

# Coalitional Game Theory

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# Coalitional Game Theory

Foundations laid in:

J. von Neumann, O. Morgenstern – *Theory of Games and Economic Behavior* (1944)

- mathematical models of **cooperation** in a given social environment
- **coalition formation** goes hand in hand with **payoff negotiation**
- analysis of coalition games is usually based only on **payoff opportunities** available to each coalition (no moves, no actions)

## Coalition Game: Assumptions

- Players** are allowed to communicate before or during the game, they can even redistribute their final payoffs via **side payments**
- Coalition** acts in the common players' interest on specific issues
- Worth** of each coalition is the total amount that the players from the coalition can jointly guarantee themselves, it is measured in abstract units of **utility**

## Two Fundamental Questions

- ① Which coalitions are likely to form?
  - ② How will the members of a coalition allocate their joint payoff?
- We leave the behavioral aspects aside. . .
  - . . . and the attempt to answer the second question is in that follows!

**Usual assumption:** the society as a whole operates efficiently so that the coalition of all players arise in the end

## Examples

### Example (Selling a horse)

*Player 1 (a **seller**) has a horse which is worthless to him (unless he can sell it). Players 2 and 3 (**buyers**) value the horse at 90 and 100, respectively.*

*Which contract will be accepted by all the players?*

### Example (The UNSC voting)

*The United Nations Security Council consists of **5** permanent members and **10** other members. Every decision must be approved by **9** members including all the permanent members.*

*What is a “voting” power of the individual members?*

# Mathematical Model of Game

## Definition

Let  $N = \{1, \dots, n\}$  be a finite set of *players*. A *coalition* is any subset of  $N$ . The set of all coalitions is denoted by  $2^N$ .

A (*coalition*) *game* is a mapping

$$v : 2^N \rightarrow \mathbb{R}$$

such that  $v(\emptyset) = 0$ . For any coalition  $A \subseteq N$ , the number  $v(A)$  is called the *worth* of  $A$ .

$N$ ... the *grand coalition*

# Imputation

Which payoff will a **rational** player accept in a game  $v$ ?

## Assumptions

- 1 the players have the total amount  $v(N)$  to divide
- 2 no player will accept less than the amount which he/she can attain alone

## Definition

An **imputation** in a game  $v$  is a vector  $\mathbf{x} = (x_1, \dots, x_n) \in \mathbb{R}^n$  such that

$$\sum_{i \in N} x_i = v(N) \quad \text{and} \quad x_i \geq v(\{i\}), \quad \text{for every } i \in N.$$

$E(v)$ ... the set of all imputations in a game  $v$



# Existence of Imputations

## Example

*Three farmers produce crops. They want to merge their businesses. However, the grand coalition is not able to operate efficiently (technical difficulties, wrong communication, highly progressive taxes, ...)*

$$N = \{1, 2, 3\}$$

$$v(\{i\}) = 1, \quad i = 1, 2, 3$$

$$v(\{i, j\}) = 2, \quad i \neq j$$

$$v(N) = -1$$

## Proposition

For every game  $v$ , we have  $E(v) \neq \emptyset$  iff  $v(N) \geq \sum_{i \in N} v(\{i\})$ .

## Superadditive Games

“Unity makes strength”: a game  $v$  is **superadditive** when, for every pair of coalitions  $A, B \subseteq N$  with  $A \cap B = \emptyset$ , we have

$$v(A \cup B) \geq v(A) + v(B)$$

### Example (Selling a horse)

$$N = \{1, 2, 3\}$$

*If 1 sells the horse to 2 for the price  $x$ , he will effectively make a profit  $x$ , while 2's profit is  $90 - x$ . The total profit of the coalition  $\{1, 2\}$  is thus 90. Similarly for  $\{1, 3\}$ . The grand coalition  $N$  should assign the horse to 3 who can eventually give side payments to 2.*

$$v(\{1, 2\}) = 90, \quad v(\{1, 3\}) = v(N) = 100$$

$$v(\{i\}) = v(\{2, 3\}) = 0, \quad i = 1, 2, 3$$

## Preference between Imputations

Given  $x, y \in E(v)$ , which imputation are players likely to choose?

