



HAL
open science

The core of games on k -regular set systems

Lijue Xie, Michel Grabisch

► **To cite this version:**

| Lijue Xie, Michel Grabisch. The core of games on k -regular set systems. 2009. halshs-00423922v2

HAL Id: halshs-00423922

<https://shs.hal.science/halshs-00423922v2>

Submitted on 26 Oct 2009

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.

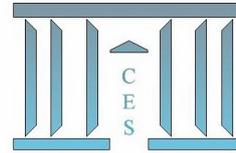


Documents de Travail du Centre d'Économie de la Sorbonne

C
E
S

W
o
r
k
i
n
g

P
a
p
e
r
s



The core of games on k -regular set systems

Lijue XIE, Michel GRABISCH

2009.55

Version révisée



The core of games on k -regular set systems

Lijue XIE and Michel GRABISCH

University Paris I - PANTHEON SORBONNE

CES, 106-112 bd. de l'Hôpital

75013 Paris, France

xielijue@yahoo.fr, michel.grabisch@univ-paris1.fr

October 23, 2009

1 Introduction

In cooperative game theory, a central problem is to define a solution for the game, that is, assuming that all players decide to collaborate and form the grand coalition N , how to share among players the total benefit of the cooperation $v(N)$ (or, if it is a cost game, the total cost) so that every player is satisfied in some sense? Many kinds of solution concepts have been proposed, among them the Shapley value [21], the bargaining set of Aumann and Maschler [2], the kernel of Davis and Maschler [7, 8], the nucleolus of Schmeidler [20], etc., but the most popular one is the core [13]. Roughly speaking, the core is the set of solutions so that no coalition receives less than the amount it could have obtained by itself. It has been studied by many authors and has remarkable properties. In particular, when the game is convex, its structure is completely determined.

In the classical setting of cooperative game theory, it is assumed that any coalition can form, without any restriction. This strong assumption is rarely satisfied in practice, since the cooperation of players can be constrained in many respects (communication, personal incompatibilities, hierarchy, and so on). Therefore, many authors have proposed various ways to escape this strong assumption, mainly by imposing some convenient mathematical structure on the set of coalitions which can form, called *feasible* coalitions: distributive lattices (Faigle [11]), convex geometries (Bilbao and Edelman [4]), antimatroids (Algaba et al. [1]), augmenting systems (Bilbao and Ordóñez [3]), which have their respective merits and interpretations. Recently, Honda and Grabisch [15] (see also Lange and Grabisch [16]) have proposed *regular set systems*. Roughly speaking, a regular set system is a collection of coalitions containing the grand coalition and the empty set, such that any maximal sequence ordered by inclusion (called hereafter a maximal chain) from the empty coalition to N has exactly $|N|$ nonempty coalitions, like for example, with $N = \{1, 2, 3\}$, the sequence $\emptyset, \{1\}, \{1, 2\}, \{1, 2, 3\}$. Clearly, these maximal sequences correspond to permutations of N , that is, total orders on players. In the classical case, any permutation is possible (that is, the

players can enter the game in any order), leading to the regular set system 2^N , the set of all possible coalitions. However, for a regular set system, some permutations may be forbidden. Taking again the case of $N = \{1, 2, 3\}$, the collection $\{\emptyset, \{1\}, \{2\}, \{1, 3\}, \{2, 3\}, \{1, 2, 3\}\}$ is a regular set system, where among the 6 possible permutations, only 1, 3, 2 and 2, 3, 1 are permitted. Another interesting interpretation of regular set systems is given by Lange and Grabisch [16]: if feasible coalitions correspond to connected components in a communication graph, as proposed by Myerson [17], then the set of feasible coalitions forms a regular set system, provided N itself is connected. The converse is however not true, which means that regular set systems are more general. Also, it has been proved in [16] that distributive lattices, convex geometries and antimatroids are particular cases of regular set systems.

The problem of studying the core of games defined on a set of feasible coalitions which is not 2^N is often difficult. The core has been studied for most of the above cited structures (see, e.g., Faigle [11], Derks and Gilles [9] for set systems closed under union and intersection, Grabisch and Xie [14] for distributive lattices, . . .) and is often unbounded. The existence of vertices and rays for the core on arbitrary set systems has been studied through the concept of core of a set system by Derks and Reijnierse [10]. We mention also Pulido and Sánchez-Soriano [19], who use the notion of core of a set system, but for axiomatization purpose. Our paper aims at studying the core for games on regular set systems. For the sake of generality, and to recover the case of set systems closed under union and intersection of Derks and Gilles, we slightly weaken the definition of regular set systems, saying that any maximal sequence from the empty set to N should have a fixed number k of nonempty coalitions, k being at most $|N|$. We call such set systems *k-regular set systems*, and regular set systems are $|N|$ -regular set systems. This generalization allows players to enter the game by groups, instead of being obliged to enter one by one.

The paper is organized as follows. Section 2 introduces the basic material for games on k -regular set systems. Section 3 recalls the main results known for the core for classical cooperative games on 2^N . The study of the core begins in Section 4 by establishing general results (nonemptiness, general form of rays and vertices), some of them of more algorithmic nature are put in the appendix. Then Section 5 is more particularly devoted to the study of vertices, while Section 6 addresses the case of convex games. A final section makes comparison with results obtained by the authors for games on distributive lattices, and concludes the paper.

2 Basic concepts and notations

Throughout this paper, we consider a finite set of players $N = \{1, \dots, n\}$. Subsets of N are called *coalitions*. The *grand coalition* is N itself. For simplicity, we often omit braces and commas for denoting subsets, e.g., $v(12)$ instead of $v(\{1, 2\})$.

Consider a coalition S . The *characteristic vector* $e_S \in \{0, 1\}^n$ of S is defined by $(e_S)_i = 1$ if $i \in S$, and 0 otherwise. Following our convention, we denote by e_i the characteristic vector of the singleton i .

Let \mathcal{R} be a collection of subsets of N , called the set of *feasible coalitions*. If \mathcal{R} embodies

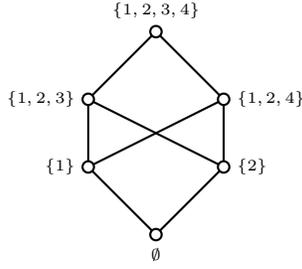


Figure 1: $\mathcal{R} = \{\emptyset, \{1\}, \{2\}, \{1, 2, 3\}, \{1, 2, 4\}, \{1, 2, 3, 4\}\}$

\emptyset and N , we call it a *set system* on N . A set system can be considered as a *partially ordered set (or poset)* with set-inclusion " \subseteq " as a partial order [6]. First, we recall some concepts about set systems.

Let \mathcal{R} be a set system with a partial order \subseteq . Let $S, T \in \mathcal{R}$ and $S \subseteq T$. If there is no $R \in \mathcal{R}$, such that $S \subsetneq R \subsetneq T$, we say that T *covers* S , denoted by $S \prec T$. If there exist $S_1, S_2, \dots, S_k \in \mathcal{R}$, such that $S \prec S_1 \prec S_2 \prec \dots \prec S_k = T$, we say that the sequence S, S_1, S_2, \dots, S_k is a *maximal chain from S to T* , and the *length* of this maximal chain is k . Denote the set of all maximal chains from S to T of \mathcal{R} by $\mathcal{C}_{S-T}(\mathcal{R})$. We define the supremum $S \vee T$ of S, T as the least element in \mathcal{R} which is greater than S and T , and the infimum $S \wedge T$ of S, T as the greatest element in \mathcal{R} which is less than S and T . Clearly, \emptyset and N are the least and greatest elements of \mathcal{R} . The collection of all maximal chains from \emptyset to N is denoted by $\mathcal{C}(\mathcal{R})$.

Definition 1 Let $1 \leq k \leq n$. A set system is *k-regular* if all maximal chains from \emptyset to N have the same length k .

For example, $\{\emptyset, \{1\}, \{1, 2\}, \{2\}, \{2, 3, 4\}, \{1, 2, 3, 4\}\}$ is a 3-regular set system. In [15, 16], n -regular set systems are called *regular set systems*.

A consequence of the definition is that in a k -regular set system \mathcal{R}^k , for any $S, T \in \mathcal{R}^k$, all maximal chains from S to T have the same length. Hence, it makes sense to define the *height function h* : for any $S \in \mathcal{R}^k$, $h(S)$ is the length of a maximal chain from \emptyset to S . This induces levels in the set system (subsets of same height), and we say that the set system is *ranked* (by h).

A *set lattice* on N is a set system on N in which any two subsets have a supremum and an infimum. We can call set lattices simply *lattices* without confusion. Not all set systems are lattices, e.g. $\mathcal{R} = \{\emptyset, \{1\}, \{2\}, \{1, 2, 3\}, \{1, 2, 4\}, \{1, 2, 3, 4\}\}$ (see Figure 1) is a set system but not a lattice. A lattice \mathcal{R} is *distributive* if the operations \vee, \wedge are mutually distributive. Any distributive lattice is ranked. If a set system \mathcal{R} is closed under \cup, \cap as in Derks and Gilles [9], then clearly \mathcal{R} is a distributive lattice with $\vee = \cup$ and $\wedge = \cap$, but the converse is not true.

Let P be a partially ordered set with partial order \leq . A *downset* of P is a subset S of P such that, if $x \in S$, then $y \leq x$ implies $y \in S$. We denote the collection of downsets of P by

$\mathcal{O}(P)$. It is a distributive set lattice on P closed under union and intersection. Conversely, for any distributive lattice \mathcal{R} , there exists a poset P with partial order \leq such that $\mathcal{O}(P)$ is isomorphic to \mathcal{R} (we say that P generates \mathcal{R}). When $P = N$, we recover the definition of distributive games [14] (see Definition 3 (i)), and games under precedence constraints [11, 12]. The next lemma and Figure 2 summarize the above facts and clarify the relative situation of the main families of set systems used in the paper.

Lemma 1 *Let \mathcal{R} be a distributive set lattice on N of height k .*

- (i) \mathcal{R} is a k -regular set system, which is generated by a poset P of k elements.
- (ii) \mathcal{R} is closed under union and intersection if and only if \mathcal{R} is isomorphic to $\mathcal{O}(P)$, where P can be chosen as a partition of N .
- (iii) $k = n$ if and only if \mathcal{R} is isomorphic to $\mathcal{O}(N)$.

