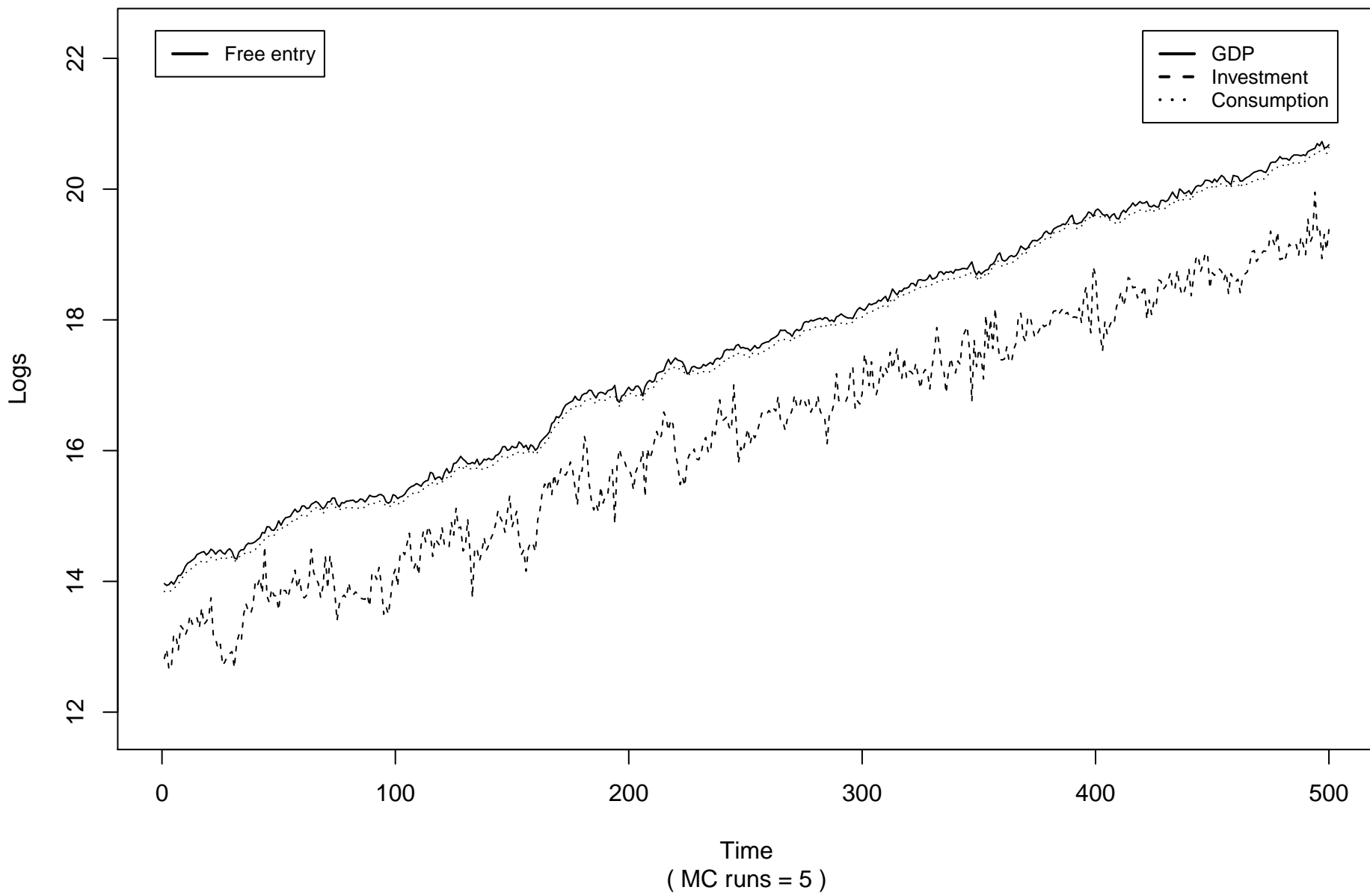
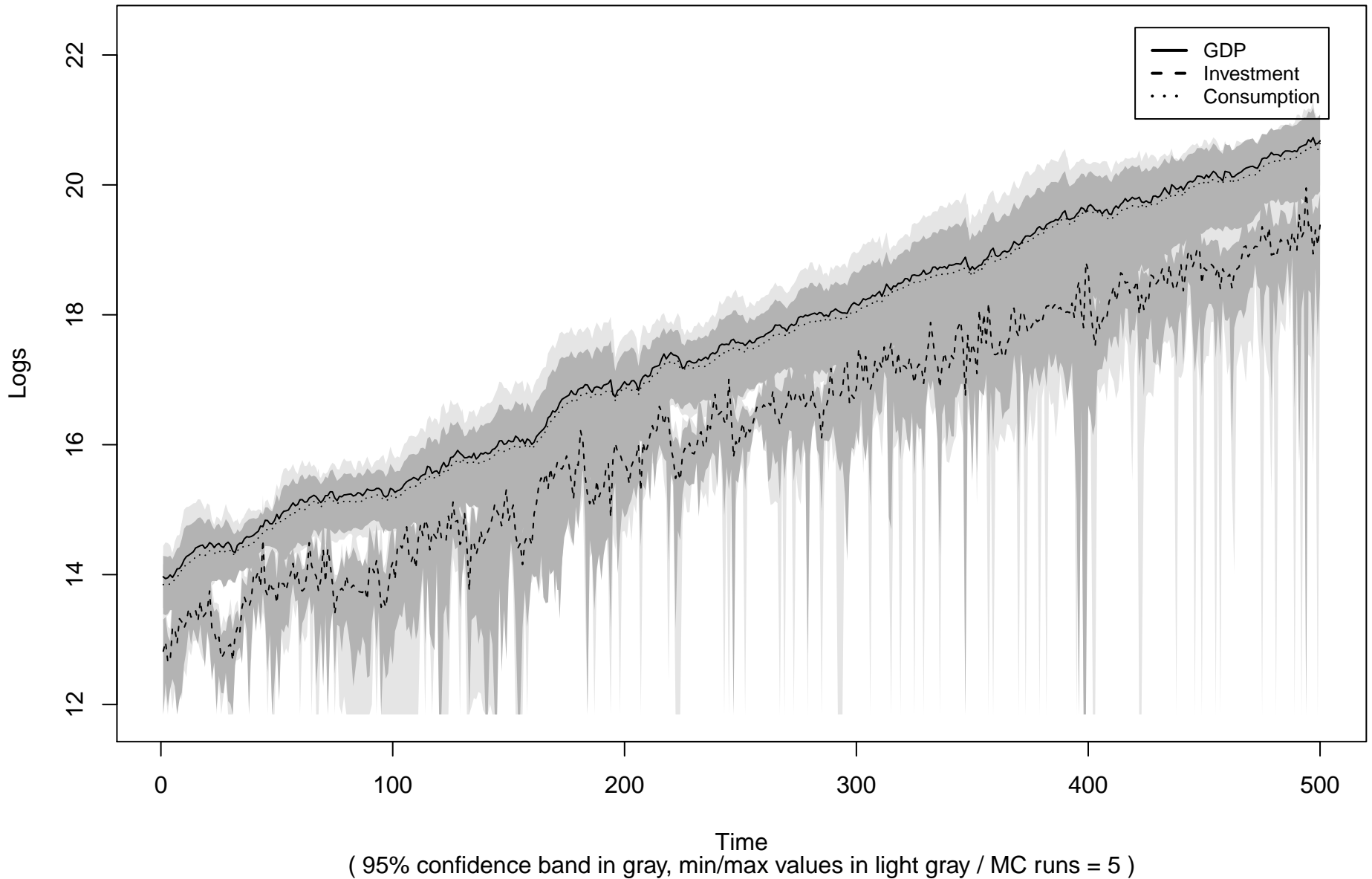


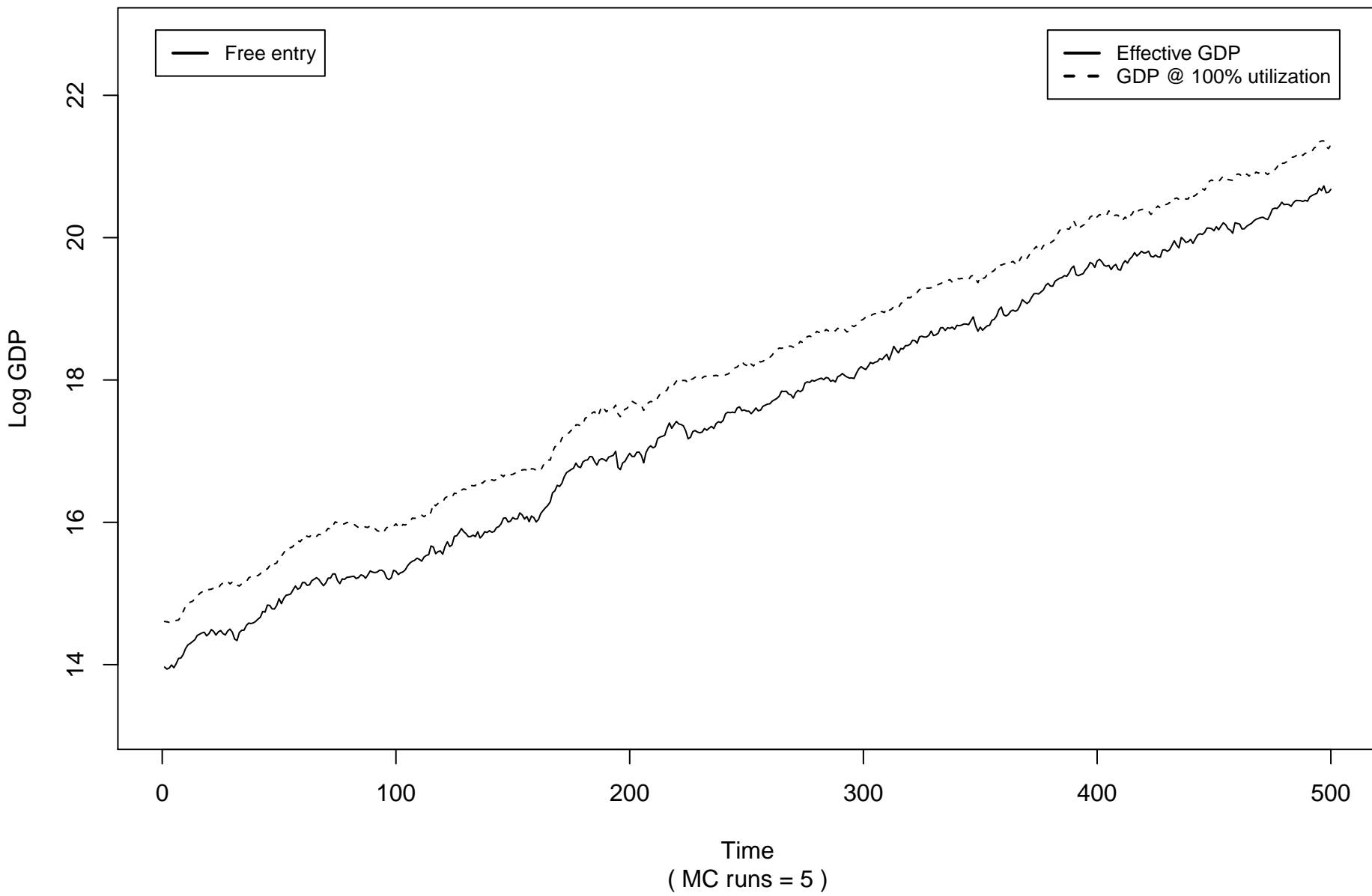
GDP, investment and consumption (all experiments)



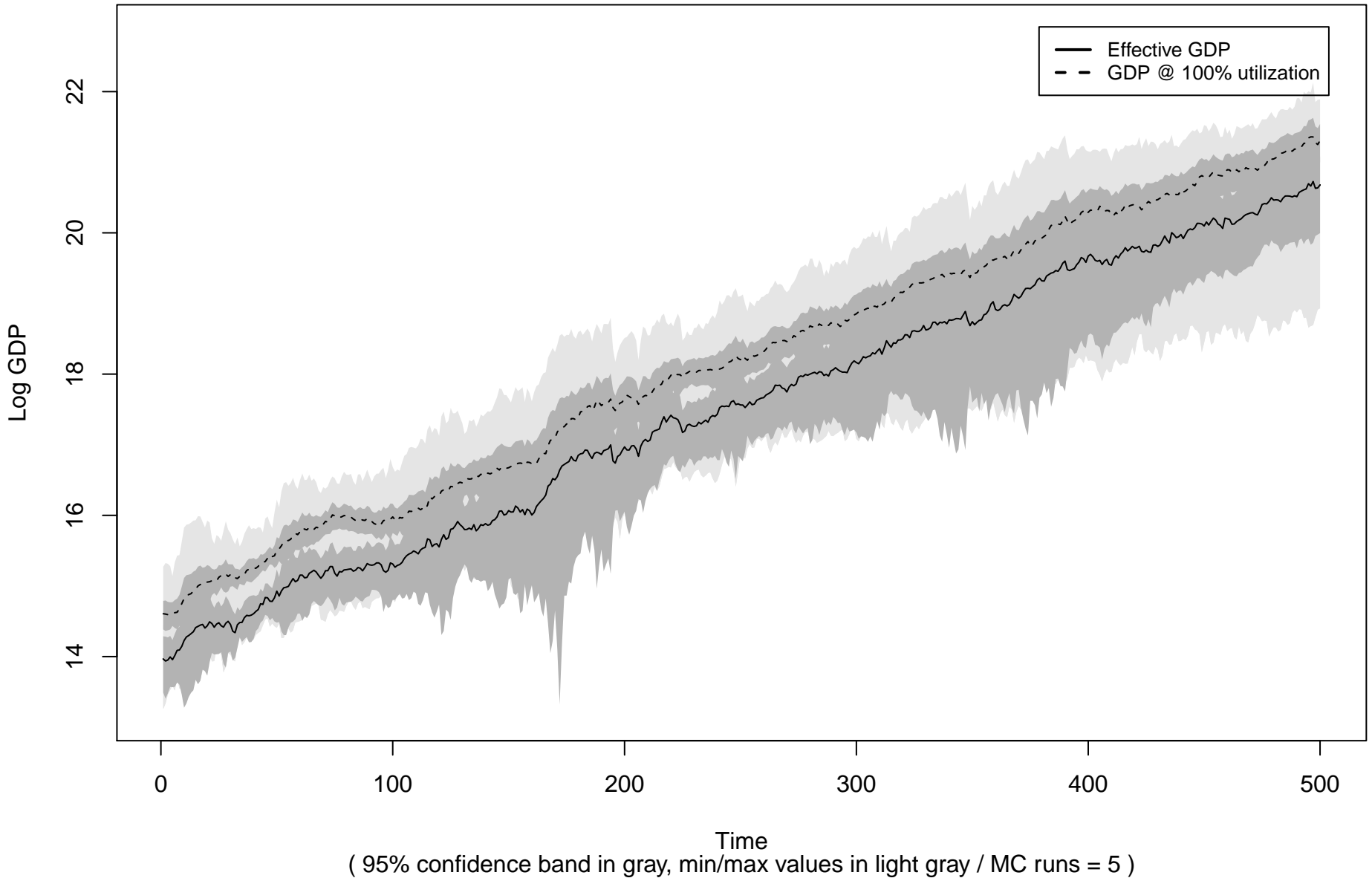
GDP, investment and consumption (Free entry)



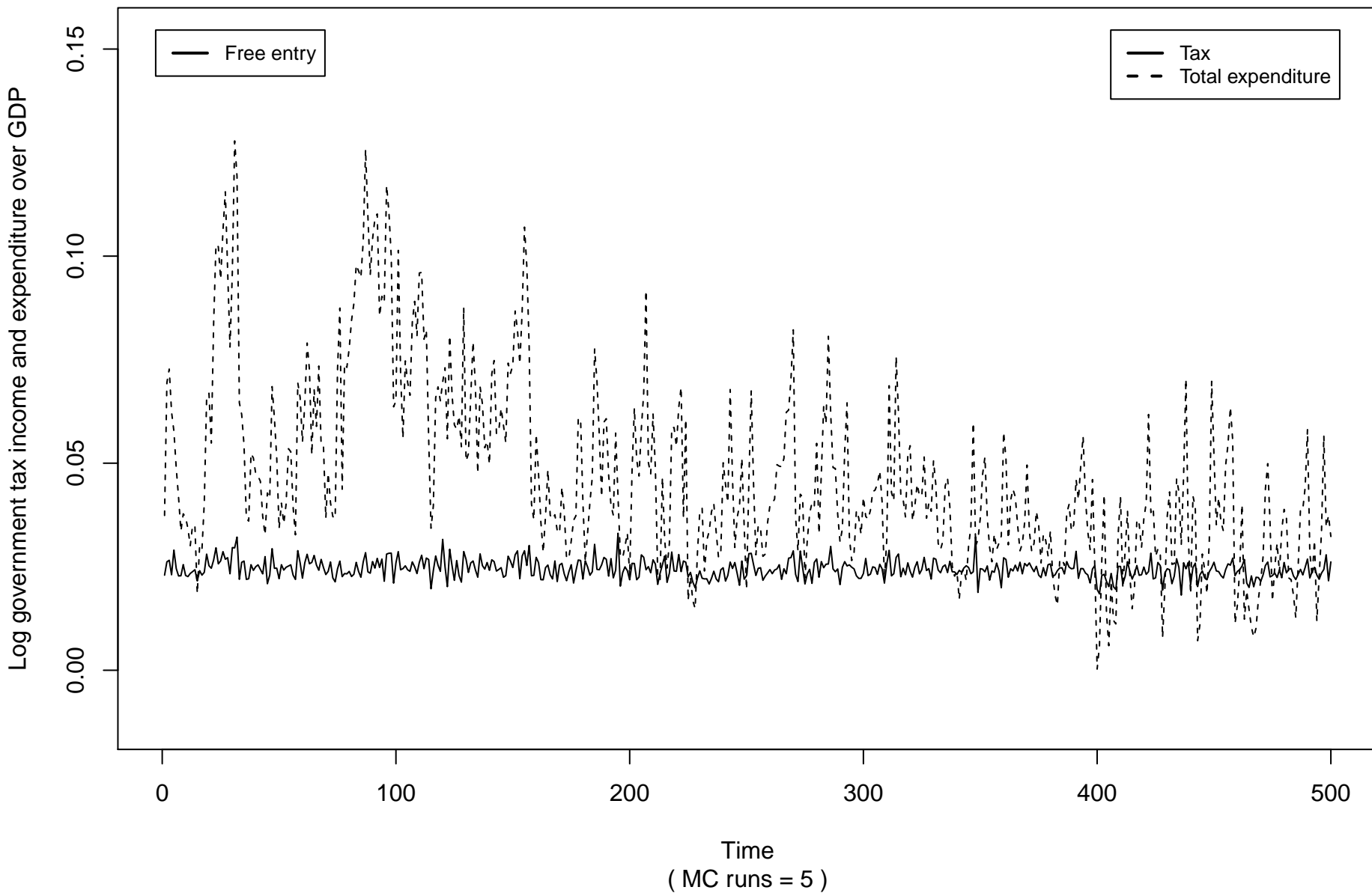
GDP (all experiments)



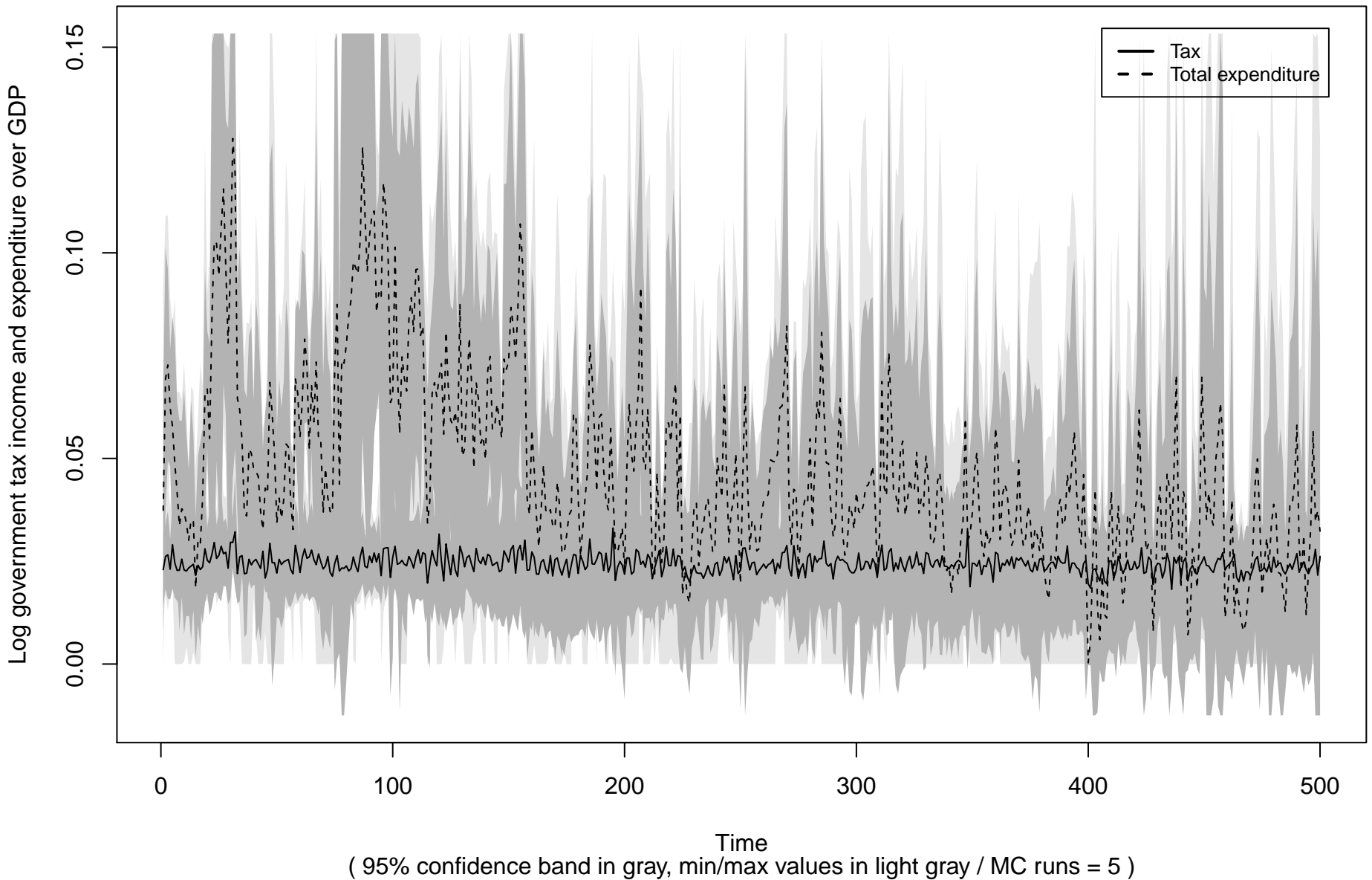
GDP (Free entry)



