A Social Welfare Economics Proposal Through Bargaining Theory: a Win-Win-Win Papakonstantinidis Model Approach Inserting Overall Arbitrator Player to the Local Development Game

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Abstract: In this study, we investigate the impact of Social Bargain on Welfare Problem adopting the win-win-win Papakonstantinidis model inserting the Overall Arbitrator Player into the local development game. This deals with (a) the failure of Public Choice in the production of social welfare, (b) the Bargaining Process as a proposal for generating social capital in the field of Welfare Economics. The purpose of this research is to indicate that Public Choice fails to lead to Economic Development. Instead, this can be achieved by implementing Social Bargaining Process into the game of social welfare. In particular, the gap between development and underdevelopment (regional problem) in the community is being investigated, while it is identified as being real and unresolved in the literature of Social Choice Theory and Regional Science. This gap can be corrected – cured through Social Bargaining Process as a solution to the Welfare Problem. The above is being interpreted as follows: the agents of the game or voters of the community can make such collective decisions that eliminate regional disparities by choosing strategies or politicians that will make the appropriate assessments/choices for the community. The key questions are: a) why Public Choice fails to solve the problem of regional disparities and to lead to social welfare, (b) what makes the Social Bargaining Process the appropriate solution to the social welfare problem (or regional problem) and above it should be dealt with. As a methodology is being proposed the Mediation Theory model among two other processes: (1) The "Principal-Agent" process, considering Principal's position as strong, and (2) the Leadership of a community and a single Member of the same community ("Leader-Member Exchange" – LMX), considering the Leader's position as strong. The research findings proposed the creation of a social player in the bargaining process, where introduces the generation of social capital, that leads to social welfare to which Public Choice fails to lead and this point is also the originality of the paper.

Keywords: Local development, Public choice, Social bargaining, Welfare economics, Win-win-win papakonstantinidis model

1. Introduction

This research paper is entitled "A Social Welfare Economics Proposal through Bargaining Theory: a Win-Win-Win Papakonstantinidis Model approach inserting Overall (Arbitrator)s Player to the Local Development Game". This paper examines (a) the failure of Public Choice Theory to provide social welfare, (b) the Bargaining Process as a proposal for Local Development, (c) given the win-win-win Papakonstantinidis model, (d) introducing the Overall (Arbitrator) Player in the community's game for the production of local social capital.

1.1 Problem Statement

This research paper attempts to prove that Public Choice fails to lead to Local Development and that part is carried out by the Bargaining Process through the win-win-win Papakonstantinidis model methodology and the introduction of the Overall Player as the Arbitrator in the social welfare game.

In particular, we are going to examine the gap between development and underdevelopment in the community. Although this gap is identified as existing in Public Choice's literature, it can be corrected – cured through the Bargaining Process as a solution to the Social Welfare Problem.

1.2 Aim of the Study

Until now, the above gap maintains the introversion of regional disparities. This gap is interpreted as follows: while game players (agents) or election voters (civilians) can make sensitized collective decisions that eliminate regional disparities by choosing accordingly strategies or politicians to make the appropriate sensitized assessments/choices for the local community, they choose not to act this way, in fact since the Overall (Arbitrator) Player exists as an independent factor and at the same moment within each of the two other players.

2. Literature Review

2.1 Public Choice's Failure

Why Public Choice Theory fails to solve regional disparities' problem and to lead to community's social welfare. The Theory of Public Choice is proposed in the literature as a method of solving the Regional Problem, which is a problem of spatial inequalities, by making collective nonmarket-based decisions (e.g., estimates, preferences, votes), the combination of which can lead to Social Welfare.

The problem of Public Choice Theory is: how can a group of people make such a collective decision that will be distinguished among several specific choices and lead to Local Development? Since there is a need to satisfy individual – private needs, a bureaucratic electoral system, public perception for legislatures and voters' behavior impact that may not coincide or interfere with social welfare, which is a condition of local development?

The weakness of Public Choice Theory is summarized to the fact that attempts to interpret the failure of the collective – social welfare, by using the tools which defying the individual interest. This, as a fact, involves a strong contradiction. The movement's theorists, driven by the emergence of the liberal trend which penetrated the society, economy, and politics, felt they could borrow tools from the Market Economy to explain the Public Economy so that they could interpret the Social Economy. These two, however, are indicated by conflicting interests both regarding the purpose and the means of achieving them. The first one (Market Economy) interprets the magnifying course of individual profit and affairs, which are indifferent to the public good. The second one (Public Economy) understands the course of collective benefit and public affairs, the precondition and the aim of which is the development of social welfare. However, it is assumed from the classical Economics that maximization and accumulation (aggregation) are not identical to development. They are often contradicted and repulsed towards opposed directions.