Proof We only prove the “only if” part of (ii), since the rest is clear from definitions, and (iii) from (ii). Since \mathcal{R} is closed under \cup, \cap , it is a distributive lattice with k join-irreducible subsets J_1, \dots, J_k (see, e.g., [6]). Define the family of subsets

$$P_j := J_j \setminus \{J_\ell \mid J_\ell \subset J_j\}, \quad j = 1, \dots, k.$$

Define the poset (P, \leq) by $P = \{P_1, \dots, P_k\}$ and $P_i \leq P_j$ iff $J_i \subseteq J_j$. Hence $(\{J_1, \dots, J_k\}, \subseteq)$ and (P, \leq) are isomorphic, and they generate the same downsets. Consequently \mathcal{R} is isomorphic to $\mathcal{O}(P)$. Note also that for any $S \in \mathcal{R}$, we have $S = \bigcup_{i \mid J_i \subseteq S} J_i = \bigcup_{i \mid J_i \subseteq S} P_i$, so we can write (with slight abuse) $\mathcal{R} = \mathcal{O}(P)$. It remains to show that P is a partition of N .

Since $N = \bigcup_{i=1}^k J_i = \bigcup_{i=1}^k P_i$, clearly P must be a covering of N . It remains to show that the subsets P_1, \dots, P_k are pairwise disjoint. Assume on the contrary that P_j and $P_{j'}$ intersect, say $i \in P_j \cap P_{j'}$. Then $i \in J_j$ and $i \notin J_\ell$, for all $J_\ell \subset J_j$, and similarly for $J_{j'}$. Remark that any $S \in \mathcal{R}$ such that $S \subset J_j$ does not contain i (because such a S is the union of some J_ℓ 's included in J_j), and the same holds for $S \subset J_{j'}$. However, since \mathcal{R} is closed under intersection, we must have $J_j \cap J_{j'} \in \mathcal{R}$, which is a subset of J_j containing i , a contradiction. \square

As explained in the proof, in cases (ii) and (iii), we may write that $\mathcal{R} = \mathcal{O}(P)$.

Definition 2 *Let \mathcal{R}^k be a k -regular set system. A game on \mathcal{R}^k is a mapping $v : \mathcal{R}^k \rightarrow \mathbb{R}$ such that $v(\emptyset) = 0$. We denote the set of all these games on \mathcal{R}^k by $\mathcal{G}(\mathcal{R}^k)$.*

Some particular cases are of interest.

Definition 3 *Let v be a game on a k -regular set system \mathcal{R}^k .*

- (i) If \mathcal{R}^k is a distributive lattice $\mathcal{O}(N)$ induced by some order on N (and in this case $k = n$), then v is called a distributive game on N .
- (ii) If $v(S) \leq v(T)$ for any $S, T \in \mathcal{R}^k$ such that $S \subseteq T$, we say that v is monotone.

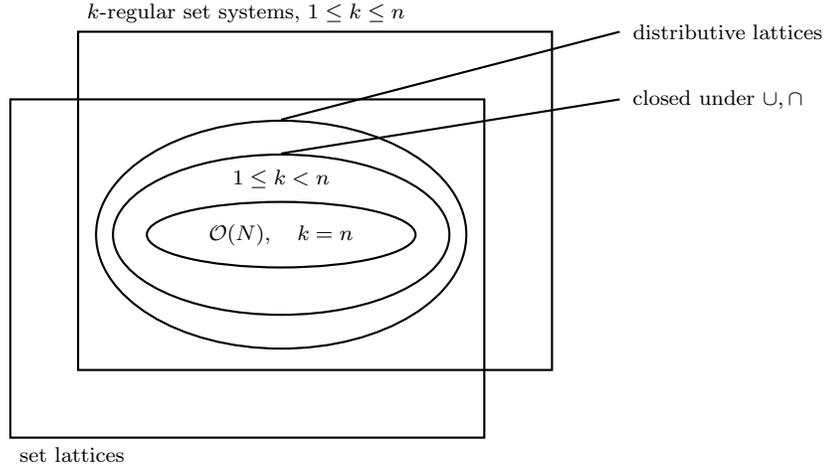


Figure 2: The relative position of set lattices and k -regular set systems on N

(iii) Suppose in addition that \mathcal{R}^k is a lattice. We say that the game is convex, if $\forall S, T \in \mathcal{R}^k, v(S \vee T) + v(S \wedge T) \geq v(S) + v(T)$.

Let $x := (x_i)_{i \in N}$ be an n -dimensional vector on \mathbb{R}^n . x is called a *payoff vector* when every x_i for $i \in N$ represents what the player i earns, like income, bonus, salary, etc. The core is defined as the set of payoff vectors such that no feasible coalition receives less than that it could achieve by itself.

Definition 4 Let \mathcal{R}^k be a k -regular set system, $v \in \mathcal{G}(\mathcal{R}^k)$. The core of v is defined by

$$\mathcal{C}(v) := \{x := (x_i)_{i \in N} \in \mathbb{R}^n \mid x(S) := \sum_{i \in S} x_i \geq v(S) \text{ for all } S \in \mathcal{R}^k \text{ and } x(N) = v(N)\}.$$

Let \mathcal{R} be a set system on N . The *core of \mathcal{R}* , introduced by Derks and Reijnierse [10], is defined by

$$\mathcal{C}(\mathcal{R}) := \{x := (x_i)_{i \in N} \in \mathbb{R}^n \mid x(S) := \sum_{i \in S} x_i \geq 0 \text{ for all } S \in \mathcal{R} \text{ and } x(N) = 0\}.$$

It is the set of side payments which are not unfavourable to any coalition in \mathcal{R} .

Since $\mathcal{C}(\mathcal{R})$ is always convex, then it is either a pointed cone or a linear subspace, or both, i.e., it reduces to the singleton $\{0\}$ (more on cones, rays and vertices in Section 4).

It is easy to see that, if the core of a given game on \mathcal{R} is nonempty, then $\mathcal{C}(v) = \mathcal{C}(v) + \mathcal{C}(\mathcal{R})$, that is, $x + y \in \mathcal{C}(v)$ for any $x \in \mathcal{C}(v), y \in \mathcal{C}(\mathcal{R})$, and reciprocally, for any $z \in \mathcal{C}(v)$ there exist $x \in \mathcal{C}(v), y \in \mathcal{C}(\mathcal{R})$ such that $x + y = z$. Hence if the core of a given game v on \mathcal{R} is nonempty, we have

- (i) $\mathcal{C}(\mathcal{R})$ is a pointed cone different from $\{0\}$ if and only if $\mathcal{C}(v)$ has rays. Then $\mathcal{C}(\mathcal{R})$ corresponds to the conic part of $\mathcal{C}(v)$.

(ii) $\mathcal{C}(\mathcal{R})$ is a linear subspace different from $\{0\}$, i.e., $\mathcal{C}(\mathcal{R})$ contains lines, if and only if $\mathcal{C}(v)$ has no vertices.

(iii) $\mathcal{C}(\mathcal{R}) = \{0\}$ if and only if $\mathcal{C}(v)$ is a polytope.

3 A review of classical results

The classical definition of games is recovered when the set system is 2^N , which is n -regular. In this case, the condition of convexity simplifies into $v(S \cup T) + v(S \cap T) \geq v(S) + v(T)$, for all $S, T \subseteq N$.

In the Boolean lattice $(2^N, \subseteq)$, a maximal chain between \emptyset and N is of the form $\{\emptyset \subsetneq \{i\} \subsetneq \{i, j\} \subsetneq \dots \subsetneq N\}$, and hence is associated in a bijective way with a permutation π on N , defining the order in which elements i, j, \dots appear. For any permutation π on N , we define the maximal chain

$$A_0^\pi := \emptyset \subsetneq A_1^\pi := \{\pi(1)\} \subsetneq A_2^\pi := \{\pi(1), \pi(2)\} \subsetneq \dots \subsetneq A_n^\pi := N$$

with $A_i^\pi := \{\pi(1), \dots, \pi(i)\}$. Let us define the *marginal worth vector* $x^\pi(v)$ by:

$$x_{\pi(i)}^\pi(v) := v(A_i^\pi) - v(A_{i-1}^\pi), \quad i = 1, \dots, n.$$

The set of all marginal worth vectors is denoted by $\mathcal{M}(v)$. The i th coordinate represents the contribution of player i in the chain.

Let us denote by $\text{conv}(A)$ the convex hull of the set A . For any convex set A , we denote by $\text{Ext}(A)$ the set of its extreme points.

A collection \mathcal{B} of nonempty subsets of N is *balanced* if there exist positive coefficients $\mu(S)$, $S \in \mathcal{B}$, such that

$$\sum_{S: S \ni i, S \in \mathcal{B}} \mu(S) = 1, \quad \forall i \in N.$$

Any partition $\{P_1, \dots, P_k\}$ of N is a balanced collection, with coefficients $\mu(P_i) = 1, \forall i$. A game v is *balanced* if for every balanced collection \mathcal{B} with coefficients $\mu(S), S \in \mathcal{B}$, it holds

$$\sum_{S \in \mathcal{B}} \mu(S)v(S) \leq v(N).$$

The *core* of v is defined as in Definition 4, with $\mathcal{R}^k = 2^N$.

The following proposition summarizes well-known results.

Proposition 1 [18] *Let v be a game on N . The following holds.*

- (i) $\mathcal{C}(v) \subseteq \text{conv}(\mathcal{M}(v))$.
- (ii) $\mathcal{C}(v) \neq \emptyset$ if and only if v is balanced.
- (iii) v is convex if and only if $\mathcal{C}(v) = \text{conv}(\mathcal{M}(v))$ (i.e., $\mathcal{M}(v)$ contains all vertices of the core).

4 General facts on the core

We begin by deriving a necessary and sufficient condition for the nonemptiness of the core. A balanced collection of $\mathcal{R}^k \setminus \{\emptyset\}$ is a balanced collection in the classical sense (see Sec. 3) whose elements are all in $\mathcal{R}^k \setminus \{\emptyset\}$.

Example 1 Let $\mathcal{R}_3 = \{\emptyset, \{1\}, \{1, 3\}, \{2, 3\}, \{2, 3, 4\}, \{1, 2, 3, 4\}\}$. The collection $\mathcal{B}_1 = \{\{1\}, \{2, 3, 4\}, \{1, 2, 3, 4\}\}$ is balanced, because we can take the following coefficients $\mu_1(\{1\}) = \mu_1(\{2, 3, 4\}) = \mu_1(\{1, 2, 3, 4\}) = 0.5$.

