

## Contents

**Color Plates** XV

**Preface** XXXI

**List of Contributors** XXXIII

<b>1</b>	<b>Model Selection for Neural Network Models: A Statistical Perspective</b>	1
	<i>Michele La Rocca and Cira Perna</i>	
1.1	Introduction	1
1.2	Feedforward Neural Network Models	2
1.3	Model Selection	4
1.3.1	Feature Selection by Relevance Measures	6
1.3.2	Some Numerical Examples	10
1.3.3	Application to Real Data	12
1.4	The Selection of the Hidden Layer Size	14
1.4.1	A Reality Check Approach	15
1.4.2	Numerical Examples by Using the Reality Check	16
1.4.3	Testing Superior Predictive Ability for Neural Network Modeling	19
1.4.4	Some Numerical Results Using Test of Superior Predictive Ability	21
1.4.5	An Application to Real Data	23
1.5	Concluding Remarks	26
	References	26
<b>2</b>	<b>Measuring Structural Correlations in Graphs</b>	29
	<i>Ziyu Guan and Xifeng Yan</i>	
2.1	Introduction	29
2.1.1	Solutions for Measuring Structural Correlations	31
2.2	Related Work	32
2.3	Self Structural Correlation	34
2.3.1	Problem Formulation	34
2.3.2	The Measure	34
2.3.2.1	Random Walk and Hitting Time	35

2.3.2.2	Decayed Hitting Time	36
2.3.3	Computing Decayed Hitting Time	37
2.3.3.1	Iterative Approximation	37
2.3.3.2	A Sampling Algorithm for $\tilde{h}(v_i, B)$	39
2.3.3.3	Complexity	40
2.3.4	Assessing SSC	41
2.3.4.1	Estimating $\rho(V_q)$	41
2.3.4.2	Estimating the Significance of $\rho(V_q)$	42
2.3.5	Empirical Studies	45
2.3.5.1	Datasets	45
2.3.5.2	Performance of DHT Approximation	45
2.3.5.3	Effectiveness on Synthetic Events	47
2.3.5.4	SSC of Real Event	49
2.3.5.5	Scalability of Sampling-alg	51
2.3.6	Discussions	51
2.4	Two-Event Structural Correlation	52
2.4.1	Preliminaries and Problem Formulation	52
2.4.2	Measuring TESC	53
2.4.2.1	The Test	54
2.4.2.2	Reference Nodes	56
2.4.3	Reference Node Sampling	56
2.4.3.1	Batch_BFS	57
2.4.3.2	Importance Sampling	58
2.4.3.3	Global Sampling in Whole Graph	61
2.4.3.4	Complexity Analysis	61
2.4.4	Experiments	62
2.4.4.1	Graph Datasets	62
2.4.4.2	Event Simulation Methodology	63
2.4.4.3	Performance Comparison	63
2.4.4.4	Batch Importance Sampling	65
2.4.4.5	Impact of Graph Density	66
2.4.4.6	Efficiency and Scalability	66
2.4.4.7	Real Events	68
2.4.5	Discussions	70
2.5	Conclusions	72
	Acknowledgments	72
	References	72
3	<b>Spectral Graph Theory and Structural Analysis of Complex Networks: An Introduction</b>	75
	<i>Salissou Moutari and Ashraf Ahmed</i>	
3.1	Introduction	75
3.2	Graph Theory: Some Basic Concepts	76
3.2.1	Connectivity in Graphs	77
3.2.2	Subgraphs and Special Graphs	80

3.3	Matrix Theory: Some Basic Concepts	81
3.3.1	Trace and Determinant of a Matrix	81
3.3.2	Eigenvalues and Eigenvectors of a Matrix	82
3.4	Graph Matrices	83
3.4.1	Adjacency Matrix	84
3.4.2	Incidence Matrix	84
3.4.3	Degree Matrix and Diffusion Matrix	85
3.4.4	Laplace Matrix	85
3.4.5	Cut-Set Matrix	86
3.4.6	Path Matrix	86
3.5	Spectral Graph Theory: Some Basic Results	86
3.5.1	Spectral Characterization of Graph Connectivity	87
3.5.1.1	Spectral Theory and Walks	88
3.5.2	Spectral Characteristics of some Special Graphs and Subgraphs	89
3.5.2.1	Tree	89
3.5.2.2	Bipartite Graph	89
3.5.2.3	Complete Graph	90
3.5.2.4	Regular Graph	90
3.5.2.5	Line Graph	90
3.5.3	Spectral Theory and Graph Colouring	91
3.5.4	Spectral Theory and Graph Drawing	91
3.6	Computational Challenges for Spectral Graph Analysis	91
3.6.1	Krylov Subspace Methods	91
3.6.2	Constrained Optimization Approach	94
3.7	Conclusion	94
	References	95
<b>4</b>	<b>Contagion in Interbank Networks</b>	<b>97</b>
	<i>Grzegorz Hałaj and Christoffer Kok</i>	
4.1	Introduction	97
4.2	Research Context	99
4.3	Models	103
4.3.1	Simulated Networks	104
4.3.1.1	Probability Map	105
4.3.1.2	Interbank Network	105
4.3.1.3	Contagion Mechanism	107
4.3.1.4	Fire sales of Illiquid Portfolio	108
4.3.2	Systemic Probability Index	109
4.3.3	Endogenous Networks	110
4.3.3.1	Banks	113
4.3.3.2	First Round – Optimization of Interbank Assets	115
4.3.3.3	Second Round – Accepting Placements According to Funding Needs	116
4.3.3.4	Third Round – Bargaining Game	117
4.3.3.5	Fourth Round – Price Adjustments	118

