

## PCS Proposal Submission

### **AGENCY, ASSOCIATIONS AND CULTURE: A TALE OF STATE AND SOCIETY**

**Ioan Talpoș \***  
**Bogdan Dima \***  
**Cosmin Enache \***  
**Mihai Mutașcu \***

\* *West University of Timișoara, Faculty of Economic Sciences, Finance Department*  
16 Pestalozzi Street, Timișoara, 300115, Romania,  
Tel. +040/256 - 495 - 255, Int.343  
E-mail addresses: [ioan.talpos@fse.uvt.ro](mailto:ioan.talpos@fse.uvt.ro), [bogdan.dima@fse.uvt.ro](mailto:bogdan.dima@fse.uvt.ro),  
[bogdandima2001@yahoo.com](mailto:bogdandima2001@yahoo.com), [mihai.mutasclu@fse.uvt.ro](mailto:mihai.mutasclu@fse.uvt.ro), [mmasclu@yahoo.it](mailto:mmutasclu@yahoo.it),  
[cosmin.enache@fse.uvt.ro](mailto:cosmin.enache@fse.uvt.ro)

#### **Abstract**

*The way in which the social subjects take decisions, the interactions established between these, the web of social institutions and rules, the architecture of the power relationships between the various “points of social coagulation” have as a foundation a complex set of determinants, in which the “pure” economic factors have an important, but not unique role.*

*Thus, this paper intends to draft a possible analytical framework, capable of allowing the stress of some existing connections between the cultural variables, the social actions and the role of the public power.*

*Heavy indebted to OLSON and NOZICK, the starting point is made out by a version of the **mandate theory**, within the way in which society, as a whole, as well as its individual components, delegates a certain set of social responsibilities to the public authorities, based on some social utility functions, which include the characteristics of the dominant cultural model.*

*Part I of the paper deals with the elements of the theoretical foundation, elements resumed by a set of critical postulates and a special definition of state as the dominant agency in a social space and also of the negotiation / parallel associations. Part II is an attempt to examine some empirical evidences in the favor of some results derived from this foundation.*

*The main conclusion of the paper could be resumed by the idea that trying to describe the interactions between state and society without taking into the account the characteristics of the cultural paradigm is equivalent to talk about Hamlet without mentioning the prince of Denmark.*

**JEL Classification:** H1,M14,O17,P35,Z1

**Keywords:** agency, negotiation / parallel associations, cultural paradigm

**Category:** Institutional analysis; Power/Exploitation/Conflict

#### **PART I: THE LOGIC**

The way in which the social subjects take decisions, the interactions established between these, the web of social institutions and rules, the architecture of the power relationships between the various “points of social coagulation” have as a foundation a complex set of determinants, in which the “pure” economic factors have an important, but not unique role. The ideological structures, the social customs, the informal habits and rules configure a decisional architecture, which is far away from including the reasons associated to the “maximization of utility”, in the “rational” meaning of this concept. Consequently, the “rational agent” stories contain “white spots” extended right in the central part of the set of constitutive hypotheses, even in the situations in which more “realist” approaches are followed, based, for example, on a certain type of bounded rationality. To fill these “spots”, besides the *hard* component of the description

of decisional devices, it is necessary to take into consideration the *soft* “non-economical” factors. Within these, the cultural determinants of the social actions can be identified as “critical” factors, able to appear as economic mediators of the results of these actions.

Thus, this paper intends to draft a possible analytical framework, capable of allowing the stress of some existing connections between the cultural variables, the social actions and the role of the public power.

The starting point is made out by a version of the mandate theory, within the way in which society, as a whole, as well as its individual components, delegates a certain set of social responsibilities to the public authorities, based on some social utility functions, which include the characteristics of the dominant cultural model.

Of course, such a starting point is far not to be criticized. The mandate theory has numerous analytical weaknesses, and under certain aspects, it is lacking “realism”. Nevertheless, for the objectives of this study, it offers a convenient framework, which allows a (self) consistent approach of the way society perceives the role practiced by public authorities and the way it authorizes this role.

In short, the version of the mandate theory that we take into consideration is based on the following set of postulates:

$P_0$ : *Every social subject is endowed with an identical set of “natural rights”, but with unequal abilities of exerting these;*

$P_1$ : *To maximize its utility derived from “its natural rights”, a social subject,  $X$ , can choose to delegate the exerting of a fraction,  $\chi$ , from this to another subject,  $Y$ , which has a superior ability of exerting the delegated rights, and, thus, to share with it a fraction  $c$  from the output generated by this exerting.*

Thus, the fundamental premise is that the social subjects are endowed with identical, generic and undifferentiated “natural rights”, but they have abilities of non-uniform practice of these, because of their various native abilities, as well as of the conditions, within they practice these abilities. To maximize the utility derived from the possession of their rights, these subjects can consider as rational to delegate the *exerting* (but not the *possession*, which is inalienable) to other subjects, which have superior abilities in managing these. Their delegation happens in the situation in which the output obtained by the subject  $X$ ,  $ch(x)$  is superior to that generated in the situation in which he himself would practice the delegated rights  $g(x) < ch(x)$ .

The fact can be noticed, that this premise contains at least one critical aspect, namely that the “natural rights” can be *divided*, and their exerting is able of being *transmitted*. Even without drawing up an *ad-hoc* list of these rights, it can be presumed, on a pure intuitive level, that such an assertion cannot be valid for **the whole**: only *some* “natural rights” can be practiced in a limited way and only for *some* the demise of their exerting to another social subject is possible. But the border between fractionable and non-fractionable rights, as well as of those who’s exerting can be transmitted or not is “vague”, making up a “twilight zone”, which is unclear traced out. For example, one could consider the right to life and personal security preservation. In this case, we may consider that the social subject, which considers that his abilities to defend himself against the aggression of other subjects is not satisfactory, can choose to delegate the assurance of personal protection to another subject  $Y$  in the situation in which the probability to be protected against an aggression by this subject is superior to the probability of being able to protect yourself. Also, we may consider that within this

delegation certain limits of threatening can be established, against which **Y** agrees to protect **X**. But it is not clear enough, in an *ex-ante* manner, the way and the circumstances, in which **Y** can *actually* restrict his protecting action of **X** in case of a concrete aggression.

If a conventional delimitation of the taxonomy of “natural rights” is accepted, we can distinguish the fact, that within each group of rights the output for the social subject **X** by the delegation of their exerting right is different:

Because  $ch(\ ) > ch(x) + g(1 - x)$ , the maximal output for both social subjects takes place when the exerting of some non-fractionable rights is transmitted (or, alternatively, the *complete* transmission of exerting some fractionable rights). Consequently, *the social subject X will tend to delegate the exerting right and, correlative, subject Y will tend to accept the taking over of the exerting for the complete “packages” of “natural rights”, whose exerting can be transmitted.*

Furthermore, one can notice that except the “natural rights”, the social subjects also possess “achieved rights” namely that kind of rights, that do not intrinsically derive from their quality of human beings, but which other social subjects accept to acknowledge in exchange for recognizing their own rights of similar nature. More precisely, the distinction between “natural rights”, and “achieved rights” consists in the fact that, while the **existence** of the first ones cannot be (from an ethical point of view) a subject of social recognition, the **existence** of the latter ones depends on their social acceptance. For both categories of rights, the exerting way represents a subject of social *conventions*.

Unlike the “natural rights”, “the achieved rights”, socially recognized, can be alienated, and some of these rights can be transmitted and divided. Under these circumstances:

*P<sub>2</sub>: A social subject X can decide the complete or partial delegation of exerting an achieved right towards another subject Y if the output of this delegation  $a(x)$ , is superior to the highest of the results derived from exerting his own right  $b(x)$  and respectively, giving it in (together with the corresponding right of exerting) for a “price”  $p(x)$ , in exchange of a fraction  $d$  of the total resulted output.*

“The achieved rights” can be treated within a similar taxonomy to that of “natural rights”. Under these circumstances, as we can see from Figure 2, due to the fact that  $da(\ ) > [da(x) + b(1 - x)]$ , *both social subjects will prefer, at a certain given level of the corresponding “price”, the integral delegation of “achieved rights”.*

The fact has to be noticed that the act of delegation is being produced *inter alia*, under the circumstances in which **X** knows that **Y** has a superior ability of exerting its “natural and/or achieved rights”. Otherwise, it is possible for **X** to be obliged to look for, identify and inform himself about **Y**’s abilities, thus appearing supplementary “searching/informing” costs, which depend on the volume of rights, which practice is about to be transmitted ( $i(x)$ ). It is also possible that the initiative of transmitting the exerting of some or other of **X**’s rights to be launched by a persuasive action of **Y**, action that is motivated by his desire to benefit from the combined output of exerting his own rights and also those taken from **X**, and which has associated costs dependent on the correspondent volume of rights, that make his object,  $e(x)$ . So, the “net” output of delegating the exerting of “natural” rights, and the achieved ones, are, as in Figure 3.

The transmission of exerting “natural” rights, and respectively, of the “achieved” ones, can take place within one *mandate*, more or less exactly formulated, and within X, as a *principal* and Y, as an *agent* establish the conditions and the limits of this exerting.

So far, no special hypotheses have been made regarding Y’s behavior. Thus, it can be supposed that this can take into consideration the merger with another social subject Z, so as to obtain a superior output from the exerting of the delegated rights of X and/or from the takeover of exerting the rights of a greater number of social subjects. The logic of transmission by Y of a fraction or of a complete level of rights, whose exerting was taken over from X is similar to the one described before. Supplementary, the transmission by Y of a fraction  $f$  from the “natural” rights, whose exerting was taken over from X, or of a fraction  $m$  from those “achieved”, under the circumstances in which the output generated by their exerting by Z is equivalent to  $v(fx)/w(mx)$  and also the acquiring by Y of some fractions  $o$  and  $r$  from this output, presupposes for the transmissible rights the minimal achievement of conditions derived in Figure 4.

If Z agrees to this transmission<sup>1</sup>, this one becomes the under-principal, and Y and Z constitute an *agency* of exerting the rights, specific to X. Of course, there is a possibility that this *agency* should have been established in a period of time former to its initial delegation, so as the implicated relationships should be established between X and the entity constituted by the two social subjects as a whole.

The existence of a “large enough” number of subjects of the X type, for whom the transmission of the exerting of “natural” as well as “achieved” rights is profitable, leads to the two sets of complementary effects: 1) the growing of the dimensions of the agency specialized in this exerting and 2) the appearance of many agencies, that compete on the same territory.

Depending on the persuasion costs level, there is a possibility that between these agencies cooperation or competitive relationships are established. Thus, either these *agencies* will merge, constituting a *macro-agency*, either one of these agencies absorbs or eliminates the other *agencies*, and has the monopoly of exerting the social subject’s rights in the action area.

It is obvious that the two sets of effects lead to the appearance of some *institutional costs* (“organization costs”, as well as “coordination costs”),  $k(\alpha)$ , that is  $k(\beta)$  (where  $\alpha$  represents the number of members of an individual *agency* and  $\beta$  the number of associated *agencies*) which influence the dimension and the internal structure of an *agency*, as well as the relationships between these. Therefore, we can assume that the growing in the number of the members of an *agency* induces a synergic modification of its “production function” for the “natural rights”, which becomes  $\omega(x, \alpha)$ , or to be precise of the “achieved rights”,  $\delta(x, \alpha)$ . As well as, the foundation of “associations” between diverse agencies lead to an output of exerting “natural rights”, which is

---

<sup>1</sup> A critical aspect is the one of the consensus, which must obtain by Y from X to name Z as an under-principal. In fact, several situations are possible: 1) X knows about Y’s intention to re-delegate the exerting of his rights and a) Z is named as a potential under-principal, as well as b) the information is general, without the precise indication of Z, situation in which (i) X can accept the re-naming and choosing of Z; (ii) X can accept the re-delegation but rejecting the nominalization of Z or (iii) Z can turn down the re-delegation and 2) X does not know about the re-delegation but Y proves the exerting of the mandate under the circumstances explicit stated in the *mandate contract*, submitting him the output or presenting the proof of the „objective” conditions, which have prevented its realization. Under these circumstances, the requests that are on the base of the foundation of an *agency* between Y and Z as presented in Figure 4, are valid in the situations 1) (i) or 1) (ii).

equivalent to  $\phi(x, \beta)$ , and also leading to an output of the “achieved rights”  $\Omega(x, \beta)$ . The combined conditions for the existence of such an “association” between two or more *agencies* with a large number of individual members, exclusively seen through these, are presented in Figure 5.

The formation of a *macro-agency* or of a *dominant agency* is not exclusively generated by the voluntary association of several individual *agencies*, which plan to maximize the resulted output by exerting the social subject’s rights from a certain territory. Thus, on the one hand, it is possible for these social subjects to request clearly the association of one individual *agency* with other *agencies*, in order to allow the partial or complete exerting of “natural” or “achieved” rights under the circumstances formally given in Figure 6. On the other hand, it is possible for *an agency* to resort to different forms of *violence*, practiced against competing *agencies*. In this case, the conditions given in Figure 5 must be correspondingly modified in order to reflect the costs associated to such an unfolding ( $w(\alpha, \beta)$ )<sup>2</sup>. Finally, the foundation of *macro-agencies* or of *dominant agencies* can be the result of a “mixed policy”, partially characterized by the voluntary association with other *agencies* and partially through the unfolding of some *violent* actions pointed against these (and / or their clients).

