

**Bo and the Macau Connection**  
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**By Our Correspondent**

***China's princelings, the mafia and a flamboyant leader's downfall***

The downfall of the flamboyant Communist Party Chief Bo Xilai in Chongqing may have been linked to events in the gambling enclave of Macau, according to a report in the Economic Monitor, a publication run by the US economist Nouriel Roubini.

The article, written by Kevin Yan, an analyst with Roubini Global Economics, states that the circumstances of the affair, kicked off by former Police Chief and vice-mayor's flight to the US consulate in Chengdu, are unclear. But Yan's article details a web of connections between China's princelings – the children of the powerful – and organized crime.

The rest of the Economic Monitor article is here:

Wang Lijun has been protected by Bo and by extension, the princeling faction since his service under Bo in Liaoning province. During the crackdown of mafia-linked corruption in the municipality of Chongqing, Wang had become close friends with Weng Zhenjie, arguably the most powerful mafia boss in the municipality and one that was untouched by the crackdown of Bo.

Why was Weng unscathed? The root of power for Weng is derived from his wealth and reputation with China's military industrial complex where, after he left the PLA in the 1990s, he joined the Carrier (Kaili) Group, which is one of the two main arms trading companies in China. The Kaili Group is controlled by Ye Xuanning, the spiritual leader of the Princeling faction and son of Ye Jianying, a former PLA general and the 5th NPC Chairman.

Ye Xuanning is also the current Director of the liaison office of the General Political Department of the PLA. More importantly, Ye's father helped Mao establish pre-eminence over the Chinese Communist Party (CCP) during the early days of the Party while protecting Zhou Enlai from the Kuomintang. Furthermore, during the era of Deng's rise, his father prevented assassination attempts on Deng's life as well as helped to overthrow the Gang of Four.

Now back to the modern day, Weng's association with Ye Xuanning meant that he is protected by a family deeply associated with the PLA and established with other leading families of China. Although Weng makes no direct deals or associations with the Ye family, he sits on the board of major Chinese companies with the families key financial office, Li Junyang, and he has made connections through his gambling habits in Macau. Furthermore, Weng runs an environmental organization with the brother of Xi Jinping. To top it off, Weng had also donated RMB100 million to the Chongqing police force to ensure their health in the event they are wounded from Bo's mafia crackdown campaign.

Looking at the Wang Lijun scandal, one ponders then why would someone connected with such a powerful patronage network have run out of luck? The actual reason for Wang's dash for the US consulate in Chengdu remains shrouded in mystery along with

his sudden fall from grace with the princelings. According to the Hong Kong Economic Times, there might have been factional infighting between Shanghai and Chongqing within the princeling faction. However, the scandal allowed Hu Jintao and the Communist Youth League (CYL) faction to go on the offensive against the Princelings.

What did the CYL faction bargain with to get the princeling faction to accept Bo's fall? The real answer is unknown. However, it is possible that Wang Lijun had an extensive knowledge of how deep the corruption network reached in Chongqing but of greater threat could be his knowledge of the associations between Weng, Xi, and Ye. As Beijing got hold of Wang Lijun after his sudden "medical leave," it meant that Hu had acquired ammunition that could potentially coerce the princeling faction's next leader, Xi.

A compromise might have been reached when they jointly allowed for Bo's dismissal. To add more to the mystery, Zhang Minyu, a tycoon from Chongqing, had been publicly saying that he had a recording of Wang Lijun's dirty secrets, which led him to be arrested by Chongqing security forces in Beijing on March 14.

The awkwardness of the last sentence was that Chongqing security forces would have no authority in Beijing as the central government would have absolute authority over the deployment of security forces in the capital. The arrest of Zhang and his resulting disappearance from public could have signaled that a consensus was already reached in high power politics where the government would draw a distinct line between Bo and the rest of the Princeling faction.

Prior to the possible consensus that led to the removal of Bo, Bo Xilai did make two high profile public appearances in the preceding month once in Macau with Edmund Ho, the former\* chief executive of the administrative region, on February 23, and a second time with the founder and owner of Foxconn, Terry Gou, on the following day. Although the reason for meeting Terry Gou did not seem to go beyond an investment agreement for Foxconn to bring factories and R&D centers to Chongqing, the meeting in Macau could have had other implications.

Edmund Ho was the chief executive of Macau, when he was selected in 1 by Zhu Rongji, the former premier, to take up the position after the administrative region's return to China. Interestingly, Ho had been on the same committee handling Macau's return as Ye Xuanping, the former governor of Guangdong and son of Ye Jianying. On the same committee was also the son-in-law of Ye Jianying, Zou Jiahua, who is married to his daughter, Ye Xiangzhen (also known as Ling Zi).

Ye Jianying was not just a great PLA general but in the days after his military career, he was selected to become the first mayor of Guangzhou since he was born in Guangdong and was associated with the Guangzhou Uprising, which contributed to the fall of Imperial China. It is unclear what might have been discussed at the meeting between Bo and Edmund, but given the associations Edmund has, one can speculate that more than just business was discussed between the two.

Reviewing all these complex relationships while making some implied associations, one can argue that the Ye family through its history in the Guangdong province has a diverse relationship with both the princeling and youth league factions. It seems the Ye family has harnessed a myriad of relationships with both the elites and populist market reform

factions.

Furthermore, their dealings in Macau, a city infamous for money laundering activities through junkets, might have granted the family a very deep set of knowledge about many powerful members of the CCP. In the end this is all speculation, but if these presented assumptions are true, then one can also conclude that Macau is fairly entrenched in the "dark side" of power politics in China. Whether Bo was in the city to learn more from the grapevine (as he might have been cut off from sources during factional negotiations), or to negotiate directly with other leading political families, or purely for business, we may never know. Regardless of his purpose in Macau, his high profile downfall was not averted, and the **Red Star** must fade.

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