THE POLITICS OF TOURISM DEVELOPMENT IN THE PEOPLE'S REPUBLIC OF CHINA

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Map of China

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DEDICATED TO MY WIFE AND SON

ABSTRACT

This study aims to develop a holistic view of the politics of tourism development in China. It examines how political ideology intertwines with tourism development and the same time identifies factors which are relevant to the issue. From the political science point of view, international tourism may be regarded as part of foreign affairs. This study adopted the case study approach linked to a chronological framework. China's tourism industry has been transformed from a political activity to an economic activity. In Mao Zedong era (1949-1976), international tourism was virtually non-existent. The phenomenon was a result of both internal factors, including the dominant role of dogmatic socialist ideology, and external factors, such as the Cold War. China's rapid development in tourism since 1978 was under the pragmatic leadership of Deng Xiaoping. With the shifts of internal and external environments, China's tourism industry and development is now based on market-driven policy instead of ideological-driven policy.

The development of international tourism in China is the evolution of development theories from underdevelopment theory to modernisation theory and now globalisation theory. Based on the findings of this study, an explanatory framework was formulated by incorporating factors including perspective on the external and internal environments, and economic and tourism issues. The future of China's tourism seems to be a movement from the socialist market economy model to a more capitalistic model.

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Acronyms and Abbreviations

CBTT	China Bureau of Travel and Tourism
CCP	Chinese Communist Party
CITS	China International Travel Services
CNTA	National Tourism Administration (formerly SGATT)
CTS	China Travel Services
CYTS	China Youth Travel Service
FEC	Foreign Exchange Certificate
FYP	Five-Year-Plan
MNCs	Multi-National Corporations
NPC	National People's Congress
NTC	National Tourism Committee
PRC	People's Republic of China
RMB	Reminbi (Chinese dollar: Yuen)
SEZs	Special Economic Zones
SGATT	State General Administration for Travel and Tourism (subsequently CNTA)
SOEs	State-owned-enterprises
VFR	Visiting friends and relatives
WTO	World Trade Organisation

CHAPTER ONE   INTRODUCTION

1.1 Background of the Study

As observed by Holsti (1995:71), interactions between people have grown at an unprecedented pace. The figures of the total volume of travel and tourism, international trade, mail, telephone calls, investments, conferences and exhibitions, sports competitions have shown sharp increases. Travel and tourism, a typical way of modern human interactions, are said to be the world's largest industry and generator of jobs. It is expected to generate 1.6 billion international tourist arrivals worldwide and US$2 trillion of total tourism receipts in 2020 (World Tourism Organization, 1998:3).

The tourism industry is a major economic, environmental and socio-cultural force, and "a highly political phenomenon" (Hall and Jenkins, 1995:1). However, the political aspects of tourism are seldom discussed in the tourism literature. More than twenty years ago Matthews (1978:195) wrote, "the literature of tourism is grossly lacking in political research". Today, the same remark seems still valid. Despite the immense amount of research in the social sciences on tourism-related subjects, the politics of tourism still receives little attention. The lack of analytical research in the past stems, in part, from the heterogeneous nature of tourism.

With respect to international tourism, an understanding of international law and politics, comparative politics and government, and comparative political theory would seem essential knowledge areas for tourism academics and politicians. Both political

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scientists and tourism academics need to explore each other's areas for the insights needed to guide and shape tourism phenomenon in the twenty-first century. Nevertheless, there are substantial methodological problems in conducting political studies. Problems have arisen because of the multiplicity of potential frameworks for analysis and the implicitly political characteristics of the results of the research process. The lack of a clearly articulated or agreed upon methodological and philosophical approach to politics *per se,* let alone the politics of tourism, does create intellectual and perceptual barriers for the researcher.

According to several eminent authors (Richter, 1989; Matthews, 1983; Hall, D. 1984; Hall and Jenkins, 1995; Elliott, 1997; Edgell, 1999) in the political science and tourism fields, politics and tourism research is in a relatively unhealthy state and troubled by problems of lack of intellectual co-ordination, an insufficient cross-fertilisation of ideas among researchers, an inadequacy of research methodologies and techniques, sometimes lack of access to information due to sensitivities or confidentiality, and a lack of any generally agreed concepts in the field.

Studies of the political aspects of tourism should therefore attempt to understand not only the politically imposed limitations on the scope of decision making, but also the political framework within which the research process itself take place. To do this will require acceptance of a far wider range of theoretical standpoints and academic traditions than those which have previously been the case in tourism research and, perhaps, as noted by M. Hall (1994:14) encouragement of a dialectical approach to the analysis of political issues.

There are various kinds of political ideologies and philosophies in the world through which tourism may be viewed very differently through the eyes of national leaders. Tourism is growing within changing politics; a change of ruling party or leader may or may not have influence on tourism politics and policy in a country. Government involvement in tourism may be due to a political philosophy that is beyond the considerations of economic and social factors. The common belief is that ideology somehow dictates the development of a country, including tourism development.

There is a growing research literature on tourism in China (e.g. Lew and Yu, 1995 and Warner, 1997). As reviews of tourism research in China show, much of the development effort has been expended on the urban and coastal areas where rapid tourism development has occurred. Only recently has a new generation of studies emerged that begins to deal with the more diverse aspects of tourism in China such as domestic tourism (Zhang, 1997; 1998), rural tourism (Sofield and Li, 1997), and policy development (Zhang, Chong and Ap, 1999).

With a population of 1.25 billion (Oriental Daily, 8 May 2000) consisting of 56 nationalities, a recorded history of over 5,000 years, and a territory of 9.6 million square kilometres, China is well endowed with cultural and natural tourist resources. However, tourism in China did not receive priority in the government's agenda and had not been developed into a mass industry until the late 1970s. Chinese tourism policy until 1977 was non-existent. The third session of the 11th Plenary Conference of the Central Communist Party (CCP) made some major moves that brought China into a new era of

opening and reform. Obviously, China's tourism industry is the product of the reform and opening. Without the reform and open policy, there would be no tourism industry in China today. Indeed, the high economic growth in the 1980s is one of the spectacular achievements of the open reform policy. Firstly, the achievements should be attributed to Deng Xiaoping who was the leader who advocated that China must give attention to the tourism industry. He was not only an advocate for, but also an active supporter of the industry. He mapped out the development path and formulated guidelines that could possibly enable the industry to have a healthy and sustainable development. However, there is little understanding about the role played by the Chinese socialist ideology in the development of tourism since 1949. This study is an attempt to examine the relationship between politics and tourism development in China.

The term international inbound tourism is used in this study to refer to overseas visitors to China except those from Hong Kong, Macau and Taiwan.

The qualitative approach to research demands flexibility in the overall research design so that site and sample selection can respond to increasingly refined research questions. The research questions are best addressed in a developmental manner, relying on discussions of related literature and theory to help frame and refine the specific topic. Often, the primary research goal is to discover those very questions that are most probing and insightful. Most likely, the relevant concepts will be developed during the research process (Marshall and Rossman, 1989:26).

1.2   Problem Statement and Research Questions

in Mao Zedong era (1949-1976), international tourism was virtually non-existent. But there is evidence that tourism significantly developed after Deng Xiaoping's leadership after 1978. It is believed that political ideology determines tourism development policies and in return tourism development influences political ideology. This type of interactive process seems best to fit in a socialist country or one party state like the People's Republic of China (PRC). Of course, there are many other factors that affect the direction, policies and stages of tourism development of a country. Below are some of research questions that a researcher identified which are relevant to the phenomenon.

Pertinent questions related to China include: Why has tourism supported and encouraged after 1978? How does political ideology influence development of international tourism? What have been the consequences of this development?

1.3   Aims and Objectives of the Study

This study aims to examine the politics of tourism development in a socialist country, China. This exploratory study is based on a case study approach, using a chronological framework. The case study approach is especially useful in this study which attempts to develop a holistic perspective of the politics of tourism development. This study also provides an analytical perspective on tourism development research. The following are the objectives of this study.

1. To examine tourism development by considering the concepts and theories of politics and development;

2. To examine how political ideology intertwines with tourism development in China, particularly with respect to the interrelationship of socialism and tourism development;

3. To identify factors relevant to tourism development and to formulate a framework to examine the politics of tourism development in China; and

4. To consider the implications of the research.

1.4 Plan and Organisation of the Study

Jankowicz (1991:32) suggests the area-field-aspect approach in defining the overall structure of a topic. An area is a broad field of study that might coincide with a discipline; here it is tourism. A field is a component element of the area of study. It may be a recognised sub-discipline or a major intellectual focus within the area; here it is tourism development. An aspect is just one facet of a field; here it is the political aspect of tourism development.

This first chapter provides background information on the study and its objectives. This chapter also outlines the methodological considerations and the case study method employed for this study. Chapter Two renders an overview of the principal factors and relationships underlying tourism development through a literature review. The key

factors include the domestic environment, leadership, political ideology, international environment, and a country's history and character. The chapter also describes two key relationships among these factors; the politics-tourism development connection and the ideology-foreign policy connection.

Chapters Three and Four chronicles the development of the ideology and tourism in the People's Republic of China based on fifty years of archival research. Finally, Chapter Five attempts to pull all of the findings together into a preliminary statement on the politics of tourism development, and to raise the issues affecting the future of tourism in China. Figure 1.1 depicts the outline of the study with reference to the identified problems and objectives.

Introduction and Methodological considerations
↓

Examination of the principal factors and key relationships of politics, development, tourism politics and tourism development
↓

Intensive study of the politics of tourism development in The People's Republic of China (1949-Present)
↓

Conclusions and implications
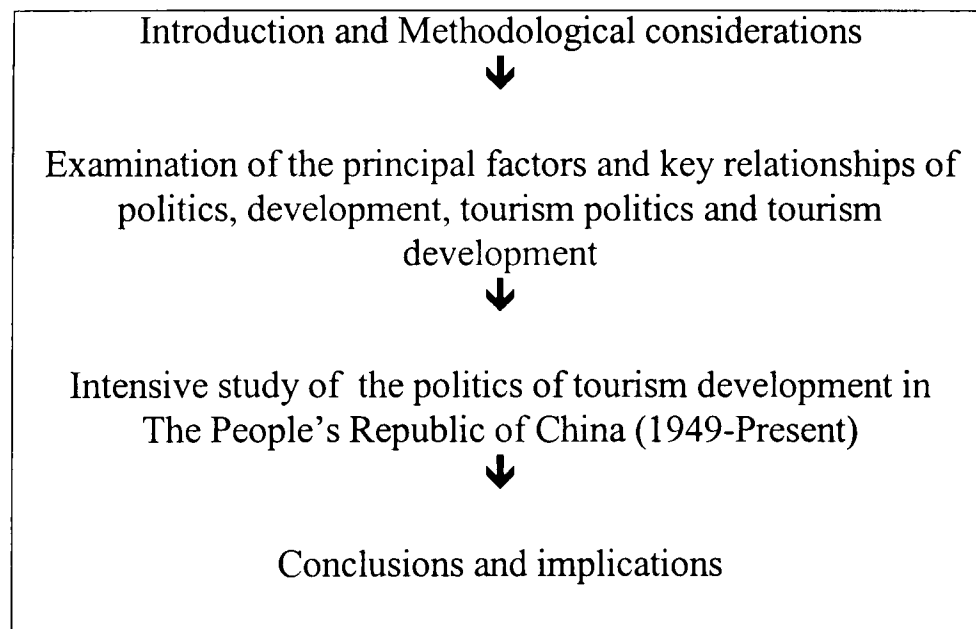
Figure 1.1: Study Outline

1.5 Methodological Considerations

Tourism development in China was chosen as the basic unit of analysis and an examination of the changes in tourism administration and policy after 1949 was undertaken. A case study approach was used to examine the collected information.

Qualitative research methods have become an increasingly important mode of inquiry for the social sciences (Marshall and Rossman, 1989:9). Qualitative research can add totally new dimensions to an issue or question under study (Clark, Riley, Wilkie and Wood, 1998:101) and often serves to broaden the researcher's views. The goals of qualitative research are to develop an understanding of ambiguous, complex, and multi-dimensional concepts. This type of research design is flexible and evolves as the data are gathered and examined. Qualitative research studies are especially useful when examining concepts where previous research is scant (Miles and Huberman, 1994:90).

Because of the nature of the research problem, some areas of study naturally lend themselves more to qualitative types of research that attempts to uncover the nature of persons' experiences with a phenomenon. Qualitative methods can be used to uncover and understand what lies behind a phenomenon. It can be used to gain fresh and different opinions and give details of phenomena that are difficult to convey with quantitative methods (Strauss and Corbin, 1998).

The purpose of qualitative studies is to explore the full range of views, developing the range of issues that need to be addressed in the final study (Ritchie and Goelder,

1994:487-488). Qualitative research has the role of searching for meaning, understanding and insights into a phenomenon. The purpose is not to generalise as in a quantitative study. Qualitative methods also permit the researcher to study selected issues, cases, or events in depth and detail through direct quotation and careful description of the programme situation, events, people, interactions, and observed behaviours (Patton, 1987:7-9). Marshall and Rossman (1989:45-46) suggested that qualitative research is recommended when:

- research cannot be done experimentally for practical or ethical reasons;
- research that investigates in depth complexities and processes; and
- research for which relevant variables have yet to be identified.

Because of the great diversity of many elements that make up tourism, problems are not resolved by only one research method. The breadth and complexity of tourism requires the use of many methods, depending on the topic. Two of the main problems encountered in the study of the political dimensions of tourism are the essentially value-laden nature of political and policy analysis, and the lack of an agreed methodological or theoretical base from which to conduct such research. The academic reception of tourism research is related to the emergence of a provisionally accepted body of knowledge in the field of tourism studies, which some commentators regard as heralding the development of a distinctive tourism discipline (Jafari and Ritchie, 1981). Such problems also exist in the world of political science. Imprecise answers may not be purposeful when given out by interviewees. Instead, they may give "a normative statement, or an evasive answer" which would distort data especially when dealing with sensitive questions (Rubin and Rubin, 1995:219). As put forward by Heywood (1997,

17), in the study of politics it may not be possible to use a scientific approach. Anything related to politics is considered to be sensitive in the eyes of the Mainland Chinese. It is clear that both qualitative and quantitative research have their limitations. It was recognised that the use of statistics tends to address the "what" question while qualitative research is more concerned with "why" question (Mostyn, 1985:116-117).

1.5.1 Research Design

Unlike quantitative analysis, there are no formal, fixed rules governing qualitative research and analysis. Each method carries its own advantages and constraints (Clark, Riley, Wilkie and Wood, 1998:101). Qualitative studies are more likely to use exploratory research as a study. Exploratory research is an initial study conducted to determine the real scope of the problem and the course of action to be taken, including whether further research is required. Exploratory research, in certain cases, is undertaken in order to provide a basis for further research, for example to define certain concepts, to formulate hypothesis. Qualitative studies are more likely to use this type of research more than quantitative research (Sarantakos, 1993:7).

In some cases, the choice of topic can simultaneously decide the choice of research method(s) (Clark, Riley, Wilkie and Wood, 1998:37). In general, the research designs of social science are used, but political science studies for tourism may use a wide range of methods depending on the context. Qualitative research is the foundation on which strong, reliable research programmes are based. It is most often the first step in a research programme – the step designed to uncover motivations, reasons, impressions, perceptions, and ideas that individuals have about a subject of interest. Unlike most

quantitative methods of research, qualitative research involves talking in depth and in detail with a few individuals. The goal is to develop extensive information from a few people. There are a number of different types of qualitative research. They are case study, ethnography, the phenomenological approach, life histories, and conversational analysis.

Tourism development is an essentially political concept. Political philosophy and ideology have a substantial impact on the tourism development process. The selection of particular tourism development objectives represents the selection of a set of overt and cores values. Both the selection and implementation of these values depend on the relative power of "winners" and "losers" in the political processes surrounding tourism development. Furthermore, not only is the development process political but so is its analysis. The selection of a particular theory or approach to development by the researcher or policy analyst will set the boundaries within which research is conducted, conclusions are reached and recommendations made (Britton, 1991).

The contemporary study approach to political science emphasised political behaviour through observation and continued verification and this method is called behaviourism (Cheng and Law, et al.,1997:35). Based upon the logic and rationale mentioned above, the case study approach is considered to be a pertinent research method for this study. This study uses the case study approach to examine the course of development of tourism in China. The research design of this study specifies the type of information to be collected, the sources of data, data collection procedure, and the analysis. The stages have been defined as follows:

Idea → Problem Definition → Methodology → Literature Review → Analysis and Findings → Conclusion and Implications

1.5.2 The Case Study Approach

A case study is an intensive investigation of a particular unit. It includes an analytic description of a group as observed over a period of time. It includes the in-depth study of the background, current status, and/or interactions of a given unit and may employ a variety of other methods to obtain data pertaining to the case (Henderson, 1991:88).

Case studies become particularly useful where one needs to understand some particular problem or situation in great depth, and where one can identify cases rich in information – rich in the sense that a great deal can be learned from a few exemplars of the phenomenon in question. Case studies are particularly valuable when the evaluation aims to capture individual differences or unique variations from one programme setting to another, or from one programme experience to another (Patton, 1987:19).

The case study is but one of several ways of doing social science research. Other ways include experiments, surveys, histories, and the analysis of archival information. Each strategy has peculiar advantages and disadvantages, depending upon three conditions: 1) the type of research question, 2) the control an investigator has over actual behavioural events, and 3) the focus on contemporary as opposed to historical phenomena. In general, case studies are the preferred strategy when "how" or "why" questions are being posed, when the investigator has little control over events, and when the focus is

on a contemporary phenomenon within some real-life context. Two other types – "exploratory" and "descriptive" case studies, also can complement such "explanatory" case studies. As a research strategy, the case study is used in many settings, including policy, political science, and public administration research. The case study contributes uniquely to the knowledge of individual, organisational, social, and political phenomena.

"How" and "why" questions are more explanatory and likely to lead to the use of case studies, histories, and experiments as the preferred research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence. The case study approach is preferred in examining contemporary events, but when the relevant behaviours cannot be manipulated. The case study's unique strength is its ability to deal with a full variety of evidence, that is, documents, artifacts, interviews, and observations (Yin, 1994:13-25). One may study an entire unit, multiple case units, or one may study only a specific aspect of one case site or one aspect of multiple sites (Henderson, 1991:88). We also can use more than one strategy in any given study, for example, a survey within a case study or a case study within a survey. One could even do a valid and high-quality case study without leaving the library, depending upon the topic being studies. Case studies have a distinctive place in evaluation research. The most important is to explain the causal links in real-life interventions that are too complex for the survey or experimental strategies (Yin, 1994:13-25).

Case study research includes both single- and multiple-case studies. Political science have tried to delineate sharply between these two approaches. The single-case study is an appropriate design under several circumstances. One rationale for a single case is when it represents the critical case in testing a well-formulated theory. The single case can represent a significant contribution to knowledge building. A second rationale for a single case is where the case represents an extreme or unique case. A third rationale for a single-case study is the revelatory case. There are other situations in which the single case may be conducted as a prelude to further study, such as the use of case studies as exploratory devices or such as the conduct of a pilot case that is the first of a multiple-case study. A holistic design examined only the global nature of the programme while embedded case studies give attentions to a sub-unit or sub-units. An embedded design has some pitfalls. A major one occurs when the case study focuses only on the sub-unit level and fails to return to the larger unit of analysis. A case study is not something completed at the outset of a study only. The design can be altered and revised after the initial stages of a study, but only under stringent circumstances.

The examination of the evidence from different perspectives will increase the chances that a case study will be exemplary. To do so, an investigator must seek those alternatives that most seriously challenge the design of the case study. These perspectives may be found in alternative cultural views, different theories, variations among the people or decision makers who are part of the case study, or some similar contrasts (Yin, 1994:148-149).

1.5.2.1 Case Study Protocol

A case study protocol is more than an instrument. The protocol contains the instrument but also contains the procedures and general rules that should be followed in using the instrument. The protocol is a major tactic in increasing the reliability of case study research and is intended to guide the investigator in carrying out the case study. The following characteristics are integral to a case study (Yin, 1994:70, 75, 148).

- a chain of evidence

- multiple sources of evidence

- alternative perspectives

- access to key organisations or interviewees in collecting data

1.5.2.2 Unit of Analysis

A case study is an intensive investigation of a particular unit. In this study, it includes an analytic description of a nation-state as observed over a period of time (Cheng and Law, et al., 1997:37). Case studies have sometimes been criticised for their lack of rigour, sloppiness, and lack of generalisation and comparisons (Campbell, 1979). According to Yin (1984), it is essential that multiple sources of evidence be pursued, a case study database is created, and that one maintains a chain of evidence concerning the data that are collected. The analysis for a case study consists of examining, categorising, tabulating, and re-combining evidence, just as is done in other qualitative data interpretation. The case study analysis uses pattern making, and will be conducted over a period of time (Henderson, 1991:88-89). Case studies could include everything from the economy and political structure of a community (Marshall and Rossman, 1989:19).

The unit is the main analytical level for the case being studied. A single study may have more than one unit of analysis. A common design involves the "embedding" of units within each other (Yin, 1993:48). The major study questions remain at the national level, China is the major unit of analysis. The unit of analysis of this study is:

1. tourism development and politics after 1949;

2. the PRC, including the ruling party, the Chinese Communist Party, and central government;

3. policy areas, including foreign policy, development policy and tourism policy;

4. the policy making process, including leading figures and related institutions; and

5. the study does not including Taiwan, Hong Kong and Macau. (Hong Kong and Macau reverted back to China in 1997 and 1999, respectively).

The PRC has been selected as the unit of study in which to conduct detailed analysis. The reasons for choosing the PRC are that: (1) it is an important tourist-receiving country and tourist-generating country in the 21st century (World Tourism Organization, 1998); (2) it is relatively easy for the author to obtain data and information; (3) it is the biggest socialist country existing in the world; and (4) the researcher's personal background and connections facilitate the study.

1.5.3 Data Collection

Most qualitative research combine several data collection techniques over the course of a study since weaknesses in one strategy can be compensated for by the strengths of a complementary one (Marshall and Rossman, 1989:19,101-103). Qualitative research

deals with words rather than numbers. Qualitative methods consist of three kinds of data collection: (1) in-depth, open-ended interview; (2) direct observation; and (3) written documents, including sources as open-ended written items on questionnaires, personal diaries, and program records. The data from open-ended interviews consist of direct quotations from people about their experiences, opinion, feeling, and knowledge (Chacko and Nebel, 1991:383).

Data collection procedures of a case study are not routinised. Case studies may be based on different sources of evidence, such as documentation, archival records, interviews, direct observation, participant-observation, and physical artifacts. The topic, politics, seemingly rules out a source of physical artifacts, which may be collected or observed as part of a field visit and which have been used extensively in anthropological research.

Some investigations require the study of documents, newspapers, or books as sources of data. If a researcher is using a cache of archival material, this is the equivalent of a collection of interviews. However, the documentary data may not be located in one place but scattered throughout a single library, several libraries, agencies, or other organisations (Strauss and Corbin, 1998:177-193).

Little primary research in Chinese archival materials has been completed to provide researchers with an evidential base for understanding the perceptual framework, the organisational interaction, and the political determinants that combine to make foreign policy. The data collected for this study relate to tourism development in China including the shifts of ideology, tourism policies and administration. Hence, this study

is based on an extensive search of the PRC's government documents, professional journals, academic journals, books, biographies, interviews and other relevant publications providing a background for understanding and discussion of the PRC's tourism. In addressing the objectives of this study, a secondary analysis approach was employed where information contained in books, journals, the Internet websites, industry reports, trade journals, and newspapers. were examined and analysed. This has also been complemented by interviews conducted with some senior officials and academics in the PRC (listed in Appendix 1).

1.5.3.1 Secondary Sources of Information

Reviewing previous research is a vital step in the research process. The literature review can serve a number of purposes and functions:

- It can be the source of ideas on topics for research;

- It ensures that the research has not already been done and shows that the research has identified some gaps in previous research and that the proposed study will fill a demonstrated need;

- It refines and re-defines the research questions and related tentative hypotheses by embedding those questions in larger empirical traditions;

- It demonstrates the underlying assumptions behind the general research questions;

- It demonstrates that the researcher is thoroughly knowledgeable about related research and the intellectual traditions that surround and support the study;

- It is a source of methodological or theoretical ideas that considers relevant concepts, methods/techniques and facts;

- It may be a source of comparison; and

- It may be the entire basis of the research.

The analysis of documentary sources is a major method of social science research. The idea of documentary research tends to conjure up a mental image of a researcher digging around in archives amongst historical documents, but in fact there are many different ways of generating data through documents, and many different types of documents (Mason, 1996:71). Non-mathematical analytic procedures that results in findings derived from data gathered by a variety of means. These include observations and interviews, but might also include documents, books, videotapes, and even data that have been quantified for other purposes such as statistical data.

The literature review involves a secondary analysis of available information already published in some forms. It can be a study of the research object alone, with the aim of collecting information about its structure, process and relationships, increasing the familiarity of the researcher with the research object and establishing the credibility of the project. It may review a theory or the methods and techniques most suitable for the study, simply by looking at the ways other researchers have approached the topic, and by evaluating their suitability and effectiveness (Sarantakos, 1993:115). It is possible for a research project to consist only of a review of the literature. In comparatively new areas of study such as leisure and tourism, especially when they are multi-disciplinary as leisure and tourism are, there is a great need for the consolidation of existing knowledge which can come from good literature reviews (Veal, 1994:50).

Secondary information consists of sources of data and other information collected by others and archived in some form. These sources include government reports, industry studies, archived data sets, and syndicated information services as well as the traditional books and journals. Qualitative data is descriptive; they consist of words and sentences based on observations, conversations, and interviews. Document analysis yields excerpts, quotations, or entire passages from records, correspondence, official reports, and open-ended surveys. The data from these interviews and documents are then organised into major themes, categories, and case examples through content analysis. Literature review and archival strategies are the two main secondary sources used in this study.

It is obvious that the review of literature could be very extensive. In the case of "library" research where secondary sources are used, the entire thesis or dissertation can be composed of "review of literature" material (Behling, 1984:39). A literature review of all the known literature relevant and related to the problem was employed to derive a list of questions for focused interviews. The lack of readily available quality information is still a concern in the search for better understanding of tourism development in the PRC. Chinese foreign policy is a fascinating, but frustrating subject. Its records are enshrined in meticulously preserved archives, ancient and modern, yet access to them requires mastering a difficult language as well as obtaining political permission in Beijing. Inevitably, one encounters many "black boxes" when conducting a comprehensive study of any country's foreign policy including tourism policy and its formulation. An equally important development is that Beijing has begun to publish its own reference book on China's tourism policy. The increase of English analyses on

China's foreign affairs by scholars in Mainland China is also noteworthy (e.g. Zheng, 1990. Zhao, Q. 1995, Zhao, S.S. 1996, Zhang, 1996 and Wang, 1995). The following secondary sources of information of archival strategies are important for this research and can be sorted into public and private categories.

1. Public Archives:

- Formal studies or evaluations

- Government studies and reports

- Studies and reports of institutions and departments

- Academic organisational journal articles and newsletters relevant

- Popular press including magazines, newspapers and other articles appearing in the mass media

- Commercial media accounts represent any written, drawn, or recorded material

- Official documentary records as originally produced for special limited audiences, such as political speech transcripts, internally generated government agency reports.

- Historical studies regarding the development of a particular discipline/problem area

- Census statistics, statistical yearbooks

- Other types of official documentary data sources

- Public speeches and letters

- Maps and charts of the geographical characteristics of a place

- Information and articles on the Internet

2. Private Archives:

- Comprehensive autobiography of Chinese leaders, topical autobiography and edited autobiography

- Life histories, memoranda

- Thesis and reports written by academics and other students

- Administrative documents – proposals, progress reports, and other internal documents

- Organisational records, such as organisational charts

1.5.3.2 Primary Source of Information

This method of data collection is highly suitable for exploratory and inductive types of study as it matches very well with the purposes of this study. A respondent is interviewed for a short period of time, for example an hour. In such cases, the interviews may still remain open-ended and assume a conversational manner, but the interviewer is more likely to be following a certain set of questions. Individual interviews were used in this research because interaction in a group setting was not desirable, as the topic of politics is sensitive in China. Individual focused interviews of elites, experts and authorities at national level, and senior officials in the tourism area were used as the primary source of information for this study. An elite interview approach was adopted. Elite interviews involve elites, that is, well known personalities, prominent and influential people as respondents. An elite is considered to be the well-informed people in an organisation or community who are also able to report on their organisations' policies, past histories, and future plans. It aims at collecting information that is exclusive and unique to these informants. The information is very valuable

because of the special position of the respondents (Sarantakos, 1993:184). For this reason, elite interviewing is a very useful technique of data collection. Elites were selected for interviews on the basis of their expertise in this research area. A selection of carefully prepared questions ensures that the required ground was covered and that all interviewees are prompted equally (see Appendix 2).

The interview used a formally structured schedule of interview questions. The interviewers are required to ask subjects to respond to each question. The rationale here, of course, is to offer each subject approximately the same stimulus so that responses to the questions can be compared. Essential questions concern the central focus of the study were scattered throughout the survey, but they are geared towards eliciting specific desired information. In order to acquire information while interviewing, the researcher has asked questions in such a manner as to motivate respondents to answer as completely and honestly as possible. Affective words that arouse emotional response such as, democracy, corruption and privatisation were avoided. Instead, the nearest reference was a wish for "more transparent capital-markets" was used. The questionnaire in Chinese and English languages is in Appendix 2.

Some formal data were gathered during the focused interviews in March 1999. The intention was to use focused interviews to give respondents the opportunity to talk at length with limited guidance from the interviewer. All sessions were conducted in Putonghua, recorded on audio-tapes, transcribed and translated into English. There can be great value in producing complete verbatim transcripts of interviews. Such

transcripts can however be used to analysis the results of interviews in a methodical manner (Veal, 1994:98).

1.5.4 Analysis of the Study

Qualitative analysis is used to identify the constituents of something (John and Lee-Ross, 1998). Unlike quantitative research, qualitative research has no one standard approach to analyse the data (Denzin and Lincoln, 1998); or no rigid rules that can be provided for making methods decisions in evaluation (Patton, 1987:9); and that is why qualitative research has been described as "intellectual craftsmanship" (Clark, Riley, Wilkie and Wood, 1998:113). In qualitative research, ideas are refined and revised in the light of the information gathered. Not all information obtained from secondary sources is equally reliable or valid. Information must be evaluated carefully and weighted according to its recency and credibility (Stewart and Kamins, 1993:17). Qualitative analysis refers to a research method that emphasises processes and meanings that are not rigorously examined or measured in terms of quantity, amount, intensity or frequency, and it seeks to answer questions that stress how social experience is created and given meaning (Denzin and Lincoln, 1998). Qualitative research is a mixture of the rational, exploitative and intuitive, where the skills and experience of the researcher play an important role in the analysis of data (Ghauri, Gronhaug and Kristianslund, 1995:85).

The case study approach is useful in this study to understand the particular problem or situation in great detail. Regardless of the type, all qualitative data analysis processes operate on a conceptual and a concrete level simultaneously. The completed focused

interview was transcribed and them translated into English. The answers were analysed descriptively so as to gain a general impression of the elites' opinion on tourism development in China, since the founding of the People's Republic of China in 1949. The political and development aspects of China's tourism formed the base of the study. Secondary data sources were complied and the interviews with Chinese officials and academics were analysed and assessed. The interview answers were analyzed descriptively so as to gain a general impression of the elites' opinion on the tourism development in China. Data analysis approaches such as NU.DIST were not employed to run content analysis of the interviews since the aim of the interviews was to verify and confirm as well as compliment and supplement the findings from the secondary search. The result of the analysis is a synthesis of a framework of the phenomenon studied.

Case study analysis should start with a general analytic strategy, that is, yielding priorities for what to analyze and why. Within such a strategy, three dominant analytic techniques should be used: pattern matching, explanation building, and time-series analysis.

Unlike statistical analysis, a case study depends on an investigator's own style of rigorous thinking, along with the sufficient presentation of evidence and careful consideration of alternative interpretations. The first step of analysis is to have a general analytic strategy in place and the ultimate goal is to produce compelling analytic conclusions. There are two general strategies, relying on theoretical propositions and developing a case description. The former is to follow the theoretical propositions that

led to the case study. The latter is to develop a descriptive framework for organising the case study. When theoretical propositions are absent. A descriptive approach may help to identify the appropriate causal links to be analyzed. In this sense, the descriptive approach was used to identify an overall pattern of complexity that ultimately was used in a causal sense to "explain" why implementation had failed (Yin, 1994:105-108).

For case study analysis, one of the strategies used is pattern-matching logic. Such logic compares an empirically based pattern with a predicted one. A second analytic strategy, explanation building, is in fact a special type of pattern matching, but the procedure is more difficult. A third analytic strategy is to conduct a time-series analysis. The analysis of chronological events is a frequent technique in case studies and may be considered a special form of time-series analysis. The chronological sequence again focuses directly on the major strength of case studies that allow an investigator to trace over time. The arraying of events into a chronology permits the investigator to determine causal events over time, because the basic sequence of a cause and its effect cannot be temporally inverted. Unlike the more general time-series approaches, the chronology is likely to cover many different types of variables and not be limited to a single independent or dependent variable. The analytic goal is to compare the chronology with that predicted by some explanatory theory – in which the theory has specified one or more of the following kinds of conditions:

- Some events must always occur before other events, with the reverse sequence being impossible;
- Some events must always be followed by other events, on a contingency basis;

- Some events can only follow other events after a pre-specified passage of time; or

- Certain time periods in a case study may be marked by classes of events that differ substantially from those of other time periods.

Whatever the stipulated nature of the time-series, the important case study objective is to examine some relevant "how" and "why" questions about the relationship of events over time, not merely to observe the time trends alone. A chronological sequence should contain causal postulates. In contrast, if a study is limited to the analysis of time trends alone, as in a descriptive mode in which causal inferences are unimportant, a non-case study strategy is probably more relevant (Yin, 1994, 119-120).

Because case studies generally cover events over time, a third type of approach is to present the case study evidence in chronological order. The sequence of chapters or sections might follow the early, middle, and late phases of a case history. This approach can serve an important purpose in doing explanatory case studies, because casual sequences must occur linearly over time (Yin, 1994:109-119, 139).

According to Miles, and Huberman (1994), An approach of analysis has been to use various analytic techniques, such as

- putting information into different arrays;
- making a matrix of categories and placing the evidence within such categories;
- creating data displays, flow chats and other devices, for examining the data

- tabulating the frequency of different events;

- examining the complexity of such tabulations and their relationships by calculating second-order numbers such as means and variances; and

- putting information in chronological order or using some other temporal scheme.

1.5.5 Limitations of and Alternative Approaches for the Study

Qualitative research data collection involves a small number of cases, often chosen by means of non-probability sampling procedures, and for that reason cannot claim representativeness. Consequently, qualitative research, it is argued, cannot produce findings that are valid enough to support the development of a theory (Sarantakos, 1993:12-13). Each method carries its own advantages and constraints. The findings from a qualitative research effort must usually be regarded as informed hypotheses, not as proven facts. Some possible limitations of qualitative research according to (Hall and Jenkins, 1995; Sarantakos, 1993:52; Kirk and Miller, 1986:10-12) include:

- Lacks rigour and is too informal

- Problems of reliability caused by extreme subjectivity

- Problems of representativeness and generalisation of findings

- Problems of objectivity and detachment or interviewer/researcher bias and error

- Findings may be limited to skill, experience and understanding of the interviewer

A number of researchers (Campbell, 1979; Clark, Riley, Wilkie and Wood, 1998:102) also pointed to a number of problems with the case study approach. Evidence and

theories drawn from a multi-case study may be more powerful, but the objective of the exercise may not be to make generalisations, but purely to investigate a one-off situation. The case study approach has sometimes been criticised for its lack of rigour, sloppiness, and lack of comparisons.

Secondary information is often collected with a specific purpose in mind, a purpose that may produce deliberate or unintentional bias. In addition, the data collected might be so extensive that the individual whose job it is to interpret the findings can potentially arrive at many different, even conflicting conclusions. Secondary data is by definition, old data, thus the data may not be particularly timely for some purpose (Stewart and Kamins, 1993:6). Despite the advantages, documentary methods demonstrate some common limitations listed below (Sarantakos, 1993: 208):

- They are not necessarily representative of their kind and thus they do not allow generalisations. This limitation applies mainly to personal documents.
- Some of these documents are not easily accessible, complete or up-to-date
- The reliability of some documents is questionable
- Comparisons between some documents are not always possible
- They demonstrate methodological problems, such as coding problems, and state of presentation
- Documents are biased, since they represent the view of their authors

Wong (1996) described some of the translation problems encountered when administering a questionnaire in both Hong Kong and Mainland China, where various concepts are referred to differently in each place. Examples can be quoted to echo

Wong's assertion such as the term ideology or leisure. Another disadvantages in the process of interviewing elites is that the interviewer must modify the conventional role of confining himself or herself to asking questions and recording answers (Marshall and Rossman, 1989:94).

When dealing with tourism politics and development, because of its sensitivity, it is not appropriate in China to use a quantitative approach to discover new substantive theory or to confirm existing formal theory. Conducting a questionnaire survey of leaders and the elites in the PRC has been rejected because of the sensitivity of the chosen topic as well as the tradition and culture of not replying to questionnaires. The issue is further complicated by the impracticality of getting names of, and sending questionnaires and follow up letters to "senior officials" in more than 50 provinces, autonomous regions and municipal cities. A focus group interview was not considered appropriate on issues like ideology and politics. Untrue answers may be gathered in a group interaction setting. Respondents were cautious in their reply and word use. To sum up, the qualitative approach adopted in this study serves to provide a foundation for future studies on related topics which can use different methodological approaches.

CHAPTER TWO   LITERATURE REVIEW

The case study approach developed for this study started with a literature review of relevant concepts and theories providing useful information for the subsequent study of the PRC's tourism development. This chapter examines the literature relevant to this study, including areas, fields and aspect such as politics, tourism and development. Based on a preliminary review of the literature, some of the keywords have been identified at this stage; they are ideological development, tourism politics and tourism development.

The development of studies on tourism is closely related to the history of tourism. The early literature is largely descriptive that relates to the art and psychology of travel, location of resorts and attractions, local resident's behaviour, languages, and religion. More analytical works on tourism emerged with the development of social sciences. Geographers have made important contributions to the progress of tourism research as they treat tourism as a component of geography (Mitchell and Smith, 1989; Mitchell and Murphy, 1991). As the study of tourism developed, it generated a core of knowledge and became a sub-subject in the social science stream. However, from the social science perspective, the literature of tourism is fragmented since little effort has been made to integrate the research work done in different areas. In fact, no individual discipline alone can accommodate or comprehend tourism. Thus, tourism can be studied only if a multi-disciplinary approach is sought and formed.

Witt and Moutinho (1989:487) observed that tourism associates with physical, social, cultural, economic, technological and political environments. The tourism system comprises both tourist-generating countries and tourist-receiving countries. Taylor (1994:148) noted that tourism operates within an economic, physical/cultural, political, and social environment that strongly influences it, while tourism influences them in turn. However, tourism has very little, or no control over the environment in which it takes place.

