Amortized Analysis on Asynchronous Gradient Descent

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Abstract

Gradient descent is an important class of iterative algorithms for minimizing convex functions. Classically, gradient descent has been a sequential and synchronous process. Distributed and asynchronous variants of gradient descent have been studied since the 1980s, and they have been experiencing a resurgence due to demand from large-scale machine learning problems running on multi-core processors.

We provide a version of asynchronous gradient descent (AGD) in which communication between cores is minimal and for which there is little synchronization overhead. We also propose a new timing model for its analysis. With this model, we give the first amortized analysis of AGD on convex functions. The amortization allows for bad updates (updates that increase the value of the convex function); in contrast, most prior work makes the strong assumption that every update must be significantly improving.

Typically, the step sizes used in AGD are smaller than those used in its synchronous counterpart. We provide a method to determine the step sizes in AGD based on the Hessian entries for the convex function. In certain circumstances, the resulting step sizes are a constant fraction of those used in the corresponding synchronous algorithm, enabling the overall performance of AGD to improve linearly with the number of cores.

We give two applications of our amortized analysis:

- We show that our AGD algorithm can be applied to two classes of problems which have huge problem sizes in applications and consequently can benefit substantially from parallelism. The first class of problems is to solve linear systems $A p = b$, where the $A$ are symmetric and positive definite matrices. The second class of problems is to minimize convex functions of the form $\sum_{i=1}^{n} f_i(p_i) + \frac{1}{2}\|Ap - b\|^2$, where the $f_i$ are convex differentiable univariate functions.

- We show that a version of asynchronous tatonnement, a simple distributed price update dynamic, converges toward the market equilibrium in Fisher markets with buyers having complementary-CES or Leontief utility functions.

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1 Introduction

Gradient descent, an important class of iterative algorithms for minimizing convex functions, is a key subroutine in many computational problems. Broadly speaking, gradient descent proceeds by iteratively moving in the direction of the negative gradient of the convex function. Classically, gradient descent is a sequential and synchronous process. Distributed and asynchronous variants have also been studied, starting with the work of Tsitsiklis et al. [17] in the 1980s; more recent results include [2, 3]. Distributed and asynchronous gradient descent has been experiencing a resurgence of attention, particularly in computational learning theory [12, 15], due to recent advances in multi-core parallel processing technology and a strong demand for speeding-up large-scale gradient descent problems via parallelism.

Gradient descent proceeds by repeatedly updating the coordinates of the argument to the convex function. A few key common issues arise in any distributed and asynchronous iterative implementation and their improper handling may lead to performance-destroying overhead costs.

- In some implementations (e.g. [15]), different cores may update the same component. Without proper coordination, the progress made by one core can be overwritten, and if such overwriting persists, in the worst case the system can fail to reach the desired result. This difficulty can be avoided by block component descent – each coordinate is updated by exactly one core. This is the approach we use in our Asynchronous Gradient Descent (AGD) algorithm. The approach has been used previously in a round-robin manner [12], but our AGD algorithm does not require the updates to proceed in any particular order.

- The cores need to follow a communication protocol in order to communicate/broadcast their updates. Communication is often relatively slow compared to computation, so reducing the need for communication can lead to a significant improvement in system performance. Also, when there is delay in communication, cores may use outdated information for the next update, which is a critical issue for asynchronous systems. One common approach is to assume that the system has bounded asynchrony, i.e. the delay in communication is bounded by a positive constant. Typically, there is a need to wait for updates from the other cores, and the bounded asynchrony simply bounds the waiting time. We will use the bounded asynchrony assumption, but our AGD algorithm will have no waiting: updates will always be based on the information at hand; bounded asynchrony just guarantees that it is not too dated.

- Often, the computation of one core needs the results computed by another core, implying the computations of the different cores must be in a correct order to ensure correctness and to reduce core waiting time. Typically this is achieved via a synchronization protocol, which often requires that all cores follow a global clock. However, such protocols can be costly and even impractical in some circumstances. As we shall see, our AGD algorithm needs essentially no synchronization apart from an initial synchronization to align the starting times of all cores.

\[1\] These observations apply to any multi-processor system.
Broadly speaking, most prior work follows the asynchrony model proposed in [17], in which time is discretized. Our AGD algorithm allows each core to proceed at its own pace. This allows for varying loads, for different updates having varied costs, for interruptions, and more generally for variations in the completion times of updates. To support this, in our model, time is continuous. To ensure progress, we require that each component be updated at least once in each time unit, but do not impose an upper bound on the frequency of updates. A more formal description of our model will be given in Section 2.

We consider a robust family of AGD algorithms, and using our timing model, we give a new amortized analysis which shows each algorithm converges to the minimal value of the underlying function. Most prior work made the strong assumption that each update yields a significant improvement. Our analysis, however, allows for bad individual updates (updates that increase the value of the convex function), which seem to be unavoidable in general. In our AGD algorithm, every update leads to errors in subsequent gradient measurements at other cores. A natural question to ask is whether such errors can propagate and be persistent and whether they might, in the worst case, prohibit convergence toward a minimal point. Our amortized analysis shows that this will not happen when the step sizes used in the AGD algorithm are suitably bounded. The following observation forms a key part of the analysis: if there is a bad update to one component, it can only be due to some recent good updates to other components, or to chaining of this effect. We use a carefully designed potential function, which saves a portion of the gains due to good updates, to pay for the bad updates. The amortized analysis will be presented in Section 3.

Typically the step sizes used in AGD are smaller than those used in its synchronous counterpart. Our AGD algorithm determines the step sizes based on the Hessian of the underlying function. In certain circumstances, the step sizes in our AGD can be a constant fraction of those used in its synchronous counterpart, ensuring that the number of rounds of updates performed by the AGD algorithm is within a constant of the analogous upper bound for the synchronous version. Note that AGD avoids the synchronization costs of its synchronous counterpart, which are a practical concern [15].

Application: Solving Matrix Systems in Parallel We begin by considering two problems in which bad updates are possible in an asynchronous setting. A linear system is the problem of finding \( p \in \mathbb{R}^n \) that satisfies \( Ap = b \), where \( A \in \mathbb{R}^{m \times n} \) and \( b \in \mathbb{R}^m \) are the inputs. As is well-known, if \( A \) is a symmetric and positive definite matrix, solving the linear system is equivalent to finding the minimum point of a strongly convex function, so our AGD algorithm can be applied.

Nesterov [14] discusses the following class of optimization problems: minimizing convex functions of the form \( \sum_{i=1}^n f_i(p_i) + \frac{1}{2} \|Ap - b\|^2 \), where the \( f_i \) are convex differentiable univariate functions. The size of such problems can be huge in practice, and input/data can be distributed in space and time, so time synchronization is costly and even impractical. One important feature of our AGD algorithm is to allow the use of data that are variously dated. As we will see, this hugely reduces the need for synchronization. More details are given in Section 4.

Application: Asynchronous Tatonnement in Fisher Markets We show that an asynchronous tatonnement converges toward the market equilibrium in two classes of Fisher mar-
The concept of a market equilibrium was first proposed by Walras [19]. Walras also proposed an algorithmic approach for finding equilibrium prices, namely to adjust prices by tatonnement: upward if there is too much demand and downward if too little. Since then, the study of market equilibria and tatonnement have received much attention in economics, operations research, and most recently in computer science [1, 18, 8, 16]. Underlying many of these works is the issue of what are plausible price adjustment mechanisms and in what types of markets they attain a market equilibrium.

The tatonnements studied in prior work have mostly been continuous, or discrete and synchronous. Observing that real-world market dynamics are highly distributed and hence presumably asynchronous, Cole and Fleischer [10] initiated the study of asynchronous tatonnement with their Ongoing market model, a market model incorporating update dynamics.

Cheung, Cole and Devanur [6] showed that tatonnement is equivalent to gradient descent on a convex function for several classes of Fisher markets, and consequently that a suitable synchronous tatonnement converges toward the market equilibrium in two classes of markets: complementary-CES Fisher markets and Leontief Fisher markets. This equivalence also enables us to apply our amortized analysis to show that the corresponding asynchronous version of tatonnement converges toward the market equilibrium in these two classes of markets. More details are given in Section 5. We note that the tatonnement for Leontief Fisher markets that was analysed in [6] has an unrealistic constraint on the step sizes; our analysis removes that constraint, and works for both synchronous and asynchronous tatonnement.

## 2 Asynchronous Gradient Descent Model

We consider the following unconstrained optimization problem: given a convex function $\phi: \mathbb{R}^n \rightarrow \mathbb{R}$, find its minimal point. In our model, time, denoted by $t$, is continuous. The gradient descent process starts at $t = 0$ from an initial point $p^0 = (p^0_1, p^0_2, \ldots, p^0_n)$. For simplicity, we assume that there are $n$ cores, and $p_j$ is updated by the $j$-th core. After each update, the updating core broadcasts it; the other cores receive the message, possibly with a delay.

**Notational Convention** When there is an update at time $t$ which updates the value of one or more variables, for each such variable $\square$, we let both $\square^{t-}$ and $\square^{t}$ denote its value just before the update, and $\square^{t+}$ its value right after the update.

We define $p^t \equiv p^{t-}$, the current point at time $t$, to comprise the most recently updated values for each coordinate. However, any particular core may have out-of-date values for one or more coordinates, but not too much out-of-date, as we specify next.

Let $t_1$ and $t_2$ be the times of successive updates to $p_j$. Then, at time $t_2$, the $j$-th core will have values for each of the other coordinates that were current at time $t_1$ or later. In other words, the time taken to communicate an update is no larger than $t_2 - t_1$. Effectively, this is the constraint on how much parallelism is possible. Informally speaking, the information which the core holds is at most one “round” out of date w.r.t. its updates. In fact, it seems likely that we could extend our analysis to allow for any fixed constant number of rounds of datedness, but as this would entail a proportionate reduction in the step sizes, it does not seem useful.

2If there are fewer cores it suffices to cluster coordinates.
However, there is no requirement that updates occur at a similar rate, although we imagine that this would be the typical case. It may be natural in some settings for coordinates to adjust with different frequencies, e.g. prices of different goods in a broad enough market. Accordingly, we define a rather general update rule, as follows. Each core has the freedom to determine the time at which it updates its coordinate. To proceed, it will be helpful to define the following rectangular subsets of coordinate values.

**Definition 1.** \( \tilde{P}_j^{[t_1,t_2]}(s_j) \) comprises the rectangular box with \( p_j = s_j \) and, for \( k \neq j \), spanning the range of values \( p_k \) that occur over the time interval \([t_1, t_2]\).

Let \( \tau_j \) be the time at which the last update to \( p_j \) occurred, and let \( t \) be the time of the current update to \( p_j \). To update \( p_j \), the \( j \)-th core computes \( \nabla_j \phi(\tilde{p}) \), where \( \tilde{p} \) is an arbitrary point in \( \tilde{P}_j^{[\tau_j, t]}(p'_j) \). This flexibility allows different coordinates at the \( j \)-th core to be *variously dated*, under the constraint that they are all no older than time \( \tau_j \). The general form of an update is

\[
p_j \leftarrow p_j + F_j(\tilde{p}, \nabla_j \phi(\tilde{p}), t) \cdot (t - \tau_j),
\]

where \( F_j \) is a function such that \( F_j(\tilde{p}, \nabla_j \phi(\tilde{p}), t) \) has the same sign as \(-\nabla_j \phi(\tilde{p})\).

The term \( t - \tau_j \) is somewhat unusual. It is needed because we impose no bound on the frequency of updates. Without this multiplier, a core, the \( k \)-th core say, could perform many updates in the time interval \([\tau_j, t]\), potentially making a cumulatively large update to \( p_k \), which could lead to an unbounded difference between \( \nabla_j \phi(\tilde{p}) \) and \( \nabla_j \phi(p') \). This appears to preclude the usual approaches to a proof of convergence, and even calls convergence into question in general. If, in fact, \( t - \tau_j = \Theta(1) \) always, then this term can be omitted.

Note that the sign of \( F_j(\tilde{p}, \nabla \phi(\tilde{p}), t) \) can be opposite to that of \( F_j(p', \nabla \phi(p'), t) \); when this occurs, an update will increase the value of \( \phi \), i.e. we have a bad update!

We do not require any further coordination between the cores. We just require a minimal amount of communication to ensure that the cores know an approximation of the current point so that they can compute a useful gradient.

### 3 Amortized Analysis

Let \( \phi : \mathbb{R}^n \rightarrow \mathbb{R} \) be a twice-differentiable convex function. Our AGD algorithm solves the problem of finding (or approximating) a minimal point of \( \phi \), which we denote by \( p^* \). WLOG, we assume that \( \phi^* := \phi(p^*) = 0 \). We assume that no two updates occur at the same time.\(^3\)

By default, each core possesses the most up-to-date entry for the coordinate it updates. However, due to communication delay, it may have outdated entries for coordinates updated by other cores. Recall that \( p' \) denotes the most up-to-date entries at time \( t \); let \( \tilde{p}_{k,t}^j \) denote the entry for \( p_k \) that the \( j \)-th core possesses at time \( t \). Note that \( \tilde{p}_{k,t}^j \in \tilde{P}_j^{[\tau_j, t]}(p'_j) \).

We now consider an update to \( p_j \) at time \( t \) given by

\[
p'_j \leftarrow p_j - \frac{\tilde{g}_j(t)}{\gamma_j} \Delta t_j,
\]

\(^3\) If two or more updates do occur at the same time, our analysis remains valid by making infinitesimal perturbations to their update times.
where $\tilde{g}_j(t) = \nabla_j \phi(\tilde{p}^k)$, $\Delta t_j = t - \tau_j$, and $1/\gamma^t_j$ is the step size, which will be determined by a rule we specify later. We assume that $\Delta t_j \leq 1$ always, i.e. two consecutive updates to the same coordinate occur at most one time unit apart. We note that Rule (1) is quite general for it allows both additive and multiplicative updates, depending on the choice of the $\gamma^t_j$. As we shall see, our analysis handles applications of both types.

For any $S \subset \mathbb{R}^n$, let $H_{k\ell}(S) := \max_{p' \in S} \left| \frac{\partial^2 \phi}{\partial p_k \partial p_{\ell}}(p') \right|$. We will use the shorthand $H^{t_1,t_2}_{k\ell}(s_{k\ell})$ for $H_{k\ell}(\tilde{P}^{[t_1,t_2]}(s_{k\ell}))$. In order to show our convergence results, the $\gamma^t_j$ need to be suitably constrained and the Hessian entries need to be sufficiently bounded. We capture this in our definition of controlled $\gamma^t_j$ and $H_{jk}$, given right after Theorem 1 below.

**Theorem 1.** Suppose that all updates are made according to update rule (1). Let $\gamma = \max_{j,t} \gamma^t_j$. If the variables $\gamma^t_j$ and $H_{jk}$ are controlled, then

(a) Suppose the set $\{p' \mid \phi(p') \leq 2\phi(p^0)\}$ is bounded with diameter $B$. Let $M(B) := \Theta(B^2\gamma)$. Then, if $\phi(p^0) \leq M(B)$, $\phi(p^t) = O\left(\frac{M(B)}{t}\right)$; and otherwise, for $t \leq t' = O\left(\frac{\log \phi(p^0)}{M(B)}\right)$,

$$\phi(p^t) = O\left(2^{-\Theta(t)}\phi(p^0)\right),$$

and for $t > t'$, $\phi(p^t) = O\left(\frac{M(B)}{t-t'}\right)$.

(b) If $\phi$ is strongly convex with parameter $\epsilon^2$, then $\phi(p^t) \leq \left(1 - \Theta\left(\frac{\epsilon}{\gamma}\right)\right)^t \cdot \phi(p^0)$.

**Definition 2.** The variables $\gamma^t_j$ and $H_{jk}$ are said to be controlled if there are constants $\alpha \geq 2$, $\epsilon_x, \epsilon_n > 0$, with $\frac{1}{\alpha} + 2\epsilon_n + 2\epsilon_x < 1$, and for each $j$ and time $t$ at which $p_j$ is updated, there are positive numbers $\{\xi^t_k\}_{k \neq j}$, such that:

A1. (Local Lipschitz bound.) Let $S_j = \text{Span}\{p_j^{-1}, p_j^{+1}\}$. For any $p' \in p_j^{-1} \times S_j$,

$$\phi(p') - \phi(p^j) - \nabla_j \phi(p^j) \cdot (p'_j - p^j_j) \leq \frac{\gamma^t_j}{\alpha} (p'_j - p^j_j)^2.$$

A2. (Upper bound on $\gamma^t_j$.) For each $j$, there exists a finite positive number $\gamma_j$ such that for all $t$ at which an update to $p_j$ occurs, $\gamma^t_j \leq \gamma_j$. We let $\gamma := \max_j \gamma_j$.

A3. (Bound on nearby future Hessian entries.) $\sum_{k \neq j} \xi^t_k \cdot H^{[\tau_k,t]}_{jk}(p^k_{\tau_k}^{+1}) \leq \epsilon_x \gamma^t_j$, where $\sigma_k > t$ is the time of the next update to $p_k$.

A4. (Bound on recent past Hessian entries.) $\sum_{k \neq j} \left(\max_{i \geq k} \frac{1}{\xi^t_i}\right) \cdot H^{[\tau_k,t]}_{kj}(p^i_j) \leq \epsilon_n \gamma^t_j$, where the index $i$ runs over all updates to coordinate $k$ between times $\tau_j$ and $t$, and $\beta_i$ is the time at which each such update occurs (this notation is defined precisely in Lemma 3).

