

Issues and Exploration: Past, Present and Future of China's Tourism Development

问题与思考：中国旅游发展的过去、 现在和未来

(英文版)

Written by Zhang Lingyun (张凌云 著)

Translator-in-Chief: Wang Xiangning (王向宁 总主译)

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Preface

International Tourism Cooperation Needs More Academic Exchanges Between China and Other Nations

—The Preface to China Tourism Academic Collection

In 1979 China started the policy of reform and opening-up. During these thirty years of development, the tourism industry has gained valuable experiences in all phases of modernization, industrialization and marketization. However, in the early years, the real focus of the policy was to earn hard currency from the inbound tourists. Today a new strategy has been initiated to develop the three main tourist markets—inbound, outbound and domestic markets. In the early stages, the tourism management organizations integrated the needs of both the government authorities and the private entrepreneurs. The current situation is that tourism associations and commercial enterprises cooperate under the supervision of the government authorities. In the early years, the tourism operations were labor intensive with management mainly based on experience. Today's industry is driven by business innovations and supported by modern technology and capital operation. China's tourism industry not only merges gradually into the nation's economic and social strategic development system, but also plays a leading role in international tourism community. In 2008, in spite of the impact of the worldwide financial crises, China achieved remarkable tourism records of 131 million inbound tourists, 45.84 million outbound tourists and 1.712 billion domestic tourists. Evidence reveals that China's tourism industry has now entered into a new phase of development—mass-

based tourism. This is undoubtedly the golden age for Chinese tourism, but it also presents old and new challenges. China has never been in such an urgent need to reinforce cooperations with other nations and regions, so that a nation-wide sustainable development in tourism industry can be enhanced with more mature international experience, managerial expertise and technology. China's tourism industry has the capability as well as responsibility to make a more practical and effective contribution to the prosperity of the global tourism industry and distribute tourism's benefits to all.

China's tourism industry embraced the international community three decades ago with open arms. Likewise, its related academic research and higher education initially began by studying methods used in developed countries, but it was also closely related to the real practice. In the early 1980s, China's tourism study was after the western methods in almost all aspects such as basic concepts, academic framework, university level course books, training programs, faculty teams, and managerial staff. Until now, the research paradigm, evaluation system, and values orientation in the Chinese tourism academic were all based on the western academic system. Tourism in China has developed quickly, especially during the mid-1990s when domestic tourism was booming. Rapid growth in Chinese outbound tourism started early in the 21st century and was coupled with the government promotion of higher education and scientific research institutions. A group of tourism scholars with both indigenous consciousness and modern academic norms attempted to establish a tourism academic system with both Chinese characteristics and an international perspective. Beijing International Studies University (BISU) is one of the typical academic institutions established under this axiom.

Beijing International Studies University was founded in 1964 and has become fully committed to the business of tourism since 1981 when the National Tourism Administration of China became its governing body. BISU has also become China's leading academic center for higher education in tourism and tourism academic research. This is not only because it has a large number of

institutions including the School of Tourism Management, the Academy of Tourism Development, the Tourism Education Press, the Academic Journal (Tourism Edition), the travel agencies and the Beijing Hospitality Institute—the first independent college of hospitality in China, but also because of the many reputable and influential academic elites it attracts. For years, BISU has played a leading role in the areas of student enrollment, both undergraduate and post-graduate, academic theses, monograph and textbook publications and applied research achievements for both government authorities and private enterprises. These achievements symbolize BISU's ideology which emphasizes International Perspectives, Indigenous Consciousness, Problem-Solving Orientation and Academic Norms. It is the development of an energetic national tourism industry that provides higher education and academic institution, including BISU, a valuable foundation of theoretical research. Meanwhile, it is the best time ever for China to develop international communication and cooperation for the purposes of tourism academic research. It is acknowledged that the Chinese tourism market has been vital to the global economy during the past 30 years; equally, tourism academic research from China should also make a great contribution to the prosperity and development of the international tourism arena.

China's academic research in the field of tourism has achieved tremendous success in both the tourism industry and in the higher education of tourism. Nonetheless, due to the differences in research topics and methods, as well as the language barrier, a full understanding of the reality is yet to enlighten the mainstream of the international academic organizations. With that in mind, the Beijing Educational Committee has launched a visionary program to support Beijing International Studies University's efforts to promote China's tourism academic achievements internationally and to expedite the process of international academic communications. Therefore, the academic committee of the Beijing Tourism Development and Research Base has selected the academic outcomes that represent the academic works of the theoretical construction and

applied research reports. The selected works highlight the different research methods and comprehensively reveal the typicality of the research group and the diversity of the research methods. English translation of the first set of achievements is presided over by Professor Wang Xiangning and her team of ten experts and scholars from both China and overseas who have both language advantages and tourism knowledge.

