

Centralized economy of the RBC model from the Florin Bilbiie lectures notes<sup>1</sup>:

$$C_t + K_{t+1} = (1 - \delta)K_t + A_t K_t^\alpha L_t^{1-\alpha} \quad (1)$$

$$\frac{1}{C_t} = \beta \mathbb{E}_t \left[ \frac{1 - \delta + \alpha A_{t+1} \left( \frac{L_{t+1}}{K_{t+1}} \right)^{1-\alpha}}{C_{t+1}} \right] \quad (2)$$

$$\chi L_t^\alpha = (1 - \alpha) \frac{A_t \left( \frac{K_t}{L_t} \right)^\alpha}{C_t} \quad (3)$$

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<sup>1</sup>This notes are available at <http://sites.google.com/site/florinbilbiie/>