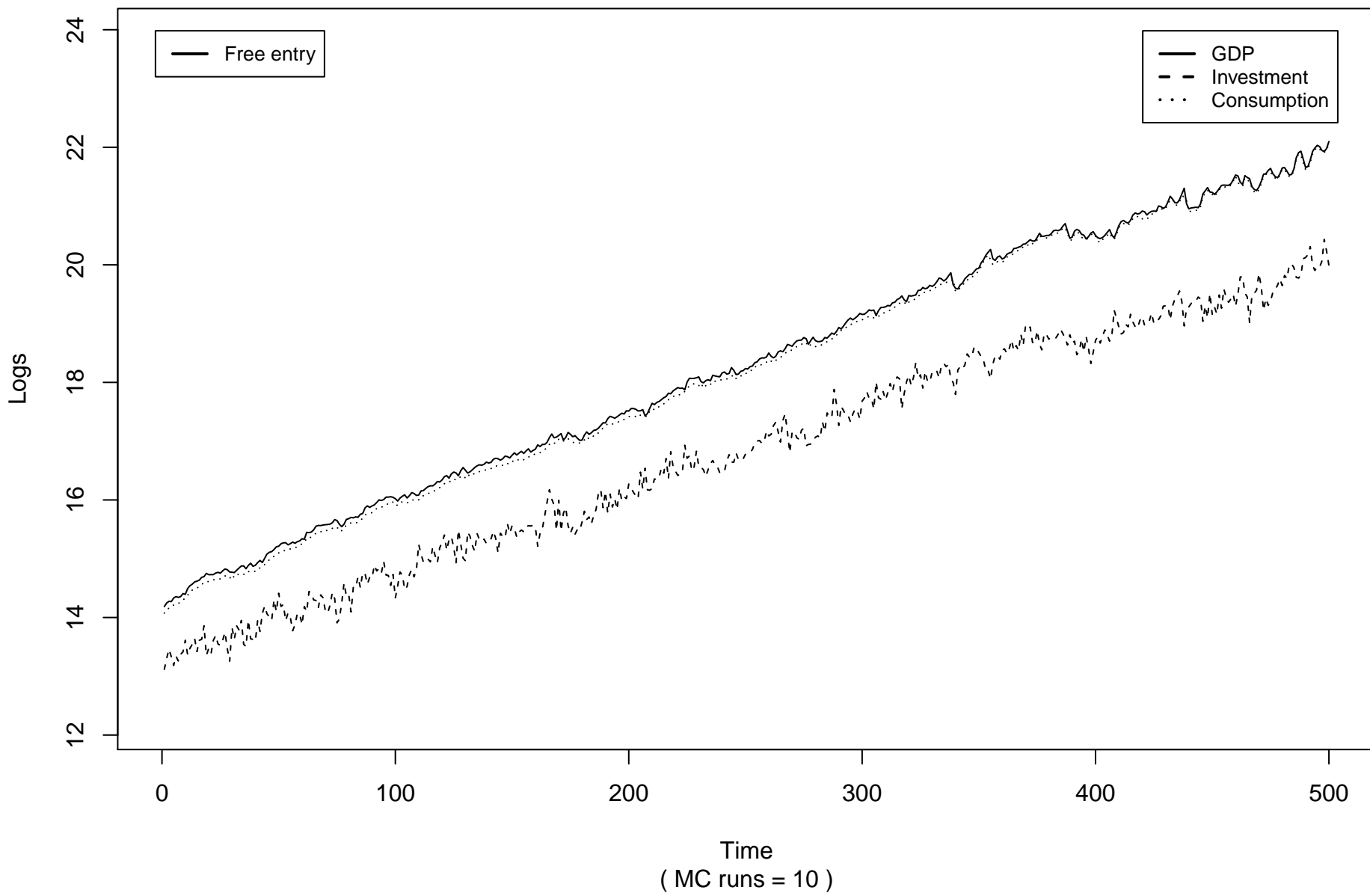
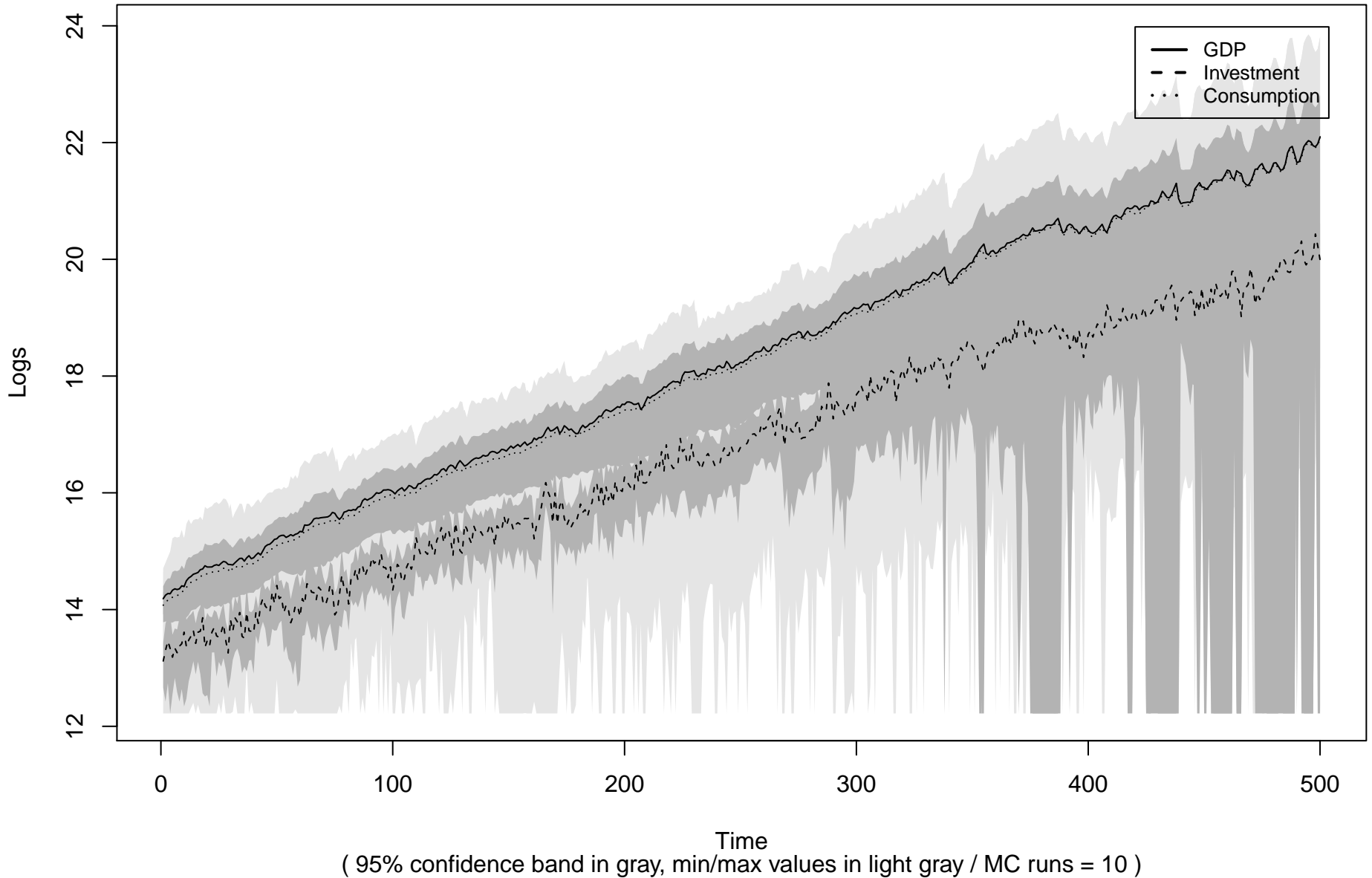


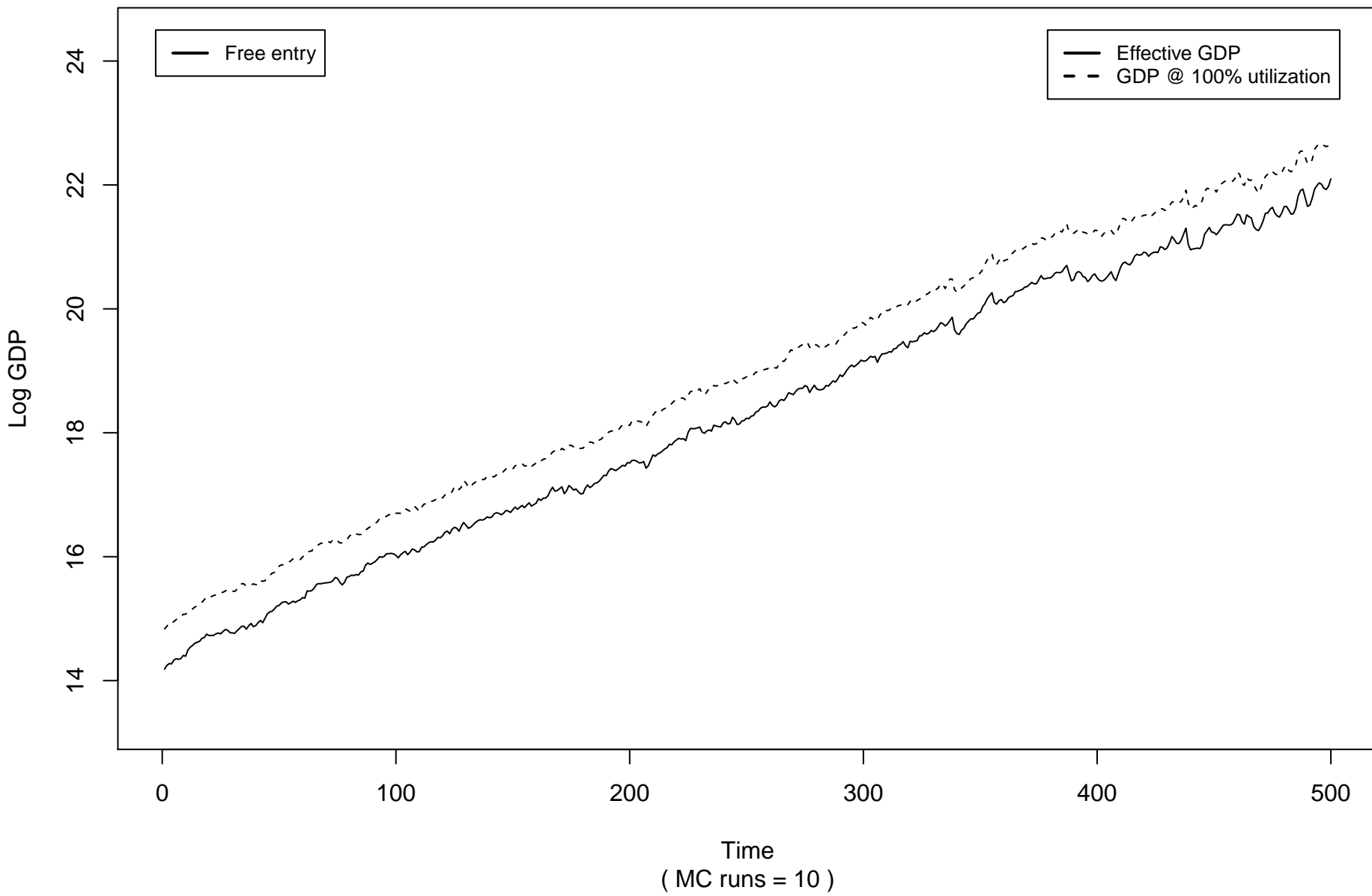
GDP, investment and consumption (all experiments)



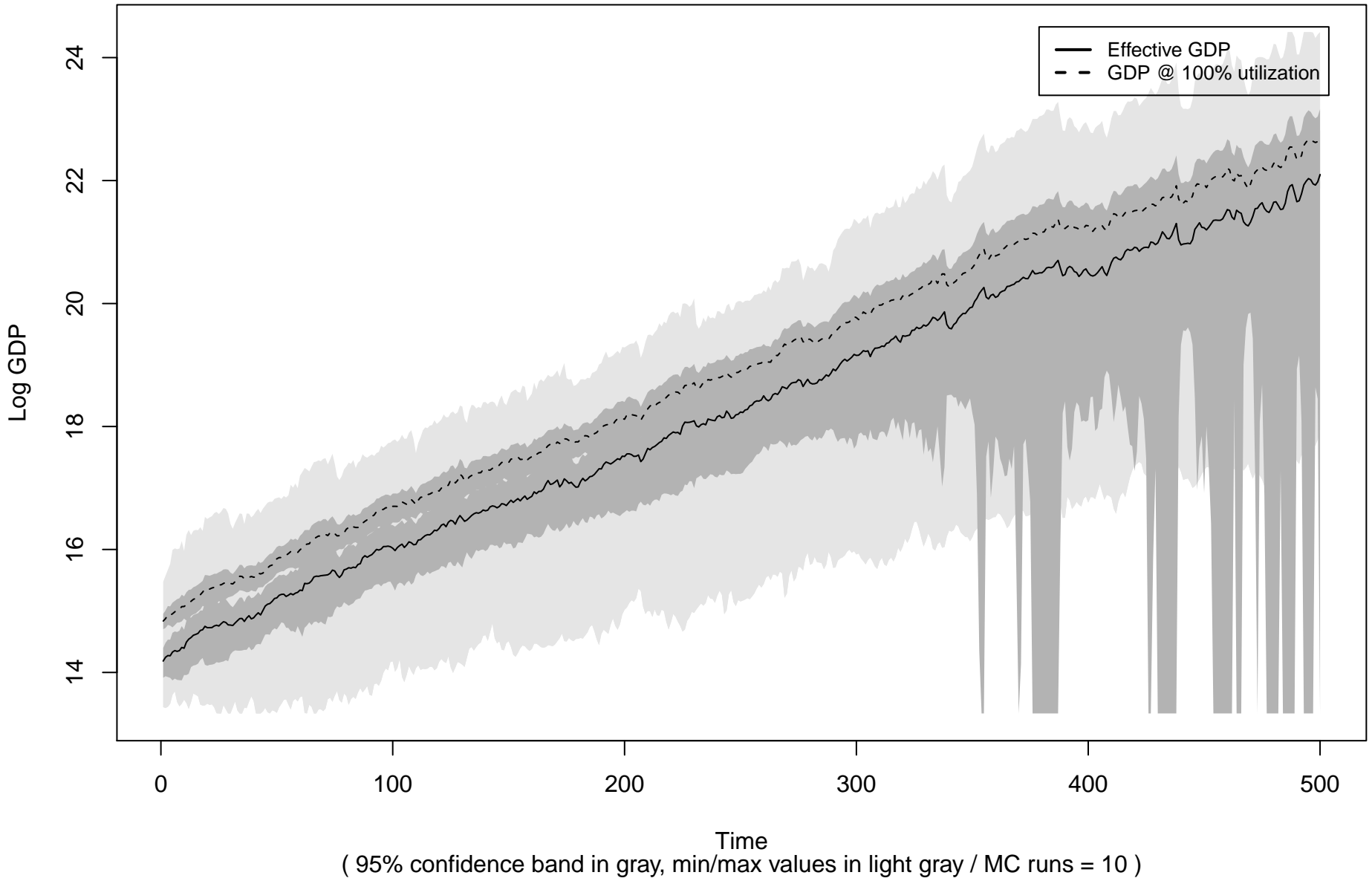
GDP, investment and consumption (Free entry)



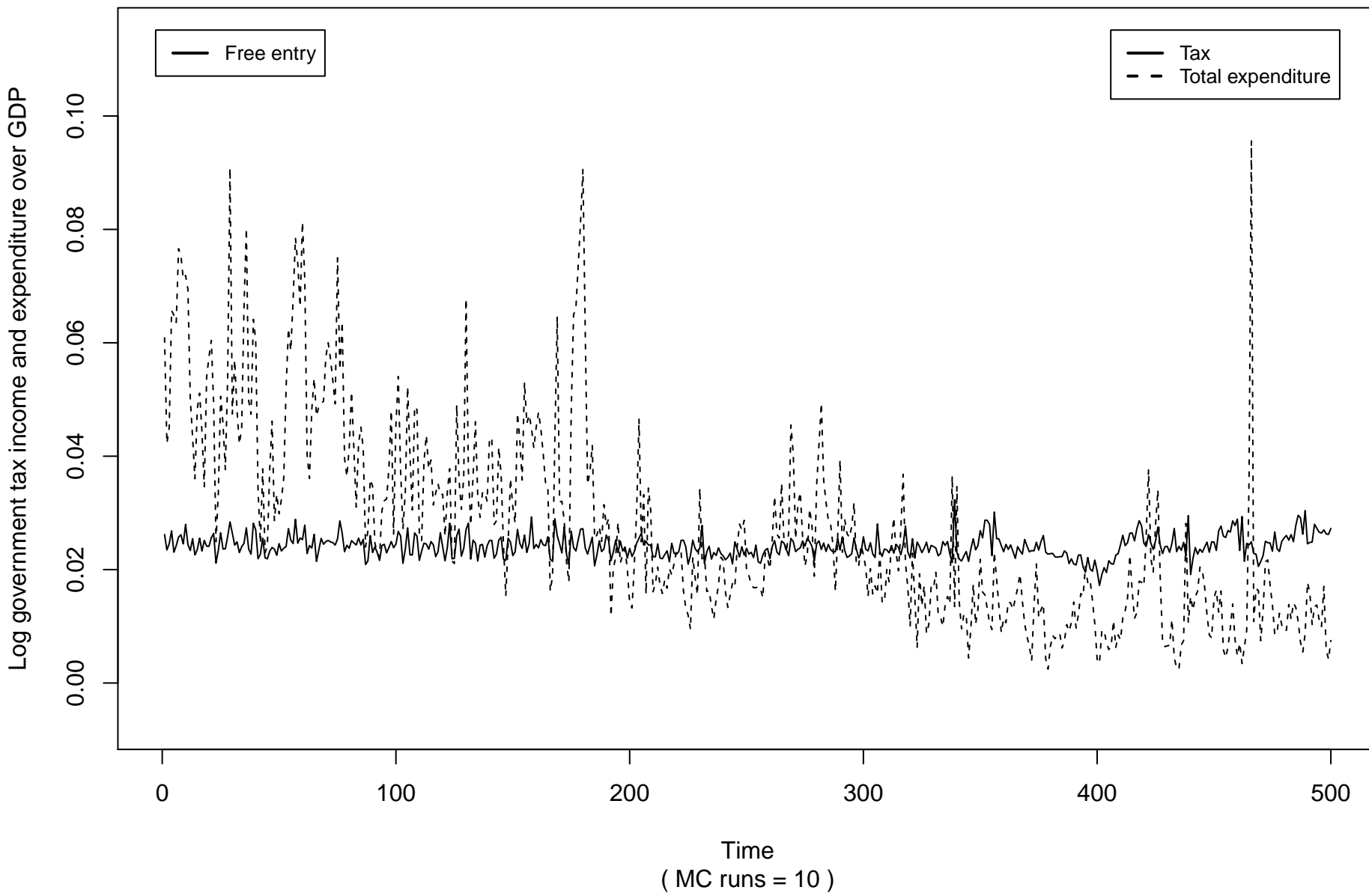
GDP (all experiments)



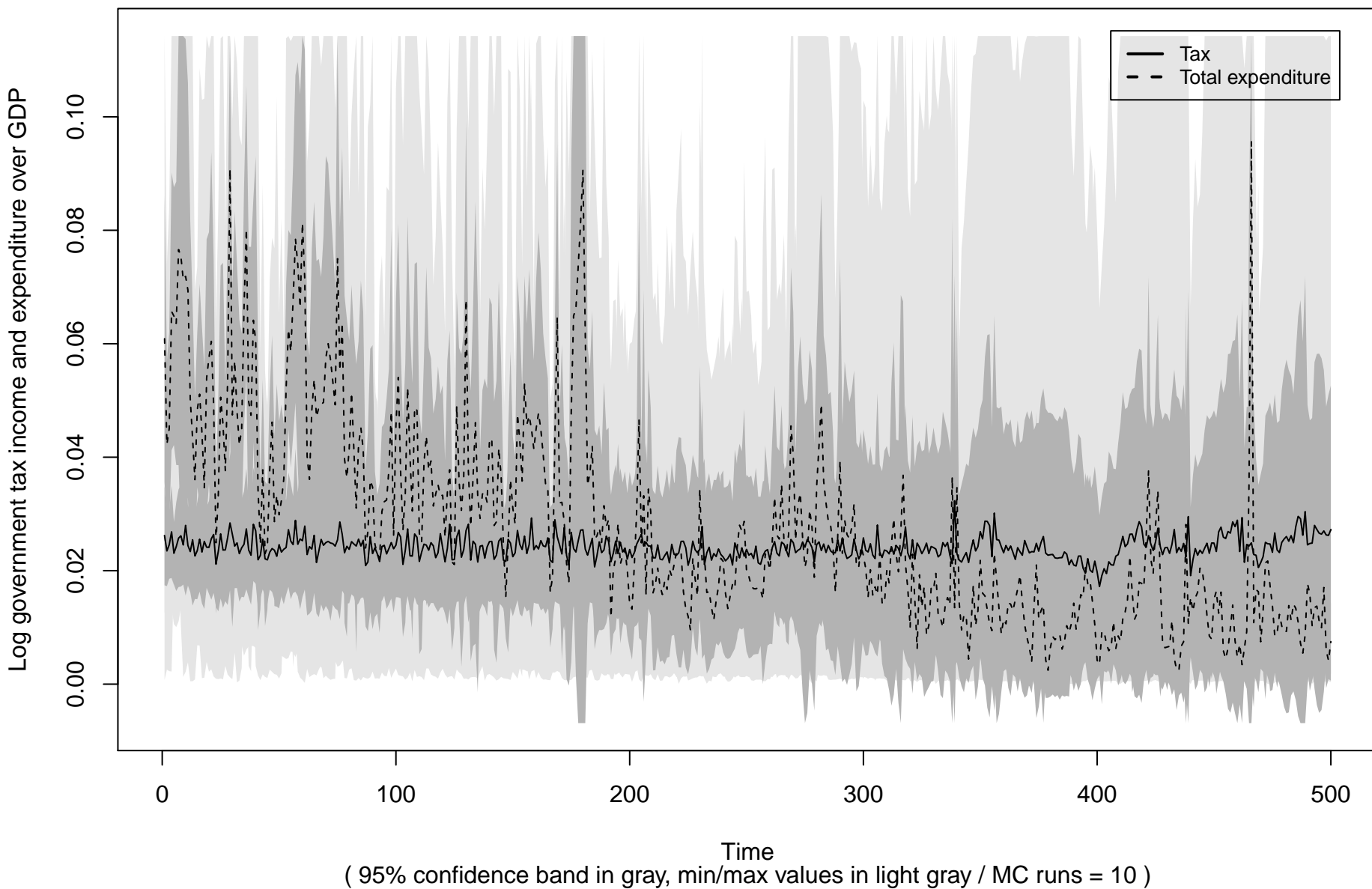
GDP (Free entry)



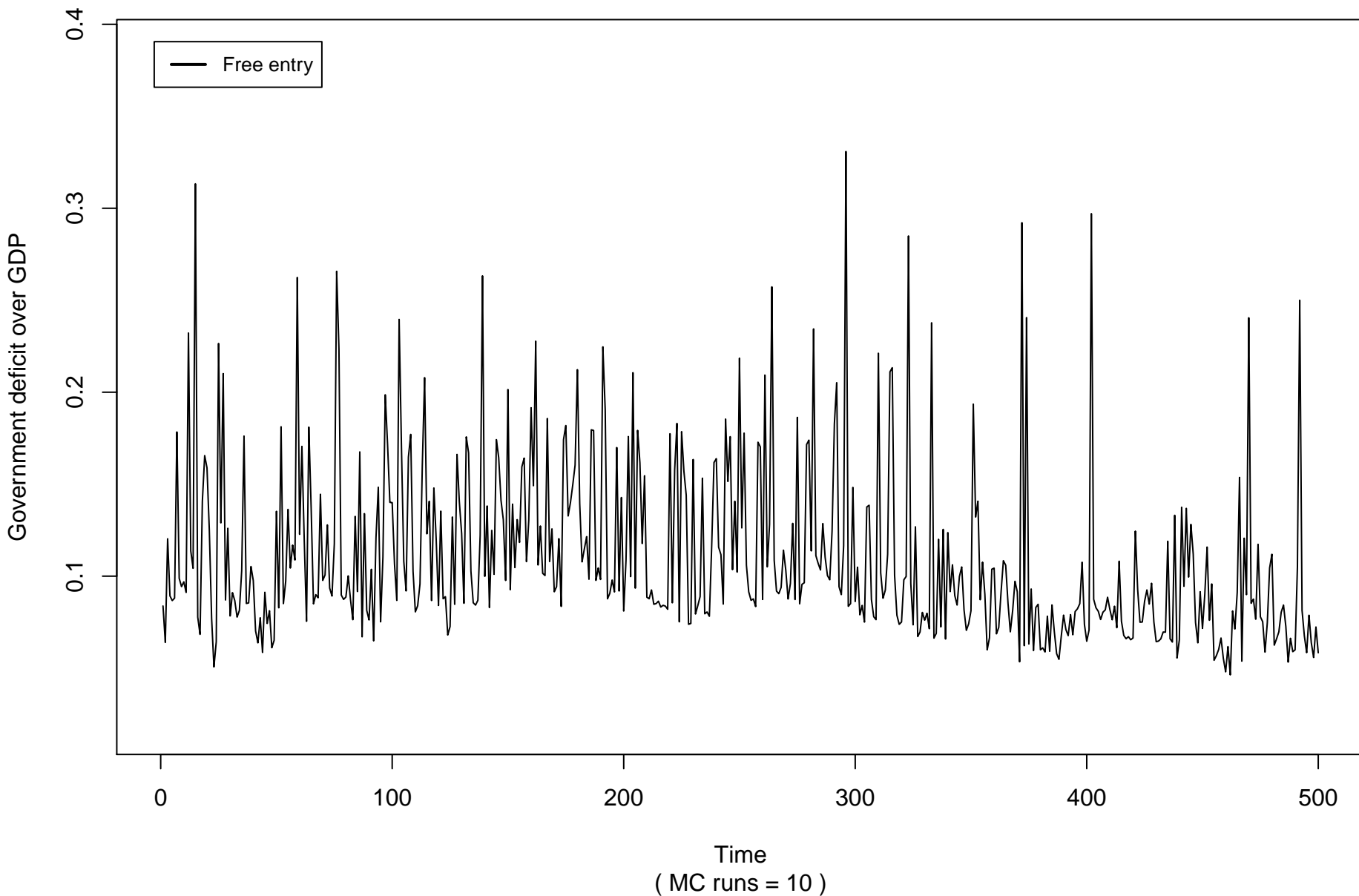
Government income and expenditure on GDP (all experiments)