It is our hope that this project will introduce Chinese tourism scholars' research achievements to the tourism scholars in other countries. We also expect to follow up with more frequent and larger scale academic exchange between the Chinese tourism scholars and the international experts. More academic exchanges and cooperation between China and other nations will promote further communication and strategic collaboration in the tourism industry.

Dai Bin

Professor, PhD

President of China Tourism Academy

6th July, 2009

Foreword

The book has collected my published essays over the past 10 years. These essays explored and analyzed the development of tourism in China. Although some of the issues concerned in the essays may no longer be as salient as they once were, the problems reviewed in the essays have affected China's recent tourism development and the input offered by tourism academics regarding their solution. And some of those problems have not yet to be resolved and await input from academic, non-experts and individuals with practical experience in China's tourism industry.

It is well known that China has adopted a distinctive tourism developmental path, which first emphasized inbound tourism, then domestic tourism, and finally outbound tourism. China experienced rapid economic growth starting in the 1990, with the per capita GDP rising from 634 Yuan (\$341.6) in 1990 to 15,973 Yuan (\$2003.7) in 2006, or a nearly sixfold increase over 16 years. China's tourism also experienced similar rapid development over this same period of time. The number of foreign tourists visiting China has increased from 27.46 million in 1990 to 124.94 million, while the foreign exchange generated by inbound tourism has risen from \$2.22 billion to \$33.95 billion. Over the past 16 years, the number of inbound tourists increased by 4.5 times, while the receipt increased by 15.3 times. Domestic tourism also expanded rapidly during this period, with the number of tourist growing by 5 times, from 28 million in 1990 to 1.4 billion in 2006. At the same time revenues increased nearly 4 times from 17 billion to 62.3 billion. In 2006 some 35 million Chinese citizens traveled outside of the country; among them, 8.43 million were

organized by Chinese outbound tour operators. China's tourism development speed has surpassed that of Chinese GDP, and most advanced industrialized countries' tourism development. According to the World Tourism Organization (WTO), in 1990 China ranked number 11 in the world with respect to overnight tourist arrivals and number 25 with respect to tourist receipts. By 2006 China has climbed to number four with respect to tourist arrivals and number five with respect to receipts. The WTO has forecast that by 2020, China will be the world's top tourist destinations, with 137 million annual tourist arrivals. The WTO also forecasts that China will rank alongside Germany, Japan, and the US as one of the world's top four tourist source countries, with some 100 million travelers visiting foreign destinations every year. Chinese tourism has thus experienced extraordinarily rapid growth in the past years, attracted world attention, and has great potential for future development. However, many problems have accompanied the development of China's tourism. These include uncompetitive tourist businesses, unregulated market competition and poor tourism industry administration. All these problems call for further effort and input from both people with academic expertise and practical experience in China's tourism. This book can be seen as a modest contribution to this effort.

Since this book has been translated from Chinese edition, many citations of Chinese books are omitted. The translation was joint efforts of many people. I highly appreciate their contribution to this book.

Zhang Lingyun

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Common Future: Tourism Globalization and Global Tourism

1. Economic Integration and Cultural Differentiation

1.1 Review of World Economic Development

After World War II, most countries' economy took only a few years to recover from the conflict. Up to the late 20th century, the world economic development has gone through four stages.

1.1.1 The First Stage: Economic Prosperity

After countries rebounded economically from the Second World War from 1945 to 1948, the global economy experienced prosperity for nearly a quarter century, which has also been referred to as the “Golden Age of Capitalism”. During this period, the rate of economic growth exceeded that of all previous periods. From 1860 onward, the average economic growth rates for advanced economies during different periods were 2.9% for 1860 – 1870, 3.7% for 1870 – 1890, 4.2% for 1890 – 1913, 2.7% for 1913 – 1929, 4.1% for 1929 – 1938, and 5.6% for 1948 – 1971. The fast growth largely increased people's income. In terms of the average annual rate of payment per hour, it increased by 2.5% in USA from 1948 to 1970, 2.8% in UK from 1949 to 1971, 4% in France from 1949 to 1973, and 7.9% in Japan from 1955 to 1975.

