

The liquid asset market clears when

$$(25) \quad B_t^h + B_t^g = 0,$$

where B_t^g is the stock of outstanding government debt and $B_t^h = \int b d\mu_t$ are total household holdings of liquid bonds. The illiquid asset market clears when physical capital K_t plus the equity value of monopolistic producers q_t (with the total number of shares normalized to 1) equals households' holdings of illiquid assets $A_t = \int a d\mu_t$,

$$(26) \quad K_t + q_t = A_t.$$

The labor market clears when

$$(27) \quad N_t = \int z \ell_t(a, b, z) d\mu_t.$$

Finally, the goods market clearing condition is

$$(28) \quad Y_t = C_t + I_t + G_t + \Theta_t + \chi_t + \kappa \int \max\{-b, 0\} d\mu_t.$$