

SYMBOLS

Y	real net national product
S	real private saving
I	real net capital investment (including adjustment costs)
D	real government deficit
C	real private consumption
G	real government purchases of goods and services
T	tax revenues net of transfers, real
CAS	real current account surplus
K	capital stock, real
B	stock of bonds, nominal, measured by coupon payments per period
H	stock of high-powered (base) money, nominal
F	stock of foreign currency assets, privately owned, nominal in foreign currency
αF	stock of foreign currency assets publicly owned, nominal in foreign currency
W	private net worth, real
p	commodity price
p^F	foreign commodity price, in foreign currency
e	exchange rate: domestic currency price of a unit of foreign currency
q^k	ratio of market price of equities to standard replacement cost of a unit of capital
q^b	nominal price of a bond paying \$1 per period in perpetuity
γ^b	fraction of deficit financed by selling bonds
γ^H	fraction of deficit financed by issuing base money
z^J	(J = B, F, H) additional government sale or issue of asset J, nominal
q^F	interest rate on foreign-currency assets, in foreign currency
r^J	(J = B, F, H) real one period expected return on asset J
X	trade surplus
g	natural growth rate
δ	capital depreciation rate
A^J	(J = K, B, F, H) demand for asset J at end of period, real
R	earnings per unit of capital, real
x or x_t	value of a variable x in period t
x_{t-1} or x_{t-1}	value of x in period t-1
Ex_{t+1} or Ex_{t+1}	expected value of x in period t+1
Δx or Δx_t	$x_t - x_{t-1}$
s	steady state G/Y
τ	steady state T/Y
k	steady state K/Y a^k steady state demand for k
b	steady state $q^b B/pY$ a^b steady state demand for b
h	steady state H/pY a^h steady state demand for h
w	steady state W/Y a^w steady state demand for w
r^p	average real interest rate on government debt, $\gamma^{B,B} r^B + \gamma^{H,H} r^H$
d	b+h
π	inflation rate $\frac{dp}{dt} \cdot \frac{1}{p} = -r^H$