

Appendix 138 -- Jiang Zemin's Report to the 16th Chinese Communist Party Congress (Full Text) (2002)

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- I. Work of the Past Five Years and Basic Experience of 13 Years
- II. Implement the Important Thought of Three Represents in an All-Round Way
- III. The Objectives of Building a Well-off Society in an All-Round Way
- IV. Economic Development and Restructuring
- V. Political Development and Restructuring
- VI. Cultural Development and Restructuring
- VII. National Defense and Army Building
- VIII. "One Country, Two Systems" and Complete National Reunification
- IX. The International Situation and Our External Work
- X. Strengthen and Improve Party Building Comrades

Now I would like to make a report to the congress on behalf of the Fifteenth Central Committee of the Communist Party of China (CPC).

The Sixteenth National Congress of the CPC is the first of its kind held by our Party in the new century. It is a very important congress convened by our Party in the new situation in which we have begun to take the third step of the strategic plan for socialist modernization.

The theme of the congress is to hold high the great banner of Deng Xiaoping Theory, fully act on the important thought of Three Represents, carry forward our cause into the future, keep pace with the times, build a well-off society in an all-round way, speed up socialist modernization and work hard to create a new situation in building socialism with Chinese characteristics.

As human society entered the 21st century, we started a new phase of development for building a well-off society in an all-round way and speeding up socialist modernization. The international situation is undergoing profound changes. The trends toward world multipolarization and economic globalization are developing amidst twists and turns. Science and technology are advancing rapidly. Competition in overall national strength is becoming increasingly fierce. Given this pressing situation, we must move forward, or we will fall behind. Our Party must stand firm in the forefront of the times and unite with and lead the Chinese people of all ethnic groups in accomplishing the three major historical tasks: to propel the modernization drive, to achieve national reunification and to safeguard world peace and promote common development, and in bringing about the great rejuvenation of the Chinese nation on its road to socialism with Chinese characteristics. This is a grand mission history and the era have entrusted to our Party.

- I. Work of the Past Five Years and Basic Experience of 13 Years

The five years since the Fifteenth National Congress of the CPC have been a period in which we have held high the great banner of Deng Xiaoping Theory and kept blazing new trails in a pioneering spirit, and a period in which we have continued to forge ahead triumphantly on the road to socialism with Chinese characteristics in spite of difficulties and risks.

At the Fifteenth National Congress, Deng Xiaoping Theory was established as the Party's guiding ideology, the Party's basic program for the primary stage of socialism was put forward, and the objectives and tasks for China's cross-century development were specified. Acting in the spirit of the congress, the Central Committee held seven plenary sessions at which it made decisions and plans on such major issues as agriculture and rural work, the reform and development of state-owned enterprises, the formulation of the Tenth Five-Year Plan (2001-2005) and the improvement of the Party's work style. Over the past five years, we have traversed an extraordinary course and scored tremendous achievements in reform, development and stability, domestic and foreign affairs and national defense and in running the Party, state and army.

The national economy has maintained a sustained, rapid and sound development. By pursuing the principle of stimulating domestic demand and adopting the proactive fiscal policy and the sound monetary policy in good time, we overcame the adverse effects the Asian financial crisis and world economic fluctuations had on China, and maintained a relatively rapid economic growth. The strategic adjustment of the economic structure has been crowned with success. The position of agriculture as the foundation of the economy has been strengthened. Traditional industries have been upgraded. High and new technology industries and modern services have gained speed. A large number of infrastructure projects in such areas as water conservancy, transportation, telecommunications, energy and environmental protection have been completed. Significant headway has been made in the large-scale development of China's western region. Economic returns have further improved. National revenue has kept growing. The Ninth Five-Year Plan (1996-2000) was fulfilled and the Tenth Five-Year Plan has seen a good start.

Reform and opening up have yielded substantial results. The socialist market economy has taken shape initially. The public sector of the economy has expanded and steady progress has been made in the reform of state-owned enterprises. Self-employed or private enterprises and other non-public sectors of the economy have developed fairly fast. The work of building up the market system has been in full swing. The macro-control system has improved constantly. The pace of change in government functions has been quickened. Reform in finance, taxation, banking, distribution, housing, government institutions and other areas has continued to deepen. The open economy has developed swiftly. Trade in commodities and services and capital flow have grown markedly. China's foreign exchange reserves have risen considerably. With its accession to the World Trade Organization (WTO), China has entered a new stage in its opening up.

Notable progress has been registered in improving socialist democracy and spiritual civilization. Continued efforts have been made to improve democracy and the legal system. New steps have been taken in political restructuring. The patriotic united front has grown

stronger. Further progress has been made in the work relating to ethnic, religious and overseas Chinese affairs. Fresh progress has been made in keeping public order through comprehensive measures. Science, technology, education, culture, health, sports, family planning and other undertakings have moved ahead. The media and publicity work as well as ideological and moral education have kept improving. The people's cultural life has become increasingly rich and colorful.

New strides have been taken in strengthening national defense and army building. Efforts have been redoubled to make the People's Liberation Army more revolutionary, modernized and regularized. Our national defense capabilities and the army's defense and combat effectiveness have further improved. The army, the armed police and the militia have played an important role in defending and building up our motherland.

On the whole, the people have reached a well-off standard of living. The income of urban and rural residents has gone up steadily. The urban and rural markets have been brisk, and there has been an ample supply of goods. The quality of life of the residents has been on the rise, with considerable improvement in food, clothing, housing, transport and daily necessities. There has been marked progress in building the social security system. The seven-year program to help 80 million people out of poverty has been in the main fulfilled.

Fresh progress has been made in the great cause of national reunification. The Chinese Government has resumed the exercise of sovereignty over Macao. The principle of "one country, two systems" has been implemented and the basic laws of Hong Kong and Macao special administrative regions have been carried out to the letter. Hong Kong and Macao enjoy social and economic stability. Personnel, economic and cultural exchanges across the Taiwan Straits have kept increasing. The fight against "Taiwan independence" and other attempts to split the country has been going on in depth.

New prospects have been opened up in our external work. In light of the developments and changes in the international situation, we have adhered to the correct foreign policy and related principles. We have carried out both bilateral and multilateral diplomatic activities extensively and taken an active part in international exchanges and cooperation. China's international standing has risen still further.

Party building has been strengthened in an all-round way. All the Party members have steadily intensified their study of Deng Xiaoping Theory. We have put forward and expounded the important thought of Three Represents. Good results have been produced in the intensive education in the need to stress study, political awareness and integrity and in the study of the "Three Represents". An all-out endeavor has been made to build up the Party ideologically, organizationally and in work style. Our ideological and political work has been strengthened. New steps have been taken in the reform of the personnel system. The endeavor to build a clean and honest government and combat corruption has been going on in depth and yielding fresh notable results.

Facts prove that the major policy decisions taken by the Central Committee at and since the Fifteenth National Congress are correct and accord with the fundamental interests of the

overwhelming majority of the people. Our achievements are the outcome of the united endeavor of the whole Party and the people of all ethnic groups of the country. They provide a more solid foundation for the future development of the cause of the Party and state.

We must be clearly aware that there are still quite a few difficulties and problems in our work. The income of farmers and some urban residents has increased only slowly. The number of the unemployed has gone up. Some people are still badly off. Things have yet to be straightened out in the matter of income distribution. The order of the market economy has to be further rectified and standardized. Public order is poor in some places. Formalism, the bureaucratic style of work, falsification, extravagance and waste are still serious problems among some leading cadres in our Party, and corruption is still conspicuous in some places. The Party's way of leadership and governance does not yet entirely meet the requirements of the new situation and new tasks. Some Party organizations are feeble and lax. We must pay close attention to these problems and continue to take effective measures to solve them.

Our achievements over the past five years have been scored through reform and opening up, especially through our practice since the Fourth Plenary Session of the Thirteenth Central Committee in 1989. These 13 years have witnessed a highly volatile international situation and a magnificent upsurge of China's reform, opening up and modernization. From the late 1980s to the early 1990s, there occurred serious political disturbances in China, drastic changes in Eastern Europe and the disintegration of the Soviet Union. Socialism in the world suffered serious setbacks. China was faced with unprecedented difficulties and pressure in its efforts to develop the socialist cause. At this crucial historical juncture bearing on the destiny of the Party and state, the Party Central Committee relied firmly on all the comrades in the Party and the Chinese people of all ethnic groups and unswervingly adhered to the line prevailing since the Third Plenary Session of the Eleventh Central Committee, and thus successfully brought the overall situation of reform and development under control and safeguarded the great cause of socialism with Chinese characteristics. After Comrade Deng Xiaoping made remarks on his tour of the South, the Fourteenth National Congress decided to establish a socialist market economy as the goal of reform, thus ushering in a new stage for reform, opening up and the modernization drive. To develop a market economy under socialism is a great pioneering undertaking never tried before in history. It is a historic contribution of the Chinese Communists to the development of Marxism. It has given expression to our Party's tremendous courage to persist in making theoretical innovation and keeping pace with the times. The shift from the planned economy to the socialist market economy represented a new historic breakthrough in reform and opening up and brought about entirely new prospects for China's economic, political and cultural progress. After the demise of Comrade Deng Xiaoping, we held high the great banner of Deng Xiaoping Theory and made pioneering efforts to advance the cause of socialism with Chinese characteristics into the 21st century in an all-round way.

Over the past 13 years, with clearly defined objectives, we worked with one heart and one mind and scored historic achievements. In 2001, China's GDP reached 9.5933 trillion yuan, almost tripling that of 1989, representing an average annual increase of 9.3 percent. China came up to the sixth place in the world in terms of economic aggregate. On the whole, the people made a historic leap from having only adequate food and clothing to leading a well-off

life. As is universally recognized, the 13 years have been a period in which China's overall national strength has risen by a big margin, the people have received more tangible benefits than ever before, and China has enjoyed long-term social stability and solidarity and had a good government and a united people. China's influence in the world has grown notably, and the cohesion of the nation has increased remarkably. The hard work of our Party and people and their great achievements have attracted worldwide attention and will surely go down as a glorious page in the annals of the great rejuvenation of the Chinese nation.

A review of these 13 years shows that we have traversed a tortuous course and that our achievements are hard won. We have responded confidently to a series of unexpected international events bearing on China's sovereignty and security. We have surmounted difficulties and risks arising from the political and economic spheres and from nature. We have gone through one trial after another and removed all kinds of obstacles, thus ensuring that our reform, opening up and modernization drive have been forging ahead in the correct direction like a ship braving surging waves. We have attained these successes by relying on the correct guidance of the Party's basic theory, line and program, on the high degree of unity and solidarity of the Party and on the tenacious work of the whole Party and the people of all ethnic groups around the country.

Here, on behalf of the CPC Central Committee, I wish to express our heartfelt thanks to the people of all our ethnic groups, the democratic parties, people's organizations and patriots from all walks of life, to our compatriots in the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan as well as overseas Chinese, and to our foreign friends who care about and support China's modernization drive!

The practice of the 13 years has helped us acquire a deeper understanding of what socialism is, how to build it, and what kind of Party to build and how to build it, and we have gained most valuable experience in this regard.

