

Session 02 - Sets

Mathematics for Master Students

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Recap & Your Questions

Session 01 in a Nutshell

- Number sets form a hierarchy: $\mathbb{N} \subset \mathbb{Z} \subset \mathbb{Q} \subset \mathbb{R}$
- Intervals like $[0, 500]$ describe connected ranges of reals
- $\sum$ and $\prod$ are compact **loops** for adding and multiplying
- Indices carry meaning: x_{ij} = flow from warehouse i to customer j
- Implication $p \Rightarrow q$ is a one-way street: only the contrapositive is equivalent
- Negation swaps quantifiers: $\neg(\forall x : P(x)) \Leftrightarrow \exists x : \neg P(x)$

Common Issues in the Homework

- **Counting terms:** $\sum_{i=3}^{10} x_i$ has $10 - 3 + 1 = 8$ terms, not 7: both endpoints count!
- **Over-strong negation:** negating “**some** warehouse operates above 90% capacity” gives “**every** warehouse runs at at most 90%”, *not* “every warehouse is idle”
- **Converse error:** from “certified $\Rightarrow$ passed audit” and a supplier that passed the audit, nothing follows about its certification

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Tip

Which tasks gave you trouble? Bring them up **now**: we take the time to go through them before we move on to today's topic.

Warm-Up: One More Negation

Question

Negate: “**Some** delivery route is unprofitable.”

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“**Every** delivery route is profitable.”: negation swaps $\exists$ into $\forall$ and negates the inside.

...

Common Mistake

“Some route is profitable” is **not** the negation: both statements can easily be true at the same time.

Today’s Plan

- **Set basics:** elements, subsets, and cardinality
- **Set operations:** union, intersection, difference, complement
- **Products & power sets:** ordered pairs, routes, and selections
- **Sets in business:** segmentation and feasible sets

Set Basics

What Is a Set?

A set is an **unordered collection** of distinct objects, called its elements.

- Transport modes: $M = \{\text{road, rail, waterway, ocean, air}\}$
- Order does not matter: $\{1, 2, 3\} = \{3, 1, 2\}$
- No duplicates: $\{1, 2, 2, 3\} = \{1, 2, 3\}$

...

Tip

Think of a set as a **bag**: what matters is only *what is inside*, not in which order it went in, and never twice.

Element Notation

Membership is the most basic set statement:

- $a \in A$: “ a is an element of A ”
- $a \notin A$: “ a is **not** an element of A ”
- $\text{rail} \in M$, but $\text{drone} \notin M$
- From Session 1: $3 \in \mathbb{N}$, while $-3 \notin \mathbb{N}$ (but $-3 \in \mathbb{Z}$)

...

Every “is it in or not?” question has a clear yes/no answer: that is what makes a set well-defined.

Describing Sets

Two standard ways to write a set down:

- **Listing** the elements: $A = \{2, 4, 6, 8\}$
- **Set-builder notation:** $A = \{x \in \mathbb{N} : x \text{ is even and } x \leq 8\}$
- Read “:” as such that: some books write “|” instead

- For infinite sets, listing fails, set-builder still works: $\{x \in \mathbb{N} : x \text{ is even}\}$

...

Tip

Set-builder notation is a **filter**: start from a base set, keep only the elements passing the condition, exactly what a database query does.

Set-Builder in Practice

The same filter pattern appears throughout your courses:

- Key accounts: $\{c \in \text{Customers} : \text{revenue}(c) > 10000\}$
- Late shipments: $\{s \in \text{Shipments} : \text{arrival}(s) > \text{promised}(s)\}$
- Feasible order sizes: $\{q \in \mathbb{N}_0 : 20 \leq q \leq 500\}$

...

Every set-builder expression has the same three parts: a base set, a colon, and a **condition**. Change the condition, and you have a new filter.

Your Turn: How Many Pass the Filter?

Question

How many elements does $\{x \in \mathbb{Z} : x^2 \leq 4\}$ have? Shout the number.

