

## A Comparative Analysis of Chinese and Foreign Price Hearing System

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### Abstract

The extent of public participation is an important criterion for the democratization and legalization level of a country. As an important manifestation of public participation, the price hearing system is important for the protection of the vital interests of ordinary citizens and the supervision of administrative organs' abidance by law. At present, China has established a price hearing system, but there are a number of problems in the actual execution process. In this paper, the Chinese and foreign price hearing system are compared and analyzed to explore the cause for the problems in China's price hearing system and provide suggestions for the further improvement of China's price hearing system.

**Key words:** Price hearing; Price hearing procedure; Files exclusiveness

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### 1. OVERVIEW OF PRICE HEARING SYSTEM IN CIVIL LAW SYSTEM COUNTRIES

In civil law countries, Germany, France and Japan have a relatively robust system in the field of administrative law and other law areas. Among the three countries, Germany and Japan have a more sophisticated price hearing system. So I will take the price hearing system in these

two countries as an example. Because the price hearing systems in Germany and Japan are substantially similar, so I will combine these two systems together to elaborate in more details. The price hearing systems in Germany and Japan include the following major areas.

#### 1.1 The Legal Basis for the System and the Notification Procedures Before the Price Hearing

The legal basis for the German price hearing is the Federal Administrative Procedure Act that was implemented in 1976. The main basis for Japan's price hearing is the Administrative Procedure Act promulgated in 1994 (Tang & Li, 2008).

The Notification before the hearing mainly involves three aspects. The first aspect includes the objects of the notification. The success of a hearing depends on the hearing participants and their overall quality. In Germany and Japan, the notified people are the interested party related to the decision object. The second aspect is the way of notification. Germany and Japan both specify that in general a written notice would suffice. Germany stipulates that if necessary the notification can take the form of an announcement. The third aspect is the content of the notification, including the issues involved in the hearing, the rights of the participant, and the statement of not disclosing state or commercial secrets.

#### 1.2 The Hearing Procedure's Approximation to a Judicial Procedure

The price hearing procedure in Germany and Japan is very strict, to a large extent learning from the judicial process, where the host of the hearing has great powers to make certain decisions after the end of the hearing. The price hearing procedure in these two countries is a typical formal hearing process, which is very different from the price hearing procedure in our country.

#### 1.3 The Principle of Files Exclusiveness

The principle of files of exclusiveness refers that any executive decision must be made according to the case

file, and any excuses outside of the case file cannot be used as a reference of judgment. Otherwise the executive decision is invalid. Germany and Japan follow the principle of files exclusiveness. This is an important difference between a formal hearing and an informal hearing.

## 2. OVERVIEW OF PRICE HEARING SYSTEM IN COMMON LAW SYSTEM COUNTRIES

The United States is the first country to establish the price hearing system. Its current price hearing system is very sound considering its actual operating results. Therefore the overview of the price hearing system in common law system countries will use the United States as an example. The price hearing system in the United States includes the following major areas.

### 2.1 The Initiation of the Price Hearing Procedure

Under normal circumstances, the price hearing procedure in the US starts with a price management authority accepting and registering the price adjustment application raised by a business enterprise. Price management authorities themselves and consumers can also start a price hearing program, but this is relatively rare. As can be seen, there are three entities that can initiate a price hearing procedure, including the administrative authority responsible for price management, operators, consumers, and in most cases is the business enterprise. Before a business operator formally sends the price adjustment applications to the price management authority, at least 60 days of advance notice to the authority are required so that it has enough time to investigate the operator's operation situation. Investigation can be carried out by the price management authority, or by an independent auditing agency commissioned by the price management authority. When the business operator submits a formal application to the price management authority, he/she also needs to make a public announcement on relatively influential newspaper. The contents of the announcement mainly include a brief introduction of the price adjustment plan. It also explains how the stakeholders can get more detailed information. Meanwhile, the price management authority will inform interested parties of its decision to accept the business operator's price adjustment application. Under normal circumstances, the interested party shall raise objections to the price adjustment plan within 30 days. If no interested party raises objections within the prescribed time, then this proposal will become a non-controversial case. The price control authority may process according to its discretion. If any interested party raises objections within the prescribed time, then a formal price hearing is required.

