Algorithmic Game Theory

Algorithms for normal-form games and approximate Nash equilibria

Vangelis Markakis
markakis@gmail.com

Outline

- Algorithms for finding equilibria in general normal form games
  - The support theorem
  - Analysis of 2x2 and 2xn games
  - Complexity of general nxm games
- Approximate Nash equilibria
  - A subexponential algorithm for any constant $\varepsilon>0$
  - Polynomial time algorithms

Nash equilibria: Existence and computation

- In 0-sum games
  - von Neumann's theorem establishes both existence and an algorithm for finding an equilibrium
  - Boils down to solving one linear program
- In general games?
  - Nash's theorem guarantees only existence
  - Big research question over the last 2 decades

The support of a strategy

- To come up with efficient algorithms, we need to understand better the properties of Nash equilibria
- Definition: For a mixed strategy **p** = (p_1, p_2,..., p_n), the *support* of **p** is the set of pure strategies that have a positive probability of being selected, when we play **p**

$$\mathrm{Supp}(\mathbf{p}) = \{i: p_i > 0\}$$

- E.g. if **p** = (2/7, 0, 0, 3/7, 0, 2/7), then Supp(**p**) = {1, 4, 6}
  - For pl. 1, Supp(**p**) shows us which rows have a chance to be selected according to p
  - Respectively, for a strategy of pl. 2, it shows the columns

Utility functions revisited

- Let (**p**, **q**) be a strategy profile in a nxm game
  - **p** = (p_1, p_2,…, p_n), **q** = (q_1, q_2,…, q_m)
- Analyzing the utility function of pl. 1:

$$u_1(\mathbf{p},\mathbf{q}) = \sum_{i=1}^{n}\sum_{j=1}^{m} p_i \cdot q_j \cdot u_1(s_i,t_j) = \sum_{i=1}^{n} p_i \sum_{j=1}^{m} q_j \cdot u_1(s_i,t_j) = \sum_{i=1}^{n} p_i \cdot u_1(e^i,\mathbf{q})$$

- The last term can also be written in terms of the support of **p**, hence:

$$u_1(\mathbf{p},\mathbf{q}) = \sum_{i\in Supp(\mathbf{p})} p_i \cdot u_1(e^i,\mathbf{q})$$

Support properties at Nash equilibria

- Let (**p**, **q**) be a Nash equilibrium and let $i, j \in Supp(p)$
  - $p_i > 0$, $p_j > 0$
- How are the quantities $u_1(e^i, \mathbf{q})$ and $u_1(e^j, \mathbf{q})$ related?
- If $u_1(e^i, \mathbf{q}) > u_1(e^j, \mathbf{q})$, then pl. 1 has an incentive to reduce the probability p_j and increase the probability p_i
  - But then (**p**, **q**) would not be a Nash equilibrium
  - Similarly, if $u_1(e^i, \mathbf{q}) < u_1(e^j, \mathbf{q})$
  - The only choice at an equilibrium is to have $u_1(e^i, \mathbf{q}) = u_1(e^j, \mathbf{q})$
- If $i \in Supp(\mathbf{p})$ and $j \notin Supp(\mathbf{p})$?
  - Then it must hold that $u_1(e^i, \mathbf{q}) \geq u_1(e^j, \mathbf{q})$, otherwise (**p**, **q**) is not an equilibrium

Support properties at Nash equilibria

Support theorem: A profile (**p**, **q**) is a Nash equilibrium if and only if

i. $\forall i, j \in \mathrm{Supp}(\mathbf{p})$, $u_1(e^i, \mathbf{q}) = u_1(e^j, \mathbf{q})$
ii. $\forall i, j \in \mathrm{Supp}(\mathbf{q})$, $u_2(\mathbf{p}, e^i) = u_2(\mathbf{p}, e^j)$
iii. $\forall i \in \mathrm{Supp}(\mathbf{p})$ and $\forall j \notin \mathrm{Supp}(\mathbf{p})$, $u_1(e^i, \mathbf{q}) \geq u_1(e^j, \mathbf{q})$
iv. $\forall i \in \mathrm{Supp}(\mathbf{q})$ and $\forall j \notin \mathrm{Supp}(\mathbf{q})$, $u_2(\mathbf{p}, e^i) \geq u_2(\mathbf{p}, e^j)$

Support properties at Nash equilibria

In other words:

- If a pure strategy is used with positive probability at a Nash equilibrium, then this strategy should be at least as good as any other pure strategy, given the other player's strategy
- 2 pure strategies that have positive probability at a Nash equilibrium must have the same utility, given the other player's strategy

- The theorem yields a way to check if a profile is a Nash equilibrium
- And helps us understand why some profiles cannot form an equilibrium

Support properties at Nash equilibria

Generalizing the support theorem for multi-player games

Theorem: Consider a game with n players. The profile ($\mathbf{p_1}$, $\mathbf{p_2}$, ..., $\mathbf{p_n}$) is a Nash equilibrium if and only if for every player i, it holds that

i. $\forall j, k \in Supp(\mathbf{p_i}), u_i(e^j, \mathbf{p}_{-i}) = u_i(e^k, \mathbf{p}_{-i})$

ii. $\forall j \in Supp(\mathbf{p}_i)$ και $\forall k \notin Supp(\mathbf{p}_i), u_i(e^j, \mathbf{p}_{-i}) \geq u_i(e^k, \mathbf{p}_{-i})$

Example

Use the support theorem to check if the profile (**p**, **q**) with **p** = (3/4, 0, 1/4), **q** = (0, 1/3, 2/3) is an equilibrium in the following game

	t_1	t_2	t_3
s_1	1, 2	3, 3	1, 1
s_2	3, 2	0, 1	2, 5
s_3	2, 4	5, 1	0, 7

Finding Nash equilibria

Corollary: If we knew the support of the strategies in one equilibrium profile, then we could compute a Nash equilibrium in polynomial time

In other words: if we only knew which rows and columns are needed in an equilibrium, we could then compute the probabilities of the mixed strategies

Proof:

- Suppose that someone guesses the support for both players
- All the conditions of the support theorem are linear functions of p_1, $p_2, \ldots, p_n$, q_1, $q_2, \ldots, q_m$
- We would also need to add that $\Sigma_i\, p_i = 1$, $\Sigma_i\, q_i = 1$
- By solving a single linear program (or a system of linear inequalities) we can compute the probabilities of the mixed strategies

Finding Nash equilibria

- At the end, finding a Nash equilibrium is a combinatorial problem
- It suffices to find the right supports
- Brute-force algorithm:
  - Enumerate all possible pairs of supports for the two players
  - For each pair of supports, check if the corresponding linear program has a solution
- Complexity of brute-force in nxm games: prohibitive!
  - 2^n choices for pl. 1
  - 2^m choices for pl. 2
  - We need to run $O(2^{n+m})$ linear programs

Finding Nash equilibria

- Can we reduce it to solving only a few linear programs?
- Or a single LP?
- Probably no...
- Note: If the problem is solvable in polynomial time, then it can be reduced to a 0-sum game, by what we said in previous lecture
- It turns out that finding Nash equilibria is a special case of a "linear complementarity problem" [Cottle, Dantzig, 1960s]

Finding Nash equilibria

Linear Complementarity Problems (LCP)

- They arise in various contexts in Operations Research
- A class of non-linear programs
- Non-linear constraints for Nash equilibria:
  - By the support theorem, we need to express the fact that if $p_i > 0$ at an equilibrium, then the i-th pure strategy gives maximum payoff among all pure strategies
- We cannot express such "if" statements with a linear program
- Instead: let w be the expected payoff of pl. 1 at an equilibrium $(\mathbf{p}, \mathbf{q})$
- Support theorem $\Rightarrow$ if $p_i > 0$, then $u_1(e^i, \mathbf{q}) = w$
- Equivalently: $p_i \cdot (u_1(e^i, \mathbf{q}) - w) = 0$ [complementarity condition]

