



Hunger News & Hope

...a Seeds of Hope publication

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The Great Divide: Wealthiest 1 Percent in US Earn Biggest Share Since 1928

by Natalia Alas

A recent study published by the University of California at Berkeley states that, during this past year, the wealthiest 1 percent in the United States earned their biggest share since 1928. The recent Great Recession of 2009 only depressed the top income shares for a short amount of time. Since then, those in the top 1 percent have been able to bounce back quickly and are now earning almost as much as they did in the 1920s, before the stock market crash.

The bottom 99 percent, however, has only grown by 0.4 percent from 2009 to 2012. The average working family's income has continued to decline through the recovery, and there has been an increase in accumulated debt in poor and middle-income households, emphasizing the income inequality that has been slowly rising over the past several decades.

The potential causes of this growing income inequality in the US may be due to changes in labor income in terms of wages and salaries, changes in capital income, and changes in taxes.

Why is this growing state of income inequality important? Most economists agree that some income inequality is necessary for competition that will promote

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Is China's Real-Estate Bubble about to Burst?

by Poplar Yuan

Robert J. Shiller, the winner of the 2013 Nobel prize in Economic Science, has become one of the hottest economic prophets in the world. Shiller predicted, in 2005, the collapse of the "housing bubble" across the United States. Earlier this year, he issued a warning of similar real-estate problems across the globe.

It should be no surprise, then, that The People's Republic of China, a country that has experienced a tremendous rise in housing costs in recent years, is among the five countries whose property bubbles are in the most danger of bursting.

According to an August, 2013, report from China's National Bureau of Statistics, 69 of 70 major Chinese cities have experienced rising real-estate prices. Among them are four first-tier cities. Beijing, Shanghai, Guangzhou and Shenzhen have seen annual growths of 20 percent.

The population most affected by these rising prices is young, middle-class people in their 20s and 30s. Many people in the middle class, who have some discretionary income, purchase apartments as investments.

In many cases, one person will own many houses or apartments, but only live in one of them. Meanwhile, the high volume of apartment sales has prompted developers to open up other real estate for sale.

With 1.354 billion people, China ranks above all other countries in population. In land mass, it ranks fourth, yet it holds almost a fifth of the world's population. Because of this, developers are building complexes that combine living and shopping in the same structures.

The result is that there are now more retail stores than the market can afford. "Ghost cities" exist in many places, filled with empty retail stores and apartments.

In recent years, the real-estate bubble has influenced the investment market, so that funding has become harder to get. Unfinished building projects abound in every Chinese city. New developers sometimes come and rebuild, but they often leave with the projects still unfinished.

Also, the culture of marriage in China today tends to force the younger generation to buy their mortgages before they are married. According to a 2010 study by Everbright Bank, average Chinese city dwellers take on their first mortgage by the age of 27. This is far younger than their counterparts overseas. (The average age in Canada, the closest, is 29. The age is 35 in Britain.)

The major factor in this occurrence is that the concept of marriage has changed from traditional, emotion-based relationships to more financial-based relationships.

Since the younger generation of Chinese citizens is facing an inflation crisis, they believe that it is safer to buy cars and houses before they marry. This gives them a sense of security.

Some families, moreover, believe that the young people must finish paying for their houses or apartments before marriage. This is impossible in China for most people under 30. The parents of these young people play an important role in the process of purchasing real estate. They are willing to give their life savings to enable their children to buy a house or apartment. In this way, the housing market is devouring the income of both generations.

While people who can afford it are buying the real estate, blue-collar workers and farmers are being forced by developers to relocate. Although the developers and the government reimburse them for part of the cost, these displaced people may not be able to afford a new apartment in the same location.



Left: China contains the fourth-largest land mass and hosts almost one-fifth of the world's population.

To a certain degree, the urban real-estate development boom is slowing down the urbanization of China. The higher prices make it more difficult for blue-collar workers and farmers to buy homes in cities, where they are being forced to relocate.

In the current economy, the money flows toward wealthy developers and landowners, while poor people find it difficult to make ends meet, and increasingly more people have to turn to the government for help.

As we all know, China is not the first country to suffer from a real-estate crisis. In the late 1980s and early 1990s, Japan and the United States experienced the bursting of real-estate bubbles. In the US, the real-estate crash triggered the Great Recession that began in 2008—a recession with profound global reverberations.

The Chinese government, as well as the public, are aware of the impending crisis. They have tried to control prices for quite some time. New bank policies that target housing are continually changing to adapt to the market.

