

Research on the Reform of Regulation System of China's Natural and Cultural Heritage

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Abstract. The industry of tourism of natural and cultural heritage has become a pillar of local economy in many central and western area in China. In terms of economics, natural and cultural heritage is a special scarce resource. It's tourism development with market mechanism must not only pursue efficiency standards, but also meet the goals of protection and sustainable development. Regulation is actually a **substitute** for the market mechanism with the power of the government and other public institutions, and the purpose is to resolve the "market failure" issues. The existing system of heritage regulation in China was born in the era of planned economy in the last century. It has the characteristics of multi-headed management, government monopoly, and actual absence of regulations, etc. Such a system has become the root cause of improper development and destruction of heritage in practice. Sustainable development of heritage requires the establishment of a modern regulatory system.

1. Introduction

Natural and cultural heritage is the preservation of history of nature and human civilization in the present, mainly reflected in the form of monuments, geological features, and ecological landscapes. In 1972, the United Nations World Heritage Protection Conference was held in Paris. The General Assembly adopted the "World Heritage Protection Convention." As of March 2018, a total of 165 countries around the world have become parties to the Convention, and 1,073 projects have been recognized as World Heritage Sites. Among these precious world heritages, China holds 52 and ranks second in the world. [1] Domestic research on heritage in China started in the 1980s, when China joined the World Heritage Protection Convention. Before then, there is no concept of heritage in China, instead of concepts such as scenic spots, natural reserves, national forest parks, and cultural relics, etc.

Due to topography, geomorphology, and historical reasons, most natural and cultural heritages in China are located in the central and western area, such as Wulingyuan, Lushan Mountain, and Guilin. In order to develop the local economy, tourism development of heritage has become a common phenomenon. Particularly when some heritage sites acquire the title of "World Heritage", they often become the national or even the world's tourism hot spots quickly. Heritage tourism has become the pillar industry for local economy in many central and western area in China. However, while bringing huge economic benefits to the local area, the phenomenon of the destruction of precious heritage caused by tourism development also often occurs. To attract more tourists, a large Bamiyan

Buddha was built next to Leshan Giant Buddha to be built as an Oriental Buddha capital. The Great Wall of Jiayuguan was artificially connected to a modern false city wall. Ancient palaces in the Wudang Mountains with hundreds of years history have ruined by fires due to the renting of martial arts schools. [2]

Natural and cultural heritage is a scarce resource in economic sense. On the one hand, the effective allocation of the resources depends on the market mechanism; on the other hand, due to its special culture and landscape significance, it is necessary to strengthen protection while using market mechanisms for tourism development, so as to maintain sustainable development. In this process, a well-developed heritage regulation system plays a key role. At present, the root cause of the improper development and the destruction of heritage in practice is the existing regulation system of heritage in China.

2. Status quo of regulation system of natural and cultural heritage in China

Since the reform and opening up began in 1978, China's original planned economic system has gradually been replaced by a market economy system, which has become the country's basic economic system. Correspondingly, the means of the country to adjust its economic activities began to change. Now the country has successively broken down the original monopoly of government in many sectors of telecommunications, energy, railways, aviation, etc., instead of establishing a modern regulatory system for market economy in practice. For example, in the traditional telecommunications sector, the original monopoly of China Telecom was broken into several companies such as China Mobile, China Unicom, and China Netcom, which strengthened market competition and improved market efficiency. Meanwhile government achieved "Separation of government from enterprise", which means the original right of the enterprise operation was stripped from the government, instead exercising the regulatory power as a market regulator. Under the dual effects of market competition and government regulations, the price of telecommunications in China has gradually dropped, and the service quality of the operators has been significantly improved. The ultimate result of the reform is to make the consumers get real benefits.

However, although the regulation reforms in many other sectors of the market economy in China are further deepening, it is a different situation in the field of natural and cultural heritage. At present, the regulation system implemented in the field of heritage in China is the so-called "strip and block management" mode. The "strip" refers to the technical management of the heritage charged by corresponding agencies at the higher level, and as the regulatory agencies at the higher level, they mainly undertake the duties of planning for the development of heritage, guiding the heritage protection, etc. The so-called "Block" means that the specific businesses of heritage protection and development are charged by the local government where the heritage is located. [3] In practice, local governments often treat the management of heritage as executive affairs and set up special "management offices" to carry out the protection and development of heritage. At the same time, in order to meet the needs of tourism development of heritage, many local governments have also combined the "management offices" with the state-owned companies to run the protection and development of heritage. Some heritage sites have even established public listed companies to take charge of the development of the heritage.

