Núcleo de Economia Regional e Urbana da Universidade de São Paulo

## CGE Models

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What do you see in this picture?


## Outline

$\checkmark$ Introduction

## Structure of a CGE Model

The Johansen Approach

Stylized Johansen Model

## What is a CGE?

Computable, based on data
It has many sectors
And perhaps many regions, primary factors and households
A big database of matrices
Many, simultaneous, equations (hard to solve)
Prices guide demands by agents
Prices determined by supply and demand
Trade focus: elastic foreign demand and supply

## General features of CGE models

CGE models include equations specifying:

- market-clearing conditions for commodities and primary factors;
- producers' demands for produced inputs and primary factors;
- final demands (investment, household, export and government);
- the relationship of prices to supply costs and taxes;
- various macroeconomic variables and price indices.

Neo-classical flavor

- demand equations consistent with optimizing behavior (cost minimization, utility maximization);
- competitive markets: producers price at marginal cost.


## CGE simplifications

Not much dynamics (leads and lags)

An imposed structure of behavior, based on theory

Neoclassical assumptions (optimizing, competition)

Nesting (separability assumptions)
Why: time series data for huge matrices cannot be found

Theory and assumptions (partially) replace econometrics

## What is a CGE model good for?

Analyzing policies that affect different sectors in different ways
The effect of a policy on different:

- Sectors
- Regions
- Factors (Labor, Land, Capital)
- Household types

Policies (tariff or subsidies) that help one sector a lot, and harm all the rest a little

## What-if questions

What if productivity in agriculture increased 1\%?
What if foreign demand for exports increased 5\%?
What if consumer tastes shifted towards imported food?
What if CO2 emissions were taxed?
What if water became scarce?
A great number of exogenous variables (tax rates, endowments, technical coefficients)

Comparative static models: results show effect of policy shocks only, in terms of changes from initial equilibrium

## Comparative-static interpretation of results

Results refer to changes at some future point in time


## Thee CEER model follows the Australian tradition

Australian Style
Percentage change equations
Big, detailed data base
Industry-specific fixed factors
Short-run focus (2 years)
Many prices
Used for policy analysis
Winners and Losers
Missing macro relations
(more exogenous variables)
Variety of different closures
Input-output database
"Dumb" solution procedure

USA style
Levels equations
Less detailed data
Mobile capital, labor
Long, medium run (7-20 yr)
Few prices
Prove theoretical point
National welfare
Closed model: labor supply
income-expenditure links
One main closure
SAM database
Special algorithm

## Regional modeling

Intense interest in regional results
Policies which are good for nation but bad for one region may not be politically feasible

Assistance to one region may harm nation
Regional modeling is the largest part of Fipe's Brazilian contract work

- More customers:

1 national government but 27 state governments
Two approaches: Bottom-Up or Top-Down

## The bottom-up approach

Simply add a regional subscript (or two) to each variable and data


Database has grown by factor of [34/2]*33 = 561

Number of variables also 561 times bigger

Solve time and memory needs move with SQUARE of model size (so model needs 300,000 times as much memory and takes 300,000 times longer to solve)

## Stylized GE model: material flows



## You will learn...

How microeconomic theory - cost-minimizing, utilitymaximizing - underlies the equations;

The use of nested production and utility functions:

How input-output data is used in equations;
How model equations are represented in percent change form;

How choice of exogenous variables makes model more flexible;

How GEMPACK is used to solve the CEER model.

CGE models mostly similar, so skills will transfer.

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## CGE models - Definition



## Nested structures in CGE models

In each industry: Output $=$ function of inputs:
output $=$ F (inputs) $=$ F (Labor, Capital, Land, dom. goods, imp. goods)
Separability assumptions simplify the production structure:
output $=\mathrm{F}$ (primary factor composite, composite goods)
where: primary factor composite $=$ CES (Labor, Capital, Land)
labor = CES (Various skill grades)
composite good (i) = CES (domestic good (i), imported good (i))
All industries share common production structure.

## BUT: Input proportions and behavioral parameters vary.

Nesting is like staged decisions:
First decide how much leather to use-based on output.
Then decide import/domestic proportions, depending on the relative prices of local and foreign leather.
Each nest requires 2 or 3 equations.


