

# Discussing the mode of private institutions supply public services through the Case of Public Transportation Card Deposit in Beijing

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**Abstract** –With the sharpen conflict of the public demands and the government’s capability of public services supply in China, public service mercerization becomes an important way to solve this problem in the process of public services reform. However, there still exist many drawbacks in this mode. The case of the deposit of Public Transportation Card in Beijing happened recently fully proves it. The passive position of citizens and the problems emerged in government call for the improvement of the mode of private institutions’ supply of public services.

**Keywords** –Public Transportation Card, public services, supply of private institution

## 1. Background

In March this year, Liu, a Beijing citizen, submitted an application for Open Information to Bus Card Company twice to require disclosing the cost of bus cards and the usage of the large amount of deposit. However, no replay did she ever receive. Then she sent the application to other government agencies, only Beijing Development and Reform Commission (BJDRC) responded formally that the problem was beyond the hearing scope. Obviously, the reply dissatisfied nobody.

The Bus Card Company is a special enterprise which is franchised to supply public service. According to the reporter investigation, the cost of one card is about two Yuan. Then, should the twenty Yuan of deposit is reasonable? With about 2,000,000 people who possess bus cards, where are the large amount of deposit used? These are enough to cause citizens to suspect the company and the government. This case reflects citizens’ improvement of the sense of autonomy. What’s more, the problems exist in the mode of supplying public service by enterprises should be drawn enough attention to.

## 2. Concepts

Public services are the general term of social services and products which offered commonly and equally by the government and non-governmental agency to meet the needs of citizens. Enterprise supply of public services, a mode of supplying public services, is proposed in 1980s. It means the government does not produce and manage public services and products directly, but absorbs

enterprises into the public service field to take charge all the process by franchise and preferential policies. Therefore, public services are supplied by enterprises directly, and the role of government is intermediary.

## 3. Problems in Enterprise Supply of Public Agency

There are three kinds of subjects in this mode: government, citizens and enterprises. Theoretically, the government is lightened heaven financial burden, enterprises obtain rich profit and citizens receive better services. However, in fact, this seemly excellent mode has many problems in reality. Detail analysis focuses on citizens and the government is as following:

### 3.1 Citizens

According to the theory of social contract, the government’s power is enfeoffed by citizens who pin their hope on the global perspective and neutral role of the government to guarantee their better services. But in fact, in the process of defending interests, citizens are in passive position.

#### 3.1.1 Bad smooth appeals channel

As a political idea, the status of citizens is unarguable. However, the saturation of citizens and the self-interest of the government cause obstacles of citizens in expressing benefit claim. Even when encountering interest invasion, citizens can do nothing but accept it passively. In this

case, for example, citizens have dissatisfied the twenty Yuan of deposit for a long time, but the appeals have little effect.

### **3.1.2 Information disadvantages**

Most modern administrations are bureaucratic organizations which have the privilege of exclusive information. Highly asymmetric information causes the government hold large amounts of public information resources while citizens have little idea of the policies, such as purposes, procedures and so on. This kind of asymmetry leads to inefficiency supervision which may provide opportunities for the government and enterprises to corrode public prosperity together. At last, the biggest losers are citizens who are the owner of public prosperity.

## **3.2 The government**

### **3.2.1 Ineffective supervision**

According to the theory of public choice, government is rational economic agent which has its own interest. To the contrary, administrative activities pursue public interest which belongs to citizens but not the government. Without the economic motivation, it may lack the initiative of supervising and managing enterprises, which directly cause the waste of public assets.

### **3.2.2 Collusion**

Public officials seldom be responsible for mistakes unless gross ones in administration activities. This may lead to the irresponsible conduct of the government to citizens: the enterprises' chances are not gain through due procedure but bribery or conspiracy. Even if the officials are clear about which kind of enterprises are more befitting, they may not choose them, for they have their own communities of interest.

## **4. The path to improve enterprise supply of public service**

### **4.1 Strengthen the construction of administrative ethics**

Administrative officials should aware their public character of the government. According to the theory of service-oriented government, the starting point of government's work is supplying satisfiable services. Serving citizens is officials' obligatory responsibility.

### **4.2 Promote the government information disclosure**

Social management must rely on government, but as the owner, citizens have the right to know aims, procedures, implementation and effect of policies. They also have the absolute right to make suggestions and require services.

Government information disclosure is an administrative act of public information resources

configuration, and it is also a concrete manifestation of the democratic political culture. At present, government information disclosure is facing a variety of difficulties. To overcome these problems, the implement of government information disclosure need to attach more importance to the following:

### **4.2.1 Make the boundary of government information disclosure and confidentiality clear**

The clarity of public and private property rights is the basis of not only the good functioning of the market economy, but also the value realization of public administration activities. Only by establishing clear information resources property rights, can information resources play their function well to protect the public interest.

