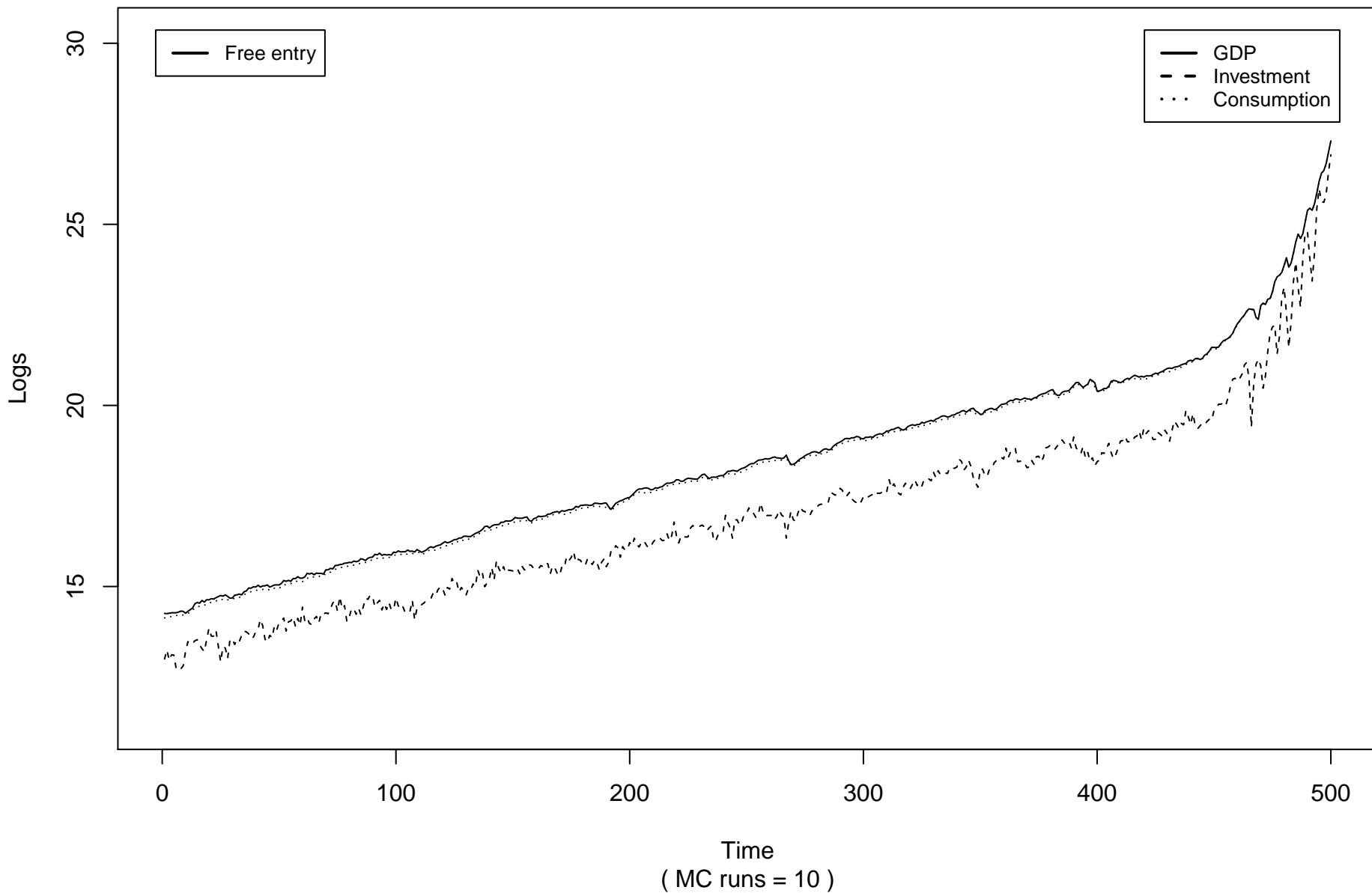
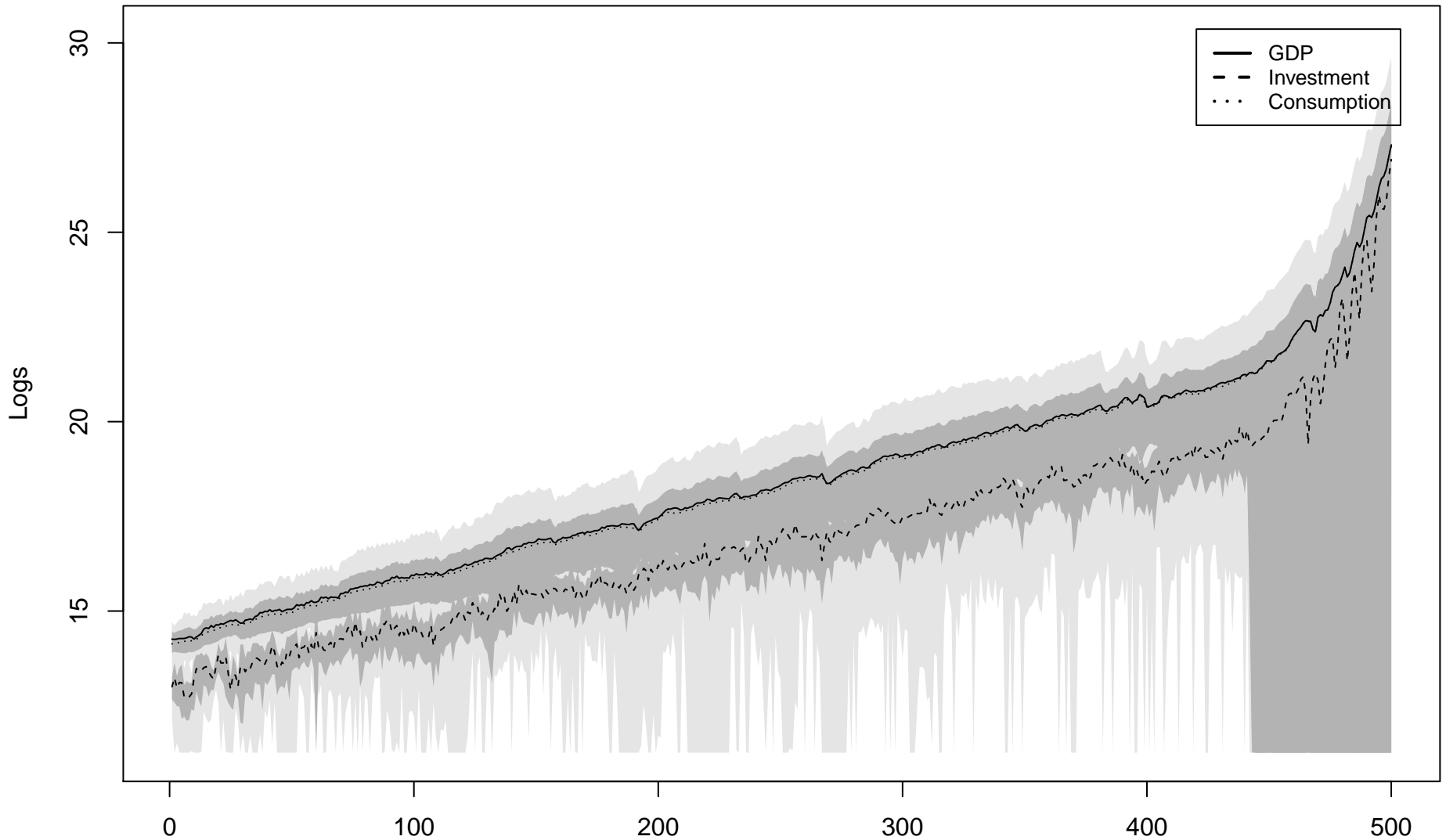


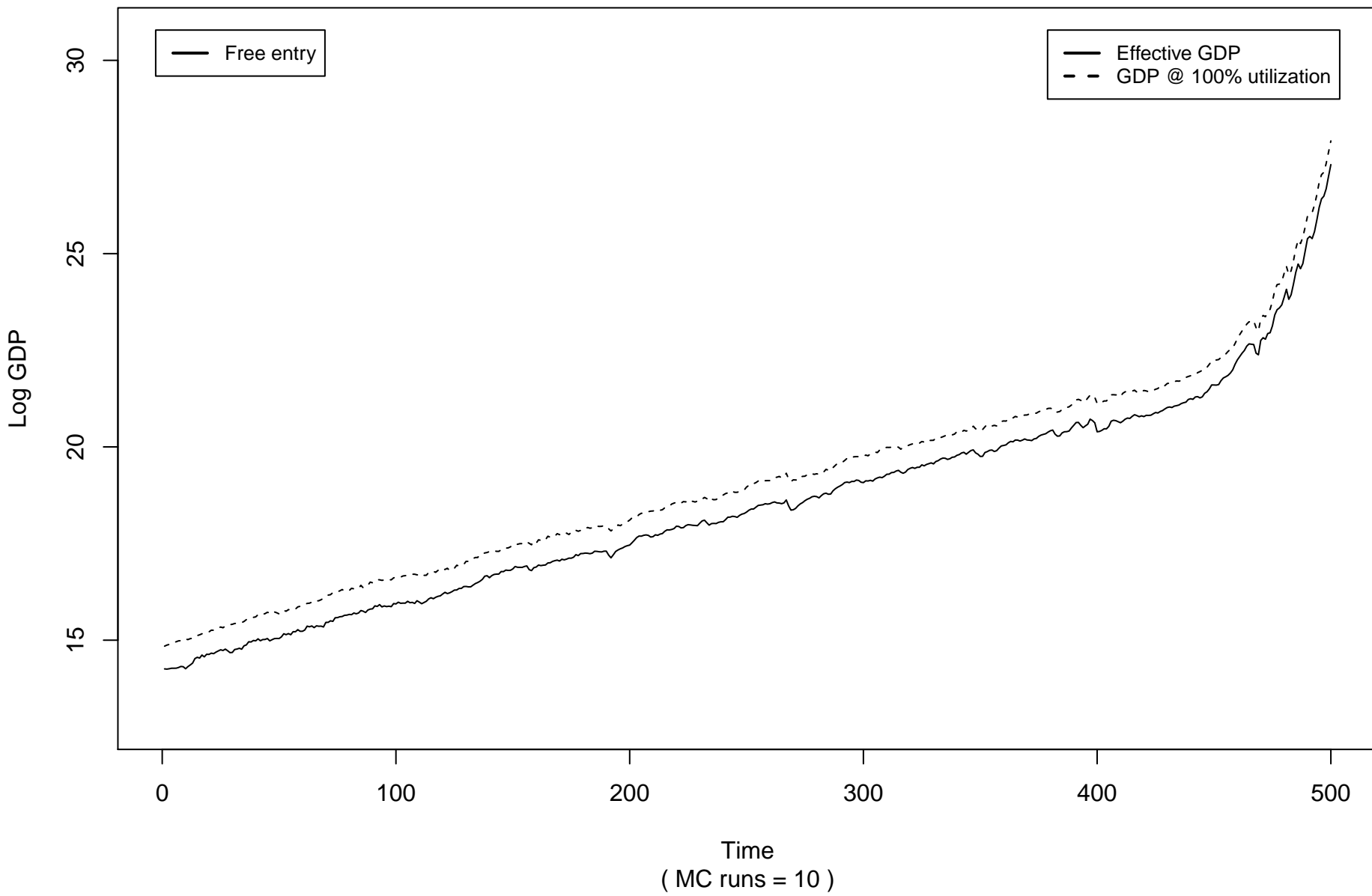
GDP, investment and consumption (all experiments)



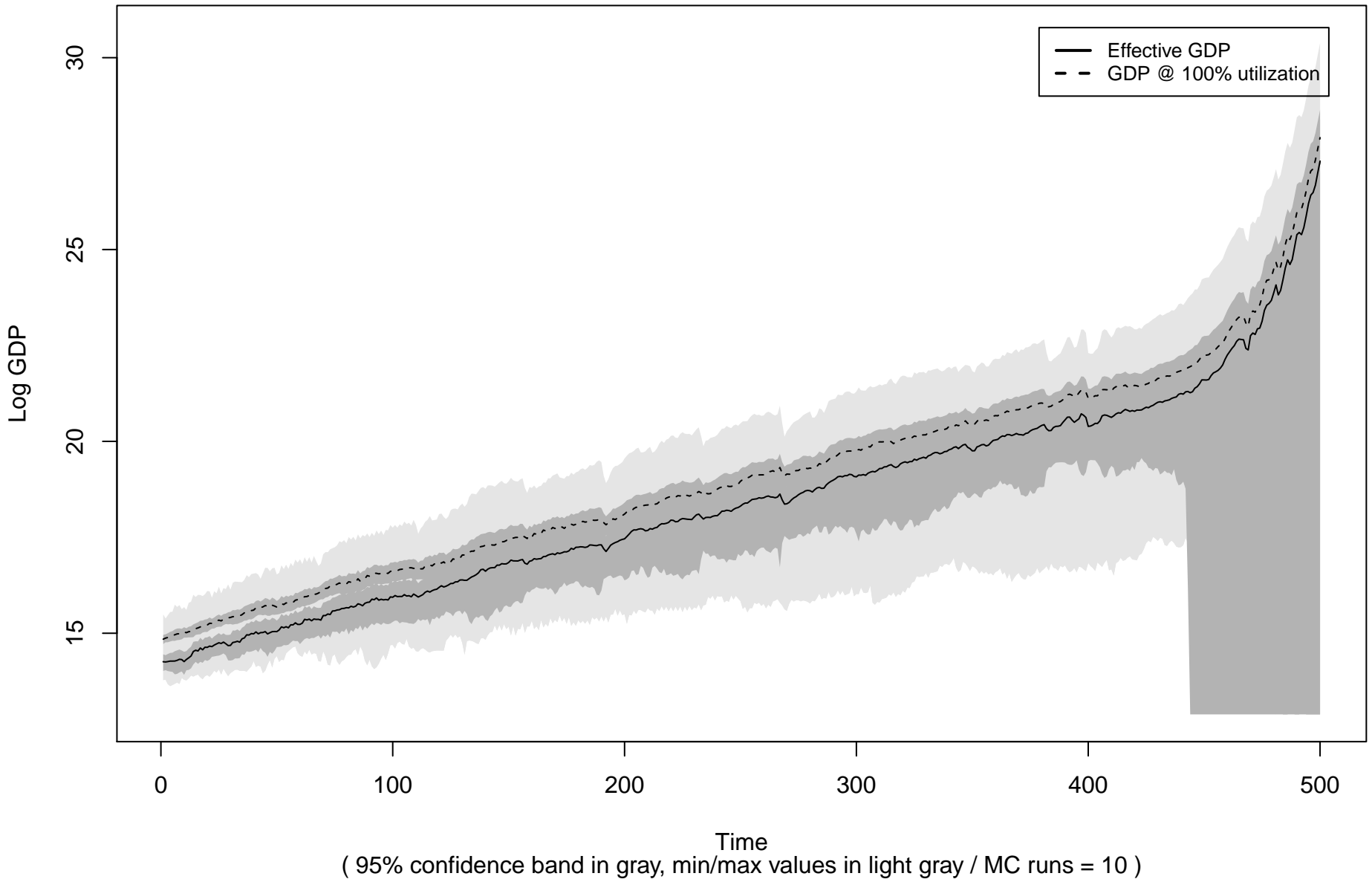
GDP, investment and consumption (Free entry)



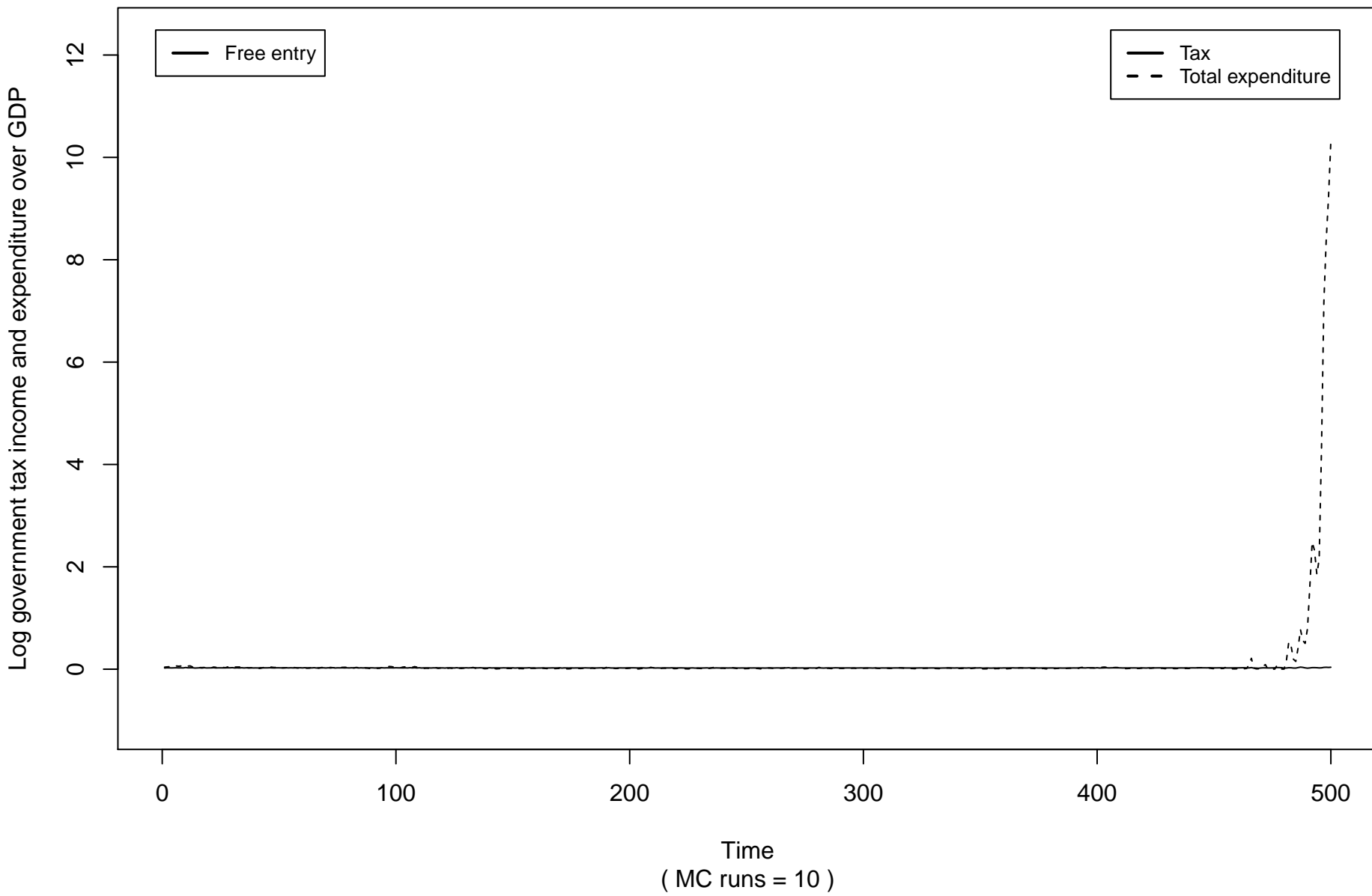
GDP (all experiments)



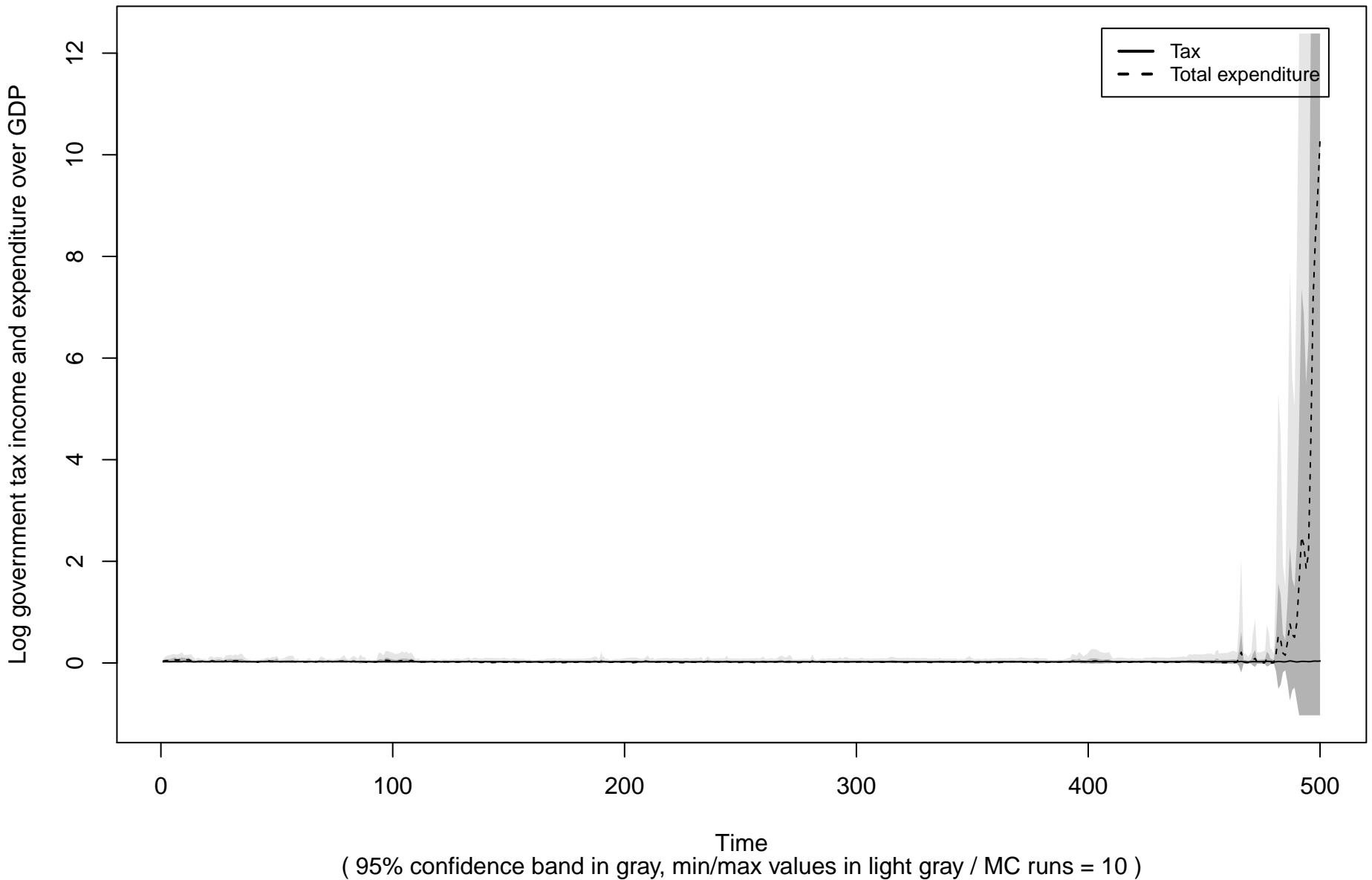
GDP (Free entry)



