B. *Equilibrium*

An equilibrium in this economy is defined as paths for individual household and firm decisions $\{a_t, b_t, c_t, d_t, \ell_t, n_t, k_t\}_{t\geq 0}$, input prices $\{w_t, r_t^k\}_{t\geq 0}$, returns on liquid and illiquid assets $\{r_t^b, r_t^a\}_{t\geq 0}$, the share price $\{q_t\}_{t\geq 0}$, the inflation rate $\{\pi_t\}_{t\geq 0}$, fiscal variables $\{\tau_t, T_t, G_t, B_t\}_{t\geq 0}$, measures $\{\mu_t\}_{t\geq 0}$, and aggregate quantities such that, at every t: (i) households and firms maximize their objective functions taking as given equilibrium prices, taxes, and transfers; (ii) the sequence of distributions satisfies aggregate consistency conditions; (iii) the government budget constraint holds; and (iv) all markets clear. There are five markets in our economy: the liquid asset (bond)