The dual-housing policy, published in 2010, ruled that the down payment for a loan should not be less than 30 percent of the purchasing price for a person's first set of houses or apartments with an area exceeding 90 square meters.

For people buying a second set of buildings, the down payment should not be less than 60 percent of the interest rate and no less than 1.1 times the benchmark rate. Under this policy, down payments for a third set of buildings should be substantially increased.

In major cities like Shanghai and Beijing, the government even ruled that one family could only purchase one new house or apartment. Based on Chinese policy, "one family" in China's *hukou* (registration) system means one registered permanent resident.

Unless one is born in the city, it is very hard to obtain registered permanent residence. This lowers the number of people who can buy houses. In addition, thanks to the one-child, population-control policy in China, the numbers become even lower.

Based on a survey by ifeng.com, a prominent online news source in China, 90 percent of the citizens believe the high housing price threatens the economy in the long run. However, most of the people believe, erroneously, that coping with the crisis is up to the government and has nothing to do with them.

More education about market and policy would make a difference. However, the conformity effect even encourages well-educated people to buy new houses as investments.

China's economy has grown to be the second largest in the world, but its rapid growth may have created the largest real-estate bubble in history.

In 2011, a BBVA¹ survey of 35 Chinese cities claimed that China's real-estate prices are only slightly higher (7 percent) than the equilibrium price. This report claims that the unstoppable bubble in China has actually been misjudged, since the speed of inflation is far below the worst situation in the US or Japan.

However, in the same year, Goldman Sachs investment-department Vice President, Jiming Ha, predicted that the bubble will burst around 2015.

At this point, the Chinese real-estate market is not doing so well, and Ha's prediction may become true. Whether or not the bubble is on its way to bursting, the whole world is keeping an eye on this hot spot.

In the current Chinese economy, the money flows toward wealthy developers and landowners, while poor people find it difficult to make ends meet, and increasingly more people have to turn to the government for help.

—Poplar Yaun is a Masters of International Journalism student at Baylor University. She hails from Changzhou, Jiangsu, China. She signed up for an internship with Seeds in the spring of 2013. Over the summer, she returned to China, where she conducted research for this article. In addition to her journalism studies, she also studies economics and has held internship positions in that field.

1. The BBVA is a prominent global economics research group.

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—From the Seeds of Hope staff
& Council of Stewards



Africa Is Rich, but Africans Are Poor

by Jessica Foumena

Despite decades of sending foreign aid to the African continent, millions of adults and children there still struggle to eat one meal a day. One may wonder why hunger and poverty are still occurring in this part of the world. Or why the African continent is comprised of rich countries but poor people.

According to WhyPovery.net, prices on global exchanges for maize and wheat have tripled in the last five years. Maize has been the best-performing investment since the worldwide financial crisis began in 2008.

In a short documentary titled *Hunger For Profit*, WhyPovery.net simultaneously shows, on one side of the world, American start-investor Jim Rogers, who provides in-depth information about investments and movement of money around the world; and on the other side of the world market, the vendors in Kenya who feel the effects.

The documentary clearly depicts how hunger is used for profit. On one side of the world, some investors are making fortunes out of food shortages.

On the other side of the world, farmers, the primary producers of crops, are hungry. According to WhyPovery.net, the number of people going hungry has reached almost 1

billion worldwide. Meanwhile, US\$200 billion has been spent in speculation on food products.

A recent World Bank report stated that Africa continues to experience strong economic growth, but poverty and inequality remain persistently high. Almost one out of every two Africans lives in extreme poverty today. According to the report, most of the world's poor people will soon live in Africa.

One also needs to remember that the African continent has the youngest population in the world, with 200 million people aged between 15 and 24, according to *Africa Renewal*. The current trend is growing so fast that experts predict that the number of young people in Africa will double by 2045.

When it comes to poverty and hunger on the African continent, we can each choose to be part of the problem, or we can choose to be part of the solution. Eradicating poverty on the African continent can become a reality with the dedication of every world citizen.

The future of Africa, in some respects, is bright. Africa's youthful population creates an opportunity for African and world leaders to make poverty and hunger history.

According to *African Economic Outlook*, the continent's youth population is receiving a better education: 59 percent of 20-24-year-olds will have a secondary education in 2030, compared to 42 percent today. This will translate into 137 million of 20-24-year-olds with a secondary education. Also, 12 million will have a tertiary education in 2030.

Africa's economic future is promising, according to *African Economic Outlook*. The continent's economy is projected to grow by 4.8 percent in 2013 and accelerate further to 5.3 percent in 2014. The World Bank's *Africa's Pulse*, a semi-annual analysis of Africa's economic prospects, reports that almost a third of countries in the region are growing at a rate of 6 percent and more. African countries are now among the fastest-growing in the world.