2.2 Bargaining Process Wins

What makes the Bargaining Process the appropriate solution to social welfare problem and how the win-win-win Papakonstantinidis model is proposed as the only bargaining method that leads to Local Development, adding the Overall (Arbitrator) Player, who provides the solution to the problem of regional disparities.

The Bargaining Theory is proposed in the literature as a method of solving the Regional Problem, which is a problem of spatial inequalities, through Game Theory. There is the point (that is, where there is a maximum benefit) in the process of bargaining between the agents (civilians, community, politicians, trade organizations), which can deal with a positive conclusion of the agreement for all sides and lead to Local Development.

The problem of Bargain Theory is this: at which point the benefit is maximized for all players where all of them win the deal at the moment (and on instant reflexes – they won't regret it later), because among them there are citizens with partial disclosure of information, local/regional governments, which are driven by favoritism and multinational companies, which aim to financial profit (aggregation of resources), often not in line with social welfare (development). The weakness in the Bargaining Process is found in its constituent elements, which are in contrast to social welfare. This is because the benefit of a community is social capital and social goodwill, while the purpose of a multinational company or market's system, in general, is to maximize financial capital (= opposed to one another).

- There should be two players – agents (place A, market's system or multinational company) willing to bargain (often there is no will between a community, and a company to negotiate about their profit or there is indifference of companies for their place in the society).
- Their interests should be rival, as well as their expectations (social capital ≠ financial capital).
- The strategic plans they will develop should move towards the opposing rival victory strategies of one over the other with rational behavior (public interest ≠ profit).
- There should be complete disclosure of information from one player to the other concerning the course of the deal (it is in nobody's interest to reveal the moves for financial profit to the opponent, here: the community).
- The reaction of one to the actions of the other should involve the natural shame (the people have natural tendencies, e.g., natural timidity/reservation towards harm of the fellow being – partner ≠ the market profit does not act according to human characteristics; it seeks to optimize its position with simultaneous worsening of the opponent's position).
- The players should have equal shares in the bargaining pie (often the wealth of communities < wealth of the market or multinationals).
- They should aspire the victory, so that they could show the appropriate degree of indifference or aversion to the fear of failure, to the corresponding risk, the corresponding satisfaction and the meritocracy (the civilians are often afraid to bargain the rules of the market system ≠ the multinationals' profit is not always meritocratic).
- They should be willing to sacrifice something inferior to gain something better (social welfare should not be sacrificed for business profitability, but vice versa and the same).
- And they should guarantee that if the opponent wins, they will give them what they deserve to increase their appreciation towards themselves (there is no certainty from the market's system or multinationals to a region).

3. Research Methodology

3.1 Model Specification
Therefore, the process of Bargaining is not sufficient on its own to lead to Local Development, but the win-win-win Papakonstantinidis model is required as a game of the sensitized community.

This is because (1) in the p-model:
- There are three players (people, local society –community– or region, market system), who, thanks to the awareness of the agent A (people), are willing to bargain.
- Their interests are not rival and their expectations coincide with them in the fact that everyone can benefit (since when social capital is increased, financial capital is increased too,

with the intervention of Community Consciousness), while both of them are strengthened at the same time, since the element of participation intervenes, when everyone feels that participates equally.

- There is no need for their strategic plans, which will be developed to move towards one another's victory strategies, rivaling each other, since rational behavior (public good ≠ competition) is not required, provided that win-win-win intervenes and everyone earns equally from the deal.
- Sensitization allows for complete disclosure of information from one player to another about the course of the deal (since everyone knows that they will win, it is in the interest of the player to reveal the moves for financial profit to the teammate rather than the opponent: here the community).
- The reaction of one to the action of the other involves natural shame (the civilians have natural tendencies, e.g., natural timidity/reservation in the harm of the fellow man – co-player ≠ market's profit does not act with human characteristics, but its leaders who are motivated by sensitization).
- They have equal shares in the bargaining pie (the wealth of the market does not need to outweigh the wealth of the places).
- They aspire to victory, knowing they will win, so they do not have to show the appropriate degree of indifference or aversion to the fear of failure, with the corresponding risk, the corresponding satisfaction and the meritocracy (the civilians should not be afraid to bargain the rules of the market system / the financial profit of the agents here is achieved meritocratically by making use of win-win-win in local development).
- It is not necessary to be willing to sacrifice something inferior to earn something better (social welfare does not need to be sacrificed for business profitability, nor vice versa, everyone wins).
- There is a certainty of winning for all players, so there is a guarantee that everyone will receive what they deserve and therefore an increased appreciation of each other thanks to the awareness of the players.
- Finally, all the above redirect the physiognomy of public choice, towards a collective social decision that can be made under these conditions.