## Example 1: CES skill substitution



## Effect of price change



## Example 2: Substitution between domestic and imported sources

Armington hypothesis:
CES aggregation for different sources

Good-specific parameters
Same structure for all
 users

## Numerical example

$\mathbf{p}=\mathbf{S}_{\mathbf{d}} \mathbf{P}_{\mathbf{d}}+\mathbf{S}_{\mathbf{m}} \mathbf{P}_{\mathbf{m}}$ average price of manufactures dom. e imp.
$\mathbf{x}_{\mathbf{d}}=\mathbf{x}-\boldsymbol{\sigma}\left(\mathbf{p}_{\mathbf{d}}-\mathbf{p}\right) \quad$ demand for domestic manufactures
$\mathbf{x}_{\mathbf{m}}=\mathbf{x}-\boldsymbol{\sigma}\left(\mathbf{p}_{\mathbf{m}}-\mathbf{p}\right) \quad$ demand for imported manufactures

Let $\mathbf{p}_{\mathbf{m}}=\mathbf{- 1 0 \%} ; \mathbf{x}=\mathbf{p}_{\mathrm{d}}=\mathbf{0} ; \mathbf{S}_{\mathbf{m}}=\mathbf{0 . 3}$ and $\boldsymbol{\sigma}=\mathbf{2}$
Then, cheaper imports imply:
$\mathbf{p}=-\mathbf{0 . 3}(-\mathbf{1 0 \%})=-\mathbf{3 \%} \quad$ decrease in the average price of imp. mnf.
$\mathbf{x}_{\mathrm{d}}=-2[0-(-3 \%)]=-6 \% \quad$ decrease in domestic demand
$\left.\mathbf{x}_{\mathbf{m}}=-\mathbf{2}[-\mathbf{1 0 \%} \mathbf{- ( - 3 \% )})\right]=\mathbf{1 4 \%} \quad$ increase in import volume
Effects on domestic sales are proportional to $\mathbf{S}_{\mathbf{m}}$ e $\boldsymbol{\sigma}$

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## Johansen models

Class of general equilibrium models in which a equilibrium is a vector $V$, of length $n$ satisfying a system of equations

$$
\begin{equation*}
F(V)=0 \tag{1}
\end{equation*}
$$

where $F$ is a vector function of length $m$.
We assume that $F$ is differentiable and that the number of variables, $n$, exceeds the number of equations $m$.

Johansen's approach is to derive from (1) a system of linear equations in which the variables are changes, percentage changes or changes in the logarithms of the components of $V$.

## Illustrative computations

We will assume that the system (1) consists of 2 equations and 3 variables and has the form

$$
\begin{aligned}
& \left\{\begin{array}{l}
V_{1}^{2} V_{3}-1=0 \\
V_{1}+V_{2}-2=0
\end{array}\right. \\
& V_{1} \text { and } V_{2} \text { (endogenous); } V_{3} \text { (exogenous) } \\
& \left\{\begin{array}{l}
V_{1}=V_{3}^{-1 / 2} \\
V_{2}=2-V_{3}^{-1 / 2}
\end{array}\right.
\end{aligned}
$$

## Illustrative computations (cont.)

Initial solution: $V^{I}=\left(V_{1}^{I}, V_{2}^{I}, V_{3}^{I}\right)=(1,1,1)$
What is the effects on $V_{1}$ and $V_{2}$ of a shift in $V_{3}$ from 1 to 1.1 ?

$$
\begin{array}{|l|}
V_{1}=0.9535 \\
V_{2}=1.0465 \\
\hline
\end{array}
$$

Johansen approach:

- Complexity and size of the system (1) normally rule out the possibility of deriving from it explicitly solution equations
- Solve a linearized version of (1)


## Step by step

Derive from (1) a differential form
$A(V) v=0$
$v$ is usually interpreted as showing percentage changes or changes in the logarithms of the variables $V$.