Definition 5 A game v on a k -regular set system \mathcal{R}^k is balanced if for every balanced collection \mathcal{B} of elements of $\mathcal{R}^k \setminus \{\emptyset\}$ with positive coefficients $\mu(S)$, $S \in \mathcal{B}$, it holds

$$\sum_{S \in \mathcal{B}} \mu(S)v(S) \leq v(N).$$

By linear programming, we can show the following result (proof is omitted, since very close to the classical one).

Proposition 2 A game on a k -regular set system has a nonempty core if and only if it is balanced.

Assuming that the core is nonempty, by its definition it is a closed convex polyhedron. We study its general structure in the rest of this section. We assume that the reader has some familiarity with polyhedra and linear programming (see, e.g., V. Chvátal [5]).

Let v be a game on a k -regular set system \mathcal{R}^k , and put $r := |\mathcal{R}^k|$. The elements of the core of this game are all n -dimensional vectors x satisfying $\sum_{i \in S} x_i \geq v(S)$ for all $S \in \mathcal{R}^k$ and $\sum_{i \in N} x_i = v(N)$. This can be written under the form of a system $Ax \geq b$ where A is a $(r-1) \times n$ matrix, whose rows are characteristic vectors of the subsets S , x is an n -column vector and $b = (v(S))_{S \in \mathcal{R}^k \setminus \{\emptyset\}}$ is a $(r-1)$ -column vector:

$$A = \begin{pmatrix} 1 & \cdots & 0 \\ & \cdots & \\ 1 & \cdots & 1 \end{pmatrix}, b = \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}, x = \begin{pmatrix} x_1 \\ \vdots \\ x_n \end{pmatrix}.$$

Recall that the last row ($S = N$) is in fact an equality, and that all variables x_1, \dots, x_n are free (i.e., unbounded). The core is the set of solutions of this system. We know that a vector x is a vertex of the core if and only if x is a basic feasible solution of the system $Ax \geq b$. By the fundamental theorem on polyhedra, the core of a game v can be written as the Minkowski sum of a convex part $\mathcal{C}^F(v) := \text{conv}(\text{Ext}(\mathcal{C}(v)))$ and a conic part generated by $\text{Ray}(\mathcal{C}(v))$, the set of rays (or basic feasible directions) of the core.

A vertex of the core being determined by a nonsingular subsystem of n equalities, no vertex exists if $\text{rank}(A) < n$. In particular, there is no vertex if $r-1 < n$. We therefore assume in the rest of this section that $r-1 \geq n$.

Adding slack variables $y_j \geq 0, j = 1, \dots, r - 2$ into this system, it turns to

$$A^* \cdot \begin{pmatrix} x \\ y \end{pmatrix} = b$$

with $y := (y_j)_j$ being a $(r - 2)$ -column vector, and A^* being the $(r - 1) \times (n + r - 2)$ augmented matrix of A :

$$A^* \cdot \begin{pmatrix} x \\ y \end{pmatrix} = \left(\begin{array}{ccc|cccc} 1 & \cdots & 0 & -1 & 0 & \cdots & 0 & 0 \\ & & & 0 & -1 & \cdots & 0 & 0 \\ & & \cdots & & & \cdots & & \\ \hline & & & 0 & 0 & \cdots & 0 & -1 \\ 1 & \cdots & 1 & 0 & 0 & \cdots & 0 & 0 \end{array} \right) \times \begin{pmatrix} x_1 \\ \vdots \\ x_n \\ y_1 \\ \vdots \\ y_{r-2} \end{pmatrix} = \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}. \quad (1)$$

We have $r - 1$ basic variables and $n - 1$ nonbasic variables.

Proposition 3 *Let v be a game on a k -regular set system $\mathcal{R}^k \subseteq 2^N$ with $N = \{1, 2, \dots, n\}$. The components of the rays of the core of v do not depend on v , but only on \mathcal{R}^k .*

Proof Any element x of the core satisfies the system $A^*(x \ y)^T = b$. We know that the rays are all particular solutions of the system $A^*(x \ y)^T = 0$ with all nonbasic components all equal to 0 but one. The result holds because the system $A^*(x \ y)^T = 0$ depends only on \mathcal{R}^k , not on v . \square

If (x^*, y^*) is a vertex of system (1), since any variable x_i is free, it must be basic. Because $r - 1 \geq n$, we must choose $r - 1 - n$ variables y_j as basic variables and let the $n - 1$ nonbasic variables y_j being equal to 0. We can suppose that $y_{r-n}^* = 0, \dots, y_{r-2}^* = 0$. It leads to

$$\left(\begin{array}{ccc|cccc} 1 & \cdots & 0 & -1 & 0 & \cdots & 0 \\ & \cdots & & 0 & -1 & \cdots & 0 \\ & & & \vdots & & \ddots & \\ & & & 0 & 0 & \cdots & -1 \\ \hline 1 & \cdots & 1 & 0 & 0 & \cdots & 0 \end{array} \right) \times \begin{pmatrix} x_1^* \\ \vdots \\ x_n^* \\ y_1^* \\ \vdots \\ y_{r-1-n}^* \\ 0 \\ \vdots \\ 0 \end{pmatrix} = \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}.$$

The basic $(r - 1) \times (r - 1)$ matrix of A^* can be written as

$$\begin{array}{c} n \qquad r-1-n \\ r-1-n \end{array} \left(\begin{array}{ccc|ccc} 1 & \dots & 0 & -1 & \dots & 0 \\ & & \vdots & \vdots & \ddots & \vdots \\ & & & 0 & \dots & -1 \\ \hline & & \vdots & & & \\ n & & 1 & \dots & 1 & \\ & & & & & 0 \end{array} \right) =: \left(\begin{array}{c|c} A_1 & C_1 \\ \hline A_2 & 0 \end{array} \right),$$

that is,

$$\left(\begin{array}{ccc|ccc} & & & -1 & \dots & 0 \\ & & \vdots & \vdots & \ddots & \vdots \\ \hline & & \vdots & 0 & \dots & -1 \\ & & 1 & \dots & 1 & \\ & & & & & 0 \end{array} \right) \times \begin{pmatrix} x_1^* \\ \vdots \\ x_n^* \\ y_1^* \\ \vdots \\ y_{r-1-n}^* \end{pmatrix} = \begin{pmatrix} v(1) \\ \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}.$$

Because the basic matrix is nonsingular, then A_2 and C_1 are nonsingular too. Using well-known relations, we obtain

$$\begin{pmatrix} x_1^* \\ \vdots \\ x_n^* \\ y_1^* \\ \vdots \\ y_{r-1-n}^* \end{pmatrix} = \begin{pmatrix} 0 & A_2^{-1} \\ C_1^{-1} & -C_1^{-1}A_1A_2^{-1} \end{pmatrix} \times \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}.$$

Hence a basic feasible solution of this system can be written as $(x_1, \dots, x_n, y_1, \dots, y_{r-1-n}, 0, \dots, 0, \dots, 0)^T$. It implies that a vertex of the core can be written as

$$(0 \quad A_2^{-1}) \times \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}.$$

Let us now determine the rays of the core. An algorithmic procedure to determine all rays, which is a simplified version of the method given in Chvátal [5], is described in the Appendix. We remain in this section on a formal level. As above, let us suppose that the basic variables are $x_1, \dots, x_n, y_1, \dots, y_{r-1-n}$. Hence a basic feasible direction has the form

$(x_1, \dots, x_n, y_1, \dots, y_{r-1-n}, 0, \dots, \overbrace{1}^{y_j}, \dots, 0)^T$ for some $j \in \{r-n, \dots, r-2\}$. We have

$$\left(\begin{array}{cc|ccc} 1 & 0 & -1 & 0 & \dots & 0 \\ & & 0 & -1 & \dots & 0 \\ & \vdots & \vdots & & \ddots & \\ \hline & 1 & \dots & 1 & & 0 \\ \hline 1 & \dots & 1 & 0 & 0 & \dots & 0 \end{array} \right) \times \begin{pmatrix} x_1 \\ \vdots \\ \frac{x_n}{y_1^*} \\ \vdots \\ \frac{y_{r-1-n}}{0} \\ 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix} = 0,$$

i.e.,

$$\begin{pmatrix} A_1 & C_1 \\ A_2 & 0 \end{pmatrix} \times \begin{pmatrix} x_1 \\ \vdots \\ \frac{x_n}{y_1} \\ \vdots \\ y_{r-1-n} \end{pmatrix} = \begin{pmatrix} 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix} \leftarrow j,$$

that is,

$$\begin{pmatrix} x_1 \\ \vdots \\ \frac{x_n}{y_1} \\ \vdots \\ y_{r-1-n} \end{pmatrix} = \begin{pmatrix} 0 & A_2^{-1} \\ C_1^{-1} & -C_1^{-1}A_1A_2^{-1} \end{pmatrix} \times \begin{pmatrix} 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix} \leftarrow j,$$

with $r-n \leq j \leq r-2$. Then

$$\begin{pmatrix} x_1 \\ \vdots \\ x_n \end{pmatrix} = \begin{pmatrix} 0 & A_2^{-1} \end{pmatrix} \times \begin{pmatrix} 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix},$$

$$\begin{pmatrix} y_1 \\ \vdots \\ y_{r-1-n} \end{pmatrix} = \begin{pmatrix} C_1^{-1} & -C_1^{-1}A_1A_2^{-1} \end{pmatrix} \times \begin{pmatrix} 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix}.$$

If $y_1, \dots, y_{r-1-n} \geq 0$, the vector $(x, y)^T$ is a ray; otherwise denote the set of indices of all $y_i < 0$ by I . Let $z_i := \frac{y_i^*}{-y_i}$ and k be the index of z_k such that $z_k = \min_{i \in I} \{z_i\}$. Then the variable y_k leaves the basis and the variable y_j enters the basis. It leads to another basic feasible solution $(x^{**}, y^{**})^T$ s.t.

$$(x^{**}, y^{**}) = (x_1^{**}, \dots, x_n^{**}, y_1^{**}, \dots, y_{k-1}^{**}, 0, y_{k+1}^{**}, \dots, y_{r-1-n}^{**}, 0, \dots, y_j^{**}, \dots, 0)^T.$$

By choosing the indices of $r - 1 - n$ basic variables y_i and the position of y_j which is supposed to be equal to 1, we can find all basic feasible solutions with all free variables being basic, and all rays. Denote all these basic feasible solutions by x^1, \dots, x^p and all rays by r^1, \dots, r^q . The following theorem, which is a direct consequence of the fundamental theorem on polyhedra, summarizes previous results.

