



Available online at <http://scik.org>
Math. Finance Lett. 2014, 2014:4
ISSN 2051-2929

MONEY, INFORMATION AND HEAT IN SOCIAL NETWORKS DYNAMICS

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Abstract: We propose an information theoretic model for sociological networks that includes money transfer. The model is a microcanonical ensemble of states and particles. The states are the possible pairs of nodes (i.e. people, sites and alike) which exchange information. The particles are the information bits, which may interpreted as money. In this case money transfer is simulated by bits transfer which is heat (energy). With analogy to bosons gas, we define for these networks' model: entropy, volume, pressure and temperature. We show that these definitions are consistent with Carnot efficiency (the second law) and ideal gas law. Therefore, if we have two large networks: hot and cold, having temperatures T_H and T_C , and we remove Q bits (money) from the hot network to the cold network, we can save W profit bits. The profit will be calculated from $W < Q(1 - T_H/T_C)$, namely, Carnot formula. In addition, it is shown that when two of these networks are merged the entropy increases. This explains the tendency of economic and social networks to merge.

Keywords: Social networks, Networks dynamics, Information theory, Money definition.

2010 AMS Subject Classification: 91G99.

1. Introduction

The word network, like information, is overly used. For example, in Shannon's theory there are confusions originated from the fact that some conceive stored data as information, while Shannon information theory deals with a file transmission from a sender to a receiver. Similarly, we conceive a network as a static graphical diagram of links connecting nodes

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Received June 12, 2014

while actually a network is characterized by a flow between nodes. For example, the electrical networks are conceived as a static net of electrical cables connected together; transportation networks as a static net of roads and irrigation networks as a static net of pipes, etc. However, the flow of electricity, traffic or water is the essence of the networks. Many scientific papers were published about various aspects of networks from Erdős [1] to Barabashi [2,3,4]. Many techniques were applied in these researches, from graph theory of Erdős and Rényi to load distribution and statistics [5]. These diverse approaches apply to the many aspects of networks. However, here we discuss another kind of networks which we call “social networks” which are in fact communication networks. In these networks we overlook the physical wiring between the nodes and focus solely on the flow between them. An example to such nets is the data networks. Most of the people in the world are connected somehow by physical data networks. Eventually, everyone can communicate with almost everybody. However, the flow of the voice signals between the people is varying constantly in time and not distributed uniformly among them. These networks are similar to a two dimensional fluid.

2. Communication Network: definition

In this paper we adopt a dynamic approach to nets. In our network there are N nodes which can communicate with all the other nodes with no wiring limitations. Moreover, each connection between node i and node j has a value R which is a measure of the flow intensity between the two nodes. For example, in communication networks $R_{i,j}$ may be the number of communication channels used between node i and node j . In economic network R may represent the value of a transaction between two nodes.

Shannon, [6] in his 1949th paper “a mathematical theory of communication”, describes in a quantitative way how Bob communicates with Alice via transmitting a “file” to her. The file is a sequence of bits where each bit can be either zero or one. When Alice receives the sequence of bits, she explores their value and extracts the content that Bob sent her. Shannon defined the entropy of the files as the logarithm of the possible different contents

nodes.

The network described above is different from our standard visualization of a net as a static diagram. $R_{i,j}$ can vary constantly like a two dimensional fluid matrix having two constraints;

A. $R_{i,i} = 0$

B. $R_{i,j} \leq R$.

Communication and economic networks have such a dynamic nature. In this aspect one may compare the network to a two dimensional fluid in which there are constant nodes and energetic links that are i.e. pulses (classical harmonic oscillator) or any other logical quantity such as money, etc. The number of links may represent the bandwidth of the communication channel or the amount of the money transferred.

We can imagine the networks as a two dimensional boson gas with $K = N^2 - N$ states and R particles. Therefore, we can calculate for it entropy, temperature, volume and pressure.

3. Large Networks Statistics

The number of microstates W of boson gas of R particles in K states is given by

$$W = \frac{(R+K-1)!}{(K-1)!R!} \quad (1)$$

Planck [7] used this equation assuming that $(K + R) \gg 1$, and designating the ‘‘occupation number’’ $n \equiv \frac{R}{K}$, to obtain his famous result for the entropy;

$$S(R, K) = \ln W = K[(n + 1) \ln(n + 1) - n \ln n] \quad (2)$$

We define large network as a network in which $R \gg K$. In this network it is possible to remove energetic links from it with a negligible change in its statistical properties. The thermodynamic analogue to the large network is an infinite thermal bath.

