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Scorpion's Sting The Social Cost of China's GDP Growth

By Wei Zhang

A few weeks ago, a *CounterPunch* article recognized China's decades of rapid economic growth and, at the same time, identified the challenges that the country currently faces. In the end, it compared China and capitalism to, respectively, frog and scorpion and posed the question: "If China is a frog and capitalism is a scorpion, how can the frog carry the scorpion across the river without being stung?"

Probably the question has been answered already – with a "No." The scorpion has stung – deeply enough to make the frog sick. Very sick.

China's economic miracle began in the early 1980s and has continued until now. What makes it even more miraculous is that, in the recent years, when other economies were paralyzed by the crisis, China still managed to register GDP growth at 9-10 per cent annually. IMF even projects that, by 2016, China's economy will pass the United States.

How has this miracle been made possible? The conventional wisdom interprets it as the magic power of neoliberal policies. But as many left-leaning observers have pointed out, China is precisely one of the few countries that have refused to install full-blown free-market capitalism; it is only partially liberalized. Yet, there is another important point to note here – even this "partial" liberalization has been sufficient to damage health and the quality of life of the Chinese working class.

Between 1960 and 1980, China's life expectancy increased from 43 to 67 years. After that, however, the growth of life expectancy slowed down significant-

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The Flight of the Young Chicken-Hawk How Mitt Romney Dodged the Draft

By H. Bruce Franklin

May 1966. Mitt Romney is just finishing his first – and only – year at Stanford. I'm a 32-year-old ex-Strategic Air Command navigator and intelligence officer, now an associate professor in Stanford's English Department and something of an anti-Vietnam War activist.

About a quarter of a million young American men are already being abducted each year to fight the rapidly escalating Vietnam War. Many college students, however, are protected by their 2S student deferments, which blatantly

discriminate against all those millions of other young men unable to afford college. As if this privileging of the relatively privileged were not sufficient, an outcry about "inequity" arises from administrations of some elite universities. Since the 2S deferment is contingent on relatively high class rank (meaning, of course, *academic* class rank), they argue that this unfairly discriminates against some of the "best" students, i.e., all those attending schools like Stanford. A man in the bottom quarter at an elite university might end up being drafted, even though he

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The Completed "Kill Chain" Automated Warfare and the Rise of Drones

By Andrew Cockburn

"You know," a former CIA official told me recently, "our president has his brutal side."

As the mounting toll from Pakistan to Somalia to Yemen, not to mention Libya and upcoming Syria, makes clear, Obama didn't need George W. Bush to get wars going for him. My friend was specifically talking about the energetic interest displayed by the president in planning drone-assassination strikes.

In theory, the U.S. military is due to shrink in size and cost, and, indeed, that is what President Obama promised in his "Strategic Guidance," unveiled earlier this year. Republicans rage that his projected cuts of \$480 billion from the military budget over the next few years, not to mention a hundred thousand sol-

diers and Marines axed from the rolls, would "decimate" America's defenses. In reality, the troops may go, but the money will not. The "cuts" are merely reductions from levels postulated under previous plans. So, while the Pentagon had formerly planned to spend almost \$3 trillion between 2013 and 2017, it will now get a mere \$2.725 trillion. But that will still be five per cent more than the \$2.59 trillion it received in the previous five years, which was almost half of all military spending on earth. Optimists point to the doomsday "sequestration" law on the books, due to come into force next January if no budget agreement is made before then, which would cut the military budget by roughly 20 per cent over ten years. Maybe, but the military-industrial

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might be more “intelligent” than a man in the top quarter of some state college.

To address such claims of injustice, the Selective Service was rolling out that month the College Qualification Test, a.k.a. the Selective Service Examination, an “objective” assessment of each test taker’s verbal and mathematical skills, to be used by local draft boards, together with college grades and class rank, to determine who was entitled to that precious 2S deferment and who should be shipped off to Vietnam. But this deferment test actually spotlighted the true inequities of the draft. It also offered an opportunity for direct action against the war itself, right on the college campus.

One of the many myths that have buried the true history of the Vietnam War is that the anti-war movement was motivated by selfish desire, especially among college students, to avoid the draft (a view that conveniently ignores the movement’s throngs of female participants, whose gender automatically exempted them from the draft). Quite to the contrary, students demonstrating against the draft deferment tests were specifically undermining and targeting their own privileges and exemptions, which, as they passionately argued, came at the expense

of poor and working class people.

