Combinatorial Optimization Games

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Induced subgraph games

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- Observe that $v(\emptyset) = 0$ and $v(N) = w(E)$.

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- Weights can be exponential in n and still have polynomial size.

Completeness?

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  Consider the game $\Gamma = (N, v)$, where $n = \{1, 2, 3\}$ and

$$v(C) = \begin{cases} 0 & if |C| \leq 1 \\ 1 & if |C| = 2 \\ 6 & if |C| = 3 \end{cases}$$

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  - But then $v(\{1, 2, 3\}) = 3 \neq 6$.

Properties of valuations

- monotone if $v(C) \leq v(D)$ for $C \subseteq D \subseteq N$.
- superadditive if $v(C \cup D) \geq v(C) + v(D)$, for every pair of disjoint coalitions $C, D \subseteq N$.
- supermodular $v(C \cup D) + v(C \cap D) \geq v(C) + v(D)$.

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- supermodular $v(C \cup D) + v(C \cap D) \geq v(C) + v(D)$.
- A game (N, v) is convex iff v is supermodular.
- Since we allow for negative edge weights, induced subgraph games are not necessarily monotone.
- However, when all edge weights are non-negative, induced subgraph games are convex.

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The core of $\Gamma(N, v)$ is the set of all imputations x such that $v(S) \leq x(S)$, for each coalition $S \subseteq N$.

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- Fix an arbitrary permutation π, and let x_i be the marginal contribution of i with respect to π.
- Let us show that $(x_1, ..., x_n)$ is in the core of Γ.
  - For $C \subseteq N$, we can assume that $C = \{i_1, \ldots, i_s\}$ where $\pi(i_1) < \cdots < \pi(i_s)$.
  - So, $v(C) = v(\{i_1\}) - v(\emptyset) + v(\{i_1, i_2\}) - v(\{i_1\}) + \cdots + v(C) - v(C \setminus \{i_s\})$.
  - By supermodularity we have,

    $v(\{i_1, \ldots, i_{j-1}, i_j\}) - v(\{i_1, \ldots, i_{j-1}\}) \leq v(\{1, \ldots, i_j\}) - v(\{1, \ldots, i_{j-1}\})$.
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  - Therefore $v(C) \leq x(C)$ and $v(N) = x(N)$.
- Observe that we have shown that the vector formed by the Shapley value is in the core of a convex game.

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- For $C \subseteq N$, let $\delta_i(C) = v(C \cup \{i\}) - v(C)$
- The Shapley value of player i in a game $\Gamma = (N, v)$ with n players is

$$\Phi_i(\Gamma) = \frac{1}{n!} \sum_{\pi \in \Pi(N)} \delta_i(S_\pi(i))$$

Shapley value: Axiomatic Characterization

Properties of the Shapley value:

- Efficiency: $\Phi_1 + \ldots + \Phi_n = v(N)$
- Dummy: if i is a dummy, $\Phi_i = 0$
- Symmetry: if i and j are symmetric, $\Phi_i = \Phi_j$
- Additivity: $\Phi_i(\Gamma_1 + \Gamma_2) = \Phi_i((\Gamma_1) + \Phi_i(\Gamma_2)$

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The Shapley value is the only payoff distribution scheme that has properties (1) - (4)

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- When $e_j = (i, \ell)$ for some $\ell \in N$, players i and ℓ are symmetric in Γ_j.
- Since the value of the grand coalition in Γ_j equals $w(i, \ell)$, by efficiency and symmetry we get $\Phi_i(\Gamma_j) = w(i, \ell)/2$.

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Corollary

The Shapley values of induced subgraph games can be computed in polynomial time.

Can the core be empty?

Theorem

Consider a game $\Gamma(G, w)$, the following are equivalent

- *The vector of Shapley values is in the core*
- *(G, w) has no negative cut*
- *The core is non-empty*

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- For the Shapley values, $e(S, \Phi)$ is $-\frac{1}{2}$ times the weight of the edges going from S to $N \setminus S$.

