Expectations, Deflation Traps and Macroeconomic Policy, 2009, Evans & Honkapohja

-Assumptions in the non-linear framework already are: point forecasts (distributions do not matter), representative agents and ricardian households (i.e. households understand government spending rule and incorporate that in their expectations.) -monetary policy is transparent and clear−> that's why agents take it into account in their expectation formation rule. -target steady-state is locally determinate, low inflation steady-state is locally indeterminate.