Johansen-style computations make use of a initial solution, $V^{I}$, with results being reported usually as percentage deviations from this initial solution.
$A(V) \rightarrow A\left(V^{I}\right) \quad$ fixed matrix ("model")

## Step by step (cont.)

Derivation of (2) is by total differentiation of (1)

$$
\left[\begin{array}{ccc}
2 V_{1} V_{3} & 0 & V_{1}^{2} \\
1 & 1 & 0
\end{array}\right]\left[\begin{array}{l}
d V_{1} \\
d V_{2} \\
d V_{3}
\end{array}\right]=0
$$

Se $V=V^{I}$,

$$
\begin{equation*}
A\left(V^{I}\right) v=0 \tag{3}
\end{equation*}
$$

$$
\left[\begin{array}{lll}
2 & 0 & 1 \\
1 & 1 & 0
\end{array}\right]\left[\begin{array}{l}
d V_{1} \\
d V_{2} \\
d V_{3}
\end{array}\right]=0
$$

## Step by step (cont.)

On choosing variable 3 to be exogenous:

$$
\begin{align*}
& {\left[\begin{array}{ll}
2 & 0 \\
1 & 1
\end{array}\right]\left[\begin{array}{l}
d V_{1} \\
d V_{2}
\end{array}\right]+\left[\begin{array}{l}
1 \\
0
\end{array}\right] d V_{3}=0} \\
& A_{\alpha}\left(V^{I}\right) v_{\alpha}+A_{\beta}\left(V^{I}\right) v_{\beta}=0  \tag{4}\\
& {\left[\begin{array}{l}
d V_{1} \\
d V_{2}
\end{array}\right]=-\left[\begin{array}{ll}
2 & 0 \\
1 & 1
\end{array}\right]^{-1}\left[\begin{array}{l}
1 \\
0
\end{array}\right] d V_{3}} \\
& v_{\alpha}=-A_{\alpha}{ }^{-1}\left(V^{I}\right) A_{\beta}\left(V^{I}\right) v_{\beta}  \tag{5}\\
& {\left[\begin{array}{l}
d V_{1} \\
d V_{2}
\end{array}\right]=\left[\begin{array}{c}
-0.5 \\
0.5
\end{array}\right] d V_{3}} \\
& v_{\alpha}=B\left(V^{I}\right) v_{\beta} \tag{6}
\end{align*}
$$

## Any difference?

Before: $V_{3} \uparrow 10 \% \rightarrow V_{1} \downarrow 4.65 \%, V_{2} \uparrow 4.65 \%$
Now: $V_{3} \uparrow 10 \% \rightarrow V_{1} \downarrow 5 \%, V_{2} \uparrow 5 \%$
Differences are due to linearization errors...
The operations give us the values of the derivatives or elasticities only for the initial values, $V^{I}$, of the variables.

When we move away from $V^{I}$, the derivatives or elasticities will change.
In percentage change form: $\left[\begin{array}{l}v_{1} \\ v_{2}\end{array}\right]=-\left[\begin{array}{cc}2 & 0 \\ 0.5 & 0.5\end{array}\right]^{-1}\left[\begin{array}{l}1 \\ 0\end{array}\right]^{y_{3}}$
$\left[\begin{array}{l}v_{1} \\ v_{2}\end{array}\right]=\left[\begin{array}{c}-0.5 \\ 0.5\end{array}\right] v_{3}$

## Linearization error


$Y^{3}$ is Johansen estimate
Error is proportionately less for smaller changes

## Breaking large changes in X into a number of steps



Multi-step process to reduce linearization error

## Extrapolating from Johansen and Euler approximations

| Method | $y$ | Error |
| :--- | :---: | :---: |
| Johansen (1-step) | $150 \%$ | $50 \%$ |
| Euler 2-step | $125 \%$ | $25 \%$ |
| Euler 4-step | $112.3 \%$ | $12.3 \%$ |
| Euler $\infty$-step (exact) | $100 \%$ | 0 |

The error follows a rule (arbitrary polynomial approximation of continuous function)

Use results from 3 approximate solutions to estimate exact solution + error bound

## Summary

1. We start with the model's equations represented in their levels form
2. The equations are linearized: take total differential of each equation
3. Total differential expressions converted to (mostly) \% change form
4. Linear equations evaluated at initial solution to the levels model
5. Exogenous variables chosen; model then solved for movements in endogenous variables, given user-specified values for exogenous variables

But, a problem: linearization error

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## Implementation

1. Development of a theoretical structure
2. Linearization of the model equations
3. Use of input-output data to provide estimates for the relevant cost and sales shares
4. Development of a flexible computer program to manipulate the linear system

## Structure of the model

Two good/sectors (1 and 2)

Two primary factors (3 and 4)
One final user - household (0)

