

**MATHEMATICS  
AND  
STATISTICS  
FOR  
ECONOMISTS**

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*by*

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# PREFACE

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The present book grew out of a definite need felt during many years of teaching at Iowa State College. There seems to be no text adapted to the American student of economics (undergraduate or graduate) who has had no thorough training in college mathematics, but who is willing to acquire some of the mathematical equipment necessary nowadays, for a serious study of economics.

This book has been written in an attempt to meet such a specific need. It includes some applications of elementary mathematics to economics, as well as topics in calculus, probability, and elementary statistics. The examples are taken from economics. The student is not burdened by the necessity of familiarizing himself with mechanics and other branches of physics, which traditionally supply much of the illustrative materials in elementary calculus texts. It is felt that the economics student who wants to learn mathematics and statistics has not the time to study those topics which are somewhat remote from his field of interest.

This book is addressed specifically to the future econometrician—a student of economics who is willing to use the tools of mathematics and statistics in his economic investigations. Little mathematical preparation is required of the student. It is believed that some knowledge of algebra and elementary trigonometry will be sufficient, although familiarity with elementary economics is required. In this connection, two somewhat advanced books on economic theory are recommended: Kenneth E. Boulding, *Economic Analysis* (New York: Harper & Brothers, 1941) and George J. Stigler, *The Theory of Price* (New York: The Macmillan Company, 1946). The student will gain a greater insight into the theoretical economic problems used as illustrations if he reads the relevant chapters of one or both texts. It is to be hoped that, after mastering this text, the student or reader will possess sufficient knowledge in mathematics and statistics to understand most of the articles published in such journals as *Econometrica*, the *Review of Economic Studies*, and the *Journal of the American Statistical Association*.

It is evident that a book which is planned, not for the future professional mathematician, but for the future econometrician, cannot be entirely rigorous in the proofs of the mathematical theorems involved. Intuitive proofs and demonstrations are frequently substituted for mathematical rigor, where the

more adequate proof is beyond the scope of the book and also beyond the powers of most readers or students. Rigorous treatment is already available in many books on advanced calculus, algebra, and statistics. Some of these books are indicated in the postscript.

Many empirical examples are included in the exercises of this book. They represent the efforts of econometricians to utilize statistical methods to obtain theoretically meaningful economic relationships. The statistical methods used by these econometricians are not always the most modern ones. In spite of this fact, it seemed worth while to include, as illustrations, some of the older results, found with the help of somewhat antiquated statistical methods. It should be emphasized that the empirical relationships given in the examples are to be interpreted with some caution. They represent merely efforts to estimate some kind of average relationship between the variables indicated. It is to be hoped that these examples, indicative of the great theoretical interest and practical potentialities of econometrics, will make the study of mathematics and statistics more interesting to the economist, and will inspire him to future studies in the field.

Some of the examples in the text require the use of mathematical tables. The following set of tables can be recommended: H. D. Larsen, *Rinehart Mathematical Tables, Formulas, and Curves*, Enlarged Edition (New York: Rinehart & Company, Inc., 1953).

I should like to express my gratitude to a number of my colleagues at Iowa State College who have taken a kindly interest in this text and given me assistance in various ways. I am particularly obliged to Professor Edward S. Allen (Department of Mathematics), Professor Dio L. Holl (Head, Department of Mathematics), Professor William G. Murray (Head, Department of Economics), and Professor E. R. Smith (Department of Mathematics). I am also indebted to Professor C. V. Newsom for improvements in the manuscript. I have to thank Mr. F. Jarred (Melbourne, Australia) for helping me with the answers to the problems.

Problems marked by \* contain important ideas and theorems which will be required later. Problems and sections marked \*\* are somewhat more difficult and may be omitted.

