

The Multiple-partners Assignment Game with Heterogeneous Sales and Multi-unit Demands: Competitive Equilibria*

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Abstract: A multiple-partners assignment game with heterogeneous sales and multi-unit demands consists of a set of sellers that own a given number of indivisible units of potentially many different goods and a set of buyers who value those units and want to buy at most an exogenously fixed number of units. We define a competitive equilibrium for this generalized assignment game and prove its existence by using only linear programming. In particular, we show how to compute equilibrium price vectors from the solutions of the dual linear program associated to the primal linear program defined to find optimal assignments. Using only linear programming tools, we also show (i) that the set of competitive equilibria (pairs of price vectors and assignments) has a Cartesian product structure: each equilibrium price vector is part

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of a competitive equilibrium with all optimal assignments, and vice versa; (ii) that the set of (restricted) equilibrium price vectors has a natural lattice structure; and (iii) how this structure is translated into the set of agents' utilities that are attainable at equilibrium.

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1 Introduction

We study competitive equilibria of markets with indivisible goods. The multiple-partners assignment game with heterogeneous sales and multi-unit demands (a market) is a many-to-many assignment problem with transferable utility in which agents can be partitioned into two disjoint sets: the set of buyers and the set of sellers. Sellers deliver indivisible units of (potentially different) goods to buyers who pay a given amount of money for every unit of each good. Each seller owns a given number of indivisible units of each good and each buyer may buy different units of the goods up to an exogenously fixed number which comes from constraints on his capacity for transport, storage, etc. Each seller assigns a per-unit value (or reservation price) to each of the different goods that he owns. Each buyer assigns a valuation (or maximal willingness to pay) to each unit of the different goods.

There are many assignment problems with these characteristics.¹ Namely, each agent can be assigned to (*i.e.*, perform a transaction with) many agents of the other side of the market, utility is transferable because money may be used as a means of exchange, a unit of a particular good owned by a seller may be different from a unit of another good owned by the same seller, and buyers may be willing to buy several units of different goods. Given an initial distribution of units of the goods among all sellers, the main questions to be answered are: (i) what is the optimal assignment of goods to buyers? (ii) what are the prices (if any) that would clear the market?, (iii) what is the subset of goods that are indeed exchanged?, and (iv) what is the set of (total) utilities that agents might receive?

Given a market, an assignment is a description of how many units of each of the goods are exchanged between every pair formed by a buyer and a seller. An assignment is feasible

¹For instance, a primary market of blood, a local market of fresh products that operates once or twice per week, and a clothing market in a city with wholesalers and retailers.

if it satisfies the quantity and capacity constraints of all agents. A feasible assignment is optimal if it maximizes the total net value (the sum of the valuations minus the reserve price of all exchanged units). It turns out that the set of optimal assignments of a market can be identified with the set of integer solutions of a natural Primal Linear Program where the objective function (to be maximized) is the total net value, which depends linearly on the assignment, subject to non-negativity constraints and to feasibility constraints.² Results on integer programming (see Schrijver, 1996) guarantee that the Primal Linear Program has at least one solution with integer components, since the set of all real-valued solutions of the Primal Linear Program is a polytope whose vertices have all integer-valued coordinates.

To choose an optimal assignment requires information about valuations, reservation prices, and quantity and capacity constraints. Hence, competitive markets may emerge (or be used) as a way of selecting an optimal assignment with low informational requirements. We will assume that buyers and sellers exchange units of the goods with money through competitive markets in which a price vector (a non-negative price for each good) is announced. Given the price vector, each seller determines the optimal number of units he wants to sell of each of the goods he owns and each buyer determines the optimal number of units he wants to buy of each good, without exceeding his capacity constraints. A price vector p is an equilibrium price vector of the market if the plans of all sellers and buyers are compatible at p ; namely, the market of each good clears in the sense that all optimal plans constitute a feasible and compatible set of exchanges (they constitute a feasible assignment). In this case we say that the equilibrium price vector and the feasible assignment are compatible. A competitive equilibrium of the market is a pair formed by an equilibrium price vector and a compatible assignment. We show using well-known duality theorems of linear programming that each market has at least a competitive equilibrium.³ All our proofs rely only on well-known results of linear programming. First, we observe that the Dual Linear Program has a non-empty set of solutions; second, we give a procedure to construct an equilibrium price vector from a given solution of the Dual Linear Program; and third, we show that any optimal solution of the Primal Linear Program is compatible with this equilibrium price vector. Thus, the set of competitive equilibria of a market is

²Gale (1960) is still a useful reference for the use of linear programming techniques in the analysis of many linear economic models.

³Milgrom (2010) establishes the existence of competitive equilibrium prices for a more general model which also includes multi-unit auctions and exchange economies as special cases (see Section 2 for a brief description of Milgrom (2010)'s model).

intimately related to the set of solutions of the Primal Linear Program (compatible optimal assignments) and the Dual Linear Program (equilibrium price vectors).⁴

We next show that the set of competitive equilibria of a market has a Cartesian product structure: each equilibrium price vector is compatible with all optimal assignments and each optimal assignment is compatible with all equilibrium price vectors. Moreover, the set of equilibrium price vectors has a lattice structure with the natural order of vectors \geq (a reflexive, transitive, antisymmetric, and incomplete binary relation) on the n -dimensional Euclidian space, where n is the number of goods and given two vectors $x, y \in \mathbb{R}^n$, $x \geq y$ if and only if $x_j \geq y_j$ for all $j = 1, \dots, n$. As a consequence of this lattice structure, the set of equilibrium price vectors contains two extreme elements: the sellers-optimal equilibrium price vector with each component being larger or equal to the corresponding component of all other equilibrium price vectors and the buyers-optimal equilibrium price vector with each component being smaller or equal to the corresponding component of all other equilibrium price vectors. We observe that, in contrast to the Shapley and Shubik (1972)'s assignment game, this natural order \geq does not translate into the set of utilities of buyers (nor the set of utilities of sellers) that can be attainable at equilibrium. Partly, this is because there is an insubstantial multiplicity of equilibrium prices of the goods that are not interchanged in any equilibrium assignment. We solve this multiplicity by defining the set of restricted equilibrium price vectors as those equilibrium price vectors for which the price of the goods that are never interchanged in equilibrium is equal to their maximal one without altering the equilibrium property of the full price vector. We show that the set of restricted equilibrium price vectors has a complete lattice structure with the natural order \geq of vectors. Then, we show that the set of total utilities of buyers that are attainable at equilibrium embeds the lattice structure of the set of restricted equilibrium price vectors. However, we also show that the set of total utilities of the sellers that are attainable at equilibrium does not inherit this structure.

There are several papers that have studied generalized versions of Shapley and Shubik (1972)'s one-to-one assignment game to many-to-one or many-to-many models. Camiña (2006), Sotomayor (1992, 1999, 2002, 2007, 2009a, 2009b), Bikhchandani and Ostroy (2002), Milgrom (2010), and Fagebaume, Gale, and Sotomayor (2010) are some of them. However, part of the emphasis of this literature has been put on the study of alternative cooperative

⁴Shapley and Shubik (1972) already pointed out the relationships among the set of competitive equilibria of a one-to-one assignment game, the core of its associated TU-game, and the solutions of the corresponding primal and dual linear programs.

solutions of the associated TU-game, although Camiña (2006), Sotomayor (2007, 2009b), Bikhchandani and Ostroy (2002), and Milgrom (2010) also study the competitive equilibria of their generalized assignment games. At the end of Section 2 and in Subsection 5.1 we describe some of this very related literature as well as its connections with our model and results.

The paper is organized as follows. In Section 2 we define the multiple-partners assignment game with heterogeneous sales and multi-unit demands (a *market*) and compare our model with existing related models in the literature. In Section 3, we define optimal assignments and the associated Primal Linear Program of a market. In Section 4 we present the notion of a competitive equilibrium and show its existence by using duality theorems of Linear Programming. In Section 5 we study the structure of the set of competitive equilibria by showing that it is a Cartesian product of the set of equilibrium price vectors times the set of optimal assignments, and that the set of restricted equilibrium price vectors has a complete lattice structure with the natural partial order \geq ; we also show how this partial order endows a lattice structure to the set of total utilities of the buyers (but not to the set of total utilities of the sellers) that are attainable at equilibrium.

2 Preliminaries and Related Models

The multiple-partners assignment game with heterogeneous sales and multi-unit demands (a *market*) consists of seven objects. The first three are three finite and disjoint sets. The set of m buyers $B = \{b_1, \dots, b_m\}$, the set of n type of goods $G = \{g_1, \dots, g_n\}$, and the set of t sellers $S = \{s_1, \dots, s_t\}$. We identify buyer b_i with i , good g_j with j , and seller s_k with k .

For each buyer $i \in B$ and each good $j \in G$, let $v_{ij} \geq 0$ be the monetary valuation that buyer i assigns to each unit of good j ; namely, v_{ij} is the maximum price that buyer i is willing to pay for each unit of good j . We denote by $V = (v_{ij})_{(i,j) \in B \times G}$ the *matrix of valuations*. Each buyer $i \in B$ can buy at most $d_i > 0$ units in total. The amount d_i should be interpreted as a capacity constraint of buyer i due to limits on his ability for transport, storage, etc. We denote by $d = (d_i)_{i \in B}$ the *vector of maximal demands*. We are assuming that buyers have a constant marginal valuation of each good in the sense that the additional value for buyer i of an extra unit of good j is constant and equal to v_{ij} , as long as the total consumption of buyer i is strictly smaller than d_i .

For each good $j \in G$ and each seller $k \in S$, let $r_{jk} \geq 0$ be the monetary valuation that seller k assigns to each unit of good j ; namely, r_{jk} is the reservation (or minimum) price

that seller k is willing to accept for each unit of good j . We denote by $R = (r_{jk})_{(j,k) \in G \times S}$ the *matrix of reservation prices*. Each seller $k \in S$ has a given number $q_{jk} \in \mathbb{Z}_+$ of indivisible units of each good $j \in G$, where \mathbb{Z}_+ is the set of non-negative integers. We denote by $Q = (q_{jk})_{(j,k) \in G \times S}$ the *capacity matrix*. Observe that we are admitting the possibility that seller k may have zero units of some of the goods. However, we require that the reservation price for seller k of a good that he has no units to sell has to be equal to zero; namely, for all $k \in S$ and all $j \in G$,

$$\text{if } q_{jk} = 0 \text{ then } r_{jk} = 0. \quad (1)$$

Moreover, we assume that there is a strictly positive amount of each good; namely,

$$\text{for each } j \in G \text{ there exists } k \in S \text{ such that } q_{jk} > 0. \quad (2)$$

A *market* M is a 7-tuple (B, G, S, V, d, R, Q) satisfying (1) and (2). This constitutes a many-to-many generalization of Shapley and Shubik (1972)'s (one-to-one) assignment game in which each buyer only wants to buy at most one unit (*i.e.*, $d_i = 1$ for all $i \in B$), there is only one unit of each good and the set of goods and sellers can be uniquely identified with each other because each seller only owns the unique available unit of a good (*i.e.*, $n = t$ and for all $(j, k) \in G \times S$, $q_{jk} = 1$ if $j = k$ and $q_{jk} = 0$ if $j \neq k$).

