



The Betty Letters

My Dear Grandchild,

*Jealousy has reared its ugly head in America – again! Of course, capitalism is such that the rich are jealous of the very rich, and the very rich are jealous of the super rich, and so on. Capitalism, to be successful, depends on the continued shortage of a commodity or product in order to make certain that the price of that commodity or product is maintained, or rises, allowing the producer of the product, or the owner of stocks of a commodity to make a profit. It is like a dog, trying to catch its own tail, you know: As long as the tail is there and the dog is unable to get to it, it is a tempting morsel; but, should the dog find a method by which to take a bite out of its tail, then, the dog may kill itself. So, a shortage of certain commodities and products is essential for the smooth working of the capitalistic society. Now, in China, the capitalistic system is not advocated, but we do have a market economy, which is slightly different from the American capitalistic system. Our system, which is, of course, superior to the American economic model, is fashioned on the premise that the State must, at all times, be the reason for commerce; and, that the State must, at all times, be protected from the greed of big business. At the same time, however, big business must feed the State. Otherwise, what is the use of allowing somebody to get rich in our system. Now, this does not mean that we are against business people, making a profit, but, if that profit is at the expense of the State, then, action must be taken to redress the balance – so that the State wins, all the time, and those assets that belong to the State, stay in the State. Conversely, if business is affected, due to the actions of other countries, taking a slice out of China's economic 'pie', then, it is incumbent on State to take action for and on behalf of the business, which is affected, due to unfair competition. So you see, My Dear Grandchild, charity, like love, does begin at home in the Motherland, doesn't it? Now, the reason for all of this economic theory that I am postulating is that the US Government, recently, complained that China had violated the rules, governing admittance to the **World Trade Organisation (WTO)**. What America is stating is that the Motherland is using its tax code to discriminate, unfairly, against American, semi-conductor manufacturers. Such nonsense! Of course, the Motherland is discriminatory! For what reason should not a mother favour her child against another mother's child? But that does not mean that the mother is unfair. When it comes to China, following the rules of the WTO, in accordance with the agreement, signed in December 2001, when the Motherland became a full member of that trade syndicate, I am certain that there has been no breach of any WTO commitment. Again, using the mother- and-child analogy, the word of a mother, to her child, is always sacrosanct. Just look at the statistics between the United States of America and China with regard to semiconductor sales and one can see, immediately, who is right and who is wrong. Grandpa showed me the following figures:*

<i>Sales of American-made semiconductors to China-based corporate entities</i>	<i>\$US2.02 billion</i>
<i>Sales of China-made semiconductors to American-based companies and others</i>	<i>\$US19 billion</i>
<i>Taxes, paid by American companies in respect of sales of semiconductors to China-based corporate</i>	<i>\$US344 million (value-added)</i>

entities

Rebated taxes to China-based producers of semiconductors

taxes)

17 percent of value-added taxes,
only

The figures speak for themselves: American producers/exporters of semiconductors to China paid a value-added tax rate of 17 percent, while producers/exporters of semiconductors in China, semiconductors, which were bound for the US marketplace, primarily, got paid a rebate which was, exactly, 17 percent, also – the same tax rate that American exporters/producers were charged. Now, that is what I call being very fair: 17 percent is equal to 17 percent. No more no less! Very fair! Who else can do it? So, what is all the fuss about? I shall tell you, My Dear Grandchild: America is jealous of the success of China, our Motherland. US Trade Representative, Mr Robert Zoelick, has told that world that the US Government has made a formal complaint to the WTO, stating that China has violated the WTO rules by providing preferential tax rates to China companies. He is quoted in official US Government communiqués as saying: ‘US manufacturers of semiconductors and other products have a right to compete on a level playing field with Chinese firms.’ But he does not seem to realise that his trite expression – ‘a level playing field’ – suggests that the Motherland is playing some kind of silly game(s). The fact is (a) the Motherland is not inclined to playing games with the likes of the US and (b) in any event, there are no level playing fields in China. The brouhaha is all because, while the US capitalists have lost about three million manufacturing jobs over the past three years, in China, tens of millions of jobs have been created by the Great (economic) Leap Forward. It is all jealousy ... jealousy ... jealousy ... the green-eyed jealousy cookie monster.

Well, I must go now.

Love you.

The Chief Lady of Hongkong

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