Therefore, under the existing "strip and block management" regulation system in China, the actual regulatory power of the heritage is usually in the hands of the local government. With the increasing economic value brought by heritage tourism, heritage has become a high-quality resource for promoting local economic development and the last piece of "green cake", especially in the underdeveloped central and western regions in China. [4] Under the unified goal of serving the development of the local economy, the incompatibility of the social regulatory goals and economic regulatory goals of heritage is inevitable. It has resulted in the status quo that heritage regulation system in China is actually absent in practice. Namely, local regulatory agencies lack of regulatory

motivations for economic interests' reasons may allow the heritage destruction behavior, superior regulatory agencies do have regulatory motivations, however they do not have the corresponding legal authority and specific effective measures under the existing systems. This is also the institutional root cause of the improper development and the destruction of heritage in practice in China.

This is the case in Wulingyuan, the world's natural heritage site in Hunan Province. In 1992, Wulingyuan was included in the World Natural Heritage List by UNESCO. The main landscape of Wulingyuan is the quartz sandstone peak landscape. There are 3103 peaks in the territory, and the landscape is magnificent. The forest is dense and the underground caves are amazing. After becoming the world's natural heritage site Wulingyuan turned to be a famous tourist destination in China and even the world. With the development of tourism, the construction of tourist facilities such as hotels in the scenic spot was spreading. It caused great damage to the heritage. In 1998, because of too many artificial buildings, Wu Lingyuan received a yellow card from UNESCO and requested that it be rectified within a time limit. Otherwise, it will be removed from the list of World Heritage sites. The main reason for this situation is because of its regulatory system. In order to pursue economic interests, local regulatory agencies ignore the protection of heritage resources. Superior regulatory agencies have regulatory motives, but there are no specific and effective regulatory measures. The regulation system of heritage in China are in urgent need of reform.

3. The characteristics of the reform of China's regulation system

3.1. The nature of regulation

Viscusi believes that regulation is a kind of limitation to the free decision-making behavior of market players by the government through the power. [5] The government is the only legal violence owner in the modern country. Its main resource is the legal force. The government regulation is to use this kind of force for the purpose of limiting the decision of the economic subject. Daniel Spback argues that regulation is a general rule or special behavior enacted and enforced by the national administrative agency. Its direct purpose is to intervene in market mechanisms or to change the economic decisions of companies and consumers in the market. [6]

The government is the only legal organization in the society to exercise power. From the perspective of the economics, the nature of regulation is essentially the substitution of the power government holding with the market mechanism. For example, Kahn stated in his classic textbook "Regulatory Economics: Principles and Systems", "The essence of regulation is the obvious substitution of government orders for market competition" [7]

In summary, the regulation has the following three contents: First, the regulatory body is a regulatory agency, especially represented by government administrative agencies. These administrative agencies are granted regulatory rights by the government through laws or other forms. Second, the regulatory object is a variety of subjects involved in the market economy, of which enterprises and individuals are typical representative. Their behavior is regulated or encouraged by regulatory agencies. Third, the main basis and means of regulation are various laws, rules or administrative contracts promulgated by the government. These rules clarified the type, scope, and specific measures taken by the regulatory agencies, as well as the sanctions that would be taken if the regulations were violated.

3.2. Regulatory agency type

From the nature of regulation, it's obvious that the regulatory body plays a key role in the regulatory system. In the regulatory theory, according to the different subjects, regulatory bodies can generally be divided into three types: government regulatory agencies, independent regulatory organizations, and self-regulatory organizations. Among the three types, government regulatory agencies are

usually characterized by strong authority and high efficiency, independent regulatory organizations have the advantage of specialization and relative neutrality, self-regulatory organizations have the advantage of full information because they are self-regulatory. At present, the regulatory bodies in the major western developed countries have transited from government regulatory agencies to independent regulatory organizations. Meanwhile self-regulatory organizations play an important role in the sector of professionalization and consumer protection. [8]

3.3. The background of the reform of regulation system in China

The modern regulatory system originated in the West. Its main purpose is to maintain market order, correct "market failures" and ultimately promote the effective allocation of social resources. In particular, after the Great Depression of the US economy in the 1930s, due to Keynesian effective measures, the opinion that the market need to be intervened by government become a mainstream one. In general, by the 1970s, major Western market economy countries have established relatively complete systems.

In the beginning of the founding of China in 1949, a planned economy system was implemented. In a sense, the planned economy system is the most complete regulatory system because under such a system, the tentacles of the government are all over the corners of social and economic life. It can be said that there are regulations everywhere in the planned economy system, and the purpose of this regulation is not to correct "market failures" but to eliminate the market mechanism. [9] The direct consequence of this regulation is the large number of administrative monopolies in the social and economic fields. In the field of heritage protection and development, it is also the serious government administrative monopoly. Therefore, unlike the situation in the Western countries, the reform of regulation has a unique background. In Western countries, regulation is the corrective and remedial measures taken by the government when the market economy develops to a certain stage and market failure occurs due to market monopoly. The premise is that a complete and developed market mechanism has been established at all.

