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Evolutionary cycles of cooperation and defection

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1

The main obstacle for the evolution of cooperation is that natural selection favors defection in most settings. In the repeated Prisoner's Dilemma, two individuals interact several times and, in each round, they have a choice between cooperation and defection. We analyze the evolutionary dynamics of three simple strategies for the repeated Prisoner's Dilemma: always defect (ALLD), always cooperate (ALLC) and tit-for-tat (TFT). We study mutation-selection dynamics in finite populations. Despite ALLD being the only strict Nash equilibrium, we observe evolutionary oscillations among all three strategies. The population cycles from ALLD to TFT to ALLC and back to ALLD. Most surprisingly, the time average of these oscillations can be entirely concentrated on TFT. In contrast to the classical expectation, which is informed by deterministic evolutionary game theory of infinitely large populations, stochastic evolution of finite populations need not choose the strict Nash equilibrium and can therefore favor cooperation over defection.

In the prisoner's dilemma (PD), two players have the choice to cooperate or to defect. Both obtain payoff R for mutual cooperation, but a lower payoff P for mutual defection. If one individual defects, while the other cooperates, then the defector receives the highest payoff T whereas the cooperator receives the lowest payoff S. We have $T > R > P > S$. Defection dominates cooperation: in any mixed population, defectors have a higher fitness than cooperators.

As is standard in repeated games, new strategies become possible when the game is repeated, and these strategies can lead to a wider range of equi-

librium outcomes (1-8). In particular, in the infinitely repeated prisoner's dilemma, cooperation becomes an equilibrium outcome, but defection remains an equilibrium as well (9, 10). To select between these equilibria, (11 - 13) looked at the replicator dynamic on a continuum population, and (14, 15) applied variants of evolutionary stability to repeated games with complexity costs. These solution concepts do not have explicit dynamics and are based on models with a continuum population.

Our goal is to study explicit evolutionary dynamics in a large but finite population. In order to explicitly model evolutionary dynamics, the space of possible strategies must be restricted. In this paper, we explore the evolutionary dynamics of three strategies, ALLD, ALLC and TFT. TFT cooperates in the first move and then does whatever the opponent did in the previous move. Ever since Axelrod's celebrated computer tournaments (16), TFT is a world-champion in the repeated PD, although it has some weaknesses and has at times been defeated by other strategies (11, 12, 17). For our purpose here, these weaknesses are not important. We conjecture that similar results hold for other reciprocal strategies, such as generous-tit-for-tat (11) or win-stay, lose-shift (12, 18), which is also known as perfect-tit-for-tat (15).

We consider a finitely repeated game with an average number of rounds, m. TFT is a conditional strategy, while the other two strategies are unconditional. Hence, it is natural to include a complexity cost for TFT (14): the payoff for TFT is reduced by a small constant, c. The payoff matrix is given

by

$$
\begin{array}{c}
\begin{array}{ccc}
\quad\text{ALLC} & \quad\text{ALLD} & \quad\text{TFT}
\end{array} \\
\begin{array}{c}
\text{ALLC} \\
\text{ALLD} \\
\text{TFT}
\end{array}
\left(
\begin{array}{ccc}
Rm & Sm & Rm \\
Tm & Pm & T + P(m-1) \\
Rm - c & S + P(m-1) - c & Rm - c
\end{array}
\right)
\end{array}
\qquad (1)
$$

The pairwise comparison of the three strategies leads to the following conclusions. (i) ALLC is dominated by ALLD, which means it is best to play ALLD against both ALLC and ALLD. (ii) TFT is dominated by ALLC. These two strategies cooperate in every single round, but the complexity cost of TFT implies that ALLC has a higher payoff. (iii) If the average number of rounds exceeds a minimum value, $m > (T - P + c)/(R - P)$, then TFT and ALLD are bistable. This means choosing between ALLD and TFT, each strategy is a best response to itself.