Nash equilibria as a LCP

- Variables:
  - $p_1, p_2, \ldots, p_n, q_1, q_2, \ldots, q_m$: for the probabilities of the mixed strategies
  - w, w': for the expected utilities of the 2 players
- Constraints:
  - $\Sigma_i\, p_i = 1,\ \Sigma_i\, q_i = 1$
  - $p_1 \geq 0,\ p_2 \geq 0,\ \ldots,\ q_1 \geq 0, \ldots,\ q_m \geq 0$
  - $w \geq u_1(e^i, \mathbf{q})$ for i=1,..., n
  - $w' \geq u_2(\mathbf{p}, e^j)$ for j=1,..., m
  - $p_i \cdot (u_1(e^i, \mathbf{q}) - w) = 0$, for i=1,..., n
  - $q_j \cdot (u_2(\mathbf{p}, e^j) - w') = 0$, for j=1,..., m
- Algorithm for solving LCPs: [Lemke, Howson ’64]
  - Exponential time in worst case, but relatively ok on average
  - Based on ideas similar to simplex but for non-linear problems
    - see GAMBIT http://www.gambit-project.org/

Finding Nash equilibria

- So far, we have only seen exponential time algorithms...
- In what cases can the support theorem help us in having better algorithms?
- 2x2 games:
  - If there is a mixed strategy equilibrium then the support for pl. 1 must contain both rows
  - The support of pl. 2 must contain both columns
  - Applying the support theorem, it must hold that

$$u_1(e^1, \mathbf{q}) = u_1(e^2, \mathbf{q}), \text{ and } u_2(\mathbf{p}, e^1) = u_2(\mathbf{p}, e^2)$$

Applying the support theorem to Bach-or-Stravinsky (BoS)

	B	S
B	2, 1	0, 0
S	0, 0	1, 2

If there exists a Nash equilibrium with mixed strategies, in the form $((p_1, 1-p_1), (q_1, 1-q_1))$, with $p_1, q_1 \in (0, 1)$, it should hold that

- $2q_1 = 1- q_1 \Rightarrow q_1 = 1/3$
- $p_1 = 2(1- p_1) \Rightarrow p_1 = 2/3$
- The conditions for pl. 1 give us the mixed strategy of pl. 2
- Similarly the conditions for pl. 2 give the strategy of pl. 1
- Hence we have the mixed equilibrium ((2/3, 1/3), (1/3, 2/3))

From 2x2 to 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- What are the Nash equilibria in this game?
- There is no Nash equilibrium with pure strategies, hence, there must be one with mixed strategies
- We will start with pl. 1
  - i.e., with the player who has 2 pure strategies
- We are looking for a strategy **p** = $(p_1, p_2) = (p_1, 1 – p_1)$ of pl. 1

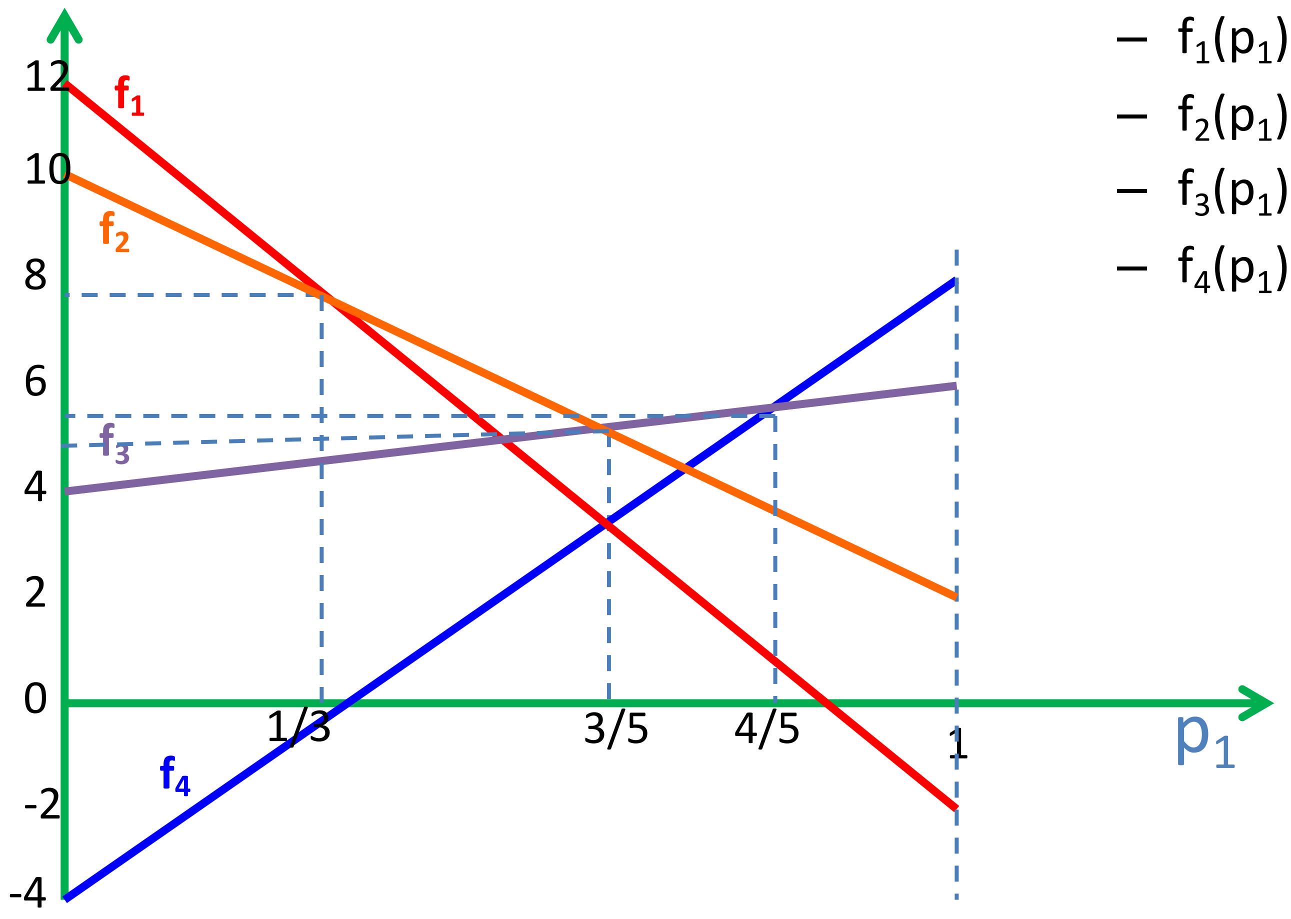
Analysis of 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- Step 1: We look at pl. 2 and compute the terms
  - $u_2(\mathbf{p}, e^1) = f_1(p_1) = -14p_1 + 12$,
  - $u_2(\mathbf{p}, e^2) = f_2(p_1) = -8p_1 + 10$,
  - $u_2(\mathbf{p}, e^3) = f_3(p_1) = 2p_1 + 4$
  - $u_2(\mathbf{p}, e^4) = f_4(p_1) = 12p_1 - 4$