#### **Sources of numerical examples**

The numerical examples given in the text are taken from the following publications:

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x Preface

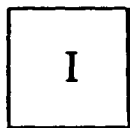
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# TABLE OF CONTENTS

---

**Preface** vii

**Sources of Numerical Examples** viii



## **SOME APPLICATIONS OF ELEMENTARY MATHEMATICS TO ECONOMICS**

<b>1. Functions and Graphs</b>	<b>3</b>
1. Functions    2. Rectangular Coordinates    3. Graphs of Equations	
<b>2. Linear Equations in One Unknown</b>	<b>11</b>
4. Linear Equations    5. Graphs of Linear Functions    6. Linear Demand Functions    7. Linear Supply Functions    8. Market Equilibrium    9. Taxation	
<b>3. Systems of Linear Equations</b>	<b>28</b>
10. Linear Equations in More Than One Unknown    11. Market Equilibrium for Several Commodities    12. Imputation	
<b>4. Quadratic Equations in One Unknown</b>	<b>35</b>
13. Quadratic Demand and Supply Curves	
<b>5. Logarithms</b>	<b>37</b>
14. Pareto Distribution of Incomes    15. Demand Curves with Constant Elasticity	
<b>6. Progressions</b>	<b>44</b>
16. The Arithmetic Progression    17. Sums of Arithmetic Progressions    18. Growth of Enterprise    19. Geometric Progression    20. Sums of Geometric Progressions    21. Population    22. Compound Interest	



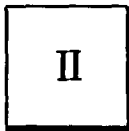
**xii**     *Contents*

**7. Determinants**

23. Determinants of the Second Order     24. Development of Determinants by Minors     25. Solutions of Systems of Linear Equations in Three Unknowns by Determinants

**8. Linear Difference Equations with Constant Coefficients**     **61**

26. First-Order Homogeneous Difference Equations     27. First-Order Nonhomogeneous Difference Equations



**CALCULUS**

**9. Functions, Limits, and Derivatives**     **69**

28. Functions and Variables     29. Demand Functions and Total Revenue Functions     30. Total and Average Cost Functions     31. Difference Quotients     32. Limits     33. Derivatives     34. Marginal Cost     35. Marginal Revenue

**10. Rules of Differentiation**     **94**

36. Derivative of a Power     37. Derivative of a Constant Times a Function     38. Derivatives of Sums and Differences of Functions     39. Derivative of a Constant     40. Derivative of a Product     41. Derivative of a Quotient of Functions     42. Derivative of a Function of a Function

**11. Derivatives of Logarithmic and Exponential Functions**     **109**

43. The Number  $e$      44. Natural Logarithms     45. Derivative of the Logarithmic Function     46. General Logarithmic Differentiation     47. Derivative of the Exponential Function

**12. Economic Applications of the Derivatives**     **118**

48. Elasticity     49. Elasticity of Demand     50. Marginal Revenue and Elasticity of Demand

**13. Additional Applications of Derivatives**     **123**

51. Further Geometric Significance of the First Derivative

**14. Higher Derivatives**     **126**

52. Higher Derivatives     53. Geometric Interpretation of the Second Derivative     54. Increasing and Decreasing Marginal Cost

<b>15. Maxima and Minima in One Variable. Inflection Points</b>	<b>133</b>
55. Maxima and Minima in One Variable    56. Monopoly    57. Average and Marginal Cost    58. Points of Inflection	
<b>16. Derivatives of Functions of Several Variables</b>	<b>145</b>
59. Functions of Several Independent Variables    60. Partial Derivatives    61. Marginal Productivity    62. Partial Elasticities of Demand    63. Differentiation of Implicit Functions	
<b>17. Homogeneity</b>	<b>159</b>
64. Homogeneous Functions    65. Euler Theorem	
<b>18. Higher Partial Derivatives and Applications</b>	<b>164</b>
66. Higher Partial Derivatives    67. Maxima and Minima in Several Variables    68. Joint Production    69. Constrained Maxima and Minima    70. Utility Theory    71. Production under Free Competition	
<b>19. Elements of Integration</b>	<b>178</b>
72. Indefinite Integrals    73. Marginal Cost, Total Cost, Average Cost    74. Definite Integrals    75. Consumers' Surplus	

III

## PROBABILITY AND STATISTICS

<b>20. Probability</b>	<b>193</b>
76. Definition of Probability    77. Laws of Probability    78. Probability Distributions	
<b>21. Random Variables</b>	<b>208</b>
79. Mathematical Expectation    80. Computations with Mathematical Expectations	
<b>22. Moments</b>	<b>217</b>
81. Moments about the Origin    82. Moments about the Mathematical Expectation	

