

THE TERTIARY CIVILIZATION – CONCEPT OF THE ECONOMIC GROWTH

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Abstract:

Providing services has become the most important sector of the economy and the main dynamic factor of the economic competition, within the developed countries economies. In such economies, the sector of economies has assimilated the workforce issued in the other sector, when this over plus of labor force represented simultaneously the cause of its expansion. The services have had a double part: they contribute on both the material entertainment of the labor force, as well as on maintaining the reestablishment of people's health, to their physical and intellectual recovery, to the development of the individual, as regards the cultural and scientific points of view, and implicitly, to the growth of the living standards.

For the time being, one can characterize the economies of the developed countries, as well as of many other countries in progress of development, as services oriented economies; the development and diversification of services has been determined by the need of satisfying diversified social needs. In this way, the part of services aims on becoming proportional to their contribution within the process of economic growth.

One can definitely say that between services and the economic growth, a double conditioning takes place, meaning: on one hand, the development of services appears as a consequence of the economic growth, and on the other hand, it grows up the economic growth, thus contributing on diversifying the production and on improving the level of training or qualification of the labor force.

Key words: services, economic growth, grow internal product, wealth, economic activity, tertiary civilization.

JEL classification: A10, D60, E60, I15, I25, I38

INTRODUCTION

The current context has emphasized the fact according to which the society, where services predominate over, has gradually taken the place of agriculture (respectively the industry), issue found especially in the countries developed, where an increase of services part in the economic and social life can be noticed. In other words, a replacement of “the primary civilization” and “the secondary civilization” with “the tertiary civilization” can be carried out.

Specific to the current stage and point of view, the concept of economic growth of services type has been confronted with difficulties on defining and accepting, since one can talk about the reviewing of the entire political economy, understanding the reality, as well as the system, as such.

The economic growth can be explained by a high number of researchers, as being: “an increase in absolute dimensions of the macroeconomic indicators, a national income or global product”. “The long term growth of abilities of production and of the production volume or of the economic potential” [1] has usually assumed the same signification, meaning the economic growth. One can understand here that this is the unique and the most important engine, which might generate long term increasing of the living standards.

As result, it is necessary to explain and contribute on making easy the economic growth, which is traditionally measured by the augmentation of goods and services of a country (meaning the GDP). In this way, the economic growth needs support and it is essential, since people wish to improve their life, not because people would be avaricious or excessively materialist. One can mention that after a high economic result, it is possible that more people to improve their living standards. This issue is hopefulness, if one thinks that over the entire history of the humanity, the poorness is rather a rule, than an exception, for a small group of privileged individuals.

To support or weight against such concept, the arguments of non-believers have come, completed by those of the optimistic, which by analyzing the historical moments of the society in its entire, one can see that by its presence, the economic growth has offered both advantages and disadvantages. A negative effect is represented by the reduction of time spent with family, when one carry out more work; the exhausting of limited resources, while world's people is increasing, as well as degradation of the environment.

One should emphasize in this context the idea according to which the rich societies dispose of the necessary means in order to avert and even remove the secondary effects of the economic growth, as well as various diseases, that make shorter our lives or less happy.

The worries of the pessimists were removed by the economic reality, which confirm the fact according to which in 1975 the economic efficiency was increased more than seven times [2] per capita, being five times higher than 30 years ago. In the same time, the revenue per capita from the entire world was increased as result of technology advancement, of the productivity growth, as well as the new products and services. The reality contradicted until this moment the wrong estimations, carried out at the beginning of the XIXth century, of Thomas R. Maltus, which estimated that the world people will die of hunger or will live at the subsistence limit; at least, since the foods production can no longer keep in the line with the people's growth (*according to the author, the common tendency of all living creatures consists in increasing the species beyond the available food resources...The nature was avaricious with the space and foods. In the situation where no obstacles are met, the people will increase in geometrical progression, and even be duplicated at each twenty five years, while the means of subsistence will grow, at the best, by arithmetical progression*) [3].

In the period that followed after the famous *Essay on the Principle of Population* (published for the first time in 1798), the technological advance has brought to the fore of the economic activities, new equipment and improved techniques of growing, the continuous development of the economic science, the growth of food production, reducing the foods prices etc., fact that leads toward the conclusion according to which, the Malthusian catastrophe can be avoided. The modern "Malthusian worries", especially related to the reducing of the energetic resources and the global heating, can be also removed by means of an active involvement of the governments and international organizations, by appealing to the alternative resources of energy and by establishing the limit of pollution.

Another negative effect of the economic growth, seen in the conception of some skeptical people, can result from the process of globalization, although it facilitated the general economic growth, and contributed simultaneously to the emphasis of the economic inequalities (between countries) and to even poorness. The worries related to this hypothesis are confirmed by the studies carried out on three groups of countries [4] (four rich economies, four countries with average revenue and four poor countries), as regards the real revenues per capita, emphasized by the differences of the growth rates of the revenues per capita.

