Table of Contents

Preface 9

Chapter 1 Mathematical Modelling: Aims and Philosophy

1.1 Mathematics and Society 11
1.2 Mathematical Modelling – Its Role and Limitations 13
1.3 Case Study 15
1.4 Future Trends 18
1.5 Introduction to the Book 20

Chapter 2 Sequences and Series

2.1 The Gnome Corporation Redemption Issue 21
2.2 Sequences; Arithmetic and Geometric Progressions 23
2.3 Solution to the Case Study 30
2.4 Case Studies 31
2.4.1 Nominal and Effective Interest Rates 31
2.4.2 Mr Smith's Mortgage Problems 32
2.4.3 The Multiplier 34
2.4.4 The Size of the Firm 35
2.5 Problems 38

Chapter 3 Limits and Continuity

3.1 The Case of the Bakewell Bean Promotion 41
3.2 The Theory of Functions of a Real Variable 41
3.3 Solution of the Bakewell Bean Promotion Problem 50
3.4 Case Studies 52
3.4.1 Production Costs 52
3.4.2 Continuously Accruing Interest: the Exponential and Logarithmic Functions 54
3.5 Problems 57

Chapter 4 Turning points and Changes: Models Based on the Differential Calculus

4.1 The Case of the Wonderbike Selling Price 61
4.2 Derivatives and Maxima and Minima of Functions of a Real Variables 63
4.3 Solution of the Wonderbike Selling Price Problem 68
4.4 Case Studies 70
4.4.1 The Economics of Production - Diminishing Returns 70
4.4.2 Drug Concentration in the Blood Stream. 73
4.4.3 The Kertz Leasing Company. 75
4.5 Problems 77

Chapter 5 Growth and Decay: Models Based on First Order Differential Equations

5.1 The Case of Cuspic Containers 81
5.2 Theory of First Order Differential Equation 82
5.3 The Solution of the Cuspic Containers Problem. 86
5.4 Case Studies 88
5.4.1 The National Debt and Gross National Product 88
5.4.2 Population Growth 90
5.4.3 Drug Distribution in the Body. 94
5.4.4 Dating Archaeological Samples 97
5.4.5 Response of Sales to Advertising 98
5.5 Problems 101

Chapter 6 Cycles and Oscillations: Models Based on Second Order Differential Equations

6.1 Control of the Economy by Government Spending 109
6.2 The Second Order Linear Differential Equation with Constant Coefficients 111
6.3 Solution of the Case Study 119
6.4 Case Studies 122
6.4.1 Pricing Policy for Optimum Inventory Level 122
6.4.2 Interacting Species 124
6.5 Problems 127

Chapter 7 Step by Step: Difference Equations

7.1 A National Economy Model for Jedesland 133
7.2 Difference Equations Theory. 135
7.2.1 Linear First Order. 135
7.2.2 Linear n^{th} Order. 138
7.2.3 Homogeneous Second Order. 139
7.2.4 Particular Solutions 142

7.3 Jedesland's National Economy 144
7.4 Case Studies 146
7.4.1 A Simple Population Model 146
7.4.2 The Cobweb Model of Supply and Demand 148
7.4.3 Prices and Inventory 151
7.5 Problems 153

Chapter 8 Vectors and Matrices: Linear models with Several Variables

8.1 The Yummy Jam Company 159
8.2 Vector and Matrices - Preliminary Theory 159
8.3 Matrix Representation for the Yummy Jam Company 164
8.4 Input-output Models 166
8.5 Systems of Linear Equations 168
8.6 Input-output Solution 176
8.7 Case Studies 177
8.7.1 Coexistance of Bacteria 177
8.7.2 Production Explosion 178
8.7.3 Discrete Population Model with an Age Distribution 183
8.8 Problems 186

Chapter 9 Optimal Policy Decisions: Models based on Optimization Techniques

9.1 The Precision Tool Company 193
9.2 Optimization Techniques 194
9.3 Solution of the Precision Tool Company's Problem 203
9.4 Case Studies 204
9.4.1 Stock Control with Shortages 204
9.4.2 Optimal Warehouse Area 207
9.4.3 Production Planning 208
9.4.4 Routeing Problem. 213
9.4.5 Resource Allocation 217
9.5 Problems 218

Chapter 10 Theory of Games

10.1 The Prisoner's Dilemma 225
10.2 Rectangular Two-person Games 226
10.3 Case Studies 234
10.3.1 Competitive strategies 234
10.3.2 How to Beat General von Kluge. 236
10.3.3 Jamaican Fishermen 240
10.4 Problems 242

Chapter 11 An Explanation of Discontinuous Phenomena: Models Based on Catastrophe Theory

11.1 The Case of the Tatopops Launch. 247
11.2 The Cusp Catastrophe 250
11.3 The Cusp Catastrophe Model for the Tatopops Launch. 252
11.4 Case Studies. 254
11.4.1 'Never Pat a Cowering Dog' 254
11.4.2 Catastrophes in Higher Dimensions 256
11.4.3 Mathematical Publication. 256
11.5 Problems 256

Appendix I Number Systems 259

Appendix II Integration 263

Appendix III Partial Differentiation 267

Bibliography and References 269

Answers to Problems 271

Index 285