Study on Government Regulation of Public Tourist Attraction Developing and Protecting

LIANG Mingzhu, WANG Wei
School of Management, Jinan University, Guangzhou, P.R.China, 510632
tmzliang@126.com

Abstract: The commonwealth character of public tourist attraction asks us not only to focus on resource allocation efficiency, but also gives consideration to social welfare. At present, under the situation of failure of market adjustment mechanism, it is important that government regulation plays the function of resource protection. Therefore, from the viewpoint of government regulation, this paper re-examines the government orientation in tourist attraction developing and protecting, and puts forward some suggestions of constructing government regulation based on the analysis of existing problems, for the purpose of effectively achieving the goal of public tourist attraction protection and sustainable utilization.

Keywords: public tourist attraction, developing and protecting, government regulation

1 Introduction

Public resources is the resource that is formed naturally or created by human, which can provide natural material and social foundation of living, development and enjoyment for human beings and is owned by all members in the society. The so-called public tourist attraction means tourist attraction which is characteristic of public goods. The public tourist attraction studied in this paper extensively includes natural and humanistic tourist attraction with commonweal, such as visitor attractions, forest parks, world heritage sites, natural reserves, museums, folk cultures, etc. Heritage tourist attraction in foreign literatures and common pool resources put forward by Hardin in “the tragedy of the commons” belong to research scope. The public tourist attraction in China is mainly divided into two categories: one is state-owned natural or cultural tourist attraction which feature commonweal, such as museums, memorial halls, techniques, demonstration areas of patriotism educating, etc.; the other is state-owned natural or cultural tourist attraction which is quasi public goods, such as national parks, national natural reserves, national geo parks, national forest parks, world heritage sites, etc., which are the major parts of public tourist attraction.

At present stage of society all kinds of special reasons in China, public tourist attraction is in a particularly vulnerable position. On the one hand, its publicity, scarcity and immobility make it lack of driven by commercial interests, thus result in market failing as price can not guide the effective protection. On the other hand, because of pursuing the maximization of economic benefit, local governments do not play an important role in the development and protection of tourist attraction. Their catabolic or weak behaviors gravely block the healthy development of tourism. Thus, as for study on tourist attraction developing and protecting, it is extremely necessary to break through the previous confine. Turning to the view of Institutional Economics and Public Administration from Environmental Ecology, the author constructs a mechanism system with vigor through reasonable institution arrangement and innovation, thereby to preclude the lack of institution and motivate the stakeholders’ consciousness to the development and protection of public tourist attraction. Government regulation, which belongs to Micro-economics category, is an indispensable institution arrangement to modern market economy[1]. From the viewpoint of government regulation, this paper re-examines the government orientation in tourist attraction developing and protecting, analyzes main current problems of the public tourist attraction in China, and puts forward related government regulation suggestions, thus to achieve the goal of protection and sustainable utilization.

