

PUBLIC ECONOMY, EDUCATIONAL SERVICES PROVIDER

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Abstract: Human activity is, a rational activity. In our opinion, this involves two main issues: on one hand, the finality of that, and on the other hand, the effort. We emphasized this because, the emphasis is only on this second aspect. Goods and services are structured according to various criteria. A group that still raises discussions in specialty literature because of its practical implications it divides them in private consumption goods and collective consumption goods. Our study is focused on the second category due to complex issues which involves, based on their way of production and supply and up to the way and consequences of their consumption. Collective consumption goods can be produced, financed and provided exclusively by public authorities, or can be produced and provided in different proportions both by the public authorities and by the market. We consider that it should be noted also the fact that collective consumption goods, although they satisfy with priority general, common and social needs, they satisfy, in certain circumstances, private and individual needs. Providing goods, by public authorities or by a free market, eventually accepting the state as a provider, became, lately, more and more to the attention of economic thought. There are arguments pro and against both regarding the market as well as regarding the state. The present study gives priority to supplying the education services by state, without neglecting the market implications.

JEL classification: O11, O43, G10

Key words: productive factors, collective consumption, collective consumption needs, collective consumption goods, private consumption goods.

1. INTRODUCTION

A recurrent problem in the history of economic thought concerns the best way to purchase goods and services required to meet the needs of individuals and social communities [7]. Contemporary societies, based on different forms and types of economy with competitive market, the principle contribution marșează market. But put the question whether this is sufficient and legitimate or necessary government action, government intervention that eventually accepting its role as provider. Ideological debate tends to foster market fundamentalism and even to its arguments.

If credit is granted total market, that it provide all goods and services, then we have raised two main issues as follows: the first aspect of economic activity and opportunity concerns purposes of the results achieved - it is argued from this perspective, the market system free competition can lead to the highest degree of individual freedom, which can be a highly desirable goal, the second aspect concerns the extent to which the system can be truly free market competition the best way to achieve predetermined goals.

Comparative valences relative to the market and state provision of goods and services can be analyzed and compared under both aspects should be noted that can be considered separately.

The state's role as a supplier of goods and services has grown extraordinarily over the last century, namely the provision of basic services, such as determining the value of money or respect law and order in society, a more comprehensive role in providing health services, education and social security, and macroeconomic management services. Decisive in this respect was the influence of the two world wars, which forced governments to take every time a greater role without, after the war, to return to previous situation.

In Britain, for example, but not limited to larger state role in providing services has been sanctioned by the Beveridge Report (1942) Education Act (1944) White Paper on Employment (1944), subsequent proclamation Welfare State and the nationalization of several major sectors of economic activity. The general consensus on the state's role as a supplier of goods and services has persisted throughout the '50s and '60s, considered relatively constant growth. The first challenge came when the economy went into a state of turbulence of the '70s, and the arrival of M. Thatcher government in 1979 marked the beginning of a significant policy changes relative to the level of state involvement considered appropriate in providing goods and services in society.

In this context, the discussion dealt respectively with the pros and cons, about the involvement of market system in providing goods and services of education, education, proportion of the most convenient possible about where the two macroactori need to share this so-called "battlefield ".

Interventionist role of the state is justified, usually, by presentation of failures or malfunctions of the market. In our opinion, is not, however, sufficient this, being necessary highlighting the intrinsic valences of the state as a provider of goods and services.

2. MARKET FAILURES, ARGUMENTS IN FAVOR OF THE STATE

Market failure can be defined in various ways, which, for reasons of simplicity, are divided into two categories, depending on the market side that directly affects so: failures and failures in the supply demand.

On the demand side are reported following:

a) Malfunctions caused by asymmetric information. Perfect competitive market all participants have a perfect information, but the situation is different problems. The main issue is the asymmetry of information, meaning that parties to a commercial transaction have different information about the business. The more informed can exploit the situation for himself or other problems may occur. You can make an exchange in which participants believe they have won, but then one finds that lost. The transaction did not result in efficiency, ie the type paretian improvement. Frequently cited example is very interesting the problems caused by imperfect information on market insurance policies

b) Malfunctions caused by inconsistency in preferences or the absurdity of choice. The assumption that people can make choices absurd and contrary to the presumption of rationality adopted in current economic theory. The fact that society as a whole or the State believes that individuals are irrational actions is incompatible with a commitment to support the idea of personal freedom, the firm assumed that free market advocates. There can be no doubt that some government economic action is based, at least in part, on this type of perception of market failure.

c) Malfunctions caused by handling, in certain circumstances, with premeditation, people's real preferences. An example is that of public goods. Because properties and non-rivalry nonexclusivitate, nobody is interested to show preference for these goods, because he has the opportunity to take free, offer to call someone else speculating. There is also the possibility that public goods, although it may be exchanged mutually beneficial, are not offered by the free market, because companies that, naturally, want to cover the costs of supply, issue of ownership of non-rivalry . Consequently, there are sufficient arguments in favor of the government as a supplier of these goods, financing their work by means of tax system.