First, determine the state secrets based on the public interest. The objective basis of classifying the security degree of government information is the sensitivity and risk of the information, which means the degree of harm by the disclosure of information can be reasonably foreseen. Because the confidentiality of government information changes with the change of time, place and other variety of conditions, the degree of its confidentiality gradually weakened over time generally. Due to changes of situation, some state secrets in confidentiality period cannot ruin the security and interests of the country, or even do well to the state from the global measure. As for these secrets, they should be disclosed. Therefore, the government's security classification of information should be adjusted with the changes of condition in a timely manner, and the work of decrypting secrets should be undertaken regularly and legally.

Second, protect personal privacy. In dealing with the relationship between processing information disclosure and protecting personal privacy, the following principles should be followed: On one hand, social stability and public interest comes first: If the citizen's right to know conflict with servant's right to privacy, the former should be protected in priority and the latter be restricted. On the other hand, interests of the two should be balanced: Because the occupation and activities of public figures is relate to public life, the attention of the public on their news is sensible that it is not only one of human's healthy and reasonable desire, but also a reflection of the progress of social civilization. In this case, to balance the two, public figures' personal career and personal information unrelated to social activities should be protected; on the other hand, those related to public life should be restricted.

### **4.2.2 Strengthen the construction of government information disclosure system in accordance with the publicity of government**

The lack of publicity in political field is directly related to the government selfishness. To demonstrate the publicity of government, the power of the government is bound to be settled down or limited. If the power of the government has not been effective limited, it will transform power to be tools to seek private gains under

the circumstance of losing public nature. Public power maintain the public nature- can be shared by members belong to the same community-when it is effectively limited. Combined with China's current condition, the construction of the government information disclosure system should focus on three aspects:

First, Laws of the government information disclosure. According to the experience of some developed countries, the establishment of the government information disclosure system needed the specialized national legislation. From our current situation, Government information disclosure law has been included in the five-year legislative plan of the 10th Standing Committee of the National People's Congress. Government information disclosure law belongs to the second category of the Tenth Standing Committee of the National People's Congress legislative plan which needs to draft and arrange for draft laws compared to the first class of urgent needed laws. Meanwhile, the State should also relevant legislation as soon as possible to protect personal privacy on the agenda.

Second, the government information disclosure should be an important principle throughout the various administrative procedures. Establishing the principles and spirit of open government information throughout each part of administrative procedures is an important way to strengthen government transparency and citizen participation. That the identity system, the right to inform system, reason system, notification system and hearing system in administrative proceedings can protect the administrative relative person to obtain the necessary information in the administrative procedures. After the reform and opening up, the emphasis on the concept of procedural justice from the West gradually accepted in China. The Administrative Licensing Law of the People's Republic of China has specified the basic principles, the implementing organ, conditions, procedures costs and time limit of administrative licensing clearly.

Third, improve the existing laws and regulations. The State Secrets Law and Archives Act should be revised, because the two conflict with current government information disclosure practices to some degree. Archives Act provides that the custody of the files of the National Archives should open to the whole of society and public when it has been reserved for 30 years. That means once the government information is classified as a file class, it will be restricted for 30 years; if it is not be classified, there is the possibility to open. Files are generally regulated by the Freedom of Information Act abroad, in China, however, as the Archives Act has not been revised, the government information disclosure law can only regulate the part of government information except the information in the file. The scope of regulation is greatly limited. The current State Secrets Law, enacted in more than a decade ago, was closely related to the historical background and traditional philosophy of that period. As the fundamental change of today's social environment, the State Secrets Law cannot meet the actual development needs in some aspects. The scope of confidential information need to be defined again to distinguish state secrets, commercial secrets and personal information in a proper way to establish proper security classification.

#### 4.2.3 Promote citizens participation

First, encourage and guarantee citizens participation in making policies. To ensure the public policies reflect public will, the government must provide feasible channels for citizens or their representatives. In this participation, citizens are no longer the passive receivers.

Second, "entitle" citizens the right to participate in policy implement. To avoid the government, the rational economic agent, be irresponsible enough in supervision, representative organization of citizens should participate in policy implement. This is an effective way of regularizing malversation.

Third, take public satisfaction as an important assessment index of policies' effect evaluation. The government works for citizens. As the final judgment of own interest, citizens have the clearest and the most fair evaluation of services provided.

#### 4.3 Improve accountability and incentive mechanisms

Administrative officials must shoulder the responsibility which means not only the due obligations, but also the accountability of dereliction of duty. This is a powerful weapon to improve working attitude of officials. Therefore, legislating administrative accountability is imperative. To avoid the thought of "no behavior no mistake", incentive mechanisms are necessary. First, clarify and legitimate the income gap between different levels of officials. Stipulating the minimum and maximum range of economic treatment of each level official can overcome the phenomenon of unfair and opaque distribution income, as well as rent-seeking bureaucracy. Second, in addition to the fixed income, the government should also reduce officials' opportunistic behavior by setting risk income. It is an effective way to incentive officials to be hardworking and honest. Third, quantify the achievements of the administrative officials and bring it into the promotion and evaluation mechanism. What should be emphasized is that citizen's score should take up no more than half in the evaluation. Finally, pay attention to the invisible role of incentives, such as reward nature of the celebration party, the official travel and so on.

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