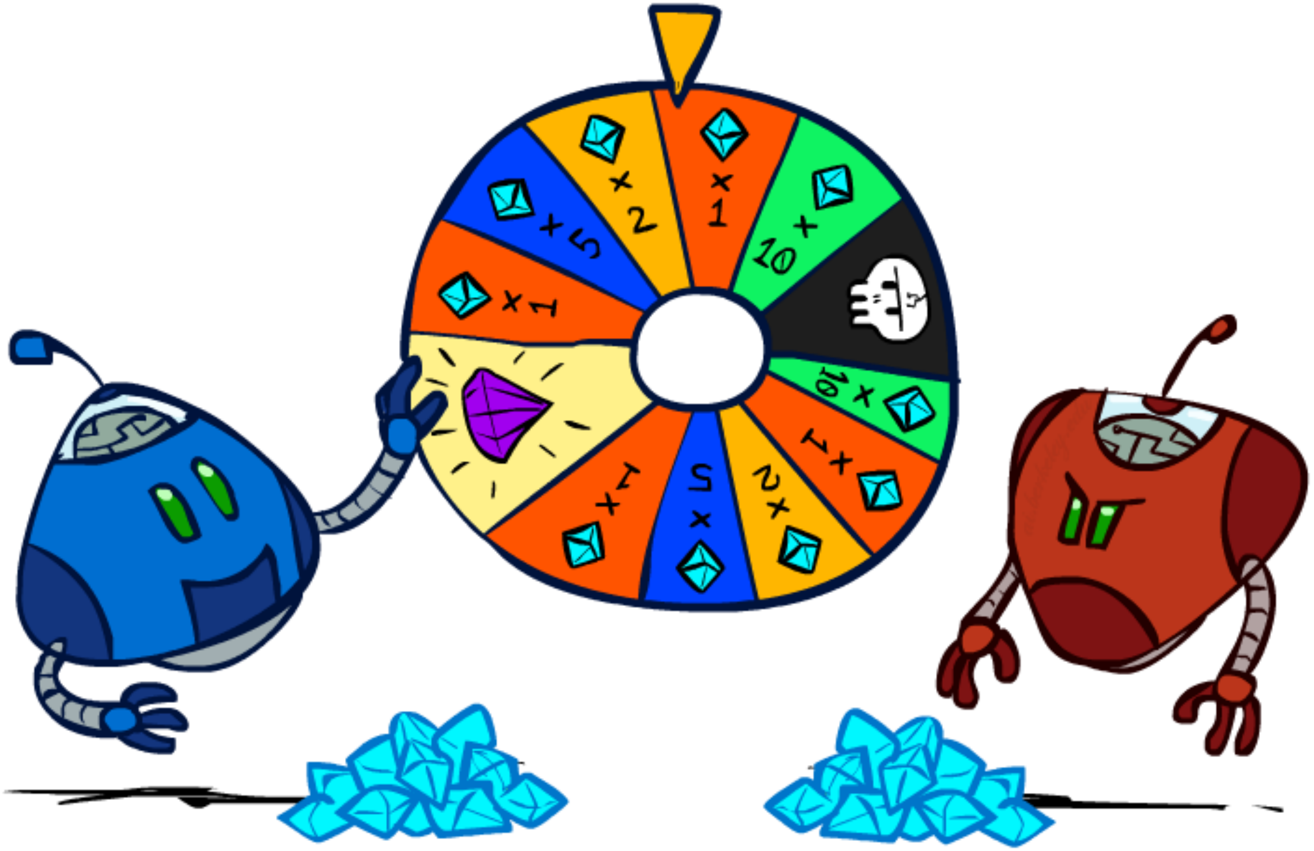
CS 188: Artificial Intelligence

Rational Decisions



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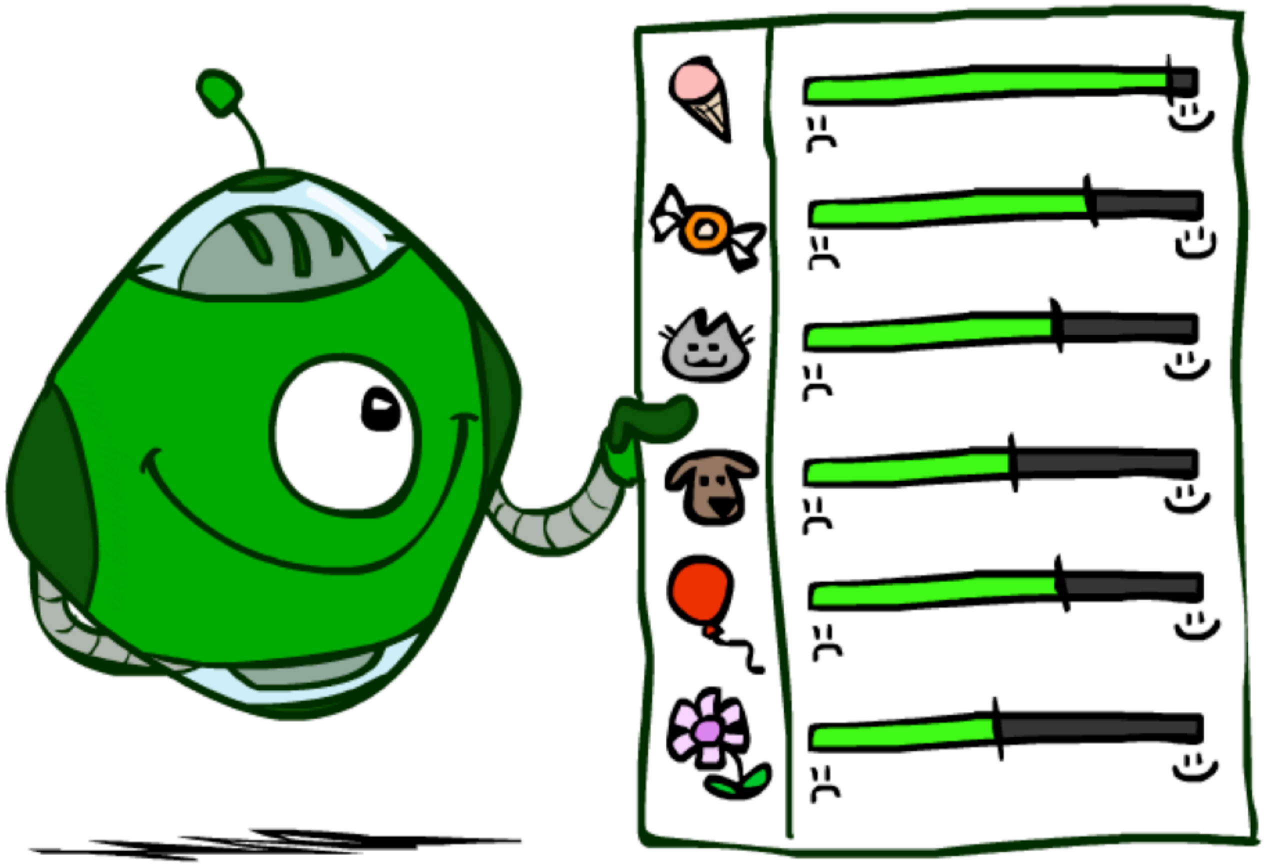
University of California, Berkeley