<b>23. Binomial and Normal Distributions</b>	<b>223</b>	
83. Repeated Trials and Binomial Distribution	84. The Normal Distribution	
<b>24. Elements of Sampling</b>	<b>235</b>	
85. Estimation and Variance	86. Frequency Distributions	87. Sample Mean
	88. Sheppards' Correction	89. Confidence Limits
<b>25. Tests of Hypotheses</b>	<b>255</b>	
90. Tests of Statistical Hypotheses (Large Samples)	91. Tests of Statistical Hypotheses (Small Samples)	92. Tests of Significance for Two Samples
<b>26. Fitting of Distributions</b>	<b>265</b>	
93. Fitting of the Normal Distribution	94. Tests of Goodness of Fit	
95. Contingency Tables		
<b>27. Regression and Correlation</b>	<b>273</b>	
96. Method of Least Squares	97. Curve Fitting	98. Regression
99. Simple Correlation	100. Fitting of Demand and Supply Curves	
<b>28. Index Numbers</b>	<b>303</b>	
101. Elements of Index Numbers		
<b>Postscript: Suggestions for Further Reading</b>	<b>307</b>	
<b>Answers to Odd-numbered Problems</b>	<b>311</b>	
<b>Tables</b>	<b>341</b>	
1. Four-Place Common Logarithms of Numbers.	2. Natural Trigonometric Functions for Decimal Fractions of a Degree.	3. Four-Place Natural Logarithms.
4. Areas of the Normal Probability Curve.	5. Student's $t$ -Distribution.	6. $\chi^2$ Probability Scale.
<b>Indexes</b>	<b>353</b>	
Index of Names.	Index of Mathematical and Statistical Terms.	Index of Economic Terms.

# INDEXES

---

# INDEX OF NAMES

---

- Allen, R. G. D., 308  
Anderson, R. L., 308
- Bancroft, T. A., 308  
Baumol, W. J., 308  
Birkhoff, G., 308  
Boulding, K. E., vii  
Bronfenbrenner, M., ix  
Brownlee, O., ix, 151
- Cobb, C. W., viii  
Collar, A. R., 308
- Daly, P., ix, 151  
Davis, H. T., viii, 40, 308  
Dean, J., viii, ix, 76, 100  
Derksen, J. B. D., ix, 153  
Dorfman, R., 308  
Douglas, P. H., viii, ix, 150, 151  
Duncan, W. J., 308
- Euler, L., 161  
Evans, G. C., 308  
Ezekiel, M., 309
- Fisher, I., 304  
Frazer, R. A., 308
- Gaus, K. F., 226  
Gunn, G. T., ix, 150
- Haavelmo, T., ix, 32, 64, 85  
Handsaker, M. H., ix
- Kendall, M. G., 309
- Laspeyre, E., 304  
Leontief, W., ix, 34, 60
- MacLane, S., 308  
Malthus, T. R., 51
- Marshall, A., 22  
May, K. O., 308  
Mises, R. von, 308  
Mood, A. M., 308  
Morgenstern, O., 308
- Neumann, J. von, 308  
Nichols, W. H., ix, 10  
Nordin, J. A., ix, 90, 174
- Olson, E., ix
- Paasche, H., 304  
Pabst, W. R., ix, 154  
Paradiso, L. J., 153  
Pareto, V., 37
- Rambouts, A., ix, 153  
Roos, C. F., ix, 153
- Samuelson, P. A., x, 64, 85, 308  
Sauerbeck, A., 303  
Schultz, H., x, 19, 21, 24, 31, 43, 65, 73,  
74, 98, 99, 107, 108, 139, 152, 153  
Sheppard, W. F., 250  
Stigler, G. J., vii  
Stone, R., x, 149  
Student, 258  
Szcliski, V. von, ix, x, 40, 153
- Tinbergen, J., 308
- Uspensky, J. V., 308
- Walras, L., 31  
Whitmann, R. H., x, 139  
Widder, D. V., 308  
Wilks, S. S., 308  
Wold, H., x, 74
- Yntema, T. O., x, 76, 100, 139

