



Competitive Equilibrium and Lattice Polytopes

DM/G Seminar

16 March 2022

Marie-Charlotte Brandenburg

based on joint work with Christian Haase and Ngoc Mai Tran

Max-Planck-Institut für
Mathematik
in den **Naturwissenschaften**



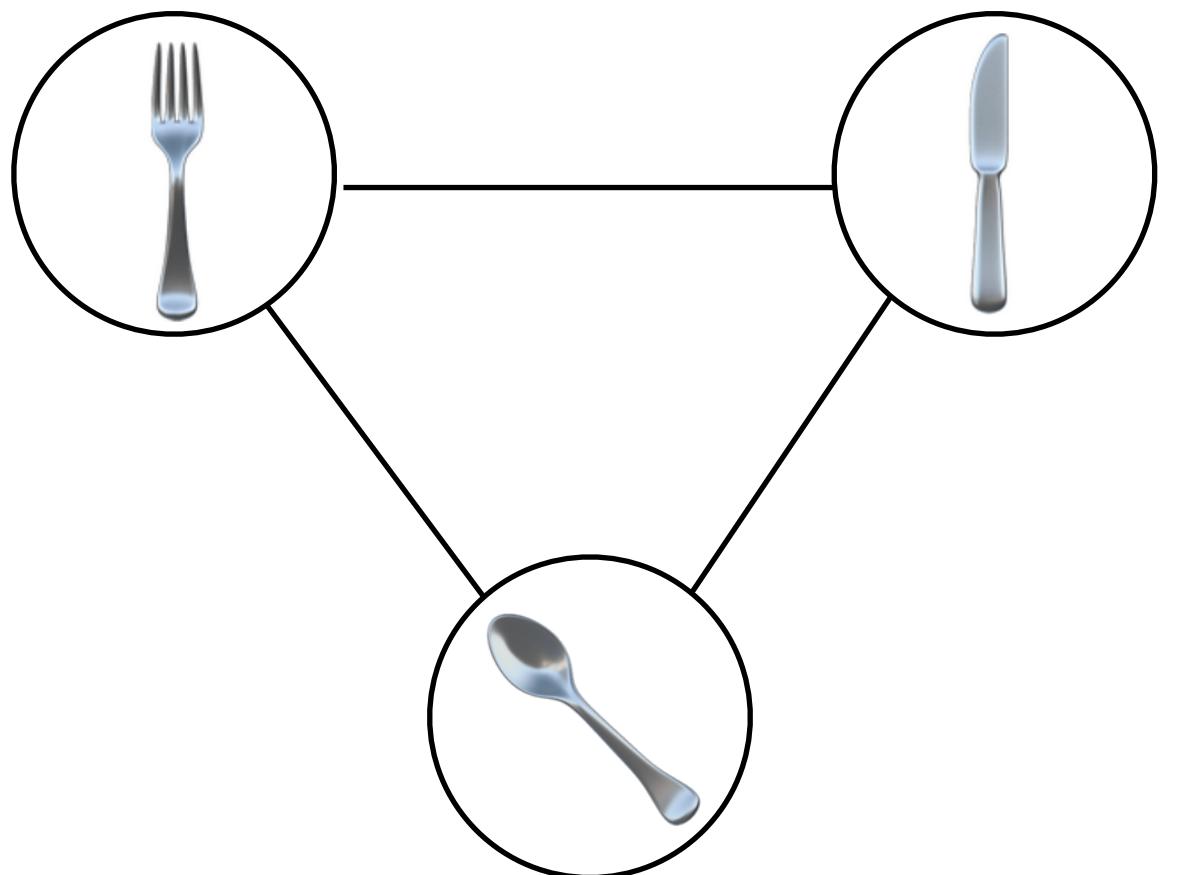
MAX-PLANCK-GESELLSCHAFT

Overview

- 1. First Example**
- 2. History | Motivation**
- 3. Mathematical Model | Connections to Polytopes**
- 4. Can we guarantee the existence of a competitive equilibrium?**
(Answer: yes, if $G = K_n$)

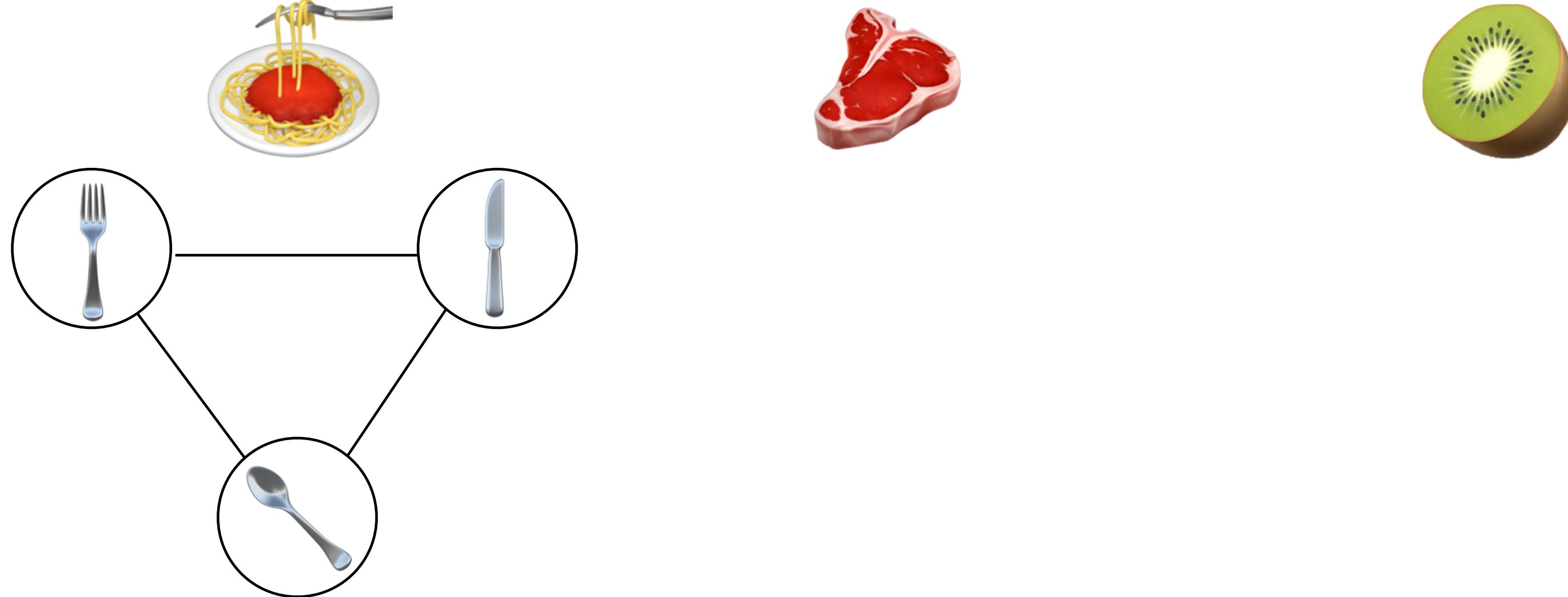
First Example

The cutlery auction at dinner time



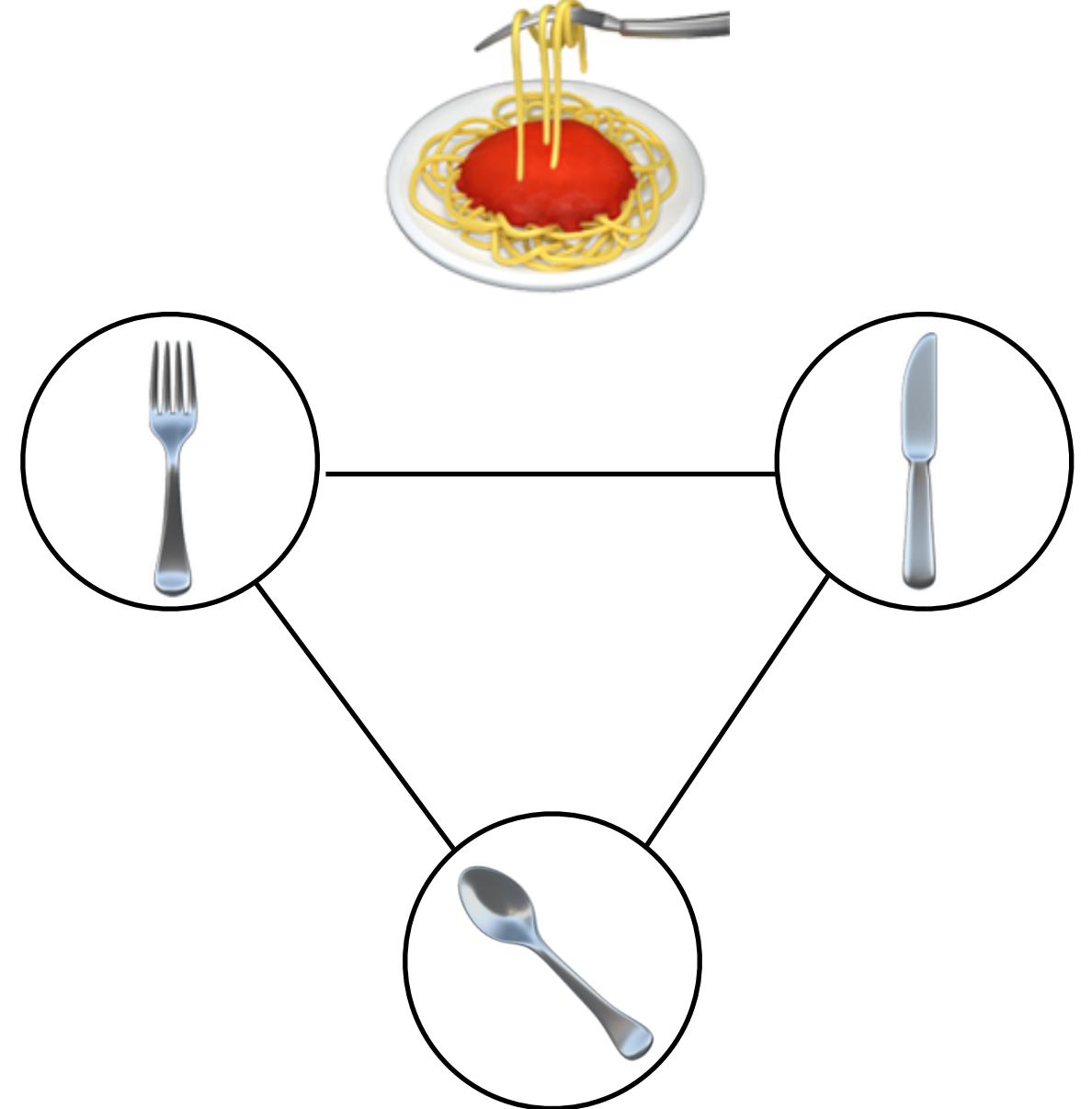
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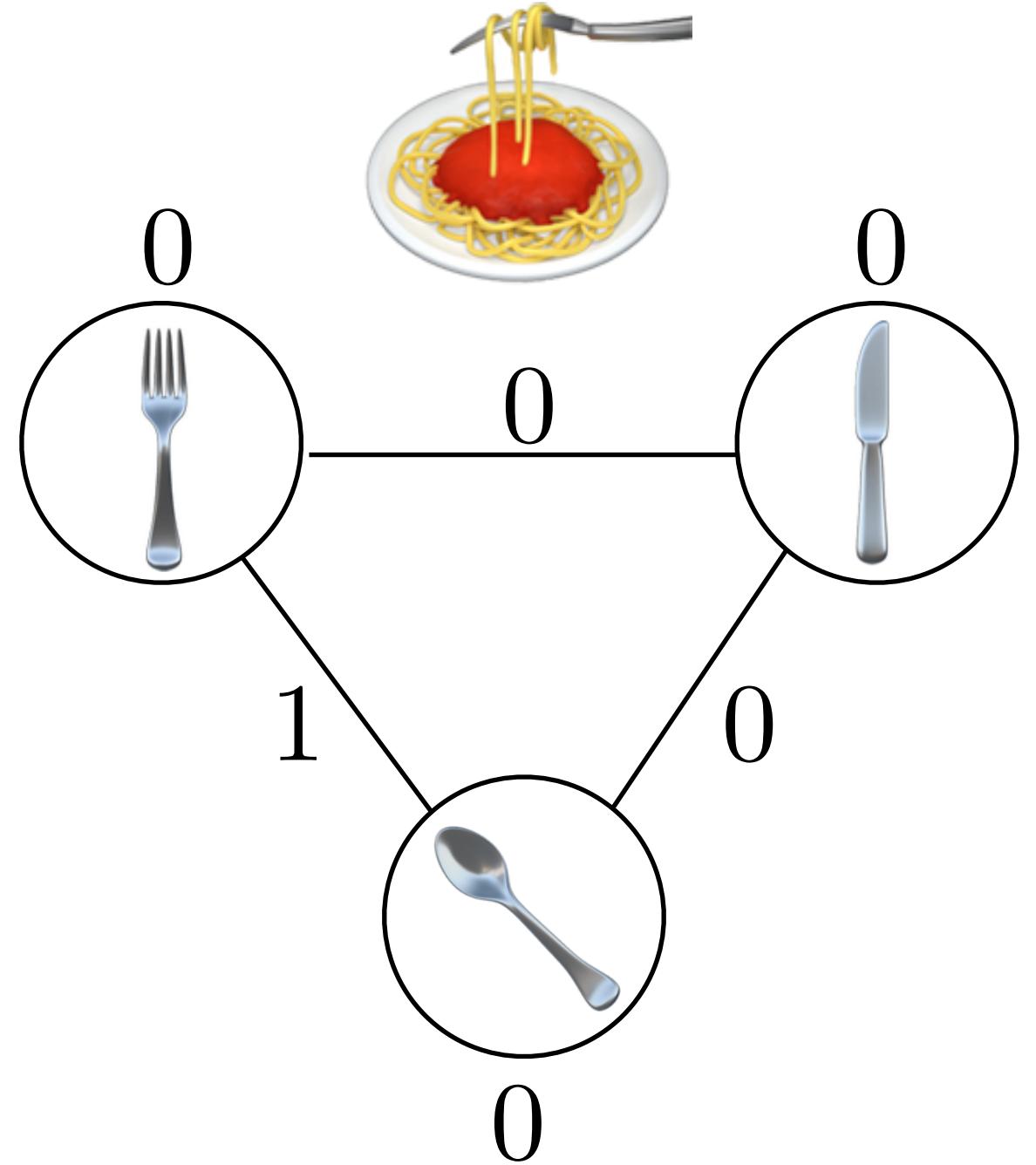
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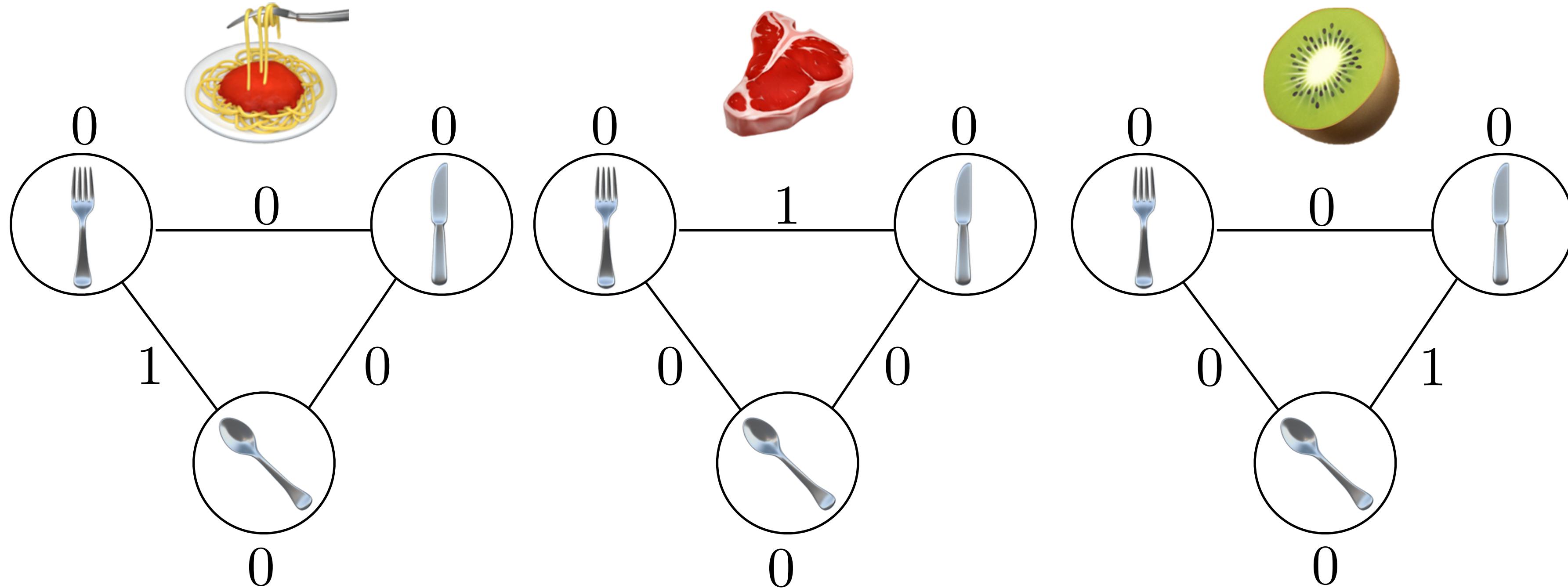
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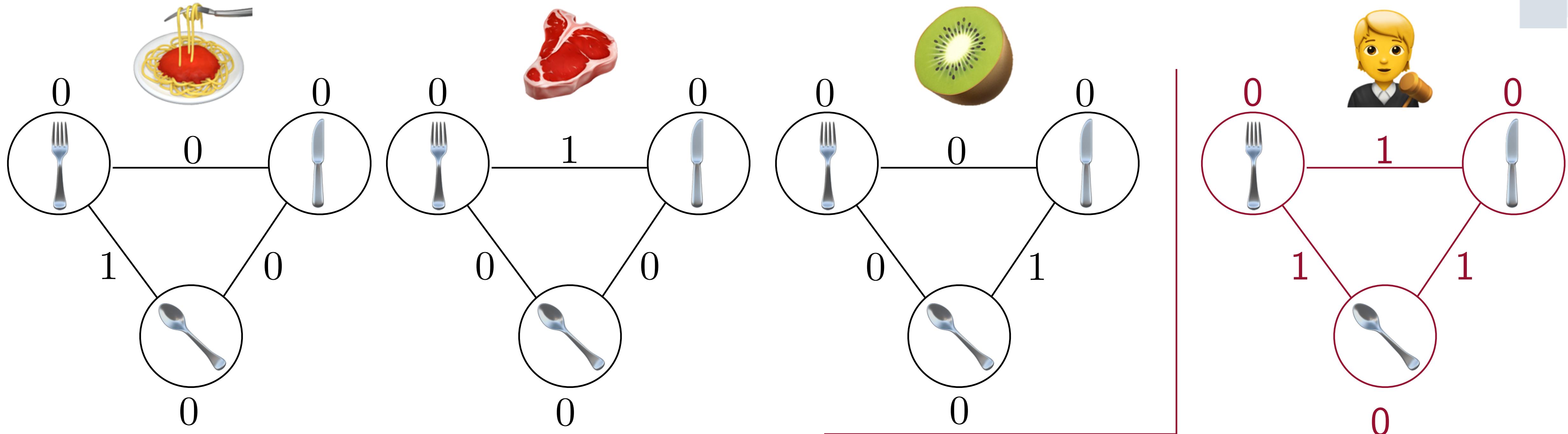
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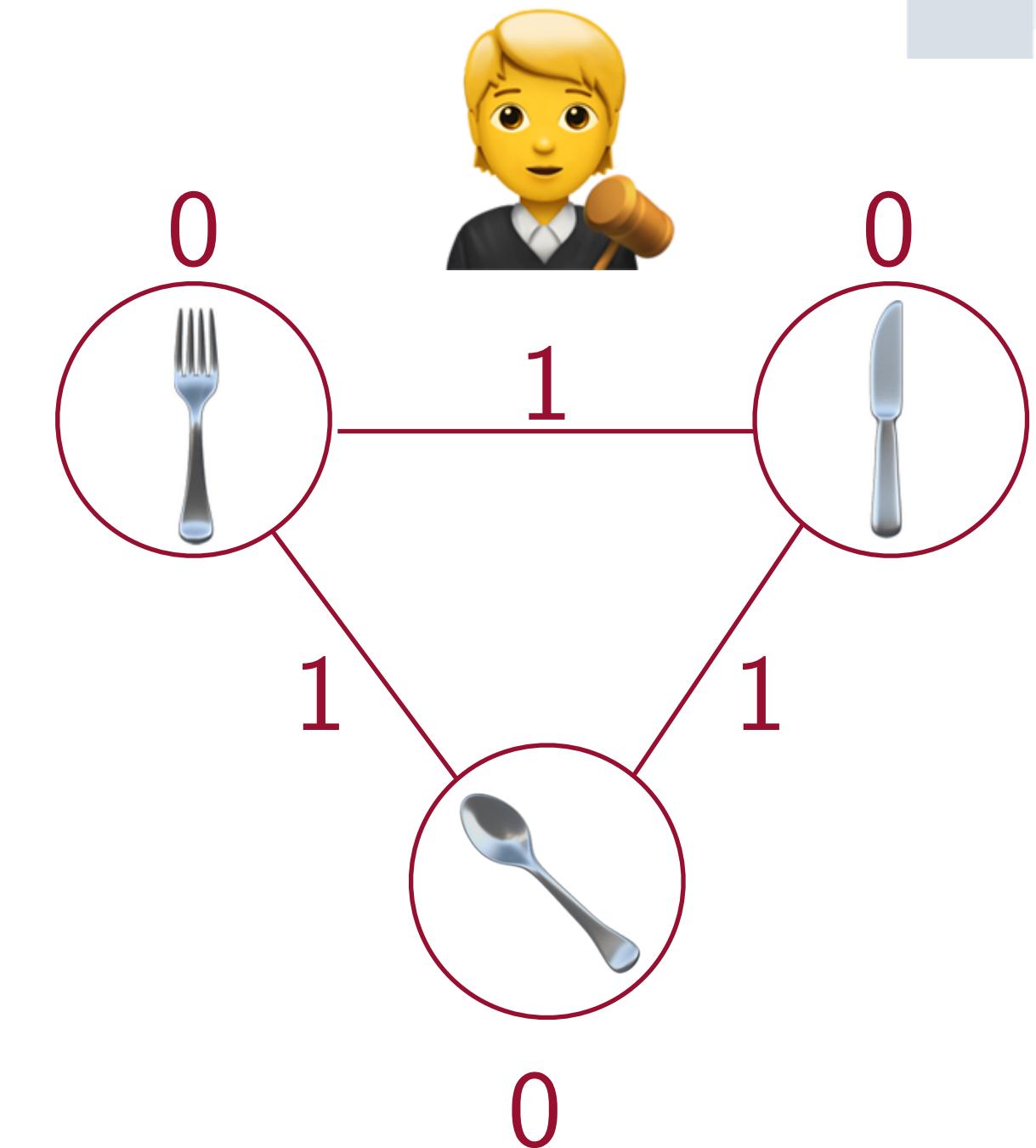
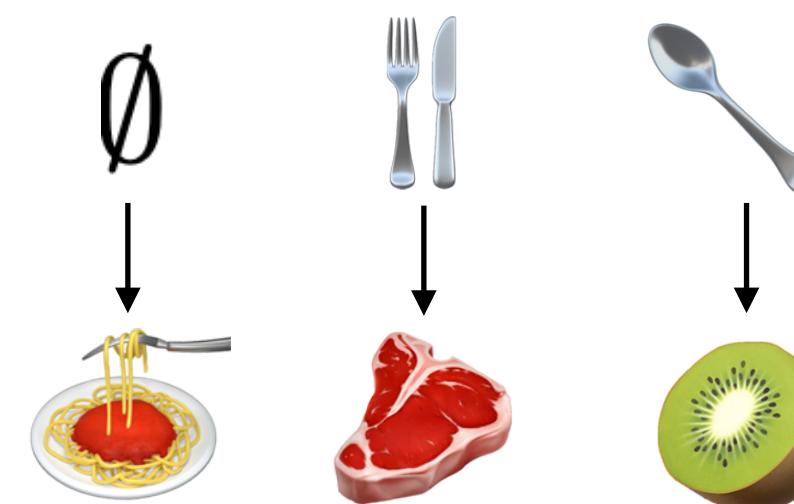
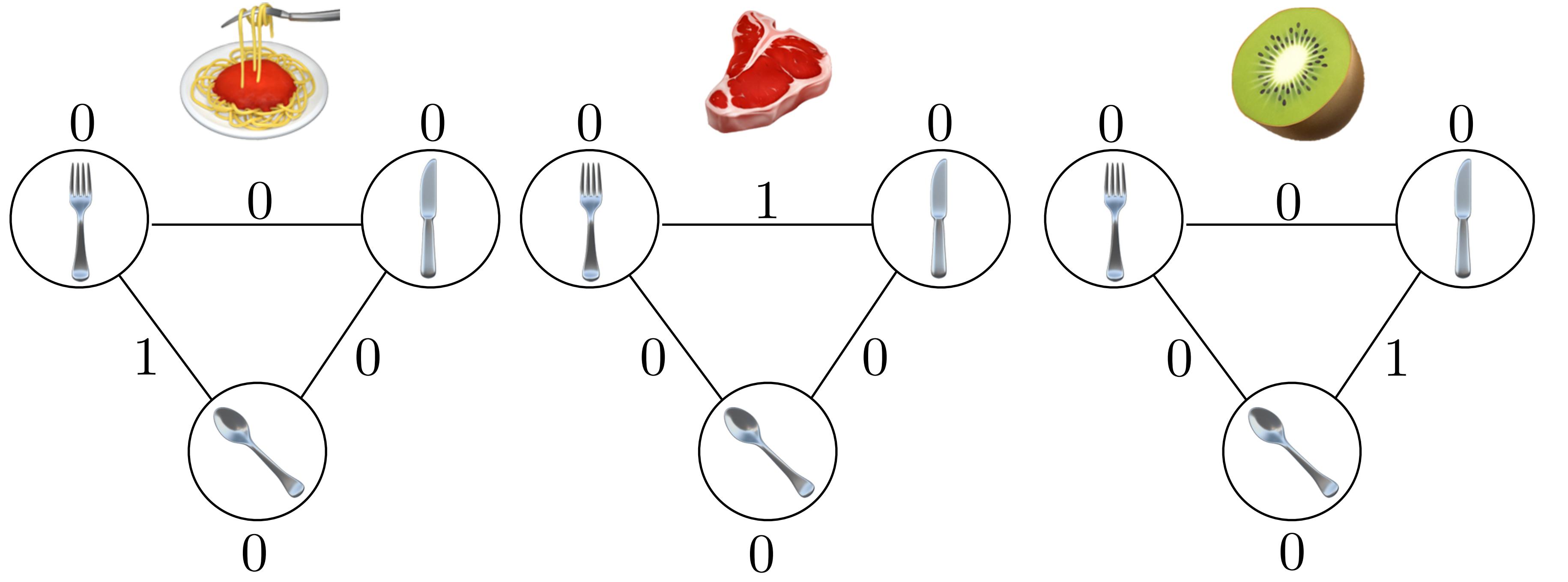
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Price for 2 items: 1
Price for 3 items: 3