1. Uphold Deng Xiaoping Theory as our guide and constantly bring forth theoretical innovation. Deng Xiaoping Theory is our banner, and the Party's basic line and program are the fundamental guidelines for every field of our work. Whatever difficulties and risks we may come up against, we must unswervingly abide by the Party's basic theory, line and program. We should persist in arming the entire Party membership with Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory and using them to educate our people. We should continue to emancipate our minds, seek truth from facts, keep pace with the times and make innovations in a pioneering spirit. We should respect the creativity of the general public and test and develop the Party's theory, line, principles and policies in practice

2. Keep economic development as the central task and solve problems cropping up on our way forward through development. Development is the fundamental principle. We must seize all opportunities to accelerate development. Development calls for new ideas. We should stick to the principle of expanding domestic demand and implement the strategy of national rejuvenation through science and education and that of sustainable development. While seeking speed, we should pay attention to structure, quality and efficiency, and while propelling economic development, we should take into consideration population, resources

and the environment. On the basis of economic growth, we need to promote all-round social progress, constantly better people's lives and ensure that all the people share the fruits of development.

3. Persevere in reform and opening up and keep improving the socialist market economy. Reform and opening up are ways to make China powerful. We must press ahead with the reform in all areas resolutely. The reform must be promoted realistically, comprehensively and progressively with breakthroughs made in key areas and emphasis placed on institutional improvement and innovation. We should follow the orientation of reform toward the socialist market economy and make sure that the market forces play an essential role in the allocation of resources under the state's macroeconomic control. By both "bringing in" and "going out", we should actively participate in international economic and technological cooperation and competition and open wider to the outside world.

4. Adhere to the Four Cardinal Principles (*Note 1) and develop socialist democracy. The Four Cardinal Principles are the very foundation on which we build our country. We must uphold leadership by the CPC and consolidate and improve the state system—a people's democratic dictatorship and the system of political power – the people's congresses. We should uphold and improve the system of multiparty cooperation and political consultation led by the Communist Party and the system of regional ethnic autonomy. We should promote political restructuring, develop democracy, improve the legal system, rule the country by law, build a socialist state under the rule of law and ensure that the people exercise their rights as the masters of the country.

5. Attach equal importance to both material and spiritual civilization and run the country by combining the rule of law with the rule of virtue. Socialist spiritual civilization is an important attribute of socialism with Chinese characteristics. Basing ourselves on China's realities, we must carry forward the fine tradition of our national culture and absorb the achievements of foreign cultures in building socialist spiritual civilization. We should unceasingly upgrade the ideological and ethical standards as well as the scientific and cultural qualities of the entire people so as to provide a strong motivation and intellectual support for the modernization drive.

6. Ensure stability as a principle of overriding importance and balance reform, development and stability. Stability is a prerequisite for reform and development. We should take into full consideration the momentum of reform, the speed of development and the sustainability of the general public. Continued improvement of people's lives must be regarded as an important link in balancing reform, development and stability. We should press ahead with reform and development amidst social stability and promote social stability through reform and development.

7. Persevere in the Party's absolute leadership over the army and take the road of fewer but better troops with Chinese characteristics. The people's army is a staunch pillar of the people's democratic dictatorship. It should meet the general requirements of being qualified politically and competent militarily and having a fine style of work, strict discipline and adequate logistic support, with a view to enabling itself to win battles and never degenerate, paying

attention to strengthening itself through science and technology and building itself into a more revolutionary, modernized and regularized army. We must ensure that the army is forever loyal to the Party, socialism, the motherland and the people.

8. Continue to unite with all forces that can be united with and increase the cohesion of the Chinese nation. We should hold high the banners of patriotism and socialism, strengthen the great solidarity of the people of all ethnic groups, and consolidate and develop the broadest possible patriotic united front. We need to strengthen our solidarity with the democratic parties and personages without party affiliation. We should handle well the work relating to ethnic minorities, religions and overseas Chinese. We should adhere to the principle of "one country, two systems" and bring into full play every positive factor in a common endeavor to accomplish the grand cause of national reunification and the great rejuvenation of the Chinese nation.

9. Pursue the independent foreign policy of peace, safeguard world peace and promote common development. We will, as always, attach paramount importance to our state sovereignty and security. We will develop friendly relations and cooperation with all other countries on the basis of the Five Principles of Peaceful Coexistence. We will oppose hegemonism and power politics and promote the establishment of a fair and rational new international political and economic order. In handling international affairs, we should observe and cope with the situation cool-headedly, adhere to the principle of mutual respect and seek common ground while shelving differences. We need to respect the diversity of the world, promote democracy in international relations and strive for a peaceful international environment and a good climate in areas around China.

10. Strengthen and improve the Party's leadership and propel the new great project of Party building. To run the state well, we must run the Party well first. To do this, we must be strict with the Party members. We must maintain the Party's nature and purposes, strengthen and improve Party building in the spirit of reform, enhance the Party's art of leadership and governance, increase its capability of fighting corruption and guarding against degeneration and risks and make unremitting efforts to combat corruption. The Party must keep its flesh-and-blood ties with the people as well as its progressiveness, purity, solidarity and unity.

The above-mentioned ten principles constitute the basic experience the Party must follow as it leads the people in building socialism with Chinese characteristics. This experience and the historical experience gained by the Party since its founding can be summarized as follows: Our Party must always represent the development trend of China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people. They are the inexorable requirements for maintaining and developing socialism and the logical conclusion our Party has reached through hard exploration and great practice.

ii. Implement the Important Thought of Three Represents in an All-Round Way

To open up new prospects for the cause of socialism with Chinese characteristics, we must hold high the great banner of Deng Xiaoping Theory and implement the important thought of

Three Represents. As a continuation and development of Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory, this important thought reflects new requirements for the work of the Party and state arising from the changes in China and other parts of the world today. It is a powerful theoretical weapon for strengthening and improving Party building and promoting self-improvement and development of socialism in China. It is the crystallization of the Party's collective wisdom and a guiding ideology the Party must follow for a long time to come. Persistent implementation of the "Three Represents" is the foundation for building our Party, the cornerstone for its governance and the source of its strength.

The important thought of Three Represents has been put forward on the basis of a scientific judgment of the Party's historical position. Having gone through the revolution, reconstruction and reform, our Party has evolved from a party that led the people in fighting for state power to a party that has led the people in exercising the power and has long remained in power. It has developed from a party that led national reconstruction under external blockade and a planned economy to a party that is leading national development while the country is opening to the outside world and developing a socialist market economy. Keeping in mind the past, present and future of China and other parts of the world, we must accurately comprehend the characteristics of the times and the Party's tasks, scientifically formulate and correctly implement the Party's line, principles and policies, and study and settle questions concerning the promotion of China's social progress and the improvement of Party building. We should neither approach questions out of their historical context nor lose our bearings, and we should neither fall behind the times nor skip the stages, so as to ensure that our cause will advance from victory to victory.

The implementation of the important thought of Three Represents, in essence, is to keep pace with the times, maintain the Party's progressiveness and exercise the state power in the interest of the people. All Party members must be keenly aware of this basic requirement and become more conscious and determined in implementing this important thought.

1. To carry out the important thought of Three Represents, the whole Party must maintain the spirit of keeping pace with the times and blaze new trails for the development of the Marxist theory. Upholding the Party's ideological line, emancipating the mind, seeking truth from facts and keeping pace with the times are decisive factors for our Party to retain its progressiveness and enhance its creativity. Keeping pace with the times means that all the theory and work of the Party must conform to the times, follow the law of development and display great creativity. Whether we can persist in doing this bears on the future and destiny of the Party and state.

Innovation sustains the progress of a nation. It is an inexhaustible motive force for the prosperity of a country and the source of the eternal vitality of a political party. The world is changing, China's reform, opening up and modernization drive are advancing and our people's great practice is progressing. All this urgently requires our Party to sum up new experience from practice, draw on the achievements of modern human civilization, broaden its fields of vision in theory and come up with new theses with the courage of the theory of Marxism. Only thus can our Party's ideology and theory guide the whole Party and the entire people forward and inspire them to push ahead the cause of building socialism with Chinese

characteristics. Theoretical innovation based on practice precedes social development and changes. Bringing forth new ideas in institutions, science and technology, culture and other fields through theoretical innovation, exploring the way forward in practice, never becoming conceited and never slackening our effort - these are the ways of running the Party and state, which we should follow for a long time to come.

Innovation requires emancipating our minds, seeking truth from facts and keeping pace with the times. There is no limit to practice nor to innovation. We will surpass our predecessors, and future generations will certainly surpass us. This is an inexorable law governing social advancement. We must adapt ourselves to the progress of practice and test all things in practice. We must conscientiously free our minds from the shackles of the outdated notions, practices and systems, from the erroneous and dogmatic interpretations of Marxism and from the fetters of subjectivism and metaphysics. While upholding the basic tenets of Marxism, we must add new chapters of theory to it. While carrying forward the revolutionary tradition, we must acquire new experience. We should be good at seeking unity in thinking through the emancipation of our minds and guiding our new practice with the developing Marxism.

2. To carry out the important thought of Three Represents, it is essential for the Party to give top priority to development in governing and rejuvenating the country and open up new prospects for the modernization drive. A Marxist ruling party must attach great importance to the liberation and development of the productive forces. Without development, it would be impossible to maintain the progressiveness of the Party, give play to the superiority of the socialist system and make the people rich and the country strong. The progressiveness of the Party is concrete and historical, and it must be judged by whether the Party promotes the development of the advanced productive forces and culture in present-day China and works to safeguard and realize the fundamental interests of the overwhelming majority of the people. In the final analysis, it must be judged by the Party's role in propelling history forward.

In China, a large developing country with a backward economy and culture, where our Party is leading the people in the modernization drive, a good solution to the problem of development has a direct bearing on the trend of popular sentiment and the success of our cause. Shouldering the historical responsibility to propel the Chinese society, the Party must always keep a firm grip on development -- the top priority for its governance and rejuvenation of the country. It must maintain its progressiveness and give play to the superiority of the socialist system by developing the advanced productive forces and culture and realizing the fundamental interests of the overwhelming majority of the people, speeding up all-round social progress and promoting the all-round development of people. So long as the Party firmly grasps this point, it will have thoroughly understood the aspirations of the people and the essence of the socialist modernization drive, and thus it will be able to keep implementing the important thought of Three Represents and consolidating its position as the ruling party and meet the requirement of making the country strong and the people rich.

Development requires that we always concentrate on economic growth, base ourselves on China's realities, conform to the trend of the times and continue to explore new ways to promote the progress of the advanced productive forces and culture. Development requires that we uphold and deepen the reform. It requires that we do away with all notions which

hinder development, change all practices and regulations which impede it and get rid of all the drawbacks of the systems which adversely affect it. Development requires that we trust and rely on the people who are the motive force for pushing forward the advance of history. We will pool the wisdom and strength of the people of the whole country and concentrate on construction and development.

3. To carry out the important thought of Three Represents, it is essential to bring all positive factors into full play and bring new forces to the great cause of rejuvenating the Chinese nation. The interests of the overwhelming majority of the people and the initiative and creativity of the whole society and the entire nation are always the most decisive factors for advancing the cause of the Party and state. In the process of profound social changes in our country and the rapid development of the cause of the Party and state, it is vitally important to properly balance the interests of all quarters and fully mobilize and rally all positive factors.

With the deepening of reform and opening up and economic and cultural development, the working class in China has expanded steadily and its quality improved. The working class, with the intellectuals as part of it, and the farmers are always the basic forces for promoting the development of the advanced productive forces and all-round social progress in our country. Emerging in the process of social changes, entrepreneurs and technical personnel employed by non-public scientific and technological enterprises, managerial and technical staff employed by overseas-funded enterprises, the self-employed, private entrepreneurs, employees in intermediaries, free-lance professionals and members of other social strata are all builders of socialism with Chinese characteristics. We should unite with the people of all social strata who help to make the motherland prosperous and strong, encouraging their pioneering spirit, protecting their legitimate rights and interests and commending the outstanding ones in an effort to create a situation in which all people are well positioned, do their best and live in harmony.