The above mentions and the attempts of deceleration or inversion of the economic integration might obviously reduce the economic growth and might lead, more probably, to the lower revenues and mediocre living standards, all over the world. The prosperity for individuals and companies is facilitated by the specialization and the enlargement of the business market – fact argued more than 200 years ago, by Adam Smith and David Ricardo [5].

THE ECONOMIC GROWTH – CONDITION FOR WEALTH AND HAPPINESS

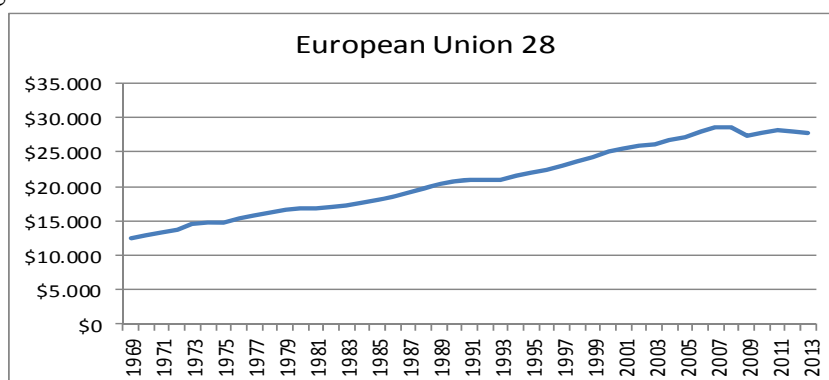
The remarkable results achieved after the economic growth (such as, the growth of food resources, the access to quality assistance, the increase of the average life time, even for many countries in progress of development, the more and more efficient control of the pollution, the life development within a more clean and secure habitat), and implicitly the growth of revenues, will define the economic growth, by means of wealth and happiness.

Relevant would be the interpretation of the economic growth concept, by the inhabitants of countries developed by comparing the current realities to those of the past, which might modify the optics and the convictions of the economic growth objectors.

Remaining in the same register, one might see that, an increase of the macroeconomic indicators value does not accurately reflect the growth of human wealth; this happens since the GDP does not quantify many of the activities that participate in a positive or negative way to the general feelings of wealth (domestic activities, health of people, some activities of the non-profit organizations, the environment conditions).

The limits of GDP have become a topic of debate, in the line of theoreticians and practitioners, but still remain the most used indicator of quantification of the economic growth, for at least two reasons: the goods and services that generate the GDP are valuable by themselves, and the revenues and the economic result are most probably correlated in a positive way to a number of activities and adjacent results, not included within the GDP.

If one report strictly to the European Union, the empirical proofs reflect a significant progress within the direction of the economic growth in those 28 member countries of EU (the graphic that follows only reveals the average at the level of EU); GDP per capita was increased from 22014\$ (in 1995) to almost 27866 \$ (in 2012), trend interrupted only during the financial crisis felt starting with 2008.



Graphic no.1. Progress of GDP per capita, UE-28, during 1970-2013

Source: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD/countries/EU-RO?display=graph>

One can also deduct, that upon the base of significant growth of the GDP per capita, the possibilities of people were ameliorated, from all member states of the EU, on benefited by some goods and services (houses, products, services, health, education etc.) and even a gradually increase of the total requirement could be noticed.

The gross domestic product per capita registered a progress at the level of the entire European Union, by offering an image per assembly, but the differences between states can be deducted by only comparative analysis. The following table (1) emphasizes such statistical data for Romania, some EU member states and states, as Norway, USA, Canada or Japan (during 1980-2012).

Table no. 1. Progress of GDP per capita, during 1980 – 2012

Country	PIB per capita (USD)									
	1980	1990	2000	2006	2007	2008	2009	2010	2011	2012*
USA	11.946	22.520	34.802	44.240	46.067	46.834	45.636	46.977	47.708	51748
Canada	10.968	21.037	23.638	39.187	43.183	44.980	39.675	46.273	50625	52219
Japan	9.240	25.014	37.126	34.496	34.604	38.618	40.055	43.461	46105	46720
Norway	15.595	27.732	37.473	72.124	82.070	93.376	78.319	84.761	97.404	99557
Germany	-	21.675	23.075	35.361	40.345	44.068	40.410	40.228	43483	41862
Great Britain	9.592	17.634	25.002	40.221	45.985	43.208	35.055	36.008	38610	39093
Romania	1.558	1.659	1.681	5.653	7.883	9.465	7.480	7.416	8705	9036