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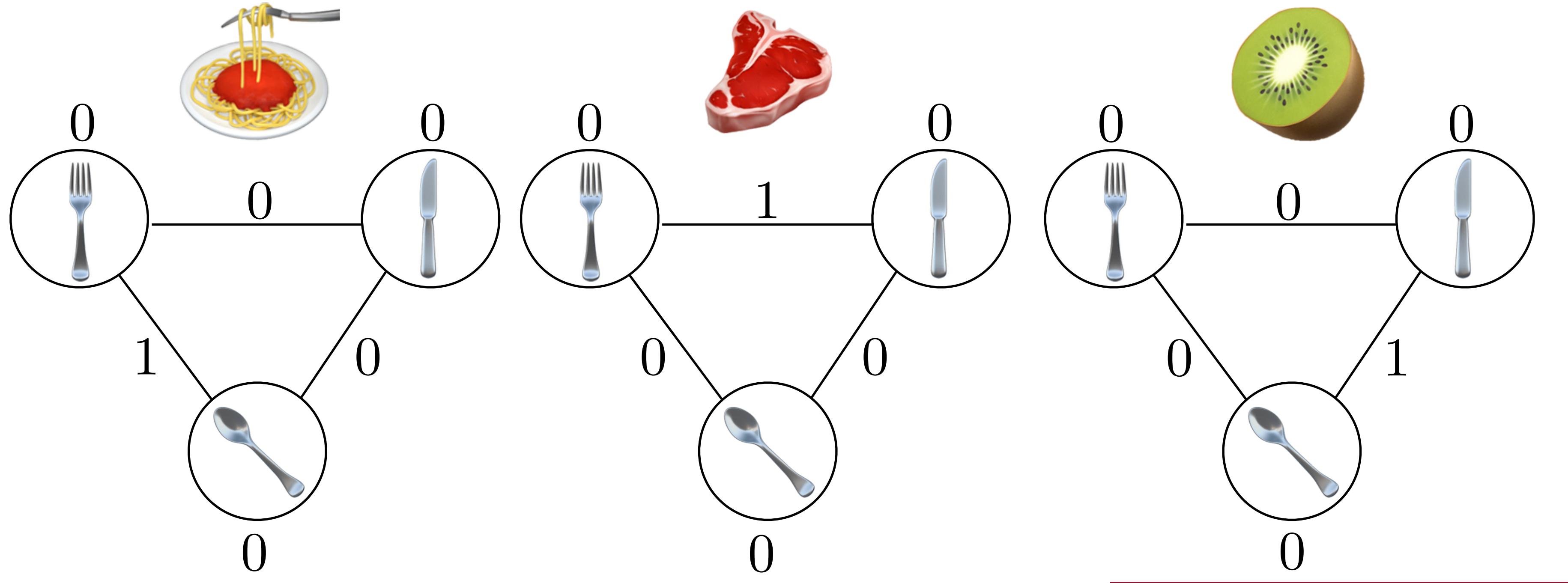
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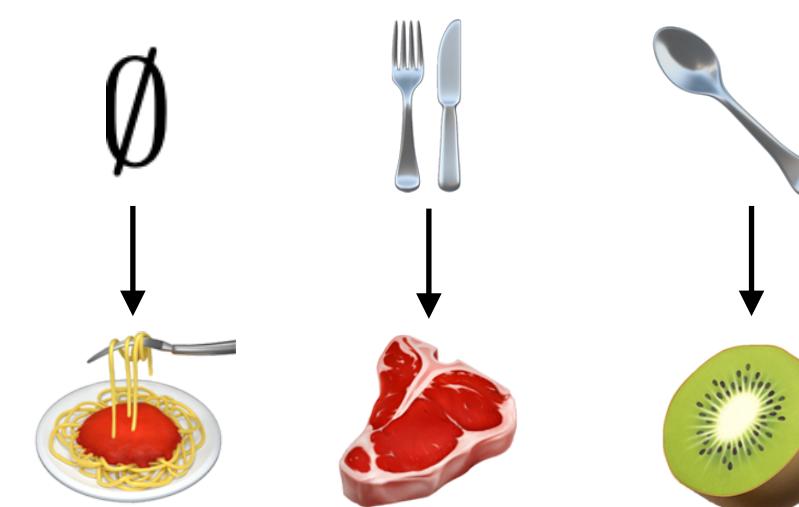
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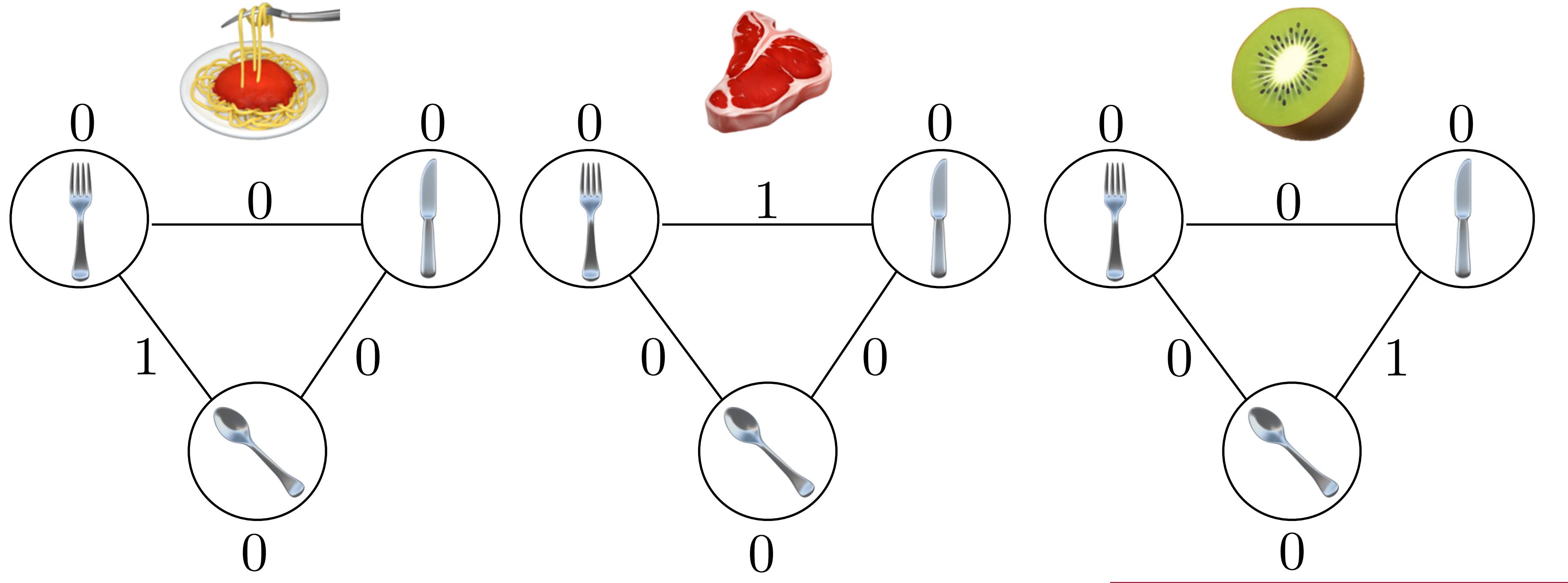
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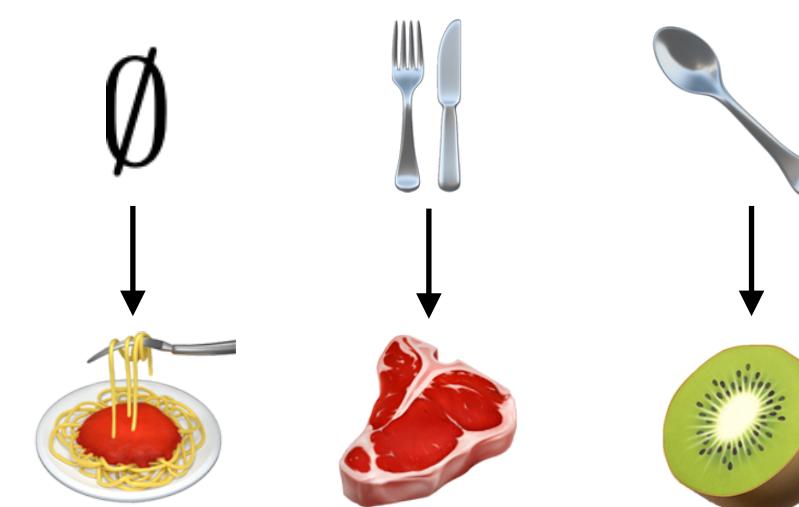
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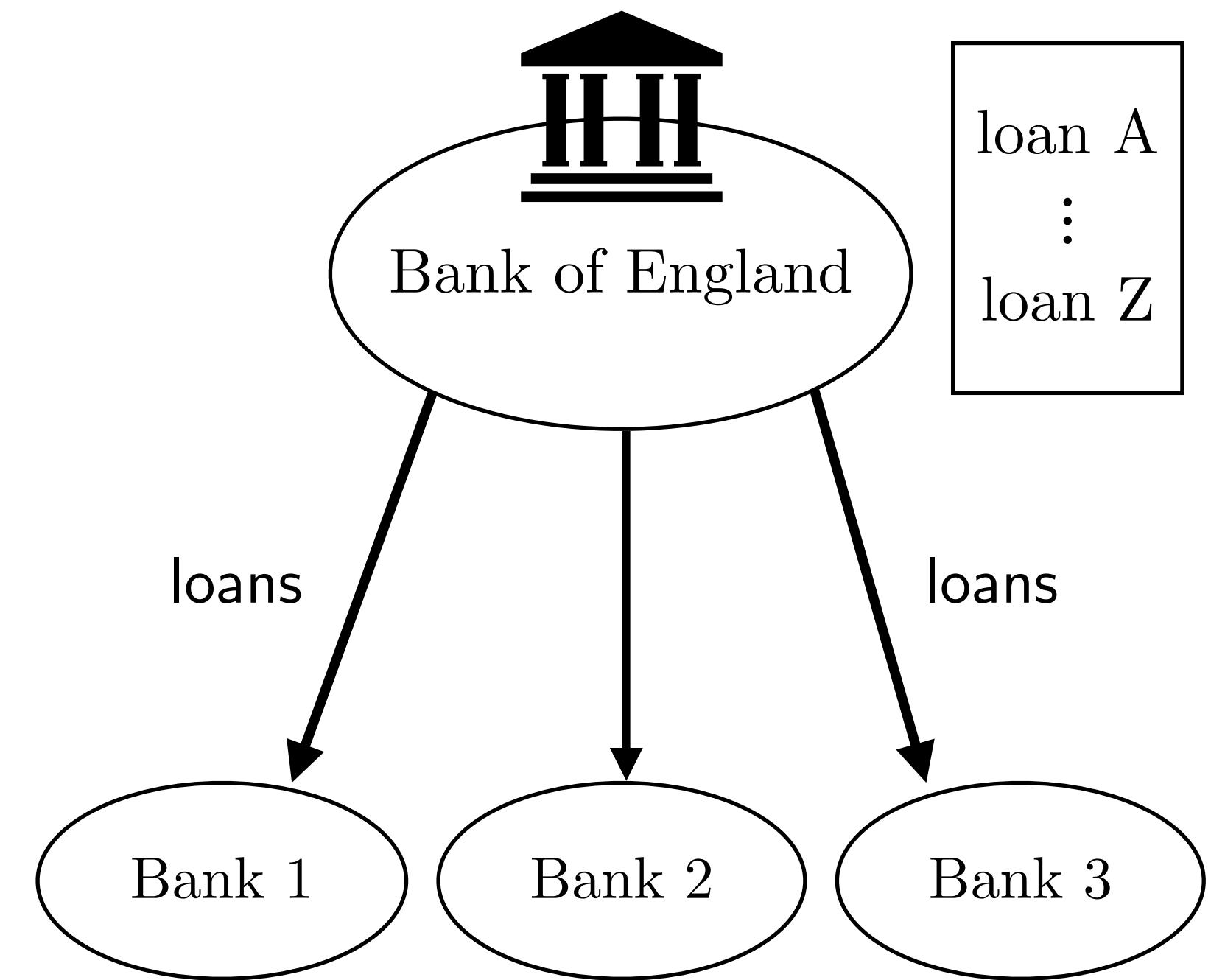
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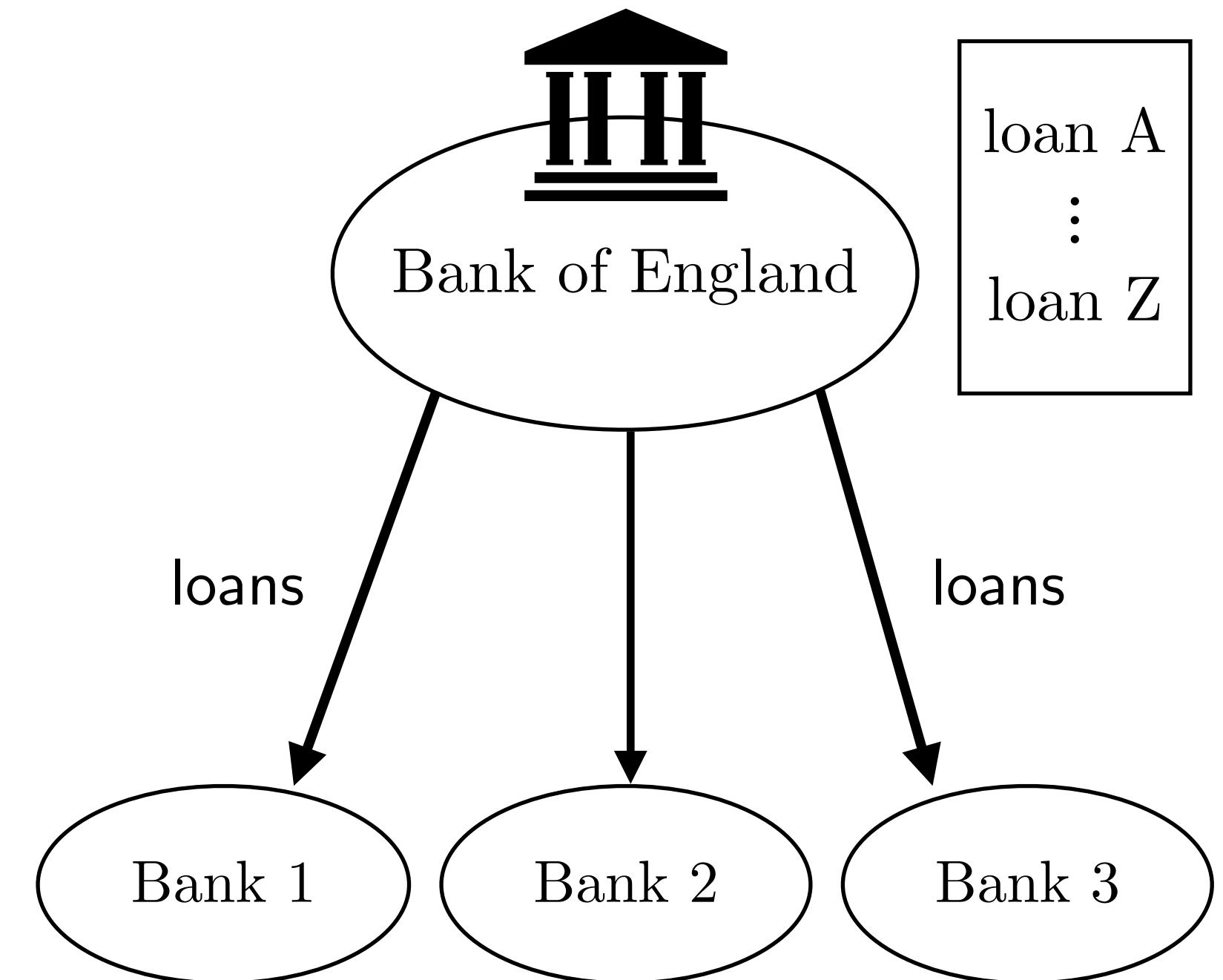


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Question:

Which distribution of loans is best for the general economy of England? Fast way to decide?



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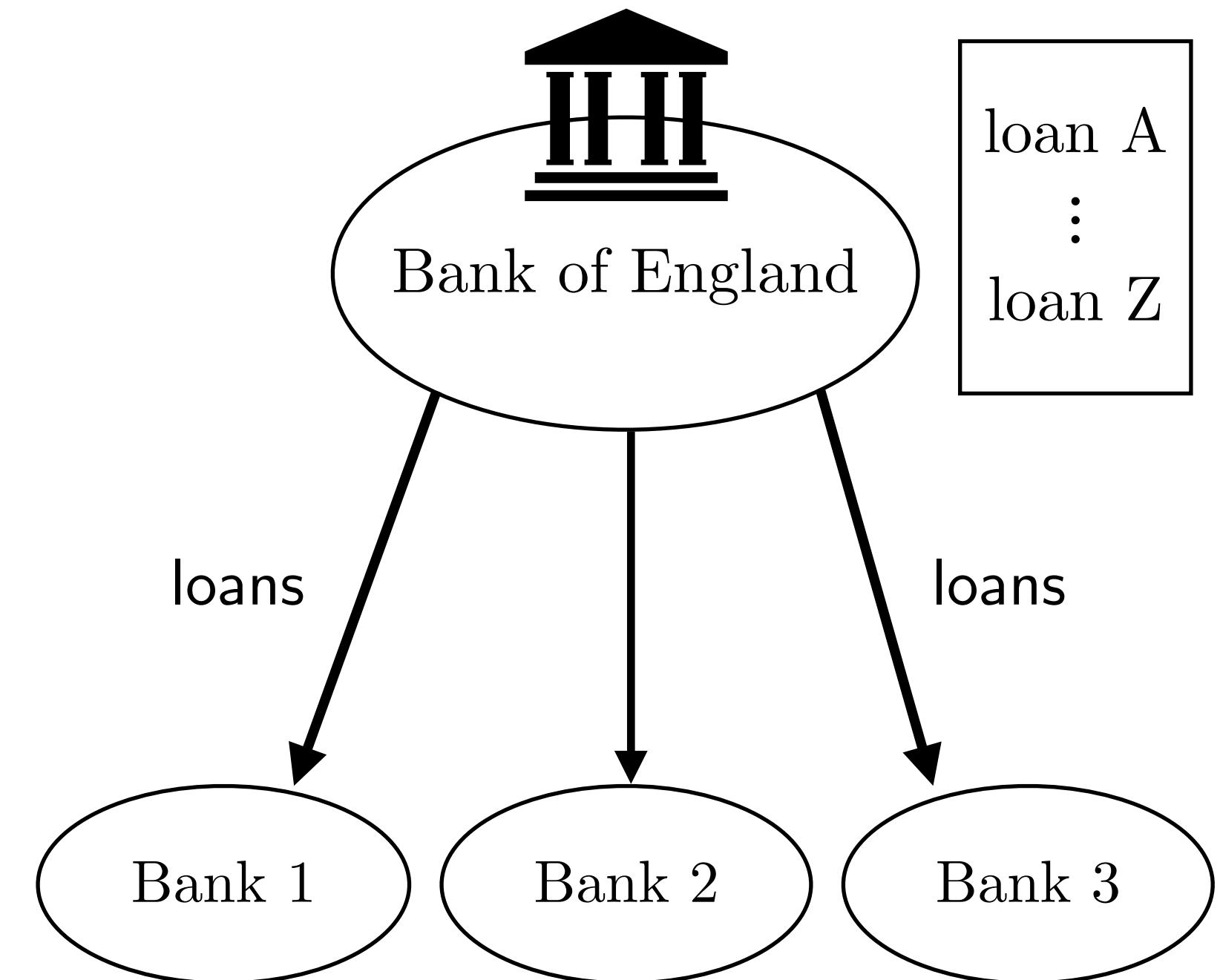
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[Baldwin-Klemperer, 2011]

1. Bidding round:
Bidders tell the auctioneer (secretly, honestly) about their preferences.
2. Auctioneer sets price and decides a distribution of goods.