Similarly, it is possible for *an agency*, a *macro-agency* or a *dominant agency* to resort to *violence* against its own clients, to determine these to increase the fraction of their rights, the exerting of which is transmitted towards *the agency* and/or against some unaffiliated social subjects, replacing in this way *the persuasion costs* with the specific ones,  $w(x, \alpha, \beta)$ .

In short:

*D<sub>0</sub>*: The “state” represents ***the macro agency or the dominant agency*** of exerting the “natural” and the “achieved” rights, taken over from the social subjects from a certain territory, and formed by the voluntary association of several individual *agencies* through the “competitive” elimination of other *agencies* or as a consequence of some violent actions pointed against other ***agencies***, their clients or its own clients. The exerting framework of the relationships between this ***agency*** and the social subjects constitutes the substance of the “social contract”.

A critical aspect of defining the state as a *micro-agency*/a *dominant agency* in short *agency* – is highlighted by NOZICK (1997; p.65), who, debating the case of *private associations of protection* (which, under certain aspects, can be seen as “particular cases” of *agency*) notes that “there are at least two ways in which “private associations” of protection could be considered as different from a minimum state and could not satisfy a minimal conception about the state:1) it seems to allow certain individuals to impose their own rights and 2) it seems that it doesn’t protect all the individuals within its own territory”. In other words, the *agencies* would not represent a form of state, because they don’t hold the monopoly of using the force in the geographical area where their action ray extends: in this area, there might be certain X social subjects who refuse to join an agency, because for those, the conditions from Figure 4 and/or Figure 6, are not satisfied and they choose to practice in a complete and individual way the “natural” and “achieved” rights. More than that, from an *agency*’s services benefit only those subjects who are willing to give up, one way or another, a certain fraction of the output of exerting their rights, without accepting that this giving up might be done in favor of other subjects, who cannot (or will not) benefit from the *agency*’s services. As a

---

<sup>2</sup> In fact, the analysis should be detailed, taking into consideration the existence or the non-existence of the accept of the *agency*’s clients X for the unfolding of some *violent* actions against other *agencies*.

consequence, an *agency* would not represent a state form due also to the fact that it would not be in right (from an “ethical” point of view) to act in a *redistributive* manner, by asking certain clients to pay for services offered to others.

We consider that an answer could be given to these two objections, even without referring to the *collateral compulsives* doctrine (the rights of social subject  $X_1$  represent “compulsions” for the actions in which the social subject  $X_2$  might be involved;  $X_2$  can be stopped from committing actions that violate the “border” defined by the “natural” rights and, probably partially by those “achieved” or could be constrained to compensate the consequences of these actions. In this context, “the state” would represent that entity that would hold, in a certain social area, the institutional design’s monopoly for the prohibitions and compensations system involved in respecting / violating the “borders” produced by certain categories of rights).

Thus, one can get a difference between the *absolute* and *relative* monopoly over exerting rights by *an agency*: we can agree on understanding in a “relative sense” the **dominancy** of *an agency* in exerting the rights of social subjects in a certain area, within a “minimalist” definition of the state. More precisely, in the sense of “relative” dominancy, it is not absolutely necessary that *the agency* “would inform, that as much as possible (taking into considerations the costs, the efficiency, the most important alternatives that it must achieve, and so on), will punish everyone will be proved to have used the force (or in this discussion’s definition, has got involved in exerting/violating its own clients rights) without its clear permission” (NOZICK (1997; p.66) and that because it does not have the moral entitlement to do so, in order to represent a form of state. It is enough that the *de facto* situation of *the agency*, its position within the system of relations in a certain area and the force relations with the competitive entities, already made or potential ones, to be of a certain nature, that any violation of its monopoly would be only a *limitative* one, both as effects and temporally (notice that this kind of position avoids the above mentioned problem of “moral justification”: *the agency* has gained a dominant position because **the majority** of the social subjects, within its geographical area has decided or were forced to decide (!) - to become its clients and because it has “competitively” or though violent actions, limited, the majority of candidate *agencies*.

Therefore, one way or another, *the agency* succeeded in representing **the majority** of social subjects – no matter how we define this “majority”. However, in no sense, from this situation results a moral non-factual justification for the violent actions *the agency* might undertake towards one social individual subject, that has not the quality of one of his clients, or even towards his own clients, or, differently said, there is no ethical base for proclaiming the dominant *agency* as “state”, by virtue of its position in regard of the social sphere. So, this position is tantamount to the aspiration that the dominant agency, although it is not legally justified to consider itself a form of state, acts and is recognized as so.

Also, in relation to any social subject  $X_1$ , *the agency* may pretend to act in a redistributive manner in order to prevent other social subjects attempt to deprive this subject of his „natural” or „achieved” rights. Thus, the existence of other non-members of *the agency*,  $X_{NM}$  would generate, for its clients the risk of an attempt to get hold of the output of the exerting of their rights equivalent to a part 0 or the whole. If the cost beard by the agency for guarding/recuperating this output  $A(x, \theta, NM)$  are superior to the *preventive compensation* that *the agency* would decide to pay to non-members

because the output of their rights is inferior to that equivalent for its clients ( $s(x, NM)$ )<sup>3</sup> or if the recuperation, partial or integral, of the output achieved is not possible, then, it seems logical that  $X_I$  would permit the agency to act in a redistributive manner<sup>4</sup> (see table 7).

Thus, a modified definition  $D_0$  would be:

*D<sub>1</sub>: „The state” represents the **macro-agency** or the **dominant agency** of exerting the „natural” or „achieved” rights, taken from the social subjects of a certain territory, formed as result of the voluntary association of individual **agencies**, through „competitive” elimination of other agencies or as a result of violent action against other agencies or their own clients, that can restrict, as effects or temporary, any violation of its monopoly, by other entities, existing or virtual and which is authorized by its clients, in **preventive** aims, to act in a redistributive manner towards its non-members. The frame of the relations between this agency and the social subjects constitutes the substance of the „social contract”.*

Despite this new definition, the *selective* character of the agency remains an „annoying” aspect: it gets its actions only in relation with its members, and with the non-members in a limitative way, within the redistributive, persuasive or constraint actions in order for these clients to obtain the quality of a client. Or, the usual perception on the „state” is that its different services are (or, at least, should be affectively or potentially) offered to all the social subjects in the referred geographical area, and not to a part of these, even if that part represents **the majority**.

A solution might be outlined by saying that the social subjects  $X_I$  sense an *ethical disutility* because of other excluded social subjects, voluntary or involuntary, from the position of *agency* clients, and also, that they consider that a *preventive compensation* can only have a partially inner character (that offering a compensation for *all* the advantages resulting from membership quality is not possible), and also, a non-ethical one<sup>5</sup>, taking into consideration that it may not be replaced by asking a lower price<sup>6</sup> for the agency’s services in relation to the non-members social subjects.

Thus, it should be assumed that the „utility function” of  $X_I$  subjects includes utility/non-utility derived from the way their rights are practiced, and also, the participation/non-participation of other social subjects to the fraction of the results of *the agency*’s activity. Or, at least, by intuition, it seems obvious that the introduction of this postulate generates all kind of difficulties. A „detour”, even partial, of these kinds of difficulties, can be done by an analysis taking into account the point of view of

---

<sup>3</sup> Compensation that *the agency* will recover from  $X_I$ , by accordingly decreasing fractions  $c$  and  $d$  from the output of exercising its rights.

<sup>4</sup> In fact, the conditions for  $x_1$ ’s acceptance are more complex, because *the agency* must prove that redistributive actions are not only *necessary*, but also *efficient*, meaning that paying the *compensation* means preventing  $X_{NM}$ ’s attempts of appropriation for the output of exercising their rights. Another subject of discussion is if establishing the level and the way of distributing the compensation, can be put to the agency or if these must be accurately established by  $X_I$ , and so on.

<sup>5</sup> In other words, to consider *preventive compensation* as “cynical” by giving arguments that the necessity proceeds exclusively from the forbidden character of the costs of the *agency*’s services, and in absence of such a character, the subjects  $X_{NM}$  would rather achieve the quality of membership and not to attempt to appropriate, by violent actions, the output of exercising their rights.

<sup>6</sup> This means that at that level of cost to which the adhesion to *the agency* becomes unforbidden for  $X_{NM}$ ; the difference between the “normal” cost of services and the unforbidden level of cost should be compensated by subjects  $X_I$ , because otherwise, this might seem unethical for *the agency*, and so on.

subjects  $X_{NM}$ . So, one can assume that these would accept to be paid in order not to ask for the output of *the agency's* activity, if the conditions in Figure 8 are accomplished.

According to those the fraction from the direct result of exerting „natural” and „achieved” rights, out of which the costs beard by *the agency* are deductible with the pay of *preventive compensation*, that can constitute, if the subjects  $X_{NM}$  pay a part of the costs, and *the agency* pays for the actions of preservation / recuperation, the subject of the attempts of appropriation, taken by the non-members, represents the „minimum” level of preventive compensation that  $X_{NM}$  are willing to accept in order to retain themselves from actions against the agency or its members. This level is a minimum one, because for „negligible” levels of the costs of violent actions against the agency's clients, subjects  $X_{NM}$  can take into consideration, integrally appropriating the output of exerting, either by the agency or the subjects  $X_I$ , of their rights<sup>7</sup>.

Therefore, in accordance with the concrete level of the variables involved, *the agency* can take into consideration that the level of *preventive compensation* must be the equivalent of „standard” packaging of services offered to its clients.

It can be observed that the estimation of the *preventive compensation* is complicated by the existence of the "earned" rights. Therefore, in contrast to "natural" rights, these are "non-uniform" so that the output of their usage differs from a client to another.

Consequently, the "right and efficient" fraction of the *preventive compensation* may vary a lot, from a "null" level to a "maximal" one  $d\Omega(\delta(\alpha), \beta)$ . Furthermore, as it results from the manner in which these rights are defined, they represent a subject of social recognition, the possibility of their usage being critically conditioned by this recognition. As a result, subjects  $X_{NM}$  can ask directly to the *agency* or through the *agency* to subjects  $X_I$  to be remunerated in the exchange of the "earned" rights recognition taken over by the *agency* and/or directly used by its clients. Therefore, it may be said that the level of the *preventive compensation* has two components: 1) A level due to the output of the "natural" rights presumed to be similar to the one that goes out to the clients; 2) A level due to the output of the "earned" rights that may/may not be the same with the "standard" level from which the clients benefit of.

All these reasons can lead to an extension of the sphere of services offered by the company beneficiaries to overall social subjects from its reference geographical space, no matter if they have or do not have a client statute. This issues the problem of defining the relations between the agency, its clients and the non-members, in other words of the "social contract" based on which the conditions and limits of the agency's actions are established.

Even a not very detailed analysis of this contract can easily show the difficulties encountered in its interpretation.

A first observation is the fact that any contract implies a clear statement of the free will agreement between the parts involved.

---

<sup>7</sup> This concerns the situations when delegating rights afferent to the protection against certain violent actions and the results of such actions towards *the agency* are lacking or have only a partial character. To notice that in these cases, the initiative of redistributive actions does not come from *the agency*, but from the  $X_I$  subjects.

But, from the way in which we described the build up of the *agency* it results that: 1) For some social subjects it has a unilateral character (as it is generated only by the will of the *agency*); 2) It is not mandatory explicit for all parts involved. More precisely, in definition  $D_1$  is presumed that some of the *agency's* clients are "recruited" as a result of a violent action made by the *agency* or that they may become the subjects of such an action after they earn the client statute. Also, from the presentation of the *agency's* manner of involvement in relations with non-members does not result the way in which the rights and obligations between parts are being established. If this short come can be resolved by the *agency's* decision to formalize its relations with the non-members, by taking over the institutionalization costs, costs that can also be recuperated from the clients, the first difficulty generates a "strong" restriction in the way of dealing with relationships between the *agency* and its clients and non-members, as "contractual" relationships.

Therefore, from the way the *agency* is build up results a "mix" of relationships between it and its clients. If for "older" clients from the initial stages of this build up predominate relationships made up by the free will agreement of both parts, the *agency* being an *agent (a warrantee)* of those in the common sense of the term, for some of the "new" clients, that were "taken over" from other *agencies* or which have been the subject of compelling measures in order to give up one or more of their rights, the established relationships can no longer be described in the common sense of the mandate. Also, this description is no longer adequate for relationships established with the non-members that benefit from the *preventive compensation*.

A second observation that must be taken into consideration is that, no matter of the shades of the "social contract" interpretation, the latter seems to have a **nonspecific and generic character** and **not a personalized and specific** one, as the "mandate contract" presents itself. In this way, "the state" and "the citizens" take upon themselves a set of obligations, an ensemble of generic rights and not ones specific in "quantity terms" as one would expect to appear between the social subjects  $X$  and the *agency*. Also, as far as the *agency* is concerned we can not discuss about a single "contract", but of a bunch of contracts concluded separately with each client. Of course, one may presume that once the *agency* reaches a certain development stage it will start using a standard "contract", in which the rights and obligations are stated in a uniform manner, with the purpose of minimizing the *negotiating costs*. Furthermore, if the *preventive compensation* were equal to a "standard services package", it would be possible for the *agency* to offer this contract to non-members, too, in order to "systemize" its relationships with them. An issue that still remains open is the problem of the mechanism through which, as the *agency* grows and strengthens its market position, this contract becomes more and more general and non-specific.

A third observation is linked to the fact that the changing of the variables involved in the positioning of the individual social subjects towards the *agency* determinates a potential "instability" of the development conditions of the relationships in which the *agency* is involved in, and, consequently, it generates a more or less frequent "renegotiation" of the individual contracts from which, it may derive the "standard" contract offered by the *agency*. This case is valid not only for the use of the "earned" rights, but also for the use of the "natural" ones. Thus, the latter are "unchanging", it may be presumed that, with the growth of abilities and improvement of the means the components of the *agency* posses, its "production function" is changing and, together with it, the volume, structure and the quality of the output of the "natural rights" usage.