2 Literature review
Hardin (1968) noticed the phenomenon of tragedy of the commons at an early time, describing strong minus externalities of common pool resources and the ill effects caused by temptation of free rider. It attracts people’s common concern to public goods. In 1994, Healy first introduces the concept of “common pool” into tourism studies. Direct against the problem of cultural landscapes over development and destruction, Healy uses property rights theory and discusses the solutions to the dilemma of public tourist attraction from three aspects: resource privatization, government management and institution of public property rights. Official or quasi-official organizations in the tourist attraction perform their functions, and break through the bottleneck of over exploitation and under-investment (Healy, 2006). Usually, governments take an important guiding role in the development and protection of public tourist attraction: creating website for tourist attraction and strengthening enforcement of the law, thus to relieve the pressure of a large number of tourists’ destruction (Shackley, 1999). In addition, foreign scholars pay more attention to the study of public tourist attraction development and sustainable tourism development. Briassoulis (2002) emphasizes public tourist attractions’ key role in sustainable tourism development, and strengthens government regulation and refrain from over exploitation. As weak tourism enterprises can not develop public tourist attraction overall and efficiently, local tourism industry develops stagnantly (Vail & Hultkrantz, 2000). More scholars study the development and protection of public tourist attraction from many aspects: public participation, environment effect and dynamic monitoring, resource development and innovation of business mode, etc., moreover, most of them are case study. As a whole, foreign study on public tourist attraction and government regulation starts earlier and develops more mature. Many of their management experience and research methods are known and drawn lesson by Chinese scholars. Domestic scholars are more concerned about public tourist attraction since the new century. With the further development of mass tourism, its commonweal characteristic stands out increasingly, more and more scholars participate in the study of public tourist attraction. Domestic academic circle focuses on the theme of how to use it properly; gradually enriching the research branch and category. It mainly takes certain type of tourist attraction, some areas or tourist attraction as background and carries out related study on tourist attraction developing and protecting. At the same time, some scholars make further study of sustainable tourism development, management system, government role in tourism development (Zhang, 2005; Yang & Zhou, 2005; Zhou et al, 2006; Li & Zhou, 2007; Wang & Liang, 2009; Wang, 2009). Their viewpoints are more concentrated on tourism influence, existing problems and skills of certain concrete programs, but government role lays emphasis on the discussion of its marketing function. From the government regulation perspective, study on public tourist attraction is still a seldom involved field. How to implement effective regulation to solve the problem of public tourist attraction developing and protecting just enters the research vision of Government Regulating Economics.

3 Analysis of government regulation’s important role

Government regulation is an important institution arrangement, under the system of market economy, which government makes regulation and restraint to the economic activities of microeconomic entities(particularly enterprises), with the goal of improving market mechanism and achieving certain public policy (Huang, 2006). As the most usual reaction to the failure of tourism market, the introduction of government regulation is mainly to solve the problems that market mechanism fails to adjust effectively, such as natural monopoly, supply of public goods, externality and information asymmetry, etc., thus to keep normal order of market economy, improve the efficiency of resource allocation, achieve the Pareto improvement and promote the level of social welfare. The important role that government regulation plays exists in the next aspects as follows:

3.1 Restricting natural monopoly
Tourist attraction is characteristics of its scarcity, uniqueness, immobility, regional differences, which results in its non-substitutability and natural monopoly. Although it is necessary that public tourist
attraction is monopolized, economic regulation has to be carried out as well, thus to control excessive monopoly and enhance social welfare. Otherwise, the proprietor of public tourist attraction may abuse of their monopoly power, and sacrifice the visitors to gain the largest interest. As a result, it breaches the requirement of commonweal.

3.2 Increasing the supplies of public goods
To be exact, public tourist attraction belongs to quasi public goods and meets the consumption’s feature of non-rivalry or non-excludability. Non-rivalry is that one consumer’s consumption will not decrease the supply to other users; Non-excludability means that any users must not be excluded the right of consuming the stuff. When public tourist attraction asks to show ticket and restrict tourists entry, the stuff that tourist consume is exclusive and non-competitive club product; When public tourist attraction is free of charge and restrict the capacity of entry, the stuff that tourists consumed is competitive and non-exclusive crowded product. The commonweal of public tourist attraction results in the difficulty of compensating tourism investment cost or longer recovery period. If only depend on market adjustment mechanism, tourism enterprises will not produce and supply public tourism products automatically. Therefore, government is obliged to take some measures to increase the yield and supplies of public goods, or directly invest and develop public tourist attraction, or use a regulation method to compensate and inspire tourism enterprise actively involved in the construction of public tourism products.

