



The **HELLENIC OPEN**
BUSSINES ADMINISTRATION
Journal

Volume 3 - 2017, No 1

*Edited by: **Dimitrios A. Giannias**, Professor*
HELLENIC OPEN UNIVERSITY

ISSN: 2407-9332

Athens2017
Publisher: D. Giannias





Volume 3 - 2017, No 1

STUDY ON EXPRESSWAY MARKETIZATION IN CHINA

Hongqian Feng

Xiaojun Guo

Hebei University of Economics and Business

Abstract

Expressway is the national traffic artery and one of the monopoly basic industries, promoted the development of the economy. Expressway operation is in the initial stage, the country has long been dominated by the operation and management, has been followed by the pace of the times and slowly changing. With the development and accomplishment of Market Economy, many new forms continue to emerge: Expressway and Bridge toll, Sino foreign joint ventures, paid transfer, joint ventures, BOT model etc. But the operation of the expressway is still state-owned in China. Government-oriented operating mode have its advantages, but more disadvantages as well such as high operation cost, low efficiency, rent-seeking and expansion issues also can not be ignored. Therefore, through the analysis of expressway history and its present situation, comparing the advantages and disadvantages between the state-owned expressway operating mode and that of the marketization, we conclude that expressway in China is facing operation mechanism reform and its marketization is imperative.

Keywords: Expressway, Marketization, Operation mode

JEL Classification: R40, R49

Introduction

Expressway network in China is the basic industry with the features of national monopoly, externality and public welfare. The appearance of expressway is the inevitable outcome of the economy development. The world expressway develops rapidly Since the 1960s and the earliest expressway in China appeared in 1988 named shanghai-Hujia expressway. From then on, Chinese expressway construction continued increasing, toll stations, traffic police, service area, management office, expressways, maintenance and other departments sprung up across the country, which all their building and operating are solely invested and managed by the government.

With the rapid development of the market economy, many new forms continue to emerge: Expressway and Bridge toll, Sino foreign joint ventures, paid transfer, joint ventures, BOT model etc. However, the operation of the expressway is still dominated by the government. Government-oriented operating mode have its advantages, but high operation cost, low efficiency, rent-seeking and expansion issues also can not be ignored. Now reforms in China has come to the deep water period, the expressway operation mechanism reform is imperative.

Current Expressway Study

Past study on the expressway has tried various angles, hoping to find a operation mode that can reduce the operation costs and improve the operation efficiency. There are three views about the forms of expressway toll system. One is to break the monopoly, the implementation of franchising, deepen market reforms. Second, government invest in its building and operated by

institutions, as state-owned enterprises. Third is the government operation mode of the loan repayment toll road to implement the unified credit system and operational toll roads is franchise mode.

Market in a sense is privatization, industrialization. So in the expressway industrialization scope, there are three types: first refers to the expressway management of industrialization. The second is along the turnpike and service facilities industrialization. The third refers to the integration of the expressway construction, management, operation, maintenance, green and other integration of industrialization. There are also three types of management mode: Quasi enterprise management, such as Sichuan. Full government management, such as Liaoning. Semi enterprise management, such as Shandong.

Analysis

Hebei Province Shi-Huang Expressway Hengshui section is a good example of Government-oriented mode. Expressway administration is managed by the Department of transportation, expressway management bureau is responsible for the management of all the high-speed road network in Hebei province. Each line is divided into several sections and each section is divided into expressways, service area, maintenance work area, management, monitoring, auditing, electromechanical, toll stations and other different departments. Each department has its own system, different departments need to cooperate with one another. In addition, also need to be linked to the high-speed traffic police, rescue companies, 120, 119 and other agencies to carry out all kinds of guidance and rescue. Obviously, the government-oriented mode have many disadvantages, such as excessive management levels, cross departments, miscellaneous personnel, imperfect relevant laws, imperfect system and

management difficulties. Relatively speaking, the market-oriented operation mode is more focus on efficiency, and could be far better to solve the above problems. Table 1 shows the superiority of the expressway market-oriented mode in contrast with that of Government-oriented.