- 1 A group of players will prefer  $x$  to  $y$  if they are better off with  $x$
- 2 This group of players must be simultaneously strong enough to enforce the choice of  $x$

### Definition

Let  $S \subseteq N$  and  $x, y \in E(v)$ . Coalition  $S$  *prefers*  $x$  to  $y$  ( $x \succ_S y$ ) when

$$x_i > y_i, \text{ for every } i \in S, \quad \text{and} \quad \sum_{i \in S} x_i \leq v(S).$$

## Core of a Game

An imputation  $x$  is **preferred** to an imputation  $y$  (notation  $x \succ y$ ) if there is a coalition  $S$  with  $x \succ_S y$ .

### Definition

Let  $v$  be a game. The **core** of  $v$  is the set  $\text{Core}(v) \subseteq \mathbb{R}^n$  such that

$$\text{Core}(v) = \{y \in E(v) \mid \forall x \in E(v), x \not\succeq y\}$$

### Problems

- the relation  $\succ$  is neither transitive nor antisymmetric
- how to describe the core?

## Characterization of the Core

Theorem (Gillies, 1959)

Let

$$C(v) = \left\{ x \in \mathbb{R}^n \mid \sum_{i \in N} x_i = v(N), \sum_{i \in S} x_i \geq v(S), \text{ for every } S \in 2^N \right\}.$$

Then:

- for every game  $v$ , we have  $C(v) \subseteq \text{Core}(v)$
- if  $v$  is *superadditive*, then  $C(v) = \text{Core}(v)$

The core of a superadditive game is a (possibly empty) **convex polytope** in  $\mathbb{R}^n$  given by the intersection of an affine hyperplane with  $2^n - 2$  halfspaces.

## Example

### Example (Selling a horse)

$$N = \{1, 2, 3\}$$

$$v(\{1, 2\}) = 90, \quad v(\{1, 3\}) = v(N) = 100$$

$$v(\{i\}) = v(\{2, 3\}) = 0, \quad i = 1, 2, 3$$

$\text{Core}(v) = C(v)$  consists of vectors  $x \in \mathbb{R}^3$  satisfying

$$x_i \geq 0, \quad i = 1, 2, 3$$

$$x_1 + x_2 \geq 90$$

$$x_1 + x_3 \geq 100$$

$$x_1 + x_2 + x_3 = 100$$

It follows that  $C(v) = \{(t, 0, 100 - t) \in \mathbb{R}^3 \mid 90 \leq t \leq 100\}$

Player 3 will purchase the horse at a price at least 90, player 2 is priced out of the market after bidding up the price to 90.

## A Superadditive Game with Empty Core

### Example (Voting)

*Three friends want to select one of the two restaurants for a dinner. The decision is made by a simple majority of votes.*

$$N = \{1, 2, 3\}$$

$$v(\{i\}) = 0, \quad i = 1, 2, 3$$

$$v(S) = 1, \text{ whenever } |S| \geq 2$$

*The game  $v$  is superadditive with  $\text{Core}(v) = C(v) = \emptyset$ .*

**Observe:** some imputation of the type  $(\frac{1}{2}, \frac{1}{2}, 0)$ ,  $(\frac{1}{2}, 0, \frac{1}{2})$ ,  $(0, \frac{1}{2}, \frac{1}{2})$  is always preferred to any other imputation from  $E(v)$

## Stable Sets

Original solution concept of von Neumann and Morgenstern:

### Definition

A **stable set** for a game  $v$  is a set  $S(v) \subseteq E(v)$  such that

- 1 if  $x, y \in S(v)$ , then  $x \not\succeq y$
- 2 if  $x \in E(v) \setminus S(v)$ , then there is  $y \in S(v)$  with  $y \succ x$

### Problem

- existence of a stable set is not guaranteed
- there can be more stable sets for a given game

### Proposition

*The core of every game is contained in any stable set of imputations for this game.*



## Simple Games

A game  $v$  is called **simple** when  $v(S) \in \{0, 1\}$  for each  $S \in 2^N$ .

