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Mutation-selection Equilibria for the Ultimatum Game

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Mutation-selection equilibria for the ultimatum game

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8th August 2021

Abstract

Rand et al. (2013) present a finite population model to explain the evolution of fair behaviour in the ultimatum game. They find that mutation and selection can balance at population states that resemble human behaviour, in that responders on average evolve sizable thresholds for rejection, and proposers make proposals that on average more than meet the threshold. Their mutation however is global, and therefore biased. We show that when mutations are local, thresholds as well as proposals are considerably lower. In order to still arrive at averages in the simulations that match the averages we observe in the lab, we would have to resort to intensities of selection that are so low, that a match between the averages over time in the simulations and the averages found in experiments stops being an indication that the data are in line with what the model predicts.

1 Introduction

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The ultimatum game (Güth et al., 1982) is a classic. It is played between a proposer and a responder. The proposer makes a proposal how to distribute a given amount of money between herself and the responder. The responder then accepts or rejects the proposal. In case she rejects, neither player gets any money. For simplicity, we will begin by assuming that there is a minimum step size, like cents, and that all offers can only be made in euros (or some other currency) and cents.

A natural assumption could be that when they have to make a decision, both players only look at how much money they get themselves, and always choose the alternative in which they get the most. If the responder does that, then she will accept any proposal in which she is offered more than nothing, and she will be indifferent between accepting and rejecting the proposal in which she gets 0. The proposer, then, can be assumed to anticipate that, and offer the smallest possible amount that the responder accepts (either 0 or 1 cent).

If we imagine how natural selection would act on strategies for this game – in the absence of commitment, repetition, population structure, mutations, or noise – we would come to the same conclusion. For every strategy in which the responder rejects some proposal in which she was offered a positive amount, there is a strategy that does better by accepting it. Responders therefore will evolve to accept all proposals in which they get positive amounts, while there is no selection pressure for or against accepting proposals in which responders get nothing. In reaction to this, proposers evolve to offer to the responder the smallest positive amount, or zero, if the responders accept zero too.

Yet this is not what subjects in the lab do. Proposers on average make proposals in which the responder gets around 40% of the total money amount (Oosterbeek et al., 2004). Moreover, the way rejection rates depend on the offer suggests that most responders have thresholds, or minimal acceptable offers (MAO's), that on average are a bit below what proposers, on average, offer. There is a variety of possible explanations for these findings. Commitment to rejection may have evolved in order to influence the proposals that proposers make (Akdeniz and van Veelen, 2021; Nowak et al., 2000). Rejections can also be caused by inequity aversion (Bolton and Ockenfels, 2000; Fehr and Schmidt, 1999), the evolution of which would still require an ultimate explanation, for instance based on population structure. Another explanation could be that our behavour has evolved for a repeated version of this game, as papers reviewed in

Debove et al. (2016) suggest. The explanation that we explore in this paper, is one based on the asymmetry between proposers and responders regarding how strong the selection pressure is against the different disadvantageous mutations (Rand et al., 2013).

Before considering mutations, it is worthwhile to discuss Gale et al. (1995), 41 which is based on the same asymmetry, but has noise in how individuals execute 42 their strategy instead of mutations. Imagine a population where proposers make 43 proposals in which they get almost all of the money, while responders are offered the remainder, and in which responsers moreover accept those proposals, but not less. Proposers now would stand to loose much more from overasking (or underoffering) than responders do from rejecting. That implies that in such a population, if there is a little bit of noise on both behaviours, this hurts proposers that make proposals close to the threshold of responders much more 49 than it hurts responders with thresholds close to the offer of proposers. This can push the offers made by proposers upwards, which then further reduces the 51 selection against strategies that reject small offers. 52

For the same reasons, selection against disadvantageous mutations can be asymmetric. In a population where proposers earn a lot and responders earn little, mutations that make proposers reduce their offer below the threshold of responders are genuinely costly, and will be selected away pretty fast, or pretty surely, while mutations that make responders shift their threshold above what proposers offer will be less costly, and linger for much longer, or have a fair chance of not being weeded out. The relative abundance of mildly disadvantageous mutations can then change the selection pressure, and, in this case, move offers to responders upwards.

