

The Implementation of China's 'Golden Weeks Holiday' policy: A Preliminary Assessment

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Abstract: The enactment and subsequent implementation of the Golden Weeks holiday policy has played a key role in the emergence of a mass domestic tourism industry in China. In this paper it is shown that demand has continued its strong growth since the three short holiday periods were each extended to a week. The tourism industry was initially unprepared for the scale and intense concentration of demand, which ensued. The policy was not implemented in a systematic way and extreme crowding ensued in major cities and around the most notable attractions. The paper highlights the problem of implementing centrally directed policies in planned economies where consumers are experiencing an increase in the exercise of personal freedom.

Keywords: Holiday policy, domestic tourism, planned economies, personal freedom.

Introduction

The Golden Weeks holiday policy was enacted by China's State Council in May 2000. This policy provided official endorsement for the extension of each of the three major national holidays to three seven day long periods. The policy applied to International Labour Day 1 May, National Day 1 October and the Spring Festival between January and February. The policy aimed to stimulate domestic demand particularly in response to the economic stagnation associated with the Asian Financial Crisis of the late 1990s.

The paper describes the experience of the first eight Golden Week holidays. Over the course of the period covered by these holidays, some costs and benefits of the policy have become evident. Chinese economists and sociologists have expressed diverse opinions about the merit of the policy. Some have challenged the existence of the so-called "holiday economy". This paper examines the outcomes and significance of the Golden Weeks Holiday strategy as an element of government intervention, evaluates its costs, benefits and sustainability as a component of emerging mass tourism development in China, and provides some suggestions about how future research may provide a better understanding of the phenomenon.

Background

In the period prior to 1978, the Chinese authorities viewed domestic tourism as serving political rather than economic goals. Such travel was undertaken for political and work purposes such as meetings of cadres outside their normal cities of residence, political indoctrination, and the staging of scientific conferences. For the most part government discouraged domestic travel because it was considered to be a bourgeois activity and contrary to the communist ethos. Tourism was not thought of as “an industry” and was categorised as a part of “foreign affairs” or “public relations exchange.” Package tours and mass tourism were virtually non-existent and there was no encouragement for leisure travel consumption. The prevailing view of the Chinese authorities was that travel was a luxury confined to the elite who enjoyed sufficient time, money and privilege to make it possible. General consumption was confined largely to basic and functional items such as bicycles, sewing machines, watches and radios and did not extend to experiences.

It was not until the wider process of modernization was launched seriously in 1978 that tourism received encouragement for its foreign exchange earning potential. As income levels increased during the 1980s, consumption extended firstly to items such as colour TVs, refrigerators, washing machines and videocassette recorders, and then to telephones and air conditioners. Despite this acceleration of consumption general domestic tourism was given minimal attention by civilians and by government during the 1980s. In this wider context of the evolution of consumption the Golden Week Holidays may be regarded as a radical economic reform on the part of the Chinese government.

The Asian financial crisis of the late 1990s had an enduring effect on most Asian countries. Across the Asian region it provided an important incentive for governments to contemplate the contribution of tourism to the economy generally and the consumption of services in particular. Though it was not entirely immune and did experience an economic slowdown, China was a strong and self-contained economic entity and a notable exception to the malaise affecting the region. However Chinese domestic consumption did remain subdued during 1998 and 1999 despite showing greater resilience than was the case elsewhere in Asia. It was partly with a view to counteracting flagging consumption, to stimulate the economy and to encourage demand, that China's policy-makers extended the three major national holidays from three or four to seven days. The policy was intended to boost domestic consumption associated with tourism and to generate additional demand for the services and products provided by tourism businesses.

The three week-long breaks are now known as the “Golden Weeks”, because of their association with boosting economic growth and bringing about “golden times”. The expression “Golden Week” conveys the idea of a successful week

for the business sector with a resulting harvest “glitterings like gold”. Since gold has always symbolised something precious and valuable in Chinese culture, such labelling enhances the prospect that the policy will be embraced widely throughout the country at a grass roots level. The Golden Weeks Holiday policy, and the associated “holiday economy”, was a new phenomenon for China and for the Chinese, stimulating domestic demand and offering development opportunities for existing and for new businesses. Each week-long holiday has ignited a spending spree, generating windfall profits for the tourism sector and for other tourism-related businesses including retailers, caterers, accommodation providers, transport operators, communications groups, insurers and bankers.

Study Rationale and Methods

Tourism has emerged as a new growth area for the domestic economy (CNTA, 2000). As indicated in Table 1 tourism revenues have been growing at a rate of almost 13 per cent per annum, well ahead of the average gross domestic product (GDP) growth-rate of 7 per cent. Tables 1 and 2 provide evidence that domestic tourism has become an emerging and significant growth area of China’s national economy (CNTA, 2001). Table 3 indicates the extent to which travel has become commonplace amongst urban and rural dwellers respectively.