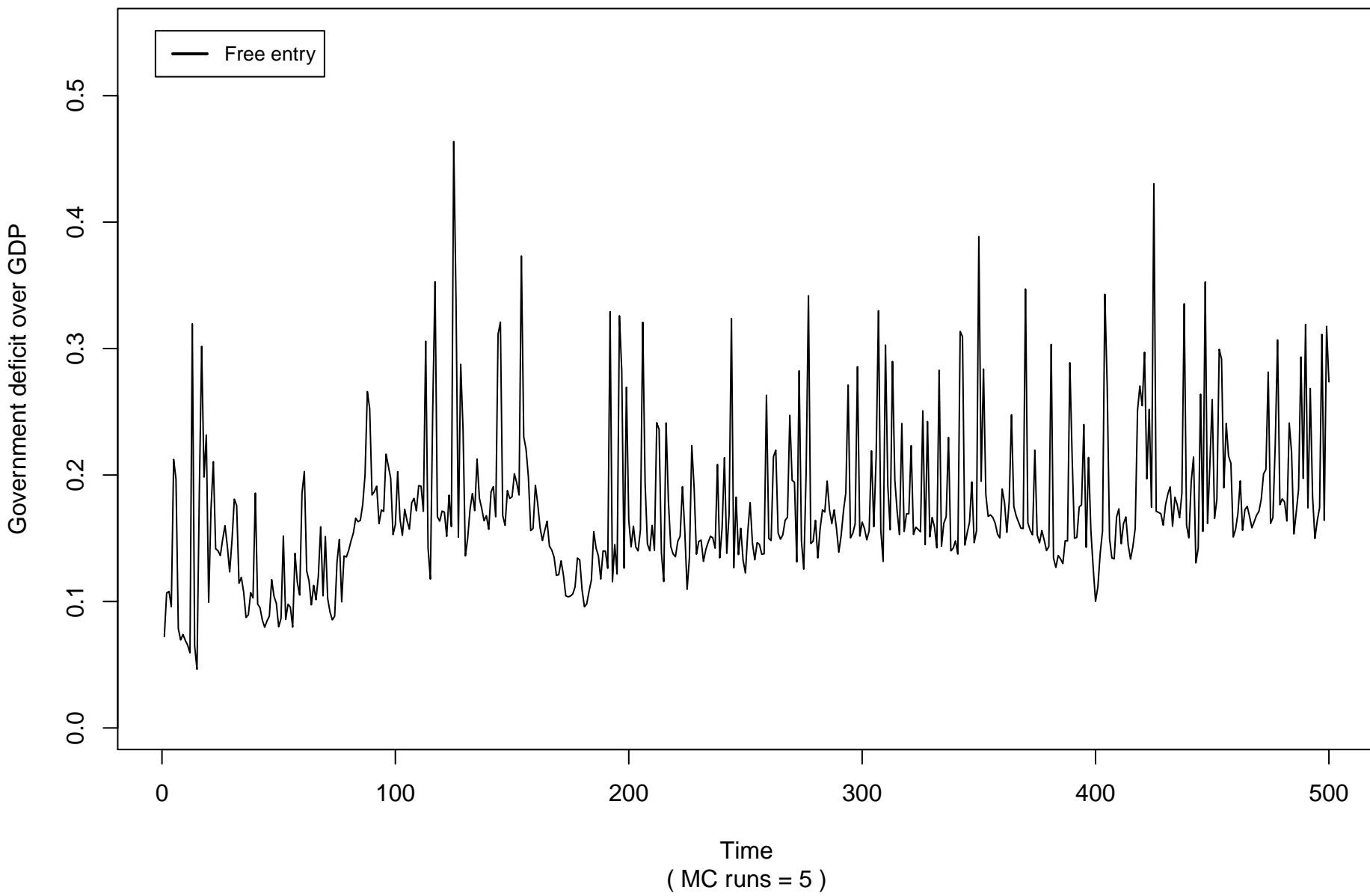
Government income and expenditure on GDP (all experiments)



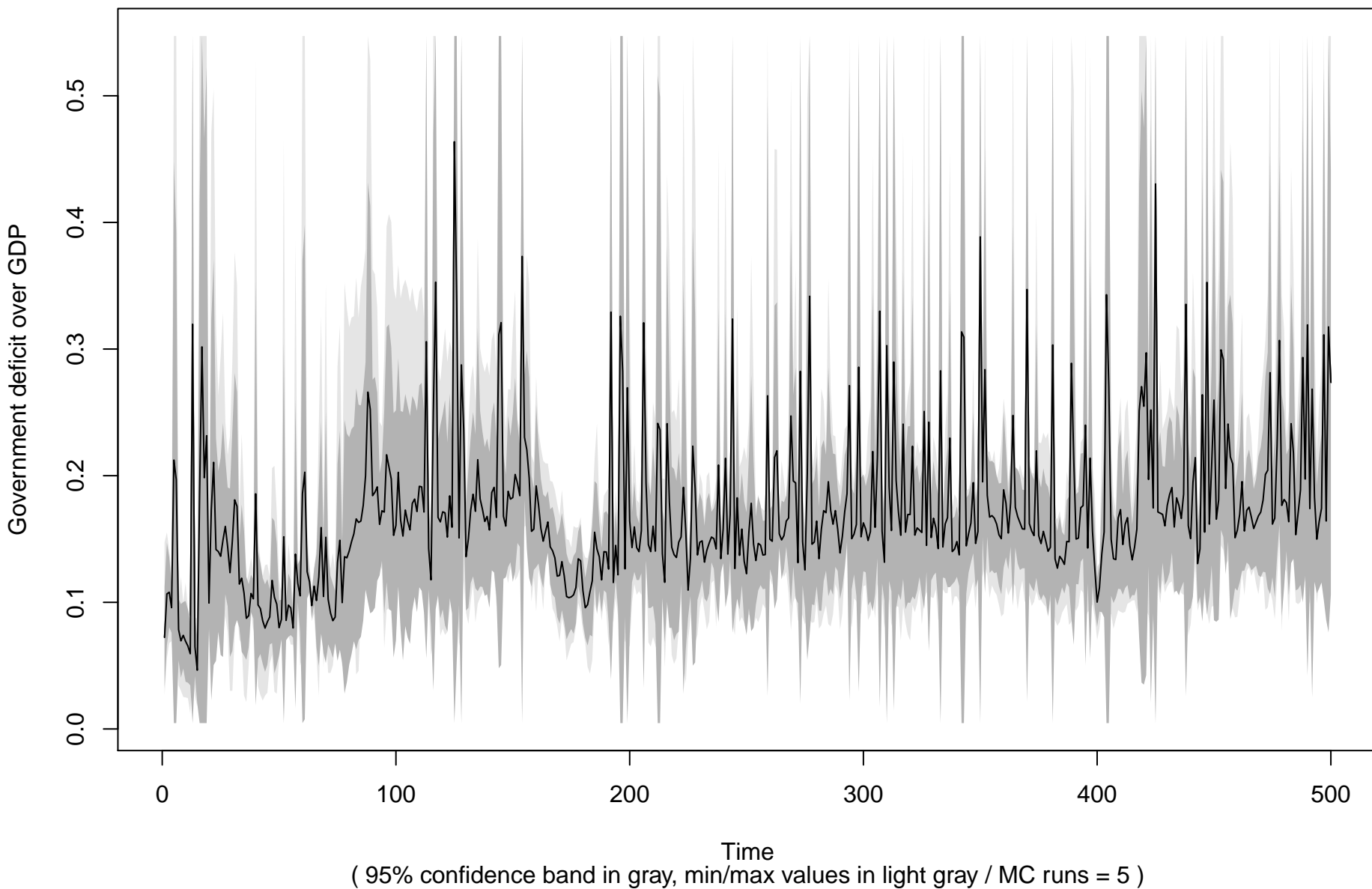
Government income and expenditure on GDP (Free entry)



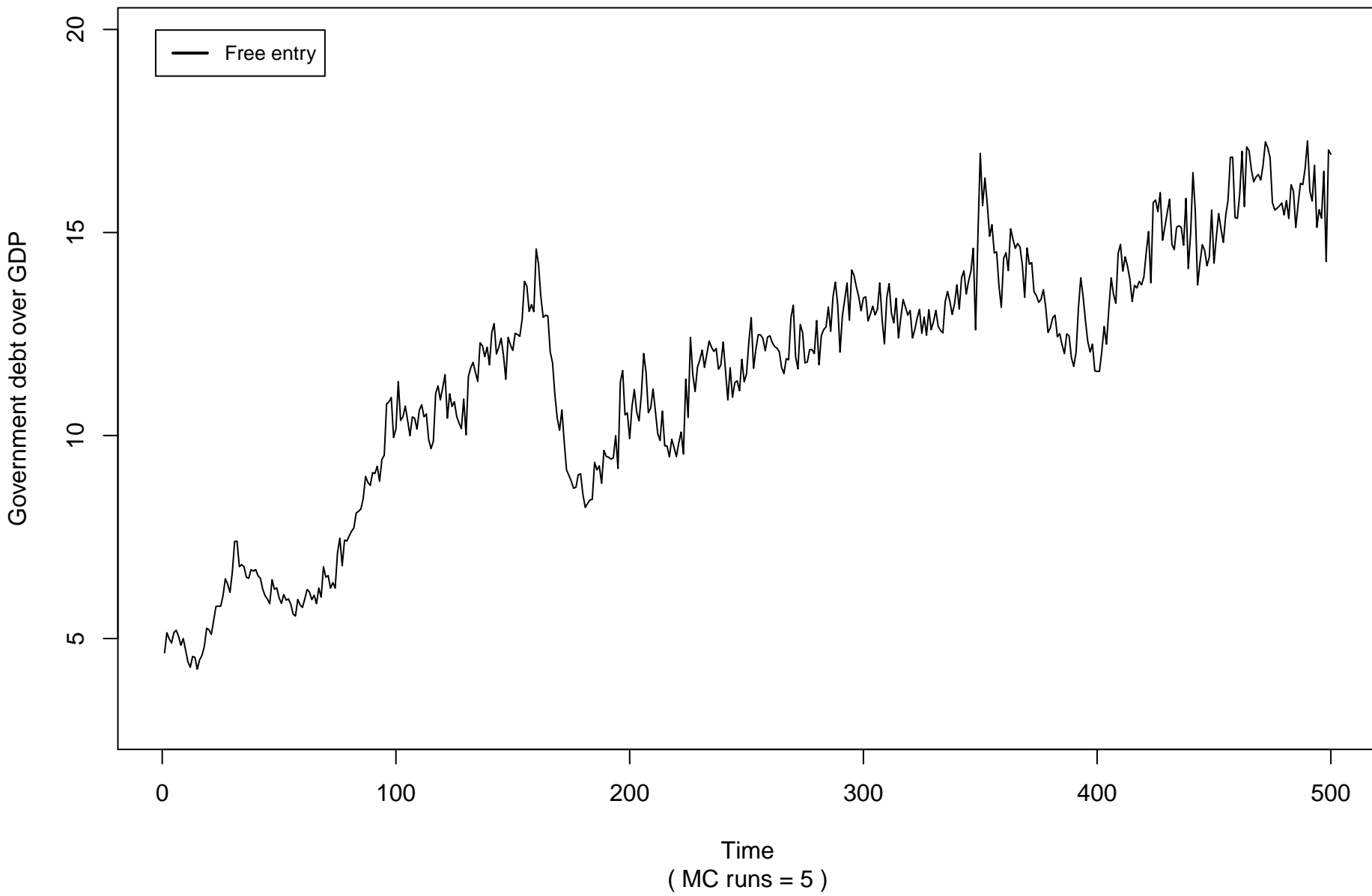
Government deficit on GDP (all experiments)



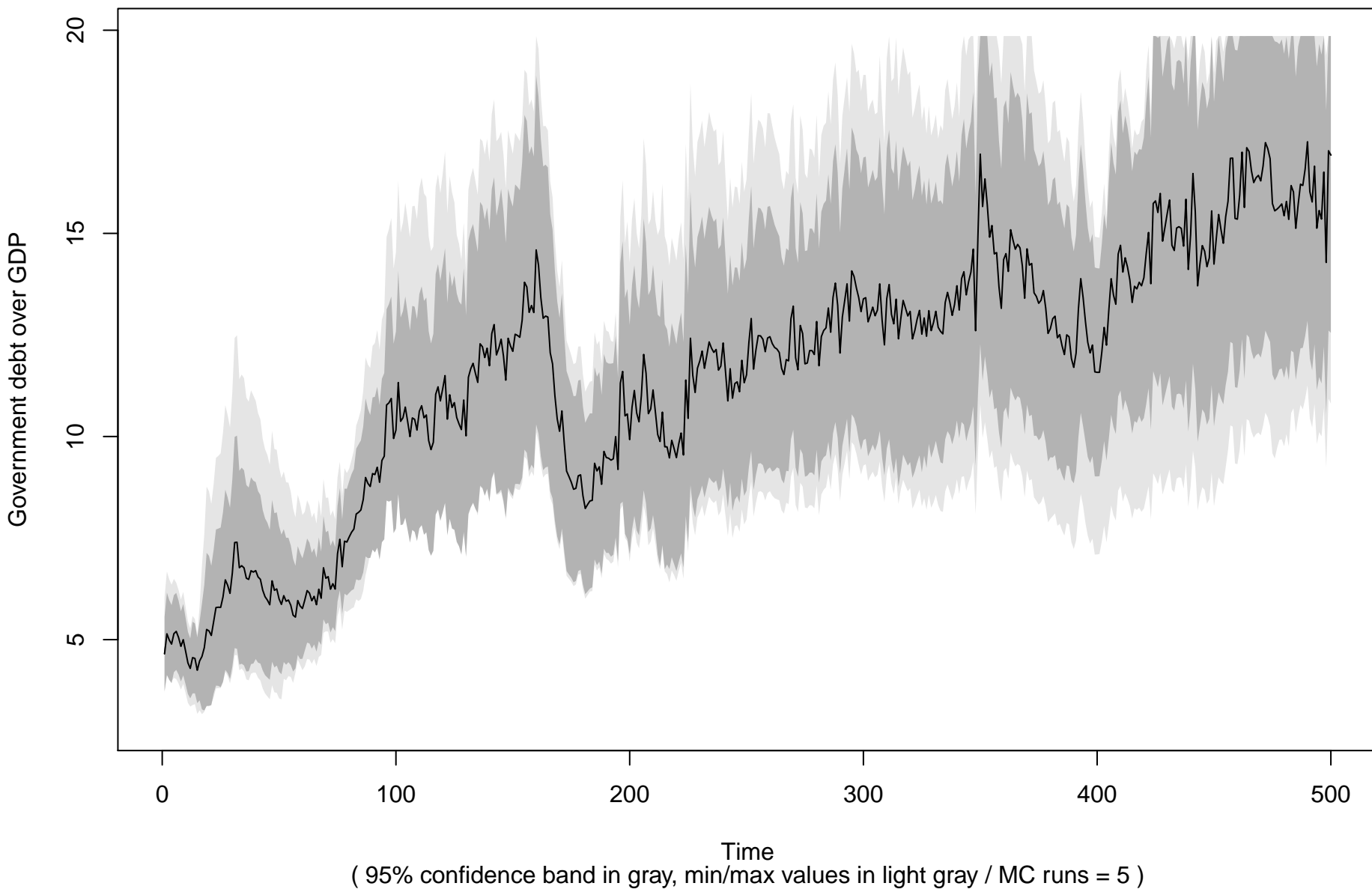
Government deficit on GDP (Free entry)



Government debt on GDP (all experiments)

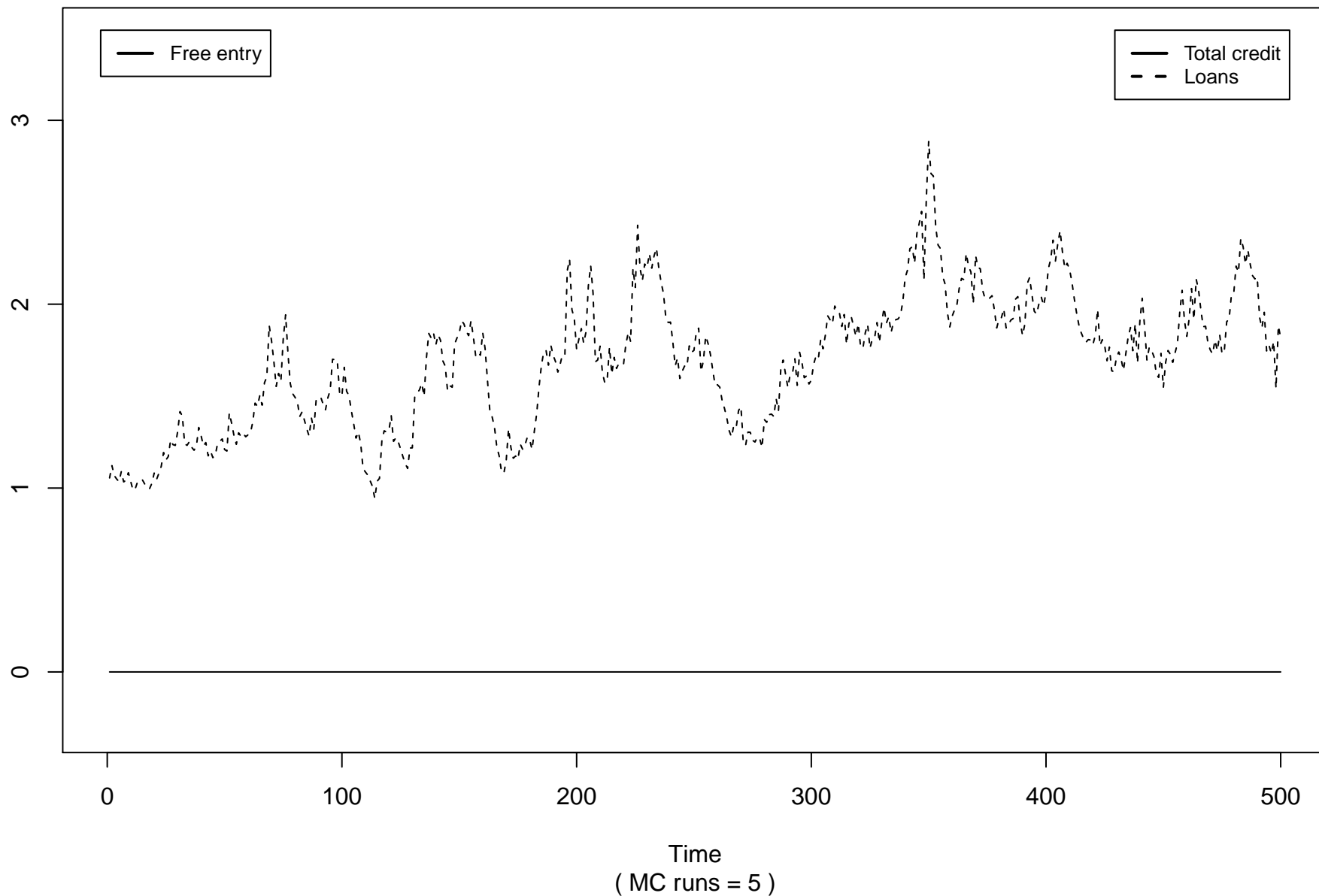


Government debt on GDP (Free entry)

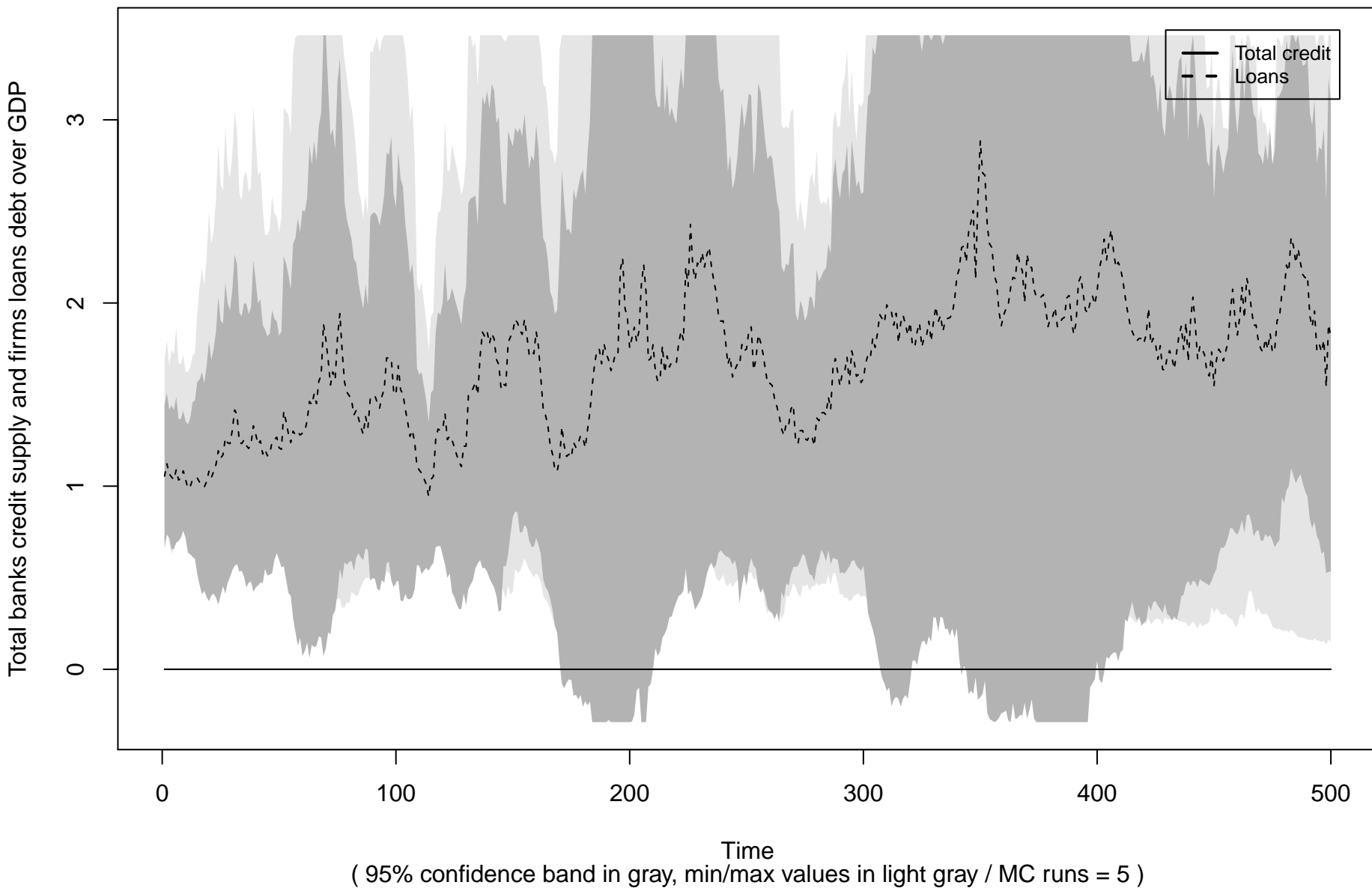


Total credit supply and loans on GDP (all experiments)

