

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

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Abstract: A multiple-partners assignment game with heterogeneous sells 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 using linear programming. We show that the set of competitive equilibria (pairs of price vectors and assignments) has a Cartesian product structure: each equilibrium price vector is part of a competitive equilibrium with all equilibrium assignments, and vice versa. We also show that the set of equilibrium price vectors has a natural lattice structure

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and we study 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 sells 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. In this market 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 to 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; this means that his marginal utility of each of the goods is constant.

The primary market of blood (whole blood, red blood cells, white blood cells, platelets, plasma, and its products) is a prototypical example of these type of markets. Only in the USA this market moved around \$8 billion in 2005 and it is expected to approach \$9.9 billion in 2010, raising at an average annual growth rate of 8% (see Business Communications Company, 2005). There has been a constant increase on the need of blood all over the world due to an aging population and the changes in the incidence of diseases, surgical procedures and catastrophes that require transfusions. Since there are no (artificial) substitutes of the blood, it can only be obtained through human donation. To satisfy optimally the need of blood requires that around 3.5% of the population donates once a year. The role of the Blood Services in each country is not only to keep donation up but also to collect, prepare, and distribute blood products in a safety, efficient, and appropriate manner. Hospitals (buyers in our model) use the different types of blood which are collected by blood banks (sellers in our model). The red blood cells is the most important component of the blood. It is storage in plastic bags of one unit of red blood cells (approximately half liter); thus, units to be interchanged are indivisible. Each blood bank has available a certain quantity

of units of red blood cells of each of the blood types A+, A−, B+, B−, O+, O−, AB+, and AB− (goods in our model). Each hospital can only maintain cooled a maximum number of units of red blood cells, independently of the blood type. Reservation prices may differ across blood banks and blood types, and values may differ across hospitals and blood types as well; geographic and demographic reasons justify these heterogeneities. For instance, according to Engber (2006), the same unit of red blood cells might cost \$220 in Los Angeles (California) but only \$150 in Des Moines (Iowa).¹

There are many other assignment problems with these characteristics.² They are many-to-many because each agent can be assigned to (*i.e.*, perform a transaction with) many agents of the other side of the market. They have transferable utility because money may be used as a means of exchange. They are heterogeneous because a unit of a particular good may be different from a unit of another good. They are multi-demanded because buyers may be willing to buy several units of different goods. The main two questions to be answered are the following: Given an initial distribution of units of the goods among all sellers, what is their optimal assignment to buyers?, and what are the prices (if any) that would clear the market?

Given a market, an assignment is a description of how many units of each of the goods are interchanged between every pair formed by a buyer and a seller. An assignment is feasible 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 interchanged units). It turns out that the set of optimal assignments of a market can be identified with the set of integer solutions of a Primal Linear Problem 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. 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 interchange units of the goods with money

¹In Iowa, 12% of the population donated in 2006 compared to a national average of 3%.

²For instance, local markets of fresh products that operate once or twice per week or a clothes market in a city with wholesalers and retailers.

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 constraint. 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 interchanges (they are 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 that each market has at least a competitive equilibrium. First, we observe that the Dual Linear Problem associated to the Primal 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 intimately related to the set of solutions of the Primal Linear Program (compatible optimal assignments) and the Dual Linear Program (equilibrium price vectors).³

We 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. We also show that 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 $j = 1, \dots, n$. Moreover, and 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

³Shapley and Shubik (1972) already pointed out the relationships among the set of competitive equilibria of an assignment game, the core of its associated TU-game, and the solutions of the corresponding primal and dual linear problems.

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 a 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. Then, we show that the set of 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 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. Camiña (2006) and Sotomayor (1999, 2002, 2003, and 2007) are some of them. However, most of the emphasis of this literature has been put on the study of alternative cooperative solutions of the associated TU-game, although Camiña (2006) and Sotomayor (2007) also study the competitive equilibria of their generalized assignment games. See the beginning of Section 5 for a description 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 sells and multi-unit demands (a *market*). 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 equilibrium price vectors has a lattice structure with the natural partial order \geq ; we also show how this partial order (on the set of restricted equilibrium price vectors) gives a lattice structure to the set of utilities of the buyers that are attainable at equilibrium. In Section 6 we conclude with some final remarks. An Appendix at the end of the paper contains some technical and omitted material.

2 Preliminaries

The multiple-partners assignment game with heterogeneous sells 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 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. We are assuming that buyers have a constant marginal valuation of each unit of each good and that they are constrained on their total demand. The amount d_i should be interpreted as a capacity constraint of buyer i due to limits on his ability to storage, transport, etc. We denote by $d = (d_i)_{i \in B}$ the *vector of maximal demands*.

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 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 buyer 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 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) .

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 on assignments satisfying all demand and supply restrictions of feasibility.

Definition 1 The assignment A is *feasible* for market M if the following two sets of inequalities hold:

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

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

The inequality in (Demand Feasibility) says that each buyer i buys, in total, at most d_i units of all goods while the inequality in (Supply Feasibility) says that each seller k sells at most q_{jk} units of each good j . We denote by F the set of all feasible assignments of market M .

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

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

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. 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 $T(A^*) \geq T(A)$ holds for any feasible assignment $A \in F$.

We denote by F^* the set of all optimal assignments for market M . Before proceeding it seems useful to consider an example.

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

$$\{s_1, s_2\}, G = \{g_1, g_2\}, V = \begin{pmatrix} 30 & 15 \\ 10 & 20 \end{pmatrix}, d = (20, 15), R = \begin{pmatrix} 5 & 4 \\ 3 & 6 \end{pmatrix}, \text{ and } Q = \begin{pmatrix} 10 & 8 \\ 7 & 9 \end{pmatrix}.$$

Consider the feasible assignment $A = (A_{ijk})_{(i,j,k) \in B \times G \times S}$ for market M , where

$A_{111} = 10$	buyer 1 receives 10 units of good 1 from seller 1,
$A_{112} = 8$	buyer 1 receives 8 units of good 1 from seller 2,
$A_{121} = 1$	buyer 1 receives 1 unit of good 2 from seller 1,
$A_{122} = 0$	buyer 1 does not receive any unit of good 2 from seller 2,
$A_{211} = 0$	buyer 2 does not receive any unit of good 1 from seller 1,
$A_{212} = 0$	buyer 2 does not receive any unit of good 1 from seller 2,
$A_{221} = 6$	buyer 2 receives 6 units of good 2 from seller 1,
$A_{222} = 9$	buyer 2 receives 9 units of good 2 from seller 2.