A player  $i \in N$  is said to be a **veto player** if

$$v(N \setminus \{i\}) = 0.$$

### Proposition

*Let  $v$  be a superadditive simple game such that  $v(N) = 1$  and  $v(\{i\}) = 0$ , for each  $i \in N$ . Then*

$\boxed{\text{Core}(v) \neq \emptyset}$  *iff there is a veto player.*

## Convex Games

A game  $v$  is said to be **convex** when

$$v(S \cup T) + v(S \cap T) \geq v(S) + v(T), \quad \text{for every } S, T \in 2^N.$$

### Proposition

*A game  $v$  is convex iff*

$$v(S \cup \{i\}) - v(S) \leq v(T \cup \{i\}) - v(T)$$

*for every  $i \in N$  and every  $S \subseteq T \subseteq N \setminus \{i\}$*

### Interpretation

- convexity of a game means nondecreasing marginal utility of coalition membership

# Core Geometry of Convex Games

## Theorem (Shapley, 1972)

Let  $v$  be a nontrivial convex game. Then:

- $\text{Core}(v) \neq \emptyset$
- there are at most  $n!$  **extreme points (vertices)** of  $\text{Core}(v)$  and they coincide precisely with the set of imputations  $x \in \mathbb{R}^n$  of the form

$$x_i = v(S_i) - v(S_{i-1}), \quad \text{for each } i \in N,$$

where  $S_i = \{j \in N \mid \pi(j) \leq i\}$  for some permutation  $\pi$  of  $N$ .

## Core: Computational Issues

- the core is difficult to describe in general
- even when the game is **superadditive**, its core is the intersection of a large number of halfspaces
- for example, a game with 20 players amounts to solving the LP problem with more than 1 million of affine constraints!
- a game is played as a **one-shot affair**: all fuzzy coalitions come up with their demands simultaneously

For some purposes it can be enough to

- ① recover **a single element** from the core or
- ② decide **nonemptiness** of the core

# Bargaining for a Payoff

## Motivation

- in real-world situations the coalitions **bargain** for a final payoff repetitively
- the bargaining process stops when no coalition raises objections against the payoff

Define

$$C_S = \begin{cases} \{x \in \mathbb{R}^n \mid \sum_{i \in S} x_i \geq v(S)\}, & S \neq N \\ \{x \in \mathbb{R}^n \mid \sum_{i \in N} x_i = v(N)\}, & S = N \end{cases}$$

If  $x \notin C_S$ , then the coalition  $S$  will **contest** the payoff  $x$ . The core of a superadditive game  $v$  is a set of imputations that is not contested by any coalition:

$$\text{Core}(v) = \bigcap_{S \in 2^N} C_S$$

# Bargaining Schemes

## Definition

Let  $v$  be a game. A **bargaining scheme** for  $\text{Core}(v)$  is an iterative procedure generating a sequence  $x^0, x^1, x^2, \dots$  of payoffs with  $\lim_{k \rightarrow \infty} x^k \in \text{Core}(v)$ , provided  $\text{Core}(v) \neq \emptyset$ .

Given any payoff  $x \in \mathbb{R}^n$ , each coalition  $S$  accepts the payoff

$$P_S(x) = \arg \min_{y \in C_S} \|y - x\|$$

But the payoff  $P_S(x)$  can be contested by another coalition  $T$ !

## Cimmino Type Bargaining Scheme

Let  $\omega$  be a vector with  $2^n - 1$  components  $\omega_S > 0$ ,  $S \in 2^N \setminus \emptyset$ , such that

$$\sum_{S \in 2^N \setminus \emptyset} \omega_S = 1$$

The number  $\omega_S$  is interpreted as a **bargaining power** of the coalition  $S$  in the game  $v$ .