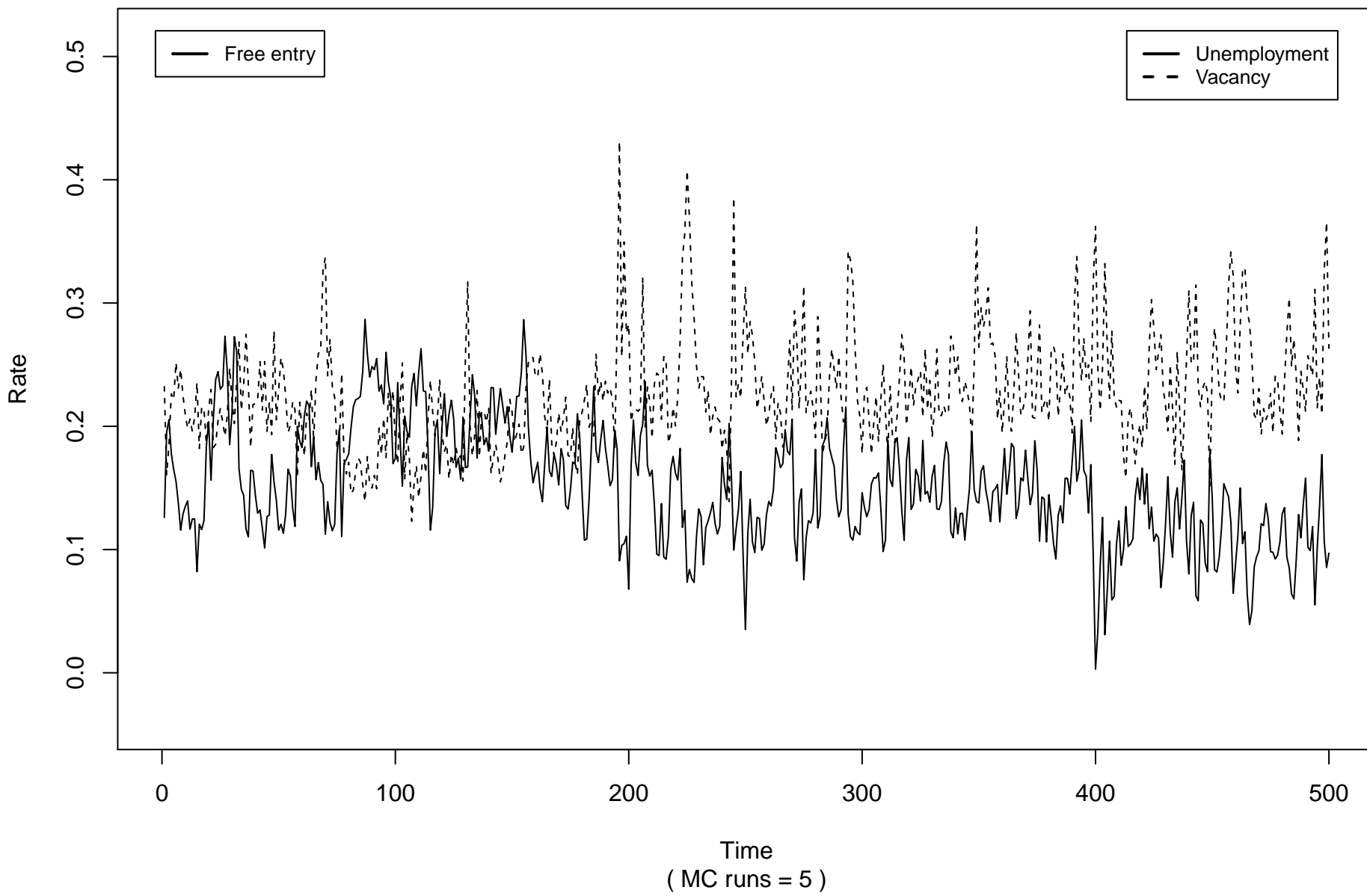
Total banks credit supply and firms loans debt over GDP



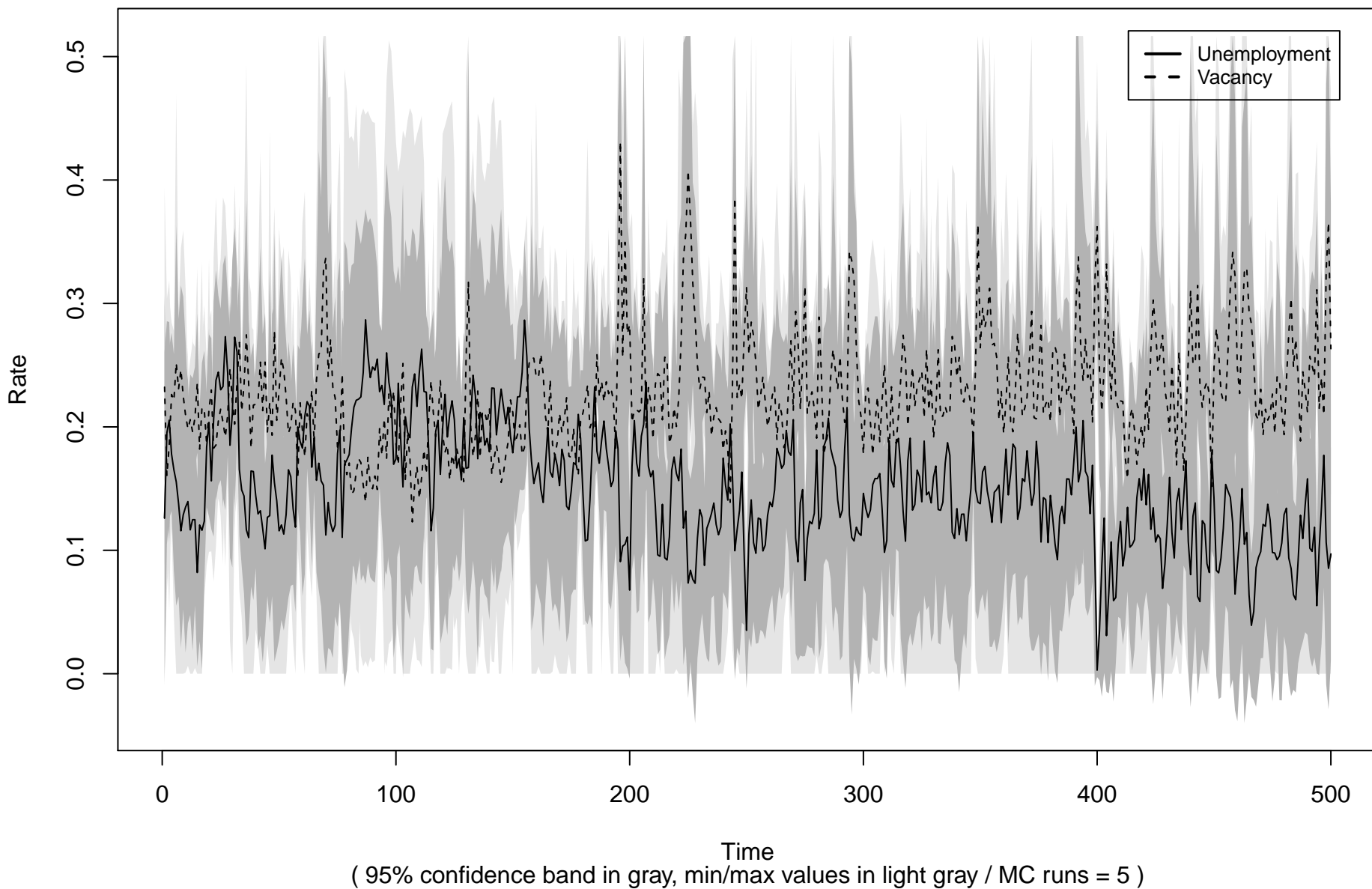
Total credit supply and loans on GDP (Free entry)



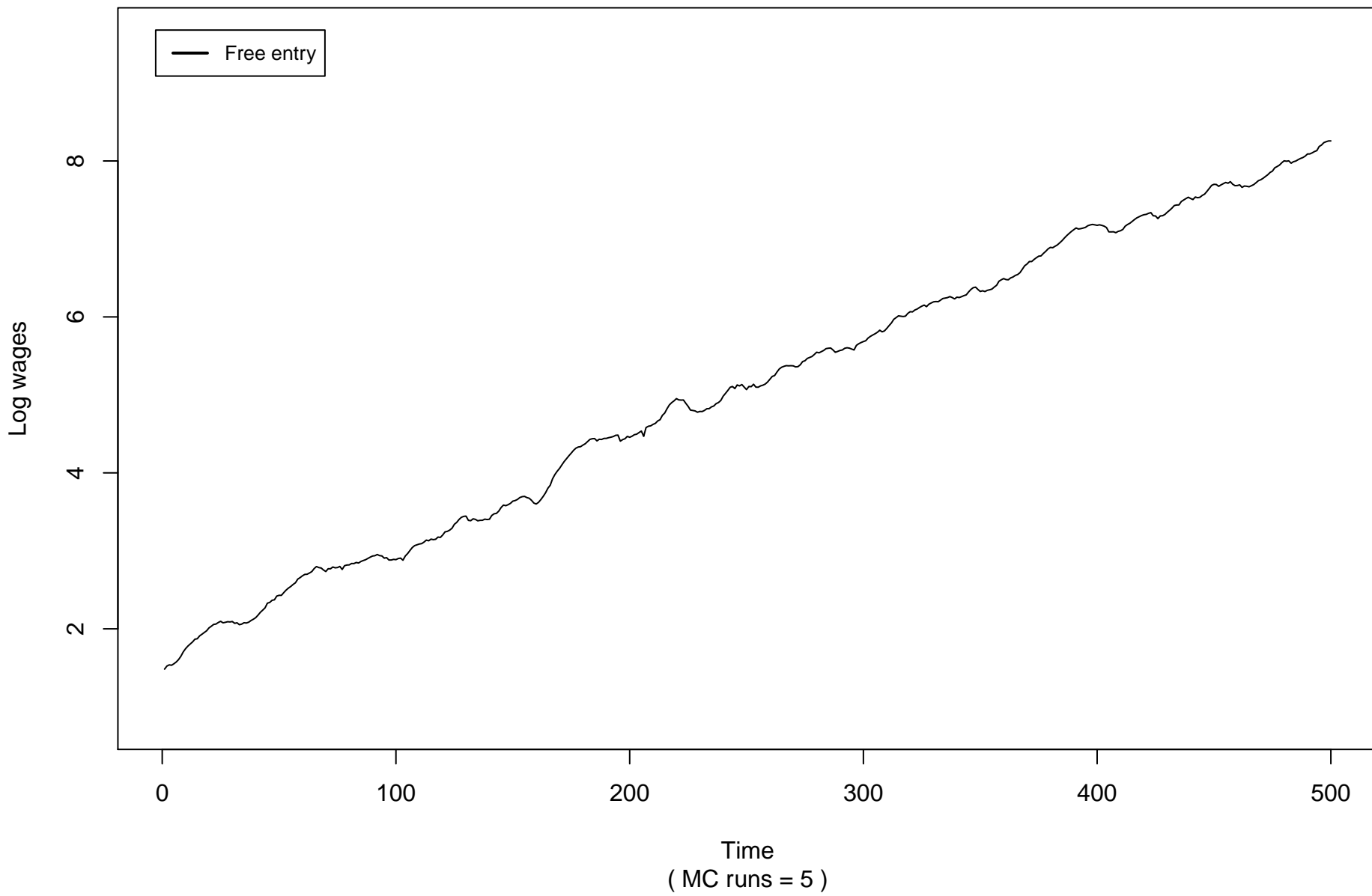
Unemployment and vacancy rates (all experiments)



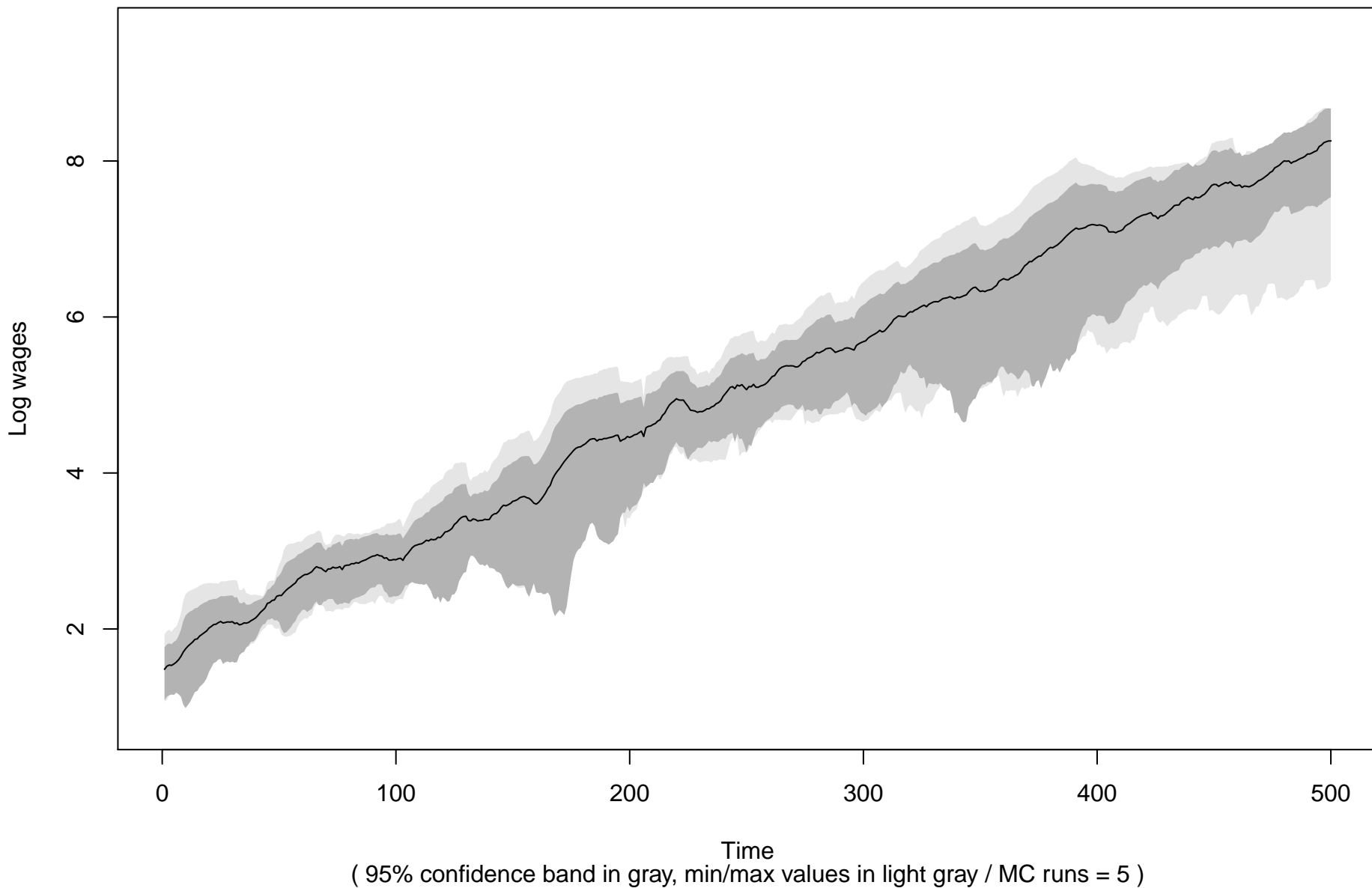
Unemployment and vacancy rates (Free entry)



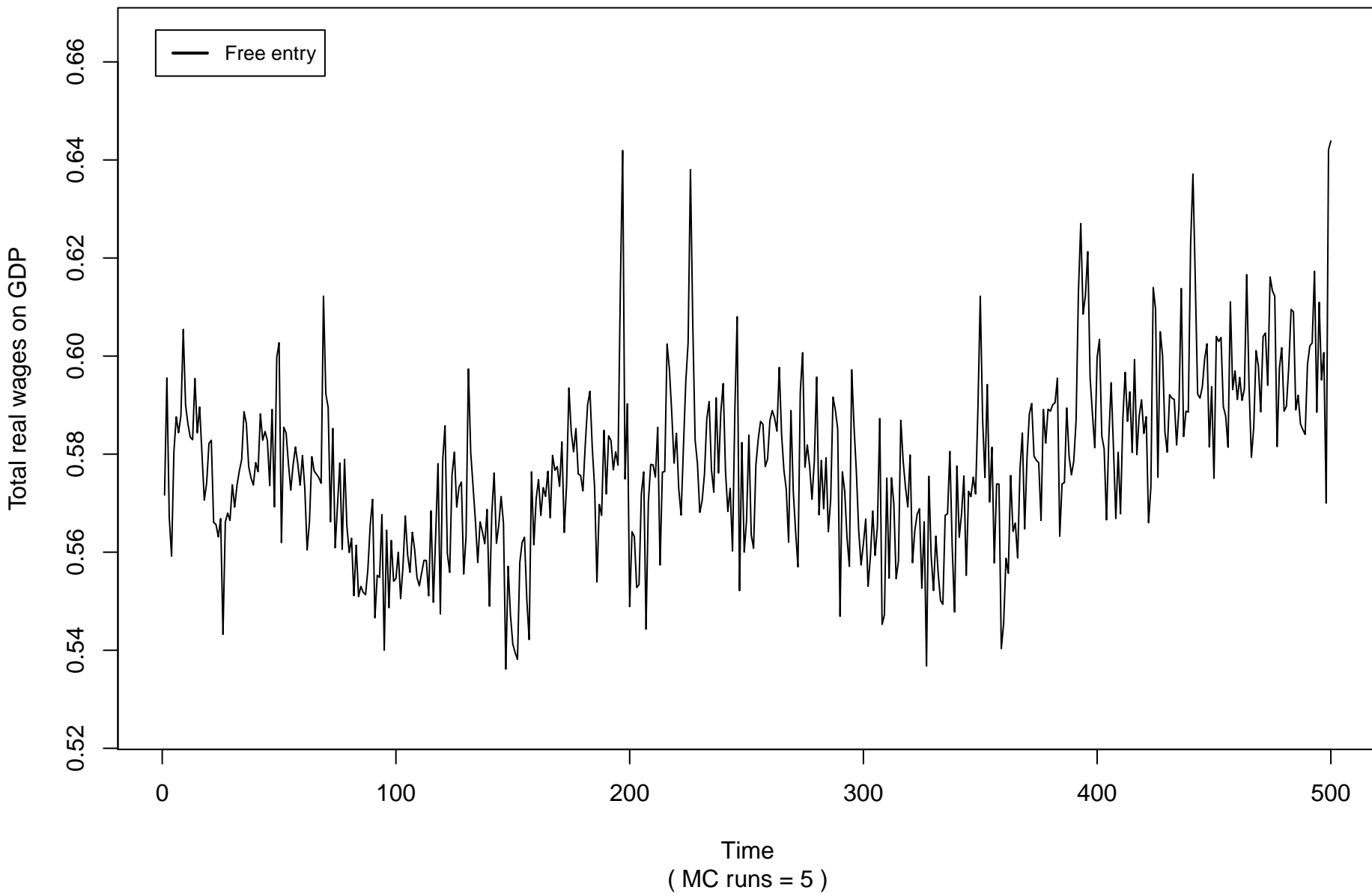
Real wages average (all experiments)



