

# 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

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



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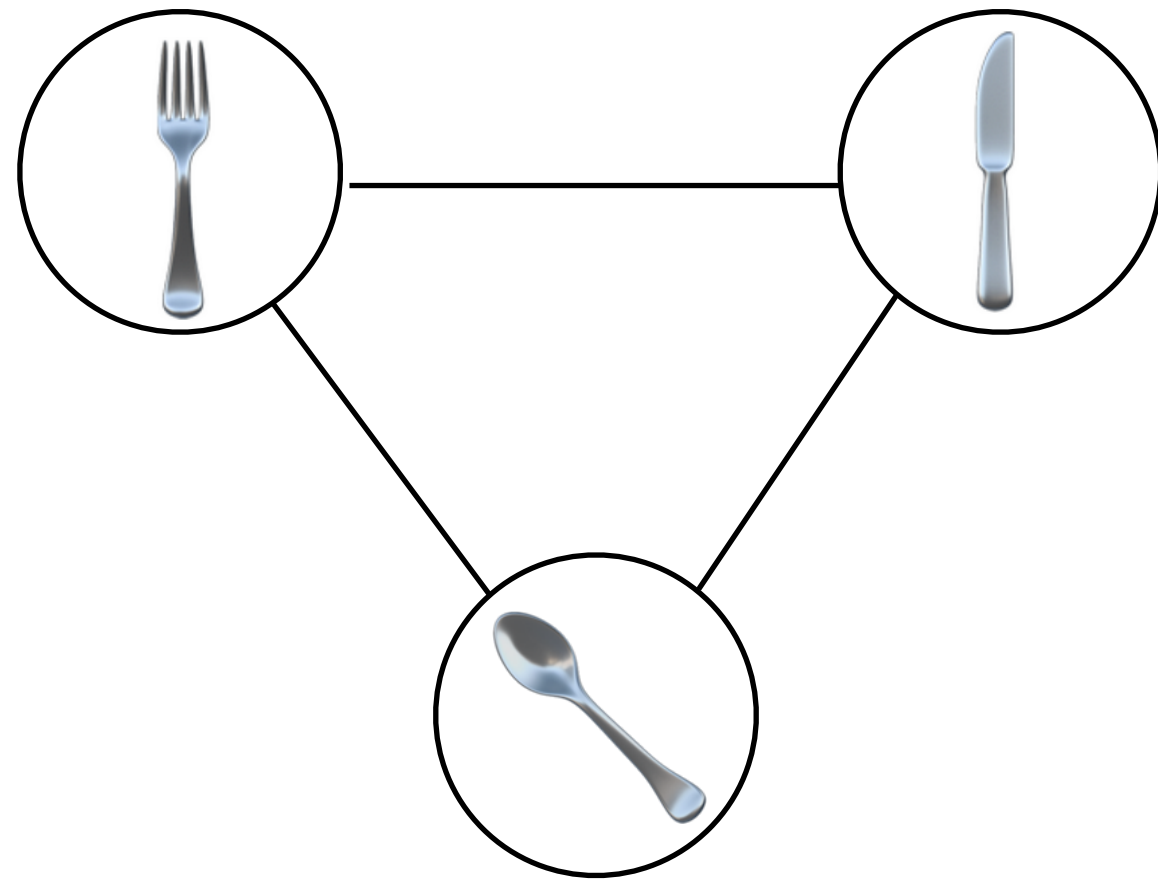
MAX-PLANCK-GESELLSCHAFT

# 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  $G = K_n$  )

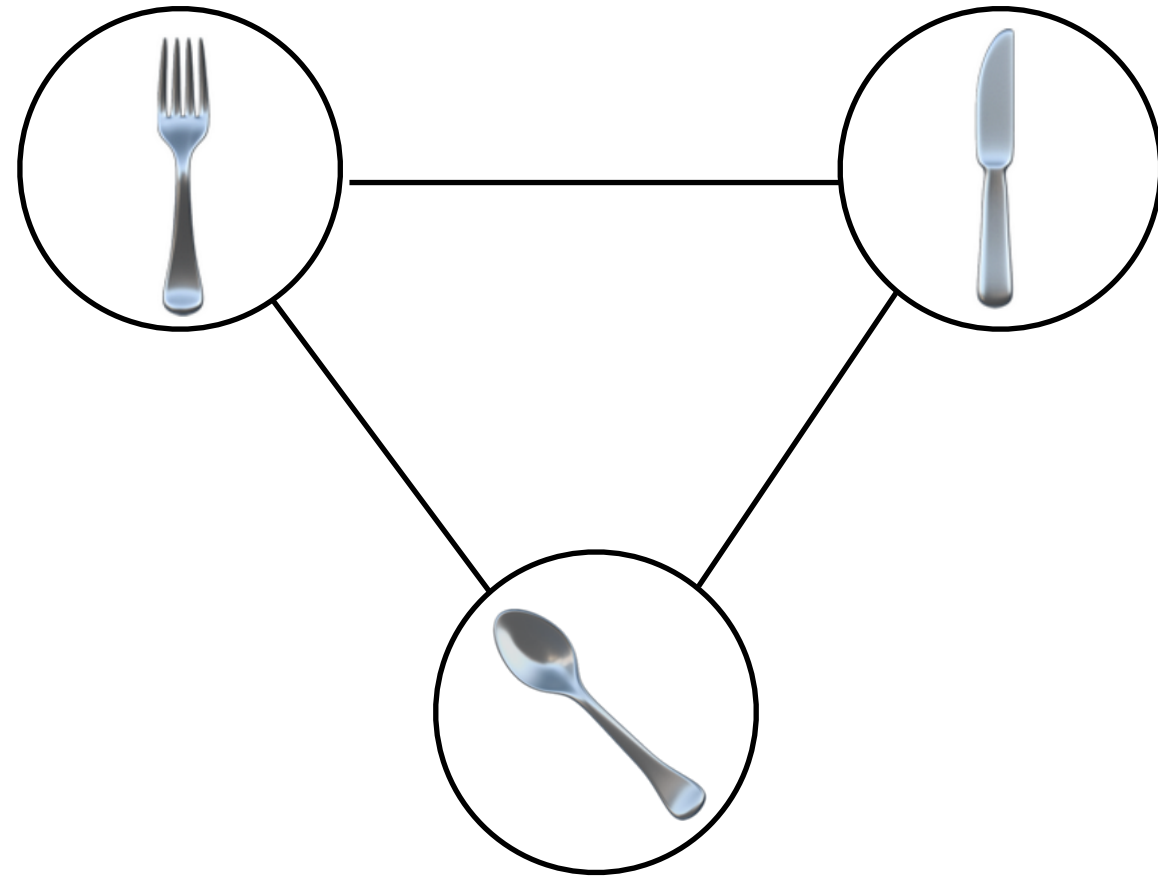
# First Example

The cutlery auction at dinner time



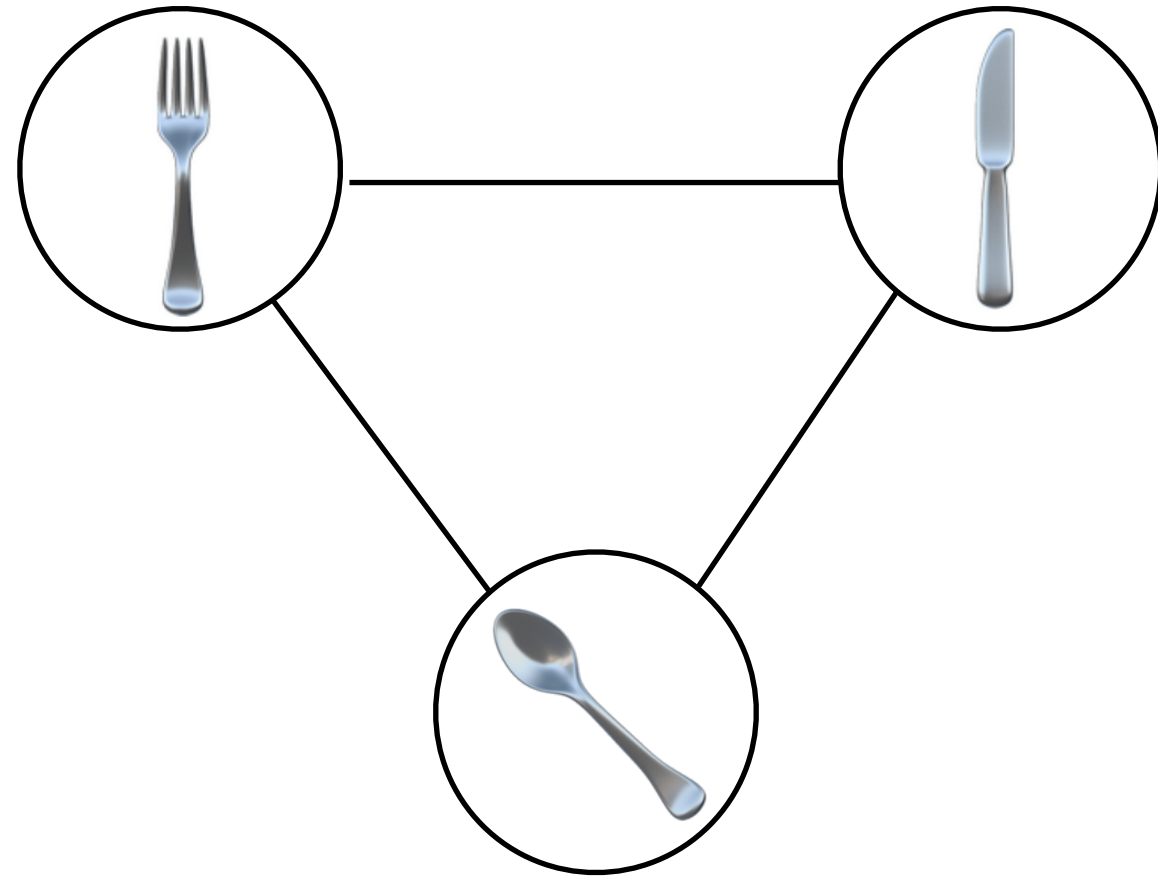
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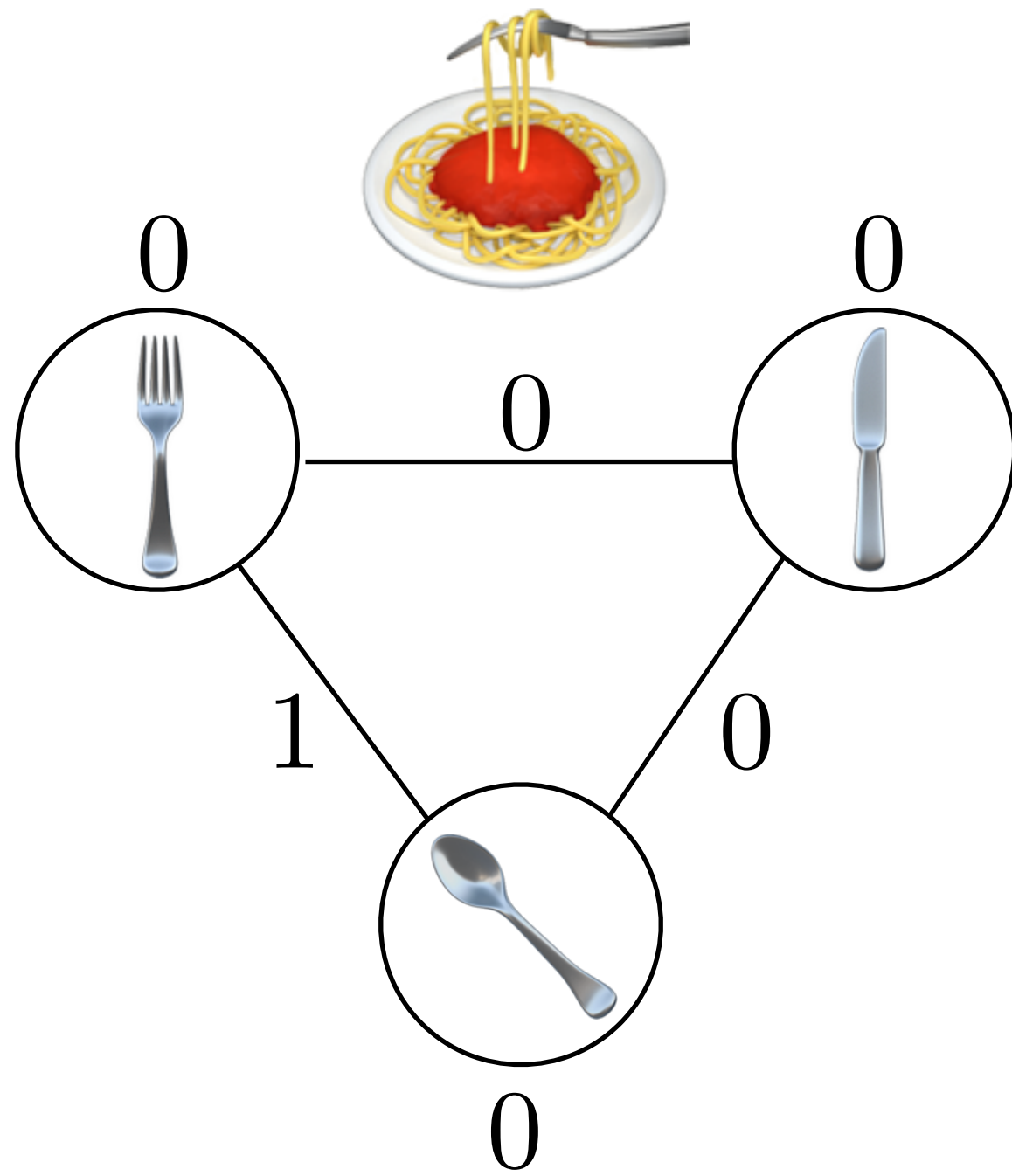
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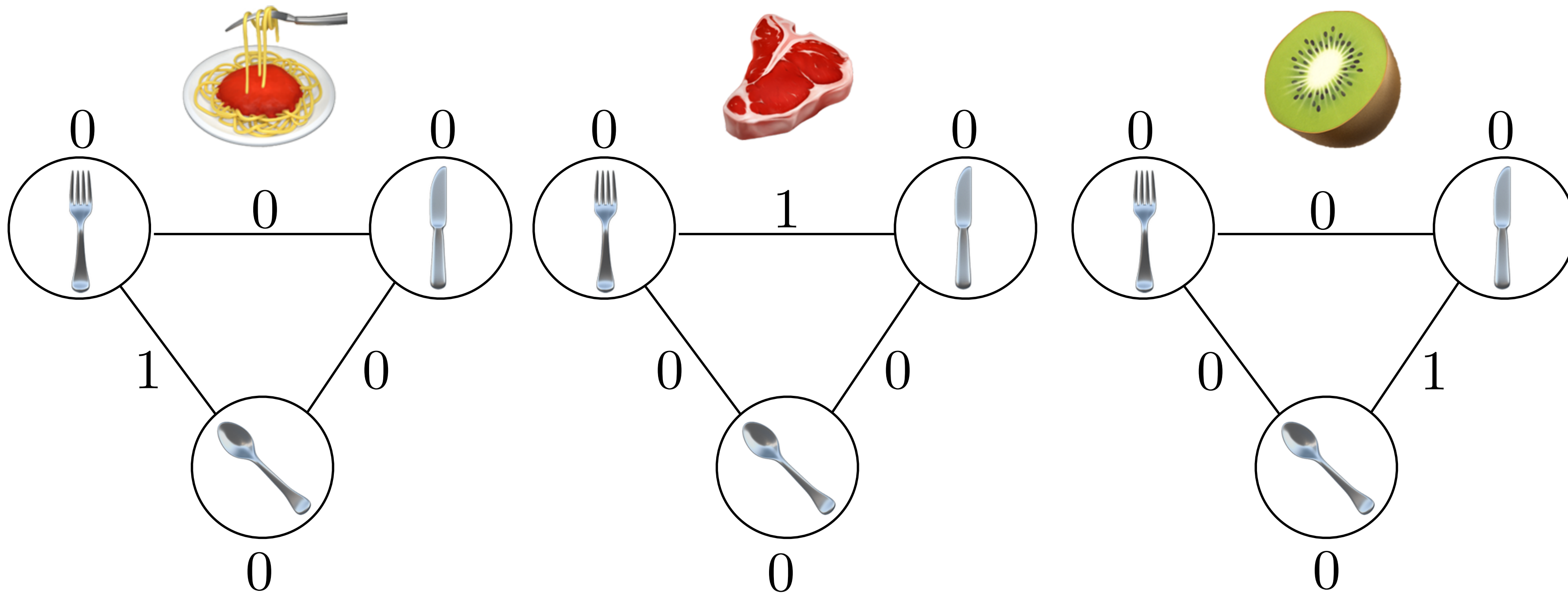
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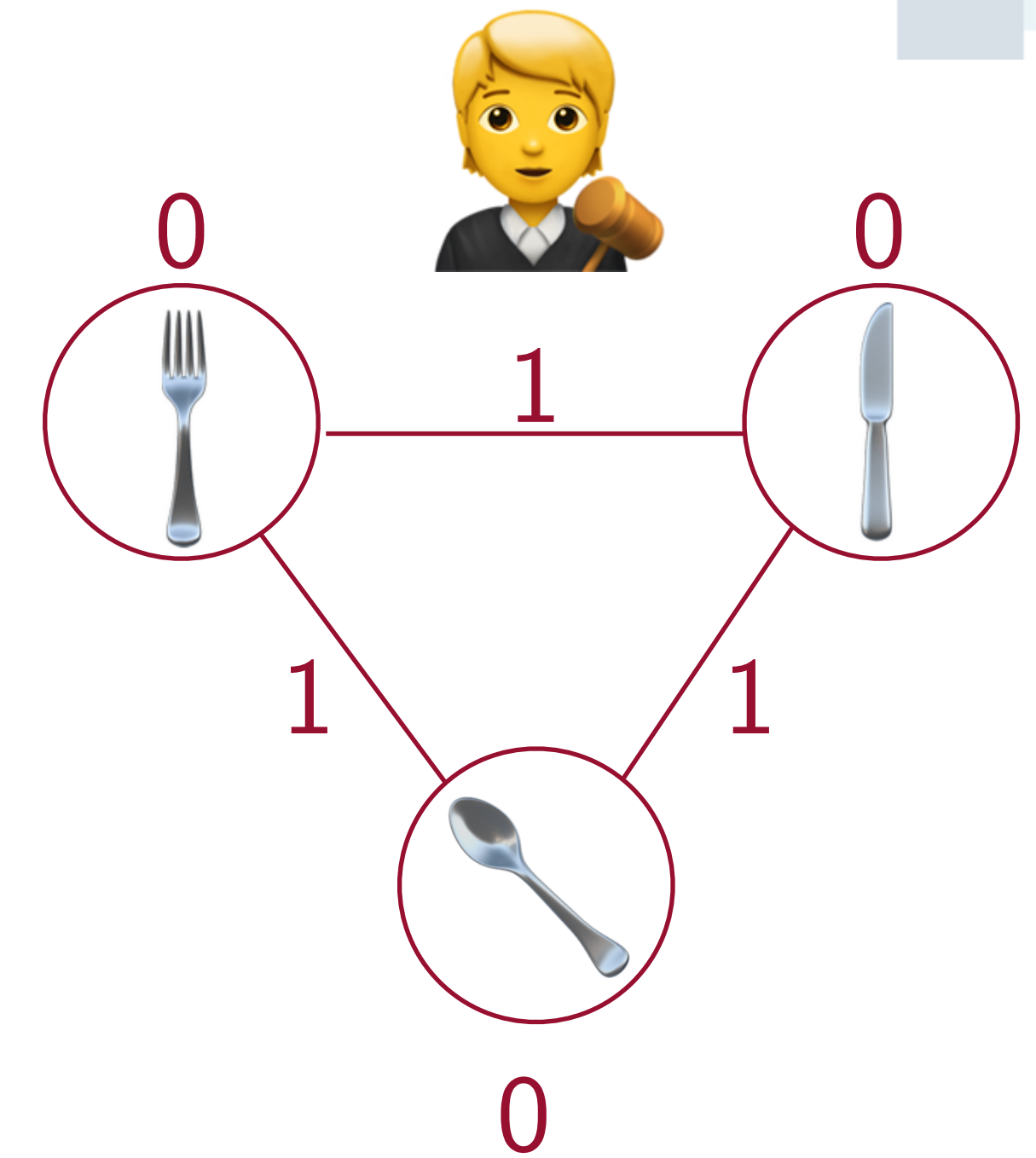
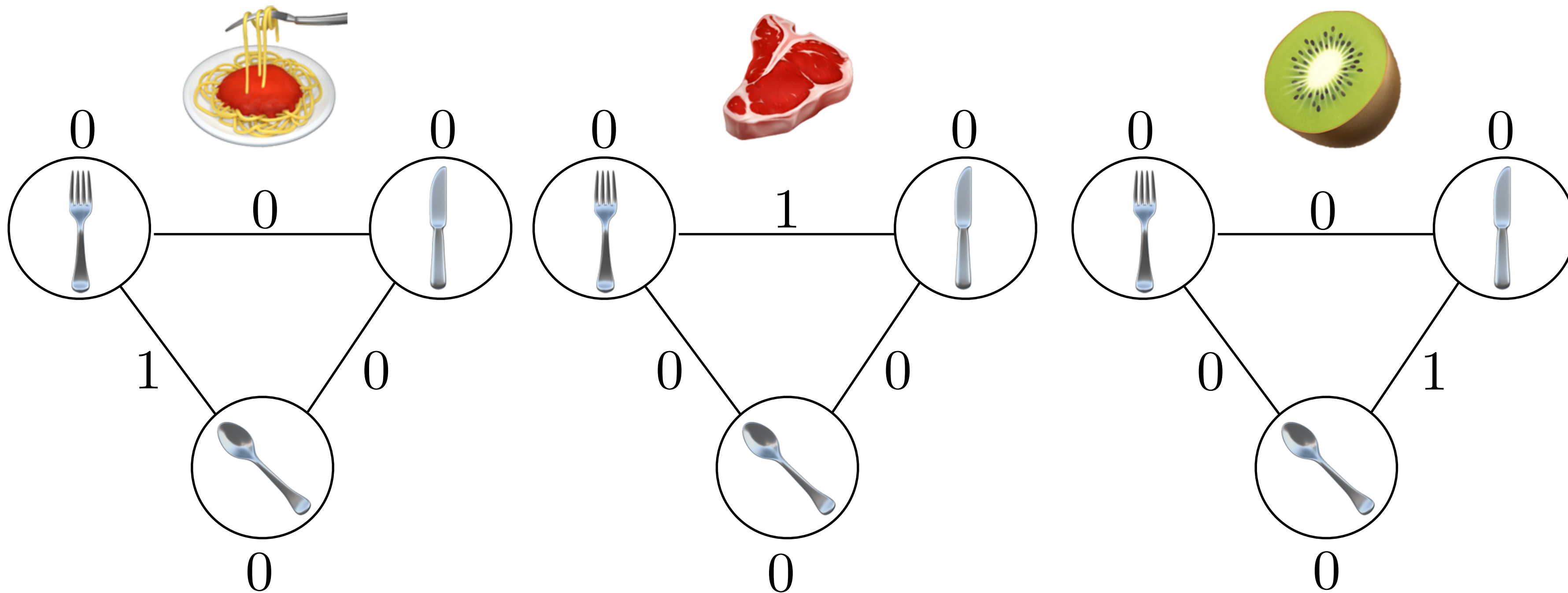
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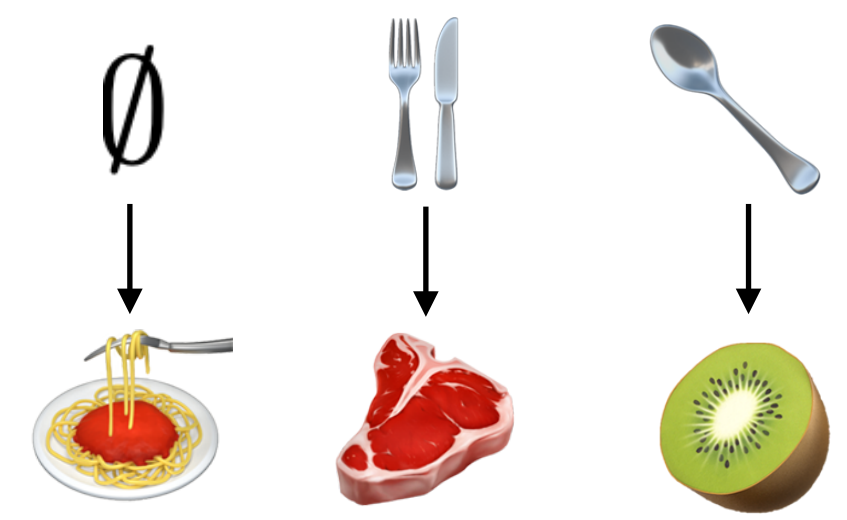
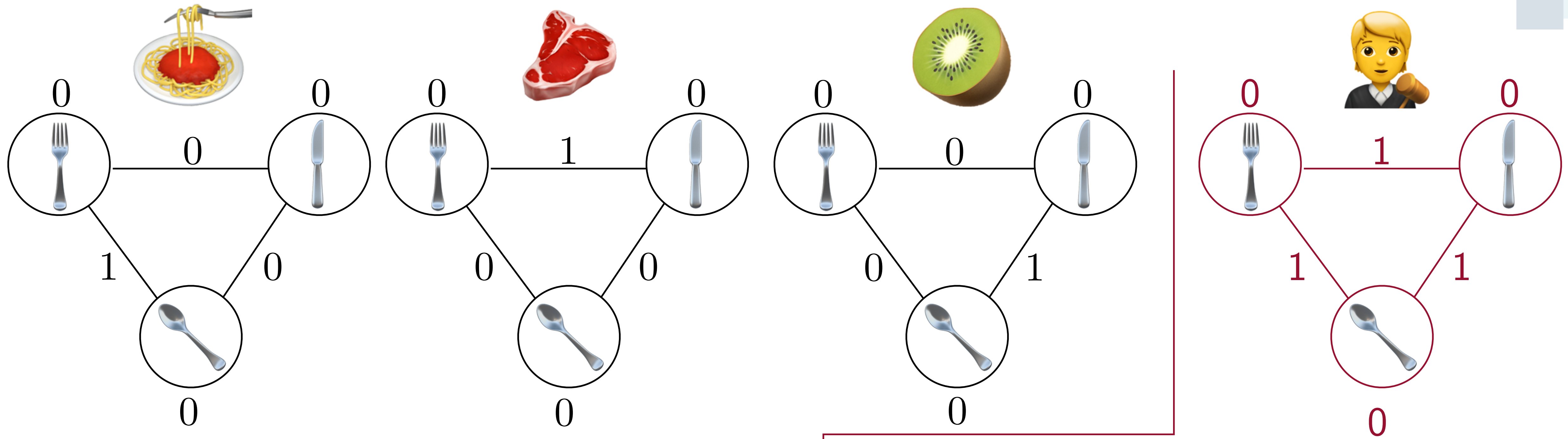