Table 1 The Difference Between the Expressway mode of market-oriented and Government-oriented

Government-oriented mode	Market-oriented mode
Pay more attention to social benefits	Pay more attention to enterprise benefit
Industry leading to monopoly	Free competition in the industry
Low operational efficiency	Higher operating efficiency
Money depends on the government	Cash to revitalize

Through comparative analysis and case study, the government-oriented expressway operation mode has low efficiency, capital dependence, industry monopoly and other issues, while the market-oriented expressway operation mode can make an inventory of capital, free competition, high efficiency. Therefore, the market-oriented reform is the right direction of the development of the expressway operation.

Expressway construction and development must be advanced, economic development need the market-oriented expressway operation. The core of the industrialization of China's expressway operations should be the marketization of construction, operation, maintenance and management. The market needs the diversified investment subject, the decentralized management main body, the diverse Main body of property rights so as to stimulate the vitality of the

operating mechanism. The government must increase investment and policy support, so that private capital can intervene and format the scale efficiency. First treat franchise differently, and then co-ordinate overall to promote the quasi business management of the expressway, and finally to achieve the integration and industrialization of the expressway construction, management, maintenance, green and so on.

Conclusions

At the present stage of economic development, the problem of expressway operation is obvious, and the way to solve this problem is to take the road of marketization. Let "invisible hand" intervene in the expressway operation, and let the market plays a decisive role in the allocation of resources. The market of free competition can not only allow the government to withdraw the position and play the real role of supervisors, but also improve the efficiency, and make an inventory of resources, and truly promote the construction and management of expressway road network.

References

Edited books

- [1] Liu Shan(2009) Research on the market operation mechanism of China's expressway.Chang'an University
- [2] Fan Jianqiang(2009). Research on the reform of the system of industrial regulation and regulation of the toll road. Chang'an University.
- [3] Zhao Kang(2012). Adam Smith's theory of "ethics and the invisible hand" exploring the value. of the Zhejiang University of Finance and Economics.

- [4] Xin Sheng(2003). Research on the management mode of expressway. Chang'an University.
- [5] Wang Haili(2006). Research on the management mode of the expressway. Northwestern University.
- [6] Zhang Bang. Research in China [D]. expressway management system of Chang'an University, 2005
- [7] Feng Lei. Research on the management mode of the expressway [D]. Tianjin University, 2003
- [8] Xu Jie. Research on the management system of Expressway in China, Chang'an University, 2010
- [9] jinqili. Contemporary China expressway management system present situation and countermeasure research to improve [D]. Jilin University, 2004
- [10] is an auspicious. Based on the integration of investment diversification of expressway management [D]. Wuhan University of Technology, 2009
- [11] Zhao Bo. Research on the management mode of expressway operation in China [D]. Chongqing Jiaotong University, 2013
- [12] what is grand. The Chinese and foreign expressway management system research [J]. transportation technology, 2006,05:114-117.

Journals

- [1] Shi Yongmin, Li Haibin(2002). Chinese Journal of expressway market. Journal of Chang'an University (NATURAL SCIENCE EDITION), 2002,04:55-58.
- [2] Xu Haicheng(2002). The industrial attribute and development of the expressway. Journal of transportation engineering, 2002,03:85-89.
- [3] Liu Hongyu, Zheng Jiefen(2003). China's toll roads of private. expressway traffic technology, 2003,02:112-116.

- [4] Lu Zheng, Xu Li, Dai Dongchang, Lv Tie, Zhu Tong, Li Yutao, Zhou Weifu, Lu Xiaohua, Li, Xiaohua, song(2008), China's expressway management research. economic research, 2008,37:23-42.
- [5] Yang Junqing(1999). Reflections on Adam Smith's "invisible hand" of the. Journal of Shanxi University of Finance and Economics, 1999,02:8-9.
- [6] Liu Rong. Problems and Countermeasures of China's expressway management system, [J]. industry and Technology Forum, 2010,01:242-244.
- [7] Guo Chao, Fan Jian Qiang. The expressway management system present situation and reform of [J]. Journal of Chang'an University (SOCIAL SCIENCE EDITION), 2006,03:12-16.
- [8] Li Baohua, the reflection and construction of the expressway management system in our country [J]. Beijing automobile, 2011,03:1-3-26.

