Study on Market Supply of Rural Public Sports Service in China

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Abstract In the main trend of gradually improving socialist market economy and establishing public service type government, market supply of rural public sports service is necessary. On the basis of unique characteristics of China’s rural society and market experience of domestic and foreign public service, market supply methods were discussed about rural public sports service. However, there are certain factors restricting market supply in this process. On the basis of the analysis, it came up with several optimization measures for market supply of rural public sports service.

Key words Rural areas, Public sports service, Market supply

1 Introduction
Introducing competition mechanism into public service field and increasing quality and reducing cost have become primary objective of public administrative reform of all countries in recent years. As an essential part of rural public service, rural public sports service represents civilization level and rural modernization level of a country to a certain extent. However, the discrepancy of public resource expenditure resulted from urban and rural dual structure leads to opportunity, results and selection of farmers much less than urban residents in public sports service field. Thus, the reform in market supply of rural public sports service not only conforms to direction of administrative reform, but also becomes an inevitable trend for China’s socialist market economic development.

2 Concept of rural public sports service
The concept of public service entered vision of Chinese people from the 1990s. The Explanation of Institutional Reform of the State Council at the first session of the Ninth National People’s Congress firstly took the public service as objective of transforming government functions. This is the initial orientation of government public service function, and the academic circles started to focus on researches of public service. At the same time, discussion about public sports service becomes a hot spot. Nationwide Physical Fitness Program (2011 – 2015) proposed nationwide physical fitness public service system covering urban and rural areas. With implementation of Outline of Nationwide Physical Program, the mass sports cause has realized considerable development. Nevertheless, rural areas are neglected and fail to enjoy fair treatment. Rural public sports service have some inherent features of rural public goods, but also take on some unique characteristics. In brief, rural public sports service is public sports service oriented towards rural areas. It is different from farmers’ private sports consumption, used for satisfying public sports demands of rural society, adapting to development trend of farmers’ physical fitness activities, and is exclusive and competitive sports service and product.

3 Analysis on necessity of market supply of rural public sports service
3.1 Government failure Traditional public sports service of China is centralized supply mode, government and national organization are suppliers of public sports service and also the sole subject. In fact, low service quality and efficiency of government in providing public sports service has deeply revealed failure of government administration. This is resulted from government failure in public selection of government as rational economic man. Corrupt practices such as information asymmetry, rent-seeking and rent-setting occur frequently, leading to waste of lots of public sports resources and inefficiency of supply. High cost and low efficiency government supply mechanism is difficult to adapt to rapidly expanding public demands. Government failure in supply of rural public sports service needs participation of market as supply subject. According to data of the sixth stadium census, there are 1.6946 million stadiums with 259 million m² building area, per capita area of 1.46 m², far lower than the level of developed countries. Uneven distribution of urban and rural stadiums makes rural sports land have many difficulties. It is just for this, study on market supply of rural public sports service will have great practical significance.

3.2 Conflict of supply and demand At present, no matter for developed or developing countries, decision-makers have a common understanding that government is too big to be fed[1]. With advance in building a moderately prosperous society in all respects, people’s economic life is gradually rich, and people have intense and urgent demands for spiritual life. The public are eager to enjoy more public sports rights, so the supply of single government and sports department is obviously insufficient. In public sports resources, there are few serving the ordinary public. As for...
facilities of public stadiums, even if in some economic developed areas, for example, Guangzhou City, it opened 14 hours for free as per Management Methods for Opening Sports Facilities to Society in 2015. All 45 public stadiums were open to the public. For a total population of 12.7008 million in Guangzhou, public sports resources are still in short supply. In vast rural areas, although central and local government increased input in rural sports in recent years, rural fundamental public sports service is still deficient from the perspective of increasingly rising material cultural demand of farmers and sustainable development of rural sports. At present, rural population takes up 56% of the total population and the conflict between supply and demand of rural fundamental public sports service grows day by day.

3.3 Private attribute of sports service As a kind of mixed public goods, sports have obvious internal income. Internal nature of sports service income will improve health level of such service. According to survey data of Zheng Wencheng about action motive of farmers’ participation in sports activities, first motive of sports exercise is health and longevity. Sports have close connection with health, so physical fitness becomes an active factor maintaining healthy life. Improvement of health level will directly raise the utility level of people, and will influence people’s income ability, so as to indirectly influence people’s utility level. Increase of personal utility and income is typical exclusive internal income. According to motivation theory of behavioristics, if there is benefit, there will be demand; if there is demand, there will be motive, and if there is motive, there will be action. Therefore, it is completely possible for individuals to assume costs of physical fitness service.