Let us now consider traditional evolutionary game dynamics of all three strategies as given by the replicator equation (19-21). This approach describes deterministic selection in infinitely large populations. The frequency of a strategy increases at a rate given by the difference between its fitness and the average fitness of the population. The fitness of a strategy is the expected payoff from the game assuming many random encounters with other individuals. In this framework, any mixed population of ALLC, TFT and ALLD will converge to a pure ALLD population. The state where everybody plays ALLD is the only stable equilibrium.

This outcome does not surprise us. From the payoff matrix (1) we see that ALLD is the only evolutionarily stable strategy (ESS) and the only strict Nash equilibrium (22-24). If everybody uses ALLD, then every other

strategy has a lower fitness. Hence, no mutant strategy can invade an ALLD population. In contrast, neither TFT nor ALLC nor any mixed population have this property.

We can extend the replicator equation and consider selection and mutation in a deterministic framework. In the resulting 'replicator-mutator equation' (see Appendix), deterministic evolutionary dynamics remain essentially the same for very small mutation rates: all trajectories starting in the interior converge to a population that consists of almost only ALLD players. We call this equilibrium 'almost ALLD'. For small or zero mutation rates, there is also an unstable mixed equilibrium containing all three strategies. When there are no mutations, the proportion of ALLD players in this equilibrium is $c/[(m-1)(P-S)]$ and thus can be made arbitrarily small by increasing the number of rounds or by reducing the complexity cost. If the mutation rate exceeds a critical value, a stable limit cycle forms around this mixed equilibrium, so that there are two basins of attraction. Certain initial conditions converge to 'almost ALLD', while others converge to the limit cycle. For even larger mutation rates, 'almost ALLD' loses stability, and the limit cycle becomes a global attractor. There is another critical mutation rate, where the limit cycle disappears and all trajectories converge to a stable mixed equilibrium containing all three strategies. Figure 1 illustrates these deterministic dynamics.

Let us now move from deterministic evolution of infinite populations to stochastic evolution of finite populations (25-31). We study a frequency dependent Moran process (30-32) with mutation. In each time period, an individual is chosen for reproduction with a probability proportional to its

5

fitness. The offspring replaces a randomly chosen individual. The total population size is constant. With a small mutation probability, the offspring does not use the same strategy as the parent, but one of the two other strategies. A precise description of the stochastic process is in the Appendix. Reproduction can be interpreted genetically or culturally. In the latter case, successful strategies spread by learning (or imitation) from one individual to another.

The evolutionary dynamics of this stochastic process differ from the deterministic approach. In the limiting case of very small mutation rates, the stochastic process does not converge to ALLD, but instead there are endless oscillations from ALLC to ALLD to TFT and back to ALLC. For a long time, the population is almost homogeneous for one strategy, but then a mutant is produced which generates a lineage that takes over the population. The transition rate from one homogeneous population to the next is given by the product of the population size, N, times the mutation rate u, times the fixation probability of the mutant in the resident population. The oscillations tend to revolve in one direction, because the transitions from ALLC to ALLD, from ALLD to TFT, and from TFT to ALLC are much more likely than the corresponding reverse transitions.

Surprisingly, the time average of these oscillations can be entirely dominated by TFT. This means for most of the time the population is in a state that consists of only TFT players. This observation is of interest, because in the limit of very small mutation rates, an infinite population chooses defection, but a finite population (of the right size) chooses reciprocity. This is a remarkable result given that the payoff matrix (1) clearly indicates that

ALLD is the only strict Nash solution and the only ESS. We observe that neither concept implies evolutionary success in the stochastic setting of finite populations.

The Appendix contains a theorem which states that the stochastic process has a time average which is arbitrarily close to TFT. More precisely, for a suitable range of population sizes, the population consists most of the time of only TFT players, provided the average number of rounds m of the repeated prisoner's dilemma is large enough. Figure 2 shows the (stationary) distribution of the stochastic process for numerical simulations.

