# Contents

1 **Theoretical Context of Institution Reform** ........................................ 1  
1.1 Transaction Nature of Institution Reform ................................... 5  
1.2 Classification Limitation of Institution Reform ......................... 8  
1.3 Equilibrium Constraint of Institution Reform .......................... 11  
1.4 Logical Structure and Arrangement ........................................... 14  

2 **Theoretical Natures of China Institution Change** .................... 21  
2.1 Institution Absence of Neoclassical Economics ....................... 22  
2.2 Improper Substitution of the Transaction Cost Concept ............ 28  
2.3 Paradigm Misuse of the Social Choice Theory .......................... 32  

3 **The Social Scientific Value of the Bargaining Game Theory** ....... 39  
3.1 Cooperative Essence of Transaction ........................................ 40  
3.2 Social Efficiency of Generalized Transaction .......................... 47  
3.3 Fair Value of Generalized Transaction .................................... 50  
3.4 Bargaining Programming of Generalized Transaction ............... 54  
3.5 Cooperative Order of the Bargaining Transaction .................... 58  

4 **The Logic of Bargaining Game** .................................................. 61  
4.1 Core, Competitive Equilibrium and the Four Elements of  
Bargaining ......................................................... 62  
4.2 Nash Bargaining Problems .................................................... 70  
4.3 Perfect Equilibrium of Rubinstein Sequential Bargaining ........ 74  
4.4 “Nash Bargaining Programing” of Binmore ......................... 77  
4.4.1 “Cooperation” Culture Based on the Equilibrium  
Concept ......................................................... 78  
4.4.2 Cultural Meanings of the Original Position ....................... 80  
4.4.3 Bargaining Game Based on Empathy Preference ............... 83  

Appendix of Chapter 4: Basic Solutions of Bargaining Game .......... 91
5 An Economic Expression of Institution Theory

5.1 General Characteristics of Institution Expression

5.1.1 Contract Theory of the Institution

5.1.2 Equilibrium Logic of the Institution

5.2 Properties and Principle of Institution Expression

5.2.1 Principle of Individualistic Rationality

5.2.2 Principle Utilitarian Economic

5.2.3 Principle of Consistency Between Normativeness and Empiricalness

5.3 Institution Expression Based on the 2D Social Index

5.3.1 Set of Social Members

5.3.2 Behavior Space of Social Members and the Behavior Universal Set

5.3.3 Topology Structure of the Institutional Function

5.4 Institution Classification Based on Utilitarian Expression

6 The Bargaining Context of General Institution Reform

6.1 The Complete Information of Institution Reform

6.2 The Two-Person Game Nature of Institution Reform

6.3 Asymmetric Game Nature of Institution Reform

6.4 Non-violence Hypothesis of Institution Reform

Appendix: Definition of the Bargaining Game of General Institution Reform

7 The Bargaining Context of China Institution Reform

7.1 Institution Reform Based on the Same Ideology

7.2 Political Connotation of China Institution Reform

7.3 The Bargaining Ability of China Institution Reform

7.3.1 Institution Connotation of the Social Index

7.3.2 The Value of the 2D-Social Index

Appendix: The Bargaining Game Definition of China’s Institution Reform

8 Bargaining Equilibrium of Institutional Reform

8.1 Axiomatic Solution of General Institution Reform

8.2 Institutional Reform Equilibrium Based on “Nash Bargaining Programming”

8.3 Institutional Reform Equilibrium Based on “Asymmetry”

8.4 Bargaining Solution of Institution Reform Based on 2D Social Indexes

9 Practice Explanations of the Bargaining Institutional Reform of China

9.1 Examples of China Bargaining Institutional Reform

9.2 A “n + 1 Persons” Bargaining Solution of “The Mass Line”
9.2.1 Basic Hypotheses of the Model ....................... 199
9.2.2 The Bargaining Solution of Nonparticipation Behavior of the Publics ......................... 200
9.2.3 Institutional Implementation Cost ...................... 203
9.2.4 Institution Equilibrium of the Mass Line .............. 205

9.3 Compromise Value of China Bargaining
   Institutional Reform ..................................... 207

9.4 Fair Value of China Bargaining Institutional Reform .......... 210
9.5 Efficiency Value of China Bargaining Institutional Reform ..., 211

10 Logical Defects of the Two-Person Bargaining Institution Reform ........................................ 215
10.1 Logical Paradox of Non-violent Culture ...................... 217
10.2 The Agent Cost of the Two-Person Game ................... 220
10.3 Incomplete Information Solution of Institution Reform .. 225

11 A Naturalism Understanding on China’s Institution Reform .... 229
11.1 Institution Reform Concept in Hume’s Sense ................ 232
11.2 “The Mass Line” and the Naturalism Politics of Bargaining, ... 235
11.3 Discussion on Political Democracy ......................... 238

Appendix .................................................. 245
References .................................................. 249
Parse of China
Gradual Reform Logic Based on Bargaining Game
Tong, Y.
2017, XIX, 258 p. 41 illus., Hardcover