

# Bo Xilai suspended from Chinese Communist Party leadership

John Chan  
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Tuesday's dramatic announcement that the former Chinese Communist Party (CCP) secretary in Chongqing, Bo Xilai, had been suspended as a member of the Central Committee and Politburo is an indicator of deepening divisions within the Stalinist bureaucracy.

The state-run Xinhua news agency declared that Bo was being investigated by the CCP's anti-corruption watchdog, the Central Commission for Discipline Inspection, for "serious violations of discipline." Although the exact charges against Bo are unknown, his wife, Gu Kailai, and a secretary, Zhang Xiaojun, are in custody as "strong suspects" in the murder of a British business partner, Neil Heywood, last November.

Bo disappeared from public view on March 15 after Premier Wen Jiabao openly criticised him at a press conference and warned that his populist rhetoric could produce a repetition of Mao Zedong's so-called Cultural Revolution. His fate has been the subject of intense speculation, including an Internet rumour of an attempted coup in Beijing involving pro- and anti-Bo factions.

The state media has generally described the investigation of Bo as a victory of the "rule of law" against a "power abusing" official, who was apparently trying to shield his wife over Heywood's murder. The British businessman's body was found in a Chongqing hotel room last year, his death initially attributed to excessive alcohol consumption.

The accusation of murder emerged only after Bo's former police chief, Wang Lijun, sought asylum at the US consulate in Chengdu. Unnamed sources told the *Financial Times* last month that Wang had provided

documentary evidence to US officials of Bo's crimes, including an order to murder Heywood.

The entire affair remains murky. Heywood worked as a consultant for Aston Martin and other international corporations operating in China. He was associated with Hakluyt & Co., a strategic-intelligence company founded by former British intelligence officials.

Whether true or not, the accusations against Bo are not the main reason for his removal. The CCP leadership has been deeply concerned that his criticisms of "a new capitalist class" in China could unleash a revolt in the working class amid an economic slowdown, falling exports and signs of crumbling real estate speculation.

The explosive character of social tensions was underscored on Tuesday night when 1,000 riot police reportedly clashed with 10,000 protesters in the Wansheng district of Chongqing. According to the *China Jasmine Revolution* web site, the street battle continued the next day, with up to 100,000 demonstrators taking part.

The protest was not in support of Bo, but against his plans to merge the economically depressed copper mining district with an even poorer district. The amalgamation would result in a deterioration of living standards, including the cutting of pensions and the wages of teachers.

Despite his populism, Bo and his family are intimately connected to China's business elite. As part of the crackdown on Bo several of his wealthy business associates are reportedly under investigation for

“economic crimes.” Among them is the billionaire Xu Ming, who owns the Dalian Shide group, a conglomerate producing building materials, cars and plastics.

Several neo-Maoist web sites, such as *Utopia* and *Maoflag*, were shut last Friday on the grounds that they “published articles that violated the constitution, maliciously attacked state leaders and speculated wildly about the 18th Party Congress.” These web sites have been criticising the ruling “capitalist roaders” for the past decade, with the protection of figures such as Bo.

Bo’s downfall is associated with an intensifying power struggle as the CCP prepares for a transfer from the current leadership headed by President Hu Jintao and Premier Wen to Vice President Xi Jinping and Vice Premier Li Keqiang. Bo had been poised to join the nine-man Politburo Standing Committee at the 18<sup>th</sup> party congress later this year.

Bo represents a wing of the ruling bureaucracy that has sought to resist any further opening up of the state sector to foreign investment. The major state monopolies are the source of huge profits and thus of power and wealth for those who control them. Last year, the Big Four state banks recorded a combined profit of \$99 billion.

Premier Wen, however, has effectively declared war on the “monopolies” and their “easy super-profits,” in order to integrate China’s closed financial system into global markets and capital flows—as demanded by international financial capital. One of the first steps, initiated last week, was to increase the permitted size of foreign institutional investment in the Chinese stock market from \$30 billion to \$80 billion.

The Bo faction is connected to hawkish elements in the state bureaucracy and army. Their calls for the protection of state enterprises is related to the argument that China must prepare militarily to counter the efforts of the Obama administration to undermine Chinese strategic and economic interests in Asia and internationally.

Lin Zuoming, chief of the state-owned Aviation

Industry Corporation of China, this week denounced the privatisation of state enterprises as “a foreign plot” to undermine the regime, saying the army would be the next target. “When the state-owned economy has collapsed, the enemies will seek the army’s collapse,” he told the *China Aviation News*. Lin said “privatising the economy and taking away the party’s control of the army” were “conspiracies by international enemies to shake the base of the ruling party.”

Amid ongoing political tensions, the loyalty of the army has become a major theme in the state media, with an emphasis on absolute obedience to the Hu leadership and the need to combat online rumours. A *People’s Liberation Army Daily* editorial warned troops not to “heed or believe all kinds of hearsay and dark stories.”

Even though Bo has been purged from the CCP leadership, the underlying conflicts remain unresolved and are likely to erupt again as the party congress approaches.



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