Explore or exploit? A generic model and an exactly solvable case

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Finding a good compromise between the exploitation of known resources and the exploration of unknown, but potentially more profitable choices, is a general problem, which arises in many different scientific disciplines. We propose a stylized model for these exploration-exploitation situations, including population or economic growth, portfolio optimisation, evolutionary dynamics, or the problem of optimal pinning of vortices or dislocations in disordered materials. We find the exact growth rate of this model for tree-like geometries and prove the existence of an optimal migration rate in this case. Numerical simulations in the one-dimensional case confirm the generic existence of an optimum.

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The exploration-exploitation tradeoff problem pervades a large number of different fields (see [1] and the many references therein). Two early examples concern the management of firms [2] (should one exploit an already known technology or explore other avenues, potentially more profitable, but risky?) and the so-called multi-armed bandit problem [3] (sticking with the seemingly most profitable arm to date, or switching in search of potentially more profitable ones?). Clearly, this is a universal paradigm that ranges from population growth and animal foraging to economic growth, investment strategies or optimal research policies. As we will show below, the same issues also arise, in a slightly disguised form, in the context of vortex or dislocation pinning by impurities, and are relevant for material design. Intuitively, neither staying at the same place (and missing interesting opportunities) nor changing places too rapidly (and failing to exploit favorable circumstances) are optimal strategies. An optimal, non zero search rate should thus exist in general. However, there are no exactly solvable cases where the exploration-exploitation tradeoff can be investigated in details. The aim of this paper is to propose a general, stylized model for these exploration-exploitation situations, which encompasses all the examples given above. We obtain exact solutions of this model in two cases (a fully connected and a tree geometry), for which we explicitly prove the existence of a non-trivial optimal search rate. Euclidean geometries are also considered, as these correspond to physical situations, like the pinning problem alluded to above. In this case, perturbation theory and numerical simulations confirm the existence of an optimum as well.

Our model describes the dynamics of a quantity we generically call $Z_i$, defined on the nodes $i$ of an arbitrary graph, that evolves according to the following equation[1]:

$$\frac{\partial Z_i(t)}{\partial t} = \sum_{j\neq i} J_{ij} Z_j(t) - \sum_{j\neq i} J_{ji} Z_i(t) + \eta_i(t) Z_i(t). \quad (1)$$

The first two terms encode “migration” effects, with $J_{ij}$ the migration rate from $j$ to $i$. The last term describes the growth (or decay) of the quantity $Z_i$ with a random growth rate $\eta_i(t)$. We will choose $\eta_i$ to be Gaussian, centred and uncorrelated from site to site, with an exponential time-correlator:

$$\langle \eta_i(t_1)\eta_j(t_2) \rangle = \frac{\sigma^2}{2\tau} e^{-|t_1-t_2|/\tau}. \quad (2)$$

Our qualitative conclusions are however independent of the precise form [1], provided correlations decay on a finite scale $\tau$, which will play an important role in the following.

Many different problems are described by Eq. [1]. Population dynamics (bacteria, humans, animals) is one example with $Z_i$ the number of individuals around site (or habitat) $i$. In this setting, $\eta_i(t)$ encodes the local balance between beneficial and detrimental effects on population growth [5] (i.e. quality and quantity of resources/nutrients, climate, illnesses, etc.). A slightly different interpretation can be given in the context of evolutionary dynamics, where the sites $i$ correspond to different alleles and the $J_{ij}$ are mutation rates. In the context of pinning problems, $Z_i$ corresponds to the partition function of a linear object of length $t$ (polymers, vortices, dislocations), ending on site $i$, that can hop between sites and interact with a local random pinning potential $\eta_i(t)$ [6]. In an economics setting, Eq. [1] can be interpreted as describing the dynamics of the wealth of individuals that exchange and invest in risky projects, or of the total activity in a sector of the economy $i$, that may shift from one sector to another, and grow or decay depending on innovations, raw material prices, etc. Another interesting application is that of portfolio theory, where $Z_i$ is the amount of money invested in asset $i$ [7]. Then $\eta_i(t)$ is the return streams of this assets and the $J_{ij}$ describe the reallocation of the gains made on some assets towards the rest of the portfolio. Without this rebalancing the portfolio would end up being concentrated in one (or a
few) assets only (see e.g. [8], pp. 37-38), and hence be exceedingly risky.