Table-1 Domestic Tourists and Domestic Revenue from 1992 to 2001

Year	Domestic tourists (millions)	Increase (%)	Domestic Revenue (Billion Yuan RMB)	Increase (%)
1992	330	10.0	25	25.0
1993	410	24.2	86.4	245.6
1994	524	27.8	102.3	18.5
1995	629	20.0	137.6	34.4
1996	639	1.6	163.9	19.1
1997	644	0.8	211.3	29.0
1998	694	7.8	239.1	13.2
1999	719	3.6	283.2	18.4
2000	744	3.5	317.6	12.1
2001	784	5.3	352.2	10.9

Source: CNTA China Domestic Tourism Spot Check Survey 2002

The Implementation of China's 'Golden Weeks Holiday' policy:

Table-2 Proportion of Tourism Revenue to GDP from 1992 to 2001

Year	GDP (Billion Yuan)	Domestic Tourism Revenues (Billion Yuan)	Proportion (%)
1992	2663.8	25	0.94
1993	3463.4	86.4	2.49
1994	4675.9	102.4	2.19
1995	5847.8	137.6	2.35
1996	6788.5	163.8	2.41
1997	7477.2	211.2	2.83
1998	7955.3	239.1	3.01
1999	8206.8	283.2	3.45
2000	8940.4	317.6	3.55
2001	9593.3	352.2	3.67

Source: CNTA China Domestic Tourism Spot Check Survey 2002

Table-3 Domestic Travel Ratio Survey of Chinese Residents from 1993 to 2001

Year	Total Trips (Millions)						
		Urban Residents (Millions)	Proportion (%)	Average Cost Per person (Yuan RMB)	Non-Urban Residents (millions)	Proportion (%)	Average expenditure (Yuan RMB)
1993	410	160	39.00	445.13	250	61.00	60
1994	524	205	75.76	414.67	319	34.31	54.88
1995	629	246	91.00	464.02	383	41.20	64.47
1996	639	256	91.00	534.10	383	41.20	70.45
1997	643	258	92.40	599.81	385	40.00	145.68
1998	694	250	98.2	607.0	444	47.0	197.1
1999	719	284	94.8	614.8	435	47.0	249.5
2000	744	329	104.4	678.6	415	44.0	226.6
2001	784	374	110.2	708.3	410	44.2	212.7

Sources: CNTA Survey 2002

Over the first eight Golden Week Holidays China's tourism authorities and tourism related industries experienced both success and exasperation. Since China has a huge population, it was predictable that millions of tourists would flock to the major tourist destinations simultaneously. Confronted by this influx, the tourism services sector faces major challenges and impacts with a knock-on effect for the weeks immediately prior to and after these holidays. The management of supply and demand is a significant challenge in developing domestic tourism in China. It is appropriate to evaluate the experience of seasonality over the period during which the Golden Weeks have occurred and the extent to which any efforts to reduce demand fluctuations have been effective.

As a relatively young sector of the economy, it is perhaps predictable that China's tourism industry would struggle to cope with the pressures associated with the intense spatial and temporal convergence of tourist demand. This prompts a number of questions which merit scholarly examination. As the newly introduced Golden Weeks Holiday policy became the most talked about topic within China's academic and tourism research communities, the outcomes of the first Golden Week Holiday in May 2000 were on the agenda at the "21st Century Tourism in China and World Tourism Forum" held in Beijing in August 2000. The authors of this paper participated in the Forum which attracted tourism educators and researchers from across China and their participation and subsequent findings prompted the present study.

In view of the complexities of the problem and the limited resources available, the researchers focused particularly on an evaluation of the costs and benefits associated with the Golden Weeks Holidays policy with particular emphasis on the management of supply and demand and on the exercise of government intervention over tourism development. The researchers have adopted a largely qualitative approach, using observations, telephone interviews, online information and general publications such as newspapers and magazines. Throughout the research process, observations have been noted commencing with participation in the Beijing Forum. The secondary data collection has been continuously updated and analysed. Opinions have been gathered from tourism academics, China National Tourism Administration and senior personnel from travel agencies, hotels and domestic airlines in China.

The Booming Domestic Market

The implementation of the Golden Weeks Holidays policy has produced some common phenomena that have been observable nation wide. The best known tourist destinations and attractions attracted crowds of tourists and became "honey pots," leading to rapid growth across all tourism related service sectors. In the case of the first Golden Week (the International Labour Day holiday of 2000), China's travel agencies appeared to be markedly unprepared for the

The Implementation of China's 'Golden Weeks Holiday' policy:

frenzy of 46 million travellers. It is reported that revenues of 18 billion Yuan (US\$2.2 billion) were generated, amidst an atmosphere of chaos. A year later, the tourist experience was still unsatisfactory and was still characterised by unpreparedness on the supply side. Three million visitors converged upon Beijing during the equivalent seven day holiday in 2001, generating revenues of 1.7 billion Yuan for the city. Tourists reported serious traffic jams and typical delays of in excess of five hours along the highway to the Badaling section of the Great Wall of China. The Transportation Bureau of Beijing reported 4.4 million passengers in seven days, an average of 630,000 per day and the highest number reported in the 47 years that the organisation had been in operation (CNTA website, 2001). The Beijing experience exemplifies the enormous pressure on key "honey pots" when China's vast population is on the move. The pressure in and around Beijing was indicative that the problem of overcrowding was not confined to urban residents converging on scenic rural areas.