The total gain from trade at assignment A is $T(A) = (30 - 5) \cdot 10 + (30 - 4) \cdot 8 + (15 - 3) \cdot 1 + (20 - 3) \cdot 6 + (20 - 6) \cdot 9 = 698$. \diamond

In order to find the set of optimal assignments for market $M = (B, S, G, V, d, R, Q)$ we consider the following Primal Linear Program (PLP).

PRIMAL LINEAR PROGRAM (PLP):

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

Remark 1 Results in linear programming guarantee that the set of (real-valued) solutions of the (PLP) is non-empty. Moreover, results in integer programming guarantee that at least one of these solutions has integer components (see Schrijver, 1996); namely, $F^* \neq \emptyset$. Appendix A at the end of the paper contains a brief description of why the (PLP) has an integer solution.

Observe that the assignment A of Example 1 is optimal; *i.e.*, $A \in F^*$.

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, it is immediate to see that, for all $i \in B$, the following remark holds.

Remark 2 For all $p \in \mathbb{R}_+^n$, $\nabla_i^>(p) \subseteq \nabla_i^{\geq}(p)$.

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 $D_i(p)$ give 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 An *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 price vector p and a feasible assignment A are *compatible* if (p, A) is an 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 an equilibrium of market M .

It is immediate to see that the following remark holds.

Remark 3 Let $A \in F$ be a feasible assignment. Then, for all $i \in N$ and all $p \in \mathbb{R}_+^n$, $A(i)$ satisfies conditions (D.a) and (D.b) in the definition of the set $D_i(p)$.

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 , $P^* \neq \emptyset$.

The proof of Theorem 1 is based on the fact that the Dual Linear Program (DLP) associated to the (PLP) has at least one solution. Thus, before proving Theorem 1 we present the (DLP).

4.2 The Dual Linear Program

In this subsection we present the Dual Linear Program (DLP) and state two well-known theorems of linear programming: the Strong Duality Theorem (Theorem 2) and the Complementary Slackness Theorem (Theorem 3). Using these two theorems we will show in Proposition 1 that there exists a strong link between the set of equilibria and the set of solutions of the (PLP) and the (DLP). Finally, in Subsection 4.3 we will prove Theorem 1.

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.

DUAL LINEAR PROGRAM (DLP):

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

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).

Remark 4 Results in linear programming guarantee that the (DLP) has at least a solution (see Schrijver, 1996); namely, $D^* \neq \emptyset$. Moreover, D^* is a convex set of $\mathbb{R}^m \times \mathbb{R}^{n \times t}$.

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 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 an equilibrium with $A_{ijk} > 0$; *i.e.*, buyer i buys at least one unit of good j to seller k . Then, as we will formally show later, $\gamma_i = v_{ij} - p_j$ and $\pi_{jk} = p_j - r_{jk}$. Thus, we can identify (almost uniquely) each dual solution with an equilibrium price, and vice versa. As we will see, this identification is not unique. Next remark already identifies a first (but insubstantial) reason of why this identification is not unique.

Remark 5 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, the value of the $(j, k)^{\text{th}}$ entry of π is irrelevant. Hence, we assume without loss of generality that $\pi_{jk} = 0$ whenever $q_{jk} = 0$. Under this convention, D^* is a compact set 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 (SDT) of Linear Programming applied to our setting says the following (see Dantzig, 1963).

Theorem 2 (SDT) *Let M be a market and assume $A \in F$ and $(\gamma, \pi) \in D$. Then,*

$$A \in F^* \text{ and } (\gamma, \pi) \in D^* \text{ if and only if } T(A) = T^d(\gamma, \pi). \quad (7)$$

The Complementary Slackness Theorem (CST) of Linear Programming (see Schrijver, 1996) says that if a restriction is not binding then the corresponding variable has to be equal to zero and if a variable is not equal to zero then its corresponding restriction has to be binding. Hence, applied to our setting the Complementary Slackness Theorem says the following.

Theorem 3 (CST) *Let M be a market. Then, for all $A \in F^*$ and $(\gamma, \pi) \in D^*$, the following properties hold:*

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

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

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

Proposition 1 below says that the set of 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 $\gamma(\cdot) : \mathbb{R}_+^n \rightarrow \mathbb{R}_+^m$ 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

$$\gamma_i(p) = \begin{cases} v_{ij} - p_j & \text{if there exists } j \in \nabla_i^>(p) \\ 0 & \text{otherwise,} \end{cases} \quad (8)$$

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

$$\pi_{jk}(p) = \begin{cases} p_j - r_{jk} & \text{if } p_j - r_{jk} > 0 \\ 0 & \text{otherwise.} \end{cases} \quad (9)$$

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).

Proposition 1 *Let M be a market and let $p \in \mathbb{R}_+^n$ be a price vector. The following two statements hold.*

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

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

Proof The statements of Proposition 1 will follow from Lemmata 2, 3, 4, and 5 below. We start by stating and proving 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 $p \in \mathbb{R}_+^n$ is such that $(\gamma(p), \pi(p)) \in D^*$ 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 by Remark 3. 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 condition (CS.2) in Theorem 3, $\sum_{jk} A_{ijk} = d_i$; namely, condition (D.c) in the definition of $D_i(p)$ 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 condition (CS.1) in Theorem 3, $\gamma_i(p) + \pi_{jk}(p) = \tau_{ijk}$. Since, by (3), $q_{jk} > 0$ implies $\tau_{ijk} = v_{ij} - r_{jk}$, we have

$$\gamma_i(p) + \pi_{jk}(p) + r_{jk} = v_{ij}. \quad (10)$$

We distinguish between the following two cases.

Case 1: $p_j - r_{jk} \geq 0$. Then, $\pi_{jk}(p) = p_j - r_{jk} \geq 0$. By (10), $\gamma_i(p) = v_{ij} - p_j$. If $\gamma_i(p) = v_{ij} - p_j > 0$ then $j \in \nabla_i^>(p)$. By Remark 2, $j \in \nabla_i^{\geq}(p)$. 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 (10), $\gamma_i(p) + r_{jk} = v_{ij}$. 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, condition (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 condition (CS.3) in Theorem 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 condition (CS.1) in Theorem 3, $\gamma_i(p) + \pi_{jk}(p) = \tau_{ijk} = v_{ij} - r_{jk} \geq 0$. 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 $\sum_i A_{ijk} = 0 \in S_{jk}(p_{jk}) = \{0\}$. \square

LEMMA 2 [\Leftarrow of (1.1)] 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 show that $A \in F^*$ in two steps. 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 Theorem 2, A is a solution of the (PLP).

