A Disclaimer:

I want to keep my word with you. I know you understand that I receive interesting and timely news items from friends all over the world. Most of these items appear to have prophetic relevance. Others are of particular interest in the field of Science, Health & Nutrition, Devotional themes and some touches of Humor.

With a bit of hesitation, I am forwarding some of these items to friends like you via email. My concern is this: some persons who will receive or read the items I choose to forward will assume that I endorse, approve or believe every "iota," and that I am endorsing the author or source. This simply is not true! As you read, you must be discerning, choosy, discriminating and use common sense. If you are going to quote someone, quote the source -- I am not the source, I am the reporter . . . -- CW

Get Ready for Higher Food Prices

By: David Hendee / Omaha World Herald.com / February 10, 2011

"Warnings of higher food prices headed for American supermarkets and restaurants were swallowed easily across much of farm country Wednesday.

"The big gulp came when the U.S. Department of Agriculture reported that global demand had pushed U.S. corn supplies to their lowest point in 15 years.

"The price of corn, which has doubled over the past six months, affects most food products in supermarkets. It's used to feed the cattle, hogs and chickens that fill the meat aisles.

"It is the main ingredient in Cap'n Crunch and Doritos. Turned into syrup, it sweetens most soft drinks and many foods.
"Corn also is part of the agricultural blend that fuels the economies of Nebraska, Iowa and other farming states. Iowa is the nation's top corn-producing state; Nebraska is third.

"Shoppers could see higher grocery bills as early as three months from now, though most of the impact won't be felt for another six months, said Scott Irwin, an agricultural economics professor at the University of Illinois."

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**China Is On Track for an Economic Train Wreck**

By: Simon Black / Business Insider.com / February 8, 2011

*Santiago, Chile --* Somewhere in China, an economist lost his job today... it was the poor guy who had been predicting manageable levels of inflation despite rapid headline GDP growth and even more rapid monetary expansion.

"Yet, staring at reports which show inflation at a 28-month high, officials at the People's Bank of China realized that they need to do something about inflation. Now. Especially in light of what's going on in the world... hence today's 25 basis point rate hike.

"Inflation in China is coming from all sides. Certainly there is the country's speedy economic growth, commonly reported in the press as 'overheating.' Then there is the constant battle against America's #1 export (inflation) as many of Bernanke's trillions of new dollars have found their way into China's economy.

"Moreover, what a lot of people forget is that China has heavily engaged in its own stimulus programs, which, as a percentage of GDP, dwarf the stimulus packages in most developed countries (including the United States)."

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**China in the Midst of a Lewis Turning Point . . . but Coupled with Nasty Inflation**

By: Russ Winter / Financial Sense.com / February 2, 2011

"More on the biggest story of the decade [Sini: Spring Festival Shutdown]: Workers in China aren't even bothering to wait for the holiday, even with recent wage increases.

"(A) Beijing-based delivery company, which fills orders for Chinese-made products for overseas buyers, has no choice (but to delay orders) since most of its employees have been heading to their hometowns for weeks.
now. 'We have already received dozens of complaints from overseas customers after they learned that we would not be able to ship products for almost the entire month,' Zhang said.

"Some in the west are throwing in the towel on China. For American and western firms with platform investments and source to think they can just replicate the Asian cost structure in the US without a big profit squeeze and inflation is whistling past the graveyard.

"The Container Store, a Texas-based retailer that sells storage products such as containers and bookshelves, has been waiting for a shipment for four weeks. One of its suppliers shifted all production back to the US because of the labor shortage in China, according to CNN.

"Are the factory workers coming back after New Years?

"Huang He, vice president of the Jinghua Group, told the Global Times that his factories normally employ 1,500 people, but some 500 of them resigned last month to take a long break. Huang said all workers who take just the minimum seven-day holiday would receive an extra 500 yuan ($75), enabling such workers to earn 2,500 yuan ($379). However, only 200 people accepted his offer. 'We cannot afford higher wages since the price of raw materials makes it hard for us to get a profit,' Huang told the Global Times.

"Clearly China is smack in the middle of a Lewis Turning Point, which marks a time in the development of an economy when the surplus of cheap labor runs dry."

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Ministry Behind Bars
A work that always needs attention

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Published Feb 10, 2011

Get ready for higher food prices
By David Hendee
WORLD-HERALD STAFF WRITER

Warnings of higher food prices headed for American supermarkets and restaurants were swallowed easily across much of farm country Wednesday.

The big gulp came when the U.S. Department of Agriculture reported that global demand had pushed U.S. corn supplies to their lowest point in 15 years.

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Corn also is part of the agricultural blend that fuels the economies of Nebraska, Iowa and other farming states. Iowa is the nation's top corn-producing state; Nebraska is third.