During this period and economic growth process, the so-called “The Third Scientific-Technological Revolution” changed the social production system, accelerated the development of human society, and greatly accelerated the world economic growth. It is generally agreed that three great scientific and technological revolutions appeared during the course of modern social development. The first revolution, from the mid-18th to the mid-19th century, was marked by the appearance of steam engine. The second revolution, which lasted from the late 19th to the early 20th century, was spurred on by

the invention of dynamotor and electromotor. The third revolution started during the 1940s, with the increased use of atomic energy, macromolecular synthesized material, and space technology. The impact of this latest technological revolution on national economic development has been much greater.

In America, the contribution ratio of technology to GNP increased from 31.7% in the postwar period to over 60% during the 1980s. This increase was even greater in Japan; between 1955 – 1960 and the 1980s, the contribution ratio of technology as a factor in GDP rose from 19.5 to over 60%. This technological revolution led to a managerial revolution emphasizing behavioral science. This new orientation in management theory brought various changes in most areas of business administration including production specialization, the shift from general quality management to comprehensive quality management, basing production on consumer demand, staff training, and stock and inventory management. These changes have caused production costs to go down, labor productivity to go up, and competitiveness to be enhanced.

1.1.2 The Second Stage: Stagflation

Stagflation refers to the combination of high unemployment, slow economic growth, and high inflation that occurred throughout much of the 1970s. Following the Middle East War in October, 1973, OPEC gained control over oil pricing and dramatically raised the petroleum price in the international market. The price of a barrel of crude oil rose from \$3 a barrel in June of 1973 to \$32 in 1981. The rising energy prices caused both the growth of production and the rising of living costs as well. Developed countries underwent their most serious crisis right after the Middle East War during 1974 and 1975, when stagflation first became a serious problem. Consumer prices rose by more than 10% in many countries, and unemployment continually increased at the same time. The number of unemployed people in developed European countries rose from 4.67 million in 1976 to 5.77 million in 1977, and then to 5.89 million in 1978. The number of people unemployed and the unemployment rate in America stood at 4.30 million and 4.9% in 1973 and rose to 7.80 million and 8.5% respectively in 1975.

The structure of world economy was gradually changing during these decades. The centrally planned economies weakened and the developing countries made efforts to promote economic growth. The emerging industrialized countries, represented by “The Four Asian Tigers”, stimulated economic globalization.

1.1.3 The Third Stage: Adjustment

In order to overcome stagflation, some countries, such as America and UK,

adopted a range of adjustment measures. In February of 1981, President Ronald Reagan proposed an economic recovery plan involving the biggest tax reduction plan in American history, cuts in the welfare state, and expanding privatization and the power of local governments. After 1983 the American economy grew for six straight years. These policies greatly impacted Western Europe and Japan. After becoming Prime Minister in 1979, Margaret Thatcher instituted a range of policies to boost Britain's economy including the strict control of government financial expenditure, reduction of welfare expenditure, increased interest rates, and above all sale and privatization of state-owned enterprises. These moves enhanced the importance of markets and limited government's control over the economy. Thanks to these measures, United Kingdom enjoyed strong economic growth from 1982 to 1989. During this period, Japan also made rapid economic progress and became East Asia's leading economy. The European Union (EU) also was marked by rapid growth and made considerable progress to greater economic unification. Finally, China began its reform and opening up era, which quickly boosted the growth of its economy.

1.1.4 The Fourth Stage: New Economy

During the 1990s, global politics was completely transformed by two major events: the fall of the Berlin Wall and the collapse of the Eastern European Soviet Bloc, which was then followed by the breakup of the Soviet Union itself. The pattern of superpower rivalry that existed in the Cold War was greatly altered by these developments. The US became the world's sole superpower and exercised leadership over developed and new developing market economies. At the same time, the mass application of computers and internet technology ushered in a new scientific and technological revolution greatly changing the market environment. This combination of technological innovation, system change and advance, and the growing movement of capital worldwide led to the new growth period in the global economy.

Starting in the early 1990s, the American economy grew for nearly 120 months, which was the longest expansion in its history. This period was marked by high economic growth, low unemployment, and low inflation. From 1993 to 1999, the US economy expanded at a rate of over 4%, while the unemployment rate in 1999 was 4.2%, which was the lowest point since 1969. At the same time, the core rate of inflation stood at just 1.9%, which was also the lowest over the past three decades. Knowledge was the main driving force in the new American economy. Historically, for every country in the world, especially developed countries in the Industrial Period, capital and labor had

been the main factors causing economic growth. But this new economy was essentially a knowledge economy, and its price grew in geometric rather than arithmetic progression. In this new stage of economic growth, politics, economics, culture, technology and other related factors, all combined to push the world into a new era of economic globalization.