### 2.2 The Notification of the Price Hearing

Similar to the price hearing procedure in Germany and Japan, before the price hearing, the US price management authority needs to inform the interested parties of the time, location and content of the hearing. But at first, the people who are entitled to be noticed and to attend should be clear. Although the concept and scope of interested parties is not clearly specified by U.S. Federal Administrative Procedure act, the hearing procedure regulations and the court tend to allow more people to participate in the hearing as it involves many people's interest (Xu & Zhang, 2008). Therefore, there should be notices before the hearing is held and any interested individuals or parties are allowed to participate in the hearing through application. Since the hearing involves complex data validation and calculation, there will be a long preparation time for the hearing, so the price hearing usually has a longer duration from the notification date compared to other types of hearings. U.S. law requires that the interested parties should be notified at least 60 days in advance of a formal hearing.

### 2.3 Participants for the Price Hearing

According to the price hearing system in the United States, the participants of price hearing include interested individuals and organizations of the price hearing, as well as the relevant government departments that need to be notified by law. The interested parties of the hearing are determined by the responsible organizations of the hearing. If any individual or organization believes that their interests are affected by the price hearing but not being notified, they can apply for the participation to the price control authorities with appropriate proof. Under normal circumstances, the request will be approved. Other individuals who are interested in participating in the price hearing or would like to speak at the price hearing, they can apply to the price control authorities. The decisions of these individuals are decided by price control authorities. Their main selection criteria are whether the individual's speech is accorded with the principle of justice and equality, as well as having an important value.

The first type of interested parties is consumer organizations. Similar to many other countries in the world, U.S. is having various forms and types of consumer organizations. Although the individual is welcome to the hearing by the price hearing system, the consumer organizations are the main protector for consumers' interests in the U.S. prices hearing. In U.S., these consumer organizations are called the utility consumer law firm. Utilities consumer law firm has its own corresponding organization in every state in U.S.. Its responsibility is to communicate and negotiation with price management organizations on behalf of consumers. This is because the time or energy is very limited for an individual, and the relevant material submitted by individuals is often lack sufficient expertise and

persuasive influence on the administrative law judge (USA Price hearings ruling person) is very limited. However, the consumer organizations are having relatively more specialized staff and more adequate funding, which can make comments with high technical and pertinency, which can have an important impact on the administrative law judge's final ruling.

The second type is administrative law judge. In the hearing system in the United States, the host of the hearing is also the adjudicator, who is referred to as the "administrative law judge." This is not the same as the Chief Judge of the Court of Justice. Administrative law judge belongs to a class of senior civil servants, with a relatively independent status. At the federal level, the administrative law judges are scattered in various federal agencies, but their appointment, salary, and treatment are controlled by the civilian control by the Civil Service Commission and the head of the chief executive does not have the right to replace the administrative law judges. At the state level, there are two management models for executive law judges. The first model is similar to the federal decentralized management model, and the second model is a centralized management model, namely establishing an Office of Administrative Law Judge with centralized management of all hearing materials. Price hearing system is included in the hearing system in the U.S., where the administrative law judge can make two kinds of decisions at the end of the hearing, namely preliminary decisions and recommendation decisions. If the interested parties do not appeal after the administrative law judge makes the preliminary decision and the administrative organ does not ask for reconsideration, then the preliminary decision will become the decision of the administrative organ. If the administrative law judge's recommendation decision is accepted by the administrative organ, then it will become the decision of the administrative organ. The difference between these two is that, once a preliminary decision is made, it is legally binding, while a proposed decision becomes binding on the interested parties only after the administrative organ accepts it.

### 3. COMPARISON OF CHINESE AND FOREIGN PRICE HEARING SYSTEM

From the previous introduction, this paper will be comparing the current price hearing system in China and foreign countries.