Theorem 1 *Let $Ax \geq b$ represent the core of a given balanced game v . Let*

$$\begin{pmatrix} x_1^i \\ \vdots \\ x_n^i \end{pmatrix} = \begin{pmatrix} 0 & A_2^{-1} \end{pmatrix} \times \begin{pmatrix} \vdots \\ v(S) \\ \vdots \\ v(N) \end{pmatrix}, \quad \begin{pmatrix} r_1^i \\ \vdots \\ r_n^i \end{pmatrix} = \begin{pmatrix} 0 & A_2^{-1} \end{pmatrix} \times \begin{pmatrix} 0 \\ \vdots \\ 1 \\ \vdots \\ 0 \end{pmatrix},$$

with A_2 being any nonsingular submatrix of A , which contains the row vector $(1, \dots, 1)$. A vector $x \in \mathbb{R}^n$ belongs to the core if and only if $x = \sum_{i=1}^p \alpha_i x^i + \sum_{i=1}^q \beta_i r^i$ with $\sum_{i=1}^p \alpha_i = 1$ and $\alpha_i, \beta_j \geq 0$ for all $i = 1, \dots, p, j = 1, \dots, q$.

The above theorem and the algorithm given in the Appendix permit to find all rays and vertices of the core, when nonempty. It does not give however an explicit expression of them. Derks and Gilles have given an explicit expressions of rays of the core in the particular case where \mathcal{R} is closed under union and intersection [9]. We introduce the notation $D_i^{\mathcal{R}} := \bigcap \{S \in \mathcal{R} \mid i \in S\}$, for any $i \in N$. Recall that rays of $\mathcal{C}(\mathcal{R})$ correspond to rays of $\mathcal{C}(v)$.

Theorem 2 [9] *Let \mathcal{R} be a set system closed under \cup and \cap . Then $\mathcal{C}(\mathcal{R})$ is the cone generated by $e_j - e_i$ with $i \in N, j \in D_i^{\mathcal{R}}$, where e_i is the characteristic vector of i .*

Derks and Gilles have proved that such vectors $e_j - e_i$ are always rays of the core, for any set system.

5 Vertices of the core

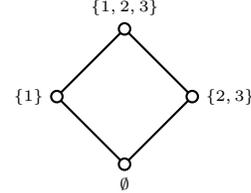
Assuming that the core is nonempty, we want to find conditions of existence of vertices of the core, and analyze them.

5.1 Existence of vertices

First, we consider the following example.

Example 2 Let v be a game with three players on $\mathcal{R} = \{\emptyset, \{1\}, \{2, 3\}, \{1, 2, 3\}\}$. The conditions for $x := (x_i)_{i=1,2,3}$ to be an element of the core are:

$$\begin{aligned} x_1 &\geq v(\{1\}) \\ x_2 + x_3 &\geq v(\{2, 3\}) \\ x_1 + x_2 + x_3 &= v(\{1, 2, 3\}). \end{aligned}$$



Let $v(\emptyset) = 0, v(\{1\}) = 1, v(\{2, 3\}) = 1.5, v(\{1, 2, 3\}) = 3$. The vector $x = (1, 2, 0) \in \mathcal{C}(v)$ as well as $x + l(0, -1, 1)$ for any $l \in \mathbb{R}$. That is, $(0, -1, 1)$ is a line of $\mathcal{C}(v)$, i.e., the core has no vertices.

This example shows that the core may be without vertices.

The next proposition shows that in case of distributive lattices, the core has always vertices.

Proposition 4 Let v be a distributive game on $\mathcal{R} = \mathcal{O}(N)$. Then, if the core of v is nonempty, it has always some vertices.

Proof Let $\{\emptyset, S_1 := \{i_1\}, \dots, S_n := N\}$ be a maximal chain of \mathcal{R} with $S_j := \{i_1, i_2, \dots, i_j\}$. We know that the core of v is the set of solutions of the system $Ax \geq b$. Then, after changing the order of variables of x , the submatrix of A corresponding to S_1, \dots, S_n can be written as

$$\begin{matrix} & i_1 & \cdots & i_n \\ \begin{matrix} S_1 \\ \vdots \\ S_n \end{matrix} & \begin{pmatrix} 1 & \cdots & 0 \\ \vdots & \ddots & \\ 1 & \cdots & 1 \end{pmatrix} \end{matrix}$$

Its rank is n , then the rank of A is n , and therefore the core has at least one vertex. \square

The following result, due to Derks and Reijnierse, gives a necessary and sufficient condition for having vertices. Let \mathcal{R} be a set system. The *span* of \mathcal{R} is defined as follows

$$\text{span}(\mathcal{R}) := \left\{ S \subseteq N \mid e_S = \sum_{T \in \mathcal{R}} \lambda_T e_T \text{ for some } \lambda_T \in \mathbb{R} \right\}$$

with $e_T = \sum_{i \in T} e_i$ for all $T \subseteq N$.

Definition 6 A set system \mathcal{R} is called non-degenerate if the characteristic vectors $e_T, T \in \mathcal{R}$, span the whole allocation space \mathbb{R}^N , i.e., $\text{span}(\mathcal{R}) = 2^N$.

Theorem 3 [10] The core of a set system \mathcal{R} is a pointed cone if and only if \mathcal{R} is non-degenerate.

Theorem 4 [10] The core of a set system \mathcal{R} is a linear subspace if and only if \mathcal{R} is balanced.

Hence, if a game v has a nonempty core, it has vertices if and only if \mathcal{R} is non-degenerate, and $\mathcal{C}(\mathcal{R}) = \{0\}$ if and only if \mathcal{R} is non-degenerate and balanced. For example, if \mathcal{R}^k includes at least $n - 1$ singletons, the core has at least one vertex.

Remark 1 The following facts are noteworthy:

- (i) The fact that the core of a game has vertices or no vertices, as well as the coordinates of rays (if any), depends solely on the set system, not on the game (see Theorems 2 and 3, and Proposition 3).
- (ii) The fact that the core of a game is empty or not depends mainly on the game (see Proposition 2).

5.2 Marginal worth vectors and the Weber set

Assuming that the core is nonempty and has vertices, let us try to characterize them. In the classical case, the marginal worth vectors play a key role for this. In our case, we will need something slightly more general. Let \mathcal{R}^k be a k -regular set system on N , v be a game on \mathcal{R}^k . Let $C := \{S_0 = \emptyset \prec S_1 \prec \dots \prec S_k = N\} \in \mathcal{C}(\mathcal{R}^k)$. For any set $S_i \setminus S_{i-1} := \{s_{i_1}, \dots, s_{i_{j_i}}\}$, $\forall i = 1, 2, \dots, k$, we define an n -dimensional real-valued vector $\psi^{i,r} := (\psi^{i,r}(j))_{j \in N} \in \mathbb{R}^n$ with $i = 1, \dots, k$, $r \in S_i \setminus S_{i-1}$ by

$$\psi^{i,r} = [v(S_i) - v(S_{i-1})]e_r,$$

that is,

$$\psi^{i,r}(j) = \begin{cases} v(S_i) - v(S_{i-1}) & \text{if } j = r \\ 0 & \text{otherwise.} \end{cases}$$

Hence for any two sets S_i, S_{i-1} , there are $|S_i \setminus S_{i-1}|$ vectors $\psi^{i,r}$ to be defined. For any maximal chain C , we define some n -dimensional vectors $\psi^{C(r_1, \dots, r_k)} \in \mathbb{R}^n$ with $r_i \in S_i \setminus S_{i-1} \forall i = 1, \dots, k$ by

$$\psi^{C(r_1, \dots, r_k)} := \psi^{1,r_1} + \psi^{2,r_2} + \dots + \psi^{k,r_k} \text{ with } \psi^{i,r_i} = [v(S_i) - v(S_{i-1})]e_{r_i}.$$

There are $|S_1| \times |S_2 \setminus S_1| \times \dots \times |S_k \setminus S_{k-1}|$ possibilities. We denote the set of all possibilities for (r_1, \dots, r_k) corresponding to a maximal chain C by R^C .

In Example 2, we consider the maximal chain $C := (S_0 := \emptyset \prec S_1 := \{2, 3\} \prec S_2 := \{1, 2, 3\})$. We obtain:

$$\begin{aligned}\psi^{1,2} &= (0, v(23), 0); \\ \psi^{1,3} &= (0, 0, v(23)); \\ \psi^{2,1} &= (v(123) - v(23), 0, 0).\end{aligned}$$

They lead to 2 possibilities for vectors $\psi^{C(r_1, \dots, r_k)}$:

$$\begin{aligned}\psi^{C(2,1)} &= \psi^{1,2} + \psi^{2,1} = (v(123) - v(23), v(23), 0); \\ \psi^{C(3,1)} &= \psi^{1,3} + \psi^{2,1} = (v(123) - v(23), 0, v(23)).\end{aligned}$$

Let $C \in \mathcal{C}(\mathcal{R}^k)$, and let $\mathcal{V}^C(v, \mathcal{R}^k)$ denote the set of all possibilities for vectors $\psi^{C(r_1, \dots, r_k)}$. Let $\mathcal{V}(v, \mathcal{R}^k)$ denote the set of all vectors $\psi^{C(r_1, \dots, r_k)}$ for all maximal chains C and all r_1, \dots, r_k , i.e., $\mathcal{V}(v, \mathcal{R}^k) := \cup_{C \in \mathcal{C}(\mathcal{R}^k)} \mathcal{V}^C(v, \mathcal{R}^k)$. By analogy with the classical case, we call *marginal worth vectors* the elements of $\mathcal{V}(v, \mathcal{R}^k)$, and we define the *Weber set* as the convex hull of all marginal vectors:

$$\mathcal{W}(v) := \text{conv}(\mathcal{V}(v, \mathcal{R}^k)).$$

It is easily to show that $\mathcal{W}(v) + \mathcal{W}(u) \supseteq \mathcal{W}(v + u)$ and $\mathcal{C}(v) + \mathcal{C}(u) \subseteq \mathcal{C}(v + u)$ for any two given games v, u . We have

$$\psi^{C(r_1, \dots, r_k)}(N) = \sum_{i=1}^k \psi^{i, r_i}(N) = \sum_{i=1}^k \psi^{i, r_i}(r_i) = \sum_{i=1}^k [v(S_i) - v(S_{i-1})] = v(N)$$

and

$$\psi^{C(r_1, \dots, r_k)}(S_j) = \sum_{i=1}^j \psi^{i, r_i}(S_j) = \sum_{i=1}^j \psi^{i, r_i}(r_i) = \sum_{i=1}^j [v(S_i) - v(S_{i-1})] = v(S_j) \quad (2)$$

for all $S_j \in C$.

