

Angang Hu

# China's Road and China's Dream

An Analysis of the Chinese Political  
Decision-Making Process Through  
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# Chapter 1

## Background, Preparation and Experience of the National Congress

### Lead

We deem the National Congress of the Communist Party of China as a classic process of Chinese politics, i.e. a process of political democracy, a process of political consensus and a process of political unity. This is a complicated democratic procedure and democratic process from decentralized opinions to centralized opinions and to overall consensus gradually. The political election and change of state leadership lasts for one year and a half in four stages: the preparation period of the 18th National Congress of the Communist Party of China; conference of the 18th National Congress of the Communist Party of China; learning and implementation of spirits of the 18th National Congress of the Communist Party of China; the second Plenary Session of the 18th National Congress of the Communist Party of China and NPC & CPPCC.

Compared with the congress of two parties (Republican Party and Democratic Party) in the United States, the National Congress of the Communist Party of China takes a longer time for the change of state leadership compared with the President selection of the United States, the democratic form is more completed, the democratic selection procedure is more completed, the democratic contents are more adequate, the democratic essence is more effective and the democratic achievements are more abundant, already exceeding the United States.

The year 2012 is the election year of the world politics. Among the five permanent members of the United Nations, four countries will hold elections. Some other major countries in the world also conduct political elections. The sum of GDP in those countries exceeds half of the total GDP in the world. The most important elections which are held at last are the political elections in the United States and China. The two elections are almost held at the same time. Such occasion is once in 20 years for the historical coincidence. The two elections are the most striking in the world, relating directly to the future trend of the world.

## 1.1 Background and Comparison of Political Elections in China and the United States

No matter the Republican Party and Democratic Party of the United States and the Chinese Communist Party are the largest political parties in the world. The national congresses of the three parties holding at the same time can help use compare internationally. In the following, we will explain how the Chinese Communist Party outstrip the two parties of the United States in political democracy, and how it is superior than the two US parties, which can help use break the “American Democracy Superstition” and confirm the “Chinese system confidence”.

The Republican Party of the United States is the third largest political party in the world with total members of over 30 million (3970 specifically). The congress of the Republican Party representatives will be held from August 27 to 30, 2012. Totally 2286 representatives of the states, and 2125 non-formal representatives or substitutes attend the congress. The Democratic Party of the United States is the second largest political party in the world with total members of 43 Million. This congress will be held from September 4 to 6, 2012, nearly 6000 formal and non-formal representatives will attend the meeting. However, those representatives will not go through strict election procedure and altitude investigation including disclosure and publicity like the representatives in the congress of the Chinese Communist Party. There are no special regulations on the representatives in the United States while the congress of party representatives in China has express terms for the representatives. The congresses of two parties of the United States neither have conference presidium nor the standing president but only one conference chairman who takes full charge of leadership and has all powers. Differently, the 18th National Congress of the Communist Party of China will be held under the leadership of the presidium and standing chairmen. The presidium contains 247 persons and there are 41 standing chairmen, who will help directly communicate with the 38 delegations and reflect situations. Especially in the link of political election link, the system shows the principle of “democracy first and centralism later, both democracy and centralism”.

Although the congresses of two parties in the United States are held in different ways, the basic natures are the same. The theme and mission of the congresses is two words “election campaign”. The main topic of the congress is to elect the presidential candidates and running mates (vice presidential candidates) and pass the election program of each political party, which will be drafted by the private expert writing group organized by the presidential candidate. The main title of election program of the Democratic Party’s congress is “Moving America Forward”. The key words are summarized into four: the first is the middle class, who are the major voters and the basic orientation of election value because they play the key role for the winning of the election; the second is the American dream; the third is forward, which is different from “change”, the election program of Obama four years ago; the fourth is the public game. The main title of the Republican Party’s congress is “In America We Trust”. Their key words are also

four: the first is the great opportunity; the second is American dream; the third is a smaller and smarter government, which shows they advocate small government rather than a large government and believe the government under the leadership of the Democratic Party is a stupid government so they try to establish a smart government; the fourth is constitutionalism recovery because they believe the political system of America has seriously degraded, and needs to recover the constitutionalism. Under the attentions of the whole world, the two parties elected the presidential candidates and run for the president on Nov. 6. Barack Obama, the candidate of the Democratic Party won and reappointed. Although every American President is elected democratically by the states, however after started serving as the president, he will become the “president absolutist” or the “emperor president”. He himself can directly appoint 3000–5000 government officials in each institutions of the United States Federal Government system depending on their contributions to his winning of the campaign. If the American President’s election campaign to taking office can be viewed as a complete process, it is a political process of “democratic election” and “individual dictatorship”. George Walker Bush can decide to start two wars. The political election once every four years is a typical zero-sum game with winner and loser. Although it is not a life-or-death struggle, in the game “I take power while you loss power”, necessarily leading to the political opposition and fragmentation of society in America once four years.

Twenty years ago (1992), the Soviet Union collapsed and the cold war ended. America became the sole large power in the world. At that time, the Chinese Communist Party also held the 14th national congress. However, the basic problem that all western media concerned is when the Chinese Communist Party will collapse. I gave a lecture in Yale University in 1992 to introduce the take-off in economic development in China. Few people believe that. The problem that Americans concerned is when he Chinese Communist Party will collapse. That is because the Communist Party of the Soviet Union went down, the entire Soviet Union collapsed, and the Communist Party in all Eastern European countries fell from power and turned to the capitalism and Western Europe. The capitalism won great triumph. At that time, only the Chinese Communist Party and the Vietnamese Communist Party still insisted on the socialism, as well as reform and open-up. Therefore twenty years ago, when both China and America were under through the political election and government transition, the problems discussed by the western media were different. Today, it is the last thing they should expect that the Chinese Communist Party doesn’t collapse, but under its leadership, China is growing stronger and becomes the second largest economy and trading entity in the world. Its technology strength and comprehensive national strength ranks the second in the world, only second to America. So when I give this lecture twenty years later, all sorts of feelings well up in my mind for the great changes.

We can make an international comparison between China and America from the political democracy procedure. The national congresses of the Republican Party and Democratic Party of the United States mainly vote by show of hands, and decide the presidential and vice presidential candidates simply. The congress is to elect two persons basically. Then the two persons will compete with each other with one

winner and one loser. This is a typical zero-sum game. Most importantly it shows the segmentation of politics and society.<sup>1</sup> Hence, when Obama is elected, he appeals to eliminate the conflicts between the two parties, and tries to build a united United States, which is the problem he has to face and solve after winning the election. America is indeed different from China, and it has different political system, different political culture background, different election results and surely different performances. I will evaluate that professionally later.

From China, the congress of representatives and leaders superseding of the Chinese Communist Party has more diversified political democracy, and have more complex, superior and efficient than the congresses of the two Parties of the United States and their president election. The political election and government transition in America and China in this year directly provide us a comparable case.

First of all, the 18th National Congress of CPC selects the members of the central committee in two steps. The first is the preliminary election with certain margin proportion of 19 members. The second is the formal election in the conference, which is the single-candidate election for 205 central committee members and 171 candidate central committee members, totally 376 persons. We can call them as the “China politician group”. Secondly, the congress elects members of the Central Commission for Discipline Inspection of the Communist Party of China with margin of 11, and officially elects 130 members. The first plenary session of the 18th National Congress officially selects the responsible persons of leading organization of Central Committee of the Communist Party of China, including 25 members of the political bureau, 7 members of standing committee of the Political Bureau, 1 General Secretary, 7 Secretaries of the Secretariat, 11 Chairman, vice chairman and members of central military committee, 19 secretary, deputy secretary and standing committee members of Central Commission for Discipline Inspection of the Communist Party of China. Deducting the repeated calculation, the total number is 53 persons. The political election of the central leading group of the Chinese Communist Party is finished by now. However, the entire political election process is not over yet. Because in February 2013, the second plenary session of the 18th National Congress will be held to recommend the list of candidates for major national leading institutions, including members of NPC and its standing committee, state president, vice presidents, premier and members of the State Council, Chairman, vice chairman and members of central military committee, President of the Supreme People’s Court and President of supreme people’s procuratorate, in the name of the Central Committee of the Communist Party of China to the 12th National People’s Congress, and provide the list of CPPCC leaders to the first plenary session of the 12th CPPCC Conference. The political election in China is actually not one national congress but two national congresses, not one election but two elections, not elects one or two leaders but a leading group, central committee leaders group of Chinese Communist Party first, state leaders group later.

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<sup>1</sup>On Nov. 4, 2012, the Boston Globe website issued an article.

Deng Xiaoping has a core viewpoint that “it is dangerous to place the prospect of a country on one or two persons”. Now it is not reasonable for China, but also for America.

For example, when in election campaign, George W Bush proposed to create job opportunity and promote development of high technology industry. However after “911”, he immediately changed the key point of the policies to attack the international terrorism. He started two “anti-terrorist” wars, and produced and outputted one unprecedented international financial crisis to the world. It is actually a subversive mistake he made to America. The root of the system is individual despotism, individual decision and individual dictatorship.

In 1992, the change of Chinese Communist Party’s central leadership group “met” with the American presidential election. At that time, America was an insufferably arrogant superpower, and took the lead to crack down on China. Twenty years later, what are the differences between this “encounter” compared and that occurred twenty years earlier? In my opinion, the most important difference is now the position of China in the world has changed fundamentally. Nowadays, China is the second largest economy, the second greatest trading entity, the second largest technology power, and the second greatest comprehensive power in the world. This is the achievements gained by the efforts of Jiang Zemin and Hu Jintao in two ten years.

Today, the elections of China and the United States can arouse the attention of the world because their political election not only impacts on the domestic affairs and long future of the two countries, but also impacts on the affairs and long future of the world. This background is different with the 14th National Congress 20 years ago, and 15th National Congress 10 years ago.

In another 20 years (2032), when the political elections of China and the United States meet again, the study in *2030 China* shows that the GDP of China is as twice as that of the United States no matter by exchange method and the purchasing power method. By that time, we wonder what the world especially western media will look upon China and the Chinese Communist Party.

Under the background of globalization, there are 239 countries and regions compete with each other. The essence of the national competition is the competition of strength. In China, the development is the absolute principle and the scientific development is the absolute principle. From the perspective of the globe, the strength is the absolute principle, including hard strength and soft strength. The state institution system competition is behind the national strength competition.

Why can China catch up with America so soon? Why will China surpass America? What is the most key factor? My answer is the Chinese Communist Party. Chinese Communist Party is the largest political party in the world with total members of 83 Million, far more than the total number of the Republican Party and Democratic Party of the United States. Apparently, “many hands make light work”. However, this is not enough. The most critical factor is that the Chinese Communist Party has unique political advantages and organizational advantages, which can be more democratic and intensive, more free and more disciplinary, and more vigorous

and organized so at the Chinese Communist Party is more powerful and efficient than the two parties of the United States.

The National Congress of Communist Party of China is the most important political decision system, and the highest leading organization of the Party. In accordance with the Party Constitution, it has six kinds of powers. We view the National Congress of the Communist Party of China as a typical Chinese political process, i.e. a process of political democracy, a process of political consensus and a process of political unity. For a tremendous country with 1.4 Billion population, 56 nations, 31 regions (referring to the mainland provincial administrative unit—annotated by the arranger), over 300 prefecture-level city, 2800 country level administrative units, how to form political consensus and what kind of political democratic form can realize the political consensus? This is a complex democratic procedure and process from decentralized opinions to centralized opinions and to overall consensus gradually, which is more complicated and stricter than the congresses of two parties of the United States. The process of political power report, political election and leaders change will last for one year and a half in four stages: the preparation period of the 18th National Congress of the Communist Party of China; conference of the 18th National Congress of the Communist Party of China; learning and implementation of spirits of the 18th National Congress of the Communist Party of China; the second Plenary Session of the 18th National Congress of the Communist Party of China and NPC & CPPCC.

## 1.2 Preparation Process of the 18th National Congress of CPC

The preparation period of the 18th National Congress of CPC is from the sixth plenary session of the 17th central committee in October, 2011 to the seventh plenary session of the 17th central committee in November, 2012.

- The sixth plenary session of the 17th central committee passed the *Decision on Convening the 18th National Congress of CPC*.
- To establish the report drafting group of the 18th National Congress of CPC. The Report of the National Congress of CPC is the governing report as the governing party, and also the governing progress, and the most important political decision. It needs a longer and sufficient preparation and drafting process, and a repeated process of “democracy first, centralism later, democracy again, and centralism again”. In January, 2012, according to the decisions of the standing committee of the Political Bureau of Central Committee, and the Political Bureau of Central Committee, the drafting of report to the 18th national congress started officially. The central committee established the document drafting group comprised of Comrade Xi Jinping, the Group Leader, Li Keqiang and Liu Yunshan, the vice group leaders, and persons in charge of central government and state council departments and some provinces, and clearly

required collecting the intelligence of the Party and people in China under the leadership of the Political Bureau of the Central Committee and its standing committee to comprehensively analyze and master the world situation, national situation and Party situation and draft well with high sense of historical mission and sense of political responsibilities.

On January 5, Comrade Hu Jintao delivered important speech in the first plenary session of the document drafting group to comprehensively deploy the drafting work of the report, and confirm the guiding principle of “four must”.<sup>2</sup> Comrade Hu Jintao proposed that in order to complete the report to the 18th National Congress of CPC, organize strength from all aspects, strive to answer the overall, significant and strategic problems for the economic and social development in China, and gain in-depth, powerful and convincible theoretical achievements. Therefore, this is totally different from the national congresses of the Republican Party and Democratic Party of the United States. They have election program and we have the governing report. We have to make professional study. They have the drafting group under the individual leadership of the presidential candidate, but we have the drafting group under the collective leadership of the Political Bureau of the Central Committee and its standing committee.

- Process asking for various opinions. On January 6, the central committee issued the *Notice on Consultation for Topics of the 18th National Congress of CPC* to decide to organize discussion within the Party for the topics of the 18th National Congress of CPC, extensively ask for opinions and consult for the opinions and suggestions of personnel outside the party via certain means.

In the beginning of January after we received the invitation from department concerned, we established the writing group for the 18th national congress, and submitted the “Report to the 18th National Congress of CPC: Scientific Development Theme and 2020 Objectives” on January 18, which discussed the main title and key words of the report to the 18th National Congress of CPC, i.e. the road of China and 2020 core objectives of building a moderately prosperous society in all aspects; expounded the important constituent part of the scientific outlook on development, i.e. five backbones: innovative development, green development, harmonious development, sharing development and win-win development; devised the overall objective of building a moderately prosperous society in all aspects in 2020, and five sub-objective of construction: economic construction, political

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<sup>2</sup>Comrade Hu Jintao appointed out that we must insist on the guidance of scientific outlook on development, must carefully summarize the vivid practice and fresh experiences during reform and open-up, and socialist modernization under the leadership of the Party, must deploy the reform development from the overall strategy, and must insist on freeing our mind, coming down to earth, and advancing with the times, and strive to write the report to the 18th National Congress of CPC into a document under the guidance of Marxism, suitable for the development of the Party and State, complying with the will of all people and with spirit of innovation and creation.

construction, cultural construction, social construction and ecological civilization construction. We sent it to the leaders of the central committee on the same day.

On January 18, I participated in the forum themed as “accelerating the change of the economic development mode” held by the State Council Research Office, gave speech and submitted the text of *Green Development: the Key of Economic Development Mode Change*, which was published on the 5th National Reports on Feb. 8, 2012.

On January 19, the national situation research institute of Tsinghua University was invited to offer the abbreviated version of book *2030 China: Moving towards Common Prosperity* (China Remin University Press, Beijing, October 2011), approximately 10,000 characteristics to the central finance and economics leading group office.

On February 1, the

The national situation research institute of Tsinghua University was invited to offer ten *2030 China: Moving towards Common Prosperity* to the General Office of the Central Committee.

On February 6, I participated in the seminar held by the Development Research Center of the State Council on the objective and major missions of the economic and social development in China in the next ten years, gave speech and submitted the article *Development Objectives of China: in Three Steps (2000–2050)*.

- Process of investigation. On March 10, according to the 15 key subject requirements deployed by the central committee, the 46 units successively assigned 101 survey groups to 19 provinces, regions and municipalities to hold 1073 forums, and survey deeply on the site of 1433 units, and form 57 copies of survey achievements.

On March 12, I finished the special article of “Collective Presidential System” with Chinese Characteristics; and sent it to the central leaders on the next day.

On March 23, the national situation research institute of Tsinghua University submitted my article of *Discussion on Four Historical Missions of the Chinese Communist Party* to the General Office of the Central Committee.

Before that, in July 2011, we (Hu Angang, Wang Shaoguang, Zhou Jianming, and Han Yuhai) officially published the *Right Way of the World—Chinese Communist Party and China’s Road* (China Renmin University Press, July 2011). The book reveals the advancement of the China’s road created by the Chinese Communist Party. The book aims to break the superstition of Chinese people for western civilization and system for a hundred years, and set up the awareness and confidence of China’s road, Chinese system and Chinese culture. We also discuss deeply on the important contents of rebuilding “people’s society”. In September the same year, we (Hu Angang, Yan Yilong and Weixing) officially published the book *2030 China: Moving towards Common Prosperity* (China Renmin University Press, October 2011). The greatest challenge that China faces is the rapid social differentiation, and how to make the efforts toward common prosperity, which is a fundamental problem. Therefore, this book analyzes the great development, change

and trend of China and the world, displays the socialist concept of common prosperity, expresses the ideal of entire mankind pursuing common prosperity, and publicly discloses the China outlook, world outlook and future outlook to the world.

In April 2012, I published the book *China: Innovative Green Development* (China Renmin University Press, April 2012). This book discusses how to enter the ecological civilization time from the industrial civilization time, and how to enter green development from the general sustainable development. This book aims to call for green civilization, innovate the green development and lead the green industrial revolution, and devise the objective and blueprint of green modernization in China. On April 6, I finished the book *2020 China: Building Moderately Prosperous Society* (Tsinghua University Press, September 2012). We conducted the professional quantitative analysis for the connotation of building moderately prosperous society in 2020 and major indexes. Meanwhile, we analyzed whether the 31 provinces, municipalities and autonomous regions including Tibet in China can realize the moderately prosperous society by 2020. The results of the researches were all submitted to relevant departments in time for their references. We actively offer suggestions advices, and tried to gain the in-depth, important and convincing theoretical achievements. We are only one of the research achievements among numerous universities, party schools, social science research institutes and think tank. We are different from the numerous think tanks in America some of which offer suggestions for Democratic Party, and some of which offer suggestions for the Republican Party. Many of them offer suggestions after the decision of American President's assuming office rather than before that, let along door-to-door consultation, active consultation, and normalized consultation. On the contrary, we can see the ideas, viewpoints and policies from the report to the 18th National Congress of CPC.

During April 13–20, Comrade Hu Jintao spent five days and a half in Zhongnanhai Huaren Hall to listen to the report of investigation results of 11 key subjects from 38 subject groups in 32 units. One significant mission in this stage is to carry out in-depth investigation and research. I believe that the early investigation and research has started a political democratic process, i.e. inquiring the opinions from all aspects, most of which are different. This is an investigation and survey process centralizing the intelligence of the entire Party, complying with the principle of “you have no right to speak and decide without investigation and survey”.

- Report drafting process. On the basis of sufficient investigation and survey, the drafting work will start. The drafting group will write by division of labor according to the 12 parts in the outline of report. It itself is the collective creation. The process of drafting and collection of opinions of all aspects will gradually form the first draft of the report.
- Central committee deliberation process. On May 24, the Standing Committee meeting of the Political Bureau of the Central Committee conducted the first deliberation on the draft of the report to the 18th National Congress.

On June 12, the Standing Committee meeting of the Political Bureau of the Central Committee conducted the second deliberation on the draft of the report to the 18th National Congress, and the standing committee members proposed important opinions on the revised draft.

On June 25, the meeting of the Political Bureau firstly deliberated the draft of the report to the 18th National Congress of CPC.

On July 3, the Theory Edition of People's Daily Online published my signed article of *Discussion on Four Historical Missions of the Chinese Communist Party*. I appointed out in the end of the article that the history, reality and future all show the historical mission of the Chinese Communist Party, i.e. the national mission which will be responsible for China and realize the common prosperity of socialism. The historical mission of the Chinese Communist Party is the historical mission of the Chinese nation, which is to be responsible for the Chinese nation and realize the great rejuvenation of the Chinese nation. The historical mission of the Chinese Communist Party is the mission of the mankind, which will be responsible for human beings and to make great contribution to the world peace and human development. These are the "four responsibilities", "four missions" and "four contributions" of the Chinese Communist Party.

- Speech of Hu Jintao. On July 23, Comrade Hu made important speech in the themed seminar for main provincial cadres, and pointed out the theme of the 18th National Congress: "*Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society*", which delivered the most core viewpoint and most important information of the report to the 18th National Congress to the entire country and the whole world. This is a symbolic political consensus.

On July 27, I analyzed and commented Hu's speech delivered on July 23, and believed it will be the core target to be proposed in the report to the 18th National Congress of CPC.<sup>3</sup>

On August 2, I finished the *Development Road of State-owned Enterprises*, which was released on the 19th *National Reports*.

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<sup>3</sup>On July 27, 2012, I pointed out in the speech in "2012 Eco Forum Guiyang" the meaning of comprehensively building the moderately prosperous society. The in-depth connotation and basic meaning are: the first is the overall construction of socialist modernization overall layout integrating economic construction, political construction, cultural construction, social construction and ecological civilization construction; the second is to overall construct the higher, better, fairer, more harmonious and greener moderately prosperous society. The exposition of ecological civilization will become one of the largest highlights of report to 18th National Congress, marking China enters the time of ecological civilization, and representing the green development of China in the world. In the five-in-one modernization system, the ecological civilization construction is not only the key point but also the different point, which shall deeply integrate into all aspects of economic, political, cultural and social construction and penetrate to the entire process of those constructions. Released on ddcpc.cn on July 27, 2012.

- Party representatives deliberating the draft of report. On August 11, the General Office of the Central Committee released the *Notice on Consultation for the Report to the 18th National Congress of CPC*. During the process of consulting opinions, the central committee required all regions, departments, organs and the representatives of the 17th and 18th National Congress of CPC to propose many favorable opinions and suggestions on the draft. The central committee sufficiently carried forward the democracy, pooled all wisdoms, and carefully absorbed and reflected those opinions and suggestions to draft the report coping to the common will of people of all ethnic groups, complying with the development requirements of socialism with Chinese characteristics, and adaptable to new situations and new missions, and formulate the amendment of Party Constitution suitable for the theoretical innovation and practical development, and required by promoting the work of the Party and strengthening party building.

On August 13, the Xinhua News Agency was authorized to release the List of Delegates of the 18th National Congress of Communist Party of China (totally 2270, in the order of the number of strokes in the surnames).

On the same day, the *People's Daily* published the article of commentator with the title of Shouldering holy mission, and loyally implementing the responsibilities. The article pointed out: through the repeated consideration, gradual selection of all levels of Party organizations and party members, and under the joint effort of all electing units, the 2270 representatives of the 18th National Congress have all selected. They will, shouldering the belief and great trusts of over 8000 Party members and over 4 million primary party organizations, and bring the wish and expectation of all ethnic nations in China, gloriously attend the 18th National Congress of CPC. The representatives of the 18th National Congress have good political quality, powerful deliberation capacity, reasonable structure, extensive distribution, great advancement and extensive representativeness, and lay firm ideological and organizational foundation for the success of the 18th National Congress. The 18th National Congress is the first national representative congress of the Chinese Communist Party after the party representative tenure system. Compared with the previous congresses, the representatives in this congress have heavier responsibility and high quality requirements. Every representative of the 18th National Congress shall participate in each agenda of the congress with huge enthusiasm and vigorous spirit, correctly exert the democratic rights, loyally implement the responsibilities of the representatives, and actively offer opinions and suggestions to contribute to the complete success of the congress. Therefore, I am paying close attention to the preparations before the congress, and try to propose my own constructive suggestions to the agendas of the congress in a more professional, intelligent and occupational way.

On August 16, I participated in the group meeting of the 18th National Congress Beijing Delegation in the third meeting room of Beijing Municipal Party Committee. The meeting was presided over by Comrade Wang Anshun, and we discussed and deliberated the amendments for the report to the 18th National

Congress. This meeting complies with the Article 22 of *Provisional Regulations on the Representative Tenure System of National Congress of Communist Party of China and Local Representative Congresses* (May, 2008): before each level of party representative congresses is held, the Party Committee shall consult the same level representatives of the same or the next congress for opinions on the report draft issued by the Party Committee and Discipline Inspection Commission. In the morning, I mainly read the report draft speedily, and revised while reading. In the beginning of the afternoon meeting, Comrade Wang Anshun made me to take the lead to speech. I made a brief speech and provided written revision opinions and suggestions in six pages. As the representatives of the 18th National Congress of CPC, I exerted the rights, implemented the responsibilities and played the role as representative. I also brought my professional discussion ability as the expert in national conditions study.

On Sep. 1, I finished the research report of *Competitiveness Evaluation of State-owned Enterprises—A Perspective of World Top 500*, and submitted to the central leaders.

On Sep. 3, the Central Committee of the Communist Party of China held the forum of non-party personages in Zhongnanhai. Hu Jintao presided over the forum, introduced the formation of exposure draft of report to the 18th National Congress, and explained the major contents of the report. He wished the non-party personages could talk freely to provide opinions on the exposure draft of the report to the 18th National Congress. The Central Committee of the Communist Party of China directly listened to the opinions and suggestions from members of all democratic parties, leaders of All-China Federation of Industry and Commerce and the non-party personages. Hu pointed out that the comprehensive building of moderately prosperous society is the great objective of the Chinese Communist Party proposed when accurately mastering the great strategic opportunities for the great development in China in the first 20 years of this century, and has significant meaning for promoting the modernization of the socialism and the great rejuvenation of the Chinese nation. To sum up, the work we have done and will do in the 20 years is to comprehensively build the moderately prosperous society.<sup>4</sup>

The Xinhua News Agency released the above-mentioned information on November 5. My comments are:

The report to the 18th National Congress of CPC is the great achievement of Chinese wisdom. First of all, it is the great achievement of collective wisdom of the largest political party in the world, consulting opinions within the Party extensively from at least thousands of members; secondly, it is the great achievements of the democratic parties' wisdom.

It is more systematic, normalized and procedural for the report draft of the congress to consult the non-party personnel for opinions before the congress is held. The report not only centralizes the political wisdom of the Chinese Communist Party, but also centralizes the political wisdom of the democratic parties.

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<sup>4</sup>AP Beijing Nov. 5, 2012.

In the first 20 years of the 21st century, the greatest thing to be done and done well of the 1.3 Billion Chinese population under the leadership of four terms of Party Central Committee and the leaders of Chinese government is to “comprehensively build the moderately prosperous society”. The objective meets the maximal and most fundamental profits of the 1.3 Billion Chinese people, and the common objective and common cause of all ethnic nations in China, and fully embodies the basic tenet and governing program of “people-oriented” and “govern for the people” of the Chinese Communist Party. In order to realize this cause well, the reports to the 16th (2002), 17th (2007) and 18th (2012) National Congresses successively researched specifically on the core objective, and conducted stage evaluation and conclusion, deliberate design, in-depth exposition and comprehensive deployment. It is unique in the development history of all large powers in the world. It can also explain why China developed the fastest and most successfully in the past 12 years even in the general background of international financial crisis among the 239 countries and regions in the world. Moreover, it explains China has finished half of the mission in the half period for realizing the core objective so as to lay firm foundation and set a higher starting point for China to realize the object as scheduled in the next eight years. We are more confident to finish the mission and realize the objective.

From the development history of New China, the leaders of each term and each generation, on the one hand shall finish the mission endowed by the history, and on the other hand, shall lay better foundation and create better conditions for the next term and next generation. They will work hard term by term and generation by generation. Through the ceaseless endeavor of several generations, and unremitting pursuit of the China’s dream, we can realize the modernization of socialism, and can realize the great rejuvenation of the Chinese nation.

In the morning of September 10, I participated in the group meeting of the 18th National Congress Beijing Delegation. The meeting was presided over by Comrade Wang Anshun, and we discussed and deliberated the exposure draft of the *Constitution of the Communist Party of China (Amendment)*. I made a brief speech in the meeting, and proposed written revision opinions and suggestions in two pages.

In the afternoon of September 10, I introduced the *National Strategy and State-owned Enterprise Competitiveness* in the class of theory central group of Organization Department of the CPC Center Committee. Shen Yueyue (administrative vice minister of Organization Department of the CPC Center Committee) was presided over and Comrade Li Yuanchao, the member of the Political Bureau, Secretary of Secretariat of the Central Committee, and ministry of the Organization Department of the CPC Center Committee attended the class.

On September 17, according to the arrangement of Beijing Municipal Party Committee, I registered in the second branch of Beijing Municipal Party School (Party School of Beijing Municipal Public Health Bureau) and attended the themed training class for party representative resumption. Liu Yuhui, the vice minister of Beijing Municipal Party Committee Organization Department presided over the class launch, and Li Qisen, the deputy inspector of the Organization Department of

the CPC Central Committee the first Organization Bureau gave the guidance lecture on the tenure system of party representatives.

We studied the *Provisional Regulations on the Representative Tenure System of National Congress of Communist Party of China and Local Representative Congresses*. The *Regulations* clarified the eight rights and responsibilities of the party representatives:

(i) Listen to and review the reports of the Party Committee and the Discipline Inspection Committee during the same level party representative congresses; (ii) Participate in discussion and decision for key issues during the same level party representative congresses; (iii) Exert the voting power, right to vote, and right to be elected; (iv) Know the implementation of party's decisions and resolutions of the same level Party Committee, Discipline Inspection Committee and the electing unit party organizations; (v) Provide opinions and suggestions on key problems of the economic construction, political construction, cultural construction, social construction and party building of the same level party representative congress or the same level party committee; (vi) Supervise the same level Party Committee and the Discipline Inspection Committee and the members; (vii) Participate in activities organized by the same level party representative congress or same level party committees; (viii) Finish relevant work under the entrustment of the same level party representative congress or the same level party committees.

The "Regulations" also proposed the ways of the party representatives to carry out the work, including (i) suggestion system: during the national congress, the representatives can submit the jointly-signed proposal within the same level national party representative congresses. (ii) Proposal system: when not in session, the representatives of the national congress can propose the proposal within the power of same level party representative congress and the party committee individually or jointly in written form to the same level party committee; offer opinions and suggestions on major policies relating to the economic and social development of this region, and important documents of the party by participating in forum and attending the meeting. (iii) Investigation system: the representatives of the representative congress, under the entrustment of the same level party representative congresses and the party committee, can conduct investigation on the key decisions and important items within the power of the same level party representative congress and party committee in that region. (iv) Party member—mass liaison system: the representatives of the party congress shall adopt proper method to strengthen the connection with primary party members and mass, to know the problems that the party's resolutions and decisions meet during implementation, and reflect the opinions and suggestions of the party members in primary units and the masses. (v) Consultation system: the representatives of the party congress can be invited to attend the plenary session of the same level party committees and issue opinions. (vi) Democratic appraisal system: the representatives of the party congress can, according to the arrangement of the same level party committees, participate in the democratic recommendation of key cadres in this region, democratic appraisal of

leading group and members of the same party committee and discipline inspection committee, and the deliberation for the work of the standing committee of the same level party committee.

The background of the regulations roots from the requirement of “implement the tenure system of the National Congress of Communist Party of China” proposed in the report to the 17th National Congress. The Central Committee of CPC firstly formulated the regulations so that the representatives of the party congress can more systematically, normally and procedurally exercise rights, implement responsibilities and pay roles. The clear provisions of the internal regulations sufficiently show that the national congress of the communist party is the congress with democratic decision, scientific decision, and compliance with Party Constitution and party provisions.

In the morning of September 18, I was arranged to deliver a themed guidance lecture of *2020 China: Building Moderately Prosperous Society*, which is the early background study for the report to the 18th National Congress of CPC, published officially by Tsinghua University Press.

In the morning of September 19, I participated in the discussion of the first group, which is the Beijing delegation of the 18th National Congress of CPC comprised of 25 members. Ma Xin (the president of Beijing Anding Hospital), the leader of the training class presided over the discussion, and gave a speech: in order to implement the responsibilities of the representatives of the 18th National Congress, we need prepare by three stages:

The first stage: preparation stage. In this stage, the investigation shall be prepared for the 18th national congress. First of all, we need to study the reports to the 16th and 17th national congresses to know the main mission and spirits of the two congresses, and especially reread the reports to know the innovative points, new proposals and strategic deployment compared with the reports of the former two congresses. Only the reports to the 16th and 17th national congresses are comprehensively known we can faster understand the report to the 18th national congress of CPC. Secondly, we should learn the important speech of General Secretary Hu on “July 23”. Actually, this speech has expounded the core viewpoints of the reports to the 18th National Congress of CPC so that we can more conveniently carry out investigation of the 18th National Congress for different contents and different aspects. The more adequate the preparation is, the representatives can play the roles and implement the responsibilities better during the congress.

The second stage: congress participation stage. In this stage, we should participate in all agendas of the 18th National Congress, correctly exert the democratic rights, loyally implement the responsibilities, actively offer suggestions and opinions, play the due roles and make due contributions.

The congress has several important agendas, among which the most important one is to deliberate the report to the 18th national congress of CPC. It is the best opportunity for use to play the role and implement the responsibilities as representatives. We need study deeply and revise literally rather than the general discussion. The revision of one paragraph, one sentence and several characteristics, if accepted by the congress, will become the significant symbol for the

representative's implementing of responsibilities. This directly relates to the preparations of the first stage, and meanwhile relates to the understanding level of the report. The report involves in multiple aspects and is the comprehensive strategic deployment, so the representatives from different aspects shall propose more specific suggestions in that field. For instance, the representatives from the medical field shall pay more attention to the proposals on the field of sanitation and health, and make them more complete and feasible; the representatives from the education field shall pay close attention to the proposals on the education field. They should settle the demonstrations and proposals about health and education in the reports to the 16th and 17th national congresses so that we can both carry forward the former spirits and advance with times, and help us exert the specialties and play roles in the specific field. Therefore, the core point to improve the political participation and discussion ability lies in learning, investigation and study. Hence, the early preparation and learning during the congress are connected closely. So we shall take time to finish or basically finish the preparation stage from now on.

The third stage: propaganda stage after the congress. The representatives from the front lines shall not only participate in the congress, but also exert the rights, fulfill the obligations and implement the responsibilities as representatives. Our mission after the congress is to learn and understand the report to the 18th National Congress of CPC, and most importantly propagate the report. Except the propaganda means regulated by the central committee, we need to propagandize the unit by our own understanding, and propose more specific suggestions combining the actual situations. For instance, as the professor of Tsinghua University, I might propose how will Tsinghua University create green university and become the university leading the green development in China. According to the specific situations of our university, I may more consciously take the green development and green technology as the key direction and core competitiveness, such as show to develop green energy, green manufacture, green materials, green biology and green architecture, etc. In that occasion, we can form interaction between the report to the 18th National Congress propaganda and the situations of the unit.

Some representative put forward to invite Professor Hu to write the outline or draft to propagandize the 18th national congress report. I agree with him, because I can share such public knowledge. Some representative asked that when Professor Hu propagandizes in Tsinghua University, whether we can be invited to attend. I also agree with that and inform the Organization Department of Beijing Municipal Party Committee.

On Sep. 21, my book, *2020 China: Building Moderately Prosperous Society*, was officially published (Tsinghua University Press, September, 2012), and submitted to the central committee leaders and secretaries of provincial party committee to read for reference.

On September 22, I reported the situations of the party representative resumption themed training class to the Party Committee of Tsinghua University. I suggested the university preside over and hold some forums in the name of the party committee, and Secretary Hu Heping and I will directly listen to the opinions. The participants can be the party representatives of our university (also the Beijing

Municipal party committee representatives and university party members), academicians, professors and other teachers and students, not necessarily to many. According to the spirit of Comrade Hu's "July 23" speech, the following topics can be prepared: (i) cognition of China's road, China's theory and China's system; (ii) how to promote the ecological civilization construction, green development, cyclic development and low-carbon development.

On October 2, The Times released a editorial named "Challenge from the Orient" to describe that the opposite political parties inside British and America are fighting for the political trifles, while China at least has seized the significant challenge in the future. In Beijing, the Chinese Communist Party is preparing to convene the national congress to plan the future of 1/5 population of the world, and study out a plan to surpass the western countries. The editorial said that the 18th National Congress of CPC to be held is undoubtedly the most important political meeting in the world this year, and believed that Beijing is coping with the challenges it faces in a great scale. In the end of the editorial, it stated that Beijing has a magnificent plan. The planners in Beijing are more daring than the western planners for the problems of competing with the limited resources and the new industrial revolution.

My comment is that: the competition between China and the western countries basically is not only the system competition but also the competition of governing ability. The international financial crisis is the best test. China won while western countries were caught in the financial crisis and debt crisis. The essence is the crisis government. China aims to surpass the western countries, and seek for development with undivided attention. We want to break the western countries' curse on China by the fact. We will see once more than once the 18th National Congress of CPC is held, all rumors and ridiculous arguments will collapse.

On October 8, the Economic Daily published the interview article of *Hu Angang: China State-owned Enterprise Competitiveness Improved Greatly in the Golden Decade* written by journalist Li Yuyang. The Economic Daily received the instruction of central leaders on September 19 who required it interviewing me. This article is the key report on our latest study of state-owned enterprise competitiveness.

On October 10, I exchange with three comrades from the investigation office of General Office of the Central Committee in our collage, and introduced the comparative study of the national congress of the Chinese Communist Party and the two parties in America.

On October 17, I finished the article with title of "Who is democratic more highly and feasibly: Comparison between the National Congress of Chinese Communist Party and That of Democratic Party and Republican Party of the United States", which was published in the Vol.16 of *National Reports*.

On October 23, I finished the article with title of "Leaders Come and Go—the Alternation of Politician Groups of the Chinese Communist Party", which was published in Vol. 27 of the *National Reports*;

On October 30, I checked the exclusive interview draft of Maya (the executive chief editor of Phoenix Weekly) with title of “China’s Road: The Modernization Development of the People’s Republic”, which was published in Vol. 29 of the *National Reports*.

During October 30–31, Tsinghua University attended the 18th National Congress of CPC. Hu Heping, the Secretary of Party Committee of the University and I organized twice forums in the East Hall of “Iying H” shape hall to consult the teachers and students for opinions. Hu Heping and Chen Xu, the deputy secretary of the standing committee of Party Committee respectively presided over the two forums. In the forum, the teachers and students attended discussed around the two topics of “cognition of China’s road, China’s theory and China’s system” and “how to promote ecological civilization and green development”, and proposed specific opinions and suggestions on accelerating construction of the first-class university of the world. Jiang Hongde, the academician of the Chinese Academy of Engineering and professor of thermal energy department suggested that we should further strengthen the theoretical development of the party, actively carry out the ideological education and guidance of young teachers and students, and provide powerful guarantee for the construction of the university. Luo Jianbin, the academician of the Chinese Academy of Engineering and professor of precision instrument department suggested that in order to construct the first-class university in the world, we should insist on the ideological line of being practical and realistic, further strengthen the system construction and create larger space for talent introduction and development. Ni Weidou, the academician of the Chinese Academy of Engineering and professor of thermal energy department suggested that we should actually transferred the inherit thinking of purely pursuing the economic growth, and truly transfer the economic development mode from the green development starting from multiple aspects of emerging industry independent innovation, scientific development of new energy and perfecting the government assessment mechanism. Wang Guangqian, the academician of the Chinese Academy of Engineering and professor of thermal energy department mentioned that since the Party central committee proposed to construct the ecological civilization, the central government has adopted a series of ecological protection and control measures, and the sediment charge on the upstream of main rivers of Yangtze River and Yellow River has reduced effectively, and the ecological recovery effect of the watershed is obvious, and suggested further clarifying the ecological civilization construction as the main connotation of the scientific outlook on development. Ouyang Minggao, the member of CPPCC standing committee and professor of automobile engineering department, Wang Lijun, the talent introduced by “national one thousand talent plan” and professor of Department of Physics as well as some teachers and students representatives issued their opinions and suggestions in the respective fields. He Heping and I both said that we are illuminated through listening to the opinions and suggestions from teachers and students in the forum. As the representative of the 18th National Congress of CPC on behalf of Tshinghua University, we will feed back the opinions and party members and the mass to the congress with due diligence.

- On October 22, the Political Bureau of the central committee of CPC held meeting, and Comrade Hu Jintao, the General Secretary of the CPC Central Committee presided over the meeting. In the meeting, we listened to the 17th central committee for situations of consultation for the exposure report draft to the 18th National Congress of CPC inside and outside the party, and listened to the situations of consultation for the *Constitutions of the Communist Party of China (Amendment)* within the party. During the process of consulting for opinions, all regions, all departments, all aspects and representatives of the 17th and 18th National Congress of CPC proposed many favorable opinions and suggestions on the draft. We should carry forward the democracy, collect all wisdoms, carefully absorb and reflect those opinions and suggestions, and strive to draft out the congress report coping with the common will of people of all ethnic groups, complying with the requirement for development of communism with Chinese characteristics, and suitable for the new situations and new missions, and formulate the amendment of the party constitution adopting to the theoretical innovation and practical development of the party, and required by promoting party's work and strengthening the party building. The Political Bureau of the Central Committee decided to submit the two drafts to the seventh plenary session of the 17th central committee for discussion after revised according to the opinions discussed in this meeting. This political bureau of the central committee meeting made important preparation for the convention of the seventh plenary session of the 17th central committee.
- The seventh plenary session of the 17th central committee. During November 1 to 4, the seventh plenary session of the 17th central committee was held in Beijing. The meeting listened and discussed the work report delivered by Hu Jintao under the entrustment of the Political Bureau of Central Committee. The plenary session discussed and passed the report submitted by the 17th central committee of CPC to the 18th National Congress, discussed and passed the *Constitution of the Communist Party of China (Amendment)*, and decided to submit the two documents to the 18th National Congress for deliberation. Xi Jinping explained the discussion draft of the report submitted by the 17th central committee of CPC to the 18th National Congress and the *Constitution of the Communist Party of China (Amendment)*. This meeting made the final preparation to the convention of the 18th National Congress of CPC.

I commented on the preparation process of the 18th National Congress of CPC as follows: the 18th National Congress of CPC is prepared for about one year. No matter the report to the 18th national congress or the amendment of party constitution are the practice processes of the political democracy of China. "Democracy first, centralism later, democracy again, and centralism again" is the great achievement of Chinese wisdom and the great achievement of collective wisdom of the largest political party in the world, consulting opinions within the Party extensively from at least thousands of members; secondly, it is the great achievements of the democratic parties' wisdom. It is more systematic, normalized and procedural for the report draft of the congress to consult the non-party personnel for

opinions before the congress is held. The report not only centralizes the political wisdom of the Chinese Communist Party, but also centralizes the political wisdom of the democratic parties so as to create favorable conditions for the smooth and successful convention of the 18th National Congress. Likewise, it shows that from the political process, the 18th national congress of CPC firstly realizes the political democracy and reaches political consensus later. If there is no political democracy, there will be no political consensus, while the political consensus is the precondition of political decision. The 18th National congress will finally make the political decision pursuant to the party constitution. Thus, the political decision process is actually more important than the results of political decision. Without the process of political democracy and political consensus, there will be no result of political decision. This is just the political democracy characteristics of the national congress of the CPC. Therefore, the 18th national congress of CPC is not only a united congress, connecting congress, as well as a congress of political democracy, political consensus and political decision. In the world, it is unique, the original political system and the political practice innovation.

### 1.3 Process of the 18th National Congress of CPC

The 18th national congress of CPC is comprised of one day's preliminary conference and seven days' formal conference. The national congresses of the two parties of the United States have no preliminary conference, little formal conference agendas, short time, and no delegation and group meeting to offer every representative an opportunity to discuss and breed election program and president candidate. It is just the vote by show of hands and passes by majority rather than secret ballot. The party representative congress of China is, similar to the national congresses of the two parties in the United States, based on the local delegations. However, what is particular in China is that except the delegations of the 31 provinces, municipalities and autonomous regions, direct-governed municipalities, the conference is comprised of 38 delegations including central organizations, central state organs, central financial system, central enterprise system (Beijing-based), the people's liberation army and the people's armed police.

- On November 5, I registered in Beijing Xindadu Hotel and received the “Representative Certificate of the 18th National Congress of Communist Party of China” (No. 0159), “Attendance Certificate of the 18th National Congress of Communist Party of China” (No. 0159), and know the *Notice of the Congress*, etc.
- On November 6, I prepared relevant materials on the stationed place. On the same day, the *People's Daily* published the article with title of China's Contribution: Positive Energy of Peaceful Development (the Glorious Decade) wrote by Liu Huaxin, Li Feng and Wu Lejun. In the article, the interview relating to me is:

“China’s dream” transfers to “China’s contribution”

Looking back to the history of the decade, China has held on to the important strategic opportunities, and obtained the splendid achievements. Under the leadership of central party committee with Comrade Hu Jintao as the General Secretary, and the joint efforts of all party and all nation, the beautiful “China’s Dream” turns to the “China’s contribution” promoting the common development of the world.

As a scholar, Hu Angang, the Dean of National Condition Study Institute of Tshinghua University prefers to prove his points of view by more rigorous data: according to the current price of USD, the proportion of export volume in China to the total world volume improved to 9.94% in 2011 from 3.35% in 2000; while that of America dropped to 12.32% from 18.73%; during this period, the contribution rate of China to the gross export growth of the world is 14.02% while that of the America is 5.94%, 2.36 times lower than that of China. In addition, the added value of the manufacturing industry in China in 2010 accounts for the 19.8%, larger than the 19.4% of the America, and breaking the “international first industrial power” state of the America for 120 years since 1890.

Hu Angang said that the contribution of one country to the world depends on two factors: the first is the relative economic scale of the country, and the second is the relative development speed of the country. China not only has the relatively large economy and trade scale but also has large growth speed. The annual average growth rate of GDP is as high as 10.4%, and the annual average growth rate of gross import and export volume is as high as 20.4%.

The conclusion is the same no matter according to what computation methods, which is that China has become the greatest contributor to the growth of the world economy. Hu said that “this is the significance of China’s rise”.

The economic development of China is visible, which can be seen and experienced by the civilian. By 2011, according to the improved poverty line of Chinese government, and the 18.6% poverty incidence in rural areas, the rural poverty population is 122 million, accounting for 9% approximately of the total population proportion by estimation. It shows that in the past decade, the absolutely poverty-stricken pollution reduction scale in China is the largest in the history and the largest among all countries in the world in the same period. China has made great contribution to the poverty population reduction in the world, and laid important foundation for the realization of UN Millennium Development Goals. It gains high praise of the international society.

Why China can reach that? Hu believed that it depends on the high concern of Chinese government to the people’s livelihood. Over a decade years ago, the central party committee and the state council decided to collect the manpower, financial resource and materials of all nation from 2001 to 2010 to reduce the poverty. In 2011, Chinese government also formulated the *Framework for Poverty Alleviation and Development in Rural Areas of China (2011–2020)*, which clarifies that by 2020, the enough food and cloths of poverty-stricken population shall be realized stably and the compulsory education, basic medical housing shall be guarantee. The

pure income amplification of the poverty-stricken population is higher than the national average level, and the major territory indexes of the basic public services approach to the national average level.

Hu Angang said that formerly, the countries with large poverty-stricken population in the world and high poverty incidence proportion greatly have neither the existing experiences nor successful case to reduce poverty greatly in a relatively short time. Now, China is both the first successful case and the first case with largest poverty reduction scale in the world.

- In the morning of November 7, the first plenary session of Beijing Municipal Delegation of the 18th National Congress of CPC was held. Beijing delegation is comprised of 63 members. The 11th party representative congress of Beijing elected 64 official members to attend the 18th National Congress. According to the arrangement of the congress, Representative Li Dongxiao will turn to the central state organ delegation. Finally, the Beijing delegation is comprised of 63 representatives including 38 party leaders and cadres of all levels, accounting for 60.32% approximately; 25 party members from the first production and operation line, accounting for 39.68% approximately; 25 female party member, accounting for 39.68%; 6 minority party members, accounting for 9.52%. Among the official representatives, the eldest one is Jiao Ruoyu at 97 years old and the youngest is Zhu Lijun at 31 years old.

Comrade Guo Jinlong presided over the meeting. There are mainly five agendas: the first is to elect the head, deputy head and secretary general of Beijing delegation. Du Deyin (Director of Beijing Municipal People's Congress) proposed suggestions, and the congress elected Comrade Guo Jinlong, the Secretary of Beijing Municipal Party Committee of CPC as the head of Beijing delegation, Wang Anshun and Ji Lin, the deputy secretaries of Beijing Municipal Party Committee of CPC, as the deputy head, and Zhao Fengtong, the secretary general of Beijing Municipal Party Committee of CPC as the secretary general of Beijing delegation.

The second is to breed and deliberate the documents for the preliminary conference of the 18th National Congress, including the recommended list of delegates' credentials committee members, totally 22 persons; recommended list of presidium members, totally 247 persons and in the order of the number of strokes in the surnames, Jia Qinglin, Liu Qi, Guo Jinlong, Zhu Shanlu, Hu Heping and Jiao Ruoyu are for Beijing delegation; the review conference secretariat institution setting and mission (draft), and the document group takes charge of the preparation of the report to the 18th national congress, work report of Central Commission for Discipline Inspection and revision of the party constitution; the recommended list of review conference secretary general. The third is to deliberate the agendas of the 18th National Congress of CPC (draft).

According to the agenda, the spirits of central party commit shall be delivered to the attending representatives. Comrade Wang Anshun transmitted the lecture of Comrade Hu Jintao in the second meeting of the seventh plenary session of the 17th central committee. Comrade Ji Lin transmitted the lecture of Comrade Xi Jinping in

the seventh plenary session of the 17th central committee about the report preparation of the 18th national congress and amendment of party constitution. After the information is notified, the representatives have known the entire process of the preparation of the 18th national congress and major document drafting. The process is actually a political democracy process to consult opinions within the range of the entire party, an innovative process effectively absorbing and collecting the political wisdom of the whole party, a process gradually forming the unified idea of political consensus, and a party and country governing program for the people and integrating the achievement of wisdom innovation of the all party.

Guo Jinlong made a speech in the conference that as the representatives of the 18th national congress we should, with the belief and great trust of over 1.8 million party members and all citizens in Beijing and shouldering the solemn mission and main responsibilities endowed by the Party, attend the historical grand occasion and we would have no higher honor. Guo wished our comrades could, with full political enthusiasm and highly responsible spirit, carefully fulfill the responsibilities, gather all attention and energy to convene the congress, summarize the great achievements of implementing scientific outlook on development since the 16th national congress of CPC, master the target mission and requirements proposed in the 18th national congress, study the measures and methods for the further work of capital building, and make due contribution to the complete success of the congress.

After the conference, all members of Beijing delegation took a group picture as souvenirs.

In the afternoon of November 7, the preliminary conference of the 18th national congress of CPC was held in the Great Hall of the People. Comrade Hu Jintao presided over the conference. Among the due representatives and specially—invited representatives totally 2325 of the 18th national congress, 2280 representatives and specially-invited representatives attended the preliminary conference. The conference took a vote by a show of hands, passed the list of delegates' credentials committee members comprised of 22 persons, passed the list of presidium members comprised of 247 persons, and passed Xi Jinping as the secretary general of the conference. The conference passed the institution setting and work task of the secretariat of the conference.

The conference also passed the six agendas of the 18th national congress: to listen and review the report of the 17th central committee; to review the work report of the 17th central commission for discipline inspection; to deliberate and pass the Constitution of the Communist Party of China (Amendment); to elect the 18th central committee; to elect the 18th central commission for discipline inspection.

In the afternoon on the same day, the first conference of the 18th national congress presidium was held. The conference was presided over by Xi Jinping, the secretary general of the conference, and passed the list of presidium standing committee members comprised of 41 persons including Comrade Hu Jintao through a vote by a show of hands.

The conference was under the leadership of premium and the standing committee. The conference passed the review report issued by the delegates' credentials committee members of the 18th National Congress of CPC about the qualification

of the representatives. The report introduced that the representative election started since October in the past year, and fulfilled completely till July this year. It basically realized complete coverage of the primary party organization in the whole country, and the party member participation rate is as high as 98%.<sup>5</sup>

This is obviously different from the national congresses of two parties of America. They have only one president, and have no presidium and standing committee. The representatives attended in the congress are not elected strictly by all representatives, but go through a simple procedure.

Comrade Hu Jintao made an important speech in the first meeting of the presidium, and introduced the drafting process of the report of the 17th central committee; the drafting process of Constitution of the Communist Party of China (Amendment); submitting the work report of central commission for discipline inspection to the congress for deliberation; recommendation, investigation and nomination of the candidates of the 18th central committee members, candidate central committee members and central commissions members for discipline inspection (democracy). He emphasized that it is conducted under the direct leadership of the central committee of the Political Bureau of the Central Committee. He also discussed the ways to convene the 18th national congress of CPC. He pointed out that the 18th national congress is the great issue for the political life of the entire party and the entire nation. The whole country cares about it and the worldwide attentions are attracted. He requires guarantee the 18th National Congress of CPC will be convened as a congress with spirit, continuity, unity and hard works.

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<sup>5</sup>The review report of the delegates' credentials committee on the qualification of representatives stated that all electoral units in China jointly elected 2270 representatives approved and announced by central committee. Through review, the 2270 representatives are qualified, among whom 2 representatives passed away due to illness after the list is announced. The due representatives of the congress shall be 2268. The report introduced that the representative election started since October in the past year, and fulfilled completely till July this year. It basically realized complete coverage of the primary party organization in the whole country, and the party member participation rate is as high as 98%. During the generation process of the representatives, each electoral unit insisted on the principle of from upper to lower level, combining all levels, considering repeatedly and selecting level by level, and sufficiently listened to the opinions of primary party organization, party representatives and expensive party members; insisted on "morality-oriented and party spirit-focused" and strictly control the quality of representatives; implemented multi-candidate inspection for representatives, announced the list of primarily selected representative candidates, and paid attention to know the awareness of representatives among party members and the mass; each electoral unit should convene party committee meeting or party committee (party leadership group) enlarged meeting, and confirm the representative candidates by voting. The problems reflected on representative candidates by correspondence and visit shall be invested and verified carefully. The work style and honesty situations of the representative candidates shall be consulted for the opinions of the discipline inspection organizations. Except Tibet and Xinjiang, other electoral units shall elect and generate the representatives attending the 18th national congress of CPC according to the margin proportion more than 15%. The report stated that referring to the 17th National Congress, the central committee confirmed 57 specially-invited representatives to attend the 18th National Congress of CPC. The specially-invited representatives enjoy the equal rights of the representatives.

