

Excerpts from Hu Jintao's Report to the

18th Congress of the Communist Party of China

I. Achieving New Victory for Socialism with Chinese Characteristics

Looking back at China's eventful modern history and looking to the promising future of the Chinese nation, we have drawn this definite conclusion: We must unswervingly follow the path of socialism with Chinese characteristics in order to complete the building of a moderately prosperous society in all respects, accelerate socialist modernization, and achieve the great renewal of the Chinese nation.

The issue of what path we take is of vital importance for the survival of the Party, the future of China, the destiny of the Chinese nation, and the wellbeing of the people. Exploring a path to national renewal in China that was economically and culturally backward is an extremely arduous task. Over the past 90-plus years, relying firmly on the people and adapting the basic tenets of Marxism to China's conditions and the underlying trend of the times, our Party has pursued its own course independently. It has, enduring untold hardships and sufferings and paying various costs, achieved great success in revolution, development and reform, and created and developed socialism with Chinese characteristics, thus fundamentally changing the future and destiny of the Chinese people and nation.

The Party's first generation of central collective leadership with Comrade Mao Zedong at the core led the whole Party and the people of all ethnic groups in China in completing the new-democratic revolution, carrying out socialist transformation and establishing the basic system of socialism, thereby accomplishing the most profound and the greatest social transformation in China's history. This created the fundamental political prerequisite and systemic foundation for development and progress in contemporary China. In the course of socialist development, the Party developed distinctively creative theories and made tremendous successes despite serious setbacks it went through, thus providing invaluable experience as well as the theoretical and material basis for

launching the great initiative of building socialism with Chinese characteristics in the new historical period.

The Party's second generation of central collective leadership with Comrade Deng Xiaoping at the core led the whole Party and the people of all ethnic groups in China in conducting a thorough review of China's experiences in building socialism, both positive and negative. On this basis and drawing on the experience of world socialism, they made the historic decision to shift the focus of the Party and country's work to economic development and to pursue the policy of reform and opening up. They gained a keen appreciation of the underlying goal of socialism and established the Party's basic line for the primary stage of socialism. They called for taking our own road and building socialism with Chinese characteristics and provided scientific answers to basic questions in this regard. On this basis, the great initiative of building socialism with Chinese characteristics was successfully launched.

The Party's third generation of central collective leadership with Comrade Jiang Zemin at the core led the whole Party and the people of all ethnic groups in China in adhering to the Party's basic theory and line. Standing the severe tests posed by complex domestic and international developments and major setbacks in world socialism, they upheld socialism with Chinese characteristics. Based on China's new realities, they reaffirmed the Party's basic program and its basic experience, set the goal of reform and developed a basic framework for achieving this goal, namely, developing a socialist market economy. They reaffirmed the basic economic system and the system of income distribution in the primary stage of socialism, ushered in a new phase in carrying out all-around reform and opening up, and pressed ahead with the great new undertaking of Party building, thus advancing socialism with Chinese characteristics into the 21st century.

In the new stage in the new century, the Party Central Committee has seized this important period of strategic opportunities and promoted innovation in practice, theory and institutional building in the course of building a moderately prosperous society in all respects. We have emphasized the need to put people first and to pursue comprehensive, balanced and sustainable development; we have called for building a harmonious socialist society and speeding up ecological progress, and we have adopted overall implementing steps for advancing the cause of socialism with Chinese characteristics. We have strived to ensure and improve the people's

wellbeing, promoted social fairness and justice, worked to build a harmonious world, and strengthened the Party's governance capacity and advanced nature. We have thus upheld and developed socialism with Chinese characteristics from a new historical starting point.

Throughout the past 30-plus years of continuous exploration for reform and opening up, we have held high the great banner of socialism with Chinese characteristics and rejected both the old and rigid closed-door policy and any attempt to abandon socialism and take an erroneous path. The path of socialism with Chinese characteristics, the system of theories of socialism with Chinese characteristics and the socialist system with Chinese characteristics are the fundamental accomplishments made by the Party and people in the course of arduous struggle over the past 90-plus years. We must cherish these accomplishments, uphold them all the time and continue to enrich them.

Taking the path of socialism with Chinese characteristics means we must, under the leadership of the Communist Party of China and basing ourselves on China's realities, take economic development as the central task and adhere to the Four Cardinal Principles and the policy of reform and opening up. It means we must release and develop the productive forces, develop the socialist market economy, socialist democracy, an advanced socialist culture and a harmonious socialist society, and promote socialist ecological progress. It also means we must promote well-rounded development of the person, achieve prosperity for all over time, and make China a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious. The system of theories of socialism with Chinese characteristics is a system of scientific theories that includes Deng Xiaoping Theory, the important thought of Three Represents and the Scientific Outlook on Development, and this system represents the Party's adherence to and development of Marxism-Leninism and Mao Zedong Thought. The socialist system with Chinese characteristics includes the following: the fundamental political system - the system of people's congresses; the basic political systems - the system of multiparty cooperation and political consultation under the leadership of the Communist Party of China, the system of regional ethnic autonomy, and the system of community-level self-governance; the socialist system of laws with Chinese characteristics; the basic economic system in which public ownership is the mainstay and economic entities of diverse ownership develop together; and the specific

economic, political, cultural, and social institutions based on these systems. The path of socialism with Chinese characteristics is the way to reach the goal, the system of theories of socialism with Chinese characteristics offers a guide to action, and the socialist system with Chinese characteristics provides the fundamental guarantee. The three function as an integral whole in the great practice of building socialism with Chinese characteristics, and this is the salient feature of the long-term endeavors of the Communist Party of China leading the people in building socialism.