The tourism industry and related sectors encountered major challenges and pressures in the lead up to each Golden Week Holiday promoting a range of responses. After the over crowding experienced during the first Golden Week, many air and rail operators required passengers to make advanced reservations in the case of popular routes. In addition to requiring that reservations be made weeks or even months operators increased their schedules, leading to greater availability. Capacity was expanded in the travel agency, accommodation, sightseeing, shopping, entertainment and transportation sectors. During the second Golden Weeks Holiday (the National Day in October 2000), the Civil Aviation Administration of China (CAAC) arranged an additional 1,400 flights to major holiday destinations. More than 900 trains were added to timetables particularly between major cities and popular tourist destinations. Despite the capacity boost, some travel agencies turned away prospective tourists, most commonly because they were unable to confirm the availability of return tickets. Beds were in short supply and overbooking by hotels, motels and hostels meant that many independent and self-drive tourists struggled to find overnight accommodation. Providers were tempted to be greedy or simply did not have the experience of assessing the likely guest no-show factor. At the busiest restaurants, advanced reservations were essential and long queues were prevalent at the cashier desks of various services. Popular restaurants in Beijing were filled to capacity and generated handsome profits for their owners. The Beijing Evening News reported that on day one of the first Golden Week holiday the Quanjude Roast Duck Restaurant at Qianmen in Beijing handled more than 4,700 guests and generated record revenues of 550,000 Yuan (US\$66,000). Shortages of facilities such as parking and toilets were common at popular scenic spots (Guo, 2000). From a consumer perspective, overcrowding was a negative experience and in the early stages at

least the lack of adequate structures in place (eg provision for advanced reservations) highlights the limited of a poorly developed market.

It is widely accepted that a growth of tourist expenditures stimulates the flow of revenues to the tourism and related sectors. During the National Day holidays of 2001, entry fee takings at the Palace Museum and at the *Badaling* Great Wall exceeded 10 million Yuan. Even in the remote Southwest province of Yunnan, it was reported that daily tourism revenues exceeded 100 million Yuan (US\$12 million). During the first half of the most recent Golden Week, tourist arrivals to the Lijiang River in Guilin broke city records. -Over the past three years, the Golden Week holidays have collectively generated revenue of at least 30 billion Yuan (US\$3.61 billion), with visitor numbers growing year-by-year. During the Golden Week of October 2002, domestic visitation reached 80.7 million generating revenues of 30.6 billion Yuan, an increase of 26.2% over the previous (October) Golden Week. Tourist arrivals and associated revenues recorded during the eight Golden Weeks are summarised in Table 4.

Table-4 *Tourist Arrivals and Revenues during the Golden Weeks 2000-2002*

Time	Golden Weeks	Tourists (Millions)	Tourism Revenue (Billion US\$)
May 1~7, 2000	1st	46	2.2
October 1~7, 2000	2nd	60	2.8
Spring Festival, 2001	3rd	45	2.4
May 1~7, 2001	4th	74	3.5
October 1~7, 2001	5th	52	3.0
Spring Festival, 2002	6th	64	2.8
May 1~7, 2002	7th	87	4.0
October 1~7, 2002	8th	81	3.7

Source: CNTA 2003

Despite the economic benefits arising from the Golden Weeks Holiday, the holiday economy concept has been criticised by many Chinese scholars. In the following section the experience of the Golden Week is reported in terms of positives and negatives.

Benefits of the Golden Weeks Holiday Policy

The Golden Weeks Holiday policy was initially intended as a stimulant to domestic consumption and as a means of reducing the negative effects of the economic recession caused by subdued exports arising from the Asian Financial Crisis. The policy has indeed contributed to the national economy by activating consumption, and by stimulating tourism related demand. According to advocates, the Golden Week Holiday has been an effective strategy, having stimulated consumption, responded to changes in the external environment, and enhanced economic development (Sun Yu-Bo, the Xin Hua News Agency, 8 October 2002).

Significant economic benefits have also been attributed to the policy. By encouraging demand and consumption, it has been responsible for generating employment and has provided a channel for idle savings. The extra consumption triggered by the Golden Weeks Holiday Policy benefits economic development generally, and regional employment in particular. Prior to the implementation of the policy, the Chinese had a reputation for accumulating a high level of bank savings, reflective partly of a lack of confidence in the political and economic situation during the early stages of economic reform. In responding to this environment, many Chinese opted to prepare for difficult times by depositing their disposable income in banks rather than by spending it. The Golden Weeks Holiday policy has encouraged the use of disposable incomes for consumption beyond daily survival needs, thereby putting such idle capital to productive uses.

By encouraging domestic travel, the Golden Weeks Policy has promoted regional tourism and enhanced regional economic development. Spending can contribute to local economies by bringing in tourist revenues and by creating employment. Many tourism-related businesses have also benefited from the purchases made by travellers. In addition to major expenditures such as transport and accommodation, travellers also spend on a diverse range of items such as food and beverage items, souvenirs and photographs.