Definition 7 Let v be a game on a k -regular set system \mathcal{R}^k , and consider $S \in \mathcal{R}^k$, $S \neq \emptyset, N$. We define the lower reduced game v_S and the upper reduced game v^S as follows:

- (i) v_S is a game defined on the subfamily $\mathcal{R}_S^k := \{T \subseteq S \mid T \in \mathcal{R}^k\}$ by $v_S(T) := v(T)$, for all $T \in \mathcal{R}_S^k$.
- (ii) v^S is a game defined on the subfamily $\mathcal{R}_{\cup S}^k := \{T \subseteq N \setminus S \mid T \cup S \in \mathcal{R}^k\}$ by $v^S(T) := v(T \cup S) - v(S)$, for all $T \in \mathcal{R}_{\cup S}^k$.

\mathcal{R}^k is strongly non-degenerate (respectively, strongly balanced) if it is non-degenerate (respectively, balanced), and all $\mathcal{R}_S^k, \mathcal{R}_{\cup S}^k$ are non-degenerate (respectively, balanced) for all $S \in \mathcal{R}^k \setminus \{\emptyset, N\}$. A game v on \mathcal{R}^k is strongly balanced if for all $S \in \mathcal{R}^k \setminus \{\emptyset, N\}$, the lower and upper reduced games v_S, v^S are balanced.

Clearly, 2^N is strongly non-degenerate and strongly balanced. The core of a given game on a strongly non-degenerate and strongly balanced set system \mathcal{R}^k is a polytope. We can also say that a set system \mathcal{R}^k is strongly non-degenerate and strongly balanced if, for all $S \in \mathcal{R}^k$, we have $\mathcal{C}(\mathcal{R}_S^k) = \{0\} = \mathcal{C}(\mathcal{R}_{\cup S}^k)$. Although the conditions of a strongly non-degenerate and strongly balanced set system are very strong, we can find some examples beside $\mathcal{R}^k = 2^N$: let $N = \{1, 2, 3, 4\}$ and $\mathcal{R}^k = 2^N \setminus \{1, 3\}$, then it is a strongly non-degenerate and strongly balanced set system, as it can be checked. Moreover, we have the following results.

Lemma 2 *Any distributive lattice $\mathcal{R} = \mathcal{O}(N)$ is strongly non-degenerate.*

Proof We know from Proposition 4 that such set systems are non-degenerate. Denote by \leq the partial order on N generating \mathcal{R} . Let us take $S \in \mathcal{R}$ and consider \mathcal{R}_S . Then $\mathcal{R}_S = \mathcal{O}(S)$. Indeed, S is a downset in the poset N , hence downsets of S (with \leq restricted to S) coincide with downsets of N which are subsets of S . Applying again Proposition 4, we conclude that \mathcal{R}_S is non-degenerate.

Consider now $\mathcal{R}_{\cup S}$. Then we have $\mathcal{R}_{\cup S} = \mathcal{O}(N \setminus S)$, with the partial order \leq restricted to $N \setminus S$. Indeed, $\mathcal{R}_{\cup S}$ contains those sets T disjoint of S such that $S \cup T$ is a downset of N , which is the case if and only if T is a downset of $N \setminus S$. This proves that $\mathcal{R}_{\cup S}$ is non-degenerate. \square

Lemma 3 *There exist no set systems of the type $\mathcal{O}(N)$, except 2^N , that are balanced.*

Proof We consider a set system $\mathcal{R} = \mathcal{O}(N) \neq 2^N$. We know that \mathcal{R} is non-degenerate, then \mathcal{R} is balanced and non-degenerate if and only if the system $x(N) = 0, x(S) \geq 0$, for all $S \in \mathcal{R}$ has a unique solution 0. Since $\mathcal{R} \neq 2^N$, it exists two elements i, j in the poset N such that $i < j$ or $i > j$. We can suppose $i < j$. Let $x \in \mathbb{R}^n$ such that $x_i = 1, x_j = -1$ and 0 otherwise. Evidently $x \in \mathcal{C}(\mathcal{R})$, since $x(S) = x_i + x_j = 0$ for any $S : i, j \in S, x(S) = x_i = 1$ for any $S : i \in S, j \notin S$ and $x(S) = 0$ otherwise. Then 0 is not the only solution, hence \mathcal{R} is not balanced. \square

From these two lemmas, there exist no set systems of the type $\mathcal{O}(N)$, except 2^N , that are strongly balanced and strongly non-degenerate.

The next lemma proves that for any set system, it is always possible to find a strongly balanced game. Hence, it makes sense to consider strongly non-degenerate set systems and strongly balanced games defined on them.

Lemma 4 *For any k -regular set system \mathcal{R}^k , it exists a game v for which all its lower and upper reduced games are balanced.*

Proof Since \mathcal{R}^k is k -regular, it is ranked and therefore can be partitioned into $k + 1$ levels numbered $0, 1, \dots, k$, where level 0 is simply $\{\emptyset\}$. We define a game v on \mathcal{R}^k as follows: for any $S \in \mathcal{R}^k, S \neq \emptyset, v(S) := n^{j-1}$ if S is in level j .

Let us prove that v_S is balanced for every $S \in \mathcal{R}^k$, $S \neq \emptyset, N$. Suppose S is in level ℓ . Then the vector $x_i := \frac{v(S)}{|S|}$ for all $i \in S$ belongs to the core of v_S . Indeed, it satisfies $x(S) = v_S(S)$, and for any $T \in \mathcal{R}_S^k$ in level $1 \leq \ell' < \ell$, we have

$$x(T) = \frac{n^{\ell-1}|T|}{|S|} \geq n^{\ell'-1} = v_S(T)$$

since $\frac{|T|}{|S|} \geq \frac{1}{n} \geq \frac{1}{n^{\ell-\ell'}}$.

Similarly, let us prove that v^S is balanced. Take the vector $x_i := \frac{v^S(N \setminus S)}{|N \setminus S|} = \frac{n^{k-1}-n^{\ell-1}}{|N \setminus S|}$ for $i \in N \setminus S$, which clearly satisfies $x(N \setminus S) = v^S(N \setminus S)$. We have for any $T \in \mathcal{R}_{\cup S}^k$ such that $T \cup S$ is on level $\ell \leq k' < k - 1$

$$x(T) = \frac{(n^{k-1} - n^{\ell-1})|T|}{|N \setminus S|} \geq n^{k'-1} - n^{\ell-k+k'-1} \geq n^{k'-1} - n^{\ell-1} = v^S(T),$$

since $\frac{|T|}{|N \setminus S|} \geq \frac{1}{n} \geq \frac{1}{n^{k-k'}}$. □

Proposition 5 *Let \mathcal{R}^k be a k -regular lattice on N . Then \mathcal{R}^k is strongly non-degenerate if and only if $k = n$.*

Proof Let $N = \{1, \dots, n\}$. The “if” part is immediate from Lemma 1 (iii) and Lemma 2.

Let us prove the “only if” part. Suppose that \mathcal{R}^k is lattice, we prove $k = n$ by induction on n .

- When $n = 1$, it is clearly $k = 1$.
- Assume $k = n$ when $n \leq m$.
- Let $n = m + 1$, and consider $C = \{\emptyset, S_1, \dots, S_{k-1}, S_k := N\}$ a maximal chain of \mathcal{R}^k .

Since \mathcal{R}^k is strongly non-degenerate, for any strongly balanced game v , the core of the reduced game $v^{S_{k-1}}$ defined on $\mathcal{R}^1 = \{\emptyset, N \setminus S_{k-1}\}$ has vertices. It implies $|N \setminus S_{k-1}| = 1$. Let $\{i\} := N \setminus S_{k-1}$.

Let $\mathcal{R}^{k-1} := \{S \in \mathcal{R}^k \mid S \subseteq S_{k-1}\}$, clearly, it is a $(k-1)$ -regular set system. The reduced game $v_{S_{k-1}}(S) := v(S)$ for all $S \in \mathcal{R}^{k-1}$ is nonempty and has vertices. Since $|S_{k-1}| = |N \setminus \{i\}| = m$, by the hypothesis, $k-1 = m = n-1$, hence $k = n$. □

When \mathcal{R}^k is not a lattice, we may have $k < n$. For example the 3-regular set system $\mathcal{R} = \{\emptyset, \{1\}, \{2\}, \{1, 2, 3\}, \{1, 2, 4\}, \{1, 2, 3, 4\}\}$ (see Figure 1) is not a lattice, but is strongly non-degenerate, as it can be checked.

Theorem 5 Let \mathcal{R}^k be a strongly non-degenerate and strongly balanced k -regular set system, and let v be a strongly balanced game. Then, the core of v is included in the convex hull of the set of marginal vectors, i.e., $\mathcal{C}(v) \subseteq \mathcal{W}(v)$.

Proof We prove it by induction on the number k .

(i) Let $k = 1$. Because $\text{rank}(A) = k = 1$, then $\mathcal{R}^1 := \{\emptyset, \{1\}\}$. We have

$$\mathcal{C}(v) = \{v(1)\} \text{ and } \mathcal{V}(v, \mathcal{R}^1) = \{v(1)e_1 = v(1)\}.$$

Clearly $\mathcal{V}(v, \mathcal{R}^1)$ is the set of vertices of $\mathcal{C}(v)$.

(ii) Assume that the statement is true for $k : k \leq r < n$.

(iii) Suppose $k = r + 1$. Let ψ_0 be a vertex of $\mathcal{C}(v)$, then $\exists S \in \mathcal{R}^{r+1} : \emptyset \neq S \subsetneq N$ such that $\psi_0(S) = v(S)$. Let m be the length of C , with $C \in \mathcal{C}_{\emptyset-S}(\mathcal{R}^{r+1})$.

