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Coordination, Differentiation and Fairness in a population of cooperating agents

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1 **Abstract:** In a recent paper, we analyzed the self-assembly of a complex cooperation net-
2 work. The network was shown to approach a state, where every agent invests the same
3 amount of resources. Nevertheless, highly-connected agents arise that extract extra-ordinarily
4 high payoffs while contributing comparably little to any of their cooperations. Here, we in-
5 vestigate a variant of the model, in which highly-connected agents have access to additional
6 resources. We study analytically and numerically whether these resources are invested in
7 existing collaborations, leading to a fairer load distribution, or in establishing new collabo-
8 rations, leading to an even less fair distribution of loads and payoffs.

9 **Keywords:** self-organization; coordination; snowdrift game; adaptive network

10 **Classification:** PACS 89.75.Fb, 01.80.+b, 02.50.Le

11 1. Introduction

12 Cooperative interactions are ubiquitous in biology [1–4]. But, within the rich pool of examples,
13 cooperation between humans stands out for several reasons: Humans are able to maintain different
14 levels of cooperation with different, self-chosen partners and adapt these in response to their partners’
15 behavior [5]. The level of cooperation depends on the embedding social structure, the partners’ social

16 positions, and on social norms such as the principle of fairness [6–9]. In almost all previous models
17 of human cooperation, selectivity [10–15], social structure [16–20], and social norms [21–23] were
18 imposed externally. While this reveals the direct impact of each of these factors, it cannot provide
19 insights into their dynamical interplay.

20 In a recent paper, we considered a model which allows agents to maintain different levels of coop-
21 eration with different, self-chosen partners and adapt them in response to their partners' behavior [24].
22 This revealed that a high degree of social coordination can arise purely from the selective and adaptive
23 interaction of self-interested agents even if no social norm is imposed externally: Although the agents
24 possess little information, the system approaches a state in which every agent makes the same cooper-
25 ative investment and every social interaction produces the same benefit. We note that this coordination
26 was not imposed externally; different levels of investment evolved when the model was run multiple
27 times from effectively identical initial conditions.

28 Despite the emergent coordination of investments, the final configuration is generally not fair. Al-
29 though we started the model in an initially symmetric configuration which gave neither agent an advan-
30 tage, some agents manage to secure positions of high centrality, where they interact with many other
31 agents. In these positions, they receive significantly higher benefits than every other agent while making
32 the same total investment. The system thus evolves into a state, where payoffs are unfairly distributed.

33 The evolving network displays unfairness also in a second aspect. As highly connected agents spend
34 the same amount of resources as every other agent, their contribution to any of their collaborations is
35 necessarily small. So collaborating with a highly connected agent generally implies that one has to
36 carry a large fraction of the investment. Thus, the existence of highly connected agents implies both,
37 unfairness in the global payoff distribution and unfairness in the interaction-specific load distribution.

38 In the present paper, we investigate if a fairer load distribution can be achieved if additional resources
39 are available to agents of high centrality. We extend the model class studied in [24] by including that
40 an agents success feeds back on his cooperative investments. We show that the additional feedback loop
41 reduces the unfairness in the distribution of loads but intensifies the unfairness in the distribution of
42 payoffs.

43 The paper is organized as follows: We start with a short summary of the original model and outline the
44 basic results. This will also give us the opportunity to introduce the conventions needed. We then include
45 the additional feedback loop, discuss its effects on the emergence of coordination and differentiation and
46 study the implications for fairness.

47 2. Basic model

48 Consider a population of N agents engaged in bilateral interactions. The agents can for instance
49 be people maintaining social contacts, scientists collaborating on some project, or companies entering
50 business relationships. Every agent can invest time/money/effort into each of the $N - 1$ potential inter-
51 actions with another agent. Furthermore the $N^2 - N$ individual amounts e_{ij} , invested by agent i into
52 the interaction with agent j can be adapted selectively, independently, and continuously by the agents.
53 In other words, every agent is free to chose the amount of resources invested into the collaboration with
54 every single other agent. Neither the total investment, nor the structure of the collaboration network are
55 imposed a priori.

56 One can imagine that over time the population approaches an equilibrium in which many potential
 57 interactions receive no investment, while others are reinforced, forming links in a complex network of
 58 cooperation. But, how will this network look like? How will the investments be distributed? And will
 59 the network be fair in the sense that all agents benefit in equal measure?