3.4 Profit-driven nature of capital Since the reform and opening-up, with establishment and improvement of China’s market economic system, government has taken series of preferential policies oriented towards rural development and increasing farmers’ income, and there are tremendous changes in market environment of rural market. These make it possible for market supply of rural public services. Legalization of profit-making channels in economic system provides development space for personal supply. Private capital with inborn profit-driven nature promotes individuals to enter into the investment field through many channels. Many industries that monopolized or supplied by government in the past have elements of private capital at present. In addition, with adjustment of economic policies in recent years, accession condition is loosened to a certain extent, making some market forces become potential public service suppliers. Therefore, allowing and encouraging market forces to enter into public service supply field are inevitable choice for government at the new stage.

4 Market supply methods of rural public sports service

4.1 Government procurement For public sports service, government procurement is a method of providing public sports service through obtaining materials, works and services at market in legal manner and procedure. In the scope of public sports service, the application field of government procurement is relatively wide, because many items of public sports service need government supply. However, government does not have the advantage of production. Thus, it is necessary to supply public sports service through procurement. In view of current situation of shortage of funds in rural areas, large-scale government procurement will be an innovative method saving service cost. For example, government procurement for Nationwide Miniature Basketball Stands of State General Administration of Sports belongs to national pooling type government procurement. At present, in the supply operation modes of rural public sports service in China, such national combined government procurement is single in type, and such project activities are generally something with luck, but not by searching for it. Namely, a slow remedy can not meet urgency. Therefore, local government should select proper procurement method according to actual demand and its financial situation. In line with China’s social development mode "organic town - central town - administrative town", it is recommended to establish combined procurement mode, to facilitate forming procurement scale, and saving financial fund, so as to increase number of supply of rural public sports service.

4.2 Periodic tenancy of facilities for rural public sports service In the periodic tenancy system, the undertaking of some public service supply takes site, fixed equipment or land as exchange condition, uses bid-inviting competition mechanism, and signs periodic tenancy contract with qualified private contractor, to transfer service or article production responsibilities. Specifically, village collectives sign periodic lease contract with private contractors taking land as exchange condition. According to land block or plan designated by village committees, builders raise fund to build fitness facilities. After completion and delivery of works, village committees collect certain amount of fees from villagers and pay builders. After expiration of tolling period, the property right of facilities will be changed to collective ownership, management and use. By then, facilities may open to villagers free of charges or at lower charge for facility maintenance and management. For rural areas with shortage of public financial funds, the cost for directly producing sports service is too high, so there will be great difficulty in investment. Therefore, introducing outsourcing method for public sports service not only takes full advantage of efficiency of market and effective resource allocation, but also makes up for shortage of funds in rural areas, deserved to be a wise selection and innovative method.

4.3 Internal market; mutual competition of same type service suppliers According to theory of new public management, competition is an invisible rule for increasing efficiency of bureaucratic organizations. The problem does not lie in public operation or private operation, but lie in competition and monopoly. Internal market of supply of public sports service refers to changing traditional administrative membership relation and establishing labor division and competition relation inside the system of public
sports service supply, to form internal market and supply public sports service. Internal market is mainly oriented towards changing structure of public departments for supply of public sports service. The competition between public organizations is a major manner of internal market competition. Public sectors are decomposed into several departments with mutual competition. For example, in the supply of rural public sports service, sports administrative and agricultural departments can be used as competition departments. Alternatively, original organizations can be decomposed into several suppliers, to form the situation of a hundred of organizations contending for supply of rural public sports service. Besides, it is recommended to stick to administrative framework of separating decision-making department and execution department, reach service level agreement in internal departments, to regulate entire government business process, establish scientific and impartial decision-making department and execution department with spirit of entrepreneurship, so as to increase supply efficiency of public service, enhance response to the public, and cure the deeply rooted disease of low efficiency of public sector.