From the supply side will be required the following:

a) Deprived production cost disparity with social. One situation is when the market sets a price below the social value of production, for example, if merit goods such as works of art, whose overall benefit to society can be judged as higher than that obtained simply by people involved in the exchange of such goods. But the value judgments of a certain magnitude are difficult to avoid in this case. Desirability of nature artistic goods and services for society in general education by itself does not enjoy the consent of all, another interesting example of this is employment. Employment benefit society a person can greatly exceed those of the employer or employee (state revenues and increased contribution to alleviating unemployment associated anti-social phenomena). Also, the free market could result, whereas an insufficient supply of goods or services concerned, there are arguments for the state to try raising the level of demand.

Another example of the kind mentioned is when the social costs of production exceed those Deprived. It is a negative externality. When private cost is lower than the social, market price is too low, which leads to overproduction of the good or service. The typical example is the goods whose production process is polluting the environment. There are arguments for government action, in an attempt to reduce production to the point considered socially optimal solutions most commonly used are regulation and taxation.

b) The existence of economies of scale or proportion. When the trend is creeping monopoly situation, namely the absence of competition, because, as the cost minimization involves increasing firm size, it is likely that the sector should be held only for a small number of firms, or even for one. Significantly different from the marginal cost price and production companies are not motivated to minimize costs, especially that they have proposed and other objectives. However, according to the theory of contestable markets, firms in highly concentrated markets may continue to behave competitively if faced with the threat of entry, therefore requiring a certain amount of caution. The key remains the so-called death costs, because it shows concern for the lack of competition where there are large economies of scale to the extent that they behave and high levels of sunk costs. Conjunctures of this kind can justify the state, especially in the case of natural monopolies. Sectors that were previously considered an argument for nationalization, but today it is considered sufficient normative regulation of activity, with admission her conduct in the private sector.

c) Concern for the principle of equity. According to the second fundamental theorems of welfare economics, when there is doubt concerning income distribution in society is simply acting on the original purchasing power of individuals. Also accepted the legitimacy of the state's role as a bidder for certain goods and services, it is impossible that this offer would impose an impact on resource allocation in society. Concerns for the distribution can not be addressed separately from the supply. Consequently, it is necessary that action on the distribution of resources to become a factor for calculating the highest

level we have to get the government to provide certain goods and services. The principle can be applied quite well for service-learning education.

Theory of the state's role as a supplier of goods and services may be complicated further if the belief that free market system can induce macroeconomic failures. Most significant example is the demonstration of Keynes on the possibility of free foreclosure in a position high unemployment [4]. If so, then it is likely to appear convinced that the responsibility to increase employment in the economy by increasing the supply of government lies - paying people to produce quality goods and services implies acceptance of the provider of the state.

Motivation for State involvement as a supplier of goods and services seems more relevant now, but the argument is questionable given the fact that governments can record failures when government action has no effect, it produces unwanted side effects or occur suddenly when both situations.

Government or the State faces a number of problems, usually on the side of supply, the most significant of which can be formulated:

a) Insufficient volume of information to make the best decisions. Austrian School argues in favor of the market, the minimum information requirements are needed for resource allocation process, meaning that it is sufficient to know the preferences of individuals, companies to know the cost and everyone to know the relative prices of interest . We can not say, however, the same state where the offer. State, if it pursues the ideal supply situation, must have information on the preferences of all individuals and all costs of existing firms - that is a huge volume, totally impossible to collect. In order to obtain large amounts of resources should be allocated, which can lead to high government bureaucracy and inefficiency of resource use that is not directly create significant extra utility. Perhaps there is a distinct class of bureaucrats with specific objectives in the system, achieving economic efficiency go into the background. There is also a high probability for erroneous decisions or inaccurate due to the impossibility of collecting all relevant information. Concerns in particular, public goods, including those of education.