In building socialism with Chinese characteristics, we base ourselves on the basic reality that China is in the primary stage of socialism. Our overall approach is to promote economic, political, cultural, social, and ecological progress, and our general task is to achieve socialist modernization and the great renewal of the Chinese nation. Socialism with Chinese characteristics both upholds the basic principles of scientific socialism and has distinctive Chinese features that reflect contemporary conditions. It offers from new perspectives a deeper understanding of the laws of governance by the Communist Party, laws of building socialism, and laws of the development of human society. By integrating theory with practice, it has systematically addressed the fundamental questions of what kind of socialism we should build and how we should build it in China, a big country in the East with a huge population and a weak economy to start with. Socialism with Chinese characteristics has brought about fast development and rising living standards in China. This fully shows that socialism with Chinese characteristics is what we must pursue if we are to achieve development and make progress in contemporary China and that only socialism with Chinese characteristics can enable China to develop itself.

Developing socialism with Chinese characteristics is a long-term arduous task of historic importance, and we must be prepared to carry out a great struggle with many new historical features. We must unswervingly adhere to socialism with Chinese characteristics, develop it as required by the times, constantly enrich it in both practice and theory and enhance its distinctive national features in keeping up with the times.

To achieve new victory for socialism with Chinese characteristics under new historical conditions, we must have a firm grasp of the following basic requirements and make them shared convictions of the whole Party and the people of all ethnic groups in China.

- We must maintain the people's principal position in the country. Socialism with Chinese characteristics is a cause for the people in their hundreds of millions. We should ensure that the people are the masters of the country and we should uphold the rule of law as a fundamental principle by which the Party leads the people in running the country. We should mobilize and organize as many people as possible to manage state and social affairs as well as the economy and cultural programs in accordance with the law and to devote themselves to socialist modernization, and we should better protect the people's rights and interests and ensure that the people determine their own destiny.

- We must continue to release and develop the productive forces. This is the fundamental task of socialism with Chinese characteristics. We should take economic development as the central task and pursuing development in a scientific way as the underlying guideline, advance in an all-around way economic, political, cultural, social, and ecological progress and achieve in a scientific way development that puts people first and is comprehensive, balanced and sustainable.

- We must persevere in reform and opening up. Reform and opening up are crucial to adhering to and developing socialism with Chinese characteristics. We should always apply the spirit of reform and innovation to all aspects of governance, keep improving the socialist market economy, adhere to the basic state policy of opening to the outside world, continue to make innovations in theory, in institutions, in science and technology, in culture and in other fields, and continuously promote the self-improvement and self-development of China's socialist system.

- We must safeguard social fairness and justice. Fairness and justice are inherent requirements of socialism with Chinese characteristics. We must, relying on the concerted efforts of all the Chinese people and based on economic and social development, step up efforts to develop institutions that are vital to ensuring social fairness and justice; establish in due course a system for guaranteeing fairness in society featuring, among other things, equal rights, equal opportunities and fair rules for all; and foster a fair social environment and ensure people's equal right to participation in governance and to development.

- We must strive for common prosperity. This is the fundamental principle of socialism with Chinese characteristics. We should adhere

to the basic socialist economic system and the socialist income distribution system. We should adjust the pattern of national income distribution, tighten its regulation by secondary distribution and work hard to narrow income gaps so that all the people can share in more fruits of development in a fair way and move steadily toward common prosperity.

- We must promote social harmony. Social harmony is an inherent attribute of socialism with Chinese characteristics. We should give higher priority to ensuring and improving the people's wellbeing, strengthen and conduct social management in an innovative way, strike a balance between reform, development and stability, rally all the forces that can be rallied, maximize factors conducive to harmony and increase the creative vitality of society. We should ensure that the people live and work in contentment, society is stable and orderly, and the country enjoys enduring peace and stability.

- We must pursue peaceful development. Peaceful development is the sure choice of socialism with Chinese characteristics. We should pursue development through opening up and cooperation to benefit all. We should develop ourselves by securing a peaceful international environment and uphold and promote world peace through our own development. We should expand common interests with all others and work to build a harmonious world of enduring peace and common prosperity.

- We must uphold the leadership of the Party. The Communist Party of China is the leadership core of the cause of socialism with Chinese characteristics. We should uphold the principle that the Party was founded for the public good and that it exercises state power for the people, enhance and improve the Party's leadership and ensure that the Party plays its role as the leadership core in exercising overall leadership and coordinating the efforts of all. We should maintain the Party's advanced nature and purity, strengthen its creativity, cohesiveness and capability and enhance its capacity to govern in a scientific and democratic way and in accordance with the law.

We must be soberly aware that China is still in the primary stage of socialism and will long remain so. This basic condition of China has not changed; nor has the principal problem in our society, that is, how we can meet the ever-growing material and cultural needs of the people with backward social production; nor has China's

international position as the largest developing country in the world. We must bear in mind under any circumstances the paramount reality that China remains in the primary stage of socialism and will long remain so and base ourselves on this reality in pursuing all of our endeavors of reform and development. The Party's basic line is the lifeblood of the Party and country. We must adhere to the central task - economic development - and the two basic points - the Four Cardinal Principles and the policy of reform and opening up - in our great endeavor to develop socialism with Chinese characteristics. We should neither look down upon ourselves nor be arrogant. We must take solid steps to achieve new victory for socialism with Chinese characteristics.

As long as we remain true to our ideal, are firm in our conviction, never vacillate in or relax our efforts or act recklessly, and forge ahead with tenacity and resolve, we will surely complete the building of a moderately prosperous society in all respects when the Communist Party of China celebrates its centenary and turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the People's Republic of China marks its centennial. The whole Party should have every confidence in our path, in our theories and in our system.

III. The Goal of Completing the Building of a Moderately Prosperous Society in All Respects and Deepening Reform and Opening Up in an All-Around Way

An examination of both the current international and domestic environments shows that China remains in an important period of strategic opportunities for its development, a period in which much can be achieved. We need to have a correct understanding of the changing nature and conditions of this period, seize all opportunities, respond with cool-headedness to challenges, and gain initiative and advantages to win the future and attain the goal of completing the building of a moderately prosperous society in all respects by 2020.

Basing ourselves on China's actual economic and social development, we must work hard to meet the following new requirements while working to fulfill the goal of building a moderately prosperous society in all respects set forth at the Sixteenth and Seventeenth National Congresses of the Party.

