ADMINISTRATIVE SERVICES PUBLIC MARKET

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Abstract. Needs of people and communities in which they live are met through consumption of goods and services. They are very diverse and can be produced and provided under competitive market forces, or under public authorities, which are not fully subject to market laws. Given these issues, goods and services are divided into public and private. It is understood, however, that more goods and services can be produced and provided, of course in varying proportions, both public and private sector. Some of them, for good reasons, are produced and supplied only by the public sector often assimilated state sector, which in some cases indefensible. The contemporary state is, however, undeniably a reality-portability, it has certain features, made more or less uniform, which used to carry out goods and services produced or provided by its specific institutions, but also purchased the private sector. Services rendered and provided by state institutions fall into the category of administrative services. This study aims to address certain aspects of administrative services to the public market, considering that this is a general interest if they are considering the implications of the existence of public sector in society and its interaction with the private sector.

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1. ADMINISTRATIVE SERVICES OBJECTIVE NATURE OF EXISTENCE

A. Considerations on the role of government services. The national economy of a country is divided, by convention, the private sector and public sector. The public sector is characterized usually as involved in providing services (in some cases and goods), whose amounts and types are beyond the control of consumers - they are determined by government decision, that the representatives of citizens in a democracy [4]. Such definition does not cover the full scope of public sector activity, but captures the key elements, namely the public sector is the result of political decision-making process, the public community that is not the result of a market decision. Governments based on their coercive power, while markets involve voluntary relationships between participants.

Is often a clear separation between the public and private sector, they are considered mutually exclusive, which is not realistic enough, because they are interdependent, coexist in varying degrees, in all contemporary societies are interrelated and complement each other. No relationship between them irreconcilable. Each has its well defined role and its place in the national socio-economic system, answering the specific means of well-defined imperative. Complementarily of the two sectors is objectively necessary, thoroughly grounded. In fact, some of the most renowned experts in the field [14] believe that a modern economy is a mixed system in which public and private sector forces interact in an integrated manner, the system is not only no private nor public, but a combination as rational as possible, between the two. The private sector relies on public
sector to provide infrastructure and legal system, for example, without which markets
could not function. The public sector is based, in turn, the private provision of goods and
services and to obtain income taxes. Permanent interaction between the two sectors require
to be addressed other than strictly independent and antagonistic.

Public sector are very different functions, they provide goods and services
including diversified, for example, from roads to hospitals, from defence to education, the
collection of taxes, redistribution of income between socio-professional categories, the
development of relations with other countries, implement laws and other regulations.

In all modern societies there is government, but people interact with it, at the
political level only when the elections. Ordinary citizens interact daily with your
government through bureaucratic structures, administrative, local and central. Most times,
however, the citizens there are an ambivalent attitude. Citizens want more and more public
services and quality rising, but, however, some believes that the public sector is a parasite
of the private sector. The public sector is viewed with suspicion both because of its power
and because of inefficiency, red tape and, in cases quite frequently in his corruption,
instead of being perceived as an instrument for the people.

In this context the question arises whether the public sector is necessary. You can
answer yes to this question from the specification state functions have been defined as
even by A. Smith [19], namely the protection of society and violence invasion of other
independent companies, to protect members of society against the injustice or oppression
of the any of them and maintenance works and public institutions. The assertions are valid
and present it, even if the modern theory of public economy increasingly embraced
Musgrave’s trilogy. Many said that the market mechanism should provide everything you
need society and its members no longer need such State. Market but often fails, which is
why the state should intervene (government by administrative benefits).

B. Sources of market failures or weaknesses. Concern, in principle, resource
allocation and are formulated as follows: entry barriers, natural monopoly and
externalities; their analysis serves as a rule, as the main reasons for administrative action.