The transition rate from an ALLD population to a TFT population is $Nu\rho$ where ρ is the fixation probability of a single TFT player in an ALLD population. The transition rate from a TFT to an ALLC population is of order u, because ALLC and TFT are nearly neutral given a small complexity cost of TFT. The transition rate from an ALLC to an ALLD population is of order Nu, because ALLD has a strong selective advantage. Therefore, the most rapid transition is from ALLC to ALLD. If $N\rho > 1$ then the transition from ALLD to TFT is faster than the transition from TFT to ALLC. In this case, the population consists most often of TFT players.

A natural extension of our work would be to accommodate the possibility that players make mistakes, so that there is a small probability that a realized action is different from the intended action (15). This seems to be particularly relevant when the number of rounds is large. In a recent paper (33), Brandt and Sigmund study the effects of errors in a deterministic model for the evolution of an infinite population of ALLC, ALLD and TFT players.

Evolutionary game theory of the last two decades has largely focused

on deterministic descriptions of infinitely large populations. Most of our intuitions about evolutionary dynamics come from this important tradition (20, 21). In this paper, we have shown that the intrinsic stochasticity of finite populations can lead to surprising outcomes. Instead of convergence to the only strict Nash solution, ALLD, we observe oscillations from ALLD to TFT to ALLC and back to ALLD with a time average that is concentrated on TFT. Stochastic evolution in finite populations leads to a natural selection of reciprocity.

Appendix

Deterministic replicator dynamics. Deterministic evolutionary game dynamics are given by the replicator equation (19-21)

$$\dot{x}_i = x_i(f_i - \phi), \qquad i = 1, \ldots, n.$$

Here x_i denotes the frequency of strategy i. The payoff matrix is $A = [a_{ij}]$. The fitness of strategy i is $f_i = \sum_j x_j a_{ij}$. The average fitness of the population is $\phi = \sum_i x_i f_i$. Note that $\sum_i x_i = 1$.

Deterministic replicator dynamics with mutations. Frequency dependent selection and mutation can be described by the replicator-mutator equation

$$\dot{x}_i = \sum_{j=1}^{n} x_j f_j q_{ji} - x_i \phi, \qquad i = 1, \ldots, n.$$

Here q_{ij} denotes the probability that strategy i generates an offspring using strategy j. In Figure 1, $q_{ij} = u$ for $i \neq j$, and $q_{ii} = 1 - 2u$.

Stochastic dynamics in finite populations. Consider a population of size N and let $u \geq 0$ denote the mutation probability. Let $A = (a_{ij})_{i,j=1}^{3}$ be

8

a positive payoff matrix. We define a frequency dependent Moran process $X(t) = X(t; u, N, A), t = 0, 1, 2, \ldots$, on the state space

$$\mathcal{S}_N = \left\{ (x_1, x_2, x_3) \in \mathbb{N}_0^3 : x_1 + x_2 + x_3 = N \right\}.$$

Here x_i denotes the number of players using strategy i. If the population is in state (x_1, x_2, x_3) with $x_i \geq 1$, then the fitness of individuals using strategy i is

$$f(i) = f(i, x_1, x_2, x_3; N, A) = \frac{\sum_{j=1}^3 a_{ij} x_j - a_{ii}}{N - 1} > 0.$$

We subtract a_{ii} because the individual does not interact with itself. In each time step we choose one individual for reproduction and one for death. The probability that an individual with strategy i reproduces is given by $x_i f(i) / \sum_j x_j f(j)$. The probability that the offspring of this individual will use strategy i is $1 - 2u$. With probability u the offspring will use one of the two other strategies. The offspring is replacing a randomly chosen individual; an individual using strategy i is removed with probability x_i/N. This algorithm defines a Markov chain on $\mathcal{S}_N$. If $u > 0$, the stochastic process has no absorbing states and the transition matrix is irreducible. Hence there is a well defined unique stationary distribution $\pi = \pi(s; u, N, A)$, $s \in \mathcal{S}_N$, determined by the left-hand eigenvector associated with the unique largest eigenvalue 1.