The environment of tourism can be divided into three distinct but interlocking levels, that is, the macro-environment, the operating environment and the internal environment (Liu, 1994). Figure 2.1 shows the relationship of different environments within the system. One of the factors in the macro environment is the political dimension. In fact, tourism is a political issue that is tied with other areas such as the social and economic perspectives. Politics is involved in the study of international tourism because various ideological biases link with the making of tourism policy. The concern of this study is with the political dimension of international tourism. However, political acts frequently determine tourism-related behaviour by imposing limits on the type and level of tourism activity.
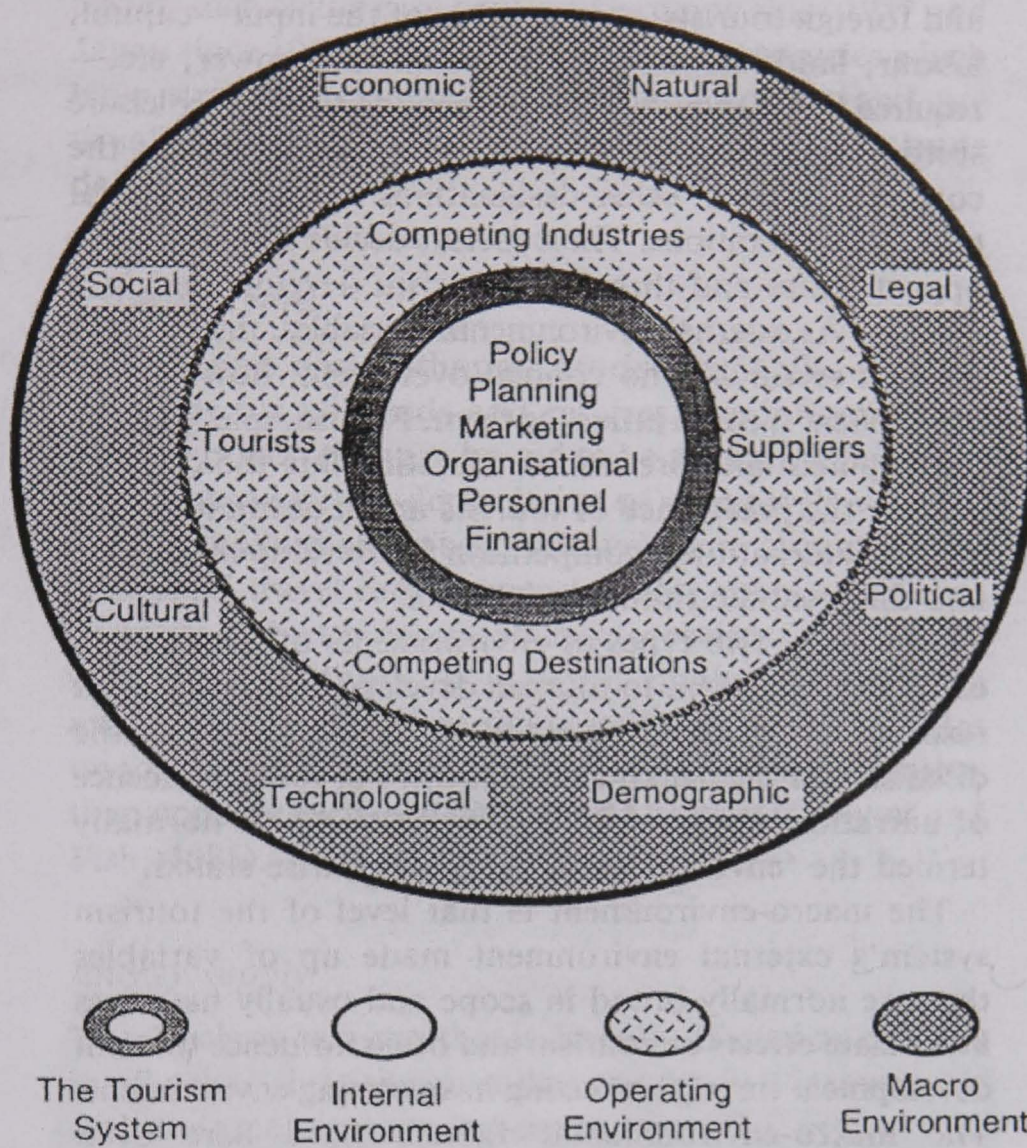
Figure 2.1: The Three-Environments of the Tourism System. Source: Liu (1994:21)

Liu (1994:21) further suggests in Figure 2.2 that within the tourism system and environment, the inputs, the process, and the outputs take place in different environmental dimensions such as, economic, political, social, technological and geographical aspects. The concept of the tourism environment and system can be further extended to include the ultimate goal of the system outputs, development of a society. As illustrated by figures 2.1 and 2.2, the politics of a country has great impact on development in terms of political, economic and social aspects. The figures also demonstrate the importance of politics in the subject of tourism.
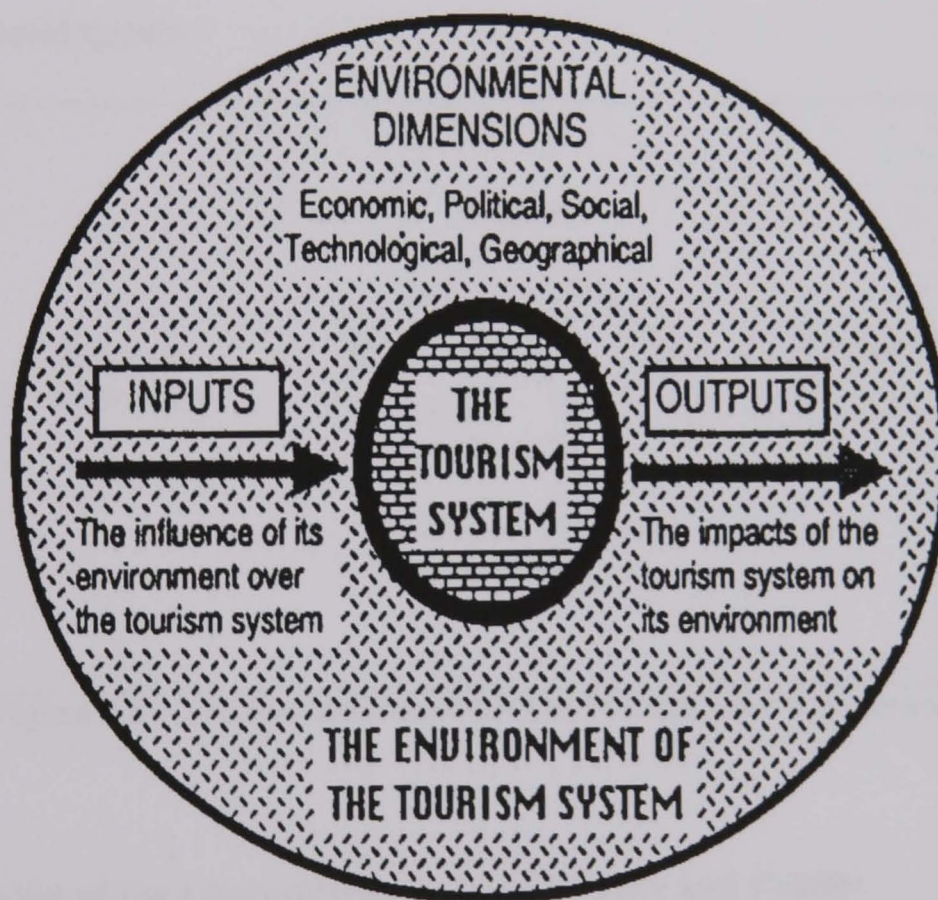
Figure 2.2: The Tourism System and Its Environment. Source: Liu, (1994:21)

Tourism, politics and development influence each other. As depicted in Figure 2.3, a rhombus or diamond style of study was created by the researcher because of the complicated nature and characteristics found in figures 2.1 and 2.2. It is necessary to look into the respective literature and see how they are intertwined so as to create a foundation for subsequent chapters. To fully understand the nature of the politics of tourism development, we begin with the definitions of politics, tourism and development that make the phenomenon possible. Politics seems to be an appropriate starting point to provide an understanding of ideology and policy in the context of development and tourism; this is then followed by an examination of the politics of tourism development.
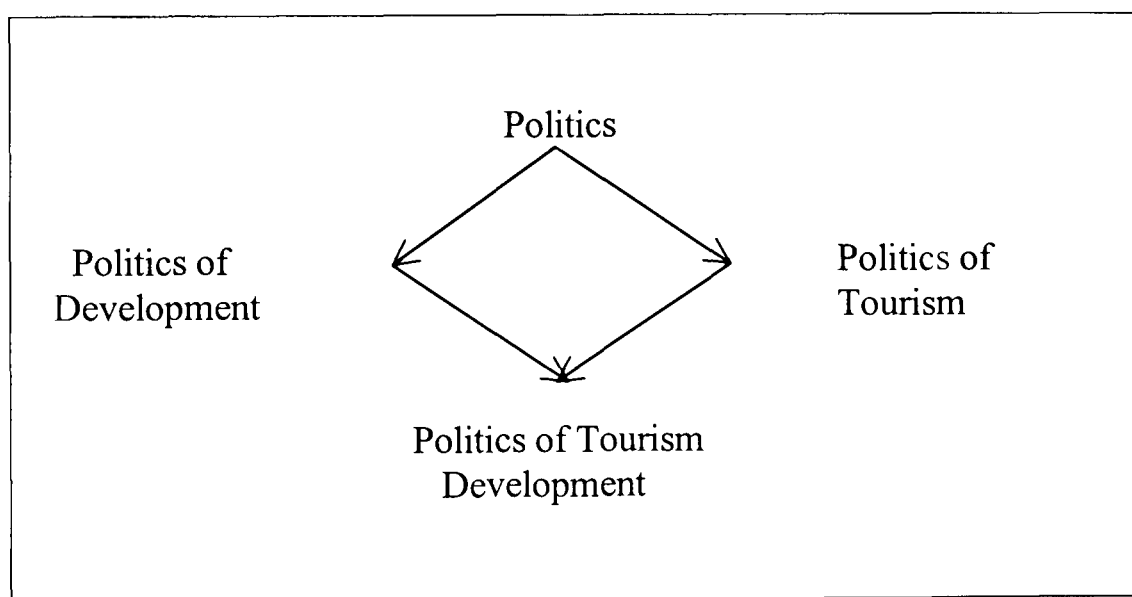
Figure 2.3: The Relationship between Politics, Development and Tourism

2.1 Review of the Literature on Political Science and Politics

"In the real world, human societies are not composed entirely of rational and selfless people; people are not equal; people's needs and wants are not fully met; there are 'haves' and 'have-nots'; they contain limited resources, that is they contain potential for conflicts for politics." *(Jaensch, 1992:1)*

The starting point for understanding the politics of tourism development is the concepts of politics. The scientific way of studying politics is termed political science. Although it is widely accepted that the study of politics should be scientific in the broad sense of being rigorous and critical, some have argued that it can be scientific in a stricter sense, that is, it can use the methodology of the natural sciences (Heywood, 1997:15-17). Political science is also narrowly defined as the science of the principles and conduct of government (Webster's Encyclopaedic Unabridged Dictionary, 1989:1113). Political science is a subject stressing the systematic study of political life, and it involves careful, critical examination and analysis of government in its various fields of activity (Harris, 1997:3). In a broader sense, political science is an umbrella protecting the various specialisms of public administration, political theory, political philosophy, comparative government and international politics (Ball, 1993:3; Cheng and Law, et al., 1997:29).

As observed by Matthews and Ritcher (1991), the sub-fields of political science reflect changes of social emphasis. In this study, political ideology and international politics are examined to facilitate the objectives of the study. The definitions of and views on politics will be examined and followed by the definitions and uses of ideology. Socialism, communism and Marxism will be presented in the format of a continuum.

2.1.1 Definitions of and Views on Politics

In defining the term "politics", two major issues have to be addressed. Politics is a "loaded" term and people will automatically assume that politics must in some way be biased and difficult to approach in a fair and unemotional manner. The second and more

difficult problem is that even respectable authorities did not have a consensus of what the subject is about (Heywood, 1997:4).

The word "politics" is derived from the Ancient Greek "polis", literally meaning city-state. However, this definition offers a highly restricted view of politics that was only practised in cabinet rooms, legislative councils, government departments and the like. Furthermore, politics encompass limited and specific groups of people, such as politicians and civil servants (Heywood, 1997:5; Cheng and Law, et al., 1997:9). The restriction of politics to that of concern mainly with public institutions and state activities is certainly disputed by most contemporary scholars of the subject (Ball, 1993:3). This definition can be narrowed still further. There is a tendency to consider politics equal to party politics. In other words, the realm of "the political" is restricted to those politicians who are consciously motivated by ideological beliefs, and who seek to advanced them through membership of a formal organisation such as a political party (Heywood, 1997:6).

A broader conception of politics is beyond the narrow realm of government and concerns "public life" or "public affairs". Thus, politics is restricted to the activities of the state itself and the responsibilities exercised by public bodies. Politics can be defined as compromise and consensus. This conception of politics is not much related to the field where politics is conducted. Instead, politics is seen as a particular means of resolving conflict, that is, by compromise, reconciliation and negotiation, rather than through force and naked power. Heywood (1997:1,3) noted, "Politics, in its broadest

sense, is the activity through which people make, preserve and amend the general rules under which they live... to improve their lives and create a "good" society"

Politics is concerned with the production, distribution and use of resources in the course of social existence (Heywood, 1997:10). Politics is defined in such different ways as the exercise of power, the exercise of authority, the making of collective decisions, the allocation of scarce resources, the practice of deception and manipulation, and so on. The term has a number of acceptable or legitimate meanings. Politics, therefore, essentially relates to all social activities and any place where humans exist.

Politics has five major elements. First, it is associated with the activity of making decisions in and for a group of people, disregarding the size and nature of the group. Second, it is concerning decisions and those factors affecting the decision, such as policies and ideologies. Third, it is about the question of who makes the decisions. Fourth, politics is concerned with the decision-making processes and the various institutions involved. Fifth, politics is interested in the implementation of decisions and their applications to the community (Jaensch, 1992). The elements can be classified under three headings. They are:

1. Activity of making and concerning decisions;

2. Factors affecting the decision and who makes the decisions; and

3. The decision-making processes and institutions involved, and implementation of decisions and applications.

A number of studies (Larichev and Moshkovich, 1997; Kumar and Steinmann, 1998)

have focused on the third category of the decision-making process and institutions involved. This study mainly focuses on factors affecting tourism development, in particular, ideologies, and who makes the decision and their relationships. Ideology, one of the principal factors of this study, is further examined in the following sections.

2.1.2 Ideology and Political Ideology

This section begins with a discussion of the nature of ideology and then its relationship to foreign policy. Ideology is the overarching criteria politicians use to make decisions. It is argued that tourism both creates and responds to value changes, and that the value-laden nature of tourism is becoming increasingly recognised and important in the global economy. The implications of ideology for tourism are then discussed in relation to an analysis of some socialist countries and the People's Republic of China (PRC) in chapters Four and Five, where the changing role of government in tourism is related to broader political ideological changes.

One of the core concepts of this study is ideology and political ideology. Brown (1973) noted that some ideologies develop from consensus or tradition; others have been created by the media or by philosophers. Matthews and Ritcher (1991:124-125) argued that the study of politics has been an analysis of the power of ideology, the conflict among ideologies, and growing awareness of the impact of ideology on nations and individuals.

By its nature, political philosophy is the least scientific sub-discipline of political science. It is concerned with the "normative" implications of political organisation and

behaviour – the way the state and society "ought" to be organised and the way the citizen "ought" to behave, given certain fundamental human values. One can discuss the political ideologies, belief pattern, or "ism", such as communism, socialism, fascism, anarchism and capitalism. The study of ideologies is exceptionally significant because many people support one or another major set of political beliefs (Harris, 1997:11).

Political ideology need not be socially conditioned. Plamenatz (1970:20) held the view that many sets of beliefs or theories which are ideological are "overly prescriptive; men are told through injunctions and advice as to how they should act and what value judgements they should make. Ideologies are deliberately formulated and can act as weapons for gaining political power and influence – they may be made up of shallow understanding, untested theories or even misleading facts. In advanced industrial societies there is a consensus on ideology, which means that the ideological struggle has been pushed to the background. However, in post-colonial, developing countries ideologies continue to play a meaningful role in the political processes and movements and are likely to continue to do (Chakrabarti, 1989:85, 88-80).

A political ideology is a system of ideas purportedly characterising the nature of the state and the relationship between its government and its citizens. It is not difficult to illustrate the relationship between political values and ideas with both the practice and study of politics. When these ideas form an articulate, coherent, systematic pattern, we speak of political ideologies. Political ideologies have been depicted as "action-related systems of ideas", concerning change or defence of present political structures and relationships (Ball, 1993:65). Everett Carll Ladd (cited in Matthews and Ritcher,

1991:124-125) defined political ideologies as answers to questions such as how government should be organised, what roles it should play, and how a nation's economy should be managed. Such an ideology embraces a set of political, economic, social, cultural, and moral values. Four of the most dynamic political ideologies of the twentieth century are communism, fascism, national socialism, and democracy. The characteristics and features of different ideologies will be discussed in Section 2.2.2.1. Ideologies reflect varying moral, ethical, and pragmatic standards of behaviour, as well as contrasting value patterns. They are often incompatible with one another when they form the basis for political action. This conflict in the value systems subscribed to by different nations causes tensions that frequently lead either to a war of ideas or to actual belligerency. Former Soviet Premier Khrushchev's boast, "We will bury you," epitomised his belief in the superiority of communism over capitalistic democracy (Rodee, Anderson, Christol and Greene, 1983:492).

LaPalombara (cited in Das, 1989:85-90) holds a critical view of studying ideology and says that an ideology need not necessarily be dogmatic, as held by many scholars, but neither need it be utopian. A broad definition is that ideology should be neutral. It must decline the notion that ideologies are true or false, good or bad, liberating or oppressive, or Left or Right.

2.1.3 Definitions and Uses of Ideology

Ideology is one of the most controversial concepts in political science. Destutt de Tracy, a French philosopher first used the term "ideology", in the late eighteenth century. He invented the term to describe the "science of ideas" (Roskin, Cord, Medeiros and Jones,

1997:100). As Brown (1973:12) admitted, an integrated ideology includes the members' ideas, beliefs and opinions about any society's organisation and values, norms of honesty and goodness, freedom and equality. The word "ideology" has been used in many different ways. At a "fundamental" level, ideologies are similar to political philosophies. Loosely, it is often seen as a meaning of thought. Technically, it may be a set of ideas serving the interests of a group; Marxists have clearly been using the term in this way.

From a socio-scientific point of view, when there is a coherent relationship between political ideas, we use the term "ideology", that provides a basis for organised political action including how to preserve, modify, reform or overthrow the existing system of power relationships (Ball, 1993:33; Holsti, 1995:275). Ideology may also be defined as the way that an individual or a group thinks. Ideology is a set of political ideas, values and feelings that directs individuals to behave in a particular manner for pursuing a particular goal (Wang, 1995:38).

An ideology is also a system of belief concerning some important issues that has strong effects in structuring and influencing our thought. Political scientist, Everett Carll Ladd (cited in Matthews and Ritcher, 1991:124-125), defined "ideology" as a set of political beliefs and values that are forced to link together. An ideology also starts with the belief that things can be better than they are, and to which a social group usually resort in circumstances of a certain kind; it is basically a plan to improve society (Roskin, Cord, Medeiros and Jones, 1997:100).

Values are "ends, goals, interests, beliefs, ethics, biases, attitudes, traditions, morals and objectives that change with human perception and with time, and that have a significant influence on power conflicts relating to policy" (Henning, 1974:15). The concept of values is closely related to that of ideology. As with policies, ideologies may be represented in a constitution, a declaration of rights, a treatise, or from communications that are designed to influence behaviour, attitudes and values (Hall and Jenkins, 1995:35).

In the foreign policy context, doctrines and ideologies have effects on policy making. Ideology can be considered as those doctrines meant to inspire politician(s) to pursue particular actions for the interest of the nation. Policymakers observe reality through the intellectual framework that doctrines and ideologies establish. Secondly, doctrines and ideologies declare with authority the roles of policymakers. Thirdly, doctrines and ideologies help to rationalise and justify the specific foreign policy decisions (will be discussed in detail in Section 2.1.4). Lastly, they postulate moral and ethical systems that help prescribe the attitudes and criteria for judging human being's actions (Holsti, 1995:276).

Ideologies are purposely formulated and can act as weapons or instrument of control for gaining political power and influence. They possibly constitute superficial understanding, untested theories or even misleading information. The political elites in some countries have employed the ideologies of nationalism and communism as weapons to fight and struggle against a colonial power. Ideologies first offer an account of the existing order, usually in the form of a "world view"; secondly, provide a model

of a desired future, a vision of the "good society", and finally outline how political change can and should be brought about. Nevertheless, ideologies continue to play a significant role in the political processes and movements in developing countries in the post-colonial period (Chakrabarti, 1989:85-90; Heywood, 1997:41).

Generally, the most important function of an ideology in a political system is to legitimise the political structures and the distribution of political power within that system and thus to increase political stability. This process of ideological legitimisation can also be clearly seen in socialist systems (Ball, 1993:247, 250). Ideologies also help to accommodate changes. All political parties have philosophical bases, no matter how blurred and no matter how divorced from the actual political behaviour of the party these foundations may be.

In this study the following is suggested by the researcher as a working definition of ideology: "*It is essentially the political doctrine of a set of ideas with a discursive framework which guides and/or justifies policies and actions, derived from certain values and doctrinal assumptions about the nature and dynamics of history.*"

2.1.4 The Ideology-Foreign Policy Connection

As mentioned earlier in the previous section, ideology has effects on foreign policy making, in which foreign policy is part of international relations that includes economics, culture, trade, international tourism, etc. on state to state level. International relations embraces international politics (Cheng and Law, et al., 1997:130-131). As noted by Macridis (1992:3), in the discussion of the individual foreign policies of a

country, we can identify basic patterns over a given period of time. The strongest connection between the factors is the one linking political philosophy and foreign policy. In policy making, the state of the environment does not matter so much as what government officials believe that state to be. Foreign policy making is determine by international and domestic conditions/contexts and perceived and mediated by images, attitudes, values, doctrines, ideologies and analogies. By image, it means individuals' perceptions of an object, a fact, or a condition. Attitudes can be conceived as general evaluative propositions about some object, fact, or condition.

In foreign policy making, the foundation of national ideologies are important, for they often become the unexamined assumptions upon which numerous policy choices are made. A doctrine can be defined as any explicit set of beliefs that purports to explain reality and usually prescribes goals for political action. A coherent set of doctrines constitutes an ideology. Doctrines and ideologies establish the intellectual framework through which policy makers observe reality. Second, doctrines and ideologies prescribe for policy makers both national roles and an image of the future state of the world. Third, they serve as rationalisations and justifications for the choice of more specific foreign policy decisions. Finally, doctrines and ideologies posit moral and ethical systems that help prescribe the correct attitudes and evaluative criteria for judging one's own actions and those of others.

Communism (will be discussed in Section 2.2.2.2) was distinguished from other ideologies primarily because it claimed to be an objective and scientific ideology and moral system, rather than merely the preferred ideology of particular leaders. Images,

values, and attitudes influence policy but do not determine it. Figure 2.4 summarises the foreign policy decision making process. Policy makers perceive relevant conditions in the international and domestic environments, but their definitions of the situation are coloured by images, attitudes, values, doctrines, ideologies, and analogies (Holsti, 1995:271-282). In fact, as discussed in the previous section, attitudes, values and doctrines can be put under the definition of ideology.

International and domestic conditions/contexts	→	*Perceived and mediated by decision maker:* Ideologies Images Attitudes Values Doctrines Analogies	→	Foreign policy decision making
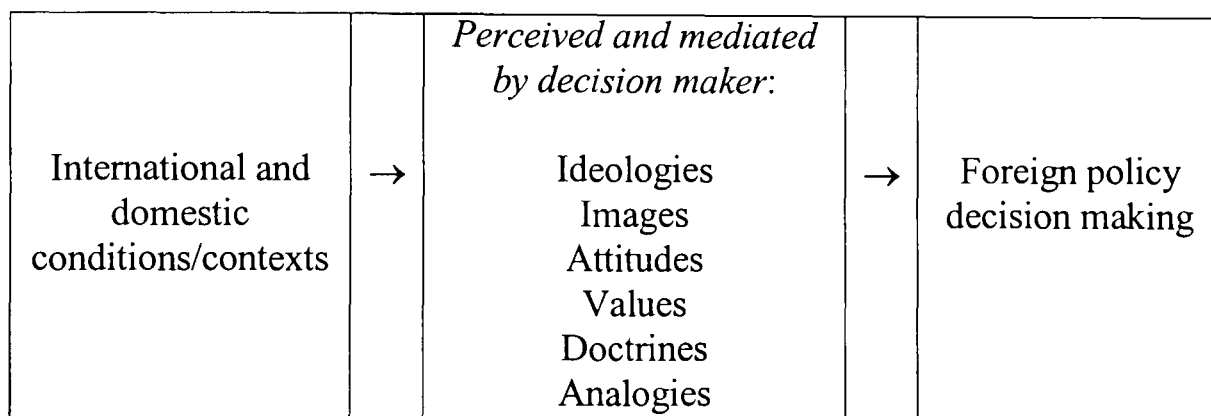
Figure 2.4: A Model of Foreign Policy Decision Making (modified from Holsti, 1995:282)

Few policies are chosen for a single reason; mono-causal explanations are, therefore, seldom satisfactory. Nevertheless, they abound in foreign policy analysis. An example of mono-causal explanation would include the view that all Soviet foeign policy manoeuvres were simply the playing out of some master plan for the communisation of the world. This type of explanation emphasised the compelling importance of ideology as a source of foreign policy (Holsti, 1995:251). Changes in foreign policy priorities may be caused by both adaptation and learning. But a genuine learning process is more likely to lead to "fundamental changes in the ideology, governing structures, or basic goals" (Ziegler, 1993:13).

International tourism, because it requires other countries' cooperation can be considered part of the foreign policy of a country, as is in the case of China below. One major obstacle to applying this linkage model to the study of Chinese tourism policy is a lack of necessary data, particularly at the domestic and individual levels. Inevitably, one encounters many "black boxes" when conducting a comprehensive study of any country's foreign policy including tourism policy and its formulation. An equally important development is that Beijing has begun to publish its own reference book (e.g. Jiao, 1988 and CNTA, 1996) on China's tourism policy such as in the areas of joint venture, travel agency management, and tour guide. The increase of English analyses on China's foreign affairs by scholars (e.g. Zhang, 1991; Zhi, 1994) in Mainland China is also noteworthy.

2.2 Review of the Literature on the Politics of Development

"In modern times the belief in progress, improvement and development has become part of Western man's belief about himself and his destiny."
(Harris, 1997:223)

In the early development studies literature of the 1950s, 1960s and 1970s, a number of distinct paradigms, such as modernisation theory, mainstream Marxism and dependency theory, had been used to explain why capitalism was not prevalent in the developing world. Apart from economics, other disciplines in the social sciences find greater receptivity to their points of view and to the alternative perspectives on the problems of development that they provide. One of these disciplines is geography. As noted by Mabogunje (1989:14-15), the contribution of geography to development was the

theories related to the prominent field of urban and regional planning. The extension of the spatial perspective to problems of underdevelopment gives insights into the process of development. Attention should have been paid to the variety of forms and levels of spatial organisation found among the under-developed countries.

Maddison (1970:65) suggested that scientists, planners and experts approach development problems from a purely scientific point of view rather than an ideological one. This gap has been bridged by subsequent research studies and they will be examined in the following sections. In this review, theories and politics of development will be discussed and then followed by an examination of the relationship between ideology and development.

2.2.1 Theories of Development

"Development is one of the more slippery terms in our tongue. It suggests an evolutionary process, it has positive connotations, in at least some of its meanings it suggests an unfolding from within." Friedmann (1980:4)

Goulet (1985) has suggested that the term "development" covers the entire range of changes, may be gradual or sudden, by which a social system moves toward some condition regarded as better. It is not sure whether "development" induced certain types of changes, however, many social changes are induced by development. Although "development" is doubtless an induced change of a certain sort, many other social changes are also induced.

To most people, development is something natural and unavoidable. Western philosophy encapsulated development as something good, inherent and necessary. What most people really meant by "developing" was how they might become prosperous and live as well as, or how they thought people lived in the developed countries like the United States (Chew and Denemark, 1996:1, 355). In fact, development is an elusive term to define and means different things to different people. Development often refers to a state, condition and a process that has caused quite a lot of ambiguity. It is further complicated by the fact that the state of development is derived from the processes of economic, social, political, and cultural aspects. Prior to discussion of economic growth and modernisation, the concept of development as a process and of changing economic conditions is explained as follows.

We tend to think of development as a process of change or as a complex of such processes. As suggested by Rostow in "Process of Development" (1952) and in "Stages of Growth: A Non-Communist Manifesto" (1962), and by Goulet (1971, in Goulet 1985), development has frequently been regarded as a process that is a specific type of social change. Although not universally accepted, it is a commonly cited example of development, which has identified five successive stages of economic growth; traditional, transitional, take-off, maturity and high mass consumption.

Theoretically, the idea of development has been closely connected with the idea of progress. Progress was the basic liberal belief that humans can achieve self-improvement by their own effort. Nonetheless progress is a normative concept that means a country or society can advance in a desired direction so as to get a better life

(Harris, 1997:223-224). During the "passage" from underdevelopment to development, several interrelated processes in political, cultural, economic, religious, and psychological sub-systems occur simultaneously. Although these processes are conceptually distinct, they do not exist separately. It is only a methodological convenience to isolate economic from political or social development. Development, moreover, is simply one particular form of social change, modernisation is a special case of development, and industrialisation is a single facet of development (Goulet, 1985:96-97).

In a broad sense, the term development covers a large area and relates to a number of phenomena. Mabogunje (1989) identified five different ways in which the concept of development has been used. They are economic growth; modernisation; distributive justice; socio-economic transformation; and spatial reorganisation. Given the popularity and significance of the first two as well as the relevance to this study, they will be further elaborated below.

When development is said to be a principal goal of developing nations, it is referring to a terminal condition but not a process. Hence, the term "development" refers to the destination of a journey and to the journey itself. Terminal condition is not to be defined as static here, but only as manifested levels of living at a more acceptable level than previously (Goulet, 1985; Pearce, 1989). Development is often assumed to be an economic condition of a country. Development as a state refers to the relative condition of the country in relation or comparison to others. For example, "Third World" or "underdeveloped world" or "less developed countries (LDCs)" or "developing

countries" refers to the economic condition of nations. For many countries development is viewed as a measurement of economic progress.

Development is often associated with words such as "under" "over" or "balanced". In defining the term development as a condition or state, one has to accept a unit of measurement, such as Gross National Product, Gross Domestic Product, per capita income, or some other economic value measurement. Measurements of the state of development are always relative and whenever a country is called developed or underdeveloped it refers to its present condition (Gartner, 1996:8; Goulet: 1985; Seers and Joy, 1971). In purely economic terms, "development" means the capacity of a national economy whose initial condition, at some point in time is, relatively static to sustain an annual increase in its gross national product at a particular percentage or more. Certain indicators can be preferred to others, but any economic assessment is meaningful only if indicators are viewed as components in a series, usually based on comparable annual statistics, manifesting a trend. However, it is worth noting that economic growth does not equal to economic development. As Lickorish and Jenkins (1997:209) remarked:

> "Economic growth is a quantitative measurement of increases in GNP and/or GNP per capita. It is a relative and comparative figure and tells us nothing about how the GNP is distributed within the country. It is a statistical measurement of economic change. Economic development, on the other hand, has a much wider interpretation. It attempts to see how economic growth has actually been used to improve the general living standards and well being of the people of a country."

Many economists continue to subordinate all non-economic factors in their development models. A prevalent denotation of development was stated at the United Nation's First Development Decade that is "development = economic growth + social change." However, this formula is not clear on what the growth and change are. The concept is broad enough to include a variety of change processes emphasising economic, social, cultural or political factors. Most development analysts and economists regard modernisation as a unique and complete transformation of society that involves changes in the political, cultural, economic, religious, and psychological aspects (Goulet, 1985). Much of political science today is concerned with the notion of development, linked sometimes with that of modernisation.

Modernisation can be studied in various ways. Modernisation can be an economic phenomenon related to industrialisation and the economy's achievement in keeping growth in productivity and levels of per-capita product. It can also be a socio-psychological reality modifying attitudes, behaviour, and symbols. It is widely believed that the key to modernisation of today's developing countries is their internal transformation from predominantly traditional agricultural economies to industrialised economies. Harrison (1992:8) noted that modernisation is a more or less an objective process, usually originating from Western industrialised countries, with specific and describable patterns of economic, social and political change, and the evaluation of costs and benefits belongs to the sphere of development. Harrison (1992:9) argued that:

"Modernisation theory primarily focuses on the process of Westernisation whereby the internal structures of 'developing' societies become more like those of the West. This theory assumes that developing countries seek to imitate Western pattern production and consumption. Economically, there is a shift from agriculture to industry, and a central role for money and the money market. Socially, the influence of the family declines, institutions become more differentiated, and a central role is played by a 'modernising' elite and other 'change agents' in introducing modern values and institutions, often in the face of hostile or resistant tradition. Such changes are matched at the cultural and psychological levels, and modern consciousness involves greater autonomy for the individual."

Chew and Denemark (1996:2, 142-144) shared the assumption: "development = Westernisation via industrialisation." In addition they shared an essentially similar vision of capital accumulation through industrial growth = development. Despite the focus of different modernisation scholars, they all perceived the obstacles and problems to development as being temporary in nature and inherent. Tourism is believed to be one of the effective ways to develop a country. In fact, tourism development, unlike economic development, is referring to a means to achieve economic development and overall development of a country.

2.2.2 Politics of Development

Development is one of the most commonly used terms in political science. It is widely believed that the developing nations may be able to develop their economies in the future so as to improve their national standards of living.

The literature of modernisation in political science quickly adapts to the unity of political and economic processes. In studying economic development it is essential to understand what "economic development" means to different groups that make up the political system, and then what other competing objectives are being pursued by political leaders. Any serious development strategy for a given country must be based on an analysis of its political structure and political culture, the influences that make them what they are and also those that are working to change them. Of course, political leaders normally want a rapid rate of economic growth. But it is only one among many objectives that they want to pursue (Seers and Joy, 1971). Several writers (Martinussen, 1997; Chanthunya and Murinde, 1998) have attempted to relate the "types of regime" of poor countries to levels of economic development. They suggested some positive correlation between the level of economic development and the "degree of democracy" or "competitiveness" exhibited by the political system. However, the relationship is not very pronounced. In any case, it tells us nothing about the causal connections between the economy and politics that might assist the economic planner.

2.2.2.1 Ideology and Development

"Ideology plays a more important part in the activities of non-Western interest groups than in their Western counterparts. Some of the influence is anti-colonial rhetoric; some is a result of close proximity with religions, and some use the language of nationalism, socialism and democracy."
(Harris, 1997:93)

Many intellectuals (e.g. Nafziger, 1990), nationalist leaders, and politicians believed that laissez-faire capitalism rigidly adhered to during the colonial period was

responsible for slow economic growth in developing countries. So, once independence was granted, nationalists and anti-colonialists pushed for systematic state economic planning to remove these, what they believed to be deep-seated, capitalistic obstacles (Nafziger, 1990:419). The opportunities for political conflict have increased as economic development has created new values, attitudes, and interests. The explosive growth of ideologies, especially in the nineteenth and twentieth centuries, reflects these fundamental changes in ways of life and in the organisation of society and government (Rodee, Anderson, Christol and Greene,1983:77). There is potential and a considerable need to explore alternative ideologies of development. It is worth noting those different cultures and ideologies are related to the development process; Mercantile, Liberal, and Islamic theories are noted below. Communist, Marxist and socialist will be examined in the next section.

Mercantilism identifies a period of European economic development that followed feudalism and preceded capitalism; characterised in part by a growing commercial economy in which the nation (typically, a monarchy) controls or significantly influences a broad array of economic activity and enterprise. The concept of international political economy is economic nationalism, or mercantilism. According to this point of view, liberal free trade is in decline, to be replaced by economic competition and conflict among nations. National, not class, interests determine national policies. The global conflict is not between rich countries that are trying to exploit poor ones, but among all nations. Each has increasing reason to use national power to regulate and influence trade and investment to national advantage. Like Marxism, mercantilism foresees intense international competition; but it asserts that any nation can advance its interests

using political power, and can find capabilities to regulate capitalist multinational corporations (Kleinberg, 1990:20).

Classical liberalism was put forward by the Scottish economist, Adam Smith in 1776 (Roskin, Cord, Medeiros and Jones, 1997:100), referring to liberty, equality, and fraternity, envisions international laissez-faire politics, ever-expanding, specialised production, and trade that promotes universal welfare. Classical liberal ideal is in the form of "economic liberalism", which is underpinned by a deep faith in the mechanisms of the free market and the belief that the economy works best when left alone by government. Laissez-faire principles are formulated as a reaction against the economic role of the nation under mercantilism. In spite of the prevalence of mercantile policies, free trade has been the prevailing philosophy guiding international trade for the last two centuries (Holsti, 1995:101). Laissez-faire capitalism is seen as guaranteeing prosperity, upholding individual liberty, and, as this allows individuals to rise and fall according to merit, ensuring social justice (Heywood, 1997:43). Laissez-faire means generally, "leave alone"; a fundamental principle of unregulated (or market) capitalism and classical liberal economics; used to describe the ideal of no government interference in business enterprise. Liberalists believe that the advantages of free trade policies can gradually become apparent to every nation from successful examples. Because of this view, nations and their policies will diminish in importance, in favour of flows of trade, labour and investment among firms and households trading on the principle of comparative advantage.

From the standpoint of liberal pluralism, emergence of a global economy is to be welcomed on the basis that it promotes international harmony and eventually reduces material inequality. Liberals have emphasised the value of free trade and economic interdependence. It includes not only foreign relations but also economics, culture and tourism (Cheng and Law, et al.,1997:135). Trade amongst countries allows each country to specialise in the production of the most suitable goods and services, and this leads to international specialisation and mutual benefits. Furthermore, free trade has been claimed to promote interdependence and lesser chance of hostility and make war less possible (Heywood, 1997:151). Whether liberal pluralism is the idealistic ideology of today's world is open for discussion. Politics, such liberals think, is and should be separate from economics. In sharp contrast, Marxists believe that all history consists of a class struggle. At each stage of historical development, a nation's socio-economic structure shapes its political relations.

The rise of Islam as a political force has had a profound affect on politics in North Africa, the Middle East, and parts of Asia. Islam is not simply a religion. Rather, it is a complete way of life, defining correct moral, political and economic behaviour for individuals and nations alike. Political Islam thus aims at the construction of a theocracy in which political and other affairs are structured according to "higher" religious principles. Nevertheless, political Islam has assumed clearly contrasting forms, ranging from fundamentalist to pluralist extremes. Evidence that Islam is compatible with a form of political pluralism can be found in Malaysia. Although Islam is the official state religion of Malaysia, a form of "guided" democracy operates through the dominance of

the United Malays National Organisation, within a multi-party framework (Heywood, 1997:35-36).

Sadar (cited in Tucker, 1997) provided an Islamic perspective on "development". He asserted that all people in all "traditional societies" enjoyed rights to community participation, security and long life based on healthy and ecologically sound lifestyles, and that "development", as it is conventionally understood, is alien to all Muslim societies. The importance of liberal pluralism and Islamic ideologies prevailing in some countries is recognised.

However, economic goals may not be superior to other goals. People in poor countries may give high priority to the goal of increasing their incomes. However, people in the poor countries do not live on "bread alone". They have other ambitions that may well be equally or more important. Measures proposed for development could eventually raise incomes but have other costs such as social costs. This is particularly true where change may shatter some aspect of the existing social structure. There is perhaps a tendency in the developing countries that priority is given to politics, for example in Islamic countries over economic development. In fact, it might not be appropriate to study the political cultures of Asia with a purely economic goal approach. Mao said, "humanity left to its own devices does not necessarily re-establish capitalism... but it does re-establish inequality" and this suggested that human nature needs to be restrained in its economic rather than in its political aspects. In practical terms development in a country like China or a sub-continent like India is particularly difficult as conditions vary from valley to valley, and production of crops vary from area to area (Harris, 1997:227). In

this study, the term "development" is used in a broad way to include economic, political and social goals.

2.2.2.2 Socialism, Communism and Marxism

Socialism developed as a reaction against the emergence of industrial capitalism. In its earliest forms, socialism tended to have a fundamentalist, utopian and revolutionary character. Its goal was to abolish a capitalist economy based on market exchange, and replace it with a qualitatively different socialist society, usually to be constructed on the principle of common ownership. According to Heywood (1997:166), the term socialism refers to a particular set of values, theories and beliefs, and to a system of economic organisation where the values and beliefs will be actualised. Socialism did not take on a definite form as a political belief until the early nineteenth century. The most influential representative of this brand of socialism was Karl Marx, whose ideas provided the foundations for twentieth-century communism. Marxists plead that it is possible for the emergence of socialism, and ultimately the establishment of a communist society (Ball, 1993:245).

The term "socialism" is the least specific of all the labels used in politics. This is partly because "socialism" is sometimes used to designate every ideology to the left of liberalism and conservatism. Thus "socialism" might subsume anarchism, communism and some other leftist ideologies as well, including syndicalism, anarcho-syndicalism, Trotskyism, and all the varieties of Marxist political ideology. There are many types of socialism, in terms of both political organisation (authoritarian or democratic) and economic system (highly centralised and directly regulated or largely decentralised and

only indirectly regulated). Thus, it is manifestly wrong to argue that socialism necessarily implies political dictatorship or heavy-handed controls on individual and corporate economic activity. Most states down through history have been essentially socialist. But it is also true that most governments have been decidedly authoritarian. Most governments throughout history, regardless of their economic systems or supporting ideologies, have been marked by the concentration of power in the hands of elites who were not directly accountable to the mass of citizens they ruled. The potential for democratic socialism develops, as governments become more sensitive to the problems of unregulated capitalism and more open to working-class representation in politics. Some forms of socialism, for example, democratic socialism, emerged. But the obvious precondition for all this is the right of all citizens to organise political representation of their economic interests – political representation that takes the form of working-class political parties and trade unions (Rodee, Anderson, Christol and Greene, 1983:82-83, 85).

From the late nineteenth century onwards, however, a reformist socialist tradition emerged that reflected the gradual integration of the working classes into capitalist society through an improvement in working conditions and wages and the growth of trade unions and socialist political parties. This brand of socialism proclaimed the possibility of a peaceful, gradual and legal transition to socialism, brought about through the adoption of the "parliamentary road". During much of the twentieth century, the socialist movement was thus divided into two rival camps. Revolutionary socialists, following the example of Lenin and the Bolsheviks, called themselves communists, while reformist socialists, who practised a form of constitutional politics,

embraced what increasingly came to be called social democracy. This rivalry focused not only on the most appropriate means of achieving socialism, but also on the nature of the socialist goal itself.

