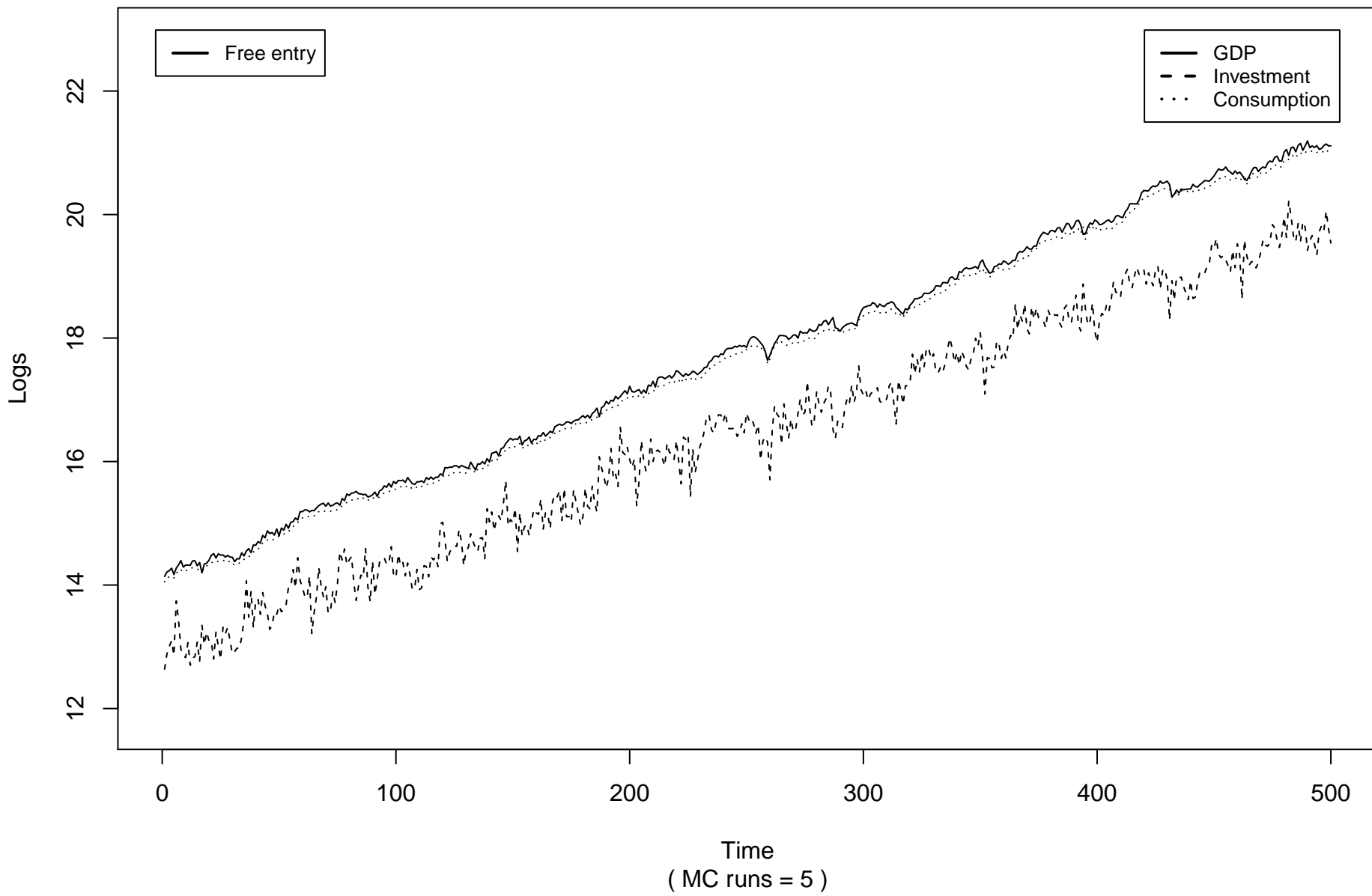
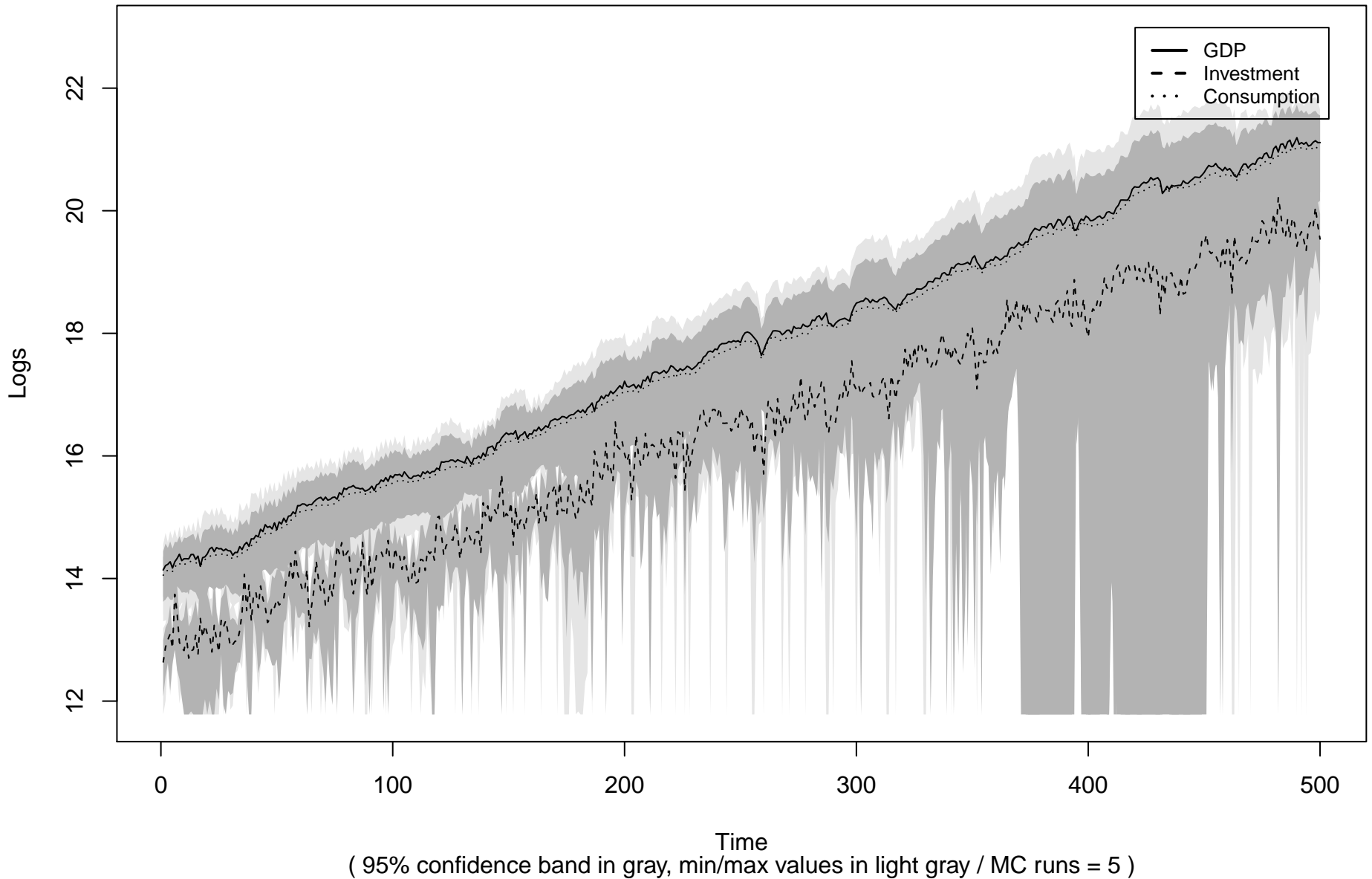


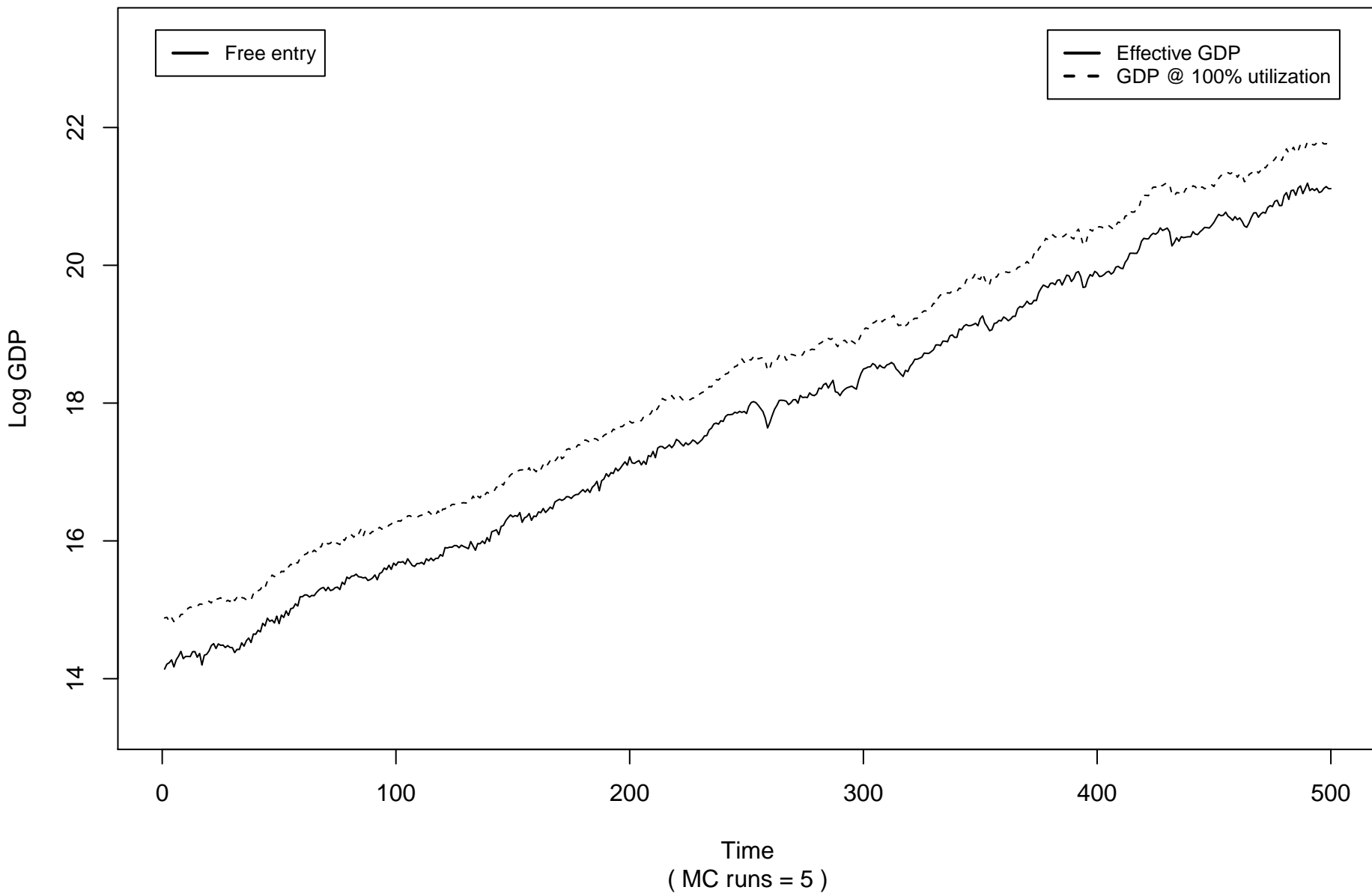
GDP, investment and consumption (all experiments)



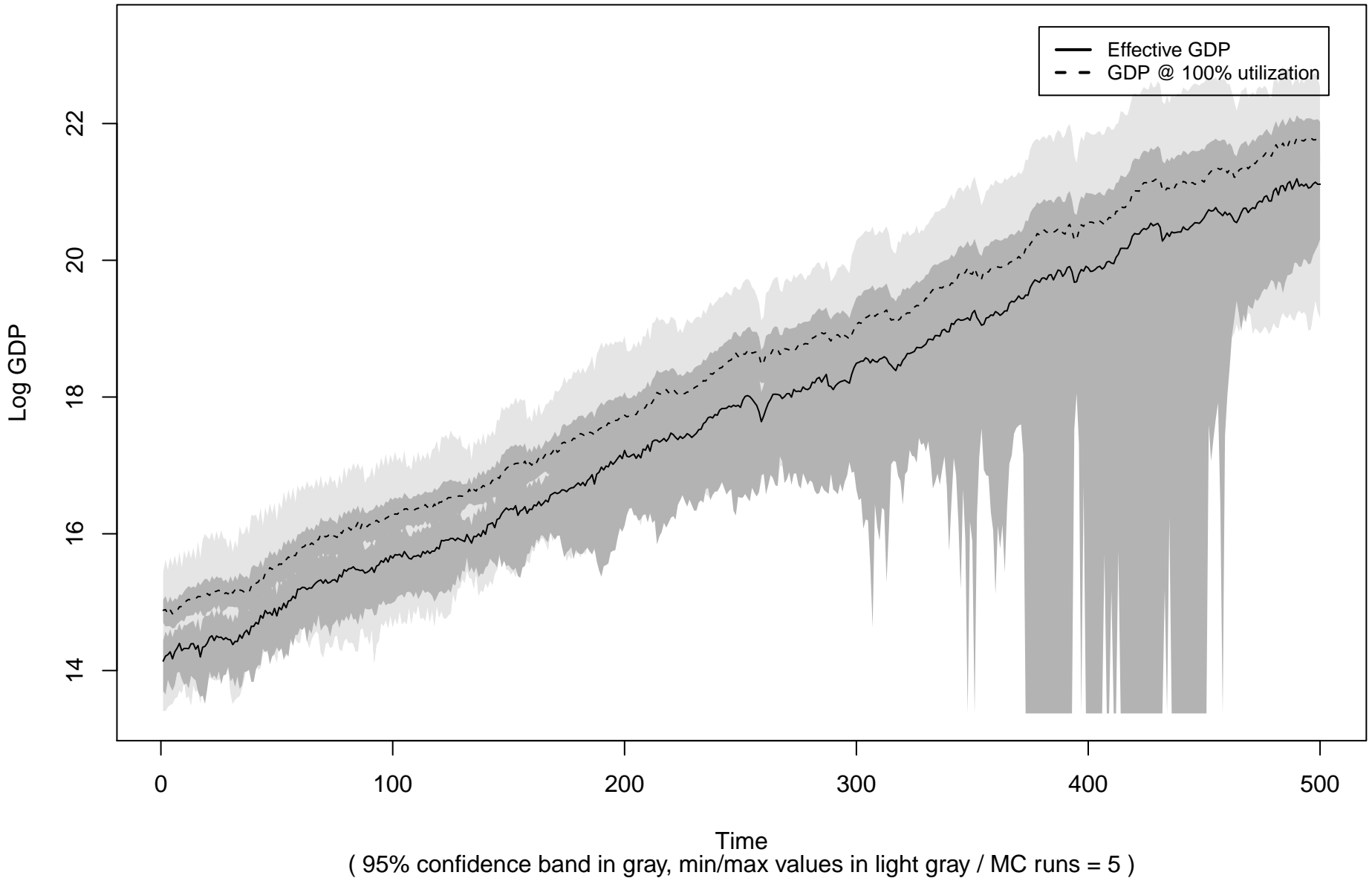
GDP, investment and consumption (Free entry)



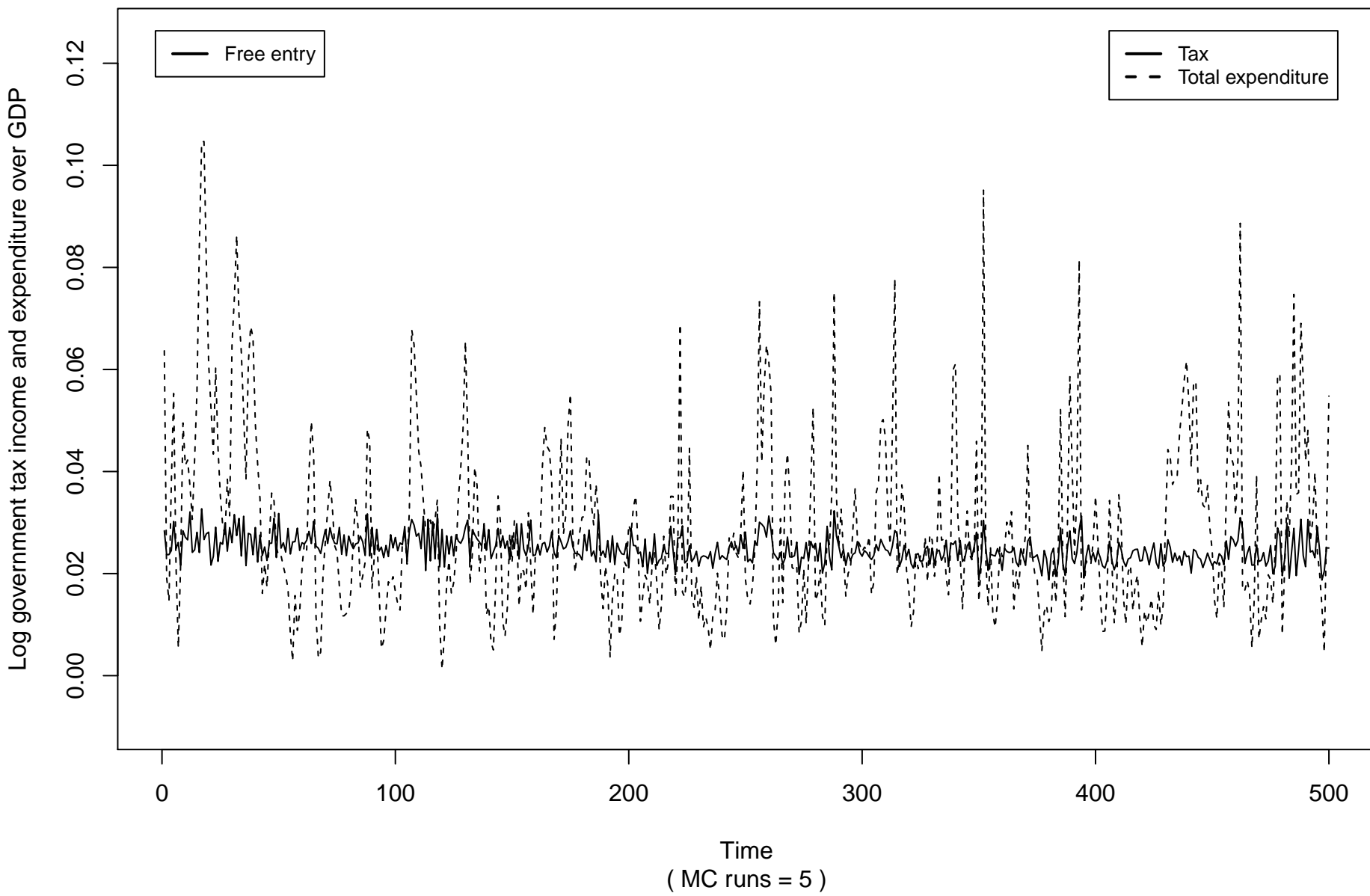
GDP (all experiments)



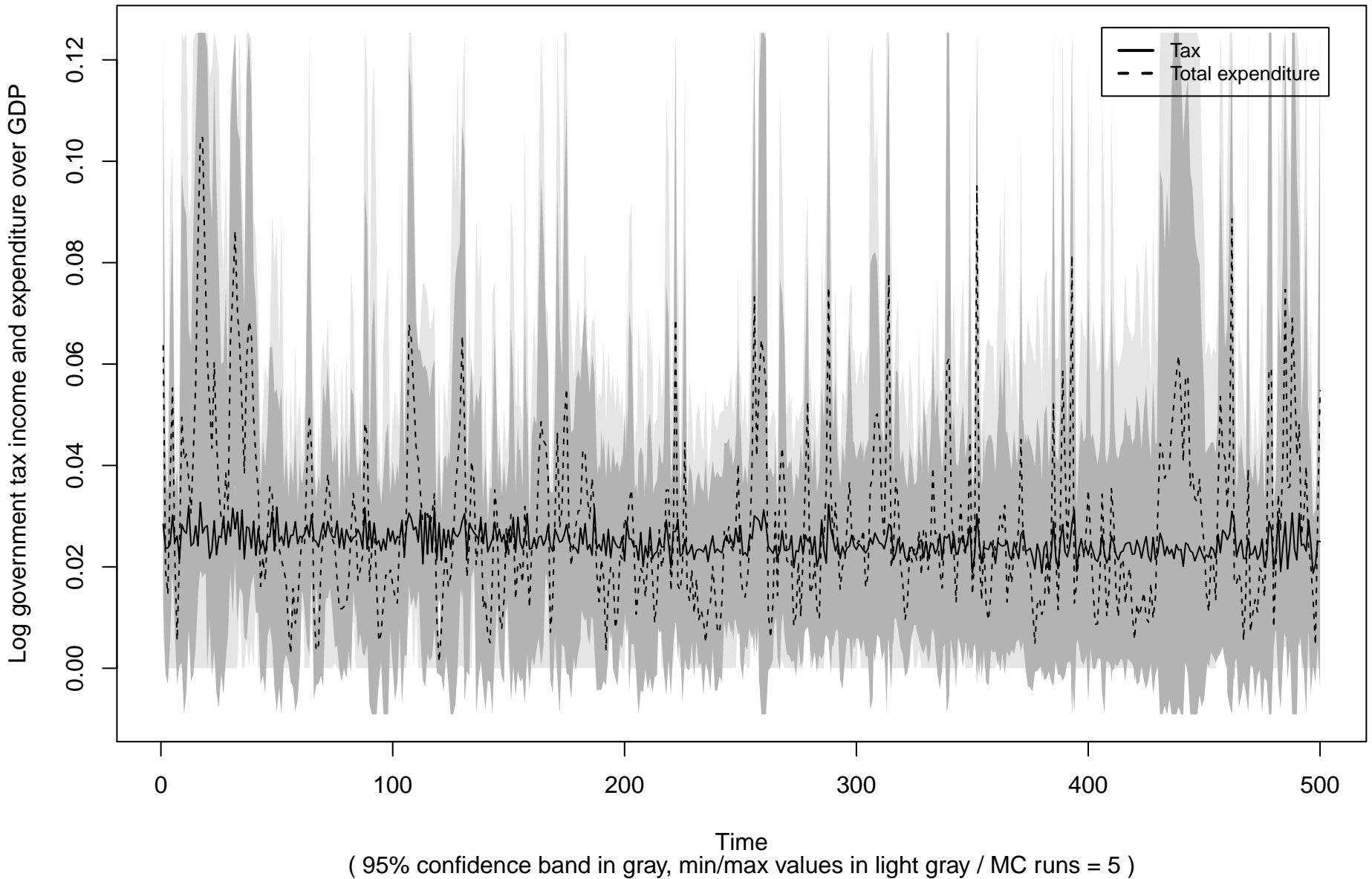
GDP (Free entry)