Therefore, a "long" term stability of "contractual conditions" is slightly plausible: to presume the *agency's* capability to stabilize once it has reached a "critical dimension", the social macro-dynamic is not enough to derive "the contractual stability conditions" especially as long as the "production conditions" are subject to considerable and accelerated changes. In other words, the "economic" interpretation of the "social contract", the interpretation according to which this comes from the wish to maximize the output of their rights' usage by a specializes *agency* is vulnerable in front of the observation that the social and economic "dynamic" have unequal rhythms and, therefore, if the agency is seen as a "services provider" subject which, in a way or another receives a material quantification, then the claim for it to be considered a "state" is more that questionable. This last observation requires a more detailed analysis. Therefore, if we admit that the *agency's* and social subjects' "production functions" change in time, then the agency can, as a result of the monopoly position occupied, to refuse to change the "social contract" in the current period<sup>8</sup>  $t_1$  compared with the previous period  $t_0$ , at least as long as the conditions from Figure 9 are fulfilled: if in relative terms, the social subjects do not register a smaller utility in the current period by delegating towards the *agency* a greater usage of their rights then in the past period, then they can accept the keeping of the "contractual conditions" belonging to the previous period.

These observations have a minimal character. The majority of the different objections which can be formulated in connection with the interpretation of the „social contract” underline the fact that, to the analysis presented here, the thesis stipulating the following is critical: along with the growth of the dimensions of the *agency* and of the number of social subjects with which it comes into contact, a process of “standardization” of individual contracts and the creation of a „basic contract” offered to clients takes place, in order to minimize the *negotiation costs*. Thus, the agreement does not focus primarily on the **negotiation** of the contract but on the acceptance of the uniform “clauses”. Gaining membership in the *agency* is no longer a result of the process of contract negotiation but of a process of **adherence**.

Furthermore, if the relations with non-members are institutionalized by the *agency*, then the contract derived from these relations becomes a component of the “basic contract” related to clients.

Thus, using this interpretation of the social contract, this is a “conglomerate” of standardized contracts, which represents the basis for the relationship between the agency and the entire community of social subjects within its referential geographic area. The “conglomerate” character of the social contract derives from the fact that it contains clauses specific to the relations with non-members which affect the *agency's* relations with its clients (as for example the “provisions” linked to *preventive compensation*) as well as, from a symmetric perspective, “clauses” related to customers, with consequences which bear influence upon the way of structuring relations with non-members (as those linked to defining the “standard set” of services exerting “natural rights”).

In consequence,  $D_1$  can be rephrased as follows:

*D<sub>2</sub> "The State" represents the macro-agency or the dominant agency of exerting the "natural" rights or of the "achieved" ones, taken from the social subjects of a certain territory, formed through voluntary association of a number of individual agencies, by "competitive" elimination of other agencies or as a result of violent actions directed*

---

<sup>8</sup> "The current period" is defined in a conventional manner, being "long enough" so that the changing of the "production functions" become perceptible.

against other agencies, their clients, or its own clients, which can limit, as effects and on a temporary basis, any breaking of its monopoly by other agencies, already existing or virtual ones, and which is authorized by its clients, in preventive purposes to act in a redistributive manner towards non-members. The framework, in which the relations between the agency and the social subjects take place, forms the very essence of “the social contract”. This derives from the standardization of the individual contract negotiated with clients and non-members which represent a “conglomerate” of contracts containing symmetrical clauses and non-symmetrical ones which include “provisions” linked to preventive compensation and to the “standard set” of services offered for the exertion of “natural rights”, respectively, “non-standard sets” related to the exertion of “obtained rights”.

The presentation manner used so far was an asymmetrical one, the perspective being presented prevalent from the point of view of the *agency*, whereas clients and non-members have a passive role after the conclusion of their contracts. However, it is obvious that there are no sufficient arguments to see things this way. Thus one can notice that the fraction which corresponds to clients from the exertion by the agency of their “natural rights”, respectively of the “obtained ones”, depends, *inter alia*, of the fraction between the number of these clients and the dimension of the agency’s personnel, of the number of associated agencies within this one, as well as of the number of non-members. As the number of clients is bigger compared to the number of the agency’s employees and/or as the dominant agency is made up of agencies of smaller dimensions, the more its **negotiating capacity** (including the possibility of engaging in acts of violence against its own clients) is reduced. This statement has to be cautiously analyzed: the growth of the number of the agency’s employees sustains the mechanisms of dominating the clients but at the same time, it leads towards the growth of different types of *institutional costs*.

Surpassing a certain critical threshold of the agency’s personnel leads to a decrease in the fraction of the output which remains at its disposal, and at the same time there is a decrease in unitary output which belongs to each member of the *agency* (see Figure 10)<sup>9</sup>.

At the same time the number of non-members bears an indirect influence over the relations between the *agency* and its clients. In this way, these non-members can become the target of some persuasive/violent acts of the *agency* and/or its clients, especially during the times in which the opposed character of their positions becomes more acute. On one hand the agency may try to replace the “disturbed” clients, by recruiting new ones from the non-members. On the other hand the “captive” clients may try to develop strategic alliances with non-members, either to push the agency into accepting the renegotiation of an aspect or another of the “social contract”, or in order to impose the a new one to be drawn. Also, the clients may try to associate themselves with non-members in exerting their rights outside the specific, institutional frame of the agency.

The aspects mentioned so far underline one of the severe limitations of the analysis. More precisely the description of the way in which the *agency* is formed, is only half the story.

There is no reason sufficient enough in order to make the assumption that both the clients as well as the non-members do not get organized, either to obtain a superior capacity of negotiation in their contact with the *agency*, either to develop a parallel system of forces outside the space defined by it.

---

<sup>9</sup> Which explains, *inter alia*, the selective behaviour of biocrats when recruiting personnel, behaviour which is more visible in the periods of their consolidation

In consequence, the framework of delegation should be completed with an association model. The logical basis of such a model is still far from being clear. Thus, even at a superficial approach, one can argue that the problem of describing the processes of client and/or non-member association is similar to that of the “prisoner’s dilemma”. An individual social subject  $X_I$  will adhere to a *negotiation association / parallel association* (briefly *association*) if the supplementary fraction  $(\Delta c, \Delta d)$  gained through this adherence will compensate the “participation costs”. These costs are made of “search / information costs”  $i(x, \tau)$  where  $\tau$  represents the number of members of a certain association, respectively  $i(x, \tau, l)$  for the participation in a *federation of l associations*, the fraction  $\Phi$  from the *institutional costs*  $(k(k(\tau), l))$  at this subject’s expense, as well as the possible costs associated with a *sanction* imposed by the agency for this participation  $\vartheta(x, \tau, l)$ .

One can notice the fact that these costs significantly depend upon a number of social subjects involved  $(\tau, l)$ . Thus, it is presumed that initially the growth in number of the members of an association leads to a growth in probability of obtaining a favorable response from the agency in changing / completing a particular aspect of the “social contract” (the case of changing it entirely makes up a different subject). This statement does not belong, in spite of appearances, to the area of “evidence”: in the analyzed framework the reasons for which an *agency* confronted with a large number of clients who insistently ask for the renegotiation of one clause or another would actually do so, do not result in a direct manner.

Besides the option of a violent rejection, the agency can simply say “no” without having to enter any negotiations in order to justify itself in front of its clients. Due to the monopoly it detains as well as a result of the fact that leaving the agency and joining an association will result in a loss of utility for the client, these members do not have too many options in case they are faced with a rejection.

A possible option might be, according to some, not to delegate the possibility to exert the right in dispute to the agency, but rather exerting it in private, as part of an association- alone or together with individual or collective entities. However, two issues need to be clarified: 1) How can a client unilaterally renounce its initial delegation; 2) In what way can the association assure/organize for its members the exerting of their rights outside the institutional framework of the agency.

It is unlikely that the agency would allow this without imposing a sanction  $u(x, \tau, l)$  on its members (as long as the cost  $\psi(x, \tau, l)$  of applying this is inferior to the fraction of output lost by the agency).

$$\left[ \begin{array}{l} (1 - c) \varphi (\omega (\tau x, \alpha), \beta) + \\ + (1 - d) \Omega (\delta (\tau x, \alpha), \beta) \end{array} \right] - \\ - \left[ e (\tau x, \beta) + i (\tau x, \beta) + k (\beta, k (\alpha)) \right]$$

respective

$$\left[ \begin{aligned} & (1 - c) \varphi (\omega (\tau, \alpha), \beta) + \\ & + (1 - d) \Omega (\delta (\tau, \alpha), \beta) \end{aligned} \right] - \\ - \left[ e (\tau, \beta) + i (\tau, \beta) + k (\beta, k (\alpha)) \right]$$

as a result of this delegation.

Thus, clients will choose to exert their rights extra-territorially, outside the *agency* only if the gained output surplus will exceed the costs of renouncing the delegation of the rights as well as the penalties imposed  $\xi(x, \tau, t)$  (see Figure 11).

In addition, there is no *ex-ante* reason to assume that the *association* can assure that a larger output will result from exerting one's rights through it (except for the probability that its institutional costs will be lower than those of the *agency* and the lack of costs associated with the preventive compensations). The association does not dispose of the personnel or the resources of the *agency* (if it would do so, it would turn into a competing *agency*, fact that is not possible in the chosen analytical framework).

It is notable that, if the conditions of Figure 11 are fulfilled, such a situation might arise. In some cases the lower institutional costs of the *association* and the absence of having to pay preventive compensations might be regarded as a comparative advantage.

One must also take into consideration, that *associations* are smaller in dimension/size than the *agency*. This can lead to the fact that the unitary output gained by the individual social participants will be greater than the output received through the *agency*. Furthermore, if these participants do not exceed in size a certain limit beyond which they would appear as competing *agencies*, the *agency* can choose not to impose any sanctions or penalties on its clients and not to take any violent actions against the *association*.

As a result of these facts (the cost of imposing sanctions and penalties and the possibility that clients can choose to exert their rights in parallel systems) the *agency* that does not wish to act against its participants/members will be forced to renegotiate the contract and introduce changes to it. The *agency* is only willing to negotiate until its output, diminished by the part that will go to the clients, will stay superior to the loss of utility determined by imposing sanctions/penalties and by the clients exerting their rights as members of *associations*.

It is obvious the participants that take part in negotiations have asymmetrical reasons to do so. Thus, the *agency* will only negotiate if the cost of not doing so will prove to be prohibitive. Taking in consideration other reasons would mean introducing new hypothesis to describe the utility functions of the *agency's* personnel, hypothesis that would justify the implementation/the choice of the *agency* for a "benevolent" behavior by submitting itself to its clients wishes, as well as introducing conditions under which the *agency* would support the costs of denying to negotiate in exchange for a favorable social appreciation of the role/importance its personnel has. To put it otherwise, the *agency* is likely to be reserved/ is likely to show some reticence towards engaging in negotiations.

*Associations*, however, are easier to convince to negotiate the redistribution of a part of the *agency's* output in favor of their members. In explaining the behavior of *associations*, the similarities and differences between *negotiating associations* and *parallel associations* must not be ignored. The first group consists of *coalitions of*

*(re)distribution*. The participants of the second group engage in activities that lead to the increase of the global output that could be distributed among the members and are thus coalitions of production.

The distinction between the two categories is not radical. Negotiations in both cases concern certain stipulations whose modification can lead to the increase of the efficiency of the way the members exert their rights, modifications that influence at the same time the process of drawing up a model of the contract offered to customers.

In order to protect their members' interests, *associations* have two options: to make sure the members' rights are exerted with a greater efficiency or to obtain a greater piece of the output that result from this process.

As Olson [1999] states: "the organization can serve its members either by making sure that the social pie gets bigger, so that the members will get a bigger share even if proportions are taken into consideration, or, to obtain a bigger piece of the social pie for its members".

The best policy depends, inter alia, on the *association* scale. If the *association* has few members, the global output of their activity will be smaller and accordingly, the unitary output that will fall on each member will represent only a small part of the social output. On the other hand, once the number of members is growing, so does the output, both globally and per unit, until a "critical point" is reached, beyond which the result per unit will tend to decrease. As a consequence, for "extreme" values of the members' number, *the associations* will tend to act as *(re)distribution* coalitions, while for medial values they will adopt the behavior of *production coalitions* (or, even more truth-like, mixed politics, *(re-distribution/production)*(see Figure 13). If the initial number of an *association* is small, it won't have the power to negotiate with the *agency* and won't be able to organize in an appropriate manner the *parallel* fulfillment of its members' rights. As a consequence, both the outcome of its actions and the revenue per member would be less significant. Later on, once the number of members is growing, the negotiation capability would increase (and within this capability, the chance to protect the members of the possible punishing actions of the *agency*), and also the control over the social resources that may be involved in fulfilling the rights of those who form the *association*. But going beyond a certain "critical point" will have as a consequence that, for a lot of reasons (among them one can underline the significant increase of the institutional costs required by its functioning), in spite the growth of the global volume of the activities' output, the outcome obtained by participating to an *association* would have a decreasing tendency. As a consequent, the logic that may be applied when estimating the optimal dimensions of the *agency* remains valid in the case of the *associations* (furthermore, concerning these latter there is an additional restriction of a maximum level of the members' number, beyond this level they may appear in the situation of competing *agencies* for the dominant *agency*).

