

China: Bo Xilai expelled from the Communist Party

John Chan
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The expulsion of former Chongqing party secretary Bo Xilai from the Chinese Communist Party (CCP) yesterday follows months of factional infighting in the lead-up to the 18th party congress that is due to effect a once-in-a-decade leadership transition.

The CCP Politburo formally announced Bo's expulsion, stripped him of all remaining positions and put him on trial for criminal charges. At the same time, the leadership finally set a date for the congress—November 8—signalling that the main party factions have reached a temporary agreement so as to proceed with the gathering.

Bo was removed as Chongqing party secretary in March, after his former police chief Wang Lijun entered the US consulate in Chengdu in February and attempted to defect. Extraordinary allegations began to emerge of corruption and the involvement of Bo's wife Gu Kailai in the murder of British business partner Neil Heywood. In August, Gu admitted to killing Heywood and received a suspended death penalty. Wang was sentenced earlier this week to 15 years jail for taking bribes and attempting to cover up the murder.

The trials of Gu and Wang set the stage for moving against Bo. An investigation by the Central Commission of Discipline Inspection found that Bo had “abused power”, “committed serious mistakes” and bore a “major responsibility” for his wife's murder of Heywood. It accused him of “serious violations of party discipline” not only as Chongqing party secretary, but when he was in charge of the city of Dalian, then Liaoning province and during his time as commerce minister.

The list of charges against Bo included receiving “huge bribes”, helping family members and associates to accrue “huge financial benefits” and having “improper” sexual relationships with a number of women. The investigation referred to evidence of unspecified “other crimes” without giving any details.

The Politburo decision to take action against Bo as a “corrupt element” takes place after months of deliberation. All CCP factions recognise the political danger that his trial will focus attention on official corruption which is rampant at every level of the state bureaucracy.

During Wang's trial, it was revealed that the former police chief received 3 million yuan (\$US477,000) in bribes from Bo's billionaire crony, Xu Ming, from the Shide Group in Dalian. But this is only the tip of the iceberg. Already, according to an investigation concluded on September 23, Xu gave one third of the 100 million yuan in bribes Bo received when he was in charge of Dalian and Liaoning in the 1990s and early 2000s.

The charges against Bo only point to what is common knowledge: the utter lawlessness of the top leadership in pursuing staggering levels of wealth. Under conditions of slowing growth, rising social tensions and a growing wave of strikes and protests, the fear in ruling circles is that the exposure of Bo's corruption could fuel greater upheavals.

Bloomberg News carried out an investigation in June of public documents related to Vice President Xi Jinping, who is due to take over as China's president from Hu Jintao at the congress. It found that Xi and his

extended family members presided over an extensive economic empire, including in real estate holding companies with total assets of \$376 million; an 18 percent stake in a rare earth company that has \$1.73 billion in assets; and a \$20.2 million holding in a telecommunication firm. The extent of this wealth is not unusual among top CCP figures, especially the so-called “princelings,” or children of the former CCP leaders.

The official statement announcing Bo’s expulsion was unusually harsh. “Bo Xilai’s behaviour created serious negative consequences, seriously damaged the party and the country’s reputation in China and abroad, created an extremely negative result, and created huge losses for the party and the Chinese people,” Xinhua news agency declared.

Behind this language are political differences. Bo and his backers have been critical of the leadership of President Hu and Premier Wen Jiabao. The New Left, an amorphous grouping of academics and commentators supportive of Bo, have called for the protection of state-owned enterprises and native capitalists and criticised the government’s “neo-liberal” agenda of encouraging further foreign investment. In foreign affairs, these layers advocate a more assertive defence of China’s geo-strategic interests, including militarily, in response to the Obama administration’s aggressive efforts to undermine China’s influence in Asia.

The decision to put Bo on trial could well signal a new round of even more savage free market restructuring and the dismantling of the remaining state sectors, which still account for a significant proportion of the Chinese economy. This would go hand in hand with an attempt to reach a new economic and strategic accommodation with the US.

Just prior to Bo’s removal as Chongqing party secretary in March, the World Bank and China’s State Council led by Premier Wen released a joint report calling for the opening up of the country to a new wave of foreign investment. The Hu-Wen Young Communist League (YCL) faction of the CCP clearly hopes that this strategy will reverse the economic slowdown

produced by falling export markets in the US, Japan and Europe.

Bo was more closely aligned with the YCL’s main rival—the Shanghai faction led by former president Jiang Zemin, which still has significant influence in the CCP’s top Politburo Standing Committee. While more supportive of the state sector and protectionism, Jiang’s faction was responsible for the last wave of extensive privatisations in 1990s that destroyed tens of millions of jobs and paved the way for China to join the World Trade Organisation in 2001.

None of the factional differences have been resolved. Bo had significant support for his policies within the CCP. The unnamed editor of a CCP-run newspaper told the *Washington Post* earlier this week that the “party would split” if he was expelled.

The political infighting can only worsen as the global economic crisis impacts China and the US intensifies its efforts throughout the Asia Pacific region to encircle and contain China. A CCP congress, especially one that involves a leadership transition, is usually choreographed months, if not years in advance. While a date has now been set for the 18th Congress, the proposed new line-up for the Politburo Standing Committee and even the number of its members, are yet to be made public. All this points to an ongoing political crisis in the CCP’s top leadership.



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