Barriers to entry. They introduce elements of monopoly, because some markets
are imperfect disputed. That source may be due to a factual situation (exclusive control of
essential resources for which no close substitute) or actual action of the state (legal
monopoly). On balance, there is too little and, accordingly, is sold at a high price. It
follows a waste of social surplus, measured graphically by „Harberger’s triangle” [11].
Administration may occur by: nationalization, imposition by law of respect for the freedom
of market entry, pricing regulations and state-enterprise contracts (to guide monopolies to
produce optimal amounts). According to some experts, the social cost of monopoly is
much larger than Harberger’s triangle, because manufacturers „rent seekers” (rent-Seekers)
only invest resources to obtain protection from the state monopoly. Net social loss is
viewed by a much larger area, called „trapeze Tullock’s” [12]. Conversely, the hope of
monopoly profits is considered one of the main motives of entrepreneurship and
innovation.

Natural monopoly. According to the invisible hand theorem, average costs cannot
be subaditive. If it subaditive \[C (Q1) + C (Q2) > C (Q1 + Q2)\], the entire production
would be supplied by one company, under the situation of natural monopoly. These so-
called natural monopoly „strong”, namely monopoly whose average costs are so subaditive
and decreasing. Decrease in average costs is due often important level of fixed costs of
production sectors. Unlike previous natural monopoly undertaking not to balance profit
and cannot control the price. Undertaking, despite the fact that it has a monopoly can
produce at its best, because that would mean a production loss. The State may nationalize
the company, causing a loss at its best or subsidize private enterprise because it can
produce at its best. There is, in both cases, a serious deficit control authorized or awarded
grant. In particular, it is very difficult to separate the deficit due to the optimum setting a
price resulting from an inefficiency of production activity. A good way to solve this
problem is to impose budget balance and taking a second-class perspective of optimal
(second best). We arrive thus at a Ramsey-Boiteux pricing type. It shows, however, that
that price is the one you practice on it a perfect natural monopoly in a market dispute.
Second-class optimality balance of natural monopoly is sometimes called „weak invisible
hand theorem”.

Externalities. These are situations in which the action of a person or business has
consequences for other persons or companies (without compensation). The presence of
externalities imply a divergence between private marginal cost (or private marginal utility),
reflecting the consequences of an action for its author, and social marginal cost (or social
marginal utility), which incorporates the consequences for all members of society. Market
prices reflect the cost of utilities or private, while the social optimum is based on utility or
social costs. Government action intended to cause firms to „internalize” external effects
that are responsible and eliminate thus causes divergence between equilibrium and
optimum. This could be a tax system to act on prices (tax or subsidy called „pigoviană”),
or optimal tariff imposed on undertakings previously nationalized or regulated.
Government may be limited but the more complete definition of property rights when
transaction costs between people affected by an externality are negligible. It shows that in
this case are sufficient to establish a voluntary negotiations optimal situation (Coase’s
theorem). The main implication of the concept „externality” is generally too much capacity
to justify public intervention. In practice, it is necessary, before the correction of an
externality, to ensure that it has sufficient basis and that remediation objectives and
important to have more advantages than disadvantages.

C. Real property collective umbrella. The market works best only if the goods
they provide are deprivation, or procure benefits (satisfaction) to a single person. A
collective good aim, but more consumers at the same time (is a form of generalized
externality). „Public” here means „together” (publicly available), as in the phrase „public
good” in English, not necessarily „provided by the state.” Collective goods can be
distinguished „pure” and collective goods „impure”. The first category comprises goods
that respect the principle non-rivalry. It is enough for a person to belong to that community
collectively to benefit from good pure and an additional consumption is associated to zero
marginal cost. Under these conditions, the optimal price is zero and explains why the
market will not ever be able to provide optimum amount of such property. A second
characteristic of pure collective goods is non-exclusion (or that has infinity cost). Market,
who has not paid - it’s exclusion principle. In the case of a pure collective good, it is
sufficient that a person be in the group or area of supply to take advantage of the object in
question - no customer will not pay if paying not prevents him from consuming the good.
Of the two reasons mentioned (non-rivalry and non-exclusion) invisible hand theorem
cannot be applied in an economy with pure collective goods. Samuelson theorem states
that in an economy with a good group G, n private goods and m individuals involved
optimum equalization for each private good and, the marginal rate of transformation
between G and I (RMT_GI) the sum of marginal rates of substitution between G and i
(\[\sum RMS_{GI}^{h}\] ) for all individuals h.
The term „collective good pure” case corresponds to an extremely interesting from theoretical point of view. In fact, genuine pure collective goods are very rare. Even the frequently invoked examples (defence, justice, regulatory, public lighting, etc..) Meet sporadically, while in total, the two conditions. Most pure collective goods are, in fact, impure collective goods that suffer from problems of „congestion” over a certain threshold of use (roads, ports and public parks, for example). In this case, the utility that collective good attorney is an increasing function of available supply of the property and a function of decreasing the use of this offer. Optimality conditions introduced in the analysis that we get benefits on an individual of impure and negative externalities collective good that it causes other individuals when congestion is exceeded [15]. From here you can read more modulated tariff proposals.

