

# Script Induction for Agent-based Simulations

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## Description

Taxpayers occasionally find clever ways to combine existing laws to achieve unexpected tax discounts. These combinations are often referred to as tax loopholes, and come up often enough in tax courts, likely causing a significant tax deficit to governments [1]. While policy-makers can use available historical data to guide their policy choices, unexpected reactions of entities to new policies can hardly be foreseen. We aim to discover tax loopholes by simulating a legal and economic environment and letting agents interact with the environment and possibly one another, guided by reward maximization. This exploration leads to the discovery of new schemes of behavior, including previously unknown tax loopholes. Code ReCivil, a tool for agent-based simulation, relies on agent-based simulation environments, formalized legal rules, reward-oriented exploration and knowledge extraction [2].

To find tax loopholes, Code ReCivil must identify strategies used by agents [3]. It must turn sequences of events produced by the simulation into schemes that humans can make sense of. Here, we propose to turn to Natural Language Processing (NLP) and the rich research area of script induction [4, 5]. By translating event logs into human-readable natural language, we will make it possible to leverage methods from data-driven script induction.

## Objectives

Our goal is to study whether it is feasible to induce scripts from event logs by using natural language.

**Verbalizer.** The first step is to verbalize event logs, the result of existing CodeReCivil project, by automatically translating atomic and structured data into free-form natural language. This first step should take half a month.

**Script Induction.** The second step will explore script induction on this large-scale NLP dataset. Script induction is an open research area, where Large Language Models (LLMs) have recently shown promising results [6]. During the next 2 months, we will explore LLM-based approaches. Our baseline will be to use LLMs to spell out schemas [7]. Further, since the rule framework is part of the CodeReCivil simulation and is thus known, we will explore methods to give LLMs access to structured rules [8]. The intern will spend the following 2 months to compare these approaches to classical automated script induction [9].

The last month will be spent writing up our results for submission to a tier-A NLP conference. Depending on the outcomes of the project, and how many new challenges we identify, we envision submitting a proposal for a PhD thesis on this topic.

## References

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