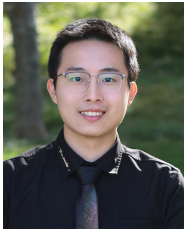# Dynamic Resource Allocation to Strategic Agents under Cost Constraints

Yan Dai[1]   Negin Golrezaei[1]   Patrick Jaillet[1]

[1]Massachusetts Institute of Technology

The Modern Allocation Trilemma

Dynamic Allocation of Reusable Resources

- T rounds, 1 planner, K agents, 1 indivisible resource

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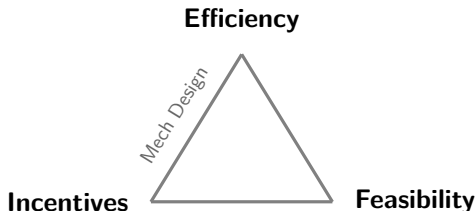- **Feasibility.** Obey long-term constraints (*e.g.*, cost, energy)

Question. Can all three be achieved simultaneously?

No "3-in-1" Approach in the Literature

Efficiency

Incentives   **Feasibility**

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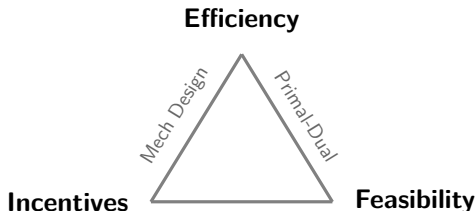
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- **Efficiency + Incentives + Feasibility?** **No** unless super restrictive assumptions (*e.g.*, homogeneous agents [Yin et al., 2022] & "fair share"-like constraints & non-social-welfare objective [Gorokh et al., 2021]) **"Impossible triangle"?**

Standard Methods Fail: The Strategic Gap

Standard Primal-Dual Methods

Decide *dual* $\boldsymbol{\lambda}_1, \ldots, \boldsymbol{\lambda}_T$ ("shadow prices" for cost constraints)

Give dual-adjusted *primal allocation* ($\tilde{i}_t^* := \mathrm{argmax}_i(v_{t,i} - \boldsymbol{\lambda}_t^{\mathsf{T}} \boldsymbol{c}_{t,i})$)

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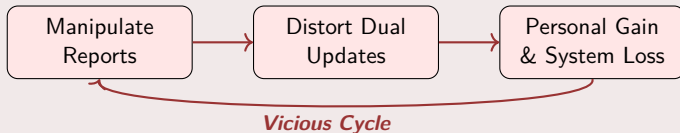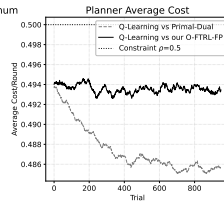
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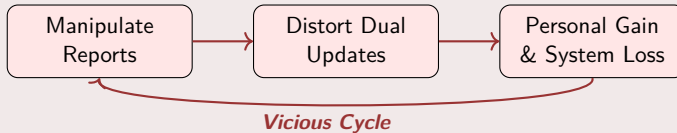```
Manipulate   Distort Dual   Personal Gain
Reports   →   Updates   →   & System Loss
```

*Vicious Cycle*

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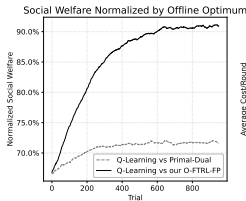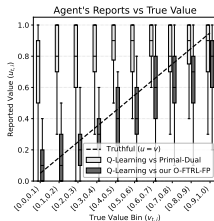
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### Main Result: $\widetilde{\mathcal{O}}(\sqrt{T})$ Social Welfare Regret & 0 Constr Violation

**Regret.** $\mathbb{E}[\sum_t (v_{t,i_t^*} - v_{t,i_t})] = \widetilde{\mathcal{O}}(\sqrt{T})$ ($\{i_t^*\} :=$ offline optimum)
**Constr Violation.** $\frac{1}{T}\sum_t c_{t,i_t} \leq \boldsymbol{\rho}$ *a.s.* (0 constraint violation)

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**Theorem.** $\widetilde{\mathcal{O}}(1)$ misreports & $\widetilde{\mathcal{O}}(1)$ misallocations per epoch

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## Novel Online Learning Framework: O-FTRL-FP

Equip Optimistic FTRL [Rakhlin and Sridharan, 2013] with **Fixed Points**
Allow action-dependent predictions: If round-$t$ loss func $f_t(x)$ depends on
round-$t$ action $x_t$, we allow $\hat{f}_t(x; x_t)$-style predictions instead of only $\tilde{f}_t(x)$

# Main Results & Takeaway

## Main Contribution

First dynamic mechanism achieving the **trilemma**:

- **Efficiency.** Optimal $\widetilde{\mathcal{O}}(\sqrt{T})$ regret (matching non-strategic LB)
- **Incentives.** Robust to strategic agents ($\exists$ near-truthful PBE)
- **Feasibility.** Zero constraint violation (with probability 1)

## Key Techniques

- **Incentive-Aware Primal Allocations.** Novel mixture of lazy updates, uniform exploration, & dual-adjusted payments
- **Dual Learning via Predictions.** Truthful $\Rightarrow$ predictability (nearly) & novel O-FTRL-FP framework for online learning

### Questions are more than welcomed!

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