Games and Boolean models - mid-term exam

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November 5, 2017

Instructions:

- Edit your work using the provided tex file. Hand in your work as a LaTex-generated pdf file attached to an e-mail addressed to roxyjean at gmail.com, by the end (i.e. 24:00) of sunday 12 November 2017. Your name should appear both as the author above, and in the chosen tex/pdf files names.
- All solution methods and corresponding computations have to be carefully commented, either in English or in Italian. Any part of the work consisting of non-commented computations and/or expressions shall be disregarded.

1 Exercise

For an even integer m, let $M = \{1, ..., m\}$ and define $f: M \to M$ by

$$f(k) = \begin{cases} \frac{m}{2} + k & \text{if } 1 \le k \le \frac{m}{2}, \\ k - \frac{m}{2} & \text{if } \frac{m}{2} < k \le m. \end{cases}$$

1. Characterize binary relation R^f on M defined by

$$R^f = \{(k, f(k)) : 1 \le k \le m\} \subset M \times M$$

in terms of (ir) reflexivity, (a/anti)symmetry, transitivity and completeness. Determine the number of 1s in Boolean matrix $\mathcal{M}^{R^f} \in \{0,1\}^{m \times m}$ representing $R^f,$ i.e. $\mathcal{M}^{R^f}_{kl} = \left\{ \begin{array}{cc} 1 \text{ if } (k,l) \in R^f, \\ 0 \text{ if } (k,l) \in M \times M \backslash R^f, \end{array} \right. 1 \leq k,l \leq m.$

2. Identify a (\supseteq -)minimal rational preference (binary relation) R^{\succsim^*} satisfying $R^{\succsim^*}\supseteq R$. How many 1s are in Boolean matrix $\mathcal{M}^{R^{\succsim^*}}$? Also determine the corresponding ordered partition $\mathfrak{P}^{\succsim^*}=(A_1,\ldots,A_{|\mathfrak{P}^{\succsim^*}|})$ of M.

1.1 Solution

1.1.1 Prerequisites

• Set: an abstract aggregate of elements.

- Mapping: a way to create new sets.
- mapping: a properties holding on element(s) of set.
- Binary relation: see [1], [2] and [5].

1.1.2 Notation

- M = a finite set of m elements.
- m = number of elements of set M.

1.1.3 Analysis of a function f

Given the binary relation \mathbb{R}^f as above defined, we'll investigate its properties (symmetry, transitivity, etc.).

Anzitutto che cos'è la f? La f assegna ad ogni elemento di M un elemento di stesso, pertanto si potrebbe trattare di una permutazione ovvero

an elements of the symmetric group of degree n, denoted by S_n [2].

Nel nostro caso n = |M| = m. Quanto detto non è proprio rigoroso in quanto si dovrebbe dimostrare che f è una permutazione ovvero dovrei fare vedere che la f è sia iniettiva che suriettiva. Di questo fatto me ne sono accorto svolgendo i calcoli sulla f ovvero andando a calcolare f(0), ..., f(m) per |M| uguale a 4, 6, 8.

La f può essere pensata come suddivisa in due funzioni f_{part1} e f_{part2} e pertanto la prima cosa da fare è discernere quale delle due funzioni applicare a k quando quest'ultimo è passato alla funzione f in altre parole la scrittura f(k) si potrebbe leggere come: quale funzione devo applicare a k? Ebbene la funzione da applicare dipende da k, se $k \leq \frac{m}{2}$ applichiamo la f_{part1} , altrimenti applichiamo la f_{part2} . Chiaramente f_{part1} ed f_{part2} sono definite come:

$$f(k) = f_{part1}(k) = \frac{m}{2} + k$$

if $k \leq \frac{m}{2}$ first half elements of M, and,

$$f(k) = f_{part2}(k) = k - \frac{m}{2}$$

if $k > \frac{m}{2}$ second half elements of M

Cioè la prima metà di elementi di M viene calcolata con f_{part1} mentre la seconda metà di elementi di M viene calcolata con f_{part2} .

Proviamo a schematizzare:

Per m=4, ossia $M=\{1,2,3,4\}$ abbiamo che $\frac{m}{2}=2$,

$$f(1) = 2 + 1 = 3$$

$$f(2) = 2 + 2 = 4$$

$$f(3) = 3 - 2 = 1$$

$$f(4) = 4 - 2 = 2$$

che posso rappresentare in forma di matrice:

$$\begin{pmatrix}
1 & 2 & 3 & 4 \\
3 & 4 & 1 & 2
\end{pmatrix}$$

La matrice precedente la leggiamo in questo modo: nella prima riga ci sono i valori di k, mentre nella seconda riga sono riportati i valori di f(k). Come si può notare da questo primo svolgimento, ma dopo cercheremo di dimostrarlo algebricamente, la relazione R^f è certamente simmetrica.

