in December that 'growing scientific evidence casts doubt on whether global warming constitutes a threat,' suggesting a curious lack of concern for the heritage of future generations.

Limitless ambition

The G8, at least, is convinced of the threat of climate change and has agreed to 80 percent cuts in carbon emissions by 2050 from 1990 levels. Actually it says '1990 or more recent years,' so if they can get in quick with a big increase in emissions then the required cuts will be less onerous. In the words of the British Secretary of State for Energy and Climate Change the G8 also agreed 'to limit worldwide temperature rises to no more than 2°C'. This is like committing

not only to drill for oil, but to strike it. While they're at it, Asinus thinks the G8 should agree to limit the clouds that mar the English summer sky.

An ill wind

Asinus continues to monitor the idea of an agreed or reference oil price, to which the latest convert is the European Union's Energy Commissioner Andris Piebalgs. He recently declared that '\$70 per barrel, the current price, definitely does not impede the recovery of the economy.' Before everyone starts declaring how much easier life would be with a stable oil price, spare a thought for the poor analysts and traders whose livelihoods depend on its volatility. It's an ill wind that blows nobody any good, as they say.

Speaking of which, T. Boone Pickens has scaled back his planned adventure into wind farming in the light of a lack of infrastructure in his great state of Texas and a lack of capital in the economy. Instead of 4000 megawatts in Texas he is now planning 1000 megawatts in a yet-to-be-decided location. Asinus assumes he'll be trading in his 10-gallon hat for a 2½-gallon hat.

Render unto Caesar what is Caesar's

A good test case for Paul Segal's argument in this issue, that each country's resource revenues should be handed out as cash payments to its citizens, would be the ever-fractious Peru. Peru's prime minister has resigned in the face of massive protests and a general strike, called in opposition to recent Presidential decrees over land rights. Indigenous people who live on the land in question felt the decrees favoured mining companies over them. In a tradition going back at least to Spanish colonial times when the Crown was never the villain, President Alan García has shifted the blame to his underlings and has just appointed his third prime minister in

three years. Before yielding to the protesters García had declared that they should not prevent mineral exploitation because 'Peru's riches belong to all Peruvians'. In a country where annual fuel and mining exports are worth over US\$600 per person but more than a quarter of the population live on less than US\$500 per year, this would seem more appropriate as a slogan for the protesters.

Brazen People

BP, as part of a consortium with China's CNPC, has become the only western oil company to win a contract for an Iraqi oil field. The Iraqi government had planned to sell eight contracts but deemed all other offerings too greedy. In order to secure the contract the consortium had to come down from \$3.99 per excess barrel extracted to \$2. BP therefore manages to maintain revenues just above those of the Somali pirates who, as reported in February's column, achieved \$1.50 per barrel. But with such close valuations, does this represent an alternative reference price for oil?

Given the risks in Iraq, an FT blogger has suggested that the B in BP stands for brazen. This theory has been supported by a group of young bloggers in Azerbaijan, one of whom used to work in public relations for BP, who have been arrested after having posted a satirical video of a donkey giving a press conference. It seems that the government imported donkeys from Germany at highly inflated prices, raising suspicions of dirty dealing. But, as the donkey explains in the video, it is more expensive than the humble domestic Azeri donkey because of its European education: it can speak three languages and play the violin. Asinus agrees with the authorities that such cruel satire is quite inappropriate: it makes those European donkeys without such talents, Asinus included, feel quite inadequate.

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