The Golden Weeks Holiday policy has improved the quality of life in the social domain by offering an expanded range of consumption opportunities. As China opens up to the world, working lives are increasingly influenced by the high speed, pressurised and tense work culture characteristic of developed countries. This creates a psychological and physical need amongst the populace for relaxation and a break from established routines. For many, travel is an effective form of recreation and provides an opportunity to experience life beyond their habitual environment. The benefits of the granting of extended leave also affects non-travellers who are able to spend more time with their family and friends (who have used the opportunity to travel to engage in Visiting Friends and Relatives or VFR) or just to stay at home and relax. For both travellers and

non-travellers, the policy may lead to an improvement in their physical and mental well-being. At a broader level it may have the effect of enhancing social harmony and understanding between human beings from different locations and regions. Within China a booming domestic tourism sector may also emerge as a source of justifiable pride. During the early phase of modernisation, much of the accommodation supply was targeted at high spending international tourists. The emergence of a flourishing domestic market offers the prospect of greater stability for the industry and less emphasis on kow-towing to the dictates of overseas tourists.

Criticisms of the Golden Weeks Holiday Policy

Critics of the Golden Weeks Holiday have argued that it is a short-term remedy offering only temporary benefits. From a macroeconomic perspective, critics point to a lack of evidence over whether the economy has been stimulated over the period of a whole year as opposed to a few weeks. According to this view, consumption is finite, and in the absence of additional income, total demand is comparatively stable across the range of available production capacity. Total consumption in any given year is determined by factors such as disposable income, education, medical expenses, and other daily necessities. Based on this argument, the consumption stimulated by the availability of additional free-time during the Golden Weeks may simply be concentrated during a prescribed period instead of being spread over the whole year, a case of "spending now, and not later." It is argued that the Golden Weeks Holiday may have superficial appeal as a time of prosperity, but in practice offers no real stimulus to demand or to overall annual consumption. The abnormal unevenness of demand prompted by the Golden Weeks Holidays has exacerbated existing seasonality problems and has undermined market equilibrium with demand likely to be subdued during the period immediately after the Golden Weeks. The concentration of demand has also increased the risk to the health and safety of tourists due to a reduction in service quality and the inability of established safety measures to cope with the increased pressures.

In addition to the prospect of a reduction in quality of the available tourist products and services, tourists face increasing potential and hidden risks. Such risks are exacerbated in the case of highly populated developing countries with their lesser capacity to cope. To some degree, the Golden Weeks Holidays bring trouble and inconvenience to everyday lives. Even amongst some who accept the existence of the holiday economy, growth is more attributable to rising per capita incomes than to the expanded number of leave days (Zhao and Wang 2002).

Critics have suggested that the costs of the Golden Weeks Holiday policy outweigh the benefits, and their concerns have attracted substantial support.

The Implementation of China's 'Golden Weeks Holiday' policy:

As a large and highly populated country, China has always experienced the reality that social resources and services are inadequate. The public transport system has been especially overloaded and the Golden Weeks Holidays are likely to exacerbate the problem by interrupting or impairing the flow of goods and services associated with the social service system. Any disruptions have the potential to cause adverse social impacts. It has also been observed that after the week-long break, workers return to their employment more tired and depressed than when they left. Some have lost interest in their work, while others feel that the government has deprived them and their families of the right to select their preferred holiday times.

The view of the sceptics receives some support from the data presented previously in Table 1. This data indicates that domestic tourism arrivals grew by only 3.5% in 2000 and by 5.3% in 2001. These growth rates were considerably less than what was reported during the boom years of 1993, 1994 and 1995 when annual growth rates were in excess of 20%. Supporters of the policy will claim that the Golden Weeks policy helped to counteract negative market conditions and that domestic tourism spending grew by 12.1% and 10.9% respectively in 2000 and 2001. Whilst somewhat slower than the figures reported for the five previous years, the aggregate level of expenditure growth is impressive. The figures suggest that the Policy has assisted China to maintain its impressive domestic growth. However when judged over the course of a whole year, it has involved an evolution of numbers rather than a revolution. Any transformational effect attributed directly to the policy should not be overstated

The experience of the Golden Weeks Holidays has highlighted the inadequate carrying capacity of many famous scenic spots. In the face of capacity limitations and a shortage of infrastructure, the tourist influx has created a dilemma for service providers in these locations. Many of the service establishments and infrastructure which have been overrun and struggle to cope during the Golden Weeks period, are substantially under-utilised during the off-season. In an environment characterised by extreme seasonality, the provision of additional capacity usually requires major investment with little prospect of a good return. The capital invested may address the issue of deficient supply during the Golden Weeks Holiday period, but may simply compound the under-utilisation evident during the low season. Many countries which have a more mature domestic tourism sector have opted to stagger school holidays to encourage a greater spread of holiday-taking. The various states within Australia follow such a model. The Golden Weeks policy may be likened to the "big bang" approach, with any necessary fine-tuning being left until later, when the fall-out became known and properly documented. However it may be argued that the ensuing seasonal concentration was predictable in light of the experience encountered in other nations.