In the case where $J_{ij} \equiv J$ and the nodes $i$ are on a regular lattice in $d$ dimensions, Eq. (1) is a discretized version of the “stochastic heat equation”,

$$\frac{\partial Z(x,t)}{\partial t} = J \nabla^2 Z(x,t) + \eta(x,t) Z(x,t). \quad (3)$$

Upon a Cole-Hopf transformation $Z = e^h$, this equation maps into the celebrated KPZ equation $\partial_t h = J \nabla^2 h + J(\nabla h)^2 + \eta$ that appears in a wide variety of domains: cosmology & turbulence [9, 10], surface growth [11, 12], directed polymers [6] or Hamilton-Jacobi-Bellmann optimisation problems [13].

A host of exact results have recently been obtained for the one dimensional ($d = 1$) case, in particular concerning the scaling properties of the fluctuations of the $h$-field (for a review, see [14]). Here, however, we will not be concerned with these fluctuations but interested in the long-time average “velocity” $c$ of the $h$-field, defined in the discrete case as:

$$c := \lim_{t \to \infty} \frac{1}{Nt} \sum_{i=1}^{N} \ln Z_i(t), \quad (4)$$

where $N$ is the total number of sites. This velocity $c$ has a clear interpretation in all the examples mentioned above: it represents the average asymptotic growth rate of the population, or of the economic wealth in models of growth, the free-energy of the polymer, vortex, etc. in the context of pinning. It is therefore very natural to look for the maximum of this quantity as a function of $c$ and $\eta(t)$ an exponentially correlated Gaussian noise, as in Eq. (2). We considered a system with $N = 512$ sites and periodic boundary conditions. We determined $c(J)$ after a time $t = 40$ long enough to reach a stationary state, and much greater than the correlation time fixed here to $\tau = 0.1$. The dependence of $c$ on $J$ for $\sigma = 1$ and $\tau = 0.1$ is shown in Fig. 1, together with a) the result of direct perturbation theory of the KPZ equation, a priori valid for large $J$, and b) the prediction of the “tree-approximation” with $a = 1/2$ and $m = 1$ that we detail below. The former predicts $c(J) \approx \sigma^2/4\sqrt{J\tau} + O(\sigma^4/J)$ for $J \to \infty$, which indeed fits the data quite well in the large $J$ region, without any adjustable parameter. The tree-approximation, on the other hand, is quantitatively incorrect as expected for a one-dimensional system. For example, it predicts a $J^{-1}$ decay of $c$ (see below) but still manages to capture approximately the overall behaviour of $c(J)$, in particular the existence of a maximum.

Let us now turn to a simplified model, where the interplay between exploration and exploitation, and the optimal migration rate, can be fully understood analytically. We first note that our general model Eq. (1) for a regular lattice with $J_{ij} = J$ for neighbouring sites, can be slightly altered as the following evolution rule:

$$Z_i(t + dt) = \begin{cases} 
  Z_i(t + dt) \exp[\eta_i(t) dt] & \text{prob. } 1 - J dt, \\
  (1 - a) Z_i(t) + \frac{a}{m} \sum_{j \land i} Z_j(t) & \text{prob. } J dt,
\end{cases} \quad (6)$$

where $m$ is the number of neighbours of $i$ and $j \land i$ means that $i, j$ are neighbours. To obtain a solvable model, we neglect all spatial correlations between the $Z_i$’s, which amounts to the tree approximation introduced by Der-
identifying terms of order 1 and terms of order $G$, to a front propagating in the direction. The velocity $\xi(t)$ of this front is precisely the quantity $c$ we are looking for and is fixed by the tail behaviour of $G_t$ when $x \to \infty$. In this way, we make the following ansatz for $G$:

$$G_t(x, \eta) = Q(\eta) - R(\eta)e^{-\gamma(x-ct)} + ...$$

with $\int d\eta Q(\eta) = 1$. Inserting this into \ref{eq:fisher-kpp}, one finds, by identifying terms of order 1 and terms of order $e^{-\gamma(x-ct)}$, that $Q(\eta)$ is the stationary Gaussian distribution for the Ornstein-Uhlenbeck process $\eta(t)$ (as it should be), while $R(\eta)$ satisfies:

$$R e^\gamma = \frac{\sigma^2}{2\tau^2} \partial^2_\eta R + \frac{1}{\tau} \partial_\eta (\eta R) + \eta R + J m e^{\gamma_2} Q \int d\eta R(\eta) + R(\eta) J e^{\gamma_2} - 1).$$

This can be simplified by imposing (without loss of generality) $\int d\eta R(\eta) = 1$ and setting $R = \phi e^{-\gamma t^{2}/2}$, $\sigma^2 c = \gamma c - J (e^{\gamma_2} - 1) - \sigma^2 \gamma^2/2$ and $\eta = \eta/\sigma^2 - \gamma$. One gets the following equation for $\phi$:

$$- \frac{1}{2\sigma^4} \phi'' + \frac{1}{2} y^2 \phi + (c - \frac{1}{2\sigma^2}) \phi = \frac{J m \sigma_2 e^{-\gamma^2 t^{2}/2}}{\sqrt{\pi \sigma^2 / \tau}}.$$  

Introducing the harmonic oscillator eigenfunctions $\phi_n(y) = e^{-y^2 \sigma^2 t^{2}/2} H_n(\eta \sqrt{\tau})$, the solution of the above equation can be written as $\phi(y) = \sum_{n=0}^{\infty} A_n \phi_n(y)$ where the coefficients $A_n$ are given by:

$$A_n \left[ \frac{n}{\sigma^2 / \tau} + c \right] = \frac{J m \sigma_2 e^{-\gamma^2 t^{2}/2}}{\sqrt{\pi \sigma^2 / \tau}} \left[ \frac{\gamma^2 t^{2}/2}{2} \right].$$

Finally, the condition $\int d\eta R(\eta) = 1$ yields an implicit equation for $c$, valid for arbitrary $\tau$:

$$1 = J m \sigma_2 e^{-\gamma^2 t^{2}/2} \sum_{n=0}^{\infty} \frac{\gamma^2 t^{2}/2}{2} n! \left[ \frac{n}{\tau} + \gamma c - J (e^{\gamma_2} - 1) - \sigma^2 \gamma^2/2 \right].$$

As in the Derrida-Spohn case, the corresponding function $c(\gamma)$ is found to reach a minimum value for a certain $\gamma_{\min}$ that depends on the parameters $J$, $\sigma^2$, $\tau$, $m$. The interpretation of this phenomenon is now standard: only traveling waves with $\eta \leq \gamma_{\min}$ can be sustained, and propagate at the speed $c(\gamma)$. A wave front which is “too sharp”, i.e. prepared initially with a $\gamma > \gamma_{\min}$, will broaden until it reaches $\gamma = \gamma_{\min}$, and will propagate with the velocity $c(\gamma_{\min})$. In our case, the initial condition $Z = 1$ corresponds to $\gamma = 1$; therefore either $\gamma_{\min}$ is found to be larger than unity, in which case $c$ is given by the solution of Eq. \ref{eq:fisher-kpp} with $\gamma = 1$, or $\gamma_{\min} \leq 1$, in which case $c = c(\gamma_{\min})$. For the directed polymer/annihilation problem, the first case corresponds to the high-temperature, annealed phase (arising for $J \geq J_c$), while the second case corresponds to a low-temperature, frozen phase (for $J < J_c$). In the random growth problems, the latter case corresponds to a localization of the population/wealth/portfolio on a small number of particularly favorable habitats/individuals/assets (see the discussion in \ref{ref:fisher-kpp}).