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, restrictions (D.2) and (D.3) of the (DLP) hold. To show that, for all $(i, j, k) \in B \times G \times S$,

$$\gamma_i(p) + \pi_{jk}(p) \geq \tau_{ijk} \quad (11)$$

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 $\gamma_i(p) = 0$, (11) holds. If $q_{jk} = 0$ then, by (3), $\tau_{ijk} = 0$. Thus, by definition of $\pi_{jk}(p)$ and since $\gamma_i(p) = 0$, (11) holds. Hence, if $\gamma_i(p) = 0$ then (11) 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, (11) 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 definition,

$$T(A) = \sum_{ijk} \tau_{ijk} \cdot A_{ijk}. \quad (12)$$

Condition (E.D) in the definition of an equilibrium price vector implies that, for every $i \in B$, $A(i) \in D_i(p)$. Fix $(i, j, k) \in B \times G \times S$ and assume $A_{ijk} > 0$. By condition (D.d) in the definition of $D_i(p)$, $j \in \nabla_i^{\geq}(p)$. Observe that $A_{ijk} > 0$ implies $q_{jk} > 0$. Thus, by (3),

$$\tau_{ijk} = v_{ij} - r_{jk}. \quad (13)$$

If $\nabla_i^>(p) \neq \emptyset$ then $j \in \nabla_i^>(p)$ implies $v_{ij} - p_j \geq v_{ij'} - p_{j'}$ for all $j' \in G$. Thus, $j \in \nabla_i^>(p)$. Hence, by definitions of $\gamma_i(p)$ and $\nabla_i^>(p)$, and condition (13),

$$\begin{aligned}\gamma_i(p) + p_j - r_{jk} &= v_{ij} - p_j + p_j - r_{jk} \\ &= v_{ij} - r_{jk} \\ &= \tau_{ijk}.\end{aligned}$$

If $\nabla_i^>(p) = \emptyset$ then, since $j \in \nabla_i^>(p)$, $v_{ij} - p_j = 0$ and $\gamma_i(p) = 0$. Hence, by (13),

$$\begin{aligned}\gamma_i(p) + p_j - r_{jk} &= p_j - r_{jk} \\ &= v_{ij} - r_{jk} \\ &= \tau_{ijk}.\end{aligned}$$

Thus, $\gamma_i(p) + p_j - r_{jk} = \tau_{ijk}$. Hence, for all $(i, j, k) \in B \times G \times S$ such that $A_{ijk} > 0$, $\tau_{ijk} \cdot A_{ijk} = (\gamma_i(p) + p_j - r_{jk}) \cdot A_{ijk}$. From (12),

$$\begin{aligned}T(A) &= \sum_{ijk} \tau_{ijk} \cdot A_{ijk} \\ &= \sum_{ijk} (\gamma_i(p) + p_j - r_{jk}) \cdot A_{ijk} \\ &= \sum_{ijk} \gamma_i(p) \cdot A_{ijk} + \sum_{ijk} (p_j - r_{jk}) \cdot A_{ijk}.\end{aligned}$$

Thus,

$$T(A) = \sum_i (\sum_{jk} A_{ijk}) \cdot \gamma_i(p) + \sum_{jk} (\sum_i A_{ijk}) \cdot (p_j - r_{jk}). \quad (14)$$

Fix $i \in B$. By condition (D.c) in the definition of $D_i(p)$, if $\sum_{jk} A_{ijk} < d_i$ then $\nabla_i^>(p) = \emptyset$, and by the definition of $\gamma_i(p)$, $\gamma_i(p) = 0$. Hence, by (14),

$$T(A) = \sum_i d_i \cdot \gamma_i(p) + \sum_{jk} (\sum_i A_{ijk}) \cdot (p_j - r_{jk}). \quad (15)$$

Condition (E.S) in the definition of an equilibrium price vector implies that, for every $(j, k) \in G \times S$, $\sum_i A_{ijk} \in S_{jk}(p_j)$. To show that, for all $(j, k) \in G \times S$,

$$(\sum_i A_{ijk}) \cdot (p_j - r_{jk}) = q_{jk} \cdot \pi_{jk}(p) \quad (16)$$

holds, we distinguish among several cases.

Case 1: $q_{jk} = 0$. Then, by supply feasibility, $\sum_i A_{ijk} = 0$. Thus, (16) holds.

Case 2: $q_{jk} > 0$.

Case 2.1: $\sum_i A_{ijk} = q_{jk}$. Then, by (E.S), $p_j - r_{jk} \geq 0$. Hence, $p_j - r_{jk} = \pi_{jk}(p)$. Thus, (16) holds.

Case 2.2: $0 < \sum_i A_{ijk} < q_{jk}$. Then, by (E.S), $p_j = r_{jk}$. Hence, $\pi_{jk}(p) = p_j - r_{jk} = 0$. Thus, (16) holds.

Case 2.3: $\sum_i A_{ijk} = 0$. Then, by (E.S), $p_j \leq r_{jk}$. Hence, $\pi_{jk}(p) = 0$. Thus, (16) holds. Hence, for all $(j, k) \in G \times S$, (16) holds. Thus, by (15), $T(A) = \sum_i d_i \cdot \gamma_i(p) + \sum_{jk} q_{jk} \cdot \pi_{jk}(p)$. Therefore, $T(A) = T^d(\gamma(p), \pi(p))$. \diamond

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

LEMMA 3 [\implies of (1.2)] *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 Theorem 2, $(\gamma(p), \pi(p)) \in D^*$. \square

LEMMA 4 [\implies of (1.1)] *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 (1.2)] *Assume $(\gamma(p), \pi(p)) \in D^*$. Then, $p \in P^*$.*

PROOF OF LEMMA 5 Let $p \in \mathbb{R}_+^n$ be such that $(\gamma(p), \pi(p)) \in D^*$. We want to show 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

Proposition 1 holds since condition (1.1) follows from Lemmata 2 and 4, and condition (1.2) follows from Lemmata 3 and 5. \blacksquare

Corollary 1 *The set of equilibrium price vectors P^* is a convex and compact subset of \mathbb{R}_+^n .*

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 $j \in G$,

$$p_j^{(\gamma^*, \pi^*)} = \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}^* + r_{jk}\}. \quad (17)$$

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 assumption (1), if $q_{jk} = 0$ then $r_{jk} = 0$; and by Remark 5, $\pi_{jk}^* = 0$. 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 the (PLP) and (DLP), respectively. By Remarks 1 and 4, they exist. To show that $P^* \neq \emptyset$, we will show that $(p^{(\gamma^*, \pi^*)}, A^*)$ is an 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 by Remark 3.

