

Firm Entry and Exit: A Replication of Clementi-Palazzo (2016) and Khan-Thomas(2008)

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Aims

- ▶ We analyze a simple version of Clementi and Palazzo (2016)'s model of the firm lifecycle (which itself builds on Hopenhyan (1992) and Hopenhayn and Rogerson (1993)).
- ▶ The setup of it replicates my code for Khan-Thomas. Further, we study the steady state of the model without aggregate shocks.
- ▶ Further, we graph the results of our simulations.

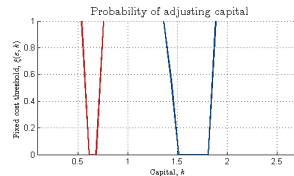
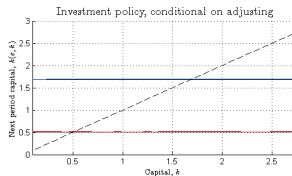
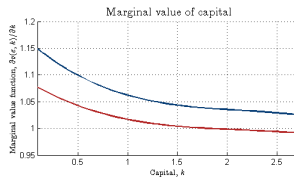
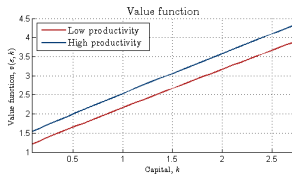
Introduction

- ▶ Over the last 25 years, empiricists have pointed out a tremendous amount of between-firm and between-plant heterogeneity, even within narrowly defined sectors.
- ▶ A key issue in the macroeconomics literature is to gauge the importance of such heterogeneity for the evolution of aggregate magnitudes.
- ▶ The objective of this exercise is to assess the role that entry and exit dynamics play in the propagation of aggregate shocks.

Literature

- ▶ Clementi-Palazzo(2016)
- ▶ Devereux, Head, and Lapham (1996), Chatterjee and Cooper (2014)
- ▶ Bilbiie, Ghironi, and Melitz (2012), and Jaimovic and Floetotto (2008)

Results



Results