At Stanford, a number of people actually disrupted the test. The young men involved thus proved that their goal was not to avoid the draft but to end it, since they had been explicitly warned that their actions would jeopardize their own deferments. When students filed in to take the Selective Service test, other demonstrators handed them the SDS “alternative test” on the history of U.S.-Vietnam relations. About ninety students organized a sit-in in the president’s office. In a manifesto issued from the sit-in, they denounced their own privileged status: “We oppose the administration of the Selective Service Examination ... because it discriminates against those who by virtue of economic deprivation are at a severe disadvantage in taking such

Romney, like his fellow almost all-male participants in this pro-war demonstration, fervently argued in support of the war and the draft. But not, of course, for himself.

a test. ... [The] less privileged, Negroes, Spanish Americans, and poor whites must fight a war in the name of principles such as freedom and equality of opportunity, which their own nation has denied them.” “Conscription,” they declared, has throughout American history “invariably been biased in favor of the wealthy and privileged.”

Enter young Mitt Romney, right on cue, waving a sign denouncing the anti-war students. He, like his fellow almost all-male participants in this pro-war demonstration, fervently argued in support of the war and the draft. But not, of course, for himself.

When Mitt enrolled at Stanford back in the spring of 1965, the official and overt U.S. war (as distinct from the previous forms of proxy, clandestine and “adviser” warfare waged in Vietnam for more than a decade) had just begun. Operation Rolling Thunder, the sustained U.S. bombing of the north, had started on March 2. The first officially acknowledged U.S. combat units were the Marines who went ashore at Da Nang on

March 8 (joining the 24,000 U.S. military personnel already fighting in Vietnam). Draftees were not yet being used in combat. So, Mitt and his dad clearly intended the fall of 1965 to be the beginning of a fine four-year career at Stanford for the young man. But Mitt’s last month as a Stanford student was May 1966. Why?

Although the Selective Service Exam radically reduced the chances of college men, especially those with the test-taking skills of most Stanford students, to be conscripted into the Vietnam War, it was no guarantee of long-lasting deferment. There were other, surer escapes from the Vietnam nightmare. One of the very best was the ministry. In 1966, young men flooded into divinity schools, embarking on careers to be ministers, priests, and rabbis. The Mormons had an even better deal than most religions, because The Church of Latter-Day Saints required each and every one of its young men to become, for at least two years, a “minister of religion.” Thus, all Mormon young men could claim deferments as ministers. When the inequity of this arrangement became too blatant, the Selective Service entered into an agreement with the LDS that required the church to specify just one “minister” for each geographical district. Since there were relatively few Mormons in Michigan, and Governor George Romney had considerable influence in the church, Mitt quickly received an official appointment as a Mormon “minister of religion,” consecrated by a draft deferment from the Selective Service. So, instead of returning to Stanford, Mitt went off to become a Mormon missionary in France, where he would spend the next two and a half years – while Vietnam became a slaughterhouse for the Vietnamese and also for many Americans drafted to slaughter them.

So, who says that Mitt Romney is inconsistent? After all, what may have been his first recorded public political act was supporting the draft for ordinary Americans, forcing them to participate in a war waged in the interest of his own class. **CP**

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complex has never let threats like peace or national bankruptcy get in its way before.

Meanwhile, as the troops and the threat of vote-costly casualties are discarded, we have the promise of ever-more automated warfare, notably drones. Although coverage of these pilotless planes has focused on their novelty and allegedly lethal proficiency, they are, in essence, merely one manifestation of a military philosophy spawned by the early apostles of precision bombing in the 1930s, and emerging into full flower in the past twenty years.

Announcing his “Guidance” program back in January, with the high command arrayed behind him, Obama lapsed into Pentagonese, promising “an agile and flexible” military that would “invest in the capabilities that we need for the future, including intelligence, surveillance and reconnaissance (ISR), counterterrorism, countering weapons of mass destruction and the ability to operate in environments where adversaries try to deny us access.” Defense Secretary Leon Panetta loyally pledged to promote “new technologies like ISR and unmanned systems.”

Routine proclamations of lethal U.S. drone attacks against individuals (labeled “personality strikes” by the CIA) or groups (“signature strikes”) in Pakistan and Yemen indicate that the current administration is fully committed to the “new technologies” fostered by Panetta’s predecessor, Robert Gates. The latter had made the same point more exuberantly when addressing the annual dinner of the CIA Memorial Fund at the Pentagon City Ritz Carlton in March 2011. Confessing that he had not been initially forceful enough in quashing resistance to innovation from “flyboys in silk scarves” and others stuck in the past, Gates insisted he had since learned the error of his ways. “From now on,” he cried to an enthusiastic room full of intelligence officials and defense contractors, “it’s drones, baby, drones.”