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In the remainder of the paper, we will see that this is indeed possible; mutations can indeed create a gap between average offers and average MAO's, and in combination with asymmetric selection pressure, this can push both of them up from 0. We will however also see that in the simulations by Rand et al. (2013), the average offer is pushed up mainly for a different reason. In their model, mutations are global, which has two effects. On the one hand it reduces how much the proximity of average offers and average MAO's matters for the asymmetry in selection pressures. If mutations are local, creating a bit of space between your offer and the average MAO helps a lot to avoid rejection. If mutations are global, however, creating the same amount of space increases the probability of having the proposal accepted only marginally. That makes it less worthwhile to create distance between your offer and the average MAO, which

reduces the effect of asymmetric selection pressure. On the other hand, global mutations are biased. This bias pushes offers and MAO's towards the middle of the strategy space – and given that selection brings offers and MAO's down, the bias pushes them back up. This bias is relatively powerful when selection is weak and mutations are frequent.

If we make mutations local, then the bias in mutations is reduced significantly. Below, we will see that changing from global to local mutations reduces the average offers and the average MAO's more or less across the board, which implies that the reduction of the bias makes offers and MAO's come down much more than the local concentration of the mutants, together with the asymmetry in selection pressures, makes them go back up.

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Both with global and with local mutations, high mutation rates and low intensities of selection push the offers and MAO's up. In order to get to average offers and average MAO's that match those found in experiments, with local mutations one therefore would have to resort to higher mutation rates or lower intensities of selection compared to global mutations – or a combination of both. Here, that would mean that the mutation rate would have to be unrealistically high, or the intensities of selection would have to be so low, that in the dynamical model, the average offer and the average MAO in the population are too variable across time to be predictive (even if, when also averaged over time, the average of the average offers, and the average of the average MAO's match the averages in empirical data).

Because we do not think that a bias in mutations constitutes a good basis for an explanation for behaviour in the ultimatum game, we argue that the version with local mutations is preferable.

$_{99}$ 2 The model in Rand et al. (2013)

Rand et al. (2013) consider a finite population model, in which 100 individuals play ultimatum games in both roles. Every individual has a strategy that specifies the offer they make in the role of proposer, and their MAO in the role of responder. These offers and thresholds range from 0 to 1, in some simulations in steps of 1/12, in other simulations (including the ones we will be focusing on) continuously. Each generation, every individual plays the ultimatum game with every other individual, once as a proposer and once as a responder. The resulting payoff is the average of the payoffs over all 99 pairings.

The population is updated according to a Moran process. One agent is picked at random to die, and individual $i \in \{1, ..., 100\}$ is picked with probability proportional to $\exp(w\pi_i)$ to reproduce, where w is the intensity of selection, and π_i is the average payoff of individual i. Mutations happen at rate u at reproduction; with probability 1-u, the new individual inherits the strategy from the reproducing individual, and with probability u, the new individual carries a randomly selected strategy. If offers and MAO's vary continuously, both the new offer and the new MAO are drawn from a uniform distribution on [0,1]; if they vary in steps of 1/12, all possible strategies have equal probability. The setup implies that there are two variables one can vary: the mutation rate u, and the intensity of selection w.

$_{19}$ 3 Our version(s)

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There is one general, inconsequential difference between their simulations and ours, and that is that we use a Wright-Fisher instead of a Moran process. The Wright-Fisher process is computationally more efficient, but other than that, it perfectly reproduces the findings in Rand et al. (2013) for global mutations.