The State may be made to modify the allocation of resources by markets operated even when they work correctly. Exercise public guardianship occurs mainly on the market by providing property guardianship (Merit Goods). The state estimates in this case, the preferences shown by individuals are not consistent with the real lack of information, education or civic sense. The fundamental justification for paternalistic government action has sometimes subject to criticism on behalf of individual liberty.

2. ECONOMICS AND PUBLIC POLICY

A. Fundamental coordinates public economy. Analysis is the branch of public economy (science) who studies economic state activity. This work is primarily commercial (goods and services provided free or at a price unrelated to marginal cost, financing authoritarian by taking tax regulations and discretionary interventions), but can be quite a large extent, and commercial (public companies that sell on the market, purchases of goods and services and „public contracts” and financing operations of capital markets).

Under this general definition, any state intervention (actual or potential) is the responsibility of the public economy, which is why the delimitation of the object of this science has always been difficult, and its centres of interest have evolved much over time. It seems that in recent years to provide a specific specialization concerns. When, for example, an economic policy issue relates to a matter covered by a highly developed theoretical body shall, by rule, that this problem is for the professionals concerned. In fact, calling privileged microeconomic analysis allowed a better differentiation of public economy macroeconomic theory own political analysis.

However, the resulting division of labour balance is fragile, for reasons that can be formulated as follows: a) macroeconomic theory tends to deepen the foundations of microeconomic b) the emergence of new theoretical problems due to the growing interdependence between countries regarding especially at the national competition between the public and whose disciplinary borders are still far from being traced, and c) movement sensitive lately the focus of public economy. Public economy has become more „positive” (study state as shown him, explaining and predicting economic policies actually applied), even if it remains in very large measure „normative” (action research that should promote the state, namely optimal economic policies).

The phrase „public economy” appeared only in the 60s, but analysis of the problems the public sector is one of the oldest branches of the economy. How economists have approached these problems but have changed very significantly over a history that combines various ideas and facts. In the early modern era, when it said the term „State”, mercantilists, considered „the prince advisers” were based in principle on a scheme to assimilate public finance management private property. Sizing of public spending was at
the mercy of the prince and count only their funding. Paradoxically, this situation has not changed significantly by the challenging liberal ideas of absolutism by the end of the eighteenth century and promotes commercial exchange. A. Smith, D. Ricardo and John Stuart Mill recognized, of course, the social utility of certain forms of public spending, but still prevails minimalist view of the state-constable. Public expenditure remained outside the economic analysis were a decision whether prince or a discretionary preservation of the social minimum. This explains the fact that the words „public finance” and „financial economics” have designated time what economists now call „public economy”.

At the end of the nineteenth century, only, was an extension of the range of problems related to the field of economics. German Historical School, the works of Wagner, recognizes the specific nature of this field of study. Engineers economists in France, especially by Dupuit, the foundations of economic calculation. Those who devote themselves to conditions but especially theoretical public action are well established in the late nineteenth century and early twentieth century, English promoters of Welfare economics (Marshall and Pigou), then neoclassical Italian (Pantaleon, Mazzola and Barone) and Swedes (Wicksel and Lindahl). The plane facts had decisive influence a World War. This event marked the beginning of a strong growth of the state in economic and social life, in that the government led to industrial and commercial responsibilities.