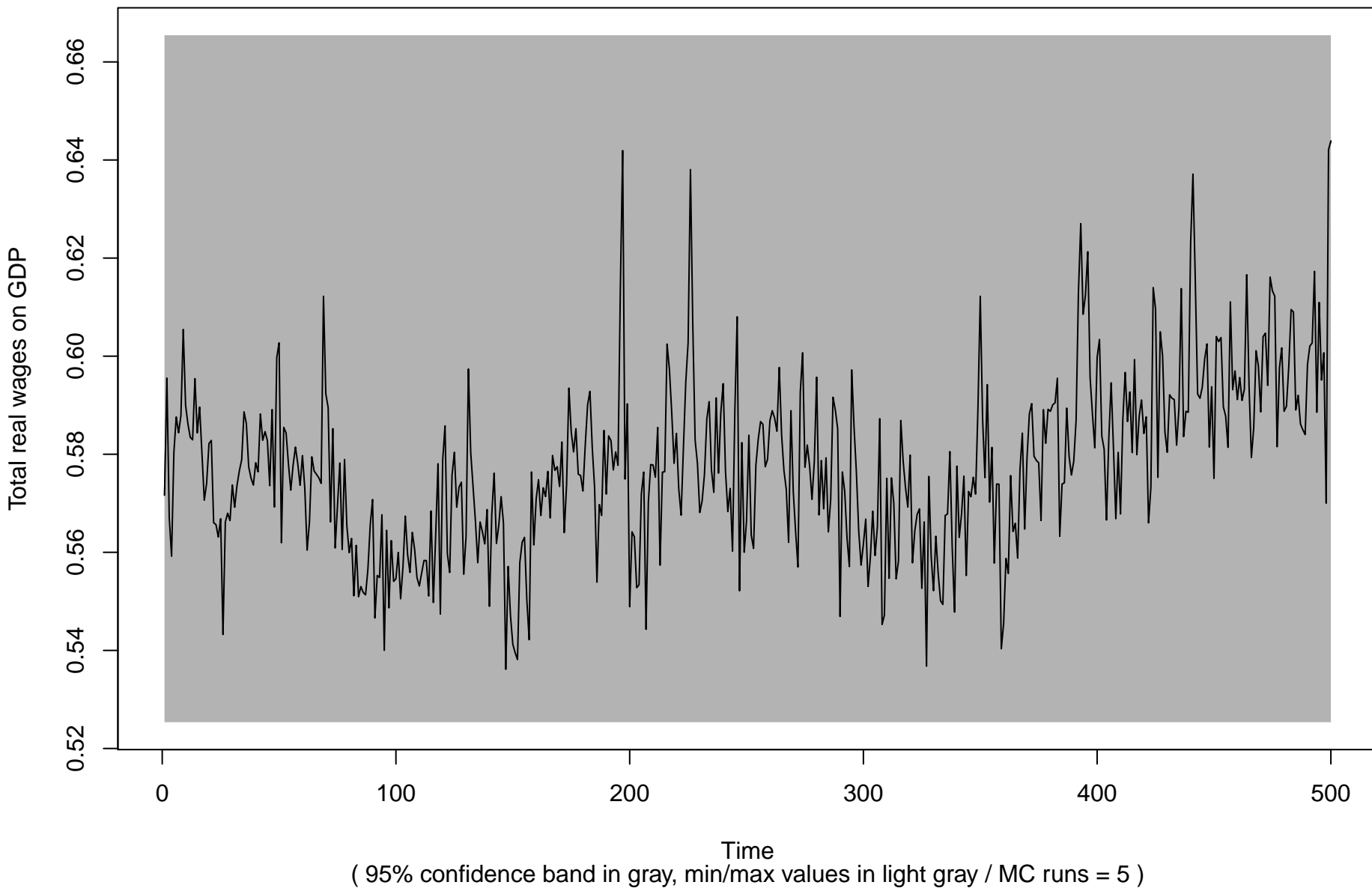
Real wages average (Free entry)



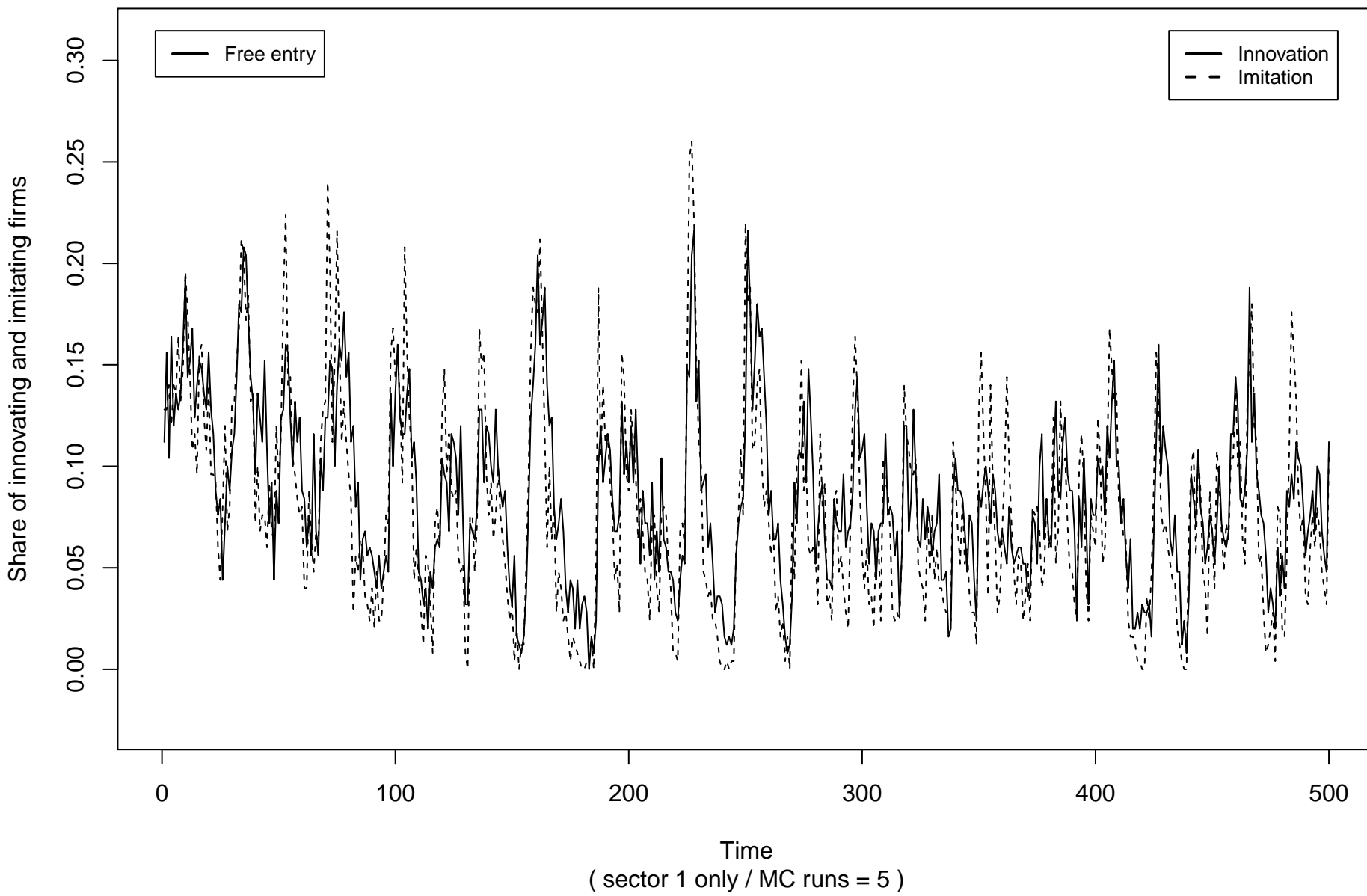
Wage share (all experiments)



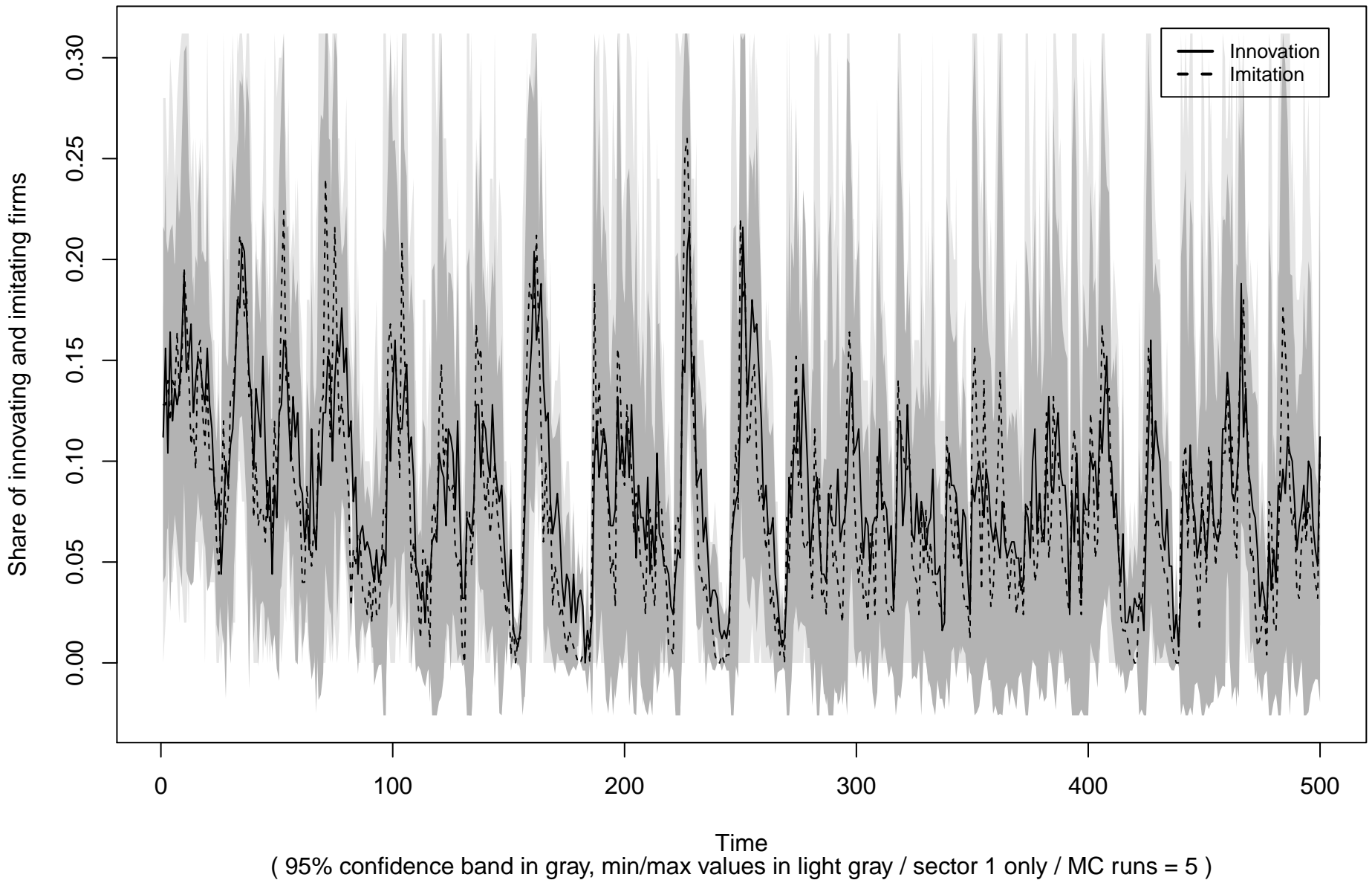
Wage share (Free entry)



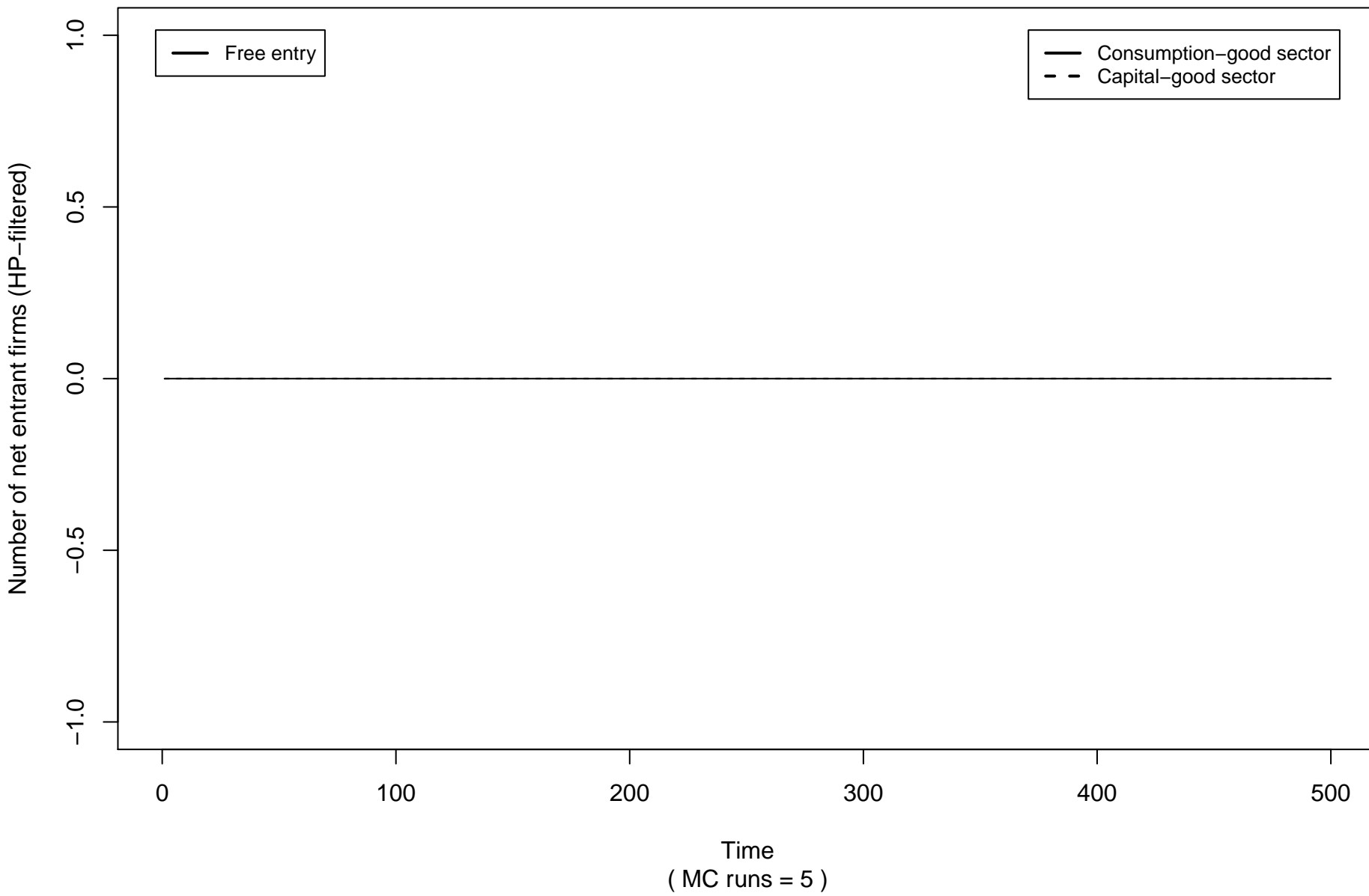
Innovation and imitation (all experiments)



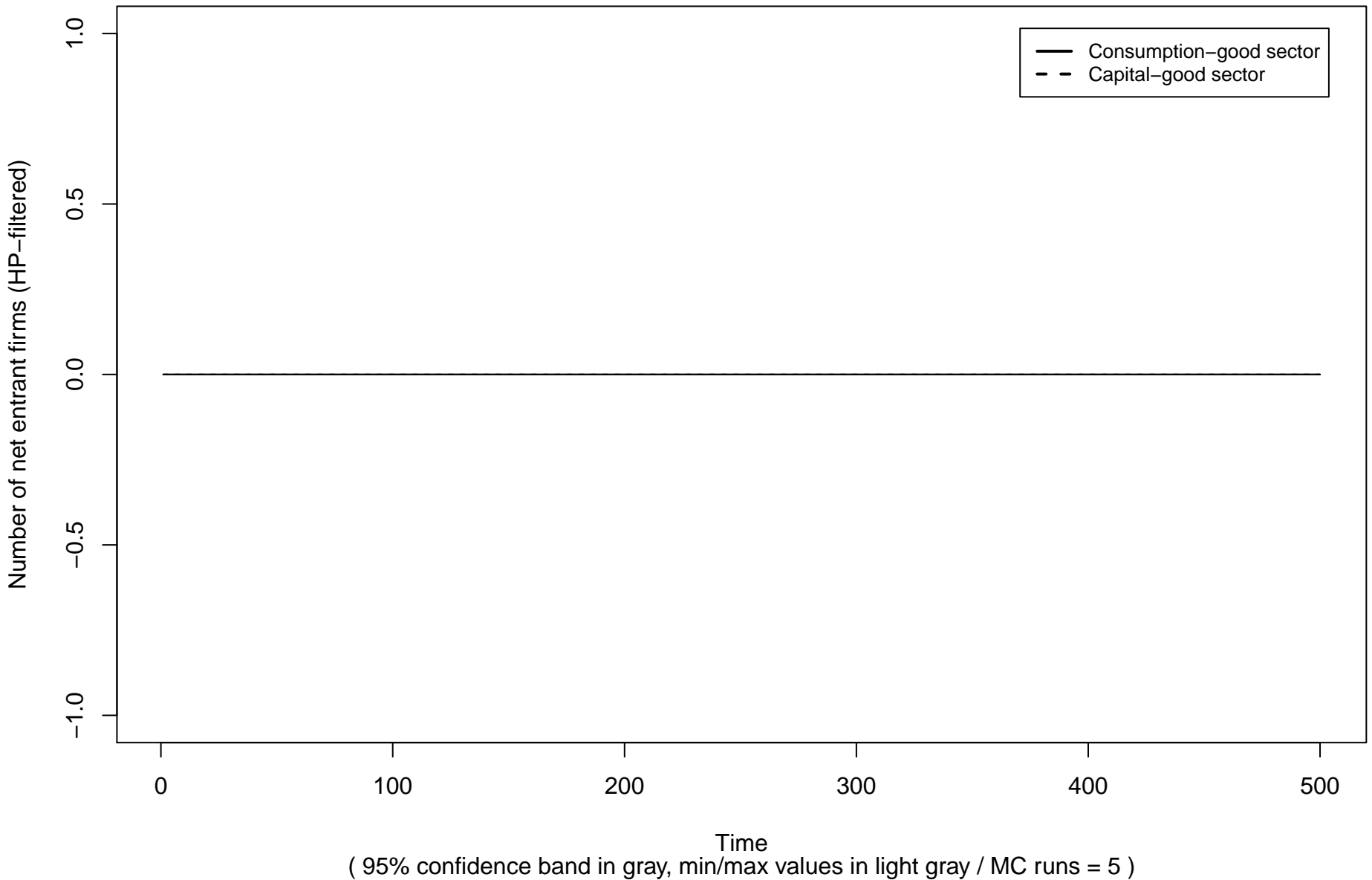
Innovation and imitation (Free entry)



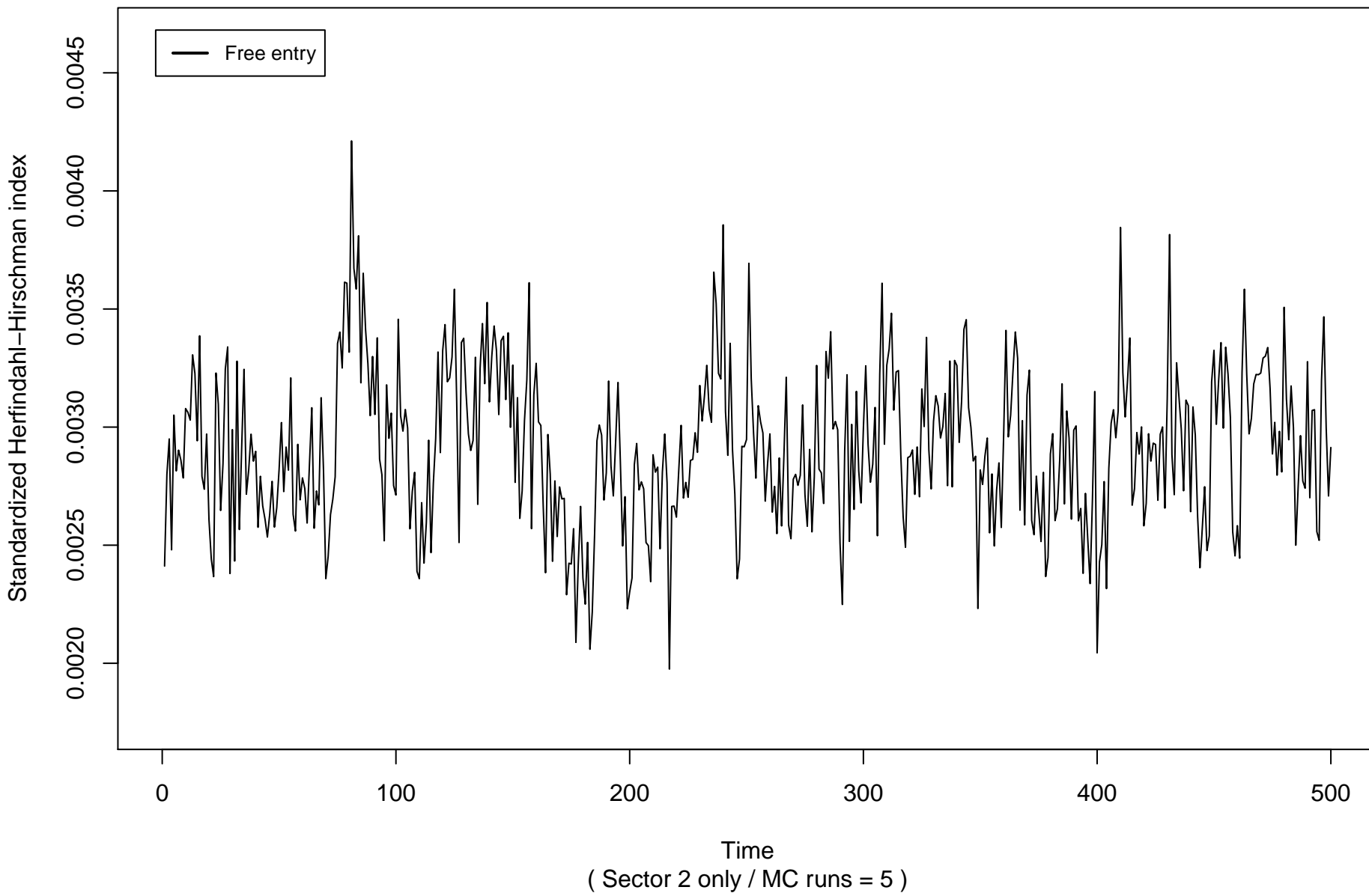
Net entry of firms trend (all experiments)



