

RELEASE IN PART
B5,B6

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Sunday, April 22, 2012 8:31 AM
To: H
Subject: Fw: WP Op Ed - Bo Xilai and China's corrupt secrets

From: McDonough, Denis R. [redacted]
Sent: Saturday, April 21, 2012 11:30 AM
To: Mills, Cheryl D
Subject: Re: WP Op Ed - Bo Xilai and China's corrupt secrets

B6

[redacted]

B5

From: Mills, Cheryl D [mailto:MillsCD@state.gov]
Sent: Saturday, April 21, 2012 11:27 AM
To: McDonough, Denis R.
Subject: Re: WP Op Ed - Bo Xilai and China's corrupt secrets

[redacted]

B5

From: McDonough, Denis R. [redacted]
Sent: Saturday, April 21, 2012 11:21 AM
To: Mills, Cheryl D
Subject: Re: WP Op Ed - Bo Xilai and China's corrupt secrets

[redacted]

B5

From: Mills, Cheryl D [mailto:MillsCD@state.gov]
Sent: Saturday, April 21, 2012 09:35 AM
To: McDonough, Denis R.
Subject: Fw: WP Op Ed - Bo Xilai and China's corrupt secrets

[redacted]

B5

From: Toiv, Nora F
Sent: Friday, April 20, 2012 11:22 PM
To: Mills, Cheryl D
Subject: Fw: WP Op Ed - Bo Xilai and China's corrupt secrets

From: Smith, Dana S (PA)
Sent: Friday, April 20, 2012 10:14 PM
To: Toiv, Nora F

Subject: Fw: WP Op Ed - Bo Xilai and China's corrupt secrets

From: PA Clips [mailto:paclips@state.gov]
Sent: Friday, April 20, 2012 10:09 PM
To: PA-Monitoring-Group-DL
Subject: WP Op Ed - Bo Xilai and China's corrupt secrets

Bo Xilai and China's corrupt secrets
Washington Post Opinion
Friday, April 20, 2012 7:19 PM EDT
By David Ignatius

The Bo Xilai affair offers a reality check for anyone who's worried that a rising China will supplant the United States anytime soon: First, the Chinese know that the scandal is just the tip of an iceberg of corruption menacing the country; and second, the leadership in Beijing understands that the scandal could have been much messier if the White House hadn't kept quiet the past two months.

The story surrounding Bo, the deposed party chief in the southern city of Chongqing, is so improbable and convoluted it would be tossed in the slush pile if submitted to a publisher of espionage fiction. It involves Bo's scheming wife; a dead Brit who may have been her lover; and a police chief who tried to rat out the boss by defecting to the U.S. consulate and, after singing to the Americans for 24 hours, was tossed out the door.

One China expert likens Bo to Newt Gingrich: He's a charismatic, relentlessly ambitious man whom everyone else in the leadership wanted to stop before he charmed and intimidated his way into China's most elite group, the standing committee of the Politburo of the Communist Party.

The corruption that surfaced in the Bo case is hardly unique to Chongqing. Kenneth Lieberthal, a China expert at the Brookings Institution, says that similar patronage networks operate across the country. Top party officials use their relatives to collect bribes, through payments to law firms or private equity firms, much as Bo did with his wife. Even the most respected officials, such as President Hu Jintao and Premier Wen Jiabao, are said to have close relatives whose behavior is questionable.

"If the party doesn't transform itself, it faces a fatal blow," warns Cheng Li, another China expert at Brookings. If the leadership tries to keep a tight lid on, the system could explode.

The Bo affair is one of those moments that allow outsiders to glimpse the dark side of China's economic rise.

You get the same glimmer of insight seeing a district-level official blow \$1 million in a night at a casino in Macau, notes one China watcher. How did the relatively junior official get so much gambling money? The answer, says this observer, is that he stole it, through family and friends.

The endemic corruption is one reason many analysts think China faces a period of political instability as it consolidates the fantastic economic gains of recent years. As prosperous as the new China may appear, it's also riddled with networks of corrupt power and privilege — and managed by a nervous elite that is transferring ill-gained loot to foreign bank accounts before it gets caught.

Lieberthal notes the anxiety that must now afflict Bo's network of corrupt allies — any one of whom could be exposed by the investigation that brought down the Chongqing boss.

Here's where the United States plays a steadying role for a still-shaky China. When the Chongqing police chief, Wang Lijun, walked into the U.S. consulate in Chengdu in early February, he was carrying the equivalent of political dynamite.

He apparently had documents to back up his allegations about Bo and his wife and their cronies. But after debriefing the cop, the State Department contacted senior Chinese officials in Beijing (as opposed to Bo's henchmen in the province), who came to Chengdu and put the talkative police chief on a plane to the capital, where he's now in custody.

The United States could have gone public with the scandal and made trouble for the Chinese, big-time. Instead, the State Department (backed by midlevel China experts at the White House) decided to treat it as an internal political matter involving a corrupt local police chief. Some Republican legislators are complaining that Washington spurned a potential defector, but that's silly. Using such a local police chief to play political games would have been a mistake, and administration officials made the right call.

This supportive American role continued through February, during a visit to the United States by Xi Jinping, who is slated to be China's next president. The Obama White House kept silent about China's internal turmoil, knowing that Xi's visit was a crucial rite of passage and that it was important to start building a good relationship with the man who's likely to lead China through the next tumultuous decade.

China needs a good relationship with America more than it sometimes appears. Taking short-term advantage of China's woes would be stupid, especially when the country is making a transition to a new and, hopefully, more open leadership.

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