There are other papers that have extended Shapley and Shubik (1972) model. For example, Camiña (2006) studies an instance of our model in which there is a unique seller that owns n different indivisible objects and each buyer wants to buy at most one object (*i.e.*, $t = 1$, $q_{j1} = 1$ for all $j = 1, \dots, n$, and $d_i = 1$ for all $i \in B$). Sotomayor (1992, 1999, 2007, 2009a) and Fagebaume, Gale, and Sotomayor (2010) study another extension of the assignment game in which buyers may want to buy several goods, although they are not interested in acquiring more than one unit from a given seller, and each seller owns a number of identical and indivisible objects; thus, a partnership between a buyer and a seller is binary: either it is form (and the buyer receives one unit of the unique good owned by the seller) or it is not. In contrast, to describe a partnership between a buyer and a seller in our market, we have to specify how many units of each good the buyer receives from the seller. Sotomayor (2002, 2009b) considers the multiple time-sharing assignment game, which is roughly a continuous extension of the previous model. If a partnership between a buyer (a worker) and a seller (a firm) is formed, both agents have to contribute with the same amount of units of labor time and each firm offers only one type of service; partnerships may have a continuum of intensities but they are still one-dimensional. Milgrom (2010) introduces and studies the space of assignment messages

to investigate (and solve) the difficulty that agents face, in some mechanism design settings, when reporting their “types” (or valuations of goods, or sets of goods). The model is very general and contains as particular cases multi-unit auctions (with substitutable goods), exchange economies, and integer assignment games. The last one generalizes the Shapley and Shubik (1972)’s model in many ways; in particular, agents may buy some good and sell others (there are no *a priori* sets of buyers and sellers) and may trade many units of each good, instead of just one unit. For our model, which is a particular instance of Milgrom (2010), we obtain additional results; for instance, that the set of competitive equilibria is the Cartesian product of the set of equilibrium price vectors and optimal assignments and that the sets of agents’ utilities that are attainable at equilibrium partly inherit the lattice structure of the set of equilibrium price vectors.⁵

3 Optimal Assignments

In this section we define optimal assignments of a market and show using Linear Programming that they do exist.

An *assignment* for market M is a matrix $A = (A_{ijk})_{(i,j,k) \in B \times G \times S} \in \mathbb{Z}_+^{m \times n \times t}$. Given an assignment A , each A_{ijk} should be interpreted as follows: buyer i receives A_{ijk} units of good j from seller k . When no confusion can arise, we omit the sets to which the subscripts belong to and write, for instance, $\sum_{ijk} A_{ijk}$ and $\sum_i A_{ijk}$ instead of $\sum_{(i,j,k) \in B \times G \times S} A_{ijk}$ and $\sum_{i \in B} A_{ijk}$, respectively. We are only interested in assignments satisfying all demand and supply restrictions of feasibility.

Definition 1 The assignment A is *feasible* for market M if:

(Demand Feasibility) For all $i \in B$, $\sum_{jk} A_{ijk} \leq d_i$.

(Supply Feasibility) For all $(j, k) \in G \times S$, $\sum_i A_{ijk} \leq q_{jk}$.

We denote the set of all feasible assignments of market M by F .

For each $(i, j, k) \in B \times G \times S$, let

$$\tau_{ijk} = \begin{cases} v_{ij} - r_{jk} & \text{if } q_{jk} > 0 \\ 0 & \text{if } q_{jk} = 0 \end{cases} \quad (3)$$

⁵See Subsection 5.1 for a more detailed comparison of our results with the main results of these related models.

be the *per unit gain* from the trade of good j between buyer i and seller k ; observe that if seller k does not have any unit of good j the per unit gain from trade of good j with all buyers is equal to zero and that τ_{ijk} is negative if $v_{ij} < r_{jk}$. Let M be a market and $A \in F$ be a feasible assignment. We define the *total gain from trade of market M at assignment A* as

$$T(A) = \sum_{ijk} \tau_{ijk} \cdot A_{ijk}.$$

Definition 2 A feasible assignment A^* is *optimal* for market M if, for any feasible assignment $A \in F$, $T(A^*) \geq T(A)$.

We denote by F^* the set of all optimal assignments for market M . In order to find F^* we consider the following Primal Linear Program (PLP).

PRIMAL LINEAR PROGRAM (PLP):

$$\begin{aligned} & \max_{(A_{ijk})_{(i,j,k) \in B \times G \times S} \in \mathbb{R}^{m \times n \times t}} \sum_{ijk} \tau_{ijk} \cdot A_{ijk} \\ \text{s. t.} \quad & \text{(P.1)} \quad \sum_{jk} A_{ijk} \leq d_i \quad \text{for all } i \in B, \\ & \text{(P.2)} \quad \sum_i A_{ijk} \leq q_{jk} \quad \text{for all } (j, k) \in G \times S, \\ & \text{(P.3)} \quad A_{ijk} \geq 0 \quad \text{for all } (i, j, k) \in B \times G \times S. \end{aligned}$$

Results in linear programming guarantee that the set of (real-valued) solutions of the (PLP) is non-empty (see for instance Dantzig (1963)). Moreover, results in integer programming guarantee that at least one of these solutions has integer components (see Schrijver, 1996); namely, $F^* \neq \emptyset$. Thus, we state without proof the following result.

Proposition 1 *Every market M has a nonempty set of optimal assignments.*

4 Competitive Equilibria

4.1 Definition and Existence

We consider the situation where buyers and sellers trade through competitive markets. That is, there is a unique market (and its corresponding unique price) for each of the goods. Hence, a price vector is an n -dimensional vector of non-negative real numbers. Buyers and sellers are price-takers: given a price vector $p = (p_j)_{j \in G} \in \mathbb{R}_+^n$ sellers supply units of the goods (up to their capacity) in order to maximize revenues at p and buyers demand units of the goods (up to their maximal demands) in order to maximize the total net valuation at p .

Supply of seller k : For each price vector $p = (p_j)_{j \in G} \in \mathbb{R}_+^n$, seller k supplies of every good j any feasible amount that maximizes revenues; namely,

$$S_{jk}(p_j) = \begin{cases} \{q_{jk}\} & \text{if } p_j > r_{jk} \\ \{0, 1, \dots, q_{jk}\} & \text{if } p_j = r_{jk} \\ \{0\} & \text{if } p_j < r_{jk}. \end{cases} \quad (4)$$

To define the demands of buyers we need the following notation. Let $p \in \mathbb{R}_+^n$ be given and consider buyer i . Let

$$\nabla_i^>(p) = \{j \in G \mid v_{ij} - p_j = \max_{j' \in G} \{v_{ij'} - p_{j'}\} > 0\} \quad (5)$$

be the set of goods that give to buyer i the maximum (and strictly positive) net valuation at p . Obviously, for some p , the set $\nabla_i^>(p)$ may be empty. Let

$$\nabla_i^{\geq}(p) = \{j \in G \mid v_{ij} - p_j = \max_{j' \in G} \{v_{ij'} - p_{j'}\} \geq 0\} \quad (6)$$

be the set of goods that give to buyer i the maximum (and non-negative) net valuation at p . Obviously, for some p , the set $\nabla_i^{\geq}(p)$ may also be empty. Moreover,

$$\nabla_i^>(p) \subseteq \nabla_i^{\geq}(p). \quad (7)$$

Demand of buyer i : For each price vector $p = (p_j)_{j \in G} \in \mathbb{R}_+^n$, buyer i demands any feasible amounts of the goods that maximize the net valuations at p ; namely,

$$D_i(p) = \{\alpha = (\alpha_{jk})_{(j,k) \in G \times S} \in \mathbb{Z}^{n \times t} \mid \begin{array}{l} \text{(D.a)} \quad \forall (j, k) \in G \times S, \alpha_{jk} \geq 0, \\ \text{(D.b)} \quad \sum_{jk} \alpha_{jk} \leq d_i, \\ \text{(D.c)} \quad \nabla_i^>(p) \neq \emptyset \implies \sum_{jk} \alpha_{jk} = d_i, \text{ and} \\ \text{(D.d)} \quad \sum_k \alpha_{jk} > 0 \implies j \in \nabla_i^{\geq}(p). \end{array}\}.$$

Thus, $D_i(p)$ describes the set of all trades that maximize the net valuation of buyer i at p . Observe that the set of trades described by each element in the set $D_i(p)$ gives the same net valuation to buyer i ; *i.e.*, i is indifferent among all trade plans specified by each $\alpha \in D_i(p)$.

Let A be an assignment and let i be a buyer. We denote by $A(i) = (A(i)_{jk})_{(j,k) \in G \times S}$ the element in $\mathbb{Z}_+^{n \times t}$ such that, for all $(j, k) \in G \times S$, $A(i)_{jk} = A_{ijk}$.

Definition 3 A *competitive equilibrium* of market M is a pair $(p, A) \in \mathbb{R}_+^n \times F \subseteq \mathbb{R}_+^n \times \mathbb{Z}_+^{m \times n \times t}$ such that:

(E.D) For each buyer $i \in B$, $A(i) \in D_i(p)$.

(E.S) For each good $j \in G$ and each seller $k \in S$, $\sum_i A_{ijk} \in S_{jk}(p_j)$.

We say that a price vector p and a feasible assignment A are *compatible* if (p, A) is a competitive equilibrium of market M . The vector $p \in \mathbb{R}_+^n$ is an *equilibrium price* of market M if there exists $A \in F$ such that (p, A) is a competitive equilibrium of market M .

Let P^* be the set of equilibrium price vectors of market M . Theorem 1 below states that the set P^* is always non-empty.

Theorem 1 For every market M , $P^* \neq \emptyset$.

Milgrom (2010) proves Theorem 1 for a more general model by showing that equilibrium price vectors are the optimal solutions of a non-linear and continuous function of p restricted to a compact set.⁶ However, in Subsection 4.3 below we include our proof because it only uses linear programming arguments and it is based on computing an optimal assignment (as one of the integer solutions of the Primal Linear Program (PLP)) and a particular equilibrium price vector in P^* associated to one of the solutions of the Dual Linear Program (DLP) that we present below.

4.2 The Dual Linear Program

In this subsection we present the Dual Linear Program (DLP) and state for our setting two well-known results of linear programming: the Strong Duality Theorem and the Complementary Slackness Theorem. Using these two theorems we will show in Theorem 2 that there exists a strong link between the set of competitive equilibria and the set of solutions of the (PLP) and the (DLP).⁷

Let $M = (B, S, G, V, d, R, Q)$ be a market. Let $\gamma = (\gamma_i)_{i \in B} \in \mathbb{R}^m$ be an m -dimensional vector and $\pi = (\pi_{jk})_{(j,k) \in G \times S} \in \mathbb{R}^{n \times t}$ be a $(n \times t)$ -matrix (below we give an interpretation of these two objects). Observe that the following linear program is the dual of the PLP defined above.

⁶Sotomayor (2007) contains an existential proof of the nonemptiness of the set of equilibrium price vectors for her related model based on Tarski (1955)'s fixed point theorem.

⁷In Thompson (1980) the dual solutions are called the core of a many-to-many assignment game.