Environmentalists have observed that a sharp rise in demand can cause unmanageable environmental problems, damaging the cultural heritage and natural beauty of destination areas. In an action criticised by the United Nations Educational, Scientific and Culture Organization (UNESCO), one of China's most beautiful peaks, *Huangshan* (Yellow Mountain), experienced the costs of over-development when developers removed whole hilltops to accommodate the construction of additional hotels and guesthouses. A serious warning has been issued by UNESCO against such irresponsible exploitation of natural resources. Concerns about the adequacy of environmental protection, sustainable development and eco-tourism are gaining ground in China. Frenzied growth is likely to encourage both government and developers to overlook longer-term problems.

The Golden Weeks Holiday policy has been criticised for the social inequity that has arisen as a result of charging higher prices for poorer quality services. According to this view, the outcome for consumers is often unsatisfactory. During the Golden Week Holidays, many tourism suppliers such as hotels, restaurants, railways, coaches, attraction and entertainment facilities have taken the opportunity to raise their prices. At one level this action may be viewed as simply a reflection of the balance between supply and demand. Some commentators have noted that the "higher price but poorer service" phenomenon may create frustration and may dampen popular enthusiasm for travel. It has also been argued that the Golden Week Holidays disrupt operations and production thereby adversely impacting upon business efficiency and productivity.

Overall Policy Evaluation

The following policy evaluation takes into account the relevant facts available at the time of the writing and draws upon both secondary data and interviews with key informants. The evaluation also takes into account the costs and benefits referred to in the previous section.

As China has opened up to the outside world, the tourism sector has grown in scale and importance. By providing employment, generating foreign exchange, and supporting the conservation of notable examples of heritage and tradition, tourism has been contributing to China's economic and social development. It has also diversified the national economy and promoted regional economic development. While stimulating the development of other sectors, including transportation, communication, urban construction, commerce, public utilities, and industries manufacturing tourist goods, it has also helped to provide both a rationale and a market for the preservation and revitalization of traditional crafts and cultural practices (Jenkins and Liu, 1997:114).

A key motivation for introducing the Golden Weeks Holiday policy was to stimulate domestic tourism in recognition of its growing importance to China's

The Implementation of China's 'Golden Weeks Holiday' policy:

socio-economic development. Previously its significance and potential had been underrated because of scepticism about whether it was a contributor to the country's foreign exchange earnings and it only began to attract attention during the mid 1990s. With the implementation of the Four Modernizations that were consolidated by Deng Xiao Ping's socio-economic policies in the early 1990s, increased leisure time became a major goal. This has provided the impetus to develop tourism into a major industry sector. By 1992 the sector generated RMB25 billion, a major contribution to the local economic development of many Chinese cities and regions (Zhang, 1995:6 and Gormsen, 1995:131). The increasing propensity for domestic travel was self-evidently a consequence of government economic policies.

Against a backdrop of rising incomes in the period post 1978, the Golden Weeks Holiday policy seems to have mobilised the two fundamental and significant facilitators of mass tourism, namely disposable income and discretionary leisure time (Wahab, 1975). With the blessing of the Open-door policy and the economic reforms, leisure travel has come within the financial reach of many more Chinese than was the case two decades before. As proclaimed in the World Tourism Organization's (WTO) "Universal Declaration of Human Rights" which formed a part of the 1996 Bali Declaration, the right to leisure, generally and to travel and tourism in particular, has long been recognized as aspects of human fulfilment. Tourism has become an important human need enjoyed by all social strata and "not just a leisure activity" (Jeffries, 2001:14). Travel raises the level of human experience and recognises achievements in many areas of learning, research and artistic activity. If the "right to holiday" is a basic human right, it may legitimately be asked why it should not be available to the Chinese civilians in equal measure to its provision in developed countries? Affording individual freedoms can bring with it certain social burdens. The prospect of per capita car ownership in China at a level equivalent to the developed world raises a range of sustaining abilities, issues which are hard to manage.

Overcrowding associated with mass tourism is commonplace in many developed and under-developed countries and is not unique to China. The convergence of several factors may however have exacerbated the situation in China. Some commentators have attributed the tourism boom to the "convergence consumption" which arose as a result of changes in government policy. According to Lin, the domestic holiday market in China has three major characteristics (2000:244). Firstly travellers concentrate their sightseeing activities around the most famous tourist attractions. Secondly most are travelling independently and are covering distances that do not exceed 500 kilometres. Finally the market is highly concentrated and exhibits a high level of convergence. Against this scenario, the sudden shortage of supply during the festivals and Golden Weeks creates a "bottle-neck" with inadequate capacity

in the attractions and wider tourist services sector. "Convergence" shares many common features with the very established concept of "seasonality". Whilst the phenomenon shares many characteristics between China and the West, the sheer scale of the population in China adds an extra dimension.

The Golden Weeks Holiday policy is now subject to political, economic and social evaluation within China. Despite this often critical scrutiny, there is a strong historical and economic rationale for the policy, which suggests that it is more than a temporary remedy in response to a short run economic problem. The Golden Weeks Holiday has been responsible for generating significant economic benefits across the whole service sector, including transportation, hospitality and catering, financial services, communications, entertainment, real estates and culture.

