

Index

- , *see* Q.E.D.
- ln, *see* natural logarithmic function
- e*, *see* Euler's *e*
- i*, *see* imaginary number
- \log_{10} , *see* common logarithm
- ceteris paribus*, 4
- quod erat demonstrandum*, *see* Q.E.D.
- reductio ad absurdum*, *see* proof by contradiction
- 45-degree line, 26

- absolute value, 13
- annuity, 82–6
 - future value of, 83, 84–6
 - present value of, 82–4
- annuity due, 83
- anti-derivative, 185
- argument, 34
- assumption, *see* hypothesis
- asymptote, 32
- average cost, 93
- average cost curve, 93
- average total cost, *see* average cost
- average variable cost, 93, 94
- axiom, 48

- base
 - exponential function, 75
 - logarithmic function, 75
- bond, 86
- boundary, 118, 129
- break-even point, 101
- budget constraint, 170
- budget line, 170

- case-defined function, 33
- cash flows, 81
- choice variable, *see* control variable
- closed interval, 12
- cobweb model of price adjustment, 243, 245
- column vector, 219
- common logarithm, 77
- common ratio, 64
- comparative static analysis, 41
- comparative statics, *see* comparative static analysis
- compensated demand schedule, *see* Hicksian demand schedule
- complements, 136
- completing the square, 20, 28
- complex number, 16
- compound amount, 65
- compound interest, 66
- concave, 129
- concave function, 129
- concavity, 125
- conclusion, 45
- conformable
 - matrix addition, 222
 - matrix multiplication, 226
- conjunction, 44
- constant elasticity demand function, 142
- constant of integration, 185
- constrained optimisation, 170
 - utility maximisation problem, 171
- consumer price, 207
- consumer surplus, 203
- continuous, 58
- continuous annuity, 190
- continuous compounding, 70–3
- continuously differentiable, 156
- contrapositive, 45
- contrapositive proof, 50
- control variable, 112
- convergence in oscillation, 254
- converse, 45
- conversion period, *see* interest period
- convex, 129
- convex function, 129
- coordinate plane, 24
- coordinates, 25
- corner solution, 117
- corollary, 50
- cost function, 91
- counter example, 46
- coupon interest, 86

- cross price elasticity of demand, 136
- cross-partial derivative, 156
- cube root, 15
- cubic equation, 19
- cubic root, *see* cube root
- curvature, 125
- curve sketching, 124–9

- deadweight loss of taxation, 206, 209
- decimal number, 10
- definite integral, 187
 - rules of, 187
- demand and supply analysis, 1–7
- demand function, 34
- derivative, 105, *see also* differentiation
 - and differential, 134–6
- determinant, 230
- diagonal matrix, 220
- difference equation, 243–55
- differentiable, 106
 - continuously, 156
- differential, 135, 160
- differential coefficient, 105
- differential equation, 255–61
- differentiation, 105
 - rules of, 105
- differentiation rules, 105
- diminishing returns to labour, 97
- direct method, *see* direct proof
- direct proof, 48
- discounted value, *see* present value
- discounting, 80
- disjunction, 44
- domain, 22

- economic incidence of tax, 206–8
- effective rate, 68
- elastic, 139
- elasticity, 136–44
- element
 - matrix, 219
 - set, 22
- elimination by addition, 39
- elimination by substitution, 38
- equal
 - matrix, 219
 - real line, 12
- equation, 19–22
- equilibrium, 6, 35
- equilibrium price, 7, 35
- equilibrium quantity, 7
- Euler's e , 71
- even number, 47
- excess burden, 208, *see also* deadweight loss of taxation
- excess demand, 5, 35
- excess supply, 6, 35
- existential quantifier, 46
- exponential function, 70–5

- factor
 - polynomial expression, 17
 - production, *see* input
- factorisation, 17–19
 - rules of, 17
- feasible, 170
- finite set, 22
- firm, 90
- first derivative, 114, *see also* derivative
- first quadrant, 25
- first-order condition, 113, 165
 - n -variable unconstrained optimisation, 234–5
 - one-variable unconstrained optimisation, 113
 - two-variable unconstrained optimisation, 165
- first-order difference equation, 248
- first-order partial derivative, 156, *see also* partial derivative
- first-order total differential, 235, *see also* total differential
- fixed cost, 91
- for any, *see* universal quantifier
- for every, *see* universal quantifier
- fraction, 9
- function, 22–34
- functional notation, 23
- fundamental theorem of integral calculus, 187
- future value, 80
 - of an annuity, 83, 84–6