We determine $c(\gamma)$, $\gamma_{\min}$ and $c(\gamma_{\min})$ numerically from \ref{eq:fisher-kpp}, with very good agreement with numerical simulations (see figure \ref{fig:fisher-kpp}). We see in particular that for $\tau = 0$, increasing the migration rate always increases the growth
rate, which saturates at a constant value $c = \sigma^2/2$, for all $J \geq J_c$. Therefore, no optimum tradeoff between exploration and exploitation exists in this case - exploring is always favorable or neutral. However, when a finite correlation time $\tau$ is introduced, we see that, as expected, an optimum migration rate indeed appears (cf. figure [2] [22]). In particular, we find analytically that for small $J$, $c(J) = \sqrt{2\sigma^2J + O(J)}$ while for large $J$, $c(J) = \sigma^2/2aJ\tau + O(J)^{-2}$. In fact, the large $J$ behaviour can be understood heuristically as follows. Clearly, the problem for $\tau > 0$ must be equivalent, for large times, to the standard uncorrelated case ($\tau = 0$), but with a renormalized disorder amplitude. For large $J$ and finite $\tau$, the disorder cannot change the random walk nature of the exploration up to time $\tau$. The walk therefore freely visits $N \neq O(J\tau)$ different sites during this time, leading to a pre-averaging of the random disorder that reduces the variance $\sigma^2$ by a factor $N$. Since for $\tau = 0$, $c \propto \sigma^2$, the above renormalisation immediately leads to $c(J) \sim \sigma^2/J\tau$ at large $J$. [Note that the very same argument leads to $c(J) \sim \sigma^2/\sqrt{J\tau}$ in $d = 1$, as found above, and is also exact in $d = 2$, where logarithmic corrections appear.] Now since $c(J = 0) = 0$ trivially, the decaying behaviour of $c(J)$ for large $J$ and finite $\tau$ immediately implies the generic existence of an optimum in the exploration rate, as anticipated above.

We find very similar conclusions [23] for another exactly solvable limit, the fully connected graph where $J_{ij} = J_0/N$, $\forall i,j$, which in fact corresponds (up to minor details) to the limit $a = 1 - \frac{1}{N}$ and $m = N$ of the tree model above. Other theoretical methods used to investigate the KPZ/Directed Polymer problem could also be useful to characterize $c(J)$ in $d + 1$ dimensions or for other geometries, such as Mode-Coupling Theory or the Gaussian Variational method. The mapping to interacting bosons in the 1+1 case is also an interesting avenue we are exploring [25]. It would be very interesting to observe the predicted pinning optimum experimentally. One possibility is in superconductors where the hopping rate $J$ is related to the elastic energy of the vortex lattice, which itself depends on the external magnetic field. Changing the temperature is also a way to affect both the hopping constant and the effective pinning strength [24]. Applications of these ideas are numerous, in particular to quantify how diversified portfolios benefit from a balance between persistence and rebalancing, or to understand how economic growth is impacted by the ability of societies to find a tradeoff between tradition and innovation, or else collapse [25].

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FIG. 2. (Color online) Comparison of simulations of (6) for various $N$ and $\tau$, as a function of the branching (diffusion) rate $J$. Green diamonds, orange squares and blue circles were obtained from numerical simulation of (6) for $\tau = 0, 0.1$ and 1 with $N = 2^{20}$. Blue triangles correspond to $\tau = 1$ and $N = 2^8$. In all cases, $\sigma = 1$ and $a = 1/2$, $m = 1$. The solid curves were obtained by numerical solution of (15) for the corresponding values of $\tau$. The dashed grey lines are the large and small-$J$ asymptotics.
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