- The economy should maintain sustained and sound development. Major progress should be made in changing the growth model. On the basis of making China's development much more balanced, coordinated and sustainable, we should double its 2010 GDP and per capita income for both urban and rural residents. The contribution of scientific and technological progress to economic growth should increase considerably and China should become an innovative country. Industrialization should be basically accomplished. IT application should be significantly expanded. The quality of urbanization should improve markedly. Notable progress should be made in modernizing agriculture and building new socialist rural areas. The basic mechanism for promoting balanced development between regions should be in place. Opening up should be further improved and China's international competitiveness should increase significantly.

- People's democracy should be expanded. The institutions of democracy should be improved and its forms enriched. People's enthusiasm, initiative and creativity should be fully leveraged. The rule of law should be fully implemented as a basic strategy, a law-based government should be basically in function, judicial credibility should be steadily enhanced, and human rights should be fully respected and protected.

- The country's cultural soft power should be improved significantly. Core socialist values should take root among the people, and both the level of civility of citizens and the moral and ethical standards of the whole society should be significantly raised. More cultural works should be created; a system of public cultural services should be basically in place, and the cultural sector should become a pillar of the economy. Even greater progress should be made in taking Chinese culture to the global stage. By taking these steps, we will lay a more solid foundation for developing a strong socialist culture in China.

- Living standards should be fully raised. Equal access to basic public services should be generally achieved. The educational level of the entire population should be significantly raised and training of innovative professionals markedly improved. China should have a large pool of competent professionals and be rich in human resources, and it should basically modernize its education. There should be more employment opportunities. Income gaps should be narrowed, middle-income groups should keep growing, and the number of people living below the poverty line should drop by a

large margin. Social security should cover all the people. Everyone should have access to basic medical and public health services. The system of housing for low-income groups should take shape, and there should be social harmony and stability.

- Major progress should be made in building a resource-conserving and environmentally friendly society. The establishment of functional zones should be basically completed, and a system for recycling resources should begin to take shape. Energy consumption and carbon dioxide emissions per unit of GDP as well as the discharge of major pollutants should decrease sharply. Forest coverage should increase, the ecosystem should become more stable, and the living environment should improve markedly.

To complete the building of a moderately prosperous society in all respects, we must, with greater political courage and vision, lose no time in deepening reform in key sectors and resolutely discard all notions and systems that hinder efforts to pursue development in a scientific way. We should set up a well-developed, scientific, procedure-based and effective framework of systems and ensure that operating institutions in all sectors are fully functioning. We should speed up improvements to the socialist market economy. We should improve the basic economic system in which public ownership is the mainstay of the economy and economic entities of diverse ownership develop together, and we should improve the system of income distribution in which distribution according to work is the main form that coexists with other forms of distribution. We should leverage to a greater extent and in a wider scope the basic role of the market in allocating resources, improve the system of macro-regulation, and perfect the open economy to ensure more efficient, equitable and sustainable economic development. We should work harder to enhance socialist democracy in a systemic way by adopting due standards and procedures, expand people's orderly participation in governance at all levels and in all fields, and ensure that all governance functions are performed in accordance with the law. We should accelerate improvement of the system for managing the cultural sector and the mechanism for cultural production and operation, establish the basic framework of a modern cultural market system, improve the system for managing state-owned cultural assets, and foster a cultural environment that encourages creativity. We should step up efforts to form a scientific and effective social management system, improve the social security system, and strengthen networks of community-level public services and social management. We should establish institutions

and mechanisms to ensure that society is full of vigor, harmonious and orderly. We should move faster to set up a system for ecological progress, improve institutions and mechanisms for developing geographical space, conserving resources and protecting the ecological environment and promote modernization featuring harmonious development between man and nature.

Completing the building of a moderately prosperous society in all respects by 2020 is an arduous task, and all the comrades in the Party must work single-mindedly and with fortitude to reach this goal. The state should give more support to rural areas and the central and western regions to accelerate their reform and opening up, strengthen their capacity for development and raise their living standards. We should encourage areas with good conditions to keep taking the lead in pursuing modernization and to make greater contribution to nationwide reform and development.

IV. Accelerating the Improvement of the Socialist Market Economy and the Change of the Growth Model

Taking economic development as the central task is vital to national renewal, and development still holds the key to addressing all the problems we have in China. Only by promoting sustained and sound economic development can we lay a solid material foundation for enhancing the country's prosperity and strength, improving the people's wellbeing and ensuring social harmony and stability. We must unwaveringly adhere to the strategic thinking that only development counts.

In contemporary China, pursuing development in a scientific way best embodies the thinking that only development counts. Taking the pursuit of development in a scientific way as the underlying guideline and accelerating the change of the growth model as a major task is a strategic choice we have made for promoting China's overall development. In response to changes in both domestic and international economic developments, we should speed up the creation of a new growth model and ensure that development is based on improved quality and performance. We should fire all types of market participants with new vigor for development, increase motivation for pursuing innovation-driven development, establish a new system for developing modern industries, and create new favorable conditions for developing the open economy. This will make economic development driven more by domestic demand, especially consumer demand, by a modern

service industry and strategic emerging industries, by scientific and technological progress, by a workforce of higher quality and innovation in management, by resource conservation and a circular economy, and by coordinated and mutually reinforcing urban-rural development and development between regions. Taking these steps will enable us to sustain long-term development.

We should keep to the Chinese-style path of carrying out industrialization in a new way and advancing IT application, urbanization and agricultural modernization. We should promote integration of IT application and industrialization, interaction between industrialization and urbanization, and coordination between urbanization and agricultural modernization, thus promoting harmonized development of industrialization, IT application, urbanization and agricultural modernization.