Analysis of 2xn games

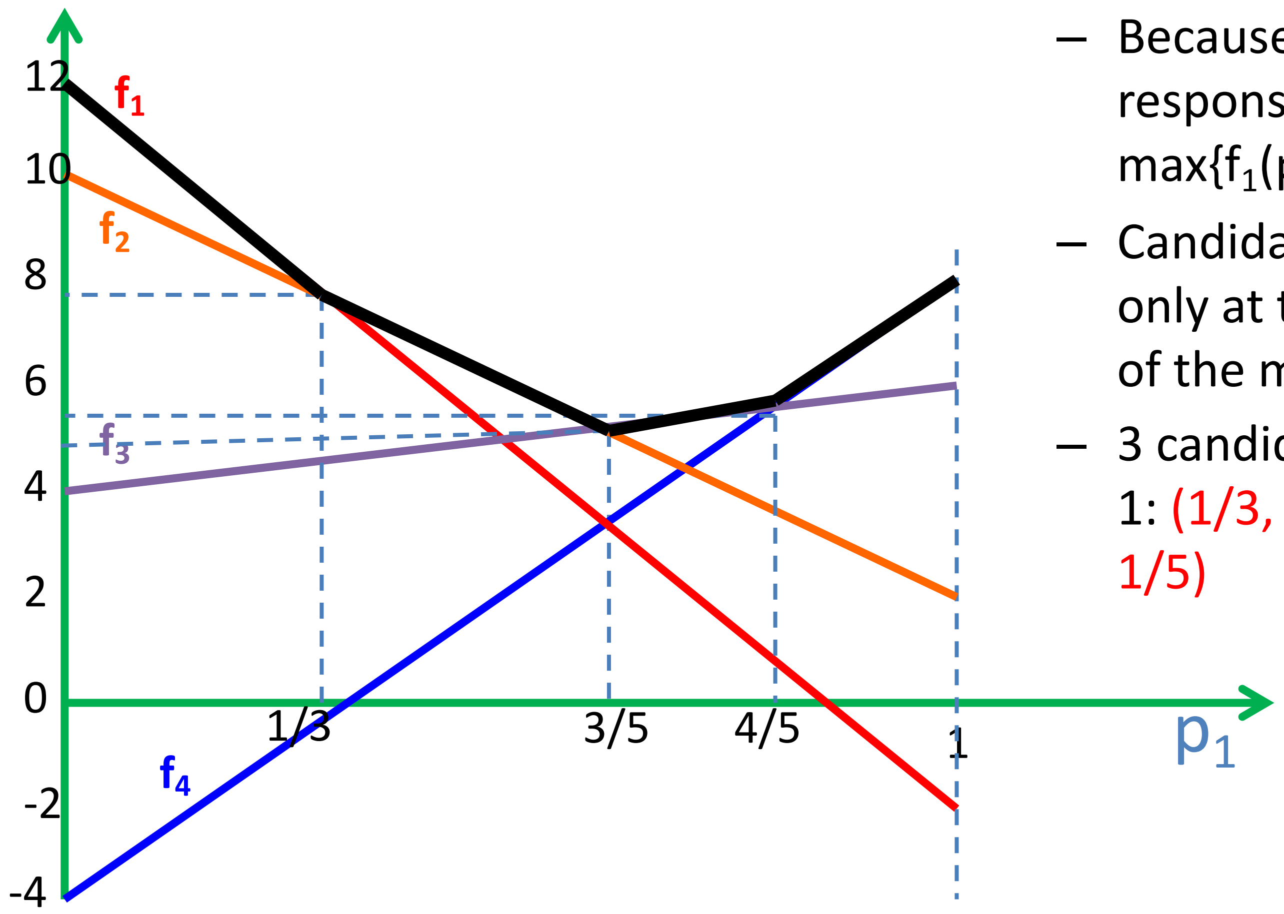
Step 2: Graphical representation



- $f_1(p_1) = -14p_1 + 12,$
- $f_2(p_1) = -8p_1 + 10,$
- $f_3(p_1) = 2p_1 + 4$
- $f_4(p_1) = 12p_1 - 4$

Analysis of 2xn games

Step 3: Candidate strategies for pl. 1



- Because pl. 2 will play a best response, we look at max{$f_1(p_1)$, $f_2(p_1)$, $f_3(p_1)$, $f_4(p_1)$}
- Candidate strategies for pl. 1 only at the intersection points of the max function
- 3 candidate strategies for pl. 1: (1/3, 2/3), (3/5, 2/5), (4/5, 1/5)

Analysis of 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

1st candidate strategy of pl. 1: (1/3, 2/3)

- We will search for a strategy of pl. 2 in the form: $\mathbf{q} = (q_1, 1 - q_1, 0, 0)$
- Since from the diagram, the 1st and 2nd columns are the best responses of pl. 2 to the strategy of pl. 1
- From the support theorem, it must hold that $u_1(e^1, \mathbf{q}) = u_1(e^2, \mathbf{q})$
- $3q_1 + 1\text{-}q_1 = q_1 + 5(1\text{-}q_1) \Rightarrow q_1 = 2/3$
- Since we found a valid probability, we have found a Nash equilibrium

Analysis of 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

2nd candidate strategy of pl. 1: (3/5, 2/5)

- We will search for a strategy of pl. 2 in the form: $\mathbf{q} = (0, q_2, 1 - q_2, 0)$
- Since from the diagram, the 2nd and 3rd columns are the best responses against the strategy of pl. 1
- From the support theorem, it should hold that $u_1(e^2, \mathbf{q}) = u_1(e^3, \mathbf{q})$
- By solving this, we get $q_2 = 1/3$
- Since we found a valid probability, we have found one more equilibrium

Analysis of 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

3rd candidate strategy of pl. 1: (4/5, 1/5)

- We will search for a strategy of pl. 2 of the form: **q** = $(0, 0, q_3, 1 - q_3)$
- In a similar way, we get $q_3 = 1/3$
- Hence we have a 3rd Nash equilibrium

Analysis of 2xn games

	t_1	t_2	t_3	t_4
s_1	3, -2	1, 2	4, 6	2, 8
s_2	1, 12	5, 10	2, 4	3, -4

- In total: 3 Nash equilibria
  - ((1/3, 2/3), (2/3, 1/3, 0, 0))
  - ((3/5, 2/5), (0, 1/3, 2/3, 0))
  - ((4/5, 1/5), (0, 0, 1/3, 2/3,))

A modified example

	t_1	t_2	t_3	t_4
s_1	3, -2	5, 2	4, 6	2, 8
s_2	1, 12	1, 10	2, 4	3, -4

- Suppose we change some of the payoffs of pl. 1 (here we changed the 2nd column)
- Which parts of the analysis change?
  - Observation: The candidate mixed strategies of pl. 1 were determined by the payoff matrix of pl. 2!
  - Hence, steps 1-3 remain exactly the same
  - Again, 3 candidate strategies for pl. 1

A modified example

	t_1	t_2	t_3	t_4
s_1	3, -2	5, 2	4, 6	2, 8
s_2	1, 12	1, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

1st candidate strategy of pl. 1: (1/3, 2/3)

- We will search for a strategy of pl. 2 in the form: $\mathbf{q} = (q_1, 1 - q_1, 0, 0)$
- From the support theorem, it must hold that $u_1(e^1, \mathbf{q}) = u_1(e^2, \mathbf{q})$
- $3q_1 + 5(1-q_1) = q_1 + 1-q_1 \Rightarrow q_1 = 2$
- Not a valid probability!
- Hence, this candidate strategy does not yield an equilibrium

A modified example

	t_1	t_2	t_3	t_4
s_1	3, -2	5, 2	4, 6	2, 8
s_2	1, 12	1, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

2nd candidate strategy of pl. 1: (3/5, 2/5)

- We will search for a strategy of pl. 2 in the form : $\mathbf{q} = (0, q_2, 1 - q_2, 0)$
- From the support theorem, it should hold that $u_1(e^2, \mathbf{q}) = u_1(e^3, \mathbf{q})$
- $5q_2 + 4(1-q_2) = q_2 + 2(1-q_2) \Rightarrow q_2 = -1$
- Not a valid probability
- Hence, no equilibrium