Limit distribution for small mutations. Consider the homogeneous states $s_1 = (N, 0, 0)$, $s_2 = (0, N, 0)$, $s_3 = (0, 0, N)$. Let $\rho_{ij}(N, A)$ be the probability that the no-mutation process $\{X(t; 0, N, A)\}$ gets absorbed in s_j if initially every individual but one plays i and one plays j. To determine the limit of the stationary distribution as the mutation rate goes to zero, we

9

consider an associated Markov chain on the reduced state space $\{s_1, s_2, s_3\}$ with transition matrix $\Lambda(N, A) = (\Lambda_{ij}(N, A))_{i,j=1}^3$, where

$$\Lambda_{ij}(N, A) = \frac{1}{2}\rho_{ij}(N, A), \quad j \neq i, \qquad \Lambda_{ii}(N, A) = 1 - \frac{1}{2}\sum_{j \neq i}\rho_{ij}(N, A).$$

For every N and every positive payoff matrix A, the matrix $\Lambda(N, A)$ is positive. Therefore there is a unique positive vector

$$\boldsymbol{\lambda}(N, A) = (\lambda_1(N, A), \lambda_2(N, A), \lambda_3(N, A))$$

such that

$$\boldsymbol{\lambda}(N, A)\Lambda(N, A) = \boldsymbol{\lambda}(N, A), \qquad \lambda_1(N, A) + \lambda_2(N, A) + \lambda_3(N, A) = 1.$$

It can be shown that

$$\lim_{u \to 0} \pi(s_j; u, N, A) = \lambda_j(N, A) \qquad \text{for } j = 1, 2, 3, \tag{2}$$

and for every $s \in \mathcal{S}_N \setminus \{s_1, s_2, s_3\}$,

$$\lim_{u \to 0} \pi(s; u, N, A) = 0.$$

Note that $f(i, x_1, x_2, x_3; N, A)$, $\rho_{ij}(N, A)$, $\Lambda(N, A)$ and $\boldsymbol{\lambda}(N, A)$ depend continuously on A.

Returning to the prisoner's dilemma game, fix payoffs

$$T > R > P > S > 0.$$

Identify strategies 1:AllC, 2:AllD, 3:TFT. Let $c \in [0, S)$ be the overall cost of playing TFT. For every expected number of rounds $m \geq 1$ let

$$A(m) = \begin{bmatrix} R & S & R \\ T & P & \frac{1}{m}T + P\left(1 - \frac{1}{m}\right) \\ R - \frac{c}{m} & \frac{1}{m}S + P\left(1 - \frac{1}{m}\right) - \frac{c}{m} & R - \frac{c}{m} \end{bmatrix}.$$

The following theorem states that for a suitable range of population sizes, the population consists most of the time of TFT players, provided the average number of rounds is large enough.

Theorem. *Given $\epsilon > 0$, there exists a population size N_0 such that the following holds. For every $N_1 > N_0$ there exists $m_0 \in \mathbb{N}$ such that for every $m \geq m_0$ there is $u_0(m) > 0$ such that*

$$\pi(s_3; u, N, A(m)) \geq 1 - \epsilon \qquad \text{for every } N \in \{N_0, \ldots, N_1\} \text{ and } 0 < u \leq u_0(m).$$

A proof of the theorem is given in (34). Here we provide only a sketch of the proof. In the first step, we consider the Moran process corresponding to the prisoner's dilemma game with infinitely many rounds. The payoff matrix is given by

$$\overline{A} = \lim_{m \to \infty} A(m) = \begin{bmatrix} R & S & R \\ T & P & P \\ R & P & R \end{bmatrix}.$$