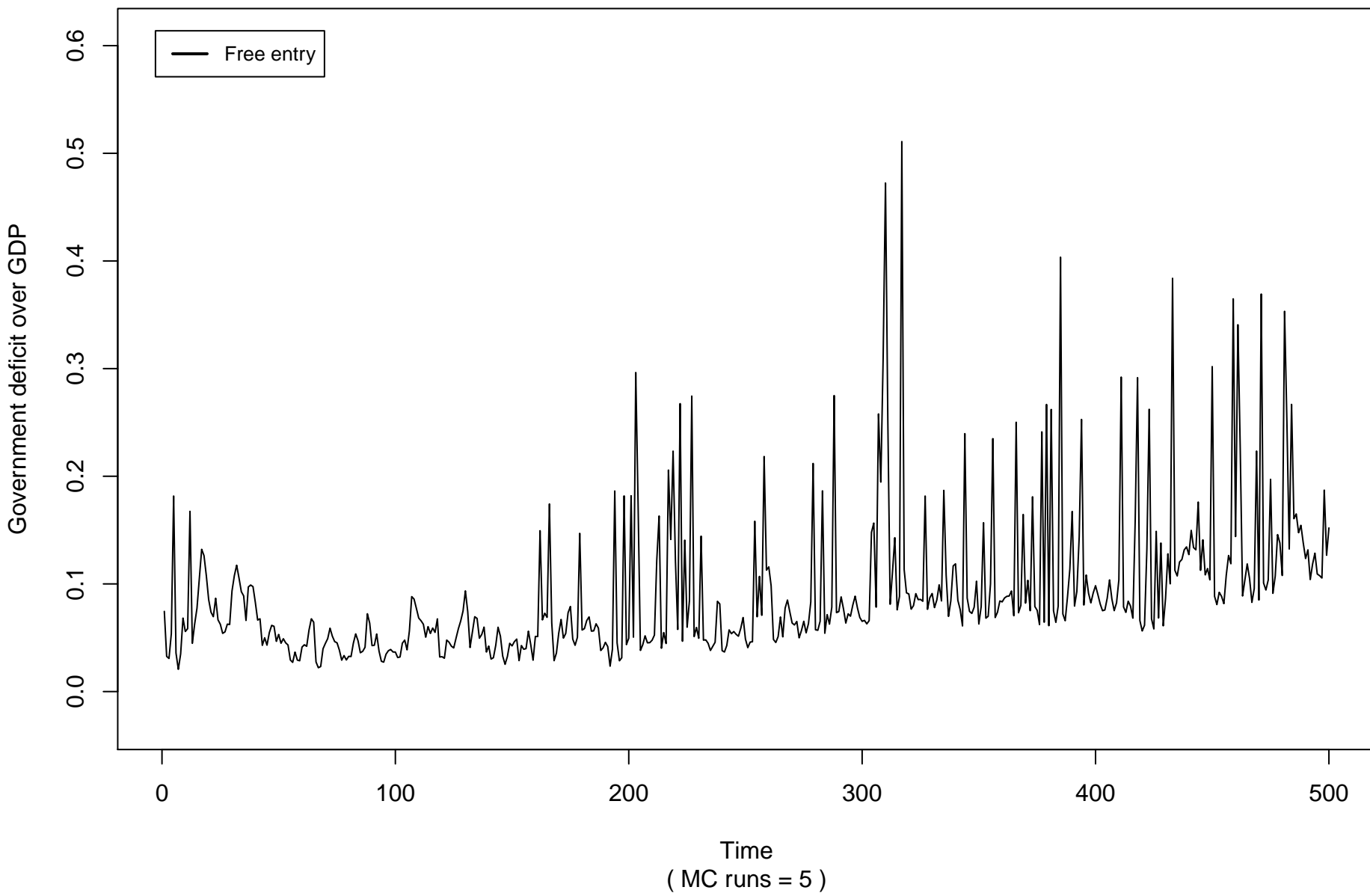
Government income and expenditure on GDP (all experiments)



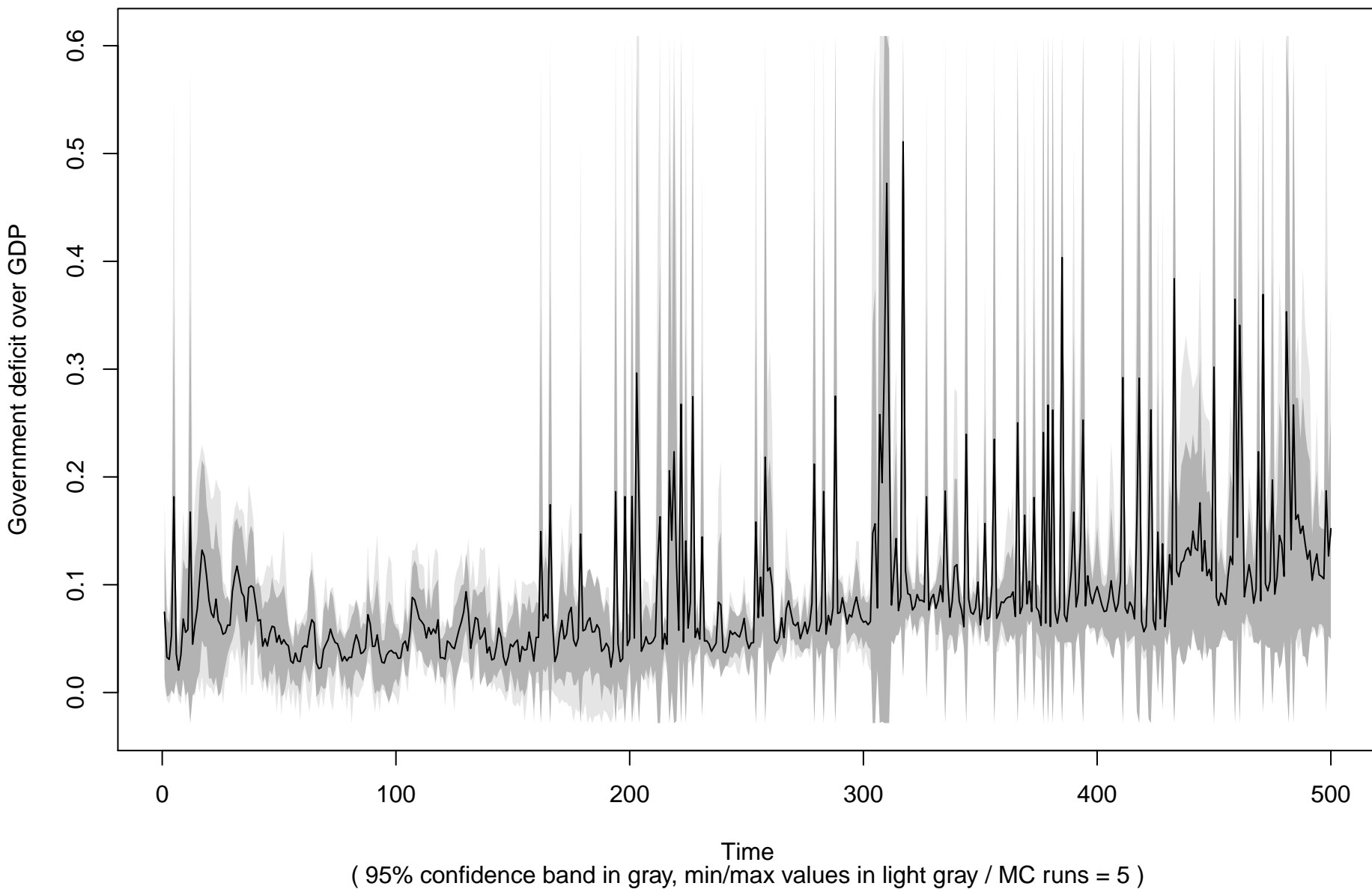
Government income and expenditure on GDP (Free entry)



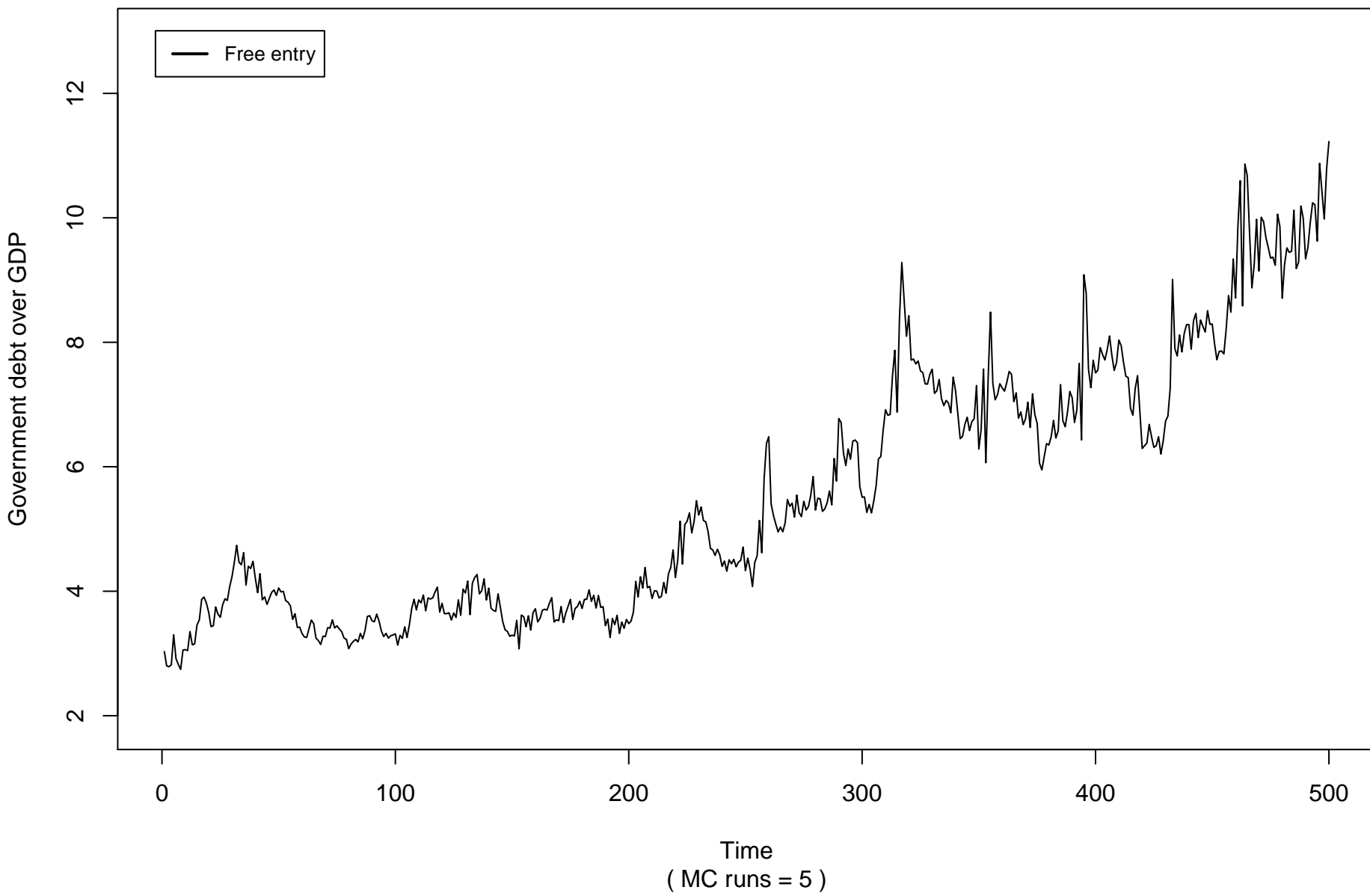
Government deficit on GDP (all experiments)



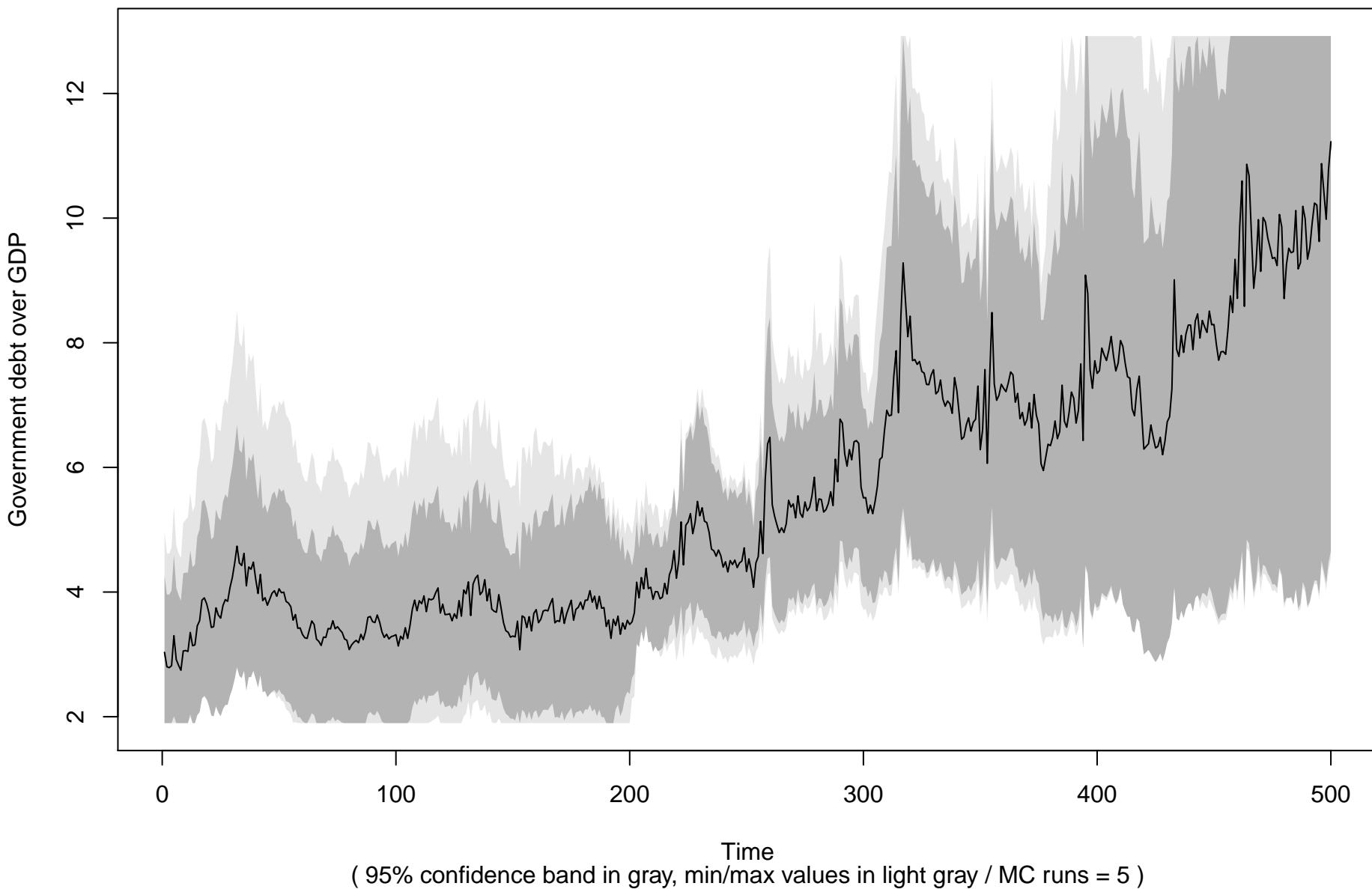
Government deficit on GDP (Free entry)



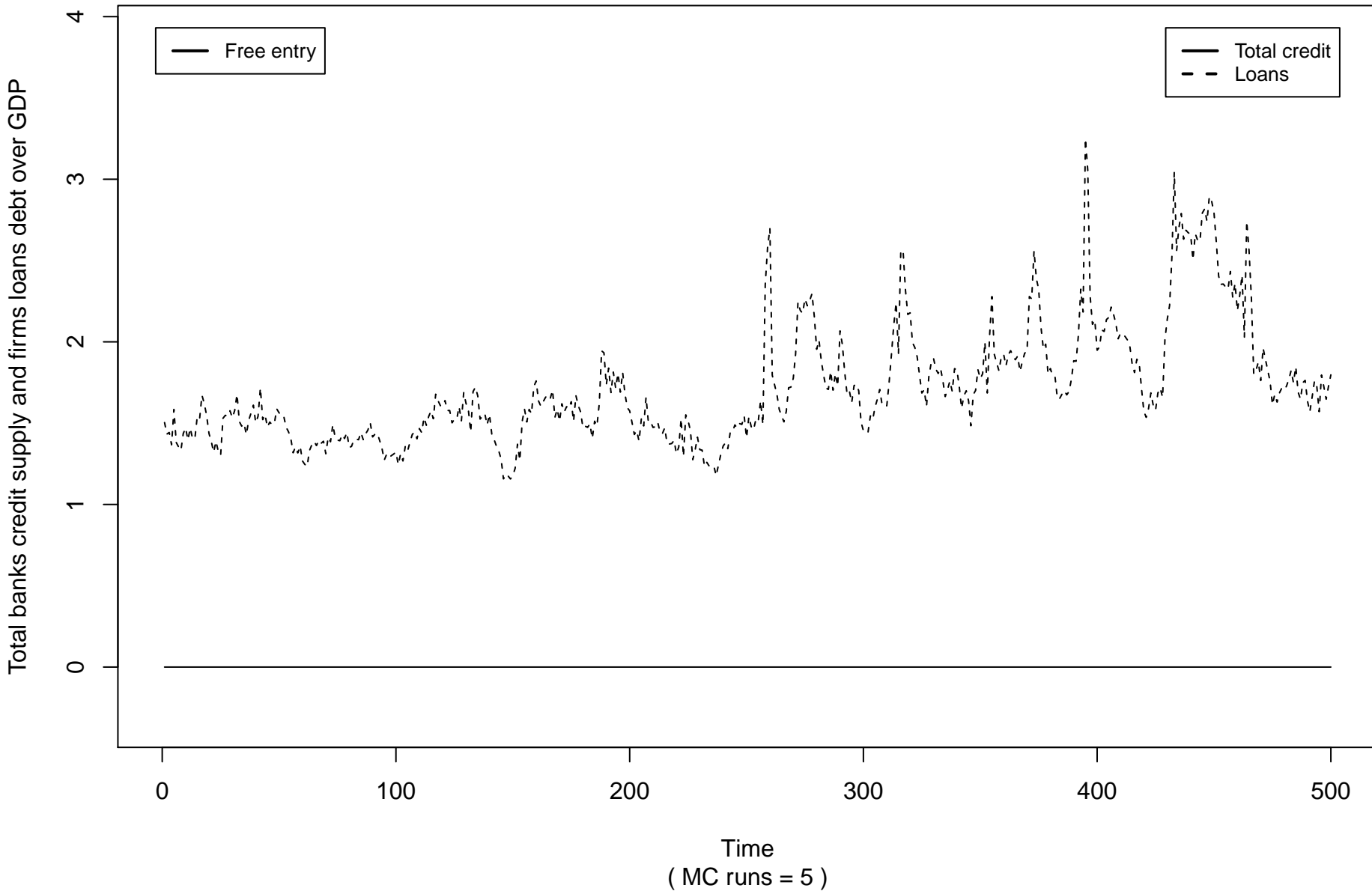
Government debt on GDP (all experiments)



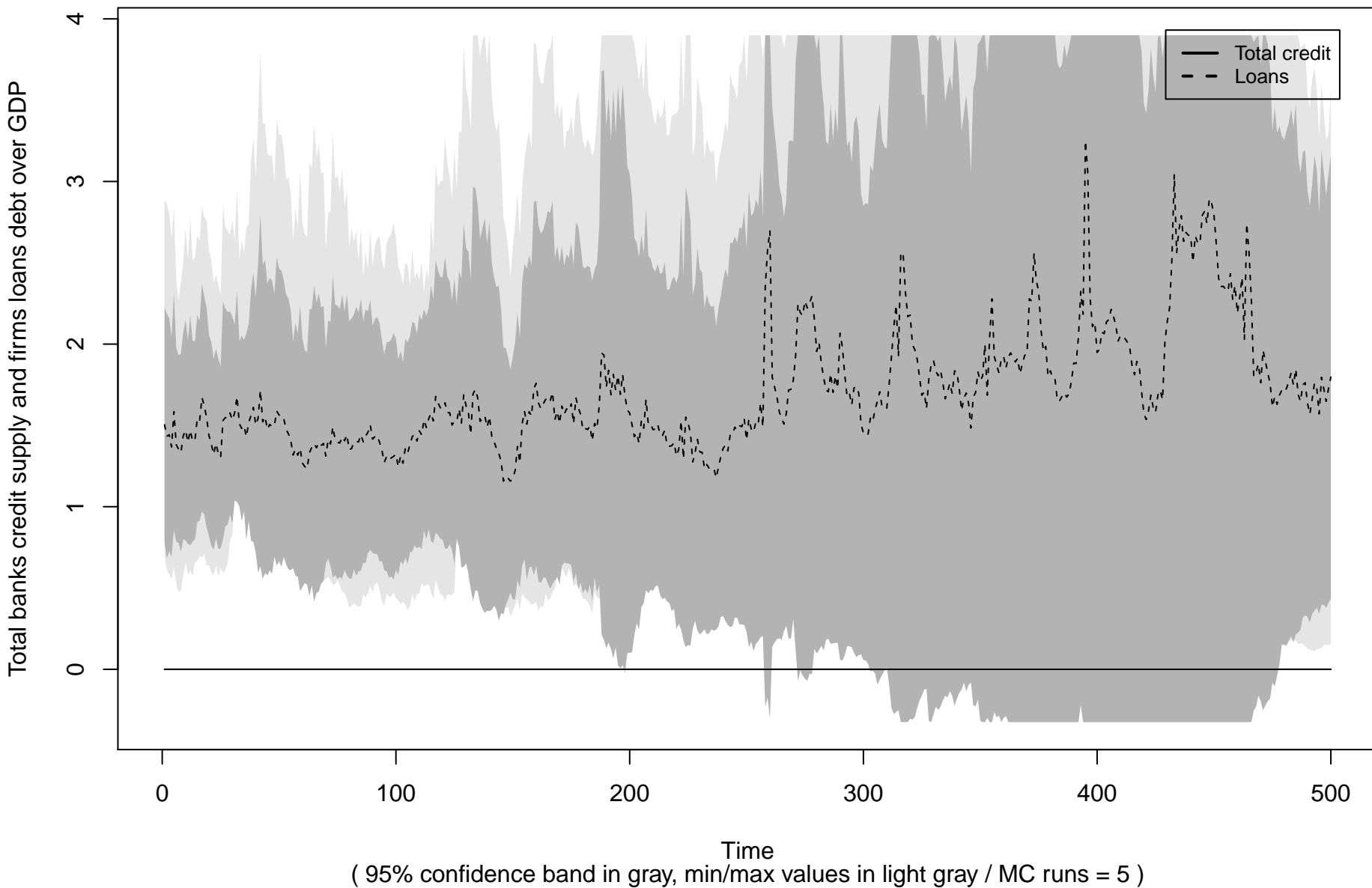
Government debt on GDP (Free entry)



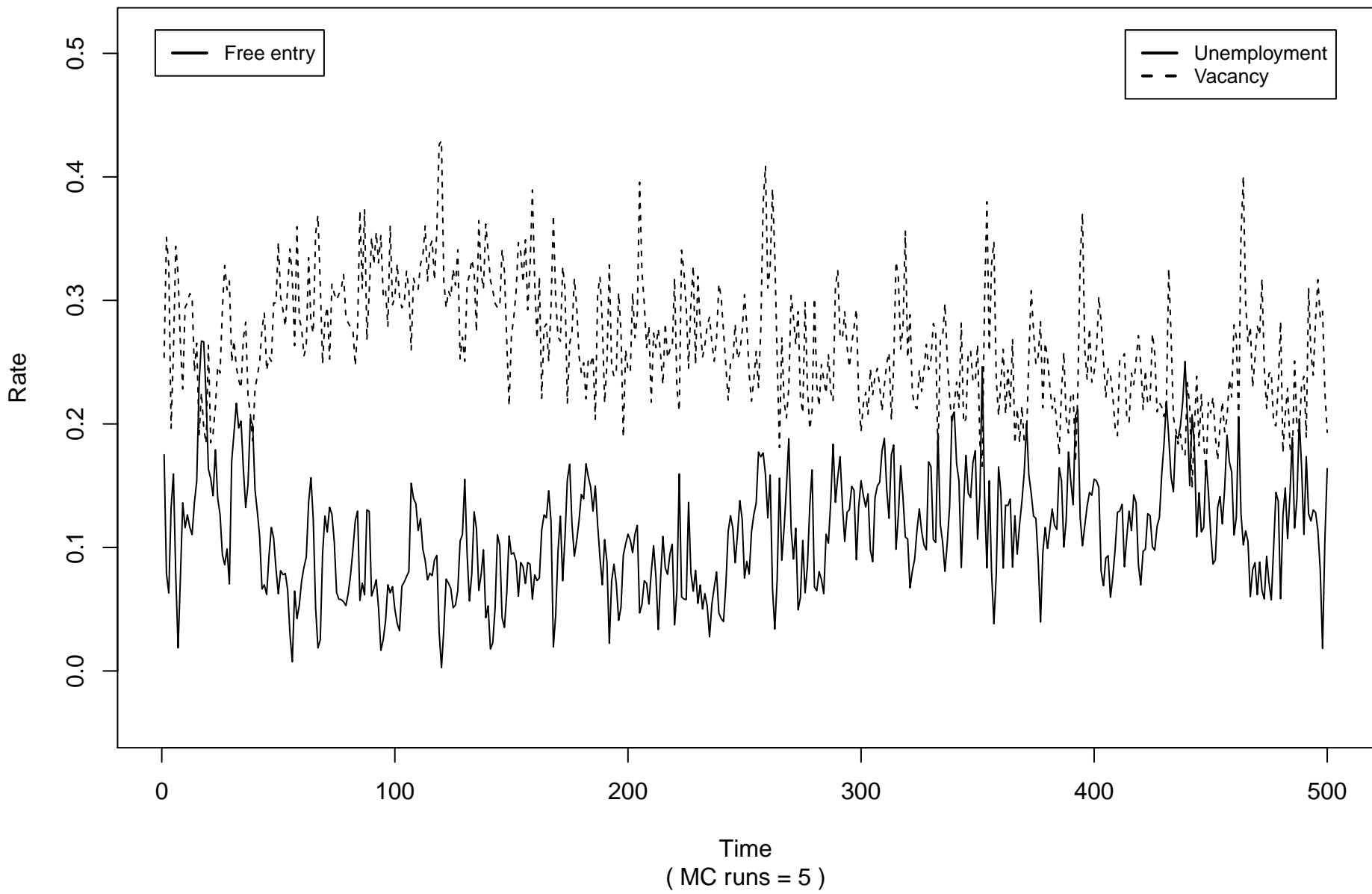
Total credit supply and loans on GDP (all experiments)