4.4 Voucher system - villager fitness consumption vouchers

The voucher system started from market reform of western public department. Under the premise of sticking to government responsibility, with the aid of customer selection mechanism, it effectively built quasi-market of public service, and realized excellent combination of government with market and economic efficiency with social equity. The concept of voucher system started from education field. As early as 1950, Professor Friedman put forward using education voucher to realize private operation of education in public education field. In China, although the voucher system is not prevalent, some public service fields have integrated the concept of voucher system, for example, education consumption voucher greatly propagated by the media in recent years. Effective operation of the voucher system means gradual permeation of public service market concept, and reflects more democratic government decision-making mechanism. It encourages the public to start from preference of demand, to solve the problem of government in supplying public services. As described by Savas in his book, only those public goods with exclusive put private article nature but also collective article nature are suitable for arrangement of the voucher system. Public sports service is just such public goods. It not only has obvious exclusive and personal consumption nature, but also has obvious positive Spillover Effect. Popularization of sports service can improve health condition of the whole people. Now, the application of the voucher system in public sports service field even in public service field is still little. In public sports service field, the voucher system is the manner of consumers using vouchers issued by public departments to select public sports service. It is mainly oriented towards regional service items. Rural areas have inborn regional nature, which provides great convenience for application of the voucher system. In the application of the voucher system in rural public sports service, it is feasible to effectively use sports field of rural schools. Rural government can issue fitness consumption vouchers to villagers, open sports resources and facilities of rural schools in specified time, to make villagers take physical exercise with fitness consumption vouchers.

5 Factors restricting market supply of rural public sports service

5.1 Low market level leads to private capital failing to enter rural public sports service supply field At present, China's market economic system is not completely established and market level is generally low. In rural areas, the market level is much lower. Sports service suppliers with certain qualification become rare resources. In addition, ideology of rural areas is relatively conservative, and public departments set too many accession restrictions. As a result, it is difficult for private capital to enter rural public service supply field and make rural public sports service fall into a dilemma. Using entrusting, agent, or contractual management methods, rural public sports service fails to find partners in local areas. In consideration of use efficiency and service quality, finding partners in urban areas is restricted from regional benefits. All of these seriously restrict market mechanism of public sports service supply.

5.2 Too low income of farmers leads to survival being mainly the living principle In the early period of foundation of new China, China implemented unbalanced development mode with industry as leading part, implemented promoting agriculture through industry, valuing urban areas but belittling rural areas, developed urban areas firstly, and formulated policies inclining to urban areas and citizens, such as two-tier price system and price scissors of industrial and agricultural products. Although such development mode has greatly promoted industrial and urban development, it also resulted in situation of urban and rural dual structure. In both income and benefit allocation pattern, farmers fall behind urban residents. By 2011, China’s urbanization rate reached 50.32%. According to Social Administration Blue Book: Report on the Innovation of China's Social Administration, the ratio of urban and rural residents' income is 3.3:1, not including many hidden services and welfare, but the international figure is 2:1 at most. In this context, farmers’ consumption level has a great gap with consumption level of urban residents. Farmers’ consumption principle is mainly survival, so their desire for public sports service is not urgent. On the other hand, low income makes suppliers difficult to recover costs through collecting charges. Market entities show little interest to such meager profit of rural market development.

5.3 Small scale of rural public sports service leads to adverse price difference Adverse price difference refers to insufficient economic stock and financial difficulty leading to lower production and living price index of rural areas. Compared with economic developed urban areas, outsourcing production price of public goods and services of rural areas should be lower than that of urban areas. Since public finance of rural local government has many difficulties, especially after the agricultural taxes were cancelled. The financial transfer payment ability is also limited. As a
result, equalization of public service is just policy slogan but no practical action in rural areas. Even though government accomplishes something, most times are building image projects for manifesting practical performance. Since public sports service is not an indicator in the evaluation of government performance, government pays little attention to public sports service and villagers are not active in participation. Construction of public sports service project is not well planned and the scale is small, consequently leading to adverse price difference in the outsourcing process. This even more impedes marketization process of rural public sports service.

5.4 Information asymmetry leads to adverse selection and moral risk in outsourcing process of public sports service  

In rural areas, due to limitation of low knowledge and culture level, as well as alienation of rural reform policies in grass-roots areas, farmers are weak in participating in political and public affairs compared with urban residents. Public departments occupy lot of superior resources, while farmers remain absolutely weak position in this game. This leads to serious information asymmetry between grass-roots government and the masses. According to the theory of information asymmetry, such information will lead to adverse selection and moral risk. Local government and functional departments control production and supply process of the public service, and seek illegal profit in the outsourcing process of public service. To cope with rent-seeking action of local government, enterprises have to maximize profit through reducing public service quality and service standard. In recent years, numerous Jerry-built projects are typical examples. Such public service outsourcing project with huge consumption of public resources not only fails to bring vitality to rural public welfare, but also aggravates shortage of rural public services.