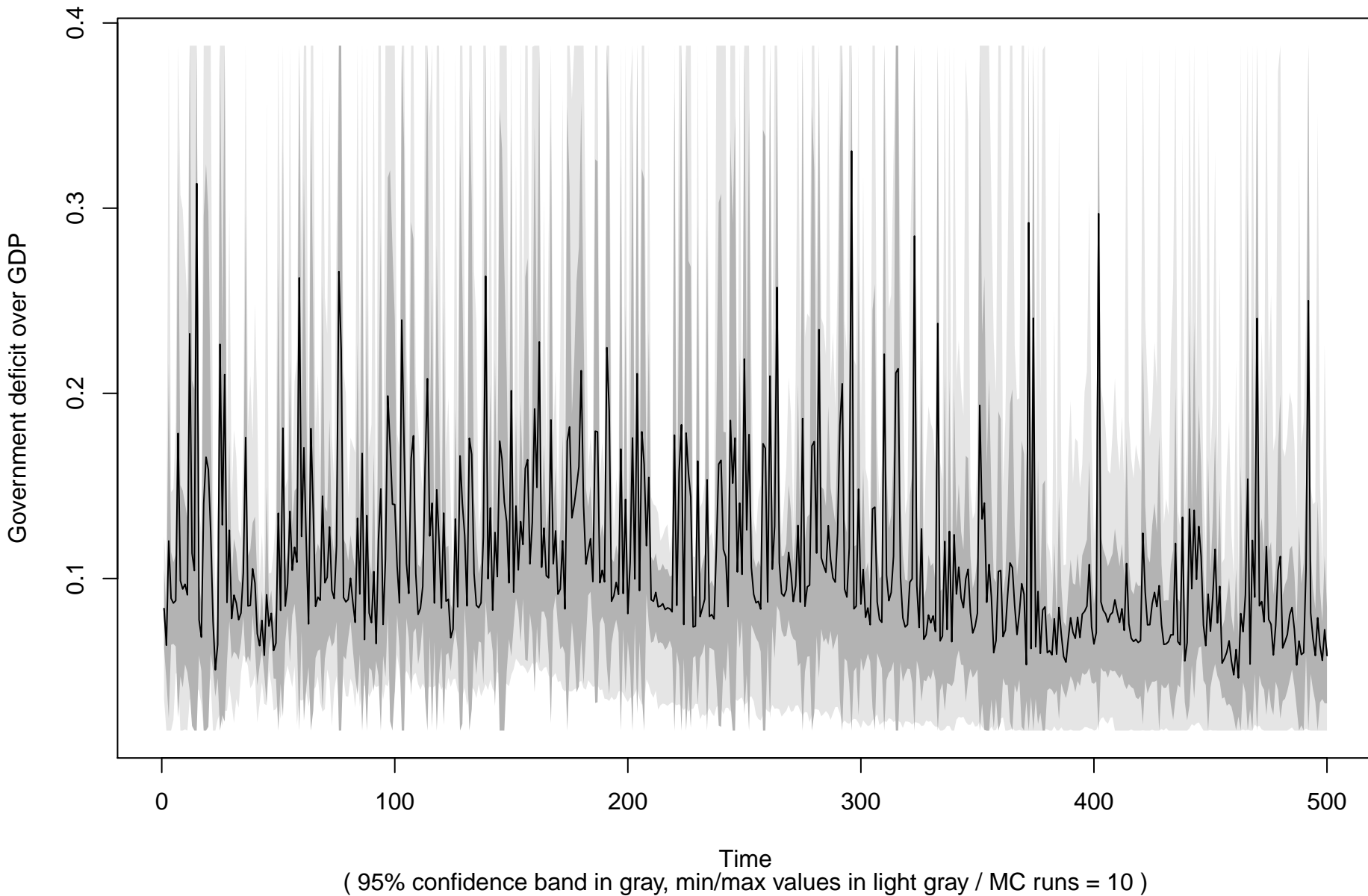
Government income and expenditure on GDP (Free entry)



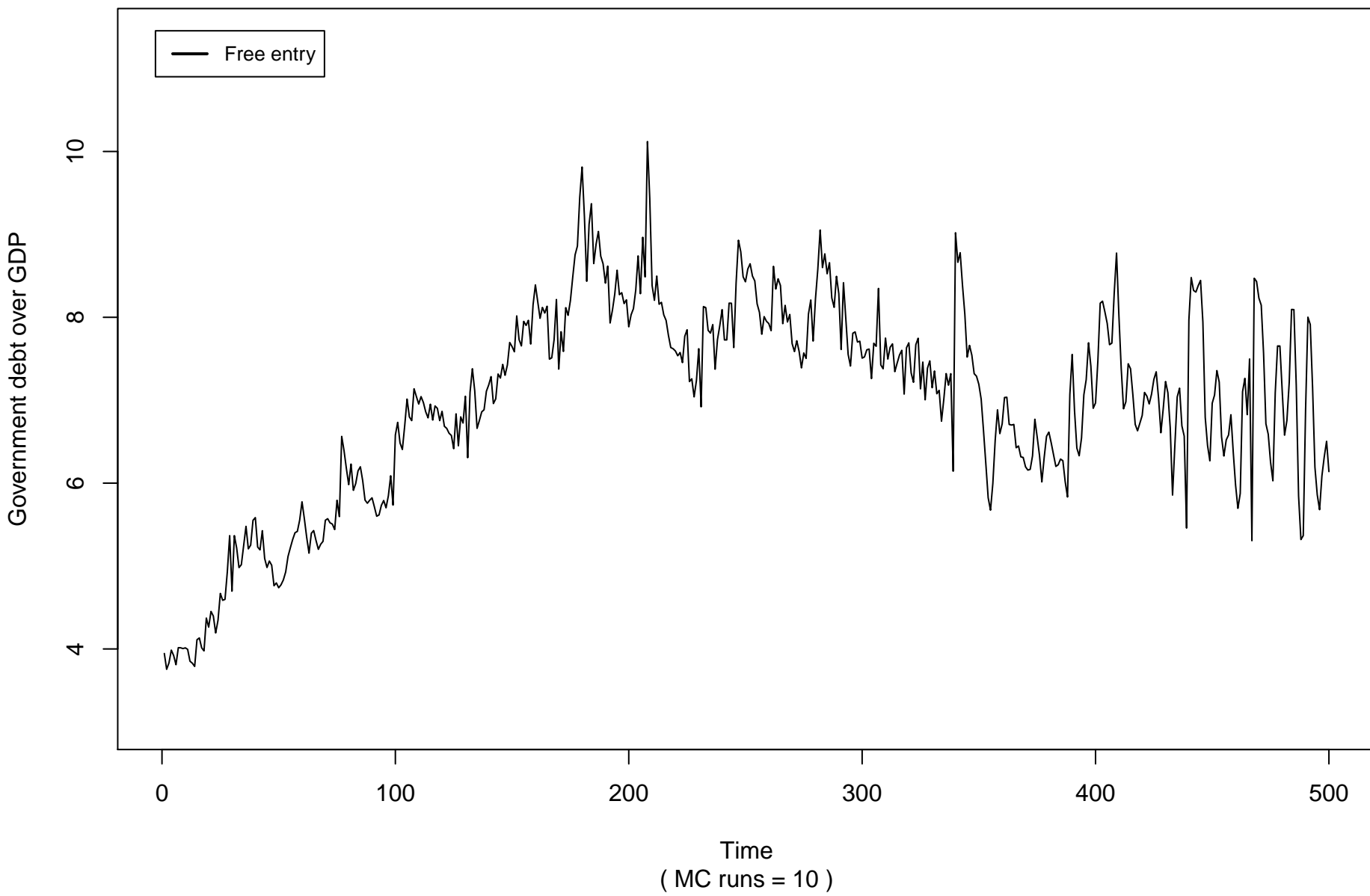
Government deficit on GDP (all experiments)



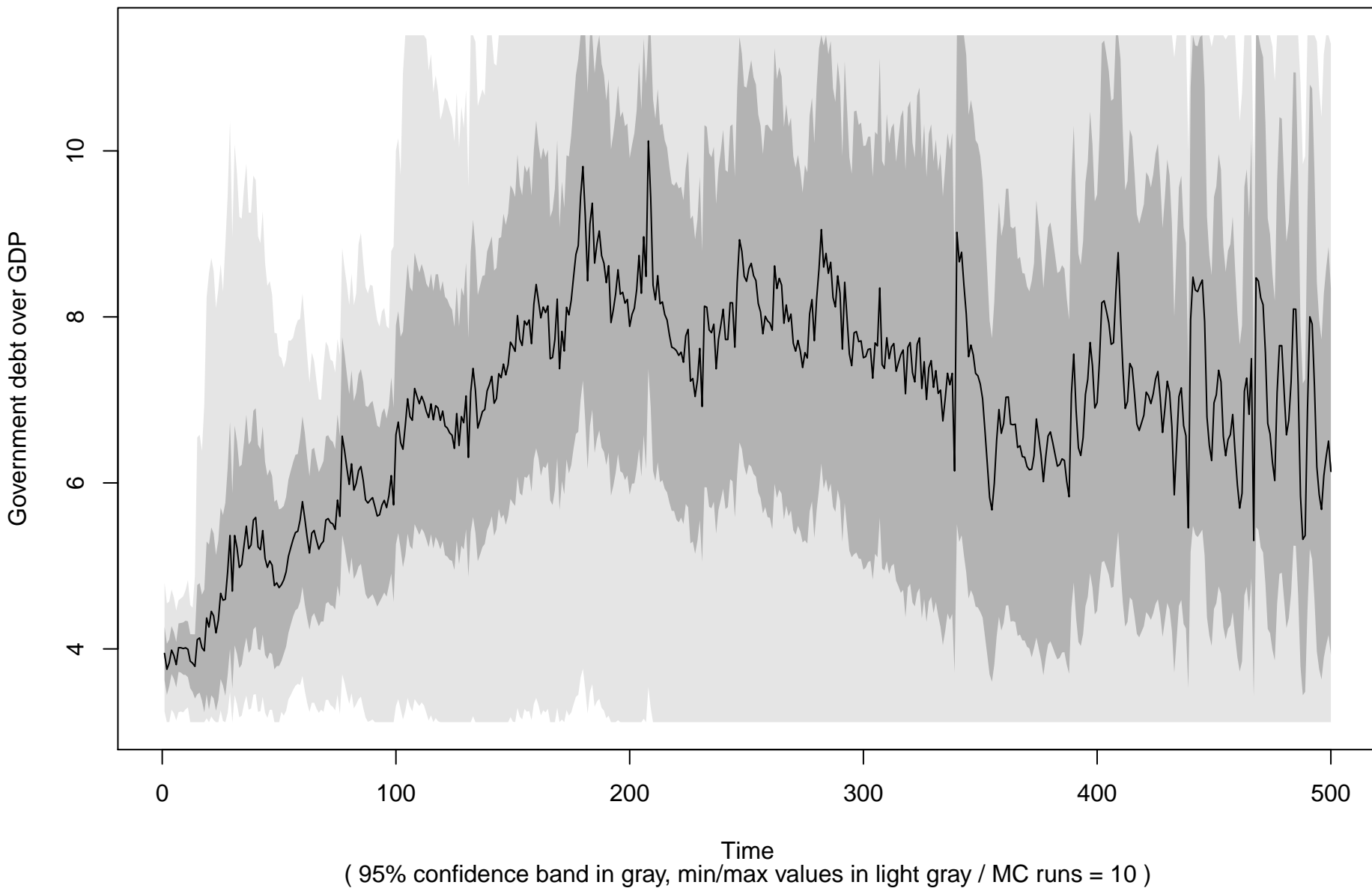
Government deficit on GDP (Free entry)



Government debt on GDP (all experiments)

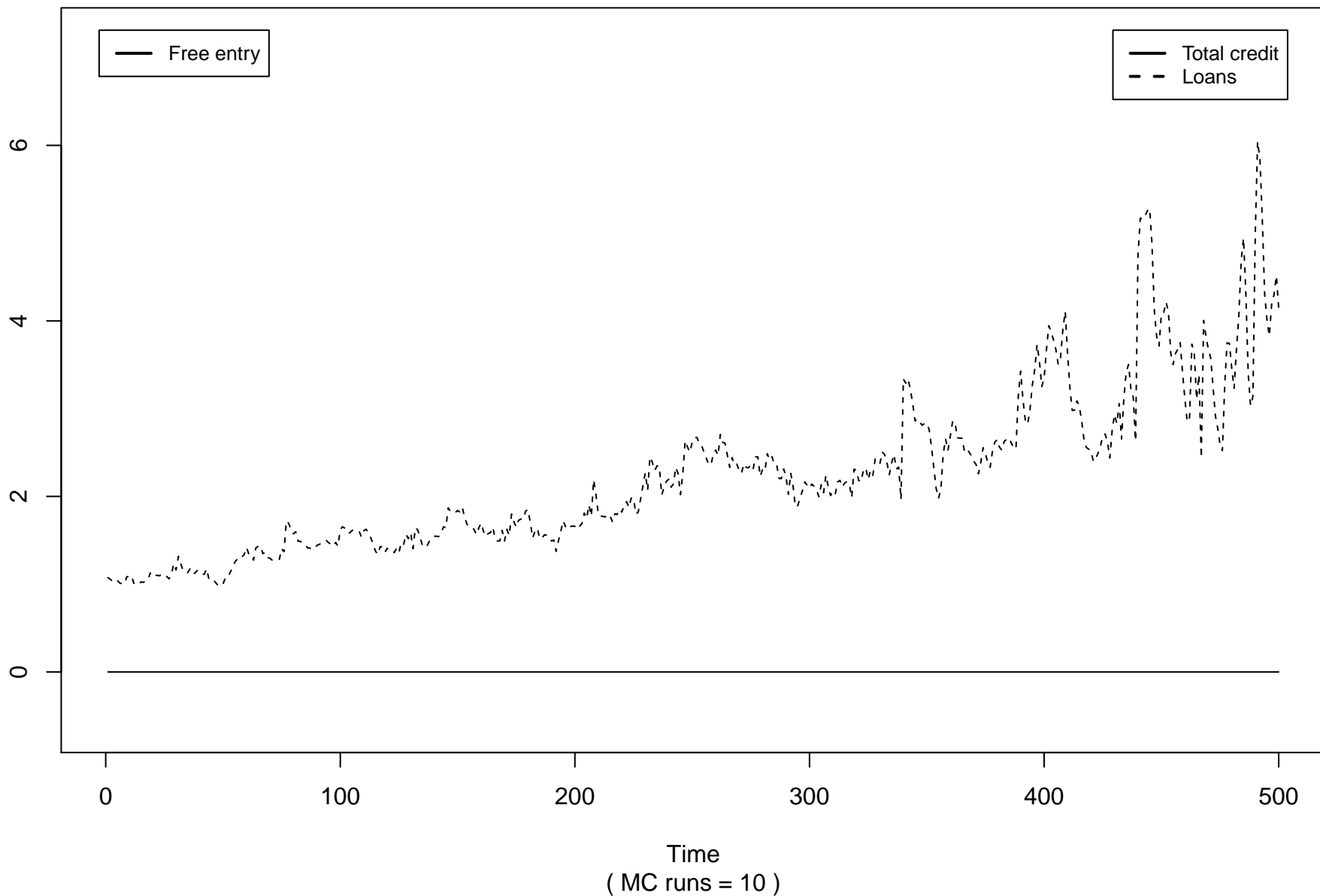


Government debt on GDP (Free entry)

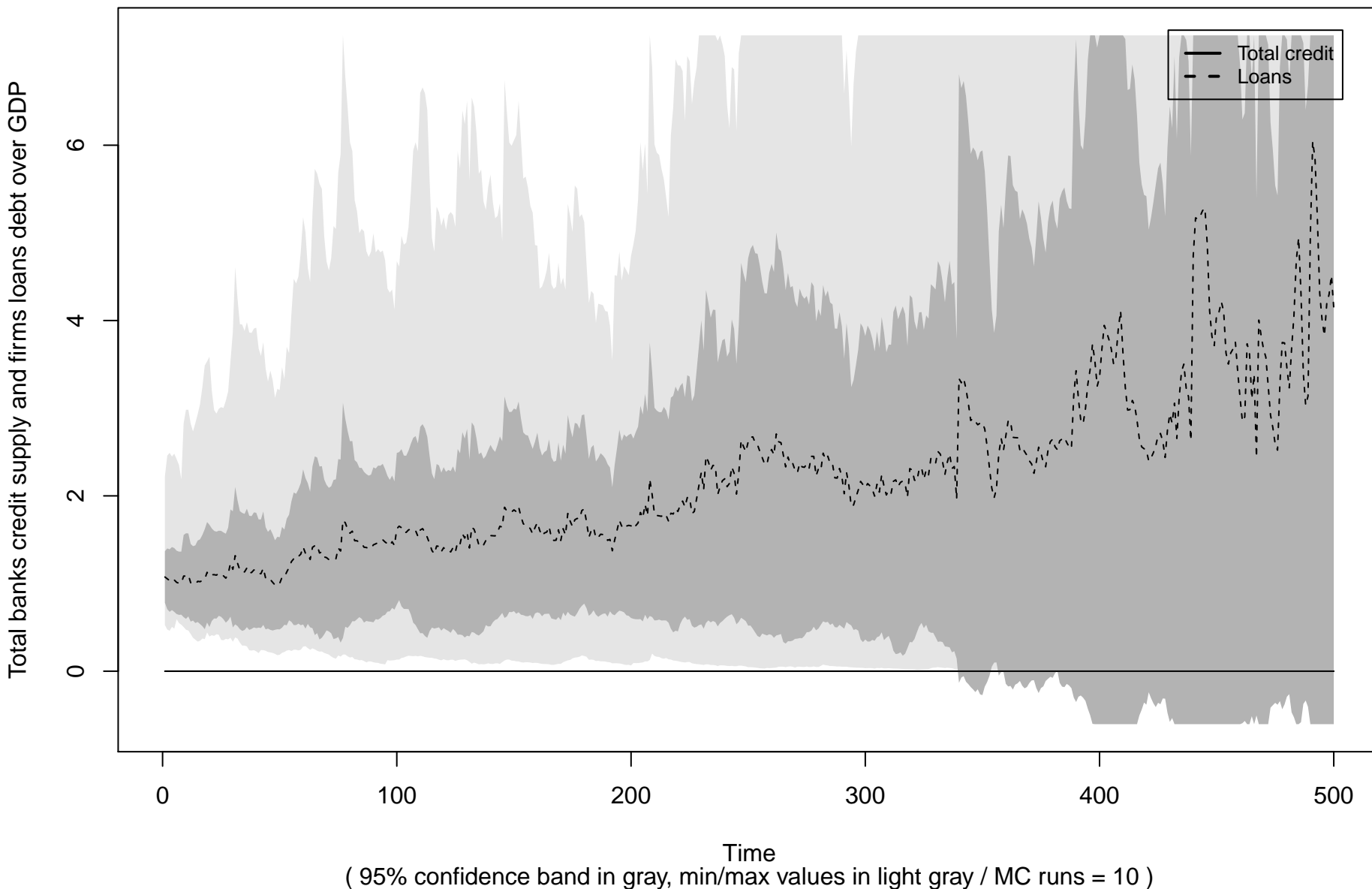


Total credit supply and loans on GDP (all experiments)

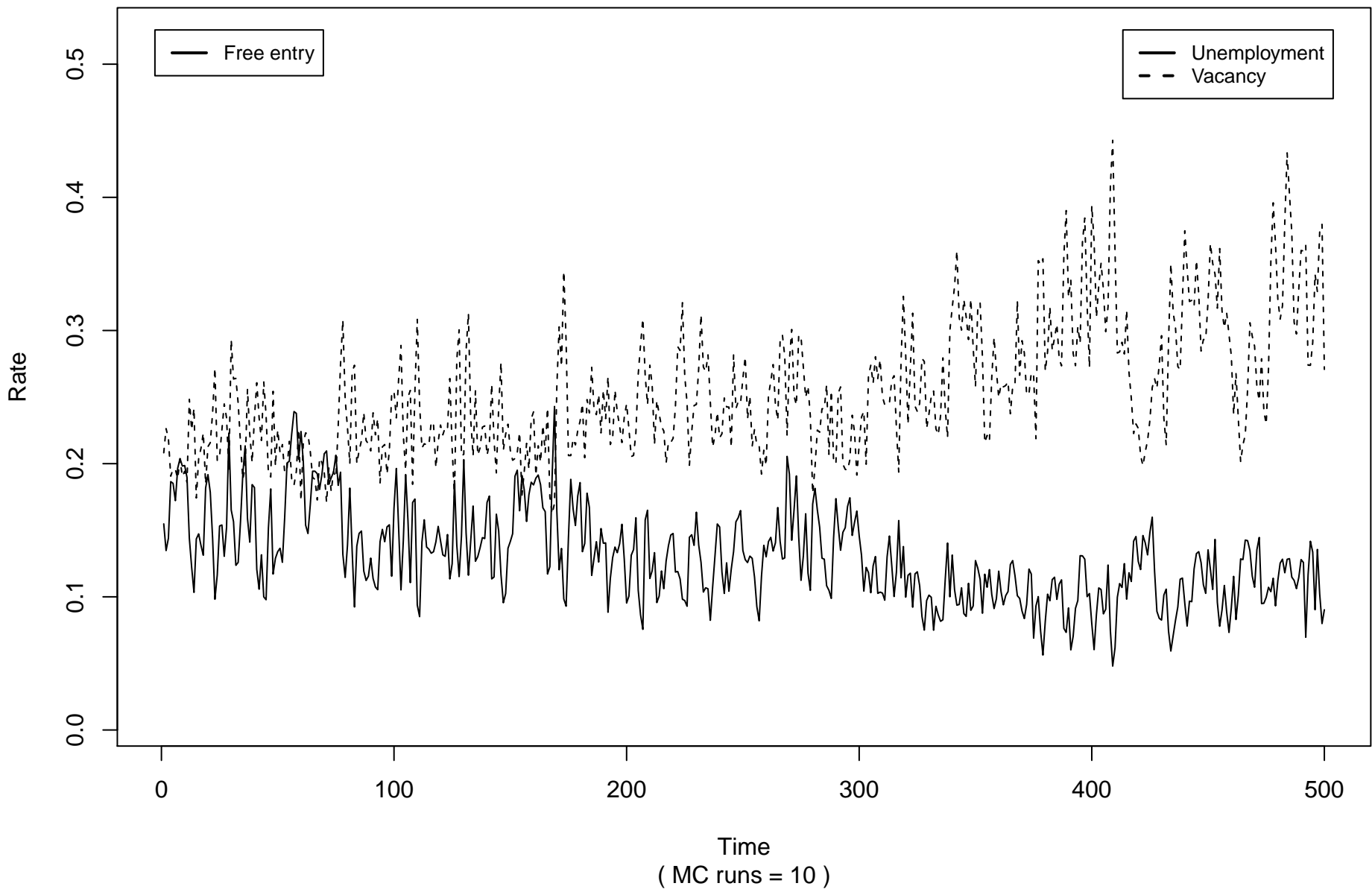
Total banks credit supply and firms loans debt over GDP