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

$$\gamma_i^* \geq v_{ij'} - \min_{\{k \in S | q_{j'k} > 0\}} \{\pi_{j'k}^* + r_{j'k}\}. \quad (18)$$

To show that (D.c) holds assume that $\sum_{jk} A_{ijk}^* < d_i$. By (CS.2) of Theorem 3,

$$\gamma_i^* = 0. \quad (19)$$

By (17) and (18), $\gamma_i^* \geq v_{ij} - p_j^{(\gamma^*, \pi^*)}$ for all $j \in G$. By (19), $0 \geq v_{ij} - p_j^{(\gamma^*, \pi^*)}$ 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) of Theorem 3, $\gamma_i^* + \pi_{jk'}^* = \tau_{ijk'} = v_{ij} - r_{jk'}$. 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 (18), $\gamma_i^* = v_{ij} - \min_{\{k \in S | q_{jk} > 0\}} \{\pi_{jk}^* + r_{jk}\}$. By (17),

$$\gamma_i^* = v_{ij} - p_j^{(\gamma^*, \pi^*)}. \quad (20)$$

By (17) and (18), $\gamma_i^* \geq v_{ij'} - p_{j'}^{(\gamma^*, \pi^*)}$ for all $j' \in G$. By (20), $v_{ij} - p_j^{(\gamma^*, \pi^*)} \geq v_{ij'} - p_{j'}^{(\gamma^*, \pi^*)}$ for all $j' \in G$. By restriction (D.2) in the (DLP), $\gamma_i^* \geq 0$. 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 $\sum_i A_{ijk}^* \in S_{jk}(p_j^{(\gamma^*, \pi^*)})$. Assume first that $\sum_i A_{ijk}^* < q_{jk}$. Then, by the (CS.2) in Theorem 3, $\pi_{jk}^* = 0$. Since, by definition, $p_j^{(\gamma^*, \pi^*)} = \min_{\{k' \in S | q_{jk'} > 0\}} \{\pi_{jk'}^* + r_{jk'}\}$, $p_j \leq \pi_{jk'}^* + r_{jk'}$ for all k' such that $q_{jk'} > 0$. But since $0 \leq \sum_i A_{ijk}^* < q_{jk}$ and $\pi_{jk}^* = 0$, $p_j^{(\gamma^*, \pi^*)} \leq r_{jk}$. Hence, if $p_j > r_{jk}$ then $\sum_i A_{ijk}^* \in \{q_{jk}\} = S_{jk}(p_j^{(\gamma^*, \pi^*)})$. If $p_j^{(\gamma^*, \pi^*)} = r_{jk}$ (E.S) holds trivially since $\sum_i A_{ijk}^* \in \{0, \dots, q_{jk}\}$. Assume $p_j^{(\gamma^*, \pi^*)} < r_{jk}$. By (1), $q_{jk} > 0$. To get a contradiction, assume there exists $i \in B$ such that $A_{ijk}^* > 0$. By (CS.1) of Theorem 3, and since, by (3), $\tau_{ijk} = v_{ij} - r_{jk}$, $\gamma_i^* + \pi_{jk}^* = \tau_{ijk} = v_{ij} - r_{jk}$. By hypothesis, and since by restriction (D.3) of the (DLP), $\pi_{jk}^* \geq 0$, $\gamma_i^* \leq \gamma_i^* + \pi_{jk}^* < v_{ij} - p_j^{(\gamma^*, \pi^*)}$. Thus, $\gamma_i^* < v_{ij} - p_j^{(\gamma^*, \pi^*)}$, contradicting condition (18). 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 (which proves that P^* is non-empty by showing that for all $(\gamma^*, \pi^*) \in D^*$, $p^{(\gamma^*, \pi^*)} \in P^*$) implies that the following corollary holds.

Corollary 2 *Let $(\gamma, \pi) \in D^*$. Then, $p^{(\gamma, \pi)} \in P^*$.*

5 Structure of the Set of Competitive Equilibria

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 an assignment game has the following four properties.

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

(2) The set of 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.⁴ 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) This structure 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 $i \in B$,

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

⁴See subsection 5.2 for a self-contained definition of a lattice and a complete lattice.

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 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

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

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 $p \succeq_u p' \iff p' \succeq_w p$.

In this section we will show that, in our general model, properties (2) and (3) still hold while property (4) only holds partially.⁵ 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 interchanged in equilibrium; for instance, because the smallest reserve price \underline{r}_j of good j is strictly larger than its largest valuation \bar{v}_j . 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 interchanged at equilibrium at the highest possible one that keeps the equilibrium properties of the full price vector. We call this set the set of restricted equilibrium price vectors and denote it by P^{**} . Then 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).

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.*,

⁵Corollary 1 above states that property (1) holds as well.

$t = 1$, $q_{j1} = 1$ for all $j = 1, \dots, n$, and $d_i = 1$ for all $i \in B$. She shows that 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.

Sotomayor (2007) studies another extension of the assignment game in which buyers may want to buy more than one indivisible object although they are not interested in acquiring more than one object from a given seller, and each seller owns a number of identical and indivisible objects (and thus, we can also identify the set of goods with the set of sellers); *i.e.*, $n = t$, $d_i \in \mathbb{Z}_+ \setminus \{0\}$ for all $i \in B$, $q_{jk} \in \mathbb{Z}_+ \setminus \{0\}$ if $j = k$ and $q_{jk} = 0$ if $j \neq k$, and $A_{ijk} \in \{0, 1\}$ for all $i \in B$ and all $j = k$. Observe that this last condition is not a restriction on the data of the problem but on the set of feasible assignments. Sotomayor (2007) shows that the set of utilities that are attainable at equilibrium forms a dual lattice after an appropriate distortion of the set of stable utilities; this distortion is done by an order-preserving and non-identical map whose fixed points are the set of utilities that are attainable at equilibrium. Sotomayor (2007)'s results use Tarski's algebraic fixed point theorem while our results are based on duality theorems of linear programming.