As noted, Obama himself has a keen interest in military affairs, reportedly relishing his role in authorizing personality strikes, such as the use of a drone to kill Anwar al-Awlaki, a U.S. citizen, in Yemen last September. He spent many hours conferring with senior generals on the Strategic Guidance document and hence credited with putting his “own stamp” on the Pentagon. Some supportive com-

mentators, hailing the “pivot” toward confronting China, have even hailed the Guidance as “the greatest revolution in American foreign policy in a generation.”

Old Pentagon hands detected something rather different: Obama is going along with the generals’ customary preference, lucrative to the defense industry, for developing many new weapons systems while offloading any necessary cuts onto troop numbers and training. But presidents have found themselves announcing similar plans before. Just over 12 years ago, for example, presidential candidate George W. Bush laid out a near identical program in a speech at the Citadel military school in Charleston, South Carolina. “Our forces in the next century must be agile, lethal, readily deployable,” he declared. “Our military must be able to identify targets by a va-

“From now on,” Gates cried to an enthusiastic room full of intelligence officials and defense contractors, “it’s drones, baby, drones.”

riety of means, then be able to destroy those targets almost instantly. ... In the air, we must be able to strike from across the world with pinpoint accuracy ... with unmanned systems.” He promised “tough realism” in dealing with China and others.

Bush’s themes referenced the “Revolution in Military Affairs,” a term popularized in defense circles of that era by Andrew Marshall, a former Rand analyst who has displayed a genius for bureaucratic durability in heading up the Pentagon’s Office of Net Assessment ever since 1973. (Born in 1921, he is still there.) Adept at conveying the impression of irreverent iconoclasm, his suggestions always somehow seem to necessitate fatter defense budgets, thus ensuring continued tenancy of his fortified basement office. Marshall had begun talking about the “Revolution” in the early 1980s, and secured many converts among hawkish defense intellectuals. Many of them assumed leading roles in the Project for a New American Century, a neoconservative group notorious for its support of Israel and aggressive promotion of an at-

tack on Iraq. But the Project campaigned no less ardently for a detailed program of increased defense spending along lines faithfully reflected in the Citadel speech, written by Project adherent Richard Armitage. As is often the case with intellectual debates in Washington, ideology blended neatly with the business interests of the industry that funded many of the neoconservatives. Bruce Jackson, a founding member, was a senior executive with defense contractor Lockheed Martin while simultaneously championing NATO expansion into Eastern Europe, thus providing a fruitful market for Lockheed products. He later headed the Committee for the Liberation of Iraq.

By the time Marshall’s nostrums were broadcast by the future president, an ambitious former defense secretary turned millionaire businessman, Donald Rumsfeld, had gravitated to the Project. Appointed defense secretary by Bush Jr. in 2001, he paid public tribute to the aged Marshall, hired many Project adherents, and announced that he was going to effect “transformation” on the Pentagon along the lines enjoined in the Citadel speech.

Exhibit A in support of the ideas enshrined in the Marshall/Bush proposals was the role of air power in the 1991 Gulf War. Footage taken by cameras mounted on bombs, as they homed in on their targets, had turned that war into a popular TV spectator sport. Now a group of officers who had helped plan the bombing, in particular a bureaucratically agile Air Force lieutenant colonel named David Deptula, announced discovery of a seemingly novel concept they dubbed “Effects Based Operations” (EBO). Advances in technology had made it possible for the Air Force, so they claimed, not only locate and identify critical targets in the enemy system, but to destroy them with absolute precision. It was now possible, wrote Deptula later, “not just to impede the means of the enemy to conduct war, or the will of the people to continue war, but the very ability of the enemy to control its vital functions.” The attractions were obvious: war could become a quick, tidy and, above all, predictable affair.

Subsequent official but unpublished enquiries, notably by the U.S. Government Accounting Office, revealed that the much touted precision systems had been far less effective than advertised, and that the bombing of “critical”

Iraqi targets had done little to impede Saddam's vital functions. Determined efforts to destroy enemy "command and control" by locating and killing the Iraqi leader had proved entirely ineffectual. Nevertheless, claims that these weapons had changed the nature of warfare were obviously of considerable appeal to weapons manufacturers and their military and political partners, and money flowed accordingly. In the Clinton administration's 1999 war against Serbia on behalf of Kosovo, the EBO targeteers once again promised, and claimed, decisive results. Individual targets, as Deptula, now a brigadier general, wrote of the campaign, were attacked "to achieve a specific effect within the parent system." Among other EBO inspirations, there was a concerted campaign of "crony targeting" – hitting businesses owned by Serbian leader Milosovic's cronies with the intended effect that they would thereupon pressure their friend to give up. There is no recorded evidence of any such development, and the Serbian army emerged from Kosovo almost completely unscathed (a total of twelve tanks destroyed.) Milosovic caved in only when his Russian sponsors abandoned him.