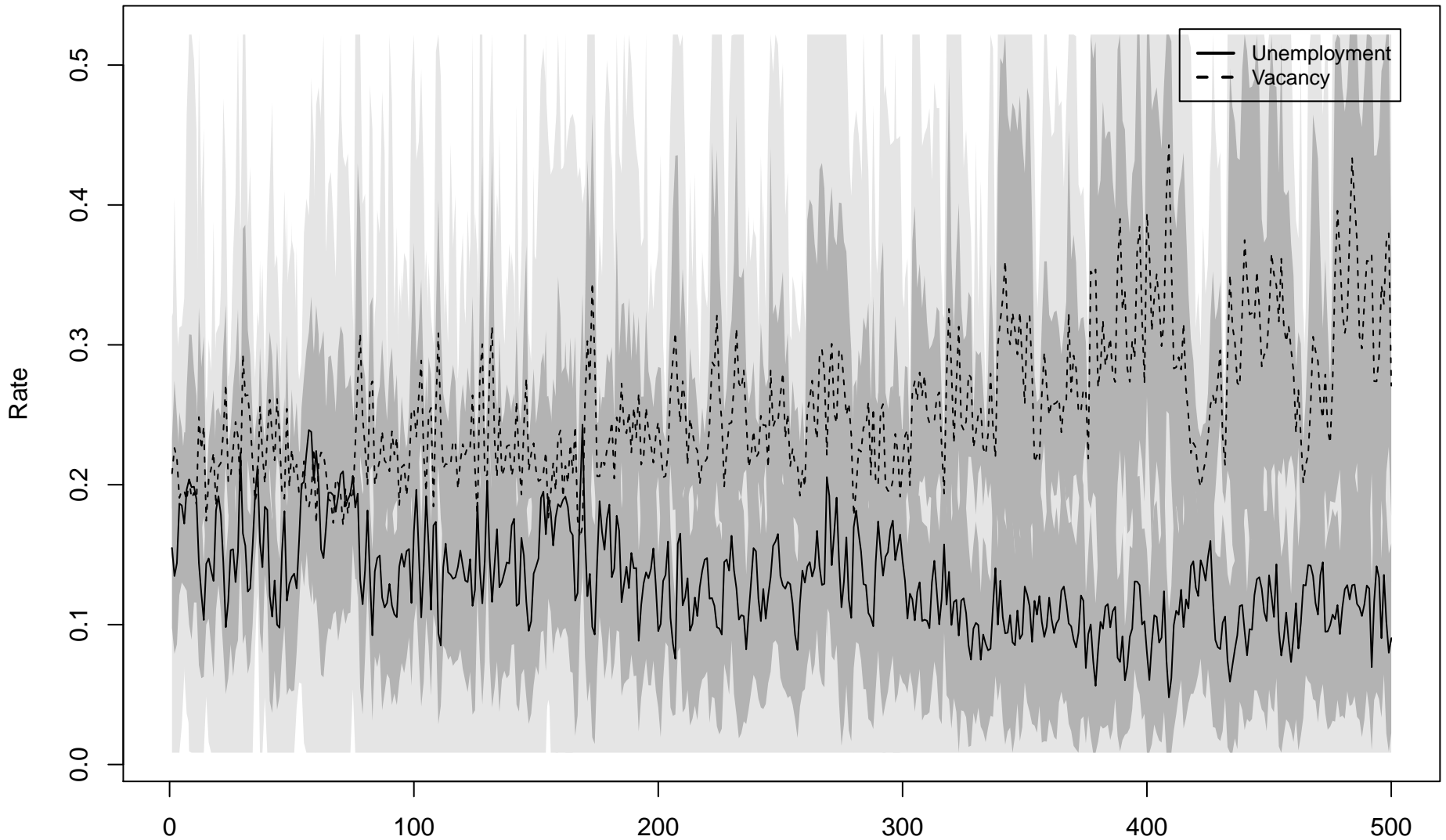
Total credit supply and loans on GDP (Free entry)



Unemployment and vacancy rates (all experiments)

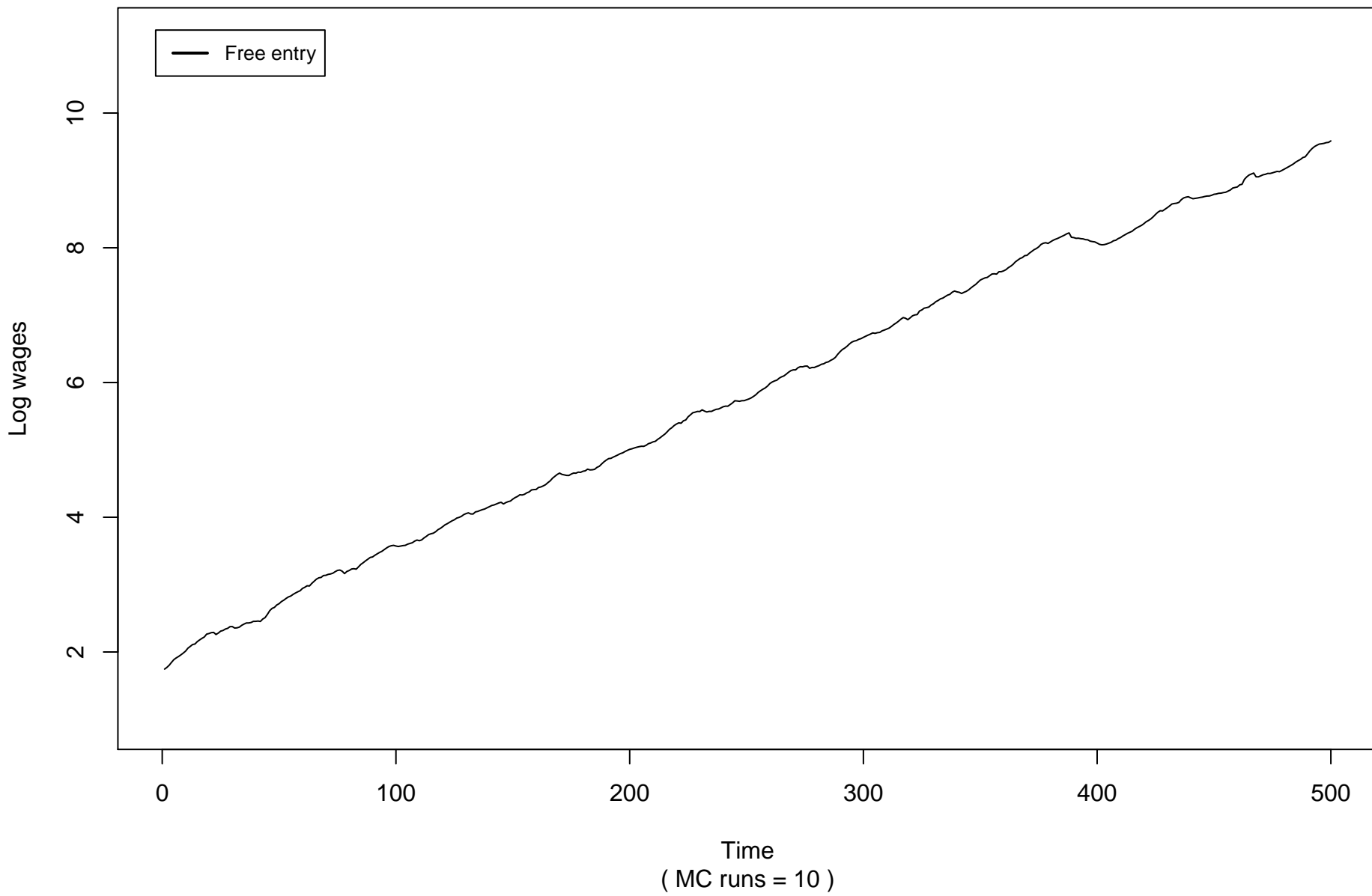


Unemployment and vacancy rates (Free entry)

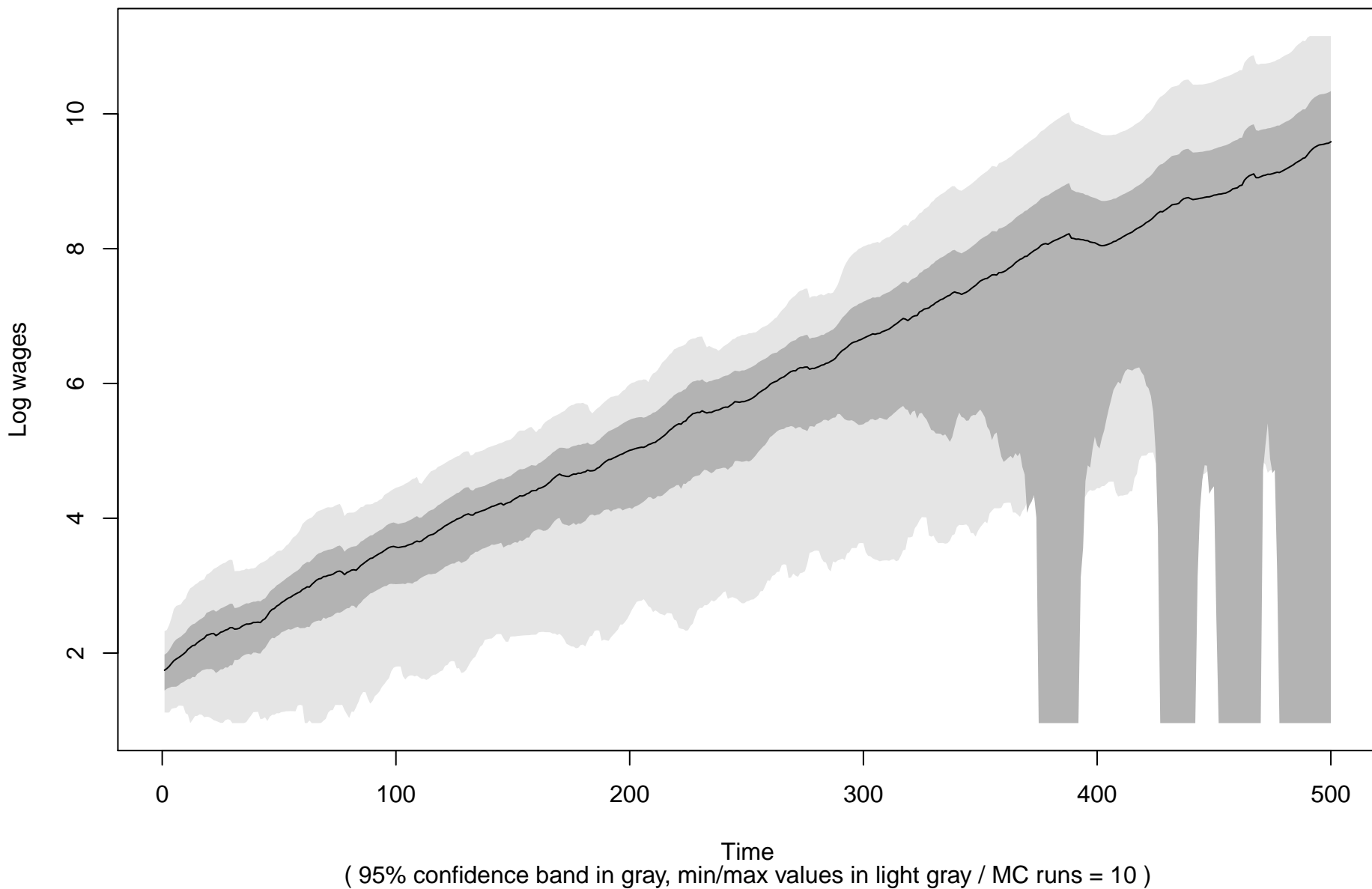


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 10)

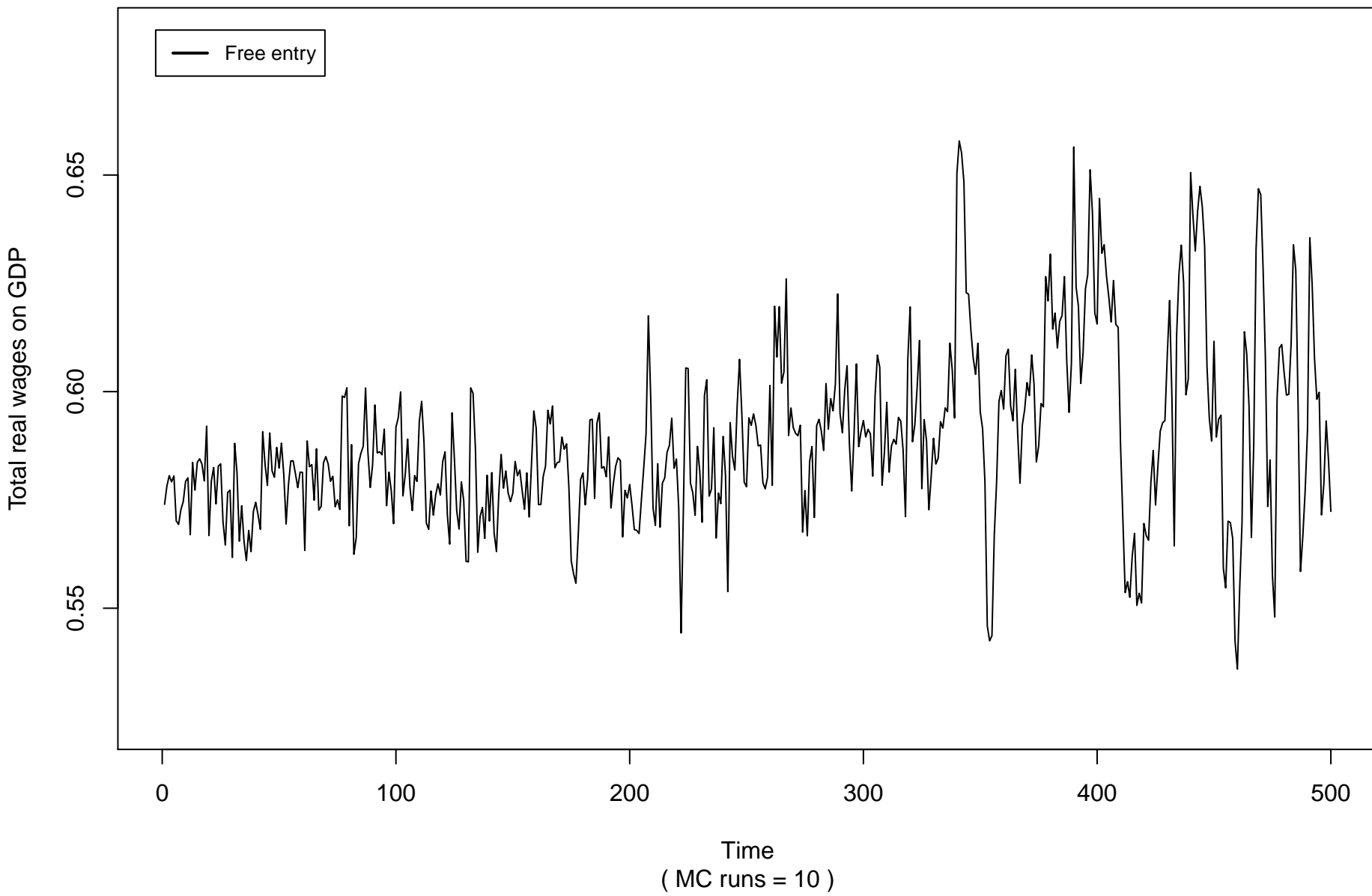
Real wages average (all experiments)



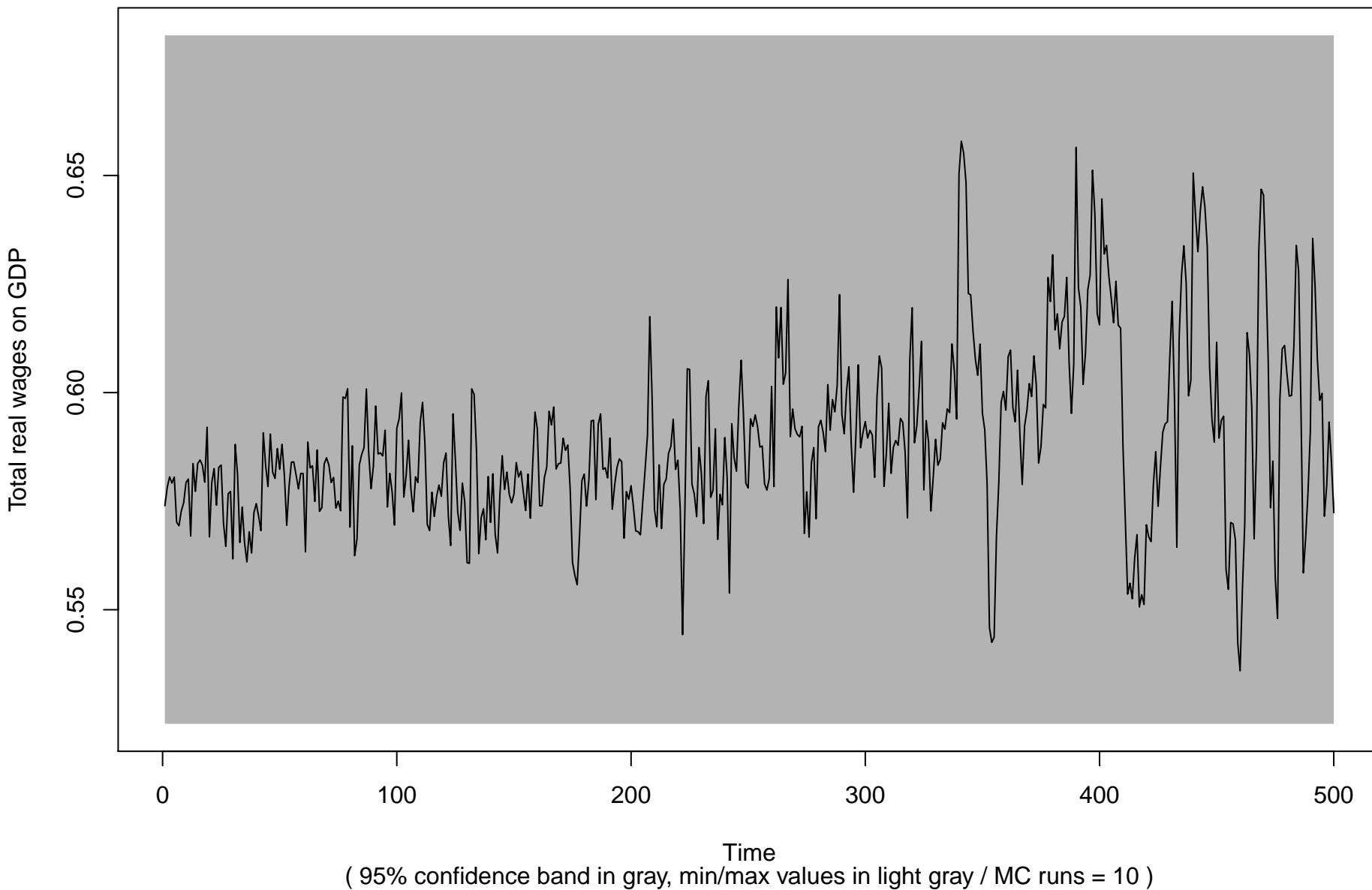
Real wages average (Free entry)



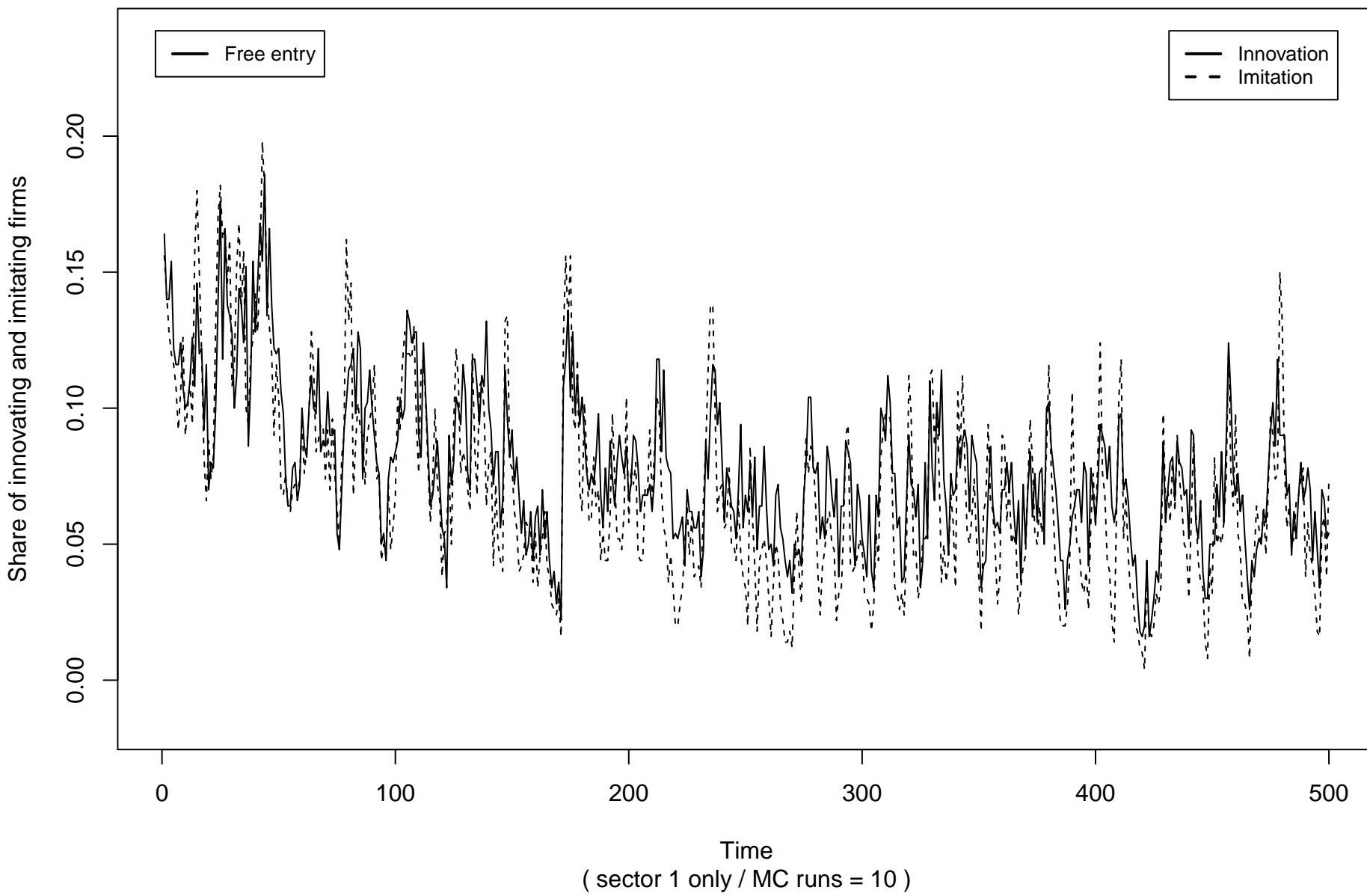
Wage share (all experiments)



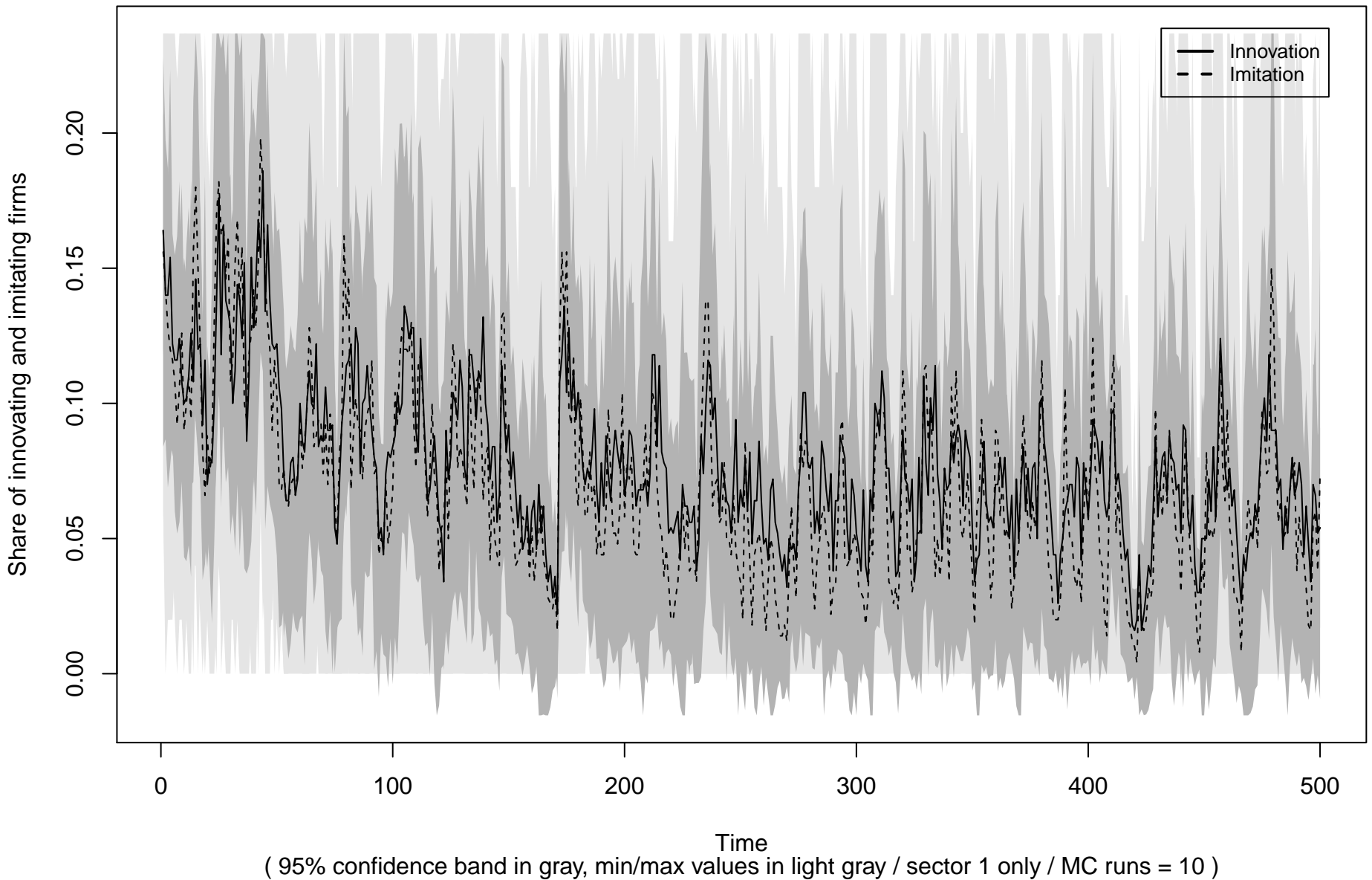
Wage share (Free entry)