Utilities

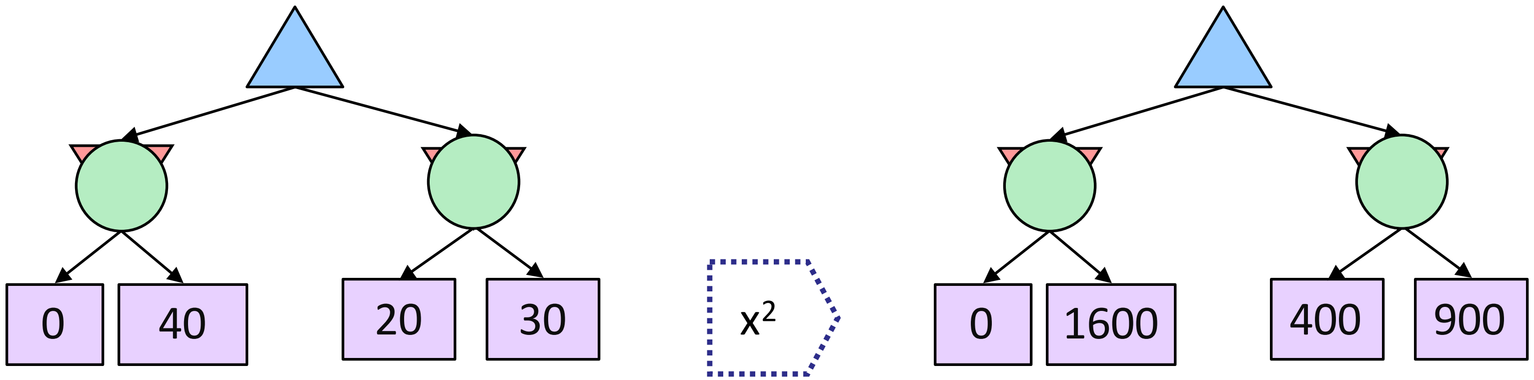


Maximum Expected Utility

- Principle of maximum expected utility:
  - A rational agent should chose the action that maximizes its expected utility, given its knowledge

- Questions:
  - Where do utilities come from?
  - How do we know such utilities even exist?
  - How do we know that averaging even makes sense?
  - What if our behavior (preferences) can't be described by utilities?

The need for numbers



- For worst-case minimax reasoning, terminal value scale doesn't matter
  - We just want better states to have higher evaluations (get the ordering right)
  - The optimal decision is invariant under any ***monotonic transformation***
- For average-case expectimax reasoning, we need ***magnitudes*** to be meaningful

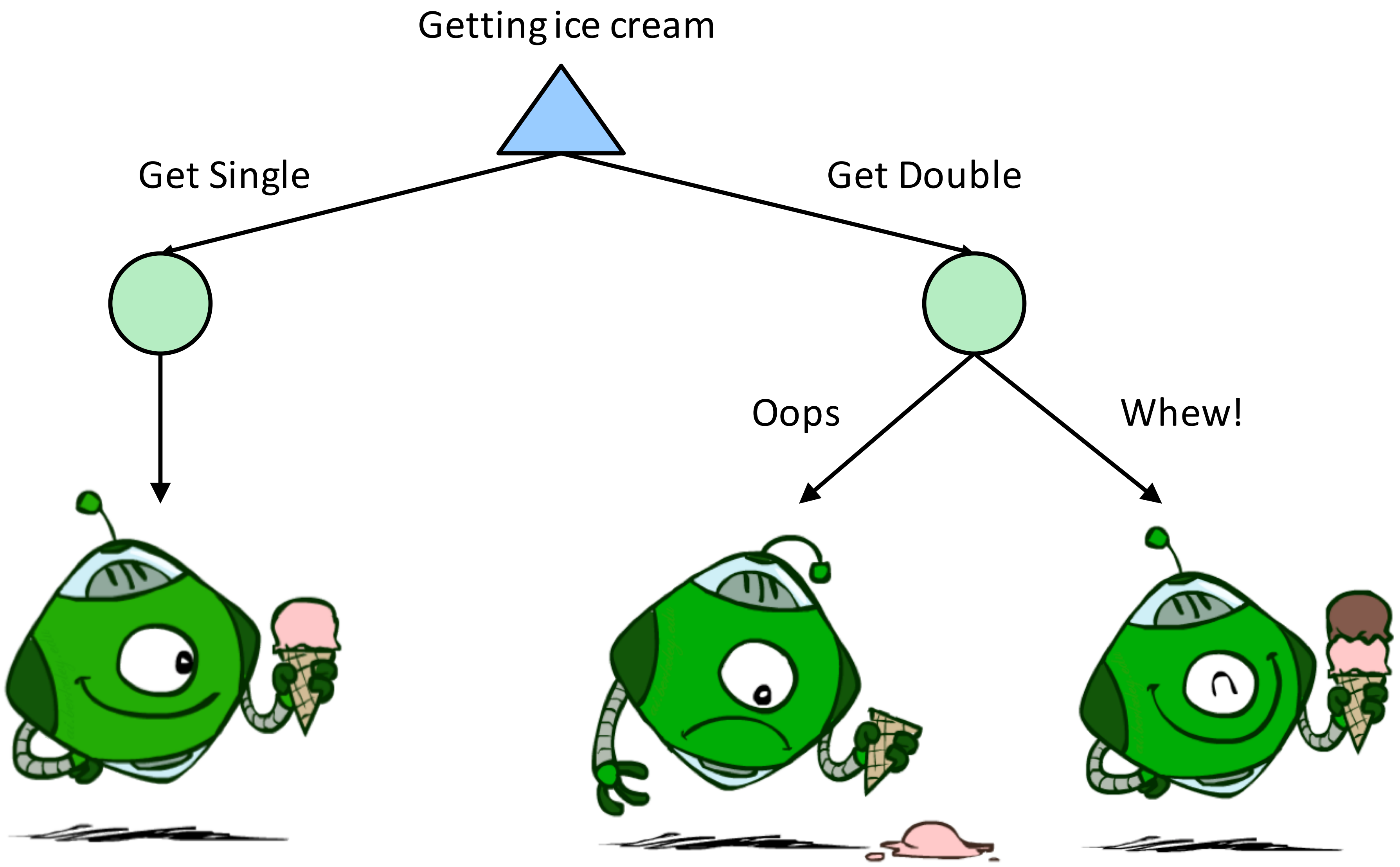
Utilities

- Utilities are functions from outcomes (states of the world) to real numbers that describe an agent's preferences

- Where do utilities come from?
  - In a game, may be simple (+1/-1)
  - Utilities summarize the agent's goals
  - Theorem: any "rational" preferences can be summarized as a utility function

- We hard-wire utilities and let behaviors emerge
  - Why don't we let agents pick utilities?
  - Why don't we prescribe behaviors?

Utilities: Uncertain Outcomes



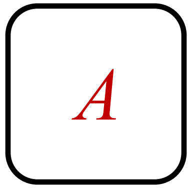
Preferences

- An agent must have preferences among:
  - Prizes: A, B, etc.
  - Lotteries: situations with uncertain prizes

