

CAS EC 505 Mathematics for Economics
Syllabus
Summer 2015

Course description

This is an introductory course in mathematics for economic analysis, aimed at MA students with background in both economics and mathematics. The course consists of three parts. In the first, we introduce some concepts from linear algebra. The second part is devoted to multivariate calculus and constrained static optimization. The last section provides an introduction to differential equations and dynamic systems.

Instructor

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Meetings

Monday-Friday 9.00 AM – 12.00 PM in CAS B20.

Blackboard website

Use your BU username and Kerberos password.

Recommended texts

Simon and Blume: *Mathematics for Economists*, W. W. Norton 1994.
Pemberton and Rau: *Mathematics for Economists*, Manchester University Press 2012. Copies of the textbooks have been ordered by the BU bookstore.

Prerequisites

Students are expected to be familiar the material covered in chapters 2-5 and A2 in SB (one-variable calculus/optimization, logarithmic and exponential functions and their derivatives, and basic trigonometry).

Examination

There will be one midterm test and a final exam. The exam dates are:

Test I: August 11 (25%)
Test II: August 18 (25%)
Final: August 25 (50%)

Make-up exams

No make-up exams will be given unless acceptable reasons can be provided as defined by the university.

Classroom conduct and participation

Students are expected to attend all lectures. Each lecture will build on the knowledge acquired in the previous one and, if you miss a class, you are responsible for getting the lecture notes from your classmates. *Please do not use electronic devices such as phones, ipads, computers, etc. during the lectures.*

Academic conduct

It is a student's responsibility to know and understand the provisions of the CAS Academic Conduct Code. Cases of suspected academic misconduct will be referred to the Dean's Office.

Course outline

Below is a preliminary list of topics. Some deviations from the actual schedule may be necessary as the class progresses. Students are responsible for attending classes and learning of any changes in the schedule. The readings refer to the text by Simon and Blume.

I. Linear algebra

Linear systems

Matrix algebra

Linear independence and basis

Vector spaces

Linear transformations

The determinant function

Parametric expressions

Eigenvalues and eigenvectors

Inner product and norm

Convexity

Readings: 7.1-4 8.1-4, 9, 10.1-6, 11, 23.1, 26.1-3, 27.1-5, 28.1-2

II. Multivariate calculus and optimization

Open sets, closed sets, compact sets

Calculus (gradients, total derivatives, directional derivatives)

Implicit function theorem

Quadratic forms

Unconstrained optimization

Constrained optimization

Value functions

Envelope theorems

Comparative statics

Readings: 12, 13, 14, 15.1-3, 16.1-2, 17.1-4, 18.1-6, 19.1-5

III. Dynamic analysis

Integration

First-order ordinary differential equations

Second-order ordinary differential equations

Systems of differential equations

Stability

Phase diagrams and phase portraits

Linearization of nonlinear ordinary differential equations

Readings: A4, 24.1-5, 25.2-5