If the updates used fully up-to-date gradients, i.e. if $\Delta p_j = -\nabla_j \phi(p^j) \Delta t_j$, rearranging Condition A1 would give the following lower bound on the progress (cf. Lemma 2 below):

$$\phi(p^j) - \phi(p^{+1}) \geq \sum_j \frac{1}{\gamma^t_j} (\nabla_j \phi(p^j))^2 \Delta t_j - \frac{1}{\alpha \gamma^t_j} (\nabla_j \phi(p^j))^2 \Delta t_j^2 \geq \sum_j \left(1 - \frac{1}{\alpha}\right) (\nabla_j \phi(p^j))^2 \Delta t_j \gamma^t_j.$$  

\[\text{i.e. for any } p_1, p_2 \text{ in its domain, } \phi(p_2) \geq \phi(p_1) + \nabla \phi(p_1) \cdot (p_2 - p_1) + \frac{\epsilon}{\gamma} \|p_2 - p_1\|^2.\]
The remaining conditions are present to cope with the lack of synchrony. Conditions A3 and A4 ensure that the ‘errors’ in the gradients we use for the updates are not too large cumulatively. Basically, they will reduce the multiplier in the progress from \((1 - \frac{1}{n})\) to \((1 - \frac{1}{n} - 2\epsilon_F - 2\epsilon_n)\). Recall that the lack of synchrony may result in bad updates. To hide the resulting temporary lack of progress and to show continued long-term progress, we use an amortized analysis which employs the following potential function.

\[
\Phi(p^t, t, \tau) = \phi(p^t) - c_1 \sum_j \int_{\tau_j}^t \frac{(g_j(t'))^2}{\tau_j} dt' + \sum_j \sum_i \xi_j^{\beta_i} \cdot H_{k_{ij}}^{[\beta_i, \sigma_j]} \left( p_j^{\tau+j} \right) \frac{(\Delta p_{k_j})^2}{\Delta t_{k_j}} [2 - c_2(t - \beta_i)],
\]

where \(g_j(t') := \nabla_j \phi(p^{t'})\) and \(\sigma_j > \tau_j\) is the time of the next update to \(p_j\); for each \(j\), the index \(i\) runs over all updates, between times \(\tau_j\) and \(t\), to coordinates other than \(j\); \(c_1\) and \(c_2\) are positive constants whose values we will determine later. \(\{\xi_j^{\beta_i}\}\) are the positive numbers in Conditions A3 and A4; note that these variables are indexed by \(i\) but not by the update coordinate \(k_i\), so for any \(j\), \(\xi_j^{\beta_{i_1}}\) may be different from \(\xi_j^{\beta_{i_2}}\), even if \(k_{i_1} = k_{i_2}\).

The integral in the above potential function reflects the ideal progress were there a continuous synchronized updating of the prices, and the additional terms are present to account for the attenuation of progress due to asynchrony.

Our method of analysis is to show that \(\frac{d\Phi}{dt} \leq -\beta_1 \Phi^2\) for a suitable constant \(\beta_1 > 0\) whenever there is no price update, and that \(\Phi\) only decreases when there is a price update; this then yields Theorem 1(a). Theorem 1(b) follows from a stronger bound on the derivative, namely that \(\frac{d\Phi}{dt} \leq -\beta_2 \Phi\), where \(\beta_2 > 0\). This general approach for asynchrony analysis was used previously by Cheung et al. \[7\] for a result in the style of (b), but for a quite different potential function.

It is straightforward to show that when there is no update,

\[
\frac{d\Phi}{dt} = -c_1 \sum_j \frac{(g_j(t))^2}{\tau_j} - c_2 \sum_j \sum_i \xi_j^{\beta_i} \cdot H_{k_{ij}}^{[\beta_i, \sigma_j]} \left( p_j^{\tau+j} \right) \frac{(\Delta p_{k_j})^2}{\Delta t_{k_j}}.
\]

Lemma 2 below bounds the change to \(\phi\) when there is an update. Lemma 3 states some useful bounds on the maximum change that can occur to the gradient between two updates to the same coordinate. Lemma 4 below bounds the change to \(\Phi\) when there is an update.

**Lemma 2.** Suppose there is an update to \(p_j\) at time \(t\) according to rule \(\Pi\), with \(\gamma_j^t\) satisfying Condition A1. Let \(\phi^-\) and \(\phi^+\) denote, respectively, the convex function values just before and just after the update. Let \(g_j := \nabla_j \phi(p^t)\) and \(\tilde{g}_j := \tilde{g}_j(t)\). Let \(\Delta p_j\) be the change to \(p_j\) made by the update, i.e. \(\Delta p_j := -\frac{\tilde{g}_j(t)}{\gamma_j^t} \Delta t_j\). Then

\[
\phi^- - \phi^+ \geq \left( 1 - \frac{1}{\alpha} \right) \frac{\gamma_j^t(\Delta p_j)^2}{\Delta t_j} - |g_j - \tilde{g}_j| \cdot |\Delta p_j|.
\]

**Lemma 3.** Suppose that between times \(\tau_j\) and \(t\), there are updates to the sequence of coordinates \(k_1, k_2, \ldots, k_m\), which may include repetitions, but include no update to coordinate \(j\). Let \(\beta_1, \beta_2, \ldots, \beta_m\) denote the times at which these updates occur. Let \(\tilde{g}_{j,max}\) and \(\tilde{g}_{j,min}\) denote,
respectively, the maximum and minimum values of $\nabla_j(p')$, where $p' \in \tilde{P}^{[\tau_j]}_j (p'_j)$. For any positive numbers $\{\eta_i\}_{i=1,...,m}$, for each $k \neq j$, let $\tilde{\eta}_k := \min_{t_k = k} \eta_i$. Then for any real number $\mu$,

$$|\mu| \cdot (\tilde{g}_{j,\text{max}} - \tilde{g}_{j,\text{min}}) \leq 2\mu^2 \sum_{k \neq j} \frac{1}{\eta_k} H^{[\tau_j]}_{k,j} (p'_j) + \frac{m}{\eta_k} H^{[\tau_j]}_{k,j} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 \quad (4)$$

and

$$(\tilde{g}_{j,\text{max}} - \tilde{g}_{j,\text{min}})^2 \leq 8 \left( \sum_{i=1}^m \eta_i \cdot H^{[\tau_j]}_{k,i} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 \right) \left( \sum_{k \neq j} \frac{1}{\eta_k} H^{[\tau_j]}_{k,j} (p'_j) \right) \quad (5)$$

**Lemma 4.** Suppose that there is an update to $p_j$ at time $t$. Suppose that $\tau_j$ is chosen so that Conditions A1, A3 and A4 hold. Let $\Phi^-$ and $\Phi^+$, respectively, denote the values of $\Phi$ just before and just after the update. Then

$$\Phi^- - \Phi^+ \geq \left( 1 - \frac{1}{\alpha} - 2\epsilon_n - c_1 (1 + 4\epsilon_n) - 2\epsilon_F \right) \frac{\gamma_j^t (\Delta p_j)^2}{\Delta t_j}$$

$$+ (1 - c_2 - c_1 (2 + 8\epsilon_n)) \sum_{i=1}^m \xi_{\beta_i} \cdot H^{[\tau_i]}_{k,i} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 .$$

**Proof:** By Lemma 2 and the fact $(t - \beta_i) \leq (t - \tau_j) \leq 1$,

$$\Phi^- - \Phi^+ = \phi^- - \phi^+ - c_1 \int_{\tau_j}^{t} \frac{(g_j(t'))^2}{\tau_j} dt' + \sum_{i} \xi_{\beta_i} \cdot H^{[\tau_i]}_{k,i} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 [2 - c_2 (t - \beta_i)]$$

$$- 2 \sum_{k \neq j} \xi_k \cdot H^{[\tau_k]}_{j,k} (p'_k) \left( \frac{\Delta p_j}{\Delta t_j} \right)^2 \geq \left( 1 - \frac{1}{\alpha} \right) \frac{\gamma_j^t (\Delta p_j)^2}{\Delta t_j}$$

$$- \frac{|g_j - \tilde{g}_j| \cdot |\Delta p_j|}{E_1} + c_1 \int_{\tau_j}^{t} \frac{(g_j(t'))^2}{\tau_j} dt'$$

$$+ (2 - c_2) \sum_{i} \xi_{\beta_i} \cdot H^{[\tau_i]}_{k,i} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 - 2 \sum_{k \neq j} \xi_k \cdot H^{[\tau_k]}_{j,k} (p'_k) \left( \frac{\Delta p_j}{\Delta t_j} \right)^2$$

We bound $E_1, E_2$ and $E_3$ below. We will be applying (4) and (5) with $\eta_i = \xi_{\beta_i}$. Let

$$V_1 := \sum_{k \neq j} \frac{1}{\min_{k = k} \xi_{\beta_i}} H^{[\tau_j]}_{k,j} (p'_j)$$

and

$$V_2 := \sum_{i=1}^m \xi_{\beta_i} \cdot H^{[\tau_i]}_{k,i} (p'_j) \left( \frac{\Delta p_k}{\Delta t_k} \right)^2 .$$

Note that by Condition A4, $V_1 \leq \epsilon_n \gamma_j^t$. By (4), $E_1 \leq 2 (\Delta p_j)^2 V_1 + V_2 \leq 2 \epsilon_n \gamma_j^t (\Delta p_j)^2 + V_2$. 

7
To bound \(E_2\), first note that for any \(t' \in (\tau_j, t]\), \(p' \in \bar{P}_{\tilde{E}_1}^{\tau_j, t}(p_j)\). Then

\[
\frac{(g_j(t'))^2}{\tau_j} - \frac{(\tilde{g}_j)^2}{\tau_j} = \frac{(g_j(t') - \tilde{g}_j)^2}{\tau_j} - \frac{2\tilde{g}_j (g_j(t') - \tilde{g}_j)}{\tau_j}
\leq \frac{(g_j(t') - \tilde{g}_j)^2}{\tau_j} + 2 \frac{|\tilde{g}_j - g_j(t')|}{\tau_j} \leq \frac{8}{\tau_j} V_2 V_1 + \frac{4(\tilde{g}_j)^2}{\tau_j} V_1 + 2V_2 \quad \text{by Eqns. (5) and (4)}
\]

Hence \(\frac{(g_j(t'))^2}{\tau_j} \leq (1 + 4\epsilon_B) \frac{(\tilde{g}_j)^2}{\tau_j} + (2 + 8\epsilon_B)V_2\), and then as \(\Delta t_j \leq 1\),

\[
E_2 \leq c_1 \int_{\tau_j}^{t} \frac{(g_j(t'))^2}{\tau_j} dt' \leq c_1 (1 + 4\epsilon_B) \frac{(\tilde{g}_j)^2 \Delta t_j}{\tau_j} + c_1 (2 + 8\epsilon_B)V_2
\]

Finally, by Condition A3, \(E_3 \leq 2\epsilon_F \gamma_j^t (\Delta p_j)^2 / \Delta t_j\).

Combining the above bounds on \(E_1, E_2, E_3\) yields

\[
\Phi^+ - \Phi^- \geq \left(1 - \frac{1}{\alpha}\right) \frac{\gamma_j^t (\Delta p_j)^2}{\Delta t_j} - 2\epsilon_B \gamma_j^t (\Delta p_j)^2 + V_2 - \left[c_1 (1 + 4\epsilon_B) \frac{(\tilde{g}_j)^2 \Delta t_j}{\tau_j} + c_1 (2 + 8\epsilon_B)V_2\right] + (2 - c_2) V_2 - 2\epsilon_F \gamma_j^t (\Delta p_j)^2 / \Delta t_j
\]

As \(\Delta p_j = -\frac{\tilde{g}_j}{\gamma_j^t} \Delta t_j\) and \(\Delta t_j \leq 1\), the result follows. \(\square\)

**Lemma 5.** If \(2 - c_2 \geq c_1 (2 + 8\epsilon_B)\), then \(\Phi(p', t, \tau) \geq [1 - c_1 (1 + 4\epsilon_B)] \phi(p')\).

**Proof of Theorem 1(a):** Choose \(c_1 = (1 + 4\epsilon_B)^{-1} \cdot \min \{1 - \frac{1}{\alpha}, -2\epsilon_B - 2\epsilon_F, \frac{1}{4}\}\) and \(c_2 = 1 - c_1 (2 + 8\epsilon_B)\). Then the following hold: (i) \(c_1, c_2 > 0\); (ii) \(1 - \frac{1}{\alpha} - 2\epsilon_B - 2\epsilon_F - c_1 (1 + 4\epsilon_B) \geq 0\); (iii) \(1 - c_2 - c_1 (2 + 8\epsilon_B) = 0\); (iv) \(2 - c_2 \geq c_1 (2 + 8\epsilon_B)\); (v) \(c_1 (1 + 4\epsilon_B) \leq \frac{1}{4}\).

By (ii), (iii) and Lemma 4 \(\Phi(p', t, \tau) \geq 2\Phi(p^0, t, \tau) = 2\Phi(p^0, t, \tau)\) is contained in the set \(\{p' \mid \phi(p') \leq 2\phi(p^0)\}\), which, by assumption, has diameter at most \(B\).

Note that at any time \(t\), by the convexity of \(\phi, \phi(p') + \sum_j g_j(t) \cdot (p_j^* - p_j^*) \leq \phi^* = 0\) and hence

\[
\sum_j |g_j(t)| \cdot |p_j^* - p_j^*| \geq \sum_j g_j(t) \cdot (p_j^* - p_j^*) \geq \phi(p') \geq 0.
\]

By the Cauchy-Schwarz inequality,

\[
\phi(p^l) \leq \sum_j |g_j(t)| \cdot |p_j^* - p_j^*| \leq \sqrt{\left(\sum_j (g_j(t))^2\right) \left(\sum_j (p_j^* - p_j^*)^2\right)} \leq B \sqrt{\sum_j (g_j(t))^2}.
\]
Then
\[ \sum_j \left( \frac{g_j(t)}{\tau_j} \right)^2 \geq \frac{1}{\gamma} \sum_j (g_j(t))^2 \geq \frac{1}{\gamma} \left( \frac{\phi(p^f)}{B} \right)^2 = \frac{1}{B^2 \gamma} \phi(p^f). \]

By (3),
\[ \frac{d\Phi}{dt} \leq -\frac{c_1}{B^2 \gamma} \cdot \phi(p^f)^2 - c_2 \sum_j \xi^j_i \cdot H_{k,j}^{[\beta,\sigma]} \left( \frac{(\Delta p_k)^2}{\Delta t_k} \right). \]

By (2), \( \Phi(p^f, t, \tau) \leq \phi(p^f) + 2 \sum_j \xi^j_i \cdot H_{[\beta,\sigma]}^{k,j} \left( \frac{(\Delta p_k)^2}{\Delta t_k} \right). \) Let \( X_1 := \phi(p^f) \) and \( X_2 := \sum_j \xi^j_i \cdot H_{[\beta,\sigma]}^{k,j} \left( \frac{(\Delta p_k)^2}{\Delta t_k} \right). \) Then \( \Phi \leq X_1 + 2X_2 \) and \( \frac{d\Phi}{dt} \leq -\frac{c_1}{B^2 \gamma} (X_1)^2 - c_2X_2. \) Let \( M(B) := \Theta(B^2 \gamma). \) As \( \phi(p^f) \leq 2\Phi(t), \) this guarantees that if \( \phi(p^0) = \Phi(p^0) \leq M(B), \) then \( \phi(p^f) = O \left( \frac{M(B)}{t} \right); \) and otherwise, for \( t \leq t' = O \left( \log \frac{\phi(p^0)}{M(B)} \right), \) \( \phi(p^f) = O \left( 2^{-\Theta(t)} \phi(p^0) \right), \) and for \( t > t', \phi(p^f) = O \left( \frac{M(B)}{t-t'} \right). \)

**Proof of Theorem 1(b):** If \( \phi \) is strongly convex with parameter \( c, \) then, by definition,
\[ 0 = \phi^* \geq \phi(p^f) + \sum_j g_j(t) \cdot (p_j^* - p_j^f) + \frac{c}{2} \sum_j (p_j^* - p_j^f)^2 \geq \phi(p^f) + \min_{p^f} \left\{ \sum_j g_j(t) \cdot (p_j^* - p_j^f) + \frac{c}{2} (p_j^f - p_j^f)^2 \right\}. \]

Computing the minimum point of the quadratic polynomial in \( (p_j^f - p_j^f) \) yields \( 0 \geq \phi(p^f) - \sum_j \frac{(g_j(t))^2}{2c}. \) Then
\[ \sum_j \left( \frac{g_j(t)}{\tau_j} \right)^2 \geq \frac{1}{\gamma} \sum_j (g_j(t))^2 \geq \frac{2c}{\gamma} \phi(p^f). \]

As in Case (a), \( \Phi \leq X_1 + 2X_2; \) and by (3), \( \frac{d\Phi}{dt} \leq -\frac{c_1}{B^2 \gamma} X_1 - c_2X_2. \) This guarantees that \( 2\phi(p^f) \leq \Phi(t) \leq (1 - \delta(c)) \phi(p^0), \) where \( \delta(c) = \min \{ \frac{c_1}{B^2 \gamma}, \frac{c_2}{\gamma} \}. \)

## 4 Solving Matrix Systems

For any symmetric and positive definite (SPD) matrix \( A \in \mathbb{R}^{n \times n} \) and \( b, p \in \mathbb{R}^n, \) let \( f_{A,b}(p) = \frac{1}{2} p^T A p - p^T b. \) It is well known that \( f_{A,b}(p) \) is a strictly convex function of \( p, \) and \( \nabla f_{A,b}(p) = A p - b. \) Therefore, finding the minimum point of \( f_{A,b}(p) \) is equivalent to solving the linear system \( A p = b, \) and hence one can solve the linear system by performing gradient descent on \( f_{A,b}(p). \)

The Hessian of \( f_{A,b}(p) \) is \( \nabla^2 f_{A,b}(p) = A, \) a constant matrix. This allows a simple rule to determine a constant step size for each coordinate. By taking all the \( \xi \) values to be 1, to apply Theorem 1, it suffices to have \( \gamma_j^f = \gamma_j \) satisfy \( \gamma_j \geq \frac{A_{jj}}{2} \alpha \) (for A1), \( \frac{4}{\gamma_j} \sum_{k \neq j} |A_{jk}| < 1 - \frac{1}{\alpha} \) (combining A3, A4 and the bound \( \frac{1}{\alpha} + 2\epsilon_v + 2\epsilon_b < 1 \)), and \( \alpha \geq 2. \) These imply it suffices that the step size, \( 1/\gamma_j, \) be less than \( \left[ \max \left\{ \frac{A_{jj} + 8 \sum_{k \neq j} |A_{jk}|}{\gamma_j}, A_{jj} \right\} \right]^{-1}. \)
Another application is given by the following class of optimization problems (see Nesterov [14]): minimizing $F(p) := \sum_{i=1}^n f_i(p_i) + \frac{1}{2} \| Ap - b \|^2$, where the $f_i$ are convex differentiable univariate functions, $A \in \mathbb{R}^{r \times n}$ is an $r \times n$ real matrix and $b \in \mathbb{R}^r$. The Hessian of $F$ at $p$ is $A^T A + D$, where $D$ is the diagonal matrix with $D_{jj} = f''_j(p_j)$. If $f''_j(p)$ is bounded by $L_j$, again, it suffices to have $\gamma^i_j = \gamma_j$ satisfy $\gamma_j \geq \left( \frac{1}{2} \| A^T A \|_2 + L_j \right) \alpha$, $\frac{1}{\gamma_j} \sum_{k \neq j} |(A^T A)_{jk}| < 1 - \frac{1}{\alpha}$, and $\alpha \geq 2$. These imply it suffices that the step size, $1/\gamma_j$, be less than $\left[ \max\left\{ \frac{(A^T A)_{jj} + L_j + \sum_{k \neq j} |(A^T A)_{jk}|}{2}, |(A^T A)_{jj}|, (A^T A)_{jj} + L_j \right\} \right]^{-1}$.

