

# CONTENTS

Preface	xii		
<b>1 Introductory Topics I: Algebra</b>	<b>1</b>		
1.1 The Real Numbers	1		
1.2 Integer Powers	4		
1.3 Rules of Algebra	10		
1.4 Fractions	14		
1.5 Fractional Powers	19		
1.6 Inequalities	24		
1.7 Intervals and Absolute Values	29		
Review Problems for Chapter 1	32		
<b>2 Introductory Topics II: Equations</b>	<b>35</b>		
2.1 How to Solve Simple Equations	35		
2.2 Equations with Parameters	38		
2.3 Quadratic Equations	41		
2.4 Linear Equations in Two Unknowns	46		
2.5 Nonlinear Equations	48		
Review Problems for Chapter 2	49		
<b>3 Introductory Topics III: Miscellaneous</b>	<b>51</b>		
3.1 Summation Notation	51		
3.2 Rules for Sums. Newton's Binomial Formula	55		
3.3 Double Sums		59	
3.4 A Few Aspects of Logic		61	
3.5 Mathematical Proofs		67	
3.6 Essentials of Set Theory		69	
3.7 Mathematical Induction		75	
Review Problems for Chapter 3		77	
<b>4 Functions of One Variable</b>		<b>79</b>	
4.1 Introduction		79	
4.2 Basic Definitions		80	
4.3 Graphs of Functions		86	
4.4 Linear Functions		89	
4.5 Linear Models		95	
4.6 Quadratic Functions		99	
4.7 Polynomials		105	
4.8 Power Functions		112	
4.9 Exponential Functions		114	
4.10 Logarithmic Functions		119	
Review Problems for Chapter 4		124	
<b>5 Properties of Functions</b>		<b>127</b>	
5.1 Shifting Graphs		127	
5.2 New Functions from Old		132	
5.3 Inverse Functions		136	
5.4 Graphs of Equations		143	
5.5 Distance in the Plane. Circles		146	

5.6	General Functions	150	<b>9</b>	<b>Integration</b>	<b>293</b>
	Review Problems for Chapter 5	153	9.1	Indefinite Integrals	293
<b>6</b>	<b>Differentiation</b>	<b>155</b>	9.2	Area and Definite Integrals	299
6.1	Slopes of Curves	155	9.3	Properties of Definite Integrals	305
6.2	Tangents and Derivatives	157	9.4	Economic Applications	309
6.3	Increasing and Decreasing Functions	163	9.5	Integration by Parts	315
6.4	Rates of Change	165	9.6	Integration by Substitution	319
6.5	A Dash of Limits	169	9.7	Infinite Intervals of Integration	324
6.6	Simple Rules for Differentiation	174	9.8	A Glimpse at Differential Equations	330
6.7	Sums, Products, and Quotients	178	9.9	Separable and Linear Differential Equations	336
6.8	Chain Rule	184		Review Problems for Chapter 9	341
6.9	Higher-Order Derivatives	188	<b>10</b>	<b>Topics in Financial Economics</b>	<b>345</b>
6.10	Exponential Functions	194	10.1	Interest Periods and Effective Rates	345
6.11	Logarithmic Functions	197	10.2	Continuous Compounding	349
	Review Problems for Chapter 6	203	10.3	Present Value	351
<b>7</b>	<b>Derivatives in Use</b>	<b>205</b>	10.4	Geometric Series	353
7.1	Implicit Differentiation	205	10.5	Total Present Value	359
7.2	Economic Examples	210	10.6	Mortgage Repayments	364
7.3	Differentiating the Inverse	214	10.7	Internal Rate of Return	369
7.4	Linear Approximations	217	10.8	A Glimpse at Difference Equations	371
7.5	Polynomial Approximations	221		Review Problems for Chapter 10	374
7.6	Taylor's Formula	225	<b>11</b>	<b>Functions of Many Variables</b>	<b>377</b>
7.7	Why Economists Use Elasticities	228	11.1	Functions of Two Variables	377
7.8	Continuity	233	11.2	Partial Derivatives with Two Variables	381
7.9	More on Limits	237	11.3	Geometric Representation	387
7.10	Intermediate Value Theorem. Newton's Method	245	11.4	Surfaces and Distance	393
7.11	Infinite Sequences	249	11.5	Functions of More Variables	396
7.12	L'Hôpital's Rule	251	11.6	Partial Derivatives with More Variables	400
	Review Problems for Chapter 7	256	11.7	Economic Applications	404
<b>8</b>	<b>Single-Variable Optimization</b>	<b>259</b>	11.8	Partial Elasticities	406
8.1	Introduction	259		Review Problems for Chapter 11	408
8.2	Simple Tests for Extreme Points	262	<b>12</b>	<b>Tools for Comparative Statics</b>	<b>411</b>
8.3	Economic Examples	266	12.1	A Simple Chain Rule	411
8.4	The Extreme Value Theorem	270	12.2	Chain Rules for Many Variables	416
8.5	Further Economic Examples	276	12.3	Implicit Differentiation along a Level Curve	420
8.6	Local Extreme Points	281	12.4	More General Cases	424
8.7	Inflection Points	287			
	Review Problems for Chapter 8	291			