## Assumptions

Household sector (0)

$$
\max _{X_{X 0}} U=X_{10}^{\alpha_{10}} X_{20}^{\alpha_{20}} \quad \text { subject to } \quad P_{1} X_{10}+P_{2} X_{20}=Y
$$

Producers ( $j=1,2$ )
$\min _{X_{i j}} C_{j}=\sum_{i=1}^{4} P_{i} X_{i j} \quad$ subject to $\quad X_{j}=A_{j} X_{1 j}^{\alpha_{1 j}} X_{2 j}^{\alpha_{2 j}} X_{3 j}^{\alpha_{3 j}} X_{4 j}^{\alpha_{4 j}}$

$$
A_{j}>0, \sum_{i=1}^{4} \alpha_{i j}=1
$$

## Assumptions (cont.)

Value of output equals the value of inputs

$$
C_{j}=P_{j} X_{j}=\sum_{i=1}^{4} X_{i j} P_{i}, \quad j=1,2
$$

Equilibrium conditions

$$
\begin{aligned}
& \sum_{j=0}^{2} X_{i j}=X_{i}, \quad i=1,2 \\
& \sum_{j=1}^{2} X_{i j}=X_{i}, \quad i=3,4
\end{aligned}
$$

Household budget equals factor income

## Structural form

$$
\begin{align*}
& \text { Share of input i } \\
& \text { in total costs of } \\
& \text { industry j } \\
& X_{i 0}=\frac{\alpha_{i 0} Y}{P_{i}}, \quad i=1,2  \tag{1}\\
& X_{i j}=\frac{\left(\alpha_{i j} Q_{j} X_{j} \prod_{t=1}^{4} P_{t}^{\alpha_{j j}}\right)}{P_{i}}, i=1, \cdots, 4 \quad j=1,2 \\
& P_{j}=Q_{j} \prod P_{t}^{\alpha_{j j}}, \quad j=1,2 \tag{3}
\end{align*}
$$

## Structural form (cont.)

$$
\begin{align*}
& \sum_{j=0}^{2} X_{i j}=X_{i}, \quad i=1,2  \tag{4}\\
& \sum_{j=1}^{2} X_{i j}=X_{i}, \quad i=3,4  \tag{5}\\
& P_{1}=1 \tag{6}
\end{align*}
$$

Variables: $\quad X_{i 0} \quad i=1,2$

$$
\begin{aligned}
& X_{i j} \quad i=1, \cdots, 4 j=1,2 \\
& P_{i} \quad i=1, \cdots, 4 \\
& X_{i}=1, \cdots, 4 \\
& Y
\end{aligned}
$$

## Percent-change equations - examples

Levels form: $\quad A=B+C$
Ordinary
change form: $\quad \Delta \mathrm{A}=\Delta \mathrm{B}+\Delta \mathrm{C}$
Convert to \% $\quad A(100 . \Delta A / A)=B(100 . \Delta B / B)+C(100 . \Delta C / C)$
change form: A a $=\mathrm{B} \underline{\mathrm{b}} \quad+\mathrm{C} \underline{\mathrm{c}}$
Typically two ways of expressing \% change form

Intermediate form:

Percentage change (share) form:

$$
A a=B b+C c
$$

$$
a=S_{b} b+S_{c} c
$$

$$
\text { where } S_{b}=B / A ; S_{c}=C / A
$$

## Percent-change equations - examples

Levels form: $\quad A=B C$
Ordinary
change form: $\quad \Delta A=\Delta B C+\Delta C B$
Convert to \% $\quad A(100 . \Delta A / A)=B C(100 . \Delta B / B)+B C(100 . \Delta C / C)$
change form: $\begin{array}{clllll}A & a & =B C & b & +B C & c\end{array}$

PRACTICE: $\quad X=F P^{\varepsilon}$

- Ordinary change and percent change are both linearized
- Linearized equations easier for computers to solve
- \% change equations easier for economists to understand: elasticities


## Percent-change numerical example

Levels form
Ordinary Change form
Multiply by 100:

$$
\begin{aligned}
& \mathbf{Z}=\mathbf{X} * \mathbf{Y} \\
& \Delta \mathbf{Z}=\mathbf{Y} * \Delta \mathbf{X}+\mathbf{X} * \Delta \mathbf{Y} \\
& \mathbf{1 0 0} \boldsymbol{0} \Delta \mathbf{Z}=\mathbf{1 0 0}^{*} \mathbf{Y} * \Delta \mathbf{X}+\mathbf{1 0 0} \mathbf{1 0}^{*} \mathbf{X}^{*} \Delta \mathbf{Y}
\end{aligned}
$$