Next, we discuss how $\nabla_j F(p)$ is computed by the $j$-th core. Let $G(p) = Ap - b$ and let $A_j$ denote the $j$-th column of the matrix $A$. Then $\nabla_j F(p) = f_j'(p_j) + (A_j)^T G(p)$. $f_j'(p_j)$ is recomputed only when $p_j$ changes. For any $k$, when $p_k$ is changed by $\Delta p_k$, $G(p + \Delta p_k) - G(p) = \Delta p_k A_k$, and hence $(A_j)^T G(p)$ changes by $\Delta p_k (A_j)^T A_k$. Note that $(A_j)^T A_k$ is a constant and hence can be pre-calculated, so the above equation provides a quick way to update $\nabla_j F(p)$ once the $j$-th core receives the message with $\Delta p_k$.

Recall that our AGD algorithm allows different coordinate values to be variously dated, under the constraint that they are all no older than the time of the last update. It is natural to aim to have essentially the same frequency of update for each coordinate. Accordingly, at the $i$-th round of updates, each core can simply ensure it has received the update for the previous round from every other core. The update messages might arrive at different times, but the core needs not wait until it collects all such messages. It can simply compute the changes to $\nabla_j F(p)$ incrementally as it receives updates $\Delta p_k$ to $p_k$. This avoids the need for any explicit synchronization.

5 Tatonnement in Fisher Markets

A Fisher market comprises a set of $n$ goods and two sets of agents, sellers and buyers. The sellers bring the goods to market and the buyers bring money with which to buy the goods. The trade is driven by a collection of non-negative prices $\{p_j\}_{j=1\ldots n}$, one price per good. WLOG, we assume that each seller brings one distinct good to the market, and she is the price-setter for this good. By normalization, we may assume that each seller brings one unit of her good to the market.

Each buyer $i$ starts with $e_i$ money, and has a utility function $u_i(x_{i1}, x_{i2}, \ldots, x_{in})$ expressing her preferences: if she prefers bundle $\{x_{ij}\}_{j=1\ldots n}$ to bundle $\{x'_{ij}\}_{j=1\ldots n}$, then $u_i(\{x_{ij}\}_{j=1\ldots n}) > u_i(\{x'_{ij}\}_{j=1\ldots n})$. At any given prices $\{p_j\}_{j=1\ldots n}$, each buyer $i$ seeks to purchase a maximum utility bundle of goods costing at most $e_i$. The demand for good $j$, denoted by $x_j$, is the total quantity of the good sought by all buyers. The supply of good $j$ is the quantity of good $j$ its seller brings to the market, which we have assumed to be $1$. The excess demand for good $j$, denoted by $z_j$, is the demand for the good minus its supply, i.e. $z_j = x_j - 1$. Prices $\{p^*_j\}_{j=1\ldots n}$ are said to form a market equilibrium if, for any good $j$ with $p^*_j > 0$, $z_j = 0$, and for any good $j$ with $p^*_j = 0$, $z_j \leq 0$.

The following two classes of utility functions are commonly used in market models. The first class is the Constant Elasticity of Substitution (CES) utility function:

$$u_i(x_{i1}, x_{i2}, \ldots, x_{in}) = \left( a_{i1}(x_{i1})^{\rho_1} + a_{i2}(x_{i2})^{\rho_1} + \cdots + a_{in}(x_{in})^{\rho_1} \right)^{1/\rho_i},$$

where $\rho_i \leq 1$ and $\forall j, a_{ij} \geq 0$. $\theta_i := \rho_i/(\rho_i - 1)$ is a parameter which will be used in the
analysis. In this paper we focus on the cases $\rho_i \leq 0$, in which goods are complements and hence the utility function is called a complementary-CES utility function. It is easy to extend our analysis to the cases $\rho_i \geq 0$, which had been analysed in [10] [11]. The second class is the Leontief utility function:

$$u_i (x_{i1}, x_{i2}, \cdots , x_{in}) = \min_{j \in S} \{b_{ij}x_{ij}\},$$

where $S$ is a non-empty subset of the goods in the market, and $\forall j \in S$, $b_{ij} > 0$.

Cheung, Cole and Devanur [6] showed that tatonnement is equivalent to gradient descent on a convex function $\phi$ for Fisher markets with buyers having complementary-CES or Leontief utility functions (defined in the appendix). To be specific, $\nabla_j \phi(p) = -z_j(p)$, and the convex function $\phi$ is $\phi(p) = \sum_j p_j + \sum_i \hat{u}_i(p)$, where $\hat{u}_i(p)$ is the optimal utility that buyer $i$ can attain at prices $p$. The corresponding update rule is

$$p'_j = p_j \cdot (1 + \lambda \cdot \min\{\hat{z}_j, 1\} \cdot (t - \tau_j)),$$

(9)

where $\hat{z}_j$ is a value between the minimum and maximum excess demands during the time interval $[\tau_j, t]$, and $\lambda > 0$ is a suitable constant. As the update rule is multiplicative, we assume that the initial prices are positive.

Note that $\gamma_j^\ell = \frac{\max\{1, \hat{z}_j\}}{\lambda p_j}$. As we will see, it suffices that $\lambda \leq \frac{1}{23.46}$. In comparison, in the synchronous version, $\gamma_j^\ell \geq \frac{6\max\{1, \hat{z}_j\}}{\lambda p_j}$, so the step sizes of the asynchronous tatonnement are a constant fraction of those used in its synchronous counterpart.

**Theorem 6.** For $\lambda \leq \frac{1}{23.46}$, asynchronous tatonnement price updates using rule (9) converge toward the market equilibrium in any complementary-CES or Leontief Fisher market.

In a Fisher market with buyers having complementary-CES utility functions, Properties 1 and 2 below are well-known. Property 3 was proved in [6] and implies that Condition A1 holds when $\alpha = 6$ and $\gamma_j^\ell \geq 9.5x_j(p')/p'_j$.

1. Let $x_{i\ell}(p)$ denote the buyer $i$’s demand for good $\ell$ at prices $p$. Then for $k \neq j$,

$$\left| \frac{\partial^2 \phi}{\partial p_j \partial p_k} \right| = \sum_i \frac{x_{i\ell}(p)x_{i\ell}(p)}{e_i} \leq \sum_i \frac{x_{i\ell}(p)x_{i\ell}(p)}{e_i}.$$

2. Given positive prices $p_j$, for any $0 < r_1 < r_2$, let $p'$ be prices such that for all $j$, $r_1 p_j \leq p'_j \leq r_2 p_j$. Then for all $j$, $\frac{1}{r_2} x_j(p) \leq x_j(p') \leq \frac{1}{r_1} x_j(p)$.

3. If $\frac{\Delta p_{ij}}{p_j} \leq 1/6$, then $\phi(p + \Delta p) - \phi(p) - \nabla_j \phi(p) \cdot \Delta p_j \leq \frac{1.5x_j}{p_j} (\Delta p_j)^2$.

We outline the analysis for the complementary-CES case. As $\lambda \leq \frac{1}{23.46}$, within one unit of time, each price can vary by a factor between $(9/10)^2 = 81/100$ and $(11/10)^2 = 121/100$ [3]

Hence, within one unit of time, the demand can vary by a factor between 100/121 and 100/81.

For each update to $p_j$ at time $t$, we choose $\xi^\ell_k := p'_k/p'_j$. Then the following lemma bounds the sums in Conditions A3 and A4.

---

5These bounds are loose, but they suffice for our purpose.
Lemma 7. (a) \( \sum_{k \neq j} \xi_k \cdot H^{[t, t+1]}_{j k} (p_{k}^{t+1}) \leq \frac{1.53 \xi_j (p')}{p_j^t} \); 
(b) \( \sum_{k \neq j} \left( \max_{q; k_q = k} \frac{1}{\xi_{j_k}} \right) \cdot H^{[t, t+1]}_{k j} (p_j^t) \leq \frac{1.89 \xi_j (p')}{p_j^t} \).

Proof:

\[
\sum_{k \neq j} \xi_k \cdot H^{[t, t+1]}_{j k} (p_{k}^{t+1}) = \sum_{k \neq j} \frac{p_k^j}{p_j^t} \cdot \max_{p' \in \bar{P}^{[t, t+1]}_k \left( p_{k}^{t+1} \right)} \left| \frac{\partial^2 \phi}{\partial p_j \partial p_k} \right|
\leq \frac{1}{p_j^t} \sum_{k \neq j} p_k^j \cdot \max_{p' \in \bar{P}^{[t, t+1]}_k \left( p_{k}^{t+1} \right)} \sum_i x_{ij} (p') x_{ik} (p') e_i \leq \frac{1}{p_j^t} \sum_{i} x_{ij} (p^t) = \frac{1.53 \xi_j (p')}{p_j^t}.
\]

And

\[
\sum_{k \neq j} \left( \max_{q; k_q = k} \frac{1}{\xi_{j_k}} \right) \cdot H^{[t, t+1]}_{k j} (p_j^t) = \sum_{k \neq j} \max_{q; k_q = k} \frac{p_k^j}{p_j^t} \cdot \max_{p' \in \bar{P}^{[t, t+1]}_k \left( p_{k}^{t+1} \right)} \left| \frac{\partial^2 \phi}{\partial p_j \partial p_k} \right|
\leq \frac{1}{p_j^t} \sum_{k \neq j} \left( \frac{100}{81} p_k^j \right) \sum_i \left( \frac{100}{81} x_{ij} (p') \right) e_i \leq \frac{1.89}{p_j^t} \sum_{i} x_{ij} (p^t) = \frac{1.89 \xi_j (p')}{p_j^t}.
\]

\[\square\]

Proof of Theorem \[\square\] for the CES case: By Property 3, Condition A1 is satisfied by setting \( \gamma' \geq \frac{9.5 \xi_j (p')}{p_j^t} \) and \( \alpha = 6 \). By Lemma 7 Conditions A3 and A4 are satisfied by setting \( \epsilon_F = 1/6 \) and \( \epsilon_B = 1/5 \), and \( 1 - \frac{1}{\alpha} - 2 \epsilon_F - 2 \epsilon_B = \frac{1}{10} > 0 \).

As discussed in [10], the seller might know only \( \tilde{x}_j \) but not \( x_j \). As \( \tilde{x}_j \geq \frac{81}{100} x_j \), it would be more natural to use \( \gamma_j \geq \frac{11.73 \xi_j}{p_j} \), or the even weaker (but still more natural) \( \gamma_j \geq \frac{23.46 \max(1, \tilde{x}_j)}{p_j} \), which yields update rule \[\|\] .

\[\square\] proved that prices in tatonnement cannot get arbitrarily close to zero and hence demands cannot increase indefinitely, so \( \gamma_j \), as defined in Condition A2, is finite. \[\square\] also showed that \( \phi \) is strongly convex. The result follows from Theorem \[\square\] b).

\[\square\]

Ongoing Complementary-CES Fisher Markets Cole and Fleischer’s Ongoing market model [10] incorporates asynchronous tatonnement and warehouses to form a self-contained dynamic market model. The price update rule is designed to achieve two goals simultaneously: convergence toward the market equilibrium and warehouse “balance”. As in [7], we modify the price update rule \[\|\] to achieve both targets. Analysing its convergence entails the design of a significantly more involved potential function; the details are given in the appendix.
Leontief Fisher Markets  It is well-known that Leontief utility functions can be considered as the “limit” of CES utility functions as $\rho \to -\infty$. Our analysis for CES Fisher markets can be reused, with no modification needed, to show that in any Leontief Fisher market, $\Phi(p', t, \tau)$ decreases with $t$. However, as an equilibrium price in a Leontief Fisher market can be zero, it is unavoidable that the chosen step size $\gamma^j_t$ may tend to infinity (as $\gamma^j_t = \Omega(1/p_j)$), violating Condition A2; thus Theorem 1 cannot be applied directly.

On top of the result that $\Phi(p', t, \tau)$ decreases with $t$, we provide additional arguments to show that tatonnement with update rule (9) still converges toward the market equilibrium in Leontief Fisher markets. The proof is given in the appendix. However, this result does not provide a bound on the rate of convergence, which appears to preclude incorporating warehouses into the analysis.

Further Discussion of Asynchronous Dynamics  Computer science has long been concerned with the organization and manipulation of information in the form of well-defined problems with a clear intended outcome. But in the last 15 years, computer science has gained a new dimension, in which outcomes are predicted or described, rather than designed. Examples include bird flocking [4], influence systems [5], spread of information memes across the Internet [13] and market economies [10]. Many of these problems fall into the broad category of analysing dynamic systems. Dynamic systems are a staple of the physical sciences; often the dynamics are captured via a neat, deterministic set of rules (e.g. Newton’s law of motion, Maxwell’s equations for electrodynamics). The modeling of dynamic systems with intelligent agents presents new challenges because agent behavior may not be wholly consistent or systematic. One issue that has received little attention is the timing of agents’ actions. Typically, a fixed schedule has been assumed (e.g. synchronous or round robin), perhaps because it was more readily analysed.

This work provides a second demonstration (the first demonstration is in [11, 7]) and further development of a method for analysing asynchronous dynamics, here for dynamics which are equivalent to gradient descent. This methodology may be of wider interest.
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A Missing Proofs in Section 3

Proof of Lemma 2: By Condition A1, \( \phi^+ - \phi^- - g_j \Delta p_j \leq \frac{\gamma_j}{\alpha} (\Delta p_j)^2 \). Then
\[
\phi^- - \phi^+ \geq -[\tilde{g}_j + (g_j - \tilde{g}_j)] \Delta p_j - \frac{\gamma_j}{\alpha} (\Delta p_j)^2
\]
\[
\geq \frac{\gamma_j}{\Delta t_j} \Delta p_j - \frac{1}{\alpha} \cdot \frac{\gamma_j}{\Delta t_j} (\Delta p_j)^2 - |g_j - \tilde{g}_j| \cdot |\Delta p_j| \quad \text{(as } \Delta t_j \leq 1)\]
\[
= \left(1 - \frac{1}{\alpha}\right) \frac{\gamma_j}{\Delta t_j} (\Delta p_j)^2 - |g_j - \tilde{g}_j| \cdot |\Delta p_j|.
\]

□

Proof of Lemma 3: We begin by showing
\[
\tilde{g}_{j,\max} - \tilde{g}_{j,\min} \leq 2 \sum_{i=1}^{m} \max_{t}(\beta_i,t) \left( \tilde{p}'_j \right) \cdot |\Delta p_k|.
\]

(10)

First of all, we define a few useful notations. Let \( \hat{p}_{\max} \) and \( \hat{p}_{\min} \), respectively, denote the \( \hat{p} \)-values at which \( \nabla \phi(\hat{p}) \) yields \( g_{j,\max} \) and \( g_{j,\min} \). Let \( p_{k,min}^{[t_1,t]} := \min_{e \in (t_1,t]} \Delta p_k' \) and \( p_{k,max}^{[t_1,t]} := \max_{e \in (t_1,t]} \Delta p_k' \). Let \( \beta_0 := \tau_j \).