5.1 Cartesian Product Structure of the Set of Equilibria

The first property of the set of equilibria is that it has a Cartesian product structure; namely, if (p, A) and (p', A') are two equilibria of M then, (p, A') and (p', A) are also two equilibria of M . This follows immediately from Lemmata 2 and 4 used to prove Proposition 1. We state it as Proposition 2 below.

Proposition 2 *Let M be a market. Then, (p, A) is an equilibrium of M if and only if $p \in P^*$ and $A \in F^*$.*

Proof Assume (p, A) is an 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 an equilibrium of M . ■

5.2 Extreme Equilibrium Price Vectors and Lattices

In this subsection we show that the set of equilibrium price vectors P^* of M has the property that each of its non-empty subsets has a supremum and an infimum. This will imply that the set P^* has a natural lattice structure. Let $Z \subseteq P^*$ be a non-empty subset of equilibrium price vectors of M . Define the price vector $p^B(Z) \in \mathbb{R}_+^n$ by taking, for each

$j \in G$, the infimum among all j -components of the vectors in Z . Similarly, define the price vector $p^S(Z) \in \mathbb{R}_+^n$ by taking, for each $j \in G$, the supremum among all j -components of the vectors in Z . Then, it turns out that $p^B(Z)$ and $p^S(Z)$ are also equilibrium price vectors of M . Formally, given a market 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

$$p_j^B(Z) = \inf_{p \in Z} p_j \quad \text{and} \quad p_j^S(Z) = \sup_{p \in Z} p_j. \quad (21)$$

We write p^B and p^S instead of $p^B(P^*)$ and $p^S(P^*)$.

Proposition 3 *Let M be a market. Then, $p^B(Z), p^S(Z) \in P^*$ for all $\emptyset \neq Z \subseteq P^*$.*

Proof Let $A \in F^*$ be an optimal assignment of M . Given a non empty subset $Z \subset P^*$, we will prove that $p^B(Z)$ and $p^S(Z)$ are equilibrium price vectors of M by showing that conditions (E.D) and (E.S) of Definition 3 are satisfied by $p^B(Z)$ and $p^S(Z)$ with respect to A .

(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, conditions (D.a) and (D.b) hold by Remark 3.

To show that condition (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 condition (D.c) holds for $p^S(Z)$.

To show that condition (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 $j' \in G$,

$$v_{ij'} - p_{j'} \geq v_{ij'} - \sup_{\hat{p} \in Z} \hat{p}_{j'} \quad (22)$$

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 (22), $v_{ij'} - p_{j'}^m \geq v_{ij'} - \sup_{p \in Z} p_{j'}$ 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, $\sum_i A_{ijk} \in \{q_{jk}\} = S_{jk}(p_j^S(Z))$.

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

Fix $i \in B$. Since A is feasible, conditions (D.a) and (D.b) hold by Remark 3

To show that condition (D.c) holds, assume $\nabla_i^>(p^B(Z)) \neq \emptyset$. Then, there exists $j \in \nabla_i^>(p^B(Z))$ such that $v_{ij} - p_j^B(Z) > 0$. Let $\{p^m\}_{m \in \mathbb{N}}$ be a sequence such that, for all $m \in \mathbb{N}$, $p^m \in Z$ and $\{p_j^m\}_{m \in \mathbb{N}} \rightarrow \inf_{p \in Z} p_j$. Then, there exist $\bar{m} \in \mathbb{N}$ such that, for all $m > \bar{m}$, $v_{ij} - p_j^m > 0$, which implies that $\nabla_i^>(p^m) \neq \emptyset$. Because p^m and A are compatible, $\sum_{jk} A_{ijk} = d_i$. Thus, condition (D.c) holds for $p^B(Z)$.

To show that condition (D.d) holds, let $j \in G$ be such that $\sum_k A_{ijk} > 0$. We have to show that $j \in \nabla_i^{\geq}(p^B(Z))$. 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 $j' \in G$. By definition of $p^B(Z)$, $v_{ij} - p_j^B(Z) = v_{ij} - \inf_{p \in Z} p_j \geq v_{ij} - p_j$ for all $p \in Z$. Fix $j' \in G$ and let $\{p^m\}_{m \in \mathbb{N}}$ be a sequence such that, for all $m \in \mathbb{N}$, $p^m \in Z$ and $\{p_{j'}^m\}_{m \in \mathbb{N}} \rightarrow \inf_{p \in Z} p_{j'}$. Then, by definition of $p_j^B(Z)$, $v_{ij} - p_j^B(Z) \geq v_{ij'} - p_{j'}^m$ for every $m \in \mathbb{N}$. Since $j \in \nabla_i^{\geq}(p^m)$, $v_{ij} - p_j^m \geq v_{ij'} - p_{j'}^m$ for every $m \in \mathbb{N}$. Thus, $v_{ij} - p_j^B(Z) \geq v_{ij'} - p_{j'}^m$ for every $m \in \mathbb{N}$. Hence, $v_{ij} - p_j^B(Z) \geq v_{ij'} - p_{j'}^B(Z)$. Since this holds for all $j' \in G$, $j \in \nabla_i^{\geq}(p^B(Z))$.

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

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

Remark 6 By Proposition 3 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, $p_j^S = \max_{p \in P^*} p_j$ and $p_j^B = \min_{p \in P^*} p_j$.

Our objective in the remaining of this subsection is to show that the set P^* has a complete lattice structure with the natural order \geq on \mathbb{R}_+^n . Later, we will show how this lattice structure translates into the set of utilities of agents. In order to state our results we introduce some notions to define a lattice in our setting.⁶

Let X be a non-empty set. A partial order \succeq on X is a reflexive, transitive, and antisymmetric binary relation on X ; that is, for all $x, y, z \in X$, $x \succeq x$, $[x \succeq y \succeq z] \implies$

⁶See Birkoff (1979) for a general description of lattice theory.