Price for 1 item : 0  
Price for 2 items: 1  
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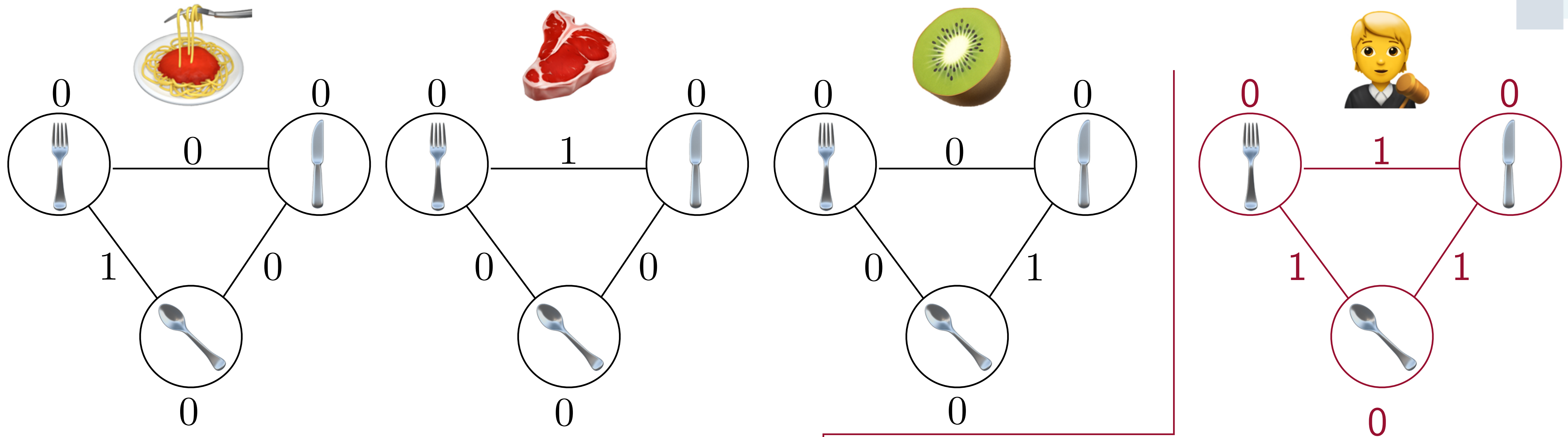
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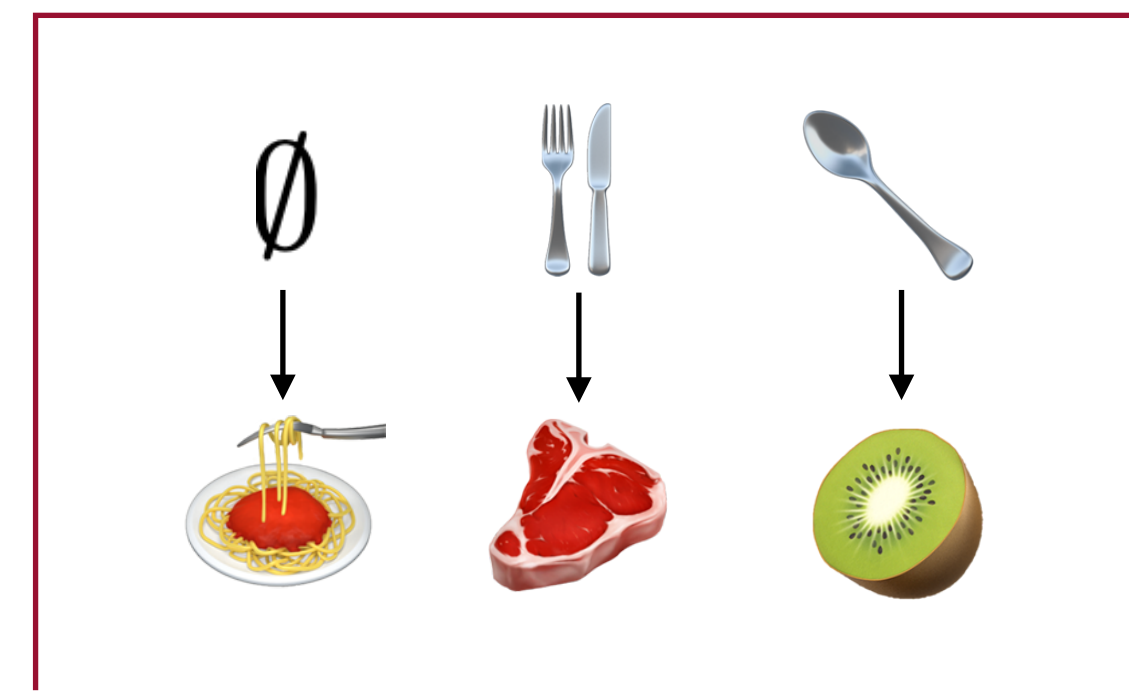
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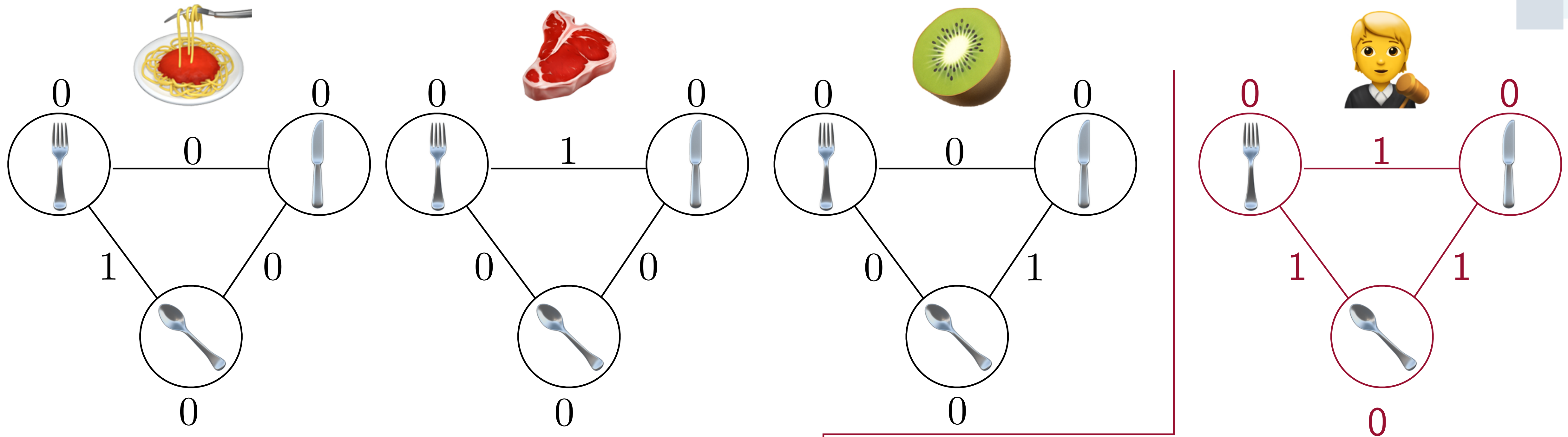
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Price charged	0	0	1	3
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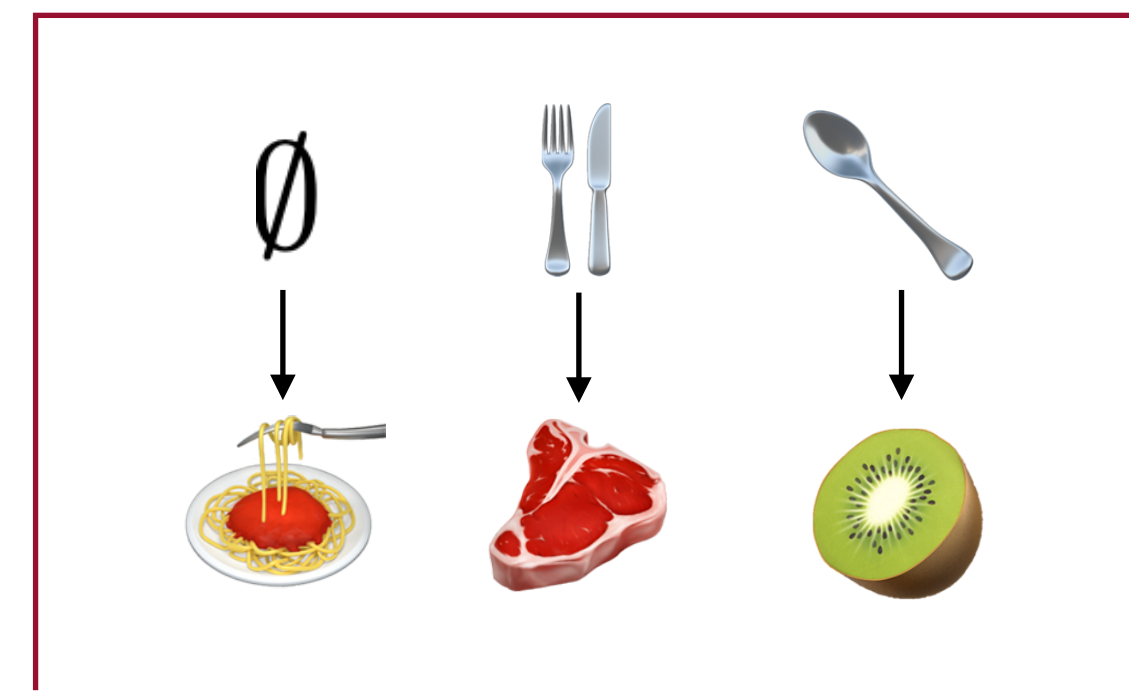
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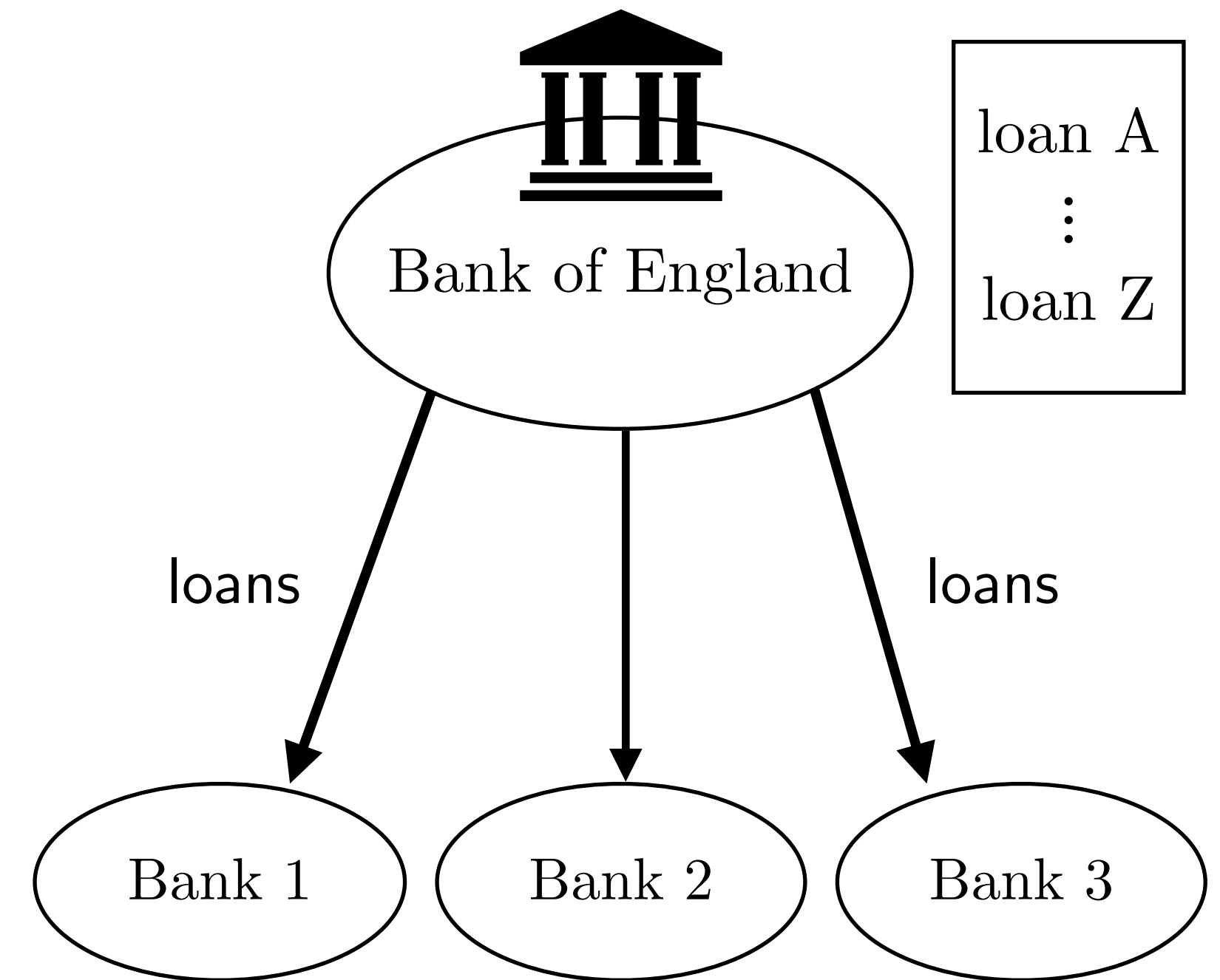
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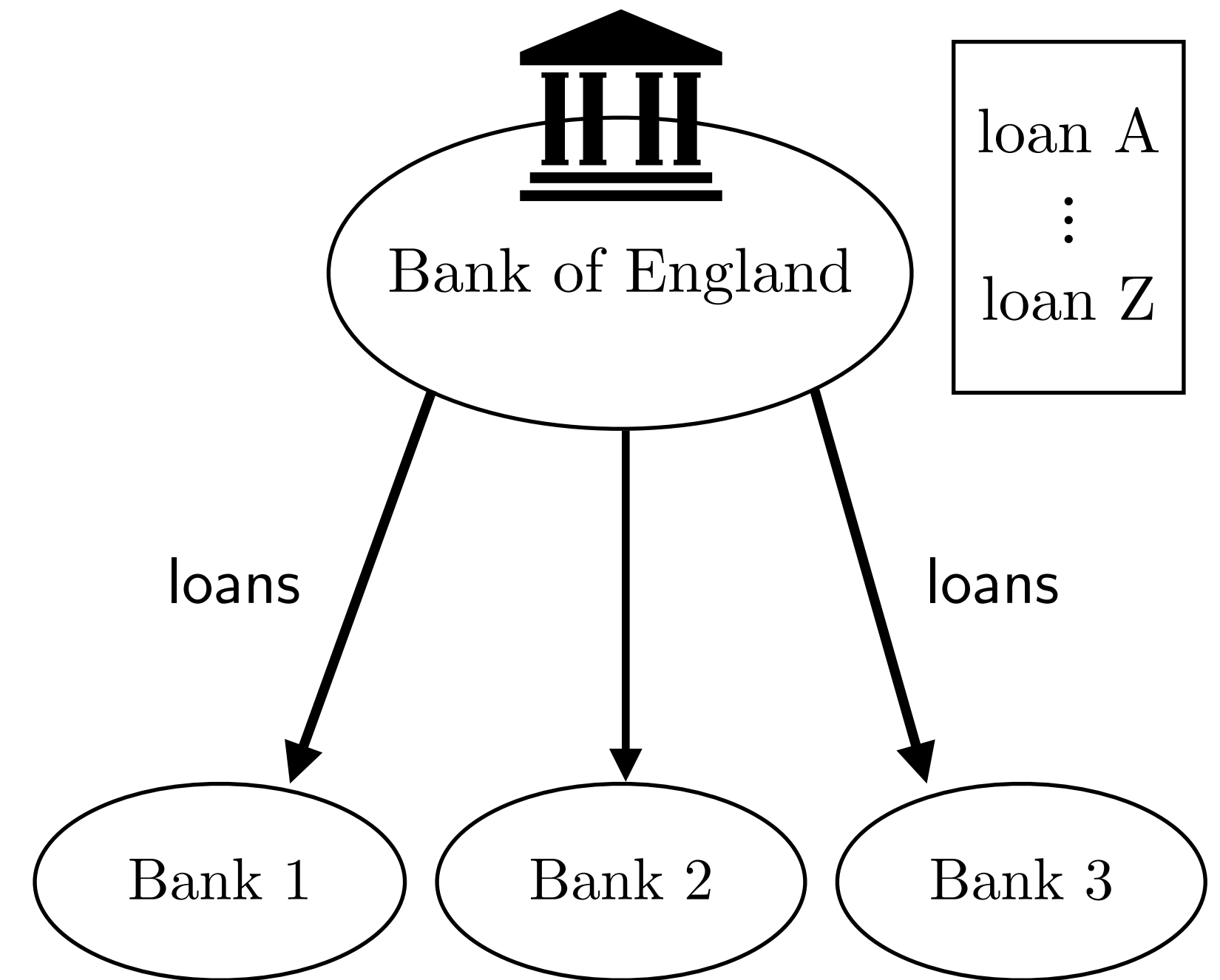


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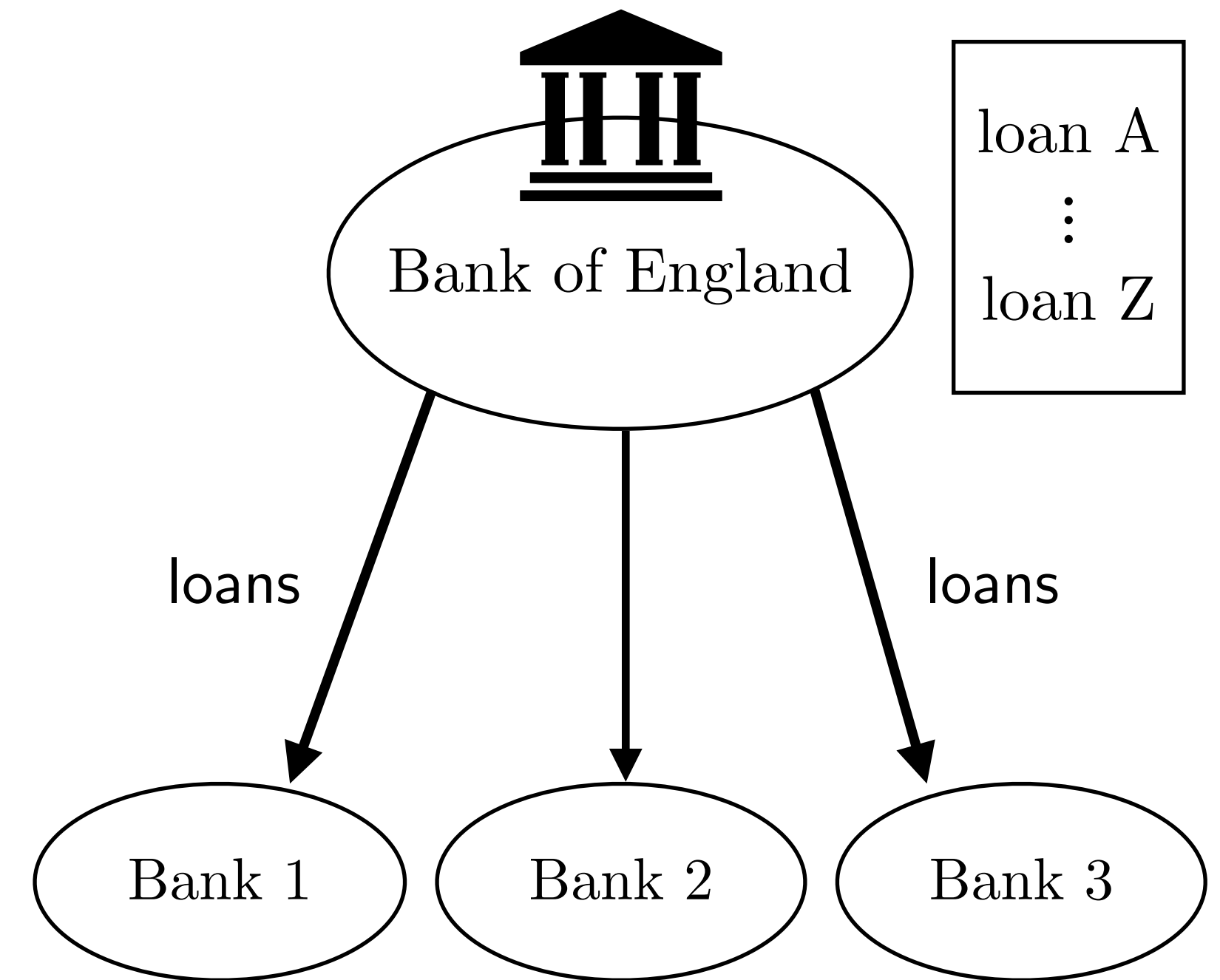
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[Baldwin-Klemperer, 2011]

1. Bidding round:

Bidders tell the auctioneer (secretly, honestly) about their preferences.