We must respect work, knowledge, competent people and creation. This should be an important policy of the Party and state to be conscientiously implemented in society at large. We need to respect and protect all work that is good for the people and society. All work that contributes to the socialist modernization drive in China, physical or mental and simple or complicated, is glorious and should be acknowledged and respected. All investors at home or from overseas should be encouraged to carry out business activities in China's development. All legitimate income, from work or not, should be protected. It is improper to judge whether people are politically progressive or backward simply by whether they own property or how much property they own. But rather, we should judge them mainly by their political awareness, state of mind and performance, by how they have acquired and used their property, and by how they have contributed to the cause of building socialism with Chinese characteristics through their work. It is necessary to foster notions and form a business mechanism in conformity with the basic economic system in the primary stage of socialism and create a social environment in which people are encouraged to achieve something and helped to make a success of their career, so as to unleash all the vitality contained in work, knowledge, technology, management and capital and give full play to all sources of social wealth for the benefit of the people.

In building socialism with Chinese characteristics, the fundamental interests of the people of the whole country are identical, on the basis of which concrete interest relations and internal contradictions can be adjusted. In the formulation and implementation of the Party's principles and policies, a basic point of departure is that we should represent the fundamental interests of the overwhelming majority of the people, and correctly reflect and take into account the interests of different groups of people, enabling the whole people to advance steadily toward the goal of common prosperity. We should protect the vitality for further growth of the developed regions, strong industries and people who have become rich first through hard work and lawful business operations and encouraging them to create social wealth. More importantly, we must pay great attention to less developed areas and the industries and people in straitened circumstances and show concern for them. In particular, we must see to it that the people in financial difficulties have subsistence allowances, and we must take effective measures to help them find jobs and improve their living conditions so that they will truly feel the warmth of our socialist society.

4. To carry out the important thought of Three Represents, it is essential to push forward Party building in a spirit of reform and instill new vitality in the Party. Attaching vital importance to and strengthening Party building is a magic weapon with which our Party has grown from a small and weak force to a large and strong one, risen in spite of setbacks and matured gradually in surmounting difficulties. As the historical experience of the Party over the past 80 years and more shows, the most important point is that we must build up the Party according to its political line, central task and general goal for building it with a view to enhancing its creativity, cohesion and fighting capacity.

Persisting in self-examination in compliance with the requirements of the times and pursuing self-improvement in a spirit of reform are the fundamental guarantee that our Party will always remain a Marxist party, will never be divorced from the people and will be full of vitality. We must be good at both reviewing our useful experience and learning lessons from our mistakes. We must be good at both leading the people ahead by putting forward and implementing the correct theory and line and acquiring the motivation for progress from the people's creations in practice and their desire for development. We must be good at both understanding and changing the objective world and organizing and guiding cadres and other Party members to strengthen their efforts to change their subjective world in practice. Bearing these requirements in mind, we must integrate adherence to the basic tenets of Marxism with efforts for theoretical innovation, maintenance of the fine tradition of the Party with promotion of the spirit of the times, and consolidation of the Party's class base with expansion of its mass base so that the Party serves as a strong core of leadership that is consolidated ideologically, politically and organizationally and always stands in the forefront of the times leading the people forward in solidarity.

All in all, the important thought of Three Represents is always in a process of development and progress. The whole Party must continue to emancipate the mind, come up with new ideas in respect of theory and create something new in practice. It must carry out the important thought of Three Represents in all endeavors of the socialist modernization drive and in all aspects of Party building so that it always advances with the times and shares weal and woe with the people.

III. The Objectives of Building a Well-off Society in an All-Round Way

Thanks to the joint efforts of the whole Party and the people of all ethnic groups, we have attained the objectives of the first two steps of the three-step strategy for China's modernization drive, and by and large, the people have become well-off. This is a great victory for the socialist system and a new milestone in the history of the development of the Chinese nation.

We must be aware that China is in the primary stage of socialism and will remain so for a long time to come.

The well-off life we are leading is still at a low level; it is not all-inclusive and is very uneven. The principal contradiction in our society is still one between the ever-growing material and cultural needs of the people and the backwardness of social production. Our productive forces, science, technology and education are still relatively backward, so there is still a long way to go before we achieve industrialization and modernization. The dual structure in urban and rural economy has not yet been changed, the gap between regions is still widening and there are still quite a large number of impoverished people. China's population continues to grow, the proportion of the aged is getting larger, and the pressure on employment and social security is mounting. The contradiction between the ecological environment and natural resources on the one hand and economic and social development on the other is becoming increasingly conspicuous. We still feel pressure from developed countries as they have the upper hand in such fields as the economy, science and technology. The economic structure and managerial systems in other fields remain to be perfected. There are still some problems we cannot afford to overlook in improving democracy and the legal system as well as the ideological and ethical standards. We need to work hard over a long period of time to consolidate and uplift our current well-off standard of living.

An overview of the situation shows that for our country, the first two decades of the 21st century are a period of important strategic opportunities, which we must seize tightly and which offers bright prospects. In accordance with the development objectives up to 2010, the centenary of the Party and that of New China, as proposed at the Fifteenth National Congress, we need to concentrate on building a well-off society of a higher standard in an all-round way to the benefit of well over one billion people in this period. We will further develop the economy, improve democracy, advance science and education, enrich culture, foster social harmony and upgrade the texture of life for the people. The two decades of development will serve as an inevitable connecting link for attaining the third-step strategic objectives for our modernization drive as well as a key stage for improving the socialist market economy and opening wider to the outside world. Building on what is achieved at this stage and continuing to work for several more decades, we will have in the main accomplished the modernization program and turned China into a strong, prosperous, democratic and culturally advanced socialist country by the middle of this century.

The objectives of building a well-off society in an all-round way are as follows:

-- On the basis of optimized structure and better economic returns, efforts will be made to

quadruple the GDP of the year 2000 by 2020, and China's overall national strength and international competitiveness will increase markedly. We will in the main achieve industrialization and establish a full-fledged socialist market economy and a more open and viable economic system. The proportion of urban population will go up considerably and the trend of widening differences between industry and agriculture, between urban and rural areas and between regions will be reversed step by step. We will have a fairly sound social security system. There will be a higher rate of employment. People will have more family property and lead a more prosperous life.

-- Socialist democracy and the legal system will be further improved. The basic principle of ruling the country by law will be implemented completely. The political, economic and cultural rights and interests of the people will be respected and guaranteed in real earnest. Democracy at the grassroots level will be better practiced. People will enjoy a sound public order and live and work in peace and contentment.

-- The ideological and ethical standards, the scientific and cultural qualities, and the health of the whole people will be enhanced notably. A sound modern national educational system, scientific, technological and cultural innovation systems as well as nationwide fitness and medical and health systems will take shape. People will have access to better education. We will make senior secondary education basically universal in the country and eliminate illiteracy. A learning society in which all the people will learn or even pursue life-long education will emerge to boost their all-round development.

-- The capability of sustainable development will be steadily enhanced. The ecological environment will be improved. The efficiency of using resources will be increased significantly. We will enhance harmony between man and nature to push the whole society onto a path to civilized development featuring the growth of production, an affluent life and a sound ecosystem.

The objectives set at this congress for building a well-off society in an all-round way are objectives of comprehensive economic, political and cultural development of socialism with Chinese characteristics, objectives well geared to the efforts to speed up modernization. They tally with the national conditions, the realities of the modernization drive and the people's aspirations. They are of great significance. In order to attain the Party's objectives for the new stage in the new century, it is imperative to come up with new ideas for development, make new breakthroughs in reform, break new ground in opening up and take new moves in all fields of endeavor. All localities and departments must proceed from their actual conditions and take effective measures to attain the objectives. Places where conditions permit may develop faster and take the lead in accomplishing modernization by and large on the basis of building a well-off society in an all-round way. We are sure that after attaining the objectives of building a well-off society in an all-round way, our motherland will become stronger and more prosperous, the people will live a better and happier life, and socialism with Chinese characteristics will further demonstrate its great superiority.

iv. Economic Development and Restructuring

In building a well-off society in an all-round way, it is of vital importance to take economic development as the central task and keep releasing and developing the productive forces. In light of the new trends in the economy, science and technology of the world and the requirements of our national economic development in the new period, we should undertake the following main tasks for economic development and reform in the first two decades of this century: to improve the socialist market economy, promote strategic adjustment of the economic structure, basically accomplish industrialization, energetically apply IT, accelerate modernization, maintain a sustained, rapid and sound development of the national economy and steadily uplift the people's living standards. In the first decade, we will accomplish all the objectives set in the Tenth Five-Year Plan and for the years up to 2010 so as to bring the economic aggregate, overall national strength and the people's living standards up to a much higher level and lay a solid foundation for even greater development in the second decade.

1. Take a new road to industrialization and implement the strategy of rejuvenating the country through science and education and that of sustainable development. It remains an arduous historical task in the process of our modernization drive to accomplish industrialization. IT application is a logical choice if industrialization and modernization of our country are to be accelerated. It is, therefore, necessary to persist in using IT to propel industrialization, which will, in turn, stimulate IT application, blazing a new trail to industrialization featuring high scientific and technological content, good economic returns, low resources consumption, little environmental pollution and a full display of advantages in human resources.

We must press ahead to optimize and upgrade the industrial structure so as to bring about an industrial pattern with high and new technology industries as the leader, basic and manufacturing industries as the kingpin and the service industry developing in all areas. We must give priority to the development of the information industry and apply IT in all areas of economic and social development. We must develop high and new technology industries to provide breakthroughs in stimulating economic growth. It is necessary to transform traditional industries with high and new technology and advanced adaptive technology and invigorate the equipment manufacturing industry. We should continue to strengthen infrastructure. We should accelerate the development of the modern service sector and raise the proportion of the tertiary industry in the national economy. We must correctly handle the relationships of development between the high and new technology industries and traditional industries, between capital-and- technology-intensive industries and labor-intensive industries and between virtual economy and real economy.

In taking a new road to industrialization, we must give play to the important role of science and technology as the primary productive force and pay close attention to improving the quality and efficiency of economic growth by relying on scientific and technological progress and raising the qualities of labor force. We must strengthen basic research and research in high technology, promote key technological innovation and systems integration so that technology will develop by leaps and bounds. We must encourage scientific and technological innovation and acquire key technology and independent intellectual property rights in key areas and a number of domains in frontier science and technology. We must deepen the reform of the administration systems of science, technology and education, strengthen the integration of

science, technology and education with the economy, improve the service system for the development of science and technology and quicken the pace of translating research achievements into practical productive forces. We must press ahead with the building of a national innovation system. We must give play to the role of venture capital and develop a mechanism of capital operation and human capital pooling for promoting scientific and technological innovation and start-ups. We must improve the system of intellectual property rights protection. We must give top priority to sustainable development, adhere to the basic state policies of family planning and environmental and resources protection, keep the birthrate low and rationally develop and economically utilize all kinds of natural resources. We must lose no time in solving the problem of water shortages in some areas and build the south-to-north water diversion project. We should promote marine development and do well in the comprehensive improvement of land and resources. It is necessary to help the whole nation see the importance of environmental protection and do a good job of ecological conservation and improvement.