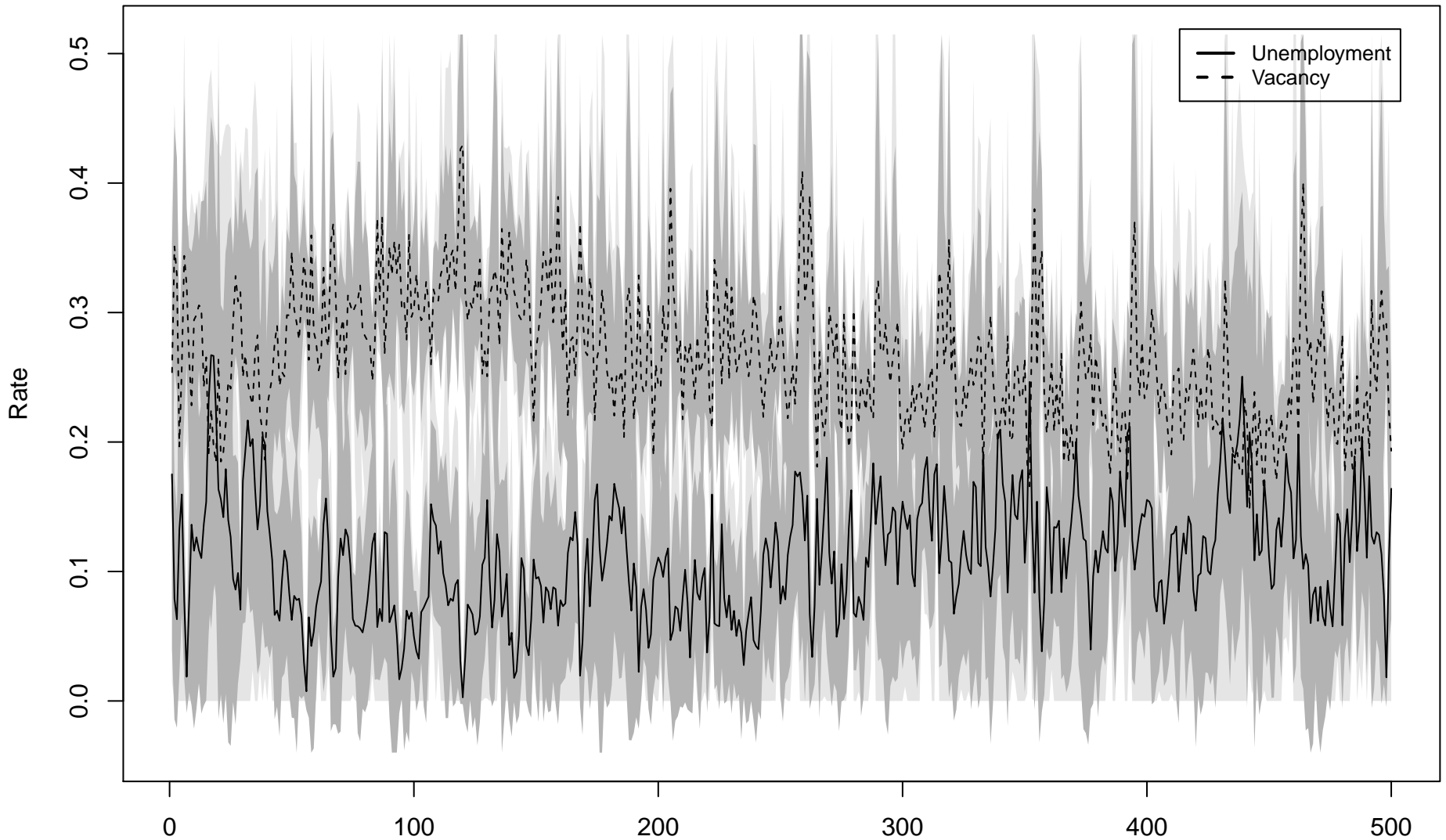
Total credit supply and loans on GDP (Free entry)



Unemployment and vacancy rates (all experiments)

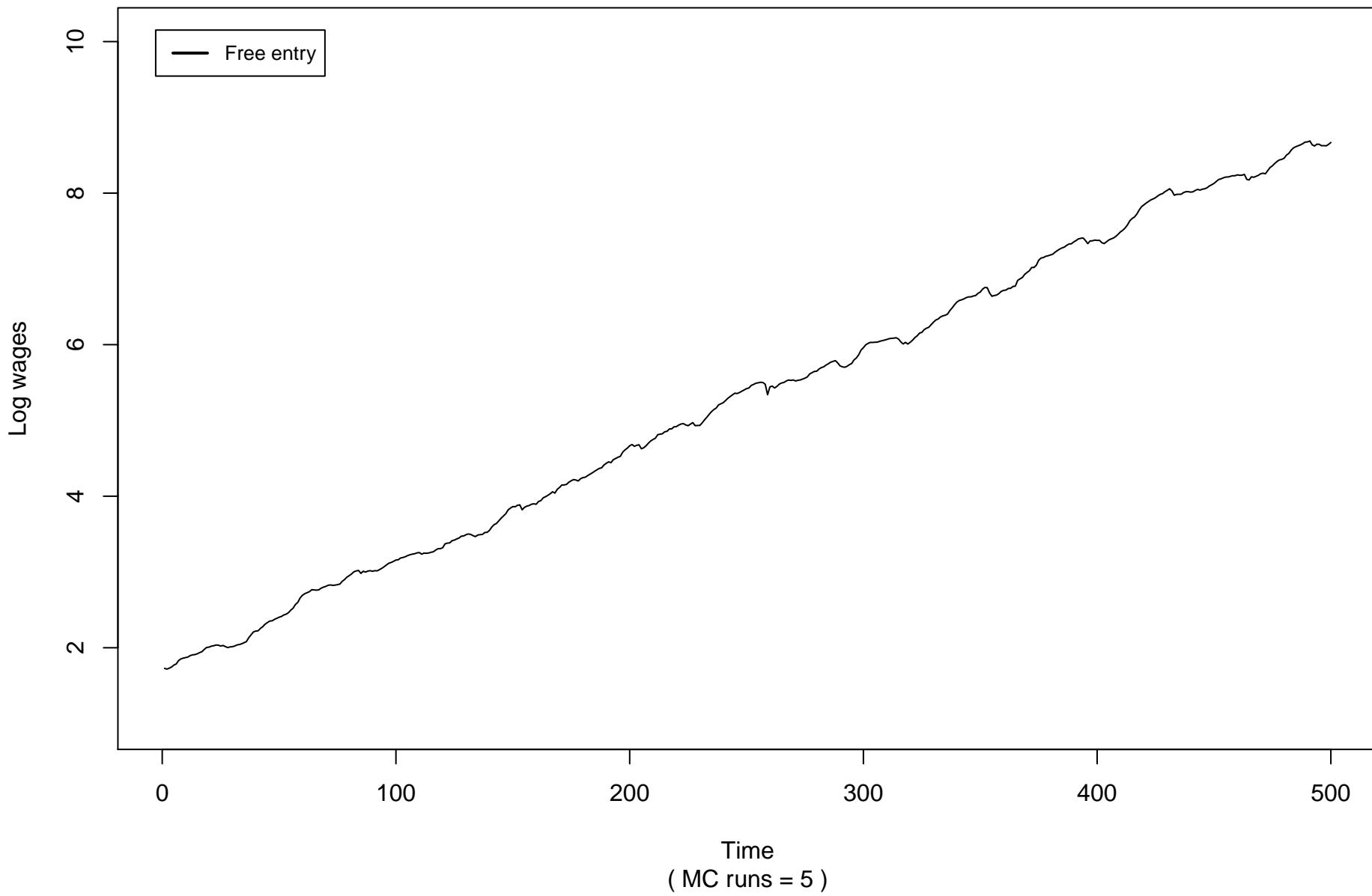


Unemployment and vacancy rates (Free entry)

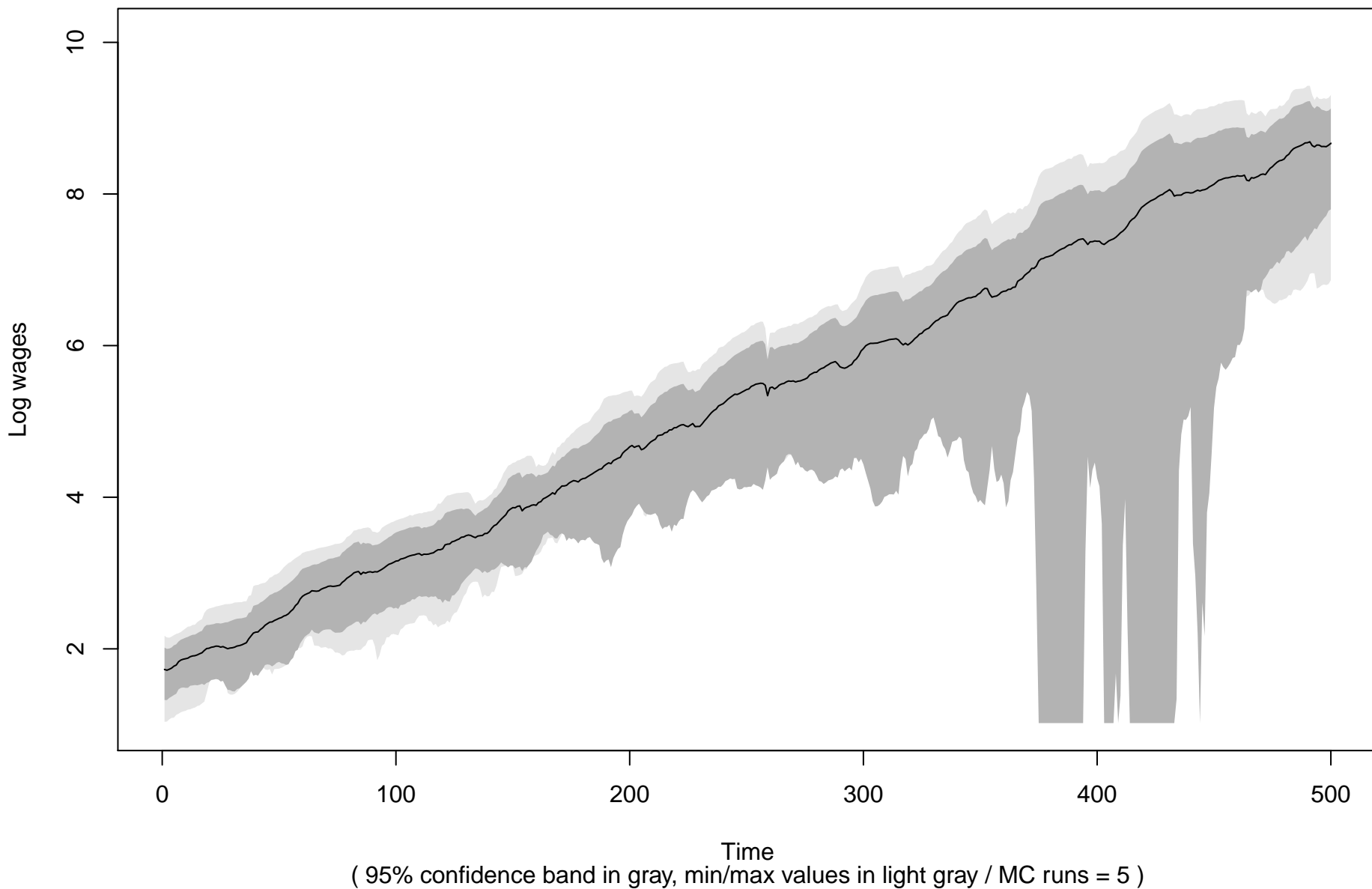


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

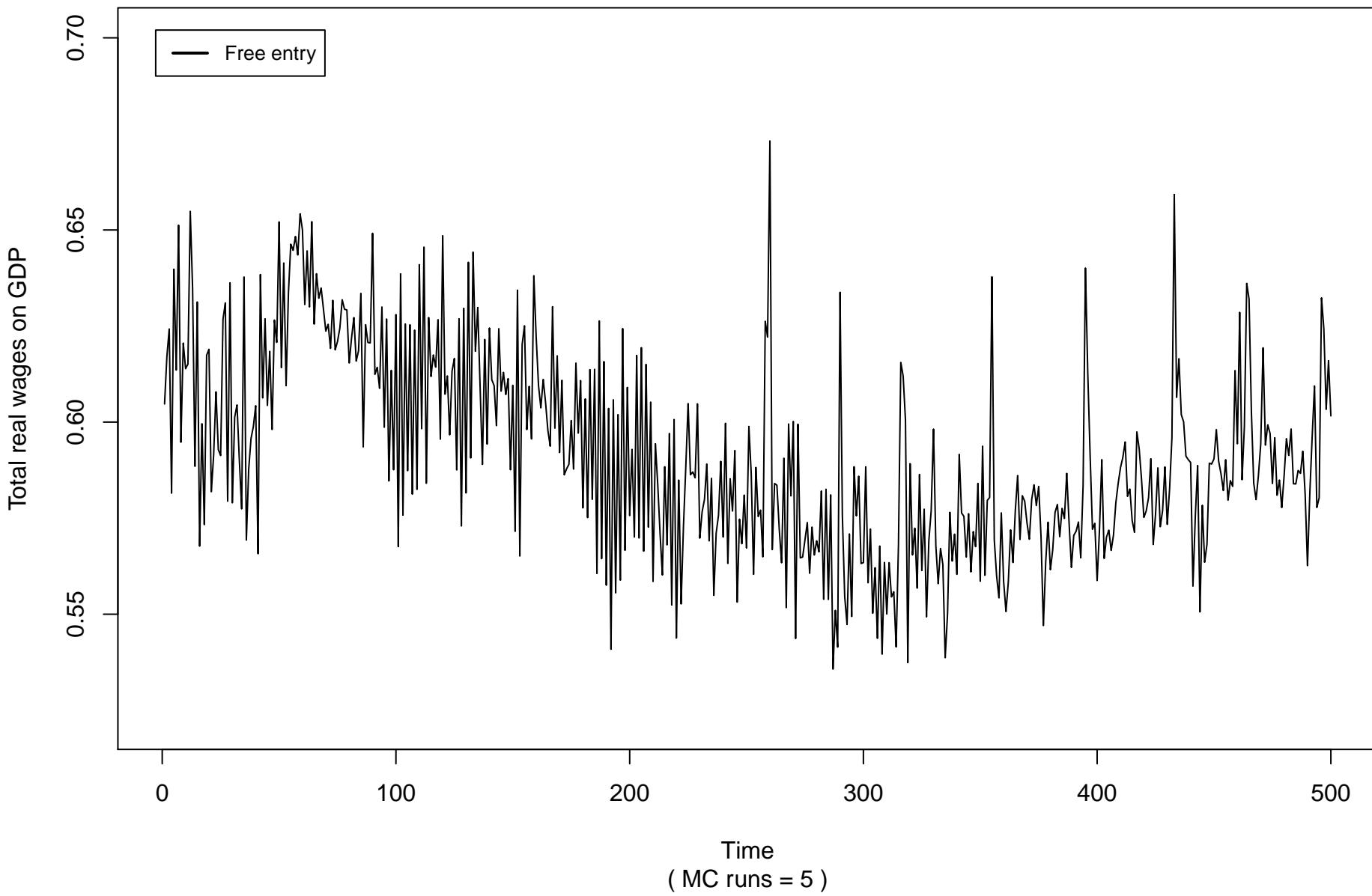
Real wages average (all experiments)



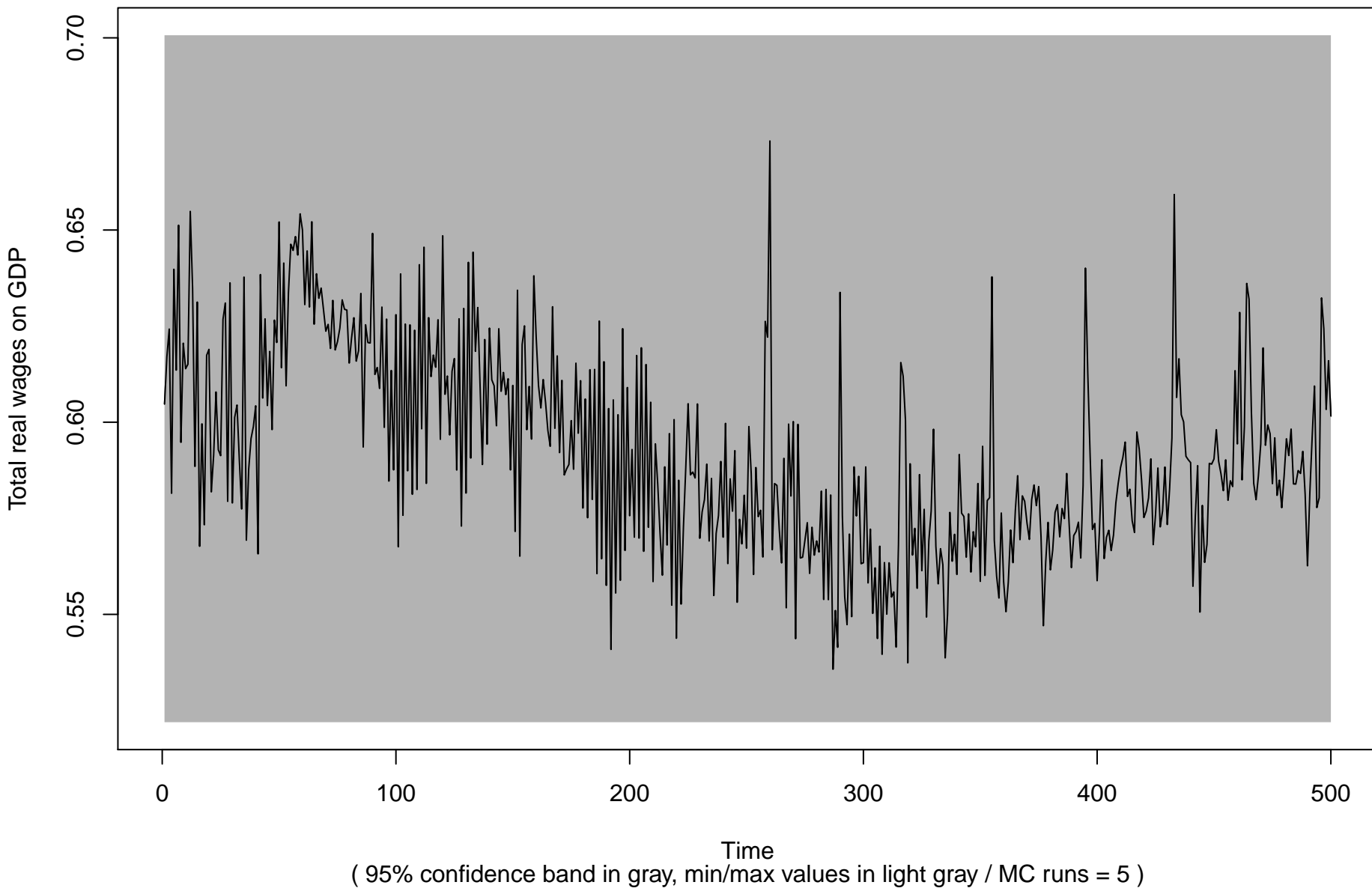
Real wages average (Free entry)



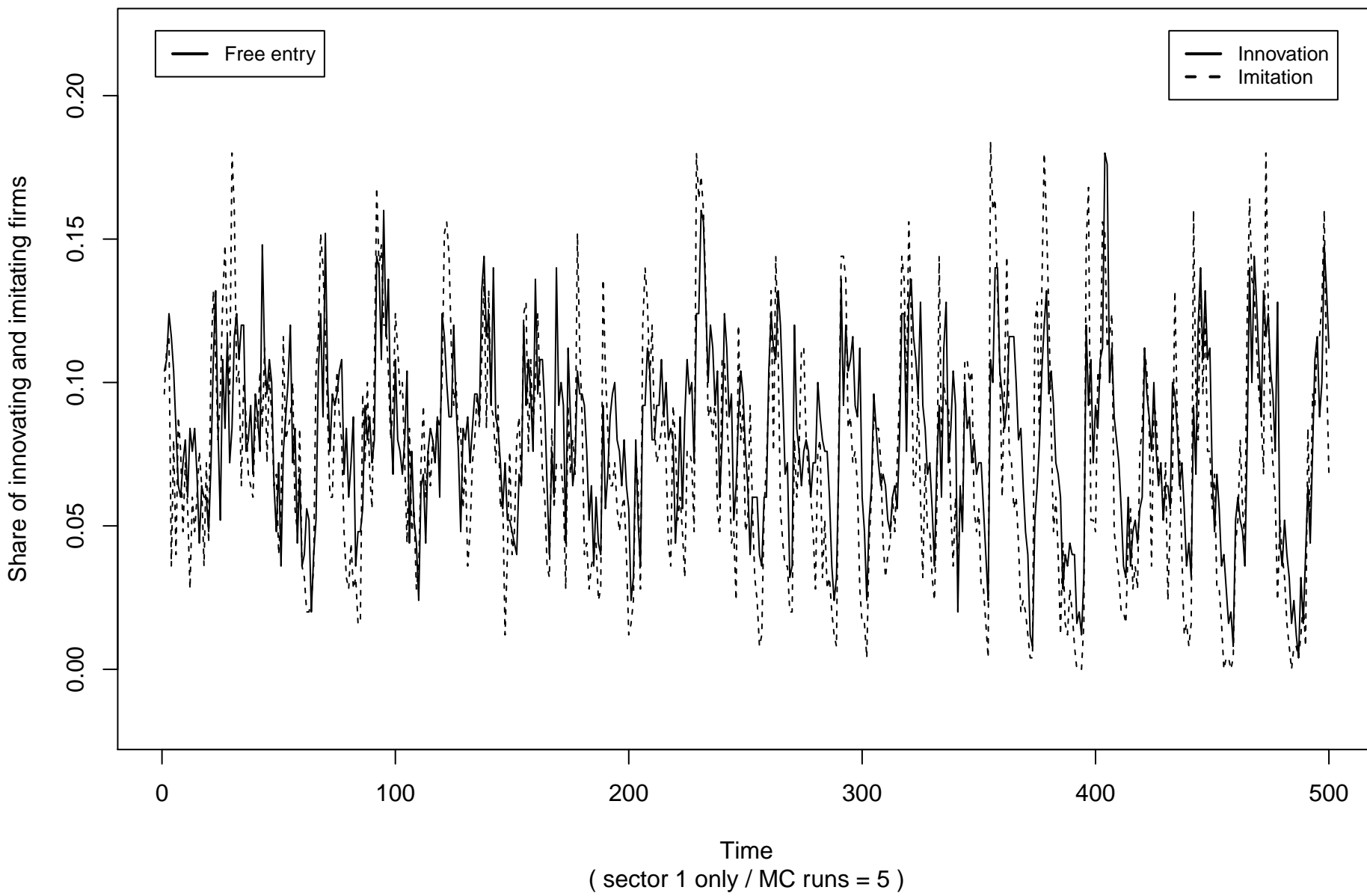
Wage share (all experiments)