2. Auctioneer sets price and decides a distribution of goods.



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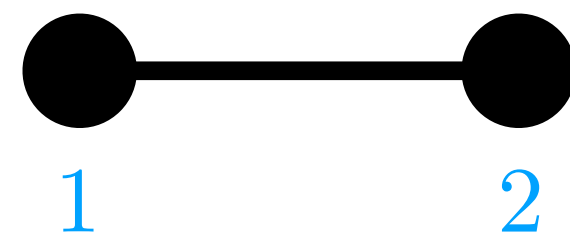
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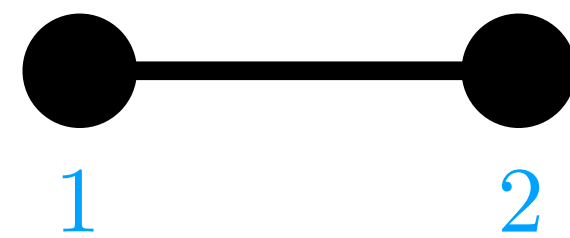
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$$(\chi_{G'})_i = \begin{cases} 1 & \text{if } i \in V(G') \\ 0 & \text{if } i \notin V(G') \end{cases} \quad (\chi_{G'})_{ij} = \begin{cases} 1 & \text{if } ij \in E(G') \\ 0 & \text{if } ij \notin E(G') \end{cases}$$



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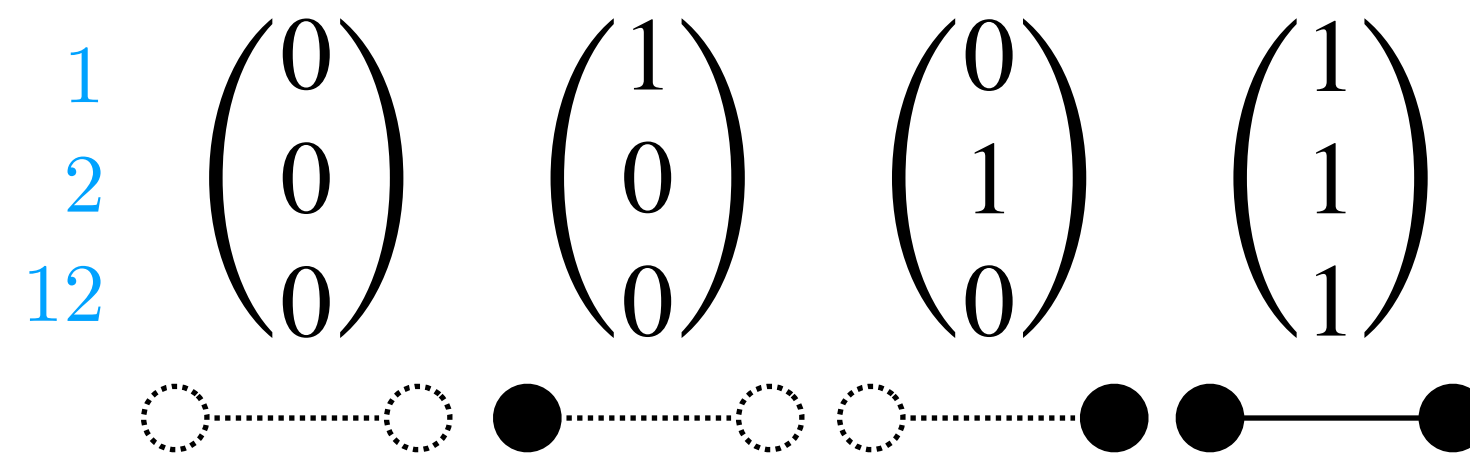
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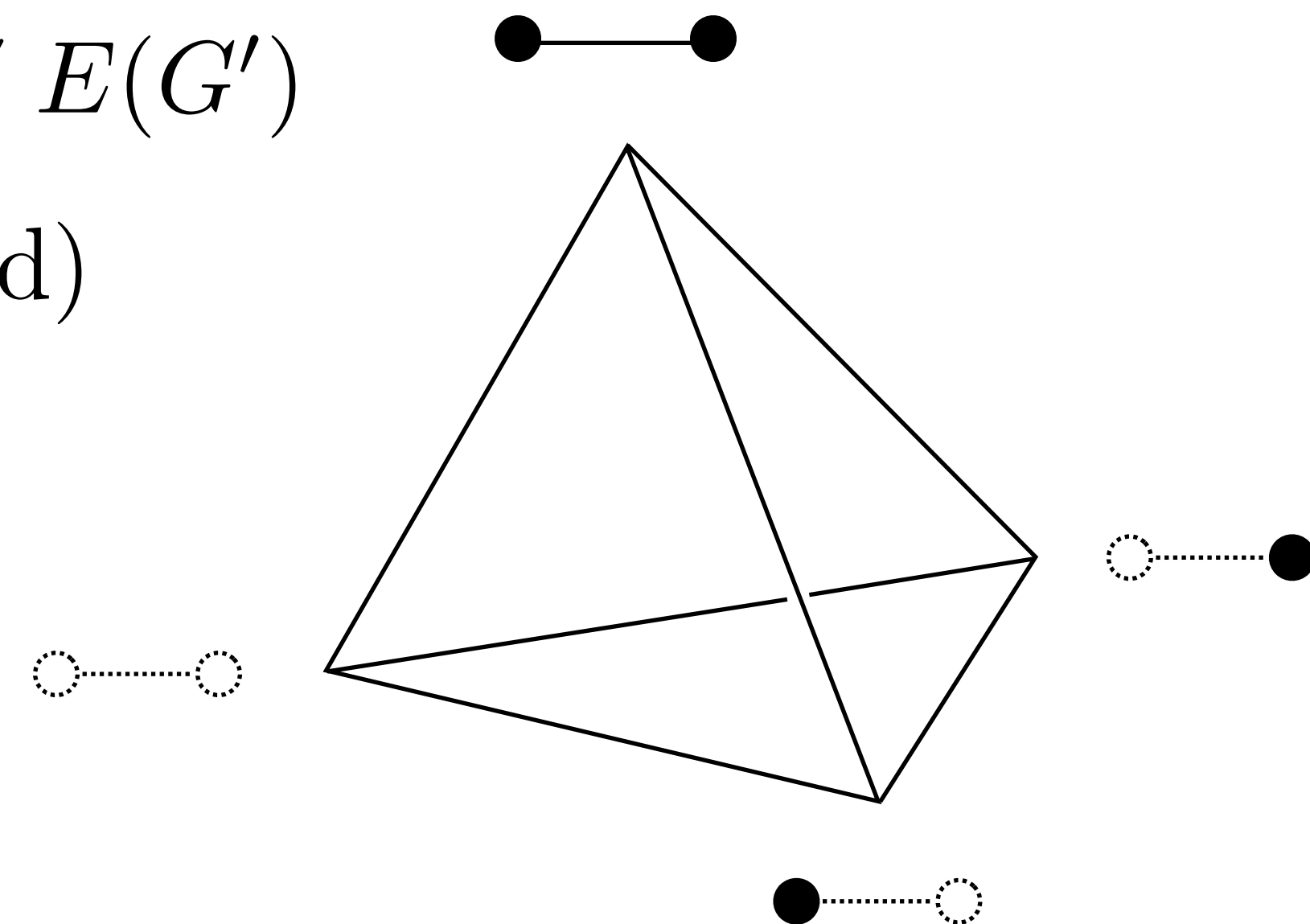
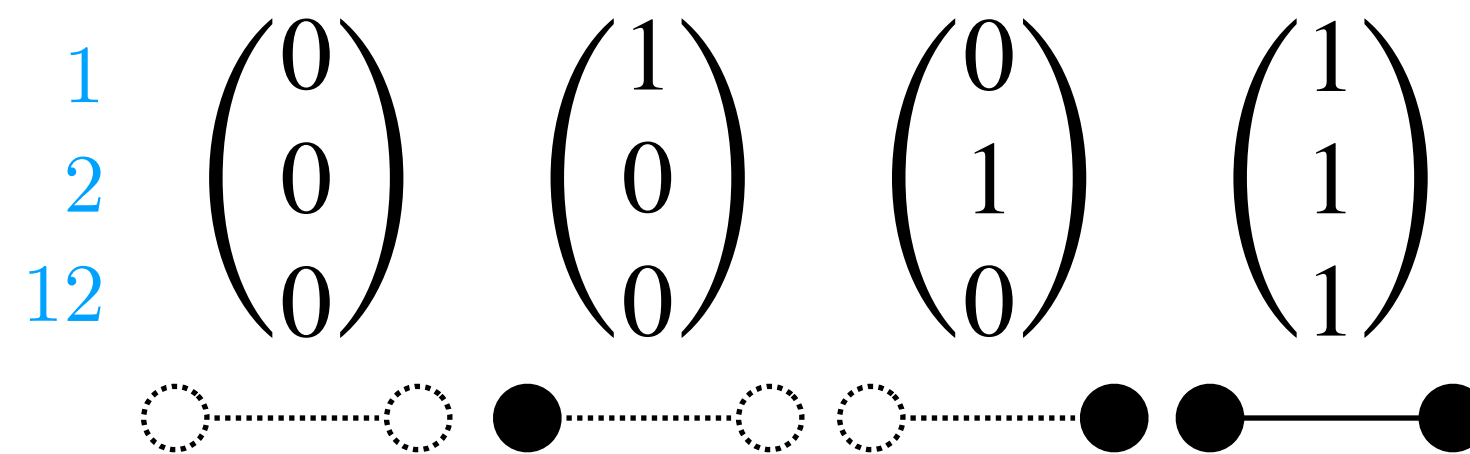
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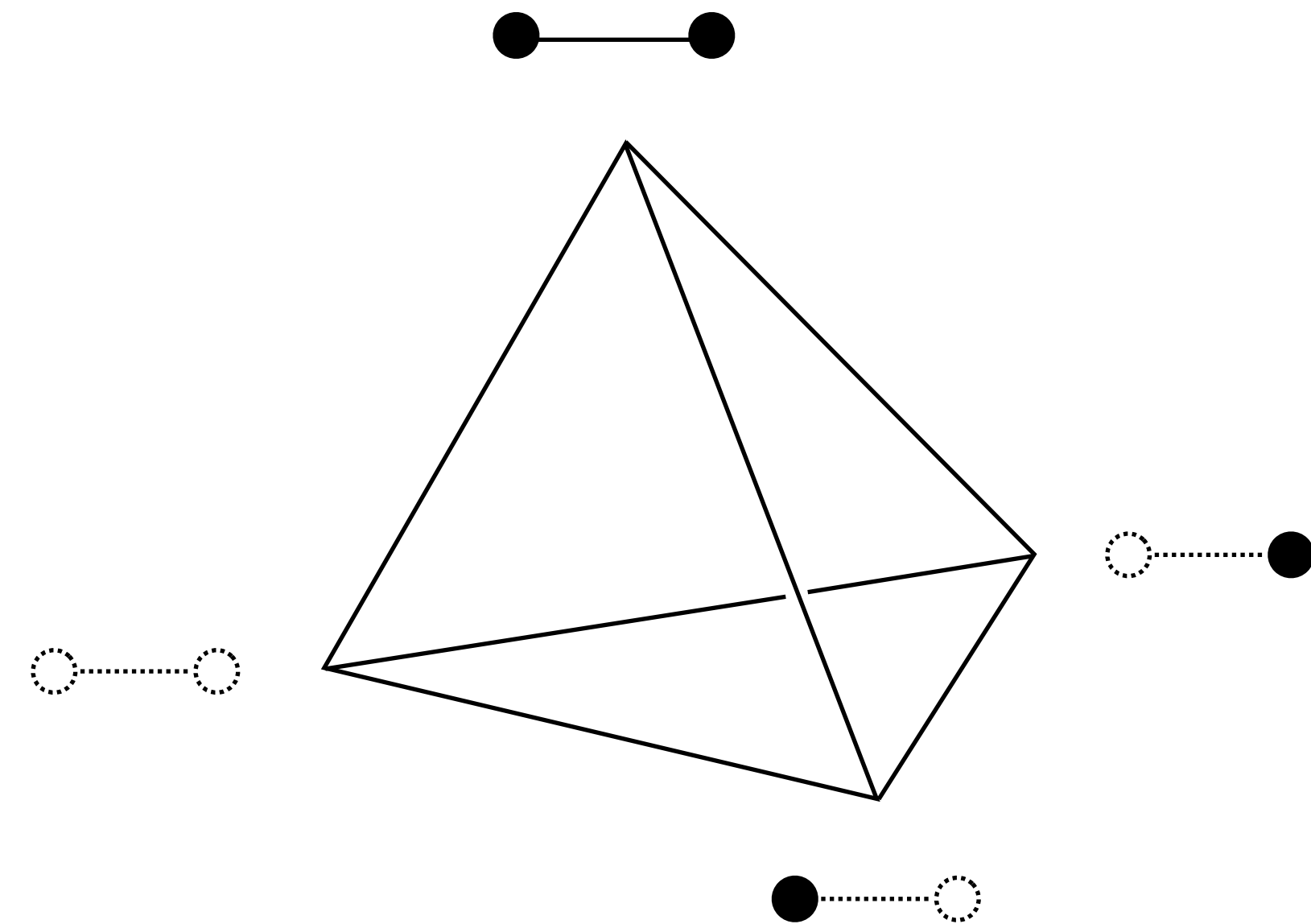
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$$P(G) = \text{conv}(\chi_{G'} \mid G' \subseteq G \text{ induced})$$

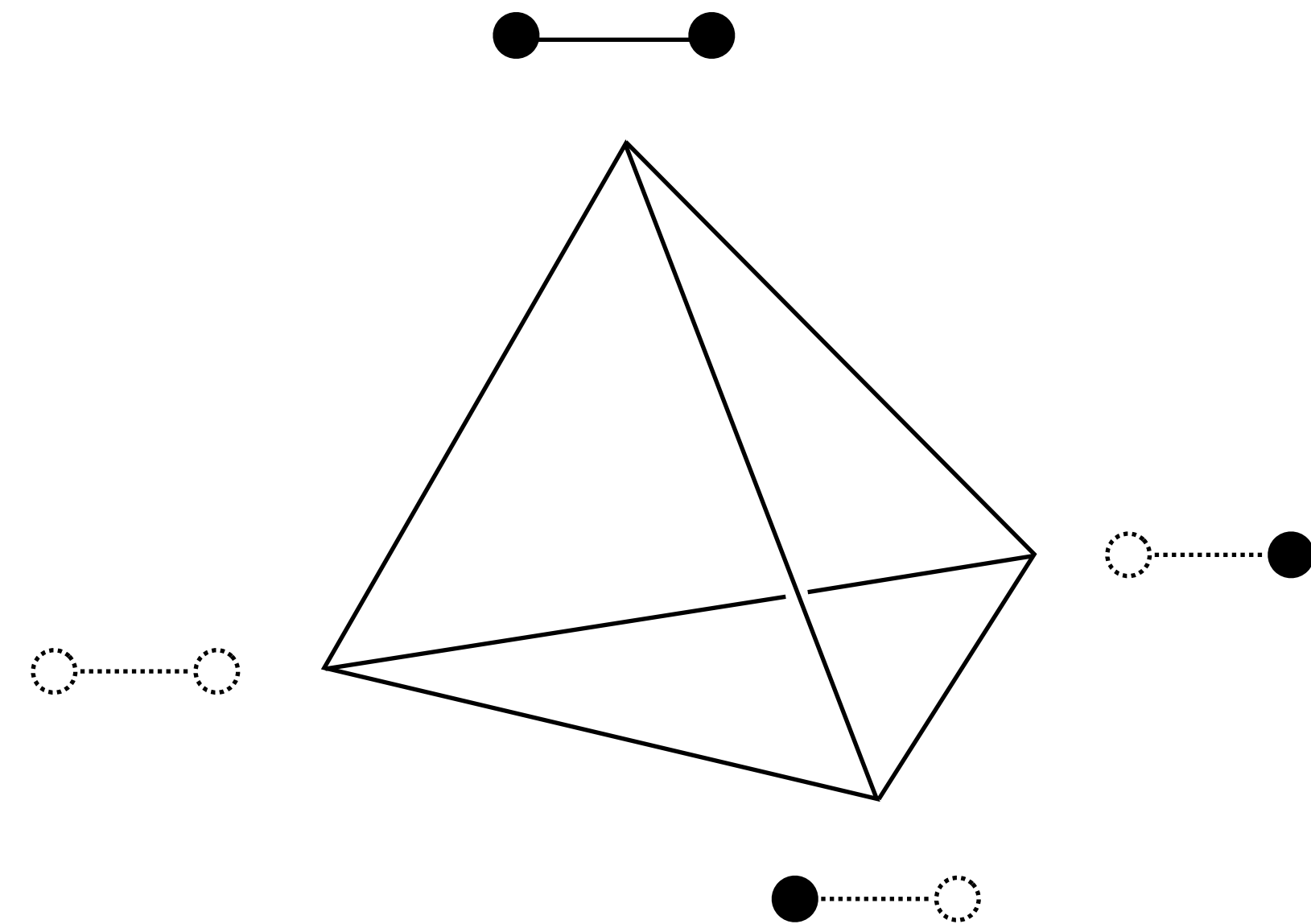


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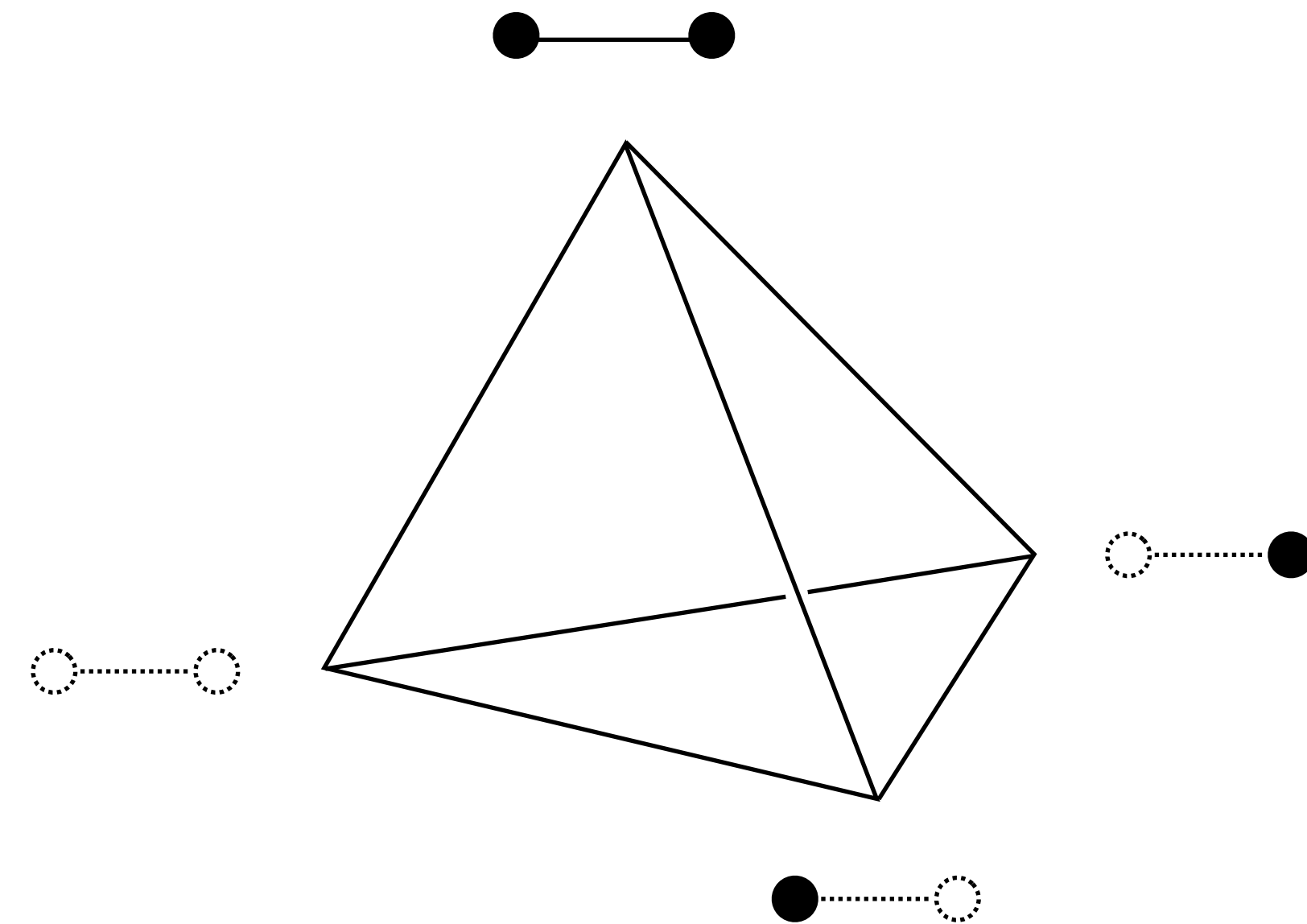
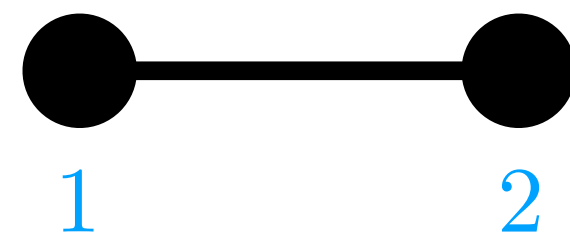
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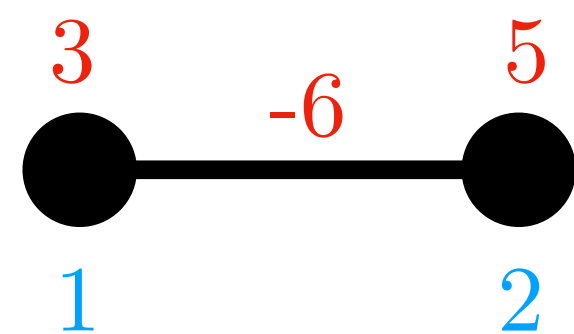


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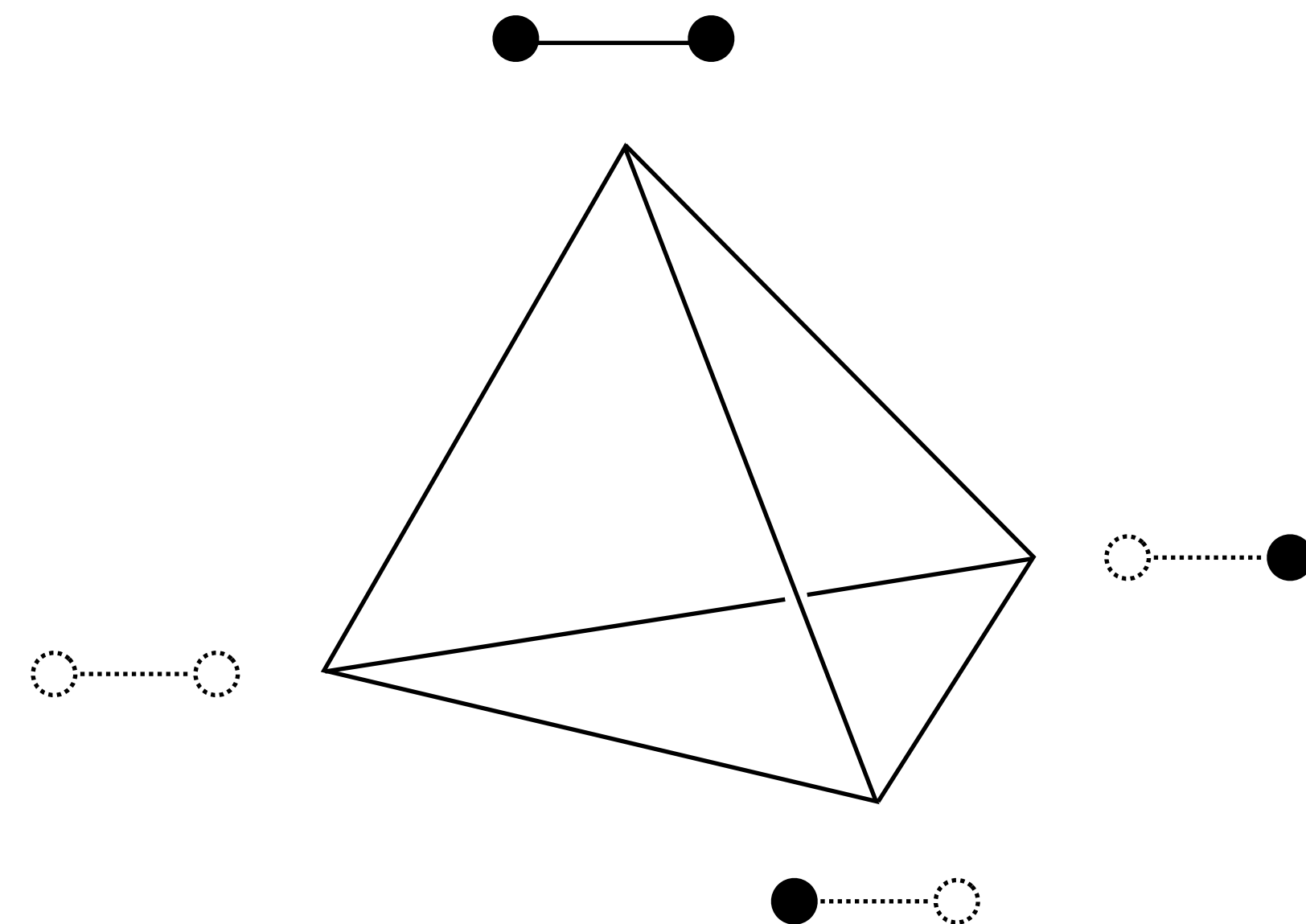
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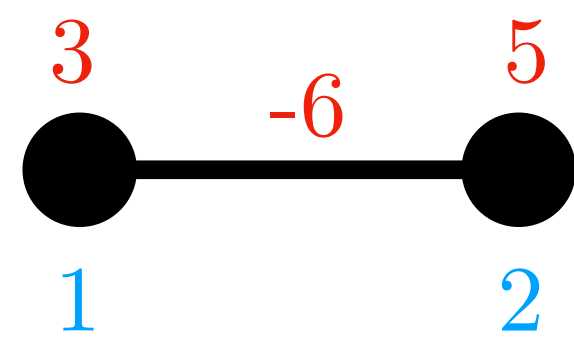