DUAL LINEAR PROGRAM (DLP):

$$\begin{aligned}
& \min_{(\gamma, \pi) \in \mathbb{R}^m \times \mathbb{R}^{n \times t}} \sum_i d_i \cdot \gamma_i + \sum_{jk} q_{jk} \cdot \pi_{jk} \\
\text{s. t.} \quad & \text{(D.1)} \quad \gamma_i + \pi_{jk} \geq \tau_{ijk} \quad \text{for all } (i, j, k) \in B \times G \times S, \\
& \text{(D.2)} \quad \gamma_i \geq 0 \quad \text{for all } i \in B, \\
& \text{(D.3)} \quad \pi_{jk} \geq 0 \quad \text{for all } (j, k) \in G \times S.
\end{aligned}$$

Let D be the set of dual feasible solutions (*i.e.*, the set of vectors $\gamma \in \mathbb{R}^m$ and matrices $\pi \in \mathbb{R}^{n \times t}$ that satisfy conditions (D.1), (D.2), and (D.3)), and let D^* be the set of solutions of the (DLP). Results in linear programming guarantee that the (DLP) has at least a solution (see for instance Schrijver (1996)); namely, $D^* \neq \emptyset$. Moreover, D^* is a convex subset of $\mathbb{R}^m \times \mathbb{R}^{n \times t}$. Thus, we state without proof the following result.

Proposition 2 *For every market M the set of solutions D^* of the (DLP) is non-empty and convex.*

A dual solution $(\gamma, \pi) \in D^*$ can be interpreted as a way of sharing the gains of trade among buyers and sellers associated to a particular competitive equilibrium (p, A) . The i^{th} component of vector γ describes the (unique) per unit gain of buyer i of all units that he buys and the $(j, k)^{\text{th}}$ element of matrix π describes the (unique) per unit gain of seller k of good j . For instance, assume that $(\gamma, \pi) \in D^*$ and (p, A) is a competitive equilibrium with $A_{ijk} > 0$. Then, as we will formally show later, $\gamma_i = v_{ij} - p_j$ and $\pi_{jk} = p_j - r_{jk}$. Thus, we can identify each dual solution with one equilibrium price vector, and vice versa. As we will see, this identification is not unique. A first (but insubstantial) reason of why this identification is not unique is the following. Let $(\gamma, \pi) \in D^*$ and assume that $q_{jk} = 0$ for some $(j, k) \in G \times S$. Let $\pi'_{jk} \geq 0$ be arbitrary. Define (π_{-jk}, π'_{jk}) as the $(n \times t)$ -matrix obtained from π after replacing π_{jk} by π'_{jk} . Then, $(\gamma, (\pi_{-jk}, \pi'_{jk})) \in D^*$; that is, if $q_{jk} = 0$ then the value of the $(j, k)^{\text{th}}$ entry of π is irrelevant. Hence, we assume without loss of generality that

$$\pi_{jk} = 0 \text{ whenever } q_{jk} = 0. \tag{8}$$

Under this convention, the following result holds.

Proposition 3 *For every market M the set of solutions D^* of the (DLP) is a compact subset of $\mathbb{R}^m \times \mathbb{R}^{n \times t}$.*

Let M be a market and $(\gamma, \pi) \in D$ be a dual feasible solution. We write $T^d(\gamma, \pi)$ to

denote the value of the objective function of the (DLP) at (γ, π) ; that is,

$$T^d(\gamma, \pi) = \sum_i d_i \cdot \gamma_i + \sum_{jk} q_{jk} \cdot \pi_{jk}.$$

The Strong Duality Theorem and the Complementary Slackness Theorem of Linear Programming (see Dantzig (1963) and Schrijver (1996)) applied to our setting say the following.

Strong Duality Theorem *Let M be a market and assume $A \in F$ and $(\gamma, \pi) \in D$. Then,*

$$A \in F^* \text{ and } (\gamma, \pi) \in D^* \text{ if and only if } T(A) = T^d(\gamma, \pi). \quad (9)$$

Complementary Slackness Theorem *Let M be a market and assume that $A \in F$ and $(\gamma, \pi) \in D$. Then, $A \in F^*$ and $(\gamma, \pi) \in D^*$ if and only if*

$$(CS.1) \text{ for all } (i, j, k) \in B \times G \times S, A_{ijk} \cdot (\gamma_i + \pi_{jk} - \tau_{ijk}) = 0,$$

$$(CS.2) \text{ for all } i \in B, (\sum_{jk} A_{ijk} - d_i) \cdot \gamma_i = 0, \text{ and}$$

$$(CS.3) \text{ for all } (j, k) \in G \times S, (\sum_i A_{ijk} - q_{jk}) \cdot \pi_{jk} = 0.$$

4.3 Proof of Theorem 1

Before proving Theorem 1 we define for each solution $(\gamma^*, \pi^*) \in D^*$ of the (DLP) its associated price vector $p^{(\gamma^*, \pi^*)} = (p_j^{(\gamma^*, \pi^*)})_{j \in G}$ as follows. For each $j \in G$,

$$p_j^{(\gamma^*, \pi^*)} = \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}^* + r_{jk}\}. \quad (10)$$

Observe that when computing the minimum among all sellers, we have to exclude those that do not have good j ; otherwise, the price of good j would be equal to 0 since, by (1) and (8), $r_{jk} = 0$ and $\pi_{jk}^* = 0$. Moreover, we define $p_j^{(\gamma^*, \pi^*)}$ to be the minimum because, even if $q_{jk} > 0$, we may have that $A_{ijk} = 0$ for all $i \in B$ in all optimal assignments $A \in F^*$; for instance, if $r_{jk} > v_{ij}$ for all $i \in B$.

Proof of Theorem 1 Let $A^* \in F^*$ and $(\gamma^*, \pi^*) \in D^*$ be solutions of (PLP) and (DLP), respectively. By Propositions 1 and 2, they exist. To show that $P^* \neq \emptyset$, we will show that $(p^{(\gamma^*, \pi^*)}, A^*)$ is a competitive equilibrium of M . We first show that for all $i \in B$, $A^*(i) \in D_i(p^{(\gamma^*, \pi^*)})$.

Fix $i \in B$. Since A^* is feasible, (D.a) and (D.b) hold.

Before proceeding, observe that by (D.1), for all $(j', k') \in G \times S$, $\gamma_i^* \geq \tau_{ij'k'} - \pi_{j'k'}^*$. If $q_{j'k'} > 0$ then, by (3), $\gamma_i^* \geq v_{ij'} - (\pi_{j'k'}^* + r_{j'k'})$. Thus, for all $j' \in G$,

$$\gamma_i^* \geq v_{ij'} - \min_{\{k \in S | q_{j'k} > 0\}} \{\pi_{j'k}^* + r_{j'k}\}. \quad (11)$$

To show that (D.c) holds assume that $\sum_{jk} A_{ijk}^* < d_i$. By (CS.2),

$$\gamma_i^* = 0. \quad (12)$$

By (10) and (11), $\gamma_i^* \geq v_{ij} - p_j^{(\gamma^*, \pi^*)}$ for all $j \in G$. By (12), $0 \geq v_{ij} - p_j^{(\gamma^*, \pi^*)}$ for all $j \in G$. Hence, $\nabla_i^{\geq}(p^{(\gamma^*, \pi^*)}) = \emptyset$.

To show that (D.d) holds, fix $j \in G$ and assume that $\sum_k A_{ijk}^* > 0$. We want to show that $j \in \nabla_i^{\geq}(p^{(\gamma^*, \pi^*)})$. By assumption, there exists $k' \in S$ such that $A_{ijk'}^* > 0$. Thus, $q_{jk'} > 0$. By (CS.1), $\gamma_i^* + \pi_{jk'}^* = \tau_{ijk'} = v_{ij} - r_{jk'}$. Thus, $\gamma_i^* = v_{ij} - (\pi_{jk'}^* + r_{jk'})$. Hence, $\gamma_i^* \leq v_{ij} - \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}^* + r_{jk}\}$. By (11), $\gamma_i^* = v_{ij} - \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}^* + r_{jk}\}$. By (10),

$$\gamma_i^* = v_{ij} - p_j^{(\gamma^*, \pi^*)}. \quad (13)$$

By (10) and (11), $\gamma_i^* \geq v_{ij'} - p_{j'}^{(\gamma^*, \pi^*)}$ for all $j' \in G$. By (13), $v_{ij} - p_j^{(\gamma^*, \pi^*)} \geq v_{ij'} - p_{j'}^{(\gamma^*, \pi^*)}$ for all $j' \in G$. By (D.2), $\gamma_i^* \geq 0$. Hence, $j \in \nabla_i^{\geq}(p^{(\gamma^*, \pi^*)})$.

To show that (E.S) holds fix $(j, k) \in G \times S$. We want to show that $\sum_i A_{ijk}^* \in S_{jk}(p_j^{(\gamma^*, \pi^*)})$. We distinguish among three cases.

Case 1: $p_j^{(\gamma^*, \pi^*)} > r_{jk}$. We have to show that $\sum_i A_{ijk}^* = q_{jk}$. Assume that $\sum_i A_{ijk}^* < q_{jk}$. Then, by (CS.3), $\pi_{jk}^* = 0$. Since, by definition, $p_j^{(\gamma^*, \pi^*)} = \min_{\{k' \in S | q_{jk'} > 0\}} \{\pi_{jk'}^* + r_{jk'}\}$, $p_j^{(\gamma^*, \pi^*)} \leq \pi_{jk'}^* + r_{jk'}$ for all k' such that $q_{jk'} > 0$. But since $0 \leq \sum_i A_{ijk}^* < q_{jk}$ and $\pi_{jk}^* = 0$, $p_j^{(\gamma^*, \pi^*)} \leq r_{jk}$. Contradicting the assumption.

Case 2: $p_j^{(\gamma^*, \pi^*)} = r_{jk}$. Then (E.S) holds trivially since $\sum_i A_{ijk}^* \in \{0, \dots, q_{jk}\}$.

Case 3: $p_j^{(\gamma^*, \pi^*)} < r_{jk}$. We have to show that $\sum_i A_{ijk}^* = 0$. By (1), $q_{jk} > 0$. To obtain a contradiction, assume there exists $i \in B$ such that $A_{ijk}^* > 0$. By (CS.1) and (3) $\gamma_i^* + \pi_{jk}^* = \tau_{ijk} = v_{ij} - r_{jk}$. By hypothesis, and since by (D.3), $\pi_{jk}^* \geq 0$, $\gamma_i^* \leq \gamma_i^* + \pi_{jk}^* < v_{ij} - p_j^{(\gamma^*, \pi^*)}$. Thus, $\gamma_i^* < v_{ij} - p_j^{(\gamma^*, \pi^*)}$, contradicting (11). Thus, for all $i \in B$, $A_{ijk}^* = 0$. Hence, $\sum_i A_{ijk}^* = 0 \in \{0\} = S_{jk}(p_j^{(\gamma^*, \pi^*)})$.

Thus $p^{(\gamma^*, \pi^*)} \in P^*$. ■

The proof of Theorem 1 shows that the following statement holds.