#### 3.1 The Difference in the Importance Level of the System

Hearing system is origin from the common law countries, which roots in these countries the concept of value to the program (Tan & Li, 2010). In the ancient Britain, fairness and justice are the basic principle of law. Therefore, not

making any adverse decision on anyone after hearing the statement and argument is the most an important concept in the system. No matter in the trial system, or legislative hearing system, or administrative hearing system is from the same strain, with increasingly complete system construction. Countries with closely relation to Britain kingdom, not only inherited the tradition of the rule of the British program, but also inherited its administrative processes in the creation of the legal principle of due process of law. In 1946, the Federal Administrative Procedure Act has achieved the code of administrative hearing procedure, and thinning a variety of procedural rules to be applied to administrative hearing. Not only common law countries paid great attention to the program, many civil law countries will also be understood as unwritten hearing procedures legally binding. The development of administrative hearing system in China starts with the traditional legal concept of "heavy entity, light procedure". So, no matter for the administrative person or relative person, they value more on the entity justice instead of the procedural justice. The price hearing is related to the majority interest of the public. As the majority publics have very limited knowledge on the price hearing procedure, once the price hearing system cannot achieve its purpose of maintaining the price, most of the public will not understand the objective of the hearing, and believe that the price will definitely go up after hearing. Therefore, due to the difference in philosophy, it results in the incomplete of the relevant laws, regulations of the price hearing system, and the selection of representatives.

#### 3.2 Difference in the Type of Price Hearing

The main criterion of classifying whether the hearing is formal and informal is that whether administrative authorities bound by the transcripts of the hearing. So from that point of view, China's price hearing in essence belongs to an informal hearing. But whether it is the United States, Germany or Japan, their prices are all hearing formal hearing, and the final pricing decision is limited by the record certificate. This point is one of the most controversial for Chinese scholars. Some of the scholars claim that existing laws and regulations should be modified so that to include price hearing record in the final pricing decision. Some of the scholars advocated that the current legal provision should be maintained and the hearing record should only be the reference of the final decision. This paper believes that in the current stage, treating hearing record as reference rather than the basis is reasonable. It is in line with the macro control requirement. The reasons are as follows:

Firstly, the ultimate decision of the price is determined by the price determination department. They consolidate various related information, consider the views of interested parties, and develop practical and suitable laws according to the legal system. Admittedly, public participation is an important part of the democratization of administrative

decision-making, and it is important to the legal system. But public participation does not mean direct public management, or public decisions. Suppose the hearing record became the main decision-making basis of pricing, then the decision-making authority of decision sectors is deprived. Then the decision sector becomes useless.

Secondly, price control is an important means of macroeconomic control. Government holds a large number of various types of economic information in the course of production and living-related macro-control in their possession with more information than consumers and operators. Therefore, the price in the pricing decision-making process is more comprehensive and detailed consideration than the general public. Therefore opinions of related parties from price hearing record can only play a reference role.

Thirdly, the objective of price hearing is to provide relevant information and advice to pricing decisions which demonstrate the necessity and feasibility of the proposed department. It also means that the price hearing will provide information and reflection of relevant parties. However, it is not the only aspect to be considered. It also does not mean the information is necessary and feasible. Therefore, the hearing record should be serving the decision making process with reference function.

### **3.3 Differences in the Status and the Nature of the Moderator**

Whether civil law countries or common law countries, the moderator of the hearing has relatively independent status. Although the staffs belong to the executive, they maintained certain independency. In comparison, the moderator in Chinese pricing hearing system is with less independency. Most of the time, the pricing is subject to the pricing department. In contrast, our country price hearing system for the president of the hearing on the status of independence sent a lot, a lot of time should be subject to the pricing department. Additionally, foreign moderators of pricing hearing system also act as judges, with certain administrative decisions. But the moderators in our country do not have this kind of power, so the final decision making power still belongs to the authority.

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## **4. ANALYSIS ON PROBLEMS AND CAUSES OF THE PRICE HEARING SYSTEM IN CHINA**

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### **4.1 Major Existing Problems of Price Hearing System in China**

#### **4.1.1 The Ways of Making the Public Participate in Government Price Decisions Are Not Perfect**

Firstly, the system-based channels for public participation are not smooth enough. Even the progression of making the public participate in government price decisions has

been advanced continuously long before in China, the channels for participation are not completed. Absence of corresponding social institutional form for public participation is the manifestation. There is no related law which clearly defined the participators, participated parts and methods of participation, leading to some public participation occurring in non-system-based forms.