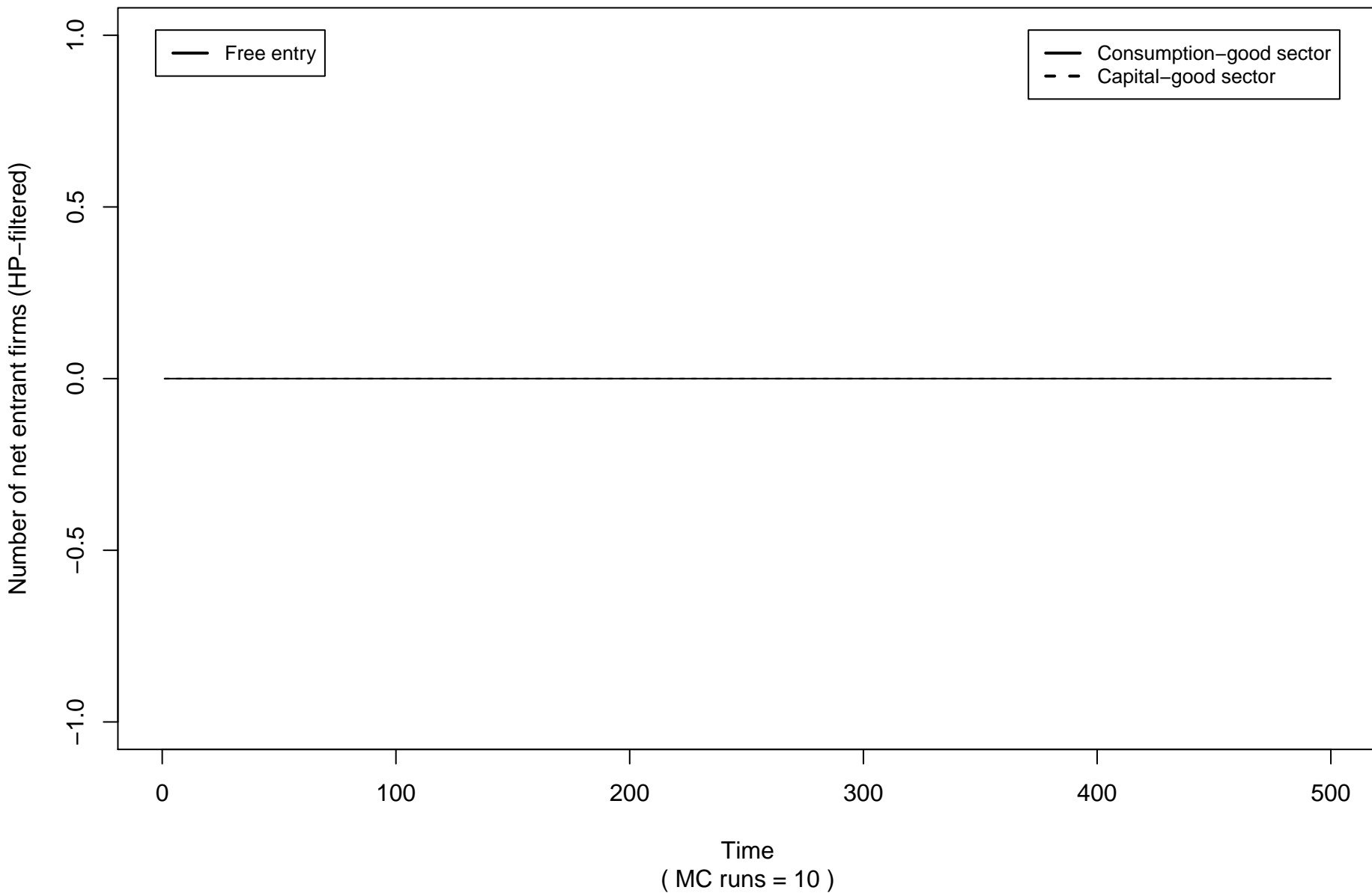
Innovation and imitation (all experiments)



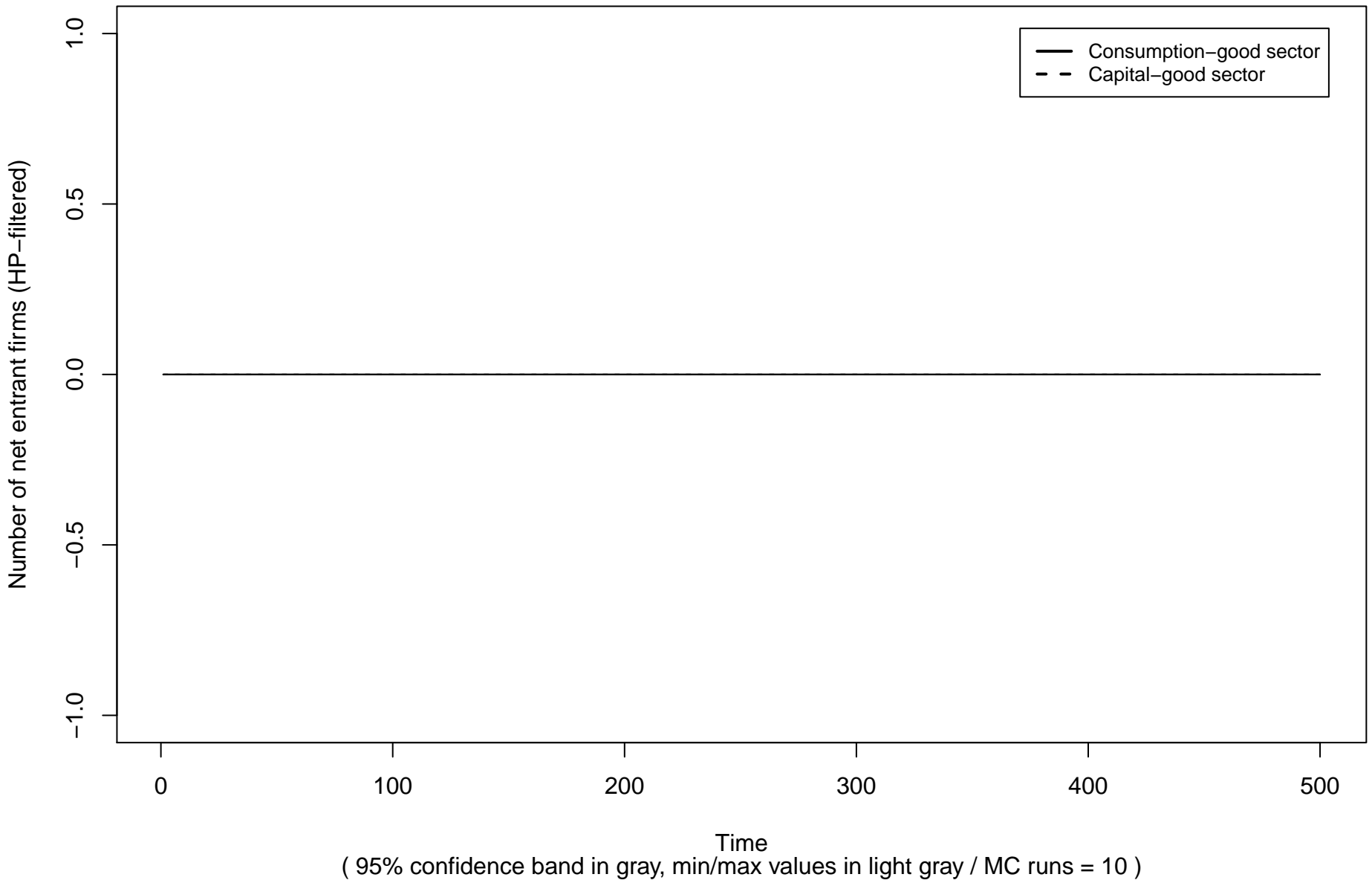
Innovation and imitation (Free entry)



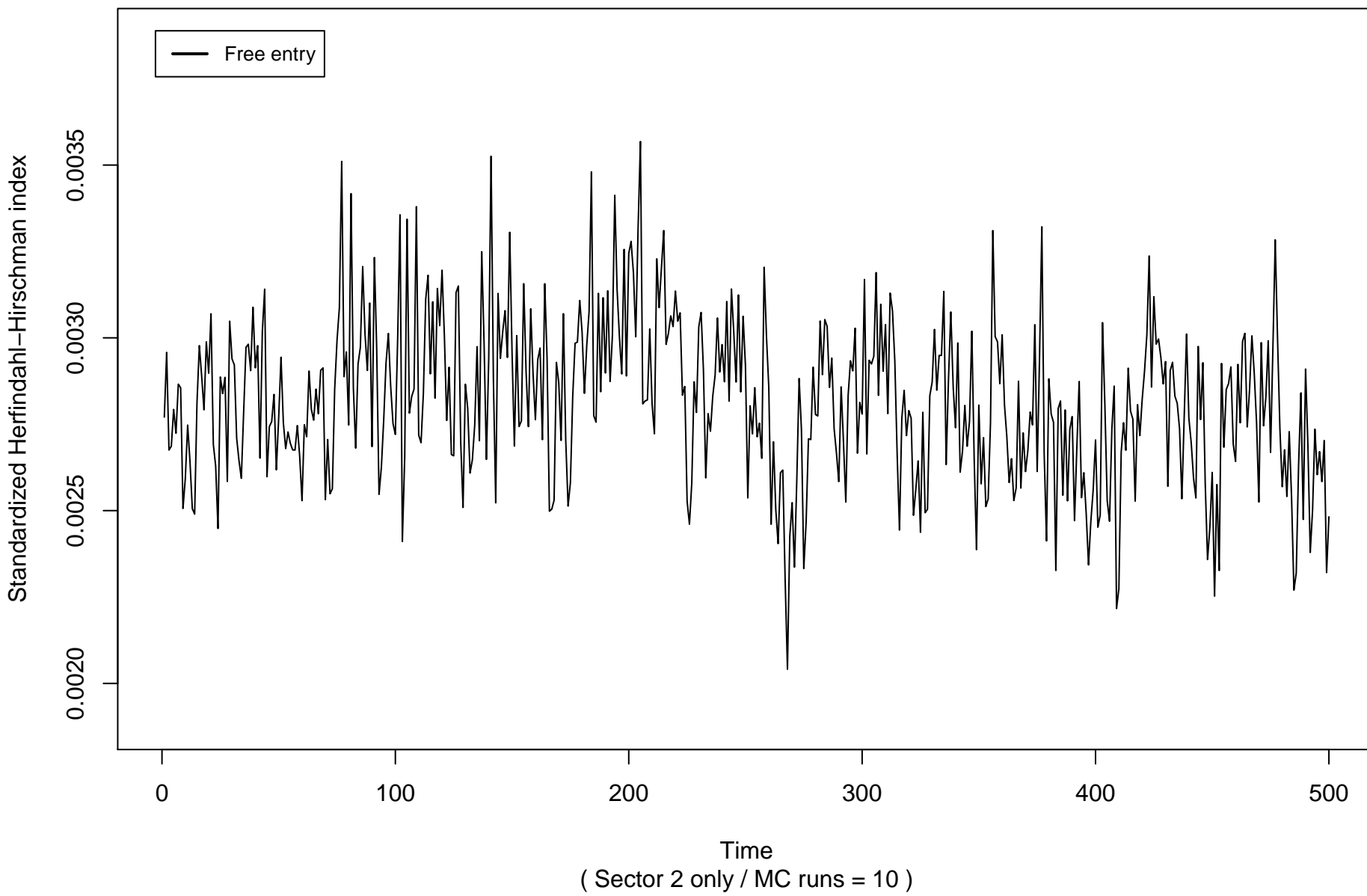
Net entry of firms trend (all experiments)



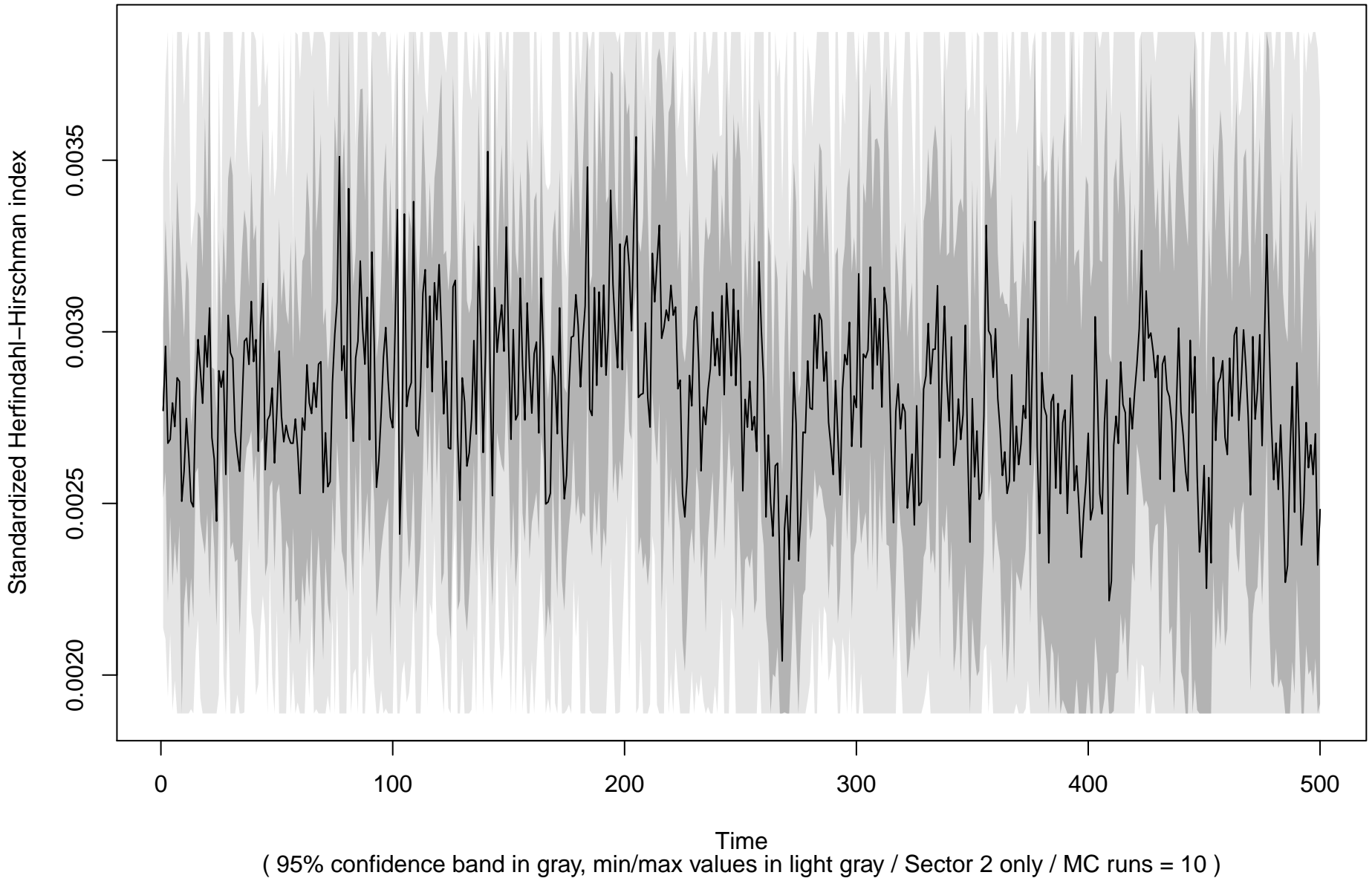
Net entry of firms trend (Free entry)



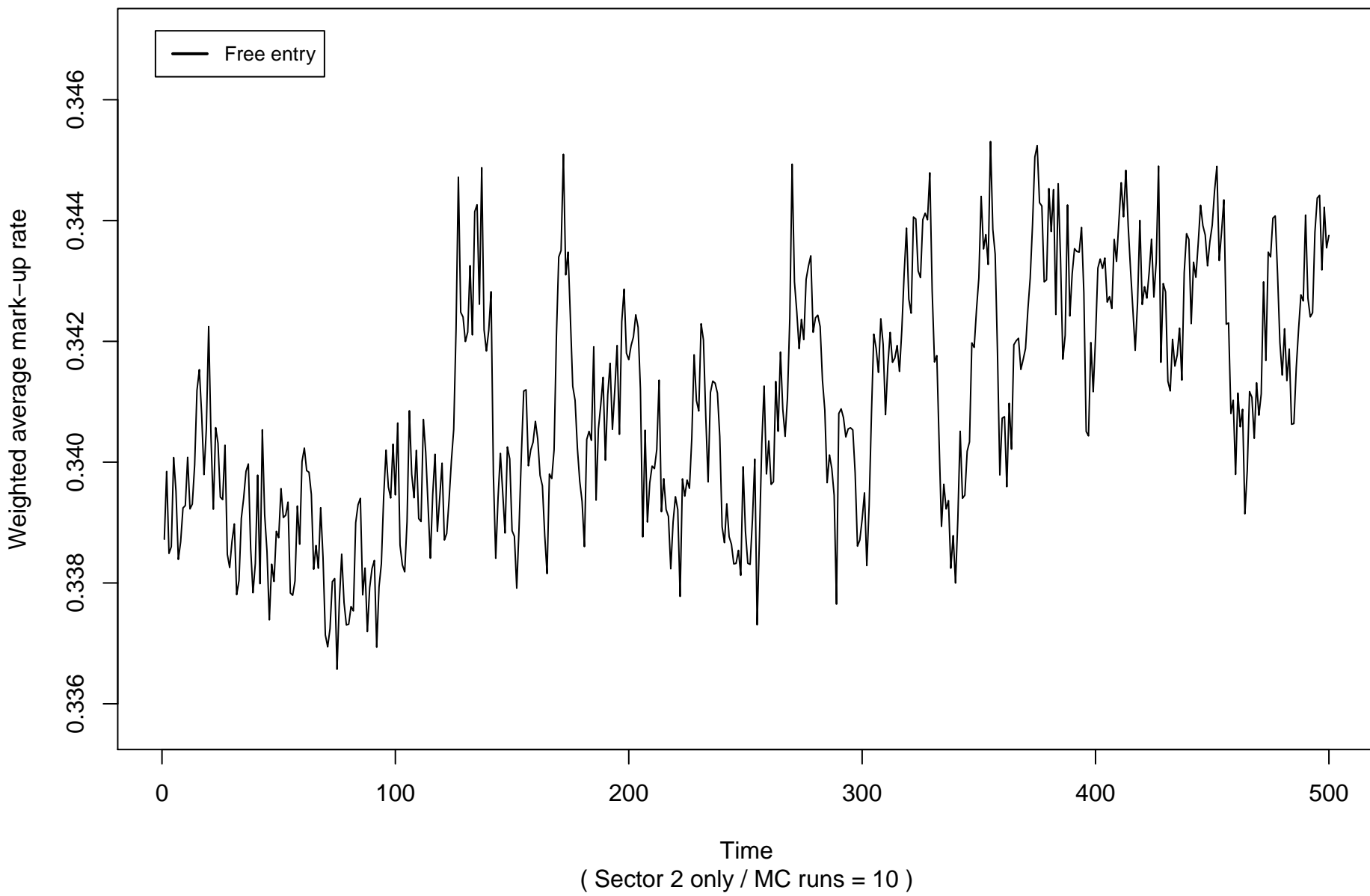
Market concentration (all experiments)



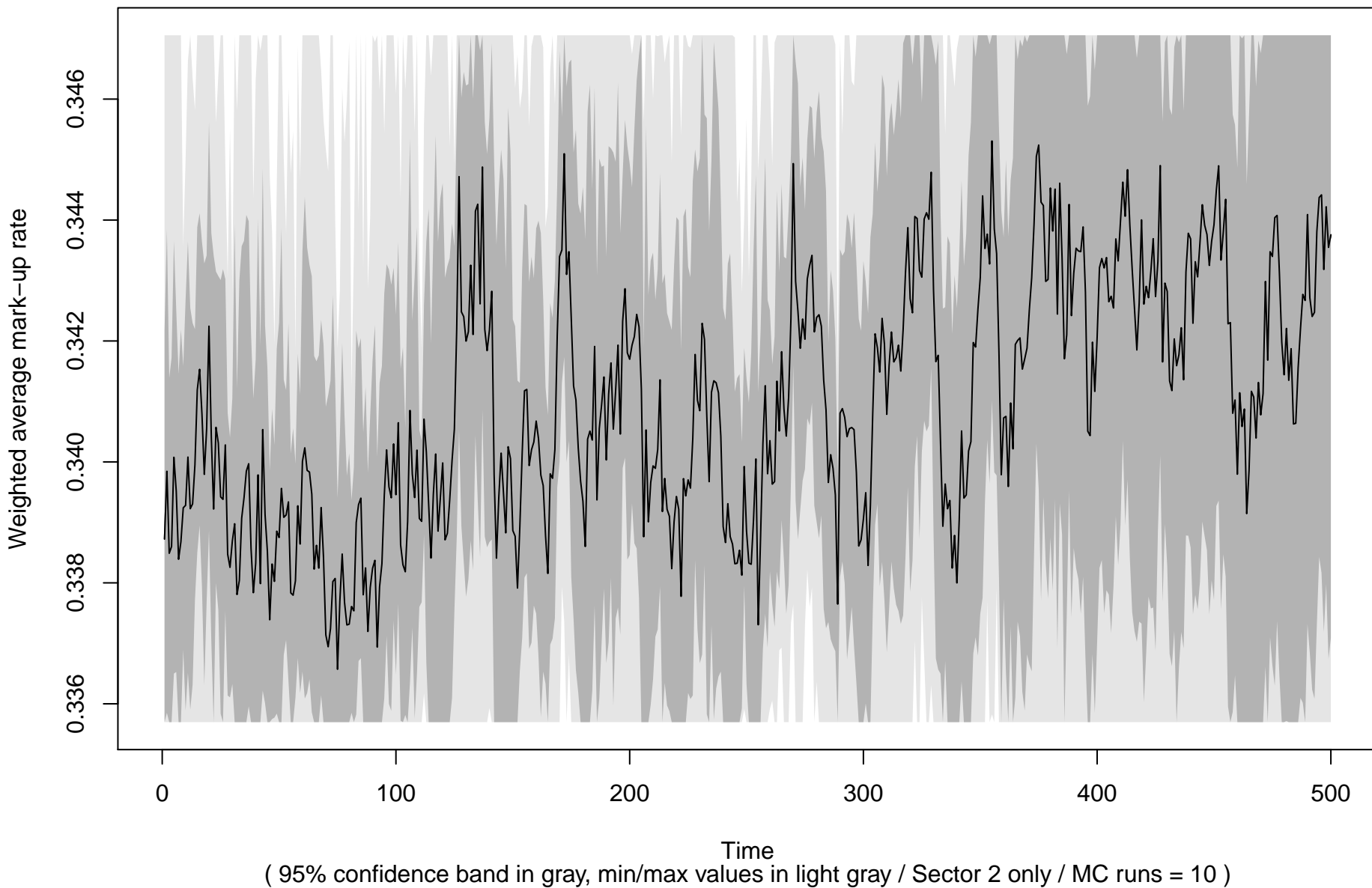
Market concentration (Free entry)