- general annuity, 83
- general solution, 250, 257
 - to the difference equation, 250
 - to the differential equation, 257
- geometric progression, *see* geometric sequence
- geometric sequence, 64
- geometric series, 64
- global maximum, 117
- global minimum, 117
- good, 1
- graph, 25

- half-open interval, 13
- Hessian matrix, 236
- Hicksian demand schedule, 202
- homogeneous form, 250, 256
 - of the difference equation, 250
 - of the differential equation, 256
- horizontal axis, 24
- horizontal intercept, 25
- horizontal interpretation
 - demand schedule, 201
 - supply schedule, 197
- hypothesis, 45
- identity matrix, 220
- if and only if, 45
- iff, *see* if and only if
- imaginary number, 15, 16
- implication, 44
- implicit differentiation, 162
- implicit function, 23
- implies, 44
- income effect, 3
- income elasticity of demand, 136
- increasing returns to labour, 97
- indefinite integral, 185
 - rules of, 185
- indifference between two bundles, 150
- indifference curve, 151
- indifference map, 151
- individual demand function, 180
- inelastic, 139
- inequality, 12
- infeasible, 170
- inferior goods, 136
- infinite decimal, 10
- infinite interval, 13
- infinite set, 22
- infinitely many solutions
 - system of equations, 36
- infinitesimally small change, 103
- initial value
 - difference equation, 250
 - differential equation, 257
 - sequence, 64
- inner product, 225
- input, 90
- integer, 9
- integral calculus, 184
- integral sign, 185
- integrand
 - definite integral, 187
 - indefinite integral, 185
- integration by parts, 193
- integration by substitution, 192
- integration rules, 185, 187
- interest, 65
- interest period, 67
- interval
 - definite integral, 187
 - inequality, 12
- inverse demand function, 34
- inverse function, 22
- inverse matrix, 229
- inverse supply function, 34
- irrational number, 10
- is implied by, *see* implies
- Lagrange multiplier, 176
 - marginal utility of income, 177
- Lagrange multiplier method, 176
- Lagrangian, 176
- law of demand, 4
- law of diminishing marginal utility, 149
- law of supply, 5
- law of the diminishing marginal rate of substitution, 157
- Law of the Syllogism, 49
- leading principal minor, 239
- leading principal submatrices, 239
- left-hand limit, 57
- legally liable
 - production tax, 206
- lemma, 49
- limit, 57
 - rules of, 60
- limits of integration, 187
- linear equation, 19
- linear first-order autonomous difference equation, 248
- linear first-order autonomous differential equation, 255
- linear function, 25, 129
- local maxima, 117
- local minimum, 117
- log transformation, 143, *see also* taking the
 - logarithms
- log-linear demand function, 143
- log-log function, 143
- logarithmic function, 75–8

- logarithmic functions
 - properties of, 77
- logarithms, *see* logarithmic function
- logic, 43
- logically equivalent, 43
- long run, 90
- lower limit
 - definite integral, 187
 - summation, 61
- main diagonal entries, 220
- main diagonals, 220
- marginal and average cost curves, 95, 110
- marginal cost, 92
 - vertical interpretation, 197
- marginal cost curve, 93
 - infinitesimally small change, 108
- marginal product of labour, 96
- marginal rate of substitution, 157
 - law of the diminishing, 157
- marginal revenue, 98
- marginal utility, 148, 152
 - law of diminishing, 149
 - one good, 148
 - two goods, 152
- marginal utility of income, 177
- marginal valuation, 202
- marginal willingness to pay, 202
- market, 1
 - clears, 6
- market demand schedule, 3
- market supply schedule, 4
- Marshallian demand schedule, 202
- matrix, 219
- matrix addition, 221
- matrix multiplication, 224–8
- maturity date, 86
- monopolist, 2
- monopoly, *see* monopolist
- monotonic convergence, 254
- monotonic divergence, 255
- multivariate function, 33
- natural exponential function, 75
- natural logarithmic function, 75
- natural number, 9
- necessary and sufficient condition, 46
- necessary condition, 46
- negation, 44
- negative definite, 237
- negative integer, *see* negative natural number
- negative natural number, 9
- net present value, 81
- no solution
 - system of equations, 36
- nominal rate, 67
- non-autonomous difference equation, 248
- non-autonomous differential equation, 256
- non-linear difference equation, 248
- non-linear differential equation, 255
- non-singular, 231
- normal goods, 136
- numbers, 9–11, 16
- objective function, 112
- odd number, 47
- open interval, 12
- opportunity cost, 82
- order of a matrix, 220
- ordered pair, *see* coordinates
- ordinary annuity, 83
- ordinary simple annuity, 83
- origin, 24
- original principal, *see* principal
- outputs, 90
- own price elasticity of demand, *see* price elasticity of demand
- parabola, 27
- parameter, 34
- partial derivative, 152
- partial differentiation, 152
- particular solution
 - to the difference equation, 251
 - to the differential equation, 257
- perfectly competitive market, 2
- periodic rate, 67
- perpetuity, 86
- point of inflection, 127
- polynomial expression, 16
- positive definite, 237
- positive integer, *see* natural number
- post-multiplied, 228
- power, 13–16
 - rules of, 14
- pre-multiplied, 228
- preferences, 150
- prefers to, 150
- present discounted value, *see* present value

