

# Chinese media attacks “Chongqing model”

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Even as the personal fate of disgraced Chongqing Communist Party secretary Bo Xilai remains unknown, his “Chongqing model” of state-led capitalism is under attack by the state-run media. The criticisms of Bo are designed to justify a new round of pro-market restructuring involving the further opening up of the Chinese economy to Western capital.

An article published last week by the *National Business Daily*, and widely circulated in the state media, debunked the “shared prosperity” in Bo’s Chongqing as “just an empty phrase.” It said his economic policy was essentially the same as in the coastal export zones, relying on an influx of foreign capital, attracted by heavily subsidised land costs, reduced taxes and cheap credit. The author warned: “There is nothing innovative and reforming [in the Chongqing model] and it contains extremely high dangers for the future.”

What the article objected to most strongly was the municipality’s support for token social spending, saying it was unsustainable. In 2011, Chongqing’s revenues rose by 51 percent to 150.8 billion yuan, and spending by 45.7 percent to 164.1 billion yuan. However, most of the increased revenue came from real estate transactions: primarily the sale of state land for industrial development, amid rampant property speculation, accompanied by the evictions of many farmers.

Some “new left” academics in China have hailed the “Chongqing model” as a means for making limited social concessions to workers and farmers. But sections of the Beijing bureaucracy, given voice via the *National Business Daily*, are concerned that a collapse of property bubbles and a major contraction in industrial production would leave many rural migrant

workers jobless and homeless, leading to serious social unrest.

Bo’s other highly publicised campaign—his supposed crackdown on organised crime—has been heavily criticised for arbitrarily targetting private businessmen and seizing their assets on the basis of dubious charges.

*Caijin*, a leading financial journal, interviewed Jiang Ping, a Chinese University of Politics and Laws professor, who attacked Bo’s crackdown as “a step backward from rule of law” by restoring “the legacy of the Cultural Revolution.” He said Bo had used illegal methods, including torture, to extract confessions, similar to the way in which the “Red Guards” had staged sham trials of anyone labeled an enemy of Chairman Mao.

Professor Jiang called for “political reform,” including “a gradual move to a constitutional system” and “the independence of the prosecutors and courts,” in order to “protect private property” against government interference. His comments reflect concerns in the ruling elite that, despite three decades of capitalist restoration, private property lacks sufficient legal guarantees.

Because of rising popular anger and disgust over widening social inequality, the new Chinese bourgeoisie has a strong sense of insecurity. In particular, the former state bureaucrats whose initial capital came from the plundering of nationalised property, are widely viewed as corrupt and criminal.

Bo attempted to exploit the public discontent by issuing populist denunciations of the social evils produced by capitalist restoration in China. At the same time, Bo, his family members and associates amassed

considerable wealth by acting as facilitators for foreign investment in Chongqing.

Bo was dismissed after Premier Wen Jiabao warned at last month's National People's Congress (NPC) that China could face social upheavals similar to the so-called Cultural Revolution, which Mao initiated in 1966, primarily to purge his factional rivals in the Stalinist bureaucracy. Mao unexpectedly unleashed a working class revolt, seeking to overturn the privileged bureaucratic apparatus and establish democratic forms of workers' rule. Mao soon stepped in to deploy the army to suppress the movement.

Wen is well aware that Bo's populist rhetoric has nothing to do with Marxism or socialism. Rather, Bo is supported by elements in the ruling bureaucracy whose interests are bound up with the maintenance of state support and protection for industry. The Beijing leadership fears that Bo's criticisms of the "new capitalist class" could trigger a rebellion by the working class.

There are growing signs that the international economic crisis is impacting on China through a slowdown in exports and the overall economy, creating the potential for financial instability. The political attacks on Bo are being used to defend the further opening up of China to foreign capital and its closer integration into the global capitalism.

International capital is demanding access to key sections of the economy that are still heavily state-protected. The 121 largest state enterprises have combined assets of \$US3.65 trillion. State-controlled financial assets, held by state banks, securities and insurance firms, are estimated to total \$23.7 trillion. A new round of restructuring would thus free up massive amounts of capital for Western banks and corporations.

Significantly, the state-owned *China Daily* recently posted a large advertisement on the *Washington Post* website to highlight Premier Wen's remarks at the NPC. The ad was clearly aimed at the corporate heavyweights and government policy-makers in Washington. "China will further advance its reform and opening-up policy this year by encouraging companies

to go abroad and by ensuring there are more opportunities for private companies," Wen was quoted as saying.

Along with the media attacks on Bo, the press has published articles shamelessly justifying social inequality in the manner of the most right-wing apologists of capitalism.

A *Global Times* editorial on March 27 attacked the notion of social welfare, declaring: "The long-term goal of the Chinese people should not be distributing and enjoying wealth but creating wealth... A new risk China is confronted with is that irrational propositions on social welfare have become dominant on the Internet. They even press and disturb the government's policymaking. It is time for society to take a step back and reflect on what is achievable."

The class interests at stake are not hard to uncover. Top leaders, like Wen, are set to become the biggest beneficiaries of a new wave of reform. Their family members would be allowed to formally appropriate, as their private property, the huge state-owned companies already under their control. Wen's son, Wen Yunsong, a billionaire private equity investor, is currently president of the state-owned China Satellite Communication Corporation. Wen's wife, known as the "Diamond Lady," is a wealthy businesswoman in China's lucrative jewelry trade.



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