

Complementary Slackness

Lemma 41

Assume a linear program $P = \max\{c^T x \mid Ax \leq b; x \geq 0\}$ has solution x^* and its dual $D = \min\{b^T y \mid A^T y \geq c; y \geq 0\}$ has solution y^* .

1. If $x_j^* > 0$ then the j -th constraint in D is tight.
2. If the j -th constraint in D is not tight then $x_j^* = 0$.
3. If $y_i^* > 0$ then the i -th constraint in P is tight.
4. If the i -th constraint in P is not tight then $y_i^* = 0$.

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If we say that a variable x_j^* (y_i^*) has slack if $x_j^* > 0$ ($y_i^* > 0$), (i.e., the corresponding variable restriction is not tight) and a constraint has slack if it is not tight, then the above says that for a primal-dual solution pair it is not possible that a constraint **and** its corresponding (dual) variable has slack.

Proof: Complementary Slackness

Analogous to the proof of weak duality we obtain

$$c^T x^* \leq y^{*T} A x^* \leq b^T y^*$$

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From the constraint of the dual it follows that $y^T A \geq c^T$. Hence the left hand side is a sum over the product of non-negative numbers. Hence, if e.g. $(y^T A - c^T)_j > 0$ (the j -th constraint in the dual is not tight) then $x_j^* = 0$ (2.). The result for (1./3./4.) follows similarly.

Interpretation of Dual Variables

- ▶ Brewer: find mix of ale and beer that maximizes profits

$$\begin{aligned} \max \quad & 13a + 23b \\ \text{s.t.} \quad & 5a + 15b \leq 480 \\ & 4a + 4b \leq 160 \\ & 35a + 20b \leq 1190 \\ & a, b \geq 0 \end{aligned}$$

- ▶ Entrepreneur: buy resources from brewer at minimum cost
 C, H, M : unit price for corn, hops and malt.

$$\begin{aligned} \min \quad & 480C + 160H + 1190M \\ \text{s.t.} \quad & 5C + 4H + 35M \geq 13 \\ & 15C + 4H + 20M \geq 23 \\ & C, H, M \geq 0 \end{aligned}$$

Note that brewer won't sell (at least not all) if e.g.
 $5C + 4H + 35M < 13$ as then brewing ale would be advantageous.

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Interpretation of Dual Variables

Marginal Price:

- ▶ How much money is the brewer willing to pay for additional amount of Corn, Hops, or Malt?
- ▶ We are interested in the marginal price, i.e., what happens if we increase the amount of Corn, Hops, and Malt by ϵ_C , ϵ_H , and ϵ_M , respectively.

The profit increases to $\max\{c^T x \mid Ax \leq b + \epsilon; x \geq 0\}$. Because of strong duality this is equal to

$$\begin{array}{ll} \min & (b^T + \epsilon^T)y \\ \text{s.t.} & A^T y \geq c \\ & y \geq 0 \end{array}$$

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Interpretation of Dual Variables

If ϵ is “small” enough then the optimum dual solution y^* might not change. Therefore the profit increases by $\sum_i \epsilon_i y_i^*$.

Therefore we can interpret the dual variables as **marginal prices**.

Note that with this interpretation, complementary slackness becomes obvious.

If the farmer has slack of some resource (i.e. only 1000 kg of land) he is not willing to pay anything for it (corresponding dual variable is zero).

If the dual variable for some resource is non-zero, then an increase of this resource increases the profit of the farmer. Hence, it makes no sense to have a surplus of this resource. Therefore, complementary slackness holds.

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• If $y_i^* > 0$, then the i -th constraint is binding. The firm is not willing to pay anything for it (corresponding dual variable is zero).

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- ▶ If the brewer has slack of some resource (e.g. corn) then he is not willing to pay anything for it (corresponding dual variable is zero).
- ▶ If the dual variable for some resource is non-zero, then an increase of this resource increases the profit of the brewer. Hence, it makes no sense to have left-overs of this resource. Therefore its slack must be zero.