Communism to some people is terrifying, laughable, or both. These common associations derived from the contemporary use of "communism" are more misleading than helpful in understanding it (Rodee, Anderson, Christol and Greene, 1983:80). In Marx's view, communism was distinguished from other ideologies primarily because a clear distinction could be drawn between science and ideology, between truth and falsehood. Communism is claimed to be an objective and scientific ideology and moral system, rather than merely the preferred ideology of a particular leader (Holsti, 1995:276; Heywood, 1997:41).

Marxism is a social philosophy derived from the classic writings of Karl Marx and Friedrich Engels. Marx believed that he had developed a new brand of socialism that was scientific, in the sense that it was primarily concerned with disclosing the nature of social and historical development rather than with advancing an essentially ethical critique of capitalism (Heywood, 1997:50-51).

Marx produced a very complex ideology consisting of at least three interrelated elements: a theory of economics, a theory of social class, and a theory of history. In economics, Marx focused on the "surplus value", i.e. profit. Workers produce things but get paid only a fraction of the value of what they produce. The capitalist owners skim off the rest, the surplus value. Not only is this unfair, argued Marx, but it also leads to

recurring economic depressions. The capitalist system pumps out an abundance of goods onto the market, but the bulk of the population, Marx called the "Proletariat" (industrial working class), cannot afford to buy them. The result is repeated over-production and lead to depressions. In the end, Marx argued, there will be a depression so big it will doom the capitalist system (Roskin, Cord, Medeiros and Jones, 1997:105).

Marxist ideology includes the ideas of the "ruling class", the "class system" and continued exploitation (Harris, 1997:55). The major element in Marxism is social class. Every society divides into two classes: a small class of those who own the means of production and a large class of those who work for the small class. Society is run according to the dictates of the upper class, which sets up the laws, arts and styles needed to maintain itself in power. The bourgeoisie (the capitalists) are obsessed with hanging on to their property, which, according to Marx, is nothing but skimmed-off surplus value anyway (Roskin, Cord, Medeiros and Jones, 1997:105). Axford, Browning, Huggins, Rosamond and Turner (1997:419) argued that Marxists see state intervention as a way of ensuring that capital accumulation continues and existing social relationships are preserved. In policy terms this means the state intervening to pick up the social costs of production, or subsidising capital, or ensuring that organised labour is controlled.

Putting together economic theory and social-class theory, Marx had an explanation for historical change. When the underlying economic basis of society gets out of kilter with the structure the dominant class has established (its laws, institutions, ways of doing business, and so on), the system collapses Marx wrote, because the faster they transform

the economy, the more it gets out of step with the capitalist superstructure. This leads back to Marx's theory of surplus value and recurring economic depressions. Eventually, the economy will be so far disjointed from the bourgeois set-up that it too will come crashing down. The next stage, Marx predicted, will be socialism. The proletariat will overthrow the bourgeoisie and establish a just, productive society without class distinction. At a certain stage, this socialist society will reach a level of perfection in which there will not need to be police, money, or even government. The name of this utopia is communism, the stage beyond socialism (Roskin, Cord, Medeiros and Jones, 1997:106-107).

There is a great deal of Marxist-related work on capitalism within "dependency" and "world system" frameworks. Nevertheless, very few new ideas have emerged from these models in recent years. The Marxist paradigm no longer provides a distinctive framework through which questions about capitalism can be studied. Much of the best Marxist-influenced work now focuses on the political obstacles to capitalism in developing countries (Moore, 1997:290).

Marxism-Leninism is not a static ideology bound up in a few volumes and rigidly adhered to over time. Instead it has been reinterpreted and revised according to the dictates of a changing world by successive leaders in the Soviet Union, China, and elsewhere. This evolution has been no less dramatic between the regimes of Mao Zedong and Deng Xiaoping in China than it was between the regimes of Stalin and Khrushchev in Russia; in both countries the evolution of communism cautioned against a mechanistic citation of texts from one era to analyse and forecast Communist policy in

another era (Whiting, 1992:233). Because of the collapse of the former USSR, socialist dogma has been discontinued. Albania and Cuba have been changed into more liberalised countries in recent years.

A more complex and subtle form of Marxism, Modern Marxism, developed in Western Europe. Its ideas have therefore sometimes been termed neo-Marxist. This indicates an unwillingness to treat the class struggle as the beginning and end of social analysis. Lukács was one of the firsts to present Marxism as a humanistic philosophy. He emphasised the process of "rectification", through which capitalism dehumanises workers by reducing them to passive objects or marketable commodities. Gramsic (cited in Heywood, 1997:54) emphasised the degree to which capitalism was maintained not merely by economic domination, but also by political and cultural factors. He called this ideological "hegemony".

Social democracy lacks the theoretical coherence of classical liberalism, which has the central theme of an extreme form of individualism, or fundamentalist socialism. Whereas the former is ideologically committed to the market, and the latter champions the cause of common ownership, social democracy stands for a balance between the market and the state, a balance between the individual and the community At the heart of social democracy there is a compromise between an acceptance of capitalism as the only reliable mechanism for generating wealth, and a desire to distribute wealth in accordance with moral, rather than market, principles. For socialists, this conversion to the market was a difficult process that was dictated more by practical circumstances and electoral advantage than by ideological conviction.

In the early twentieth century, for example, the German Social Democratic Party formally abandoned Marxism and accepted the principle "competition where possible, planning where necessary". There is a sense, however, in which social democracy cannot simply be confined to the socialist tradition. It may draw on a socialist belief in compassion and a common humanity, a liberal commitment to positive freedom and equal opportunities, or a conservative sense of paternal duty and care. In an attempt to distance themselves from their old image, social democrats have increasingly looked to principles such as community, social partnership, and "stakeholder economics" (Hutton, 1995), and have adopted policy positions that more closely resemble those of Christian Democracy than those of traditionalist socialism. This is demonstrated, for example, by the growing interest in the communitarianism of thinkers such as the U.S. sociologist Etzioni (1995) who have highlighted the growing need to re-establish community in the face of the atomistic and egoistical tendencies of the market.

Social democrats turned their backs upon fundamentalist principles such as common ownership and planning, and recast socialism in terms of welfare, redistribution and economic management. Both forms of socialism, however, experienced crises in the late twentieth century that encouraged the proclamation of the "death of socialism" and the emergence of a post-socialist society. The most dramatic event in this process was the collapse of communism brought about by the eastern European revolutions of 1989-91, but there was also a continued retreat of social democracy from traditional principles, making it an indistinguishable form of modern liberalism (Heywood, 1997:49, 55-56).

Modern socialists have increasingly been prepared to accept that capitalism is the reliable means of generating wealth. They have looked not to abolish capitalism, but to reform or "humanise" it. Traditionally, however, socialists have looked to construct an alternative to market capitalism, seeing socialism as a qualitatively different economic formation form capitalism. Such attempts have been based on the assumption that socialism is superior to capitalism, both morally and productively. What socialist models have in common is the belief that the market mechanism can and should be replaced by some form of economic planning. Two very different models of a socialist economy have been developed viz. state socialism and market socialism. Following the Revolution of 1917, the USSR became the first society to adopt an explicitly socialist model of economic organisation. This model was fully developed by Stalin in the 1930s. This system was based on state collectivisation, which brought all economic resources under the control of the party-state apparatus. The collapse of the state socialist model in Eastern Europe and the USSR in the period of 1989-91 has been widely used to demonstrate the inherent flaws of central planning. As an alternative to the heavily centralised Soviet economic model, attempts were made to reconcile the principles of socialism with the dynamics of market competition. Such a model was introduced in Yugoslavia following the split between Tito of Yugoslavia and Stalin in 1949.

The central feature of a socialist market economy is thus the attempt to balance self-management against market competition. This does not amount to the re-introduction of capitalism, because, as economic enterprises are owned and controlled by their workers, there is no market in labour, and therefore no exploitation. What sets such a

system firmly apart from the Soviet model, however, is that self-managing enterprises operate not according to "the tyranny of the planners", but within a market environment shaped by competition, incentives and profit. The attraction of market socialism is that it appears to compensate for many of the most serious defects of central planning. However, this is not to say that a socialist market is entirely unplanned and unregulated. Indeed, most attempts to propose a "feasible" form of socialism, acknowledge the continuing need for a framework of planning, although one that uses collaborative and interactive procedures. At the same time, although self-management encourages co-operation and ensures a high level of material equality, it cannot be denied that the market imposes harsh disciplines. Failed businesses collapse and unprofitable industries decline. One of the main weaknesses of market socialism is that self-management conflicts with market disciplines, as it dictates that enterprises respond first and foremost to the interests of their workforces (Heywood, 1997:172-176). A typical example of a market socialism country is the PRC.

The number of Communist countries dropped significantly after the dismantling of the Soviet Bloc in 1989. Communism is still existing in North Korea and Cuba while China and Vietnam have been changed significantly in the last decade (Sing Tao Daily, 17 December 1999). The tendency towards less dogmatic socialism prevails in the remaining communist countries.

Distinguishing between political left, centre, and right really implies a continuum of ideologies. This is appropriate because any one ideology is likely to share some values and assumptions with the other ideologies to its immediate left or right. Figure 2.5

presents the extremes of a continuum of ideology where the more extreme ideologies, in terms of egalitarian values, are found on the left of the continuum.

Left	Centre	Right
Communism	Classical liberalism	Fascism
↓	↓	↓
↑ ↑ ↑	↑ ↑	
Anarchism Socialism	Conservatism	
Marxism-Leninism	Neoliberalism	
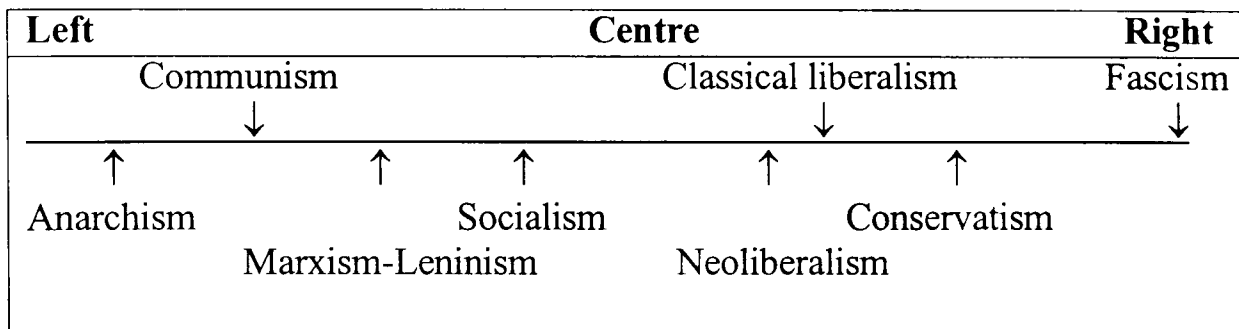
Figure 2.5: Continuum of Ideologies, Left, Centre and Right. (modified from Rodee, Anderson, Christol and Greene, 1983:78)

If one assumed that all Communist systems are basically similar, it would be easy to extrapolate from the Russian and East European experience and predict that Communism would fall, perhaps pushed by a reformer in Communist Party. China, however, is not Hungary, Czechoslovakia, or the Soviet Union. When Communism collapsed in the Soviet Union and in Eastern Europe, it did not do so in any of the other Communist countries – China, Vietnam, and North Korea – whose pre-modern political form had been Confucian. This may not be a coincidence. The spectacular economic dynamism produced by the post-Mao reforms also distinguished China from all the countries in which Communism had fallen (Moise, 1994:237).

2.3 Review of the Literature on the Politics of Tourism Development

"International tourism is political, since the state must be involved in foreign relations, ..." (Crick, 1989:320)

The development literature generally ignores the existence of tourism. Quite a lot of the

development discussion has focused on how and why agricultural society transforms to industrial society. Tourism has received very little attention (Bodlender, Jefferson, Jenkins and Lickorish, 1991:79-80). Tourism development is a key concept of in this study. Jafari (1988) analysed the evolution of the study of tourism and organised it into "tourism platforms." After World War II, the tourism industry was seen primarily as a means of economic development. Early scholars of this development are generally supportive of the phenomenon. The Advocacy Platform is a product of scholarly writings of the 1950s and 60s that provided the necessary supportive foundation and justification for tourism development. The Cautionary Platform is generally a product of the 1970s. The experience learnt from tourism development revealed that not all the economic claims were favourable. Tourism was blamed for destroying or seriously degrading ecosystems, commercialising local cultures, and disrupting the social structure of the communities. The Adaptancy Platform appeared in the scholarly writings of academics primarily in the late 1970s and early 1980s. Subscribers to this platform recognise that tourism is not all good, nor is it all bad. In a sense, the Adaptancy Platform accepts the benefits of tourism, but only when the problems exposed by the Cautionary Platform can be dealt with in a manner sensitive to the host community. The Knowledge-base Platform addresses tourism holistically. The study of tourism should focus on understanding the structural and functional relationships between hosts, guests, environments, businesses, governments, and every other entity involved in the sector. The main goal of this platform is to develop a scientific body of knowledge on tourism. This is somewhat hindered by the multidisciplinary models that have been employed to study tourism. The Knowledge-base Platform is still valid, at least, in the early 21st century. The evolution and development of other related

disciplines will have implications for and add new dimensions to tourism studies.

"Tourism development is one of the most frequently used, but least understood, expressions in the tourism articles" (Hall, M. 1994:108). But tourism development is a difficult term to define. Tourism development might be narrowly defined as the provision of facilities and services to meet the needs of tourists. However, tourism might be seen as a means of development in a much broader sense, the path to achieve some end state or condition.

For many years studies of tourism tended to concentrate on the economic dimensions of development. More recently greater attention has been given to environmental, socio-cultural and political considerations, but the economic imperative of tourism development studies still predominates. Tourism development studies can be categorised in the following periods:

Period	Studied Areas
Before mid-1970s	Economic
Starting from mid-1970s	Impact: economic, socio-cultural
From early 1980s	Environmental
1990s	Political science/Politics

Source: The Author

2.3.1 Impact of Tourism on National Development

Early studies by Krapf (1961), Kassé (1973), Bryden (1973) were basically economic studies of tourism. The second period from around mid-1970s was dominated by the studies of tourism's impact, especially relating to socio-cultural aspect of societies. de Kadt (1979), Britton (1982), Francisco (1983), Smith (1989), Turner and Ash (1975) are some of the well-known early scholars of tourism impacts. Starting from the early 1980s a lot more attention was given to the issue of the environment and tourism. In examining the impacts of tourism on a destination, the economic, socio-cultural and environmental impacts come under the umbrella of impact studies.

Krapf (1961) raised the question of what role can tourism play? He emphasised the contribution of tourism to economic growth and used the term "economic imperatives" to describe the functions of tourism in developing countries. There have been previous attempts to question whether tourism is "A Passport to Development" (de Kadt, 1979) or is "A Blessing or Blight" (Young, 1973), as well as more broadly based assessments of the economic, social and environmental impacts of tourism (Mathieson and Wall, 1982; Pearce, 1981; Murphy, 1985).

In the 1970's, Kassé (1973) put forward some basic questions on "The theory of the development of the tourism industry in underdeveloped countries" such as what are the real costs of developing tourism? And what are the direct and indirect effects which tourism has on the rest of the economy? Based on studies of African tourism, he concluded the costs of tourism may be greater and the benefits smaller than what people normally expect.

Bryden (1973) had a similar notion to Kassé's idea. Bryden supported his conclusions by drawing on the experience of tourism in the Caribbean that resulted from a high degree of foreign ownership and repatriation of profits, employment of foreigners together with the actual costs to the local government in providing infrastructure and incentives. Britton (1982) further suggested that the international tourism industry, because of the power of foreign enterprises, sets the development mode of developing countries to depend on developed countries. Francisco (1983) concurred with Britton and added that economic reliance on tourism may have the consequence of distorting economic development and causing leakage, social discontent, and resentment.

A major area of controversy in tourism is the question whether it contributes to development, or obstructs and distorts development. This is an issue not only for less developed countries but also for industrialised countries (Williams and Shaw, 1988). The growth and development of tourism has been associated with several idealistic notions concerning its contribution to society, but subsequent experience has shown tourism, like many other human activities, can have both positive and negative impacts.

Peter Gray (cited in Matthews, 1978:46) pointed out that in developing countries, the development role of tourism will suffer unless policymakers restrict the number of tourists. There are other critiques of the value of tourism to developing states. Most critiques of the value of tourism raise questions about ownership and control of the industry and how these affect development.

Tourism might be seen as a means of development in a broad sense, the path to achieve some end state or condition. Tourism can be an essential part of the economic development strategies of a country (Hall, M. 1994:38). There is little doubt, however, that as a tool for development, international tourism has limitations and needs to be managed to serve as a beneficial agent of change (Tooman, 1997:33-40).

Tourism can bring jobs and can revive stagnating local economies, but it can also be detrimental to other economic activities, destroy the environment and contributes to social problems. There is a need for governments to look not just at tourism but at its opportunity costs, and alternative strategies, which could be pursued by a country. There are other critiques of the value of tourism to developing countries. Most critiques of the value of tourism raise questions about ownership and control of the industry and how these affect development. Ownership of tourism institutions depends to some extent upon the kind of industry found in a particular economy.

Tourism can provide benefits for both tourist and the host community if it is properly developed. Tourism can help raise the living standards of the host people through the economic benefits it can bring to an area. In addition, by developing an infrastructure and providing recreational facilities, both tourist and local people benefit. Ideally, tourism should be developed so it is appropriate to the destination. It should take the culture, history, and stage of economic development of the destination into account. For the tourist the result will be an experience that is unique to the destination.

"... whether for good or ill, the development of tourism has long been seen as both a vehicle and a symbol at least of Westernisation, but also, more importantly, of "progress" and "modernisation". This has particularly been the case in Third World countries. But this role as both a symbol and vehicle of economic and socio-cultural change and "modernisation" is potentially just as significant for the advanced industrial countries." Roche (1992:566)

Tourism is relatively labour-intensive in nature. There is little doubt that tourism has made a substantial contribution to the development process in most tourists receiving countries. This contribution is usually listed under ten headings (Bull, 1996; Lickorish and Jenkins, 1997; Hudman and Hawkins, 198; Mathieson and Wall, 1984). They are:

- The contribution to foreign exchange earnings;

- Tourism income multiplier;

- Contributions to government revenues;

- The capacity of the tourism sector to create employment;

- Tourism offers an alternative source of income to primary industry that reduces pressure on the environment;

- Community is theoretically less dependent on primary and secondary industries;

- Contributions to transfer of technology;

- Contribution to foreign direct investment (FDI).

- Tool in economic restructuring; and

- Tourism's ability to generate regional economic development.

Tourism does not offer a single model for development. Any evaluation of the role of tourism must depend on particular national and local circumstances. The growth and development of tourism has been associated with several idealistic notions concerning

its contribution to society, but subsequent experience has shown tourism, like many other human activities, can have both positive and negative impacts.

Tourism is regarded as a tool in economic restructuring for not only Western nations but also the former socialist countries of Eastern Europe and East Asia, and for many of the less developed nations (Hall, M. 1994:29). International tourism is an important part of international trade that contributes to the transfer of technology and foreign direct investment, which are an important means to economic development. There are different theories and models of tourism development, some of which are addressed next.

2.3.2 Theories of Tourism Development

There are some "theories" intended to explain tourism development in differing contexts. It is meaningful to examine the concept of a model, its application in tourism and the value in explaining tourism development in developing countries that includes socialist countries. Increasingly, however, a greater variety of approaches to tourism are becoming recognised, each of which has its own characteristics and offers a variety of possibilities appropriate to a range of economic and political priorities.

2.3.2.1 Underdevelopment Theory

Tourism, it is argued, in the short term at least, diverts resources away from major priorities such as industrial development and agricultural improvement. The low level of infrastructure, lack of expertise, and initial capital, inevitably constrain tertiary

activities and particularly those requiring relatively sophisticated services (Hall, D. 1984).

Two major approaches represent differing schools of thought are found in the modern literature. One view, labelled here as the "political economy approach", is based on the premise that tourism has evolved in a way which closely matches historical patterns of colonialism and economic dependency. The overall tone of political economy analysis tend to be negative about the effects of tourism, seeing it as yet another means by which wealthy metropolitan nations develop at the expense of those less fortunate. The political economy approach attempts to show how international tourism flourishes in a world economic system characterised by severe distortions and imbalances. A school of thought known as "dependency theory" originated among scholars in the 1960s and 1970s which sought to explain this unequal relationship according to its historical determinants. The political economy view dwells on the structural inequalities in world trade and suggests that international tourism is unlikely to achieve a better balance among its rich and poor participants until a corresponding shift also occurs in the whole pattern of country-to-country relationships.

Axford, Browning, Huggins, Rosamond and Turner (1997:485) claimed that Marxism is a theory of social evolution, but in Marx's partial treatment of colonialism, and in Lenin's much more developed critique of imperialism as a necessary phase of capitalist expansion, the Marxist theory of history becomes a theory of the development of global capitalism, a system based on the uneven development of colonial and metropolitan powers and on the systematic impoverishment of what we call the Third World. In

today's world the processes of direct imperialism have been replaced by forms of neo-imperialism, carried on through the imbalance of trade between the developed and developing countries and by the power of transnational corporations in the developed countries to somehow dictate the terms of world trade an investment. The work of dependency theorists builds on these insights to portray a single global capitalist economy grounded in the systematic exploitation of the periphery by the core. The rich core is said to "under-develop" the periphery, whose progress towards full modernisation is stunted by the need for metropolitan capital to expand.

The international organisation of mass tourism required high investment costs and led to a high dependency on foreign capital, know-how, and management personnel (Bryden, 1973). Oppermann (1993) summarised the dependency model that "perhaps the most significant limitation of dependency theory is its failure to formulate alternative prescriptions for tourism development into developing countries".

The discussion of dependency theory in political science became obvious after the Second World War. The question of whether economic reliance on tourism creates political dependence and international political compliance is still receiving academics' attention. For example, Gartner (1996) revisited issue tourism and dependency. Nash (1989) argues that tourism has reinforced the core-periphery structure of the traditional plantation economy; this reflects both the inherent characteristics of the tourism industry itself and its adaptability, to pre-existing socio-spatial structures (Brohman, 1996:48-70).

In discussing tourism development in Southeast Asia, Hoivik and Heiberg (1980) argued that because of the diversity of sources of international tourists, the region was less inclined to develop the sort of centre-periphery dependency relationship that affects many other developing countries. Nevertheless, from the economic perspective, such countries still demonstrate aspects of economic dependence on a few developed countries because of their inability to generate substantial amounts of domestic investment in the tourism sector (Hall, M. 1994:123-132). However, from a political point of view, the argument is problematic. There is no direct evidence, for instance, that such "dependency" leads to political compliance (Francisco, 1983).

Dependency relationships may result when tourism displaces traditional economic relationships or creates a new economic system. Many, especially the small, developing countries participating in international tourism are required to rely on businesses from the developed world to bring tourists into the area, built facilities, and manage the industry (Hoivik and Heiberg 1980:81; Mathieson and Wall, 1982). This is most likely in developing countries which do not have the capital or expertise to develop their own tourism industry. Foreign control does not simply mean direct ownership but no matter what form of arrangement and ownership, there is likely to be a high level of expatriate management and control of key sectors of periphery tourist industries (Britton, 1982:331-358).

Matthews (1978:6, 75-82) summarises the dependency argument that corporate capitalism and the rise of the multinational corporation have contributed greatly to the view of tourism as just a new form of colonialism and imperialism. The intermingled

foreign policies of metropolitan governments and their own corporations lead to suspicion within developing countries that corporate tourism has hidden motives. Multi-National Corporations (MNCs) are main change agents of neo-colonialism. MNC control of tourism is a concern. Political influence exercised through those companies by parent governments causes fears that tourism has become a means to political and economic domination of host countries. Britton, (1982:346-347) argued that international tourism of LDCs were dominated by metropolitan capital which in line with the underdevelopment theory.

Socialist countries, for example, the previous Albanian government viewed tourism as a vehicle of "imperialism" or "social imperialism". In many developing nations the intrusion of mass tourism from metropolitan centres has generated critical thoughts about the nature of international relations and about the effects of tourism on host countries. The ideological aspects of these observations tend to reflect four general views of tourism that the industry is a new form of colonialism and imperialism; a part of a new plantation economy; the developing countries are used as a playground for the industrial countries; and even to the stance of an intrusion of white institutions and values into the non-white world.

The metropolitan governments influence the newly independent states by means of the form of indirect economic control through business elites working in close contact with diplomats. Hence, to many LDCs this is a form of colonialism in a new appearance of the pre-dominant feature of modern mass tourism (Matthews, 1978:79).

Within the plantation economy concept, overseas interests are the determining factor in the creation of both the demand and supply of the tourist product. In the absence of a domestic tourism market, many developing countries are clearly dependent on foreign interests to keep the industry going. However, economic dependence upon tourism is only one piece of the critique. Political and cultural dependence is usually the other two points of the triangular relationship. Erisman (1983) has suggested economic dependence can lead to cultural dependence. The commoditisation theory holds that destination societies and their environment are treated as commodities in tourism, and the touristic intrusion has resulted in social and cultural change more in line with commercial values. As these changes progress over time, the host country's culture becomes transformed into one dependent upon metropolitan styles.

There are a number of characteristics of tourism incorporated in underdevelopment theory. They are: 1) disregard of culture and tradition as a loss to the host community; 2) tourists are distinct from the host population; 3) competition among LDCs; 4) existence of a minority elite which is seen as a barrier to development for the population as a whole; and 5) tourism is seen as an exploiter of local labour.

2.3.2.2 Modernisation Theory

Harris (1989:30) indicated that modernisation theorists claim that societies are relatively poor and underdeveloped because they lack the internal structural characteristics suitable for the introduction of the industrial system. Among such characteristics lacking in these poorer societies are, investment capital and entrepreneurial values, together with the modern technological equipment and the necessary skills to use them

effectively. It is further suggested that the LDCs can be helped towards "enhanced adaptive capacity" by a process of interaction with the more advanced nations.

As suggested by Gillis, Perkins, Roemer and Snodgrass (1996:8), and Axford, Browning, Huggins, Rosamond and Turner (1997:493) who suggested that modernisation theory deals with the processes and institutions through which societies become modern. One of the key characteristics of modernisation theory, and one which it shares with Marxism, is the idea of social evolutionism. Social evolutionism offers a view of the evolution of societies and, by implication, of the way in which the modern world was made, in which modernisation is seen as a progression through a number of necessary stages of development. The economist Walt Rostow talked about the universal stages of economic development in "The Stages of Economic Growth (1960) that all societies must pass through before they achieve a fully modernised form. The stages are traditional or agricultural societies, "take-off", actual "take-off" and high mass-consumption society. Although modernisation theory has been more exercised by societal development than by ideas about globalisation, there is much relevance between them.

Kim (1994: 88) suggested that capitalist development in East Asia has its origin in a global process of modernisation, which started in the West and which has subsequently expanded worldwide. Classical modernisation theories placed greater emphasis on the global nature of the process, and provide a more complex scheme for the analysis of the dynamic interplay of the internal and external forces in the transformation of societies and culture, on the other. Kim further stated that the modernisation was originated in the

West around the turn of the sixteenth century. The inherently expansionist orientation of modern western capitalism has led western capitalism to "invade" other parts of the globe, spreading the modernisation process all over the world.

MacCannell (1976) suggested that tourism was a consequence of an overriding process of modernisation. The role of MNCs is quite obvious in that they often invest in accommodation. International tourism provides a farther reach for the operation of the MNCs. Lanfant (1980:23) argued that tourism is an internationalised and a multinational industry that relied on the latest marketing techniques. Extensive capitalism together with the state authorities and international organisations, market the tourism industry in developed countries. Capitalists are significantly involved in managing and profiting from mass tourism.

Harrison (1994: 241) further indicated that the internationalisation of tourism is obvious in many countries in the world and it has affected LDCs. MNCs are active at different sectors of the tourism industry, e.g. tour operators, restaurateurs, hoteliers and airline companies. LDCs are dependent on foreign tour operators who control the overseas marketing of the accommodation and tour products. Tourism is still greatly influenced by MNCs and in large-scale, mass package form it is foreign interest which drive the market. Tourism has often been perceived by less developed countries as a viable route towards modernisation and development. It is because tourism can bring in capital, expertise, and technology through MNCs involvement.

Tourism is seen as a generator of employment that benefits the economy. In accordance with the World Tourism Organization (1988), tourism is more labour-intensive than many other industries. As suggested by Harrison (1994: 242), tourism not only generates new jobs, but also creates prospects for entrepreneurship, which benefited established elites who able to capitalise on their advantages but openings may also be available to different groups in the country. Elites and other local entrepreneurs within destination country will be seen as change agents. Nevertheless, modernity and tradition seen as antithetical together with culture will block development; however, if barriers are removed or minimised, growth can occur.

The process of modernisation leads to the despoilation, deconstruction and reconstruction of tradition as it is increasingly integrated into the modern world. Tourism, as part of a wider process of modernisation, incorporates hitherto isolated communities into the world market and brings far more of the items they produce into that market. The process has frequently been associated with colonialism (Harrison, 1994: 243).

Harrison (1994: 249) opined that under modernisation theory, tourism is seen as an important backing to national, regional and local development. Capital investment, and the transfer of technologies and skills to the tourism industry lead to more job opportunities and a general economic impact. Tourism can be seen as a form of modernisation, transferring capital, technology, expertise, and "modern" values from the West to Less Developed Countries (LDCs).

However, it is worth noting that Hulme and Turner (1990:34, 39) remarked that the modernisation approach derived from the experience of Western countries and was

often lacking when faced with Third World differences and complexity. They suggested that a popular and persistent model of the modernisation was that of the dual economy. The basis for this lay in the assertion that many developing countries were characterised by two economic sectors. There was often massive contrasts between low technology agriculture in rural areas and modern industry and infrastructure in the urban areas.

Table 2.1 below shows a summary of how these development theories act in relation to tourism. Traditional development theories could prove a useful framework whereby the processes and pattern of tourism development may be described and explained, especially in the less developed countries.

Table 2.1: Summary of Modernisation Theory and Underdevelopment Theory in Relation to Tourism

Underdevelopment theory	Modernisation theory
Tourism is a new form of imperialism. It leads to the development of DCs at the expense of LDCs. Overdependence on tourism.	Tourism is a mode of modernisation enabling LDCs to develop "Western" lines.
Multi-National Corporations (MNCs) are main change agents of neo-colonialism. MNC control of tourism is a concern.	Capital, expertise, technology and ideas originate outside LDCs where they are brought via MNCs. Tourism controlled by MNCs.
Disregard of culture and tradition is a loss to the host community.	Modernity and tradition seen as antithetical. Culture blocks development. If barriers are removed or minimised, growth can occur.
Tourists distinct from host population. Mass tourism. Competition among LDCs.	Tourism is large-scale, mass package form for foreigners. Market-led.
Existence of minority elite seen as a barrier to development for population as a whole.	Elites within destination country seen as change agents - as modernising elite. But other groups have opportunities as well.
Tourism is seen as an exploiter of local labour.	Tourism seen as a generator of employment, hence a benefit.

Source: Modified from Woodcock and France, 1994:111 in Seaton, et al. Tourism: The State of the Art, John Wiley & Sons

2.3.2.3 Tourism and Capitalism

According to Matthews (1978:75-76), capitalists consider that human beings should be free to compete for his/her needs and wants. Government should not interfere with the basic process of the demand and supply mechanism. In capitalists' view, not only does capitalism increase man's freedom, but also increase the means of freedom, i.e. surplus income and leisure. To capitalists, tourism becomes a commodity to be sold at a profit. Tourism is a market with demands for labour, goods and services. The principal stakeholders, such as airlines, hotel chains, approach production through large accumulations of capital.

In the thinking of many socialists, however, when those involved in promoting tourism become so obsessed with the material side of the industry, the real purpose of the activity is destroyed. Socialists are inclined to say that whenever tourism becomes institutionalised by corporate capitalism, it becomes empty and purposeless at least, any may well become exploitative and oppressive (Matthews, 1978:77-78).

Tourism is a by-product of affluent societies, depending as it does on increases in personal disposable incomes to maintain it growth. The rapid growth in international tourism from the more developed countries, particularly in the post-1950 years, has tended to link tourism to capitalist economies. However, evidence shows that as people in developing countries become more prosperous, an increasing part of their disposable income is spent on tourism both domestically and internationally as demonstrated in

China's experience. That is why Hall and Jenkins (1995:192) suggested that tourism is a product of capitalist society and cannot be understood without reference to it.

2.3.2.4 Globalisation Theory

The main characteristic of the contemporary global system is its interdependence. The common sense meaning of this term is that events, trends and decisions that happen in one place are likely to have an impact elsewhere. Interdependence suggests mutual dependence: the need of two or more actors to provide goods and services for each other. They are mutually dependent, or interdependent. In the pluralist-interdependent model, the growing interconnectedness of national economies has significantly increased the vulnerabilities of all states.

The explosion of information, and its dissemination by electronic means has had great impact on world economic development and global politics. World society models shares some of the features of the pluralist-interdependence model. The main characteristic of the global system is its unity – not political but social. All societies are interconnected, as indicated by all sorts of data, and we are heading toward the formation of a genuine world society. Social patterns (e.g., family structure, consumption habits, and lifestyles) are becoming more similar as the significance of political boundaries continues to erode (Holsti, 1995:8-15). Axford, Browning, Huggins, Rosamond and Turner (1997:496) spelled out the world-system theory further suggesting hat it is most closely associated with the work of both modernisation and dependency theory. In the modern world there is only one world-system, the capitalist world economy. Today it is a global system, or, in Marxist terms, a global mode of

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production, and there is nowhere that is exempt from its embrace. Countries which try to remain outside the orbit of the world economy find that they are unable to do so for any length of time, being dependent upon it for trade, investment, technical assistance and aid. But globalisation is more than interdependence.

Although MNCs are now almost everywhere in the world, globalisation is still a relatively new idea. However, this is not suggesting that globalisation is a new phenomenon; the process of interconnection has been taking place for hundreds of years as part of an ongoing transition in the development of global capitalism (Mowforth and Munt, 1998:12). Globalisation has two phenomena, first, the spread of MNCs through processes, such as the globalisation of production and capital and the new international division of labour. Many MNCs generate over half of their revenues from overseas sales and they are doing a lot of their production in overseas countries. Second, transformations in the global scope of the media, particularly TV (Sklair, 1994:166) and now the Internet.

Globalisation can be defined as the process by which the world is being made into a single place, not just politically, but economically and culturally too (Axford, Browning, Huggins, Rosamond and Turner, 1997:388). A simple idea of globalisation is a "multiplicity of linkage and interconnections that transcend the nation-state". (McGrew, 1992:65). Essentially globalisation is a concept that seeks to encapsulate processes operating on a global scale (Mowforth and Munt, 1998:12). This definition is a straightforward affirmation of the growing volume of goods, services, capital and people flowing across national boundaries. Schwarzmantel (1998:159) argued that

globalisation means the spreading of economic production to a number of centres throughout the world, and the consequent loss of control by national governments of the process of production and determination of the welfare and employment prospects of their citizens

Schwarzmantel (1998:7, 19) noted that globalisation has been seen as "an outcome of the universal logic of modernity" representing a situation in which "global flows are coming to assume as much, or greater, centrality than national institutions". In the economic sphere, modernity was marked by the emergence of a new mode of production, whereby commodities could be produced in far greater quantities for distribution in the world market.

Giddens (1990) called globalisation a "deterritorialisation" which involves the massive growth in cross-border transactions and collaborations taking place between business, the movement of people between countries and regions of the world economy, the creation of truly global markets in areas like finance and telecommunications.

Globalisation is a concept that is increasingly invoked in the analysis of tourism (Mowforth and Munt, 1998:12). Lickorish and Jenkins (1997:5) suggested the term globalisation of tourism is frequently used, but has ambiguous interpretations. It should be used to refer not only to the scale of tourism activity, but also to include the distribution of tourism activity. Tourists are not only travelling to the traditional destination countries, but also new tourism destinations and generating countries are represented on the global tourism maps.

In the context of tourism, the globalisation of telecommunications, finance and transportation have been instrumental in the globalisation of tourism. Mass tourism, consuming homogeneous cultures and products like Disney and McDonald's, is another example of tourism globalisation (Mowforth and Munt, 1998:13-14).

The opening of former socialist countries, after the breaking up of the USSR and the changing of ideology and governments, in Eastern Europe, Vietnam and PRC in Asia, added fuel to the global tourism trade as well as to the globalisation of tourism. Technology, information technology and relaxation of travel formalities, such as visa waivers, further contributed to the globalisation of tourism. The problem of currency regulations, and unrealistic exchange rates, which provided a temptation to deal on the illegal "black markets" in currency, and difficulties in obtaining visas are no longer problems in most former socialist countries.

Furthermore, corporate joint ventures, greater interaction between China and other countries, more competition within the private sector and the liberalisation of aviation are trends that deserve the utmost attention of the government of the People's Republic of China to overcome barriers to international tourism. With a more open economy and involvement in the international arena, China's socialist model has to change to cope with the regulations and standards of international organisations. The change may be slow and gradual since the reformers may encounter from the "conservatives" or "leftists". Joining international travel and tourism organisations such as the World Tourism Organization and the International Air Transport Association (IATA) gives

Chinese government officials more exposure to foreign policies and regulations.

With the continuing opening and reform, China's ideological influence on foreign policy becomes less obvious. The acknowledgement of the "Global Village" or "One World" concept, for example, the joining the World Trade Organisation, will induce further opening of China as a major international inbound and outbound country. Membership of the World Trade Organisation in fact, pushes Chinese economic reform to a point of no return. Membership will influence the Chinese leaders' view on further development and its pace, and confirm China as part of the international economic community. Entering the WTO will cause China to establish an international standard market economy system with Chinese characteristics (Asiaweek, 22-28 November 1999).

2.3.6 Review of the Literature on Tourism Politics

Tourism is a multi-faceted area that encompasses various social science subjects including political science. Kosters (1984:612) suggested, "if a multi-disciplinary tourism science develops without the necessary ingredient of political analysis, it will remain imperfect and incomplete". Furthermore, Peck and Lepie (1989:216) argued that the nature of tourism in any given community is the product of complex interrelated economic and political factors together with geographic and recreational features.

However, the study of tourism politics only began in the mid-1970s. As observed by Joppe (1994:60-64), there are a number of factors that determine the extent of government involvement in the tourism industry. They include the political philosophy

of the government, the country's history, socio-economic conditions and level of development, and the extent to which tourism supply already existed. Government actions can aim to support or control the tourism market, and can be directed towards the supply of or demand for tourism services.

When political scientists approach tourism, they usually emphasise studies of more "conventional" topics, like environmental destruction, immigration law, or foreign aid, primarily focusing on the policies of states that seeks to attract tourists. Matthews and Richter (1991:133) have identified the need to integrate the politics of tourism and social science techniques, and have provided the grounds for research by advancing arguments for the role of political science in tourism studies. Andrews (1982) argued that political science is a discipline of the social science.

Research on the politics of tourism is concentrated in several areas, including studies of individual countries' or regions' tourism development policies (e.g. Richter, 1980, 1989, 1993; Seymour, 1980; Richter and Richter, 1985; Williams and Shaw, 1991; Hall, D. 1991, 1994; Hall and Jenkins, 1995). There is a tendency of many tourism researchers to focus on empirical studies, such as the economic, marketing, cultural and environmental dimensions of tourism. For example, Nash, 1977; de Kadt, 1979; Richter, 1980; Britton, 1982; Jenkins and Henry 1982; Keller 1984; Britton and Clarke, 1987; Harrison, 1992; Poirier, 1997. The relatively small amount of existing research on the political economy of international tourism can be divided into two schools of thought. The first line of investigation, linked tightly to theories of liberal economics, holds that economic interactions usually have positive consequences, and that tourism is

a natural business phenomenon. Most of the literature on the economics of tourism falls into this broad category. Other analyses address political issues involved, emphasising policies as effective or ineffective, or as socially constructive or destructive.

The mainstream of tourism research has either ignored or neglected the policy and politics of tourism development. Apart from the notable efforts of Matthews (1978, 1983), Richter (1983a, 1983b, and 1989), Hall, M. (1994), Hall and Jenkins (1995), and Edgell (1990, 1999), political science has all but ignored the role of tourism in modern society. Furthermore, detailed tourism policy studies are few and they have tended to focus on notions of prescription, efficiency and economy. The political reality of why governments become involved or how the structures and policies are derived are infrequently discussed and analysed (e.g. Jenkins and Henry, 1982). Tourism policy as the outcome of political pressure has been touched on by number writers (Edgell, 1984, 1990 and 1999; Richter, 1985, 1989, and 1993) and later on (Greenwood, 1993; Hall, M. 1994, Hall and Jenkins, 1995). The analysis of the political impacts of tourism is, however, poorly developed.

