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The 18th National Congress of the Communist Party of China, Great Hall of the People, Beijing, China, November 11, 2012.

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■ From the Editors

Contradiction and Crisis

A cheery myth has for decades circulated in the U.S. business press, according to which the two characters that make up the Chinese word for “crisis,” which appear on this issue’s cover, convey the supposed ancient Chinese wisdom that “crisis = danger + opportunity.” This Pollyannaish cliché—perhaps characteristically American—is based on a mistranslation of the characters in question, transliterated as *wēi* and *jī*. The title of Bill Barclay’s cover story, “Dangerous Inflection Point,” is a better translation, and conveys the situation that China’s political economy finds itself in as its growth model seems to be faltering, to the point of contradiction-driven crisis.

Barclay walks us through the basics of China’s growth model, the source of its astounding and historically unique economic expansion over the past 40 years, through which per capita income has increased 20-fold from under \$500 in 1980 to over \$11,500 in 2020, and through which China went from producing 2.5% of global GDP in 1980 to producing almost 20% of global GDP in 2020. The core elements of the growth model are “high rates of domestic investment, low household consumption as a percent of GDP, a rapid increase of exports, significant inbound foreign direct investment, and . . . rural-to-urban migration.” To these generally known factors, Barclay adds important context that was key to China’s rapid development: that it happened just as the global political economy was being restructured along neoliberal (aka “free-market”) lines. China took advantage of that context to build its growth engine, without itself becoming neoliberal.

But the contradictions of that growth model—growing inequality; high levels of debt, both private and public; and a housing glut that threatens to cause market collapse—are creating the dangerous inflection point of the article’s title. Government intervention to redistribute empty housing to the poor and homeless would help address inequality, as would investment in an aging population. And investment in new and high-tech industries could also be key. Can such shifts be implemented soon enough to help? Time will tell.

There are contradictions, too, within the labor system in operation in U.S. prisons, as incarcerated author Tyler Bowman documents, with help from author Raymond Williams and artist Eric Lynch (also both incarcerated). Prisoners who work are paid little (if anything at all), yet the work they do keeps the prison system running, and the system is a source of corporate profits. Corporations employing cheap prison labor also benefit from not having to pay FICA taxes; prisoners don’t make enough to qualify for Medicare or Social Security benefits. But, as Bowman notes, prison labor is a two-sided coin: “For those who do hold jobs, they’re being exploited because of how little they’re paid for their labors. But for prisoners who want jobs, there are not nearly enough to go around.” Forced idleness, especially for a population that is mostly indigent, is as bad as forced labor.

Two articles in this issue address the contradictions in our sorry health care system. John Miller, haunting the *Wall Street Journal* editorial board as usual in his column, takes aim at the board’s praise of presidential candidate Nikki Haley’s plan to expand Medicare Advantage, the privatization scheme that conservatives since President George W. Bush have sold as giving “choice” to seniors and cutting costs. But as Miller shows, Medicare Advantage participants have a “lower utilization rate” because insurers have incentives to deny care, and insurers rake in profits through overpayments compared to traditional Medicare enrollees. Meanwhile, journalist Ingrid Cruz examines the effects of the state of Mississippi’s refusal to expand Medicaid, as required by the Affordable Care Act. The failure of states led by conservatives, like Mississippi, to expand their Medicaid programs has predictably hit poor people and the disabled especially hard, but Cruz documents the broader benefits that would accrue to these states’ economies if they did expand the programs.

Also in this issue: The surprisingly sordid origins of Investor-State Dispute Settlement tribunals (yes, an actual Nazi was involved); the U.S. companies that are profiting from war, occupation, and apartheid in Israel (and they aren’t just weapons manufacturers); exposing the right’s economic model in the U.S. South (which goes a long way toward explaining why Mississippi won’t expand Medicaid); the relationship between inequality and violent crime (which is more complicated than one might have thought); and more! **D&S**

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