Secondly, the public participation in reality reminds in low level. a) The symbolic significance of public participation is beyond its practical significance that quite a few price hearings are suspected to be with phenomenon of information isolation and to be publicity stunt on democracy (Liu & Tang, 2009). b) The participating enthusiasm in consumers remains in low level as well; qualities of participators in hearings remain to be improved; disordered participation and non-participation both exist. All phenomenon leads to relative low quality of participation. c) Level of public participation remains in low level; extent can be participated is not extensive; the developments of organizations including NGO, NPO and others in China are under level; all of which damage the value basis of public participating in price decisions to a certain extent. Meanwhile, there are certain gaps between related provisions of existing laws and regulations and values pursued during legislations of laws and regulations. Pricing Law of the People's Republic of China, which was issued in 1997 in China, officially establishes the juridical status of hearings for price decisions and makes price hearings the major channel for the public participating in government price decisions. The implementation of price hearing system plays an important role in standardizing government pricing hearing acts and improving the scientific quality, democracy and transparency of government pricings (Peng, 2010). In the meantime, some problems are exposed during practices of price hearings in China. Viewed from the value basis of public participation, both consumers and operators are equal parties with abilities to act as a counterweight to each other, while the government plays a role of decision maker beyond the two during the procedure. Unfortunately, in 2008 Administrative Measures of Government Pricing Hearing, the most substantial problem is not effectively improved; i.e. consumers participating in hearings only enjoy limited rights of participation and can barely generate deserved influences (Chen & Wu, 2008). Criticisms form the social public on price hearing system has majorly focused on the insufficiency of corresponding rights to know, to participate and to express to the public in the procedures.

#### **4.1.2 Representativeness Insufficiency of Consumer Representatives in Hearings and Irrationality of the Selection System**

From October 2009, issues concerning the qualifications of consumer representatives in hearings have raised extensive controversy of the public and intensive discontent of the public for water-price hearings held in Yinchuan City,

Harbin City and others. There was a weird phenomenon of agreed opinions from different representatives in previous hearings. Undoubtedly, the cause of this serious phenomenon is closely related with the unsound selection system of consumer representatives for price hearings. In addition, it reflects an internal defect of the price hearing system that real wills of consumers cannot be reflected in a sufficient and reasonable manner. Therefore, specific norms should be established for hearing representative selection, especially consumer representatives by related authorities to change the phenomenon of “be represented” from the root. It is provisioned in the Administrative Measures of Government Pricing Hearing issued in 2008 that number and component ration of hearing participants are determined by governmental authorities for price according to practical conditions of hearing projects; the number of consumers should not below 2/5 of total amount of hearing participants.<sup>1</sup> Participants of hearings are selected with following methods: a) for consumers, voluntary enrollment, random selection and recommendation entrusted by governmental authorities for price on consumer organizations or other mass organizations; b) for operations and other interested parties related with the pricing hearing project, voluntary enrollment, random selection and recommendation entrusted by governmental authorities for price on industrial organizations or governmental authorities; c) for specialists, scholars and personnel of government authorities, social organizations and others, employment by governmental authorities in charge. Qualifications of participants in the hearings can be determined by government price-concerned authorities according to practical conditions of the hearing project. Obviously, based on abovementioned provisions, government authorities in charge to possess quite a large power on selecting participants of price hearings. Since then, governmental authorities in charge play a role of “general planner” in price hearings during specific procedures. As it is stipulated in the Administrative Measures of Government Pricing Hearing that it is within legal scope when the amount of consumer representatives is not less than 2/5 of the total amount of the hearing participants, governmental authorities in charge are entitled to assign another 3/5 participants “according to practical conditions”. Therefore, the under-level “representativeness” of consumer representatives can be caused under this situation. As governmental authorities in charge can stipulate required qualifications of hearing participants on their own, local price-concerned authorities custom to invite NPC members, members of the CPPC, model workers, civil servants, white-collar workers in enterprises and other social elites as representatives and employ these hearing representatives in according with