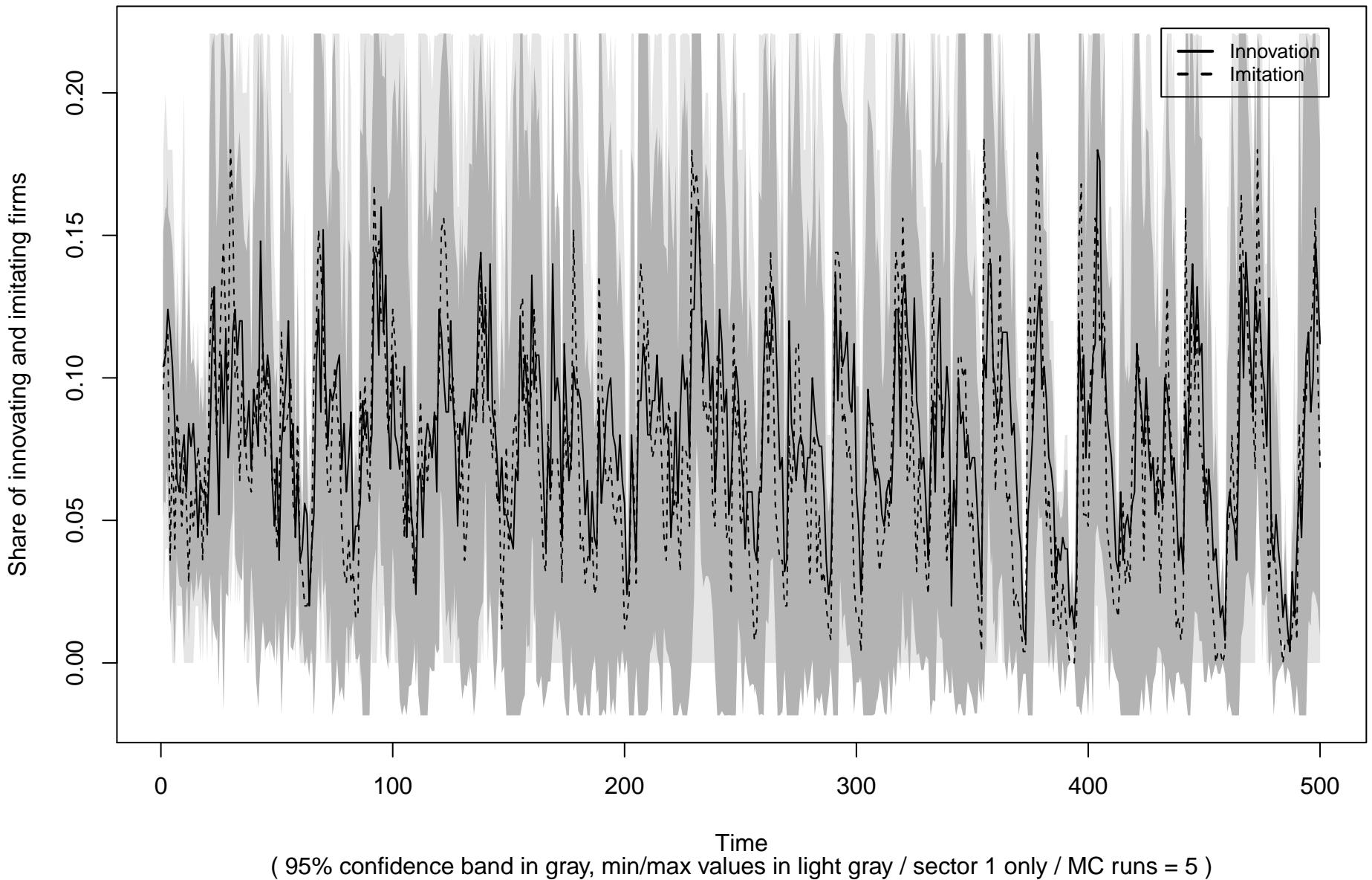
Wage share (Free entry)



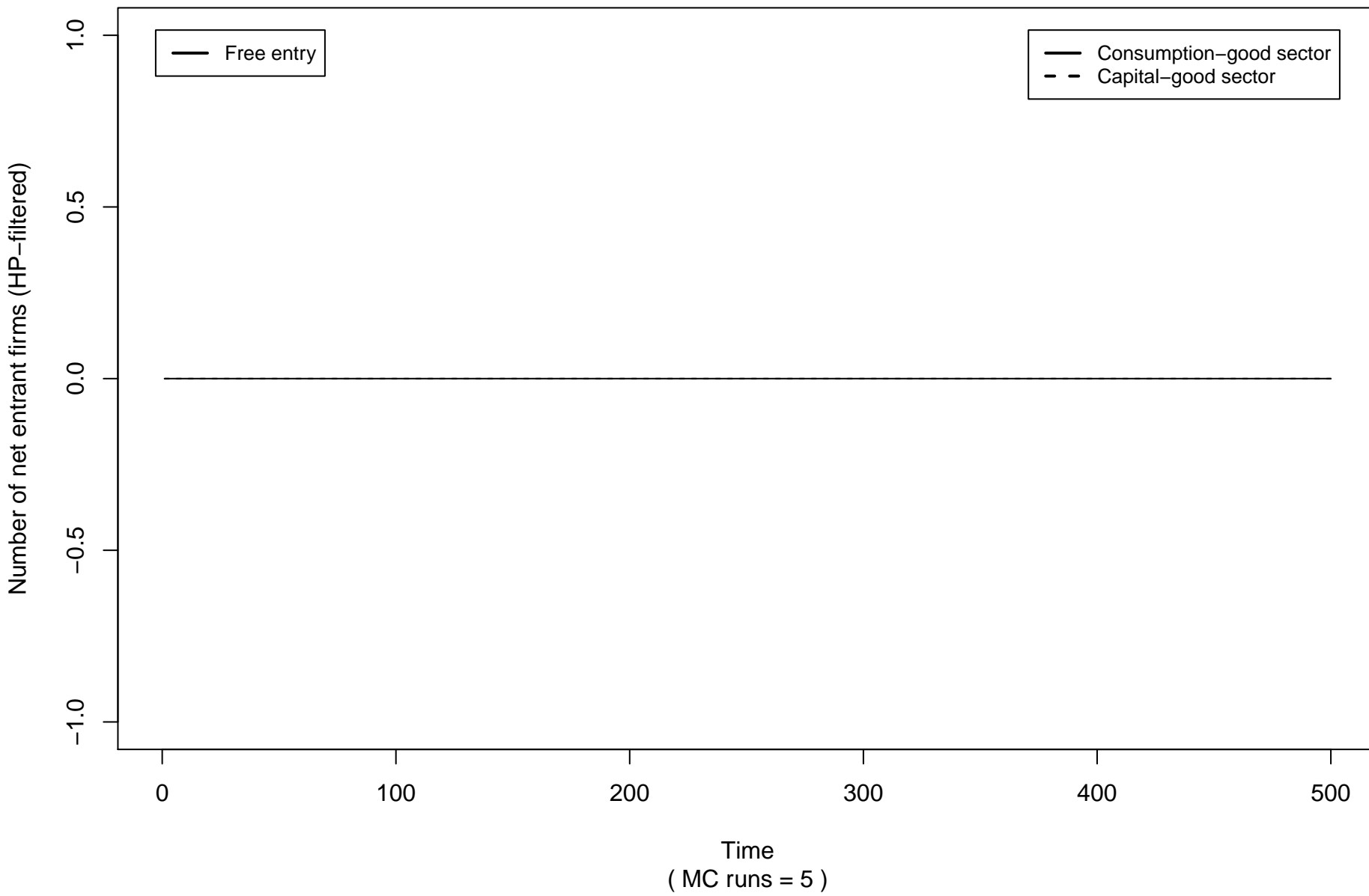
Innovation and imitation (all experiments)



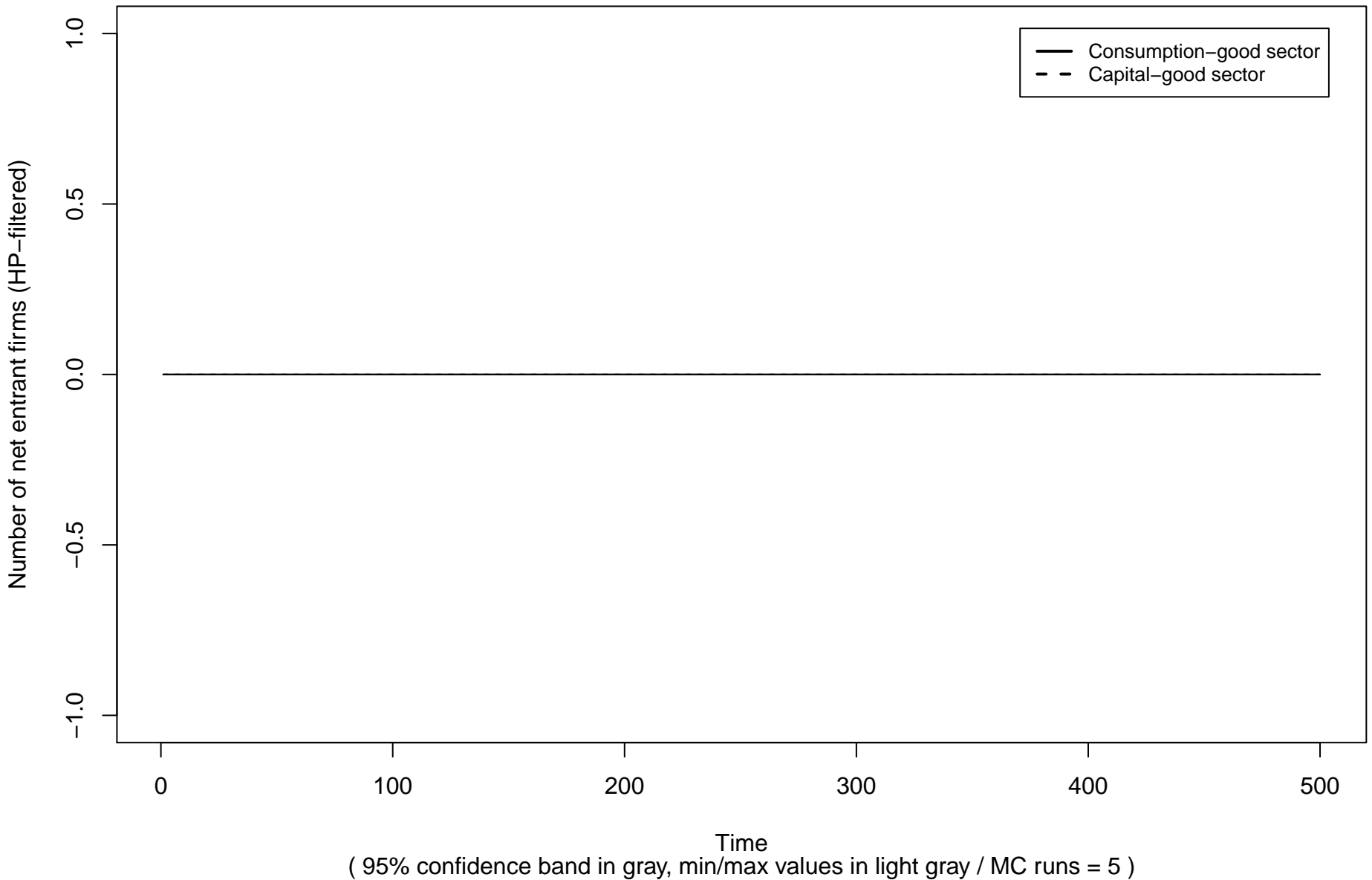
Innovation and imitation (Free entry)



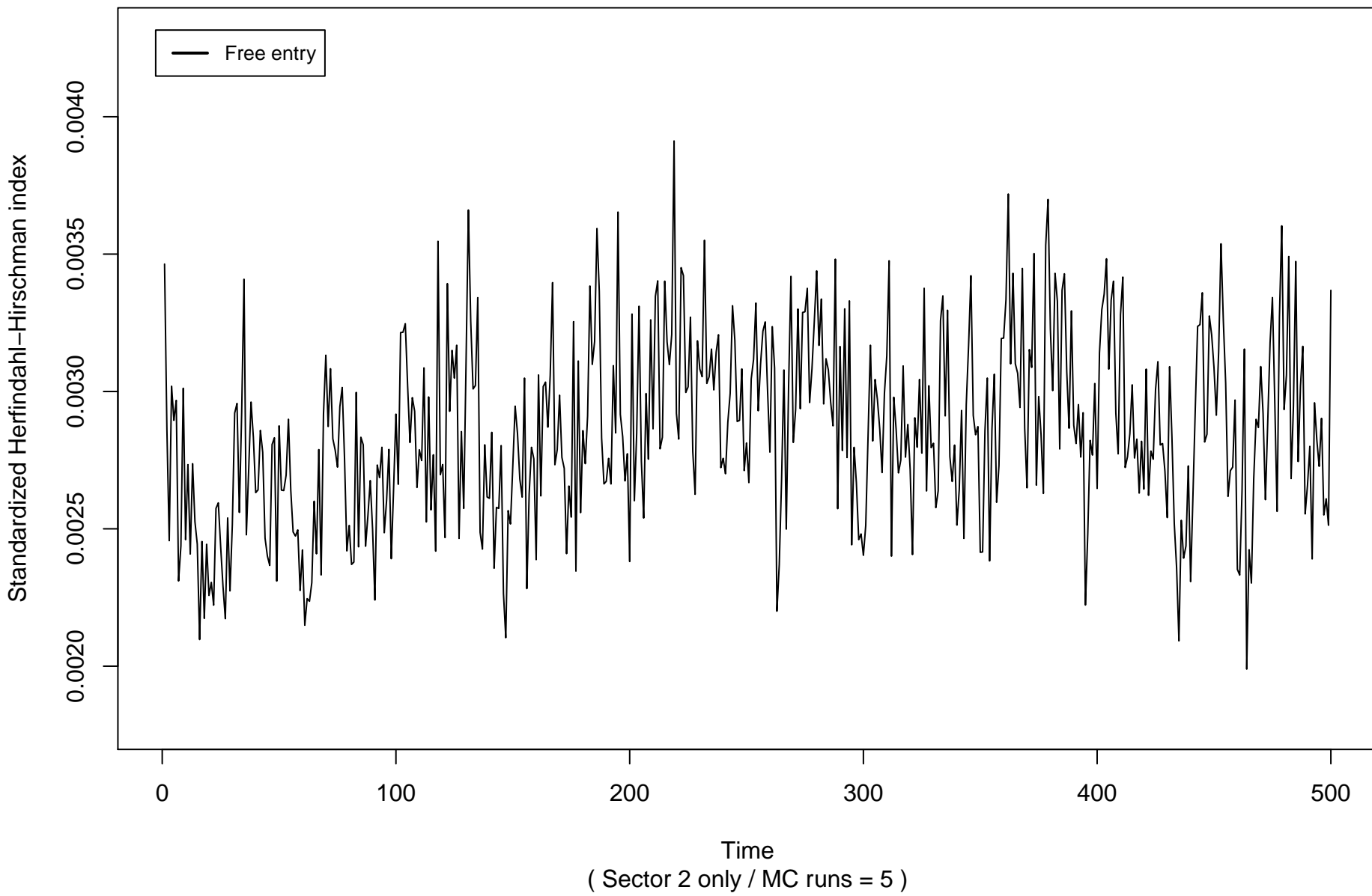
Net entry of firms trend (all experiments)



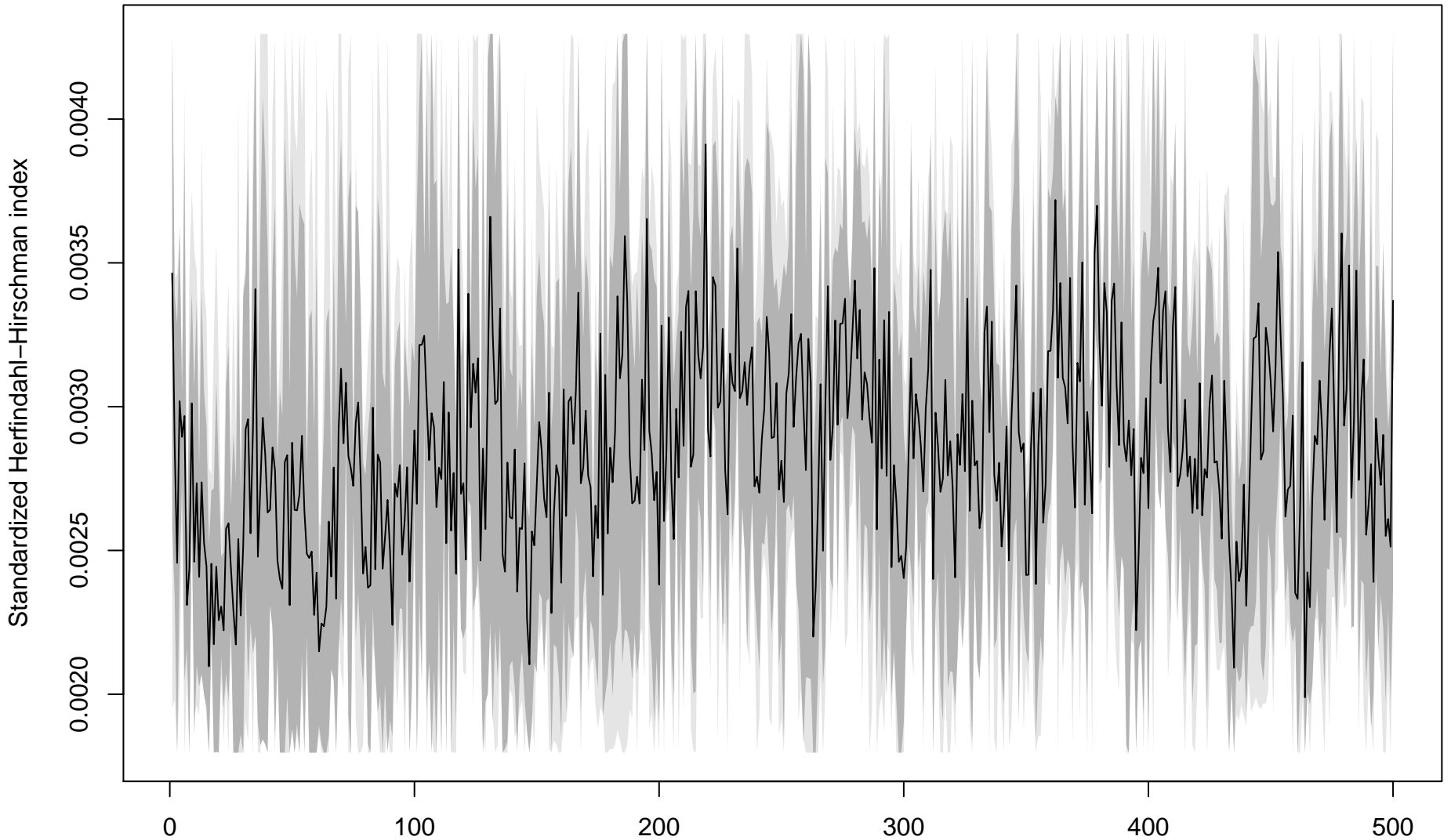
Net entry of firms trend (Free entry)



Market concentration (all experiments)

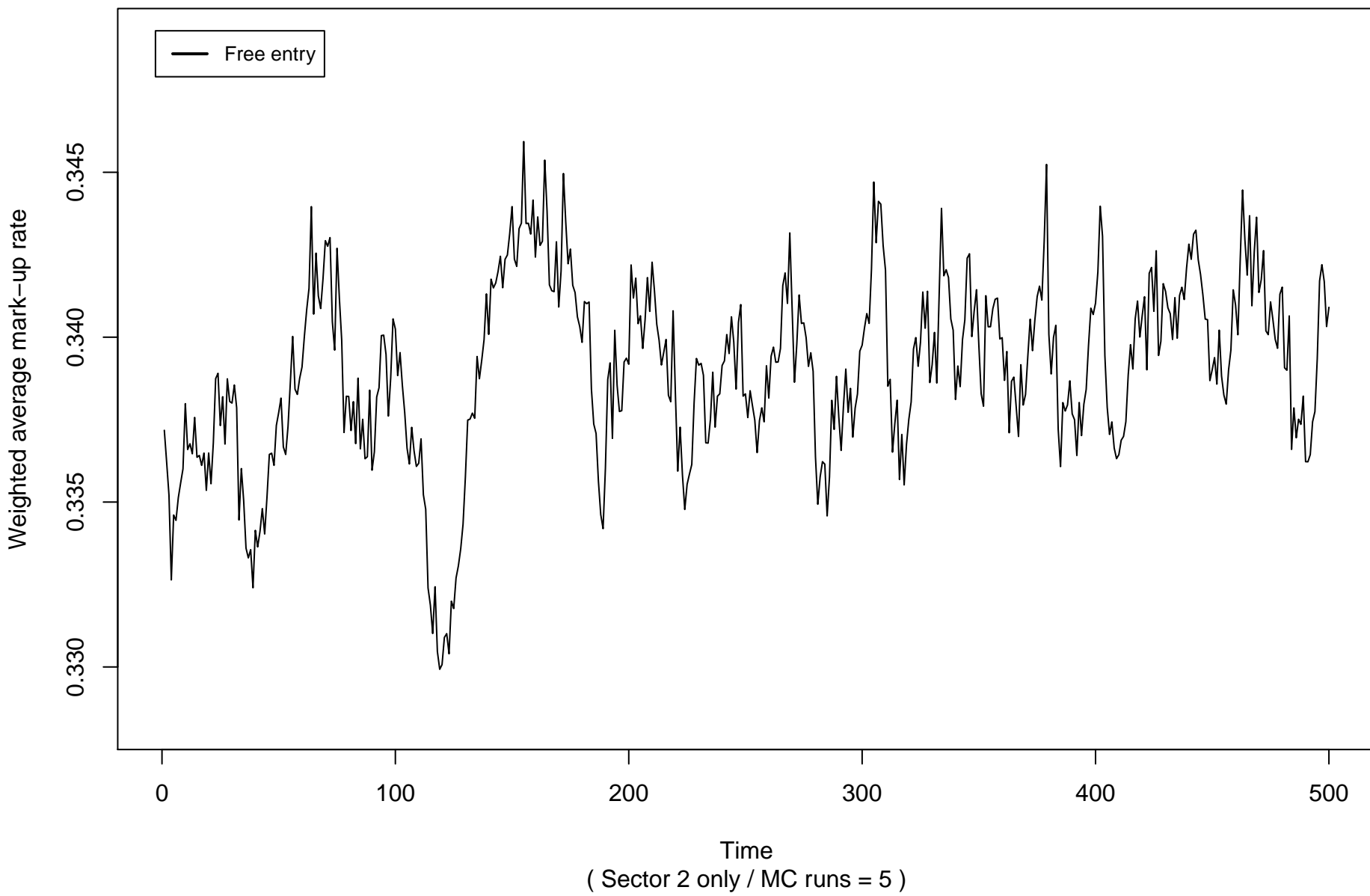


Market concentration (Free entry)

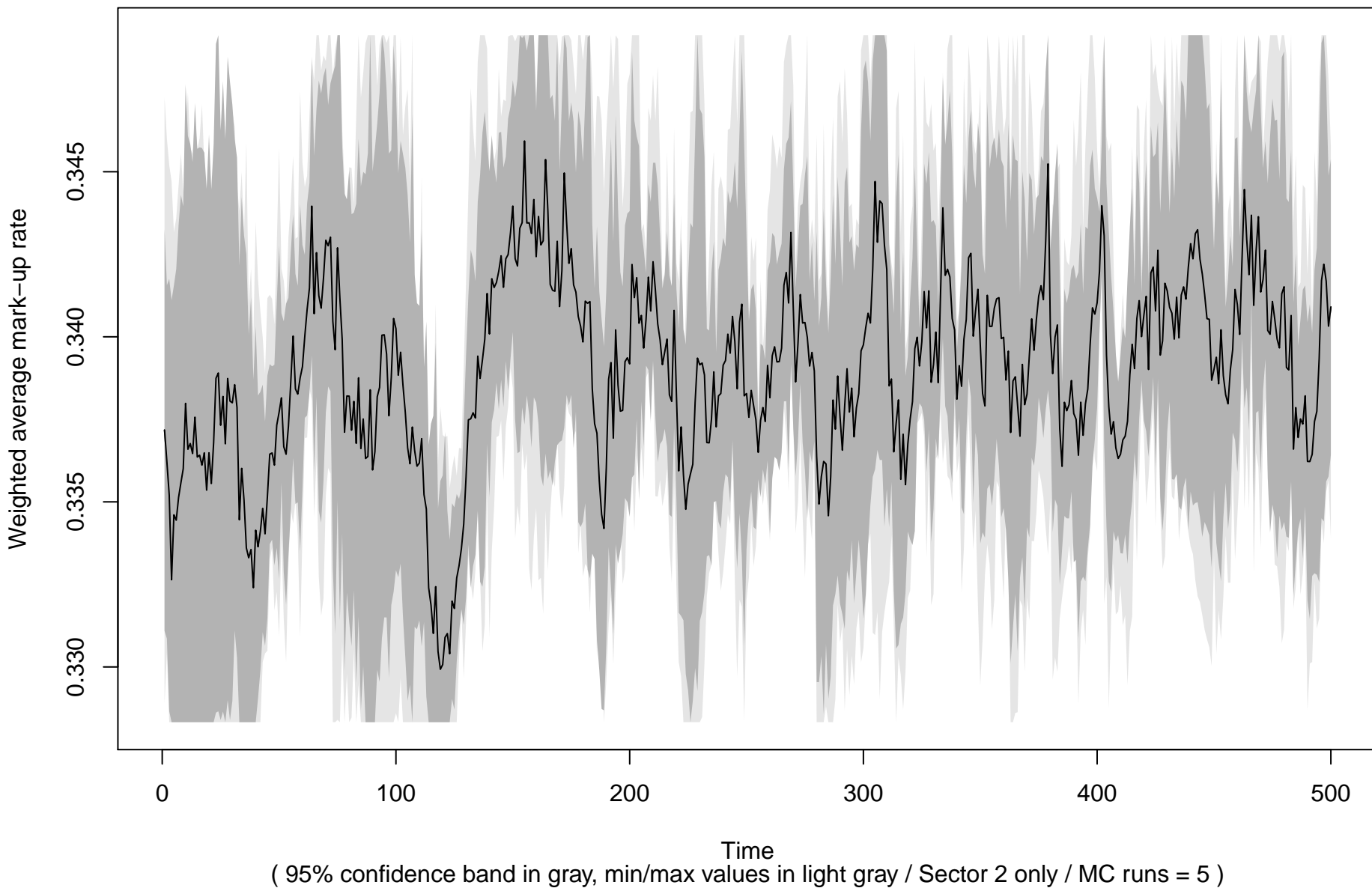


(95% confidence band in gray, min/max values in light gray / Sector 2 only / MC runs = 5)