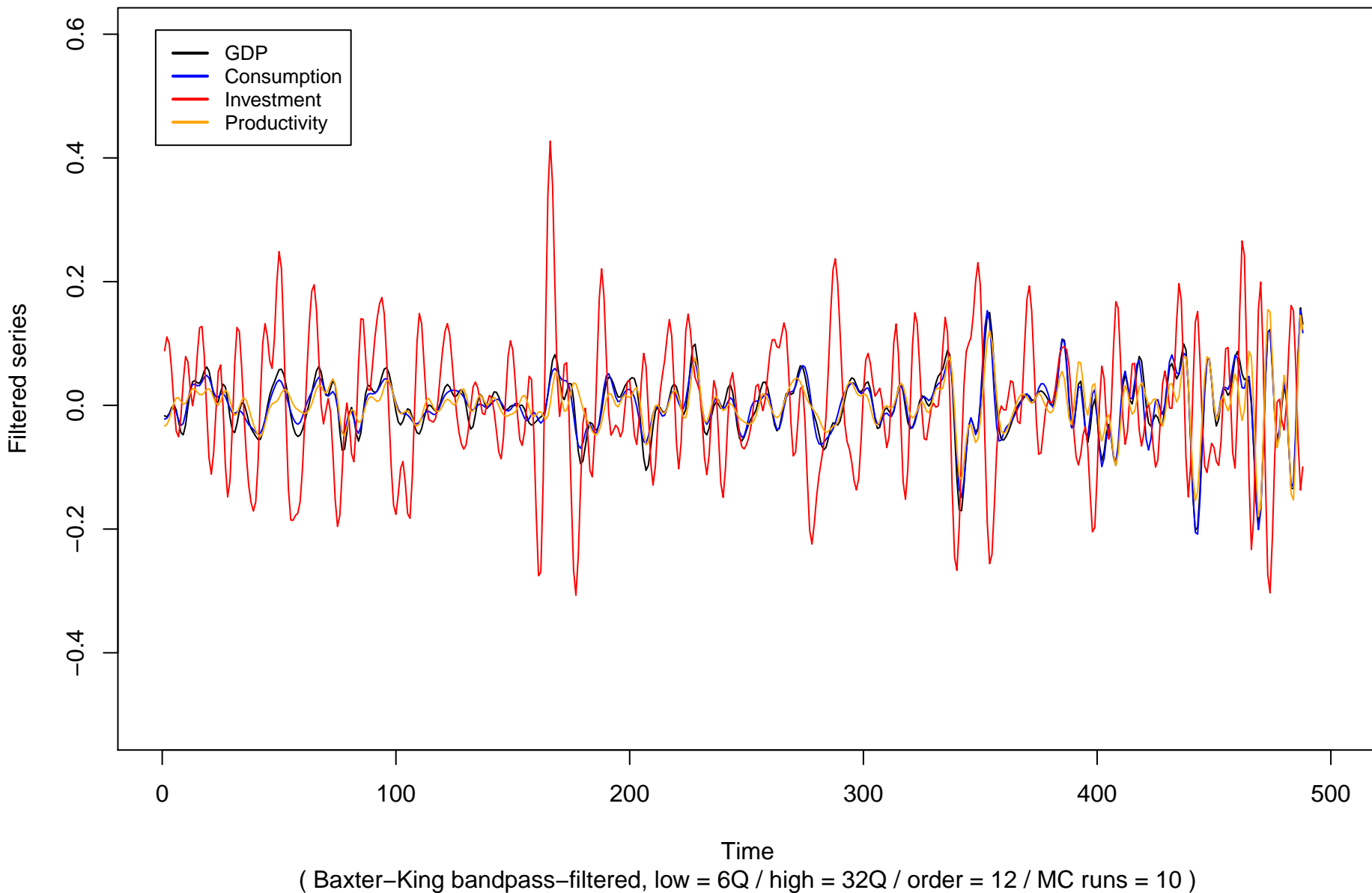
Mark-up average (all experiments)



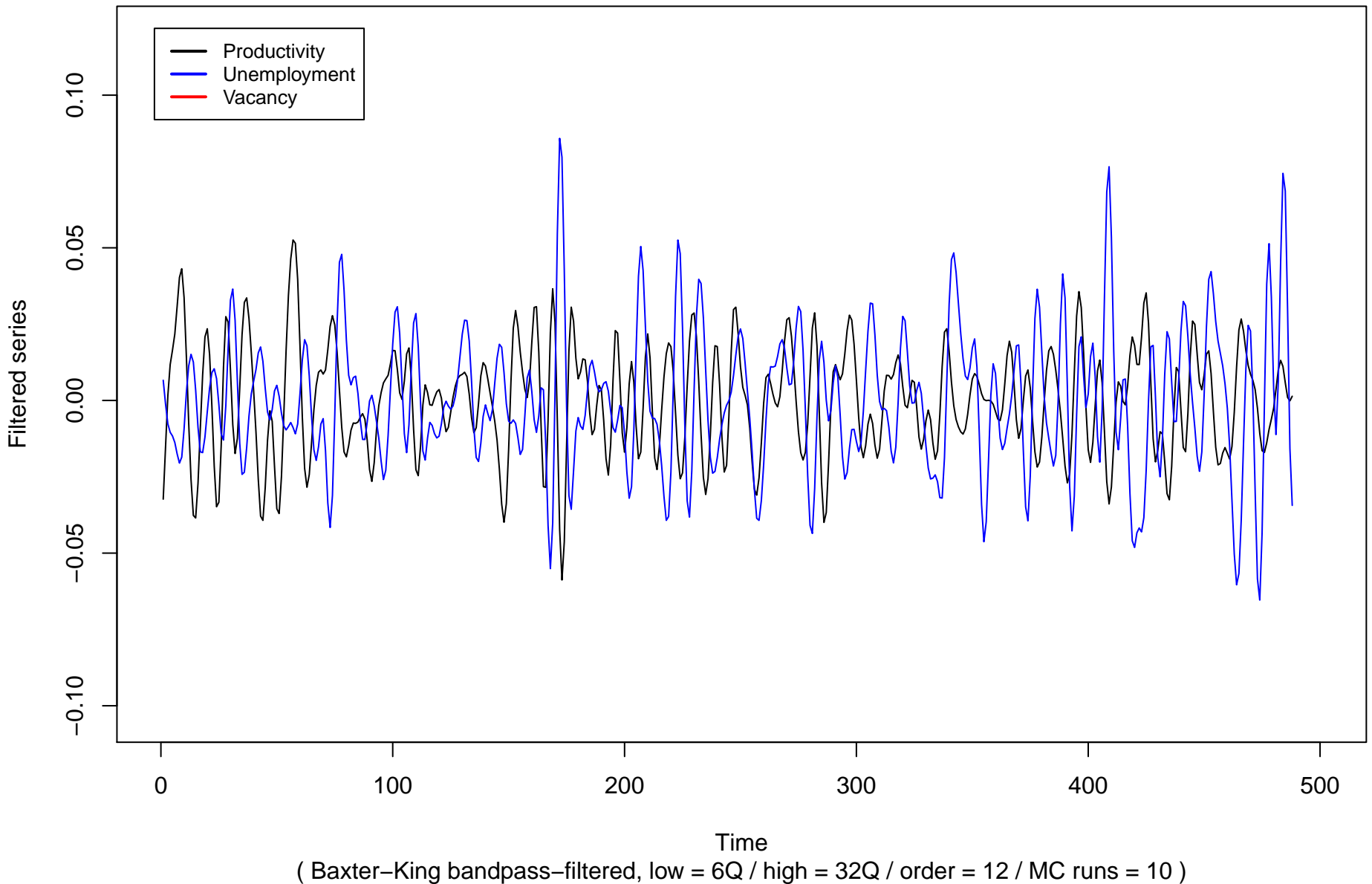
Mark-up average (Free entry)



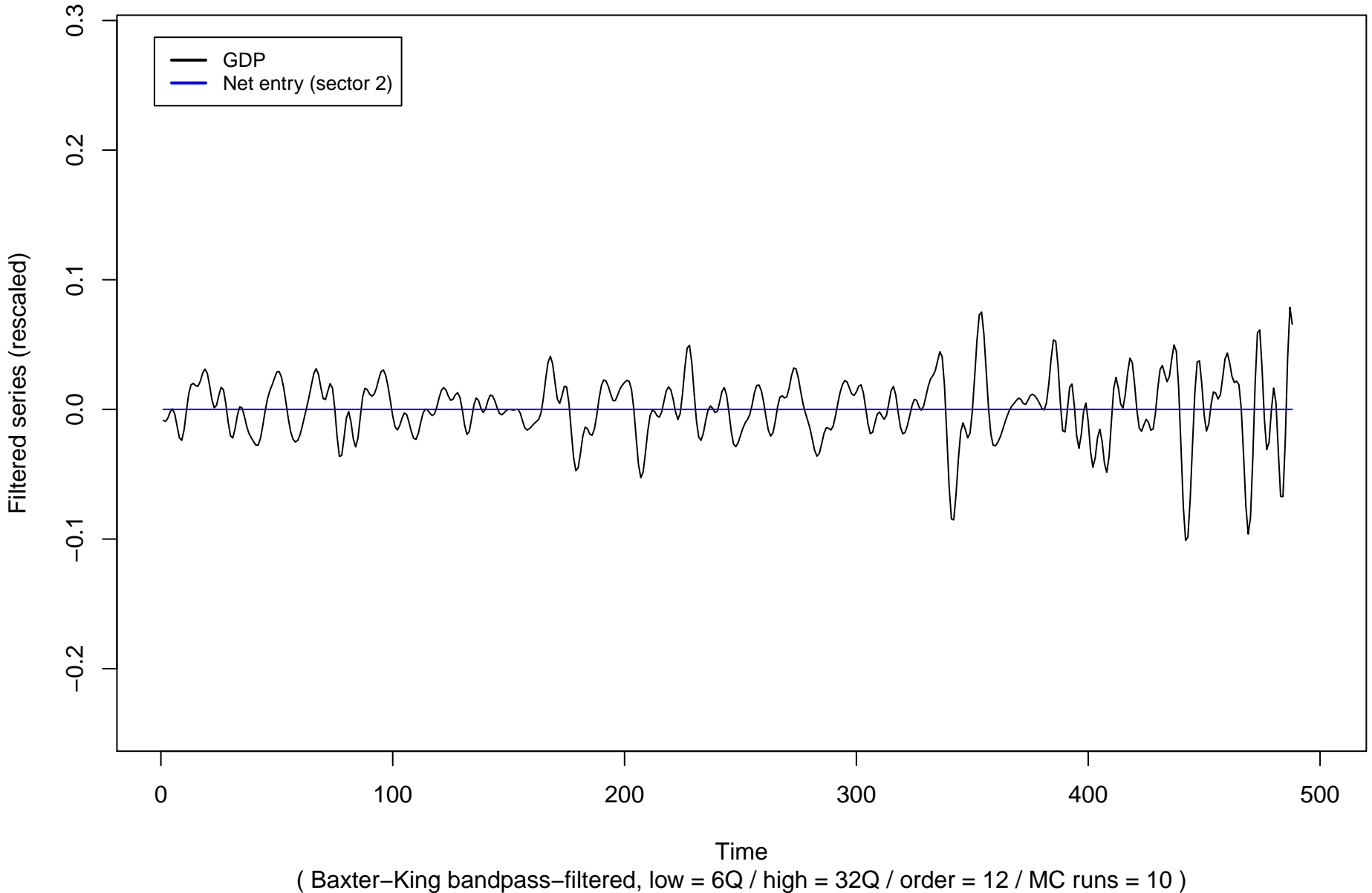
GDP cycles (Free entry)



Shimer puzzle (Free entry)



Net entry dynamics and business cycle (Free entry)



Key statistics and unit roots tests for cycles (Free entry)

	GDP (output)	Consumption	Investment	Product.	Real wage
avg. growth rate	0.01255	0.01267	0.01144	0.01238	0.01252
(s.e.)	0.001142	0.001211	0.0007894	0.00109	0.001186
ADF test (logs)	-3.193	-3.059	-6.982	-3.078	-3.3
(s.e.)	0.3851	0.3645	0.1821	0.3792	0.3677
(p-val.)	0.2599	0.2856	0.01	0.2896	0.2347
(s.e.)	0.09705	0.09557	0	0.09704	0.082
ADF test (bpf)	-5.959	-5.971	-6.618	-6.131	-6.438
(s.e.)	0.184	0.214	0.1836	0.167	0.268
(p-val.)	0.01	0.01	0.01	0.01	0.01
(s.e.)	0	0	0	0	0
s.d. (bpf)	0.09282	0.08011	1.532	0.0721	0.07235
(s.e.)	0.003879	0.004853	0.09785	0.004245	0.006311
relative s.d. (GDP)	1	0.863	16.51	0.7767	0.7794

(bpf: Baxter–King bandpass–filtered series, low = 6Q / high = 32Q / order = 12 / MC runs = 10 / period = 301 – 600)

(ADF test H0: there are unit roots / non–stationary at 5% level)

Correlation structure for GDP (Free entry)

	-4	-3	-2	-1	0	1	2	3	4
GDP (output)	0.01568	0.2747	0.6037	0.8866	1	0.8866	0.6037	0.2747	0.01568
(s.e.)	0.03158	0.02895	0.01802	0.005358	2.867e-17	0.005358	0.01802	0.02895	0.03158
(p-val.)	0.6087	4.291e-05	1.649e-10	6.408e-17	NA	6.408e-17	1.649e-10	4.291e-05	0.6087
Consumption	0.1234	0.3455	0.615	0.8474	0.9466	0.8597	0.6202	0.3198	0.05627
(s.e.)	0.04517	0.03853	0.02565	0.01387	0.00875	0.007629	0.01814	0.02828	0.03071
(p-val.)	0.04651	3.57e-05	3.134e-09	5.185e-13	2.768e-15	2.084e-15	1.325e-10	6.937e-06	0.5442
Investment	-0.2983	-0.3992	-0.4321	-0.3382	-0.1185	0.1536	0.3693	0.4533	0.4034
(s.e.)	0.03307	0.02941	0.02302	0.03239	0.0487	0.05391	0.04625	0.03772	0.03939
(p-val.)	4.96e-05	9.011e-07	4.758e-08	1.137e-05	0.07434	0.009412	7.437e-05	1.951e-06	8.977e-06
Net investment	-0.2465	-0.3485	-0.3911	-0.3164	-0.1218	0.1257	0.3243	0.4021	0.3557
(s.e.)	0.02656	0.0224	0.02277	0.03877	0.05451	0.05783	0.0505	0.04476	0.04627
(p-val.)	7.332e-05	3.884e-07	1.267e-07	8.99e-05	0.03778	0.005557	0.0004621	2.557e-05	0.0001067
Change in inventories	-0.3074	-0.2228	0.004159	0.2634	0.4148	0.3808	0.2137	0.03254	-0.06068
(s.e.)	0.02693	0.02884	0.02415	0.02129	0.02221	0.02175	0.02345	0.02748	0.0297
(p-val.)	7.18e-06	0.000396	0.9019	6.092e-06	5.403e-08	1.14e-07	0.0001472	0.6708	0.08578
Unemployment rate	0.1778	0.2753	0.2816	0.1837	0.02559	-0.1147	-0.1789	-0.1582	-0.09042
(s.e.)	0.0494	0.03896	0.02511	0.03404	0.05919	0.07701	0.08781	0.09484	0.09137
(p-val.)	0.0009349	0.0003632	1.076e-05	0.001182	0.009161	0.006481	0.0004503	0.0006669	0.009848
Productivity	0.104	0.3245	0.5788	0.7865	0.8649	0.776	0.557	0.2926	0.06703
(s.e.)	0.05393	0.04911	0.03258	0.01744	0.01655	0.02893	0.05208	0.06901	0.06676
(p-val.)	0.0152	0.0003803	4.722e-08	8.496e-12	2.068e-12	8.862e-10	3.7e-06	0.006566	0.0384
Mark-up (sector 2)	0.1547	0.1244	0.06883	-0.004598	-0.07756	-0.1286	-0.1467	-0.1346	-0.1051
(s.e.)	0.05514	0.04321	0.03494	0.02957	0.02973	0.0371	0.04119	0.03932	0.03815
(p-val.)	0.07564	0.1144	0.3841	0.6342	0.1162	0.01843	0.01098	0.01769	0.161
Total firm debt	0.2014	0.09114	-0.02885	-0.1298	-0.1904	-0.2061	-0.1928	-0.1704	-0.153
(s.e.)	0.04862	0.05423	0.0614	0.06459	0.06119	0.05445	0.05355	0.0584	0.0612
(p-val.)	0.0007802	0.02658	0.05022	0.009754	0.007198	0.01298	0.03224	0.04769	0.05782
Liquidity-to-sales ratio	0.137	-0.07109	-0.318	-0.5413	-0.6731	-0.6722	-0.5587	-0.3885	-0.2236
(s.e.)	0.03656	0.02873	0.03137	0.03524	0.03093	0.02764	0.03569	0.04422	0.04821
(p-val.)	0.007535	0.4471	1.688e-05	1.827e-07	6.567e-09	2.47e-09	1.486e-07	3.24e-05	0.007735
Bankruptcy rate	0.3669	0.3778	0.2903	0.1291	-0.04232	-0.1575	-0.1961	-0.1817	-0.156
(s.e.)	0.03111	0.04763	0.06798	0.07267	0.06037	0.04364	0.03731	0.0381	0.03975
(p-val.)	3.503e-06	7.453e-05	0.002889	0.01986	0.05413	0.03645	0.006245	0.006765	0.02326

(non-rate/ratio series are Baxter–King bandpass-filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 10 / period = 301 – 600)

(test H0: lag coefficient is not significant at 5% level)

Correlation structure for GDP (Free entry)

	-4	-3	-2	-1	0	1	2	3	4
GDP (output)	0.01568	0.2747	0.6037	0.8866	1	0.8866	0.6037	0.2747	0.01568
(s.e.)	0.03158	0.02895	0.01802	0.005358	2.867e-17	0.005358	0.01802	0.02895	0.03158
(p-val.)	0.6087	4.291e-05	1.649e-10	6.408e-17	NA	6.408e-17	1.649e-10	4.291e-05	0.6087
Consumption	0.1234	0.3455	0.615	0.8474	0.9466	0.8597	0.6202	0.3198	0.05627
(s.e.)	0.04517	0.03853	0.02565	0.01387	0.00875	0.007629	0.01814	0.02828	0.03071
(p-val.)	0.04651	3.57e-05	3.134e-09	5.185e-13	2.768e-15	2.084e-15	1.325e-10	6.937e-06	0.5442
Investment	-0.2983	-0.3992	-0.4321	-0.3382	-0.1185	0.1536	0.3693	0.4533	0.4034
(s.e.)	0.03307	0.02941	0.02302	0.03239	0.0487	0.05391	0.04625	0.03772	0.03939
(p-val.)	4.96e-05	9.011e-07	4.758e-08	1.137e-05	0.07434	0.009412	7.437e-05	1.951e-06	8.977e-06
Productivity	0.104	0.3245	0.5788	0.7865	0.8649	0.776	0.557	0.2926	0.06703
(s.e.)	0.05393	0.04911	0.03258	0.01744	0.01655	0.02893	0.05208	0.06901	0.06676
(p-val.)	0.0152	0.0003803	4.722e-08	8.496e-12	2.068e-12	8.862e-10	3.7e-06	0.006566	0.0384
Net entry	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
(s.e.)	NA	NA	NA	NA	NA	NA	NA	NA	NA
(p-val.)	1	1	1	1	1	1	1	1	1
Entry	-0.1863	0.01417	0.2523	0.4608	0.5742	0.5643	0.456	0.3062	0.1711
(s.e.)	0.04425	0.04438	0.04201	0.03769	0.03629	0.04086	0.04843	0.05406	0.05401
(p-val.)	0.009351	0.1686	0.001335	1.643e-06	1.302e-07	4.278e-07	1.405e-05	0.001183	0.02946
Wage	0.322	0.5139	0.6745	0.753	0.7195	0.5811	0.3835	0.1822	0.01776
(s.e.)	0.03891	0.03081	0.03226	0.04134	0.05122	0.05872	0.06159	0.05811	0.04826
(p-val.)	7.765e-05	9.725e-08	9.344e-09	2.768e-08	2.746e-07	6.582e-06	0.0004077	0.0289	0.0498
Unemployment rate	0.1778	0.2753	0.2816	0.1837	0.02559	-0.1147	-0.1789	-0.1582	-0.09042
(s.e.)	0.0494	0.03896	0.02511	0.03404	0.05919	0.07701	0.08781	0.09484	0.09137
(p-val.)	0.0009349	0.0003632	1.076e-05	0.001182	0.009161	0.006481	0.0004503	0.0006669	0.009848
Vacancy rate	0.2628	0.01942	-0.2703	-0.4942	-0.5661	-0.4771	-0.3012	-0.1367	-0.04706
(s.e.)	0.045	0.04369	0.04425	0.04782	0.04985	0.04876	0.05133	0.05955	0.06473
(p-val.)	0.001317	0.009224	0.0009947	5.836e-06	2.209e-06	9.601e-06	0.0005049	0.02929	0.2403

(non-rate/ratio series are Baxter–King bandpass-filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 10 / period = 301 – 600)

(test H0: lag coefficient is not significant at 5% level)

Stationarity, i.i.d. and ergodicity tests (Free entry)

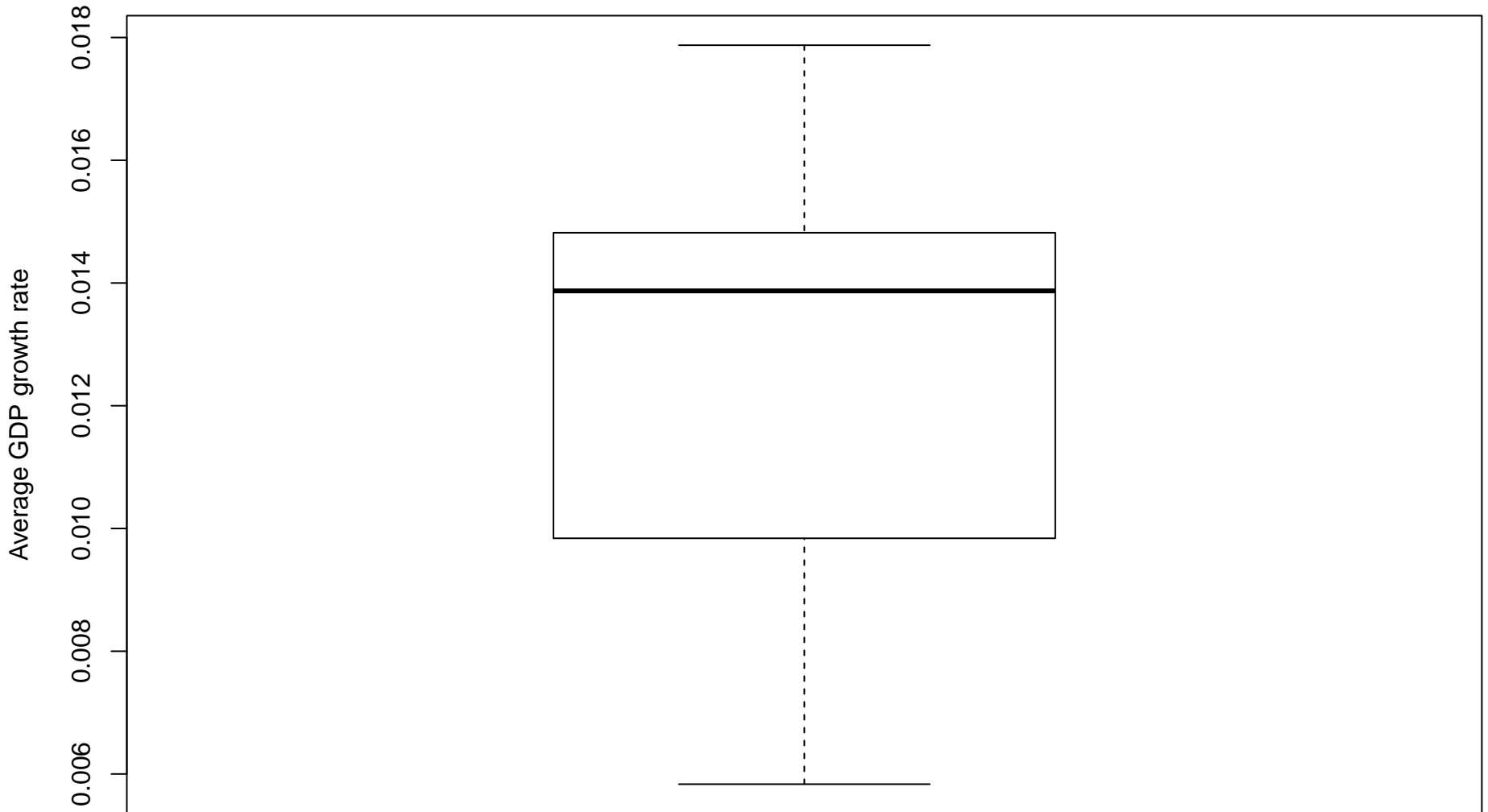
	avg.ADF	rej.ADF	avg.PP	rej.PP	avg.KPSS	rej.KPSS	avg.BDS	rej.BDS	avg.KS	rej.KS	AD	V
dGDP	0.01	1.00	0.01	1.00	0.10	0.00	0.14	0.50	0.32	0.18	0.00	C
dA	0.01	1.00	0.01	1.00	0.10	0.00	0.01	0.90	0.11	0.78	0.00	C
dw	0.01	1.00	0.01	1.00	0.10	0.00	0.02	0.90	0.10	0.78	0.00	C
V	0.01	1.00	0.01	1.00	0.05	0.50	0.02	0.80	0.03	0.84	0.00	C
U	0.02	0.90	0.01	1.00	0.06	0.40	0.00	1.00	0.02	0.93	0.00	C
mu2avg	0.02	0.90	0.01	1.00	0.04	0.70	0.00	1.00	0.01	0.93	0.00	C
HH1	0.01	1.00	0.01	1.00	0.10	0.00	0.00	1.00	0.16	0.73	0.00	C
HH2	0.01	1.00	0.01	1.00	0.05	0.50	0.00	1.00	0.04	0.84	0.00	C