At night of November 7, I participated in the collective interview of the central and Beijing municipal media organized by Beijing Propaganda Department News Publication Division.

At 8:35–9:25, I accepted the exclusive interview by Huang Tingman, the acquisition department of Xinhuanet: *“Hu Angang: Always Striving toward Stated Objective and Becoming Unique in the World Great Powers”*.

On the same day, the China News Service published the article *“Interview of the 18th National Congress: Hu Angang Said China will March toward Common Moderately Prosperous Society”* written by journalist Sun Zifa.

- In the morning of November 8, the 18th National Congress of CPC in the Great Hall of the People. I participated in the congress. The congress provided two copies of documents: Report to the 18th National Congress of CPC (one of the congress documents), totally 64 pages (my document number is 003273); Report to the 18th National Congress of CPC (Abridged Edition, used when the General Secretary is giving report), totally 36 pages. After the congress, the documents should be brought to the sub-venue, registered uniformly in the afternoon and returned to the secretariat group of the delegation.

The congress was presided over by Wu Bangguo. At 9:00 in the morning, the congress was started. All those present stood up, and song loudly the “National Anthem of the People’s Republic of China”. Afterwards, all comrades stood in silent tribute for the late older generation proletarian revolutionary and martyrs such as Mao Zedong, Zhou Enlai, Liu Shaoqi, Zhu De, Deng Xiaoping and Chen Yun.

Wu Bangguo announced that the due representatives of the 18th National Congress are 2268 persons, and specially-invited representatives are 57 persons, totally 2325persons, among whom 2309 representatives attended the congress. In addition, there are also 314 persons attended as nonvoting delegates and 147 guests.<sup>6</sup> Wu Bangguo expressed the warm welcome for the outside-party friends and comrades in charge of other aspects attended the congress as nonvoting delegates.

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<sup>6</sup>The presidium of the 18th National Congress of CPC firstly passed the issues of persons attended as nonvoting delegates and guests. The central committee decided to invite comrades in charge within the party and non-party personnel to attend the meeting as nonvoting delegates, including the 17th central committee members, candidate members and central commission for discipline inspection who were not the representatives of the 18th national congress; the former central advisory committee members who were not the representatives and specially-invited representatives of the 18th national congress; some old comrades and other comrades concerned inside the party who attended the 17th national congress as nonvoting delegates, totally 314 persons. The guests attending the congress opening ceremony and closing ceremony contain: existing and former vice chairmen of Standing Committee of the National People’s Congress, non-party personnel as vice chairmen of CPPCC, central chairmen of all democratic parties, chairmen of All-China Federation of Industry and Commerce, representatives of non-party personages, democratic party, non-party and religious personnel of the standing committees of NPC and CPPCC stationed in Beijing, totally 147 persons.

Comrade Hu Jintao, on the behalf of the 17th central committee, made the report titled *“Unswervingly Advance toward the Socialist Road with Chinese Characteristics, and Strive to Comprehensively Build the Moderately Prosperous Society”* to the congress.

In the introduction part, Comrade Hu Jintao said that “I will not read the entire report, but intensively tell about the key points of the report”. He made oral report (totally 36 pages), which is the half of the total report. I compared the oral report with the entire report, and underlined the parts stated in the oral report on the complete report to distinguish.

The report of Hu Jintao can be divided into 12 parts: (a) work in the past five years and basic summary of the past decade; (b) the winning of new success of socialism with Chinese characteristics; (c) the objective of comprehensively building the moderately prosperous society and overall deepening the reform and open-up; (d) accelerating perfecting the socialist market economy system and accelerating the change of the economic development mode; (e) insisting on the socialist political development road with Chinese characteristics and promoting the political system reform; (f) sturdily promoting the socialist powerful cultural country construction; (g) strengthening social construction while improving livelihood and innovating management; (h) greatly promoting the ecological civilization construction; (i) accelerating promotion of national defense and military modernization; (j) enriching the practice of “one nation, two systems” and promoting the national reunification; (k) continuing to promote the supreme cause of peace and development of human beings; and (l) comprehensively improving the scientific level of the party building.

The report of Hu won 38 times of applauds during the 95 min.

The entire congress will be broadcasted on live through CCTV, and the entire party, entire nation and entire world can watch directly.

Later, according to the arrangement of the presidium, the first stage of the congress started from the afternoon of Nov. 8 to Nov. 10. In this stage, the congress would mainly discuss the report to the 18th National Congress, work report of the Central Commission for Discipline Inspection, and amendment of party constitution.

In the afternoon of Nov. 8, the plenary session of Beijing delegation was presided over by Comrade Guo Jinlong and discussed the report to the 18th national congress of CPC. Comrade Jia Qinglin and Liu Qi participated the session and delivered speeches.

In the speech of Jia Qinglin, he specially mentioned that it is of great significance, and is the great creation of the Chinese Communist Party and the Chinese people in the aspect of socialist democracy form to build the socialist consultative democracy system, which is the enrichment and development of the Marxist democratic theory. The completion of socialist consultative democracy system could help expand the ordered political participation channels and reflect the unique advantage of the socialist democratic policy; help systematically and comprehensively reflect the scattered opinions, wishes and requirements in all aspects of the society, and promote the scientific and democratic decision of the party and the

government; help promote improving the leadership method and governing method, and guarantee the party could lead people to govern the country effectively.

Jia also introduced the historical origin and development process of the system. He said that the Chinese Communist Party went through an increasing deepened historical development process about the ideas and practices of the socialist consultative democracy. The successful convention of the first CPPCC is the result of consultation, marking that the new democratic form of consultative democracy has started applying nationwide. Since the reform and open-up, the Chinese Communist Party has extensively consulted the major national policies and important matters with all sectors of society, and has formed a kind of system. At present, the consultative democracy has been extensively penetrated into the national political and social lives, and keeping enrichment and development.

Jia emphasized that completing the socialist consultative democracy system is the significant subject to promote the socialist democratic politics building.

We should insist on perfecting the multi-party cooperation and political consultation system under the leadership of the Chinese Communist Party, sufficiently play the role of CPPCC as major channel of consultative democracy, ceaselessly perfect various consultation forms, and promote the extensive, multilayer and systematic development of consultative democracy. We should perfect the consultative system, realize the normalization, further clarify the contents, object, method and application of results of the consultation, and ceaselessly improve the systematical level of the consultative democracy. We should enrich the consultative form, extend the containment, actively play the role of CPPCC as important channel, deeply promote the special consultation, counterpart consultation, sector consultation and proposal transaction consultation, and sufficiently reflect the opinions and suggestions of all party groups and all ethnic groups and all sectors. We should improve consultation quality, increase effectiveness, guide all sectors participating in the consultation to set the concept of overall situation, improve own quality, truly deepen into the reality, think seriously, express the appeals rationally, and propose suggestions reliably. In the mean time, we should go deep into study and promote the coordination of electoral democracy and consultative democracy, make the two democratic forms complete each other's advantages and form the resultant force, provide more extensive platform for people to be in power, and build and play well the democratic form of consultative democracy.

I believe that Comrade Jia Qinglin made the historical conclusion and typical summary of the socialist democratic system with Chinese characteristics. In other words, China has the "two-aspect" democracy comprised of electoral democracy and consultative democracy, which has broken through the "one-aspect" democracy. Apparently, the "two-aspect" democracy is far better than the "one-aspect" democracy. Otherwise, we would get trapped into the "votes first". The consultative democracy has not only become a mature political system, but also has created multiple democratic forms to make the two democratic forms complete each other's advantages and form the resultant force.

On the same day, I didn't make speech in the group conference of Beijing Delegation, so I provided three-paragraph draft to comment the party to the 18th national congress of CPC to the secretariat of Beijing delegation.

The first paragraph: the report to the 18th national congress of CPC is the political declaration of the Chinese Communist Party in the new century and new stage, which declares to the entire world that the Chinese Communist Party will unswervingly walk toward the socialist road with Chinese characteristics, and unswervingly innovate the socialist theory system with Chinese characteristics. It is the program for comprehensively building the moderately prosperous society, the core idea of fully applying the scientific outlook on development, and the core mission of accelerating the change of development method. It is the overall layout of the socialist modernization with Chinese characteristics, i.e. fully building the comprehensive modernization integrating economic construction, political construction, cultural construction, social construction and ecological civilization construction. Particularly, the ecological civilization construction will be as the important part of the socialist modernization with Chinese characteristics so that we can more comprehensively and accurately know the concept of modernization and the socialist modernization with Chinese characteristics. It not only surpasses the western modernization, but also the unique modernization at the present times. (304 Characteristics)

The second paragraph: the main characteristics of the report to the 18th National Congress of CPC: the theme is distinct, i.e. "unswervingly walk the socialist road with Chinese characteristics", showing the firmness of the "China's Road"; the objective is targeted, i.e. realizing the objective of comprehensively building the moderately prosperous society as scheduled in 2020, showing the realizability of the "China's objective"; the theory is unique, i.e. the socialist theory system with Chinese characteristics complies with economic society development and natural objective laws, and becomes the guiding ideology and major strategic thinking for the future long-term development of China, showing the innovativeness of "China's theory"; the system is confident, i.e. the socialist system with Chinese characteristics maintains conscientiously, perfects itself, keeps developing and forms a entire linking and connecting system in fields of economy, politics, culture and society, showing the consciousness of the "China's system". We can believe that the report integrates the achievements of "China's road", "China's theory" and "China's system", and the achievements of the innovation of the largest governing party in the world, and the innovation of most people in the world. (303 Characteristics)

The third paragraph: the report to the 18th National Congress of CPC shows the "trilogy" of the China's road in the 21st century: fully building the moderately prosperous society when in the 100th anniversary since the establishment of the Chinese Communist Party; building the prosperous, powerful, democratic, civilized and harmonious socialist modernized country when in the 100th anniversary since the foundation of the new China; realizing the Chinese nation's great rejuvenation in the 21st century. This is the glorious historical mission of the Chinese Communist Party, the basic interests of all Chinese people, the great strategy of China, and the great aspiration of the Chinese nation. (141 Characteristics)

In the evening of Nov. 8, I accepted the collective interview of central and Beijing media where the Beijing delegation stationed, evaluated the report to the 18th National Congress of CPC, and answered the questions of the journalists.

- In the morning of Nov. 9, Beijing delegation convened the plenary session to discuss the report to the 18th National Congress. Comrade Guo Jinlong presided over and Comrade Jia Qinglin attended the session.

In the afternoon of Nov. 9, the second plenary discussion of Beijing delegation was held in Beijing Hall of the Great Hall of the People, which was open to overseas journalists from over 80 domestic and overseas media including the Reuters, Kyodo News Agency, Xinhua News Agency, CCTV, Ta Kung Pao and Beijing Daily. Comrade Guo Jinlong presided over the discussion, and Ji Lin and Hu Angang delivered speeches.

I said that the report to the 18th National Congress of CPC integrates the achievements of “China’s road”, “China’s theory” and “China’s system”, and the achievements of the innovation of the largest governing party in the world, and the innovation of most people in the world. The report has two important key words: China’s Road and China’s Objective. By 2020, the great objective of fully building the moderately prosperous society will be realized. This is not only an objective meaningful for China, but also for the world. That is because so far, only 30.3% world population, i.e. less than 2 Billion people are in such as developing stage. “If through the 8 years’ hard work, we can make the 1.42 Billion populations (total population in 2020) join in the row, it will be a pioneering undertaking in the development history of human beings with great significance.” “From this angle, my core point of view is that the success of China is the success of the world. Absolutely, on the contrary, the failure of China is the failure of the world.” I believe that China won’t fail. “As long as we walk toward the China’s Road, we surely can realize the magnificent target. We can say that this objective is the basic interests and maximal interests of all the Chinese people.”

In the evening of Nov. 9, Guo Jinlong, the secretary of Beijing Municipal Party Committee went to Beijing Exhibition Center by the same bus of us to visit the large-scale photo exhibition of “Scientific development achieves the glory”. The exhibition shows the great achievements of the Chinese Communist Party since the 16th National Congress of CPC from different angles and fields of the socialist economic construction, political construction, cultural construction, social construction, ecological civilization construction, national defense and military construction, work of Hong Kong and Macao, work with Taiwan, multi-faceted diplomacy and party building in 9 exhibition halls.

Comrade Guo Jinlong particularly explained the photo exhibition to us because this is the third time for him to visit. He said to me that you speech in the afternoon was very good and shocking, especially for the foreign media. I said that I was prepared especially for the foreigners.

- In the morning of Nov. 10, Beijing delegation discussed by groups the report to the 18th National Congress, work report of the 17th Central Commission for Discipline Inspection, and the amendment of party constitution. Comrade Guo Jinlong presided over the discussion. I compared the party constitution passed in the 17th National Congress and the constitution amendment submitted to the 18th National Congress article by article. In the break of the meeting, I reported to Guo Jinlong. When the meeting continued, Guo suggested me introduce to all representatives, so I suggested the representatives mark comparing with the amendment and explained one article by article, and shared my experience and comments. Before then, I have read the constitution passed in the 17th National Congress carefully over again, so I have personal experiences for the innovation of the new amendment.

In the afternoon of Nov. 10, Beijing delegation delivered the three decisions by groups. The first is the decision about the report of the 17th central committee. The second is the decision about the work report of the Central Commission for Discipline Inspection. The third is the decision about the amendment of the constitution of Communist Party of China. Comrade Du Deyin presided over the meeting.

In the afternoon of Nov. 10, the presidium of the 18th National Congress of CPC held the second conference in the Great Hall of the People. Comrade Hu Jintao presided over the conference.

Xi Jinping, the Secretary General of the Congress explained the recommended list of the 18th Central Committee members, candidate members as well as Central Commission for Discipline Inspection member prospective candidates.

The conference passed the Decision on Report of the 17th Central Committee (Draft), Decision on Work Report of the 17th Central Commission for Discipline Inspection (Draft), Decision on Constitution of the Communist Party of China (Amendment) (Draft), and submitted to all delegations for discussion.

The conference passed by vote to submit the recommended list of the 18th Central Committee members, candidate members as well as Central Commission for Discipline Inspection member prospective candidates to all delegations for consideration.

The conference passed the election method deliberated by all delegations. The method regulates that the election will be led by the presidium of the congress. The candidates will be elected by multi-candidate preliminary election method with margin proportion larger than 8%. The formal election takes single-candidate election. The votes are divided into affirmative vote or non-affirmative vote. Other persons can be elected as well. The candidates are elected when the votes are more than half of the due representatives. The list of prospective candidates is proposed by the 17th Political Bureau of the Central Committee.

This also shows the entire political election process is very normalized and procedural.

On the same day, the Xinhua News Agency (journalists Zhang Xudong, Han Jie and Liu Zheng) reported that *Hu Angang: the "Double" Objective of the Report to the 18th National Congress of CPC Deducts the Price Factors*.

- From Nov. 11, the congress started the second stage. Each delegation carefully considered the recommended list of the 18th Central Committee members, candidate members as well as Central Commission for Discipline Inspection member prospective candidates.

In the morning of Nov. 11, Beijing delegation held the plenary session presided over by Guo Jinlong. Guo delivered the major spirits of the second conference of the presidium, including the important speeches of Hu Jintao and Xi Jinping, and in details introduced the clear requirements of the central committee about the members of the “two committees”, as well as the generation process of candidates and prospective candidates. Then, the delegation by groups considered the prospective candidates of the “two committees”.

The secretariat of the congress provided the list (roll) of the prospective candidates of members and candidate members of the 18th central committee, the list (roll) of prospective candidates of the 18th Central Commission for Discipline Inspection, offered the basic individual information of the prospective candidates and introduced the overall structural situation, including the important information of proportion of continuous nomination and new nomination, all representative layout, main age group layout, all kinds and levels of educational background layout, proportion of female, and proportion of minority to each delegation.

The representatives believe that the list is generated based on full play of inter-party democracy. The overall structure is reasonable, the ideological and political qualities of the candidates are good, work performances are prominent, public recognition degree is higher. The list is a well-considered program.

In the afternoon of the same day, I participated in the group meeting of the delegation, continued to read the “two committees” candidates information provided by the secretariat, recorded the list of the margin personnel for the preliminary election.

- In the morning of Nov. 12, Beijing delegation held the plenary session. Comrade Guo Jinlong delivered the spirits of the delegate heads meeting, introduced the discussion of “two committee” candidates list reported by Shen Yueyue, and delivered the important speech of Xi Jinping.

In the morning, Beijing delegation continued to consider by groups the list of central committee members, candidate members and prospective candidates of Central Commission for Discipline Inspection members.

In the afternoon, the Beijing delegation plenary session was held. Comrade Guo Jinlong presided over, explained the preliminary election method and regulations concerned, preliminarily elected the central committee members, Central Commission for Discipline Inspection members and candidate central committee members.

According to the election method of the congress, the preliminary election adopts multi-candidate election method with margin proportion larger than 8%. The candidates of central committee are 224 with margin of 19. The margin can automatically enter the prospective candidate members. In formal election, the candidate members shall have 19 margins. The candidate members of Central Commission for Discipline Inspection are 141 with margin of 11.

The entire preliminary election would, under the supervision of the chief scrutineer and scrutineers, strictly proceed according to the election method of the congress. The results of the preliminary election are valid.

Actually the preliminary election lays foundation for the formal election. I can regard the preliminary election as the most key election link, which is more complex than the direct president candidate election of the national congresses of the two parties of America, and has larger optional space. They only select one out of several persons (generally two).

- In the morning of Nov. 13, Beijing delegation held the plenary session. Guo Jinlong presided over and introduced the spirits of the presidium conference in the evening of Nov. 12, and the results of central committee member candidate preliminary election. Guo also explained the list of prospective candidates of candidate members of the 18th Central Committee. According to the regulations of the election method, the standing committee of presidium deliberated and agreed to list the 19 comrades failed in central committee member election into the preliminary election list of candidate members of central committee. Guo introduced as well the votes of the candidate members of the central committee of the 18th National Congress. The candidates of the preliminary election are 190 with margin of 19. At least 19 out of the 190 candidates should be disapproved. Otherwise, the votes will be invalid.

In the morning of Nov. 1, the third presidium conference of the 18th National Congress of CPC was held in the Great Hall of the People, passed the list of the members and candidate members of the 18th central committee as well as the member candidates of the Central Commission for Discipline Inspection (draft) and submitted to each delegation for consideration.

In the afternoon of Nov. 13, the congress held meetings of each delegation. The Beijing delegation meeting was presided over by Guo Jinlong to consider three lists (drafts) of central committee members, candidate central committee members and candidates of Central Commission for Discipline Inspection passed in the third presidium conference.

There are 9 candidates from Beijing delegation, among whom eight were elected in the preliminary election and one failed. The proportion is the highest in former national congresses of CPC. For that, Comrade Guo Jinlong said that this is the approval of the national (central organization, national organs, military, central finance, and central enterprise (Beijing-based) delegations) and local delegations for the work of Beijing municipality. In the future, we should work harder to serve the

central committee and the entire country better. In the meeting, all representatives agreed with the three recommended lists proposed by the presidium on consensus.

After the meeting, invited by many representatives of Beijing delegation, I spend almost an hour to explain the lecture outline of the spirits of the 18th National Congress (totally 17 pages of PPT), and shared my understanding and experiences from a more professional point of view. Later, I soon wrote the outline draft to a lecture, i.e. Chap. 2 of this book.

- In the morning of Nov. 14, the election was held in the Great Hall of the People presided over by Hu Jintao. The due representatives and specially-invited representatives should be 2325, actually 2307 representatives were attended with 18 asking for leave. The conference has four agendas: the first is to elect the central committee and the Central Commission for Discipline Inspection; the second is to pass the decision on the report of the 17th central committee; the third is to pass the decision on the work report of the 17th Central Commission for Discipline Inspection; the fourth is to pass the decision of amendment of constitution of the communist party of China. The congress announced Shi Lianxi (female) and Wen Jianming as the chief scrutineers, and other 38 scrutineers who were recommended and generated by all delegations and passed by the presidium. The formal election was held with three kinds of ballot tickets: the ticket for central committee members (totally 205 persons) (red); candidate members of central committee (totally 171 persons) (orange); the members of the Central Commission for Discipline Inspection (totally 230 persons) (light pink). Hu Jintao explained the regulations on vote writing and voting.

At 9:25 am, after the chief scrutineers, scrutineers and votes counters inspected the ballot box, the personnel will hand out the votes. After the representatives wrote the vote, the voting started. I respectively wrote three pieces of votes according to record of the congress notebook, and voted in the ballot boxes.

At 10:01 am, the voting was ended. According to the sending and receiving situations of the votes reported by the chief scrutineers, Hu Jintao announced that this election was valid according to the election method of the congress.

After the electric vote counting of the formal election, the congress announced that totally 2307 ballot tickets for central committee members were sent out, and 2306 were recovered with valid tickets of 2306; totally 2307 ballot tickets for candidate members of central committee were sent out, and 2307 were recovered with valid tickets of 2307; the ballot tickets for members of Central Commission for Discipline Inspection were sent out, and 2307 were recovered with valid tickets 2307.

The results of the central committee members, candidate central committee members, members of Central Commission for Discipline Inspection, the ballot tickets were all over half, and all members were elected.

At 11:27 am, Hu Jintao announced that the 18th Central Committee and the Central Commission for Discipline Inspection have been elected through the 18th National Congress of CPC. Warm applauses arose in the entire venue.

Then, the representatives attended as nonvoting delegates, guests and personnel entered the first floor and the domestic and overseas journalists entered the second floor. CCTV started officially broadcasting on live.

The personnel read the “Decision of the 18th National Congress of CPC on Report of the 17th Central Committee (Draft)”, “Decision of the 18th National Congress of CPC on Work Report of the 17th Central Commission for Discipline Inspection (Draft)”, and “Decision of the 18th National Congress of CPC on Constitution of the Communist Party of China (Amendment) (Draft)” in succession. These three decisions were voted by approval, disapproval and wavier by a show of hands. Hu Jintao announced one by one according to the voting results.

Finally, Comrade Hu Jintao made a speech. He said that under the joint efforts of all the representatives, the congress was a congress with spirit, continuity, unity and hard works. The report of the 17th central committee, under the guidance of Marxism-Leninism, Mao Zedong thoughts, Deng Xiaoping Theory, important thought of “three representatives” and the scientific outlook on development, holds highly the great banner of socialism with Chinese characteristics, analyzes the change of development of international and domestic situations, reviews and summarizes the work in the past five years and the struggle history since the 16th National Congress as well as the historical achievements obtained, confirms the historical status of scientific outlook of development, proposes the basic requirements necessary for achieving the new success of socialism with Chinese characteristics, confirms the objective of fully building the moderately prosperous society and comprehensively deepening the reform and open-up, overall deploys the promotion of socialism with Chinese characteristics under new conditions of the times, and proposes clear requirements for overall improving the scientific level of party building. The amendment of the party constitution shows the achievements of the party’s ideological innovation and practical development, embodies the major theoretical viewpoints, major policies and strategies, key work deployments confirmed in the report to the 18th National Congress of CPC, reflects the new achievements obtained by party building in recent years, and proposes new requirements for strengthening and improving the work and building of the communist party. The congress reviewed and approved the work report of the Central Commission for Discipline Inspection, elected the new central committee, and realized the transition. The congress also elected the new Central Commission for Discipline Inspection. We believe that all decisions, deployments made and all achievements obtained by the congress will surely play an important role of guidance to comprehensively promote the great cause of socialism with Chinese characteristics and the new great engineering of party building, and surely have significant practical meaning and profound historical meaning.

Hu pointed out that, as the representatives of the national congress of CPC, our mission is glorious and responsibility is larger. We should firmly remember the holy duty we shoulder, carefully learn and implement the theory, line and policies of the communist party, actually learn, comply with, implement and maintain the party constitution, keep highly consistency with the party central committee in thoughts, politics and actions; surely contact closely with extensive party members

and the mass, and correctly exert the rights of representatives; surely play the role of model conscientiously, and contribute the intelligence and power for the development of the party and the country worthy of the belief and great trust of extensive party members.

He said the socialist road with Chinese characteristics, socialist theory with Chinese characteristics, and socialist system with Chinese characteristics are the basic achievements accumulated by the Chinese Communist Party and Chinese people through struggle and creation for over 90 years. We must cherish, always insist on and ceaselessly develop those achievements, which provide fundamental principles for the development of party and national careers. All party members shall closely uphold the party central committee, hold highly the great banner of socialism with Chinese characteristics, and under the guidance of Deng Xiaoping theory, important thoughts of “three representatives” and scientific outlook on development, free our minds, insist on reform and open-up policy, gather strength, assault fortified positions, unswervingly move forward toward the socialist road with Chinese characteristics, unswervingly promote the progress of fully building the moderately prosperous society, lead the people to seize and make use of the important strategic opportunities for the development of China, forge ahead, work sturdily and unite and strive for completion of all objectives and missions proposed by the 18th National Congress of CPC.

At last, Comrade Hu Jintao announced that the 18th National Congress of CPC closed successfully. Applauses arose in the entire venue for a long time. I, on person, witnessed the historical and symbolic congress.

- In the morning of Nov. 15, the first plenary session of the 18th central committee was held. Presided over by Comrade Xi Jinping, the Central Committee through secret ballot successively elected 25 members of Political Bureau of the Central Committee, 7 standing committee members of the Political Bureau of the Central Committee, and one General Secretary of the CPC Central Committee; according to the nomination of the standing committee of the Political Bureau of the Central Committee, the plenary session passed the 7 members of the Secretariat of the Central Committee, and decided 11 Central Military Committee members; the plenary session approved the 19 candidates of secretary, deputy secretary and standing committee members elected by the first plenary session of the 18th Central Commission for Discipline Inspection. Plenary session of the Central Committee and the first plenary session of the Central Commission for Discipline Inspection elected the members of new CPC Central Committee leading organ and Central Commission for Discipline Inspection leading organ members, which marked the transition of central collective leadership. Xi Jinping made an important speech in the plenary session, highly praised the party central committee with Comrade Hu Jintao as the General Secretary, and proposed the top priority at present is to learn and implement the spirits of the 18th National Congress of CPC.

Then as watched from the TV news at noon, the seven standing committee members of the Political Bureau of the Central Committee met with the domestic and overseas journalists. General Secretary Xi Jinping made a brief speech.

In the afternoon on Nov. 15 in the Banquet Hall of Great Hall of the People, the 18th standing committee of Political Bureau of the Central Committee met with the 17th standing committee members of Political Bureau of the Central Committee and former standing committee members such as Zhu Rongji, Li Ruihuan, Song Ping, Wei Jianxing, Li Lanqing, Zeng Qinghong, Wu Guanzheng, Luo Gan as well as all representatives, specially-invited representatives and attendees as nonvoting delegates, and took group photos together.

Later, Hu Jintao and Xi Jinping went to the middle and delivered important speeches.

Hu Jintao said that under the joint efforts of all representatives, the 18th National Congress of CPC is held well and successful. It is a congress with spirit, continuity, unity and hard works. Carefully learning and implementing the spirits of the 18th National Congress of CPC is the primary political mission at present. He wholeheartedly wished all the party, all the military and all ethnic population should, under the leadership of party central committee with Comrade Xi Jinping as the General Secretary, unwaveringly walk along the socialist road with Chinese characteristics, free out mind, insist on reform and open-up, gather strength, assault fortified positions, and struggle for fully building the moderately prosperous society and winning the new victory of socialism with Chinese characteristics. The victory belongs to our great party, our great country, and out great people.

Xi Jinping said that the Party Central Committee with Comrade Hu Jintao as the General Secretary united and led all ethnic groups of China to achieve brilliant achievements attracting the worldwide attention. For the succession of the party and people's cause, Comrade Hu Jintao as well as comrades of Wu Bangguo, Wen Jiabao, Jia Qinglin, Li Changchun, He Guoqiang and Zhou Yongkang took the lead to quit the leading position of Party Central Committee, showing the sublime morality and sharp sense of integrity. We hereby express our high respect to them. The speech of Comrade Hu Jintao with sincere words and earnest wishes inspires us, and is the earnest encourage and huge impetus for us. We should keep the entrustment in mind, carefully study, publicize and implement the spirits of the 18th National Congress of CPC, unit together, forge ahead, live up to the liability, and struggle for fully building the moderately prosperous society.

The speeches of Hu Jintao and Xi Jinping aroused the warm applauses of the entire venue for a long time. We, on person, witnessed the historical process of transition of central collective leadership, which will load into the history of the Chinese Communist Party.

In the afternoon on Nov. 16, the Central Military Commission enlarged conference was held in Beijing. Hu Jintao delivered an important speech, and Xi Jinping presided over the conference and delivered an important speech.

Hu Jintao said that the 18th National Congress of CPC and the first plenary session of the 18th Central Committee has closed successfully. This Plenary Session of the Central Committee elected the new central leading organ, decided the

members of the new Central Military Commission, and realized the transition of the General Secretary of CPC and Chairman of Central Military Commission. It can help the cause of the Party keep going, help the long-term development of national defense and military construction, and help the lasting political stability of the country.

Hu Jintao pointed out that Comrade Xi Jinping is the qualified General Secretary of CPC, and the qualified Chairman of Central Military Commission. When he was young, he has worked in the army for a while, and participated in the work of local armies when served as local leader. After the fifth Plenary Session of the 17th Central Committee, he served as the vice chairman of the Central Military Commission, and directly participated in the work of the military commission. It is appropriate for the Party Central Committee to decide to assign Comrade Xi Jinping as the Chairman of the Central Military Commission. Xi will surely take the heavy responsibilities as the Chairman, and unit and lead the military commission to implement the great historical liabilities.

We should say Xi Jinping is elected as the General Secretary of CPC, and the qualified Chairman of Central Military Commission according to the will of the entire party. In the morning of Nov. 14, Xi Jinping passed unopposed when in central committee member election by secret ballot; in the morning on Nov. 15, he passed unopposed again when the 205 central committee members elected the general secretary of Central Committee by secret ballot in the first Plenary Session of the 18th Central Committee. The political and democratic election, especially the secret ballot reflects the high approval of the entire party to Comrade Xi Jinping. Comparatively, Obama became the president candidate by a slime advantage when voting by a show of hands in the National Congress of the Democratic Party of the United States.

Xi Jinping pointed out that Chairman Hu considers the overall situations of the party, country and military development, and actively proposes to quit the post as the General Secretary of the CPC Central Committee and the Chairman of Central Military Commission. The 18th National Congress of CPC and the First Plenary Session of the 18th Central Committee respect the will of Chairman Hu, and agrees his request. The significant decision of Chairman Hu adequately reflects the profound thinking of the overall situations for the development of the party, country and military, sufficiently shows his long-term view, great mind and sharp sense of integrity as a Marxist politician and strategist.

In my point of view, this enlarged conference of Central Military Commission marks China realizes complete transition of the paramount leader for the first time. Comrade Hu Jintao set the political example for the successful transition, and made great contribution to the transition of Chinese leaders especially the paramount leader. As a matter of fact, we have already known that Comrade Hu Jintao actively proposed to quit the posts when the speech of Hu Jintao in the Presidium conference was delivered to us in the preliminary election of the “two committees”.

The point I especially need to specify is that after the 18th National Congress of CPC and the First Plenary Session of the 18th Central Committee, the third stage, i.e. the learning, mobilizing, implementing and fulfilling stage of the spirits of the

18th National Congress of CPC, would start. On Nov. 16, Xi Jinping, the General Secretary of the CPC Central Committee presided over the conference of the Political Bureau of the CPC Central Committee and set the study deployment of the 18th National Congress spirits learning, propaganda and implementation as the primary political mission of now and future.

None of other countries in the world has such an integrated and linked democratic political process. In America, the national congresses of the Republican Party and the Democratic Party only elect two candidates to run for president and vice president of the America. It is a political process targeted at “election campaign” which will end when either of the two parties win or lose after the competition. A new election preparation and game process will start for every four years.

Besides, in February 2013, the Second Plenary Session of the 18th Central Committee will be held to recommend the suggested list of candidates of the national institution leaders to the first conference of the 12th National People’s Congress, and recommend the suggested list of candidates of the CPPCC leaders to the first conference of the 12th CPPCC. The first conference of the 12th National People’s Congress to be held in March will formally elect the leaders of the national institutions, and the first conference of the 12th CPPCC will formally elect the leaders of CPPCC. By then the election and transition process of the Communist Party and state leaders of China, in one year and a half, is finished.

In short, no matter from the democratic form and the democratic content, or from the democratic election procedure and the democratic election, compared with the congress of two parties in the United States and their president election, the National Congress of the Communist Party of China and the Chinese leader transition takes a longer time for the change of state leadership compared with the President selection of the United States, the democratic form is more completed, the democratic selection procedure is more completed, the democratic contents are more adequate, the democratic essence is more effective and the democratic achievements are more abundant, already exceeding the United States. The election programs of the national congresses of the two parties of America are only for the election campaign of the own party, and for one president and vice president, which complies with the definition of the “politician” in western countries. The programs are only for the next election and target at the election campaign. While all documents of the National Congress of CPC are “people-oriented” and “governing for the people”. All representatives of the congress will elect the members of the central committee, who are the politician group of China and will elect the central collective leadership and core of leadership (the standing committee of the Political Bureau of the Central Committee) in the first Plenary Session of the Central Committee. Through comparison, China and America actually have different democratic forms, democratic procedures, democratic contents, democratic effect and democratic nature. As said by Deng Xiaoping in 1980, we have already “created a higher and more practical democracy politically than the democracy in

capitalist countries”.<sup>7</sup> This is the socialist democracy with Chinese characteristics. It has apparently surpassed the democracy in America. Therefore the economic aggregate of China not only can catch up with that in America rapidly, but also surpass and run circles around that in America. By 2030, the economic aggregate of China will be more than twice of that in America.<sup>8</sup>

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<sup>7</sup>*Selected Works of Deng Xiaoping*, Vol. 2. Pages 22–323, People’s Publishing House, Beijing, 1994.

<sup>8</sup>Refer to Hu Angang, Yan Yilong, Wei Xing, *2030 China: Moving towards Common Prosperity*, China Renmin University Press, Beijing, 2011.

## Chapter 2

# Main Spirits and Main Objectives

### Lead

The so-called “China’s road” is the road of China’s rise and the road of the great rejuvenation of the Chinese nation. It is the real right way of the world. The essence of building of the socialism with Chinese characteristics is the exploration of the modernization road of China, and also the transcendence of the modernization mode in western countries. It is a process ceaselessly absorbing the quintessence and removing the dross from the modernization process of western developed countries, summarizing experiences during the modernization process of China, and trying and correcting after suffering all difficulties, risks and dangers, as well as the process seeking for and selecting the superior (inferior).

The so-called “system confidence” refers to the conscientious maintenance, self perfection and ceaseless development of socialism with Chinese characteristics, and forming of a linked and contacted institutional system in all fields of economy, politics, culture, society and ecological civilization, which shows the consciousness of the “China’s System”.

The report to the 18th National Congress of CPC is the great achievements integrating the “China’s Road”, “China’s Theory” and “China’s System”, and the achievement integrating the innovation of the Party and the people. It is the unique in the world, and as well keeps ceaselessly innovating.

## 2.1 Conclusion of Development in the Past Decade in the 18th National Congress of CPC

How should we evaluate the report to the 18th National Congress of CPC? The Decision on Report of the 17th Central Committee passed on Nov. 14 in the congress offered use a distinct and accurate answer.<sup>1</sup> From what aspects we can deeply comprehend the main spirits of the 18th National Congress of CPC? The first conference of the 18th Political Bureau of the Central Committee held on Nov. 16 proposed the distinct requirements.<sup>2</sup>

As the national conditions research expert and the representative of the 18th National Congress of CPC, I carefully studied and deeply comprehended the main spirits of the 18th National Congress of CPC from the professional analysis. Here, I will discuss and introduce in several parts.

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<sup>1</sup>The 18th National Congress of CPC approved the report delivered by Comrade Hu Jintao on behalf of the 17th Central Committee. The report, under the guidance of Marxism-Leninism, Mao Zedong thoughts, Deng Xiaoping Theory, important thought of “three representatives” and the scientific outlook on development, holds highly the great banner of socialism with Chinese characteristics, analyzes the change of development of international and domestic situations, reviews and summarizes the work in the past five years and the struggle history since the 16th National Congress as well as the historical achievements obtained, confirms the historical status of scientific outlook of development, proposes the basic requirements necessary for achieving the new success of socialism with Chinese characteristics, confirms the objective of fully building the moderately prosperous society and comprehensively deepening the reform and open-up, overall deploys the promotion of socialism with Chinese characteristics under new conditions of the times, and proposes clear requirements for overall improving the scientific level of party building. The report describes the grand blueprint fully building the moderately prosperous society and accelerating the promotion of the socialist modernization, and indicates the direction for the further development of the Party and all ethnic groups. It is the collection of all wisdoms of all the party and all ethnic group people in China, is the political declaration and action program of the Chinese Communist Party to unite and lead all Chinese people to win the new victory of socialism with Chinese characteristics, and is the programmatic document of Marxism. The Decision of the 18th National Congress of CPC on Report of the 17th Central Committee (passed on Nov. 14, 2012 in the 18th National Congress of CPC).

<sup>2</sup>The requirements of the Political Bureau meeting: we should carefully read the documents of the 18th National Congress, exactly learn the report to the 18th National Congress and the party constitution, comprehensively and accurately learn and comprehend the spirits of the 18th National Congress. We should deeply know the significant meaning and the theme of the 18th National Congress of CPC, deeply know the new historical achievement gained by the Party and the country in the past five and ten years, deeply know the historical status and guiding significance of the scientific outlook on development, deeply know the abundant connotation of socialism with Chinese characteristics, deeply know the basic requirements for the new victory of the socialism with Chinese characteristics, deeply know the objective of fully building the moderately prosperous society and fully deepening the reform and open-up, deeply know the significant deployment of socialist economic construction, political construction, cultural construction, social construction and ecological civilization construction, and deeply know the great mission of fully improving the scientific level of the party building. The meeting of the Political Bureau, held on Nov. 16, 2012.

First of all, the report to the 18th National Congress of CPC reviews and summarizes the work in the past five years, the struggle process and achievements gained since the 16th national congress. We call it “the glorious decade”. From the angle of new China’s history, this is the “glorious decade” in the second golden development epochs.

Why should we say so? I deem the period from 1949 to 1957 as the “first golden development period” of China in the book *History of Political Economy in China (1949–1976)*, which has several important symbols: firstly the average annual growth rate of GDP in China during 1952–1957 is as high as 9.2%, and China becomes one of the countries with the fastest economic growth rate; secondly from 1950 to 1957, the proportion of GDP in China (according to the international USD constant price in 1990 calculated by purchasing power evaluation method) to the world GDP improves from 5.5% from 4.6%; thirdly from 1949 to 1957, the proportion of urban population to the total population improves from 10.6 to 15.4%, and it is the accelerating period of urbanization in China; fourthly, the life expectancy of Chinese population improves from 35 years old before 1949 to the 57 years old in 1957, 15 years higher than the average life in low income countries at that time. Since the reform and open up, China enters the second golden development period lasting for over 30 years.

How should we evaluate the past decade?

The report to the 18th National Congress of CPC evaluated as follows: in the past ten years, we have gained a series of new historical achievements, and laid firm foundation for fully building the moderately prosperous society. The report points out that “the economic aggregate of China zooms up to the second from the sixth in the world”, and also mentions the “three great levels”, i.e. “the social productive forces, economic strength and scientific and technological strengthen reach a great level, the living level of people, residence income level and social security reach a great level, and comprehensive national power, international competitiveness and international influence reach a great level, and the national feature has a new historical change. People publicly know that it is the period of our country for sustainable economic development, ceaselessly completing democracy, increasingly prosperous culture and stable society.”<sup>3</sup>

How should we understand the three great levels, and how should we analyze and evaluate the three great levels more professionally?

“Reaching a new level” is the methodology of “China’s modernization” initiated by Deng Xiaoping,<sup>4</sup> which is different from the methodology of the “great leap

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<sup>3</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society*—Report to the 18th National Congress of CPC on Nov. 8, 2012.

<sup>4</sup>In August 1991, when talked with several comrades in charge of the central committee, Deng Xiaoping pointed out that “possibly our economic development is advancing in a wave mode. There is a leap for several years, and we will reach a new level. After arriving at the new level, we find out problems and adjust, then we forge ahead again.” (Selected Works of Deng Xiaoping, Vol. 3, Page 368). In 1992, Deng Xiaoping pointed out in his speech in the south that “we are trying to

forward”. The report of the 14th National Congress of CPC in October 1992 firstly used “the economic construction has reached a great level, the people’s life has reached a great level, and the comprehensive national strength has reached a great level.”<sup>5</sup> China is the first country in the world to set the comprehensive national strength as the national objective. Although the American scholars proposed the concept of the comprehensive national strength earliest, the American government has not adopted this concept and objective. Back then, it is well deserved the greatest power with the largest comprehensive national strength. We have particularly studied that and we keep following to study and updating the data. The report to the 16th National Congress of CPC in 2002 clearly proposed that “in the first ten years, we should reach a new level for the economic aggregate, comprehensive national strength and living life of the people, and lay foundation for the larger development in the next decade.”<sup>6</sup>

Ten years later, let’s see whether the objectives of the great levels are realized, and whether China truly reaches the “three great levels”.

First of all, the social productive force of China has reached a great level, which mainly shows from: firstly, the overall grain production capacity of China reached a new level.<sup>7</sup> The grain total output of China in 2001 is 450 million ton, obviously lower than the 500 million ton in 1996. The “eleventh five-year plan” proposed the objective that the overall grain production capacity in China by 2010 should reach about 500 million ton, while actually the number is 546 million ton in 2010; in 2011, the “twelfth five-year plan” proposed the objective that the overall grain production capacity in China by 2015 should be over 540 million ton. The grain output of China increases for nine consecutive years, and reaches 590 million ton by 2012, greatly surpassing the original development objective. The grain output of China has reached 25.5% of the total output in the world, while the proportion of Chinese population to the entire world population has dropped to 19.7%. The grain per mu yield breaks through 350 kg and the contribution rate of per unit yield to

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reach a new level for the economic development every a few years”. (Selected Works of Deng Xiaoping, Vol. 3, Page 375).

<sup>5</sup>Jiang Zemin: Accelerate Reform and Open-up and Modernization Program, and Win Larger Victory of the Socialism with Chinese Characteristics—Report to the 14th National Congress of CPC (Oct. 12, 1992).

<sup>6</sup>Jiang Zemin: Fully Building the Moderately Prosperous Society, Create the New Situation of Socialism with Chinese Characteristics—Report to the 16th National Congress of CPC (Nov. 8, 2002).

<sup>7</sup>The overall grain production capability refers to the grain output ability of certain area in certain period under certain economic and technological conditions formed by comprehensive input of all production factors, which can reach certain output stably, including the cultivated land protection ability, production technology level, policy guarantee ability, scientific and technological service ability and natural disaster resistance ability. The overall grain production capacity is comprised of the factors of input and output, decided by the input ability of cultivated land, capital, labor science and technology, and expressed by the annual total grain output. The production capability of the grain shall be transferred to the actual output. The comparative benefit of grain production formed by state policies and supply-demand relationship plays the decisive role.

grain yield increase reaches 80.5%.<sup>8</sup> In September 1994, Dr. Lester R. Brown, the Director of the Worldwatch Institute, published an article named “Who Will Feed China” in the *World Watch*. He predicted that the grain planting area in China would reduce 47%, and the total grain output would drop to 274 million ton from the 340 million ton in 1994. The domestic grain output could only meet 42.5% of the total demand (645 million ton) while the other 57.5% would depend on import. At that time, I published an article in the *Straits Times* in Australia, on which I especially mentioned the unsuccessful prediction of Acheson, the United States Secretary of State, about “China is unable to solve the problems of food”. I call Brown’s viewpoint as “Brown prediction”, which is neither professional nor scientific. The 274 million ton output he predicted has no scientific basis, only equaling to the grain output in 1973 in China. My conclusion is that China is competent to feed itself in the 21st century, including import and export of grains and other agricultural products. It is still the arduous tasks to solve the problem of food, and we need long-term and unremitting hard works. Without doubt, Brown is neither the first nor the last “prophet” who predicts the “China failure”. Most of the prophets are from America, such as Dean Acheson, the United States Secretary of State in 1949 and Gordon G. Chang, the American Lawyer in 2001. Secondly, the industrial production capacity of China has reached a great level. In 2000, the proportion of the industrial added value of China to the total world value is only 6.3%, and increased to 16.9% by 2011. According to the proportion of the manufacturing industry added value to the world total value, the proportion of China in 2010 is 19.8%, higher than the 19.4% of America. China broke the status of America as the world first industrial or manufacturing power for the past 120 years.

**The economic strength of China has reached a great new level.** There are two methods for GDP calculation (referring to Table 2.1). The first is the GDP calculated by current price of USD according to the exchange rate method. The proportion of China to the world is 3.71% in 2000, and reaches 10.46% by 2011; while the proportion of America to the world drops from 30.62 to 21.56%. The American scholars failed to make professional work performance and evaluation. America empowered George W Bush to govern for eight years since 2000 and empowered Barack Obama to govern for four years since 2008. These are their work performances. The situation in Japan is even worse. It has changed seven or eight premiers in this decade while the GDP proportion to the world dropped to 8.38% from 14.63%. In view of the relative disparity, in 2000 the GDP of Japan is 3.94 folds higher than that in China; in 2010, the GDP of China surpassed that of Japan; in 2011, the GDP of Japan only equals to 80% of that in China. Maybe a few years later, the GDP of Japan might be only as half of that in China. Japan is struggling in vain, and the more they are meddling, the lower the proportion will become. The change of relative disparity between GDP of America and China is even more striking, which drops from 8.25 folds in 2000 to 2.05 folds, and this year may drop to lower than 2 folds. The second is the GDP calculated by current price of USD

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<sup>8</sup>*People’s Daily*, Dec. 25, 2012.

**Table 2.1** GDP proportions and contribution rate to the world economic growth of five major powers (2000–2011)

|                              | GDP (USD current price)  |                          |   | GNI (PPP)                |                          |   |
|------------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|---|
|                              | World proportion in 2000 | World proportion in 2011 | Contribution rate of increased gross volume | World proportion in 2000 | World proportion in 2011 | Contribution rate of increased gross volume |
| China                        | 3.71                     | 10.46                    | 16.25                                       | 7.01                     | 14.08                    | 21.78                                       |
| Germany                      | 5.83                     | 5.10                     | 4.47  | 4.98                     | 4.05                     | 3.03  |
| India                        | 1.47                     | 2.64                     | 3.65  | 3.78                     | 5.56                     | 7.50  |
| Japan                        | 14.63                    | 8.38                     | 3.02  | 7.94                     | 5.63                     | 3.10  |
| America                      | 30.62                    | 21.56                    | 13.79                                       | 23.92                    | 18.87                    | 13.37                                       |
| World                        | 100.00                   | 100.00                   | 100.00                                      | 100.00                   | 100.00                   | 100.00                                      |
| China/<br>America<br>(folds) | 0.12                     | 0.49                     |   | 0.29                     | 0.75                     |   |

Unit: %

Calculating data source: Open database of the World Bank: <http://data.worldbank.org.cn/indicator/all>

according to purchasing power parity method. The relative disparity of GDP between Japan and China drops to 0.40 folds in 2011 from 1.13 folds in 2000; while between America and China reduces from 1.34 folds from 3.41 folds. America is meddling, as well. It not only meddles with other countries, starting two wars, but also meddles with itself, making a financial crisis. Although the results of the two methods are different, both show us that in the competitions among 239 countries and regions, the nature of international competition is the national competition while the nature of national competition is the competition of innovation. Under the condition of economic globalization, all countries would either move forward or fall behind, including America and Japan. **For China, development is the absolute principle, and the scientific development is more overriding. For the world, the strength is the absolute principle and the economic strength is more overriding.**

Except GDP, the economic strength shall also contain the strength of trade. About thirty years ago, Deng Xiaoping has asked Li Qiang, who was served as the Minister of the Ministry of Foreign Trade that why the export volume of Japan is so large, equaling to 10 folds of that in China at that time. However, now the statuses of China and Japan in the world market have changed tremendously. The total import and export volume rises to the world 8th in 2000 than the 29th in 1978, while reaches world No. 2 in 2009. In the past ten years, the import and export trade in China not only has surpassed Japan greatly, for instance in 2011, the import volume of Japan equals to 49% of China while the export volume equaling to 43%, but also reduced the relative disparity with America. The relative disparity of import volume between America and China reduces to 1.30 folds in 2011 from the 5.59 folds in 2005; the relative disparity of export volume between America and China

**Table 2.2** Contribution of five great trading powers to world import and export growth (2000–2011)

|                              | Import                   |                          |   | Export                   |                          |   |
|------------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|---|
|                              | World proportion in 2000 | World proportion in 2011 | Contribution rate of increased gross volume | World proportion in 2000 | World proportion in 2011 | Contribution rate of increased gross volume |
| China                        | 3.35                     | 9.49                     | 13.03                                       | 3.86                     | 10.42                    | 14.02                                       |
| America                      | 18.73                    | 12.32                    | 8.63  | 12.11                    | 8.13                     | 5.94  |
| Japan                        | 5.64                     | 4.65                     | 4.07  | 7.42                     | 4.52                     | 2.92  |
| Germany                      | 7.39                     | 6.82                     | 6.49  | 8.55                     | 8.09                     | 7.84  |
| Netherlands                  | 3.25                     | 3.25                     | 3.25  | 3.61                     | 3.63                     | 3.63  |
| World                        | 100.00                   | 100.00                   | 100.00                                      | 100.00                   | 100.00                   | 100.00                                      |
| China/<br>America<br>(folds) | 0.18                     | 0.77                     |   | 0.32                     | 1.28                     |   |

Unit: %

Calculating data source: China Statistics Abstract 2012, Page 159, China Statistics Press, Beijing, 2012

reduces to 0.78 folds from 3.14 folds. In other words, the export volume of China has surpassed that of America (Referring to Table 2.2).

In the past ten years, the economic aggregate of China rises up to the world No. 2 from No. 6, and the total trade volume rises up to the world No. 2 from No. 8 (2000). The Party Central Committee, under the leadership of Comrade Hu Jintao, finished the historical mission, and laid the foundation for higher level of the successors. Then, the historical mission of the Party Central Committee, under the leadership of Comrade Xi Jinping is to turn the world second to the world first. In turn, the past ten years are the lost ten years of Japan, or the lost twenty years if counted from 1990; similarly, the past ten years are the lost ten years of America. During that period, it started two wars (the Iraq War and Afghanistan War) and generated the world financial crisis, which not only brought disasters to America but also to the world. As said by Deng Xiaoping in 1990, it is dangerous to tie the prospect of one country on one or two persons. It is an incontestable truth and applicable to China, as well as America and Japan. However, the American still failed to realize that. They still believe it was the best for America to elect one president and one vice president. They can hardly imagine that twenty years later in China, a central collective leadership (refer to the Political Bureau of the Central Committee), one core of the central collective leadership (referring to the standing committee of the Political Bureau of the Central Committee) are elected. Through the international comparison, the excellence and political advantage of the “China’s system” can be shown. This is the basic reason of the economic miracle created by China.

**The scientific and technological strength of China has reached a great new level.** The congress of party representatives firstly adopted the concept of scientific and technological strength. We have continuously provided the study on scientific and technological strength for several times. The so-called scientific and technological strength is the capability of a county to fulfill the scientific and technological objectives. It can be calculated quantitatively by the capabilities and quantitative indexes in five aspects. The first is the science and technology input capability, referring to the R&D fund expenditure of one country calculated by PPP USD value according to the OECD standard, which in China has surpassed Japan and ranked the world second even when calculated by the current value of exchange rate method. The second is the input capability of human resources of science and technology, referring to the numbers of scientists and engineers (person/year) engaging in R&D, which in China has surpassed the EU comprised of 27 countries and America, ranking the world first. The third is the scientific research capability, referring to the number of papers of one country published in international academic publications, which in China starts ranking world second since 2009. According to the latest data provided by the Institute of Scientific and Technical Information of China, the total numbers of SCI papers published in 2011 equal to 40% of that of America. In view of the quality of the scientific papers, during 1994–2004, the citation frequency of international scientific papers in China ranks No. 18 in the world, while during 2002–2012, it rises up to the sixth in the world. The objective of “total citation frequency of international papers enters world top five” by 2020 proposed in the *National Guideline on Medium- and Long-Term Program for Science and Technology Development (2006–2020)* will be realized in advance.<sup>9</sup> According to the data provided by *Nature Publishing Index 2011*, the proportion of Chinese scientific research papers to the global influential papers rises to 11.3% in 2011 from 1.85% in 2001. The fourth is the technological invention capability. According to the patents for invention applied by the residents of the country, China has already been the second greatest power, and even according to the PCT numbers, it has risen from the 10th place in the world in 2000 to the fourth place in 2011. The fifth is the competitiveness of the scientific and technological products of the country in the international market, counted according to the proportion of the export volume of the high-tech products in the world market. China has become the first of the world by rising from 3.7% in 2000 to the 20% of 2010. The five above-mentioned indexes constitute the scientific and technological strength of a country. We calculate according to the proportions of all indexes of one country to the world gross volumes.

According to the calculation results of the proportion of the scientific and technological strength of the world five greatest economies to the gross volume, during the past ten years, the proportion of China rises up to 16.1% from 5.4%, America and EU remain unchanged, while proportion of Japan drops greatly for about 4% and is surpassed by China. However, the experts in Japan have not

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<sup>9</sup>Guangming Daily, Dec. 8, 2012.

