

# Game Theory: Numerical Examples

Prof. M.P. Biswal

Department of Mathematics

IIT- Kharagpur

E-Mail: [mpbiswal@maths.iitkgp.ac.in](mailto:mpbiswal@maths.iitkgp.ac.in)

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# Game Theory: Example -1

**Consider the following two-player zero-sum game. Player A chooses an integer in 1, 2, 3 and Player B chooses an integer in 2, 3, 4. If the chosen numbers are the same, no money changes hands. If the numbers are different, the person who chooses the larger number wins 1 euro, unless the numbers differ by 1 in which case the person choosing the smaller number wins 1 euro. Using the simplex method or otherwise, find the value of the game and the optimal strategies.**

		Player: $B$		
		$B_1 = 2$	$B_2 = 3$	$B_3 = 4$
Player: $A$	$A_1 = 1$	1	-1	-1
	$A_2 = 2$	0	1	-1
	$A_3 = 3$	-1	0	1

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 3/9, x_2 = 2/9, x_3 = 4/9; \nu = -1/9$$

$$y_1 = 4/9, y_2 = 2/9, y_3 = 3/9; \nu = -1/9$$

# Game Theory: Example 2

		Player: $B$		
		$B_1 = 1$	$B_2 = 2$	$B_3 = 3$
Player: $A$	$A_1 = 1$	1	-1	1
	$A_2 = 2$	-1	1	-1
	$A_3 = 3$	1	-1	1

Optimal Solution: ( Solve by LP Method )

$$x_1 = 1/2, x_2 = 1/2, x_3 = 0; \nu = 0$$

$$y_1 = 1/2, y_2 = 1/2, y_3 = 0; \nu = 0$$

# Game Theory: Example 3

		Player: $B$		
		$B_1 = 1$	$B_2 = 2$	$B_3 = 3$
Player: $A$	$A_1 = 1$	2	-3	4
	$A_2 = 2$	-3	4	-5
	$A_3 = 3$	4	-5	6

Optimal Solution: ( Solve by LP Method )

$$x_1 = 1/4, x_2 = 1/2, x_3 = 1/4; \nu = 0$$

$$y_1 = 1/4, y_2 = 1/2, y_3 = 1/4; \nu = 0$$

# Game Theory: Example 4

		Player: $B$		
		$B_1$	$B_2$	$B_3$
Player: $A$	$A_1$	10	0	7
	$A_2$	2	6	4
	$A_3$	5	2	3

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 2/7, x_2 = 5/7, x_3 = 0; \nu = 30/7$$

$$y_1 = 3/7, y_2 = 4/7, y_3 = 0; \nu = 30/7$$

## Game Theory: Example 5

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	5	4
	<i>X</i> <sub>2</sub>	6	1	3
	<i>X</i> <sub>3</sub>	4	6	1

Optimal Solution: ( Solve by LP Method )

$$x_1 = 21/35, x_2 = 13/35, x_3 = 1/35; \nu = 124/35$$

$$y_1 = 13/35, y_2 = 10/35, y_3 = 12/35; \nu = 124/35$$

# Game Theory: Example 6

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	0	-1	1
	<i>X</i> <sub>2</sub>	1	0	-1
	<i>X</i> <sub>3</sub>	-1	1	0

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/3, x_2 = 1/3, x_3 = 1/3; \nu = 0$$

$$y_1 = 1/3, y_2 = 1/3, y_3 = 1/3; \nu = 0$$



# Game Theory: Example 7

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	3	2	1
	<i>X</i> <sub>2</sub>	2	4	5
	<i>X</i> <sub>3</sub>	1	5	10

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 6/8, x_2 = 1/8, x_3 = 1/8; \nu = 21/8$$

$$y_1 = 6/8, y_2 = 1/8, y_3 = 1/8; \nu = 21/8$$

## Game Theory: Example 8

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	5	4
	<i>X</i> <sub>2</sub>	5	3	1
	<i>X</i> <sub>3</sub>	4	1	6

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 4/9, x_2 = 3/9, x_3 = 2/9; \nu = 31/9$$

$$y_1 = 4/9, y_2 = 3/9, y_3 = 2/9; \nu = 31/9$$

# Game Theory: Example 9

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	1	3
	<i>X</i> <sub>2</sub>	1	4	6
	<i>X</i> <sub>3</sub>	3	6	2