organization-based and politic-oriented standards; due to identity characteristics, professional qualities and income levels of these NPC members, members of CPPC, model workers, civil servants and others, they often show consideration for and take care of preserve the “general situation” of government works, express understanding and support price rise plans of public service, but conflicts with ordinary consumers outside hearings who disagree with price rises (Liu & Tang, 2009). Apparently, the large gap between hearing participants’ and non-participants’ opinions is directly related with the system defects concerning selection mechanism and selection standards for hearing participants, especially of consumer representatives. According to existing price hearing systems in China, the operability of regulations concerning the generation of hearing participants is under-level without detail rules for the implementation; the selection of participants are largely government-oriented with subjective randomness. The undefined standard for selection of hearing participants results in that individual or organization representatives who are associated with operators concerning interests are easy participants of hearings; even representatives, for example consumer representatives, without interest relationships, are possibility be “bribed”. It is the defect concerning the design of hearing participant selection mechanism that causes situations of “hearing as a mere formality” and “invited hearing” in some cases and leads to the under-level “representativeness of public opinion” in hearing participants, especially in consumer representatives.

#### **4.1.3 Asymmetric Information Severely Impacts Hearing Quality**

The process of price hearing is a game process that various interested parties make arguments and cross-examinations on initial price plan, express their opinions on whether the pricing of certain commodity is acceptable and raise their opinions on commodity prices, expecting to achieve a goal that final pricing decisions pose impacts in favor of their own parties. Therefore, whether information related with hearing matters mastered by hearing participants is comprehensive and authentic will directly determines the scientific level and rationality of raised opinions and propositions and determines the attitude and standpoints of debate parties; in a short word, it determines whether practical effect can be achieved by the price hearing (Chen & Wu, 2008). In current price hearings in China, operators applying for hearings are holding standpoints for the price raise and are well prepared with large amounts of professional graphs and data for argumentations. While consumer representatives are noticed suddenly and participate in a rush without time and conditions to distinguish, research and study thoroughly on reasons raised by operators during hearing process; they are unable to offer potent rebuttal evidences and targeted counterargument reasons and, therefore, cannot prevent

<sup>1</sup> The Administrative Measures of Government Pricing Hearing, Article 9.

the “successful pass” of price-raise plans. While most hearing participants “declare” to support price-raise with presupposed standpoints or without sufficient information for counterargument (Luo, 2009). The abovementioned facts lead to the severe asymmetric price information among participants of hearings in China, especially between operation representatives and consumer representatives. In order to re-gather public confidence on the price hearing system, it is suggested by the author that under-level mastering of price information in consumer representatives should be solved from the institutional aspect. The essence of price information asymmetry is the weakness concerning information mastered by ordinary consumers. Since the weakness cannot and should not be solved by presetting the professional qualification of consumer representatives, it can only be settled by supplementing procedure-based obligations of price-concerned authorities and operators of public services (Guo, 2010). The current Administrative Measures of Government Pricing Hearing in China stipulates detail content of hearing plans and stipulates that governmental price-concerned authorities should issue announcement by government website and mass media 15 days before the hearing to inform the time and location of the hearing and basic information of the hearing plan, and that governmental authorities should deliver relevant materials to hearing participants. Viewed from practices of current price hearings, regulations on content of price hearing are incomplete without a capacity of solving hearing price information asymmetry. According to related provisions of the Administrative Measures of Government Pricing Hearing, pricing hearing plans and supervision and examination reports on pricing cost are submitted to governmental price-concerned authorities for operators, yet how can the authenticity of the plan and report submitted by operators be guaranteed? If relevant materials submitted by operators are not authentic, who should be responsible for that? If governmental price-concerned authorities take the responsibility, the neutrality of the authorities being a hearing moderator will be no longer in existence. In addition, if operators applying for hearings are suspected to create false information related to the hearing price with a purpose to realizing their own benefits, who should manage the issue, price-concerned administrative authorities or other judicial channels? Moreover, how the issue be handled by the authority in charge of it? There are not definitive provisions in price hearing-related laws and regulations in China yet. Legal liabilities regulated in the Administrative Measures of Government Pricing Hearing do not definitely express responsibilities of this type.