*The social output will grow if the predominant associations will have a medium size, "big enough" to negotiate with the **agency** and/or to ensure that the variety of **parallel rights** will be fulfilled, and "small enough" in order to justify the efficiency of the participation by the resulting output per member.* It is to be noticed that the existence of an optimal dimension for the associations is something that cannot be guaranteed *a priori*. Therefore these *associations* may have initially the goal of *parallel* renegotiation/fulfillment of a single right or of a limited number of rights of a small group of social subjects. If the "external conditions", mainly including the way in which the *agency* reacts about their existence, are favorable, these *associations* will enter a consolidation/expansion process towards the "critical point" zone (the case in which the

dimensions grow beyond this zone requires a separate analysis), taking over an increasing number of rights from an increasing number of social subjects.

The evolution of the *associations* imitates, to a certain degree, the dynamics of the *agency*. These may associate, under federative or centralized forms, within the framework of diverse *macro-associations*, and may attempt to eliminate each other, in “competitive” or violent manners<sup>10</sup>. There is no reason to presume that the *agency* won’t interfere with the *associations*’ connections (except for the case where the interests of its clients are affected by an individual *association*). On the contrary, it is very likely that the *agency* might permanently interfere with the *associations*, either by developing strategic alliances with the latter ones, either taking action against them in order prevent them to become rival agencies.

It is to be noticed that these components tend to produce unequal effects and, as a consequent, we can presume that the impact upon the creation of the *agencies* and *associations* and upon the relationships developed between them is a distinct one. Thus, the *ideological coagulation* leads to the creation of *negotiation associations*, while the *motivational heterogeneity* influences the creation of *parallel associations*. The higher the level of *ideological coagulation* (a greater number of social subjects share a **common** vision concerning the main aspects related to the functioning of the society), the higher the probability of their association in order to change one or another of the “social contract’s” “clauses”. In correlation with this, the more complex the social subjects’ motivations are, the smaller is the probability of their inclusion in the institutional and functional framework of the *agency*, and therefore and the higher is the probability of appearance of some specialized *parallel associations*. In the same time, the two components of the *intra-cultural heterogeneity* influence the dimension and the efficiency of the *associations*. Therefore, the *associations* will tend to have more reduced dimensions and, at the same time, increasing homogeneity, within the societies having greater paradigmatic heterogeneity, as a consequence of the fact that, on one hand, fewer individuals having the same vision about the ways of their fulfillment will be capable to associate. On the other hand, considering the selection possibilities of the various pressure groups, the individuals might choose to become members of those groups that have a *maximum fondness* with.

All mentioned aspects underline the fact that the *associations*’ existence modifies the social space in which the *agency* acts, fact that imposes a change in  $D_2$ :

$D_3$ : “**The state**” represents the **macro-agency** or the **dominant agency** of exerting “natural” and “achieved” rights, overtaken from social subjects from certain territory, formed by voluntary association of a number of individual **agencies** or as a result of some violent actions against other **agencies**, against their clients or against own clients, which could limit by effects and temporarily any breaking of its monopoly by other existing or virtual entities, and which is authorized by its clients, for preventive goals, to action in a re-distributive manner for the non-members. The framework in which the relations between this **agency** and the social subjects take place forms the substance of “social contract”. This derives from the standardization of individual contracts negotiated with clients and non-members, which represents a “conglomerate” of contracts including symmetrical and non-symmetrical “clauses” in relation with the **preventive compensation** and the “standard packages” of services offered for exerting of the “natural rights”, respectively “non-standard packages” for exerting the

---

<sup>10</sup> The possibility that the *agency* allows an *association* to undertake violent actions against another *association* must analyzed in two distinct cases, taking into consideration the fact that the *association*, which represents the target of the aggression, is or not formed mainly by the clients of the *agency*.

*“achieved rights”*. For the renegotiation of some individual clauses of the “social contract” or for the parallel exerting of some of their rights, the clients and/or non-members could group in **negotiation associations / parallel associations** which have a optimal social scale in a zone defined by the necessity of assuring the negotiating power / the control on a “sufficient” fraction of the social resources, and by the necessity of the preservation of the efficiency of the participation for its members, and of the choice for a competitive / non-competitive position in respect to the dominant agency. The ensemble of strategic alliances / force relations between the **agency** and the **macro-associations** or individual **association** defines the social space’s frontier.

To show clearer what the role of the associations is, we have to underline the fact that from the agency existence it does not results “natural rights”, supplementary in rapport with those of the clients and non-members but that distinct “achieved rights” may appear. NOZICK(1997;p.134) writes: “the legal powers of a protection agency are only the sum of their individual rights which its members or clients transfer to the association. No new right and power appear; each right of the association dissolves completely into the individual rights owned by distinct individuals, which act solely in a natural state. A mixture of individuals may have the right to accomplish an action C, which no other single individual would have the right to accomplish, if C is identical with D and E and if it is produced an association of the individuals who have the right to do / make D and E. If some of the individuals’ rights would be of the form “You have the right to do A, if 51% or 85% or any other percentage of the others agree with you”, then an association of individuals would have the right to make / do A, even if none would have this right separately. But none of the individuals’ rights has this form”. According to the terms used in the proposed analysis, this argument is available for the “natural rights”: the perfect identity of these rights for all social subjects does not allow the appearance of such rights distinct from those which are specific to an individual social subject. Though, what is changed due to the agency’s existence is the **way of exercising** of the “natural rights”: the existence of the agreement of will of a “great enough number” of social subjects is not a reason for the existence of an action A, even if this reason exists, then it may legitimate the **manner** in which this action takes place. At the same time, the actions performed by the *agency* when exercising the “natural rights” of its clients, are not from an ethical point of view, opposable against them or against the non-members: by its simple existence, the *agency* cannot offer automatic legitimacy to the way in which it acts, because there is no guarantee that this way is not a “wrong” one (that the manner chosen by the *agency* to fulfill the “social contract” does not harm the clients’ or the non-members’ capacity of exercising all their “natural rights” including of those whose exercise was not an object of the delegation). Even if we would suppose that all subjects from a certain social space, except one, agrees with the *agency*’s actions, these do not become opposable against this “exceptional” social subject: from an ethic point of view, the subject having the right not to agree with those action that harm his capacity of exerting his own rights. The main argument is that the right of each social subject to exerting these rights belongs to the category of “natural rights” (even it were not be true, the “natural rights” would be “virtual rights”<sup>11</sup> and there would be no legitimacy of the delegations that helped that the *agency* appears) and, in consequence, its negation is a violation of P<sub>0</sub>: *the right to try to exercise efficiently the “natural rights” is a “natural right”*. Also, the *agency* has no right to ask the exclusive exerting of **all** “natural rights”, even if these are *transmissible and fractionable* (the fact that this may desire such a monopole on the basis of the dominant position lacks an ethical basis). In conclusion, the *agency*’s existence is not a “sufficient

---

<sup>11</sup> This means, the social subjects rights which represent for them a *de jure* entitlement, but which is not possible to have a *de facto* materialization.

basis” to exclude the private exercise of “the natural rights” and of the opposition towards those actions that affect this exercise.

The situation is more complicated in the case in which the “achieved rights”: not only their exerting, but also their existence is the subject of the social recognition (we avoid here the problem of the social subjects number necessary to recognize the individual “achieved rights” and we believe that this number must be “significant”). In the case of their exercising, the *agency* has the right to perform an action *A*, even if its clients do not benefit of such a right (have not obtained the agreement of a number “great enough” of social subjects in this sense), even if it has been previously authorized by these clients. In conclusion, the *agency*’s actions performed to exert the “achieved rights” which were delegated are from an ethical point of view against the third parties and may constitute a subject of the social negotiations. Because the *agency* is large, its clients, representing “most” social subjects, the agency has the right to refuse some individual clients or non-members to exert some “achieved rights” or even to refuse to recognize such rights<sup>12</sup>.

So, the *agency* as a principal for its clients, may express their acceptance or refusal to recognize some “achieved rights” and also the connection between them and the agencies and may regulate the conditions of the performance of their actions. There is no guarantee, of course, that can be given *before* to the clients for the fact that this acceptance / refusal, and the corresponding regulations are automatically accepted by the *associations*. The agency may often be forced / obliged to impose on the associations to accept / refuse other associations to exert the “achieved rights” of their members, either to adopt the regulations for their actions, and also to stop the formation of some associations which were not accepted by their clients, paying the costs of “acceptance / regulation”, and those of “non-conformist” *associations*, “sanctioning”,  $l$  ( $\tau$ ,  $\iota$ ). The non-members may also address the agency for the negotiation of the “achieved rights” and their exertion, the *agency* being the one which supports the costs,  $n$  ( $X_b$ ,  $\tau$ ,  $\iota$ ). This fact generates a positional asymmetry in the process of negotiation, the clients being able to refuse some “achieved rights” or their exertion, even if these are ethically legitimated, or to impose conditions for their exertion that may be unfair or regarded as an excessive constraint for the associations members.

It results that:

*D<sub>4</sub>* : “**The state**” represents the **macro-agency** or the **dominant agency** of exerting “natural” and “achieved” rights, overtaken from social subjects from certain territory, formed by voluntary association of a number of individual **agencies** or as a result of some violent actions against other **agencies**, against their clients or against own clients, which could limit by effects and temporarily any breaking of its monopoly by other existing or virtual entities, and which is authorized by its clients, for preventive goals, to action in a re-distributive manner for the non-members. The framework in which the relations between this **agency** and the social subjects take place forms the substance of “social contract”. This derives from the standardization of individual contracts negotiated with clients and non-members, which represents a “conglomerate” of contracts including symmetrical and non-symmetrical “clauses” in relation with the

---

<sup>12</sup> We have to say that we consider the right to recognize an “achieved right” as a “natural right”: every social subject  $X_1$  is *entitled* to recognize / to refuse to another social subject  $X_2$  a right that it is not a “natural right” and to specify the conditions in which she accepts its exerting, when this exerting interferes with her own “natural rights” (a relevant exercise for clarifying this point of view is to remark, for example, the fact that the right to perform an economic activity which generates pollution interfere with the ones affected “natural right” of preserving their own life and their physical integrity, by consequence, they are entitled to permit the performing of these activities only to a point in which the benefits directly derived by them exceed the cost associated to the restriction of the adequate possibilities of exerting this right).

**preventive compensation** and the “standard packages” of services offered for exerting of the “natural rights”, respectively “non-standard packages” for exerting the “achieved rights”. For the renegotiation of some individual clauses of the “social contract” or for the parallel exerting of some of their rights, the clients and/or non-members could group in **negotiation associations / parallel associations** which have a optimal social scale in a zone defined by the necessity of assuring the negotiating power / the control on a “sufficient” fraction of the social resources, and by the necessity of the preservation of the efficiency of the participation for its members, and of the choice for a competitive / non-competitive position in respect to the dominant **agency**. The existence of these associations is ethically justified if their object of activity is connected with the exertion of the “natural rights” and represents a subject of social recognition both by the agency’s clients, directly or through it, and by the non-members, which, ethically speaking, could accept or refuse their existence if the object of activity is related with the exertion of “achieved rights” and which could state the conditions of their action performing. The ensemble of strategic alliances / force relations between the **agency** and the **macro- associations** or individual **association** defines the social space’s frontier.

Another significant argument in favor of the existence of the associations results from the situation of the subjects born in a social space dominated by a mature agency, with an institutional structure well developed and which accomplished the standardization of the “social contract”: there is no reason to believe that the parameters of the “functions of utility” are the same with those of the **agency founders**. From a multigenerational point of view, the conditions of stability from Figure 9 become even more acute. A logical question is about the clauses of the “social contract” of the new generations, such as: what could be the reason for which the new social subjects would have to respect these clauses for whose negotiation they did not take part? And what would force the new personnel of the agency to become responsible for the obligations of the old members?

The problem is that for the new generations the agency’s existence is a given social reality: the agencies may survive long periods of time, accepting to modify “their manner of production” and the way of exercising their obligations following the changing of the social conditions. In fact, except the cases when they are the victim of some violent actions performed by other *agencies*, by non-members or by their own clients or when they prove an “excessive adaptability”, these represent the most stable social structures. Or, taking into consideration this fact, we have to underline that within the proposed analytical framework there is no satisfactory solution to explain this “multigenerational persistence” of *agencies*: the mandate theory cannot, without being severely modified, explain the fact that the activity of the in charge *principal* entity does not stop once they (and their personnel) disappear physically. Instead, a “transmission process” take place, from the new generations of clients to the new generations of personnel of the agency, even if without a re-negotiation of the “social contract” for each generation, (this is like treating the *agency* as an “inheritance” – an “optimal” framework to exert the “natural rights” and the “acquired rights” which the “old” generations transmit to the young generations who beneficiate from their own “natural / acquired” rights).

In this context, we have to state the fact that an individual social subject, confronted with the existence of an agency at which formation he did not contribute, has not the possibility, in an isolate way to modify the way of its functioning (being able only to accept the quality of non-member) and the clauses of the “social contract”. This is thus obliged to sign a “social contract” already written. If its content is not satisfactory, his only solution is that of associating with other social subjects to form *an association of*

*negotiation / a parallel association*, by which they have the capacity of correcting the mistakes. The necessity of forming a new *association* is not absolute: like the *agencies*, the *associations* may be capable of multigenerational survival (e.g. "...an organization founded to help the war veterans will survive them representing the veterans of the following wars" – OLSON (1999: 66). Thus, the new generations of social subjects may adhere to the *associations* already founded, modifying the way they function.