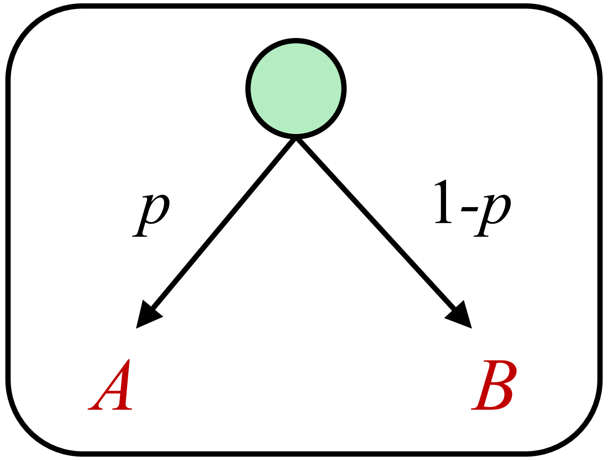
    $L = [p, A;\ (1-p), B]$

- Notation:
  - Preference: $A > B$
  - Indifference: $A \sim B$

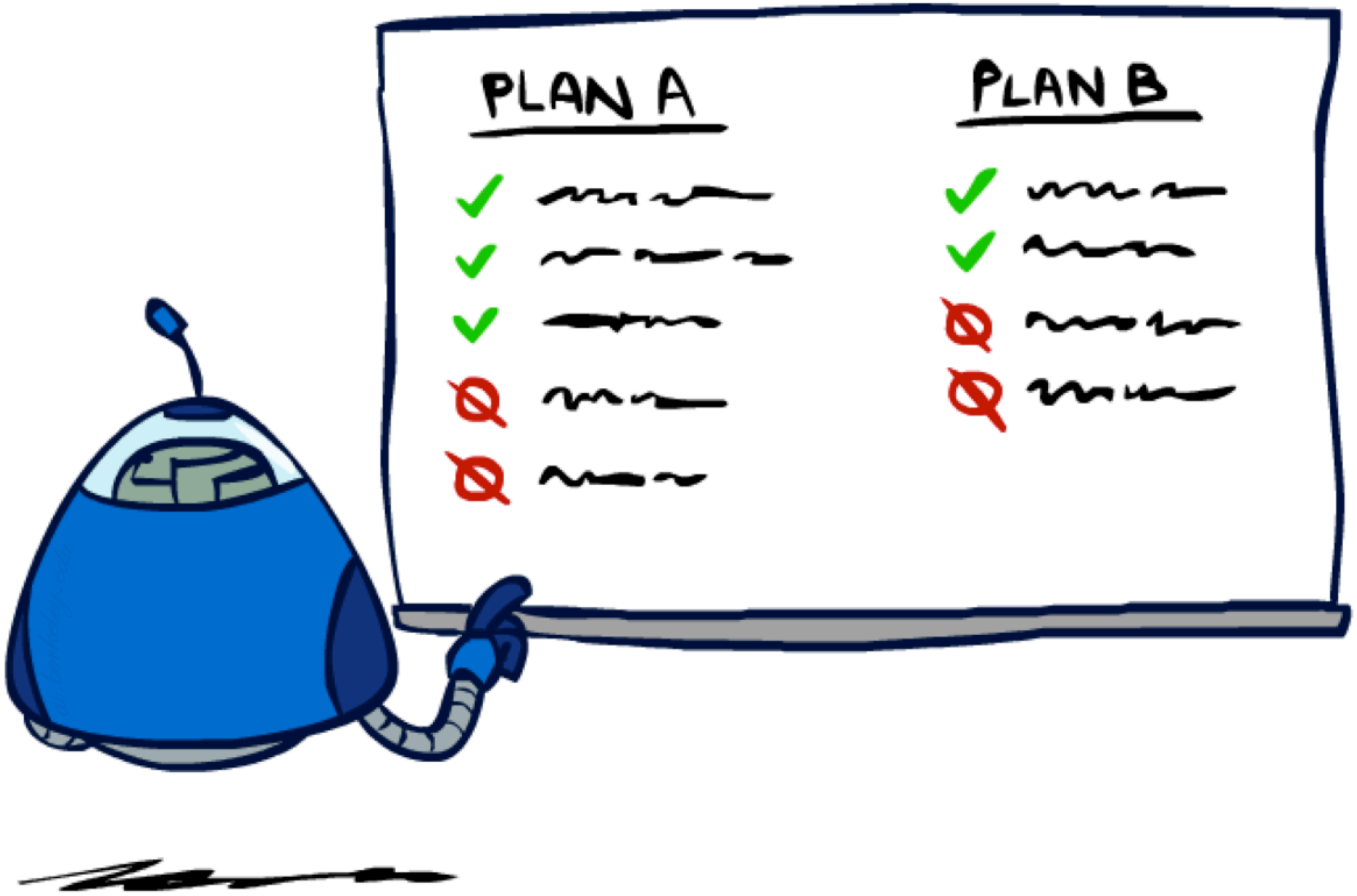
A Prize



A Lottery



Rationality

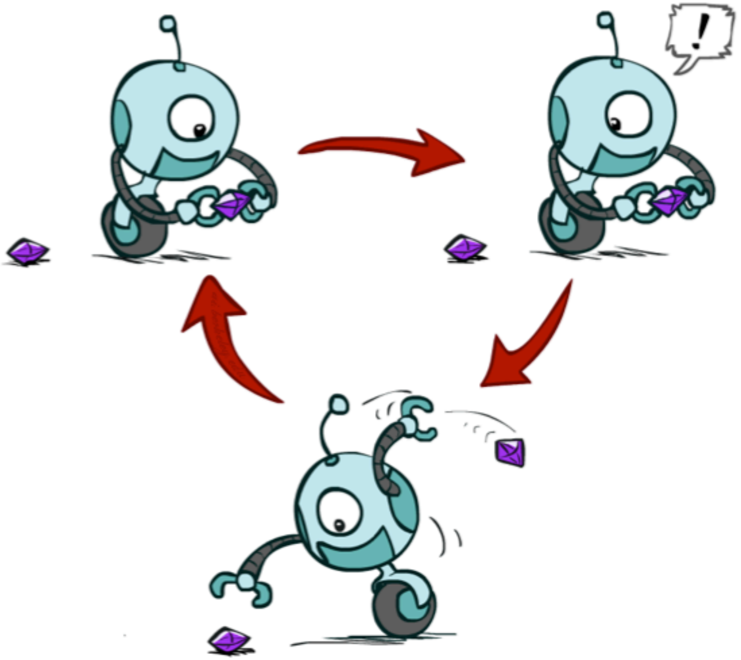


Rational Preferences

- We want some constraints on preferences before we call them rational, such as:

Axiom of Transitivity: $(A > B) \wedge (B > C) \Rightarrow (A > C)$

- For example: an agent with intransitive preferences can be induced to give away all of its money
  - If B > C, then an agent with C would pay (say) 1 cent to get B
  - If A > B, then an agent with B would pay (say) 1 cent to get A
  - If C > A, then an agent with A would pay (say) 1 cent to get C



Rational Preferences

The Axioms of Rationality

Orderability:

$$(A > B) \vee (B > A) \vee (A \sim B)$$

Transitivity:

$$(A > B) \wedge (B > C) \Rightarrow (A > C)$$

Continuity:

$$(A > B > C) \Rightarrow \exists p\ [p, A;\ 1\text{-}p, C] \sim B$$

Substitutability:

$$(A \sim B) \Rightarrow [p, A;\ 1\text{-}p, C] \sim [p, B;\ 1\text{-}p, C]$$

Monotonicity:

$$(A > B) \Rightarrow$$
$$(p \geq q) \Leftrightarrow [p, A;\ 1\text{-}p, B] \geq [q, A;\ 1\text{-}q, B]$$

Theorem: Rational preferences imply behavior describable as maximization of expected utility

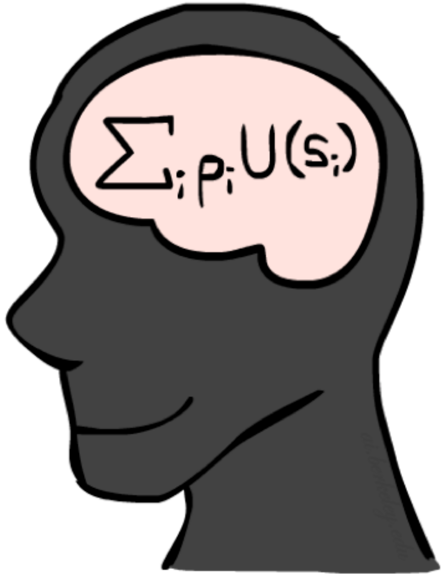
MEU Principle

- Theorem [Ramsey, 1931; von Neumann & Morgenstern, 1944]
  - Given any preferences satisfying these constraints, there exists a real-valued function U such that:

$$U(A) \geq U(B) \Leftrightarrow A \geq B$$

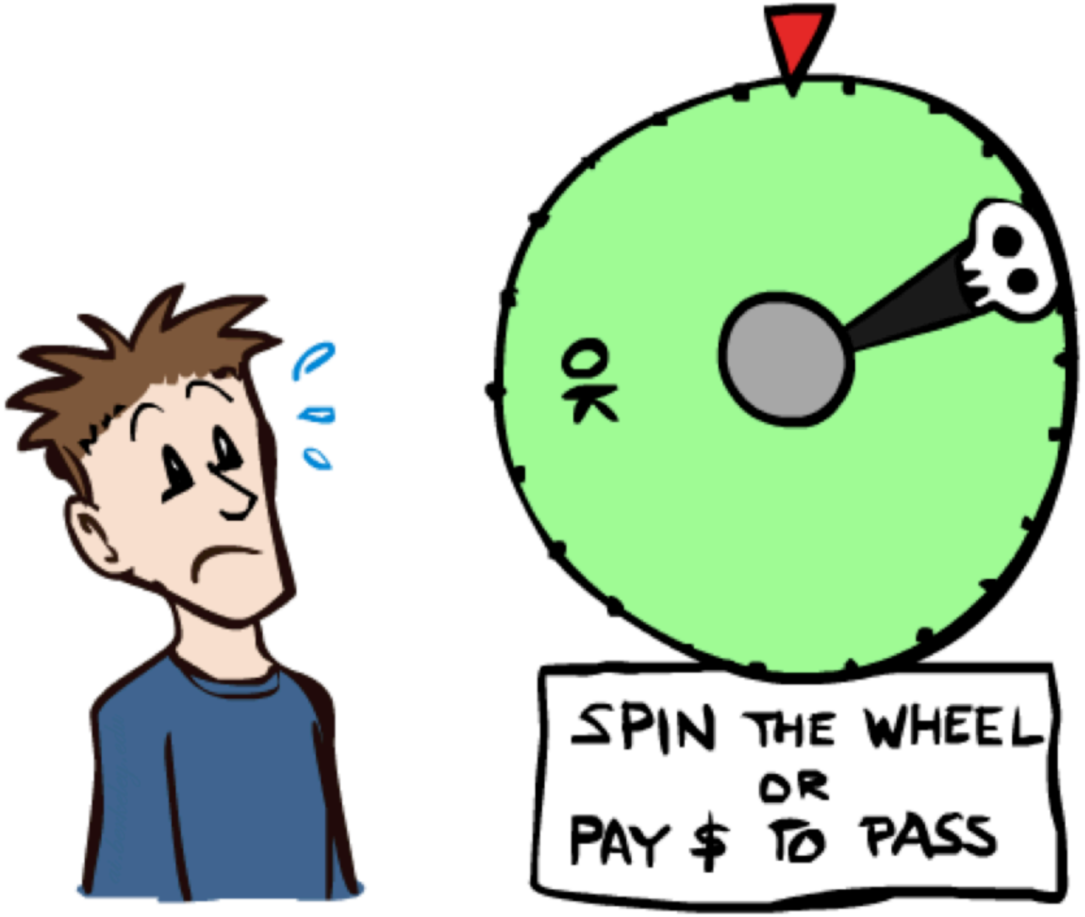
$$U([p_1,S_1; \ldots ; p_n,S_n]) = p_1U(S_1) + \ldots + p_nU(S_n)$$

  - I.e. values assigned by U preserve preferences of both prizes and lotteries!
  - Optimal policy invariant under ***positive affine transformation*** $U' = aU+b$, $a>0$



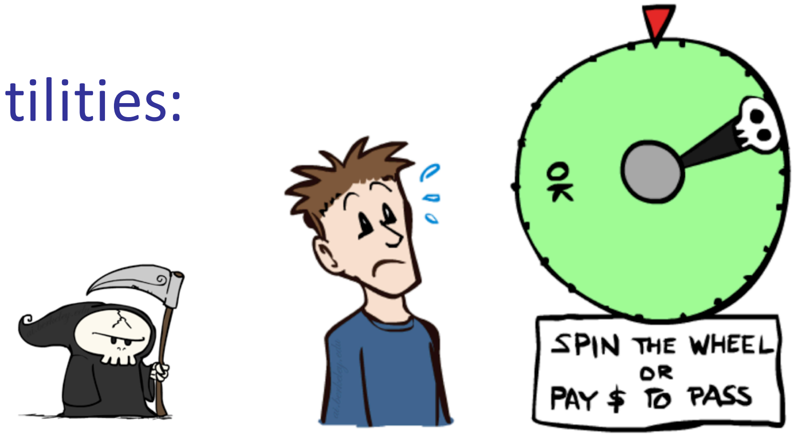
- Maximum expected utility (MEU) principle:
  - Choose the action that maximizes expected utility
  - Note: rationality does ***not*** require representing or manipulating utilities and probabilities
    - E.g., a lookup table for perfect tic-tac-toe

Human Utilities

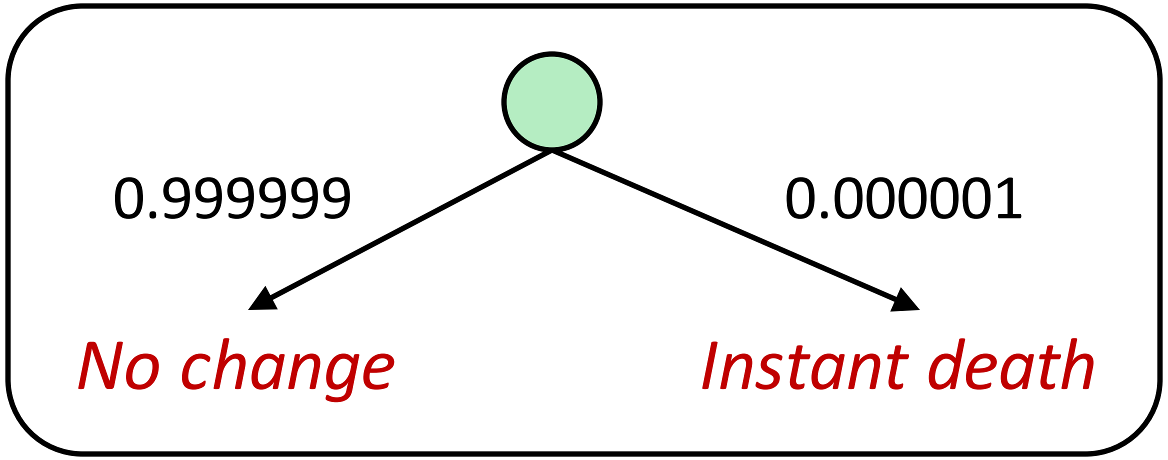


Human Utilities

- Utilities map states to real numbers. Which numbers?
- Standard approach to assessment (elicitation) of human utilities:
  - Compare a prize A to a ***standard lottery*** L_p between
    - "best possible prize" $u_\top$ with probability p
    - "worst possible catastrophe" $u_\perp$ with probability $1-p$
  - Adjust lottery probability p until indifference: $A \sim L_p$
  - Resulting p is a utility in [0,1]

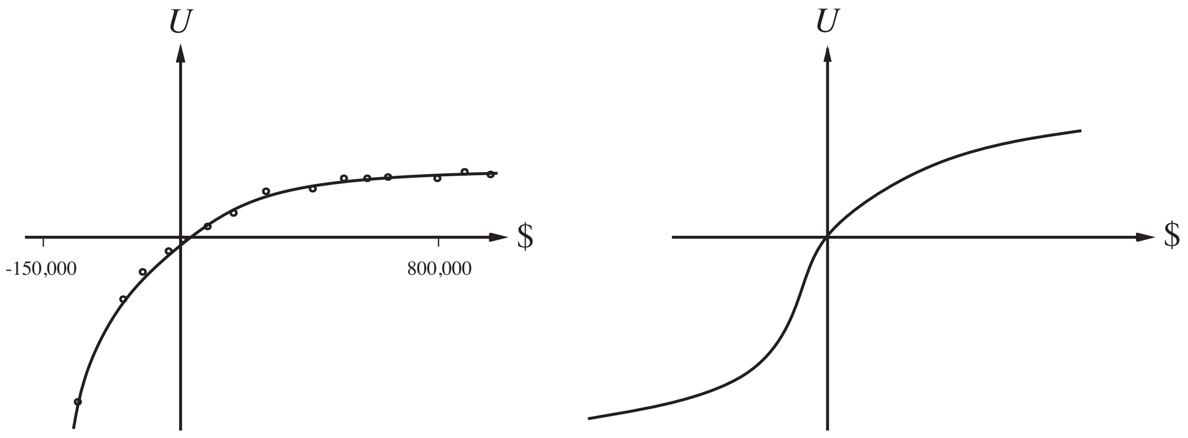


Pay $50 $\sim$



Money

- Money ***does not*** behave as a utility function, but we can talk about the utility of having money (or being in debt)
- Given a lottery $L = [p, \$X; (1-p), \$Y]$
  - The ***expected monetary value*** $\text{EMV}(L) = pX + (1-p)Y$
  - The utility is $U(L) = pU(\$X) + (1-p)U(\$Y)$
  - Typically, $U(L) < U(\text{ EMV}(L))$
  - In this sense, people are ***risk-averse***
  - E.g., how much would you pay for a lottery ticket $L=[0.5, \$10{,}000;\ 0.5, \$0]$?
  - The ***certainty equivalent*** of a lottery $\text{CE}(L)$ is the cash amount such that $\text{CE}(L) \sim L$
  - The ***insurance premium*** is $\text{EMV}(L) - \text{CE}(L)$
  - If people were risk-neutral, this would be zero!



