## Former Chinese security chief arrested on corruption charges

Peter Symonds 8 December 2014

China's former security chief Zhou Yongkang was expelled from the Chinese Communist Party (CCP) and arrested late Friday night on charges of corruption and leaking state secrets. Zhou was a member of the CCP's Politburo Standing Committee, the party's top committee, before retiring at the CCP's 18th Congress in November 2012.

Zhou's arrest underlines ongoing deep divisions within the Chinese regime following the installation the new leadership of President Xi Jinping and Premier Li Keqiang at the same congress. Zhou is the highest level party official to be expelled and arrested since the close supporters of Mao Zedong—the so-called gang of four—were purged and put on trial in the early 1980s.

In reporting Zhou's arrest, the state-owned Xinhua news agency declared: "He took advantage of his posts to seek profits for others and accepted huge bribes personally and through his family ... He abused his power to help relatives, mistresses and friends make huge profits from operating businesses, resulting in serious losses of state-owned assets. Zhou leaked the party's and country's secrets."

The allegations against Zhou read like a charge sheet against the entire Chinese leadership, which has presided over capitalist restoration and the looting of state-owned property over the past three decades, and in the process enriched itself. According to a Bloomberg report in 2012, for example, Xi's extended family expanded their business interests as he climbed up the CCP bureaucracy. Their holdings include stakes in companies with total assets of \$376 million.

On assuming office, President Xi launched an anticorruption campaign as part of his broader pro-market agenda of further opening up the state-owned sector to private investment. Cracking down on cronyism is aimed at convincing foreign investors in particular that they will receive equal treatment. Xi has also exploited the campaign to remove rivals and opponents within the CCP apparatus.

The noose has been tightening around Zhou since he retired from his Politburo Standing Committee position, which placed him in charge of the country's vast internal security apparatus—police, courts and paramilitary forces. His ally, former Chongqing party boss and Politburo member Bo Xilai, was purged before the 18th Congress and convicted of corruption in August 2013. Bo's appeal against the charges was rejected.

Reports that Zhou himself was under investigation and house arrest surfaced in December 2013, but a formal investigation was only announced in July this year. The *Wall Street Journal* reported earlier in the year that Zhou's son and daughter-in-law, and her father, had been detained.

Zhou trained at the Beijing Institute of Petroleum in the early 1960s, and rose up the ranks of the state-owned Chinese National Petroleum Corporation (CNPC). He is closely connected to the "oil faction"—CCP officials associated with the CNPC and other giant state-owned energy enterprises. He became party chief in Sichuan Province before being installed as a Politburo member in 2002 and a Politburo Standing Committee member in 2007.

Just days after he retired at the 18th Congress, a corruption investigation was launched into one of Zhou's associates, Li Chuncheng, a deputy party chief in Sichuan. Other Zhou loyalists in Sichuan and in the oil industry have suffered the same fate. The CCP's central committee plenum in October this year expelled six high-ranking officials, four of whom were closely tied to Zhou.

While fully supportive of capitalist restoration, Zhou

and Bo opposed ending the monopoly position of the major state-owned enterprises (SOEs). They advocated their transformation into Chinese "champions," or challengers to existing global corporations. They were also connected to sections of the military apparatus that have advocated a tougher response to the Obama administration's confrontational "pivot to Asia," which has undermined China's diplomatic and strategic position over the past five years.

The leadership of Xi and Li has adopted a different strategy. The 2013 central committee plenum set out sweeping pro-market restructuring measures in line with a joint report produced by the World Bank and China's State Council, entitled *China 2030*. These included easing controls in the finance sector, opening up state-dominated sectors such as coal, shipping and aviation to private and foreign investors, and driving up the exploitation of China's 400 million-strong working class. This year's plenum, which focussed on "the rule of law," was aimed at offering further reassurances to foreign investors.

As well as attempting to counteract China's economic slowdown, this pro-market agenda is aimed at appeasing the US by providing lucrative new business opportunities for American corporations. While continuing to intensify the diplomatic and military pressure on Beijing, the Obama administration has welcomed the pro-market measures and demanded that the Chinese leadership go further.

The Obama administration might have had a hand in assisting the installation of the Xi leadership amid the factional infighting that took place in 2012. When Bo Xilai's crony police chief, Wang Lijun, sought asylum in the US consulate at Chengdu in February 2012, he was handed over to Chinese authorities. His lurid evidence was instrumental in the charges brought against Bo and his wife.

In May 2012, blind human rights activist Chen Guangcheng managed to escape from house arrest and make his way to the US embassy in Beijing, in what was a major embarrassment for the Chinese government and security chief Zhou in particular. In her memoirs, *Hard Choices*, former US Secretary of State Hillary Clinton said she ordered US operatives to covertly find Chen and convey him to embassy. Zhou's rivals exploited the fiasco to undermine his grip over internal security.

Zhou's arrest on Friday is another sign of political crisis in the CCP leadership as it seeks to counter the US "pivot to Asia" and accelerate the pro-market agenda, which is deepening the country's immense social gulf between rich and poor and fuelling social unrest. While posturing as a champion of anti-corruption, Xi is strengthening the police-state apparatus to suppress opposition in the working class to the regime's austerity measures.



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