Put  $\mathbf{P}(x) = \sum_{S \in 2^N \setminus \emptyset} \omega_S P_S(x)$

### Definition

The **Cimmino type bargaining scheme** for the game  $v$  is the following rule of generating sequences  $(x^k)$  in  $\mathbb{R}^n$ :

$$x^0 \in \mathbb{R} \quad \text{and} \quad x^{k+1} = \mathbf{P}(x^k), \quad k \in \mathbb{N}_0$$

## Cimmino Type Bargaining Scheme (cont.)

### Theorem

Let  $v$  be a *superadditive* game. For every  $x^0 \in \mathbb{R}$  and every vector  $\omega$  of the bargaining powers we have:

- if  $\text{Core}(v) \neq \emptyset$ , then  $\boxed{\lim_{k \rightarrow \infty} x^k \in \text{Core}(v)}$
- if  $\text{Core}(v) = \emptyset$ , then  $(x^k)$  converges to a *fixed point* of the function

$$F(x) = \sum_{S \in 2^N \setminus \emptyset} \omega_S P_S(x)$$



## Motivation

- is there a way how to distribute among the players the cooperative profit in a “fair” manner for every game?
- the need for a single-payoff solution concept
- Shapley value (1953)

### Definition

A *carrier* for a game  $v$  is a coalition  $T$  such that  $v(S) = v(S \cap T)$  for each coalition  $S$ .

Given a permutation  $\pi$  of the set of players  $N$ , put

$$\pi v(S) = v(\pi^{-1}S), \quad \text{for every } S \in 2^N.$$

# Shapley Value

## Definition

*Shapley value* is a mapping  $\varphi : \text{GAMES} \rightarrow \mathbb{R}^n : v \mapsto \varphi[v] \in \mathbb{R}^n$  satisfying the following axioms:

**Efficiency** If  $S$  is a carrier for a game  $v$ , then

$$\sum_{i \in S} \varphi_i[v] = v(S)$$

**Symmetry** For every permutation  $\pi$  of  $N$  and every  $i \in N$ ,

$$\varphi_{\pi i}[\pi v] = \varphi_i[v]$$

**Additivity** If  $v_1, v_2$  are games, then

$$\varphi[v_1 + v_2] = \varphi[v_1] + \varphi[v_2]$$

## Construction of the Shapley Value (1)

For any coalition  $S$ , put

$$w_S(T) = \begin{cases} 1, & S \subseteq T, \\ 0, & \text{otherwise.} \end{cases}$$

Lemma (Value of unanimity games)

*There exists a unique mapping  $\varphi : \{w_S \mid S \in 2^N\} \rightarrow \mathbb{R}^n$  satisfying Efficiency and Symmetry axioms and we have*

$$\varphi_i[w_S] = \begin{cases} \frac{1}{|S|}, & i \in S, \\ 0, & \text{otherwise.} \end{cases}$$

Moreover, if  $c > 0$ , then

$$\varphi_i[cw_S] = \begin{cases} \frac{c}{|S|}, & i \in S, \\ 0, & \text{otherwise.} \end{cases}$$

## Construction of the Shapley Value (2)

Lemma (Hamel basis in the linear space of games)

For every game  $v$  there exist  $2^n - 1$  uniquely determined real numbers  $c_S$ ,  $S \in 2^N \setminus \emptyset$ , such that

$$v = \sum_{S \in 2^N \setminus \emptyset} c_S w_S.$$

Taking into account the two previous lemmata, the function  $\varphi$  is extended to the set of all games by **linearity**:

$$\varphi[v] = \sum_{S \in 2^N \setminus \emptyset} c_S \varphi[w_S]$$

## Construction of the Shapley Value (3)

Theorem (Shapley, 1953)

There exists a unique mapping  $\varphi : \text{GAMES} \rightarrow \mathbb{R}^n$  satisfying *Efficiency*, *Symmetry*, and *Additivity* axioms. For every game  $v$  and each player  $i \in N$  we have

$$\varphi_i[v] = \sum_{T \in 2^N | i \in T} \frac{(|T| - 1)!(n - |T|)!}{n!} (v(T) - v(T \setminus \{i\}))$$

The formula above becomes simple for a **simple game**  $v$ :

$$\varphi_i[v] = \sum_T \frac{(|T| - 1)!(n - |T|)!}{n!}$$

where the sum runs over all “winning” coalitions  $T$  such that  $T \setminus \{i\}$  is “losing”.