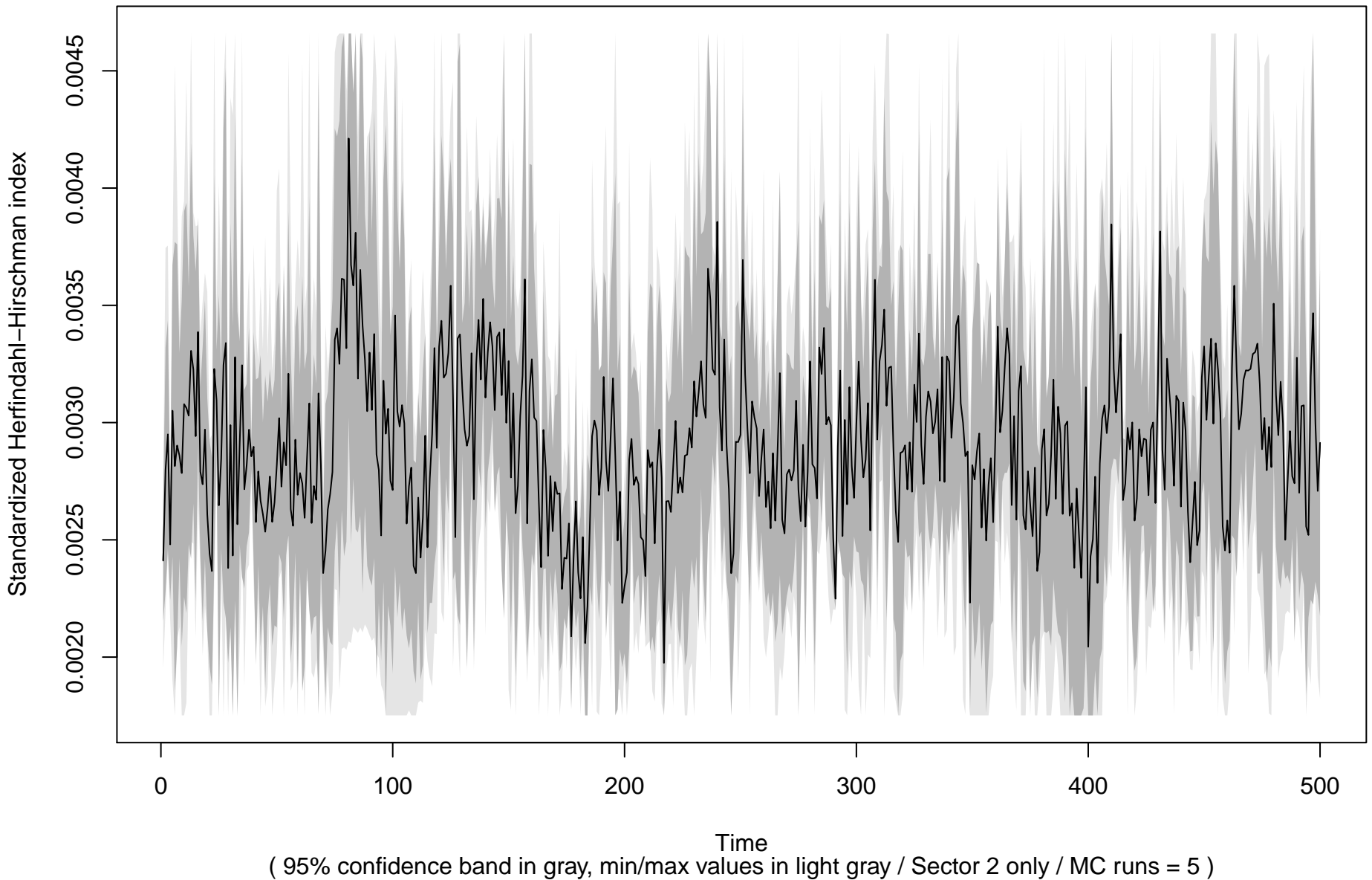
Net entry of firms trend (Free entry)



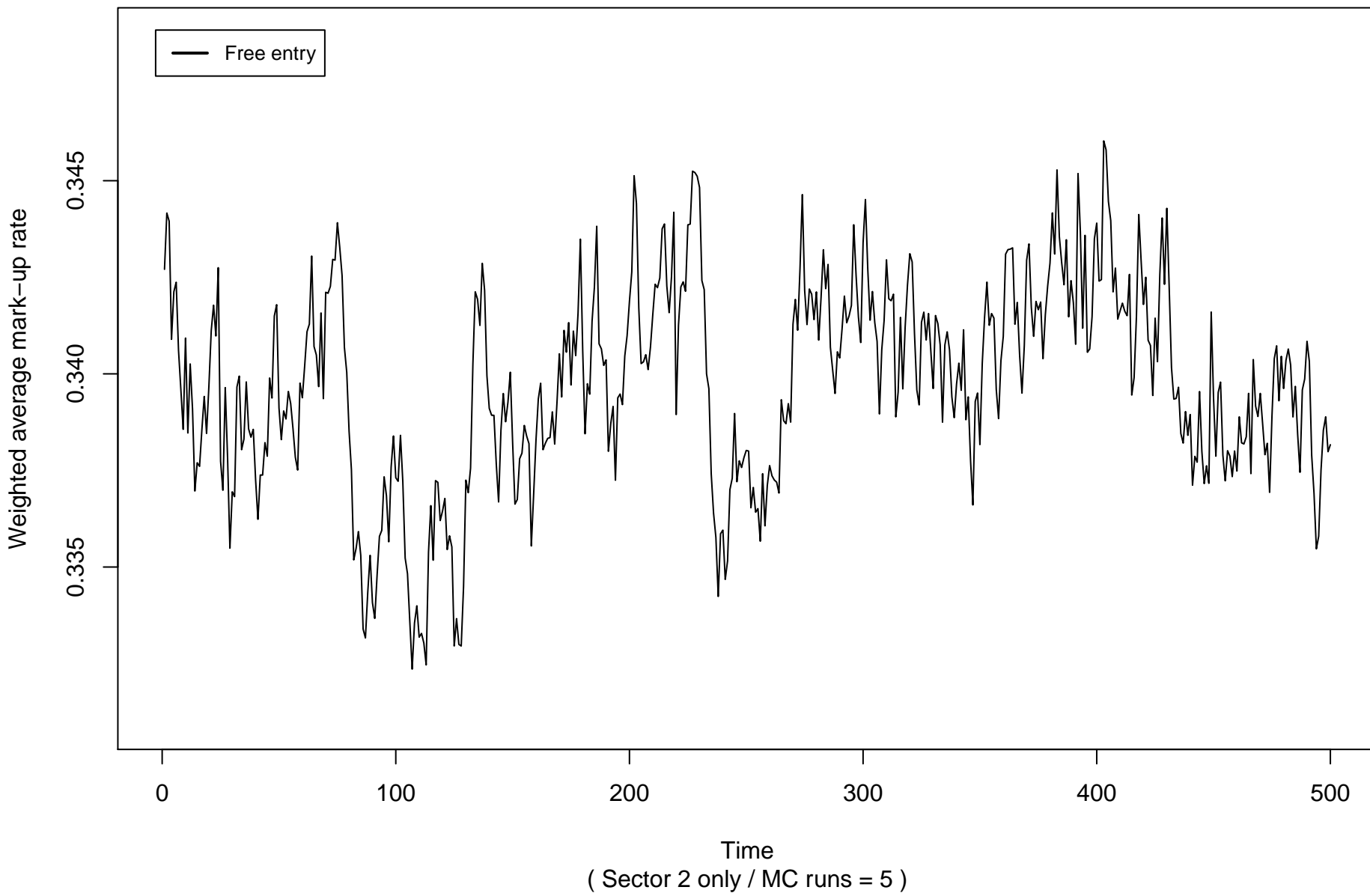
Market concentration (all experiments)



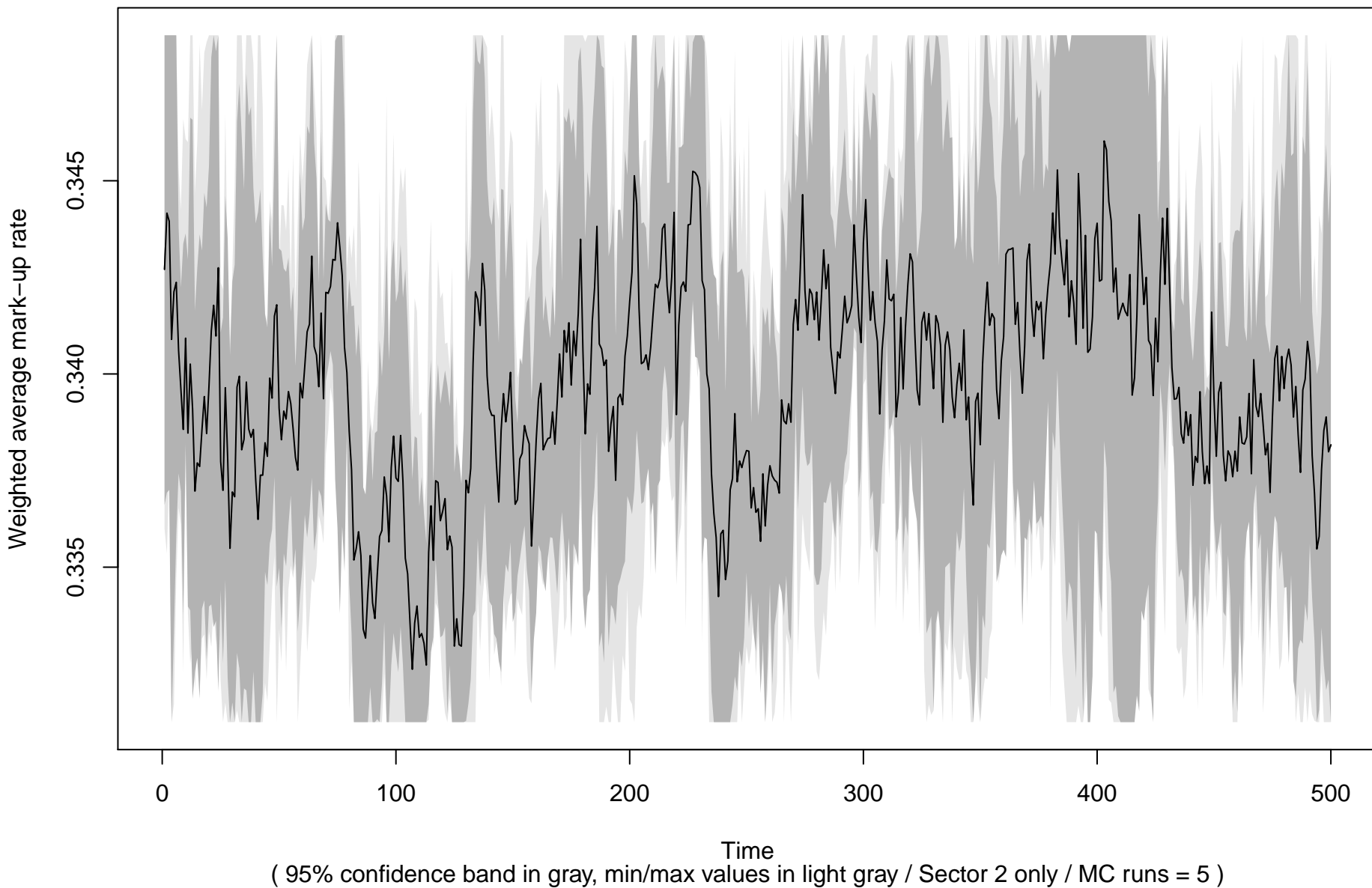
Market concentration (Free entry)



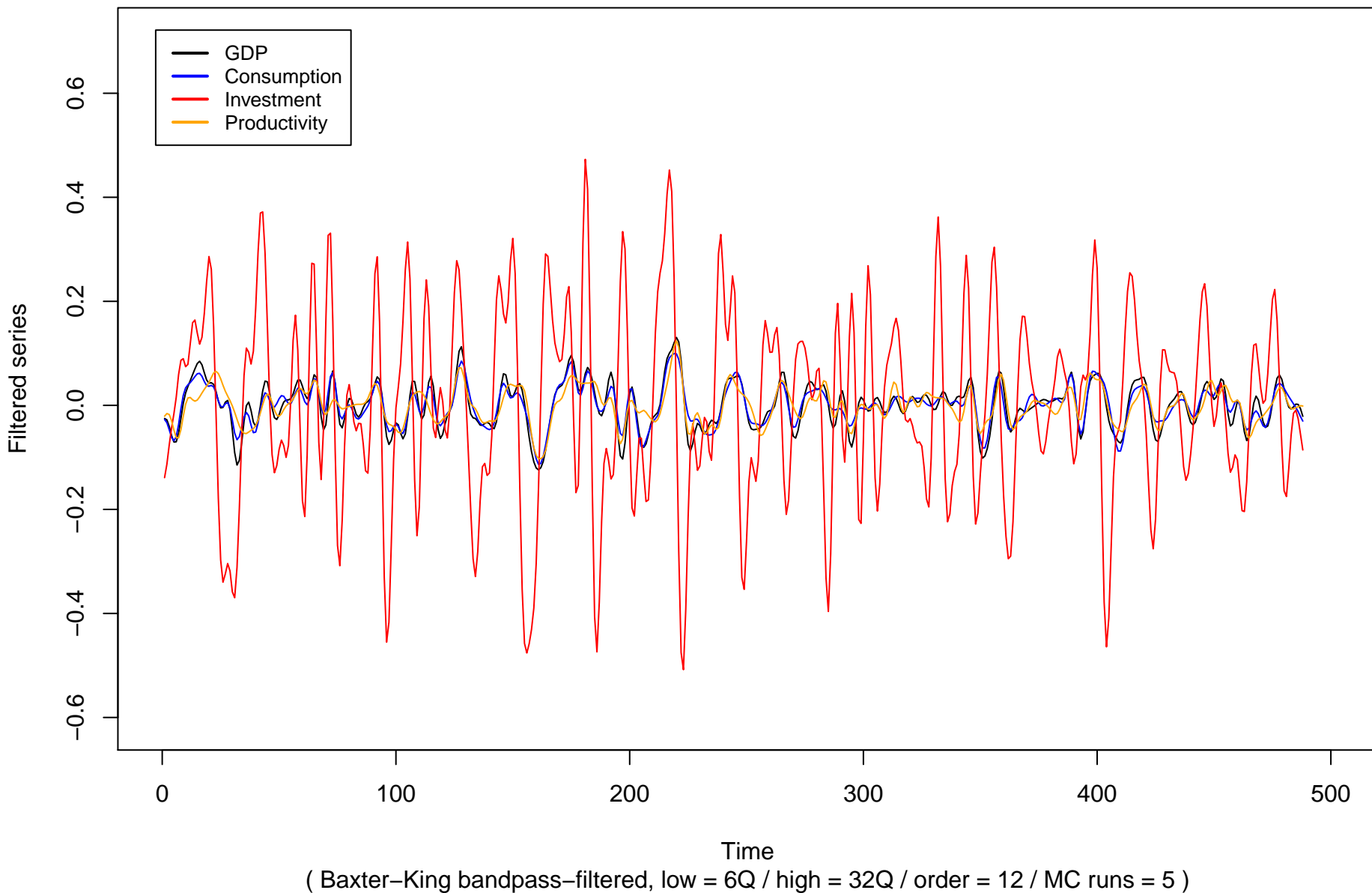
Mark-up average (all experiments)



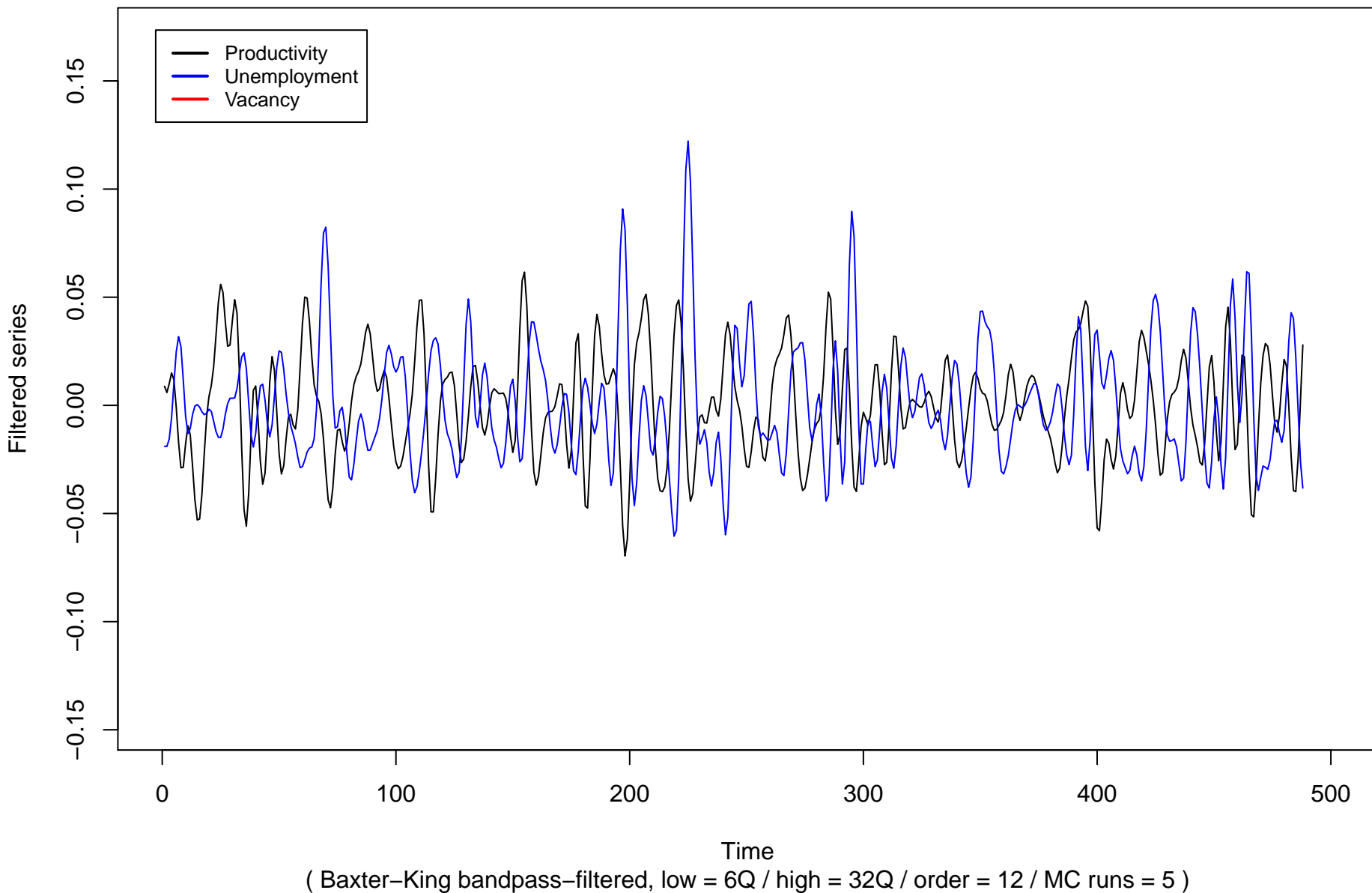
Mark-up average (Free entry)



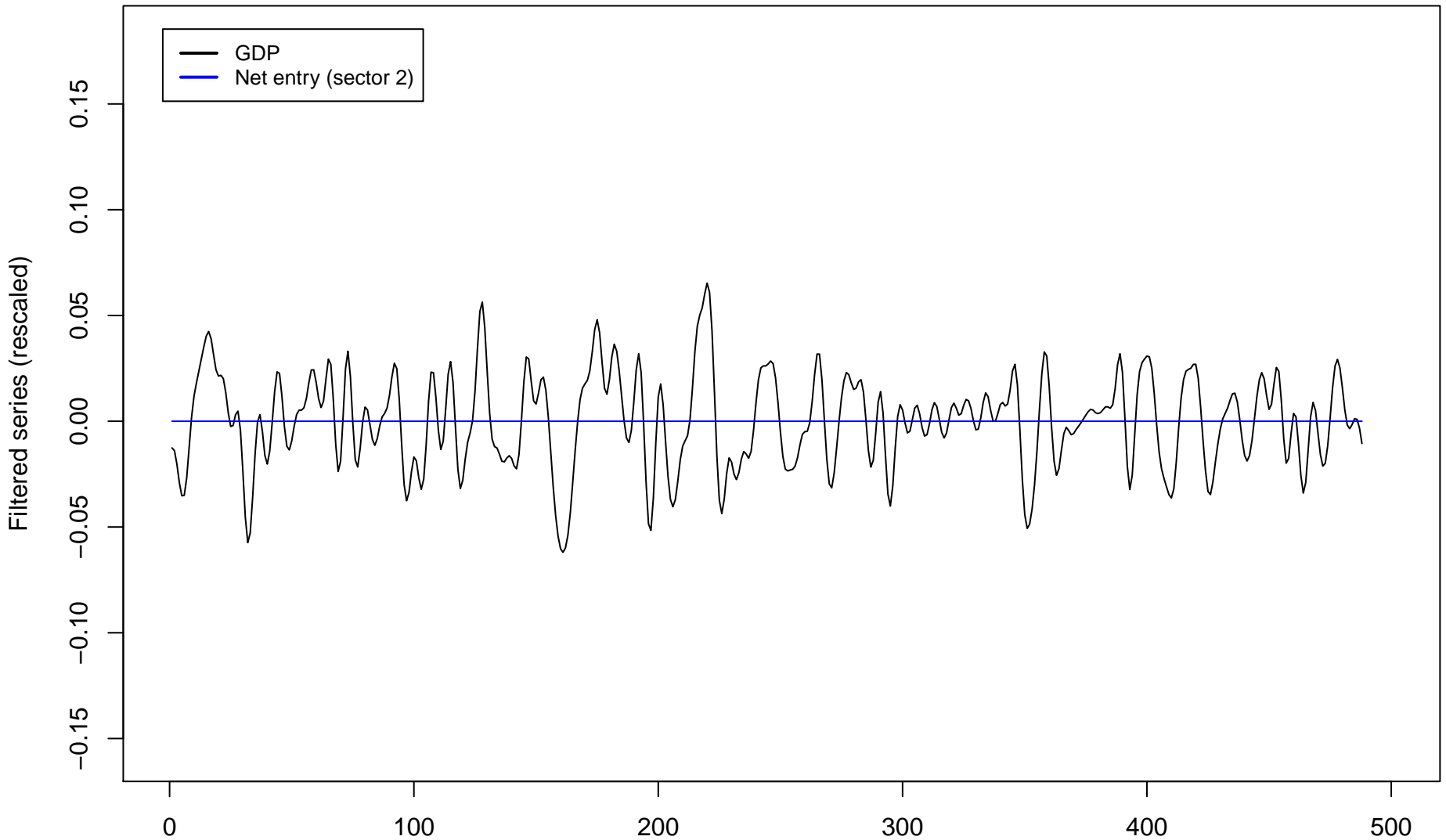
GDP cycles (Free entry)



Shimer puzzle (Free entry)



Net entry dynamics and business cycle (Free entry)



Time
(Baxter-King bandpass-filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 5)