# INDEX OF MATHEMATICAL AND STATISTICAL TERMS

---

- Abscissa, 5
- Addition theorem, 199
- Area, 182
- Arithmetic progression, 44
  - sum, 46
  
- Bias, 236
- Binomial distribution, 223
  - mean, 227
  - standard deviation of, 228
  - variance of, 228
  
- Central limit theorem, 229
- Chance variable, 202
- Chi square* distribution, 268, 351 (Table 6)
- Class limits, 243
- Class mean, 245
- Coefficient of correlation, 287
- Coefficient of determination, 289
- Coefficient regression, 291
- Common difference, 44
- Common ratio, 48
- Concavity, 128
- Conditional probability, 200
- Confidence limits, 251
- Consistency, 241
- Consistent estimate, 241
- Constant, derivative of, 99
  - times a function, derivative of, 95
- Constrained maximum, 171
- Constrained minimum, 171
- Contingency table, 270
- Coordinates, rectangular, 5
  
- Correlation, 273
  - coefficient, 287
    - lag, 297
    - sample, 287
    - test of significance, 287
  - lag, 295
  - simple, 287
  - zero, 289
- Critical point, 135
- Critical value, 135
- Cumulative probability, 203
- Curve, area, 182
- Curve fitting, 275
  
- Definite integral, 182
- Degrees of freedom, 241
- Density, probability, 204
- Dependent variable, 3, 69
- Derivative, 85
  - of a constant, 99
    - times a function, 95
  - of differences of functions, 97
  - of exponential function, 115
  - first, geometric significance of, 123
  - of a function of a function, 105
  - higher, 126
  - of an implicit function, 154
  - logarithmic, 114
  - of a logarithmic function, 112
  - negative power, 107
  - partial, 146
    - higher, 164
  - of a power, 94

**358**     *Index of Mathematical and Statistical Terms*

- Derivative (*cont'd*)
  - of a product, 100
  - of a quotient, 102
  - rules for obtaining, 94
  - second, 128
  - of a sum of functions, 97
- Determinant, expansion, 56
  - minors, 56
  - of the second order, 54
  - solution of systems of equations, 54
  - third-order, 56
- Determination, coefficient, 289
- Difference, common, 44
  - equation, homogeneous first-order, 61
    - linear, with constant coefficients, 61
    - nonhomogeneous, 63
  - first, 61
  - of functions, derivative, 97
  - quotient, 76
- Dispersion, 219
- Distribution, binomial, 223
  - chi* square, 268, 351 (Table 6)
  - fitting, 265
  - frequency, 243
  - normal, 226, 349 (Table 4)
  - probability, 202
  - Student's, 287, 350 (Table 5)
  - t*, 287, 350 (Table 5)
- z*, 109-110
- Efficiency, 241
- Efficient estimate, 241
- Equation, defined, 11
  - graph, 6
  - linear, in one unknown, 11
    - systems, 28
  - normal, 275, 279, 282
  - quadratic, 35
- Error curve, normal, 226
  - first kind, 256
  - second kind, 256
- Estimate, 236
  - consistent, 241
  - efficient, 241
  - sufficient, 242
  - unbiased, 236
- Euler theorem, 161
- Even function, 71
- Expectation, mathematical, 80, 208
- Exponential function, derivative, 115
  - trend, 279
- Extrapolation, 276
- Fiducial limits, 251
- First derivative, geometric significance, 123
- First difference, 61
- First-order difference equation, homogeneous, 61
  - nonhomogeneous, 63
- Fitting, curve, 275
- Fitting distribution, 265
  - normal, 265
- Freedom, degrees of, 241
- Frequency, relative, 194
- Frequency definition of probability, 194
- Frequency distribution, 243
- Function; 3, 69
  - even, 71
  - of a function, derivative, 105
  - homogeneous, 159
    - linear, 162
  - implicit, 69-70
    - derivative, 154
  - inverse, 69
  - linear, graph, 13
  - odd, 71
  - of one variable, maximum, 133
    - minimum, 133
  - of several variables, 145
    - maximum, 166
    - minimum, 166
- Gaussian distribution, 226
- Geometric mean, 274
- Geometric progression, 48
- limit, 84
  - sum, 50
  - limit, 84
- Goodness of fit, 267
- Graph, 5, 6
  - of linear function, 13-16
- Higher derivative, 126
- Higher partial derivative, 164
- Homogeneous function, 159
  - Euler theorem, 161
  - linear, 162
- Hyperbola, rectangular, 42
- Hypotheses, test, 255
- Implicit function, 69
  - derivative, 154
- Indefinite integral, 181
- Independence, 201
- Independent variable, 3, 69
- Inflection point, 142
- Integral, definite, 182
  - indefinite, 181
- Intercept, 16
- Interpolation, 275
- Inverse function, 69
- Kurtosis, 220
- Lag correlation, 295
  - coefficient, 297
- Lag regression, 297, 300
- Large numbers, law of, 210