The graphical model and its polytope

[Candogan-Ozdaglar-Parillo '18]

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General assumptions:

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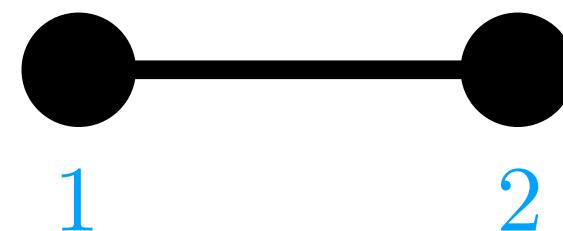
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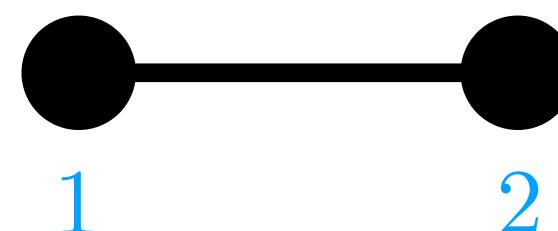
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$G = ([n], E)$ graph, $G' \subseteq G$ induced subgraph. Define $\chi_{G'} \in \{0, 1\}^{n+|E|}$ as

$$(\chi_{G'})_i = \begin{cases} 1 & \text{if } i \in V(G') \\ 0 & \text{if } i \notin V(G') \end{cases} \quad (\chi_{G'})_{ij} = \begin{cases} 1 & \text{if } ij \in E(G') \\ 0 & \text{if } ij \notin E(G') \end{cases}$$



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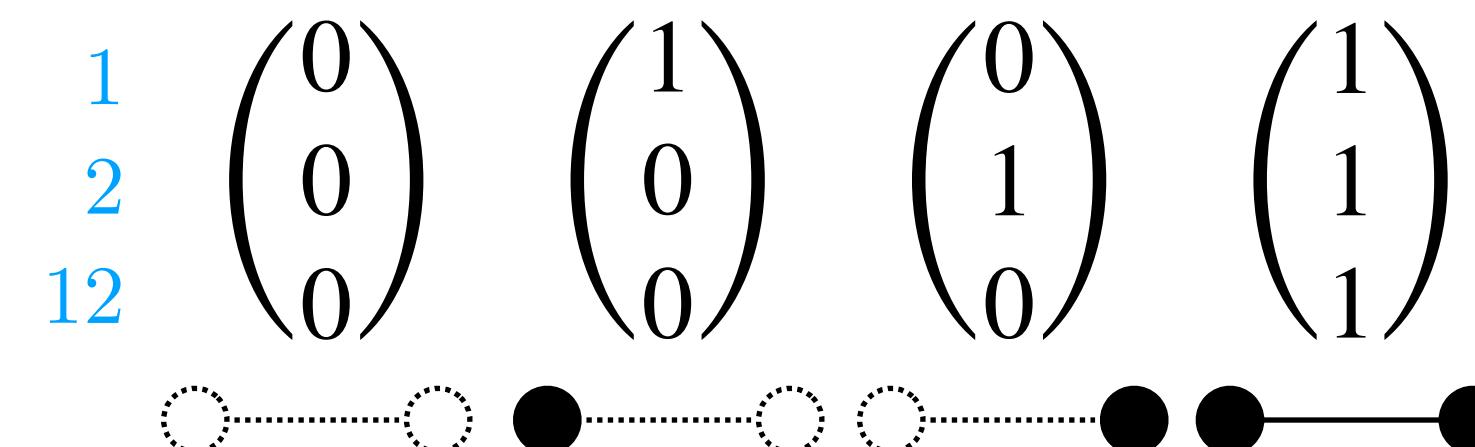
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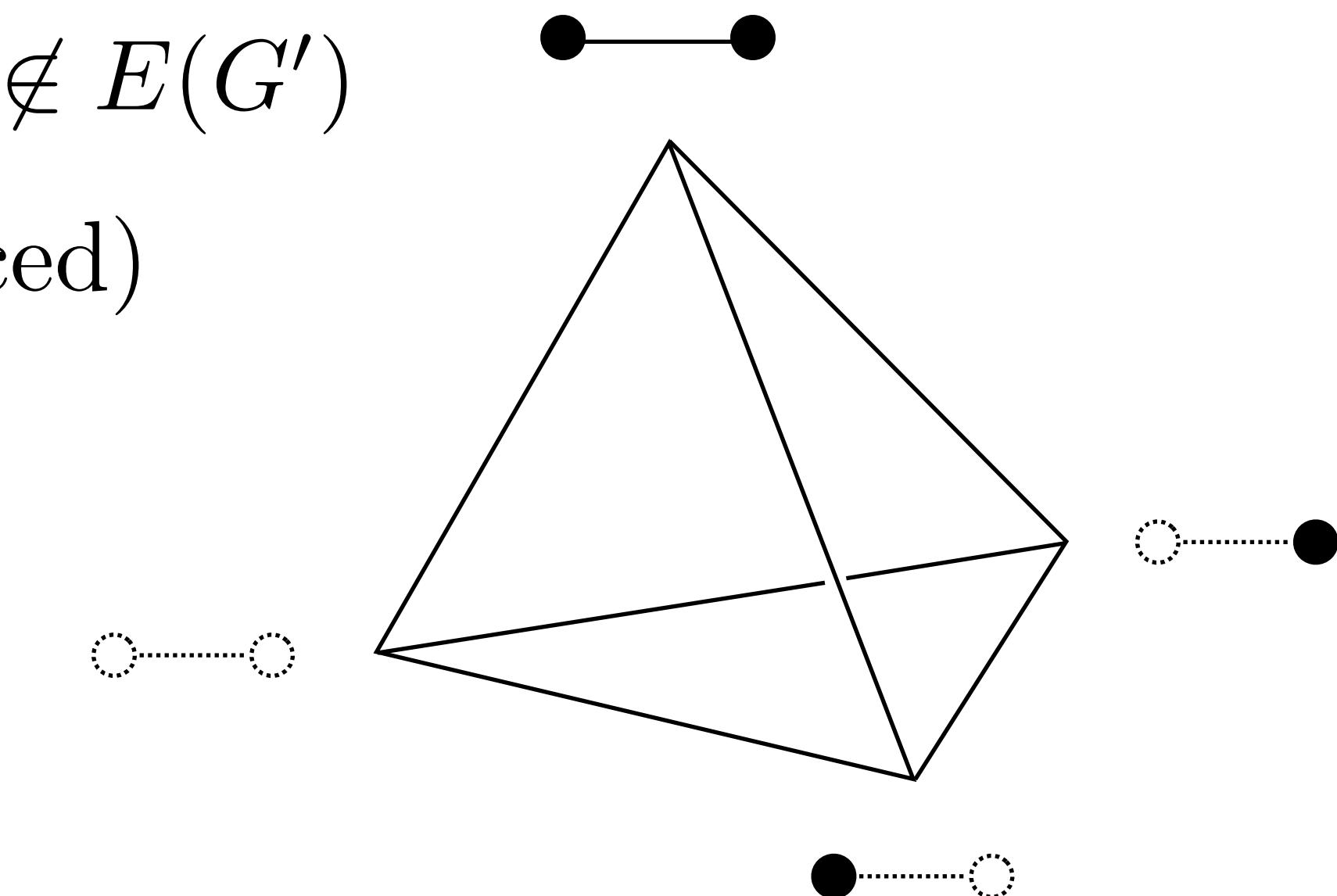
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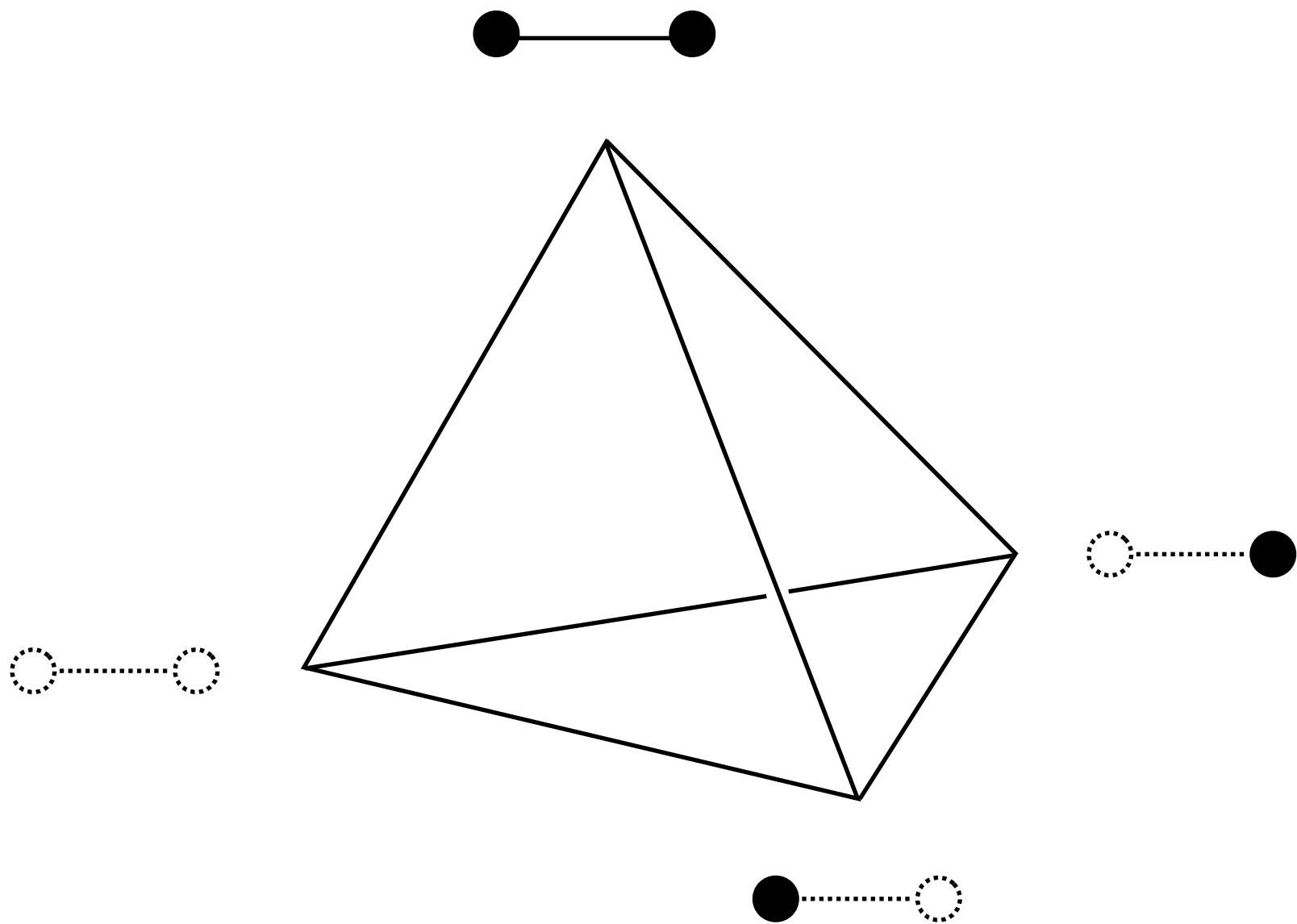
$$P(G) = \text{conv}(\chi_{G'} \mid G' \subseteq G \text{ induced})$$



$$\begin{matrix} 1 \\ 2 \\ 12 \end{matrix} \begin{pmatrix} 0 \\ 0 \\ 0 \end{pmatrix} \begin{pmatrix} 1 \\ 0 \\ 0 \end{pmatrix} \begin{pmatrix} 0 \\ 1 \\ 0 \end{pmatrix} \begin{pmatrix} 1 \\ 1 \\ 1 \end{pmatrix}$$

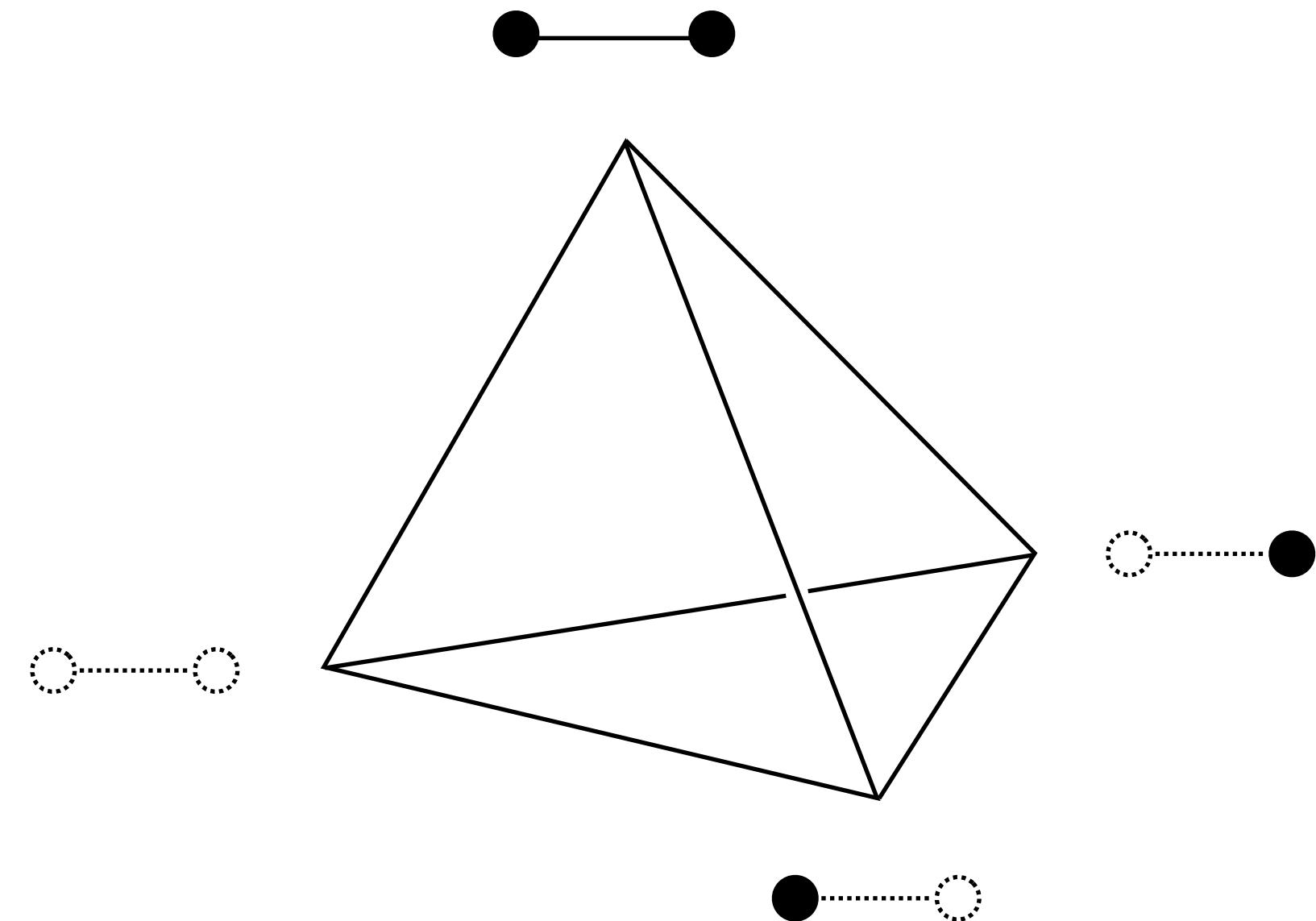


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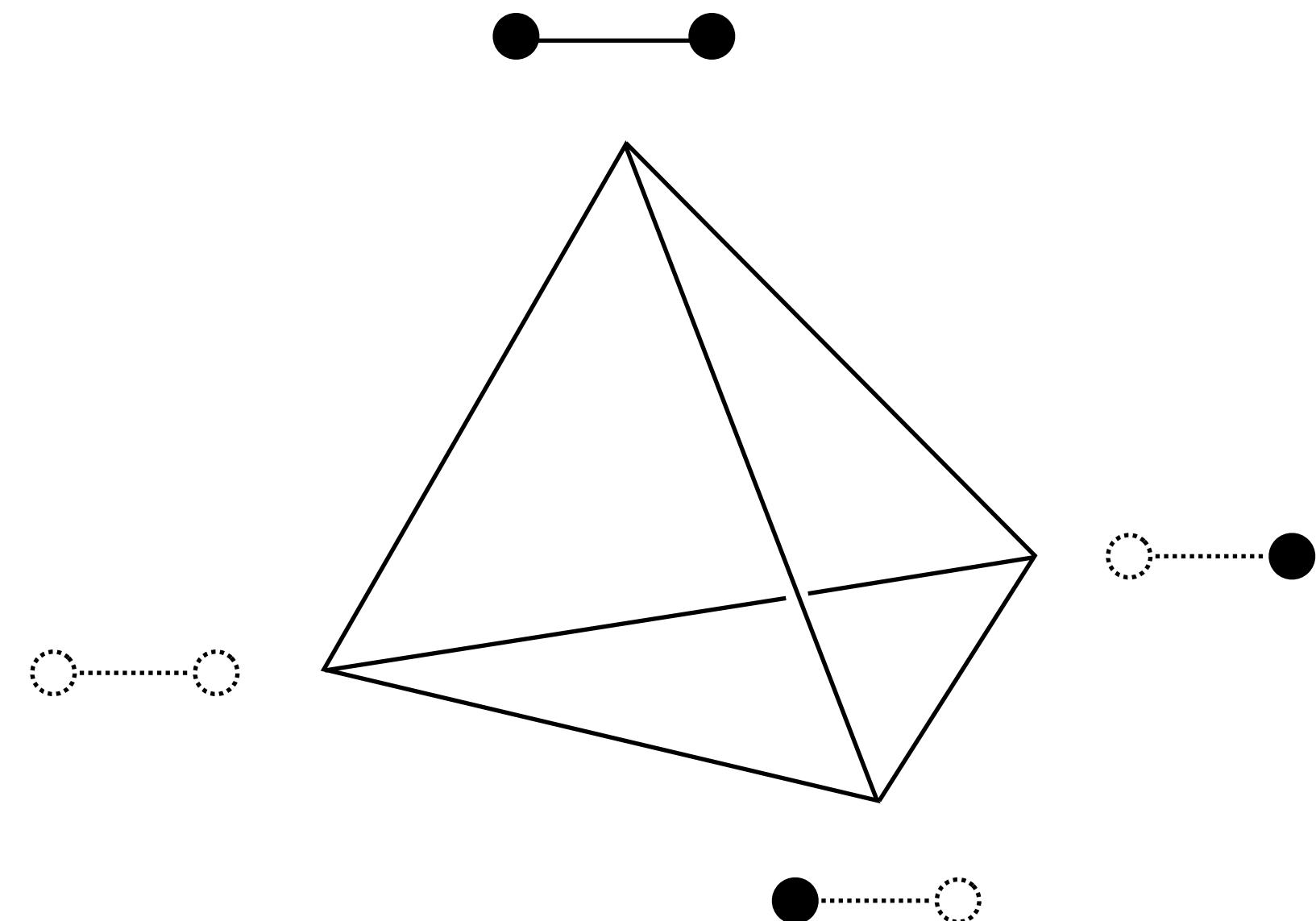
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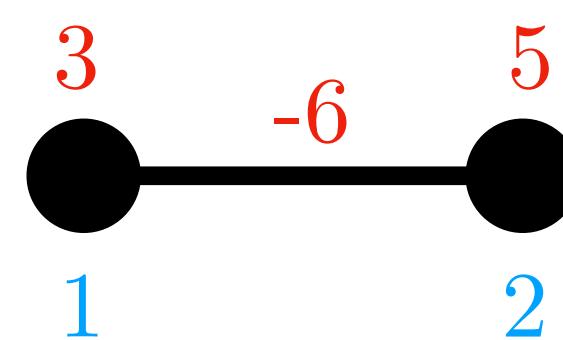


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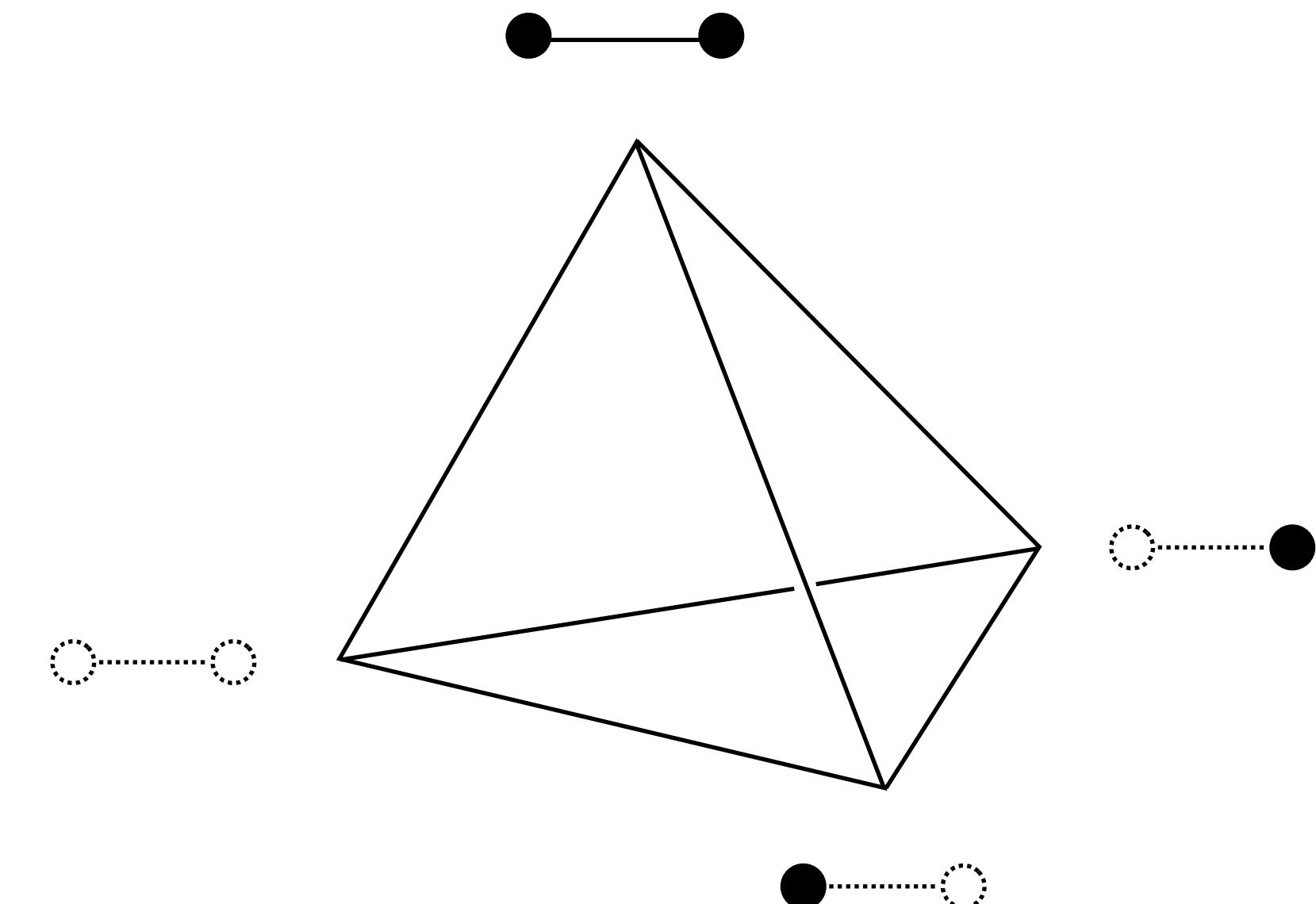
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$$w^b = \begin{pmatrix} 3 \\ 5 \\ -6 \end{pmatrix}$$



$$v^b\left(\begin{pmatrix} 0 \\ 0 \\ 0 \end{pmatrix}\right) = 0, \quad v^b\left(\begin{pmatrix} 1 \\ 0 \\ 0 \end{pmatrix}\right) = 3,$$
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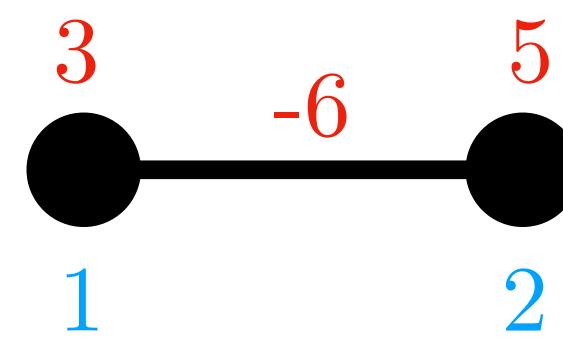


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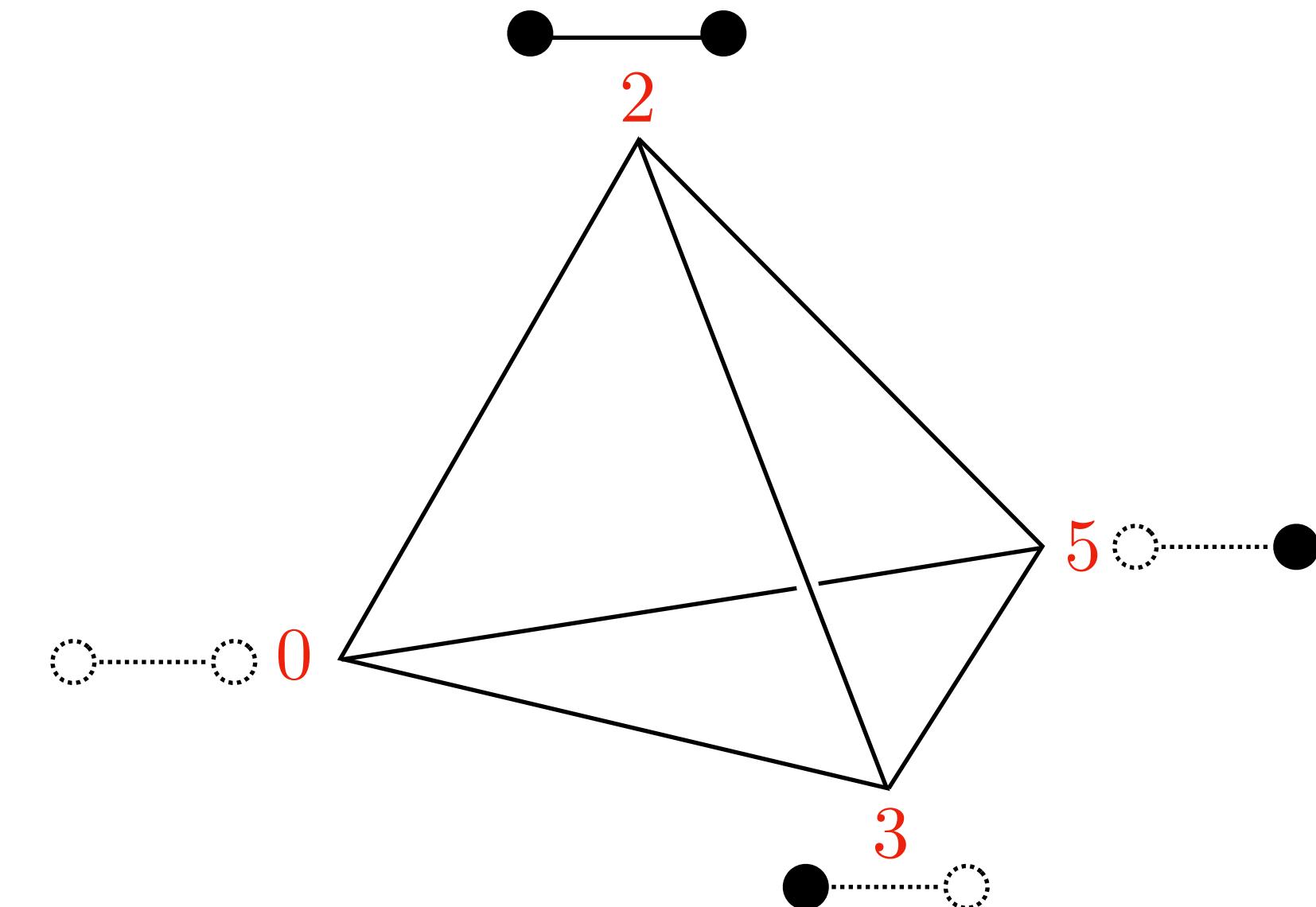
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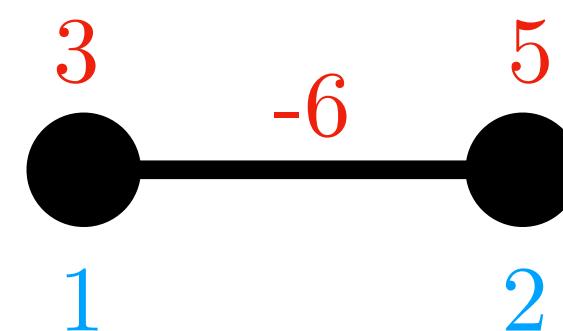