It results:

**D<sub>5</sub>**: *"The state"* represents the **macro-agency** or the **dominant agency** of exerting "natural" and "achieved" rights, overtaken from social subjects from certain territory, formed by voluntary association of a number of individual **agencies** or as a result of some violent actions against other **agencies**, against their clients or against own clients, which could limit by effects and temporarily any breaking of its monopoly by other existing or virtual entities, and which is authorized by its clients, for preventive goals, to action in a re-distributive manner for the non-members. The framework in which the relations between this **agency** and the social subjects take place forms the substance of "social contract". This derives from the standardization of individual contracts negotiated with clients and non-members, which represents a "conglomerate" of contracts including symmetrical and non-symmetrical "clauses" in relation with the **preventive compensation** and the "standard packages" of services offered for exerting of the "natural rights", respectively "non-standard packages" for exerting the "achieved rights". ". For the renegotiation of some individual clauses of the "social contract" or for the parallel exerting of some of their rights, the clients and/or non-members could group in **negotiation associations / parallel associations** which have a optimal social scale in a zone defined by the necessity of assuring the negotiating power / the control on a "sufficient" fraction of the social resources, and by the necessity of the preservation of the efficiency of the participation for its members, and of the choice for a competitive / non-competitive position in respect to the dominant **agency**. The existence of these associations is ethically justified if their object of activity is connected with the exertion of the "natural rights" and represents a subject of social recognition both by the agency's clients, directly or through it, and by the non-members, which, ethically speaking, could accept or refuse their existence if the object of activity is related with the exertion of "achieved rights" and which could state the conditions of their action performing. The ensemble of strategic alliances / force relations between the **agency** and the **macro-associations** or individual **association** defines the social space's frontier. For the social subject from the new generation, the **agency** appears as a given reality, they having the possibility to join the standardized "social contract", to choose for the non-member state, and to form new associations and to participate to existing associations, founded by the past generations, for the renegotiating of the clauses that are not corresponding anymore to the new specific social context.

As a synthesis, the main thesis of the proposed analysis is the following: from the non-uniformity of the capacity of social subjects to exert their "natural rights" and "achieved rights" one could derives sets of processes of exertion delegation, processes which generate, using "visible / invisible hand" mechanisms, a dominant **agency** in a referential social-geographical space, agency that has the capacity of intergenerational transmission / adaptation of its own structures and that owns the monopoly of forming a "conglomerate" of standardized contracts, which represents the "social contract". The relations between this **agency** and the **associations** formed by the clients or by the non-members for re-negotiation of some clauses of the "social contract" / parallel exerting of their members rights form the substance of the social space.

The next step of this analysis is to develop a possible approach of the cultural variables impact on the **agency's** and the **associations'** emerging process, on the individual contracts' negotiation process, and on the social contract's re-negotiation.

*P<sub>2</sub>: The emerging form of the **agency** and of the **associations**, the standardization of the clauses of the "social contract", and the modality of the re-negotiation of these clauses, depend, in **caeteris paribus** conditions, on dominant "cultural paradigm" architecture of the respective social space.*

*D<sub>6</sub>: Through **paradigm** we understand the dominant collective mental model that individualizes a society from another. This paradigm represents a societal integration factor, by offering common values and goals for the members of the society. Also, this represents the subject of some learning and inter-generational transmission process, which slowly modifies itself, in "long cycles".*

*The paradigm and the agencies/associations generated by this, influences in a significant manner the dynamic of the social-economic activity. So, it is sufficient to remark that economic subjects are guided by the decisions taken in the production, repartition and consumption processes, determined by a set of characteristic values, and that the economic policy is influenced in its interventions in the resources and economic activity results distribution and redistribution processes by the these values (e. g. the predominant position regarding the "equality / inequality" couple influences in a significant way the agency's implication in the income redistribution between the different sort of social categories).*

In the same time, the social-economic development influences the *agencies / the associations*, and also, the *paradigm*. For example, the significantly bureaucratic institutions which had characterized the industrial society have encountered an important decline in the *postindustrial* society. This has to be connected with the fact that this kind of society is characterized by the existence of a labor force which is very specialized, with a high mobility and which is focused on qualitative aspects of social life, as a result of fulfillment of its "quantitative" aspects, fulfillment determined by an increase in the per-capita income and by a reasonable (within "common sense" limits) equal distribution of these incomes. Also, the "real" socialist system dissolution has taken place, *inter alia*, in a maximal point of *bureaucratic inefficiency* in the centralized economy management.

It is necessary to remark the fact that it is not clear enough *the way* in which the social-economic dynamic influences the evolution of the paradigm and the *agencies/the associations* generated by it, if we take into account the different degree of inertia which characterizes its dynamic and, respectively, the dynamic of the economy. So, as we mentioned before, the paradigm has, by definition, an accentuated inertial character, which is more significant then the economic dynamic's one.

Although, because the cultural variables are assimilated, in an important proportion, through a "learning process", it is possible to appear some intra-generational changes (probably, in "normal conditions", first at an institutional level and, then, inside the *paradigm*), as a result of the evolving state of the economy between the moment of social debut of a generation and the one of its social "maturity". More exactly, if we admit so called "scarcity hypothesis", that states that the highest subjective utility level is assigned to the good which has a excessive demand, then satisfying the demand for a good "A" (which has an very low demand at the beginning of the cultural "learning process") and the apparition of an exceeding demand for a good "B" during this process *could* generate a shift from the values assigned to the good "A" to the these assigned to

the good “B” (e.g. from “material goods” to “spare time”) (see also INGLEHART [1997], who consider this process as a shift from *materialism* to *post materialism*).

Figure 14 presents the interactions between the paradigm, the institutions and the social-economic performance. This presents a lot of similarities with the one presented by JONG [2001, p.41], except two fundamental differences: (i) the usage of the “paradigm” notion instead of “cultural values” (justified in our opinion by the distinction between the “strong” meaning of the first notion as a “mental model” and the meaning of “shared attitudes” suggested by the second notion); (ii) taking into account of a feedback relation between *institutions* and the *paradigm* (in the sense that, if an institutional system emerges in an exogenous way, it could end by influencing the receptive *paradigm* – the arguments for and against this thesis could be synthesized according to a specific approach of a recurrent theme in the Romanian culture: the “forms without a content” theory – the initial creation of some institutional “forms” which are maintained in an “efficient” functioning ends by influencing the “content” that has not generated them, but only has received them).

It is interesting to remark the possibility of creating equivalence between the *paradigm* components and the factors used by HOFSTEDE (1980)<sup>13</sup> to explain the cultural differences (using some limitation in their sphere and content). These factors are<sup>14</sup> :

- *Power Distance (PD)*;
- *Individualism (I)*;
- *Masculinity (M)*;
- *Uncertainty Avoidance (UAI)*.

*PD* deals with the degree of acceptance of the non-equal power distribution in society. In the societies with a higher level of *PD*, this distribution will have a more pronounced character, with a positive correlation between this factor and the concentration of the political power (HOFSTEDE (1980; p.97-98,106))<sup>15</sup>.

In societies characterized by a high *UAI* level, the refuse of decisional incertitude will generate an increased recurs to the public authorities for its dispersion and orientation to a minimum level; as a consequence, the power and competences sphere of these authorities will be larger and more precisely established than in those societies with a low *UAI* level, which will accentuate the individual competences of the economic subjects and the limitation of the public role to a small set of public utilities supply.

*M* does not imply the discrimination of the cultural values on sexes, trying to reflect some fundamental values shared by all society members. More precisely, it is considered that the “masculine” societies are those where the dominant values are connected with the social affirmation, the material results and the decisional freedom. In this conditions the performance is measured using the terms of reaching and maintaining a reference **social status** and the material achievements are considered more important that the spiritual ones. In opposition, the “feminine” societies have as dominant values: the equality, the solidarity and the consensus, the social tension

---

<sup>13</sup> Realized in 1968-1973 starting from approximately 66 non-socialist countries, this study collected information from more than 117000 forms, completed by the IBM employees in this countries

<sup>14</sup> For this analyzes purposes, the main advantage in using these factors is the quantification of the relevant elements, which could be used, in an empirical approach of the mentioned thesis. The factors interpretation realized here is larger that the one strictly derived from this study.

<sup>15</sup> *PD* is formal definite as follows: “ the distance between a superior B and a subordinate S in a hierarchies represent the difference between the measure B can determine S behavior and the measure S can determinate B behavior” (HOFSTEDE[1980 ;p.22]).

avoidance, the centralization of the social-economic trades and the conservation or the spiritual values, tied to the “quality of life” and to the inter-human relationships.

Finally, I deal with the acceptance/rejections of the individual responsibilities in front of the social reference group (family, social category, nation)

Discussion of the relevance and the limits of these concepts exceed this paper framework.

We consider that taking them into consideration and using them to characterize three types of *paradigm*, characteristic for three types of societies, could be useful (see Figure 15):

- “X” society (*closed society*);
- “Y” society (*semi-opened society*);
- “Z” society (*opened society*).

*Closed societies* are characterized by the tendency (at least formal shown) of attenuation at the unequal power distribution level, by a pronounced collectivism, by promoting the “feminine” values (searching for consensus and not for competition) and by a pronounced incertitude and risk aversion.

In *semi-opened societies* all these parameters have medium values; the *opened societies* valorize more the acceptance of the unequal power distribution, as “natural” status, the individualism and the social affirmation, the performance and the material result, the incertitude acceptance as a status, which could generate action opportunities.

These cultural variables influence, minimally:

- the “level” and the “intensity” of the delegation processes;
- the emerging process of *the agencies* and *associations*;
- the standardization manner of the “social contract” “clauses”;
- the social negotiations processes.

In the society with a high level of PD, the delegation process to the *agency* is seen as a “natural” process and the inequality between the exerting capacities of different rights is pregnant pointed out. Also the violent acts oriented to other concurrent *agencies* represent an important part in the mechanisms of *agency* creation. The *associations* have a reduced negotiating power, their structure is similar in a way if we look at the hierarchic -authority structure with the structure of the *agency* and the penalties/sanctions imposed by the *agency* concerning the participation to the former ones could be substantial. “The social contract” is formed by rigid standardized “clauses” and their renegotiation is not simulated. The **social status** plays a very important role in the negotiation processes between the *agency* and their clients, the *agency* and the *associations*, and not in the last place between clients and non-members.

Also, if the level of UAI is very high, the social subjects will be tempted, in a significant way, to delegate their rights’ exertion, having as a purpose the social dispersion of the involved risks. *The agency* is seen as a “safety structure” that has as the main role the creation of a “safe” social environment. In the creation mechanisms the action of non-conflict negotiation will be predominant. *The associations* will have large dimensions, the connections between themselves and between them and the *agency* will have the configuration of a “safety network”. The standardization of the “social contract” will be manifested in a large number of “detailed” and precisely formalized “clauses”. The processes of social negotiation will have a large consensual character and will involve many “social compromises” which have as a major role the avoidance of the eventual violent actions of the parts which could consider them self disadvantaged (*inter alia*, the level of *preventive compensation* will be higher then in the societies with a smaller UAI).

In the societies with a high level of M, the accent on the individual achievement will have an adverse effect to the delegation process: the social subjects will prefer to exert themselves a higher volume of rights. This will affect also the transmitting process of “natural rights” and “achieved rights” exertion. The dominant agency will be created especially through the competitive elimination of the other *agencies*, the associations will be in a significant way *parallels associations* and will be entitled with selections mechanisms which choose the members based on their “individual merits”. Between them are established more competitive relations and less cooperation relations. The “social contract” will be standardized “in a flexible way” and with a small number of formalized “clauses” concerning the social performance. The social negotiations could have a strong adverse character, the consensus being more an exception than a rule.

In a similar way, for a high level of I, the social subjects will prefer, in a reduced degree, to delegate the exerting of their rights, the *agency* will have a reduced number of employees. In its forming are involved, in a way or in another, a small number of concurrent *agencies*, the *associations* will be prevalent in a position of some concurrent *parallel associations* with small/medium dimensions. “The social contract” will include a minimal number of “clauses”, the one referring to the preservation of the individual liberty being especially formalized. The frequency of the social negotiations will be more reduced, and this will often have a conflict character.

Resuming:

*P3: “From the left to right “of the **societal spectrum** (from **closed** to **opened** societies) could be seen a reduction in the “level” and the “intensity” of the delegation processes in the exercitation of the “natural rights” and also the “achieved” ones, some mechanisms of creating **agencies** based on “competitive” elimination, a dimensions reductions of the **associations** and a predominance of the **parallel associations** comparing with **the negotiations** ones. Also one could notice a decrease in the **preventive compensation level**, a reduced standardization of the “social contract” and a special formalization of the “clauses” connected to the social performance and the preservation of the social subjects’ liberties, a crossing from the social negotiations based on consensus to the “competitive” social negotiations.*

Meantime, the social space’s configuration is influenced not only by the **level** but also by the **heterogeneity** of the cultural values. From AU [2000] point of view the defining variable of the *intra-cultural heterogeneity* could be grouped in less than two categories: 1) *the ideological heterogeneity* (“ideology variation”) and *motivational heterogeneity* (“satisfaction variable”). The *ideological heterogeneity* reflects those intra-cultural heterogeneity determinants leaded to the **economic freedom** as the public sector role, the competition and the processes involved by social assets forming. The *ideological heterogeneity* refers to a complex of economic-social factors. These variables tend to be “positively “inter - correlated. Between the medium evaluations level of the cultural competition significance and the role of the public sector could be established “positive “or “negative” correlations but. If the economic-social subjects share heterogenic cultural values regarding the competition they will be tempted to share also heterogenic values regarding the public sector. The relations established between the medium levels of the cultural values do not correspond necessarily to the relations established between the elements that define the *intra-cultural heterogeneity* (and vice versa).