**Table 2.3** Proportion of scientific and technological strength in five greatest economies to the total world volume (1980–2020)

|                            | 1980 | 1990 | 2000 | 2010 | 2020 |
|----------------------------|------|------|------|------|------|
| China                      | 2.3  | 2.9  | 5.4  | 16.1 | 23.2 |
| America                    | 24.6 | 25.0 | 22.8 | 22.7 | 17.8 |
| EU                         | 24.2 | 22.6 | 20.4 | 20.8 | 17.0 |
| Japan                      | 16.5 | 20.5 | 18.1 | 14.1 | 10.2 |
| Russia                     | 12.2 | 7.5  | 2.7  | 2.8  | 2.3  |
| China/America (Folds)      | 0.10 | 0.12 | 0.24 | 0.71 | 1.30 |
| China/America + EU (Folds) | 0.05 | 0.06 | 0.13 | 0.37 | 0.67 |

Unit: %

*Note* the scientific and technological strength of one country is weighted and calculated by five indexes, which respectively are papers on international journals, patents for invention of domestic residents, number of scientists and engineers engaging in R&D, R&D expenditure and export volume of high-tech products

*Data source* Hu Angang, Yan Yilong, Wei Xing, 2030 *China: Moving towards Common Prosperity*, Pages 98–99, China Renmin University Press, Beijing, 2011

realized that, nor have professional calculation. In view of the chasing coefficient, in 2000, the scientific and technological strength only equals to 24% of that in America while rises up to 71% by 2011, which shows China is speeding up to catch up with America. We estimate that in next decade, the scientific and technological strength of China will exceed China, and equal to 1.3 folds of that in America, and 67% of total strength in America and EU (referring to Table 2.3). Surely, China still has a large gap between America in aspects of high-end technology frontier and fundamental science outpost, which shows that the gap of scientific and technological level is different from that of the scientific and technological strength. However, China will catch up in those week aspects, and take the world leading level in multiple fields.

**The living standards of people have reached a new great level.** Firstly, the Engel coefficient of urban and rural households drops continuously, among which that of the urban households drops to 36.3% in 2011 from 39.4% in 2000, belonging to rich level; that of the rural households drops to 40.4% from 49.1%, approaching the rich level (below 40%). Secondly, the housing conditions of urban and rural residents improve obviously, among which, the dwelling floorage of urban residents improves from 24.5 m<sup>2</sup> in 2002 to 32.7 m<sup>2</sup> by 2011; the dwelling floorage of rural residents improves from 24.8 to 36.2 m<sup>2</sup>. Moreover, the ownership of durable consumer goods per 100 urban and rural families increases greatly. The mobile phones, family computer and family cars are popularized most strikingly, and China has become the largest durable consumer goods market in the world.

The urban and rural residents' income level has improved greatly. According to the constant price, the average annual growth rates of urban and rural income from 2001 to 2011 are respectively 9.5 and 7.4%. By 2011, the annual growth rate is 10 folds higher than that in 1978. In contrast, in the past ten years, the per capita

**Table 2.4** Per capita target growth rate and growth ratio in China (1979–2020)

|  | Average growth rate during 1979–2011 (%) | Average growth rate during 2001–2011 (%) | Average growth rate during 2012–2020 (%) | Ratio during 1978–2011 | Ratio during 1978–2020 |
|--|--|--|--|------------------------|------------------------|
| GDP per capita                             | 8.8                                      | 9.7                                      | ≥ 7.0                                    | 16.00                  | ≥ 30                   |
| PCDI of urban households                   | 7.4                                      | 9.5                                      | ≥ 7.2                                    | 10.46                  | ≥ 20                   |
| Per capital net income of rural households | 7.4                                      | 7.4                                      | ≥ 7.2                                    | 10.63                  | ≥ 20                   |
| Per capita income of American residents    |  | −0.6                                     |  |                        |                        |

*Data source* China Statistical Abstract, 2012; website of Census Bureau of the United States

income of American residents is in negative growth according to the constant price, reducing from 29185USD in 2000 to the 27554USD (price in 2011) in 2011, and decreasing 5.6%. The annual average growth rate is −0.6% (referring to Table 2.4). Thus, in the past ten years, American not only lost the economic strength and trading strength, but also lost the residents' income. Those are the worst ten years after the WWII.

**The social security has reached a great new level.** The social security level is firstly used as the evaluation index in the report to the 18th National Congress of CPC, which shows that in the past ten years, China is strengthening the livelihood factors, i.e. the socialist factors, and rapidly covering to all urban and rural areas, all regions and all people in China. The results of reform and open-up are shared by all people. Firstly, the coverage of medical insurance population increases from 5.7% in 2001 to 96.8% in 2011 (1.304 Billion). Secondly, the total number of rural and urban people insured in social pension reaches 449 Million as of the end of 2011. With the addition of enterprise employees insured in pension insurance, the total coverage of social security is over 700 Billion. Besides, from 2005, China has raised the pension of enterprise retirees for 8 times consecutively. In only three years, the financial aids of all levels are over 170 Billion Yuan. This is the greatest issue done by the central committee for all people in the past ten years. We call it “reactive power in the contemporary era, the benefit of future generations”. In contrast, in 2008 when Barack Obama was elected as the President of America, he publicly promised to realize national health system. So far, there are still 40–50 million American residents who are not insured in the medical insurance.

**The comprehensive national strength has reached a great new level.** Among the great powers in the world, only China truly views the comprehensive national strength as the national objective. Looking back, China has truly realized the core objective proposed in the reports to the 14th and 16th national congresses. We have

calculated the proportion of the comprehensive national strength of a country to the world total volume according to 24 indexes of eight strategic resources. In 2000, the proportion of comprehensive national strength of China to the world is 8.8%, and by 2010, it rises to 14.0%. The relative disparity between America and China is reduced to 1.40 folds from 2.55 folds. It also shows that China is not only a great power in the world, but also a great power pursuing the comprehensive national strength as the target. We are reducing the gap with America and we will soon surpass it. On the contrary, the proportion of American economic aggregates to the world economic aggregates dropped nearly 10% in the past ten years, while the proportion of American military expenditure to the world total volume slightly dropped to 40.63% in 2011 from the 41.32% in 2000, one or twice higher than the proportion of its GDP and trade volume (respectively 21.56 and 10.2%). It shows that America, as the world police, implements hegemonism, excessive military expansion and excessive military expenditure, which is one of the most important reasons of rapid declination in the past ten years. Without doubt, America is unable to continue to maintain such a high military expenditure and high world proportion.

**The international competitiveness of China has reached a great new level.**

Firstly, the Global Competitiveness Index (GCI) improves greatly from the 47th place in 2002 to the 29th place in 2012, entering top 30 of the world. China has entered the rank of countries with powerful international competitiveness. Secondly, the enterprise competitiveness increases rapidly. In 2000, nine enterprises in Mainland China entered the global 500, while by 2012, totally 70 enterprises are listed in the global 500 including 63 state-owned enterprises and 42 central enterprises. In 2004, the SASAC has proposed to cultivate 30–50 large enterprises and large groups with international competitiveness in five to ten years. Once the target is set, China will take all measures to realize the target. In contrast, the American enterprises listed in global 500 enterprises reduced to 132 from 179, 47 enterprises lesser; similarly, Japan reduced 40 global 500 enterprises from 108 to 68. Among the Chinese enterprises listed in the global 500, there are 66 state-owned enterprises including 42 central enterprises (Table 2.5).

**Table 2.5** Comparison of global 500 in four economies (1990–2012)

|                                      | 1990 | 2000 | 2003 | 2005 | 2010 | 2011 | 2012 |
|--------------------------------------|------|------|------|------|------|------|------|
| China                                | 1    | 11   | 12   | 18   | 54   | 69   | 79   |
| Mainland China                       | 1    | 9    | 11   | 15   | 43   | 59   | 70   |
| State-owned enterprise               | 1    | 9    | 11   | 15   | 41   | 57   | 63   |
| Non-financial state-owned enterprise |      | 5    | 6    | 10   | 32   | 47   | 57   |
| Central enterprise                   |      | 5    | 6    | 10   | 29   | 38   | 42   |
| America                              | 164  | 179  | 192  | 177  | 140  | 133  | 132  |
| EU                                   | 129  | 149  | 150  | 160  | 161  | 148  | 137  |
| Japan                                | 111  | 108  | 88   | 81   | 71   | 68   | 68   |

*Note* The number of EU enterprises refers to the total enterprises in the 27 EU countries  
*Data source* Fortune Global 500

On Sep. 19, 2000, Bill Clinton, the President of America at that time, has predicted that “if China joins in WTO, the external competition can accelerate the demise of Chinese state-owned enterprises.” The primary fact that the entire world including Bill Clinton saw is that the state-owned enterprises of China collectively “transform over again, and become more prosperous and powerful”. The collective, accelerating and large-scale rise of Chinese state-owned enterprises breaks through the basic pattern that Europe, America and Japan dominate exclusively the world economy.

In the future, more Chinese state-owned enterprises will enter the Fortune Global 500, and the Chinese private enterprises will also enter the list, which is the important basis for the report to the 18th National Congress of CPC to firstly propose the national objective of “cultivating a batch of transnational corporations with international level”. The specific objective we now put forward is the “three doubles”: by 2020, the Chinese enterprises will double, among which the private enterprises will quadruple; among the 50 industries covered by the Global 500, the existing 22 industries now in China will double; among the global 500 brands released by the World Brand, the 21 brands in China will double at least.

Our core point of view is that **the country will be prosperous if enterprises are prosperous; the country will be powerful if enterprises are powerful**. As shown in Fig. 2.1, the core of China’s rise is the rise of Chinese enterprises. According to the exchange rate, the proportions of Chinese GDP to the world GDP, and the state-owned enterprises listed in global 500 and the total Fortune Global 500 are increasing. In other words, China’s rise and the Chinese enterprises’ rise form an

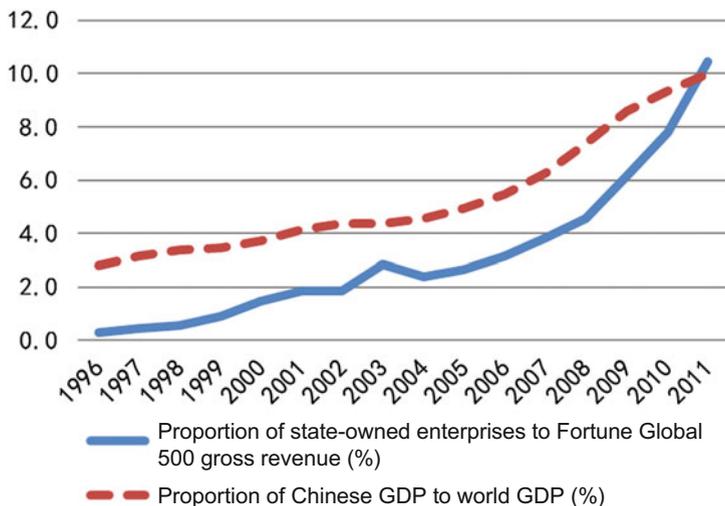


Fig. 2.1 Proportion of state-owned enterprises to the operating incomes of fortune global 500 and proportion of chinese GDP to world GDP (1996–2011)

interaction of overall background and large stage. What is the overall background? China's rise is the overall background; what is the large stage? It is the rapid rise of Chinese enterprise. It is the overall background and the large stage that enables us to enter the mainstream of the society so that we can accomplish much and contribute more. Of State-owned Enterprises to the Operating Incomes of Fortune Global 500 and Proportion of Chinese GDP to World GDP.

**The international influence of China has reached a great new level.** This is also a new formation and new highlight of the report to the 18th National Congress of CPC. The international influence of China is shown prominently in: firstly, the foreign exchange reserve in China ranks world first in 2009 than the second ten years ago, which will directly or indirectly influence the world capital market; secondly, the status of China in international institutional framework improves obviously, the total vote share to the World Bank improves from 4.42 to 2.77% with right of speak ranking the third, and the total vote share to International Monetary Fund improves from 3.66 to 6.19% with right of speak ranking the third. Later with the further improvement of the proportion of Chinese economic aggregate to the total world volume, while the proportions of America and Japan further drop. The right of speak of China will rise up to the second in the world, or the first possibly. Surely, China will not be as irresponsible as America to produce and output the international financial crisis. Conversely, China is not only the largest motor but also the greatest macro-economy stabilizer in the global economic growth, trade growth and investment growth. This is the greatest and most direct world contribution.

Therefore, the past ten years are the ten years when China is extremely glorious, grows powerful increasingly and influences the world profoundly. Not only we experienced and witnessed the ten years, but also the world concerned and witnessed the growth of China. Without China, the global financial crisis in the past four years would be worse than now, and the global unemployment would be more prominent. The World Development Report 2013 announced by the World Bank shows that in the entire world, above 620 Million youths are in idle status neither work nor study. The global unemployment population is over 200 million, creating the world record. In contrast, the towns and cities in China create over one million posts, creating the world employment record.

In the 170 years since the First Opium War in 1840, the world never before needs a China as today. It is not the declining China, but a stronger China. Therefore, the report to the 18th National Congress of CPC, not only gives a satisfactory answer to the billions of Chinese people, but also offers an excellent answer to the 7 Billion people in the world. The American government and congress in the same period are at opposite poles.

## 2.2 Understanding of China's Challenges

We will discuss the challenges China will meet to realize the 2020 objective. The report to the 18th National Congress analyzes the challenges in details, and especially mentions the three prominent problems met in the same period in the past: imbalance, discordance and unsustainability.<sup>10</sup> The report to the 18th National Congress is to solve the three problems, i.e. transferring from the imbalance to balance, from discordance to relative coordination and from unsustainability to sustainability. Those three problems cover about ten most important sub-problems: education, medical care, employment, housing, ecological environment, food and drug safety, safety production, social security, social insurance, law enforcement and judiciary. The government needs to adopt measures to provide public security and public service and solve the interest demands of people. Therefore, we call it as a mode of “challenge and response”. Although the report does not list all major problems, objectively speaking, the report puts forward the “collection of Chinese measures”, which is targeted and operable.

We need to view various challenges that China faces from the development stages and characteristics. That is because any development has costs, and any modernization has costs. Therefore, the achievements and costs of development will coexist, and the achievements and costs of modernization will coexist. When China enters the opportunity period of rapid growth, it also enters the period with prominent social contradictions; when China enters the stage of large-scale migration and more vigorous society, it will also face the social risks, social crisis and tremendous social management pressure; when China enters the stage of overall stable and well governed society, it will also face the insecurity of human being, the public and the society; when China enters the time of information, networking and new media popularization, it will also face social scandal

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<sup>10</sup>Comrade Hu Jintao pointed out that the problems of imbalance, discordance and unsustainability are still prominent. The scientific and technological innovation capacity is poor, the industrial structure is unreasonable, agricultural foundation is still weak, environment and resource restriction becomes more serious, and hinders of systems and mechanisms restricting the scientific development are more. The mission to deepen the reform and open up and transfer economic development method is arduous. The gap between urban-rural regional development and resident income distribution is large; the social contradictions increase, the problems closely relating to the interests of the mass including education, medical care, employment, housing, ecological environment, food and drug safety, safety production, social security, social insurance, law enforcement and judiciary are more, and some mass live in a poor condition. In some fields, the moral abnormality and lack of credibility exist. Some cadres and leaders lack the scientific development capability, and some primary party organizations are weak and lax. Minority party members and cadres do not have firm idea and faith and well awareness of tenet but have prominent formalist and bureaucratic problems with extravagance and waste. The passive and corruption phenomena occur more and easily in some fields. The situation of anti-corruption campaign is still severe. We should pay high attention to those difficulties and problems, and further solve carefully. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society*—Report to the 18th National Congress of CPC on Nov. 8, 2012.

information explosion and spread; when China enters a more comprehensive and more open time, it will also face the unprecedented challenges by the western media to smear, demonize, westernize and separate China.

The more successful we develop, the higher the corresponding development costs will be, which complies with the economic theory of "There's no such thing as a free lunch". We should correctly view and treat that. Firstly, it is the inevitable challenge and phenomenon during the development process, or the accompaniment of the development according to the "theory of inescapability" and the "theory of natural supervenience". Secondly, we need the "doctrine that everything has two aspects". Every coin has two sides. We should view China by both aspects dialectically. Thirdly, we should distinguish the mainstream of the society, and believe the mainstream is always greater. We should follow the will of people, and believe our Party and government will always comply with people's will, tendency and history. As long as we carefully read the content of the report to the 18th National Congress of CPC, we will have full confidence and believe "evil can never prevail over good". Fourthly, we should analyze and handle various problems according to specific problem and event. Fifthly, the policies of the Communist Party are always to maximally mobilize the active factors, reduce the negative factors, play the harmonious factors and reduce the conflict factors. We can totally create conditions for transformation.

Objectively, the social transformation and modernization of a country is the process ceaselessly met with various problems, and a process ceaselessly analyzing and solving problems. According to the history, the social transformation and modernization of China has been facing various challenges, including the foreseeable and unforeseeable ones. We are actively facing the challenges and ceaselessly conquering the challenges.

## 2.3 China's Road

The main line of the report to the 18th National Congress of CPC is to insist on and develop the socialism with Chinese characteristics. In the report with nearly 30,000 characteristics, the "socialism with Chinese characteristics" is mentioned for 81 times. We can understand the socialism with Chinese characteristics according to three key words, China's road, China's theory and China's system. "One main line and three key words" are the important part helping us comprehend the in-depth

connotation of the report to the 18th National Congress of CPC. Hereinafter I will make a brief introduction.

The proposition of “China’s Road” is proposed firstly by Mao Zedong in 1956 when he was in power for seven years aiming at the “Soviet Union Superstition”. We can call it “an ideological emancipation”. Mao tried to explore the “China’s road”. We can know the historical background by learning the article of “On the Ten Major Relationships” written by Mao Zedong.<sup>11</sup> At that time, Mao has consciously realized it is dangerous to copy the modes of other countries.<sup>12</sup>

Therefore we can know that there are several important characteristics of the “China’s road” explored from Mao Zedong, and inherited by successors. The first is autonomy. China has been exploring its road independently. The second is consciousness. China consciously walks toward its only road rather than blankly copies the roads of other countries. The third is confidence. China opens its road confidently rather than contemptuously or like a flunky.<sup>13</sup> The fourth is self-improvement, so China opens a motivated road rather than the weak and self-abandoned road. Although Mao Zedong did not find out the true “China’s road”, the initiative sources deeply impressed Deng Xiaoping and gave him the important historical fortune.

It is Deng Xiaoping who formally proposed the proposition and theme of “China’s road”. He stated formally in the speech on the opening ceremony of the 12th National Congress of CPC in 1982 that “our modernization must start from the reality of China. We should learn and refer to the foreign experiences for both revolution and construction. However, copying other countries’ experiences and modes directly will never succeed. I have had many such lessons. The basic conclusion gained by summarizing the long-term historical experiences is to combine the universal truth of Marxism with the actual situations in China, find out our own road, and build the socialism with Chinese characteristics.”<sup>14</sup> The “China’s road” he

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<sup>11</sup>The proposition of “China’s Road” is proposed firstly by Mao Zedong in “On the Ten Major Relationships” (1956). He learned from the experiences of the Soviet Union, summarized the experiences in China, demonstrated the ten major relationships in socialist revolution and socialist construction, proposed the basic policy to mobilize all active factors to serve the socialist construction, and preliminarily explored the socialist construction road suitable for the situations in China.

<sup>12</sup>Mao Zedong pointed out that “it is dangerous to copy the details. The successful experiences in one country may lead to failure in another country if copy every detail rather than combine with the situations of the country. You will suffer losses and be fooled if you copy every detail of the other country’s experiences. It is an important international experience.” (Mao Zedong, April 27, 1956).

<sup>13</sup>Mao Zedong pointed out in “On the Ten Major Relationships” that “someone who serves as a slave for long may feel inferior to others in all aspects, and could not directly face the foreigners. Just like Jia Gui in “Famen Temple”. He was asked to be seated, but he said he got used to standing and did not want to sit. We should be brave in this aspect. We should improve our national confidence, and bring the spirit of looking down upon imperialism advocated in Korean War”. *Collected Works of Mao Zedong*, Vol. 6, Page 43. People’s Publishing House, Beijing, 1999.

<sup>14</sup>Selected Works of Deng Xiaoping, Vol. 3, Pages 2, 3.

mentioned is the socialist road with Chinese characteristics. At that time, Deng Xiaoping had particular “autonomy”, “consciousness”, “confidence” and “self-improvement”.

After that, the titles of reports to all later national congresses contain the key words of “socialist road with Chinese characteristics” and “socialist cause with Chinese characteristics” the basic theory of the reports is “socialist theory with Chinese characteristics”; the development objective of the reports is the “sub-step objective of China” (referring to Table 2.6). Thus, the national congress of CPC held every five years would understand, summarize, improve and innovate the three key words of “China’s road”, “China’s theory” and “China’s objective” ceaselessly so as to guide the “China’s road” correctly.

Similarly, the theme of the report to the 18th National Congress of CPC is “unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society”, which not only complies with the historic development track of the “China’s road”, but also complies with its historic development logic. In the world, there is no other political party or governing party can keep exploring, pursuing and expanding the “China’s road” like the Chinese Communist Party. That is why the “China’s road” is a road to success, richness and power.

The report to the 18th National Congress of CPC summarizes the history of the “China’s road”, and points out that “the road relates to the lifeline of the Communist Party, relates to the prospect of the country, destiny of nation and happiness of people.”<sup>15</sup> Xi Jinping, the General Secretary, gave classic summary and historical evaluation on the contributions of the generations of Chinese leaders to the “China’s road”: the first generation central collective leadership centered at Mao Zedong, provided previous experiences, theoretical preparation and physical foundation for the opening of socialism with Chinese characteristics in the new age. The second generation central collective leadership centered at Deng Xiaoping successfully created the socialism with Chinese characteristics. The third generation central collective leadership centered at Jiang Zemin successfully promoted the socialism with Chinese characteristics to the 21st century. In the new stage of new century, the Party Central Committee, with Comrade Hu Jintao as the General Secretary, successfully insisted on and developed the socialism with Chinese characteristics in a new historical starting point.<sup>16</sup>

We will discuss how this right way of the world is expanded and explored, and contributions that each generation of leadership made, and how did they inherit and

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<sup>15</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>16</sup>Xi Jinping: *Learning, Publicizing and Implementing the Spirits of 18th National Congress of CPC Around Insisting on and Developing Socialism with Chinese Characteristics—Speech in the First Collective Study of the 18th Political Bureau of the Central Committee of CPC* (Nov. 17, 2012). Xinhua News Agency, Nov. 18, 2012.

**Table 2.6** Themes and objectives of reports to previous national congresses (1982–2012)

| National Congress | Year | Title of report  | Development objective   | Main theory  | Reporter    |
|-------------------|------|--|---|--|-------------|
| 12th              | 1982 | Fully create the new situation of socialist modernization construction   | “Two-step strategy”, the industrial and agricultural total output shall double by 2000  | Building the socialism with Chinese characteristic       | Hu Yaobang  |
| 13th              | 1987 | Forge ahead toward the road with socialism with Chinese characteristics  | By 2000, the GNP shall quadruple in “three-step strategy”   | Primary stage of socialism                               | Zhao Ziyang |
| 14th              | 1992 | Accelerate Reform and open-up and modernization program, and win larger victory of the Socialism with Chinese characteristics                                  | By 2000, the overall quality of national economy and comprehensive national strength would reach a new level  | Theory of building socialism with Chinese characteristic | Jiang Zemin |
| 15th              | 1997 | Hold high the great banner of Deng Xiaoping theory, and fully promote the socialist cause with Chinese characteristics to the 21st Century                     | “New three-step strategy”, by 2010, GNP will double than 2000, people will live in a richer condition, and a relatively perfect socialist market system will be formed.   | Deng Xiaoping theory                                     | Jiang Zemin |
| 16th              | 2002 | Fully build the moderately prosperous society, and open the new situation with socialist cause with Chinese characteristics                                    | “New three-step strategy”, by 2020, the GDP should double, and the comprehensive national strength and international competitiveness increase obviously   | Important thought of three represents                    | Jiang Zemin |
| 17th              | 2007 | Hold high the great banner of socialism with Chinese characteristics, and strive for new victory of comprehensively building the moderately prosperous society | By 2020, the per capita GDP should double, the industrialization will be realized basically, the comprehensive national strength shall increase obviously, and overall scale of domestic market will rank in the front row of the world | Scientific outlook on development                        | Hu Jintao   |

(continued)

**Table 2.6** (continued)

| National Congress | Year | Title of report   | Development objective  | Main theory                       | Reporter  |
|-------------------|------|---|--|-----------------------------------|-----------|
| 18th              | 2012 | Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society | By 2020, the GDP and per capita income of urban and rural residents shall double than that in 2010 | Scientific outlook on development | Hu Jintao |

surpass the predecessors, lay new historical foundation and leave more historical assets for successors.

**In view of history, Mao Zedong is the founder of the “China’s road”.** On January 8, 1949, Mao imaged in the meeting of the Political Bureau of the Central Committee that “the completion of nationwide revolution, which is to eliminate the old foundation, spent 30 years. However, the process of building the house needs to take several decades.”<sup>17</sup> He described vividly that the former is to eliminate the foundation of the old China (old system), and the later is to build the foundation of new China (new system). We can regard Mao Zedong as the composer and creator of new system of new China, including the tangible or intangible systems of the Common Program (1949), Constitution of the People’s Republic of China (1954), Constitution of Communist Party of China (1956). China not only realized the basic transformation from the old system to the new system, but also surpassed the socialist system of the Soviet Union at that time, and also the capitalist system of America which was deemed as the best system at that time. Unfortunately, he failed to insist on those systems latterly, even violated those systems in certain aspects, and destroyed certain systems. That is the major reason for the mistakes he made in his later years. Both success and failure of Mao Zedong will become very precious historical fortune for successors, and also the historical sources of ceaseless successes.

**Deng Xiaoping is the creator of the “China’s road”.** His political wisdom inherits the successes and corrects the failure of Mao Zedong, and transfers the worse “Great Cultural Revolution” into a good “reform and open up”. Therefore, the failure of Mao Zedong in his later years is the mother of Deng Xiaoping’s success of reform and open-up. On the one hand, Deng Xiaoping emphasized on building the basic systems of the party and country, including the tangible and

<sup>17</sup>Jin Chongji, Chief Editor: *A Biography of Mao Zedong (1893–1949)*, Page 908. Central Literature Press, 1996.

intangible systems of Constitution of Communist Party of China (1982) and Constitution of the People's Republic of China, which provided the most important system framework for reform and open up. On the other hand, he practically adopted progressive methods (such as "advance cautiously") aiming at various disadvantages of the economic and political systems, ceaselessly reformed, innovated and adjusted. The two aspects guaranteed him firstly started the economic revolution in the socialist countries and the open up in development countries, and successfully created the "China's road", and also guaranteed the road always moves forward toward socialism.

**Jiang Zemin is the defender and successor of the "China's road"**. During the end of 1980s and beginning of 1990s, all socialist countries in the Eastern Europe changed dramatically, and the huge socialist Soviet Union collapsed instantly. The socialism in the entire world suffered from serious frustration and fell to the lowest point. America became the sole super power, and took lead to crack down on China and support the free parties and democratic parties in China. Under the support of Deng Xiaoping, Jiang Zemin properly settled various contradictions after the large-scale disturbance, and enabled China to be governed in order till now, avoiding the situations of the Soviet Union collapse and Yugoslavia breakup. He, facing various severe tests, "protected the socialism with Chinese characteristics", strengthened the system of people's congress, multi-party cooperation, under the leadership of the Chinese Communist Party, political consultation system and regional ethnic autonomy system, innovated the socialist market economic system, guaranteed the basic economic system of "public owned economy as a main body and common development should be carried out in the early socialist period", implemented the system of central and local tax distribution, greatly improved the state capacity, decided to join in WTO, and created the new situations of full open up, and full integration into the world economy.

**Hu Jintao is the follower and re-creator of the "China's road"**. In the new stage of the new century, Hu Jintao inherited from the predecessors and continued the concept innovation, practice innovation, theoretical innovation and system innovation. The scientific outlook on development he created becomes the guiding ideology for the "China's road". He finished the overall layout of "five-in-one" for socialist modernization of China in the first half of the 21st century, made China grow from the world great power to the country with second greatest economic strength, technology strength and comprehensive national strength and greatly reduced the relative disparity between China and America, which fully showed the uniqueness and success of the "China's road". I can believe that the report to the 18th National Congress of CPC is the historical and innovative integration of practices, theories, viewpoints and strategies of the "China's road".

Hu Jintao pointed out in the 18th National Congress of CPC that during the 30 years' successive exploration after reform and open up, we firmly hold high the

great banner of socialism with Chinese characteristics, and neither walk toward the way of rigidity, nor the evil way of change of belief.<sup>18</sup>

Actually, from October 1976, the problems that where China will go, what is the prospect and choice of China, and what way China will follow with 1/5 world population are those must be answered by leaders of China. At that time, China with its over 900 million population was facing a crossroad and at least three choices. Deng Xiaoping must fight on two battle lines: both against the left-wing's and the right-wing's policies. However in the same period, the emphasis should be laid on anti-left wing. We should both acquire the political hegemony and confirm the way of reform and open up.

One choice is the old way, "according to the former policies"<sup>19</sup>, i.e. the "two-whatever" wrong line of Mao Zedong in his later years, the traditional and dogmatic old way of socialism.

The other choice is the evil way, which denies the socialist road, imitates and turns to the "western way". Due to the severe setbacks faced by the socialist reform and construction of China, some people advocated abandoning the socialist road and turning to the western capitalist road. Because the Chinese Communist Party made several major mistakes during governing and failed to correct time, some people advocated abandoning the leadership of the Chinese Communist Party and turning to the political democracy system in western countries. As said by Deng Xiaoping, an ideological trend of "bourgeois liberalization", which worships the "democracy" and "freedom" of the western socialist countries and denies the socialism<sup>20</sup>, occurred in China after the "Gang of Four" is smashed.

The third choice is a new way, the "China's road" created by Deng Xiaoping, in other words, the "socialist modernization with Chinese characteristics". It is a new way to insist on the basic political direction of socialism, progressively reform the traditional planned economic system and political system concentrating power intensively, actively open up to the world, and open a new way for development of China innovatively.

From October 1976 to the 12th National Congress of CPC in 1982, the closed and rigid "old way" gradually turned to the non-mainstream thought from the mainstream thought, and the representatives also quitted from the core central

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<sup>18</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>19</sup>On April 30, 1976, after met Muldoon, the Prime Minister of New Zealand wrote in person three indications to Hua Guofeng "slow down, and take it easy", "according to the former policies" and "You can count on me". Mao Zedong: *Several Sentences Wrote Down when Talking with Hua Guofeng* (April 30, 1976). Party Literature Research Center of the CPC Central Committee: *Manuscripts of Mao Zedong since the Foundation of New China*, Vol. 13, Page 538, Central Literature Press, Beijing, 1998.

<sup>20</sup>Deng Xiaoping: *Follow Capitalist Liberation is Following the Capitalist Path* (May, June, 1985). *Selected Works of Deng Xiaoping*, Vol. 3, Pages 123, 124, People's Publishing House, Beijing, 1993.

committee leadership peacefully. Although the closed and rigid thought still exists, it cannot decide and influence the entire reform and open up of China.

Affected by the general international background, including the political democratization, full privatization of economy led by the western countries, and liberalization of ideology and culture dominated exclusively by the western countries, which not only impacts on China, but also fully impacts on the socialist countries in the Soviet Union and Eastern Europe countries so that those countries abandoned the orientation of socialism and turned to capitalism, causing serious breakdown, collapse and declination.

We here take China and Russia as examples to see the different results of different choices. In 1990, the GDP of Russia when in the Soviet Union system is 2.4% of the total world GDP, higher than the proportion of Chinese GDP (1.6%). At that time, the GDP of China only equaled to 2/3 of that in Russia; back then the Soviet Union is the world third economy after America and Japan (in 1968, Japan surpassed the Soviet Union and became the world second economy); later, Boris Yeltsin advocated the western-style “democratic program”. He quitted the Communist Party of the Soviet Union<sup>21</sup> and won a landslide victory in the campaign of Russian president.<sup>22</sup> He at once was put to the front cover of the Time, titled “the Russian Revolution”.<sup>23</sup> In the end of 1990, Mikhail Gorbachev won the Nobel Peace Prize and soon he announced the Communist Party of the Soviet Union and then the collapse of the Soviet Union. When Boris Yeltsin was in power, the proportion of Russian GDP to the world GDP dropped continuously, and reached the lowest 0.6% in 1999. In contrast, the GDP of China improved to 3.5%, equaling to 5.8 folds of that in Russia. By 2011, the proportion of GDP in Russia improved to 2.7%, only 0.3% higher than 1990, while China reached to 10.4%, equaling to 3.9 folds of that in Russia (Fig. 2.2). As introduced by Sorokin, the Deputy Director of Institute of Economics of Russian Academy of Sciences. Taking the data in 1991 as 100, in 1998, the GDP was only 60.5, decreasing 40%, larger than the economic loss of 20% GDP decrease in the Soviet Union during the WWII. By 2011, the GDP growth index of Russia only reached 118.0. Its GDP growth from 1998 to 2008 is 6.8% (referring to Table 2.7), half because the sharp rise of international prices of energies.

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<sup>21</sup>In January 1990, Boris Yeltsin (served as alternate member of the Political Bureau of the Central Committee of the Soviet Union, the first secretary of Moscow) constituted the “democratic program party” inside the Soviet Union. In July the same year, the “democratic program party” publicly proposed in the 18th congress of the Communist Party of the Soviet Union to give up Marxism as the guiding ideology of the Party, give up the objective of the Communist Party, give up the democratic centralism, and build the Communist Party of Soviet Union into the socialist party. They actively advocated canceling the primary party organizations in armies, political departments and state institutions. Those propositions advocated by Boris Yeltsin and his “democratic program party” didn’t accept by the congress fully. Therefore, Yeltsin announced publicly to quit the Communist Party of the Soviet Union.

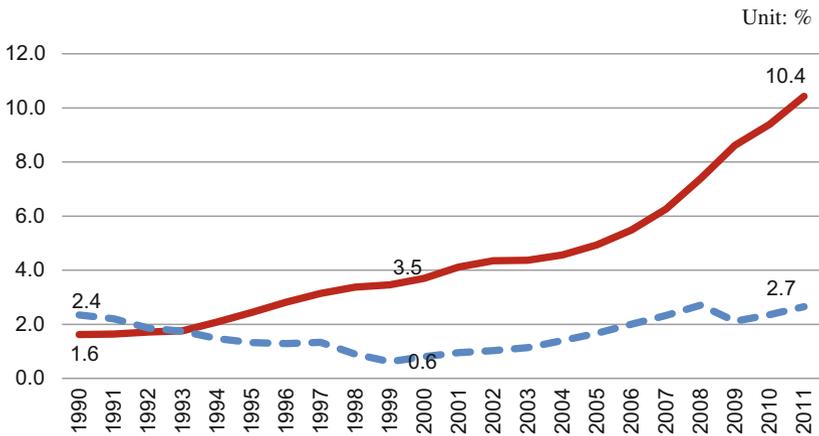
<sup>22</sup>Boris Yeltsin won the Russian president election held on June 12, 1991.

<sup>23</sup>*Time*, Aug. 1, 1991, Cover “The Russian Revolution”.

**Table 2.7** Growth index of Russian economic indicator (1991–2011)

|                                 | 1991 = 100 |      |       |
|---------------------------------|------------|------|-------|
|                                 | 1991       | 1998 | 2011  |
| GDP                             | 100        | 60.5 | 118.0 |
| Industrial added value          | 100        | 48.2 | 87.7  |
| Processing industry added value | 100        | 40.7 | 83.7  |
| Per capita income of residents  | 100        | 52.5 | 125.1 |

Data source Institute of Economics of Russian Academy of Sciences, 2012



**Fig. 2.2** Proportion of Chinese and Russian GDP to world GDP (1990–2011)

The above-mentioned case shows that no matter the economic reform and the political reform, the reform of Russia is a typical process from the old way to the evil way spontaneously. They firstly implemented political open, political democratization, and then comprehensive privatization and complete privatization. As a result, it fell from the third world economy to a second-class country with lowest economic aggregate in the history. It also reflects that you win or loss in the fierce international competition of economic globalization. In case of loss, the development will be set back. The evil way of any country will cause catastrophic results. The Soviet Union and Russia are the most negative examples.

Conversely, China innovates the right way of the world, which is the conclusion of the book *Right Way of the World—Chinese Communist Party and China's Road* written by Hu Angang, Wang Shaoguang, Zhou Jianming and Han Yuhai. This book views the China's road by a global vision, discusses the way of success of the Chinese Communist Party, aims to break the superstition of Chinese people for

western civilization and system for over a hundred years, and sets up the conscientiousness and confidence of China's road, China's system and Chinese culture. The so-called "China's road" is the road of China's rise and the road of the great rejuvenation of the Chinese nation. It is the real right way of the world. As stated in the report to the 18th National Congress of CPC, "during the 30 years' successive exploration after reform and open up, we firmly hold high the great banner of socialism with Chinese characteristics, and neither walk toward the way of rigidity, nor the evil way of change of belief. The socialist road, socialist theory and socialist system with Chinese characteristics are the basic achievements accumulated by the Chinese Communist Party and Chinese people through struggle and creation for over 90 years. We must cherish, always insist on and ceaselessly develop those achievements".<sup>24</sup>

We can consider that this road is a process of "struggle, creation and accumulation" over again. The modernization of any country or region is the ceaseless process of "struggle, creation and accumulation". As long as the process is interrupted, the modernization will be interrupted. As long as the process is reversed, the modernization is reserved. Apparently, the China's road is totally different from the great change and meddling of the Soviet Union and Russia, so the development and modernization results are different. This is the typical case of modernization of "a minimal error or deviation may result in wide divergence".

What is the China's road? Actually, the report to the 17th National Congress of CPC has offered an obvious definition, and the report to the 18th National Congress supplemented three sentences<sup>25</sup>, i.e. "socialist ecological civilization, promoting the all-round development of human being, and gradually realizing common prosperity of all people"<sup>26</sup>, which is pivotal.

The "socialist ecological civilization" aims to surpass the modern civilization in the western countries. More than material modernization, we should correctly

<sup>24</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>25</sup>The socialist road with Chinese characteristics is to, under the leadership of the Communist Party of China, start from the basic national conditions, take the economic construction as the central task, insist on the four fundamental principles, adhere to the reforms and opening up, emancipate and develop the social productive forces, (facilitate and perfect the socialist system), construct the socialist market economy, socialist democratic politics, socialist advanced culture, socialist harmonious society and socialist ecological civilization, promote the overall development of all people, gradually realize the common prosperity of people gradually, and build the rich, democratic, civilized and harmonious socialist modern country. Hu Jintao: *Hold High the Great Banner of Socialism with Chinese Characteristics, and Strive for New Victory of Comprehensively Building the Moderately Prosperous Society—Report to the 17th National Congress of CPC* on Oct. 15, 2007; Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>26</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

handle the relationship between people and nature, and confirm the ideas of ecological civilization of “respect nature, follow nature and protect nature”. It is different from the foundation of “high cost, high consumption, high pollution and high discharge” of the former material civilization in the western countries.

“Promoting the all-round development of human being” fully shows the Marxist social progress outlook of “free and all-around development”, and fully reflects the “people-oriented” scientific outlook on development. It refers to the modernization of human being, i.e. it is to input human capital to people, improve the development capacity of people, stimulate people to create fortune, encourage people to innovate ceaselessly and lay human capital foundation for the common prosperity in the future. For China, the human beings refer to the hundreds of millions population. They develop, create and innovate together. They will not only change China, but also change the world.

“Gradually realizing common prosperity of all people” is a long-term objective, and also a stage objective linking the different stages, including “three-step strategy”: the first step is that people get rich, which is the “earlier prosperity theory” said by Deng Xiaoping, or the main line of “policy to enrich the people” during 1978–2002; the second step is that people become rich commonly, which is the “common prosperity” said by Deng Xiaoping, or the main line of “common prosperity policy” during 2002–2020; the third step is all people are rich in 2020–2050. The modernization of western countries has only realized the first step objective, never think about to solve the second step objective, let alone propose and realize the third step objective. Among the 239 countries and regions in the world, and thousands of political parties, only the Chinese Communist Party dare to announce the proposition, objective and road of common prosperity to the entire world. This is the most basic interest of the hundreds of millions Chinese people and the greatest luck of the Chinese nation, also the great luck of human being's development. Due to the great development of China in the past 30 years, especially the reduction of absolutely poverty-stricken population, has converted the “divergence between the south and north” in the world firstly, and turned to the new phenomenon of “convergence between the south and north”. Later, this trend will be more obvious. We have conducted professional study for that in *2030 China: Moving towards Common Prosperity*. The report to the 18th National Congress of CPC firstly mentioned “China strives to reduce the gap between the south and the north, and supports the developing countries to increase autonomous development capacity.”<sup>27</sup> It is the political commitment for the southern countries, and the great contribution of China to the southern countries and the world. The report to the 18th National Congress ceaselessly explores, summarizes and defines the China's road.

There is neither precedent, nor successful experience or reference for a large country with 1.3 Billion populations to construct the socialism and realize the

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<sup>27</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

modernization. China can only independently practice and innovatively explore. America is a successful case of modernization in China, but it has only 315 million populations. Some scholar believes that the success of America is “American exceptionalism”.<sup>28</sup> What is the “American exceptionalism”? We can discuss from multiple points of views, and also by comparison between the national conditions of America and China. In view of natural and geological environment, 2/3 of the land area of America is plain. On the contrary, 2/3 land area of China is covered with plateau, mountains and hills. America has two coastal lines in both the east and west, while China has only one coastal line in the east. Therefore, America has huge and unique regional advantages. In view of the modern history, America has never been attacked by other parties in its land area except the attack on Pearl Harbor in 1942, where is far from the contiguous land of America. The situations in China are completely different. In the modern history, China was attacked and invaded ceaselessly. The foundation and modernization process of America is the process of large-scale expansion of territory while China is on the contrary. Even after the foundation of new China, it has been threatened by two hegemonic powers of America and the Soviet Union. The land areas of America and China are close, but America only has 300 million populations while China has 1 Billion more. America’s realization of modernization does not mean China can also realize modernization. The EU, comprised of 27 countries, is another successful case of modernization, but its total population is only 500 million. Japan is also a successful case of modernization, but its total population is 127 million. All in all, in this world, there is no example of a country with 1.3 billion populations which can realize modernization, nor example for keeping the modernization without interruption, unless China is able to explore independently, practice ceaselessly and innovate bravely. Therefore, the nature of building the socialism with Chinese characteristics is to explore the modernization way of China, and to surpass the modernization mode of the western countries. It is a process ceaselessly absorbing the quintessence and removing the dross from the modernization process of western developed countries, summarizing experiences during the modernization process of China, and trying and correcting after suffering all difficulties, risks and dangers, as well as the process seeking for and selecting the superior (inferior). Stick to it when you select the right direction. This is the so-called “advancing cautiously”. It is a prudent, smart and intelligent exploration.

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<sup>28</sup>Tocqueville A., the French Scholar mentioned the “American exceptionalism” in Democracy in America. He compared America with continental countries in Europe in his book, and believed that the “opportunity of Americans is an exception”. The connotations of “American exceptionalism” proposed by Tocqueville are the national conditions closely combining unique geological environment, unique and beneficiary legal system, religious spirit and freedom spirits of America, as well as the unique republican system constituted by the joint efforts of the three aspects.

## 2.4 China's System

On July 1, 2011, Comrade Hu Jintao in his speech firstly stated the “China’s system”, which is further described in the report to the 18th National Congress of CPC. The socialist system with Chinese characteristics contains the fundamental political systems of the system of people’s congress (1954), multi-party cooperation and political consultation system under the leadership of the Chinese Communist Party (1949), system of regional ethnic autonomy (1949, 1954) and system of community level self-governance, the socialist legal system with Chinese characteristics, the basic economic system with public ownership and common development of economy with different types of ownerships (1997)<sup>29</sup> as well as specific systems established on the above-mentioned systems such as economic system, political system, cultural system and social system.<sup>30</sup>

How to view the China’s system from the international and historical angles of view? What is the particularity of China’s system compared with other great powers in the world? The particularity refers to uniqueness and ceaseless creation.

I have analyzed the innovative process of the China’s system as well as its excellence in *History of Political Economy in China (1949–1976)*.

The first is the leadership system of the Chinese Communist Party, which is based on the Constitution of Communist Party of China (1956, 1982) and later amendments of the constitution. In the international perspective, none of other politics and political parties has such a system. The leadership system of the Communist party contains: National Party Congress system; plenary session system of central committee; plenary session system of the political bureau of central committee; standing committee meeting system of the political bureau of central committee; secretariat meeting system of the central committee; Central Commission for Discipline Inspection; the military Commission of the Central Committee of CPC; Political and Legal Affairs Committee of the Central Committee of CPC. In addition, the Constitution of Communist Party of China also clearly specifies that the Party Central Committee decides the line, policy and strategies; entire party is subordinate to the central committee (insisting on the principle that individual is subordinate to organization, the minority is subordinate to the majority, subordinate organization is subordinate to the higher organization, entire party is subordinate to national party congress and central committee: Constitution of Communist Party in the 7th National Congress of CPC in 1945);

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<sup>29</sup>The report to the 15th National Congress of CPC in 1997 pointed out that the “system with public ownership and common development of economy with different types of ownerships” is the basic economic system in the primary stage of socialism in China. The public ownership economy not only contains the state-owned economy and collective economy, but also contains the state-owned and collective part of this mixed ownership economy.

<sup>30</sup>Hu Jintao: *Speech in the 90th Anniversary of the Communist Party of China*, on July 1, 2011; Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

“the party commands the gun”: the Chinese People’s Liberation Army must be placed under the absolute leadership of the Chinese Communist Party. Its highest hegemony and commanding rights belong to the Central Committee and Central Military Committee of CPC; placing cadres under party supervision: hierarchical classification (1954); placing talents and culture under party supervision.

The second is the modern state leadership system, which is based on the *Common Program* (1949), Constitution of Communist Party of China (1956, 1982) and later amendments of the constitution. In the international perspective, none of other countries has such a system. The state leadership system contains: democratic centralism; national people’s congress system; Chairman system of the People’s Republic of China; state council system; Central Military Committee system; central judicial system: the Supreme People’s Court and Supreme People’s Procuratorate; Chinese People’s Political Consultative Congress national committee system. In view of the international comparison, it still reflects the uniqueness of the modern state leadership system of China, which is complex, diversified, comprehensive and systematic than the state leadership system such as America with more and higher democratic forms for decision, faster and easier decision consensus, more efficient decision making process and more successful decision making results.

The report to the 18th National Congress of CPC highlights the “philosophy of people’s democratic governance”. Firstly, the report emphasizes on “adhering to the dominate role of people”. Secondly, the report states “people’s democracy is always the brilliant banner of the Communist Party of China.” Thirdly, the report stresses on “people’s democracy is the life of socialism”,<sup>31</sup> which, in my opinion, is one of the highlights in this report. Wang Shaoguang believes there is a mainstream discourse from the west dominating the academic circle in China, which is the so-called “civil society”. He proposes a question that is the Chinese society to build the civil society? In our point of view, in socialist China, the objective of social reconstruction can only be people’s society, the society with “all Chinese people are of noble characters”. That is because the basic interest of the 1.3 billion Chinese people is the same, and all 56 ethnic groups in China are all a family, which is the basic precondition to rebuild the people’s society.<sup>32</sup>

Actually from the *On New Democracy* (1940) to *On the People’s Democratic Dictatorship and Common Program* (1949), Mao Zedong advocated the philosophy of people’s democratic governance, which is the historical source of the “People’s Republic of China”, “Central People’s Government”, “Chinese People’s Liberation Army”, “People’s Bank of China”, “people’s court” and “people’s procuratorate”. This governance philosophy is “govern for the people”, not the “civil” under the western words but the “people” under modern Chinese utterances. The philosophy

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<sup>31</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>32</sup>Hu Angang, Wang Shaoguang, Zhou Jianming, Han Yuhai: *Right Way of the World*, Pages 212, 219, Beijing, China Renmin University Press, 2011.

of people's democratic governance is created by China. The democracy refers to the people's democracy, and the main body of democracy is people. Therefore, the "people's democracy" is the life of socialism. Thus, the report to the 18th National Congress of CPC proposes the political system reform objective of "developing more extensive, adequate and complete people's democracy".

From the definition of western democracy, it is decided by majority and the basic method is to decide by majority through election. Therefore, we call it "one leg" of democracy. But democracy needs two legs, just like people can walk better with two legs than one. It not only needs election democracy but also needs consultative democracy, which is created by China and not existing in other countries and political theories. The Chinese Communist Party creates the multi-party cooperation and political consultation system, so the Chinese's People's Political Consultative Conference is an important channel (not the only channel) of consultative democracy. Not only foreigners, many Chinese people do now know why China needs consultative democracy. The consultative democracy is very important to China because China has large population base and it may generate many problems if decide only by majorities. For instance, 1% of the total population is 13.4 million, equaling to a middle-range country; 10% of the total population is 134 million, far more than the total population in Japan. We cannot neglect their interests. So we should consider all aspects and only election democracy is not enough. For China, the election democracy is necessary but too easy. The democratic forms are abundant, and will surely surpass the simple and sole election democracy. The interests of whatever aspect shall be consulted democratically, i.e. "for the significant problems of economic and social development as well as the actual problems involving in vital interests of the mass shall be consulted extensively to solicit people's opinions, collect people's wisdom, increase consensus and improve join forces".<sup>33</sup> The system innovation of consultative democracy, combining organically with election democracy provides the approaches for the objective of national unity, ethnic unity, common prosperity and long period of stability.

The modernization of a country not only contains the tangible modernization of agricultural modernization, industrial modernization, scientific technology modernization and national defense modernization, but also contains the intangible modernization of national system building. Moreover, it itself is the system foundation of a country, or national system to realize modernization.

The nature of national system construction or national system modernization is to accelerate accumulative various factors, and promote economic development, social improvement and cultural prosperity. In China, we should also guarantee ethnic unity, common prosperity, long period stability, national unity and great rejuvenation of the Chinese nation. Therefore, all systems can compete and compare with each other. We acknowledge the capitalist system is superior to the

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<sup>33</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

former capitalist system in aspect of accelerating various factors accumulation, which has been approved by the capitalist history for the past two hundred years. Whether the socialist system can be superior to the capitalist system depends on whether the socialist countries can accumulate various factors faster than the capitalist countries and whether socialist countries can catch up with capitalist countries.

How to evaluate the socialist system? How to understand the advantages of socialist system? How to bring the political advantages of this system into full play? Who will and how to answer these questions? In my opinion, there is no best political system mode in the world, neither the only mode. The political systems are diversified, which coexist, absorb, refer to, compete and conquer each other.

There is no the best system but the most suitable system in the world. Then what is the most suitable system. It shall be the system suitable for the national conditions of China, complying with the development stage of China and adapting to the cultural system of China. It needs the “Chinese standards” rather than “western standards”. As long as we have the “Chinese standards”, we are unnecessary and will not plan to measure by “western standards”. Who proposed the “Chinese standards”?

First of all, in 1945, Mao Zedong firstly proposed to evaluate the historical role of a political party by productivity standard in the report to the 7th National Congress of CPC “all in all, the policies of all Chinese political parties and the functions of their practices among Chinese people lie in their help for the development of Chinese people’s productivity. It depends on whether it binds or emancipates the productive forces”.<sup>34</sup>

Then, in 1980, Deng Xiaoping proposed three standards: we building the socialist modernization is to catch up with developed capitalist countries in economy, create higher and more practical democracy than capitalist countries in politics, and cultivate more and better talents than those countries. We may spend longer or shorter time to reach the above-mentioned three requirements. But as a large socialist power, we are able to and must reach the requirements. Therefore, whether various party and national systems are good or bad, complete or implement must be inspected by the three requirements.<sup>35</sup>

Those are the basic ideas of China’s road proposed by Deng Xiaoping: to overall innovate and surpass capitalist system; realize to catch up with the most developed and most powerful America; innovate the socialist democratic political system, and realize more popularized, higher and more practical people’s democracy; comprehensively innovate the socialist educational and technological system, and build a more, better and larger talent team than that in America.<sup>36</sup>

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<sup>34</sup>Mao Zedong: *On Coalition Government*, April 24, 1945.

<sup>35</sup>Deng Xiaoping: *Reform of Party and National Leadership System*, August 18, 1980, Vol. 2, Pages 322–323, People’s Publishing House, Beijing, 1994.

<sup>36</sup>Hu Angang: Why China can Surpass America in System, Guang Ming Online, Aug. 4, 2011.

**Table 2.8** Proportion of Southern and Northern Countries' GDP (PPP) to world GDP (1820–2030)

|                              | 1820 | 1870 | 1913 | 1950 | 1973 | 2000 | 2010 | 2020 | 2030 |
|------------------------------|------|------|------|------|------|------|------|------|------|
| Southern countries           | 70.3 | 53.1 | 42.1 | 39.5 | 39.9 | 43.0 | 52.4 | 60.5 | 66.9 |
| Developing countries in Asia | 56.5 | 36.1 | 22.2 | 15.3 | 15.8 | 29.2 | 40.9 | 49.1 | 58.2 |
| China                        | 33.0 | 17.1 | 8.8  | 4.6  | 4.6  | 11.8 | 20.7 | 28.9 | 33.4 |
| India                        | 16.1 | 12.2 | 7.5  | 4.2  | 3.1  | 5.2  | 8.0  | 12.2 | 18.6 |
| Russia                       | 5.4  | 7.5  | 8.5  | 9.6  | 9.4  | 2.1  | 2.4  | 2.7  | 3.0  |
| Brazil                       | 0.4  | 0.6  | 0.7  | 1.7  | 2.5  | 2.7  | 2.6  | 3.6  | 5.1  |
| Northern countries           | 29.7 | 46.9 | 57.9 | 60.5 | 60.1 | 57.0 | 47.6 | 39.5 | 33.1 |
| America                      | 1.8  | 8.9  | 18.9 | 27.3 | 22.1 | 21.9 | 18.4 | 16.7 | 15.1 |
| EU                           | 23.3 | 32.0 | 35.8 | 27.1 | 27.1 | 21.5 | 18.1 | 15.7 | 13.1 |
| Japan                        | 3.0  | 2.3  | 2.6  | 3.0  | 7.8  | 7.2  | 5.4  | 4.4  | 3.2  |
| China/America                | 18.3 | 1.92 | 0.47 | 0.17 | 0.21 | 0.54 | 1.13 | 1.73 | 2.21 |

Unit: %

*Note* the northern countries refer to the advanced economies defined by the International Monetary Fund in 2010, including 34 countries, and EU contains 27 countries; southern countries refer to other countries except the northern countries; the developing countries in Asia refer to other Asian countries except Japan. South Korea, Singapore, Hong Kong China and Israel; GDP (PPP) is international USD in 1990

*Calculating data source* 1820–2000 data from Angus Maddison, *Statistics on World Population, GDP and Per Capita GDP, 1–2008 AD*, 2010, <http://www.ggdc.net/MADDISON/oriindex.htm>; world and major economic growth rate during 2010–2030 is calculated by the author according to Angus Maddison data

Thirty years later, let's check whether the three standards proposed by Deng Xiaoping have been reached in China. Firstly, China is catching up with America rapidly, and reduces the relative disparity in economic aggregate. According to the purchase power parity (international USD price in 1990), the USD in China in 1973 equaled to 20% of American GDP, 50% by 2000 and has passed America by 2010 (referring to Table 2.8). On the contrary, after the Russian revolution, the relative disparity between Russia and America becomes even larger. Among the 239 countries and regions, there is rare country can catch up with America. China is the countries catching up with America most fast. Secondly, in view of the scientists and engineers engaging in research and development activities, China has not only surpassed EU comprised with 27 countries, but also surpassed the strongest America. Of course, in view of the excellent talents, China is not as good as America, and will surpass America soon. Moreover, the democratic form created by China is higher than that in America, and the democratic efficiency, especially the decision efficiency of democratic centralism is better than that in America, which is the basic reason for China to reduce the relative disparity with America in aspects of economic aggregate and human capital.