1. Deepen economic structural reform across the board

Deepening reform is crucial for accelerating the change of the growth model. The underlying issue we face in economic structural reform is how to strike a balance between the role of the government and that of the market, and we should follow more closely the rules of the market and better play the role of the government. We should unwaveringly consolidate and develop the public sector of the economy; allow public ownership to take diverse forms; deepen reform of state-owned enterprises; improve the mechanisms for managing all types of state assets; and invest more of state capital in major industries and key fields that comprise the lifeline of the economy and are vital to national security. We should thus steadily enhance the vitality of the state-owned sector of the economy and its capacity to leverage and influence the economy. At the same time, we must unswervingly encourage, support and guide the development of the non-public sector, and ensure that economic entities under all forms of ownership have equal access to factors of production in accordance with the law, compete on a level playing field and are protected by the law as equals. We should improve the modern market system and strengthen institutional procedures for setting macro-regulation targets and employing policy tools. We should accelerate the reform of the fiscal and taxation systems and ensure that the central and local governments have sufficient financial resources to exercise their respective powers and fulfill their respective responsibilities. We should improve the public finance system to ensure equal access to basic public services and promote the building of functional zones. We

should also institute local tax systems and improve the structure of the taxation system to promote social fairness. We should establish a mechanism for equitable sharing of proceeds from public resource transfers. We should deepen reform of the financial system and improve the modern financial system so that it will better contribute to macroeconomic stability and support development of the real economy. We should accelerate development of a multilevel capital market, take steady steps to make interest rates and the RMB exchange rate more market-based, and promote the RMB's convertibility under capital accounts in due course. We should speed up the development of private financial institutions. We should improve financial supervision and oversight, promote financial innovations, improve the competitiveness of banking, securities, insurance and other sectors, and ensure financial stability.

2. Implement the strategy of innovation-driven development

Scientific and technological innovation provides strategic support for raising the productive forces and boosting the overall national strength, and we must give it top priority in overall national development. We should follow a path of making innovation with Chinese features and take steps to promote innovation to catch up with global advances. We should increase our capacity for making original innovation and integrated innovation and for making further innovation on the basis of absorbing advances in overseas science and technology, and place greater emphasis on making innovation through collaboration. We should deepen reform of the system for managing science and technology, promote close integration of science and technology with economic development, and speed up the development of the national innovation system. We should establish a system of technological innovation in which enterprises play the leading role, the market points the way, and enterprises, universities and research institutes work together. We should improve the knowledge-based innovation system, and strengthen basic research, research in frontier technologies, and public benefit-oriented research and development; and we should improve research and our capacity for applying research results to production to ensure that we can obtain the leading strategic position in research and development. We should launch important national science and technology projects to remove major technological bottlenecks. We should speed up the research, development and application of new technologies, products and production processes, strengthen innovation in integration of technologies and develop new business models. We should improve

standards for evaluating scientific and technological innovations and mechanisms for rewarding such innovations and applying them to production. We should implement the strategy concerning intellectual property rights and strengthen their protection. We should efficiently allocate and fully integrate innovation resources, and ensure that the wisdom and strength of the whole society are directed toward promoting innovation-driven development.

3. Carry out strategic adjustment of the economic structure

This is the major goal of accelerating the change of the growth model. We must strive to remove major structural barriers to sustained and sound economic development, with a focus on improving the demand mix and the industrial structure, promoting balanced development between regions and advancing urbanization. We should firmly maintain the strategic focus of boosting domestic demand, speed up the establishment of a long-term mechanism for increasing consumer demand, unleash the potential of individual consumption, increase investment at a proper pace, and expand the domestic market. We should focus on developing the real economy as a firm foundation of the economy. We should adopt policies and measures to better facilitate the development of the real economy. We should make the economy more demand-driven, promote the sound growth of strategic emerging industries and advanced manufacturing industries, speed up the transformation and upgrading of traditional industries, develop and expand the service sector, especially modern service industries, and make the geographical and structural layout of the development of infrastructure and basic industries more balanced. We should develop next-generation information infrastructure and modern IT industry, better ensure information security, and promote the application of information network technologies. We should enhance the core competitiveness of large and medium-sized enterprises and support development of small and micro businesses, especially small and micro science and technology companies. We should continue to implement the master strategy for regional development and fully leverage the comparative advantages of different regions. We should give high priority to large-scale development of the western region, fully revitalize old industrial bases in northeast China, work vigorously to promote the rise of the central region, and support the eastern region in taking the lead in development. We should increase support for old revolutionary base areas, ethnic minority areas, border areas and poor areas through pairing assistance and other means. We should make scientific

plans for the scale and layout of urban agglomerations; and we should make small and medium-sized cities and small towns better able to develop industries, provide public services, create jobs, and attract population. We should accelerate reform of the household registration system, conduct registration of rural migrant workers as permanent urban residents in an orderly way, and endeavor to ensure that all permanent urban residents have access to basic urban public services.

4. Integrate urban and rural development

Resolving issues relating to agriculture, rural areas and farmers is the number one priority in the Party's work, and integrating urban and rural development provides the fundamental solution to these issues. We should better balance urban and rural development, boost rural development, work to narrow the gap between urban and rural areas, and promote their common prosperity. We should continue to encourage industry to support agriculture in return for agriculture's earlier contribution to its development and encourage cities to support rural areas. We should give more to farmers, take less from them and lift restrictions over their economic activities. We should increase policy support to boost agriculture, benefit farmers and increase rural prosperity, and encourage the rural population to participate in modernization on an equal footing and share in its fruits. We should speed up the development of modern agriculture, raise the overall production capacity of agriculture, and ensure food security and effective supply of major agricultural products in China. We should give high priority to rural areas in developing infrastructure and social programs in the country. We should work harder to build new rural areas, carry out programs of poverty alleviation through development and fully improve rural working and living conditions. We should ensure sustained and fast growth of rural income. We should uphold and improve the basic system for rural operations and protect in accordance with the law farmers' rights to farm the land they have contracted, to use the land on which their houses sit, and to share in the proceeds from rural collective operations. We should strengthen the collective economy, develop specialized cooperatives and joint stock partnerships for farmers, foster new types of agricultural business entities, and develop large-scale agricultural operations in diverse forms. We should establish a new type of system for intensive agricultural operations that are specialized, well organized and commercialized. We should reform the land expropriation system and increase the share of gain in land value to farmers. We should

speed up improvements to institutions and mechanisms for promoting integrated urban and rural development, with a focus on integrating urban and rural planning, infrastructure and public services. We should ensure equal exchange of factors of production between urban and rural areas and balance allocation of public resources between them. What we aim to achieve is a new type of relations between industry and agriculture and between urban and rural areas in which industry promotes agriculture, urban areas support rural development, agriculture and industry benefit each other, and there is integrated urban and rural development.