Let u be a game defined on $\mathcal{R}^m := \{T : T \subseteq S, T \in \mathcal{R}^{r+1}\}$ by $u(T) := v(T), \forall T \in \mathcal{R}^m$. Clearly \mathcal{R}^m is an m -regular set system. We have clearly

$$\psi_0^S := \psi_{0|_S} \in \mathcal{C}(u).$$

Let w be a game defined on $\mathcal{R}^{r+1-m} := \{T : T \subseteq N \setminus S, S \cup T \in \mathcal{R}^{r+1}\}$ by $w(T) := v(S \cup T) - v(S), \forall T \in \mathcal{R}^{r+1-m}$. Evidently, \mathcal{R}^{r+1-m} is a $(r+1-m)$ -regular set system. We define for any $T \in \mathcal{R}^{r+1-m}$,

$$\psi_0^{N \setminus S}(T) := \psi_0(T \cup S) - \psi_0(S) = \psi_0(T).$$

It is easy to check that

$$\psi_0^{N \setminus S} \in \mathcal{C}(w).$$

By induction, $\psi_0^S \in \text{conv}(\mathcal{V}(u, \mathcal{R}^m))$ and $\psi_0^{N \setminus S} \in \text{conv}(\mathcal{V}(w, \mathcal{R}^{r+1-m}))$.

We want to prove that $\mathcal{C}(v)$ is included in the convex hull of $\mathcal{V}(v, \mathcal{R}^{r+1})$. Then we need only to prove that any vertex of $\mathcal{C}(v)$ is contained in $\text{conv}(\mathcal{V}(v, \mathcal{R}^{r+1}))$, that is, $\psi_0 \in \text{conv}(\mathcal{V}(v, \mathcal{R}^{r+1}))$. Let us introduce the index sets I, J , such that $\mathcal{C}_{\emptyset-S}(\mathcal{R}^m) = \{C^i : i \in I\}$ and $\mathcal{C}_{\emptyset-N \setminus S}(\mathcal{R}^{r+1-m}) = \{C^j : j \in J\}$. For any $C^i, i \in I$, we denote elements of R^{C^i} by $r^{i_p} := (r_1^{i_p}, \dots, r_m^{i_p})$. Similarly, for any $C^j, j \in J$, all elements of R^{C^j} are denoted by $r^{j_q} := (r_1^{j_q}, \dots, r_{r+1-m}^{j_q})$. Let $(r^{i_p}, r^{j_q}) := (r_1^{i_p}, \dots, r_m^{i_p}, r_1^{j_q}, \dots, r_{r+1-m}^{j_q})$. Let P^i, Q^j be respectively the index sets of R^{C^i}, R^{C^j} , i.e., $R^{C^i} := \{r^{i_p} : p \in P^i\}$ and $R^{C^j} := \{r^{j_q} : q \in Q^j\}$.

Since $\psi_0^S \in \text{conv}(\mathcal{V}(u, \mathcal{R}^m))$ and $\psi_0^{N \setminus S} \in \text{conv}(\mathcal{V}(w, \mathcal{R}^{r+1-m}))$, we have

$$\psi_0^S(t) = \sum_{i \in I, p \in P^i} \alpha_{i,p} \psi^{C^i, r^{i_p}}(t), \forall t \in S$$

with $\sum_{i,p} \alpha_{i,p} = 1, \alpha_{i,p} \geq 0, \psi^{C^i, r^{ip}} \in \mathcal{V}(u, \mathcal{R}^m), \forall i, p$, and

$$\psi_0^{N \setminus S}(t) = \sum_{j \in J, q \in Q^j} \beta_{j,q} \psi^{C^j, r^{jq}}(t), \forall t \in N \setminus S$$

with $\sum_{j,q} \beta_{j,q} = 1, \beta_{j,q} \geq 0, \psi^{C^j, r^{jq}} \in \mathcal{V}(w, \mathcal{R}^{r+1-m}), \forall j, q$.

We know that any $C^i := \{\emptyset, S_{i_1}, \dots, S_{i_m} := S\}, i \in I$ is also a maximal chain of $\mathcal{C}_{\emptyset-S}(\mathcal{R}^{r+1})$ and any $C^j := \{\emptyset, S_{j_1}, \dots, S_{j_{r+1-m}} := N \setminus S\}, j \in J$ corresponds to a maximal chain $\{S, S_{j_1} \cup S, \dots, N\}$ of $\mathcal{C}_{S-N}(\mathcal{R}^{r+1})$. Let $C^{i,j} := \{\emptyset, S_{i_1}, \dots, S, S_{j_1} \cup S, \dots, N\}$. Define

$$\psi^{C^{i,j}(r^{ip}, r^{jq})}(t) := \begin{cases} \psi^{C^i, r^{ip}}(t), & \text{if } t \in S \\ \psi^{C^j, r^{jq}}(t), & \text{if } t \in N \setminus S. \end{cases}$$

Clearly, $\psi^{C^{i,j}(r^{ip}, r^{jq})} \in \mathcal{V}(v, \mathcal{R}^{r+1})$. Then, for any $t \in S$

$$\begin{aligned} \psi_0(t) = \psi_0^S(t) &= \sum_{i \in I, p \in P^i} \alpha_{i,p} \psi^{C^i, r^{ip}}(t) = \sum_{i,p} \alpha_{i,p} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \\ &= \sum_{j \in J, q \in Q^j} \beta_{j,q} \left(\sum_{i,p} \alpha_{i,p} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \right) \\ &= \sum_{j,q} \sum_{i,p} \alpha_{i,p} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \\ &= \sum_{i,j,p,q} \alpha_{i,p} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t), \end{aligned}$$

for any $t \in N \setminus S$

$$\begin{aligned} \psi_0(t) = \psi_0^{N \setminus S}(t) &= \sum_{j \in J, q \in Q^j} \beta_{j,q} \psi^{C^j, r^{jq}}(t) = \sum_{j,q} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \\ &= \sum_{i,p} \alpha_{i,p} \left(\sum_{j,q} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \right) \\ &= \sum_{j,q} \sum_{i,p} \alpha_{i,p} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t) \\ &= \sum_{i,j,p,q} \alpha_{i,p} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}(t), \end{aligned}$$

where $\alpha_{i,p} \geq 0, \beta_{j,q} \geq 0, \forall i, j, p, q$, and $\sum_{i,j,p,q} \alpha_{i,p} \beta_{j,q} = \sum_{i,p} \alpha_{i,p} \left(\sum_{j,q} \beta_{j,q} \right) = 1$.

That is to say $\psi_0 = \sum_{i,j,p,q} \alpha_{i,p} \beta_{j,q} \psi^{C^{i,j}(r^{ip}, r^{jq})}$. So $\psi_0 \in \text{conv}(\mathcal{V}(v, \mathcal{R}^{r+1}))$.

Thus, by induction, $\mathcal{C}(v) \subseteq \text{conv}(\mathcal{V}(v, \mathcal{R}^k))$.

The condition that \mathcal{R}^k is a strongly non-degenerate and strongly balanced k -regular set system is necessary for this theorem. Indeed, suppose that \mathcal{R}^k is only strongly non-degenerate, and let ψ_0 be a vertex of v . Then we cannot ensure that $\psi_0^S, \psi_0^{N \setminus S}$ are in the conic part of the games u, w , that is, the result cannot hold in general. This is shown in the next example.

Example 3 Let $N = \{1, 2, 3\}$. The 3-regular set system

$$\mathcal{R} = \{\emptyset, \{1\}, \{2\}, \{1, 2\}, \{1, 3\}, \{2, 3\}, \{1, 2, 3\}\}$$

is strongly non-degenerate, but is not strongly balanced. Let v be the game assigning -1 for the subsets of $\{1, 2\}$ and 0 otherwise. We have $\mathcal{V}(v, \mathcal{R}) = \{(-1, 0, 1), (0, -1, 1)\}$, and $(0, 0, 0) \in \mathcal{C}(v)$, but $(0, 0, 0) \notin \mathcal{W}(v)$.

The conditions of the theorem appear to be rather strong, since they rule out all sets systems of the type $\mathcal{O}(N)$, except 2^N . However, we know from [14] that for those set systems, the result holds, i.e., the convex part of the core is included in the Weber set.

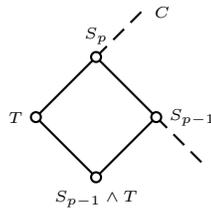
6 The core of convex games

In this section, we give some properties about the core of convex games.

Theorem 6 Let \mathcal{R}^k be a k -regular lattice closed under union and intersection. If v is convex, then $\mathcal{W}(v) \subseteq \mathcal{C}(v)$.

Proof It suffices to prove that $\mathcal{V}(v, \mathcal{R}^k) \subseteq \mathcal{C}(v)$. Let $C := \{S_0 = \emptyset, S_1, \dots, S_k = N\}$ be a maximal chain of the k -regular lattice \mathcal{R}^k closed under \cup, \cap . Let $\psi^{C(r_1, \dots, r_k)}$ be a vector in $\mathcal{V}^C(v, \mathcal{R}^k)$. We want to prove that $\psi^{C(r_1, \dots, r_k)} \in \mathcal{C}(v)$.

Let $T \notin C$ and $T \in \mathcal{R}^k$. Because $\emptyset \subsetneq T \subsetneq N$, then there exists a unique smallest set S_p , s.t. $T \subsetneq S_p \in C$, then $S_{p-1} \vee T = S_{p-1} \cup T = S_p$.



we have

$$v(S_{p-1} \cup T) + v(S_{p-1} \cap T) \geq v(S_{p-1}) + v(T).$$

we want to prove $\psi^{C(r_1, \dots, r_k)}(T) \geq v(T)$ by induction on $p \geq 2$.

If $p = 2$, we have $v(S_1 \cup T) + v(\emptyset) \geq v(S_1) + v(T)$. By (1), it implies $\psi^{C(r_1, \dots, r_k)}(T) = \psi^{C(r_1, \dots, r_k)}(S_1 \cup T) - \psi^{C(r_1, \dots, r_k)}(S_1) \geq v(T)$.

If $p > 2$, we deduce from (1) that

$$\psi^{C(r_1, \dots, r_k)}(S_{p-1} \cup T) + v(S_{p-1} \cap T) \geq \psi^{C(r_1, \dots, r_k)}(S_r) + v(T).$$

By induction

$$\psi^{C(r_1, \dots, r_k)}(S_{p-1} \cap T) \geq v(S_{p-1} \cap T).$$

It indicates

$$\psi^{C(r_1, \dots, r_k)}(S_{p-1} \cup T) + \psi^{C(r_1, \dots, r_k)}(S_{p-1} \cap T) \geq \psi^{C(r_1, \dots, r_k)}(S_{p-1}) + v(T).$$

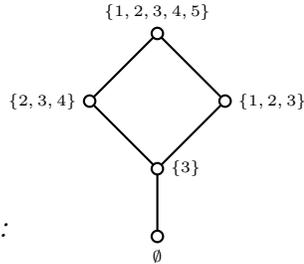
That is,

$$\psi^{C(r_1, \dots, r_k)}(T) \geq v(T).$$

Consequently we have $\psi^{C(r_1, \dots, r_k)} \in \mathcal{C}(v)$. □

We cannot get the same result for any k -regular lattice, as the following example shows.