60 Let us assume rational agents trying to maximize some payoff. A generic model for a single inter-
 61 action is the continuous snowdrift game [3]. In this game the payoff is $P = B - C$, where B and C
 62 are non-linear functions. The benefit function B depends on the sum of both investments while the cost
 63 function C depends only on the investment of the agent under consideration. While we do not restrict
 64 B and C to specific functional forms, we assume that B is sigmoidal and C is superlinear (see Fig. 1).
 65 This captures basic features of real-world systems such as inefficiency of small investments, saturation
 66 of benefits, and additional costs incurred by overexertion of personal resources.

In order to allow for multiple bilateral interactions per agent, let us extend the snowdrift game by
 assuming that the benefits received add linearly, while the cost is a function of the sum of investments
 made by an agent. The payoff received by agent i from the interaction with an agent j can then be written
 as

$$P_{ij} = B(e_{ij} + e_{ji}) - \frac{e_{ij}}{\sum_k e_{ik}} C\left(\sum_k e_{ik}\right),$$

where we have allocated a proportional share of the total cost incurred by i to the interaction with j . We
 let the agents maximize their payoff dynamically in time by following a downhill-gradient approach

$$\frac{d}{dt}e_{ij} = \frac{\partial}{\partial e_{ij}} \sum_k P_{ik}, \quad (1)$$

67 so that agents locally adapt their investments in the direction of the steepest incline of payoff.

68 2.1. Coordination of investments

69 In simulations the system shows frustrated, glass-like behavior; starting from a homogeneous initial
 70 configuration, in which all potential links are realized with identical investment plus a small stochastic
 71 fluctuation, the system approaches either one of a large number of different final configurations, which
 72 are local maxima of the total payoff. To describe these configurations, the following naming conventions
 73 are advantageous: Below, interactions which do receive no investments such that $e_{ij} + e_{ji} = 0$, will be
 74 denoted as *vanishing* interactions. Non-vanishing interactions will be denoted as *links*. Further, a set
 75 of agents and the links connecting them are said to form a bidirectionally-connected community (BCC)
 76 if every agent in the set can be reached from every other agent in the set by following a sequence of
 77 bidirectional (reciprocal) links.

78 In [24], it was shown analytically that all final configurations share certain properties. Thus, within
 79 every evolved BCC (i) every node makes the same total investment, and (ii) every link produces the same
 80 benefit. The properties (i) and (ii) are essential for a solution of the ODE system (1) to be stationary and
 81 stable (cf. Fig. 1). They thus apply to all stable steady states.

Figure 1. (Reprinted from [24]) Adjustment of investments. Shown are the perceived cost functions C and benefit functions B (insets) for the example of an agent i of degree one interacting with an agent j of degree two (sketched). The function B depends on the sum of the agents investments into the interaction while C depends on the sum of all investments of the agent. In every equilibrium (SE or UE) stationarity demands that the slope of these functions is identical. This requires that the agents make identical total investments. In stable equilibria (SE), the operating point lies in general above the inflection point (IP) of B , whereas equilibria found below the IP are in general unstable (UE). Therefore, in a stable equilibrium both links produce the same benefit and both agents make the same total investment. Iterating this argument along a sequence of bidirectional links yields the coordination properties (i) and (ii).