Corollary 1 *Let $(\gamma, \pi) \in D^*$. Then, $p^{(\gamma, \pi)} \in P^*$.*

4.4 Competitive Equilibria and Solutions of the Linear Programs

Theorem 2 below says that the set of competitive equilibria (pairs of equilibrium price vectors and compatible assignments) is strongly related to the set of solutions of the two Linear Programs. In order to state and prove it, we need to relate price vectors with dual solutions.

Define the mappings $\gamma(\cdot) : \mathbb{R}_+^n \rightarrow \mathbb{R}_+^n$ and $\pi(\cdot) : \mathbb{R}_+^n \rightarrow \mathbb{R}_+^{n \times t}$ as follows. Let $p \in \mathbb{R}_+^n$ be given. For each $i \in B$, define

$$\gamma_i(p) = \begin{cases} v_{ij} - p_j & \text{if there exists } j \in \nabla_i^>(p) \\ 0 & \text{otherwise,} \end{cases} \quad (14)$$

and for each $(j, k) \in G \times S$, define

$$\pi_{jk}(p) = \begin{cases} p_j - r_{jk} & \text{if } p_j - r_{jk} > 0 \\ 0 & \text{otherwise.} \end{cases} \quad (15)$$

The number $\gamma_i(p)$ is the gain obtained by buyer i from each unit that he wants to buy at p (if any) and the number $\pi_{jk}(p)$ is the profit obtained by seller k from each unit of good j that he wants to sell at p (if any).

Theorem 2 *Let M be a market and let $p \in \mathbb{R}_+^n$ be a price vector.*

(2.1) *Assume $p \in P^*$. Then, $A \in F^*$ if and only if p and A are compatible.*

(2.2) *$p \in P^*$ if and only if $(\gamma(p), \pi(p)) \in D^*$.*

Proof The statements of Theorem 2 will follow from Lemmata 2, 3, 4, and 5 below. We start with a lemma that will be used in the proofs of Lemmata 4 and 5.

LEMMA 1 *Assume $(\gamma(p), \pi(p)) \in D^*$ and $A \in F^*$. Then, p and A are compatible.*

PROOF OF LEMMA 1 Assume $(\gamma(p), \pi(p)) \in D^*$ and $A \in F^*$. To show that p and A are compatible, we first show that for all $i \in B$, $A(i) \in D_i(p)$. Since A is feasible, (D.a) and (D.b) hold. To show that (D.c) holds, assume $\nabla_i^>(p) \neq \emptyset$. Then, $v_{ij} - p_j > 0$ for some $j \in G$. By definition, $\gamma_i(p) > 0$. By (CS.2), $\sum_{jk} A_{ijk} = d_i$; namely, (D.c) holds.

To show that (D.d) holds, fix $(i, j) \in B \times G$ and assume $\sum_k A_{ijk} > 0$. We want to show that $j \in \nabla_i^{\geq}(p)$. Since $\sum_k A_{ijk} > 0$, there exists a seller $k \in S$ such that $A_{ijk} > 0$. Thus, $q_{jk} > 0$ holds. Moreover, by (CS.1), $\gamma_i(p) + \pi_{jk}(p) = \tau_{ijk}$. By (3),

$$\gamma_i(p) + \pi_{jk}(p) + r_{jk} = v_{ij}. \quad (16)$$

We distinguish between two cases.

Case 1: $p_j - r_{jk} \geq 0$. Then, $\pi_{jk}(p) = p_j - r_{jk} \geq 0$. By (16), $\gamma_i(p) = v_{ij} - p_j$. If $\gamma_i(p) = v_{ij} - p_j > 0$ then $j \in \nabla_i^>(p)$. By (7), $j \in \nabla_i^{\geq}(p)$. If $\gamma_i(p) = v_{ij} - p_j = 0$ then $\nabla_i^>(p) = \emptyset$. Hence, for all $(j', k') \in G \times S$, $0 \geq v_{ij'} - p_{j'}$. Thus, $j \in \nabla_i^{\geq}(p)$.

Case 2: $p_j - r_{jk} < 0$. Then, $\pi_{jk}(p) = 0$. By (16), $\gamma_i(p) + r_{jk} = v_{ij}$. Hence, $\gamma_i(p) + p_j < v_{ij}$. Thus, $\gamma_i(p) < v_{ij} - p_j$. Hence, by definition of $\gamma_i(p)$, there exists $j' \in \nabla_i^>(p)$ such that $\gamma_i(p) = v_{ij'} - p_{j'} < v_{ij} - p_j$, but this is impossible (*i.e.*, Case 2 never occurs).

Hence, (D.d) holds for $i \in B$. Thus, $A(i) \in D_i(p)$ for all $i \in B$.

We want to show now that, for all $(j, k) \in G \times S$, $\sum_i A_{ijk} \in S_{jk}(p_j)$ holds. Fix $(j, k) \in G \times S$. Since A is feasible, $0 \leq \sum_i A_{ijk} \leq q_{jk}$. Assume $p_j = r_{jk}$. Then, $\sum_i A_{ijk} \in S_{jk}(p_j)$ holds trivially. Assume $p_j > r_{jk}$. Then, $\pi_{jk}(p) = p_j - r_{jk} > 0$. By (CS.3), $\sum_i A_{ijk} = q_{jk}$. Thus, $\sum_i A_{ijk} \in S_{jk}(p_j) = \{q_{jk}\}$. Finally, assume $p_j < r_{jk}$. Then, $\pi_{jk}(p) = 0$ and $S_{jk}(p_j) = \{0\}$. Suppose $A_{ijk} > 0$. Then, $q_{jk} > 0$. By (CS.1), $\gamma_i(p) + \pi_{jk}(p) = \tau_{ijk} = v_{ij} - r_{jk} \geq 0$. Since $p_j < r_{jk}$,

$$v_{ij} - p_j > v_{ij} - r_{jk} = \gamma_i(p) \geq 0,$$

a contradiction with the definition of $\gamma_i(p)$. Thus, for all $i \in B$, $A_{ijk} = 0$ and $\sum_i A_{ijk} = 0 \in S_{jk}(p_j) = \{0\}$. \square

LEMMA 2 [\Leftarrow of (2.1)] *Assume $p \in P^*$ and $A \in F$ are compatible. Then, $A \in F^*$.*

PROOF OF LEMMA 2 Let $p \in P^*$ and $A \in F$ be compatible. We first show in Claim 1 that $(\gamma(p), \pi(p)) \in D$. Then, we show in Claim 2 that $T(A) = T^d(\gamma(p), \pi(p))$, and hence, by the Strong Duality Theorem, $A \in F^*$.

CLAIM 1: $(\gamma(p), \pi(p)) \in D$.

PROOF OF CLAIM 1 By their definitions, $\gamma_i(p) \geq 0$ for all $i \in B$ and $\pi_{jk}(p) \geq 0$ for all $(j, k) \in G \times S$; namely, (D.2) and (D.3) of the (DLP) hold. To show that, for all $(i, j, k) \in B \times G \times S$,

$$\gamma_i(p) + \pi_{jk}(p) \geq \tau_{ijk} \tag{17}$$

holds, fix $i \in B$ and assume first that $\gamma_i(p) = 0$. Then, $v_{ij} - p_j \leq 0$ for all $j \in G$. If $q_{jk} > 0$ then, by (3), $\tau_{ijk} = v_{ij} - r_{jk} \leq p_j - r_{jk} \leq \pi_{jk}(p)$. Thus, since $\gamma_i(p) = 0$, (17) holds. If $q_{jk} = 0$ then, by (3), $\tau_{ijk} = 0$. Thus, by definition of $\pi_{jk}(p)$ and since $\gamma_i(p) = 0$, (17) holds. Hence, if $\gamma_i(p) = 0$ then (17) holds.

Assume now $\gamma_i(p) > 0$. Then, there exists $j \in \nabla_i^>(p)$ such that $\gamma_i(p) = v_{ij} - p_j > 0$. By

definition of $\nabla_i^>(p)$, for all $(j', k') \in G \times S$,

$$\begin{aligned} v_{ij} - p_j + \pi_{j'k'}(p) &\geq v_{ij'} - p_{j'} + \pi_{j'k'}(p) \\ &\geq v_{ij'} - p_{j'} + p_{j'} - r_{j'k'} \\ &= v_{ij'} - r_{j'k'}. \end{aligned}$$

If $q_{j'k'} > 0$ then, by (3), $\tau_{ij'k'} = v_{ij'} - r_{j'k'}$ and hence, $v_{ij} - p_j + \pi_{j'k'}(p) \geq \tau_{ij'k'}$. If $q_{j'k'} = 0$ then $\tau_{ij'k'} = 0$, and since $v_{ij} - p_j > 0$ and $\pi_{j'k'}(p) \geq 0$, $v_{ij} - p_j + \pi_{j'k'}(p) \geq \tau_{ij'k'}$ holds as well. Thus, for all $(i, j', k') \in B \times G \times S$, $\gamma_i(p) + \pi_{j'k'}(p) \geq \tau_{ij'k'}$. Hence, (17) holds as well when $\gamma_i(p) > 0$. Thus, $(\gamma(p), \pi(p)) \in D$. This ends the proof of Claim 1. \diamond

CLAIM 2: $T(A) = T^d(\gamma(p), \pi(p))$.

PROOF OF CLAIM 2: By the Strong Duality and the Complementary Slackness Theorems it is sufficient to show that (CS.1), (CS.2) and (CS.3) hold. Since $p \in P^*$ and $A \in F$ are compatible, $A(i) \in D_i(p)$ for every $i \in B$, and $\sum_i A_{ijk} \in S_{jk}(p_j)$ for every $(j, k) \in G \times S$.

(CS.1) Assume $A_{ijk} > 0$. Then, $\sum_i A_{ijk} > 0$. By the definition of $S_{jk}(p_j)$, $p_j \geq r_{jk}$. Because $q_{jk} > 0$ and (3),

$$\tau_{ijk} = v_{ij} - r_{jk} = (v_{ij} - p_j) + (p_j - r_{jk}). \quad (18)$$

Moreover, by $p_j \geq r_{jk}$ and (15),

$$\pi_{jk}(p) = p_j - r_{jk}. \quad (19)$$

Since $A(i) \in D_i(p)$ and $\sum_k A_{ijk} > 0$, $j \in \nabla_i^>(p)$. Thus,

$$\gamma_i(p) = v_{ij} - p_j. \quad (20)$$

Then, by (18), (19), and (20), $\tau_{ijk} = \gamma_i(p) + \pi_{jk}(p)$.

(CS.2) Assume $\sum_{jk} A_{ijk} - d_i > 0$. Since $A(i) \in D_i(p)$, (D.c) implies that $\nabla_i^>(p) = \emptyset$, and hence, $\max_{j' \in G} \{v_{ij'} - p_{j'}\} \leq 0$. Thus, by (14), $\gamma_i(p) = 0$.

(CS.3) Assume $\sum_i A_{ijk} < q_{jk}$. Since $\sum_i A_{ijk} \in S_{jk}(p_j)$, $p_j \leq r_{jk}$. Thus, by (15), $\pi_{jk}(p) = 0$.

\diamond

The statement of Lemma 2 follows from Claims 1 and 2. \square

LEMMA 3 [\implies of (2.2)] Assume $p \in P^*$. Then, $(\gamma(p), \pi(p)) \in D^*$.