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Five: the set is $\{-2, -1, 0, 1, 2\}$.

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Common Mistake

Answering 3 (only 0, 1, 2) forgets that the base set is $\mathbb{Z}$: negative integers square to positive numbers, so -1 and -2 pass the filter too.

The Empty Set

The empty set $\emptyset = \{\}$ contains **no elements** at all.

- The set of all shipments that arrived *before* they were sent: $\emptyset$
- $\emptyset$ is a subset of **every** set: it has no element that could be missing
- An empty result is an *answer*, not an error: “no customer matches the filter”

...

⚠ Common Mistake

$\emptyset \neq \{0\}$: the set *containing zero* has one element. The empty set has none.

Subsets

$A \subseteq B$: every element of A is also in B (“ A is a subset of B ”).

- $\{2, 3\} \subseteq \{1, 2, 3\}$, and also $\{1, 2, 3\} \subseteq \{1, 2, 3\}$
- **Proper** subset $A \subset B$: $A \subseteq B$ and $A \neq B$
- Session 1's hierarchy $\mathbb{N} \subset \mathbb{Z} \subset \mathbb{Q} \subset \mathbb{R}$ is a chain of proper subsets
- For every set: $A \subseteq A$ and $\emptyset \subseteq A$

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💡 Tip

$\subseteq$ works like $\leq$ and $\subset$ like $<$: the extra line allows equality.

Checking a Subset Claim

Let $F = \{x \in \mathbb{N} : x \text{ is divisible by } 4\}$ and $E = \{x \in \mathbb{N} : x \text{ is even}\}$.

- $F \subseteq E$? Take any element of F : a multiple of 4 is $4k = 2 \cdot 2k$, hence even. **Yes**
- $E \subseteq F$? Look for a counterexample: $2 \in E$, but $2 \notin F$. **No**
- So $F \subset E$ is a *proper* subset: every multiple of 4 is even, but not the other way round

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💡 Tip

To **prove** $A \subseteq B$, argue for an arbitrary element. To **disprove** it, one counterexample suffices: Session 1's $\forall$ versus $\exists$ again.

Set Equality

Two sets are equal if they contain **exactly the same elements**:

$$A = B \Leftrightarrow A \subseteq B \text{ and } B \subseteq A$$

- $\{1, 2, 3\} = \{3, 2, 1\}$: same bag, different listing order
- To check equality, check **both** inclusions: a pattern you will see in many courses

Element vs Subset

The classic confusion: $\in$ relates an *element* to a set, $\subseteq$ relates *two sets*.

Let $A = \{1, 2, 3\}$:

Statement	True?	Why
$2 \in A$	✓	2 is an element of A
$\{2\} \subseteq A$	✓	every element of $\{2\}$ is in A
$\{2\} \in A$	×	the set $\{2\}$ is not one of the three elements

...

⚠ Common Mistake

Writing $2 \subseteq A$: a number is not a set, so $\subseteq$ does not apply. Ask first: element or set?

Your Turn: Element or Subset?

i Question

Let $B = \{5, 10, 15\}$. Which statements are **true**: $10 \in B$, $\{5, 15\} \subseteq B$, $\{10\} \in B$, $\emptyset \subseteq B$?

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- $10 \in B$: **true**, 10 is an element
- $\{5, 15\} \subseteq B$: **true**, both elements of the left set are in B
- $\{10\} \in B$, **false**: the elements of B are numbers, not sets ($\{10\} \subseteq B$ would be true)
- $\emptyset \subseteq B$: **true**, the empty set is a subset of every set

Cardinality

The cardinality $|A|$ is the **number of elements** in A :

- $|\{\text{road, rail, waterway, ocean, air}\}| = 5$
- $|\emptyset| = 0$
- $\mathbb{N}$ has infinitely many elements: its cardinality is not a natural number

...