A modified example

	t_1	t_2	t_3	t_4
s_1	3, -2	5, 2	4, 6	2, 8
s_2	1, 12	1, 10	2, 4	3, -4

- Step 4: We check all the candidate strategies to see if they can yield an equilibrium

3rd candidate strategy of pl. 1: (4/5, 1/5)

- Since we have not found any other equilibrium, Nash's theorem guarantees that now we will find one
- We will search for a strategy of pl. 2 of the form: $\mathbf{q} = (0, 0, q_3, 1 - q_3)$
- In the modified example, columns 3 and 4 have not changed
- Hence, we will arrive at the same result: $q_3 = 1/3$
- Unique Nash equilibrium: ((4/5, 1/5), (0, 0, 1/3, 2/3,))

Back to nxm games

- Summarizing known algorithms:
  - Brute-force, based on the support theorem, worst case: need to solve $O(2^{n+m})$ linear programs
  - [Lemke, Howson '64], worst case: still exponential
  - Other approaches: [Kuhn '61, Mangasarian '64, Lemke '65], also exponential worst case running time
- Polynomial time algorithms only for special cases
  - 0-sum games
  - 2xn games
  - Games with constant rank payoff matrices
- We are not aware of any polynomial time algorithm for general nxm normal form games!

Algorithms for normal form games

- Could it be that the problem is **NP**-complete?
- Probably not
  - [Megiddo, Papadimitriou ' 89]: strong evidence that it cannot be **NP**-complete
  - If it were $\Rightarrow$ **NP** = co-**NP** (highly unlikely to be true)
- It is **NP**-complete if we add more requirements
  - E.g. Find a Nash equilibrium that maximizes the sum of the utilities [Gilboa, Zemel ' 89, Conitzer, Sandholm ' 03]
  - A different problem than just finding a Nash equilibrium
- Further issues
  - There exist games, with integer payoff matrices, and with ≥ 3 players, where the probabilities in their Nash equilibria are irrational numbers [Nash ' 51]
  - Hence, we cannot even represent the mixed strategies by a finite number of bits

Back to the proof of Nash's theorem

- Theorem [Nash 1951]: Every finite game possesses at least one equilibrium when we allow mixed strategies

- Nash's proof reduces to using Brouwer's fixed point theorem

- Brouwer's theorem reduces to using Sperner's lemma

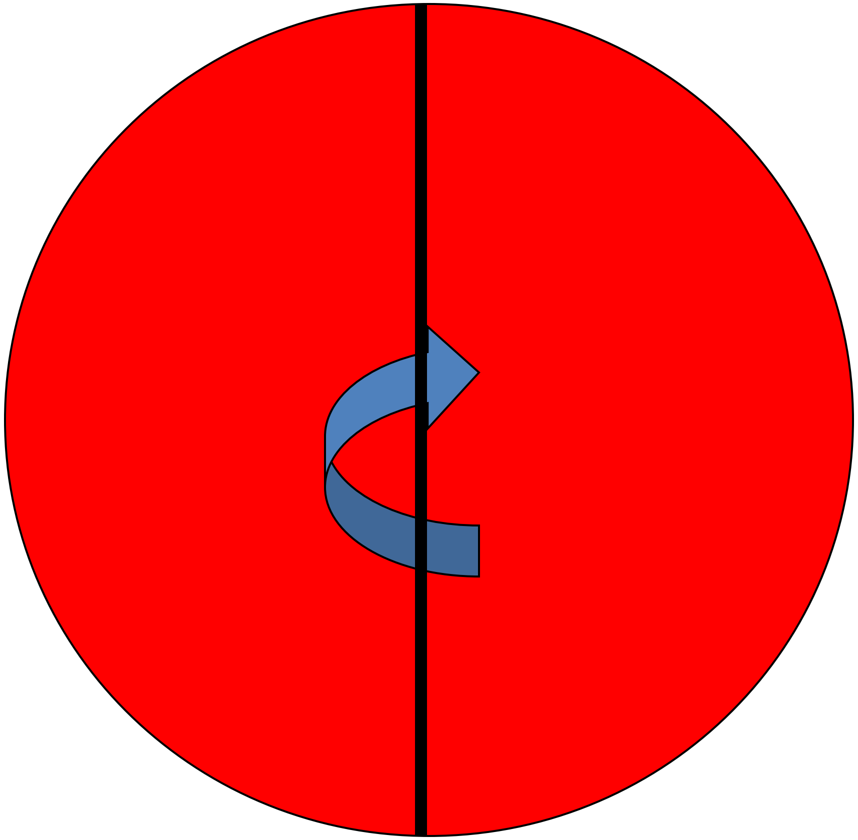
Brouwer's theorem

- Brouwer's theorem: Let f:D→D, be a continuous function, and suppose D is convex and compact. Then there exists x such that f(x) = x

Illustrations of Brouwer's theorem

Suppose D is a disc

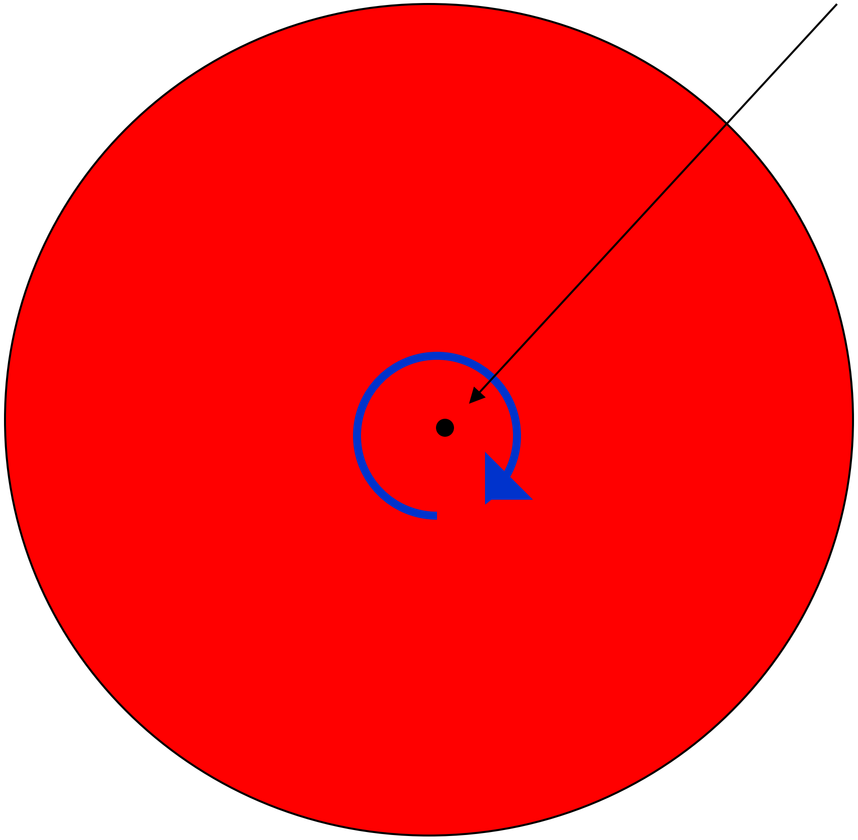
Flip?



Illustrations of Brouwer's theorem

Suppose D is a disc

Rotate?



