

The Betty Letters

My Dear Grandchild,

Times change and, if people do not change with the times, they are left behind. This may sound as though it was a self-evident truth, one that everybody should appreciate, but, in fact, many people forget it ... to their peril. I could go even further and state that, if one does not change with the times, one may well be in danger of retrogression. The Government of the United States of America, in my opinion, has, already, achieved a state of political retrogression by its actions, or the lack, thereof, with regard to the People's Republic of China. Since the late 1960's, the Government of the People's Republic of China has made such economic strides that it has unseated the United States from the high perch that it once, proudly, enjoyed, a perch from which it was able to look down on the developing and undeveloped countries of the world, sometimes with derision and, sometimes, with paternalistic benevolence, depending on the politics of the day. The end result of this foreign policy is that the economic and political dominance of the United States in the world has faltered, markedly. The motor-vehicle industry of the country is kaput, forever; the clothing industry of the country is in tatters; the furniture industry of the country has, just about, disappeared; the electrical appliance industry of the country has been relocated to Asia; and, so on and so on. The silly and ignorant American television presenters talk about the horrors of the exportation of American jobs to the People's Republic of China, to India, to The Philippines, etc, never appreciating that, by this exportation, it is creating more jobs in the United States than are being lost. This stupidity reminds me of the fears that were once expressed in respect of what became known as the Industrial Revolution in Europe in the early part of the 19th Century when people speculated about the dangers of widespread industrialisation. The term, Industrial Revolution, was first penned in order to describe major changes in the modes of production in Great Britain since the middle of the 18th Century. The fears were of the social consequences of widespread industrialisation. However, it was quickly recognized, outside as well as inside Great Britain, that the consequences of the introduction of machinery, driven by steam power, would be felt worldwide and would benefit mankind, resulting in the creation of even greater employment and the resultant benefits, therefrom. Look at what happened to Detroit, Michigan, with the advent of the mass production of the Ford motor car. The rising stars in the world's firmament, in this day and age, are the countries that, only a few short decades ago, were looked upon with a certain amount of disgust and loathing by the West. Today, the People's Republic of China, Vietnam, Malaysia, India, and other points East are being courted by European and American industrialists because these rising stars are recognised as being the solution to the many problems of the West. Case in point: If the American people were unable to purchase clothing, manufactured in the People's Republic of China, it would result in an immediate escalation of inflation in The Land of The Free and The Home of The Brave. The tailor shop of the world, today, is the People's Republic of China because, inter alia, the clothing, produced in the world's most-populous country, is, in many cases, better than, and definitely cheaper than, similar clothing, produced in the United States. The same is true of a host of other consumer items. And, soon, Detroit will be replaced by the People's Republic of China where motor vehicles, bearing the American marque, will be manufactured at a percentage of the costs of manufacturing like vehicles on American soil. Japan has, already, overtaken the United States in the sales of Japanese-designed and manufactured motor vehicles ...and, now, here comes Shanghai and Beijing!

Aside from the East, there is, also, the West. Casting off the shackles of European Communism, countries, such as Poland, Czechoslovakia and Hungary, have joined the European Union. With regard to Czechoslovakia, it ceased to exist on January 1, 1993, with the Czech Republic and Slovakia, emerging as independent nations. These countries, formerly purposely economically downtrodden by the Union of Soviet

Socialist Republics (USSR), for one reason or another, are, today, potential economic powerhouses, threatening the traditional manufacturers of Europe. When it comes to the short-run manufacturing of clothing, many parts of what used to be ignominiously termed, Eastern Europe, are well able to compete with most parts of Europe and, even, the East where labour and land costs are a fraction of the costs in these countries. Great Britain came to that realisation, during the time of Prime Minister Margaret Thatcher who 'killed' the shipping industry of the country in favour of Poland where British ships could be produced at a much cheaper cost than in Clydeside. The Forth and Clyde Canal (now closed) was opened in 1790 in order to link the 2 rivers; the canal basin at Bowling is now a marina. The industries that developed in this area included shipbuilding, textiles, heavy machinery, and brick works. However, the decline of many of these traditional industries meant that urban unemployment became a problem. Prime Minister Margaret Thatcher, on studying the problems of the British shipbuilding industry, during her tenure of office, which ran from 1979 to 1990, came to the realisation that the British Government had been subsidising its shipbuilding industry. This meant that, for every ship, being produced at Clydeside, it was a drain on the United Kingdom's coffers. Then, kill the British shipbuilding industry and transfer the technology to Poland where, for every British ship that was built in that country, there would be produced a profit, not a deficit. Prime Minister Margaret Thatcher rose to office with promises to restore Great Britain's economic prosperity; she worked toward that goal by selling and privatising many British, Government-owned industries. But, as the saying goes, in order to make an omelette, one has to break a few eggs. The iron lady of Great Britain, for a period of 11 years, took on the long-established and powerful labour unions of the United Kingdom, those that held a stranglehold over previous British Governments, and won the day. Not so in the United States of America, however, where the Government of President George W. Bush continues to berate the Government of the People's Republic of China, claiming that its trade practices are unfair to the United States and its people.

The Government of the People's Republic of China is looking globally in order to solve its current problems and those, perceived to become problems in the future – to Africa for its raw-material requirements; to South America for part of its crude-oil needs; to Europe, as was seen only a fortnight ago, in order to be a player on the financial stage, and so on and so on. Whenever there is a new player at any game, there must be created winners and losers: It is the nature of the 'animal' called globalisation. In the past, the rich countries of the world did not do their homework and, today, they are suffering from their inability to understand that they should have moved with the times. Being protectional and having a bias for collectivism has proved, inter alia, the downfall of many countries of the West – and the United States continues with these policies. More state welfare benefits are, also, not the way to go because that is a road that ends in a cul-de-sac. The idea of the welfare state results in people, being unwilling to work because, if they can get something for nothing, then, they reason that that is preferable to working for a living. Also, a culture of looking to the state to produce benefits and handouts results in an eventual scarcity of venture capital: For what reason should one take a risk? Now, these policies are reaping the rich rewards of retrograde economic successes: One pays the price for folly. The United States and many parts of Western Europe have reacted to the challenges of the day in a very unconvincing manner. Instead of knuckling down in order to try to solve the respective problems, facing the reality of the day, these areas of the world are planning to introduce new laws, instituting protectionist policies, obliquely, and trying to install trade walls in order to keep out what they claim are the economic interlopers. The end result will, most likely, be retaliation, in one form or another, from the very countries that the West had hoped to tame with the introduction of more intimidatory policies. Competition is good, not bad, and, when faced with what appears to be an overwhelming economic force, threats only exacerbate the situation.

Talk to you, next week.

Chief Lady

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