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 0, x_2 = 1/6, x_3 = 5/6; \nu = 8/3$$

$$y_1 = 2/3, y_2 = 0, y_3 = 1/3; \nu = 8/3$$

# Game Theory: Example 10

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	4	3
	<i>X</i> <sub>2</sub>	4	6	2
	<i>X</i> <sub>3</sub>	3	2	8

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 0, x_2 = 5/7, x_3 = 2/7; \nu = 26/7$$

$$y_1 = 6/7, y_2 = 0, y_3 = 1/7; \nu = 26/7$$

# Game Theory: Example 11

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	5	4	3
	<i>X</i> <sub>2</sub>	4	6	2
	<i>X</i> <sub>3</sub>	3	2	4

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 0, x_2 = 1/3, x_3 = 2/3; \nu = 10/3$$

$$y_1 = 0, y_2 = 1/3, y_3 = 2/3; \nu = 10/3$$

# Game Theory: Example 12

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	5	2	3
	<i>X</i> <sub>2</sub>	3	5	2
	<i>X</i> <sub>3</sub>	2	3	5

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/3, x_2 = 1/3, x_3 = 1/3; \nu = 10/3$$

$$y_1 = 1/3, y_2 = 1/3, y_3 = 1/3; \nu = 10/3$$

# Game Theory: Example 13

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	4	3
	<i>X</i> <sub>2</sub>	4	2	3
	<i>X</i> <sub>3</sub>	3	4	2

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/3, x_2 = 1/3, x_3 = 1/3; \nu = 3$$

$$y_1 = 1/3, y_2 = 1/3, y_3 = 1/3; \nu = 3$$

# Game Theory: Example 14

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	20	30	40
	<i>X</i> <sub>2</sub>	40	20	30
	<i>X</i> <sub>3</sub>	30	40	20

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/3, x_2 = 1/3, x_3 = 1/3; \nu = 30$$

$$y_1 = 1/3, y_2 = 1/3, y_3 = 1/3; \nu = 30$$



# Game Theory: Example 15

		Player: <i>B</i>		
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	4	5	10
	<i>X</i> <sub>2</sub>	10	4	5
	<i>X</i> <sub>3</sub>	5	10	4

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/3, x_2 = 1/3, x_3 = 1/3; \nu = 19/3$$

$$y_1 = 1/3, y_2 = 1/3, y_3 = 1/3; \nu = 19/3$$

## Game Theory: Example 16

		Player: <i>B</i>			
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>	<i>Y</i> <sub>4</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	4	3	2	1
	<i>X</i> <sub>2</sub>	1	4	3	2
	<i>X</i> <sub>3</sub>	2	1	4	3
	<i>X</i> <sub>4</sub>	3	2	1	4

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 5/4$$

$$y_1 = 1/4, y_2 = 1/4, y_3 = 1/4, y_4 = 1/4; \nu = 5/4$$

## Game Theory: Example 17

		Player: <i>B</i>			
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>	<i>Y</i> <sub>4</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	6	5	3	2
	<i>X</i> <sub>2</sub>	2	6	5	3
	<i>X</i> <sub>3</sub>	3	2	6	5
	<i>X</i> <sub>4</sub>	5	3	2	6

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 4$$

$$y_1 = 1/4, y_2 = 1/4, y_3 = 1/4, y_4 = 1/4; \nu = 4$$

## Game Theory: Example 18

		Player: <i>B</i>			
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>	<i>Y</i> <sub>4</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	1	1	1
	<i>X</i> <sub>2</sub>	1	2	1	1
	<i>X</i> <sub>3</sub>	1	1	2	1
	<i>X</i> <sub>4</sub>	1	1	1	2

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 5/4$$

$$y_1 = 1/4, y_2 = 1/4, y_3 = 1/4, y_4 = 1/4; \nu = 5/4$$

## Game Theory: Example 19

		Player: <i>B</i>			
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>	<i>Y</i> <sub>4</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	3	1	1
	<i>X</i> <sub>2</sub>	1	2	3	1
	<i>X</i> <sub>3</sub>	1	1	2	3
	<i>X</i> <sub>4</sub>	3	1	1	2