To prove (10), we first construct a path \( P \) that connects \( \hat{p}_{\max} \) and \( \hat{p}_{\min} \), with each edge in \( P \) corresponding to a price update between times \( \tau_j \) and \( t \). The construction builds two paths, \( P^s \) and \( P^e \), starting at \( \hat{p}_{\max} \) and \( \hat{p}_{\min} \), respectively. Note that \( \hat{p}_{\max}, \hat{p}_{\min} \in \hat{P}_{j}^{[\beta_j,t]} (p_j') \), and for all \( k \neq j \), \( \hat{p}_{\max,k}, \hat{p}_{\min,k} \in \hat{P}_{j}^{[\beta_j,\min]} (p_j') \). Hence, by the end of the \( m \)-th step, the end points of \( P^s \) and \( P^e \) are in the set \( \hat{P}_{j}^{[\beta_j,\max]} (p_j') \), which is a singleton, so the two end points must be equal. This allows \( P^s \) and \( P^e \) to be concatenated at their end points to form the path \( P \). The specifics of the construction are as follows:

1. Let \( \tilde{p}^s \) and \( \tilde{p}^e \), respectively, denote the end points of \( P^s \) and \( P^e \); i.e., initially, \( \tilde{p}^s = \hat{p}_{\max} \) and \( \tilde{p}^e = \hat{p}_{\min} \).
2. For \( i = 1 \cdots m \), do:
   - Suppose \( \text{span} \{ \hat{p}^s_k, \hat{p}^e_k \} = [l_i, r_i] \). WLOG, suppose that \( \hat{p}^s_k = l_i \).
     Note that by the end of the last step, the construction ensures that \( l_i, r_i \in [\hat{p}^{(\beta_j,\min)}_{k,\min}, \hat{p}^{(\beta_j,\max)}_{k,\max}] \).
     Also, note that at most one of the strict inequalities \( \hat{p}^{(\beta_j,\min)}_{k,\min} > \hat{p}^{(\beta_j,\min)}_{k,\min} \) and \( \hat{p}^{(\beta_j,\max)}_{k,\max} < \hat{p}^{(\beta_j,\max)}_{k,\max} \) holds, and hence \( l_i < \hat{p}^{(\beta_j,\min)}_{k,\min} < \hat{p}^{(\beta_j,\max)}_{k,\max} < r_i \) is not possible.
   - For any \( p \), let \( p' = (p-k, x) \) be the vector such that \( \hat{p}'_k = x \), and for all \( h \neq k \), \( \hat{p}'_h = p_h \).
     Depending on the values of \( l_i, r_i, \hat{p}'_{k,\min}, \hat{p}'_{k,\max} \), there are five cases.

---

6If \( \hat{p}'_k = l_i \), swap the roles of \( P^s \) and \( P^e \) in the current for loop.
(a) If \( p_{ki,\min}^{(\beta, t)} \leq l_i \leq p_{ki,\max}^{(\beta, t)} \), do nothing.

(b) If \( l_i < p_{ki,\min}^{(\beta, t)} \leq r_i \leq p_{ki,\max}^{(\beta, t)} \), let \( \bar{p}' = (\bar{p}_{-ki}, p_{ki,\min}^{(\beta, t)}) \); in \( P^s \), connect \( \bar{p}' \) to \( \bar{p} \), and update \( \bar{p}' \) to \( \bar{p}' \).

(c) If \( l_i \leq r_i < p_{ki,\min}^{(\beta, t)} \leq p_{ki,\max}^{(\beta, t)} \),
- let \( \bar{p}' = (\bar{p}_{-ki}, p_{ki,\min}^{(\beta, t)}) \); in \( P^s \), connect \( \bar{p}' \) to \( \bar{p}' \), and update \( \bar{p}' \) to \( \bar{p}' \).
- let \( \bar{p}'' = (\bar{p}_{-ki}, p_{ki,\max}^{(\beta, t)}) \); in \( P^e \), connect \( \bar{p}'' \) to \( \bar{p}'' \), and update \( \bar{p}'' \) to \( \bar{p}'' \).

(d) If \( p_{ki,\min}^{(\beta, t)} \leq l_i \leq p_{ki,\max}^{(\beta, t)} < r_i \), let \( \bar{p}' = (\bar{p}_{-ki}, p_{ki,\max}^{(\beta, t)}) \); in \( P^e \), connect \( \bar{p}' \) to \( \bar{p}' \), and update \( \bar{p}' \) to \( \bar{p}' \).

(e) If \( p_{ki,\min}^{(\beta, t)} \leq p_{ki,\max}^{(\beta, t)} \leq l_i \leq r_i \),
- let \( \bar{p}' = (\bar{p}_{-ki}, p_{ki,\min}^{(\beta, t)}) \); in \( P^s \), connect \( \bar{p}' \) to \( \bar{p}' \), and update \( \bar{p}' \) to \( \bar{p}' \).
- let \( \bar{p}'' = (\bar{p}_{-ki}, p_{ki,\max}^{(\beta, t)}) \); in \( P^e \), connect \( \bar{p}'' \) to \( \bar{p}'' \), and update \( \bar{p}'' \) to \( \bar{p}'' \).

3. Concatenate \( P^s \) and \( P^e \) at \( \bar{p}' = \bar{p}' \) to form the path \( P \).

There are at most \( 2m \) edges in the path \( P \), with at most two edges added in each of the \( m \) steps. Note that the length of each edge added in the \( i \)-th step is at most \( |\Delta p_{ki}| \), so by simple calculus, the change to \( \nabla \cdot (p') \) along each such edge is at most \( H_{k_{ij}, t}^{\beta, t} (p_j^t) \cdot |\Delta p_{ki}| \). This yields \( 10 \).

To prove \( 14 \) and \( 15 \), first note that since \( \bar{P}_j^{[\beta, t]} \ (p_j^t) \subset \bar{P}_j^{[\gamma, t]} \ (p_j^t) \), \( H_{k_{ij}, t}^{[\beta, t]} (p_j^t) \leq H_{k_{ij}, t}^{[\gamma, t]} (p_j^t) \).

Then
\[
\sum_{i=1}^m \frac{1}{\eta_i} H_{k_{ij}, t}^{[\beta, t]} (p_j^t) \Delta t_{ki} \leq \sum_{i=1}^m \frac{1}{\eta_i} H_{k_{ij}, t}^{[\gamma, t]} (p_j^t) \Delta t_{ki} \leq \sum_{k \neq j} \frac{1}{\eta_k} H_{k_{ij}, t}^{[\gamma, t]} (p_j^t) \sum_{i ; k_{ij} = k} \Delta t_{ki} \\
\leq 2 \sum_{k \neq j} \frac{1}{\eta_k} H_{k_{ij}, t}^{[\gamma, t]} (p_j^t). \tag{11}
\]

The last inequality holds since \( \sum_{i ; k_{ij} = k} \Delta t_{ki} \leq 1 + (t - \tau_j) \leq 2 \).

The proof of \( 14 \):

\[
|\mu| \cdot (\bar{g}_{j, \max} - \bar{g}_{j, \min}) \leq 2 \sum_{i=1}^m H_{k_{ij}, t}^{[\beta, t]} (p_j^t) \cdot |\Delta p_{ki}| \cdot |\mu| \quad \text{(by Eqn. (14))}
\leq \sum_{i=1}^m H_{k_{ij}, t}^{[\beta, t]} (p_j^t) \cdot \left[ \frac{\mu^2 \Delta t_{ki}}{\eta_i} + \frac{\eta_i (\Delta p_{ki})^2}{\Delta t_{ki}} \right] \quad \text{(AM-GM ineq.)}
\leq 2 \mu^2 \sum_{k \neq j} \frac{1}{\eta_k} H_{k_{ij}, t}^{[\gamma, t]} (p_j^t) + \sum_{i=1}^m \eta_i \cdot H_{k_{ij}, t}^{[\beta, t]} (p_j^t) \frac{(\Delta p_{ki})^2}{\Delta t_{ki}}. \quad \text{(by Eqn. (11))}
\]
The proof of (5):

\((\tilde{g}_{j,\text{max}} - \tilde{g}_{j,\text{min}})^2 \leq 4 \sum_{i_1=1}^{m} \sum_{i_2=1}^{m} H_{k_{i_1,j}}^{[\beta_{1,t}]}(p_j^t) \cdot H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \cdot |\Delta p_{k_{i_1}}| \cdot |\Delta p_{k_{i_2}}| \) (by Eqn. (10))

\leq 2 \sum_{i_1=1}^{m} \sum_{i_2=1}^{m} H_{k_{i_1,j}}^{[\beta_{1,t}]}(p_j^t) \cdot H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \cdot \left[ \frac{(\Delta p_{k_{i_1}})^2}{\eta_{i_1} \Delta t_{k_{i_1}}} + \frac{(\Delta p_{k_{i_2}})^2}{\eta_{i_2} \Delta t_{k_{i_2}}} \right] \) (AM-GM inequ.)

\leq 2 \sum_{i_1=1}^{m} \sum_{i_2=1}^{m} H_{k_{i_1,j}}^{[\beta_{1,t}]}(p_j^t) \cdot H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \cdot \frac{(\Delta p_{k_{i_1}})^2}{\eta_{i_2} \Delta t_{k_{i_2}}}

+ 2 \sum_{i_2=1}^{m} \sum_{i_1=1}^{m} H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \cdot H_{k_{i_1,j}}^{[\beta_{1,t}]}(p_j^t) \cdot \frac{(\Delta p_{k_{i_1}})^2}{\eta_{i_2} \Delta t_{k_{i_2}}}

(swap the indices \(i_1\) and \(i_2\) in the second double-summation)

\leq 4 \sum_{i_1=1}^{m} \sum_{i_2=1}^{m} H_{k_{i_1,j}}^{[\beta_{1,t}]}(p_j^t) \cdot H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \cdot \frac{(\Delta p_{k_{i_1}})^2}{\eta_{i_2} \Delta t_{k_{i_1}}}

= 4 \left( \sum_{i=1}^{m} \eta_{i} \cdot H_{k_{i,j}}^{[\beta_{1,t}]}(p_j^t) \cdot \frac{(\Delta p_{k_{i_1}})^2}{\Delta t_{k_{i_1}}} \right) \left( \sum_{i_2=1}^{m} \frac{1}{\eta_{i_2}} H_{k_{i_2,j}}^{[\beta_{2,t}]}(p_j^t) \Delta t_{k_{i_2}} \right)

\leq 8 \left( \sum_{i=1}^{m} \eta_{i} \cdot H_{k_{i,j}}^{[\beta_{1,t}]}(p_j^t) \cdot \frac{(\Delta p_{k_{i}})^2}{\Delta t_{k_{i}}} \right) \left( \sum_{i \neq j} \frac{1}{\eta_{i}} H_{k_{i,j}}^{[\beta_{2,t}]}(p_j^t) \right). \) (by Eqn. (11))

\[ \square \]

**Proof of Lemma 5.** First, we bound the integral terms in \(\Phi(p^t, t, \tau)\) (see Eqn. (2)). Following the derivations of (7) and (8), with \(\tilde{g}_j\) replaced by \(g_j\), yields

\[ c_1 \int_{\tau_j}^{t} \frac{(g_j(t'))^2}{\tau_j} dt' \leq c_1 (1 + 4\epsilon_B) \frac{(g_j)^2 \Delta t_j}{\tau_j} + c_1 (2 + 8\epsilon_B) \sum_{i=1}^{m} \xi_{j,i} \cdot H_{k_{i,j}}^{[\beta_{i,t}]}(p_j^t) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}} \]

and hence

\[ \sum_{j} c_1 \int_{\tau_j}^{t} \frac{(g_j(t'))^2}{\tau_j} dt' \leq c_1 (1 + 4\epsilon_B) \sum_{j} \frac{(g_j)^2 \Delta t_j}{\tau_j} + c_1 (2 + 8\epsilon_B) \sum_{j} \sum_{i} \xi_{j,i} \cdot H_{k_{i,j}}^{[\beta_{i,t}]}(p_j^t) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}. \]

When \(2 - c_2 \geq c_1 (2 + 8\epsilon_B)\), as \(p_j^t = p_j^\tau\), the double summation in the above inequality is no larger than the double summation in \(\Phi(p^t, t, \tau)\). Thus \(\Phi(p^t, t, \tau) \geq \phi(p^t) - c_1 (1 + 4\epsilon_B) \sum_{j} \frac{(g_j)^2 \Delta t_j}{\tau_j} \).

Next, we bound the sum \(\sum_{j} \frac{(g_j)^2 \Delta t_j}{\tau_j}\). Suppose there are hypothetical updates to all the coordinates at time \(t\), and \(p_j^t\) is updated with the most up-to-date gradient \(\tilde{g}_j = g_j\) and step size \(1/\gamma_j\). By Lemma 2 and Condition A2, \(\phi^- - \phi^+ \geq \frac{1}{2} \sum_{j} \frac{(g_j)^2 \Delta t_j}{\gamma_j} \geq \frac{1}{2} \sum_{j} \frac{(g_j)^2 \Delta t_j}{\tau_j} \). Here \(\phi^- = \phi(p^t)\). Thus \(\phi^- - \phi^+ \leq \phi(p^t) - \phi^* = \phi(p^t)\), and hence \(\sum_{j} \frac{(g_j)^2 \Delta t_j}{\tau_j} \leq 2\phi(p^t). \) \[ \square \]
B Leontief Fisher Markets

Lemma 8. Let $\tau_j, t$ be the times at which two consecutive updates to $p_j$ occur. If $\gamma_j^l$ is controlled and $c_2 \leq 1$, then $\Phi^{t^+} - \Phi^{t^-} \geq (1 - \frac{1}{\alpha} - 2\epsilon_n - 2\epsilon_p) \frac{\gamma_j((\Delta p_j))^2}{\Delta t_j}$.

Proof: This lemma can be proved by slightly modifying the proof of Lemma 4. We will use the notations defined therein.

By Lemma 4, $\Phi$ does not increase at the updates made in the time interval $(\tau_j, t)$. By (3),

$$\Phi^{\tau_j^+} - \Phi^{t^-} \geq c_1 \int_{\tau_j}^{t} \left(\frac{g_j(t')}{\tau_j}\right)^2 dt' = E_2.$$

By (6),

$$\Phi^{t^-} - \Phi^{t^+} \geq \left(1 - \frac{1}{\alpha}\right) \frac{\gamma_j^l((\Delta p_j))^2}{\Delta t_j} - E_1 - E_2 + (2 - c_2) \sum_i \epsilon_i \cdot H_i^{(\beta_i,t)} \left(p_j^{\tau_j^+}\right) \frac{(\Delta p_i)^2}{\Delta t_i} - E_3.$$

Combining the two inequalities above yields

$$\Phi^{\tau_j^+} - \Phi^{t^-} = (\Phi^{\tau_j^+} - \Phi^{t^-}) + (\Phi^{t^-} - \Phi^{t^+})$$

$$\geq \left(1 - \frac{1}{\alpha}\right) \frac{\gamma_j^l((\Delta p_j))^2}{\Delta t_j} + (2 - c_2) \sum_i \epsilon_i \cdot H_i^{(\beta_i,t)} \left(p_j^{\tau_j^+}\right) \frac{(\Delta p_i)^2}{\Delta t_i} - E_1 - E_3.$$

The result follows on noting that $p_j^{\tau_j^+} = p_j^t$ and by applying the bounds on $E_1$ and $E_3$ in the proof of Lemma 4. \qed

Let $U = \max\left\{\max_j \{p_j^0\}, 2 \sum_i e_i\right\}$ be an upper bound on the prices throughout the tatonnement process [6].

Lemma 9. Let $\delta = 1 - \frac{1}{\alpha} - 2\epsilon_n - 2\epsilon_p$. Suppose that there are consecutive updates to $p_j$ at times $\Upsilon_0 < \Upsilon_1 < \cdots < \Upsilon_m$, where $\Upsilon_m - \Upsilon_0 \leq 2$. If $|p_j^{\Upsilon_0^-} - p_j^{\Upsilon_m^+}| \geq \epsilon$, where $\epsilon \leq 1$, then $\Phi^{\Upsilon_0^-} - \Phi^{\Upsilon_m^+} \geq \delta \epsilon^2 \cdot \min\left\{\frac{1}{2}, \frac{1}{3\lambda U}\right\}$.

Proof: For $q = 1, 2, \cdots, m$, let $\Delta p_{j,q}$ be the change to $p_j$ at the update timed $\Upsilon_q$, and let $\ddot{z}_{j,q}$ be the $\ddot{z}$-value used for the update, i.e. $\gamma_j^{\Upsilon_q} = \frac{\max(1, \ddot{z}_{j,q})}{\lambda p_j^{\Upsilon_q}}$ and $\Delta p_{j,q} = \lambda p_j^{\Upsilon_q} \cdot \min\{1, \ddot{z}_{j,q}\} \cdot \Delta t_q$.

