CONTENTS

Preface	ix	3 Static Optimization	103
1 Topics in Lineau Alaska	4	3.1 Extreme Points	104
1 Topics in Linear Algebra	1	3.2 Local Extreme Points	110
1.1 Review of Basic Linear Algebra	2	3.3 Equality Constraints:	
1.2 Linear Independence	7	The Lagrange Problem	115
1.3 The Rank of a Matrix	11	3.4 Local Second-Order Conditions	125
1.4 Main Results on Linear Systems	14	3.5 Inequality Constraints:	
1.5 Eigenvalues	19	Nonlinear Programming	129
1.6 Diagonalization	25	3.6 Sufficient Conditions	135
1.7 Quadratic Forms	28	3.7 Comparative Statics	139
1.8 Quadratic Forms with Linear Constraints	35	3.8 Nonnegativity Constraints	143
1.9 Partitioned Matrices and Their Inverses	37	3.9 Concave Programming	148
2 Multivariable Calculus	43	3.10 Precise Comparative Statics Results	150
		3.11 Existence of Lagrange Multipliers	153
2.1 Gradients and Directional Derivatives	44	E	
2.2 Convex Sets	50	4 Topics in Integration	157
2.3 Concave and Convex Functions I	53		
2.4 Concave and Convex Functions II	63	4.1 Review of One-Variable Integration	157
2.5 Quasiconcave and Quasiconvex Functions	68	4.2 Leibniz's Formula	159
2.6 Taylor's Formula	77		164
2.7 Implicit and Inverse Function Theorems	80	4.4 Multiple Integrals over	
2.8 Degrees of Freedom and Functional		Product Domains	166
Dependence	89	4.5 Double Integrals over General Domains	171
2.9 Differentiability	93	4.6 The Multiple Riemann Integral	175
2.10 Existence and Uniqueness of Solutions		4.7 Change of Variables	178
of Systems of Equations	98	4.8 Generalized Double Integrals	186

5 Differential Equations I: First-Order Equations in		9 Control Theory: Basic Techniques	305
One Variable	189	9.1 The Basic Problem	306
5.1 Introduction	190	9.2 A Simple Case	308
5.2 The Direction is Given: Find the Path!	193	9.3 Regularity Conditions	312
5.3 Separable Equations	194	9.4 The Standard Problem	314
5.4 First-Order Linear Equations	200	9.5 The Maximum Principle and the	
5.5 Exact Equations and Integrating Factors	206	Calculus of Variations	322
5.6 Transformation of Variables	208	9.6 Adjoint Variables as Shadow Prices	324
5.7 Qualitative Theory and Stability	211	9.7 Sufficient Conditions	330
5.8 Existence and Uniqueness	217	9.8 Variable Final Time	336
The state of the s		9.9 Current Value Formulations	338
6 Differential Equations II:		9.10 Scrap Values	341
Second-Order Equations		9.11 Infinite Horizon	348
and Systems in the Plane	223	9.12 Phase Diagrams	353
6.1 Introduction	223	10 Control Theory with	
6.2 Linear Differential Equations	226	Many Variables	359
6.3 Constant Coefficients	228	10.1 Several Control and State Variables	360
6.4 Stability for Linear Equations	235	10.2 Some Examples	366
6.5 Simultaneous Equations in the Plane	237	10.2 Some Examples 10.3 Infinite Horizon	370
6.6 Equilibrium Points for Linear Systems	243	10.4 Existence Theorems and Sensitivity	373
6.7 Phase Plane Analysis	246	10.5 A Heuristic Proof of the Maximum	313
6.8 Stability for Nonlinear Systems	251	Principle	377
6.9 Saddle Points	255	10.6 Mixed Constraints	380
The state of the s		10.7 Pure State Constraints	383
7 Differential Equations III: Higher-Order Equations	259	10.8 Generalizations	386
7.1 Linear Differential Equations	259	11 Difference Equations	389
7.2 The Constant Coefficients Case	263	11.1 First-Order Difference Equations	390
7.3 Stability of Linear Differential		11.2 Economic Applications	396
Equations	266	11.3 Second-Order Difference Equations	401
7.4 Systems of Differential Equations	269	11.4 Linear Equations with Constant	
7.5 Stability for Nonlinear Systems	273	Coefficients	404
7.6 Qualitative Theory	278	11.5 Higher-Order Equations	410
7.7 A Glimpse at Partial Differential		11.6 Systems of Difference Equations	415
Equations	280	11.7 Stability of Nonlinear Difference	
9 Calculus of Variations	207	Equations	419
8 Calculus of Variations	287	13 District Time 1 200 1	
8.1 The Simplest Problem	288	12 Discrete Time	422
8.2 The Euler Equation	290	Optimization	423
8.3 Why the Euler Equation is Necessary	293	12.1 Dynamic Programming	424
8.4 Optimal Savings	298	12.2 The Euler Equation	433
8.5 More General Terminal Conditions	300	12.3 Infinite Horizon	435

12.4	The Maximum Principle	441	Appendix A	
12.5	More Variables	444	Sets, Completeness, and	
12.6	Stochastic Optimization	448	Convergence	525
12.7	Infinite Horizon Stationary Problems	458	A.1 Sets and Functions	525
13	Topology and Separation	465	A.2 Least Upper Bound Principle A.3 Sequences of Real Numbers	530 533
13.1	Point Set Topology in \mathbb{R}^n	465	A.4 Infimum and Supremum of Functions	541
	Topology and Convergence	471		
	Continuous Functions	475	Appendix B	
13.4	Maximum Theorems	481	Trigonometric Functions	545
13.5	Convex Sets	486	B.1 Basic Definitions and Results	545
13.6	Separation Theorems	491	B.2 Differentiating Trigonometric Functions	551
13.7	Productive Economies and		B.3 Complex Numbers	555
	Frobenius's Theorem	495	principal ma	311
14	Correspondences and		Answers	559
	Fixed Points	499	Defendance of the boy on the parties and a	COF
14.1	Correspondences	500	References	605
	A General Maximum Theorem	509	no mais that to the control days is a with	500
14.3	Fixed Points for Contraction Mappings	513	Index	609
	Brouwer's and Kakutani's			
	Fixed Point Theorems	516		
14.5	Equilibrium in a Pure Exchange			
	Economy	521		