5. Promote all-around improvements to China's open economy

In response to new developments in economic globalization, we must implement a more proactive opening up strategy and improve the open economy so that it promotes mutual benefit and is diversified, balanced, secure and efficient. We should move faster to change the way the external-oriented economy grows, and make China's open economy become better structured, expand in scope and yield greater returns. We should make innovations in the mode of opening up; encourage coastal, inland and border areas to draw on each other's strengths in opening up; develop open areas that take the lead in global economic cooperation and competition; and form leading areas of opening up that drive regional development. We should continue to attach equal importance to export and import, better coordinate trade and industrial policies, and make China's exports more competitive in terms of technology, brand, quality and service. We should transform and upgrade processing trade, develop service trade, and promote balanced development of foreign trade. We should make full use of our overall advantageous position in utilizing foreign capital and make better use of such investment. We should step up efforts to attract investment, technology and high-caliber professionals from overseas. Chinese companies should expand overseas presence at a faster pace, enhance their operation in an international environment, and develop a number of world-class multinational corporations. We should make overall planning for bilateral, multilateral, regional and sub-regional opening up and cooperation, accelerate implementation of the strategy of building free trade areas, and promote infrastructure connectivity with our neighboring countries. We should become better able to defuse international economic risks.

We must have firm confidence in winning the tough battle of deepening reform of the economic structure across the board and of accelerating the change of the growth model so as to increase the vitality and competitiveness of China's economy.

V. Keeping to the Socialist Path of Making Political Advance with Chinese Characteristics and Promoting Reform of the Political Structure

People's democracy is a brilliant banner that has always been held high by our Party. Since the policy of reform and opening up was introduced, we have reviewed our experience, both positive and negative, in developing socialist democracy and reaffirmed that people's democracy is the life of socialism. We have ensured that all power of the state belongs to the people and worked to steadily promote reform of the political structure. As a result, we have made major progress in developing socialist democracy and opened up and kept to the socialist path of making political advance with Chinese characteristics, thus charting the correct course for achieving the most extensive possible people's democracy in China.

The reform of the political structure is an important part of China's overall reform. We must continue to make both active and prudent efforts to carry out the reform of the political structure, and make people's democracy more extensive, fuller in scope and sounder in practice. We must ensure the unity of the leadership of the Party, the position of the people as masters of the country and law-based governance. To guarantee the fundamental position of the people as masters of the country and to reach the goal of enhancing the vitality of the Party and country and keeping the people fully motivated, we should expand socialist democracy, accelerate the building of a socialist country based on the rule of law, and promote socialist political progress. We should place greater emphasis on improving the way the Party exercises leadership and governance to ensure that it leads the people in effectively governing the country. We should attach greater importance to improving the system of democracy and diversifying the forms of democracy to ensure that the people conduct democratic elections, decision-making, administration and oversight in accordance with the law. We should give greater scope to the important role the rule of law plays in the country's governance and in social management, uphold the unity, sanctity and authority of the country's legal system and ensure that the people enjoy extensive rights and freedoms as prescribed by law. We should place high importance on systemic building, give full

play to the strength of the socialist political system and draw on the political achievements of other societies. However, we will never copy a Western political system.

1. Support and ensure the exercise of state power by the people through people's congresses

The system of people's congresses is China's fundamental political system for guaranteeing that the people decide their own destiny. We should make good use of legal procedures to turn the Party's propositions into the will of the state. We should support people's congresses and their standing committees in fully playing their role as organs of state power, in exercising legislative, oversight, policymaking, and personnel appointment and dismissal powers in accordance with the law, in strengthening organization and coordination of legislative work, in stepping up their oversight of people's governments, courts and procuratorates, and in tightening examination and oversight of all government budgets and final accounts. The proportion of community-level deputies to people's congresses, particularly those elected from among workers, farmers and intellectuals on the frontlines of various fields of endeavor should be raised, while that of deputies from among leading Party and government officials should be reduced. Deputy liaison offices should be established in people's congresses to improve the mechanism for deputies to maintain contact with the people. The organizational system for organs of state power should be improved. The age mix of the members of the standing committees and special committees of people's congresses should be improved and the areas of their expertise should be widened. The proportion of the full-time members of these committees should be raised. Deputies to people's congresses and members of these committees should enhance their capability to perform their duties pursuant to law.

2. Improve the system of socialist consultative democracy

Socialist consultative democracy is an important form of people's democracy in our country. We should improve its institutions and work mechanisms and promote its extensive, multilevel, and institutionalized development. Extensive consultations should be carried out on major issues relating to economic and social development as well as specific problems involving the people's immediate interests through organs of state power, committees of the Chinese People's Political Consultative Conference, political

parties, people's organizations and other channels to solicit a wide range of opinions, pool wisdom of the people, increase consensus, and build up synergy. We should adhere to and improve the system of multiparty cooperation and political consultation under the leadership of the Communist Party of China and make the Chinese People's Political Consultative Conference serve as a major channel for conducting consultative democracy. The Chinese People's Political Consultative Conference should, focusing on the themes of unity and democracy, improve systems of political consultation, democratic oversight, and participation in the deliberation and administration of state affairs, and deliver a better job in coordinating relations, pooling strength and making proposals in the overall interests of the country. We should strengthen political consultation with the democratic parties, make political consultation a part of the policymaking process, conduct consultations before and when policy decisions are made, and make democratic consultation more effective. We should conduct intensive consultations on special issues with those who work on these issues, with representatives from all sectors of society, and with relevant government authorities on the handling of proposals. We should actively carry out democratic consultation at the community level.