#### **4.1.4 The “Reference Effectiveness” of Price Hearing Records Are Not Fully Realized**

Hearing records are objective records of all hearing activities including materials showed at hearings,

statement of parties and so on. Some scholars have pointed out directly that the effectiveness of China’s price hearing records should be embodied in their value of “reference” rather than of “reason”. Some other scholars have proposed a “dichotomous approach” to achieve the effectiveness of hearing records. Under the approach, according to different functions of hearings of different natures, hearings held before abstract administrative acts are performed are called decision-forcing hearings, which include hearings on administration legislation and government’s price decisions, hearings held before specific administrative acts are performed are called decisional hearings, which include hearings on administrative punishment and administrative licensing. According to scholars put forward the approach, the effectiveness of decisional hearing records is embodied in their role as a decision-making basis, and the effectiveness of decision-forcing hearing records should be embodied in their “reference values”. The legal basis for such kind of opinions is the stipulation of the first paragraph of the 26<sup>th</sup> article of the *Measures to Regulate Governmental Pricing Hearing* implemented in 2008, namely, “pricing authorities shall take opinions given at hearings into full consideration while making pricing decisions.” Viewing by the method of literally explaining legal provisions, the “take opinions given at hearings” here should be explained as “to refer to opinions given at hearings and consider based on these opinions”. Agreeing with this, the author of this paper thinks that pricing hearing records don’t have a legal status as a decision basis in China. Although some scholars think that “public participation” will become meaningless and price hearing will be simply a formal device if pricing hearing records fail to become a basis for the government’s price decision making, the author of this paper deems that the practice of limiting the effectiveness of price hearing records to “reference” rather than to “reason” in recent legislative activities is reasonable and in line with requirements of macro-control.

#### **4.1.5 Imperfect Price Hearing Catalogue System**

With the development of China’s market economy, pricing of some commodities which originally belonged to government pricing or was limited to government guidance prices no longer need to be managed by the government now, which means that the price hearing system is no longer suitable for the pricing of these commodities. In the meanwhile, with social and economic developments, the pricing of some commodities which didn’t belong to government pricing or was not limited to government guidance prices should be listed into the price hearing catalogue system to meet requirements of market management and governmental macro control at this stage. Pricing of such kind of commodities or services should be guided by the government or decided by the government. And, appropriate pricing hears should be held when the price hearing system is suitable

for the pricing. Taking the hearing on pricing for civil aviation held on July 15<sup>th</sup>, 2003 as an example, someone proposed that the government shall transfer pricing rights to relevant enterprises since civil aviation transportation had become a competitive industry rather than a natural monopoly industry. However, regarding the decision of rising the charge of the cable TV from 12 per month to 18 per month since July 1<sup>st</sup>, 2003, consumers and relevant people thought that the decision of such a substantial rise in price should be discussed on price hearings, since the industry is also for public good (Guo, 2010). Therefore, it can be known that there are still imperfections in the current price hearing catalogue system which needs to be further improved.

#### 4.1.6 Weak Supervision over Hearings

The procedure of operations of links to price hearings is very significant to the results of hearings. At the moment, there is a serious problems in the operations of various links, namely, the operations are not transparent enough. The problem is another reason for the trust crisis for China's price hearing system. Since the purpose of price hearings is to provide a communication opportunity for relevant parties, and stakeholders come with open minds, links to price hearings should be open and transparent to accept supervision of the society and the public. Therefore, the author of this paper thinks that operations in various links of price hearings, including information about the reason for holding the hearing and its background, participant selection criteria and process, authenticity of materials provided during the hearing, information about the participants' identifications, authenticity of participants' opinions, accuracy and preciseness of hearing records, the situation of pricing authorities' adopting opinions of relevant parties, and the price formation process and the reason for the price, must be transparent to participants of hearings, social media and the general public. In the meanwhile, to guarantee the transparency and openness of price hearings, democratic supervision of the society, media and so on is necessary. Besides, a third party (a party without conflict of interest regarding commodity pricing) should be introduced duly to supervise the filing, organization and of price hearings and debates and the interrogation process of hearings. The author of this paper suggests that discipline inspection and supervision departments of local party committees, standing committees of local people's congresses and some social organizations and intermediary organizations participate in the supervision of price hearings.