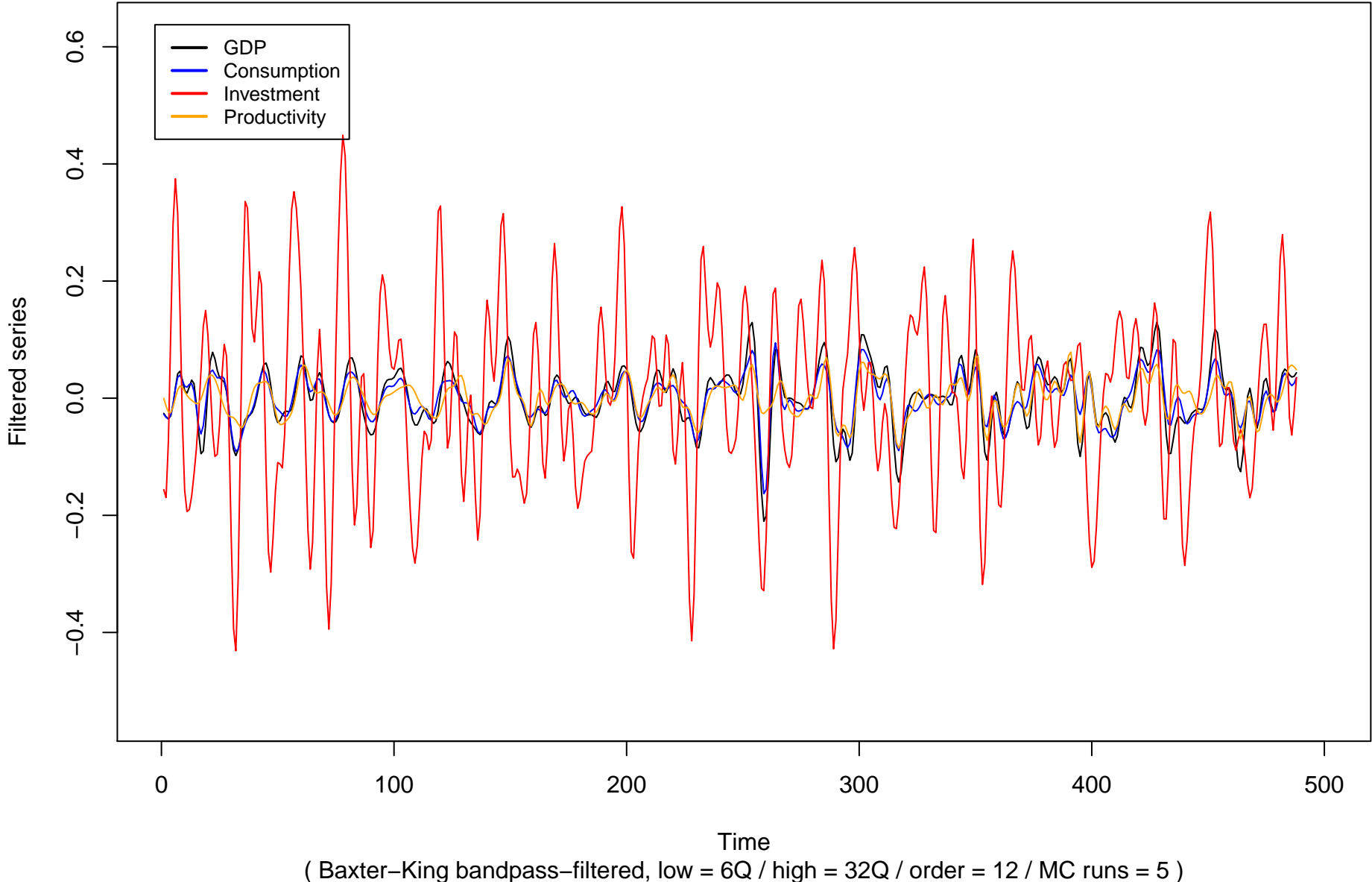
Mark-up average (all experiments)



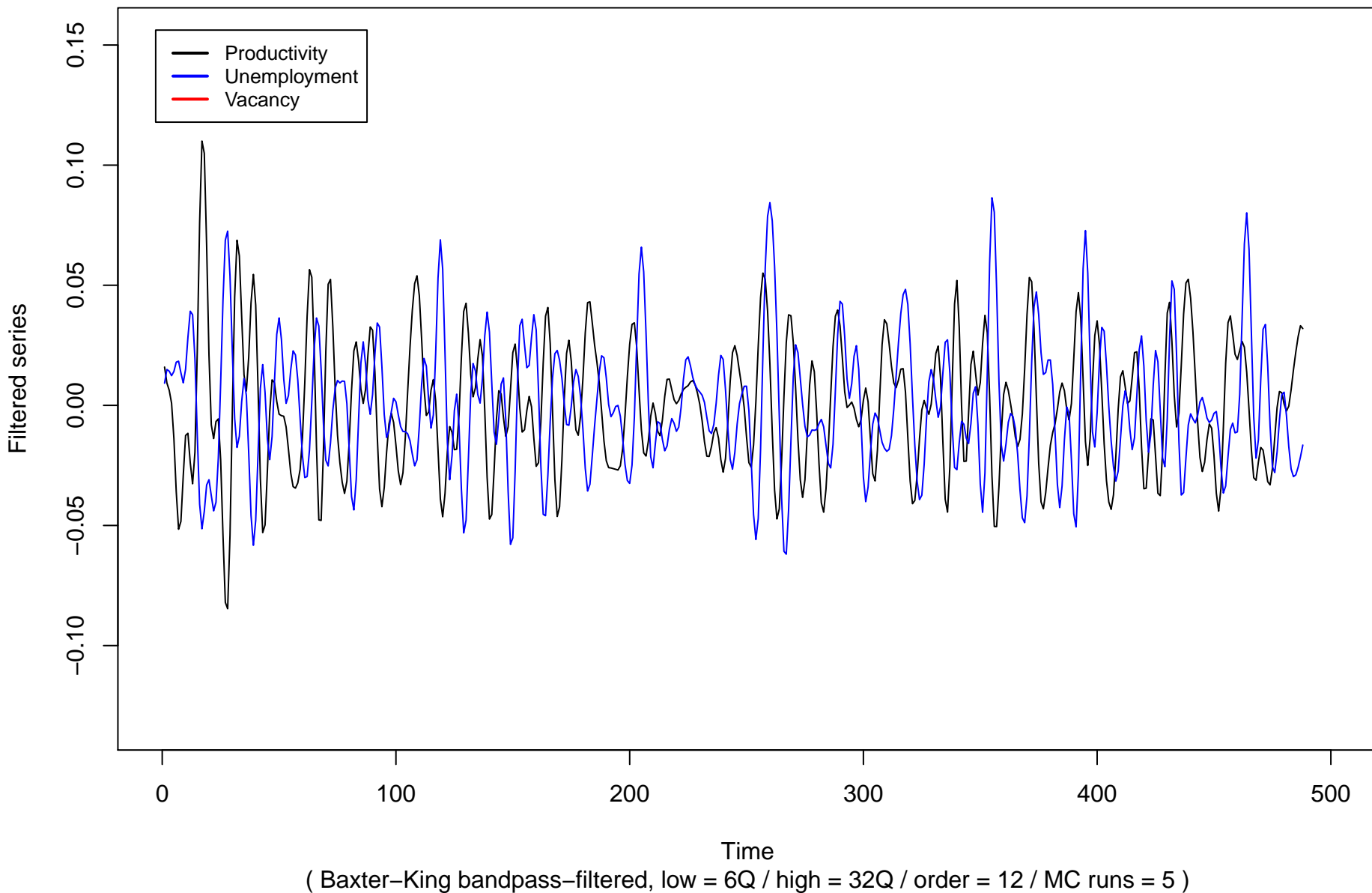
Mark-up average (Free entry)



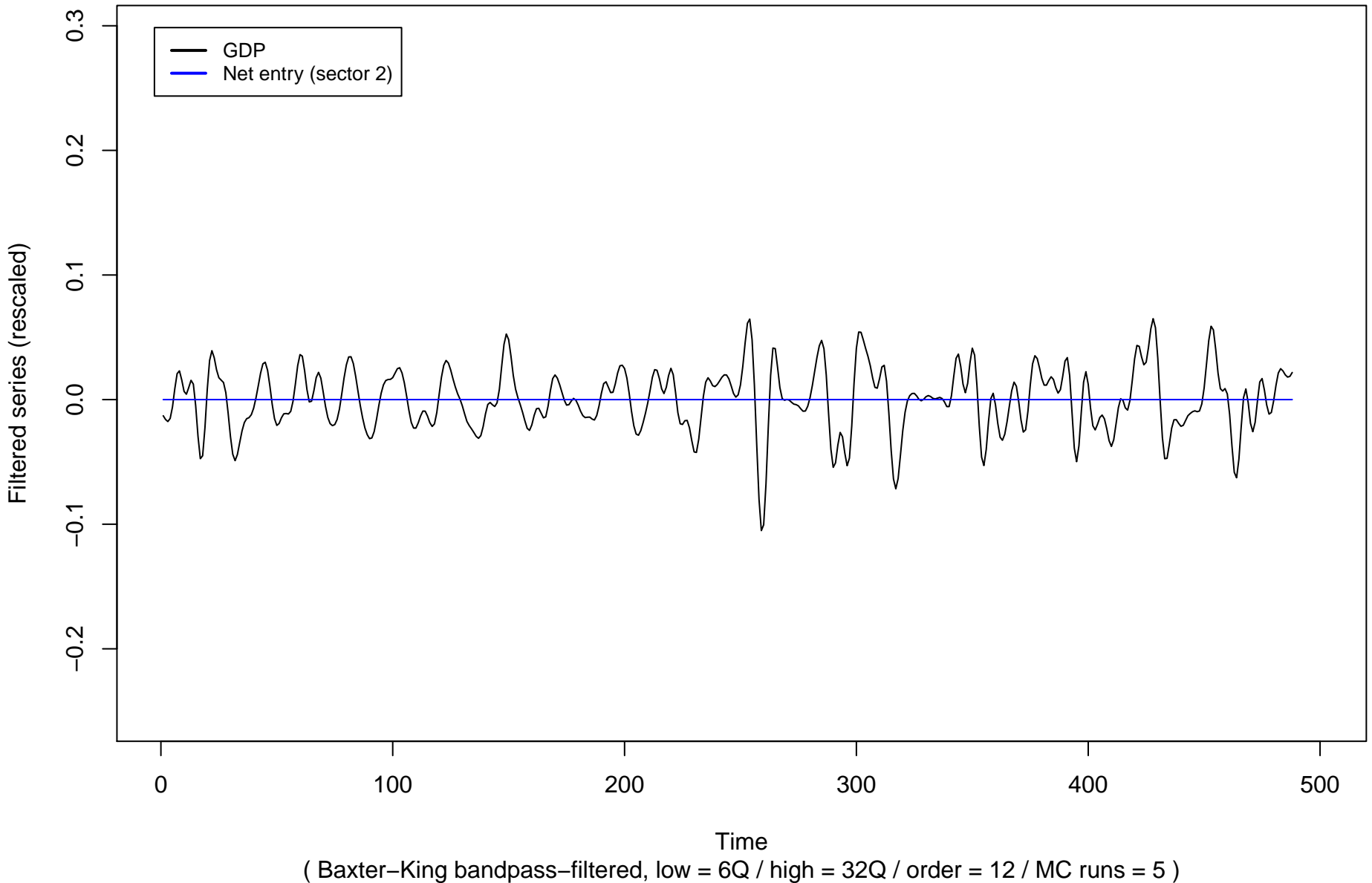
GDP cycles (Free entry)



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	0.01288	0.01286	0.01185	0.01294	0.01295
(s.e.)	0.001203	0.001088	0.0009007	0.0009682	0.001017
ADF test (logs)	-2.459	-2.198	-7.195	-2.444	-2.773
(s.e.)	0.3409	0.4203	0.2271	0.4407	0.3719
(p-val.)	0.409	0.4954	0.01	0.4287	0.3108
(s.e.)	0.123	0.1629	0	0.1601	0.1204
ADF test (bpf)	-5.981	-5.445	-6.669	-6.994	-6.482
(s.e.)	0.2681	0.3195	0.1686	0.7802	0.3915
(p-val.)	0.01	0.01	0.01	0.01	0.01
(s.e.)	0	0	0	0	0
s.d. (bpf)	0.08605	0.06932	1.654	0.06327	0.07443
(s.e.)	0.003971	0.00395	0.07544	0.003364	0.006396
relative s.d. (GDP)	1	0.8057	19.22	0.7353	0.865

(bpf: Baxter–King bandpass–filtered series, low = 6Q / high = 32Q / order = 12 / MC runs = 5 / 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)	-0.0504	0.2308	0.5827	0.881	1	0.881	0.5827	0.2308	-0.0504
(s.e.)	0.05504	0.05223	0.03297	0.01009	2.483e-17	0.01009	0.03297	0.05223	0.05504
(p-val.)	0.1875	0.02234	5.396e-05	7.552e-08	NA	7.552e-08	5.396e-05	0.02234	0.1875
Consumption	0.08545	0.3171	0.5969	0.8366	0.9395	0.8489	0.5985	0.2791	-0.00648
(s.e.)	0.05729	0.05479	0.03878	0.01991	0.009663	0.01562	0.03459	0.05185	0.05772
(p-val.)	0.202	0.006184	9.162e-05	1.432e-06	4.789e-08	5.09e-07	5.773e-05	0.009233	0.3039
Investment	-0.3793	-0.4944	-0.4915	-0.3296	-0.04652	0.251	0.4489	0.4868	0.3894
(s.e.)	0.05371	0.04745	0.04922	0.06771	0.07969	0.07561	0.06094	0.03903	0.0275
(p-val.)	0.00254	0.0004735	0.0005594	0.01054	0.001463	0.04327	0.001878	0.0002395	0.0001779
Net investment	-0.3151	-0.4254	-0.4305	-0.2908	-0.03948	0.2252	0.3991	0.4269	0.3328
(s.e.)	0.04904	0.04422	0.05152	0.07656	0.09319	0.09083	0.0751	0.05032	0.02574
(p-val.)	0.004344	0.0007248	0.001219	0.02561	0.0008183	0.09262	0.006587	0.00116	0.0003013
Change in inventories	-0.3325	-0.2134	0.0276	0.2815	0.4216	0.3756	0.1967	-0.004209	-0.1224
(s.e.)	0.03853	0.03554	0.02067	0.01062	0.02575	0.03952	0.0481	0.04772	0.03473
(p-val.)	0.001401	0.009945	0.9769	2.272e-05	9.33e-05	0.0008551	0.03611	0.2571	0.1449
Unemployment rate	0.2797	0.3749	0.3393	0.1762	-0.04184	-0.208	-0.2583	-0.1915	-0.06682
(s.e.)	0.05266	0.04194	0.06037	0.08276	0.09223	0.08806	0.08439	0.08723	0.08433
(p-val.)	0.009621	0.001078	0.006345	0.00119	0.3045	0.1098	0.05113	0.1353	0.2377
Productivity	0.1495	0.3676	0.5931	0.7605	0.8095	0.7149	0.5086	0.2579	0.03306
(s.e.)	0.05368	0.04439	0.02978	0.02214	0.03939	0.06125	0.07806	0.08405	0.07392
(p-val.)	0.05153	0.001462	3.33e-05	3.337e-06	2.501e-05	0.0002445	0.00268	0.05087	0.1479
Mark-up (sector 2)	0.2438	0.1768	0.07952	-0.02827	-0.1187	-0.166	-0.1675	-0.137	-0.09705
(s.e.)	0.08758	0.08599	0.08826	0.08558	0.07578	0.06498	0.05902	0.05745	0.05451
(p-val.)	0.04525	0.1082	0.04402	0.1883	0.2904	0.1281	0.09588	0.04295	0.08395
Total firm debt	0.1975	0.09398	-0.02059	-0.1254	-0.2023	-0.2456	-0.2544	-0.2393	-0.2111
(s.e.)	0.06395	0.05942	0.05978	0.05783	0.04401	0.02037	0.02845	0.05576	0.0732
(p-val.)	0.07006	0.3376	0.4016	0.1543	0.02494	0.0006231	0.001795	0.02304	0.02496
Liquidity-to-sales ratio	0.1145	-0.06458	-0.2901	-0.5144	-0.6694	-0.6994	-0.5985	-0.4097	-0.2019
(s.e.)	0.05036	0.03782	0.02657	0.01498	0.02451	0.04813	0.06459	0.0699	0.06961
(p-val.)	0.04878	0.6105	0.000691	4.217e-06	8.868e-06	0.0001051	0.0006534	0.004596	0.07743
Bankruptcy rate	0.4148	0.3813	0.2473	0.05213	-0.1317	-0.24	-0.256	-0.2109	-0.157
(s.e.)	0.02581	0.05915	0.09554	0.1011	0.08516	0.07215	0.07121	0.07265	0.07423
(p-val.)	0.0001018	0.003507	0.0716	0.09275	0.05788	0.03284	0.03441	0.07296	0.1772

(non-rate/ratio series are Baxter–King bandpass-filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 5 / 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)	−0.0504	0.2308	0.5827	0.881	1	0.881	0.5827	0.2308	−0.0504
(s.e.)	0.05504	0.05223	0.03297	0.01009	2.483e−17	0.01009	0.03297	0.05223	0.05504
(p−val.)	0.1875	0.02234	5.396e−05	7.552e−08	NA	7.552e−08	5.396e−05	0.02234	0.1875
Consumption	0.08545	0.3171	0.5969	0.8366	0.9395	0.8489	0.5985	0.2791	−0.00648
(s.e.)	0.05729	0.05479	0.03878	0.01991	0.009663	0.01562	0.03459	0.05185	0.05772
(p−val.)	0.202	0.006184	9.162e−05	1.432e−06	4.789e−08	5.09e−07	5.773e−05	0.009233	0.3039
Investment	−0.3793	−0.4944	−0.4915	−0.3296	−0.04652	0.251	0.4489	0.4868	0.3894
(s.e.)	0.05371	0.04745	0.04922	0.06771	0.07969	0.07561	0.06094	0.03903	0.0275
(p−val.)	0.00254	0.0004735	0.0005594	0.01054	0.001463	0.04327	0.001878	0.0002395	0.0001779
Productivity	0.1495	0.3676	0.5931	0.7605	0.8095	0.7149	0.5086	0.2579	0.03306
(s.e.)	0.05368	0.04439	0.02978	0.02214	0.03939	0.06125	0.07806	0.08405	0.07392
(p−val.)	0.05153	0.001462	3.33e−05	3.337e−06	2.501e−05	0.0002445	0.00268	0.05087	0.1479
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	−0.1309	0.09041	0.3346	0.5276	0.6088	0.5601	0.4169	0.2438	0.09959
(s.e.)	0.08249	0.08049	0.06572	0.0466	0.03712	0.03816	0.04256	0.05233	0.06334
(p−val.)	0.05337	0.2092	0.00897	0.0003283	7.047e−05	0.0001149	0.0006892	0.01758	0.2788
Wage	0.2783	0.5163	0.7152	0.8133	0.7773	0.6176	0.3911	0.1646	−0.01428
(s.e.)	0.05192	0.03301	0.0185	0.02567	0.0402	0.05291	0.06002	0.05762	0.04669
(p−val.)	0.009397	9.474e−05	2.145e−06	4.466e−06	3.243e−05	0.0002642	0.003295	0.1079	0.5587
Unemployment rate	0.2797	0.3749	0.3393	0.1762	−0.04184	−0.208	−0.2583	−0.1915	−0.06682
(s.e.)	0.05266	0.04194	0.06037	0.08276	0.09223	0.08806	0.08439	0.08723	0.08433
(p−val.)	0.009621	0.001078	0.006345	0.00119	0.3045	0.1098	0.05113	0.1353	0.2377
Vacancy rate	0.288	0.02262	−0.273	−0.4833	−0.5316	−0.4258	−0.2438	−0.08617	−0.01605
(s.e.)	0.03998	0.03734	0.0431	0.0593	0.07103	0.06809	0.05768	0.05857	0.06858
(p−val.)	0.003253	0.7108	0.0055	0.001221	0.001568	0.003545	0.02342	0.4607	0.3567

(non−rate/ratio series are Baxter–King bandpass−filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 5 / period = 301 – 600)
(test H0: lag coefficient is not significant at 5% level)

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

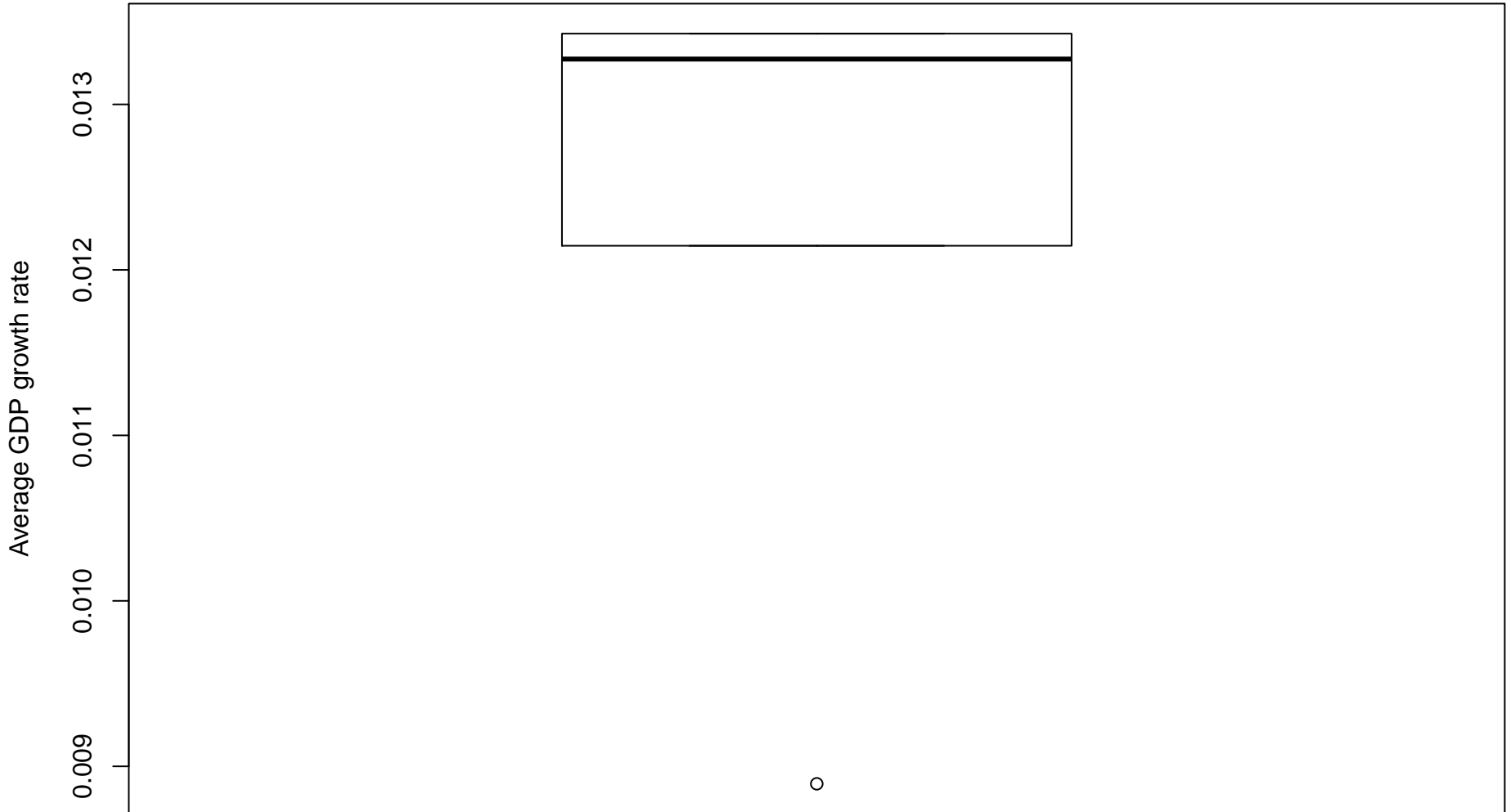
	avg.ADF	rej.ADF	avg.PP	rej.PP	avg.KPSS	rej.KPSS	avg.BDS	rej.BDS	avg.KS	rej.KS	AD	V
dGDP	0.01	1.00	0.01	1.00	0.10	0.00	0.12	0.60	0.57	0.00	0.58	C
dA	0.01	1.00	0.01	1.00	0.10	0.00	0.01	1.00	0.08	0.50	0.00	C
dw	0.01	1.00	0.01	1.00	0.10	0.00	0.02	0.80	0.07	0.50	0.00	C
V	0.01	1.00	0.01	1.00	0.06	0.40	0.13	0.80	0.15	0.50	0.00	C
U	0.01	1.00	0.01	1.00	0.04	0.80	0.00	1.00	0.02	0.90	0.00	C
mu2avg	0.01	1.00	0.01	1.00	0.04	0.60	0.00	1.00	0.04	0.90	0.00	C
HH1	0.01	1.00	0.01	1.00	0.10	0.00	0.00	1.00	0.13	0.60	0.00	C
HH2	0.01	1.00	0.01	1.00	0.07	0.20	0.20	0.60	0.20	0.60	0.00	C