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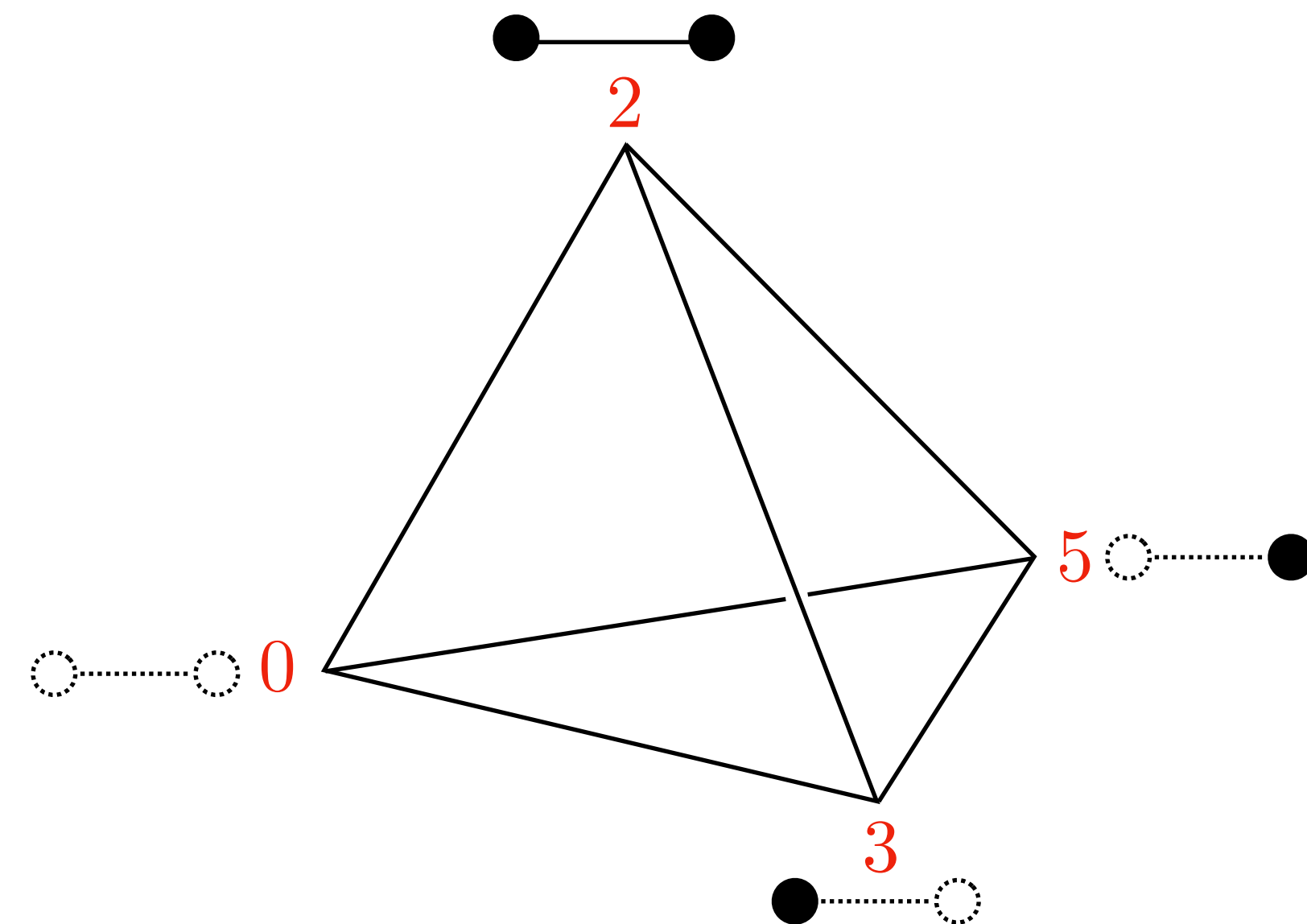
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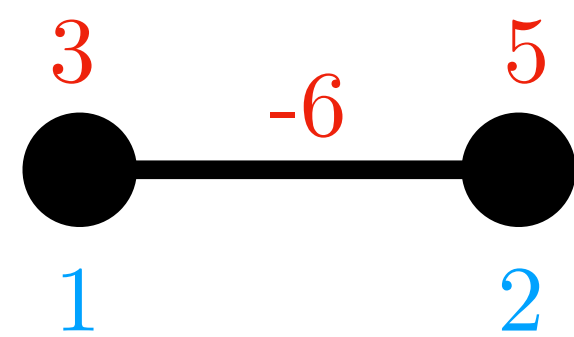


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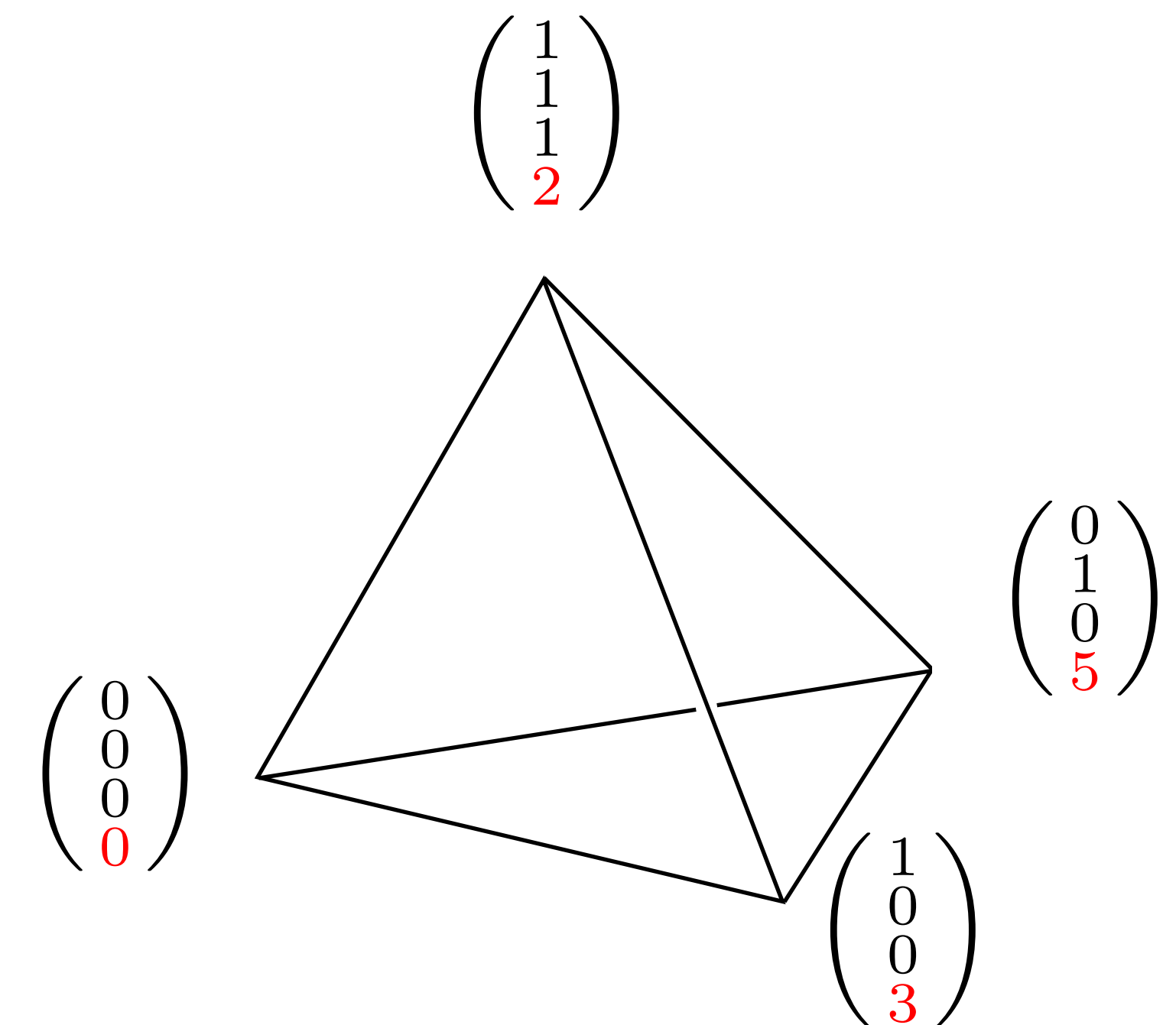
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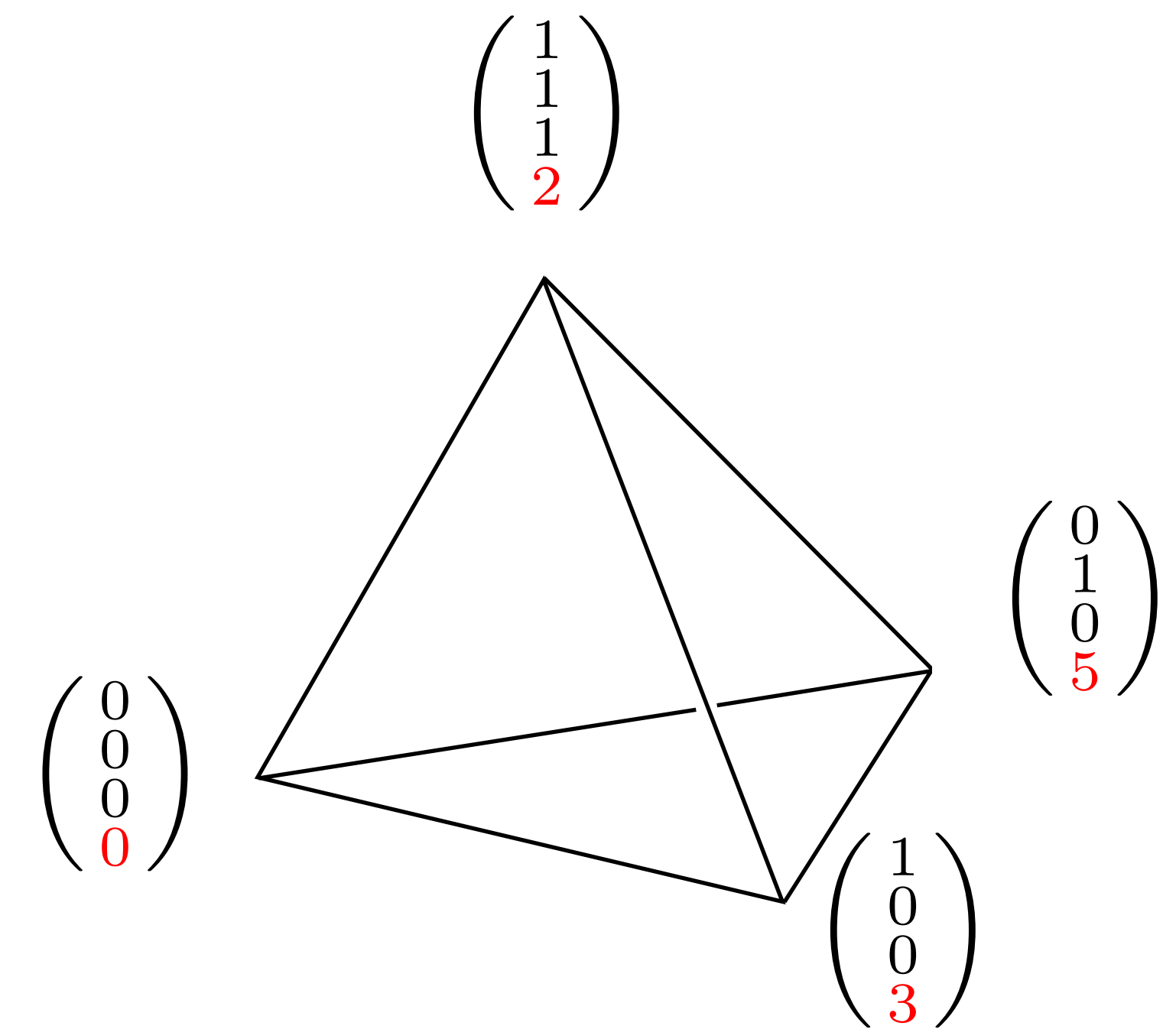


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Auctioneer sets a price



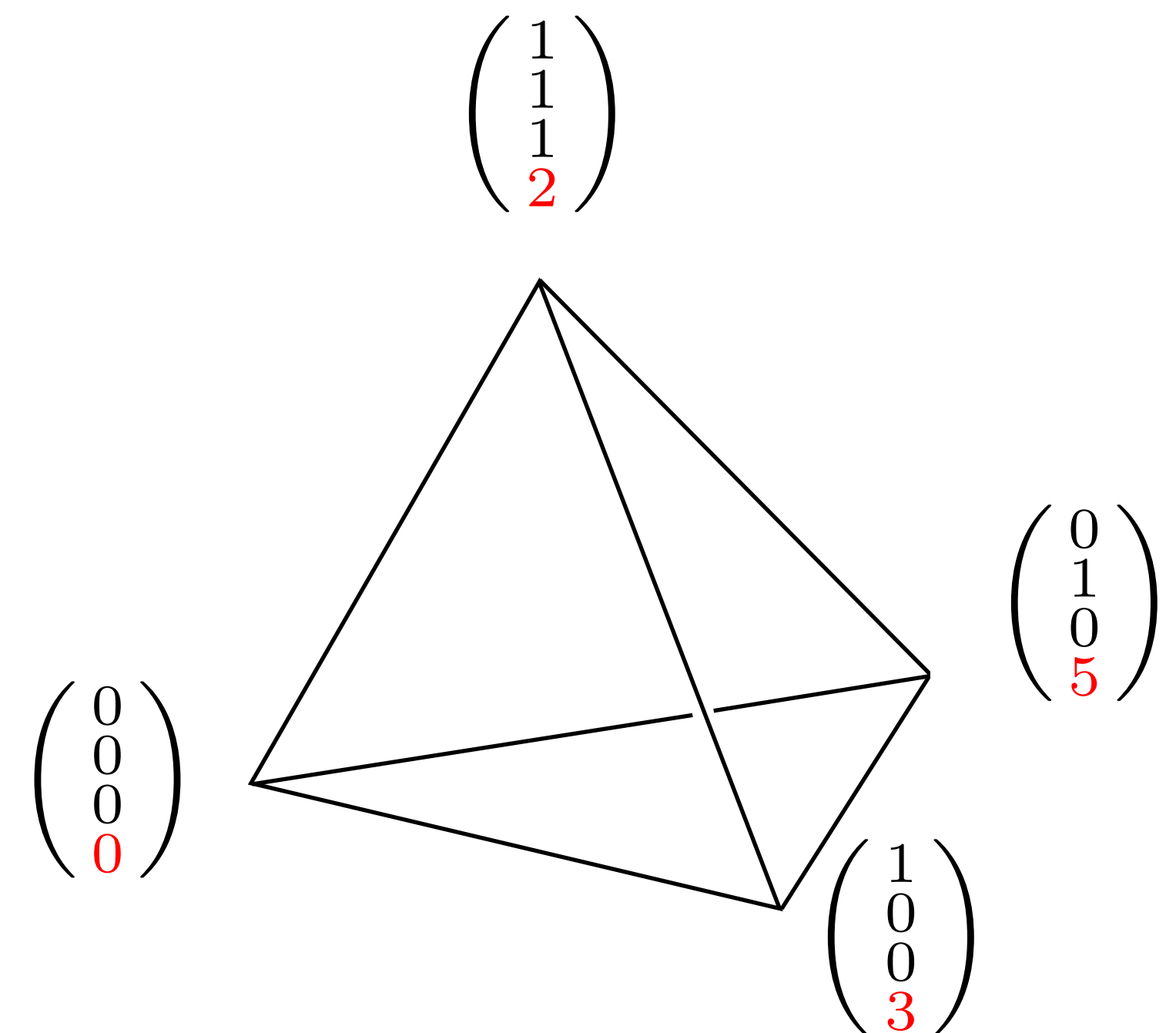


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Auctioneer computes the *demand set* of bidder  $b$  at price  $p \in \mathbb{R}^{n+|E|}$ :

