

China's former security chief Zhou Yongkang investigated for corruption

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The Central Commission for Discipline Inspection of the Chinese Communist Party (CCP) announced on its website on Tuesday that Zhou Yongkang, former member of the Politburo Standing Committee, the highest ranking political body in China, was being placed under investigation “on suspicion of grave violations of discipline.”

The investigation of Zhou, the highest ranking official in the history of the CCP to be brought up on corruption charges, expresses the deep crisis gripping the regime. Zhou was head of China's internal security apparatus—the police, courts, and civilian intelligence service—for over a decade, before retiring in 2012.

President Xi Jinping has been using corruption charges to consolidate power from rival political forces associated with Jiang Zemin, who was president from 1989 to 2002. The most prominent target before Zhou was former Politburo member and Chongqing party boss Bo Xilai.

Zhou was a political ally of Bo, one rank above him in the party apparatus. Both men were closely associated with China's State Owned Enterprises (SOE), particularly the Chinese National Petroleum Corporation (CNPC). Jiang Zemin protected the top 100 SOEs during prior rounds of the privatization of state assets in the 1990s. The operation of these state enterprises brought massive profits into the hands of sections of the CCP leadership.

The new Chinese capitalist elite, as well as international finance capital, are eager to get their hands on the strategic sectors still controlled by the state. Xi Jinping and Premier Li Keqiang assumed office with a pro-market agenda of austerity measures and the privatization of state assets. In addition to fattening the profits of China's ruling elite, these moves aim to appease the Obama administration, which

is rapidly escalating its military threats against China in the context of its “pivot to Asia.”

Jiang Zemin's protégés Bo and Zhou presented an obstacle to this drive. The consolidation of power being carried out by Xi Jinping, under the guise of an anti-corruption campaign, is a concerted effort to remove these obstacles.

Zhou rose to power through oil. Trained at the Beijing Institute of Petroleum in the early 1960s, he came up through the ranks of the CNPC before moving to the Ministry of Land and Resources and then to head the Security apparatus. In July 2009, the US Embassy in Beijing sent a classified memo to then-Secretary of State Clinton, later published by Wikileaks, which stated that Zhou “controlled the oil interests” in China.

According to the *Financial Times*, earlier this month Xi launched his pilot plan to “bring private investors into SOEs; six companies are serving as test beds. In line with the efforts to move to diversify ownership—albeit without losing state control—Sinopec is to create a new company to run its petrol stations that will be open to foreign investors. PetroChina has said it plans to divest part of its natural gas pipeline business.” The privatization of the remaining state enterprises has begun, and the oil industry is a key component of this drive.

On the same day that the CCP announced the investigation of Zhou, it also announced that the long-expected Fourth Plenum would be held in October and focused on “market reforms.”

The Politburo statement announcing the Plenary session declared: “We should work to speed up the promotion of reform, in order to inspire momentum and energy from within the market forces.” It characterized the reforms as cutting “administrative bureaucracy,” improving “investment environment,” and liberalizing

“industries dominated by state monopolies.”

Washington’s position on the charges against Zhou was laid out in an article by an influential US think tank, the Center for Strategic and International Studies (CSIS), on the day that the corruption investigation was announced. It stated that should Xi Jinping “emerge triumphant at the Fourth Plenum, there may be unforeseen benefits to the bilateral relationship [between the US and China], both direct and indirect.” It also saw the crackdown on Zhou as creating “a more pliant PLA [People’s Liberation Army].”

The CSIS went on to state that “the leadership’s reform agenda has suffered with the apparent infighting at the top of the system.” With the elimination of Zhou, “it is feasible that we may see a return to a more vigorous reform push.”

The US State Department has apparently played a key role in Xi’s power consolidation, though it has not yet been fully explained. Former Secretary of State Hillary Clinton’s memoirs, *Hard Choices*, published last month, reveal some details regarding these events.

When Bo Xilai’s corrupt crony police chief, Wang Lijun, sought asylum in the US consulate in exchange for incriminating information against Bo, the State Department agreed to turn him over to the Chinese state on the grounds that “they would listen to his testimony.” Wang’s testimony provided the core of the accusations that led to the spectacular downfall of Bo.

In the lead-up to the Strategic and Economic Dialogue (SED), held in Beijing in May 2012, blind human rights advocate Chen Guangcheng escaped from a Shandong province jail and sought asylum in the US embassy. According to her own account, Clinton ordered US operatives to locate Chen in Beijing, hide him in a US vehicle and sneak him into the embassy.

Clinton states that the CCP leadership at the time was “trying to walk a tightrope between working constructively with us and salvaging the Strategic and Economic Dialogue, and satisfying the concerns of more hard-line elements in the security apparatus.” The latter apparently refers to Zhou.

After negotiation with Clinton and the US State Department, the CCP leadership used the Chen fiasco to oust Zhou from power during the midst of the SED, on the grounds that Chen’s escape had occurred on Zhou’s watch. The Chen fiasco, orchestrated by Washington, served as the grounds used by Xi and his

associates to force Zhou to retire, and then to remove the Security branch from the Standing Committee.

The opening of corruption charges against a figure at the top level of the CCP leadership will not only intensify the bitter faction struggles inside the party, however. They show that the personal profit-taking is not simply carried out by low- or mid-level officials who, until now, have become the targets of official anti-corruption drives.

The immense fortunes looted from state resources by all the top officials, who each took control of key business concerns during capitalist restoration in the 1980s threaten to discredit the entire party and regime. The sums involved are staggering. Reuters reported that the state had seized \$US14.5 billion from Zhou and his family, and over 300 personal apartments.

The *Financial Times* stated today, in an article entitled “Xi risks stability with attack on high-profile ‘tiger,’” that both Jiang Zemin and former president Hu Jintao had warned Xi that he “not to go too far in his pursuit of high level corruption, for fear of destabilising the power structure and hastening an end to party rule.”



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