(average p-values for testing H0 and rate of rejection of H0 / MC runs = 5 / period = 301 – 600)

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

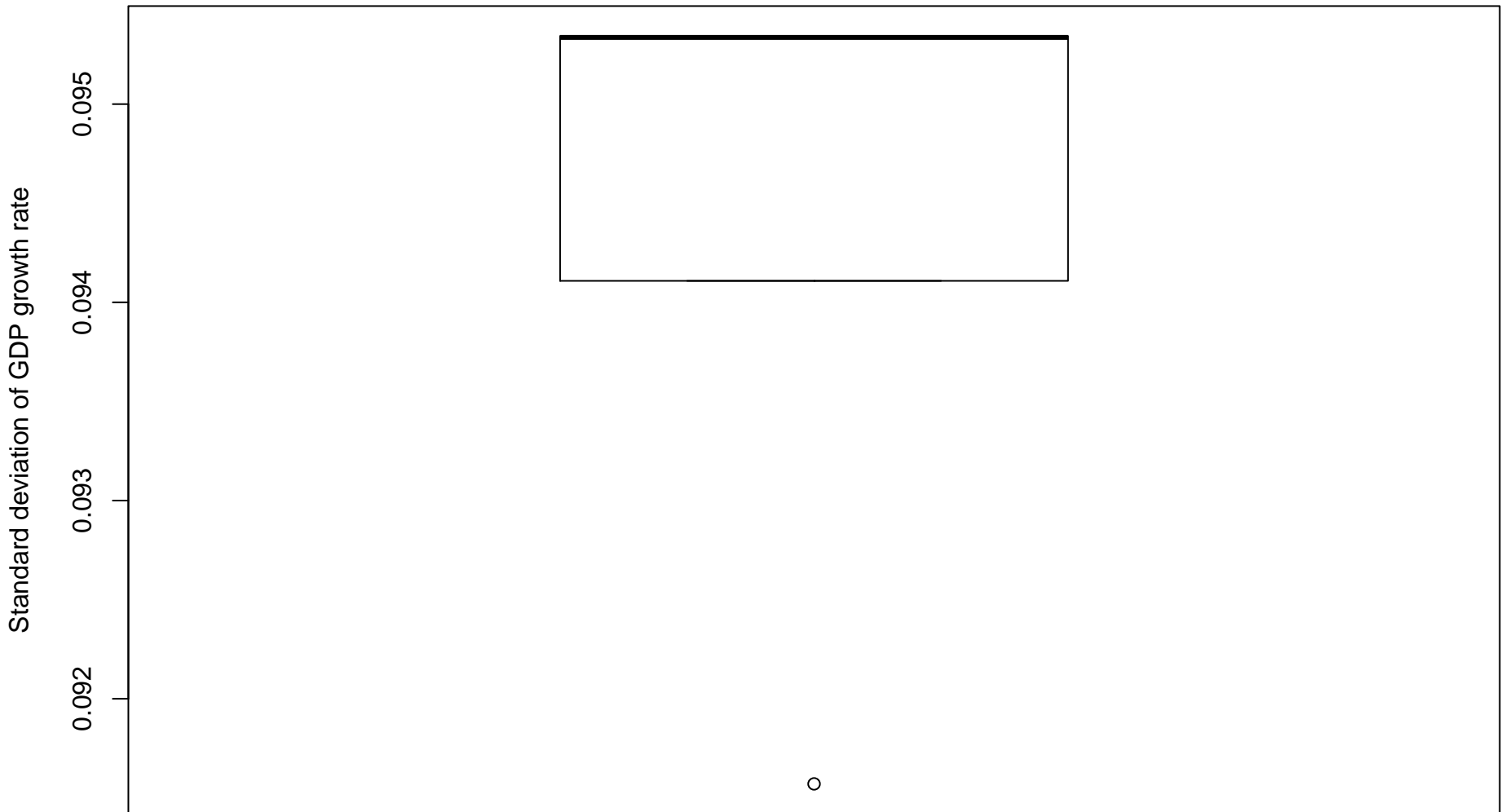
(significance = 0.05)

GDP growth



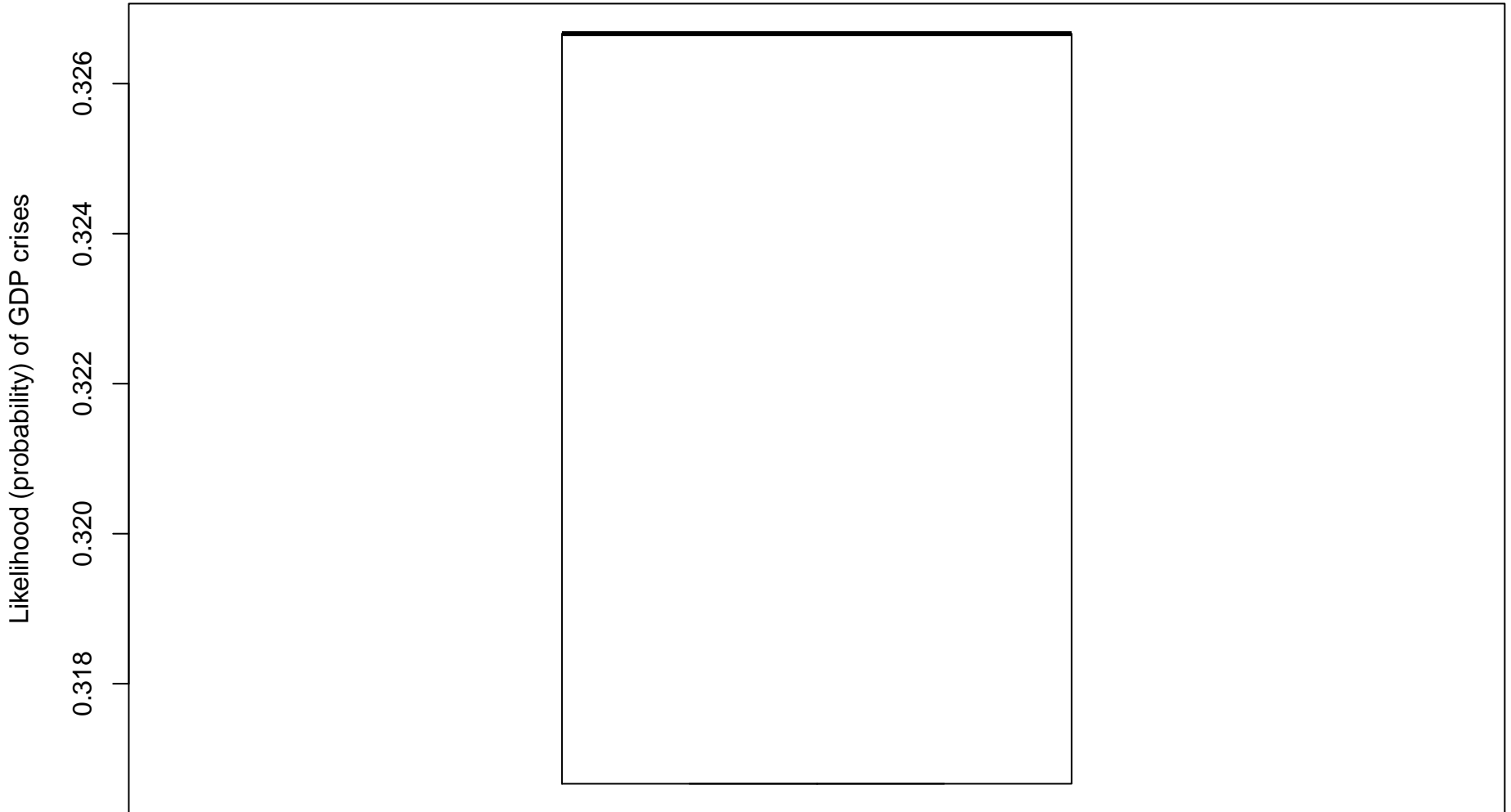
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Volatility of GDP growth



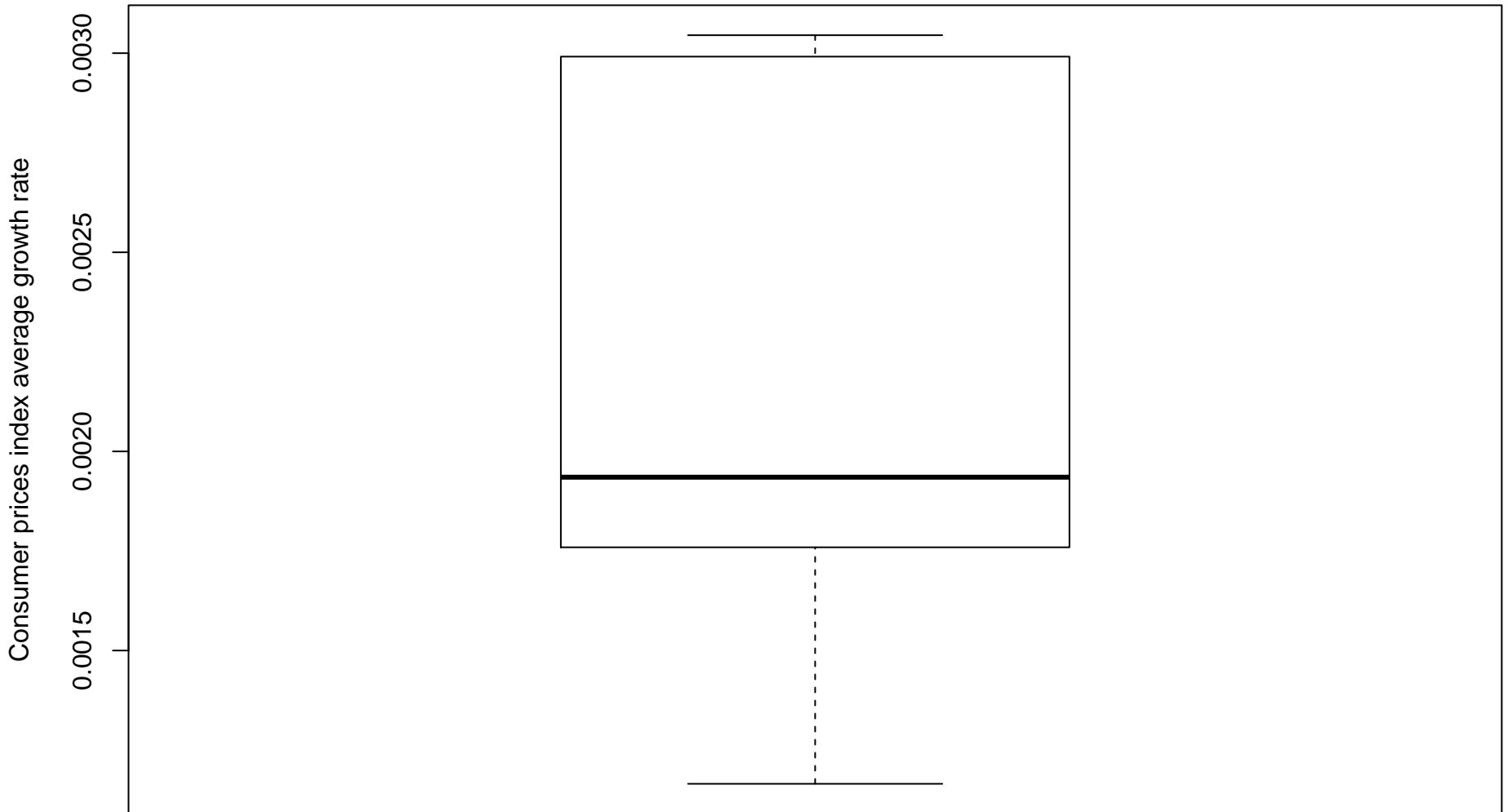
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Likelihood of GDP crises



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

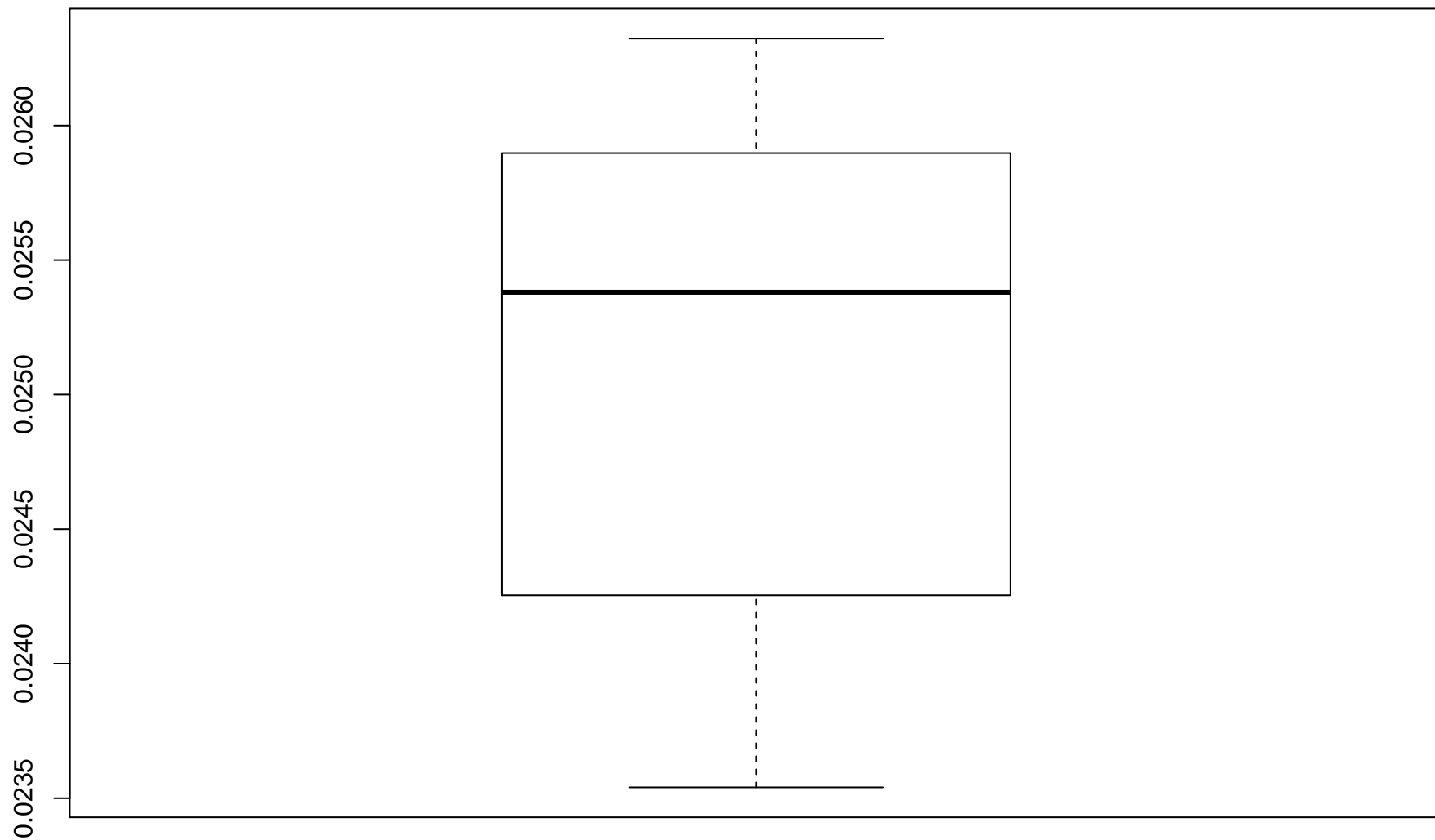
Inflation



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

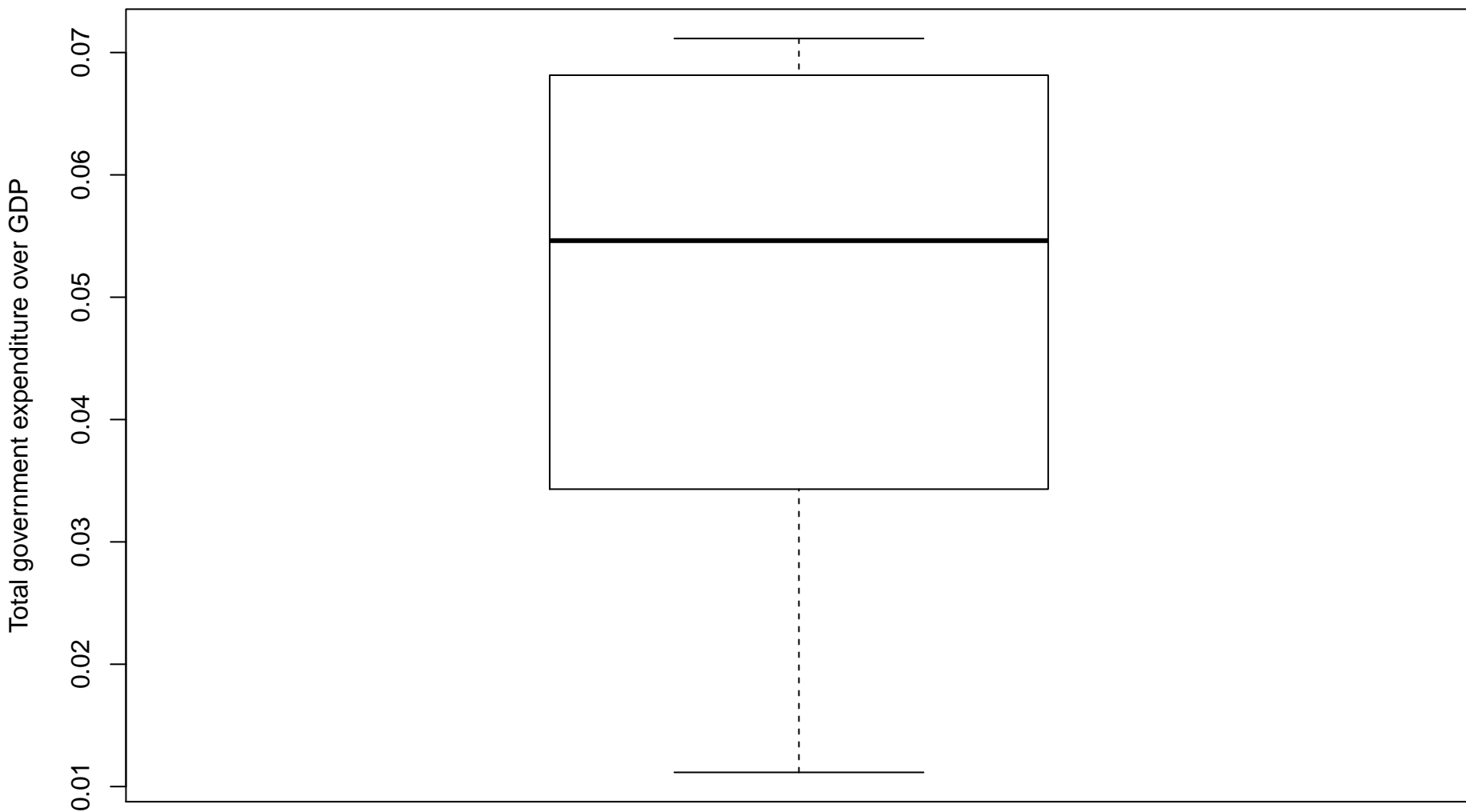
Government tax income over GDP

Tax



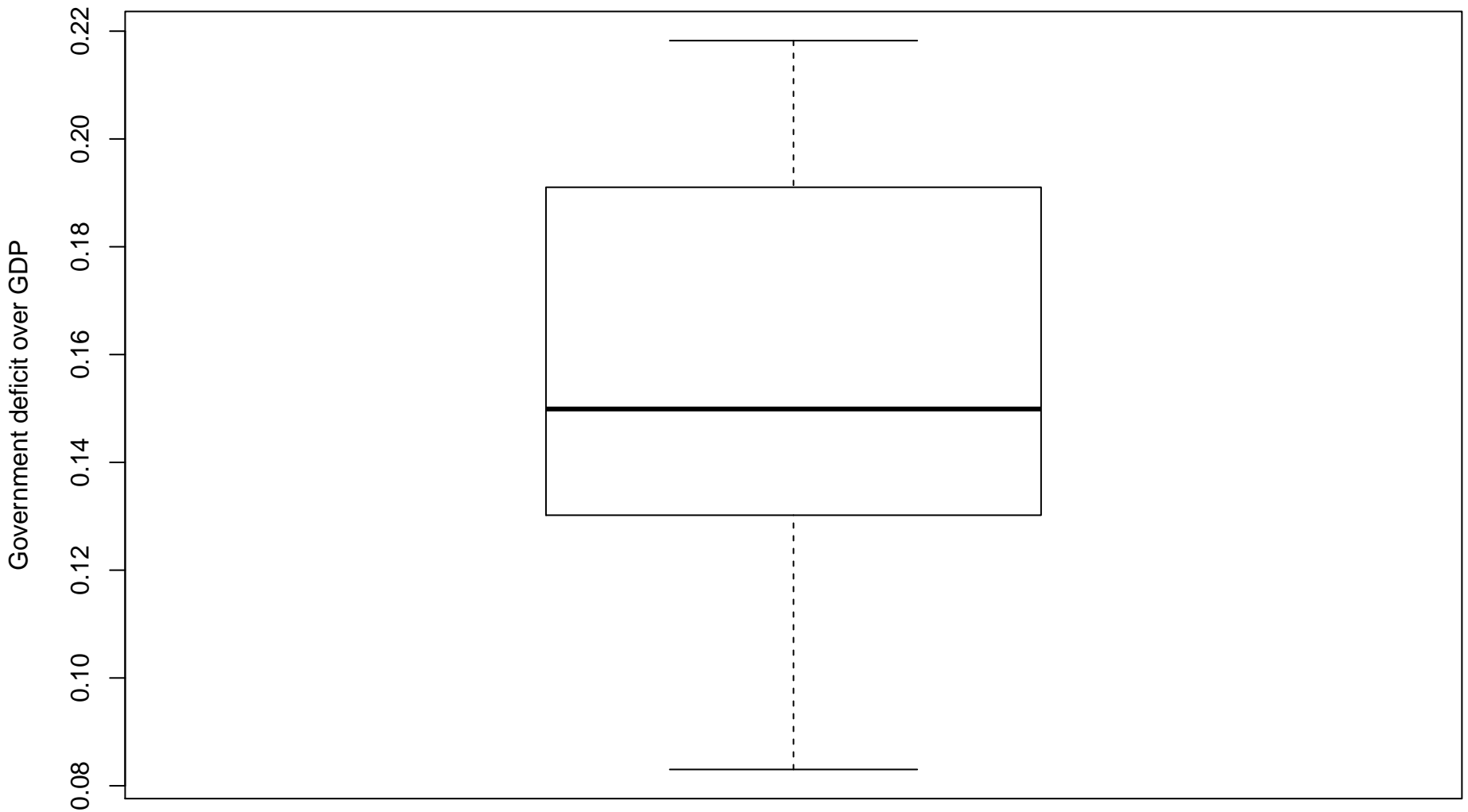
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government total expenditure