PROOF OF LEMMA 3 Assume $p \in P^*$ and let $A \in F$ be any assignment compatible with p . Thus, the hypothesis of Lemma 2 hold. By Claims 1 and 2 in the proof of Lemma 2, $(\gamma(p), \pi(p)) \in D$ and $T(A) = T^d(\gamma(p), \pi(p))$. By the Strong Duality Theorem, $(\gamma(p), \pi(p)) \in D^*$. \square

LEMMA 4 [\implies of (2.1)] Assume $p \in P^*$ and $A \in F^*$. Then, p and A are compatible.

PROOF OF LEMMA 4 Follows from Lemmata 1 and 3. \square

LEMMA 5 [\impliedby of (2.2)] Assume $(\gamma(p), \pi(p)) \in D^*$. Then, $p \in P^*$.

PROOF OF LEMMA 5 Let $p \in \mathbb{R}_+^n$ be such that $(\gamma(p), \pi(p)) \in D^*$. To see that p is an equilibrium price vector of M let $A \in F^*$ be arbitrary. By Lemma 1, p and A are compatible. Hence, by definition, $p \in P^*$. \square

Theorem 2 holds since condition (2.1) follows from Lemmata 2 and 4, and condition (2.2) follows from Lemmata 3 and 5. \blacksquare

Corollary 2 The set of equilibrium price vectors P^* is a convex and compact subset of \mathbb{R}_+^n .

5 Structure of the Set of Competitive Equilibria

5.1 Previous results

Recall that the assignment game of Shapley and Shubik (1972) is a particular instance of our model where each seller owns one indivisible object and each buyer wants to buy at most one object. Since objects owned by different sellers may be perceived differently by different buyers (or they may, indeed, be different), we can identify the set of goods G with the set of sellers S . Namely, a market M is an *assignment game* if $d_i = 1$ for all $i \in B$, $n = t$ and for all $(j, k) \in G \times S$,

$$q_{jk} = \begin{cases} 1 & \text{if } j = k \\ 0 & \text{if } j \neq k. \end{cases}$$

Hence, each seller $j \in S$ has a reservation value $r_j \geq 0$ of the indivisible object $j \in G$ that he owns. Thus, an assignment game can be identified as an $(m \times t)$ -matrix a , where for all $(i, j) \in B \times S$, $a_{ij} = \max\{0, v_{ij} - r_j\}$.

The set of competitive equilibria of a (one-to-one) assignment game a has the following four properties.

(1) The set of equilibrium price vectors is a non-empty, convex and compact subset of \mathbb{R}_+^n .

(2) The set of competitive equilibria is the Cartesian product of the set of equilibrium price vectors times the set of optimal assignments.

(3) The set of equilibrium price vectors P^* endowed with the partial order \geq on \mathbb{R}_+^n (where $p \geq p'$ if and only if $p_j \geq p'_j$ for all $j \in G$) is a complete lattice.⁸ In particular, given $p, p' \in P^*$, $(\max\{p_j, p'_j\})_{j \in G} \in P^*$ and $(\min\{p_j, p'_j\})_{j \in G} \in P^*$. Moreover, the set of equilibrium price vectors contains two extreme vectors p^B and p^S with the property that for any equilibrium price vector $p \in P^*$, $p^S \geq p \geq p^B$.

(4) The lattice structure of P^* is translated into the set of utilities that are attainable at equilibrium as follows. Given $p \in P^*$ and an optimal assignment $\mu = (\mu_{ij})_{(i,j) \in B \times S}$, define for each $i \in B$,

$$u_i(p) = \begin{cases} v_{ij} - p_j & \text{if } \mu_{ij} = 1 \text{ for some } j \in S \\ 0 & \text{otherwise,} \end{cases}$$

and for each $j \in S$,

$$w_j(p) = \begin{cases} p_j - r_j & \text{if } \mu_{ij} = 1 \text{ for some } i \in B \\ 0 & \text{otherwise.} \end{cases}$$

It turns out that these utilities are independent of the chosen optimal assignment μ (see Lemma 6 below for a proof of this statement in our more general many-to-many setting). Thus, we can write them as depending only on the equilibrium price vector p . Then, for all $p, p' \in P^*$, the following three statements are equivalent:

- (a) $p_j \geq p'_j$ for all $j \in G$.
- (b) $u_i(p') \geq u_i(p)$ for all $i \in B$.
- (c) $w_j(p) \geq w_j(p')$ for all $j \in S$.

Hence, we can define two binary relations \succeq_u and \succeq_w on P^* as follows: for $p, p' \in P^*$,

$$p \succeq_u p' \iff u_i(p) \geq u_i(p') \text{ for all } i \in B,$$

and

$$p \succeq_w p' \iff w_j(p) \geq w_j(p') \text{ for all } j \in S.$$

Then, the set P^* endowed with the partial order \succeq_u (or \succeq_w) is a complete lattice. Moreover, \succeq_u and \succeq_w are dual in the sense that $p \succeq_u p' \iff p' \succeq_w p$.

Consider again our model. We have already seen (in Theorem 1 and Corollary 1) that property (1) still holds while Milgrom (2010) shows using Topkis (1978)'s theorem that property (3) holds as well. In this section we will show that property (2) is satisfied while

⁸Let X be a non-empty set and let \succsim be a partial order on X . The pair (X, \succsim) is a *complete lattice* if for any non-empty subset $Y \subseteq X$, $\sup_{\succsim} Y$ and $\inf_{\succsim} Y$ belong to Y .

property (4) only holds partially. In particular, the equivalences between the statements (a), (b), and (c) above do not hold anymore on P^* . One of the reasons is because there may be goods that are never exchanged in equilibrium; for instance, because the smallest reservation price $\underline{r}_j = \min_{k \in S} r_{jk}$ of good j is strictly larger than its largest valuation $\bar{v}_j = \max_{i \in B} v_{ij}$. Then, the price of good j can be equal to any number in the interval $[\bar{v}_j, \underline{r}_j]$ without affecting the equilibrium property of the full vector. We shrink the set of equilibrium price vectors by fixing the price of the goods that are never exchanged at equilibrium at the highest possible one that keeps the equilibrium properties of the full price vector. We call it the set of *restricted equilibrium price vectors* and denote it by P^{**} . Then, we show in Theorem 3 that P^{**} has also a complete lattice structure with the natural order \geq of vectors.⁹ Moreover, we show that the equivalence of (a) and (b) above holds on P^{**} and that property (c) above is not anymore equivalent to properties (a) and (b) on the set P^{**} ; *i.e.*, for all $p, p' \in P^{**}$, (a) and (b) are equivalent and each implies (c) but (c) neither implies (a) nor (b).

Before proceeding we compare these results with similar results obtained in related models. Camiña (2006) shows that in her model with one seller and unit-demands the set of core utilities has the following properties: (i) it is non-empty, (ii) it may not coincide with the set of utilities that are attainable at equilibrium, and (iii) it forms a complete lattice. In Sotomayor (2007)'s model where each buyer is interested only on buying at most one unit from each seller, each seller only owns (potentially many) units of one good and exchanges are binary (*i.e.*, $A_{ijk} \in \{0, 1\}$ for all $(i, j, k) \in B \times G \times S$) it is showed that the sets of agents' utilities attainable at equilibrium have a dual lattice structure with the partial order \geq on \mathbb{R}^n . In this model, as already described in Sotomayor (1992), an agent payoff is represented by a vector of utilities, each component coming from each of the partnerships that the agent forms with agents in the other side of the market (a dummy agent is added to each of the two sets of agents to represent feasible but unfilled partnerships with agents in the other side of the market). Sotomayor (1999) proves the lattice property of the set of *stable* payoffs after conveniently represent each of them as a vector of an Euclidian space, whose dimension depends on the specific quota of the agent. Sotomayor (2007) shows that the set of competitive equilibrium payoffs (notice again that each agent's payoff is a vector of utilities, not a total payoff) is a non-empty subset of the set of stable payoffs (the proof of

⁹Our proof is direct and it does not use Topkis (1978)'s theorem. In addition, with a few slight modifications it can be adapted to prove directly that P^* has a complete lattice structure with the order \geq .

its nonemptiness uses the Duality and Complementary Slackness Theorems) and it has the lattice property (this proof uses Tarski's theorem). Sotomayor (2002, 2009b) extends her previous results to a more general model (called the time-sharing assignment game) in which any two agents from opposite sides of the market may form a partnership, contribute with an (identical) amount of labor (that may be perfectly divisible) and generate an amount of income which has to be divided among the two agents. Sotomayor (2009b) shows that, in the time-sharing assignment game, alternative solution concepts are non-empty (this is done using again the Duality and Complementary Slackness Theorems) and that these solution concepts are related by a nested inclusion relationships. Finally, Milgrom (2010) does not address properties (2) and (4), and complements property (3) by showing, using Topkis (1978)'s theorem, that in his general setting the set of market-clearing prices is a non-empty, closed, and convex sublattice (a subset of a lattice that is itself a lattice).

The main contribution of our paper is two-fold. First, it presents a many-to-many extension of Shapley and Shubik (1972)'s assignment game where a partnership between a buyer and a seller may involve exchanges of several units of different goods. Second, it is also methodological since all our results on this generalized many-to-many assignment game with more complex partnerships are exclusively based on linear programming arguments.

5.2 Cartesian Product Structure of the Set of Competitive Equilibria

We first establish that in our model the set of competitive equilibria has a Cartesian product structure; namely, if (p, A) and (p', A') are two competitive equilibria of M then, (p, A') and (p', A) are also two competitive equilibria of M . This follows immediately from Lemmata 2 and 4 used to prove Theorem 2. We state it as Proposition 4 below.

Proposition 4 *Let M be a market. Then, (p, A) is a competitive equilibrium of M if and only if $p \in P^*$ and $A \in F^*$.*

Proof Assume (p, A) is a competitive equilibrium of M . By definition, $p \in P^*$. Moreover, p and A are compatible. By Lemma 2, $A \in F^*$. Assume $p \in P^*$ and $A \in F^*$. By Lemma 4, p and A are compatible. Thus, (p, A) is a competitive equilibrium of M . ■

5.3 Sets of Equilibrium Utilities

Let $p \in \mathbb{R}_+^n$ be a price vector and $A \in F$ a feasible assignment of market M . We define the *utility of buyer* $i \in B$ at the pair (p, A) as the total net gain obtained by i from his exchanges specified by A at price p . We denote it by $u_i(p, A)$; namely,

$$u_i(p, A) = \sum_{jk} (v_{ij} - p_j) \cdot A_{ijk}.$$

We define the *utility of seller* $k \in S$ at the pair (p, A) as the total net gain obtained by k from his exchanges specified by A at price p . We denote it by $w_k(p, A)$; namely,

$$w_k(p, A) = \sum_{ij} (p_j - r_{jk}) \cdot A_{ijk}.$$

Define

$$G^> = \{j \in G \mid \text{there exists } A \in F^* \text{ such that } A_{ijk} > 0 \text{ for some } (i, k) \in B \times S\}$$

as the set of goods that are exchanged at some optimal assignment. For each seller $k \in S$, define

$$G_k^> = \{j \in G \mid \text{there exists } A \in F^* \text{ such that } A_{ijk} > 0 \text{ for some } i \in B\}$$

as the set of goods of which k sells strictly positive amounts at some optimal assignment. Obviously, $G^> = \cup_{k \in S} G_k^>$.