⚠ Common Mistake

Same bars, different meaning: $|-5| = 5$ is an **absolute value** (of a number), $|\{-5\}| = 1$ is a **cardinality** (of a set). The argument decides.

Your Turn: Count the Elements

Question

What is $|\{1, 2, 2, 3, \{4, 5\}\}|$?

- (a) 3 (b) 4
(c) 5 (d) 6

...

(b): the elements are 1, 2, 3 and the set $\{4, 5\}$, four in total.

...

Common Mistake

The repeated 2 counts once (no duplicates in a set), and $\{4, 5\}$ is **one** element, not two: it is a set sitting inside a set.

Sets You Already Know

Session 1 was full of sets, we just did not call them that:

- The number sets $\mathbb{N}, \mathbb{Z}, \mathbb{Q}, \mathbb{R}$ **are** sets
- Intervals are sets in set-builder notation: $[0, 500] = \{x \in \mathbb{R} : 0 \leq x \leq 500\}$
- $\mathbb{Q} = \left\{\frac{p}{q} : p, q \in \mathbb{Z}, q \neq 0\right\}$: set-builder again
- Today we learn to combine and compare such sets

Set Operations

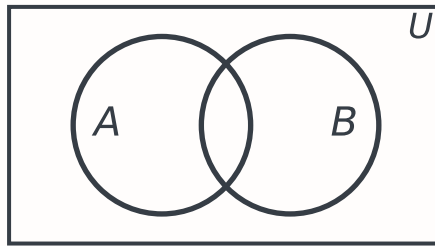
The Universal Set

Set operations play out inside a universal set U , all objects currently under discussion:

- Analysing your customer base? U = all customers of the company
- Talking about order quantities? $U = \mathbb{R}$ or $U = \mathbb{N}_0$
- U is a **modelling choice**: state it before you start
- We need U in a moment to say what “everything *not* in A ” means

Venn Diagrams

A Venn diagram shows sets as circles inside the rectangle U :

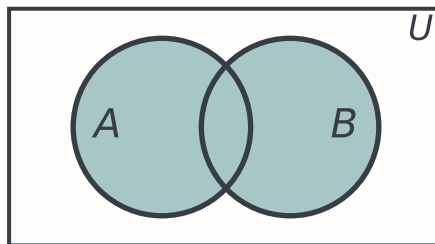


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Overlap = shared elements, outside the circles = the rest of U : a thinking tool, not just a picture.

Union

$A \cup B = \{x : x \in A \text{ or } x \in B\}$: everything in at least one of the sets.

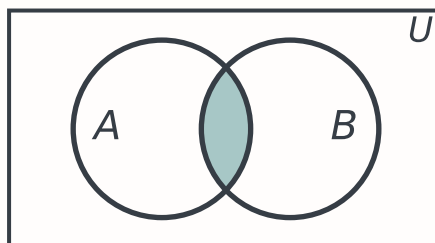


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$\{1, 2\} \cup \{2, 3\} = \{1, 2, 3\}$: the “or” is inclusive, just like in logic; the shared 2 appears once.

Intersection

$A \cap B = \{x : x \in A \text{ and } x \in B\}$: only the elements in both sets.

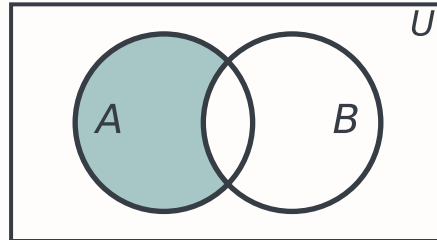


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$\{1, 2\} \cap \{2, 3\} = \{2\}$: think of it as applying **two filters at once**.

Set Difference

$A \setminus B = \{x : x \in A \text{ and } x \notin B\}$: what is left of A after removing everything in B .

