# Lecture Notes in Computer Science

6982

Commenced Publication in 1973
Founding and Former Series Editors:
Gerhard Goos, Juris Hartmanis, and Jan van Leeuwen

#### **Editorial Board**

**David Hutchison** 

Lancaster University, UK

Takeo Kanade

Carnegie Mellon University, Pittsburgh, PA, USA

Josef Kittler

University of Surrey, Guildford, UK

Jon M. Kleinberg

Cornell University, Ithaca, NY, USA

Alfred Kobsa

University of California, Irvine, CA, USA

Friedemann Mattern

ETH Zurich, Switzerland

John C. Mitchell

Stanford University, CA, USA

Moni Naor

Weizmann Institute of Science, Rehovot, Israel

Oscar Nierstrasz

University of Bern, Switzerland

C. Pandu Rangan

Indian Institute of Technology, Madras, India

Bernhard Steffen

TU Dortmund University, Germany

Madhu Sudan

Microsoft Research, Cambridge, MA, USA

Demetri Terzopoulos

University of California, Los Angeles, CA, USA

Doug Tygar

University of California, Berkeley, CA, USA

Gerhard Weikum

Max Planck Institute for Informatics, Saarbruecken, Germany

# Giuseppe Persiano (Ed.)

# Algorithmic Game Theory

4th International Symposium, SAGT 2011 Amalfi, Italy, October 17-19, 2011 Proceedings



#### Volume Editor

Giuseppe Persiano Università degli Studi di Salerno Dipartimento di Informatica 84084 Fisciano (SA), Italy E-mail: giuper@dia.unisa.it

ISSN 0302-9743 e-ISSN 1611-3349 ISBN 978-3-642-24828-3 e-ISBN 978-3-642-24829-0 DOI 10.1007/978-3-642-24829-0 Springer Heidelberg Dordrecht London New York

Library of Congress Control Number: 2011938671

CR Subject Classification (1998): I.6, H.5.3, J.1, K.6.0, H.3.5, J.4, K.4.4, G.1.2, F.2.2

LNCS Sublibrary: SL 3 – Information Systems and Application, incl. Internet/Web and HCI

© Springer-Verlag Berlin Heidelberg 2011

This work is subject to copyright. All rights are reserved, whether the whole or part of the material is concerned, specifically the rights of translation, reprinting, re-use of illustrations, recitation, broadcasting, reproduction on microfilms or in any other way, and storage in data banks. Duplication of this publication or parts thereof is permitted only under the provisions of the German Copyright Law of September 9, 1965, in its current version, and permission for use must always be obtained from Springer. Violations are liable to prosecution under the German Copyright Law.

The use of general descriptive names, registered names, trademarks, etc. in this publication does not imply, even in the absence of a specific statement, that such names are exempt from the relevant protective laws and regulations and therefore free for general use.

Typesetting: Camera-ready by author, data conversion by Scientific Publishing Services, Chennai, India

Printed on acid-free paper

Springer is part of Springer Science+Business Media (www.springer.com)

#### Preface

The present volume is devoted to the Fourth International Symposium on Algorithmic Game Theory (SAGT), an interdisciplinary event intended to provide a forum for researchers and practitioners to exchange innovative ideas and to be aware of each other's approaches and findings. The main focus of SAGT is on the study of the algorithmic aspects of game theory; typical questions include how scarce computational resources affect the way games between selfish agents are played and the impact of selfishness on the quality of the outcome of a multiplayer system. This is a departure from traditional algorithmic theory in which players are supposed to be cooperative.

The algorithmic approach to game theory has been applied primarily to problems from economics and computer science (e.g., auctions, network and routing problems). I believe though that this approach can be used to pose new questions and to give answers to problems in other fields like physics and biology and hope SAGT will be one of the fora that make this convergence happen.

SAGT 2011 took place in Amalfi (Italy) from October 17th to October 19th, 2011. The present volume contains all contributed papers that were presented at SAGT 2011 together with an abstract of the distinguished invited lectures of Bruno Codenotti (Consiglio Nazionale delle Ricerche, Pisa, Italy) and Xiaotie Deng (University of Liverpool, Liverpool, UK). The two invited lectures are found at the beginning of the volume and the regular papers appear in the order of presentation at the symposium.

In response to the call for papers, the Program Committee received 65 submissions of which 10 were co-authored by a Program Committee member. These submissions were handled by a special sub-committee that proposed to accept six. For the remaining submissions, 20 were selected for inclusion in the scientific program of the symposium after a detailed evaluation (each submission was read by at least three Program Committee members) and electronic discussion.

We wish to thank the creator of the EasyChair System, a free conference management system, which was very helpful in the selection of the scientific program.

July 2011

Giuseppe Persiano

## Organization

SAGT 2011 was organized by the Dipartimento di Informatica "Renato M. Capocelli" of the Università degli Studi di Salerno, in cooperation with the ACM Special Interest Group on Electronic Commerce (ACM-SIGECOM) and the European Association for Theoretical Computer Science (EATCS).