In October 1987, Deng Xiaoping proposed the “Deng Xiaoping prediction” by his foresight “our first objective is to solve the problem of food and clothing, which

has been reached. The second objective is to reach the moderately prosperous level by the end of the century. The third objective is to reach the level of moderately developed countries within 50 years in the next century”. “What we should do now is to accelerate developing productivity through reform, insist on the socialist road, and prove the excellence of socialism by practices. We need to reach this objective by two, three and even four generations. By then, we can truly and righteously say the socialism is superior to capitalism by facts”.<sup>37</sup>

Looking back, China has realized the first and second objectives as scheduled, and starts realizing the third objective. We estimate during 2020–2030, we can realize the objective of “reaching the level of moderately developed countries”,<sup>38</sup> which has verified and continued to verify the “Deng Xiaoping prediction”, i.e. socialism is better than capitalism.

## 2.5 China’s Confidence

The combination of China’s road, China’s theory and China’s system is the basic achievement of the Chinese Communist Party for over 90 years through ceaseless explorations. Hu Jintao answered that in the report that “the socialist road with Chinese characteristics is the approach, socialist theory system with Chinese characteristics is guide to action, and the socialist system with Chinese characteristics is the basic guarantee, which are united into the great practice of socialism with Chinese characteristics, and the most distinct characteristics formed by people under the leadership of the Communist Party during long-term practice of socialism construction”.<sup>39</sup> In this report, the phrase “socialism with Chinese characteristics” occurred 81 times.

We will discuss what the particularities of Chinese characteristics are. The answer of Xi Jinping is very clear “the particularity of socialism with Chinese characteristics lies in its road, theoretical system and institution, lies in the international connection of approach of realization, guide to action and basic guarantee, and lies in the unity of those three aspects in the great practice of socialism with Chinese characteristics.”<sup>40</sup>

The Chinese characteristic is its uniqueness, including two meanings or definitions: firstly it must be unique in the world; secondly it must create ceaselessly in

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<sup>37</sup>Deng Xiaoping: *The Cause We Are Undertaking is Brand New* (Oct. 13, 1987), *Selected Works of Deng Xiaoping*, Vol. 3, Page 256, People’s Publishing House, Beijing, 1993.

<sup>38</sup>Hu Angang, Yan Yilong, Wei Xing: *2030 China: Moving towards Common Prosperity*, China Renmin University Press, 2011.

<sup>39</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>40</sup>Xi Jinping: Speech in the First Collective Study of the 18th Political Bureau of the Central Committee of CPC, Nov. 17, 2012.

history, which show the China's road, China's theory and China's system are unique in the world and create ceaselessly. The creation refers to the innovation of the Chinese Communist Party comprised of over 83 million party members, and the collective innovation, integrated innovation and joint innovation of China comprised of 1.3 billion Chinese population. It is the greatest innovation and the unprecedented innovation in the world which can explain why China can achieve the greatest improvement in the history of mankind.

If in view of the life cycle of a country's development, what theories and methods can be used to explain why China fell and why it can rise. The national competition theory can be used. What is the cause after national competition? The theory of innovation is the basic cause influencing the life cycle of a country's development.

The prosperity and declination of a country is by no means accidental, or with lucky factors. There is internal law. The core problem of life cycle of a country's development is whether a country can innovate rather than rigidify and suspend; whether a country can sustainably innovate without interruption no like the Soviet Union and Yugoslavia; whether a country can be more innovative rather than conceited and lagged out than other competitive countries (such as America, EU and Japan). Mao Zedong said in the 8th National Congress of CPC in 1956 that modesty helps one go forward, whereas conceit makes one lag behind, which is an incontestable truth.<sup>41</sup> This is true for a person, and even more so for a country. In the international competition, we need to form advantages and improve the proportion of main Chinese indexes to the world ceaselessly so as to quantitatively verify the China's road, China's theory and China's system. To conclude, ceaseless innovation is the basic motivation for a nation's rapid development, rapid rise and rapid powerfulness. The history of China's rise and declination follows an order of declination first and rise later, which will prove that basic motivation.

Actually, the western way is declining because it becomes more behind of times and rigid for the long-time history of the system since establishment. The western national systems have been designed and formulated one hundred, two hundreds or even longer years ago, so they may be behind of times, just like the infrastructure. The rigidity means that those systems can neither advance with the times nor can be adjusted flexibly. America is the most typical case. Niels Ferguson, the professor of history in Harvard University, has published one monograph on political economics "The Great Degeneration: How Institutions Decay and Economies Die". This book starts from the temporary superior status of the west, and tries to find out the reasons for the degeneration of the west. About 500 years ago, the living standard in western countries was nearly the same with other countries in the world. However in the beginning of the 20 century, the living standard was 20 folds higher than that in other countries. Nowadays, the living standard in the west is only 4 or 5

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<sup>41</sup>Mao Zedong said that even we have gained great achievement, but we have no reasons for cockiness. Modesty helps one go forward, whereas conceit makes one lag behind, which is an incontestable truth. *Opening Speech of the 8th National Congress of CPC* (Sep. 15, 1956), *Documents of the 8th National Congress of CPC*, Pages 9–10.

folds than the most advanced economies in Asia. Ferguson diagnoses the defects in the political, economic, legal and social structures in the west and proves the reasonability of warning on that basis.<sup>42</sup> I comment that Ferguson can only incisively find the problems and even deeply analyze the problems, but he is unable to solve the problems, nor change the trend of degeneration in the west. Not only him, but when President Obama realizes those problems he cannot solve neither. On Jan. 24, 2012, he openly stated in the *State of the Union* that “But no matter what party they belong to, I bet most Americans are thinking the same thing right now: Nothing will get done this year, or next year, or maybe even the year after that, because Washington is broken.”<sup>43</sup> which is the “veto system” of America. The congress vetoes the bills submitted by the president, and the Republican Party vetoes the bills proposed by Democratic Party, vice versa. No wonder Fukuyama, the professor of Stanford University, said that our abnormal political system, the congress becoming a legal bribed forum, cause our country to hesitate to move forward.

In that way, it is a great innovation for China to explore its own development road. What is the greatest innovation of China? What innovation leads to the continuous rise of China and surpassing America? Apparently, the innovation of China surpasses America. In nature, the Chinese Communist Party is an innovative party, and the leader, guide and pusher of the Chinese people’s innovation. It innovates the “China’s road” and creates “road confidence”; innovates the “China’s theory” and creates “theory confidence”; innovates the “China’s system” and creates the “system confidence”. The confidence is the “China’s confidence” declared to the world in the 170 years since 1840. When Mao Zedong announced to the world that “Chinese people stand up from now on” in 1949, it is the first time of China’s confidence; when Deng Xiaoping announced to the world that “walk along our own (China’s) road” in 1982, it is the second time of China’s confidence; then the “three confidences” in the report to the 18th National Congress of CPC is the third time of China’s confidence.

## 2.6 General Basis, Overall Arrangement, General Assignment

The 18th National Congress of CPC clearly proposes that to build the socialism with Chinese characteristics, the general basis is the primary stage of socialism, the overall arrangement is “five-in-one” and the general assignment is to realize socialist modernization and great rejuvenation of Chinese nation. This is the new conclusion, new abstract and new summary for the socialism with Chinese characteristics. It starts from a commanding height, concentrates on the main points,

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<sup>42</sup>Samuel Brittan, Financial Times, Nov. 12.

<sup>43</sup>Brack Obama’s State of the Union Address 2012.

summarizes in concise and comprehensive languages. It is the program for state governance and is a lucid exposition of essential points.

Then, how do we understand the “general basis, overall arrangement and general assignment”? Some basic problems are involved: what is the greatest national condition of China? Why is the general basis still the primary stage of socialism? What is modernization? What is the modernization of China? What is the overall arrangement of socialist modernization with Chinese characteristics? What is the general assignment of the Chinese Communist Party in the 21st Century? We will discuss the above-mentioned problems from several points of view.

Mao Zedong pointed out that to recognize the nature of Chinese society is to recognize the national conditions of China, and recognize the basic basis of all revolutionary problems. Today, we can still say to recognize the nature of Chinese society is to recognize the national conditions of China, and recognize the basic basis of the socialist modernization problems. Therefore, correct recognition of Chinese conditions is the objective basis to formulate correct development strategy, and the basic basis to confirm suitable development objective and designate effective development strategies, which are the key subject to be studied by Chinese leaders and scholars. The report to the 13th National Congress of CPC, in 1987, points out that “it is the new subject in the development history of Marxism to build the socialism in such a behindhand oriental great power like China. The situations we face are neither constructing the socialism based on the high development of capitalism assumed by the creator of Marxism, nor the same with other socialist countries. It will not work totally referring to the theories nor referring to the foreign cases. We must start from the national conditions, actually combine the basic principle of Marxism, and open the socialist road with Chinese characteristics while practicing. The Chinese Communist Party has explored beneficially for that, and gained important achievements, but also undergone multiple setbacks and paid huge costs.”

The definition of “national condition” refers to the overall objective and actual situation when a country is stably relatively. It refers to the most fundamental, and uppermost driving factors and limiting factors playing the decisive role to the economic development. It always decides on the basic characteristics and rough outline for the long-term development of one country. The driving factors and limiting factors of one country or region always change more or less, and mutually transform under certain conditions. The process of development is the process of dynamic change. The driving factors and limiting factors take turns and transform mutually so as to form social join forces. They can not only offset each other but also increase or decrease mutually.

The two missions of national condition study are national condition recognition and China construction. The national condition recognition is to deeply know and understand the driving factors and limiting factors triggering the industrial and economic development. China construction is to promote the growth of driving factors and beneficiary factors, and reduce and change the functions of the limiting factors or adverse factors.

In 1956, Mao Zedong summarized the features of national conditions in China in *On Ten Relationships* vividly: “vast territory, abundant resource, large population, long history, poverty and blankness”. The “poverty” means industries are less and the agriculture is undeveloped in China; the “blankness” means low cultural and scientific level.<sup>44</sup>

From the end of 1959 to the beginning of 1960, Mao Zedong mentioned for the first time in the talk about reading the *Textbook of Political Economics* of the Soviet Union that this stage of socialism can be divided into two stages. The first stage is the undeveloped socialism, and the second stage is a relatively developed socialism. The later stage may need to spend a longer time than the former stage.<sup>45</sup> This is the source of the later theory of “primary stage of socialism”.

In 1962, Mao Zedong said in the seven thousand people conference said “China has large population, weak foundation, laggard economy. I think it is impossible for us to greatly develop the productivity, and catch up with and surpass the most advanced capitalist countries in the world without one hundred years.”<sup>46</sup> It is the historical source for the idea “we need at least one hundred years to finish the primary stage of socialism, and we need at least one hundred years to realize socialist modernization”, which left the historical memory and historical treasure for Deng Xiaoping and other people.

In August, 1987, Deng Xiaoping said that socialism is the primary stage of communism, while we are now in the primary stage of socialism, the undeveloped stage. We should start from this reality and work out plans according to this reality.<sup>47</sup>

Therefore, the report to the 13th National Congress of CPC summarized the basic national conditions of China as: large population, weak foundation, laggard per capita GNP. The primary stage of the socialism in China is the stage gradually getting off the poverty and outdated status; is the stage gradually transferring from the agricultural country based on hand labor of majority agricultural population to the modernized industrial country with non-agricultural population as majority; is the stage turning from the large proportion of natural economy and semi-natural economy to developed commodity economy; the stage establishing and developing the vigorous socialist economic, political and cultural systems through reform and exploration; the stage of all people work hard to realize the great rejuvenation of the Chinese nation.

In 1997, the report to the 15th National Congress of CPC summarized the national conditions of China as: generally population is large, foundation is weak, regional development is unbalanced, and situation of undeveloped productivity are

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<sup>44</sup>Mao Zedong: *On Ten Relationships*, April 25, 1956, Collected Works of Mao Zedong, Vol. 7, Pages 43–44, People’s Publishing House, Beijing, 1999.

<sup>45</sup>Collected Works of Mao Zedong, Vol. 8, Page 116, People’s Publishing House, Beijing, 1999.

<sup>46</sup>Collected Works of Mao Zedong, Vol. 8, Page 302, People’s Publishing House, Beijing, 1999.

<sup>47</sup>Deng Xiaoping: *All Starts from the Primary Stage of Socialism*, Aug. 29, 1987, *Selected Works of Deng Xiaoping*, Vol. 3, Page 252, People’s Publishing House, Beijing, 1993.

unchanged; the socialist system is not complete, and the decadent ideas of feudalism and capitalism and small-producers' force of habit still have extensive influence in the society. The socialist society in China is still in the primary stage. The report expounded the primary stage of socialism once again.<sup>48</sup>

The report to the 18th National Congress of CPC points out clearly that the general basis is the primary stage of socialism. The basic national condition that China is still in and will be in the primary stage of socialism for a long time has not changed; the social principal contradiction between the increasing physical and cultural requirements of people with the laggard social production remains unchanged; the international status that China is the largest developing country in the world remains unchanged. Under any circumstances, we should firmly seize the greatest national situation as the primary stage of socialism, and we should start from the largest reality of primary stage of socialism to promote the reform and development in any aspect.<sup>49</sup>

The primary stage of socialism is the unbridgeable development stage during the modernization process of China. So far, we are still in this stage. The economic, social, political and cultural development in China shows the outstanding features of the primary stage.

The three "unchanged" decide that all historical missions shouldered by the Chinese Communist Party remain unchanged. The missions contain the historical mission of fully realizing industrialization, urbanization and modernization; building China into a prosperous, strong, democratic, civilized and harmonious socialist country; realizing national unity and fully revitalizing the Chinese nation; maintaining the world peace, and building the harmonious world. The four missions are

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<sup>48</sup>The primary stage of socialism is the historical stage gradually getting rid of the undeveloped status, and basically realizing the socialist modernization; the historical stage gradually transforming from the agricultural country with large agricultural population proportion and depending on hand labor into industrial country with large non-agricultural population including modern agriculture and modern service industry; the historical stage gradually transforming from the large proportion of natural and semi-natural economy into a higher economic marketization; the historical stage gradually transforming from the large illiterate and semi-illiterate population and laggard science, technology, education and culture into developed science, technology, education and culture; the historical stage gradually transforming from large poverty-stricken population and low living level to relatively rich living standard of all people; the historical stage gradually reducing the gap of regional economics and cultures through ordered development; the historical stage establishing and perfecting mature and vivid socialist market economy system, socialist democratic political system and other systems through reform and exploration; the historical stage of extensive people to firmly establish and construct the common idea of socialism with Chinese characteristics, constantly strive to become stronger, forge ahead with determination, work hard, build the country with diligence and thrift, and build the spirit civilization while the material civilization; and the historical stage gradually reducing the gap with the advanced level in the world, and realizing the great rejuvenation of the Chinese nation based on socialism.

<sup>49</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

integrated, which correlate, support and promote each other. The missions shall proceed simultaneously and also realize in succession.

Due to the different development stage, the historical missions of the Chinese Communist Party are different. Some of the missions are basically finished while some are to be finished; some are new and some are old. But the final objective is to realize the four missions.

However, China is rapidly realizing the modernization. It is not a developing country in general, neither the development country nor moderately developed country. No matter in a nationwide range or in each regional range, the undeveloped and developed features coexist, but the underdeveloped range is reducing and the developed range is expanding; the dis-underdeveloped and developed processes occur at the same time: on the one hand, the underdeveloped phenomenon during the dis-underdeveloped process reduces rapidly so as to break away from the underdeveloped characteristics rapidly; on the other hand, the developed phenomenon during the developed process rapidly expands, and the developed features are obviously enhanced.<sup>50</sup> This is the modernization process occurs in China.

Here I refer to the definition of industrialization made by Professor Zhang Peigang, who passed away lately. We define the modernization as “the process of breakthrough changes or reforms from lower level to higher level generated successively by a series of modern factors and combination methods in the entire society”. We can comprehend the modernization is the original of China, from not the textbook of western countries but from the modernization practices in China. It is the most successful modernization practice with largest population in the world so far. It surpasses the western modernization and has abundant connotation. How to understand the connotation of modernization? What are the enlightening significance and guiding significance for the modernization of China?

Firstly, the modernization must be a historical and developing concept. In other words, modernization is neither a fixed concept nor an unchanged concept, but a ceaselessly enriching, perfecting and moving concept with the practice and acknowledge of people for modernization. It means modernization has no fixed mode or sole way. Secondly, modernization is in the range of the entire society, including economic modernization, social modernization, political modernization, cultural modernization, people modernization, ecological civilization construction as well as a national defense and military modernization rather than single economic modernization. Thirdly, the modernization contains modern factors and their combination methods including land, resource, energy, capital, labor, education, science, culture, information and knowledge. Different factors have different combination methods. Some should be configured by market mechanism, some should be provided effectively by government, and some should be provided jointly by two mechanisms. Fourthly, modernization is a continuous and accumulative development and construction process from lower level to middle level and then to

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<sup>50</sup>Hu Angang: *2020 China: Building Moderately Prosperous Society*, Page 37, Tsinghua University Press, Beijing, 2012.

higher level, from quantitative change to partial qualitative change, quantitative change to partial qualitative change again, and then qualitative change. For instance China has undergone the process from absolute poverty, to adequate food and cloths, to moderately prosperous level and the moderately prosperous society in the past 30 years. Fifthly, modernization needs all-round changes, including concept change, economic change, social reform and cultural change. As long as the five aspects mentioned above are complied with, the modernization of China will occur, develop, evolve, transit and accumulate.

How to conduct overall layout for the modernization of China? Comrade Mao Zedong pointed out that the strategic problem is to study the all-round law of war. "One careless move loses the whole game". The move should be global and decisive to the overall situation rather than partial and meaningless move. It is true for wars. All above are explaining the importance of overall situations. The most important thing for the commander is that he should pay attention to the overall situation of the war.<sup>51</sup> This is the design principle and thinking methods of overall layout of socialist modernization in China. We should focus our main attentions on the modernization layout, and systematically study the law of allover modernization. Only starting from an overall situation, we can win the game completely.

We will discuss how Chinese leaders understand and design the modernization of China. In early stage, the economic modernization was focused on. The 8th National Congress of CPC in 1956 proposed four modernizations, i.e. China should possess powerful modern industry, modern agriculture, modern transportation and modern national defense.<sup>52</sup> In 1964, four modernizations were proposed, i.e. we should overall realize modernization of agriculture, industry, national defense as well as science and technology in this century.<sup>53</sup> The four modernizations were restated in 1975, making our national economy in the first rank of the world.<sup>54</sup> At that time, the modernization comprehended by leaders is basically within the category of economic modernization.

In 1982, the report to the 12th National Congress of CPC put forward three constructions including economic construction, ideological construction and political construction, and the idea of "two-step strategy".

1968, the 6th Plenary Session of the 12th Central Committee firstly proposed the overall layout of socialism: centering at economic construction, unswervingly

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<sup>51</sup>Mao Zedong: Strategic Problems of China Revolutionary War (December, 1936), Selected Works of Mao Zedong, Vol. 1, People's Publishing House, Beijing, 1991.

<sup>52</sup>The *Constitution of Communist Party of China* passed by the 8th National Congress of CPC pointed out that the task of Chinese Communist Party is to develop national economy by plan, try to rapidly realize the industrialization of China, systematically conduct national economy technology transformation step by step, and enable China have powerful modern industry, modern agriculture, modern transportation and modern national defense.

<sup>53</sup>Zhou Enlai: *Primary Mission of National Economy Development*, Dec. 21, 1964, Selected Works of Zhou Enlai, Vol. II, Page 439, People's Publishing House, Beijing, Nov. 1984.

<sup>54</sup>Zhou Enlai: *Move Toward Great Objective of Four Modernizations*, Dec. 21, 1964, Selected Works of Zhou Enlai, Vol. II, Page 439, People's Publishing House, Beijing, Nov. 1984.

conduct economic system reform, political system reform and strengthen the overall layout of spiritual civilization construction.

In 2002, the report to the 16th National Congress of CPC proposed the “three-in-one” overall layout integrating economic construction and economic system reform, politics construction and political system reform, culture construction and cultural system reform.<sup>55</sup>

In 2007, the report to the 17th National Congress of CPC proposed the overall layout of “four-in-one” integrating economic construction, political construction, cultural construction, social construction and ecological construction.<sup>56</sup>

We have proposed the “five-in-one” overall layout when studied the background of the “twelfth five-year plan” in 2009.<sup>57</sup> Actually, the “twelfth five-year plan” has sufficiently shown the overall layout, and particularly, the ecological civilization construction is set in a single section with title of “green development, building resource-saving and environment-friendly society”.

I put forward in *2020 China: Building Moderately Prosperous Society* that the period during 2012–2020 will be the key period of the first step (2020) objective of the “three-step” idea (the first half of 21st century) for the socialist modernization, and also the innovative period of fully building the “six-in-one” socialism with Chinese characteristics. The deep meaning of “fully build” means to fully build the “six-in-one” socialist modernization overall layout integrating economic construction, political construction, cultural construction, social construction, ecological civilization construction and national defense construction, which shows China has entered the time of “all-round modernization”.<sup>58</sup>

Among the six constructions, we believe the national defense and army modernization has always been the important part of the modernization of China, Mao Zedong, Deng Xiaoping, Jiang Zemin and Hu Jintao all insist on this argument. The reports to former national congresses of CPC all set a certain part to discuss the

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<sup>55</sup>Jiang Zeming: *Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC* on Nov. 8, 2002.

<sup>56</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>57</sup>We believe the “12th five-year plan” shall be the first five-year plan for the overall construction of socialist modernization of China. The plan deployed comprehensively the “five constructions” during the “12th five-year plan” (economic construction, political construction, social construction, cultural construction and ecological construction), which sufficiently shows the central task of constructing the socialist modernization with Chinese characteristics. During the “12th five-year plan”, we should comprehensively create the new situations “five constructions” with Chinese characteristics (referring to the economic construction, political construction, social construction, cultural construction and ecological construction of socialism), and strive to build the socialist powerful country with developed economy, honest politics, harmonious society, prosperous culture and safe ecology. Hu Angang, Yan Yilong: *China: Move Toward 201*, Zhejiang People’s Publishing House, Hangzhou, Feb. 2010.

<sup>58</sup>Hu Angang: *2020 China: Building Moderately Prosperous Society*, Page 81, Tsinghua University Press, Beijing, Sep. 2012.

national defense and army modernization. For instance, in the 16th National Congress, the section VII is “National Defense and Army Building”;<sup>59</sup> in the 17th National Congress, the Section IX is “Creating New Situation of National Defense and Army Modernization”.<sup>60</sup> We believe no matter from domestic socialist modernization or from the general situation of peaceful development of the world, the national defense and army modernization of China can be strengthened rather than weakened, and can be accelerated rather than slowed. Therefore, in the 18th National Congress of CPC, the Section IX is “Accelerating National Defense and Army Modernization”. As said by General Secretary Xi Jinping when he was investigated in Guangzhou Military Zone on Dec. 10, 2012, “realization of the great rejuvenation of the Chinese nation is the greatest dream of the Chinese nation in modern times. We can say this dream is the dream of a powerful nation, and also the powerful army dream for the army. In order to realize the great rejuvenation of the Chinese nation, we must insist on unity of prosperous country and powerful army, and strive to build and consolidate the national defense and army.”<sup>61</sup>

In view of the different domestic and foreign strategies, the overall situation is “five-in-one” publicly but “six-in-one” actually. In that way, the Central Committee of CPC will form the overall layout of the modernization of China in the first half of the 21st century (2000–2050).

Thus, the overall layout of modernization in China is not finished at one time. It is formed by multiple recognitions and ceaseless perfection and through practice, exploration and innovation of China’s modernization for over fifty years (since 1956). We can say the modernization process of China transits from economic modernization to overall modernization and then to fully harmonious modernizations. Therefore, from single pursuit of economic modernization to modernization in different fields, China fully promotes and coordinates its modernization when entering the 21st century. From that angle of view, the “five-in-one” modernization of China has surpassed the western modernization marked by economic modernization and material modernization, and provided important experiences for innovation and realization of overall modernization for the southern countries.

The largest innovation and highlight of the report is ecological civilization construction, which has been clearly expounded by the speech delivered by Hu Jintao on July 23.<sup>62</sup> Four days after the ecological civilization was proposed, I

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<sup>59</sup>Jiang Zeming: *Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC* on Nov. 8, 2002.

<sup>60</sup>Hu Jintao: *Hold High the Great Banner of Socialism with Chinese Characteristics, and Strive for New Victory of Comprehensively Building the Moderately Prosperous Society—Report to the 17th National Congress of CPC* on Oct. 15, 2007.

<sup>61</sup>Xinhua News Agency, Dec. 12, 2012.

<sup>62</sup>Hu Jintao pointed out that to promote the ecological civilization construction is the strategic task involving the basic reform of production and living methods. We must deeply integrate and penetrate the idea, principle and objective of ecological civilization construction into all aspects and entire process of economic, political, cultural and social construction, insist on the basic

talked in the speech of “Great Green Innovation of China” in 2012 Eco-Forum Global Guiyang that the speech of General Secretary Hu Jintao in the kick-off ceremony of theme seminar for main provincial leaders and cadres mentioned the grand objective of China to fully build the moderately prosperous society in 2020 as scheduled. It will be the core objective of the report to the 18th National Congress of CPC—what is the fully building of moderately prosperous society and what its in-depth meaning and basic connotation. The first is to fully build the overall layout of “five-in-one” socialist modernization integrating economic construction, political construction, cultural construction, social construction and ecological civilization construction. The second is to fully build the fairer, more harmonious and greener moderately prosperous society with higher level and better quality. The exposition about ecological civilization construction in the speech of Hu Jintao on July 23 will provide the core viewpoint for the report to the 18th National Congress of CPC. This is the first time to particularly discuss the ecological civilization construction, which will be one of the greatest highlights of the report to the 18th National Congress, marks China enters the time of ecological civilization, and represents China holds high the banner of green development. In the “five-in-one” modernization system, the ecological civilization construction is both the key point and the different point. It will not only deeply integrate into all aspects of economics, politics, culture and social construction, but also fully implement and penetrate to the entire process of four constructions.<sup>63</sup> This is the key innovation of the Chinese Communist Party, and it has surpassed the ideas of western political parties about modernization and ecological civilization.

The general assignment proposed by the report to the 18th National Congress of CPC is to realize the socialist modernization and the great rejuvenation of the Chinese nation. It is shown in the “two hundred years”: we will fully build the moderately prosperous society when at the 100th anniversary of the Chinese Communist Party, and fully build the prosperous, democratic, civilized and harmonious socialist modern country when at the 100th anniversary of the new China.<sup>64</sup> For that, General Secretary Xi Jinping made political commitment that this is the objective of the Chinese Communist Party and the nation in the primary stage of socialism. The grand mission of Chinese Communist Party, basic target of

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national strategies of resource saving and environmental protection, emphasize on promoting the green development, cyclic development and low-carbon development, and create favorable production and living environment for people. Hu Jintao: *Speech in Kick-off Ceremony of Theme Seminar for Main Provincial Leaders and Cadres*, July 23, 2012.

<sup>63</sup>Keynote speech of Hu Angang in Opening Ceremony of “2012 Eco-Forum Global Guiyang”, collected by Huang Qiuyun, Source: GZCPC.COM, July 27, 2012.

<sup>64</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

reform and open-up and objective of our nation focus on and attribute to the general assignment. We should seize the general assignment and work hard with perseverance generation by generation.<sup>65</sup>

This is the objective and approaches of the statesmen with Chinese characteristics, which should be worked hard on generation by generation. What are the differences between the Chinese statesmen and western politicians? The core slogans and objectives of western politicians are “election campaign”. Once won the election, they will act as typical opportunists, and care not all problems behind them. For instance, George W Bush, during the 8 years in power, started two wars successively, and produced and exported the global financial crisis. Before Barack Obama took office, the proportion of American government debt to GDP is only 67%, but 100% by 2012. The Chinese Communist Party is different from the western political parties. In different periods, the great statesmen of China always propose specific objectives. From the “four modernizations” proposed by Mao Zedong, “three-step strategy” proposed by Deng Xiaoping, and to the “two one-hundred years” proposed by Jiang Zemin and Hu Jintao, they start from the maximal, basic and long-term interests for the next one or a few generations of Chinese people, gather the power of all Chinese people and centralize the wisdom of all party and work hard for the objectives.

Let’s discuss the objectives of Chinese statesmen—the China’s dream in the 21st century. We call it the trilogy of China in the 21st Century: the first part is to fully build the moderately prosperous society at the 100th anniversary of the Chinese Communist Party; the second part is to fully realize socialist modernization of China at the 100th anniversary of new China; the third part is to realize great rejuvenation of the Chinese Nation in 21st century.

The western civilization has its capitalism and industrial revolution after went through 350 years’ renaissance from 1300 to 1650. The history offers an opportunity to China. We will not only realize the great rejuvenation, but also surpass the renaissance, because China is a country with 1.3 billion populations, over 5000s culture and civilization, sufficient wisdom and great courage. We will innovate ceaselessly and realize the great China’s dream. We are possible to surpass renaissance from scale of population, development speed, and degree of social improvement. Certainly, someone said arts and paintings are hard to surpass. A Chinese saying goes “martial arts have objective standards but arts not”. This is reasonable. China will be the first in aspects of hard strength such as economy and comprehensive national strength while its soft strength has more Chinese characteristics in literature, art and paintings.

As said by General Secretary Xi Jinping (Nov. 29, 2012): to realize the great rejuvenation of the Chinese nation is the greatest dream of the Chinese nation in modern times. The dream gathers the long-cherished wish of Chinese people for generations, shows the overall interests of the Chinese nation and Chinese people,

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<sup>65</sup>Xi Jinping: Speech in the First Collective Study of the 18th Political Bureau of the Central Committee of CPC, Nov. 17, 2012.

and is the expectation of every Chinese people. History tells us the prosperity and destiny of everyone closely relates to that of the country and nation. Only the country and nation is good and everyone will live a better life. It is a glorious and arduous cause to realize the great rejuvenation of the Chinese nation, which needs generations of Chinese people to work hard. Empty talks jeopardize national interests while hard work can rejuvenate the nation. This generation of the Communist Party members must serve as a link between past and future, keep going, build well our party, unit all Chinese people to build our country well, develop out nation well and forge ahead toward the great objective of rejuvenation of the Chinese nation.

## 2.7 2020 China: Building Moderately Prosperous Society

Firstly we will conduct the mid-stage assessment of China's objective in 2020. Ten years ago, the 16th National Congress of CPC proposed the objective of 2020. At present, half of the time has passed, so we should conduct a professional later assessment. The main method is goal congruence method, i.e. whether the original objective is half achieved when time has passed half. There are mainly four quantitative indexes:

The first is GDP shall quadruple. From the realization degree during 2000–2011, GDP is 2.96 folds, and by 2012 the GDP growth rate reached 7.5%, about 3.18 folds. By estimation, it can reach 4 folds by 2015 and realize the expected objective of “quadruple” five years in advance.

The second is per capita GDP shall reach 3000USD (price in 2000). From the realization degree during 2000–2011, the per capita GDP is 2.11 folds, ranking the 120th place in the world in 2011 (215 countries). The per capita GDP growth rate reached 7.0% in 2012, about 2.26 times. According to the information provided by the World Bank Database, the per capita GDP in 2011 calculated by the weighted exchange rate change for three years is about 2002 USD. In other words, the 2/3 of the 3000USD objective by 2020 has been finished.

The third is urbanization rate shall reach 50%. From the realization degree during 2000–2011, the urbanization rate improves from 36.22 to 51.27%. By 2012, it might improve to 52.5%, and the 50% expected objective has been finished in advance.

The fourth is the proportion of people engaged in agriculture drops to approximately 30%. From the realization degree during 2000–2011, the proportion of people engaged in agriculture drops from 50.0 to 34.8%, and by 2012, it will further drop to 33%, approaching the expected objective of 30%. In another two years, we can realize the 30% objective in advance.

In addition, we can talk about several quantitative objectives proposed by the Central Committee of CPC, including gradually reserving the trend of expanding the differences between industry and agriculture, between urban and rural areas and between different regions. The family security system is complete, the social

employment proportion is adequate, family property increases universally, and people live more responsible life. The results of our study show that the objective of reserving the expansion of three differences has been realized in advance, and has a new trend of declination; the objective of complete social security system is accelerating to realize; the people covered in urban and rural basic medical insurance are over 1.3 billion, and urban and rural residents and enterprise employees covered in pension system are more than 700 million. In the past ten years, China has created the largest scale employment in the world, and realized the core objective of sufficient employment. The family property of rural and urban residents especially the housing property grows in a large scale. The total housing floorage of rural and urban residents increases from 33 billion square meters in 2002 to 44 billion square meters in 2011.<sup>66</sup>

The basic conclusion of our mid-stage assessment is: in the past ten years we have worked hard unswervingly to realize the core objective. “Time has passed half, and the assignment has been overfilled half”, which lays firmer foundation and higher starting point for realizing the core objective as scheduled.

We may ask one questions here: what is fully completing the moderately prosperous society, and what is its in-depth meaning and basic connotation? The “fully completing” deeply means the completion of “five-in-one” overall layout of socialist modernization integrating economic construction, political construction, cultural construction, social construction and biological cultivation construction, which also shows we have entered the time of “overall modernization”. The secondly is to fully build a fairer, more harmonious and greener prosperous society with higher level and better quality. The third is to transfer from “fully building the moderately prosperous society” to “fully completing the moderately prosperous society”, reflecting the major change from objective design to objective realization. If in the past years “when the time has passed half the assignment has not been finished half”, it is hard for us to guarantee the “fully completing”. Meanwhile, it also shows the political wills and decisions of the Central Committee of CPC. The fourth is to comprehensively guarantee of regions will “fully complete the moderately prosperous society”. I will, in the last party, demonstrate by 2020, the 31 provinces, municipalities and regions (except Tibet) can enter the higher human development level ( $HDI \geq 0.70$ ) from the professional angle and adopting the HDI (human development index).

This is the third time for the Central Committee of CPC to design the core objective of 2020, showing the comprehensiveness, key and magnificence of the objective. It is a feasible objective which can be realized as scheduled, and an inspiring and grand objective which can gather strength. We, in a great country and in a great time, are engaging in a great cause and realizing a great dream.

The report to the 18th National Congress of CPC judges the future as: comprehensively viewing the important domestic and international issues, the

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<sup>66</sup>Hu Angang, *Mid-stage Assessment on the 20 Years' Development Goals*, People's Tribune, November, 2012.

development in China is still in the strategic opportunity period to accomplish much.<sup>67</sup> We call this strategic opportunity period with “good opportunity, favorable geographical location and support from the people”.

The “good opportunity” is that the world is still themed as peaceful development and cooperation, economic globalization is speeding up, world scientific and technical revolution is speeding up, global urbanization is speeding up, global service industry is speeding up, and the development of southern countries is speeding up. We must take fully use of this “good opportunity”, ceaselessly create and expand the “good opportunity” through the large strategies of peaceful development and mutual benefits. That is because in the next ten years, China will become the first trading entity, the first economy, the first domestic consumption market and the first foreign investment country in succession. We have had the conditions, and abilities to create and expand the “good opportunity”.

The “favorable geographical location” means the collective and large-scale rise of East Asian and Asian areas. This is the rejuvenation of Eastern Asia and Asia driven by China’s rejuvenation, while which will promote China’s rejuvenation further. China has already become the largest economy and trading entity in Eastern Asian and Asian areas, and the first or second trading partnership of countries in those areas so as to accelerate their economic integration, trade integration and infrastructure integration. China has established the free trade zone with ASEAN countries and other countries, which is the largest free trade zone in the world. The mainstream is outweighing various disputes such as trade friction, China’s getting better initiative, dominant right and coordinate ability in that zone. This is the best time for China to have the best “geographical location” for the 100 years, and we will ceaselessly use, expand and create the “favorable geographical location”.

As long as we have “good opportunity and favorable geographical location”, we need “support from the people”. The best “support from the people” is to fully complete the moderately prosperous society as scheduled. It shows that the highly unification of “good opportunity, favorable geographical location and support from the people” is the important strategic opportunity period to realize the great dream.

We will discuss the five goals proposed by the report to the 18th National Congress of CPC below one by one.

The first is the goal of economic construction, i.e. “sustainable and healthy economic development”.<sup>68</sup> The report to the 16th National Congress of CPC

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<sup>67</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>68</sup>Hu Jintao pointed out that “Economy shall sustainably and healthily develop. The transformation of economic development mode shall achieve great improvement, and the GDP and urban-rural residents incomes should double than that in 2010 based on obvious improvement of development balance, coordination and sustainability. The contribution rate of scientific and technological improves to economic growth increases greatly and we will enter the rank of innovative countries. The industrialization has been realized basically, information level is improved greatly, urbanization quality improves obviously, the achievements of agricultural modernization and socialist new rural construction are obvious, and regional harmonious development mechanism has been

proposed “GDP should quadruple” and the 17th National Congress of CPC proposed “per capita GDP should quadruple”. This report proposes two “doubles”: the GDP and rural-urban resident per capita income should double than that in 2010. As we said before, the two “doubles” are calculated by constant price based on price in 2010, which means the annual average growth rate of GDP and rural-urban resident per capita income should be no less than 7.2%. What are the meanings of “two doubles”? The GDP in 2010 is 20 folds than that in 1978, and then it should be 40 folds by doubling in 2020; the rural-urban resident per capita income in 2010 is nearly 10 folds of that in 1978, respectively 9.65 folds and 9.54 folds, and then by 2020 it should be 20 folds by doubling (referring to Table 2.4). Therefore, there are rare countries dare to declare to double in the next ten years in the human history. Only Japan proposed the goal of “double domestic income” in 1960s, and then there is no country more. Among the 239 countries and regions in the world, only the Chinese government dares to announce and promise to realize the goal of “two doubles”. It is actually an inspiring, encouraging, beneficiary and feasible goal.

How will China realize the high growth? This report clearly proposes to transfer from factor-driven mode to innovation-drive mode. The most important mark is “the contribution rate of scientific and technological improvement to economic growth increases greatly”. In view of the source of economic growth, we should improve the total factor growth rate. By estimation, the total factor growth rate in this period may reach 3.8–4.0%, which is the highest among other countries in the world, including the contribution of scientific and technological improvement to economic growth and the contribution of structural change and efficiency improvement to economic growth. In view of dominance, China will become the innovative power in the world by 2020, and it will not only play a leading role in green industrial revolution, but also play a leading role in major scientific findings and key technological inventions.

The report to the 18th National Congress proposes the synchronous development of the “industrialization, information, urbanization and agricultural modernization”. In view of the development process of China, we have always emphasizing on industrialization and promoting urbanization. The report to the 16th National Congress firstly proposed integration of the information and industrialization: information drives industrialization and industrialization promotes information.<sup>69</sup> The report to the 17th National Congress further strengthened the integration of information and industrialization, and also proposed the objective that proportion of urban population should increase obviously. With our understanding of the national conditions, development stage and development characteristics of China, we

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formed basically. The open-up level is further improved and the international competitiveness increases obviously. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>69</sup>Jiang Zeming: *Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC* on Nov. 8, 2002.

proposed the key idea of synchronous development, which is the basic idea to break the quaternary economic and social structure of China. As a matter of fact, since the reform and open up, China started to change the traditional dual economic and social structure, which developed rapidly in rural areas and township enterprises firstly and formed the dual structure of agriculture and non-agriculture in rural areas. After 1990s, with large amount of labor force merged in cities, the dual structure of regular employment and non-regular employment, and registered population and non-registered population is formed in cities. At present, although the permanent resident population in towns and cities account for over 50% of total population, the population registered in towns and cities only account for 35%. In other words, about 15% permanent resident population cannot enjoy equal basic public services and basic social insurances as those registered. In view of development economics and sociology of development, China has broken through the traditional dual economic and social structure. It has not only formed the ternary economic and social structure but also formed the unique quaternary economic and social structure in the world. Therefore, the four quaternary shall be innovated and solved by China. The basic idea of synchronous development of “industrialization, information, urbanization and agricultural modernization” not only is in conformity to the national conditions of China, but also is the original of the development practice, idea and strategy of China. Its basic idea is to promote the “development of urban and rural integration” proposed by the report, and the basic goal is to “gradually shorten the gap between urban and rural areas and promote the common prosperity of urban and rural areas” stated in the report.

Moreover, the report further proposes that the international competitiveness shall increase obviously. What is the meaning of this goal? The 17th National Congress only proposed to “encourage developing the large enterprise groups with international competitiveness” while the 18th National Congress clearly proposes to “cultivate a batch of transnational companies with world level”. We define the “world level” enterprise as the enterprises meeting one of the following conditions: firstly Fortune Global 500; secondly, top 10 of the same industry; thirdly, with core technology, well-known brand and international standards. The enterprises meeting the above three conditions simultaneously are the world first-class enterprises. In China, the enterprise like Huawei is the world first-class enterprise because it meets the three conditions simultaneously, including the international standards. Therefore, by 2020 a batch of Chinese enterprises shall enter the Fortune Global 500, not only including the central enterprises but also including local state-owned enterprises and private enterprises. The so-called “transnational enterprises” involve in the export parts of overseas marketing, also the overseas investment and overseas assets. We have two standards for the global transnational companies: the first is the overseas marketing income and export account for over 50% of the total incomes; the second is overseas assets account for more than half of total assets. Therefore, China now has proposed clear state objective, which is very grand—to compete with the European, American and Japanese transnational companies listed in Fortune Global 500. This is the Olympics for all enterprises in the world. We predict that by then the number of Chinese enterprises will double.

The second is the goal of political construction,<sup>70</sup> which sufficiently shows people's democracy. The actual goal also proposes to complete the socialist legal system with Chinese characteristics so as to guarantee the judicial and procuratorial organs can independently and fairly exert the judicial authority and procuratorial power according to law. In addition, the functions and nature of government are declared as "building the honest and efficient satisfactory service-oriented government with scientific function and optimized structure". Government performance management is also put forward. It shows that the basic function of government is not to create GDP, which should be created by the major economic entities. The basic function of the government is to provide the basic public services for the 1.3 billion populations. It is the specific embodiment of the "serve the people" tenet of central government and various levels of governments. The performance management can evaluate and assess the service providence of various levels of governments. The report also clearly proposes to "insist on scientific decision making, democratic decision making and law-based decision making, complete decision making mechanism and procedure, play the role of thinking tank, and establish and complete decision making mechanism and correction system". Therefore, before deciding the key policies and strategies, we should conduct investigation, scientific study and professional study and decide scientifically; secondly we should extensively listen to opinions of various aspects, and make decision democratically followed the order of "democracy first, centralism later, democracy again and centralism again"; we need go through some procedures to make decision according to law, especially the legal procedures of all levels of party representative congress and people's congress; we should follow the implementation situations of the decision, conduct mid-stage assessment, later assessment, and correct and adjust in time.

The third is the goal of cultural construction.<sup>71</sup> The rise of China is accompanied by cultural renaissance unavoidably. The nature of the great rejuvenation of the Chinese nation is the great rejuvenation of Chinese culture. After entering the 21st

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<sup>70</sup>Comrade Hu Jintao pointed out that the people's democracy is expanding ceaselessly. The democratic system is more complete, democratic form is more abundant, the positivity, activity and creativity of people are played further. The basic strategy of "rule by law" is fully implemented, the law-based government is basically established, the judicial credibility is improving ceaselessly and the human rights are actually respected and guaranteed. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>71</sup>Comrade Hu Jintao pointed out that Cultural soft strength shall increase greatly. The socialist core value system shall enjoy popular support, and citizen civilization quality and social civilization degree shall improve obviously. The cultural products shall be more abundant, public cultural service system shall be established, cultural industry will become the polar industry of national economy, Chinese culture will go abroad deeply and construction foundation of socialist cultural power will be solidier. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

century, we usher in the great development and prosperity of Chinese culture. This is because both the 16th National Congress and 17th National Congress clearly proposed the goal and strategy of cultural construction and cultural system reform. The sixth Plenary Session of the 17th Central Committee put forward a core objective, which is to build the foundation of a socialist cultural power by 2020. We can see after those objectives were proposed from the 16th and 17th National Congress, the average growth rate of cultural industry added value is higher than the growth rate of GDP, reaching 23.3%. The proportion of cultural industry added value to GDP rises from 1.94% in 2004 to 2.85% in 2011, and will surpass 5% by 2016. The cultural industry will be the polar industry for national economy. At present, the cultural added values of Beijing, Shanghai, Guangdong and Yunnan have passed 5% of GDP. And the cultural industry in those cities has become the second or third largest service industry, i.e. the industry with fastest employment growth. Therefore the great development of culture not only contains the development of cultural industry, but also contains public culture service system construction, sharing cultural results for all people. The comprehensive population coverage of broadcasting programs is 97%, approaching 100%. The comprehensive coverage of TV program is 97.8%. The most important data is the users of wire radio and television. In the past, America is the first with 7000 users. Now China has already had 200 million households, covering over half of the total population, who are the largest-scale public cultural consumers group. Moreover, our radio and television service equals to offering for free. Now we popularize the wire radio and television to the 1.3 million populations as a public cultural service. Therefore, the important problem China faces is how to “go abroad”, and increase the soft strength of Chinese culture.

The fourth goal is the livelihood issue.<sup>72</sup> People’s livelihood is socialist factor in nature, or strengthened socialist factor, which is mainly shown in five aspects of “everyone has access to learn, work, medical treatment, elder security and housing.” From the entire society, in the moderately prosperous society, the society is harmonious, people are safe and healthy and live and work in peace and contentment. Among those factors, “employment is the basic of people’s livelihood”.<sup>73</sup> In

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<sup>72</sup>Comrade Hu Jintao pointed out that the people living standard shall be improved comprehensively. The equalization of basic public service will be realized. The whole people educational degree and innovative talent cultivation level shall improve obviously. China will enter the rank of talent power and human resource power. The educational modernization shall be basically realized. The employment shall be more sufficient. The income distribution gap shall be reduced, middle income group expands ceaselessly, and poverty alleviation population shall be reduced greatly. The social insurance shall cover all people, and everyone can enjoy the basic medical care service. The housing guarantee system shall be formed basically and the society will be more harmonious and stable. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>73</sup>Jiang Zeming: *Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC* on Nov. 8, 2002.

the past ten years, China created the largest-scale employment in the world. In the past four years, the global financial crisis destroyed the employment of the world and the unemployed population reached 200 million. America, EU and Japan were all caught in the high unemployment. In the future, the core subject of the world is how to create the employment posts while in China is “how to promote realizing better employment”, which should contain strengthening professional skill training, improving the employment capacity and entrepreneurial ability; adopting counter-measures when suffered from external impacts to guarantee the stability of employment, and try to guarantee people not lost jobs; establishing the interests and harmonious community between enterprise and employees and labors “sharing the benefits and undertaking the difficulties jointly”. Aiming at the enlarged income gap, the report for the first time proposed the clear objective that “the income distribution gap reduces, middle income group expands continuously, poverty alleviation population reduces greatly”.<sup>74</sup> We should make both addition and subtraction. The “addition” is to improve both the economic growth rate and resident income growth rate to make them increase synchronously; improve both labor productivity and labor payment growth rate and make them increase synchronously. The “abstraction” is to reduce the poverty alleviation population, shrink the income gap between urban and rural residents and residents in different regions, and also shrink the Engel coefficient of urban and rural residents and residents in different regions. Both the “addition” and “abstraction” are for one goal: common development, share and prosperity. This is the largest difficulty in China and in the world. We are still confident and capable to solve the largest difficulty.

The fifth is to build the resource-saving and environment-friendly society.<sup>75</sup> It should firstly accelerate the investment of China to future. We call it “green investment”, including investment in forest culture and management, water conservancy and environment, which accounted for 1.70% of GDP in 2001. The energy-saving investment is added after 2006. In 2010, the green investment in China reached 158 million Yuan, accounting for 3.94% of GDP. It shows that when China enters the large-scale green investment and ecological investment time, it will create green employment in large scale, and increase ecological capital greatly, including expanding green ecological space, such as water surface area, wet land, forest, woodland and meadow. It also marks China is entering the stage where the energy efficiency, resource efficiency and water efficiency obviously improve, and

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<sup>74</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

<sup>75</sup>Hu Jintao pointed out that the building of resource-saving and environment-friendly society shall gain great achievements. The main functional area layout shall be formed basically, and resource circular using system shall be established primarily. The unit GDP energy consumption and carbon dioxide emission shall drop greatly, and main pollutant discharge quantity shall reduce greatly. The forest coverage shall improve, iconological system shall become more stable and the living environment shall be improved obviously. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

also marks except carbon dioxide, the main pollutant discharge quantity drops in China, and is disconnected to economic aggregate and industrial added value. The air quality in cities of China improves generally. The public welfare products generated by blue sky, green water, fresh air and ecological landscape become more and more important and more. It marks China further reduces the ecological deficit and ceaselessly increases the ecological surplus.

The report not only proposes the objective system of fully building the moderately prosperous society, but also proposes the general goal and objective system to guarantee the realization of the objective. It is the most innovative objective because all former national congresses mainly focused on the development goal. Usually, the Third Plenary Session of former Central Committees proposed the goals of reform, which were always the goal of economic system reform not involving in other system reform goals. This time is different. It proposes both the “five-in-one” construction goal and the “five-in-one” system reform goals.

By 2020, the general objective of Chinese system building and system reform is to “build the institutional system with complete system, scientific specifications and effective operation, and make all systems more mature and customized.”<sup>76</sup> It shows the national system building is placed on a prominent position and made it synchronous with other constructions.

We know Joseph Alois Schumpeter (1934), the American economist proposed the viewpoint of “creative destruction”. In his point of view, this is the essential fact of capitalism. Who will create the creative destruction? In his opinion, the destroyers are the capitalist entrepreneurs. Differently, in socialist China, we need the “creative construction” statesmen to gradually building and ceaselessly perfecting the increasingly mature national system rather than the “creative destructors”. From the practice of new China, it is easy to destroy a system but it is more different to establish a system; it is easy to formulate a system but it is more different to perfect a system. We have the deeply lesson of “making a new start” through “the Great Cultural Revolution”, and all practical problems of corruptions caused by various system loopholes since reform and open up.

We have published *The Second Transformation: National System Building* in 2003, which proposes the basic objective of national system building is to apply good governance and realize the basic benefits and goals of the country: national security and territorial integrity, economic growth and economic stability, social equity and mankind security, clean politics and social stability, ecological balance and environmental protection. We call those objectives as the “national public welfare products” necessary for the success of a country’s modernization.

The assumption proposed by the Central Committee of CPC is based on the strategic assumption of Deng Xiaoping in 1992. He said that “we might need another thirty years (referring to 1999–2020)” to form a more mature and more

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<sup>76</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

settled system in all aspects. Under that system, the policies and strategies will be more settled.”<sup>77</sup> Through the practices and summary for 20 years, we can realize the assumption as scheduled. Therefore, this National Congress for the first time proposed the construction objective of the party and national system. Although the system construction is intangible, it is actually the foundation of modernization of China, and the typical national public welfare products. Because any a system and institutional system is not complete, there might be many defects and disadvantages. Therefore, we need not only the system building but also the system reform. The report of 18th National Congress proposed the specific objective of system building and system reform from the two aspects.

Then, how to evaluate China’s objective in 2020?

Firstly, it sufficiently shows the requirements for the “five-in-one” layout of socialism with Chinese characteristics.

Secondly, it is the comprehensive objective and system fully building, fully deepening the reform and fully open up. In the future, we need to build a more mature system and institution to make our development more certain, eliminate uncertainty and risks, and put system building in an important place. Therefore, China is undergoing economic modernization, social modernization and most importantly nation modernization.

Thirdly, the 2020 objective of China is consecutive. George W Bush implemented the “Inclusive” educational program, which was destroyed after Barack Obama takes office. The situations in China are different. The objective is consecutive, stable and sustainable. Once the objective is reached, another requirement will be proposed. This is very different from America.

Fourthly, all those objectives of China are targeted for the imbalance, discordance and unsustainability, and enforceable.

Fifth, the objectives are directive and strategic and deliver information to the market, society, entrepreneurs, consumers and all people.

The report to the 18th National Congress of CPC especially proposes to encourage the places where have condition to keep going in front during the modernization, and make larger contribution to the national reform and development.<sup>78</sup> The developed areas such as Beijing shall take the lead in China as the world-class modern city, surpass western countries and shall also take the lead in the world.

Then by 2020 whether China can realize the core objective? It shall be measured by domestic and international indexes.

The first is the domestic indexes proposed by the National Bureau of Statistics. The Bureau divides the fully building the moderately prosperous society into six aspects: economic growth, social harmony, living quality, democratic legislative

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<sup>77</sup>Selected Works of Deng Xiaoping, Vol. 3, Page 372, People’s Publishing House, Beijing, 1993.

<sup>78</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society—Report to the 18th National Congress of CPC* on Nov. 8, 2012.

system, cultural education and resource environment. According to their statistics, in 2010, the realization degree of fully building the moderately prosperous society reached 80.1, 20.5% higher than that in 2000 (59.6%), averagely improving 2.05% every year. During the “tenth five-year plan”, the realization degree improved 1.51% averagely every year; during the “eleventh five-year plan”, the realization degree improved 2.59% averagely every year, 1.08% higher than that in the “tenth five-year” plan. The growth is speeding up.<sup>79</sup>

According to the tendency, by prediction in 2020 the realization degree of fully building the moderately prosperous society will reach or approach to 100%.

