## BIOCONTRACT



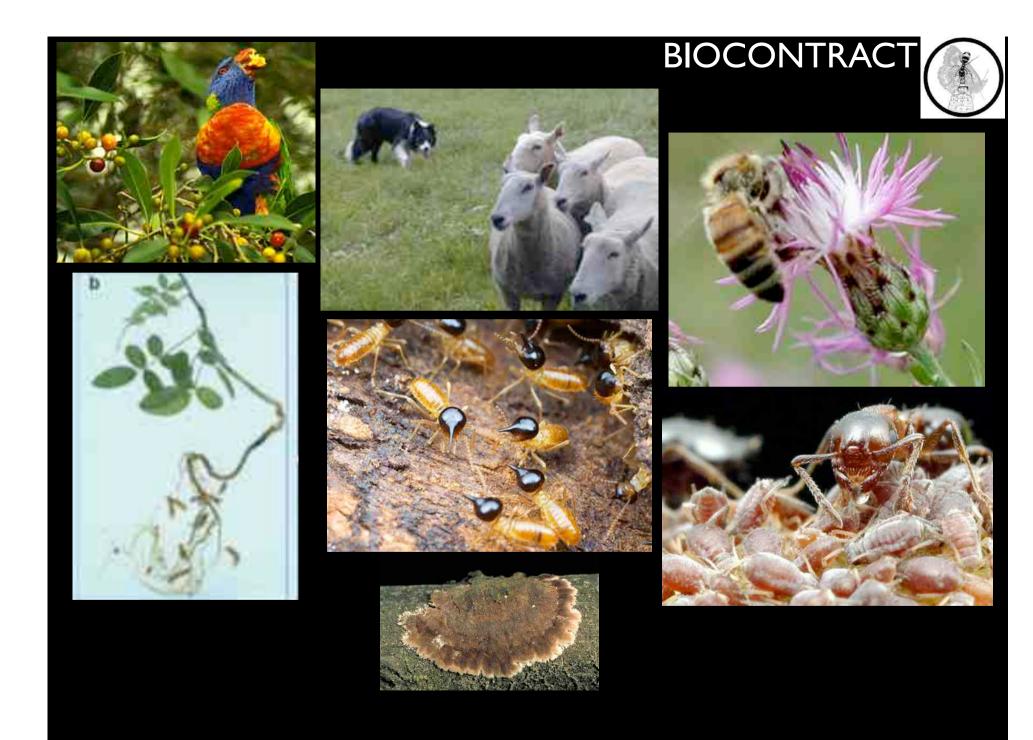
Explaining the evolution of cooperation between different species

Mutualisms



# Mutualisms pose problems for evolutionary theory

Highly diverse in origins, scale, specificity, and obligacy of associations





# Mutualisms pose problems for evolutionary theory

Subject to invasion by cheaters and parasites, but common and abundant in nature

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Puccinia monoica rust fungus mimics mustard-family flowers Roy, B.A. (1993) Floral mimicry by a plant pathogen. *Nature*, 362, 56-58.



# Mutualisms pose problems for evolutionary theory

Diverse in origins, scale, specificity, and obligacy of association

Subject to invasion by cheaters and parasites



# Mutualisms pose problems for evolutionary theory

Can there be a coherent theory of mutualism?

How do we explain the origin and maintenance of mutualisms?



### The state of mutualism theory

By-products

Investing in pseudo-reciprocity

Spatial games/Cooperator association

Partner fidelity feedback

Partner choice



## The biological research programme: A menu of solutions

By-products

Investing in pseudo-reciprocity

Spatial games/Cooperator association

Partner fidelity feedback

Partner choice



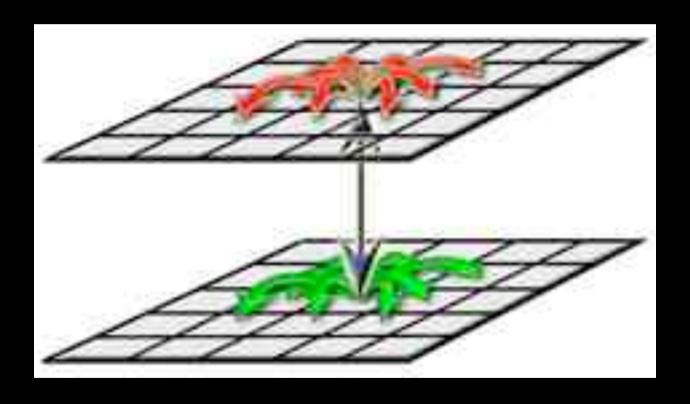
#### We will concentrate on

Spatial games

Contract theory



### Spatial games





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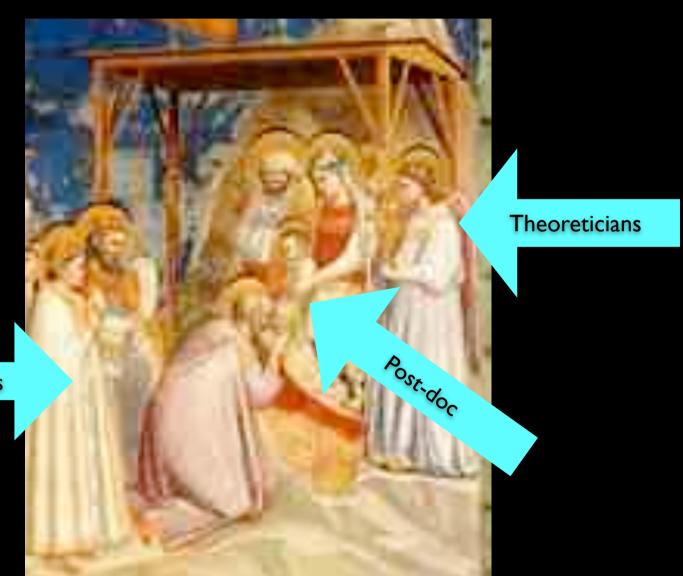
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#### Collaborative structure