Example 4 Consider \mathcal{R} defined in the figure below, and put $v(3) = 2$, $v(123) = 6$, $v(234) = 4$, and $v(12345) = 8$. Then v is a convex game. The conditions for $x := (x_i)_{i=1,2,3}$ to be an



element of the core are:

$$x_3 \geq 2, \quad x_1 + x_2 + x_3 \geq 6, \quad x_2 + x_3 + x_4 \geq 4 \text{ and } x_1 + x_2 + x_3 + x_4 + x_5 = 8.$$

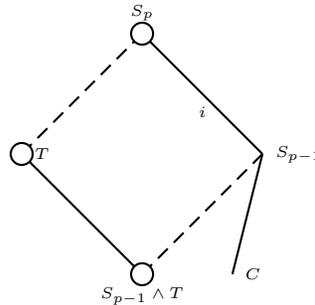
Let $C = \{\emptyset, 3, 123, 12345\}$ be a maximal chain of \mathcal{R} . Then

$$\psi^{C(3,1,5)} := (v(123) - v(3), 0, v(3), 0, v(12345) - v(123)) = (4, 0, 2, 0, 2)$$

is not in the core of v .

Theorem 7 Let \mathcal{R}^n be a n -regular lattice. If v is monotone and convex, then $\mathcal{W}(v) \subseteq \mathcal{C}(v)$.

Proof The demonstration is similar to that of Th. 6. Let $C := \{S_0 = \emptyset, S_1, \dots, S_n = N\}$ be a maximal chain of the n -regular set system \mathcal{R}^n and $T \in \mathcal{R}^n, T \notin C$. Let $\psi^{C(r_1, \dots, r_n)}$ be a vector in $\mathcal{V}^C(v, \mathcal{R}^n)$. It always exists a unique smallest set $S_p \in C$, s.t. $T \subseteq S_p$. Moreover since \mathcal{R}^n is n -regular, then $\exists i \in N$ s.t. $S_{p-1} = S_p \setminus \{i\}$ and $T \vee S_{p-1} = S_p$.



By convexity,

$$v(S_{p-1} \vee T) + v(S_{p-1} \wedge T) \geq v(S_{p-1}) + v(T).$$

Let us prove $\psi^{C(r_1, \dots, r_n)}(T) \geq v(T)$ by induction on $p \geq 2$.

If $p = 2$, then $T = \{i\}$, $S_1 = \{j\}$, $j \neq i$. We have $v(\{i, j\}) + v(\emptyset) \geq v(\{j\}) + v(T)$. By (1), it implies $\psi^{C(r_1, \dots, r_n)}(\{i\}) = \psi^{C(r_1, \dots, r_n)}(\{i, j\}) - \psi^{C(r_1, \dots, r_n)}(\{j\}) \geq v(\{i\})$.

If $p > 2$, we deduce from (1) that

$$\psi^{C(r_1, \dots, r_n)}(S_{p-1} \cup \{i\}) - \psi^{C(r_1, \dots, r_n)}(S_{p-1}) + v(S_{p-1} \wedge T) \geq v(T).$$

i.e.,

$$\psi^{C(r_1, \dots, r_n)}(\{i\}) + v(S_{p-1} \wedge T) \geq v(T).$$

By induction

$$\psi^{C(r_1, \dots, r_n)}(S_{p-1} \wedge T) \geq v(S_{p-1} \wedge T).$$

We have

$$\psi^{C(r_1, \dots, r_n)}(\{i\}) + \psi^{C(r_1, \dots, r_n)}(S_{p-1} \wedge T) \geq v(T).$$

By definition of operation \wedge , $\exists S^- \subseteq S_{p-1} \cap T$, such that $S_{p-1} \wedge T = (S_{p-1} \cap T) \setminus S^-$. We have

$$\psi^{C(r_1, \dots, r_n)}(\{i\}) + \psi^{C(r_1, \dots, r_n)}(S_{p-1} \cap T) - \psi^{C(r_1, \dots, r_n)}(S^-) \geq v(T).$$

Since v is monotone, it implies $\psi^{C(r_1, \dots, r_n)} \in \mathbb{R}_+^n$. Then,

$$\psi^{C(r_1, \dots, r_n)}(T) \geq \psi^{C(r_1, \dots, r_n)}(T) - \psi^{C(r_1, \dots, r_n)}(S^-) \geq v(T).$$

Hence

$$\psi^{C(r_1, \dots, r_n)}(T) \geq v(T)$$

Consequently we have $\psi^{C(r_1, \dots, r_n)} \in \mathcal{C}(v)$. □

Proposition 6 *Let \mathcal{R}^k be a strongly non-degenerate and strongly balanced k -regular set system, and v be strongly balanced. If $\mathcal{W}(v) \subseteq \mathcal{C}(v)$, then $\mathcal{V}(v, \mathcal{R}^k) = \text{Ext}(\mathcal{C}(v))$.*

Proof By Theorem 5, when v is strongly balanced, we have $\mathcal{C}(v) \subseteq \mathcal{W}(v)$, i.e., $\text{Ext}(\mathcal{C}(v)) \subseteq \mathcal{V}(v, \mathcal{R}^k)$, if $\mathcal{W}(v) \subseteq \mathcal{C}(v)$.

Let $\psi^{C(r_1, \dots, r_k)} \in \mathcal{V}(v, \mathcal{R}^k)$ with $C := \{\emptyset, S_1, \dots, S_k := N\}$, then $\psi^{C(r_1, \dots, r_k)} \in \mathcal{C}(v)$. It exists $\psi^1, \psi^2 \in \mathcal{C}(v)$, $\lambda_1, \lambda_2 \geq 0$ and $\lambda_1 + \lambda_2 = 1$ such that $\psi^{C(r_1, \dots, r_k)} = \lambda_1 \psi^1 + \lambda_2 \psi^2$. For any $i = 1, \dots, k$,

$$\lambda_1 \psi^1(S_i) + \lambda_2 \psi^2(S_i) \geq \lambda_1 v(S_i) + \lambda_2 v(S_i) = v(S_i)$$

From (1), we have $v(S_i) = \psi^{C(r_1, \dots, r_k)}(S_i)$, then $\psi^1(S_i) = \psi^2(S_i) = v(S_i) = \psi^{C(r_1, \dots, r_k)}(S_i)$.

Let $r \in N$. Then there exists $j \in \{1, \dots, k\}$ such that $r \in S_j \setminus S_{j-1}$. That is, $\psi^{C(r_1, \dots, r_k)}(r) = \psi^1(r) = \psi^2(r)$. It implies $\psi^1 = \psi^2 = \psi^{C(r_1, \dots, r_k)}$. Hence $\psi^{C(r_1, \dots, r_k)}$ is a vertex of the core, i.e., the set $\mathcal{V}(v, \mathcal{R}^k)$ is the set of vertices of the core. □

From Proposition 5 and 6, and Theorems 6 and 7, we deduce:

Corollary 1 *Let \mathcal{R}^n be a strongly non-degenerate and strongly balanced n -regular lattice, and v be strongly balanced.*

- (i) *If \mathcal{R}^n is closed under \cup, \cap and v is convex, then $\mathcal{V}(v, \mathcal{R}^n) = \text{Ext}(\mathcal{C}(v))$.*
- (ii) *If v is monotone and convex, then $\mathcal{V}(v, \mathcal{R}^n) = \text{Ext}(\mathcal{C}(v))$.*

7 Comparison with distributive games

Let v be a distributive game on $\mathcal{R} := \mathcal{O}(N)$. In [14], the precore of v is defined as follows.

Definition 8 *The precore of a distributive game v on $\mathcal{O}(N)$ is defined by*

$$\mathcal{PC}_d(v) := \{\psi \in \mathbb{R}^n \mid \psi(N) = v(N) \text{ and } \psi(S) \geq v(S) \forall S \in \mathcal{O}(N)\}.$$

Let $C := \{S_0 := \emptyset, S_1, \dots, S_n := N\}$ be a maximal chain of $\mathcal{O}(N)$. It is associated in a bijective way with a permutation π on N , defining the additional element between any 2 consecutive coalitions S_i, S_{i-1} as $\pi(i)$. That is, we can write

$$S_i = \{\pi(1), \pi(2), \dots, \pi(i)\}$$

The *pre-marginal worth vector* ψ^π is defined by:

$$\psi^\pi(\pi(i)) := v(S_i) - v(S_{i-1}), \quad i = 1, \dots, n.$$

The set of all pre-marginal worth vectors is denoted by $\mathcal{PM}(v)$.

Because there is a unique additional element between any two consecutive coalitions S_i, S_{i-1} , any vector $\psi^{C(r_1, \dots, r_n)}$ in $\mathcal{V}^C(v, \mathcal{R})$ is uniquely written as

$$\psi^{C(\pi(1), \dots, \pi(n))} = (v(S_1), v(S_2) - v(S_1), \dots, v(S_n) - v(S_{n-1}))$$

Hence the set $\mathcal{PM}(v)$ is the same as $\mathcal{V}(v, \mathcal{R})$ in the case of $\mathcal{R} = \mathcal{O}(N)$.

In [14], we have proved the following results.

Theorem 8 *For any distributive game v , the convex part of the precore is included in the convex hull of the set of all pre-marginal worth vectors, i.e., $\mathcal{PC}_d^F(v) \subseteq \text{conv}(\mathcal{PM}(v))$.*

Theorem 9 *For any distributive game v , it is convex if and only if $\text{Ext}(\mathcal{PC}_d(v)) = \mathcal{PM}(v)$.*

We can easily see that the core of games on n -regular set systems is the same as the precore of distributive games. When $\mathcal{R} = \mathcal{O}(N)$, we know from Lemma 2 that \mathcal{R} is a strongly non-degenerate n -regular distributive lattice. By Theorem 5, for any strongly balanced game v on a strongly non-degenerate and strongly balanced k -regular set system, $\mathcal{C}(v) \subseteq \text{conv}(\mathcal{V}(v, \mathcal{R}))$ and by Corollary 1, $\mathcal{V}(v, \mathcal{R}) = \text{Ext}(\mathcal{C}(v))$, hence all results for strongly non-degenerate and strongly balanced distributive games are obtained as particular cases of games on n -regular strongly non-degenerate and strongly balanced distributive lattices.