2. Make the rural economy flourish and speed up urbanization. A major task for building a well-off society in an all-round way is to make overall planning for urban and rural economic and social development, build modern agriculture, develop the rural economy and increase the income of farmers. We must strengthen the position of agriculture as the foundation of the economy, carry on the restructuring of agriculture and the rural economy, protect and raise the comprehensive grain production capacity, improve the system for ensuring the quality of farm produce and enhance the competitiveness of agriculture in the market. We must push forward the industrialized operation of agriculture, better organize farmers in their access to the market and improve the overall efficiency of agriculture. We must develop farm produce processing industry to boost the county economy. We must open up more rural markets and enliven the distribution of farm produce by improving its market system.

It is an inevitable trend of industrialization and modernization for surplus rural labor to move to non- agricultural industries and to cities and towns. It is essential to raise the level of urbanization gradually and persist in the coordinated development of large, medium and small cities and small towns along the path to urbanization with Chinese characteristics. We should develop small towns on the basis of existing county seats and of organic towns where conditions permit, make scientific planning and a rational layout, integrating their development with the expansion of township and village enterprises and the rural service sector. All the institutional and policy barriers to urbanization must be removed and the rational and orderly flow of rural labor guided.

We must adhere to the basic rural policies of the Party and keep stabilizing and improving the two-tier management system that integrates unified with separate management on the basis of household contract management. Wherever conditions permit, the transfer of the contractual right of land can be carried out according to law and on a voluntary and compensatory basis so as to develop scale operation step by step. We must respect farmer households as market players and encourage innovation in the rural management system. We must enhance the economic strength of the collectives. We should establish and improve a commercialized rural service system. We must invest more in agriculture, give it more support and accelerate the progress of agricultural science and technology and the building of rural infrastructure. We

should improve financial services in rural areas. We must continue with the reform in tax and fee in rural areas to lighten the burdens of farmers and protect their interests.

3. Advance the development of the western region and bring about a coordinated development of regional economies. The implementation of the strategy for the development of the western region bears on the overall situation of national development, the ethnic unity and the stability in border areas. To lay a solid foundation and go ahead in a down-to-earth manner, we must give priority to infrastructure and ecological environment improvement and strive for breakthroughs in a decade. We must develop industries with local advantages and propel the development of key areas. We should develop science, technology and education and train and make the best use of all human resources. The state should provide the western region with greater support in such areas as investment projects, tax policies and transfer payments, gradually build up long-term and stable sources of funds for its development, improve the investment environment, and guide foreign investment and domestic capital toward that region. People there should further emancipate their minds, enhance their self-development capabilities and explore a new path to accelerated development in reform and opening up.

The central region should redouble its efforts toward structural adjustment, giving impetus to industrialized operation of agriculture, transforming traditional industries, cultivating new economic growth points and speeding up industrialization and urbanization. The eastern region should quicken the pace of upgrading its industrial structure, develop modern agriculture, high and new technology industries and high value-added processing and manufacturing industries and further develop the outward-looking economy. We should encourage the special economic zones and the Pudong New Area in Shanghai to spearhead, among other things, institutional innovation and greater openness. We should support the northeastern region and other old industrial bases in accelerating their adjustments and transformation and support cities and areas mainly engaged in natural resources exploitation in their efforts to develop alternative industries. We should support the old revolutionary base areas and areas inhabited by ethnic minorities in expediting their development. The state should give more support to main grain producing areas. The eastern, central and western regions should strengthen economic exchanges and cooperation to complement one another and secure common development so as to form a number of distinctive economic zones and belts.

4. Stick to and improve the basic economic system and deepen the reform of the state property management system. In line with the requirements of releasing and developing the productive forces, we must uphold and improve the basic economic system, with public ownership playing a dominant role and diverse forms of ownership developing side by side. First, it is necessary to consolidate and develop unswervingly the public sector of the economy. Expansion of the state sector and its control of the lifeline of the national economy is of crucial importance in displaying the superiority of the socialist system and reinforcing the economic strength, national defense capabilities and national cohesion. As an important component of the public sector, the collective sector of the economy plays a significant role in achieving common prosperity. Secondly, it is necessary to encourage, support and guide the development of the non-public sectors of the economy. The non-public sector of self-

employed, private and other forms of ownership is an important component part of the socialist market economy. They play an important role in mobilizing the initiative of all quarters of the society to quicken the development of the productive forces. Thirdly, we must stimulate the development of the non-public sectors while keeping the public sector as the dominant player, incorporating both into the process of the socialist modernization drive instead of setting them against each other. All sectors of the economy can very well display their respective advantages in market competition and stimulate one another for common development.

5. Continuing to adjust the layout and structure of the state sector and reform the state property management system is a major task for deepening economic restructuring. We should give full play to the initiative of both the central and local authorities on the precondition of upholding state ownership. The state should make laws and regulations and establish a state property management system under which the Central Government and local governments perform the responsibilities of investor on behalf of the state respectively, enjoying owner's equity, combining rights with obligations and duties and administering assets, personnel and other affairs. The Central Government should represent the state in performing the functions as investor in large state-owned enterprises, infrastructure and important natural resources that have a vital bearing on the lifeline of the national economy and state security while local governments should represent the state in performing the functions as investors with regard to other state property. The Central Government and the provincial and municipal (prefectural) governments should set up state property management organizations. We should continue to explore systems and modes for managing state property effectively. Governments at all levels must strictly abide by the laws and regulations concerning the management of state property, persisting in the separation of government functions from enterprise management and separation of ownership from management so that enterprises can operate independently, assume sole responsibility for their profits or losses and preserve and increase the value of state property.

State-owned enterprises are the pillar of the national economy. We should deepen the reform of state-owned enterprises and further explore diversified forms for effectively realizing public ownership, especially state ownership. We should promote institutional, technological and managerial innovations in enterprises. Except for a tiny number of enterprises that must be funded solely by the state, all the others should introduce the joint-stock system to develop a mixed sector of the economy. Sources of investment must be diversified. The controlling shares in lifeline enterprises must be held by the state. Large and medium state-owned enterprises must continue their reform to convert themselves into standard companies in compliance with the requirements of the modern enterprise system and improve their corporate governance. Monopoly industries should carry out reforms to introduce competition mechanisms. We should form large internationally competitive companies and enterprise groups through market forces and policy guidance. We should give a freer rein to small and medium state-owned enterprises to invigorate themselves. We should deepen the reform of collective enterprises and give more support and help to the growth of the various forms of the collective sector of the economy.

We must give full scope to the important role of the non-public sector of self-employed,

private and other forms of ownership of the economy in stimulating economic growth, creating more jobs and activating the market. We should expand the areas for the market access of domestic nongovernmental capital and adopt measures with regard to investment, financing, taxation, land use, foreign trade and other aspects to carry out fair competition. We should strengthen the supervision and administration of the non-public sectors according to law to promote their sound development. We should improve the legal system for protecting private property.

6. Improve the modern market system and tighten and improve macroeconomic control. We should give a fuller play to the basic role of the market in the allocation of resources and build up a unified, open, competitive and orderly modern market system. We should go ahead with reform, opening up, stability and development of the capital market. We should develop markets for property rights, land, labor and technology and create an environment for the equal use of production factors by market players. We must deepen the reform of the distribution system and introduce modern ways of distribution. We must rectify and standardize the order of the market economy and establish a social credit system compatible with a modern market economy. We must get rid of trade monopolies and regional blockades to allow free movement of goods and production factors on markets around the country.

We must improve the government functions of economic regulation, market supervision, social administration and public services, and reduce and standardize administrative procedures for examination and approval. We must stimulate economic growth, create more jobs, stabilize prices and maintain balance of international payments as the main macroeconomic control objectives. Stimulating domestic demand is an essential and long-standing factor underlying China's economic growth. We must stick to the policy of stimulating domestic demand and implement corresponding macroeconomic policies in light of actual needs. We must adjust the relationship between investment and consumption to raise the proportion of consumption in GDP gradually. We should improve the macroeconomic control system featuring the coordination of state planning and fiscal and monetary policies to give play to economic leverage. We should deepen the reform of the fiscal, taxation, banking, investment and financing systems. We should improve the budgetary decision-making and management system, step up the supervision of revenue and expenditures and intensify tax administration. We should carry out the reform steadily to deregulate interest rates to leave them to market forces, optimize the allocation of financial resources, strengthen regulation and prevent and defuse financial risks so as to provide better banking services for economic and social development.

7. Deepen the reform of the income distribution system and improve the social security system. Rationalizing the relations of income distribution bears on the immediate interests of the general public and the display of their initiative. We should adjust and standardize the relations of distribution among the state, enterprises and individuals. We should establish the principle that labor, capital, technology, managerial expertise and other production factors participate in the distribution of income in accordance with their respective contributions, thereby improving the system under which distribution according to work is dominant and a variety of modes of distribution coexist. We should give priority to efficiency with due consideration to fairness, earnestly implementing the distribution policy while advocating the

spirit of devotion and guarding against an excessive disparity in income while opposing equalitarianism. In primary distribution, we should pay more attention to efficiency, bringing the market forces into play and encouraging part of the people to become rich first through honest labor and lawful operations. In redistribution, we should pay more attention to fairness and strengthen the function of the government in regulating income distribution to narrow the gap if it is too wide. We should standardize the order of income distribution, properly regulate the excessively high income of some monopoly industries and outlaw illegal gains. Bearing in mind the objective of common prosperity, we should try to raise the proportion of the middle-income group and increase the income of the low-income group.

Establishing and improving a social security system compatible with the level of economic development constitutes an important guarantee for social stability and long-term peace and order in the country. We should stick to and improve the basic old-age pension and medical insurance systems for urban workers, combining socially pooled funds with personal contributions. We should improve the systems of unemployment insurance and subsistence allowances for urban residents. We should try various channels to raise and accumulate social security funds. Reasonable standards for social security benefits should be set in light of local conditions. We should develop social relief and welfare programs in urban and rural areas. Wherever conditions permit, we should try to establish systems of old-age pensions, medical insurance and subsistence allowances in rural areas.

8. Do a better job in opening up by "bringing in" and "going out". In response to the new situation of economic globalization and China's entry into the WTO, we should take part in international economic and technological cooperation and competition on a broader scale, in more spheres and on a higher level, make the best use of both international and domestic markets, optimize the allocation of resources, expand the space for development and accelerate reform and development by opening up.

We should expand trade in goods and services. We should implement the strategy of market diversification, bring into play our comparative advantages, consolidate our existing markets and open new ones in an effort to increase exports. We should sharpen the competitive edge of our goods and services for export by ensuring good quality. We should optimize our import mix and focus on bringing in advanced technology and key equipment. We should deepen the reform of the system of trade and economic relations with other countries, encouraging more enterprises to engage in foreign trade and improving relevant taxation systems and the trade financing mechanism.

We should attract more foreign direct investment and use it more effectively. We will open the service sector to the outside world step by step. We will utilize medium- and long-term foreign investment in many ways, combining it with the domestic economic restructuring and the reorganization and transformation of state-owned enterprises and encouraging multinational corporations to invest in agriculture and manufacturing and high and new technology industries. We should try to bring in from overseas large numbers of professionals and other intellectual resources in various areas. We should improve the environment for investment, grant national treatment to foreign investors and make relevant policies and regulations more transparent. Implementation of the strategy of "going out" is an important

measure taken in the new stage of opening up. We should encourage and help relatively competitive enterprises with various forms of ownership to invest abroad in order to increase export of goods and labor services and bring about a number of strong multinational enterprises and brand names. We should take an active part in regional economic exchanges and cooperation. In opening wider to the outside world, we must pay great attention to safeguarding our national economic security.