- Law of large numbers, 210
- Least squares, 273
- Level of significance, 255
- Likelihood, maximum, 243, 280
- Limit, 80
  - confidence, 251
  - fiducial, 251
- Linear difference equation with constant coefficients, 61
- Linear equation, in one unknown, 11
  - systems, 28
- Linear function, graph, 13
- Linear homogeneous function, 162
- Linear trend, 275
- Location, probability distribution, 208
- Logarithm, 37, 341–342 (Table 1)
  - natural, 110, 347–348 (Table 3)
- Logarithmic differentiation, 112, 114
  
- Mathematical expectation, 80, 208
  - moments about, 219
- Maximum, 133
  - constrained, 171
  - with side conditions, 171
- Maximum function of several variables, 166
- Maximum likelihood, 243, 280
- Mean, arithmetic, 208
  - binomial distribution, 227
  - class, 245
  - geometric, 274, 303
  - population, 208
  - sample, 237, 245
- Median, 250
- Minimum, 133
  - constrained, 171
  - function of several variables, 166
  - side conditions, 171
- Minor, 56
- Mode, 234
- Moment, 217
  - about the mathematical expectation, 219
  - about the origin, 217
- Multiple regression, 292
- Multiplication theorem, probability, 200
  
- Natural logarithm, 110, 347–348 (Table 3)
- Negative power, derivative, 107
- Normal distribution, 207, 226, 349 (Table 4)
  - fitting, 265
- Normal equations, 275, 279, 282
- Normal error curve, 207, 226
- Normal integral, 229
  
- Odd function, 71
- Ordinate, 5
  
- Parabola, curve fitting, 278
  - trend, 278
  
- Partial derivative, 146
  - higher, 164
- Permissible value, 3, 4
- Point of inflection, 142
- Population, 208
  - mean, 208
  - standard deviation, 220
  - variance, 219
- Power, derivative, 94
- Probability, 193
  - addition theorem, 199
  - classical definition of, 193
  - conditional, 200
  - cumulative, 203
  - density, 204
  - distribution, 202
    - binomial, 223
    - mean, 227
    - standard deviation, 228
    - variance, 228
  - dispersion, 219
  - kurtosis, 220
  - location, 208
  - moments, 217
  - normal, 207, 226
    - integral, 229
  - rectangular, 205
  - skewness, 220
  - frequency definition, 194
  - multiplication theorem, 200
- Product of functions, derivative, 100
- Progression, arithmetic, 44
  - sum, 46
  - geometric, 48
    - limit, 84
    - sum, 50
  - sum, 44
  
- Quadratic equation, 35
- Quotient of functions, derivative, 102
  
- Random sample, 235
- Random sequence, 194
- Random variable, 202
- Range, 245
- Ratio, common, 48
- Rectangular coordinates, 5
- Rectangular hyperbola, 42
- Rectangular probability distribution, 205
- Regression, 273, 281
  - coefficient, 291
    - test, 291
  - lag, 297, 300
  - multiple, 292
- Relative frequency, 194
- Repeated trials, 223
- Rules of differentiation, 94
  