Further, little attention has been paid to the wider philosophical and political implications of such work. Authors including Thurot and Thurot (1983), Lizzell (1984), Ley and Olds (1988), Urry (1990), Matthews and Richter (1991), and Hollinshead (1992), discuss the ideological nature of tourism. Ritchie's (1994) identification of ideology as a significant factor to be studied in tourism research has been largely ignored. Many people hold systems of attitudes; beliefs and values that can rightly be termed ideologies. Undoubtedly, national, organisational and individual ideologies do

influence the pattern of tourism development. Increasingly, tourism is being recognised as having important political implications. Developed countries seek new policies to protect and maintain present levels of tourism while developing countries promote policies of tourism expansion. The relationships between tourism development and politics, including ideology, are examined below.

2.3.6.1 Tourism Development and Politics

"Tourism is a simple continuation of politics by other means." (Jean-Maurice Thurot, Economia, May 1975 cited in Edgell,1999:23)

Last but not least is the key relationship of the politics of tourism development. The political aspects of tourism are intertwined with its economic outcomes. Hence, tourism is not only a "continuation of politics" but also an essential part of the world's political economy. In short, tourism is, or can be, a tool used not only for economic but for political means. For apparent economic purposes, nearly all countries attempt to generate a large amount of inbound tourism (Edgell, 1999:23).

Politics and public policy are inextricably linked. Politics is about power - Who gets what? Where, How and Why? Decisions affecting tourism policy, the nature of government involvement in tourism, the structure of tourism agencies; the nature of tourism development; and community involvement in tourism planning and policy all emerge from a political process (Hall and Jenkins, 1995:66).

Politics is a very important dimension of international tourism. Governmental decisions and efforts to affect those decisions are an important key to the growth and nature of world tourism. These decisions take place in different environments, in the metropolitan areas of the globe where most tourists reside, in the host countries which have sought a growing tourism industry (Matthews, 1978:4-5).

The process of political and economic development including tourism development is central to political science. The effects of tourism on political and social development are not the same for all countries. The level and kind of tourism that a nation allows to emerge depend on many factors such as the level of development in the country, the endowment of resources, the prevailing ideology and so on.

Political and legislative forces affect tourism development. Not only is tourism often manipulated for political purposes but "political factors can create, alter, or destroy the bases of comparative advantages" of tourism (Dicken, 1986:136). The differences in attitudes about and control of tourism development throughout the world are mainly due to different political cultures, structures and situations. "The ways in which tourism is organised, and its impacts, can be expected to differ considerably in countries with different political structure" (de Kadt, 1979:32). Political ideologies are closely related to the perceptions of tourism impacts, especially the negative impacts (Matthews, 1978; Nash, 1989).

The most best known international agreement containing tourism provisions is the human rights section of the 1975 Helsinki Accord, which was the Final Act of the

Conference on Security and Cooperation in Europe. The better-known section of this accord deals with the rights of people to migrate freely, but in the tourism sections the 35 nations – including the United States and the then Soviet Union – acknowledged that freer tourism is essential to the development of cooperation amongst nations. With specific reference to tourism, the signatories to the accord, among other points, stated their intention "to facilitate wider travel by their citizens for personal or professional reasons." (Edgell, 1999:26). The functions of tourism in international politics are submitted as below.

2.3.6.2 Functions of Tourism in International Politics

Tourism is recognised as a major force for influencing political policies, international relations and world peace (Matthews, 1975; Richter, 1989; Edgell, 1990). Tourism was often viewed as an instrument of foreign policy (Qiao, 1995). The distinction between the terms international politics and foreign policy may be more academic than real, but it is roughly the difference between the objectives (decisions) and actions (policies) of a country. Someone who analyses the actions of a nation towards the external environment and its conditions is concerned essentially with foreign policy; the person who envisions those actions as only one aspect of a pattern of actions by one country and reactions or responses by others is looking at international politics. Foreign policy is designed to support or change present objects, state, or manner in the external environment. Some policies are intended to alter conditions abroad for their own benefit (Holsti, 1995:250). The connection of ideology and foreign policy has been examined in Section 2.1.5. To even admit foreign visitors and to facilitate their travel within a nation's borders is a political action. Therefore, the way in which a nation's

international tourism is approached becomes an aspect of its foreign policy, as well as a part of its economic and commercial policy (Edgell, 1978:171-177). The increase, for example, of Japanese outbound tourism to the U.S. in the 1980s was a result of deliberate foreign policy to reduce the trade surplus with the U.S.

International politics constitutes a distinct realm of activity, largely divorced from processes such as trade and other forms of communication between societies. In the modern global system, all policy sectors are intertwined and affect each other. States are important, for they set the rules of the economic, communications, technology, and other trading related matters that occur simultaneously. But by themselves, they do not set the international agenda, nor can they make decisions as if removed from the interests, values, and aspirations of millions of business firms, banks, political parties, citizens' group and the like. It is these non-state actors that initially raise items on the agenda. These non-state actors create all sorts of transnational coalitions that circumvent the policies of any individual state. A few politicians and bureaucrats inhabiting executive and diplomatic positions do not make policy. Policy emerges from a lengthy process of interaction and consultation between private transnational groups, politicians, bureaucrats, and many others. In many countries policy emerges from a very complex process of bargaining, consultation, and sometimes coercion, between a variety of national and transnational groups and officials.

a. International Recognition and Political Legitimacy

In the 1980s tourism served to help countries develop an international reputation with hopes for stronger commercial ties and to reduce isolation and any inferiority complex

(Kreck, 1998:62-67). Tourist arrivals are a barometer of the reputation of the nation. Since tourism is critically dependent on law and order, tourist arrivals become a commentary on the political stability of the society and its desirability as a destination (Richter and Waugh, 1991).

The Philippines also sought to use tourism to legitimise martial law with specific promotions designed to defuse criticism of martial law, as with the slogan "Where Asia Wears A Smile" (Richter 1982). The use of international tourism to create conditions of support for illegitimate regimes is well illustrated in the case of the Philippines under President Marcos in the 1970s and early 1980s. However, the high profile of international tourism also served to lessen the level of international support for the President (Hall, M. 1994:85-87).

The promotion of tourism is closely connected to image making. From a political perspective, international tourism allows a host government the possibilities of offering a positive image of itself to the outside world, which in turn may improve its international standing and create favourable climates of public opinion for it in other nations. For this reason, tourism is often a primary area for the enforcement of sanctions within the international community, for example, the American ban on its citizens travelling to Cuba. Tourism development can be politically useful in countries attempting to overcome a vague or indifferent national image, to change political directions, or to overcome bad press internationally. Pakistan is a country that seized upon tourism as a priority vehicle in 1972 for all three of these reasons (Richter 1984).

Some countries used inbound tourism to showcase the accomplishments of the government or party in power and to increase understanding abroad of the government's policies. Sometimes this approach is successful; sometimes it backfires. The point is that tourism expands the horizon of the tourist and presents the host government or community with a unique opportunity to influence visitors from abroad, and vice versa (Edgell, 1999:25).

The propaganda advantages are perhaps the clearest benefit that comes from nationals going abroad. This was articulated most forcefully in the 1984 slogan of the U.S. National Tourism Week, "Travel: The Perfect Freedom." Freedom of travel was, in fact, one of the most revealing controversies during the negotiation of the Helsinki Accords in 1975. Tourists abroad may have a positive demonstration effect. Their presence and behaviour reflect their country's prosperity, culture, and values.

b. International Relations and Understanding

Since the Second World War, tourism has become an important component of international diplomacy and foreign policy initiatives (Hall, M. 1994:62). Interactions between states in the contemporary system are numerous and diverse (Holsti, 1995:327). By its increasingly international nature, tourism is inseparable from the field of international relations. Tourism is as much an aspect of foreign policy as it is a commercial activity, and the global tourism infrastructure now forms an important component of international relations. The political relationship between nations, and the policies of nations towards foreign nationals travelling to, from and within their country, is essential to an understanding of contemporary tourism. Government leaders have

perceived tourism as a political bridge among nations. The encouragement of tourist flows between nations may be evidence of a positive political relationship (Hall, M. 1994:59). Government can use tourism as a political leverage to either promote tourism with friendly countries or restrict tourism with hostile countries (Richter, 1989). In international relations, there are generally two levels of political interaction between countries, that is, high politics and low politics. High politics are those issues of primary importance to top decision makers, and low politics are those issues of lesser importance related to lesser levels of authority (Spero, 1981). Tourism can enable the tourists and the hosts to better understand each other. Such understanding can further strengthen the tourists' appreciation of the host way of life. The mutual understanding can thus lead to improved relationship between the two peoples and governments. This people-to-people diplomacy through tourism is generally described as a low-politics activity because the relations of two countries are influenced in an indirect and incremental way.

Stock (1977) put forward that tourist flows between countries could be used as an indication of the level of importance between the countries and their people. Governments make use of tourism as a diplomatic barometer of their closeness for each other. Tourist flows in general can be seen as a crude but reliable barometer of international relations among tourist-generating and tourist-receiving countries.

Most nations have several policies toward foreign tourists that are based on the degree of international cooperation existing between the two countries. For example, Canada requires no passport or visa from citizens of the United States or Commonwealth

countries, but may require such documents from other nationals. Some countries refuse to issue visas to nationals of countries perceived as temporarily divided, such as the two Koreas, rather than appear to take sides in recognising particular regimes.

Increased contacts between persons of different cultures can lead to increased knowledge and understanding, which, in turn, can contribute to a relaxation of tensions between nations. Also, since 1985, the United States and the Soviet Union have made steady progress in establishing closer ties through tourism. In Geneva in 1985, the two governments signed a General Agreement on Contacts and Exchanges that commits both sides to promote tourism as a vehicle for broader familiarisation of each other's peoples, life, work, and culture. In some countries, inbound tourism is used to showcase the accomplishments of the government or party in power and to increase understanding abroad of the government's policies. The point is that tourism expands the horizon of the tourist and presents the host government or community with a unique opportunity to influence visitors from abroad, and vice versa (Edgell, 1990).

Both Edgell (1990) and Richter (1983a) recognise the political implications of tourism whereby governments may seek to intervene in order to maximise political advantage. For example, governments discourage tourism to political enemies and encourage tourism to foster international understanding. The opportunities that international travel and tourism provide for developing greater national and international understanding and goodwill cannot be measured, but tourism can develop the international context leading to a reduction of barriers to international tourism and, in so doing, develop an avenue for friendship and respect among nations.

On several other occasions, nations have sought to use tourism as a political weapon. The U.S. demonstrated opposition to the regimes of the PRC and Cuba by forbidding travel to those countries for many years in the 1960s and 1970s. Now it is symptomatic of the desired change in political relationships that the U.S. has lifted the travel ban to the People's Republic of China, allowed some to Cuba for improved relations, and has imposed a travel ban with respect to Libya. The evidence suggests that rapid expansion of tourism under priority incentives has paid off as a political strategy in most developing nations. Countries with active tourism programmes seem to attract more foreign aid than comparable countries without such programme (Ritchie and Goeldner, 1994:220-221).

The intermingled foreign policies of metropolitan governments and their own corporations lead to suspicions within developing countries that corporate tourism has hidden motives. Political influences exercised through those companies by parent governments cause fears that tourism has become a means of political and economic domination of host countries. While concerns over dependency may lead to conflicts between nations, tourism is also seen as a mechanism to achieve improve international harmony and act as a force for peace. The inherent logic of this is that the greater the contact between nations and cultures, the greater will be the level of international understanding (Hall, M. 1994:60-61). However, despite the claims made that tourism does foster peace and international understanding, there is no concrete evidence to support these views. Indeed, the implications of studies which have examined the social and cultural impacts of tourism (de Kadt, 1979, Smith, 1989), suggest that tourism and

tourists under certain circumstances might create discord and alienation in the host country.

c. Tourism and Terrorism

In some countries, for example Egypt, Northern Ireland, Sri-Lanka and Spain, terrorist activities have affected tourism, particularly where these activities create fears relating for personal safety. However, with the exception of Egypt, where tourists have been targeted by terrorists, e.g. Luxor Temple Massacre in 1999 as a means to coerce government to change certain policies, in the other countries cited, tourists have not been the focus of terrorist activities. In China, there have been no recorded incidents of terrorist actions against tourists. The Tianamen Square incident of 1989 was a domestic incident, but one with considerable international repercussions. However, the immediate downside in visitor arrivals as a consequence of international feelings was recovered over the next two years. Egypt is already recovering from the Luxor Temple incident. At present, there is nothing to suggest that terrorism is likely to feature as a barrier to the tourism development in China.

d. The Significance of Institutional Policies and Arrangements for Tourism

Institutional policies and arrangements are a part of tourism politics. Every country has had some kind of institutional policies and arrangements regarding tourism. Governments in generating and receiving countries can impose obstacles to international tourism. Exchange controls on outbound tourists in the form of restrictions limiting the amount of currency that may be purchased for travel abroad are in place in

many countries, and departure taxes discourage foreign tourism. Time-consuming administrative formalities also act as a disincentive to foreign travel. Entry visa requirements of the host country are an impediment to international tourism because of the costs in money and time in obtaining visas. Destinations may also impose special taxes or minimum exchange requirements on tourists.

The number, and to a lesser extent the nature, of tourist flows can be comprehensively influenced by administrative and bureaucratic controls and impositions. These can cover such areas as visa regulations, currency exchange controls and proscriptions on tourist movements and activities. In other words, constraints may be imposed before or after the tourist's point of entry (Hall, M. 1994:62).

The imposition of travel allowance restrictions is usually undertaken in an attempt to retain scarce financial resources. Constraints on tourists' movements come about for a variety of economic and political reasons. For example, the retention of foreign currency, improvements in the balance of payments, security measures, or restriction of contact between hosts and guests for fear of the introduction of social and political values deemed undesirable by the government in power. The majority of the constraints discussed above operate at the international level. However, national constraints, such as the explicit closure of tracts of a country's territory to foreigners, or local constraints, "through verbal or other more explicit indications, precluding movement in areas of economic, political, administrative, military or ethic sensitivity", may also impinge on international relations (Hall, M. 1994:70-71).

Restrictions in travel flows may be deliberately imposed in order to further political objectives:

While tourism may be a relatively risk-free weapon by which superpowers vent their displeasure with each other, the time is rapidly approaching when travel trade restrictions on the part of one country may in fact constitute an act of war against a small nation heavily dependent on the tourist trade (Richter, 1984:614).

Nevertheless, it is important to emphasise that Western countries also utilise tourism to achieve political objectives. For example, there are no direct flights between the United States and Cuba because of American trade restrictions on that country.

2.3.6.3 Ideology and Tourism Development

International tourism is as much an aspect of foreign policy as it is a commercial activity, and the global tourism infrastructure forms an important component of international relations (Mowlana and Smith, 1990). Since the Second World War tourism has become an important component of international diplomacy and foreign policy initiatives. The political ideology of a state will influence its foreign policy, including policies relating to international tourism (Hall, M. 1994:62; Holsti, 1995:276).

Tourism is not immune from changes in political philosophy. Tourism is subject to direct and indirect government intervention primarily because of its economic impacts. Ideology may have a dramatic bearing on international travel. Most ideological debate about tourism centres on the type of tourism (Matthews, 1978:4, 74). Former socialist

countries in Eastern Europe, for example, were concerned about tourists from the Western world but not from other socialist countries.

The values which tourists may appear to represent to the host community, individual freedom and wealth, may still impact on political and social aspirations. Nevertheless, ideology may spread in both directions and the host country may seek to use visits by international tourists to show specific images to the outside world. However, efforts to restrict the influx of unwanted ideologies by outsiders tend to be more strident than the promotion of political values. As with values, we are often not aware of the ideologies that exist within our own society. For example, in Western society tourism and leisure are something to be "consumed", selected from an array of offerings produced and distributed by a highly competitive and enterprising tourism industry (Britton, 1991; Hall, M. 1994). Ideology, and the dynamism and volatility of the leisure and tourism market, helps perpetuate the notion that "fun" and "entertainment" are entirely free of political consequences. As Wilson (1988:52) recognised, "the ideology of 'consumer sovereignty' encourages us to regard leisure choice as an exercise in individual freedom; and it lends support to the notion that politics, which connote domination and control, should be kept out of leisure". Indeed, Craik (1990:43) in commenting on the formulation of tourism policy argued that "governments and communities need to reconsider the ideological basis of public policy that currently endorses values of economic rationalism, free market play, user pays, deregulation, and so on". The idea of pluralism suggests that the concept of tourism can be challenged by other interest groups - by groups whose concerns may be more ideological or moral than economic. Pluralism refers to the belief that power is relatively dispersed in a society and those

policy-making institutions are open to influence by a wide range of interest groups. As a result, political decisions are reached through a process of bargaining, negotiation and compromise between the various interests involved (Hall and Jenkins, 1995:70).

Others see nationalism as synonymous with political development, only to the extent the nation's ideology coincides with the political preferences of the analyst. In any event, the concept's relevance to tourism is linked with the degree to which domestic and international travel is permitted, whether ethnic diversity is retained and encouraged or squashed, whether xenophobia or tolerance toward non-citizens exists. In some countries, for example Israel, Bhutan, and Pakistan, tourism may be used to bolster national identity, even while crushing dissident groups within (Stock 1977; Richter 1989). Tourism can also be used to support nationalism, national ideology, culture and religion. Leaders, particularly those in the public sector, must work within the ideology of the regime but should also be able to use national cultural features to attract tourist (Elliott, 1997:56-57).

Nevertheless, tourism may be used as a mechanism to reinforce certain ideas and belief systems. International tourism has a distinct ideological component (Airey, 1983; Lee, 1987; Pearce, 1988; Lickorish, 1991; Kearney, 1992). For example, the European Union interest in tourism has come about not only because of tourism's economic and employment potential, but also because it is seen as a means of reinforcing the process of Europeanisation.

In practice, the application of political philosophies of the right or left can be similar, as seen by the interventionist role played by different governments. For example, until 1989 the right-wing National Party government in the Australian state of Queensland played a highly interventionist role in tourism development, as did the Communist government of Cuba. For both these governments, at opposite ends of the political spectrum, their intervention had economic objectives.

All governments ultimately have to recognise the dynamics of the markets. Governments of the right, such as Mrs. Thatcher's in the U.K. made market economies a basic political ideology, which became known as Thatcherism. Following this ideology governments withdrew as much as possible from tourism and left it to the industry and market forces. However, Lickorish and Jenkins (1997:235) argued that political philosophy, which influences the role of government may not prove to be so positive as other agents have their impact.

Specific propaganda objectives underlie many tourism programmes in capitalist and communist nations alike. Cuba and China have historically designed tourism programmes to attract tourists more for their influence than their pocketbooks (Schuchat 1979; Richter 1983b). Tourism has been used as a propaganda tool not only by socialist governments but also by governments such as South Korea and the former West German government against former Communist East Germany. Even in a country like Cuba, where tourism is sometimes referred to as a "bourgeois" custom, international tourism is returning after a thirty-year interruption. In "Reviving the Allure of Cuba," an article dated 3rd August 1987, in the Washington Post, it was pointed out that in Cuba's

effort to earn hard currency it is now encouraging foreign visitors. By 1999, Cuba was receiving over 1.2 million visitors who were spending over US$1.4 billion. The tourism dilemma for Cuba was cited as the need to dramatically increase tourism without upsetting "the socialist life it is trying to build for its own citizens." Whatever the case, as more tourists visit Cuba, there will be political impacts of one kind or another (Edgell, 1999:25).

As with values, we are often not aware of the ideologies that exist within our own society (Britton, 1991; Hall, M. 1994). Nevertheless, ideology may spread in both directions and the host country may seek to use visits by international tourists to show specific images to the outside world. For example, working holidays in Cuba and Nicaragua were utilised by the governments of those countries to help promote socialist values amongst supporters in the West (Stock, 1977). However, efforts to restrict the influx of unwanted ideologies by outsiders tend to be more strident than the promotion of political values. For example, fear of ideological contamination strongly influenced Albanian tourism policy, which implemented a group visa system which allowed screening of undesirables and greater control of foreign tourists (Hall, D., 1991). Tourism policy is examined in the following section.

2.3.6.4 Tourism Policy

Hall and Jenkins (1995:xi) argued that despite the recognition of the importance of government and tourism organisations, the field of tourism studies has developed with little attention to, and understanding of, the real significance of tourism policy. Too often people are passive in their acceptance of government activity in tourism, which is

perhaps a reflection of the willingness of tourism researchers to accept contemporary institutional arrangements and argument over tourism policy-making and the study of tourism policies. The role that power, values and interests play in tourism policy and tourism research is less considered.

Tourism policy at a national level has two uses, (1) as a tool of foreign policy; and (2) as a general guideline to tourism development by and for the residents of that nation. For some nations, tourism policy is a major part of their foreign policy. Most countries that have policies created by a centrally planned government involve tourism in their foreign policy issues. For guests from other countries, the policy is designed to illustrate the benefits of the political system. The range of government involvement, and depth of policy from country to country, is considerable.

Tourism policy may not be explicit. It is not a policy forced upon a reluctant regime by political pressures like agrarian reform, language policy, or some industrial policies. In its initial stages there is often little apparent conflict over policy. Tourism is an activity with apparently substantial rewards and few interests to satisfy or offend. By manipulating visas, currency regulations, internal access, and export and import procedures one can theoretically control the clientele, the level of spending, and the type of facilities provided – all with little if any public reaction.

Not all nations are equally optimistic about the development of international tourism. Some, like Burma, Nepal, and Bhutan, open their doors only when their lack of alternative developmental options makes tourism sufficiently attractive. Others, like

Saudi Arabia, enjoy few economic constraints, and uneasy about tourism, simply choose not to issue tourist visas. Tourism development then is a policy area only if the political elite decide it will be.

2.4 Summary

Politics is related to all social activities through which people make, preserve and amend the general rules under which they live. Many studies have focused on tourism decision-making processes and its implementation. However, there is a gap on how ideology affects international tourism development. Ideology is a set of ideas which guides and justifies policies and actions that are derived from certain values. Foreign policy, including international tourism policy, is influenced by and connected with ideology. Most people approach development problems from a scientific perspective instead of an ideological one. Tourism development has different definitions. It can be narrowly defined as the provision of services and facilities but also be broadly defined as a means to achieve an end state or condition. Although there is a body of development literature focused on tourism, it is believed that tourism has not received enough attention. It is imperfect and incomplete if it lacks political analysis. Research on the politics of tourism is mainly in the areas of policy making and development, as well as on economic, marketing, cultural and environmental aspects. The political impact analysis on international tourism is poorly developed.

In international politics, tourism has received international recognition and political legitimacy. Tourism is a continuation of politics and part of the world's political

economy. International tourism is affected by changes in political ideology, and has a distinct ideological component. Tourism policy is a powerful indicator of a country's attitude to economic development and foreign relations.

CHAPTER THREE   **THE POLITICAL PERSPECTIVE OF TOURISM DEVELOPMENT IN THE PEOPLE'S REPUBLIC OF CHINA – MAO'S ERA (1949-1976)**

This chapter is organised as a history of tourism development in relation to the shifts of ideology, and related factors and policies in China. Before investigating China's tourism development and political development, a brief examination of the tourism development of former socialist countries in Eastern Europe will help to provide a basic understanding of the linkage between politics and development, and give a comparative background to link with the case of China discussed below.

3.1 Experience Learned form Former Socialist Countries in Eastern Europe

Kreck (1998:62) examined the ideology of the former socialist countries, Soviet Union, Poland, Czechoslovakia, Bulgaria, and the German Democratic Republic (East Germany) and their tourism development while D. Hall (1984, 1990) studied tourism development in Albania. When summarising the six countries examined above, it must be realised that these countries were under the Marxist-Leninist ideology for more than four decades after World War II, although individual countries adhered to that ideology to varying degrees at different times. Changes in ideology depended on how closely countries were controlled by the Soviet Union. Also, there were periods of "thawing" and periods when permanent changes were initiated.

The communist government used at least two economic strategies. The silent strategy, such as subversion and espionage; and the armed strategy. The armed strategy occurred in all of the "socialist" countries. That meant building economic development on

virtually a war footing. First, heavy industry became the primary industry and was seen as the only basis for a consolidated socialist state. Second, central planning was extended throughout the socialist countries. No one talked about the daily necessities of the population. Centralisation of political and economic control in the hands of a single individual was fundamental in this approach.

What can be seen is that all these countries went through the stages of development with tourism serving different purposes at different times (Kreck, 1998). Ideologies in the former Eastern bloc countries determined all activities, including tourism. In socialist states, international tourism was virtually not a subject for discussion. When it emerged later, due to hard-currency debt, and inability to repay loans to the West, tourism policies were still influenced by ideological considerations. Socialist governments of centrally planned, closed economies were confronted with an ideological, political, and economic dilemma concerning tourist movements of Westerners. The question was how to keep an artificially constructed ideology, not base on a cultural tradition, from being eroded by the effect of Western tourists while collecting badly needed hard currencies.

Most of the former Eastern European socialist governments had to find ways to guard their systems against the disruptive role of tourism, created by Western tourists, in reinforcing locally unattainable socio-economic aspirations (the demonstration effect). Sometimes ideological purity had to be preserved at all costs, while trying to collect hard currency. In addition, large parts of the socialist countries were not accessible to foreign tourists. Meals in hotels were often arranged separately. Finally, all foreign currency exchange had to be made through state banks.

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In the former socialist nations in Eastern Europe, tourism played an important ideological function for the state in promoting model communist behaviour and activity. The restrictive selection of prescribed tourist sites and areas available to foreign tourists, routes between them, accommodation, transport, for example, were strong weapons for a socialist country wishing to show a positive image of the socialist system to its visitors.

The countries in the Communist Bloc had differing degrees of adherence to the holistic philosophy of socialism. Domestic tourism and recreation, which was just a small part of the decision process, ranged from being a political function to what was called a welfare or recreation function. In communist societies, the purposes of tourism and recreation for the nomenklatura, which included the party, the military, the bureaucratic elite, was to strengthen the power base and to renew connections. For non-privileged persons, specific ideological, and political goals were spelled out and expected from tourism, such as solidifying the power of the ruling class and strengthening the socialistic ethic.

After 1945, the typical Soviet bloc pattern of tourist movement was through party and union delegations, with movements of officials between major industrial and political centres. Travel to non-socialist countries was restricted both for economic and administrative reasons. There was anxiety among some Communist Party leaders that Western-style tourism might introduce moral pollution, such as a black market in currency dealings or prostitution, and introduce young people to what the party saw as

wrong ideas and values. In the case of an extreme "xenophobic" tourism approach, inbound tourists were confined and limited to specific areas and contact with people. Finally, all socialist countries promoted domestic tourism for similar reasons, such as welfare and health.

The institutional administration of tourism under socialism has primarily served ideological interests and helped ensure that tourism is in line with broader state objectives. It is obvious that former socialist countries in Eastern Europe have had some similar features in their tourism development. For example, all had a single machinery for tourism administration and control of all tourism and related matters. D. Hall (1991:49) has noted that "the organisation of international tourism under socialism comprised a central ministry out of which the role of a national tourism was devoted", and suggested (1984) that the works of neither Marx nor Lenin provide explicit guidance for a distinctive socialist approach to tourism development. However, the former socialist nations had very clear political and economic objectives for international tourism. According to D. Hall (1984, 1990) and Kreck (1998), it would seem that tourism development within a socialist country was expected to meet at least some of the following objectives.

Political objectives:

- To avoid introducing "anti-socialist", "revisionist" or "capitalist" influences to the indigenous population working in the tourism industry and the host population;
- To enhance visitors' cultural and ideological awareness by the host country

convincing them of the superiority of socialism;

- To project a favourable image of the host country to the outside world; and

- To promote international peace and understanding, as defined by socialist state dogma.

Economic objectives:

- To provide much needed hard currency;

- To stimulate infrastructural improvements for the benefit of the host population; help improve the existing infrastructure for the benefit of the indigenous population;

- To help improve economic performance and stimulate rapid economic development;

- To assist the implementation of policies seeking a more equal distribution of goods, services and opportunities across the country; aid the equal distribution of incomes and opportunities within the state area; and

- To aid environmental improvement; not prove to be deleterious to the natural environment.

This section has presented the common characteristics of tourism in former socialist countries in Eastern Europe. However, Eastern European socialism, and the command economies were virtually destroyed in 1989, a dramatic change not only to tourism but also the whole economic structure. Previously, the Western media had viewed positively the "shock therapy" of Gorbachev's perestroika policy and had accepted the position that political democratisation was a pre-condition for a market economy.

However, the chaos that ensued in the former Soviet Union's politics and economics forced a major re-thinking of previous views, and it became clear that in the Soviet case "shock therapy" was a failure. The Socialist model of tourism development is now redundant and only applicable to Libya and North Korea. In contrast to Eastern Europe, China's socialist economy did not experience abrupt change, and as a consequence China's tourism policy is more evolutionary than revolutionary.

3.2 Politics and Tourism Development in Mao's Era (1949-1976)

As noted in the previous section on former socialist countries in Eastern Europe, political ideology is an important factor in the way a socialist country approaches the development of tourism. With an intensive examination of the politics of tourism development in the PRC, it is possible to understand the role played by political ideology and other factors in promoting or inhibiting the overall development of the tourism sector.

Ideology seemed to play a significant role in shaping tourism development policy. Shifting ideology possibly led to changes of political and economic policies, which have shaped and re-shaped the organisation of tourism development over the past fifty years in China.

As suggested by Odgen (1995), two main factors influenced Chinese policy; they are the physical environment, that is, the characteristics of size and geography, and contemporary history. With regard to the physical factor, we can look at any map, and

note how extensive the country is, which overshadows Southeast Asia and India while "threatening" the former Soviet Union, Korea and Japan. In addition to size and geography, policy is shaped by perceptions of spatial relationships. Coupled with an emphasis on China's population of over 1.2 billion, "expansionism" seems the perceived threat confronting China's neighbours.

China is one of the oldest civilisations on earth and although the old has blended with the new, much of the old China remains. Although its political systems date back more than 2,000 years, China is a relative newcomer to the contemporary foreign arena. For centuries, its relations with the outside world remained peripheral in nature. Contemporary Chinese attitudes towards world politics are strongly conditioned by the country's historic relationship to the outside world. During the long dynastic period, Chinese looked on foreigners, their countries, and their products as interesting but inferior. That attitude produced the well-known tributary relationship that the core of the world is China and so called "Middle Kingdom" and other nations are all in its periphery and have to pay tribute to China, which was hardly a model for interdependence. This historical heritage of former greatness and contemporary weakness affects both the means and ends of foreign policy. This approach, under Western pressure, changed gradually in the nineteenth and twentieth centuries in the direction of equality in international relations. China's traditional attraction for invaders was food and wealth, luring the interior nomadic groups against whom the Great Wall was originally designed. Modern invaders came after markets, raw materials, or imperial prestige. The fears came from the invasion of the western countries and Japan

in the 19th and 20th centuries respectively. China worked hard to overcome problems of defending itself against external pressure (Wang, 1995).

The physical and historical factors, and perception have contributed partly to ideology formation among the leaders. China's defensive attitudes intermittently explode into xenophobia. Odgen (1995) suggested that subjective evaluation of events during the past century convinced Chinese Communists that many of China's ills came from contact with the "foreign devil," and also criticised as "Western imperialism." However, it is not the facts of history that condition political behaviour and ideology, but the way in which people view those facts. Thus, the Chinese Communist "foreign devil-theory" of imperialism coincided with the popular mythology that the "devil" is inherent in foreign contacts and produced suspicion and hostility at various levels. It is worth noting that international tourism is one kind of activity that has a lot of contacts between locals and foreigners at different levels.

Odgen (1995:13) further argued that China's history supplies strong evidence of the importance of ideology, whether imperial, Confucian, republican, nationalist, or communist in world affairs. It also suggests how powerful individuals have manipulated ideology to gain power over China and its people, and how they have shaped China's political development. China's history further reveals the roots of China's attitudes toward foreign countries, and how these attitudes have influenced the direction of China's foreign relations and economic policy. Of course, these statements are open for discussion and confirmation.

This study concerns itself with the ideology of the Chinese Communists leaders, who have tried to manage China's development over the past decades. In addition to their values and views, the inheritance of tradition, the bureaucratic inertia of continuing organisational entities within government, and the external and internal environments, have shaped the ends, means, and style of Chinese tourism development.

The PRC was established on 1st October 1949. The history of communist China started with Mao Zedong era (1949 to 1976). The personality of Mao Zedong as the founding father and ideological godhead of "New China" dominates the first phase, from 1949 to 1976. His premier and chief foreign affairs figure, Zhou Enlai, was China's predominant statesman throughout this period. Both men died in 1976. Macridis (1992:241) observed from the available evidence that contrary to the normal bureaucratic model, the Chairman personally made major foreign policy decision during his era.

Discussion of China's politics of tourism development since 1949 is presented in the following sections and in Chapter Four. A developmental approach was adopted to chronicle the emergence of ideology, foreign, economic and tourism policies in the PRC. This chapter begins with a brief discussion of the environment and history of China and followed by an investigation of ideology development, and foreign, economic and tourism policies.

The sections that follow account for the ideological and tourism development during the first twenty-seven years of the PRC. Episode One summarises the ideological

development of Mao's era, and reveals the development, foreign and economic policies associated with tourism development.

3.3   Episode One: Ideology, Development, Foreign, Economic and Tourism Policies: Mao's Era

Like all post-colonial countries, China's ideology has been a very important feature of national life. In China, the rule and ideas of Mao made Chinese communism unique in world history and unique in the history of communism. Western liberals did not see the destruction of the capitalist class as an element of development, but the Chinese Communists did. They defined "development" as a "dialectical" historical movement through a series of economic structures, from primitive communism, to slavery, feudalism, capitalism, socialism, and then to communism (Ogden, 1995:4). Maoism, at least until Mao's death in 1976, was synonymous with Chinese communism (Rodee, Anderson, Christol and Greene, 1983:128).

The roots of China's Communist ideology are complex. The initial interest in Marxism was part of a general attraction to progressive Western ideas, strengthened by the anti-imperialism of Chinese intellectuals. However, the Chinese Communist Party (CCP) could not remain a mere copy of the Communist Party of the Soviet Union. The practical ideology identified with Mao had been the operating value system of the CCP in the 1940s (Townsend and Womack, 1986:154-155).

For a variety of reasons stemming from historical experiences, the communist leaders had at many times adopted a posture of belligerence, chauvinism and xenophobia towards much of the outside world (Waller, 1981: 170-174).

The Chinese communist ideology consisted of three basic elements. First, the influence of the Chinese revolution, particularly the intellectual agitation of the May Fourth Movement (1919). Second, the idea that Marxism-Leninism is the theoretical foundation of the Chinese communist ideology, and third, the thoughts of Mao Zedong, a major portion of Chinese communist ideology which provided the guiding principles for both the party and the state.

Maoism represents a variation of Marxism-Leninism. Moreover, Mao's thought changed over the years in response to the course of events. Maoist ideology was supposed to guide all political activity, since it was claimed to provide general laws about all societies and to be an analytical tool allowing further and more specific understanding of social development in China. In China, although one can safely say that no serious threat to the state or official ideology of Maoism has been posed, it is known by everyone0 that there is constant opposition from what the Chinese themselves call bourgeois-ideology and what others may call ideas of freedom and liberalism.

Ideology is a major base upon which the Beijing leadership has conducted national policy. The influence of Marxism has extended to foreign, economic, as well as to domestic policy and policy-making, and is evident in the strategies and tactics Beijing characteristically employs in the pursuit of the PRC's development goals. These

influences are apparent in the consistent and distinctive behaviour patterns of Chinese development and economic policy, that is, a duality of rigid and flexible concepts.

For a long time, the Chinese Communist regime adhered to Marxist and Leninist theories of class struggle. According to Whiting (1992:233-234), Mao declared in 1945, "From the very beginning, our party has based itself on the theories of Marxism-Leninism...". In June 1949, Mao announced, "All Chinese without exception must lean either to the side of imperialism or to the side of socialism.... Internationally, we belong to the associate of the anti-imperialist front headed by the Soviet Union...".

The U.S. in World War II feared about China domination of Southeast Asia, its influence in Africa, or its potential military threat to the North American continent (Townsend and Womack, 1986:4) led to the American policy of containment and isolation placed American power behind efforts to restrict China's international role. This conflict between capitalism and communism from 1945 to 1989 is known as Cold War. For a few years after 1949, China's foreign contacts were mainly with other Communist systems (Townsend and Womack, 1986:379-380). Friedman (1976: 5) suggested that the international consequences of the U.S. politics and power at the end of World War II left Mao no alternative but to seek economic aid and security from the Soviet Union.

It is therefore not difficult to understand why the early years of Chinese foreign policy were marked by close relations with the USSR, inaugurated after Mao visited Moscow in December 1949 to negotiate aid and trade agreements, resulting in the Sino-Soviet

Treaty of Friendship and Alliance in February 1950. The policy described by Mao as "leaning to one side" clearly envisaged his preference for a socialist development ethos. For this reason he denied that there could be a "third road" between imperialism and socialism. Until 1951 the outlook of the Chinese communist leadership towards the rest of the world was an extremely militant one. They tended to see the revolutionary strategy which had brought them success as a suitable model for the underdeveloped world. Their policy was consequently one of hostility to neutralist Asian and African states which were trying to pursue a "third road" (Waller, 1981: 170-174).

From 1951 onwards, Chinese foreign policy increasingly veered away from the dogmatic insistence on armed struggle typical of the earlier period and de-emphasised hostility towards the new states of Asia and Africa. One of the factors which caused the shift was the increasing need to concentrate on domestic issues, as presented in the first Five-Year-Plan (FYP) (Waller, 1981: 170-174).

In the early 1950s, the Soviet whose insisted that if the Chinese wanted aid, they must do things the Soviet way. In 1956 Khrushchev launched his attack on Stalin in Moscow, which was a major factor in the Hungarian and Polish uprisings that occurred later that year. These uprisings caused fears of similar events in China which, together with the unsuccessful attempts at liberalisation of the Hundred Flowers campaign, led to a policy of domestic repression in a more rigid line abroad. On 27th February 1957 Mao delivered his speech "On the Correct Handling of Contradictions among the People", in which he encouraged the Hundred Flowers movement (Waller, 1981: 162). Hinton (1978: 34) argued that Mao launched the Hundred Flowers campaign through the Party

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propaganda machine, which amounted to an invitation to intellectuals, and to a lesser degree others as well, to offer preferably, constructive criticisms of the CCP. Waller (1981: 126) noted that the Campaign induced many legal workers to demand greater autonomy for the law and criticise party interference and the slow progress being made towards codification.

The return to a more militant and antagonistic foreign policy towards the Western powers was given impetus with the announcement by the Soviet Union in 1957 of the testing of an intercontinental ballistic missile and the launching of the world's first space satellite. Chinese leaders urged the USSR to take advantage of their achievements by pursuing a vigorous anti-Western policy but the Soviet leaders disagreed. This, and their hostility towards China's Great Leap Forward of 1958 and their opposition to the extravagant claims made for the people's communes, were major factors in exacerbating the dispute between the two communist powers (Waller, 1981: 162). By the late 1950s, Mao emphasised "self-reliance' because of the withdrawal of Soviet aid. When Mao challenged Khrushchev for primacy in the Communist world in 1959, any protestations of friendship disappeared in a wave of anti-Soviet accusation (Ogden, 1995:9).

Despite their salience in the Sino-Soviet dispute, the goals of revolution were of lower priority than other ends of foreign policy, such as national security and international prestige. These were the recurring features of Chinese foreign policy during Mao's era, and interdependence was virtually ignored. Always sensitive to issues of national sovereignty and foreign intervention, after the Communist victory in 1949, Beijing

became suspicious of foreign loans. The prevention of foreign intervention and influence was a high priority of Chinese leaders at that time (Waller, 1981: 147-148).

Oksenberg and Economy (1999) differentiate a number of such variants. The most extreme is "strident, xenophobic and isolationist…seeks to eradicate foreign influence." This preoccupation did not end with Mao, and it concerned Deng until the early 1980s. The Communists' emphasis on imperialist aggression fitted in with the objective and subjective factors conditioning the Chinese views of world politics (Whiting, 1992:233). External pressures have been critical in shaping policy since the CCP gained power in 1949.

Meeting domestic needs sufficient to avoid rebellion was also a constant providing to the regime as a growing population put pressure on scarce resources of food, shelter, and employment. Mao acknowledged these practical priorities, although he could not manage them well and at times neglected them for ideological postulates of self-reliance and his own vision of communism. In the process, China's worldwide offensive against "revisionism and social imperialism" had reduced its state cohorts to Albania and North Korea and its party contacts to non-entities. This policy ended with Mao's death.

What were the influences of ideology on economic development? Although China's underdevelopment has itself posed many obstacles to development, the evidence available indicates that ideological and political factors have even more severely hampered China's economic development.