We will use Lemma 8 to give a lower bound on the decrease to $\Phi$ between times $\Upsilon_0^+$ and $\Upsilon_m^+$. If $\ddot{z}_{j,q} < 1$, then

$$\frac{\gamma_j^{\Upsilon_q}((\Delta p_{j,q})^2}{\Delta t_q} \geq \frac{1}{\lambda p_j^{\Upsilon_q}} \frac{(\Delta p_{j,q})^2}{\Delta t_q} \geq \frac{1}{\lambda U} \frac{(\Delta p_{j,q})^2}{\Delta t_q}.$$

If $\ddot{z}_{j,q} \geq 1$, then

$$\frac{\gamma_j^{\Upsilon_q}((\Delta p_{j,q})^2}{\Delta t_q} \geq \frac{\ddot{z}_{j,q}}{\lambda p_j^{\Upsilon_q}} \cdot \frac{\epsilon^2}{\lambda U} \left(p_j^{\Upsilon_q}\right) \Delta t_q = \lambda p_j^{\Upsilon_q} \cdot \ddot{z}_{j,q} \Delta t_q \geq |\Delta p_{j,q}|.$$
By Lemma 3

\[ \Phi^{Y_{0^+}} - \Phi^{Y_{m^+}} = \sum_{q=1}^{m} (\Phi^{Y_{q-1^+}} - \Phi^{Y_{q^+}}) \geq \delta \sum_{q=1}^{m} \frac{\gamma_q (\Delta p_{j,q})^2}{\Delta t_q} \]

\[ \geq \frac{\delta}{\lambda U} \sum_{q:z_{j,q}<1} (\Delta p_{j,q})^2 + \delta \sum_{q:z_{j,q}\geq 1} |\Delta p_{j,q}|. \]

By the assumption \(|p_j^{Y_{0^+}} - p_j^{Y_{m^+}}| \geq \epsilon, \sum_{q=1}^{m} |\Delta p_{j,q}| \geq \epsilon. \) Let \( \sigma := \epsilon^{-1} \sum_{q:z_{j,q}\geq 1} |\Delta p_{j,q}|. \) Then \( \sum_{q:z_{j,q}<1} |\Delta p_{j,q}| \geq \max\{0, (1 - \sigma)\epsilon\}. \) By the Cauchy-Schwarz inequality,

\[ \left[ \max\{0, (1 - \sigma)\epsilon\} \right]^2 \leq \left( \sum_{q:z_{j,q}<1} |\Delta p_{j,q}| \right)^2 = \left( \sum_{q:z_{j,q}<1} \frac{|\Delta p_{j,q}|}{\sqrt{\Delta t_q}} \cdot \sqrt{\Delta t_q} \right)^2 \]

\[ \leq \left( \sum_{q:z_{j,q}<1} (\Delta p_{j,q})^2 \right) \left( \sum_{q:z_{j,q}<1} \Delta t_q \right) \]

\[ \leq 3 \sum_{q:z_{j,q}<1} (\Delta p_{j,q})^2 \Delta t_q. \]

i.e. \( \sum_{q:z_{j,q}<1} \frac{(\Delta p_{j,q})^2}{\Delta t_q} \geq \frac{1}{3} \left[ \max\{0, (1 - \sigma)\epsilon\} \right]^2. \) Then

\[ \Phi^{Y_{0^+}} - \Phi^{Y_{m^+}} \geq \frac{\delta}{3\lambda U \epsilon} \left[ \max\{0, (1 - \sigma)\epsilon\} \right]^2 + \delta \sigma \epsilon. \]

The minimum value of the right hand side is at least \( \delta \epsilon^2 \cdot \min\{\frac{1}{\epsilon}, \frac{1}{3\lambda U} \}. \)

**Corollary 10.** For any \( \epsilon > 0, \) there exists a finite time \( T_\epsilon \) such that for any good \( j, \) any \( t \geq T_\epsilon, \) and any \( 0 \leq \Delta t \leq 1, \) \(|p_j^t - p_j^{t+\Delta t}| \leq \epsilon. \)

**Proof of Theorem 6 for the Leontief case:** The proof comprises four steps. We need the following definitions: for any two price vectors \( p^A \) and \( p^B, \) let \( d(p^A, p^B) \) denote the \( L_1 \) norm distance between the two price vectors, i.e. \( d(p^A, p^B) = \sum_j |p_j^A - p_j^B|. \) For any two sets of price vectors \( P^A \) and \( P^B, \) let \( d(P^A, P^B) := \inf_{p^A \in P^A, p^B \in P^B} d(p^A, p^B). \)

**Step 1.** Let \( \Omega \) be the set of limit points of a tatonnement process. We show that \( \Omega \) is non-empty and connected.

Since all prices remain bounded by \( U \) throughout the tatonnement process, \( \Omega \) is non-empty.

Suppose \( \Omega \) is not connected. Let \( \Omega_a \) denote a connected component of \( \Omega, \) and let \( \Omega_b = \Omega \setminus \Omega_a. \) Suppose \( d(\Omega_a, \Omega_b) = \epsilon' > 0. \) By the definition of limit points, there exists a finite time \( T_{\epsilon'} \) such that thereafter the prices in the tatonnement process are always within an \( \epsilon'/4\)-neighborhood of either \( \Omega_a \) or \( \Omega_b. \) This forces an infinite number of updates, each separated by at least one time unit, such that each update makes a change to a price by at least at least \( \epsilon'/2. \) This contradicts Corollary 10.
Step 2. Recall that a market equilibrium is a price vector $p^*$ at which for each $j$, $p^*_j > 0$ implies $z_j(p^*) = 0$ and $p^*_j = 0$ implies $z_j(p^*) \leq 0$. We define a pseudo-equilibrium: a price vector $\tilde{p}$ is a pseudo-equilibrium if for each $j$, $\tilde{p}_j > 0$ implies $z_j(\tilde{p}) = 0$. Note that every market equilibrium is a pseudo-equilibrium. We show that all limit points in $\Omega$ are pseudo-equilibria.

Suppose not. Let $p' \in \Omega$ be a price vector which is not a pseudo-equilibrium, i.e. there exists $j$ such that $p'_j > 0$ but $z_j(p') \neq 0$. Let $\epsilon$ be a positive number such that for any price vector $\hat{p}$ in the $\epsilon$-neighborhood of $p'$, $\hat{p}_j \geq p'_j/2$ and $|z_j(\hat{p})| \geq |z_j(p')/2|$. By the definition of limit points, the tatonnement process enters the $(\epsilon/2)$-neighborhood of $p'$ infinitely often. By Corollary 10, there exists a finite time such that subsequently, every time the tatonnement process enters the $\epsilon/2$-neighborhood of $p'$, it stays in the $\epsilon$-neighborhood of $p'$ for at least one time unit. By Eqn. 8, $\Phi$ drops by at least $\lambda(p'_j/2)(z_j(p')/2)^2$ during each such stay in the $\epsilon$-neighborhood of $p'$. This is a contradiction since $\Phi$ is positive throughout and hence cannot drop by at least $\lambda(p'_j/2)(z_j(p')/2)^2$ infinitely often.

Step 3. We show that the excess demands at all limit points in $\Omega$ are identical.

For every subset of goods $S$, let $\Omega_S = \{p' \in \Omega \mid p'_k > 0 \iff k \in S\}$. For each buyer, there are two cases:

- **if the buyer wants at least one good in $S$, say good $\ell$:**
  Observe that by the definition of pseudo-equilibrium and Step 2, every price vector in $\Omega_S$, excluding the zero prices in the price vector, is a market equilibrium for the sub-Leontief-market comprising the goods in $S$. Codenotti and Varadarajan [9] pointed out that the demands for the goods in $S$ of each buyer are identical at every market equilibrium of the sub-Leontief market, and hence also in the original Leontief market. So the buyer demands the same positive but finite amount of good $\ell$ at every price vector in $\Omega_S$ in the original market. Also note that the buyer always demands the goods in the original market in a fixed proportion. This forces the demands for the goods not in $S$ of the buyer are also identical at every price vector in $\Omega_S$.

- **if the buyer wants no good in $S$:**
  Then the buyer demands infinite amount of each good that she wants, and demands zero amount of each good that she does not want.

In either case, the buyer’s demands for each good at every price vector in $\Omega_S$ are identical, and hence also the total demand for each good.

Then consider a graph $G$ with each vertex corresponding to a subset of goods $S$ such that $\Omega_S$ is non-empty, and two vertices $S_1, S_2$ being adjacent if and only if $d(\Omega_{S_1}, \Omega_{S_2}) = 0$. Since excess demands are a continuous function of prices, if $S_1$ and $S_2$ are adjacent, then the excess demands for all goods at every price vector in $S_1 \cup S_2$ are identical. By Step 1, the graph $G$ is connected, thus the excess demands at all limit points in $\Omega$ are identical.

Step 4. We show that every limit point in $\Omega$ is indeed a market equilibrium.

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7The range of the excess demand functions is the extended real line $\mathbb{R} \cup \{+\infty\}$; continuity of the excess demand function is w.r.t. the usual topology on the extended real line. To be specific, if $z_k(p) = +\infty$ for some $p$ and $k$, then for any $M \in \mathbb{R}$, there exists an $\epsilon_M > 0$ such that $z_k(p) \geq M$ in the $\epsilon_M$-neighborhood of $p$. 

21
Suppose not, i.e. there exists a limit point $p'$ in $\Omega$ which is a pseudo-equilibrium but not a market equilibrium, i.e. there exists $k$ such that $p'_k = 0$ but $z_k(p') > 0$. By Step 3, $z_k$ is positive at every limit point in $\Omega$, and hence every $p_k$ at every limit point must be zero. By the definition of limit points, for any $\epsilon > 0$, beyond a finite time, the tatonnement process must stay within the $\epsilon$-neighborhood of $\Omega$ thereafter. By choosing a sufficiently small $\epsilon$, $z_k$ is bounded away from zero in the $\epsilon$-neighborhood of $\Omega$, and hence $p_k$ increase indefinitely and eventually $p_k$ becomes so large that the tatonnement process must leave the $\epsilon$-neighborhood of $\Omega$, a contradiction. \qed
C Ongoing Complementary-CES Fisher Markets

The tatonnement process which we described in Section 5 is a two-stage process. In the first stage, the buyers repeatedly report their demands to sellers according to the current prices, then the sellers update the prices with the reported demands. The first stage continues until the market reaches a market equilibrium, and then trades occur in the second stage. Clearly, this is not a plausible real-world market dynamic.

In order to have a more realistic setting for a price adjustment algorithm, it would appear that out-of-equilibrium trade must be allowed, so as to generate the demand imbalances that then induce price adjustments. In an attempt to build a more realistic market model, Cole and Fleischer [10] introduced the Ongoing market model. In an ongoing Fisher market, the market repeats over an unbounded number of time intervals called days. Each day, the seller of each good receives one new unit of the good, and each buyer i is given e_i amount of money. In that day, each buyer i purchases a utility-maximizing bundle of goods of cost at most e_i.

But then there needs to be a way for seller to handle excess supply/demand. To this end, for each good j there is a warehouse of finite capacity χ_j which can meet excess demand and store excess supply. When there is surplus (supply exceeds demand), it is stored in the warehouse; when there is excess demand (demand exceeds supply), good is taken from the warehouse to meet the excess demand. The sellers change prices as needed to ensure their warehouses neither overfill nor run out of goods.

Given initial prices p_0, initial warehouses stocks v_0, where 0 < v_0^j < χ_j for each good j, and ideal warehouse stocks v^*, the task is to repeatedly adjust prices so as to converge to a market equilibrium with the warehouse stocks converging to their ideal values; for simplicity, we suppose that v^*_j = χ_j/2 for each good j. v_j will denote the difference between the content of the warehouse of good j and v^*_j; hence v_j ∈ [−χ_j/2, χ_j/2].

In an ongoing Fisher market, the sellers adjust the prices of their goods. In order to have progress, the sellers are required to update prices at least once per day. However, there is no upper bound on the frequency of price changes. This entails measuring demand on a finer scale than day units. Accordingly, we assume that each buyer spends their money at a uniform rate throughout the day, and hence instantaneous demand and instantaneous excess demand for good j at any time t ∈ R^+ can be readily defined; we denote them by x_j(t) and z_j(t) respectively.

In this section, we analyse ongoing complementary-CES Fisher markets. Recall that for a complementary-CES Fisher market, tatonnement is equivalent to gradient descent on the convex function φ(p) = ∑_j p_j + ∑_i ̂u_i(p), where ̂u_i(p) is the optimal utility that buyer i can attain at prices p. We will introduce new potential functions, which incorporate φ as a component, for the ongoing market analysis.

We use the following price update rule, which is a variant of (9), and which ensures convergence to the ideal warehouse stocks as well as to the market equilibrium:

\[ p'_j = p_j \cdot (1 + λ_j \cdot \min\{\tilde{z}_j - κ_j v_j, 1\} \cdot Δt_j), \]

where λ_j, κ_j are small constants. Note that γ_j = \frac{1}{p_j χ_j} \cdot \max\{1, \tilde{z}_j - κ_j v_j\}.

**Theorem 11.** If λ_j ≤ 1/60 for all j, then there exists κ_j > 0 such that price updates using Rule (12) converge toward the market equilibrium in any complementary-CES Fisher market, with the warehouse stocks converging to their ideal values.
First, we impose the following bounds on \( \lambda_j \) and \( \kappa_j \).

B1. \( \lambda_j \leq 1/60 \);

B2. \( \kappa_j / \lambda_j \leq 1/10 \) (this, together with Condition B1, yields \( \kappa_j \leq 1/600 \));

B3. \( |\kappa_j v_j| \leq 1/10 \) always (such \( \kappa_j \) exist since the warehouse sizes are bounded).

We will impose more bounds on \( \kappa_j \), but eventually we will show that, given any fixed \( \lambda_j \) satisfying Condition B1, for all \( j \), there exist positive \( \kappa_j \) that satisfy all these bounds.

We need to be cautious with Condition B3, and also Condition B4 which we will state later.

At this point, it is not clear that \( v_j \) remains bounded throughout the tatonnement process, so the two conditions might cease to hold no matter how small \( \kappa_j \) is set. We show that this never happens in Section C.3.

**Notations** Let \( f \geq 1 \). A price vector \( p \) is \( f \)-bounded if, for all \( j \), \( \frac{1}{f} \leq \frac{p_j}{\tilde{p}_j} \leq f \). Let \( R(f) \) denote the set of all \( f \)-bounded price vectors.

Our analysis comprises two phases. Phase 1 finishes when prices are guaranteed to be 1.9-bounded thereafter, and then we proceed to Phase 2. We outline the analysis of the two phases in Sections C.1 and C.2 respectively. We defer most proofs to Section C.3.

One component of the potential functions we will use is (similar to) \( \Phi \) as defined in \( [2] \), and we will use some results from Sections 3 and 5. We deduce the values of \( \epsilon_n, \epsilon_r \) that satisfy Conditions A3 and A4. Recall that by Property 3 of complementary-CES markets (see the appendix on tatonnement), if \( \frac{\Delta p_j}{p_j} \leq 1/6 \), then \( \phi(p + \Delta p) - \phi(p) - \nabla_j \phi(p) \cdot \Delta p_j \leq \frac{1.5 x_j}{p_j} (\Delta p_j)^2 \), where \( x_j = z_j + 1 \). Let \( \tilde{x}_j = \tilde{z}_j + 1 \). Recall that \( x_j \leq \frac{15}{86} \tilde{x}_j \leq 1.24 \tilde{x}_j \). Then

\[
\frac{1.5 x_j}{p_j} \cdot \frac{1}{\gamma_j} \leq \frac{1.86 \tilde{x}_j}{p_j} \leq \frac{p_j \lambda_j}{\max\{\tilde{z}_j - \kappa_j v_j, 1\}} \leq 1.86 \lambda_j \cdot \frac{\tilde{z}_j + 1}{\max\{\tilde{z}_j - 0.1, 1\}} \leq \frac{1.86}{60} \cdot 2.1 < \frac{1}{15} < \frac{1}{2},
\]

and hence \( \gamma_j > \frac{1.5 x_j}{p_j} \). By Lemma 7 plus Conditions (A3) and (A4), we can set

\[
\epsilon_r = \frac{1.53}{1.5} \cdot \frac{1}{15} = 0.068 \quad \text{(14)}
\]

and

\[
\epsilon_n = \frac{1.89}{1.5} \cdot \frac{1}{15} = 0.084. \quad \text{(15)}
\]

**Lemma 12.** Suppose there is an update to \( p_j \) at time \( t \) according to rule (12). Suppose that Conditions B1 and B3 hold. Let \( \phi^- \) and \( \phi^+ \) denote, respectively, the convex function values just before and just after the update. Let \( z_j = -\nabla_j \phi(p^f) \) and \( \tilde{z}_j = \tilde{z}_j(t) \). Let \( \Delta p_j \) be the change to \( p_j \) made by the update, i.e., \( \Delta p_j := \lambda_j p_j \cdot \min\{\tilde{z}_j - \kappa_j v_j, 1\} \cdot \Delta t_j \). Then

\[
\phi^- - \phi^+ \geq \frac{1}{2} \frac{\tilde{z}_j^2 \Delta t_j}{\gamma_j} - \frac{1}{2} \frac{(\kappa_j v_j)^2 \Delta t_j}{\gamma_j} - |z_j - \tilde{z}_j| \cdot |\Delta p_j|.
\]

and

\[
\phi^- - \phi^+ \geq \frac{41 \gamma_j}{60} (\Delta p_j)^2 \Delta t_j - \left( \frac{(\kappa_j v_j)^2 \Delta t_j}{\gamma_j} - |z_j - \tilde{z}_j| \cdot |\Delta p_j| \right). \quad \text{(17)}
\]


C.1 Phase 1

For Phase 1, we use the potential function $\Xi_1 = \Xi_1(p', v', t, \tau)$:

$$
\Xi_1 = \phi(p') - c_1 \sum_j \int_{\tau_j}^t \frac{(z_j(t'))^2}{\gamma_j} dt' + \sum_j \sum_i \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i]} \left( p_{j}^{\tau_j} \right) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}} [2 - c_2 (t - \beta_i)] + \sum_j \frac{(\kappa_j v_j)^2 (t - \tau_j)}{\gamma_j}. \tag{18}
$$

When there is no update, we show that

$$
d\Xi_1 \leq - \sum_j (c_1 - \kappa_j) \frac{(z_j)^2}{\gamma_j} \sum_j (1 + \kappa_j) \frac{(\kappa_j v_j)^2}{\gamma_j} - c_2 \sum_j \sum_i \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i]} \left( p_{j}^{\tau_j} \right) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}. \tag{19}
$$

When there is an update, we show that

**Lemma 13.** Suppose that there is an update to $p_j$ at time $t$. Suppose that Conditions B1 and B3 hold. Let $\Xi_1^-$ and $\Xi_1^+$, respectively, denote the values of $\Xi_1$ just before and just after the update. Then

$$
\Xi_1^- - \Xi_1^+ \geq \left( \frac{1}{4} - 1.4c_1 \right) \frac{(\bar{z}_j)^2 \Delta \tau_j}{\gamma_j} + (1 - c_2 - 2.7c_1) \sum_{i=1}^m \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i]} \left( p_{j}^{\tau_j} \right) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}.
$$

Thus, by setting $c_1 = 5/28$ and $c_2 = 1/2$, $\Xi_1$ does not increase at any update.

Since $\phi$ is strongly convex, in the proof of Theorem 1(b), we show that $\sum_j \frac{(z_j)^2}{\gamma_j} \geq D_1 \cdot \phi(p')$ for some positive constant $D_1 \leq 1/10$. Let $\psi := \frac{1}{1.01n} \cdot \inf_{p' \in R(1.9)} \phi(p')$. We impose an additional condition on $\kappa_j$:

**B4.** $\kappa_j$ are sufficiently small such that $\sum_j \frac{(\kappa_j v_j)^2}{\gamma_j} \leq \frac{1}{26/D_1 + 4} \psi$ always.

