**Table 1** Perfect Foresight Liquidity Constrained Taxonomy

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

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

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 GICholds, the constraint will bind in finite time.