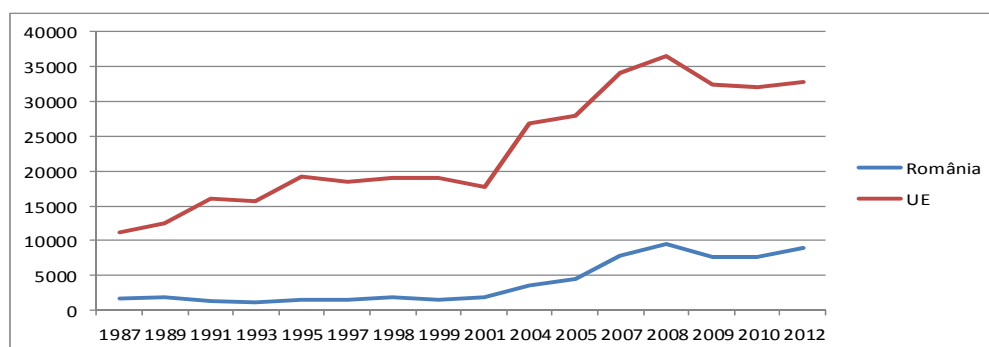
Source: UNCTAD *Handbook of Statistics*, 2011, www.unctad.org

* <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD/countries/JP-GB?display=graph>

Upon basis of data mentioned in the above table, a remarkable growth of the GDP per capita was registered by Norway, of 6.4 times higher, during 1980-2012, while for the other states included in the table, the same index oscillated around a modest value (it is about states, as Germany, Japan etc.)

One can also deduct that a significant progress was also registered in Romania, at the analyzed indicator (an increase of 5.8), respectively of the GDP per capita, from 1.660 USD per capita in 1987, to almost 9036 USD per capita in 2012, although it is situated more under the average of EU; one might see that the ascendant progress in our country was interrupted after the economic activity contraction, generated by the global economic crisis.

In graphic no.2, the situation of the GDP per capita indicator is emphasized synthetically for Romania, during 1987-2012, towards the average at the EU level, for the same period of time; it results immediately the major difference that separates our country comparing to the community's states, more developed, as well as the average situation at the EU level.



Graphic no. 2. GDP/per capita in Romania during 1987-2012, as comparing to EU during 1987-2012 (USD)

Source: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD/countries/EU-RO?display=graph>

The information provided by the GDP (quantified in absolute and relative values on a long interval of time), respond in a high percentage to the need of knowledge of the predominant factors related to the economic growth; in order to have a more comprehensive image over what we call *social progress*, one should have into consideration another issues, as: the health state of the people, the education level, the type of cultural matrix, the periods of enthusiasm or economic recession etc. Taking into consideration these sizes of the social progress, the following table emphasizes the current situation in Romania, as comparing to other developed states in EU and outside it, as well etc. As regards the comparative analysis that follows, one should include the sector of research and development, since “the quality” and future of this sector (which represents an essential vector of the social progress in the today’s world and the future’s world), remaining significantly determined by “the quality” of education in each state of the world.

Table no. 2. The rate of GDP growth per capita and the weight allotted from GDP for education, research-development and health

COUNTRY	PIB (milliards \$ 2008)	PIB/per capita		Public expenditures (% PIB)		
		\$ (2008)	Rate of annual growth (1970-2008)	Education (2000-2007)	Health (2000-2007)	Research-development (2000-2007)
USA	14.591,4	46.834	1,9	5,5	7,1	2,7
Canada	1.501,3	44.980	1,9	4,9	7,1	2
Japan	4.910,8	38.618	2,1	3,4	6,5	3,4
Norway	451,8	93.376	2,6	6,7	7,5	1,7
Germany	3.649,5	44.068	1,9	4,4	8,0	2,6
England	2.674,1	43.208	1,9	5,6	6,9	1,8
Romania	2.00,1	9.465	3,3	4,4	3,8	0,5

Source: UNDP, <http://hdrstats.undp.org/en/indicators/72206.html>

Data provided by UNDP, as results from the previous table, confirm the significant progress of some states as Norway, as well as the attention paid related to the education and health during 2000-2007 in this country (by the allotment of almost 7% of the GDP); a position more modest is occupied by the research-development in this country, and to this sector only 1.7% of the GDP was allotted. The comparative or individual situation from other states included in the previous table shows, according to the each situation, that the occidental states allot major resources for education, health and research-development (states as Germany, USA and Canada etc.).

As regards the situation of Romania and of other states, one can remark a significant deviance. In this way, although the annual rate of growth of the GDP is higher, as regards the education and health, almost 4% of the GDP is allotted (respectively 4% for health, and 4.4% for education, percentage that was actually reduced to almost 3% of the GDP); the less financed sector as regards our country, and comparing to education and health, has been the research and development, which achieved only 0.5% of the GDP. One should also mention that for Romania, only Bucharest-Ilfov region succeeded to attract more than 2% of the GDP from research and development, where the most majority of the projects were accomplished by the high-tech foreign companies, placed in this region.

