

## Problem Set: Analysis II

1. Suppose the function  $f$  is defined for all  $x \in [-1.5, 2.5]$  by  $f(x) = x^5 - 5x^3$ .
  - (a) Determine for which values of  $x$  the value of the function is equal to zero.
  - (b) Calculate  $f'(x)$  and find the extreme points of  $f$ . What is the maximum/the minimum of the function?
  - (c) Does the function have inflection points?
2. Which of the following functions of  $x$  are convex? Which are concave?
  - (a)  $f(x) = (2x - 1)^6$
  - (b)  $f(x) = 5x + 7$
  - (c)  $f(x) = x^5$
  - (d)  $f(x) = \sqrt{1 + x^2}$
  - (e)  $f(x) = x^5$  for  $x \geq 0$
  - (f)  $f(x) = 5x^2 - x^4$  for  $x \geq 1$
3. Appeasement Problem (Ashworth and Bueno de Mesquita, 2006)

Two states must divide some territory. There is a status quo division, but one state (call is  $D$ ) is dissatisfied with the status quo. The other state (call is  $S$ ) is satisfied with the status quo division.  $S$  gets one chance to try to appease  $D$  by offering it some of the disputed territory. Let  $x$  be the fraction of  $S$ 's territory that it offers.  $S$  is uncertain about how dissatisfied  $D$  is.  $S$  believes that  $D$  will accept an offer of  $x$  with probability  $p(x) = x$ . If  $D$  accepts the offer, then war is averted and  $S$  is left with  $1 - x$  of its territory. If  $D$  rejects the offer, then there is a war.  $S$  believes that it will win a war with probability  $q$ . Thus,  $q$  can be thought of as  $S$ 's relative military strength. If  $S$  wins the war, then  $S$  keeps all of its territory. If  $S$  loses the war, it ends up with none of the disputed territory.

Given all of this,  $S$ 's maximization problem is given by

$$\max_x (1 - x)x + q(1 - x)$$

- (a) Find the solution to  $S'$ 's maximization problem.
  - (b) How does the level of appeasement,  $x$ , changes with  $S'$ 's perception of its military strength?
4. A government has to decide about the allocation of its budget. Let  $x$  denote the share of the budget used for military and  $y$  the share of the budget used for social expenditures. The government has to use of all its budget and has the following utility function:

$$u(x, y) = e^{2x} + e^{2y}$$

Solve the government's optimization problem.

5. Consider the function  $f(x) = (x^2 + 2x)e^{-x}$ .
- (a) Determine for which values of  $x$  the value of the function is equal to zero.
  - (b) Calculate  $f'(x)$  and find the extreme points of  $f$ . What is the maximum/the minimum of the function?
  - (c) Does the function have inflection points?
  - (d) Sketch the function and specify whether it is convex/concave (in sections).
6. Solve the indefinite integrals:
- (a)  $\int \frac{1}{\sqrt{x}} dx$
  - (b)  $\int e^{-4t} dt$
  - (c)  $\int x\sqrt{x} dx$
  - (d)  $\int \frac{1}{x} dx$
  - (e)  $\int (2x^2 + x - 3) dx$
  - (f)  $\int \frac{(x^4 + 1)^2}{x^3} dx$
7. Calculate  $\int_0^2 (2x^2 + x - 3) dx$ . Hint: Make a sketch of the function before.