The more important, and consequential difference is that in our version, mutations are local. We study two local alternatives for the local mutation

3.1 Local, co-occurring mutations

In the first one, mutations on both dimensions (offer and MAO) are co-occurring, 128 as they are in Rand et al. (2013). That means that if a mutation happens, then 129 both a new offer and a new MAO are drawn. The only difference with Rand et al. (2013) is that they are drawn from a local distribution, instead of a global 131 one. If the old offer is p, then the new offer is $p + \Delta p$, where Δp is drawn from 132 a uniform distribution on [-0.1, 0.1]. There are two exceptions. The first is a result of the fact that we do not allow for values below 0. Therefore, when 134 $p + \Delta p < 0$, the new offer is 0. Similarly, we also do not allow for values over 135 1, and therefore, if $p + \Delta p > 1$, the new offer is 1. This implies that mutations 136 are unbiased for trait values in [0.1, 0.9], and become a little biased if they drop 137 below 0.1 or go over 0.9 (in which case the bias is still small compared to the bias with uniform mutations in Rand et al., 2013). The same procedure applies 139 to the MAO. 140

3.2 Local, independent mutations

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In the second version, mutations in the offer or the MAO happen independently. At any reproduction event, the offer mutates with probability u, and so does the MAO. That means that with probability u^2 mutations of the offer and of the MAO co-occur, and with probability 2u(1-u) only one of them mutates. Mutations still happen locally, as described above.

The differences between these two versions are relatively small (see the appendix). Because the second version is a bit more elegant, this is the one that we will use below, when we compare global and local mutations.

4 Global versus local mutation

The way we compare global versus local mutation will be centered around the 151 simulations reported in Figure 2 in Rand et al. (2013). These figures give an 152 answer to the question which combinations of the intensity of selection and the 153 mutation rate put the average offer and the average MAO in the range of the 154 averages in empirical findings. There are two ways to rephrase that question, 155 or to visualize the answer. The first is: for a given mutation rate, one could 156 ask how low the intensity of selection would have to be in order to get the 157 offers and MAO's up to levels found in experiments. The second is: for a given 158 intensity of selection, one could ask how high the mutation rate would have to 159 be in order to get offers and MAO's up to the levels found in experiments. We 160 will compare the different mutation processes by looking at how the answers to 161 these questions change if we switch from global to local mutations.

4.1 Fixed mutation rates, decreasing intensity of selection

Figure 1 represents the first way to pose the question, or the first way to visualize 164 the answer. Here we fix mutation rates, and look at the average offers and the 165 average MAO's in the dynamics for a variety of intensities of selection. Thereby 166 we do the same as in Figure 2 in Rand et al. (2013), with one change, and that is that we inverted the horizontal axis. In Rand et al. (2013), the figures 168 begin with low intensities on the left and high intensities on the right. We do 169 the opposite. The reason for that is that we want to make it clear that the 170 benchmark is the subgame perfect equilibrium, with offers and MAO's close to 171 0, and that we investigate ways to arrive at dynamics with substantial average

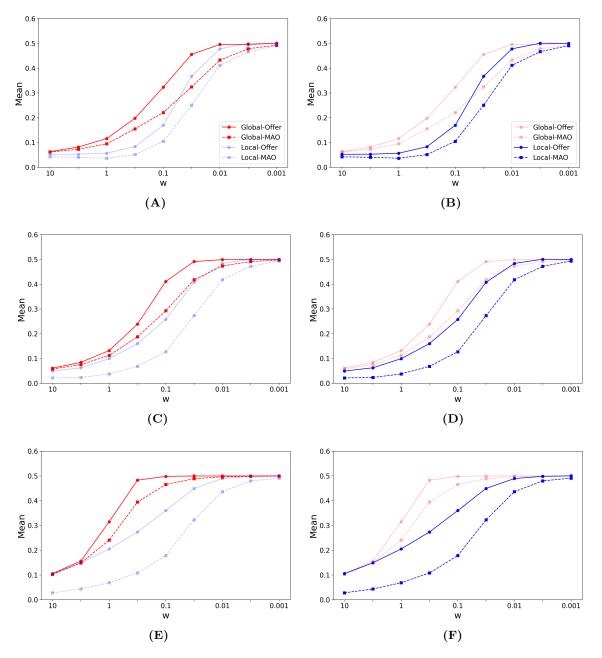


Figure 1: Average offers and MAO's at $\mathbf{u} = 0.001$, $\mathbf{u} = 0.01$, and $\mathbf{u} = 0.1$. In red the average offers and MAO's with global mutation, as in Rand et al. (2013), and in blue the same, but for local, independent mutations. Both the average offers and the average MAO's are lower with local mutations. In order to get offers, or MAO's, up to similar levels with local and global mutations, one would have to move to lower intensities of selection with local mutations.

offers and substantial average MAO's. Reducing the intensity of selection is one 173 such way.

