Learning Dynamics: Assignement 1

Hakim Boulahya
hboulahy@ulb.ac.be

Université Libre de Bruxelles

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1 Hawk-Dove game

2 Social Dilemma

Figure 1 represents the expected payoff of A based on her belief. For example the first column indicates the payoff of A when she believes that B will defect in all games type.

Since A is sure that each game is equally likely, there is a probability of 1/3 that she is in Prisonner's dilemma, probability of 1/3 in Stag-Hunt game and probability of 1/3 in Snowdrift game.

Figure 2 represents the best response of player B in all three games, she doesn't need to form any beliefs since she knows in which game she is playing.

	DDD	CCC	CCD	CDC	CDD	DCC	DCD	DDC
C	1/3	3	**8/3**	4/3	1	7/3	**2**	2/3
D	**2/3**	**4**	7/3	**11/3**	**2**	**8/3**	1	**7/3**

Figure 1: Expected payoff of player A for all possible combinations of player B's types

	C	D	C	D	C	D
C	2	**5**	**5**	2	2	**5**
D	0	**1**	0	**1**	**1**	0

Figure 2: Best response of player B against player A in all games (in the following order): Prisonners, Stag-hunt, Snowdrift

2.1 Payoff function

Let's associate Prisonner's dilemma, Stag-hunt game and Snowdrift game with the indexes $I = \{1, 2, 3\}$, respectively. The actions cooperate and defect be the set $A = \{C, D\}$. Let b_i $\forall i \in I$, the beliefs of A, with $b_i \in A$ an action. Let $o_i(x, y)$ $\forall i \in I \wedge \forall x, y \in A$ the outcomes of A for game i and action x for player A and action y for B. The payoff function is $p(a, b_1, b_2, b_3)$ $\forall a \in A$:

$$p(a, b_1, b_2, b_3) = \frac{1}{3}(o_1(a, b_1) + o_2(a, b_2) + o_3(a, b_3)) \tag{1}$$

For example the payoff for A action cooperate (C) and beliefs $b_1 = D, b_2 = D, b_3 = D$, the fist row and column of Figure 1, is:

$$p(C, D, D, D) = \frac{1}{3}(0 + 0 + 1) = 1/3 \tag{2}$$

Other examples:

$$p(C, C, C, D) = \frac{1}{3}(2 + 5 + 1) = 8/3 \tag{3}$$

$$p(D, C, C, C) = \frac{1}{3}(5 + 2 + 5) = 4 \tag{4}$$

2.2 Best response and equilibrium

The best response given the action of all game type for player A are the bolded values in Figure 1. The best response for all games for player B are the bolded values in Figure 2. To find the pure Nash Equilibria, we need to match the best response of A with the best response of B for each beliefs. There are two pure Nash Equilibria, shows in red in Figure 1, $\{C, (DCD)\}$ and $\{D, (DDC)\}$. Indeed, for $\{C, (DCD)\}$, when A plays action C, the best response of B in Prisonner's dilemma is D, in Stag-hunt game it is C and in Snowdrift game it is D, so it is a pure Nash Equilibria. The same goes for $\{D, (DDC)\}$.

3 Sequential truel

The diagram representing the subgames are drawn as trees in Figure 3, 4 and 5. When we will refer to T_1, T_2 and T_3 it means that we are refering to, respectively, Figure 3, 4 and 5. In the subgames, the action $t(i)$ where $i \in \{A, B, C\}$, means that the current player is targeting player i. The current player can of course not targeting himself.

The main game is represented by T_1. As mentioned in the assignement specifications, the subgames when A fails to hits in intended target are the same, it is T_2. When in subgame T_2, we also found that when B misses is intended target, the subgames are the same, it is T_3.