We need to see whether China can fully complete the moderately prosperous society from the international angle. It needs a more scientific evaluation method. We suggest replacing the per capita GDP index by HDI. HDI integrating the three aspects of per capita GDP, education and health, and the HDI is more comprehensive. Moreover, it can compare with other countries and can be used to evaluate the development stage of one country or region in the world. It is more comparative and open. In addition, HDI shows the comprehensive, coordinative and sustainable scientific outlook on development.

From the change of HDI in China, the HDI in 1980 is 0.456, equaling to the lowest human development level in the world; in 1990 is 0.534, equaling to the middle human development level in the world; in 2020 will be 0.760, equaling to a higher human development level. We can believe it is the most important international mark for China to fully complete the moderately prosperous society by 2020.

From the history of HDI of China, it is a typical case of success pursuit. From the angle of history, America was born on July 4, 1776, and it becomes the most developed country with HDI of 0.902 in the world after 236 years. The HDI of China, in six years from the founding of new China on October 1, 1949, has reached 0.703, equaling to 78% chasing coefficient of America. By 2020, this coefficient will further rise up to 83% (referring to Table 2.9). It actually shows the superiority of the socialist system. China develops faster than America, and is rapidly reducing the relative disparity with America.

We list the changes of 31 provinces, municipalities and autonomous regions from 1980 to 2020 (referring to Tables 2.9 and 2.10). In 1982, most of provinces were in low HDI group (the fourth world); by 2010, the HDI groups in China have reached 34.7% of total population, Beijing, Shanghai and Tianjin entering the first world. By 2020, except Tibet, about 95.6% population in China will enter the high HDI group, and 4.4% will enter the extremely high HDI group. It tells us ten years later we can announce to the world that we have realized the moderately prosperous society. At present, about 1 billion populations in the world are in the high HDI group. By 2020, another 1.4 billion populations will enter high and extremely high HDI groups. The developed countries spend 200 years or longer to finish the process, over 100 years the fastest while China finishes this process for forty years.

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<sup>79</sup>Website of Bureau of National Statistics, December, 2011.

**Table 2.9** HDI and chasing coefficient of China, America and India (1980–2020)

|                            | 1980  | 1990  | 2000  | 2010  | 2020  |
|----------------------------|-------|-------|-------|-------|-------|
| <i>HDI</i>                 |       |       |       |       |       |
| China                      | 0.456 | 0.534 | 0.620 | 0.703 | 0.760 |
| America                    | 0.810 | 0.857 | 0.893 | 0.902 | 0.919 |
| India                      | 0.320 | 0.389 | 0.440 | 0.519 | 0.559 |
| <i>Chasing coefficient</i> |       |       |       |       |       |
| China/America              | 0.56  | 0.62  | 0.69  | 0.78  | 0.83  |
| India/America              | 0.40  | 0.45  | 0.49  | 0.58  | 0.61  |

*Calculating data source* UNDP, Human Development Report 2010; UNDP, Human Development Database; the data of China is calculated by author; the data in 2020 is estimated by the author

**Table 2.10** Proportion of population of different HDI groups to total population (1982–2020)

| HDI Group                      | 1982 | 1990 | 2000 | 2010 | 2020  |
|--------------------------------|------|------|------|------|-------|
| Extremely high HDI (HDI > 0.8) | 0.0  | 0.0  | 0.0  | 4.2  | 4.4   |
| High HDI (0.7 < HDI ≤ 0.8)     | 0.0  | 0.0  | 4.9  | 34.7 | 95.6  |
| Middle HDI (0.5 ≤ HDI ≤ 0.7)   | 2.8  | 26.7 | 86.3 | 61.1 | 0.002 |
| Low HDI (HDI < 0.5)            | 97.2 | 73.3 | 8.8  | 0.0  | 0.0   |
| Total                          | 100  | 100  | 100  | 100  | 100   |

This is the huge influence of China on the human development in the world (Table 2.11).

On Sep. 3 this year, Comrade Hu Jintao held forum of the Central Committee for non-party personage in Zhongnanhai to introduce the exposure draft of report to the 18th National Congress of CPC. He pointed out that fully building the moderately prosperous society is the grand objective of the Chinese Communist Party accurately seizing the great strategic opportunity period in the first twenty years of this century, and has great significance to promote the socialist modernization and great rejuvenation of Chinese nation. To conclude, all works we have done and we will do are to fully complete the moderately prosperous society.<sup>80</sup>

In the first twenty years of the 21st century, the greatest issue that four terms of central committees and Chinese government leaders led the 1.3 billion populations to do and complete is to “fully build the moderately prosperous society”. This objective is the largest and most basic interests of the 1.3 billion Chinese people, the common objective and cause of all ethnic groups of China, and fully shows the basic tenet and governance program of “people-oriented” and “governing for the people”. In order to accomplish it well, the reports to the 16th (2002), 17th (2007) and 18th (2012) National Congresses of CPC specially study, evaluate and summarize by stage, design deliberately, expound deeply and deploy comprehensively the core objective. This is unique in the development history of all great powers in the

<sup>80</sup>Xinhua News Agency, Beijing, Nov. 5, 2012.

**Table 2.11** HDI groups and changes of all regions (1980–2020)

|      | Low HDI level   | Middle HDI level   | High HDI level   | Extremely high HDI level   |
|------|---|--|--|----------------------------|
| 1980 | Liaoning, Guangdong, Jiangsu, Heilongjiang, Zhe Jiang, Jilin, Shandong, Shanxi, Fujian, Hainan, Hebei, Hubei, Inner Mongolia, Xinjiang, Hunan, Shaanxi, Henan, Ningxia, Guangxi, Sichuan, Jiangxi, Anhui, Chongqing, Qinghai, Gansu, Yunnan, Guizhou, Tibet | Shanghai, Beijing, Tianjin   |  |                            |
| 2000 |   | Tianjin, Liaoning, Guangdong, Zhe Jiang, Jiangsu, Heilongjiang, Fujian, Shandong, Jilin, Hebei, Hainan, Hubei, Inner Mongolia, Shanxi, Xinjiang, Chongqing, Henan, Hunan, Shaanxi, Guangxi, Jiangxi, Sichuan, Ningxia, Anhui | Shanghai, Beijing,   |                            |
| 2010 | Qinghai, Gansu, Yunnan, Guizhou, Tibet  | Hebei, Heilongjiang, Shanxi, Chongqing, Hubei, Shaanxi, Henan, Hunan, Hainan, Xinjiang, Ningxia, Guangxi, Jiangxi, Anhui, Sichuan, Qinghai, Gansu, Yunnan, Guizhou, Tibet  | Liaoning, Zhe Jiang, Jiangsu, Guangdong, Jilin, Shandong, Inner Mongolia, Fujian,  | Shanghai, Beijing, Tianjin |
| 2020 |   | Tibet  | Liaoning, Zhe Jiang, Jiangsu, Guangdong, Jilin, Shandong, Inner Mongolia, Hebei, Heilongjiang, Fujian, Shanxi, Chongqing, Hubei, Shaanxi, Henan, Hunan, Hainan, Xinjiang, Ningxia, Guangxi, Jiangxi, Anhui, Sichuan, Qinghai, Gansu, Yunnan, Guizhou | Shanghai, Beijing, Tianjin |

world. It explains why China can realize the “China’s Objective” as scheduled: solved the objective of food and cloths; reached the moderately prosperous level and by 2020 reaching the moderately prosperous society.

## **2.8 Main Characteristics of the Report to the 18th National Congress of CPC**

What are the main characteristics of the report to the 18th National Congress of CPC? The first is that theme is distinct, i.e. unswervingly forge ahead toward the socialist road with Chinese characteristics, which shows the determination of the China’s road. The theme of a report is the soul and commander of the report, indicating the basic direction of the Communist Party and the country under the new historical conditions. The second is the objectives are distinct, i.e. to fully complete the moderately prosperous society as scheduled by 2020, which shows the feasibility of the “China’s objective”. The third is the conclusions are in-depth. The report concludes ten basic experiences, which show the process of struggle, realize the favorable start of the new century and show the striking achievements for the past ten years. The fourth is the theory, the system of socialist theory with Chinese characteristics, is original creation, which complies with the economic and social development as well as natural and objective laws, becomes the guiding ideology and major strategic thoughts for the future long-term development of China, and shows the innovativeness of the “China’s theory”. The fifth is the system confidence, i.e. the socialist system with Chinese characteristics is maintained conscientiously, perfected itself, developed ceaselessly and forms a whole complete of linked and connected institutional system in all fields of economy, politics, culture and society, which show the conscientiousness of “China’s system”. We can believe that the report to the 18th National Congress of CPC is the great achievements integrating the “China’s Road”, “China’s Theory” and “China’s System”, and the achievement integrating the innovation of the Party and the people. It is the unique in the world, and as well keeps ceaselessly innovating.

## Chapter 3

# Transition of the Central Leadership Group

### Lead

The transition of the old and the new used to be a critical problem which had not been settled properly by the Chinese Communist Party in quite a long time. The transition experienced a evolution from failure to success; from setback to smooth; from non-institutionalized to institutionalized; from individual successor chosen by individual leader to successor leadership group chosen by leadership group, and thus formed a central leadership group transition mechanism with Chinese characteristics.

The appraise to the central leadership group is as follows: they are talented people of Chinese Communist Party with the ambition to richening people and strengthening state, bring peace and stability to the country, they are pillars of the country, heroes of Chinese nation. They are vibrant, energetic, with keen determination on innovation, enthusiastic, which reflects the great cause of our Party and nation is flourishing and has no lack of successors, men of talent come out in large numbers, carry forward the cause and forge ahead into the future.

“The theme of my lecture today is: how to realize the transition of the central leadership group”. Five years ago (i.e. the year 2007), I had a thematic lecture of the same title in the same venue the auditorium of Tsinghua University, the title of that lecture is the institutionalization normalization and routinization of the transition of the central leadership group. The proposition presented is of great significance as it reflects the development history of the Chinese political system.

Today I would like to elaborate from the following five aspects: the first one is the basic condition of the 18th National Congress of CPC and First Plenary Session of the 18th Central Committee; the second one is the historical development of the leadership group; the third one is the Chinese statesman group as well as the formation mechanism thereof; the forth is the introduction and evaluation of the formation procedure and main features of the new central leadership; the fifth one is historical summary and vision of China in 2020.

### 3.1 Background: China's Road and the Transition of the Central Leadership Group

First let's look at the proposition of China's road. I would like to define the China's road as the socialist road with Chinese characteristics, which is a long march; while building socialism with Chinese characteristics is the greatest cause of all in the history of China, it is also one of the greatest causes in contemporary human society. China has the population of 1.34 billion which accounts to 1/5 of the total population of the whole world; the number of labor force employment accounts to 1/4 of that of the whole world, the trend of China would bring significant influence to the world. Therefore it is essential for Chinese Communist Party to maintain and improve vitality, energy and creativity unceasingly, constant engage in construction and innovation generation by generation, as in the Yangtze River the waves behind drive on those before, the Party would serve as a link between past and future and continue to forge ahead. In the political aspect, the Party realized the "new generation excels the previous one" and achieved the accomplishment of continuous innovation, i.e. the transition of the CPC leadership, especially the transition of the central leadership group.

Deng Xiaoping once indicated that "the crucial thing for China is for the Communist Party to have a good Political Bureau, particularly a good Standing Committee of the Political Bureau."<sup>1</sup> So long as no problems arise in those two bodies, China will be as stable as Mount Tai". We need to consider certain important historical background in order to comprehend this sentence thoroughly. Deng motioned this sentence in a speech made by December 1990, at that time the June 4th Protest has just subsided and the drastic change of Soviet Union and Eastern Europe has happened. The issue proposed by Deng Xiaoping under the severe national and international condition reflected his excellent political wisdom and extraordinary political view. We could say that with the analysis on the success of China achieved in the past thirty years, the key to the successful Socialism with Chinese characteristics lies in the Chinese Communist Party, while the key of the Chinese Communist Party lies in the Party Central Committee, the key of Party Central Committee lies in the core leadership thereof.

The history of a considerable time and plenty of facts have indicated that: although the political institution in China still less than satisfactory in certain aspect and it is just "sub-optimal" rather than "optimal", it adapts to the Chinese context as well as the overall environment home and abroad, and capable of respond to various challenges at home and aboard. In the past decade, the largest challenge faced by China and even the whole world is the financial crisis. We have finished a *National Report* in January 2011 in which we carried a survey on the performance of over 20

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<sup>1</sup>Deng Xiaoping: *Seize the Opportunity to Develop the Economy*, Dec. 24, 1990, Selected works of Deng Xiaoping, Vol. 3, p. 365.

economy entities, which includes the in major countries and regions in the world,<sup>2</sup> against the financial crisis. It has been proved that in the aspects of macroeconomic index such as the GDP proportion of economic growth rate, labor unemployment rate government debt, the countries with better comprehensive performance are China, India and Indonesia, in which China is the best one, and it is precisely that China has the most unique and superior institution. In the report we emphasized on one problem, i.e. why China achieved the best performance in the international financial crisis and proved the unique advantages of China in development and competition? I always hold the opinion that the political restructuring in China should solve three fundamental problems and realize three primary objectives. I used to present this proposition in my essay issued in 1998.<sup>3</sup>

First, the transition of central leadership realized “institutionalization normalization and routinization”. In my opinion, as a core issue in the political restructuring in China, the transition of central leadership depends on whether this mechanism is institutionalized, normalized and routinized. When we look back, we can find the transition of central leadership deed introduced the age restriction mechanism of “retire on time”, and realized the procedure as expected.

Second, the leadership of Central Committee insisted the ideological line of “emancipate the mind, seek truth from facts”.<sup>4</sup> Mao Zedong once commented Deng Xiaoping as “a rare talent”, this comment is made from the aspect that Deng is innovative, emancipate the mind, seek truth from facts, the economic growth rate of China in different stages can be the evidence of that: annual growth rate of China before the reform and opening up is 6.1%, and this rate has increased into 9.9% after the reform of opening up, while there is no significant change happened to the economic elements in the beginning of reform, and the only variable is the core of party leadership and their leadership mechanism. The great concept of emancipate the mind, seek truth from facts proposed by Deng is widely spread, this concept is even well known to the head of the production brigade, and this is the significant reason to the changes in China after the reform and opening up.

Third, the decision of public policy in China has realized “institutionalization normalization and routinization”. The national policy evolves into public policy, and the decision making process has become democratized, scientific and institutionalized. One of the classic example is the “Twelfth Five-Year Plan”, as a participant, I experienced the course of this significant public policy came into being.

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<sup>2</sup>Hu Angang: *Analyze the Success of China from the Aspect of Political System*, National Report, Jan. 24th 2011.

<sup>3</sup>Hu Angang: *China: Political Restructuring with the Purpose to Boost the Economic Development*, Dec. 1998, published in Hu Angang: *Development Prospect of China*, p. 88–89, Zhejiang People's Publishing House, Hangzhou, 1999.

<sup>4</sup>News of the Communist Party of China, quoted from *General Review of the Communist Party of China*: <http://dangshi.people.com.cn/GB/17146975.html> Mao Zedong has discussion with Zhou Enlai and Wang Hongwen who were presenting the summary of the fourth National People's Congress preparation for several times in the late of December 1974, during these discussions he praised Deng as “a rare talent” with “thorough political thought”.

In my opinion, the above three elements are the critical to the continuously success in China, while these elements rarely gain the attention of Western experts.

In the speech presented by Hu Jintao at the 90th anniversary of the founding of the Chinese communist party, he defined socialist system with Chinese characteristics as “the guarantee essential to the development and progress of China in modern time, it is also a concentrated reflection of the features and advantages of socialism with Chinese characteristics”. I would like to give my high marks on this speech, this is an oath sworn by the Chinese Communists to the whole country and the whole world, and an evidence of the confidence and consciousness of the Communist Party and the Chinese People held against the Chinese system. It is hard for us to know our system well or hold strong confidence to the system without the performance of China in significant events such as economic crisis, Wenchuan Earthquake. The socialist system established by China is the key for China to gain successes in international competition. With the population of over 7 billion and 239 countries and regions over the world, the international competition is increasingly fierce, and the nature of competition under background of globalization is what I called “strength rules”, it is comprehensive competition in patterns of economic strength, technological strength and comprehensive national strength; the nature of strength competition is the competition of system as good system would bring solid strength. The just-concluded 18th National Congress of the Communist Party of China and the First Plenary Session thereof are the concentrated reflection of the system in China.

With a review of the 18th National Congress, one out of the most important tasks is elect the Central Committee and the Central Commission for Discipline Inspection of the CPC. The institutions of the Central Committee would be decided in the First Plenary Session of the National Congress which was elected in the 18th National Congress (referring to Fig. 3.1), there would be 25 members of Political Bureau, 7 members of Standing Committee of the Political Bureau, 1 General Secretary of the Central Committee elected in the First Plenary Session. According

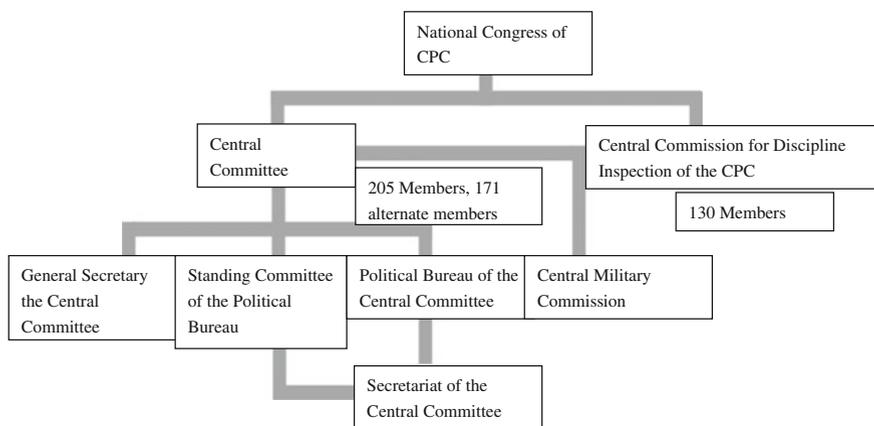


Fig. 3.1 Organizational chart of the 18th central committee of CPC

to the nomination by Standing Committee of the Political Bureau, there are 7 members of Secretariat of the Central Committee, 11 members of Central Military Commission elected, and approved the election result made at the first meeting of Central Commission for Discipline Inspection of 20 candidates serving as Secretary, Vice-secretary and members of Standing Committee. It can be seen that there are difference between the task of 18th National Congress of CPC and that of First Plenary Session of the National Congress: the first one is a congress of the party representatives with the purpose to elect members of the "two committees" (Central Committee and the Central Commission for Discipline Inspection of the CPC); while the other one is the congress of the Central Committee with the purpose to elect the central leadership group and the core of leadership(Standing Committee of the Political Bureau).

The procedures and conditions of political election in US is quite different with that in China, there will be two candidates elected from Republic National Convention and Democratic National Convention each, i.e. the presidential candidate and vice presidential candidate of each Party. The presidential candidates from two Parties would compete with each other after the national conventions of the two Parties, and run for President. The election in US would decide the person serving as the president under this system. After the President has been elected, the other officers would be in place by the authorization of the President rather than by election. The number of people authorized by the President would between 3000 and 5000. Regarding the detailed appointments of these posts, more consideration has been located on the degree of supportive offered by the candidate in the course of presidential election or whether the candidate would coordinate with the administration of the President, as for whether the candidate is fully qualified or undergo sufficient training to assume the post is just a side issue, at least not the issue with the top concern.

This system is entirely different with our arrangement. We have the National Congress of the CPC representatives, the First Plenary Session of the CPC National Congress, and in addition we elect the deputy to local people's congresses and that of National People's Congress in order to hold local people's congresses at various levels and National People's Congress. The National People's Congress to be opened in March the next year would deliberate and approve the leadership of national institutions of various levels recommended by the Second Plenary Session of the CPC National Congress. This procedure is far more complicated, scientific and democratic than that of US. The members of Central Leadership Group we commonly referred include 7 members of Standing Committee of the Political Bureau which are the core leadership of the Party, and 25 members of the Political Bureau, 7 members of Secretariat of the Central Committee, 11 members of Central Military Commission, 20 members of Central Commission for Discipline Inspection of the CPC, the total number of 55 except those double counted members. This is fundamentally different with the so called democratic election agenda in US with the president elected only.

### 3.2 Historical Development of the Mechanism of Group Transition

We think the manner in which the transition realized in China is an issue of greater significance. It is always a matter of primary importance for the governing party in socialist country to perform the transition of leadership, so do the former Soviet Union, former Yugoslavia and China. The transition of the old and the new used to be a critical problem which had not been settled properly by the Chinese Communist Party in quite a long time. The transition experienced an evolution from failure to success; from setback to smooth; from non-institutionalized to institutionalized; from individual successor chosen by individual leader to successor leadership group chosen by leadership group, and thus formed a central leadership group transition mechanism with Chinese characteristics. Here I would like to make a brief review on the development history.

First we will start from Mao Zedong, who established the innovative leadership group system. The system is mainly result from the alteration of former Soviet Union after Stalin died in 1953 (they chose Marinko, but the power was seized by Khrushchev later). In fact, Mao Zedong started to consider the leadership transition in CPC concerning the situation in former Soviet Union. Although the majority members of the Central Leadership are comparatively young, the issue of transition is not on the top in the agenda of the Central Committee. In the consideration of the Central Leadership group arrangement, Mao Zedong proposed his innovative suggestion of resume the post of the Standing Committee of the Political Bureau, and this committee would be consist by Chairman, Vice-chairman of the Central Committee and the General Secretary of Secretariat of the Central Committee and serve as the core of central leadership.<sup>5</sup> In the view of Mao Zedong, the arrangement of central leadership in the beginning should be one Chairman and one Vice-chairman (Liu Shaoqi). During the course of the 8th National Congress of CPC, he “felt lonely”, and thought it is necessary to “set several wind breaks”. He mentioned particularly that: a storm may arise from a clear sky, man’s fate is uncertain as the weather, it would be better in this way (referring to the group leadership of CPC—editor’s note). There would be someone to carry on in case certain individual leadership was injured, or die of illness, the whole country would remain unaffected by the loss. It would not like the case in the Soviet Union, which went downhill since the death of Stalin.<sup>6</sup> The pass away of Stalin has enormous implications to Mao Zedong, and his first concern is the long term peace and order of the country. Therefore he said he “prepared backups, it is worthwhile for the

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<sup>5</sup>The Standing Committee of the Political Bureau is set up in 1927 and renamed as Secretariat of the Central Committee in 1934, then recover the name of Standing Committee of the Political Bureau in 1956.

<sup>6</sup>Mao Zedong: *On Problems Against the Post of Vice-chairman and General Secretary in Central Committee*, (Sep. 13, 1956), Collected Works of Mao Zedong, Vol. 7, p. 110–112, People’s Publishing House, Beijing, 1999.

country to have several candidates”. He emphasized particularly that the key purpose of the leadership group arrangement is the safety of the country, it would be better to have more leadership members to undertake the duty together. Since then Mao Zedong suggested there should be six members in the Standing Committee of the Political Bureau, with the long term strategic view, he nominated Deng Xiaoping and Chen Yun who belong to the “younger group” to enter the Standing Committee. By that time Chen Yun and Deng Xiaoping were 51 years old and 52 years old separately, the structure in the Standing Committee can be divided into two groups by their age. For the purpose of maintain the long-term stability of the Party, Mao Zedong set this additional group, then in 1958, he chose Lin Biao to enter the Standing Committee who is younger than the latter two, there were seven members in Standing Committee.

The consideration of Mao Zedong is foresighted and forward-looking. With the tremendous population, China is not a common country, but a minority Socialist country in the world. And there is possibility of various unpredictable problems occur including the health condition of the leadership. It is extremely risky to place the future of a country into one or two person. It is precisely the successor of leadership altered after Stalin died, Khrushchev disagreed Stalin which triggered the upheaval of the entire Socialist camp. For this reason, Mao Zedong called 1956 as “an eventful year”, and in order to prevent the future of China place on him or other one or two leaders, he set up the core political system of leadership group in Standing Committee of the Political Bureau. The Standing Committee of the Political Bureau set up in war time (after the Apr. 12 Massacre), but it was since the 8th National Congress in 1956 this institution served as the foundation of the Party leadership system. In fact, “the seven members of Standing Committee” who undertake the duty in 1958 are the first generation of leadership, and Deng Xiaoping valued them as the leadership with prestige, influence and experience. Although this leadership group ceased operation by 1966, the most important result is Deng Xiaoping and Chen Yun gained profound historical experience.

During the “Cultural Revolution”, the leadership system disintegrated due to the concept of “first tier” and “second tier” established by Mao Zedong. In his standing point, the majority task he perform is choose individual successor, in this way he would be trapped by the paradox and experience of choose successor alone. During the period of 1958–1976, serving as the Chairman of Central Committee, the individual power of Mao Zedong is over concentrated, the pattern of leadership divert gradually from group leadership into individual leadership, which result in damage and failure in the leadership system, it is a profound historical lesson for the Party.<sup>7</sup> This problem left the successor leadership with deep historical memory,

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<sup>7</sup>Deng Xiaoping pointed out that the phenomenon of power over concentration occur under the situation of enhance the centralized leadership of the Party, and the power centralized into the committee of the Party in a improper manner and without analysis, the power of committee would be performed by certain number of secretaries in most cases, particularly the general secretary. Everything would up to the command and decision of general secretary. The centralized party leadership would change into individual leadership in most cases. This is a common problem

especially to Chen Yun and Deng Xiaoping and accelerated the recovery and establishment of Central Leadership group system i.e. system established in 8th National Congress, so as to leave in-depth historical memory and abundant historical fortune for the “institutionalization normalization and routinization” of the transition.

The Central Leadership especially Deng Xiaoping and Chen Yun started to explore the “institutionalization normalization and routinization” pattern of the leadership transition since the reform and opening-up. The course of the leadership transition develop into institutionalized, normalized and routinized is the procedure to overcome the shortcomings result from the individual election, individual investigation and individual decision of the successor, it is a course of great significance. There were three people who played important role in this course, they are Deng Xiaoping, Chen Yun and Ye Jianying who serving as the member of Standing Committee of the Political Bureau. Deng Xiaoping examined the history and pointed out that both choose the successor by individual and lifelong tenure are all manners of feudalism.<sup>8</sup> He proposed to establish the Central leadership group system and apply the method to carry out collective selection, collect investigation and collective transition against the new leadership. In fact the procedure of transition has literally completed when Hu Jintao no longer serving as the Chairman of the Central Military Commission since November 15th, but there is an additional transition period in fact. This is a procedure of gradual evolutionary political reform, and it is rare that Deng Xiaoping, Chen Yun and Ye Jianying reached the agreement in transition leadership by group as early as over thirty years ago. Chen Yun said that: we have experienced the bitter lesson against the successor of the Party in both international communist movement and inside CPC. This problem does not only occur in China but also in other countries. Ye Jianying mentioned that the Party did solve the problem of transition theoretically, but failed to put the solution into practice. Mr. Mao paid little attention to transition leadership by group but emphasized on the transition of individual leadership. In the 9th National Congress of CPC, Lin Biao was included into the Party Constitution as the successor, and Wang Hongwen was nominated as the successor after Lin Biao died. Practice has proved that this method does not work well, and we should learn from

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occurred in various levels of leadership over the country. It is inevitable to cause bureaucratism, make mistakes, affect the democratic life, group leadership, democratic centralism, division of responsibility of the Party and governments in various levels when the power is over concentrated in individual or minority people, the majority has little right to decision while the minority holds excessive power. This phenomenon is related with the feudal autocracy in our history as well as the tradition of power highly centralized to the individual leader of the Party. Deng Xiaoping: Revolution of the leading system in the Party and country (Aug. 18th, 1980), Selected works of Deng Xiaoping, Vol. 2, People’s Publishing House, Beijing, 1994.

<sup>8</sup>Deng Xiaoping: Selected works of Deng Xiaoping, Vol. 2, p. 347, People’s Publishing House, Beijing, 1994.

the failure.<sup>9</sup> Chen Yun also stated that: it is not proper to nominate one successor, the successor group would work, for example we nominate ten candidates, there would be five candidates left even if half of them are lost.<sup>10</sup> This opinion is perspective. In this point of view, the collapse of the Soviet Union is mainly caused by the system thereof. Mikhail Gorbachev served as the General Secretary of the Central Committee of Soviet Communist Party and President of the Soviet Union, he had the power to dismiss the Soviet Communist Party and he can also announce the dissolution of the entire Soviet socialist union. In the opinion of Deng Xiaoping, it is risk to connect the future of the country to one or two individuals. This opinion does not just work in China, former Soviet Union, but also in US. Since George W. Bush was elected as the President of US in 2000, the future of US has tied to George W. Bush. The president declared two wars which are War in Afghanistan and Iraq, aroused the financial crisis and exported it over the world. In his tenure the resident income experienced sequential negative growth (-0.6%), and the strength of US became even weaker. The three members in the Standing Committee, Deng Xiaoping, Chen Yun and Ye Jianying, made a significant decision based on the historical lessons of Stalin and Mao Zedong, i.e. transition by group. In the point of information symmetry, collect investigation is bitter than individual investigation, collective choose is better than individual choose, the significance is to avoid placing the future of the country in one or two individuals.

Deng Xiaoping became aware that the problem occurred inside the Party, and the major problem of CPC is about the transition of leadership; while the solution to this problem is perform transition by group. In the standing point of Party leadership, the transition by group indicates that leadership of the Party is a group rather than a particular person. Another problem is the leadership group of CPC and the country accept the supervision by the people. Consider the historical lessons, it is declared in the resolution of Central Committee in 1981 that: it is essential to establish the Marxist approach of the Party should be governed by the group leadership generated from mass struggles, forbid personality cult of any form. We should preserve the reputation of the Party leadership and assure their activities are under the supervision of the Party and people in the mean time. This is the insight obtained by CPC in with the costs of long time and valuable price.

After the political crisis in 1989, Deng Xiaoping stated clearly that “I have realized the problem that it is unhealthy and dangerous to build the future of a country in the reputation of one or two individuals. It would be ok when everything is fine, once something happened, it would be irremediable”. We could see that Deng Xiaoping doesn't complete the transition smoothly, as he said in July 1990 that: it took us ten years to form the leadership transition and group duty shift

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<sup>9</sup>Ye Jianying: Speech on the First Conference of the Fifth Plenary Session of 11th National Congress of CPC, Feb. 24, 1980. Selected Works of Important Documents since the Third Plenary Session (Vol. 1), p. 386. People's Publishing House, Beijing, 1982.

<sup>10</sup>Yang Mingwei: Later Years of Chenyun, p. 67, People's Publishing House, Beijing, 2005.

system.<sup>11</sup> He specifically pointed out that the Party has strong desire to determine seven members for the Standing Committee in the 14th National Congress considering the downfalls of two General Secretary in history. Deng Xiaoping once described the process of exploration as being like a person crossing a river by feeling his way over the stones, and established the system of Standing Committee of Political Bureau of the Central Committee as the characteristic group leadership of CPC and perform the transition of the leadership group in consequence, generated the long-term effect of one generation plants the trees, another gets the shade so that China could stand erect and unshakable facing the complicated environments and challenges at home and abroad.

We could conclude from the eras of Deng Xiaoping and Jiang Zemin that the found of the group leadership system has its own features, developed the political logic applicable to its progress, and established the Chinese political system framework full of complementary and relevance. During the course of 14th National Congress and 15th National Congress, the seven member of Standing Committee of the Political Bureau of the Central Committee represent the six institutions including the Central Committee of CPC, National People's Congress, the State Council, Chinese People's Political Consultative Conference, Central Military Commission, Central Commission for Discipline Inspection, in which the General Secretary serves as the State President and Chairman of Central Military Commission. This is a fundamental system formed since 1992. The member of Standing Committee increased into nine people during 16th National Congress and 17th National Congress, while those people undertake separate duty and post and represent different institution each (referring to Table 3.1). The General Secretary represents to Central Committee of CPC, and serves as the State President and Chairman of Central Military Commission, while other leaderships represent one aspect each. The process of leadership group transition is the process of a group cooperating with each other.

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<sup>11</sup>Deng Xiaoping discussed with the former Prime Minister of Canada Pierre Trudeau who visited China in July 1990: I started to consider about the changeover issue, however it was until last year (1989) that the changeover completed. Please refer to Chronicle of Deng Xiaoping (1975–1997) (Vol. 2) composed by the Party Literature Research Center of the Central Committee, p. 1318, Central Literature Press, Beijing, 2004.

Deng Xiaoping pointed out that there were two General Secretaries who qualified in the election but made mistakes. We made the right election, but they made mistakes on the four fundamental principles and fell down. The core of the four fundamental principles is the leadership of party and socialism. The contrast of four fundamental principles is bourgeois liberalization. I emphasized times in recent year that we should insist on four fundamental principles and fight against bourgeois liberalization, but they refused to accept the advice. Zhao Ziyang was disclosed in this turmoil as he stood for the turmoil and attempt to disrupt the country. Deng Xiaoping: *We are Confident to Perform Better in China*, Selected Works of Deng Xiaoping, Vol. 3, p. 324, People's Publishing House, Beijing, 1993.

**Table 3.1** Duty and labor division of members of standing committee of the political bureau in the 17th national congress

| Name          | Principal duty and division  |
|---------------|--|
| Hu Jintao     | Serving as General Secretary the CPC Central Committee, Chinese President, Chairman of Central Military Commission, undertake the tasks in Central Committee and Central Military Commission, act as the top representative of the country |
| Wu Bangguo    | Serving as the Chairman of the Standing Committee of the National People's Congress, undertake to the tasks in Standing Committee of the National People's Congress, act as the representative of Congress in China                        |
| Wen Jiabao    | Serving as Premier of the State Council, undertake the tasks in State Council, act as representative of the Government of China  |
| Jia Qinglin   | Serving as the Chairman of Chinese People's Political Consultative Conference, undertake the task in Chinese People's Political Consultative Conference, in charge of united front work  |
| Li Changchun  | In charge of cultural, educational and publicity work, undertake the tasks of national social and ideological progress   |
| Xi Jinping    | Serving as member of the Secretariat of the CPC Central Committee, principal of Party School of CPC, Vice-president, in charge of the organization work, assist Hu Jintao  |
| Li Keqiang    | Serving as (Standing) vice president of State Council, undertake the tasks in State Council  |
| He Guoqiang   | Serving as secretary of Discipline Inspection Commission, undertake the tasks of discipline inspection commission  |
| Zhou Yongkang | Serving as secretary of Political and Judiciary Commission of CPC, undertake the tasks in Political and Judiciary Commission, comprehensive security management and social administration  |

### 3.3 The Statesmen Group in China and Generation Mechanism

Let's have a discussion about the statesmen group in China. Regarding the concept of Chinese statesmen group, Mao Zedong had his prospective assumption as early as 1965 in the arrangement of member Central Committee of 8th National Congress: we are planning to cultivate high level intellectual of one million to one and half million in the next three five-year plans. We will have the experience of 18 years by that time and a lot of scientists and engineers. The structure of Central Committee would change at that time, there should be engineers and scientists participate in the Central Committee. In my opinion, the committee at present is just a political Central Committee rather than a scientific one.<sup>12</sup> Unfortunately Mao Zedong failed to realize this strategic plan. This plan was put into practice gradually

<sup>12</sup>This is from the speech made by Mao Zedong on the second preparation session on the 8th National Congress of CPC: Regarding the Election of the Central Committee in the 8th National Congress.

since 1982. The Central Committee turned into a political, scientific and experienced committee, which is the statesmen group in China.

Mao Zedong once presented forward-looking strategy based on the lesson of Khrushchev. He also defined the five requirements to the successor of proletarian revolution cause in July 14th 1964.<sup>13</sup> In that article, he emphasized that the first requirement is relative to the political aspect, they (the successors) should be real Marxist-Leninists; the second requirement is they should service to the majority people of the nation and the world; the third requirement is they should be proletarian statesmen who can unite the majority and work together with them; This is the proletarian statesman group defined by Mao Zedong: they could not just unit with the people with the same opinion, but also concert those differ with them, especially to work with those used to oppose with us but proved wrong afterwards. The fourth requirement is they should be qualified practitioner of the democratic centralism. This is a critical point and the reason why the Central Committee make the similar requirement to the current member of Political Bureau. The last requirement is they should be modest and prudent, guard against arrogance, full of self-criticism, be brave enough to face the shortcomings and mistakes. Mao Zedong pointed out that: the successor of proletarian revolution cause should cultivate from mass struggle and learn from the great storm of revolution. We should investigate and recognize the leadership from the mass struggle, and elect and cultivate the successor.<sup>14</sup> Each member of Standing Committee of this National Congress has experienced long term exercise, training, investigation and examination.

Deng Xiaoping devoted his unique insight and contribution on this problem. He proposed a problem against political line initiatives in the Third Plenary Session of the 11th CPC Central Committee: once the political line has established, the political line should be put into practice by people. The result differ subject to the people who perform the political line, the person is for or against the political line.<sup>15</sup> The problem we have is elect who to carry on the political line. Deng Xiaoping also pointed out that Chen Yun once said, we should pay equal attention to the integrity and ability of the candidates. The integrity refers to insisting the socialist road and the leadership of the Party. Under this precondition, the leadership team should be young, intellectual and professional, we should apply this pattern into the promotion and nominated of the leaderships.<sup>16</sup>

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<sup>13</sup>Mao Zedong: Five Requirements on the Successor of the Proletarian Revolution Cause is quoted from the speech made by Mao Zedong in the central committee conference held from May 15 to June 17 1964. The book *On Revolution Education by Mao Zedong* was reviewed by Mao Zedong before publication.

<sup>14</sup>*The Pseudo-Communism of Khrushchev and Its Lesson in World History*, July 14, 1964, People's Daily.

<sup>15</sup>Deng Xiaoping: Realization of Ideological Line and Political Line should be Guaranteed by the Organization Line (July 29, 1979), Selected Works of Deng Xiaoping, Vol. 2, p. 191, People's Publishing House, Beijing, 1994.

<sup>16</sup>Deng Xiaoping: Revolution of the Leading System in the Party and Country (Aug. 18, 1980), Selected Works of Deng Xiaoping, Vol. 2, People's Publishing House, Beijing, 1994.

The Central Committee of the Party stated the political requirements on the statesmen for the first time in China in the Fourth Plenary Session of the 14th Central Committee.<sup>17</sup> The requirement is quite clear: senior leaderships, especially those major leaderships above province and ministry level, should endeavor to become statesmen who are faithful to Marxism, taking a firm road of socialism with Chinese characteristics and capable of party building and state governance. They should have firm political faith, broad horizon and open-minded, excellent work style and strong leadership skill.

There is an objective definition for the statesman leadership capability: the experience of serving as comprehensive leadership in certain aspect (principal of province and ministry level). That is the reason we call the leadership in China as statesman with long term professional nurture. This is different with that in US. Obama has served as Senator in Illinois State for two years, and then as Federal Senator before he win the president campaign, the work is discuss in nature, he does not have abundant governing experience. However he could elevate from a senator to land on the post of President of US through the democratic election. Obama started to learn the governing skill after he has been elected as the President, which is not professional and occupational, more like “last minute effort”, “hand-to-mouth buying” and “action after learn”. He won the campaign and had the aspiration to govern the country but lack of governing capability, soon the approval rate in opinion poll decreased gradually. When we look at the leaderships in China, we could see that they experienced long term training and exercise and took the central leadership post after practice as principal of province and ministry level, they have more professional governing record and abundant governing skills.

During the preparation of the 18th National Congress, the Central Committee has proposed clear requirement against the candidates to the “two Committees” for the 18th congress. The requirements includes: the new central committee should be a comprehensive statesman group which is armed with Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the important thought of Three Represents, thoroughly apply the Scientific Outlook on Development, carry out the Party’s basic line, basic program, basic experience, adhere to socialism with Chinese characteristics, serve the people wholeheartedly, built for the public and it exercises state power for the people, seek for the truth and be practical, reform and innovation, work diligently, honest and upright, full of vitality, united and harmonious, highly unified in the aspects of thought, political and institution, ahead of the time, capable of deal with complicated situations and various challenges, guide the people of all nationalities to promote the socialist economic construction, political development, cultural development, social construction as well as ecological civilization development and the Party building.<sup>18</sup>

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<sup>17</sup>Decision of the Central Committee on Several Critical Problems against the Construction of the Party (passed in the fourth plenary session of the 14th National Congress of CPC in Sept. 28, 1994).

<sup>18</sup>Xinhua Net: Undertake the Trust from People, Create a Bright Future—the Generation of the Central Committee and Central Commission for Discipline Inspection of the CPC for the New

The requirement highlighted that the member of Central Committee should be capable of deal with complicated situations and various challenges. What's the challenge like? For instance, the good appraisal to the leaderships in Sichuan Province given by Hu Jintao in the event of Wenchuan Earthquake. The statesmen should have the capability and courage to make major decision at the first time and at site of complicated emergency incident before the Central Committee make the major decision. This is the best and only test for the statesmen of our Party: every leadership should response quickly to cope with the unforeseeable challenges.

The generation of member of statesman group is complex, it is not operate in one mechanism but two major mechanisms. One of the mechanisms is the procedure of repeated democratic nomination and screen and primary election. I felt the primary election overweigh the formal election after the participant in the 18th National Congress: the primary election is multi-candidate election while the formal election is just single-candidate election. The leaderships are work step by step to achieve here. In this way, we can avoid the occurrence of people like Wang Hongwen who landed from the air. That's my review on the mechanism.

The media followed closed with the election of Central Committee member for the 18th National Congress. I learnt about the information of the candidate in the speech made by the head of Beijing delegation Guo Jinlong in November 11th, the Xinhua News Agency issued full coverage just a few days later. In fact the procedure of democratic nomination, election and investigation against the candidates for the two Committees have launched since July the previous year: according to the unified arrangement of the Central Committee, there are 59 investigation teams appointed by the Central Committees to 31 provinces, regions and cities and 130 central state organs, financial institutions, central enterprises in Beijing from July 2011 to June 2012; 9 investigation teams appointed by the Central Military Commission to the whole military and armed police; and carried out supplementary investigations against particular candidate when necessary. There are 727 people determined as the study subjects for the two Committees according to the proportion for competitive election. This situation is quite different with George W Bush appointed 3000–5000 officials after he won the election in 2000 and Obama whether would re-appoint the officials after the reelection. I would like to take the procedure as an organized, systematic, comprehensive investigation rather than the appointment by certain leadership. Xi Jinping presented an explanation statement against the recommendation name list of candidate for Center Committee members and candidates in the Second conference of presidium of the 18th National Congress in Nov. 10, 2012 as authorized by the Political Bureau of the 17th National Congress. The presidium of the Congress approved the recommendation name list prepared by the Political Bureau of the 17th National Congress and submitted the name list to the entire delegates for consideration. The election of Central Committee member can be divided into primary election and normal

election, the primary election would carry out in the resident of each delegate according to the above mentioned name list. This mechanism is not similar with that in US, there are 50 delegates representing the 50 states in US, we have 40 election units in all representing the 31 provinces and regions as well as other organizations, and the election would subject to the 40 election units. This election pattern is based on the election procedure established in the 13th Congress in 1987 for the two Committees, in which multi-candidate election is introduced in primary election, and then the candidates would be submitted to the delegates for consideration. This pattern has been put into practice since then. The proportion of margin is around 5–8%. When we compare the 16th, 17th and 18th National Congress, we could see the proportion has increased from the 5% in 16th congress into 8% in 17th congress, and them to 9% in this congress. The primary election of the Central Committee members is conducted under this condition. Candidate who is not elected as Central Committee member would be added into the list of candidate member of Central Committee, the multi-candidate election would be carried out against candidate member of Central Committee. In the election of member of Commission for Discipline Inspection of the Central Committee also adopted multi-candidate election, and the margin is 11 candidates (Tables 3.2 and 3.3).

We could see that the generation of statesman group in China is basically based on two mechanisms: the one is democratic recommendation mechanism to select and appoint talented capable people, under the direct guidance of Standing Committee of Political Bureau to determine the candidates for the statesman group by the deep and thorough investigation carried out by the investigation teams on the quality of the leadership. This mechanism is unique here. The second mechanism is the democratic election mechanism of the CPC National Congress. The delegates attending the National Congress would be determined by multi-candidate election in regional delegate congress in advance, the delegates elected would elect the statesman group in National Congress, i.e. the CPC Central Committee. There is a fundamental problem here: how could a delegate get familiar with the condition of each candidate in short time? This is a problem indeed, however as I just mentioned, the name list of the two Committee is established in strict screen procedure, and I think we can identify this procedure.

As a country with the largest population in the world, the Communist Party of China is the largest modern party in the world (we amount to the total of Republican and Democrat in US),<sup>19</sup> and the leadership force of the largest scale social revolution, transformation and progress. The Communist Party of China itself is the largest talent pool and practice platform to gather and train outstanding talents, especially the statesmen with the capability to govern the Party, administer

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<sup>19</sup>By the end of 2011, it is shown in the data from Organization Department of Central Committee that the total of CPC member has reached 82.602 million (please see to the link <http://politics.people.com.cn/n/2012/0701/c1001-18417196.html>). The Democratic Party in US is the second largest one in the world with total of 43.14 million member, the Republican Party in US is the third largest, with the total of 30.7 million member (as of Aug. 2012, please refer to the link [http://2012election.procon.org/view.resource.php?resourceID=004483#democratic\\_party](http://2012election.procon.org/view.resource.php?resourceID=004483#democratic_party)).

**Table 3.2** Multi-candidate election of the two committees from the 16th to the 18th national congresses

|                             | 16th National congress | 17th National congress | 18th National congress |                                       | 16th National congress | 17th National congress | 18th National congress |
|-----------------------------|------------------------|------------------------|------------------------|---------------------------------------|------------------------|------------------------|------------------------|
| Member of central committee |                        |                        |                        | Candidate member of central committee |                        |                        |                        |
| Number of member nominated  | 208                    | 221                    | 224                    | Number of member nominated            | 167                    | 183                    | 117                    |
| Number of member elected    | 198                    | 204                    | 205                    | Number of member elected              | 158                    | 167                    | 98                     |
| Number of margin member     | 10                     | 17                     | 19                     | Number of margin member               | 9                      | 16                     | 19                     |
| Proportion of margin (%)    | 5.1                    | 8.3                    | 9.3                    | Proportion of margin (%)              | 5.7                    | 9.6                    | 11.1                   |

**Table 3.3** Multi-candidate election of the two committees from the 16th to the 18th national congresses

|   | 16th National congress | 17th National congress | 18th National congress |
|---|------------------------|------------------------|------------------------|
| Central commission for discipline inspection of the CPC |                        |                        |                        |
| Number of member nominated                              | 128                    | 138                    | 141                    |
| Number of member elected                                | 121                    | 127                    | 130                    |
| Number of margin member                                 | 7                      | 11                     | 11                     |
| Proportion of margin (%)                                | 5.8                    | 8.7                    | 8.5                    |

the country and the military. The population number is a base number, from which come out various talents. The population received higher education in our country is over 120 million and supposed to over the total population of Japan of 127 million. Considering the population scale and talent scale of China, it is exceptional advantage for China to select the best talents in such a huge talent pool with a developed effective mechanism.

My evaluation on the statesman group of CPC is: consist of those both socialist-minded and expert, professional leader talents with the capability to administer the country, and govern the Party and the military. Being statesmen in China, one of the great powers in the world, is quite different from being the statesmen in other great powers, or politicians in Western world, as it has its own statesmen characters. In general, the structure, qualification as well as the unify

degree of the statesmen group in China is the decisive factor to seek for a Chinese socialist modernization road with distinct characteristics in practice and realize Chinese nation's great rejuvenation.

Besides the above mentioned statesmen group of the Central Committee, the central leadership group is more important. I found the speech made by Hu Jintao is very well, the speech is by the time of transition, he said: we are a large scale party with over 80 million members, and we are governing in a country with population of over 1 billion, our duty is heavy, and responsibility is critical, therefore we should form a political solid, unified, strong and enthusiastic central leadership group.<sup>20</sup>

In consequence there are more detailed requirements against the candidates of the new central leadership institutions. The requirements could be classified into four aspects, the first aspect is firm political position, uphold the great banner of socialism with Chinese characteristics, adhere to Deng Xiaoping Theory and important thought of Three Represents, thoroughly apply the Scientific Outlook on Development, implement the Party guidelines and policies, maintain a high degree of unity with the Central Committee. The second aspect is strong leadership capability, abundant practical experience, proper concept of political achievements, outstanding performance, supported by Party members and masses. The third aspect is to adopt democratic centralism initiatively, work well with other comrades, high degree of consistency, and consciously preserve the unity and solidarity of the central leadership group. The above are the combination of the requirements from Mao Zedong.<sup>21</sup> The last aspect is high degree of the Party character principle, have a perfect mastery of ideological style and work style, integrity and self-disciplined, maintain good image both inside and outside the Party. The new central leadership is qualified for the four aspects.

### 3.4 Introduction and Appraisal of the New Central Leadership Group

As we mentioned above, the candidates for the two Committees are generated by democratic recommendation. In fact there is a democratic recommendation organized in the 17th National Congress five years ago, this is a significant step toward

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<sup>20</sup>Xinhua Net: Solid Leadership Group to Open up a New Situation of the Socialism with Chinese Characteristics—On-the-Spot Report of the Generation of New Central Leadership Group. Nov. 15, 2012.

<sup>21</sup>Mao Zedong: Five Requirements on the Successor of the Proletarian Revolution Cause is quoted from the speech made by Mao Zedong in the central committee conference held from May 15 to June 17 1964. The book *On Revolution Education by Mao Zedong* was reviewed by Mao Zedong before publication.

the Central leadership group transition.<sup>22</sup> Regardless of the result, the significance lies in the polling procedure. The democratic recommendation of this National Congress carried out in May this year,<sup>23</sup> the Central Committee organized Party leadership conference, in this conference the leadership nominated the members for the Political Bureau of the Central Committee, candidates for the Bureau and then carried out democratic recommendation. The democratic recommendation prepared the foundation for the critical leadership group of the Seventh Plenary Session, the 18th National Congress as well as the First Plenary Session. The recommendation required investigation and election of certain degree in a proper manner. It is shown from the elected 25 leaderships in the Political Bureau that those are talents with higher education background and professional knowledge, familiar with work of every aspect, the structure of the group is appropriate. The election emphasized on the complementarities of knowledge structure in the group and the professional knowledge, rather than versatile talents. We have two female members in this group. We could notice that, of the 15 new members in the Central Committee, 7 of them is under age 60, 4 of them are born in the latter half of 1950s and 1960s. The participation of leaderships in the prime of their life with both political integrity and professional competence reflects that our Party is flourishing, and full of youth spirit and vitality.

Let's have a look at the actual calculation result on the degree of transition completion. Basically here would be an integral transition in every decade, the last transition occurred in the 16th National Congress held ten years ago. Let's refer to the proportion of the new elected members (referring to Table 3.4). Our summary of this transition is: it is an integral transition.

Let's look at the average age (referring to Table 3.5), the average age of the Political Bureau member for the 12th congress is 73.8 years, the average age decreased into 63.6 years by the time of 13th congress, the majority members are just over 60 years, the average age of this congress is 63.4 years, the average age of Political Bureau member has decreased by one or two years, the age of secretaries which is 61.6 years has decreased substantially.

When we analyze from the aspect of education degree of member of the Political Bureau (referring to Table 3.6), we could see that there were primary school degree, high school degree with no bachelor degree, however the situation changed in the 18th National Congress, the majority education degree is postgraduate with an accurate proportion of 72%. Let's look at another important variable—the age, the

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<sup>22</sup>Regarding the democratic recommendation of the candidates qualified for the members of the Political Bureau for the 17th Congress, the Central Committee held Party leadership meeting in June 2007. There were over 200 candidates who are leadership of ministry level or large military regions under 63 years old, qualified the requirements to be the members of the Political Bureau for the 17th Congress. (How to elect a Central Committee?) *Writer's Digest*, front page on Nov. 16, 2012.

<sup>23</sup>Xinhua Net: Solid Leadership Group to Open up a New Situation of the Socialism with Chinese Characteristics—On-the-Spot Report of the Generation of New Central Leadership Group. Nov. 15, 2012. [http://news.xinhua.net.com/18cpcnc/2012-11/15/c\\_113700375.htm](http://news.xinhua.net.com/18cpcnc/2012-11/15/c_113700375.htm)

**Table 3.4** Number and proportion of newly elected members of political bureau and standing committee since the 12th national congress

|  | 12th | 13th | 14th | 15th | 16th | 17th | 18th |
|--|------|------|------|------|------|------|------|
| Member of standing committee of political bureau |      |      |      |      |      |      |      |
| Number of new member elected                     | 3    | 4    | 5    | 2    | 8    | 4    | 5    |
| Total number                                     | 6    | 5    | 7    | 7    | 9    | 9    | 7    |
| Proportion (%)                                   | 50   | 80   | 71.1 | 22.2 | 88.9 | 44.4 | 71.1 |
| Member of the political bureau                   |      |      |      |      |      |      |      |
| Number of new member elected                     | 14   | 13   | 14   | 8    | 17   | 10   | 15   |
| Total number                                     | 25   | 17   | 20   | 22   | 24   | 25   | 25   |
| Proportion (%)                                   | 56   | 76.5 | 70   | 36.4 | 70.8 | 40   | 60   |

Unit: %

*Note* compare the new member elected with the candidates submitted in the First Plenary Session of last Congress except those new members in other Sessions

*Calculation data* Jiang Huaxuan as chief editor: *Chronicles of important meetings of CPC (1921–2006)*, revised and enlarged edition, Beijing, Party Literature Press, 2006; Xinhua Net: *Portrait of Xi Jinping and other leaderships*, Nov. 15, 2012

**Table 3.5** Average age of political bureau and standing committee members since the 12th national congress

|  | 12th | 13th | 14th | 15th | 16th | 17th | 18th |
|--|------|------|------|------|------|------|------|
| Member of standing committee of political bureau | 73.8 | 63.6 | 63.4 | 65.1 | 62.1 | 62.1 | 63.4 |
| Member of the political bureau                   | 71.8 | 64   | 61.9 | 62.9 | 60.7 | 61.4 | 61.2 |
| Member of secretariat                            | 63.4 | 56.2 | 59.3 | 62.9 | 59.7 | 56.7 | 61.6 |

Unit: year

*Date resource* the data of 12th congress to 15th congress is quoted from Zheng Yongnian, 2004, *Will China Become Democratic? Elite, Class and Regime Transition*, Eastern Universities Press; the data of 16th Congress and 17th Congress is calculated by the author. The data of 16th Congress and 17th Congress is classified by the author based on the information of the member of the leadership institution

factor we should pay attention is the service year, their average service year is 42.4 year, and average party standing is 38.9 years. Some of them used to be educated youth and 4 of them are graduates within the three years after the Cultural Revolution. The premium of the investment in human capital of resumption of university entrance examination has appeared in this name list. It is well known that the major decision made by Deng Xiaoping is regarding the investment in human capital of resumption of university entrance examination besides the afterward decision of reform and opening-up. I am a beneficiary of the decision, so actually the investment in human capital is the fundamental core.