Per m=6, (saltiamo da 4 a 6 perchè l'esercizio richiede che m sia pari), ossia $M=\{1,2,3,4,5,6\}$ abbiamo che $\frac{m}{2}=3$,

$$f(1) = 3 + 1 = 4$$

$$f(2) = 3 + 2 = 5$$

$$f(3) = 3 + 3 = 6$$

$$f(4) = 4 - 3 = 1$$

$$f(5) = 5 - 3 = 2$$

$$f(6) = 6 - 3 = 3$$

Che possiamo rappresentare sotto forma di matrice come

$$\begin{pmatrix}
1 & 2 & 3 & 4 & 5 & 6 \\
4 & 5 & 6 & 1 & 2 & 3
\end{pmatrix}$$

La funzione f potrebbe essere vista anche come $k \equiv f(k) \pmod{\frac{m}{2}}$ e con quest'ultima espressione ...

1.1.4 Analysis of R^f properties

Proposition 1. The binary relation R^f is symmetric, intransitive and incomplete.

Proof. Symmetry. Symmetry seems to be trivial but we need to show that $(k, f(k)) \in R^f \implies (f(k), k) \in R^f$.

Thinking R^f as $R^f = \{(a,b) \land (b,a) : b = a + \frac{m}{2}, \forall a,b \in M,\} \subseteq M \times M$

The reason could be because congruences are symmetric but we need to show to many things in order to prove the proposition.

Transitivity. NO, infatti posso trovare due ennuple $(k, f(k)), (f(k), f(f(k))) \in \mathbb{R}^f$

tali che $(k, f(f(k))) \notin R^f$. E.g. se prendo $(1,3), (3,1) \in R^{f^4}$, dove f^4 rappresenta la funzione f quando m = 4, la ennupla $(1,1) \notin R^{f^4}$.

Completeness. NO, infatti
$$(1,2) \land (2,1) \notin R^{f^4}$$
.

1.1.5 Number of 1s in Boolean matrix representing R^f

Proposition 2. There are m 1s in the boolean matrix representing R^f .

2 Exercise

For player set $N = \{1, ..., n\}$ and strategy set $\mathbb{S}_i = \{0, 1\}$ for all $i \in N$, let

$$u_i(s) = u_i(s_i, s_{-i}) = \left(s_i - \sum_{j \in N} \frac{s_j}{n}\right)^2$$
 for all strategy profiles $s \in \{0, 1\}^n$.

- 1. Is this a common interest game? If yes, then determine the (non-empty) set of strategy profiles where each player attains the maximum payoff. If no, then show that different players have different optimal strategy profiles. Is this a constant-sum game? If yes, then show that any two strategy profiles $s, s' \in \{0, 1\}^n$ provide the same aggregate payoff, that is to say $\sum_{i \in N} u_i(s) = \sum_{i \in N} u_i(s)$. If no, then show that there are different strategy profiles providing different aggregate payoffs. Are there Pareto-dominated strategy profiles? If yes, then determine all pairs of strategy profiles one of which Pareto-dominates the other. If no, then show that for any pair of strategy profiles neither one Pareto-dominates the other.
- 2. Regarding this as a congestion game with a 2-set $\{0,1\}$ of facilities, denote by $u_0(k)$ the utility attained by playing 0 when the number of those playing 0 is k and by $u_1(k)$ the utility attained by playing 1 when the number of those playing 1 is k. Verify whether the game is monotone and, in particular, whether

$$u_0(k) - u_0(k+1) = u_1(k) - u_1(k+1)$$

for all $1 \le k < n$. For 1 < k < n, denote by $s_0^k \in \{0,1\}^n$ any of the $\binom{n}{k}$ strategy profiles where $k = |\{i : s_i = 0\}|$, and by $\mathbf{P} : \{0,1\}^n \to \mathbb{R}$ the exact potential function. Determine $\mathbf{P}(s_0^k)$. Is there any relation between the set of strong equilibria and the set of equilibria (with non-random strategies)? How many equilibria are there?

3. Verify whether the *n*-tuple of random strategies $\frac{1}{2} \in [0,1]^n$ where every $i \in N$ plays both 0 and 1 with equal probability, i.e. $\frac{1}{2}$, is an equilibrium.

2.1 Solution

2.1.1 Prerequisites

- See [3], [4], [5], [6]
- Preference aggregation. mainly [5];
- Common interest game. mainly [5];
- Potential game.
- Congestion game.
- Dominance.

2.1.2 Notation

- $\Gamma = (\mathbb{N}, \mathbb{S}, u_i)$. Γ è il gioco definito dall'esercizio.
- $\mathbb{N} = \{1, ..., n\} = A$ set of n elements called players.
- $\mathbb{S}_i = \{0,1\} = A$ set of 2 elements called strategies. A strategy can have many levels, in fact an element of \mathbb{S}_i can be another set of strategies and so on. For flat strategy set we use the name *alternative*. I the our game there are n strategy sets. Each element of the strategy set \mathbb{S}_i has value 0 or 1. Nevertheless, the process of value assignment can continue to infinity if we look at 0 and 1 not as number or as value of real set \mathbb{R} but as a name indicating a choice.