Later, Keynes’s analysis provided a justification of the state’s ninth as a means to avoid stagnation (short and long term). Beverage induced belief that government is able to make welfare equivalent of what he had done for war. State constable had to give way to the welfare state. These ideas, combined with what Peacock and Wiseman called „displacement effects” caused by war, have resulted in strong growth in public spending. In parallel, theoretical public economy has grown significantly in the immediate post-war studies mainly because of Allais, Boiteux, Vickrey and Samuelson [2]. The first presentation of the „public economy” but is due to R. Musgrave in 1959 [13], it takes the phrase „public finance”, but insert the words „A Study in Public Economy.” The analysis refers to all decisions clearly public, not only should to finance expenditures selected according to a purely political process, about the economy not be aware of. Using the phrase „public economy” was generalized shortly later by a work of Lief Johansen [7].

Crises of the 70s have undermined the state’s ability to rationally manage the economy. New classical economics Keynesian interventionism challenged while growing dysfunction of the welfare state and budget balance issues generated by stimulated governments to be decommitted to deregulate and privatize. Theoretical debate on where the state is removed, thus criticizing or condoning systematic public action and guide to the quality of this action (the „good governance”). From this perspective, the positive theory of public decisions (Public Choice theory) had a very profound influence, although often underestimated. Its founders, James Buchanan and Gordon Tullock have made, in fact, real state analysis based on the foundations microeconomic rationality of the various actors involved in this specific type of social organization. As a consequence, profoundly changed the manner of approach to choice between market and state. Public economy 60s was believed sufficient to show that market malfunctions (there market failures, market failures) to justify replacing it with the state. Public Choice Theory, by contrast, argues that it is necessary to ensure beforehand that the state will work better than the market. Opened, thus saving way to introduce the public contributions of most modern economic theory: the theory of organization and transaction costs (by Nath-Williamson), game theory, the theory of imperfect information (agency problems) etc..
70s were marked, however, and the onset of significant action on public charges, taxes and transfers. The starting point was a study by Diamond and Mirrlees in 1971. They have proved a double originality in the sense that they have used duality methods, which allowed the study of problems based on less restrictive assumptions, and were placed in a general equilibrium framework, which led to conclusions economic policy more stringent. Finally, public economy has benefited in recent times, perhaps more than other fields of study, theoretical developments in the field of information, whether the information of private or government court information (problems of credibility, so the agency ).

**B. Rules and functions of state intervention.** The state is an organization. To analyze its behaviour to know the objectives and constraints of agents who make decisions within it, at different hierarchical levels. It should be mentioned that, in terms of positive public economy does not pose special methodological problems - simply apply the usual microeconomic tools, but in a constrained and non-monetary objectives according to such as political, ideological, etc.. Very long term must be explained pseudo-historical emergence and to determine the state which created the „monopoly of legitimate violence” (after Max Weber) and how to develop public organization, opposing two theories, namely theory and the theory of contract company rule [20]. Short and medium term interest internal functioning of the state (public election theory, the theory of bureaucracy, organization theory applied to state agency incitation’s and public sector issues, etc.). And state response functions (or functions of economic policy). Given the problems faced by most states (regardless of the degree of development and political-ideological regime), this aspect of public economy is bound to grow stronger. However, notwithstanding the theory of public elections and certain aspects of the local economy, the positive theory of state behaviour occupies a modest approach compared with the so-called „normative”.

Public economy aims at highlighting the normative objectives previously defined and consistent, usually a state objectives so-called adequate. It is evident, therefore, the decisive role in this field, the ethical foundations of public economics [10]. Main line dividing the opposing methodological approach is holistic that the state is a reality in itself, a „collective being”, which aims, in principle, a public interest objectively determinable, superior individual performance and without necessary connection with them, individualistic approach, then, on the contrary, collective rules are only the reflection of individual preferences - one is the weight to be given to each of them. The advantage is that the first approach simplifies the analytical work of specialists, especially in macroeconomic models, and the drawback is that it cannot solve the problems of choosing the most interesting social (collective decision formation, evaluation of public policies, etc.). Or at least that you solve superficial. Using the second broad approach to explaining normative public economics, therefore, rather the limits of the analytical approach than the first debate on the essence of philosophical state.

