

The Betty Letters

My Dear Grandchild,

What a yawn! My dear husband, The Fat Frog that he is, has just returned from Beijing where he had been attending the National People's Congress. He complains that his bottom hurts him. I can understand how he feels because he had to sit in that large room, listening to those boring speeches, day after day, the contents of which were merely a repeat of what had, already, been stated, publicly. I asked him: 'Any interesting news?' He just looked at me and smiled: 'Young (pecker) Walter was there. Isn't that enough?' After he had rested and had eaten some of his favourite food, he told me that inflation in China is running at more than 7 percent per annum. This, in The Frog's opinion, is much too high. He said that the Government would be taking definitive action to rein it in by increasing interest rates at least twice in the coming few months and forcing Chinese banks to raise reserve requirements. It was all too difficult for me to understand so I just discounted it, all, and thought about buying some new clothes before prices rose again. The trouble with the world, today, as I see it, is that prices keep rising – and much too quickly, too. When I was in Spain in 2006, the euro was at the then record level of \$US1.33. Today, it is more than \$US1.50. In my terms, therefore, this increase in the translation value of the euro vis-à-vis the US dollar/Hongkong dollar means that I am forced to purchase 15 percent fewer clothes than when the euro was at \$US1.33. This is putting inflation in a language that I, and most other women, can understand. I see nothing wrong with a little inflation, but when it cuts into my dress-buying walkabouts on Saturday and Sunday afternoons, it can really hurt. As it is, prices of many things in Hongkong are continuing to rise because the translation value of foreign currencies vis-à-vis the US dollar continues to appreciate. For a housewife, it is a very difficult situation because husbands never seem to appreciate, fully, the difficulties, facing a wife who is trying to run a home ... and, at the same time, trying to keep up with the latest styles of shoes, handbags and dresses, etc.

I recall when I was studying economics that Chapter One of Samuelson – the 'bible' of economics, in my day – talked of guns and butter and the relationship between them in the economy of a society. I never really understood economics because I found it much too difficult a subject to understand. Whereas, I found differential calculus to be much too simple a concept. After all, differential calculus is a discipline which, simply put, is just a part of infinitesimal calculus that deals with derivatives and differentiation. Even a simple mind, such as mine, can understand that. In Samuelson, one is taught that the market is the controller, ultimately, of prices: More goods equal cheaper prices. Conversely, fewer goods equal higher prices. In short, scarcity drives up prices; a surfeit brings them down. That is differential calculus, all over again, isn't it? In the capitalistic system, it is scarcity that is very important because, otherwise, things don't have a market value. If there is no scarcity of a commodity or a manufactured item, it has little to no market value in terms of the consumer. The De Beers Group, as you know, is a cartel of companies that trade in rough [diamond](#) exploration, diamond mining and diamond trading. It creates artificial shortages of diamonds, from time to time, in order to guarantee that the prices of diamonds remain at what De Beers considers acceptable levels. Therefore, the answer to the economic problems, facing China, today, is not inflation, at all, in my opinion, but the fact that there are scarcities of certain goods and commodities. If the Government of China made sure that there be no scarcity of anything, then, inflation would not exist, would it? You see, inflation can only exist when scarcities abound. It is all very simple. I believe in a market economy, but I do not believe that ladies, living within a market economy, have to suffer dress, shoe and handbag shortages due to circumstances beyond their control. The answer, as I have just pointed out, is that a government should make certain that shortages of goods and commodities are contained. In that manner, inflation will, always, be kept in check. This is what I would call infinitesimal calculus: Mathematics that deals with the finding of properties of derivatives and integrals of functions by methods, based on

summation of infinitesimal differences.

Come to think of it, My Dear Grandchild, maybe I should join The Fat Frog at the next meeting of the National People's Congress because it seems to me that the Government of the Motherland needs me to assist it in solving the economic problems of my country. Leave it to the women of the world to find the solutions to the problems, plaguing nations. We see things in very pragmatic and simple terms, using a common language that we, all, can understand. Let's talk plain language, shall we?

Talking about plain language, I can't seem to balance my checking account; I never was very good at addition and subtraction, you know. Any ideas?

Talk to you, next week.

Chief Lady

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