There were a number of factors basic to the Chinese economy which the communist planners were forced to take into account. It was estimated that at 1949 the population stood at approximately 540 million. This population was expanding at some two per cent per annum, so that output must be expanded annually by this amount merely to maintain existing standards, without regard to any improvement in the lot of the people. With respect to other resources, China was more favourably situated. Coal and waterpower were abundant, and oil and iron-ore reserves were reasonably good but all required a heavy investment in capital equipment. Given these relatively fixed economic variables, the policy in 1949 was initially to restore industrial and agricultural production to its pre-war level, and rebuild the transport network (Waller, 1981: 142).

From 1949 to 1951, during which time private industry played a dominant role and helped rejuvenate the economy. In the period 1952 to 1953, the government limited private enterprise with respect to sales, profits and production. The period from 1954 to 1957 was divided into two stages. First, emphasis was placed on the gradual transformation of private enterprises into joint state-private enterprises, with the operations of the plant directed by the state and production integrated into the national plan. Owners and investors in the plant were given interest payments of 5 per cent per annum on their investment. This programme was accelerated rapidly in the latter half of 1955 and early 1956 with the second stage of development known as joint operation by whole trades (Waller, 1981: 147-148). From then onwards, the broad outline of economic development was to follow that of the Soviet Union, towards agricultural collectivisation, industrialisation and the abolition of private enterprise, and economic

relations were oriented away from the West and towards the Soviet bloc (Waller, 1981: 142).

The first FYP began in 1953, following the truce in Korea and agreement on Soviet economic aid, and terminated in 1957. It was based on the Soviet model of economic development, and concentrated resources on a heavy industrial base, with little attention to light industry (consumer goods) and agriculture (Waller, 1981: 147-148).

After its founding the PRC, soon adopted a complete Soviet-style, planned economic system. Rather than viewing development in the Western sense of the term, the Maoist model emphasised the progress of values, institutions, and structures toward socialism, which was defined as higher and higher levels of collectivisation, egalitarianism, and industrialisation. In contrast to the Western view, the Maoist conceptualisation was that economic development was a step-by-step resolution of contradictions in the first few years after 1949. Each resolution would move China toward a higher mode of production in a Marxist economic progression until it reached communism. Rather than becoming more complex, the economy would be composed of large "self-reliant" units. Rather than increased specialisation and diversity according to "comparative advantage", all communes would perform identical tasks and be self-sufficient. The CCP decided to strengthen the country by taking the experiences from the West to build a powerful state through China's own efforts. They added the ideological justification of opposing "neo-colonialism," praising self-reliance, and stressing supposed anti-imperialist unity among socialist countries and solidarity between China and the Third World (Waller, 1981: 147-148).

3.3.1 Tourism: Politics-in Command

The first 30 years of the PRC's tourism policy was very cautious and often negative in nature. Travel to China during the first three decades after the founding of the PRC was strictly controlled. It coincided with the ideology of "neo-colonialism" and "anti-imperialist" belief. This also reflects the prevailing underdevelopment theory which regarded tourism as a new form of imperialism which operated against the interests of LDCs. In 1949, tourism was a form of special political activity to encourage international goodwill and focused on visitors from other communist countries and friendly, Third World, or non-aligned nations. Tourism in China was a political task regarded as a political vehicle, a form of "civil diplomacy" (Professor G. R. Zhang, March 1999). Travel services (travel agents or tour operators) were set up after the new government was formed, but only provided services for visiting overseas Chinese residents and for foreigners with special permission to visit China. Tourism in China was not thought of as an industry but considered as "a part of foreign affairs" and a "diplomatic activity", as the government's main objectives and motivations on international tourism were political rather than economic. Foreign travellers to China were primarily members of exchange groups or invited special interest groups which did not pay the full expenses for their trips. A typical visit centred on "people-to-people diplomacy," seeking no economic benefits for the country in any way. During this period, it is possible to note that it was the destination that selected the tourists, instead of the tourists choosing the destination.

In the 1950s, foreign tourists were mainly "Visiting Friends and Relatives" (VFR) and overseas Chinese returning to visit the mainland. In 1953, the Beijing Overseas Chinese Travel Service was created to manage overseas Chinese who were seeking to visit relatives and friends. It was also a public relations exchange with representatives of a few friendly countries and a limited number of holiday travellers and barter tourists from countries in the socialist-bloc. In the 1950s, China shared Stalin's view of a strengthened socialist camp pitted against a weakened capitalist one and felt a special bond with national liberation movements. As John Foster Dulles's refusal to shake Zhou Enlai's hand at the 1954 Geneva Conference graphically illustrates, the militant anti-Communism of the West contributed to the polarisation (Townsend and Womack, 1986:194). This can help to explain why foreign tourists came almost exclusively came from the Soviet Union and Eastern European countries during the late 1950s and early 1960s. They numbered only several thousand (Uysal, Wei, and Reid, 1986). In 1954, for non-Chinese, China International Travel Service (CITS) was established to shepherd groups of "foreign friends" to a few sites. CITS was the main government body at national level and it also served as the government tour operator. It is a reflection of the close control of tourism activities by the central government which aligned with the former socialist countries in Eastern Europe.

After the visit of Premier Zhou to 14 Asian and African countries between 1956 and 1957, tourists from these regions increased gradually. The late 1950s saw a growing number of self-sponsored tourists, most of whom were from the USSR and East Europe.

With the deterioration of relations between China and the USSR in the 1960s, there was a sharp decrease of arrivals from this region.

The Soviet Union supplied only two loans for Chinese economic development, one of US$300 million in 1950, and a second of US$130 million in 1953. These loans went towards paying for the 211 complete industrial plants which the Russians (by 1956) had agreed to construct. The Russians supplied additional invaluable aid in the form of blueprints and an estimated 10,000 experts and technicians, plus 1,500 from Eastern Europe who worked on the projects at one time or another (Waller, 1981: 149-145).

After returning to orderly economic development and a period of recovery, Mao chose to emphasise on local economic self-reliance and self-sufficiency while retaining centralised management of heavy transport industries and banking. Although industry, and particularly heavy industry, had expanded rapidly during the first FYP, agriculture had not responded nearly as well, and it was becoming clear in the latter stages of the plan that a bottleneck existed in the agricultural sector. Not only did this sector supply most of the food for home consumption but also a major part of the raw materials for light industry, exports with which to pay for industrial imports and a sizeable proportion of the savings for new capital investment. The first move in the new development strategy of "walking with two legs" was designed to make use of the surplus of rural labour while overcoming the chronic shortage of capital (Waller, 1981: 150-153).

By 1958 Mao was not content with the cautious step-by-step model of development, and he launched the radical alternative that intend to industrialise China overnight, known as the Great Leap Forward. At a session of the NPC held in February 1958, the term Great Leap Forward began to be used publicly to describe the impending radical programme, which it was officially predicted would yield sharp increases of agricultural and industrial output (Hinton, 1978: 40). The first model commune made its appearance in Henan in April 1958. They spread rapidly over the mainland, and by September 1958 over 90 per cent of all peasant households were in communes. Whereas the collectives confined themselves to agricultural functions the communes combined industry and agriculture as well as education and military affairs. Each commune was divided up into production brigades, equivalent to the former advanced Agricultural Produces' Cooperative and production teams but with the commune as the real locus of economic decision-making (Waller, 1981: 150-153). In the Great Leap Forward of 1958, Mao implemented the "general effort" approach to modernisation that he recommended in his "On the Ten Major Relationships." Investment and industry were decentralised; bold new social reforms were introduced; and production was expected to mushroom on all fronts. China was expected to "grasp revolution and promote production" at the same time, because in Mao's view they could not be done separately. However, the Great Leap Forward (1958-1966) turned into a full-scale disaster (Townsend and Womack, 1986:160-161). and made the expansion of tourism a non-issue.

The second FYP (1958-1962) was overtaken by the Great Leap Forward, which continued the emphasis on heavy industry and modern techniques but added to it a

policy of developing small-scale native industry, using indigenous methods and labour-intensive techniques (Waller, 1981: 150-153).

As indicated by Lew (2001), the Chinese government was significantly involved in tourism in owning and operating hotels, travel agencies, transportation and other tourism related business activities. The Overseas Chinese Travel Service was set up in 1963. The government continued to have a distinct organisation, separate accommodation, and a generally separate tourism apparatus for overseas Chinese tourists, a practice similar to that of former socialist countries in Eastern Europe. In 1964 the China Bureau of Travel and Tourism (CBTT) (now known as the China National Tourism Administration), under the State Council, was created. Because of this structure, the CBTT was the responsibility of the Foreign Ministry, and the local foreign affairs offices handled local tourist issues (Wei, 1996). This was a reflection of the thought of tourism as "a part of foreign affairs." CBTT was a policy making body to direct and control the China Travel Service (CTS) and CITS, and, like them; it set up provincial branches. However, the CBTT was actually involved in the travel services operation of CITS. The combination of government with business enterprise resulted in ineffective functioning of both organisations. This type of single machinery but multi-sector control reflects the authoritarian nature of government. Table 3.1 shows a summary of the evolution of national level tourism administration and management policy in China from 1949 to 1976.

China continued to import food grain from the West, mainly Australia and Canada, at a rate of five million tons per year. The bulk of China's international trade was done with

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countries outside the Soviet bloc, a trend which accelerated once the final instalment of debt to USSR was paid in 1964. In 1966 it was felt that the economy had recovered sufficiently to inaugurate the Third FYP (1966-1970). The basic policy of giving priority to agriculture while proceeding with the gradual development of industry was unchanged. "Self-reliance was a keynote, and the effects of the emerging Cultural Revolution which urged to "put ideological and political work first". China continued imports not only of grain but also of complete plants from Western Europe and Japan, mainly in the chemical fertilisers, plastics and synthetic fibre fields (Waller, 1981: 153-154).

Table 3.1   Evolution of Tourism Administration and Management Policy in China
(1949-1976)

Year	Event(s)
1954	Establishment of CITS to act as both a government tour operator) to shepherd groups of "foreign friends", i.e. non-Chinese, and as the national tourism organisation
1963	Establishment of China Bureau of Travel and Tourism (CBTT) under Foreign Affairs Office within the State Council.
1964	Establishment of Overseas Chinese Travel Service.
1974	Establishment of China Travel Service (CTS) to replace Overseas Chinese Travel Service.

Sources: Gao and Zhang 1983; Asia Travel Trade, April 1986; China National Tourism Administration; Choy and Can, 1988

The Cultural Revolution became an official, open campaign in mid-1966 to respond to Mao's call for a major assault on revisionist influences. During June and July of 1966, it broadened into an open mass movement to uncover all bourgeois authorities. In January 1967 the People's Liberation Army intervened in force on the side of the "leftists" and

assumed control of key communications, transportation, and other facilities. In effect, China came under a kind of martial law (Townsend and Womack, 1986:133-135).

One feature of the immediate post-1969 period was an effort to maintain the spirit of the Cultural Revolution by infusing public life with its symbolism. Mao's personal authority continued to legitimate policy and Maoist themes – self-reliance, the primacy of politics, continuous revolution, and continuing support of the people - permeated all areas of Chinese life. The idea of continuous revolution was translated into measures designed to foster a more egalitarian society by shifting resources and status to less privileged sectors of Chinese society, that is, from elites to masses and from city to countryside. Revolutionary committees, which had become the administrative organs of government, were extended into other units, thereby providing some mass representation in the management of factories, enterprises, schools, and other institutions. However, despite the Cultural Revolution's attacks on revisionist economic policies, the broad outlines of the economic policies of the early 1960s remained in place. "Agriculture as the foundation," the three-level commune system with the production team as the basic accounting unit, and household retention of private plots persisted. The spirit of the Cultural Revolution, however, encouraged an "anti-economist" stance that was critical of emphasis on material incentives or production goals. Local initiative, development of rural, small-scale industry, and worker participation in management received greater attention than in the past (Townsend and Womack, 1986:137-139).

The fourth FYP announced in January 1971, again laid emphasis on the agricultural sector, although specific economic targets were not published (Waller, 1981: 153-154). Mao's reluctance to choose between economic needs and revolutionary ideals led to policy oscillations in 1967-1976 (Townsend and Womack, 1986:160-161). Economic development was disrupted to a large extent by the Cultural Revolution in 1966-1976. This was a decade of little growth, replete with disruption.

The turmoil of the Cultural Revolution (1966-1976) and natural disasters (e.g. 1976 Tangshan earthquake) added new difficulties to the economic development of China since 1966. In the following ten years tourism to China was almost entirely suspended. The low productivity level and the economic policies constrained the development of a commodity economy. The low level of economic development in China did not support modern tourism activities, and poor communications and access to the outside world also hindered the development of tourism. Domestic tourism hardly existed, and outbound travel was limited almost exclusively to diplomats and government officials. The extent of domestic and outbound travel in the 1950s and 1960s is difficult to estimate, as they are not well documented.

Zhang (1997:565) highlighted the problem of documenting the volume, patterns and activities of domestic tourism prior to 1970 since "there are no statistics on tourism during that period". More importantly we have to note that tourism in the Cultural Revolution period was condemned as the "life style of landlords and bourgeois", which was not socially sanctioned but criticised by the government (Zhang, 1989). As a result, domestic tourism, which was regarded as "non-productive" because it did not earn

foreign exchange, was not recognised as a kind of appropriate consumption. Prior to the 1970s, most domestic travel was business-oriented, VFR or health-related, for example, a natural spa, on this form of travel which were acceptable under socialist ideology.

There were changes in the external environment. The reforms after the Cultural Revolution had heavy rhetorical support and considerable impact, but they soon ran into difficulties. Sino-Soviet border clashes in 1969 and the beginning of the American retreat from Vietnam led to the limited Sino-American rapprochement signalled in the Shanghai Communiqué, a joint statement issued at the conclusion of the U.S. President Nixon's visit to China. Signed on 27th February 1972 by the United States and the PRC, it noted that "the effort to reduce tensions is served by improving communications between countries that have different ideologies, so as to lessen the risks of confrontation through accident, miscalculation or misunderstanding." This highly publicised Nixon visit and the invitation to the U.S. table tennis team notwithstanding, the United States did not recognise the People's Republic of China until 1978, although it dropped its barriers to travel there in 1972. In general, only formal exchange visits, some pro-Communist writers, and some business people on specific assignments were allowed to visit the PRC before 1977.

For most of the first two decades of the PRC's existence, major tourist-generating countries were hostile to the communist regime. The United States and many other Western governments forbade travel to the PRC. Reciprocally, China generally denied entry to most foreigners. Tourism in China remained an insignificant sector of the economy. Chinese tourism development and policy from the 1949 until 1978 can be

summarised as "Politics-in-Command" tourism or "Politically-determined" tourism, that was cautious in attitude and characteristically political in nature.

The PRC was not formally admitted to "the family of nations" for more than two decades. It lacked diplomatic recognition and was semi-isolated from most countries, except the Soviet Bloc, and was denied participation in the United Nations until 1971 (Wang, 1995). In the early 1970s, however, Mao Zedong did begin to permit "a few rightists" (i.e. non-communist foreigners) to visit China. Most tourist activity seemed to centre on overseas Chinese, about which little information is available in non-Chinese sources. Some have seen this as a result of xenophobia or a fear of manipulation by outsiders, and it is clear that escorts ensured that tourists would not have contact with Chinese who might offer contradictory interpretations of political reality.

The PRC began to reorient its foreign relations toward greater contact with capitalist countries to build a united front against the USSR. The Soviet threat also raised serious questions about China's economic and technical development that put Cultural Revolution assumptions about the primacy of politics in a different light. Institutional uncertainties also obstructed the reforms. However, state and party organs were slow to recover from the Cultural Revolution. Many experienced cadres had been purged or temporarily relieved of their original work. The 1954 state constitution was discredited and the new one was not adopted until January 1975. The CCP took in many new members, even though the fate of old cadres was not clear. Most importantly, these problems combined with the residue of Cultural Revolution factionalism to produce serious splits within the leadership. The initial post-1969 leadership was a coalition of

three groups: the most ardent Maoists or radicals, the military elite who benefited from Defense Minister Lin Biao's designation as Mao's chosen successor, and veteran administrators, led by Zhou Enlai, who represented what was left of the moderate position in Chinese politics (Townsend and Womack, 1986:138-140).

Until 1978, China's leaders wanted development but only if it conformed to both Chinese and socialist values. Development that was not socialist, or development that challenged their Chinese identity, was unacceptable. By and large the political values and institutions emanating from communism provided the major obstacle to a broader range of policies in China. Because socialist criteria were used to assess progress, it was not always possible to decide if a policy had achieved acceptable results. For example, the PRC achieved such socialist objectives as full employment and greater equality having done so, it discovered that they were detrimental to achieving such developmental objectives as higher productivity, increased efficiency, and less waste of materials and human talents (Ogden, 1995:6).

During the Mao's period, the Chinese Communist Party leaders put themselves into an awkward situation by insisting on ideological purity, and emphasising anti-spiritual pollution and anti-bourgeois liberalisation. They stepped into a box called the "socialist economic system," the boundaries of which they defined themselves during political struggles, and then discovered they could not escape it when it did not work. Ideological values and policies worked well in the economy in some years but not in others. Yet each time the leaders tried to escape from being a hostage to ideology, they found their political enemies confronting them with "ideological backsliding," "selling out the

revolution," or "revisionism." Those who had benefited from China's form of socialism, moreover, had vested interests in the system. Further, a centralised planned economy offered only a limited number of options, especially in the context of a divided leadership and a scarcity economy (Ogden 1995:80).

Table 3.2 illustrates the ideology traits, international and domestic environments and tourism policy in China from 1949 to 1976.

Table3.2: Ideology Traits, External and Internal Environments, and Tourism Policy/Impact in China 1949-1976

Year/ Period	Ideology traits	Event	Tourism Policy/Impact/Significance
1949	• Communist • Marxism-Leninism • Maoism	• People's Republic of China established • First state-owned Overseas Chinese Service was founded in Xiamen	• Tourism was used for political purpose and part of foreign affairs • Tourism between "international friends" and "socialist countries" • Began to receive Overseas compatriots for VFR and sightseeing tourism
1958-1960	• Maoism	• The Great Leap Forward • Breakdown of Sino-Soviet relations	• Began to receive some Western tourists • No priority to tourism
1966-1976	• Maoism	• Cultural Revolution	• Extremely against "rightists" and "capitalists" • Tourism was a "capitalist" product and was banned • Almost no inbound tourism • Most tourism activities stopped. Tourism was not an issue.
1972	• Maoism	• Shanghai Communiqué • Thawing of Sino-American relationship	• The U.S. dropped its travel barriers to China
1976	• Maoism	• Mao Zedong dies	• End of dogmatic "socialism" • Western cruise ships visited China

Source: Gartner, 1996:54-56; Asiaweek, 4-10 October 1999, pp.15-16, China National Tourism Administration, and Author

When applying underdevelopment theory to the tourism development in China, it is not difficult to find significant relationships. Tourism in China in Mao's era was seen as a form of imperialism to which communist were opposed. Segregation of foreign tourists and overseas Chinese was in line with the underdevelopment theory. Because of the centrally planned and closed economy, no multinational corporation was involved in the Chinese economy before 1976. Tourism was confined to visitors from other socialist countries and some pro-socialist foreign visitors from the West. The perception of tourism as exploiter of local labour was unknown.

It can be summarised that in the Mao era neither international nor domestic tourism were encouraged. From 1954 to 1979, only 125,000 foreign visitors were received by the national travel organisations (Richter, 1989). Economic development relied on agriculture and industrial initiatives, and with tourism was given no economic priority whatsoever.

CHAPTER FOUR   **THE POLITICAL PERSPECTIVE OF TOURISM IN THE PEOPLE'S REPUBLIC OF CHINA – DENG ERA AND BEYOND (1976-2000)**

The purpose of this chapter is to reveal how ideology changed from dogmatic socialism to market socialism, and its possible consequent impact on the development of foreign, economic and tourism policy in the People's Republic of China (PRC). The Deng Xiaoping era (1976-1997), coincided with Hua Guofeng's leadership between 1976 and 1978; it was followed by the Jiang Zemin era (after 1997). The PRC had two distinct phases of policy under the leadership of Mao, Deng and Jiang, both in process and in substance.

4.1 Episode Two: Ideological Development, and Foreign, Economic and Tourism Policy: Deng's Era (1976-1986)

Beginning in 1976, China's reform-minded leaders (a sign of the prototype of collective authoritarian ruling), led by Deng Xiaoping, redefined socialism in a manner that would permit them to develop China by "whatever works", and such a pragmatic approach undermined their previous interpretation of communist values. In fact, at the Fourth National People's Congress in 1975, Premier Zhou Enlai spoke of the need for "the comprehensive modernisation of agriculture, industry, national defence and science and technology before the end of the century". This theme of the "four modernisation" was reiterated and developed after the death of Mao in the latter part of 1976. Six months after Mao's death, Western cruise ships were visiting Chinese ports for the first time in 30 years.

4.1.1 Reform and Open Door Policy

This fundamental re-interpretation of "socialism" rejected the mass movement concept which was inherent in the Cultural Revolution; that is, change had to be a unified activity. The reformers advocated a relaxation in ideology and experimented with a new model of development, a mixture of planned economy and market socialism. Mao's concept of the "people's war" and mass movement were downgraded and replaced by a largely Western concept of strategy and tactics, employed by modern forces (Waller, 1981: 142). According to a People's Daily (2 January 1977) editorial, "We never permit the use of foreign capital to develop our domestic resources." This rigid stance began to change, however, after 1978.

Mao's successor, Deng Xiaoping who legitimately assumed power as General Secretary of the CCP in 1978, totally transformed domestic and foreign policy, inter alia, involving China in the world economy to an unprecedented degree. New beliefs replaced their abandonment of Mao's ideological rhetoric. Macridis (1992:241) argued that personalisation of policy did not wholly end with Mao's death. Deng Xiaoping's visible behaviour and the perception of lesser figures during his direction of post-Mao politics suggested that while he did not dictate decisions to the same degree, he dominated them at key moments. Support for this analysis came when Deng personally claimed credit for the designation of fourteen coastal cities as special foreign investment sites in 1984.

The Third Plenum in December 1978 proclaimed a "shift of focus to socialist modernisation" that marked a decisive departure from Mao's ideology and policy. It

brought changes in interpretation of party history and doctrine, with a critical view of Mao, Maoism, and the whole Cultural Revolution episode; and in many domestic and foreign policies including basic organisational principles of the existing system, to make them more effective servants of modernisation. Reinterpretation of the Party's history and doctrine was a central issue in debates leading to the Third Plenum. Deng's victory at that meeting signalled a shift in emphasis on three major doctrinal points. First, material goals and incentives, especially the primacy of national economic development and the appropriateness of material rewards to motivate producers, replaced Cultural Revolution emphasis on ideological goals and incentives. Second, images of social harmony, of a society united by its socialist system and hence no longer in need of mass struggle campaigns, replaced Maoist insistence that sharp class struggle persisted in China and required a "continuing revolution". Third, institutional procedures of socialist law and democracy replaced the personal word and authority of the leader in legitimising policy and doctrine, and expanded ties with the world economy to realise China's modernisation and economic development. (Townsend and Womack, 1986:141-144)

The reform leaders repudiated both the leftist and the Soviet models of development. According to the reformers' assessments, the Soviet model was too advanced for China; the model assumed a high level of development, but in fact it had to perform within the context of China's underdeveloped economy. One of their key criticisms of the Soviet model, an indictment of the very foundations of a centrally planned socialist economy, was that it rejected the role of the market in determining prices, production, and

distribution. Instead, the Soviet model relied on administrative control. The entire national economy was managed as a single big enterprise.

The dominant leaders were determined to put aside those aspects of socialist ideology that they considered detrimental to development and modernisation, while pretending they had not. They used the escape clause that the methods for achieving socialism must be suitable to Chinese conditions. They called this "socialism with Chinese characteristics," and combined it with methods to neutralise, if not eliminate, the political opposition to their economic reforms (Ogden, 1995:8, 80). The shift of ideology to a market economy model, the open-door policy and pragmatism reinforced and supplemented each other. The two main trends have been an economic interpretation of socialism, and the definition of socialism in terms of current political arrangements. These trends are partially complementary and partially contradictory. The CCP Central Committee announced a shift in the Party's focus to modernisation understood primarily as economic growth. Reflecting the general tensions between the economic and political dimensions of reform, they illustrate the CCP's efforts to adapt political understanding of the perceived imperatives of economic development, but also the Party's fear of some of the consequences of such adaptation. As noted by Wang (1994:65), the CCP is the source of all political power and has the exclusive right to legitimise and control all other political institutions, and determine social, economic and political goals for society.

The reformers' viewpoint was that socialism was more than an ideology; it is a promise of both a better spiritual and material life. The reformers announced a major change in

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their approach to resolving China's problems. They would no longer "seek truth from theory" but "seek truth from facts." That is, China's developmental conditions, rather than socialist theory, would serve as a guide to policy, and they would address the problems of underdevelopment with economic, not political, strategies. In contrast to the Maoist model, the reformers' pragmatic model tried to play down political/ideological issues in the economic realm. With "economics in command," the developmental variable took precedence to the point of almost excluding the ideological variable (Ogden, 1995:90-92).

The fundamental change in China was believed to be the result of the change in the interpretation of socialism, which supported the tourism development platform. "Pragmatism" and "economic development" replaced "political struggle". The less ideological stance of Deng simply encouraged other countries to feel that expanded trade was feasible. Sharp increases in foreign trade accompanied new policies approving borrowing on the international market and some direct foreign investment in China. To pay the bill for greater commodity and capital imports, the PRC began programmes to develop exports and attract foreign tourists. Initiation of large-scale cultural and academic exchanges primarily with capitalist countries was another part of the "open door" package that seemed to have reversed Maoist self-reliance (Townsend and Womack, 1986:146-147). Deng in 1978 initiated the process of economic liberalisation and decentralisation (Bideleux, 1985:140).

A senior Chinese official, X. A. Wei, interviewed in March 1999, claimed that 1978 was the real starting point of China's modern tourism development. The Third Plenum,

at which an epoch-making decision was made to shift emphasis from political struggle to economic reconstruction. All sectors of the economy grew fast, leading to a growing demand for foreign exchange. Because of this, tourism was an important sector that could earn foreign exchange, and as a medium of information and cultural exchange with the outside world gained the attention of the State Council.

As the People's Daily (20 October 1978) put it, "tourism not only promotes mutual understanding and friendship, but accumulates funds for the splendid plan of China's Four Modernisations." Hundreds of specialists accepted invitations to attend international conferences and workshops or to give individual lectures at research centres. Reciprocally, foreign experts especially overseas Chinese, flocked to China to offer information and advice, conduct joint research, and assess problems. Almost every subject from archaeology to zoology became the area of joint study between Chinese and foreigners at home and abroad. Several hundred thousand foreign books and journals replenished the vacant libraries left desolate by the Cultural Revolution and provided starter sets for new research centres. The massive translation of scientific materials expanded their potential use pending adequate training in foreign languages (Whiting, 1992:250).

Actually, the door opened outward as well as inward. An indicator of China's re-entry into the world community as a normal member was seen in the number of high-level visits abroad. There were changes in China's foreign relations. Beginning in 1978, dozens of Chinese delegations travelled around the world to observe military and civilian installations, factories, and training centres. There were altogether 300,000

Chinese who studied outside the Mainland, such as in the U.S., Europe and Japan, between 1978 and 1998 (Asiaweek, 1998:39). The impact of sending students to the West has been mixed. Chinese students' economic and political expectations have been raised by their exposure to Western societies (Whiting, 1992:250).

In international relations, the Third Plenum brought a decisive commitment to an "open door foreign policy" that was accelerated modernisation through expansion of China's international contacts. Some aspects of this opening simply continued the growth of PRC trade with capitalist countries and the general widening of diplomatic contacts associated with the strategic shift of the early 1970s. But Deng's foreign policy was more ambitious than the limited anti-Soviet united front pursued through most of the 1970s. Full normalisation of relations between the U.S. and the PRC in December 1978, and China's invasion of Vietnam in February 1979, fuelled speculation that China and the U.S. were moving toward an actual alliance against the Soviet Union (Townsend and Womack, 1986:146-147)

The new era of foreign policy began in 1978. The "Open door" policy is an integral part of the new strategy. Direct foreign investment, joint ventures, trade, medium and long-term borrowing from both official and commercial sources, setting up of special economic zones, are the basic features of the open door policy (Das, 1989:77-78). These policies are directly and indirectly related to and influenced tourism development in China. Beijing gradually realised that foreign loans were a necessary means of obtaining cheap capital, which China needed for economic development. To Deng Xiaoping, so long as public ownership played a dominant role, it must be considered as upholding

socialism. Individualised joint ventures with foreign capitalist investors could be justified because these experiments were considered "necessary supplements to the socialist economy." Deng opened China's door to foreign investment and the transfer of technology, thus ending its long isolation from the rest of the world, a detachment imposed mainly by Mao's ideological rigidity. The dynamism of general and economic changes in China has always had a direct impact on Beijing's foreign policy. The change in Beijing's attitude toward foreign loans in the era of Deng is a good example in this regard.

In October 1978, Deng Xiaoping made his point clearly to the leaders of the Tourism Administration and Civil Aviation Administration of China that "Foreign investment can be used to develop tourist hotels.... The first batch of hotels can be built with funds from overseas Chinese and foreigners. Then we can develop our own." In fact, Deng intended to use the tourism industry as the "experiment field" to utilise foreign investment to speed up economic development, and set this precedence for China to develop the country's industry. The "experiment field" of joint venture and cooperative hotels helped China to gather experience, improve its legal system and set the example for other industries to use foreign investment. Here, we see that foreign capital, under the modernisation theory, was brought in to China for economic development. Even though China wants to develop tourism in a "Chinese Way", in that the "government is experimenting with capitalistic" ideas such as individual incentives, competition, and private enterprises, attempts are made to develop a system suitable for China's situation and to maintain a socialist system (Choy, 1984:619).

The State General Administration for Travel and Tourism (SGATT) produced a report, which had been approved by the Secretariat of the Central Committee of the Communist Party of China, and the State Council in 1979. The report made it clear that tourism is a comprehensive undertaking involving politics, economics, science and culture. Tourism cannot be treated as merely an economic subject. Efforts should be made to develop tourism in the light of China's specific conditions with the aim of obtaining both political and economic benefits (Zhang, 1985:142-143).

Because of the internal constraints, even after 1978, domestic tourism was initially restricted mainly due to the conviction that, especially in peak periods, domestic tourists compete with international tourists for the under-supplied transport, and space at tourist attractions and supplies. In light of the importance of international tourism and negative attitude towards domestic tourism, a passive domestic tourism policy was formulated, that was, known as the "Three-no" policy (that is, no support, no objection and no promotion).

On 15th February 1979 (according to a July 1986 article by Li Qingping in Party History Research, a Beijing bimonthly journal), Deng recognised trends in the development of the global economy. He was quoted as saying, "Today's world is an open world", and "We in fact continued to pursue a degree of autarchy (absolute sovereignty), and this caused some difficulties. In addition, slightly "leftist" policies gave rise to some calamities. Certainly this is true of the 'Great Cultural Revolution.' .... It is impossible to build the country behind a closed door. It is impossible to develop." Deng recognised the actual situation of the Chinese economy. He knew China faced a number of

obstacles to modernisation but the greatest were lack of capital and backwardness in technology and management. Deng Xiaoping said, "The absorption of capital from abroad is an important supplement in our country's social construction. Looking forward from today it is an indispensable supplement." (Yabuki, 1995:245-246). These are the statements showing the recognition and influence of external environment, such as globalisation and foreign capital and involvement in China's economic development.

Foreign involvement in the economy has moved from the purchase of whole plants in the early 1970s to joint ventures (Townsend and Womack, 1986:388). In July 1979 the Fifth NPC at its second session adopted a joint venture law governing both Chinese and foreign investments. Initially, only two forms of foreign investment were allowed, joint venture and cooperatives investment, which permitted ownership by the foreign investor for up to 10 to 20 years and then, was transferred to the Chinese side (Zhang, Chong and Ap, 1999:476). In introducing foreign capital and management to develop tourism, the hotel sector took the lead. This is because hotel under-capacity appeared to be the critical issue in tourism development when China began to expand its tourism industry in the late 1970s. Shi Jin Shan Tourist Center, a holiday resort in Zhuhai, was the first step ever taken to use foreign investment to develop the tourism industry. Soon after, utilising investment from overseas Chinese, foreigners and Hong Kong, Beijing successfully set up joint venture and cooperative hotels such as Jianguo Hotel, Zhaolong Hotel, Lido Holiday Inn, Great Wall Sheraton, The White Swan Hotel and Dong Fang Hotel.

International commercial loans and foreign management agreements are also examples

of foreign participation in the tourism sector. Foreign investment and management expertise were first introduced and approved in the area of tourism. The joint venture and cooperative hotels could mitigate the problem of hotel shortage and also help to build a better image for the tourism industry of China as a whole. China became more attractive to foreign investors. In many cities in China, the emergence of these hotels improved the investment environment. The success of foreign investment paved the way to subsequent opening of other economic sectors such as vehicle manufacturing. When one examines the list of mixed enterprises created since the opening up of China, the important place occupied by joint ventures in tourism is remarkable, and this phenomenon is particularly visible in the "special economic zones." The massive dependence on external finance can be measured not only in terms of the relatively large number of contracts which have been signed, but also by the size of the capital sums invested.

The PRC saw the expansion of tourism as a logical component of its post-Cultural Revolution normalisation strategy. The rapid expansion of tourism since 1978 under the leadership of Deng Xiaoping had been the result of both political and economic motivators. In the course of political reform and greater openness, great changes have taken place in China's economic policies. The shift of "politics-command," "political struggle," and its "centralised planned-economy model" to "economic development" emphasising the development of the national economy, rather than any political struggle, was in line with the development of "economic reform" and "open-door policies". The economic development model shifted from a "centrally planned-economy model", i.e. government determines everything, to a "market economy

model", i.e. demand and supply play their roles. This is in line with the proposition of market-led foreign tourism under the modernisation theory mentioned in Chapter Two. Under the leadership of Deng, the initial economic reform strategy shifted from heavy to light industries in order to increase consumer goods for a rapidly expanding population. More importantly, it became obvious to Chinese leaders that heavy industries consume an enormous amount of energy resources. Light industries require less energy and provide more jobs, particularly jobs for the export trade to earn much-needed foreign exchange, which in turn would enable China to acquire advanced technology (Wang, 1994:92-93). Modernisation theory supports the proposition that tourism is a labour intensive industry that suits the target of boosting jobs in China.

The Special Economic Zones (SEZs) are a component of the open door policy, the backbone of Chinese modernisation. According to Chan, Chen and Chin (1986: 90-91, 100), in September 1979, Gu Mu announced in Tokyo that China would set up two "special zones" in Shenzhen and Zhuhai and would welcome the investment of foreign capital in the two zones, either in the form of joint ventures or under sole ownership. He also indicated that economic measures far more liberal than those practised in the interior would be adopted there. The administrative body of an SEZ is both a local government and a management responsibility of a special economic organisation. The desire to develop both Shenzhen and Zhuhai into comprehensive special zones with the emphasis not only on industry but also on the development of agriculture, husbandry, tourism, commerce, services, real estate, science and education. Thus the SEZs were not planned simply as production bases for export. In March 1980, the term SEZ was officially confirmed and in August approved by the Standing Committee of the NPC.

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The involvement of foreign capital in the SEZ economy through joint ventures created a need for reform of some of the local economic institutions. The tender system and a new wage system are good examples. A system of job-specific, floating wage rates were first introduced in a joint venture, the Zhuyuan Hotel, in April 1982. This implementation constitutes a drastic change in the rigid system of fixed salaries that long been the norm in China.

The long promoted Four modernisations was realised in 1980. It was at the Third NPC that the need for "correctly handling the relationship between self-reliance and international cooperation" for pursuing a "technological revolution" was first mentioned. Four modernisations was in the areas of industry, agriculture, science and culture, and defence (Leung, 1986: 7-8).

Deng and his pragmatic reformers also introduced agricultural reform in the countryside with a profit-incentive or responsibility system that replaced the egalitarian commune system. Economic reforms included increased benefits for consumers and experiments with market socialism. The Third Plenum raised state prices for agricultural products while lowering prices paid for key farming inputs, thereby giving rural areas their first substantial increase in disposable income in decades. There were also wage increases for salaried workers, bonuses for the most productive workers, and a new concern for raising the quantity and quality of consumer goods (Townsend and Womack, 1986:146-147). The responsibility system is a policy that enabled farmers to contract for the use of the land on the basis of assuming particular financial and production obligations (Jacob, 1994). But China's reform, especially the responsibility system, meant to increase

productivity and profitability, played an extremely important role in the rapid rise of a large middle class market that formed the basis of domestic and outbound tourism markets.

These shifts in ideology signify the economic nature of tourism, and paved the way for strong support and rapid growth of tourism in China in the late 1970s, the 1980s and 1990s. The Chinese international tourism industry moved from the self-imposed socialist isolation of Mao's years into interaction with the global capitalist international tourism industry.

In January 1980, Deng Xiaoping said, "If by the end of the century we can achieve a GNP per capita of US$1,000, we will have become well off." Moreover, this was the first official use of term "GNP" by a Chinese leader since the founding of the PRC. The use of international economic terminology was an indication that a policy of liberalisation had been set (Yabuki, 1995:17). This is a reflection of the adoption of Western concepts rather than the socialist normative measurement of development. In July 1981, the party chief, Hu Yaobang, called Marxism the "crystallisation of scientific thinking" and theory verified in practice. He then cautioned that Marxism was only a guide to action. He urged that the application of Marxism-Leninism be integrated with the "concrete practice of China's realities." (Wang, 1995:41).

In 1980, the China Youth Travel Service (CYTS) was established. In 1981, there was limited decentralisation of authority for tour sales to specific provincial and local travel organisation. The State Council established a tourism leadership group to review

tourism guidelines and policies. The State Council set up a tourism coordinating group to improve cooperation among tourism, civil aviation, railways and other closely related sectors. China Tourist Offices began to be established abroad.

Little remains of Mao's once touted "three worlds" (First-, Second-, and Third-World) approach to global economic relations. Instead of criticising North-South problems to be solved exclusively by the northern tier of developed states, China emphasised mutual help among the southern tier developing economies. In 1980 Beijing moved to join the major international financial organisations such as the International Monetary Fund, the World Bank and its affiliated agencies, the International Development Association and International Finance Corporation. Previously these agencies had been considered by the Chinese leaders as exploitative instruments of capitalist control over Third World economies. This close interaction between China and the World Bank is only one instance whereby Deng's policy links domestic development with foreign policy (Macridis, 1992:253-254).

Deng claimed that in the "initial stage", it was necessary to bring about industrialisation and economic development to achieve the modernisation of production which other countries achieved under capitalism. The "initial stage" notion clearly reinforced the priority accorded to economic growth in all Party programmes. It provided the general justification for whatever measures to raise productivity, while social or political criteria were more or less explicitly subordinated to economic development. Following from that, the meaning of "socialism" itself can be drastically changed; not only can any practices be encouraged if they boost productivity, but they can even be regarded as

inherently "socialist". Then, if socialism is seen primarily in terms of an increase in economic output, anything, which is seen as economically useful, can be justified as contributing to socialism (Mackerras, Taneja and Young, 1993:107-115).

Deng Xiaoping is believed to have said that it does not matter if the cat is black or white, as long as it catches mice. This was a re-packaging of the former "White Cat, Black Cat" doctrine into a so-called New Cat theory. Twisting that ideology, it does not matter what kind of development programmes it is, so long as it helps economic growth and modernisation. Deng Xiaoping opined that there would be no survival for the Communist Party as a leading party unless it could garner the support of the masses through achieving economic development via the reform and liberalisation policy. He stressed that the standard against which to judge the correctness of a policy was whether it was beneficial in developing productive forces, whether it was advantageous in strengthening overall national power, and whether it was efficacious in raising the people's living standards. Tourism, which was once labelled as a form of imperialism in underdevelopment theory, became an agent of economic development and modernisation (Wang, 1995:280-281).

Decentralisation of some decisions to lower levels, greater reliance on experts and technology, improved management systems, and insistence that enterprises account for their profits or losses did not necessarily challenge the structure of China's command economy. On the other hand, the expansion of private plots and free markets in the countryside, and experiments allowing some rural and urban production units to gear their product and prices to the market and dispose of their profits as they wished, were

reforms that departed significantly from the established system (Townsend and Womack, 1986:146-147). Socialism with Chinese characteristics contends that privatisation and capitalist methods of pricing and distribution can occur within a socialist system. Post-1978 economic policies emphasise profits and efficiency more than did any other policy after 1949. Decentralisation of many economic and administrative decision-making powers, and the introduction of a market system after 1978 has done much to address the problems inherent in a highly centralised socialist economy.

After the Third Party Plenum, China began moving away from a centrally administered economy to a more decentralised system that allowed greater local autonomy. In 1978 for example, the China Bureau of Travel and Tourism was upgraded to ministerial level directly under the State Council and renamed the State General Administration for Travel and Tourism (SGATT). This was followed by the establishment of Provincial Travel and Tourism Bureaux. The upgrading of both the statue and authority of the tourism administration body reflect the importance given to the role tourism. Passing down tourism authority and administration to provincial and city levels was in line with the general reform principle of decentralisation.