We examine the asymptotic behavior of the fixation probabilities $\rho_{ij}(N, \overline{A})$ for the no-mutation process as $N \to \infty$. In the second step, we turn to the associated Markov chain on the reduced state space $\{s_1, s_2, s_3\}$. We use the results from the first step to determine the behavior of the stationary distribution $\boldsymbol{\lambda}(N, \overline{A})$ as $N \to \infty$. It turns out that

$$\lim_{N \to \infty} \lambda_3(N, \overline{A}) = 1. \tag{3}$$

Thus in the infinitely repeated prisoner's dilemma, the associated Markov chain spends nearly all the time at TFT when N is large. On the other

hand, it can be shown that for any finite number of rounds,

$$\lim_{N \to \infty} \lambda_3(N, A(m)) = 0. \tag{4}$$

In the third step, we deduce that $\lambda_3(N, A(m))$ is close to 1 provided that (i) m and N are large enough, see (3), and (ii) N is not too large, see (4). To return from the associated Markov chain to the original chain on the whole state space $\mathcal{S}_N$, we finally use the limit relation (2).

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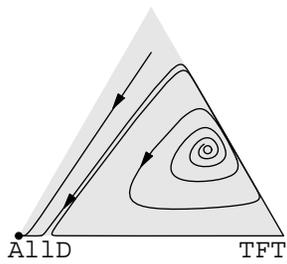
Figure Legends

Fig. 1. Deterministic replicator dynamics of an infinite population with different mutation rates u. Full circles represent stable stationary points, empty circles represent unstable stationary points. In panels b) and c), the symbol $\times$ indicates the time average of the limit cycle. The payoffs in the prisoner's dilemma game are $T = 5$, $R = 3$, $P = 1$, $S = 0.1$, the expected number of rounds is $m = 10$, and the complexity cost for TFT is $c = 0.8$.

Fig. 2. Frequencies of visits of the Moran process for different population sizes N and different mutation rates u. Dark points correspond to states that are often visited. Most points in the interior of the state space are rarely visited, transitions from AllC to AllD and from AllD to TFT are faster than those from TFT to AllC. The process spends most of the time at or near the state where everyone plays TFT. For the smaller mutation rate, the concentration of the stationary density to the vertices is more strongly pronounced. The payoffs are $T = 5$, $R = 3$, $P = 1$, $S = 0.1$, the expected number of rounds is $m = 10$, and the complexity cost for TFT is $c = 0.8$. The arrows indicate the direction of the stochastic oscillations.
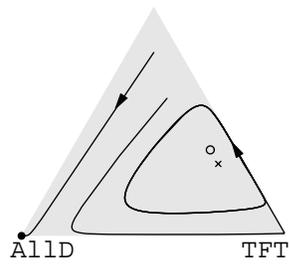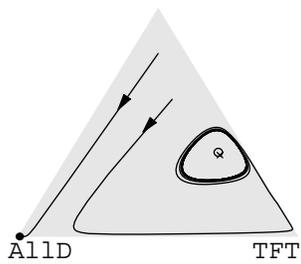
a) u= 10^{-8}

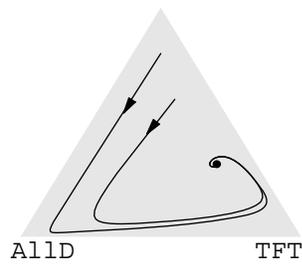AllC

AllD   TFT

b) u= 10^{-4}

AllC

AllD   TFT

c) u= 10^{-3}

AllC

AllD   TFT

d) u= 10^{-2}

AllC

AllD   TFT

a) N=30, u= 10^{-3}

AllC

AllD ⟶ TFT

b) N=30, u= 10^{-2}

AllC

AllD ⟶ TFT

c) N=60, u= 10^{-3}

AllC

AllD ⟶ TFT

d) N=60, u= 10^{-2}

AllC

AllD ⟶ TFT