We have to remark that these components tend to exercise un-uniform effects and, because of that, we could presume the fact that the impact on the way of forming of *the*

*agents* and *the agencies* and on the relations between them is a distinct one. So, *the ideological coagulation* leads to forming of some *negotiation agencies* and *the motivational heterogeneity* influences the way of forming of *parallel associations*. As higher is the level of *ideological coagulation* (as a larger number of social subjects share a **common vision** on the main aspects about how society works) as higher is the probability of their association for modifying one or another of the “social contract” “clauses”. Correlatively, as complex are the motivations of social subjects as lower is the probability to be incorporated in the institutional and functional framework of *the agency*, and, by consequence, as higher is the probability of apparition of some specialized *parallel agencies*. In the same time, the two components of *intra-cultural heterogeneity* influence the dimension and the efficiency of *the associations*. So, *the associations* tend to have smaller dimensions and a higher homogeneity in societies with higher *paradigmatic heterogeneity*. On one hand, this is a consequence of the fact that a smaller number of individuals who share the same objectives and have a common perspective on the way of reaching these objectives will be able to associate. On the other hand, considering the selection possibilities of more various pressure groups, the social subjects could choose to become members of the group which they have the maximal *cultural affinity*.

In the same time, as lower is the *intra-cultural heterogeneity* as easier the diverse concurrent agencies will merge and form a dominant agency, and as easier will be the standardization of the social contract an more stable will be its initial formulation.

This thesis must be interpreted with care: it is not clear enough an a priori proclamation of a significant connection between the *intra-cultural heterogeneity* and the dimension and other characteristics of *agency* and *associations*. The historical nature of these entities, the concrete circumstances of their forming, the “social pressure” which shaped them, the structure of their “production functions”, and the resources that could be engaged in the social (re)distribution process, all that exercise significant formative and structural influences. So, the preceding remarks must be interpreted as “*caeteris paribus*” formulations: if all others parameters are the same, the *associations* and the *agencies* from two social spaces will be different, as a consequence of their *intra-cultural heterogeneity*.

Even more, it is not clear enough the correlation between the *degree of social openness* and *intra-cultural heterogeneity*. So, it could be considered that an accentuated *paradigmatic heterogeneity* tends to contribute to the raising of openness degree, especially by accentuating the un-uniform reactions of the social subjects relative to the existence and functioning of the *agencies* and *associations*: as more the social subjects react distinctively, as more difficult is for these entities to determine a standardized and predictable social climate, and harder is to exercise a constant influence on that climate.

So:

*P<sub>4</sub>: In caeteris paribus conditions, the dynamic of two distinct social spaces it will be differentiated by **intra-cultural heterogeneity** which characterize their paradigmatic configuration: as higher is this heterogeneity, as more the forming and evolution of the **agencies** will be prevalent dominated by actions of “competitive elimination” / violent actions, as smaller will be the **associations** and higher will be both their homogeneity and the **degree of social openness**. More, as higher will be the relative level of **ideological heterogeneity**, as lower will be both the number and the relative impact of **negotiation associations**.*

One of critical aspects for this argumentation is that a higher *intra-cultural heterogeneity* will stimulate the forming of “small dimension” groups. The intuition behind this thesis is relatively simple. On the one hand, the individual social subjects

will tend to associate with other subjects, which share the same common values that have “the same way of thinking”. On the other hand, any institutional entity tends to develop its own “subculture”. Or, its formation is more facile in small dimensions entities, which could easier generate the specific “mélange” between its members’ values and behaviors. Also, this kind of cultural homogenous associations can adopt more easily a “**niche strategy**”, inserting themselves on specific social segments, and transmitting an “institutional image” which permits their individualization in a distinct manner. Despite these relative institutional advantages, it is not sure enough that the associations formed in social spaces with a high degree of *intra-cultural heterogeneity* have an intrinsic **social efficiency**. So, one of the limiting factors of this kind of efficiency is represented by the consensual nature of the decisions taken: because of the homogeneity of the values shared, it is possible that this kind of associations to have a weak hierarchical structure, and the decision making process to be orientated towards a wide agreement between members. By consequence, between institutional costs generated by an association functioning, very important are *the costs of obtaining a consensus* (“intra-institutional costs”). More, this kind of associations will try to satisfy in the best way possible the members’ interests, so that these will have a busy agenda, with not necessary subordinated and/or convergent objectives. And, if the idea that this kind of associations are principally *negotiation associations* is a valid one, this “overcrowded agenda” will limit their negotiation capacity with the agency and, correlatively, will limit the fraction of the social output that they could distribute to their members.

By consequence, it could be formulated a sub-proposition for  $P_4$ :

$P_4$ : *In caeteris paribus conditions, the dynamic of the associations from two distinct social spaces will be differentiated by the **intra-cultural heterogeneity** that characterizes their paradigmatic configuration: as reduced is this heterogeneity, as larger will be the number of small dimension associations, which will try to satisfy a wide range of their members’ interests, having in this way an “overcrowded” agenda, and for which the **costs of obtaining a consensus** represents an important share of **institutional costs**.*

The effects of *intra-cultural heterogeneity* on *associations* are transmitted through associations themselves on the *agencies*, which represents a second “transmission channel” except the direct effects one. The main reason of existence of this kind of channel is that the actions of the *associations* generate an eviction effect on the rights delegation process from members to *agencies* and, by consequence, on their implication on the social space functioning (see Figure 17).

So, for example, from  $P_4$  we could infer the following:

$P_{42}$ : *In caeteris paribus conditions, as lower are the **ideological and motivational heterogeneity**, as stronger will be the **relative social power of negotiating agencies and parallel agencies** relative to the agency, and by consequence, as limited will be its **interfering capacity in the afferent social space**.*

So, the homogenous paradigmatic societies landscape is characterized by the existence of some *agencies* that are forced to action rather “persuasively” and “consensually” relative to *associations*, clients and non-members, and also is characterized by the existence of a wide range of *associations* which are able to determine the (re)distribution of a large share of the social output and to assure the exerting of a large volume of rights to their specific members.

An unclear aspect of the adopted presentation manner is connected with the existence of some possible feedback connections between the *agency/the associations* and the components of the *intra-cultural heterogeneity*. So, a legitimate question could be

formulated as follows: which is the impact of durable institutional entities on cultural values shared by the members of one society?

In fact, this question contains two complementary problems: 1) the **nature** of cultural variables; 2) the institutional **durability**.

1) As mentioned before, we consider *the paradigm* as representing “something much more” than a set of “shared values”. This way, one could remark that an interesting definition for the culture as “shared values” is, for instance, the definition given in KROEBER and KLUCKHOHN [1952] (cited by ADLER [1986]). According to this, culture consist of patterns, explicit and implicit of and for behaviors acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other as conditioning elements of future action.

Culture is:

- Something that is shared by all or almost all members of some social group;
- Something that the older members of the group try to pass on to the younger members; and,
- Something (as in the case of morals, laws and customs) that shapes behavior, or structures one’s perception of the world.

Our vision is much closer to HOFSTEDE [1991] who defines culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another”. Like him, we emphasize that culture is, at least partially, learned, and not only inherited.

Or, if this hypothesis is a valid one, then the *agencies* and the *associations* could influence the cultural variables by actions orientated towards modifying their relative positions inside the *paradigm* or by introduction of new variables. Sure, such influence is possible just in a sufficient temporal interval, but it is essential the fact that such interval could be one “intra-generational”.

2) If it is necessary a “significant” temporal interval for an institutional entity to may action on cultural variables, then, for such interaction to take place, it is necessary that this entity to be *durable*, meaning to have a minimal functioning during this temporal interval. But it is not clear enough what are the “stability conditions” for *associations/agencies*. Sure, one could reason in a similar manner with the one utilized for deriving the “stability conditions” for the “social contract”. Although, there is an essential difference, difference which derives from the necessity to make a differentiation between *temporary delegation* and *permanent delegation*. So, individual social subjects may transfer the exertion of their “natural” or “achieved” rights for a limited period of time (they may formulate a “limited temporary mandate”) for reaching some specific objectives with a time-deadline or they may choose to give a “perpetual” mandate to the principal (without a predefined time-deadline). So, the institutional entities generated by these two types of delegation acts could be “temporal” or “perpetual” institutions. It must be remarked that the manner of presenting of the *agency’s* forming and actions is less compatible with the model of the mandate with a time-deadline: the *agencies* tend to overtake “permanently” the exertion of their clients’ rights and to enforce, by formulating a standardized “social contract”, this overtaking. In exchange, it is possible (although it is not sure that this is “the rule”) that the *negotiating associations* to disappear after reaching their objectives, and *parallel*

*association* which have an efficiency level inferior to that of the *agency* could be competitively eliminated. In the same time, the *agencies* have large dimensions and their impact on the *paradigm* is a large one, given by the capacity to influence a large number of individual social subjects. In exchange, the *associations* could influence only a limited number of the members of the society; the induced paradigm “variations” could only coagulate in *subcultures*.

So:

*P<sub>5</sub>*: The **agencies** tend to be “durable” institutional entities and, by consequence could exercise a significant influence on the ensemble of **paradigmatic** architecture. In exchange, only a part of the **associations** have a “durable” character and their influence on the **paradigm** is limited to its component *subcultures*.

By consequence, it is necessary to modify Figure 17 in the sense from Figure 18, to reflect the ambivalent temporary connections between institutional entities and cultural variables.

Stating the existence of a temporal “reaction” interval “long enough” for the components of *the paradigm* to react at *agencies/associations* behavior, generate a severe limitation for the explanatory capacity of this analysis because doesn’t imply the mechanisms which sustain a “long-term institutional memory”, memory which is necessary for *cultural conditioning* of both the agencies’/associations’ personnel and their members. Alternatively, we could presume that the change of *paradigmatic* architecture results “spontaneously” from the actions undertaken by these institutional entities in the pursuit of the objectives from their current *agenda*. And, for such explanatory versions to be considered, it is necessary to clarify the transmission channels of such “spontaneous” effects.

So, if the presented analytical framework legitimately permits to derive a “one way” connection from *paradigm*’s components to *associations* and *agencies*, it does not permit a proper argumentation of the “inverse” chain reaction, despite the fact that, in the same time, the impossibility of its existence it is not suggested.

Revising, the version of the mandate theory proposed in this analysis, based on some “visible/invisible hand” mechanisms (combined with “social contract” theory), consist in a set of five postulates and a definition of the *paradigm* from which is derived an “extended” definition of the state as a dominant *agency*, and also a definition of the other institutional entities that regroup their clients and non-members.

*P<sub>0</sub>*: Each social subject has an identical set of “natural rights”, but with unequal capacity of exerting them.

*P<sub>1</sub>*: To maximize the derived utility from its “natural rights”, a social subject **X**, could choose to commission a fraction of these, **x**, to another subject **Y**, which has a superior capacity of exerting delegated rights, and correlatively, to share with him a fraction **C** from the output generated by this exertion.

*P<sub>2</sub>*: A social subject **X** can decide the complete or partial delegation of exerting an achieved right towards another subject **Y** if the output of this delegation  $a(x)$ , is superior to the highest of the results derived from exerting his own right  $b(x)$  and respectively, giving it in (together with the corresponding right of exerting) for a “price”  $p(x)$ , in exchange of a fraction **d** of the total resulted output.

**P<sub>3</sub>:** From left to right of the societal spectrum (from closed to open societies) is registered: a reduction of the “level” and “intensity” of the processes of “natural” and “achieved” rights delegation, forming mechanisms of the **agencies** based on “competitive” elimination, a reducing of the **associations’** dimensions, a prevalence of the **parallel associations** comparing with **negotiation associations**, a reduction of **preventive compensation**, a reduced standardization of the “social contract”, a formalization of the clauses that aim at social performance and social subjects liberties preservation, and a passing from social negotiations aiming at reaching a consensus to “competitive” social negotiations.

**P<sub>4</sub>:** In *caeteris paribus* conditions, the dynamic of two distinct social spaces it will be differentiated by the **intra-cultural heterogeneity** which characterize their paradigmatic configuration: as higher is this heterogeneity, as more the forming and evolution of the **agencies** will be strongly dominated by actions of “competitive elimination” / violent actions, as smaller will be the **associations** and higher will be both their homogeneity and the **degree of social openness**. More, as higher will be the relative level of **ideological heterogeneity**, as lower will be both the number and the relative impact of **negotiation associations**.

**P<sub>5</sub>:** The **agencies** tend to be “durable” institutional entities and, by consequence could exercise a significant influence on the ensemble of **paradigmatic** architecture. In exchange, only a part of the **associations** have a “durable” character and their influence on the **paradigm** is limited to its component subcultures.

**D<sub>6</sub>:** Through **paradigm** we understand the dominant collective mental model that individualizes a society from another. This paradigm represents a societal integration factor, by offering common values and goals for the members of the society. Also, this represents the subject of some learning and inter-generational transmission process, which slowly modifies itself, in “long cycles”.