After conception holistic welfare state is what it says. Economist role is just to show how to achieve the objectives thus defined - not to wonder if they are based. The individualistic conception, by contrast, has predetermined criteria for consideration of individual preferences to guide public action.

A first set of criteria based on effectiveness (technical - during production, economic - in the exchange) to define the sense of Pareto optimality. The advantage of this rule is the refusal of interpersonal comparisons of utility. It is based on minimum value judgments, but widely accepted. It also relates to a specific rule of collective choice, namely unanimity, meaning that none against and at least one order. This time however paretian has its limits, which can be formulated as follows: a) value judgments are very
small, but not total absence, and b) each initial distribution corresponds to an optimal paretoian resources differently - as such, to choose between these multiple best to call to another criterion. The concept used for this purpose is „social welfare function” caused by Bergson and Samuelson, whose individual utility functions arguments; therefore, the social choices involved criteria of fairness or distributive justice.

Individualistic approach to social welfare rises, however, by its very nature, a number of issues, including the most significant may be considered: a) there are situations in which exercise public guardianship on individual preferences is strong justification (for example, to ensure „happiness of individuals without their consent”); b) according to Kenneth Arrow’s impossibility theory cannot build a single indicator of social welfare to aggregate individual preferences and which also meet certain minimum standards of ethical or logical, and c) individual preferences must be known in advance to be aggregated - prevents individual interests, but, sometimes, to show their real preferences.

Market economy may have three types of operational deficiencies, as follows: a) can be unbalanced - prices do not allow equalization of supply and demand; b) may be ineffective - prices correspond to sub-optimal equilibria, and c) can lead to optimal in terms of social injustice - the initial distribution corresponds to an optimal resource unable to maximize social welfare function.

On this basis one can define the three main areas in which public action is beneficial, as follows: a) stabilization - stabilization policy allows the transition from disequilibrium to equilibrium, b) resource allocation - an allocation policy allows moving from one suboptimal to an optimal balance imbalance, and c) redistribution of initial resources - a policy of redistribution introduces a „best optimum” not optimal from a social welfare maximizing. This trilogy, proposed by R. Musgrave in 1959, remains theoretical; in that it is impossible, as a rule, find the tools of economic policy whose effects remain confined to a single domain.

C. Economic, administrative action or state instrument. The term „policy” had several meanings over time, depending on the countries that has been used. For example, in Latin countries, the term „policy” of English is often identified with the decision. Specifically, the policy means a formal decision (law, administrative act, circular) has a legitimate elected authorities can adopt a formal, according to pres ¬ portability procedures. From analytical point of view, however, politics can be defined from other perspectives; this means incorporating the definition and other items - for example, in terms of behaviour, public policy decision is characterized by actions and conduct of those who perform them.

Public policy analysis is, in general, an approach that identifies the action programs of public authorities in a specific area of activity. Public policy has been defined previously as an action program which involves the choice of means to achieve certain objectives. From this analytical perspective, some authors have used the phrase „public policy” by aspects or elements they wanted to highlight, namely to refer to: a range of public activities (economic, educational, health, etc.), a group of objectives and programs undertaken by government at some point (political literacy, smoke, etc.) legislation or a set of rules approved in connection with a particular issue (tax law, environmental, urban, energy, etc.), impact of government policy on society by reducing road mortality, social rehabilitation of addicts, fire, etc.

In all these meanings of the phrase „public policy” are common elements that allow their reordering as follows: a) public policy is a group decision - that is more than a formal decision, b) a policy is adopted by public institutions administrative and security
matters, the government - public policy can take several forms, such as a legal regulation, political speech, a form of restructuring of public services, c) a public policy mobilize resources to generate products in society and d) it is assumed that this activity follows a more general purpose or a goal or specific, focused typically to satisfy certain interests and is the bearer of certain values.