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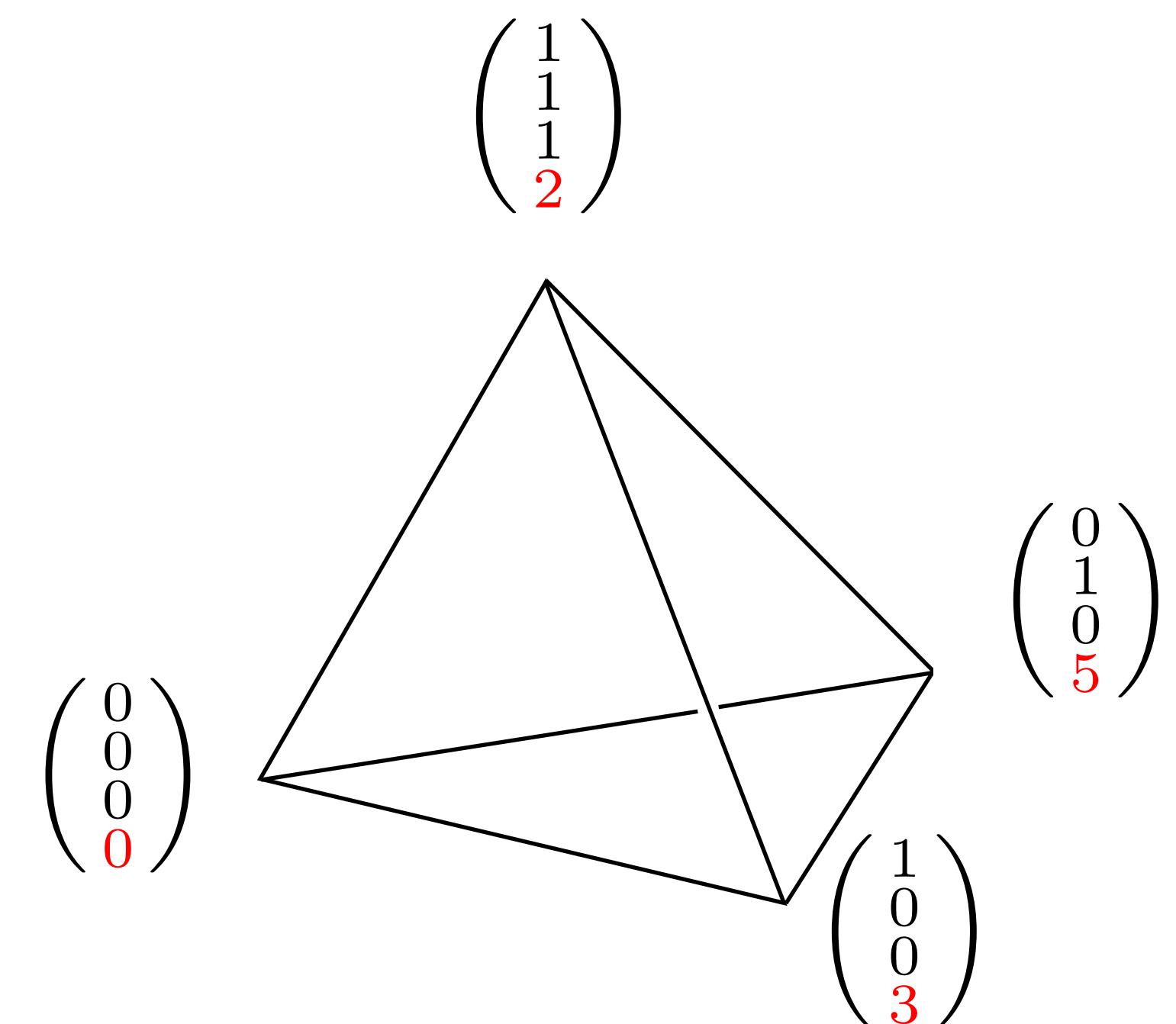
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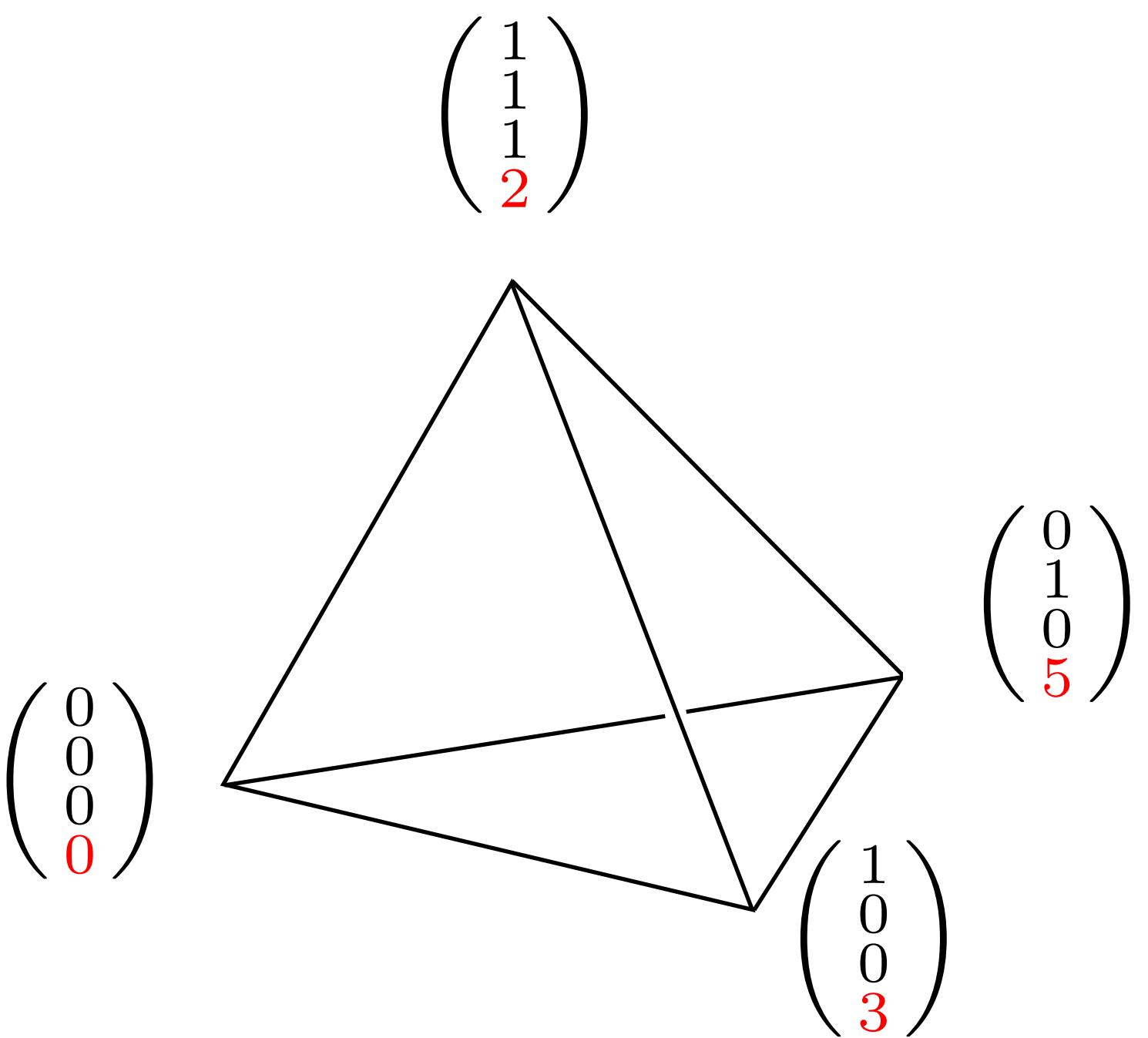
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2. Auctioneer's decision

Auctioneer sets a price

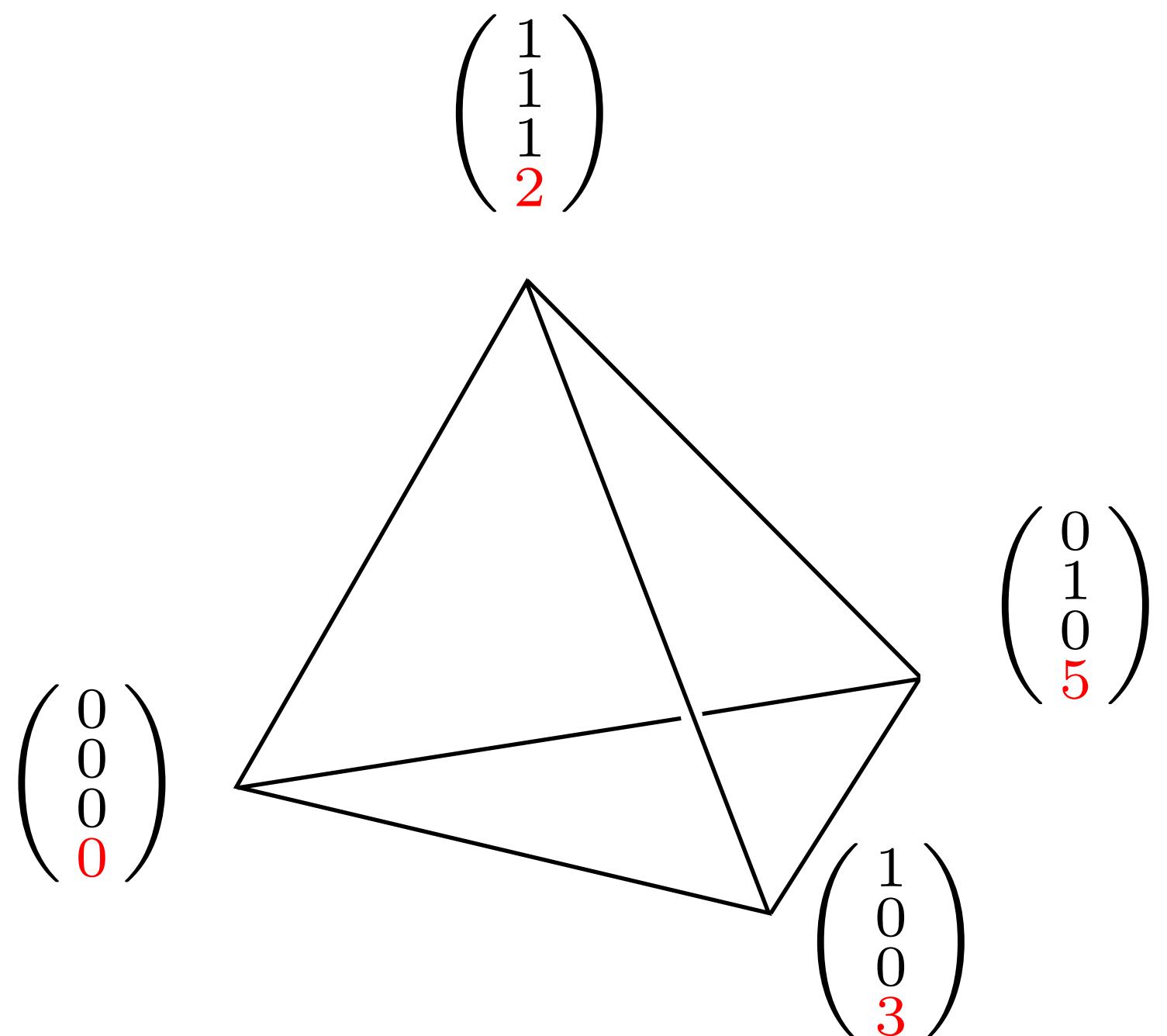


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Auctioneer computes the *demand set* of bidder b at price $p \in \mathbb{R}^{n+|E|}$:

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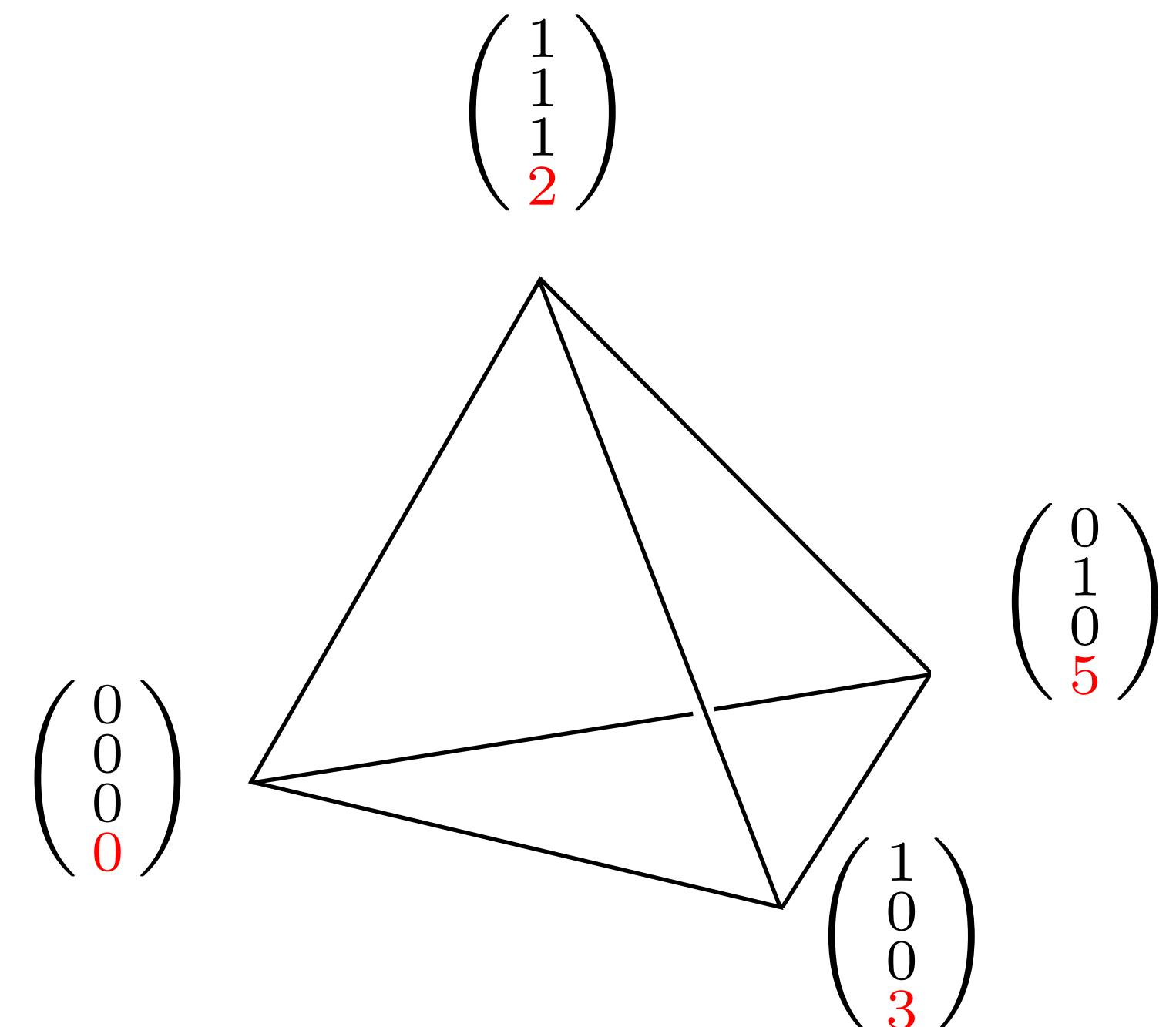
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Tropical aspects:
coming soon!