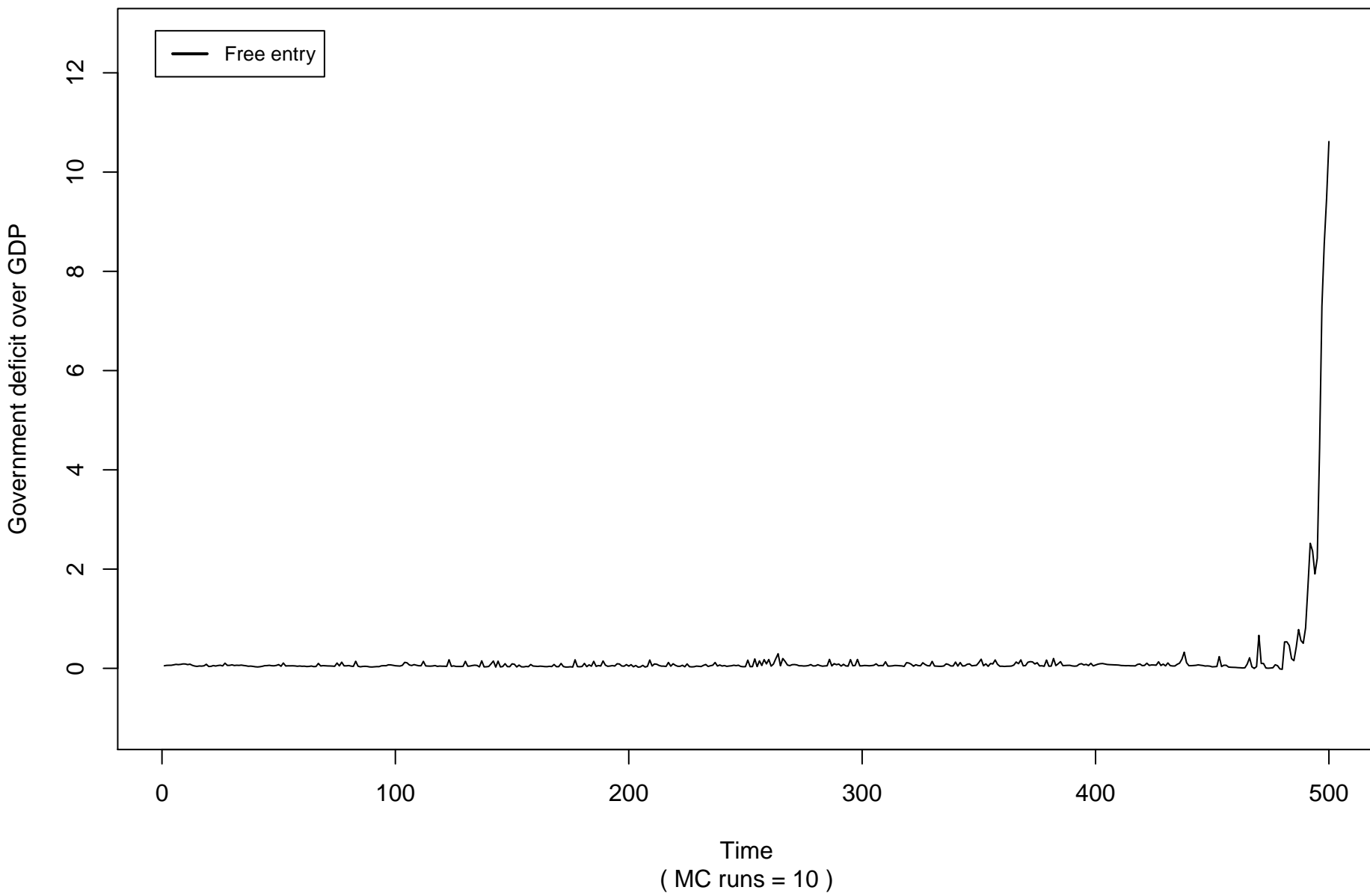
Government income and expenditure on GDP (all experiments)



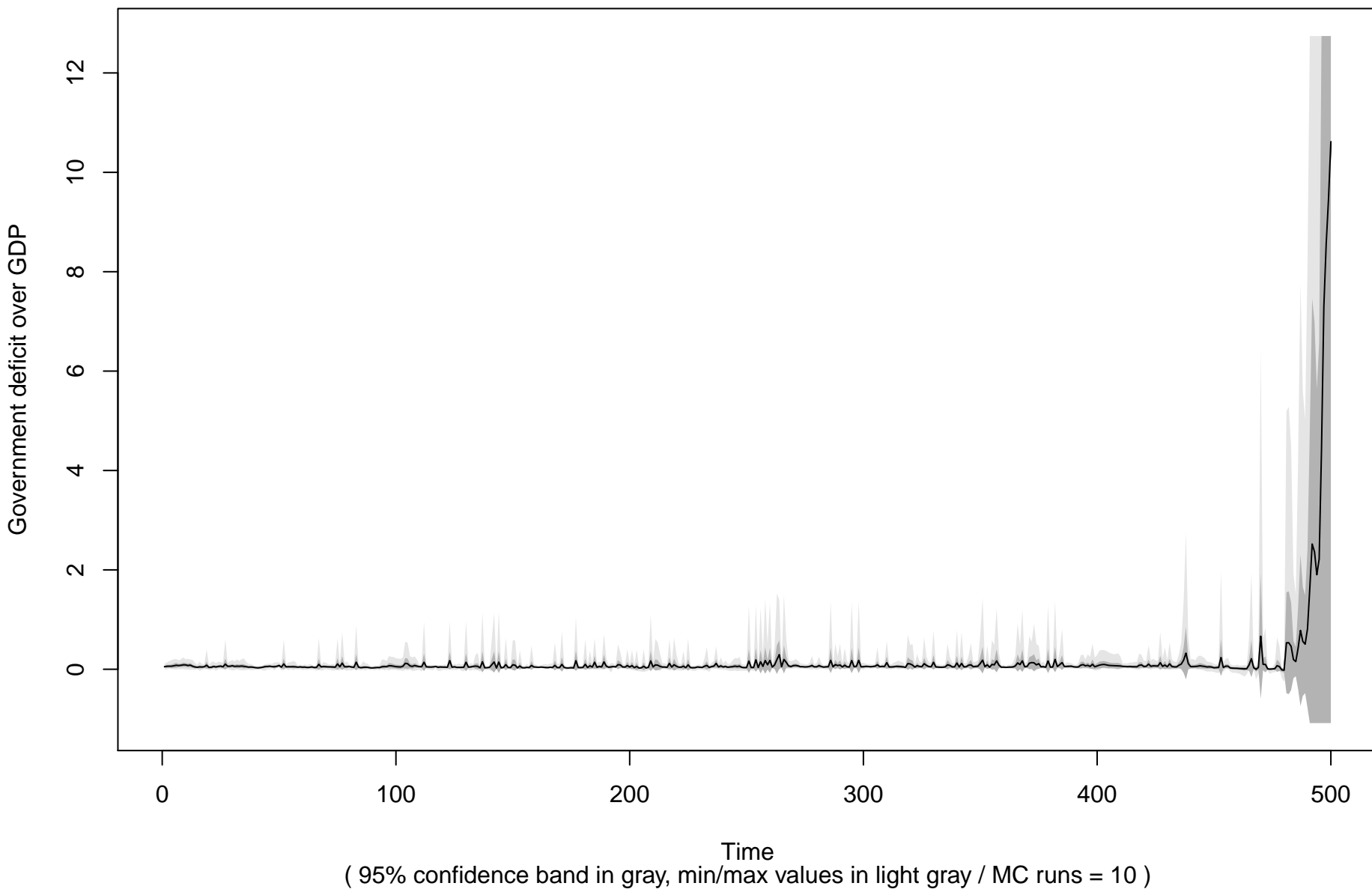
Government income and expenditure on GDP (Free entry)



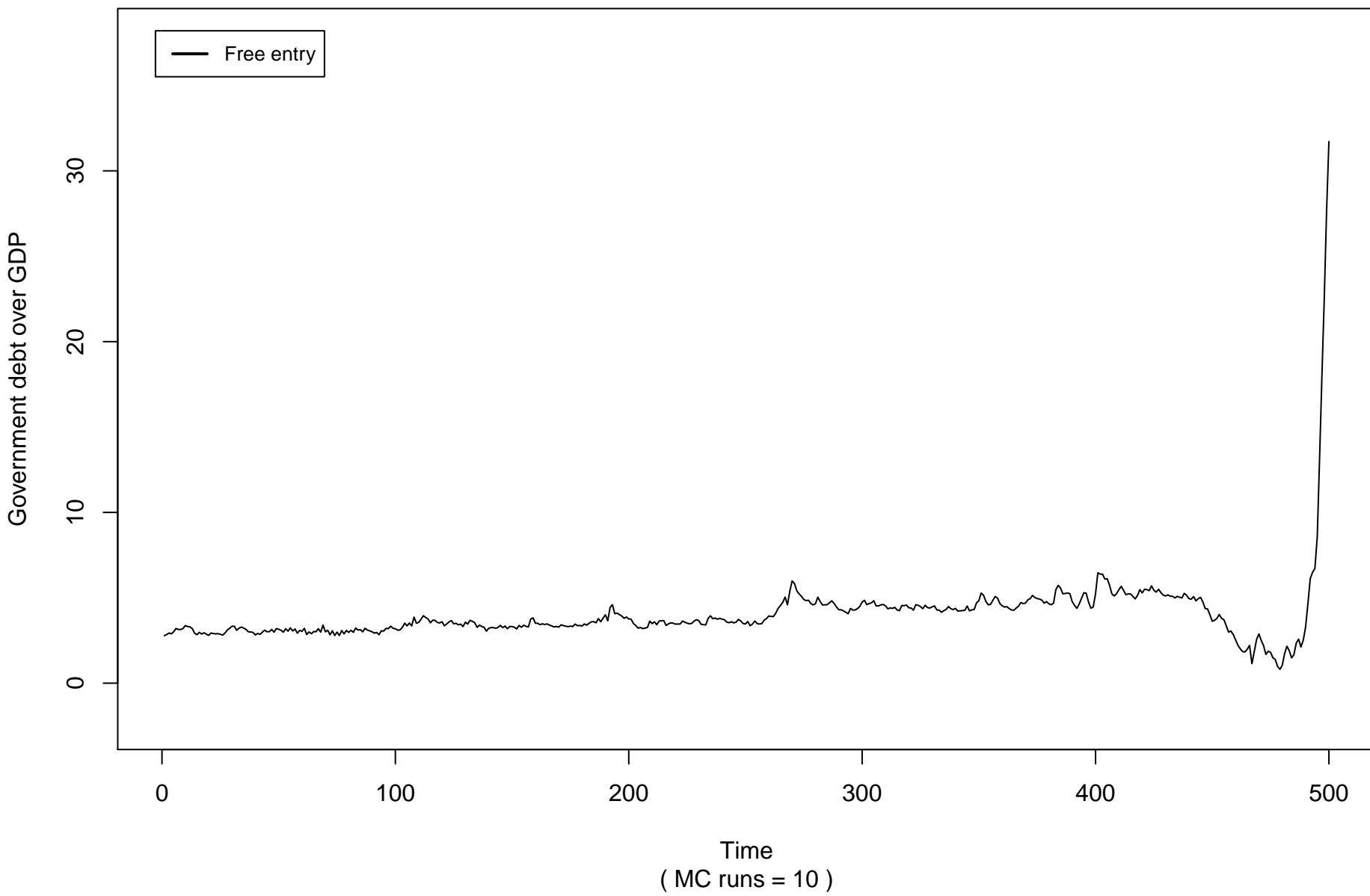
Government deficit on GDP (all experiments)



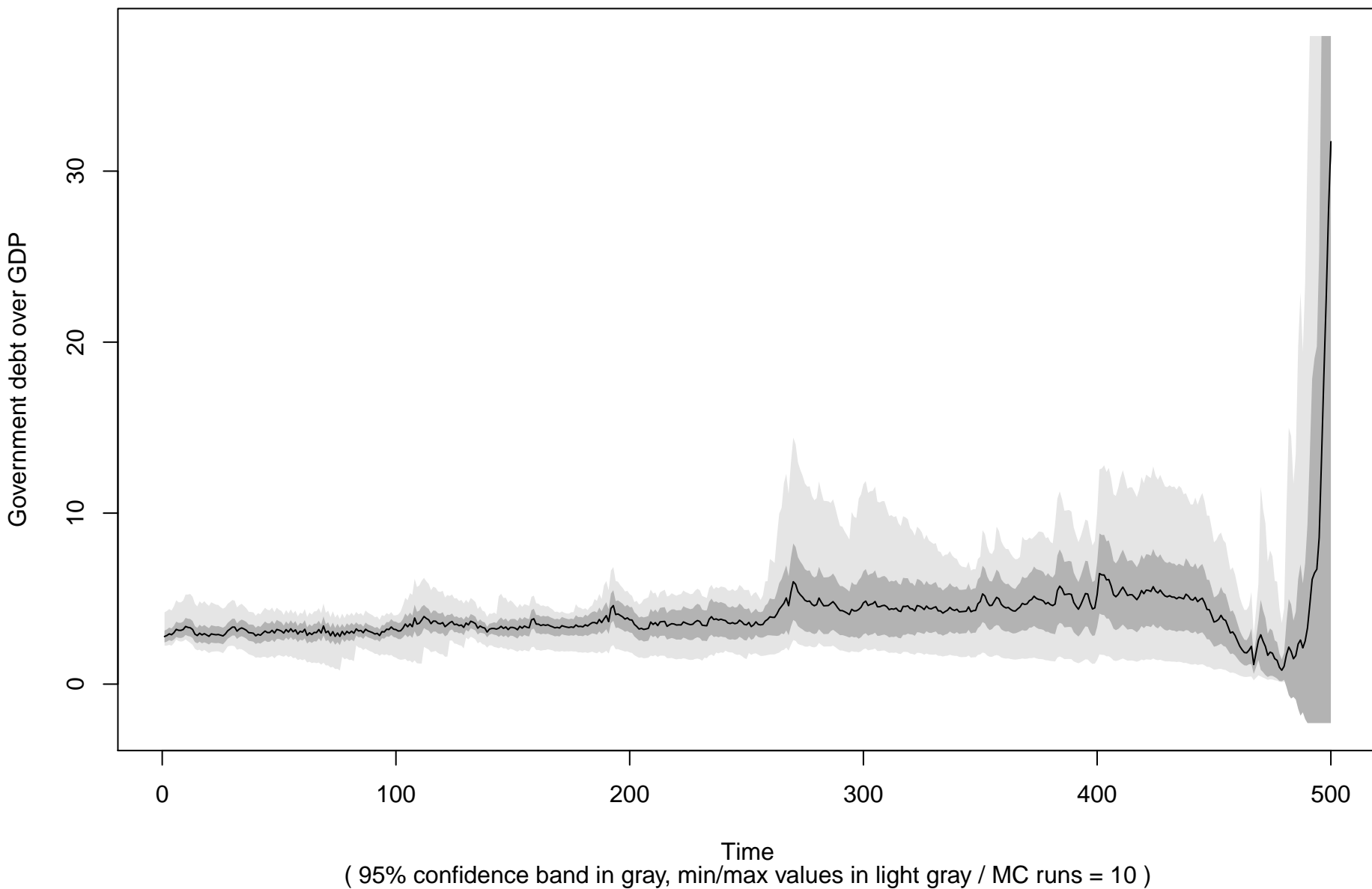
Government deficit on GDP (Free entry)



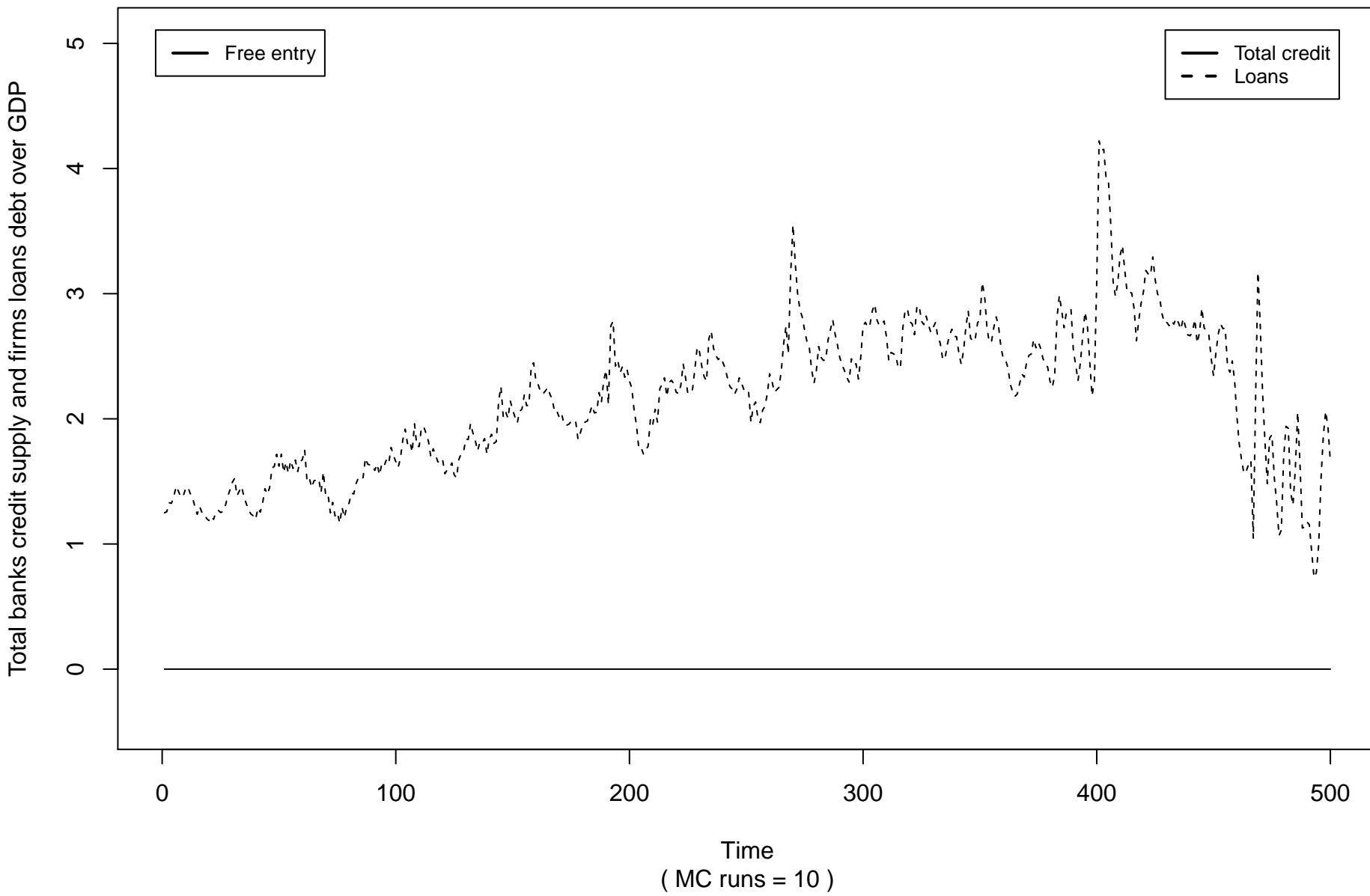
Government debt on GDP (all experiments)



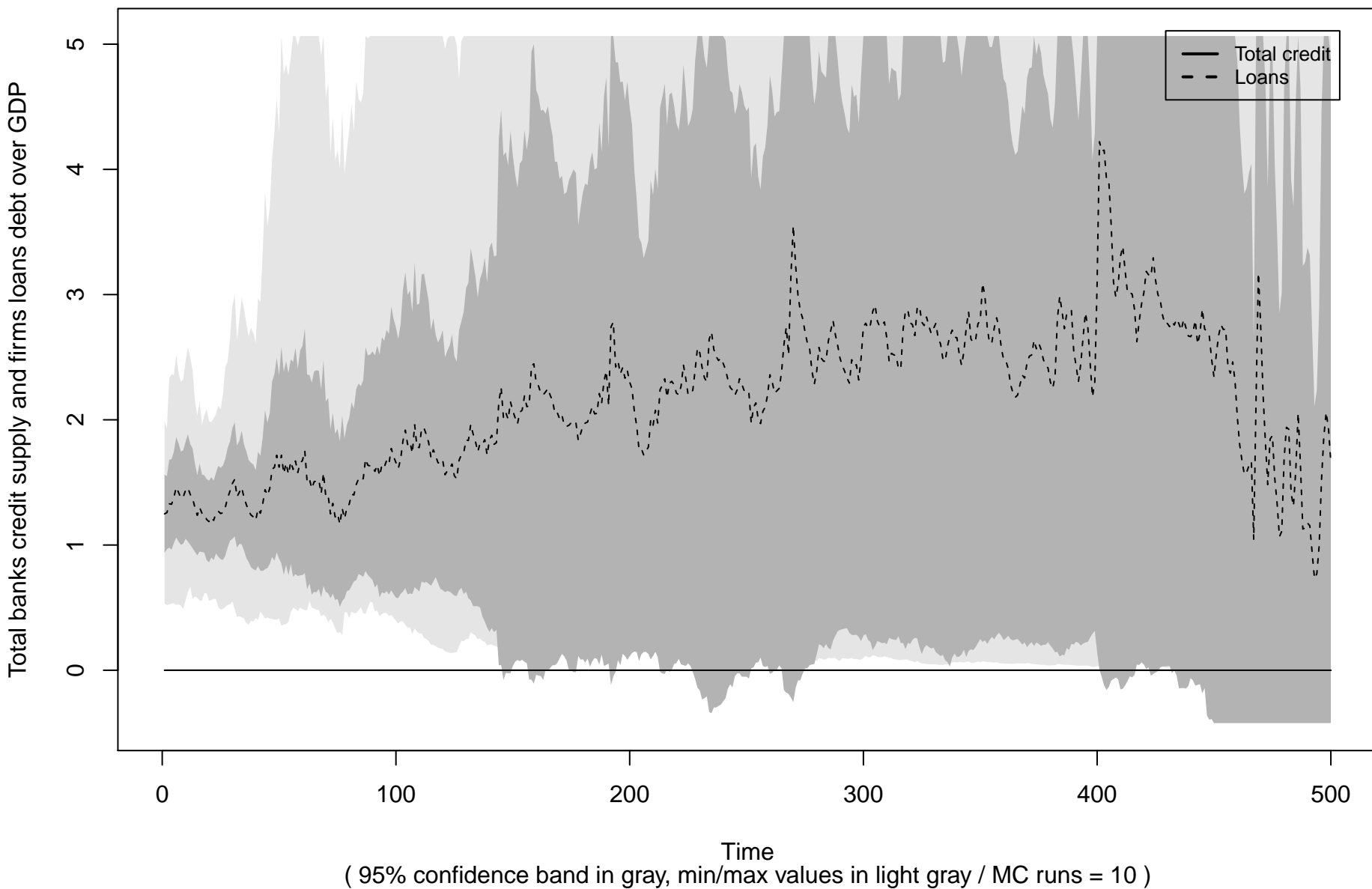
Government debt on GDP (Free entry)



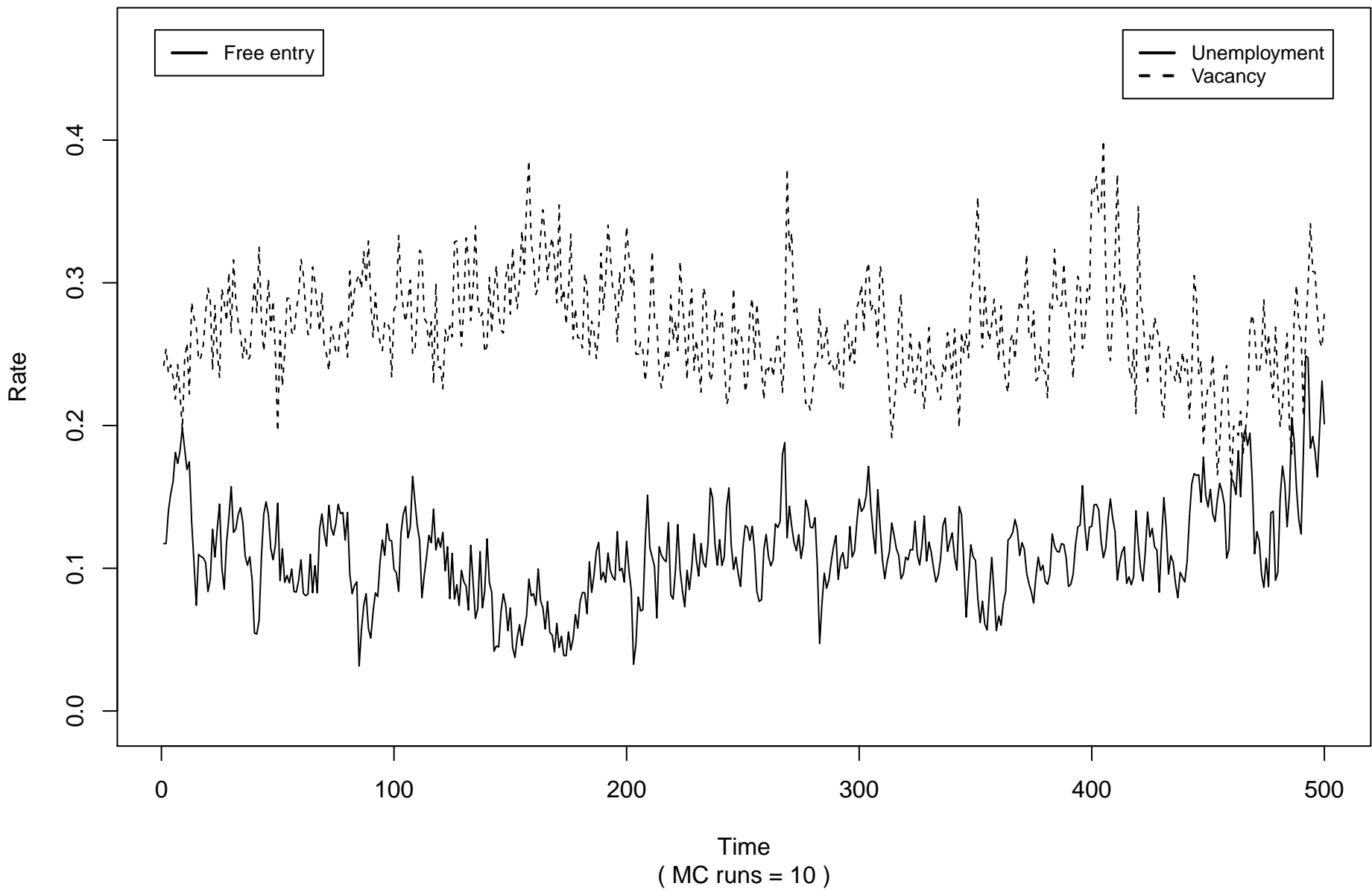
Total credit supply and loans on GDP (all experiments)