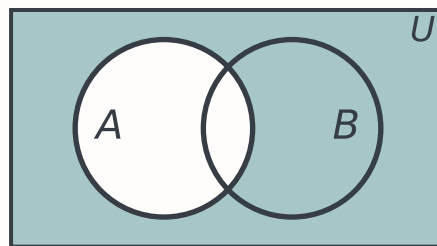


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$\{1, 2, 3\} \setminus \{2, 3\} = \{1\}$, and beware: $A \setminus B \neq B \setminus A$ in general, order matters.

Complement

$A^c = \{x \in U : x \notin A\}$: everything in U outside of A , i.e. $A^c = U \setminus A$.



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Books also write $\overline{A}$ or A' : same idea. A handy identity: $A \setminus B = A \cap B^c$.

Four Operations at Once

Let $U = \{1, 2, \dots, 8\}$, $A = \{1, 2, 3, 4\}$ and $B = \{3, 4, 5, 6\}$:

Expression	Result	Reading
$A \cup B$	$\{1, 2, 3, 4, 5, 6\}$	in A or in B
$A \cap B$	$\{3, 4\}$	in both
$A \setminus B$	$\{1, 2\}$	in A , not in B
$B \setminus A$	$\{5, 6\}$	in B , not in A
A^c	$\{5, 6, 7, 8\}$	in U , not in A

...

Note $A \setminus B \neq B \setminus A$, and A^c needs U : without a universal set, “everything not in A ” is undefined.

Your Turn: Compute the Operations

i Question

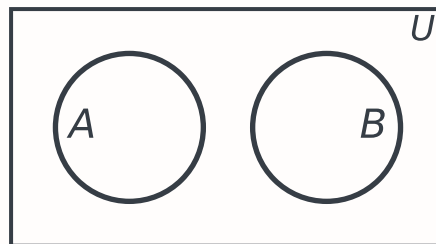
Let $U = \{1, 2, \dots, 10\}$, $A = \{2, 4, 6, 8, 10\}$ and $B = \{1, 2, 3, 4, 5\}$. Shout: $A \cap B$, $A \setminus B$, B^c , and the number $|A \cup B|$.

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- $A \cap B = \{2, 4\}$: the even numbers up to 5
- $A \setminus B = \{6, 8, 10\}$: remove 2 and 4 from A
- $B^c = \{6, 7, 8, 9, 10\}$: everything in U above 5
- $|A \cup B| = |\{1, 2, 3, 4, 5, 6, 8, 10\}| = 8$

Disjoint Sets

A and B are disjoint if $A \cap B = \emptyset$, no shared elements:



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Disjoint sets are how we model **clean segmentations**: every customer is in *exactly one* region, no overlaps.

Your Turn: True or False?

i Question

For any two sets A and B : is $A \cup B \subseteq A$ always true?

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- **False**: the union is usually *bigger* than A
- A = premium customers, B = churned customers: $A \cup B$ contains churned non-premium customers, who are not in A
- The reverse always holds: $A \subseteq A \cup B$
- $A \cup B \subseteq A$ is only true in the special case $B \subseteq A$

How Many in the Union?

Adding $|A| + |B|$ counts the intersection twice, so subtract it once, the inclusion-exclusion rule:

$$|A \cup B| = |A| + |B| - |A \cap B|$$

...

Survey example: of 100 coffee drinkers, 70 take sugar, 60 take cream, 50 take both:

$$|A \cup B| = 70 + 60 - 50 = 80$$

...

So $100 - 80 = 20$ drink their coffee black: the complement $(A \cup B)^c$.

Your Turn: Who Bought Nothing?

Question

Of 200 customers, 120 ordered online, 90 ordered in store, and 40 did both. How many customers ordered **nothing** this year? Shout the number.

...

$$|A \cup B| = 120 + 90 - 40 = 170, \quad \text{so } 200 - 170 = 30 \text{ ordered nothing.}$$

...

Common Mistake

$120 + 90 = 210 > 200$ is not a contradiction: the 40 two-channel customers were counted twice. Subtract the intersection **before** taking the complement.