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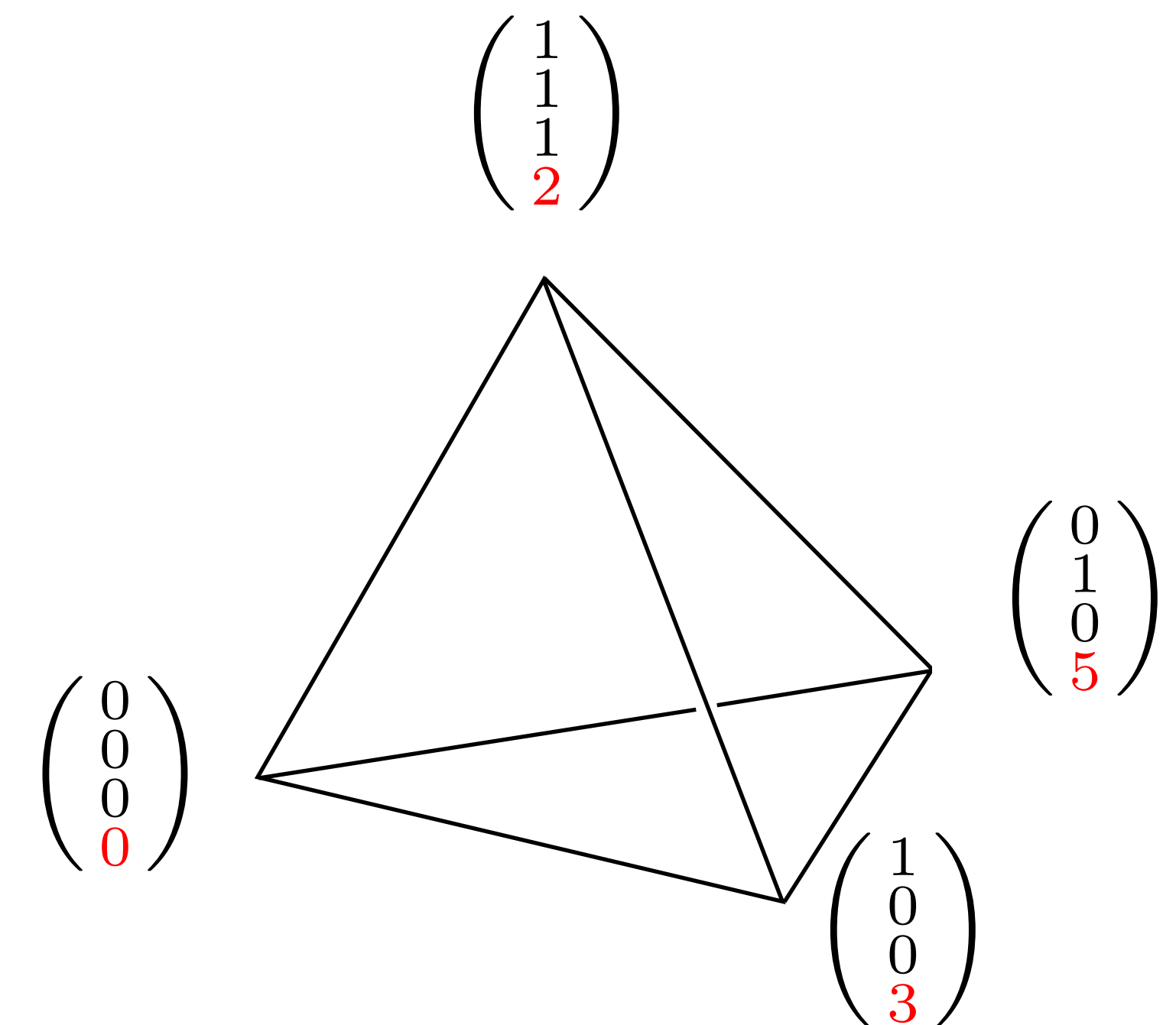
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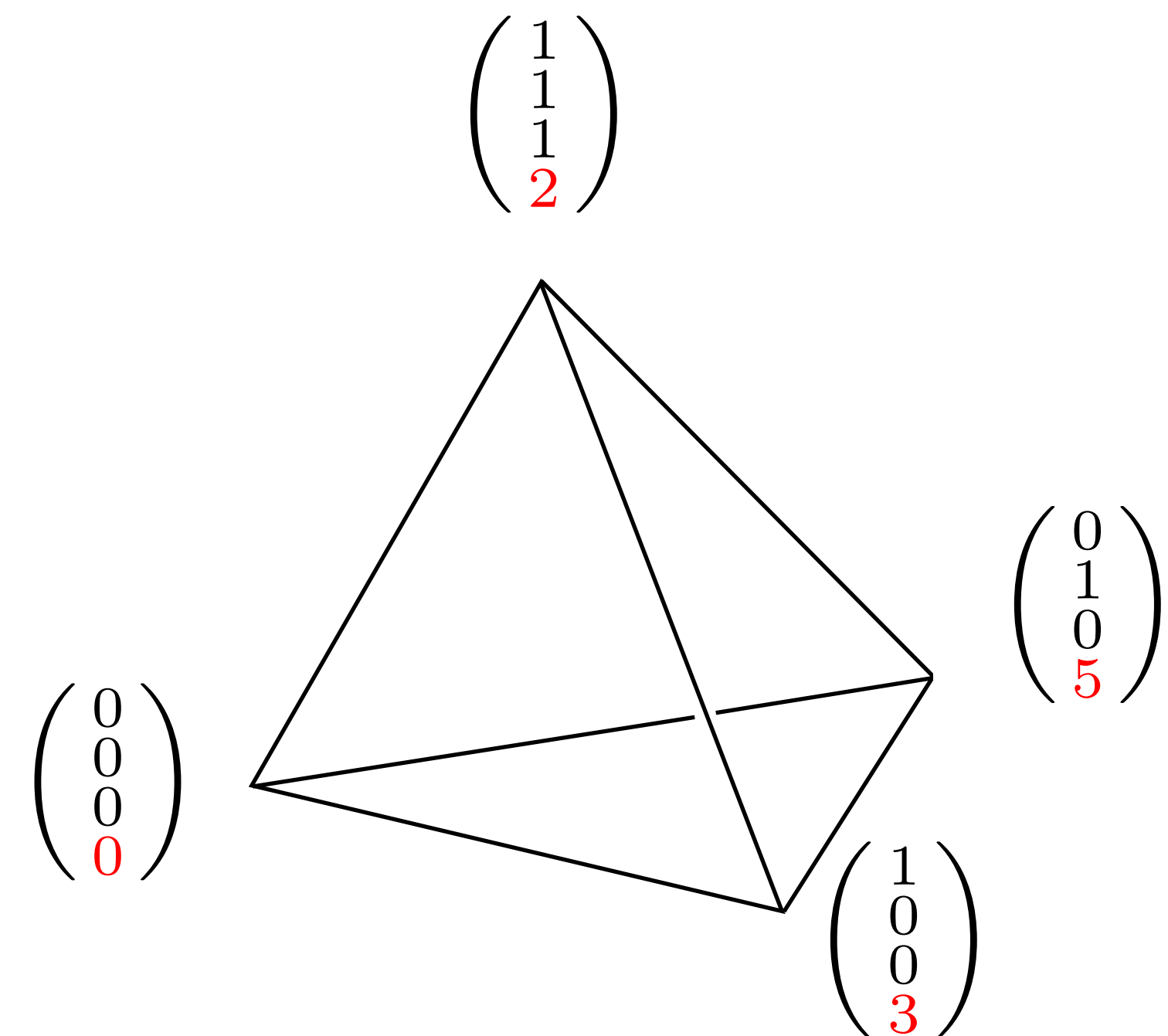
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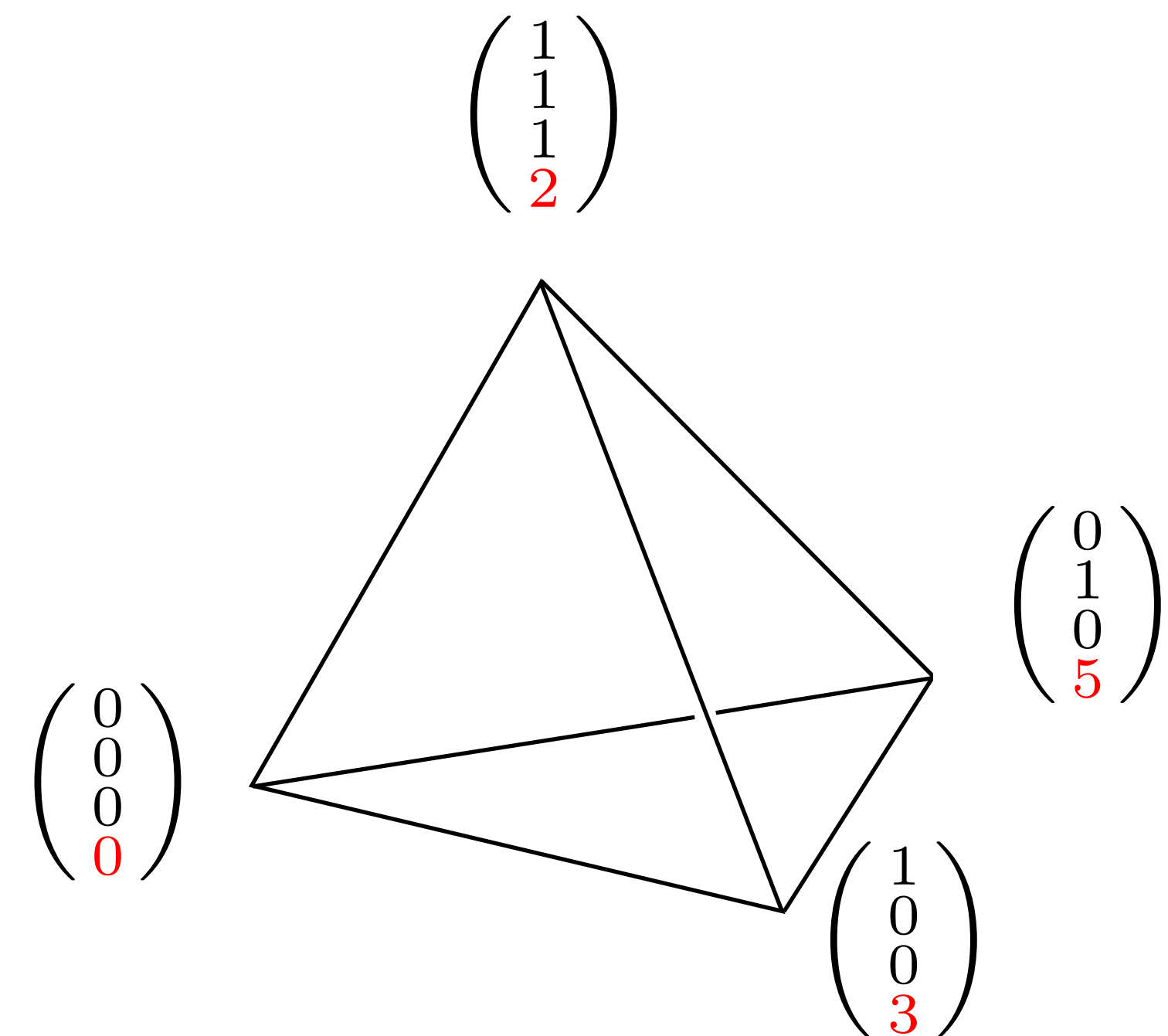
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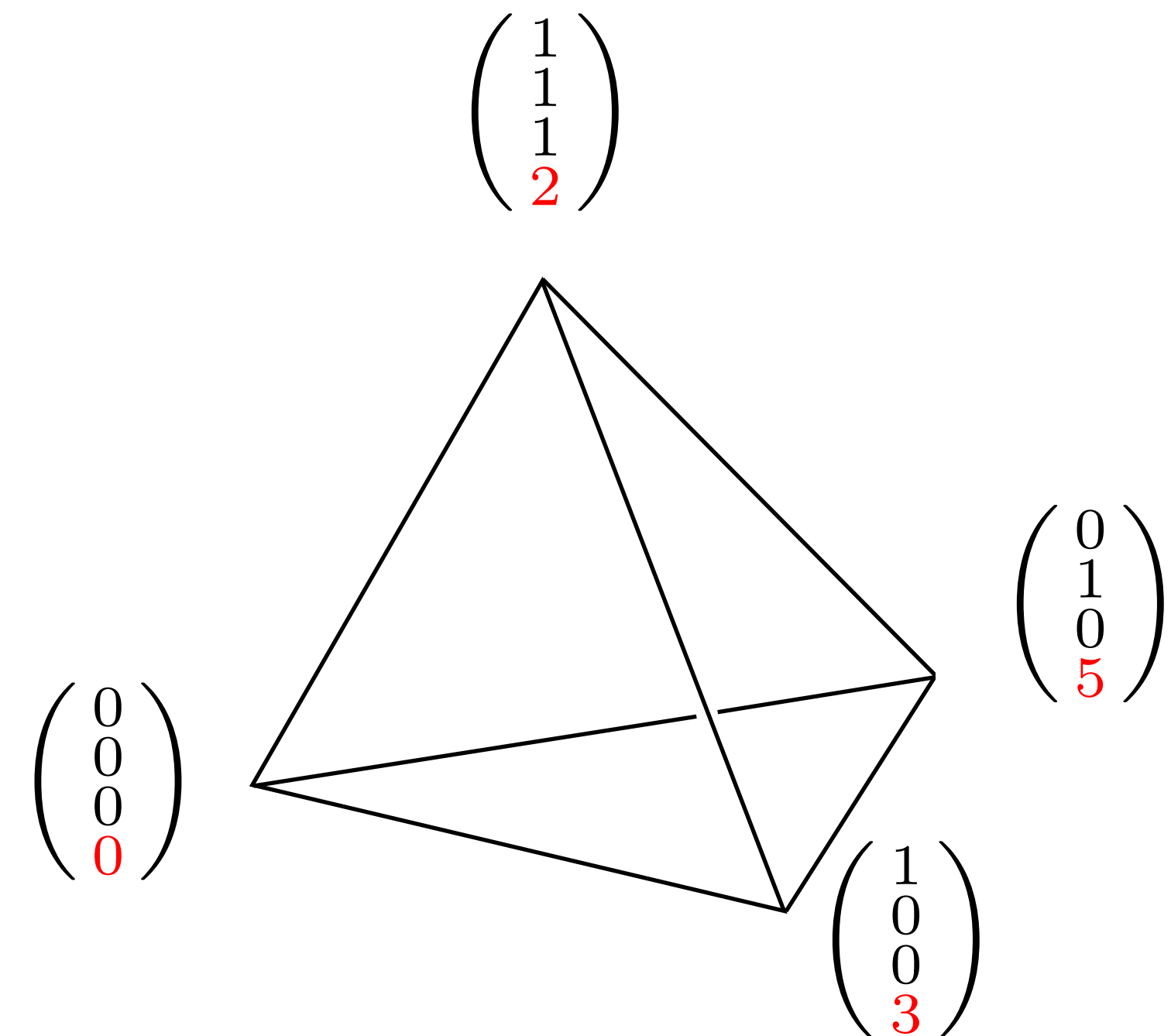
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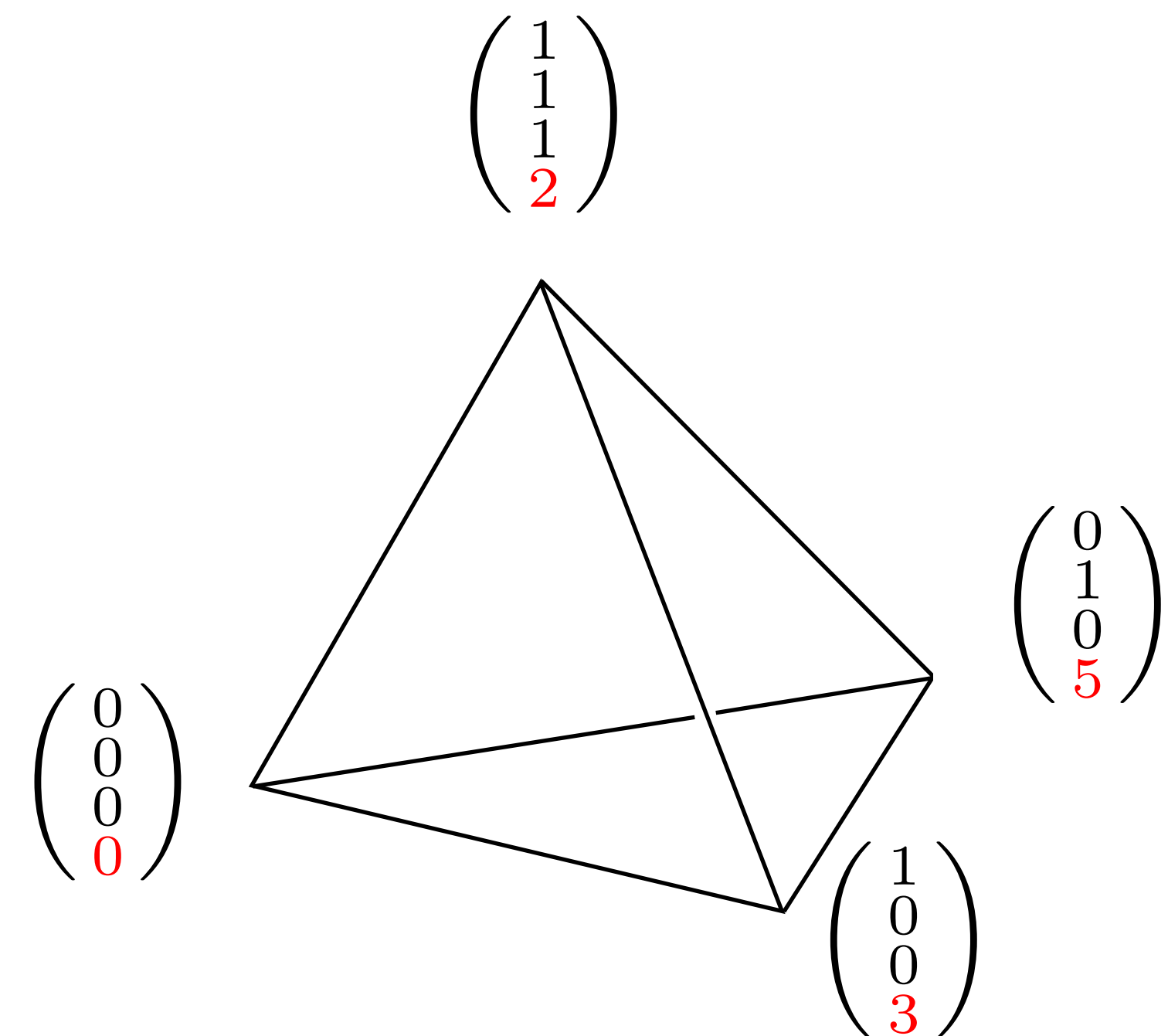
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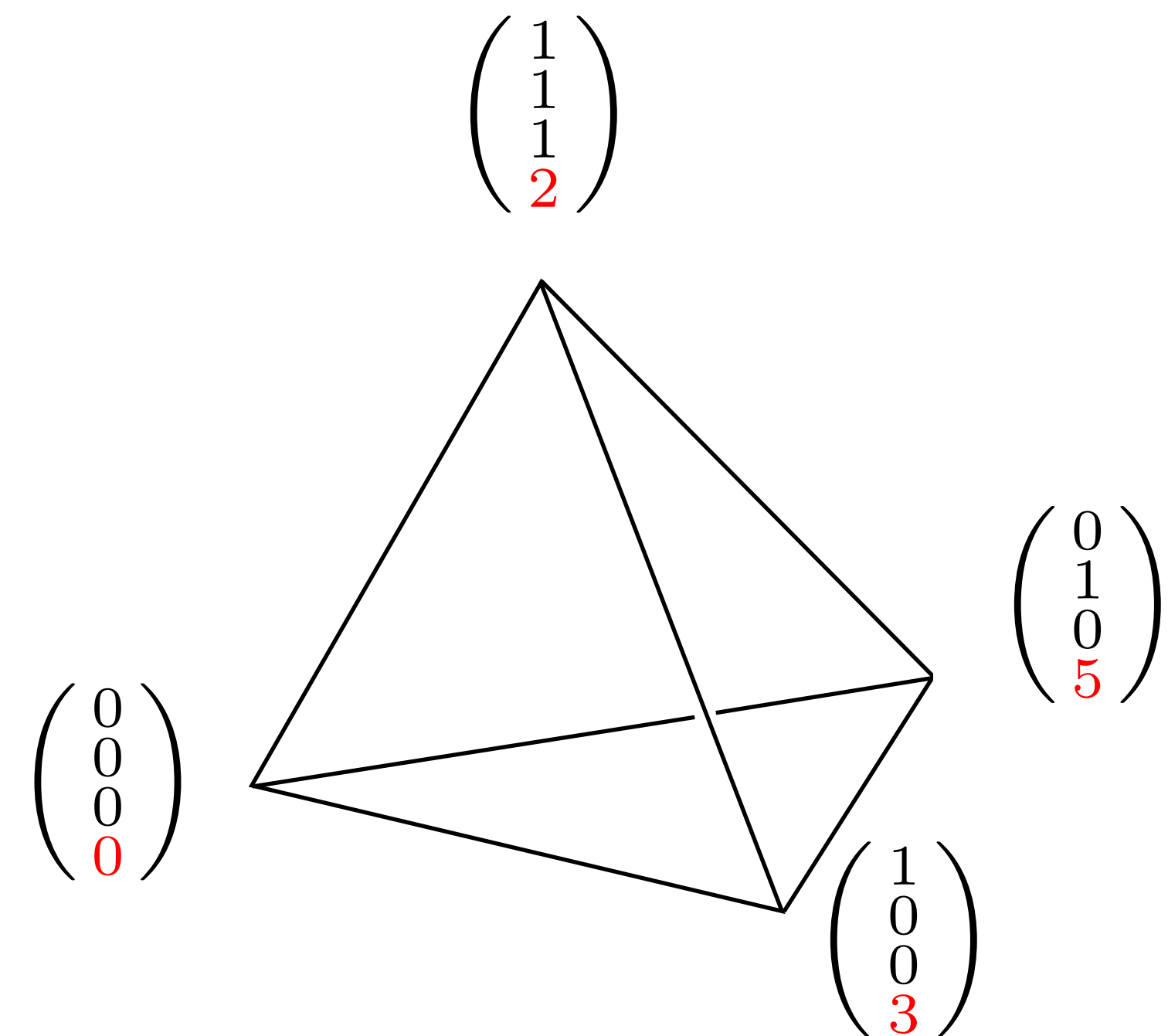
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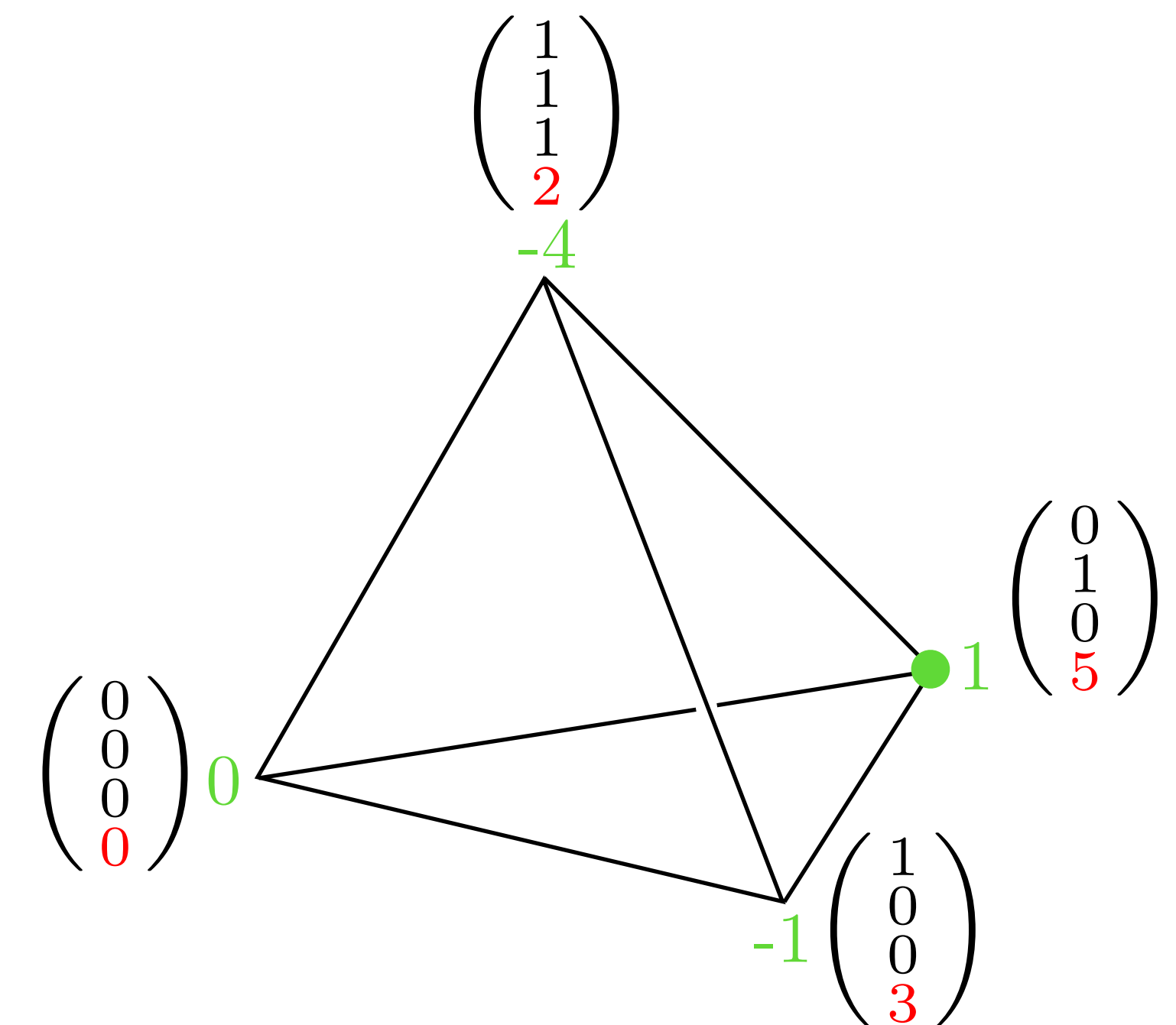
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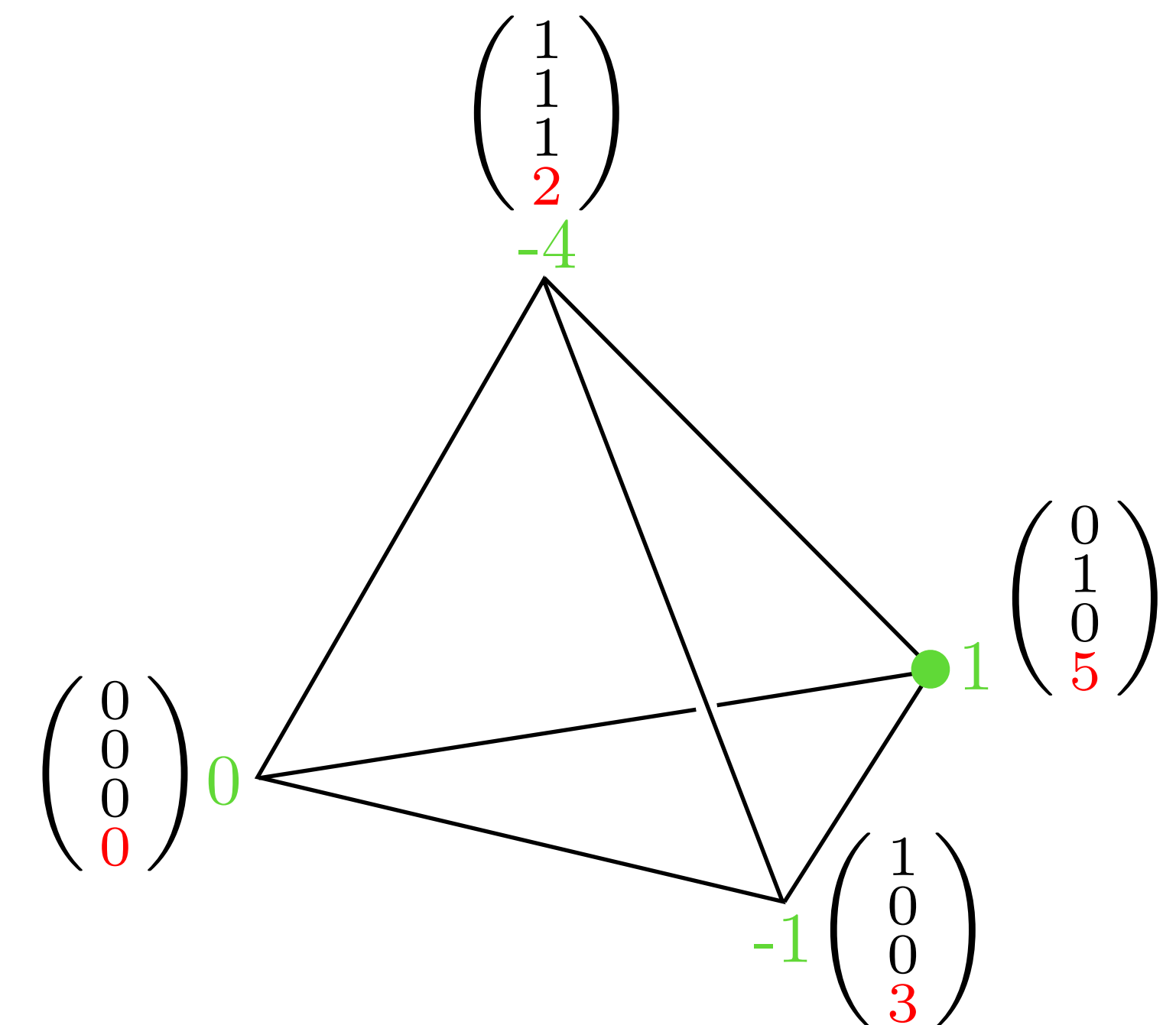
$$a \in D(v^b, p) \iff \langle (v^b(a), \begin{matrix} -p \\ 1 \end{matrix}) \rangle \text{ maximal}$$