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Unperturbed, Deptula declared that the war had "incrementally improved" his vision.

Defense Secretary Rumsfeld loved EBO, which he perceived as supplying useful intellectual and institutional support for his goal of reducing the number of actual troops and other military personnel (he hated the Army) while allocating funds to surveillance and precision-guidance systems, not to mention "star wars" missile defense programs. He was delighted to credit the rapid collapse of the Taliban regime in Afghanistan in November 2001 to "a combination of the ingenuity of the U.S. Special Forces, the most advanced precision-guided munitions in the U.S. arsenal ... and the courage of valiant one-legged Afghan fighters on horseback." (He had been much taken with reports of one Northern Alliance fighter charging the enemy despite a prosthetic limb.) The significance of hefty CIA cash bribes to Afghan warlords, together with Pakistani instructions to the Taliban to lay low, did not seem to affect his thinking.

Whatever its efficacy, the "new" war-making technology, specifically the wholesale distribution of live battlefield video to the supreme command, gave America's leaders an extraordinary albeit illusory sense of direct control over far-off events on even the smallest scale. Tommy Franks, the commanding general, later related how, on the first night of the war, he and other senior military and CIA officials sat in the comfort of their offices watching pictures relayed from a Predator drone of a "suspicious" convoy of cars and trucks driving toward far-off Kandahar. Unsure whether to target the convoy, Frank consulted Rumsfeld, who in turn called the commander-in-chief, President Bush, who gave his assent that the vehicles and passengers, whoever they were, be obliterated. Having the president of the United States make decisions on bombing a truck, normally the province of a company commander at most, at least had the merit of novelty.

Convinced that the Afghan experience had certified him as an omniscient military authority, Rumsfeld famously encouraged the Army to invade Iraq with a minimum number of troops, confident as he was that precise targeting in a "shock and awe" assault would do the job. Once installed in Iraq, however, the "transformed" military found themselves en-

tirely unprepared to deal with a vigorous resistance using lethally effective homemade bombs. Just as Saddam Hussein himself had been a primary target during the invasion, counterinsurgency operations laid heavy emphasis on identifying the "critical" elements in enemy networks, commonly referred to as "High Value Targets." Underpinning this effort was the abiding belief that with sufficient investment in surveillance and information processing technology, it would be possible automatically to identify and locate key figures behind the enemy attacks, leaving only the terminal phase – killing or capturing – to specialized commando troops.

So, while American and British casualties on the ground in Iraq and Afghanistan ticked remorselessly upward, skies over the war zones grew dark with target-seeking aircraft, manned and unmanned, operating under dynamic-sounding code names, such as Constant Hawk and Angel Fire, at vast expense (one airborne system for detecting roadside bombs, Compass Call Nova, cost \$70,000 an hour to fly.) However, in 2007, an intelligence unit known as COIC (Counter-IED Operations Integration Center), attached to military headquarters in Baghdad, analyzed hundreds of missions by these esoteric systems and concluded that in most cases they had had "no detectable effect" on the enemy.

The unit, a hand-picked team reporting directly to the senior U.S. ground commander, went further. Commandeering the records of no less than 200 official killings of High Value Targets in Iraq between 2005 and 2007, the analysts looked to see what had subsequently happened in the areas where the targets had operated. The results were instructive. The victims had been selected on the basis of their critical role in organizing attacks on U.S. forces, almost invariably using homemade bombs. It was a fundamental tenet of official doctrine that the elimination of these key figures must have a deleterious effect on enemy activity. But this assumption turned out to be entirely wrong. Bomb attacks in the 200 cases under review did not go down. They went up – by a lot. Attacks within three miles of the "hit" increased by an average of 20 per cent.