Next lemma states that equilibrium utilities are independent of the particular optimal assignment chosen since they only depend on the equilibrium price vector (which determines the associated solution of the (DLP)).

LEMMA 6 *Let $p \in P^*$ be an equilibrium price vector of M and let $A \in F^*$ be an optimal assignment of M . Then, the following two conditions hold:*

(L6.1) *For each buyer $i \in B$, $u_i(p, A) = \gamma_i(p) \cdot d_i$.*

(L6.2) *For each seller $k \in S$, $w_k(p, A) = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}$.¹⁰*

PROOF OF LEMMA 6 Let $(p, A) \in P^* \times F^*$. Note that p and A are compatible. To prove (L6.1), fix $i \in B$. By definition, $u_i(p, A) = \sum_{jk} (v_{ij} - p_j) \cdot A_{ijk}$. Let $(j, k) \in G \times S$ be given. If $A_{ijk} = 0$ then $(v_{ij} - p_j) \cdot A_{ijk}$ can trivially be written as $\gamma_i(p) \cdot A_{ijk}$. If $A_{ijk} \neq 0$ then by (D.d), $j \in \nabla_i^>(p)$, which implies that $(v_{ij} - p_j) = \gamma_i(p)$, and

$$u_i(p, A) = \gamma_i(p) \cdot \left(\sum_{jk} A_{ijk} \right).$$

¹⁰Observe that $w_k(p, A)$ can also be written as $\sum_{j \in G} \pi_{jk}(p) \cdot q_{jk}$.

If $\gamma_i(p) = 0$ then the statement holds because $\gamma_i(p) \cdot (\sum_{jk} A_{ijk}) = \gamma_i(p) \cdot d_i = 0$. By (CS.2), if $\gamma_i(p) \neq 0$ then $\sum_{jk} A_{ijk} = d_i$. Thus,

$$u_i(p, A) = \gamma_i(p) \cdot d_i.$$

To prove (L6.2), fix $k \in S$. By definition, $w_k(p, A) = \sum_{ij} (p_j - r_{jk}) \cdot A_{ijk}$. Then,

$$\sum_{ij} (p_j - r_{jk}) \cdot A_{ijk} = \sum_j (p_j - r_{jk}) \cdot (\sum_i A_{ijk}).$$

Since $p \in P^*$, by (E.S), if $(p_j - r_{jk}) > 0$ then $\sum_i A_{ijk} = q_{jk}$. If $(p_j - r_{jk}) < 0$ then, $S_{jk}(p_j) = \{0\}$, and hence, since p and A are compatible, $\sum_i A_{ijk} = 0$. Therefore,

$$w_k(p, A) = \sum_{j \in \{j' \in G \mid p_{j'} - r_{j'k} \geq 0\}} (p_j - r_{jk}) \cdot q_{jk} = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}. \quad (21)$$

Condition (21) holds because $\{j' \in G \mid q_{j'k} > 0 \text{ and } p_{j'} - r_{j'k} > 0\} \subseteq G_k^> \subseteq \{j \in G \mid p_j - r_{jk} \geq 0\}$. To see that, let $j \in G_k^>$. Hence, there exists $\bar{A} \in F^*$ such that $\bar{A}_{ijk} > 0$, which implies, since p and \bar{A} are compatible, $p_j - r_{jk} \geq 0$. Thus, the second inclusion holds. To prove the first one, assume $j \in \{j' \in G \mid q_{j'k} > 0 \text{ and } p_{j'} - r_{j'k} > 0\}$. Then, since $p \in P^*$, by (E.S), $\sum_i A_{ijk} = q_{jk}$. Thus, $j \in G_k^>$. ■

By Lemma 6, we can write the utilities of buyers and sellers as functions only of the equilibrium price vector p ; namely, given $p \in P^*$, we write for each $i \in B$ and each $k \in S$,

$$u_i(p) = \gamma_i(p) \cdot d_i \quad (22)$$

and

$$w_k(p) = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}. \quad (23)$$

5.4 The Set of Restricted Equilibrium Price Vectors

We start this subsection with an example that illustrates two important facts. First, it shows that, in contrast with the Shapley and Shubik (1972)'s assignment game, there are markets with two equilibrium price vectors $p, p' \in P^*$ with the property that $w_k(p') > w_k(p)$ for all $k \in S$ while $u_i(p') > u_i(p)$ for some $i \in B$ (the equivalence between statements (b) and (c) at the beginning of Section 5 does not hold on P^*).¹¹ Second, it also shows that the (incomplete) binary relation \geq on the set of vectors in \mathbb{R}_+^n is not imbedded into the set

¹¹See Example 3 in Sotomayor (1992) for a similar example in the multiple-partners game.

of attainable equilibrium utilities (the equivalence between statements (a) and (b) at the beginning of Section 5 does not hold on P^*). These two facts will have consequences for the lattice structures of the set(s) of (restricted) equilibrium price vectors and the sets of attainable equilibrium utilities that will be analyzed at the end of this subsection.

Example 1 Let $M = (B, G, S, V, d, R, Q)$ be a market where $B = \{b_1, b_2\}$, $G = \{g_1, g_2, g_3\}$,

$$S = \{s_1\}, V = \begin{pmatrix} 8 & 0 & 2 \\ 0 & 5 & 3 \end{pmatrix}, d = (2, 3), R = \begin{pmatrix} 1 \\ 2 \\ 10 \end{pmatrix}, \text{ and } Q = \begin{pmatrix} 2 \\ 3 \\ 1 \end{pmatrix}. \text{ It is easy to see}$$

that, for all $p_3, p'_3 \in [3, 10]$, $p = (5, 4, p_3)$ and $p' = (7, 2, p'_3)$ are two equilibrium price vectors of M and $14 = w_1(p) > w_1(p') = 12$. Furthermore, $\gamma(p) = (3, 1)$ and $\gamma(p') = (1, 3)$. Then, $u_1(p) = 3 \cdot 2 = 6$, $u_2(p) = 1 \cdot 3 = 3$, $u_1(p') = 1 \cdot 2 = 2$, and $u_2(p') = 3 \cdot 3 = 9$. Thus, $w_1(p) > w_1(p')$ and $u_1(p) > u_1(p')$ and $u_2(p') > u_2(p)$. Moreover, observe that, for all $i \in \{1, 2\}$, $u_i(7, 2, p_3) = u_i(7, 2, p'_3)$ for all $1 < p_3 < p'_3 \leq 10$ but $p = (7, 2, p_3) < (7, 2, p'_3) = p'$. This is because no unit of good 3 is exchanged in any equilibria and hence, the equilibrium price vector $p = (7, 2, p_3)$ is equivalent (in terms of its induced demands and supplies) to the equilibrium price vector $p' = (7, 2, p'_3)$ as long as $1 < p_3 < p'_3 \leq 10$. \diamond

In order to restore the interesting property that the (incomplete) binary relation \geq on \mathbb{R}_+^n reproduces itself in terms of buyers utilities (in the corresponding space) we have to eliminate an insubstantial multiplicity of equilibrium prices of the goods that are not exchanged at any equilibrium assignment. We do it by setting the prices of each non-exchanged good equal to the highest possible one (keeping the equilibrium property of the price vector).¹² Formally, given an equilibrium price vector $p \in P^*$, define $\bar{p} = (\bar{p}_j)_{j \in G}$ as follows:

$$\bar{p}_j = \begin{cases} p_j & \text{if } j \in G^> \\ p_j^S & \text{if } j \notin G^>, \end{cases} \quad (24)$$

where $p_j^S = \sup_{p \in P^*} p_j$.¹³ Proposition 5 below says that this distortion does not affect the

¹²The choice of the highest price is arbitrary. The important fact is to select, for each of these goods, just one of its potentially many equilibrium prices.

¹³The vector $p^S = (p_j^S)_{j \in G}$ is called the sellers-optimal equilibrium price. Similarly, define for each $j \in G$, $p_j^B = \inf_{p \in P^*} p_j$. The vector $p^B = (p_j^B)_{j \in G}$ is called the buyers-optimal equilibrium price. By Milgrom (2010), the price vectors p^S and p^B do exist and they are the two extreme equilibrium prices of the complete lattice (P^*, \geq) .

equilibrium property of the original price vector.

Proposition 5 *Let M be a market and let $p \in P^*$. Then, $\bar{p} \in P^*$.*

Proof Let $A \in F^*$ be an optimal assignment of M . We will prove that (\bar{p}, A) is a competitive equilibrium of M by showing that conditions (E.D) and (E.S) are satisfied by \bar{p} with respect to A .

(E.D) For every $i \in B$, $A(i) \in D_i(\bar{p})$.

Fix $i \in B$. Since A is feasible, (D.a) and (D.b) hold.

To show that (D.c) holds, assume $\nabla_i^>(\bar{p}) \neq \emptyset$. Then, there exists $j \in \nabla_i^>(\bar{p})$ such that $v_{ij} - \bar{p}_j > 0$. Since either $\bar{p}_j = p_j$ or $\bar{p}_j = p_j^S$ we have that either $0 < v_{ij} - \bar{p}_j = v_{ij} - p_j$ or $0 < v_{ij} - \bar{p}_j = v_{ij} - p_j^S$, which implies that either $\nabla_i^>(p) \neq \emptyset$ or $\nabla_i^>(p^S) \neq \emptyset$. By hypothesis, $p \in P^*$ and, by Milgrom (2010), $p^S \in P^*$. Hence, p and p^S are both compatible with A . Thus, $\sum_{jk} A_{ijk} = d_i$, which means that (D.c) holds for \bar{p} .

To show that (D.d) holds, let $(i, j) \in B \times G$ be such that $\sum_k A_{ijk} > 0$. Thus, $j \in G^>$. We have to show that $j \in \nabla_i^>(\bar{p})$. Since p and p^S are both compatible with A , $j \in \nabla_i^>(p) \cap \nabla_i^>(p^S)$. By definition of $\nabla_i^>(p)$,

$$v_{ij} - p_j \geq 0 \tag{25}$$

and

$$v_{ij} - p_j \geq v_{ij'} - p_{j'} \text{ for every } j' \in G. \tag{26}$$

By definition of $\nabla_i^>(p^S)$, $v_{ij} - p_j^S \geq 0$ and $v_{ij} - p_j^S \geq v_{ij'} - p_{j'}^S = v_{ij'} - \max_{p \in P^*} p_{j'}$ for every $j' \in G$. We next show that:

$$v_{ij} - \bar{p}_j \geq 0$$

and

$$v_{ij} - \bar{p}_j \geq v_{ij'} - \bar{p}_{j'} \text{ for every } j' \in G.$$

Since $j \in G^>$, $\bar{p}_j = p_j$. Thus, by (25), $v_{ij} - \bar{p}_j \geq 0$. We distinguish between two cases.

