

China's new leaders: Profiles of oligarchs

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The profiles of the seven members of the Politburo Standing Committee of the Chinese Communist Party (CCP) unveiled last Thursday underscore the utterly corrupt and oligarchic character of the regime.

While the committee's composition is the result of a protracted factional struggle between the Young Communist League (YCL) headed by outgoing President Hu Jintao and the "Shanghai gang" led by former President Jiang Zemin, its members share common characteristics. They have no connection with the 1949 Chinese revolution and represent the new property-owning elite created by the regime's program of restoring capitalism over the past 30 years.

The new general secretary, Xi Jinping, is a compromise figure, agreed by the two main factions. Only Li Keqiang, the incoming premier, is associated with the League faction. Two other members, Liu Yunshan and Wang Qishan, are acceptable to both factions. The other three, Zhang Dejiang, Yu Zhengsheng and Zhang Gaoli, are closely associated with the Shanghai clique.

Xi Jinping rose to power because of his father, Xi Zhongxun, a senior bureaucrat purged by Mao in 1965 for being a so-called "capitalist roader." His father's career was revived after Deng Xiaoping came to power in 1978, and appointed him to establish the first "special economic zone" in Shenzhen. The young Xi spent 22 years in the eastern coastal provinces, such as Fujian and Zhejiang, where he became known for fostering private enterprise.

Xi's record in Zhejiang from 2002 to 2007 was praised by Zong Qinghou, the chairman of China's biggest soft drink maker, Hanzhou Wahaha Group. "We didn't have to seek approval for every action we took, such as selecting a site for a factory," Zong enthused. Zong's fortune grew rapidly, and he is now the world's 34th richest man, worth \$19.2 billion.

An investigation by *Bloomberg* in June found that Xi's extended family members had amassed a fortune of \$367 million, including shares in a state-owned rare earth company. Often, CCP leaders use relatives' names or even false identities to hide their interests. Undoubtedly, the family wealth will soar in coming years.

The incoming premier, **Li Keqiang**, was a Peking University student in the early 1980s, when the campuses were permitted to actively promote Western capitalist ideas. CCP general secretary Hu Yaobang, who led the forerunner of the YCL faction, was later

purged by Deng in 1986 for encouraging "bourgeois liberalisation." Hu's death in April 1989 triggered university student protests calling for "political reform" which unexpectedly allowed the working class to intervene and raise its class demands. The regime responded by deploying the army to crush the movement in Tiananmen Square and nationally. While some of his classmates who participated in protests were imprisoned, Li did not take part and was promoted to the YCL leadership.

Li was the man behind the *China 2030* report, co-written with World Bank earlier this year—a blueprint to further open up the Chinese economy to global capital, including by privatising most remaining state enterprises, a process likely to destroy millions of jobs. Li will be in charge of implementing this social onslaught against the working class.

Li presided over one of the worst healthcare disasters in recent history—the epidemic of HIV/AIDS in Henan province when he was the governor and then party secretary in the 1990s. In a totally unregulated practice, drug companies bought plasma from desperately poor farmers. Unsafe practices led to clusters of "AIDS villages" and thousands of deaths.

In the lead-up to last week's 18th party congress, **Zhang Dejiang** was dispatched to replace Bo Xilai, who was removed as Chongqing party secretary. Zhang told reporters at the congress: "There is no Chongqing model." Under conditions of deepening global slump, Bo's "model" of relying on export-led growth to finance limited social spending became unviable. When he took over Chongqing government, it had huge debts, totalling \$80 billion. He insisted there would be no change to the pro-market policy of "reform and open up" in Chongqing, because the main task was not to redistribute wealth, but develop the economy.

Zhang is known for his "laissez-faire" economic policy and iron-fisted approach to workers when he was in charge of Zhejiang and Guangdong provinces in the 1990s and early 2000s. In Guangdong, he covered up the outbreak of Severe and Acute Respiratory Syndrome (SARS) in 2002, which led to a global epidemic. He ordered the violent suppression of several mass rural protests, including the fatal shooting of 20 farmers in Shanwei in 2005.