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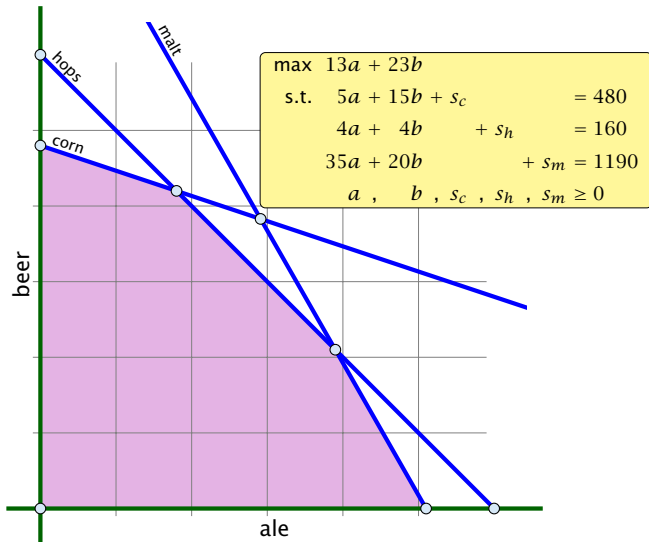
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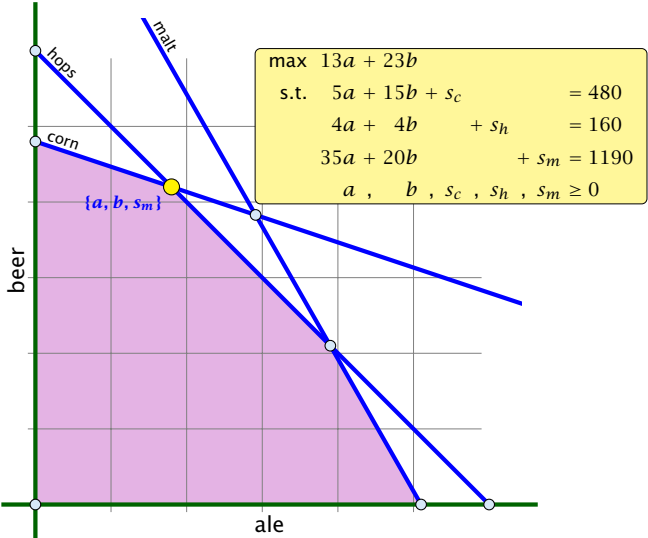
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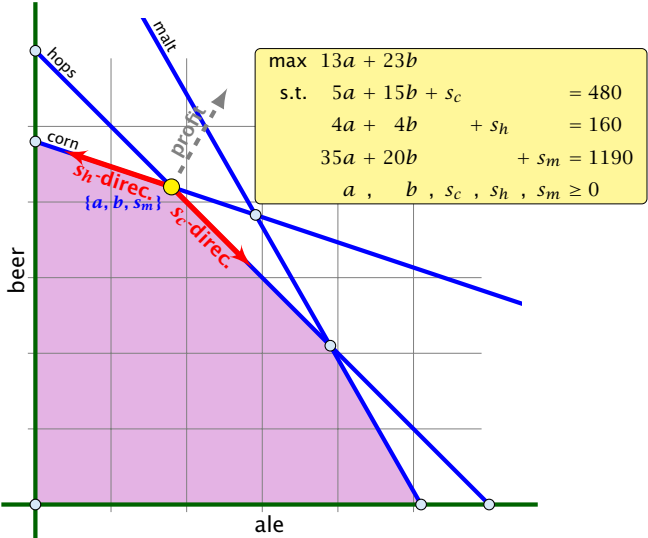
Example



