

Figure 1 Relation of PF-GIC, FHC, RIC, and PF-FVAC

Arrows reflect the direction of the relationship; an arrowhead points to the larger of the two quantities being compared. For example, the topmost arrow, pointing from Φ to Γ indicates that $\Gamma > \Phi$.



Figure 2 Convergence of the Consumption Rules

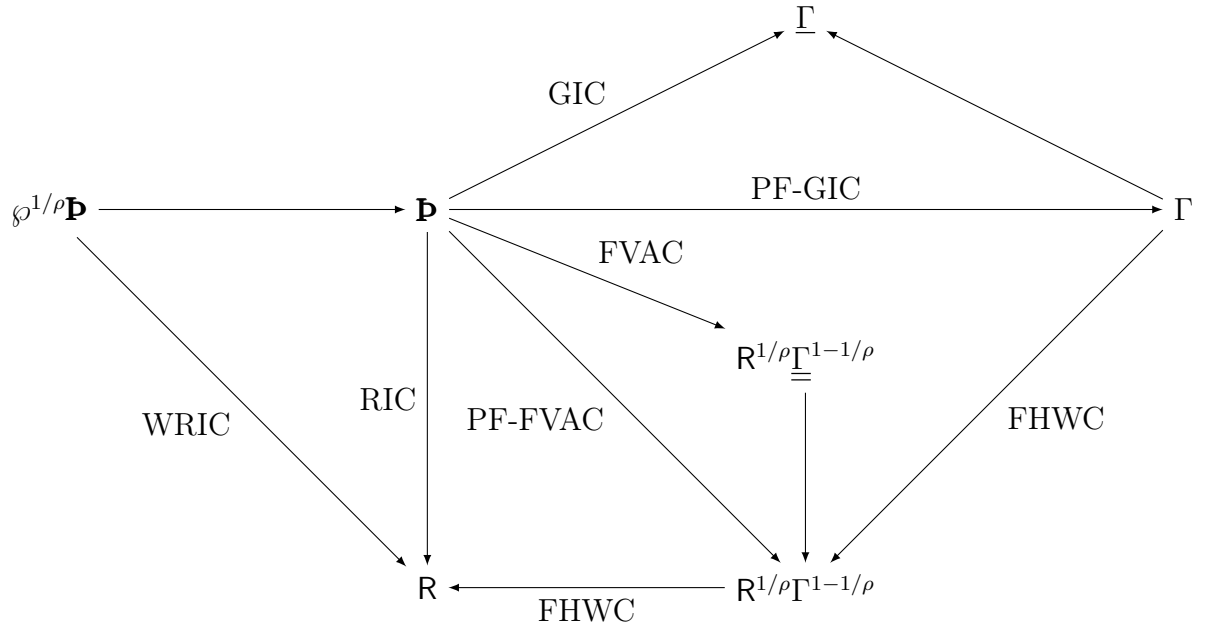


Figure 3 Relation of All Inequality Conditions

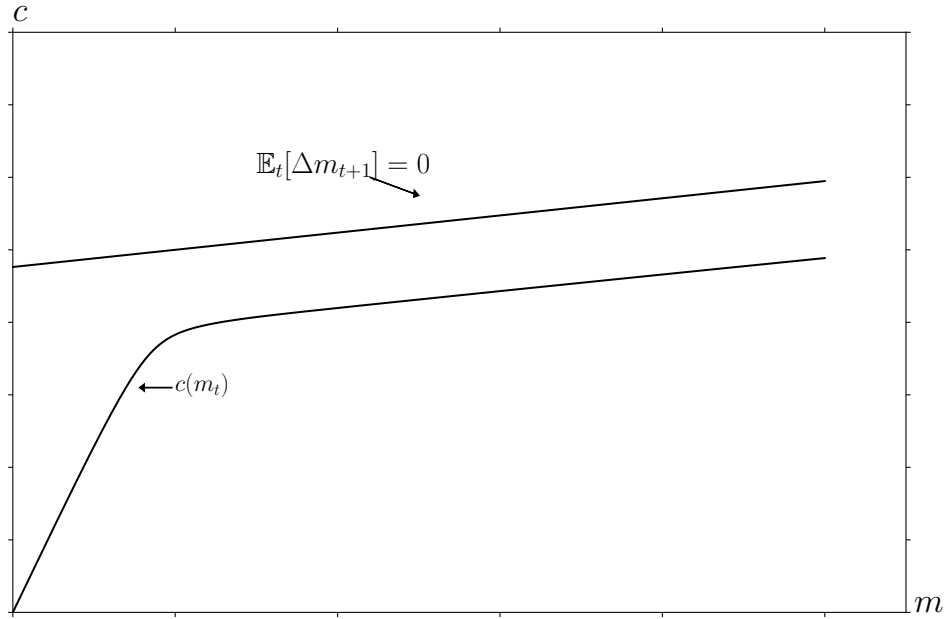


Figure 4 Example Solution when FVAC Holds but GIC Does Not



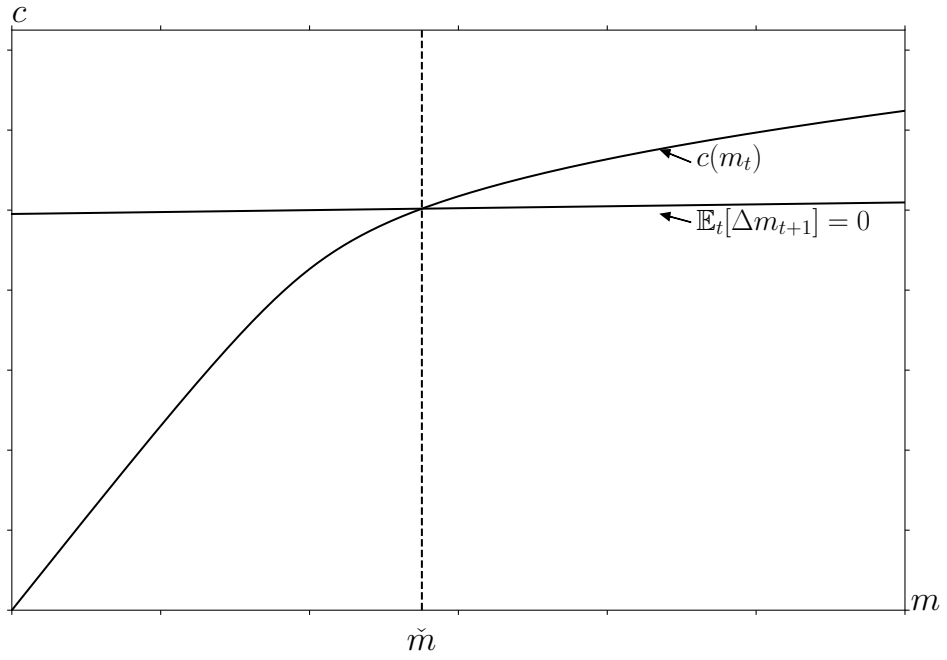
Figure 5 Target m , Expected Consumption Growth, and Permanent Income Growth



Figure 6 Limiting MPC's



(a) Bounds



(b) Target m

Figure 7 The Consumption Function



Figure 8 Nondegenerate Consumption Function with ~~EHWC~~ and ~~RIC~~