$[x \succeq z]$, and $[x \succeq y \text{ and } y \succeq x] \implies [x = y]$. Given a partial order \succeq on X and a subset $Y \subseteq X$, define the set of upper bounds of Y as $ub_{\succeq}Y = \{x \in X \mid x \succeq y \text{ for all } y \in Y\}$ and the least upper bound of Y as $lub_{\succeq}Y = \bar{y}$, where $\bar{y} \in ub_{\succeq}Y$ and, for all $y \in ub_{\succeq}Y$, $y \succeq \bar{y}$. Similarly, define the set of lower bounds of Y as $lb_{\succeq}Y = \{x \in X \mid y \succeq x \text{ for all } y \in Y\}$ and the largest lower bound of Y as $llb_{\succeq}Y = \underline{y}$ where $\underline{y} \in lb_{\succeq}Y$ and, for all $y \in lb_{\succeq}Y$, $\underline{y} \succeq y$. Given a partial order \succeq on X , define the binary operations \vee and \wedge on X as follows: for $x, y \in X$, $x \vee y = lub_{\succeq}\{x, y\}$ and $x \wedge y = llb_{\succeq}\{x, y\}$. Observe that, in general, $lub_{\succeq}\{x, y\}$ and $llb_{\succeq}\{x, y\}$ may not exist; however, by the antisymmetry of \succeq , if they exist, they are unique.

Definition 4 The four-tuple $(X, \succeq, \vee, \wedge)$ is a *lattice* if, for all $x, y \in X$, $lub_{\succeq}\{x, y\}$ and $llb_{\succeq}\{x, y\}$ exist. A set X has a *lattice structure* if $(X, \succeq, \vee, \wedge)$ is a lattice for some \succeq, \vee , and \wedge .

A lattice $(X, \succeq, \vee, \wedge)$ is *complete* if for any subset $Y \subseteq X$, $lub_{\succeq}Y \in X$ and $llb_{\succeq}Y \in X$.

Observe that since the binary operations \vee and \wedge follow from the partial order \succeq there is some redundancy in the notation of a lattice. However, it is useful (and common) to refer simultaneously to the partial order and to the two binary operations because there is an (equivalent) algebraic approach where, instead of starting from the partial order \succeq , one can start from two binary operations on X as follows. A join \vee and a meet \wedge on X are two idempotent, commutative, associative, and absorbing binary operations on X ; that is, for all $x, y, z \in X$, $x \vee x = x$ and $x \wedge x = x$, $x \vee y = y \vee x$ and $x \wedge y = y \wedge x$, $x \vee (y \vee z) = (x \vee y) \vee z$ and $x \wedge (y \wedge z) = (x \wedge y) \wedge z$, and $x = (x \vee y) \wedge x$ and $x = (x \wedge y) \vee x$. Given a join \vee and a meet \wedge on X , define the partial orders \succeq^{\vee} and \succeq^{\wedge} on X as follows: for all $x, y \in X$,

$$x \succeq^{\vee} y \text{ if and only if } x = x \vee y$$

and

$$x \succeq^{\wedge} y \text{ if and only if } y = y \wedge x.$$

Indeed, both approaches are equivalent in the sense that the partial orders \succeq^{\vee} and \succeq^{\wedge} obtained from \vee and \wedge are the same and coincide with \succeq (i.e., the partial order from which \vee and \wedge are defined).⁷

We will use this second approach to show that the set P^* (as well as P^{**}) has a lattice structure with the following two natural join and meet. Let $p, p' \in P^*$. Define $p \vee p' \equiv \check{p} =$

⁷See Grätzer (2003).

$(\check{p}_j)_{j \in G}$ and $p \wedge p' \equiv \hat{p} = (\hat{p}_j)_{j \in G}$ as follows. For each $j \in G$,

$$\check{p}_j = \max\{p_j, p'_j\}$$

and

$$\hat{p}_j = \min\{p_j, p'_j\}.$$

Now, we are ready to state and prove the main result of this subsection.

Theorem 4 *The four-tuple $(P^*, \geq, \vee, \wedge)$ is a complete lattice.*

Proof To show that $(P^*, \geq, \vee, \wedge)$ is a lattice let $p, p' \in P^*$ and set $Z = \{p, p'\}$. Then, $p \vee p' = p^S(Z)$ and $p \wedge p' = p^B(Z)$. By Proposition 3, $p \vee p' \in P^*$ 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, $(P^*, \geq, \vee, \wedge)$ 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 $\text{llb}_{\geq} Z = p^B(Z)$. By Proposition 3, $p^S(Z), p^B(Z) \in P^*$. Thus, $(P^*, \geq, \vee, \wedge)$ is a complete lattice. ■

5.3 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 that k sells strictly positive amounts at some optimal assignment. Obviously, $G^> = \cup_{k \in S} G_k^>$.

Next lemma states that at 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:*

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

$$(L6.2) \text{ For each seller } k \in S, w_k(p, A) = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}.$$
⁸

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 condition (D.d) in the definition of $D_i(p)$, $j \in \nabla_i^{\geq}(p)$, which implies that $(v_{ij} - p_j) = \gamma_i(p)$, and

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

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 condition (CS.2) in Theorem 3, 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, $S_{jk}(p_j) = \{0\}$. Hence, since p and A are compatible, $\sum_i A_{ijk} = 0$. Therefore,

$$w_k(p, A) = \sum_{j \in \{j' \in G \mid p_{j'} - r_{j'k} > 0\}} (p_j - r_{jk}) \cdot q_{jk} = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}. \quad (23)$$

Condition (23) 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, $j \in G_k^>$. ■

⁸Observe that $w_k(p, A)$ can also be written as $\sum_{j \in G} \pi_{jk}(p) \cdot q_{jk}$.

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 $k \in S$,

$$u_i(p) = \gamma_i(p) \cdot d_i \quad (24)$$

and

$$w_k(p) = \sum_{j \in G_k^>} (p_j - r_{jk}) \cdot q_{jk}. \quad (25)$$

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 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) does not hold on P^*). 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 of attainable equilibrium utilities (the equivalence between statements (a) and (b) 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 2 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 $3 \leq p_3 < p'_3 \leq 10$ but $p = (7, 2, p_3) < (7, 2, p'_3) = p'$. This is because no unit of good 3 is interchanged 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 $3 \leq p_3 < p'_3 \leq 10$. \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 interchanged at any equilibrium assignment. We do it by setting the prices of each non-interchanged good equal to the highest possible one (keeping the equilibrium property of the price vector).⁹ Formally, given an equilibrium price vector $p \in P^*$, define $\bar{p} = (\bar{p}_j)_{j \in G}$ as follows:

$$\bar{p}_j = \begin{cases} p_j & \text{if } j \in G^> \\ p_j^S & \text{if } j \notin G^>. \end{cases} \quad (26)$$

Proposition 4 below says that this distortion does not affect the equilibrium property of the original price vector.