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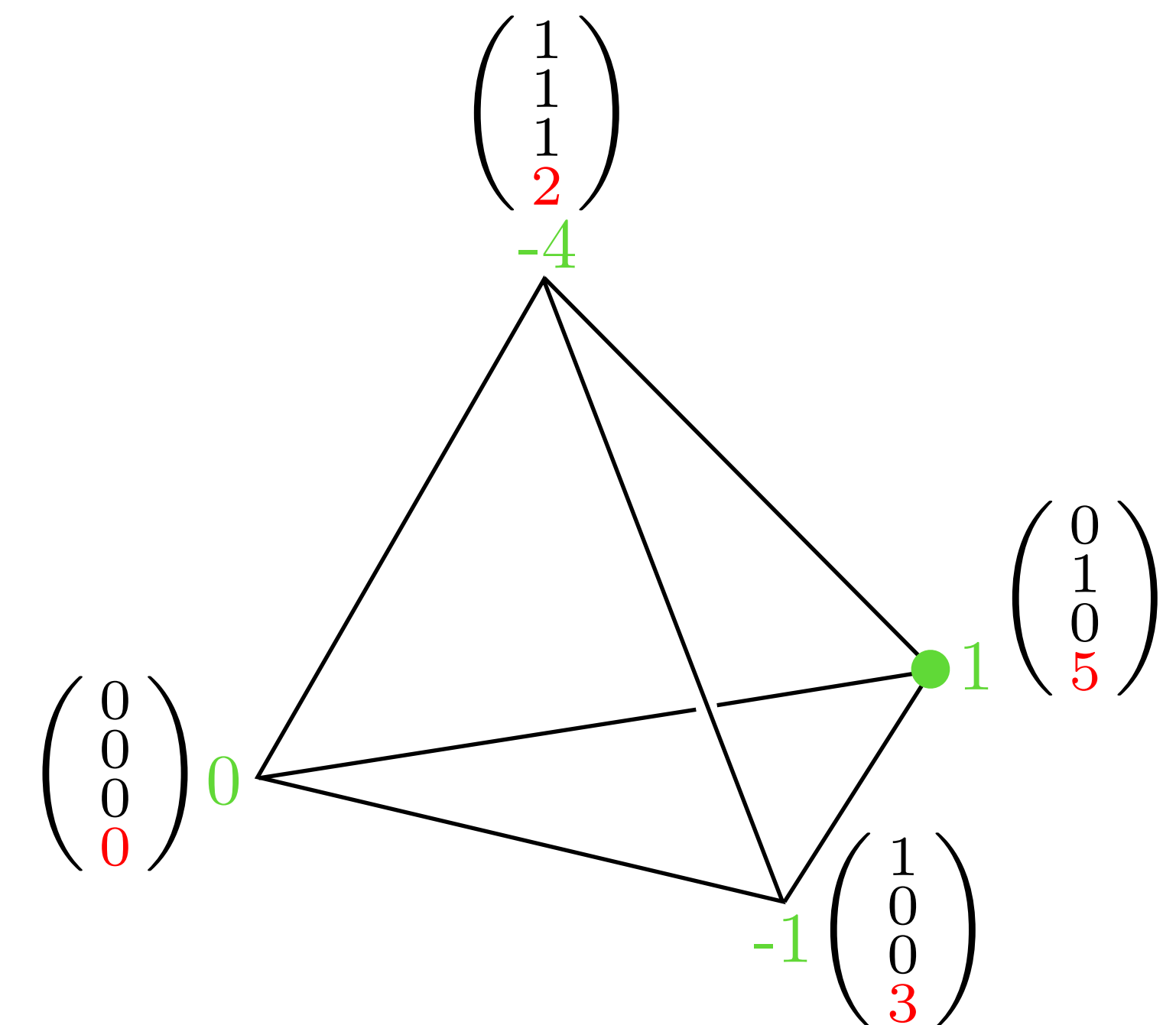
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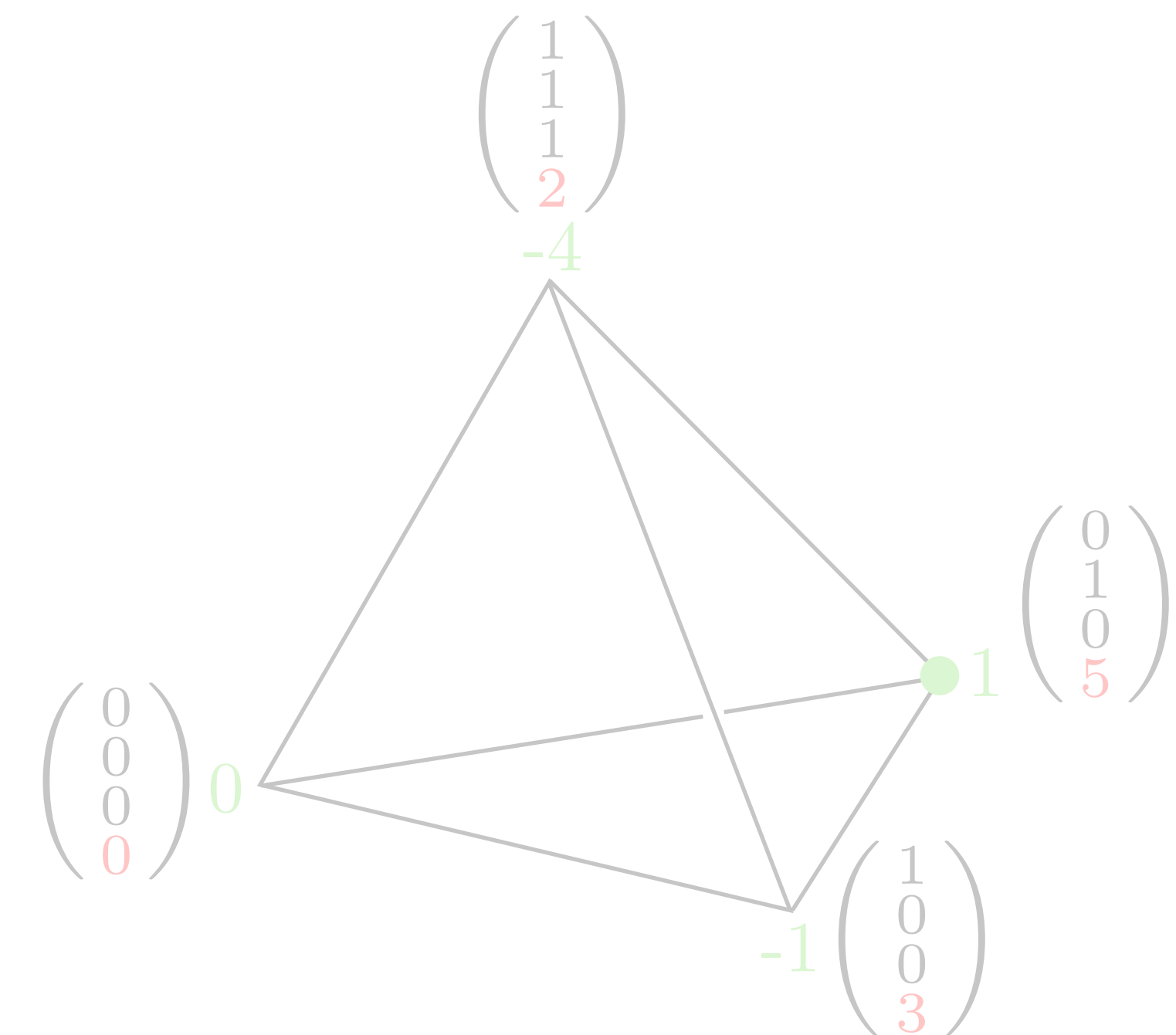
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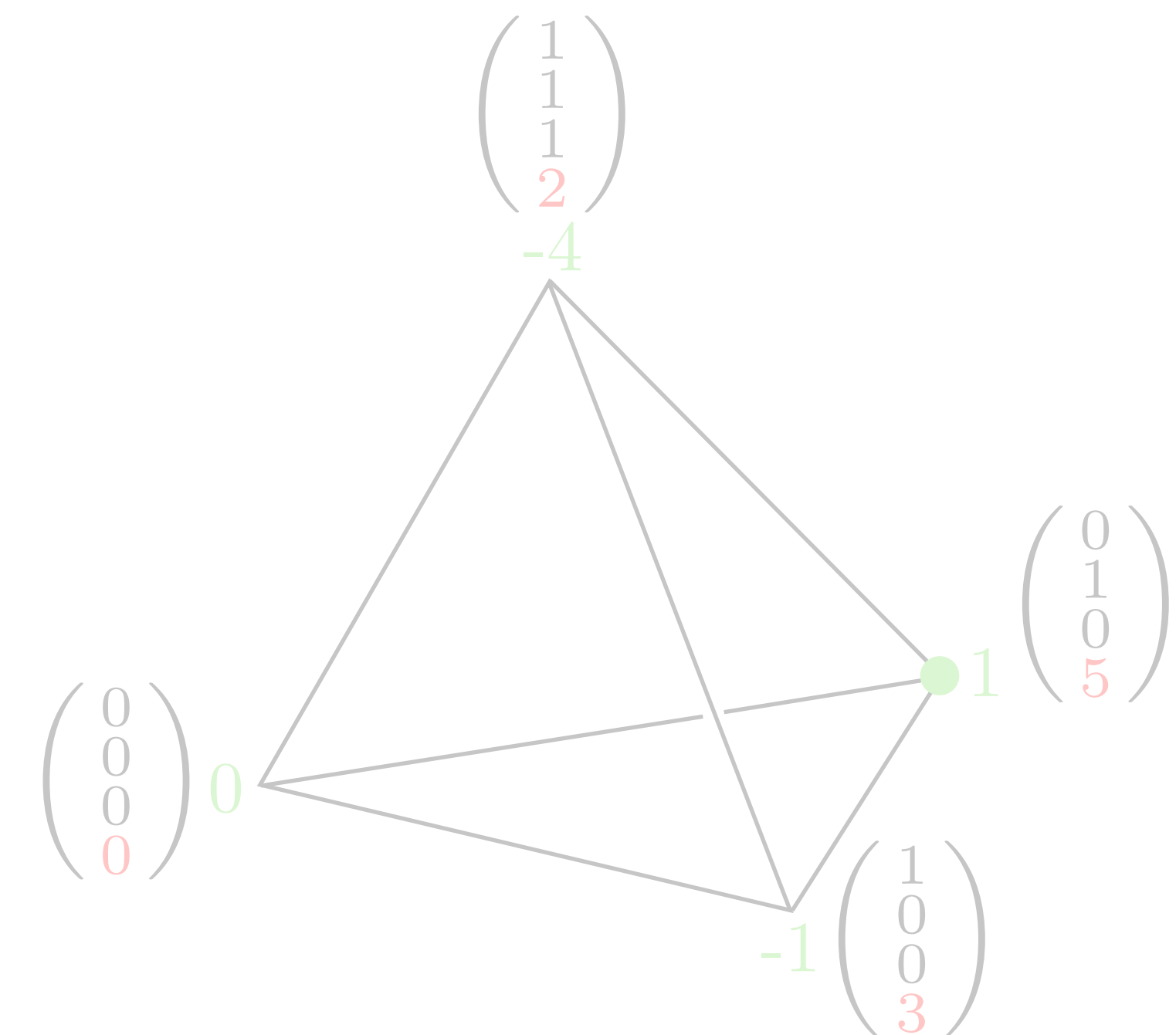
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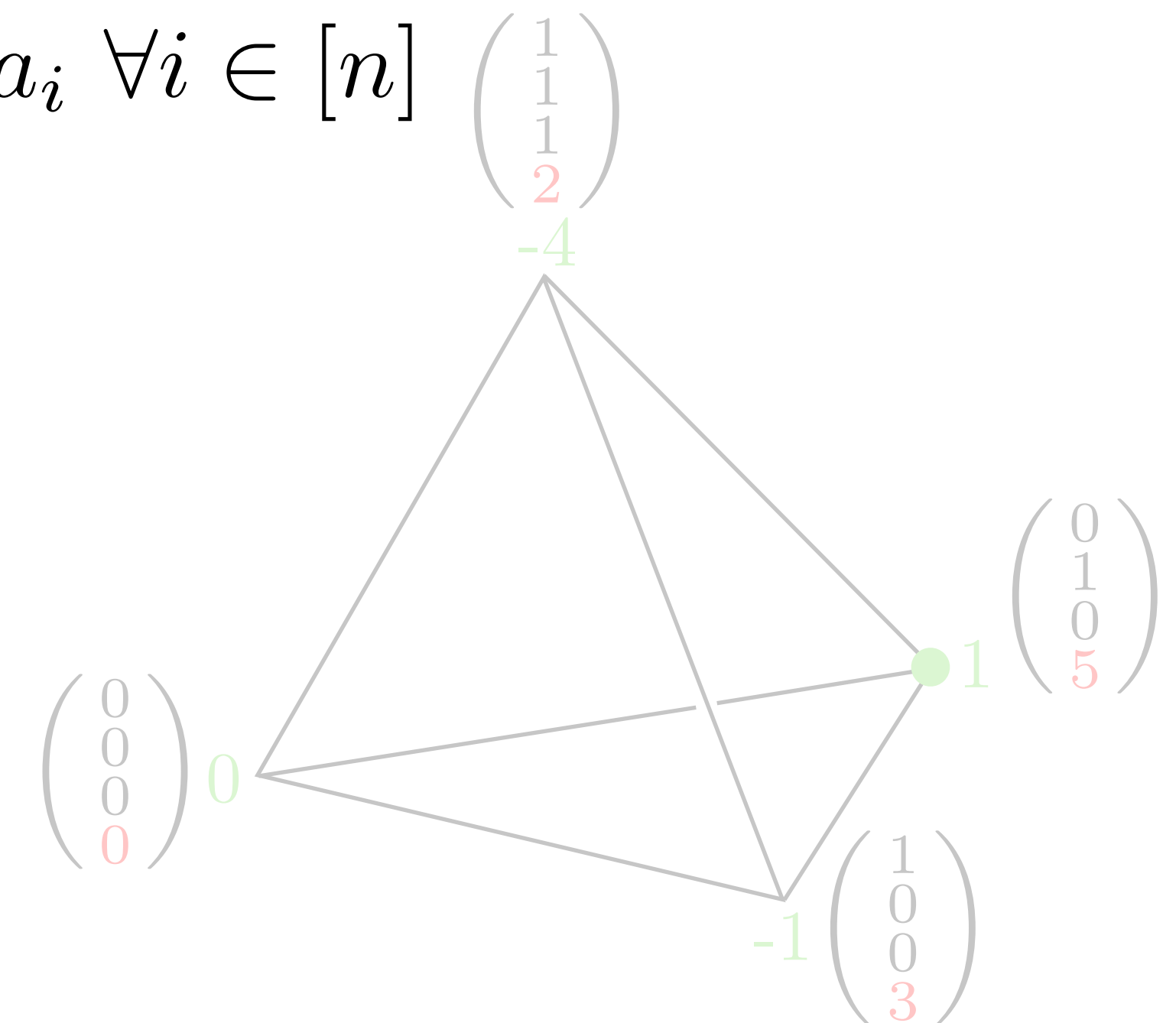
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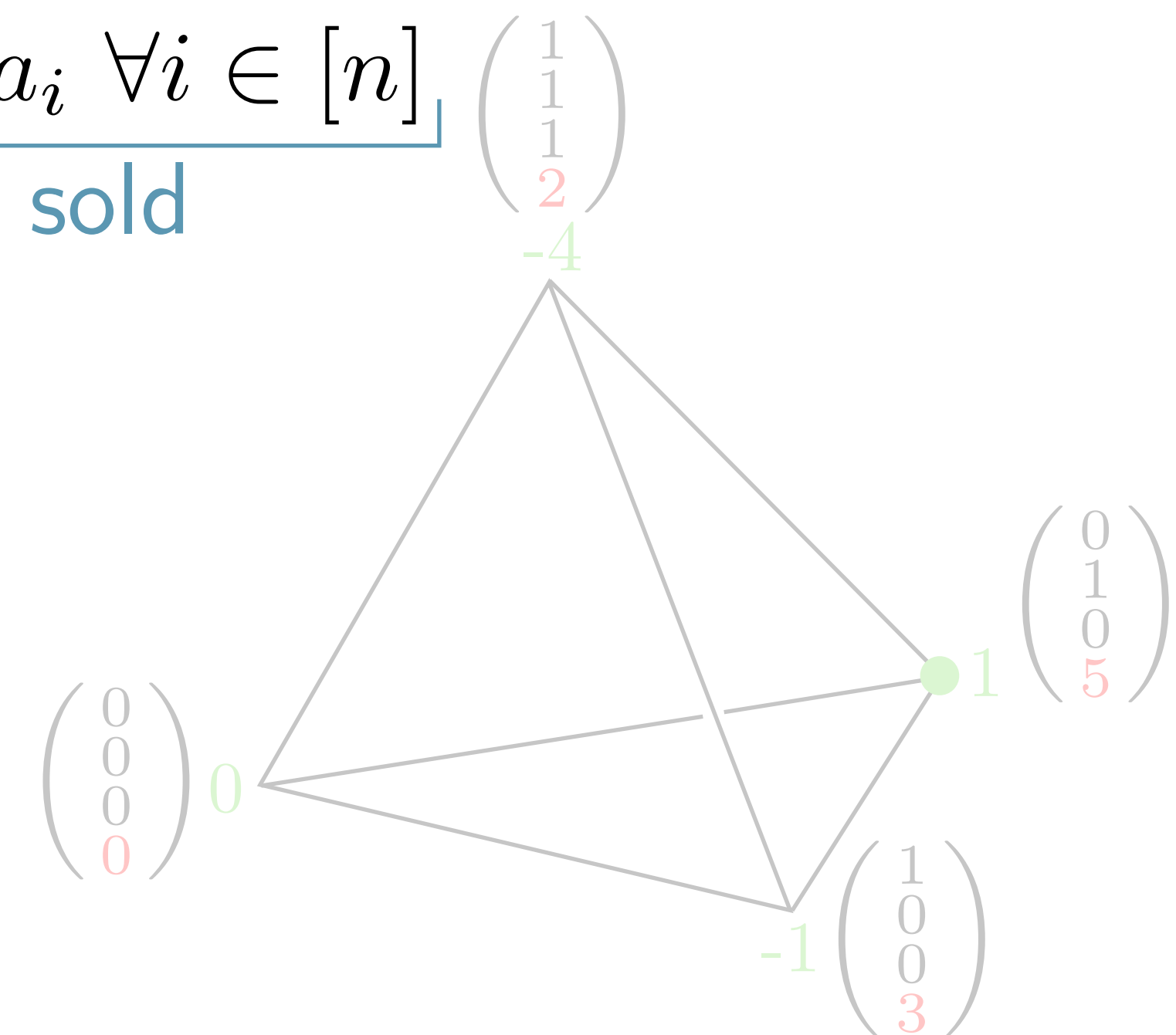
$$\underbrace{\forall b \in [m] \exists a^b \in D(v^b, p)}_{\text{all bidders are happy}} : \underbrace{a = \sum_{b \in [m]} a^b}_{\text{all items are sold}} \text{ and } a_i^* = a_i \forall i \in [n]$$

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In particular, then a CE is guaranteed to exist.

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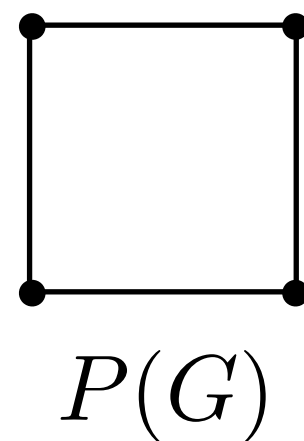
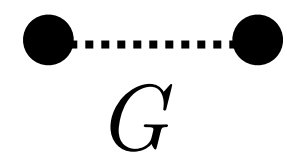
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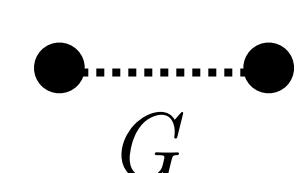
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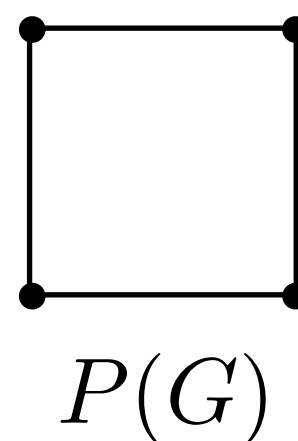
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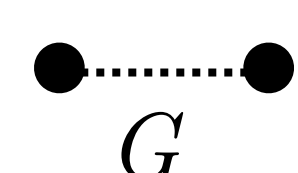
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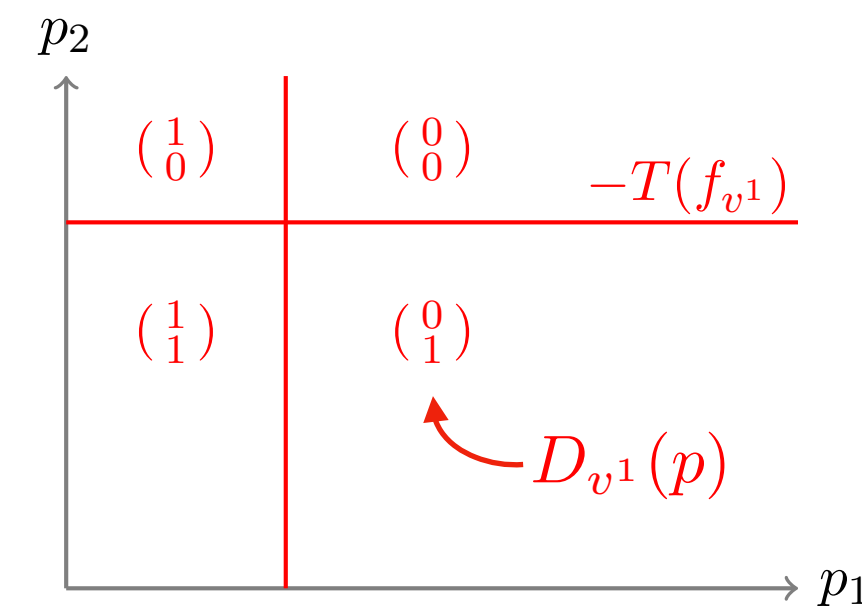
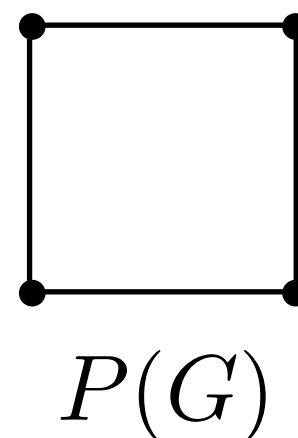
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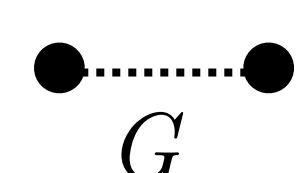
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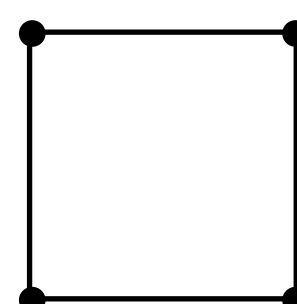
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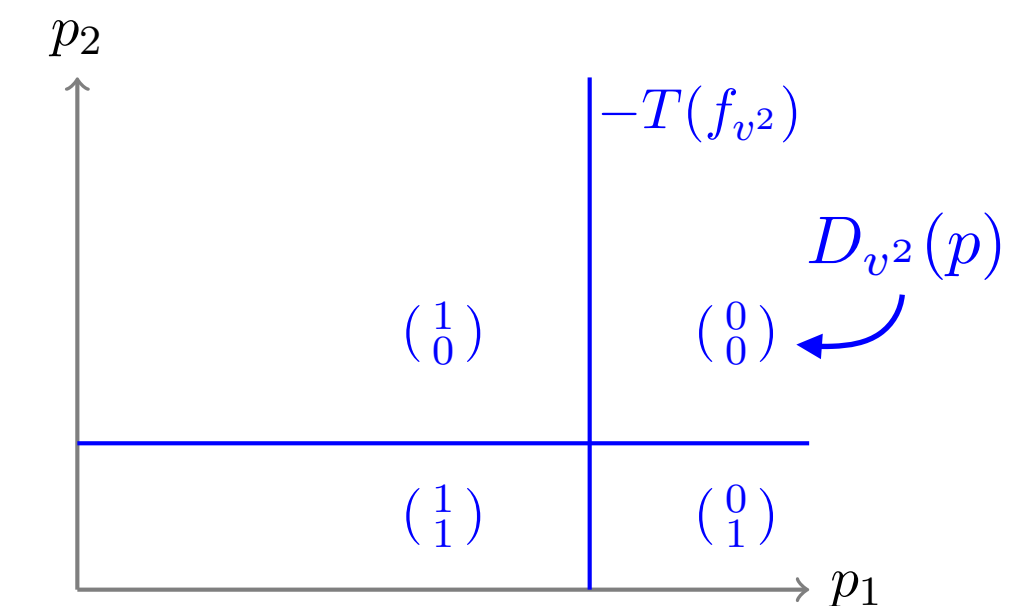
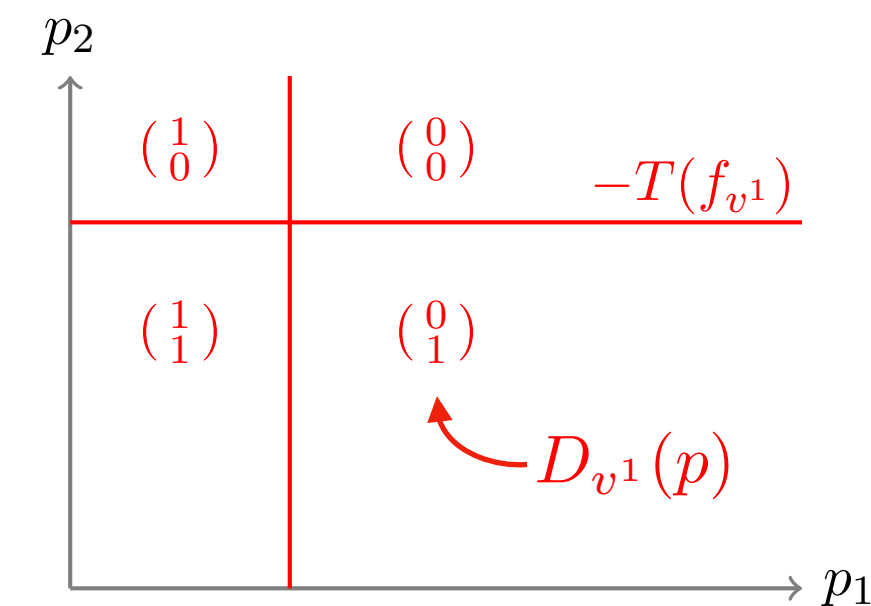
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 $w^2 = \begin{pmatrix} 7 \\ 2 \end{pmatrix} \quad f_{v^2}(x) = 0 \odot x^{\odot \begin{pmatrix} 0 \\ 0 \end{pmatrix}} \oplus 7 \odot x^{\odot \begin{pmatrix} 1 \\ 0 \end{pmatrix}} \oplus 2 \odot x^{\odot \begin{pmatrix} 0 \\ 1 \end{pmatrix}} \oplus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





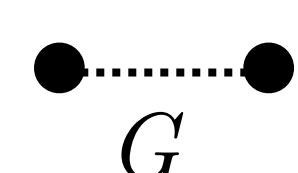
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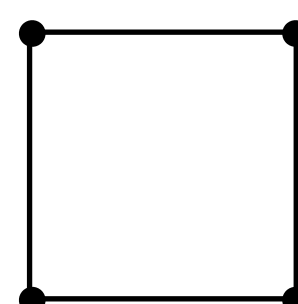
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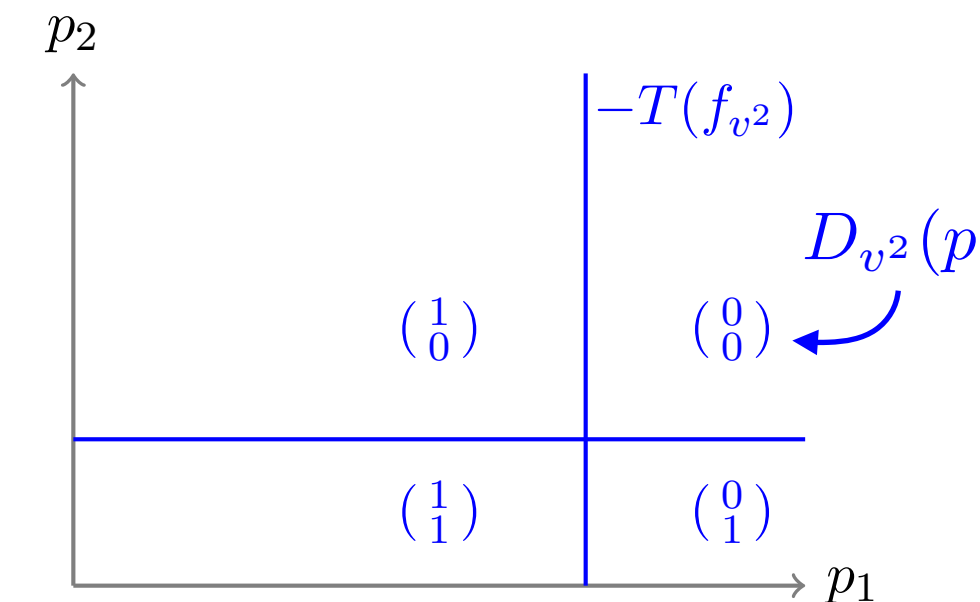
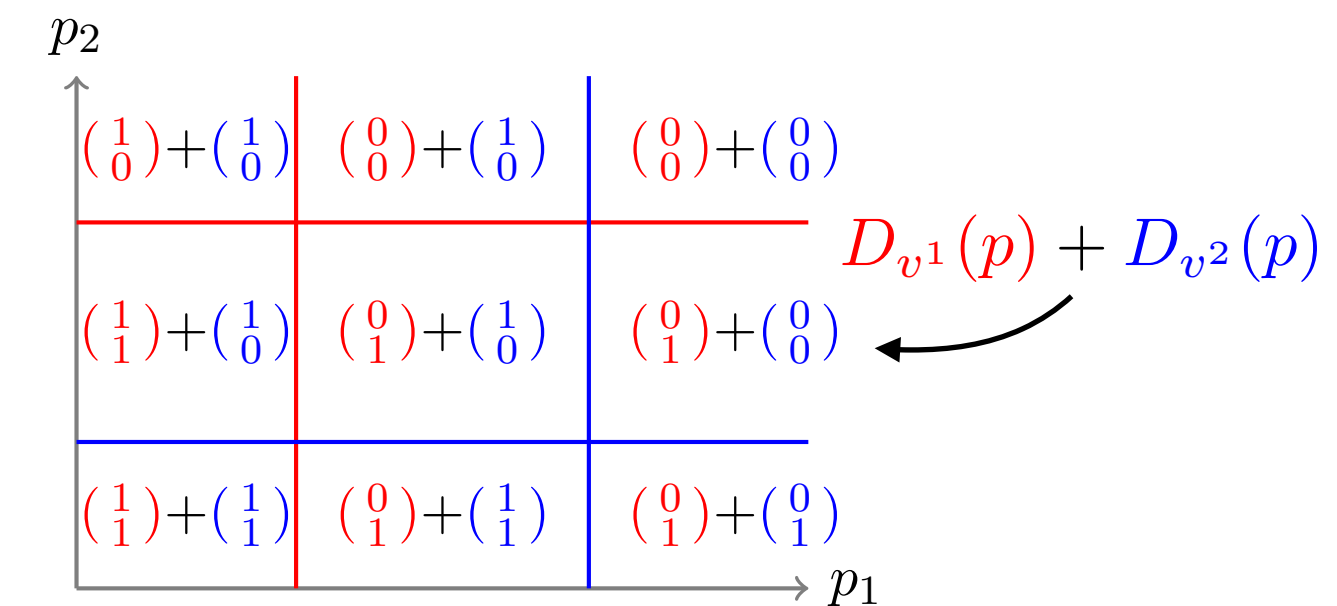
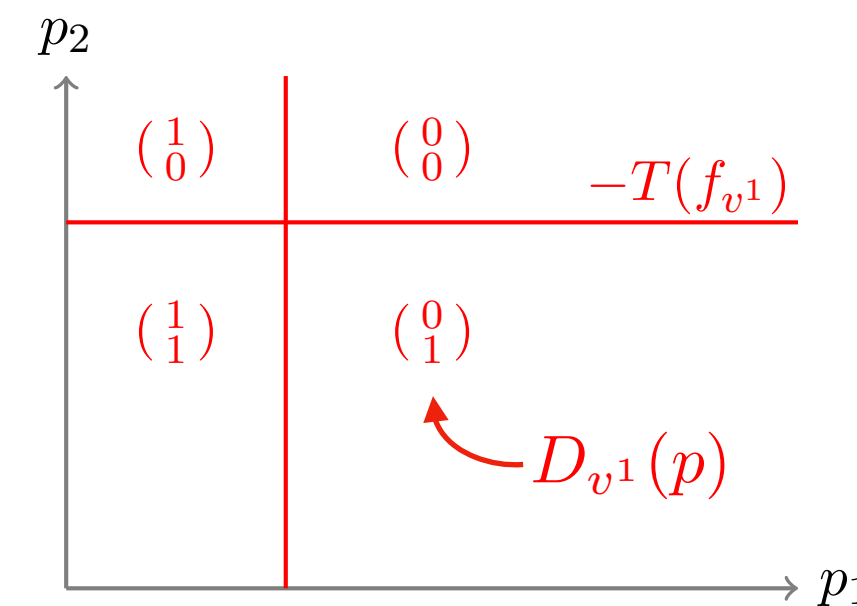
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# Tropical Intermezzo