5.5 Positive externality of rural public sports service  

At the beginning of the 20th century, Marshall and Pigou introduced the concept of externality. The externality is a loss or gain in the welfare of one party resulting from an activity of another party, without there being any compensation for the losing party. Externality includes positive and negative externality. Later, Samuelson made a delicate definition of the externality. In his opinion, in production and consumption, when a person causes others to incur additional costs or income, but such costs or income imposed on others are not compensated for the person in the form of money, externality or spillover effect will occur. Externals are activities that affect others for better or worse, without those others paying or being compensated for the activity. Externals exist when private costs do not equal social cost or benefit. Also, such influence fails to be reflected through market transaction. The positive externality means that personal income is not equal to social return. This is common in Hitchhike problem in economic activities, such as consuming public sports infrastructure and sports service but not sharing the costs. As subject of market mechanism, enterprises take maximum profit as their objective. However, supplying such public goods often brings the result that income is lower than the cost. Therefore, nearly no enterprise is willing to supply such external products. To a certain extent, this intensifies difficulty in outsourcing of rural public sports service.

5.6 Relatively insufficient resources and financial resources in rural areas lead to paradox of performance in marketization process  

According to neoliberalism economics, market mechanism is perfect and most efficient compared with traditional government authoritative mechanism. However, rural resource allocation is not proper, government appropriation amount is insufficient and always not in place. As a result, public service has the problem of delayed production period, low product quality, and repetitive construction, leading to market supply mechanism of public service running counter to efficiency principle and forming the paradox of performance. All of these seriously restrict innovation of market mechanism of public sports service supply. According to the above comparative analysis, we know that simply imitating experience of developed countries in supply of rural public service is easily leading to policy failure. Negligence of rural actual situation for a long time leads to increasing input to rural areas, and improper approach for supplying rural public service is the major cause for current situation of serious waste of resources.

6 Measures for optimizing market supply of rural public sports service  

6.1 Government improves market legislation and guarantees market order  

Market development level and action mechanism are most exogenous variables influencing China’s rural development and also most essential factors influencing marketization of rural public sports service. Establishing an excellent and perfect market operation mechanism can effectively guarantee full play of advantages of rural public sports field. In line with the principle of "the investors being responsible for development and the protectors being benefited", it is recommended to actively introduce nongovernmental funds and foreign funds to participate in supply of rural public sports products. For sports service items with quasi-public goods nature, it is recommended to fully apply multiple market methods, such as leasing, contracting, and share cooperation, to transfer to individuals or enterprises to operate, so as to stimulate enthusiasm of private capital for participation. In addition, it is recommended to formulate relevant laws and regulations to regulate actions of market entities and ensure benefits of the public and quality of services. Government should clearly realize that when entrusting some public sports services to market entities, government responsibilities may be reduced, but government has to take responsibilities of supervision, ensuring service level and quality. A responsibility is replaced with another responsibility and service responsibility will not disappear accordingly. Furthermore, government should be committed to creating favorable investment environment for enterprises, setting corresponding access conditions or implement qualification certification, to prevent abusive use of power in bid invitation of public service projects and causing corruption.
6.2 Expanding market fund raising channels

Production and supply of rural public sports services are just at the starting and exploration stage. Perfect market financing channel is not well established yet. Therefore, it is necessary to actively expand market fund raising and financing channels. Apart from keeping supporting sports lottery public welfare funds, it is necessary to properly use capital market with huge financing functions. For example, setting up special development fund for rural public sports service construction, bringing to full play active role of rural cooperatives, and selling name right of sports facilities and stadiums. Also, it is recommended to actively use foreign capitals. At present, China has orderly expanded opening degree of various fields according to demands of economic development. These include fields of public utilities and infrastructure construction. Therefore, it is possible to invest in rural public sports service using international capital market. For example, some rural stadiums are built in BOT mode using foreign capitals. Preferential national policies and favorable investment environment are essential factors for attracting foreign capitals.