Define $x=\%$ change in $X$, so $X^{*} x=100 \Delta X$

$$
\mathbf{Z}^{*} \mathbf{Z}=\mathbf{X}^{*} \mathbf{Y}^{*} \mathbf{X}+\mathbf{X}^{*} \mathbf{Y}^{*} \mathbf{Y}
$$

Divide by $Z=X^{*} Y$ to get:
Percent Change form
$z=x+y$

Initially
$X=4, Y=5$, so $Z=X * Y=20$
Suppose $x=25 \%, y=20 \%$ [ie, $X: 4 \Rightarrow 5, Y: 5 \Rightarrow 6]$
Linear approximation $z=x+y$ gives $z=45 \%$
True answer: $30=5 * 6 \ldots=50 \%$ more than original 20
Error 5\% is 2nd order term: $z=x+y+x^{*} y / 100$
Note: reduce shocks by a factor of 10 , error by factor of 100

## Linearized version

$$
\begin{array}{ll}
x_{i 0}=y-p_{i} \quad i=1,2 \\
x_{i j}=x_{j}-\left(p_{i}-\sum_{t=1}^{4} \alpha_{t j} p_{t}\right) i=1, \cdots, 4 \quad j=1,2 & \\
p_{j}=\sum_{t=1}^{4} \alpha_{t j} p_{t} \quad j=1,2 & \text { Variables: } \\
\sum_{j=0}^{2} x_{i j} \beta_{i j}=x_{i} \quad i=1,2 & \begin{array}{ll}
x_{i 0} & i=1,2 \\
x_{i j} & i=1, \cdots, 4 \quad j=1,2 \\
p_{i} & i=1, \cdots, 4 \\
x_{i}=1, \cdots, 4 \\
y
\end{array} \\
\begin{array}{l}
\sum_{j=1}^{2} x_{i j} \beta_{i j}=x_{i} \\
p_{1}=0
\end{array} & \begin{array}{l}
\beta_{i j}=X_{i j} / X_{i}, i=1, \ldots, 4 \quad j=0,1,2
\end{array}
\end{array}
$$

## Initial solution

Input-output data
Convention: one unit of good or factor $i$ is the amount which costs $\$ 1$ in the base period

Parameters of the structural form: $\alpha_{i 0}, \alpha_{i j}, Q_{j}$
Calibration guarantees that structural form equations are satisfied by the suggested values for the parameters

## Matrix $A\left(V^{I}\right)$

Matrix $A\left(V^{I}\right)$ can be evaluated using the input-output data

Equivalent to evaluate the coefficients of the model!

Exercise: representation of the matrix $A\left(V^{I}\right)$ of the linearized system

## Linearized version

$$
\begin{array}{ll}
x_{i 0}=y-p_{i} \quad i=1,2 \\
x_{i j}=x_{j}-\left(p_{i}-\sum_{t=1}^{4} \alpha_{t j} p_{t}\right) i=1, \cdots, 4 \quad j=1,2 & \\
p_{j}=\sum_{t=1}^{4} \alpha_{t j} p_{t} \quad j=1,2 & \text { Variables: } \\
\sum_{j=0}^{2} x_{i j} \beta_{i j}=x_{i} \quad i=1,2 & \begin{array}{ll}
x_{i 0} & i=1,2 \\
x_{i j} & i=1, \cdots, 4 \quad j=1,2 \\
p_{i} & i=1, \cdots, 4 \\
x_{i}=1, \cdots, 4 \\
y
\end{array} \\
\begin{array}{l}
\sum_{j=1}^{2} x_{i j} \beta_{i j}=x_{i} \\
p_{1}=0
\end{array} & \begin{array}{l}
\beta_{i j}=X_{i j} / X_{i}, i=1, \ldots, 4 \quad j=0,1,2
\end{array}
\end{array}
$$