The reasons for this were in no way mysterious. Dead enemy leaders, intel-

ligence revealed, tended to be replaced rapidly, usually within twenty-four hours. The new man, anxious to prove his worth, was inevitably motivated to take aggressive action. “Our principal strategy in Iraq is counterproductive,” observed one of the analysts to his superiors, “and needs to be re-evaluated.” Despite this well-sourced conclusion, official policy was unaffected. Instead, the military invested ever greater sums into acquiring and storing increasingly detailed images of the war zone and then using massive computer power to process them all in hopes of detecting bomb-layers and thereby uncovering their networks. Deptula, as of 2006 a lieutenant general and deputy chief of staff for Intelligence, Surveillance, and Reconnaissance (a newly created post), explained confidently, “If you know where an improvised explosive device went off, you can ‘rewind the tapes’ and see where the activity was and what led to it.” Once located, the guilty party could be dispatched by a Special Forces squad in a night raid.

Deptula himself made no secret of his impatience to turn the entire business over to remote control. Drone controllers, he said in an interview, were “very comfortable with the responsibilities of finishing the kill chain, when called upon to do so, yet a subculture in the military does not feel comfortable with using so-called sensor platforms as shooters.” Retiring from the Air Force as a three-star general in 2011, he signed on as chief executive of MAV 6, a company describing itself as providing “enhanced situational understanding” of battlefields. Currently, it has a \$211 million contract to develop “Blue Devil Block 2,” consisting of an enormous unmanned airship 370 feet long.

Claims regarding defense technology tend to go unchallenged across the political spectrum. “Gorgon Stare,” for example, is a surveillance system currently carried by “Reaper” drones but projected for use on “Blue Devil.” Developed at a cost of \$320 million, it can supposedly keep cars and people across an entire city under constant video surveillance. Civil libertarians, properly apprehensive over the expansion of the “surveillance state,” have consequently bemoaned a possible domestic deployment for this seemingly omniscient device. However, a December 2010 report on Gorgon Stare by a specialized Air Force testing unit, the 53D

Wing at Eglin Air Force Base in Florida, suggests that they have little cause for worry. The testers, after exhaustive trials, deemed the system “not operationally effective” and “not operationally suitable.” Its camera images could neither distinguish humans from bushes, nor one vehicle from another. It had severe problems determining where it was. It broke down an average of 3.7 times per sortie. They urged that it not be sent anywhere – advice that was summarily rejected by higher authority, which quickly dispatched it to Afghanistan, beyond the reach of impertinent enquiry.

I asked a friend, a marine officer cur-

A Homeland Security test comparing the relative performance of unmanned Predators and a manned Cessna has revealed the latter to be ten times as effective and thirty times cheaper in detecting illegal border crossers.

rently serving in northern Helmand, whether Gorgon Stare had helped in his corner of the war. After recounting the casualties in his unit over the previous two days from homemade-bombs – one man with both legs blown off, another losing an arm, a third a foot – he continued, “I’ve never even heard of Gorgon Stare, let alone seen it in use. We’re essentially using the same technology that men used in WWII, Korea, and Vietnam to defeat mine and booby trap threats – the eyeball and metal detector.”

The predicted withdrawal of U.S. troops from Afghanistan by 2014 will end the need for such distressing reports. Americans will no longer be dying or losing limbs, and any fighting required can be carried out by the growing arsenal of drones. The dream of a completed “kill chain” has been fulfilled, notably in the CIA. Eagerly embracing an enlarged lethal mandate, the agency has killed some 2,000 people since 9/11, according to the *Washington Post*, a figure that includes civilians. “We’re killing the sons of bitches faster than they can grow them,” reportedly bragged one senior official in

the program. Meanwhile, the Pentagon’s own Joint Special Operations Command maintains its own lists of people to kill. While the CIA disposed of Awlaki, the military was responsible for the operation that killed his 16-year-old son, also an American.

It is no secret that the ongoing drone-assassination operations have done wonders for Taliban recruitment and anti-American sentiment in Pakistan, once again confirming the conclusions of the 2007 COIC study on high value targeting. Nevertheless, the popular mystique of these robot weapons at home remains unaffected. According to Congressman Brian P. Bilbray, the CIA’s use of armed Predators (built in his district) has made the drone a “folk hero” for many Americans. “If you could register the Predator for president, both parties would be trying to endorse it,” he told the *Los Angeles Times*. Campaigning for president himself, Governor Rick Perry of Texas pledged more Predators to stem the flow of illegal immigrants (actually, at a forty year low) across the border with Mexico.

As it happens, a Homeland Security test comparing the relative performance of unmanned Predators and a manned light Cessna aircraft has revealed the latter to be ten times as effective and thirty times cheaper in detecting illegal border crossers. (Keeping a drone in the air involves two or three times as much backup manpower as a jet fighter like the F-16.)