## 4.2 Analysis of Reasons

### 4.2.1 Subjective Reasons

The subjective reasons are the unity and the perverse reason of rising after listening. The main applicants of the hearing are the managers with monopoly position not the consumers, and the price always rises after listening. Since the beginning of the first Spring Festival train ticket

price hearing in 2002, the number of hearing is increasing day by day with an increase species close to the daily lives of the public. So the public has honestly felt the public participation and real progress administration. Objectively speaking, this is indeed progress of Chinese administration, which means the administrative reform has achieved some results. But we should also note that the price hearing system in the course of practice, there are still many problems, there are still a lot of questions, such as "preset result" hearings "rising after hearing" and so on. At present, many parts of the price hearing have almost become a "formality" form, "rising after hearing" and "preset result" has become a common phenomenon. It is the existence of these problems and questioning, the public has lost its enthusiasm for the hearing of the price at the start of public hearings on prices we are gradually losing confidence. As we all know, the real problem is the price operators and consumers dispute the parties' interests, but the current reality is that we only see the general managers or managers initiated price hearing, but did not mention the price of hearing consumers take the initiative. Original "government pricing decisions Hearing Rules", consumers or community groups can apply for a hearing entrust consumer organizations to government price departments. But until today, we only see the application for increasing the price rather than consumer and social group application for decreasing the prices (Peng, 2010). In April 2002, a consumer from Chengdu applies to hearing for reducing the parking fee for the airport to the consumer committee. It is the only search result for hearing an application from the consumer group. But the hearing does not hold in the end (Liu & Tang, 2009). However, the legal system in China has deleted the application from consumer or other social group. The price hearing can only be requested by pricing authority (Guo, 2010)<sup>2</sup>. Here, the eligible applicant for pricing hearing only include government price department or "other sectors". In this case, "rising after listening" is not surprising because as a public institution of managers. For their own benefit considerations, would not take the initiative to apply for a hearing in order to lower prices, in other words, those who made application for a hearing, are to price increases (Peng, 2010). Government price departments and the fundamental starting point for the purposes of price hearing system is not very in-depth understanding of, and because of their own interests, often persuaded by the operator, in accordance with their own wishes as the price of the hearing is to raise the price of goods or services a form of price management departments like the price of the hearing held aim is to make the final pricing scheme by being able to meet certain legal proceedings.

With the rise of democracy and the rights of citizens of

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<sup>2</sup> 18<sup>th</sup> Clouse of *Government Pricing Hearing*.

the awakening of consciousness and civil society, public participation is important as a modern form of democracy, carried out in full swing in the process of administrative reform in China. Governments at all levels of decision-making in the price are also expanding understanding of the people, reflecting public opinion and pool their wisdom channels. In recent years, the hearing system, the mayor's hotline, open days and other decision-making areas of practice and exploration, to promote public participation in government decision-making mechanism of price and accumulated some experience. But generally speaking, public participation in our country is still in the trial and error stage, the effect of citizen participation in government decision-making and the aforementioned price value basis there is a big gap (Liu, 2010).

#### 4.2.2 Objective Reasons

For the type of hearing, formal or informal hearing is a very important problem. Because the formal hearing, although formal procedures, rigorous, but time-consuming, labor-intensive, resource-intensive, even in the final consumption of all kinds not worth the maintenance of democratic values. Therefore, this measure would benefit the United States decided to practice price hearing in an informal hearing to occupy most of the country's reality. Foreign formal hearing Hearing System in the whole proportion is not high, but there are other forms as appropriate hearing aid as a precondition, and the United States in 1946, "the Federal Administrative Procedure Act," informal hearing on regulation also clear determine the applicable procedures, which is China's informal hearing underdeveloped institutional context different channels. In our country, hearing the legal system from the outset as a formal hearing eyeing a typical hearing, whether it is 1996 or 1998 Administrative Hearing prices are hearing the case, once the hearings are too public or any interested party evaluation, the hearing system or administrative procedures to implement the concept of the whole have encountered resistance.

To sum up, on the one hand, most of the formal hearing system settings because the program is not complete and interests oriented the wrong way led to a hearing is not high quality, or even "white listen listening"; on the other hand, as a formal hearing counterparts The informal hearing is not universal, but also led to the emergence of the key reasons for this situation.

## CONCLUSION

Price hearing is one of the important things for building up the service oriented government. Although current status, price hearing in China is having various problems with doubt from public, we have already realized the problems in our system. As this paper can foresee, when the problems are solved, our price hearing will be having its value. Our legal system will be also improving to the next level.

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