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 7/4$$

$$y_1 = 1/4, y_2 = 1/4, y_3 = 1/4, y_4 = 1/4; \nu = 7/4$$

## Game Theory: Example 20

		Player: <i>B</i>			
		<i>Y</i> <sub>1</sub>	<i>Y</i> <sub>2</sub>	<i>Y</i> <sub>3</sub>	<i>Y</i> <sub>4</sub>
Player: <i>A</i>	<i>X</i> <sub>1</sub>	2	3	5	1
	<i>X</i> <sub>2</sub>	1	2	3	5
	<i>X</i> <sub>3</sub>	5	1	2	3
	<i>X</i> <sub>4</sub>	3	5	1	2

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 11/4$$

$$y_1 = 1/4, y_2 = 1/4, y_3 = 1/4, y_4 = 1/4; \nu = 11/4$$

## Game Theory: Example 21

		Player: $B$		
		$Y_1$	$Y_2$	$Y_3$
Player: $A$	$X_1$	1	-1	1
	$X_2$	-1	1	-1
	$X_3$	1	-1	1
	$X_4$	-1	1	-1

**Optimal Solution: ( Solve by LP Method )**

$$x_1 = 1/4, x_2 = 1/4, x_3 = 1/4, x_4 = 1/4; \nu = 0$$

$$y_1 = 1/2, y_2 = 1/2, y_3 = 0; \nu = 0$$

## Game Theory: Example 22

		Player: $B$			
		$Y_1(1)$	$Y_2(2)$	$Y_3(3)$	$Y_4(4)$
Player: $A$	$X_1(1)$	2	-3	4	-5
	$X_2(2)$	-3	4	-5	6
	$X_3(3)$	4	-5	6	-7
	$X_4(4)$	-5	6	-7	8

Optimal Solution: ( Solve by LP Method )

$$K = 8, \hat{\nu} = 8$$

$$x_1 = 0, x_2 = 1/4, x_3 = 1/2, x_4 = 1/4; \nu = 0$$

$$y_1 = 0, y_2 = 1/4, y_3 = 1/2, y_4 = 1/4; \nu = 0$$



## Game Theory- Example-23

		Player <i>B</i>	
		<i>S</i> <sub>1</sub>	<i>S</i> <sub>2</sub>
Player <i>A</i>	<i>S</i> <sub>1</sub>	3	-1
	<i>S</i> <sub>2</sub>	-1	9

$$3x_1 - x_2 = -x_1 + 9x_2 = \nu$$

$$3y_1 - y_2 = -y_1 + 9y_2 = \nu$$

$$x_1 + x_2 = y_1 + y_2 = 1$$

**Optimal Solution:**

$$x_1 = 10/14, x_2 = 4/14; \nu = 26/14$$

$$y_1 = 10/14, y_2 = 4/14; \nu = 26/14$$

## Game Theory- Example-24

		Player <i>B</i>	
		<i>S</i> <sub>1</sub>	<i>S</i> <sub>2</sub>
Player <i>A</i>	<i>S</i> <sub>1</sub>	1	-1
	<i>S</i> <sub>2</sub>	-1	1

$$x_1 - x_2 = -x_1 + x_2 = \nu$$

$$y_1 - y_2 = -y_1 + y_2 = \nu$$

$$x_1 + x_2 = y_1 + y_2 = 1$$

**Optimal Solution:**

$$x_1 = 1/2, x_2 = 1/2; \nu = 0$$

$$y_1 = 1/2, y_2 = 1/2; \nu = 0$$

# Game Theory- Example-25

		Player <i>B</i>	
		<i>S</i> <sub>1</sub>	<i>S</i> <sub>2</sub>
Player <i>A</i>	<i>S</i> <sub>1</sub>	42	-14
	<i>S</i> <sub>2</sub>	-14	126

**Optimal Solution:**

$$x_1 = 10/14, x_2 = 4/14; \nu = 26$$

$$y_1 = 10/14, y_2 = 4/14; \nu = 26$$

# Game Theory- Example-26

		Player <i>B</i>	
		<i>S</i> <sub>1</sub>	<i>S</i> <sub>2</sub>
Player <i>A</i>	<i>S</i> <sub>1</sub>	4	-4
	<i>S</i> <sub>2</sub>	-4	4

**Optimal Solution:**

$$x_1 = 1/2, x_2 = 1/2; \nu = 0$$

$$y_1 = 1/2, y_2 = 1/2; \nu = 0$$

# Game Theory: Linear Programming Model

Let us consider a pay-off matrix of a 3 by 3 Two- Person Zero-Sum unstable game without any saddle point.