De Morgan's Laws for Sets

Complement flips union into intersection, and vice versa:

$$(A \cup B)^c = A^c \cap B^c \qquad (A \cap B)^c = A^c \cup B^c$$

...

Business example: A = delayed shipments, B = damaged shipments.

“Neither delayed nor damaged” = $(A \cup B)^c = A^c \cap B^c$ = “on time **and** intact”.

...

Tip

This is exactly Session 1's law $\neg(p \vee q) \Leftrightarrow \neg p \wedge \neg q$, dressed in set notation.

One Pattern, Two Languages

Set operations are logic on membership statements, $x \in A \cup B$ means $x \in A \vee x \in B$:

Logic (Session 1)	Sets (today)
$p \vee q$ (or)	$A \cup B$ (union)
$p \wedge q$ (and)	$A \cap B$ (intersection)
$\neg p$ (not)	A^c (complement)
$p \Rightarrow q$ (implies)	$A \subseteq B$ (subset)

...

Tip

If you remember the logic rule, you get the set rule **for free**, and the other way around.

Your Turn: Late or Incomplete

Question

Let A = shipments on time, B = shipments complete. Which set is “shipments that are **late or incomplete**”?

- (a) $A^c \cup B^c$ (b) $A^c \cap B^c$
(c) $(A \cup B)^c$ (d) $A \cap B$

...

(a): late is A^c , incomplete is B^c , and “or” is $\cup$. By De Morgan this equals $(A \cap B)^c$: everything that is *not* “on time and complete”.

...

Common Mistake

(b) and (c) are the same set: shipments that are late **and** incomplete, a much smaller group. Every “or” of complaints is a $\cup$.

Products & Power Sets

Ordered Pairs

An ordered pair (a, b) is *not* a set. Here, order **does** matter:

- $(a, b) \neq (b, a)$ unless $a = b$, but $\{a, b\} = \{b, a\}$ always
- The route (Hamburg, Munich) is not the route (Munich, Hamburg)
- Coordinates in the plane are ordered pairs: $(2, 5) \neq (5, 2)$

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💡 Tip

Curly braces $\{ \}$ = unordered set, **round parentheses** $()$ = ordered pair. The bracket type carries the meaning.

The Cartesian Product

$A \times B = \{(a, b) : a \in A, b \in B\}$: all ordered pairs with the first entry from A , the second from B .

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Example: $A = \{1, 2\}$ and $B = \{x, y\}$:

$$A \times B = \{(1, x), (1, y), (2, x), (2, y)\}$$

...

Counting: every choice from A combines with every choice from B , so

$$|A \times B| = |A| \cdot |B|$$

A Product as a Table

Rows from $A = \{1, 2\}$, columns from $B = \{x, y\}$: one ordered pair per cell.

	x	y
1	$(1, x)$	$(1, y)$
2	$(2, x)$	$(2, y)$

...

- Rows times columns: $|A| \cdot |B|$ cells, that is where the counting rule comes from
- Session 1's cost table c_{ij} is such a grid: one entry per pair (i, j)
- Swap the roles and you get $B \times A$: as many pairs, but $(x, 1) \neq (1, x)$

Products Build Route Sets

Let $W = \{1, 2\}$ be warehouses and $C = \{1, 2, 3\}$ be customers:

- $W \times C$ = the set of all possible routes (i, j) : here $2 \cdot 3 = 6$ of them
- Session 1's x_{ij} is defined **for every pair** $(i, j) \in W \times C$: the index set of the transportation problem is a Cartesian product
- $\mathbb{R} \times \mathbb{R} = \mathbb{R}^2$ is the plane: every graph you will draw in Session 3 lives there

Your Turn: How Many Routes?

i Question

A carrier runs 4 depots and serves 5 customers. How many depot-customer routes exist? And if each route can be driven by one of 2 vehicle types, how many route-vehicle combinations? Shout both numbers.

...