Shoppers could see higher grocery bills as early as three months from now, though most of the impact won't be felt for another six months, said Scott Irwin, an agricultural economics professor at the University of Illinois.

Chicken prices are among the first to rise because the bird's life span is so short that higher feed costs get factored in quickly, he said. Price hikes for hogs take about a year and cattle two years. Prices on packaged foods take six or seven months to rise.

Tyson Foods, the nation's biggest meat company, said chicken, beef and pork prices are expect to rise this year, if only slightly, as producers seek to cover costs.

ConAgra Foods Inc. — the Omaha-based producer of brands including Healthy Choice, Banquet and Chef Boyardee — is raising prices on some of its products because of higher costs for corn and fuel, said Teresa Paulsen, a spokeswoman.

The price rally has bolstered the financial fitness of America's crop and livestock operators over the past eight months. Midwestern cropland is yielding record values. Rural banks and equipment makers report record profits.

“We're seeing record income levels for the ag community and ... wealth accumulation that cannot be denied,” said Bruce Johnson, an agricultural economist at the University of Nebraska-Lincoln. “We've moved into a whole new level.”

Said Bruce Babcock, an agricultural economist at Iowa State University: “Farmers are going to be earning quite a bit more money.”

Jason Henderson, Omaha branch executive for the Federal Reserve Bank of Kansas City, said farmers are buying more tractors, pickup trucks, grain bins and land.

“And they also come to Omaha to shop and go to events,” he said.
But it hasn't been simply a spending spree, Henderson said. Farmers are paying down debt and fewer are seeking loan renewals or extensions.

"It's a good time to be an ag banker," said Brian Esch, president of McCook National Bank in southwest Nebraska. "But I have concerns over what this means for consumers. If one guy is selling at a record profit, someone is buying at a record level."

Corn prices have risen over the past six months from $3.50 a bushel to nearly $7.

The U.S. will have a reserve of 675 million bushels left over in late August, when this year's harvest begins. That's roughly 5 percent of all corn that will be consumed, the lowest surplus level since 1996.

"There is going to be enough corn for food, for feed, for fuel and for export opportunities," Tom Vilsack, the U.S. agriculture secretary, said at a Washington press conference.

Babcock, the Iowa State economist, said the U.S. mandate to increase the use of renewable fuels like ethanol is a major reason why the nation's corn supply is so low. About a quarter of the nation's corn crop is consumed by the production of ethanol. The ethanol industry's projected corn orders this year have risen . . . after record-high production in December and January, USDA said.

"We've created a hungry business that is dependent on corn, even high-priced corn," Babcock said.

Johnson, the UNL economist, said global supply and demand are the root causes behind low U.S. corn stocks.

"Ethanol is a factor, but it's not the driver," he said.

Johnson said the declining value of the dollar not only has fueled greater agricultural export demand, but also has driven up the price of oil. That, in turn, has propelled higher prices for corn-based ethanol.

The agricultural economies of Nebraska and Iowa will continue to grow into greater prominence as global food providers, economists said.

Johnson said rising population numbers globally and greater demand in major developing countries for higher-protein diets have strengthened the Midlands' agricultural market.

Farm cash receipts — led by corn and other crops — doubled in Nebraska from 2000 through 2010. Crop receipts alone ended the decade in the $9 billion range, up from a 2000 total of $3 billion.

Nebraska's net farm income hit a record $4.25 billion last year, according to preliminary estimates. The 2010 level would be nearly 65 percent above the 10-year historical average, Johnson said.

Although farm income represents only about 6 percent of Nebraska's $75 billion personal income total, it has a major impact on local and regional economies, Johnson said.

"There is no question that agriculture buffered the state from going into a deeper recession these last few years, and it has helped pull us out of the recession faster than other areas," he said. "Agriculture has been our pack horse."

**World-Herald staff writer Ross Boettcher contributed to this report, which also includes information from World-Herald press services.**

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China in the Midst of a Lewis Turning Point

By Russ Winter
Created 2 Feb 2011
Submitted by Russ Winter on Wed, 2 Feb 2011
...but Coupled with Nasty Inflation
More on the biggest story of the decade [Sini: Spring Festival Shutdown]: Workers in China aren’t even bothering to wait for the holiday, even with recent wage increases.

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- Huang He, vice president of the Jinghua Group, told the Global Times that his factories normally employ 1,500 people, but some 500 of them resigned last month to take a long break. Huang said all workers who take just the minimum seven-day holiday would receive an extra 500 yuan ($75), enabling such workers to earn 2,500 yuan ($379). However, only 200 people accepted his offer. "We cannot afford higher wages since the price of raw materials makes it hard for us to get a profit," Huang told the Global Times.