CONCLUSIONS

Studies carried out over some countries with various stages of development have revealed the major significance of strategies over the investments in human capital, as regards the economic growth of each country. The results of empirical and statistical analysis have confirmed the existence of some connections between the health of the human capital (meaning in education, health etc.) and the economic development of a country, as well as between the investments in education and the economic growth of that country.

An essential factor is emphasized, according to which the services from countries with developed market economy have had a significant contribution to forming the macroeconomic indicators, such as the Gross Domestic Product, the weight of people working in services sector, from the total of the working people. Detailing the argumentation, one should reiterate the conviction, according to which:

- ✓ services have become an essential factor to the progress, a factor of stimulating the economic growth, as well as an engine of the social development;
- ✓ the modern services of manufacturing are an imperative issue of the economic development in assembly, and of the competitiveness of the contemporaneous economies;
- ✓ development of services depends upon the economic growth;
- ✓ The efficient economic growth and the long lasting exploitation of the resources have reached to a higher weight and an amplification of the sphere or part of the services within the developed market economies.

According to these details, it results that services are more and more seen as a factor of progress, of stimulating the economic growth, an engine of the social development. The access to the efficient services, and especially to the modern services of production, has become a decisive factor of the economic development, per assembly, and of the contemporaneous economies competitiveness, leading towards an increase of the people's weight that works in the services sector.

In this context, one can see the need of a reevaluation of the place and part of services, on both the economic systems of the developed countries, as well as for those with economies in progress of development. The statistical analysis have revealed that the development of services has occurred, on one hand, as a consequence of the production development, and as the economic growth, on the other hand, as a condition of the economic-social progress.

The informational revolution has significantly accelerated the rhythm of development of the scientific research and of education: more and more economies of the world have recognized the fundamental part that these two categories of services played in the long term development, and have tried to allot a higher volume of material, financial and human resources, in order to support them. In this way, the way towards the fast development of new forms of services is opened, absolutely necessary to the productive activities, such as the consultancy services (for issues of leaderships, organization and management of enterprises), leasing (a form of renting the devices), factoring (services that are related to proofs, credits, financial relationships, discounts), marketing (market studies), as well as services that take into account the information and communication technologies (data processing, maintenance of computers, program development, services of electronic information, of telecommunication-cell telephony, electronic messaging, automated reservations, telebanking, teleshopping etc.)

The need of increasing the GDP weight, as regards the financing of research and development, will lead on middle and long term, to the technical innovation and not lastly, to transformations into the institutional environment, which will increase the productiveness, therefore the added value within the economic activity, with favorable impact over the revenues increase, and in generally, to the life quality. Forwards, reducing the poorness level and improving the people's education might lead to changes of mentalities and generation of incentives, able to encourage the participation to the activity of research and development, which will forwards need supplementary financial allotments in this direction.

The part of medical services was significantly amplified, especially in the perspective of the economic efficiency for production (ensuring the health and full ability of the work factor). In this context, the issue of making more efficient the public expenditures related to health and education, especially the labor ability, health and wealth state have become indestructibly related to profitableness.

As consequence, the issue of economic growth is essential within the macroeconomic theory, thus influencing decisively the living standards of people, and therefore, the nation's wealth state. In the current context, the three basic support posts of the economic growth are the following: research-education-health, and act simultaneously by three dimensions: quantitative, structural and qualitative. We can also see the difficulty that the individual researcher confronts with, on identifying the real sources and the actual "regions" of the real economy, which participate currently to a positive trend towards the economic growth in a country for a certain period of time.

[1]Clipa N., Fenomenul și teoria creșterii la capitalism, Editura Universitară Al.I.Cuza, Iași, 1989, p.49

[2]Conform bazei de date economice mondiale a FMI.

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[4](anul 2010) SUA, Japonia Germania, Franța cu PIB/locuitor: 47.284, 42.820, 41.019 și 40.631, rata anuală de creștere: 2,7; 2,1; ; Costa Rica, Columbia, Republica Dominicană, Iran cu PIB/locuitor: (7.843, 6.273, 5.228 și 4.741); Guinea-Bissau, Etiopia, Liberia, Burundi cu PIB/locuitor: (504, 350, 226 și 180)

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ABBREVIATIONS

EUROSTAT = European Center of Statistics

PIB = Gross Domestic Product

PNB = Gross National Product

UE = European Union

UNCTAD = United Nations Conference on Trade and Development (Conference of United Nations on Trade and Development)