**Empiricists** 

Phyloge Riettice analyses Crost iteating rtheory





Spatial games

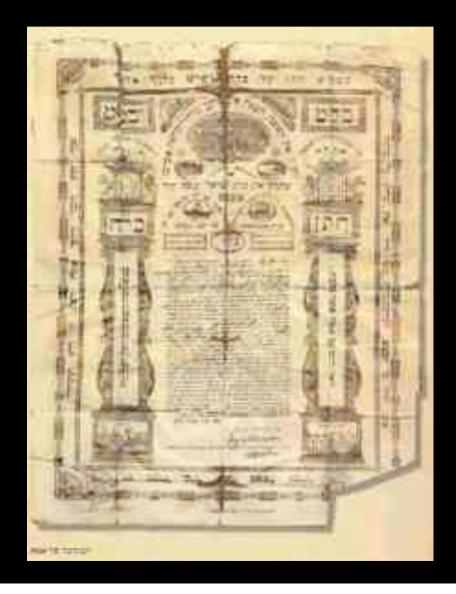
Contract theory







### Economic contract theory





### Economic contract theory

Used to model transactions in which either the buyer or the seller has more information than the other



## Economic contract theory: 3 Families of Models

Moral hazard

Adverse selection



# Economic contract theory: A menu of problems

Moral hazard

Adverse selection



# Economic contract theory: A menu of problems

Moral hazard

Adverse selection



Ant-plant mutualisms





#### Ants are housed in domatia

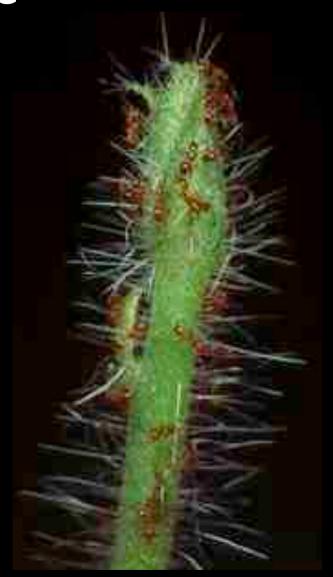




### The exchange

• The plant employer pays housing (and food).

• The ant employees protect new leaves and shoots.



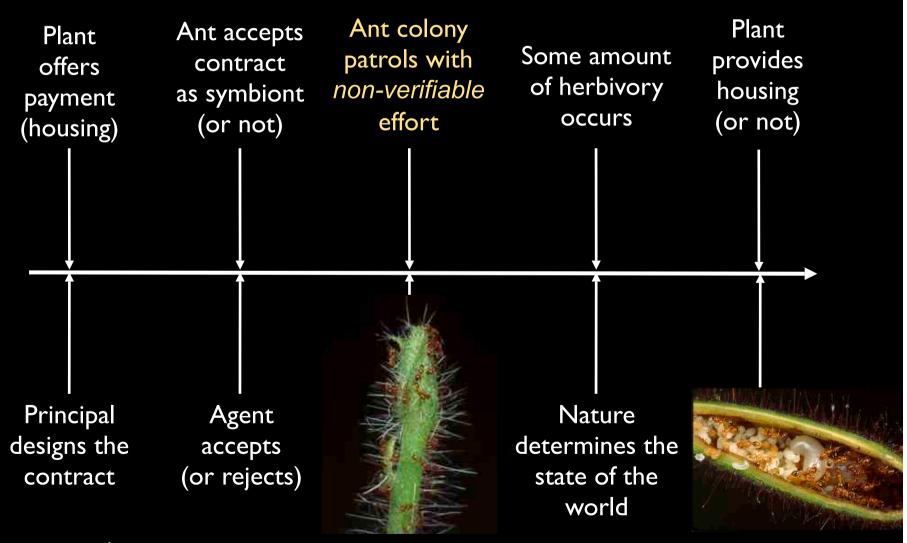


#### The informational asymmetry

- The ant "knows" whether it is patrolling (or not).
- The plant does not, and so cannot limit rewards only to patrollers.
- The ant's actions are hidden.



## Ant-plant mutualisms map onto the moral hazard game



Macho-Stadler, I. & Pérez-Castrillo, J.D. (2001) An introduction to the economics of information Oxford Univ. Press, Oxford.



### 80% of "cheated" domatia die within a year



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Moral hazard problem solved by paying on a 'verifiable variable' correlated with agent effort.





### Economic contract theory

Moral hazard

Hidden actions

Adverse selection

Hidden characteristics

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### The informational asymmetry

- The ant "knows" whether it is an efficient or inefficient defender.
- The plant does not, and so cannot house and feed only patrollers.
- The ant's characteristics are hidden.





### Market segmentation





### Market segmentation