3. Improve community-level democracy

An important way for the people to directly exercise their democratic rights in accordance with the law is for them to conduct self-management, self-service, self-education, and self-oversight in exercising urban and rural community governance, in managing community-level public affairs and in running public service programs. We should improve the mechanism for community-level self-governance under the leadership of community-level Party organizations to make it full of vitality. We should broaden the scope and channels of such self-governance and enrich its content and forms, with the focus on expanding orderly participation, promoting transparency in information, improving deliberation and consultation on public affairs, and strengthening oversight of the exercise of power, to ensure that the people have greater and more tangible democratic rights. We should rely wholeheartedly on the working class, improve the democratic management system in enterprises and public institutions with workers and employees' congress as its basic form, and protect workers and employees' democratic rights to participate in management and oversight. Community-level organizations of various types should also get

involved to integrate government administration and community-level democracy.

4. Promote law-based governance of the country in an all-around way

The rule of law is the basic way for running the country. We should make laws in a scientific way, enforce them strictly, administer justice impartially, and ensure that everyone abides by the law. We must make sure that all are equal before the law and that laws are observed and strictly enforced and lawbreakers are prosecuted. We should improve the socialist system of laws with Chinese characteristics, strengthen legislation in key areas, and expand channels for people's orderly participation in the legislative process. We should exercise government administration in accordance with the law and ensure that law enforcement is conducted in a strict, fair, and civilized way according to due procedures. We should continue to deepen reform of the judicial structure, uphold and improve the socialist judicial system with Chinese characteristics, and ensure that judicial and procuratorial bodies independently and impartially exercise their respective powers pursuant to law. We should carry out intensive publicity and education about the law, foster socialist spirit of the rule of law, and adopt the socialist concept of law-based governance. We should enhance the whole society's awareness of the need to study, respect, observe, and apply the law. We should ensure that leading officials are guided by law in both thinking and action in their effort to deepen reform, promote development, solve problems, and maintain stability. As the Constitution and laws are adopted by the Party and the people under its leadership, the Party must act within the scope prescribed by the Constitution and laws. No organization or individual has the privilege of overstepping the Constitution and laws, and no one in a position of power is allowed in any way to take one's own words as the law, place one's own authority above the law or abuse the law.

XII. Making Party Building More Scientific in All Respects

Rallying and leading the people in completing the building of a moderately prosperous society in all respects, in advancing socialist modernization and in achieving the great renewal of the Chinese nation is an important mission for our Party. When the Party maintains its strength and close ties with the people, China enjoys

prosperity and stability and the Chinese people live in peace and happiness. Facing the new developments, the progress in our cause and the expectation the people have of us, we should comprehensively carry out the great new undertaking of Party building in an innovative reform-driven manner and make Party building more scientific in all respects.

The whole Party must bear in mind that only by taking root among the people and delivering benefits to them can the Party remain invincible, and that only by being on guard against adversity in times of peace and forging boldly ahead can the Party remain in the forefront of the times. Under new conditions, the Party faces complicated and severe long-term tests in exercising governance, carrying out reform and opening up and developing the market economy as well as tests from the external environment. And the whole Party is confronted with increasingly grave dangers of lacking in drive, incompetence, being out of touch with the people, corruption and other misconduct. We should steadily improve the Party's art of leadership and governance; and increase its ability to resist corruption, prevent degeneration and ward off risks - this is a major issue the Party must solve in order to consolidate its position as the governing party and carry out its mission of governance. All Party members must heighten their sense of urgency and sense of responsibility and focus on strengthening the Party's governance capacity, advanced nature and purity. We should continue to free up our minds and carry out reform and innovation, and uphold the principle that the Party should supervise its own conduct and run itself with strict discipline. We should make all-around efforts to strengthen the Party theoretically and organizationally and improve its conduct. We should become better able to fight corruption, uphold Party integrity and improve Party rules and regulations. We should enhance our capacity for self-purity, self-improvement, self-development and self-innovation and build the Party into an innovative, service-oriented and learning Marxist governing party. By taking these steps, we can ensure that the Party is always the firm leadership core guiding the cause of socialism with Chinese characteristics.

1. Be firm in our ideal and conviction and remain true to the faith of Communists

Communists' faith in Marxism, socialism and communism is their political soul and sustains them in all tests. We should give high priority to developing the Party's theory, which is essential for Party

building. We should study Marxism-Leninism, Mao Zedong Thought and the system of theories of socialism with Chinese characteristics and intensively study and apply the Scientific Outlook on Development. We should build learning Party organizations, educate Party members and officials in our shared ideal of socialism with Chinese characteristics and encourage them to unremittingly pursue this ideal. We should intensify education in the Party spirit, which is at the core of Party building, study Party history, and gain a full understanding of the experience and lessons reviewed in the Party's two resolutions on certain questions in its history. We should carry forward the Party's fine traditions and conduct and make its members and officials develop a firm and correct worldview and a firm and correct attitude toward power and career, take a committed political stand and become better able to tell right from wrong on major issues of principle. We should raise the moral standards of Party members, which are the foundation of Party building, encourage Party members and officials to become role models in practicing socialist views on honor and disgrace, and urge them to observe the Party spirit and ethical standards and set good examples for the public. We should encourage Party members and officials to become paragons of socialist ethics, lead in fostering a social trend of honesty and integrity, uphold fairness and justice, and thus demonstrate with concrete actions the moral integrity of Communists.

2. Put people first, exercise governance for the people and always maintain close ties with them

Serving the people is the fundamental purpose of the Party, and putting people first and exercising governance for the people is the ultimate yardstick for judging all the Party's performance in this regard. At all times we must put the people's interests above everything else, be of one mind with the people, share a common destiny with them, and rely on them to propel history forward. To maintain the Party's advanced nature and purity, we should carry out intensive activities throughout the Party to study and practice its mass line, with the focus on the need to serve the people and to be down-to-earth, honest and upright in conduct. We should solve pressing problems of keen concern to the people, and raise our ability to do people-related work well under new conditions. We should improve the system for Party members and officials to maintain direct contact with the people. We should consult the people on governance, learn about their needs, seek their advice, and draw wisdom and strength from their great practices. We

should endeavor to bring prosperity to the people and promote national renewal, be eager to blaze new trails and live up to our responsibility, and deliver more concrete services to the satisfaction of the people. We should always work hard and practice economy. We should make determined efforts to improve the style of writing and the conduct of meetings, and reject undesirable practices such as mediocrity, laziness, laxity and extravagance, the practice of just going through formalities, and bureaucratism. We should use the Party's fine conduct to enhance Party cohesiveness, win popular support and improve the conduct of the government and the general public. We should support people's organizations such as trade unions, the Chinese Communist Youth League and women's federations in fully playing their roles as bridges linking the Party and government with the people, voicing public concern and protecting people's legitimate rights and interests.