The entropy of the large net is given by $S(R, K) = \ln W$ [8]. When one link is added, the entropy is given by,

$$S(R + 1, K) = \ln \frac{(R+K)(R+K-1)!}{(R+1)R!(K-1)!} = \ln \frac{R+K}{R+1} + S(R, K) \quad (3)$$

In the case that R is a large number than $R/(R + 1) \approx 1$ and,

$$S(R + 1, K) \approx S(R, K) + \ln \frac{n+1}{n} \quad (4)$$

4. Carnot Efficiency

Suppose we have two large networks H and L having occupation numbers n_H and n_L . We remove Q links from the L net and put them in the H net. If $n_H > n_L$ than the entropy of the Q, L net links is higher than Q, H net links, and the total entropy will be decreased.

Therefore, we must add W links to the H net, in order to avoid entropy decrease such that,

$$Q \ln[(n_L + 1)/n_L] \leq (Q + W) \ln[(n_H + 1)/n_H] \quad \text{or,}$$

$$W \leq Q \left\{ 1 - \ln \frac{n_H(n_L+1)}{n_L(n_H+1)} \right\} \quad (5)$$

In the case that n_H , and $n_L \gg 1$ then,

$$W \leq Q \left(1 - \frac{n_L}{n_H} \right) \quad (6)$$

Equation 6 is Carnot inequality for networks.

5. Large Networks Temperature

The definition of temperature is related to the definition of entropy. In classical heat engine the Carnot efficiency is,

$$W \leq Q \left(1 - \frac{T_L}{T_H} \right) \quad (7)$$

Where W is the work, Q is the heat (energy removed or added) and T is the temperature.

The occupation number n is related in the classical limit of blackbody radiation (photons)

$n \gg 1$ to the temperature via,

$$nh\nu = k_B T \quad (8)$$

Here h is the Planck constant, ν is the oscillator frequency and k_B is the Boltzmann constant.

Therefore, if we substitute for a constant frequency, ν , in equation 6 we obtain equation 7.

We can calculate the temperature directly from,

$$T = \frac{Q}{S}$$

In equation 4 we obtained the entropy increase by adding one link $Q = 1$, namely,

$$\Delta S = \ln \frac{1+n}{n} .$$

Therefore,

$$T = \left(\ln \frac{1+n}{n} \right)^{-1} \quad (9)$$

This result can also be obtained from Planck equation (2),

$$T = \frac{\partial R}{\partial S}$$

$$\frac{\partial S}{\partial R} = \frac{1}{K} \frac{\partial}{\partial n} K[(n+1) \ln(n+1) - n \ln n] = \ln \frac{1+n}{n} = \frac{1}{T} \quad (10)$$

We see that the two ways yield the same result.

In the $\lim_{n \rightarrow \infty} \ln\left(1 + \frac{1}{n}\right) = \frac{1}{n}$ and,

$$T = n \quad (11)$$

This result is consistent with equation 6.

6. Large networks Volume

The volume of the large net is the number of its states K . This is the major difference between a gas and a large net. In the linear world, and therefore in our intuition, the volume is an

extensive quantity. However, in nets the number of nodes is the extensive quantity. Since $K_i = N_i(N_i - 1)$ and N is extensive, therefore K is not extensive, i.e. when we combine two nets 1 and 2, $N = N_1 + N_2$ and,

$$V \equiv K = (N_1 + N_2)(N_1 + N_2 - 1) = K_1 + K_2 + 2N_1N_2$$

Or for large nets,

$$V \approx V_1 + V_2 + 2(V_1V_2)^{1/2} = (\sqrt{V_1} + \sqrt{V_2})^2 \quad (12)$$

Namely, the volume of the combined net is greater than the sum of their volumes. This is a counterintuitive result. When we combine two networks there is an expansion as a result of the increase of the number of states. Combining nets at constant number of links (adiabatic process) results in cooling and entropy increase. This is an explanation to a known phenomenon that networks tend to merge. It is well known that entropy increase in adiabatic process does not exist in ideal gas thermodynamics.

7. Large Networks Pressure

The gas law states that the pressure of the gas multiplied by its volume is a measure of the energy of the gas. In our case the particles are identical. Therefore, the energy of the net is the number of its links.

$$PV = R = VT, \quad (13)$$

where P is the pressure and R is the number of the particles. With analogy we write

$$P = T \approx n \quad (14)$$

The pressure of a net is a measure of the tendency of two nets having different pressures to be combined together to equate their pressure and temperature to equilibrium, and thus to maximize the total entropy. Due to the non extensivity of the volume, the combined pressure of two nets may be lower than the pressure of each one of them separately.

