

Intermediate Goods Lagrangian (good x_3)

$$\max_{x_3, x_4, n, l, e} p_3 x_3 - p_4 x_4 - p_n n - p_l l - S e^k \quad \text{s.t.} \quad f(x_4, n, l, e) \geq x_3$$

(where $f = A x_4^\beta n^\gamma l^\delta e^\varepsilon$)

$$\mathcal{L}: p_3 x_3 - p_4 x_4 - p_n n - p_l l - S e^k + \lambda (A x_4^\beta n^\gamma l^\delta e^\varepsilon - x_3)$$

$$\text{FOCs: } \frac{\partial \mathcal{L}}{\partial \lambda} = A x_4^\beta n^\gamma l^\delta e^\varepsilon - x_3 = 0 \Rightarrow x_3 = A x_4^\beta n^\gamma l^\delta e^\varepsilon$$

$$\frac{\partial \mathcal{L}}{\partial x_3} = p_3 - \lambda = 0 \Rightarrow p_3 = \lambda$$

$$\frac{\partial \mathcal{L}}{\partial x_4} = -p_4 + \lambda A \beta x_4^{\beta-1} n^\gamma l^\delta e^\varepsilon = 0 \Rightarrow p_4 = \lambda A \beta x_4^{\beta-1} n^\gamma l^\delta e^\varepsilon$$

$$\frac{\partial \mathcal{L}}{\partial n} = -p_n + \lambda A \gamma x_4^\beta n^{\gamma-1} l^\delta e^\varepsilon = 0 \Rightarrow p_n = \lambda A \gamma x_4^\beta n^{\gamma-1} l^\delta e^\varepsilon$$

$$\frac{\partial \mathcal{L}}{\partial l} = -p_l + \lambda A \delta x_4^\beta n^\gamma l^{\delta-1} e^\varepsilon = 0 \Rightarrow p_l = \lambda A \delta x_4^\beta n^\gamma l^{\delta-1} e^\varepsilon$$

$$\frac{\partial \mathcal{L}}{\partial e} = -k S e^{k-1} + \lambda A \varepsilon x_4^\beta n^\gamma l^\delta e^{\varepsilon-1} \Rightarrow k S e^{k-1} = \lambda A \varepsilon x_4^\beta n^\gamma l^\delta e^{\varepsilon-1}$$

⇓

$$p_3 = \frac{p_4}{A \beta x_4^{\beta-1} n^\gamma l^\delta e^\varepsilon} = \frac{p_n}{A \gamma x_4^\beta n^{\gamma-1} l^\delta e^\varepsilon} = \frac{p_l}{A \delta x_4^\beta n^\gamma l^{\delta-1} e^\varepsilon} = \frac{k S e^{k-1}}{A \varepsilon x_4^\beta n^\gamma l^\delta e^{\varepsilon-1}}$$

$$\text{If } p_3 = p_4 = p_n = p_l = 1, \text{ then } \frac{x_4}{\beta} = \frac{n}{\gamma} = \frac{l}{\delta} = \frac{k S e^k}{\varepsilon}$$

$$\begin{aligned} x_4 &= \sqrt[\beta]{\frac{p_4}{A \beta p_3 n^\gamma l^\delta e^\varepsilon}} = \sqrt[\beta]{\frac{p_n}{A \gamma p_3 n^{\gamma-1} l^\delta e^\varepsilon}} = \sqrt[\beta]{\frac{p_l}{A \delta p_3 n^\gamma l^{\delta-1} e^\varepsilon}} = \sqrt[\beta]{\frac{k S e^{k-1}}{A \varepsilon p_3 n^\gamma l^\delta e^{\varepsilon-1}}} \\ n &= \sqrt[\gamma]{\frac{p_4}{A \beta x_4^{\beta-1} p_3 l^\delta e^\varepsilon}} = \sqrt[\gamma]{\frac{p_n}{A \gamma x_4^\beta p_3 l^\delta e^\varepsilon}} = \sqrt[\gamma]{\frac{p_l}{A \delta x_4^\beta p_3 l^{\delta-1} e^\varepsilon}} = \sqrt[\gamma]{\frac{k S e^{k-1}}{A \varepsilon x_4^\beta p_3 l^\delta e^{\varepsilon-1}}} \\ l &= \sqrt[\delta]{\frac{p_4}{A \beta x_4^{\beta-1} n^\gamma p_3 e^\varepsilon}} = \sqrt[\delta]{\frac{p_n}{A \gamma x_4^\beta n^{\gamma-1} p_3 e^\varepsilon}} = \sqrt[\delta]{\frac{p_l}{A \delta x_4^\beta n^\gamma p_3 e^\varepsilon}} = \sqrt[\delta]{\frac{k S e^{k-1}}{A \varepsilon x_4^\beta n^\gamma p_3 e^{\varepsilon-1}}} \\ e &= \sqrt[\varepsilon]{\frac{p_4}{A \beta x_4^{\beta-1} n^\gamma l^\delta p_3}} = \sqrt[\varepsilon]{\frac{p_n}{A \gamma x_4^\beta n^{\gamma-1} l^\delta p_3}} = \sqrt[\varepsilon]{\frac{p_l}{A \delta x_4^\beta n^\gamma l^{\delta-1} p_3}} = \sqrt[\varepsilon]{\frac{k S e^{k-1}}{A \varepsilon x_4^\beta n^\gamma l^\delta p_3}} \end{aligned}$$