**Lemma 14.** If Condition B4 holds and $\Xi_1 \geq \psi/2$, then $\frac{d\Xi_1}{dt} \leq -\Theta(1) \cdot \Xi_1(t)$.

**Proof:** Let $H(t)$ denote the sum $\sum_j \sum_{i=1}^m \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i]} \left( p_{j}^{\tau_j} \right) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}$ at time $t$. By (18) and Condition B4,

$$
\phi(p') + 2H(t) + \frac{1}{26/D_1 + 4} \psi \geq \Xi_1(t) \geq \psi/2.
$$

Hence

$$
\phi(p') + 2H(t) \geq \left( \frac{1}{2} - \frac{1}{26/D_1 + 4} \right) \psi \tag{20}
$$

and

$$
\phi(p') + 2H(t) \geq \left( 1 - \frac{1}{13/D_1 + 2} \right) \Xi_1(t). \tag{21}
$$

25
With our choices of \( c_1, c_2 \) and Condition B4, (19) yields

\[
\frac{d\Xi_1}{dt} \leq - \sum_j \left( \frac{5}{28} - \kappa_j \right) \frac{(z_j^t)^2}{\gamma_j^t} + \sum_j (1 + \kappa_j) \frac{(\kappa_j v_j^t)^2}{\gamma_j^t} - \frac{1}{2} H(t)
\]

\[
\leq - \frac{1}{6} \sum_j \frac{(z_j^t)^2}{\gamma_j^t} + \frac{601}{600} \cdot \frac{1}{26/D_1 + 4} \psi - \frac{1}{2} H(t)
\]

\[
\leq - \frac{D_1}{6} \cdot \phi(p^t) - \frac{1}{2} H(t) + \frac{601}{600} \cdot \frac{1}{26/D_1 + 4} \psi
\]

\[
\leq - \frac{D_1}{6} \left( \phi(p^t) + 2H(t) \right) + \frac{601}{600} \cdot \frac{1}{26/D_1 + 4} \left( \phi(p^t) + 2H(t) \right)
\]

(by Eqn. (20))

\[
\leq - \frac{D_1}{12} \left( \phi(p^t) + 2H(t) \right)
\]

\[
\leq - \frac{D_1}{12} \cdot \left( 1 - \frac{1}{13/D_1 + 2} \right) \Xi_1(t)
\]

(by Eqn. (21))

\[
\leq - \frac{D_1}{13} \cdot \Xi_1(t).
\]

(22)

**Lemma 15.** If \( \Xi_1(t_1) < \psi/2 \) at some time \( t_1 \), then \( \Xi_1(t) \leq \psi/2 \) thereafter.

**Proof:** Suppose the contrary, i.e. at some time \( t_2 > t_1 \), \( \Xi_1(t_2) > \psi/2 \). Let \( T_2 \) be the collection of all such \( t_2 \), and let \( t' \) be the infimum of \( T_2 \). By Lemma 13 and our choices of \( c_1 \) and \( c_2 \), \( \Xi_1 \) never increases at an update. Hence, for \( \Xi_1 \) to exceed \( \psi/2 \) after time \( t_1 \), it must be due to continuous incrementing. This forces \( \Xi_1(t') = \psi/2 \) and \( \frac{d\Xi_1}{dt}|_{t=t'} \geq 0 \). But these contradict Lemma 14.

Following the proof of Lemma 5, we obtain that \( \Xi_1 \geq \phi(p^t) - 2c_1(1 + 8\epsilon_n)\phi(p^t) \), and as \( c_1(1 + 8\epsilon_n) \leq \frac{1}{4}, \Xi_1 \geq \frac{1}{2}\phi(p^t) \). Thus if \( \Xi_1 \leq \psi/2 \), then \( \phi(p^t)/2 \leq \Xi_1 \leq \psi/2 \). This implies \( \phi(p^t) < \min_{p'\in R(1.9)} \phi(p') \) and thus \( p^t \in R(1.9) \). Lemma 14 shows that \( \Xi_1 \) decreases linearly until it drops below \( \psi/2 \) at some time \( t_1 \), and Lemma 15 shows that \( \Xi_1 \) remains below \( \psi/2 \) thereafter. Hence, \( \forall t \geq t_1, p^t \in R(1.9) \) and we proceed to the analysis of Phase 2.
C.2 Phase 2

Phase 2 starts when all prices are guaranteed to be 1.9-bounded thereafter. Then each demand is between $\frac{1}{1.9}$ and 1.9 and hence $-0.5 \leq z_j, \tilde{z}_j \leq 0.9$. Since $|\kappa_j v_j| \leq 0.1$ always, in Phase 2 the update rule (12) is equivalent to

$$p'_j = p_j \cdot (1 + \lambda_j \cdot (\tilde{z}_j - \kappa_j v_j) \cdot \Delta t_j),$$

(23)

i.e. $\gamma_j^t = \frac{1}{\lambda_j p_j}$.

In this phase, we will use a new potential function $\Xi_2$, which comprises two main components $\Phi$ and $W$. $\Phi$ reflects how far the current prices are from the market equilibrium, and $W$ accounts for the warehouse imbalances.

C.2.1 Component $\Phi$

The first component of $\Xi_2$, $\Phi \equiv \Phi(p', t, \tau)$, is

$$\Phi = \phi(p') - c_1 \sum_j \int_{\tau_j}^{t} \lambda_j p_j(z_j(t'))^2 dt' + \sum_j \sum_i \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i, \sigma_j]} \left(p_j^{\tau_j+}\right) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right)^2 (6 - c_2(t - \beta_i)).$$

(24)

When there is no update, it is straightforward to show that

$$\frac{d\Phi}{dt} = -c_1 \sum_j \lambda_j p_j(z'_j)^2 - c_2 \sum_j \sum_i \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i, \sigma_j]} \left(p_j^{\tau_j+}\right) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right).$$

(25)

When there is an update, we show that

**Lemma 16.** Suppose that there is an update to $p_j$ at time $t$. Suppose that Conditions B1 and B3 hold. Let $\Phi^-$ and $\Phi^+$, respectively, denote the values of $\Phi$ just before and just after the update. Then

$$\Phi^- - \Phi^+ \geq \left(1 - 1.4c_1\right) \lambda_j p_j(\tilde{z}_j)^2 \Delta t_j + 0.039 \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right)^2 - 19 \frac{\lambda_j p_j(\kappa_j v_j)^2 \Delta t_j}{20} + (5 - c_2 - 2.7c_1) \sum_i \xi_j^{\beta_i} H_{k_{ij}}^{[\beta_i, \sigma_j]} \left(p_j^{\tau_j+}\right) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right).$$

C.2.2 Component $W$

Let $f_j := \ln(p_j/p_j^*)$. The second component of $\Xi_2$, $W \equiv W(p', v', t, \tau)$, is

$$W = \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j + \lambda_j v_j)^2 - c_3 \sum_j \lambda_j p_j^* (\kappa_j v_j)^2 (t - \tau_j) + 2 \sum_j \kappa_j \lambda_j p_j^* \int_{\tau_j}^{t} v_j(t')z_j(t') dt'.

When there is no update, we show that for any $R_1 \in \mathbb{R}^+$,

$$\frac{dW}{dt} \leq -c_3 \sum_j (1 - \kappa_j) \lambda_j p_j^* (\kappa_j v_j^t)^2 + \sum_j (R_1 + c_3 \lambda_j) \kappa_j p_j^* (z_j^t)^2 + \frac{1}{R_1} \sum_j \kappa_j p_j^* (f_j)^2.$$

(26)

We will choose an appropriate value of $R_1$ at the end.
Lemma 17. Suppose that there is an update to $p_j$ at time $t$. Suppose that Conditions B1–B3 hold. Let $W^-$ and $W^+$, respectively, denote the values of $W$ just before and just after the update. Then for any $R_2 \in \mathbb{R}^+$,

$$W^- - W^+ \geq \left(0.858 - \frac{c_3}{1.9}\right) \lambda_j p_j(\kappa_j v_j)^2 \Delta t_j - 0.0235 \lambda_j p_j(\tilde{z}_j)^2 \Delta t_j - 3.809 \sum_i \xi_{ij}^\beta H_{k_{ij}}^{[\beta_i, \sigma_i]} (p_j^{\tau_j}) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right)^2 - 0.101 \kappa_j p_j^*(f_j)^2 \Delta t_j - \frac{1.92 R_2}{\lambda_j p_j \Delta t_j}.$$ 

We will choose an appropriate value of $R_2$ at the end.

C.2.3 Ultimate Potential Function $\Xi_2$

The ultimate potential function $\Xi_2 = \Xi_2(p^t, v^t, t, \tau)$ is

$$\Xi_2 := \Phi + 1.2 W + 0.1212 \sum_j \frac{\kappa_j p_j^*(f_j)^2}{R_2} (t - \tau_j).$$

From Lemmas 16 and 17, we deduce that

$$(\Xi_2)^- - (\Xi_2)^+ \geq \left(0.039 - 2.304 R_2\right) \frac{(\Delta p_j)^2}{\lambda_j p_j \Delta t_j} + (0.0218 - 1.4c_1) \lambda_j p_j(\tilde{z}_j)^2 \Delta t_j + \left(0.0796 - \frac{12c_3}{19}\right) \lambda_j p_j(\kappa_j v_j)^2 \Delta t_j + (0.4292 - c_2 - 2.7c_1) \sum_i \xi_{ij}^\beta H_{k_{ij}}^{[\beta_i, \sigma_i]} (p_j^{\tau_j}) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right)^2.$$

From (25), (26) and the fact that $p_j \geq p_j^*/1.9$, we deduce that

$$\frac{d\Xi_2}{dt} \leq \sum_j \left[ \frac{2.28 \kappa_j}{\lambda_j} (R_1 + c_3 \lambda_j) - c_1 \right] \lambda_j p_j(z_j^t)^2 - 1.2c_3 \sum_j (1 - \kappa_j) \lambda_j p_j^*(\kappa_j v_j)^2 - c_2 \sum_j \sum_i \xi_{ij}^\beta H_{k_{ij}}^{[\beta_i, \sigma_i]} (p_j^{\tau_j}) \left(\frac{\Delta p_{k_i}}{\Delta t_{k_i}}\right)^2 + \left(\frac{1.2}{R_1} + \frac{0.1212}{R_2}\right) \sum_j \kappa_j p_j^*(f_j)^2.$$

We also show the following upper and lower bounds on $\Xi_2$.

If $2 - c_2 \geq 2.7c_1$,

$$\Xi_2 \geq (1 - 2.7c_1) \phi(p^t) - 1.2 \sum_j \frac{\kappa_j}{\lambda_j} p_j^*(f_j)^2 - 20 \sum_j \kappa_j \lambda_j p_j(z_j)^2 + \sum_j \left(\frac{1}{5} - 1.2c_3 \kappa_j\right) \kappa_j \lambda_j p_j^*(v_j)^2.$$

(30)
Also,

\[
\Xi_2 \leq \phi(p') + \sum_j \left( \frac{2.4}{\lambda_j} + \frac{0.1212}{R_2} \right) \kappa_j p_j^*(f_j)^2 + 20 \sum_j \kappa_j \lambda_j p_j(z_j)^2
+ 10 \sum_j \sum_i \xi_j^H_{[\beta_i, \sigma_i]} (p_j)_{\tau_i}^+ \frac{(\Delta p_k)^2}{\Delta t_k} + 3.6 \sum_j \kappa_j \lambda_j p_j^*(v_j)^2. \tag{31}
\]

In the next lemma, we show that \( \sum_j p_j^*(f_j)^2 = O(1) \cdot \sum_j p_j(z_j)^2 \), with the hidden constant in \( O(1) \) depending on \( \max, \theta_i \), where \( \theta_i \) is the parameter of the CES utility function of buyer \( i \).

**Lemma 18.** Let \( R := \{ p' \mid \forall j, \frac{1}{15} p_j^* \leq p'_j \leq 1.9 p_j^* \} \) and \( \bar{\theta} = \max_i \theta_i \). For all \( p' \in R \),

\[
\sum_j p_j^*(f_j)^2 \leq M \sum_j p_j(z_j)^2,
\]

where \( M = (1 - \bar{\theta})^{-1} \cdot \max \left\{ 26.56, 6.64 \bar{\theta} \left( 1 + \bar{\theta} - 2^\theta \right)^{-1}, 26.56, 6.64 \bar{\theta} \left( 1 + \bar{\theta} - 2^\theta \right)^{-1} \right\} \).

Finally, we choose parameters \( R_1, R_2, c_1, c_2, c_3 \) such that \( \Xi_2 \) never increases at an update, and if there is no update, then \( \frac{d\Xi_2}{dt} \leq -\Theta(1) \cdot \Xi_2 \). Set \( R_2 = 39/2304, c_1 = 0.0018 \approx 0.0156, c_3 = 19 \times 0.0796 \approx 0.1260, c_2 = 0.3855 \) and \( R_1 = 1 \). By choosing sufficiently small \( \kappa_j \), (28) and Lemma 18 yield

\[
\frac{d\Xi_2}{dt} \leq -\Theta(1) \sum_j \lambda_j p_j(z_j)^2 - \Theta \left( \min \kappa_j \right) \sum_j \kappa_j \lambda_j p_j^*(v_j)^2 - \Theta(1) \sum_j \sum_i \xi_j^H_{[\beta_i, \sigma_i]} \left( p_j^* \right)_{\tau_i}^+ \frac{(\Delta p_k)^2}{\Delta t_k}.
\]

Also, by (31), Lemma 18 and the fact that \( \phi(p) \leq \Theta(1) \cdot \sum_j p_j(z_j)^2 \) [6, Lemma 6.3] yield

\[
\Xi_2 \leq \Theta(1) \cdot \sum_j p_j(z_j)^2 + \Theta(1) \cdot \sum_j \kappa_j \lambda_j p_j^*(v_j)^2 + \Theta(1) \cdot \sum_j \sum_i \xi_j^H_{[\beta_i, \sigma_i]} \left( p_j^* \right)_{\tau_i}^+ \frac{(\Delta p_k)^2}{\Delta t_k}.
\]

Thus \( \frac{d\Xi_2}{dt} \leq -\Omega (\min_j \kappa_j) \cdot \Xi_2 \).

Furthermore, (30) and the fact that \( \phi(p) \geq \Theta(1) \cdot \sum_j p_j(z_j)^2 \) [6, Lemma 6.2] yield

\[
\Xi_2 \geq \Theta(1) \cdot \phi(p') + \Theta(1) \cdot \sum_j \kappa_j \lambda_j p_j^*(v_j)^2. \tag{32}
\]

This implies that \( \left( \phi(p') + \sum_j \kappa_j \lambda_j p_j^*(v_j)^2 \right) \) decreases linearly, and finishes the proof of Theorem 1 except that we need to show Conditions B3 and B4 hold throughout the tatonnement process.
C.3 Warehouse Stocks Are Bounded

So far we need $\kappa_j$ to satisfy Conditions B2, B3 and B4. Conditions B2 is satisfied so long as $\kappa_j$ is sufficiently small. However, we need to be cautious with Conditions B3 and B4 as it is not immediately evident that $v_j$ remains bounded throughout the tatonnement process.

We begin with Phase 1. The initial value of $\Xi_1$ decreases as $\kappa_j$ decreases, and Phase 1 ends when $\Xi_1$ is smaller than $\psi/2$, which is independent of $\kappa_j$. By (22), $\Xi_1$ drops linearly at a rate that does not depend on $\kappa_j$. Hence, the length of Phase 1 is finitely bounded when the $\kappa_j$ are sufficiently small. The change to each warehouse $j$ is upper bounded by

$$(\text{The length of Phase 1}) \times (\text{Maximum excess demand for good } j \text{ in Phase 1}),$$

which is also finitely bounded. This allows us to set $\kappa_j$ sufficiently small to ensure that Conditions B3 and B4 hold throughout Phase 1.

Next, we consider Phase 2, which starts at some time $t_2$. At $t_2$, which is the finishing time of Phase 1, Conditions B3 and B4 hold. Let $B := \Xi_2(t_2)$. Note that by (32), when Conditions B1–B4 hold, there exist constants $C_1, C_2$ such that

$$\Xi_2(t) \geq C_1 \phi(p^t) + C_2 \sum_j \kappa_j \lambda_j p^*_j(v_j)^2. \tag{33}$$

We impose two additional conditions on $\kappa_j$:

B5. $\kappa_j$ are sufficiently small such that for all $j$, $\kappa_j \leq \frac{C_2 \lambda_j p^*_j}{101B}$.

B6. $\kappa_j$ are sufficiently small such that for all $j$, $\kappa_j \leq \frac{C_2 \psi}{2(26/D_1+4)B}$.

Suppose that at some time $t_3 > t_2$, Condition B3 ceases to hold. By our analysis of Phase 2, $\Xi_2$ decreases between times $t_2$ and $t_3$, so $\Xi_2(t_3) \leq B$.

If Condition B3 ceases to hold at $t_3$, as the warehouse contents change smoothly, there exists a good $\ell$ with $|\kappa_{\ell} v_{\ell}| = 1/10$, and for other goods Condition B3 remains valid. Thus we can still apply (33) with Condition B5 to yield

$$\Xi_2(t_3) \geq C_1 \phi(p^t) + C_2 \sum_j \kappa_j \lambda_j p^*_j(v_j)^2 = \frac{C_2 \lambda_{\ell} p^*_\ell |\kappa_{\ell} v_{\ell}|^2}{100\kappa_{\ell}} > B,$$

which is a contradiction.

If Condition B4 ceases to hold at $t_3$, as the warehouse contents change smoothly, $\sum_j p_j \lambda_j (\kappa_j v_j)^2 = \frac{1}{26/D_1+4} \psi$. Thus we can still apply (33) with Condition B6 to yield

$$\Xi_2(t_3) \geq C_2 \sum_j \kappa_j \lambda_j p^*_j(v_j)^2 \geq \frac{C_2}{1.9 \max_j \kappa_j} \sum_j p_j \lambda_j (\kappa_j v_j)^2 \geq \frac{C_2}{1.9 \kappa_{\ell}} \cdot \frac{1}{26/D_1+4} \psi > B,$$

which is a contradiction.