12.5	Elasticity of Substitution	428	15.5	The Transpose	562
12.6	Homogeneous Functions of Two Variables	431	15.6	Gaussian Elimination	565
12.7	Homogeneous and Homothetic Functions	435	15.7	Vectors	570
12.8	Linear Approximations	440	15.8	Geometric Interpretation of Vectors	573
12.9	Differentials	444	15.9	Lines and Planes	578
12.10	Systems of Equations	449		Review Problems for Chapter 15	582
12.11	Differentiating Systems of Equations	452			
	Review Problems for Chapter 12	458			
<b>13</b>	<b>Multivariable Optimization</b>	<b>461</b>	<b>16</b>	<b>Determinants and Inverse Matrices</b>	<b>585</b>
13.1	Two Variables: Necessary Conditions	461	16.1	Determinants of Order 2	585
13.2	Two Variables: Sufficient Conditions	466	16.2	Determinants of Order 3	589
13.3	Local Extreme Points	470	16.3	Determinants of Order $n$	593
13.4	Linear Models with Quadratic Objectives	475	16.4	Basic Rules for Determinants	596
13.5	The Extreme Value Theorem	482	16.5	Expansion by Cofactors	601
13.6	Three or More Variables	487	16.6	The Inverse of a Matrix	604
13.7	Comparative Statics and the Envelope Theorem	491	16.7	A General Formula for the Inverse	610
	Review Problems for Chapter 13	495	16.8	Cramer's Rule	613
			16.9	The Leontief Model	616
				Review Problems for Chapter 16	621
<b>14</b>	<b>Constrained Optimization</b>	<b>497</b>	<b>17</b>	<b>Linear Programming</b>	<b>623</b>
14.1	The Lagrange Multiplier Method	497	17.1	A Graphical Approach	623
14.2	Interpreting the Lagrange Multiplier	504	17.2	Introduction to Duality Theory	629
14.3	Several Solution Candidates	507	17.3	The Duality Theorem	633
14.4	Why the Lagrange Method Works	509	17.4	A General Economic Interpretation	636
14.5	Sufficient Conditions	513	17.5	Complementary Slackness	638
14.6	Additional Variables and Constraints	516		Review Problems for Chapter 17	643
14.7	Comparative Statics	522			
14.8	Nonlinear Programming: A Simple Case	526	<b>Appendix: Geometry</b>		<b>645</b>
14.9	Multiple Inequality Constraints	532	<b>The Greek Alphabet</b>		<b>647</b>
14.10	Nonnegativity Constraints	537	<b>Answers to the Problems</b>		<b>649</b>
	Review Problems for Chapter 14	541	<b>Index</b>		<b>739</b>
<b>15</b>	<b>Matrix and Vector Algebra</b>	<b>545</b>			
15.1	Systems of Linear Equations	545			
15.2	Matrices and Matrix Operations	548			
15.3	Matrix Multiplication	551			
15.4	Rules for Matrix Multiplication	556			