China has developed a decentralised system of operation, which granted a great deal of authority to the local travel bureaux. There are very few private-sector tourism-industry operations in the PRC, although small, privately held operations were legalised in 1984. Prior to 1980, either the CITS or CTS handled all sales and contacts with foreign tour operators. Since private-sector operations were not legally recognised in the PRC at that

time, both CITS and CTS were responsible for arranging all foreign tour packages including accommodation, transportation, and related services.

However, the political nature of tourism was rooted in the minds of government officials; it was difficult for them to understand the economic dimension and contribution of tourism. That is why Deng had to reiterate from time to time the importance of tourism to China. It was not only the simple change of political means to economic means but also the change of leaders' mindset. The period marked a start in moving from the planned economy model to the market economy model; however, the dominant planned economy ideology was still very influential. The planned economy ideology was institutionalised into the organisation, structure and standard operating procedures of both government and enterprises. Generally speaking, tourism institutions were highly centralised and unified organisations in 1978. In 1982, CITS completely separated from the State General Administration for Travel and Tourism. SGATT was renamed as the National Tourism Administration of the People's Republic of China (CNTA). The first joint venture hotel, Jianguo Hotel was opened in Beijing. One reason to separate the enterprises from their supervisory government agency was to lessen the ideological influence on the industry and smooth the way to a market economy in this sector.

4.1.2 Readjustment Period

Deng's reform was not without modification. Readjustment of the Chinese economy was one of the slogans of the late 1970s, so its emergence as a central theme in 1980-1981 was neither surprising nor a repudiation of reform. Rather, it indicated the desire

of CCP leaders to carefully examine their reforms, readjusting those that seemed most problematic. Concern about China's economic capacity to sustain rapid development while satisfying long-suppressed consumer demands merged with fears of the political and cultural consequences of "liberalisation" and the "open door". In 1982 allegations against liberal reforms, as encouraging greed and speculation were commonplace. Chinese youth were cautioned to be careful of capitalist, bourgeois influences.

Kleinberg (1990:20-29) argued that the Chinese government recognises that, as People's Daily said in late 1982, "No country in today's world can develop at a relatively high speed without maintaining contacts with other countries." Chinese economists accept the logic of specialising national production and choosing a set of trade partners based solely on economic criteria in order to raise export earnings. Most even accept that for China to supply mainly labour intensive products "accords with the objective tendency in economic development" because of the country's abundant labour supply. Tourism is known to be a labour intensive industry.

Among those critical of the risks of the foreign presence, economic dangers are always posed as threats to the Chinese nation, not to any class, and are often accompanied by warnings of undesirable social influences from foreigners. Articles often warn against "blind" imports that duplicate each other and jeopardise national foreign exchange reserves. Less frequent but still regular are reminders that nineteenth-century imperialists "used the bad things they offered us to help them pillage China materially and spiritually." (Kleinberg, 1990:20-29).

Dangers to China from international economic forces are, many Chinese fear, exacerbated by the country's own vulnerabilities. One common complaint is that many individuals prefer foreign-made goods to domestic ones, even if quality is equal. A Canton newspaper complained in 1982: "At present, some people have blind faith in foreign goods ..." People's Daily (January 1983), denounced "the mentality and behaviour of worshipping and fawning upon foreign people..." The Party has constantly sought to curb popular psychological vulnerability to foreigners and their goods Kleinberg (1990:20-29).

Chen Yun, the architect of the current economic development strategy, explained the Chinese approach. Chen pointed out that "the planned economy is to play the major role and market regulation the supplementary role." (Wang, 1995:262). Chen's approach was to let the planned and the market economies coexist. Words in the constitution that referred to a planned economy have been replaced by the words "socialist market economy." In spring 1982 the vice-chairman of the Communist Party, Chen Yun, announced a policy shift toward "taking the planned economy as primary and market adjustment as secondary" (People's Daily, 26 January 1982). The concept was presented analogously by likening the planned economy to a cage within which the market adjustment mechanism, like a bird, could fly freely, thus vitalising the economy; this concept was commonly called the "birdcage economy". The Chinese economy in the first half of the 1980s was directed essentially according to the concept of the birdcage economy. The system of economic planning continued as the basis for activity, but market forces were introduced and allowed to play an increasingly larger adjustment role.

The constitution of the PRC adopted at the fifth National People's Congress on 4th December 1982, committed its preamble to "the guidance of Marxism-Leninism and Mao Zedong Thought." (Macridis, 1992:233). The assertion of long-term objectives of Maoism meant that political ideology was still prominent in China.

In October 1983, the Propaganda Department of the CCP issued a "study outline" on "The Practice of Communism and Education in Communist Ideology" which explained the need to promote patriotism as a means of winning support for communism. The article frankly admitted thirty-four years after the founding of the PRC that the formal theories of Marxism-Leninism and the application of Mao Zedong's Thought had failed to win the support of the majority of Chinese. It thereby linked domestic mobilisation with mass attitudes on foreign affairs. The "Study Outline" explicitly rejected the extreme isolationist policy of "self-reliance" advocated during the Cultural Revolution, arguing that "China needs to understand the world while the world needs to understand China." However, the Outline warned, "We are influenced by the international environment and the various trends of thought at home." (Macridis, 1992:239).

Introducing a market adjustment mechanism leads directly to contradictions with a planned economy structure. The Third Plenum of the Twelfth Party Congress in October 1984 adopted the "Decision on Reform of the Economic System," thus ratifying the concept of a "planned commodity (market) economy" (Yabuki, 1995:43).

Deng Xiaoping moved to re-order and clarify goals in foreign perception and domestic priority. On the one hand, he articulated nationalism in blunt terms as, vowing that China will not "swallow any bitter fruit detrimental to its own interests." On the other hand, he insisted that China "must open to the outside world" in order to progress toward modernisation. Deng repeatedly made economic growth and modernisation top priority. Opposition to Deng's "open door" policy came from some of the nationalistic variants. In an assertive speech, at the Third Plenary Session of Central Advisory Commission (Renmin Ribao, 22 October 1984), Deng disapproved the isolationist xenophobes on the record of their predecessors, "Any country that closes its door to the outside world cannot achieve progress. We underwent this bitter experience and so did our forefathers... China closed the country to international intercourse for more than three centuries from the middle of the Ming Dynasty to the Opium War. Hence the country became impoverished, backward, and ignorant." (Macridis, 1992:249). In 1984, foreign involvement in the economy has moved from the special economic zones to selling bonds on the Tokyo bond market (Townsend and Womack, 1986:388).

A Peoples' Daily (7 December 1984) commentator announced that the works of Marx, Engels, and Lenin, written in some cases over a hundred years ago, could not be expected to provide solutions to China's current problems. The classic works of communism did not deal with "the process" of building communism. The only way to solve economic problems was to investigate reality and to see what kinds of policies worked, not simply to espouse a theory.

Speaking to the CCP's Central Advisory Committee in 1984, Deng reassured his more ideological veteran colleagues, "Some of our comrades are afraid that evil practices may be introduced into the country...of seeing capitalism suddenly looming up after having worked all their lives for socialism and communism...[but] nothing will be affected. It may bring some negative factors. But it will not be difficult to overcome such factors if we are aware of them." (Macridis, 1992:239).

The shift in attitude of government officials toward tourism was evidenced by the national government declaration of tourism as a comprehensive economic activity with the direct purpose of earning foreign exchange for China's modernisation in 1985. (Zhang, 1990). The situation is similar to the former socialist countries in Eastern Europe which keen on getting foreign exchange for development.

In an interview with American business leaders and reporters from *Time* in the fall of 1985, the first question put to Deng Xiaoping was whether it was possible to have a free-market economy coexisting with a socialist state. Deng's answer was that there was no contradiction between the two: "So if we can combine the planning and the market economy, then I think it will help to emancipate the forces of social production and help accelerate them." Market economy experiments in China did not violate socialist principles. Deng asserted firmly at the interview that "to get rich is glorious," a popular slogan in China in the 1980s, was no sin because the major objective of socialism was to improve people's livelihood and society's wealth. However, profit making, getting rich and pursuit of leisure activities, which used to be criticised as "bourgeoisie" was

accepted under the ideology of a "socialist market economy" belief (Wang, 1995:255-256).

> "...So the main task of socialism is to develop the productive forces, steadily improve the life of the people and keep increasing the material wealth of society. Therefore, there can be no communism with pauperism, or socialism with pauperism. So to get rich is no sin..." (Deng Xiaoping, 2nd September 1986)

The quotation above is a statement by China's former powerful leader. In a nutshell, the goal of China's modernisation programme was to improve the living standards of the people and the material wealth of the society. Deng made it clear that one cannot build socialism with pauperism (the state or condition of utter poverty) or "blanket poverty", as Mao was fond of saying.

With the Deng-led reforms, interdependence was more positively regarded, since the reforms stressed investment, trade, technology transfer, and scientific exchanges. However, the 1980s campaigns against "spiritual pollution" and "bourgeois liberalisation" favoured self-reliance, opposed the concept and practices of interdependence, and viewed it as a one-way street. The outcome until the mid-1980s was for the Chinese to adopt a combination of the dependency and neo-realist approaches to interdependence (Townsend and Womack, 1986:147-149).

Economic readjustment was the centrepiece of the Sixth Five-Year-Plan for 1981-1985. This Plan aimed at steady but modest growth for the period and indeed for the

subsequent 1986-1990 period as well. Its core was restraint in new state investments, increased efficiency in existing enterprises, and reliance on careful planning and technological inputs for production increases. In 1985, foreign involvement in the economy has extended to the hiring of foreign management personnel by Chinese firms (Townsend and Womack, 1986:147-149, 388).

The second area of readjustment was foreign policy. The support for Taiwan showed that normalisation of diplomatic relations had not cleared the way for an U.S.-PRC alliance, but there were some signs of thawing in Sino-Soviet relations. Principally increased trade and diplomatic contacts. In fact, China's increasingly important economic and cultural ties with capitalist countries, kept it oriented much more towards the West. Finally, readjustment curtailed any serious political or ideological opposition that might develop from reform policies (Townsend and Womack, 1986:147-149).

In the course of the political and economic reforms following the Cultural Revolution, the Chinese political system and decision-making process has remained fundamentally authoritarian in nature. Political issues in China are usually organised vertically, in what are called systems *(xitong)*. The components of systems have changed over time. Except for the key individuals who are often the top "nodes" of the systems, formal horizontal contacts across issue areas are weak. To compensate for this, control over the personnel system of all Party, state and organisations, and the holding of many key concurrent posts by leading individuals have all been used in the past to try to increase co-ordination horizontally. This is particularly noticeable in the formulation of foreign policy, which continues to be highly centralised and personalised and lacks

institutionalisation. That is to say, foreign policy is directed by and highly reflective of either one individual's or a certain set of individuals' perceptions, tendencies, and preferences (Kim, 1998:37-38; Zhao, 1996:79-80).

Within the confines of readjustment, many reform policies continued to thrive. In fact, economic readjustment itself extended some reforms precisely because it emphasised fiscal sobriety, economic efficiency, and technological development. This approach put a premium on motivating enterprises to reform themselves and on attracting more foreign trade, capital, and technology. Success of the rural responsibility system in increasing production encouraged extension of the contract system to urban enterprises and entrepreneurs as well. Another striking example of broadening reform was in policy toward foreign investment.

As mentioned earlier, initially, the CCP limited such investment mainly to development loans or credit, participation in joint ventures in which China retained a controlling interest, and special undertakings in four small special economic zones along the Guangdong-Fujin coast. A variety of options, including full foreign ownership and operation, were offered in fourteen major cities and ports along the whole eastern coastline which were designated for intense economic development through encouragement of foreign trade and investment; and the concessionary terms offered to foreign investors were liberalised (Townsend and Womack, 1986:147-149). In fact, reformers have gradually moved China outside the confines of the socialist model. Legal and regulatory legislation have also encouraged foreign investment, joint ventures, loans, and trade. which have been critical to China's economic success in the

1980s and 1990s. However, readjustment put borrowing and purchases of expensive foreign goods in disfavour, while expanding opportunities for direct foreign investments that entailed little cost for the Chinese (Townsend and Womack, 1986:149).

The pricing policy was one of few remnants of a socialist ideology premised on "from each according to his ability to pay." One example of this was the use of a discriminatory pricing policy where foreign tourists had to pay a higher price for tourist services and facilities. Costs to tourists increased three times between 1980 and 1983 as the original political emphasis on having foreign guests gave way to the more urgent need to accumulate foreign exchange for development projects, including the amortisation of costs for investments in tourist facilities.

Although tourism was no longer seen as a bourgeois activity, domestic tourism in China received little attention until the mid-1980s when the infrastructure was relatively more developed. China did not devote any of its scarce resources to domestic tourism and the CNTA was virtually not involved in domestic tourism prior to 1983. This was also because for a long time, most Chinese people had little discretionary income and no long holidays. Table 4.1 shows the domestic tourism figures in 1984 and 1985.

Table 4.1: China's Domestic Tourist Trips and Expenditures, 1984-1985

Year	Trips (million)	Change (%)	Expenditures (billion RMB)	Change (%)
1984	200	-	-	-
1985	240	20.0	8.0	-

Source: CNTA, The Yearbook of China Tourism Statistics 1993 and 1999.

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As noted in Section 2.3.6.2, foreign policy is closely related to tourism policy and in particular, institutional policy related to inbound tourism. Almost all countries have regulations for inbound tourists, such as customs procedures and requirements, visa or other travel permits, health documentation, and currency exchange. However, there exists a considerable variation among countries in terms of these regulations. It stretches from very relaxed regulations and simplified procedures to more rigid requirements. The PRC had developed a set of complicated regulations regarding inbound tourists.

Currency restrictions and adoption of the "Foreign Exchange Certificate" (FEC) were used by the PRC government to monitor and control the tourism industry. One of its purposes was to make sure the foreign exchange brought in would not leak out. Visitors were not allowed to carry FEC out of China exceeding the reported amount when entering China. FEC was issued to make sure visitors would bring in foreign exchange.

One of the institutional policies of inbound tourism is the tourist zoning system. In China, the territorial zoning system, established under administrative laws governing the entry and exit of foreign persons, permits foreign tourists to visit only selected tourist sites. The initial aim of this regulation was to show visitors that "communism is superior to capitalism" and to keep "national secrets" from leaking to foreigners (Mao, 1995:153-156).

During the 1980s, Mainland China was bureaucratically divided into two categories with regard to the presence of foreign nationals: "open" (kaifang) areas and "closed" (bu kaifang) areas. A visa to enter China allows the visitor to travel within open areas, but not everywhere in the country. The "open" and "closed" areas were further divided into

four travel and tourism zones. *Completely Free Travel Zone:* foreigners holding valid visas or residence permits could visit these areas without applying for travel permits. *Generally Free Travel Zone:* foreigners touring these areas must apply for travel permits in addition to their visa but the permits are always granted. *Generally Restricted Travel Zone:* these areas in general are not open to foreign visitors. Foreigners wishing to tour these areas must apply for travel permits, but only limited, special foreigners (in particular technical, academic, medical, sport, and educational professionals) are likely to get permission to visit these areas, usually through a Chinese counterpart. *Travel Not Permitted Zone:* no foreigner is ever allowed to visit these areas (Mao, 1995:153-156). Examples for the Travel Not Permitted Zones are military restricted areas and the China Aerospace Centre in Xichang.

Visitors who wish to travel beyond open areas must obtain Alien Travel Permits from the Public Security Bureau. Tourist visas were automatically issued with travel permits for all the areas on an itinerary, necessitating co-ordination between host agencies and local police and the elaborate checking of papers. Foreign nationals were never present in China without the complete supervision and total hospitality of an institutional host. The host institution was responsible for all aspects of their presence, that is, where they stayed, the places they visited, and the kinds of interactions they had with local people such travel was always accompanied and closely supervised.

Access points in China increased. In 1982 there were 122 cities or areas open to foreign visitors compare to about 40 in 1979 (Kaplan, Sobin and de Keijizer, 1986). Until 1983 all overseas tourists who travelled within China required a travel permit, in addition to

obtaining a valid visa. In that year, China officially opened 30 cities which overseas travellers were allowed to visit without travel permits (Richter, 1989). By 1984 there were 148 open cities. Even China admitted the importance of international inbound tourism to its foreign exchange earning for modernisation purposes; the central government still wanted to open the vast continent but control tourist movements to an acceptable extent.

Outbound tourism by Chinese citizens is a more recent phenomenon. China focused on wooing foreign tourists and on promoting domestic tourism. These priorities remain but the authorities also recognise the need to satisfy citizens' pent-up desire to see the world. There has always been some official, business and education travel, but private travel was technically not permitted. According to Bailey (1998:19, 21), the first international tours offered in China were known as "visiting relatives" tours to Hong Kong. The Chinese government approved its citizens VFR travel to Hong Kong and Macau in 1983.

Yet by 1984, Communist Party pronouncements appeared to be increasingly tolerant of Western influences in fashion, music, and even industry, as long as party control and civil rights were not issues. The centralised form of control of travel services eventually gave way to a completely decentralised system during the early 1980s, going so far as to grant local travel bureaux the right to issue visas, set prices, develop tour packages, enter into international financial arrangements for facility development, and, for the most part, enter into separate agreements with foreign tour operators. Individuals and

collective companies were allowed to run travel agencies for domestic tourists in 1985 (Jenkins and Liu, 1997:116-117).

In 1984, the Chinese government charged CNTA with defining overall travel and tourism policy and approved the decentralisation of authority for visas, tour sales and operations. In addition, privately owned tourist enterprises were allowed. By 1986, hotel discos, video games, and the latest Western rock cassettes were available to tourists as well as to many Chinese, and development plans included facilities such as a golf course, horse race track, aquarium, and amusement park. According to Lew (2001), separate provincial tourism bureaux were created and entitled to sign contracts with foreign tourism operators and issue visas to foreign tourists. Since 1986 the unrestricted movement of foreigners within and directly between open areas was allowed. In open areas, foreign nationals may walk on the streets, travel on public transportation, and interact with local people. They need not be escorted by a responsible Chinese person, or have special papers beyond the visa (Warner, 1995:63-68).

Table 4.2 shows a summary of the evolution of national level tourism administration and management policy in China from 1978 to 1985. From the table we can see the evolution of not only of the change in tourism policies, but also the shift of emphasis to viewing tourism as an economic sector.

Table 4.2:   Evolution of Tourism Administration and Management Policy in China (1978-1985)

Year	Event(s)
1978	Upgrading of China Bureau of Travel and Tourism to ministerial level directly under the State Council and renaming of State General Administration for Travel and Tourism (SGATT). Establishment of Provincial Travel and Tourism Bureaux.
1980	Establishment of China Youth Travel Service (CYTS).
1981	Limited decentralisation of authority for tour sales to specific provincial and local travel organisation. State Council established a tourism leadership group to review tourism guidelines and policies. State Council set up a tourism coordinating group to improve the cooperation among tourism, civil aviation, railways and other closely related sectors. China Tourist Offices began to be established abroad.
1982	CITS completely separated from State General Administration for Travel and Tourism. Renamed National Tourism Administration of the People's Republic of China (CNTA). First joint venture hotel, Jianguo Hotel, opened in Beijing.
1984	Decentralisation of authority for visas, tour sales and operations. Privately owned tourist enterprises were allowed. CNTA was charged with defining overall travel and tourism policy.
1985	Separate provincial tourism bureaux were formed

Sources: Gao and Zhang 1983; Asia Travel Trade, April 1986; China National Tourism Administration; Choy and Can, 1988, Lew, 2001, and Author.

Table 4.3 depicts the visitor arrivals and tourism receipts from 1978 to 1986. The development of international tourism from 1978 to 1985 was impressive as it recorded a 9.8 fold increase in tourist arrivals and 8.5 fold increase in tourism receipts.

Table 4.3: Annual Visitor Arrivals and International Tourism Receipts 1978-1985

Year	Total	Foreigner	Overseas Chinese	Compatriots*	Receipts (Mn. US$)	Growth (%)
1978	1,809,22	229,64	18,092	1,561,483	262.90	-
1979	4,203,90	362,38	20,910	3,820,602	449.27	70.90
1980	5,702,53	529,12	34,413	5,138,999	616.65	37.30
1981	7,767,09	675,15	38,856	7,053,087	784.91	27.30
1982	7,924,26	764,49	42,745	7,117,019	843.17	7.40
1983	9,477,00	872,51	40,352	8,564,142	941.20	11.60
1984	12,852,18	1,134,26	47,498	11,670,420	1131.34	20.20
1985	17,833,09	1,370,46	84,827	16,377,808	1250.00	10.50

*Compatriots from Hong Kong, Macau and Taiwan Province.
Source: CNTA, The Yearbook of China Tourism Statistics, 1998 and 1999

In summary, among the most important post-Mao decentralising policies are the household contracting and specialised household systems in rural areas; the expansion of enterprise control over personnel, investment, and production in urban areas; and the facilitation of direct contact with foreign capital, including special economic zones and grants of decisions-making authority to various provinces and cities. The Chinese political economy has moved from leftist ideological experimentation to the most advanced experiments in market socialism in the Communist world (Townsend and Womack, 1986:363).

Through the consolidation of a shift in ideology, international tourism received full support from the prominent leaders, Deng Xiaoping and Chen Yun. Because the nature of tourism began to shift from politics to economics, both political and economic goals of tourism were upheld in order to achieve the "harvest in both the political and economic terms from tourism". The political goal of tourism was to promote socialist China, to expand and strengthen the international influence of China, while the economic goal was to earn foreign exchange. Deng Xiaoping emphasised that China should devote great efforts to develop tourism and should set a goal of earning foreign exchange (*interview with a senior official, X. A. Wei, in March 1999*). The Chinese government also looked upon tourism in terms of providing benefits of enhancing communication and cultural exchange between China and other countries; linking with the international business community in terms of joint ventures in hotel development; and ties with the international travel industry; and furthering international relations by using tourism as an extension of diplomacy. However, tourism policies and practices before 1986 still put politics before economic gains. Tourism was seen as a mean of

modernisation. Table 4.4 summaries the ideology, external and internal environments and tourism policy changes between 1977 and 1985.

4.2 Episode Three: Ideological Development, and Foreign, Economic and Tourism Policy: Deng's Era and Beyond (1986-2000)

When we examined development in China, we found that in 1986 the CCP resolution at the Sixth Plenum reiterated that "Marxism is the theoretical basis of socialism" and that "we have to depend on Marxism as our guiding theory." In addition, there were a number of important policy announcements, such as the Seventh Five-Year-Plan (1986-1990) which has incorporated tourism for the first time, and the policy of unrestricted movement of foreigners within and directly between open areas made this a milestone year.

For reasons of party unity and political stability, pragmatic reformers reached a compromise with the orthodox hard-liners, who had criticised the reformers and those intellectuals who openly questioned the validity of Marxism, by adopting the party's resolution on culture and ideology at the Sixth Plenum of the Twelfth Central Committee on September 28, 1986. As reported by Beijing Review (6 October 1986), the Party resolution admitted that the economic reforms had produced changes in people's outlook and orientation toward ideology. As a concession to the reformers, the resolution then stated that China must keep its door open and continue the reforms, so long as the Four Basic Principles (socialist road, people's dictatorship, party leadership, and Marxism-Leninism-Mao's thought) were upheld. Second, the resolution condemned the "capitalist ideology and social system ... and ugly and decadent aspects

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Table 4.4: Ideology Traits, External and Internal Environments and Tourism Policy/Impact in China 1977-1985

Year/ Period	Ideology traits	Event	Tourism Policy/Impact/Significance
1978	• Dengism (Socialism with Chinese characteristics)	3rd Plenum of 11th CCP Meeting. Deng Xiaoping emphasised the importance of China's tourism development • Deng met the President of Pan America Airlines, USA	• Different tourism pricing policy • No domestic tourism because it was criticised as a bourgeoisie lifestyle • Domestic tourism disguised in other forms, such as business visits and meeting, VFR • Confirmation of the leadership of Deng Xiaoping and later on his "reform", "open door" policy. Tourism became part of foreign affairs and economic activity • Mentioned the worthiness of developing tourism and acceptance of foreign capital in developing hotels
1979	• Dengism	• Deng met with SGATT leaders • Deng met with State Council leaders	• Stated that the development of tourism aims at increasing revenue • Claiming that tourism can generate income more quickly and provide employment
1983	• A more relaxed Dengism	• CCP issued a study outline on "The Practice of Communism and Education in Communist Ideology"	• Relaxation in political control and domestic tourism grow • Both domestic and outbound tourism began • Chinese nationals started VFR tours to Hong Kong and Macau
1985	• A more relaxed Dengism	• Tourism was incorporated into the Seventh Five-Year-Plan (1986-90).	• Tourism was confirmed as an economic activity rather than a function of politics • Travel agencies allowed to be established by collectives or private citizens

Source: Gartner, 1996:54-56; Asiaweek, 4-10 October 1999, pp.15-16, China National Tourism Administration, and Author

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of capitalism", but on the other hand, encouraged learning from "developing capitalist countries the advanced science, technology, and applicable expertise and economic management."

Nevertheless, the discussion between the orthodox hard-liners and the reformers was mainly focused on the economic aspect. Beijing promoted themes of peace, disarmament, and development in its presentations to international bodies where its participation grew rapidly under Deng's stance. The PRC made application for membership of the General Agreement on Trade and Tariffs (GATT) in 1986. In the 1980s. From 1977 to 1989 the PRC memberships in non-governmental organisations jumped from 71 to 677 (Ming Pao Daily, 4 October 1999).

Tourism, labelled as bourgeois liberalisation agent in the Mao era, was for the first time incorporated into "The Seventh Five-Year-Plan (1986-1990) for Economic and Social Development", as an economic sector. In this period, the CCP was in a serious ideological struggle between supporters of the planned and market economy models. Although the influence of the planned economy ideology diminished, its role was still dominant. The market mechanism was only allowed to develop within the planned economy domain. Tourism, to a large extent, is a demand-oriented activity or demand-led industry. Under the planned economy ideology of China, the demand side of the economy was strictly controlled and restricted by the government through the central master plan. In 1986, in order to further strengthen the role of tourism in China, the Tourism Coordination Committee established within the State Council. Tourism was no longer said to be a form of imperialism.

In 1986, Deng Xiaoping told Mike Wallace of CBS News of the U.S. that "to get rich in a socialist society means prosperity for the entire people and that common prosperity would not lead to polarisation with the rich pitted against the poor." (Beijing Review, 22 December 1986). The compromise on culture and ideology reached between the orthodox hard-liners and the pragmatic reformers was short-lived. In December 1986, once again the pendulum seemed to have swung slightly to the left and the party intensified the campaign against "bourgeois liberalisation" which was now defined as "an idea negating the socialist system in favour of capitalism" (Beijing Review, 19 January 1987). Then on 12th January 1987, a People's Daily commentator lashed out against those who advocated "complete Westernisation" (meaning "learning from Western science, technology, culture, political, ideology, and ethics") and against those who held that socialism had failed in the last thirty years (People's Daily, 12 January 1987).

The pendulum swung again, the CCP presented its new orthodoxy of socialism, in what was called the "theory of the initial stage of socialism", which was given its authoritative expression at the Party's Thirteenth National Congress in 1987. This was supposed to provide a theoretical explanation of the character and tasks of "socialism with Chinese characteristics". Given the explicit ideological basis of the political system, all reform and open door policies required substantial modifications of the ideological framework. Most directly, new policies often required changes in the content of particular official ideological formulations so as to remove obvious inconsistencies (Mackerras, Tanjea and Young, 1993:107-115).

As Zhao Ziyang stated at the Thirteenth National Congress of the Communist Party of China in 1987:

> "Our capacity to earn foreign exchange through export determines, to a great extent, the degree to which we can open to the outside world and affects the scale and pace of domestic economic development. For this reason, bearing in mind the demands of the world market and our own strong points, we should make vigorous efforts to develop export-oriented industries and products that are competitive and can bring quick and high economic returns." (Tisdell and Wen, 1991:55)

As we can see from here, decision-making in China since the mid-1980s had been shifted from total authoritarian nature by an individual to consultative authoritarianism with confrontation between orthodox socialists and pragmatic reformists.

The economic role that tourism was playing does not mean that political factors are irrelevant. Political factors still play a significant role in China's tourism development. Despite deregulation in tourism, the Chinese government has always closely monitored its development and might step in when considered necessary. For instance, accepting tips, contrary to socialist ethics, was rampant for a time among tourist guides and people in the service industry. In August 1987 the CNTA, with the approval of the State Council, issued special regulations to stop the practice of tipping (Zhang, 1989:61).

The improvement of the internal environment contributed to the development of domestic tourism in China. The shift in ideological doctrine to "economic development"

gradually changed the mindset of the Chinese with the pursuit of quality of life, in terms of leisure and tourism, as a right but not evil. Together with increasing disposable income, the structure of consumer spending has changed considerably, introduction of paid holidays, relaxation in political control, and the impact of the growth of international tourism, leisure travel became fashionable among the newly emerged wealthier people and in the prosperous coastal areas. In addition, the private sector began to recognise the market opportunities of domestic tourism as government policies progressively moved to the simultaneous promotion of domestic tourism. This was also facilitated by economic development and foreign involvement, which enabled greater investment in domestic tourism infrastructure. Government policies shifted from favouring the attraction of international tourists to the simultaneous development of both inbound and domestic tourism (Zhang, 1997). To coordinate the growth of inbound and domestic tourism, a special Domestic Travel and Tourism section was set up within CNTA. Domestic tourism came under the supervision of the Policy and Legal Department of CNTA in1987.

Table 4.5 illustrates the total number of domestic tourists and expenditures in China from 1986 to 1999. Domestic tourism has become a key industry of the national economy. China is conscious about domestic tourism because it promoted domestic tourism for economic development by as a means of boosting internal consumption.

Table 4.5: China's Domestic Tourist Trips and Expenditures, 1986-1999

Year	Trips (million)	Change (%)	Expenditures (billion RMB)	Change (%)
1986	270	12.5	10.6	32.5
1987	290	7.4	14.0	32.1
1988	300	3.4	18.7	33.6
1989	240	-20.0	15.0	-19.8
1990	280	16.7	17.0	13.3
1991	300	7.1	20.0	17.6
1992	330	10.0	25.0	25.0
1993	410	9.0	86.4	245.6
1994	520	26.8	102.4	18.5
1995	630	21.1	137.6	34.4
1996	640	1.5	163.8	19.0
1997	643	0.4	211.3	29.0
1998	694	7.9	239.1	13.2
1999	719	3.6	283.1	18

Source: CNTA, The Yearbook of China Tourism Statistics 1993 and 1999; Zhang 1997; Ming Pao Daily, 15 January 2000.

In 1988, the National Tourism Committee replaced the Tourism Coordination Group. In addition, according to Lew (2001), municipalities were allowed to set up tourism bureaux which could sign contracts with foreign tour agencies and issue tourist visas. Foreign involvement in China's hotel sector has undergone a transformation from the initial provision of special purpose government loans to a range of more diversified types of international participation. A large variety of overseas involvement was permitted, e.g. international commercial loans, joint ventures, cooperative operations, sole foreign invested business, and foreign management agreements (Economist Intelligence Unit, 1989; Yu, 1992). Oudiette (1990:123) observed that the vehicle most commonly in use for foreign funds is the joint venture involving the large hotel chains.

With regard to outbound tourism of the Mainland Chinese, the Chinese government opened VFR travel to Singapore, Malaysia and Thailand and border tourism "day trips" to neighbouring countries in 1988. Cross-border day tours in the frontier areas with Russia, Korea, and Mongolia in the north, and to Vietnam, Laos, and Myanmar (Burma) in the south, have been rapidly increasing (Bailey, 1998).

4.2.1 A Swing Back of Political Ideology

Politically, however, there was a shift back from a more "liberal socialism" to orthodox socialism. In 1989, certain powerful leaders, Li Peng who was possibly one of them, decided that in the name of "stability" and the "restoration of law and order," military force would be used to avoid any political instability. The results were devastating to China's economic development; for the threatened leadership responded by retreating from many of China's most progressive policies. Ideological controls were re-instituted in the press, a setback to economic and political reform. Thus, China's "open door" policy became a crucial element in China's developmental strategy. The international reactions of this incident were almost all countries showed their disapproval of the Chinese government's violent crackdown on Beijing's protesters in 1989 by drastically curtailing investment, loans, tourism, scientific exchanges, and official visits. Initial world reaction to the Tiananmen event included a tourism boycott and the withholding of foreign loans and investment from China. For the months July to December 1989, China expected about one million tourists, whose spending would have enriched its treasury by about US$2.2 billion. Only 500,000 tourists visited the country in the last six months of 1989, causing a loss of at least US$1 billion. Most new hotels built by joint ventures in the 1980s suffered low occupancy rates (Wei, 1996).

Nevertheless, despite the economic benefits that international tourism has provided for China, there is concern from some dogmatic Communist Party members and government officials over the role that foreign tourism has in the spread of Western ideology and values in China. For example, following the Tiananmen Square incident in 1989, "China's estimated 620,000 tourism workers underwent compulsory political indoctrination that aimed to cleanse their socialist minds, deepen their love of the Communist Party; and to cultivate their suspicions of foreigners, presumed by paranoid leaders to be bent on sundering communist rule." (Zhang, 1989:61).

In fact, China has not reverted to a closed-door policy after the military suppression. This reflected a political compromise between the orthodox socialist and pragmatic reformists. Since the 1989 Tiananmen Square incident, not only have Deng's "Four Basic Principles" been re-emphasised, but also old slogans laden with heavy ideological content have been revived. In Li Peng's report on the work of the government to the NPC on 20th March 1990, he declared that adherence to the "Four Basic Principles" must be combined with the policies of reform and opening to the outside world. He cautioned that "We oppose the political propositions in contravention of the Constitution put forward by people trying to negate the socialist system in China and leadership by the Chinese Communist Party under the banners of freedom, democracy, and human rights." (Beijing Review, 4-22 April 1990). However, as reported by Beijing Review (1992),

"We are unanimous in the view that the economic structure is one of combining a planned economy with market regulation and we must never go back to the old road of a highly centralised economy." (Jiang Zemin, 6th July 1990)

Foreign policy was always subject to domestic developments in addition to developments abroad. "The foreign policy," as Foreign Minister Qian Qichen publicly proclaimed in 1990, "is the extension of China's domestic policies." (Kim, 1998:15). A review of the literature (Macridis, 1992; Wang, 1995; Zhao, 1996; Kim, 1998) suggests that the overwhelming majority of Chinese foreign policy specialists focus on a variety of domestic factors in the search for a fitting explanatory model. The People's Republic of China is clearly in transition as it moves out of the Maoist heritage and beyond Deng's reformist regime. A challenge therefore faces Beijing as the world's largest population engages the global community so as to increase its security and raise its standard of living, while defining its rightful role in world affairs. In terms of international tourism, according to Lew (2001), most of the restricted areas were in more remote central and western part of China, e.g. Tibet and Xinjing.

4.2.2 Dengism Reverted in 1991

In March 1991, The People's Daily, the CCP's official newspaper, published a thirty-year-old speech by Deng Xiaoping, in which he called for greater attention to improving the daily work of the CCP, the government, and the economy, and less attention to ideological campaign and slogans (Ogden, 1995:75). It seems that the reformists have got the country's development direction in hand again.

Nevertheless, with deepening reforms, rapidly increasing wealth, greater openness to the outside world, with more and more people in China are expressing interest in travel outside the country, control over Chinese outbound tours has been gradually and cautiously relaxed. The major breakthrough in outbound travel came in May 1991, when Chinese nationals were allowed to join leisure tours organised by CTS to Malaysia, Singapore and Thailand.

In February 1992, an editorial in the People's Daily (23 February 1992), boldly called for embracing the elements of capitalism or Western culture for China's use in economic reform. Deng's southern tour in early 1992 gave the green light to the Chinese people to do whatever was necessary to modernise China and not to worry about whether every action could be called socialist. Thus, China again swung away from the ideologically oriented policies of the orthodox socialist leaders (supposedly headed by Li Peng) towards the more pragmatic and liberal policies of the Deng Xiaoping reformers. It is impossible to get the inside stories of the political struggle among leaders except from the indirect clues of known policies.

According to Li Shenzhi (Hong Kong Standard, 12 February 2000), former vice-president of the Chinese Academy of Social Sciences, in 1992 Deng Xiaoping said that "Capitalism is compatible with a market economy, and so is socialism." Deng's theory is still regarded as "the product of the integration of the universal principle of Marxism-Leninism with the practice of the Chinese Second Revolution – economic construction, reform and opening to the outside world." In the fall of 1992, the CCP Congress

included the "tools of capitalism" as "magic weapons" to deepen Deng's economic reform in China.

At the Fourteenth National Party Congress, held in October 1992, Deng's ideas and policies on reform were elevated to the status of a theory: "Comrade Deng Xiaoping is the chief architect of our socialist reform, of the open door policy and of the modernisation programme." It officially termed China's economic system a "socialist market system". Although centralised planning was still important, markets had become increasingly significant in pricing, resource allocation, and the distribution of goods, capital, and personnel (Ogden, 1995:92).

Kim (1998:193-194) summarised the Chinese view on interdependence from early 1991 to late 1992 as follows:

- Interdependence was not only a fact but also indispensable to China's development. Economic cooperation, capitalist investment, international cooperation in production, and sub-national (but official) cooperation were all favoured;

- Interdependence included the international division of labour: internationalisation of production, economic regionalism, linked growth rates, and parallelism in interest rates; and

- Interdependence promoted peace and security by breaking down barriers between economics and national security and by promoting diplomatic cooperation.

The PRC was determined to make certain that incentives for the tourism industry did not mean net losses for the economy as a whole. Further, there was a conviction that because so much of the Chinese economy is deliberately subsidised for reasons of health, safety, and basic transport needs, such artificially low prices need not and should not be passed along to foreigners. Pricing policies were determined by the Chinese government until 1992. The characteristic of the Chinese pricing of tourist products reflects the view that it is not part of a developing country's responsibility to provide benefits to the wealthier people of developed countries, who make up the bulk of the tourism market. In developing tourism based on market mechanisms, pricing policies in the tourism sector set by the government was deregulated and decentralised to individual tourism corporations. As noted by Zhang, Chong and Ap (1999:481), in 1992, tourism corporations were given the right to set their own prices based on the demand from domestic and international tourism markets. The deregulation and decentralisation of tourism pricing indicated the shift from the planned to a market economy. The open door policy to international inbound and outbound tourism manifests a change from using tourism as a political tool to an economic one driven by market forces.

Deng's successor, Jiang, defended the use of market forces and macro-economic tools to invigorate the economy as the correct policy. On 16th June 1992, the CCP Central and State Council announced the policy of accelerating development of tertiary industries. This decision called for raising the growth rate for the tertiary industry above that of the primary and secondary industries, and for the weight of tertiary industry in China's GNP and employment structure to "reach the average level of developing countries."

Document No. 4 of the Communist Party Central established the expanded policy that "areas allowed to make direct use of foreign capital to include finance, trade, commerce, transport, and tourism." Further, "a certain number of cities that have been specifically designated are each authorised to approve one or two retail commercial enterprises invested by foreign banks and foreign capitalists." (People's Daily, 30 June 1992).

Deng's programme of economic reform not only continued but gained ground when the delegates to the National People's Congress gathered in March 1993 to rewrite the 1982 constitution by pledging to "persevere in reform and opening to the outside world," a step which adequately placed into law Deng's reform of building a "socialist market economy." Market socialism is closed to capitalism in nature (Wang, 1994:25).

In 1993, Deng Xiaoping's earlier statements were being reprinted as policy to the effect that both a "planned" economy and a "market" economy can be socialist if they serve socialism, or capitalist if they serve capitalism (Beijing Review, 22 November 1993). According to Lew (2001), South Korea lifted ban on its citizens travelling to China was a result of the diplomatic talks between two governments in 1993.

The Chinese central government continued to stress the importance of tourism as an important service industry which was seen to require less investment, yet have quicker results, better efficiency, larger employment potential, and a greater potential to improve people's livelihood than many other tertiary service sectors. Inbound tourism was no longer used as a means to publicise socialist China to the outside world. The development of tourism was made a key industrial policy for the development of China,

placing economic contribution first, as opposed to the political emphasis of years past (Lew and Yu, 1995:8-9). The main function of tourism is to increase foreign exchange earnings, improve international balance of payments and job creation. One of the aspects of opening up has supplemented China's hard currency income and thus its import purchasing capacity. Tourism had become one of the top three foreign exchange earners together with foreign trade and export of labour. The focus of the tourism industry is on international tourism. There were more than three million directly employed in tourism and 15-17 million indirectly employed in tourism (Ta Kung Pao Daily, 16 August 1999). Under modernisation theory, tourism is seen as a generator of employment. The tourism industry continues to play its part in the reform as a window and field of experiment to overseas and local investors.

