

Table 1 Definitions and Comparisons of Conditions

Perfect Foresight Versions	Uncertainty Versions
Finite Human Wealth Condition (FHC)	
$\Gamma/R < 1$ The growth factor for permanent income Γ must be smaller than the discounting factor R , for human wealth to be finite.	$\Gamma/R < 1$ The model's risks are mean-preserving spreads, so the PDV of future income is unchanged by their introduction.
Absolute Impatience Condition (AIC)	
$\mathbf{P} < 1$ The unconstrained consumer is sufficiently impatient that the level of consumption will be declining over time: $\mathbf{c}_{t+1} < \mathbf{c}_t$	$\mathbf{P} < 1$ If wealth is large enough, the expectation of consumption next period will be smaller than this period's consumption: $\lim_{m_t \rightarrow \infty} \mathbb{E}_t[\mathbf{c}_{t+1}] < \mathbf{c}_t$
Return Impatience Conditions	
Return Impatience Condition (RIC)	Weak RIC (WRIC)
$\mathbf{P}/R < 1$ The growth factor for consumption \mathbf{P} must be smaller than the discounting factor R , so that the PDV of current and future consumption will be finite: $c'(m) = 1 - \mathbf{P}/R < 1$	$\wp^{1/\rho} \mathbf{P}/R < 1$ 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. $c'(m) < 1 - \wp^{1/\rho} \mathbf{P}/R < 1$
Growth Impatience Conditions	
PF-GIC	GIC
$\mathbf{P}/\Gamma < 1$ 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.	$\mathbf{P} \mathbb{E}[\psi^{-1}]/\Gamma < 1$ By Jensen's inequality, stronger than the PF-GIC. Ensures consumers will not expect to accumulate m unboundedly. $\lim_{m_t \rightarrow \infty} \mathbb{E}_t[m_{t+1}/m_t] = \mathbf{P}_{\underline{\Gamma}}$
Finite Value of Autarky Conditions	
PF-FVAC	FVAC
$\beta \Gamma^{1-\rho} < 1$ equivalently $\mathbf{P}/\Gamma < (R/\Gamma)^{1/\rho}$ The discounted utility of constrained consumers who spend their permanent income each period should be finite.	$\beta \Gamma^{1-\rho} \mathbb{E}[\psi^{1-\rho}] < 1$ By Jensen's inequality, stronger than the PF-FVAC because for $\rho > 1$ and nondegenerate ψ , $\mathbb{E}[\psi^{1-\rho}] > 1$.