Case 1: $j' \in G^>$. Then, $\bar{p}_{j'} = p_{j'}$ and

$$\begin{aligned} v_{ij} - \bar{p}_j &= v_{ij} - p_j && \text{by definition of } \bar{p}_j \\ &\geq v_{ij'} - p_{j'} && \text{by (26)} \\ &= v_{ij'} - \bar{p}_{j'} && \text{by definition of } \bar{p}_{j'}. \end{aligned}$$

Hence, $v_{ij} - \bar{p}_j \geq v_{ij'} - \bar{p}_{j'}$ for every $j' \in G^>$.

Case 2: $j' \notin G^>$. Then, $\bar{p}_{j'} = p_{j'}^S = \max_{p \in P^*} p_{j'}$ and

$$\begin{aligned} v_{ij} - \bar{p}_j &= v_{ij} - p_j && \text{by definition of } \bar{p}_j \\ &\geq v_{ij'} - p_{j'} && \text{by (26)} \\ &\geq v_{ij'} - \max_{p \in P^*} p_{j'} \\ &= v_{ij'} - \bar{p}_{j'} && \text{by definition of } \bar{p}_{j'}. \end{aligned}$$

Hence, $v_{ij} - \bar{p}_j \geq v_{ij'} - \bar{p}_{j'}$ for every $j' \notin G^>$.

Thus, $j \in \nabla_i^{\geq}(\bar{p})$.

(E.S) For every $j \in G$, $\sum_i A_{ijk} \in S_{jk}(\bar{p}_j)$.

Assume first that $j \in G^>$. Then, $\bar{p}_j = p_j$ and $S_{jk}(\bar{p}_j) = S_{jk}(p_j)$. Since p and A are compatible, $\sum_i A_{ijk} \in S_{jk}(p_j)$. Thus, $\sum_i A_{ijk} \in S_{jk}(\bar{p}_j)$. Assume now that $j \notin G^>$. Then, $\bar{p}_j = p_j^S$ and $S_{jk}(\bar{p}_j) = S_{jk}(p_j^S)$. Since p^S and A are compatible, $\sum_i A_{ijk} \in S_{jk}(p_j^S)$. Thus, $\sum_i A_{ijk} \in S_{jk}(\bar{p}_j)$. \blacksquare

Proposition 6 shows that the distortion in (24) coincides with the one produced in p by computing its associated price vector $p^{(\gamma(p), \pi(p))}$ from its dual solution $(\gamma(p), \pi(p))$.

Proposition 6 For every $p \in P^*$, $p^{(\gamma(p), \pi(p))} = \bar{p}$.

Proof Let $p \in P^*$ be given and let $A^* \in F^*$ be any compatible assignment. By definition, for all $j \in G$, $\tilde{p}_j \equiv p_j^{(\gamma(p), \pi(p))} = \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}(p) + r_{jk}\}$.

Assume first that $j \notin G^>$. Then, $\sum_{ik} A_{ijk}^* = 0$. By (CS.3), $\pi_{jk}^* = 0$ for all $k \in S$ and all π_{jk}^* such that there exists γ^* with the property that $(\gamma^*, \pi^*) \in D^*$. Thus, by (2.2), $\pi_{jk}(p) = 0$. Hence, $\tilde{p}_j = \min_{\{k \in S | q_{jk} > 0\}} r_{jk}$. By Corollary 2 and definition of p^S , $\tilde{p}_j \leq p_j^S$. To obtain a contradiction, assume $\tilde{p}_j < p_j^S$. Then, there exists $k \in S$ such that $q_{jk} > 0$ and $r_{jk} < p_j^S$. Since, by Milgrom (2010), P^* is a complete lattice, $p^S \in P^*$, (E.S) implies that $\sum_i A_{ijk}^* = q_{jk} > 0$, a contradiction.

Assume now that $j \in G^>$. It is immediate to see that, for all $p' \in P^*$,

$$G^> \subseteq \bigcup_{i \in B} \nabla_i^{\geq}(p') \tag{27}$$

holds. Next, we show that the following claim holds.

CLAIM Let $p' \in P^*$ and $(i, j) \in B \times G$ be such that $j \in \nabla_i^{\geq}(p')$, then $v_{ij} - p'_j = \gamma_i(p')$.

PROOF OF CLAIM Since $j \in \nabla_i^{\geq}(p')$, $v_{ij} - p'_j \geq 0$ and for all $j' \in G$, $v_{ij} - p'_j \geq v_{ij'} - p'_{j'}$. If $v_{ij} - p'_j = 0$, then $v_{ij'} - p'_{j'} \leq 0$ for all $j' \in G$. Thus, $\gamma_i(p') = 0 = v_{ij} - p'_j$. If $v_{ij} - p'_j > 0$, then $j \in \nabla_i^>(p')$. Thus, $\gamma_i(p') = v_{ij} - p'_j$. \diamond

By (D.1), for all $(\gamma, \pi) \in D^*$ and all $(i, j, k) \in B \times G \times S$, $\gamma_i + \pi_{jk} \geq \tau_{ijk}$. Thus, by (3), for all $i \in B$ and all (j, k) such that $q_{jk} > 0$, $\gamma_i + \pi_{jk} \geq v_{ij} - r_{jk}$. Hence,

$$\pi_{jk} + r_{jk} \geq v_{ij} - \gamma_i. \quad (28)$$

Since $j \in G^>$, (27) implies that there exists $(i', k') \in B \times S$ such that $q_{jk'} > 0$, $A_{i'jk'}^* > 0$ and $j \in \nabla_{i'}^{\geq}(p')$. Thus, by (28) applied to $(\gamma(p'), \pi(p'))$ and $i' \in B$, $\pi_{jk}(p') + r_{jk} \geq v_{i'j} - \gamma_{i'}(p')$ for all $k \in S$ such that $q_{jk} > 0$. By the claim above, $\pi_{jk}(p') + r_{jk} \geq v_{i'j} - \gamma_{i'}(p') = p'_j$. Thus,

$$\min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}(p') + r_{jk}\} \geq p'_j. \quad (29)$$

Moreover, by (CS.1), $\gamma_{i'}(p') + \pi_{jk'}(p') = \tau_{i'jk'} = v_{i'j} - r_{jk'}$. Thus, $\pi_{jk'}(p') + r_{jk'} = v_{i'j} - \gamma_{i'}(p')$, and by the claim above, $\pi_{jk'}(p') + r_{jk'} = v_{i'j} - \gamma_{i'}(p') = p'_j$. Thus, by (29), $\min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}(p') + r_{jk}\} = p'_j$, which implies that $p'_j = \bar{p}_j$. Hence, $p^{(\gamma(p), \pi(p))} = \bar{p}$. ■

Given a market M , we can define the set of *restricted equilibrium* price vectors P^{**} as those that are obtained from equilibrium price vectors after setting the price of the goods that are not exchanged at any optimal assignment equal to their sellers-optimal equilibrium price. Namely,

$$P^{**} = \{p \in P^* \mid p_j = p_j^S \text{ for every } j \notin G^>\}.$$

Theorem 3 below states that the set P^{**} has a complete lattice structure with the natural order \geq on \mathbb{R}_+^n .

Theorem 3 *The pair (P^{**}, \geq) is a complete lattice.*

Proof Let $Z \subseteq P^{**}$ be a non-empty subset of restricted equilibrium price vectors of M . Define $p^B(Z) = (p_j^B(Z))_{j \in G} \in \mathbb{R}_+^n$ and $p^S(Z) = (p_j^S(Z))_{j \in G} \in \mathbb{R}_+^n$ as follows: for each $j \in G$, let

$$p_j^B(Z) = \inf_{p \in Z} p_j \quad \text{and} \quad p_j^S(Z) = \sup_{p \in Z} p_j. \quad (30)$$

LEMMA 7 *Let M be a market. Then, for all $\emptyset \neq Z \subseteq P^{**}$, $p^B(Z), p^S(Z) \in P^{**}$.*

PROOF OF LEMMA 7 Let $A \in F^*$ be an optimal assignment of M . Given a non empty subset $Z \subseteq P^{**}$, we will first prove that $p^B(Z)$ is an equilibrium price vector of M by showing that (E.D) and (E.S) are satisfied by $p^B(Z)$ with respect to A . The proof that $p^S(Z)$ is also an equilibrium price vector of M uses similar arguments and therefore it is omitted.

(E.D) for $p^S(Z)$: For every $i \in B$, $A(i) \in D_i(p^S(Z))$.

Fix $i \in B$. Since A is feasible, (D.a) and (D.b) hold.

To show that (D.c) holds, assume $\nabla_i^>(p^S(Z)) \neq \emptyset$. Then, there exists $j \in \nabla_i^>(p^S(Z))$ such that $v_{ij} - p_j^S(Z) > 0$. Since $p_j^S(Z) = \sup_{p \in Z} p_j$, we have that for every $p \in Z$, $0 < v_{ij} - p_j^S(Z) \leq v_{ij} - p_j$, which implies that $\nabla_i^>(p) \neq \emptyset$. Because p and A are compatible, $\sum_{jk} A_{ijk} = d_i$. Thus, (D.c) holds for $p^S(Z)$.

To show that (D.d) holds, let $j \in G$ be such that $\sum_k A_{ijk} > 0$. We have to show that $j \in \nabla_i^{\geq}(p^S(Z))$. Since for all $p \in Z$, p and A are compatible, $j \in \nabla_i^{\geq}(p)$ for every $p \in Z$. By definition of $\nabla_i^{\geq}(p)$, $v_{ij} - p_j \geq 0$ and $v_{ij} - p_j \geq v_{ij'} - p_{j'}$ for every $j' \in G$. For every $j' \in G$,

$$v_{ij'} - p_{j'} \geq v_{ij'} - \sup_{\hat{p} \in Z} \hat{p}_{j'} \quad (31)$$

holds for all $p \in Z$. Let $\{p^m\}_{m \in \mathbb{N}}$ be a sequence such that, for all $m \in \mathbb{N}$, $p^m \in Z$ and $\{p_j^m\}_{m \in \mathbb{N}} \rightarrow \sup_{p \in Z} p_j$. By (31), $v_{ij'} - p_{j'}^m \geq v_{ij'} - \sup_{p \in Z} p_{j'}$ for all $m \in \mathbb{N}$. Since $j \in \nabla_i^{\geq}(p)$ for every $p \in Z$, $j \in \nabla_i^{\geq}(p^m)$ for every $m \in \mathbb{N}$. Thus, $v_{ij} - p_j^m \geq v_{ij'} - p_{j'}^m$ for all $m \in \mathbb{N}$. Thus, $v_{ij} - p_j^m \geq v_{ij'} - \sup_{p \in Z} p_{j'}$ for all $m \in \mathbb{N}$. Hence, $v_{ij} - \sup_{p \in Z} p_j \geq v_{ij'} - \sup_{p \in Z} p_{j'}$. Thus, $j \in \nabla_i^{\geq}(p^S(Z))$.

(E.S) for $p^S(Z)$: For every $(j, k) \in G \times S$, $\sum_i A_{ijk} \in S_{jk}(p_j^S(Z))$.