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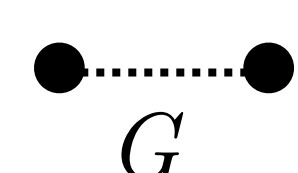
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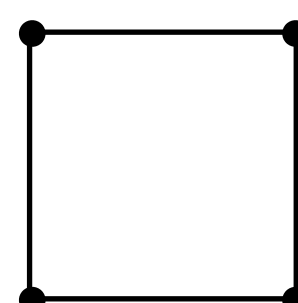
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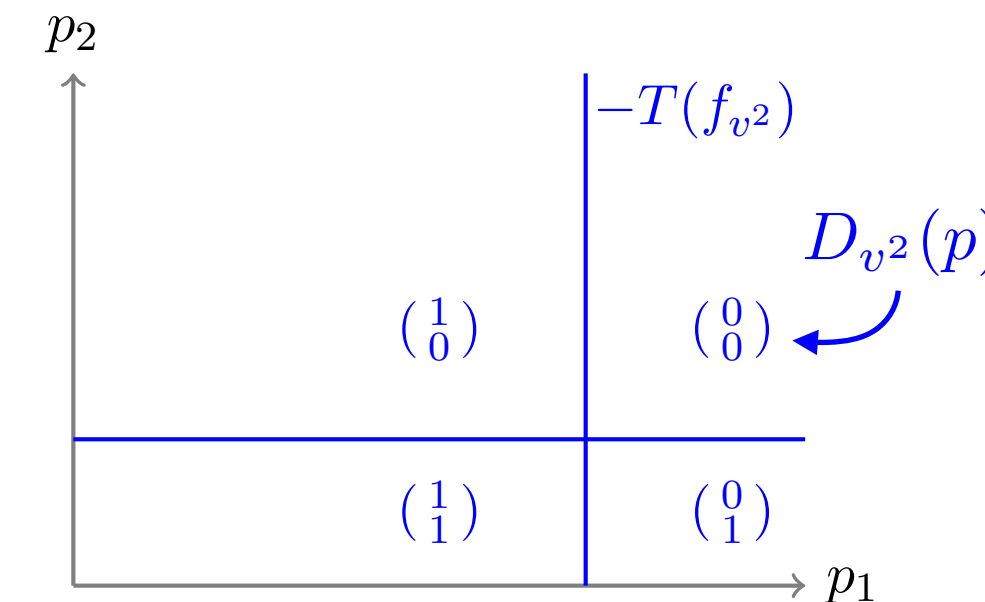
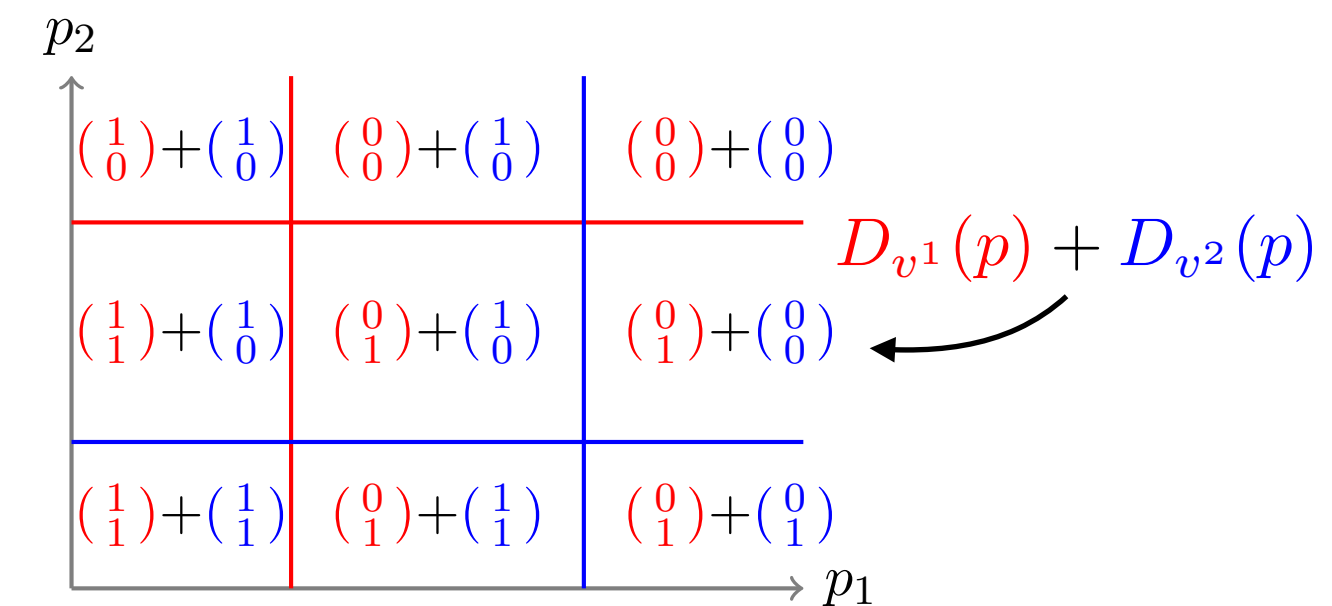
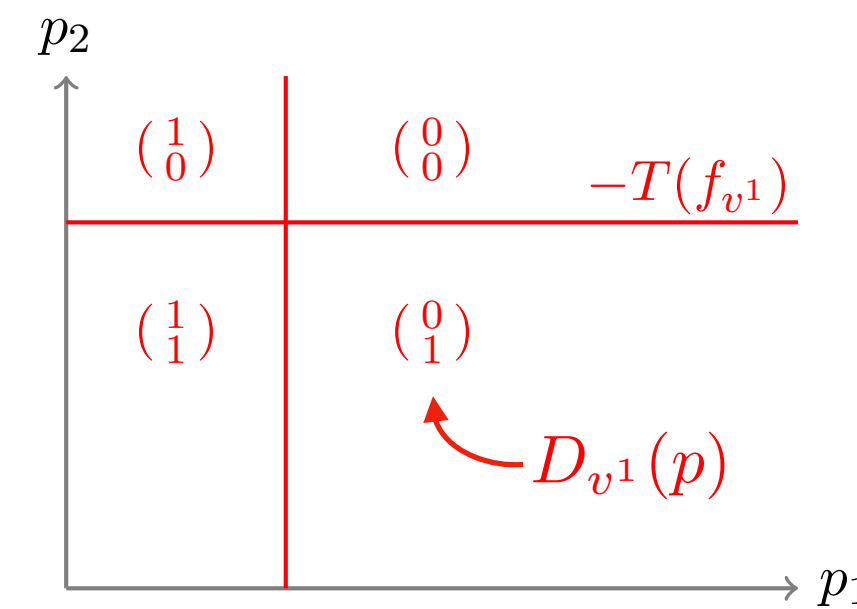
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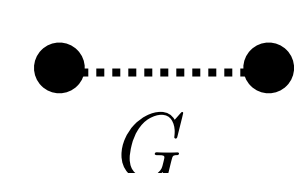
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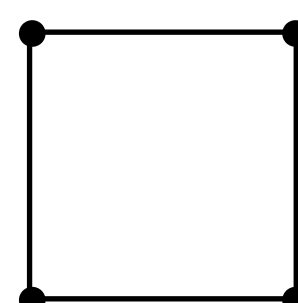
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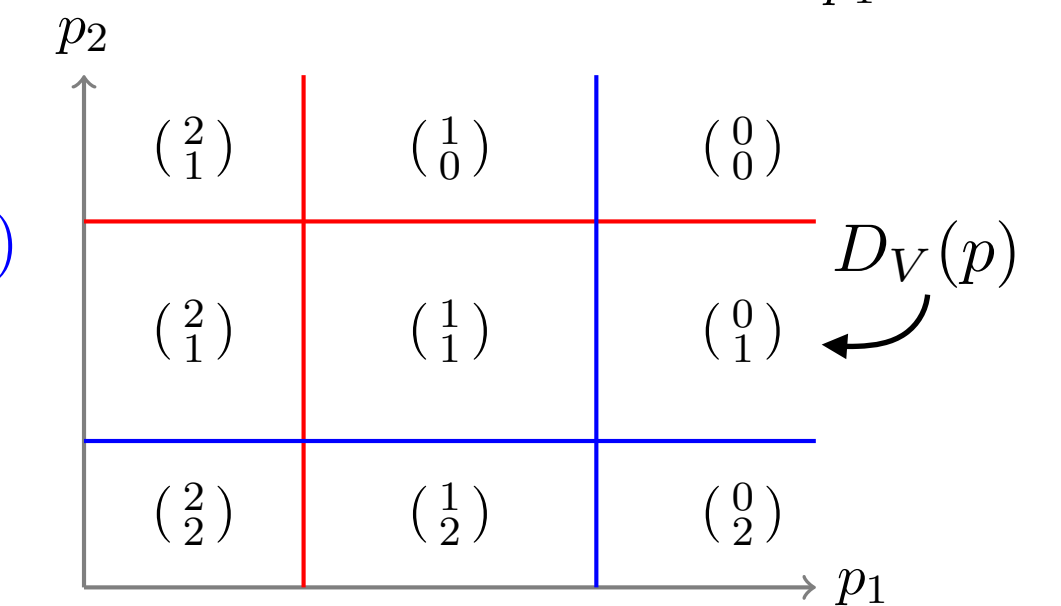
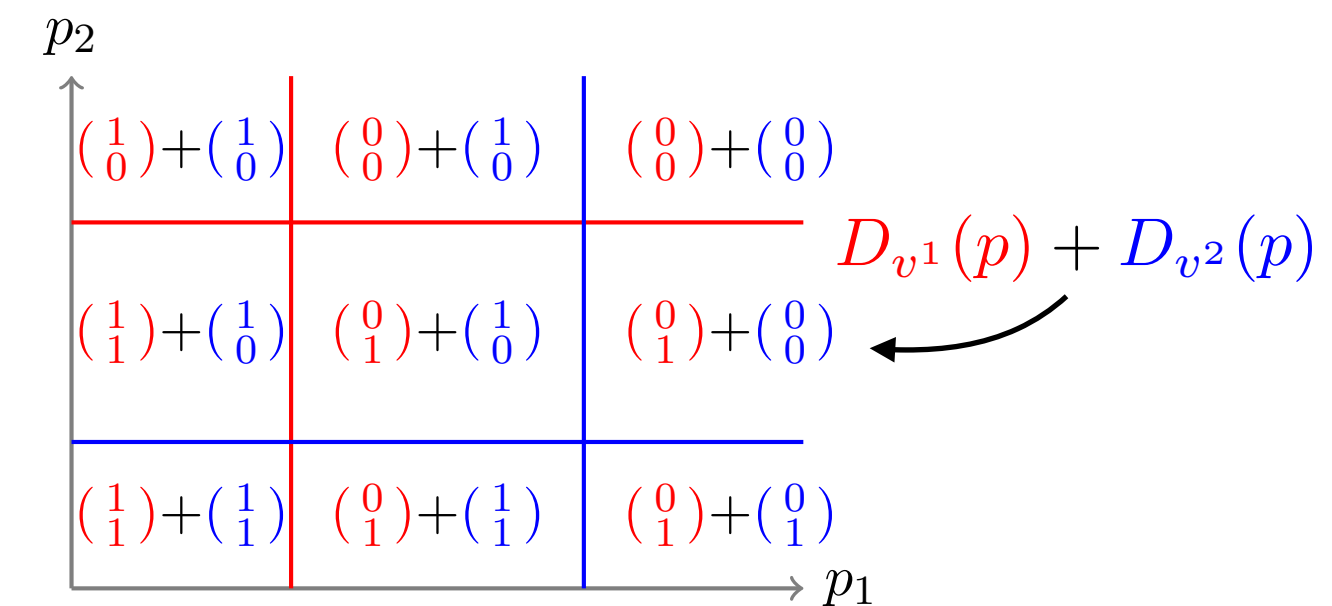
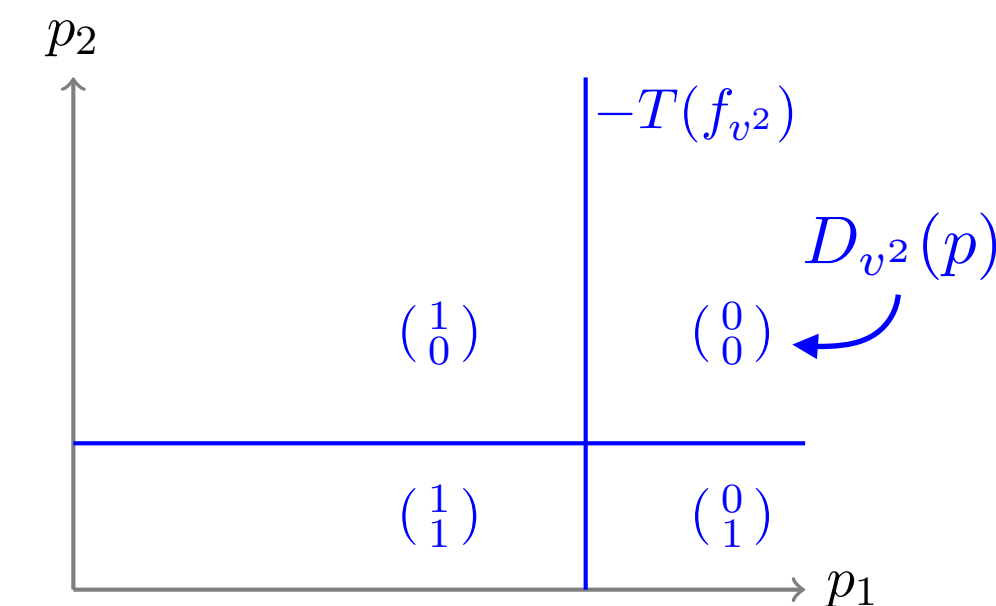
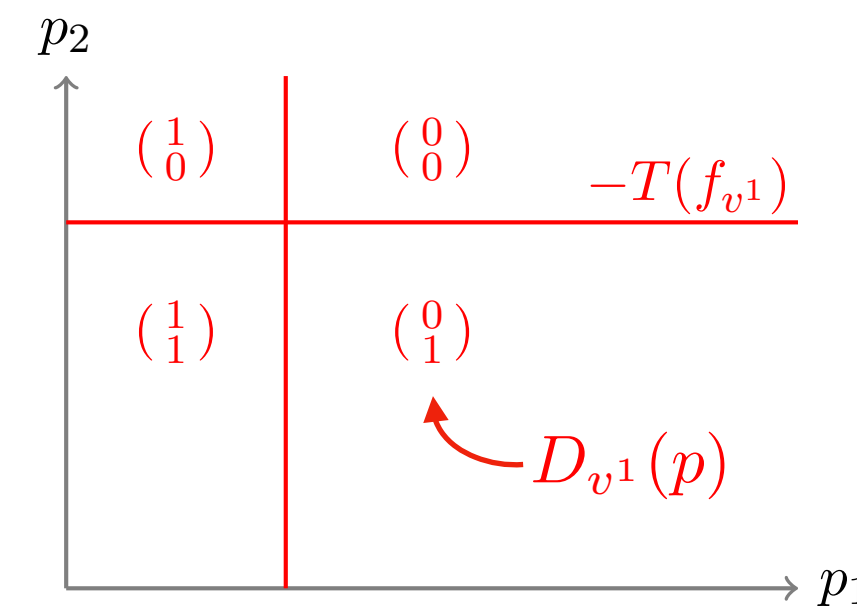
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# Mixed regular subdivisions