- Routes: $|D \times C| = 4 \cdot 5 = 20$
- With vehicles: $20 \cdot 2 = 40$, every route combines with every vehicle type
- The counting rule stacks: three sets give $|D| \cdot |C| \cdot |V|$ triples (i, j, v)

The Power Set

The power set $\mathcal{P}(A)$ is the set of **all subsets** of A , including $\emptyset$ and A itself.

...

Example: $A = \{1, 2\}$:

$$\mathcal{P}(A) = \{\emptyset, \{1\}, \{2\}, \{1, 2\}\}$$

...

⚠ Common Mistake

The elements of $\mathcal{P}(A)$ are themselves **sets**: $\{1\} \in \mathcal{P}(A)$, but $1 \notin \mathcal{P}(A)$.

Your Turn: In the Power Set?

i Question

Let $A = \{a, b\}$. Which statement is **false**?

- | | |
|------------------------------------|--------------------------------|
| (a) $\emptyset \in \mathcal{P}(A)$ | (b) $\{a\} \in \mathcal{P}(A)$ |
| (c) $a \in \mathcal{P}(A)$ | (d) $A \in \mathcal{P}(A)$ |

...

(c): a is an element of A , not a subset of A . Only sets live in $\mathcal{P}(A)$, and $\{a\}$ is the set that does.

...

(a) and (d) are true for every set: $\emptyset$ and A itself are always subsets of A .

How Many Subsets?

$$|\mathcal{P}(A)| = 2^{|A|}$$

- Why: build a subset by deciding for each element: in or out?
- Two choices per element, $|A|$ elements: $2 \cdot 2 \cdot \dots \cdot 2 = 2^{|A|}$
- Business reading: subsets are **selections**: which suppliers to contract, which products to bundle
- That count grows *fast*: 10 candidate suppliers already give $2^{10} = 1024$ possible selections

Your Turn: Counting Options

i Question

A carrier may serve **any subset** of the regions {North, East, South}. How many different service portfolios are possible?

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$2^3 = 8$, the elements of $\mathcal{P}(\{N, E, S\})$:

$$\emptyset, \{N\}, \{E\}, \{S\}, \{N, E\}, \{N, S\}, \{E, S\}, \{N, E, S\}$$

...

Note that $\emptyset$ counts: “serve no region at all” is a valid (if unambitious) portfolio.

Sets in Business

Customer Segmentation

Let P = premium customers, C = churned customers, N = newsletter subscribers:

- $P \cap C$, premium customers we **lost**: the win-back campaign list
- $C \setminus N$, churned *and* not reachable by newsletter: needs a phone call
- P^c , all non-premium customers: the upsell targets
- Every data filter you will ever build **is** a set operation: SQL’s **AND/OR/NOT** are $\cap, \cup, ^c$

Segments as a Partition

A partition splits U into disjoint pieces that together cover everything:

- Regions $R_1 = \text{North}$, $R_2 = \text{East}$, $R_3 = \text{South}$ with $R_1 \cup R_2 \cup R_3 = U$ and $R_i \cap R_j = \emptyset$ for $i \neq j$
- Every customer sits in **exactly one** region: no double counting, nobody missed
- Then the cardinalities simply add up: $|U| = |R_1| + |R_2| + |R_3|$, no inclusion-exclusion needed

...

💡 Tip

Overlapping segments (premium *and* churned) need inclusion-exclusion; a partition is exactly the case where the correction term vanishes.

Reading a Set Expression

How to read $(P \cap C) \setminus N$? Work inside out:

- $P \cap C$: customers who are premium **and** churned
- $\dots \setminus N$: now remove everyone on the newsletter
- Result: *lost premium customers we cannot reach by newsletter*

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⚠ Common Mistake

When $\cup$ and $\cap$ mix, grouping changes the set: $A \cup (B \cap C) \neq (A \cup B) \cap C$ in general: when in doubt, add parentheses.

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💡 Tip

You do not need to *compute* anything to use set notation: most of its value is in making such statements **precise**.