Thus, there does not exist $t_3 > t_2$ at which Condition B3 or B4 ceases to hold, i.e. the two conditions hold throughout Phase 1 and Phase 2.


C.4 Missing Proofs

Proof of Lemma 12: We start with the proof of (16). By Result (3) about Complementary CES markets (see the appendix on tatonnement):

\[
\phi^{-} - \phi^{+} \geq [\tilde{z}_{j} + (z_{j} - \tilde{z}_{j})](\Delta p_{j}) - \frac{1.5 x_{j}}{p_{j}}(\Delta p_{j})^{2}
\]

\[
\geq \tilde{z}_{j}(\Delta p_{j}) - \frac{1.5 x_{j}}{p_{j}}(\Delta p_{j})^{2} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|
\]

(34)

\[
= \frac{\tilde{z}_{j}(\tilde{z}_{j} - \kappa_{j} v_{j})}{\gamma_{j}^{t}} \Delta t_{j} - \frac{1.5 x_{j}}{p_{j}} \left( \frac{(\tilde{z}_{j} - \kappa_{j} v_{j})}{\gamma_{j}^{t}} \right)^{2} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|
\]

\[
\geq \frac{\tilde{z}_{j}(\tilde{z}_{j} - \kappa_{j} v_{j})}{\gamma_{j}^{t}} \Delta t_{j} - \frac{1}{2} \frac{(\tilde{z}_{j} - \kappa_{j} v_{j})^{2}}{\gamma_{j}^{t}} \Delta t_{j} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|
\]

(By Eqn. (13) and \( \Delta t_{j} \leq 1 \))

\[
= \frac{1}{2} \frac{(\tilde{z}_{j})^{2} \Delta t_{j}}{\gamma_{j}^{t}} - \frac{1}{2} \frac{(\kappa_{j} v_{j})^{2}}{\gamma_{j}^{t}} \Delta t_{j} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|.
\]

Next, we give the proof of (17). From (34):

\[
\phi^{-} - \phi^{+} \geq (\tilde{z}_{j} - \kappa_{j} v_{j})(\Delta p_{j}) - \frac{1.5 x_{j}}{p_{j}}(\Delta p_{j})^{2} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}| - |\kappa_{j} v_{j}| \cdot |\Delta p_{j}|
\]

\[
\geq \frac{\gamma_{j}^{t} \Delta p_{j}}{\Delta t_{j}} \cdot \Delta p_{j} - \frac{1.5 x_{j}}{p_{j}} \frac{1}{\gamma_{j}^{t}} \cdot \gamma_{j}^{t} (\Delta p_{j})^{2} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}| - \frac{1}{2} \left( \frac{2}{\gamma_{j}^{t}} + \frac{1}{2} \frac{\gamma_{j}^{t} (\Delta p_{j})^{2}}{\Delta t_{j}} \right)
\]

(For the last term use the AM-GM ineq.)

\[
\geq \frac{\gamma_{j}^{t} (\Delta p_{j})^{2}}{\Delta t_{j}} - \frac{1}{15} \frac{\gamma_{j}^{t} (\Delta p_{j})^{2}}{\Delta t_{j}} - \frac{1}{4} \frac{\gamma_{j}^{t} (\Delta p_{j})^{2}}{\Delta t_{j}} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|
\]

(For the second term use Eqn. (13) and \( \Delta t_{j} \leq 1 \))

\[
= \frac{41}{60} \frac{\gamma_{j}^{t} (\Delta p_{j})^{2}}{\Delta t_{j}} - \frac{(\kappa_{j} v_{j})^{2} \Delta t_{j}}{\gamma_{j}^{t}} - |z_{j} - \tilde{z}_{j}| \cdot |\Delta p_{j}|.
\]

\[\square\]
Proof of Equation (14): Note that \( \frac{dw_j}{dt} = -z_j^t. \)

\[
\frac{d\Xi_1}{dt} = -c_1 \sum_j \left( \frac{z_j^t}{\gamma_j^t} \right)^2 - c_2 \sum_j \sum_i \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} + \sum_j \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\kappa_j v_j^t)^2}{\gamma_j^t} - 2 \sum_j \frac{\kappa_j v_j^t z_j^t (t - \tau_j)}{\gamma_j^t} \]
\[
\leq -c_1 \sum_j \left( \frac{z_j^t}{\gamma_j^t} \right)^2 - c_2 \sum_j \sum_i \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} + \sum_j \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\kappa_j v_j^t)^2}{\gamma_j^t} + 2 \sum_j \frac{\kappa_j v_j^t |z_j^t|}{\gamma_j^t} \left[ (\kappa_j v_j^t)^2 + (z_j^t)^2 \right] \]
\[
= - \sum_j (c_1 - \kappa_j) \left( \frac{z_j^t}{\gamma_j^t} \right)^2 + \sum_j (1 + \kappa_j) \left( \frac{(\kappa_j v_j^t)^2}{\gamma_j^t} \right) - c_2 \sum_j \sum_i \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} \]

(For the last term use the AM-GM ineq.)

Proof of Lemma [13]

\[
\Xi_1^- - \Xi_1^+ = \Phi^- - \Phi^+ - c_1 \int_{\tau_j}^{t} \left( \frac{(z_j(t')^2)}{\gamma_j^t} \right) dt' + \sum_i \xi_j^t H_{kj, i} \left( p_j^{\tau_j^t} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} [2 - c_2(t - \beta_i)]
- 2 \sum_{k \neq j} \xi_k^t \cdot H_{jk}^{[i, \sigma_k]} \left( p_{kj}^{\tau_{kj}} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} + \frac{(\kappa_j v_j^t)^2 \Delta t_j}{\gamma_j^t} \left| \kappa_j v_j^t \right| \cdot |\Delta p_j| \]
\[
\geq \frac{1}{2} \left( \frac{41 \gamma_j^t (\Delta p_j)^2}{\Delta t_j} - \frac{(\kappa_j v_j^t)^2 \Delta t_j}{\gamma_j^t} + \frac{\gamma_j^t}{2} \right) \left| \frac{1}{2} \left( \frac{(z_j(t')^2)}{\gamma_j^t} \right) \right| - \frac{1}{2} \left| \frac{(z_j(t')^2)}{\gamma_j^t} \right| - \frac{(\kappa_j v_j^t)^2 \Delta t_j}{\gamma_j^t} - |z_j - \bar{z}_j| \cdot |\Delta p_j| \] \quad \text{(By Eqn. [17])}
\[
+ \frac{1}{2} \left( \frac{1}{2} \left( \frac{(z_j(t')^2)}{\gamma_j^t} \right) \right) \int_{\tau_j}^{t} \frac{(z_j(t')^2)}{\gamma_j^t} dt' + (2 - c_2) \sum_{i=1}^{m} \xi_j^t H_{kj, i} \left( p_{kj}^{\tau_{kj}} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}}
- 2 \sum_{k \neq j} \xi_k^t \cdot H_{jk}^{[i, \sigma_k]} \left( p_{kj}^{\tau_{kj}} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} + \frac{(\kappa_j v_j^t)^2 \Delta t_j}{\gamma_j^t} \left| \kappa_j v_j^t \right| \cdot |\Delta p_j| \]
\[
\geq \frac{41 \gamma_j^t (\Delta p_j)^2}{120 \Delta t_j} + \frac{1}{4} \left( \frac{(z_j(t')^2)}{\gamma_j^t} \right) \int_{\tau_j}^{t} \frac{(z_j(t')^2)}{\gamma_j^t} dt' - \frac{1}{F_2} \left( \frac{c_1 \int_{\tau_j}^{t} \left( \frac{(z_j(t')^2)}{\gamma_j^t} \right) dt'}{F_2} \right) - c_1 \int_{\tau_j}^{t} \frac{(z_j(t')^2)}{\gamma_j^t} dt' \]
\[
+ (2 - c_2) \sum_{i=1}^{m} \xi_j^t H_{kj, i} \left( p_{kj}^{\tau_{kj}} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} - 2 \sum_{k \neq j} \xi_k^t \cdot H_{jk}^{[i, \sigma_k]} \left( p_{kj}^{\tau_{kj}} \right) \frac{(\Delta p_{kj})^2}{\Delta t_{kj}} \]

Note that \( F_1, F_2 \) and \( F_3 \) are similar to the terms \( E_1, E_2 \) and \( E_3 \) in the proof of Lemma 4. We can bound \( F_1, F_2, F_3 \) similarly to the way we bounded \( E_1, E_2, E_3 \).
Recall from the proof of Lemma 4 that \( V_2 := \sum_{i=1}^m \xi_j \beta H_{k_{i,j}}^{[\beta_i]} (p_{j_i}^{\tau_j}) (\Delta p_{k_i})^2 / \Delta t_{k_i} \). We derive the following bounds:

\[
F_1 \leq 2\varepsilon_n \gamma_j (\Delta p_j)^2 + V_2;
\]

\[
F_2 \leq c_1 (1 + 4\varepsilon_n) / \gamma_j \frac{(\Delta p_j)^2}{\Delta t_j} + c_1 (2 + 8\varepsilon_n) V_2;
\]

\[
F_3 \leq 2\varepsilon r \gamma_j (\Delta p_j)^2 / \Delta t_j.
\]

Thus

\[
\Xi^- - \Xi^+ \geq \left( \frac{41}{120} - 2\varepsilon_n - 2\varepsilon r \right) / \gamma_j \frac{(\Delta p_j)^2}{\Delta t_j} + \left( \frac{1}{4} - c_1 (1 + 4\varepsilon_n) \right) / \gamma_j \frac{(\Delta p_j)^2}{\Delta t_j} + \left( 1 - c_2 - c_1 (2 + 8\varepsilon_n) \right) V_2.
\]

Note that by Eqs. (13) and (15), \( 2\varepsilon r + 2\varepsilon_n = 0.304 < \frac{41}{120}, 1 + 4\varepsilon_n < 1.4 \) and \( 2 + 8\varepsilon_n < 2.7 \). The result now follows.

**Proof of Lemma 16**: This proof is similar to the one of Lemma 13, we only point out the key steps.

\[
\Phi^- - \Phi^+ \geq \phi^- - \phi^+ - c_1 \int_{\tau_j}^t \lambda_j p_j (z_j (t'))^2 dt' + (6 - c_2) \sum_{i} \xi_j \beta H_{k_{i,j}}^{[\beta_i]} (p_{j_i}^{\tau_j}) (\Delta p_{k_i})^2 / \Delta t_{k_i}
\]

\[
- 6 \sum_{k \neq j} \xi_j \beta H_{k_{j,k}}^{[\beta_\sigma_k]} (p_{k_j}^{\tau_k}) (\Delta p_{k_j})^2 / \Delta t_{k_j}
\]

\[
\geq \frac{9}{10} \left( \frac{41}{60} \frac{(\Delta p_j)^2}{\lambda_j p_j \Delta t_j} - \lambda_j p_j (\Delta p_j)^2 / \Delta t_j - |z_j - \tilde{z}_j| \cdot |\Delta p_j| \right) \quad \text{(By Eqn. (17))}
\]

\[
+ \frac{1}{10} \left( \frac{1}{12} \lambda_j p_j (\tilde{z}_j)^2 \Delta t_j - \frac{1}{2} \lambda_j p_j (\Delta p_j)^2 / \Delta t_j - |z_j - \tilde{z}_j| \cdot |\Delta p_j| \right) \quad \text{(By Eqn. (16))}
\]

\[
c_1 \int_{\tau_j}^t \lambda_j p_j (z_j (t'))^2 dt' + (6 - c_2) \sum_{i} \xi_j \beta H_{k_{i,j}}^{[\beta_i]} (p_{j_i}^{\tau_j}) (\Delta p_{k_i})^2 / \Delta t_{k_i}
\]

\[
- 6 \sum_{k \neq j} \xi_j \beta H_{k_{j,k}}^{[\beta_\sigma_k]} (p_{k_j}^{\tau_k}) (\Delta p_{k_j})^2 / \Delta t_{k_j}
\]

\[
\geq \frac{123}{200} \frac{(\Delta p_j)^2}{\lambda_j p_j \Delta t_j} + \frac{1}{20} \lambda_j p_j (\tilde{z}_j)^2 \Delta t_j - \frac{19}{20} \lambda_j p_j (\Delta p_j)^2 / \Delta t_j - |z_j - \tilde{z}_j| \cdot |\Delta p_j|
\]

\[
f_{F_1}
\]

\[
f_{F_2}
\]

\[
f_{F_3}
\]

\[
33
\]
Then we apply the bounds on $F_1, F_2, F_3$ in the proof of Lemma 13 to show that

$$
\Phi^- - \Phi^+ \geq \left(\frac{123}{200} - 2\epsilon_n - 6\epsilon_f\right) \frac{(\Delta p_j)^2}{\lambda_j p_j} \Delta t_j + \left(\frac{1}{20} - c_1(1 + 4\epsilon_n)\right) \lambda_j p_j (\tilde{z}_j)^2 \Delta t_j - \frac{19}{20} \lambda_j p_j (\kappa_j v_j)^2 \Delta t_j + (5 - c_2 - c_1(2 + 8\epsilon_n)) V_2.
$$

Note that $\frac{123}{200} - 2\epsilon_n - 6\epsilon_f = 0.039, 1 + 4\epsilon_n < 1.4$ and $2 + 8\epsilon_n < 2.7$; the lemma now follows. \[\blacksquare\]

**Proof of Equation (26):** Note that $\frac{dv_j}{dt} = -\tilde{z}_j$.

$$
\frac{dW}{dt} = \sum_j p_j^* \left[\frac{2\kappa_j}{\lambda_j} (f_j + \lambda_j v_j) (\lambda_j v_j)^2 - c_3 \lambda_j (\kappa_j v_j)^2 + 2c_3 \lambda_j (\kappa_j v_j)^2 \tilde{z}_j^j(t - \tau_j) + 2\kappa_j \lambda_j v_j^j \tilde{z}_j^j\right]
$$

$$
\leq \sum_j p_j^* \left[2\kappa_j |f_j| |v_j| (\lambda_j v_j)^2 - c_3 \lambda_j (\kappa_j v_j)^2 + 2c_3 \lambda_j (\kappa_j v_j)^2 (|z_j^j|)\right]
$$

$$
\leq \sum_j p_j^* \left[\kappa_j \left(\frac{(f_j)^2}{R_1} + R_1 (s_j^j)^2\right) - c_3 \lambda_j (\kappa_j v_j)^2 + c_3 \lambda_j \kappa_j (|z_j^j^j|^2 + (z_j^j)^2)\right]
$$

$$
= -c_3 \sum_j (1 - \kappa_j) \lambda_j p_j^* (\kappa_j v_j)^2 + \sum_j (R_1 + c_3 \lambda_j) \kappa_j p_j^* (z_j^j)^2 + \frac{1}{R_1} \sum_j \kappa_j p_j^* (f_j)^2.
$$

\[\blacksquare\]

**Proof of Lemma 17:** At the price update, $f_j^+ = f_j^- + \ln(1 + \lambda_j (\tilde{z}_j - \kappa_j v_j) \Delta t_j)$. Note that in Phase 2, $|\lambda_j (\tilde{z}_j - \kappa_j v_j) \Delta t_j| \leq 1/60$ and hence $\ln(1 + \lambda_j (\tilde{z}_j - \kappa_j v_j) \Delta t_j) = (1 + \chi) \lambda_j (\tilde{z}_j - \kappa_j v_j) \Delta t_j$ for some $\chi$ with $|\chi| \leq \frac{1}{100}\[9\]$ Then

$$
W^- - W^+ = p_j^* \left[\frac{\kappa_j}{\lambda_j} [(f_j + \lambda_j v_j)^2 - (f_j + (1 + \chi) \lambda_j (\tilde{z}_j - \kappa_j v_j) \Delta t_j + \lambda_j v_j)^2]\right]
$$

$$
- c_3 \lambda_j (\kappa_j v_j)^2 \Delta t_j + 2\kappa_j \lambda_j \int_{\tau_j}^t v_j(t') \tilde{z}_j(t') dt'.
$$

Let $\tilde{z}_j$ be the average excess demand for good $j$ between times $\tau_j$ and $t$, i.e. $\tilde{z}_j := \frac{1}{t_{1} - t_{1}} \int_{t_{1}}^{t_{2}} z_j(t') dt'$. Note that $v_j(\tau_j) = v_j(t) + \tilde{z}_j \Delta t_j$ and $\frac{dv_j}{dt} = -z_j$. We use integration by substitution to evaluate the integral in the above formula:

$$
\int_{\tau_j}^{t} v_j(t') \tilde{z}_j(t') dt' = -\int_{v_j(\tau_j)}^{v_j(t)} v_j dv = \frac{1}{2} (v_j(\tau_j)^2 - v_j(t)^2) = v_j \tilde{z}_j \Delta t_j + \frac{1}{2} (\tilde{z}_j^2) \Delta t_j^2.
$$

---

*There is one minor difference: $\gamma_j^p$ is replaced by $1/(\lambda_j p_j)$. Also, $F_3'$ is three times the value of $F_3$, so the bound on $F_3'$ is amplified accordingly.

