

Chinese leadership turmoil continues

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There are signs that the leadership turmoil inside the Chinese Communist Party (CCP) is continuing following the fall of Chongqing party chief Bo Xilai in March.

A *Financial Times* article on May 13, citing unnamed senior CCP officials, reported that the man in charge of state security, Zhou Yongkang, “has relinquished day-to-day control of the country’s police, courts and spy networks” in the wake of the Bo scandal. Even though he retained the title of secretary of the party’s political and legal affairs committee, Zhou’s powers had been handed to the minister of public security, Meng Jianzhu.

Zhou is a member of the CCP’s top body—the nine-man Politburo Standing Committee. He has been the subject of intense speculation, as he is believed to have been a backer of Bo. Wild online rumours accused Zhou of being at the centre of a “coup” attempt in Beijing immediately after Bo’s downfall.

Zhou is aligned with the CCP’s so-called “Shanghai Gang” faction of former President Jiang Zemin. The current Chinese leadership, headed by President Hu Jintao and Premier Wen Jiabao, along with Wen’s appointed successor, Vice Premier Li Keqiang, belongs to the party’s Communist Youth League faction.

According to the April issue of the Hong Kong-based *Trend* magazine, Zhou has been under internal investigation in connection with the corruption allegations against Bo. The former Chongqing party leader had planned to install 500,000 surveillance cameras in the municipality at a cost of \$2.4 billion, through a joint-venture involving a security equipment company, Hikvision, closely connected to Zhou.

Murdered British businessman Neil Heywood also invested in the project. He was allegedly killed by Bo’s wife last November over a dispute about the division of the profits. The Hu-Wen leadership exploited Heywood’s death to purge Bo from his post as Chongqing party chief and place him under arrest.

The Chinese state media has played down any suggestion that Zhou has been sidelined, showing him carrying out his normal public duties. The government is conscious of the danger that if Zhou, as a member of the CCP’s senior body, is implicated in corruption the credibility of the entire leadership, including Hu and Wen, will be further tarnished.

Zhou was the former chief of the state-owned China National Petroleum Corporation and played a key role in the 1990s in developing Sudan as a major oil supplier. His personal wealth remains a closely guarded secret. But according to a report from the *Boxun* dissident web site, his son, Zhou Bin, accumulated over 20 billion yuan (\$US3.1 billion) with Bo’s help.

A 2009 US diplomatic cable published by WikiLeaks provided an assessment of how the top CCP leadership “had carved up China’s economic pie”—former Premier Li Peng’s family controlled “electric power interests”, Zhou had the oil monopolies, Premier Wen the “precious gems”, etc. The cable likened President Hu to a chairman of the board, balancing between different vested interests.

While Zhou’s political fate is uncertain, the speculation that he has been sidelined points to deep divisions within the Chinese regime. Since Bo’s removal in March, the state media has repeatedly stressed the necessity of the army staying loyal to the current party centre headed by Hu. This indicated that

sections of the military were behind Bo.

A recent *Wall Street Journal* article reported that several generals close to Bo had been sidelined or were being probed over corruption. One is the Logistical Department's political commissar, Liu Yuan—son of Liu Shaoqi, who was president under Mao Zedong. Another is Zhang Haiyang, the political commissar of the Second Artillery Corp, China's nuclear missile force.

Bo's removal is bound up with a broader conflict within the CCP regime over how to deal with the impact of the deepening global economic crisis on China. The slowdown of the Chinese economy threatens to produce sharp social shocks. At the same time, Beijing is confronting aggressive moves by the Obama administration to strengthen the US strategic and military position in Asia at China's expense.

Bo's removal came in the wake of a World Bank report pushing Beijing to adopt a new wave of "free market" restructuring, centred on the promotion of a greater role for private capital and the dismantling of remaining state monopolies. Hu and Wen have indicated their support for this agenda and for greater foreign investment. They hope this will blunt US criticisms of China's alleged "unfair trade practices."

Bo is associated with the so-called "new left" tendency. This has nothing to do with socialism or Marxism, but urges government protection from foreign competition for domestic and state-owned business. Their academic representatives warn that "neo-imperialism" is marginalising China's "national" enterprises. On the geo-political front, they advocate preparations for an eventual military confrontation with the US.

Bo's rhetorical attacks on the "capitalist road" taken by the current regime and defence of state monopolies provoked concern in party and business circles. His limited handouts to the poor in Chongqing were criticised for promoting "unrealistic" expectations in a period of economic crisis and encouraging opposition to further privatisation and restructuring.

In opposition to the "Chongqing model", Hu and Wen, as well as the international financial press, have promoted the "Guangdong model" of provincial party chief Wang Yang. Wang has been hailed as the champion to efforts to extend the program of capitalist restoration initiated by Deng Xiaoping in the 1980s in Guangdong. He was a rival to Bo for a seat in the Politburo Standing Committee.

In an apparent response to Bo's handouts, Wang told the Guangdong party congress on May 9: "We must get rid of the misconception that the people's happiness is a gift from the party and government." The Guangdong model has been based on the promotion of private enterprise and foreign investment and a winding back of any guarantees of social protection.

Wang tries to posture as a democrat. He defused a tense standoff last year between police and villagers in Wukan who were protesting against the corrupt sale of their land by allowing an election for the local party committee. Premier Wen has since touted this initiative as a model for "political reform" throughout the country. By allowing limited local elections, Wen is hoping to secure the support of sections of the middle classes for the regime.

The differences between the various CCP factions are entirely tactical, centred on how to best shore up the power and privileges of the country's wealthy political and business elite. The leadership is united in its hostility to the working class and would quickly come together in the face of any movement of workers and rural poor to demand their basic rights.



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