

**Table 1** Taxonomy of Perfect Foresight Liquidity Constrained Model Outcomes

For constrained  $\bar{c}$  and unconstrained  $\bar{c}$  consumption functions

| Main Condition<br>Subcondition                  | Math  | Outcome, Comments or Results   |
|---|---|--|
| <del>GIC</del><br>and RIC<br>and <del>RIC</del> | $1 < \mathbf{P}/\Gamma$<br>$\mathbf{P}/R < 1$<br>$1 < \mathbf{P}/R$ | Constraint never binds for $m \geq 1$<br>FHWC holds ( $R > \Gamma$ ); $\dot{c}(m) = \bar{c}(m)$ for $m \geq 1$<br>$\dot{c}(m)$ is degenerate: $\dot{c}(m) = 0$                                       |
| GIC<br>and RIC                                  | $\mathbf{P}/\Gamma < 1$<br>$\mathbf{P}/R < 1$                       | Constraint binds in finite time for any $m$<br>FHWC may or may not hold<br>$\lim_{m \uparrow \infty} \bar{c}(m) - \dot{c}(m) = 0$<br>$\lim_{m \uparrow \infty} \dot{\kappa}(m) = \underline{\kappa}$ |
| and <del>RIC</del>                              | $1 < \mathbf{P}/R$  | <del>FHWC</del><br>$\lim_{m \uparrow \infty} \dot{\kappa}(m) = 0$  |

Conditions are applied from left to right; for example, the second row indicates conclusions in the case where ~~GIC~~ and RIC both hold, while the third row indicates that when the GIC and the RIC both fail, the consumption function is degenerate; the next row indicates that whenever the GIC holds, the constraint will bind in finite time.