3. Vigorously promote intra-Party democracy and enhance the Party's creative vitality

Intra-Party democracy is the life of the Party. We should adhere to democratic centralism, improve institutions for intra-Party democracy, and promote people's democracy with intra-Party democracy. We should uphold the principal position of Party members, better protect their democratic rights, and conduct criticism and self-criticism. We should foster comradely relations based on equality and democratic principles, a political atmosphere that encourages democratic discussion, and an institutional environment for democratic oversight. We should ensure that Party members have the right to stay informed of, participate in and oversee Party affairs, as well as the right to vote. We should improve the system of Party congresses, raise the proportion of delegates from among workers and farmers to them, implement and improve the tenure system for delegates to Party congresses, experiment with a system of annual sessions of the Party congresses at the town and township level, proceed with trials of the system of Party congresses with a fixed term in selected counties and county-level cities and districts, and introduce the system for delegates to Party congresses to submit proposals. We should improve the system of intra-Party election, and standards governing multi-candidate nomination and election, and create procedures and a climate that fully embody the will of voters. We should strengthen the decision-making and oversight role of plenary sessions of Party committees and improve procedural rules and decision-making procedures of their standing committees. We

should also improve the system for local Party committees to make decisions on major issues and appoint key officials by ballot. We should expand intra-Party democracy at the community level, improve the system for Party members to assess the performance of leading bodies of community-level Party organizations on a regular basis, make arrangements for Party members to sit in on meetings of community-level Party committees and for delegates to Party congresses to attend relevant meetings of Party committees at the same levels, both in non-voting capacity, and thus conduct intra-Party activities in strict accordance with these principles and make them more transparent.

4. Deepen reform of the system for the management of officials and personnel and build a contingent of competent key officials for governance

To uphold and build socialism with Chinese characteristics, it is imperative to build a contingent of key officials for governance who are firm in political conviction, competent and energetic and have fine conduct. We should adhere to the principle of the Party supervising the performance of officials. We should appoint officials on their merits without regard to their origins, select officials on the basis of both their moral integrity and their professional competence with priority given to the former, and promote officials who are outstanding in performance and enjoy popular support. We should deepen reform of the system for the management of officials and personnel so that officials with outstanding performance in all fields will come to the fore in large numbers, and we should tap their potential to the full and put their talent to best use. We should fully and strictly implement the principle of selecting officials in a democratic, open, competitive and merits-based way, make the management of them more democratic, enhance democracy, improve the way of selecting officials through competition, increase public trust in the selection and appointment of officials and ensure that honest people are not disadvantaged and schemers do not have their way. We should improve the system for assessing the performance of officials and require leading officials to view their performance for what it is. We should improve the system for the management of officials, conduct strict supervision over them, strengthen training and selection of officials as heads of Party and government bodies or for other key positions, and improve the public servant system. We should improve the composition of leading bodies and the mix of the ranks of officials, give high priority to training and selecting officials from among those working

on the frontline or in local communities, and widen the channel for outstanding individuals from society at large to become Party and government officials. We should reform the personnel management system in state-owned enterprises and public institutions. We should strengthen and improve education and training of officials to enhance their competence. We should make greater efforts to train and select outstanding young officials, attach importance to training and selecting officials from among women and ethnic minorities, and encourage young officials to work and gain experience in local communities and in hardship areas. We should provide full services for retired officials.

5. Adhere to the principle of the Party exercising leadership over personnel management and attract outstanding individuals from all over for the cause of the Party and country

Widening channels to attract talent is important for advancing the cause of the Party and people. We should respect work, knowledge, talent and creation, pursue at a faster pace the strategy of training competent personnel as a priority to build a large contingent of such personnel, and turn China from a country with large human resources into one with a large pool of competent professionals. We should coordinate the training of all types of personnel, implement major projects for training and attracting high-caliber personnel, give more support to the training of innovative and entrepreneurial personnel, prioritize the training of people with practical skills, and encourage the flow of talents to the frontlines of research and production. We should fully develop and utilize human resources both at home and abroad, and actively attract high-caliber personnel from overseas and turn them to good use. We should accelerate reform of institutions and mechanisms for talent development, adopt innovative policies for this purpose and establish a national system of honors. We should form an internationally competitive personnel system that is capable of firing the creativity and talent of people, and thus foster a dynamic environment in which everyone can fully tap their potential and put their talent to best use.

6. Promote community-level Party building in an innovative way and consolidate the organizational foundation for the exercise of governance by the Party

Community-level Party organizations play a key role in rallying and leading the people in implementing the Party's theories, line,

principles and policies and in carrying out its tasks. We should implement the system of responsibility for Party building, strengthen Party organizations in both rural and urban communities, step up efforts to establish and strengthen Party organizations in non-public economic entities and social organizations, and carry out community-level Party building in all areas. We should expand the coverage of Party organizations and Party work, fully leverage the role of community-level Party organizations in enhancing development, serving the people, rallying public support and promoting harmony, and ensure that efforts to strengthen community-level Party organizations also spur the development of all other community-level organizations. We should improve the network of community-level Party organizations, enhance the competence of their leaders, further integrate Party building resources in urban and rural areas, and ensure sufficient funding for community-level Party organizations. We should make community-level Party organizations more service-oriented, with serving the people and engaging in people-related work being their main tasks. We should strengthen and improve education and management of Party members, with a focus on enhancing their Party spirit and raising their overall quality, improve the permanent mechanism for encouraging them to excel in their work, and encourage them to be vanguards and role models. We should ensure that Party members participate in Party activities regularly, and improve regular review of Party members' Party spirit and democratic evaluation of their performance. We should improve education and management of Party members among the floating population and provide better services for them. We should recruit better qualified people into the Party, and give high priority to recruiting new members from among young workers, farmers and intellectuals. We should perfect the mechanism for recruiting and disqualifying Party members so as to improve the composition of Party membership.

