

This is a basic 2 sector, 1 agent STATIC model.
 Cobb-Douglas Utility
 Cobb-Douglas Production for X, Y
 The agent receives any TAX

Zero (Non positive) Profit Inequalities

$$(1) P_X \leq \frac{w^\alpha (r)^{1-\alpha} (1+TX)}{(1-\alpha)^{1-\alpha} \alpha^\alpha}$$

$$(2) P_Y \leq \frac{w^{1-\alpha} (r)^\alpha}{(1-\alpha)^{1-\alpha} \alpha^\alpha}$$

Goods Market Clear

$$(3) X \geq \left(\frac{\beta}{1-\beta}\right)^{1-\beta} \left(\frac{P_Y}{P_X}\right)^{1-\beta}$$

$$(4) Y_t \geq \left(\frac{1-\beta}{\beta}\right)^\beta \left(\frac{P_X}{P_Y}\right)^\beta$$

Factor Markets Clear

$$L_X \geq \left(\frac{\alpha}{1-\alpha}\right)^{1-\alpha} \left(\frac{r}{w}\right)^{1-\alpha} X$$

$$L_Y \geq \left(\frac{1-\alpha}{\alpha}\right)^\alpha \left(\frac{r}{w}\right)^\alpha Y$$

$$K_X \geq \left(\frac{1-\alpha}{\alpha}\right)^\alpha \left(\frac{w}{r}\right)^\alpha X$$

$$K_Y \geq \left(\frac{\alpha}{1-\alpha}\right)^{1-\alpha} \left(\frac{w}{r}\right)^{1-\alpha} Y$$

$$(5) L \geq L_X + L_Y$$

$$(6) K \geq K_X + K_Y$$

Household Income

$$(7) I = wL + rK + TX \cdot X \cdot w^\alpha r^{1-\alpha}$$