Agricultural, mining and energy resources could boost the continent's economic growth and pave the way for a breakthrough in human development, according to *African Economic Outlook*.

The African Development Bank Group (AfDB) stated that Africa has 120 billion barrels of oil reserves, no less than half of the reserves belonging to Saudi Arabia. Moreover, the continent contains 600 million hectares of uncultivated arable land—half of the world's total. According to AfDB, Africa's resources will contribute over US\$30 billion per annum over the next 20 years.



art by Kate Moore

In a special online CNN report, Caroline Kende-Robb, the Executive Director of the Africa Progress Panel, explained how Africa's natural resources can lift millions out of poverty.

"Africa's natural resource wealth has certainly fueled a decade of rapid growth, but most Africans have still not seen the benefits. More urgently, rapid population growth combined with deepening inequality could one day prove explosive," Kende-Robb stated.

Kende-Robb has called for transparency in international commerce, to reduce the opportunity for corruption. She invited the international community to do more regarding issues of money laundering and anonymous shell companies, which facilitate corruption by hiding the true recipients of corrupt payments.

For example, the Democratic Republic of Congo lost an estimated US\$1.36 billion through the systematic undervaluation and sale of nationally owned mineral assets to unknown buyers, Kende-Robb said.

She added that the losses were equal to more than double its combined 2012 budget for health and education. The Democratic Republic of Congo has some of the world's worst malnutrition, over seven million children out of school and the sixth highest child mortality rate, Kende-Robb said.

Africa's natural resources fuel the world, as another online CNN report demonstrated. In 2012, South Africa produced 72 percent of the world's platinum and 83 percent of its rhodium. Platinum and rhodium are key components of catalytic converters that are fitted to cars to reduce pollution. South Africa is also a major producer of gold, diamonds, coal and iron ore.

Cellphones, laptops and other small electronic devices use parts made of tantalum. In the 2011 global production, Africa's tantalum represented a total of 71 percent in countries such as Mozambique (24 percent), Rwanda (20 percent), Democratic Republic of Congo (11 percent), Ethiopia (9 percent) and others (7 percent). Mozambique's economy still heavily relies on agriculture.

In 2011, Africa produced more than half of the world's diamonds, in countries such as Botswana (19 percent), Zimbabwe (16 percent), Democratic Republic of Congo (7 percent), South Africa (7 percent), Angola (7 percent), other (1 percent). Botswana is qualified as a middle-income country, according to CNN.

Even though the world depends on Africa's natural resources, it fails to reward Africans for their hard work and generosity. The African continent is richer than we think, because Africa has not only the youngest population in the world but it is also the primary producer of the world's natural resources.

Therefore, it is heartbreaking that millions of African adults and children still go to bed hungry. Most Africans are struggling with poverty and hunger, even though their continent is rich.

—Jessica Foumena completed a Masters of International Journalism (MIJ) degree at Baylor University in May of this year and is in Washington, DC, searching for a position in the nonprofit world. A native of Yaounde, Cameroon, she edits a blog and writes tirelessly about the empowerment of women in Africa.

Almost one out of every two Africans lives in extreme poverty today. According to the report, most of the world's poor people will soon live in Africa.

Sources: Hunger For Profit (by Why Poverty), World Bank, African Economic Outlook, African Renewal, CNN, Population Reference Bureau, African Development Bank Group.

What Does the Lord Require?

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art by Helen Siegel

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Behind the Beautiful Forever

by Katherine Boo

A Review by Donna Maples Burney

If you fly into the airport in Mumbai, India, you will look down onto a massive area of roofs covered in tin and tarp marking the slums that include Annawadi, the area about which Katherine Boo writes in *Behind the Beautiful Forever*.

Surrounding the slums are some of the most luxurious hotels in the world, with rooms that cost thousands of dollars a night, and a growing airport that threatens to encroach on the space held so precariously by families who scavenge the trash from their surroundings in order to buy basic needs for survival.

Surprisingly, these slum dwellers are not necessarily considered poor by Indian standards. And perhaps more surprisingly, their lives are characterized by ambition and hope against great odds.

Katherine Boo's great gift to her readers is to take us into the lives of individuals who live beneath these roofs we may view only from the air.