8. Large Networks Entropy

From equation 2 for large nets

$$S = V \left[n \ln \left(\frac{1+n}{n} \right) + \ln(n+1) \right] \text{ or,}$$

$$S = V \lim_{n \rightarrow \infty} \left[\ln \left(\frac{1+n}{n} \right)^n + \ln(n+1) \right] \approx V[1 + \ln(n+1)] \approx V \ln(1+n) \quad (15)$$

9. Example

For example, we take two large nets 1 and 2 with known pressure and volume. We combine them together. What will be the pressure and volume of the final net?

The solution for ideal gases is simple:

$$P_1 V_1 + P_2 V_2 = (R_1 + R_2) k_B T$$

Or the temperature of the combined gases is,

$$T = \frac{P_1 V_1 + P_2 V_2}{(R_1 + R_2) k_B}$$

And the pressure of the final gas is,

$$P = \frac{P_1 V_1 + P_2 V_2}{V_1 + V_2}$$

For nets, the result is affected by the non-extensive nature of the nets volume. The temperature is the occupation number. Since R is extensive, therefore,

$$R = R_1 + R_2 = n_1 V_1 + n_2 V_2 \text{ and}$$

$$T \approx P \approx n \approx \frac{P_1 V_1 + P_2 V_2}{(\sqrt{V_1} + \sqrt{V_2})^2} \quad (16)$$

10. Numerical example

Suppose we have two nets, each with 50 nodes; one has occupation number of 50 and the other of 100. The two nets are combined. What will be the value of the thermodynamic quantities in equilibrium of these two combined nets?

The net law is $PV = R$

Where P is the pressure=temperature=occupation number, V is the number of states, R is the number of links.

$$\text{For net1: } V_1 = 50 \times 49 = 2,450 \quad R_1 = 2450 \times 50 = 122,500 \quad T_1 = P_1 = 50$$

$$\text{For net2: } V_2 = 50 \times 49 = 2,450 \quad R_2 = 2450 \times 100 = 245,000 \quad T_2 = P_2 = 100$$

$$\text{In the combined net: } V = 100 \times 99 = 9,900, \quad R = 367,500 \quad T = P = 37$$

The entropy of net1 is $S_1 = 2450 [1 + \ln 51] = 12,034$, the entropy of net2 is $S_2 = 2450 [1 + \ln 101] = 13,732$, and the entropy of the combined net is $S = 9900 [1 + \ln 38] = 45,648$. The entropy increase is then 19,882.

This result demonstrates the major difference between a net and an ideal gas. When we combine nets, the temperature and the pressure drop drastically as a result of the entropy increase originated from the states generation in the combined net. This exhibits the tendency of nets to combine.

11. Summary and Applications

Is there any value to thermodynamic analysis of networks? This question was probably asked about information theory 70 years ago. It was possible to send files from Bob to Alice without information theory. Actually Samuel Morse did it 100 years before Shannon's time. However, the quantitative work of Shannon enables to find limits on file's compression. Similarly, thermodynamic analysis of networks has already proved itself to be useful in showing that the distribution of links in the nodes in large networks is Zipfian [9]. If we define the wealth of a node as the number of links that it has, we see that combining two nets does not increase the wealth but reduces the temperature. Reducing the temperature enables higher free links (free energy), and makes more transactions and more profit. Equilibrium thermodynamics proved to be an important tool in engineering, chemistry and physics. Applying these tools to economy and sociology may prove to be of some use. For example, defining temperature to a market may help in our understanding of money flow. Zipf distribution may help in finding the stable

inequality of wealth [10]. The techniques used by engineers may be applied in a quantitative way to our man-made nets.

In reference [8] a similar calculation was made for the entropy increase when a node is added to a net. The result obtained is similar to that of equation 15. Namely, each state generates $\ln(1 + n)$ entropy. This result quantifies the entropic benefit of joining the crowd (high linkage nets or hot nets). In this paper we found that the entropy generation caused by adding a link to a net is $\ln(1 + \frac{1}{n}) \approx \frac{1}{n}$. It means that with contradistinction to a node, a link will favor joining a network with lower linkage (colder net), which represents the tendency of links (energy) to flow from hot to cold. One should note that the entropy generation by adding link to a net is with accordance to Benford's law [11].

The concept of non-extensive volume can also describe an accelerated expansion without energy.

Conflict of Interests

The author declares that there is no conflict of interests.

Acknowledgments

I thank H. Kafri for reading the MS and for helpful remarks.

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