Zhang was allegedly involved in the plundering of Shenzhen Airlines. He allowed a little known businessman to take over China's fifth largest airline in 2005. By 2009, Shenzhen Airlines

was bankrupt, owing some \$16 billion, while huge sums were believed to have been transferred overseas.

Yu Zhengsheng told reporters at the party congress that it would be no problem to make public his assets, because “I don’t have much property.” In fact, he is notorious for corruption scandals involving property and businesses.

Without naming him, China’s leading financial magazine *Caijin*, reported in 2011 that a businesswoman built an empire of 20 companies through a network of corruption involving hundreds of officials. Her entry point to the CCP regime was Yu, when he was the Hubei province party secretary in 2001. The same magazine reported in 2007 that two Beijing-based private companies bought 91.6 percent of the shares in Shandong province’s largest state-owned power company, the Shandong Luneng Group, which had assets of 73.8 billion yuan, for just 3.73 billion yuan. One of the key figures behind the dubious deal was Yu.

After Yu was appointed Shanghai party secretary in 2007, his administration demolished countless residents’ homes to clear land for projects such as the Shanghai World Expo, Disneyland and the Beijing-Shanghai high-speed railway, which provided huge profits for developers and big businesses.

Liu Yunshan has been the hated head of the Propaganda Department since 2002. He enforced President Hu’s program of building a “harmonious society” by tightening censorship as China’s Internet users grew in number to near 600 million. A new expression was invented, “to be harmonised,” which meant to be blocked on the Internet.

In 2003, Liu championed the transformation of the *Beijing News* into China’s first joint-stock company in the state-owned newspapers, spearheading a wave of media restructuring. In 2009, he launched an aggressive nationalist campaign to promote China’s “international opinion,” setting up a CNN-style 24-hour broadcast of English news and launching the US edition of *China Daily*.

Liu’s son, Liu Lefei, just 39, was until recently the president and CEO of CITIC Private Equity. He used his father’s political influence to amass a fortune. He was named by *Fortune* magazine as one of the “25 Most Powerful Businesspeople in Asia” last year.

Vice Premier **Wang Qishang** rose to prominence mainly because he is the son-in-law of a former Politburo Standing Committee member, Yao Yiling. Amid the Tiananmen Square upheaval in 1989, Yao strongly supported Premier Li Peng’s insistence on using the army to suppress the unrest. In the aftermath, Wang was involved in the accelerated opening up of China as a giant cheap labour platform, including the privatisations of the late 1990s that destroyed tens of millions of jobs.

During the 2008 global financial crisis, Wang supported buying

more US government debt in order to back the bailouts of Wall Street. The Bush administration’s Treasury Secretary Henry Paulson, also former CEO of Goldman Sachs, praised Wang in *Time* magazine in 2009: “He is the man China’s leaders look to for an understanding of the markets and the global economy. As a result, China has been supportive of US actions to stabilise our capital markets and has not given in to those who advocate reversing economic reform to insulate China from the world.”

Former Tianjing party secretary **Zhang Gaoli** came from a subgroup in the Shanghai faction, the “oil gang” that was once close to Bo. This faction reflects the interests of the state oil giants that are searching for oil and gas globally, aggravating geopolitical tensions between China and other powers, especially the US.

Zhang is rumoured to have helped Jiang Zemin’s family establish a “special relationship” with Hong Kong’s richest billionaire, Li Ka-shing, in the early 2000s, when Zhang was the party secretary of Shenzhen. Li gave 50 billion yuan (\$US8 billion) via his son’s telecom company to China Netcom, run by Jiang’s eldest son, in exchange for sought-after development land in Beijing. Zhang’s daughter is married to the son of Hong Kong’s “Glass Magnate,” Li Xianyi, who owns one of the largest glass manufacturing businesses in mainland China.

This “fifth” generation of the CCP leadership represents various layers of China’s new bourgeoisie, including openly comprador elements serving Western finance capital, as well as nationalistic tendencies seeking a greater role for China on the world stage. In the face of any challenge from the working class, they will quickly put aside their differences and unite behind police-state repression to defend their power and wealth, and the capitalist order in China.



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