We meet Abdul, the garbage sorter who becomes trapped in accusations that arise from a quarrel with a neighbor, One Leg; Asha, a slumlord who aspires to dispense political favors to lift herself to a more profitable position; Manju, her daughter who attends college and studies English literature by memorizing plot summaries of works from 18th-century Restoration drama; Sunil, a boy who never forgets the time he lost his little sister for a week.

Statistics give us some sense of poverty in India. We learn that India has one-third of the world's poor. Only six of

the 3,000 residents of Annawadi have permanent jobs, while most, like 85 percent of Indian workers, make money through the informal, unorganized economy. Sixty percent of public school teachers have not finished college.

Yet these numbers do not empower us to begin to understand life in an Indian slum. The lives, struggles, dreams

Surprisingly, these slum dwellers are not necessarily considered poor by Indian standards. And perhaps more surprisingly, their lives are characterized by ambition and hope against great odds.

and emotions of real people capture our vision as powerfully as any novel might.

Thus, we read of the taste of hunger: "a foul thing that burrowed into your tongue and was sometimes there when you swallowed, decades later." Upward mobility is measured by no longer eating fried rats and frogs or scrub grass from the edge of a sewer lake.

Residents find numerous ways to get ahead—and just as many ways to fail. To succeed as a garbage sorter and begin to buy furniture for one's home is to invite envy from neighbors who hope to gain another's good fortune for themselves. To discover a construction site where valuable scraps can be stolen may cause one to be murdered by airport security guards.

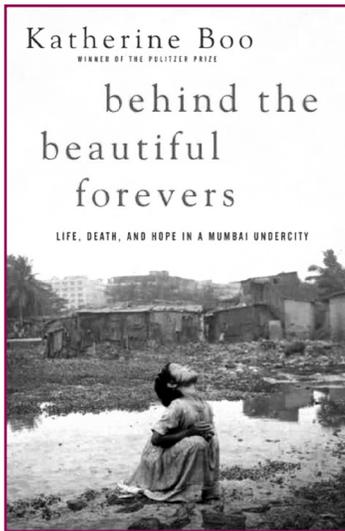
To be seven years old and sweeping floors in a hotel may result in being taken from one's parents and imprisoned for being a child laborer.

Corruption stymies hope at every turn, especially when Abdul, his father, and his sister are accused of causing their neighbor, One Leg, to commit suicide.

Money must be paid for Abdul to be considered a juvenile. More money must be



Left: A young boy in a Mumbai slum. Photo from www.behindthebeautifulflowers.com.



paid for favorable handling of statements of witnesses to the tragedy, more to the family of One Leg, more to the policemen who investigate, more to the lawyer who will perhaps give a reasonable defense, more to politicians who promise to make the process go fairly, more to the police to keep the daughter out of custody as long as possible... more, more, more.

Yet, ironically, this corruption is one of the ways to get ahead in the

slum, "one of the genuine opportunities that remained."

Abdul loses his successful business and his promised bride through the ordeal, but he is determined to have ideals. He finds motivation through the metaphor of water and ice: "Ice was distinct from—and in his view, better than—what it

was made of. He wanted to be better than what he was made of. In Mumbai's dirty water, he wanted to be ice. He wanted to have ideals."

At times the humanity of people like Abdul survives, but at other times despair overwhelms.

In a story that seems to be the Parable of the Good Samaritan without a Good Samaritan, a scavenger is hit by a car and lies by the road crying out for help. Person after person passes by, not stopping because of fear or personal concerns or a bottomless grief that blinds one to the despair of another.

The scavenger is taken to the morgue to be labeled "unidentified body" and forgotten.

Katherine Boo remains apart from her story until the final chapter called "Author's Note." She then discloses the questions and circumstances that led her to immerse herself in the lives of this particular Indian slum. Boo has her own dreams for the impact of her book: "I am operating on a hope... that making wrongs less invisible will eventually make those wrongs less common."

—Donna Burney is a retired rhetoric professor living on a farm near Crawford, TX. Among her many activities, she volunteers on Wednesdays at the Gospel Café in Waco, TX.

Great Divide, continued from page 1

growth in the economy. But, when the gap between the top 1 percent and the bottom 99 percent becomes too large, this can become more harmful to economic growth than good.

Research shows that income inequality has strongly correlated with shorter spells of economic expansion and led to less growth over time. Income inequality has been found as one of the strongest effects on predicted growth duration.

As the gap between the wealthy and the poor grows, more and more poor and middle-income households are forced to take out loans to pay for necessities. And there are unequal opportunities for education and employment, reducing overall economic growth.

In other words, income inequality might amplify the potential for another financial crisis, due to accumulated overall debt and decreased income. It may also bring political instability, which can discourage investment.

