Mathematics for Economists, 24.01.2014

- 1. Give an example of
 - (a) a function f(x,y) that has a non-zero gradient in all the points except the point (0,5) and zero gradient in the point (0,5)
 - (b) a function g(x,y) that has no gradient on the line x=3y and a non-zero gradient when $x \neq 3y$
- 2. The population of a certain country grows exponentially, $N_t = N_{1990} \cdot \exp(r(t-1990))$. The population was 70 million in 1990 and 80 million in 2000, what will be the population in 2014?
- 3. Find and classify the extrema of the function $f(x,y) = x^2 y^2$ subject to $x^2 + y^2 = 1$.
- 4. Given the system

$$\begin{cases} xe^{u+v} + 2uv = 1\\ ye^{u-v} - \frac{u}{1+v} = 2x \end{cases}$$

find du and dv at $x_0 = 1$, $y_0 = 2$, $u_0 = 0$, $v_0 = 0$.

- 5. Consider the objective function $f(x,y) = 4kx^3 + k^2xy + 3ky^4 13x 13y$. The point (x,y) = (1,1) is the maximum of the function. Find the value of k
- 6. In the macroeconomic linear IS-LM model for the closed economy $Y = \bar{C} + m(Y T) + G + \bar{I} ar$ and $\bar{L} + bY cr = M_s$, where M_s is money supply, r interest rate, G government expenditures, T lump sum tax and the constant parameters $\bar{C} > 0$, 0 < m < 1, $\bar{I} > 0$, a > 0, $\bar{L} > 0$, b > 0, c > 0. Find the formulas for dr/dT, dY/dT. Assume that government expenditures and money supply are fixed exogenous variables.