6.3 Establishing long-term mechanism for increasing farmers’ income

Backward economy of rural areas and low income of farmers are major factors restricting market supply of public sports service. Thus, increasing farmers’ income is a precondition for market supply of rural public sports service. Measures include macro and micro measures. At macro level, central government should formulate policies favorable for rural economic development, increase investment to agriculture, farmers and rural areas, change price scissors of original industrial and agricultural products, further improve agricultural product purchase and sales system, implement agricultural product support price, and ensure farmers reach average profit level at certain operating scale, accelerate promoting urbanization development, strengthen ability of absorbing rural surplus labor, eliminate wage scissors, implement equal pay for equal work for farmers and urban workers, provide equal legal protection for urban and rural laborers, ensure legal labor income of farmers; government at all levels should reduce burdens of farmers practically in accordance with requirements of central government, continue to steadily promote rural tax reform, and implement unified tax system in urban and rural areas, to create excellent social environment for increasing income of farmers. At micro level, it is recommended to accelerate development of township enterprises. Township enterprises should orient towards market. Also, it is recommended to closely rely on resource advantage, develop rural characteristic industries, and make effort to cultivate a good many competitive and powerful leading enterprises. At the same time of promoting rapid development of local economy, it is recommended to expand new development space for farmers. Besides, improving quality of rural labors is also a key factor for increasing income of farmers. In addition, popularizing nine-year compulsory education and speeding up developing vocational education in rural areas can effectively increase employment opportunities of migrant workers. Establishing long-term mechanism for increase of farmers’ income is favorable for cultivating enthusiasm of farmers for sports consumption and accordingly making market supply of public sports service become possible.

6.4 Improving the voucher system for public sports service to promote public sports facilities to serve rural residents

The voucher system as a novel market tool is still not mature in China. Therefore, special attention should be paid in the application of the voucher system in rural public sports service. It is recommended to bring into play function of market mechanism to improve service quality, and support weak groups and advocate social justice. Application of the voucher system is to promote social equity and give villagers more opportunities to enjoy public sports rights. However, villagers are informed of little policy information, leading to consumption vouchers not fully utilized and the voucher system becomes a mere formality in rural areas. Therefore, widespread propaganda of policy information is the precondition for effective application of the voucher system. Government distributes policies to village committees in written form, village committees should make villagers fully know policy spirit, service information and voucher utilization process through holding villager meeting and making leaflets. It is recommended to reinforce supervision of village committee over the service supply process, attach great importance to information feedback of villagers after using vouchers, and make arrangement of information, as basis for new policies. Furthermore, in the ability scope of government, it is recommended to expand scope of availability, such as increasing sports fields, profitable stadiums, and fitness clubs for villagers.

6.5 Promoting internal market management of public sports service and improve relationship between functional departments

Internal market system breaks the tradition of government monopolizing the supply of public services. It is recommended to separate decision making from execution, so as to promote public departments to compete with each other for obtaining contracts. According to such assumption, public departments should change the membership relationship to contractual relationship, so as to avoid supply of public services falling into monopoly and inefficiency. To keep fair competition of internal market, it is required to establish open, fair and just bidding system and avoid black-box operation. For establishing proper incentive measures, it is recommended to provide public departments with residual claim in certain scope. Also, it is recommended to coordinate relationship between public organizations and establish medium for mitigating conflicts between suppliers. In addition, in the internal market of public sports service, it is required to bring into full play important functions of government, i.e. the demand expression right and supervision right, so citizens can express public demands and supervise production suppliers. When decision makers take no action, citizens will exert influence on decision makers to manifest their service demands and ask decision makers to make response.

References

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is agricultural scientific and technological achievement extension. It is recommended to take advantage of existing production conditions and foundation of scientific research institutions, which is favorable for reducing cost of achievement extension and also favorable for improving extension quality. Thirdly, provincial level comprehensive agricultural scientific research institutions provide unselfish scientific and technological services, set up trust of farmers, promote farmers to voluntarily accept model achievements. Fourthly, in the process of achievement extension, it is able to fully find out demands of farmers for agricultural scientific and technological achievements and promote establishment of scientific and technological projects, which is favorable for increasing transformation and application rate of agricultural scientific and technological achievements.

5 Technology extension network model
The technology extension network model is also called government promoted transformation model. It is mainly aiming at agricultural scientific and technological achievements with high social benefits, low economic benefits and high difficulty of transformation. Government provides support and guidance with the aid of public resources and administrative forces, promote combination with agricultural production activities, to realize value of agricultural scientific and technological achievements. This model is suitable for those agricultural scientific and technological achievements difficult for transformation, such as crop cultivation technologies, transformation of medium and low yield field. Government can implement comprehensive agricultural development projects. This model has realized high social benefits with agricultural technology extension network at all levels as foundation. Rural economic system reform launched in the beginning of the 1980s is not adapted to demands of individual and household operation for services. After disintegration of original four level agricultural science and technology extension network, about 65% agricultural counties have established agricultural extension centers, built or expanded agricultural extension station, gradually established basic functional organizations with counties as centers. The new extension system plays a great role in overall coordination and formulating policies and regulations.