Tractable Graphical Device for Analyzing SOLG Economies

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Abstract: This article develops a tractable graphical device for analyzing the stochastic overlapping generations (SOLG) economy. In this paper, the graphical device is applied to the theoretical study on stochastic bubbles per Weil ["Confidence and the real value of money in an overlapping generations economy," *Quarterly Journal of Economics* **102** (1987), 1–22] and gives new insights into the issue.

Keywords: Box diagram; Stochastic overlapping generations model.

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