		Player: $B$		
		$y_1$	$y_2$	$y_3$
Player: $A$	$x_1$	$a_{11}$	$a_{12}$	$a_{13}$
	$x_2$	$a_{21}$	$a_{22}$	$a_{23}$
	$x_3$	$a_{31}$	$a_{32}$	$a_{33}$

where

$$Pr(A_1) = x_1, Pr(A_2) = x_2, Pr(A_3) = x_3$$

$$Pr(B_1) = y_1, Pr(B_2) = y_2, Pr(B_3) = y_3$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$

# Game Theory: Linear Programming

Player A's objective is to maximize the minimum expected gains, which can be achieved by maximizing  $\nu$ , i.e., it might gain more than  $\nu$  if the Player B adopts a poor strategy. Hence, the minimum expected gain for player A will be as follows:

If the Player B selects his first strategy  $B_1$  then:

$$a_{11}x_1 + a_{21}x_2 + a_{31}x_3 \geq \nu$$

If the Player B selects his second strategy  $B_2$  then:

$$a_{12}x_1 + a_{22}x_2 + a_{32}x_3 \geq \nu$$

If the Player B selects his third strategy  $B_3$  then:

$$a_{13}x_1 + a_{23}x_2 + a_{33}x_3 \geq \nu$$

This problem can be represented as an LPP:

$$\max : \nu$$

where  $\nu > 0$ ,

$$a_{11}x_1 + a_{21}x_2 + a_{31}x_3 \geq \nu$$

$$a_{12}x_1 + a_{22}x_2 + a_{32}x_3 \geq \nu$$

$$a_{13}x_1 + a_{23}x_2 + a_{33}x_3 \geq \nu$$

$$x_1 + x_2 + x_3 = 1$$

$$x_1, x_2, x_3 \geq 0$$

# Game Theory: Linear Programming

Further it can be represented as:

$$\min : \frac{1}{\nu}$$

i.e.

$$\min : \frac{1}{\nu}(x_1 + x_2 + x_3)$$

where  $\nu > 0, x_1 + x_2 + x_3 = 1$

$$\frac{a_{11}x_1 + a_{21}x_2 + a_{31}x_3}{\nu} \geq 1$$

$$\frac{a_{12}x_1 + a_{22}x_2 + a_{32}x_3}{\nu} \geq 1$$

$$\frac{a_{13}x_1 + a_{23}x_2 + a_{33}x_3}{\nu} \geq 1$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$



# Game Theory: Linear Programming

Let

$$\frac{x_1}{\nu} = X_1, \frac{x_2}{\nu} = X_2, \frac{x_3}{\nu} = X_3,$$

LPP:

$$\min : X_1 + X_2 + X_3$$

$$a_{11}X_1 + a_{21}X_2 + a_{31}X_3 \geq 1$$

$$a_{12}X_1 + a_{22}X_2 + a_{32}X_3 \geq 1$$

$$a_{13}X_1 + a_{23}X_2 + a_{33}X_3 \geq 1$$

$$X_1, X_2, X_3 \geq 0$$

where

$$\nu = \frac{1}{X_1 + X_2 + X_3}, x_1 = X_1\nu, x_2 = X_2\nu, x_3 = X_3\nu$$

# Game Theory: Linear Programming

Player B's objective is to minimize the maximum expected loss, which can be achieved by minimizing  $\nu$ , i.e., it might loss less than  $\nu$  if the Player A adopts a poor strategy. Hence, the maximum expected loss for player B will be as follows:

If the Player A selects his first strategy  $A_1$  then:

$$a_{11}y_1 + a_{12}y_2 + a_{13}y_3 \leq \nu$$

If the Player A selects his second strategy  $A_2$  then:

$$a_{21}y_1 + a_{22}y_2 + a_{23}y_3 \leq \nu$$

If the Player A selects his third strategy  $A_3$  then:

$$a_{31}y_1 + a_{32}y_2 + a_{33}y_3 \leq \nu$$

This problem can be represented as an LPP:

$$\min : \nu$$

where  $\nu > 0$ ,

$$a_{11}y_1 + a_{12}y_2 + a_{13}y_3 \leq \nu$$

$$a_{21}y_1 + a_{22}y_2 + a_{23}y_3 \leq \nu$$

$$a_{31}y_1 + a_{32}y_2 + a_{33}y_3 \leq \nu$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$

# Game Theory: Linear Programming

Further it can be represented as:

$$\max : \frac{1}{\nu}$$

i.e.