Proposition 4 *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 an equilibrium of M by showing that conditions (E.D) and (E.S) of Definition 3 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, conditions (D.a) and (D.b) hold by Remark 3

To show that condition (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 $\nabla_i^>(p^S) \neq \emptyset$. Since p and p^S are both compatible with A , $\sum_{jk} A_{ijk} = d_i$. Thus condition (D.c) holds for \bar{p} .

To show that condition (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 $j \in \nabla_i^{\geq}(\bar{p})$. Since p and p^S are both compatible with A , $j \in \nabla_i^{\geq}(p) \cap \nabla_i^{\geq}(p^S)$. By definition of $\nabla_i^{\geq}(p)$,

$$v_{ij} - p_j \geq 0 \quad (27)$$

and

$$v_{ij} - p_j \geq v_{ij'} - p_{j'} \text{ for every } j' \in G. \quad (28)$$

By definition of $\nabla_i^{\geq}(p^S)$, $v_{ij} - p_j^S \geq 0$ 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:

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

⁹The 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.

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 (27), $v_{ij} - \bar{p}_j \geq 0$. We distinguish between the following two cases.

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

$$\begin{aligned} v_{ij} - \bar{p}_j &= v_{ij} - p_j && \text{by definition of } \bar{p}_j \\ &\geq v_{ij'} - p_{j'} && \text{by (28)} \\ &= v_{ij'} - \bar{p}_{j'} && \text{by definition of } \bar{p}_{j'}. \end{aligned}$$

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

$$\begin{aligned} v_{ij} - \bar{p}_j &= v_{ij} - p_j && \text{by definition of } \bar{p}_j \\ &\geq v_{ij'} - p_{j'} && \text{by (28)} \\ &\geq v_{ij'} - \max_{p \in P^*} p_{j'} \\ &= v_{ij'} - \bar{p}_{j'} && \text{by definition of } \bar{p}_{j'}. \end{aligned}$$

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 5 shows that the distortion in (26) coincides with the one produced in p by computing its associated price vector from its dual solution $(\gamma(p), \pi(p))$.

Proposition 5 *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 $j \in G$, $\tilde{p}_j \equiv p_j^{(\gamma(p), \pi(p))} = \min_{\{k \in K | q_{jk} > 0\}} \{\pi_{jk}(p) + r_{jk}\}$.

Assume first that $j \notin G^>$. Then, $\sum_{ik} A_{ijk}^* = 0$. By (CS.2) of Theorem 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 part (1.2) of Proposition 1, $\pi_{jk}(p) = 0$. Hence, $\tilde{p}_j = \min_{\{k \in K | q_{jk} > 0\}} r_{jk}$. By Corollary 1 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

$k \in K$ such that $q_{jk} > 0$ and $r_{jk} < p_j^S$. Since, by Proposition 3, $p^S \in P^*$, (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 $p' \in P^*$,

$$G^> \subseteq \bigcup_{i \in B} \nabla_i^{\geq}(p') \quad (29)$$

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 restriction (D.1) of the (DLP), 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,

$$\pi_{jk} + r_{jk} \geq v_{ij} - \gamma_i. \quad (30)$$

Since $j \in G^>$, condition (29) implies that there exist $(i', k') \in B \times S$ such that $q_{jk'} > 0$, $A_{i'jk'}^* > 0$ and $j \in \nabla_{i'}^{\geq}(p')$. Thus, by (30) 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,

$$\min_{\{k \in K | q_{jk} > 0\}} \{\pi_{jk}(p') + r_{jk}\} \geq p'_j. \quad (31)$$

Moreover, by (CS.1) of Theorem 3, $\gamma_{i'}(p') + \pi_{jk'}(p') = \tau_{i'jk'} = v_{i'j} - r_{jk'}$. 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 (31), $\min_{\{k \in K | q_{jk} > 0\}} \{\pi_{jk}(p') + r_{jk}\} = p'_j$, which implies that $p'_j = \bar{p}_j$. Hence, $p^{(\gamma(p), \pi(p))} = \bar{p}$. \blacksquare

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

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

Remark 7 Similar arguments to those used in the proofs of Proposition 3 and Theorem 4 also show that the four-tuple $(P^{**}, \geq, \vee, \wedge)$ 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 P^* and P^{**}) translates into the set of utilities of agents 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 2 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 $p \neq p'$. 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 6 *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 definition of P^{**} and Lemma 7 below. ■

LEMMA 7 *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 7 Let $p, p' \in P^*$.

\implies) Assume $u_i(p) \geq u_i(p')$ for every $i \in B$. By (24), $\gamma_i(p) \geq \gamma_i(p')$ for every $i \in B$. By part (1.2) of Proposition 1, $(\gamma(p), \pi(p)) \in D^*$ 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 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 condition (CS.1) of Theorem 3,

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

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 (24), $u_i(p) \geq u_i(p')$. 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 (24), $u_i(p) \geq u_i(p')$. 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^{**} (a subset of P^*) and define the binary operations \vee_u and \wedge_u on P^{**} as the binary operations on P^* restricted to the set P^{**} ; namely, for all $p, p' \in P^{**}$,

$$p \vee_u p' \equiv \check{p} \quad \text{and} \quad p \wedge_u p' \equiv \hat{p}.$$

Theorem 5 *The four-tuple $(P^{**}, \succeq_u, \vee_u, \wedge_u)$ is a complete lattice.*

Proof It follows from Theorem 4 and Proposition 6. \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 p' then all sellers consider p' as being at least as good as p (remember that Example 2 shows that the converse does not hold).

Proposition 7 *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 7, $p'_j \geq p_j$ 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 (25), $w_k(p') \geq w_k(p)$. ■

Proposition 8 states that utilities of the two extreme equilibrium price vectors are extreme and opposite.