However, the reform of regulation in China is based on the government monopoly of all economic resources as its starting point. Then it gradually eliminates government monopolies and replaces them with market mechanism. Then the market mechanism gradually become the dominant mechanism for the allocation of social resources. Therefore, the reform of regulation system in China is a process in which the government gradually withdraws from direct participation in economic activities. Compared with the regulatory history of Western countries, the reform of regulation system in China is a reverse process, which is a unique background of China's regulation system reform.

4. Concrete measures for the reform of China's natural and cultural heritage regulation system

At present, the system of China's heritage regulation is the regulatory system of "integration of government and enterprise" and "government-enterprise alliance". Such regulatory system has become the root cause for the constant improper development and the destruction of heritage. An important drawback of the existing system is the sticking relationship of interests between the regulatory agencies and the regulatory targets. Therefore, the key to the reform of China's heritage regulation system is to establish the proper regulatory agencies, which cuts off the relationship of interests between the regulatory agencies and the regulatory targets, and ensure that regulatory agencies can exercise their regulatory rights objectively and fairly.

As mentioned above, among the three types of regulatory agencies, according to the view of modern regulatory theory, independent regulatory agencies are most in line with the need for the protection of heritage. However, considering the actual conditions in China, it is more appropriate to

establish a quasi-independent regulatory organization at the current stage of the reform of the heritage regulation system. The reasons are as following:

First, the status quo of China's social and economic development decides this choice. Although the socio-economic development in China has made tremendous progress after more than 40 years of reform and opening up, China is still at the primary stage of socialism. In the process of economic development, there are still many problems such as unbalanced regional development and low per capita income. Especially in the mid-western minority areas, compared with the developed regions in the east and the coast, many local governments are often shouldering greater pressures for economic development. Therefore, most of China's heritage resources bear certain local economic development functions. The pillar industries of economic development in many places heritage located are the industries associated with heritage tourism development. Compared with the regulatory goals set by developed countries to establish independent regulatory organizations, maintain market order and correct market failures, the regulatory agencies of heritage in China cannot avoid the social reality of developing local economy in undeveloped areas through heritage tourism. It means that regulatory agencies need the support and cooperation of local governments in the regulation of heritage protection and development. Therefore, the government's quasi-independent regulatory organizations are more suitable for China's existing national conditions.

Second, China's regulatory reform has its own unique background. As mentioned above, compared with the history of regulation reform in western developed countries, the reform of regulatory system in China is a reverse process, namely, as the "visible hand", government regulation supports and remedies the market "invisible hand" after the development of the market economy to a certain stage and the "market failure" occurs. Specific to the heritage sector, it is reflected that the reform of the heritage regulatory system in China is based on the government monopoly of heritage resources as the starting point, and then introduce market mechanisms, the government gradually withdraw at the same time, then finally achieve "the separation of government and enterprise" and the establishment of a modern regulatory mechanism. Therefore, the selection of regulatory organizations should take into account the gradual transition from government regulatory agencies to independent regulatory organizations. Therefore, at this stage, it is more appropriate to establish a quasi-independent regulatory organization of heritage.

Therefore, at the present stage, the reform of China's heritage regulation system is to break the relationship of interests between regulatory agencies and regulatory targets, and change the existing "integration of government and enterprise" heritage regulation system to a "separation of government and enterprise" system. Then, on the basis of "separation of government and enterprises," the "separation of government and regulation agencies" system would be implemented, and finally a modern regulatory system featuring quasi-independent regulatory agencies would be established. Only in this way the relationship of interests between the regulatory agencies and the regulation targets can be cut off, and achieve true separation of government and enterprise, government and government regulations, thereby systematically eliminate the phenomenon of the improper development and destruction of heritage in practice.

5. Conclusions

The tourism industry of natural and cultural heritage has become a pillar of local economy in many central and western area in China. As a special scarce resource, its development must not only pursue economic benefits, but also meet the goals of sustainable one. However, in practice, the tourism development of many natural and cultural heritage sites in China has brought about the destruction of the heritage. The fundamental reason for this is the existing regulation system of heritage in China. As mentioned earlier, the case of World natural heritage sit has proved this situation. Therefore, China should carry out reform of the heritage regulation system as soon as possible. The key point is to establish quasi-independent regulatory agencies to achieve true "separation of government and

enterprise” and "separation of government and regulation agencies". Only in this way can the sustainable development of the natural and cultural heritage be guaranteed.

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