**D<sub>7</sub>:** “**The state**” represents the **macro-agency** or the **dominant agency** of exerting “natural” and “achieved” rights, overtaken from social subjects from certain territory, formed by voluntary association of a number of individual **agencies** or as a result of some violent actions against other **agencies**, against their clients or against own clients, which could limit by effects and temporarily any breaking of its monopoly by other existing or virtual entities, and which is authorized by its clients, for preventive goals, to action in a re-distributive manner for the non-members. The framework in which the relations between this **agency** and the social subjects take place forms the substance of “social contract”. This derives from the standardization of individual contracts negotiated with clients and non-members, which represents a “conglomerate” of contracts including symmetrical and non-symmetrical “clauses” in relation with the **preventive compensation** and the “standard packages” of services offered for exerting of the “natural rights”, respectively “non-standard packages” for exerting the “achieved rights”. For the renegotiation of some individual clauses of the “social contract” or for the parallel exerting of some of their rights, the clients and/or non-members could group in **negotiation associations** / **parallel associations** which have a optimal social scale in a zone defined by the necessity of assuring the negotiating power / the control on a “sufficient” fraction of the social resources, and by the necessity of the preservation of the efficiency of the participation for its members, and of the choice for a competitive / non-competitive position in respect to the dominant agency. The existence of these associations is ethically justified if their object of activity is connected with the exertion of the “natural rights’ and represents a subject of social recognition

*both by the agency's clients, directly or through it, and by the non-members, which, ethically speaking, could accept or refuse their existence if the object of activity is related with the exertion of "achieved rights" and which could state the conditions of their action performing. The ensemble of strategic alliances / force relations between the **agency** and the **macro-associations** or individual **association** defines the social space's frontier. For the social subject from the new generation, the **agency** appears as a given reality, they having the possibility to join the standardized "social contract", to choose for the non-member state, and to form new associations and to participate to existing associations, founded by the past generations, for the renegotiating of the clauses that are not corresponding anymore to the new specific social context. In caeteris paribus conditions, the formation mechanisms, the taxonomy and the agendas of the agencies/associations from two social spaces will be different, influenced by the level of the component variables of the dominant cultural paradigms from these spaces, and by the intra-cultural heterogeneity components. Between the paradigm and the agencies / associations exists both "direct" connections and "inverse" connection that are taking place in "long enough" temporal horizons.*

**Figure 1: The „net” output of delegation for „natural rights”**

	With transmissible exerting	With no transmissible exerting	Fractionable	Non- fractionable
With transmissible exerting			$\frac{[ch(x) + g(1-x)] - g(\ )}{(1-c)h(x)}$	$\frac{ch(\ ) - g(\ )}{(1-c)h(\ )}$
With no transmissible exerting			$\frac{g(\ )}{0}$	$\frac{g(\ )}{0}$
Fractionable	$\frac{[ch(x) + g(1-x)] - g(\ )}{(1-c)h(x)}$	$\frac{g(\ )}{0}$		
Non- fractionable	$\frac{ch(\ ) - g(\ )}{(1-c)h(\ )}$	$\frac{g(\ )}{0}$		

**Figure 2: The “net” output of delegation for “social rights”**

	With transmissible exerting	With no transmissible exerting	Fractionable	Non- fractionable
With transmissible exerting			$\frac{[da(x) + b(1-x)] - \text{MAX}\{b(\ ), p(\ )\}}{(1-d)a(x)}$	$\frac{da(\ ) - \text{MAX}\{b(\ ), p(\ )\}}{(1-d)a(\ )}$
With no transmissible exerting			$\frac{b(\ )}{0}$	$\frac{b(\ )}{0}$
Fractionable	$\frac{[da(x) + b(1-x)] - \text{MAX}\{b(\ ), p(\ )\}}{(1-d)a(x)}$	$\frac{b(\ )}{0}$		
Non- fractionable	$\frac{da(\ ) - \text{MAX}\{b(\ ), p(\ )\}}{(1-d)a(\ )}$	$\frac{b(\ )}{0}$		

**Figure 3: The „net” output of delegation for „natural and social rights”**

	With transmissible exerting	With no transmissible exerting	Fractionable	Non- fractionable
With transmissible exerting			$[ch(x)+g(1-x)]+$ $+[da(x)+b(1-x)]$ $-[g(\ )+MAX\{b(\ ), p(\ )\}]$ $[(1-c)h(x)+(1-d)a(\ )]$ $-e(x)$	$[ch(\ )+da(\ )]$ $-[g(\ )+MAX\{b(\ ), p(\ )\}+i(\ )]$ $[(1-c)h(\ )+(1-d)a(\ )]-e(\ )$
With no transmissible exerting			$g(\ )+b(\ )$ $0$	$g(\ )+b(\ )$ $0$
Fractionable	$[ch(x)+g(1-x)]+$ $+[da(x)+b(1-x)]$ $-[g(\ )+MAX\{b(\ ), p(\ )\}+i(x)]$ $[(1-c)h(x)+(1-d)a(x)]-$ $-e(x)$	$g(\ )+b(\ )$ $0$		
Non- fractionable	$[ch(\ )+da(\ )]$ $-[g(\ )+MAX\{b(\ ), p(\ )\}+i(\ )]$ $[(1-c)h(\ )+(1-d)a(\ )]-e(\ )$	$g(\ )+b(\ )$ $0$		

**Figure 4: The existence conditions for an agency between Y and Z**

Fractionable	Non-fractionable
$  \begin{aligned}  & [c(h((1-f)x) + ov(fx)) + g(1-x)] + \\  & + [d(a((1-m)x) + rw(mx)) + b(1-x)] - \\  & - [g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x)] \\  & > [ch(x) + g(1-x)] + \\  & + [da(x) + b(1-x)] \\  & - [g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x)] \\  \\  & \left[ (1-c)(h((1-f)x) + ov(fx)) + \right. \\  & \left. + (1-d)(a((1-m)x) + rw(mx)) \right] - \\  & - [e(x) + i(x)] > \\  & [(1-c)h(x) + (1-d)a(x)] - \\  & - e(x)  \end{aligned}  $	$  \begin{aligned}  & [cov(\cdot) + drw(\cdot)] \\  & - [g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\cdot)] > \\  & [ch(\cdot) + da(\cdot)] \\  & - [g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\cdot)] \\  \\  & [(1-c)ov(\cdot) + (1-d)rw(\cdot)] - [e(\cdot) + i(\cdot)] > \\  & [(1-c)h(\cdot) + (1-d)a(\cdot)] - e(\cdot)  \end{aligned}  $

*Note:* This not take into account the existence of some possible costs of information about Z encountered by X.

**Figure 5: The existence conditions for an „association” of agencies**

Fractionable	Non-fractionable
$\left[ \begin{aligned} &(1-c)\varphi(\omega(x, \alpha), \beta) + \\ &+ (1-d)\Omega(\delta(x, \alpha), \beta) \end{aligned} \right]^-$ $- [e(x, \beta) + i(x, \beta) + k(\beta, k(\alpha))]$ $> \left[ \begin{aligned} &(1-c)(h((1-f)x) + ov(fx)) + \\ &+ (1-d)(a((1-m)x) + rw(mx)) \end{aligned} \right]^-$ $- [e(x) + i(x)]$	$\left[ \begin{aligned} &(1-c)\varphi(\omega(\alpha), \beta) + \\ &+ (1-d)\Omega(\delta(\alpha), \beta) \end{aligned} \right]^-$ $- [e(\beta) + i(\beta) + k(\beta, k(\alpha))]$ $> [(1-c)ov(\ ) + (1-d)rw(\ )] - [e(\ ) + i(\ )]$

**Figure 6: The conditions for demanding an „association” between agencies**

Fractionable	Non-fractionable
$\left[ c\varphi(\omega(x, \alpha), \beta) + \right.$ $\left. + d\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) \right]$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x, \alpha, \beta) \right]$ $> \left[ c(h((1-f)x) + ov(fx)) + g(1-x) \right]$ $+ \left[ d(a((1-m)x) + rw(mx)) + b(1-x) \right]$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x) \right]$	$\left[ c\varphi(\omega(\alpha), \beta) + \right.$ $\left. + d\Omega(\delta(\alpha), \beta) \right]^{-}$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\alpha, \beta) \right]$ $> \left[ cov(\cdot) + drw(\cdot) \right]$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\cdot) \right]$

**Figure 7: The  $X_I$  agreement for a redistributive policy**

Fractionable	Non-fractionable
$\left[ c\varphi(\omega(x, \alpha), \beta) + \right.$ $\left. + d\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) - \right.$ $\left. - s(x, NM, \theta) \right]$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x, \alpha, \beta) - \right.$ $\left. - \text{MAX}\left\{ \Lambda(x, \theta, NM), \theta \left[ c\varphi(\omega(x, \alpha), \beta) + \right. \right. \right.$ $\left. \left. + d\Omega(\delta(x, \alpha), \beta) \right] \right\} \right]$ $>$ $\left[ c\varphi(\omega(x, \alpha), \beta) + \right.$ $\left. + d\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) \right]$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x, \alpha, \beta) \right]$	$\left[ c\varphi(\omega(\alpha), \beta) + \right.$ $\left. + d\Omega(\delta(\alpha), \beta) - s(NM) \right]^{-}$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\alpha, \beta) - \right.$ $\left. - \text{MAX}\left\{ \Lambda(NM), c\varphi(\omega(\alpha), \beta) + \right. \right.$ $\left. + d\Omega(\delta(\alpha), \beta) \right\} \right]$ $\left[ c\varphi(\omega(\alpha), \beta) + \right.$ $\left. + d\Omega(\delta(\alpha), \beta) \right]^{-}$ $- \left[ g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\alpha, \beta) \right]$

**Figure 8: The  $X_{NM}$  agreement for a *redistributive* policy**

Fractionabile	Non-fractionabile
$s(x, NM, \theta) - \vartheta(x, NM, \theta, \alpha, \beta)$	$s(NM) - \vartheta(NM, \alpha, \beta)$
$\geq \theta \left[ \begin{array}{l} c\varphi(\omega(x, \alpha), \beta) + \\ + d\Omega(\delta(x, \alpha), \beta) - \\ - s(x, NM, \theta) - \Lambda(x, NM, \theta) \end{array} \right]$	$\geq \left[ \begin{array}{l} c\varphi(\omega(\alpha), \beta) + \\ + d\Omega(\delta(\alpha), \beta) - \\ - s(NM) - \Lambda(NM) \end{array} \right]$

where  $\vartheta$  reflects the associated costs of  $X_{NM}$  subjects intentions to appropriate the agency's output.

**Figure 9: The conditions for the “social contract” stability**

Fractionable	Non-fractionable
$\left[ \begin{array}{l} c\varphi(\omega(x, \alpha, t_1), \beta, t_1) + \\ + d\Omega(\delta(x, \alpha, t_1), \beta, t_1) + g((1-x), t_1) + b((1-x), t_1) \\ - s(x, NM, \theta, t_1) \end{array} \right]$	$\left[ \begin{array}{l} c\varphi(\omega(\alpha, t_1), \beta, t_1) + \\ + d\Omega(\delta(\alpha, t_1), \beta, t_1) - \\ - s(NM, t_1) \end{array} \right]$
$\left[ \begin{array}{l} g(t_1) + \text{MAX}\{b(t_1), p(t_1)\} + i(x, \alpha, \beta, t_1) - \\ - \text{MAX}\left\{ \Lambda(x, \theta, NM, t_1), \theta \left[ \begin{array}{l} c\varphi(\omega(x, \alpha, t_1), \beta, t_1) + \\ + d\Omega(\delta(x, \alpha, t_1), \beta, t_1) \end{array} \right] \right\} \end{array} \right]$	$\left[ \begin{array}{l} g(t_1) + \text{MAX}\{b(t_1), p(t_1)\} + i(\alpha, \beta, t_1) \\ - \text{MAX}\left\{ \Lambda(NM, t_1), \left[ \begin{array}{l} c\varphi(\omega(\alpha, t_1), \beta, t_1) + \\ + d\Omega(\delta(\alpha, t_1), \beta, t_1) \end{array} \right] \right\} \end{array} \right]$
$\geq$	$\geq$
$\left[ \begin{array}{l} c\varphi(\omega(x, \alpha, t_0), \beta, t_0) + \\ + d\Omega(\delta(x, \alpha, t_0), \beta, t_0) + g((1-x), t_0) + b((1-x), t_0) \\ - s(x, NM, \theta, t_0) \end{array} \right]$	$\left[ \begin{array}{l} c\varphi(\omega(\alpha, t_0), \beta, t_0) + \\ + d\Omega(\delta(\alpha, t_0), \beta, t_0) - \\ - s(NM, t_0) \end{array} \right]$
$\left[ \begin{array}{l} g(t_0) + \text{MAX}\{b(t_0), p(t_0)\} + i(x, \alpha, \beta, t_0) - \\ - \text{MAX}\left\{ \Lambda(x, \theta, NM, t_0), \theta \left[ \begin{array}{l} c\varphi(\omega(x, \alpha, t_0), \beta, t_0) + \\ + d\Omega(\delta(x, \alpha, t_0), \beta, t_0) \end{array} \right] \right\} \end{array} \right]$	$\left[ \begin{array}{l} g(t_0) + \text{MAX}\{b(t_0), p(t_0)\} + i(\alpha, \beta, t_0) \\ - \text{MAX}\left\{ \Lambda(NM, t_0), \theta \left[ \begin{array}{l} c\varphi(\omega(\alpha, t_0), \beta, t_0) + \\ + d\Omega(\delta(\alpha, t_0), \beta, t_0) \end{array} \right] \right\} \end{array} \right]$