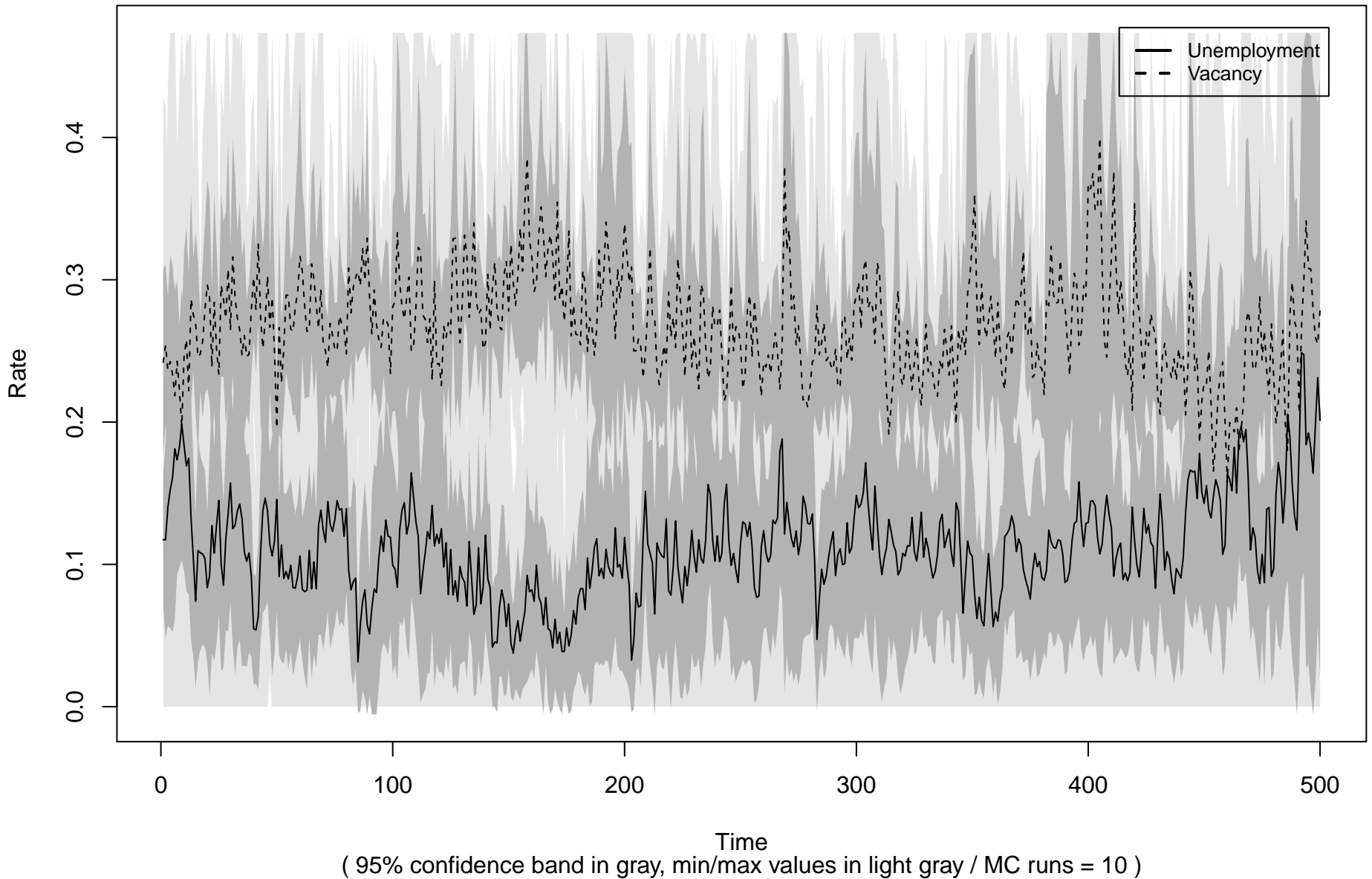
Total credit supply and loans on GDP (Free entry)



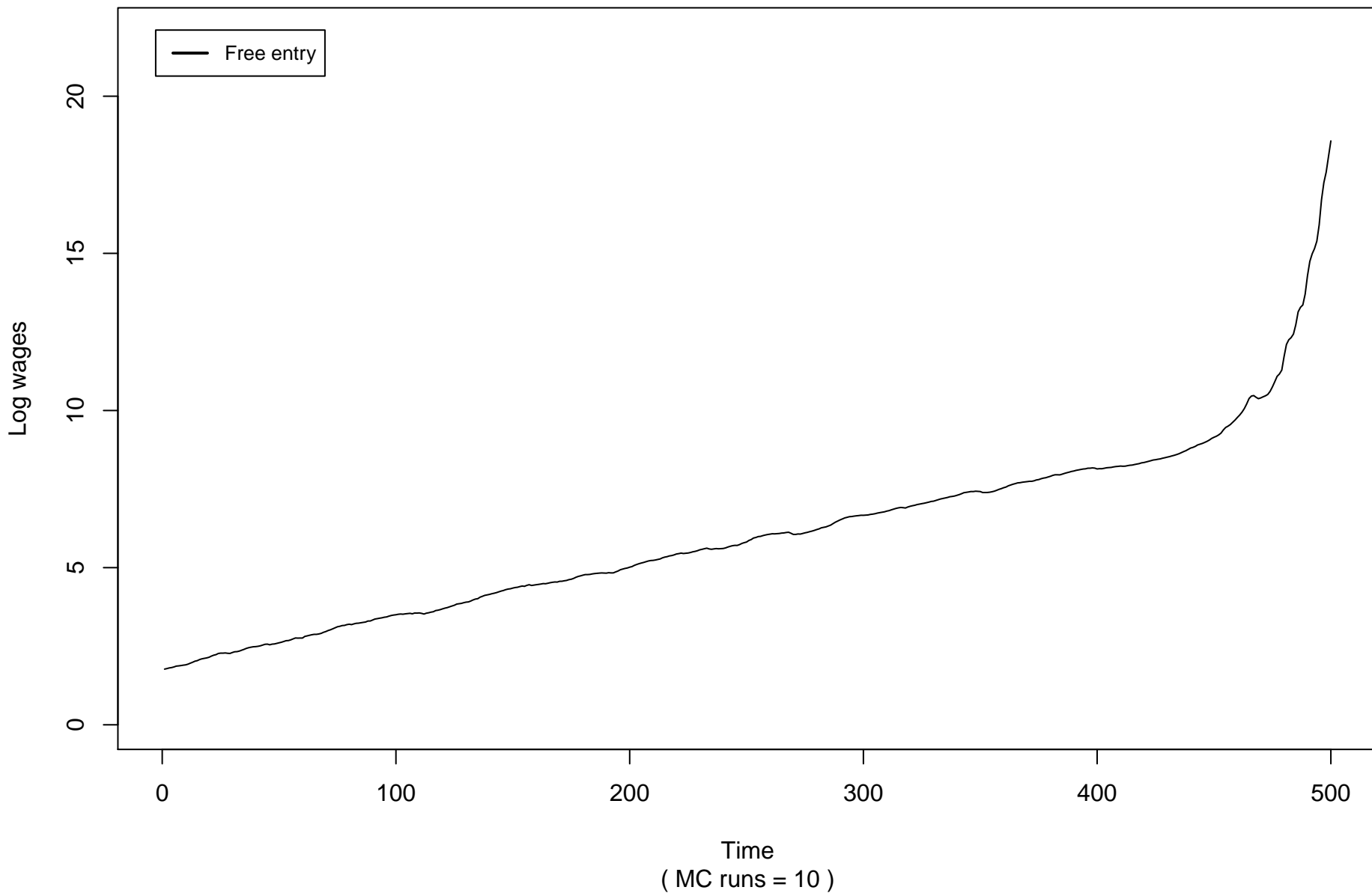
Unemployment and vacancy rates (all experiments)



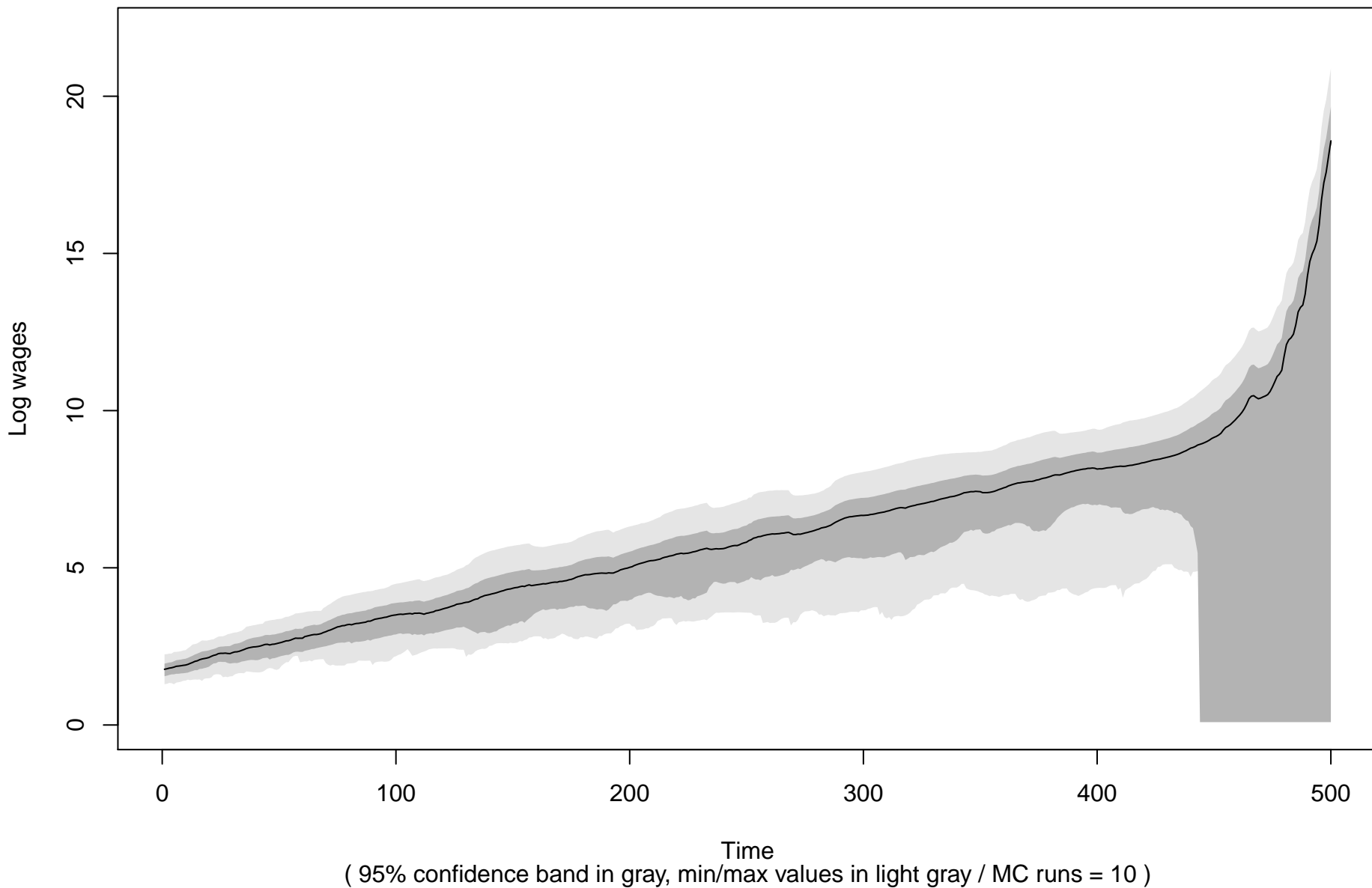
Unemployment and vacancy rates (Free entry)



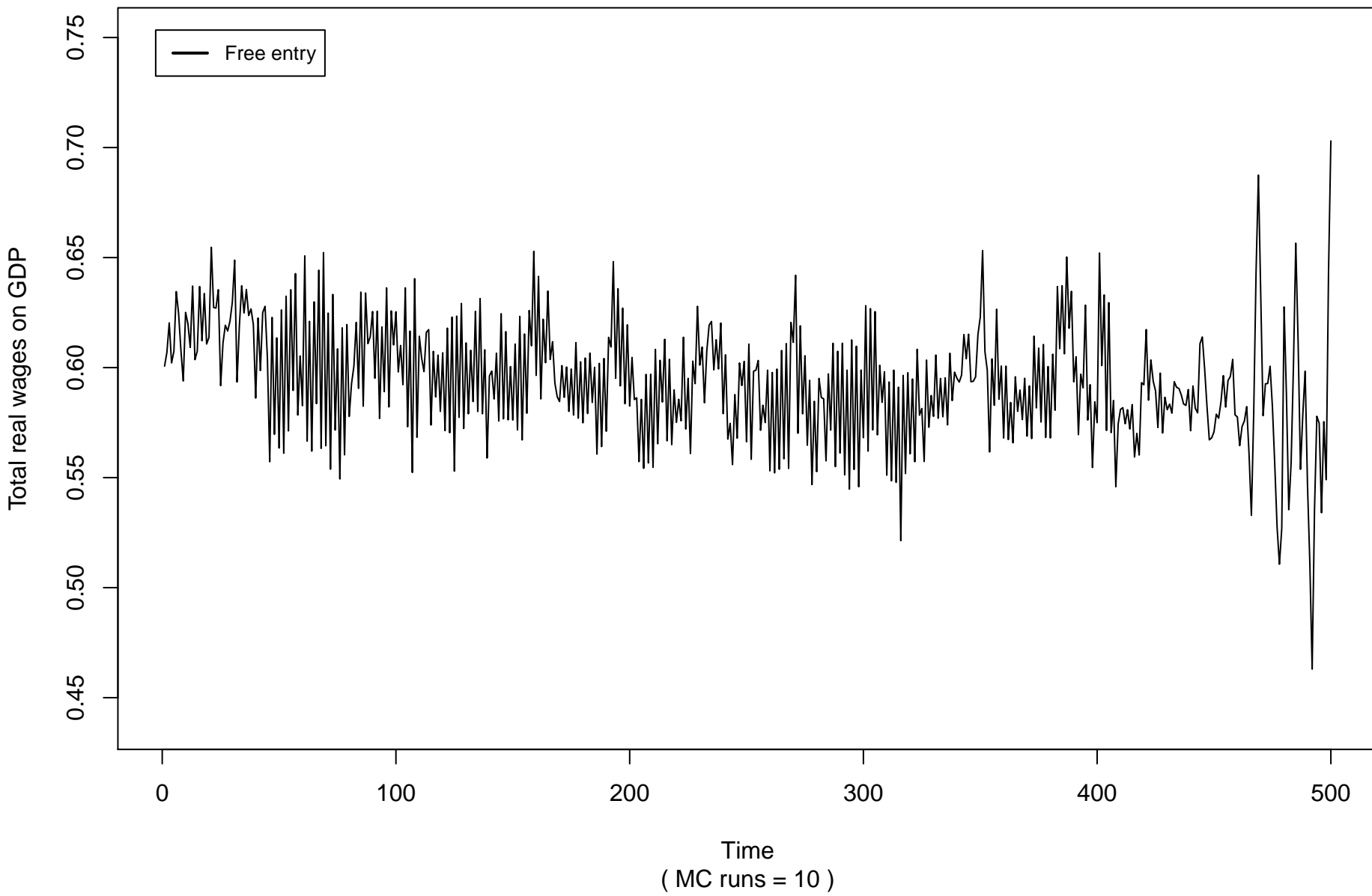
Real wages average (all experiments)



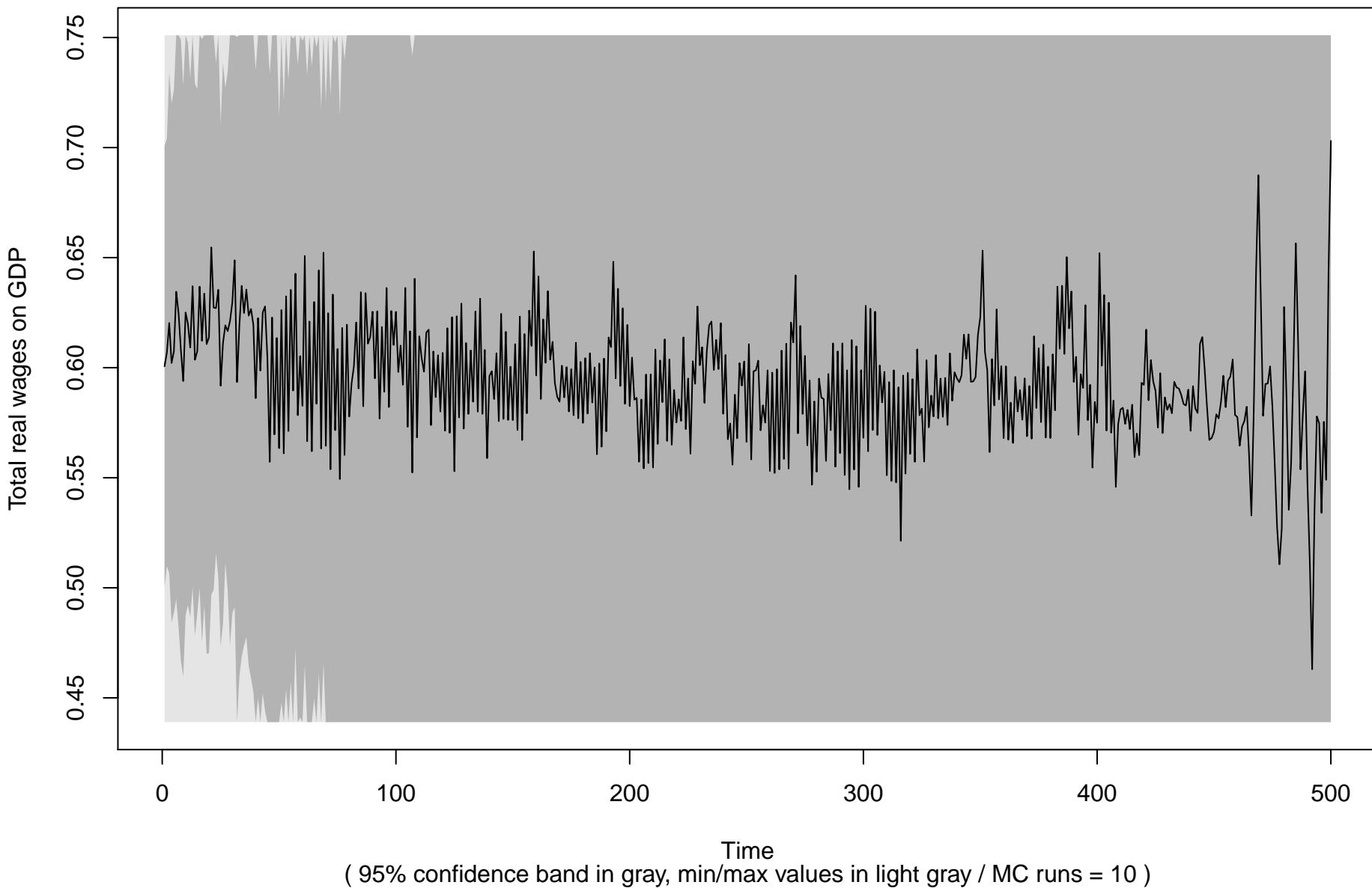
Real wages average (Free entry)



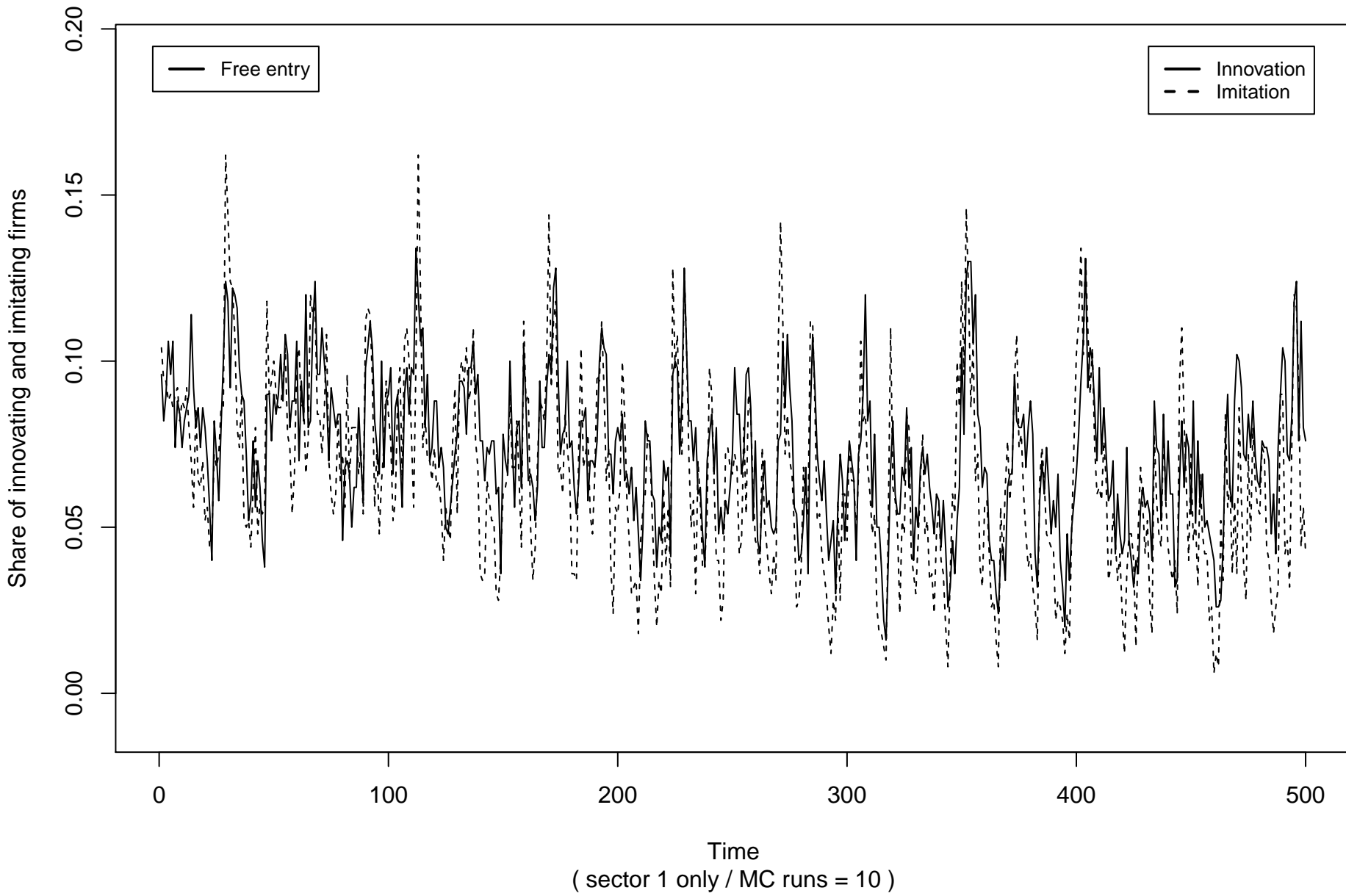
Wage share (all experiments)