3.3 Compelling externality internalization
Public tourist attraction has strong externality. Once tourist attraction is damaged, it is an extra expenditure for other consumers, which affects local residents or enterprises’ normal life and producing activity. In the development and operation of public tourist attraction, externality mainly embodies in two aspects: one is crowdedness effect and excessive utilization of common pool resources. There is a relative stability in the resource system, which lead to waxing and waning of resource unit of quantity among the resource-using departments. To gain its self interests, each stakeholder usually will not decrease resource using, and then lead to unreasonable use of public goods. The other is environment pollution around common pool resources. Tourism enterprises sacrifice environment to gain more economic interests. However, the cost of harnessing environment is not included in the enterprise’s running cost but exclude out of the deal of manager and consumer. So, market mechanism can not evaluate this external uneconomic behavior. Only by strict social regulation, including measures of levying pigouvian tax, providing definition of property rights, program approval, governments transform the fee caused by external uneconomic behavior into the enterprise internal cost, which can effectively avoid crowded externality of public goods. It prompts the tourism enterprise to consider how to avoid external cost or overflow effect and ensure that social marginal cost approaches the marginal coast in tourist attraction.

3.4 Balancing asymmetric information
In the market deal, information about public tourist attraction gained by both tourism enterprise and visitors is asymmetric. Tourism enterprises, who take advantage of information, will make use of complete information they have got and provide fake information or conceal disadvantage factors to damage tourists’ benefit. It leads to ‘adverse selection’ and ‘moral hazard’. Under the situation of information asymmetry, market adjustment mechanism fails to take effect. Public tourist attraction can not be allocated most excellently, therefore, it is necessary for the government to be involved in regulation. Governments construct tourism information disclosure mechanism or carry out quality grade standards for tourist attraction and other normative criterion, which weakens the degree of information asymmetry between two parties of tourism deal and maintains good tourism market order and ethos.

4 Present situation analysis on government regulation of public Tourist attraction
Currently, Chinese tourism industry is growing rapidly, and the development of public tourist attraction has made great progress as well. But the two pairs of uncompromising contradictions i.e. development
and protection, fairness and efficiency of public tourist attraction are increasingly prominent. As a result, the following issues which need government regulation appear:

4.1 Disordered management system and scattered regulating forces
Public tourist attractions in China are owned by all peoples nominally, with the national unifying management on behalf of the people. In fact, the jurisdiction of public tourist attraction belongs to Construction, Cultural Relics, Forestry, Land and Resources, Marine, Environmental Protection, Water Conservancy, Religion and different departments\(^{[15]}\), or the substantive management rights fall on the hands of local governments. For a long time, public tourist attraction is deep in management difficulties of overlapping leadership, strip and block segmentation, working each for himself. They haven’t yet form an unified, efficient and authoritative tourism administration. Various forms of management setting will reduce management efficiency and increase management costs easily. As our world heritage management agency has four forms: people government, management committee, the world heritage administrative bureau or museum, and loose world heritage management committee. Moreover, management regulations established by different sections as required respectively inevitably cause many unfavorable consequences, such as overlapping functions, obscure authority, inconsistent enforcement, mutual constraints. As a result, it will lead to government regulation overlapping or vacuum, and leave hidden trouble for rent-seeking.

4.2 Lagging of legal security system
On the one hand, there are many blind spots in tourism laws and regulations. Laws and regulations should keep pace with economic development and tourism development practice. However, with the trend of rapid tourism development and endlessly new problems, tourism laws and regulations fail to adjust and improve its construction synchronously. Legislation obviously lags behind public tourist attraction protective practice, which gives rise to many legal blinds and many tourism regulation implement without reliable rules and regulations.

On the other hand, the legal system is scattered. In the absence of tourism laws and regulations of national effect, each functional department, legislature department and government all assume their establishment of tourism-related rules and regulations according to their understandings and needs. As a result, every region can’t reach consensus in terms of management standards. Meanwhile, tourism regulation system is scattered and lack systematic.