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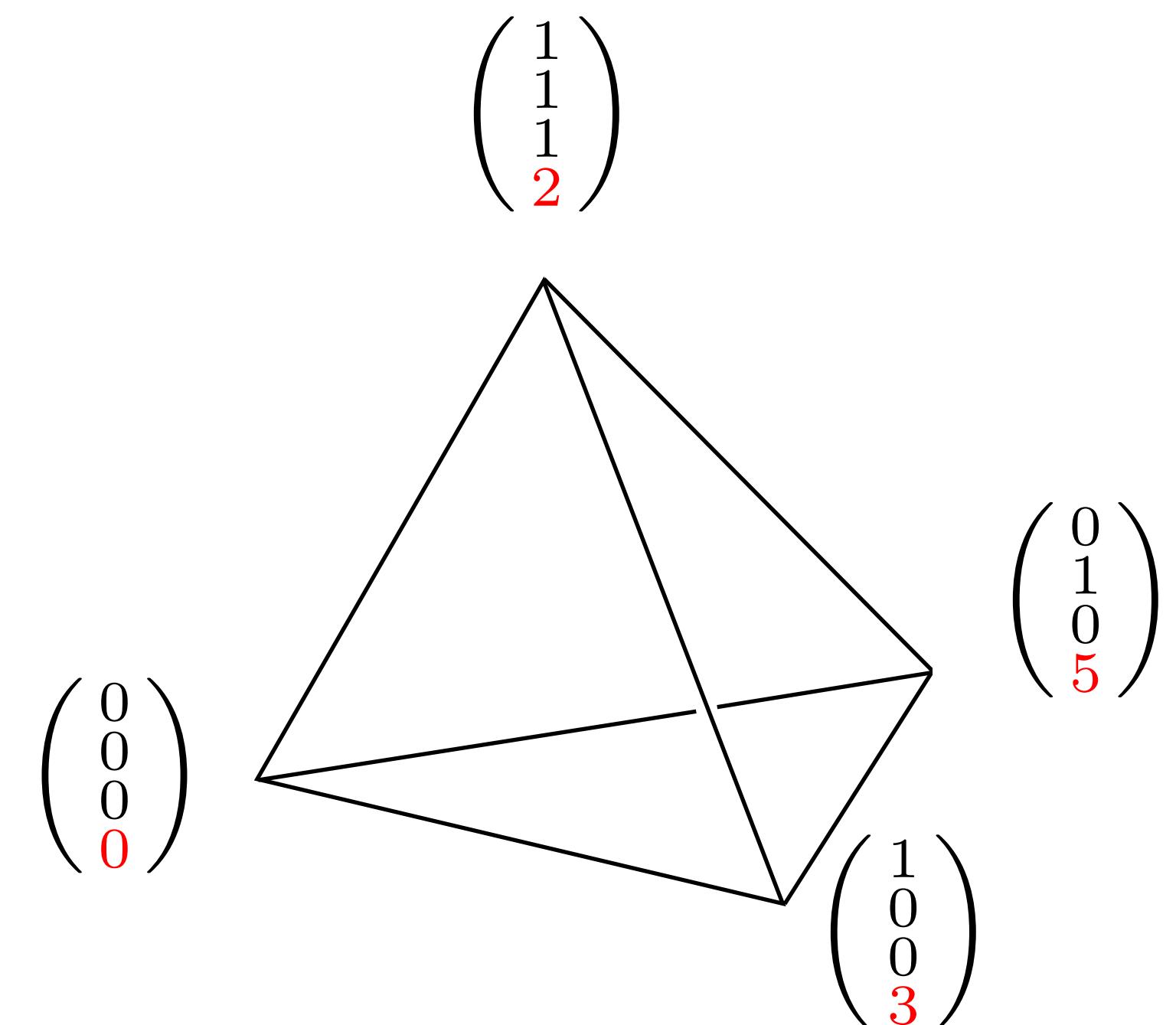
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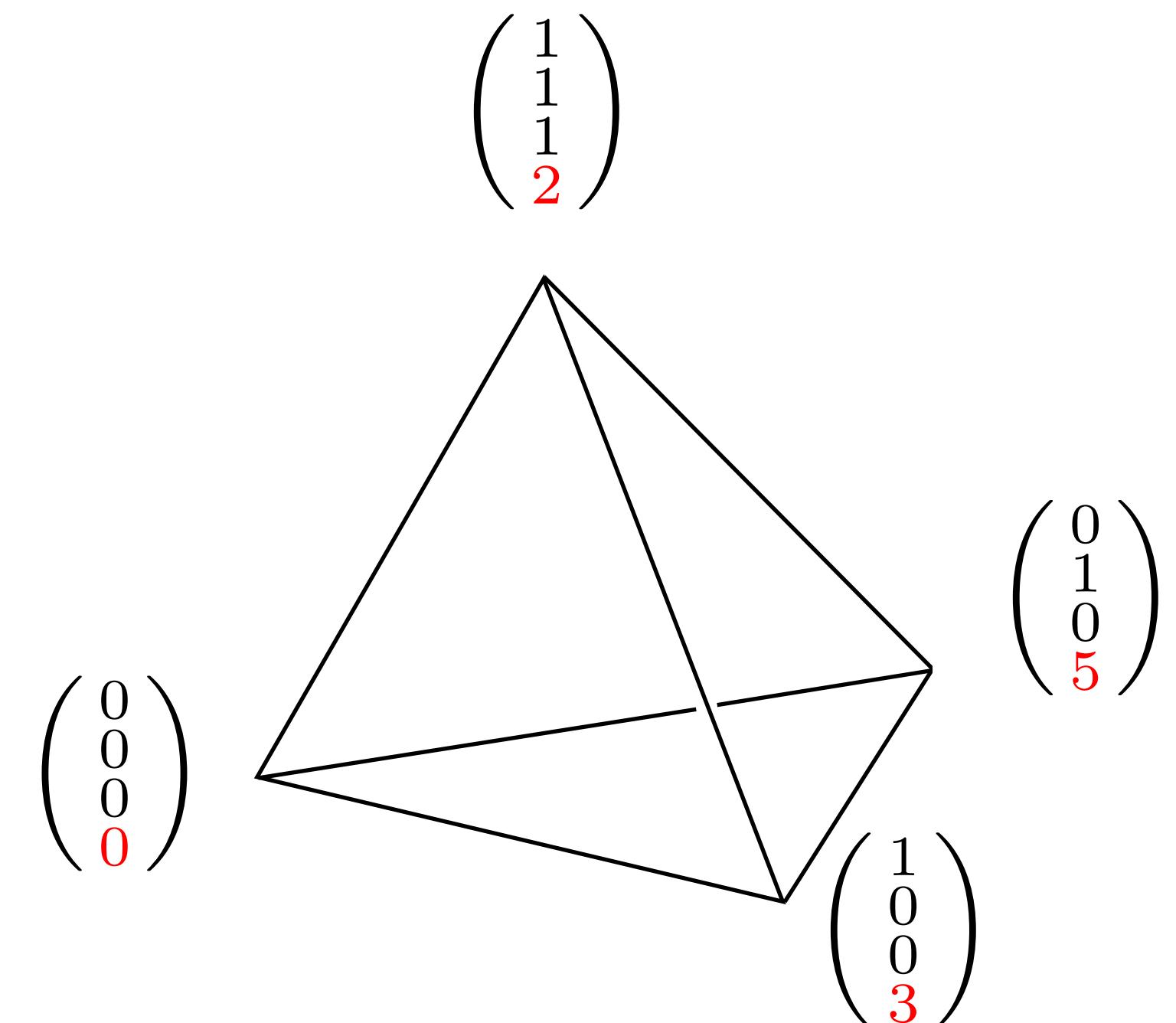
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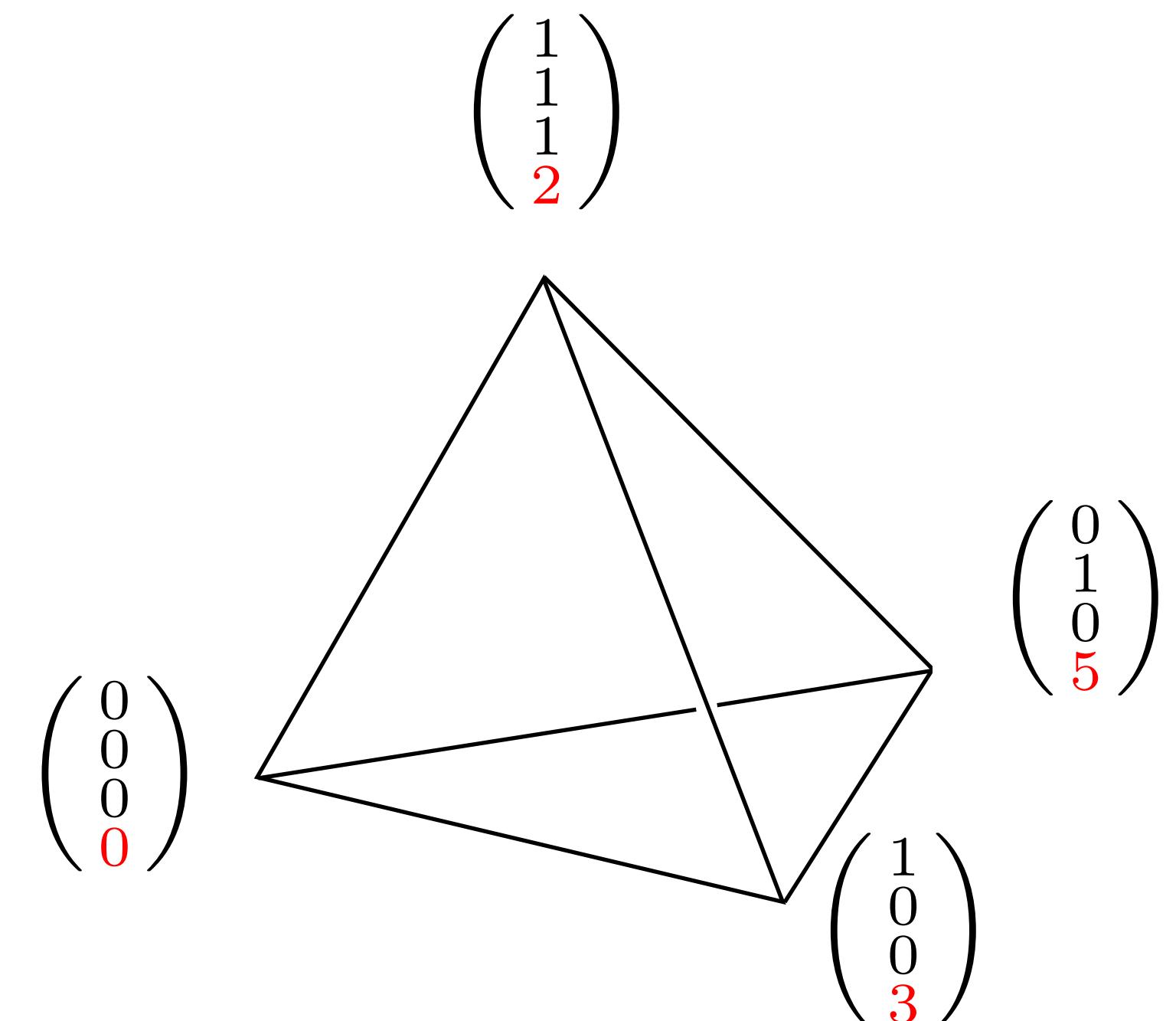
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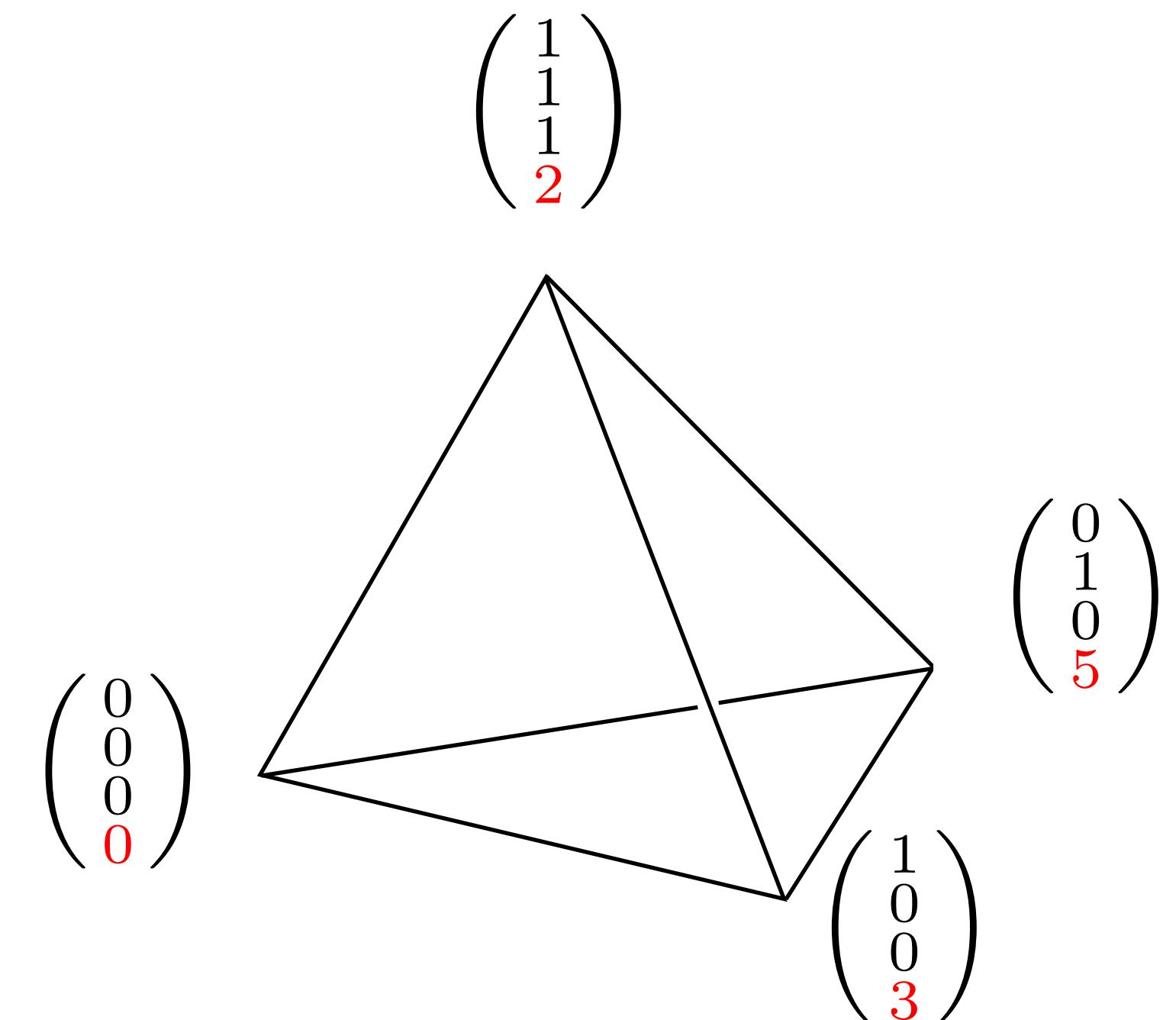
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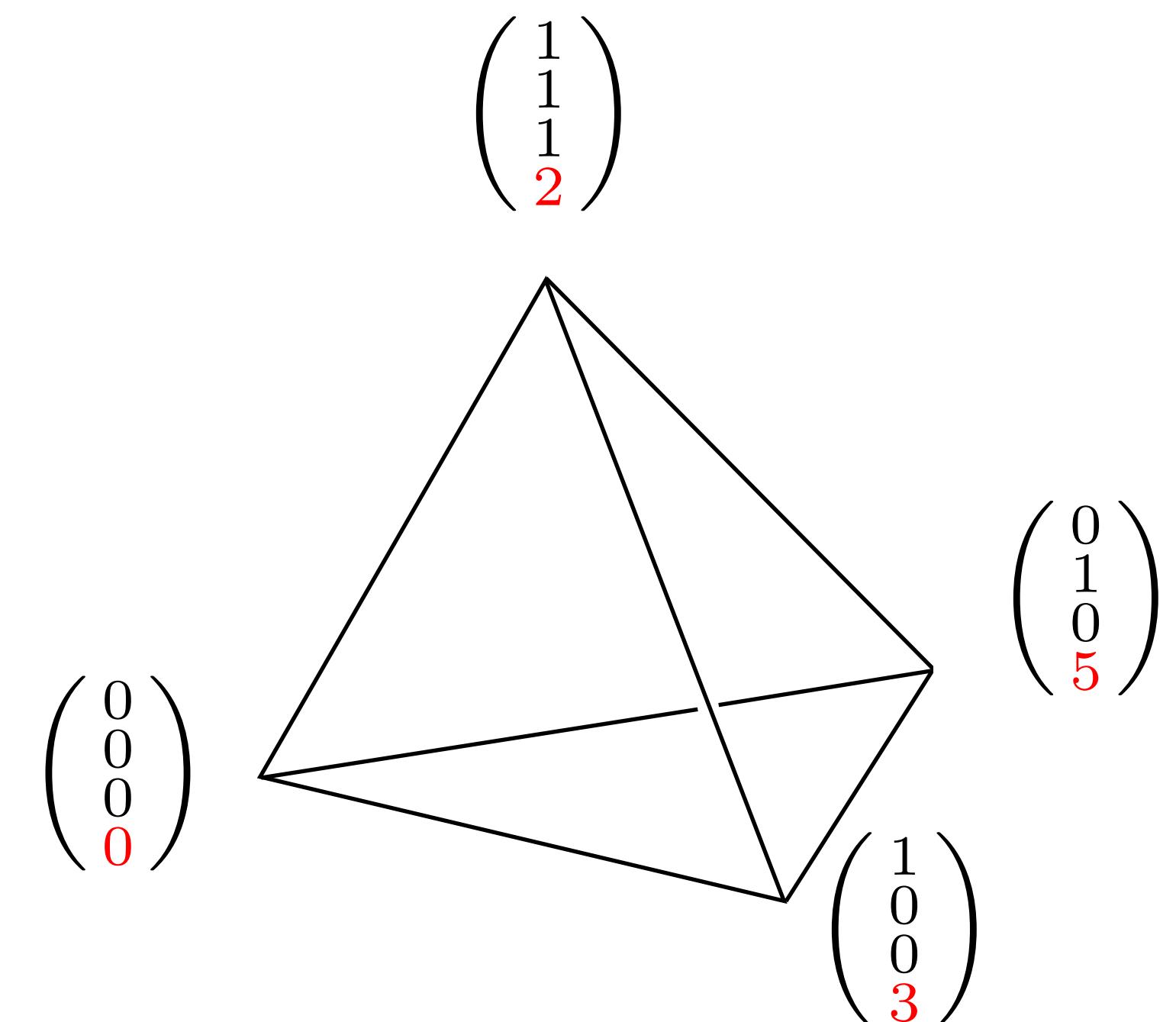
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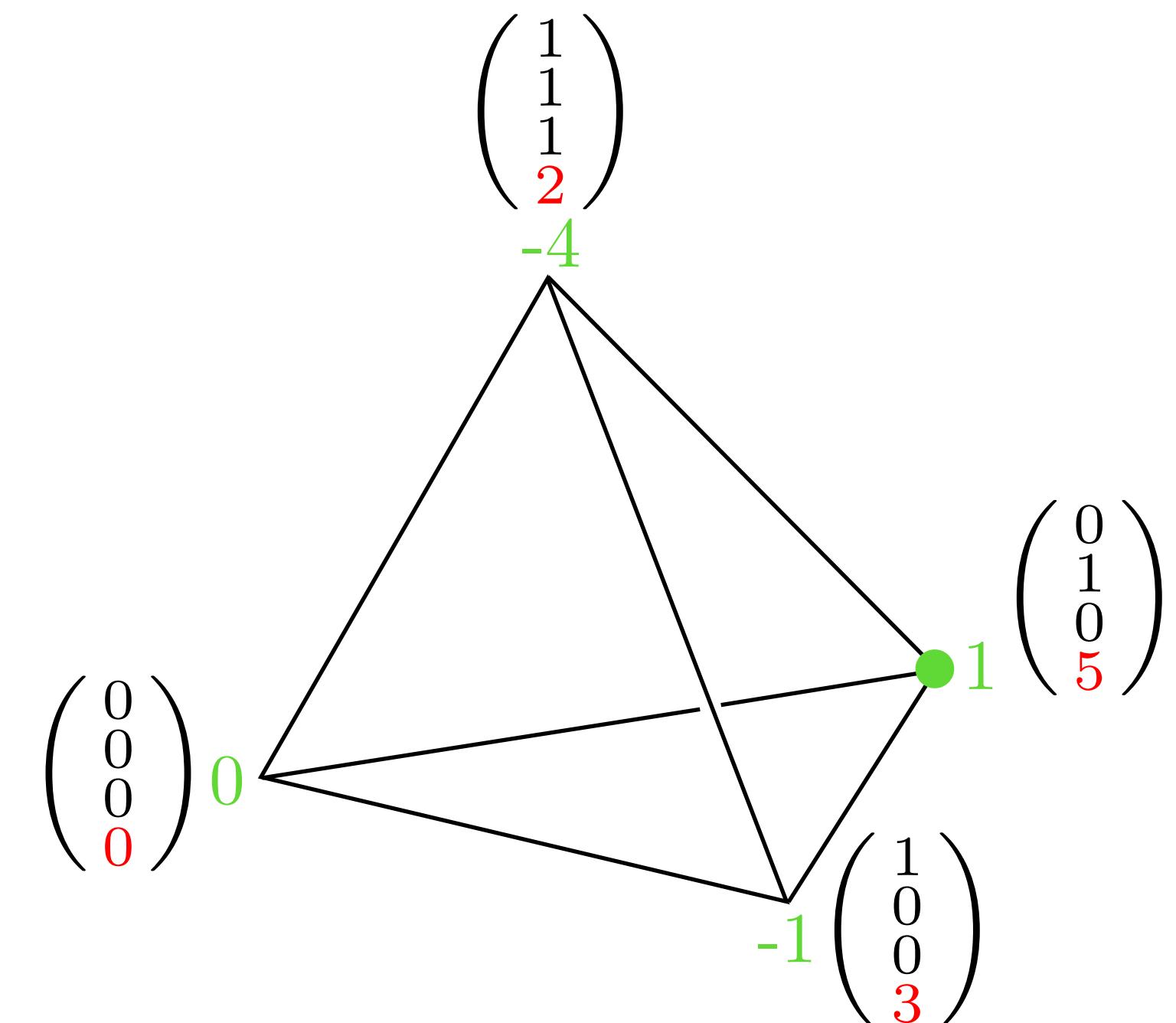
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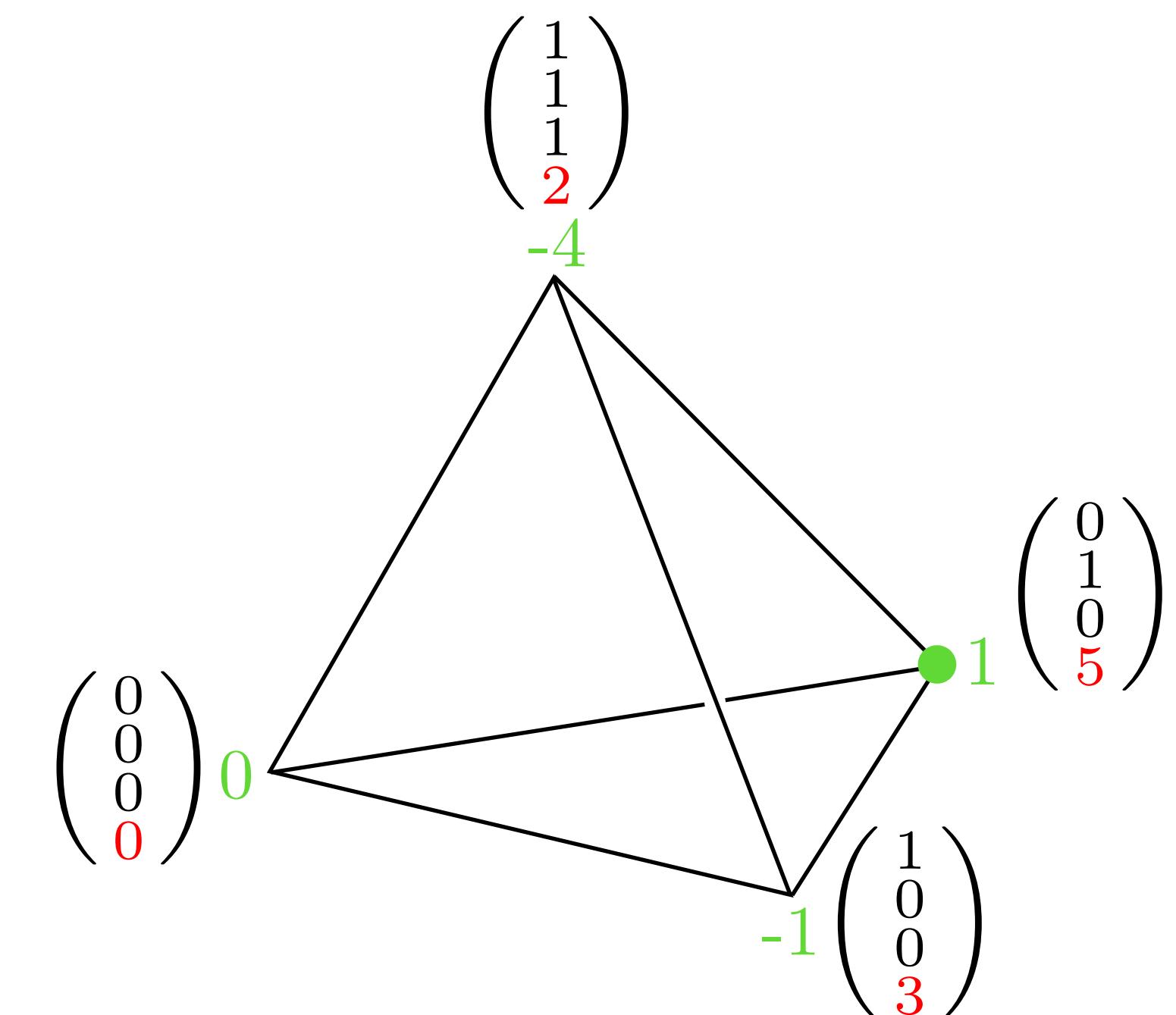
$$a \in D(v^b, p) \iff \langle \binom{a}{v^b(a)}, \binom{-p}{1} \rangle \text{ maximal}$$