## Examples

### Example (Voting)

$$N = \{1, 2, 3\}$$

$$v(\{i\}) = 0, \quad i = 1, 2, 3$$

$$v(S) = 1, \text{ whenever } |S| \geq 2$$

The game  $v$  is *simple* with  $\text{Core}(v) = \emptyset$ .

Shapley value is the same for each player:

$$\varphi_i[v] = \frac{1!1!}{3!} + \frac{1!1!}{3!} = \frac{1}{3}, \quad i = 1, 2, 3$$

## Examples (cont.)

### Example (Stockholders)

*A company has 4 stockholders, each of them having 10, 25, 35, and 40 shares of the company's stock. A decision is approved by a simple majority of all the shares.*

$$N = \{1, 2, 3, 4\}$$

*$v$  is a **simple game** in which the only winning coalitions are:*

$$\{2, 3\}, \{2, 4\}, \{3, 4\}, \{1, 2, 3\}, \{1, 2, 4\}, \{1, 3, 4\}, \{2, 3, 4\}, N$$

*Shapley value:*

$$\varphi_1[v] = 0, \quad \varphi_i[v] = \frac{1}{3}, \quad i = 2, 3, 4$$

# Properties

The Shapley value can be viewed as

- an **index of power** (in voting procedures, . . .)
- a prediction of a **“fair” allocation** of resources

## Proposition

- If a player  $i \in N$  is **dummy**, that is,  $v(S) - v(S \setminus \{i\}) = 0$  for every coalition  $S$  with  $i \in S$ , then  $\varphi_i[v] = 0$ .
- If  $v$  is a **superadditive** game, then  $\varphi[v]$  is an imputation.
- If  $v$  is a **convex** game, then  $\varphi[v] \in \text{Core}(v)$ .



## Stochastic Interpretation of Shapley Value

- the players arrive **randomly** at a specified place, all orders of arrivals of the players have the same probability  $\frac{1}{n!}$
- when a player  $i \in N$  arrives and the players from some coalition  $T$  (with  $i \in T$ ) are already there, he receives

$$X = v(T) - v(T \setminus \{i\})$$

- $X$  is a **random variable**, its probability distribution  $P$  is

$$P[X = v(T) - v(T \setminus \{i\})] = \frac{(|T| - 1)!(n - |T|)!}{n!}$$

and its **expected value** is  $E(X) = \varphi_i[v]$

## Computational Issues

- the computation of Shapley value for real-world problems requires a prohibitive number of calculations
- for example, in a game with 100 players the number of summands for one player can be

$$\sum_{i=1}^{99} \binom{99}{i} \approx 10^{30}$$

### Enhancing the computations

- statistical **estimation** of Shapley value based on random sampling
- **multilinear extension**

## Multilinear Extension

The set of all coalitions  $2^N$  can be identified with the vertices of the cube  $[0, 1]^n$ .

Can we extend a game  $v : 2^N \rightarrow \mathbb{R}$  to an  $n$ -variable function

$$\bar{v} : [0, 1]^n \rightarrow \mathbb{R}$$

with “nice” properties?

### Proposition

There exists a **unique multilinear function**  $\bar{v} : [0, 1]^n \rightarrow \mathbb{R}$  that coincides with  $v$  on  $2^N$  and we have

$$\bar{v}(x_1, \dots, x_n) = \sum_{S \in 2^N} \left( \prod_{i \in S} x_i \prod_{i \notin S} (1 - x_i) \right) v(S)$$

for every  $(x_1, \dots, x_n) \in [0, 1]^n$ .