These leaderships all have years of working experience, the average serving age is 42.4 years which is an evidence of their abundant experience. In the mean time, they also have long term working experience in the party with the average Party standing of 38.9 years (referring to Table 3.7), which means they have affluent

**Table 3.6** Education degree of political bureau members since the 12th national congress

|                     | 12th      | 13th      | 14th      | 15th      | 16th      | 17th     | 18th    |
|---------------------|-----------|-----------|-----------|-----------|-----------|----------|---------|
| No education degree | 3 (10.7)  | 0         | 0         | 0         | 0         | 0        | 0       |
| Primary school      | 10 (35.7) | 0         | 0         | 0         | 0         | 0        | 0       |
| High school         | 3 (10.7)  | 5 (27.7)  | 3 (13.6)  | 2 (8.3)   | 0         | 0        | 0       |
| Military academies  | 3 (10.7)  | 1 (5.6)   | 1 (4.5)   | 2 (8.3)   | 4 (16.7)  | 2 (8)    | 2 (8)   |
| College above       | 9 (32.2)  | 12 (66.6) | 17 (77.2) | 18 (75.0) | 20 (83.3) | 25 (100) | 24 (96) |
| Bachelor            |           |           |           |           | 17 (70.8) | 23 (92)  | 5 (20)  |
| Undergraduate       | 0         | 0         | 1 (4.5)   | 2 (8.3)   | 4 (16.7)  | 9 (36)   | 18 (72) |
| Total               | 28        | 18        | 22        | 24        | 24        | 25       | 25      |

Unit: Number of people, %

Note the number in the brackets is the percentage

Data resource the data of 12th congress to 15th congress is quoted from Li Cheng and Lynn White, 1998, *The Fifteenth Central Committee of the Chinese Communist Party: Fall Fledged Technocratic Leadership Partial Control* by Jiang Zemin, *Asian Survey*, Vol. 38, No. 3. The data of 16th Congress and 17th Congress is classified by the author based on the information of the member of the leadership institution

political experience. These two advantages become the essential foundation and basic condition as the politician leadership in China. As in our saying “we need spend seven years to distinguish a talent”, it takes several “seven-year periods” rather than one “seven year period” to inspect whether a person has political experience and political competence.

These people have the experience of serving in the vice-provincial and provincial posts (referring to Table 3.8). Their average working year in vice-provincial posts is 4.0 year, and that of provincial posts is 9.3 year, the total number is 13.3 year. This is different with that in US, as the leaderships in US rarely have the experience on regional administration, even if they do have the experience and time is usually short and not professional, the leaderships are just “amateur” turned from non-political field into the political field. In China, the leadership should equipped with actual working experience and political experience, they should learn to govern by regional, from county level to city level then province level while a province is a country in some way.

Both the members of Standing Committee of the Political Bureau and that of the Political Bureau have the experience of regional administration, in other words served as the Secretary of the Party Committee of Provincial level (referring to Table 3.9), or principal of military region, the proportion is increasing and becoming a basic rule. It is proved by practical experience that the competence level differs subject to the experience of serving as vice-provincial and provincial leadership. Therefore we could say that serving as the Secretary of the Party Committee of Provincial level is the best manner to learn the method to govern the country.

Who is leading us? You could see it clearly in this table. The leadership in the Central Committee should endure the exercise of Secretary of the Party Committee

**Table 3.7** Information of standing committee members of the political bureau of the 18th central committee (1)

| Name          | Age  | Education background | School of graduation  | Professional background   | Time to join the party (party standing) | Time to enter the service (working age) |
|---------------|------|----------------------|---|---------------------------|---|---|
| Xi Jinping    | 59   | Doctor               | Tsinghua university   | Chemical engineering, law | 1974 (38)                               | 1969 (43)                               |
| Li Keqiang    | 57   | Doctor               | Peking university   | Law, economics            | 1976 (36)                               | 1982 (30)                               |
| Zhang Dejiang | 66   | Bachelor             | Kim Il-sung university)   | Economics                 | 1971 (41)                               | 1968 (44)                               |
| Yu Zhengsheng | 67   | Bachelor             | Chinese people's liberation army military engineering institute | Missilery                 | 1964 (48)                               | 1963 (49)                               |
| Liu Yunshan   | 65   | Bachelor             | Party school of CPC   | Management                | 1971 (41)                               | 1966 (46)                               |
| Wang Qishan   | 64   | Bachelor             | Northwest university  | History                   | 1983 (29)                               | 1969 (43)                               |
| Zhang Gaoli   | 66   | Bachelor             | Xiamen university   | Economy panning statistic | 1973 (39)                               | 1970 (42)                               |
| Average value | 63.4 |                      |   |                           | 38.9                                    | 42.4                                    |

*Note* this table is prepared by the author according to the following document: Xinhua Net: Portraits of Xi Jinping and other Leaderships, Nov. 15, 2012

of Provincial level, withstand the test of practice and people, including the test of the Party, and get the qualification to be the leadership of the Party. Those like the candidate of the President of Western country who is indulge in verbiage is just a politician, rather than a statesman.

One of the essential requirements for becoming the central leadership of the Party is to participate in the statesmen group, in other words the Central Committee. The person should be elected as candidate member of Central Committee, then elected as the member of Central Committee, and enter the Political Bureau after serving in the Central Committee for certain number of Period (referring to Table 3.10), and then enter into the Standing Committee of the Political Bureau. This pattern has formed a definite political procedure. In this way, the people has obtain the basic qualification of governing the country in the more professional, occupational and statesman-like before he become a formal Central Leadership of the Party.

**Table 3.8** Information of standing committee members of the political bureau of the 18th central committee (2)

| Name                         | Serve the vice-provincial post | Serve the provincial post | The time length serving the vice-provincial post | The time length serving the provincial post | Total length of time | Professional title |
|------------------------------|--------------------------------|---------------------------|--|---|----------------------|--------------------|
| Xi Jinping                   | 1993–1999                      | 1999–2007                 | 6  | 8   | 14                   |                    |
| Li Keqiang                   |                                | 1993–2007                 | 0  | 14  | 14                   |                    |
| Zhang Dejiang                | 1990–1995                      | 1995–2007                 | 5  | 12  | 17                   |                    |
| Yu Zhengsheng                |                                | 1997–2012                 | 0  | 15  | 15                   | Engineer           |
| Liu Yunshan                  | 1992–1993                      |                           | 1  | 0   | 1                    |                    |
| Wang Qishan                  | 1997–2000                      | 2002–2007                 | 3  | 5   | 8                    | Senior economist   |
| Zhang Gaoли                  | 1988–2001                      | 2001–2012                 | 13   | 11  | 24                   |                    |
| Average of the 18th congress |                                |                           | 4  | 9.3   | 13.3                 |                    |
| Average of 17th congress     |                                |                           | 3.1  | 6.6   | 9.7                  |                    |

*Note* The records of serving in provincial posts are included in this table, while the records of serving in (vice) ministry of central institutions are excluded. The table is prepared by the author based on the biography of the members of Standing Committee of Political Bureau of 18th National Congress as well as the report in People's Daily with the title of biography of members of Central leading institution of 17th National Congress

**Table 3.9** Standing committee of the political bureau and members serving in provincial posts since the 15th central committee

|   | Period number of standing committee of the political bureau |      |      |      | Period number of the political bureau |      |      |      |
|---|---|------|------|------|---------------------------------------|------|------|------|
|   | 15th  | 16th | 17th | 18th | 15th                                  | 16th | 17th | 18th |
| With working experience in provincial posts                     | 86  | 89   | 89   | 100  | 83                                    | 80   | 80   | 88   |
| Used to be secretary of the party committee of provincial level | 57  | 56   | 89   | 86   | 58                                    | 20   | 68   | 64   |
| Serving as secretary of the party committee of provincial level |   | 11   | 22   | 43   | 17                                    | 42   | 36   | 44   |

Unit: %

*Note* working experience in provincial posts includes serving as (vice) commanding officer, political commissar in military region. This table is prepared by the author based on the information of members of Central leading institution from 15th Congress to 18th Congress

Our general view of the 18th National Congress as well as several previous Congresses is that the transition mechanism of leadership in China has become institutionalized, normalized and routinized and foreseeable. The proportion of the new elected member would change in a narrow range in every five years, and change significantly in every ten years. Therefore we could foresee the situation of the 19th National Congress and even the 20th National Congress. The reform in China is not necessarily to be in a sudden and violent manner. Ten years ago when Hu Jintao visited the US as the vice-president and met with George W Bush, George W Bush was astonished as Hu Jintao talked about detailed data while George W Bush was not familiar with the data. The leadership of China should be professional, occupational and statesman-like, as they are not statesmen for a small country in general meaning, they are statesmen for the most populous country in the world. A person is not born to be a leader, but the leader comes from the mass, the primary level and the region. One has to practice oneself to become a statesman. With the long term practice of average working year of 42.4 year, and abundant Party and government administration experiences, now it is impossible for people like Wang Hongwen to get the chance.

There are totally differences between the leadership in China and that in other country. How convincing it would be when people won the post of President, Vice-president by political speeches, what we see is political show rather than political achievements or experiences? The leadership in China is cultivated in practice and training. In that way we can assure that they are firm in political, unity and solid, strong and vigorous, enthusiastic and promising, worth the trust of the whole Party, military and people of the country.

In the *National Report* I published before I participate in the 18th National Congress, I appraised the leadership group in China as talented people of Chinese Communist Party with the ambition to richening people and strengthening state,

**Table 3.10** Information of standing committee members of the political bureau of the 18th central committee (3)

|               | Period number of serving as candidate member of the political bureau | Period number of serving as member of the political bureau | Period number of serving as member of the political bureau | Period number of serving as member of secretariat of the central committee |
|---------------|--|--|--|--|
| Xi Jinping    | 15th   | 16th, 17th   | 17th   | 17th   |
| Li Keqiang    |  | 15th, 16th, 17th   | 17th   |  |
| Zhang Dejiang | 14th   | 15th, 16th, 17th   | 16th, 17th   |  |
| Yu Zhengsheng | 14th   | 15th, 16th, 17th   | 16th, 17th   |  |
| Liu Yunshan   | 12th, 14th   | 15th, 16th, 17th   | 16th, 17th   | 16th, 17th   |
| Wang Qishan   | 15th   | 15th, 17th   | 17th   |  |
| Zhang Gaoli   | 15th   | 16th, 17th   | 17th   |  |

The table is prepared by the author based on Portraits of Xi Jinping and other Leaderships, Xinhua Net, Nov. 15, 2012

bring peace and stability to the country, they are pillars of the country, heroes of Chinese nation. They are vibrant, energetic, with keen determination on innovation, enthusiastic, which reflects the great cause of our Party and nation is flourishing and has no lack of successors, men of talent come out in large numbers, carry forward the cause and forge ahead into the future. They are practitioners of pragmatism who seek truth from fact, emancipate the mind and innovative rather than as in the description in the West as stereotype innovationist or conservatives.

Sometimes I think the appraisal made by the Western world on the leadership in China is very shallow, as they failed to understand the statesmen and their successors of a country with the population of 1.3 billion. I witnessed the transition in the Great Hall of the People in November 15th. Hu Jintao and Xi Jinping took photos together with other delegates including specially invited delegates. Then Hu Jintao made a speech declaring the 18th National Congress of CPC and the First Plenary Session had a successful close. New leadership group has been elected and new members of the Central Military Commission have been decided in the First Plenary Session, the transition of the General Secretary and Chairman of Central Military Commission has completed. The speech was responded by warm applause. China has gradually realized the “institutionalization normalization and routinization” in the transition over decades development, and reached a satisfactory result. Hu Jintao also spoke highly of Xi Jinping which is a rare experience for the President in US and Prime Minister in UK. Xi Jinping served in the military for a couple of time and participated in the work relative to military when he was in the post of regional leader and act as political commissar of Fujian military region. He

took the post as Vice-chairman of Central Military Commission since the Fifth Plenary Session of the 17th National Congress and directly administrated the Central Military Commission. All leadership should fulfill the course of assistant to reach the final post. This method is out of the expectation of the Westerners who cannot explain the reason why China could success. In other words, Hu Jintao showed great foresight, broad mind, and sharp sense of integrity. The speech won the long lasting applauds in the hall. At this moment we felt the significance of the group photo, it is the symbol of the transition. This request id proposed by Chairman Hu, the political intention of Hu Jintao presented in the Presidium Session has been conveyed to us in the Session of Beijing delegate held in November 11.

### **3.5 Historical Summary: Serving as a Link between Past and Future and Continuing to Forge Ahead**

Before the session, I wrote an essay with the title of “Leaders Come and Go—the Alternation of Politician Groups of the Chinese Communist Party”, highlighted that the most successful result of 18th National Congress is the completion of leadership group transition. This sentence was quoted from a lecture made by Zeng Qinghong during the 17th National Congress five years ago in the Jiangxi Province delegate session, it was since then Mr. Zeng retired from the Central Leadership group. The “solid barrack” refers to our socialist cause which is a long march. The implication of the sentence is that in order to achieve our great cause, it takes unremitting efforts of numbers of generations to complete the long march which may last for several decades or even over years. Leadership of each generation should perform the duty of their generation. What they could do is subject to the time, it is impossible for them to undertake to duty of their successors.<sup>24</sup> We could see that Hu Jintao and his group would still work in the posts of national leadership until their last standing as the national leadership transition would be carried out in March the next year. Our appraise to the performance of Hu Jintao in the ten years is: these ten years have seen the hard work, withstand the tests, untiringly struggles, great achievements and worldwide recognitions. In this aspect of view, the solider in the transition devoted significant contribution to the solid barracks. The meaning of the summary is that China is serving as a link between past and future and continues to forge ahead.

In the journalist interview for the new Standing Committee of the Political Bureau, Xi Jinping stated that the three major responsibilities undertook by the new Central Leadership group: they are responsible to the nation, the people and the Party. The duty is weightier than Mount Tai and we shoulder heavy

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<sup>24</sup>Hu Angang, Oct. 23, 2012.

responsibilities.<sup>25</sup> The most important implication lies in our responsibility to the history and the new situation we are facing.

What do we need to specify? How to realize the plan for the year 2020 proposed in the report to the 18th National Congress? What kinds of predictable and unpredictable challenges that we should deal with? In my opinion, the challenges can be classified into five aspects. The first challenge is from political aspect, which is the severe corruption mentioned in the report to the 18th National Congress.<sup>26</sup> The second challenge is from social aspect, as China is experiencing social transformation in an unprecedented scale and speed in human history. The third challenge is from economic aspect, the unbalance, discordant, unsustainable problem in the course of development is still prominent. The fourth challenge is from ecological environment, China should improve from long term ecological deficit to decreased ecological deficit and then to ecological surplus, this is an arduous task. The last challenge is from international aspect, the world is not in peace status, in the report we have analyzed the international challenges.<sup>27</sup> In the rise of China, challenges are inevitable while we need to deal with them efficiently. We are facing unprecedented challenges and opportunities, the opportunities outweigh the challenges and we have the confidence to convert the challenges into opportunities. The Central Committee with the leadership of Hu Jintao changed the challenges into opportunities in the international financial crisis happened four years ago, we should seize the timing and utilize the geographical favor, gain the support of people to create the promising future. Outstanding statesmen group is essential to the great cause. In the mean time, the statesmen would be empowered by the experiences in the great cause, and we are full of confident about it.

What's the historical mission undertook by the Central Committee with the leadership of General Secretary Xi Jinping? It is the prospect of China in 2020 specified in the report to the 18th National Congress. What's the significance of China realized the moderately prosperous society from the international perspective? In my opinion, China could be classified from middle income country into

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<sup>25</sup>Xi Jinping: *Speech on the Journalist Interview for the New Standing Committee of the Political Bureau*, Nov. 15, 2012.

<sup>26</sup>The General Secretary Xi Jinping stressed in the speech on the first collective learning of the Political Bureau of Central Committee: some countries suffer from discontents all around, social instability, regime collapsed due to long term conflictions, corruption is one of the critical one. The facts have told us that the Party and country would be in danger as the corruption getting worse, we should be cautious about it. Xi Jinping: *Speech on the Journalist Interview for the New Standing Committee of the Political Bureau*, Nov. 15, 2012.

<sup>27</sup>Hu Jintao pointed out that the world is still not stable. The international financial crisis casts a long shadow on the unstable and uncertain factors against the world economic growth have increased, the global disparate development is intensified, hegemonism, and power politics, neo-interventionism have risen, regional turbulences happen occasionally, global issues such as food safety, energy source security, network security, are still prominent. Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society*—Report to the 18th National Congress of CPC on Nov. 8, 2012.

**Table 3.11** Proportion of the major indexes of china to the world (2000–2020)

|                                       | 2000 | 2010  | 2020  |
|---------------------------------------|------|-------|-------|
| GDP (current dollars)                 | 3.71 | 10.46 | 16.87 |
| GDP (PPP)                             | 11.8 | 20.7  | 28.9  |
| Value of exports                      | 3.9  | 10.4  | 18.0  |
| Value of imports                      | 3.3  | 9.1   | 19.0  |
| Scientific and technological strength | 5.4  | 16.1  | 23.2  |

Unit: %

*Data source* Hu An’gang, Yan Yilong, Wei Xing: *2030 China: Moving towards Common Prosperity*, China Renmin University Press, Beijing, 2011

upper-middle income country which is close to the level of high income country. Suppose we estimate in purchasing power parity dollars, the 7520 dollars in 2010 have increased into around 20,000 dollars, estimate in exchange rate of dollar, the 4433 dollars in 2010 have increased above 15,000 dollars; the HDI of China has improved from up-middle level (HDI is 0.703) into high level (HDI is 0.760); from the competitive competence level of China (referring to Table 3.11), China has developed from the second large trading entity into the first large one; China is changing from a country with mass innovations into a country with strong power of innovations; the comprehensive national strength of China has grown from the number two in the world into number one in the world. By 2020, China would complete the construction of moderately prosperous society and bring benefits to people of 1.42 billion. This is the prospect of China in 2020, and the historical mission and duty undertook by the new leadership group. We wish them a great success as their success is also the success of China.

## Chapter 4

# Ecological Civilization Construction and Green Development

### Lead

The ecological civilization construction becomes the largest innovative points and highlights of the report to the 18th National Congress of CPC. It marks China enters the time of ecological civilization, represents China holds high the banner of green development I the world, and leads the southern countries to innovatively surpass the northern countries following the green modernization, which is “to insist on the civilized development road with developed production, prosperous life and favorable ecology”.

China is a country jointly built and shared by billions of Chinese population. The manifesto proposed by the Chinese Communist Party about the ecological civilization is that we will draw the newest, most beautiful and the greenest painting based on the 9.6 million square kilometers territory, including the 3 million square kilometers maritime space. We finish the great progress of industrialization, urbanization and modernization to leave the most precious green heritage.

The report to the 18th National Congress of CPC points out “the construction of ecological civilization is the long-term program. Facing the severe situations of tighten resources, serious environmental pollution and degenerated ecological system, we must set up the ecological civilization idea of respecting the nature, conforming to nature and protecting the nature, put the ecological civilization construction in a prominent place, integrate in the whole process of economic construction, political construction, cultural construction and social construction, strive to build the beautiful China and realize the sustainable development of the Chinese nation”. The ecological civilization construction will become the important clue and key factor throughout the “five-in-one” strategy, and will be the most important and largest difficult point, as well as the greatest highlight and biggest innovative point.

What is the background of the Chinese Communist Party’s ecological civilization manifesto? How it forms and generates? What is the main meaning to China?

What is the main meaning to the world? How will we realize the goal of ecological civilization construction? This lecture will discuss the above-mentioned problems in the following aspects.

Firstly, the lecture will analyze the proposition of “ecological civilization” from the angle of the evolution of human civilization, reviews how the human development process starts from hunting civilization and then transits to agricultural civilization and to industrialization. While the productivity created is increasing, the destruction to the nature becomes more and more serious. From that we can know why the Chinese Communist Party will propose the manifesto of ecological civilization. Next, we will review the deepening acknowledge of the Chinese Communist Party on the ecological civilization through the more and more dependent and deepened contents on ecological environment in reports to former national congresses, and analyze how the in-depth cognition shows in the five-year plan so as to form social consensus and lead the behaviors of all levels of governments and enterprises. We will, through global comparison, describe the contents on ecological environment, energy conservation and emission reduction in the 2020 strategy of EU and election programs of two parties of America. Then through the comparison with the exposition of ecological civilization construction in the report to the 18th National Congress of CPC, we explain that the “ecological civilization manifesto” announced by the Chinese Communist Party to all mankind has the significance no less than the Communist Manifesto proposed by Marx and Engels. The ecological civilization manifesto not only aims at the development of China, but also aims at the largest challenge of human development—the larger gap between human and nature. In such a point of view, we can more deeply understand the great significance of the ecological civilization manifesto proposed by the Chinese Communist Party in the Report to the 18th National Congress of CPC.

On the basis of the above-mentioned analysis, we will comment the significance of the “ecological civilization construction” in the report to the 18th National Congress of CPC, and interpret the idea, objective, approach and construction tasks of the ecological civilization construction in the report to the 18th National Congress from the angle of experts combining opinions of all aspects. Meanwhile we make some professional calculation to clearly show as a developing country, China shall tunnel the environmental Kuznets curve from a lower starting point of development, and reverse the expanding tendency of “ecological deficit”, reduce the expansion and realize “ecological surplus”. We have to realize green innovation and increase green investment. At last, we will summarize the tenet and contribution of the “ecological civilization manifesto” proposed by the Chinese Communist Party.

## 4.1 Evolution of Human Civilization: Agricultural Civilization, Industrial Civilization, and Ecological Civilization

Reviewing the human development history, the initial starting point is the original civilization, i.e. hunting civilization. It spends one million years to enter the agricultural civilization. The agricultural civilization lasts for about ten thousand years before transited to the industrial civilization. The industrial civilization, in the 300 years, creates “more productivity than those created by all former times”, and naturally creates “more changes than the destruction made by all former times” as said by Marx and Engels.<sup>1</sup> The western industrialization, urbanization and modernization, according to Joseph Alois Schumpeter, are the creative destructions. Although Schumpeter calls it as “creation”, it causes more destruction while creating and constructing, including the serious destruction to the nature. People such as Schumpeter call it “nature of socialism”.<sup>2</sup>

Compared with that, China has taken the lead of the world in agricultural civilization time, and reached the peak of the history. At that time, China was not only the largest agricultural producing country in the world, and the country with the most population. However during the progress of agricultural civilization, China also had the problems of increasing ecological deficits, declining forest coverage rate, more fragile ecological environment, and more frequent natural disasters. In the time of industrial civilization, China was laggard and attacked. In addition to the pressure of total population and lager gap between human and nature, by 1949, China was not only the poorest country in the world, but also the country with less forest, serious disasters and the least per capita natural resources.<sup>3</sup> Since the foundation of new China, China entered the large step with largest population base and fastest growth in the history, and seriously expanded the ecological deficit and caused the unprecedented environmental pollution during the “chasing” process of industrialization, urbanization and modernization. However, the Chinese Communist Party soon recognized the serious challenge brought about by ecological environment resource crisis, actively coped to challenges after fully recognizing the natural national conditions of China as well as the sharp expansion between human and nature, and proposed the “ecological civilization manifesto”.

From the history of China, a splendid ancient agricultural civilization was created during about 7000–8000 years. Meanwhile as one of the minority countries

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<sup>1</sup>Marx, Engels, *The Communist Manifesto, Selected Works of Marx and Engels*, Version 2, Vol. 1, Page 227, People’s Publishing House, Beijing, 1995.

<sup>2</sup>Joseph Alois Schumpeter, *Capitalism, Socialism and Democracy*, Page 144, Commercial Press, Beijing, 1999.

<sup>3</sup>China was called “a country of disaster” by Joseph Needham, the scientist of the Great Britain, as a saying goes “a famine happened every three years, a plague happened every six years and a disaster happened every twelfth years”. According to the statistics, during the 2155 years from 206 BC to 1949 AD, there are totally 1056 large droughts, averagely once every two years.

with an ancient civilization which generated characters earlier and lasted till now, the relatively complete historical records of China enable scholars now can estimate the data such as agricultural area, grain output and population size. For instance, Mr. Wu Hui has used the document literature to estimate the data of per mu grain yield back to the Warring States Period,<sup>4</sup> so that we can clearly see the development process of China in agricultural civilization time and see the process in the thousands years agricultural civilization that the total population volatility increases, agricultural area expands, agricultural productivity rises slowly, and destruction to nature and ecological capital increases and the gap between human and nature expands slowly. In the long history, three basic clues are formed: the first is the clue of total population growth; the second is the clue of agricultural area increase; and the third clue is forest coverage rate declination due to deforestation, which most directly show the contradiction between human and nature, evolution and change of the gap between human and nature, as shown in Table 4.1.

When we discuss the development process of human civilization, we should rethink the development process of the Chinese civilization. While the population grows rapidly, due to the slow technological improvement in agricultural civilization, in order to solve the most basic problem of food, people have to expand the farmland area and improve unit mu grain yield so as to increase the total yield of grain through deforestation and land clearance. For this reason, the ecological environment is continuously destroyed and the ecological deficits increases gradually.

Most of the dominators of former dynasties will adopt policies encouraging agricultural production and deforestation, leading to continuously decrease of forest area. In the ancient times, before 2070 BC, the forest coverage rate dropped from 64 to 60%; in the times before Xia Dynasty, the forest coverage rate dropped from 60 to 46%, and in Qing Dynasty dropped to 41%. With further development of civilization, the descent rate of forest coverage became faster. In the peaceful times, the forest might be destroyed by deforestation, while in war times the wars would generate catastrophic impact on forests. At last when the new China was found in 1949, the forest coverage in China is 8.6%.<sup>5</sup>

After the foundation of new China, we advocated forestation, and started planting man-made forests in large quantity. Till now, the forest coverage rate only reaches 20.36%, equaling to that in the end of Ming Dynasty and beginning of Qing Dynasty. Besides, in the beginning when the new China was just found, China made detours for a long time, and generated serious destruction to the natural forest. During this process, the gap between human and nature is shown.

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<sup>4</sup>Wu Hui: *Study on Per Mu Grain Yield in History of China*, Agricultural Publishing House, Beijing, 1985.

<sup>5</sup>In 1947, the Ministry of Agriculture and Forestry of the old China analyzed according to forest resource data in some areas, and provided the nationwide forest coverage rate. The forest coverage rate of China in 1949 estimated and applied by most experts according to the data is 8.6%. Hou Hongbing: *On Man-made Forestation and Forest Coverage Rate*, Technology Wind, Vol. 1, 2011.

**Table 4.1** Changes of total population, agricultural area and forest coverage rate in history of China

| Age   | Total population (Ten thousand) | Agricultural area (One Hundred Million Mu) | Forest coverage rate (%)                              |
|---|---------------------------------|--|---|
| Ancient times (approximately 1.8 million years ago—2070 BC) | Lower than 140                  |  | 64–60   |
| Before Xia Dynasty (2069 BC–221 BC)                         | 140–2000                        |  | 60–46   |
| Warring States  |                                 | 0.90                                       |   |
| Qin Dynasty (221 BC–220 AC)                                 | 2000–6500                       |  | 46–41   |
| Wei, Jin, Northern and Southern Dynasties (220–589)         | 3800–5000                       |  | 41–37   |
| Sui and Tang Dynasties (589–907)                            | 5000–8300                       | 2.11                                       | 37–33   |
| The Five Dynasties, Song, Liao, Jin (907–1279)              | 3000–13,000                     | 4.15                                       | 33–27   |
| Yuan Dynasty (1279–1368)                                    | 6000–10,400                     |  | 27–26   |
| Ming Dynasty (1368–1644)                                    | 6500–15,000                     | 4.65                                       | 26–21   |
| Earlier stage of Qing (1644–1840)                           | 8164–41,281                     |  | 21–17   |
| Middle stage of Qing  |                                 | 7.27                                       |   |
| Later stage of Qing (1840–1911)                             | 37,200–43,189                   |  | 17–15   |
| Republican period of China (1911–1949)                      | 37,408–54,167                   | 13.5                                       | 15–12.5   |
| The People's Republic of China (1949–2010)                  | 54,167–134,100                  | 13.2–18.18                                 | 8.6–20.36 (including large amount of man-made forest) |

*Data source* Data of former general surveys of forestry, from project group of “Forestry Strategic Research for China’s Sustainable Development”, *Forestry Strategic Research for China’s Sustainable Development · Overview*, Chapter 1, Page 36–37, August, 2002

The agricultural area data is from Wuhui: *Study on Per Mu Grain Yield in History of China*, Page 195, 199 and 216. The agricultural area data in 2010 is from the National Bureau of Statistics

Therefore, how to describe the ecological deficits and ecological surplus in China? One good index is to show by forest deficit and forest surplus. The forest deficits always existed from the ancient times till the period of the People’s Republic of China forest deficits. Till the past twenty years, the forest deficit reduced gradually and the forest surplus starts. In the past twenty years, the forest coverage rate and forest growing stock in China keeps improving every year with

fast annual average growth rate about 1% while the global forest coverage rate drops continuously. The forest coverage rate grows negatively in the developing countries, grows slowly in developed countries while the forest area and forest growing stock grow fastest in China, and China has entered the time of forest surplus.

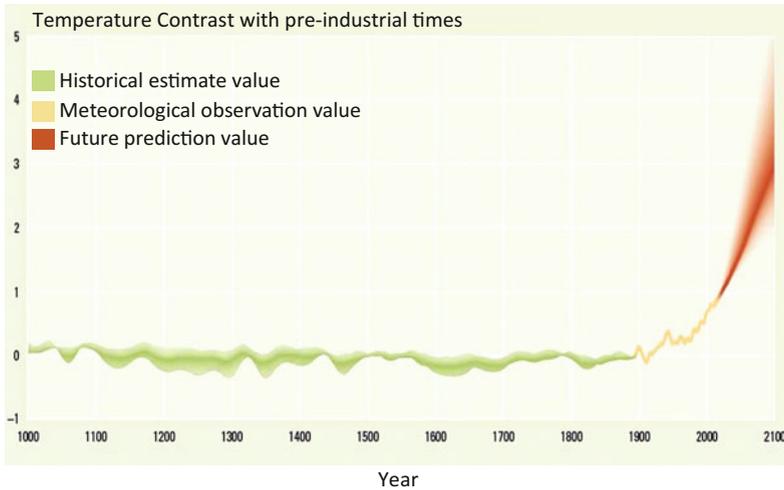
By the industrial civilization time, the largest feature is that the ecological deficit expands rapidly due to arbitrary development and destruction. The cost of arbitrary development is not only huge but also “invisible”. That can explain why the gap between human and nature is expanded—because of the “invisibility”, i.e. the “negative externality” we discussed generally. The negative externality brought about by ecological destruction can be realized by becoming “wise after the event” two centuries later.

According to the *2010 World Development Report: Development and Climatic Change* released by the World Bank, it describes how the large quantity of greenhouse gas emission caused by human activities since the industrial revolution lead to the rapid rise of global temperature 200 years later. So far, the global temperature has risen 0.7 °C than that before the industrial revolution so that after entering the 21st century, there are several kinds of possibilities, and the temperature will rise between 2 and 5 °C (referring to Fig. 4.1). At that time, the World Bank expected to control the global temperature rise below 2 °C. However, according to the latest report released by the World Bank,<sup>6</sup> if all countries can not adopt effective countermeasures, by the end of the century, the global temperature may raise 4 °C, which will bring multiple impacts such as abnormal climates, increasing extreme weather disaster, short grain and sea level rise. Moreover, the vulnerability of developed countries and poverty-stricken areas coping to climate change is higher.

Hence we can see one of the largest limitations during the industrialization process in the west is that they neglect the “negative externality” of the ecological environment, especially the serious results due to the global climate change brought about by the greenhouse gas emission. When people realize this problem, over two hundred years has been passed. The western developed countries, as the major discharger of greenhouse gas for the past two hundred years, have brought serious climate change crisis to the world, while the crisis impacted more on the developed countries which disaster prevention and reduction capabilities are more vulnerable. Therefore, although the industrial civilization created fortune and became superior to agricultural civilization in aspects of productivity development, its nature is a “black civilization”. It discharged the accumulative greenhouse gas with the black and non-renewable fossil energy as major power, and while developed to the peak of the history, it would form the unprecedented “black crisis”, i.e. crisis of abnormal climate changes.

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<sup>6</sup>Report of the World Bank: *Turn Down the Heat: Why a 4 °C Warmer World Must be Avoided*. 2012, [http://climatechange.worldbank.org/sites/default/files/Turn\\_Down\\_the\\_heat\\_Why\\_a\\_4\\_degree\\_centrigrade\\_warmer\\_world\\_must\\_be\\_avoided.pdf](http://climatechange.worldbank.org/sites/default/files/Turn_Down_the_heat_Why_a_4_degree_centrigrade_warmer_world_must_be_avoided.pdf).



**Fig. 4.1** World temperature changes during 1000–2100. Data source: *2010 World Development Report: Development and Climatic Change* released by the World Bank

In the stage of black industrial civilization, there are three prominent characteristics of the black development road led by the western countries: the first is the excessive consumption of life, i.e. the “high consumption”, “luxurious consumption” and “conspicuous consumption” we summarized; the second is the excessive consumption of resources, i.e. what we call “high consumption”, which is based on the premise that the proportion of various resource consumption especially energy consumption to world total volume is far higher than the proportion of population to the world population, and also is the resource foundation of high consumption; the third is excessive discharge of pollutants, i.e. high discharge, which is characterized as per capita pollution discharge volume is greatly higher than the world average level. The long-term continuity of the three characteristics led to the global environmental pollution crisis, global energy and resource crisis and extremely abnormal climate changes under the rigid demands which can only be increased but not reduced, causing many difficulties such as backward human development and global ecological crisis.

The publicly known successful cases for modernization, such as America with 315 million populations, EU comprised of 27 countries with 500 million populations and Japan with 127 million populations, although achieved great development achievements, actually they spent the common costs of human beings, i.e. global ecological environment crisis. On that account, the problem for China is what kind of modernization shall be realized—American type or EU type, and show to realize the modernization of China. We wish China can neither continue the former road expanding the ecological deficits, nor copy the old ways of America or the west.

We should open a new way and create a new road which both complies with the national conditions of China and adapts to the tendency of the world.

In 1989, we published the national report of *Ecological Deficit: The Largest Survival Crisis of the Chinese Nation in Future*, and pointed out at that time China faced the greatest ecological environment crisis, formed ecological destruction and environmental pollution with largest scale, largest range and most serious results, and brought about long-term, accumulative and serious results to the ecological environment. The title of the national report is “ecological deficit”. Regrettably, at that time, we could not use professional methods to calculate and collect, while now we can propose more professionally how China can cope to the ecological crisis and forge ahead toward our ecological civilization time.

From the international background, entering the 21st century means the human being enters the fourth industrial revolution of the world, i.e. green industrial revolution. I define the green industrial revolution as a process of a series necessary production functions from being characterized as natural factors to green factor, and the green production functions gradually take the dominant position and are popularized to the entire society. The result of the process is that the economic development gradually disconnects with the natural factor consumption. The green industrial revolution is the process that the green factors substitute the traditional black factors. The green industrial revolution starts the green revolution from the necessary production functions of some leading departments, and causes the revolution of the induced production functions of other departments. The green industrial revolution is a process from quantitative change to partial qualitative change and to the qualitative change. From the worldwide range and future tendency, green development and green industrial revolution will be a long-term basic tendency, the improvement tendency of all production factors being greened ceaselessly or the green combinations being diversified. The most important mark of green industrial revolution is the full disconnection between economic development and natural factor consumption.

At present, the green industrial reform is still in the germination and launching period and in the near future it will soon enter the stage of explosive growth, large-scale application and super-large scale expansion. China has been marginalized, laggard behind and attacked during the first and second world industrial revolution, has been laggard behind and has chased in the third industrial revolution (information revolution), and now it becomes the leader. After China finished the first, second and third industrial revolutions successively, it must take the lead to become the innovator and leader. This is the international background and historical background for China to propose the ecological civilization construction.

What is the ecological civilization time? Comrade Hu Jintao discussed for many times. From the viewpoints of experts, it means in a relative low economic development stage whether we can transfer from ecological deficit expansion to ecological deficit reduction, transfer from ecological deficit reduction to partial ecological surplus, and transfer from partial ecological surplus to overall ecological surplus.

On the whole, what is the meaning of the ecological civilization construction in China? It is an unprecedented green revolution in the history of human being, the in-depth reform of production and living methods, and the great green innovation of China. The ecological civilization is the new view of the human civilization, and a senior civilization of human social civilization. The ecological civilization construction is a new civilization form based on “respecting the nature, conforming to nature, and protecting the nature”, with “people-nature harmony” and “people-nature mutual benefits” as basic value, with maximizing the human ecological net benefits as development goal and basic development outlook, and with ecological civilization penetrating the entire process of economic mode, political system and social life.

## **4.2 Constant Understanding of Chinese Communist Party to Ecological Civilization**

The report to the 18th National Congress of CPC proposes the ecological civilization manifesto of the Chinese Communist Party. As everyone is limited in history, information and knowledge, the leaders of the Chinese Communist Party experienced a process from incognizance to cognizance, from shallow cognition to deep cognition and from partial cognition to overall cognition to understand the ecological civilization. In the overall layout of building the socialist modernization with Chinese characteristics, the ecological civilization cognition and design also experienced the process from “nothing” to “something”, from “subsidiary” to “dominance” and from “no goal” to “with goal”, from the general goal to core goal and finally became the “five-in-one” core goal penetrating economic, political, cultural, social and ecological civilization.

Before the reform and open-up, the cognitions of the Party leaders to the ecological environment are mostly limited to the shallow levels including forest planting, greening the country, beautifying the environment, water and soil conservation, water conservancy as the lifeline of agriculture, and water conservancy construction.

Since 1978, the leaders of Chinese Communist Party gradually realized the importance of resource and energy conservation, ecological environment protection and ecological balance maintenance, and primarily formed an idea of systematical ecological environment protection. This idea is reflected in the reports from the 12th to the 15th National Congresses of CPC. The key words such as population control, resource utilization efficiency improvement, pollution governance and ecological environment improvement are appeared gradually. Those understandings are mainly for the natural national conditions of China.

By 1995, Comrade Jiang Zemin, in the speech on the closing ceremony of the Fifth Plenary Session of the 14th Central Committee, proposed the “twelfth

relationships”.<sup>7</sup> Compared with “On Ten Relationships” proposed by Mao Zedong in 1956, Jiang firstly discussed the relationship between the economic construction and population, resources and environment. The speech proposed that “during the modernization, we must take realizing the sustainable development as an important strategy”. This is the first time for the Chinese Communist Party to confirm the national strategy of sustainable development, which is a symbolic cognition and development strategy. From the global background, the “advantage of backwardness” of China is shown during the confirmation of the sustainable development strategy: in the United Nations Conference on Environment and Development held on Rio de Janeiro in 1992, the “sustainable development” was written into the *Agenda 21*. Soon in 1994, China passed its *Agenda 21 of China*, and in 1995, the idea was written to the national strategy when designing the national “ninth five-year” plan and medium and long term strategic planning.

We can see China experienced a period absorbing the international “sustainable development” ideas from the “black development” to the “green development”. However, it soon surpassed the sustainable development in practices, generated the “green development” initiated by China, and rapidly applied this idea to the practices of national strategic planning.

The leaders of the Chinese Communist Party ceaselessly deepen the cognition of “ecological civilization”: in 1996, Comrade Jiang Zemin in 1996 demonstrated the meaning of sustainable development in the fourth National Congress on Environment Protection: “we will definitely not follow the way of wasting resources and pollution first and settlement later, and neither follow the way of our forefathers which may cause disasters to our descendants.”<sup>8</sup> It means that the sustainable development will not leave problems to our descendants. By 2001, Comrade Jiang Zemin, in his speech to the 80th anniversary of the Communist Party of China, deepened the cognition of sustainable development, and proposed “we should promote the coordination and harmony between human and nature so that people can work and live in favorable ecological environment”. It has had the initial idea of the “beautiful China”. It emphasized on the favorable ecological environment. Except “insisting on implementing the sustainable development strategy”, it also innovatively proposed to “strive to open the civilization development way with developed production, prosperous live and favorable ecology”.<sup>9</sup> This is the initial sprout of the important idea of ecological civilization construction proposed by the Chinese Communist Party.

**The report to the 16th National Congress in 2002 devised to fully build the moderately prosperous society by 2020.** At that time, there were four objectives, one of which was “sustainable development objective” described as “sustainable

<sup>7</sup>*Correctly Settle Several Key Relationships in Socialist Modernization—Speech of Jiang Zemin on Closing Ceremony of the Fifth Plenary Session of 14th Central Committee*, Sep. 28, 1995.

<sup>8</sup>*Protect Environment, and Implement Sustainable Development Strategy*, July 16, 1996.

<sup>9</sup>*Speech of Jiang Zemin on Celebration Meeting of the 80th Anniversary of the Communist Party of China*, July 1, 2001.

development capacity shall increase ceaselessly, ecological environment shall improve, resource utilization efficiency shall enhance, the harmony between human and nature shall be promoted, and the entire society shall be pushed to a civilization development way with developed production, prosperous life and favorable ecology... we should vigorously implement the sustainable development strategy". These contents have surpassed the original definition of sustainable development in semantic meaning and context. The 2020 objective proposed in the report to the 16th National Congress of CPC actually is a new way of ecological civilization, which shows we have gradually established the political confidence to develop roads for ourselves. The "Part 4: Economic Construction and Economic System Reform" in the report especially discusses the ecological civilization construction in a paragraph "we must put the sustainable development on a prominent place, and insist on the basic national policies of family planning, environmental protection and resource conservation. We should keep the birthrate low; reasonably develop, save and use various natural resources. We should pay close attention to solving the water resource shortage in some areas, and construct the south-to-north water diversion project. We should implement ocean development, and comprehensive govern the territorial resources".<sup>10</sup> This paragraph firstly listed family planning, environmental protection and resource conservation as the three basic national policies of China. The Third Plenary Session of the 16th Central Committee of CPC proposed to "set up comprehensive, coordinative and sustainable outlook on development", and more clarified the ecological civilization idea of "coordinating the harmonious development between human and nature".<sup>11</sup> Further, the Fifth Plenary Session of the 16th Central Committee of CPC passed the "Suggestions of the Central Committee of CPC on Formulating the Eleventh Five-year Plan for National Economy and Social Development", which proposed to "take the energy conservation as the basic national policy, develop circular economy, protect the ecological environment, accelerate building the energy-saving and environment-friendly society, promote the coordination between economic development and population, resource and environment. Promote national economy and social information, and forge ahead toward the new industrialization road. Insist on saving development, clean development and safe development, and realize the sustainable development."<sup>12</sup>

**In 2007, the report to the 17th National Congress of CPC put forward the five objectives to fully complete the moderately prosperous society by 2020,**

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<sup>10</sup>*Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC*, Nov. 18, 2002.

<sup>11</sup>*Decision of the Central Committee of CPC on Several Problems of Perfecting the Socialist Market Economy System—Passed on the Third Plenary Session of the 16th Central Committee of CPC*, Oct. 14, 2003.

<sup>12</sup>*Suggestions of the Central Committee of CPC on Formulating the Eleventh Five-year Plan for National Economy and Social Development—Passed by the Fifth Plenary Session of the 16th Central Committee of CPC*, Oct. 11, 2005.

**and the objective of ecological civilization construction is included.** The paragraph in this report for this part uses 103 Chinese characters to show the core objective of the ecological civilization construction. Comrade Jiang Zemin and most of the later leaders are of educational background of engineering. They have more knowledge about natural science, which can help them to know the natural conditions of China and further understand the most basic contradiction in China, i.e. gap between human and nature. For instance, in 2002, Jiang Zemin expounded the wetlands professionally,<sup>13</sup> so he knows well that the basic natural factors are the important foundation for governance of China. He has, on Nov. 11, 1996, said that “an old Chinese saying goes ‘he who does not think of the future is certain to have immediate worries’. In all ages, the water conservancy has always been the important issue of national governance and security”. This is the historical experiences and intelligence of state administration as said in the old saying of “to govern a country, control water firstly”. Therefore, how to administrate a complicate China, especially how to realize the objective of “harmony between human and nature” and “harmony between human and water” greatly relates to that the leaders know more natural conditions of China and have more professional knowledge.

The section V “Promoting Sound and Rapid Development of the National Economy” in the report to the 17th National Congress of CPC sets an separate paragraph entitled “improve energy, resources, ecological and environmental conservation and enhance China’s capacity for sustainable development.” The specific contents are: “adhering to the basic state policy of conserving resources and the environment is vital to the immediate interests of the people and the survival and development of the Chinese nation. We must give prominence to building a resource-conserving, environment-friendly society in our strategy for industrialization and modernization and get every organization and family to act accordingly. We will improve laws and policies to promote energy, resources, ecological and environmental conservation, and speed up the formation of systems and mechanisms for sustainable development. We will implement the responsibility system for conserving energy and reducing emissions.”<sup>14</sup> This paragraph mainly emphasizes the two basic state policies of resource conservation and environmental protection,

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<sup>13</sup>“The wetlands have multiple ecological functions of regulating flood, adjusting climate, purifying water body, and protecting the biological diversity. People call wetlands as “kidney of the globe”, “natural reservoir” and “natural species pool”. Wetlands conservation has become the key point for many countries for environmental protection. China is one of the countries with multiple wetland types, large area and extensive distribution. The total wetland area is 650,000 m<sup>2</sup>, ranking the first in Asia and fourth in the world. However, the wetland conservation in China faces severe challenges. Due to land reclamation from lakes, seas and the intertidal zones, the natural wetlands in China reduce increasingly. With the industrial development, large amount of sewages pour in the wetlands, causing death of many plants and aquatic organisms. It is no time to delay for wetland conservation.” (Speech on Central Forum of Population, Resource and Environment, March 10, 2002).

<sup>14</sup>Hu Jintao: *Hold High the Great Banner of Socialism with Chinese Characteristics, and Strive for New Victory of Comprehensively Building the Moderately Prosperous Society—Report to the 17th National Congress of CPC*, Oct. 15, 2007.

and for the first time gives prominence to building a resource-conserving, environment-friendly society in the strategy for industrialization and modernization, reflecting further reinforcement of cognition and requirements for ecological civilization.

The reports to the 16th and 17th National Congresses of CPC improve greatly for the ecological civilization construction in contents and cognitions. In view of the contents, in the report to the 17th National Congress, the specific exposition about how to build the ecological civilization contains 344 Chinese characters. In addition, this report for the first time proposed to build the capability to tackle climate change, and make new contribution to protecting the global climate. One important international background is: since 2006 and 2007, the greatest hot point is climate change while China did not mention this problem when started formulating the “eleventh five-year plan” in the Fifth Plenary Session of the 16th Central Commission in 2005. In 2007, the report to the 17th National Congress of CPC proposed to tackle climate change. It shows that China is modernizing under open conditions, and able to respond to the domestic and international challenges and absorb the international ideas rapidly. Why we emphasize on never rigidity and advancing with the times. This is the most distinct embodiment.

In view of the statement in the Constitution of Communist Party of China, in the 17th National Congress, the harmony between human and nature and building the energy-saving and environment-friendly society are written to the new amendment of Constitution of Communist Party of China. In the report to the 18th National Congress, a whole paragraph is added: “The Chinese Communist Party leads the people to build the socialist ecological civilization. We must raise our ecological awareness of the need to respect, conform to and protect nature. We should remain committed to the basic state policy of conserving resources and protecting the environment as well as the principle of giving high priority to conserving resources, protecting the environment and promoting its natural restoration, and adhere to the civilized development road with developed production, prosperous life and favorable ecology. We should strive to build the resource-saving and environment-friendly society, preserve our geographical space and improve our industrial structure, way of production and way of life in the interest of conserving resources and protecting the environment, create favorable production and living environment for people and realize the sustainable development of the Chinese nation”.

The “respect, conform to and protect nature” is stated in six sentences in the *Report to 18th National Congress of CPC: Scientific Development Theme and 2020 Objective* (Jan. 18, 2012).<sup>15</sup> That is inspired when I went to Dujiang Weir for several times. Such a water conservancy project designed by Li Bing and his son two thousand years ago can use till now and benefit local residents and the Chinese

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<sup>15</sup>The original green outlook on development is the view of nature of “respecting the nature, conforming to nature, protecting the nature, benefiting from nature, using the nature and feeding the nature” aiming at harmony between human and nature (Hu Angang, *China: Innovative and Green Development*, Page 224, China Renmin University Press, 2012).

civilization for thousands of years. The way to success lies in it respects and conforms to nature. When we proceed to modernize, people may make mistake that people can defeat nature. It is infeasible to fight with the nature, but we should conform to the nature.

The ancient Chinese philosopher has proposed that principle, i.e. “integrity between human and nature, mutual benefits between human and nature”. So when I saw the sentence in the Constitution of Communist Party of China, I feel excited. The originality of scholars is shown in the state macro-policy, and truly used in practices. However the originality is not generated from ivory tower. A scholar shall not only read a lot, but also travel a lot to find the originalities of China. It needs the accumulative, professional and empirical studies. From the angle of our studies, on the one hand, we should deeply know the largest and long-term contradiction is the gap between human and nature; on the other hand, we should consider how to make great knowledge contribution to the sustainable development of the nation. From we recognized the vast ecological crisis that China faced twenty years ago, till now we propose how to respect, conform to and protect nature, to build ecological civilization society, and calculate and analysis from the professional angle. That is the knowledge contribution of us.

We have participated in the formulation of the “eleventh five-year” and the “twelfth five-year” plans, so we clearly know the formulation process of key decisions of China: firstly the party congress decides, and then the national development plan will be designed according to the decision of the party congress. For instance, after the 17th National Congress, the “twelfth five-year” plan was started designing, and then the 18th National Congress will be held. We should design the “thirteenth five-year plan” according to the report to the 18th National Congress of CPC.

During the process, we sometimes may introduce to the foreign visitors. We found there is no other country in the world like China and the Chinese Community Party. We not only have the long-term goal, but also devise China through planning. Why we devise China? From the positive angle, we will dig out the potential advantages and developments; from the negative angle, we will reduce corruption and reduce other ingredients hindering the development. This is the unique development road of the Chinese Communist Party. Through the sequencing of such decision making mechanism, and during such as policy making period, we can finish solving the channel and means to reach the goal of ecological civilization.

Through the formulation of the national development plan, we have ideas, principles and objectives. The most important thing is the plan can be actually implemented. The “twelfth five-year plan” is designed based on the idea of ecological civilization proposed by the report to the 17th National Congress. Correspondingly, different topic is for different year. The topic of this year is the 18th National Congress of CPC, and the next year will be the preliminary study of the “thirteenth five-year plan” and the mid-stage assessment of the implementation situations of the goals in the “twelfth five-year” plan. In that way, a favorable and operating logic is formed to support the continuous running of the ecological civilization construction in China.

**From the “ninth five-year” plan to the “twelfth five-year” plan, the evolution process can clearly show the deepening of the ecological civilization construction.** The “ninth five-year” plan for the first time proposed that “the energy consumed by per ten thousand Yuan GDP shall drop from the 2.2t standard coal in 1995 to the 1.7t standard coal in 2000, with average energy conservation of 5%”; the “fifth five-year” plan proposed a series of quantitative indexes, and for the first time proposed the greening index in urban and rural areas and pollutant discharge reduction indexes “the natural growth rate of population will be controlled within 9% and the total population by 2005 will be controlled within 1.33 billion. The tendency of ecological deterioration shall be restricted, the forest coverage rate shall be improved to 18.2%, and coverage rate of the urban built-up area shall be improved to 35%. The urban and rural environment shall be improved, and the total discharge of main pollutants will reduce 10% than that in 2000”.

Before formulating the “eleventh five-year” plan, we made a later assessment for the completion situations of the “tenth five-year” plan with low scores. We believe many quantitative indexes especially the energy conservation and emission reduction indexes haven’t been realized. Therefore, we suggested to the National Development and Reform Commission and Comrade Zeng Peiyan, the Deputy Premier in charge that the largest characteristic of the “eleventh five-year” plan is the quantitative index, especially the “binding index”. We should bring the task objects of energy conservation and emission reduction which are hard to finish into the “binding index”. The leaders of the State Council accepted those evaluations and suggestions. So in the “eleventh five-year” plan, the six binding indexes of green development are firstly applied, relating to the our scare factors, including energy, water, farm land, pollutant discharge as well as forest coverage rate.

In 2008, we made mid-stage assessment for the “eleventh five-year”, and found that the energy conservation goals and emission reduction goals have not been finished. We reminded all relevant departments to improve. When we made the later assessment we found that those goals have been almost realized. Why? That is because of the “binding” indexes. Who will be bound? Each level of government and relevant departments shall be bound. Moreover, all those indexes are separated to each department to be implemented. For instance, the National Development and Reform Commission will take lead to take charge of energy conservation indexes; the National Development and Reform Commission and Ministry of Environmental Protection shall take charge of the environmental indexes; the State Forestry Administration will guarantee to realize the forest indexes; and then we would start to sign contract with local department to guarantee the completion as scheduled.

We also assessed the “eleventh five-year” plan, and scored professionally at 86.4, because three main indexes have not been realized. Firstly, the index that proportion of R&D to GDP should reach 2.0% has not been realized, and the proportion is only 1.83%. Secondly, the other two indexes not realized are about the structural transformation of economy: proportion of service industry added value

and employment of service industry. Except the three indexes, others basically reach the requirements in the “eleventh five-year” plan, especially the green indexes. We wish in the next five-year plan, i.e. the “twelfth five-year” plan can get a score above 90.

The “twelfth five-year” plan is defined as the first green development plan in China and in world. Compared with the “eleventh five-year” plan, the proportion of green index improves further. Except the 24 core indexes in the chapter of “main objective”, the secondary prior indexes in different chapters and sections are also the quantitative indexes. Those indexes can show whether we are in the track of scientific development. Those indexes may bring larger pressure to local government. Dialectically, pressure is power and power is innovation. According to the “twelfth five-year” plan, the mid-stage assessment for the 24 quantitative indexes will be done in the next year. With the mid-stage assessment, we will not be wise after the event. We can conduct the follow-up assessment to help the further improvement during the planning period and the final realization of the planned objective.

