

# China: Bo Xilai trial signals new wave of market “reform”

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22 August 2013

The trial of former Chinese Communist Party (CCP) Politburo member and Chongqing party secretary Bo Xilai, due to commence today, is designed to send a message that the new leadership of President Xi Jinping and Premier Li Keqiang will further open up China to international finance capital.

The state-run Xinhua news agency announced last Sunday that Bo’s trial will be held at the Intermediate People’s Court in Jinan, the capital city of Shandong province. Bo is facing charges of accepting bribes worth some 20 million yuan (\$US3.64 million), embezzling another 5 million yuan and abusing his power by trying to shield his wife from murder charges.

Bo’s fate—he will almost certainly go to jail—has been decided from the very top, by the seven-man CCP Politburo Standing Committee. His conviction is regarded as a necessary step before the Xi-Li leadership presents its latest wave of market “reform” measures to a Central Committee plenum this autumn.

There are signs that a political deal has been reached between rival factions in the CCP over Bo’s conviction and sentence. Such trials are normally held behind closed doors, but the court has announced it will provide updates throughout the proceedings on its official microblog. This is an indication that Bo and his backers have agreed to the outcome of the trial.

Bo represents sections of the ruling bureaucracy who continue to rest on the large state enterprise sector, which global finance capital is demanding be reduced to a minimum. Two other senior figures in the state-controlled economic apparatus have also been charged or sentenced for corruption offences, including former railways minister Liu Zhijun. Liu’s ministry was dismantled earlier this year, and the vast rail sector was opened up to private investment.

Bo’s wife, Gu Kailai, was sentenced to a suspended

death penalty last August for murdering British businessman Neil Heywood, who was responsible for handling the Bo family’s overseas assets. An alleged coverup to protect Gu collapsed when Bo’s police chief, Wang Lijun, sought to defect at a US consulate in 2012, fearing he would be the next target.

The possible evidence against Bo includes a mansion in Cannes, France worth \$3.5 million. The actual extent of his corruption is likely to be far greater, because he colluded closely with the business elites. His reported bribes mainly came from his friend Xu Ming, one of China’s richest tycoons.

Fearing public discussion about the corrupt character of the entire “red” aristocracy, the CCP undoubtedly made a decision to keep the scale of the charges against Bo relatively small. Last year, Bo’s factional backers within the CCP apparently sent information to the *New York Times* to expose former Premier Wen Jiabao’s family fortune, reputed to be worth at least \$2.7 billion.

Bo’s last public appearance was at the National People’s Congress in March 2012—just weeks after the World Bank released a joint report, *China 2013*, with the State Council headed by former Premier Wen and his successor Li Keqiang. The report laid down a blueprint to dismantle “state monopolies” in key strategic and base industries, in order to allow private capital to play a far greater role, based on intensifying the exploitation of the working class.

Bo’s removal came amid the unravelling of China’s apparent success in defying the initial global financial crisis in 2008-09. The country’s export-led economy, which relies heavily on the major Western markets, was propped up by massive amounts of cheap credit from the state-owned banking system. This has left huge debts, particularly among local governments, and fuelled an unsustainable property bubble that threatens

to engulf the entire economy.

At the same time, Beijing faces growing geo-strategic pressure from the US under President Barack Obama's "pivot" to Asia, which seeks to escalate the military encirclement of China. This has opened up rifts within the regime over how to deal with US imperialism.

Before he was purged, Bo was regarded as a figurehead of an amorphous "new left" tendency within the CCP. His support for the state-owned sector and his revival of the singing of Maoist songs in Chongqing, made him a rallying point for various "new left" and neo-Maoist groups, featuring self-proclaimed "left" economists or retired Mao-era officials.

None of these tendencies represents socialism in any sense. They generally favour making limited social concessions to workers, but only to avert a social explosion and save the CCP regime. They argue that a strong state sector is essential to transform the largest state-owned enterprises into profit-making transnationals, capable of competing with Western rivals. They depicted Wen and his associates as a "comprador" bourgeoisie, serving the interests of imperialism. This criticism was not made from the standpoint of the working class, but from that of a "national" capitalist elite, whose firms often heavily rely on government protection and subsidies.

Many leading neo-Maoists have become feverish advocates of Chinese nationalism, seeking to channel working class discontent in a reactionary anti-Japanese direction. They led anti-Japanese protests last September, accusing the Beijing regime of not forcefully defending Chinese interests in the ongoing dispute with Japan over the Diaoyu/Senkaku islands in the East China Sea.

Following the installation of Xi and Li at last November's CCP congress, these "new left" tendencies have been marginalised. Xi reenacted former CCP leader Deng Xiaoping's "Southern tour" of 1992, sending a clear signal of his leadership's commitment to pro-market restructuring. He also appealed to Washington for "a new model of great power relations," in the hope of easing the US pressure.

At the same time, Xi has repeatedly taken a hard-line stance against Japan and Philippines on their maritime disputes with Beijing in the East China Sea and South China Sea, and adopted a closer strategic partnership with Russia, in an effort to counter the US—a policy

favoured by sections of the Chinese military.

The new CCP leadership will undoubtedly exploit the trial to further consolidate its grip on power and undermine its factional rivals as it prepares to implement its far-reaching pro-market agenda against the working class.



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