$$\max : \frac{1}{\nu}(y_1 + y_2 + y_3)$$

where  $\nu > 0$ ,

$$\frac{a_{11}y_1 + a_{12}y_2 + a_{13}y_3}{\nu} \leq 1$$

$$\frac{a_{21}y_1 + a_{22}y_2 + a_{23}y_3}{\nu} \leq 1$$

$$\frac{a_{31}y_1 + a_{32}y_2 + a_{33}y_3}{\nu} \leq 1$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$

# Game Theory: Linear Programming

Let

$$\frac{y_1}{\nu} = Y_1, \frac{y_2}{\nu} = Y_2, \frac{y_3}{\nu} = Y_3,$$

LPP:

$$\max : Y_1 + Y_2 + Y_3$$

$$a_{11} Y_1 + a_{12} Y_2 + a_{13} Y_3 \leq 1$$

$$a_{21} Y_1 + a_{22} Y_2 + a_{23} Y_3 \leq 1$$

$$a_{31} Y_1 + a_{32} Y_2 + a_{33} Y_3 \leq 1$$

$$Y_1, Y_2, Y_3 \geq 0$$

where

$$\nu = \frac{1}{Y_1 + Y_2 + Y_3}, y_1 = Y_1 \nu, y_2 = Y_2 \nu, y_3 = Y_3 \nu$$

# Game Theory: Linear Programming

Let us consider a pay-off matrix of an unstable game without any saddle point.

		Player: $B$		
		$y_1$	$y_2$	$y_3$
Player: $A$	$x_1$	3	-4	2
	$x_2$	1	-7	-3
	$x_3$	-2	4	7

where

$$Pr(A_1) = x_1, Pr(A_2) = x_2, Pr(A_3) = x_3$$

$$Pr(B_1) = y_1, Pr(B_2) = y_2, Pr(B_3) = y_3$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$

Using the Max-min criteria, row minimum is obtained as:

$$(-4, -3, -2).$$

Then the Max-min value is obtained as: -2. Using the Min-max criteria, column maximum is obtained as:

$$(3, 4, 7).$$

Then the Min-max value is obtained as: 3.

Hence

$$-2 < \nu < 3.$$

Further a constant  $K = 3$  is added to all the elements of the Pay-off matrix. A new Pay-off matrix is presented as:

# Game Theory: Linear Programming

		Player: $B$		
		$y_1$	$y_2$	$y_3$
Player: $A$	$x_1$	6	-1	5
	$x_2$	4	-4	0
	$x_3$	1	7	10

where

$$Pr(A_1) = x_1, Pr(A_2) = x_2, Pr(A_3) = x_3$$

$$Pr(B_1) = y_1, Pr(B_2) = y_2, Pr(B_3) = y_3$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$



# Game Theory: Linear Programming

Player A's objective is to maximize the minimum expected gains, which can be achieved by maximizing  $\nu$ , i.e., it might gain more than  $\nu$  if the Player B adopts a poor strategy. Hence, the minimum expected gain for player A will be as follows:

If the Player B selects his first strategy  $B_1$  then:

$$6x_1 + 4x_2 + x_3 \geq \nu$$

If the Player B selects his second strategy  $B_2$  then:

$$-x_1 - 4x_2 + 7x_3 \geq \nu$$

If the Player B selects his third strategy  $B_3$  then:

$$5x_1 + 10x_3 \geq \nu$$

This problem can be represented as an LPP:

$$\max : \nu$$

where  $\nu > 0$ ,

$$6x_1 + 4x_2 + x_3 \geq \nu$$

$$-x_1 - 4x_2 + 7x_3 \geq \nu$$

$$5x_1 + 10x_3 \geq \nu$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$

# Game Theory: Linear Programming

Further it can be represented as:

$$\min : \frac{1}{\nu}$$

i.e.