9. Do everything possible to create more jobs and improve the people's lives. Employment has a vital bearing on the people's livelihood. The task of increasing employment is arduous now and will remain so for a long time to come. It is a long-term strategy and policy of the state to expand employment. Party committees and governments at all levels must take it as their major obligation to improve the business environment and create more jobs. We should open up more avenues for employment and develop labor-intensive industries. We should give policy support to enterprises that increase jobs or reemploy laid-off workers. We should help the general public to change their mentality about employment, introduce flexible and diverse forms of employment and encourage people to find jobs on their own or become self-employed. We should improve the system of pre-job training and employment services and raise workers' skills for new jobs. We should strengthen employment management in accordance with law, safeguard the legitimate rights and interests of workers, pay great attention to safety at work and protect the safety of state property and people's life.

The fundamental goal of economic development is to uplift the living standards and quality of life of the people. As the economy develops, we should increase the income of urban and rural residents, expand the scope of their consumption and optimize the consumption structure so as to meet the people's multifarious material and cultural needs. Further efforts should be made to develop public service facilities, better people's living environment and expand community services in order to make life easier for the people. We should establish a medical service and health care system that meets the requirements of the new situation. We should improve medical and health conditions in rural areas and the medical and health care for urban and rural residents. We should build up various programs to help the handicapped. We should intensify our efforts to fight poverty through development, build on the achievements we have scored in this regard, strive to accomplish the task of providing adequate food and clothing for the impoverished rural population and gradually enable them to lead a well-off life.

Accomplishing the tasks set for economic development and restructuring is of decisive significance to accelerating our socialist modernization. So long as the whole Party and the people of all ethnic groups work hard with one heart and one mind, we will definitely establish a mature socialist market economy and maintain a sustained, rapid and sound development of the national economy at the new stage in the new century.

v. Political Development and Restructuring

Developing socialist democracy and establishing a socialist political civilization are an important goal for building a well-off society in an all-round way. Adhering to the Four Cardinal Principles, we must go on steadily and surely with political restructuring, extend socialist democracy and improve the socialist legal system in order to build a socialist country

under the rule of law and consolidate and develop the political situation characterized by democracy, solidarity, liveliness, stability and harmony.

Our Party has always deemed it its duty to realize and develop people's democracy. Since the beginning of reform and opening up, we have pressed on with political restructuring and improved socialist democracy. The key to developing socialist democracy is to combine the need to uphold the Party's leadership and to ensure that the people are the masters of the country with the need to rule the country by law. Leadership by the Party is the fundamental guarantee that the people are the masters of the country and that the country is ruled by law. The people being the masters of the country constitutes the essential requirement of socialist democracy. Ruling the country by law is the basic principle the Party pursues while it leads the people in running the country. The CPC is the core of leadership for the cause of socialism with Chinese characteristics. Governance by the Communist Party means that it leads and supports the people in acting as the masters of the country and mobilizes and organizes them on a most extensive scale to manage state and social affairs and economic and cultural undertakings according to law, safeguarding and realizing their fundamental interests. The Constitution and other laws embody the unity of the Party's views and the people's will. All organizations and individuals must act in strict accordance with the law, and none of them are allowed to have the privilege to overstep the Constitution and other laws.

Political restructuring is the self-improvement and development of the socialist political system. It must help enhance the vitality of the Party and state, demonstrate the features and advantages of the socialist system, give full scope to the initiative and creativity of the people, safeguard national unity, ethnic solidarity and social stability and promote economic development and social progress. We must always proceed from our national conditions, review our experience gained in practice and at the same time learn from the achievements of political civilization of mankind. We should never copy any models of the political system of the West. We must concentrate on institutional improvement and ensure that socialist democracy is institutionalized and standardized and has its procedures.

1. Uphold and improve the systems of socialist democracy. It is essential to improve the systems of democracy, develop diverse forms of democracy, expand citizens' participation in political affairs in an orderly way, and ensure that the people go in for democratic elections and decision-making, exercise democratic management and supervision according to law and enjoy extensive rights and freedoms, and that human rights are respected and guaranteed. We should uphold and improve the system of people's congresses and ensure that the congresses and their standing committees exercise their functions according to law and that their legislation and policy decisions better embody the people's will. We should optimize the composition of the standing committees. We should uphold and improve the system of multiparty cooperation and political consultation under the leadership of the Communist Party. We should uphold the principle of "long-term coexistence, mutual supervision, treating each other with all sincerity and sharing weal and woe", step up our cooperation with the democratic parties and better display the features and advantages of the Chinese socialist system of political parties. We will ensure that the Chinese People's Political Consultative Conference (CPPCC) plays its role in political consultation, democratic supervision and participation in and deliberation of state affairs. We will consolidate and develop the broadest

possible patriotic united front. We will fully implement the Party's policy toward ethnic minorities, uphold and improve the system of regional ethnic autonomy, consolidate and enhance socialist ethnic relations of equality, solidarity and mutual assistance and promote common prosperity and progress for all our ethnic groups. We will implement the Party's policy toward the freedom of religious belief, handle religious affairs according to law, encourage the adaptability of religions to the socialist society and uphold the principle of self-administration and running religious affairs independently. We will conscientiously carry out the Party's policy toward overseas Chinese affairs.

2. Extending democracy at the grassroots level is the groundwork for developing socialist democracy. We will improve grassroots self-governing organizations, their democratic management system and the system of keeping the public informed of matters being handled, and ensure that the people directly exercise their democratic rights according to law, manage grassroots public affairs and programs for public good and exercise democratic supervision over the cadres. We will improve self-governance among villagers and foster a mechanism of their self-governance full of vitality under the leadership of village Party organizations. We will improve self-governance among urban residents and build new-type and well-managed communities featuring civility and harmony. We will uphold and improve the system of workers' conferences and other democratic management systems in enterprises and institutions and protect the legitimate rights and interests of workers.

3. Improve the socialist legal system. We must see to it that there are laws to go by, the laws are observed and strictly enforced, and law-breakers are prosecuted. To adapt to the new situation characterized by the development of a socialist market economy, all-round social progress and China's accession to the WTO, we will strengthen legislation and improve its quality and will have formulated a socialist system of laws with Chinese characteristics by the year 2010. We must see to it that all people are equal before the law. We should tighten supervision over law enforcement, promote the exercise of administrative functions according to law, safeguard judicial justice and raise the level of law enforcement so that laws are strictly implemented. We must safeguard the uniformity and sanctity of the legal system and prevent or overcome local and departmental protectionism. We will extend and standardize legal services and provide effective legal aid. We should give more publicity to the legal system so that the people are better educated in law. In particular, we will enhance the public servants' awareness of law and their ability to perform their official duties according to law. Party members and cadres, especially leading cadres, should play an exemplary role in abiding by the Constitution and other laws.

4. Reform and improve the Party's style of leadership and governance. This is a matter of overall significance to improving socialist democracy. Leadership by the Party mainly refers to its political, ideological and organizational leadership. The Party exercises leadership over the state and society by formulating major principles and policies, making suggestions on legislation, recommending cadres for important positions, conducting ideological publicity, giving play to the role of Party organizations and members and persisting in exercising state power according to law. Party committees, playing the role as the core of leadership among all other organizations at corresponding levels, should concentrate on handling important matters and support those organizations in assuming their responsibilities independently and making

concerted efforts in their work. We will further reform and improve the Party's working organs and mechanisms. Acting on the principle that the Party commands the overall situation and coordinates the efforts of all quarters, we will standardize relations between Party committees on the one hand and people's congresses, governments, CPPCC committees and mass organizations on the other. We will support people's congresses in performing their functions as organs of state power according to law, in ensuring that the Party's views become the will of the state and that candidates recommended by Party organizations become leading cadres of the organs of state power through legal procedures, and in exercising supervision over them. We will support the government in fulfilling its legal functions and performing its official duties according to law. We will support CPPCC committees in performing their functions by centering on the two major subjects of unity and democracy.

We will strengthen the Party's leadership over trade unions, the Communist Youth League organizations, women's federations and other mass organizations and support them in working according to law and their own constitutions and acting as a bridge between the Party and the people.

5. Reform and improve the decision-making mechanism. Correct decision-making is an important prerequisite for success in all work. We will improve the decision-making mechanism by which decision-makers will go deep among the people and get to know how they are faring, reflect their will, pool their wisdom and value their resources, putting decision-making on a more scientific and democratic basis. Decision-making organs at all levels should improve the rules and procedures for taking major policy decisions, establish a system of reporting social conditions and public opinion, a system of keeping the public informed and a system of public hearings on major issues closely related to the interests of the people, perfect the expert consulting system and implement a verification system and a responsibility system in making policy decisions with a view to preventing arbitrary decision-making.

6. Deepen administrative restructuring. We should further change the functions of the government, improve the methods of management, introduce e-government, uplift administrative efficiency and reduce costs so as to form an administrative system featuring standardized behaviors, coordinated operation, fairness and transparency, honesty and high efficiency. We should standardize the functions and powers of the Central Government and local authorities according to law and properly handle relations between the departments directly under the Central Government and the local governments. Following the principle of simplification, uniformity and efficiency and meeting the requirements of coordination in decision-making, execution and supervision, we will continue to promote the restructuring of government departments, standardize their functions in a scientific manner, rationalize their set-ups, and optimize their composition in order to delimit the structures and sizes statutorily and solve the problems of too many levels, overlapping functions, overstaffing, divorce between powers and responsibilities and duplicate law enforcement. We will reform the management system of institutions in accordance with the principle of separating the functions of government from those of institutions.

7. Promote the reform of the judicial system. A socialist judicial system must guarantee

fairness and justice in the whole society. In accordance with the requirements of judicial justice and strict law enforcement, we should improve the setups of judicial organs, the delimitation of their functions and powers and their management systems so as to form a sound judicial system featuring clearly specified powers and responsibilities, mutual coordination and restraint and highly efficient operation. We should institutionally ensure that the judicial and procuratorial organs are in a position to exercise adjudicative and procuratorial powers independently and impartially according to law. We should improve judicial proceedings and protect the legitimate rights and interests of citizens and legal persons. We should solve the problem of difficult enforcement of judgments. We should reform the working mechanisms of judicial organs and the management system of their human, financial and material resources and gradually separate their judicial adjudication and procuratorial work from their administrative affairs. We will tighten supervision over the judicial work and punish corruption in this field. We will build up a contingent of judicial personnel who are politically steadfast and professionally competent, have a fine style of work and enforce laws impartially.

8. Deepen the reform of the cadre and personnel system. Efforts should be made to form a vigorous personnel mechanism under which we can gather large numbers of talented people, put them to the best use and get them prepared for both promotion and demotion, calling them to the service of the Party and state. In reforming and perfecting the cadre and personnel system and improving the system of public servants, we should focus on establishing a sound mechanism of selection, appointment, management and supervision, with a view to making it scientific, democratic and institutionalized. In the matter of cadre selection and appointment, Party members and ordinary people should have more right to know, to participate, to choose and to supervise. With regard to leading cadres of the Party and government, it is necessary to implement the system of fixed tenures, the system of resignation and the system of accountability for neglect of supervisory duty or the use of the wrong person. It is necessary to improve the system of giving cadres both positions and ranks and establish an incentive and guarantee mechanism for them. We should explore and improve the system of classified management of cadres and personnel in Party and government organs, institutions and enterprises. We should reform and improve the system of dual control over cadres. We should break with the notions and practices of overstressing seniority in the matter of selection and appointment, encourage the rational flow of trained people and create a sound environment which makes it possible for outstanding people to come to the fore in all fields.