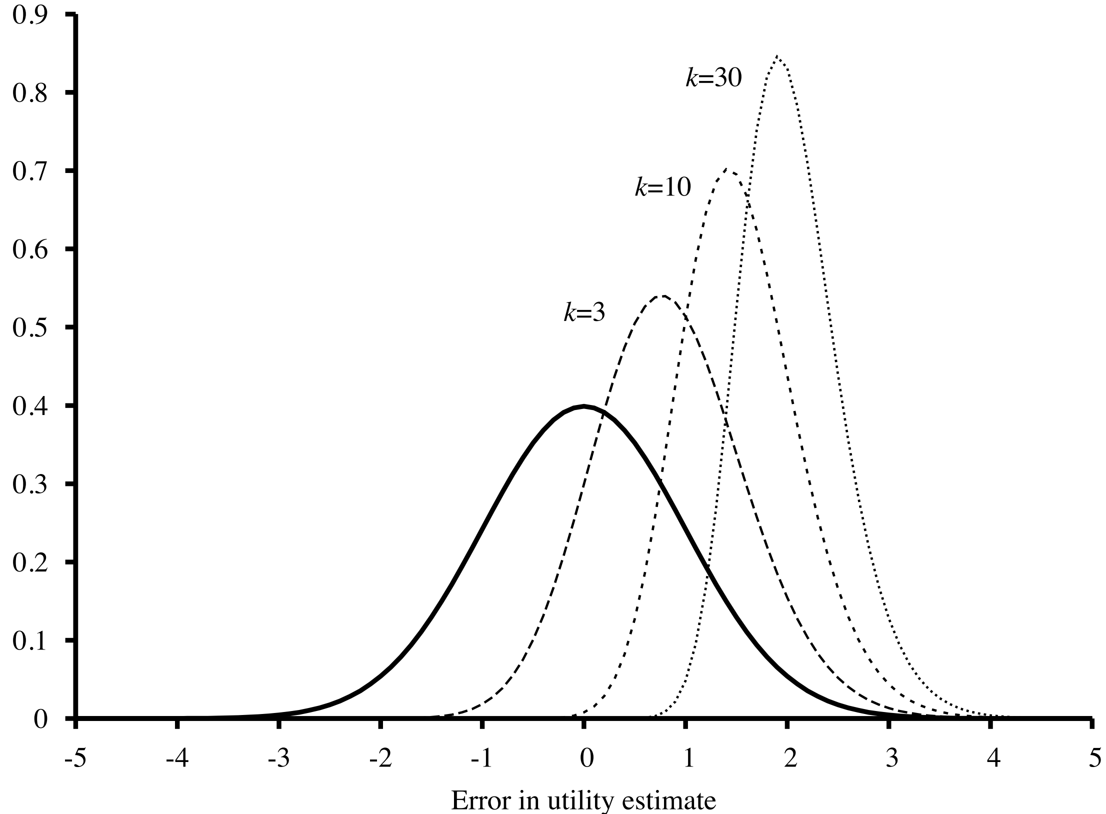
(a)

(b)

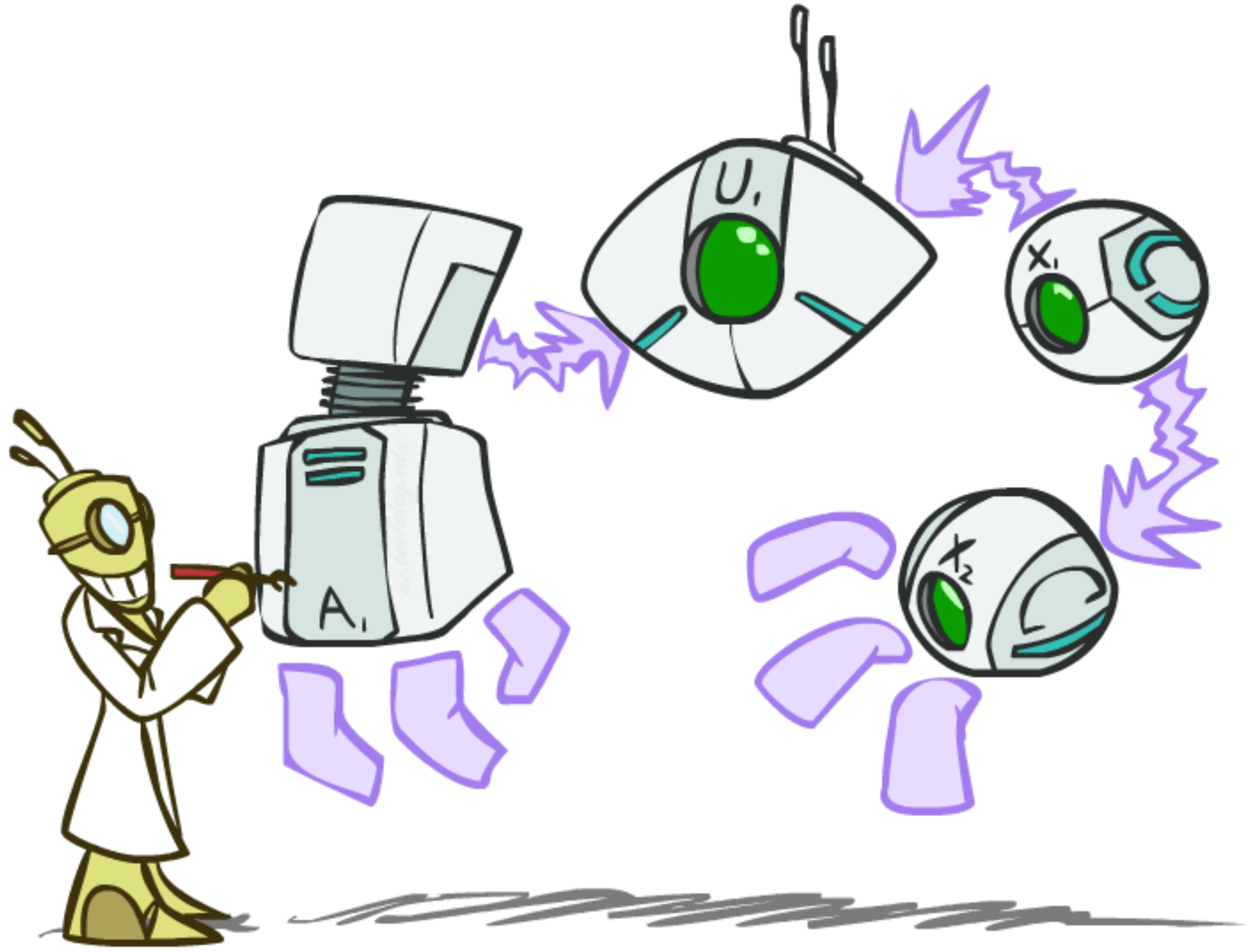
Post-decision Disappointment: the Optimizer's Curse

- Usually we don't have direct access to exact utilities, only ***estimates***
  - E.g., you could make one of k investments
  - An unbiased expert assesses their expected net profit $V_1,\ldots,V_k$
  - You choose the best one V^*
  - With high probability, ***its actual value is considerably less*** than V^*
- This is a serious problem in many areas:
  - Future performance of mutual funds
  - Efficacy of drugs measured by trials
  - Statistical significance in scientific papers
  - Winning an auction

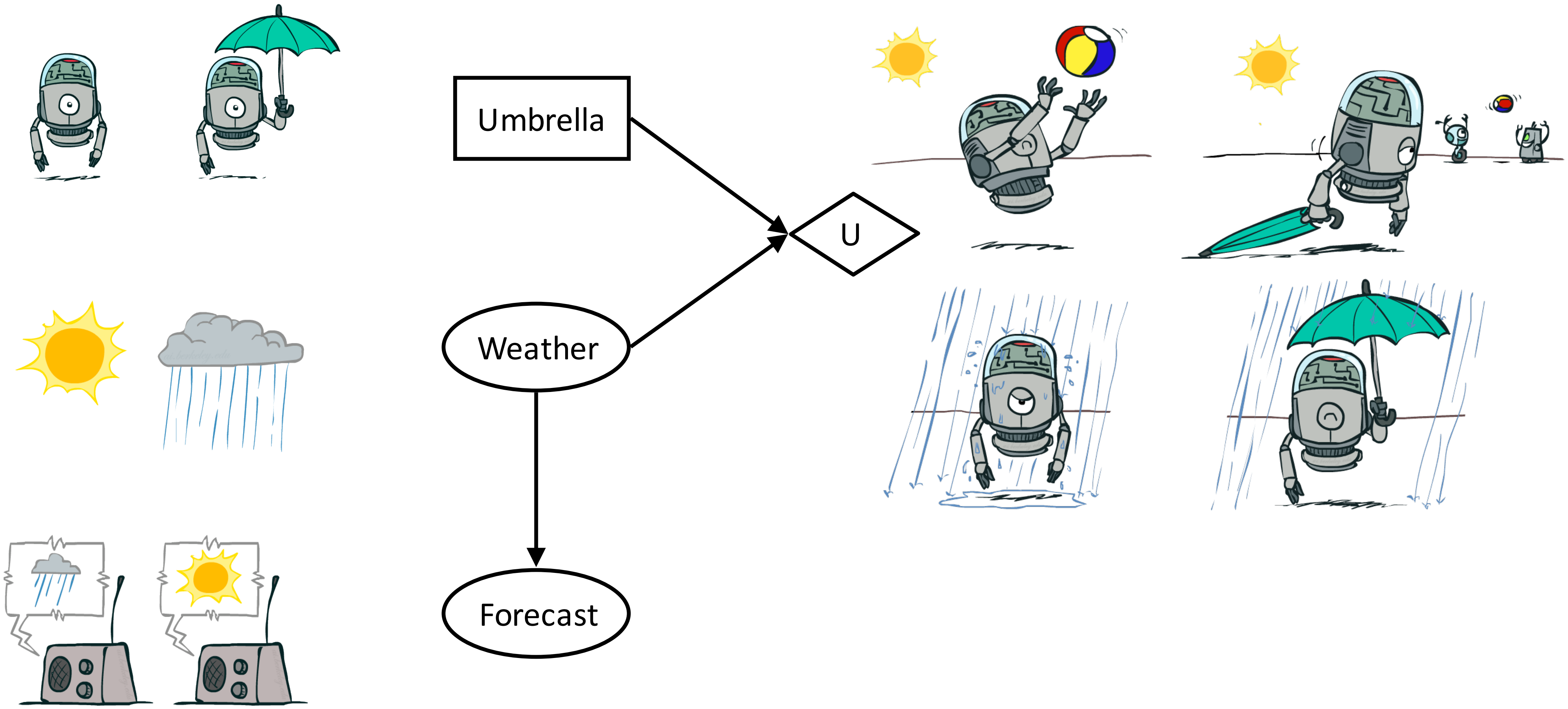
Suppose true net profit is 0
and estimate ~ N(0,1);
Max of k estimates:



Decision Networks



Decision Networks

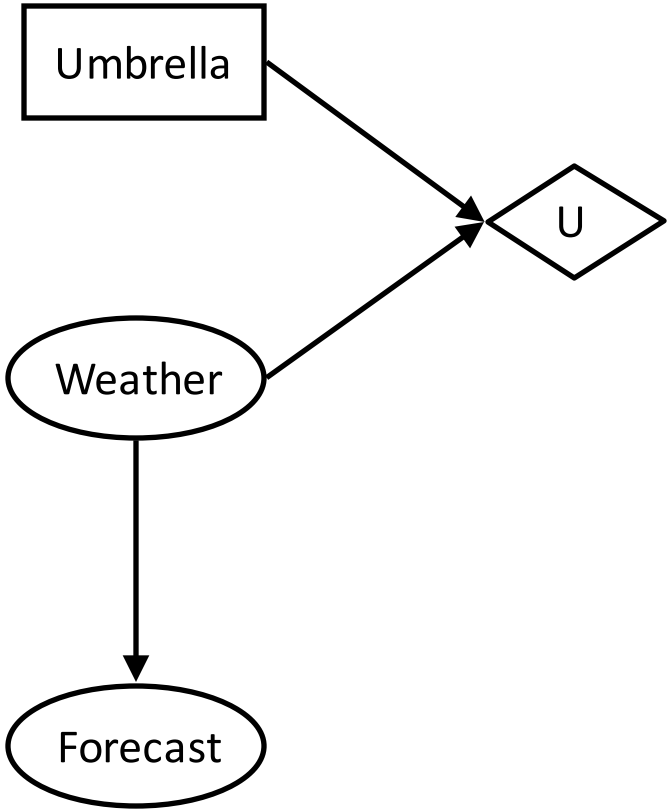


Decision Networks

- Decision network = Bayes net + Actions + Utilities

  - ***Action nodes*** (rectangles, cannot have parents, will have value fixed by algorithm)

  - ***Utility nodes*** (diamond, depends on action and chance nodes)



- Decision algorithm:
  - Fix evidence $\boldsymbol{e}$
  - For each possible action a
    - Fix action node to a
    - Compute posterior $P(\boldsymbol{W}|\boldsymbol{e},a)$ for parents $\boldsymbol{W}$ of U
    - Compute expected utility $\sum_{w} P(\boldsymbol{w}|\boldsymbol{e},a)\ U(a,\boldsymbol{w})$
  - Return action with highest expected utility

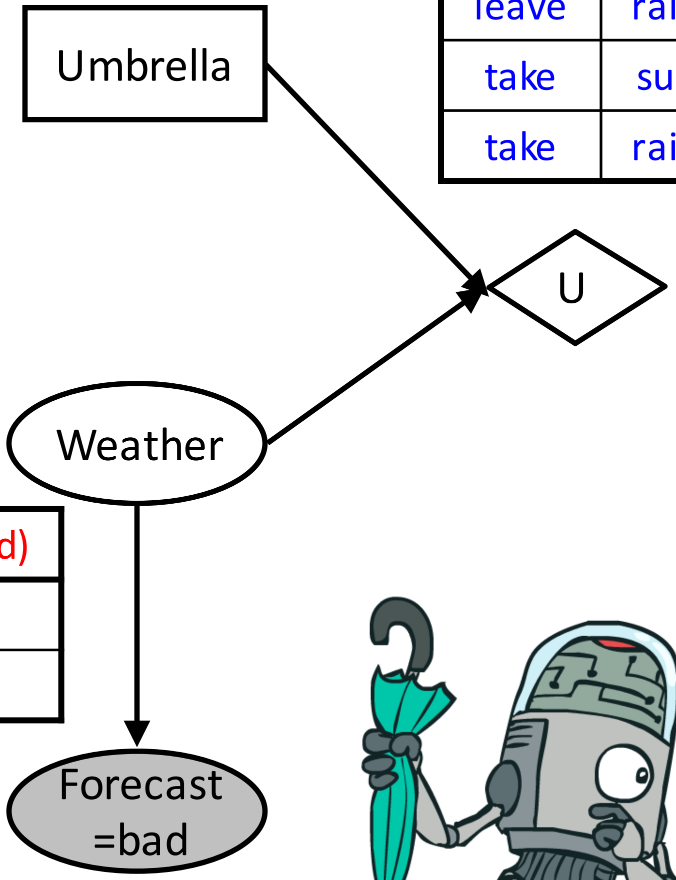
Bayes net inference!

Example: Take an umbrella?

- Decision algorithm:
  - Fix evidence ***e***
  - For each possible action *a*
    - Fix action node to *a*
    - Compute posterior $P(\mathbf{W}|\mathbf{e},a)$ for parents $\mathbf{W}$ of U
    - Compute expected utility of action a: $\sum_{\mathbf{w}} P(\mathbf{w}|\mathbf{e},a)\ U(a,\mathbf{w})$
  - Return action with highest expected utility

Bayes net inference!

A	W	U(A,W)
leave	sun	100
leave	rain	0
take	sun	20
take	rain	70



W	P(W)
sun	0.7

Umbrella = leave

$$EU(\text{leave}|F=\text{bad}) = \sum_w P(w|F=\text{bad})\ U(\text{leave},w)$$

$$= 0.34 \times 100 + 0.66 \times 0 = 34$$

W	P(W|F=bad)
sun	0.34
rain	0.66

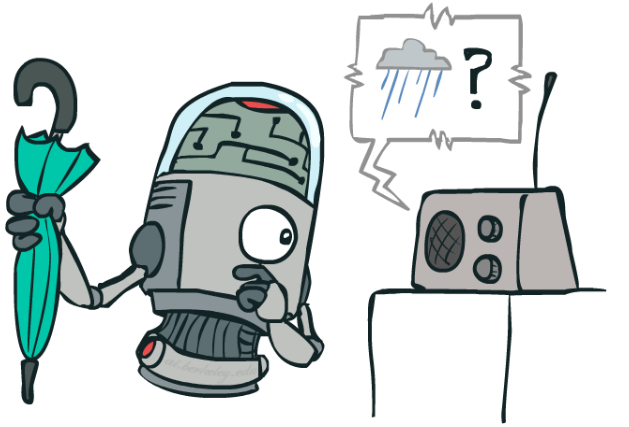
Umbrella = take

$$EU(\text{take}|F=\text{bad}) = \sum_w P(w|F=\text{bad})\ U(\text{take},w)$$

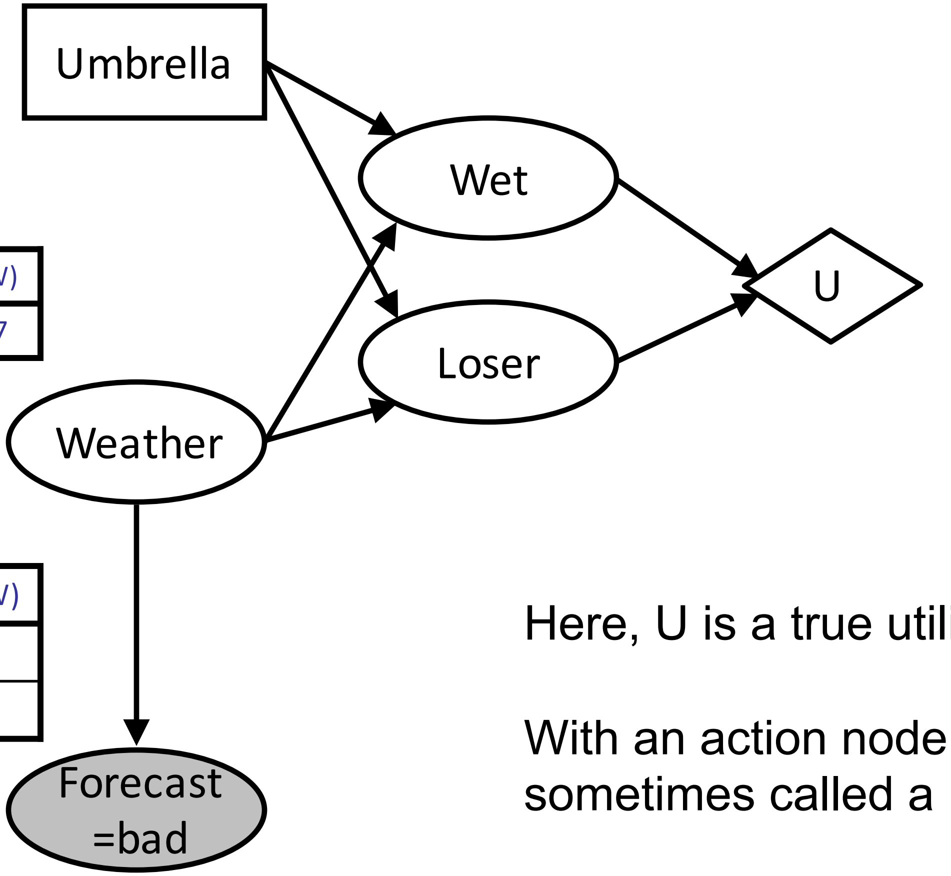
$$= 0.34 \times 20 + 0.66 \times 70 = 53$$

W	P(F=bad|W)
sun	0.17
rain	0.77

Optimal decision = take!