Clearly China is smack in the middle of a Lewis Turning Point, which marks a time in the development of an economy when the surplus of cheap labor runs dry. In response, (surviving) employers push up wages and benefits, creating demand-push inflation. The nation is losing much of its original low-cost competitive advantage. China will be a much weaker growth story (if at all) under this evolving model; and customers, such the US, are facing diminished supply and rapidly rising prices on Chinese goods. From the Sini story:
It is why many foreign business owners and importers in Europe and the US are being told they have to wait until a month to receive orders — news that some find hard to believe. "We have already received dozens of complaints from overseas customers after they learned that we would not be able to ship products for almost the entire month," Zhang said.

This is now already showing up in prices in the US, such as the MIT billion-price survey [4], which is developing a steep up trend. This index was 100.46 six months ago, 100.90 three months ago, and 101.92 on Jan. 31. Three-month inflation annualized per this measure is running 4 percent.

This Lewis Turning Point tendency over time can lead to more of a consumer and service economy in China, but it is not as simple as flipping a switch. The government is pushing through more worker benefits and modern-economy safety nets, but the ability to absorb this for those trying to practice under the old low-margin, cheap-labor model is extremely difficult, if not impossible, especially when there is a speculative capital flow mania layered over it and distorting the economy. One should expect a very high business failure rate, unless China can deal with it resource waste and down shift. From Reuters [5]:

- It'll impose tremendous pressure on the manufacturing sector, especially the labor intensive industries," said Clement Chen, an honorary president of the Federation of Hong Kong Industries and a veteran industrialist in the region. "It's not just Hong Kong firms, but Taiwanese, Korean and Japanese firms will all be facing these pressures.”

Speculative manias, such as this one in real estate, waste and misallocate resources and distort prices. At this point, inflation in China looks terminal and dangerous. This hamster-on-a-wheel scenario quickly mitigates any benefit Chinese labor is getting from the Turning Point: 20% wage increases against 50% higher rice prices.
More info out on the cost of labor in the service sector and express delivery businesses. This is good for labor, but it completely changes the cost structure of doing business.

- A director with ZTO Express says that in the past, labor costs for private express companies could be as low as 10 percent of total operational costs. **Now, labor costs make up at least 30 percent.** In addition to wage increases for couriers, the salaries for managers have also increased, from 60,000 to 100,000 yuan a year to 200,000 to 500,000 a year. Aside from the shortage of workers, government policies and social security policies have also contributed to rising labor costs. **Since Jan. 1, the Beijing government ordered companies to provide insurance for medical treatment and work-related injuries along with pensions, and unemployment insurance, resulting in an average cost increase of 400 yuan or more per worker.**

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**Russ Winter**

**Wall Street Examiner**

http://www.wallstreetexaminer.com/blogs/winter [8]

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Ministry Behind Bars
A work that always needs attention

In any given year, almost 2½ million adult residents of the United States make a federal facility their home away from home. It is estimated that 6% of US prison inmates are non-citizens. Their crimes range from misdemeanor to criminally dangerous. Some sit awaiting trial; others, in more extreme circumstances, sit awaiting execution. In either case, and all in between, our ministry offers a small, but persistent, voice of hope.

One of the foundations upon which the charter of our work was built was that of prison ministry, with the object in mind of placing good books in the hands of those behind bars. Through the years God has seen to it that our work has not been wanting, and our efforts have never been wasted. In 2010 alone we received back almost a thousand Bible lessons to be graded. In addition to the lessons, we mailed almost 8,000 books to prisoners and their family members—all as free gifts. Chaplains and prisoners have written to tell us of small groups forming to read our books and study the lessons we provide. Can we hear a hearty AMEN!

Life on-the-inside is not like life in the rest of the world, where most of us live. Out here, when we run out of something, we simply go to the store and pick it up. If we want to read a book, we either buy it or visit the local library and check it out. In a prison, reading materials have to develop the ability to experience life after death; in other words, when most of us would consider a thing fit for the trash, then it is that someone has to get out the Scotch tape and paste the thing back together. Welcome to life behind bars, the place where books may be accurately judged by their covers.

And the story often goes on once the inmates leave the gates. Frequently we receive letters of thanks from those who had read our books and Bible lessons while locked up, as well as many notes of gratitude from their families; these are always refreshing.

If you have contributed to our Prison Ministry fund, or to any Mission World project during this past year, thank you! Your donations are a sacred trust to us and are never a waste. None of our work would be possible without you. We can’t say it enough—Thank you!

"America is the land of the second chance—and when the gates of the prison open, the path ahead should lead to a better life.”
—George W. Bush.
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