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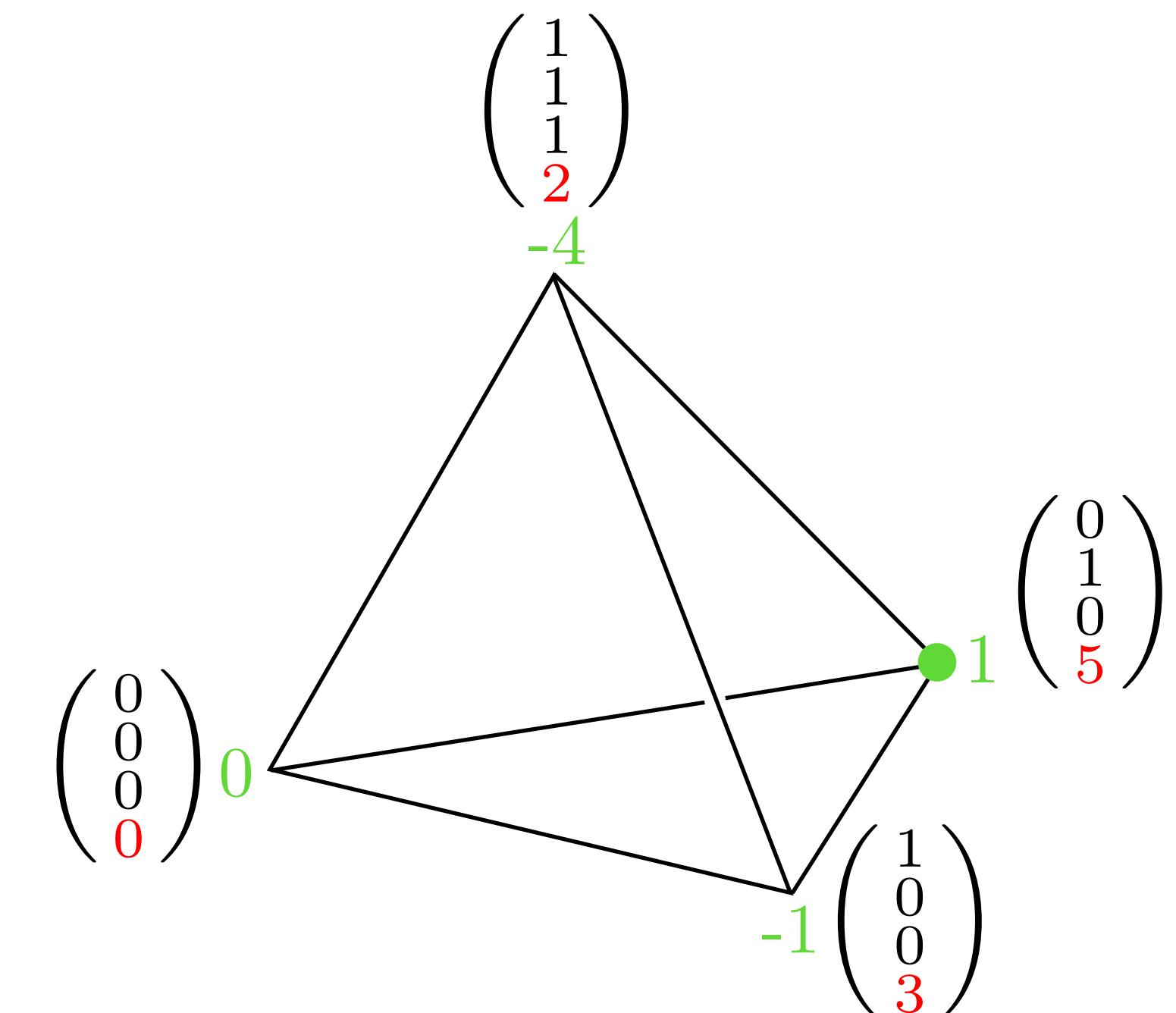
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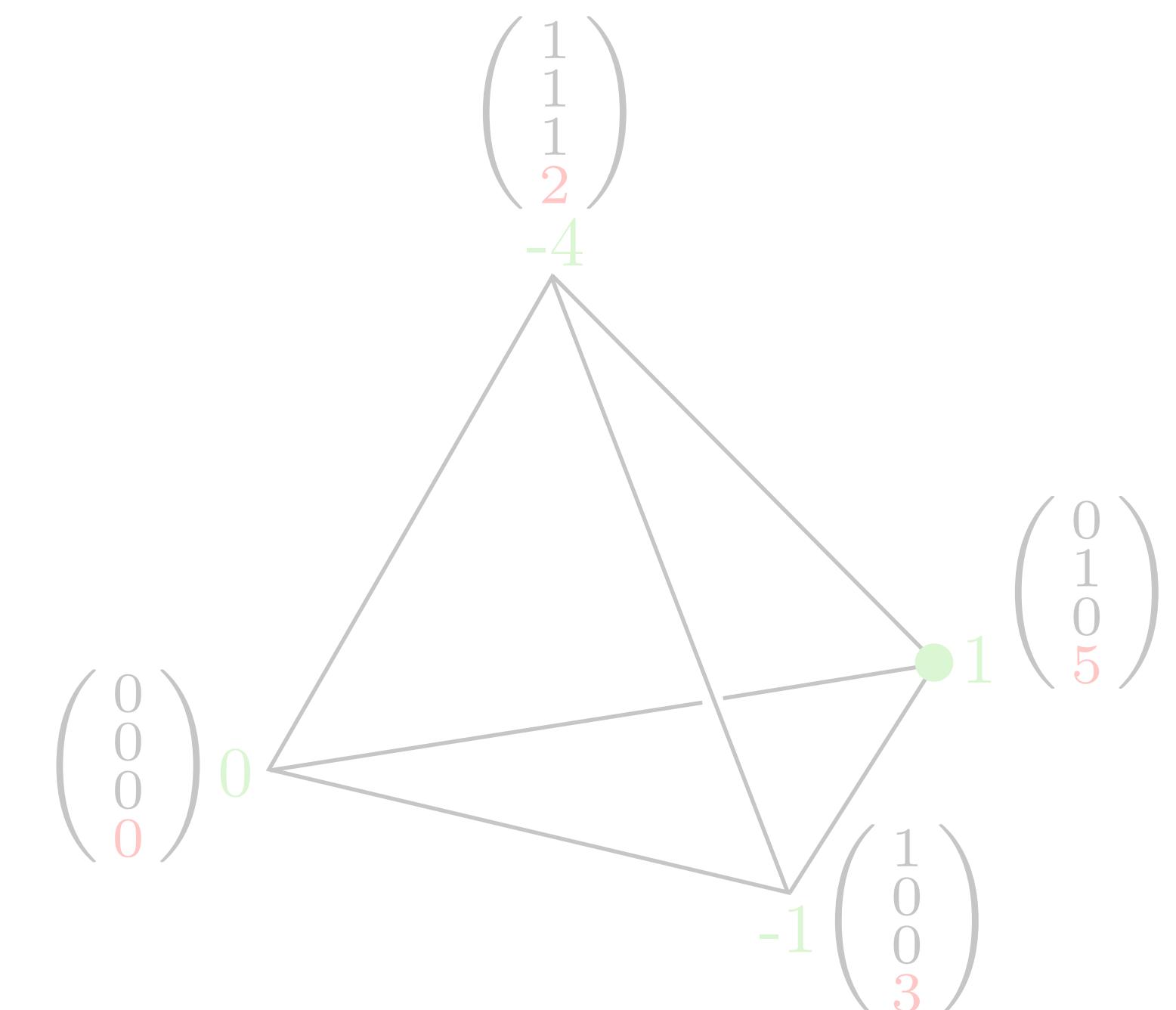
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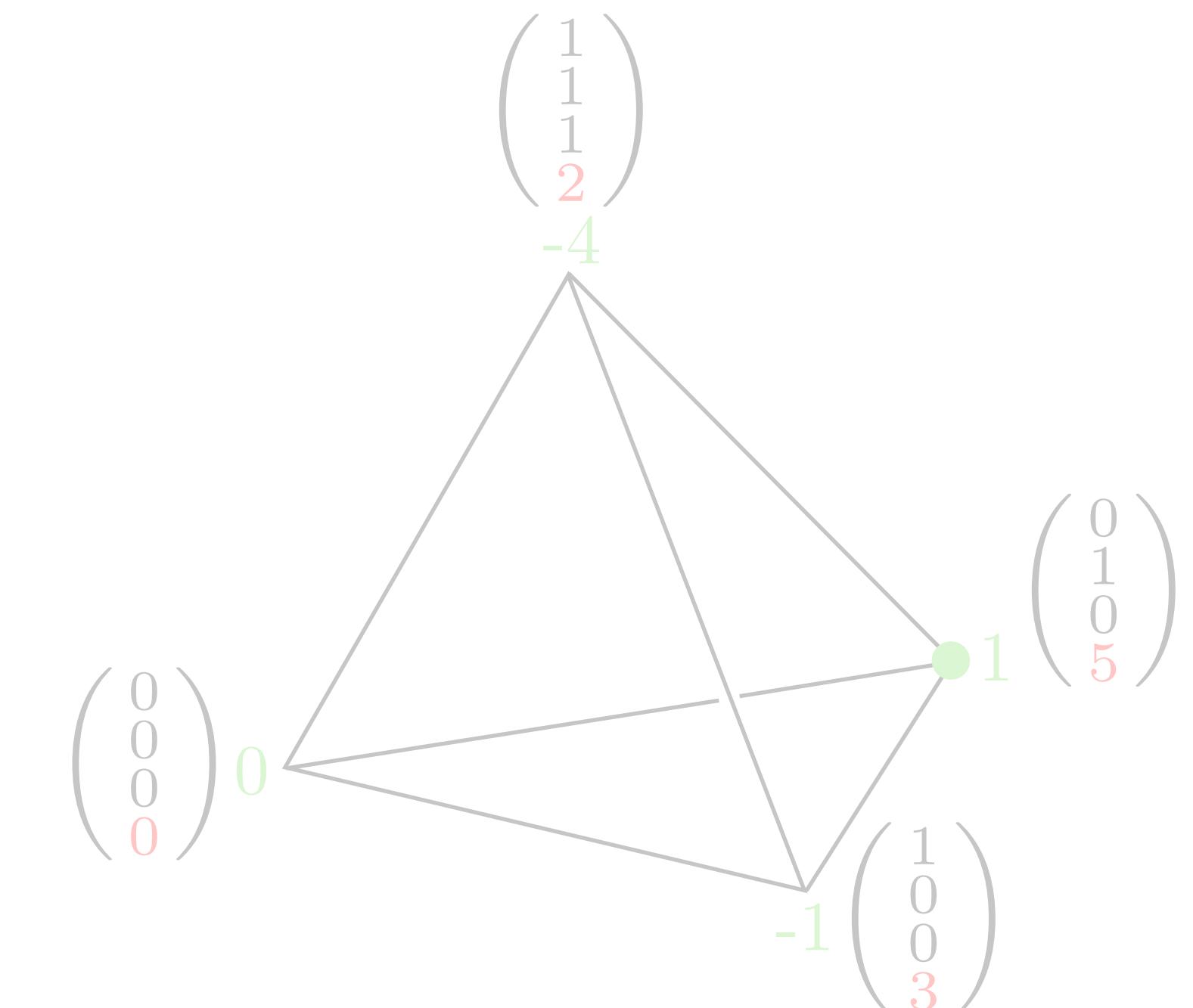
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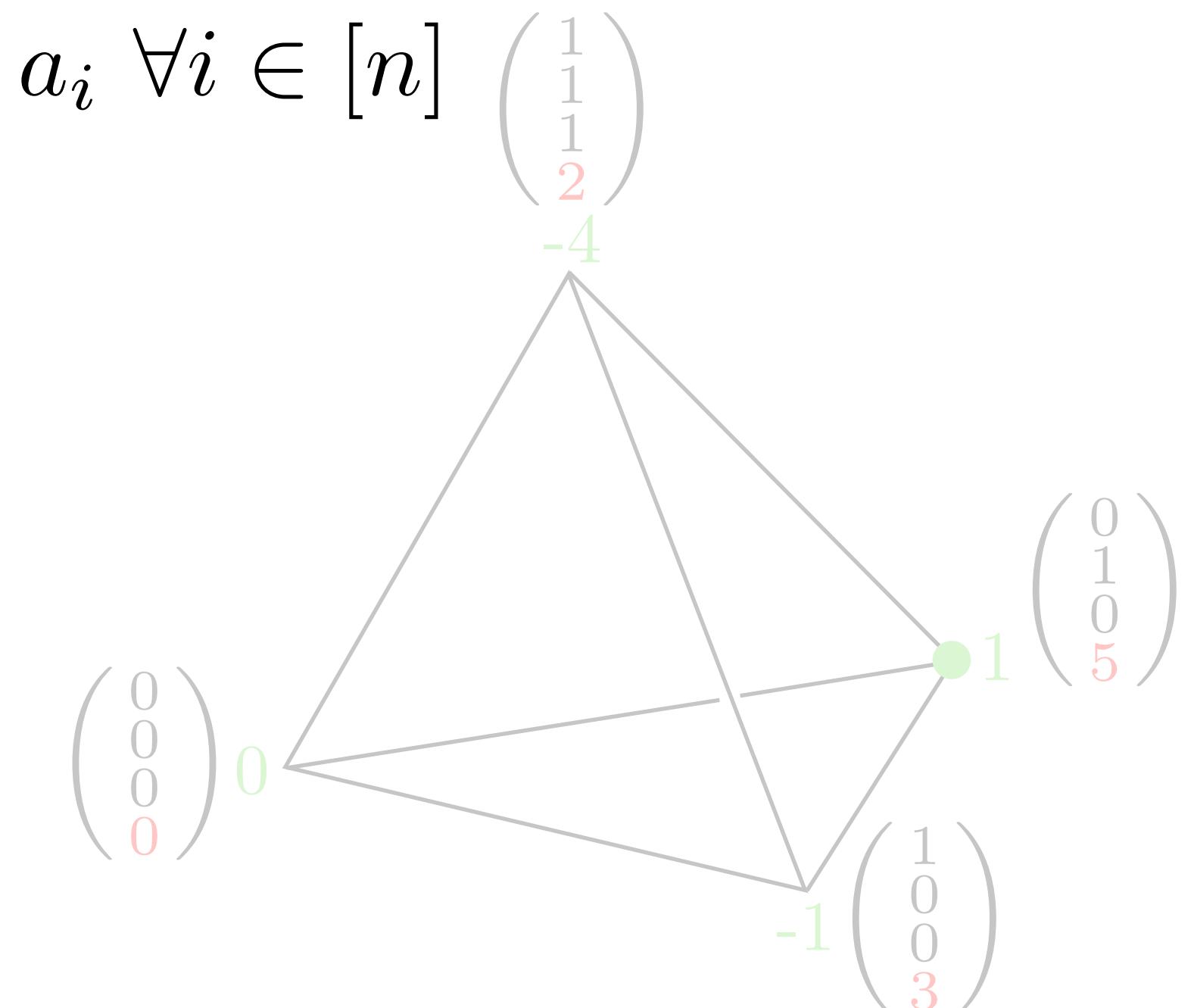
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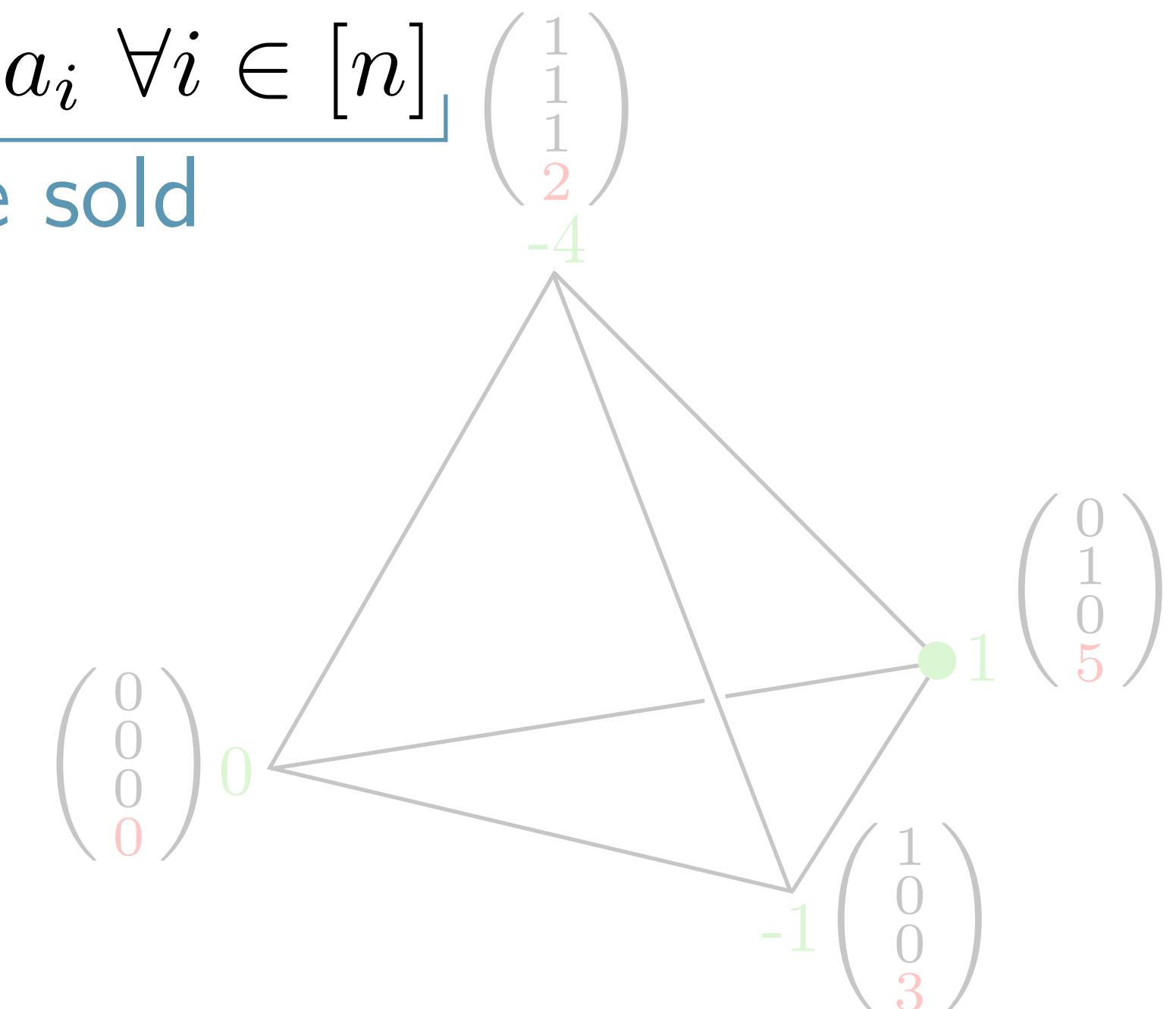
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In particular, then a CE is guaranteed to exist.

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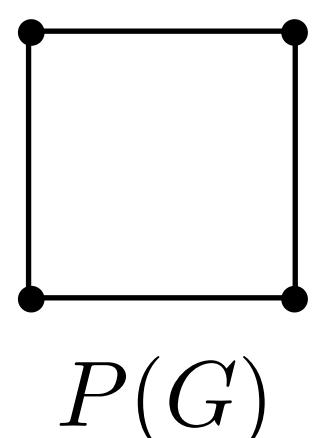
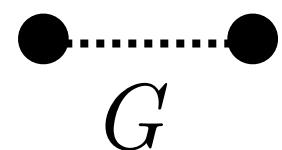
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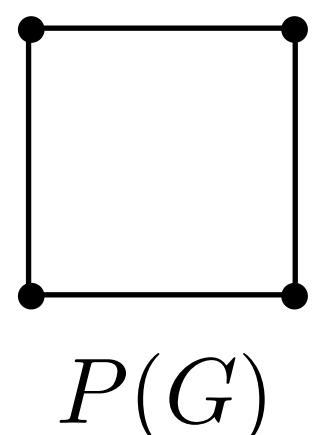
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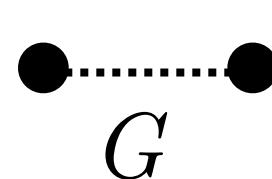
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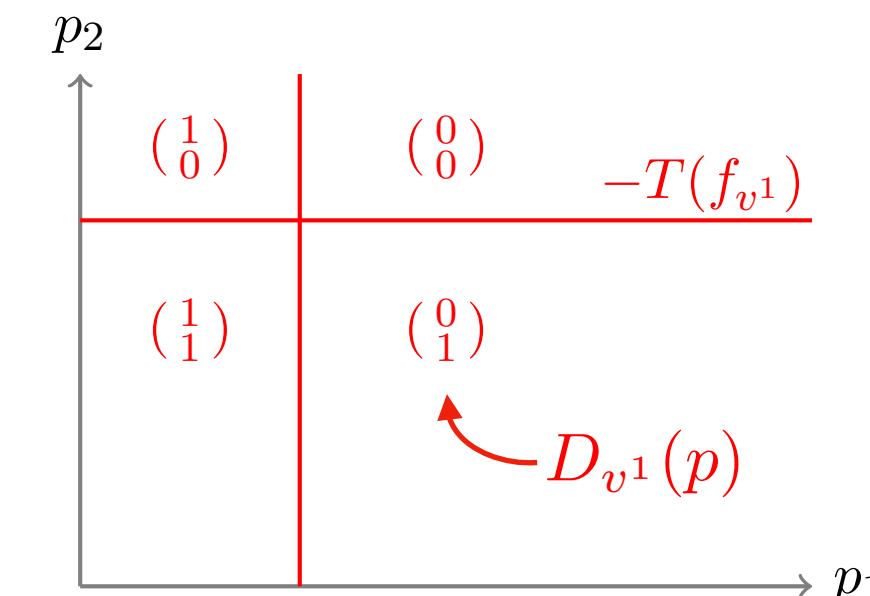
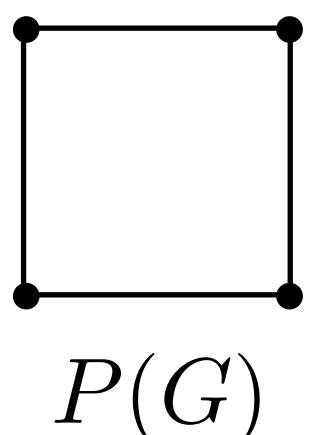
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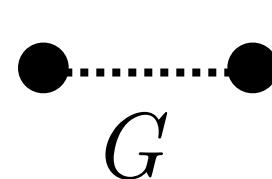
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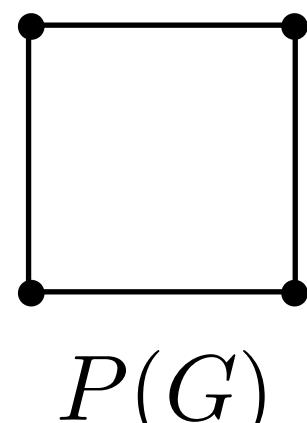
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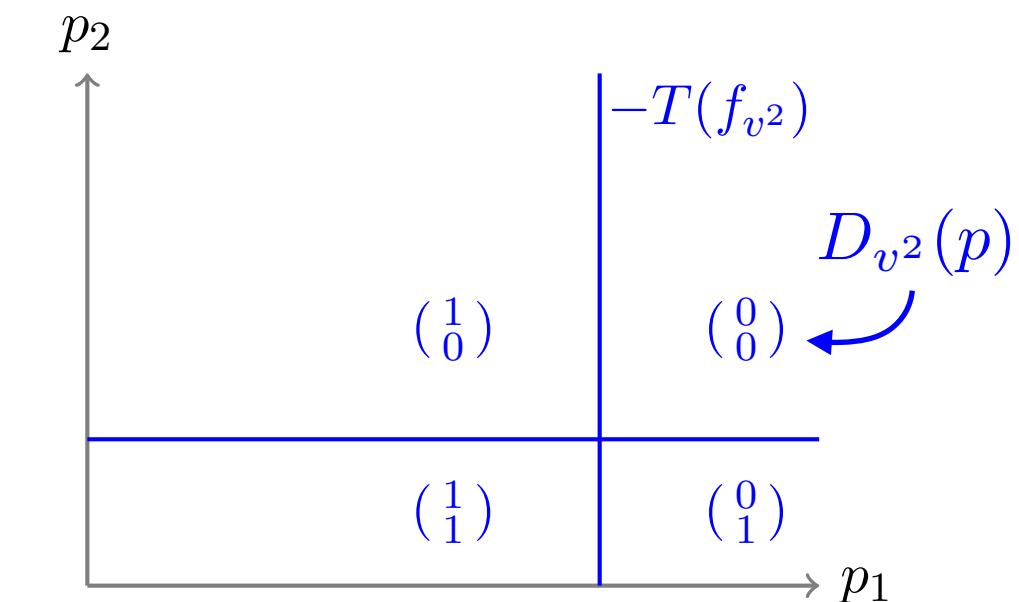
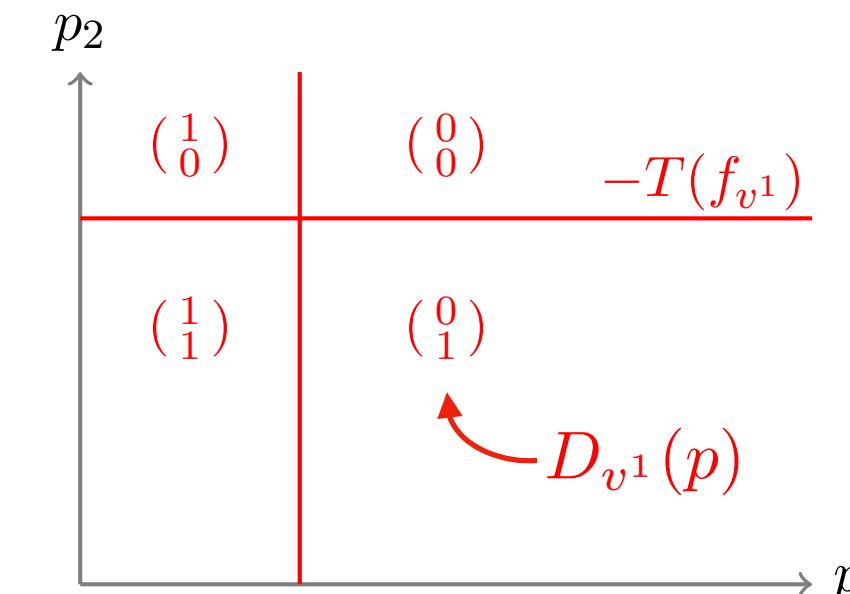
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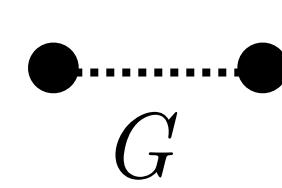
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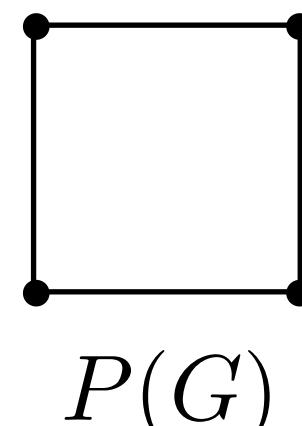
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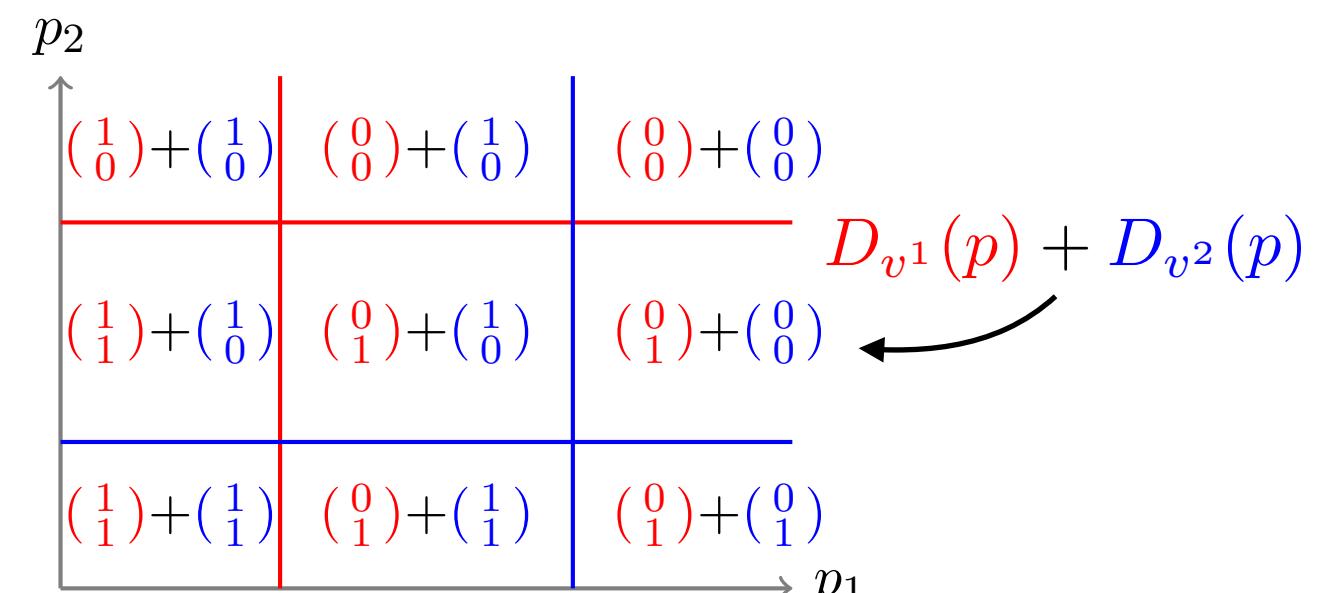
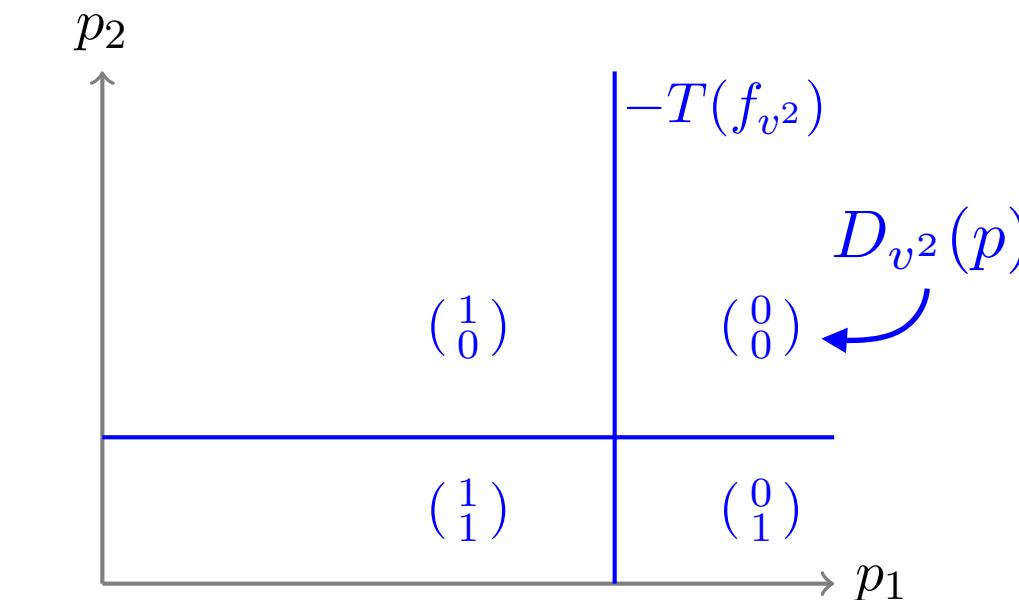
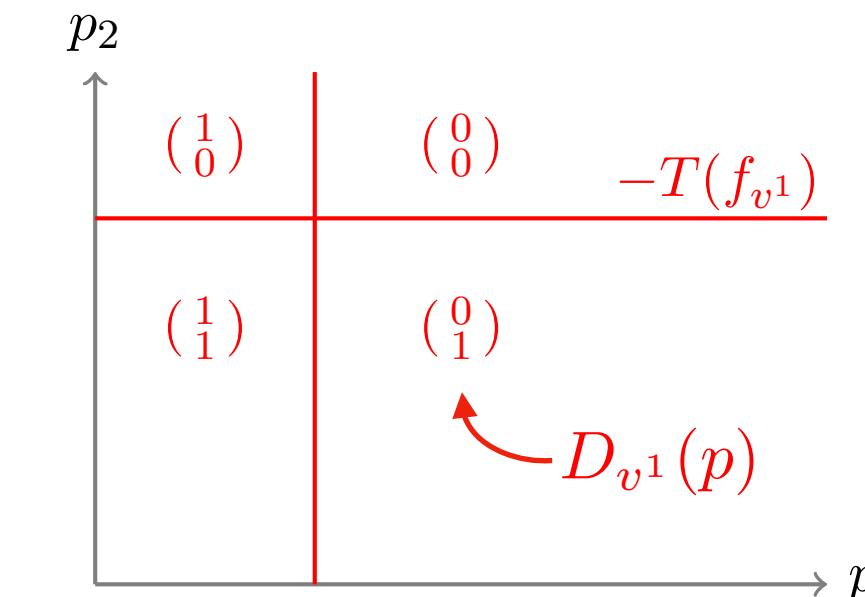
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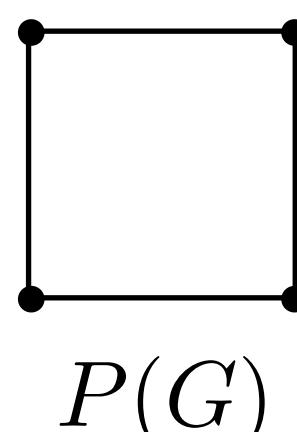
$\mathcal{T}(f_v)$ tropical hypersurface, i.e. $p \in -\mathcal{T}(f_v) \iff |D_v(p)| \geq 2$.