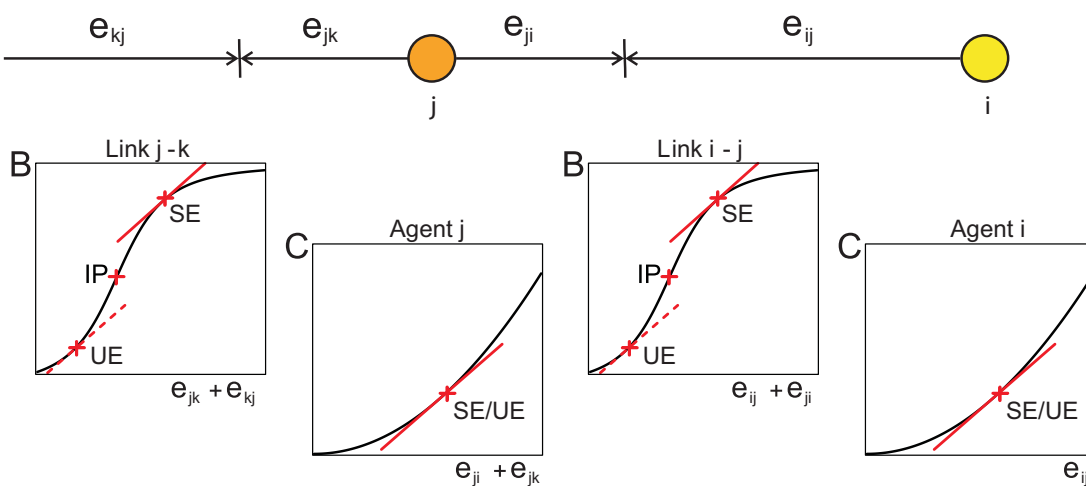
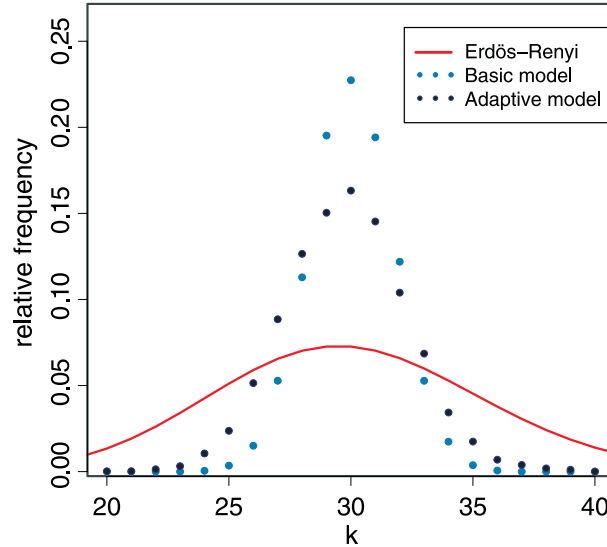


Figure 2. Emergent heterogeneity in self-organized networks. In comparison to a random graph (red), the degree distribution of networks evolved in the basic model is relatively narrow (light blue), but broadens as cost reduction for successful agents is introduced (dark blue). All simulations rely on the functions $B = \frac{2\rho}{\sqrt{\tau+\rho^2}} + \frac{2(e_{ij}+e_{ji}-\rho)}{\sqrt{\tau+(e_{ij}+e_{ji}-\rho)^2}}$, $C = \mu (\sum_k e_{ik})^2$, $R = 1 + \nu \sum_k B(e_{ij} + e_{ji})$. Parameters are chosen to obtain networks with identical mean degree (basic model: $\rho = 0.1$, $\tau = 0.124$, $\mu = 2.731$, adaptive model $\rho = 0.395$, $\tau = 0.1$, $\mu = 2.32$, $\nu = 0.05$). Results are averaged over 1000 networks of size $N = 100$.



82 2.2. Differentiation of payoffs

83 The properties (i) and (ii) point to a remarkable degree of coordination inside a BCC. This coordina-
 84 tion results from the selective and adaptive interaction of self-interested agents and is achieved although
 85 no agent has sufficient information to estimate the investment of any other agent in the network [24].
 86 Interestingly, the emergent coordination of investments does not necessarily imply that the evolving net-
 87 works are fair: Since all links in the BCC produce an identical benefit the total benefit received by an
 88 agent is proportional to his degree, i.e., to the number of his collaborations. Agents of high degree thus
 89 receive significantly higher benefits while making the same investment as every other agent.

90 Figure 2 shows a representative degree distribution p_k specifying the relative frequency of nodes with
 91 degree k of an evolved network in the final state. Although agents follow identical rules and the network
 92 of collaborations is initially almost homogeneous, the distribution has a finite width indicating a certain
 93 heterogeneity. However, the distribution is narrower, and therefore fairer, than that of an Erdős-Rényi
 94 random graph, which constitutes a null-model for network topology.

95 The emergence of the payoff disparity can be traced to the discrete nature of the links. As we reported
 96 above the local optimization carried out by the agents leads both to a coordination of investments in
 97 the links and to a local optimization of the total payoff. For a given choice of parameters, the optimal
 98 payoff will be extracted if a certain number of collaborations exist in average per agent. However, the
 99 optimal total number of links is not necessarily commensurable with the number of agents and hence the
 100 maximal total payoff can only be extracted when the collaborations are distributed unfairly.