#### **Program Committee**

Yonatan Aumann Bar-Ilan University, Israel Moshe Babaioff Microsoft Research, USA George Christodolou University of Liverpool, UK Xiatioe Deng University of Liverpool, UK

Edith Elkind Nanyang Technological University, Singapore

Amos Fiat Tel Aviv University, Israel

Christos Kaklamanis RACTI and University of Patras, Greece Elias Koutsoupias National and Kapodistrian University of

Athens, Greece

Ron Lavi The Technion – Israel Institute of Technology,

Israel

Yishay Mansour
Marios Mavronicolas
Peter Bro Miltersen
Muthu Muthukrishnan
Paolo Penna

Tel Aviv University, Israel
University of Cyprus, Cyprus
Aarhus University, Denmark
Rutgers University, USA
Università di Salerno, Italy

Giuseppe Persiano Università di Salerno, Italy (Chair)

Ariel Procaccia Harvard University, USA Amin Saberi Stanford University, USA

Guido Schäfer CWI and VU University Amsterdam,

The Netherlands

James Schummer Northwestern University, USA

Paul Spirakis RACTI and University of Patras, Greece Berthold Vocking RWTH Aachen University, Germany

Yinyu Ye Stanford University, USA

### **Steering Committee**

Elias Koutsoupias National and Kapodistrian University of

Athens, Greece

Marios Mavronicolas University of Cyprus, Cyprus

Dov Monderer The Technion – Israel Institute of Technology,

Israel

#### VIII Organization

Christos Papadimitriou University of California at Berkeley, USA

Giuseppe Persiano Università di Salerno, Italy

Paul Spirakis RACTI and University of Patras, Greece

(Chair)

Berthold Vocking RWTH Aachen University, Germany

### Organizing Committee

Vincenzo Auletta Università di Salerno, Italy (Co-chair)

Carlo Blundo Università di Salerno, Italy Diodato Ferraioli Università di Salerno, Italy Luigi Catuogno Università di Salerno, Italy Francesco Pasquale Università di Salerno, Italy

Giuseppe Persiano Università di Salerno, Italy (Co-chair)

#### External Reviewers

Agrawal, Shipra Harks, Tobias Papadopoulou, Vicky Auletta, Vincenzo Hoefer, Martin Papakonstantinopoulou Balcan, Maria-Florina Katia Jain, Shaili Ben-Zwi, Oren Kanellopoulos, Pasquale, Francesco Busch, Costas Panagiotis Pierrakos, George Caragiannis, Ioannis Kaporis, Alexis Qi, Qi Chen, Ning Karanikolas, Nikos Sun, Wei Cole, Richard Kash, Ian Sun, Xiaorui

De Keijzer, Bart Kontogiannis, Spyros Trehan, Amitabh Dobzinski, Shahar Kovacs, Annamaria Wang, Zizhuo Dombb, Yair Krysta, Piotr Weinreb, Enav Fanelli, Angelo Kyropoulou, Maria Wen, Tailai Feldman, Michal Lai, John Xia, Lirong

Ferraioli, Diodato Michaelis, Diethard Zeinalipour-Yazti Gairing, Martin Mirrokni, Vahab Demetrios Gal, Shmuel Panagopoulou Zhang, Jinshan Georgiou, Chryssis Panagiota Zohar, Aviv

## Sponsoring Institutions

Dipartimento di Informatica "Renato M. Capocelli", Università degli Studi di Salerno, Italy

## **Table of Contents**

Invited Talks	
Computational Game Theory	1
Computation and Incentives of Competitive Equilibria in a Matching Market	2
Session 1: Auctions and Advertising	
Repeated Budgeted Second Price Ad Auction	7
Prompt Mechanism for Ad Placement over Time	19
The Multiple Attribution Problem in Pay-Per-Conversion Advertising	31
On Communication Protocols That Compute Almost Privately	44
Session 2: Quality of Solutions	
Dynamic Inefficiency: Anarchy without Stability	57
Throw One's Cake — and Eat It Too	69
The Price of Optimum in a Matching Game	81
Pareto Optimality in Coalition Formation	93

Х

## Session 3: Externalities

Externalities among Advertisers in Sponsored Search	105
Peer Effects and Stability in Matching Markets	117
Steady Marginality: A Uniform Approach to Shapley Value for Games with Externalities	130
Session 4: Mechanism Design	
Scheduling without Payments  Elias Koutsoupias	143
Combinatorial Agency of Threshold Functions	154
Lower Bound for Envy-Free and Truthful Makespan Approximation on Related Machines	166
A Truthful Mechanism for Value-Based Scheduling in Cloud Computing	178
Session 5: Complexity	
Random Bimatrix Games Are Asymptotically Easy to Solve (A Simple Proof)	190
Complexity of Rational and Irrational Nash Equilibria	200
Diffusion in Social Networks with Competing Products	212
Session 6: Network Games	
A Clustering Coefficient Network Formation Game	224

Table of Contents

XI

327