7. Unswervingly combat corruption and preserve Communists' political character of integrity

Combating corruption and promoting political integrity, which is a major political issue of great concern to the people, is a clear-cut and long-term political commitment of the Party. If we fail to handle this issue well, it could prove fatal to the Party, and even cause the collapse of the Party and the fall of the state. We must thus make unremitting efforts to combat corruption, promote integrity and stay vigilant against degeneration. We should keep to the Chinese-style

path of combating corruption and promoting integrity. We should persist in combating corruption in an integrated way, addressing both its symptoms and root causes, and combining punishment and prevention, with emphasis on the latter. We should advance in an all-around way the establishment of a system of combating corruption through both punishment and prevention and see to it that officials are honest, the government is clean, and political integrity is upheld. We should strengthen education about combating corruption and promoting clean government and improve the culture of clean government. Leading officials at all levels, especially high-ranking officials, must readily observe the code of conduct on clean governance and report all important facts concerned. They should both exercise strict self-discipline and strengthen education and supervision over their family and staff; and they should never seek any privilege. We should ensure that strict procedures are followed in the exercise of power, and tighten oversight over the exercise of power by leading officials, especially principal leading officials. We should deepen reform of key areas and crucial links, improve the system of anti-corruption laws, prevent and manage risks to clean government, avoid conflict of interests, prevent and fight corruption more effectively and in a more scientific way, and increase international anti-corruption cooperation. We should rigorously implement the system of accountability for improving Party conduct and upholding integrity. We should improve the system of discipline supervision and inspection, improve the unified management of representative offices of Party commissions for discipline inspection, and enable discipline inspectors to better play their role of supervision. We must maintain a tough position in cracking down on corruption at all times, conduct thorough investigations into major corruption cases and work hard to resolve problems of corruption that directly affect the people. All those who violate Party discipline and state laws, whoever they are and whatever power or official positions they have, must be brought to justice without mercy.

8. Strictly enforce Party discipline and willingly uphold centralized leadership of the Party

Centralized leadership of the Party is the source of its strength and a fundamental guarantee for China's economic and social development, ethnic unity and progress, and enduring peace and stability. The more complexities the Party faces and the more arduous the tasks it undertakes, the more imperative it is for the Party to strengthen its discipline and uphold centralized leadership.

Party organizations at all levels and all Party members and officials, especially principal leading officials, must willingly abide by the Party Constitution as well as its organizational principles and guiding principles for its political activities; and no one is allowed to place oneself above the Party organization. All Party organizations and members must resolutely uphold the authority of the Central Committee and maintain a high degree of unity with it theoretically, politically and in action. We must faithfully implement the Party's theories, line, principles and policies and ensure that the decisions of the Central Committee are carried out effectively; and we will never allow anyone to take countermeasures against them or disregard them. We will strengthen oversight and inspection, strictly enforce Party discipline, political discipline in particular, and take stern actions against violations of Party discipline. We must ensure that all are equal before discipline, that nobody has the privilege of not observing it and that no exception should be made in its enforcement. This will enable the whole Party from leadership to the ranks to advance in unison as a great force.

Comrades,

We are striving for the great renewal of the Chinese nation along the path of socialism with Chinese characteristics - this is what countless patriots and revolutionary martyrs yearned for. Through protracted and arduous struggle, our Party has, relying closely on the people and making the utmost sacrifice, made epic accomplishments. Our Party brought an end to, once and for all, the misery of old China, a poor and weak country that had suffered from both domestic turmoil and foreign aggression in modern times, and launched the Chinese nation's irreversible historic march to development and great renewal. It has thus enabled the Chinese nation, which has a civilization of over 5,000 years, to stand rock-firm with a completely new image in the family of nations. Shouldering heavier responsibilities and tasks on our new journey forward, we must become firmer in our conviction and make more determined efforts to accomplish the three historic tasks of advancing modernization, reunifying the country, and upholding world peace and promoting common development.

To live up to the people's trust in and expectation of us and stand new tests under new historical conditions, the whole Party must be keenly aware of potential dangers, be modest and prudent, guard against arrogance and impetuosity, and remain clear-headed. We must be innovative in our thinking, uphold truth and correct

mistakes, and always maintain energy and drive. We must uphold the fundamental purpose of the Party, trust and rely on the people, and always put them above everything else. We must heighten our sense of mission, be realistic and pragmatic, defy difficulties and work hard, and preserve the political integrity of Communists.

The cause of socialism with Chinese characteristics holds great promise for the future, and its success hinges on continuous hard work of generations of young people with aspirations. The whole Party should care about young people, learn about what they have in mind, encourage their growth and support them in pursuing careers in an entrepreneurial spirit. Young people should respond to the Party's call, foster a correct worldview, outlook on life and sense of values and always cherish deep love for our great country, our great people and our great nation. Let their youthful vigor shine with radiance as they endeavor to advance the great cause of socialism with Chinese characteristics.

The success of the cause of socialism with Chinese characteristics cannot be achieved without the concerted efforts of all the sons and daughters of the Chinese nation. Our common cause depends on unity, and our strength lies in unity. All Party members should improve their Party spirit so as to ensure unity, promote unity through pursuing our common cause, willingly uphold the unity of the whole Party, strengthen the unity of the people of all ethnic groups in China and the unity of all the sons and daughters of the Chinese nation, both here in the country and overseas, and promote the great unity of the Chinese people with the peoples of other countries.

Let us hold high the great banner of socialism with Chinese characteristics, rally more closely around the Party Central Committee, strive to complete the building of a moderately prosperous society in all respects, continue to win new victories for socialism with Chinese characteristics, and make joint efforts to create an even brighter future for the Chinese people and nation.