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From the simulations, we learn that there are two important differences between global and local mutations. The first is that with the bias significantly reduced, the average offers and MAO's stay low for longer, and start getting into the range of the experiments later on in the sequence of ever lower intensities of selection. Here it is important to note that on the right hand side of the graph, with low intensities of selection, average offers and average MAO's end up at 0.5 in both versions. The reason why this eventually happens for any possible modeling choice, is that 0.5 is halfway the parameter space, and therefore this must be the average over time in the limit of weak selection, where relative payoffs stop mattering. In Section 5 we discuss this in more detail, including reasons why the dynamics lose predictive power as selection becomes weaker.

The second remarkable difference is especially visible in Fig. 1E and 1F for u=0.1. Here we see that on the left side of the graph, at high intensities of selection, there is almost no gap between offer and MAO for global mutation, while there is a visible gap there for local mutations. The latter is consistent with the idea that, given that there is a consistent inflow of mutations, proposers benefit from creating some space between their offer and the average MAO in the population, and responders benefit from creating some space between their MAO and the average offer in the population. Both of these pressures contribute to the gap, but asymmetrically, because at low average MAO's, proposers have more to lose from rejections than responders do from rejecting. All else equal, this makes proposers want to create more distance than responders do, and that can result in both averages moving up a little.

If we then start on the left hand side of the graph, and move a little to the right, then first the effect of reducing the intensity of selection is that this keeps mutants around for longer, creating a wider distribution of offers and MAO's, thereby selecting strategies that on average keep more distance – which in turn leads to higher offers and MAO's due to the asymmetry in selection pressures. Later on, when selection gets even weaker, the gaps gets smaller again. Why this happens, is discussed in Section 5.

With global mutations, on the other hand, there is hardly any gap at first. Here, the moving up of the offers and MAO's as selection gets weaker is predominantly the result of the bias getting countered less by selection. Only if the bias has a sufficiently large effect, because of further reduced intensities, do we see a divergence between offers and MAO's.

Both differences indicate that the dynamics for local mutations capture the selection effect that we are interested in. This selection effect is driven by asymmetry in fitness effects, and not by bias in mutations.

²¹³ 4.2 Fixed intensity of selection, increasing mutation rates

In Figure 2 we fix intensities of selection, and look at a the average offers and MAO's in the dynamics for a variety of mutation rates. The simulations suggest the same; if we go from global to local mutations, and thereby reduce the bias, the average offers and the average MAO's go down. In Fig. 2E and 2F we see that they stay low for longer, and that even at the maximum mutation rate, where everybody mutates to a meaningful element of the trait space, only the average offer and the average MAO with global mutations, and not local mutations, reach the averages from experiments. In Fig. 2C and 2D they do, but with local mutations, it requires unreasonably large mutation rates. In Fig. 2A and 2B all averages are smaller deviations from 0.5. In Section 5 we will describe why the dynamics for such low intensities of selection lose predictive

With global mutations, both average offers and average MAO's inevitably get to 0.5 as mutation rates increase. The reason is that when mutations are global, then at u = 1, when both the offer and the MAO mutate at every reproduction event, it becomes irrelevant who is reproducing. The parents therefore stop passing on any genetic information; every new individual is a mutant, and all mutants are drawn from the same distribution, regardless of what the parents are. Therefore, at u = 1, on both dimensions, the population at any point in time just becomes a collection of independent random draws from [0, 1].

With local mutations, average offers and average MAO's do not necessarily get to 0.5 as the mutation rate increases. In this case, parents still pass on genetic information, because even if everyone mutates, these mutations are drawn from a distribution that is centered around the trait value of the parent. That makes it possible for the average offer and the average MAO to stay below 0.5, even if the mutation rate is 1.