In altre parole, assumiamo che gli elementi di \mathbb{S}_i siano i numeri reali $0,1\in\mathbb{R}.$

- $\mathbb{S} = \mathbb{S}_1 \times, ..., \times \mathbb{S}_n$. Strategy profiles set. Insieme di ennuple $(a_1, ..., a_n)$ con $a_1, a_n \in \{0, 1\} \subseteq \mathbb{R}$. Insieme degli outcomes. Insieme dei prospetti. In condizione di completa informazione ogni giocatore conosce tutti i prospetti ed il rispettivo valore dato dalla sua funzione di utilità u_i .
- $s \in \mathbb{S}$
- s_i . Sia data $s \in \mathbb{S} = (s_1, ..., s_n)$ una tupla, allora s_i indica l'iesimo elemento all'interno della tupla s. E.g. s = (3, 6, 9, 45) allora $s_2 = 6$. Per fortuna tutti gli indici iniziano da 1. Sottolineamo questo fatto perchè molto spesso in computer science and specifically in programming languages indices start from 0.

- $s_{-i} = \text{E.g.}$ $s_{-2} = (3, 9, 45)$. Questa notazione serve per poter suddividere le componenti o coordinate del generico settore. Una volta distinte da diversi nomi le coordinate possono essere utilizzate nella definizione della funzione stessa.
- $(s_i, s_{-i}) = \text{E.g.} (6, (3, 9, 45)) = (3, 6, 9, 45).$
- $u_i(s)$ = funzione di utilità dell'iesimo giocatore.

2.1.3 Is this a common interest game?

Proposition 3. Γ is a common interest game.

Proof. bla bla \Box

2.1.4 Is this a constant-sum game?

yes, is a zero-sum game.

2.1.5 Are there Pareto-dominated strategy profiles?

2.1.6 Regarding as congestion game

3 Exercise

For $M=\{1,\ldots,m\}$, consider the symmetric congestion game where every player $i\in N=\{1,\ldots,n\}$ has strategy set $\mathbb{S}_i=\mathcal{K}\subset 2^{2^M}$ consisting of the m! maximal chains $\{A_0,A_1,\ldots,A_{m-1},A_m\}\in\mathcal{K}$ of subsets of M. That is,

$$M = A_m \supset^* A_{m-1} \supset^* \cdots \supset^* A_1 \supset^* A_0 = \emptyset$$
, where

$$A_k \supset^* A_{k-1} \Leftrightarrow A_k \supset A_{k-1}, |A_k| = |A_{k-1}| + 1 \ (1 \le k \le m)$$

is the *covering relation*. Hence the set of facilities is $\{A : \emptyset \subset A \subset M\}$. For every strategy profile $s = (s_1, \ldots, s_n) \in \mathcal{K}^n$, denote i's strategy $(i \in N)$ by

$$s_i = \{A_0, A_1^i, \dots, A_{m-1}^i, A_m\} \in \mathcal{K},$$

and define congestion vector $\{c_A(s): \emptyset \subset A \subset M\} \in \mathbb{Z}_+^{2^m-2}$ by

$$c_A(s) = |\{i : A \in s_i\}|.$$

Finally, utilities have form

$$u_i(s) = \sum_{0 < k < m} \frac{1}{c_{A_k^i}(s)}.$$

In what follows, distinguish between cases (a) $n \leq m$ and (b) n = m!.

- 1. Is this a common interest game? If yes, then determine the (non-empty) set of strategy profiles where each player attains the maximum payoff. If no, then show that different players have different optimal strategy profiles. Is this a constant-sum game? If yes, then show that any two strategy profiles $s, s' \in \{0,1\}^n$ provide the same aggregate payoff, that is to say $\sum_{i \in N} u_i(s) = \sum_{i \in N} u_i(s)$. If no, then show that there are different strategy profiles providing different aggregate payoffs. Are there Pareto-dominated strategy profiles? If yes, then provide examples of pairs of strategy profiles one of which Pareto-dominates the other. If no, then show that for any pair of strategy profiles neither one Pareto-dominates the other.
- 2. Characterize the set of equilibria and the set of strong equilibria (with non-random strategies). Compute the value $\mathbf{P}(s)$ taken by the exact potential \mathbf{P} at any equilibrium s.
- 3. Verify whether the random strategy profile consisting of n uniform distributions over the m!-set K of maximal chains is an equilibrium or not.

4 Exercise

Let $M = \{1, \dots, 10\}$ and define $f: M \to \{0, 1\}$ by $f(i) = \left\{ \begin{array}{c} 1 \text{ if } i \text{ is a prime,} \\ 0 \text{ otherwise.} \end{array} \right.$ Compute the discrete Choquet integral $E_{\eta}^{C}(f)$ of f with respect to fuzzy probability $\eta: 2^{M} \to [0, 1]$ defined by

$$\eta(A) = \binom{11}{2}^{-2} \left(\sum_{i \in A} i\right)^2 \text{ for all } A \in 2^M.$$

References

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[6] Voorneveld, M. Potential games and interactive decisions with multiple criteria. Tilburg University: CentER, Center for Economic Research, 1999.