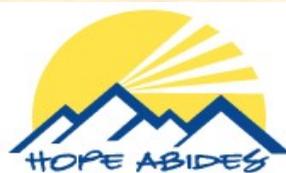


HOPE ABIDES

Hope and Help for Orphans in India

A U.S. Charity for India



Who Are We?

June 2011

Hope Abides is a U.S. faith based organization whose mission is to provide help and hope to orphaned and destitute children in India. We help children regardless of their gender or religious background and seek participation from all regardless of nationality or faith.

India: What Will the Future Bring? An Interview with Doctor Colin Carter

Many people know that India is one of the so-called BRIC countries; can you explain the importance of this group of countries?

The answer is very straightforward. First, China and India are the world's two most populous countries and that fact alone makes them very important in the global economy. Second, the BRICs economies as a group are of great consequence as a vigorous force in the world economy, accounting for about 25 percent of the economic activity in the world today. Over the past 20 years, Brazil, Russia, India, and China (i.e., the BRICs) have emerged as the main drivers of global economic growth, led by China. Double-digit economic growth has been enjoyed by China for the past several years. India's economy has been rising almost as fast, with Russia and Brazil growing at lower but still very impressive rates compared to the rich countries in the developed part of the world.

All told, over the past decade these four economies have contributed over one-third of total world GDP growth. The BRICs represent some of the most dynamic and fastest growing emerging economies in the world. In fact, some predict that the BRICs will be among the four most dominant economies by 2050.

But it is important to note there remain billions of poor in these countries, living below the poverty line. And there is tremendous variation across the BRICs. For instance, India's per capita income is only about \$1,200 per year, around one-fourth of the income level in China and only ten percent of the per capita income in either Brazil or Russia.

What are the factors that have triggered this significant economic progress in such a short amount of time?

The reasons vary across the four countries. Brazil has enjoyed political and economic stability for the past sixteen years, and that was a dramatic change from before. In the early 1990s Brazil's annual inflation rate hit 5,000 percent. Such excessive macroeconomic stability has now been brought under control and at the same time democratic institutions have been strengthened in that country. That stability has allowed the Brazilian economy to flourish.

China's economic reforms began in agriculture in the late 1970s, when their inefficient communal farms were disbanded and farm families were provided with profit incentives in order to increase food production. Deng Xiaoping moved China from a top-down planned economy to a market economy, and the results have been nothing sort of phenomenal. He started the ball rolling with regard to China's economic boom & it has not stopped. Exports have played a significant factor behind China's strong economic growth. Compared to India, China's GDP is more heavily dependent on exports and manufacturing and less dependent on services.

Russia abandoned communism and rejoined the global economy through opening up its markets in the early 1990s. This regime shift allowed for the movements of investment and labor out of inefficient state industries into other more efficient sectors, including the service sector.

India decided to open its economy in the early 1990s and embrace globalization, attracting foreign investment and reducing trade barriers. Domestic demand has also been a significant driver of India's economic growth, with a rising middle class contributing to higher consumer expenditures. The service sector now accounts for over 50% of India's economy.

What role can government play in ensuring that chronically poor populations are positioned to participate in the economic growth of these countries?

It is no secret that the Russian government mismanaged the transition from communism to the free market. Hopefully the Indian government will do a better job of managing its transition from a heavily regulated and protected economy to one that is more open. But corruption remains high in both countries. For example the 2010 Commonwealth Games were held in New Delhi, India. This was intended to showcase India's progress on the heels of China's 2008 Summer Olympics. But India dropped the ball as the Commonwealth Games exposed the high level of corruption to the world with bribes, kickbacks and missed deadlines. In fact the Indian government finally arrested the former chief of the 2010 Commonwealth Games on corruption charges.

Stable governance is critical, but that pillar is lacking right now in Russia and India. Both of these BRIC countries should strongly promote the rule of law in order to reduce corruption.

(Article continued next column)

Media Appearances

NetIP (Network of Indian Professionals) was kind enough to provide some blog space for us. Click [here](#).

One way to support our mission is to forward this newsletter to others who might like to help us.

Thanks!

Next issue we announce our partner orphanage in Andhra Pradesh.

Fundraising Dinner

September 17th

Ranch Cordova, CA

Veg/non-veg dinner; Silent Auction; Entertainment

Net proceeds benefit the orphanages of Hope Abides.

Order your tickets at

www.hopeabides.org

Interfaith Council of Greater Sacramento

Power of One Dinner

June 9th



Doctor Colin Carter is a leading authority in the field of Agricultural Economics at the University of California, Davis. He travels extensively around the world to conduct research and to provide expert advice in this field. Hope Abides asked Professor Carter to offer his insight into some of the recent development in India as well as challenges that await it in the next few decades. He graciously accepted our invitation.

India Future (cont'd)

What are some of the biggest risks they face which could derail their momentum?

Along with falling poverty rates, most of these countries have experienced quite rapid increases in income inequality. One of the critical problems facing China and India today is growing regional inequality of per capita incomes and socio-economic development. Environmental problems are also an issue, especially in China, India and Russia.

The economies of Brazil and Russia are both overly dependent on basic resources such as agriculture, energy, and metals. This makes their economies susceptible to swings in commodity markets. China will have to move away from solely promoting exports to sustain economic growth through increased domestic consumer spending. It is important to note that the savings rate in China remains very high. Households in China typically save more than 25% of their disposable income every year, compared to less than 4% in the United States.

And then there is corruption that I mentioned earlier, a type of economic cancer in many emerging economies where bribery, graft, and embezzlement is part of conducting everyday business. According to Transparency International, corruption has been rampant in both India and Russia since these economies opened up in the early 1990s. Of course, corruption leads to undue influence over policies and regulations, serving as a threat to sustained economic growth.

Within a few decades, and barring something like a major conflict, should we be reasonably hopeful that the lives of many of India's 440 million poor will have substantially improved?

Yes, but India has a long way to go because 75 percent of its population still lives on less than \$2 per day. In China the figure is 36 percent of the population. Furthermore, India's fertility rate is 2.62 compared to only 1.54 in China, and so India's total population will overtake China's sometime within the next two decades thus creating more of a challenge.

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Questions or comments? E-mail us at info@hopeabides.org or call 1 916 690-4289 (US)