1.2 The Formation and Development of Economic Globalization

The World Bank points out that at the first beginning of the 21st century, the world economy was more integrated than ever. It can be seen from international trade growth, capital flows into “emerging” economies, greater migration, and the connection of all areas, including poor regions, by new communication technologies. Globalization opened a new market and required people to use more knowledge and utilize capital more efficiently in order to enhance economic opportunity and reduce poverty. However, globalization also had its dark side, namely that of creating greater uncertainty and instability in people's lives. While some people thrived in the fiercer competition, others had difficulty adjusting to it. The greater importance of multinational corporations, whose activities could not be easily controlled by national governments, also made people feel that they had less and less economic control over their lives.

It should be emphasized that the current period is not the first era of economic globalization in the world economy. The world economy in the late 19th century was marked by even greater globalization, at least with respect to migration. During this period, massive waves of immigrants flowed from Europe and Asia to North and South America and Australia. From 1891 to 1911, 4.3 million people migrated to America.

The 19th century was also a period of trade expansion. Share of trade in GDP of advanced economies rose from 3% in 1820 to 12% in 1870. New technologies, notably steam engine, which led to railroad development and steam boats revolutionizing transportation, as well as telegraph and telephone, enabled people to communicate more easily and expanded trade by lowering transportation costs. However, economic globalization was not necessarily an inevitable or enduring trend. World War I, economic stagnation, protectionism, the rise of democratic rule and the popular backlash against globalization interrupted this process following 1914. It was not until the late 20th century that globalization once again became a major force in the world economy.

1.2.1 Trade Globalization Is the Beginning of Economic Globalization

The current era of trade globalization is generally seen as beginning in the 1970s. Large-scale trade requires a large-scale market. With the growth of economic productivity, more goods were exported and these exports helped build an integrated world market. The volume of international trade increased gradually and more and more products were sold and bought in the world market as the mechanisms facilitating trade grew. By 1994, the value of global production trade had reached \$4 trillion. By the late 20th century, 45% of total world trade was multi-national trade. Previously much of world trade had been in commodities and manufactured goods; however, during the new era of globalization we saw the rapid expansion of trade in technology and service. The latter now accounted for a fifth of total world trade. The rate of increase in trade was the biggest among high and middle income countries. From 1990 to 1998 the percentage of the total commodity trade of these countries increased from 8% to 11% , while the ratio of trade value calculated in PPP to GDP was above 45% .

Table 1 The Growth of World Trade

(Unit: million USD)

	1970	1980	1985	1990	1995	1996	1997	1998	1999
High-income and Mid-income Countries and Regions									
APEC	58,633	357,697	494,464	901,560	1,688,182	1,754,745	1,868,642	1,733,713	1,904,911
Central European Free Trade Zone	1,157	7,766	6,302	4,235	12,118	12,874	13,169	14,223	13,136
European Union	76,451	456,857	419,134	981,120	1,259,699	1,273,430	1,162,419	1,226,988	1,376,314
North American Free Trade Agreement	22,078	102,218	143,191	226,273	394,472	437,804	496,423	521,649	581,162
Latin America and Caribbean Region									
Association of Caribbean States	758	4,892	4,123	5,401	10,448	10,894	11,870	12,260	12,002

Continued

	1970	1980	1985	1990	1995	1996	1997	1998	1999
The Andean Group	97	1,161	768	1,312	4,812	4,692	5,627	5,427	4,012
Central American Common Market	267	1,174	544	671	1,595	1,723	1,973	1,988	2,102
Caribbean Community and Common Market	52	576	414	448	305	906	971	1,017	1,089
Central American Group of Four	176	692	310	399	1,026	1,106	1,299	1,171	1,237
Group of Three	59	706	534	1,046	3,460	3,130	4,022	3,918	3,009
Latin American Integration Agreement	1,263	10,981	7,139	12,331	35,299	37,949	45,018	42,860	35,152
Southern Common Market	451	3,424	1,953	4,127	14,199	17,075	20,772	20,352	15,313
Eastern Caribbean States Organization	—	8	10	29	38	32	35	34	36
Africa									
Central African Monetary and Economic Community	22	75	84	139	120	164	161	153	121
Economic Community of the Great Lakes Countries	3	2	9	7	8	9	6	8	9