(average p-values for testing H0 and rate of rejection of H0 / MC runs = 10 / period = 301 – 600)

(ADF/PP H0: non-stationary, KPSS H0: stationary, BDS H0: i.i.d., KS/AD/WW H0: ergodic)

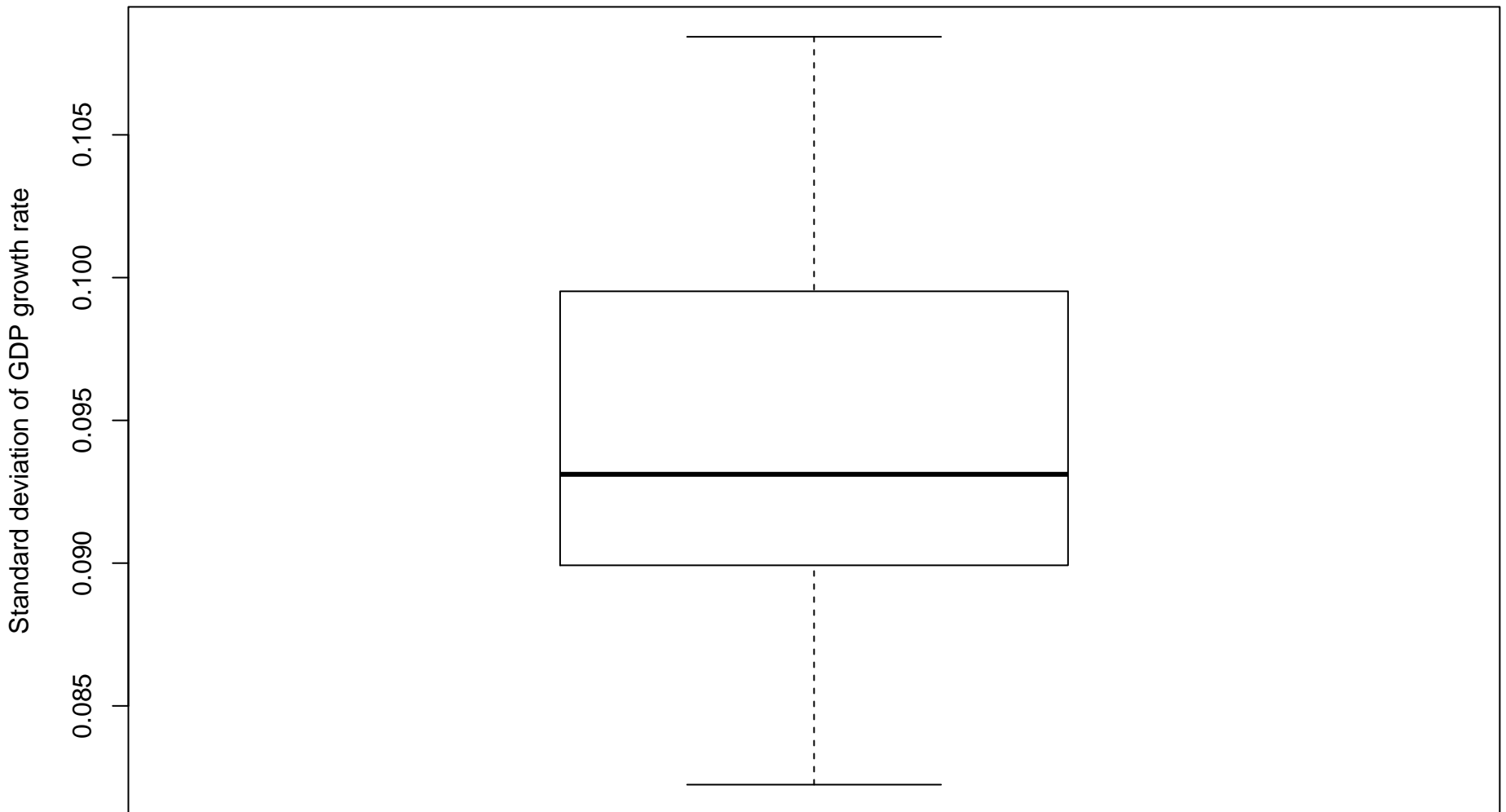
(significance = 0.05)

GDP growth



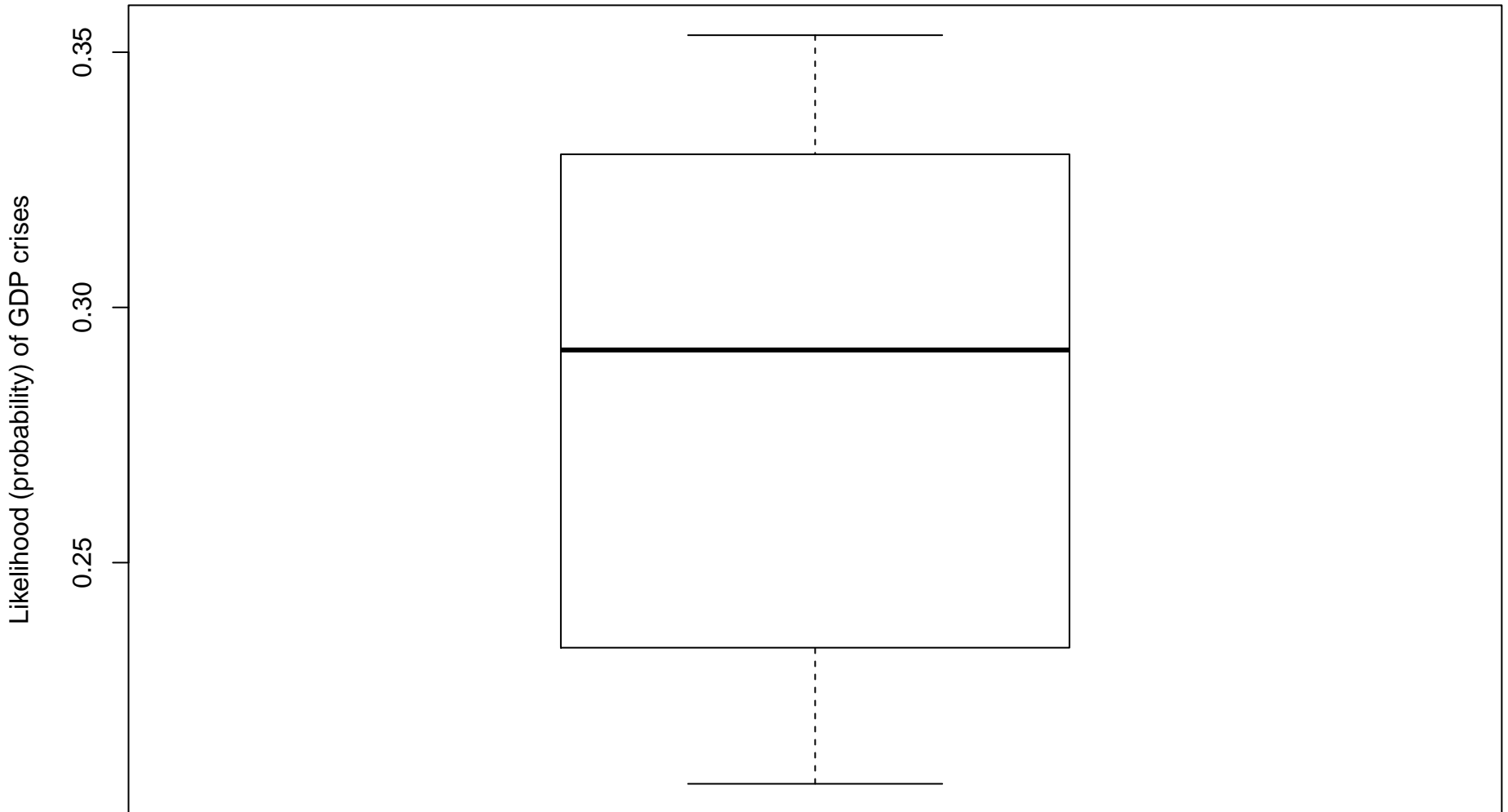
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Volatility of GDP growth



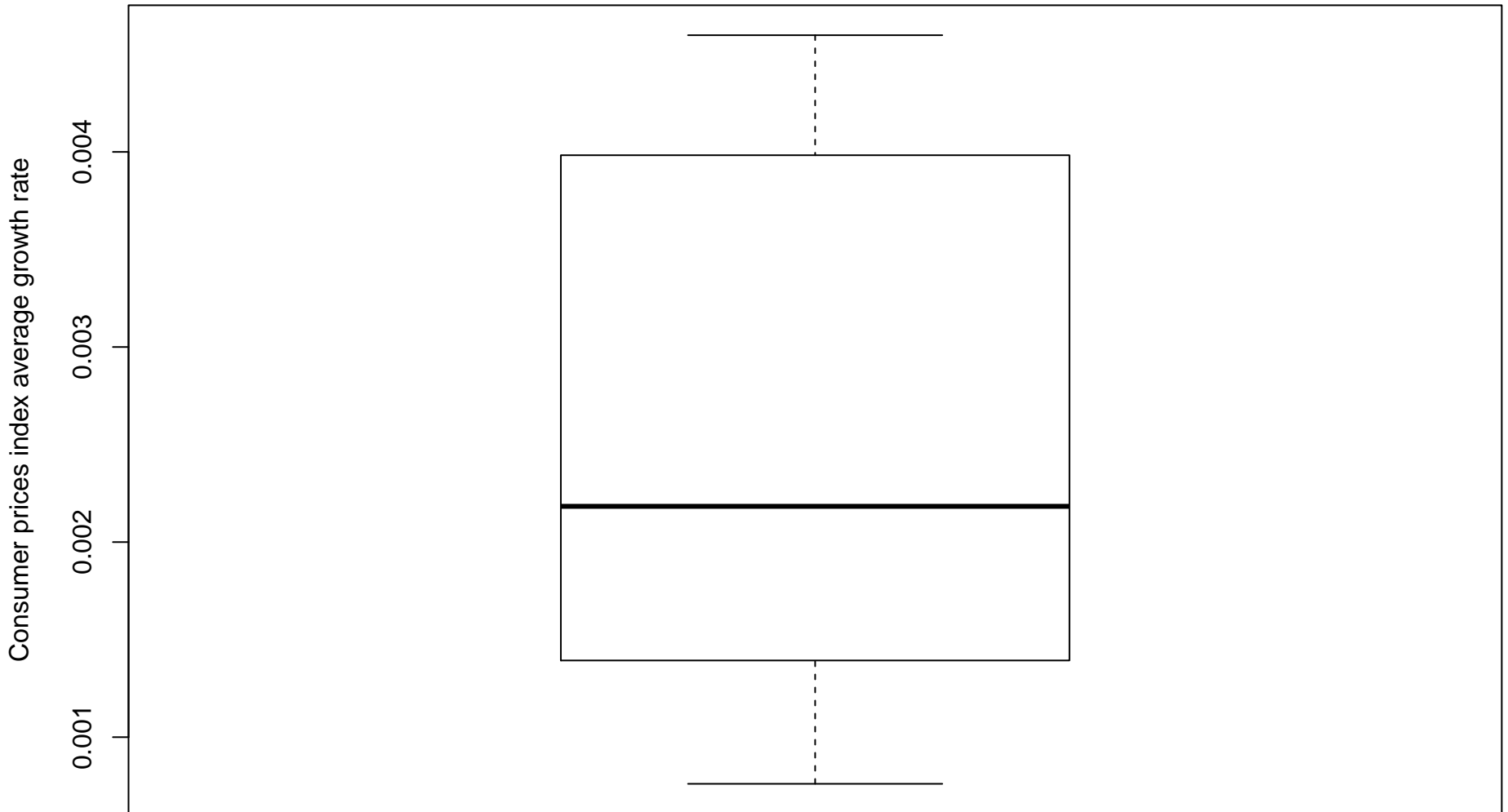
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Likelihood of GDP crises

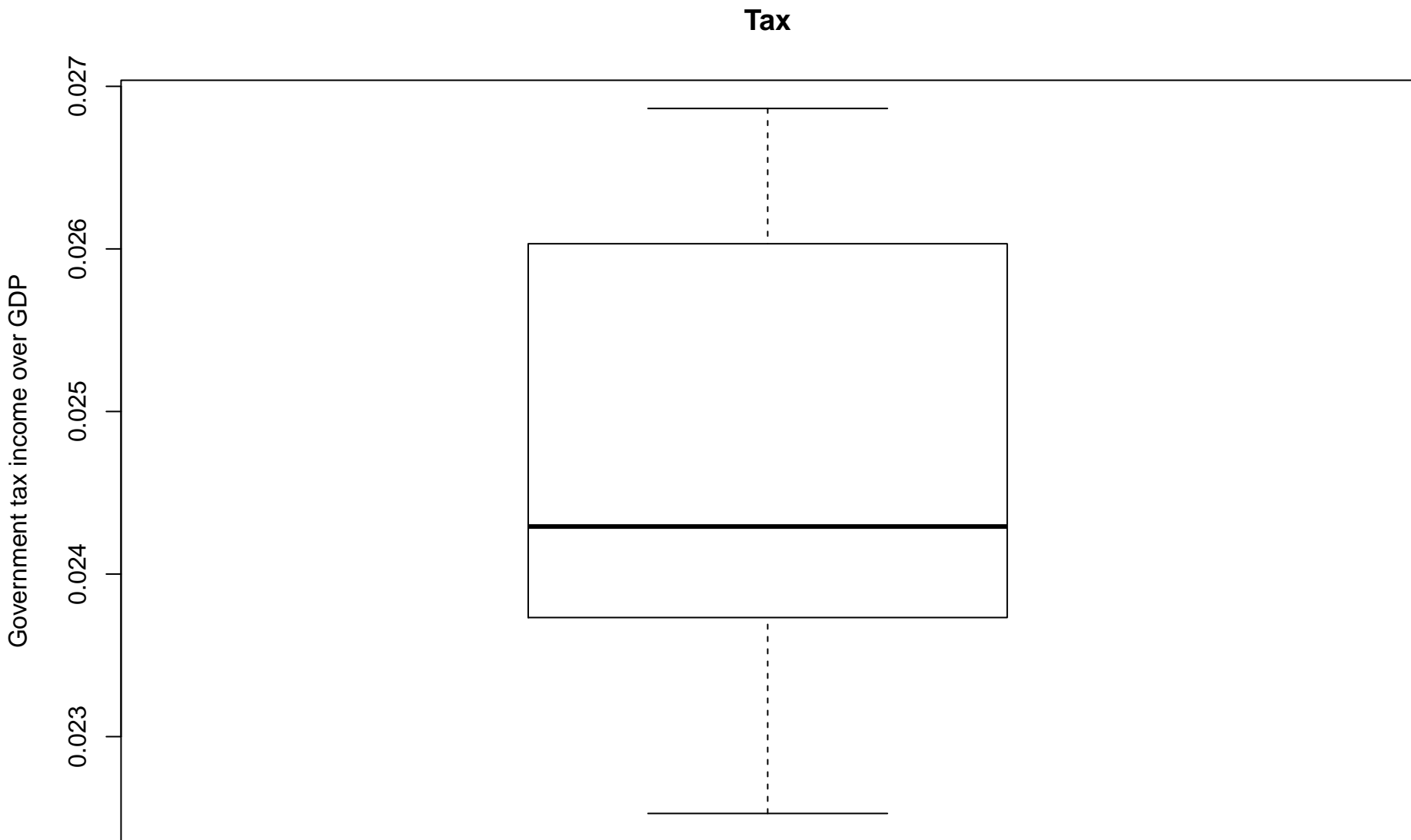


(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Inflation

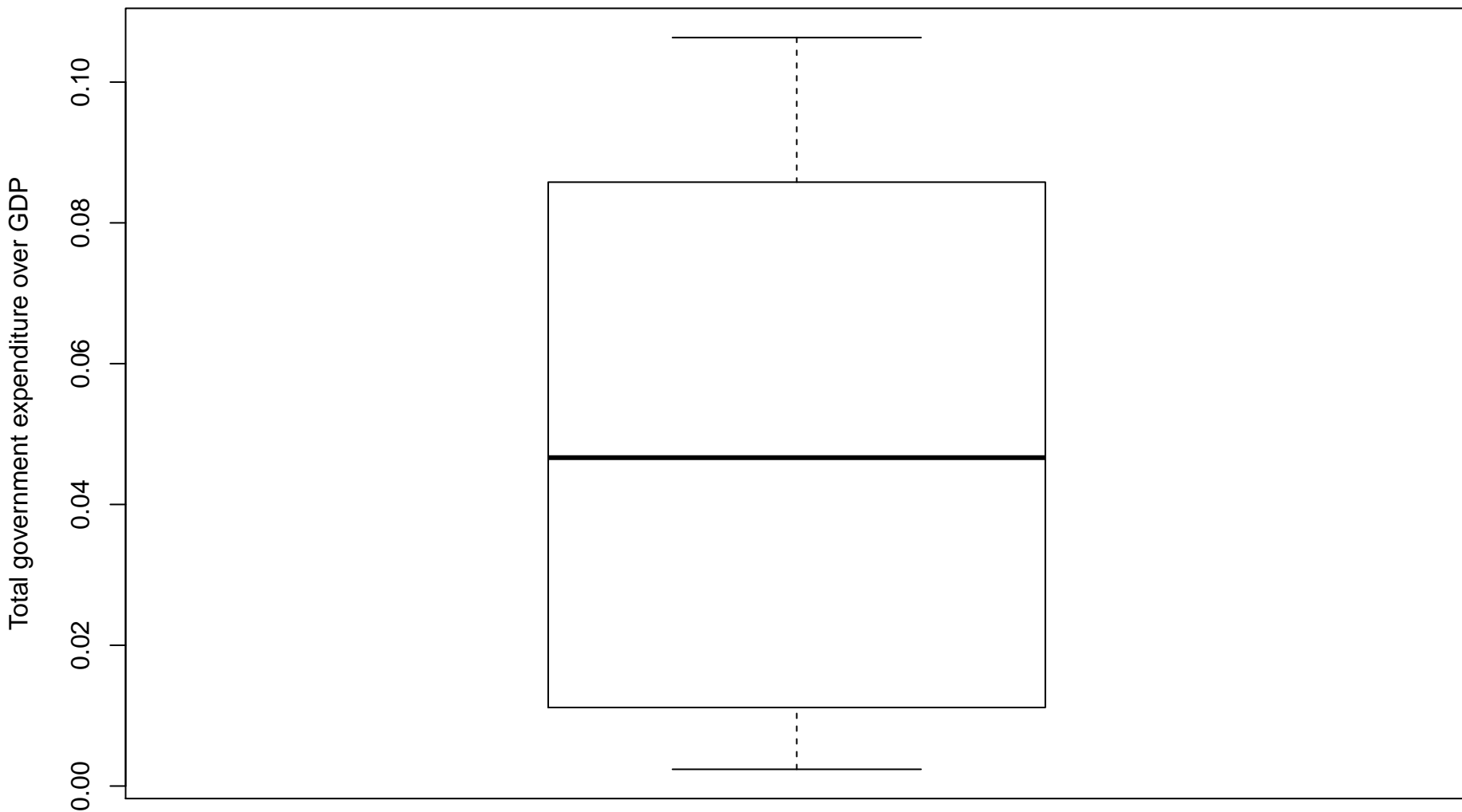


(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)



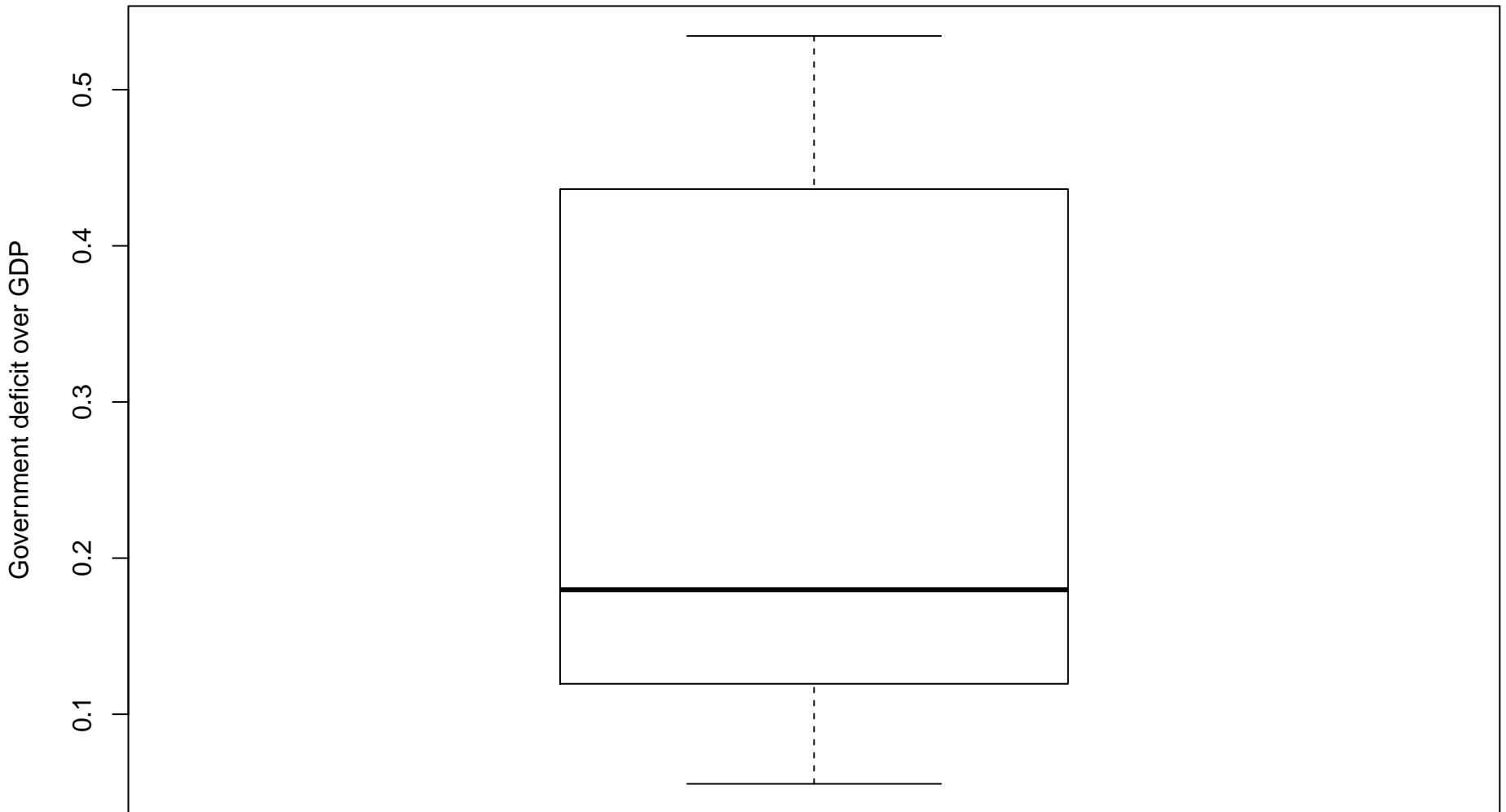
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government total expenditure