5 Predictions for weak selection

In the previous section, we have seen that both with global and with local mutations, high mutation rates and low intensities of selection push average

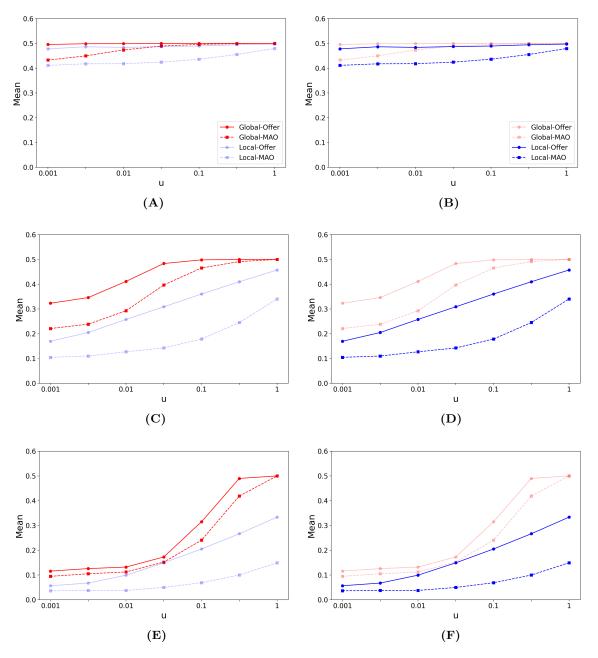


Figure 2: Average offers and MAO's at w = 1, w = 0.1, and w = 0.01. In red the average offers and MAO's with global mutation, as in Rand et al. (2013), and in blue the same, but for local, independent mutations. For w = 0.01 everything gets close to 0.5. For w = 0.1 one can get to the averages observed in experiments, but with local mutations it requires very high mutation rates. For w = 1 and local mutations, even a mutation rate of u = 1 is not high enough.

offers and the average MAO's up from 0. There are however limitations to how far these parameters can be pushed, and still constitute a meaningful prediction. To see why, we look at the dynamics for low intensity of selection.

When the intensity of selection is 0, the dynamics in the model by Rand et al. (2013) become symmetric, in the sense that any transition from one population state to the other is equally likely as its mirror image. More precisely, if p_i denotes the offer of player i in the role of proposer, and q_i is the MOA of player i in the role of responder, then a population state is characterized by vectors $\mathbf{p} = [p_1, ..., p_N]$ and $\mathbf{q} = [q_1, ..., q_N]$, where N is the population size. Symmetry means that a transition from population state (\mathbf{p}, \mathbf{q}) to population state $(\mathbf{p}', \mathbf{q}')$ is equally likely as its mirror image, going from population state $(\mathbf{1} - \mathbf{p}, \mathbf{1} - \mathbf{q})$ to population state $(\mathbf{1} - \mathbf{p}', \mathbf{1} - \mathbf{q}')$, where $\mathbf{1}$ is a vector of 1's. This symmetry implies that if we average the population states over time, we will find a symmetric distribution. The average offer over this distribution therefore will be 0.5, and the average MAO will also be 0.5, and both of these are a consequence of the fact that 0.5 is halfway the strategy set that the population moves around in – with probabilistic symmetry.

All of this implies that the fact that it is possible to get the average offer or the average MAO up to any value between 0 and 0.5 by choosing a sufficiently low intensity of selection is not necessarily something that reflects anything to do with selection. Selection pulls both of them down, and if one reduces selection ever more, one can reduce how much both are dragged down. The fact that one can get them to average at a values arbitrarily close to 0.5 by almost eliminating selection, however, is a somewhat arbitrary result of the shape of the strategy set, and not of what selection does to the strategies in it.

In order to see other reasons why the model with weak selection poorly predicts the empirical observations, we will look in some detail simulation runs for s few selected parameter combinations.