- Sample, correlation coefficient, 287



## 360 *Index of Mathematical and Statistical Terms*

- Sample (*cont'd*)
  - mean, 237, 245
  - standard error, 239
  - random, 235
  - variance, 239
- Sampling, random, 235
- stratified, 236
- Scatter diagram, 282
- Second derivative, 128
- Second-order determinant, 54
- Selection, 194
- Sequence, random, 194
- Sheppard's correction, 250
- Significance level, 255
- Simple correlation, 287
- Skewness, 220
- Slope, 14, 77
  - tangent, 123
- Standard deviation, 220
  - binomial distribution, 228
  - population, 220
- Standard error, sample mean, 239
- Statistic, 236
- Stochastic variable, 202
- Stratified sampling, 236
- Student's distribution, 258, 287, 350 (Table 5)
- Sufficiency, 242
- Sufficient estimate, 242
- Sum, of arithmetic progressions, 46
  - of functions, derivative, 97
  - of geometric progressions, 50
  - limit, 84
  - of progressions, 44
- Systems of linear equations, 28
  - solution by determinants, 54
- $t$ -distribution, 258, 287, 350 (Table 5)
- Tangent, slope, 123
- Test, goodness of fit, 267
  - hypotheses, 255
    - large samples, 255
    - small samples, 257
  - of significance, correlation coefficient, 287
  - regression coefficient, 291
  - two samples, 259
- Third-order determinant, 56
- Trend, exponential, 279
  - linear, 275
  - parabolic, 278
- Trials, repeated, 223
- Trigonometry, 77, 343-346 (Table 2)
- Two samples, test of significance, 259
  
- Unbiased estimate, 236
  
- Values, permissible, 3, 4
- Variable, 69
  - chance, 202
  - dependent, 3, 69
  - independent, 3, 69
  - random, 202
  - stochastic, 202
- Variance, 219
  - binomial distribution, 228
  - population, 219
  - sample, 239
  - Sheppard's correction, 250
  
- Zero correlation, 289

# INDEX OF ECONOMIC TERMS

---

- Agricultural products, demand, 24
  - supply, 24
- Australia, production function, 150
- Automobiles, demand, 153
- Average cost, 74
  - and marginal cost, 140
- Average revenue, 72
  
- Barley, demand, 19, 31, 73, 99, 152
- Beef, demand, 31, 152
- Beer, demand, 153
- Bicycles, demand, 153
- Buckwheat, demand, 24, 99
- Budget equation, 173
- Butter, demand, 74, 154
  
- Canada, production function, 150
- Cobweb theorem, 65, 295
- Collective demand, 18
- Collective supply, 19
- Competition, 22, 32, 175
- Compound interest, 52, 62
- Constant elasticity, demand, 41
- Constant marginal cost, 130
- Constant product curve, 177
- Consumers' surplus, 188
- Corn, demand, 31, 43, 108, 153
- Cost, average, 74, 181
  - in department store, 100
  - of hosiery, 76, 90, 100
  - of leather belts, 76, 90, 100
  - in light plant, 90
  - of living, 303
  - marginal, 88, 181
    - constant, 130
- Cost, marginal (*cont'd*)
  - decreasing, 130
  - increasing, 130
  - of steel, 76, 100
  - total, 74, 181
- Cotton, demand, 19, 43, 73, 98, 108
  
- Decreasing marginal cost, 130
- Demand, agricultural products, 24
  - automobiles, 153
  - barley, 19, 31, 73, 99, 152
  - beef, 31, 152
  - beer, 153
  - bicycles, 153
  - buckwheat, 24, 99
  - butter, 74, 154
  - corn, 31, 43, 108, 153
  - cotton, 19, 43, 73, 98, 108
  - curves with constant elasticity, 41
    - fitting, 292
    - quadratic, 35
  - elasticity, 119, 174
    - partial, 151
  - function of, 72
    - individual, 17
    - linear, 17
    - market, 17
  - hay, 31, 74, 99, 153
  - mutton, 31, 152
  - oats, 31, 153
  - oleomargarine, 154
  - partial elasticity, 151
  - pork, 31, 152
  - potatoes, 43, 73, 108
  - rye, 19, 99

- Demand (*cont'd*)  
   shift, 158  
   shoes, 153  
   soap, 153  
   spirits, 153  
   sugar, 19, 24, 43, 65, 73, 98, 107  
   tobacco, 153  
   wheat, 43, 108  
 Department store, cost, 100  
 Distribution of income, 37  
  