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

	GDP (output)	Consumption	Investment	Product.	Real wage
avg. growth rate	0.01252	0.01254	0.01236	0.01209	0.01246
(s.e.)	0.001904	0.001932	0.001622	0.001761	0.001906
ADF test (logs)	-2.884	-2.862	-7.171	-2.774	-3.164
(s.e.)	0.4606	0.5425	0.2675	0.4339	0.5617
(p-val.)	0.2875	0.3232	0.01	0.3154	0.2672
(s.e.)	0.153	0.1752	0	0.1488	0.1525
ADF test (bpf)	-6.101	-5.609	-6.769	-6.268	-6.827
(s.e.)	0.239	0.1156	0.2124	0.2467	0.1653
(p-val.)	0.01	0.01	0.01	0.01	0.01
(s.e.)	0	0	0	0	0
s.d. (bpf)	0.08587	0.06962	1.634	0.06772	0.0789
(s.e.)	0.00497	0.00478	0.111	0.003841	0.006639
relative s.d. (GDP)	1	0.8107	19.03	0.7887	0.9189

(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)	0.02665	0.2952	0.6204	0.8926	1	0.8926	0.6204	0.2952	0.02665
(s.e.)	0.03857	0.02894	0.01615	0.004769	3.511e-17	0.004769	0.01615	0.02894	0.03857
(p-val.)	0.6925	0.0008733	2.377e-06	3.56e-09	NA	3.56e-09	2.377e-06	0.0008733	0.6925
Consumption	0.1815	0.3946	0.6399	0.8455	0.9318	0.8517	0.6295	0.3396	0.06794
(s.e.)	0.04348	0.03556	0.02736	0.01957	0.01116	0.009742	0.02296	0.03789	0.04917
(p-val.)	0.03993	0.0004505	1.684e-05	1.276e-06	8.825e-08	7.614e-08	9.043e-06	0.001189	0.2939
Investment	-0.3826	-0.4818	-0.4728	-0.3169	-0.04981	0.2239	0.4035	0.4392	0.359
(s.e.)	0.04085	0.04364	0.06026	0.07757	0.08505	0.07698	0.05834	0.04174	0.03688
(p-val.)	0.0008863	0.0003866	0.00143	0.01894	0.09089	0.06749	0.002589	0.000501	0.0008186
Net investment	-0.3156	-0.4164	-0.42	-0.2857	-0.04466	0.2046	0.366	0.3918	0.3088
(s.e.)	0.03799	0.03641	0.05973	0.08492	0.09783	0.09262	0.07439	0.05454	0.04259
(p-val.)	0.00172	0.0003816	0.002354	0.03629	0.04943	0.09678	0.009197	0.002316	0.002903
Change in inventories	-0.3611	-0.2415	-0.007335	0.2393	0.3811	0.3602	0.2165	0.04995	-0.04774
(s.e.)	0.03546	0.02918	0.0316	0.04491	0.04198	0.0216	0.0295	0.04921	0.04613
(p-val.)	0.0006854	0.002603	0.8991	0.01193	0.001001	0.0001018	0.004918	0.03869	0.69
Unemployment rate	0.3339	0.4319	0.3976	0.2406	0.03377	-0.125	-0.1811	-0.1435	-0.07084
(s.e.)	0.07579	0.0628	0.05097	0.03278	0.01658	0.03441	0.0654	0.09194	0.1026
(p-val.)	0.01429	0.002491	0.001689	0.004031	0.9807	0.1306	0.04442	0.02044	0.05122
Productivity	0.2348	0.4457	0.6604	0.8176	0.8588	0.7606	0.5526	0.2991	0.0662
(s.e.)	0.0269	0.02438	0.02428	0.01848	0.0119	0.02869	0.04895	0.05685	0.04856
(p-val.)	0.002261	5.758e-05	9.086e-06	1.177e-06	1.63e-07	9.361e-06	0.0003217	0.009118	0.02617
Mark-up (sector 2)	0.1807	0.136	0.07212	-0.001719	-0.06938	-0.1118	-0.1261	-0.1177	-0.098
(s.e.)	0.09115	0.05516	0.02457	0.03022	0.05196	0.07223	0.0898	0.1031	0.1094
(p-val.)	0.09972	0.178	0.618	0.9237	0.3656	0.1529	0.1089	0.06778	0.04872
Total firm debt	0.1806	0.08436	-0.01167	-0.08822	-0.1387	-0.1678	-0.1918	-0.221	-0.253
(s.e.)	0.06136	0.07283	0.07193	0.06179	0.04962	0.03892	0.02914	0.01881	0.02403
(p-val.)	0.08832	0.06669	0.06005	0.3767	0.1513	0.04361	0.009258	0.0008481	0.0009857
Liquidity-to-sales ratio	0.1964	0.01617	-0.2145	-0.4417	-0.6012	-0.6473	-0.5862	-0.4617	-0.3289
(s.e.)	0.04132	0.03531	0.03435	0.03801	0.04068	0.03368	0.01701	0.03579	0.07194
(p-val.)	0.02398	0.804	0.008663	0.0003404	0.000107	3.641e-05	3.795e-06	0.0002189	0.01291
Bankruptcy rate	0.3664	0.3121	0.1714	-0.00638	-0.1514	-0.2136	-0.1962	-0.1441	-0.1065
(s.e.)	0.05181	0.06199	0.09192	0.1076	0.0972	0.06934	0.04357	0.03278	0.03313
(p-val.)	0.002616	0.01003	0.05637	0.006778	0.0351	0.06321	0.028	0.06117	0.2344

(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)	0.02665	0.2952	0.6204	0.8926	1	0.8926	0.6204	0.2952	0.02665
(s.e.)	0.03857	0.02894	0.01615	0.004769	3.511e-17	0.004769	0.01615	0.02894	0.03857
(p-val.)	0.6925	0.0008733	2.377e-06	3.56e-09	NA	3.56e-09	2.377e-06	0.0008733	0.6925
Consumption	0.1815	0.3946	0.6399	0.8455	0.9318	0.8517	0.6295	0.3396	0.06794
(s.e.)	0.04348	0.03556	0.02736	0.01957	0.01116	0.009742	0.02296	0.03789	0.04917
(p-val.)	0.03993	0.0004505	1.684e-05	1.276e-06	8.825e-08	7.614e-08	9.043e-06	0.001189	0.2939
Investment	-0.3826	-0.4818	-0.4728	-0.3169	-0.04981	0.2239	0.4035	0.4392	0.359
(s.e.)	0.04085	0.04364	0.06026	0.07757	0.08505	0.07698	0.05834	0.04174	0.03688
(p-val.)	0.0008863	0.0003866	0.00143	0.01894	0.09089	0.06749	0.002589	0.000501	0.0008186
Productivity	0.2348	0.4457	0.6604	0.8176	0.8588	0.7606	0.5526	0.2991	0.0662
(s.e.)	0.0269	0.02438	0.02428	0.01848	0.0119	0.02869	0.04895	0.05685	0.04856
(p-val.)	0.002261	5.758e-05	9.086e-06	1.177e-06	1.63e-07	9.361e-06	0.0003217	0.009118	0.02617
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	-0.1503	0.07336	0.3221	0.5242	0.6171	0.5807	0.4499	0.2877	0.1522
(s.e.)	0.07173	0.07544	0.07489	0.06573	0.0495	0.03429	0.02652	0.02962	0.03866
(p-val.)	0.1912	0.008928	0.01595	0.001251	0.0002047	6.396e-05	7.672e-05	0.001088	0.06768
Wage	0.3903	0.607	0.7687	0.8316	0.7792	0.6288	0.4255	0.2173	0.03588
(s.e.)	0.0762	0.04991	0.02197	0.01691	0.03771	0.05057	0.05214	0.04521	0.03633
(p-val.)	0.0076	0.0002276	3.085e-06	7.651e-07	2.49e-05	0.0002047	0.001345	0.01928	0.6923
Unemployment rate	0.3339	0.4319	0.3976	0.2406	0.03377	-0.125	-0.1811	-0.1435	-0.07084
(s.e.)	0.07579	0.0628	0.05097	0.03278	0.01658	0.03441	0.0654	0.09194	0.1026
(p-val.)	0.01429	0.002491	0.001689	0.004031	0.9807	0.1306	0.04442	0.02044	0.05122
Vacancy rate	0.2547	-0.01217	-0.293	-0.4913	-0.5469	-0.4686	-0.3251	-0.1951	-0.122
(s.e.)	0.06625	0.06666	0.06062	0.05623	0.06278	0.0616	0.04272	0.03266	0.05093
(p-val.)	0.02891	0.1802	0.0123	0.0009297	0.0008727	0.001614	0.002286	0.01217	0.2279

(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)

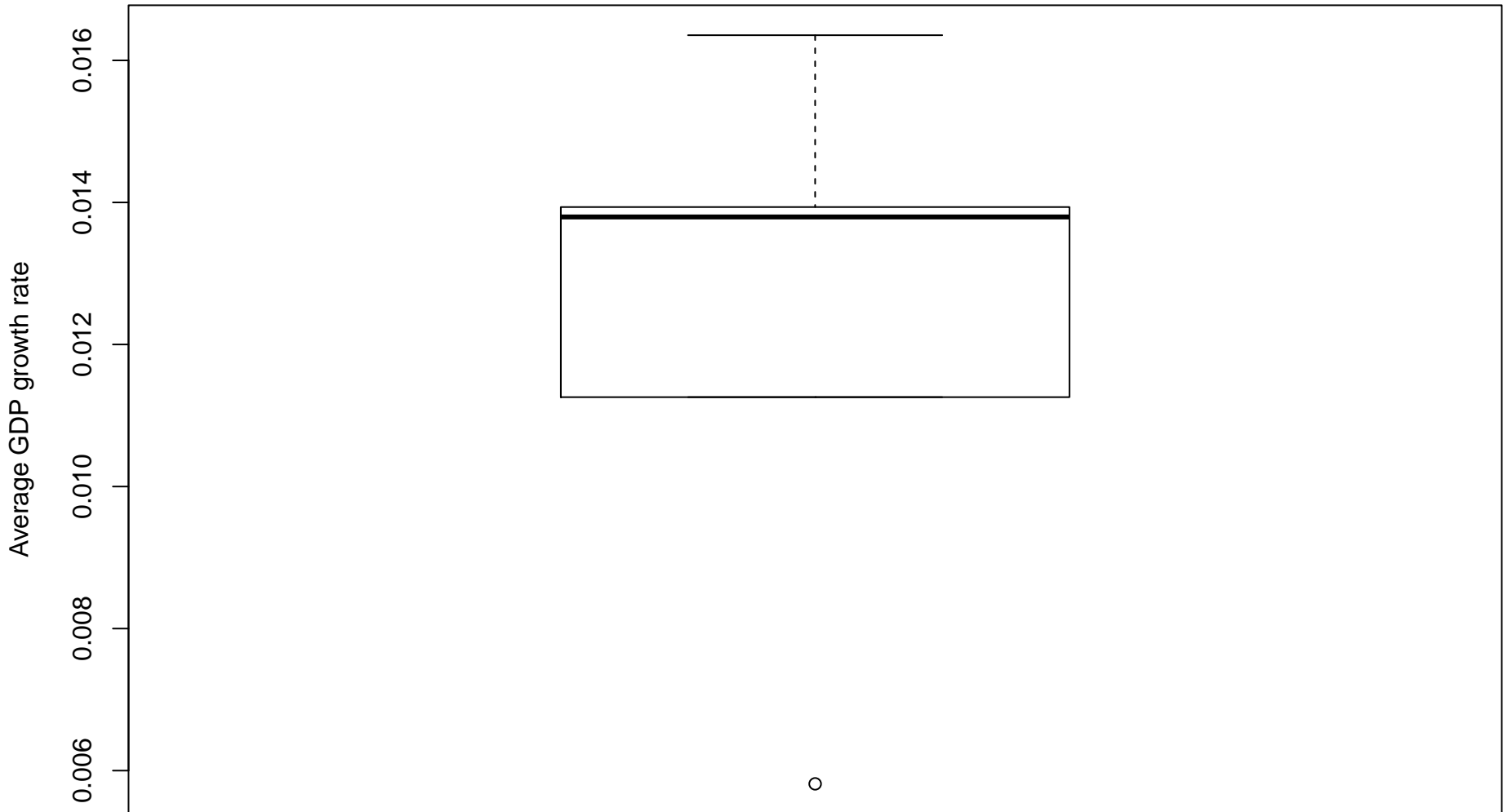
	avg.ADF	rej.ADF	avg.PP	rej.PP	avg.KPSS	rej.KPSS	avg.BDS	rej.BDS	avg.KS	rej.KS	AD	V
dGDP	0.01	1.00	0.01	1.00	0.10	0.00	0.09	0.60	0.36	0.00	0.10	C
dA	0.01	1.00	0.01	1.00	0.10	0.00	0.02	0.80	0.11	0.50	0.00	C
dw	0.01	1.00	0.01	1.00	0.10	0.00	0.06	0.80	0.11	0.50	0.00	C
V	0.01	1.00	0.01	1.00	0.08	0.20	0.00	1.00	0.16	0.60	0.00	C
U	0.01	1.00	0.01	1.00	0.07	0.40	0.00	1.00	0.00	1.00	0.00	C
mu2avg	0.11	0.80	0.01	1.00	0.07	0.40	0.00	1.00	0.01	0.90	0.00	C
HH1	0.01	1.00	0.01	1.00	0.10	0.00	0.00	1.00	0.14	0.60	0.00	C
HH2	0.01	1.00	0.01	1.00	0.10	0.00	0.21	0.60	0.04	0.80	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)

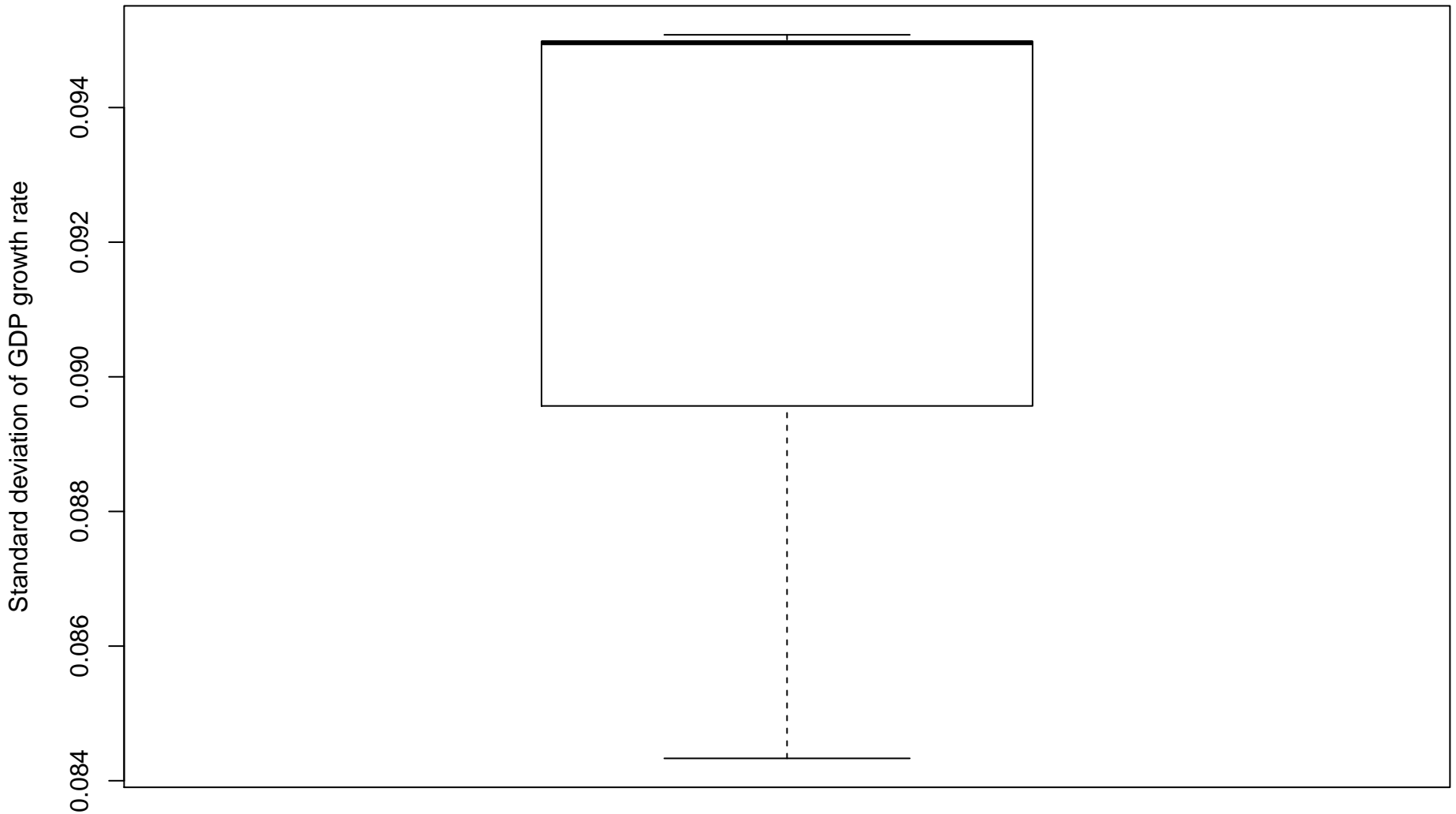
(significance = 0.05)

GDP growth



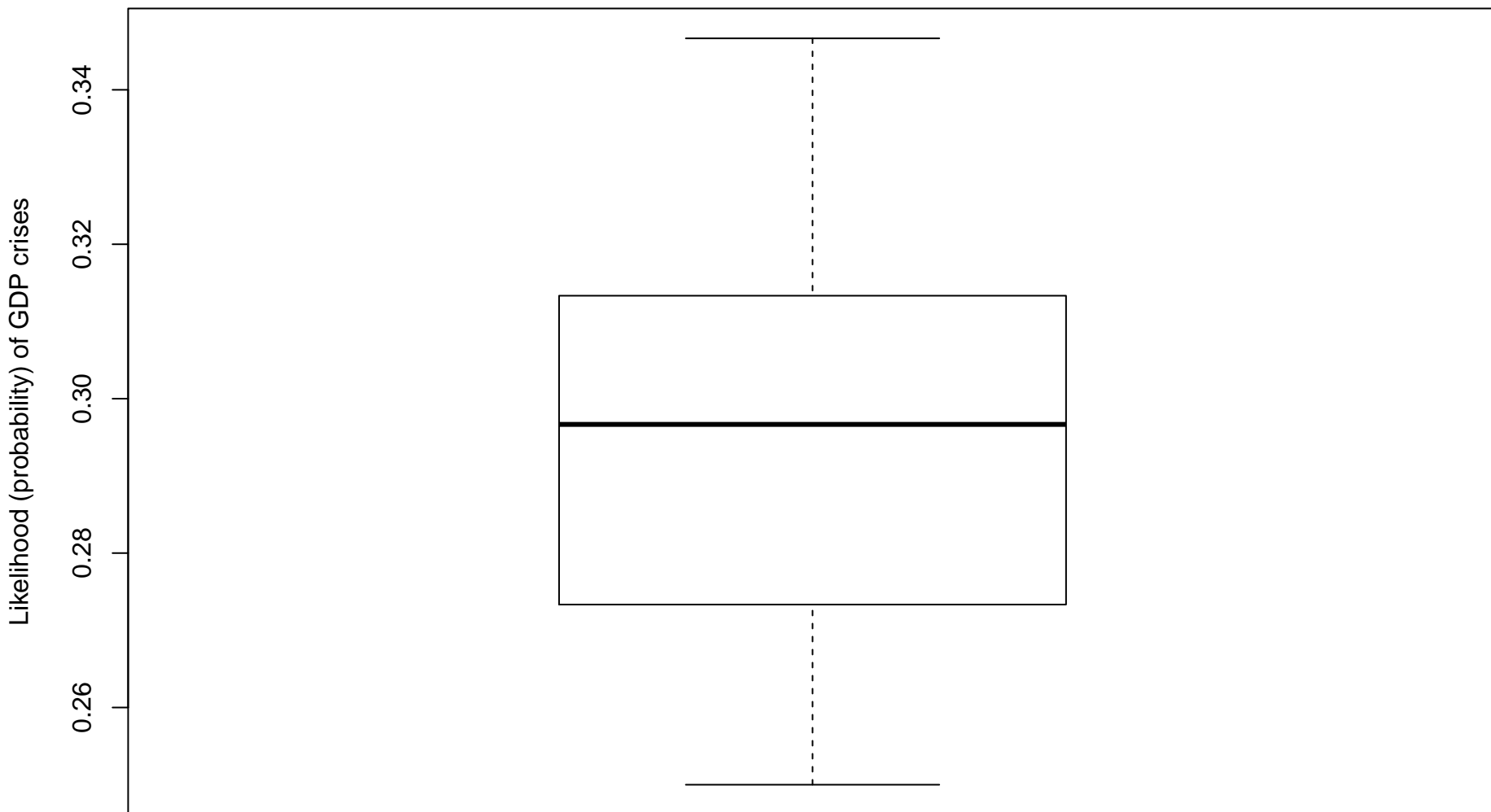
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Volatility of GDP growth