4.4	Results	119
4.4.1	Data	119
4.4.2	Simulated Networks	120
4.4.3	Structure of Endogenous Interbank Networks	123
4.5	Stress Testing Applications	127
4.6	Conclusions	130
	References	131
<b>5</b>	<b>Detection, Localization, and Tracking of a Single and Multiple Targets with Wireless Sensor Networks</b>	<b>137</b>
	<i>Natallia Katenka</i>	
5.1	Introduction and Overview	137
5.2	Data Collection and Fusion by WSN	138
5.3	Target Detection	141
5.3.1	Target Detection from Value Fusion (Energies)	142
5.3.2	Target Detection from Ordinary Decision Fusion	143
5.3.3	Target Detection from Local Vote Decision Fusion	144
5.3.3.1	Remark 1: LVDF Fixed Neighbourhood Size	145
5.3.3.2	Remark 2: LVDF Regular Grids	146
5.3.3.3	Remark 3: Quality of Approximation	148
5.3.3.4	Remark 4: Detection Performance	148
5.3.3.5	Concluding Remarks	148
5.4	Single Target Localization and Diagnostic	149
5.4.1	Localization and Diagnostic from Value Fusion (Energies)	150
5.4.2	Localization and Diagnostic from Ordinary Decision Fusion	151
5.4.3	Localization and Diagnostic from Local Vote Decision Fusion	152
5.4.4	Hybrid Maximum Likelihood Estimates	153
5.4.5	Properties of Maximum-Likelihood Estimates	154
5.4.5.1	Remark 1: Accuracy of Target Localization	155
5.4.5.2	Remark 2: Starting Values for Localization	155
5.4.5.3	Remark 3: Robustness to Model Misspecification	156
5.4.5.4	Remark 4: Computational Cost	156
5.4.5.5	Concluding Remarks	157
5.5	Multiple Target Localization and Diagnostic	157
5.5.1	Multiple Target Localization from Energies	158
5.5.2	Multiple Target Localization from Binary Decisions	158
5.5.3	Multiple Target Localization from Corrected Decisions	159
5.5.3.1	Remark 1: Hybrid Estimation	160
5.5.3.2	Remark 2: Starting Values	160
5.5.3.3	Estimating the Number of Targets	160
5.5.3.4	Concluding Remarks	160
5.6	Multiple Target Tracking	161
5.7	Applications and Case Studies	165
5.7.1	The NEST Project	166
5.7.2	The ZebraNet Project	168

5.8	Final Remarks	170
	References	171
<b>6</b>	<b>Computing in Dynamic Networks</b>	<b>173</b>
	<i>Othon Michail, Ioannis Chatzigiannakis, and Paul G. Spirakis</i>	
6.1	Introduction	173
6.1.1	Motivation-State of the Art	173
6.1.2	Structure of the Chapter	177
6.2	Preliminaries	177
6.2.1	The Dynamic Network Model	177
6.2.2	Problem Definitions	179
6.3	Spread of Influence in Dynamic Graphs (Causal Influence)	180
6.4	Naming and Counting in Anonymous Unknown Dynamic Networks	182
6.4.1	Further Related Work	183
6.4.2	Static Networks with Broadcast	183
6.4.3	Dynamic Networks with Broadcast	186
6.4.4	Dynamic Networks with One-to-Each	188
6.4.5	Higher Dynamicity	195
6.5	Causality, Influence, and Computation in Possibly Disconnected Synchronous Dynamic Networks	196
6.5.1	Our Metrics	196
6.5.1.1	The Influence Time	196
6.5.1.2	The Moi (Concurrent Progress)	199
6.5.1.3	The Connectivity Time	200
6.5.2	Fast Propagation of Information under Continuous Disconnectivity	201
6.5.3	Termination and Computation	203
6.5.3.1	Nodes Know an Upper Bound on the ct: An Optimal Termination Criterion	204
6.5.3.2	Known Upper Bound on the oit	205
6.5.3.3	Hearing the Future	208
6.6	Local Communication Windows	212
6.7	Conclusions	215
	References	216
<b>7</b>	<b>Visualization and Interactive Analysis for Complex Networks by means of Lossless Network Compression</b>	<b>219</b>
	<i>Matthias Reimann, Loïc Royer, Simone Daminelli, and Michael Schroeder</i>	
7.1	Introduction	219
7.1.1	Illustrative Example	221
7.2	Power Graph Algorithm	221
7.2.1	Formal Definition of Power Graphs	221
7.2.2	Semantics of Power Graphs	222
7.2.3	Power Graph Conditions	222

7.2.4	Edge Reduction and Relative Edge Reduction	223
7.2.5	Power Graph Extraction	225
7.3	Validation – Edge Reduction Differs from Random	227
7.4	Graph Comparison with Power Graphs	228
7.5	Excursus: Layout of Power Graphs	229
7.6	Interactive Visual Analytics	231
7.6.1	Power Edge Filtering	232
7.6.1.1	Zooming and Network Expansion	233
7.7	Conclusion	234
	References	234

**Index** 237