Despite their “folk hero” status, drones have turned out to be costly and delicate instruments. Global Hawk, for example, a high altitude, very long-range reconnaissance drone costing over \$200 million a copy, is out of service for repairs at least half the time. Predators manage 20 hours in the air a month before they, too, must go back to the shop. The Air Force has lost at the very least a fifth of its drones to crashes, usually while landing – always a tricky maneuver when using remote control – or because the signal link with controllers half a world away has been interrupted. That second problem is likely to grow, as the significance of the Iranian capture of a highly secret “stealth” reconnaissance drone last December becomes more widely appreciated. According to the Iranians’ entirely credible account of their coup, they first jammed the aircraft’s signal link to

the controllers. It was now on automatic pilot, pre-programmed in event of losing the link to return under GPS guidance and land at its base in Kandahar. But GPS depends on radio signals from satellites orbiting 20,000 kilometers above the earth. Because the power supply on a satellite is inherently limited, these signals are necessarily weak, “like a car headlight 20,000 kilometers away,” according to professor David Last, former president of the U.K.’s Royal Institute of Navigation. Thus the Iranians were able to override the signals from the satellites with more powerful false signals that caused the robot aircraft to think it was headed for Kandahar but, in fact, was cruising to land somewhere in Iran.

However ingenious the execution of that operation, the fundamental vulnerabilities of drone control and GPS are inherent, and, no doubt, widely appreciated by anyone better equipped than the hill and desert tribespeople providing the bulk of today’s targets. (In a less publicized incident in March 2011, an American reconnaissance plane over South Korea suddenly returned to base on discovering that its GPS was being jammed, an imprudent retreat since it confirmed to the North Korean jammers that their efforts were successful.)

None of these drawbacks are likely to impede the profitable progress of the robot industry, which has its own potent congressional lobby, the “unmanned systems caucus.” Unsurprisingly, the military services appreciate that whatever austerity is enjoined elsewhere, drones and attendant surveillance systems will get the money, as indeed has been made clear by President Obama in the Guidance plan. Thus, Northrop Grumman currently enjoys a contract potentially worth billions to produce a naval drone capable of landing on a pitching carrier deck, while the Air Force is funding development of an even more expensive unmanned intercontinental *nuclear* bomber.

The rise of the machines continues. The danger is that American leaders, offered the services of an ever-more elaborate remote-control war machine untouched by human hand, will assume they are in command, and be unpleasantly surprised by the effects. **CP**

Andrew Cockburn has been covering the U.S. military for more than three decades.

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ly. Despite fast expansion, it took China almost three decades to further raise life expectancy to 73 years. Cuba only needed less than half of the time (only 12 years) to deliver an identical outcome (i.e., increasing life expectancy from 67 to 73 years, between 1965 and 1977).

Cuba is not alone. The list of countries that have been more efficient than China in improving life expectancy is quite long, although none have achieved comparable economic growth. For example, in 1980, life expectancy in some countries (including, but not limited to, Albania, Czech Republic, Germany, Malaysia, Mexico, New Zealand, Portugal, Slovenia) were was higher than that in China, making it theoretically more difficult to improve; but, by 2008, life ex-

The WHO recommends a maximum of 30 per cent as the rate of inpatients receiving antibiotics; in China, it is 70 per cent.

pectancy in these countries saw either equivalent or greater progress. There are also countries (such as Libya, Nicaragua, Peru, Tunisia, Vietnam) which had a lower life expectancy than China in 1980, but nonetheless reached equal or even higher life expectancy in 2008.

Equally noteworthy is China’s failure to narrow down the striking regional gaps. In 1990, among all administrative regions, Shanghai had the highest life expectancy at 74.9 years, 15 years higher than Tibet, which ranked at bottom. Today, life expectancy in Shanghai exceeds 82 years and Tibetans also live longer, but that 15 years of gap between Shanghai and Tibet has not seen a dent.

In 1970, China’s infant mortality rate (IMR) was 83 per 1,000 live births, ranking 73rd among 139 countries. In the next decade, China quickly halved its IMR, pushing up its ranking to 58th. Nevertheless, in 2000 its ranking fell to 72nd. Some improvement was achieved later, but, as of 2009, for the same cohort of countries, China’s ranking was still not as good as its level in the early 1980s.

