CS 886: Multiagent Systems

Normal Form Games

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Outline

1. Self-Interested Agents
2. What is Game Theory?
3. Quick Utility Theory Review
4. Normal Form Games
    - Nash Equilibria

Self-Interested Agents

We are interested in **self-interested** agents.

It does not mean that

- they want to harm other agents
- they only care about things that benefit them

It means that

- the agent has its *own* description of states of the world that it likes, and that its actions are motivated by this description

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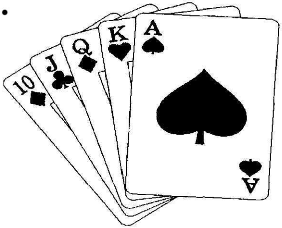
What is game theory?

The study of games!

- Bluffing in poker
- What move to make in chess
- How to play Rock-Scissors-Paper



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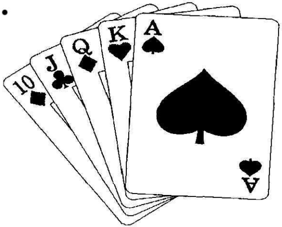

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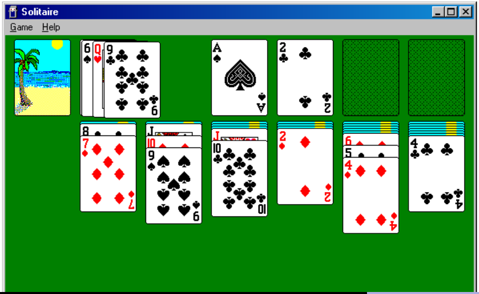
Group: Must have more than one decision maker

- Otherwise you have a decision problem, not a game



Solitaire is not a game.

What is game theory?

Game theory is a formal way to analyze **interactions** among a **group** of **rational** agents who behave **strategically**.

Interaction: What one agent does directly affects at least one other agent

Strategic: Agents take into account that their actions influence the game

Rational: An agent chooses its best action (maximizes its expected utility)

Example

Pretend that the entire class is going to go for lunch:

1. Everyone pays their own bill
2. Before ordering, everyone agrees to split the bill equally

Which situation is a game?

Impact

Influential in a variety of fields, including

- economics
- political science
- linguistics
- psychology
- biology
- computer science
- ...

2 branches

- Non-cooperative: basic unit is the individual
- Cooperative: basic unit is the group

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Preferences and Utility

Agents have preferences over outcomes ($A \succ B$, $B \succ A$, $A \sim B$).

Agents can also have preferences over *lotteries* with possible outcomes $C_1, \ldots, C_n$

$$L = [p_1 : C_1, \ldots, p_n : C_n]$$

Properties (Axioms)

- Orderability
- Transitivity
- Continuity

$$A \succ B \succ C \Rightarrow \exists p[p : A, (1-p) : C] \sim B$$

- Substitutability

$$A \sim B \Rightarrow [p : A, (1-p) : C] \sim [p : B, (1-p) : C]$$

- Monotonicity

$$A \succ B \Rightarrow (p \geq q \Leftrightarrow [p : A, (1-p) : B] \succeq [q : A, (1-q) : B])$$

- Decomposability

$$[p : A, (1-p) : [q : B, (1-q) : C]] \sim$$
$$[p : A, (1-p)q : B, (1-p)(1-q) : C]$$

Utility Principle

Theorem (Utility Principle)

If the axioms are followed then there exists a function $U : O \rightarrow \mathbb{R}$ *such that* $\forall A, B \in O$

$$U(A) > U(B) \Leftrightarrow A \succ B$$

$$U(A) = U(B) \Leftrightarrow A \sim B.$$

Maximum Expected Utility: Rational choice – select lottery L^* such that

$$L^* = \arg\max_L \sum_i p_i U_i(C_i)$$

Utility

- The “units” do not matter
- Affine transformations do not really change anything;

$$U'(o) = aU(o) + b$$

will result in the same decision.

Note: Risk attitudes are important.

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An Example

Normal Form

A normal form game is defined by

- Finite set of agents (or players) N, $|N| = n$
- Each agent i has an action space A_i
  - A_i is non-empty and finite
- Outcomes are defined by action profiles ($a = (a_1, \ldots, a_n)$ where a_i is the action taken by agent i
- Each agent has a utility function $u_i : A_1 \times \ldots \times A_n \mapsto \mathbb{R}$

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Examples

Prisoners' Dilemma

	C	D
C	a,a	b,c
D	c,b	d,d

$c > a > d > b$

Pure coordination game

$\forall$ action profiles $a \in A_1 \times \ldots \times A_n$ and $\forall i, j$, $u_i(a) = u_j(a)$.

	L	R
L	1,1	0,0
R	0,0	1,1

Agents do not have conflicting interests. There sole challenge is to coordinate on an action which is good for all.

Zero-sum games

$\forall a \in A_1 \times A_2,\ u_1(a) + u_2(a) = 0.$ That is, one player gains at the other player's expense.

Matching Pennies

	H	T
H	1,-1	-1, 1
T	-1,1	1,-1

	H	T
H	1	-1
T	-1	1

Given the utility of one agent, the other's utility is known.

More Examples

Most games have elements of both cooperation and competition.

BoS

	H	S
H	2,1	0,0
S	0,0	1,2

Hawk-Dove

	D	H
D	3,3	1,4
H	4,1	0,0

Strategies

Notation: Given set X, let ΔX be the set of all probability distributions over X.

Definition

Given a normal form game, the set of mixed strategies for agent i is

$$S_i = \Delta A_i$$

The set of mixed strategy profiles is $S = S_1 \times \ldots \times S_n$.

Definition

A strategy s_i is a probability distribution over A_i. $s_i(a_i)$ is the probability action a_i will be played by mixed strategy s_i.

Strategies

Definition

The support of a mixed strategy s_i is

$$\{a_i | s_i(a_i) > 0\}$$

Definition

A pure strategy s_i is a strategy such that the support has size 1, i.e.

$$|\{a_i | s_i(a_i) > 0\}| = 1$$

A pure strategy plays a single action with probability 1.

Expected Utility

The expected utility of agent i given strategy profile s is

$$u_i(s) = \sum_{a \in A} u_i(a) \Pi_{j=1}^{n} s_j(a_j)$$

Example

	C	D
C	-1,-1	-4,0
D	0, -4	-3,-3

Given strategy profile $s = ((\frac{1}{2}, \frac{1}{2}), (\frac{1}{10}, \frac{9}{10}))$

$$u_1 = -1(\frac{1}{2})(\frac{1}{10}) - 4(\frac{1}{2})(\frac{9}{10}) - 3(\frac{1}{2})(\frac{9}{10}) = -3.2$$

$$u_2 = -1(\frac{1}{2})(\frac{1}{10}) - 4(\frac{1}{2})(\frac{1}{10}) - 3(\frac{1}{2})(\frac{9}{10}) = -1.6$$

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Best-response

Given a game, what strategy should an agent choose?
We first consider only pure strategies.

Definition

Given a_{-i}, the best-response for agent i is $a_i \in A_i$ such that

$$u_i(a_i^*, a_{-i}) \geq u_i(a_i', a_{-i}) \forall a_i' \in A_i$$

Note that the best response may not be unique.
A best-response set is

$$B_i(a_{-i}) = \{a_i \in A_i | u_i(a_i, a_{-i}) \geq u_i(a_i', a_{-i}) \forall a_i' \in A_i\}$$

Nash Equilibrium

Definition

A profile a^* is a Nash equilibrium if $\forall i$, a_i^* is a best response to a_{-i}^*. That is

$$\forall i u_i(a_i^*, a_{-i}^*) \geq u_i(a_i', a_{-i}^*) \ \forall a_i' \in A_i$$

Equivalently, a^* is a Nash equilibrium if $\forall i$

$$a_i^* \in B(a_{-i}^*)$$

Examples

PD

	C	D
C	-1,-1	-4,0
D	0,-4	-3,-3

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Nash Equilibria

We need to extend the definition of a Nash equilibrium. Strategy profile s^* is a Nash equilibrium is for all i

$$u_i(s_i^*, s_{-i}^*) \geq u_i(s_i', s_{-i}^*) \; \forall s_i' \in S_i$$

Similarly, a best-response set is

$$B(s_{-i}) = \{s_i \in S_i | u_i(s_i, s_{-i}) \geq u_i(s_i', s_{-i}) \forall s_i' \in S_i\}$$

Examples

Characterization of Mixed Nash Equilibria

s^* is a (mixed) Nash equilibrium if and only if

- the expected payoff, given s^*_{-i}, to every action to which s^*_i assigns positive probability is the same, and
- the expected payoff, given s^*_{-i} to every action to which s^*_i assigns zero probability is at most the expected payoff to any action to which s^*_i assigns positive probability.

Existence

Theorem (Nash, 1950)

Every finite normal form game has a Nash equilibrium.

Proof: Beyond scope of course.
Basic idea: Define set X to be all mixed strategy profiles. Show that it has nice properties (compact and convex).
Define $f : X \mapsto 2^X$ to be the best-response set function, i.e. given s, $f(s)$ is the set all strategy profiles $s' = (s'_1, \ldots, s'_n)$ such that s'_i is i's best response to s'_{-i}.
Show that f satisfies required properties of a fixed point theorem (Kakutani's or Brouwer's).
Then, f has a fixed point, i.e. there exists s such that $f(s) = s$.
This s is mutual best-response – NE!

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Interpretations of Nash Equilibria

- Consequence of rational inference
- Focal point
- Self-enforcing agreement
- Stable social convention
- ...