Dominant paradigm in public policy debate is to understand how authority is exercised to achieve collective goals. „Policy” means the pursuit of goals. Presumption that public policy is a default action underlines the significance of the main definitions given to the term. Some authors define public policy as a projected program of goals, values and practices, others see public policy as the government’s course of action designed to achieve certain results, and others show that public policy is essential to have a goal, an objective or a target. Guy Peters, for example, defines public policy as all activities directly or indirectly affecting the people, operating on three levels - government elections, the results of policies and policy impact [16].

In terms of analysis, public policy is presented as a set of practices and standards from one or more public actors. At one point, adopted the practice of some sort, act or not. These practices can be identified specifically as modes of intervention, regulation, services, repression, or may be intangible, even symbolic, like a speech or a campaign. At the same time, these practices are reported at the end, the value choices, explicit public authority or the remaining defaults.

Public policies are defined, therefore, that firm decisions are characterized by consistent behaviour from those who prepare and those who respect them [9]. Preferably, of course, those governments should be characterized by consistency and repetition, but it is hard to believe that you can ever find in government social policy, if it insists on this criterion to define policy [3]. It can be said that public policy is rather abstract, so that we cannot say with certainty where it starts and where it ends.

For this reason, extended the scope of the phrase „public policy”, in that it consists of everything that government actors decide to do or not do. This formulation is probably too simple because it fails to provide the necessary means for the conceptualization of public policy. According to this perception, it can be any aspect of public policy administrative behaviour and thus no way to separate any of the unimportant important aspects of government activity.

Another attempt at conceptualization of public policy that is defined as a set of interrelated decisions taken by a political actor or group of political actors on the selection of goals and means to achieve these goals in a specific situation Should the respective political actors can, in principle, to make decisions [6].

A generic definition describes public policy as a deliberate process, followed by a political actor or group of political actors dealing with an issue of general interest [1]. The author notes that the definition of public policies are often developed by a group of political actors, and in addition, may be the result of mutual decision made by multiple decision makers. He also notes that governmental action is directed towards solving a problem of general interest, in this way, explains the nature of public policy objectives pursued by [5].

In the literature of our country, the term „political” is used with two meanings: a) to describe the phenomena of power struggle, competition between parties, interest groups, social groups, people to exercise influence and occupation of positions of authority in a particular community, country, in an electoral framework or decision-making processes, and b) to appoint a framework of guidance for action, a program - it can be said, therefore,
that a government has an economic policy, that implements a set of actions, choose to do or not do certain things, for a specific field such as social and economic life. It is clear that this must be talking about public policy, that is, employees of a public authority acts in front of a problem or a sector within its competence.

Public policy and guidelines expressed events defined by the state as public powers, central or local key areas or activities taking place at national or at administrative-territorial [17]. A policy is a network of interrelated decisions about the choice of objectives, means and resources allocated for their achievement in specific situations.

A relevant point of view, our view is that public policy is a set of measures taken by a legal authority and responsibility to improve the living conditions of citizens and design of measures to stimulate economic growth [18]. It provides, in general, the concentration of various parties and correlation of the conclusions drawn from their personal experiences, may take the form of regulations or incentives that determine social and economic environment. Public policy is defined more precisely, from our point of view, the following four distinct elements: a) all actions to the same sector or same territory, meaning that there must be a unity of action of the field, b) actions to be interdependent, interact to form a, c) be designed according to the target audiences and tangible results - to be legitimate and effective for specific purposes and must be perceptible to the manage, intermediate stages expressing steps taken and sufficient resources to be put into practice (to generate a benefit for citizens), and d) to empower, to be the result of political will - as a consequence, the authority which initiates must meet their commitments and accept all the effects.

„Policy” is a central concept in theory and practice of governance mode. Many participants in public life (elected officials, civil society, experts, journalists, etc.) use the term in an attempt to describe how public life is organized. For some, public policy related to control - they can act as a vehicle of political control over bureaucrats, the senior officials of central government on the rest of the staff, heads of companies on operational managers, while for others, public policies can be a vehicle to challenge the existing order.

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