In addition to health outcomes, the scorecard of China’s health system opera-

tion does not look pretty either. The market-based, profit-driven agenda applied for economic reforms has been, to a great extent, duplicated in the health sector. Overuse of drugs and medical treatments is rampant. Eye-catching headlines have been seen such as “Why China Loves Antibiotics a Little Too Much?” or “Why Are We Chinese Women So Difficult to Have Natural Childbirth?” The World Health Organization (WHO) recommends a maximum of 15 per cent of deliveries for Caesarean section; in China, the rate is now about 40-50 per cent. The WHO recommends a maximum of 30 per cent as the rate of inpatients receiving antibiotics; in China, it is 70 per cent. Unnecessary injection and intravenous infusion are also widespread.

In the last two decades or so, China’s per capital health expenditure grew at 13 per cent annually, outpacing its GDP growth. What makes it especially painful for the Chinese citizens is that the government only shoulders a parsimonious portion of the ever-increasing burden. Individual out-of-pocket health spending as a share of total health spending grew continuously, from 20 per cent in 1978 to its peak at 60 per cent in 2001. A downward trend had been seen since then, but, as of 2010, the share of out-of-pocket health spending still accounted for more than one third of total health spending.

De-collectivization of China’s agricultural sector in the 1980s offered economic reform in terms of abundant labor supply (cheap but literate), but it also weakened the financial and organizational sustainability of the once popular and very successful “cooperative medical system” for Chinese farmers. Also, with the privatization of state enterprises in the 1990s, urban workers’ health insurance program became dysfunctional. In the early 2000s, more than 40 per cent of urban residents and 80 per cent of rural residents were not covered by any medical insurance. As a result, about 50 per cent of those who got ill had to forego seeking medical treatment.

To be fair, under the Hu-Wen regime (since 2003) public expenditures on both health and education have increased, taxation on rural farmers has decreased, some labor laws and regulations have been passed, and minimum wages have been raised, at least on paper. These are often boasted as the major achievements

of the so-called Hu-Wen “New Deal.”

These policies, which are, forced by the rising tides of protests by workers and farmers, make the Hu-Wen administration look seemingly different from the preceding Jiang-Zhu era known for its monocular pursuit of GDP growth. But, when looking closely, one may be reminded that the more things change, the more they stay the same.

Take health care reform as an example. First of all, the nationwide reform was not rolled out until April 2009. That was more than half-way through the Hu-Wen regime’s one-decade term. Second, despite growing government input, individual household health spending as a share of total household consumption actually increased for rural residents, from 6.7 per cent in 2008 to 7.4 per cent in 2010, surpassing that for urban households. In 2011, inpatient reimbursement rate was still about 50 per cent, and about 13 per cent of households reported catastrophic health expenditures.

That means government money spent on health so far has ended up primarily benefiting the recipients of the payments – care providers, pharmaceutical companies, high-end medical equipment manufacturers – but not the recipients of health services, the patients.

Now, elites of the Chinese health sector – executives of large hospitals (where more than 90 per cent of health services are provided) and the most educated and credentialed senior physicians – have constituted strong, and quite effective, opposition against any reforms that would undermine the working of the market mechanism, upon which their vested interests depend.

That is why, so far, such reform can only be implemented in smaller, grassroots health institutions. When it all boils down, it is under the auspices of the same old ideology, a.k.a. neoliberalism, that the health elites have been able to successfully stand their ground.

The migrant workers’ persistent plight offers another illustration that the Hu-Wen “New Deal,” which repeatedly pledges to pay greater attention to social justice, is nothing new. If anything, the exploitation suffered by workers has only been intensified.

The officially registered cases of labor disputes due to various reasons, such as remuneration, labor protection, welfare, and violation of contract, mounted up

under the current regime from 226,000 in 2003 to 693,000 in 2009. That number went down a bit in 2010, but remained about three times the 2003 level.

In 2010, a spate of suicide deaths of young migrant workers at Foxconn, the electronic giant manufacture for, among others, Apple, Dell, and HP, spurred a public outcry. Under the pressure both from home and abroad, Foxconn vowed to improve working conditions for its more than 1 million rural migrant employees. But a report released just a few weeks ago finds routine violations of industry codes of conduct, ranging from excessive overtime (including having employees work more than 60 hours a week, and sometimes more than 11 days in a row) and insufficient payment to op-

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pressive working conditions. Another recent investigation conducted by Chinese scholars and college students, in addition to disclosing similar findings, points out that Foxconn in recent years has actually been increasingly helped by local governments, from granting tax breaks to recruiting cheap laborers.