$\mathcal{T}(f_v)$ induces the *price regions* $\{p \mid D_v(p) = D_v(p')\}$ on \mathbb{R}^d .

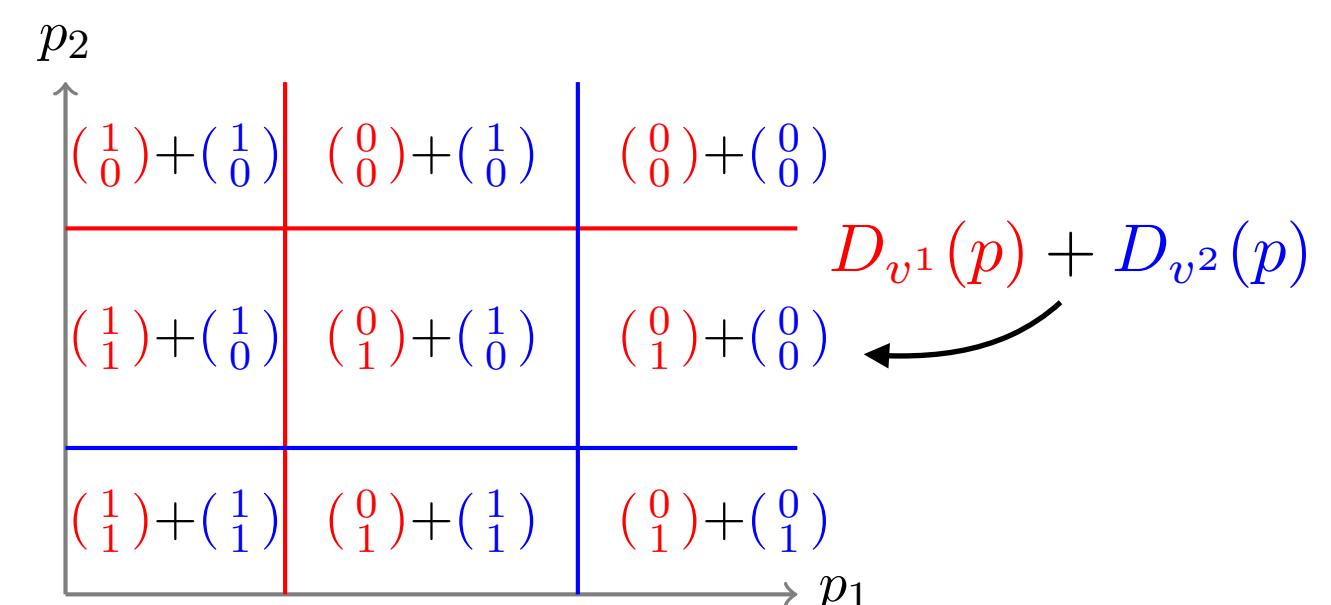
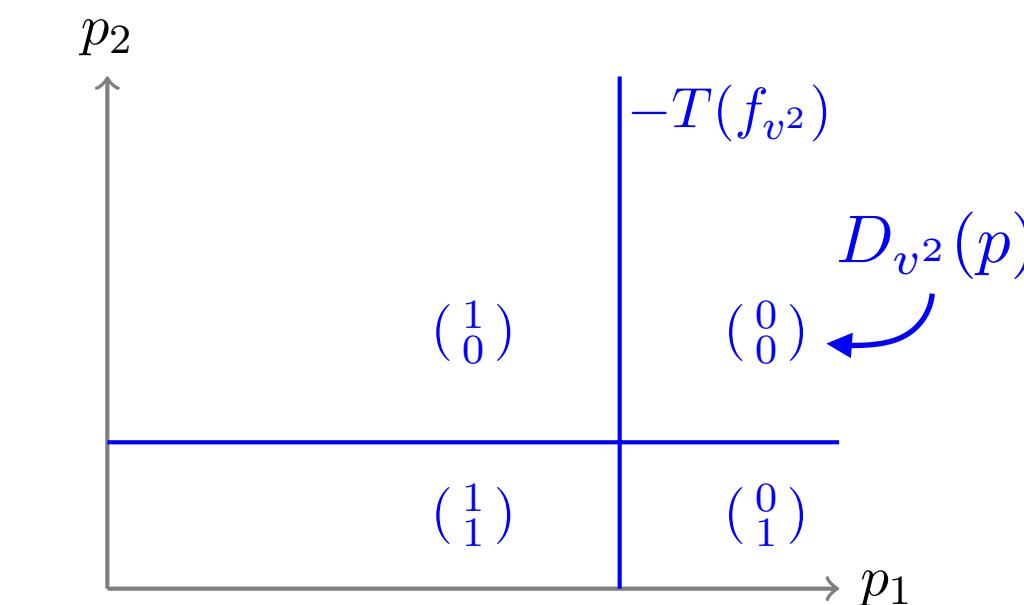
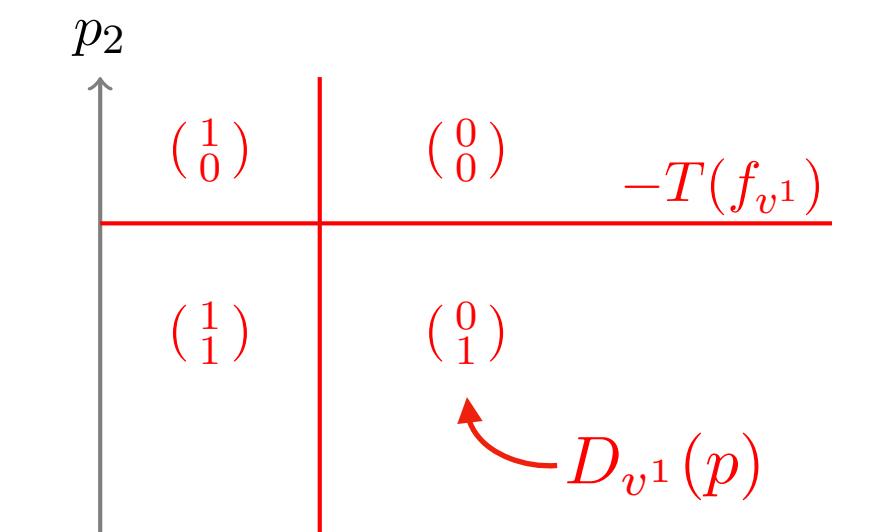
$$f_{v^1}(x) \odot f_{v^2}(x) = f_V(x)$$

$$\implies D_{v^1}(p) + D_{v^2}(p) = D_V(p)$$

$$\bullet \dots \bullet \quad w^1 = \begin{pmatrix} 3 \\ 5 \end{pmatrix} \quad f_{v^1}(x) = 0 \odot x^{\odot \begin{pmatrix} 0 \\ 0 \end{pmatrix}} \oplus 3 \odot x^{\odot \begin{pmatrix} 1 \\ 0 \end{pmatrix}} \\ \oplus 5 \odot x^{\odot \begin{pmatrix} 0 \\ 1 \end{pmatrix}} \oplus 8 \odot x^{\odot \begin{pmatrix} 1 \\ 1 \end{pmatrix}}$$



$$w^2 = \begin{pmatrix} 7 \\ 2 \end{pmatrix} \quad f_{v^2}(x) = 0 \odot x^{\odot \begin{pmatrix} 0 \\ 0 \end{pmatrix}} \oplus 7 \odot x^{\odot \begin{pmatrix} 1 \\ 0 \end{pmatrix}} \\ \oplus 2 \odot x^{\odot \begin{pmatrix} 0 \\ 1 \end{pmatrix}} \oplus 9 \odot x^{\odot \begin{pmatrix} 1 \\ 1 \end{pmatrix}}$$



Tropical Intermezzo

Notation: $a \oplus b = \max\{a, b\}$, $a \odot b = a + b$

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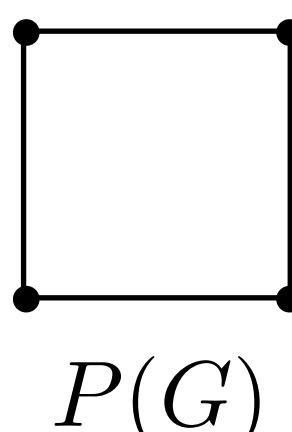
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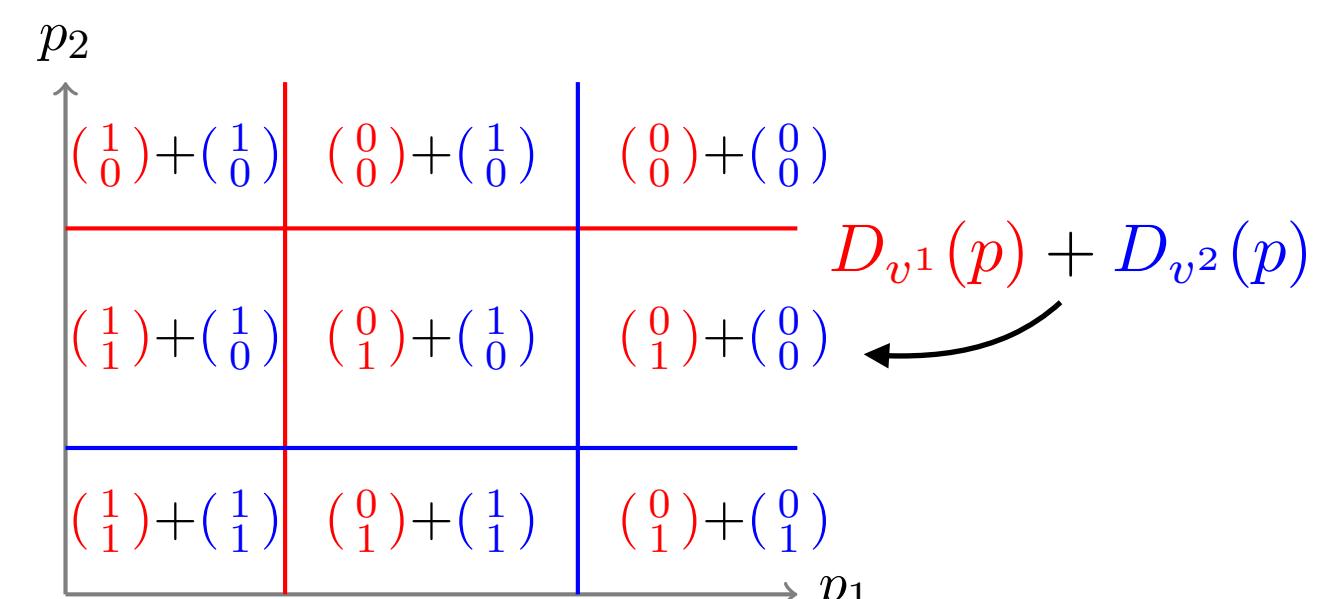
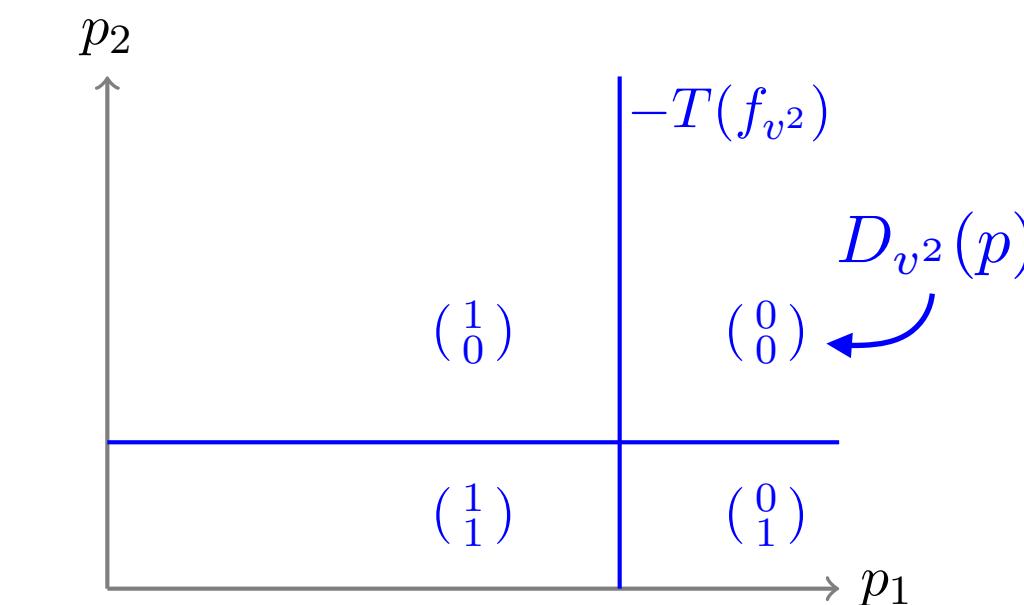
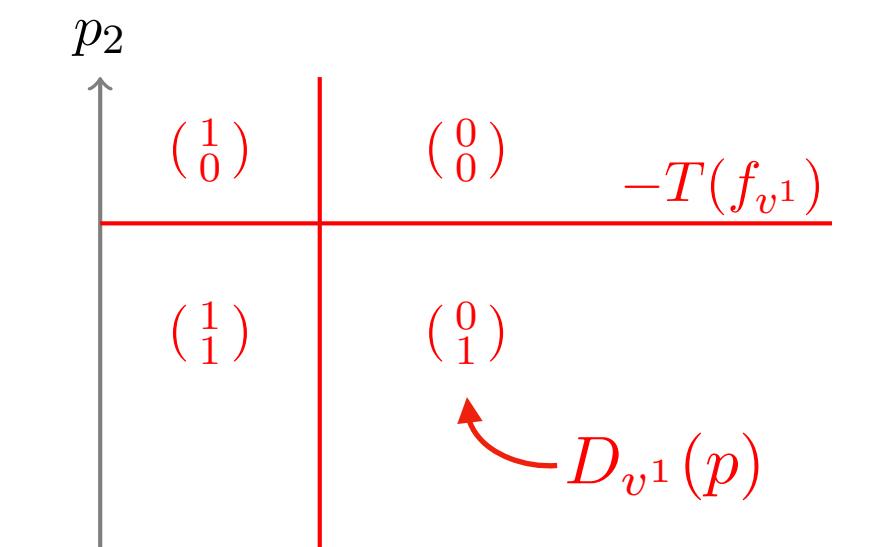
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Mixed regular subdivisions

Aggregate valuation function:

$$V(a) = \max\left\{ \sum_{b \in [m]} v^b(a^b) \mid a^b \in P(G) \cap \mathbb{Z}^d, \sum_{b \in [m]} a^b = a \right\}$$

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⇒ mixed regular subdivision on

$$P(G) + \dots + P(G) = mP(G)$$

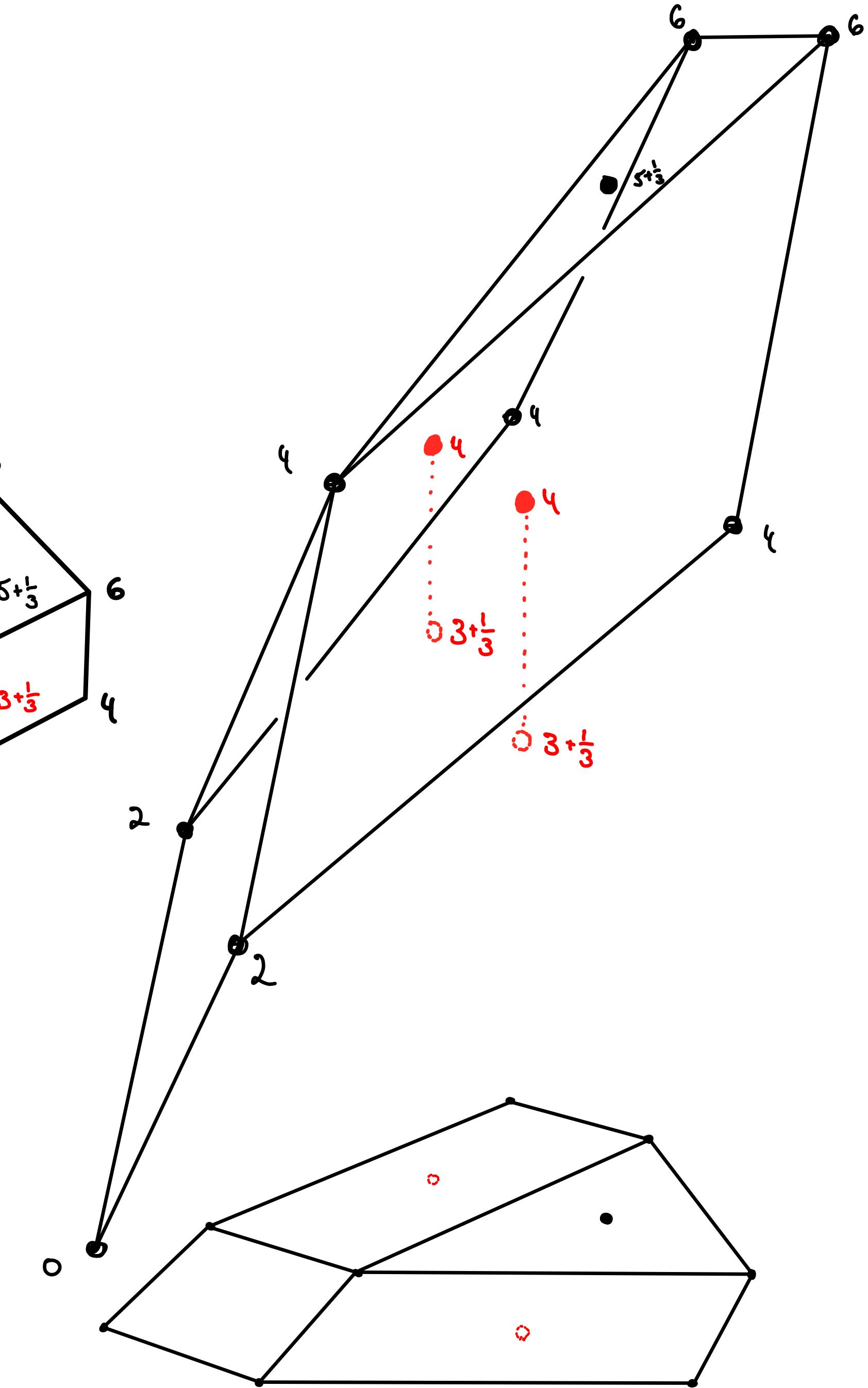
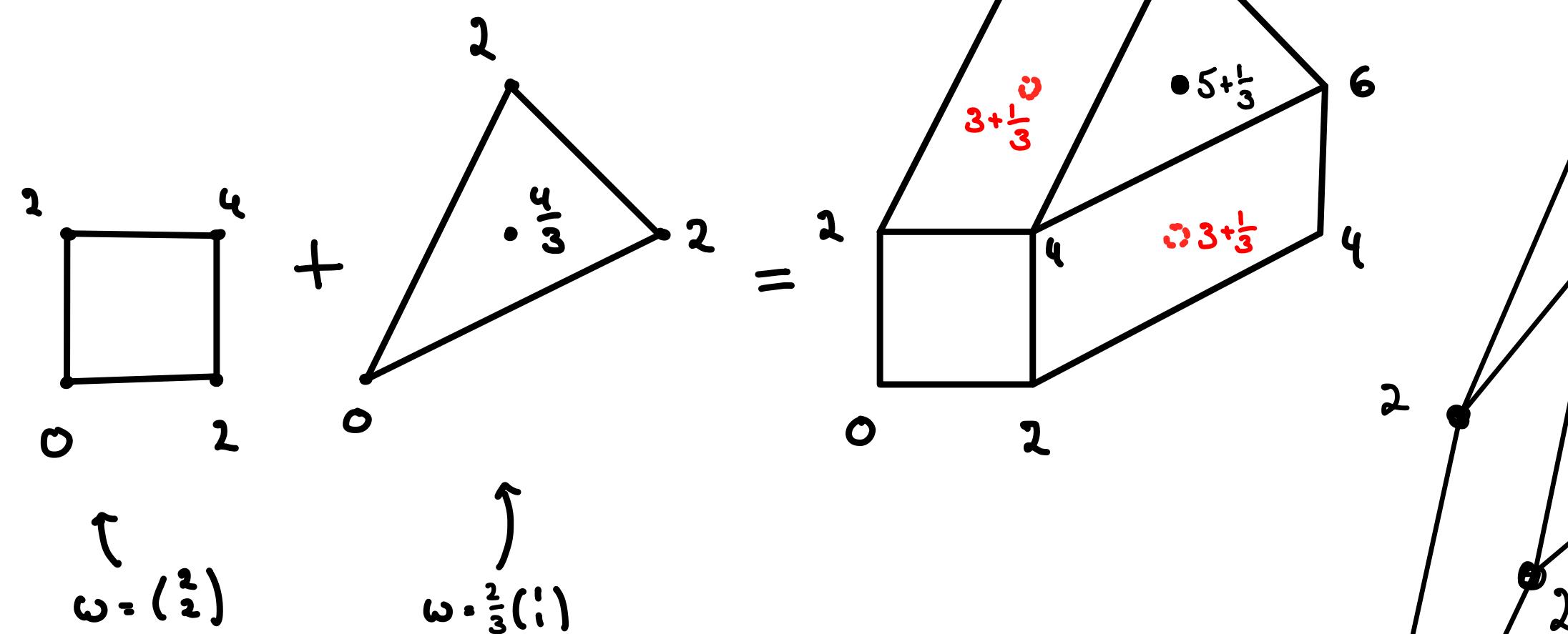
with faces $\sum_{b \in [m]} F^b$.