The Golden Weeks Holidays have clearly played a part in the rapid growth of domestic tourism activity. The stimulus to consumption and related business activity has however provided a basis for a dynamic tourism sector across three dimensions – domestic, inbound and outbound. The importance of inbound tourism to China has long been recognized. From a modest figure of 1.8 million tourist arrivals in 1978, China has grown to become one of the top Asian tourist destinations in 2001. Tourism receipts increased from RMB262.9 million in 1978 to RMB4680 million in 1993 (Zhang, 1995:5; Liu, 1997:103). Having started relatively late in the race, Chinese domestic tourism has gathered momentum in the national pursuit of income generation.

According to the Xinhua News Agency (Qi Zhongxi, www.People.com.cn, October 9, 2002), nearly 200 million trips were taken during the first three Golden Week holidays, and consumer spending exceeded 70 billion Yuan (equivalent to US\$8.46 billion). Because the holiday economy stimulates consumption, many economists believe that the leisure and tourism industries will become an engine for economic development. The Golden Weeks Holiday concept has coincided with the Chinese government's policy to upgrade tourism into a significant industry. In turn China's flourishing tourism sector has played a part in revitalising the national economy. The Golden Weeks Holiday policy marks a dramatic break-through and symbolizes the advent of the mass tourism era in China. By inculcating a philosophy of holiday taking into the national psyche, it is likely to propel mass tourism in China to its full potential in the near future.

China's experience with mass tourism is likely to have significant implications for the future direction of the Open-door policy and economic reforms. From the previously prevailing state of almost total ignorance, the Chinese government has subsequently attached increasing importance to tourism. Development of the industry has been encouraged since 1986, when tourism was included as an industry in the national plan for social and economic

The Implementation of China's 'Golden Weeks Holiday' policy:

development for the first time (Jenkins and Liu, 1997:104-105). By extending officially sanctioned leisure time and thereby boosting the demand side the Chinese Government has successfully upgraded the role of tourism from a contributor of foreign exchange earnings, to a multi-dimensional economic and social phenomenon on a national scale.

Given the increasing weight attached to tourism within the wider economy, the Golden Weeks Holiday looks more like a planned, long-term strategy than a tactical initiative. Whatever the political attitudes of the authorities at a particular time, it will not be readily rescinded. As long as economic growth remains positive and national incomes continue to expand, more and more Chinese will become wealthy and will embark on a new ways of life defined increasingly by their chosen mode of consumption. When they have accumulated sufficient disposable income, they are likely to decide to see more of the world during their lifetimes. Package tours are likely to be favoured because they are viewed as being safe and as an inexpensive way of satisfying travel needs and desires. If one considers holiday packaging to be a step in the "industrialisation of tourism" the first Golden Week Holiday in 2000 may be viewed as the beginning of mass tourism in China.

The Golden Week Holidays acts as a stimulus for consumption and bring associated economic and social benefits. By generating increased demand, they direct additional revenues to relevant businesses and create employment, particularly in regional areas. This improves the social balance and helps to distribute wealth more evenly across the nation. Currently China's coastal provinces enjoy a huge economic lead over the inland provinces. In due course, tourism may offer the prospect of redirecting the balance, though the initial impetus is to those places that are already most frequented by visitors.

Given the tendency of tourism to integrate actively with other sectors of the economy, the Golden Week Holidays also stimulate the economic multiplier effect. The Golden Week Holidays both enhance established industries such as finance, telecommunication and transportation, and generates opportunities for other businesses such as souvenir shopping, instant photography, camel rides, massages, nutrition and health care products. The Golden Weeks Holiday policy is in line with the ultimate goal of China's economic reforms and Open-door policy, namely to bring a "comfortable life for all people in China".

The Golden Weeks Holiday policy helps to stimulate utilization of idle funds. With sustained economic growth and a rise in real per capita incomes, the surplus on individual bank deposits in China reached a total of 6,000 billion Yuan (US\$722.9 billion) in 1999. The average annual income of China's urban residents jumped from 343 Yuan (US\$41) in 1978 to 5,854 Yuan (US\$705); and rural resident average annual incomes increased from 134 Yuan (US\$16) to 2,210 Yuan (US\$266) (National Bureau of Statistics 1999). These increases have

provided the fundamental underpinnings for leisure travel to flourish. The Golden Week Holidays have become an important part of people's lives, encouraging increasing expenditure on travel and transforming consumption from satisfying basic needs into more sophisticated aspects of self-actualisation. The Golden Week Holidays have extended available leisure time and the associated development of social relationships. This can help to improve social stability and prosperity, thereby achieving social, economic and political goals.

Extended leisure time has contributed to the development of the holiday economy and to a social phenomenon, which will not be readily reversible. As the reforms deepen and the impacts of China's membership of the World Trade Organization became increasingly entrenched, China's interactions with the outside world will become increasingly intense. Influenced by the developed countries and with the assistance of advanced science and technology, Chinese people now enjoy shorter working hours and extended leisure time. The Golden Weeks Holiday policy has brought the annual number of non-working days including weekends to 114, almost one-third of the total number of days in the year. Greater exposure to external influences has also broadened the Chinese view of consumption. As has been the case in other newly developed countries such as Japan and South Korea, travel has now become an important element of consumption. Travel consumption is likely to follow the established path of development, starting with visiting relatives and friends, and then moving into package tours, free independent travel (FIT), and finally to more sophisticated special interest trips.