The development of tourism exerts positive influences on China's socialist system. If foreign visitors do not go to China, China's reform and open door policy would experience considerable difficulties. The Chinese people did not know they lagged behind the world until they received foreign visitors (*interview with a senior Chinese official, X. A. Wei*). Domestic and outbound tourism can help the development of "socialised behaviour" in China. Tourism has played an important role in helping Chinese people change their mindset, arouse awareness of reform, and result in the creation of sound investment environment. Ideology and international tourism are interactive, and the more a country opens to the world, the more the people in the country travel and this process goes on and on. This suggestion is very much in line with modernisation theory that proposes that culture blocks development, but if barriers are removed or minimise, growth can occur.

The currency restriction policy of "Foreign Exchange Certificate" mentioned earlier was abandoned in 1994 because of the relaxation of pricing policy and the confusion it caused (Chong and Ap, 1999). In the same year, all tourism enterprises were operating in a market economy environment (Zhang, Chong and Ap (1999:481). According to the CNTA, tourism has become the industry with the highest proportion of foreign investment. As released by HKTDC (1996), at the end of April 1994, foreign companies have invested over US$10 billion (while the total foreign investment in China was US$76.6 billion) in China's hotels, tourist amusement and entertainment, restaurants and food services. By 1996, 53.3 per cent of the total investment in tourism came directly from foreign capital, if one includes the planned foreign capital usage target, this figure will be as high as 72.9 per cent, the highest among all the industries in China. These show that the tourism sector has attracted from far and wide, the greater part of the foreign funds invested in China.

Foreign-affiliated enterprises in China are commonly called "three capital enterprises." The "three" denotes (1) Chinese-foreign joint ventures, (2) Chinese-foreign contractual joint ventures, and (3) 100 percent foreign capital enterprises. Nevertheless, joint venture is a common management device for private companies to engage with public organisations in tourism projects. The private companies invest in the projects, but also provide the management skills needed in the development, marketing and operation of the joint venture (Elliott, 1997:195-196).

Foreign involvement also included foreign loans, according to Kim (1998:6), China is the world's largest recipient of multilateral aid from the World Bank and the Asian Development Bank (ADB) and of bilateral aid from Japan. And in 1996 China was the second-largest recipient (after the U.S.) of foreign direct investment (FDI), about US$42 billion, accounting for a third of all foreign-investment flow to the developing countries. FDI were invested in different sectors, one of them was in hotel sector in China.

Hotels in China proved to be extremely lucrative investments for foreign capital since they combined high demand, low building costs and cheap labour, with the ease of repatriating profits. As a result, of the 5,201 hotels and 701,736 rooms available for tourists at the end of 1997, 734 hotels with 178,278 rooms were with some form of foreign involvement including Hong Kong, Macau and Taiwan investments. This means that 25.4 per cent of all hotel rooms in China have an element of overseas investment (Table 4.6). The percentage of foreign invested hotel rooms in 1997 has declined when compared to the figures of 1992 accounting for 28.5%. This does not mean that foreign investors withdrew, instead the growth rate of internal sources of funding for hotel investment increased substantially. It is not difficult to note that state-owned hotels have the largest number of rooms as well as greater losses. Stock, foreign-investment, and Hong Kong, Macau, and Taiwanese invested hotels were the only groups showing net gains.

Table 4.6: Breakdown of Hotels by Type of Investment 1997

Economic Type	No. of Hotels	No. of Rooms	Room Occupancy (%)	Total Revenue (0000 RMB)	Profit (0000 RMB)
State-Owned	3343	421,800	52.43	3,691,317.86	-58,855.83
Collective	726	59,821	50.24	449,243.65	-44,073.57
Private	97	6,265	50.11	66,270.00	-9,243.57
Alliance[1]	78	9,142	50.86	107,481.42	-10,202.91
Stock[2]	223	26,430	54.05	296,096.90	4,562.09
Foreign-Invested	464	83,860	58.12	2,115,284.01	127,752.37
Hong Kong, Macau, Taiwan Invested	270	94,418	59.57	1,397,898.02	71,459.60
Total	5,201	701,736	53.78	8,123,591.86	81,398.18

(1) Alliance hotels refer to allied local enterprises ventures
(2) Stock hotels refer to those hotel companies, which are available on the stock market in China
Source: CNTA, The Yearbook of China Tourism Statistics, 1998

Many well-known hotel chains, such as the Sheraton, Hilton, Holiday Inn and Shangri-La, have joined in the management of hotels in China. In order to reduce the foreign dominance and high management costs in hotel operations, domestic hotel management companies are encouraged by the CNTA. The 16 domestic hotel management companies that have emerged since 1984, such as Jinjiang in Shanghai, Jirlin in Nanjing and the White Swan in Guangzhou, have already developed Chinese-style international hotel management systems and offered management services to other hotels, hoping to develop Chinese hotel chains. In hotels managed by foreign companies and along with the maturing of Chinese personnel, the number of foreign employees has been decreasing in an effort to reduce costs and foreign exchange leakage (Wei, 1996).

Before 1992, foreign investment was only permitted in the hotel sector and with a more

open "economic reform policy", travel agency and aviation operators' restrictions were relaxed (Zhang, Chong and Ap, 1999:481). By 1997, an open, multi-channelled tourist operating system came into being with a dozen national key tour operators and some 4,986 travel agencies (Table 4.7).

Table 4.7: Number of Travel Agencies in China 1996-1997

Year	International	Domestic	Total
1996	977	3,275	4,252
1997	991	3,995	4,986

Source: CNTA The Yearbook of China Tourism Statistics, 1998

The "Joint-Venture of Travel Agencies Pilot Test" was announced in December 1998. However, the joint venture agencies are not allowed to organise outbound tours. Each province, region or city can have one such agency (Ming Pao Daily, 3 February 1999). The pilot scheme does not allow foreign investors to acquire a controlling stake in joint venture projects i.e. 50% (HKTDC, 1996:15). This may be taken as an indication that the Chinese government is not yet ready to open the tourism industry on a full scale at this stage. The approval of joint venture travel agencies is an important symbol of further deepening of reform in China's tourism industry. A senior Chinese official Q. H. Xiao (*interviewed in March 1999*) also believed that every sector of tourism should draw foreign investment and not only through joint venture but also exclusive foreign fund ownership as well. The goal of allowing foreign funds is to improve the service and to develop the tourism industry in a competitive environment.

Vice-premier Qian Qichen indicated that in the strategic adjustment of the national economy tourism, would be used as a national economy growth point. He emphasised

the importance of speeding up the opening of tourism industry to the outside world such as increasing the number of joint venture travel agencies. On the one hand, China has to develop international reputable travel agencies, which can organise more international inbound tourists to the Mainland. On the other hand, China has to encourage and support sizeable Chinese travel agencies to set up joint venture travel businesses in other countries (Ta Kung Pao Daily, 18 January 2000). The notion of globalisation is clear in that cross-border transaction and collaborations between businesses, countries, and regions of the world economy occur as discussed in Section 2.3.2.4.

With regard to outbound tourism, in mid-1997, the tourism bureau finally changed the rules, allowing people to pay for their holidays themselves. Following intensive lobbying and public relations activity by the receiving countries, over a three-year period, Australia, South Korea and New Zealand were added to the destination list in 1998 (Bailey, 1998:22). Table 4.8 depicts the list of approved destinations for Chinese tourists.

Table 4.8: Official Approved Destinations for Chinese Tourists

Destination	Year approved
Hong Kong	1990
Macau	1990
Malaysia	1990
Singapore	1990
Thailand	1990
The Philippines	1992
Australia	1997
New Zealand	1998
South Korea	1998
Japan	1999

Source: Outward Bound, Far Eastern Economic Review, March 26, 1998:66-67; Sing Po Daily, A2, 6 February 1999; and Ming Pao Daily, 4 August 1999.

Outbound travel from China is categorised into several types, which differ from international norms and are closely related to the type of passport used for travel. Although Chinese nationals have long been able to join tours to overseas destinations, the tours were defined as business trips or business-study trips. Many such tours have a leisure content, and some itineraries are almost dominated by leisure activities with only one or two afternoons for business purposes. The purpose or gimmick of using the titles of business or business-study trips is to downplay the element of "leisure" which is believed to be bourgeois in nature that is not in line with socialist belief. According to Bailey (1998:21-22), there are four types of travel in China:

1. Self-funded travel. Officially, "self-funded" international travel should be paid for by relatives of travellers in overseas countries, and not by the travellers themselves. This method is now hardly used, and effectively it no longer exists;

2. Visiting-relatives travel. Although overseas travel is permitted for those visiting their relatives, the share of those whose trips are actually paid for by their relatives has been small (probably less than 5%);

3. Private travel. International travel for leisure from China is allowed only to a handful of designated destinations, or rather the lack of adherence to regulations, for self-funded travel has opened up new opportunities; and

4. Official/Business travel. Official/Business travel has existed since the PRC of China was founded in 1949, although there were few travellers in those early days.

Growth in outbound international travel from China expanded rapidly since the late 1980s when the government first allowed international leisure travel to a handful of Asian countries. Since then, outbound travel volume has continued to expand impressively, with the exception of 1994 when a clampdown on corruption curtailed international travel for a brief period.

In 1998, the total number of Chinese outbound travellers was 8.4 million (0.7% of the 1.2 billion total population), up 57.8% over the previous year, of which 3.5 million were self-financed travellers (Table 4.9). Along with the development of the economy, the improvement in living standards, the border trade boom and the relaxation of outbound travel formalities, travelling abroad is becoming a new trend and outbound tourism is developing rapidly. According to a survey in 1998, youth in China ranked tourism as their second preferred leisure activity, just behind reading (Sing Po Daily, 19 December 1998:A12). People in some cities will switch from basic consumption items, such as, food and television sets, to "leisure" or "enjoyment" types of consumption products including tourist products (Sing Po Daily, 27 September 1999).

Table 4.9: Citizen Departures from China, 1990-1998

Year	Total* ('000)	Annual change (%)
1990	620.0	24.0
1991	2,134.2	244.2
1992	2,929.7	37.3
1993	3,740.0	27.7
1994	3,733.6	-0.2
1995	4,520.0	21.1
1996	5,061.0	12.0
1997	5,320.0	5.1
1998	8,400.0	57.8

* Includes travel to Hong Kong and Macau
Source: China National Tourism Administration 1999

Politically, the Chinese government prevented its citizens travelling overseas; it was worried that some outbound travellers would not return to China, hence negatively affecting the diplomatic relationships between China and other countries. However, China was wary of encouraging international travel by its citizens. The government retained the communist philosophy that it should control the movements of its citizens, and should also restrict their spending to the purchase of goods and services that directly benefit the motherland. This attitude may even have strengthened over the past few years as China has begun to understand the world's desire to attract visitors from China, indicating that China has a valuable asset in its potential outbound market (Bailey, 1998:38-39). Travel abroad from China has now become the right of the Chinese people.

China has a lot of potential in outbound tourism. Less than 3% of Chinese citizens hold a personal passport (Sing Tao Daily, 23 April 1999), however, with the development of tourism, this percentage is definitely growing. Mr. Francesco Frangialli, World Tourism Organization Secretary-General stated that "China will become a very important tourist generating market during the next twenty years" (South China Morning Post, 2 September 1999). It is now much easier to obtain a 5-year private passport provided an individual submits a personal bank account statement of US$4,000 deposit to the passport issue department (Hong Kong Commercial Daily, 30 August 1999). There is an expectation that the realisation of free exchange of RMB will be in 2010, according to Ming Pao Daily (25 May 1999), which will definitely help international tourism development.

Xu (1999) who analysed the socio-economic impact of the recent tourism boom in three tourism areas, that is, Guilin, Suzhou and Beidaihe, revealed that domestic tourism is more important to local economic development than is international tourism in China. Nevertheless, domestic tourism in China is still at an early stage with about 57% of the population involved but with low spending levels.

With regard to the tourism administration in China, the State Council is responsible to both the CCP and National People's Congress (NPC) and it implements the decisions made by the CCP and laws enacted by the NPC. The leaders in China comprise both the CCP leader and state leader. The CCP leaders are the General Secretary, and standing members and members of the Political Bureau. The state leaders include the President of China, Chairman and Vice Chairman of NPC, Premier, Vice Premiers and State Councillors. Vice-Premier or State Councillor is responsible for tourism issues. CNTA also changed its goals and functions from running tourism as purely a political vehicle to an economic activity for China's development. Figure 4.1 shows the structure of the State Council and the related departments. From this we can see CNTA and CAAC are still under the direct administration of the State Council.

Figure 4.1: State Council Structure in 1999

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                              ┌─────────────────┐
                              │  State Council  │
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| Ministries and Commission | Offices | Agencies directly under the Administration of State Council | State Council Office | Enterprises directly under the Administration of State Council |

Ministries and Commission
- The Ministry of Foreign Affairs
- State of Economic & Trade Commission
- State of Economic & Structure Reform Commission
- State of Education Commission
- Ministry of Public Security
- Ministry of State Security
- Ministry of Finance
- Ministry of Personnel
- Ministry of Labour
- Ministry of Construction
- Ministry of Railway
- Ministry of Communication
- Ministry of Foreign Trade & Economic Cooperation
- Ministry of Culture
- The People's Bank of China

Offices
- State Council of Foreign Affairs Office
- State Council of HK & Macau Affairs Office
- State Council of Special Economic Zone Affairs Office

Enterprises directly under the Administration of State Council
- Xinhua News Agency
- Chinese Academy of Social Sciences

Agencies directly under the Administration of State Council
- National Bureau of Statistics
- State Administration for Industry and Commerce
- China National Tourism Administration
- Civil Aviation Administration of China

Table 4.10 shows a summary of the evolution of national level tourism administration and management policy in China from 1986 to 2000. The departments overseeing spiritual civilisation and tourist culture had been closed in 1998 (Oriental Daily, 28 July 1998). The scrapping of the CNTA departments looking after spiritual civilisation and tourist culture, which was very important to socialist Chinese, indicates that the ideological issue of "socialism" is no longer as important as before. It is now possible to say the contradiction between tourism and socialism in China is no longer a big issue.

Table 4.10: Evolution of Tourism Administration and Management Policy in China (1986-2000)

Year	Event(s)
1986	Tourism Coordination Committee established within the State Council.
1987	Domestic travel and tourism section was set up within CNTA.
1988	The National Tourism Committee replaced the Tourism Coordination Group. Municipalities were allow to set up tourism bureaux to handle foreign tourists. Tourist hotel star-rating began.
1998	CNTA downsized from 10 to 6 departments. The departments overseeing spiritual civilisation and tourist cultural have been closed.

Sources: Asia Travel Trade, April 1986; China National Tourism Administration; Choy and Can, 1988, Lew, 2001, and Author

4.2.3 Jiang's Era

Deng Xiaoping deemed modernisation to be China's chief national goal. In his later years, one may notice, Deng often used the word development as a substitute for modernisation. In this sense, modernisation and development are interchangeable. Under Deng's leadership, China has undergone a series of profound domestic economic and political reforms that have pushed Beijing's foreign policy to become more open to the international community. Jiang vowed not to go back to a highly centralised, planned economy. Jiang Zemin's era was confirmed after the decease of Deng in 1997. However, Jiang's era can be seen as a continuation of Deng's ideology and somehow further to the right of the ideological continuum. China did not copy political models practised by Western capitalist countries. Li Peng, the NPC Chairman said, "To develop socialist politics with Chinese characteristics means that we will, under the leadership of the Chinese Communist Party, practise rule-by-law and develop socialist democracy on the basis that our people are the masters of the country." (Kwan, 1998).

Jiang Zemin's speech marking 20 years of reform showed clearly that the leadership is eschewing radical or "Westernised" methods in economic or political reform. In his address, Mr. Jiang repeated the standard line that Deng Xiaoping's reforms would be upheld for at least 100 years. However, the Party General Secretary echoed the views of conservatives, such as Li Peng, that reform must not jeopardise political stability, the leadership's code words for one-party dictatorship (Lam, 1998).

CCP documents refer to Jiang Zemin as the core of the third generation of the CCP leadership. But Jiang's authority is clearly less than Deng's was. He is likely to be even

more consensually oriented than Deng. Fan Gang, the Director of the National Economic Research Institute, indicated the mainland's political decision-making is now far more complex than was generally recognised. Rather than a small group at the top making decision without any consultation, large numbers of interest groups are involved in policymaking (South China Morning Post, 28 September 1999). Interest groups here refer to different camps of leaders, cadres, benefit holders, central think tank (Chinese Academy of Social Science).

Delegates to the NPC on 9th March 1999 discussed upgrading the status of the private sector and a new contract law, but insisted such changes did not threaten socialism. Tian Jiyun, a vice-chairman of the NPC Standing Committee read "In the primary stage of socialism, the state upholds the basic economic system under which public ownership is dominant and diverse forms of ownership exist side by side." (O'Neill, 1999).

Although the bombing of the PRC embassy in Belgrade, Yugoslavia, on 7th May 1999 stifled the relationship between China and the U.S., the Chinese government reiterated that the overseas visitors would be protected (Hong Kong Economic Journal, 12 May 1999). According to the South China Morning Post (14 May 1999), "The safety for citizens of North Atlantic Treaty Organisation (NATO) nations, including the U.S., to travel to China is completely guaranteed," and "Their normal travel activities will not be affected at all." quoted a CNTA spokesman in the People's Daily. International inbound tourism is still considered as an important economic sector in China's development that international affairs may not restrict it.

China nowadays still has the tourist zoning system, however, there are few areas listed under the closed categories, such as military restricted zones. In 1999 there were more than 1,400 cities and regions open to travel and tourism (Ming Pao Daily, 18 September 1999). Beijing introduced new restrictions on foreigner travel to Tibet during the region's anniversary in 1999. Foreign visitors, including those from Hong Kong, must take organised tours comprising a minimum of six people and have a permit or approval letter from the Tibet Tourism Bureau. They are required to be "escorted" at all times by an officially approved tour guide (Hong Kong Standard, 31 March 1999). It is worth noting that tourism might give way to what the leaders believed is a sensitive political issue. In the first seven months of 1999, more than 25,000 foreign visitors travelled to Tibet, i.e. a 30.9% increase. The Lhasa Government considers tourism a key to improving the economy, however tight restrictions keep tourists away (South China Morning Post, 19 July 1999). The Lhasa Government is thinking of relaxing the restrictions to boost tourism in Tibet (Ta Kung Pao Daily, 4 August 1999).

The Chinese government still wants to control certain issues that they believe to work against the national interest, but not necessary against socialism. The regulation to stop the practice of tipping was first declared in 1987 was reiterated in 1999 by means of "Tour Guide Management Ordinance" signed by Premier Zhu Ronji. In addition, tour guides are expected to protect the interests of the country and esteem of the nation (Hong Kong Commercial Daily, 23 May 1999). CNTA later on announced the new "Tour Guiding Personnel Management Ordinance" was effective on 14th October 1999 (Ming Pao Daily, 24 September 1999). It is also interesting to note that the first "casino" was opened on a trial basis in "Huangshan" City in February 1999 (Ming Pao

Daily, 25 July 1999). This is a sign of the further opening of China and may be seen as following the Western line proposed in Section 2.3.2.2.

✳ A tourism policy was promulgated in the national economic working conference in 1999. Premier Zhu Rongji pointed out that China should take tourism as one of the new economic growth areas (*interviewed with a senior Chinese official, Q. H. Xiao in March 1999*). In 1999, China received over 72.79 million visitor arrivals, that is, 18.6 % above the same period in1998. The growth has brought in revenues of US$6.9 billion (Table 4.11), which is an increase of 16.4% (Ming Pao Daily, 15 January 2000).

Table 4.11: Annual Visitor Arrivals and International Tourism Receipts 1986-1999

Year	Total	Foreigners	Overseas Chinese	Compatriots	Taiwan	Receipts (Mn. US$)	Growth (%)
1986	22,819,45	1,482,27	68,133	21,269,04	**	1530.85	22.50
1987	26,902,26	1,727,82	87,031	25,087,41	**	1861.51	21.60
1988	31,694,80	1,842,20	79,348	29,773,25	437,700	2246.83	20.70
1989	24,501,39	1,460,97	68,556	22,971,86	541,000	1860.48	-17.20
1990	27,461,82	1,747,31	91,090	25,623,41	948,000	2217.58	19.20
1991	33,349,75	2,710,10	133,427	30,506,22	946,632	1844.97	28.30
1992	38,114,94	4,006,42	165,077	33,943,44	1,317,770	3946.87	38.70
1993	41,526,94	4,655,85	166,182	36,704,90	1,526,969	4683.17	18.70
1994	43,684,45	5,182,06	115,245	38,387,15	1,390,215	7322.81	***
1995	46,386,51	5,886,71	115,818	40,383,97	1,532,309	8732.77	19.25
1996	51,127,51	6,744,33	154,601	44,228,58	1,733,897	10200.46	16.81
1997	57,587,92	7,428,00	99,004	50,060,91	2,117,576	12074.14	18.37
1998	63,478,40	7,107,70	120,700	56,250,00	2,174,600	12602.00	4.4
1999	72,790,00	N.A	N.A.	N.A	N.A.	14100.00	11.9

*Compatriots from Hong Kong, Macau and Taiwan Province.
** Taiwanese were not allowed to visit Mainland China before 1988.
***Because of the reform in the foreign currency control system, the method of calculating tourism receipts in 1994 has also been adjusted and the international standard is adopted. It is not appropriate to make simple comparison with the figures of previous years.
Source: CNTA, The Yearbook of China Tourism Statistics, 1998; Ming Pao Daily, 15 January 2000

China still wants to run an open economy in a relatively modest way rather than have drastic changes of the Western style. Jiang Zemin and the party's flagship newspaper issued a strong call for a return to socialist ideology in the marking of the 78th Anniversary of the Communist Party's founding. He reiterated that turning state firms into shareholding companies does not mean that China is carrying out full-blown privatisation which was criticised by the champions of China's previous centrally planned economy and conservative wings of the Communist Party as capitalist-style remedies (Hong Kong Standard, 2 July 1999).

Zhang Xiaoqiang, Director of the Department of Foreign Capital Utilisation of the State Development Planning Commission (SDPC), indicated that China would open more sectors to foreign investment and gradually ease investment restrictions in certain sectors, including telecommunications and insurance. The Chinese Government will adopt favourable, active and effective policies for utilising foreign capital. About 10 major infrastructure and other projects would be launched in 2000 to develop the lagging Western hinterland. Six of the projects involve infrastructure, two railway lines, highways, airports, a light railway in Chongqing city and a natural gas pipeline from the region of Qinghai to the city of Lanzhou (South China Morning Post, 19 May 2000). These are examples of utilising foreign investment to narrow the gap between the developed coastal areas and the less developed inland areas.

Xinhua News Agency quoted a senior official from the State Council's Developing the West Office as saying that local policies and regulations that had "not lived up to market mechanisms" had been scrapped to make way for faster development. Mainland

leaders hope that speeding up development in the impoverished Western part of China, where the widening income gap between booming coastal regions and restive ethnic minorities could cause rural unrest, will help maintain social stability. Foreigners were invited to invest in a wide range of projects including transport, urban construction, environmental protection, tourism and real estate. Authorities promised to gradually ease investment restrictions in sectors including telecommunications and tourism (Chan, 2000b). As reported from Han (2000), China will issue 1.2 billion RMB in tourism bonds to support the construction of tourism infrastructure facilities in the western region, the People's Daily reported in August 2000.

As stated by the Vice-Director of Guizhou Provincial National Tourism Administration in June 2000, foreign involvement in Guizhou Province, one of the poorest provinces in China, has been given "special policy" status in the area of tourism development. Guizhou will be allowed to introduce joint venture travel agencies. Foreign investors can hold up to 50%. At present, Guangzhou City is the only area in China allowed to have joint venture in the travel agency sector (Ming Pao Daily, 1 June 2000).

Other than the hotel and travel agency sectors, foreign investors may apply for permission to develop and operate tourist facilities at the eleven national standard tourist resorts, including Dalian, Qingdao, Suzhou, Wuxi, Shanghai, Hangzhou, Fujian, Guangzhou, Beihai, Kunming and Sanya. There is also foreign company investment in transportation, e.g. the Hong Kong entrepreneur, Sun Hung Ki, will invest in the helicopter service in Ganshu Province (19 September 2000, Ta Kung Pao); scenic spot construction. e.g. theme parks in Shenzhen and Zhongshan; tourist amusement and

entertainment, e.g. bowling alley, disco and nightclubs; and restaurants and food services, e.g. Starbucks Coffee, Kentucky Fried Chicken, McDonald's. A certain relaxation of attitudes to private enterprise and foreign involvement in the Chinese economy, combined with an economic boom which China has been experiencing have supported the rapid development of a strong tourism infrastructure and industry. Undoubtedly, tourism is now an important area of foreign involvement and investment in China. The 1999 Fuzhou International Tourism Trade Fair has attracted 12 trade agreements with more than US$45 million investment (Ta Kung Pao Daily, 26 May 1999). Another breakthrough is the first international capital duty-free shop opened in the new international Shanghai airport in September 1999 (Ming Pao Daily, 31 March 1999).

Nevertheless, corporate joint ventures, greater interaction between China and other countries, more competition within the private sector and the liberalisation of aviation can be the driving forces that deserve the utmost attention of the government of the People's Republic of China to overcome the barriers to international tourism. According to Yang Yuanyuan, Vice-Minister of the Civil Aviation Administration of China (CAAC), there are six national airlines and 28 smaller ones owned by local governments or state-owned enterprises. Airline consolidation will be carried out because the industry feels the "pressure of globalisation". Presently, a foreign company can hold up to 35 per cent of stake in a Chinese airline. As China's accession into the WTO looms, that will be increased. Yang indicated the target is to increase this up to 49 per cent (Tam, 2000). Beijing is speeding up the drafting of regulations governing foreign equity investment in its aviation industry. The Hong Kong Commercial Daily

(29 August 2000) cited sources as saying details of the relaxation would be announced this year and that foreign ownership in airports and airlines would be raised from about 35 per cent to probably 49 per cent. Analysts indicated foreigners might even take controlling stakes in some airports. The proposal could give domestic aviation companies desperate for capital more funding avenues as they face growing competition. China Eastern Airlines and China Southern Airlines are listed on the Hong Kong and New York stock exchange markets. The Beijing Capital International Airport was on Hong Kong's main stock exchange board in February 2000. Foreigners bought about 35 per cent of he airport in the float.

Mainland tourism authorities unveiled the first batch of projects to attract foreign and domestic investors, Xinhua News (11 September 2000) reported. The State Administration of Tourism and the State Planning and Development Commission jointly launched 77 tourism projects for private investment at the Symposium on China Tourism Opportunities and Policies during the fourth China Investment Trade Fair.

As reported by the South China Morning Post (11 September 2000), the mainland is to allow foreign investors to hold a controlling stake of up to 65 per cent in some joint venture retailers. "China will gradually allow foreign partners to take a controlling stake if they manage less than three retail stores," according to a report in the Shanghai Morning Post quoting Huang Hai, chief economist of the State Internal Trade Bureau. Industry sources estimate there are about 50 retail joint ventures in the mainland authorised by the central government and more than 200 smaller ventures approved by provincial authorities. It is obvious that with the heavy foreign involvement and

investment in China, together with the Chinese dependence on it, interdependence in many aspect is the phenomenon of the contemporary global system.

Some gestures of emphasis on one-party rule and the persistence of socialism, and a major revamp of the economic structure and some minor political structure were undertaken. Jiang has set "political resoluteness" and "global perspective" as the key criteria for the next generation of mainland leaders. He further emphasised that "We must liberate our thoughts, discard old-fashioned attitudes that emphasise choosing someone senior in the party or stressing the need to take care of a certain interest group." Jiang added that "broad-minded leaders embracing a global perspective, ideological resoluteness as well as the might to solve sticky problems in a practical way and who were capable of running party and the country were what the country really needed." (Chan, 2000a).

Speaking at a June 2000 globalisation conference, Zhu Ronji indicated that China would join economic globalisation with an even more enthusiastic attitude and in even broader arenas (Lam, 2000c). According to Lam (2000d), a group of Zhu Rongji watchers have credited the Premier of being a neo-authoritarian leader. Since the spring 2000, Zhu has adopted a three-pronged plan to boost productivity in the face of global competition. Mergers and acquisitions were aimed at creating world-class conglomerates that can take on multinationals. So far, these have involved a wide range of sectors, from automobiles and airlines to stock brokers and beer factories. Second, the role of the stock market will be boosted to facilitate the absorption of domestic and foreign funds. The third and most important point is to restructure State-owned-

enterprises (SOEs), most of which will have non-state shareholders, including private businessmen and foreign companies, to be run along international lines and which must abide by marketplace rules. Analysts have cited the following examples to illustrate Zhu's determination to free up the economy. The State Council chastised nine TV companies for fixing prices, saying this was anti-market behaviour. It announced that state insurance companies, long known for their inefficiency and resistance to change, must also undergo the shareholding experiment.

Tao (2000) suggested that China's economy is largely driven by private consumption. Consumers are using two hands to carry shopping bags from department stores again. Tourism is booming. Mobile telephone subscriptions are surging. The extended holidays (there were three two-week holidays granted to the public since October 1999) drove people to the shopping malls and tourist locations, resulting in greater spending. It seems to show that increasing paid holidays is more effective in inducing consumption and eliminating over-capacity than building freeways.

In the beginning with the development of tourism, the Chinese government had some clear political objectives, but not economic objectives for international tourism. Mao Zedong had less intention to use tourism as a tool to project a favourable image of the host country to the outside world. Tourism was considered as a part of foreign affairs and a diplomatic activity. The economic benefits derived from tourism was insignificant since those foreign travellers to China did not pay the full expenses of their trips. China's tourism since 1978 began to change. The economic roles and functions of Chinese tourism can be summarised as follows:

- A fundamental change in the functions of tourism - a change from political aims in the past to a new national economic sector. A means of gaining hard currency and improving balance of payments through admitting much larger numbers of international and regional tourists;

- Tourism became a definite section of economic policy. After 1988, international inbound tourism was in a strong economic position. In 1999, Premier Zhu Rongji pointed out that China should take tourism as one of the new economic growth points;

- An integral part of economic restructuring, with the freeing of service industries through privatisation, exposure to national and international market forces, Western MNCs' expansion within the region's tourism industry, and through the elimination of centralisation/subsidy and bureaucratisation. The policy of the separation of China Travel Service from government organisation is an example of this type of change; and

- As a complement to commercial development through the growth of business tourism, reflecting the region - entry/return into the essentially capitalist world economic system. In 2000, the agreements for free trade between China and the U.S. and with other countries, are the prerequisites of entering the World Trade Organisation (will be further discussed in Chapter Five).

Figure 4.2 summarises the inbound, domestic and outbound tourism development from 1949 to the present. Comparison can be made to identify the pattern of development of the different tourism modes.
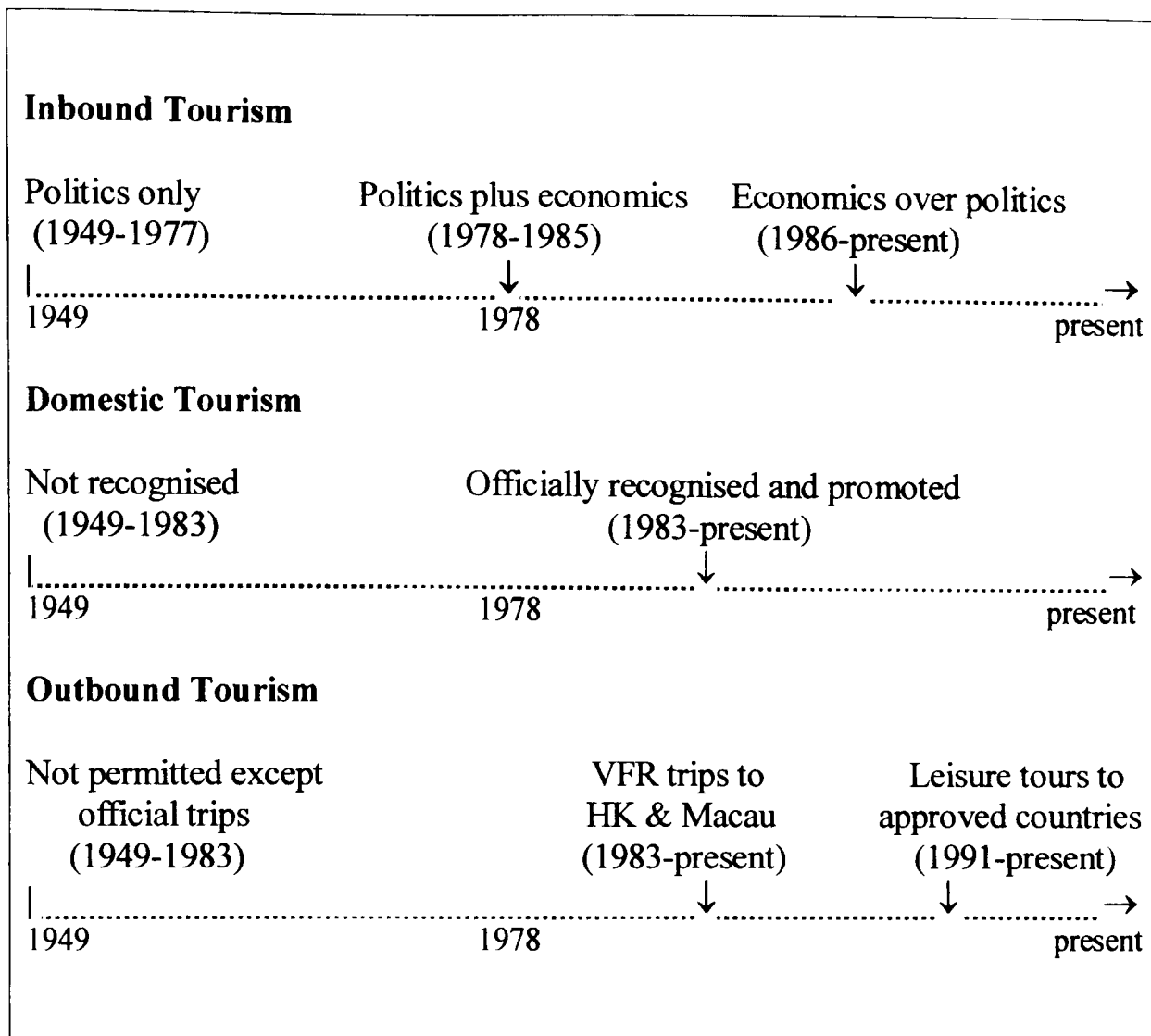
Inbound Tourism

Politics only	Politics plus economics	Economics over politics
(1949-1977)	(1978-1985)	(1986-present)

|...↓...................................↓.........................→
1949   1978   present

Domestic Tourism

Not recognised   Officially recognised and promoted
  (1949-1983)   (1983-present)

|...↓.................................→
1949   1978   present

Outbound Tourism

Not permitted except	VFR trips to	Leisure tours to
official trips	HK & Macau	approved countries
(1949-1983)	(1983-present)	(1991-present)

|..↓........................↓................→
1949   1978   present

Figure 4.2: The Continuum of Tourism Development of the PRC. 1949-Present

It is important to note that Deng had advocated the line of "profit-in-command", rather than Mao's dictum of "politics-in-command". Deng Xiaoping's pragmatic reform measures over the period of 1978-97 have been collectively named the "Theory of Deng" or "Dengism." Basically, this is a collection of Deng's remarks concerning the building of socialism with Chinese characteristics that include market-style reforms and an open door to foreign investment. After Mao, Deng's pragmatic interpretation of socialism was based on a rigourous interpretation of capital, e.g. to include joint venture, compatriot capital, foreign capital, and domestic capital was forerunner of the "socialist market economy". Deng emphasised international markets, and expertise as pre-cursor of development.

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Although there are multi-economic elements of individual, private, joint venture, Sino-foreign cooperative and wholly-foreign-owned enterprises, the socialist tourism industry is based on the public ownership of production materials. They are both necessary and beneficial to the public. Competition between tourism enterprises is allowed to improve service quality and achieve economic gains. However, the system China has is a planned commodity economy under "macro-adjustment". Tourism as a part of the economy was incorporated in to national economic planning so as to achieve balanced development. An examination of foreign investment and involvement demonstrates that the shift of ideology towards the Right greatly affected economic policy to favour of foreign involvement and in particular, tourism development.

With the development of the national economy and the improvement of people's living standards, domestic and outbound tourism developed vigorously. This marks the end of "one-legged" tourism, that is the development of international inbound tourism only. Relaxation towards tourism policy was because of economic considerations rather than political considerations. It is also noted the "ripple effects" from domestic tourism to intra-regional outbound tourism to Hong Kong and Macau, and the international outbound tourism development from China. Table 4.12 summarises the ideology, external and then inter-international environments, and tourism policy changes from 1986 to 2000.

Table 4.12: Ideology Traits, External and Internal Environments and Tourism Policy/Impact in China 1986-2000

Year/ Period	Ideology traits	Event	Tourism Policy/Impact/Significance
1986	• A more relaxed Dengism	• First time the State Council put tourism planning into the national economic development track. • Central government declared tourism as a direct means to earn foreign exchange for modernisation	• Change in attitude towards tourism • The nature of tourism shifted from politics and economics to economics • Tourism development based on economic considerations • Tourism was considered as economic sector and not political means. • Enactment of law that the unrestricted movement of foreigners within and directly between open areas is allowed.
1987	• A more relaxed Dengism	• Taiwanese government lifted two bans on its citizens travelling to Mainland China	• Taiwanese started to flock to Mainland China for VFR and sightseeing
1989	• Dengism and Orthodox hardline socialism	• Tiananmen Square democracy demonstrations trigger Beijing's suppression; PRC suffers widespread condemnation and sanctions • Demise of socialism in the USSR and Eastern Europe	• Shift back to socialism because of the political struggle among leaders • Tightened control on cultural and social activities. • Inbound tourism was badly affected because of the negative image of the Chinese government along with the opposition from the West and perceived instability in China
1990	• A more relaxed Dengism	• Malaysian government lifted restrictions on its nationals travelling to China	• Malaysians started to travel to China. Before the Malaysian government held views against communist countries.

Table 4.12: Ideology Traits, External and Internal Environments and Tourism Policy/Impact in China 1986-2000 (cont'd)

1991	• Shifting back to Dengism		• More open to outbound tourism and outside world • First tour organised by CTS to Malaysia, Singapore and Thailand • Tours were defined as business trips or business-study trips to tone down the element of "leisure" under the socialism context
1992	• Market socialism	• The State Council emphasised domestic tourism • The State Council approved the construction of national holiday resorts	• Market socialism is close to capitalism • Adopted market economy system • Using domestic tourism to boost the economy nationally and regionally. • It also confirmed the leisure nature of tourism.
1994	• Market socialism	• Indonesian government lifted restrictions on its nationals travelling to China • South Korea lifted ban on citizens travelling to Mainland China	• Indonesians start to travel to China. The Sino-Indonesian relation was very tense before 1994 • The Sino-Korean relation was normalised
1997	• Market socialism • Jiang's era	• Deng Xiaoping dies • 15th CCP meeting	• The political stability and economic situation including tourism was not very much affected because Deng has already retired for quite a while • Announced launch of a full scale "Socialist Market Economy" in China
1999	• Market socialism • Jiang's interpretation of socialism	• National Economic Working Conference	• Pursuit of World Trade Organisation admission • Agree to open almost all areas for international trades, including tourism and related sectors • Premier Zhu Rongji emphasised that tourism is one of the new economic growth points

Source: Gartner, 1996:54-56; Asiaweek, 4-10 October 1999, pp.15-16, China National Tourism Administration, and Author

4.3 An Analytical Summary

To conclude, China experienced a fundamental change from the era of revolution to the era of modernisation. Under Mao, the regime emphasised revolutionary objectives, such as dramatic and sweeping economic and social reform in the domestic arena, and survival as a communist nation in the international environment. This period was characterised by an emphasis on revolutionary ideology and an insistence of ideological purity, a lack of respect for the prevailing international norms and extreme sensitivity to threats both from within and outside.

After China stepped outside of its socialist ideological box in 1978, its development accelerated. When the reformers gained control over the central leadership in late 1978, the rationale for moving "backward" to the capitalist stage was to create the adequate material basis for socialism that had been missing. Internally, the revolutionary ideology became routinised and the threats were longer obvious both inside and outside, a more pragmatic way of development came to the front as a new direction. In short, China's policies after 1949 tried to merge developmental with socialist values; but when they were in tension, leftists favoured socialist values at the expense of developmental ones, and rightists or pragmatists favoured developmental values at the expense of socialist values in the short run. In addition, the leftist were more inclined to change policies to conform to a rather rigid interpretation of an ideological ideal, whereas the more pragmatic leaders were willing to redefine the ideology in order to rationalise policies that would achieve the desired results. The "socialism with Chinese characteristics" is advancing to the right of the continuum and is getting more similar to western models,

especially in terms of economic development. Figure 4.3 depicts the shift of ideology in the PRC since 1949.