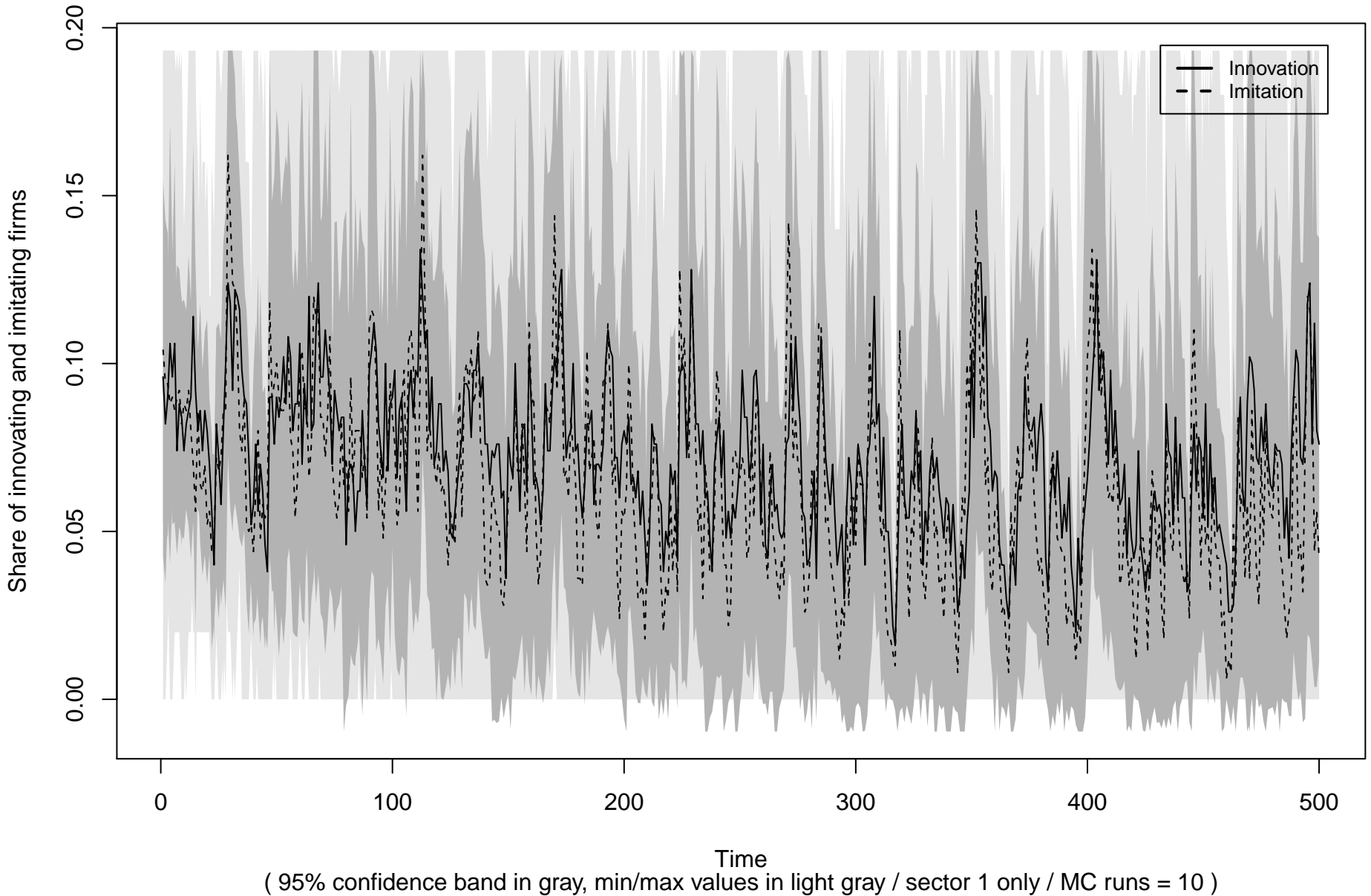
Wage share (Free entry)



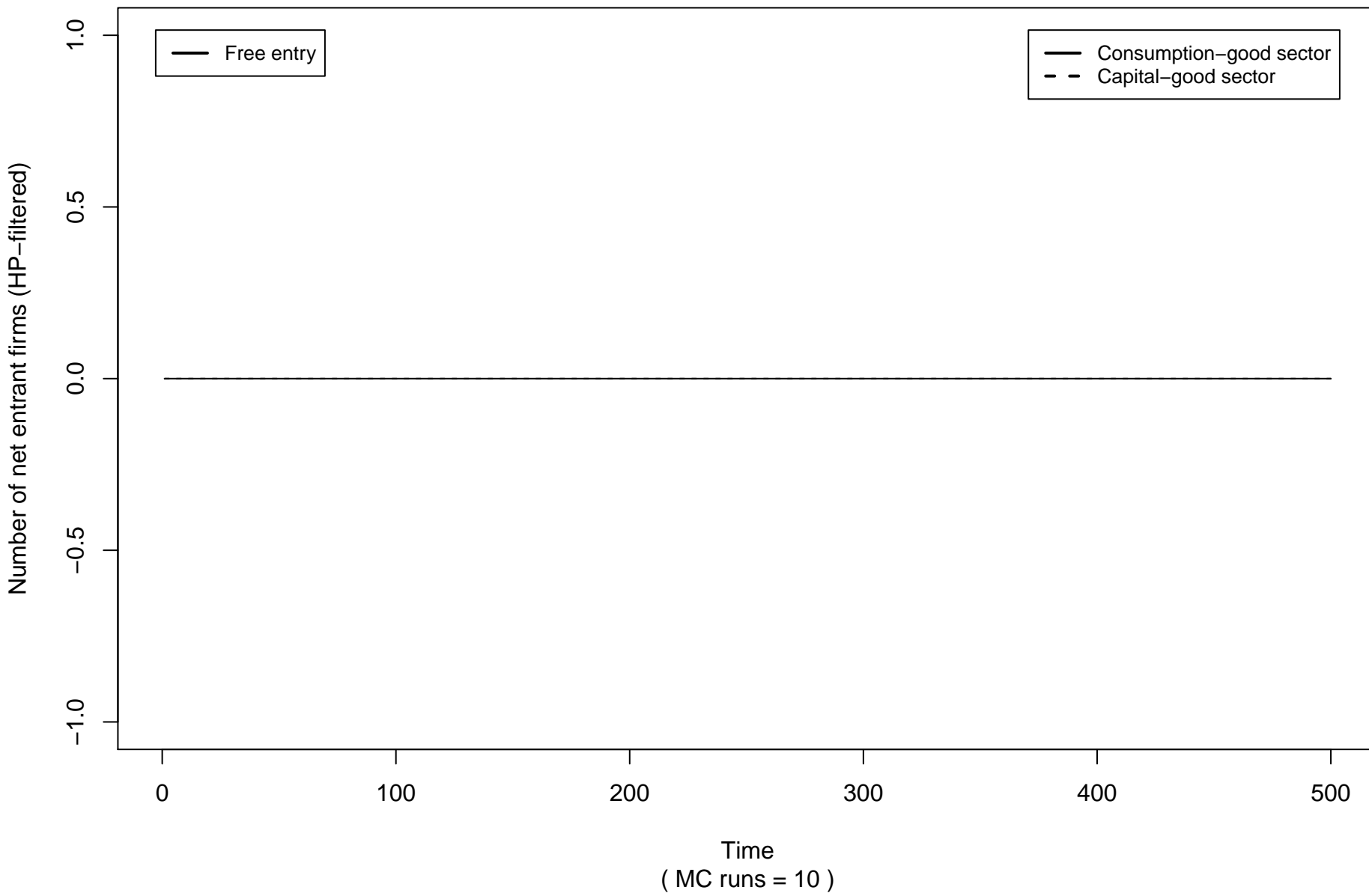
Innovation and imitation (all experiments)



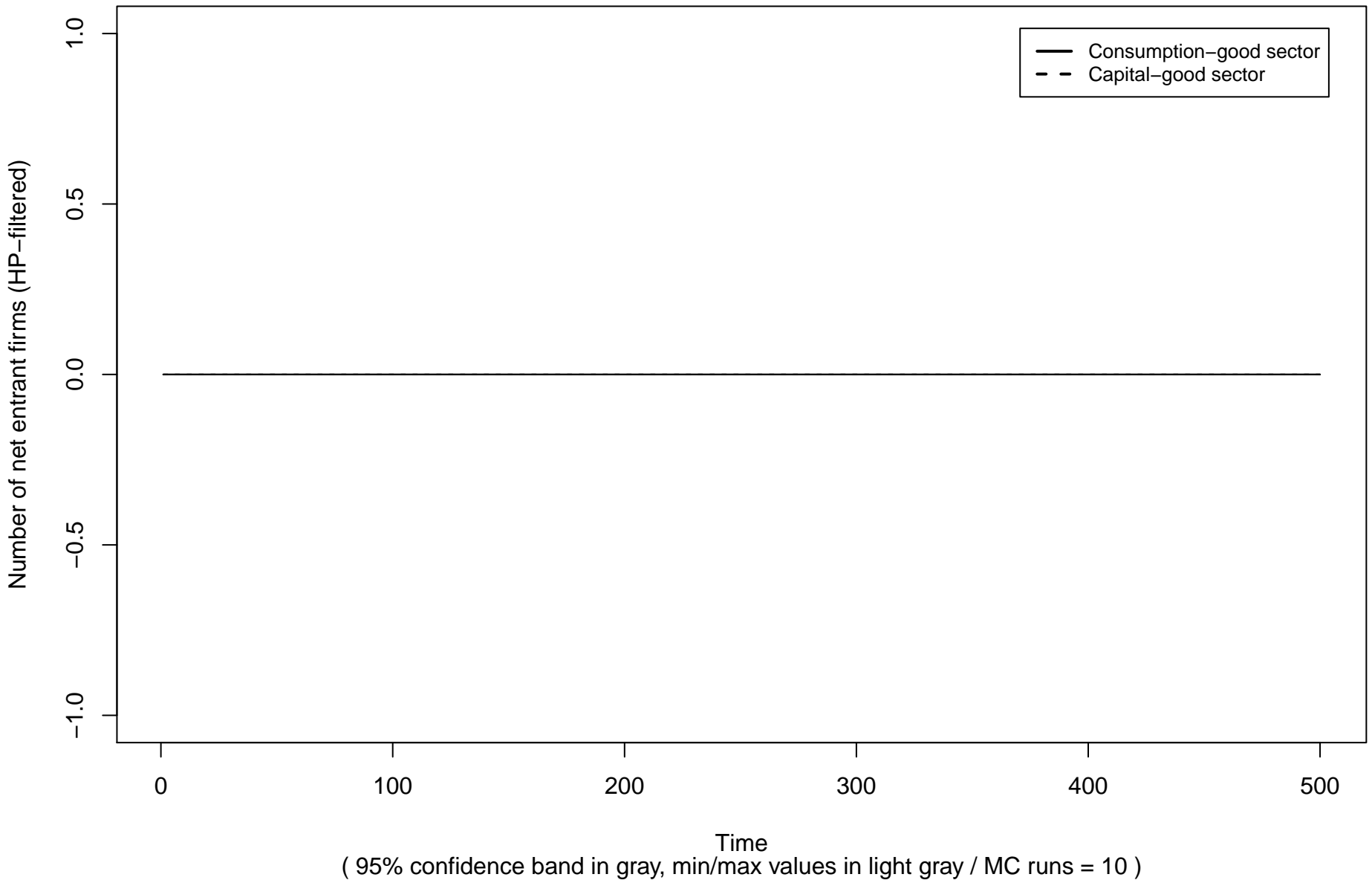
Innovation and imitation (Free entry)



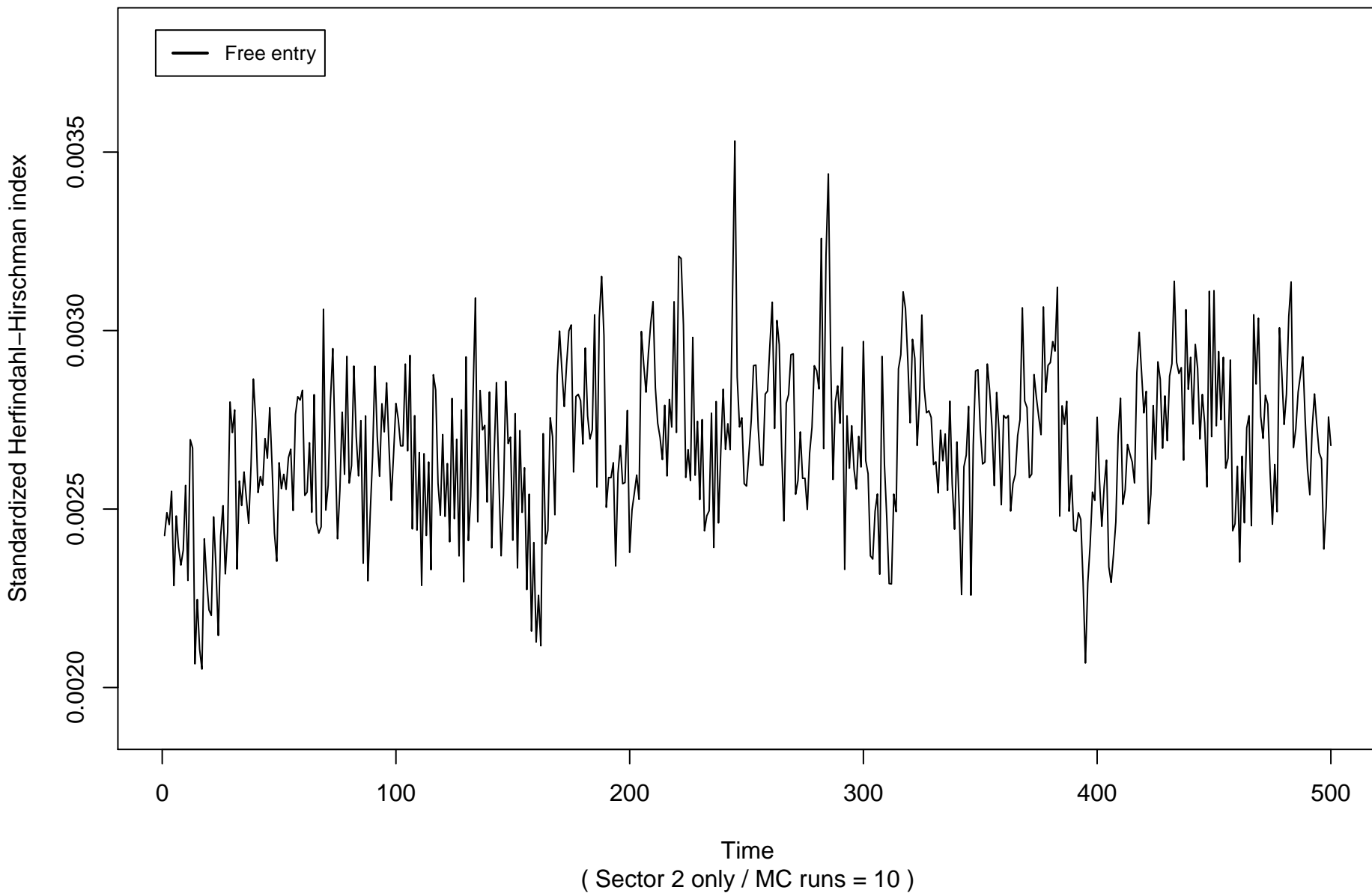
Net entry of firms trend (all experiments)



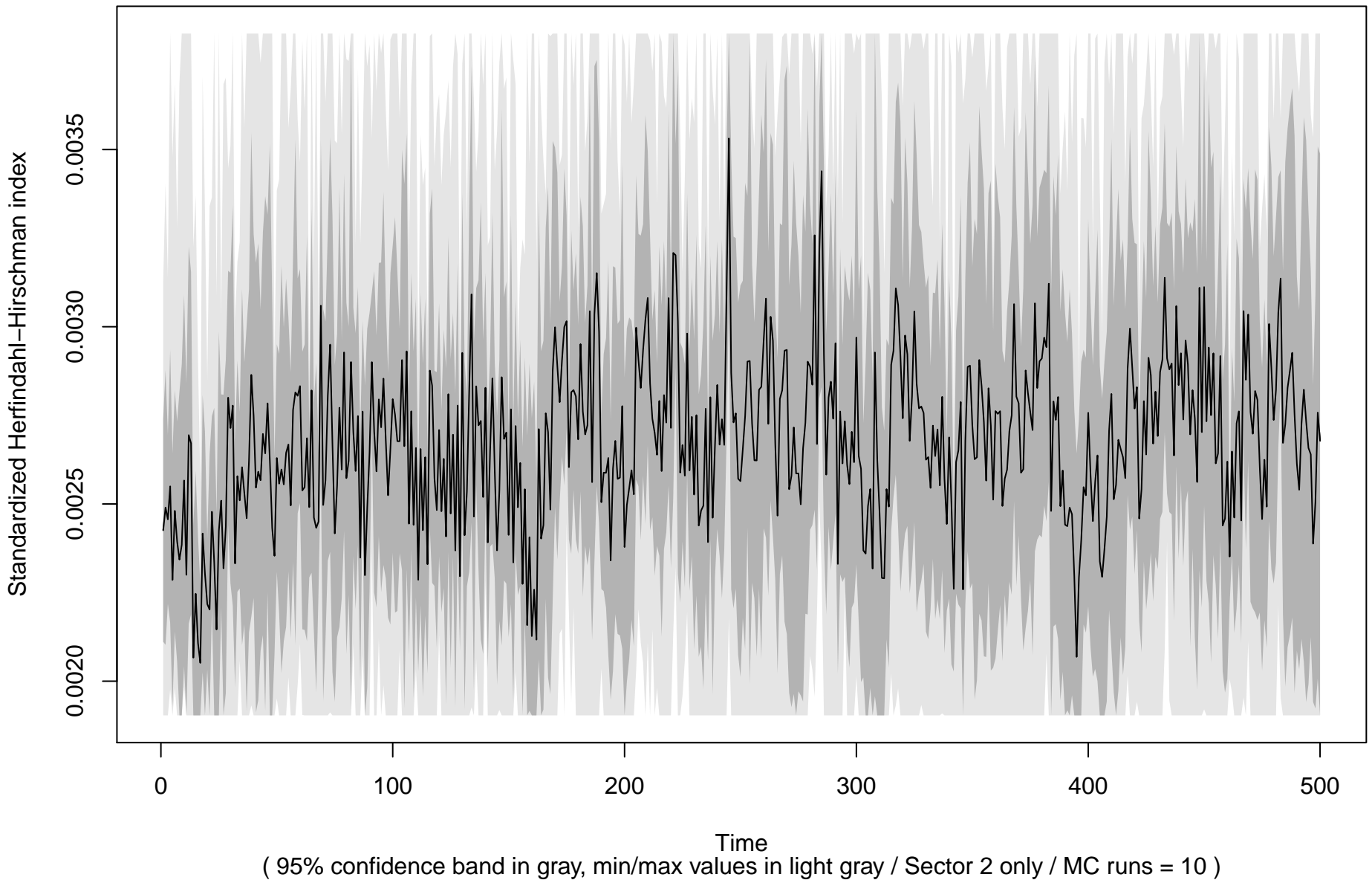
Net entry of firms trend (Free entry)



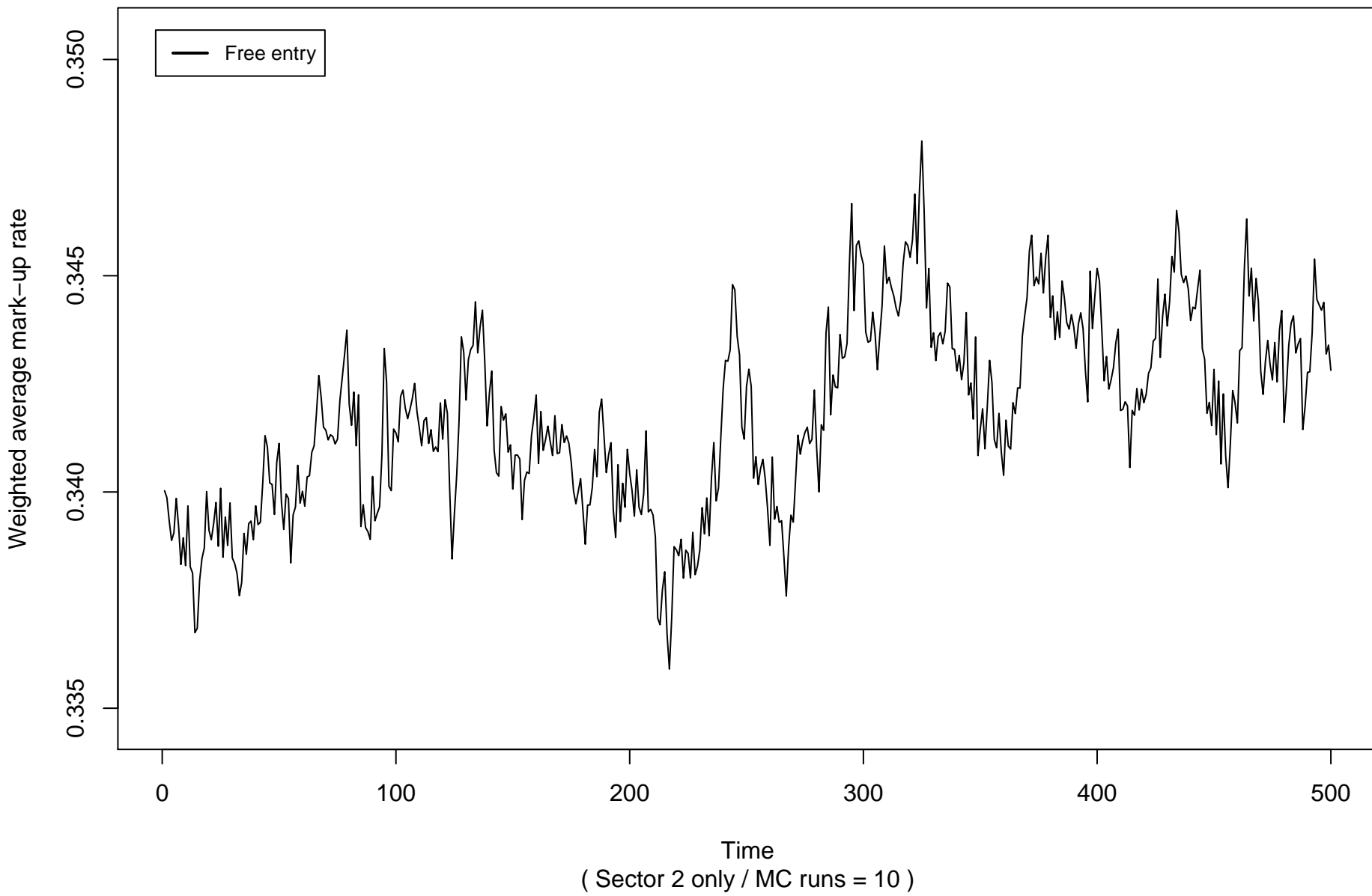
Market concentration (all experiments)



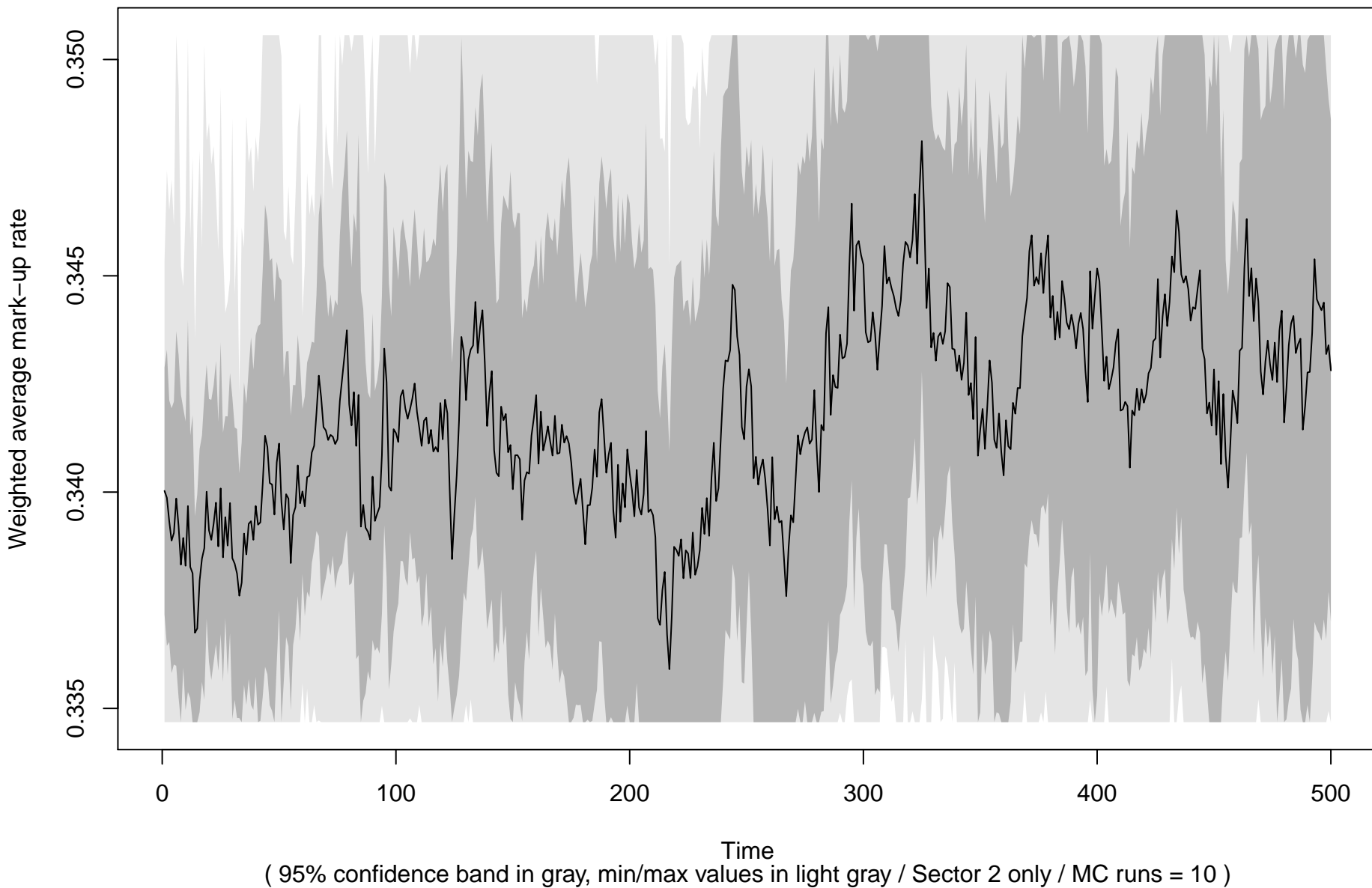
Market concentration (Free entry)