9. Tighten the restraint on and supervision over the use of power. We should establish a mechanism for the exercise of power featuring reasonable structure, scientific distribution, rigorous procedures and effective restraint so as to tighten supervision over power in terms of decision-making, execution and other links and ensure that the power entrusted to us by the people is truly exercised for their benefits. We should focus on tightening supervision over leading cadres and especially principal ones, stepping up supervision over the management and use of human, financial and material resources. We should tighten internal supervision of leading groups and improve the procedures for deciding on important matters and the appointment or dismissal of cadres in important positions. We should reform and improve the system of Party discipline inspection and introduce and improve the system of inspection tours. We should give play to the role of judicial, administrative supervision and auditing

organs and other functional departments. We should implement the system under which leading cadres report in various ways on their work and their efforts to perform their duties honestly, and improve the systems of reporting on important matters, of making inquiries and of democratic appraisal. We should conscientiously implement the system of making government affairs known to the public. We should tighten organizational and democratic supervision and give play to the supervisory function of the media.

10. Maintain social stability. To accomplish the heavy tasks of reform and development, we must have a harmonious and stable social climate for a long time to come. Party committees and governments at all levels should enthusiastically help the people solve practical problems they may confront in their work and life. They must carry out in-depth investigations and study, strengthen ideological and political work in light of different cases, and employ economic, administrative and legal means to handle the contradictions among the people properly, those involving their immediate interests in particular, so as to maintain stability and unity. It is essential to improve procuratorial, judicial and public security work, cracking down on criminal activities according to law, guarding against and punishing crimes committed by evil cult gangs and eliminating social evils so as to ensure the safety of the lives and property of the people. We must combine punishment and prevention, with emphasis on the latter, take comprehensive measures to maintain law and order and improve social management so as to keep public order. We must strengthen state security, keeping vigilance against infiltrative, subversive and separatist activities by hostile forces at home and abroad.

Socialist democracy enjoys strong vitality and superiority. The CPC and the Chinese people have full confidence in the road to political development they have chosen and will press ahead with political development under socialism with Chinese characteristics.

vi. Cultural Development and Restructuring

To build a well-off society in an all-round way calls for major efforts to develop socialist culture and spiritual civilization. In the present-day world, culture is interactive with economic and political activities, and its status and functions are becoming more and more outstanding in the competition in overall national strength. The power of culture is deeply rooted in the vitality, creativity and cohesion of a nation. All Party members must fully understand the strategic significance of cultural development and make socialist culture develop and flourish.

1. Keep the orientation of advanced culture firmly in hand. In contemporary China, to develop advanced culture means to develop national, scientific and popular socialist culture geared to the needs of modernization, of the world and of the future so as to enrich people's mental world and reinforce their mental strength. We must uphold Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory as our guidelines in the realm of ideology and have the important thought of Three Represents in command of the development of socialist culture. We must keep to the orientation of serving the people and socialism and the principle of letting a hundred flowers blossom and a hundred schools of thought contend and highlight the themes of the times while encouraging diversity. We should continue to arm people with scientific theory, provide them with correct media guidance, imbue them with lofty ideals, and inspire them with excellent works of literature and art. We must exert ourselves to develop

advanced culture and support healthy and useful culture, changing what is backward and resisting what is decadent. Literary and art workers should go deep among the masses and into the thick of life so as to contribute to the people more works worthy of the times. The press, publishing, radio, film and television must give correct guidance to the public, and Internet web sites should serve as important fronts for spreading advanced culture. Basing ourselves on the of reform, opening up and modernization and keeping abreast of the latest developments in world culture, we must carry forward the fine tradition of our national culture, draw on the strong points of other nations and make innovations in content and form so as to enhance the attraction and appeal of socialist culture with Chinese characteristics.

2. Continue to carry forward and cultivate the national spirit. National spirit is the moral kingpin on which a nation relies for survival and development. Without an inspiring spirit and lofty character, it is impossible for a nation to stand proudly in the family of nations. For more than 5,000 years, the Chinese nation has evolved a great national spirit centering on patriotism and featuring unity and solidarity, love of peace, industry, courage and ceaseless self-improvement. This national spirit has been enriched in light of the requirements of the times and social development by the people under the leadership of our Party over along period of practice. Confronted with interaction of different thoughts and cultures in the world, we must take it as a crucial task in our cultural development to carry forward and cultivate the national spirit and incorporate it into our national education and the entire process of building spiritual civilization so that the entire people are always filled with an enterprising spirit.

3. Promote ideological and ethical progress. Ruling the country by law and ruling the country by virtue complement each other. It is necessary to establish a socialist ideological and ethical system compatible with the socialist market economy and the socialist legal standard and consistent with the traditional virtues of the Chinese nation. We must carry out intensive publicity and education in the Party's basic theory, line and program and in the important thought of Three Represents, and guide people in fostering a common ideal for socialism with Chinese characteristics, correct world outlook, views on life and values. We must carry out the Program for Improving Civic Morality, promote patriotism and, with serving the people at the core, collectivism as the principle and honesty as a priority, intensify education in social and professional ethics and family virtues and especially intensify the ideological and ethical improvement among youth so as to guide people in their pursuit of higher ideological and ethical standards on the basis of observing the basic code of conduct. We must strengthen and improve ideological and political work and encourage popular participation in building spiritual civilization.

4. Develop education and science. Education is the foundation for scientific and technological advancement and personnel training. Playing a vanguard role and having an overall bearing on the modernization drive, education must be placed on our development agenda as a strategic priority. We must carry out the Party's education policy that education should serve socialist modernization and the people and integrate itself with productive labor and social practice so as to train socialist builders and successors featuring an all-round development in morality, intelligence, physique and art. We should encourage innovation in education, deepen its reform, optimize its structure, allocate its resources rationally, raise its quality and management levels and promote quality-oriented education to cultivate hundreds

of millions of high-quality workers, tens of millions of specialized personnel and a great number of top-notch innovative personnel. We should build up the ranks of teachers and raise their professional ethics and competence. We should continue to make nine-year compulsory education universal across the country, intensify vocational education and training, develop continued education and set up a system of life-long education. We should increase input in education, give more support to rural education, and encourage nongovernmental sectors to run schools. We should improve the state policy and system for aiding students in straitened circumstances. We should formulate a long-term program for scientific and technological development. We should step up the development of infrastructure for research. We should disseminate science and promote the scientific spirit. We must lay equal stress on social sciences and natural sciences and give full play to the important role of philosophy and other social sciences in economic and social development. It is essential to create an atmosphere in society at large favorable for respecting and promoting science, encouraging innovation and opposing superstition and pseudo-science.

5. Develop cultural undertakings and industry. In developing cultural undertakings and industry, it is imperative to meet the requirements of developing advanced culture and always place social effects in the first place. The state supports and protects public cultural undertakings and encourages them to enhance their vigor for self-development. We must continue to improve the policies and measures for the development of public cultural undertakings. We must give our support to the major news media and research institutions of social sciences of the Party and state, to the major cultural projects and art schools and troupes that are up to national standards and embody national characteristics, to the protection of major cultural heritage and outstanding folk arts, and to the cultural development in the old revolutionary base areas, areas inhabited by ethnic minorities, remote areas, impoverished areas and the central and western regions of the country. We should strengthen cultural infrastructure and boost various types of popular culture. We should promote the reform and development of health and sports undertakings and carry on the nationwide fitness campaign to improve the physique of the entire people. We should make the 2008 Olympics a success. Developing the cultural industry is an important avenue to enriching socialist culture in the market economy and to meeting the spiritual and cultural needs of the people. It is essential to improve policies toward the cultural industry, support its development and enhance its overall strength and competitiveness.

6. Continue to deepen cultural restructuring. It is necessary to push forward cultural restructuring in light of the characteristics of the development of socialist spiritual civilization and laws governing it and in response to the needs of the growing socialist market economy. We must lose no time in working out overall planning for cultural restructuring. We must integrate the deepening of reform with structural adjustment and promotion of development and straighten out the relationship between the government and cultural enterprises and institutions. We must build up a legal system concerning culture and intensify macro-control. We should deepen the internal reform of cultural enterprises and institutions and gradually establish a management system and operational mechanism favorable to arousing the initiative of cultural workers, encouraging innovation and bringing forth more top-notch works and more outstanding personnel. In compliance with the principle of both enriching culture and intensifying management, we should improve the system of markets for cultural products and

their management mechanism to create a social climate favorable for a flourishing socialist culture.

The Chinese civilization, extensive and profound, and with a long history behind it, has contributed tremendously to the progress of human civilization. We will surely have a new upsurge in building socialist culture and create an even more splendid advanced culture in the great struggle of the Chinese people in the contemporary era.

VII. National Defense and Army Building

Strengthening our national defense is a strategic task in our modernization drive and an important guarantee for safeguarding our national security and unity and building a well-off society in an all-round way. We must uphold the principle of coordinated development of national defense and the economy and push forward the modernization of national defense and the army on the basis of economic growth.

The army must take Mao Zedong's military thinking and Deng Xiaoping's thinking on army building in the new period as the guide to action and fully implement the important thought of Three Represents. It must persist in taking the road of fewer but better troops with Chinese characteristics and become more revolutionary, modernized and regularized in compliance with the general requirements of being qualified politically and competent militarily and having a fine style of work, strict discipline and adequate logistic support and in close connection with the two historic objectives of being capable of winning battles and never degenerating.

The army should give first priority to ideological and political development in all its endeavors and retain the nature, quality and style of work worthy of a people's army. The Party's absolute leadership over the army is the eternal soul of the army. There must be no wavering in upholding the fundamental principle and system that the Party leads the people's army.

The army must implement the military strategic principle of active defense and raise its defense capabilities and combat effectiveness under high-tech conditions. In response to the trend of military changes in the world, it must carry out the strategy of building a strong army through science and technology and improve its qualities. It should attach strategic importance to education and training, carry on intensive science- and technology-related military training and strengthen the building of military academies and schools so as to bring up a large number of high-quality military personnel of a new type. It is necessary to innovate and develop military theories. Efforts should be made to accomplish the historical tasks of mechanization and IT application, thereby bringing about leapfrog development in the modernization of our army.

It is necessary to explore the characteristics and laws for running the army under the new historical conditions and press ahead with reforms in the building of national defense and the army. The formation and structure of the army must be optimized and the related policies and systems should be adjusted and improved. The army must be strict with itself and improve the system of military rules and regulations so as to raise the level of handling its affairs according

to law. It is essential to persist in building the army through diligence and thrift and establishing and improving an integrated logistic support system for the three armed services, for both military and civilian purposes and for both peacetime and wartime. It is necessary to deepen the restructuring of defense-related science, technology and industry, combine military efforts with civilian support, establish and improve the mechanism of competition, appraisal, supervision and incentives and enhance the capabilities of independent innovation so as to speed up the development of defense-related science and technology as well as arms and equipment. It is necessary to improve the mobilization system for national defense, strengthen the militia and reserves and develop strategies and tactics of the people's war under high-tech conditions. The armed police should strive for all-round improvement and be loyal guards of the Party and the people forever.