China now has approximately 250 million rural workers, of which 150 million are working outside their registered home areas. Approximately 58 million rural children are left behind. Evidence suggests that the material gains of parental migration might have been overshadowed by its negative impacts on these children’s health and education. Children who have been left behind face higher risks of kidnapping, nonfatal unintentional injuries, physical inactivity, Internet addiction, alcohol and tobacco consumption, overweight, malnutrition, stress, and suicidal thoughts. Children of poor families are especially vulnerable.

Under the Hu-Wen administration, China’s Gini coefficient has reached a threatening level. At the top of the pyra-

mid rests a small percentage of its population who have become rich measured by any standard. More importantly, political power and wealth go hand in hand. At the other end of the social spectrum, the Chinese working class, despite their constitution-recognized status as “masters” of the country, is dominated in not only economic but also political terms.

Since the reform in the 1980s, rural migrant workers had never had their own representation at the National People’s Congress (NPC), which is China’s version of parliament, until the current 11th NPC. In 2008, three rural migrant workers were elected as delegates. That has been touted as a significant democratic progress. But given that migrant workers constitute about one fifth of the Chinese population, three out of a total of 3,000 delegates are nowhere close to being proportionate.

This posts a stark contrast with the pre-reform period. At the 4th NPC held in 1975, workers and farmers constituted the main body of the delegates, while cadres and intellectuals were the minority. Three decades later, NPC delegates are primarily composed of cadres, celebrity professionals, and, last but not least, state and private sector entrepreneurs; delegates from the grassroots working class are rare.

Indeed, this year’s NPC session has been dubbed as a “rich men’s club,” or the “Beijing fashion week.” Delegates, whose full title is “people’s delegate,” are frequently seen to wear/carry luxury items that can easily cost a working people’s annual income. But those Birkin bags and Armani suits are only the tip of the iceberg: despite the gloomy economy, the estimated net worth of the richest 70 delegates of this year’s NPC session gained an 11.5 per cent of increase from last year and amounted to \$89.8 billion, which dwarfs by more than ten times the net worth of the three branches of the U.S. government combined.

China’s economy since the 1980s has followed an export-oriented model based on low-wage production. As a result, 30 years later, on the one hand, it has gained phenomenal GDP growth, but, on the other hand, domestic demand from consumer spending has fallen far behind. Workers’ protests against inhumane exploitation are soaring. In other words, the Chinese economic miracle is increasingly becoming, both economically

return service requested

and politically, unsustainable.

The World Bank has reached the same conclusion in a new report released just a couple months ago, “China 2030: Building a Modern, Harmonious, and Creative High-Income Society.” The production of the report was led by the World Bank President Robert Zoellick, who has a background as a former Wall Street banker and senior U.S. government official.

The solutions prescribed in the report, however, prove to be no more than old wine in a new bottle: further marketization and privatization of industries and services that are currently kept as state assets.

Between the mid-1990s and the mid-2000s, most state and collective enterprises in China were privatized. The state now only keeps control over a few “key” or “strategic” sectors that concern public safety or national security.

The World Bank report says that by breaking up state monopolies and oligopolies in these sectors, higher efficiency will follow. This argument would certainly bring many the sense of déjà vu, especially for those who are familiar with

the devastating reforms implemented in Latin America and East Europe.

Nevertheless, the incumbent Chinese leadership is sold. It has decided to follow the “silver bullet” wholeheartedly. In the Government Work Report 2012, Premier Wen welcomed private capital – not only domestic but also foreign – to enter “railway, public utilities, finance, energy, telecommunications, education and medical care.” The rationale given is, again, that state monopoly has impeded competition and efficiency.

Of course, what is not mentioned explicitly in both Wen’s report and the World Bank report is that the opening of these sectors means the most lucrative opportunities for private investors.

While being friendly to private capital, the government is playing tougher against social unrests. Following the abrupt removal of Bo Xilai, former Politburo member who attempted to install some social democratic policies, the authority has been very quick and decisive at silencing public discussion, especially among the leftists.

China’s recent internal security spending – mostly on armed police and public

security – is growing more rapidly than GDP; in 2010 and 2011, it went up by, respectively, 16 per cent and 14 per cent; it is set to continue rising in 2012 by 11.5 per cent, which is still 4 percentage points higher than China’s target 2012 GDP growth.

China’s economic miracle so far has depended, to a great extent, on the oppression and exploitation of the working class. The officially announced poverty rate may have decreased, but the picture gets much bleaker when taking into account the working class’s loss of affordable medical care and other public services, decent working conditions, and, last but not least, political strength. Further embrace of capitalism is unlikely to help.

The scorpion’s sting may not be fatal yet, but it seems that the frog does not care. That is what is really worrisome. **CP**

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