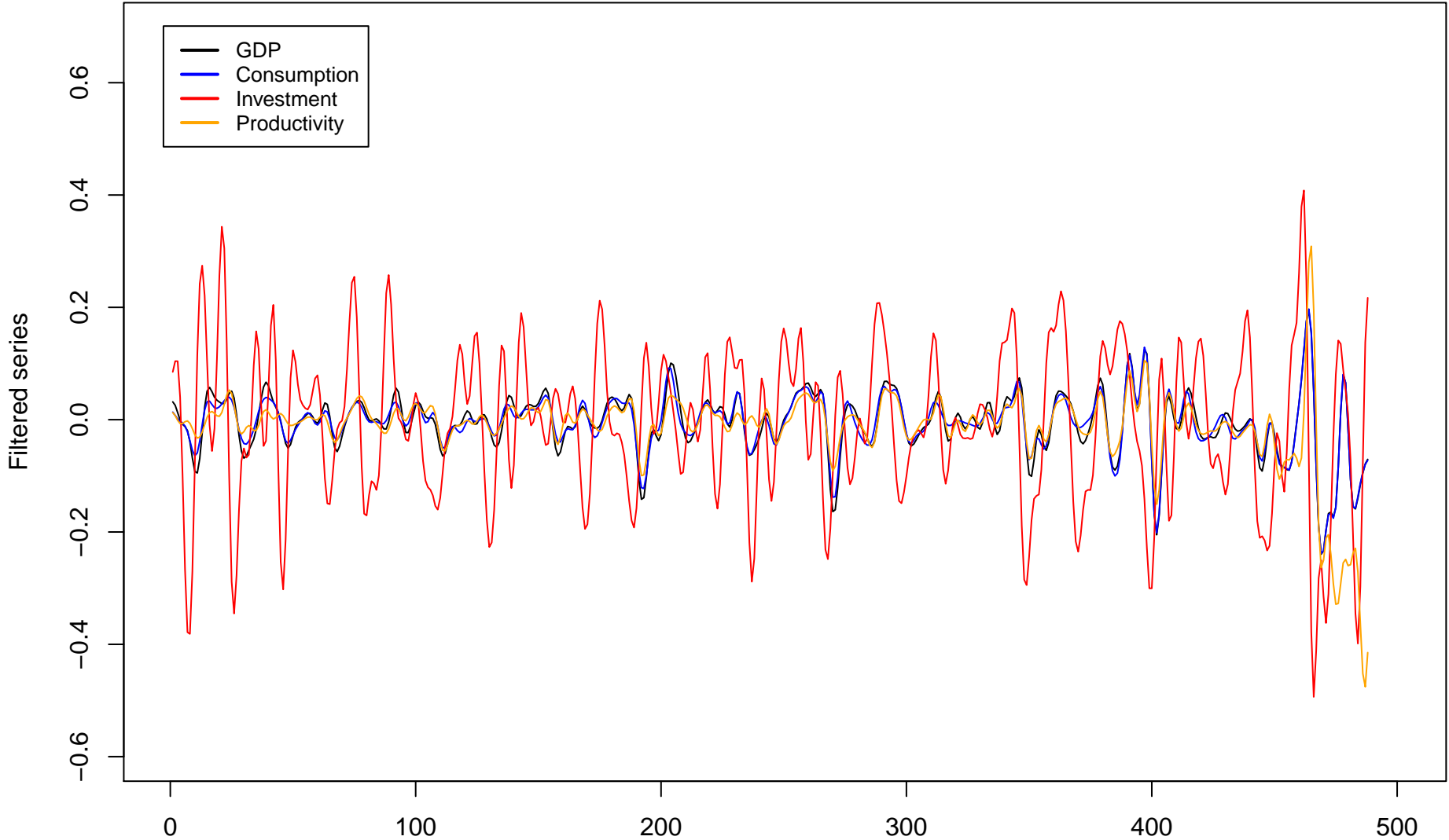
Mark-up average (all experiments)



Mark-up average (Free entry)

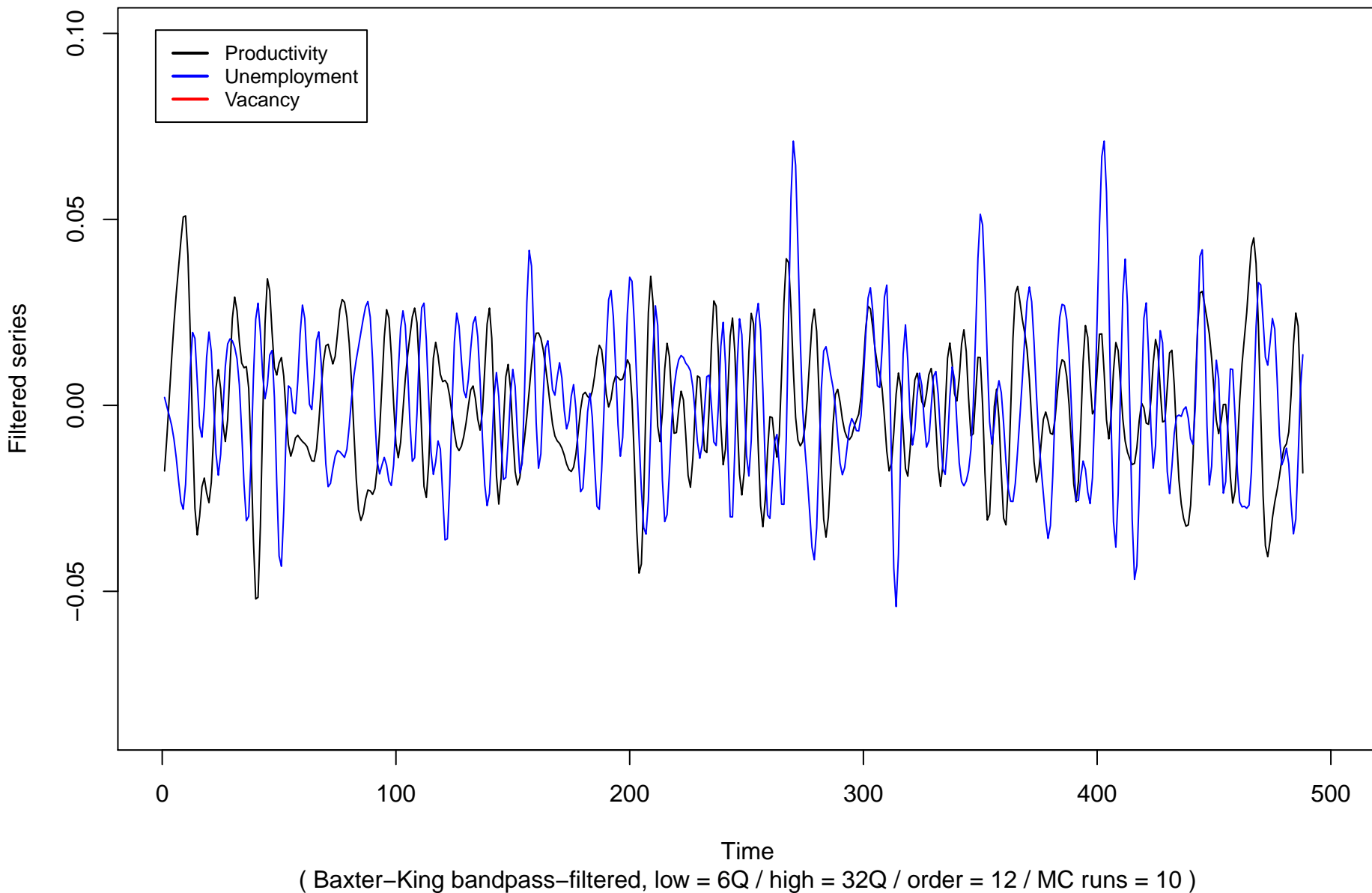


GDP cycles (Free entry)

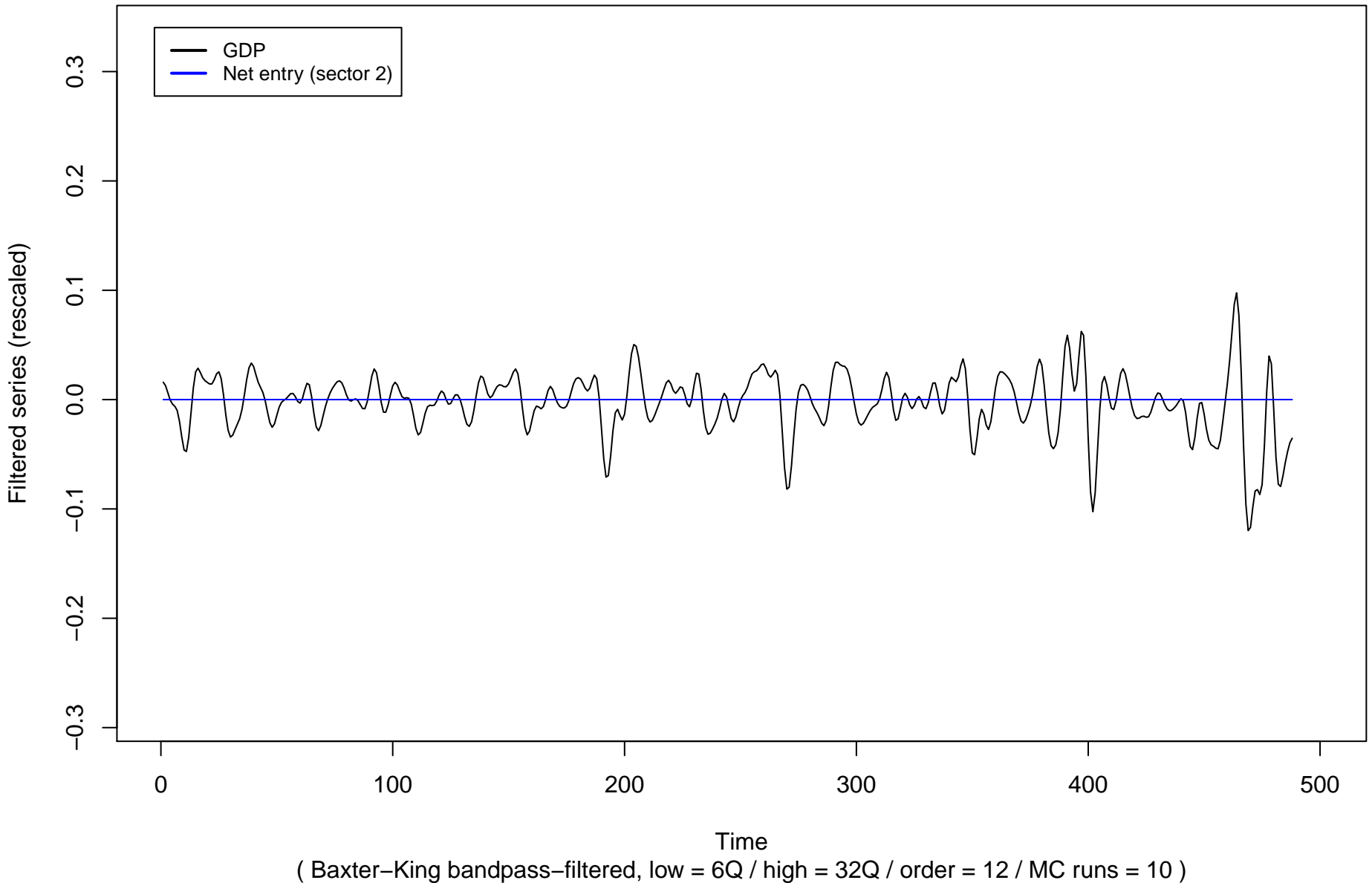


Time
(Baxter–King bandpass–filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 10)

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	0.01571	0.01552	0.01796	0.01673	0.01687
(s.e.)	0.00241	0.00244	0.002903	0.003717	0.003648
ADF test (logs)	-2.01	-1.898	-5.802	-1.835	-2.189
(s.e.)	0.8176	0.8139	0.5459	1.003	0.8241
(p-val.)	0.3389	0.3711	0.07352	0.3819	0.2884
(s.e.)	0.1024	0.0963	0.06352	0.1105	0.1008
ADF test (bpf)	-6.289	-5.908	-6.633	-6.34	-6.054
(s.e.)	0.1784	0.1774	0.1587	0.3495	0.5506
(p-val.)	0.01	0.01	0.01	0.01	0.06789
(s.e.)	0	0	0	0	0.05789
s.d. (bpf)	0.08783	0.07313	1.487	0.0681	0.07335
(s.e.)	0.003509	0.003904	0.1979	0.006256	0.006145
relative s.d. (GDP)	1	0.8327	16.93	0.7754	0.8352

(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)	-0.02401	0.2452	0.5871	0.8808	1	0.8808	0.5871	0.2452	-0.02401
(s.e.)	0.02897	0.02753	0.01812	0.005987	1.17e-17	0.005987	0.01812	0.02753	0.02897
(p-val.)	0.555	0.0001013	2.304e-10	1.853e-16	NA	1.853e-16	2.304e-10	0.0001013	0.555
Consumption	0.08236	0.3077	0.5878	0.8327	0.9404	0.8495	0.5997	0.2871	0.01508
(s.e.)	0.05336	0.0503	0.0343	0.015	0.007577	0.006672	0.01436	0.02475	0.02732
(p-val.)	0.006721	0.000716	6.321e-08	1.246e-12	8.088e-16	7.032e-16	2.321e-11	7.731e-06	0.816
Investment	-0.2576	-0.3119	-0.3017	-0.1892	0.01524	0.2422	0.4027	0.441	0.3645
(s.e.)	0.04457	0.05365	0.06094	0.06245	0.05475	0.04001	0.03132	0.03291	0.03275
(p-val.)	0.0003588	0.0007188	0.000417	0.0003791	0.2297	0.001435	1.393e-06	8.255e-07	5.703e-06
Net investment	-0.2046	-0.2606	-0.2584	-0.1618	0.01873	0.2182	0.3547	0.3784	0.2992
(s.e.)	0.03697	0.05087	0.06579	0.07294	0.06652	0.0487	0.0354	0.03656	0.03729
(p-val.)	0.004138	0.0004385	1.307e-05	0.0005035	0.1212	0.009733	1.41e-05	9.435e-06	0.0001175
Change in inventories	-0.2874	-0.1854	0.02998	0.2615	0.3911	0.3525	0.1923	0.0169	-0.07988
(s.e.)	0.03352	0.03281	0.02406	0.01931	0.02534	0.02759	0.02298	0.01661	0.01364
(p-val.)	8.061e-05	0.0005995	0.8264	3.003e-06	3.17e-07	1.983e-06	0.0004316	0.9978	0.4738
Unemployment rate	0.2607	0.2773	0.2101	0.07128	-0.08771	-0.2036	-0.2377	-0.198	-0.1244
(s.e.)	0.05195	0.05403	0.06097	0.06587	0.06562	0.05999	0.05299	0.04643	0.03918
(p-val.)	0.002923	0.002653	0.008104	0.05247	0.1023	0.01489	0.002409	0.0008087	0.003975
Productivity	0.1594	0.3404	0.5529	0.7284	0.7907	0.6945	0.4781	0.2198	0.0004285
(s.e.)	0.07293	0.07208	0.05124	0.02989	0.03489	0.04008	0.0407	0.04606	0.04707
(p-val.)	0.01021	0.0007591	3.477e-06	2.218e-09	3.862e-09	4.664e-08	2.152e-06	0.007076	0.171
Mark-up (sector 2)	0.1429	0.1131	0.05035	-0.03349	-0.1125	-0.1616	-0.1673	-0.1402	-0.1032
(s.e.)	0.05356	0.04888	0.04844	0.04629	0.04291	0.04617	0.05183	0.04944	0.03897
(p-val.)	0.02487	0.03459	0.3111	0.1442	0.06245	0.02256	0.01759	0.02391	0.1231
Total firm debt	0.1059	-0.007452	-0.1171	-0.2	-0.2431	-0.2438	-0.221	-0.1886	-0.1533
(s.e.)	0.03699	0.03972	0.04465	0.04718	0.0422	0.03416	0.03789	0.0503	0.05903
(p-val.)	0.04338	0.05961	0.09996	0.01576	0.001912	0.0004905	0.002379	0.005586	0.002113
Liquidity-to-sales ratio	0.07212	-0.1321	-0.3641	-0.5618	-0.6649	-0.6401	-0.516	-0.3467	-0.1871
(s.e.)	0.04561	0.03666	0.03258	0.03461	0.03199	0.03356	0.04438	0.05247	0.05419
(p-val.)	0.07869	0.044	5.527e-06	1.079e-07	1e-08	2.227e-08	2.076e-06	0.0003306	0.00977
Bankruptcy rate	0.3148	0.3411	0.2775	0.1395	-0.01716	-0.1299	-0.172	-0.1611	-0.1352
(s.e.)	0.04662	0.06077	0.0709	0.07049	0.06705	0.06876	0.06812	0.05532	0.03602
(p-val.)	0.0003516	0.001001	0.01061	0.02327	0.04431	0.002963	0.001744	0.01103	0.07984

(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)	-0.02401	0.2452	0.5871	0.8808	1	0.8808	0.5871	0.2452	-0.02401
(s.e.)	0.02897	0.02753	0.01812	0.005987	1.17e-17	0.005987	0.01812	0.02753	0.02897
(p-val.)	0.555	0.0001013	2.304e-10	1.853e-16	NA	1.853e-16	2.304e-10	0.0001013	0.555
Consumption	0.08236	0.3077	0.5878	0.8327	0.9404	0.8495	0.5997	0.2871	0.01508
(s.e.)	0.05336	0.0503	0.0343	0.015	0.007577	0.006672	0.01436	0.02475	0.02732
(p-val.)	0.006721	0.000716	6.321e-08	1.246e-12	8.088e-16	7.032e-16	2.321e-11	7.731e-06	0.816
Investment	-0.2576	-0.3119	-0.3017	-0.1892	0.01524	0.2422	0.4027	0.441	0.3645
(s.e.)	0.04457	0.05365	0.06094	0.06245	0.05475	0.04001	0.03132	0.03291	0.03275
(p-val.)	0.0003588	0.0007188	0.000417	0.0003791	0.2297	0.001435	1.393e-06	8.255e-07	5.703e-06
Productivity	0.1594	0.3404	0.5529	0.7284	0.7907	0.6945	0.4781	0.2198	0.0004285
(s.e.)	0.07293	0.07208	0.05124	0.02989	0.03489	0.04008	0.0407	0.04606	0.04707
(p-val.)	0.01021	0.0007591	3.477e-06	2.218e-09	3.862e-09	4.664e-08	2.152e-06	0.007076	0.171
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	-0.09724	0.08179	0.2925	0.4778	0.5778	0.553	0.429	0.2563	0.09081
(s.e.)	0.04662	0.04331	0.03797	0.03422	0.0354	0.03688	0.03553	0.03319	0.03396
(p-val.)	0.005434	0.1699	0.0001677	5.042e-07	9.865e-08	2.18e-07	2.076e-06	0.0002432	0.07848
Wage	0.3384	0.5115	0.6518	0.7132	0.6695	0.5247	0.3283	0.1324	-0.02528
(s.e.)	0.03101	0.0291	0.03387	0.04192	0.04804	0.04893	0.04362	0.03356	0.02547
(p-val.)	7.991e-06	6.231e-08	2.013e-08	5.306e-08	3.181e-07	3.94e-06	0.0001484	0.05793	0.7345
Unemployment rate	0.2607	0.2773	0.2101	0.07128	-0.08771	-0.2036	-0.2377	-0.198	-0.1244
(s.e.)	0.05195	0.05403	0.06097	0.06587	0.06562	0.05999	0.05299	0.04643	0.03918
(p-val.)	0.002923	0.002653	0.008104	0.05247	0.1023	0.01489	0.002409	0.0008087	0.003975
Vacancy rate	0.2218	0.02486	-0.2167	-0.4047	-0.4623	-0.3744	-0.2127	-0.06523	0.01134
(s.e.)	0.03131	0.0371	0.05373	0.07926	0.09736	0.09098	0.06211	0.03411	0.0374
(p-val.)	0.000715	0.2376	0.01006	0.0004721	0.0001481	8.148e-05	3.707e-05	0.1407	0.2623

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

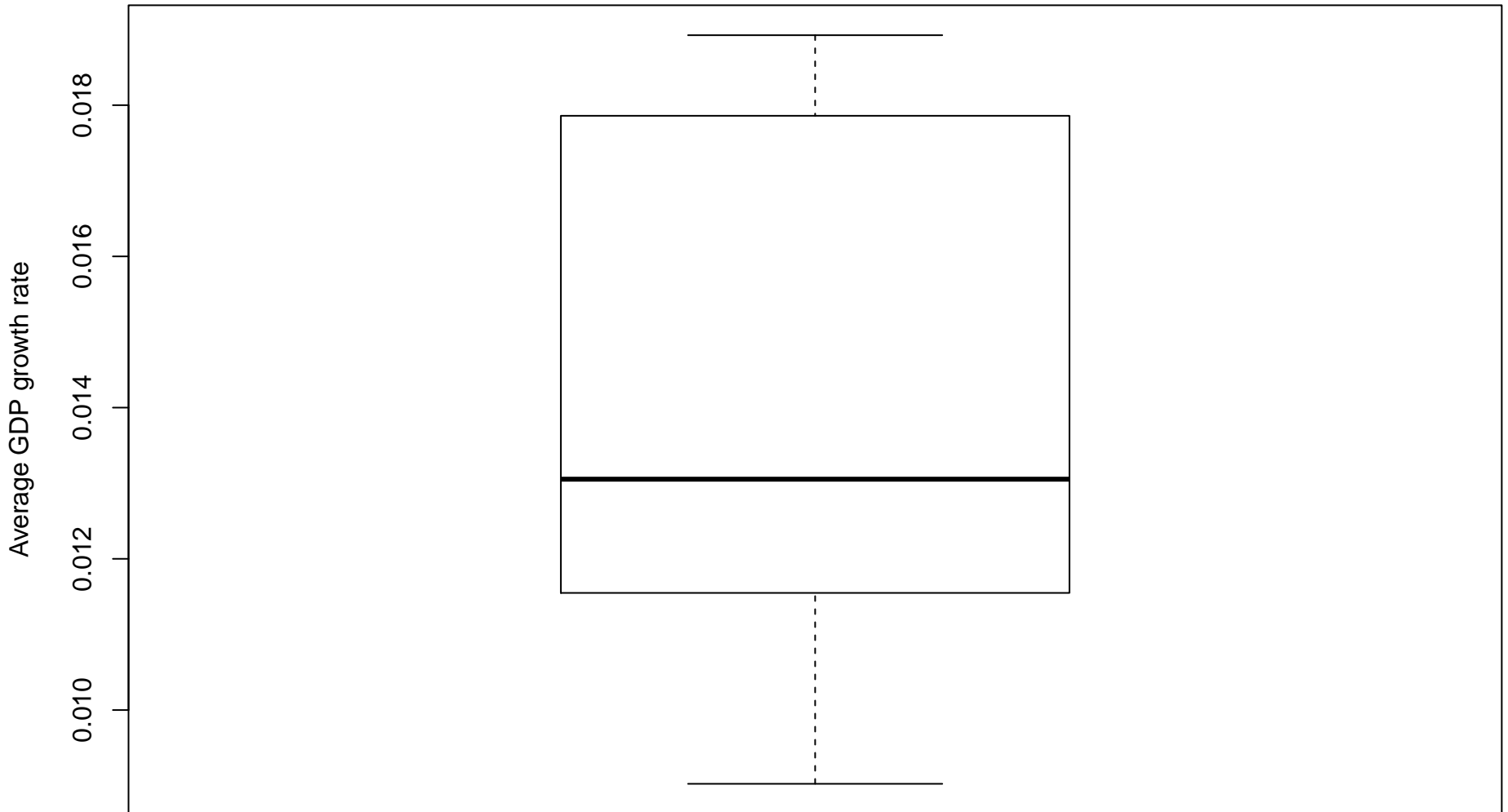
(test H0: lag coefficient is not significant at 5% level)