## Input-output data

Table E3.3.1
In甲ut-Output Data (Flows in doltars)

|  |  | Industry |  | Housefolds |
| :--- | ---: | :---: | :---: | :---: |
|  | 1 | 2 |  | Total Salēs |
| Commodity | 1 | 4 | 2 | 2 |
|  |  |  |  |  |
|  | 2 | 2 | 6 | 4 |
| Primary | Lator 3 | 1 | 3 |  |
| Factors | Captel 4 | 1 | 1 |  |
| Production |  | 8 | 12 | 6 |

Table E3.4.2
Answer to Exerctse 3.4: The Transpose of the Matrix $A\left(V^{\prime}\right)$ for the Stylized Johansén Mofel*

19 rows


## The model

$\mathrm{A}(\mathrm{VI})$

| y | x10 | x20 | x11 | x21 | x31 | x41 | x12 | x22 | x32 | x42 | x1 | x2 | x3 | x4 | p1 | p2 | p3 | p4 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| -1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| -1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |
| 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | 0.5 | -0.25 | -0.125 | -0.125 |
| 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | -0.5 | 0.75 | -0.125 | -0.125 |
| 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | -0.5 | -0.25 | 0.875 | -0.125 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | -0.5 | -0.25 | -0.125 | 0.875 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0.833 | -0.5 | -0.25 | -0.0833 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | -1 | 0 | 0 | -0.166 | 0.5 | -0.25 | -0.0833 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | -1 | 0 | 0 | -0.166 | -0.5 | 0.75 | -0.0833 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | -1 | 0 | 0 | -0.166 | -0.5 | -0.25 | 0.9166 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | -0.25 | -0.125 | -0.125 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -0.166 | 0.5 | -0.25 | -0.0833 |
| 0 | -0.25 | 0 | -0.5 | 0 | 0 | 0 | -0.25 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | -0.333 | 0 | -0.166 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | -0.25 | 0 | 0 | 0 | -0.75 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |

Aalfa

| y | x10 | x20 | x11 | x21 | x31 | x41 | x12 | x22 | x32 | x42 | x1 | x2 | p1 | p2 | p3 | p4 | Abeta | x3 x4 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| -1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |  | 00 |
| -1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 |  | 0 0 |
| 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | 0.5 | -0.25 | -0.125 | -0.125 |  | 0 0 |
| 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -0.5 | 0.75 | -0.125 | -0.125 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | -1 | 0 | -0.5 | -0.25 | 0.875 | -0.125 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | -1 | 0 | -0.5 | -0.25 | -0.125 | 0.875 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | -1 | 0.833 | -0.5 | -0.25 | -0.0833 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | -1 | -0.166 | 0.5 | -0.25 | -0.0833 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | -1 | -0.166 | -0.5 | 0.75 | -0.0833 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | -1 | -0.166 | -0.5 | -0.25 | 0.9166 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.5 | -0.25 | -0.125 | -0.125 |  | 0 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -0.166 | 0.5 | -0.25 | -0.0833 |  | 0 0 |
| 0 | -0.25 | 0 | -0.5 | 0 | 0 | 0 | -0.25 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |  | 0 0 |
| 0 | 0 | -0.333 | 0 | -0.166 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 |  | 0 |
| 0 | 0 | 0 | 0 | 0 | -0.25 | 0 | 0 | 0 | -0.75 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |  | 10 |
| 0 | 0 | 0 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | -0.5 | 0 | 0 | 0 | 0 | 0 | 0 |  | 0 1 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |  | $0 \quad 0$ |