5.1 Weak selection, low mutation rate, global mutation

The left hand side of Fig. 3 depicts a few aspects of a run with global mutation, a low intensity of selection (w = 0.001), and a low mutation rate (u = 0.001). Panel A shows how the average offer and the average MAO change over time for a part of a simulation run. Here it is important to note that the average offer and the average MAO move around quite a bit, and not in overwhelming synchrony (in fact, there is hardly any correlation). Panel C gives a snapshot

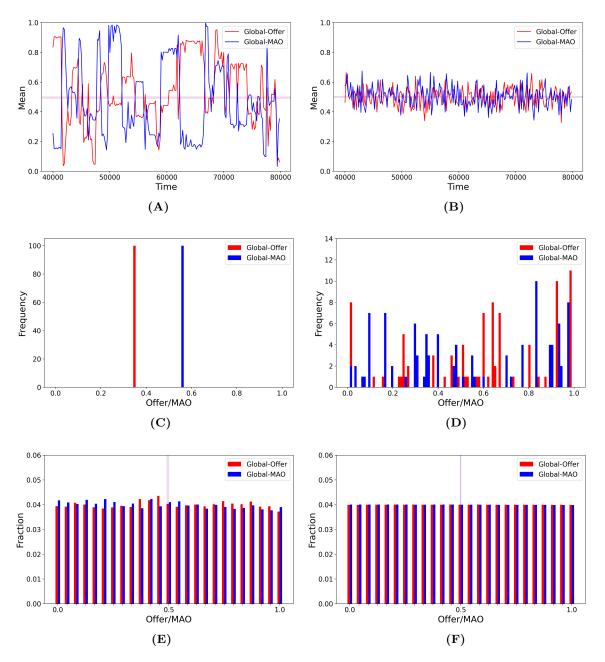


Figure 3: Global mutation, w = 0.001, and u = 0.001 (left) and u = 0.1 (right). The top panels give the average offer and MAO over time for a part of the run. The middle panels give the distribution of strategies at some random moment in the simulation run. The bottom panels give the average distribution over time, where we collected strategies within intervals of length 0.05.

of the distribution at some moment in time, and here we find both traits to be at fixation, as is expected to be the case for most of the time with such a low mutation rate. Panel E averages these distributions (like the one given in panel C) across time, producing the average distribution over time. As is to be expected, this is quite close to the uniform distribution on [0,1], which is the distribution that all mutants come from. The average offer and the average MAO of the average distribution (both are averages of averages) are horizontal lines in panel A, and vertical lines in panel E.

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The fact that the average offer and the average MAO move around quite a bit over the course of a run limits the predictive power of the model for this combination of low intensity of selection and a low mutation rate. Any average that we find in experiments would be close to the average in the simulations at some points in time, but it would be far away from the averages that the simulations produce at many other points in time. Also, at most points in time, there is not much variation; the variation in panel E is generated by the variability across time, not by the variation at any moment in time. The prediction of this model therefore is that we should observe a close to monomorphic population, where the probability with which we would observe a certain average is the result of a draw from the uniform distribution – which is not the same as observing that whole distribution in one population at the same moment in time. The fact that the MAO of everyone in the population is regularly also above the offers of everyone in the population (almost 50% of the time) also implies that if we really believe in weak selection, we should also conclude that if we now find the average MAO to be below the average offer, then this is just a coincidence, and it could also have been the other way around. Also it would make it very unlikely that between different populations they would correlate, and that the first always turns out to be below the second (Henrich and Boyd, 2001; Henrich et al., 2001; 2006).