Proposition 8 *Let M be a market. Then, for every $p \in P^*$, the following properties hold.*

$$(8.1) \text{ For every } i \in B, u_i(p^B) \geq u_i(p) \geq u_i(p^S).$$

$$(8.2) \text{ For every } k \in S, w_k(p^S) \geq w_k(p) \geq w_k(p^B).$$

Proof Consider any $p \in P^*$. By their definitions, for all $j \in G$, $p_j^B \leq p_j \leq p_j^S$. In particular, these inequalities hold for all $j \in G^>$. By Lemma 7, $u_i(p^B) \geq u_i(p) \geq u_i(p^S)$ for all $i \in B$. Thus, (8.1) holds. By Proposition 7, $w_k(p^B) \leq w_k(p) \leq w_k(p^S)$ for all $k \in S$. Thus, (8.2) holds. ■

Consider again Example 2. 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 (and the induced binary operations \vee_w and \wedge_w).

6 Concluding Remarks

Before finishing the paper some remarks are in order. The first one is related with the computational advantage of the linear programming approach. It allows to find the (essentially) unique optimal assignment A^* as the (essentially) unique solution of the (PLP). Moreover,

and following Leonard (1983), it also allows to compute the two extreme equilibrium price vectors p^S and p^B as solutions of two linear programs. To find p^S we first compute (γ^S, π^S) , the best dual solution from the point of view of the sellers, by letting $T \equiv T(A^*)$ and solving the following associated dual program: choose $(\gamma, \pi) \in \mathbb{R}^m \times \mathbb{R}^{n \times t}$ in order to

$$\begin{aligned}
& \max && \sum_{jk} q_{jk} \cdot \pi_{jk} \\
\text{s. t.} & \text{(D.0)} && \sum_i d_i \cdot \gamma_i + \sum_{jk} q_{jk} \cdot \pi_{jk} = T \\
& \text{(D.1)} && \gamma_i + \pi_{jk} \geq \tau_{ijk} \quad \text{for all } (i, j, k) \in B \times G \times S, \\
& \text{(D.2)} && \gamma_i \geq 0 \quad \text{for all } i \in B, \\
& \text{(D.3)} && \pi_{jk} \geq 0 \quad \text{for all } (j, k) \in G \times S, \\
& \text{(D.4)} && \pi_{jk} = 0 \quad \text{if } q_{jk} = 0.
\end{aligned}$$

It is easy to show that (γ^S, π^S) is the unique solution of this linear program, which is among all solutions of the (DLP) the one with the highest entries in the matrix π . Then, set $p^S = p^{(\gamma^S, \pi^S)}$. Analogously, to find p^B we first compute (γ^B, π^B) by solving a symmetric linear program. Then, set $p^B = p^{(\gamma^B, \pi^B)}$. Thus p^S and p^B are obtained by solving two dual linear programs.

Second, the classical approach in matching of transforming many-to-many or many-to-one ordinal problems into a one-to-one matching problem by breaking each buyer i and each seller k into as many pieces as his capacity constraint (d_i and $\sum_j q_{jk}$, respectively) would not work immediately here because in the one-to-one setting two units held by two different “pieces” of a seller would have to be considered as different goods and hence, they could have different prices.

Finally, we leave for future research the study of alternative cooperative notions like pairwise stability, core, or set-wise stability of the natural TU-game associated to our market and the analysis of their relationships with the set of competitive equilibria (Camiña (2006) and Sotomayor (2002, and 2007) perform parts of this analysis in their respective settings). We conjecture that the core and the set-wise stable set are non-empty, they are different sets, and the set of utilities attainable at equilibrium coincides with the set of set-wise stable utilities. We also leave for future research the characterization of (strategic) equilibria when sellers (or buyers) set prices simultaneously and the relationship of these sets with the set of competitive equilibrium prices of a market M .

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Appendix: The (PLP) has an integer solution

The feasibility restrictions of the (PLP)

$$\begin{aligned} \sum_{jk} A_{ijk} &\leq d_i && \text{for all } i \in B, \\ \sum_i A_{ijk} &\leq q_{jk} && \text{for all } (j, k) \in G \times S \end{aligned} \quad (36)$$

can be written as $X \cdot A \leq b$. For instance, consider the case $|B| = |G| = |S| = 2$. Then, (36) can be written as

$$\begin{bmatrix} 1 & 1 & 1 & 1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 \\ 1 & 0 & 0 & 0 & 1 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 & 1 & 0 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 0 & 1 & 0 & 0 & 0 & 1 \end{bmatrix} \cdot \begin{bmatrix} A_{111} \\ A_{112} \\ A_{121} \\ A_{122} \\ A_{211} \\ A_{212} \\ A_{221} \\ A_{222} \end{bmatrix} \leq \begin{bmatrix} d_1 \\ d_2 \\ q_{11} \\ q_{12} \\ q_{21} \\ q_{22} \end{bmatrix}.$$

Definition The matrix X is *totally unimodular* if the determinants of all its square submatrices are equal to either $-1, 0$, or 1 .

Theorem (Schrijver, 1996) *If X is totally unimodular then, for every integer vector b , the vertices of the polyhedral (the intersections of a finite number of half-spaces)*

$$\{A : X \cdot A \leq b\}$$

have all integer coordinates.

Theorem (Schrijver, 1996) *A matrix $X = (x_{ij})_{i=1, \dots, n}^{j=1, \dots, m}$ is totally unimodular if:*

- (1) $x_{ij} \in \{-1, 0, 1\}$ for all $1 \leq i \leq n$ and all $1 \leq j \leq m$.
- (2) *Each column has at most two nonzero coefficients; namely, $\sum_{i=1}^n |x_{ij}| \leq 2$.*

(3) Let $R = \{1, \dots, n\}$ be the set of rows; then, there exists a partition $\{R_1, R_2\}$ of R such that, for each column $j \in \{1, \dots, m\}$ that has two non-zero coefficients,

$$\sum_{i \in R_1} x_{ij} - \sum_{i \in R_2} x_{ij} = 0.$$

It is easy to check that the matrix X of any market satisfies conditions (1), (2), and (3) in the above theorem. Hence, X is totally unimodular and thus, the (PLP) has at least a solution with all integer components. That X satisfies (1) and (2) is immediate. To illustrate (3), consider again the case $|B| = |G| = |S| = 2$. Then, $R = \{1, 2, 3, 4, 5, 6\}$ and $R_1 = \{1, 2\}$ and $R_2 = \{3, 4, 5, 6\}$; that is,

$$X = \begin{bmatrix} 1 & 1 & 1 & 1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 1 & 1 & 1 \\ \hline 1 & 0 & 0 & 0 & 1 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 & 1 & 0 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 0 & 1 & 0 & 0 & 0 & 1 \end{bmatrix}.$$