## - Solution matrix

| invAalfa | 0.340 | 0.660 | 0.680 | 0.329 | 0.150 | 0.200 | 0.340 | 0.991 | 0.451 | 0.200 | 1.042 | -0.778 | 1.359 | 1.982 | 0.601 | 0.401 | -1.000 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | -0.660 | 0.660 | 0.680 | 0.329 | 0.150 | 0.200 | 0.340 | 0.991 | 0.451 | 0.200 | 1.042 | -0.778 | 1.359 | 1.982 | 0.601 | 0.401 | 0.000 |
|  | 0.330 | -0.330 | 0.660 | 0.334 | 0.175 | 0.150 | 0.330 | 1.006 | 0.526 | 0.150 | -0.518 | 0.392 | 1.319 | 2.012 | 0.701 | 0.301 | -0.001 |
|  | -0.260 | 0.260 | -1.520 | 0.130 | 0.150 | 0.200 | -0.260 | 0.390 | 0.450 | 0.200 | 3.441 | 0.421 | -1.040 | 0.781 | 0.601 | 0.400 | -0.001 |
|  | -0.270 | 0.270 | -0.540 | -0.865 | 0.175 | 0.150 | -0.270 | 0.405 | 0.525 | 0.150 | 1.881 | 1.591 | -1.080 | 0.811 | 0.701 | 0.300 | -0.002 |
|  | -0.300 | 0.300 | -0.600 | 0.150 | -0.750 | 0.000 | -0.300 | 0.451 | 0.750 | 0.000 | 1.201 | -0.899 | -1.200 | 0.901 | 1.001 | 0.000 | 0.000 |
|  | -0.200 | 0.200 | -0.400 | 0.100 | 0.000 | -0.500 | -0.200 | 0.300 | 0.000 | 0.500 | 0.801 | -0.599 | -0.800 | 0.601 | 0.000 | 1.000 | 0.000 |
|  | 0.140 | -0.140 | 0.280 | -0.070 | 0.150 | 0.200 | -0.860 | -0.210 | 0.450 | 0.200 | 1.840 | 1.620 | 0.560 | -0.421 | 0.600 | 0.400 | -0.002 |
|  | 0.130 | -0.130 | 0.260 | -0.065 | 0.175 | 0.150 | 0.130 | -1.195 | 0.525 | 0.150 | 0.280 | 2.790 | 0.520 | -0.390 | 0.700 | 0.300 | -0.002 |
|  | 0.100 | -0.100 | 0.200 | -0.050 | 0.250 | 0.000 | 0.100 | -0.150 | -0.250 | 0.000 | -0.400 | 0.300 | 0.400 | -0.300 | 1.000 | 0.000 | 0.000 |
|  | 0.200 | -0.200 | 0.400 | -0.100 | 0.000 | 0.500 | 0.200 | -0.300 | 0.000 | -0.500 | -0.801 | 0.599 | 0.800 | -0.601 | 0.000 | 1.000 | 0.000 |
|  | -0.260 | 0.260 | -0.520 | 0.130 | 0.150 | 0.200 | -0.260 | 0.390 | 0.450 | 0.200 | 2.441 | 0.421 | -1.040 | 0.781 | 0.601 | 0.400 | -0.001 |
|  | 0.130 | -0.130 | 0.260 | -0.065 | 0.175 | 0.150 | 0.130 | -0.195 | 0.525 | 0.150 | 0.280 | 1.790 | 0.520 | -0.390 | 0.700 | 0.300 | -0.002 |
|  | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | -1.000 |
|  | 0.010 | -0.010 | 0.020 | -0.005 | -0.025 | 0.050 | 0.010 | -0.015 | -0.075 | 0.050 | 1.560 | -1.170 | 0.040 | -0.030 | -0.100 | 0.100 | -0.999 |
|  | 0.040 | -0.040 | 0.080 | -0.020 | -0.100 | 0.200 | 0.040 | -0.060 | -0.300 | 0.200 | 2.240 | 1.320 | 0.160 | -0.120 | -0.400 | 0.400 | -1.001 |
|  | -0.060 | 0.060 | -0.120 | 0.030 | 0.150 | -0.300 | -0.060 | 0.090 | 0.450 | -0.300 | 2.640 | 1.020 | -0.240 | 0.180 | 0.600 | -0.600 | -1.001 |

$\mathrm{B}(\mathrm{VI})$

| 0.60 | 0.40 |
| ---: | ---: |
| 0.60 | 0.40 |
| 0.70 | 0.30 |
| 0.60 | 0.40 |
| 0.70 | 0.30 |
| 1.00 | 0.00 |
| 0.00 | 1.00 |
| 0.60 | 0.40 |
| 0.70 | 0.30 |
| 1.00 | 0.00 |
| 0.00 | 1.00 |
| 0.60 | 0.40 |
| 0.70 | 0.30 |
| 0.00 | 0.00 |
| -0.10 | 0.10 |
| -0.40 | 0.40 |
| 0.60 | -0.60 |
|  |  |
|  | x 21 |
| x 31 |  |
| x 41 |  |
| x 12 |  |
| x 22 |  |
| x 32 |  |
| x 42 |  |
| x 1 |  |
| x 2 |  |
| p 1 |  |
| p 2 |  |
| p 3 |  |
| p 4 |  |