## Stochastic Interpretation of Multilinear Extension

- coalitions  $S$  are formed **randomly**, each  $x_i$  from  $x = (x_1, \dots, x_n) \in [0, 1]^n$  is a **probability** that the player  $i$  is available for participation in a coalitional activity
- for every (random) coalition  $S$ , the family of events

$$(i \in S)_{i \in N}$$

is **independent**

- given  $S \in 2^N$ , the number

$$\prod_{i \in S} x_i \prod_{i \notin S} (1 - x_i)$$

is then the probability that the coalition  $S$  will be formed

- the number  $\bar{v}(x)$  is the **expected value** of the worth of the coalition that will actually arise

## Example of Multilinear Extension

### Example (Voting)

$$N = \{1, 2, 3\}$$

$$v(\{i\}) = 0, \quad i = 1, 2, 3$$

$$v(S) = 1, \text{ whenever } |S| \geq 2$$

*The multilinear extension of  $v$  is*

$$\bar{v}(x) = x_1x_2(1 - x_3) + x_1x_3(1 - x_2) + x_2x_3(1 - x_1) + x_1x_2x_3$$

# Multilinear Extension and Shapley Value

## Theorem (Diagonal formula)

Let  $v$  be a game with the multilinear extension  $\bar{v}$ . Then, for every player  $i \in N$ ,

$$\varphi_i[v] = \int_0^1 \frac{\partial \bar{v}}{\partial x_i}(t, \dots, t) dt$$

- Shapley value is thus completely determined by behavior of the function  $\bar{v}(x)$  in the neighborhood of the **diagonal**  $\{(t, \dots, t) \in [0, 1]^n \mid t \in [0, 1]\}$
- $\varphi_i[v]$  can be interpreted as the expected value of the marginal contribution  $\frac{\partial \bar{v}}{\partial x_i}$  when all  **$n$  times of players' arrivals** are iid random variables with uniform distribution in  $[0, 1]$

## Example

### Example (Voting)

$$N = \{1, 2, 3\}$$

$$v(\{i\}) = 0, \quad i = 1, 2, 3$$

$$v(S) = 1, \text{ whenever } |S| \geq 2$$

$$\bar{v}(x) = x_1x_2(1 - x_3) + x_1x_3(1 - x_2) + x_2x_3(1 - x_1) + x_1x_2x_3$$

We have

$$\frac{\partial \bar{v}}{\partial x_1}(x) = x_2 + x_3 - 2x_2x_3$$

so that  $\frac{\partial \bar{v}}{\partial x_1}(t, t, t) = 2t - 2t^2$  and thus

$$\varphi_1[v] = \int_0^1 2t - 2t^2 dt = \left[ t^2 - \frac{2t^3}{3} \right]_0^1 = \frac{1}{3}$$

# The UNSC Voting (1)

## Example

*The United Nations Security Council consists of 5 permanent members and 10 other members. Every decision must be approved by 9 members including all the permanent members.*

$$N = \{1, \dots, 15\}$$

Representation as a **weighted voting game**:

$$\omega_i = 7, \quad i = 1, \dots, 5$$

$$\omega_i = 1, \quad i = 6, \dots, 15$$

$$\text{quota} = 9$$

$$v(S) = \begin{cases} 1, & \sum_{i \in S} \omega_i \geq 9, \\ 0, & \text{otherwise,} \end{cases} \quad S \in 2^N.$$

Finding a weighted voting game representation for a simple game is equivalent to solving a system of linear inequalities!