*When $|y| \leq \frac{1}{100}$, $\ln(1 + y) \in \left[1 - \frac{1}{100}, 1 + \frac{1}{100}\right] \cdot y$.**
By direct expansion and regrouping terms, we have

\[
W^- - W^+ = p_j^* \Delta t_j \left\{ \begin{array}{l}
2(1 + \chi) - (1 + \chi)^2 \kappa_j \Delta t_j - c_3 \lambda_j (\kappa_j v_j)^2 + [(\bar{z}_j)^2 - (\bar{z}_j)^2] \kappa_j \lambda_j \Delta t_j \\
- (2\chi + \chi^2) \kappa_j \lambda_j (\bar{z}_j)^2 \Delta t_j + 2\lambda_j (\bar{z}_j - \bar{z}_j) \kappa_j v_j \\
+ [1(1 + \chi)^2 \kappa_j \Delta t_j - \chi] \cdot 2\lambda_j \bar{z}_j \kappa_j v_j - 2(1 + \chi) \kappa_j f_j (\bar{z}_j - \kappa_j v_j) \\
\end{array} \right\} \\
\geq p_j^* \Delta t_j \left\{ \begin{array}{l}
2(1 + \chi) - (1 + \chi)^2 \kappa_j \Delta t_j - c_3 \lambda_j (\kappa_j v_j)^2 - \frac{\kappa_j \lambda_j [(\bar{z}_j)^2 - (\bar{z}_j)^2]}{G_i} \\
- \frac{2\chi + \chi^2 \cdot \kappa_j \lambda_j (\bar{z}_j)^2 - 2(\bar{z}_j - \bar{z}_j) \cdot |\lambda_j \kappa_j v_j|}{G_2} \\
- \frac{2(1 + \chi)^2 \kappa_j \Delta t_j - \chi \lambda_j |\bar{z}_j| \cdot |\kappa_j v_j| - 2(1 + \chi) \kappa_j f_j \cdot |\bar{z}_j - \kappa_j v_j|}{G_3} \\
\end{array} \right\} \\
\]

Next, we bound the terms \(G_1, G_2, G_3, G_4, G_5\). Recall the notations we use in the proof of Lemma 4 \(V_1 := \sum_{k<j} \frac{1}{\xi_{ij}} H_{k,j}^{[r,t]} (p_j^t)\) and \(V_2 := \sum_{i=1}^m \sum_j \xi_{ij} H_{k,i,j}^{[\beta,t]} (\frac{(\Delta p_{kj})^2}{\Delta t_{kj}})\).

\(G_1 \leq \kappa_j \lambda_j \left( (\bar{z}_j - \bar{z}_j)^2 + \frac{2}{\lambda_j p_j} |\lambda_j p_j \bar{z}_j| \cdot |\bar{z}_j - \bar{z}_j| \right) \leq \kappa_j \lambda_j \left( 8V_1 V_2 + \frac{2}{\lambda_j p_j} \left( 2(\lambda_j p_j \bar{z}_j)^2 V_1 + V_2 \right) \right) \quad (\text{By Eqns. (5) and (1)})

\( \leq \kappa_j \lambda_j \left( 8 \frac{\epsilon_n}{\lambda_j p_j} V_2 + 4\epsilon_n (\bar{z}_j)^2 \frac{2}{\lambda_j p_j} V_2 \right) \quad (\text{as by Cond. (A2), } V_1 \leq \epsilon_n \gamma_j^2 = \epsilon_n / (\lambda_j p_j)) = 4\epsilon_n \kappa_j \lambda_j (\bar{z}_j)^2 + \frac{(2 + 8\epsilon_n)\kappa_j}{p_j} V_2. \)

To bound \(G_2\), note that \(|\chi| \leq 1/100\) and \(\kappa_j \leq 1/600\) imply that \(\kappa_j |2\chi + \chi^2| \leq 0.000035\), and hence \(G_2 \leq 0.0000335 \lambda_j (\bar{z}_j)^2.\)

\(G_3 = \frac{2}{p_j} |\bar{z}_j - \bar{z}_j| \cdot |\lambda_j p_j \kappa_j v_j| \leq \frac{2}{p_j} \left( 2(\lambda_j p_j \kappa_j v_j)^2 V_1 + V_2 \right) \quad (\text{By Eqn. (1)}) \leq \frac{2}{p_j} \left( 2(\lambda_j p_j \kappa_j v_j)^2 \frac{\epsilon_n}{\lambda_j p_j} + V_2 \right) = 4\epsilon_n \lambda_j (\kappa_j v_j)^2 + \frac{2}{p_j} V_2. \)

To bound \(G_4\), note that \(|\chi| \leq 1/100\), \(\kappa_j \leq 1/600\) and \(\Delta t_j \leq 1\) imply that \(|(1 + \chi)^2 \kappa_j \Delta t_j - \chi| \leq 0.0117.\) Then by AM-GM inequality, \(G_4 \leq 0.0117 \lambda_j (\bar{z}_j)^2 + 0.0117 \lambda_j (\kappa_j v_j)^2.\)
The lemma follows.

\[ G_5 = 2(1 + \chi) \frac{\kappa_j}{\lambda_j p_j} |f_j| \cdot |\lambda_j p_j (\bar{z}_j - \kappa_jv_j)| \]
\[ = 2(1 + \chi) \frac{\kappa_j}{\lambda_j p_j} |f_j| \cdot \left| \frac{\Delta p_j}{\Delta t_j} \right| \]
\[ \leq \frac{101}{100} \frac{\kappa_j}{\lambda_j p_j} \left( \frac{\kappa_j p_j (f_j)^2}{R_2} + \frac{R_2 (\Delta p_j)^2}{\kappa_j p_j (\Delta t_j)^2} \right). \] (by the AM-GM ineq.)

Combining all the above bounds yields

\[ W^- - W^+ \geq \left[ 2(1 + \chi) - (1 + \chi)^2 \kappa_j \Delta t_j - c_3 - 4\epsilon_n - 0.0117 \right] \frac{p_j^*}{p_j} \lambda_j p_j (\kappa_j v_j)^2 \Delta t_j \]
\[ - \left( 0.0118 + 4\epsilon_n \kappa_j \right) \frac{p_j^*}{p_j} \lambda_j p_j (\bar{z}_j)^2 \Delta t_j \]
\[ - \frac{101}{100} \frac{\kappa_j}{\lambda_j} \cdot \frac{p_j^*}{p_j} \left( \frac{\kappa_j p_j (f_j)^2}{R_2} \Delta t_j + \frac{R_2 (\Delta p_j)^2}{\kappa_j p_j (\Delta t_j)^2} \right). \]

Note the following:

- \(|\chi| \leq 1/100, \kappa_j \leq 1/600 \) and \( \Delta t_j \leq 1 \) imply that \( 2(1 + \chi) - (1 + \chi)^2 \kappa_j \Delta t_j \geq 1.9783. \)

Also, recall that \( \epsilon_n = 0.084. \) Thus \( 2(1 + \chi) - (1 + \chi)^2 \kappa_j \Delta t_j - c_3 - 4\epsilon_n - 0.0117 \] \( \frac{p_j^*}{p_j} \geq \frac{1.6306 - c_3}{1.9} \geq 0.858 - c_3/1.9. \)

- \( \epsilon_B = 0.084 \) and \( \kappa_j \leq 1/600 \) imply that \( (0.0118 + 4\epsilon_B \kappa_j) \frac{p_j^*}{p_j} \leq 0.01236 \times 1.9 \leq 0.0235. \)

- \( \epsilon_B = 0.084 \) and \( \kappa_j \leq 1/600 \) imply that \( \frac{(2 + 2\kappa_j + 8\epsilon_B \kappa_j) p_j^*}{p_j} \leq 2.00446 \times 1.9 \leq 3.809. \)

- \( \frac{101}{100} \cdot \frac{p_j^*}{p_j} \leq 1.92. \)

The lemma follows. \( \square \)

In the proofs of Equations (30) and (31) below, we need the following bound on \((\bar{z}_j)^2\):

\[ (\bar{z}_j)^2 - (z_j)^2 = (\bar{z}_j - z_j)^2 - 2z_j (z_j - \bar{z}_j) \]
\[ \leq 8V_1 V_2 + \frac{1}{5\lambda_j p_j} |10\lambda_j p_j z_j| \cdot |z_j - \bar{z}_j| \] (by Eqn. 35)
\[ \leq \frac{8\epsilon_B}{\lambda_j p_j} V_2 + \frac{1}{5\lambda_j p_j} (200(\lambda_j p_j)^2 (z_j)^2 V_1 + V_2) \] (as \( V_1 \leq \epsilon_n/\lambda_j p_j))
\[ \leq \frac{0.672}{\lambda_j p_j} V_2 + \frac{0.872}{\lambda_j p_j} \sum_i \xi_j^{\beta_i} H_{k,j}^{[\beta_i, \sigma_j]} \left( p_j^{\tau_j} \right) \frac{(\Delta p_{k_j})^2}{\Delta t_{k_i}} \]
\[ = 3.36(z_j)^2 + \frac{0.872}{\lambda_j p_j} \sum_i \xi_j^{\beta_i} H_{k,j}^{[\beta_i, \sigma_j]} \left( p_j^{\tau_j} \right) \frac{(\Delta p_{k_j})^2}{\Delta t_{k_i}}, \]

and hence

\[ \lambda_j p_j (\bar{z}_j)^2 \leq 4.36 \lambda_j p_j (z_j)^2 + 0.872 \sum_i \xi_j^{\beta_i} H_{k,j}^{[\beta_i, \sigma_j]} \left( p_j^{\tau_j} \right) \frac{(\Delta p_{k_j})^2}{\Delta t_{k_i}}. \] (35)
Proof of Equation (30): By Lemma 3 if \( 2 - c_2 \geq 2.7c_1 \), then
\[
\phi(p') - c_1 \sum_j \int_{\tau_j}^t \lambda_j p_j(z_j(t'))^2 \, dt' + \sum_j \sum_i \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}} \geq (2 - c_2(t - \beta_i))[2 - c_2(t - \beta_i)] \geq (1 - 2.7c_1)\phi(p').
\]
Thus, \( \Phi, \) as defined in (24), satisfy
\[
\Phi = \phi(p') - c_1 \sum_j \int_{\tau_j}^t \lambda_j p_j(z_j(t'))^2 \, dt' + \sum_j \sum_i \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}} \geq (1 - 2.7c_1)\phi(p') + 4 \sum_j \sum_i \sum_{j} \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}.
\]

\[W = \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j + \lambda_j v_j)^2 - c_3 \sum_j \lambda_j p_j^* (\lambda_j v_j)^2 (t - \tau_j) + 2 \sum_j \kappa_j \lambda_j p_j^* \int_{\tau_j}^t v_j(t') z_j(t') \, dt' \]
\[\geq \sum_j \frac{\kappa_j}{\lambda_j} p_j^* \left( \frac{(\lambda_j v_j)^2}{2} - (f_j)^2 \right) - c_3 \sum_j \lambda_j p_j^* (\lambda_j v_j)^2 + 2 \sum_j \kappa_j \lambda_j p_j^* \left( v_j \bar{z}_j(t - \tau_j) + \frac{1}{2} (\bar{z}_j)^2 (t - \tau_j)^2 \right) \]
\[\geq \sum_j \left( \frac{1}{2} - c_3 \kappa_j \right) \lambda_j \kappa_j p_j^* (v_j)^2 - \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 \]
\[+ 2 \sum_j \kappa_j \lambda_j p_j^* \left( -\frac{1}{6} (v_j)^2 - \frac{3}{2} (\bar{z}_j)^2 (t - \tau_j)^2 + \frac{1}{2} (\bar{z}_j)^2 (t - \tau_j)^2 \right) \quad \text{(by the AM-GM ineq.)} \]
\[\geq \sum_j \left( \frac{1}{6} - c_3 \kappa_j \right) \lambda_j \kappa_j p_j^* (v_j)^2 - \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 \]
\[\geq \sum_j \left( \frac{1}{6} - c_3 \kappa_j \right) \lambda_j \kappa_j p_j^* (v_j)^2 - \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 \]
\[- 3.8 \sum_j \kappa_j \left( 4.36 \lambda_j p_j(z_j)^2 + 0.872 \sum_i \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}} \right) \quad \text{(by eqn. (35))} \]
\[\geq \sum_j \left( \frac{1}{6} - c_3 \kappa_j \right) \lambda_j \kappa_j p_j^* (v_j)^2 - \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 \]
\[- 16.6 \sum_j \kappa_j \lambda_j p_j(z_j)^2 - 3.314 \sum_i \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}. \]

Recall that \( \Xi_2 = \Phi + 1.2W + 0.1212 \sum_j \frac{\kappa_j p_j^* (f_j)^2}{\kappa_j} (t - \tau_j) \geq \Phi + 1.2W \). With the two inequalities above, the result follows.

Proof of Equation (31): It follows immediately from (24) that
\[
\Phi \leq \phi(p') + 6 \sum_i \sum_j \sum_{j} \xi^\beta_j H^{[\beta_i,\sigma_j]}_{k_i,j} (p_j^{\tau_j}+) \frac{(\Delta p_{k_i})^2}{\Delta t_{k_i}}.
\]
\[ W = \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j + \lambda_j v_j)^2 - c_3 \sum_j \lambda_j p_j^* (\kappa_j v_j)^2 (t - \tau_j) + 2 \sum_j \kappa_j \lambda_j p_j^* \int_{\tau_j}^{t} v_j(t') z_j(t') \, dt' \]

\[ \leq 2 \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 + 2 \sum_j \kappa_j \lambda_j p_j^* (v_j)^2 + 2 \sum_j \kappa_j \lambda_j p_j^* \left( v_j z_j(t - \tau_j) + \frac{1}{2} (\bar{z}_j)^2 (t - \tau_j)^2 \right) \]

\[ \leq 2 \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 + 2 \sum_j \kappa_j \lambda_j p_j^* (v_j)^2 + 2 \sum_j \kappa_j \lambda_j p_j^* \left( \frac{1}{2} (v_j)^2 + \frac{1}{2} (\bar{z}_j)^2 (t - \tau_j)^2 + \frac{1}{2} (\bar{z}_j)^2 (t - \tau_j)^2 \right) \]

\[ \leq 2 \sum_j \frac{\kappa_j}{\lambda_j} p_j^* (f_j)^2 + 3 \sum_j \kappa_j \lambda_j p_j^* (v_j)^2 \]

\[ + 16.6 \sum_j \kappa_j \lambda_j p_j (z_j)^2 + 3.314 \sum_i \xi_i H_{k,i}^\beta \sigma_j (p_j^*) \left( \frac{\Delta p_k}{\Delta t_k} \right) \]

Recall that \( \Xi_2 = \Phi + 1.2 W + 0.1212 \sum_j \frac{\kappa_j p_j^*(f_j)^2}{R_2} (t - \tau_j) \leq \Phi + 1.2 W + 0.1212 \sum_j \frac{\kappa_j p_j^*(f_j)^2}{R_2} \). With the two inequalities above, the result follows.

To prove Lemma 19, we need the following lemma.

**Lemma 19.** For all \( p' \in R(1.9) \), \( \phi(p') \geq \frac{1 - \theta}{13.28} \sum_j p_j^* (f_j)^2 \).

**Proof:** Let \( x_{ij}(p') \) be the demand for good \( j \) of buyer \( i \) at price \( p' \). Note that

\[
\frac{\partial^2 \phi}{\partial(p_j)^2}(p') = \sum_i \left( \frac{\theta_i x_{ij}(p')}{e_i} + \frac{(1 - \theta_i) x_{ij}(p')}{p_j} \right) \quad \text{and} \quad \frac{\partial^2 \phi}{\partial p_j \partial p_k}(p') = \sum_i \frac{\theta_i x_{ij}(p') x_{ik}(p')}{e_i}.
\]

Let \( A^i(p') \) denote the matrix with \( A^i_{jk}(p') = x_{ij}(p') x_{ik}(p') \). Let \( B^i(p') \) denote the diagonal matrix with \( B^i_{jj}(p') = x_{ij}(p')/p_j \). Then the Hessian of \( \phi \) at \( p' \), which we denote it by \( H(p') \), is \( \sum_i \theta_i A^i(p') + \sum_i (1 - \theta_i) B^i(p') \).

There are two key observations: first that \( A^i \) is positive semi-definite and second that \( \sum_i (1 - \theta_i) B^i(p') \) majorizes \( (1 - \tilde{\theta}) \sum_i B^i(p') \), where \( \tilde{\theta} = \max_i \theta_i \). Hence \( H(p') \) majorizes \( (1 - \tilde{\theta}) \sum_i B^i(p') \), where \( B_{jj}(p') := (1 - \tilde{\theta}) B^{j,j}(p') \), where \( B_{jj}(p') = x_j(p')/p_j \). As \( p' \in R(1.9) \), \( x_j(p') \geq 1/1.9 \) and \( p_j' \leq 1.9 p_j^* \). Hence \( B_{jj}(p') \geq \frac{1}{1.9^2 p_j^*} \).

Next, consider the function \( \bar{\phi}(p) = \phi(p) - \sum_j \frac{1 - \theta}{13.28} (p_j - p_j^*)^2 \). Observe that for all \( J, \)

\[ \frac{\partial^2 \bar{\phi}}{\partial p_j^2}(p^*) = 0 \] and the Hessian of \( \bar{\phi} \) at every \( p' \in R \) majorizes the zero matrix; consequently, \( \bar{\phi} \)
is convex in $R(1.9)$, and $p^*$ is its minimum point. Note that $\bar{\phi}(p^*) = 0$, so for all $p' \in R(1.9)$, $\phi(p') \geq \sum_j \frac{1 - d}{1 + z_j f_j} (p'_j - p^*_j)^2$.

Since $\left(\frac{p'_j - p^*_j}{p^*_j}\right)^2 \geq 0.544 \ln^2 \frac{p'_j}{p^*_j} = 0.544 (f_j)^2$, $\phi(p') - \phi^* \geq \frac{1 - d}{1 + 0.544} \sum_j p^*_j (f_j)^2$.

**Proof of Lemma 18.** \cite{6} Lemma 6.3 showed that for all $p' \in R(1.9)$, $\phi(p') \leq \max \left\{ 2, \frac{\bar{\phi}}{2(1 + d - 2\bar{\theta})} \right\}$.

Combining this with Lemma 19 yields the result.