From a social point of view, the Golden Weeks Holidays have provided a form of psychological reassurance, making people relieved and relaxed. Abolition of the Golden Weeks Holiday entitlement would be unpopular, especially as an increasing number are accustomed to the practice of taking extended breaks. As living conditions improve, the level of consumption amongst the Chinese people has gone beyond merely satisfying basic living needs. Since the 1990s, more people have begun to engage in luxury consumption including real estate, cars and leisure travel. After 20 years of economic reform and with improved infrastructure, the tourism industry has matured. Travellers are more knowledgeable and sophisticated than was the case previously. The week-long breaks provide them with an opportunity to pursue highly cultural and spiritual consumption, regardless of whether it is travel related or not.

The Golden Weeks Holiday policy has the potential to be a sustainable national strategy for China although the implementation has been problematic. As disposable incomes have increased, Chinese travel patterns have been changing. They started with visits to local scenic spots, then moved on to visits to famous tourist cities such as Beijing, Xian, and Guilin. Finally travel has been extended to include long haul destinations such as Europe, America and Australia. A well-established and prosperous holiday economy symbolizes health, social

The Implementation of China's 'Golden Weeks Holiday' policy:

well-being and economic success. For this reason, the Chinese government would be unlikely to jeopardise what has been achieved and risk the chance of stirring up social unrest and political uncertainty. It would be unlikely to risk sending the message to the outside world that it is going backwards and that freedoms are being curtailed.

Having acknowledged the many benefits of the policy, the authors of this paper wish also to reiterate a criticism mentioned previously. The Golden Week Holidays may give the appearance of a time of prosperity, but this may occur with no real stimulus to or increase in overall annual consumption. If the figures released by the CNTA and noted in Table 1 are true and reliable, we may conclude that the growth, which occurred between the pre- and post-policy periods, was insignificant. During the pre-policy period from 1992 to 1999, there were significant increases in numbers of both domestic tourists and domestic revenues, with the highest growth occurring during the first five years. The growth achieved in the two years after the policy was implemented (i.e., 2000 and 2001) was considerably less than what was recorded during the first half of the decade. Comparing the figures in Tables 1 and 4, the annual domestic growth for 2000 and 2001 was low. Without the intervention or assistance of the Golden Weeks Holiday policy, annual growth in previous years appeared to be higher. Within the context of lower overall annual growth the spending generated during the two Golden Week Holidays in 2000 amounted to 12.5 percent and 20.5 percent of total annual domestic tourism revenues respectively (US\$4.97 billion versus RMB317.6, or equivalent of US\$39.7 billion using exchange rate US\$1=RMB 8). From this evidence it might be concluded that the Golden Weeks Holiday policy has not stimulated the consumption and demand that might have been expected.

Conclusions, Implications and Suggestions for Further Research

Whether or not there has been an increase in aggregate domestic tourism demand, the implementation of the Golden Week Holidays policy has undoubtedly brought about a convergence in consumption demand. In communist countries such as China, Governments are capable of manipulating the affairs of state across a range of political and economic dimensions. The Golden Weeks Holidays policy has created consumption demand, which has powerfully demonstrated the influence of government intervention. History has shown that China's government has succeeded on numerous occasions in conducting national political campaigns (eg, the Great Leap Forward and the Cultural Revolution) to suit its political purposes. This is despite the fact that a number of these campaigns have had disastrous results for the nation and its people, as has subsequently been acknowledged by the ruling Communist Party. The Open-door policy and the economic reforms, which have occurred over

the past two decades, have not deprived the Chinese government of its power of intervention. This has been evident in the hard-line adopted towards the recent SARS crisis, where all travel agencies were ordered to close their doors and nearly all tourism activities were disrupted or stopped at the command of the government.

Having recognized the power of government intervention, the authors acknowledge that government involvement is indispensable in tourism in the case of relatively immature markets. As noted by the WTO, governments have traditionally played a key role in tourism development (1996). Both the public and private sectors have to be heavily engaged if the long-term development of tourism is to be secured. According to the experience of the developed world, government involvement in the tourism sector was substantial at the beginning of the development of mass tourism. As the industry has matured, the government's role has changed and is now confined to policy making and regulation (Jeffries, 2000:102 & 109). According to Jeffries, governments may have strong motives for intervention (2001:112). They may for example have a strong interest or obligation in resolving key economic, political or social problems such as the Asian Financial Crisis and SARS. Secondly, governments are tempted to intervene and contribute because of the intrinsic character of tourism.

It is the responsibility of government policy-makers to weigh up costs against benefits and to pursue optimum solutions for the national economy. Although the negative effects of the Golden Week Holidays cannot be ignored, Government would be unwise to abandon the policy especially given the positive outcomes that have been documented in this paper. Whilst a number of negative consequences of the Golden Weeks holiday policy have been noted, these could be managed with a view to strengthening the benefits of the policy.

The following measures are proposed with a view to minimizing the negative effects of the Golden Week Holiday policy:

- Pursue sustainable levels of consumption and overall development while trying to tackle the problem of crowding;
- Make environmental protection a key priority within all tourism development plans;
- At the macro level intensify control to ensure that the strong desire for holiday travel is maintained and that development is implemented in an orderly manner.
- Conduct further investigations before expanding the capacity of tourist attractions; increase investment in tourist service facilities appropriately and take proper account of the relationship between high and low seasons when adding additional services.