Left	Centre			Right
Authoritarian			**Collective authoritarian**	
1949	1978	1983	1992	Present
↑	↑	↑	↑	↑
Marxism-Maoism	Socialism with Chinese characteristics (Dengism)	A more relaxed Dengism	Market socialism	Jiang's socialism

Figure 4.3: The Continuum of Ideological Development of the PRC, 1949-Present

It can be summarised that the post-Mao regime is a "consultative/collective authoritarian" regime, and not a "One-Person domination". According to Kwan (1998), Jiang vowed not to go back to a highly centralised, planned economy. But Li Peng, the NPC Chairman said, "To develop socialist politics with Chinese characteristics means that we will, under the leadership of the Chinese Communist Party, practise rule-by-law and develop socialist democracy on the basis that our people are the masters of the country". The statement form Li somehow reflects the specific forces in term of China's future development direction. China has experience "a significant departure from the totalitarianism of the recent past", but has not yet become a "truly pluralistic, or even quasi-democratic, political system".

However, because of the lack of unity among the leaders in answering the question of whether the goals of modernisation could be achieved, policies and programmes for modernisation have varied between the revolutionary mass mobilisation model and the

professional and orderly development model. The continuous conflict and ambivalence toward these strategies for modernisation dominated the flow of Chinese politics during the past decades (Wang, 1995:280-281).

Regardless of the many pauses and reversals of the economic and political reforms initiated in December 1978, the trend toward further decentralisation and liberalisation of the economy, and the opening up of China's economy to the outside world, have never been completely halted.

It is not an exaggeration to say that a new era in Chinese international economic policy began in 1978. Policies have been abandoned or modified that hitherto had been considered basic. In every respect, China is now more open to Western contract, influence, and investment than at any previous time in PRC history. Moreover, every year since 1978 has seen the adoption of progressively more open policies. Foreign involvement in the economy has moved from the purchase of whole plants in the early 1970s to joint ventures (1979), special economic zones (1980), selling bonds on the Tokyo bond market (1984), and the hiring of foreign management personnel by Chinese firms (1985). Credit financing and even international aid have been accepted as legitimate.

In an overview of Chinese tourism policy since the establishment of the PRC in 1949 one can conclude that China gradually evolved from a revolutionary power with a xenophobic attitude into a post-revolutionary power with enthusiastic attitude towards tourism, while adjusting itself to the world nation-state economic system.

The PRC has radically changed its foreign policy rhetoric at home and abroad over the past fifty years. Mao's world revolutionary passion of the 1950s, carried to an extreme in the 1960s, stands in complete contrast with Deng and his successor, Jiang's, global integrative and interdependent stance in the 1980s and 1990s. The influences of Marxism-Leninism in Mao's era has extended to foreign, as well as to domestic policy and policy-making, and are evident in the strategies and tactics Beijing characteristically employs in the pursuit of the PRC's foreign policy goals.

However, it must be noted that beside the internal environment mentioned earlier, external environment played a significant role in China's development and international relations. With the assistance from the USSR stopped and eventually turned to a hostile relationship, China under Mao in 1950s had to promote "self reliance". This type of "closed door" policy was also the result of the Cold War initiated by the U.S. in 1945. When the strong influence of Mao lessened in his late years (mid-1970s), the relationship between the U.S. and China began to normalise. When China opened its door in 1978, external pressures from the West were diminished. This cycle continued in Deng's era and beyond. Nevertheless, these changes were reflected from the key characteristics that define the shift in the PRC's foreign policy from Mao to Deng and Jiang are:

- a change from advocating world revolution to the pursuit of a peaceful international environment;

- a change from hostility toward existing international norms to membership in the international order;

- a change from emphasis on political and military build-up to a concentration on economic modernisation; and

- a change from dogmatic communism to growing pragmatism.

There are some agreements about the basic organisations, leaders, and processes involved in the making of Chinese policy. At the centre of the decision making system is the "core" of each generation of Chinese Communist Party (CCP) leadership. Mao Zedong had the last word on all issues when he chose to involve himself, and China's position in the world and its security were among his major intellectual and political concerns. Deng Xiaoping emerged as the core of the second generation of Chinese leaders. Although Deng was more consultative and consensual than Mao was, Deng had the last word on Chinese policy until he was too incapacitated to intervene, perhaps sometime in 1995-1996.

To understand fully how Beijing is responding to the multiple challenges of the post – Cold war era, we need to consider all its internal environment, such as cultural uniqueness and political self-sufficiency; post-Mao China has been subject to the external pressures and dynamics that are inherent in an increasingly interdependent and interactive world. It seems obvious to say that the way in which the outside world responds to China is closely keyed to the way in which China itself responds to the outside world.

A tourism development framework, consists of various factors found in the case study of China, attempts to provide a systematic view of the connections and interactions

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among the identified factors. The nature of this system and the factors that make up the framework of tourism development are illustrated in Figure 4.4.

In the prevailing ideology, internal environment as well as external environment affects any economic development model and foreign relations of a country. At the core of a socialist country's approach to international tourism development is its ideology. This is an important aspect of politics that plays a role in determining how a nation-state behaves in the international arena. It is worth noting that the differences in the ideological orientation of the socialist countries manipulate the course of development of tourism in these countries. First is the political ideology that determines the destiny of international tourism. Some socialist countries rejected the influx of foreign tourists from the western world (xenophobic) or are cautious about the behaviour of this type of visitor, and their interaction with the local people. The socialist ideology also acts upon the development of domestic tourism and its interpretation of the nature of it. Under dogmatic socialism, tourism, even domestic tourism, is seen as something evil and should not be promoted or allowed. Second is foreign relations with other countries. Foreign relations are closely related to ideology; it is the field of foreign affairs that consist of relationships between nations, and involves consideration of the external environment. Whether the relationship is harmonious or antagonistic or benign, it will affect tourist trade between countries. Third is the socialist country's economic situation and development strategy. Finally, there is the external environment that affects the development, economic and foreign policy, but it may encounter resistance from the orthodox hard-liners.

Figure 4.4: Tourism Development Framework
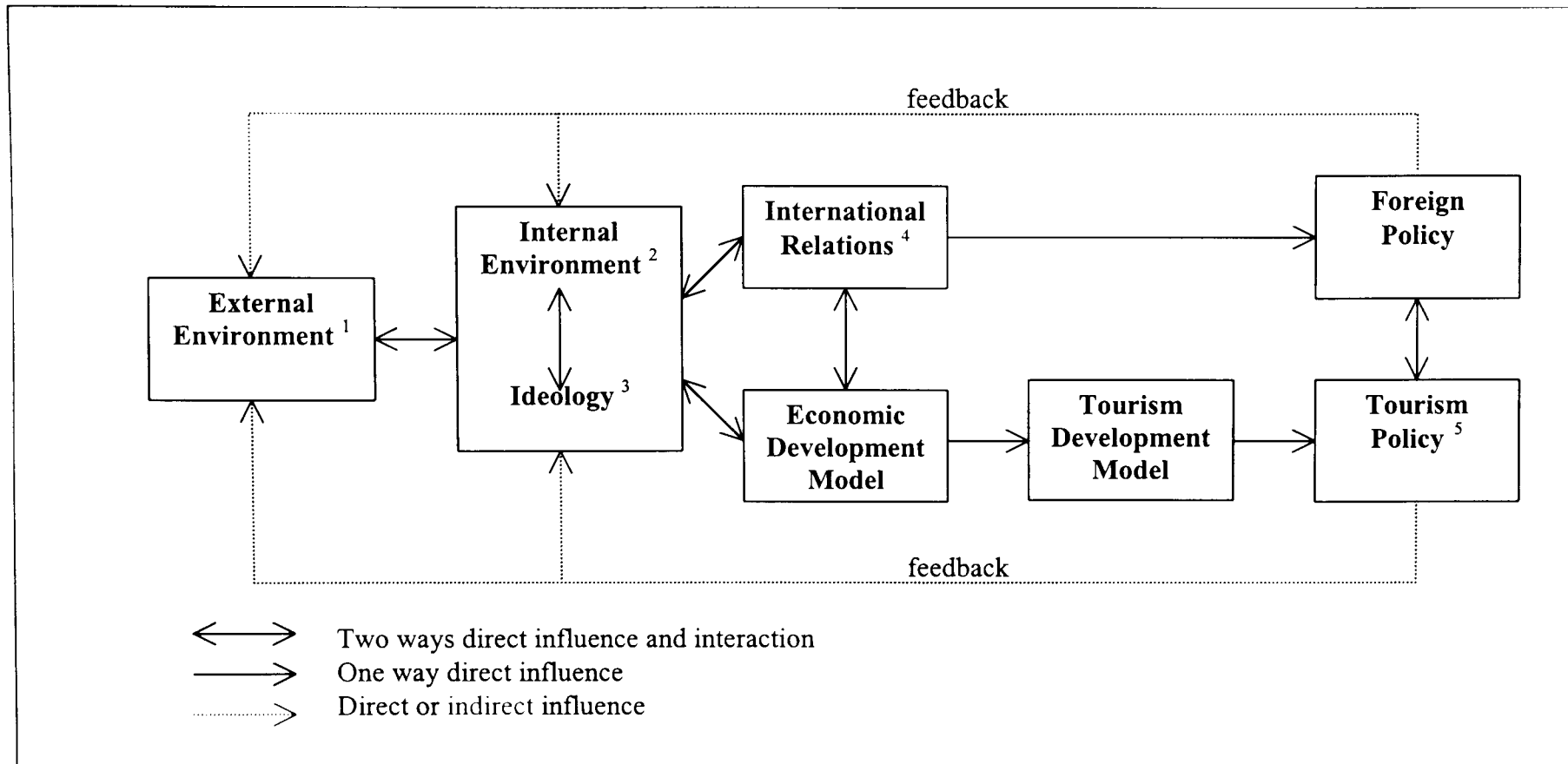
Note:
1. E.g. world political environment, globalisation and information technology.
2. E.g. physical environment, history, political environment, education and information technology, economic development condition.
3. Including the individual decision makers' preference
4. Foreign policy is the product of international relations
5. Including the direction of development, policy, and administration

The first dimension of the relationships concentrates on how fundamental changes in the political environment have affected Beijing's interpretation of the international and domestic environments. Since ideological concepts and beliefs are part of the interpretative lens through which leaders have viewed China and its role in the world, following the shifts in these factors is crucial to understanding the changing priorities of Chinese tourism policy. The second dimension deals with the impact on China's tourism policy of changes in the external environment, which refers to the systems through which the nation-state operate, and includes such factors as the rules and norms of international organisation and connection. Historically, socialist countries' reactions to the external environment were driven by ideology. For example, before 1978 although there was a demand for China as an international tourism destination, China had rejected it for political reasons. Old ideology was very cautious. After 1978, and the opening of China, the external environment was more important in policy formulation. After the demise of the socialist countries in Eastern Europe in 1989, the remaining socialist countries became more proactive. Ideology had been further weakened by the participation in international organisations, agreements and conventions.

The last dimension sheds light on the importance to the policy-making process of the realm of power, its possessors, and their means of controlling and wielding it. In particular, this dimension is concerned with such issues as how different sources of power are allocated within China's foreign policy community, and how they are mobilised by different groups in a struggle for control over policy-making; it ultimately deals with the issue of regime legitimacy and tourism policy strategies, tactics, and behaviour patterns.

One of the objectives of this study is to provide a starting framework within which to examine the combined impact of the external and internal environments on the tourism development model. This framework is not intended to construct a "general" theory to cover every political and economic input but to lay out a framework as a starting point to study tourism development issues. Explaining China's tourism in terms of development and politics provides a far more accurate picture than does a simplistic tourism development model. The interaction of these two variables permits us to merge historical, cultural, economic, political, and social factors, and to see from this the mosaic of tourism development is in China.

CHAPTER FIVE   **CONCLUSIONS AND IMPLICATIONS**

This chapter provides a conclusion to the results presented in Chapter Three and Four, addresses the research objectives, research findings, research implications and suggests future research areas.

5.1 Re-statement of Research Objectives

This study aimed to develop a holistic perspective of the politics of tourism development in China by using a chronological approach. The objectives of this study were:

1. To examine tourism development by considering the concepts and theories of politics and development;

2. To examine how political ideology intertwines with tourism development in China, particularly with respect to the interrelationship of socialism and tourism development;

3. To identify factors relevant to tourism development and to formulate a framework to examine the politics of tourism development in China; and

4. To consider the implications of the research.

5.2 Statement of Research Findings

In regard to Objective One of this study, an extensive search of the literature related to the concepts and theories of politics of development and tourism politics has found that

political ideology and development theories have significant impact on foreign policy and international tourism development. Underdevelopment theory is related to Marxism and globalisation theory is associated with capitalism. In addition, the research findings of this study were categorised under three headings. Confirmation of relationship between political ideology and tourism development; and importance of the external and internal environments on tourism development are related to Objective Two. A framework to analyse the dynamics of tourism policy development in China is associated with Objective Three.

5.2.1 Confirmation of Relationship between Political Ideology and Tourism Development

The chronological examination of China's political ideology, economic development and tourism development shows some significance in their connection. The political ideology in the PRC shifted from Mao's dogmatic socialism to Deng's market socialism, while China's tourism approach shifted from tourism xenophobia to tourism enthusiasm. This phenomenon is not a coincidence, but a reflection on the connection between ideology and tourism in China. This finding confirms Matthews' (1978) assertion that ideology may have a dramatic bearing on international tourism. With this ideological change, Chinese tourism entered into an era of all-rounded tourism development, when it permitted international inbound tourists free access to visit most places in China. Domestic tourism was also encouraged so as to contribute to the national economy, and international outbound tourism was neither promoted nor stopped.

Tourism development in China between 1949 and 1978 can be seen as "politics only" in nature which served political and diplomatic purposes. Tourism development after 1978 can be divided into two phases. Although there was a shift in the function of tourism from politics to the inclusion of economic considerations, but it was only in the second phase (1986-2000) that the economic emphasis overwhelmed the political dimension. Chinese tourism development has the characteristics of the former Eastern European socialist countries' model as presented in Chapter Three. At present, China still functions under the name of socialism. Tourism as a part of the economy was incorporated in national economic planning so as to achieve balanced development. Chinese tourism development in Deng's era did possess some explicit political and social goals. Tourism development is a powerful indicator of a country's openness since international tourism requires the reception of overseas travellers and facilitation of accessibility through the immigration and customs policy and policy on citizens travelling abroad.

The Chinese government saw tourism as a symbol of freedom by permitting citizens to travel freely both within and outside of their own country. However, the leaders were still not comfortable to publicly support tourism as a catalyst of social change, by permitting greater and closer interaction between host population and those from the outside world, although they knew it was happening. The notion of using tourism as part of the process of political liberalisation is not allowed. Perhaps if and when China moves further along the ideology continuum towards the right, tourism may be more open.

Table 5.1 summaries and depicts the association of the shifting of political ideology to the right of the continuum to the further opening of tourism towards a market economy. It identified three other interrelated phenomena, which changed along with the shifts of dogmatic socialism to market socialism. The three phenomena are the shift: from revolution to modernisation; from vertical authoritarianism to horizontal authoritarianism; and from rigidity to flexibility in policy.

Table 5.10: A Summary of the Political Ideology, Decision Making, Economic Model and Tourism Development Connections in the PRC

Period	Ideology	Decision Making	Economic Model	Tourism Category
Mao's era (1949-1978)	Dogmatic Left (Maoism)	Vertical authoritarianism	Command and universal planned economy	Politics-in-command tourism
Deng's era (1978-1986)	Left (pragmatism)	Horizontal authoritarianism	"Birdcage" economy then socialist commodity economy	Mixed politics and economic tourism
Deng's era and beyond (1986-2000)	More to the Right (market socialism)	Market based and dispersed	Socialist market economy	Economic over politics Profit-in-command tourism

5.2.2 Importance of the External and Internal Environments on Tourism Development

International tourism development was not promoted in Mao's era which can be explained by referring to the external and internal environments. Externally, the Cold War between Communism and the West, in addition to the broken relationship with the USSR forced China to the only choice of "self-reliance". Trade and other international

relation activities sere deemed to be minimal. Internally, Mao had to focus on the issue of consolidation of his power by means of ideological purity, and the underdeveloped economic conditions. Both external and internal environments were extremely unfavourable to international tourism as well as domestic tourism development.

In Deng's era, the economic situation in China has been improved to a large extent, and the decease of the dogmatic authoritarian leader, Mao, in 1976. The long existing reformists changed the "closed door" policy to "open door" policy. Externally, other countries, starting from the U.S. lifted its ban of trade and travel with China lessened the pressure from outside.

As Wu Yi, a State Councillor said clearly in Hong Kong "Economies are rapidly globalising, there is an inexorable historic trend towards countries and regions opening up their markets to one another. No country that isolates itself from the rest of the world can make progress." (South China Morning Post, 4 March 1999). The Beijing government understands that China's development cannot be isolated from other countries. Closed door economic development cannot succeed. Opening to the world is coping with today's world economic situation. China's interaction with the world economy has created a level of trade interdependency that has transformed both China's international role and the way in which the rest of the world relates to China. Through free trade, gradual elimination of economic barriers, encouraging foreign investment, technology transfer, the internationalisation of the economy and interdependence have become synonymous. China tourism is one of the beneficiaries. The increasingly bright prospects for growth in US-Asia and Europe-Asia trade and tourism, especially after

China joins the World Trade Organisation, will affect inbound and outbound tourism in China.

Internally, the infrastructure and tourism related facilities, such as hotels, have been developed through joint ventures, foreign loans and local investment which provide a platform for international tourism to grow. The PRC cannot endlessly increase government expenditures to boost the national economy, for example, promoting domestic tourism and building tourism infrastructure. With the increase of per capita GNP and disposal income together with information about the rest of the world through different channels and the "demonstration effects" from inbound tourists, people in China will demand leisure activities as evidenced by the booming domestic and outbound tourism during the last decade.

Sections 5.2.1 and 5.2.2 confirmed Holsti's (1995) argument that external and internal environments influence ideology which is perceived and mediated by policy makers of a country in relation to their decision-making. It also confirms his emphasis on the compelling importance of ideology as a source of foreign policy (tourism policy is part of foreign policy). A proposition suggested to reflect this finding is that "External and internal environments determines the tourism development of a country."

5.2.3 A Framework to Analyse the Dynamics of Tourism Policy Development in China

This study represents a first step towards understanding the nature, and characteristics of the political economy of tourism development in China. Notwithstanding the

limitation of data and the need for further research, this dissertation represents a contribution to the understanding of the politics of tourism development in general, and the understanding of the shift of political ideology and tourism policies in China due to the lack of research and gaps in the literature on the topic of ideology and tourism development. Based on the findings in Objectives One and Two, i.e. the relationships between politics and tourism development, and the importance of external and internal environments on tourism development, a framework was developed that includes the elements of ideology, and international and domestic environments in achieving Objective Three.

5.3.1 Factors Affecting Tourism Development in China

5.3.1.1 International Environment

The demise of socialism in the USSR and Eastern Europe from 1989, and its drastic reformulation in China meant the end of an alternative form of socio-economic organisation (Holsti, 1995:12). Now that the Cold War has passed into history, the failure of communism and rise of the capitalism and liberalism resulted in an "end of ideology" (Roskin, Cord, Medeiros and Jones, 1997:20; Heywood, 1997:61-62). Neo-fascism, breakaway nationalism, and Islamic fundamentalism are the new challenges emerging. Even within democracy itself there are various ideological points of view, such as more welfare or less, free market or government intervention, and spreading democracy abroad or avoiding overseas involvement. However, whatever the emerging world order will look like, it is certain to be shaped in crucial respects by the global distribution of economic power. Economics influence politics at virtually every level,

and there is very little doubt that a nation's "weight" in world affairs is linked to its productive capacity and economic influence (Heywood, 1997:151).

There are certain trends, which cause concern for the future of world tourism. Perhaps the most obvious of these is the reality that tourism politics is heavily loaded in favour of growth, profit and corporate tourism in general. Whatever may be the future nature of world tourism, we can be certain that a large part of it will be moulded by the political behaviour of people in their own communities, and the influence of political leaders at the national and international levels will become significant. Most political leaders understand tourism because it is affecting not only the growth of the economy but also the development of the country.

Tourist receiving countries in North America and Europe will seek the further opening of China's outbound tourism on one hand but worry about the issue of illegal immigrants on the other. The international community has developed into a very large and interdependent system. The main characteristic of the contemporary global system is its interdependence. Interdependence suggests mutual dependence - the need of two or more actors to provide goods and services for each other. In the pluralist-interdependent model, the growing interconnectedness of national economies has significantly increased the vulnerabilities of all states. The world's nation-states are heavily interdependent in terms of their need for natural resources, which are unevenly distributed: e.g. gold in Africa, oil in the Middle East, titanium in Oceania, tin in South America, and technological expertise in the Western countries. Nations with the largest populations – China, India, and Russia – must import grain, while the under-endowed

developing nations, with two-thirds of the world's population, need all the products that the industrialised nations produce. Transnational and cross-national reciprocal needs have greatly multiplied the number of transactions between states. Modern communications systems have accelerated the frequency of these contacts (Rodee, Anderson, Christol and Greene, 1983:488). The change of world's political environment towards the pluralist-interdependence model will definitely cause the Chinese government to follow.

5.3.1.2 China's Internal Environment

Improvements in education, literacy, and the popularity of information technology have impacted on the political environment in China during the course of the study. There is a shift of paradigm because of the change in the mode of accessibility of information. Electronic networks such as the Internet and E-mail can alter the shape of people's thinking and perception of the world. More importantly, it is quite impossible to stop Chinese people making use of information technology to acquire knowledge about things internationally. With the advent of the Internet, more Chinese are getting news and values from websites run by non-socialist groups inside and outside the country. The improvement in information technology and in education will enable further development in political liberalisation and tourism. According to Asiaweek (21-27 February 2000), there were about nine million Internet users in Mainland China at the end of 1999. The growth will be significant and is estimated to increase to 60 million by 2003 and soar to 80 million in 2005.

According to Liu Hong, National Bureau of Statistics Commissioner, at the end of 1999, China had US$154.7 billions of foreign exchange reserves. He further noted that statistics showed that China's policy of boosting government spending and nurturing domestic economic demand was working. Investment had contributed two percentage points to the 7.1 per cent growth rate while domestic consumption added 5.5 percentage points (Hong Kong Standard, 29 February 2000). Furthermore, it is expected that city dwellers will have an average RMB 5,859 disposable income per annum in 2000, that is, an increase of 9.3% over the previous year. The government is giving more attention to consumption policy. Because over production and a buyers market emerging in China, consumption policy was changed from "restricted consumption" or "controlled consumption" to "encouraged consumption" (Ta Kung Pao Daily, 26 January 2000). Demand for more freedom to travel abroad is obvious.

There is a contradiction between economic development and the political system. China is rapidly advancing down the road toward a market economy, but the type of society that ultimately develops under a market system can be expected to fundamentally shake the political system of Communist Party dictatorship. Party leaders have placed special emphasis on economic development, the one guarantor of social peace. The CCP has slowly created a sizeable urban middle class for the first time in China's history. For practical purposes, as the Party delivers growing prosperity, it steadily withdraws from the personal lives of citizens. In return, the people refrain from challenging the party's political authority, concentrating instead on learning the brave new world of quasi-capitalism.

For the past decade, the CCP has steadily disengaged from the private lives of its citizens. Under wide-ranging reforms that have had the effect of diminishing the importance of the party, millions of people no longer rely exclusively on the government for their jobs, for accommodation and education. People in China are now free to travel within and outside China. Apart from decentralisation and privatisation, there are other forms of relaxation of control. One of the most adventurous aspects of reforms which occurred since 1978 has been the degree of autonomy granted to provincial and local authorities for some local issues. In the early 1990s, the Chinese government allowed a great deal of autonomy for local authorities, and a great deal of contact between Chinese and foreigners. Socially, more travel and exposure of citizens to international trends leads to a shift in ideology and control.

In agreements to join the WTO, Beijing has promised to give foreign firms access long denied, a move that could bring a sea of change in economic life on the Mainland. "All of the things brought by WTO entry will mean more reform and opening up. More opening up will mean more freedom for the Chinese people, freedom of employment, and freedom of speech. More freedom means more democracy," Li Fan, a former researcher of the State Council said (South China Morning Post, 25 May 2000).

5.3.2 Importance of Government Flexibility and Pragmatism in Tourism Policy Formulation

There are very strong connections among the economic, political and ideological aspects in the tourism sector. China adopted controlled relaxation rather than abruptly changing the existing political and economic structure. Stemming from the open door

policy of 1978, economic development has influenced tourism development. Tourism is now a very strong economic force that influences both the economic and socio-cultural aspects of life in China. The Chinese government has increasingly recognised tourism as an economic sector both in the sense of international and domestic politics. The decline of communism enabled Chinese foreign, economic and tourism policy to become more flexible. The "Socialist market economy" model, which is flexible and pragmatic in nature, has permitted a policy to facilitate these objectives, e.g. joint ventures in hotels and development of airlines.

5.3.3 Importance of the Market Mechanism in Tourism Development

China has seen the most stunning economic progress in the past two decades. Since the mid-1990s, the business environment in China has changed with the market mechanism replacing the planned economy. But the change from an old-style economy to what Chinese leaders call a socialist-market system does not come easy. In the wake of accelerating global integration, piecemeal progress will no longer be good enough as WTO membership requires the quasi-socialist economy to have completed major portions of its restructuring task. Competition from multi-nationals will surely accelerate the demise of inefficient state-run firms, including tourism-related businesses such as travel agencies. But this process could help China rationalise its economic restructuring.

The economic system is still un-coordinated under the Chinese socialist market economy. This reflects the problem of co-existence of the planned and the market economies. The problem in China has mainly stemmed from the leftists who supported

the public ownership system to protect their power base. But the market economy means the legitimisation of private ownership. Constitutional and political reforms seem to be a way to resolve the problem of this kind of tension. Private property rights require the vesting in individuals or freely constituted associations, of very broad rights as to the use and transfer of property and the drawing of income from it. Entrepreneurship is an active strategy of resistance against state control. Politically, the market economy in general and private business in particular promotes horizontal links of business associations independent of the state. Organisationally, privatisation is a fundamental blow to the industrial *danwei* (unit) system. It is very unlikely that the privatised state firms will be able to maintain an effective party presence. In the foreseeable future, the state sector will look like a shrinking island surrounded by seas of private concerns. The totalitarian patterns of state integration are then bound to be overhauled. Market-led development will be the only realistic tourism development option which utilises resources in a reasonable manner.

Both international and domestic tourism are sensitive to the market mechanism. In fact, China's tourism industry and development is now based on a market-driven policy instead of the ideological-driven policy that prevailed in Mao's era. One may suggest that the Chinese bureaucracy, not socialist ideology, really wants to control the development of tourism in China. The future of China's tourism will still involve politics; this is particularly so as tourism becomes more important economically and government want to benefit from it. Growth in the tourism sector could emphasise the role of management and curtail the influence of government and ideology. Yet ideology could also be pressing government to further open China's tourism in terms of outbound

tourism and foreign investment in tourist facilities. This endorsed what Craik (1990) had mentioned that government needs to consider the ideological basis of tourism policy with economic rationalism, free markets, deregulation, and so on.

Decentralisation has helped invigorate the tourism trade, but it has also brought about negative impacts. As the living standard of the Chinese has risen, more and more tourism sites have sprung up and travel agencies have mushroomed. There are around 6,000 (Hong Kong Standard, 1 May 2000) nationwide involved in fierce competition, driving prices down and lowering quality. Decentralisation has also raised the problem of coordination.

Decentralisation was a policy adopted in Deng's era. China's tourism development was shaped by the main thrust of decentralisation. The trend towards regional economic pluralisation in tourism development has become irreversible; and the weakening of economic centralisation has also encouraged tourism development according to their comparative advantage.

5.4 Challenges Facing China's Tourism Sector in the Future

China tourism development prospects seems to be good in the future but is not without problems and challenges. The problems can be divided into the following categories; they are environmental quality and management; infrastructure; human resources development and quality; and product development.

5.4.1 Environmental quality and management

In 1996 the State Council listed a total of 46 cities, where air quality and ground water quality are required to meet the state-stipulated standard in 2000. The latest information from the Bureau of Environment Protection revealed that only eight cities; namely Suzhou, Ningbo, Xiamen, Shenzhen, Zhuhai, Shantou, Zhaijiang and Haikou can meet both the air quality and water quality standards. There are 20 more cities meeting the water standard, but with heavy air pollution, e.g. Beijing, Tianjin, Shanghai (Apple Daily, 14 January 2000:A22). It raises the question of balanced development between tourism, which counts on the quality of its environment, and other economic sectors, such as heavy and light industry. Irresponsible tourism development projects in China will shorten the sustainability of not only tourism development but also the environment.

5.4.2 Infrastructure

It is expected 25 million Chinese citizens will travel abroad in 2000, that is, an increase of 63% compared to 1999 (Ming Pao Daily, 5 May 2000). It is estimated that twenty years later China will attract 135 million overseas visitor arrivals per annum (Ta Kung Pao Daily, 11 February 2000). These figures not only require improved transportation services but also the need for computerisation to enhance service quality. Li (2000) reported that the Chinese government saw the tourism industry as a new engine for economic growth and has promised to inject 861 million RMB into infrastructure-related projects.

China's domestic tourism market has tremendous potential for future development. China faces changes in its consumption structure. In the eyes of the people of China, tourism has become a necessity according to Wei Xiaoan, Director of Policy and Legal Department of CNTA. With the continuing reform and opening of China, Chinese disposable income increased and there are demands for tertiary products. The disposable income of the city dwellers in Beijing increased 13.5% to RMB1,891 (US$220) per annum. Tourism, then becomes an important choice among other products and services. China has outlined a 20-year tourism plan and by 2020, tourism receipts are expected to be more than RMB 3,300 billion and equal to eight per cent of GNP, with an increase of 100% compared to 2000 (Ta Kung Pao Daily, 17 and 30 March, 5 May 2000). However, this volume of travel would have significant impacts on China's economy. The China Economic Monitoring Centre reported that tourism is the most popular leisure activity in China and that 50% of the respondents indicated tourism as their first preference (The Sun, 3 May 2000).

There are altogether 114 annual holidays in China including Saturdays and Sundays and this contributes to the popularity of tourism activities (Ta Kung Pao Daily, 14 May 2000). China hailed the success of its new "holiday economy" concept to spur consumption, with state media saying 46 million mainlanders took trips and spent RMB 18.1 billion during extra holiday time the government granted during the May Day's holidays (Sing Tao Daily, 9 May 2000). The increase in demand on domestic and outbound tourism raises the question of how to cope with it? Transport has been one of the major constraints in the development of China's national economy and tourism

industry. More tourism facilities need to be developed for domestic travellers. At present, domestic tourism is restricted by limitations of the transportation system. Despite the improvement of transport in China since 1978, more infrastructure and investment is needed.

5.4.3 Human Resources Development and Quality control

Human resources development is an important issue in tourism development in China,. Without the necessary knowledge and skills to operate and manage the tourist products, such as attractions, tourist facilities, transportation, and travel agencies, there will be problems of service quality, misuse and wastage of resources, inefficiency and concerns about the safety of tourists. Aircraft maintenance and language ability of flight deck crews are examples of human resources which lead to quality control and safety issues.

In past years, China has witnessed a big improvement in the hotel industry, in terms of both facilities and management, narrowing the gap, to a great extent, between China and the rest of the world in the field of luxury hotels. However, the corresponding development of medium and low-grade accommodations has been insufficient. There is room to improve the accommodation sector in China, which requires a clean, hygienic and safe environment. For example, according to Ming Pao Daily (3 May 2000), six hotels in Shenzhen Special Economic Zone have been either lowered in or removed from, the hotel classifications list due to lack of maintenance, low service quality and facility standards.

5.4.4 Product development

China is not short of unique tourist attractions. What is more important is conservation and maintenance of the attractions. Miniatures of world cities or other man-made attractions must be well planned, and should not be constructed everywhere. One of the challenges is to maintain and plan careful development of attractions. As tourism developed, government is taking a less operational role and focusing more on planning and control.

5.4.5 Role for Socialist Market Model in Face of Market-led Development

Ideology is not something fixed; the meaning of socialism in China, in fact, is still changing. The constant pressures to carry out reforms for the purpose of development generate tensions, which in turn forces, the leaders to reformulate socialist doctrine to address them. Since 1979, China's top leaders have been able to settle on a meaning for socialism. Intellectuals and ordinary people alike also have different visions of what socialism means. For some Chinese Communists, "Communism" is more broadly defined, and its ultimate test is in the communalisation of the production process and the elimination of private incentive in worker motivation. For the ordinary people, socialism is wealth, democracy, legality, and education; or the "Four Modernisations" in agriculture, industry, science and technology, and national defence, that have become the core of today's socialist policies. For others, socialism means the growth of pluralism within the culture and the society, a market economy, but continued one-party rule.

When the adequate "material civilisation" that socialism needs in order to support itself is reached in the mid-twenty-first century, it is not at all evident that socialism will still exist in China. The very industrialisation, modernisation, and urbanisation that reflect and contribute to the development of a wealthier society may also undercut socialism. Socialism as a developmental strategy will assume far greater importance than socialism as an ideology. Indeed, the justification for changing the content of socialism to "market socialism" is to adopt developmental policies that can succeed in the context of Chinese conditions. Socialism has been so redefined as almost not to exist as an ideology. The new meaning of socialism is, therefore, socialism as a form of development. This now includes the ideas of decentralisation of decision making; decollectivisation; private ownership; contractual responsibility; stock ownership; bankruptcy; free markets; democratisation of economic management and political leadership; material incentives; and the opening up of China to international commerce; international financial markets; and foreign science and technology. Even more crucial, socialism today means competition.

Chinese are now freer to do business and travel, and also are seeking the benefits from the spontaneous development of market mechanisms. Reformists, like Zhu Rongji, admitted that competition would be important to hasten the Chinese economy to a modern market economy. Accession to the WTO will lead the way to the opening of the market to overseas competition. It will increase the genuine market economy and may finally realise political pluralism in China.

Although market socialism is synonymous with capitalism, certain conditions were necessary, however, before China could welcome long-term participation of foreign capital in its economic development. These practical considerations did coincide with the continued erosion of emphasis on Marxist-Leninist ideology and the limited liberalisation of Mainland life. The most fundamental is a weakening of the leadership's Marxist ideology. According to Marx, socialism would arise only after the self-destruction of capitalism.

China's socialist market economy model will also be affected by which leaders at the centre have most power to get their way in determining the kind of economic structure and the values that China pursues. Political reforms that require the central leadership to make decisions responsive to economic demands will help ensure that economic policies are sensitive to economic conditions, not political needs. While it would be too extreme to argue that economic reforms cannot be reversed in the future under the pressure of an economic recession, each step that the Chinese take towards dismantling the socialist model of centralised control, and as it moves into the international market, will make the reversal of control less likely.

The only circumstance under which China might re-adopt a Maoist policy would be a drastic internal political shift towards radicalism alike to that of the "Gang of Four". Such a shift would necessarily isolate China from the outside world and damage its modernisation drive. However, a return to isolationism seems highly unlikely for a variety of reasons. Radical revolutionary ideas no longer appeal to the majority of the people; instead, the drive toward a market economy now enjoys widespread support. In

addition, the policy of reform and openness launched by Deng has gained a momentum of its own and has gradually transformed the Chinese policy-making structure from vertical to horizontal authoritarianism. Those forces that inspired the open policy continue to grow stronger. First, there are many supporters and beneficiaries of economic development and the modernisation effort. Second, the passing away of the revolutionary generation. Third, the enormous increase in the diversity and complexity of foreign and economic policy decisions.

5.4.6 Importance to Tourism Development in Changing the International Parameters Affecting Policy Formulation

International norms are prescriptive or proscriptive statements – principles, standards, rules, customs, or usage – of state behaviour appropriate to a particular role or situation, elaborated or codified in accordance with the rules of entry and the rules of play in international institutions or regimes or international lawmaking processes. They vary greatly in scope and degree of precision or effectiveness. International norms may appear in the form of written bilateral and multilateral treaties and conventions, unwritten international customs and usage, resolutions and declarations of international organisations and conferences, and even unilateral self-restraint (Kim, 1998:19-20). The opening of China to the world market, such as joining the World Bank and the International Monetary Fund; inviting foreign multi-national corporations to invest in China; accepting long-term foreign loans will open up China's international tourism industry.

The WTO sets China a new external parameter and direct challenge to the "socialist

market economy". With the entry to the WTO in the foreseeable future, China will open up more areas for foreign investment, such as, banking, insurance, air transportation, and so on. Beijing is prepared to open civil aviation in China and it will be part of the international economic community. China's accession to the WTO also benefits tourism enterprises, modernisation and could promote better quality services. With more involvement in the international arena, China's socialist model and policy formulation have to change so as to cope with the regulations and standards of international organisations.

International organisations and obligations affect the tourism policy in China. Tourism has some international standards, norms and practices, e.g. civil aviation and the hotel sector, that press the Beijing government to catch up with if it wants tourism to prosper. With more involvement in the international arena, China's tourism development policy will have to change to cope with the regulations and standard of international organisations. The change may be slow and gradual since there may be resistance from the "conservatives" or "leftists". With continued opening and reform, government's ideological influence on foreign and tourism policies has become less obvious. The acknowledgement of the "Global Village" or "One World" concept will reinforce the further opening of China as a major tourism inbound and outbound destination.

5.4.7 Role for Government in Future Tourism Development

What should be stressed here is that autonomy is largely driven by individual economic activities. This new economic base was created as a result of the breakdown of the old hierarchies in the command economy. Its consolidation goes hand in hand with the

consolidation of new central or local relationships shaped by market forces. However, this situation seemed inherently unstable. For example, in the past few years, the pricing policy of air tickets in China has been shifting and caused confusion. In 1997, CAAC launched a "one price with various promotional rates" policy. In 1998, the policy was revised to "floating management" and in early 1999 it enforced a "no discount" order. These are examples of the failure to control market forces. Government should thus play a less interventionist but more supportive role in tourism development.

Based upon the findings of this study a proposition that "External and internal environments determine the tourism development of a country" is worthy of consideration by future researchers.

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5.5 Future Research

This study examined how tourism development policies have changed in relation to the shifts of ideology in the course of China's tourism development. As such, there are various areas, directly and indirectly related to the research reported here that require future attention. They are:

1. To monitor the changes of the international/external environment which are likely to affect tourism development in China. For example, membership of international associations or organisations, and obligations related to international agreements;

2. Attempting to generate a model-led theory to encapsulate the tourism policy-making process in China;

3. As Chinese society evolves toward a more pluralistic direction in the post-Mao era, one may examine the links between domestic and international influences on China's tourism policy-making, and the effects of transnational developments (such as foreign direct investment) and institutions (such as the World Bank) on China's domestic tourism institutions;

4. Given the fact that communism is unlikely to disappear in the near future, an academic interest might be the exploration of North Korean tourism development potential as a case study in a context of the ideological domain. It seems likely that North Korea cannot resist the wave of international tourism that is leading to further opening of the country. The situation in North Korea is very much like China when it first opened to the rest of the world. Military people guard every tourist attraction; all tourist activities are controlled and monitored; and tourists cannot contact local people.

Although there are many other researches possibilities, those noted above seem to emerge from the conclusion of this study.

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APPPENDIX 1: LIST OF THE IN-DEPTH INTERVIEWS WITH CHINESE TOURISM OFFICIALS AND ACADEMICS

Name	Position	Organisation
Chinese Official		
Kehua Han	Former Chairman	CNTA
Xiaoan Wei	Director General (Policy & Legal Department)	CNTA
Quabgui Xiao	Director General (Personnel Labour & Education Department)	CNTA
Academic		
Guangrui Zhang	Professor and Director	Institute of Finance & Trade Economic, Chinese Academy of Social Science

APPENDIX 2: QUESTIONS FOR IN-DEPTH INTERVIEWS
CHINA TOURISM DEVELOPMENT STUDY
中國旅游發展的研究

1. What are your views and opinions on China's tourism development?
你對中國旅游發展有什么看法？

2. What were the landmarks and turning points of tourism development in China?
在中國旅游發展過程中有什么重要里程碑和轉變？

3. What is the current situation of domestic tourism in China?
國國內旅游的發展情況是怎樣？

4. What are the relations between tourism policy and tourism development in China?
中國旅游政策和中國旅游發展有何關系？

5. What are the relations between Chinese socialism and tourism development?
中國社會主義跟中國旅游發展有何關系？

6. What are the relations between the socialism with Chinese characteristics and the tourism development in China?
中國旅游發展跟中國社會主義特色市場經濟有何關系？

7. What is the current situation of outbound tourism of Chinese citizens?
中國人民國外旅游的發展情況是怎樣？

8. What is the impact of Chinese outbound tourism on China's development and its people? 它對中國的發展和對人民的影響如何？

9. What is the impact of tourism development on tourism practitioners?
中國旅游發展對旅游從業者有什么影響？

10. In developing China's tourism, including inbound and outbound tourism, what is the impact on China's international image?
發展中國旅游，包括入境和出境的國際旅游，對中國在國外的形象有什么影響？

11. What are the differences of tourism development between China and other countries?
中國旅游發展跟其他國家的旅游發展有何不同？

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