3.2 Model Innovation

And (2) to the Overall Arbitrator Player: Public Choice and Bargain process are distinguished by a connecting gap between them, which prevents them from connecting to each other and leading to Local Development. This gap is filled by the Overall Arbitrator Player (component element of Social Bargain), who is the adhesive substance, an objective quality and is inherent in each process agent separately, and at the same time is a distant observer thus being able to intervene in the Bargaining Process. Making this sensible Public Choice, which tends to maximize collective benefit – social welfare and "locks" the agreement at the point of Local Development, given win-win-win Papakonstantinidis model is getting maximum and as such should be considered. Based on marginal economics, the Community as the third win, at the limit of the sensitization process (a limit that never comes, otherwise it would be an angel's society), moves to that point that becomes a mediation theory between two other processes:

1. The "Principal-Agent" process, with the Principal's position being strong and,
2. The Leader's / Leadership position of a community and a Single / Common Member of the same community (Leader-Member Exchange – LMX), with the Leader's position being strong.

The threshold of the agreement is reached with a vote of preference to represent the sensitized civilians before sensitized politicians who perceive as sensitized the community and deployed its particular characteristics as a counterweight to the globalization. In Regional Development, locality is the counterbalance of globalization, and it blunts regional disparities, redistributes wealth and shares social goodwill, capitalizing on it as social welfare.

So the answer to the rationality of Public Choice and the Bargaining Competition is Consciousness, which identifies itself with, but at the same time oversees the third win and is hidden within the Local Development. Moreover, Consciousness tends towards the marginal maximization of the common benefit and seems to be absent, but since it is inherent in each agent or voter respectively, it can also be found in social welfare, since society is an extension of man, and therefore, it can lead to Local Development. And that is why it must be suggested and used as a method of solving the welfare problem.

This research proposal aims to prove that given the win-win-win Papakonstantinidis model and replacing the tri-polar relationship A – B – Community according to Papakonstantinidis, we consider that:

A = Activation of gaming sensitivity for generating social goodwill

+ B = Sensitized public choice with Arbitrator's mediation

+ C = Sensitized Community

⇨ Equilibrium of regional disparities = social welfare according win-win-win Papakonstantinidis model with Consciousness (where lies the original purpose of the research proposal).
So the ratio will be: A – B – Community = Overall Player

4. Conclusion and Recommendations

The novelty of the proposed subject lies in the introduction of a new type of agent in the Bargaining Process, of the Overall Player, which solves the problem of social welfare. The idea to improve that the solution to the problem of social welfare in A – B – Community = Overall (Arbitrator) Player is original and identifies the literature's gap in the pre win-win-win Papakonstantinidis model.

The originality of the Overall Arbitrator Player's variable lies on the fact that it exists and that it can take the position of the internal and external observer (1) in the "Principal-Agent" process, considering Principal's position as strong, and (2) the Leadership of a community and a Single Member of the same community ("Leader-Member Exchange" – LMX), considering the Leader's position as strong.

The Overall Arbitrator Player's variable can be anything, as the adhesive material (marginal property) that retains (the verb involves bargaining process) everything (agents) so that they do not collapse (positive closure of a deal), even if they are driven to edges (is the medium, according to the Aristotelian meditation). It can be found in everyday life (interpersonal relationships), to Public and Private Organizations Management (Leadership, Intelligent Networks of the Third Industrial Revolution), Regional Development (Win-Win-Win Papakonstantinidis Model adding Overall Arbitrator Player) and up to the vibrating 'nothing' (antimatter) of Quantum Mechanics.

The importance of this is found in the fact that Overall Arbitrator Player, as a proposed solution to the social welfare problem, must intervene between Public Choice and the Bargaining Process, because it leads to the elimination of regional disparities and as such it must be dealt with. That is when Regional Development Players choose to make collective decisions based on their Consciousness (Overall Arbitrator Player), then the uneven resource allocation (regional problem) tends to be marginalized to the "Win-Win-Win Papakonstantinidis Model." Consciousness of Overall Arbitrator Player as an intermediary (according to Aristotle) is an objective property and is inherent in every agent separately, observes from above and from a

distance the facts (according to Kant), tend towards the marginal maximization of the utility (according to Papakonstantinidis), and therefore it should be proposed as a solution to the problem.

So it becomes clear that the middle win, the Overall Arbitrator Player (C–Community), should be the subject of the proposed research, but also the policy maker, either for a neighborhood or a village, capital city or region, state or federation.

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