101 2.3. Imbalance in load distributions

102 In order to sustain the extraction of high payoffs by agents with high degree, investments have to be
 103 redistributed across the network. While the transport of resources is not explicitly included in the model,
 104 it enters through the asymmetry of the individual interactions. Consider for instance an agent of degree
 105 one. This agent has to focus his investment on a single link. The partner participating in this link will
 106 therefore only need to make a small investment in the interaction to make it profitable. He is thus free to
 107 invest a large portion of his total investment into links to other agents of possibly even higher degree. In
 108 this way, investments flow toward regions of high connectivity where large payoffs are extracted.

109 The most extreme case for an unequal load distribution within a cooperation is realized in unidirec-
 110 tional links. These correspond to interactions, in which one partners invests without any reciprocation.
 111 While the behavior of the exploited agent seems irrational, the analysis in [24] shows that it can arise in
 112 a population of rational self-interested agents. Simulations reveal that unidirectional investments are not
 113 even rare: Depending on the mean degree of the evolving network, up to 50% of all cooperative links
 114 can be unidirectional [24].

115 3. Adaptive Model

116 As shown above, the individual selection of eligible cooperation partners promotes the coordination
 117 of cooperative investments, the differentiation of received payoffs but also the emergence of unequal
 118 workloads within a cooperation. One can now argue that in the real world successful agents have access
 119 to more resources, which could allow them to reciprocate more strongly in their collaborations, which
 120 would in turn lead to a fairer load sharing. Below, we study the effect of an agent's success feeding back
 121 on his cooperative investments. Including a benefit-dependent reduction of C in the model yields a fully
 122 adaptive network [25].

In our adaptive model, agents enjoy benefit-dependent cost reduction

$$P_{ij} = B(\sigma_{ji}) - \frac{e_{ij}}{\Sigma_i} C(\Sigma_i) \cdot \frac{1}{R(\beta_i)}, \quad (2)$$

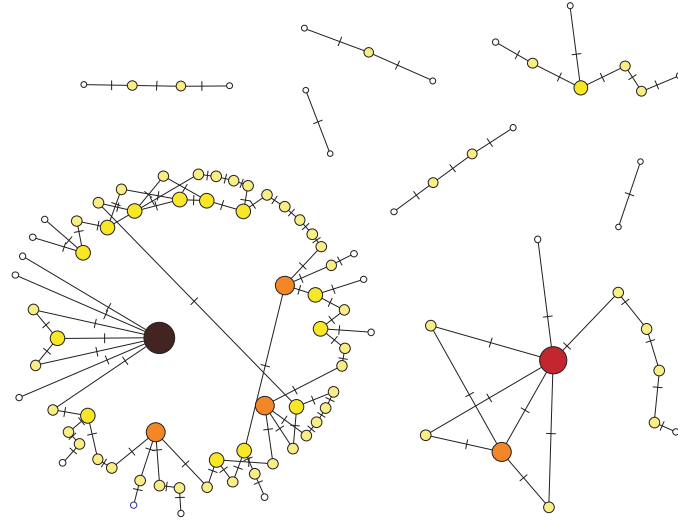
123 where $\sigma_{ji} := e_{ij} + e_{ji}$, $\Sigma_i := \sum_k e_{ik}$, and R is a monotonically increasing function of the total benefit
 124 of agent i $\beta_i := \sum_k B(\sigma_{ik})$. As above, we assume the benefit function B to be sigmoidal. Moreover, we
 125 assume the cost function to be super-linear and of the general form $C(\Sigma_i) \propto (\Sigma_i)^\gamma$.

126 Below, we show that in the adaptive model property (ii) still holds while property (i) needs to be
 127 modified: The total amount of investment differs among agents within a BCC as agents enjoy benefit-
 128 dependent cost reduction (Fig. 3). However, we find that agents of the same degree approach the same
 129 investment level. Consequently distinct classes of agents arise which differ both, in investment and in
 130 payoff.

131 3.1. Coordination and Differentiation

132 For deriving the modified coordination properties (i) and (ii) we proceed analogously to the non-
 133 adaptive case, i.e., we evaluate the conditions for a solution of the ODE system (1) to be stationary and
 134 stable.