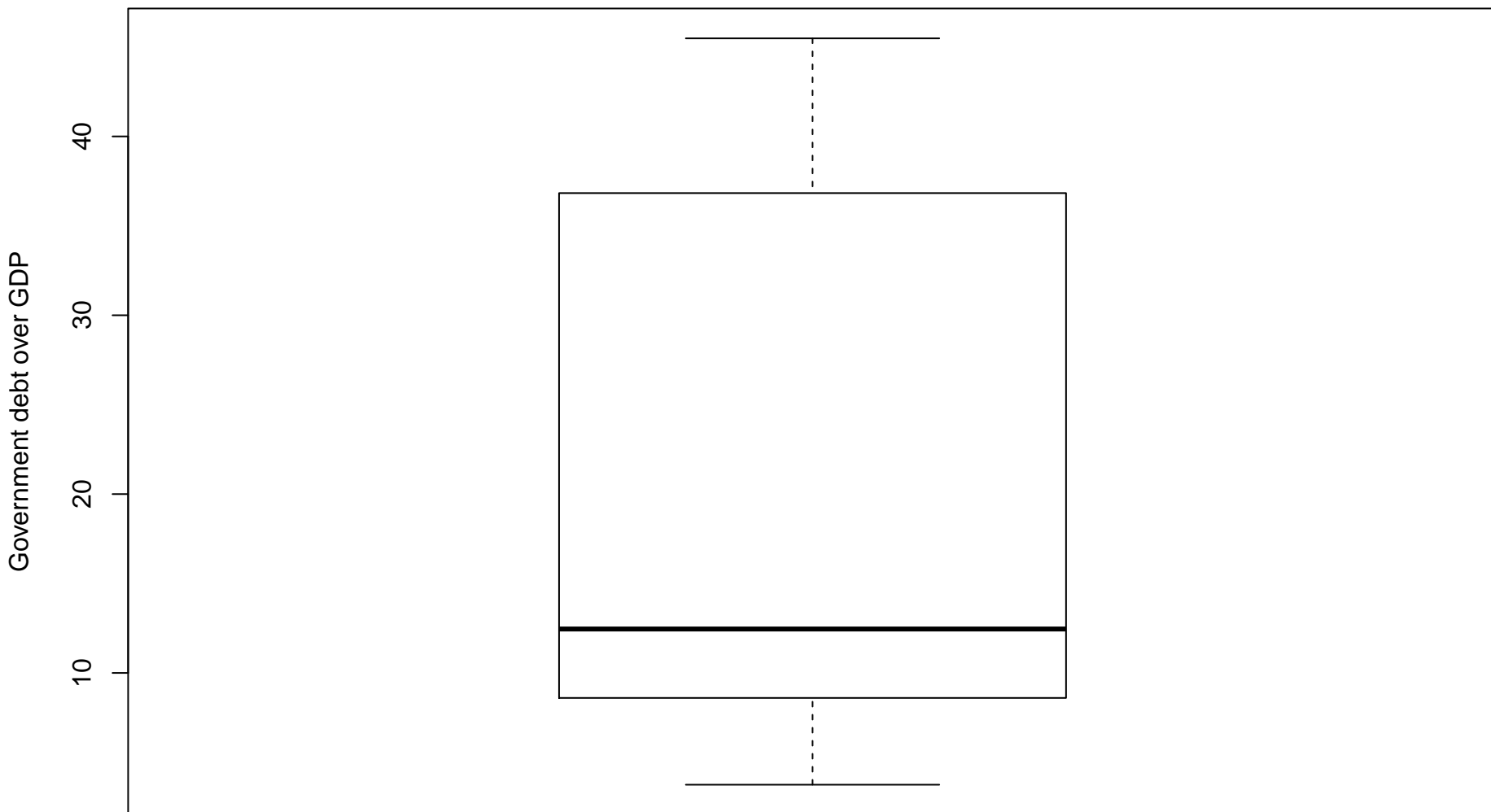
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government deficit



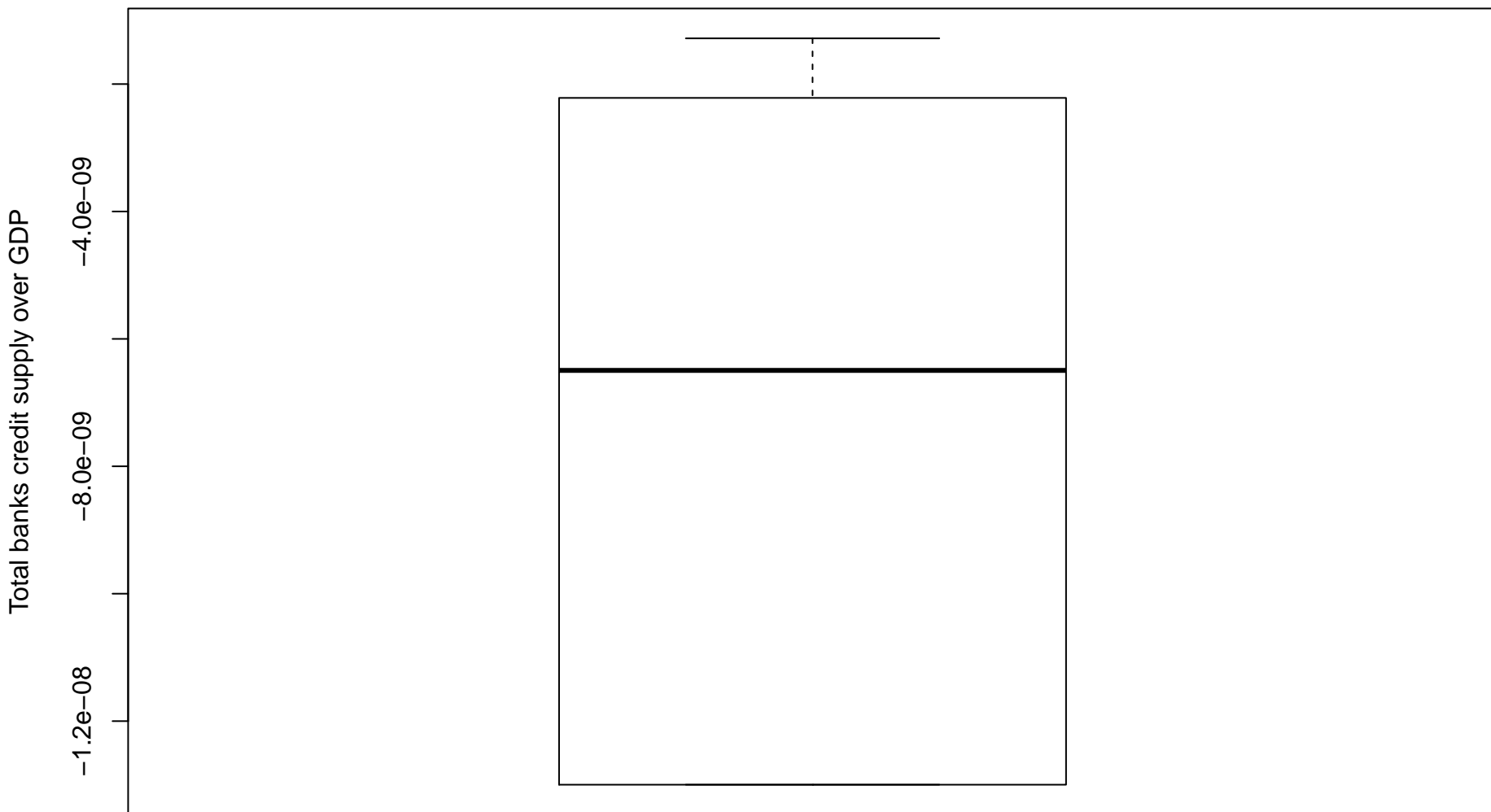
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government debt



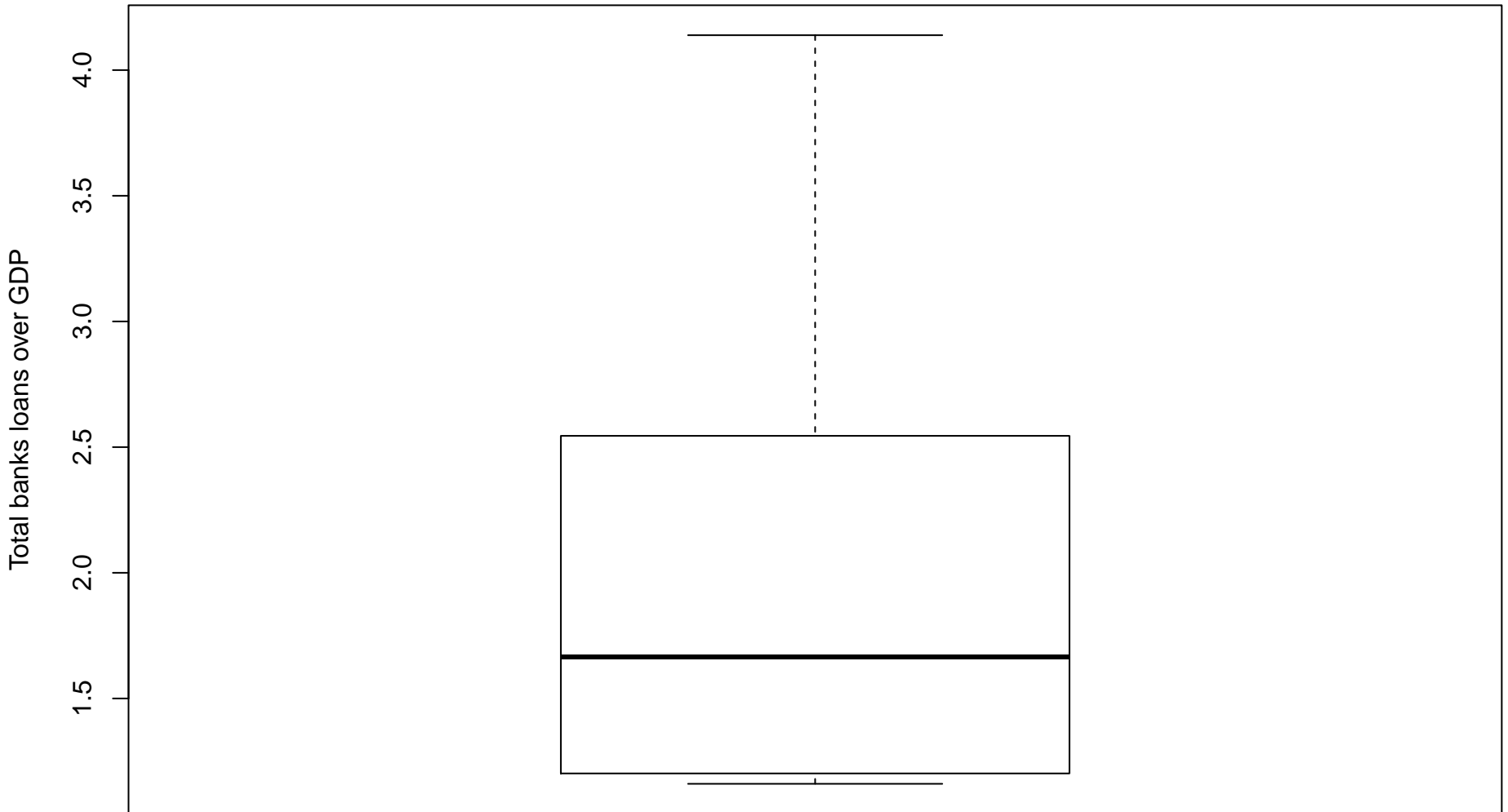
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Credit supply



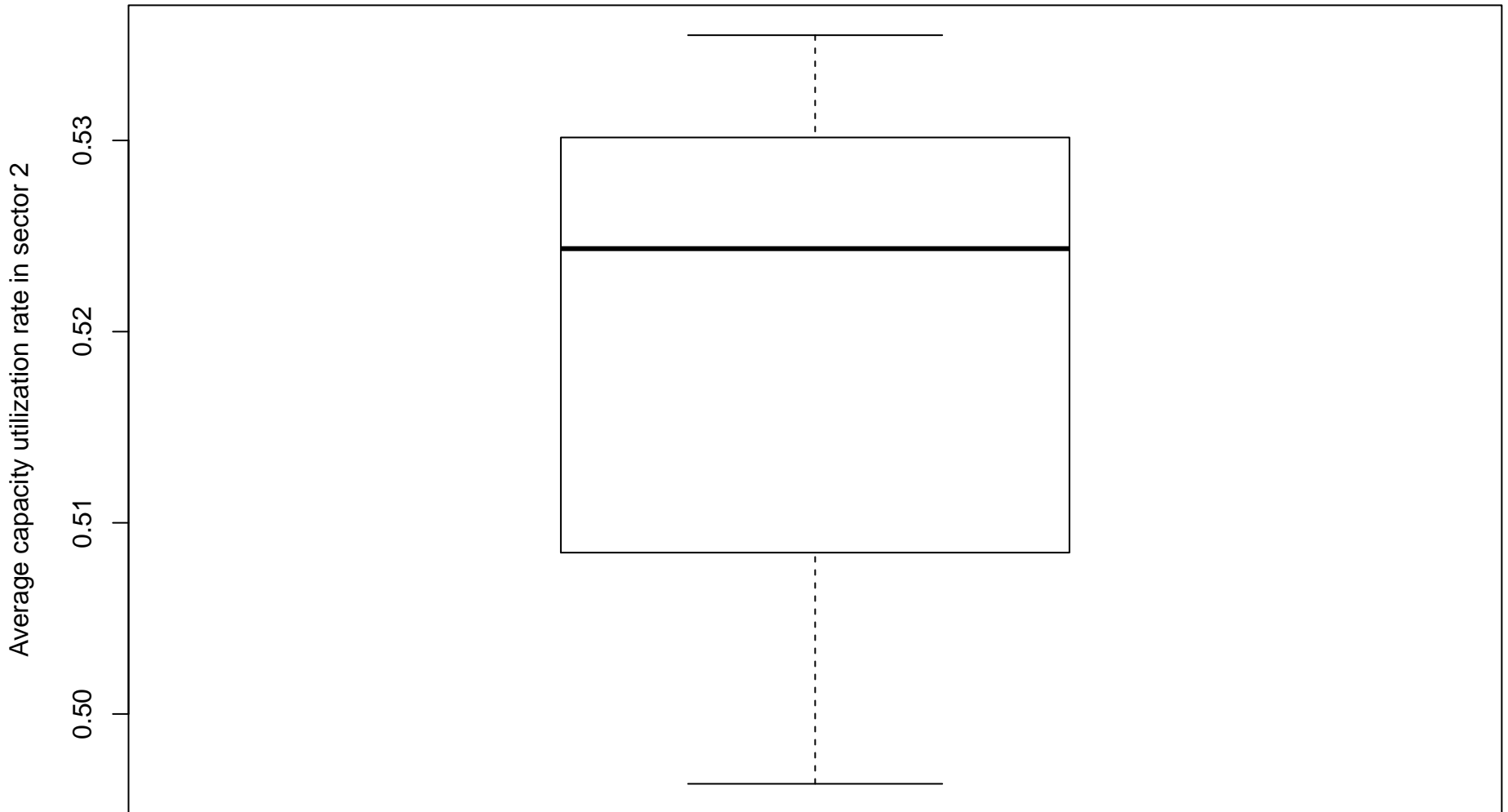
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Loans



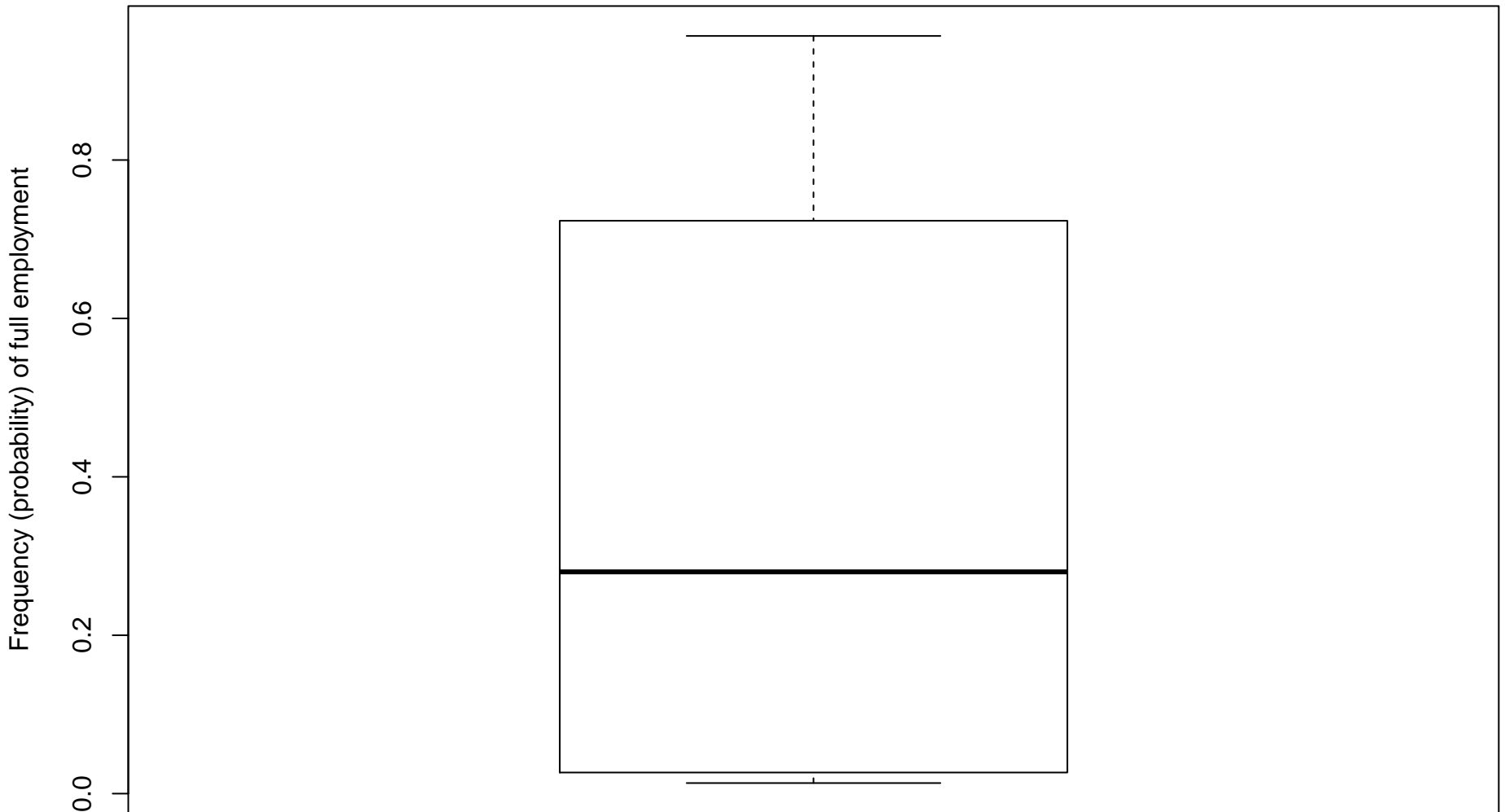
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Capacity utilization



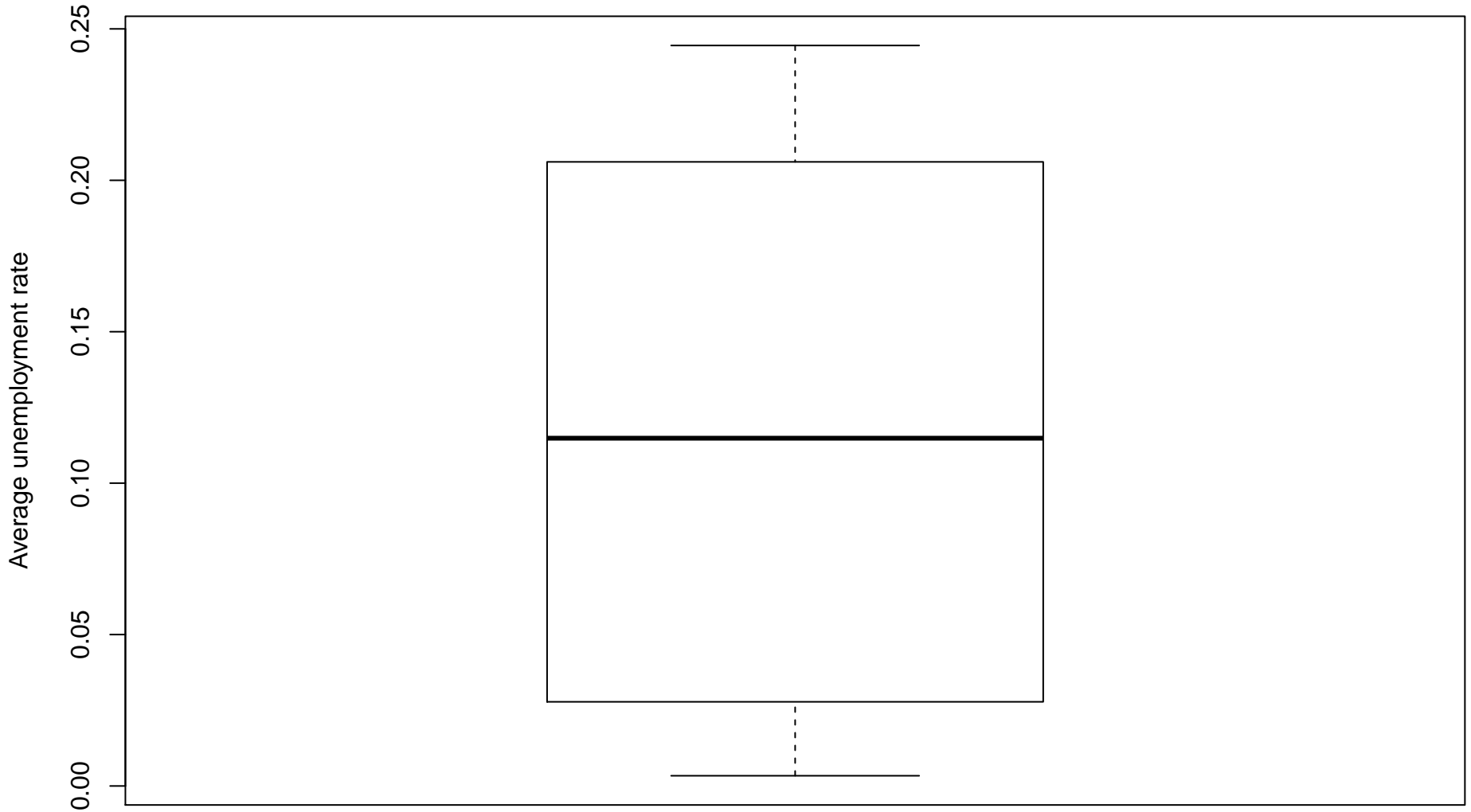
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Full employment frequency



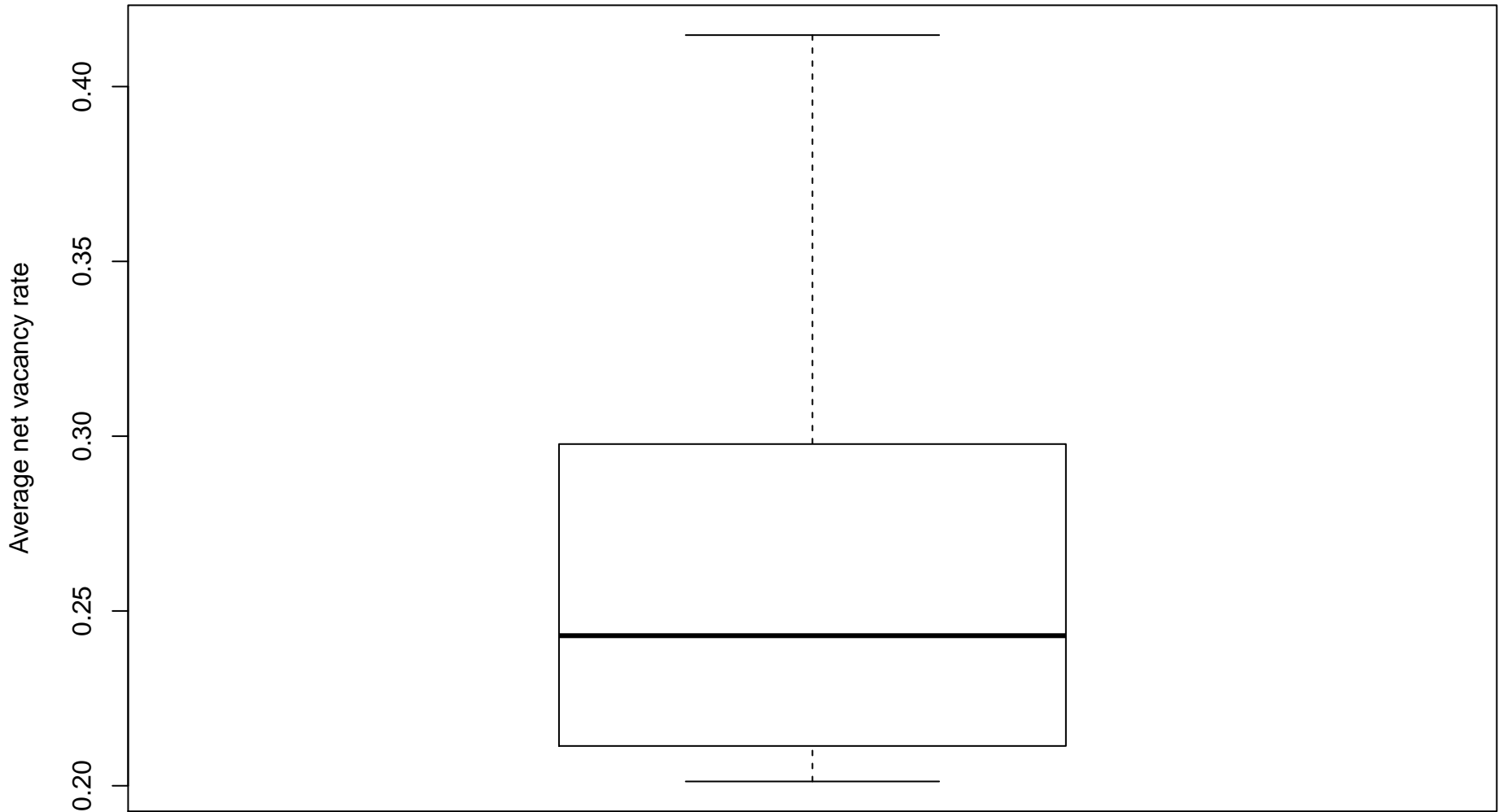
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Unemployment