Fix $(j, k) \in G \times S$. If $p_j^S(Z) < r_{jk}$ then, for all $p \in Z$, $p_j \leq p_j^S(Z) < r_{jk}$. Thus, $\sum_i A_{ijk} = 0 \in S_{jk}(p_j)$. Thus, $\sum_i A_{ijk} \in \{0\} = S_{jk}(p_j^S(Z))$. If $p_j^S(Z) > r_{jk}$, let $\{p^m\}_{m \in \mathbb{N}}$ be a sequence such that, for all $m \in \mathbb{N}$, $p^m \in Z$ and $\{p_j^m\}_{m \in \mathbb{N}} \rightarrow \sup_{p \in Z} p_j$. Then, there exists $\bar{m} \in \mathbb{N}$ such that for all $m > \bar{m}$, $p_j^m > r_{jk}$. Thus, $\sum_i A_{ijk} \in \{q_{jk}\} = S_{jk}(p_j^m)$ for all $m > \bar{m}$. Hence, $\sum_i A_{ijk} \in \{q_{jk}\} = S_{jk}(p_j^S(Z))$.

We now prove that indeed $p^B(Z), p^S(Z) \in P^{**}$. That is, that $p_j^B(Z) = p_j^S$ and $p_j^S(Z) = p_j^S$ for every $j \notin G^>$. Let $j \notin G^>$. Since $p_j^B(Z) = \inf_{p \in Z} p_j$ and $p \in Z \subseteq P^{**}$ implies $p_j = p_j^S$, $\inf_{p \in Z} p_j = p_j^S$. Thus, $p_j^B(Z) = p_j^S$. Hence, $p^B(Z) \in P^{**}$. Similarly, $p^S(Z) \in P^{**}$. \square

By Lemma 7 above we can write, for each $\emptyset \neq Z \subseteq P^{**}$ and $j \in G$, $p_j^S(Z) = \max_{p \in Z} p_j$ and $p_j^B(Z) = \min_{p \in Z} p_j$. In particular, $p_j^S(P^{**}) = \max_{p \in P^{**}} p_j$ for all $j \in G$ and $p_j^B(P^{**}) = \min_{p \in P^{**}} p_j$ for all $j \in G^>$ and $p_j^B = p_j^S$ for all $j \notin G^>$.

To show that (P^{**}, \geq) is a lattice let $p, p' \in P^{**}$ and set $Z = \{p, p'\}$, $p \vee p' \equiv p^S(Z)$, and $p \wedge p' \equiv p^B(Z)$. By Lemma 7, $p \vee p' \in P^{**}$ and $p \wedge p' \in P^{**}$. Moreover, it is immediate to check that \vee and \wedge are idempotent, commutative, associative, and absorbing binary operations on P^{**} . Thus, by Birkhoff (1979), (P^{**}, \geq) is a lattice. To prove that it is complete, consider any $\emptyset \neq Z \subseteq P^{**}$. By definition, $\text{lub}_{\geq} Z = p^S(Z)$ and $\text{llb}_{\geq} Z = p^B(Z)$,

where lub and llb denote the least upper bound and the largest lower bound, respectively. By Lemma 7, $p^S(Z), p^B(Z) \in P^{**}$. Thus, (P^{**}, \geq) is a complete lattice. ■

Our objective in the remaining of this subsection is to show how the complete lattice structure with the natural order \geq on \mathbb{R}_+^n (and on P^* and P^{**}) translates into the set of agents' utilities that are attainable at equilibrium. The fact that the lattice structure of the set of equilibrium price vectors is inherited in a dual way by the sets of equilibrium utilities of buyers and sellers is an important property because it says that there is a conflict of interests between the two sides of the market (and unanimity in each of the sides) with respect to two comparable equilibrium price vectors.

Define the partial orders \succeq_u and \succeq_w on P^* as follows: for any pair $p, p' \in P^*$,

$$p \succeq_u p' \text{ if and only if } u_i(p) \geq u_i(p') \text{ for every } i \in B$$

and

$$p \succeq_w p' \text{ if and only if } w_k(p) \geq w_k(p') \text{ for every } k \in S.$$

Example 1 has showed that we may have $p, p' \in P^*$ with the property that $p \neq p'$, but $u_i(p) = u_i(p')$ for all $i \in B$; *i.e.*, the binary relation \succeq_u is not a partial order on P^* because it is not antisymmetric since $p \succeq_u p'$, $p' \succeq_u p$ and $p \neq p'$ hold. Hence, the lattice structure of the set P^* with the binary relation \geq is not inherited by the set of utilities of buyers that are attainable at equilibrium. However, next proposition says that the partial order \geq on the set of restricted equilibrium price vectors translates into the set of utilities of the buyers that are attainable at equilibrium (*i.e.*, the statements (a) and (b) at the beginning of Section 5 are equivalent on this subset of P^*). Formally,

Proposition 7 *Let $p, p' \in P^{**}$ be two restricted equilibrium price vectors of market M . Then,*

$$u_i(p) \geq u_i(p') \text{ for every } i \in B \text{ if and only if } p'_j \geq p_j \text{ for every } j \in G.$$

Proof It follows from the definition of P^{**} and Lemma 8 below. ■

LEMMA 8 *Let $p, p' \in P^*$ be two equilibrium price vectors of market M . Then,*

$$u_i(p) \geq u_i(p') \text{ for every } i \in B \text{ if and only if } p'_j \geq p_j \text{ for every } j \in G^>.$$

PROOF OF LEMMA 8 Let $p, p' \in P^*$.

\implies) Assume $u_i(p) \geq u_i(p')$ for every $i \in B$. By (22), $\gamma_i(p) \geq \gamma_i(p')$ for every $i \in B$. By part (2.2), $(\gamma(p), \pi(p)) \in D^*$ and $(\gamma(p'), \pi(p')) \in D^*$. Assume $j \in G^>$ and let $k \in S$ be

such that $j \in G_k^>$. Then, there exist $A \in F^*$ and $i \in B$ such that $A_{ijk} > 0$. Thus, and since (p, A) and (p', A) are competitive equilibria of M , $\sum_{i'} A_{i'jk} \in S_{jk}(p_j)$ and $\sum_{i'} A_{i'jk} \in S_{jk}(p'_j)$ imply that

$$p_j \geq r_{jk} \quad \text{and} \quad p'_j \geq r_{jk}. \quad (32)$$

By (CS.1),

$$\gamma_i(p) + \pi_{jk}(p) - \tau_{ijk} = 0 \quad (33)$$

and

$$\gamma_i(p') + \pi_{jk}(p') - \tau_{ijk} = 0. \quad (34)$$

Thus,

$$\gamma_i(p) + \pi_{jk}(p) = \gamma_i(p') + \pi_{jk}(p').$$

Since $\gamma_i(p) \geq \gamma_i(p')$ for every i , $\pi_{jk}(p') \geq \pi_{jk}(p)$ holds. By definition of $\pi_{jk}(p')$ and $\pi_{jk}(p)$, and since (32) holds, $\pi_{jk}(p') = p'_j - r_{jk} \geq p_j - r_{jk} = \pi_{jk}(p)$. Thus, $p'_j \geq p_j$.

\Leftarrow) Assume $p'_j \geq p_j$ for every $j \in G^>$. Hence, for every $i \in B$ and every $j \in G^>$,

$$v_{ij} - p_j \geq v_{ij} - p'_j. \quad (35)$$

Fix $i \in B$ and assume $\nabla_i^>(p') \neq \emptyset$. Then, there exists $j' \in G^>$ such that $v_{ij'} - p'_{j'} > 0$. By (35), $v_{ij'} - p_{j'} > 0$, which implies that $\nabla_i^>(p) \neq \emptyset$. Hence, if $\nabla_i^>(p') \neq \emptyset$ there exists $j' \in G^>$ such that

$$\gamma_i(p') = v_{ij'} - p'_{j'} \leq v_{ij'} - p_{j'} = \gamma_i(p).$$

Thus, by (22), $u_i(p) \geq u_i(p')$. Assume now that $\nabla_i^>(p') = \emptyset$. Then, since by definition $0 \leq \gamma_i(p)$, $\gamma_i(p') = 0 \leq \gamma_i(p)$. Hence, by (22), $u_i(p) \geq u_i(p')$. Thus, for every $i \in B$, $u_i(p) \geq u_i(p')$. \square

Consider now the restriction of the partial order \succeq_u on the set P^{**} . Then, P^{**} is a complete lattice with \succeq_u . Formally,

Theorem 4 *The pair (P^{**}, \succeq_u) is a complete lattice.*

Proof It follows from Theorem 3 and Proposition 7. \blacksquare

Next proposition shows that the conflict of interests between the two sides of the market on the set of equilibrium price vectors holds partially in our general model (statement (b) in the beginning of Section 5 implies statement (c) on P^*); namely, if buyers unanimously consider the equilibrium price vector p as being at least as good as equilibrium price vector

price p' then all sellers consider p' as being at least as good as p (remember that Example 1 shows that the converse does not hold).

Proposition 8 *Let $p, p' \in P^*$ be two equilibrium price vectors of market M such that $u_i(p) \geq u_i(p')$ for all $i \in B$. Then, $w_k(p') \geq w_k(p)$ for all $k \in S$.*

Proof Let $p, p' \in P^*$ and assume that $u_i(p) \geq u_i(p')$ for every $i \in B$. By Lemma 8, $p'_j \geq p_j$ for every $j \in G^>$. Fix $k \in S$. Then, $p'_j - r_{jk} \geq p_j - r_{jk}$ for every $j \in G_k^>$. Thus, by (23), $w_k(p') \geq w_k(p)$. ■

Proposition 9 states that utilities associated to the two extreme equilibrium price vectors p^B and p^S are extreme and opposite utilities.

Proposition 9 *Let M be a market. Then, for every $p \in P^*$, the following properties hold.*

$$(9.1) \text{ For every } i \in B, u_i(p^B) \geq u_i(p) \geq u_i(p^S).$$

$$(9.2) \text{ For every } k \in S, w_k(p^S) \geq w_k(p) \geq w_k(p^B).$$

Proof Consider any $p \in P^*$. By their definitions, $p_j^B \leq p_j \leq p_j^S$ for all $j \in G$. In particular, these inequalities hold for all $j \in G^>$. By Lemma 8, $u_i(p^B) \geq u_i(p) \geq u_i(p^S)$ for all $i \in B$. Thus, (9.1) holds. By Proposition 8, $w_k(p^B) \leq w_k(p) \leq w_k(p^S)$ for all $k \in S$. Thus, (9.2) holds. ■

Consider again Example 1. Take $p = (3, 2, 10)$ and $p' = (\frac{3}{2}, 3, 10)$ and observe that $p, p' \in P^{**}$ and $w_1(p) = w_1(p') = 4$. Hence, $p \succeq_w p'$, $p' \succeq_w p$, and $p \neq p'$. Thus, the binary relation \succeq_w is not a partial order on P^{**} because it is not antisymmetric. Hence, the set P^{**} does not have a lattice structure with the binary relation \succeq_w . Observe that this is a direct consequence of the fact that in our model sellers may own units of different goods. Therefore, two unrelated equilibrium price vectors in P^{**} may give the same utility to a seller because the losses in revenues from selling one good with a lower price are compensated with the gains from selling another good with a higher price. Obviously, this can not occur whenever each seller only owns units of a unique good, as in Sotomayor (2007 and 2009b).

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