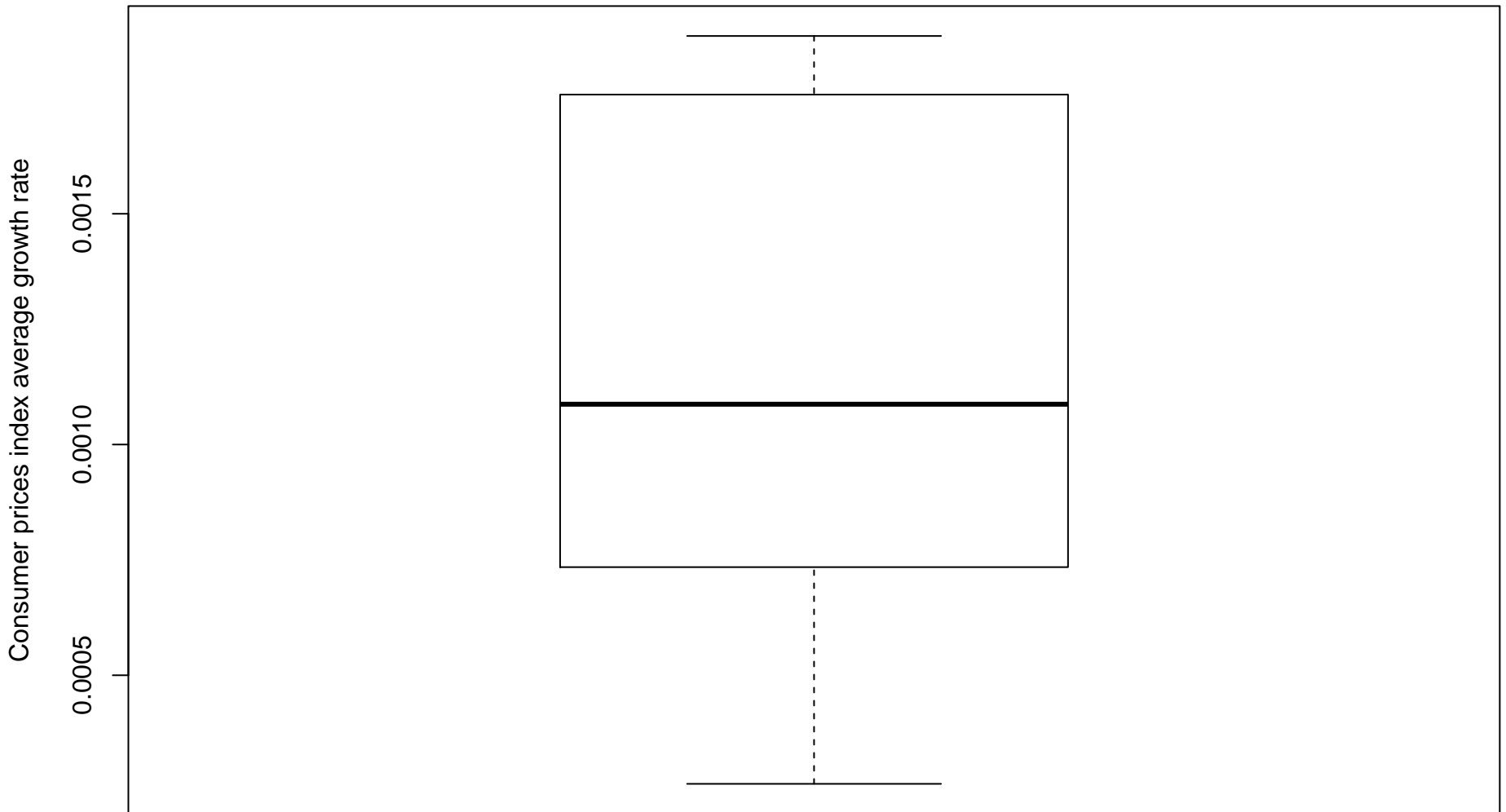
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Likelihood of GDP crises



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

Inflation

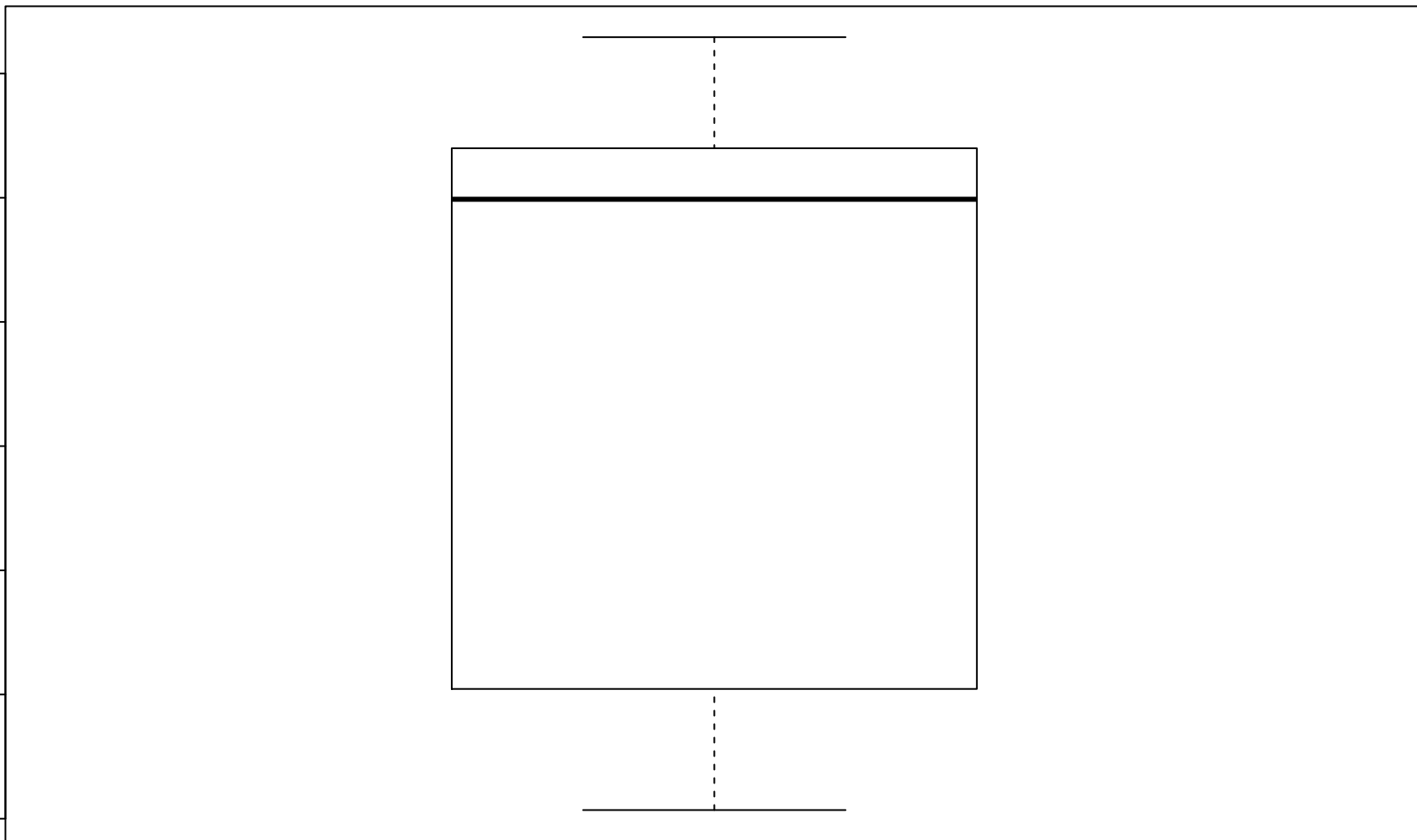


(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government tax income over GDP

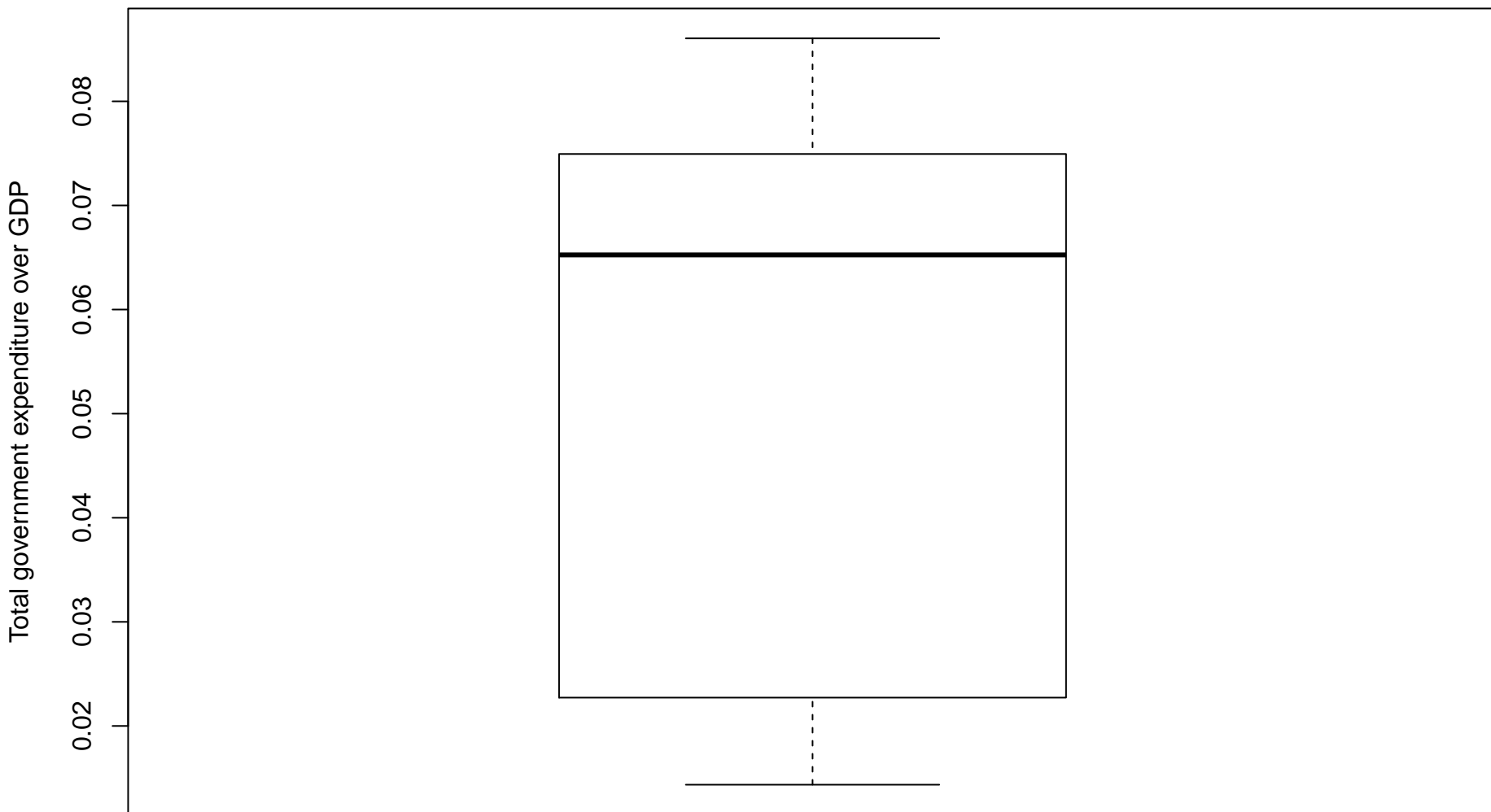
0.0230 0.0235 0.0240 0.0245 0.0250 0.0255 0.0260

Tax



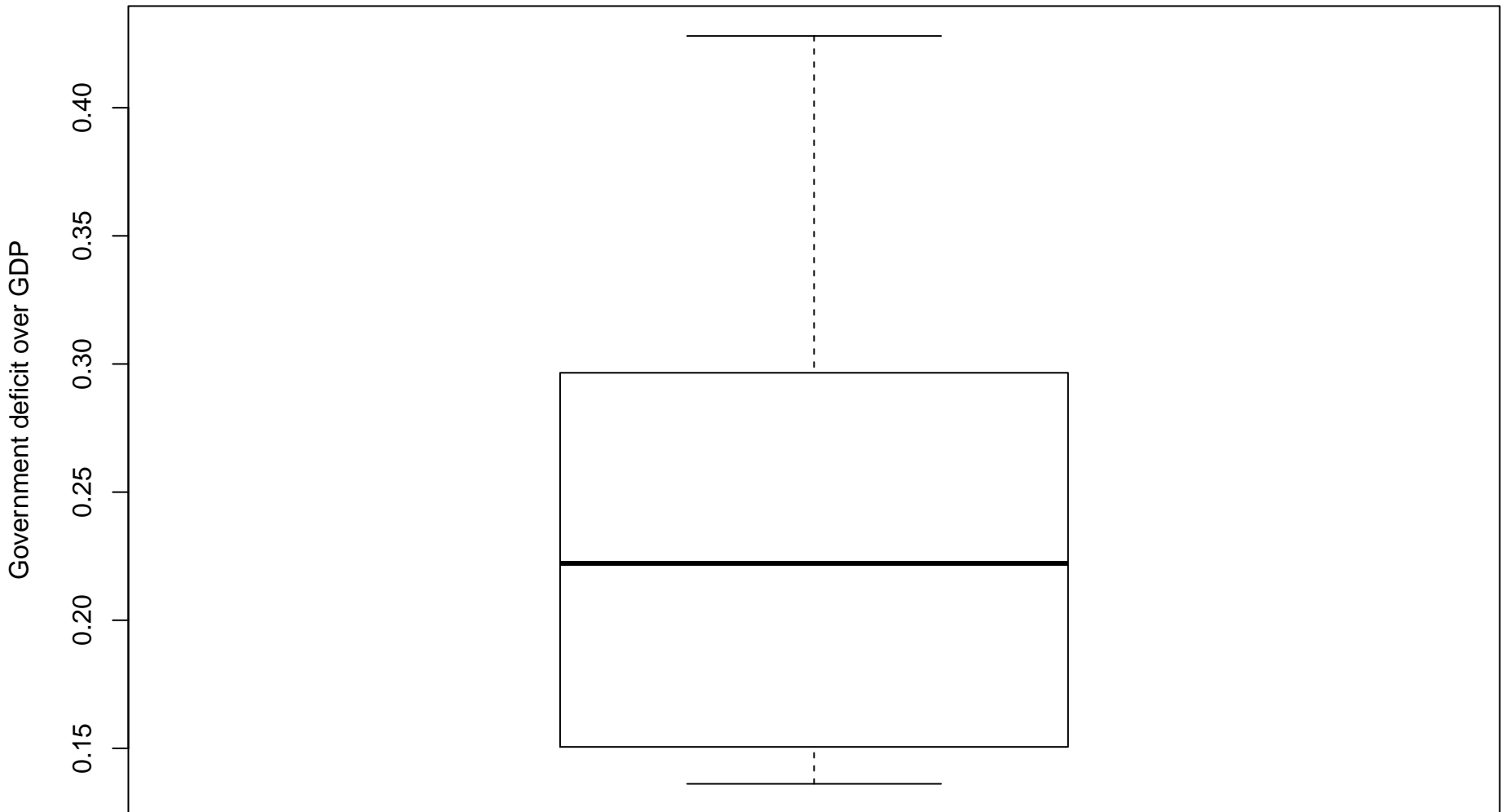
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government total expenditure



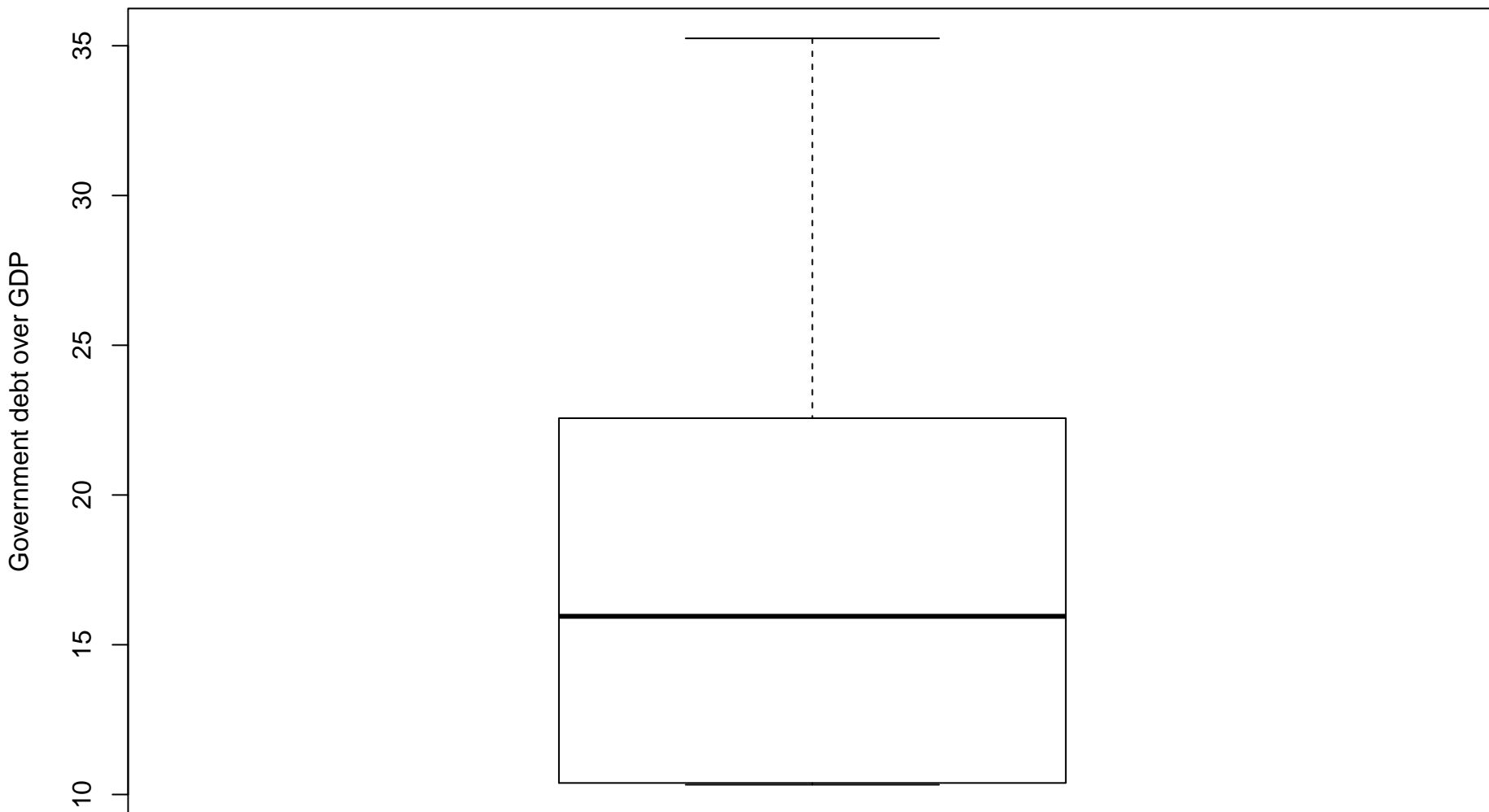
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government deficit



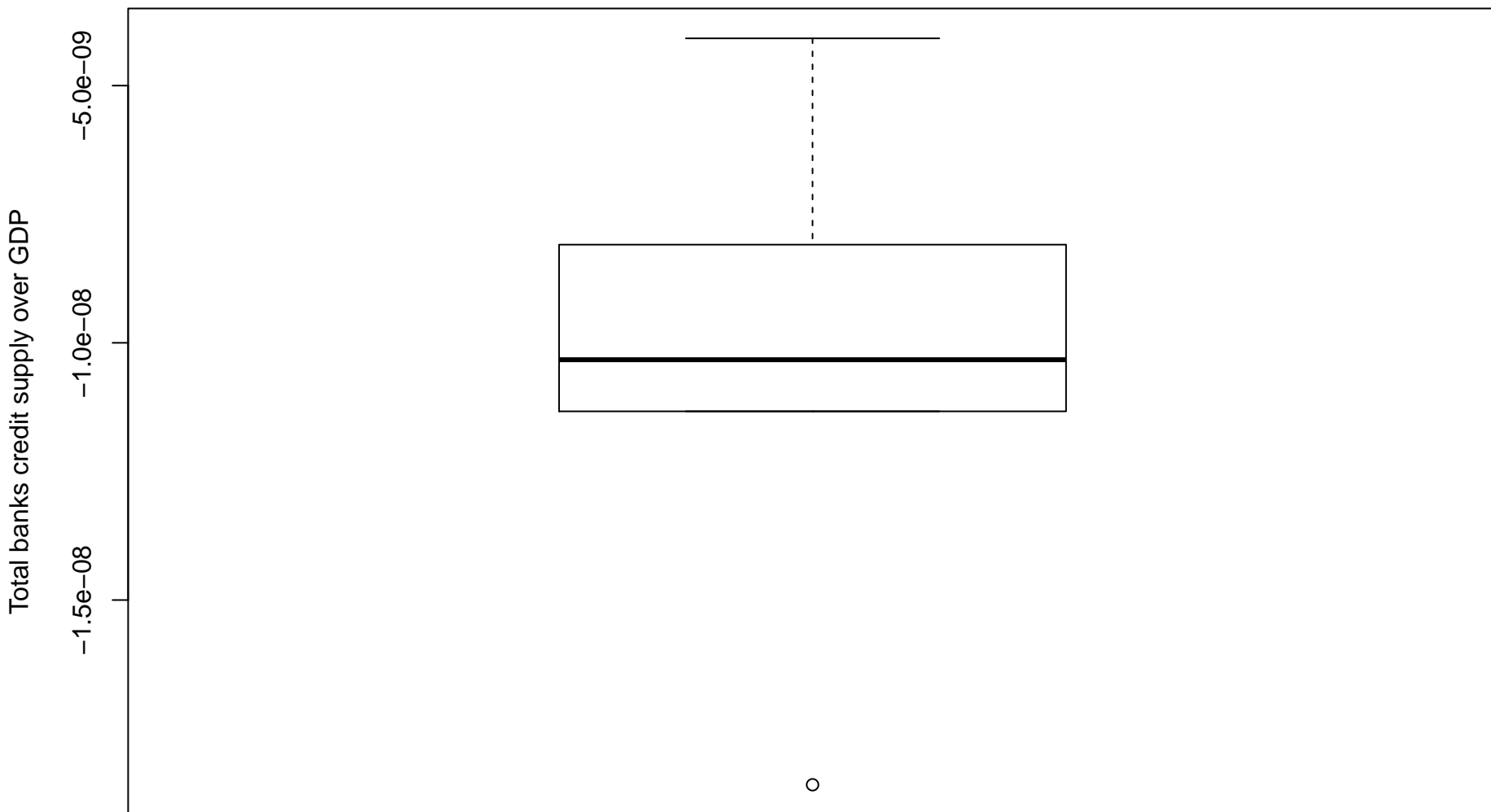
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government debt