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	0.09	0.10	0.10	0.40	0.28	0.31	0.00	C
dA	0.11	0.90	0.01	1.00	0.08	0.20	0.05	0.70	0.04	0.89	0.00	C
dw	0.09	0.90	0.01	1.00	0.09	0.10	0.06	0.80	0.04	0.89	0.00	C
V	0.02	0.90	0.01	1.00	0.05	0.60	0.00	1.00	0.05	0.84	0.00	C
U	0.11	0.90	0.11	0.90	0.02	0.90	0.00	1.00	0.01	0.96	0.00	C
mu2avg	0.11	0.50	0.02	0.90	0.05	0.60	0.00	1.00	0.03	0.89	0.00	C
HH1	0.01	1.00	0.01	1.00	0.09	0.10	0.00	1.00	0.10	0.64	0.00	C
HH2	0.01	1.00	0.01	1.00	0.09	0.10	0.00	1.00	0.06	0.82	0.00	C

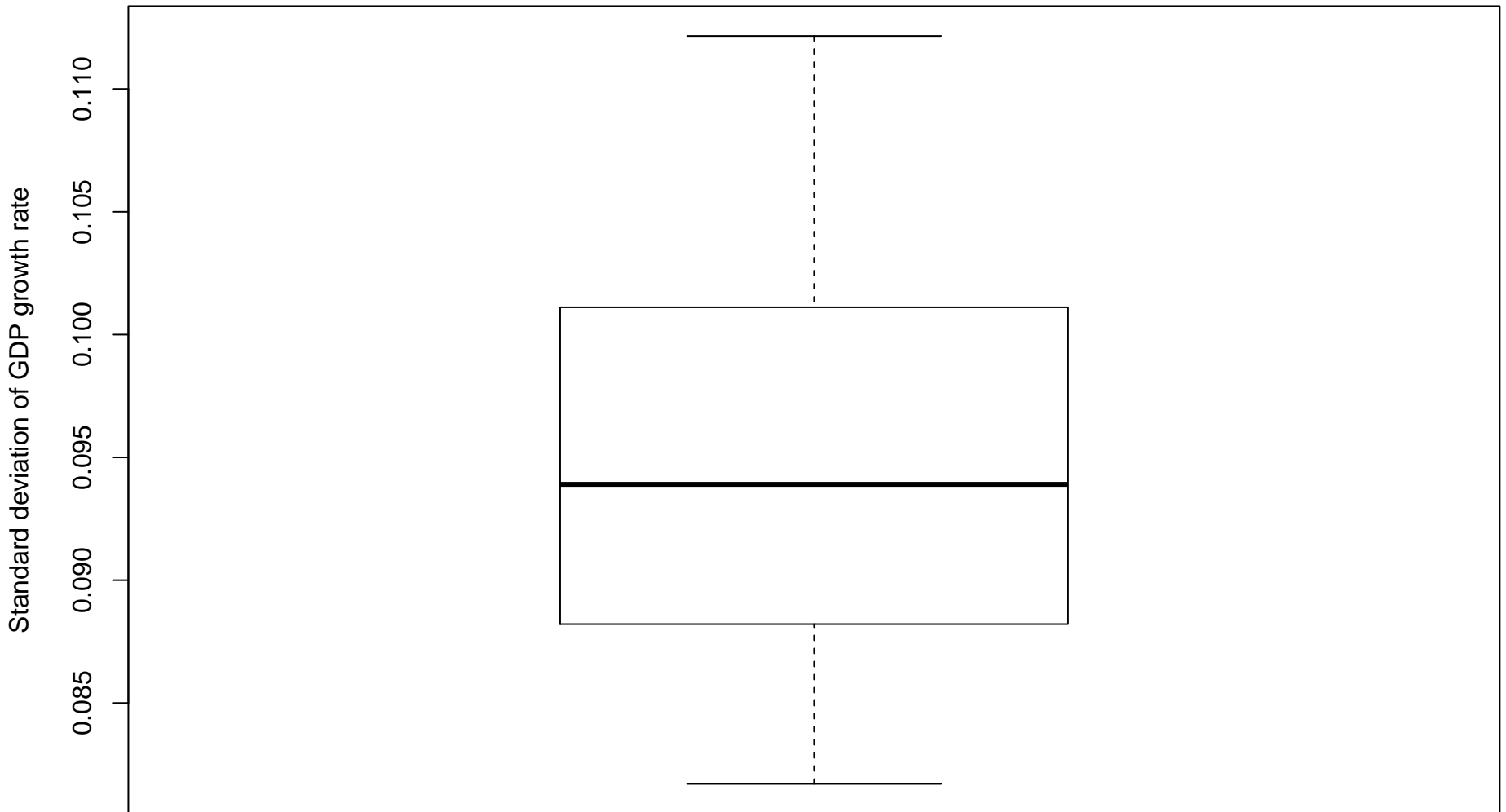
(average p-values for testing H0 and rate of rejection of H0 / MC runs = 10 / period = 301 – 600)
 (ADF/PP H0: non-stationary, KPSS H0: stationary, BDS H0: i.i.d., KS/AD/WW H0: ergodic)
 (significance = 0.05)

GDP growth



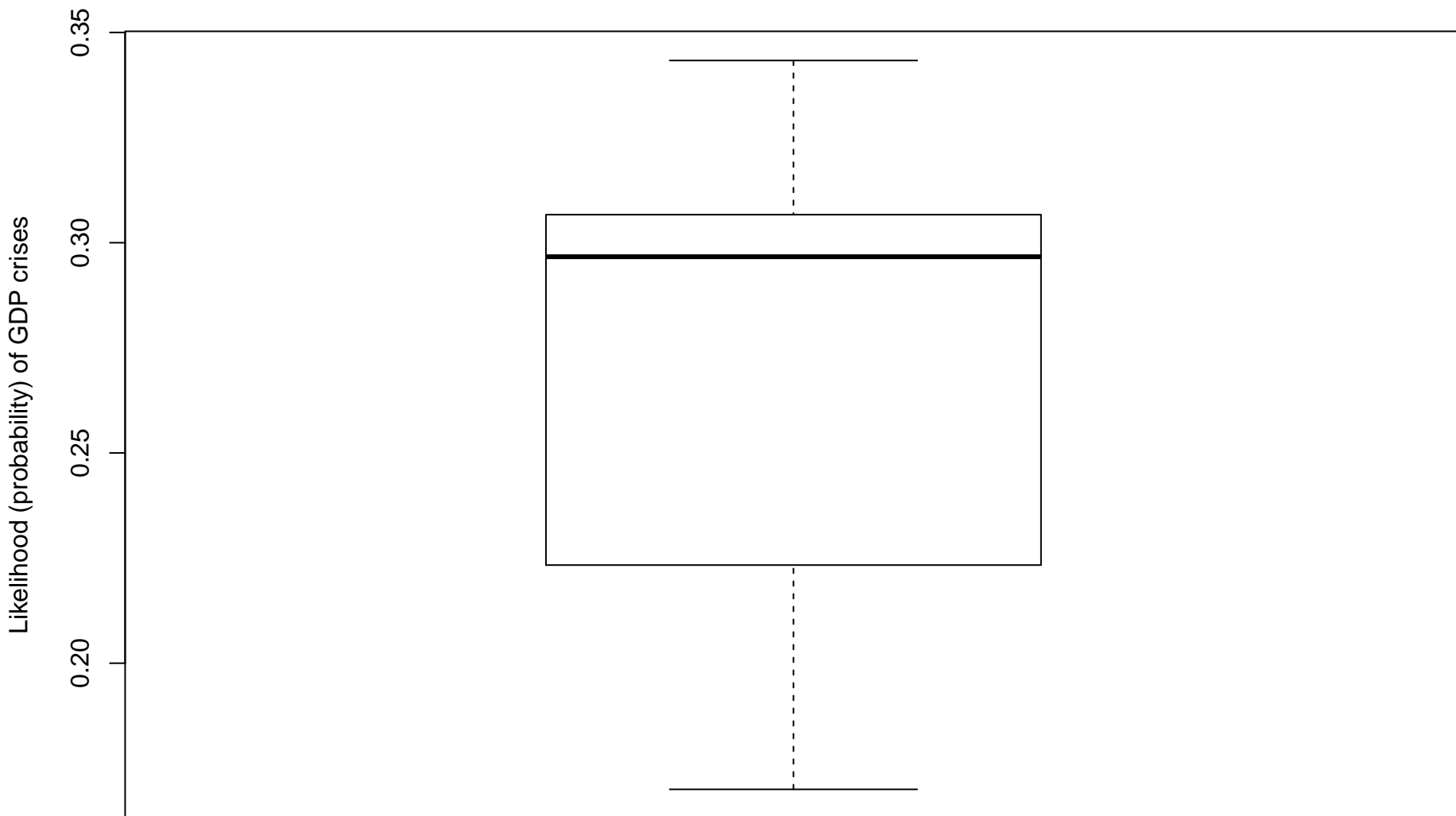
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Volatility of GDP growth



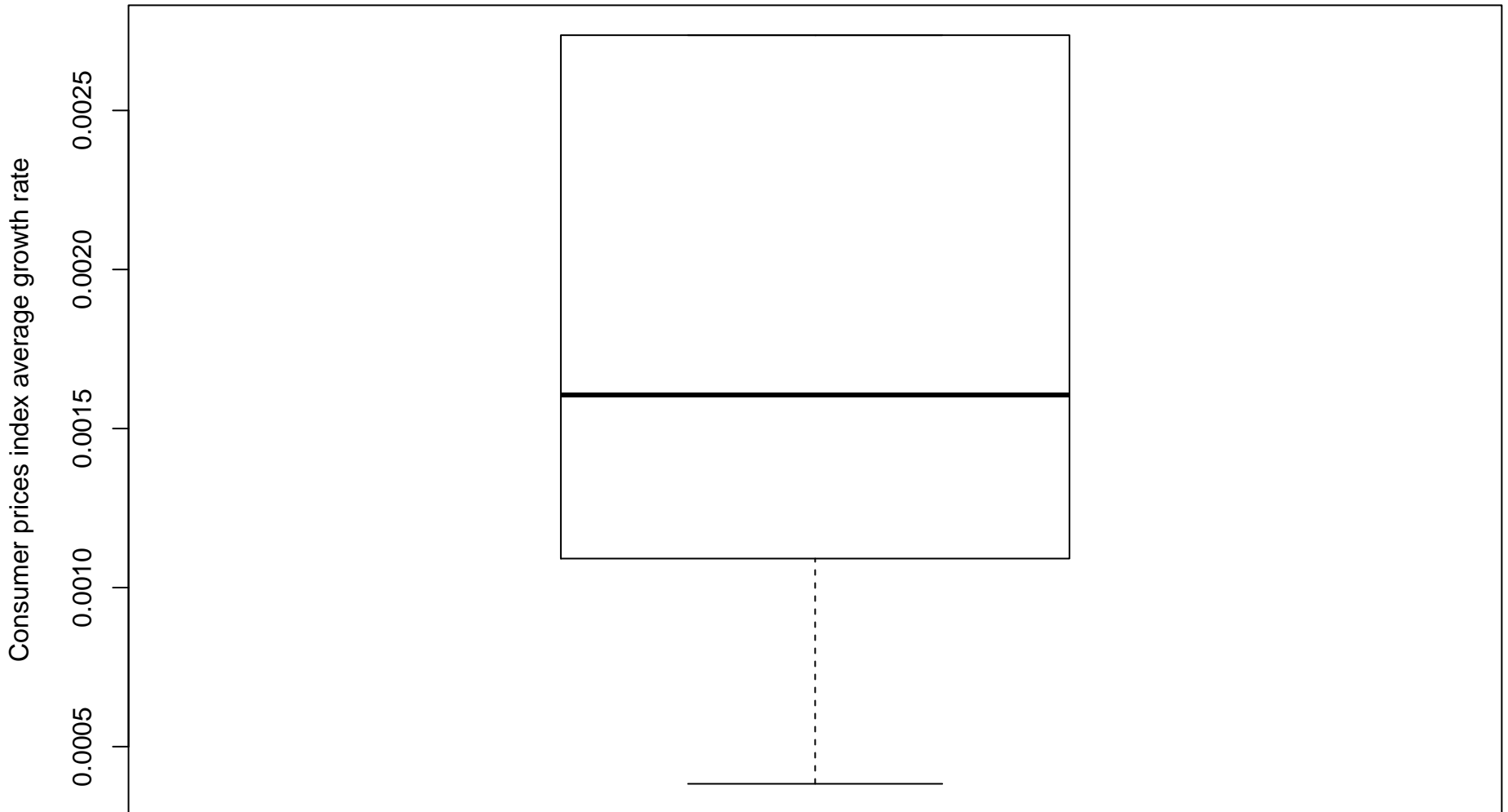
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Likelihood of GDP crises



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

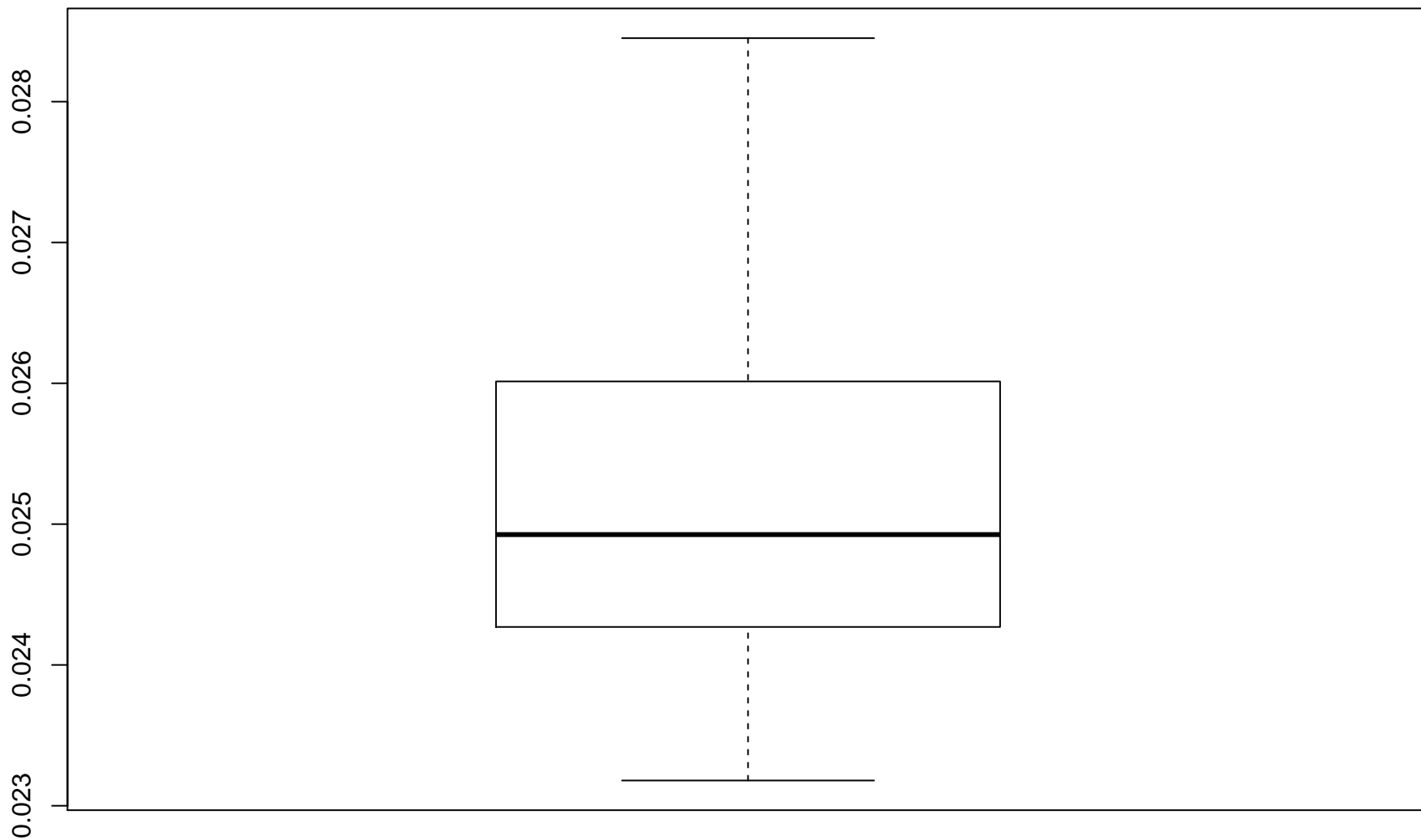
Inflation



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

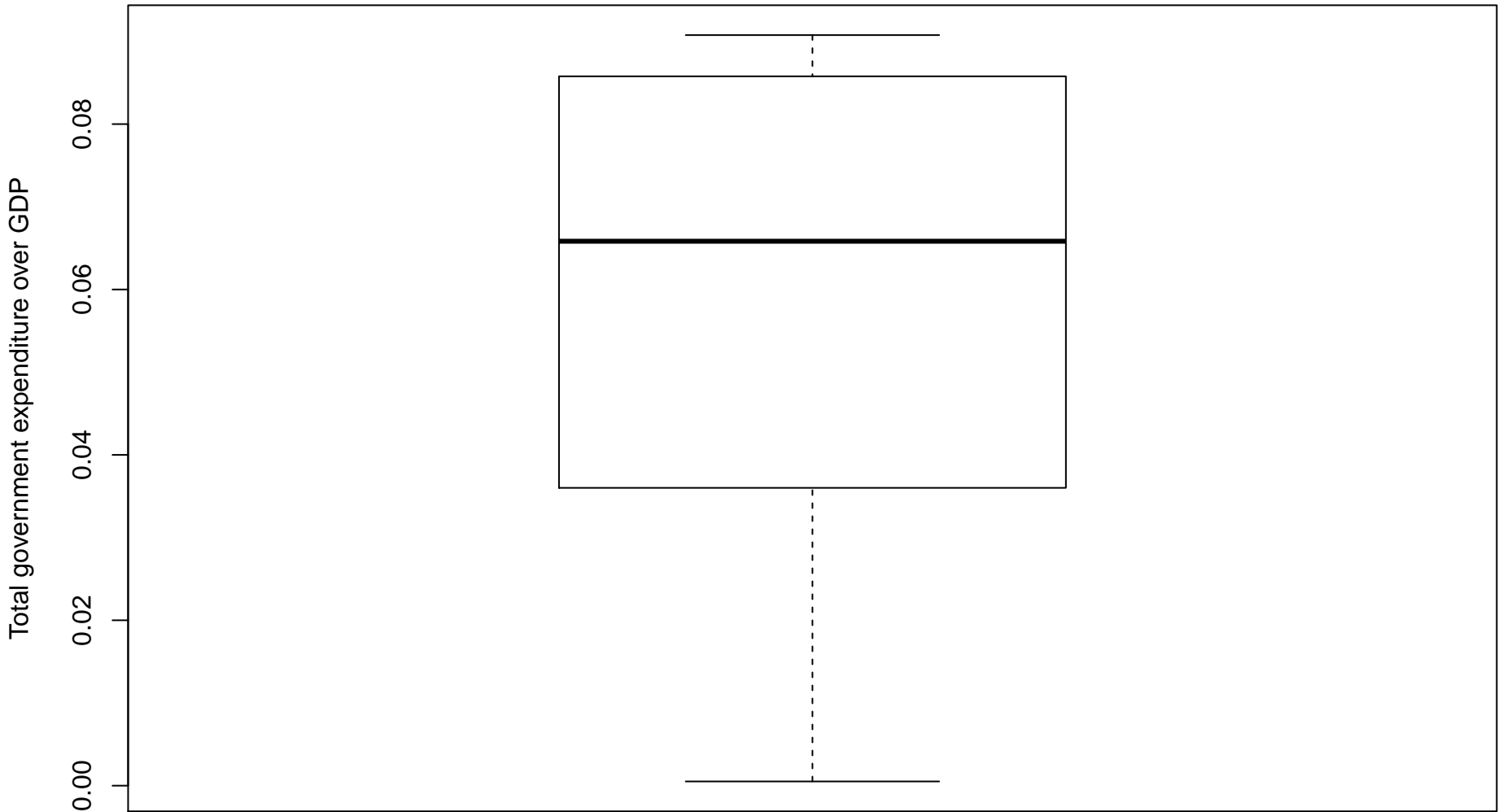
Government tax income over GDP

Tax



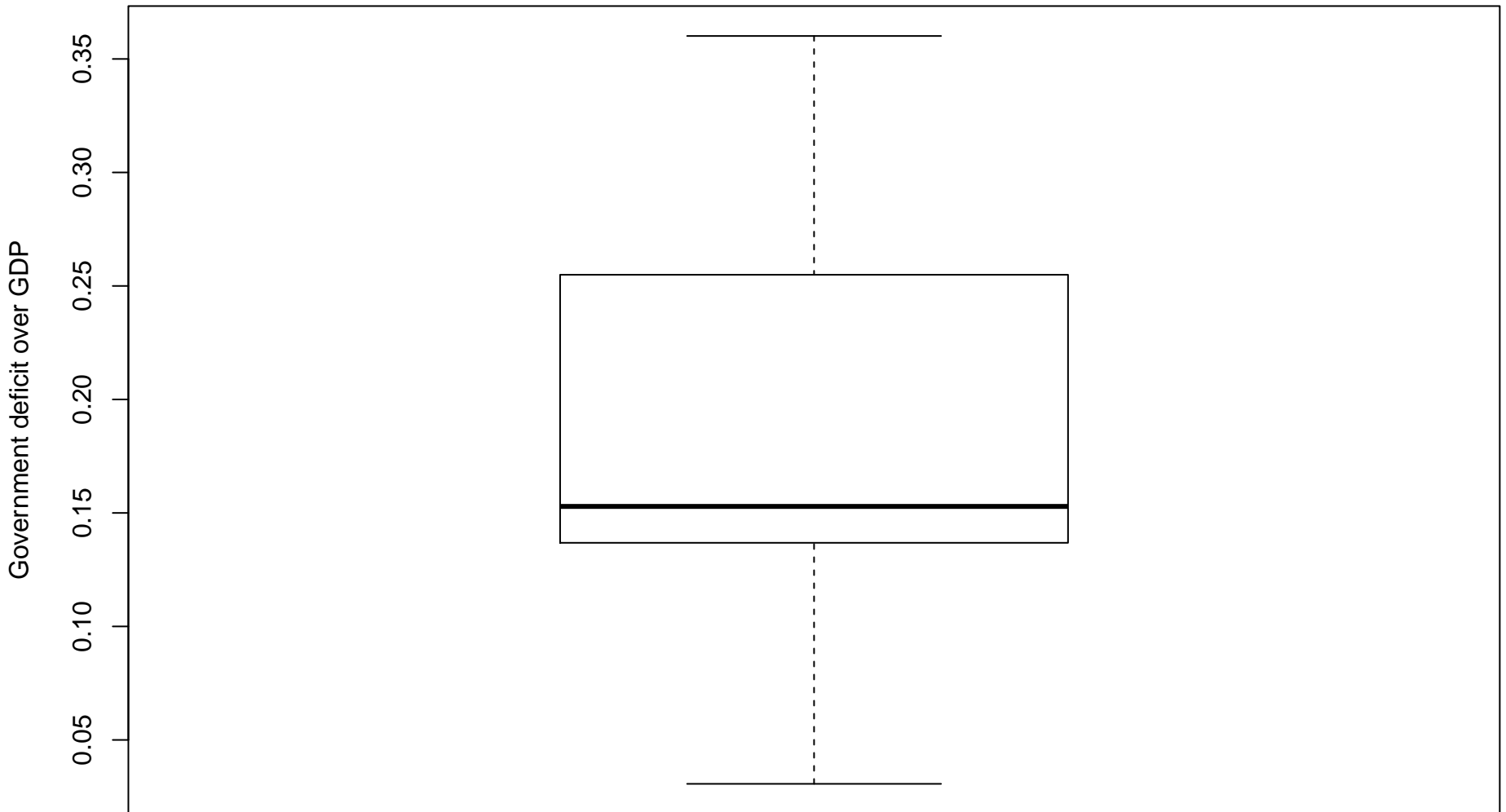
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government total expenditure