Most importantly, the “twelfth five-year” plan is not only an independent green development plan, but also forms several specialized plans of green development, including main functional area plan, ecological plan, environmental protection plan, disaster and damage prevention and reduction plan, energy conservation and emission reduction plan, resource intensive utilization plan, etc. (Table 4.2). The green development of China has not only been the idea of scholars and slogan of leaders, but has transferred to the overall planning and specialized planning of the country. The specialized planning and department planning shall support the overall national planning so as to finish core indexes and secondary prior indexes. Through such as series of green development planning, we can realize the scientific development and can develop by saving costs.

Those programs and plans not only offer the core objective of 2015, but also list the key projects and plan policy implementation mechanism during the planning. In that way, they can not only restrict the behaviors of local government, but also provide policy signals for the market so as to provide orienting, perspective and binding overall information for the investment of manufacturers. Every single manufacturer only has the “dispersed knowledge”. While after the entire information is provided through a series of plans and objectives, a 45° incentive compatibility relationship will be formed between the objectives of government and manufacturer, as shown in Fig. 4.2.

The relationship between central government and local government is the same. The local objective and central objective are unnecessarily conflicting. Once the bonding point is found, we can realize the “win-win” situation under incentive compatibility.

**Table 4.2** Green specialized planning during “Twelfth Five-Year” Plan

| Issurance department                                  | Name of plan  |
|---|---|
| State Council and General Office of the State Council | National Main Functional Area Planning—Building Efficient, Coordinative and Sustainable National Land Space Development Pattern |
|   | The “Twelfth Five-year” Plan of Environmental Protection  |
|   | The “Twelfth Five-year” Plan of Energy Conservation and Emission Reduction  |
|   | Comprehensive Energy Conservation and Emission Reduction Program of the “Twelfth Five-year” Plan                                |
|   | The “twelfth five-year” plan of   |
|   | National Ground Water Pollution Control Program (2011–2020)   |
|   | Industrial Transformation and Upgrading Program (2011–2015)   |
|   | National Urban Domestic Garbage Innocent Treatment Facility Construction Program of the “Twelfth Five-year” Plan                |
|   | Energy-saving and Environmental Protection Industry Development Program of the “Twelfth Five-year” Plan                         |
|   | National Comprehensive Disaster Prevention and Reduction Plan (2011–2015)   |
|   | National Urban Sewage Treatment and Recycling Facility Construction Program of “Twelfth Five-year” Plan                         |
|   | “Twelfth Five-year” Plan of National Population Development   |
|   | National Strategic Emerging Industry Development Program of the “Twelfth Five-year” Plan (2011–2015)                            |
| National Development and Reform Commission            | Water Conservancy Development Program (2011–2015)   |
|   | “Twelfth Five-year” Plan of CMB (Coal-Mine Gas) Development and Utilization   |
|   | Shale Gas Development Program (2011–2015)   |
|   | “Twelfth Five-year” Plan of Natural Gas Development   |
|   | “Twelfth Five-year” Plan of Vanadium-Titanium Resource Comprehensive Utilization and Industrial Development                     |
|   | “Twelfth Five-year” Plan of New Material Industry   |
| Ministry of Science and Technology                    | “Twelfth Five-year” Plan of Green Manufacturing Technology Development  |
|   | “Twelfth Five-year” Plan of Wind Power Technology Development   |
|   | “Twelfth Five-year” Plan of Clean Coal Technology Development   |
|   | “Twelfth Five-year” Plan of Solar Power Technology Development  |
|   | “Twelfth Five-year” Plan of Waste Reclamation Technology Engineering  |
|   | Specialized Planning of Climate Change Tackling Technology Development of the “Twelfth Five-year” Plan                          |

(continued)

**Table 4.2** (continued)

| Issurance department                            | Name of plan   |
|---|--|
| Ministry of Industry and Information Technology | “Twelfth Five-year” Plan of Environmental Protection Equipment Development   |
|   | “Twelfth Five-year” Plan of Bulk Industrial Solid Waste Comprehensive Utilization                                  |
|   | “Twelfth Five-year” Plan of Industrial Clean Production Promotion  |
|   | “Twelfth Five-year” Plan of Industrial Energy Conservation   |
|   | “Twelfth Five-year” Plan of Solar Photovoltaic Industry Development  |
| Ministry of Land and Resources                  | “Twelfth Five-year” Plan of Mineral Resource Saving and Comprehensive Utilization                                  |
| Ministry of Environmental Protection            | “Twelfth Five-year” Plan of National Environmental Protection Laws and Environmental Economic Policy Construction  |
|   | “Twelfth Five-year” Plan of National Environmental Protection Technology Development                               |
|   | “Twelfth Five-year” Plan of Nuclear Safety and Radioactive Contamination Prevention and 2020 Vision                |
|   | “Twelfth Five-year” Plan of Key Area Air Pollution Prevention  |
|   | Environment and Health Program of National Environmental Protection “Twelfth Five-year” Plan                       |
|   | Outline of National Environment Publicity and Education (2011–2015)  |
| Minister of Housing and Urban-Rural Development | Hazardous Waste Pollution Prevention Program of the “Twelfth Five-year” Plan                                       |
|   | Outline of Urban Green Lighting Program of “Twelfth Five-year” Plan  |
|   | Urban and Rural Construction Disaster Prevention and Reduction Program of “Twelfth Five-year” Plan                 |
| Ministry of Transport                           | Specialized Program of Building Energy Efficiency of “Twelfth Five-year” Plan                                      |
|   | Highway and Waterway Transportation Energy Conservation and Emission Reduction Program of “Twelfth Five-year” Plan |
| Ministry of Transport                           | Highway and Waterway Transportation Environmental Protection Program of the “Twelfth Five-year” Plan               |
|   | Highway and Waterway Transportation Environmental Protection Program of the “Twelfth Five-year” Plan               |

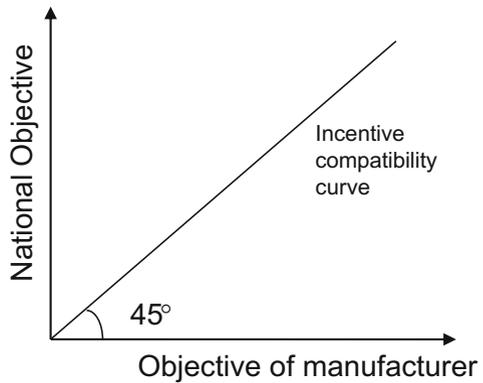
(continued)

**Table 4.2** (continued)

| Issurance department   | Name of plan  |
|------------------------|---|
| Forestry Bureau        | “Twelfth Five-year” Plan of Forestry Development  |
|                        | National Wild Animals and Plants and Natural Conservation Area Construction Program of “Twelfth Five-year” Plan         |
|                        | Key Points of Climate Change Tackling Action of Forestry Industry of the “Twelfth Five-year” Plan                       |
|                        | National Forestry Education and Training of the “Twelfth Five-year” Plan  |
|                        | National Forestry Information Development Program of “Twelfth Five-year” Plan   |
|                        | National Forestry International Financial Organization Loan Projects Development Program of “Twelfth Five-year” Plan    |
|                        | Forestry Science and Technology Development Program of the “Twelfth Five-year” Plan                                     |
| Bureau of Energy       | National Energy Technology Program of the “Twelfth Five-year” Plan  |
|                        | “Twelfth Five-year” Plan  |
| National Ocean Service | “Twelfth Five-year” Development Program Outline of National Ocean Environment Supervision and Assessment Service System |

*Data source* relevant planning data during the “twelfth five-year” plan on the central government portal website [www.gov.cn](http://www.gov.cn)

**Fig. 4.2** Incentive compatibility between objective of government and manufacturer



### 4.3 Ecological Civilization Construction Becomes One of the Largest Innovations

Actually before the 18th National Congress, Comrade Hu Jintao delivered the “July 23” speech.<sup>16</sup> On July 27, I commented that ecological civilization will become one of the largest innovations and highlights in the report to the 18th National Congress of CPC. It marks China enters the time of ecological civilization, represents China holds high the banner of green development I the world, and leads the southern countries to innovatively surpass the northern countries following the green modernization, which is “to insist on the civilized development road with developed production, prosperous life and favorable ecology”.

Why I assessed like that? There are three key points. Firstly it marks China “takes the lead” to enter the ecological civilization time in the world. The phrase “taking the lead” is very appropriate. No matter the changes of the several civilizations in human’s story, or the comparison between the ecological civilization manifesto proposed by Chinese Communist Party and the green growth and green economy proposed by EU, America, Japan and South Korea, all explain why we “take the lead”. Secondly, it represents that China holds the banner of green development high in the world, which means we have actually surpassed the sustainable development. The “sustainable development” was proposed by the westerners twenty years ago,<sup>17</sup> while the “green development” has actually surpassed that concept. The “sustainable development” mainly wishes “not to leave difficult problems for the later generations” while “green development” is further and vividly to realize “one generation plants the trees in whose shade another generation rests”. The “threes” here refer to the ecological capital and ecological treasure. In later parts, we will discuss how to increase ecological capital and accumulate ecological treasure through green investment by professional calculation. Thirdly and importantly, it is the historical significance and world significance of the ecological civilization manifesto proposed by the Chinese Communist Party, i.e. lead the southern countries to create the new modernization, the green modernization, surpassing the traditional modernization in northern countries. That is because now entire world emphasizes on discussing what kind of modernization we need rather than whether we need the modernization or not. Do southern countries need to follow the modernization way of the northern countries for their rises? Here we use “southern countries” and “northern countries” rather than commonly used “oriental” countries and “western” countries to emphasize that the difference between development stages is the problem of human development surpassing the

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<sup>16</sup>Hu Jintao: *Speech in Kick-off Ceremony of Theme Seminar for Main Provincial Leaders and Cadres*, July 23, 2012.

<sup>17</sup>In 1980, the United Nations General Assembly firstly put forward the concept of “sustainable development”. Later in 1987, the Commission on Sustainable Development clearly defined this concept in the report entitled *Our Common Future* as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”.

political geographical relationship and ideology. The innovative green development and building of ecological civilization society will lead the new modernization road of the 21st century. It is not significant for China but also for the world.

How to walk along the road? Like the three sentences used in the report to the 18th National Congress of CPC, we should firstly insist on “developed production”, and guarantee the development; secondly we should insist on “prosperous life”, realize the prosperity of people through development, and realize the “common prosperity” of all people; thirdly we should insist on “favorable ecology”, the beautiful China with green mountains and blue water. The three aspects constitute the road of ecological civilization development. As a matter of fact, from the report to the 16th National Congress which proposed the road, to the report to the 17th National Congress which clarified the road, the report to the 18th National Congress firstly opens one special section to expound the ecological civilization construction in the overall layout of socialist modernization in China as the important part of “five-in-one” strategy; the Constitution of Communist Party of China for the first time adds one paragraph to expound that the Chinese Communist Party leads people to construct the socialist ecological civilization. It declares that the Chinese Communist Party, not only in China’s history but also in the human history, creates the ecological civilization manifesto. Although generally we may say the report to national congress is the political manifesto of the Chinese Communist Party, it is not only the political manifesto, but also the “ecological civilization manifesto” of the Chinese Communist Party more significantly.

Thus, in the “five-in-one” socialist modernization construction system proposed by the report to the 18th National Congress, the ecological civilization construction is both the significant and difficult point. This is a core point of view.

The ecological civilization construction shall be deeply integrated to all aspects of political, economical, cultural and social construction, and more importantly penetrated to the entire process of the four constructions, which is an especially significant originality: truly making the five aspects of economy, politics, culture, society and ecological become “five-in-one” with mutual influence and mutual promotion, rather than five separate backbones without connection. Therefore, giving prominence to ecological civilization construction is the strategic mission to promote the basic reform of production and life modes.

Thus, the ecological civilization manifesto proposed by the Chinese Communist Party is the transcendence of the traditional and unsustainable modernization mode of the northern countries. We call it the “unique way”. The traditional modernization mode is established on high consumption (other than reasonable consumption), high resource consumption and high pollutant discharge, while China is to realize the green development and ecological civilization road. It is the basic reform of production and life mode and to realize self-discipline development and innovation. Therefore, it requires newer and higher for the socialist modernization with Chinese characteristics.

#### 4.4 Idea, Objective Approach of Ecological Civilization Construction

All quarters of the society proposed evaluations and interpretation in different aspects for the ecological civilization construction missions proposed by the report to the 18th National Congress of CPC, such as the viewpoint of Zhou Shengxian, the Minister of Ministry of Environmental Protection.<sup>18</sup> Comrade Jiang Chunyun has been engaged in ecological civilization construction for a long time. As a retired Vice Premier, he is still paying attention to the ecological civilization construction. He edited the book *Save the Earth's Biosphere—On Human Civilization Transformation*. He said in the foreword that “the traditional industrial civilization is unable to, and definitely has methods to correct faults, like entering the ‘dead end’. For industrial civilization, the ecological civilization is a qualitative improvement and leap. It both inherits the advantages and superiorities of the industrial civilization, and corrects the weakness and faults of the industrial civilization in brand new ideas.”<sup>19</sup>

The high consumption in developed countries is the rigid consumption upwards other than downwards. It is difficult to regulate, and is even more different to correct the errors like entering the dead end. For industrial civilization, the ecological civilization is a qualitative improvement and leap. It both inherits the advantages and superiorities of the industrial civilization, and corrects the weakness and faults of the industrial civilization in brand new ideas. It shows that the ecological civilization proposed by the Chinese Communist Party sufficiently make use of the

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<sup>18</sup>Zhou Shengxian believes “ecological civilization is definitely not the simple pollution prevention, is a social formation during the economic development process, and the latest theoretical results obtained by the Communist Party to innovatively answer the problems of relationship between economic development and resource and environment, which indicates the direction for coordinating the harmonious development between human and nature... the ecological civilization construction is the overall deployment of the Chinese Communist Party by actively coping to the new expectation of the mass and further enriching and perfecting the socialist cause with Chinese characteristics. The ecological civilization construction is the great contribution of the Chinese Communist Party to sufficiently absorb the traditional culture and wisdom of China, reflect the insufficiency of industrial civilization and existing development mode, and actively promote the human civilization progress. The ecological civilization is closely connected to the beautiful China. The building of beautiful China, as the brand new idea, comes into being with the Communist Party and the National give prominence to the ecological civilization construction. It is the urgent demand when China's development enters the new stage, and provides new strategic guidance to improve development quality; it is the strategic decision made by the Communist Party by deeply mastering the trend of sustainable development time and the new tendency of the world green, circular and low-carbon development nowadays; it is the correspondence to the new expectation of the mass, marking the great improvement of the governing idea of the Communist Party.” China News: *Talk of Minister of Ministry of Environmental Protection on Beautiful China: Ecological Civilization is Not Simple Pollution Prevention*, Nov. 19, 2012 <http://www.chinanews.com/gn/2012/11-19/4339587.shtml>.

<sup>19</sup>Jiang Chunyun: We Must Insist on Building Ecological Civilization, *Red Flag Manuscript* [J], Vol. 22, 2012, [http://www.qstheory.cn/hqwg/2012/201222/201211/t20121123\\_195955.htm](http://www.qstheory.cn/hqwg/2012/201222/201211/t20121123_195955.htm).

advantage of backwardness.<sup>20</sup> The later mover advantage has two largest characteristics: the first is that it learns the success of the forerunners, surpasses the formers and reduces the relative disparity with the formers; the second is that it avoids the mistakes of the formers, makes less errors, walks less detours and pays less costs. This is the most important characteristic of China's advantage of backwardness when we were writing the national report *Survival and Development* twenty years ago.

As a matter of fact, China has obvious "advantage of backwardness" not only in economic development, which has been verified by the "China economic wonder" rising continuously in the thirty years since reform and open up; in ecological civilization society building, China can also make full use of the advantage of backwardness. This advantage of backwardness can be combined with the political advantage of the Chinese Communist Party. The 18th National Congress of CPC explores and summarizes of the existing "advantage of backwardness" to make it become the common knowledge of the entire Party and all people in China through the large-scale learning and motivating process. Under the function of "addition reaction", our advantage of backwardness is no longer a common advantage, but a grand concept innovation, concept reform and concept popularization with economies of scale of the great power, as the great practice of ecological civilization construction we see and undergo nowadays.

How will we comprehensively and deeply know the ecological civilization construction? Here I introduce the interpretation of Comrade Yang Weimin (Deputy Director of General Office of Central Finance and Economics Leading Group) to the section of ecological civilization construction in the report to the 18th National Congress of CPC.<sup>21</sup> Firstly, he introduced the ideological basis or concept of ecological civilization construction, i.e. to set up the ecological civilization idea of respecting, conforming to and protecting nature. As previous mentioned, the sentence has been written in the Constitution of Communist Party of China revised by the 18th National Congress of CPC. It is very important to write this concept to the constitution and also the report, which embodies the traditional wisdoms such as

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<sup>20</sup>The "advantage of backwardness" theory is created by Alexander Gerschenkron, the economist of America. He pointed out when he was studying the industrial process of European countries such as Germany, Italy and Russia in the 19th century that during the development of those countries, they may acquire certain "development advantage" through the citizens consciously reducing consumption, increasing investment and learning from the advanced technologies and experiences of the advanced countries (Gerschenkron, Alexander (1962), *Economic backwardness in historical perspective*, a book of essays, Cambridge, Massachusetts: Belknap Press of Harvard University Press). On that basis, Paul Krugman and other scholars further propose the "leapfrogging mode" and believe the backward-developing countries can realize "technology catching-up" in certain fields and industries under certain conditions. (Elise S. Brezis, Paul R. Krugman & Daniel Tsiddon, "Leapfrogging in International Competition: A Theory of Cycles in National Technological Leadership", *The American Economic Review*, 1993, 83(5), pp. 1211–1219).

<sup>21</sup>Xinhua News Agency, "Yang Weimin: Insist on People-Oriented Policy for Ecological Civilization Construction", Beijing, Nov. 8, 2012.

“nature is the law” and “integrity of human and nature” of China from time immemorial, and also embodies the modern concept of ecological civilization confirmed by the Chinese Communist Party.

The second is what the essence of ecological civilization construction is. We should give prominence to the ecological civilization construction, and integrate it into other four aspects.

The third is what are the basic policies and fundamental guideline of the ecological civilization construction. Those are the two basic national policies: resource conservation<sup>22</sup> and environmental protection.<sup>23</sup> The basic national conditions decide the basic national policies. The basic national policies are the strategies to found and govern the country. The planning and strategies which have overall, long-term and decisive influences on the economic construction or social development and people’s life are called national policies. They are inherited. What is the most important innovation? The basic policies put forward three terms: adhering to economy first, which has been put forward before; adhering to protection first, which is put forward now for the first time; adhering to the mode of spontaneous recovery, which means that we should put the ecological system recovered by natural force during the protection and recovery of ecological system. As an expert, I think these three terms are professional and conforming to the basic natural conditions of China.

The fourth is the basic approach and method of the ecological civilization. Since we have discussed so many objectives and ideas, how will we realize them? How will we solve the problems of approaches and methods? We put forward three developments: green development, cyclic development and low-carbon development. Objectively, the cyclic development and low-carbon development are not originally created by China. Before Japan has proposed cyclic development and Europe has proposed low-carbon development. The green development is the innovation of China. Besides, EU and OECD put forward green growth,<sup>24</sup> and UNEP put forward the green economy,<sup>25</sup> while we put forward “green development”, which is more advanced. The most important mission of the developing countries is “development”. However, the development must be “green development”. In addition, we have another integrated innovation. In other words, we

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<sup>22</sup>On Oct. 11, 2005, the *Suggestions of Central Committee of CPC on Formulating the Eleventh Five-Year Plan of National Economy and Social Development* proposed to “take the resource conservation as the basic national policy”.

<sup>23</sup>In 1983, Li Peng, when served as the Vice Premier of the State Council, pointed out in the second national environmental protection work conference that environmental protection is a strategic mission of modernization construction of China. Environmental protection is a basic national strategy of China. We need synchronize the economic construction, urban-rural construction and environmental construction, and unify the economic benefits, social benefits and environmental benefits.

<sup>24</sup>OECD: “Towards Green Growth”, 2011 [www.oecd.org/greengrowth](http://www.oecd.org/greengrowth).

<sup>25</sup>United Nations Environment Programme (UNEP): *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication*, 2011.

organically combine the three developments to find the basic approach and form the green development originally created by China.

By international comparison, except China, no other country discusses green development. In 2008, Lee Myung-bak, the former President of the Republic of Korea firstly proposed the green growth strategy,<sup>26</sup> and established a Presidential Commission of Green Growth. Last year, the Chairman of that commission visited China. We introduced the green development, the key words of the “twelfth five-year” plan, of China to him. He asked for the difference between green development and green growth. I said that apparently our green development, no matter for ideas and objectives, or the five year plan or specialized program of the country, has surpassed Korea. Therefore from this angle, the three developments are the integrated innovation and original innovation of China. Moreover, we have more capacities to innovate independently.

The fifth is the objective of building ecological civilization society, and forming spatial pattern, industrial structure, production method, and life mode with resource conservation and environmental protection, which is more meaningful. The report proposed to form the spatial pattern with resource conservation and environmental protection. Only Japan has had seven territorial planning, among which, the *National Land Use Planning* in 2008 divides the entire country of Japan into 10 wide-area economic cycle according to regional population, economic scale and environmental carrying capacity, and mainly builds the “home range”.<sup>27</sup> China officially approved and released the *National Functional Area Planning* in 2010, which describes the blueprint of the spatial pattern. We have made background study for this planning since 2004, and deliberated it in 2008 and 2009 especially. The planning is unique international with Chinese characteristics. The second objective is to form the industrial structure with resource conservation and environmental protection, which is the creative industrial policy. Now we are not to develop various industries. We care about what kind of industry we should develop and whether we can meet the basic conditions of “resource conservation” and “environmental protection”. The third objective forms the production mode of

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<sup>26</sup>On Aug. 15, 2008, Lee Myung-bak proposed the economic growth strategy of “low-carbon green growth” in the speech for the 63rd anniversary of Recovery and 60th anniversary of foundation of the Republic of Korea, and proposed they should depend on green environmental technology and new renewable energy so as to realize the three goals of energy conservation and emission reduction, employment increase and creation of economic development new power. In July 2009, Korean government published the *Green Growth National Strategy and Five-year Plan*, clearly pointed out they should make Korea as global seven “Green Powers” by the end of 2020 and global five “Green Powers” by 2050 through strategies of developing green industry and tackling climate change and energy independence.

<sup>27</sup>Japan released the *National Land Use Planning* in 2008 and divided the entire country of Japan into 10 wide-area economic cycle according to regional population, economic scale and environmental carrying capacity, including Hokkaido cycle, Northeast cycle, Kanto cycle, Middle cycle, Hokuriku cycle, Kinki cycle, Chugoku cycle, Shikoku cycle, Kyushu cycle and Okinawa cycle, and formed the land structure of “wide area independent development and mutual relationship”.

energy conservation and environmental protection. We should reduce the resource and energy consumption for per unit product, reduce pollutant discharge, reduce waste generation and actively develop energy conservation and environmental protection industry and circular economy. The fourth objective forms the life style of resource conservation and environmental protection, which is impossible for the western countries. Those objectives are the basic goals of ecological civilization construction, have broken through the modernization road based on material wealth and industrial civilization.

Thus, China has obvious advantage of backwardness. We can not only learn from and refer to the advantages of the western industrial civilization, but also learn lessons from the disadvantages so as to boldly innovate the ecological civilization, smartly innovate green development, and lead to innovate the new modernization road of the 21st century according to the national conditions of China, including natural conditions. This is the contribution of the report to the 18th National Congress of CPC. After the congress, we will still focus on the ecological civilization construction, and accelerate building the ecological civilization. No other country in the world like China not only has the political will of political leaders but also the political support of extensive people; not only has long-term blueprint of development planning, but also the action program and specific policies to be implemented feasibly. For instance, in 2005, our wind power in the whole world is almost zero, now we are the world first with first wind power installed capacity and the first power generation volume. In these years, we develop from none and little to large scale and to No. 1. So I dare say China is the leader and innovator of the green industrial revolution. As long as you know those mechanisms, you can make such a judgment.

The stage objectives of the ecological civilization society construction can be summarized into four steps. Step 1: To reverse the trend of ecological environment deterioration from the source, in professional words, to reduce the ecological deficits; step 2: to create favorable ecological environment for people, i.e. to start turning to ecological surplus; step 3: to strive to build a beautiful China, and to rapidly increase the ecological surplus; step 4: to make the Chinese national develop sustainably, which is a longer term objective and the most basic objective. Moreover, what closely relates to the above objectives is the international influence and world meaning, i.e. contribution to the ecological safety of the world. The green development and ecological civilization construction of China will generate overflow and externalities. Because we are one fifth of the world population, we develop China well and will make great contribution to the ecological safety of the world.

## 4.5 Ecological Civilization Construction Mission in the Report

The report to the 18th National Congress of CPC offers ideas, objectives and approaches of the ecological civilization construction, and most importantly provides the operable deployment so as to lay foundations for us to formulate the next “five-year” plan, i.e. the “thirteenth five-year” plan. Here, I will introduce and comment the specific ideas proposed by the report in details.

Firstly, we rely on the main functional area strategy. Objectively, there is no concept of main function area in the world, nether the planning. China created it in 2010 through the *National Main Functional Area Planning*. What is the basic principle to optimize the spatial development layout? The basic principle is to settle the development relationship between human and nature as well as economy and society, and rebuild the economic geography of China according to natural laws, economic laws and social laws. The important thing is not whether a region is not to develop, but how to optimize the existing spatial pattern during the development. The principle adapts to the entire China and all areas and is very scientific. During the process, we should make clear the spatial pattern professionally. Therefore, the *National Main Functional Area Planning* proposes three patterns, which are the most creative parties of the planning.

The first is urbanization pattern. How should China confirm the urbanization layout on earth? It should both comply with the natural geological layout of China, and comply with the population and economic geographical layout. Through long-term exploration, trial and error and optimization, the modern urbanization pattern with Chinese characteristics that we call “two horizontal lines and three vertical lines” has been formed gradually. The first horizontal line is the land bridge channel comprised of Longhai Railway and Lanxin Railway, starting from Lianyungang, Jiangsu Province to Alataw Pass and constituting “New Eurasian Land Bridge”. The other horizontal line starts from Shanghai to Chongqing along the Yangtze River and also extending to Chengdu. The first vertical line is along the coast from Dalian to Zhanjiang. In the future, we will basically form the large port network comprised coastal high speed railway and speedway for all coastal billions of tons cargo. The second line is Jingha and Jiangguang railway, from Harbin to Beijing, then to Guangzhou, and to Hong Kong. The third line is Baokun railway, from Baotou, Hohhot, Erdos, to Xi’an and Kunming, extending to Rangoon. On the nodes of the “two horizontal lines and three vertical lines”, the urban agglomerations with tens of millions of population comprised of megacities, large, medium and small cities with various characteristics.<sup>28</sup> The high speed railways and

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<sup>28</sup>Promote the optimal development in circum-Bohai-Sea area, Yangzi River Delta and the Pearl River Delta Regions, and form three megacity agglomerations; promote the key development of Harbin-Changchun, Yangtze river and Huai river, West coast of the Taiwan Straits, central plain, middle reaches of Yangtze River, Beibu Gulf, Chengdu-Chongqing, Guanzhong—Tianshui, and form several new large urban agglomerations and regional urban agglomerations. *National Main Functional Area Planning*, 2010.

highways between the cities form several cycles. The main urbanized areas concentrate most population and economic aggregate in China. The urban spatial areas in China are controlled within 106,500 km<sup>2</sup>, accounting 1.1% of the entire land area, but create above 90% assets of the economy. The modernized urban agglomeration layout planning with large scale, high intensity and high efficiency is the unique in human history, surpassing Tokyo agglomeration, New York agglomeration, Los Angeles agglomeration, London agglomeration and Paris agglomeration, etc. By 2020, we will form the latest and most modern nationwide infrastructure based on the basic framework of “two horizontal lines and three vertical lines”, including speed railway network, high speed railway network, speedway network, oil and gas pipeline network, ultrahigh pressure transmission grid and communication network, covering the entire country.

The second is agricultural development pattern. In 2001, the grain output in China was only 450 million ton. The overall grain production capacity in 2010 confirmed by the “eleventh five-year plan” is 500 million ton, and in 2015 confirmed by the “twelfth five-year” plan is 540 million ton, while this year, the grain production has broken through nearly 590 million ton. Firstly we should guarantee the cultivated land. By 2020, the cultivated land quantity shall be no less than 1.2033 km<sup>2</sup> (1.805 billion mu), accounting for 12.53% of national territorial area, among which, the basic farmland is no less than 1.04 million square kilometers (1.56 billion mu). Secondly, the “seven regions and twenty three belts” agricultural strategic pattern of the agriculture products is formed, and the agricultural products supply safety is guaranteed actually. We build the industrial belts for different commercial crops such as rice, corn, wheat, soybeans more professionally, normatively and scientifically according different natural geological conditions in different areas.<sup>29</sup> We can compare with the agricultural division layout of America by such as professional agricultural division layout. Under the condition that the cultivated areas are far more less than that in America, we produce more grains, economical crops, animal by-products and aquatic products so as to provide the Chinese people 1 billion more than America. In the meantime, we should make high use of short agricultural resources, and obvious improve the agricultural ecological environment.

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<sup>29</sup>The main production area of agricultural products in the Northeast Plain builds the industrial belt of quality rice, dedicated corn, soybean and animal by-products; the main production area of agricultural products in the Huanghuaihai Plain builds the industrial belt of quality dedicated wheat, quality cotton, dedicated corn, soybean and animal by-products; the main production area of agricultural products in the Yangtze river basin builds the industrial belt of dedicated wheat, quality cotton, rape, animal by-products and aquatic products; the main production area of agricultural products in Fen-wei Plain builds quality dedicated wheat and dedicated corn industrial belt; the main production area of agricultural products in Hetao Irrigation Area builds quality dedicated industrial belt; the main production area of agricultural products in southern China builds the industrial belt of quality rice, sugarcane and aquatic products; the main production area of agricultural products in Gansu and Xinjiang builds the industrial belt of quality dedicated wheat and quality dedicated cotton. *National Main Functional Area Planning*, 2010.

Moreover, the most innovatively and prospectively, we propose a nationwide ecological security pattern of “two barriers and three belts”. One of the most important national conditions is that the ecological environment in China is fragile. On the one hand, the ecological types in China are diversified, and ecological systems such as forest, wetland, grassland, deserts and oceans are distributed; on the other hand, the area of fragile ecology is extensive with complicated factors. The fragile ecological area above moderate level accounts for 55% of nationwide land territory space, among which the extreme fragile area accounts for 9.7%, serious fragile area accounts for 19.8% and moderate fragile area accounts for 25.5%. Therefore, the *National Main Functional Area Planning* proposes to build the ecological safety strategic pattern centered at “two barriers and three belts”.<sup>30</sup> Before, we only have clear ecological development strategy, including clear spatial layout of economic construction, while now for the first time we clarify the national ecological safety strategy, and also the orientations of different areas to the national ecological safety strategy. For instance, the Qinghai-Tibet Plateau, Loess Plateau, Northeast Forest and the North sand prevention belt have different ecological functions. When I surveyed in Inner Mongolia, the local leaders told me how fast they are developing. I said that what is the greatest contribution of Inner Mongolia to China? It is not the contribution to GDP, neither to energy. The greatest contribution is ecological safety. That is because Inner Mongolia is the only province stretching over the three regions, northeast, north China and northwest of China. It plays a fatal role as ecological safety barrier to places such as Beijing. The leaders there pay close to this point, i.e. the contribution of Inner Mongolia to the ecological safety.

Moreover, the *National Main Functional Area Planning* proposes the strategic idea of “land-ocean coordination”. We should explore lands and oceans according to the unity of land territorial space and ocean territorial space, and the relative independence of ocean system, and promote the coordinative development of land and ocean territorial spaces. The “twelfth five-year” plan and the report to the 18th

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<sup>30</sup>Build the ecological safety strategic pattern centered as “two barriers and three belts”. Build the ecological safety strategic pattern with Qinghai-Tibet Plateau as ecological barrier, Loess Plateau—Sichuan-Yunnan ecological barrier, northeast forest belt, north sand prevention belt, south down belt and major rivers as framework, with other national key ecological functional areas as main support, with prohibited development area of the country dotted as important constitution. The Qinghai-Tibet Plateau ecological barrier shall protect diversified and unique ecological system, and play the role to cultivate major rivers and adjust climates; the Loess Plateau—Sichuan-Yunnan ecological barrier shall enhance water and soil loss prevention and natural vegetation protection, and play the role to guarantee the ecological security of middle and lower reaches of Yangtze River and Yellow River; the northeast forest belt shall protect forest resource and biological diversity, and play the role as ecological safety barrier of the Northeast Plain; the north sand prevention belt shall enhance protection forest construction, grassland protection, wind prevention, sand fixation, and closed protection for the desertified land without governing conditions, and play the role of ecological safety barrier of “three Norths” areas; the south down belt shall mainly enhance vegetation restoration and water and soil loss prevention, and play the role as ecological safety barrier in southern China and southwest area. *National Main Functional Area Planning*, 2010.

National Congress of CPC for the first time propose “We should enhance our capacity for exploiting marine resources, develop the marine economy, protect the marine ecological environment, resolutely safeguard China’s maritime rights and interests, and build China into a maritime power”.<sup>31</sup> It reflects our in-depth cognition of the national conditions of China, i.e. China is not only a mainland country, but also a maritime country. We should not only develop the land economy, which is the most important economy, but also develop the marine economy. That is the new space and new field for the future development.

How to build the poor China into a great China? This is always a grand blueprint of the leaders of China. In 1958, Mao Zedong proposed this grand blueprint in the “Introduction of a Cooperative”. He pointed that “a blank paper is easy to write the newest and most beautiful words and draw the newest and most beautiful pictures”.<sup>32</sup> Then, what is the newest? What are the most beautiful pictures? At that time, there was no answer, neither the way to draw the newest and most beautiful pictures. That is because we know less and shallowly the basic situations and features of the blank paper of the natural conditions in China. To a great degree, we have unconsciously and blankly damaged or alternated the blank papers, and paid great prices. Through long-term practices, experiences and profound introspection, we started consciously and unilaterally and comprehensively know the blank paper, i.e. the natural conditions of China, and scientifically draw the “newest, most beautiful and greenest picture” of *National Main Functional Area Planning*. It sufficiently shows that the Chinese Communist Party becomes more professional, scientific and modern in country governance, and draws the “newest (modern China)”, most beautiful (beautiful China), and greenest (green China) Chinese land through national development planning and national main functional area planning. We not only realize the modernization of China, but also realize the sustainable development of the Chinese nation.

Thus, the “beautiful China” is not a political slogan, but to design and plan the newest, most beautiful and greenest China. When we design China, we not only design from the viewpoint of China, but also design from the viewpoint of the world; not only learn from and refer to the advantages of western countries, but also avoid their mistakes. We learn from them because we try to surpass their development mode, and draw the newest, most beautiful and greenest land of China.

The second and the third are about the “construction of energy-saving and environment-friendly society”, which are related to the existing national conditions in China. We mainly discuss the “disconnection”. In other words, population increases, GDP increases and the living standard of people improves, but our resource and energy consumption can reach the peak value rapidly and drops so as to realize the “disconnection”. To realize the disconnection, we need lots of

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<sup>31</sup>Hu Jintao: *Unswerving move forward toward the socialist road with Chinese characteristics, strive for comprehensively building the moderately prosperous society*—Report to the 18th National Congress of CPC on Nov. 8, 2012.

<sup>32</sup>Mao Zedong: *Introduction of a Cooperative*, April 15, 1958, Manuscripts of Mao Zedong Since Foundation of China, Vol. 7, Page 179, Central Literature Press, Beijing, 1992.

supports. The report to the 18th National Congress of CPC has expounded deeply and specifically. Similarly, we should strengthen the protection of natural ecological system and environment, and build the environment-friendly society. In the past, we mentioned the desertification control and water and soil loss control. This time, we mention to control the stony desertification. In 1994 when we surveyed in Yunnan -Guizhou Plateau with several academicians, we found the serious stony desertification problems for the karst landform there. At that time, we failed to put the management of stony desertification on agenda. Now it has been included into the important management engineering. Those managements need us to increase green investment so as to reduce ecological deficits and increase the ecological surplus. We will calculate it specifically in the following part.

Last but very important point is the system construction, what we call incentive system. Except the ideas, objectives and framework of ecological civilization construction it proposes, it also establishes the institutional system to realize the sustainable development. We for the first time use the phrase “incentive system”, and the incentive is compatible. The incentive compatibility contains the incentive compatibility between the ecological environment provider and consumer, between central and local government and between different interest subjects. This is the problem that how to solve the commanding method. One of the core mechanisms is to put the resource consumption, environmental damage and ecological benefits into the evaluation system of economic and social development, which has been clearly included into relevant indexes in the “eleventh five-year” plan and the “twelfth five-year” plan. However, this is the first time that the problem is written into the report to the national Congress. Therefore, it is actually to solve the problem of “political achievement”: what is the best political achievement in our opinions and what are the standards. Secondly we need to know what kind of assessment and incentive can promote different levels of governments and different institutions to jointly participate in the ecological civilization construction. In the past thirty years, we solved an important incentive mechanism problem through the reform of financial income distribution. However, the commanding method is single. We failed to consider the large amount resource consumption and large-scale environmental damages that may be generated by high growth of GDP. It is far from ecological efficiency. On the contrary, we ended up with ecological loss at the cost. The report to the 18th National Congress and the interpretation of Yang Weimin discusses this problem in details. Moreover, there are a series of very important system constructions. Actually we are building an incentive compatibility mechanism which can help use to realize the sustainable development. Besides, from the angle of civilization, we also discuss the construction ecological civilization style of the entire society.

## 4.6 Time of Ecological Civilization: Reducing Ecological Deficit and Realizing Ecological Surplus

In the time of ecological civilization, China will change and eliminate the disadvantages of excessive consumption, excessive discharge and excessive consumption under the mode of industrial civilization development, and take the fourth green industrial revolution as opportunity to realize the leap of production function from quantitative change to qualitative change, pursue “disconnection” between economic growth and energy consumption, carbon discharge and ecological resource consumption, promote the reduction of ecological deficit, and realize increase of ecological surplus.

The true meaning of green industrial revolution lies in: economy is growing and trade is growing while the natural factors consumed start disconnecting with the economic and trade growth, and resource consumption and pollution discharges start reducing so as to promote the reduction of ecological deficit and realize the increase of ecological surplus.

Whether we can realize “disconnection” and how can we realize the “disconnection”? One important idea is introduced here, i.e. the so-called “green innovation”. From the angle of economics, it means to realize “tunneling effect” through green innovation.

We will illustrate the Fig. 4.3, which shows the process of nature changes from agricultural civilization age to industrial civilization age and to ecological civilization age. The above half of the vertical axis is the deficit of the nature while the lower half is the surplus of nature. The abscissa axis is per capita output value, which shows the transition process of civilization age from agriculture-oriented, industry-oriented and service-oriented.

We can see that in agricultural civilization, the ecological deficit continuously and slowly expands, as shown by that reflected by the continuous drop of the forest coverage rate. However, after entering the industrial civilization time, the ecological deficit went through a process of rapid rise firstly, rapid expansion—China failed to avoid either, and then declination after reaching the peak. Finally, the “ecological surplus” starts. That is the meaning of “building a modern China with ecological civilization”,<sup>33</sup> which can be quantized and evaluated.

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<sup>33</sup>Li Keqiang pointed out that this is no example in the human history for such a great power with 1.3 billion populations like China to realize modernization. It is also the worldwide difficulty to protect the ecological environment in broad territory. The industrialization and urbanization which are realized gradually in hundreds of years in developed countries is accelerating in China; the resource and environment contradictions appeared gradually in hundreds of years in developed are intensively shown in China. Referring to the international successful experiences, learning from some failures and playing the backwardness advantage of emerging countries can avoid the old way of “pollution first and control later” and explore a new development path. Li Keqiang: *Building a Modern China with Ecological Civilization—Speech in Opening Ceremony of 2012 Annual Meeting of CCICED*, December, 2012.

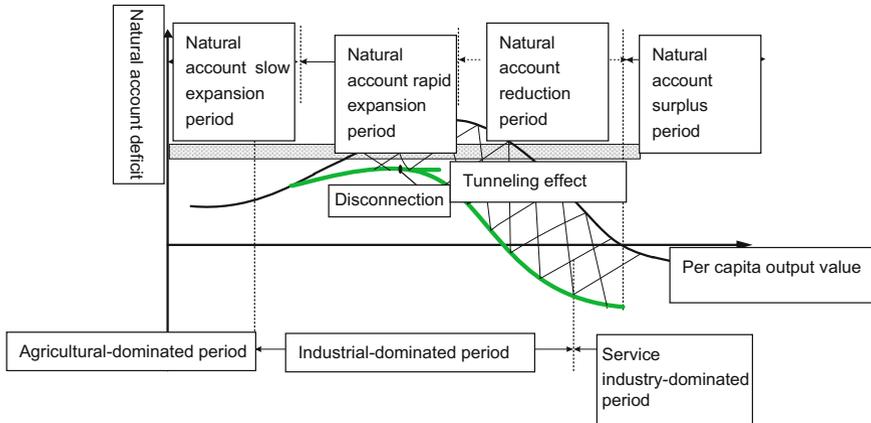


Fig. 4.3 “Tunnelling effect” of green development

However, for China, we are in a lower starting point. In view of national income per capita, for a long time before we belonged to low income countries in the world, and later we entered lower and middle income countries. Now we start entering the middle-income countries. Then weather should we continue the old way of “pollution first and control later” of western developed countries? That is the way that the ecological deficit reduces after the national income per capital is extremely high. In that circumstance, the accumulative ecological deficit loss will be too much. As shown in this figure, the ecological deficit area accumulated below the curve will be too large.

Therefore, the modernization of China is on a crossroad. We can neither continue our own old way, nor follow the old way of western countries. We can only create a unique way, i.e. the modernization with ecological civilization. We wish more for a creation so that we can enter the reduction stage of ecological deficits in advance before our economic growth reaches an extremely high development stage and then can start ecological surplus under relative low income conditions. The realization of the basic idea depends on our green innovation.

The green development and ecological civilization have become the social consensus of China. If the social consensus becomes social demand, the social demand will generate social innovation. In that aspect, the green demand triggers green innovation. In this case, we add one determiner to the “demand is the mother of innovation” of general meaning. That is “green demand is the mother of green innovation”.

How to realize the green innovation? We need green investment. The green investment is different from the common traditional physical capital investment for workshops, infrastructure and equipment. The “green investment” is the input of natural capital. The statistical calibers of China are mainly decided into three kinds of indexes. We can use the existing statistical data to calculate the “green investment” and its GDP proportion.

The first kind is the investment in ecological construction, such as forestry, water and soil loss control and water conservancy construction, which means to increase the ecological capital. The second kind is the input to environmental protection, which means to reduce pollutant discharge and improve health level of people. That is because among the diseases impacted by environment, the respiratory disease has become the first killer to human health. The health hazard brought about by smoking is also very serious. The third kind is the input to energy conservation and emission reduction, which means to improve energy efficiency, reduce greenhouse emission and ease the change of global climate. Therefore, the three kinds of investments are defined as green investment. The above total physical capital investment is alternative for natural capital. The fixed assets investment can be used to replace more ecological capitals and ecological fortunes.

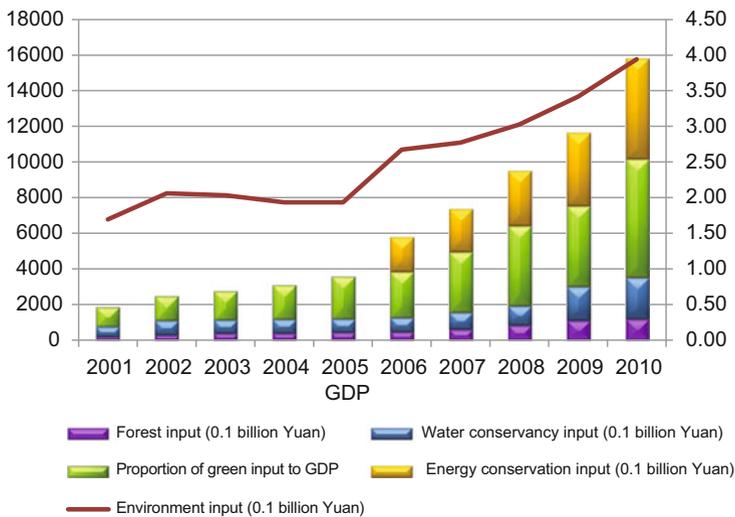
We have made a professional calculation for the nationwide green investment. The numbers really surprise us. The green investment in China in 2001 is only 185.9 Billion Yuan, accounting for 1.70% of GDP; however in 2010, the green investment increases eight or nine times to 1.58 Trillion Yuan, amounting to 250 Billion USD. It might be the largest green investment in the world, accounting for 3.94% of GDP (as shown in Table 4.3; Fig. 4.4).

The “ecological civilization construction” is not a slogan. It focuses on “construction”. It needs to increase or greatly increase green investment. The most important thing is evaluation of the investment benefits of every department one by one. The concept and statistics of “green investment” are our innovation. By primary estimation, the green investment has reached 4% of GDP. We will see whether it can improve obviously by 2020. The green investment will directly generate green employment. Most of the fields relating to the ecological environment and green development are labor intensive and employment intensive posts and fields. The green investment in ecological environment and natural capital will generate various effects: firstly, to create investment demands at that period, and directly promote economic growth; secondly, to create green employment at that period, including directly employment, indirect employment, regular employment and irregular employment; thirdly, to form beneficiary population, for instance if the environment quality is improved and urban quality is improved, the permanent residents in cities will benefit and the tourists will benefit; in other cases, if the ecology is improved, the poverty-stricken population in rural areas will reduce, the income of farmers will increase and the emerging industries such as ecological tourism and forest tourism will be formed; fourthly, to formulate accumulative ecological fortune and bring benefits to our posterity for a long time.

China has started entering the time of ecological deficit reduction through green investment. When we prepared the national report of *Ecological Deficits* twenty years ago, we actually did not know how to professionally measure the ecological deficits; neither knew whether the ecological deficit can be reduced. Before I narrated how the central committee of CPC deeply recognized the ecological civilization construction of China gradually. As a matter of fact from the angle of academy, the cognition of scholars for ecological civilization shall be deepened increasingly. The limitations of information, knowledge and statistics exist too.

**Table 4.3** China green investment composition and proportion to GDP after 2001

|      | Forest investment (0.1 Billion Yuan) | Water conservancy investment (0.1 Billion Yuan) | Environmental investment (0.1 Billion Yuan) | Energy-saving investment (0.1 Billion Yuan) | Total green investment (0.1 Billion Yuan) | Proportion of green investment to GDP (%) |
|------|--------------------------------------|---|---|---|---|---|
| 2001 | 192                                  | 561   | 1107  |   | 1859                                      | 1.70                                      |
| 2002 | 298                                  | 819   | 1363  |   | 2480                                      | 2.06                                      |
| 2003 | 389                                  | 743   | 1627  |   | 2760                                      | 2.03                                      |
| 2004 | 399                                  | 784   | 1910  |   | 3092                                      | 1.93                                      |
| 2005 | 442                                  | 747   | 2388  |   | 3577                                      | 1.93                                      |
| 2006 | 478                                  | 794   | 2566  | 1944  | 5782                                      | 2.67                                      |
| 2007 | 622                                  | 945   | 3388  | 2416  | 7370                                      | 2.77                                      |
| 2008 | 837                                  | 1088  | 4490  | 3092  | 9507                                      | 3.03                                      |
| 2009 | 1116                                 | 1894  | 4525  | 4113  | 11,648                                    | 3.42                                      |
| 2010 | 1194                                 | 2320  | 6654  | 5652  | 15,820                                    | 3.94                                      |



**Fig. 4.4** China green investment composition and proportion to GDP after 2001. *Data source* The forest, water conservancy and environmental investments are calculated by the author according to *China Statistical Yearbook on Forestry*, *China Statistical Yearbook on Water Conservancy*, and *China Statistical Yearbook on Environment*; the energy-saving investment data is estimated according to related news and reports

Now we already know that with the improvement of energy efficiency, pollution prevention and ecological environment protection, the proportion of natural assets loss to GDP can drop obviously. With the improvement of disaster prevention and reduction, the proportion of direct natural assets loss to GDP can drop obviously,

too. The green saving rate will be increased by the higher investment rate of human capital, obvious improvement of green investment proportion to GDP, and more natural capital imported from the international market (with primary product import as example). For instance, the imported agricultural products equal to increasing our farmland and water resources, and the imported mineral products equal to increasing our energies and resources. That is because the green saving rate contains physical capital, human capital, ecological capital and knowledge capital, the accumulation of which means the increase of national fortune and ecological fortune.

As shown in Table 4.4, we calculate the green saving rate from the economic, natural and social systems according to the theoretical system of green development. Firstly in the ecological system, i.e. the traditional nominal saving rate, when the GDP in that year is 100, the proportion of total savings to GDP is nominal saving rate. The World Bank in 1997 developed the concept of genuine saving rate: nominal saving rate deducting natural capital loss and adding human capital investment shown by education spending. We created a green saving rate on the basis of the World Bank, which contains natural system deducting natural capital loss and natural disaster loss, and adding green investment. In view of the substitutability of capital, the green investment can replace the ecological capital. In addition to the external natural capital input, a total natural capital investment is formed. In the aspect of social system, it contains human capital and knowledge capital, which caliber is wider than that of the World Bank. Our caliber not only contains educational investment, but also contains health investment. That is because the health care can also increase the employability and productivity and improve human capital. In addition, the R&D input and technological capital is from the increase of the productivity due to scientific and technological innovation, and the green saving rate will be calculated on that basis.

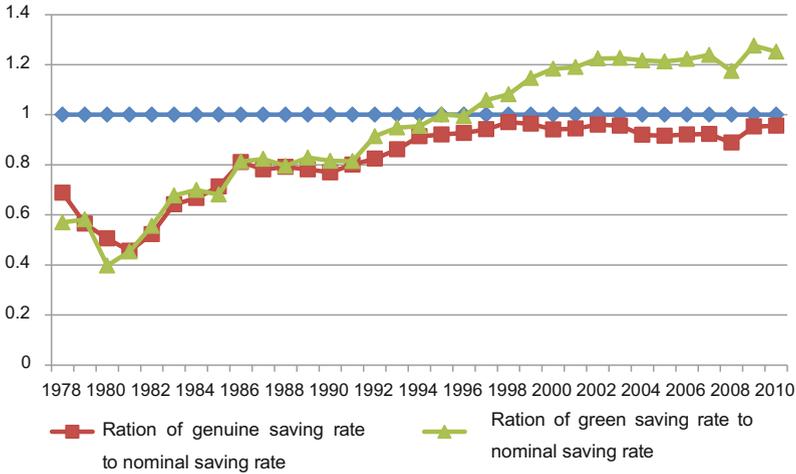
Since the reform and open-up, the development in China experienced the U-type way from economic growth quality drop first and improvement later, natural capital damage first and protection later, social development ignorance first and emphasis later, and black development mode first and green development mode later. The physical capital growth in the economic system is till the main driving factor of national welfare growth. However, the reduction of natural loss, and great improvement of green investment, external natural capital input and human capital objectively has become the important driving factor of national welfare growth. Generally, although in the past thirty two years, the development in China repeated and the quality was shown in fluctuation. However, the total development quality and sustainability trend is improving increasingly.

We will discuss the proportion of genuine saving rate and green saving rate to nominal saving rate (Fig. 4.5). The red line is the genuine saving rate according to the World Bank, and the green line is the green saving rate calculated according to our caliber. Provided the nominal saving rate is 1.0, from 1978 to the middle of 1990s, the genuine saving rate and green saving rate were obviously lower than the nominal saving rate. It shows the ecological deficit expands, and the genuine saving rate and green saving rate are both lower than nominal saving rate. However, with

**Table 4.4** Computation of green saving rate in China (GDP in that year = 100)

| Year | Economic system     |                                    |                                     |                                | Natural system                      |                                  |  |               | Social system     |   |  |  | Green saving ratio |
|------|---------------------|------------------------------------|-------------------------------------|--------------------------------|-------------------------------------|----------------------------------|--|---------------|-------------------|---|--|--|--------------------|
|      | Nominal saving rate | Proportion of natural capital loss | Proportion of natural disaster loss | Proportion of green investment | Proportion of natural capital input | Proportion of natural investment | Proportion of total natural capital investment | Human capital | Knowledge capital | Proportion of total social capital investment |  |  |                    |
| 1978 | 37.3                | -13.5                              | -9.9                                | 1.1                            | -1                                  | -23.3                            | 5.6  | 1.7           | 7.3               | 21.3  |  |  |                    |
| 1980 | 34.8                | -19.3                              | -9.4                                | 0.7                            | -1.1                                | -29.1                            | 6.4  | 1.7           | 8.1               | 13.8  |  |  |                    |
| 1985 | 34.3                | -11.9                              | -4.6                                | 0.8                            | -2.8                                | -18.5                            | 6.5  | 1.1           | 7.6               | 23.3  |  |  |                    |
| 1990 | 39.1                | -10.8                              | -4                                  | 0.9                            | -1.7                                | -15.6                            | 7.5  | 0.9           | 8.4               | 31.9  |  |  |                    |
| 1995 | 43.5                | -5.4                               | -3.1                                | 1.0                            | 0.4                                 | -7.1                             | 6.6  | 0.6           | 7.2               | 43.6  |  |  |                    |
| 1996 | 42.5                | -5.1                               | -4.1                                | 1.0                            | 0.4                                 | -7.8                             | 7.0  | 0.6           | 7.6               | 42.2  |  |  |                    |
| 1997 | 42.4                | -4.5                               | -2.5                                | 1.1                            | 0.5                                 | -5.4                             | 7.3  | 0.6           | 7.9               | 44.9  |  |  |                    |
| 1998 | 41.4                | -3.2                               | -3.6                                | 1.5                            | 0.2                                 | -5.1                             | 7.9  | 0.6           | 8.5               | 44.8  |  |  |                    |
| 1999 | 39.4                | -3.2                               | -2.2                                | 1.6                            | 0.6                                 | -3.2                             | 8.2  | 0.8           | 9                 | 45.2  |  |  |                    |
| 2000 | 37.5                | -4                                 | -2.1                                | 1.8                            | 1.8                                 | -2.5                             | 8.5  | 0.9           | 9.4               | 44.4  |  |  |                    |
| 2001 | 38.4                | -3.9                               | -1.8                                | 1.7                            | 1.5                                 | -2.5                             | 8.8  | 1.0           | 9.8               | 45.7  |  |  |                    |
| 2002 | 40.4                | -3.4                               | -1.4                                | 2.1                            | 1.4                                 | -1.3                             | 9.4  | 1.0           | 10.4              | 49.5  |  |  |                    |
| 2003 | 43.4                | -3.7                               | -1.4                                | 2.0                            | 2.3                                 | -0.8                             | 9.4  | 1.2           | 10.6              | 53.2  |  |  |                    |
| 2004 | 45.8                | -5.5                               | -1                                  | 1.9                            | 4                                   | -0.6                             | 9.3  | 1.2           | 10.5              | 55.7  |  |  |                    |
| 2005 | 47.6                | -5.8                               | -1.1                                | 1.9                            | 4.4                                 | -0.6                             | 9.3  | 1.4           | 10.7              | 57.8  |  |  |                    |
| 2006 | 50.7                | -5.8                               | -1.2                                | 2.7                            | 4.9                                 | 0.6                              | 9.3  | 1.4           | 10.7              | 61.9  |  |  |                    |
| 2007 | 50.5                | -5.7                               | -0.9                                | 2.8                            | 5.2                                 | 1.4                              | 9.2  | 1.5           | 10.7              | 62.6  |  |  |                    |
| 2008 | 51.8                | -7.6                               | -3.9                                | 3.0                            | 6.3                                 | -2.2                             | 9.7  | 1.5           | 11.2              | 60.8  |  |  |                    |
| 2009 | 52.7                | -4.3                               | -0.8                                | 3.4                            | 4.5                                 | 2.8                              | 10.0   | 1.7           | 11.7              | 67.2  |  |  |                    |
| 2010 | 52.1                | -4.1                               | -1.4                                | 3.9                            | 3.1                                 | 1.5                              | 9.9  | 1.76          | 11.6              | 65.9  |  |  |                    |

*Data source* calculated by Tang Xiao according to the data of the World Bank and China statistical yearbook



**Fig. 4.5** Proportion of genuine saving rate and green saving rate to nominal saving rate (1978–2010)

the improvement of green investment and human capital investment, the green saving rate will start improving.