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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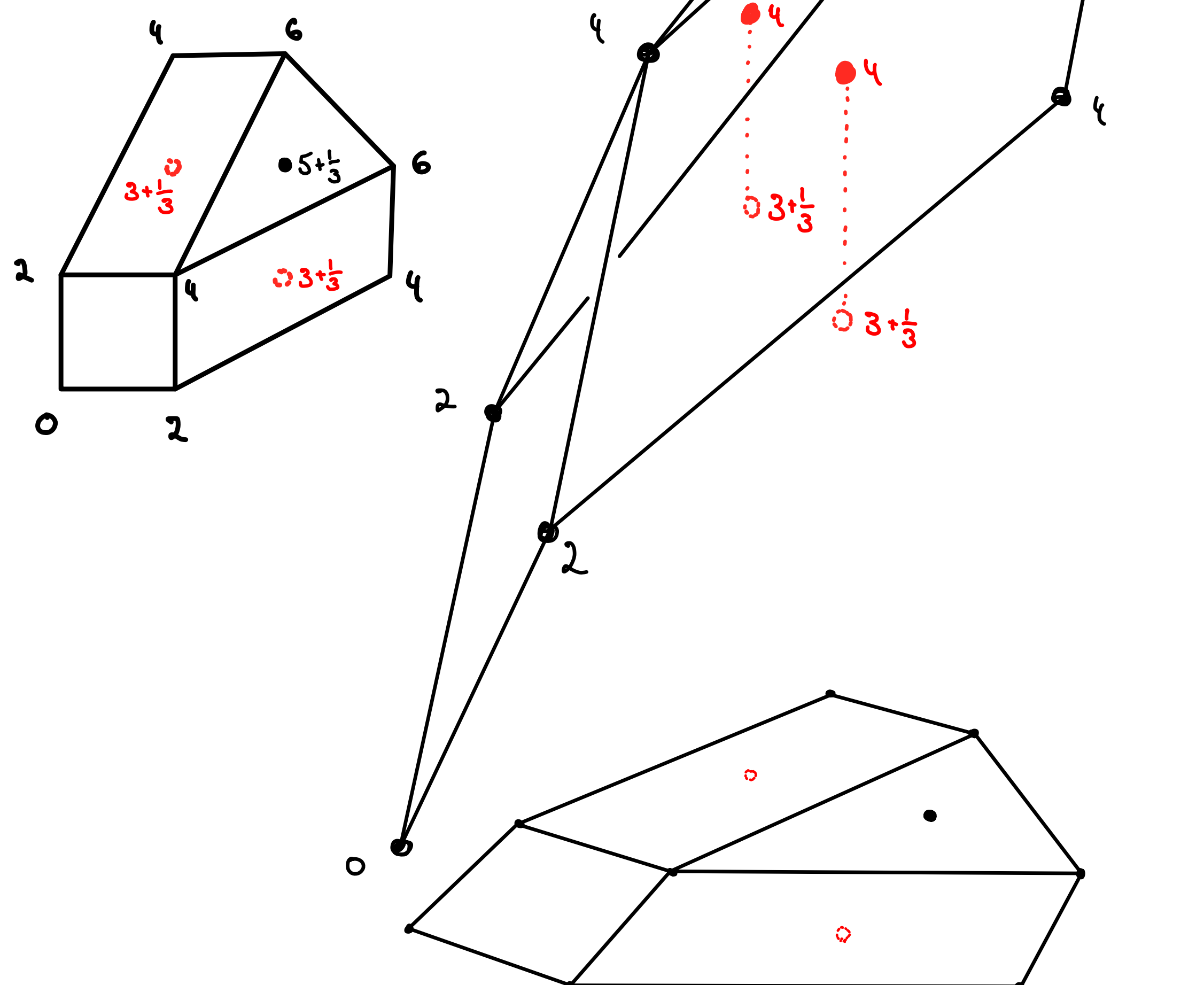
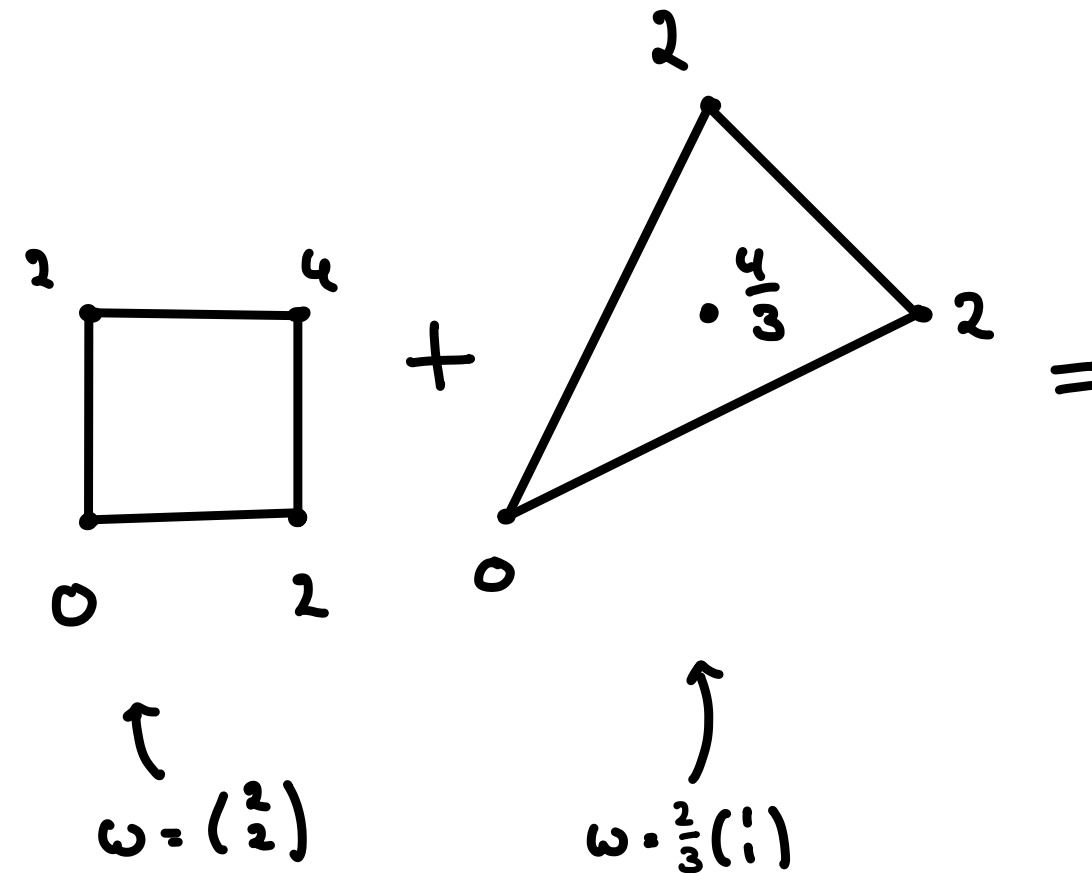
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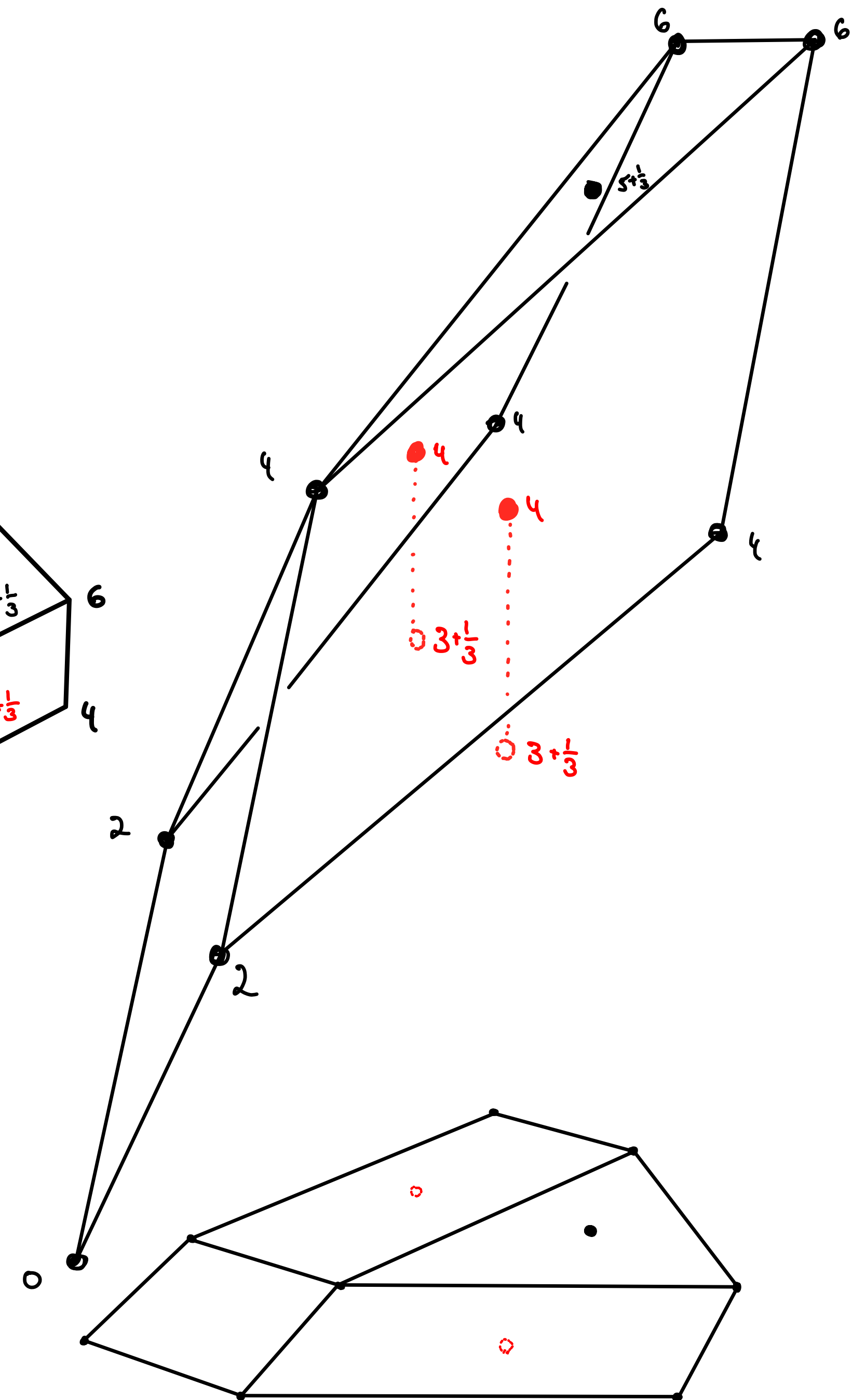
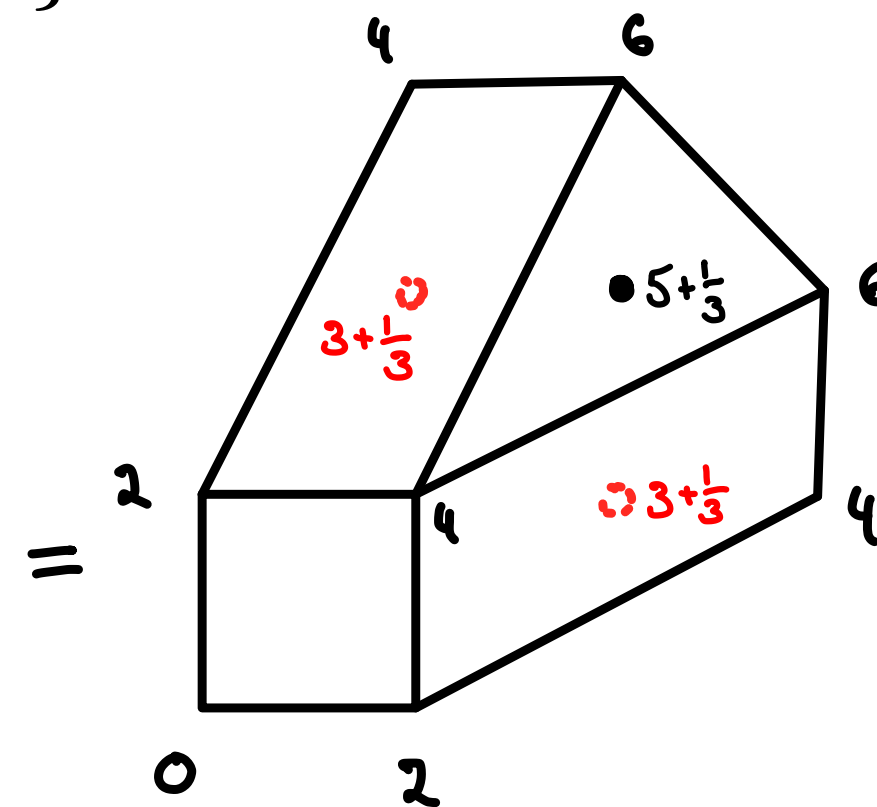
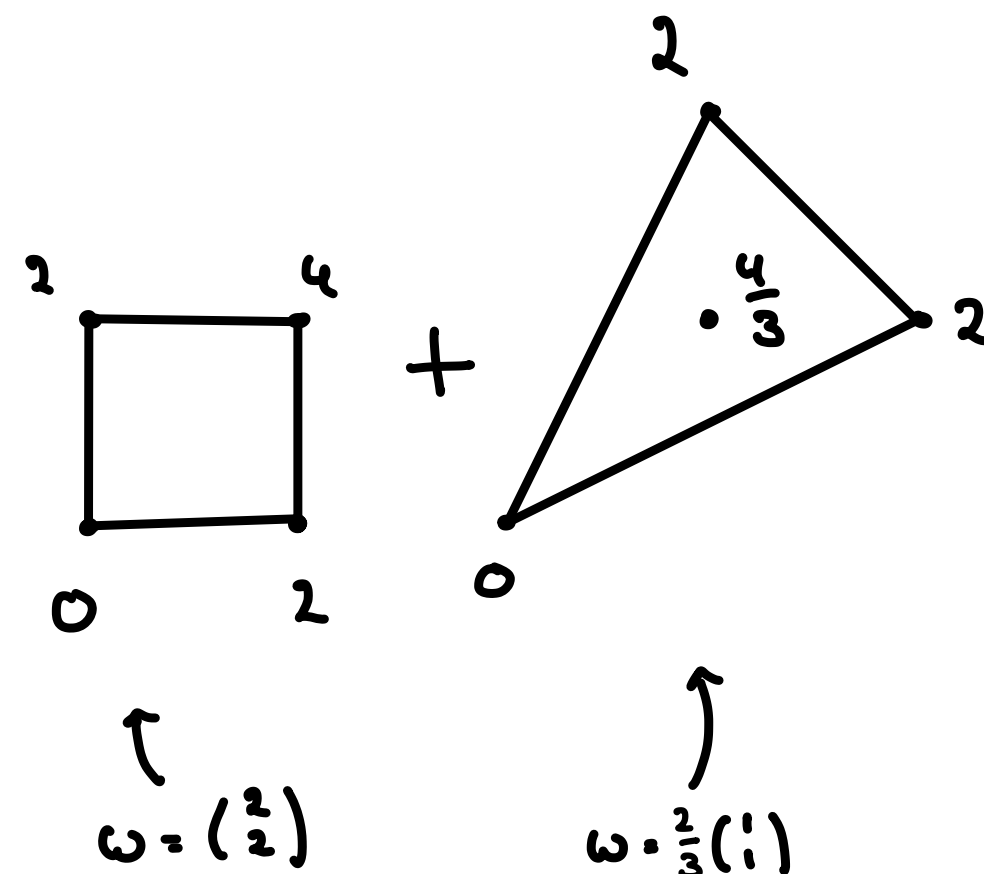
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face in mixed regular subdivision

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!

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### Theorem (B.-Haase-Tran, '21+)

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

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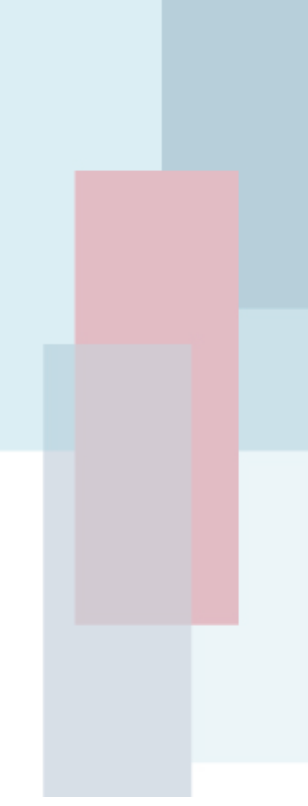
### Reminder

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

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# The complete graph

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# 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.  
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where CE might not exist

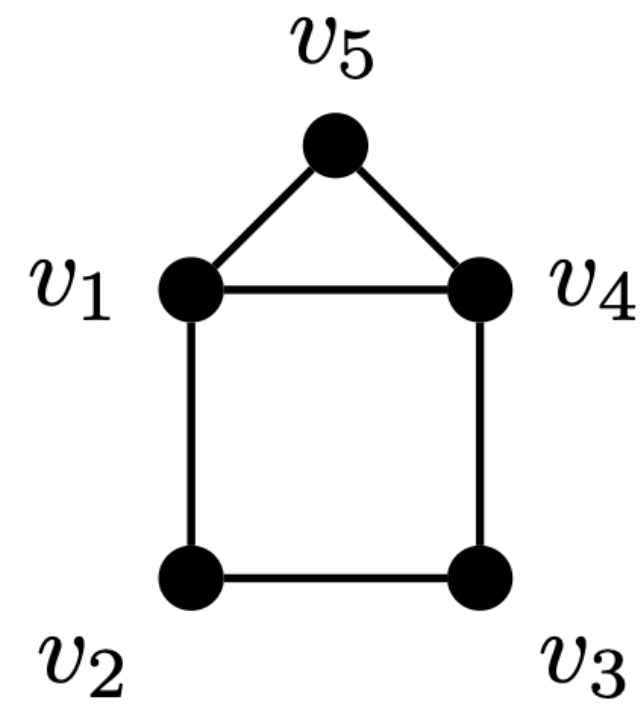




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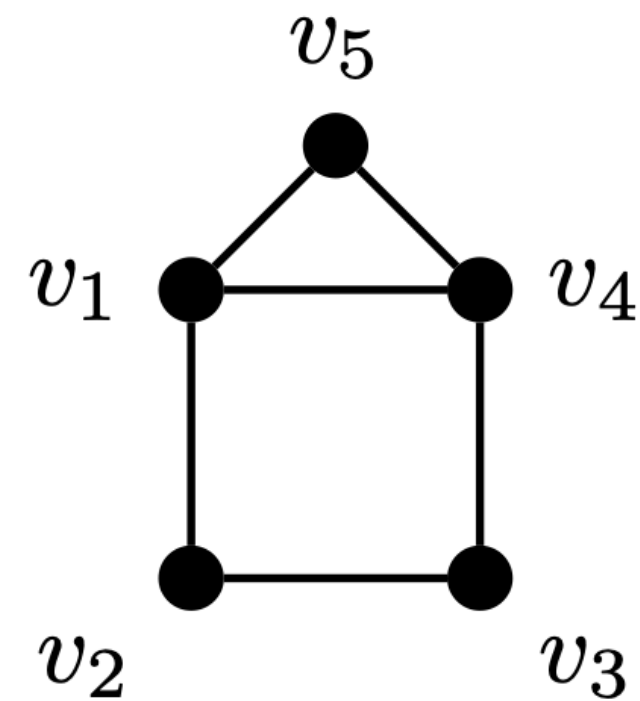
Example.



# 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.

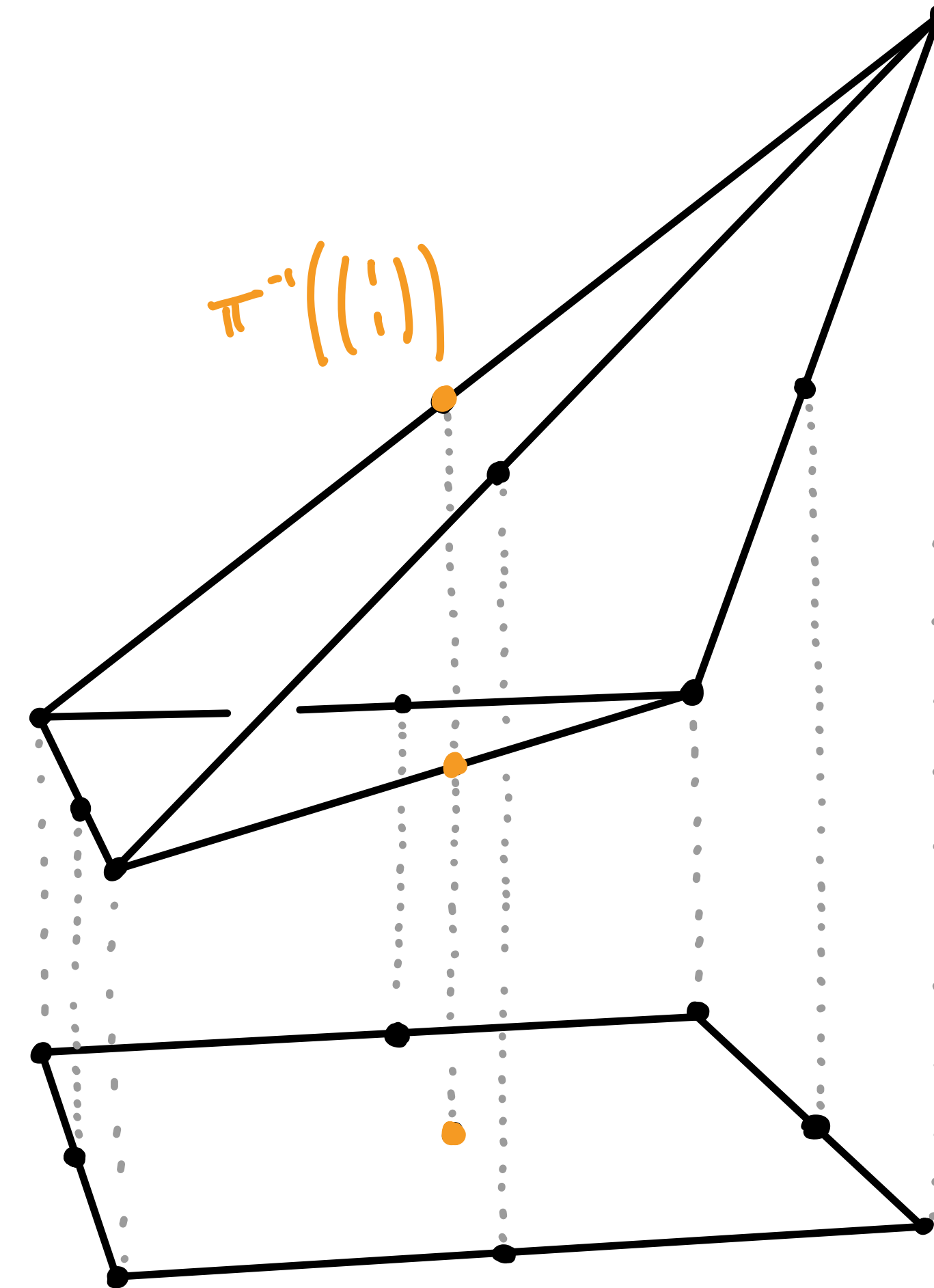
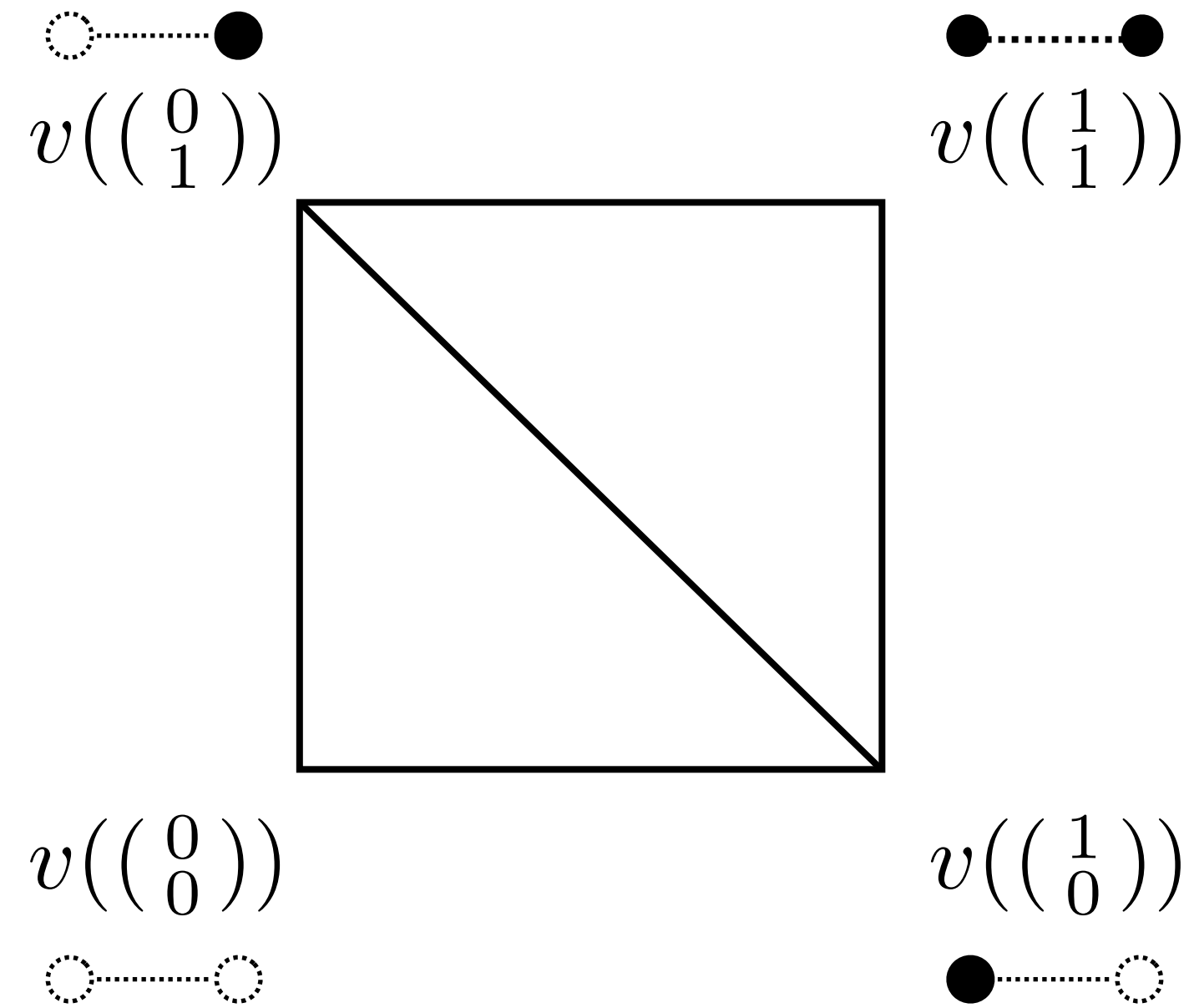
$$\pi^{-1}(a^*) \cap \sum_{i=1}^4 e_i = \{(1, 1, 1, 1, 0, 0, 0, 0, 0, 0)\}$$

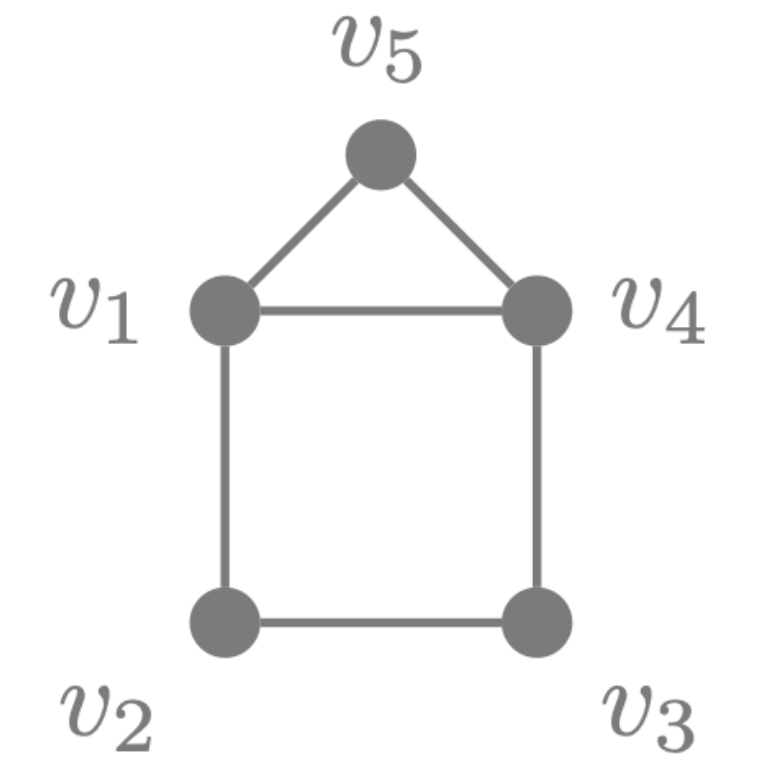
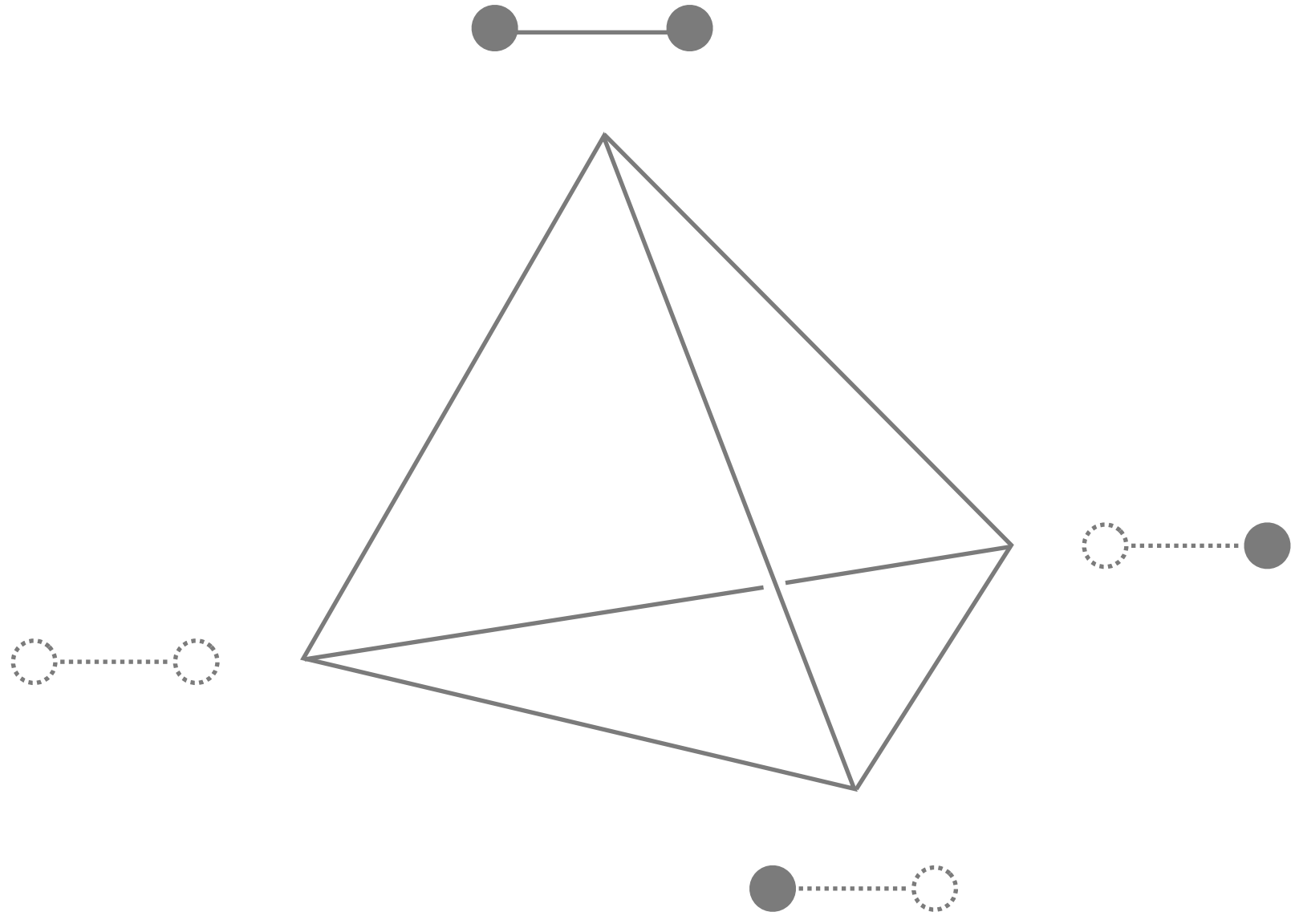
and

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

# Comparison: classical approach

## Non-linear valuations on the cube





# Thank you!

