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The Party's Over

The fall of Bo Xilai signals a change in China's growth-at-any-cost model

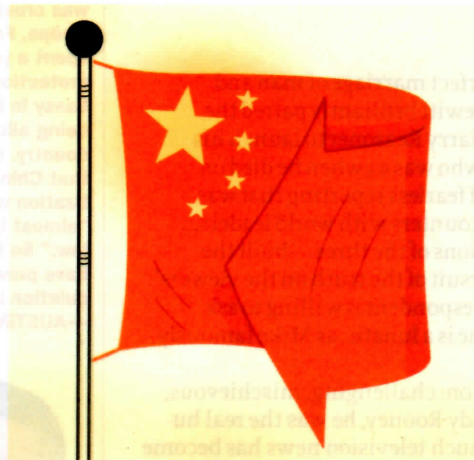
CHINA IS UNDERGOING ITS VERSION of an election cycle, with a once-in-a-decade leadership change in its top ranks. It's a much more dramatic—and perhaps more important—power transfer than even the U.S. presidential race. Far from being the usual quiet swapping of one group of men in dark suits for another, China's changeover is turning cinematic, thanks to the toppling of Bo Xilai, the former head of the Communist Party in Chongqing, a western city with a population the size of Texas'. Bo had risen to fame as a corruption fighter who brought order to his city's *Blade Runner*-esque sprawl. Not only was he poised to reach the top rungs of the Politburo, but he was also the first Chinese celebrity politician since Deng Xiaoping and Mao Zedong. Now he has been suspended from his party posts.

Bo's story is more than political drama.

It's tied directly to China's economic model, which is also becoming suspect. The story began in February when Bo's police chief, Wang Lijun, sought asylum in the U.S. consulate in Chengdu. According to newspaper reports, Wang claimed to have evidence of crimes involving Bo, including murders carried out on his orders and his possible involvement in the death of a British businessman, Neil Heywood, said to be close to Bo's wife Gu Kailai. She is now a suspect in his murder. Rather than Bo's being a tough but honest politician fighting corruption in China's wild west, a very different picture of the man began to emerge—one of an entitled princeling (his father was Bo Yibo, who had fought alongside Mao) who was corrupt himself, someone willing to torture, frame and perhaps even murder anyone who got in his way.

A disgraced pol, a cop on the run, a dead Brit and a woman of intrigue—no

wonder a satirical e-mail circulating in China lays out a movie treatment to be pitched to Miramax. But the story is even more compelling when you parse what it means politically and economically for the Middle Kingdom and beyond. Bo represented a very particular kind of Chinese power and a specific notion of how China should grow. The Chongqing model was built on hyperdevelopment, particularly around real estate, and economic power



was held largely by the state-owned enterprises. The city was growing at a rate of more than 16% annually, but it was old-style growth rife with vested interests and with little regard for the environment—or, it seems, rule of law.

It is exactly the kind of growth that Chinese Premier Wen Jiabao has repeatedly called “unsustainable.” He and President Hu Jintao have led the reformist camp that wants to move China from a capital-intensive, grow-at-all-costs model to one that's based on more-rational if slower growth and a more developed local market. The problem is, politicians can make a lot of money developing real

estate, often not so honorably. And political promotions are won on the basis of raw economic-growth figures—figures boosted by massive real estate development.

This model, which has led to huge

growth but also great inequality and environmental degradation, is broken. The World Bank recently issued a report confirming what everyone has known for some time: if China doesn't find a new growth path, it faces social instability. Amazingly, Wen has seconded the thought, telling the legislature that China will have another Cultural Revolution if it doesn't reform.

In a country where many still have memories of that bloody and chaotic time, those are very serious words. So there's been an ongoing fight among party leaders about how to turn the ship without causing mass unemployment that could lead to a peasant uprising. China announced a slowdown in its growth target this year, though many don't believe it will take because too many people are still getting rich off the Chongqing model.

But Bo's fall may mark a real turning point. It's possible that his ouster didn't start with Wang's allegations but rather that Bo was being targeted for some time by party officials who wanted to make an example out of him to spur real political and economic reform. In a March speech, President-in-waiting Xi Jinping delivered a message cloaked in rhetoric that China needed to fight corruption and have more intraparty debate about how to solve its problems. And in recent weeks, the country announced a number of financial-market reforms that could lead to greater economic and ultimately political openness. “I think we'll begin to see a rallying around the political middle,” says one high-level American businessman in Beijing I spoke to recently. That's more than we can say here in the U.S. And if it happens, it could be a great plot twist for the world's second largest economy—and the world. ■

ILLUSTRATION BY HARRY CAMPBELL FOR TIME