

Dr. Jiabin Wu

Associate Professor

Department of Economics, SAIL, University of Oregon

“Preference Evolution with Partner Choice”

ABSTRACT: We present a model of preference evolution with endogenous matching. In the short run, individuals’ subjective preferences affect partner selection and behavior in strategic interactions, which in turn shape their material payoffs. These payoffs then determine how preferences evolve in the long run. To model the “match-to-interact” process, we combine stable matching with equilibrium concepts. Our analysis shows that endogenous matching gives rise to the evolutionary dominance of two types of preferences that combine efficient play with either individual selfishness or group selfishness. These preferences stand out in the evolutionary process because they can enforce joint payoff maximization while avoiding exploitation through rematching. Under incomplete information, however, only the group-selfish type prevails, because information frictions require stronger incentives to sustain self-sorting.