

Contents

Numbering System	xi
Acronyms	xiii
Glossary of Notation	xv
Preface	xxi
1 Introduction	1
1.1 Problem Formulation	1
1.2 Source Problems	9
1.3 Equivalent Constraint Formulations	34
1.3.1 MPEC in normal form	35
1.3.2 MPEC in KKT form	38
1.3.3 Merit functions for CP/VI	51
1.3.4 Monotonicity and the implicit form	54
1.4 Existence of Optimal Solutions	57
2 Exact Penalization of MPEC	61
2.1 General Exact Penalty Results	63
2.2 Penalty Results for MPEC	70
2.3 Improved Error Bounds	74
2.3.1 Hoffman’s error bound for linear systems	78
2.3.2 Error bounds for AVI and LCP	81
2.3.3 Error bounds for a quadratic system	87
2.3.4 Error bounds for NCP	95
2.4 Improved Penalty Results for MPEC	102

viii	Contents
2.4.1	AVI constrained mathematical program 102
2.4.2	NCP constrained mathematical program 108
2.4.3	Optimality conditions: preliminary discussion 109
3	First-Order Optimality Conditions 113
3.1	Elementary Stationarity Concepts 114
3.2	The Tangent Cone 118
3.3	Stationarity Under the Full CQ for MPEC 126
3.3.1	Primal-dual characterization of stationarity 129
3.4	More About the KKT Formulation of MPEC 137
4	Verification of MPEC Hypotheses 145
4.1	AVI Constrained Mathematical Program 146
4.2	An Implicit Programming Approach 151
4.2.1	B-differentiable functions 154
4.2.2	Key implicit assumption 157
4.2.3	Piecewise smooth functions and degree theory 159
4.2.4	Existence of a piecewise smooth implicit function . . 172
4.2.5	Calculation of directional derivatives 186
4.2.6	Verification of CQs for MPEC 193
4.2.7	More on strong coherent orientation 196
4.3	A Piecewise Programming Approach 206
4.3.1	Uniqueness of MPEC multipliers 213
4.4	An Exact Penalty Equivalent of Order 1 219
5	Second-Order Optimality Conditions 223
5.1	Review of Second-Order NLP Optimality Theory 224
5.2	AVI Constrained Mathematical Program 227
5.3	NCP Constrained Mathematical Program 233
5.4	Implicit Programming Based Results 242
5.5	KKT Constrained Mathematical Program 254
5.6	A Piecewise Programming Approach 258
5.6.1	Sufficiency based on the relaxed NLP 265
6	Algorithms for MPEC 271
6.1	A Penalty Interior Point Algorithm 272
6.1.1	Optimality conditions 273

Contents	ix
6.1.2 Preliminaries for PIPA	277
6.1.3 Algorithm description and convergence analysis . . .	288
6.1.4 Special cases	300
6.2 An Alternative PIPA for LCP Constrained MP	312
6.3 An Implicit Programming Based Algorithm	320
6.3.1 Algorithm description and convergence	321
6.3.2 Implementation issues	329
6.4 A Piecewise SQP Approach	331
6.4.1 A brief review of SQP methods for NLP	331
6.4.2 A PSQP method for MPEC	336
6.5 Computational Testing	345
6.5.1 Some implementation details	345
6.5.2 Numerical results	351
6.5.3 Discussion	358
Bibliography	361
Index	391