The Implementation of China's 'Golden Weeks Holiday' policy:

- Adopt sub-channelling and dredging methods to reduce the pressures brought about by a convergence of tourists. Use government regulations to control traveller flows and redirect excessive tourists to less popular regions and attractions.
- Adjust and co-ordinate the market with measures such as increasing supply and raising high season prices in an orderly manner;
- Re-distribute leisure time by implementing a scheme of staggered recreation/annual leave; encourage leave taking during the low and shoulder seasons;
- Upgrade travel forecasting services and report regularly with a view to reducing the pressure of travel convergence. Information Monitoring and Reporting Systems such as those provided by CCTV, Internet, radio, and newspaper can help to forecast air and train bookings and hotel reservations. Accurate tourist information and forecasts would enable travellers and travel related businesses to be prepared beforehand with a view to avoiding bottlenecks.
- Conduct research on consumption behaviour, travel psychology and travel propensity to find out what can be done to improve service quality so that better consumer satisfaction is achieved.

The Golden Weeks holiday policy may be understood clearly within the context of China's wider social and economic development. As Zhang has commented, tourism in China has been transformed in the following ways: from a diplomatic activity to an industry of importance; from micro-management and control to macro-management and service; from monopoly to decentralization in tourism business operations and finally; from a product-oriented to a market-oriented mode (1995, 8-15). The evolution of China's tourism industry is indicative of Government's strong willingness to be part of the international community, and its readiness to acknowledge the applicability of overseas precedents. We may conclude that the introduction of the Golden Weeks Holiday policy marks the arrival of the era of mass tourism and typifies the model of tourism development experienced in many newly developed societies. Following the natural course of development, and assuming that the prevailing political and economic policies are not reversed, the Golden Weeks Holiday policy will continue to work favourably, provided that the negative side of the policy is kept in check. Inappropriate development occurs when the market mechanism fails to bring about adequate coordination. As far as the authors are aware, China's government has learnt a lot from the Golden Weeks experience. It has sought to overcome the negative aspects of the Golden Week Holidays, and to improve the quality of the booming domestic tourism sector by introducing a series of practical measures to help reduce the pressure of overcrowding. These measures include a 24 hour market information reporting system providing

consumers with the most up-to-date information about air, rail, accommodation and attractions bookings.

This paper has provided a preliminary investigation of the Golden Week Holidays policy. However, the data used have been limited to year long trends and to volumes of activity reported for specific Golden Weeks. The extent to which the demand generated by the extended holiday weeks has been new demand and how much has been displaced demand remains unclear. A proper assessment would evaluate demand trends in the weeks prior to and following the Golden Weeks. Considerable work is also needed on the supply side. Has the stimulus to demand prompted a growth in established and new tourism businesses and an increase in the turnover and profitability of existing businesses? Further studies such as surveys of tourist service suppliers are thus recommended with a view to producing a more accurate comparison of business performance prior to and after the implementation of the policy. In addition, detailed monthly statistics of tourist spending would be required for the periods before and after the implementation of the policy. An enhanced understanding of those destination regions which have most benefited from the extended holidays would also be useful. Amongst urban residents is there a tendency to travel further, thereby disadvantaging destinations easily accessible from the major cities which may previously have been beneficiaries of the shorter holidays? Finding answers to these and related questions will enable the Chinese authorities to provide an appropriate framework for the future development of a sustainable form of tourism. It will ensure that this key issue for Chinese tourism exerts an appropriate level of influence over the tourism phenomenon globally.

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The Positive and Negative Effects of the “Holiday Economy”

Positive	Negative
<ul style="list-style-type: none"> • Contributing to the national economy by stimulating demand and activating tourism consumption generally • By encouraging consumption, and by releasing idle savings and bank deposits, it is an effective employment generator. • Helping to improve the quality of life by creating a more diverse consumption opportunities. • Prompting the advent of the era of mass tourism, with associated economies of scale. • Creating economic benefits for businesses directly or indirectly associated with tourism. • Satisfying the popular desire for leisure activities. • Providing opportunities for new business development. • Benefits for physical and mental well-being. • Promoting regional tourism • Providing opportunities to experience life beyond one’s own home towns. • Re-directing funds that would otherwise have been held in savings accounts for productive purposes. upon demand and stimulate economic activity. 	<ul style="list-style-type: none"> • Creating market disequilibrium because of the manipulation of consumption by governments. • Additional spending during the Golden Weeks is at the expense of spending in other periods, since annual consumption levels are finite and are dependent upon annual incomes. • Excessive pressure on transportation, accommodation and food supplies creates serious social problems. • Exceeding the carrying capacity in popular destinations and damaging scenic spots. Encouragement for unplanned and over developed tourist facilities. • Seasonality problems including over-investment in accommodation targeted exclusively at the periods of higher demand. • Poor service quality and compromised traveller safety during peak periods. • Impairment of interest in holiday travel as a result of bad experiences.

The Implementation of China's 'Golden Weeks Holiday' policy: