Nash Equilibrium

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#### CS540 Introduction to Artificial Intelligence Lecture 22

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Based on lecture slides by Jerry Zhu, Yingyu Liang, and Charles Dyer

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## Traveler's Dilemma

 Two identical antiques are lost. The airline only knows that its value is at most 100 dollars, so the airline asks their owners (travelers) to report its value (non-negative integers, ≥ 2). The airline tells the travelers that they will be paid the minimum of the two reported values, and the traveler who reported a strictly lower value will receive 2 dollars in reward. If you are one of the travelers, what will you report?

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## Traveler's Dilemma, Rationalizability

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#### Summary Discussion

- Adversarial Search:
- $\textbf{ Sequential Move Games: Minimax} \rightarrow \text{DFS on the game tree}.$
- Sequential Move Games: Alpha-Beta Pruning → DFS to keep track α and β → prune the subtree with α ⇒ β.
- Simultaneous Move Games: Iterated Elimination of Strictly Dominated Strategies (Rationalizability).
- Simultaneous Move Games: Nash Equilibrium.

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## Guess Average Game

• Write down an integer between 0 and 100 that is the closest to two thirds (2/3) of the average of everyone's (including yours) integers.

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## Guess Average Game Derivation

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## Rationalizability

- An action is 1-rationalizable if it is the best response to some action.
- An action is 2-rationalizable if it is the best response to some 1-rationalizable action.
- An action is 3-rationalizable if it is the best response to some 2-rationalizable action.
- An action is rationalizable if it is  $\infty$ -rationalizable.

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## Rationalizability Example

• Both players are MAX players. Which actions are rationalizable for the ROW player?

_	A	В	С
A	(2,4)	(3,7)	(4,5)
В	(1,2)	(5,4)	(2,3)
С	(4,1)	(2,8)	(5,3)
D	(3,6)	(4,0)	(1,9)

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#### Best Response Definition

• An action is a best response if it is optimal for the player given the opponents' actions.

$$\begin{aligned} br_{MAX}\left(s_{MIN}\right) &= \operatorname*{argmax}_{s \in S_{MAX}} c\left(s, s_{MIN}\right) \\ br_{MIN}\left(s_{MAX}\right) &= \operatorname*{argmin}_{s \in S_{MIN}} c\left(s_{MAX}, s\right) \end{aligned}$$

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## Nash Equilibrium

• A Nash equilibrium is a state in which all actions are best responses.

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#### Nash Equilibrium Example 1 Quiz

• Find the value of the Nash equilibrium of the following zero-sum game.

—	I		
Ι	-4	-7	-3
Ш	9	1	7
	-6	-1	5

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#### Nash Equilibrium Example 1 Quiz

• Find the value (of MAX player) of the Nash equilibrium of the following zero-sum game.

_	I		
I	(-4, 4)	(-7,7)	(-3,3)
	(9, -9)	(1,-1)	(7, -7)
	(-6, 6)	(-1, 1)	(5, -5)

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#### Nash Equilibrium Example 2 <sub>Quiz</sub>

• Find the value of the Nash equilibrium of the following zero-sum game.

—	I	П	Ш
Ι	1	2	3
11	4	5	6
	7	8	9

• A: 1 , B: 3 , C: 5 , D: 7, E: I don't understand

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### Prisoner's Dilemma

• A simultaneous move, non-zero-sum, and symmetric game is a prisoner's dilemma game if the Nash equilibrium state is strictly worse for both players than another state.



C stands for Cooperate and D stands for Defect (not Confess and Deny). Both players are MAX players. The game is PD if y > x > 1. Here, (D, D) is the only Nash equilibrium and (C, C) is strictly better than (D, D) for both players.

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## Prisoner's Dilemma Derivation

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## Properties of Nash Equilibrium

- All Nash equilibria are rationalizable.
- No Nash equilibrium contains a strictly dominated action.
- Rationalizable actions (the set of Nash equilibria is a subset of this) can be found be iterated elimination of strictly dominated actions.
- The above statements are not true for weakly dominated actions.

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# Mixed Strategy Nash Equilibrium

- A mixed strategy is a strategy in which a player randomizes between multiple actions.
- A pure strategy is a strategy in which all actions are played with probabilities either 0 or 1.
- A mixed strategy Nash equilibrium is a Nash equilibrium for the game in which mixed strategies are allowed.

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## Rock Paper Scissors Example

- There are no pure strategy Nash equilibria.
- Playing each action (rock, paper, scissors) with equal probability is a mixed strategy Nash.

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### Rock Paper Scissors Example Derivation

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# Battle of the Sexes Example

• Battle of the Sexes (BoS, also called Bach or Stravinsky) is a game that models coordination in which two players have different preferences in which alternative to coordinate on.

_	Bach	Stravinsky
Bach	(x, y)	(0,0)
Stravinsky	(0,0)	(y, x)

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## Battle of the Sexes Example 1

#### • Find all Nash equilibria of the following game.

—	I	
Ι	(3,5)	(0,0)
	(0,0)	(5,3)

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### Battle of the Sexes Example 1 Derivation 1

_		
Ι	(3,5)	(0,0)
11	(0,0)	(5,3)

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## Nash Theorem

- Every finite game has a Nash equilibrium.
- The Nash equilibria are fixed points of the best response functions.

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#### Summary Discussion

- Adversarial Search:
- $\textbf{O} Sequential Move Games: Minimax \rightarrow DFS on the game tree.$
- ② Sequential Move Games: Alpha-Beta Pruning → DFS to keep track  $\alpha$  and  $\beta$  → prune the subtree with  $\alpha \Rightarrow \beta$ .
- Simultaneous Move Games: Iterated Elimination of Strictly Dominated Strategies (Rationalizability) → Remove dominated actions for each player → Repeat.
- Simultaneous Move Games: Nash Equilibrium → Compute the best response → Find strategies (pure or mixed) that are mutual best responses.