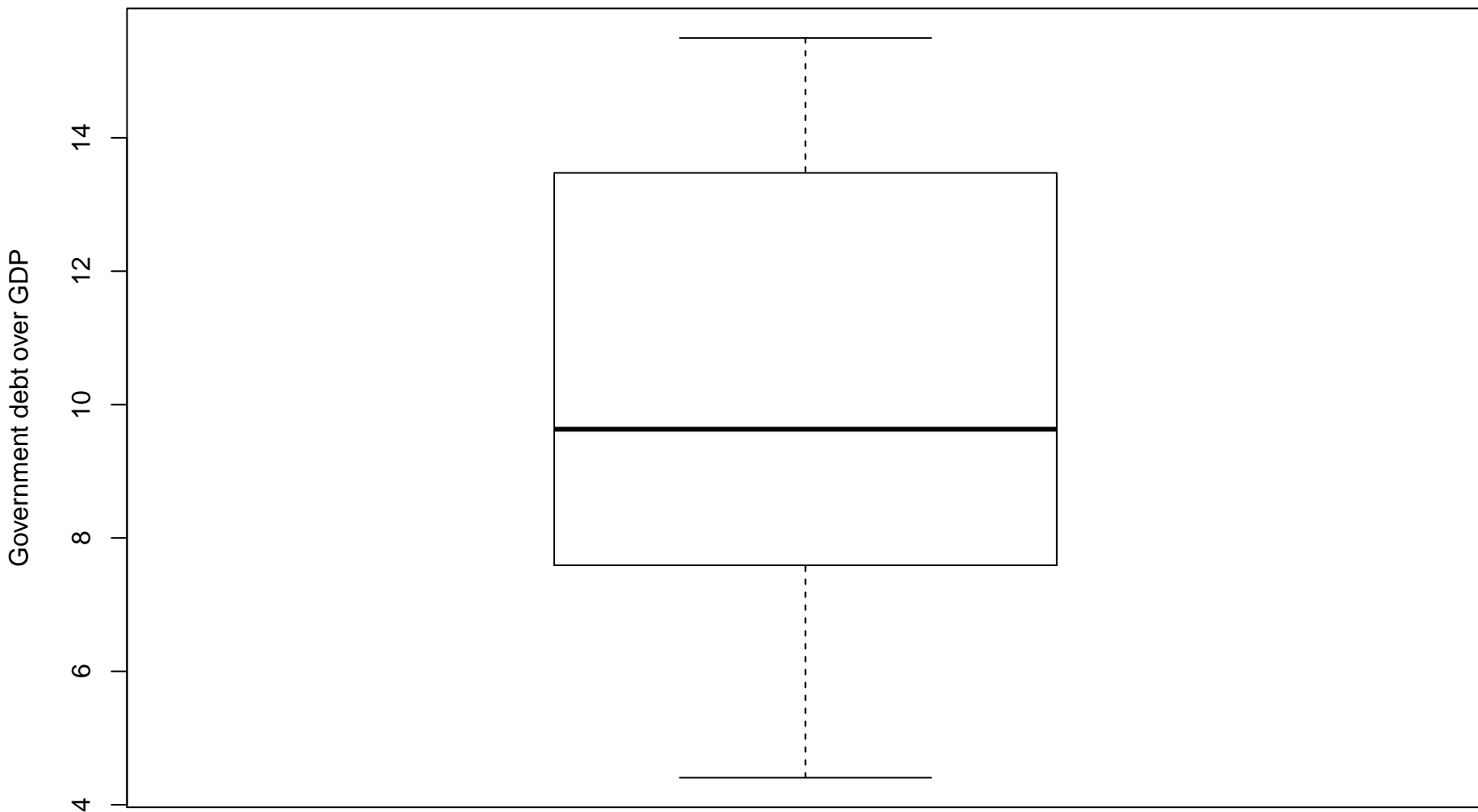
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government deficit



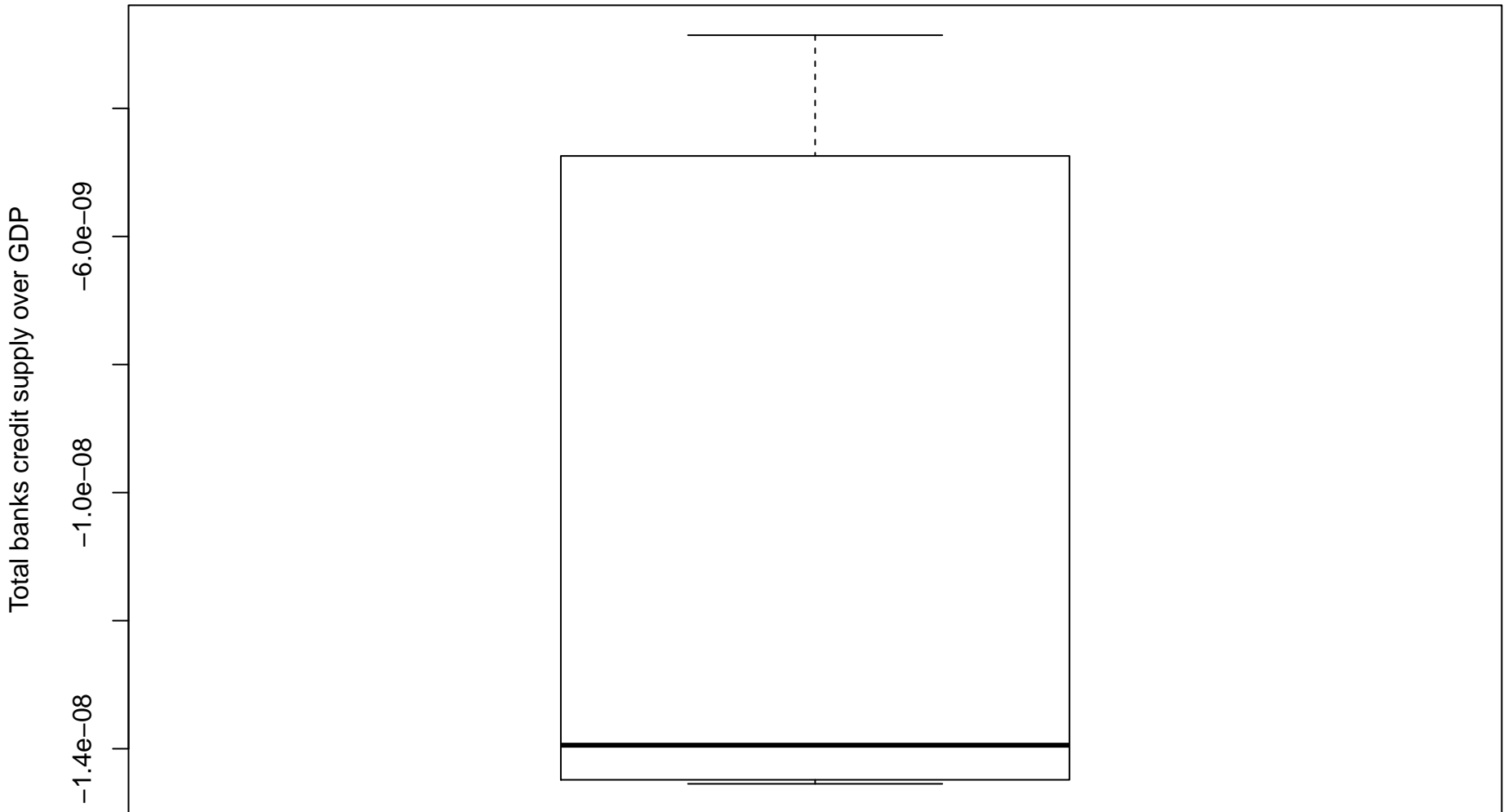
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government debt



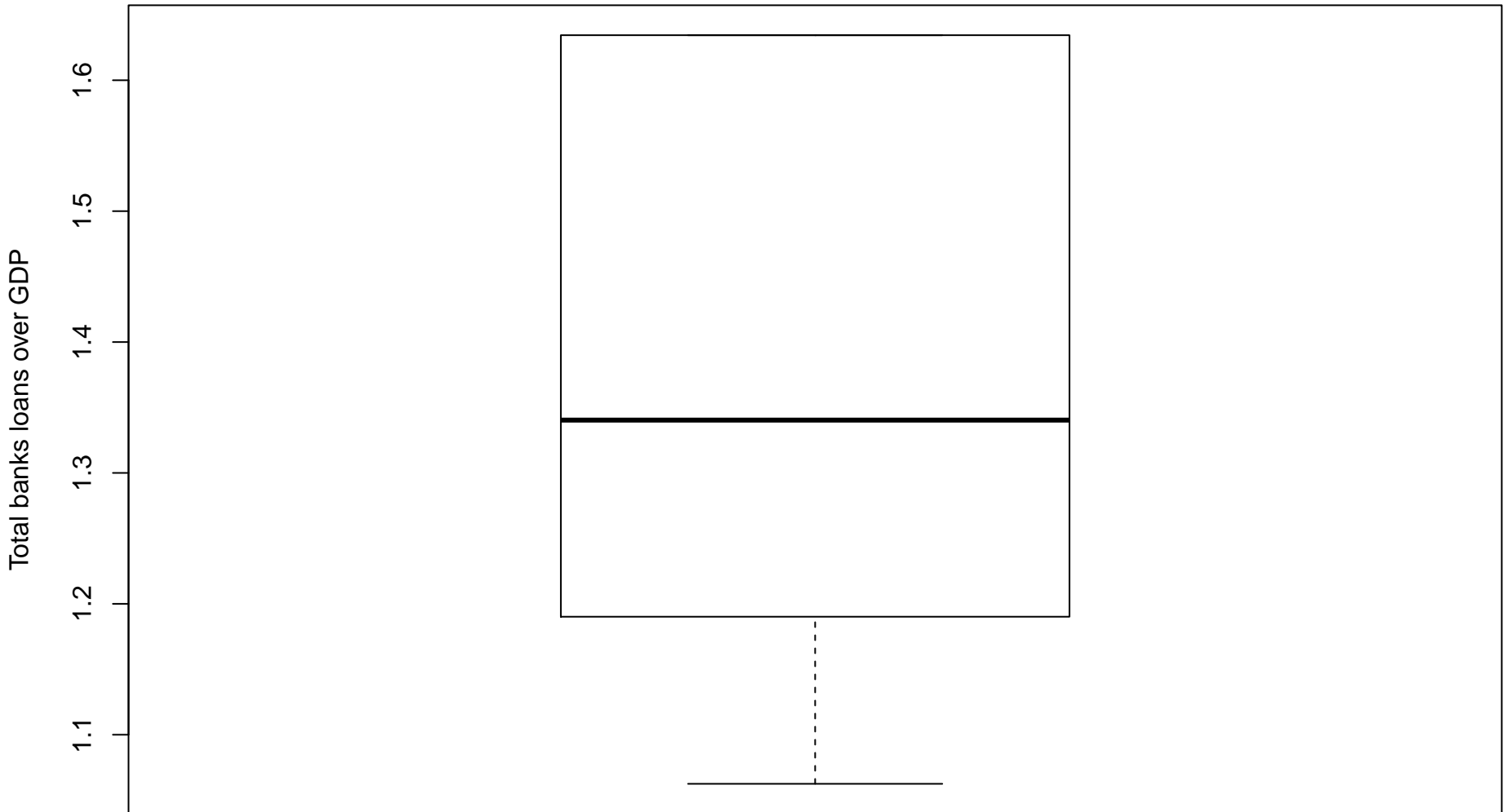
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Credit supply



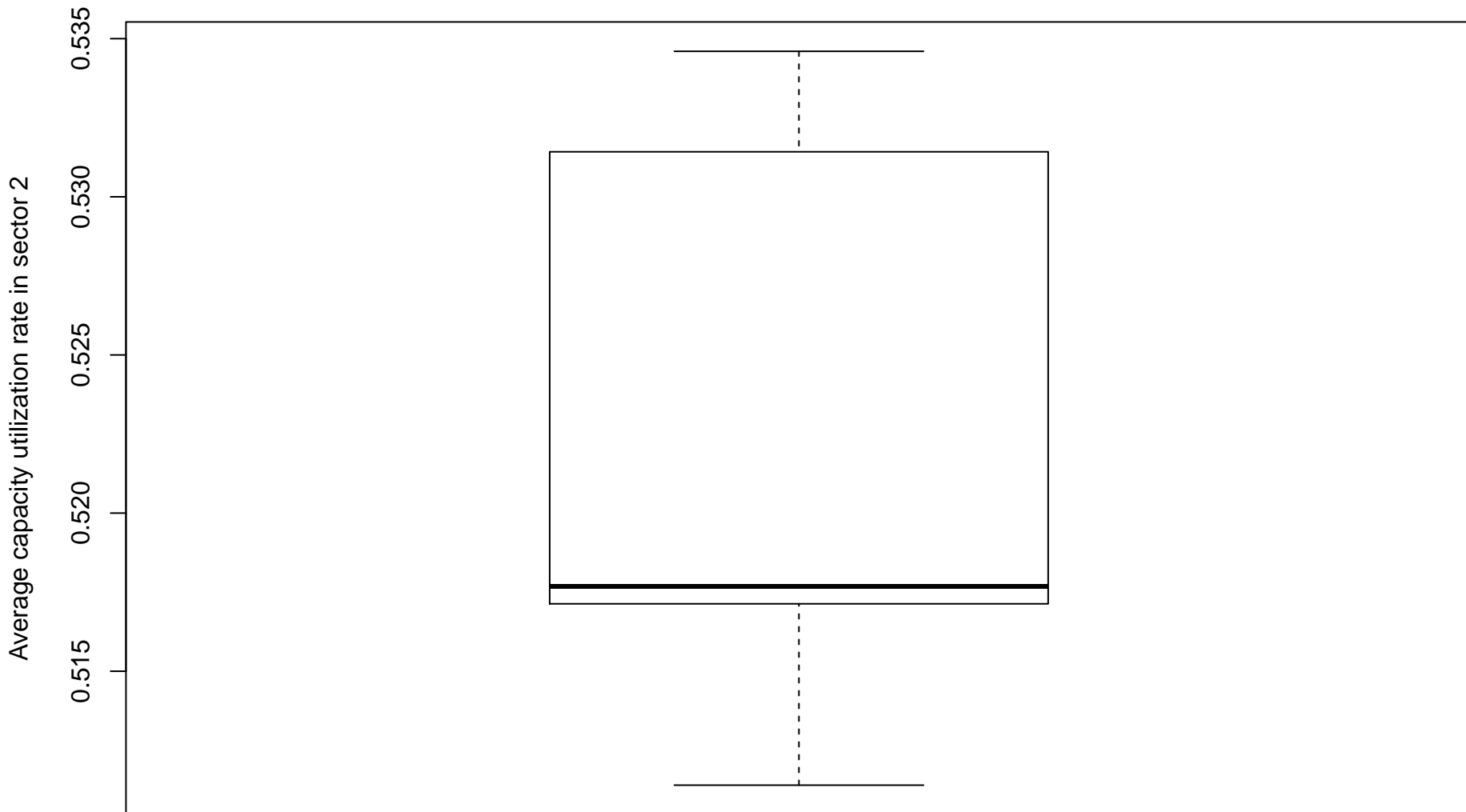
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Loans



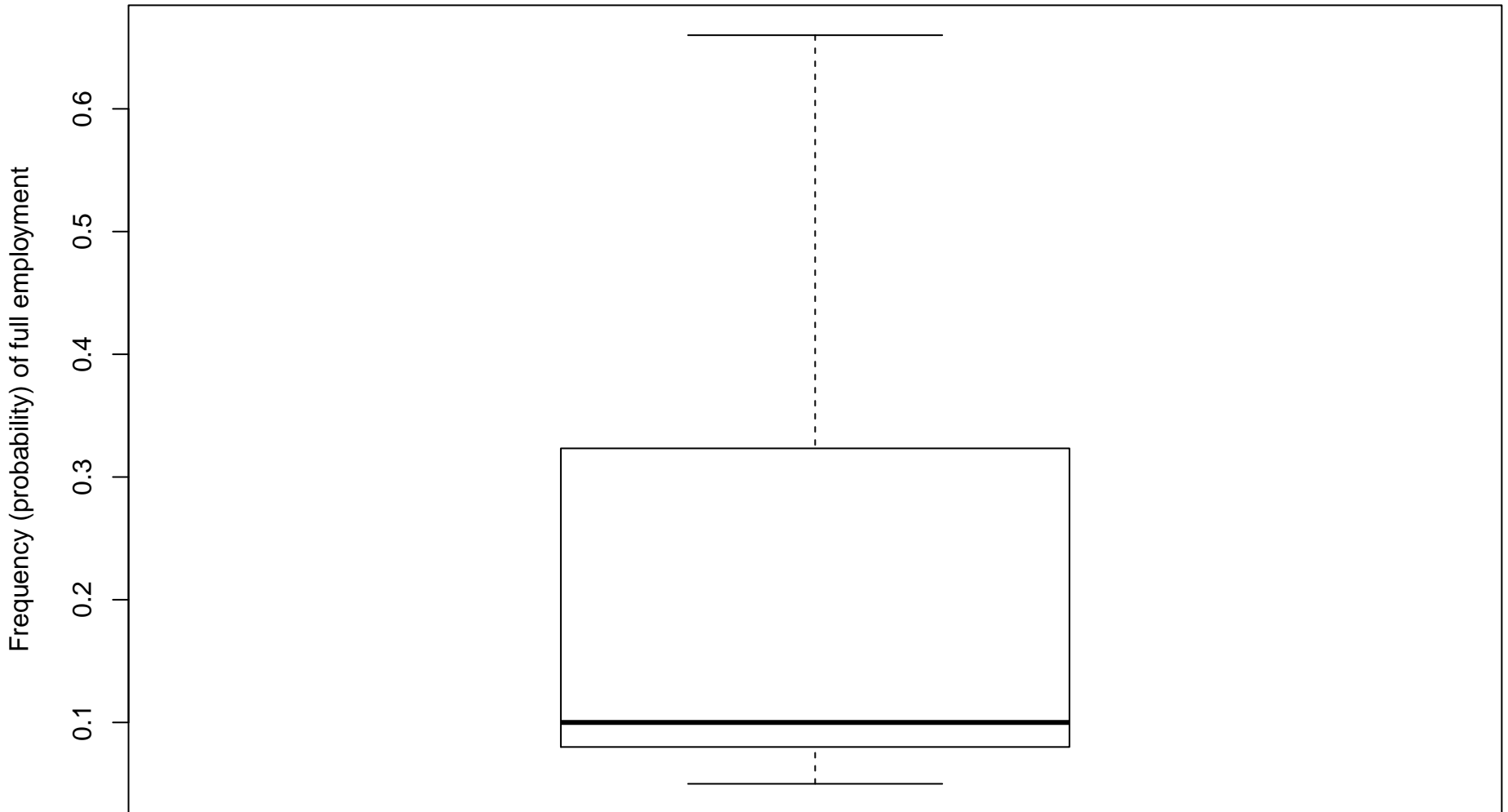
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Capacity utilization



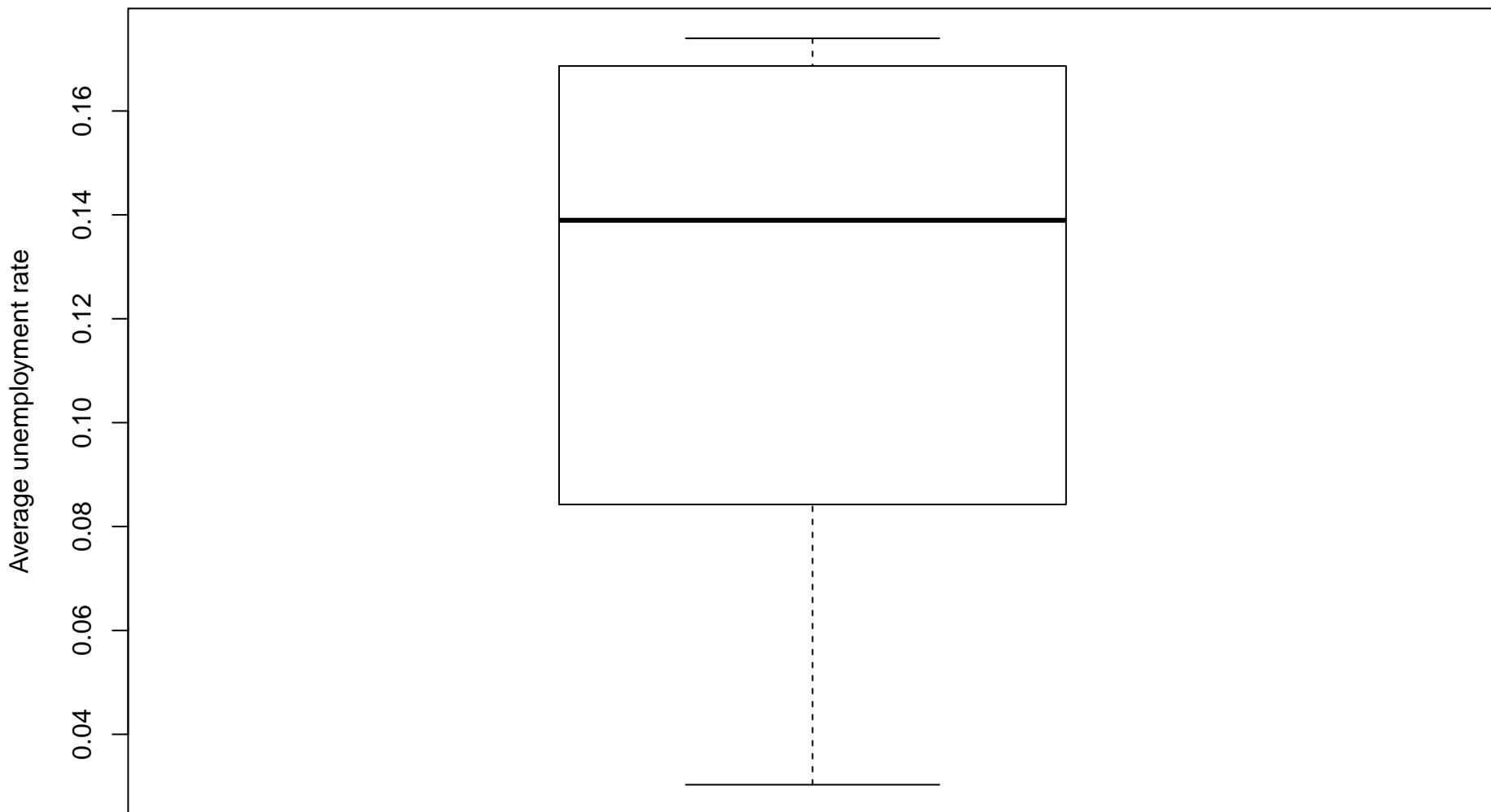
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Full employment frequency



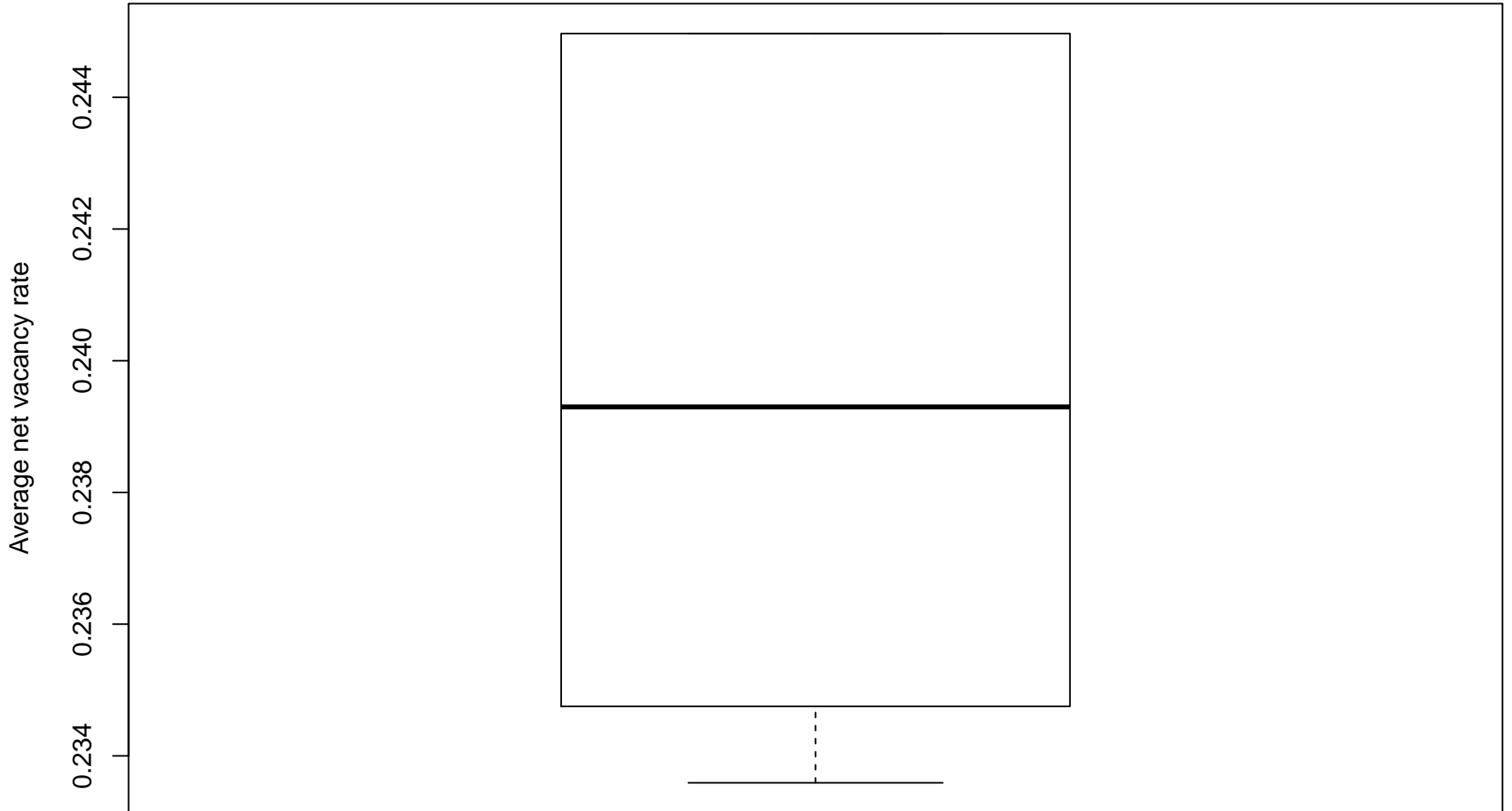
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Unemployment