4.3 Absence of Supervision Mechanism
Usually local governments perform the management function of public tourist attraction on behalf of the nation, which is helpful to transcend the interests of all parties. It plays a crucial role in the development and protection of tourist attraction. Nevertheless, some local governments speed up local economic development, pursue the GDP growth and acquire short-term economic benefits at the cost of precious tourist attraction and the environment. The real reason lies in the absence of supervision mechanism of government regulation. Strictly speaking, China lacks of supervision organ that can perform supervision function independently. It influences the fairness and efficiency of supervision. In addition, the weak supervision power out of government regulation system and less community participations are bound to cause the absence of supervision mechanism in government regulation.
5 Ideas and measures to construct government regulation

The regulating development of Chinese Public tourist attraction is currently in a period of re-regulation after experiencing stagnation, intensification, relaxation phases. Due to the characteristics of public tourist attraction, an effective government regulation must focus on development and protection as well as fairness and efficiency, which promotes the rational utilization of the public tourist attraction and improves their social commonweal. Therefore, in order to effectively perfect the government regulation of public tourist attraction developing and protecting, it is necessary to construct a reasonable framework regarding government regulation of public tourist attraction (see figure 1).

Based on this framework, the ideas and measures to construct government regulation of public tourist attraction are the followings:

5.1 Constructing a tourism management system of unification, authority and high efficiency.
In view of the multi-sector management in Chinese tourism industry, we should optimize the existing tourism departments, and establish tourism industry management system with clear authority, distinct duty and smooth procedure, to achieve all-round, efficient government regulation which attaches equal importance both development and protection of public tourist attraction if possible. Within this framework, we must construct a tourism development & management committee in which Construction, Forestry, Water Conservation, Environmental Protection, Religion, Cultural Relics, Marine, Land and Resources, Tourism Departments should participate. It straightens out the functional relationship among various departments in tourism development, unifies the paces of different management parties, coordinates and guides the development and protection of public tourist attraction.
5.2 Establishing and perfecting the legal system of tourism
Government intervention and regulation of public tourist attraction developing need sophisticated tourism laws and regulations as a guide, and are also subject to social supervision. Therefore, China must speed up the tourism legal construction and improve legal management of governments. First of all, governments have to draft some basic rules which tourism needs badly, and turn successful tourism management experiences into articles, regulations and laws; In addition, a series of special laws and regulations must be made according to different types of tourist attraction, so as to rich laws and regulations pedigree of tourism. Last but not least, governments should abandon the existing terms that are outdated or contradict with each other in the tourism legal system, and revise them without delay to make them satisfy the needs of tourism development and protection. Currently it may start with development and protection standards of different types, and then gradually become to the laws and regulations.

5.3 Constructing internal and external supervision mechanisms of comprehensive coverage and full participation
Supervision mechanism is a key to government regulation of public tourist attraction. A comprehensive supervision mechanism can avoid government regulation deviating from course. Setting up supervision mechanism calls for the collaboration of tourism authorities, tourism enterprises and the public, which creates a good atmosphere with government self-disciplined, community involvement and monitoring. It perfects the supervision mechanism of internal governments, industry organizations, the public to get rid of the issues such as weak supervision and implement. With people’s increasing awareness of supervision and reducing cost, governments should regulate with two-pronged measures of internal and external supervision. First, the internal supervision from governments; Second, the external supervision from NPC deputies, members of the CPPCC, decision-making consultations, the media, public organizations, enterprises, tourism industry association, tourism practitioners, community and so on. As rights to speak are strengthened, the external supervision will play a more important role in government regulation.

It notes that a sound supervision mechanism under the government regulation system also includes supervising the act of developing public tourist attraction, establishing a multi-level interactive dynamic supervision system, tracking and monitoring on a regular basis, strictly carrying out supervisory duties.

![Figure 2 Supervision mechanism of government regulation on public tourist attraction developing & protecting](Sources: sorted by author)

5.4 Using diversified methods of regulation to improve government efficiency
Government regulation includes economic regulation and social regulation. Making scientific and
rational use of price regulation, access regulation, environmental regulation, taxes regulation, etc. is an important guarantee for developing and protecting tourist attraction.