Research shows that growths will be sustained for longer amounts of time and remain steady in countries that have relatively equal income distributions.

Longer growth spells are also related to better political institutions; increases in education, health and physical infrastructure; and financial development. Increasing the length of growth spells—and not simply getting growth started—is critical to achieving income gains over the long

term. Sustained growth is also central to poverty reduction.

In order to reduce income inequality, economists have suggested that tax expenditures that disproportionately benefit high earners should be limited over time.

Other suggestions have been to implement policies that have better-targeted subsidies, improvements in economic opportunities for the poor and active labor market policies that promote employment.

By reducing income inequality, not only would we be more likely to sustain economic growth, but we would also be providing an environment conducive to equal opportunities for all Americans.

—Natalia Alas, a native of Pearland, TX, recently graduated from Baylor University as a Professional Writing and Psychology double major. She is especially interested in studying how poverty affects mental health. She worked at Seeds during the fall 2013 semester as a Professional Writing intern.

Sources: Los Angeles Times (www.latimes.com); University of California, Berkeley (www.berkeley.edu); Huffington Post (www.huffingtonpost.com); The New York Times (www.nytimes.com); Organisation for Economic Co-operation and Development (www.oecd.org); Economic Policy Institute (www.epi.org); International Monetary Fund (www.imf.org); Congressional Research Services (www.crs.org). For more information about these sources, email Natalie_Alas@baylor.edu.

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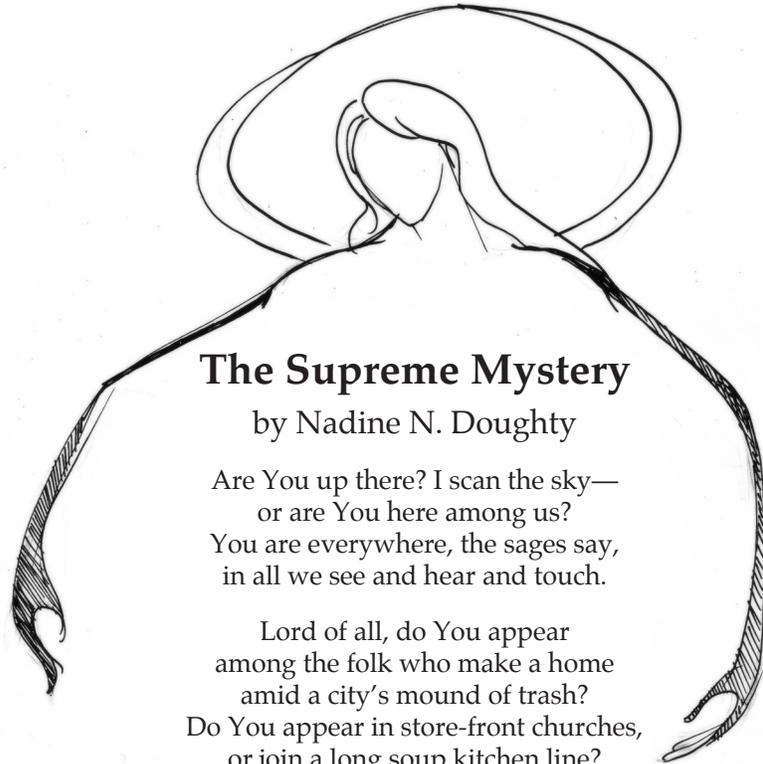
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Seeds of Hope is a private, independent group of believers responding to a common burden for the poor and hungry of God's world, and acting on the strong belief that biblical mandates to feed the poor were not intended to be optional. The group intends

quotes, poems & pithy sayings



The Supreme Mystery

by Nadine N. Doughty

Are You up there? I scan the sky—
or are You here among us?
You are everywhere, the sages say,
in all we see and hear and touch.

Lord of all, do You appear
among the folk who make a home
amid a city's mound of trash?
Do You appear in store-front churches,
or join a long soup kitchen line?
Do You stand with the ragged youth
selling newspapers in the wind?

Holy presence I can feel
more readily when robin sings
or tulip blooms, or baby laughs.
Your holy presence I can feel
in kindness shown, in music sung.

And yet I know such easy worship
can't begin to comprehend
Your power vast, your limitless love.

—Dee Doughty, a longtime contributor to *Seeds* publications, has worked for many years in ministries for the poor in Evanston, Illinois, through her Episcopal Diocese and other organizations.

art by Sally Lynn Askins

to seek out people of faith who feel called to care for the poor; and to affirm, enable and empower a variety of responses to the problems of poverty.

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