The above figure basically shows a country's investment in future and base period, because we suppose our saving rate equals to the investment rate. The ecological deficit reduces from expansion, and the green saving rate is higher than nominal saving rate because the natural capital loss we mentioned before drops. The most important reason is the proportion of green investment to GDP improves (as shown in Fig. 4.6), which equals to the green saving rate improvement, higher than the nominal saving rate (as shown in Fig. 4.5).

The capital (human and knowledge investment) in social system is the same. The increase of social system capital, including educational investment, health investment and R&D investment will lead to the rise of green saving rate. Therefore, the conclusion is that increasing human capital investment is to increase people's benefits. As long as the people are health, expected lifecycle is prolonged, human capital and educational capital is improved, the labor productivity will improve (as shown in Fig. 4.7).

From that aspect, we should transfer our ideas from the general input to physical capital to input to human and natural capital. It is not a simple idea or slogan, but the true change of input methods.

Green innovation is the most important method and approach of ecological civilization construction. The green innovation is the basic motive power to promote the green development and accelerate ecological civilization construction. Green innovation contains green concept innovation, including the key ideas of green employment and green investment, green technology innovation, green market innovation and green system innovation. Therefore, the green concept

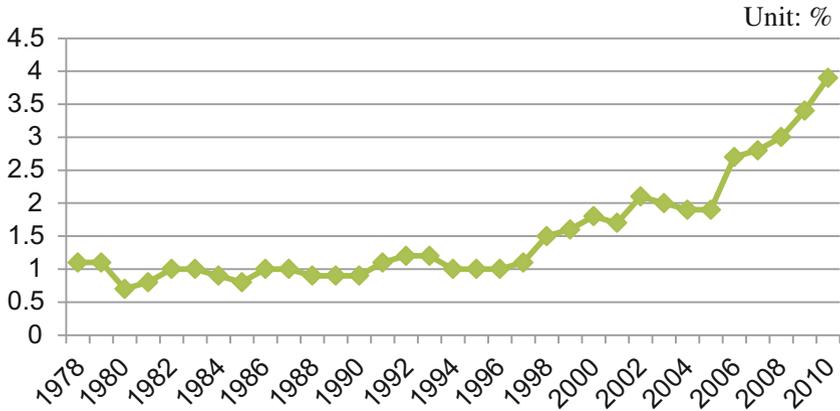


Fig. 4.6 Proportion of green investment to GDP (1978–2010)

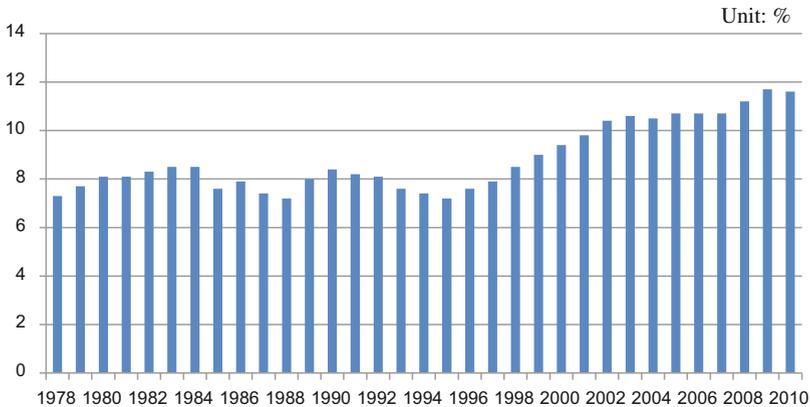


Fig. 4.7 Proportion of social capital (human and knowledge investment) to GDP (1978–2010)

innovation is to introduce the ideas of green development, and get rid of the idea of “pollution first and control later” traditional industrial development. Actually, it is the idea realizing green development based on the industrial development stage where the per capita income is relatively low.

The green technology innovation is to accelerate the progress of green technology industrial revolution. We should make full use of domestic and international resources and technologies. We should not only independently develop technology, but also actively introduce the foreign advanced technologies so as to achieve substantial breakthrough in aspects of new energy and new materials.

From the angle of international comparison, none political party in the world, including the green parties advocating environmental protection, like the Chinese Communist Party which not only writes the ecological civilization manifesto into

the Constitution of Communist Party of China, but also guarantees to implement through the binding indexes and a series of incentive mechanisms and system construction in national plans, and truly implement our ecological civilization manifesto by “devising China” through national plans.

The competition between China and the West is not only the system competition but also the concept competition. As the largest developing country in the world, many ideas and mechanism design are actually adapting to the development stage. However, for ecological civilization, China, as a developing country, surpasses the formers and takes the lead.

Many developed countries started advocating environmental protection very early, and the “green parties” appeared which require developing green economy, and propose respective ecological declaration. However, those green parties can only play the limited roles to national policies and laws under the existing western system framework. In America, the green party is not the mainstream and will not influence the decision of entire America. Even in Europe, the German Green Party with most prominent performance and highest popularity is still a party out of power with support rate of no more than 16% although its reputation is good. Many germens including Europeans are in favor of ideas such as environmental protection and ecological equilibrium, but truly from politics, they do raise to the height of “ecological civilization society building” like China. This is the political advantage of China.

EU has proposed one important strategic assumption in 2010: EUROPE 2020—A European Strategy for Smart, Sustainable and Inclusive Growth, which proposes a serious of objectives, as shown in Table 4.5.

**Table 4.5** Objectives in European 2020 Strategy

| Objective property          |   | Requirements   |
|-----------------------------|---|--|
| Employment objective        |   | Improve from 69 to 75%                                   |
| R&D input objective         |   | Improve GDP proportion from 1.9 to 3%                    |
| Environmental objective     | Greenhouse gas reduction  | Reduce at least 20% than 1990 (30% if conditions permit) |
|                             | Proportion of renewable energy source to final energy consumption | Improve to 20%   |
|                             | Energy efficiency   | Improve 20%  |
| Educational objective       | Proportion of population failed to finish basic education         | Reduce from 15 to below 10%                              |
|                             | Youth under tertiary education (30–34 years old)                  | Improve from 31 to at least 40%                          |
| Poverty reduction objective | Population living under poverty line                              | Reduce 25%   |
|                             | Poverty-relief population   | Reach above 20 million                                   |

*Data source* EUROPE 2020—A European Strategy for Smart, Sustainable and Inclusive Growth, European Commission, March 3, 2010

However, due to impact of financial crisis and deteriorating European debt crisis, the above-mentioned objectives are even more different to realize. First of all, from the current situations, the relative impoverished populations greatly increased rather than reduced. Meanwhile from the implementation mechanism, this strategy has no restriction mechanism to guarantee all countries to realize the above-mentioned objectives, let alone the mid-stage and later assessments. For the entire Europe, the basic system mode is bankers by turns for each country. Although the 27 countries of the European Commission are unified in currency, they have no unified financial department, neither transfer payment. Many of the objectives are still in the level of documents. For instance for the R&D input proportion increase mentioned above, the European Commission cannot restrict the actual implementation situations of all member countries. In the meantime, the political inconformity and discordance will hinder the realization of final objective. In reality, due to the larger influence of European debt crisis, the above-mentioned objectives may become a mere scrap of paper.

In the president election campaign of America, the congresses of the Democratic Party and Republican Party have only one key word: campaign. They need to pass the campaign program and meanwhile elect the candidates of each party. The Democratic Party led by Barack Obama mentions the “energy policy” in “sustainable economic policy” and “environmental policy” in “guarantee safety and life quality” as well as the “response to climate change” in the aspect of diplomacy respectively in their campaign program. The only valuable commitment is that the imported petroleum proportion in America in the future shall be lower than 50%. While the Republican Party proposes in its election campaign the energy safety, environmental protection and agricultural development policies. However, those are only hollow election campaign slogans, and fail to form systematic development ideas and feasible objective system and realization mechanism. Those are nice documents and unable to be realized.

On the contrary, we will make the mid-stage and later assessments for the China 2020, Europe 2020 strategies as well as the development in America five years and ten years ago respectively. By then, we can clearly see the advantages of China and disadvantages of America. The Europe 2020 and the election programs proposed by the Democratic Party and Republic Party are only strategic assumptions rather than plans. Even if EU can devise a plan, it will be difficult to realize the objectives because the plan cannot restrict each member country to formulate corresponding plan. Let alone the election programs of the two parties in America, which are the slogans for election and restricted by various profits conflicts of the two parties. Reversely in China, we have the national “twelfth five-year” plan, and each local government will formulate the “twelfth five-year” plan under that framework so as to guarantee the implementation of plan and realization of objective from the organizational structure. So the plans of many developed countries are the “pictures hanging on the wall”, while China can change such situation.

## **4.7 Ecological Civilization Manifesto of the Chinese Communist Party**

The ecological civilization manifesto of the Chinese Communist Party surpasses ourselves and the political slogan and advertising election programs in western countries. It is the construction objective and political manifesto gradually clarified and systemized in the reports to national congress, important documents and national plans during long-term practices, and depending cognition and ceaseless responding to challenges. The ecological civilization manifesto proposed by the Chinese Communist Party is the grandest and most feasible green manifesto in the world, and the solemn ecological commitment of the Chinese Communist Party to the Chinese people and world people. It takes the lead in all aspects such as ideological understanding, idea framework, policy support and mechanism construction, and has actually become the guiding outline for the future development of China, showing the uniqueness of China in political ecology, cultural ecology and social ecology. All aspects can coordinate and jointly function on the natural ecological system of China, and build the unique way of China for ecological civilization.

China is the leader and front runner of agricultural civilization. We dropped behind in the industrial civilization age, but now we catch up. However in the ecological civilization age, we will become the creator and leader. The ecological civilization manifesto of the Chinese Communist Party is the manifesto of beautiful China and green China.

What is the “beautiful China”? The beautiful China is China with more blue sky, cleaner water, denser forest and broader prairie. Therefore, building the beautiful China and realizing the sustainable development of the Chinese nation are the tenets of the manifesto.

China is a country shared and jointly built by tens of billions Chinese people. The ecological civilization manifesto proposed by the Chinese Communist Party is to draw the newest, most beautiful and greenest picture on the 9.6 million square kilometers territory including the 3 million square kilometers maritime space. After we finish the great course of industrialization, urbanization and modernization, we will leave the most previous green heritage to our offspring.

The modernization of China is a unique way. We can neither continue our old way, nor follow the old way of the western countries. We can only create new way. The ecological civilization construction is the important characteristic of the way. The Chinese civilization is the only human civilization continuing till now without interruption. The Chinese Communist Party is the political party representing the most advanced productivity and culture orientation. The Chinese people are great people, and the strong driving force of green innovation. When the 1.3 billion Chinese people act together and innovate together, our dream of green China will come true. We will surely create the green rejuvenation road and ecological civilization inheriting the ancient tradition of China, and exploit another new chapter for the development of human civilization.

# Chapter 5

## China's Dream: Number One in the World

### Lead

Catching up with and surpassing America has been the “China’s dream” and “Great Power’s dream” proposed by Mao Zedong. In 1956, He for the first time proposed the assumption in the preliminary conference of the 8th National Congress of CPC to catch up and surpass America in fifty (by 2006) or sixty (by 2016) years. This is the “great strategy” of China. Among the numerous powers in present world, the only country which is qualified and capable is China.

The first decade in the 21st century is the ten years when China speeds up to catch up with and partially surpass America. China has become the world second economy, trading entity and comprehensive national strength power. The next decade is till the strategic opportunity period for the development of China, and also the ten years for China to fully catch up with and overall surpass America. It will successively become the world first trading entity, first economy and first comprehensive national strength power. It, surprisingly, verifies the “China’s dream” and “Great Power’s dream” of Mao Zedong.

For China, we not only need to surpass America. Most importantly, we need to surpass American mode ceaselessly, i.e. to continuously innovate the socialist modernization with Chinese characteristics.

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The contents in this chapter were published on Jan. 5, 2011 in Outlook Weekly titled How Will China Catch up With and Surpass America (data table is excluded). The author updated data, and supplemented viewpoints on December 2012.

## 5.1 “America First”: Chasing History of World Modernization

The history of world modernization development is actually a history chasing the industrialization. From the evolution history of world economic development, many countries surpass the formers as latecomers during the modernization process, and realize catching up with or surpassing the modernized forerunners for industrialization. However, most of them catch up in the meaning of per capita GDP, while it is more different to catch up with economic aggregate under restraints of population scale and natural conditions. After America surpassed Britain in 1867 in the aspect of GDP (PPP, 1990 international USD), in 1878 in the aspect of industrial added value, and in 1890 in the aspect of energy consumption, it has kept the “world first” in these aspects for more than one century. In 1950, America, when at the peak period, accounted for 27.3% of world GDP, 44.7% of industrial output and 40.4% of energy consumption. In the entire 20th century, the Soviet Union and Japan both have put forward the objective of surpassing America and becoming the world first directly or indirectly, but both failed to realize.

The Soviet Union rose and fell twice each in succession.<sup>1</sup> The first rise was during 1928–1938, which was interrupted by wars soon afterwards. The proportion of manufacturing industry output of the Soviet Union to the world total output rose from 5.3 to 9.0%. The second rise was during 1950–1973, which was its powerful and prosperous period. In 1957, Nikita Khrushchev in the Soviet Union has proposed to surpass America and become the world first. The proportion of the Soviet Union GDP (PPP, 1990 International USD) to the world total GDP dropped from 9.6 to 9.4%. During 1953–1973, the proportion of manufacturing industry output of the Soviet Union to the world total output rose from 10.7 to 14.4%, which was the peak in its history. In that period, the proportion of its GDP to American GDP improved from 31.1% in 1950 to 38.4% in 1975; the proportion of total industrial output improved from 23.9 to 43.6%.

However, the quality of economic growth in the Soviet Union seemed low, and the productivity was low either. After 1970, its development suspended mainly because of the rigid planned economic system, insufficient innovation ability and insignificant economic achievements compared with military achievements. The fierce military competition finally dragged the Soviet Union down. Compared with other countries, the achievement of the economic rise was not prominent, while the

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<sup>1</sup>Paul Kennedy believes since the 18th century, Russia has been keeping the status as European power. Although its economic strength is not the most powerful, its economic aggregate has been keeping in the forefront of the Europe. Before 1850, the economic aggregate has had been the most powerful in the Europe. In the industrial revolution later, Russia took the opportunity and improved its manufacturing industry and economic aggregate. However, the economic competitiveness of Russia dropped behind than other industrialized countries. On the other hand, the military power has been the trouble of European countries. The adverse tendency of economy failed to transfer to obvious military weakness, referring to Paul Kennedy: *The Rise and Fall of the Great Powers*, pp. 215–217, China Economic Press, Beijing, 1989.

superior military competition finally outshined its economic growth. After 1990, Russian entered the second national power fall. During 1990–2001, the proportion of Russian GDP to the world total GDP dropped from 4.3 to 3.6%. Its comprehensive national strength dropped to the minimum.

Although relative to America, Japan slightly rose before the Second World War, its main rise started after 1950. Before WWII, Japan was in wars, including the fight with Russia for the northeast area of China, and the aggressive wars in China such as the “Sep. 18” Incident in 1931. All those rises are aggressive and warring rises. The rise after 1950 can be called peaceful rise. Its constitution regulated that they should not assign armies to foreign countries, neither arbitrarily add national defense budget expenditure, which greatly restricted Japan. Therefore, in that sense, the rise of Japan is partial.

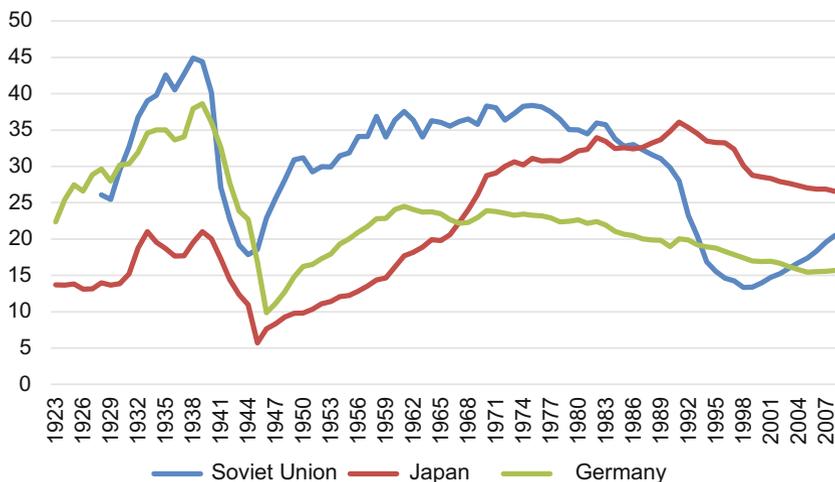
In 1979, Prof. Vogel from Harvard University wrote the well-known *Japan as No.1—Lessons for America*, and proposed the consumption and possibility that Japan may surpass America and become number one of the world after 1980s. We also found the Japanese GDP has been rising relative to America, and reached its peak point of 36% by 1991 with total industrial output reaching 78.3% of America. Then, the economy in Japan dropped with the broken of the economic bubble (referring to Fig. 5.1). In the meantime, the proportion of economic aggregate and trading volume of Japan to the world total volume dropped since 1990s; and proportion of GDP to America dropped to 26.6% after 2008 (Table 5.1).

## 5.2 “Great Power’s Dream” of China to “Catch up with and Surpass America”

Catching up with and surpassing America has been the “China’s dream” and “Great Power’s dream” proposed by Mao Zedong. 50 years ago, He, for the first time, proposed the strategic assumption in the preliminary conference of the 8th National Congress of CPC to catch up and surpass America in fifty or sixty years. At that time, Mao Zedong did not know the economic indexes such as GDP, neither knew the actual distance between China and America. He adopted the steel output index, which was the general index measuring the strength of a country. In 1955, China only had over 4 million ton steel while America had 100 million ton, equaling to 20-folds of that in China. Mao Zedong introduced that sixty years ago, the steel output in America was only 4 million ton. Therefore, he thought China could catch up with and surpass the steel output of America by fifty (by 2006) or sixty (by 2016) years, rather than economic aggregate index and other indexes. At that time (1955), the total population in China was over 600 million, over 400 million more than America which was only 190 million, while the GDP of America was 5.8-folds than that in China.<sup>2</sup> Regrettably, one year later (1957), Mao Zedong visited the

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<sup>2</sup>Angus Maddson, *Historical Statistics of the World Economy: 1-2008 AD*.



**Fig. 5.1** Proportions of GDP in Germany, Japan and the Soviet Union to America (1928–2008).  
 Data source Angus Maddison, 2010

**Table 5.1** Proportion of industrial output and export in Germany, Japan and the Soviet Union to America (1913–2010)

|   | 1913 | 1928  | 1953 | 1973  | 1990 | 2009 |
|---|------|-------|------|-------|------|------|
| <i>Proportion of industrial output to America</i> |      |       |      |       |      |      |
| Germany   | 46.3 | 29.5  | 13.2 | 17.9  | 38.2 | 43.3 |
| Japan   | 8.4  | 8.4   | 6.5  | 26.7  | 78.3 | 73.2 |
| Soviet Union/Russia                               | 25.6 | 13.5  | 23.9 | 43.6  | 27.1 | 12.2 |
|   |      | 1929  | 1950 |       | 1998 | 2010 |
| <i>Proportion of export to America</i>            |      |       |      |       |      |      |
| Germany   |      | 115.5 | 30.6 | 111.2 | 76.1 | 99.3 |
| Japan   | 2.0  | 8.7   | 14.3 | 8.2   | 54.5 | 62.4 |
| Soviet Union                                      | 34.7 | 11.3  | 15.0 | 33.2  | 16.1 | 46.0 |

Data source Angus Maddison (2008), Paul Barioch (1983), UNIDO (2012)

Soviet Union. Influenced by Nikita Khrushchev who proposed to surpass America in the aspect of total output of main industrial products by 15 years, Mao changed the former assumption into “catching up with America and surpassing Britain” by 15 years. Therefore, Mao Zedong launched “Great Leap Forward” campaign after came back to China, but soon met his waterloo. However, the “Great Power’s Dream” of Mao Zedong is till great, and able to realize in advance. By 1993, the steel output of China surpassed America and ranked No. 2 in the world after Japan. By 2006, the steel output of China reached 568 million ton, equaling to 5.77-folds

of that in America (98.48 million ton), and 40.92-folds of that in Britain (13.88 million ton).<sup>3</sup>

We call the “Great Power’s Dream” of Mao Zedong the great strategy of China, and thus America, the most advanced capitalist country in the world, was viewed as the catching and surpassing objective of the backward socialist county with large population. Here Mao Zedong implied an important assumption: among numerous great powers in the world, the only country which is qualified and capable to surpass America is China. Mao had three significant reasons: firstly, the land areas of China and America are about the same, which means the total resource volumes are close. If we can exploit and use efficiently, it will become the natural resource foundation to catch up with and surpass America. Secondly, the population of China is far more than that in America, which means once the human capital level of the Chinese people is greatly improved, it will become the human resource foundation to catch up with and surpass America. Thirdly, the socialist system is superior, which means American system is the most superior system in capitalist countries while the system of China is more superior to that in America. If we make full use of the superiority, it will become the system foundation to catch up with and surpass America.

Reviewing the history or looking into the future, indeed among over 200 countries or regions in the world, the only country which is competent to catch up with and surpass America is China. “Catching up with and Surpassing America” is the great power’s dream of Mao Zedong, and realized ceaselessly by latecomers by practices and experiences.

From the development life cycle of modern countries, the Mao Years are the first stage of the life cycle, i.e. preliminary period of growth and industrialization. He was impossible to realize the dream. However, he established the independent and integrated industrial system and national economic system for China, and made China enter the top ten of world great economies.

After Mao Zedong, Deng Xiaoping ceaselessly rebuilt the socialist system, and reformed the economic system and political system to eliminate disadvantages and create advantages so as to simulate innovation. The social, country and party’s innovation started and realized the process from catch-up to surpassing. Since reform and open-up, China entered the second stage of the life cycle, i.e. the rapid rise period and industrial acceleration period, and obviously accelerated the economic and technological catch-up to America. However until the beginning of 1990s when the Soviet Union collapsed, the economic strength and comprehensive national strength between China and America had great disparity, and America became the unparalleled super power.

After entering the 21st century, the Central Committee of CPC makes accurate and important judgment “on the whole, the first two decades in the 21st century for China are the important strategic opportunity period when China must seize and

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<sup>3</sup>2006 World Iron & Steel Output Analysis, <http://zhidao.baidu.com/question/28546796.html>.

develop its skill to full.<sup>4</sup>” The core objective of the strategic opportunity period is “enriching the people”, i.e. by 2020 to fully complete the moderately prosperous society. Because China is the country with most population, 1 billion more than that in America, the economic aggregate will surpass America even the per capita income only increases to 1/5 to 1/4 of per capita income of the Americans. This is a process that multiple main aggregates indicators continuously accelerate surpassing America, from agriculture No. 1 to industry No. 1, from export No. 1 to import No. 1, from investment No. 1 to consumption No. 1, from manufacture No. 1 to technological innovation No. 1. The process has been started earlier. The GDP index with exchange rate method surpassing America is the final symbol, not the only symbol of the process.

This process can be generally divided into two stages: accelerating catch-up and partial surpassing in the first decade (2001–2010); the overall catch-up and all-round surpassing in the second decade (2011–2020). Now we are in the intermediate point of the process. Therefore it is necessary for us to look back briefly and look into the future in an international viewpoint through comparison between China and America. The fundamental change of economic strength and comprehensive national strength between China and America broke the pattern that America solely led the world economic politics for long, and caused the historical change of relationship between China and the world, and laid the foundation if strength for the great rejuvenation of the Chinese nation. In the competition among 239 countries and regions in the world, the strength rules all. Only powerful strength can help set up true international status and reach true international equality.

### **5.3 Decade for China to Accelerate Catching up with and Partially Surpass America (2001–2010)**

In the first decade of the 21st century, China still kept a high economic growth; after joining in WTO, China kept a high growth in foreign trade and accelerated integration of world economy, took the lead in realizing “China New Policy”, economic rejuvenation, and trade rejuvenation, and reduced the disparity with America in all aspects. China made full use of the strategic opportunity period, possessed more favorable international status, and acquired more extensive international space. These are the ten years China accelerates catching up with and partially surpassing America.

Firstly, the main indexes in China rose ceaselessly in the rank of the world. The economic aggregate rose to the second place in 2010 and the sixth place in 2000, accounting for 9.0% from 3.75%; the relative gap of GDP between China and

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<sup>4</sup>*Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC*, Nov. 18, 2002.

America reduced from 8.26-folds to 2.52-folds in 2010<sup>5</sup>; according to the data provided by the World Bank, the relative gap of GDP (PPP) between China and America reduced to 1.48-folds in 2010 from 3.34-folds in 2000.<sup>6</sup> It is greatly beyond the prediction of America. We meet the objective 15 years in advance. In December, 2004, the *2020: Mapping the Global Future* released by National Intelligence Council predicts that China will become the world second economy before 2025.

Secondly, China has become the world first manufacturing country. There are approximately 500 kinds of industrial products in the world, among which the output of 220 products in China rank the world first.<sup>7</sup> In 2010, the steel output of China is 3.6 times higher than that in America. In accordance with the preliminary data released by HIS, the manufacturing industry added value in China would surpass America and become the world first in 2011. In the meantime, the primary energy consumption and power generation of China would both surpass America. The dominating status of America for more than one century would be broken.

Thirdly, the total cargo export volume rose to No. 1 in the world in 2010 from the eighth place, accounting for 10.4% from the former 3.86%; the proportion of service trading volume to the total world volume rose to 5.2% in 2011 from 2.7% in 2002. The proportion of service trade export to the total world volume rose to 4.4% from 2.5%, and the work ranking rose to No. 4 from the 12th place; the proportion of service trade import to the total world volume rose to 8.1% from 3.0%, and the work ranking rose to the third place of the world from the tenth place. The foreign direct investment rose to the second from the ninth place; and foreign exchange reserve rose to the first place from the seventh place (2007) (referring to Table 5.2).

Fourthly, China becomes the country with most research and development talents<sup>8</sup> when the number of scientists and engineers engaging in research and development activities surpassed those in Japan, EU (27 countries) and America.<sup>9</sup> In 2008, China became the country with the second most scientific and technological paper publications after America<sup>10</sup>; in 2009, China became the country with the third most patents and basic patent applications in the world after Japan and America.<sup>11</sup>

Fifthly, from the angle of the infrastructure, the main basic communication infrastructure ownerships have surpassed America; the cargo throughput of coastal

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<sup>5</sup>World Bank: *World Development Indicators 2011*.

<sup>6</sup>See footnote 5.

<sup>7</sup>People's Daily, Oct. 9, 2010.

<sup>8</sup>In 2008, the total number of Chinese R&D personnel has passed America and become the world first, accounting for 19.1% of total R&D personnel in the world, more than total R&D personnel in America (1.91 million/year, accounting for 18.6% of world total number). Development Planning Department of Ministry of Science and Technology: *Science and Technology Statistics Report*, Vol. 21 (total Vol. 487), Dec. 17, 2010.

<sup>9</sup>National Science Foundation (NSF), *Science and Engineering Indicators 2010*.

<sup>10</sup>One of the *World Research Reports* published by Thomson Reuters Group, December 2009.

<sup>11</sup>Thomson Reuters: *Patented in China: The Present and Future State of Innovation in China*. By Eve Y. Zhou, Ph.D., and Bob Stembridge.

**Table 5.2** Rank of main Chinese indexes in the world (1978–2010)

|  | 1978                | 1990      | 2000      | 2005               | 2010               |
|--|---------------------|-----------|-----------|--------------------|--------------------|
| GDP (exchange rate method)                                   | 10 (1.75)           | 11 (1.64) | 6 (3.75)  | 4 (4.94)           | 2 (9.0)            |
| GDP (PPP)  | 4 (4.9)             | 3 (7.8)   | 2 (11.8)  | 2 (16.2)           | 2 (18)             |
| Added value of manufacturing industry (exchange rate method) |                     | 10 (2.7)  | 4 (6.7)   | 3 (9.8)            | 1 (19.8)           |
| Total cargo export volume                                    | 29 (0.76)           | 15 (1.80) | 8 (3.86)  | 3 (7.26)           | 1 (10.4)           |
| Foreign direct investment                                    | 60 (0.11)<br>(1980) | 12 (1.68) | 9 (2.95)  | 4 (4.98)<br>(2006) | 2 (8.5)<br>(2009)  |
| Foreign exchange reserve                                     | 35 (0.57)           | 9 (3.05)  | 2 (8.16)  | 2 (18.53)          | 1 (29.57)          |
| Scientist and Engineers                                      |                     |           | 2 (9.6)   | 2 (13.5)           | 1 (19.1)<br>(2008) |
| Number of mobile telephone                                   |                     | (0.16)    | (11.40)   | 1 (17.80)          | 1 (15.93)          |
| Number of internet users                                     |                     | (0.05)    | (5.76)    | (11.00)            | 1 (22.11)          |
| Container throughput   |                     |           | 1 (18.24) | 1 (17.87)          | 1 (24.08)          |

The figures in brackets are the proportions of China to the world total volume

*Data source* National Bureau of Statistics: International Statistical Yearbook 2010, p. 3, China Statistics Press, Beijing, 2010; National Bureau of Statistics: China Statistical Abstract (2010), p. 160, China Statistics Press, Beijing, 2010; CIA, The World Factbook, 2011; World Bank, 2012, Information and Communication for Development 2012, The World Bank

port in China has ranked the first in world; in 2011, the expressways in China are totally 84,900 km long, longer than the 75,000 km expressway network in America; the high-speed railway in China are 7531 km long, and China is the country with the longest high-speed railway course and the largest scale under construction.

Sixthly, in view of the comprehensive national strength, the gap between China and America reduced obviously to 1.50-folds in 2008 from 2.55-folds in 2000 (referring to Table 5.3). China has become the world second powerful country in the world.

In a word, China will reach a new step every five years (referring to the five-year plan), i.e. the economic aggregate, trading volume and comprehensive national power reach a new level; China will take a giant step forward every two five years (referring to two five-year plans), i.e. the economic aggregate, trading volume and comprehensive national power rise greatly in the world ranking. China spent 10 years to reduce the gap between China, mainly in main aggregate indicators, among which some indicators have surpassed America. On the one hand, it shows China accelerates rising under the correct leadership of the Party Central Committee

**Table 5.3** Proportion of comprehensive national strength in five great powers to world total volume (1990–2008)

| Country                  | 1990  | 1995  | 2000  | 2005  | 2008  |
|--------------------------|-------|-------|-------|-------|-------|
| China                    | 5.97  | 7.76  | 8.71  | 11.51 | 13.14 |
| India                    | 2.89  | 3.37  | 3.72  | 4.36  | 4.61  |
| Japan                    | 9.87  | 9.54  | 8.99  | 8.17  | 8.51  |
| Russia                   |       | 3.00  | 2.85  | 3.02  | 3.24  |
| America                  | 24.51 | 23.14 | 22.19 | 21.41 | 19.69 |
| Total of five            |       | 46.81 | 46.46 | 48.46 | 49.20 |
| America/<br>China (Fold) | 4.10  | 2.98  | 2.55  | 1.86  | 1.50  |

Unit: %

*Calculating data source* calculated by the author according to the data of the world bank

centered at Comrade Hu Jintao; on the other hand, it shows America accelerates declining due to once and gain fault leadership of President George Walker Bush and Barack Obama so as to speed up the progress of overall catching up and partial surpassing. From the in-depth reason, the Chinese system is superior to that in America, unless America stops declining.

Meanwhile, the relationship between China and the world changes greatly, and the status and influence of China improve obviously in the international society. The emerging economies such as China participate in global economic governance with equal status so as to break the long-term economic governance led by developed countries for a long time. Under the powerful pressure from emerging countries such as China, the World Bank and IMF have to increase the voting right of emerging economies such as China. The voting right of China rises to the third place after America and Japan. This is the first time that a developing country participates in and becomes the important leader of world macroeconomic governance.<sup>12</sup>

<sup>12</sup>On April 26, 2009, Li Yong, the vice minister of Ministry of Finance in the World Bank appealed the developed countries to show their political wills, greatly improve the status of developing countries and transitional countries in the decision making process of the World Bank, and accelerate the speak right and representative reform of the World Bank. On April 27, 2010, the spring session of the World Bank Development Committee passed the decision in Washington, USA to rise the voting right of China in the World Bank to 4.42% from 2.77%, to the third place from the sixth place. Zhou Xiaochuan, the President of the People's Bank of China on April 24, 2010 in Washington urged IMF to accelerate reform and increase the quota and right of speak of emerging markets and developing countries. On Oct. 23, 2010, G20 finance ministers and central bankers meeting reached consensus on the share reform problem of IMF. The meeting agreed to transfer over 6% share to the countries with inadequate representatives including emerging countries, while the share of China would rise to the third place from the sixth place.

## 5.4 Decade for China to Fully Catch up with and All-Round Surpass America (2011–2020)

The next decade is till the strategic opportunity period for the development of China, and the important period for China to reach a great new level.

Firstly, we will realize the grand objective of fully completing the moderately prosperous society proposed by the 18th National Congress of CPC as scheduled, i.e. the objective of “enriching the people”: by 2020, in view of factors of RMB currency value appreciation, we conservatively estimate that the per capita GDP may exceed 10,000USD; the average life expectancy may approach 77 years old, basically reaching the level in America (the average life expectancy of American in 2010 is 78.6 years old); the average schooling years for population above 15 can reach over 10 years; the human development index will enter the higher level of the world, the absolute poverty will be eliminated basically, and the social insurance will completely cover urban and rural population; the Engel coefficient of urban residents will enter a more prosperous stage, approaching the level of moderately developed country, and the Engel coefficient of rural residents will enter the prosperous stage, in the forefront of developing countries.

Secondly, we will become the “country where the industrialization is basically realized, comprehensive national strength is obviously improved, and the domestic market overall scale ranks the forefront in the world” proposed by the 17th National Congress of CPC, i.e. realize the objective of “powerful country”. During 2010 to 2020, all indicators of China will fully catch up with America and most of indicators will surpass America in succession. According to the conservative estimate of the author:

Firstly, the gap of GDP between China and America reduces rapidly. According to the market exchange rate method and in view of three factors of CPI rise, appreciation of the RMB and depreciation of USD, by 2020 the proportion of Chinese GDP to the total world GDP will approach 1/5, and surpass America by 1.04 times<sup>13</sup>; we will break the dominant status of America in the world economic aggregate for 153 years (1867–2020). According to the PPP international USD (current price) provided by the World Bank, China will surpass America around 2016, and the gap of GDP (PPP) between China and America will reduce to 1.34 times in 2020 from 1.48 times in 2010.<sup>14</sup>

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<sup>13</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, p. 62, China Renmin University Press, Beijing, 2011. The conclusion is basically the same with foreign research. For instance, the *World Largest Economy* in Economist, the British magazine (Dec. 16, 2010) predicts that in the next ten years, the average annual economic growth in China and America would be 7.75 and 2.5% respectively, while the inflation rate would be 4 and 1.5% respectively. The annual appreciation of RMB will be 3%, and China will become the largest economy by replacing America in 2019.

<sup>14</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, p. 62, China Renmin University Press, Beijing, 2011.

Secondly, China will become the largest consumer market in the world, and will realize the objective of “total domestic market scale ranking forefront of the world” proposed by the report to the 17th National Congress of CPC.<sup>15</sup> In view of material durables, the Chinese market will surpass or far surpass American market; according to the current price of USD by exchange rate method, by 2020, the total consumption in China will be 1.45 billion USD, equaling to 78% of that in America; according to the current price of USD (PPP), it will reach 1.58 billion USD, equaling to 100% of that in America.<sup>16</sup>

Thirdly, the scale of high technology manufacturing industry has ranked the second in the world.<sup>17</sup> By 2020, the added value of high-tech manufacturing industry including new energy, new materials and new generation information technology, will surpass America and rank the world first.

Fourthly, the total goods export volume has ranked the world first. In 2013, the total goods export volume of China surpassed America and became the world first; around 2015, the goods import volume of China will surpass America; by 2020, the proportion of good export volume in China to total world volume will improve to 18.0% from 10.4% in 2010, equaling to 1.8-folds of good export volume in America, and import volume will improve to 19.0% from 9.1% in 2010, equaling to 1.8-folds of good import volume in America<sup>18</sup>; the gap of service trade between China and America reduces rapidly, ranking the second of the world; by 2020, China will become the world first overseas direct investment country from the fifth place, and in the future, the Chinese GNP may surpass GDP.<sup>19</sup>

Fifthly, China becomes the country with the largest scale of urban population in the world. In 2010, the urban population in China is 666 million, and by 2020 will reach 845 million, equaling to 2.9 -folds of that in America (291 million). In the meantime, according to the national main functional area distribution, the urban agglomeration pattern of “two horizontal and three vertical lines” will be formed.<sup>20</sup>

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<sup>15</sup>Hu Jintao: *Hold High the Great Banner of Socialism with Chinese Characteristics, and Strive for New Victory of Comprehensively Building the Moderately Prosperous Society—Report to the 17th National Congress of CPC*, Oct. 15, 2007.

<sup>16</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, p. 65, China Renmin University Press, Beijing, 2011.

<sup>17</sup>According to the information of National Development and Reform Commission, in 2011, the total output value of scale and above high-tech manufacturing industry has reached 9.2 trillion Yuan, doubled than that in 2006, and the industrial scale ranked the second place in the world. The output of main high-tech products such as mobile phones, color TV, computers and several drugs ranked the world first. Chinese Radio Network, April 6, 2012.

<sup>18</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, pp. 34–35, China Renmin University Press, Beijing, 2011.

<sup>19</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, p. 37, China Renmin University Press, Beijing, 2011.

<sup>20</sup>The “two horizontal lines and three vertical lines” refer to the urbanization pattern with Eurasia Land Bridge channel, and channel along Yangtze River as horizontal axis, and coastal railway (Dalian–Zhanjiang), Beijing–Harbin & Beijing–Guangzhou railways, Hohhot–Baotou–Erdos–Kunming railway as vertical axis, with national optimal development and key developed

The Pearl River Delta Region, Yangtze River Delta Region and circum-Bohai-Sea Region will become the world-class urban agglomerations, which will surpass any urban agglomeration in America in population scale and economic scale.

Sixthly, the higher education population in China (junior college and higher) will be more than 200 million by 2020, and population with senior high and university educational background will be near 400 million, far more than the total population of America (about 340 million), as double as total labor force in America (170 million).<sup>21</sup> The total number of scientists and engineers engaging in research and development activities is as 1.67 times as those in America,<sup>22</sup> and the objective of “promoting China to move from large talent country toward great talent power” proposed by the report to the 18th National Congress of CPC.

Seventhly, the number of Chinese patents and basic patents will surpass America and Japan successively<sup>23</sup>; the scientific papers of China published have surpassed America,<sup>24</sup> the citation frequency of Chinese international scientific papers during 2002–2012 ranks the sixth place in the world,<sup>25</sup> while during 2010–2020 will rise to the second place after America; China will become the genuine world innovative power.<sup>26</sup>

Eighthly, China will become the world powerful cultural country. The comprehensive population coverage scale of the broadcasting program and television program will be over 4 times of that in America; the users of wire radio and television will be more than 330 million, as four times as that in America; the consumers of main cultural products and services such as TV plays, TV program production time, sound recording, video recording, book publication, periodical publication, newspaper publication and electronic publications rank the first place of the world.

Ninthly, in view of infrastructure, in 2015 the expressway will be as long as 110,000 km, much longer than that in America; the high speed railway (referring to the passenger railway line and intercity railway with speed per hour over 200 km)

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urbanization areas as support and with other urbanization areas along the axis as important constitution. *Outline of the Twelfth Five-year Plan of the People's Republic of China for National Economy and Social Development*, March, 2011.

<sup>21</sup>Hu Angang: *New Change of Chinese Population Condition from the 6th Demographic Census Data*, May 30, 2011, National Reports, Vol. 24, 2011.

<sup>22</sup>Hu Angang, Yan Yilong, Weixing, *2030 China: Moving towards Common Prosperity*, p. 39, China Renmin University Press, Beijing, 2011.

<sup>23</sup>Thomson Reuters: *Patented in China: The Present and Future State of Innovation in China*. By Eve Y. Zhou, Ph.D., and Bob Stembridge.

<sup>24</sup>One of the *World Research Reports* published by Thomson Reuters Group, December 2009. According to the latest data provided by Science and Technology Information Institute of China, the Chinese SCI papers issued in 2011 are 40% of those in America. *Guangming Daily*, Dec. 8, 2012

<sup>25</sup>In view of quality of scientific papers, during 1994–2004, the citation frequency of Chinese international scientific papers ranked the 18th in the world, while rose to 6th place during 2002–2012. *Guangming Daily*, Dec. 8, 2012.

<sup>26</sup>Hu Angang: *China Accelerates Moving Toward World Innovation Country*, Dec. 16, 2010.

operating mileage in China will be prolonged to 20,000 km in 2020 from 12,000 km, basically connecting provincial capitals and realizing the national high speed railway network covering cities with population over 500,000; the extra-high voltage and smart power grid scale in China ranks the world first; the output and consumption of non-fossil energy in China ranks the world first, among which the installed capacity and power generation of wind power are as double as that in America.

Tenthly, by 2020 except military strength, the comprehensive national strength of China will surpass America. China will become the genuine world great power, breaking the dominating place as the world first for over 100 years.

It is important to note that the above-mentioned analysis and prediction are conservative. That is because the GDP or other indexes calculated by the exchange rate method are great different from the actual material indexes, which not only reflects the great difference of factor price between China and America, but also reflects the great difference of factor output rate. The actual result may be that the physical quantity index will surpass America first while the value quantity index will surpass later; PPP index will surpass America first while exchange rate method index later. We will truly and fully surpass America in the decade after 2020 or in a longer time.

Of course, no matter the development level and per capita level of China will have great gap between America even by then. China needs to chase ceaselessly. It is important to note that in the 21st century China's catching up with developed countries especially America is not to take America as the modernization development objective mode for China. That is because the national conditions between China and America are greatly different, and China cannot fully copy the American mode. The most important thing is to ceaselessly surpass the American mode and innovate the socialist modernization with Chinese characteristics.

## 5.5 “China No. 1”: International Significance and Historical Opportunity

The first twenty years of the 21st century are actually the “accomplishing period of important strategic opportunities”<sup>27</sup> for China with billions of population. This is not only a process realizing the objective of “enriching the people”, i.e. fully completing the moderately prosperous society by 2020, but also as process realizing the objective of “powerful nation”, i.e. making China become the world greatest power. These are two correlative and interactive processes. The report to the 18th National Congress of CPC pays more attention to the first objective, while the

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<sup>27</sup>Jiang Zeming: *Fully Build the Moderately Prosperous Society, and Open the New Situation with Socialist Cause with Chinese Characteristics—Report to the 16th National Congress of CPC*, Nov. 18, 2002

actual results will emphasize on the second objective. Although the report fails to mention, the process for China to fully catching up with America is the process of China to partially surpass so as to fully surpass America. The economic meaning of China's rise is that the proportion of Chinese economic aggregate to total world aggregate greatly improves, and the economic gap between China and developed countries especially America reduces obviously. The developing country with the most population in the world catches up with the most developed and most powerful America, which will be the attracting significant event in the 21st century that China will influence on human development process. It is of great and deep significance to break the political, economic and trading pattern for long that America dominates the world and the west leads the globe, and of active international significance to promote the rise of strength of emerging market countries.<sup>28</sup>

As a matter of fact, the largest and most important difference between China's being No. 1 and former any country's being No. 1 lies in that China advocates pacifism rather than hegemonism, advocates multilateralism rather than unilateralism, and implements mutual-benefit and win-win principle rather than zero-sum game. An increasingly powerful China needs to make larger contribution to human development, including the contribution to poverty reduction, economic growth, trading growth as well as knowledge, culture and green development.

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<sup>28</sup>On Dec. 10, 2012, the report titled *Global Trends 2030: Alternative Worlds* published by the National Intelligence Council acknowledges that the economy of China will surpass that in America. The unipolar pattern that America dominates the world will be terminated, and the western rise since the industrial revolution will be reversed. However the report predicts that by 2030 the economy of China will surpass America. Apparently, it repeats the former mistake: in 2004, the 2020: Mapping the Global Future predicted that China would become the world second economy by 2025. Except their limited professional level, they always over estimate themselves while excessively underestimate China.

## Postscript

The greatest political event in China and even the world in 2012 is the 18th National Party Congress of CPC. This conference attracts the attention of both the country and the world. I am so honored to have attended this meeting. As a witness, I have recorded the details of the conference, provide and share with the readers more above information, deeper thoughts and more insightful comments.

Actually, when National Conditions Institute of Tsinghua University was established at the beginning of this year, I decided that the theme of national conditions research this year would be to provide the in-depth, serious and persuasive background research fruits for the 18th National Congress and provide the important information, knowledge, theory and wisdom for the report of the 18th National Congress of CPC.

From the perspective of academic research results, we have written and published four pieces of works: The first one is *Man's World-CPC and China's Road* (written by Hu An'gang, Wang Shaoguang, Zhou Jianming, actually written by Han Yuhai, Beijing: China Renmin University Press, version of July 2011); The second is *2030 China: Making for Common Prosperity* (actually written by Hu An'gang, Yan Yilong, Wei Xing, Beijing: China Renmin University Press, version of October 2011); The third is *China: Innovative and Green Development* (Hu An'gang, Beijing: China Renmin University Press, version of April 2012) The fourth is *2020 China: Building a Moderately Prosperous Society in All Respects* (Hu An'gang, Beijing: Tsinghua University Press, version of September 2012). I have also given away the books to the central leaders and provincial-level and minister-level main directors, gaining different responses.

From the perspective of decision consultation, we have compiled 17 pieces of *China Study* and provided it for the central leaders for reference. It has provided important viewpoints and suggestions for the Party's 18th National Congress and provided historical background, experience and logic for the (institutionalization, standardization and formularization) for the collective alternation of the central leaders. These penetrating judgments have been absorbed in the 18th National Congress report of the Party, Constitution of Communist Party of China (Amendments) and the process of collective alternation of central leaders. We also invite Party Building Books Publishing House and Social Sciences Academic Press

to formally publish *China Study* (2012) the next year as the 15th volume of this series of books.

We provide the key decision information at the key moments and for the key leaders. We have truly played the role of decision think tank and made the important knowledge contributions to the collective wisdom of the Party Central Committee, including the latest fruits of national conditions research. I follow the principle of first acting and then reporting. I did not formally submit Report of National Conditions Research Serving “the 18th National Congress” Report (7 pages in total) to the Party Committee of Tsinghua University and Party Organization of Ministry of Education until December 4, fully showing our tenet and mission of “knowledge for the people and the country”.

Exactly based on the above academic research and decision consultation results, I have written this book according to my personal experience of the 18th National Congress.

The theme of the book is that of the 18th National Congress report, namely “China’s road” and “China’s dream” (it can also be called as “China’s objective”). I have been regarding the report of congress of party representatives as the most important theme and basic clue to actively explore “China’s Road” and it has five joint characteristics. It is safe to say that the report of the Party’s 18th National Congress is the best material to read China, study China, think about China and expect China. This book is both my learning experience and the latest fruits of the research team under my leadership.

This book is divided into five parts: The first part “congress background, preparation and witness” expounds on the preparation stage from the 17th sixth plenary session to the seventh plenary session of the Party. It is often neglected by people but I think it is the most important. As the witness, I have also recorded the whole process of the Party’s 18th National Congress according to my notes. As the researcher, I have objectively compared the Party’s 18th National Congress with the National Party Congress of Republican Party and Democratic Party of America and drawn the startling conclusion: the former is far better than the latter.

The second part is “Main Spirits and Main Objectives”. This is my main experience and objective evaluation of learning the report of the 18th National Congress and my scripts of publicizing the spirits of the 18th National Congress in different places and units after the congress. It more combines our national conditions and national policies researches for multiple years. It introduces China’s road, China’s system and China’s objective from the historical perspective, international comparison and professional knowledge. It has also made historical evaluation of the Party Central Committee headed by Comrade Hu Jintao and made prospective outlook for the historical tasks of the new Party Central Committee headed by Comrade Xi Jinping.

The third part is “How to realize the alternation of leaders”, which is the content of my special lecture made in Tsinghua University for the students. I once made two introductions about this theme in Tsinghua University before the Party’s 16th National People’s Congress in 2002 and after the closing ceremony of the Party’s 17th National People’s Congress in 2007. This is the third time. The former two

speeches are mainly done from the perspective of a researcher. This one is different, for I have witnessed the shifting of Hu Jintao and Xi Jinping as the witness, which is indeed a link between the past and the future.

The fourth part is “ecological civilization construction and green development”. In my opinion, this is one of the largest innovations and highlights of the 18th National People’s Congress and is the manifesto of the ecological civilization of CPC, marking that China has started the ecological civilization era and also led the tendency of the human ecological civilization in the 21st century. In 1989, Wang Yi, Niu Wenyuan and I wrote the China Study entitled *Ecological Deficit: Greatest Crisis of the Chinese Nation’s Survival in the Future Period*. Recalling it, I have different feelings and feel happy and inspired by China’s narrowing the ecological deficit and making for ecological surplus.

The fifth part is “China’s dream: top one of the world”. This is one of my research themes for more than a decade. I have been influenced by the “Chinese dream” proposed by Mao Zedong. In 1956, Mao Zedong proposed the grand strategic assumption of surpassing America in 50 or 60 years on the preliminary conference of the Party’s 8th National People’s Congress. I study not only China, but also the comprehensive national strength of America; I have not only done one research, but also multiple and trace researches. In 2000, I wrote *Prospect of the 21st Century: How China Pursues America*; In 2003, I published the book *How China Should Pursue America- Strategy of Hu Jintao and Wen Jiabao System in Japan*; In 2011, I wrote *Retrospect and Prospect: How China Pursues America (2001–2020)*. On this basis, I have further implemented the important information and specially stated the historical significance and international significance of China’s “top one” in the future decade.

Actually, the contents of the report of the Party’s 18th National People’s Congress are abundant, with major significance. We will conduct the more professional early stage researches of the “13th five-year” planning of the country according to this report in the future one or two years so as to truly “comprehensively know about China, deeply analyze China, exquisitely design China and scientifically develop China”.

This book is written and published at the invitation of Zhejiang People’s Publishing House. This benefits the support and help of teachers, post doctoral, doctors and postgraduates from National Conditions Institute of Tsinghua University. Organized by Wei Xing, Yan Yilong, Wang Hongchuan, Yang Zhusong, Lang Xiaojuan, Wu Dan and Gao Yuning drafted my lecture outlines and record scripts into articles. I have further complemented the materials. It has been finally revised through multiple lectures and revisions. It can be regarded as the collective fruits for our professional learning and research of the spirits of the 18th National People’s Congress, the research fruits with large information amount and high quality and a piece of comprehensible and popular works facing the readers.

This is a process that tightly combines national conditions research and teaching. It also reminded me that in 1987, I, as a doctoral student, listened to Yuan Mu (one of the drafters of the report of the 13th National People’s Congress, the then deputy general secretary of the State Council)’s illustrations of the report of the Party’s

13th National People's Congress in Great Hall of the People, gaining a lot. Then, Wang Yi and I represented the National Conditions Analysis & Research Group from Chinese Academy of Sciences to write the China Study of Survival and Development. On the basis of the summaries of the basic characteristics of China's national conditions made by the report of the Party's 13th National People's Congress, it has made ore professional and scientific national conditions researches; On this basis, I have made continuous trace researches, so as to provide the background and professional researches for the report of the Party's 17th National People's Congress and the 18th and issue the "voice of Tsinghua" and spread the "ideas of the think tank". Similarly, I hope that they can also have in-depth and continuous researches through strict training. In five or ten years, they can also provide the background researches and professional historical evaluation for the report on the Party's 19th and 20th National People's Congress. I hope to continue making innovations and pursue excellence in terms of national conditions and polices researches. And hope that we will have qualified successors and keep going.

By Hu Angang  
In Tsinghua University  
December 30, 2012