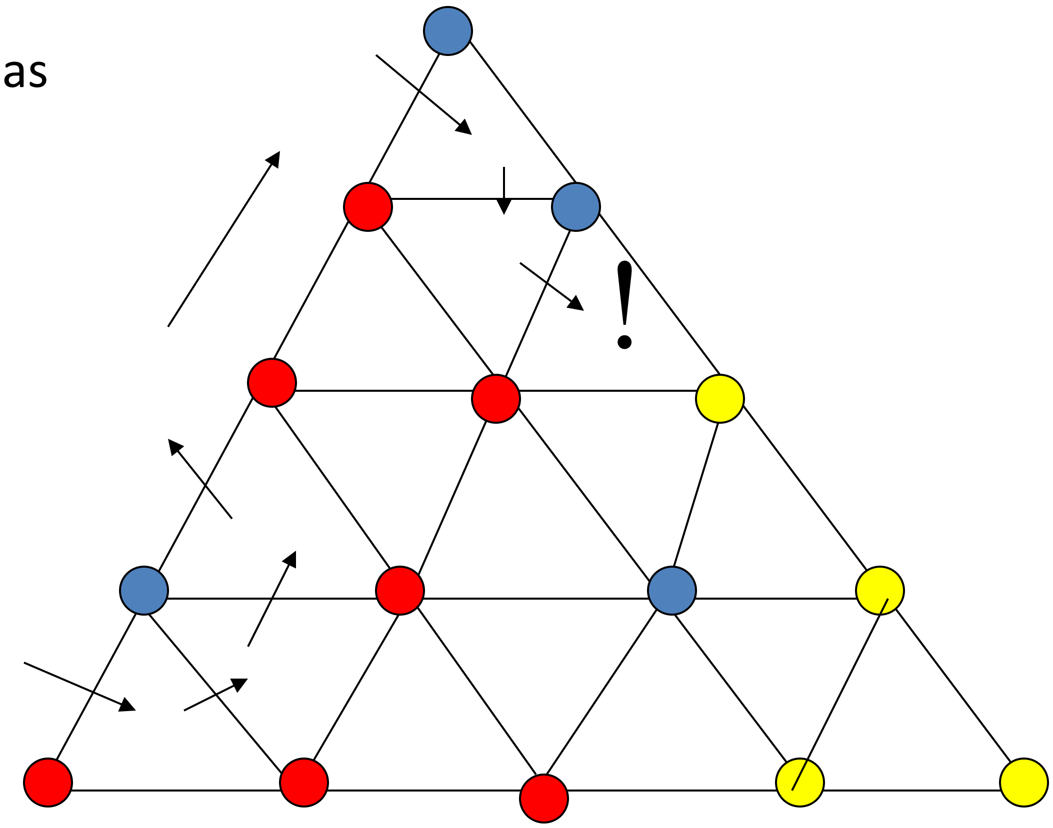
Sperner's lemma

In 2 dimensions

- Let D be the 2-dimensional simplex
  - $D = \{(x_1, x_2, x_3): x_1 + x_2 + x_3 = 1, x_i \geq 0, \text{ for } i=1, 2, 3 \}$
  - D is a triangle
- Consider a triangulation of D
- Color all the vertices of the small triangles, using 3 colors such that:
  - The 3 vertices of D have a different color
  - Along each edge of D, we use only the colors of the 2 vertices of the edge (1 color forbidden)
  - No restriction for the interior of D

Sperner's lemma

Sperner's Lemma: Any such coloring has at least one trichromatic triangle



Algorithms for normal form games

Let us look at the computational problems:

- SPERNER: Given a coloring satisfying the conditions of Sperner's lemma, find a trichromatic triangle
- BROUWER: Given a function satisfying the conditions of Brouwer's theorem, find a fixed point
- NASH: Given a finite normal form game, find a Nash equilibrium

What is common with all 3?

- They are search problems, where we know a solution always exists

Complexity classes for search problems

Informal descriptions

- FP (Function P): The version of P for search problems
- FNP (Function NP): The version of NP for search problems
- TFNP (Total FNP): The class of search problems that always have a solution

Fact: FP $\subseteq$ TFNP $\subseteq$ FNP

Complexity classes for search problems

- TFNP has several interesting subclasses
- Depending on how the proof of existence is established
- PLS (Polynomial time Local Search)
- PPA (Polynomial time Parity Argument)
- PPAD (Polynomial time Parity Argument, Directed)
- PPP (Polynomial time Pigeonhole Principle)
- And more…

In fact, our problems belong to one of these subclasses

The class PPAD

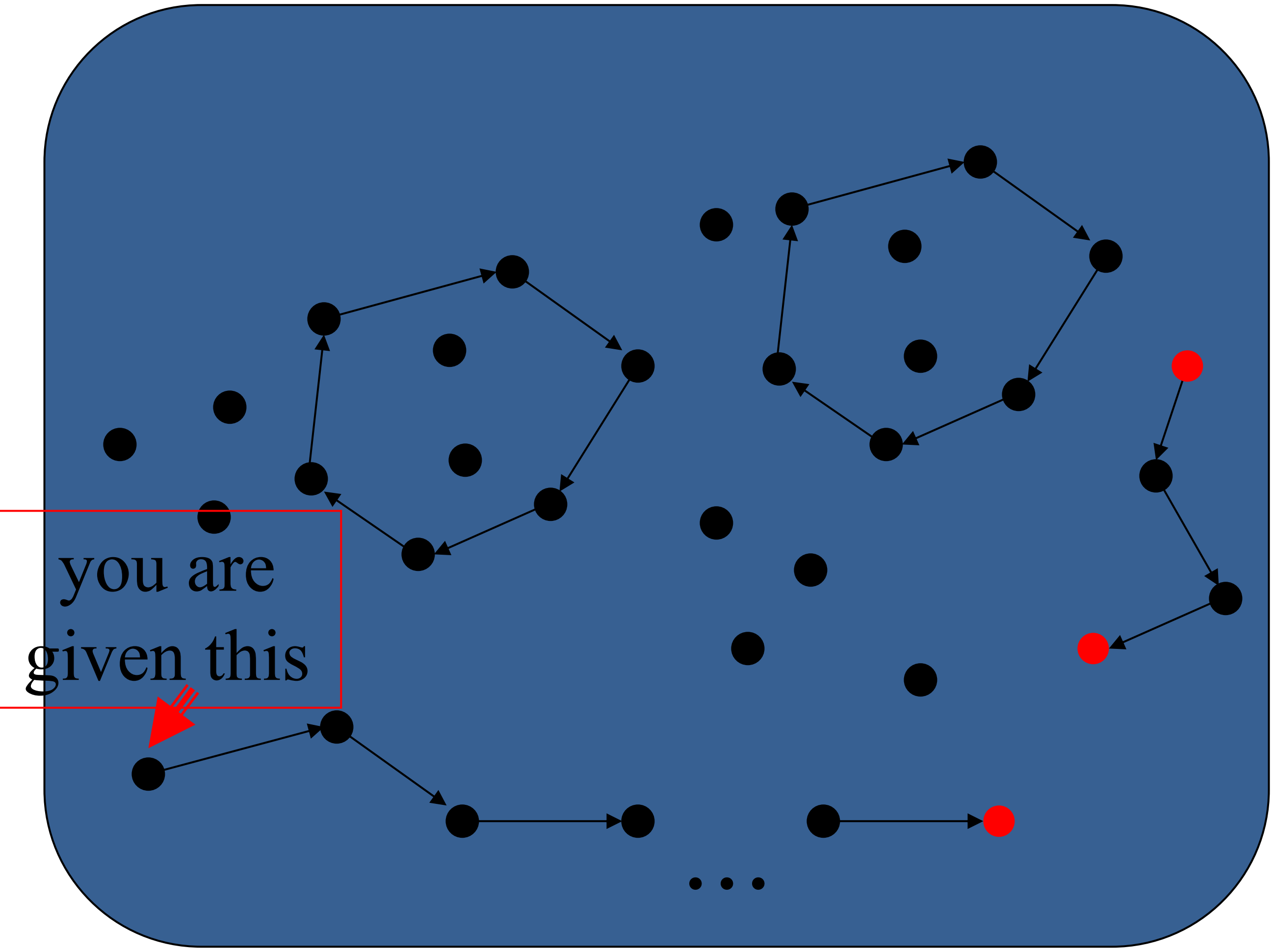
[Papadimitriou '94]

