

Chinese president's top aide sidelined

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In another sign of an intense factional struggle within the top levels of the Chinese Communist Party (CCP) bureaucracy, Ling Jihua was removed as head of the party's central committee general office on September 2.

Ling was President Hu Jintao's right-hand man. His position was roughly equivalent to the US president's chief of staff. He has been Hu's close ally since they worked together in the Young Communist League (YCL) apparatus during the 1980s. His reassignment to a ceremonial role, as one of the numerous vice chairmen of the People's Political Consultative Conference, appears to be a setback for Hu's dominant YCL faction in the lead up to the crucial leadership transition at the 18th CCP congress, likely to be held next month.

Ling's sidelining could be a counterblow by CCP layers supportive of now disgraced Chongqing party secretary Bo Xilai, who was removed from his post in March amid a scandal surrounding his wife's murder of a British business associate. The leadership's Shanghai faction reportedly opposed the investigation into Bo, who was accused of covering up the murder and other corruption charges.

Ling's removal is apparently linked to the unravelling of a cover-up of a salacious incident involving his son just days after Bo's fall. In the early morning of March 18, a black Ferrari worth \$US700,000 slammed into a concrete barrier in Beijing, killing a half-clothed male passenger, and seriously injuring two naked women, one of whom died later. As rumours about an influential playboy mushroomed across the Internet, China's Internet police received instructions to block any comments with terms such as "Ferrari" and "car sex".

For months the identity of the driver was kept secret, until the Hong Kong-based *South China Morning Post* named Ling's son as the culprit in an article on September 3. The incident took on an added significance because the lifestyle of Bo's son, who also reportedly drove a Ferrari, had become part of the scandal surrounding Bo.

Ling's removal provoked intense media speculation about CCP infighting. Jin Hong, a Hong Kong-based political analyst, told the *Los Angeles Times* that the ties between the CCP and the *South China Morning Post's* editor meant the story was sanctioned at the highest levels in Beijing. "Hu Jintao's power base is collapsing very quickly," Jin declared.

Citing sources inside the CCP regime, *South China Morning Post* columnist Wang Xiangwei drew a similar conclusion on September 3: "Hu had seen his political will and bargaining power sapped in light of the scandals, and this had allowed former president Jiang Zemin to wield more influence in deciding the new leadership line-up."

Jiang, who is part of the Shanghai faction, continued to hold political influence during the 2002-03 leadership transfer, when he handed power to Hu. Several members of the small top leadership body—the Politburo Standing Committee—were loyal to Jiang. Moreover Jiang continued to hold the powerful position of chairman of the Central Military Commission (CMC) for two years after he retired. According to columnist Wang, Hu is now unlikely to do the same.

Another indicator of factional strife is the strange disappearance from public life of Vice President Xi Jinping, who was expected to take over from Hu as

president. Xi has cancelled a series of meetings with foreign leaders, including US Secretary of State Hillary Clinton on September 5, and was absent from a meeting last Friday of the CMC, of which he is a vice-chairman. No official reason has been given, prompting speculation on China's Internet blogging sites, which have since been censored. Xi is widely regarded as a compromise figure between two main CCP factions.

Jiang's decision to retain control of the military after 2002-03 reflected concerns that the new leadership of Hu and Premier Wen Jiabao would revise the party's assessment of the 1989 Tiananmen Square massacre. Jiang, who had been installed as president in the wake of the military crackdown on protesting students and workers, always adhered to the pretext that the demonstrations were "counter-revolutionary". Jiang and other CCP leaders were concerned that Hu and Wen would not be prepared to carry out a similar bloodbath to suppress the working class, endangering the political stability of the CCP regime.

Jiang's continued influence ensured that Hu and Wen went no further in pro-market "reforms" than had already been implemented in the 1990s. In that decade, most state-owned enterprises were sold or restructured, leading to the destruction of tens of millions of jobs and paving the way for China to join the World Trade Organisation (WTO) in 2001. However, about 120 large state-owned groups—China's so-called national champions—were preserved in key strategic sectors.

Before the onset of the global financial crisis in 2008, the Chinese economy continued to boom, driven by a vast expansion of exports to the US and Europe. Hu's promotion of Chinese diplomacy under the banner of China's "peaceful rise" also appeared to be successful. Chinese influence expanded, especially in Asia, as the US was preoccupied with its neo-colonial wars in Afghanistan and Iraq.

Since 2008-09, however, the situation has changed dramatically. Beijing's huge stimulus packages failed to stem the impact of falling export markets and led to a rampant property speculation. There are now mounting signs that the economy is slowing significantly, raising the prospect of mass unemployment and social unrest.

On the diplomatic front, the Obama administration's diplomatic and strategic offensive, or "pivot" to Asia, over the past three years has rapidly undermined the diplomatic and strategic gains made by China.

The economic downturn, combined with growing tensions with the US, has opened up divisions within the CCP leadership over how to respond. Bo's removal in March coincided with the Hu-Wen leadership's adoption of far-reaching World Bank report recommendations that included the dismantling of the remaining state-owned "oligopolies" to encourage a new wave of foreign investment and boost economic growth. Sections of the CCP associated with Bo have called for a different course—the protection and strengthening of the state sector—and a more assertive defence of Chinese strategic interests against US encroachment.

The details of the factional warfare inside the CCP leadership remain a closely guarded secret. Each of the factions is based on layers of the CCP bureaucracy and corporate elite that are desperately seeking to shore up their power, privileges and wealth at the expense of their rivals. The factions are united in their fear of, and hostility to, the working class and the rural masses, who will be forced to bear the brunt of the emerging economic crisis in China.



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