Party organizations and governments at all levels and the people should be concerned with and support the building of national defense and the army. The army should support and take an active part in national construction. We should strengthen education in national defense to enhance the entire people's awareness of its importance. The government and the people should support the army and give preferential treatment to the families of servicemen and martyrs, and the army should support the government and cherish the people so as to consolidate the solidarity between the army and the government and between the army and the people.

VIII. "One Country, Two Systems" and Complete National Reunification

To achieve complete reunification of the motherland is a common aspiration of all sons and daughters of the Chinese nation both at home and abroad. We have successfully resolved the questions of Hong Kong and Macao and are striving for an early settlement of the question of Taiwan and for the accomplishment of the great cause of national reunification.

The return of Hong Kong and Macao to the motherland has enriched the concept of "one country, two systems" in both theory and practice. Facts prove that "one country, two systems" is a correct policy and has strong vitality. We will resolutely implement this policy and act in strict accordance with the basic laws of Hong Kong and Macao special administrative regions. We will render full support to the chief executives and governments of the two regions in their work and unite with people from all walks of life there in a joint effort to maintain and promote the prosperity, stability and development of Hong Kong and Macao.

We will adhere to the basic principles of "peaceful reunification" and "one country, two systems" and the eight-point proposal on developing cross-straits relations and advancing the process of peaceful national reunification at the present stage. We will work with our compatriots in Taiwan to step up personnel exchanges and promote economic, cultural and other interflows between the two sides and firmly oppose the Taiwan separatist forces. The basic configuration and development trend of the cross-straits relations remain unchanged. The desire of our Taiwan compatriots for peace, stability and development is growing stronger day by day. The splitting activities by the Taiwan separatist forces are unpopular.

Adherence to the one-China principle is the basis for the development of cross-straits relations

and the realization of peaceful reunification. There is but one China in the world, and both the mainland and Taiwan belong to one China. China's sovereignty and territorial integrity brook no division. We firmly oppose all words and deeds aimed at creating "Taiwan independence", "two Chinas" or "one China, one Taiwan". The future of Taiwan lies in the reunification of the motherland. To conduct dialogue and hold negotiations on peaceful reunification has been our consistent position. Here we repeat our appeal: On the basis of the one-China principle, let us shelve for now certain political disputes and resume the cross-straits dialogue and negotiations as soon as possible. On the premise of the one-China principle, all issues can be discussed. We may discuss how to end the cross-straits hostility formally. We may also discuss the international space in which the Taiwan region may conduct economic, cultural and social activities compatible with its status, or discuss the political status of the Taiwan authorities or other issues. We are willing to exchange views with all political parties and personages of all circles in Taiwan on the development of cross-straits relations and the promotion of peaceful reunification.

We place our hopes on the people in Taiwan for the settlement of the Taiwan question and the realization of the complete reunification of China. Our compatriots in Taiwan have a glorious patriotic tradition and are an important force in developing cross-straits relations. We fully respect their life style and their wish to be the masters of our country. The two sides should expand mutual contacts and exchanges and work together to carry forward the fine tradition of the Chinese culture. As the direct links of mail, air and shipping services, and trade across the Taiwan Straits serve the common interests of the compatriots on both sides, there is every reason to take practical and positive steps to promote such direct links and open up new prospects for cross-straits economic cooperation.

"One country, two systems" is the best way for the reunification between the two sides. After its reunification with the mainland, Taiwan may keep its existing social system unchanged and enjoy a high degree of autonomy.

Our Taiwan compatriots may keep their way of life unchanged, and their vital interests will be fully guaranteed. They will enjoy a lasting peace. Taiwan may then truly rely on the mainland as its hinterland for economic growth and thus get broad space for development. Our Taiwan compatriots may join the people on the mainland in exercising the right to administer the country and sharing the dignity and honor of the great motherland in the international community.

The 23 million Taiwan compatriots are our brothers and sisters of the same blood. No one is more eager than we are to resolve the Taiwan question through peaceful means. We will continue to implement the basic principles of "peaceful reunification" and "one country, two systems" and act on the eight-point proposal. We will work in utmost sincerity and do all we can to strive for a peaceful reunification. Our position of never undertaking to renounce the use of force is not directed at our Taiwan compatriots. It is aimed at the foreign forces' attempts to interfere in China's reunification and the Taiwan separatist forces' schemes for "Taiwan independence". To safeguard national unity bears on the fundamental interests of the Chinese nation. We Chinese people will safeguard our state sovereignty and territorial integrity with firm resolve. We will never allow anyone to separate Taiwan from China in any

way.

China will be reunified, and the Chinese nation will be rejuvenated. The Taiwan question must not be allowed to drag on indefinitely. We are convinced that with the concerted efforts of all sons and daughters of the Chinese nation, the complete reunification of the motherland will be achieved at an early date.

ix. The International Situation and Our External Work

Peace and development remain the themes of our era. To preserve peace and promote development bears on the well-being of all nations and represents the common aspirations of all peoples. It is an irresistible trend of history. The growing trends toward world multipolarization and economic globalization have brought with them opportunities and favorable conditions for world peace and development. A new world war is unlikely in the foreseeable future. It is realistic to bring about a fairly long period of peace in the world and a favorable climate in areas around China.

However, the old international political and economic order, which is unfair and irrational, has yet to be changed fundamentally. Uncertainties affecting peace and development are on the rise. The elements of traditional and non-traditional threats to security are intertwined, and the scourge of terrorism is more acutely felt.

Hegemonism and power politics have new manifestations. Local conflicts triggered by ethnic or religious contradictions and border or territorial disputes have cropped up from time to time. The North-South gap is widening. The world is far from being tranquil and mankind is faced with many grave challenges.

No matter how the international situation changes, we will, as always, pursue the independent foreign policy of peace. The purpose of China's foreign policy is to maintain world peace and promote common development. We are ready to work with all nations to advance the lofty cause of world peace and development.

We stand for going along with the historical tide and safeguarding the common interests of mankind. We are ready to work with the international community to boost world multipolarization, promote a harmonious coexistence of diverse forces and maintain stability in the international community. We will promote the development of economic globalization in a direction conducive to common prosperity, draw on its advantages and avoid its disadvantages so that all countries, particularly developing countries, can benefit from the process.

We stand for establishing a new international political and economic order that is fair and rational. Politically all countries should respect and consult one another and should not seek to impose their will on others.

Economically they should complement one another and pursue common development and should not create a polarization of wealth. Culturally they should learn from one another and

work for common prosperity and should not exclude cultures of other nations. In the area of security, countries should trust one another and work together to maintain security, foster a new security concept featuring mutual trust, mutual benefit, equality and coordination, and settle their disputes through dialogue and cooperation and should not resort to the use or threat of force. We oppose all forms of hegemonism and power politics. China will never seek hegemony and never go in for expansion.

We stand for maintaining the diversity of the world and are in favor of promoting democracy in international relations and diversifying development models. Ours is a colorful world. Countries having different civilizations and social systems and taking different roads to development should respect one another and draw upon one another's strong points through competition and comparison and should develop side by side by seeking common ground while shelving differences. The affairs of each country should be left to the people of that country to decide. World affairs should be determined by all countries concerned through consultations on the basis of equality.

We stand for fighting against terrorism of all forms. It is imperative to strengthen international cooperation in this regard, address both the symptoms and root causes of terrorism, prevent and combat terrorist activities and work hard to eliminate terrorism at root.

We will continue to improve and develop relations with the developed countries. Proceeding from the fundamental interests of the people of all countries concerned, we will broaden the converging points of common interests and properly settle differences on the basis of the Five Principles of Peaceful Coexistence, notwithstanding the differences in social system and ideology.

We will continue to cement our friendly ties with our neighbors and persist in building a good-neighborly relationship and partnership with them. We will step up regional cooperation and bring our exchanges and cooperation with our surrounding countries to a new height.

We will continue to enhance our solidarity and cooperation with other third world countries, increase mutual understanding and trust and strengthen mutual help and support. We will enlarge areas of cooperation and make it more fruitful.

We will continue to take an active part in multilateral diplomatic activities and play our role in the United Nations and other international or regional organizations. We will support other developing countries in their efforts to safeguard their legitimate rights and interests.

We will continue to develop exchanges and cooperation with political parties and organizations of all countries and regions on the principles of independence, complete equality, mutual respect and noninterference in each other's internal affairs.

We will continue to carry out extensive people-to-people diplomacy, expand cultural exchanges with the outside world, enhance the friendship between peoples and propel the development of state-to-state relations.

The world is marching toward brightness and progress. The road is tortuous, but the future is bright. The forces for peace, justice and progress are invincible after all.

x. Strengthen and Improve Party Building

In a large multi-ethnic developing country like ours, we must spare no efforts to strengthen and improve the Party's leadership and fully advance the great new undertaking of Party building if we are to rally the entire people to work heart and soul in building a well-off society in an all-round way and speed up the socialist modernization drive.

To strengthen and improve Party building, we must hold high the great banner of Deng Xiaoping Theory, implement the important thought of Three Represents in a comprehensive way and ensure that the Party's line, principles and policies fully reflect the fundamental interests of the people and the requirements of development of our times. We must adhere to the principle that the Party exercises self-discipline and is strict with its members, and further address the two major historical subjects of how to enhance the Party's art of leadership and governance and how to raise the Party's capacity to resist corruption, prevent degeneration and withstand risks. We must acquire an accurate understanding of social progress in contemporary China, and reform and improve the Party's way of leadership and governance and its leadership and working systems so that the Party will be full of vigor and vitality in its work. We must proceed with Party building ideologically, organizationally and in work style in parallel with institutional improvement, not only ensuring a good performance of our day-to-day work, but also tackling prominent issues in good time. Unyielding efforts will be made to ensure that our Party is forever the vanguard both of the Chinese working class and of the Chinese people and the Chinese nation as well as the core of leadership in building socialism with Chinese characteristics and that it always represents the development trend of China's advanced productive forces, the orientation of China's advanced culture and the fundamental interests of the overwhelming majority of the Chinese people.

1. Study and implement the important thought of Three Represents intensively and raise all Party members' level of the Marxist theory. The rise in the Party's ideological and theoretical level is an ideological guarantee for continued progress of the cause of our Party and state. We must highlight the Party's ideological and theoretical building. We must continue to arm all Party members with Marxism-Leninism, Mao Zedong Thought and Deng Xiaoping Theory and usher in a new upsurge in the study and implementation of the important thought of Three Represents. Party members and cadres, particularly senior and middle-rank cadres, should take the lead in studying and acting on the important thought of Three Represents. They should play an exemplary role in studying diligently, using their brains, emancipating their minds, keeping pace with the times and boldly engaging in practice and innovation. We will carry out an intensive education among all Party members in the history of development of Marxism and promote the truth-seeking and pioneering spirit. We will deepen our understanding of the laws on governance by the Communist Party, on building socialism and on development of human society and constantly enrich and develop Marxism.

2. Build up the Party's governing capacity and improve its art of leadership and governance. Faced with profound changes in the conditions of governance and social environment, Party committees and leading cadres at all levels must, in response to the requirements of the new situation and new tasks, acquire new knowledge, accumulate new

experience and develop new abilities in practice, thus living up to the mission assigned to them and the full trust placed on them. They must view the world with broad vision, acquire a correct understanding of the requirements of the times and be good at thinking on a theoretical plane and in a strategic perspective so as to improve their ability of sizing up the situation in a scientific way. They must act in compliance with objective and scientific laws, address promptly the new situation and problems in reform and development, know how to seize opportunities to accelerate development and enhance their abilities of keeping the market economy well in hand. They must correctly understand and handle various social contradictions, know how to balance the relations among different interests, overcome difficulties and go on improving their ability of coping with complicated situations. They must enhance their awareness of law and know how to integrate the adherence to Party leadership and the people being the masters of the country with ruling the country by law and improve their abilities of exercising state power according to law. They must base themselves on the overall interests of the work of the entire Party and the whole country, firmly implement the Party's line, principles and policies, work creatively in light of realities and keep enhancing their ability of commanding the whole situation.