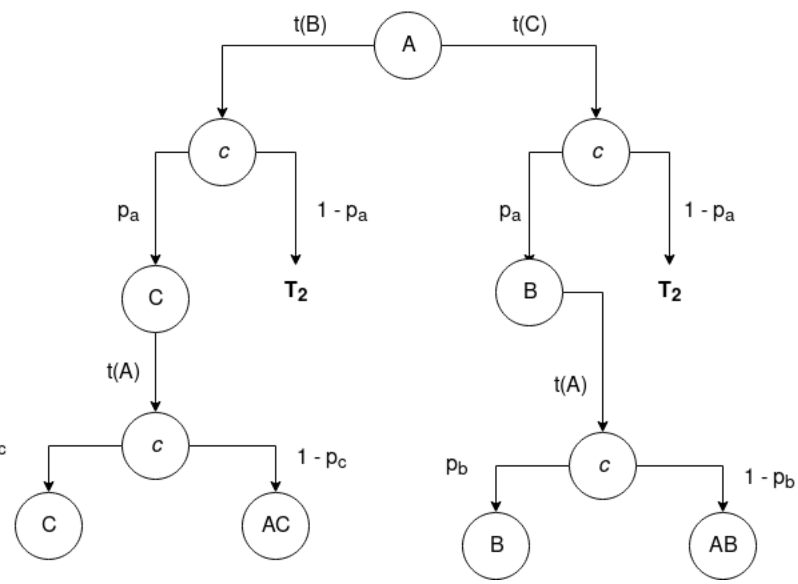

Figure 3: T_1, main subgame

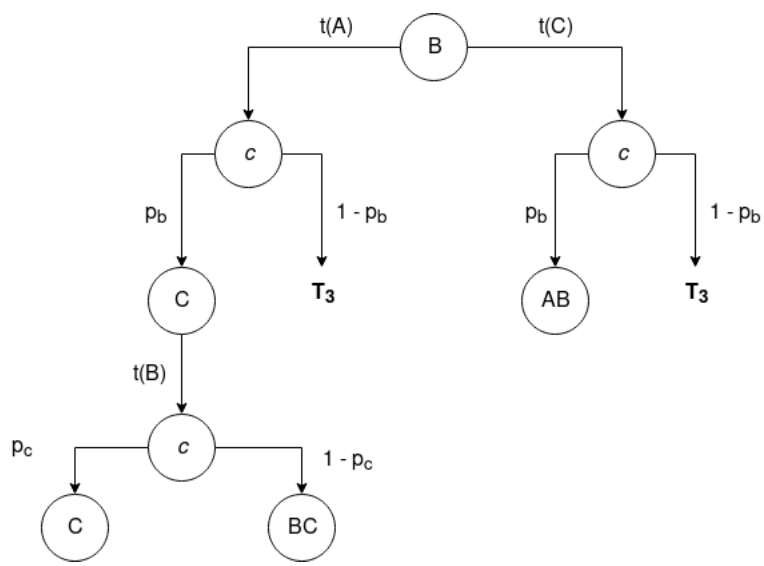

Figure 4: T_2, subgame when A misses her intended target

3.1 Preferences

- Players prefer outcomes with fewer people
- Players prefer to stay alive

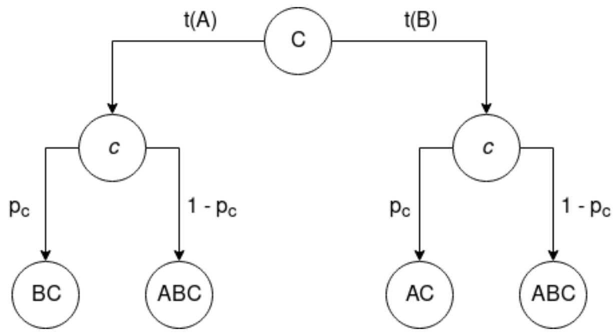

Figure 5: T_3, subgame when A and B miss their intended targets

3.2 Subgame perfect equilibria

C equilibrium in T_3 To find the SPE, we have to use the backward induction, so we need to find the SPE of T_3 first. Player C always stay alive whatever target she is choosing. The SPE is $t(A)$ if $p_a > p_b$, and $t(B)$ if $p_b > p_a$.

B equilibrium in T_2 Let's consider subgame T_2. Player B needs either to target A or target C. If B targets A, she has less chance to survive because, since next turn C will play and will still be alive whatever the result is of this shoot, so it B will always target C in T_3. Formally, if B misses her outcome will be the same, because it will have the SPE of subgame T_3, which is unique. If B targets A and hits her, she has a probabilty of $1 - p_c$ to stay alive. If B targets C and hits her, she has a probablity of 1 to stay alive. So B will always choose to target C.

A equilibrium in T_1 Let's consider the full game, subgame T_1. Intuitively, it is best for A to target the player with the biggest probability, because she will have more chance to stay alive if she manage to eliminate the strongest opponent. Formally, if A misses her intended target, the outcome will be the same since T_2 has an unique SPE. If A targets B and hits her, she has a probability of $1 - p_c$ to stay alive, because C is the remaining shooter and has a probability of $1 - p_c$ to fail. If A targets C and hits her, she has a probability of $1 - p_b$ to stay alive, because B is the remaining shooter and has a probability of $1 - p_b$ to fail. So A targets B if $(1 - p_c) > (1 - p_b)$, which can be simplify as $p_c < p_b$, and A targets C if $(1 - p_b) > (1 - p_c)$, which can be simplify as $p_b < p_c$.

Weakness is strength In the previous paragraph, we explained that if $p_c > p_b$ A will target C. If C is the target, the her probablity of survival is the probability that A misses and B misses, formally:

$$(1 - p_a)(1 - p_b) = 1 - p_b - p_a + p_a p_b = 1 - p_a - p_b(1 - p_a) \tag{5}$$

If $p_b > p_c$ A will target B, then C chance of survival is A hits her target and C will be the last player with a bullet or A misses her target and B misses also her target. Formally:

$$p_a + (1 - p_a)(1 - p_b) = p_a + 1 - p_b - p_a + p_a p_b = 1 - p_b(1 - p_a) \qquad (6)$$

The difference between the probablity (5) and (6), is that (5) is decreasing (6) with p_a, so (5) will always be smaller that (6). The probablity of survival of C when $p_c > p_b$ will always be smaller than the probability of survival of C when $p_b > p_c$. C is always better off when $p_b > p_c$.