The Evolution of the Services to the Population

Prof. Constantin ANGHELACHE PhD.
Academy of Economic Studies, Bucharest
“Artifex” University of Bucharest

Cristina SACALĂ PhD. Student
Academy of Economic Studies, Bucharest

Bogdan DRAGOMIR PhD. Student
Academy of Economic Studies, Bucharest

Abstract
In market economies, which practice the system of national accounts, services are considered a very important branch of the national economy, because, together with the satisfaction of the material needs of the population, they ensure the continuation and completion of these needs, contribute to the recreation and leisure, thus maintaining the biological equilibrium indispensable to a state of physical and mental health at the level of the population, contributing, meanwhile, to the development of some particular activities, with positive consequences regarding the degree of occupation for workers.

Key words: services, developments, private, accumulation, population

The level of development and civilization of a country is also given by the development of the sphere of services supplied to the population, as well as by their weight to the Gross Domestic Product formation.

Within the system of material production in force in our country before the year 1989, the services were considered as productive only to the extent that they were an extension of the production. Otherwise, the other services, although very useful for the needs of the population, were considered as non-productive activities and, consequently, in most of the case they did not get the deserved importance. This was also a modality to encourage high rates of accumulation to be practised.

For a number of countries, considered as exponents of a high level of development and civilization, such as Norway, Sweden, Germany, France, England etc., the services supplied to the population are contributing substantially to the GDP formation.
Number of companies with main activity of services supplied merely to the population and their turnover

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (without VAT) – billion lei – (comparable prices 1998)</td>
<td>14.809</td>
<td>15.549</td>
<td>16.311</td>
<td>17.112</td>
<td>17.315</td>
<td>17.615</td>
<td>17.900</td>
<td>18.100</td>
<td>17.300</td>
<td>17.120</td>
<td>17.060</td>
<td>17.010</td>
<td>17.100</td>
</tr>
</tbody>
</table>


Starting from these considerations, we have to notice the mode in which the activity of services supplied to the population in Romania developed during the last sixteen years.

In this respect, it must be underlined that in the year 1990 there was a material basis in place, which, in order to be superiorly valorised, should have been privatized, quality wise improved from the point of view of endowments, of the concept of services carrying out in itself and of the management in services. This is the only way that the premise to secure and provide qualitative services, accommodated to the real needs of the population, could have been generated.

Number of companies with main activity as market services carried out mainly to the population


---

Turnover of companies with main activity as market services carried out mainly to the population – billion lei comparable-


The establishment of a private sector of carrying on services to the population, with support through adequate steps for the tendency to diversification and quality improvement, should have been the subject of concern from the authorities from our country side in the frame of the programmes drawn in the context of the strategy concerning the reform and the restructuring of the economy, taking into account the fact that a significant material basis was already available in this sector and, therefore, no particular effort of investments or capital being involved.

Unfortunately, the initial methods being considered for acting in this respect, (administration of locations, MEBO privatization, the tardive and improper steps to apply the big privatization to the sector, the lack of an unitary strategy for the privatization of this sector, leading to blockages as a result of the scandals and contestations generated by the various conflicts of interest etc.), without being accompanied by adequate steps meant to encourage and stimulate the economic operators within the services sector, not only did not produce the forecasted outcomes but, on the ground of the general economic decline, made possible both the physical depreciation of the existing material base and the disqualification, quality and variety wise, the carried on services.

Consequently, this process as well – reform, privatization and restructuring in the frame of the tertiary service – lagged behind, at least
until the year 2000, as shown by the low weight of the companies with private capital to the forming of the turnover of the sector.

The level at which these services are offered to the population is important since, apart the ratio between demand and offer, the level of running prices, as expressing from, must get an important role in the frame of these services. The detailed analysis of the evolution of the turnover for services carried on to the population in the years 2001-2012 is self-conclusive as far as the tendency is concerned.

In this respect, it is significant to analyze the way in which these services have been offered to the population considering also the connection between the real incomes available with the population, at a given time, and the quality of the services as well as the comparison between the price levels in our country and the prices in force in other countries.