$$\min : \frac{1}{\nu}(x_1 + x_2 + x_3)$$

where  $\nu > 0, x_1 + x_2 + x_3 = 1$

$$\frac{6x_1 + 4x_2 + x_3}{\nu} \geq 1$$

$$\frac{-x_1 - 4x_2 + 7x_3}{\nu} \geq 1$$

$$\frac{5x_1 + 10x_3}{\nu} \geq 1$$

$$x_1 + x_2 + x_3 = 1, x_1, x_2, x_3 \geq 0$$

# Game Theory: Linear Programming

Let

$$\frac{x_1}{\nu} = X_1, \frac{x_2}{\nu} = X_2, \frac{x_3}{\nu} = X_3,$$

LPP:

$$\min : X_1 + X_2 + X_3$$

$$6X_1 + 4X_2 + X_3 \geq 1$$

$$-X_1 - 4X_2 + 7X_3 \geq 1$$

$$5X_1 + 10X_3 \geq 1$$

$$X_1, X_2, X_3 \geq 0$$

where

$$\nu = \frac{1}{X_1 + X_2 + X_3}, x_1 = X_1\nu, x_2 = X_2\nu, x_3 = X_3\nu$$

# Game Theory: Linear Programming

**LPP:**

$$\min : X_1 + X_2 + X_3$$

$$6X_1 + 4X_2 + X_3 \geq 1$$

$$-X_1 - 4X_2 + 7X_3 \geq 1$$

$$5X_1 + 10X_3 \geq 1$$

$$X_1, X_2, X_3 \geq 0$$

**Optimal Solution:**

$$X_1 = 6/43, X_2 = 0, X_3 = 7/43; \nu = 43/13$$

$$x_1 = 6/13, x_2 = 0, x_3 = 7/13; \nu = 43/13$$

**where**

$$\nu = \frac{1}{X_1 + X_2 + X_3}, x_1 = X_1\nu, x_2 = X_2\nu, x_3 = X_3\nu$$

# Game Theory: Linear Programming

Player B's objective is to minimize the maximum expected loss, which can be achieved by minimizing  $\nu$ , i.e., it might loss less than  $\nu$  if the Player A adopts a poor strategy. Hence, the maximum expected loss for player B will be as follows:

If the Player A selects his first strategy  $A_1$  then:

$$6y_1 - y_2 + 5y_3 \leq \nu$$

If the Player A selects his second strategy  $A_2$  then:

$$4y_1 - 4y_2 \leq \nu$$

If the Player A selects his third strategy  $A_3$  then:

$$y_1 + 7y_2 + 10y_3 \leq \nu$$

This problem can be represented as an LPP:

$$\text{min : } \nu$$

where  $\nu > 0$ ,

$$6y_1 - y_2 + 5y_3 \leq \nu$$

$$4y_1 - 4y_2 \leq \nu$$

$$y_1 + 7y_2 + 10y_3 \leq \nu$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$

Further it can be represented as:

$$\max : \frac{1}{\nu}$$

i.e.

$$\max : \frac{1}{\nu}(y_1 + y_2 + y_3)$$

where  $\nu > 0$ ,

$$6y_1 - y_2 + 5y_3 \leq \nu$$

$$4y_1 - 4y_2 \leq \nu$$

$$y_1 + 7y_2 + 10y_3 \leq \nu$$

$$y_1 + y_2 + y_3 = 1, y_1, y_2, y_3 \geq 0$$



# Game Theory: Linear Programming

Let

$$\frac{y_1}{\nu} = Y_1, \frac{y_2}{\nu} = Y_2, \frac{y_3}{\nu} = Y_3,$$

LPP:

$$\max : Y_1 + Y_2 + Y_3$$

$$6Y_1 - Y_2 + 5Y_3 \leq 1$$

$$4Y_1 - 4Y_2 \leq 1$$

$$Y_1 + 7Y_2 + 10Y_3 \leq 1$$

$$Y_1, Y_2, Y_3 \geq 0$$

where

$$\nu = \frac{1}{Y_1 + Y_2 + Y_3}, y_1 = Y_1\nu, y_2 = Y_2\nu, y_3 = Y_3\nu$$

# Game Theory: Linear Programming

**LPP:**

$$\max : Y_1 + Y_2 + Y_3$$

$$6Y_1 - Y_2 + 5Y_3 \leq 1$$

$$4Y_1 - 4Y_2 \leq 1$$

$$Y_1 + 7Y_2 + 10Y_3 \leq 1$$

$$Y_1, Y_2, Y_3 \geq 0$$

**Optimal Solution:**

$$Y_1 = 8/43, Y_2 = 5/43, Y_3 = 0; \nu = 43/13; \hat{\nu} = 4/13$$

$$y_1 = 8/13, y_2 = 5/13, y_3 = 0; \nu = 43/13; \hat{\nu} = 4/13$$

where

$$\nu = \frac{1}{Y_1 + Y_2 + Y_3}, y_1 = Y_1\nu, y_2 = Y_2\nu, y_3 = Y_3\nu$$