Firstly, price regulation is an important content of government regulation. It is related to the optimal allocation of resources and equal social distribution. On the government price regulation of public tourist attraction, it is necessary to consider the commonweal, but also to protect the benefits of business entities. Therefore, the act of price regulation needs to obtain legislative supports and legal constraints, regulate the tourism market price, and strictly implement the responsibility of government price regulation. Governments solve the issues related to ticket prices adjustment by public hearings so as to regulate the charge.

Secondly, the implementation of access regulation is an effective way to avoid over-development and reuse of public tourist attraction. By means of credit licensing, registration system, reporting system and other regulations, governments select tourism enterprises with large scale, powerful capacity and good reputation but disqualified ones to involve in the development of public tourist attraction, so as to prevent “small bosses occupy large resources, excellent resources”, “bad money drives out good money” and other phenomenon. Meanwhile, the scale and degree of development and utilization should be explicitly stipulated. In order to avoid the local governments to seek short-term economic development and reduce credit requirements and the qualification threshold for the assessment of tourism enterprises, minimum requirements of protection should be made.

Thirdly, environmental regulation is helpful for the externalities of tourism development to achieve internalization. Tourist attraction will suffer irreversible damage if tourists’ number exceeds maximum carrying capacity threshold. Most public tourist attractions are sensitive to the threshold because of their non-renewability and vulnerability. Governments should regulate not only microenvironment of tourist attraction but also environment outside it; regulate not only the ecological environment that we live in but also the human environment which is closely related to the interests of communities. Moreover, governments should reasonably determine the maximum tourist capacity, collect environmental taxes, punish environmental destruction and ban all the destruction of vegetation, water ecological environment and human environment, to promote low-carbon tourism and improve consciousness of tourism enterprises and the public to protect resources and environment.

Fourthly, taxes regulation will help inspire the protection of the public tourist attraction and restrict their destruction. The nature of quasi-public tourist attraction can not guide tourism enterprises to implement effective protection. Government may conduct a certain amount of tax compensation by means of flexible and appropriate fiscal policies and taxation system, to reduce business operation risks and enhance their awareness to protect tourist attraction. ①The government can allocate special funds, regularly assess operating conditions of public tourist attraction and reward the tourism enterprises who actively implement protection; ②Governments formulate and improve the policies and measures of social donation and sponsorship, and mobilize social forces to support tourism enterprises that are engaged in public tourist attraction; ③Reducing the tax paid by tourist attraction with high commonweal to arouse tourism enterprises’ motivation and enhance the efficiency of protection.

6 Conclusion and Discuss

To sum up, public tourist attraction has the two pairs of contradictions i.e. development and protection, fairness and efficiency, whose commonweal characteristic ask us to rely on government regulation to carry out effective protection. Meanwhile, the efficiency of government regulation can be improved by means of tourism management system, legislation, supervision mechanism and various kinds of regulation. They can ensure the allocation efficiency of public tourist attraction, social welfares and sustainable development as well. In addition, government regulation is not the only solution to implement the effective protection of public tourist attraction. Elinor Ostrom who won The Nobel Economics Prize in 2009 has provided a research path in view of self-governance theory for references.

Foundation program: This paper is one of the research result of two subjects: Education Ministry:
Author in brief or Acknowledgments:

Liang Mingzhu (1954–). Female, Hainan, China, head of Tourism Management of Jinan University, professor, supervisor for PhD student; direction of research: tourism development and planning, brand of the tourism destination, the protection and management of the world heritage; having presided over 60 research items and published more than 60 papers.


E-mail: tmzliang@126.com; tourism1984@sina.com
MP: 13660536539; 13580524261

References

[7]. David Vail, Lars Hultkrantz. Property rights and sustainable nature tourism: adaptation and mal-adaptation in Dalarna(Sweden) and Maine(USA). Ecological Economics,(35)2000, p223~242