 Elasticity, 41, 118, 298, 299  
   constant, 41  
   of demand, 119, 174  
   and marginal revenue, 121  
   partial, 151  
   income, 174  
 Enterprise, growth, 47  
 Equation, budget, 173  
 Equilibrium, general, 32  
   market, 22  
   several commodities, 30  
   partial, 22  
  
 Farms, production function, 151  
 Fitting demand functions, 292  
 Fitting Pareto distribution, 280  
 Fitting supply functions, 292  
 Food, utility function, 174  
 Free competition, 22, 32, 175  
 Free good, 18  
 Function, production, 175  
   transformation, 177  
  
 General equilibrium, 32  
 Geometric mean, index number, 303  
 Good, free, 18  
 Growth of enterprise, 47  
  
 Hay, demand, 31, 74, 99, 153  
 Hogs, production function, 151  
 Hosiery, cost, 76, 90, 100  
  
 Ideal index number, 304  
 Identification, 293, 302  
 Imputation, 32  
 Income, distribution, 37  
   elasticity, 174  
 Increasing marginal cost, 130  
 Index number, geometric mean, 303  
   ideal, 304  
   Laspeyre's, 304  
   Paasche, 304  
   Sauerbeck, 303  
 Indifference curve, 174, 175  
 Individual demand function, 17  
 Individual supply function, 19  
 Input-output analysis, 60  
 Interest, compound, 52, 62  
  
 Joint production, 169  
  
 Laspeyre's index number, 304  
 Leather belts, cost, 76, 90, 100  
 Light plant, cost, 90  
 Linear demand function, 17  
 Linear programming, 12, 30  
 Linear supply function, 19  
 Living, cost of, 303  
  
 Marginal cost, 88, 181  
   and average cost, 140  
   constant, 130  
   decreasing, 130  
   increasing, 130  
 Marginal productivity, 149, 177  
 Marginal rate of substitution, 174  
 Marginal revenue, 90  
   and elasticity of demand, 121  
 Marginal utility, 174  
 Market, demand function, 17  
   equilibrium, 22  
   of several commodities, 30  
   supply function, 19  
 Meat packing, production function, 10  
 Monopoly, 136  
   steel, 139  
   sugar, 139  
   tax, 157  
 Multiplier, 64, 85  
 Mutton, demand, 31, 152  
  
 Oats, demand, 31, 153  
 Oleomargarine, demand, 154  
  
 Paasche index number, 304  
 Pareto curve, 37  
   fitting, 280  
 Partial elasticity of demand, 151  
 Partial equilibrium, 22  
 Population growth, 51  
 Pork, demand, 31, 152  
 Potatoes, demand, 43, 73, 108  
 Product, constant, 177  
 Production, under free competition,  
   175  
   function, 175  
   Australia, 150  
   Canada, 150  
   farms, 151  
   hogs, 151  
   meat packing, 10  
   United States, 150  
   joint, 169  
 Productivity, marginal, 149, 177  
 Profits, 32, 136  
 Programming, linear, 12, 30  
  
 Quadratic demand function, 35

- Ratio, sex, 198
- Revenue, average, 72
  - marginal, 90
  - total, 72
- Rye, demand, 19, 99
  
- Sauerbeck index number, 304
- Sex ratio, 198
- Shift in demand, 158
- Shoes, demand, 153
- Soap, demand, 153
- Specific tax, 24
- Spirits, demand, 153
- Steel, cost, 76, 100
  - monopoly, 139
- Subsidy, 24
- Substitution, marginal rate of, 174
- Sugar, demand, 19, 24, 43, 65, 73, 98, 107
  - monopoly, 139
  - supply, 21, 24, 65
- Supply, agricultural products, 24
  - curve, fitting, 292
  - function, collective, 19
  
- Supply, function, *(cont'd)*
  - individual, 19
  - linear, 19
  - market, 19
  - sugar, 21, 24
- Surplus, consumers', 188
  
- Tax, 24
  - specific, 24
  - monopoly, 157
- Theorem, cobweb, 295
- Tobacco, demand, 153
- Total cost, 74, 181
- Total revenue, 72
- Transformation function, 177
  
- United States, production function, 150
- Utility, 173
  - function for food, 174
  - marginal, 174
  - measurable, 174
  
- Wheat, demand, 43, 108