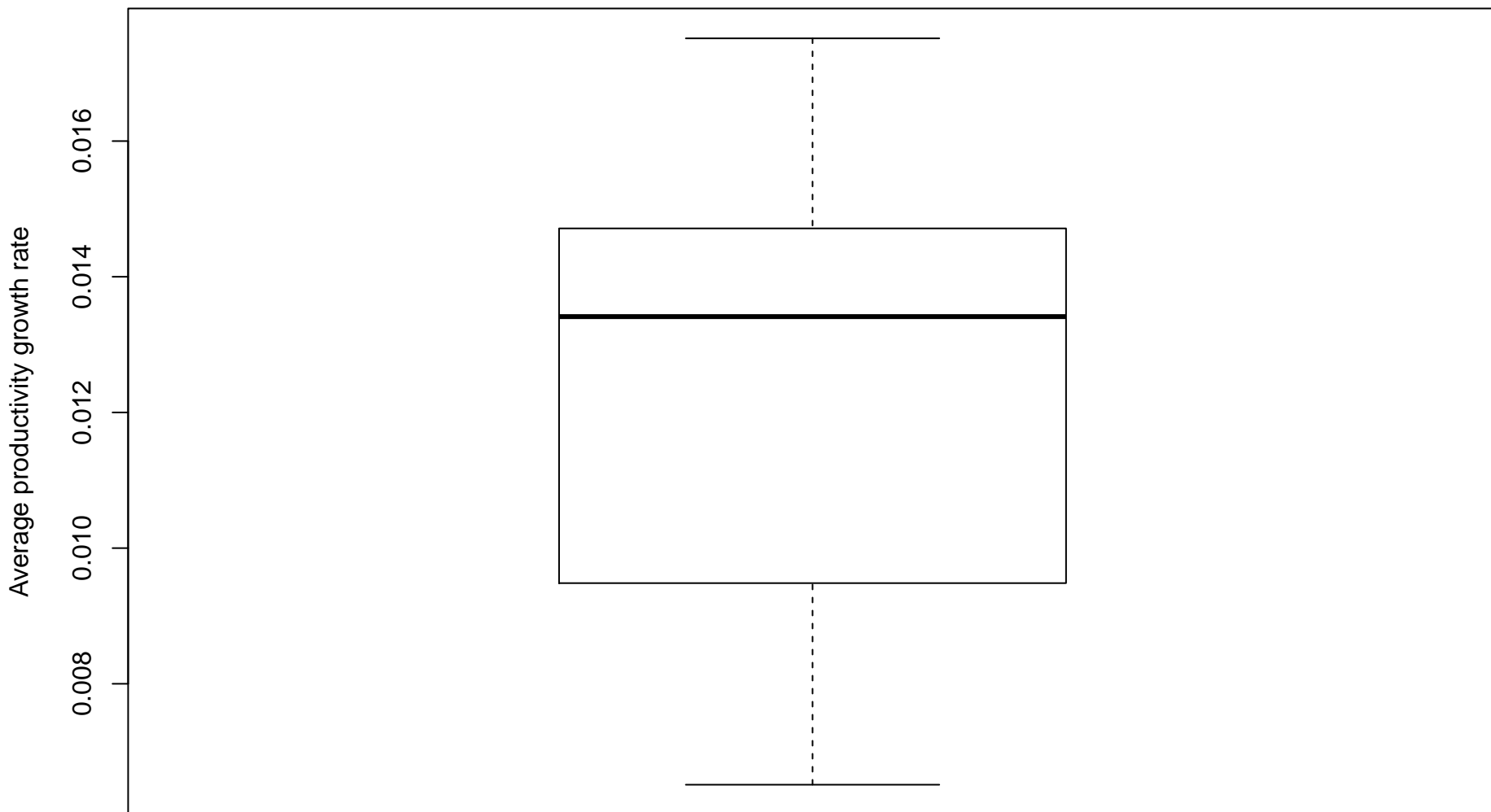
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Vacancy



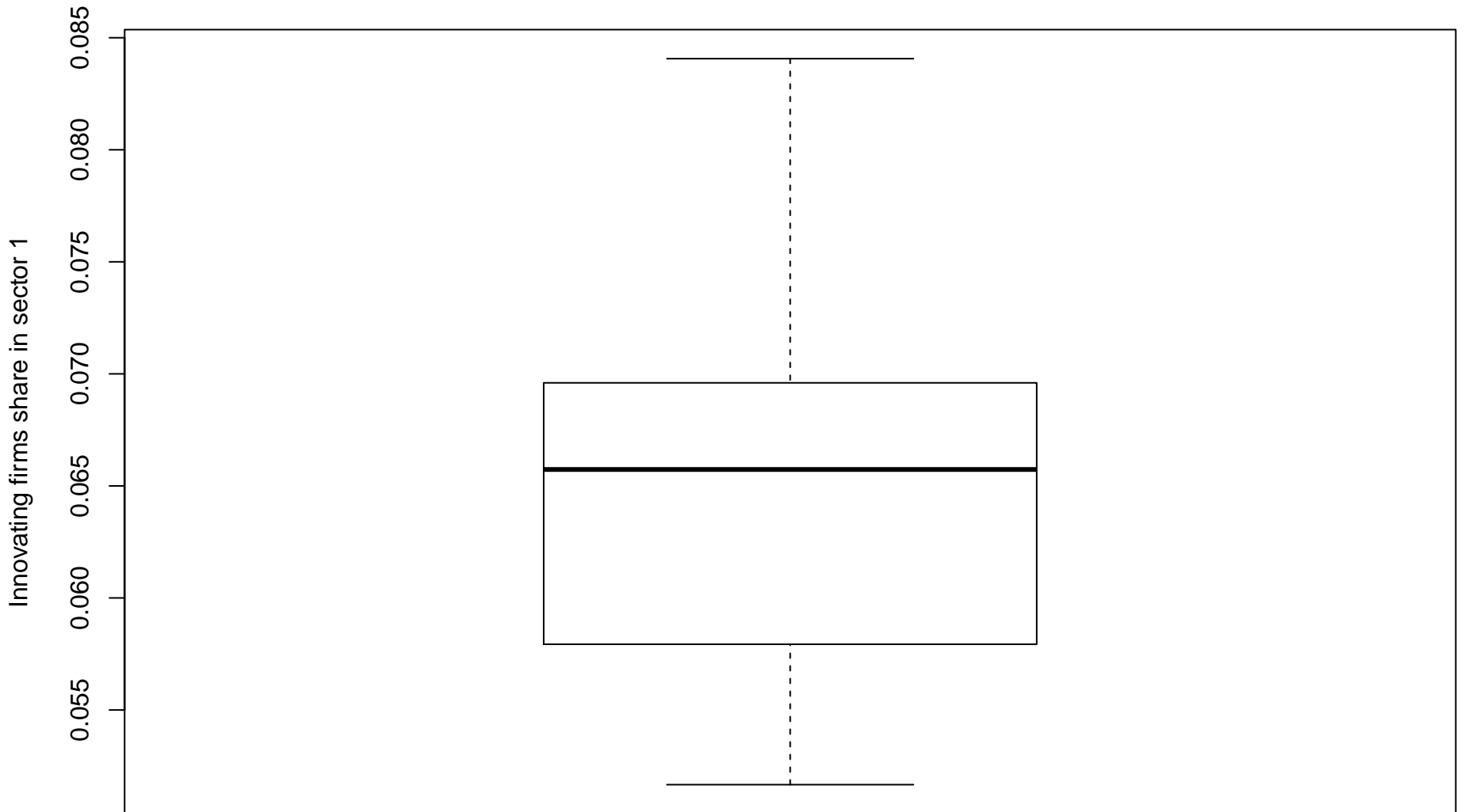
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Productivity growth



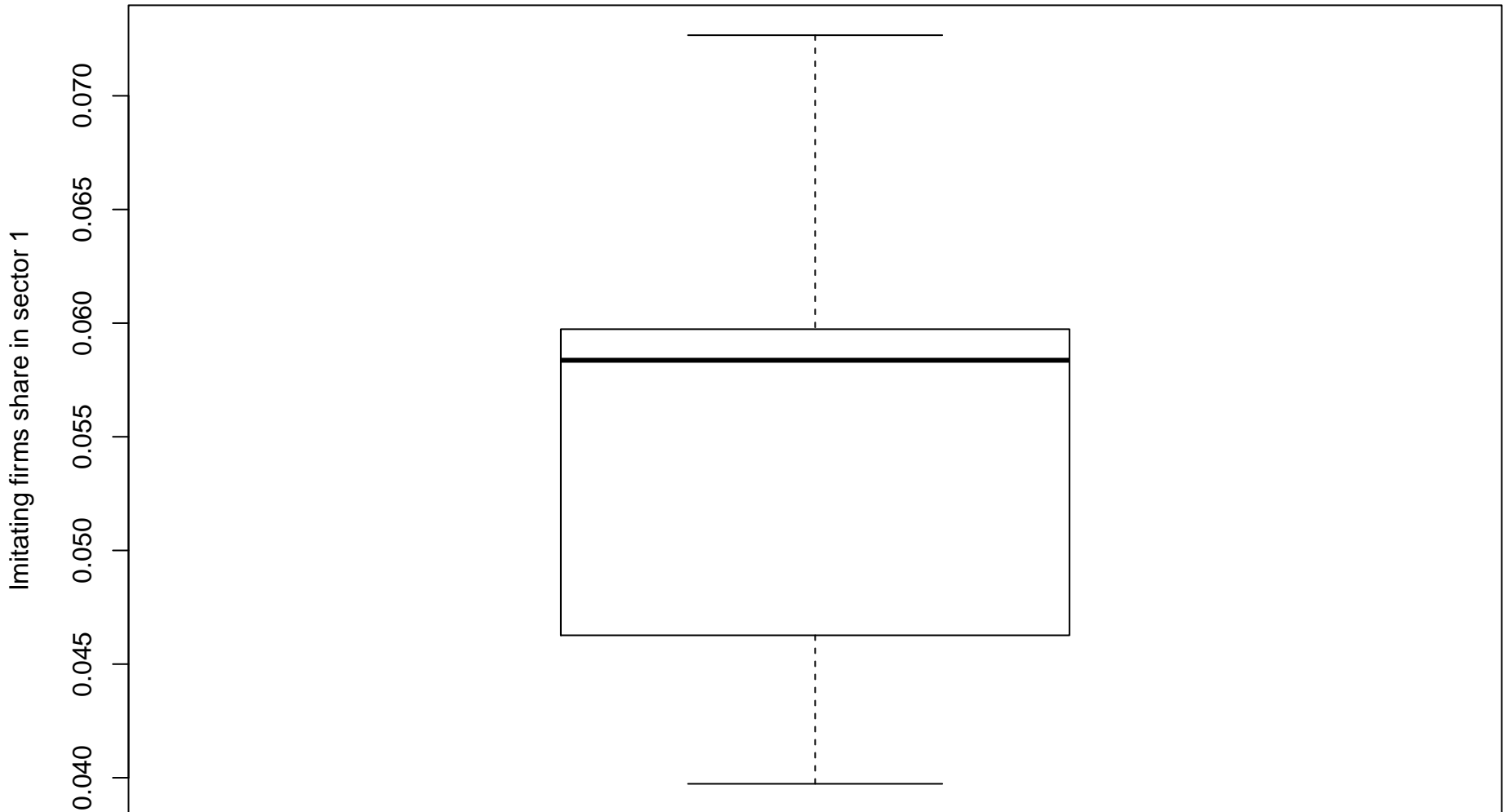
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Innovation



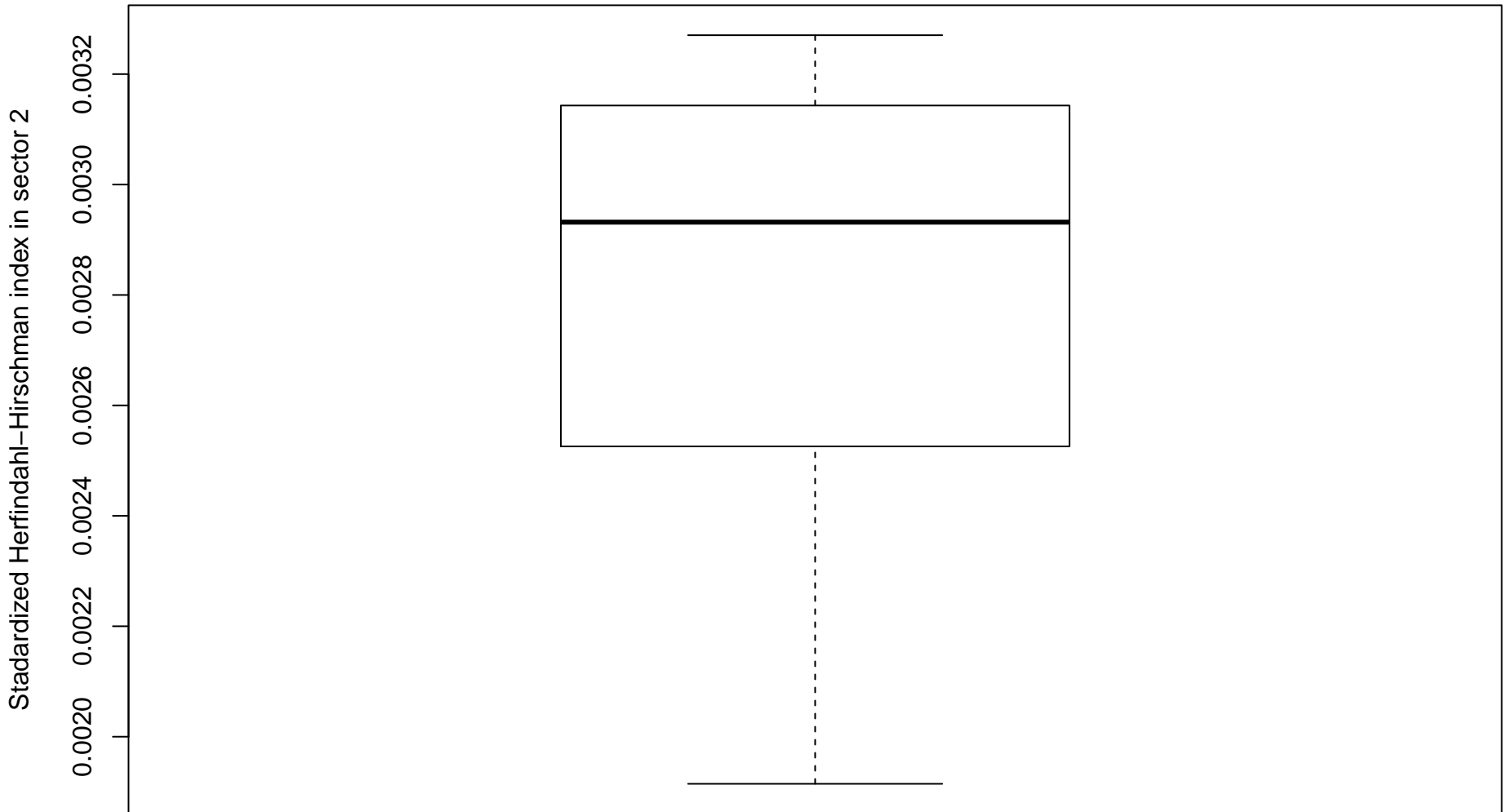
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Imitation



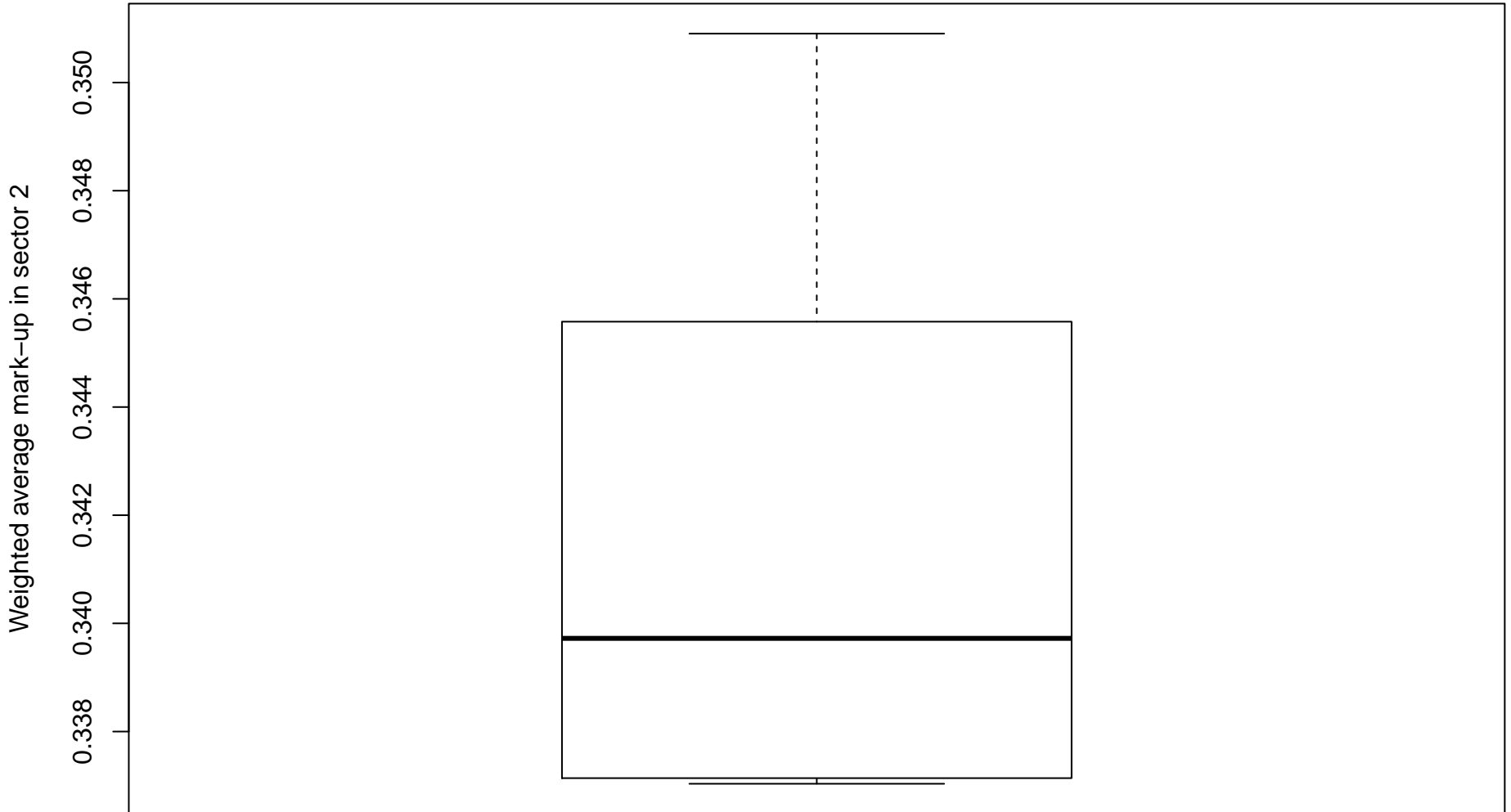
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Market concentration



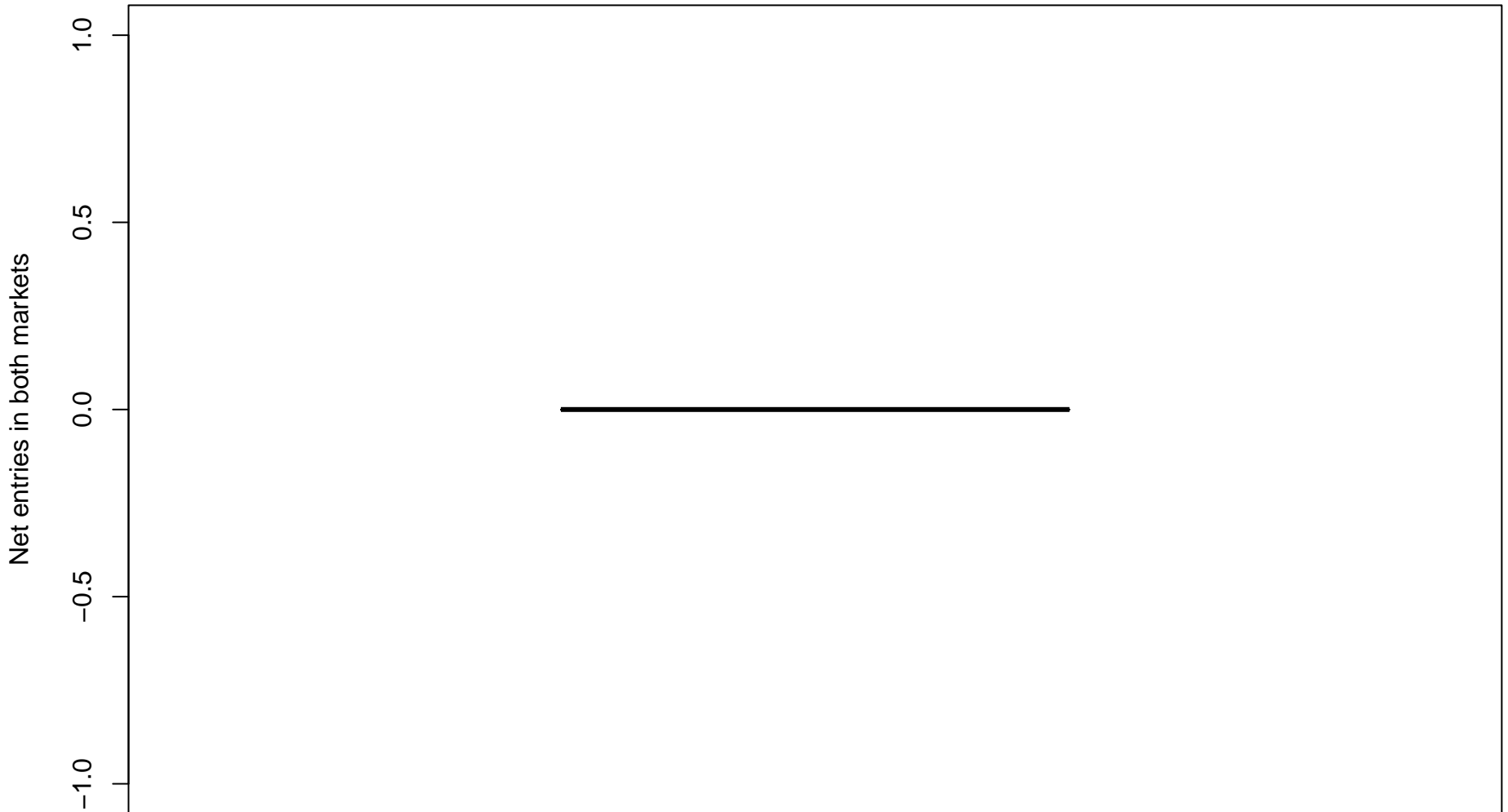
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Mark-ups



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Net entry of firms



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Monte Carlo descriptive statistics (all experiments)

	Avg[1]	SD[1]	Min[1]	Max[1]
GDP growth	0.01255	0.003821	0.005834	0.01787
Volatility of GDP growth	0.09456	0.007843	0.08224	0.1084
Likelihood of GDP crises	0.286	0.05247	0.2067	0.3533
Inflation	0.002479	0.001362	0.0007608	0.004598
Tax	0.02468	0.001407	0.02253	0.02686
Government total expenditure	0.04848	0.03841	0.002378	0.1063
Government deficit	0.2865	0.2701	0.05543	0.919
Government debt	23.47	25.07	3.749	83.44
Credit supply	-1.728e-08	2.559e-08	-7.494e-08	-1.282e-09
Loans	2.001	1.006	1.16	4.139
Capacity utilization	0.5209	0.01315	0.4963	0.5355
Full employment frequency	0.3787	0.364	0.01333	0.9567
Unemployment	0.1153	0.08992	0.003377	0.2445
Vacancy	0.2742	0.08767	0.2012	0.4463
Productivity growth	0.01247	0.003444	0.006512	0.01751
Innovation	0.06666	0.01192	0.05167	0.0882
Imitation	0.05548	0.01148	0.03973	0.07267
Market concentration	0.002777	0.0004896	0.001915	0.00327
Mark-ups	0.3417	0.005105	0.337	0.3509
Net entry of firms	0	0	0	0

Experiments: [1] Free entry

(numbers in brackets indicate the experiment number / MC runs = 10 / period = 301 – 600)