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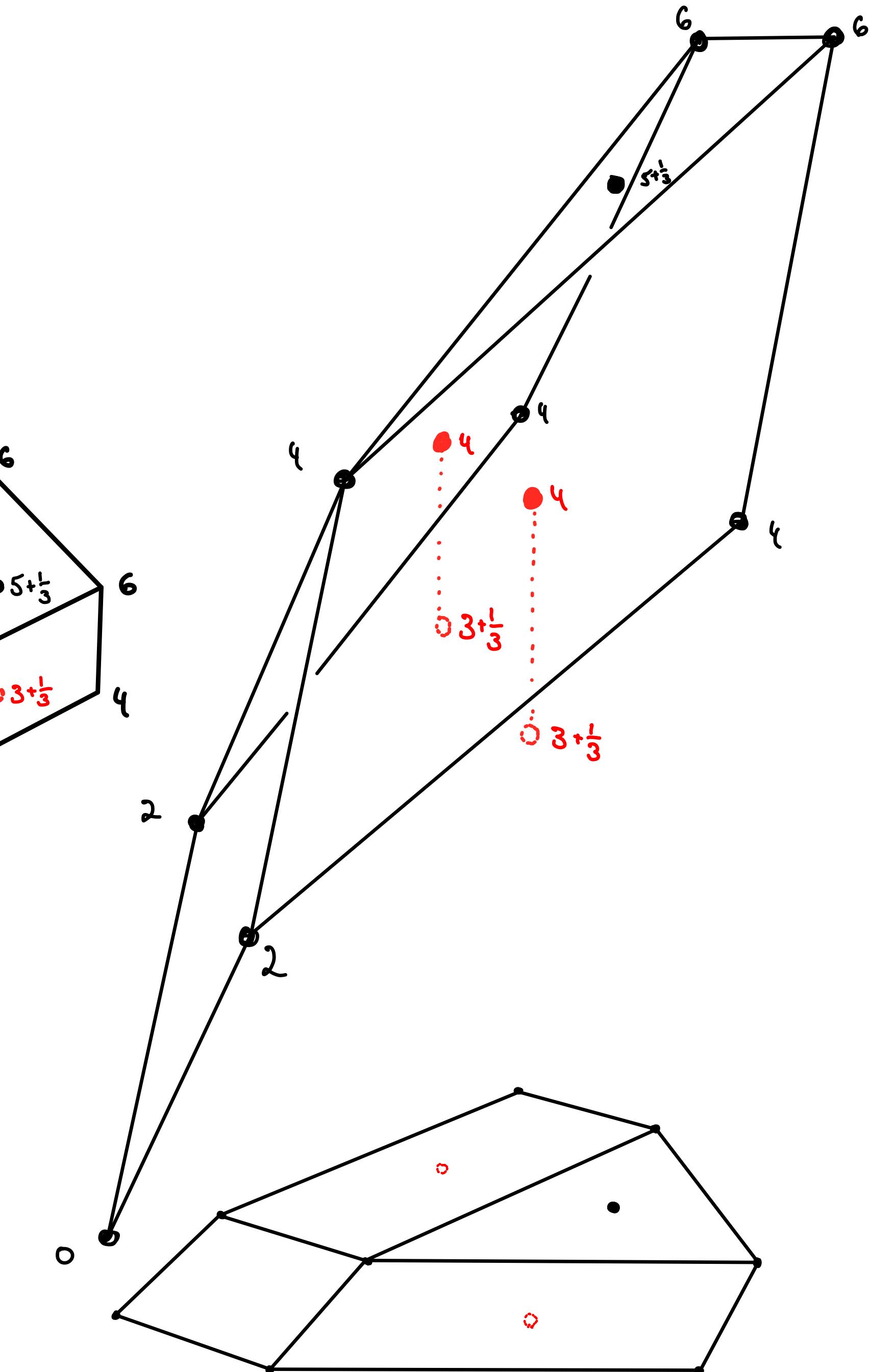
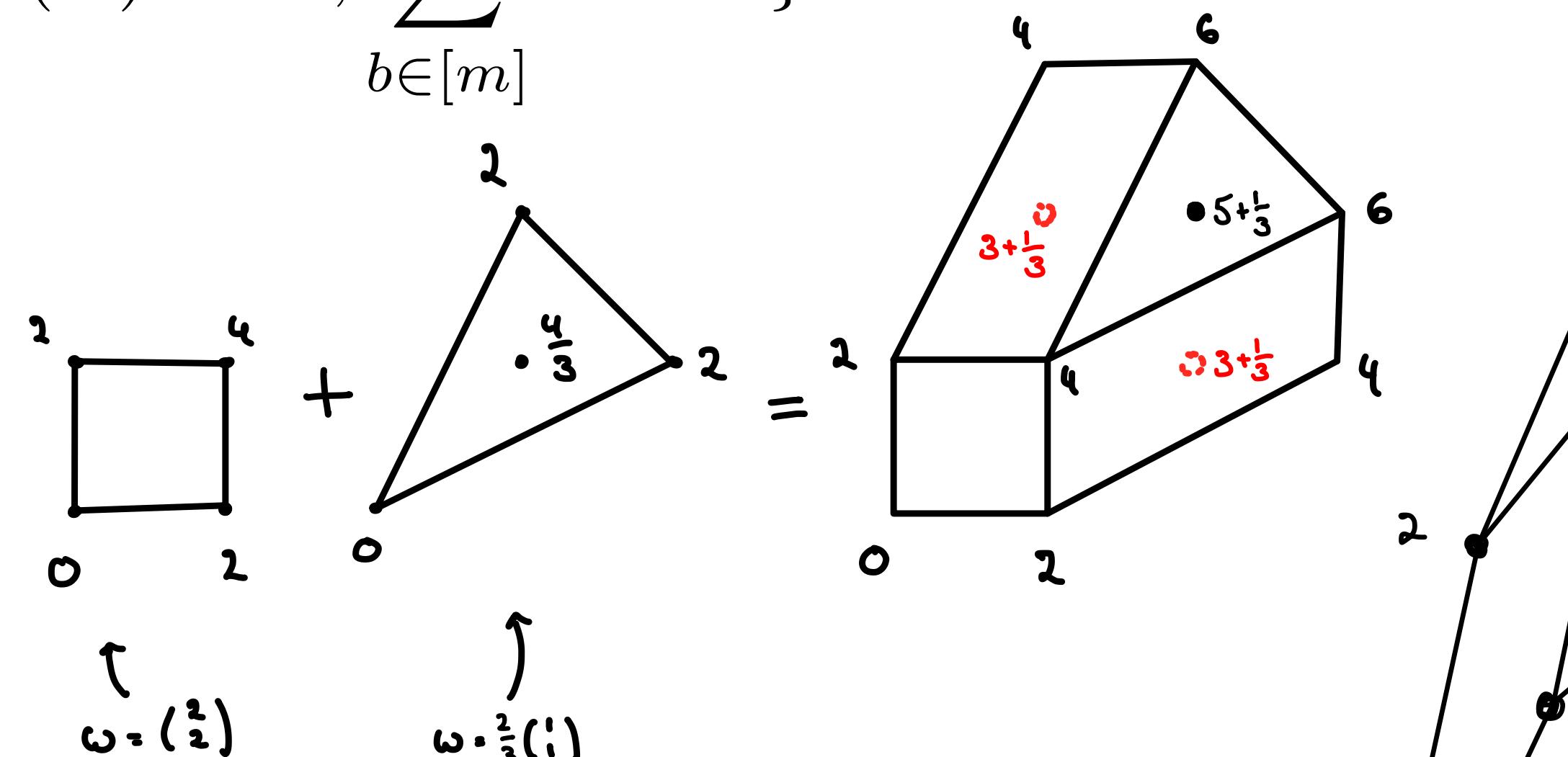
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$\forall F^1, \dots, F^m \preceq P(G)$:

$$\text{if } a \in \sum_{b \in [m]} F^b \text{ then } a \in \sum_{b \in [m]} \text{vert}(F^b)$$

face in mixed
regular subdivision

Points that are always
in the upper convex hull
of the lifted $mP(G)$



The complete graph and 0/1-bundles

The complete graph and 0/1-bundles

Definition / Proposition (de Simone, '90)

Let $G = K_n$. The polytope $P(K_n)$ is the *correlation polytope (boolean quadric polytope)*. $P(K_n) \cong$ cut polytope, but not lattice isomorphic!

The complete graph and 0/1-bundles

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Theorem (B.-Haase-Tran, '21⁺)

Let $a^* \in \{0, 1\}^n$. Then $\forall a \in \pi^{-1}(a^*)$ such that

$$\forall F^1, \dots, F^m \preceq P(K_n) \text{ holds: if } a \in \sum_{b \in [m]} F^b \text{ then } a \in \sum_{b \in [m]} \text{vert}(F^b).$$

Reminder

Let $a^* \in \mathbb{Z}_{\geq 0}^n$. A CE is guaranteed to exist if $\exists a \in \pi^{-1}(a^*)$ such that

$$\forall F^1, \dots, F^m \preceq P(G) : \text{if } a \in \sum_{b \in [m]} F^b \text{ then } a \in \sum_{b \in [m]} \text{vert}(F^b).$$

The complete graph and arbitrary bundles

The complete graph and arbitrary bundles

Example.

$G = K_4, a^* = (2, 2, 2, 2)$. There are edges e_1, e_2, e_3, e_4 of $P(K_4)$ s.t.
 $a = (2, 2, 2, 2, 1, 1, 1, 1, 1, 1)$ is the sum of midpoints, but not sum of vertices.

The complete graph and arbitrary bundles

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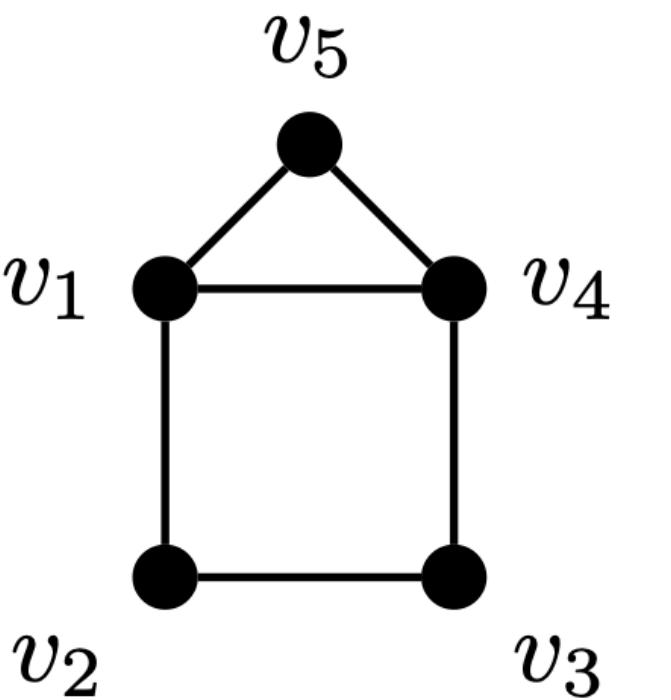
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Other graphs where CE might not exist

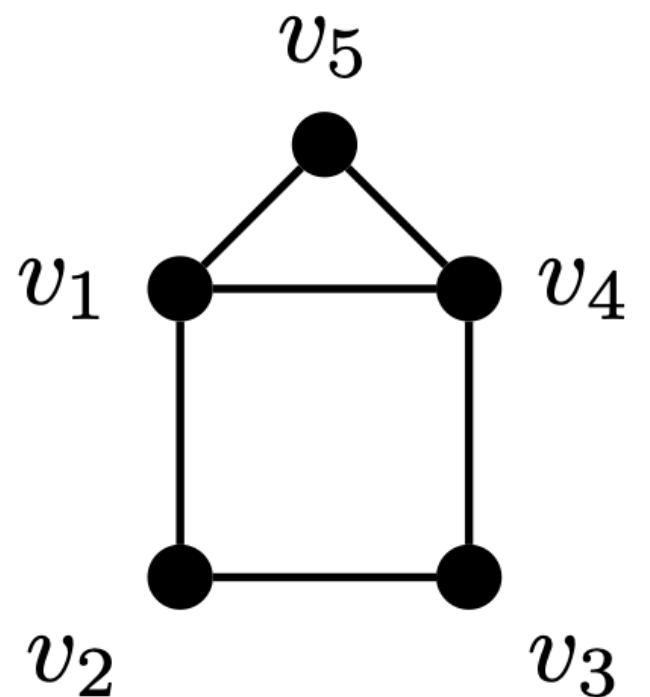
Other graphs where CE might not exist

Example.



Other graphs where CE might not exist

Example.



$a^* = (1, 1, 1, 1, 1)$. There are edges e_1, e_2, e_3, e_4 of $P(G)$ s.t.

$$\pi^{-1}(a^*) \cap \sum_{i=1}^4 e_i = \{(1, 1, 1, 1, 0, 0, 0, 0, 0, 0)\}$$

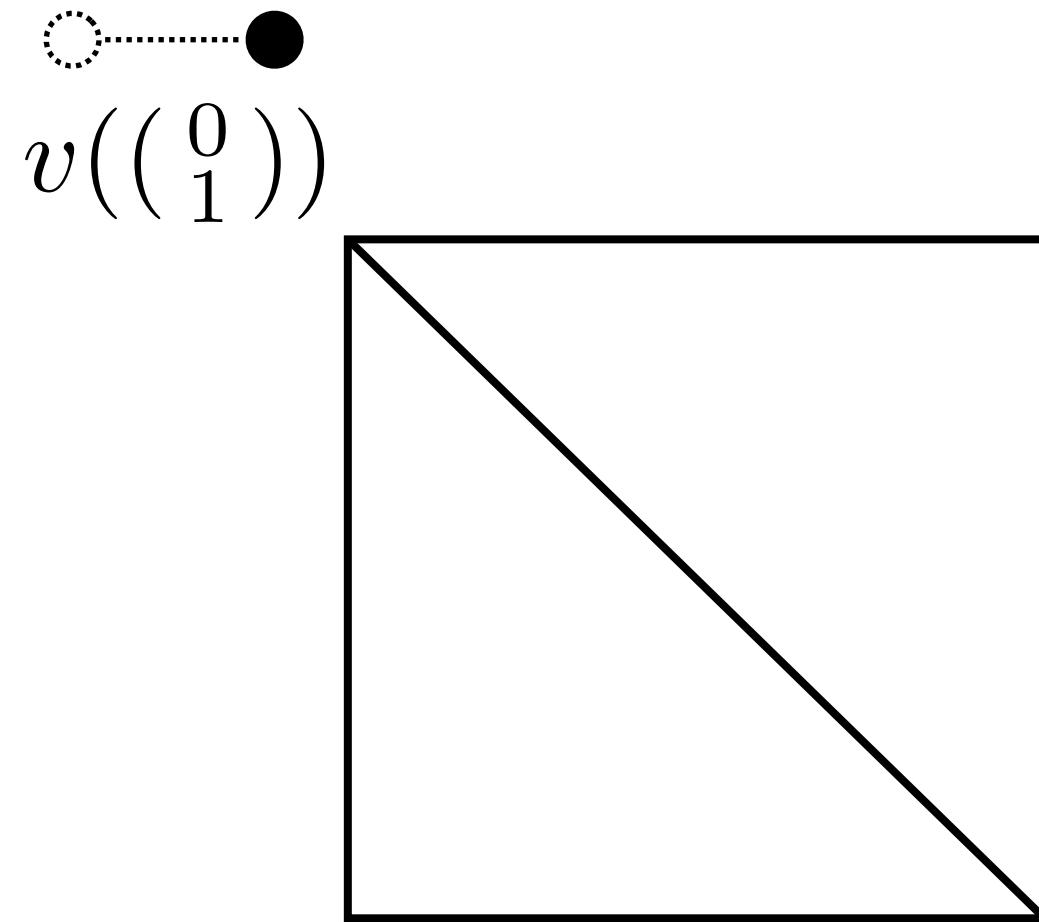
and

$$\pi^{-1}(a^*) \cap \sum_{i=1}^4 \text{vert}(e_i) = \emptyset.$$

Comparison: classical approach

Non-linear valuations on the cube

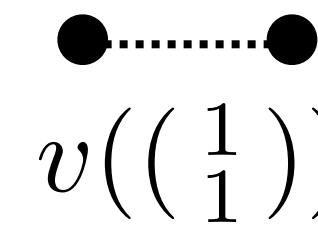
$$v\left(\begin{pmatrix} 0 \\ 1 \end{pmatrix}\right)$$



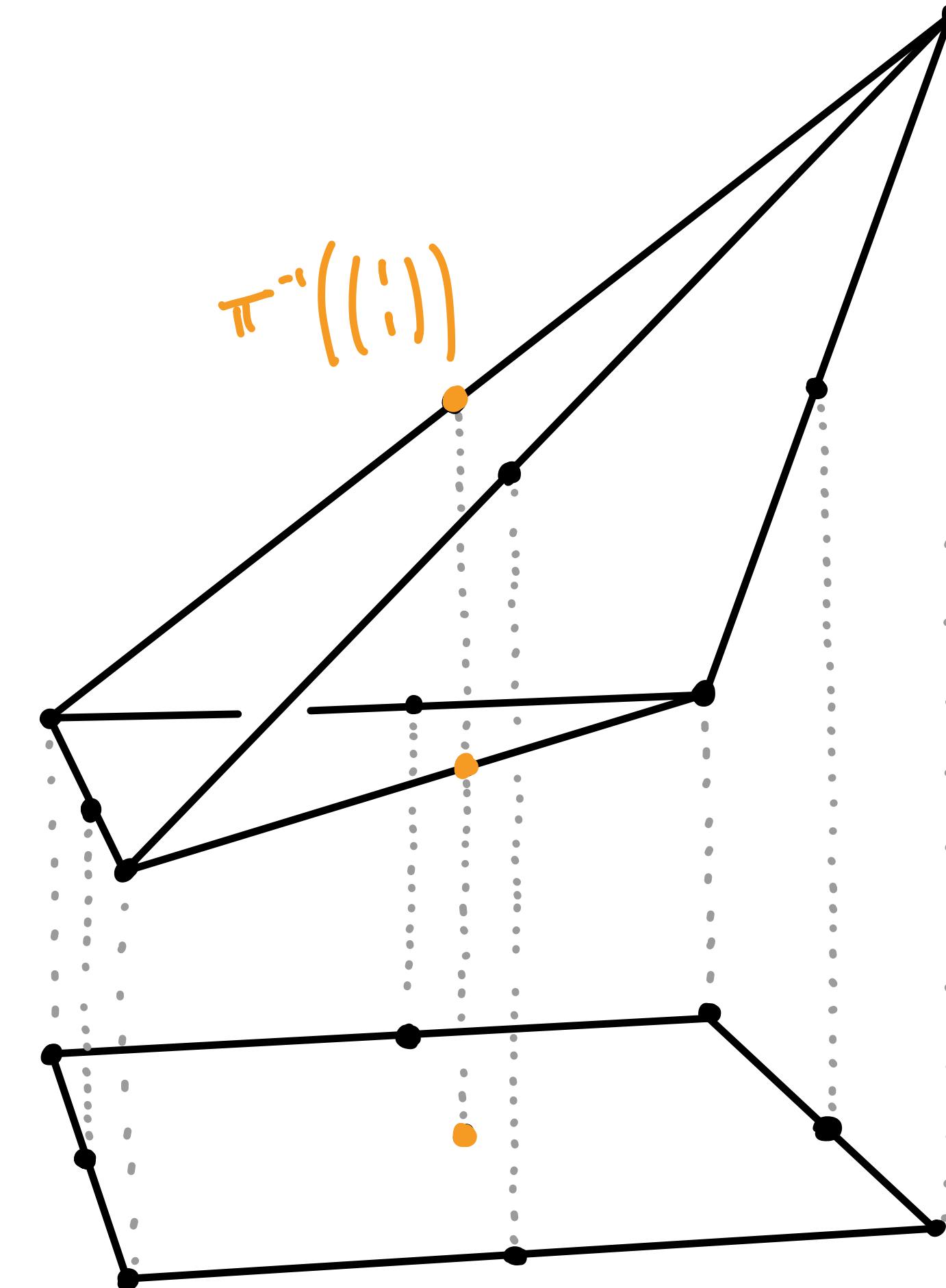
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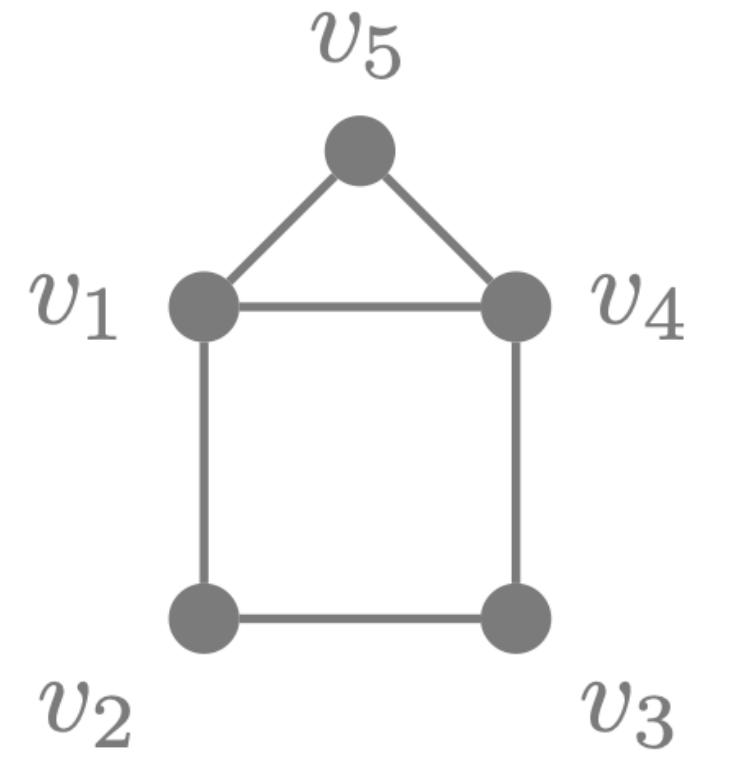
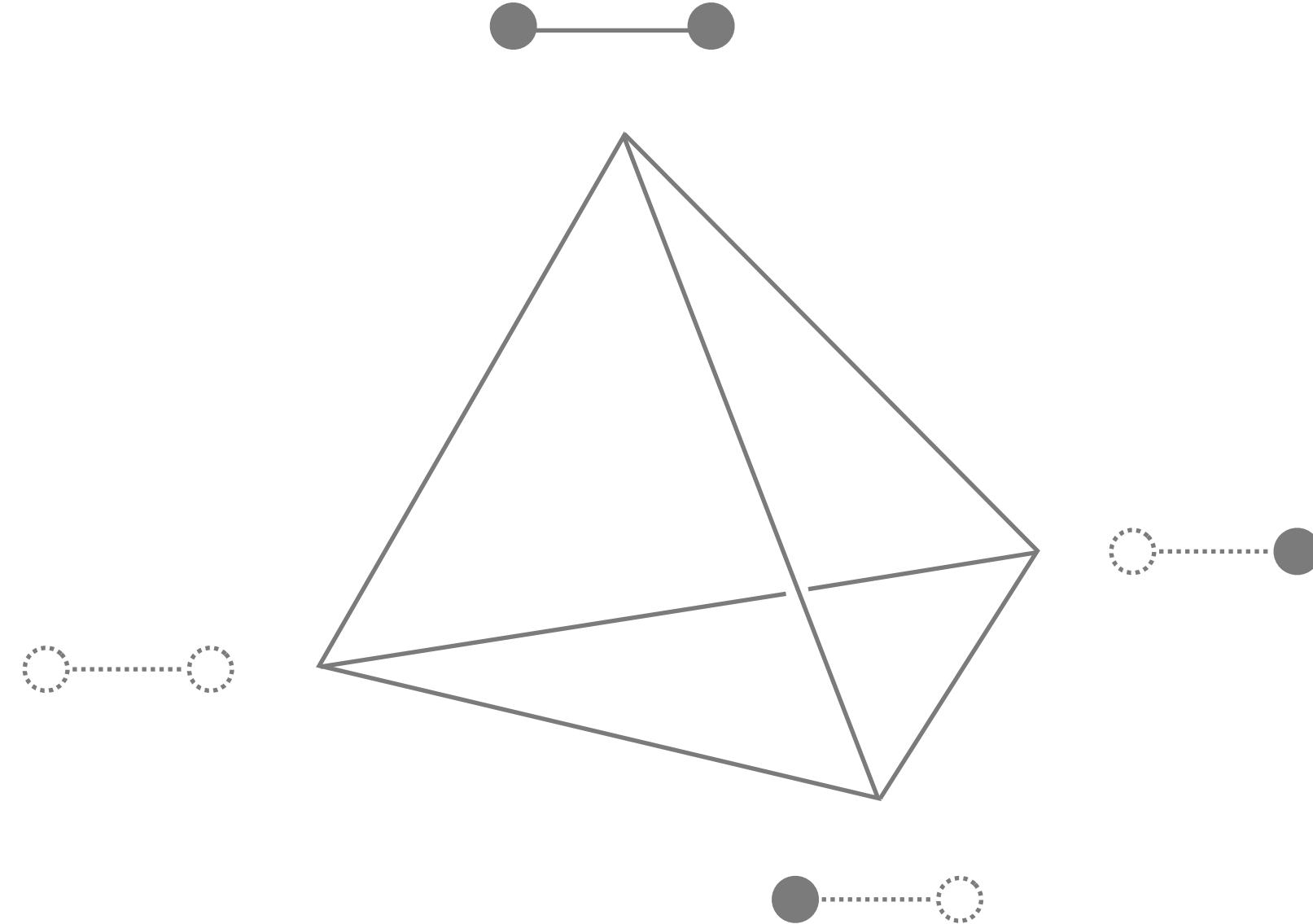


$$v\left(\begin{pmatrix} 1 \\ 1 \end{pmatrix}\right)$$



$$v\left(\begin{pmatrix} 1 \\ 0 \end{pmatrix}\right)$$





Thank you!