References

- [1] E. Algaba, J. M. Bilbao, R. van den Brink, and A. Jiménez-Losada. Cooperative games on antimatroids. *Discrete Mathematics*, 282:1–15, 2004.
- [2] R.J. Aumann and M. Maschler. The bargaining set for cooperative games. In L.S. Shapley M. Dresher and A.W. Tucker (eds), editors, *Advances in Game Theory*. Princeton University Press, Princeton, 1964.
- [3] J. M. Bilbao and M. Ordóñez. Axiomatizations of the Shapley value for games on augmenting systems. *Eur. J. of Operational Research*, to appear.
- [4] J.M. Bilbao and P.H. Edelman. The Shapley value on convex geometries. *Discrete Applied Mathematics*, 103:33–40, 2000.
- [5] V. Chvátal. *Linear Programming*. A series of books in the mathematical sciences. W. H. Freeman and company, New York, 1983.
- [6] B.A. Davey and H.A. Priestley. *Introduction to Lattices and Orders*. Cambridge University Press, 1990.
- [7] M. Davis and M. Maschler. Existence of stable payoff configurations for cooperative games: Abstract. *Bulletin of American Mathematical Society*, 69:106–108, 1963.
- [8] M. Davis and M. Maschler. Existence of stable payoff configurations for cooperative games. In M. Shubik(ed.), editor, *Essays in Mathematical Economics in Honor of Oskar Morgenstern*, pages 39–52. Princeton University Press, Princeton, 1967.
- [9] J. Derks and R. Gilles. Hierarchical organization structures and constraints on coalitions formation. *Int. J. Game Theory*, 24:147–163, 1995.
- [10] J. Derks and H. Reijnierse. On the core of a collection of coalitions. *Int. J. Game Theory*, 27:451–459, 1998.
- [11] U. Faigle. Cores of games with restricted cooperation. *ZOR-Methods and Models of Operations Research*, 33:405–422, 1989.
- [12] U. Faigle and W. Kern. The Shapley value for cooperative games under precedence constraints. *International Journal of Game Theory*, 21:249–266, 1992.
- [13] D. Gillies. *Some theorems on n-person games*. PhD thesis, Princeton, New Jersey, 1953.
- [14] M. Grabisch and L. Xie. The core of games on distributive lattices: how to share benefits in a hierarchy. Working Paper.
- [15] A. Honda and M. Grabisch. An axiomatization of entropy of capacities on set systems. *European Journal of Operational Research*, 2(190):526–538, 2008.

- [16] F. Lange and M. Grabisch. Values on regular games under Kirchhoff's laws. *SIAM J. on Discrete Math.*, submitted.
- [17] R. B. Myerson. Graphs and cooperation in games. *Mathematics of Operations Research*, 2:225–229, 1977.
- [18] G. Owen. *Game Theory*. Academic Press, Naval Postgraduate School, California, 3rd edition edition.
- [19] M.A. Pulido and J. Sánchez-Soriano. Characterization of the core in games with restricted cooperation. *European Journal of Operational Research*, 175:860–869, 2005.
- [20] D. Schmeidler. The nucleolus of a characteristic function game. *SIAM Journal on Applied Mathematics*, 17(6):1163–1170, Nov. 1969.
- [21] L.S. Shapley. A value for n -person games. *Annals of Mathematics Studies*, 28:307–317, 1953.

Appendix A

We introduce a new method to find out all rays of a system. First, we recall a classical process to find all rays of a system $Ax = b, w \leq x \leq u$ in [5] where A, b, w, u are defined as before.

A *basic feasible partition* of x is represented by the vector $e = [e_1, \dots, e_n]$ such that

$$\begin{aligned} e_i &= 1 \text{ if } x_i \text{ is basic,} \\ e_i &= 0 \text{ if } x_i \text{ is nonbasic and } x_i^* = w_i, \\ e_i &= 2 \text{ if } x_i \text{ is nonbasic and } x_i^* = u_i. \end{aligned}$$

We say that two basic feasible partitions e, e' are *neighbors* of each other if there one of two following cases happens $\begin{cases} \exists i \text{ s.t. } e_i \neq e'_i, e_i \neq 1, e'_i \neq 1 \text{ and } e_j = e'_j, \forall j \neq i, \\ \exists i, j \text{ s.t. } e_i = 1, e'_i \neq 1, e_j \neq 1, e'_j = 1 \text{ and } e_k = e'_k, \forall k \neq i, j. \end{cases}$

For a basic feasible partition e , it is very easy to find its neighbors in the first case. For the second case, in [5], an algorithm is proposed to produce all the neighbors of a basic feasible partition e as follows: Let x^* be the basic feasible solution corresponding to e . We consider some nonbasic variable x_i . In $Ax = b$, we replace the value x_i^* by $x_i^* + t$ (if $x_i^* = w_i$) or by $x_i^* - t$ (if $x_i^* = u_i$) with $t \geq 0$ but keep the values of other nonbasic variables. If t can be arbitrarily large, then we discover a ray associated with e ; otherwise, it is a neighbor of e .

Example 5 *Let*

$$A = \begin{pmatrix} 3 & 1 & 4 & 1 & 0 \\ 4 & 1 & 5 & 0 & 1 \end{pmatrix}, b = \begin{pmatrix} 23 \\ 25 \end{pmatrix}, x = (x_1, x_2, x_3, x_4, x_5)^T,$$

$$w = (-2, 4, -\infty, 0, 0)^T, u = (3, +\infty, 5, +\infty, +\infty)^T.$$

Let $e^1 = (2, 0, 1, 1, 0)^T$ be a basic feasible partition. It corresponds to the basic feasible solution $x = (3, 4, 9/5, 14/5, 0)$.

We begin from the nonbasic variable x_1 . We use $x_1 - t$ instead of x_1 in $Ax = b$. It writes

$$\begin{cases} 3x_1 - 3t + x_2 + 4x_3 + x_4 = 23 \\ 4x_1 - 4t + x_2 + 5x_3 + x_5 = 25. \end{cases}$$

We hold $x_1 = 3, x_2 = 4, x_5 = 0$. We have

$$\begin{cases} 4x_3 + x_4 = 10 + 3t \\ 5x_3 = 9 + 4t. \end{cases}$$

Because $x_3 \leq 5, x_4 \geq 0$, it indicates that $t \leq 4$. Let $t = 4$, that is, x_1 enters the basis, but x_3 leaves it. We get one of neighbors of e^1 : $e^2 = (1, 0, 2, 1, 0)^T$.

From the nonbasic variable x_2 , we can get similarly another neighbor of e^1 : $e^3 = (2, 1, 1, 0, 0)^T$.

Now we consider the nonbasic variable x_5 . Replace x_5 by $x_5 + t$ with $t \geq 0$, but keeping $x_1 = 3$ and $x_2 = 4$. We have

$$\begin{cases} 5x_3 = 9 - t \leq 25 \\ 5x_4 = 14 + 4t \geq 0. \end{cases}$$

Then t is not restricted and we have a ray. Let y be the ray of e^1 . It must satisfy $y_1 = y_2 = 0, y_5 = 1$ and $Ay = 0$. Then $y = (0, 0, -1/5, 4/5, 1)^T$.

By the same way, we consider the neighbors of e^2, e^3 and can find all rays of $Ax = b$.

Because we can easily find all basic feasible partitions, we propose the following way to simplify the above process for finding all rays. Let x^* be the basic feasible solution of a basic feasible partition e , J be the set of indices of all basic variables. For some nonbasic variable $x_i, i \notin B$, we take $x'_i = 1$ (if $x_i^* = w_i$) or $x'_i = -1$ (if $x_i^* = u_i$) and $x'_j = 0 \forall j : j \neq i, j \notin J$. We obtain the coordinates of x' in J by solving the system $Ax' = 0$. For any $k \in J$, if $x'_k \leq 0$ whenever $w_k = -\infty$ and $x'_k \geq 0$ whenever $u_k = +\infty$, then x' is a ray (because $x^* + tx'$ is always feasible with $t \geq 0$, that is, t can be arbitrarily large); otherwise, let I be the set of all indices of variables not satisfying these two conditions and

$$z_k := \begin{cases} \frac{u_k - x_k^*}{x'_k} & \text{if } x'_k > 0, \\ \frac{x_k^* - w_k}{-x'_k} & \text{if } x'_k < 0. \end{cases}$$

Let j be the index of the variable z_j such that $z_j = \min_{k \in I} \{z_k\}$.

With t increasing, the variable x_j achieves first its upper bound (if $x'_j > 0$) or lower bound (if $x'_j < 0$). Hence it produces a neighbor e^* of the basic feasible partition e . That is, $e_k^* = e_k, \forall k \neq j, k \neq i, e_i^* = 1$ and $e_j^* = 0$ (if $x'_j < 0$) or $e_j^* = 2$ (if $x'_j > 0$). By this method, we can find all neighbors of a basic feasible partition. Now we apply this method to find again all neighbors of e^1 of Example 5.

Example 6 We begin also from the nonbasic variable x_1 . Let $x'_1 = -1$ (because $x_1 = 3 = u_1$) and $x'_2 = 0, x'_5 = 0$. The system $Ax' = 0$ can be written as

$$\begin{cases} -3 + 4x'_3 + x'_4 = 0, \\ -4 + 5x'_3 = 0. \end{cases}$$

We obtain $x'_3 = 4/5, x'_4 = -1/5$. Then x' is not a ray but a neighbor of e^1 and $I = \{3, 4\}$. We put that

$$z_3 := \frac{u_3 - x_3}{x'_3} = 4, z_4 := \frac{x_4 - w_4}{-x'_4} = 14.$$

Then $j = 3$. A neighbor e^2 of e^1 is found, it is $e^2 = (1, 0, 2, 1, 0)^T$.

For the nonbasic variable x_2 , similarly, let $x'_2 = 1$ and $x'_1 = x'_5 = 0$. We have $x'_3 = x'_4 = -1/5$ by $Ax' = 0$. Because $x'_3 < 0$, the set I is a singleton $\{4\}$, i.e., $t = 4$. Then another neighbor e^3 of e^1 is $e^3 = (2, 1, 1, 0, 0)^T$.

Now we consider the last nonbasic variable x_5 . Let $x'_5 = 1$ and $x'_1 = x'_2 = 0$. By $Ax' = 0$, we have $x'_3 = -1/5, x'_4 = 4/5$. Then we obtain a ray $x' = (0, 0, -1/5, 4/5, 1)^T$.