b) Personal interests of politicians. According to the presumption of individual motivation, usually used in economic theory, it is perfectly reasonable to assume that politicians are tempted to determine the purpose of government regulation of economic action interests, not for the good of society as a whole. According to many, the main concern of politicians is reelection, in this perspective, the most obvious manifestation is the practical political-economic cycle and political cycle of business in the ruling government is trying to lead the economy into a position where the explosive growth approaching general elections. Economy is likely to be deliberately manipulated in such a manner so that the government's concern is based on re-election that the government team, not getting a higher degree of efficiency. The answer to both dilemmas is often one and the same, but different solutions are possible.

c) The temptation for politicians to propose too many goals at once to promise too much. It is possible that contradictions exist between some objective intrinsic nature, so the overall policy is incoherent. There are enough examples, including the inability to sustain in the tax system, the two objectives simultaneously, namely that of simplicity and fairness. Providing goods and services implies the existence of state taxation. You can enter taxes distort economic behavior are not, especially the motivation to work, and capitațiilor tax category, a fixed amount per capita, but, for reasons of equity, such a tax can not be accepted. Meeting the requirements of fairness implies acceptance of distortion of

economic behavior, which can lead to unwanted side effects, such as a suboptimal level of work effort.

d) Vulnerability of public services to the influence of absorbing interest. If this happens, it is possible that these public service to be administered solely in the interests of the group which captured, not the general interest of society. An example of this is alleged seizure of the welfare state by the middle classes in Britain, especially in education and health. He advanced the idea that the welfare state insurance system came to be sized to meet the interests of the middle classes as social groups well articulated and politically important. If this is the reality, fairness means that the justification of supply of certain goods and services by the state is nonsense.

e) The legislative rigidity. In terms of legislative function, it is impossible for government to have a swift and flexible, as it would require, for example, when consumer preferences change. Even if the correct decisions, their implementation requires a period of time so that it exceeds by far the best time. It is generally considered that it was always the problem of fiscal policy, used to manipulate aggregate demand - that politics no longer fits the reality when you come to be implemented.

3. THE NATURE OF THE MARKET FOR SERVICES OF EDUCATION-LEARNING

It can be seen that the arguments for and against the strengths and market the state as provider of goods and services can induce a state of uncertainty. The only thing that economic theory can reasonably support is that each case must be studied and a decision on how best to provide a good or service, market or that the state should be based on an analysis cost-benefit. In all likelihood, none of the two methods can not be considered ideal, so you should opt for alternative considered to be the best or the least bad at one point.

In the spirit of theoretical debate must now be considered the most important shortcomings of the functioning of the education service-learning [5] to identify opportunities to identify the state. Government reforms have changed the precise role of the state, especially by creating a quasi-markets.

Education in the education market faces a number of problems, of which we consider to be most significant:

a) Lack of information and information asymmetry. With regard to school education, a major difficulty is caused by factors that decision makers are usually parents, not their consumers of specific services-called. This can create problems when there are contradictions between the interests of children and parents. Consequently, there may be an argument for state intervention in the sense of imposing a certain level of education compulsory by law and / or free access to schooling. It is difficult to sustain such an argument, because clearly induce parthenalist assumption that the role of the state has legitimate reasons and that the government knows better than parents who are child needs to develop harmoniously. It is a very definite value judgments, which probably would not be universally accepted.

b) Insufficient information available to parents information about school. It is possible that school personnel be tempted to submit inaccurate or distorted information on the quality of education offered to attract more students and to maximize the revenue of the institution. Avoiding such pitfalls is extremely difficult because all the important information is very costly for parents, especially in terms of time consumption, but not only. In addition, a registration decision is irreversible after the school was taken because it will pass a significant period of time until parents discovered eventually that the initial

information was incorrect and that period efforts were invested sunk in the establishment concerned. Therefore, the consequences of poor information can become extremely expensive, suggesting a possible role of the state intervening to prevent inappropriate decisions or choices. It remains to be decided what form it should take state action: providing information, imposing the obligation to attend a particular school etc.

c) The benefits of external nature. It is estimated that failure to account for the largest market for education-assigned school. It assumes that the individual who has received education services, education benefits to society far greater than those assigned to it exclusively. It is considered private benefit any utility gained by a person in the process of education and future income increases due to investment in human capital [6]. There may, however, and other benefits for society as a whole, higher than those mentioned. It may indicate increased external benefits represented by the ordered structure of society, contributing, for example, to reduce resources for crime prevention, and better cooperation and coordination of the members of society, which could contribute, for example, to improve labor team in various economic sectors. It is also possible for democracy to function more efficiently when, because of their higher education, better informed citizens are exercising their right to vote and the overall level of utility to be naturally higher when human potential properly prepared by the educational process [2]. Option for providing educational services in the market to remain only as an under supply, because when individuals decide the level of education they want to get it taken into account only their private benefits. To avoid such a situation requires state action, including whether or not the direct delivery of such services. A difficulty remains, however, suggested that the nature of external benefits is very imprecise. External benefits are not deprived of legitimacy, but their precise measurement is impossible, and thus comparing them with the very private. As such, it is extremely difficult to suggest the best education available throughout an entire society.

