

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

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

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

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.