All of these observations imply that this model does not have much predictive power when selection is weak, and the mutation rate is moderate to low. Therefore, we have to be careful not to draw conclusions on the basis of a comparison of a distribution of offers and MAO's that we find at a given moment in time in an experiment, and the average distribution over time from the dynamics in the model.¹

¹In order to have an indication how stable or unstable the distributions are over time, we can calculate the variance in average offers, or MAO's, over time. If \bar{p}^t is the average offer in

5.2 Weak selection, high mutation rate, global mutation

The right hand side of Fig 3 depicts the same aspects for a run, also with global 313 mutation, and also with a low intensity of selection (w = 0.001), but with a 314 high mutation rate (u = 0.1). Here, the averages in the population do not 315 move around as much, and the shape of the distribution at any point in time is 316 relatively close to the distribution of the inflow of mutants, which is a uniform 317 distribution over [0, 1]. Given the low intensity of selection, this makes sense. 318 With much less variability over time, this produces a much sharper prediction: 319 the distribution should be close to uniform on [0,1] at all times. This however 320 does not match the empirical evidence either, because the distributions that we 32 find in experiments typically are not that close to uniform. Moreover, as before, 322 the average offer and the average MAO move close to independently, and this 323 does not predict the average offer to be above the average MAO. 324

5.3 Weak selection, local mutation

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Most overall properties of the dynamics are similar with local mutations. With 326 weak selection and low mutation rates, the populations are typically also close 327 to monomorphic. Over time, they also move around quite a bit, but the mutations being local makes the average move around in much smaller steps, and 329 therefore also much slower (see the left hand side of Fig. 4). The distribution 330 over time is not the same as the "distribution that all mutants come from", 33: because with local mutation, there is no such constant mutant distribution. Be-332 cause the average is a random walk, restricted to [0,1], the distribution still 333 ends up looking like a uniform distribution with some deviations at and close to the boundaries, where it spends some extra time. For weak selection and 335 high mutation rates, the mutations being local gives random effects much more 336 amplitude, but otherwise, also these simulations are similar to the ones with global mutations. 338

the population at time t, and $\overline{\overline{p}} = \frac{1}{T} \sum_{t=1}^{T} \overline{p}^{t}$, then

$$\frac{1}{T} \sum_{t=1}^{T} \left(\overline{p}^t - \overline{\overline{p}} \right)^2$$

is the variance. Simulations with a high variance have little predictive power. The variance of proposals calculated from a run with u=0.001 and w=0.001 is around 0.06 for global and 0.12 for local mutations. The variance of MAO's is around 0.07 for global and 0.08 for local mutations. As a benchmark, one can compare these to the variance if one just randomly draws an offer or MAO from a uniform distribution on [0,1] every period. In that case, the variance is $\int_0^1 (x-0.5)^2 = \frac{1}{3} \left[(x-0.5)^3 \right]_0^1 = \frac{1}{12} \approx 0.083$.

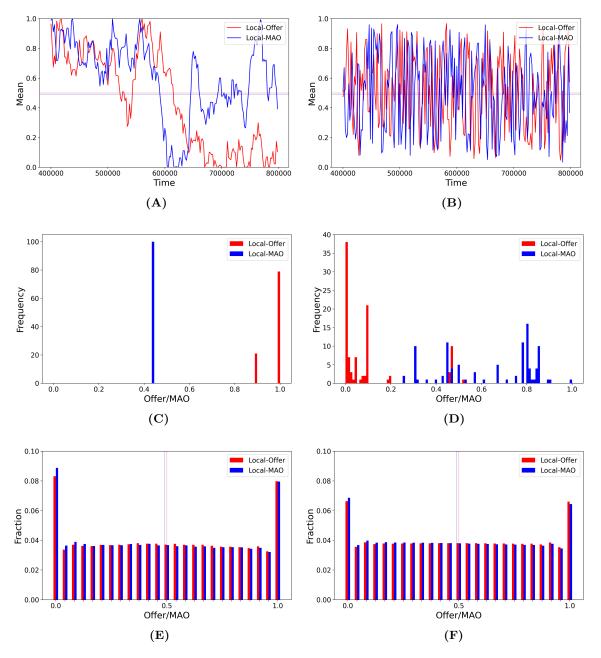


Figure 4: Local mutation, w = 0.001, and u = 0.001 (left) and u = 0.1 (right). The top panels give the average offer and MAO over time for a part of the run. The middle panels give the distribution of strategies at some random moment in the simulation run. The bottom panels give the average distribution over time, where we collected strategies within intervals of length 0.05.