- Consists of problems where the existence of a solution can be established by a particular kind of parity argument
- Namely, PPAD contains all problems that can be reduced to:

END OF THE LINE:

- We are given a directed graph with in-degree(u), out-degree(u) ≤ 1 for every vertex u
- The graph is given implicitly by two circuits P, C
  - (u,v) is an edge iff u = P(v) and v = C(u)
  - i.e., we are only allowed to ask queries for the successor or the predecessor of a node (at most polynomially many queries)
- We are also given a source node (in-degree=0)
- *Goal: Find the sink, or another source*
  - existence of such a node is guaranteed, by a parity argument: the total number of sources and sinks is even

The class PPAD



Q: Is there an efficient algorithm for finding another unbalanced node without actually following the path?

Complexity of finding a Nash equilibrium

- Open problem for many years
- Eventually:
  - The problem belongs to **PPAD**
    - Membership in PPAD is established via the Lemke-Howson algorithm
  - [Daskalakis, Goldberg, Papadimitriou, September 2005]: **PPAD**-complete for 4-player games, conjectured that for 2 players there is an efficient algorithm
  - [Chen, Deng, November 2005]: **PPAD**-complete even for 2-player games!
  - [Chen, Deng, Teng, February 2006]: **PPAD**-complete even for some approximate versions of equilibria
  - Current belief is that problems in **PPAD** are not poly-time solvable
  - Finding an exact Nash equilibrium is most probably intractable

Other PPAD-complete problems

How can we define BROUWER as a computational problem?

- Consider a function f that satisfies the conditions of Brouwer's theorem
  - It may not be easy to succinctly describe f as input to the algorithm
  - Also, the fixed point may contain irrational numbers
- Thus, the function is given implicitly via a circuit (only allowed to ask queries for the value of the function at any point of the domain)
- Goal: Find an approximate fixed point: a point x such that $|f(x) - x| < \varepsilon$

Theorem: BROUWER is PPAD-complete

Finding a Nash equilibrium is equivalent to finding approximate fixed points of continuous functions

- Note that the proof of Nash's theorem only showed that finding an equilibrium is at most as difficult as finding fixed points

Approximate Nash equilibria

Approximate Nash equilibria

- Since the problem of computing equilibria is hard, we can consider possible relaxations of the initial definition
- Recall the definition of Nash equilibria: A profile of mixed strategies (**p**, **q**) is a Nash equilibrium if
  - $u_1(\mathbf{p}, \mathbf{q}) \geq u_1(e^i, \mathbf{q})$ for every pure strategy e^i of pl. 1
  - $u_2(\mathbf{p}, \mathbf{q}) \geq u_2(\mathbf{p}, e^j)$ for every pure strategy e^j of pl. 2

Approximate Nash equilibria

- Definition: A profile of mixed strategies (**p**, **q**) is an ε-Nash equilibrium if
  - $u_1(\mathbf{p}, \mathbf{q}) \geq u_1(e^i, \mathbf{q}) - \varepsilon$, for every pure strategy e^i of pl. 1
  - $u_2(\mathbf{p}, \mathbf{q}) \geq u_2(\mathbf{p}, e^j) - \varepsilon$, for every pure strategy e^j of pl. 2

- In words: a profile of strategies is an ε-Nash equilibrium if no player can gain more than ε by deviating

- When we study ε-Nash equilibria, we usually normalize the utilities to be in [0, 1]
  - Thus also $\varepsilon \in [0, 1]$

Example of approximate Nash equilibria

	B	S
B	2/3, 1/3	0, 0
S	0, 0	1/3, 2/3

Consider the profile (**p**, **q**) = ((0.6, 0.4), (0.4, 0.6))

- u_1(**p**, **q**) = 0.6 x 0.4 x 2/3 + 0.4 x 0.6 x 1/3 = 0.24
- $u_1(e^1$, **q**) = 0.4 x 2/3 = 0.267 = u_1(**p**, **q**) + 0.027
- $u_1(e^2$, **q**) = 0.6 x 1/3 = 0.2 < 0.24
- Similar analysis for pl. 2
- Hence, this profile is a 0.027-Nash equilibrium

None of the players can gain more than 0.027 by deviating to another strategy

Approximate Nash equilibria

A stronger notion of approximation

- In words: a profile of strategies (**p**, **q**) is an ε-well-supported Nash equilibrium if any strategy from Supp(**p**) is an approximate best response to **q** and vice versa
- Formally: (**p**, **q**) is an ε-well-supported Nash equilibrium if:
  - $u_1(e^i, \mathbf{q}) \geq u_1(e^k, \mathbf{q}) - \varepsilon$, for every $i \in$ Supp(**p**) and every $k \in \{1, 2, ..., n\}$
  - $u_2(\mathbf{p}, e^j) \geq u_2(\mathbf{p}, e^k) - \varepsilon$, for every $i \in$ Supp(**q**) and every $k \in \{1, 2, ..., n\}$

Fact: An ε-well-supported Nash equilibrium is also an ε-Nash equilibrium (but not vice versa)

Searching for Approximate Equilibria

- We will focus on the simpler version of ε-Nash equilibria
- At the same time, we also want to focus on strategy profiles that are simple, and easy to describe

Definition: A *k*-uniform strategy is a strategy where all probabilities are integer multiples of 1/*k*

e.g. (*3/k, 0, 0, 1/k, 5/k, 0,…, 6/k*)

Important observation: Support size of a k-uniform strategy ≤ k

Can we have approximate equilibria with k-uniform strategies for small values of k?

A Subexponential Algorithm (Quasi-PTAS)

Theorem [Lipton, Markakis, Mehta '03]: Consider a nxn game. For any ε in (0,1), and for every $k \geq 9\log n/\varepsilon^2$, there exists a pair of k-uniform strategies (**p**, **q**) that forms an ε-Nash equilibrium

Lesson learnt: there is no need to use a big support!

- For 0-sum games already proved in [Althofer '94, Lipton, Young '94]

Proof idea:

- Use of the "Probabilistic Method"
- Sample a mixed strategy for each player according to the distribution of a Nash equilibrium
  - Feasible because of Nash's theorem
- Then prove that with positive probability the desired property holds

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Corollary : We can compute an ε-Nash equilibrium in time

$$n^{O(\log n/\epsilon^2)}$$

Proof of Corollary: There are $n^{O(k)}$ pairs of supports to look at. Verify the ε-equilibrium condition.