**Figure 10: The conditions for the *agency* „optimal” dimensions**

Fractionable	Non-fractionable
$\left\{ \begin{array}{l} (1-c) \left[ \begin{array}{l} \partial_{\alpha} (\varphi(\omega(x, \alpha), \beta)) + \\ + \partial_{\beta} (\varphi(\omega(x, \alpha), \beta)) \end{array} \right] \\ + (1-d) \left[ \begin{array}{l} \partial_{\alpha} (\Omega(\delta(x, \alpha), \beta)) \\ \partial_{\beta} (\Omega(\delta(x, \alpha), \beta)) \end{array} \right] \end{array} \right.$ $=$ $\left[ \begin{array}{l} \partial_{\beta} (e(x, \beta)) + \partial_{\beta} (i(x, \beta)) + \\ \partial_{\alpha} (k(\beta, k(\alpha))) + \partial_{\beta} (k(\beta, k(\alpha))) \end{array} \right]$	$\left\{ \begin{array}{l} (1-c) \left[ \begin{array}{l} \partial_{\alpha} (\varphi(\omega(\alpha), \beta)) + \\ + \partial_{\beta} (\varphi(\omega(\alpha), \beta)) \end{array} \right] \\ + (1-d) \left[ \begin{array}{l} \partial_{\alpha} (\Omega(\delta(\alpha), \beta)) \\ \partial_{\beta} (\Omega(\delta(\alpha), \beta)) \end{array} \right] \end{array} \right.$ $=$ $\left[ \begin{array}{l} \partial_{\beta} (e(\beta)) + \partial_{\beta} (i(\beta)) + \\ \partial_{\alpha} (k(\beta, k(\alpha))) + \partial_{\beta} (k(\beta, k(\alpha))) \end{array} \right]$

**Figure 11: The conditions for the participation in an association**

Fractionable	Non-fractionable
$\left[ \begin{aligned} &(c + \Delta c)\phi(a(x, \alpha), \beta) + \\ &+ (d + \Delta d)\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) - \\ &- s(x, NM, \theta) \end{aligned} \right] -$ $\left[ \begin{aligned} &g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x, \alpha, \beta) - \\ &- \text{MAX}\left\{ \Lambda(x, \theta, NM), \theta \left[ \begin{aligned} &c\phi(a(x, \alpha), \beta) + \\ &+ d\Omega(\delta(x, \alpha), \beta) \end{aligned} \right] \right\} \end{aligned} \right] -$ $- \phi(\tau, l)$	$\left[ \begin{aligned} &(c + \Delta c)\phi(a(\alpha), \beta) + \\ &+ (d + \Delta d)\Omega(\delta(\alpha), \beta) - \\ &- s(NM) \end{aligned} \right] -$ $\left[ \begin{aligned} &g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\alpha, \beta) - \\ &- \text{MAX}\left\{ \Lambda(NM), \left[ \begin{aligned} &(c + \Delta c)\phi(a(\alpha), \beta) + \\ &+ (d + \Delta d)\Omega(\delta(\alpha), \beta) \end{aligned} \right] \right\} \end{aligned} \right] -$ $- \phi(\tau, l)$
<p>&gt;</p>	<p>&gt;</p>
$\left[ \begin{aligned} &c\phi(a(x, \alpha), \beta) + \\ &+ d\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) - \\ &- s(x, NM, \theta) \end{aligned} \right] -$ $\left[ \begin{aligned} &g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(x, \alpha, \beta) - \\ &- \text{MAX}\left\{ \Lambda(x, \theta, NM), \theta \left[ \begin{aligned} &c\phi(a(x, \alpha), \beta) + \\ &+ d\Omega(\delta(x, \alpha), \beta) \end{aligned} \right] \right\} \end{aligned} \right]$	$\left[ \begin{aligned} &c\phi(a(\alpha), \beta) + \\ &+ d\Omega(\delta(\alpha), \beta) - \\ &- s(x, NM, \theta) \end{aligned} \right] -$ $\left[ \begin{aligned} &g(\cdot) + \text{MAX}\{b(\cdot), p(\cdot)\} + i(\alpha, \beta) - \\ &- \text{MAX}\left\{ \Lambda(NM), \left[ \begin{aligned} &c\phi(a(\alpha), \beta) + \\ &+ d\Omega(\delta(\alpha), \beta) \end{aligned} \right] \right\} \end{aligned} \right]$
<p>or</p>	<p>or</p>

$\left[ \begin{array}{l} c_a \varphi_a(\omega_a(x_a, \tau), l) + \\ + d_a \Omega_a(\delta_a(x_a, \tau), l) + g(1-x_a) + b(1-x_a) \end{array} \right] -$ $\left[ \begin{array}{l} g(\ ) + \text{MAX}\{b(\ ), p(\ )\} + i(x_a, \tau, l) - \\ - \text{MAX}\left\{ \Lambda_a(x_a, \theta, NM), \theta \left[ \begin{array}{l} c_a \varphi_a(\omega_a(x_a, \tau), l) + \\ + d_a \Omega_a(\delta_a(x_a, \tau), l) \end{array} \right] \right\} \end{array} \right] +$ $+ \Phi(k(\tau), l) + \xi(x, \tau, l)$ <p style="text-align: center;">&gt;</p> $\left[ \begin{array}{l} c\varphi(\omega(x, \alpha), \beta) + \\ + d\Omega(\delta(x, \alpha), \beta) + g(1-x) + b(1-x) - \\ - s(x, NM, \theta) \end{array} \right] -$ $\left[ \begin{array}{l} g(\ ) + \text{MAX}\{b(\ ), p(\ )\} + i(x, \alpha, \beta) - \\ - \text{MAX}\left\{ \Lambda(x, \theta, NM), \theta \left[ \begin{array}{l} c\varphi(\omega(x, \alpha), \beta) + \\ + d\Omega(\delta(x, \alpha), \beta) \end{array} \right] \right\} \end{array} \right]$	$\left[ \begin{array}{l} c_a \varphi_a(\omega_a(\tau), l) + \\ + d_a \Omega_a(\delta_a(\alpha), \beta) \end{array} \right] -$ $\left[ \begin{array}{l} g(\ ) + \text{MAX}\{b(\ ), p(\ )\} + i(\tau, l) - \\ - \text{MAX}\left\{ \Lambda_a(NM), \left[ \begin{array}{l} c_a \varphi_a(\omega_a(\tau), l) + \\ + d_a \Omega_a(\delta_a(\tau), l) \end{array} \right] \right\} \end{array} \right] +$ $+ \Phi(k(\tau), l) + \xi(\tau, l)$ <p style="text-align: center;">&gt;</p> $\left[ \begin{array}{l} c\varphi(\omega(\alpha), \beta) + \\ + d\Omega(\delta(\alpha), \beta) - \\ - s(NM) \end{array} \right] -$ $\left[ \begin{array}{l} g(\ ) + \text{MAX}\{b(\ ), p(\ )\} + i(\alpha, \beta) - \\ - \text{MAX}\left\{ \Lambda(NM), \left[ \begin{array}{l} c\varphi(\omega(\alpha), \beta) + \\ + d\Omega(\delta(\alpha), \beta) \end{array} \right] \right\} \end{array} \right]$
--	--

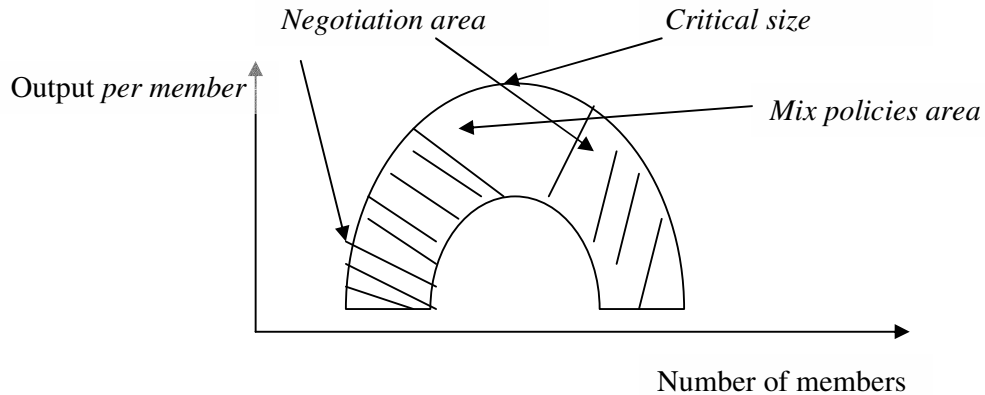
where  $a$  index represents the „production functions” and the parameters specific to the associations.

**Figure 12: The negotiation conditions**

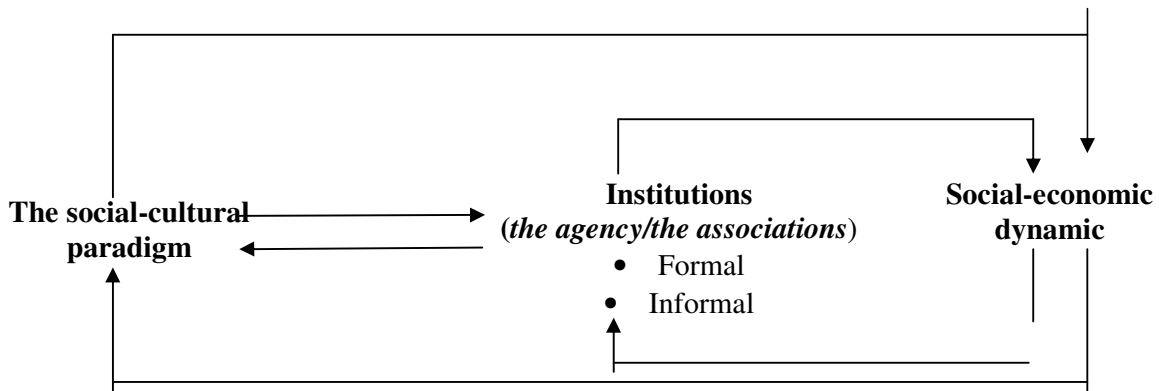
Fractionable	Non-fractionable
$\begin{aligned} & \left[ (1 - (c + \Delta c))\varphi(\omega(x, \alpha), \beta) + \right. \\ & \left. + (1 - (d + \Delta d))\Omega(\delta(x, \alpha), \beta) \right] \\ & - [e(x, \beta) + i(x, \beta) + k(\beta, k(\alpha))] \\ & \geq \\ & \left[ c_a \varphi_a(\omega_a(x_a, \tau), l) + \right. \\ & \left. + d_a \Omega_a(\delta_a(x_a, \tau), l) \right] + \\ & + \mu(x, \tau, l) + u(x, \tau, l) \end{aligned}$	$\begin{aligned} & \left[ (1 - (c + \Delta c))\varphi(\omega(\alpha), \beta) + \right. \\ & \left. + (1 - (d + \Delta d))\Omega(\delta(\alpha), \beta) \right] \\ & - [e(\beta) + i(\beta) + k(\beta, k(\alpha))] \\ & \geq \\ & \left[ c_a \varphi_a(\omega_a(\tau), l) + \right. \\ & \left. + d_a \Omega_a(\delta_a(\tau), l) \right] + \\ & + \mu(\tau, l) + u(\tau, l) \end{aligned}$

Note: Whithout taking into account the effective negotiation costs.

**Figure 13: Associations scale and output per member**



**Figure 14: The connections between the paradigm, the institutions and the social-economic dynamic**



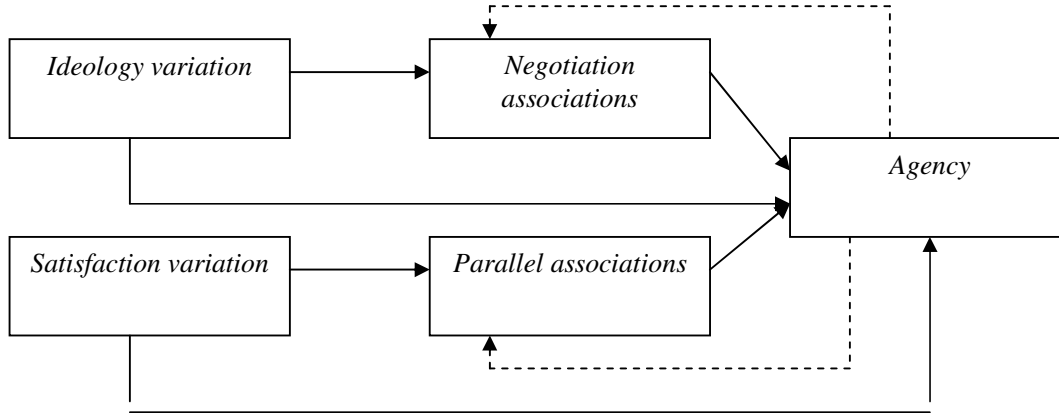
**Figure 15: The characteristic of the different paradigms**

	“X”	“Y”	“Z”
<b>PD</b>	Reduced	Medium	Pronounced
<b>I</b>	Reduced	Medium	Pronounced
<b>M</b>	Reduced	Medium	Pronounced
<b>UAI</b>	Pronounced	Medium	Reduced

**Figure 16: From close to open societies**

	“X”	“Y”	“Z”
<b>Delegation</b>	Intense	Medium	Reduced
<b>Emerging mechanisms for the agencies and the associations</b>	„Consensual association”	„Consensual association”/ „Competitive association”	„Competitive association”
<b>„Social contract”</b>	Detailed and highly standardized	Nivel mediu de detaliere și standardizare	Reduced level of detailation and standardization
<b>Social negotiations</b>	Consensual	Consensual/Competitive	Competitive

**Figure 17: Intra-cultural heterogeneity, associations and agency**



**Figure 18: Intra-cultural heterogeneity, associations and agency: “short” and “long” time influences**