Discussion 6

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We have shown that, in a mutation-selection model of the ultimatum game, changing from global to local mutations reduces the bias in the mutations. The dynamics with local mutations moreover capture the effect of the difference between how costly the "mistakes" of proposers' under-offering versus responders' rejecting are. The change from global to local mutations comes with lower 344 average offers and lower average MAO's. That means that in order to get aver-345 age offers and average MAO's up to the levels found in experiments, one would 346 have to resort to unrealistically high mutation rates – where mutations moreover always result in meaningful mutant strategies - or intensities of selection that are so low, that the offers and MAO's, when averaged over time, become poor 349 indicators of what the model would predict at any moment in time. 350

There are a few ways to deal with the mismatch between what is found in lab experiments in the ultimatum game and what evolves in the mutation-selection model with local mutations. One is to accept that this model would not predict the behaviour in WEIRD populations, but try consider non-WEIRD populations that show lower offers and lower MAO's. Here it is important to realize that the mutation rates required are still rather high, given that a mutation here means that the mutant is a meaningful strategy, and that the game behaviour among non-WEIRD societies is also highly variable (Henrich et al., 2005; 2006). Another way to deal with the mismatch between the empirical evidence and the theoretical predictions is to model the genetics underlying the behaviour differently. It is possible that, with alternative specifications, one would not need excessively high mutation rates. With this in mind, one could also argue that the quantitative predictions from the model are not to be taken as seriously as the original paper does. It seems that the middle ground might have to be somewhere between recognizing (i) that the asymmetry in costliness of mistakes matters, but (ii) that getting close to fair offers of 50% on the basis of cost asymmetries fails short of explaining the evolution of fairness in the ultimatum game.

Another conclusion could be that mutations are not the (only) reason why humans reject unequal proposals, and that the answer lies in commitment (Akdeniz and van Veelen, 2021; Frank, 1988). In the ultimatum game, if the responder can commit to rejecting unfair offers, and if proposer knows this, then it will be in the proposer's own best interest to accommodate this, and propose a fair split of the money. Committing to rejecting disadvantageous proposals can therefore help the responder by inducing the proposer to make more generous proposals. Akdeniz and van Veelen (2021) review the explanations for the evolution of fairness in the ultimatum game that are commonly studied in the literature, such as population structure and repeated interactions; and argue how commitment can better explain a wide range of empirical phenomena, including a preference for fairness in the ultimatum game.

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Appendix A: Co-occurring versus independent mutations

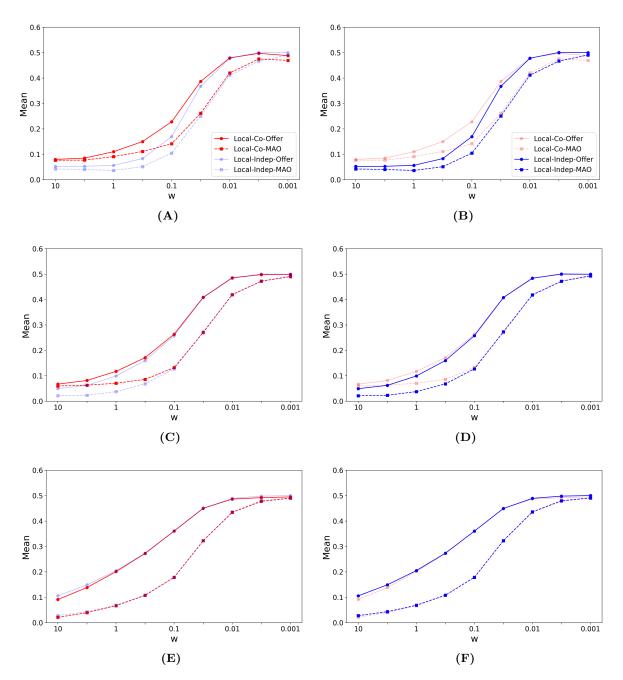


Figure A.1: Average offers and MAO's at u = 0.001, u = 0.01, and u = 0.1. In red the average offers and MAO's with local, co-occurring mutations, and in blue the same, but for local, independent mutations.