Generalizations

- The same property holds for ε-well-supported equilibria as well [Kontogiannis, Spirakis '10]
- For *m*-player games with n pure strategies per player, the same technique yields an algorithm for approximate Nash equilibria with
  - support size: $k = O(m^2 \log(m^2 n)/\varepsilon^2)$
  - running time: exponential in *logn*, *m*, $1/\varepsilon$
- Previously known approximations:
  - [Scarf '67]: exponential in *n*, *m*, $\log(1/\varepsilon)$ (via fixed point approximations)

An application

[McCarthy, Laan, Wang, Vayanos, Sinha, Tambe ’18]

- Threat Screening Games: Games for modeling decision problems related to screening at airports, borders, and other areas
- Motivated by a collaboration with the US Transportation Security Administration
- Use of mixed strategies for selecting how to screen quite popular during last years
- Main practical result: Simulations for screening in a large airport (comparable to the Los Angeles International Airport) show that approximate equilibria with k-uniform small support strategies behave very well and have the potential to be deployed in practice

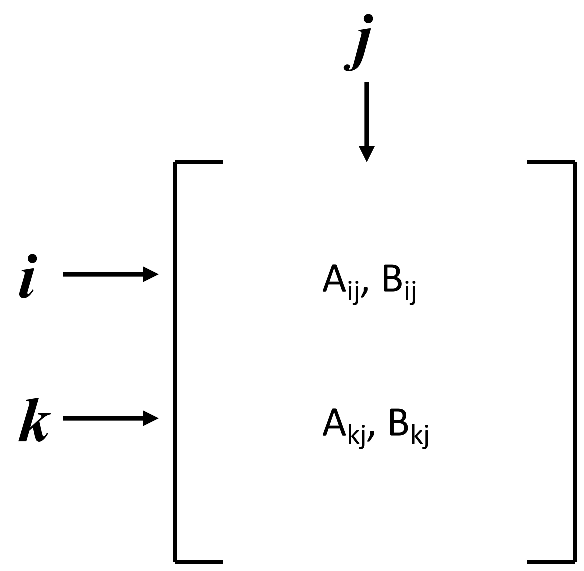
Moving on…

- How good is an algorithm with running time $n^{O(\log n/\varepsilon^2)}$?
- For sure better than exponential
  - Better than n^n or 2^n
- But still not polynomial running time
  - Usually referred to as quasi-polynomial
- For what values of ε can we have polynomial time algorithms?

Polynomial Time Approximation Algorithms

For $\varepsilon = 1/2$:

- Pick arbitrary row *i*
- Let *j* = BR(i) = best response to *i*
- Find *k* = BR(j), pl. 1 plays *i* or *k* with prob. 1/2 each
- Pl. 2 just plays j



Proposition: This is a 1/2-approximate equilibrium with support size ≤ 2 for both players!

[Feder, Nazerzadeh, Saberi '07]: For $\varepsilon < 1/2$, we need in worst case, support at least $\Omega(\log n)$

Polynomial Time Approximation Algorithms

Better than ½-approximations in polynomial time

[Daskalakis, Mehta, Papadimitriou '07]: polynomial time algorithm for $\varepsilon = 1\text{-}1/\varphi = (3\text{-}\sqrt{5})/2 \approx 0.382$ (φ = golden ratio)

- Based on sampling + Linear Programming

- Need to solve polynomial number of linear programs

- Not a very fast algorithm

- Polynomial time algorithm but still a large number of linear programs to be solved

Polynomial Time Approximation Algorithms

[Bosse, Byrka, Markakis '07]: a different LP-based method with the same approximation of 0.382

- Needs to solve only 1 linear program
- Similar idea in [Kontogiannis, Spirakis '07] for well-supported approximation
- A small tweak can also yield a better approximation of 0.36

Recall: 0-sum games can be solved in polynomial time (equivalent to linear programming)

- Given a game defined by the arrays (A, B), start with an equilibrium of the 0-sum game (*A-B, B-A*)

- If incentives to deviate are "high", players adjust their strategies via best response moves

A 0.382-approximation algorithm

Parameters of the algorithm: $\alpha, \delta_2 \in [0,1]$

1. Find an equilibrium x^*, y^* of the 0-sum game $(A - B, B - A)$
2. Let g_1, g_2 be the maximum gain by deviating to a pure strategy for row and column player. Suppose $g_1 \geq g_2$
3. If $g_1 \leq \alpha$, output x^*, y^*
4. Else: let b_1 = best response to y^*, b_2 = best response to b_1
5. Output:

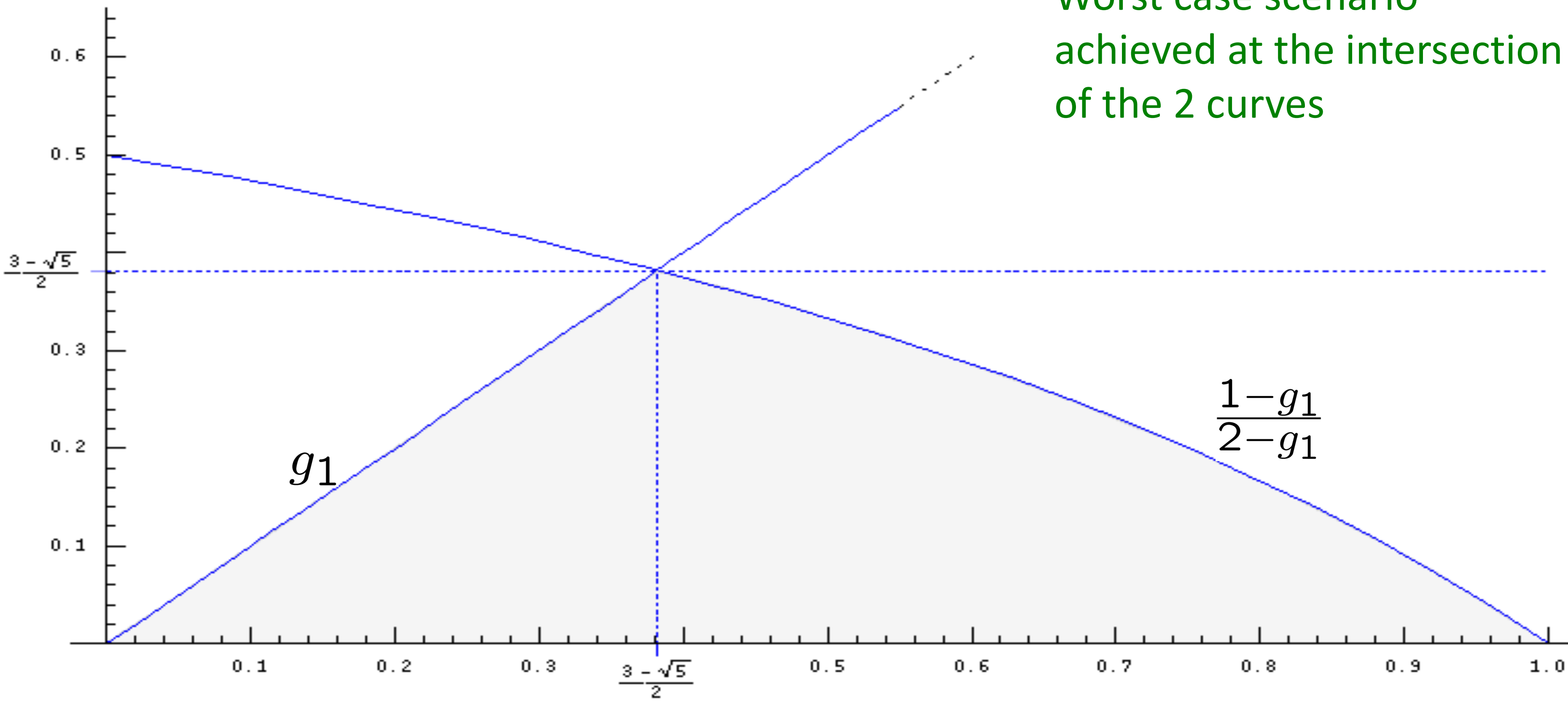
$$x = b_1$$

$$y = (1 - \delta_2)\, y^* + \delta_2\, b_2$$

Theorem: The algorithm with $\alpha = 1-1/\varphi$ and $\delta_2 = (1-g_1) / (2-g_1)$ achieves a $(1-1/\varphi)$-approximation