- present value, 80
 - of an annuity, 82–4
 - of continuous annuity, 190
- price elasticity of demand, 137
 - and expenditure, 140–1
 - elastic, 139
 - inelastic, 139
 - unitary elastic, 139
- price taker, 2
- prime number, 47
- principal, 65
- principal minor, 239
- principal submatrix, 238
- principle of double negation, 44
- producer price, 208
- producer surplus, 198
 - change in, 200
- production function, 96
- production tax, 206
- profit function, 112
- profit maximisation problem, 112
- proof, 43, 47–52
- proof by contradiction, 50
- proposition, 49

- Q.E.D., 49
- quadrant, 25
- quadratic equation, 19
- quadratic form, 237
- quadratic function, 27–31
- quantifier, 46
- quartic equation, 19

- range, 22
- rational function, 31
- rational number, 9
- rationalisation of the denominator, 16
- real line, 11
- real number, 11
 - properties of, 11
- reciprocal, 9
- rectangular hyperbola, 31
- redemption value, 86
- repayment period, 83
- right-hand limit, 57
- root, 15
- rounding error, 11

- row vector, 219
- running variable, 61

- s.t., 171
- saddle point, 166
- scalar, 222
- scalar multiplication, 221, 222
- secant line, 126
- second derivative, 114
- second law of the demand, 144
- second-order condition
 - n*-variable unconstrained optimisation, 234–41
 - one-variable unconstrained optimisation, 115
 - two-variable unconstrained optimisation, 167
- second-order difference equation, 248
- second-order differential equation, 256
- second-order partial derivative, 156
- second-order total differential, 235
- sequence, 64
- service, 1
- set, 22
- shelf price, 207
- short run, 90
- shortage, *see* excess demand
- shutdown point, 102
- simple annuity, 83
- single-variate function, *see* univariate function
- singular, 231
- size of a matrix, 219
- slope, 25
- solutions
 - system of equations, 36–41
- square matrix, 220
- square root, 15
- statement, 43
- steady state, 245, 253, 255
 - of the difference equation, 253
 - of the differential equation, 255, 259
 - stable, 260
 - unstable, 260
- strictly concave, 127
 - utility function, 149
- strictly concave function, 127
- strictly convex, 127
 - to the origin, 158, 172
- strictly convex function, 127
- substitutes, 136
- substitution effect, 3
- substitution method, 175

Index

- sufficient condition, 46
- summation, 61
 - rules of, 62
- summation operator, 61
- supply function, 34
- symmetric matrix, 220
- system of
 - non-linear equations, 40
 - two linear equations, 36
- taking the logarithms, 79
- tax revenue, 208
- tax wedge, 208
- term of an annuity, 83
- theorem, 49
- there exists, *see* existential quantifier
- time line, 83
- total cost, 91
- total cost curve, 91
- total derivative, 160
- total differential, 160, 235
- total differentiation, 160
- total economic surplus, 205
- total valuation, 203
- total willingness to pay, 203
- transpose of a matrix, 220
- uncompensated demand schedule, *see* Marshallian demand schedule
- unconstrained optimisation, 164
 - profit maximisation problem, 167
- under-production, *see* under-provision
- under-provision, 209
- unique solution, 250, 257
- system of equations, 36
 - to the difference equation, 250
 - to the differential equation, 257
- unit-free, 137
- unitary elastic, 139
- univariate function, 33
- universal quantifier, 46
- unknown, 16
- upper limit
 - definite integral, 187
 - summation, 61
- util, 147
- utility, 147
- utility function, 148
- utility maximisation problem, 171
- variable cost, 91
- variable of integration
 - definite integral, 187
 - indefinite integral, 185
- vertex, 27
- vertical axis, 24
- vertical intercept, 25
- vertical interpretation
 - demand schedule, 202
 - supply schedule, 197
- welfare effects of tax, 208–9
- yield, *see* effective rate
- Young’s Theorem, 156
- zero, 9
- zero matrix, 220