3. Adhere to and improve democratic centralism and enhance the Party's vitality, solidarity and unity. Democratic centralism is a system that integrates centralism on the basis of democracy with democracy under centralized guidance. Inner-Party democracy is the life of the Party and plays an important exemplary and leading role in people's democracy. We should establish and improve an inner-Party democratic system that fully reflects the will of Party members and organizations, starting with the reform of the relevant systems and mechanisms on the basis of guaranteeing the democratic rights of Party members and giving priority to improving the systems of Party congresses and of Party committees. The system of Party congresses with regular annual conferences should be tried out in more cities and counties. We should explore ways to give play to the role of delegates when Party congresses are not in session. In accordance with the principle of collective leadership, democratic centralism, individual consultations and decision by meetings, we should improve the rules of procedure and decision-making mechanism within Party committees in order to give fuller play to the role of plenary sessions of Party committees. We need to reform and improve the inner-Party electoral system. We should establish and improve inner-Party information sharing and reporting systems and the system of soliciting opinions concerning major policy decisions. The centralization and unity of the Party and state are where the fundamental interests of the people of all ethnic groups lie. The whole Party and the entire nation must maintain a high degree of unity with regard to the guiding ideology, line, principles and policies and major questions of principle. All Party members must consciously abide by the principle that individual Party members are subordinate to the organization, that the minority is subordinate to the majority, that lower Party organizations are subordinate to the higher ones and that all the constituent organizations and members of the Party are subordinate to its National Congress and Central Committee. They must safeguard the authority of the Central Committee and ensure that its decisions are carried out without fail. Party organizations at all levels and all Party members, leading cadres in particular, must strictly abide by Party discipline. Under no circumstances should they be allowed to go their own ways in disregard of orders and prohibitions.

4. Build a contingent of high-caliber leading cadres and form an energetic and promising leadership. It is a matter of vital importance for maintaining prolonged stability of the Party and state to build a contingent of high-caliber leading cadres capable of assuming heavy responsibilities and withstanding the test of trials and tribulations, and especially to train a large number of outstanding leading cadres for the mission of running the Party, state and army in accordance with the principle of bringing up more revolutionary, younger, better educated and more professionally competent cadres. We should conscientiously implement the regulations on the selection and appointment of leading cadres and make a point of testing and identifying cadres in the practice of reform and development so as to promote to leading positions in good time those who are accredited with ability, integrity and outstanding performance and enjoy popular support. We should make greater efforts to train and select outstanding young cadres, helping them cultivate their Party spirit, pursue theoretical study and gain practical experience so that they will improve in all respects. We should do a better job of training and selecting women cadres, cadres from among ethnic minorities and non-Party cadres. We should continue to do well the work related to retired cadres. We should turn the leading bodies of the Party at all levels into staunch collectives that firmly implement the important thought of Three Represents mainly by improving their qualities, optimizing their composition, refining their work style and enhancing solidarity. We should train more and more successors to the cause of socialism with Chinese characteristics so that the cause of the Party and people will be carried forward.

5. Build the Party well at the primary level, reinforce its class foundation and expand its mass base. The primary organizations of the Party constitute its foundation for doing all its work and building up its combat effectiveness. They should organize, motivate and practice the implementation of the important thought of Three Represents. We should, by focusing on the central task and serving the overall interests, broaden the fields of our endeavor, intensify our functions and expand the coverage of the Party's work so as to increase the rallying power and combat effectiveness of primary organizations. We should strengthen the building of village-level supporting organizations which rally around village Party organizations, and explore effective ways that will enable cadres to receive education regularly and farmers to get long-term tangible benefits. In order that state-owned and collective enterprises operate well, we must persistently rely on the working class wholeheartedly, and Party organizations in those enterprises should take an active part in the decision-making on major issues and give full play to their role as the political core. We should strengthen Party building in enterprises of the non-public sectors. Party organizations in enterprises must carry out the Party's principles and policies, and provide guidance to and supervise the enterprises in observing the laws and regulations of the state. They should exercise leadership over trade unions, the Communist Youth League and other mass organizations, rally the workers around them, safeguard the legitimate rights and interests of all quarters and stimulate the healthy development of the enterprises. We should attach great importance to Party building in communities, striving to bring about a new pattern in Party building in urban communities, with the focus on serving the people. We should intensify our efforts to establish Party organizations in mass organizations and intermediaries. We should fully carry out Party building in Party and government organs as well as schools, research institutions, cultural groups and other institutions.

Party members must play their vanguard and exemplary role, foster the lofty ideal of communism, fortify their conviction in socialism with Chinese characteristics and work hard to realize the Party's basic program for the current stage. We need to carry out Party-wide education to maintain the progressiveness of Party members mainly by putting the important thought of Three Represents into practice. We should recruit Party members mainly from among workers, farmers, intellectuals, servicemen and cadres, thus expanding the basic components and backbone of the Party. We should make a point of recruiting Party members from among those in the forefront of work and production and from among the prominent intellectuals and young people. We should admit into the Party advanced elements of other social strata who accept the Party's program and Constitution, work for the realization of the Party's line and program consciously and meet the qualifications of Party membership following a long period of test, in order to increase the influence and rallying force of the Party in society at large. We must, in light of the new situation, seek new mechanisms and methods for the management of Party membership.

6. Strengthen and improve the Party's style of work and intensify the struggle against corruption. The key to improving the Party's style of work lies in keeping the flesh-and-blood ties between the Party and the people. The biggest political advantage of our Party lies in its close ties with the masses while the biggest potential danger for it as a ruling party comes from its divorce from them. We must at all times and under all circumstances adhere to the Party's mass line, and to the purpose of serving the people heart and soul and regard the people's interests as the starting point and goal of all our work. We must carry forward the fine tradition and style of our Party, bearing in mind the fundamental principle that the Party is built for the public and that it exercises state power for the people. We must make effective efforts to resolve the outstanding issues in respect of the way of thinking, study and work of our Party, its style of leadership and its cadres' way of life and especially to prevent and overcome formalism and bureaucracy by acting on the principle of the "eight do's" and "eight don'ts" (*Note 2) put forward by the Party Central Committee, by resorting to both educational and institutional means and by correctly conducting criticism and self-criticism. Closely following the new changes in social activities and carefully studying the new features of our mass work, we must strengthen and improve such work throughout the process of building the Party and political power. All Party members, primarily leading cadres at all levels, must do mass work well in light of the new situation and, by persuading, setting examples and providing services, unite and lead the masses in making progress.

To combat and prevent corruption resolutely is a major political task of the whole Party. If we do not crack down on corruption, the flesh-and-blood ties between the Party and the people will suffer a lot and the Party will be in danger of losing its ruling position, or possibly heading for self-destruction. Against the background of its long-term governance and China's opening up and development of the socialist market economy, the Party must be on full alert against corrosion by all decadent ideas and maintain the purity of its membership. Party committees at all levels must fully recognize the urgency as well as the protracted nature of the fight against corruption. They should enhance confidence, do a solid job, take a clear-cut stand and never waver in carrying on the fight in depth. We should work still harder to make sure that our leading cadres are clean, honest and self-disciplined, and see to it that major corruption cases are investigated and dealt with. Malpractices in departments and trades and

services must be corrected. We must adhere to the principle of addressing both symptoms and root causes of corruption and taking comprehensive measures to rectify both while devoting greater efforts gradually to tackling the latter. We must strengthen education, develop democracy, improve the legal system, tighten supervision, make institutional innovation and incorporate counter-corruption in all our major policy measures so as to prevent and tackle corruption at its source. We must uphold and improve the leadership system and working mechanism against corruption and earnestly implement the responsibility system for improving the Party's work style and building clean government, in a concerted effort to prevent and punish corruption. Leading cadres, particularly senior ones, should play an exemplary role in exercising the power in their hands correctly. They must always be honest and upright and take the initiative to crack down on all forms of corruption. All corruptionists must be thoroughly investigated and punished without leniency.

So long as all Party comrades always maintain the vigor and vitality, dashing spirit and integrity as Communists and have the people at heart, the foundation of our Party's governance will remain rock solid.

Comrades,

To build a well-off society in an all-round way and create a new situation in building socialism with Chinese characteristics, it is essential, under the firm leadership of the CPC, to develop a socialist market economy, socialist democracy and an advanced socialist culture, keep the coordinated development of the socialist material, political and spiritual civilizations, and bring about the great rejuvenation of the Chinese nation.

The CPC is deeply rooted in the Chinese nation. Since the very day of its founding, it has been the vanguard of the Chinese working class and also of the Chinese people and the Chinese nation, shouldering the grand mission of realizing the great rejuvenation of the Chinese nation. During the new-democratic revolution, our Party united and led the Chinese people of all ethnic groups in fulfilling the historic task of winning national independence and people's liberation, thus laying the groundwork for our great national rejuvenation. After the founding of New China, our Party creatively completed the transition from New Democracy to socialism, the greatest and most profound social transformation ever in China's history, and embarked on a socialist road and the historical journey to the great rejuvenation of the Chinese nation. Since the Third Plenary Session of its Eleventh Central Committee, our Party has found the correct road to socialism with Chinese characteristics, injecting new and greater vitality into our drive for national rejuvenation. Splendid prospects present themselves before the great cause of rejuvenation of the Chinese nation.

To build a well-off society in an all-round way, step up the socialist modernization drive and make socialist China a stronger and more prosperous country, thus contributing still more to the cause of human progress - this is a historical mission our Party must take on with courage. The fulfillment of this mission inevitably depends on the solidarity of the Party and that of the Chinese people of all ethnic groups. Solidarity means strength; solidarity means victory. After going through all the hardships and setbacks, our Party and people have gained rich experience and become increasingly mature. In the face of a world that is far from being

tranquil and the formidable tasks before us, all Party members must be mindful of the potential danger and stay prepared against adversities in times of peace. We must be keenly aware of the rigorous challenges brought about by the ever-sharpening international competition as well as risks and difficulties that may arise on our road ahead. We must bear in mind the overall interests of our Party all the more deeply, cherish the solidarity all the more dearly and safeguard stability all the more firmly.

All Party comrades and the people of all ethnic groups of the country, let us rally closely around the Party Central Committee and work with one heart and one mind in a joint and unyielding effort to advance the cause of building socialism with Chinese characteristics and create a happier life and a better future for us all!

*Note 1 - The Four Cardinal Principles are: to keep to the socialist road and to uphold the people's democratic dictatorship, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought.

*Note 2 - The "eight do's" and "eight don'ts" are:

1. Emancipate the mind and seek truth from facts; do not stick to old ways and make no progress.
2. Combine theory with practice; do not copy mechanically or take to book worship.
3. Keep close ties with the people; do not go in for formalism and bureaucracy.
4. Adhere to the principle of democratic centralism; do not act arbitrarily or stay feeble and lax.
5. Abide by Party discipline; do not pursue liberalism.
6. Be honest and upright; do not abuse power for personal gains.
7. Work hard; do not indulge in hedonism.
8. Appoint people on their merits; do not resort to malpractice in personnel placement.

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