

The downfall of Bo Xilai in China

John Chan
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The dramatic downfall of Bo Xilai, a former Chinese Communist Party (CCP) central committee and politburo member, is a sharp expression of the deepening political and economic crisis in China.

Bo was stripped of his post as party secretary in Chongqing last month, then arrested. He faces serious corruption charges and could face the death penalty over the alleged murders of his wife's British business partner Neil Heywood and at least two policemen who refused to cover it up. Until the allegations emerged, Bo had been considered a candidate for the CCP's top body—the Politburo Standing Committee—in the leadership change due later this year.

Bo, who was known for his populist criticisms of the country's wealthy elite, presented himself as a “servant of the people” on a salary of \$26,000 a year and his wife, Gu Kailai, as a stay-at-home mother. In fact, relying on Bo's political influence, Gu, according to *Bloomberg News*, “controlled a web of businesses from Beijing to Hong Kong to the Caribbean worth at least \$126-million.” Their son, who went to the elite Harrow private school in Britain, is now studying at Harvard and is notorious for driving expensive sports cars.

Neil Heywood reportedly was part of Bo's “inner circle,” lining up foreign investors for Bo's fiefdoms in China and helping the family to transfer huge sums of money abroad. He was found dead last November—allegedly poisoned by Bo's wife. A cover-up fell apart after a police team refused to sign a document declaring Heywood had died of excessive alcohol consumption.

The case of Bo is so politically sensitive precisely because it exposes the staggering levels of corruption at the very top levels of the party and state apparatus. It

has further undermined the legitimacy of the capitalist class that has emerged in China as a result of the processes of capitalist restoration since the 1970s, fuelling deep popular anger and resentment.

Recent statistics compiled by the Chinese Academy of Social Sciences (CASS) conservatively estimated that some 18,000 officials had transferred illicit money to the tune of \$123 billion out of the country from 1990 to 2008.

Premier Wen Jiabao's family, for instance, is believed to be one of the richest in China. His son Winston Wen has an MBA from Northwestern University and extensive interests in the private equity market and telecommunications. Wen's wife Zhang Peili was president of Beijing Diamond Jewelleries and made a fortune in the diamond trade.

The worsening world economic crisis has exacerbated tensions in China's ruling elite. The global financial turmoil that erupted in 2008 exposed China's dependence on Western investment, technology and markets. As exports to the US and Europe plunged, 23 million Chinese workers quickly lost their jobs. The CCP regime narrowly avoided a social explosion through a massive stimulus package and a flood of cheap credit from state banks.

Nearly four years later, Beijing's hope of a swift recovery in the West has not eventuated. Austerity measures in Europe and the US are driving down consumer spending and thus the demand for Chinese exports. In China, growth rates are falling, the speculative boom in property threatens to implode and the first signs of social unrest have emerged in strikes and protests. These economic difficulties are being compounded by the Obama administration's aggressive

“pivot to Asia” aimed at undermining Chinese influence throughout the region.

Bo’s downfall is bound up with divisions inside the CCP over how to respond. Wen and President Hu Jintao are seeking to open up the remaining state-owned sectors to Western capital in the expectation that a new influx of investment will maintain high economic growth and prevent a social upheaval. At the same time, they hope this will appease the Obama administration, which has repeatedly demanded changes to China’s alleged “unfair trade practices.”

Bo, on the other hand, has been associated with layers inside the CCP closely connected to the state-owned conglomerates and banks, which have amassed large profits in recent years due to continuing state protection. Last year the Big Four state banks recorded a combined profit of \$99 billion. Bo and his supporters call for this money to be used to transform the biggest state enterprises into national “champions” that can challenge the economic dominance of Western corporations.

At last month’s National People’s Congress (NPC), Wen effectively declared war on the “monopolies” and their “easy super-profits.” In a pointed reference to the populist rhetoric of Bo, the premier also warned that China could face social turmoil like the so-called Cultural Revolution of the 1960s. Bo’s dismissal as Chongqing Party Secretary immediately followed.

The political infighting inside the CCP will only intensify as the country’s economic problems worsen. While now the world’s second largest economy, China remains completely dependent on foreign capital, technology and markets and is thus being heavily impacted by the deepening global economic breakdown.

The CCP as a whole is acutely aware that the country’s falling growth rate threatens mass unemployment and widespread social unrest. That is why the issue of corruption in the upper echelons of the state apparatus is such a politically explosive issue. It poses real dangers to the CCP regime and the capitalist class that the party represents.

The lesson that Chinese workers must draw is the necessity of building an independent revolutionary movement based on socialist internationalism in opposition to the thoroughly rotten CCP bureaucracy. That involves an assimilation of all the political lessons of the protracted struggle of the Trotskyist movement against Stalinism and Maoism in China and internationally. What is required is the construction of a Chinese section of the International Committee of the Fourth International as the genuine vanguard party of the working class.

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