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- Thus, x is in the core iff $e(x, S) \leq 0 \; \forall S \subseteq N$.
- For the Shapley values, $e(S, \Phi)$ is $-\frac{1}{2}$ times the weight of the edges going from S to $N \setminus S$.
- Hence the Shapley value is in the core if and only if there is no negative cut $(S, N \setminus S)$.

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- We have seen that if the core is non-empty, then the vector of Shapley values is in the core.

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- Let (G, w) with non-negative weights and an integer k. G' is obtained as the disjoint union of G and the graph $(\{a, b\}, \{(a, b)\})$. Define w' as $w'(e) = w(e)$ for $e \in E(G)$ and $w((a, b)) = -k$.

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- G has a a cut of size at least k iff G' has a negative cut.

Complexity of core related problems

Theorem

The following problems are NP-complete:

- *Given* (G, w) *and an imputation* x*, is it not in the core of* $\Gamma(G, w)$*?*
- *Given* (G, w)*, is the vector of Shapley values of* $\Gamma(G, w)$ *not in the core of* $\Gamma(G, w)$*?*
- *Given* (G, w)*, is the core of* $\Gamma(G, w)$ *empty?*

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Given (G, w), when all weights are non-negative, we can test in polynomial time

- *whether the core is non-empty.*
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The first question is trivial as the vector of Shapley values belong to the core. The second problem can be solved by a reduction to MAX-FLOW.

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- In the game $\Gamma(G, w) = (N, c)$ the set of players is $N = \{v_1, \ldots, v_n\}$, and the cost c of a coalition $C \subseteq N$ is

  $$c(C) = \text{ the weight of a minimum spanning tree of } G[S \cup \{v_0\}]$$

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- The cost of a singleton coalition $\{i\}$ is $c(\{i\}) = w_{0,i}$.
- Observe that $v(\emptyset) = 0$ and $v(N) = w(T)$ where T is a MST of G.

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  - Thus, a coalition with $|C| = 2$ has a MST with zero cost and the second condition cannot be met.

Properties of valuations

- monotone if $v(C) \leq v(D)$ for $C \subseteq D \subseteq N$.
- superadditive if $v(C \cup D) \geq v(C) + v(D)$, for every pair of disjoint coalitions $C, D \subseteq N$.
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- c is subadditive.

Can the core be empty?

Theorem

Consider a MST game $\Gamma(G, w)$. Let T^* be a MST of (G, w) obtained using Prim's algorithm. The vector $x = (x_1, \dots, x_n)$ that allocates to player $i \in N$ the weight of the first edge i encounters on the (unique path) from v_i to v_0 in T^* belongs to the core of Γ.

Such an allocation is called standard core allocation

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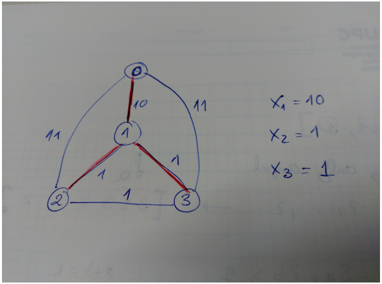
- The selected edge corresponds to the point in which Prim's algorithm connects the vertex to the component including v_0, i.e., it is a minimum weight edge in the allowed cut.
- Analyzing carefully both executions it can be shown that $x_j \leq y_j$ as the edges considered in one partition are a subset of the other.

How fair are standard core allocations?



- Most of the cost is charged to player 1.
- How to find more appropriate core allocations?

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- Norde, Moretti and Tijs [2001] show how to find a population monotonic allocation scheme (PMAS), which is an allocation scheme that provides a core element for the game and all its subgames and which, moreover, satisfies a monotonicity condition in the sense that players have to pay less in larger coalitions.

Complexity of core related problems

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The following problem is NP-complete:

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The proof follows by a reduction from EXACT COVER BY 3-SETS [Faigle et al., Int. J. Game Theory 1997]

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