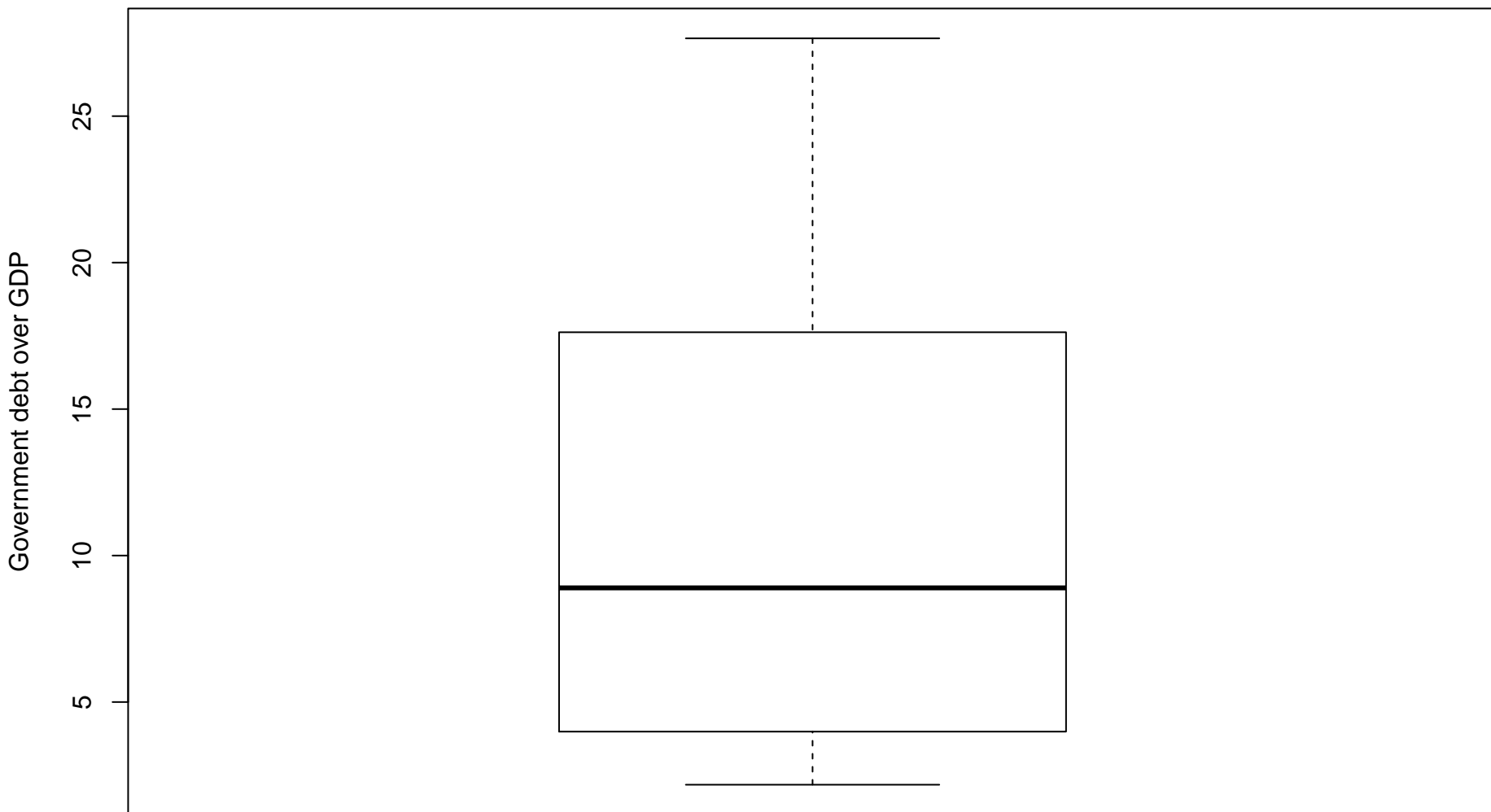
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government deficit



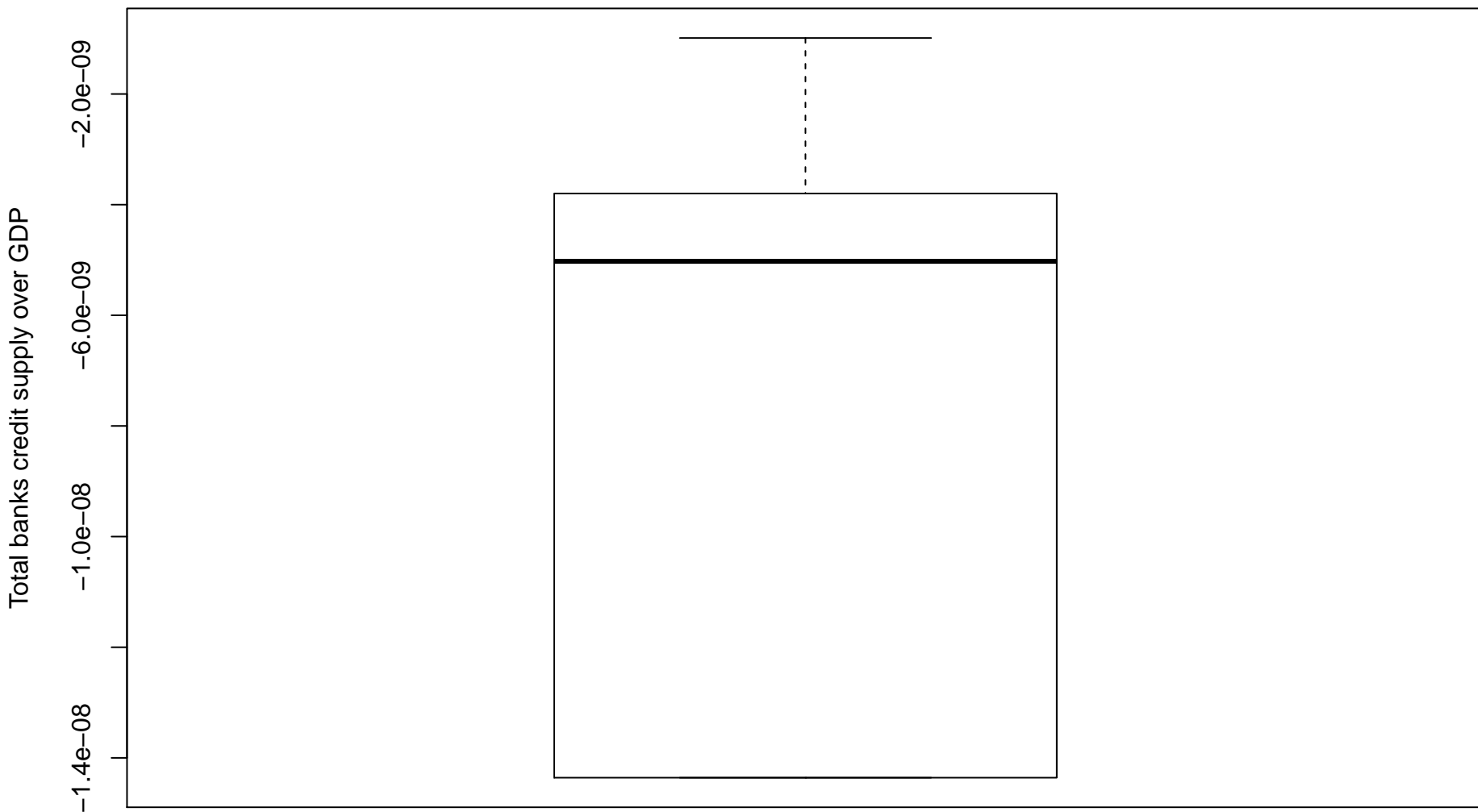
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government debt



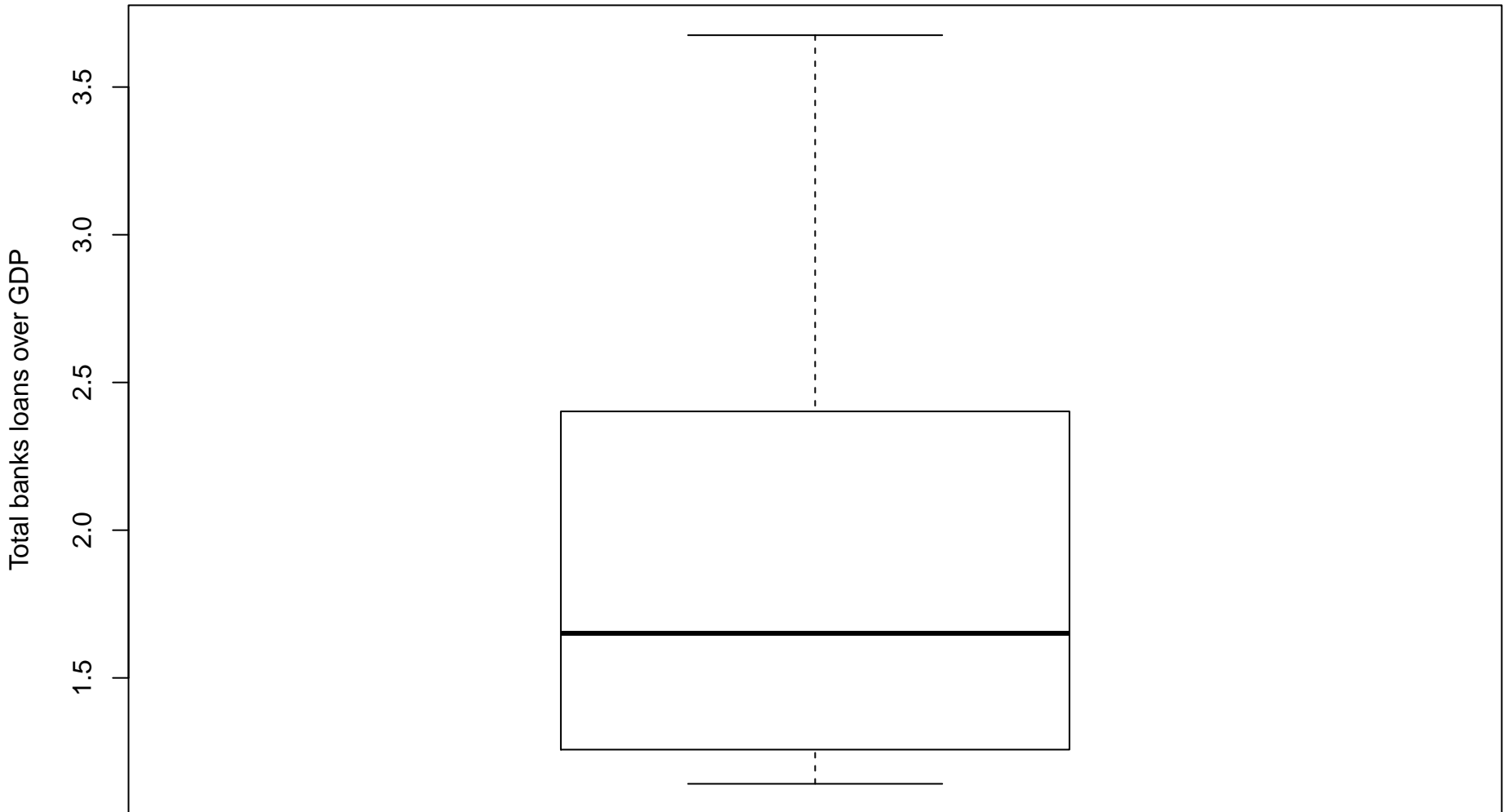
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Credit supply



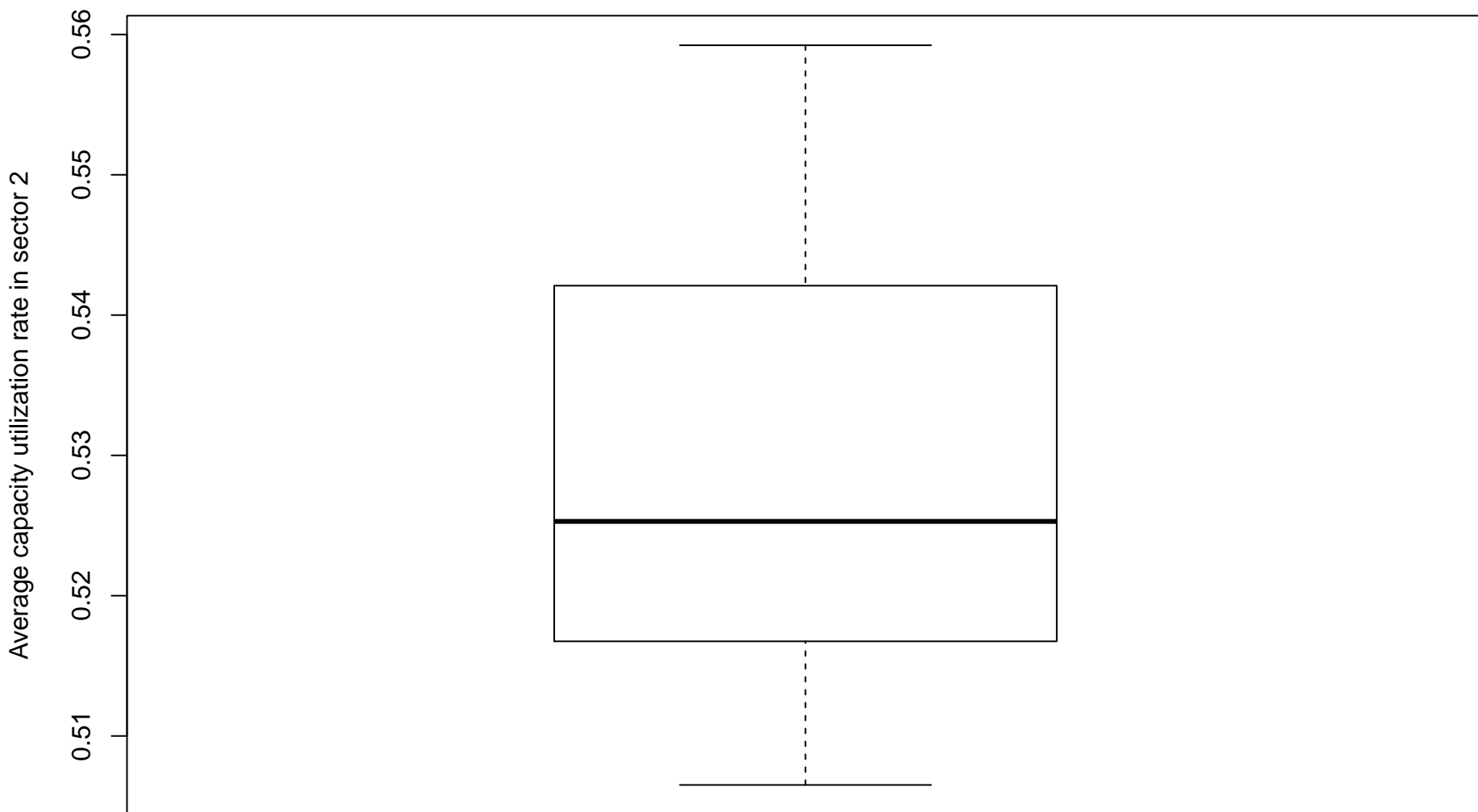
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Loans



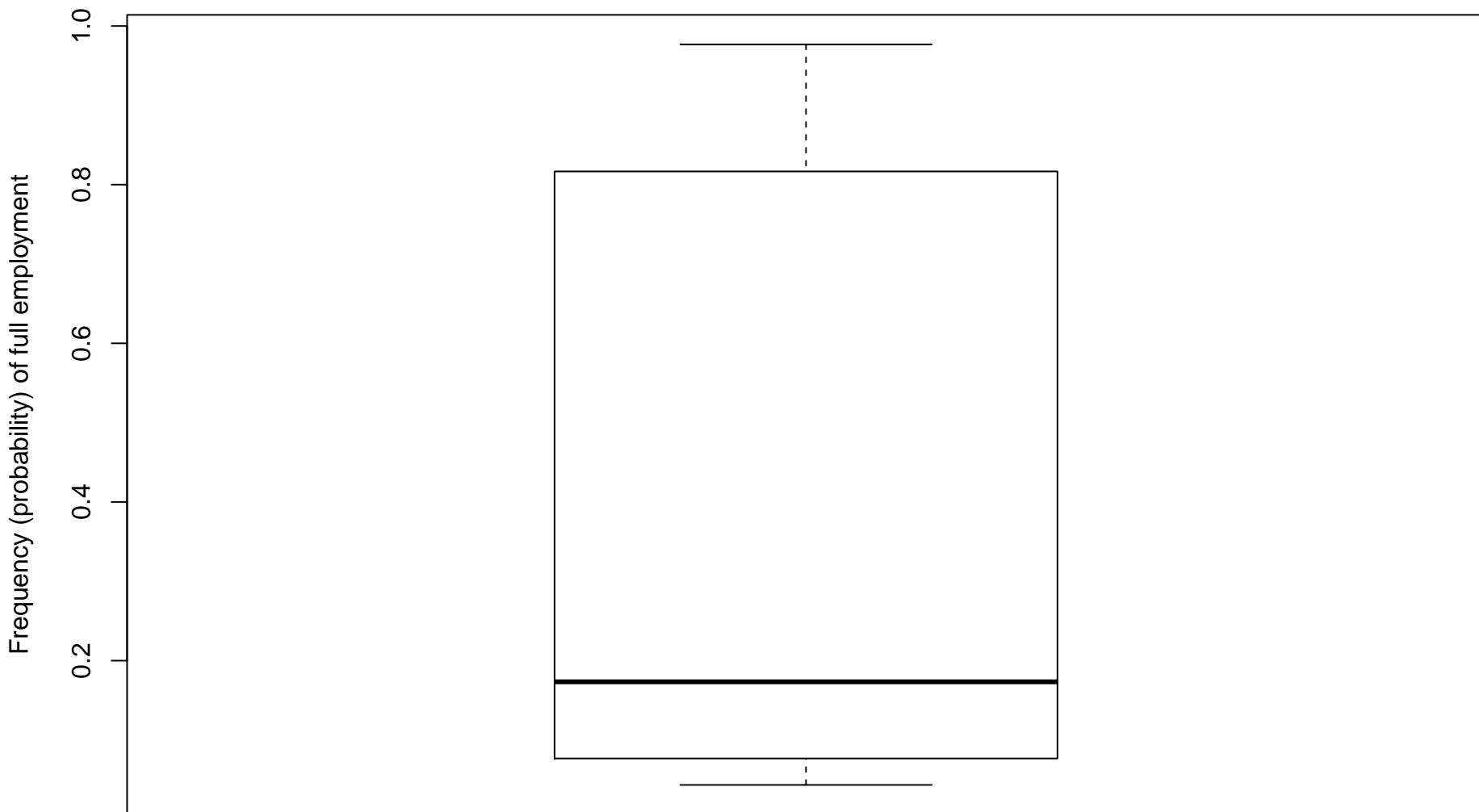
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Capacity utilization



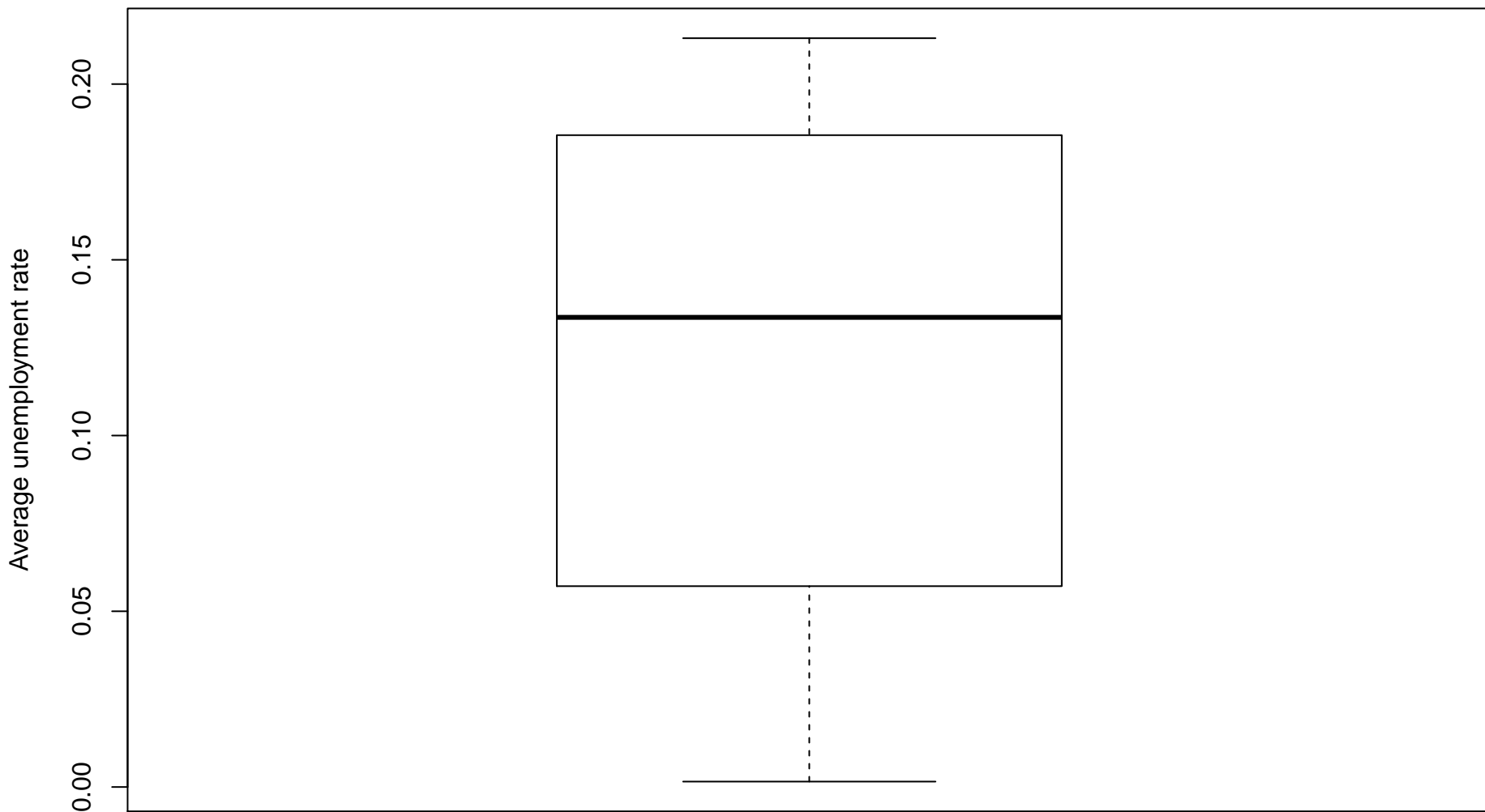
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Full employment frequency



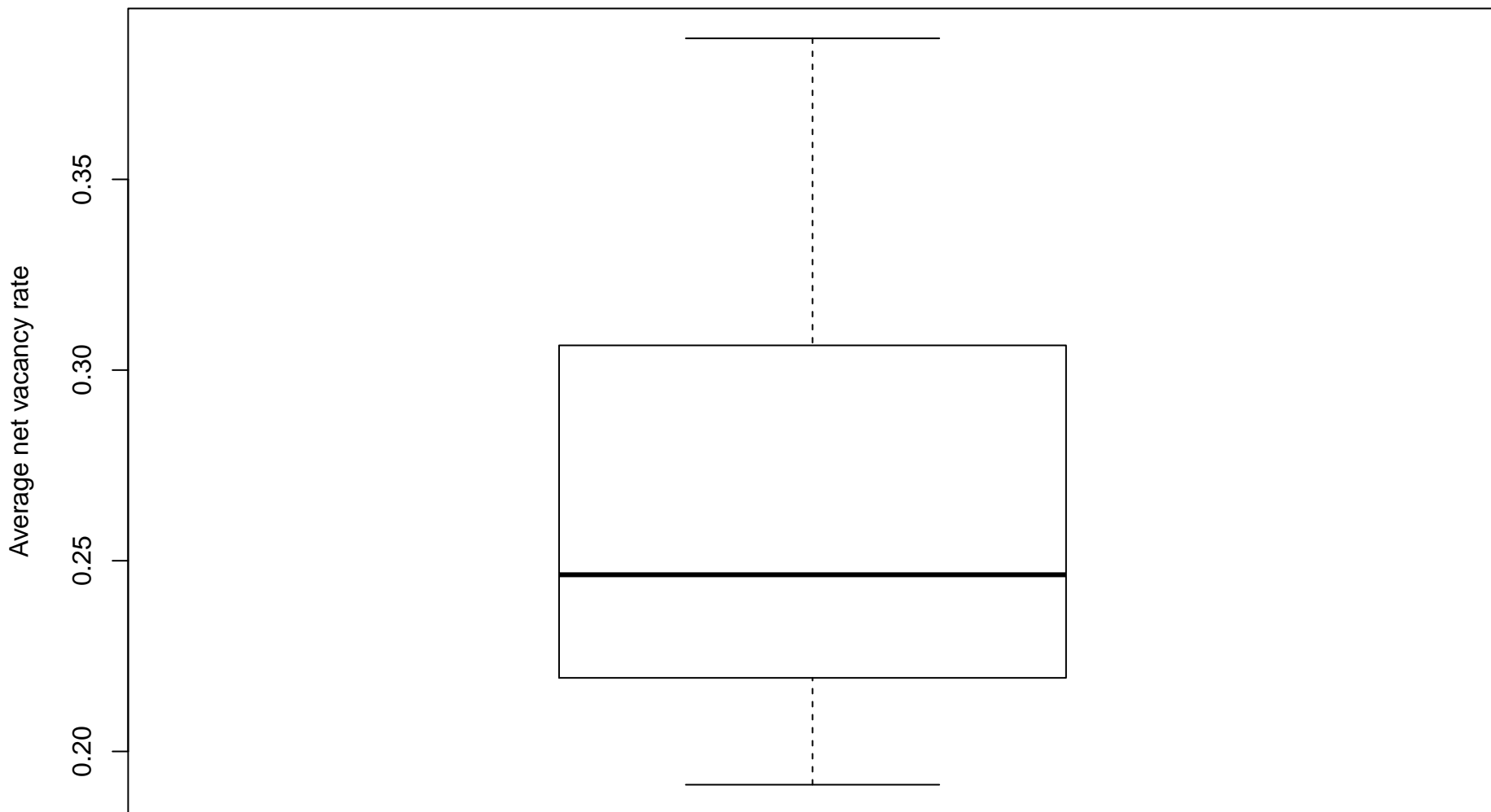
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Unemployment