d) Potential failure of the capital market. If someone pursues their own human capital through education and, consequently, increase future income, then you should be able to borrow based on future income to finance current studies [8]. The question is that the increase future revenues through education is extremely uncertain in size, so that financial institutions are reluctant, often, to grant such loans or grants with great interest. Consequently, the financing of education in a society as may be appropriate for action more difficult than it should be ideally, suggesting yet another argument for state action in an appropriate manner, including the provision of educational services.

e) Proportional economies. They should normally cause significant market failures of education services as long as there is a reasonable population density. However, there is the possibility of local monopolies in less populated rural areas, which could be another reason for state action even as service provider-school education.

f) Reasons of noneconomic equity. It remains probably the most substantial argument to support the provision of education services by the state. If it is intended that all people be free to sell their individual potential, then ensuring a certain level of education for all members of society can be considered self-evident and fundamental timely. However, there are a number of complications, because equity in terms of access to education involves several aspects, among which stand out: first - every member of society should receive the same amount of education, the second - every member of society should receive education sufficient to achieve a certain standard, the third - education received must be sufficient to allow each member of society to develop the natural potential. It is considered, often, that this aspect is actually the aim, but it appears the assumption that

resources for education should be distributed to the capacity of each to learn - capacity, many times, is more developed in people in rural better educated. Consequently, there is a meritocracy that can be autoreproductivă, and not well known whether this may be considered appropriate in respect of equity within.

Therefore, there are several reasons for the action of the state as actor-school education market.

4. THE NECESSARY REFORMS IN EDUCATION-LEARNING SYSTEM

The key element of reforms in key states is creating a quasi-markets and believe that this will lead to productive and allocative efficiency increased. In Britain, for example, education reform law of 1988 introduced, inter alia, a system where institutions are obliged to compete with each other if they have students with studies funded by the state. Education institutions receiving funds directly to the number of candidates who apply to attend the scene and have complete freedom to use these funds as they see fit. Two other very interesting reforms concern the introduction of student loans, replacing full state funding of maintenance costs for those who attend university and use charts, which are made available to the public various information about education universities across the country.

Reforms with similar objectives have been promoted in Romania post-December [1]. Legislation is however more recent [9].

Attribute "quasi" attributed to market educational services is entitled to more specific features that are missing a full market, including: funds for financing education can not reach and private providers, it is forbidden to enter the free market of potential suppliers of educational services; national curriculum option limits the power of parents, teachers' salaries are set at national level rather than the individual units of learning.

The basic idea is that when schools or other educational institutions compete with each other to obtain funds by attracting students, it makes the offer to accommodate the desires of the consumer (the student or his parents). Educational institutions obtain funds only if they provide what is required, and this should lead to improved allocative efficiency. The system provides, in addition, need to increase efficiency and incentive factor "x", whereas the ability to provide educational services at the lowest possible cost allows the institution to use any surplus money accumulated in this way, and vice versa - the inability to minimize costs will mean that funding is insufficient to cover services provided.

Introduction rankings for schools can be seen as an attempt to overcome the shortcomings of existing information on the education market. The aim is to allow parents to decide better informed about the school they choose for their children. However, allocative efficiency increases. It should be noted that there is some concern about the nature of the information provided on this path, ie the proportion of exam results and absences without leave. Most of the studies suggest that the fundamental determinant of both factors mentioned is the typology of children who register. When classification is made according to these criteria, it is clear that each school is trying to eliminate any element of risk (students with many absences without leave) and accept only candidates which ensures a good position in the rankings. There is therefore every chance that the system show a trend of selectivity inherent in the provision of education, in that schools seek to recruit only candidates for high capacity.

CONCLUSIONS

It can be concluded that the arguments in favor of releasing the State's participation in the provision of certain goods and services is clearly outlined when there is a market failure, but when there are failures of government action, the overall picture becomes less clear. The discussion is complicated further by introducing considerations of equity. Establishing a supply system for state-school education services was based on just concern for equity and the market system to avoid failures. Lately, however, unsatisfactory results led to the introduction of quasi-markets for education services, education, the belief that this solution will improve efficiency in the provision of such services. The consequences can be appreciated only after a period of time, but it is important to note that the market will continue to record significant system failures.

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