Figure 3. Self-organized network evolved in the adaptive model. Nodes represent agents, while each link represents a non-vanishing cooperative interaction. The small dash on the link is a fairness indicator: the further it is shifted toward one agent, the lower is the fraction of the total investment into the cooperation that he contributes. Nodes extracting more payoff are shown in darker color and are placed toward the center of the community. The size of a node indicates the total investment the agent makes. In the final configuration all links within a BCC receive the same total investment and all nodes of the same degree make the same total investment. Simulation parameters: $\rho = 0.7$, $\tau = 0.1$, $\mu = 2.24$, $\nu = 0.588$



First the stationarity condition. Defining $\partial_x := \frac{\partial}{\partial x}$, we can rewrite the stationarity condition

$$\frac{d}{dt} e_{ij} = 0 = \partial_{e_{ij}} \left[\sum_k B(\sigma_{ik}) - \frac{C(\Sigma_i)}{R(\beta_i)} \right] \quad (3)$$

as

$$\begin{aligned} \partial_{e_{ij}} B(\sigma_{ij}) &= \frac{\partial_{e_{ij}} C(\Sigma_i)}{R(\beta_i)} - \frac{C(\Sigma_i)}{(R(\beta_i))^2} \partial_{\beta} R(\beta_i) \partial_{e_{ij}} \beta \\ &= \frac{R(\beta_i)}{(R(\beta_i))^2 + \partial_{\beta} R(\beta_i)} \frac{\partial_{e_{ij}} C(\Sigma_i)}{C(\Sigma_i)}, \end{aligned} \quad (4)$$

135 where we used $\partial_{e_{ij}} \beta = \partial_{e_{ij}} B(\sigma_{ij})$. The right hand side of equation (4) does only depend on the node
 136 parameters Σ_i and β_i , i. e., in a steady state $\partial_{e_{ij}} B(\sigma_{ij})$ is identical for all bilateral links ij of agent
 137 i . From $\partial_{e_{ij}} B(\sigma_{ij}) = \partial_{e_{ji}} B(\sigma_{ij})$ it then follows that all bilateral links of j , and, by iteration, that all
 138 bilateral links within one BCC are identical with respect to $\partial_{e_{mn}} B(\sigma_{mn})$. Since the benefit function is
 139 sigmoidal, a given slope can be found in at most two points along the curve: one above and one below
 140 the inflection point (IP) (cf. Fig. 1). This implies that if a stationary level of investment is observed in
 141 one link, then the investment of all other links of the same BCC is restricted to one of two operating
 142 points.

In the basic model, stability analysis revealed that the operating point below the IP is unstable and can thus be ruled out (cf. Fig. 1). Unfortunately, in the extended model, the analysis cannot be performed to

the same extend. However, in extensive numerical simulations we have not observed a single equilibrium which contained a link operating below the IP. This strongly indicates that the dynamics of the extended model are governed by similar stability conditions as the dynamics of the basic model, which reproduces property (ii):

$$\sigma_{ij} \equiv \sigma \quad \forall \text{ links } ij \text{ in a BCC} . \quad (5)$$

Combining Eqs. (4) and (5), we can now derive property (i): Let us consider a single BCC. According to Eq. (5), the total benefit of an agent i in this BCC is a function of its degree d_i :

$$\beta_i = \sum_k B(\sigma_{ik}) = d_i \cdot B(\sigma) .$$

143 Inserting this relation in Eq. (4), we find that the left hand side is constant, while the first factor on the
 144 right hand side only depends on d_i . The second factor on the right hand side is injective, as we assumed
 145 $C(\Sigma_i) \propto (\Sigma_i)^\gamma$. It thus follows that nodes of the same degree have to make the same total investment
 146 Σ_i , even if they are only connected through a chain of nodes making different investments. However,
 147 nodes of different degree d_i can differ in their total investment.

148 The emergence of distinct classes of nodes, which differ in degree (and therefore in payoff) and
 149 total investment is illustrated in Fig. 3. The figure shows the final configuration of an exemplary model
 150 realization with 100 nodes. Nodes of high degree received high payoffs (coded in the node color) and
 151 run high total investments (coded in the node size).

152 Compared to the basic model, the adaptive model leads to considerably broadened degree distributions
 153 (cf. Fig. 2). We can thus conclude that the additional resources available to high degree agents are at
 154 least in part used to establish additional links. This leads to an increased income disparity in the evolving
 155 network.