## The UNSC Voting (2)

Representation as a **compound game**:  $N = N_1 \cup N_2$ , where

$$N_1 = \{1, \dots, 5\}, \quad N_2 = \{6, \dots, 15\}$$

Define:

$$w_1(S) = \begin{cases} 1, & S = N_1, \\ 0, & S \neq N_1, \end{cases} \quad w_2(T) = \begin{cases} 1, & |T| \geq 4, \\ 0, & |T| \leq 3, \end{cases} \quad S \in 2^{N_1}, T \in 2^{N_2}$$

and

$$u(A) = \begin{cases} 1, & A = \{1, 2\} \\ 0, & \text{otherwise.} \end{cases}$$

Then

$$v(S) = u(\{i \in \{1, 2\} \mid w_i(S \cap N_i) = 1\}), \quad S \in 2^N$$

## The UNSC Voting (3)

The multilinear extension  $\bar{v} : [0, 1]^{15} \rightarrow \mathbb{R}$  is composed in the same way as the game  $v$ . Defining  $\bar{w} : \mathbb{R}^{15} \rightarrow \mathbb{R}^2$  as

$$\bar{w}(x_1, \dots, x_{15}) = (\bar{w}_1(x_1, \dots, x_5), \bar{w}_2(x_6, \dots, x_{15})),$$

we have  $\bar{v} = \bar{u} \circ \bar{w}$

Due to **Symmetry** and **Efficiency** axioms, it suffices to calculate the Shapley value of one player (say  $i \in N_2$ ). We get

$$\varphi_i[v] = \int_0^1 \frac{\partial u}{\partial y_2}(\underbrace{\bar{w}(t, \dots, t)}_{15 \times}) \frac{\partial \bar{w}_2}{\partial x_i}(\underbrace{t, \dots, t}_{10 \times}) dt$$

## The UNSC Voting (4)

- $\bar{w}_1(x_1, \dots, x_5) = x_1 x_2 x_3 x_4 x_5$
- $\frac{\partial \bar{w}_2}{\partial x_i}(t, \dots, t) = \sum_S t^{|S|} (1-t)^{9-|S|} = \binom{9}{3} t^3 (1-t)^6$ , where the first sum runs over all  $S \subseteq N_2 \setminus \{i\}$  such that  $S$  loses but  $S \cup \{i\}$  wins
- $u(y_1, y_2) = y_1 y_2$

Hence

$$\varphi_i[v] = \int_0^1 \bar{w}_1(t, \dots, t) \frac{\partial \bar{w}_2}{\partial x_i}(t, \dots, t) dt = \int_0^1 t^5 \cdot 84 t^3 (1-t)^6 dt = \frac{4}{2145}$$

## The UNSC Voting (5)

Since there are 10 players in  $N_2$ , each player from the set  $N_1$  has the Shapley value

$$\frac{1}{5} \cdot \left( 1 - 10 \cdot \frac{4}{2145} \right) = \frac{1}{5} \cdot \frac{2105}{2145} = \frac{421}{2145}$$

The UNSC game has the Shapley value

$$\varphi_i[v] = \begin{cases} 0.1963, & \text{if } i \text{ is a permanent member,} \\ 0.0019, & \text{otherwise.} \end{cases}$$

Shapley value suggests that the permanent members of the UNSC have immense power in the voting!

# Application: States' Power in the U.S. Presidential Election

Two-stage procedure for electing a president can be modeled as a **compound game**:

- ① each state selects “**Great Electors**” for Electoral College
- ② the **Electoral College** elects the president by simple majority rule

## Assumptions

- the number of Great Electors of each state is in proportion to its census count
- each Great Elector votes for the candidate preferred by the majority of his/her state

What is a **voting power** of voters from different states?

## Application: Airport Game

- a runway needs to be built for  $n$  planes of  $m$  different sizes
- costs  $c_1 < c_2 < \dots < c_m$
- $N = \bigcup_j N_j$ , where  $N_j$  is the set of planes of size  $j$
- define  $j(S) = \max\{j \mid S \cap N_j \neq \emptyset\}$ ,  $S \subseteq N$

Cost-sharing game  $c$  on  $2^N$ :

$$c(S) = \begin{cases} c_{j(S)}, & S \in 2^N \setminus \emptyset, \\ 0, & \text{otherwise.} \end{cases}$$

How to allocate the cost of constructing/maintaining the runway among its users?

# Literature



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Stable convergence behavior under summable perturbations of a class of projection methods for convex feasibility and optimization problems

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