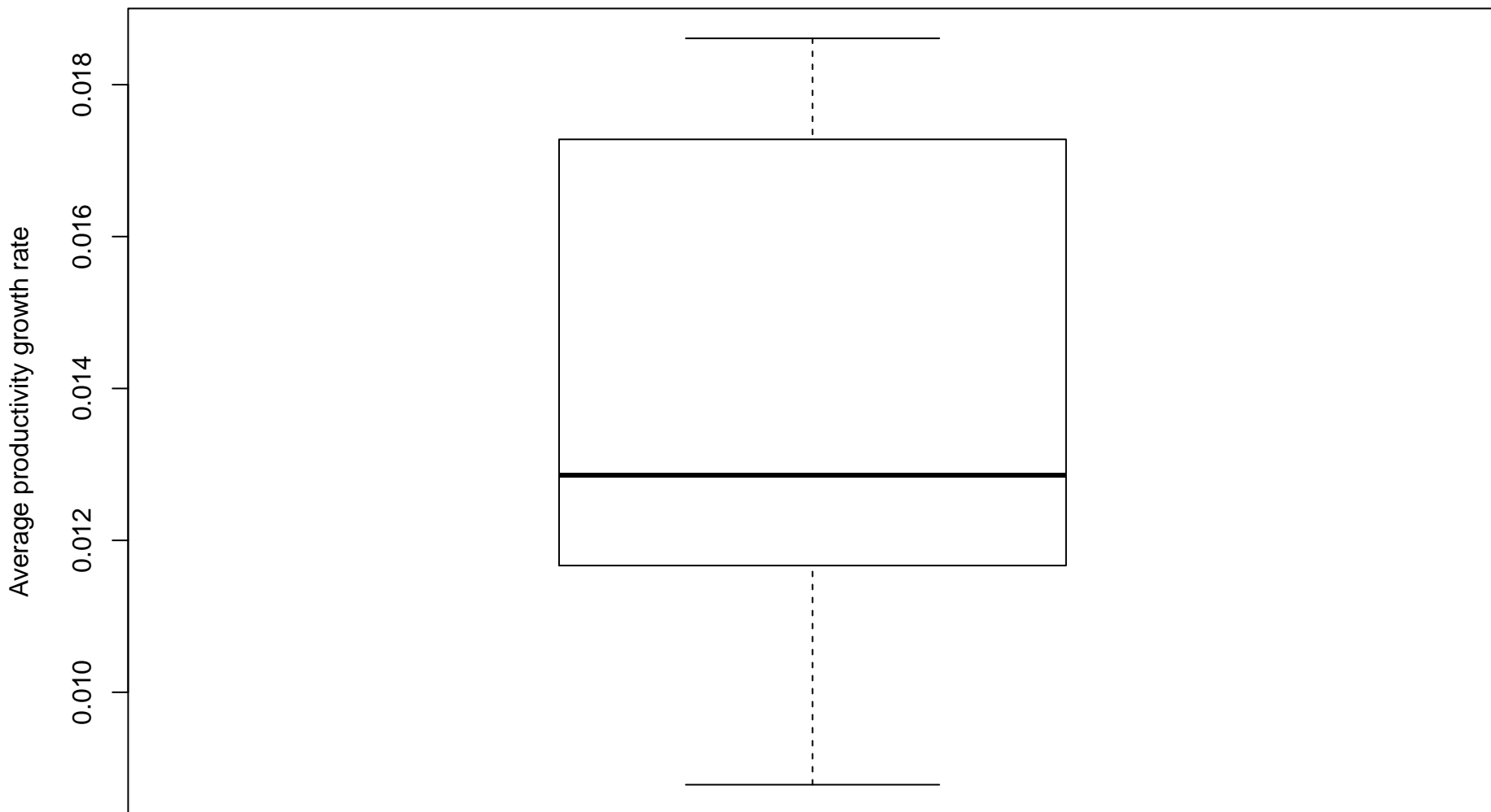
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Vacancy



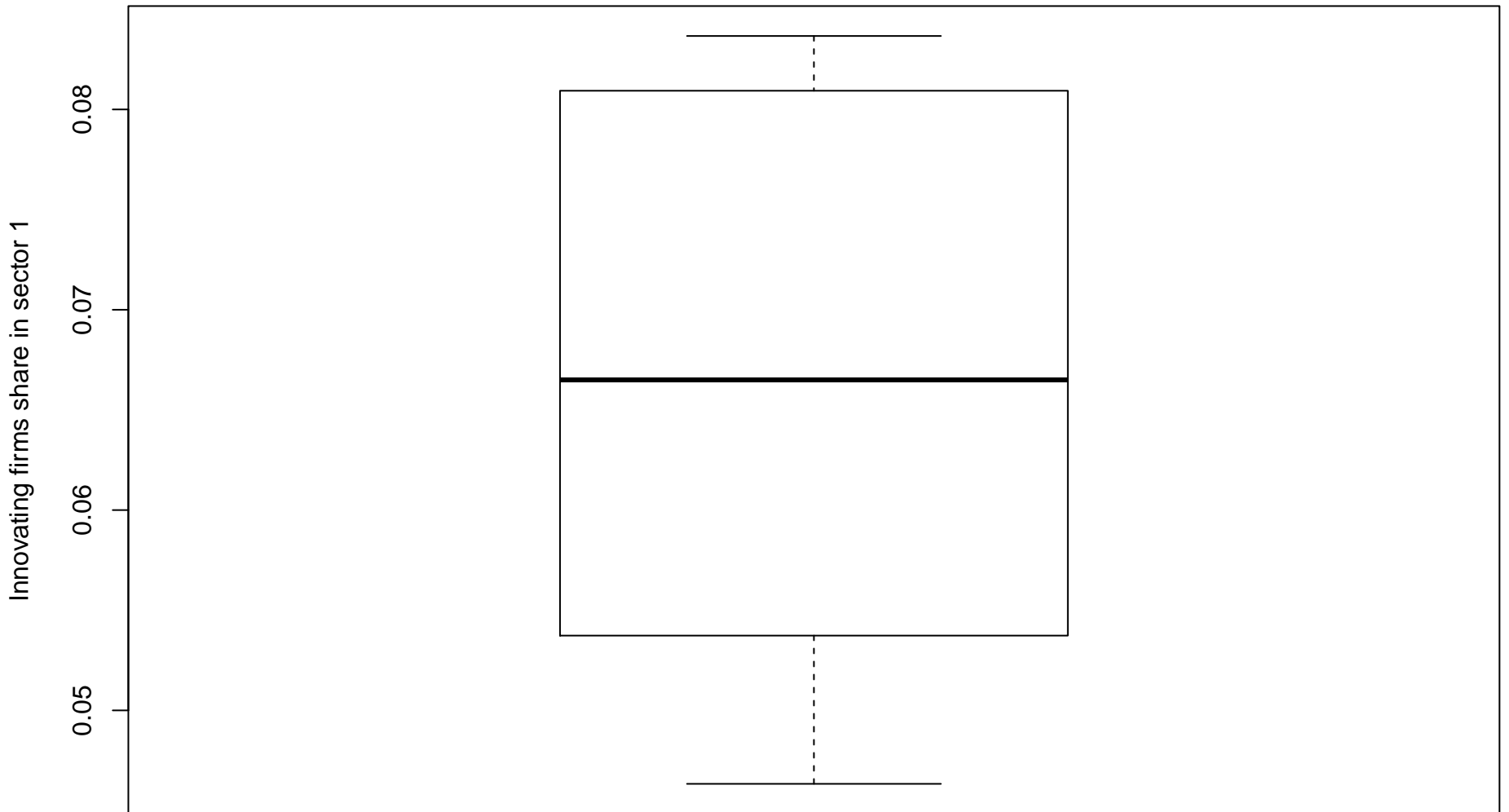
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Productivity growth



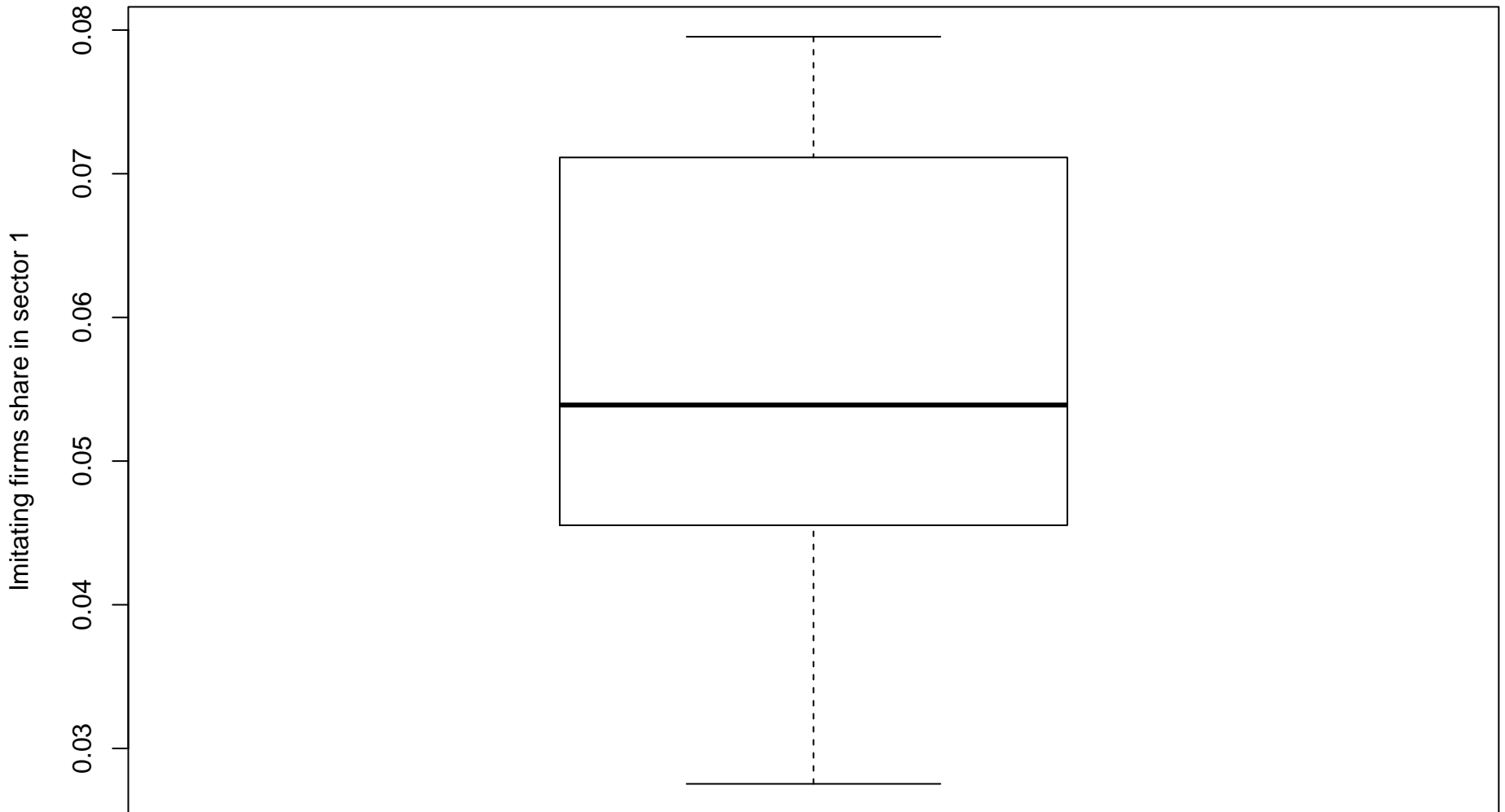
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Innovation



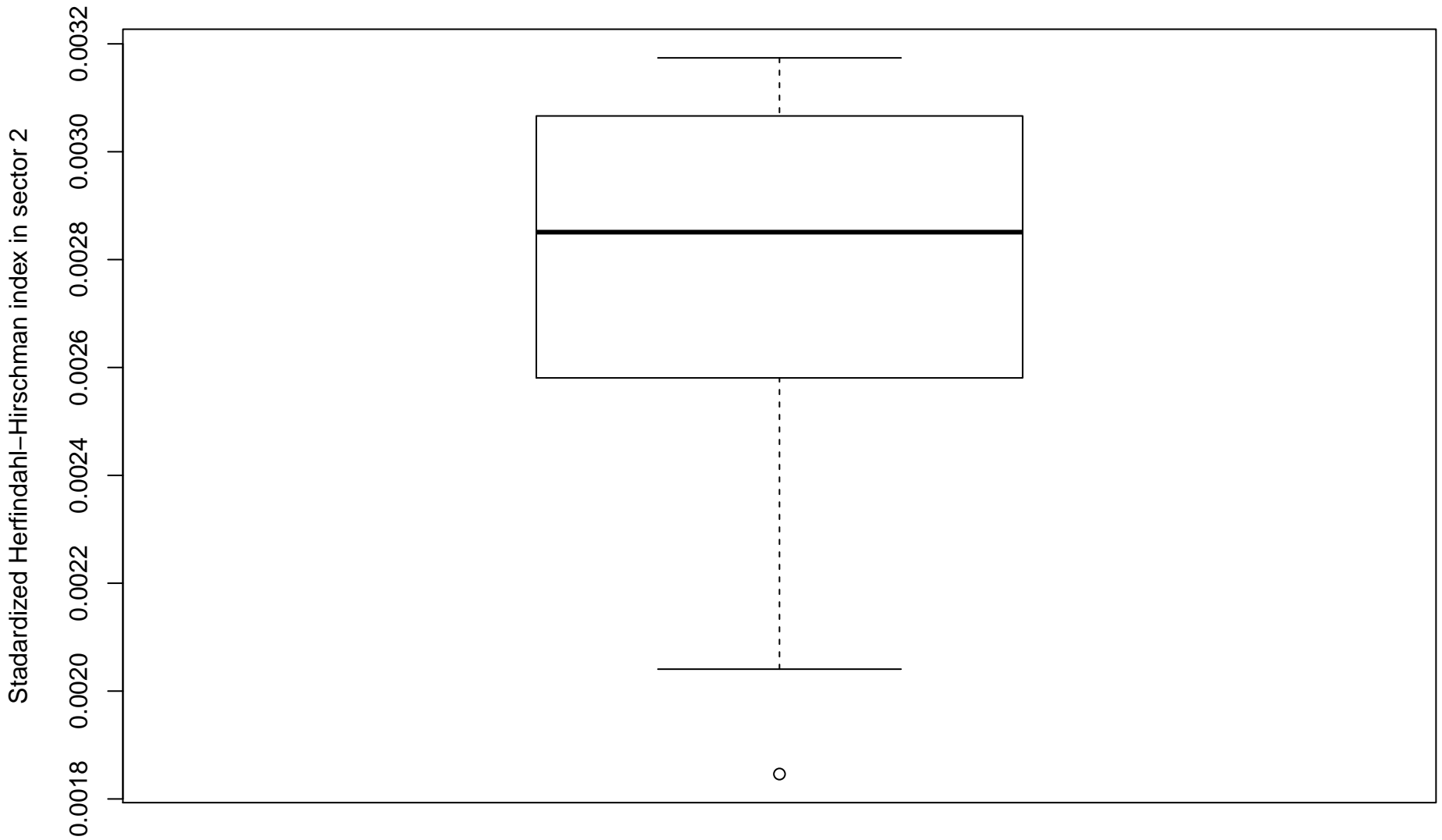
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Imitation



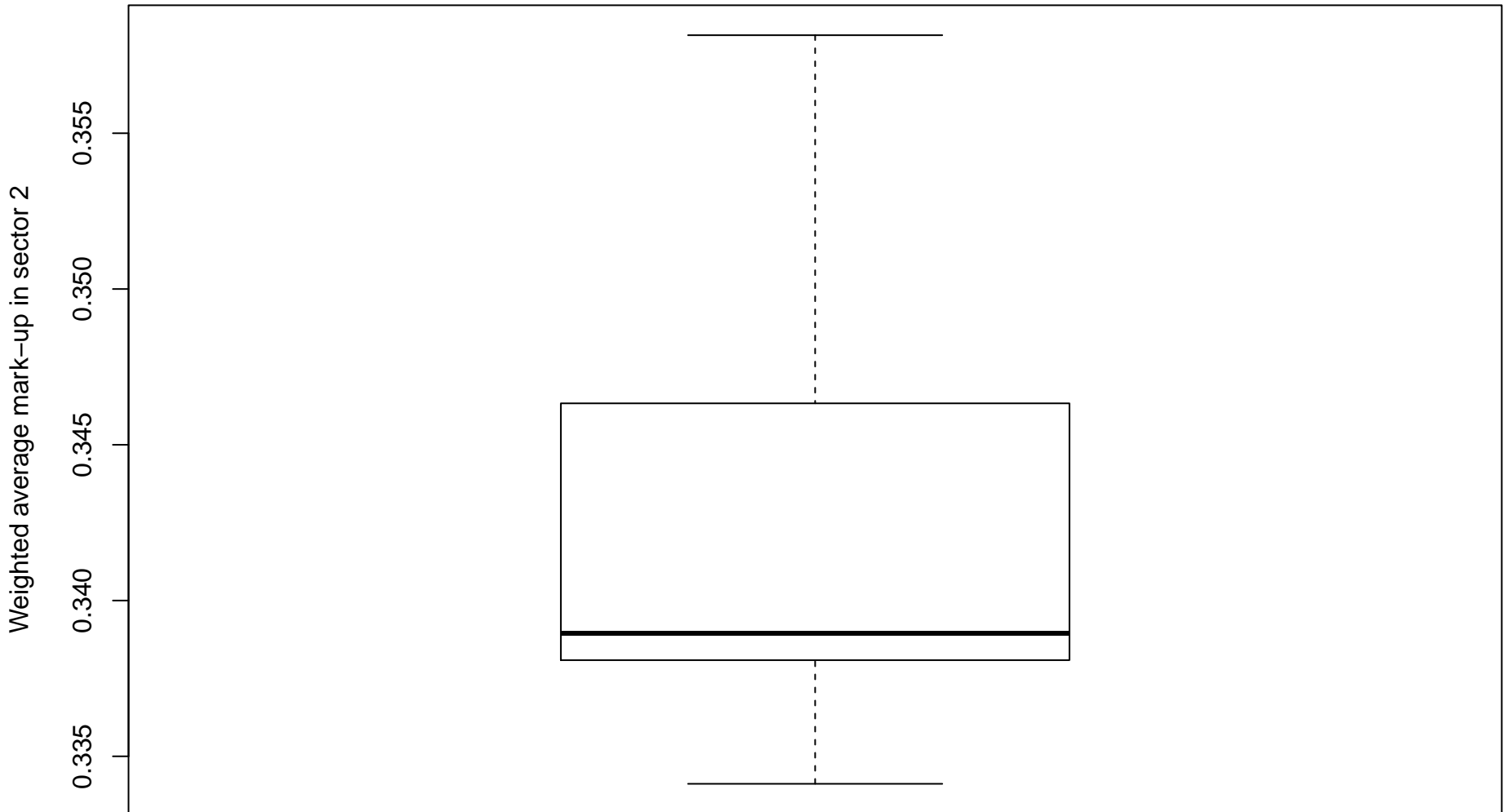
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Market concentration



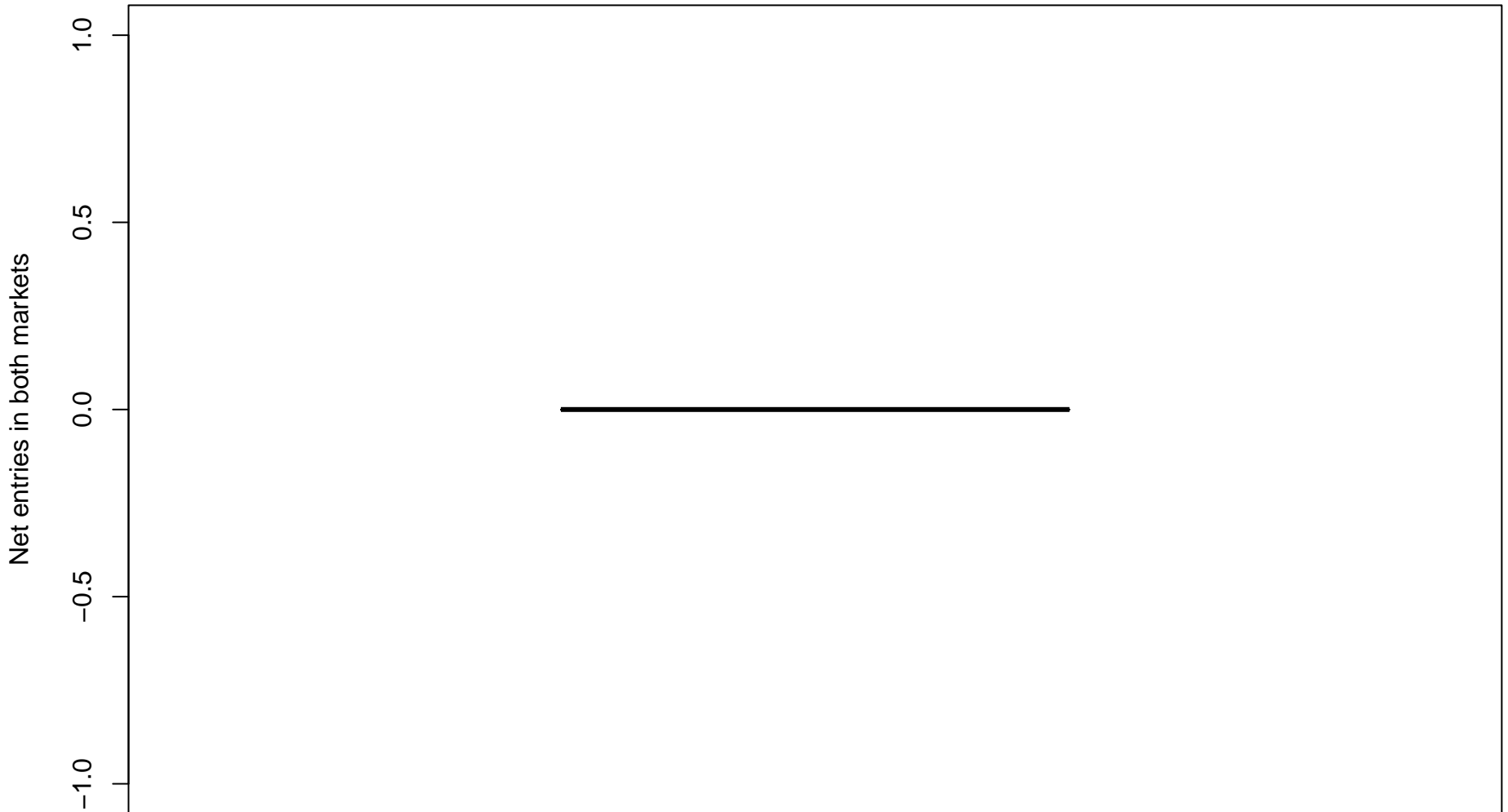
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

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	0.01572	0.007793	0.009024	0.03607
Volatility of GDP growth	0.09536	0.009748	0.08171	0.1122
Likelihood of GDP crises	0.2727	0.05604	0.17	0.3433
Inflation	0.006883	0.01551	0.0003831	0.05073
Tax	0.02521	0.001509	0.02318	0.02845
Government total expenditure	0.06581	0.05276	0.0005086	0.1859
Government deficit	0.1991	0.1334	0.03065	0.4713
Government debt	13.04	12.44	2.177	40.87
Credit supply	-1.357e-08	1.731e-08	-4.857e-08	-9.879e-10
Loans	1.907	0.8673	1.141	3.675
Capacity utilization	0.5339	0.02419	0.5065	0.5868
Full employment frequency	0.3607	0.3752	0.04333	0.9767
Unemployment	0.1189	0.07609	0.001545	0.2131
Vacancy	0.2593	0.06077	0.1913	0.387
Productivity growth	0.01691	0.01175	0.008783	0.04931
Innovation	0.0662	0.01411	0.04633	0.08367
Imitation	0.05607	0.01704	0.02753	0.07953
Market concentration	0.002725	0.0004531	0.001846	0.003174
Mark-ups	0.3426	0.008193	0.3341	0.3581
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)