Decision network with utilities on outcome states



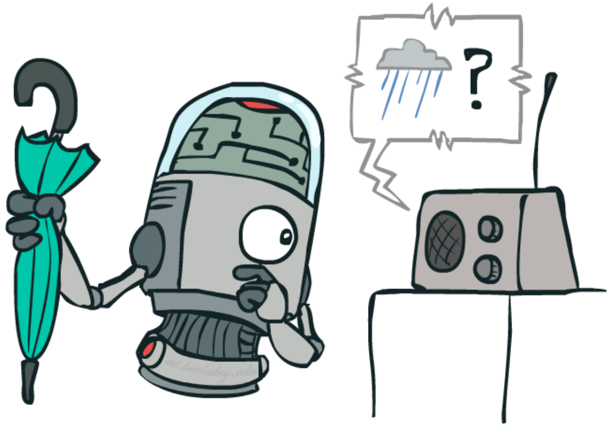
W	P(W)
sun	0.7

W	P(F=bad|W)
sun	0.17
rain	0.77

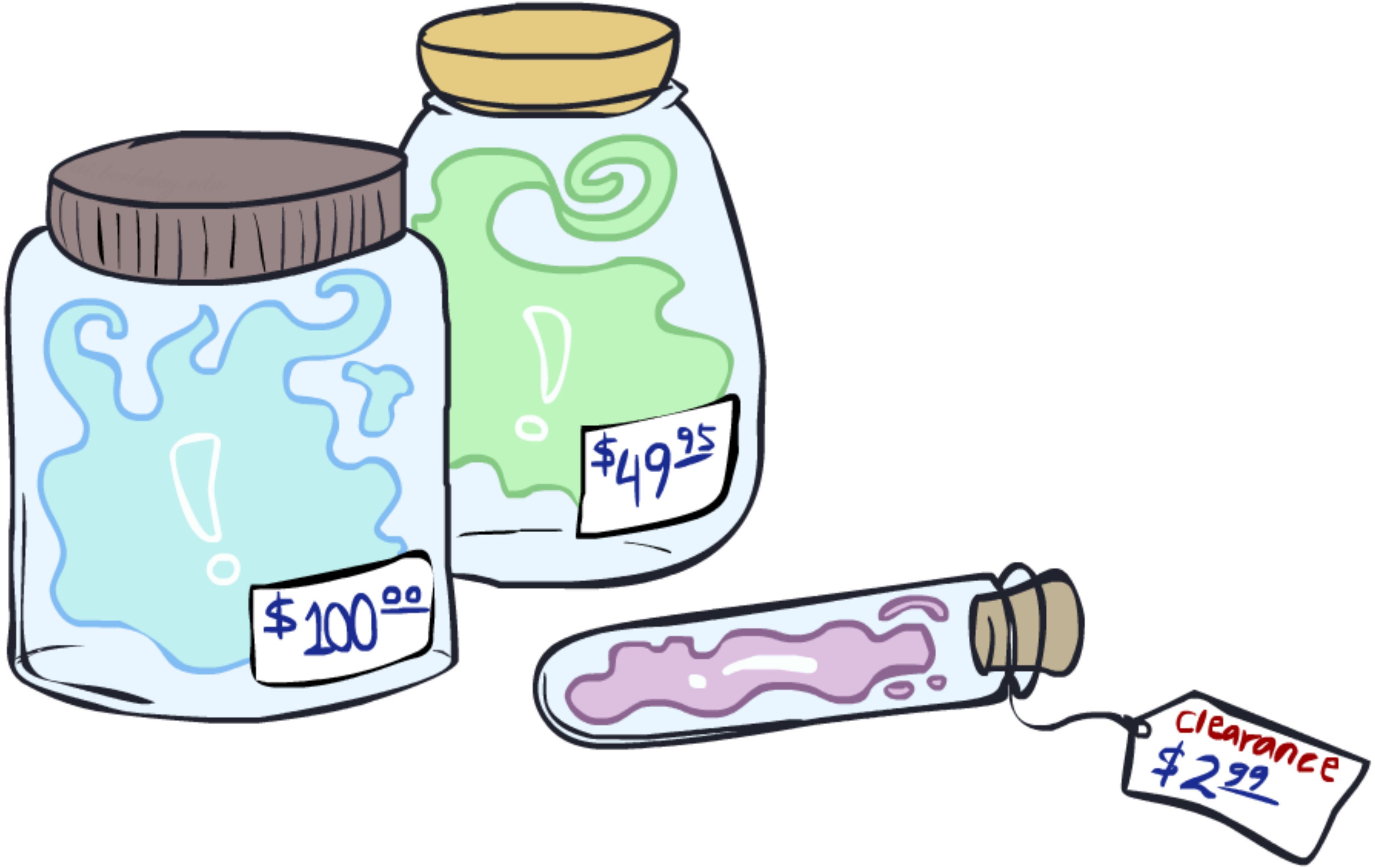
Wet	Loser	U
dry	false	100
wet	true	0
dry	true	20
damp	false	70

Here, U is a true utility.

With an action node as parent, it is sometimes called a ***Q-value***



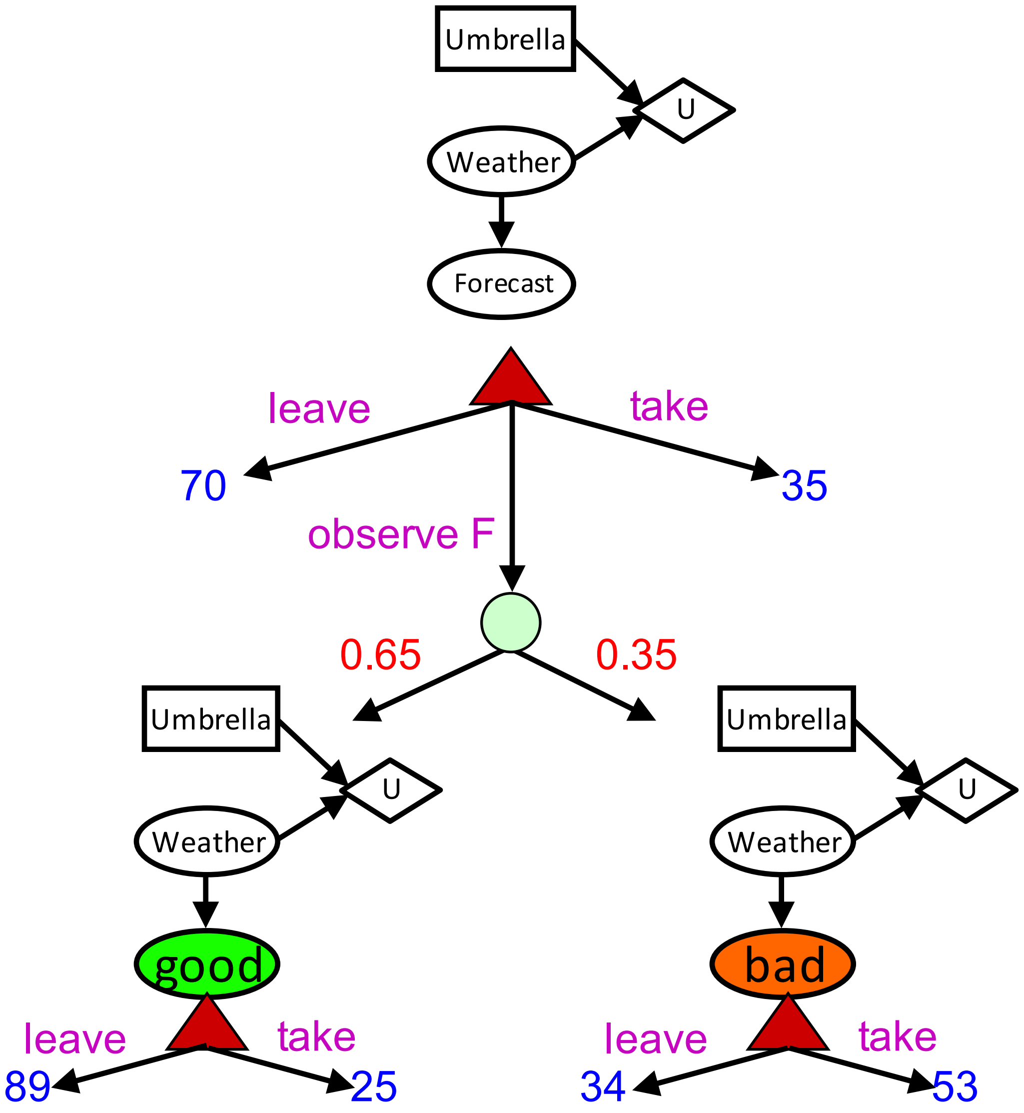
Value of Information



Value of information

- Suppose you haven't yet seen the forecast
  - EU(leave |) = 0.7x100 + 0.3x0 = 70
  - EU(take |) = 0.7x20 + 0.3x70 = 35
- ***What if you look at the forecast?***
- If Forecast=good
  - EU(leave | F=good) = 0.89x100 + 0.11x0 = 89
  - EU(take | F=good) = 0.89x20 + 0.11x70 = 25
- If Forecast=bad
  - EU(leave | F=bad) = 0.34x100 + 0.66x0 = 34
  - EU(take | F=bad) = 0.34x20 + 0.66x70 = 53
- P(Forecast) = <0.65,0.35>
- Expected utility given forecast
  - = 0.65x89 + 0.35x53 = 76.4
- ***Value of information*** = 76.4-70 = 6.4

Bayes net inference!



Value of information contd.

- General idea: value of information = ***expected improvement in decision quality*** from observing value of a variable
  - E.g., oil company deciding on seismic exploration and test drilling
  - E.g., doctor deciding whether to order a blood test
  - E.g., person deciding on whether to look before crossing the road
- Key point: decision network contains everything needed to compute it!
- $\mathrm{VPI}(E_i \mid e) = \left[\, \sum_{e_i} P(e_i \mid e) \max_a \mathrm{EU}(a \mid e_i, e) \,\right] - \max_a \mathrm{EU}(a \mid e)$

VPI Properties

VPI is non-negative! $\text{VPI}(E_i \mid e) \geq 0$

VPI is not (usually) additive: $\text{VPI}(E_i, E_j \mid e) \neq \text{VPI}(E_i \mid e) + \text{VPI}(E_j \mid e)$

VPI is order-independent: $\text{VPI}(E_i, E_j \mid e) = \text{VPI}(E_j, E_i \mid e)$

Video of Demo Ghostbusters with VPI