A 0.382-approximation algorithm

Worst case scenario achieved at the intersection of the 2 curves



Yet another approach

- [Spiraks, Tsaknakis '07]: algorithm with an approximation of ε = 0.339
  - Best known approximation for many years, till recently
  - A different optimization approach, but yet another LP-based method
  - It starts with a descent-based method to identify a stationary point
  - Needs to solve a polynomial number of linear programs (one per each iteration)

- [Deligkas, Fasoulakis, Markakis '22]: Currently best approximation of ε = 1/3
  - Based on a tweak of the Spirakis-Tsaknakis algorithm
  - Improving the bottleneck case of their algorithm

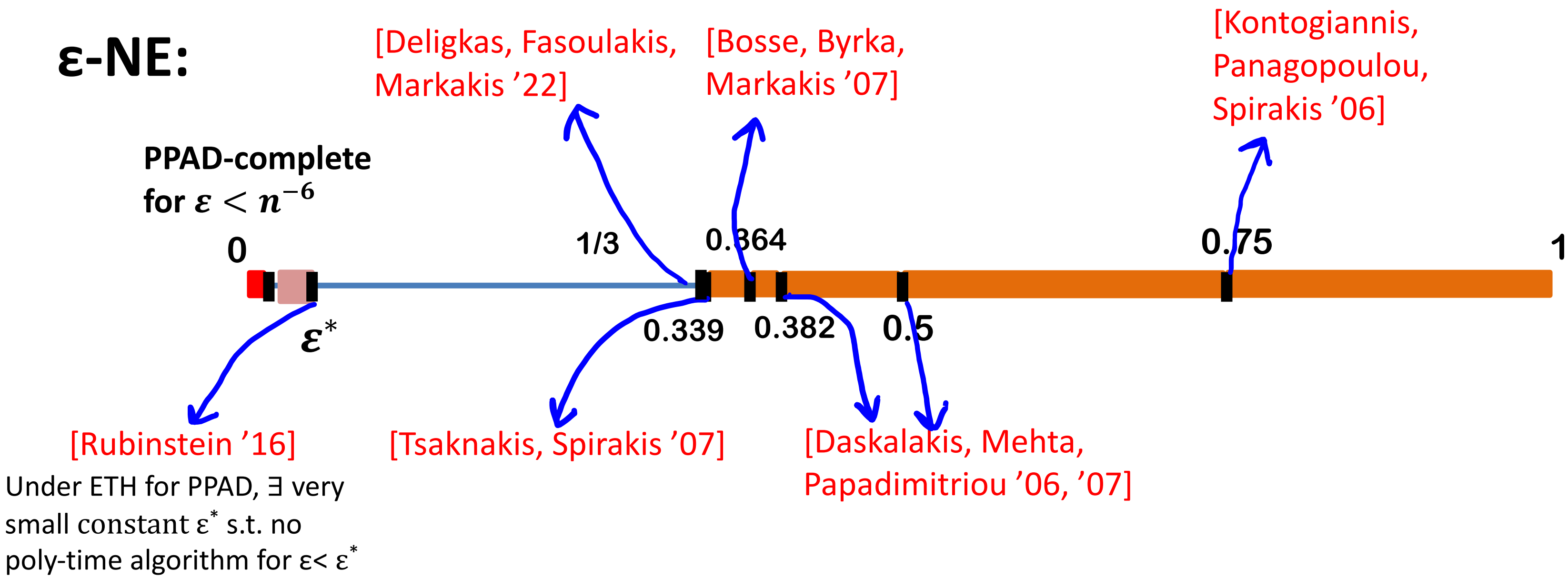
- **Big open problem:**
  - Can we find algorithms for lower values of ε, closer to 0?
  - Is it possible to have a poly-time algorithm for **any** constant ε>0?
    - Probably not... [Rubinstein '16]

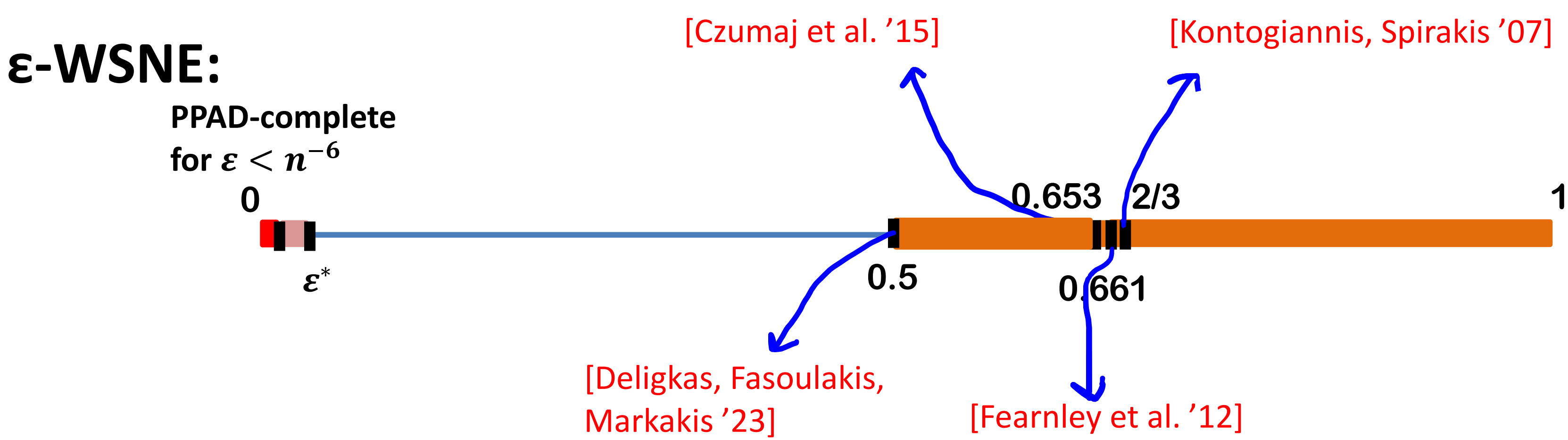
- So far, there have been further improvements for several special classes of games
  - Low-rank matrices, sparse matrices, symmetric games, win-lose games, …

Progress on other notions of approximation

- ε-well-supported equilibria:
  - [Kontogiannis, Spirakis ’10]: Polynomial time only for ε = 2/3, based also on solving 0-sum games
  - More recently improved to 0.6528 [Czumaj et al. ’18]
  - And even more recently improved to ½ [Deligkas, Fasoulakis, Markakis ’23]
- Even stronger notion of approximation: require that the profile found is geometrically close to an exact Nash equilibrium
  - [Etessami, Yannakakis ’07]: mostly negative results
- Open problem to provide more positive results, even for special cases, for these concepts as well

The story so far for ε-NE and ε-WSNE





Post-Mortem

- Difficult to find exact Nash equilibria for an arbitrary 2-player game
- A bit less difficult to find approximate Nash equilibria
  - But still challenging and not yet well understood
- Is it a catastrophe if we do not have efficient algorithms for every game?
  - Players in practice may also be able to adjust their strategies and gradually converge to an equilibrium by observing each other's actions
  - Still, "if your laptop cannot find an equilibrium, then neither can the market", quote from Kamal Jain (2003)
- Despite the high complexity, the notion of a Nash equilibrium remains among the most important notions in game theory

Post-Mortem

- Take-home story: Nash equilibria form a good starting point from a conceptual point of view
- But when intractable, we should think towards alternative and tractable variations of equilibrium concepts
- Ongoing research:
  - Learning algorithms with convergence guarantees
  - Also connected to training neural networks
  - Many positive results for 0-sum games (starting with fictitious play [Robinson '51])
  - Not as easy for general games
  - No-regret algorithms provide convergence "on average"
  - Several variations of gradient descent under consideration during last 5 years…