Thus, out of the market services activity carried out to the population in 2011, a turnover higher by 4.1% than the one recorded in 2010 has been recorded. In 2012 the turnover decreased in January by -22.4%, and by -2.4% in April. In March 2012 an increase of 11.7% as against the previous month has been recorded.

The overall period 2010-2013, showed that the turnover of the services carried out to the population had recorded a continuously low fluctuating development as against the previous periods and the entire year.

The services of medical care, culture etc. have been diminished although their quality did not improve.

The fact that in most of the cases of their structure the services recorded significant decreases is a negative fact.

The services of transport, mail and telecommunications recorded, exception made the periods 1990-1992 and 2009-2012, sinuous evolution. Thus, the value of these services increased, value point of view, in comparable figures as against 1990, from 22,393 billion lei in 1990, to 13,490.35 billion RON in 2008. After January 1st, 2009, a permanent recoil of these services value has been recorded, justified by the effects of the crisis.

The value of the transport, mail and telecommunications services

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>133.410</td>
<td>135.410</td>
<td>131.115</td>
<td>130.214</td>
<td>129.325</td>
<td>128.975</td>
<td>128.995</td>
</tr>
</tbody>
</table>

* Extrapolated data

If we try to compare the level of prices practised by the tourism and touristic assistance agents, as well as the tariffs of some hotels and restaurants, we should state out that their level is very near if not, in certain cases, even higher than the prices practised in a series of western countries where the services are by far superior quality wise to those offered in Romania. Presently, there is no difference any more, between the prices for a number of products (see, for instances, any kind of beverage), or the tariffs for touristic services carried over in Romania as against those practised by the big hotels and restaurants from the western countries. Of course, the people working in this fields may invoke the fact that the restrained demand of the population for certain services is obliging them to maintain a level, even if minimum, of profitableness and to increase their prices. The low level of the turnover achieved in the sector of conscripted services is a consequence of the poor quality and high level of their costs but the main reason of the gradual diminishing of the population’s demand for such services consists, in the first place, of the shortage of financial resources available with the population.

There have been steps taken towards the privatization and the improvement of the endowment of the hotel facilities. The privatization process did not lead to the expected impulse while the system of renting the hotel facilities had not the expected outcome. Meanwhile, actual steps meant to develop the agro-tourism have been taken. There are further steps being to be taken meant to preserve and to develop the tourism base existing in Romania.

**Number of companies with main activity as market services carried out mainly to the economic agents and their turnover**

<table>
<thead>
<tr>
<th>Anul</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (without VAT) – billion lei – (comparable prices 1998)</td>
<td>69.153</td>
<td>71.314</td>
<td>73.120</td>
<td>75.175</td>
<td>76.175</td>
<td>76.055</td>
<td>75.515</td>
<td>75.800</td>
<td>74.340</td>
<td>73.914</td>
<td>74.159</td>
<td>74.213</td>
</tr>
</tbody>
</table>

* the data are provisional for six months and estimated for the second semester

Meantime, there are certain services which are developed enable to compete and address to the population with low incomes. Here we consider the agro-industrial tourism, the private tourism, other activities of carried out services, which can be offered to the population. By this orientation, part of the labour force disposed of within the process of finalizing the privatization of the big industry will find new jobs opportunities².

**Number of companies with main activity as market services carried out mainly to the economic agents**

![Graph showing the number of companies with main activity as market services over the period 2001-2013](image)

**Data source:** The National Institute of Statistics

In the analysis of the goods and services production an important place is held by those services carried out by companies having this activity object to the economic agents.

The data concerning the evolution of this economic activity over the period 2001-2013 is stressing out both the increase of the number of such specialized companies and the turnover they achieved (see the table and the following graph)³.

---


Turnover (without VAT) of companies with main activity as market services carried out mainly to the economic agents

Data source: The National Institute of Statistics

References
Anghelache, C-tin (2013). România 2013. Starea economică sub povara efectelor crizei, Editura Economică, București


www.insse.ro