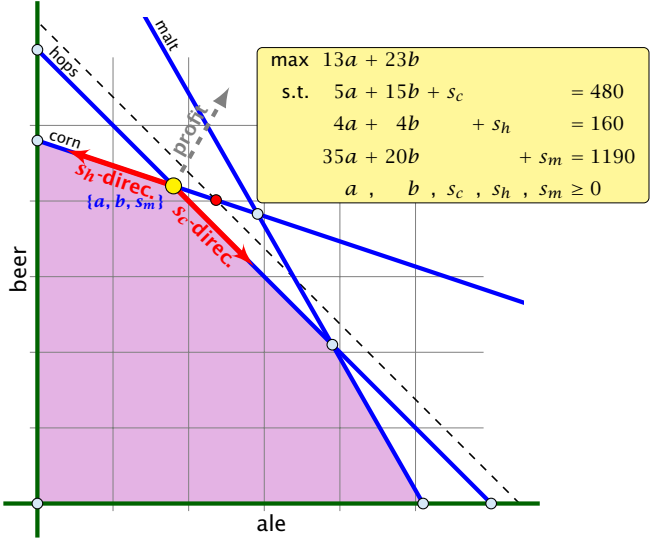
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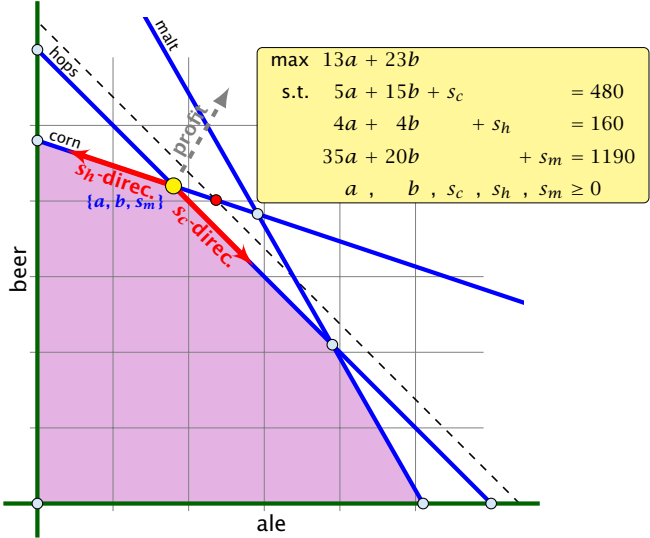
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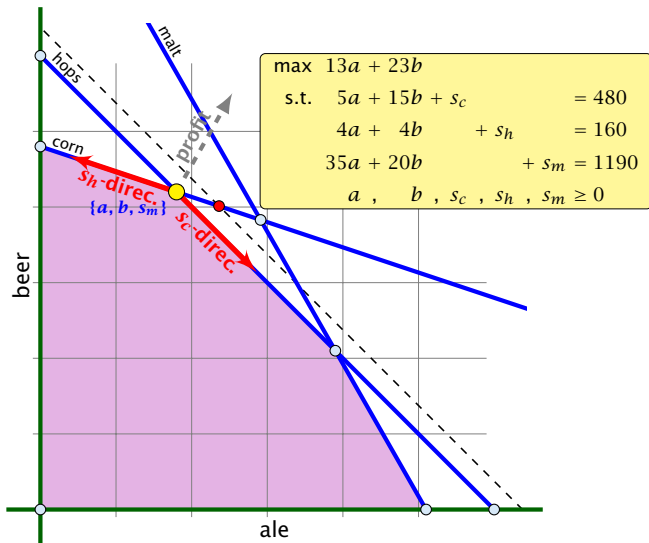
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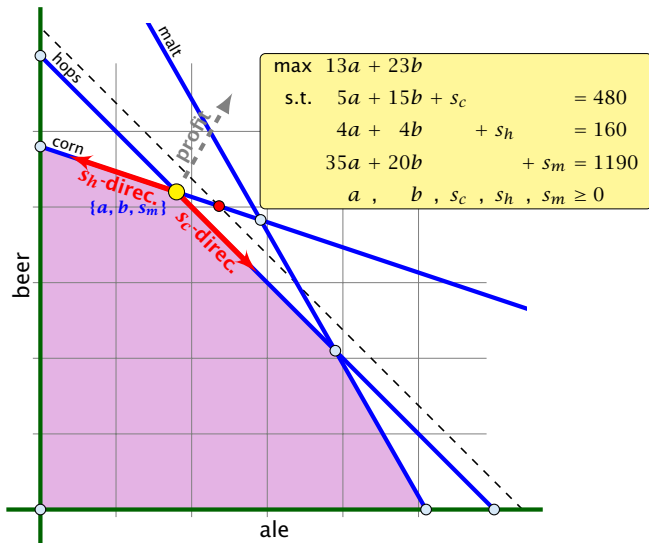
Example



The change in profit when increasing hops by one unit is

$$= c_B^T A_B^{-1} e_h.$$

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The change in profit when increasing hops by one unit is

$$= \underbrace{c_B^T A_B^{-1}}_{y^*} e_h.$$

Of course, the previous argument about the increase in the primal objective only holds for the non-degenerate case.

If the optimum basis is degenerate then increasing the supply of one resource may not allow the objective value to increase.