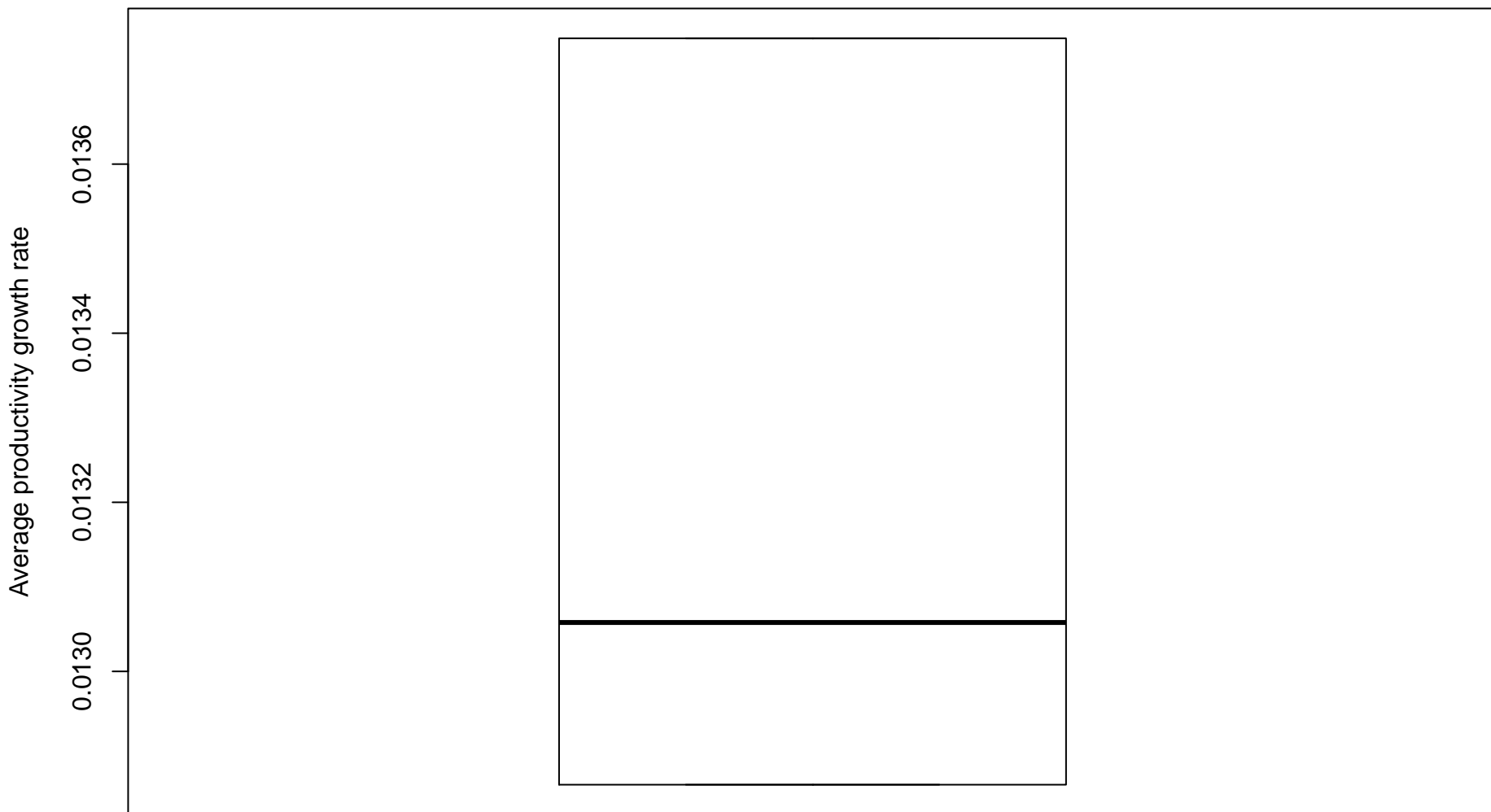
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Vacancy



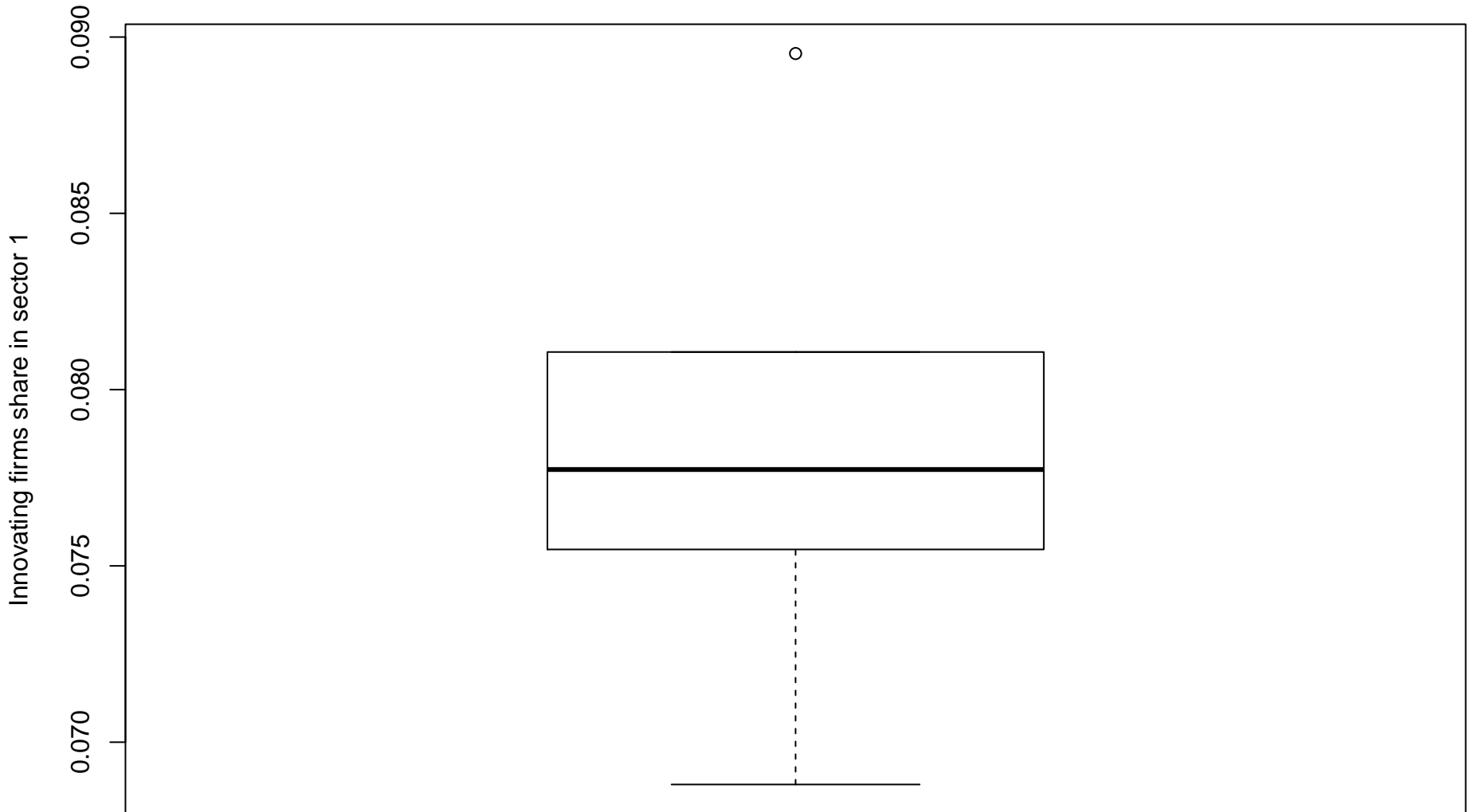
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Productivity growth



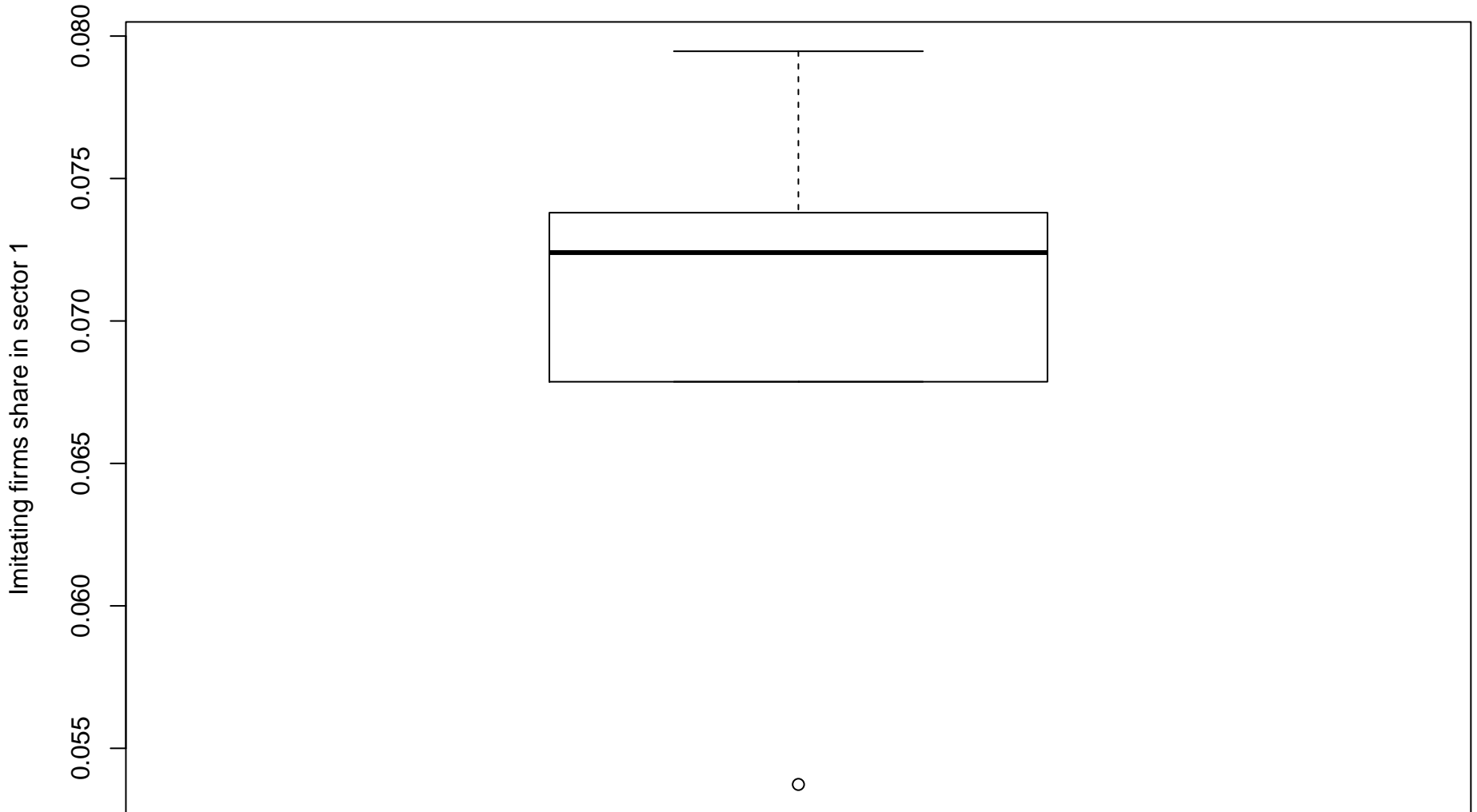
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Innovation



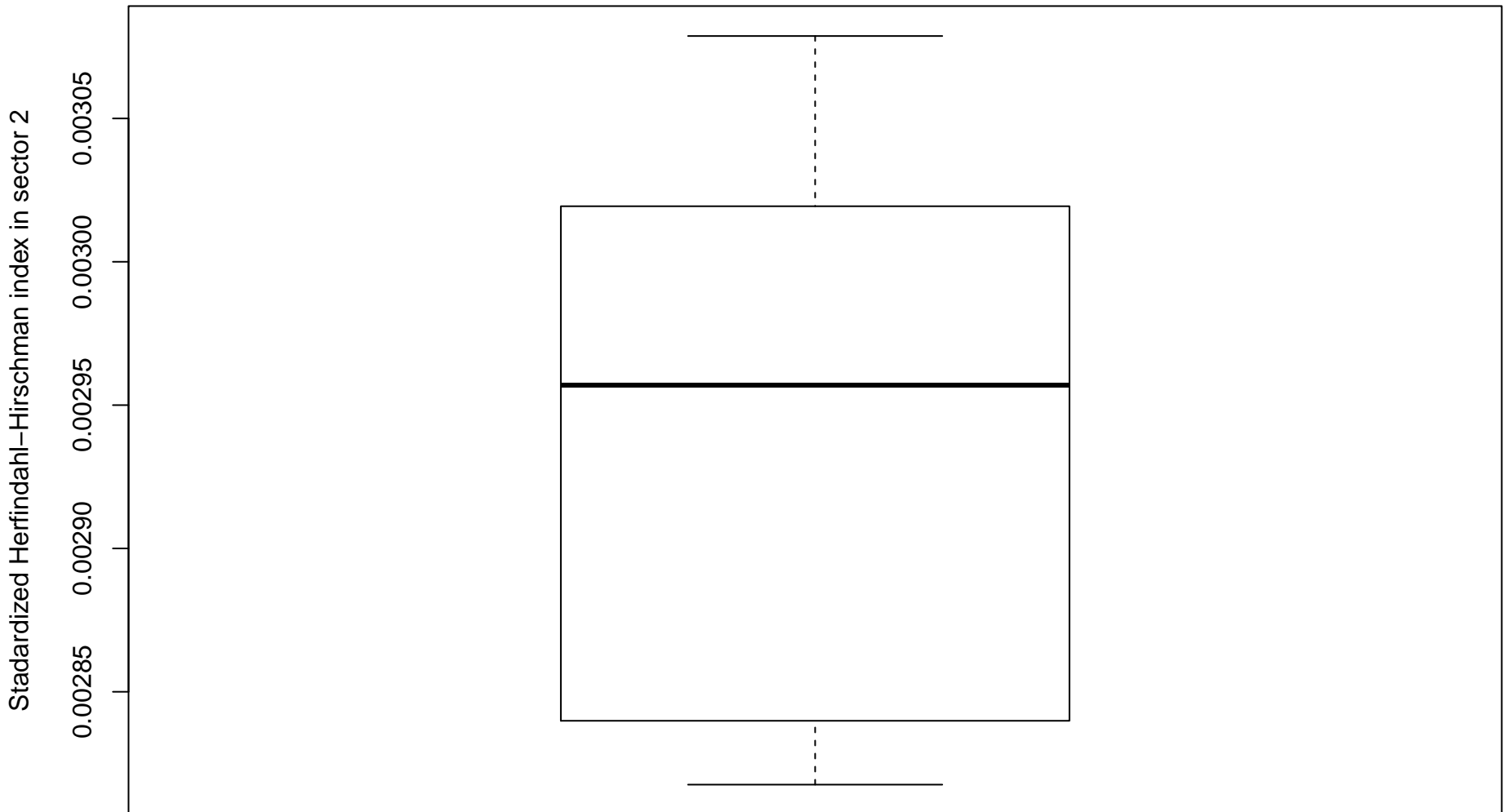
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Imitation



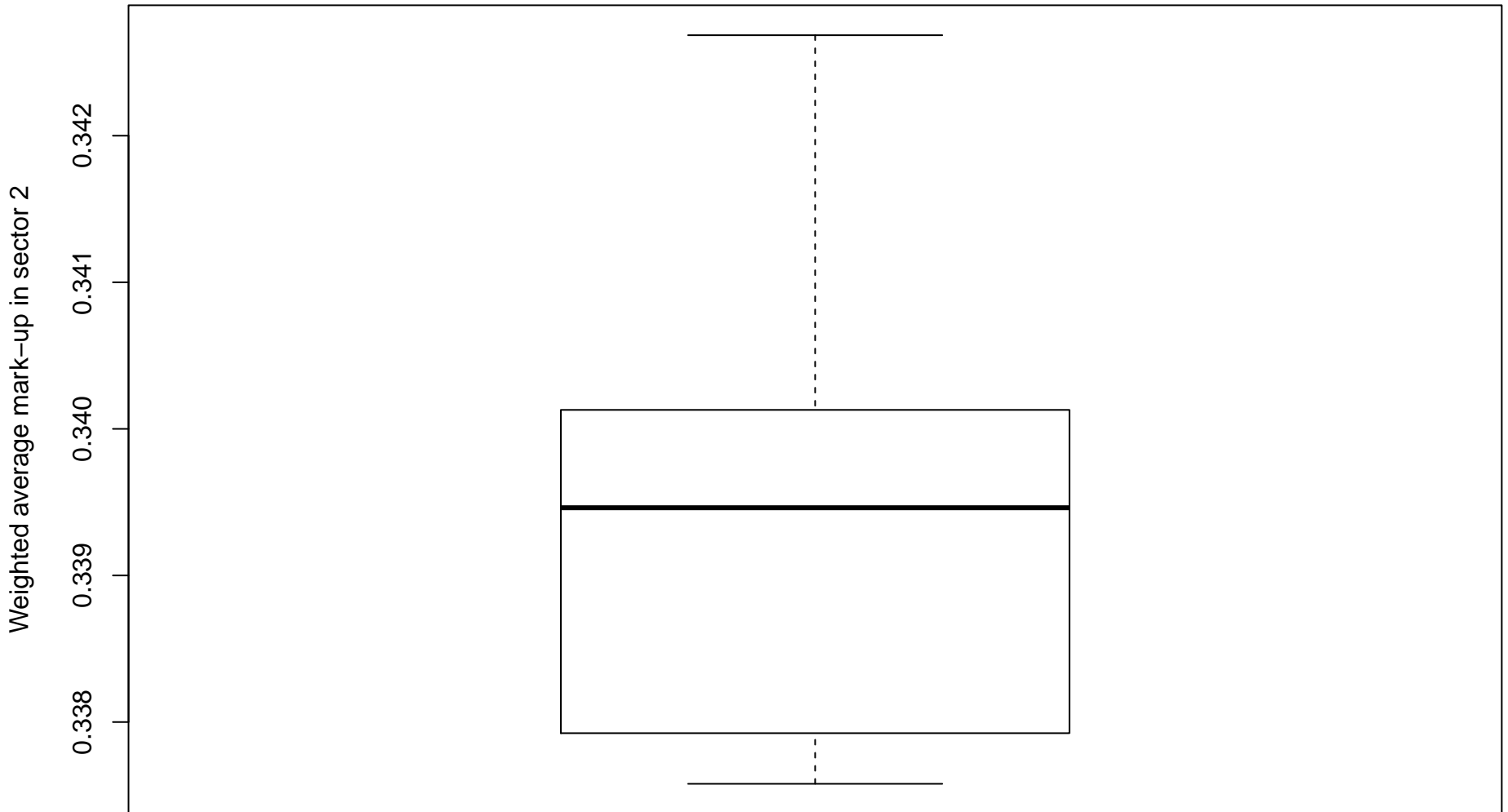
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Market concentration



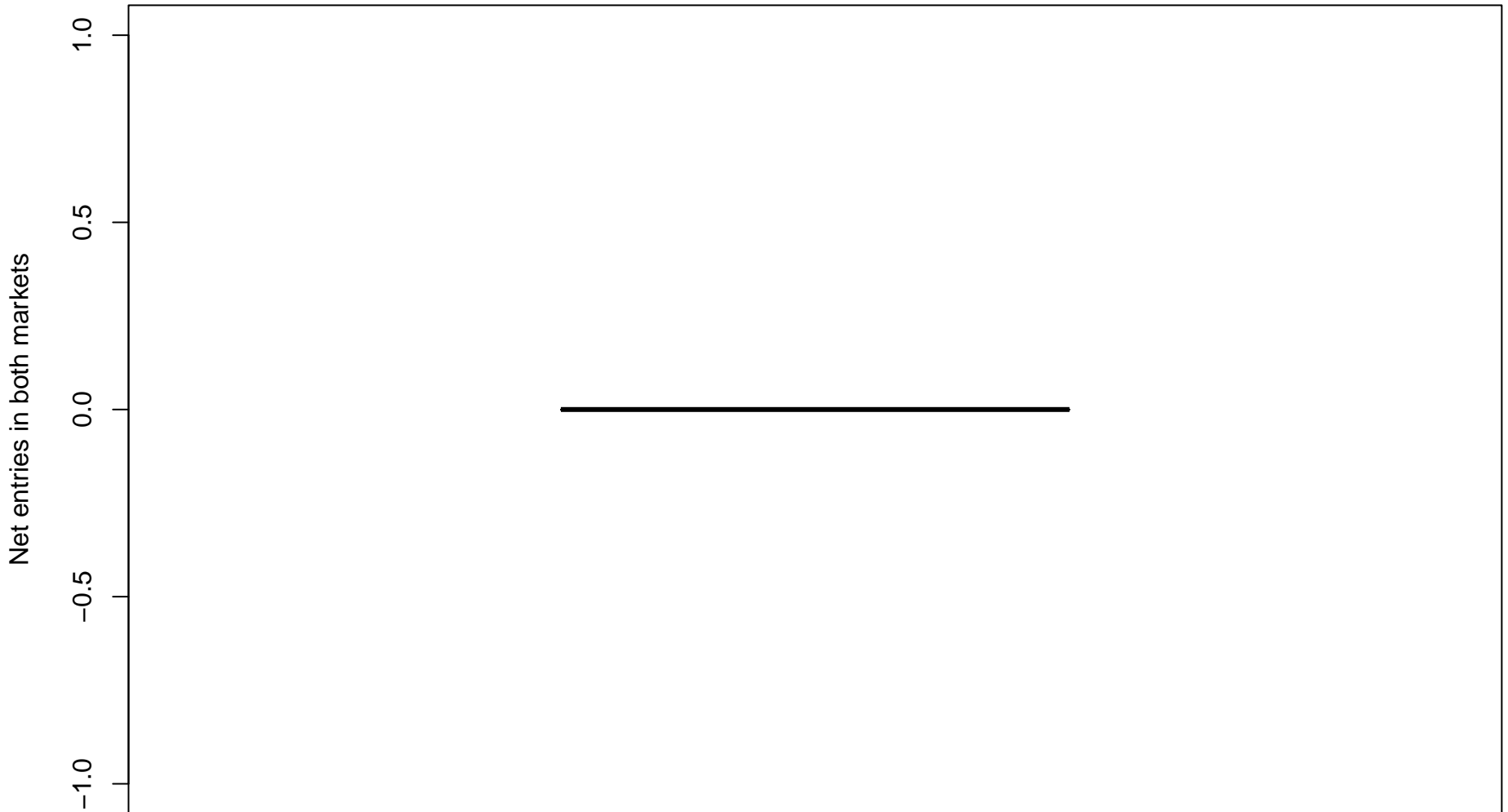
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Mark-ups



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Net entry of firms



(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Monte Carlo descriptive statistics (all experiments)

	Avg[1]	SD[1]	Min[1]	Max[1]
GDP growth	0.01275	0.00258	0.008895	0.01602
Volatility of GDP growth	0.09573	0.003986	0.09157	0.1023
Likelihood of GDP crises	0.32	0.03009	0.2733	0.3567
Inflation	0.002179	0.0008175	0.001165	0.003045
Tax	0.02508	0.001157	0.02354	0.02632
Government total expenditure	0.04788	0.02515	0.01116	0.07115
Government deficit	0.1545	0.05272	0.08302	0.2182
Government debt	10.12	4.457	4.405	15.5
Credit supply	-1.012e-08	5.808e-09	-1.455e-08	-2.857e-09
Loans	1.51	0.5014	1.062	2.322
Capacity utilization	0.5224	0.01002	0.5114	0.5346
Full employment frequency	0.2427	0.2572	0.05	0.66
Unemployment	0.1192	0.06116	0.0303	0.174
Vacancy	0.2486	0.02388	0.2336	0.2906
Productivity growth	0.01296	0.00219	0.00954	0.01558
Innovation	0.07852	0.007619	0.0688	0.08953
Imitation	0.06945	0.009714	0.05373	0.07947
Market concentration	0.002943	0.0001127	0.002818	0.003079
Mark-ups	0.3396	0.002044	0.3376	0.3427
Net entry of firms	0	0	0	0

Experiments: [1] Free entry

(numbers in brackets indicate the experiment number / MC runs = 5 / period = 301 – 600)