Table 1 Definitions and Comparisons of Conditions

<table>
<tr><td>Perfect Foresight Versions</td><td>Uncertainty Versions</td></tr>
<tr><td colspan="2">Finite Human Wealth Condition (FHWC)</td></tr>
<tr><td>$\Gamma/\mathsf{R} < 1$

The growth factor for permanent income Γ must be smaller than the discounting factor R for human wealth to be finite.</td><td>$\Gamma/\mathsf{R} < 1$

The model's risks are mean-preserving spreads, so the PDV of future income is unchanged by their introduction.</td></tr>
<tr><td colspan="2">Absolute Impatience Condition (AIC)</td></tr>
<tr><td>$\mathbf{Þ} < 1$

The unconstrained consumer is sufficiently impatient that the level of consumption will be declining over time:

$\mathbf{c}_{t+1} < \mathbf{c}_t$</td><td>$\mathbf{Þ} < 1$

If wealth is large enough, the expectation of consumption next period will be smaller than this period's consumption:

$\lim_{m_t \to \infty} \mathbb{E}_t[\mathbf{c}_{t+1}] < \mathbf{c}_t$</td></tr>
<tr><td colspan="2">Return Impatience Conditions</td></tr>
<tr><td>Return Impatience Condition (RIC)</td><td>Weak RIC (WRIC)</td></tr>
<tr><td>$\mathbf{Þ}/\mathsf{R} < 1$

The growth factor for consumption $\mathbf{Þ}$ must be smaller than the discounting factor R, so that the PDV of current and future consumption will be finite:

$\mathrm{c}'(m) = 1 - \mathbf{Þ}/\mathsf{R} < 1$</td><td>$\wp^{1/\rho}\mathbf{Þ}/\mathsf{R} < 1$

If the probability of the zero-income event is $\wp = 1$ then income is always zero and the condition becomes identical to the RIC. Otherwise, weaker.

$\mathrm{c}'(m) < 1 - \wp^{1/\rho}\mathbf{Þ}/\mathsf{R} < 1$</td></tr>
<tr><td colspan="2">Growth Impatience Conditions</td></tr>
<tr><td>GIC</td><td>GIC-Nrm</td></tr>
<tr><td>$\mathbf{Þ}/\Gamma < 1$

Guarantees that for an unconstrained consumer, the ratio of consumption to permanent income will fall over time. For a constrained consumer, guarantees the constraint will eventually be binding.</td><td>$\mathbf{Þ}\,\mathbb{E}[\psi^{-1}]/\Gamma < 1$

By Jensen's inequality, stronger than the GIC.
Ensures consumers will not expect to accumulate m unboundedly.

$\lim_{m_t \to \infty} \mathbb{E}_t[m_{t+1}/m_t] = \mathbf{Þ}_{\underline{\Gamma}}$</td></tr>
<tr><td colspan="2">Finite Value of Autarky Conditions</td></tr>
<tr><td>PF-FVAC</td><td>FVAC</td></tr>
<tr><td>$\beta\Gamma^{1-\rho} < 1$
equivalently $\mathbf{Þ} < \mathsf{R}^{1/\rho}\Gamma^{1-1/\rho}$

The discounted utility of constrained consumers who spend their permanent income each period should be finite.</td><td>$\beta\Gamma^{1-\rho}\,\mathbb{E}[\psi^{1-\rho}] < 1$

By Jensen's inequality, stronger than the PF-FVAC because for $\rho > 1$ and nondegenerate ψ, $\mathbb{E}[\psi^{1-\rho}] > 1$.</td></tr>
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