156 3.2. Fairness of load distribution

157 Let us now address the fairness of individual interactions. As in the basic model, also in the adaptive
 158 model the investments of two interacting agents into a common collaboration are usually asymmetric.
 159 In Fig. 3, this is apparent in the position of the fairness indicators on the links: The further it is shifted
 160 toward one agent i , the lower the fraction e_{ij}/σ_{ij} that he contributes. Even in small network components,
 161 the fairness indicators reveal a flow of investments towards regions of high connectivity; as a general rule
 162 high-degree nodes contribute less to an interaction than their lower-degree partner.

163 In both, the basic and the adaptive model, the specific load distribution in an interaction depends
 164 on the exact topological configuration of the respective network component. Hence, for comparing the
 165 fairness of load distributions in both models, it is necessary to consider components of the same structure.

The simplest degree-heterogeneous structure is a chain of three nodes i, j and k . In such a structure, the two degree-one nodes i and k necessarily concentrate all their investment in the cooperation with the middle node j , while the latter splits its investment in equal parts. The fraction e_{xj}/σ_{xj} that the middle node contributes to each of the two links can be calculated as

$$\frac{e_{xj}}{\sigma_{xj}} = \frac{0.5\Sigma_j}{0.5(\Sigma_i + \Sigma_j + \Sigma_k)}, \quad x = i, j .$$

166 In the basic model, the total investment of all three nodes are identical. Thus, $e_{x_j}/\sigma_{x_j} = 1/3$. In the
167 adaptive model, $\Sigma_j > \Sigma_i = \Sigma_k$. Thus, $e_{ij}/\sigma_{ij} > 1/3$, i.e., the load distribution is fairer than in the basic
168 model (cf. fairness indicators on three node chain in Fig. 3).

169 Generalizing the reasoning sketched above, we find that for any given topological configuration, the
170 imbalance in the load distribution is milder in the adaptive model than in the basic model. We can thus
171 conclude that the additional resources available to high degree agents are partly reinvested in existing
172 links enhancing the fairness of the respective interactions.

173 Further confirmation for fairer load distributions in the adaptive model comes from the numerical data:
174 In extensive simulations using a wide range of parameters we have not observed a single unidirectional
175 link. This observation stands in sharp contrast to the observations made in the basic model, where
176 unidirectional links - the most extreme case of unequal load distribution - constitute a considerable
177 fraction of all links in a network.

178 4. Summary

179 In this paper, we have extended a recently studied model for the formation of cooperation networks by
180 taking into account that an agent's success feeds back on his cooperative investments. Although agents
181 have large freedom in their investment strategy and little information about investments of others we
182 find that the adaptive as the basic model self-organizes toward configurations exhibiting a high degree
183 of coordination: In all final configurations, bidirectionally connected communities approach a state in
184 which the benefit produced by each link is identical and in which the total investment made by a agent
185 is either identical (basic model) or falls into distinct classes (adaptive model).

186 Despite coordination, both models display unfairness in two aspects: payoffs are unequally distributed
187 in the population and loads are unequally distributed between cooperation partners. Both aspects can be
188 traced back to the local payoff optimization governing the dynamics of the system. The optimization of
189 payoffs implies an optimal number of links in the system. The latter, however, is usually incommensu-
190 rable with the number of agents leading to configurations, in which some agents have more links, i.e., a
191 higher degree, than others. In both versions of the model, agents of higher degree are found to extract
192 more payoff and contribute less to a cooperation than their lower degree partners.

193 In the adaptive model, cost reduction for successful agents makes additional resources available to
194 highly-connected agents. These resources are partly invested in existing collaborations, leading to fairer
195 load distributions, but also in establishing new collaborations, leading to broadened degree distributions.

196 Let us emphasize that differentiation and emergence of unfairness in an initially homogeneous pop-
197 ulation has previously been discussed in the context of the adaptive networks [26–28]. However, to our
198 knowledge the here proposed framework is the first, in which the phenomena can be linked to details
199 of the dynamic self-organization process. Our analysis has greatly profited from the dual nature of the
200 model class under consideration. The continuous nature allowed for a model description in terms of
201 ordinary differential equations and thus for an analysis with the tools of dynamical systems theory. On
202 the other hand, the discrete, unweighted nature of the final configurations allowed us using the concepts
203 of graph theory.

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258