Your Turn: Build the Target List

i Question

P = premium, C = churned, N = newsletter subscribers. Which expression describes “**active** premium customers who subscribe to the newsletter”?

- (a) $P \cap C^c \cap N$ (b) $P \cup C^c \cup N$
(c) $(P \cap C) \setminus N$ (d) $P \setminus (C \cap N)$

...

(a): premium **and** not churned **and** subscribed, three filters at once, so three intersections.

...

⚠ Common Mistake

- (d) removes only customers who are churned *and* subscribed: a churned premium customer without the newsletter stays on the list. Negate the whole condition, not half of it.

Feasible Sets in Optimisation

Every constraint defines a **set of allowed values**, and constraints combine by intersection:

- Order quantity q : capacity allows $q \leq 500$, so $q \in [0, 500]$
- The supplier requires a minimum order of 20: $q \in [20, \infty)$
- The feasible set is the intersection: $[0, 500] \cap [20, \infty) = [20, 500]$
- Optimisation = picking the **best point** of the feasible set
- If the intersection is $\emptyset$, the problem is infeasible: no plan satisfies all constraints

Your Turn: Still Feasible?

i Question

Capacity allows $q \in [0, 500]$, the supplier requires $q \in [20, \infty)$. A new customs rule caps single orders at 15 units: $q \in (-\infty, 15]$. What is the feasible set now?

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$$[0, 500] \cap [20, \infty) \cap (-\infty, 15] = [20, 500] \cap (-\infty, 15] = \emptyset$$

...

The problem is infeasible: no order size satisfies all three rules. One constraint has to go, and set notation tells you *which pair* collides ($q \geq 20$ against $q \leq 15$).

Sets in Your M.Sc. Courses

- **Data Science:** events in probability *are* sets: $P(A \cup B)$ uses today's inclusion-exclusion rule
- **Transportation & Distribution:** decision variables are indexed by Cartesian products; feasible regions are intersections
- **Analytical Methods:** solution sets of equations and inequalities
- Whenever a slide says “for all $x \in S$ ”, you now read it fluently

Closing

Key Takeaways

- A set is an unordered collection of distinct elements: $\in$ for elements, $\subseteq$ for sets
- $\cup, \cap, ^c$ mirror **or, and, not**: De Morgan works in both worlds

- Venn diagrams turn set expressions into pictures
- $|A \cup B| = |A| + |B| - |A \cap B|$: don't count the intersection twice
- $A \times B$ collects ordered pairs; $\mathcal{P}(A)$ collects subsets, $|\mathcal{P}(A)| = 2^{|A|}$
- Constraints are sets: feasibility is their intersection

That's it for today.

Any Questions?

Until the Next Session

- Work through the [Tasks](#): problems with worked solutions
- Check yourself with the [Self-Test](#) quiz
- Keep the [Cheatsheet](#) next to you while practising
- Note down anything unclear: we start next session with **your questions**

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Tip

Draw a Venn diagram whenever a set expression looks confusing: two circles resolve most doubts faster than staring at symbols.

Preview: Session 03: Functions

- Functions map between sets: every input from one set gets exactly one output in another
- Domain and range are, you guessed it, **sets**
- Linear, quadratic and exponential functions in business
- Graphs live in $\mathbb{R} \times \mathbb{R}$, which you met today

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See you there, and bring your questions!

Literature & Further Reading

- These sessions cover the essentials: textbooks offer more depth and practice
- Start with K. Sydsæter, P. J. Hammond, and A. Strøm [1] or I. Jacques [2]; full recommendations on the tutorial's [literature page](#)

Bibliography

- [1] K. Sydsæter, P. J. Hammond, and A. Strøm, *Essential Mathematics for Economic Analysis*, 4th ed. Harlow: Pearson, 2012.
- [2] I. Jacques, *Mathematics for Economics and Business*, 8th ed. in Always Learning. Harlow: Pearson, 2015, p. 660.