Optimization: Solutions

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Exercises

1. Prove Rolle's Theorem.
2. Characterize the stationary point(s) of[1]

   [1] Carter 5.10

   $$f(x_1, x_2) = x_1^2 + x_2^2$$

   Are these points maxima, minima, or saddle points?
3. Characterize local optima and solve[2]

   [2] Carter Example 5.8

   $$\max_{x_1, x_2} f(x_1, x_2) = 3x_1x_2 - x_1^3 - x_2^3$$

4. Prove that the least squares objective function is convex, implying that the first order conditions are sufficient to characterize the $\boldsymbol{\beta}$ that solves Equation **??**.
6. Consider the problem

$$\begin{aligned} \max_{x_1, x_2} \quad & x_1x_2 \\ \text{subject to} \quad & x_1 + x_2 = 1 \end{aligned} \tag{1}$$

   Think about the geometry of the problem. What is the constraint set? Then solve it using the method of Legrange.[3]

   [3] Carter Example 5.14