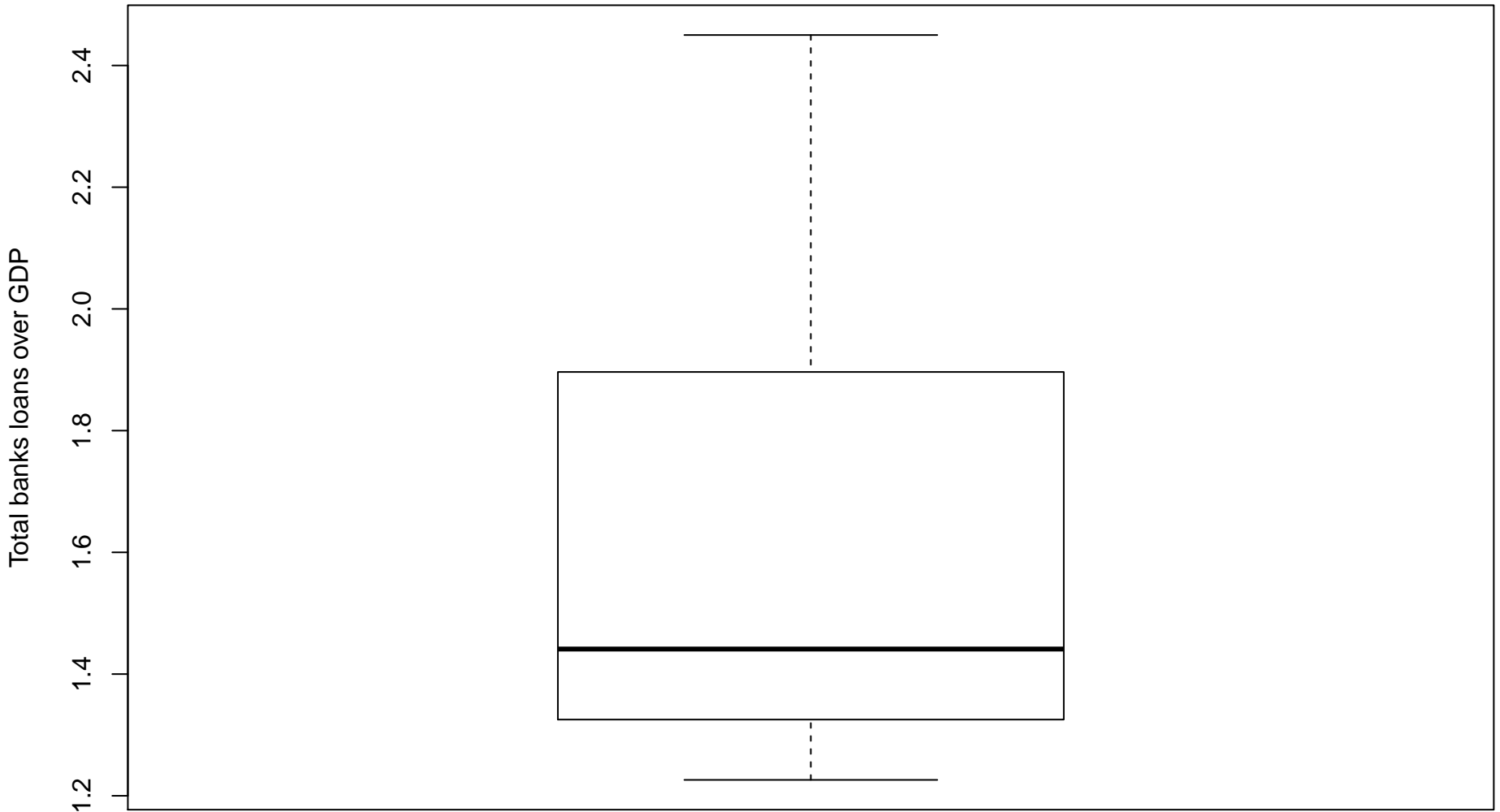
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Credit supply



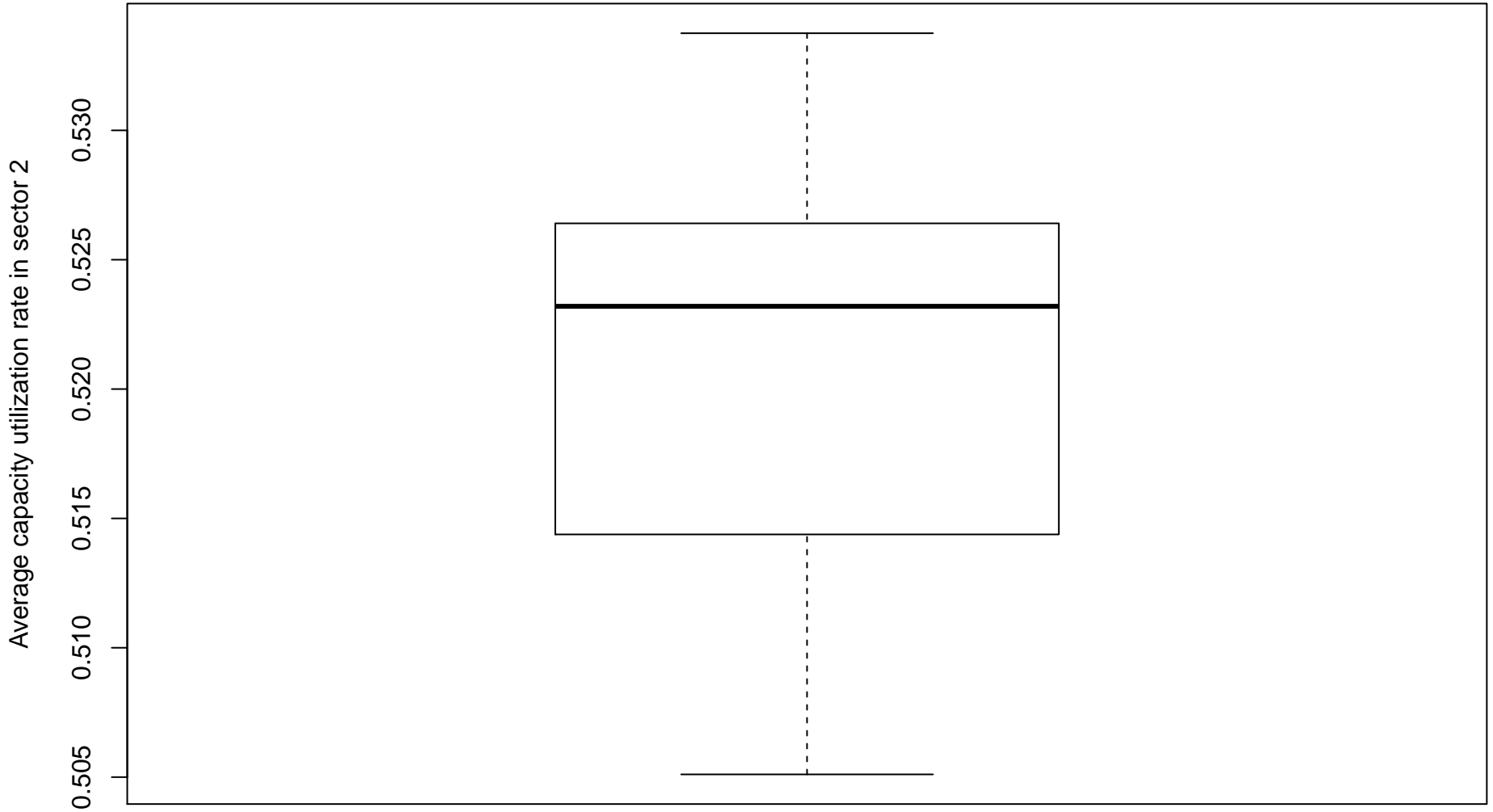
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Loans



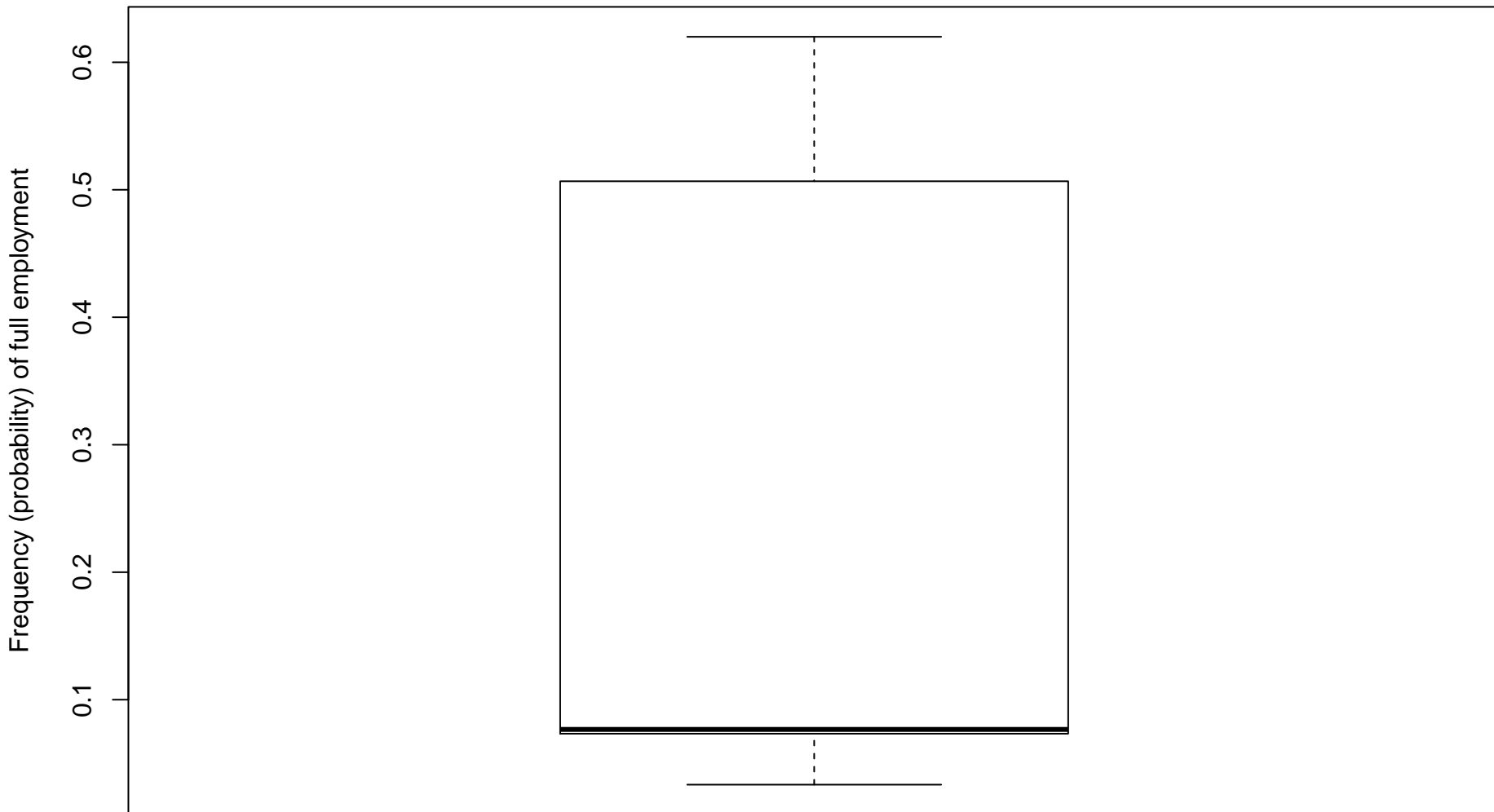
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Capacity utilization



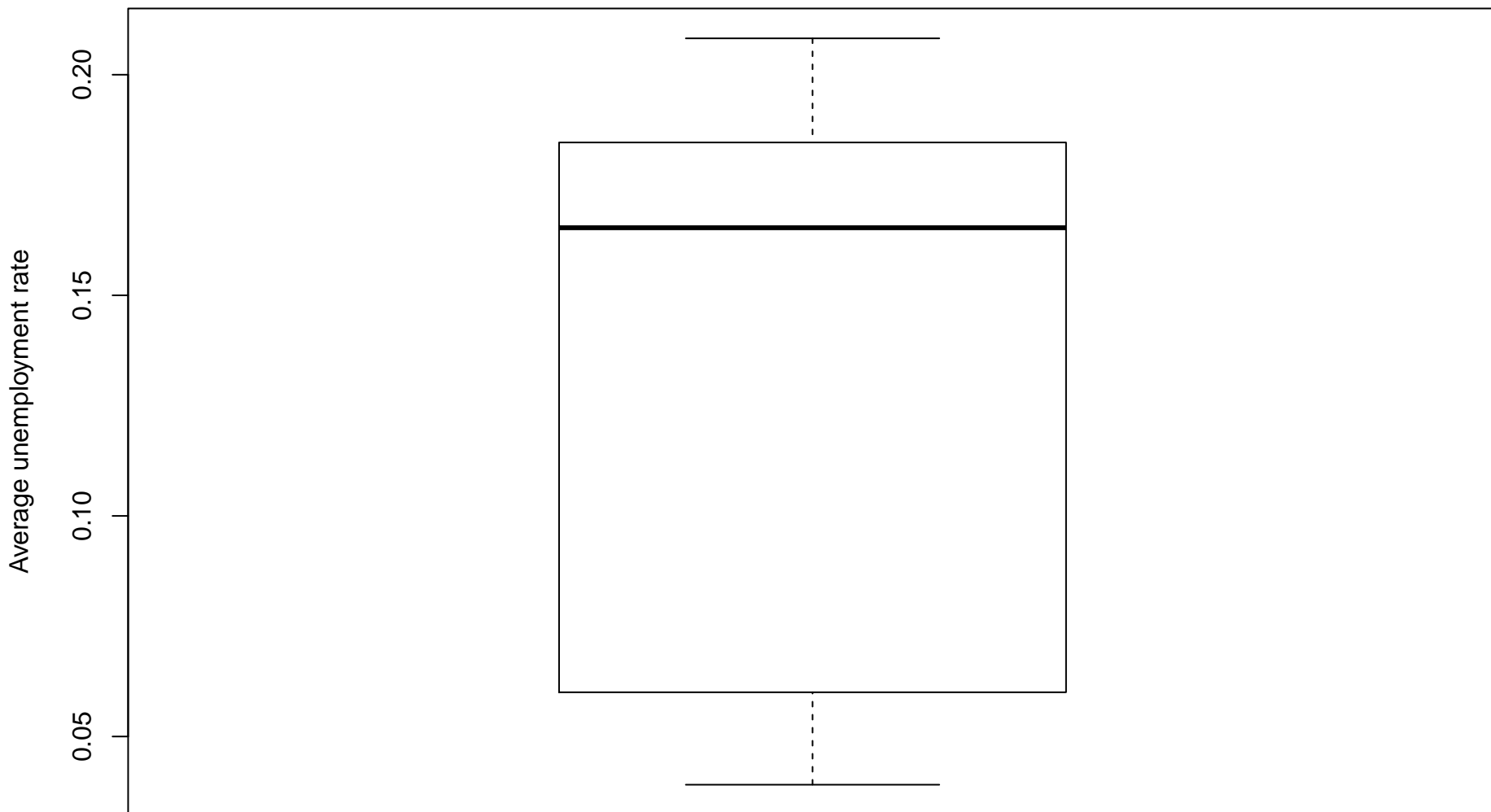
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Full employment frequency



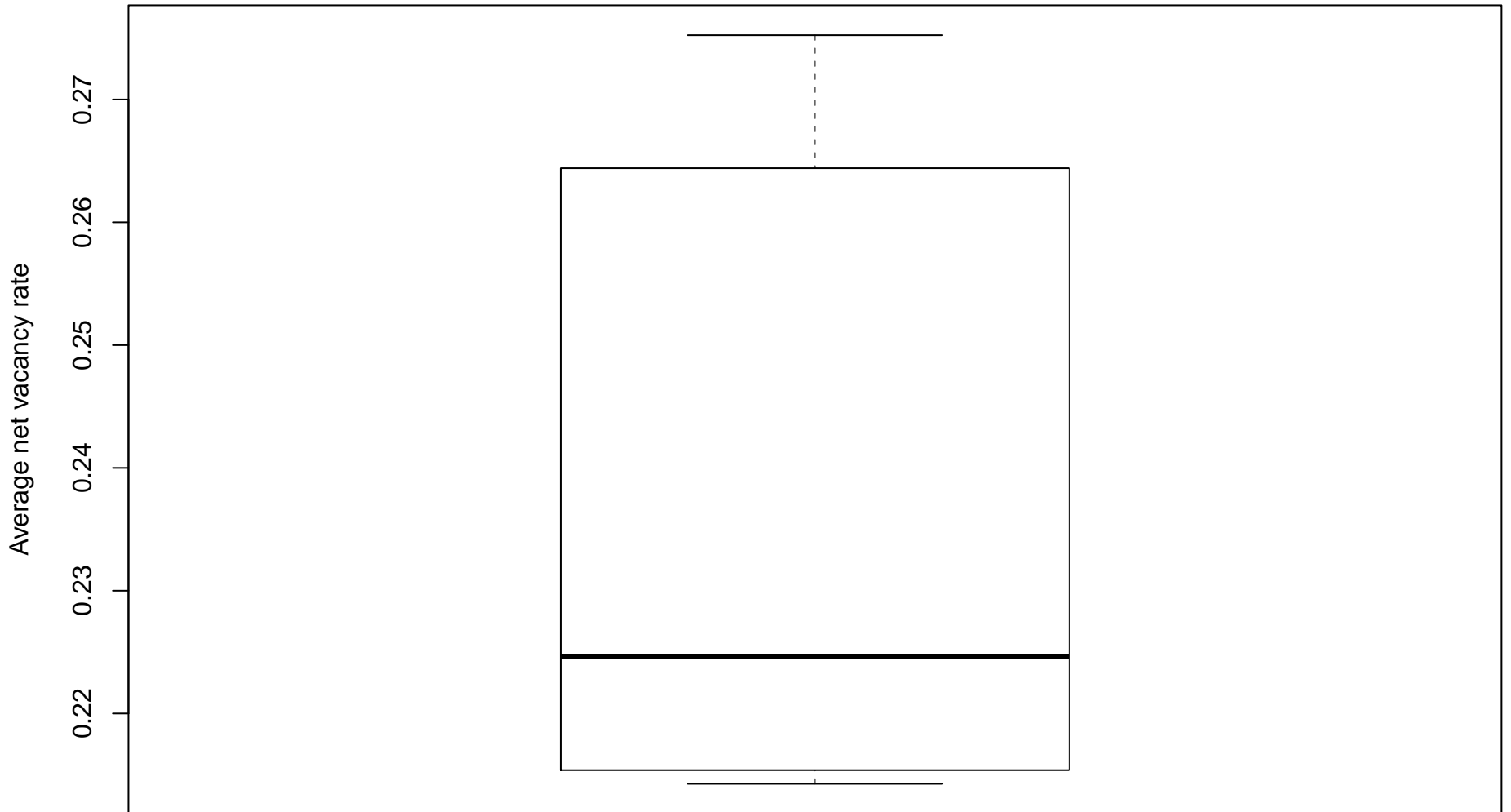
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Unemployment



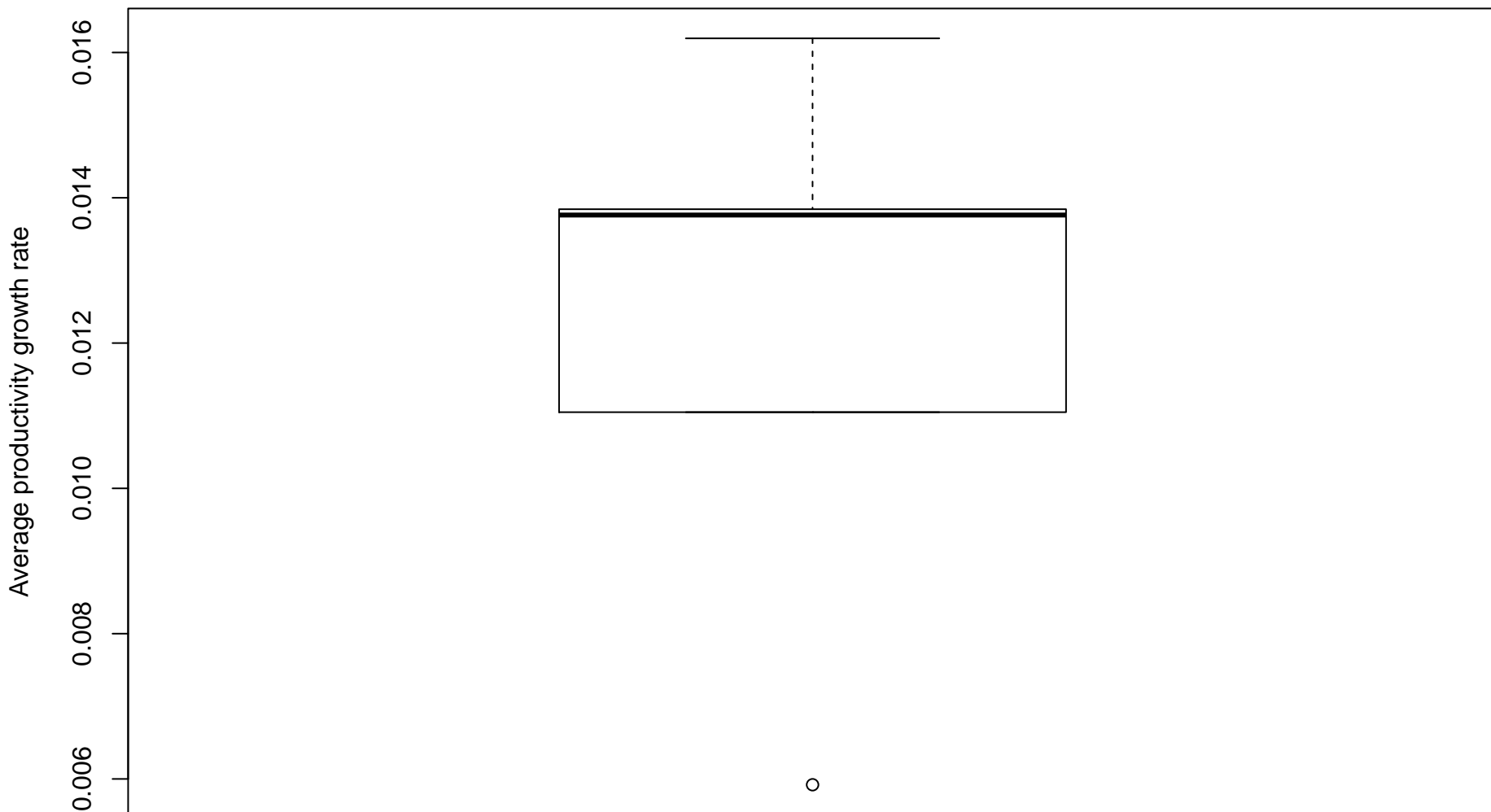
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Vacancy



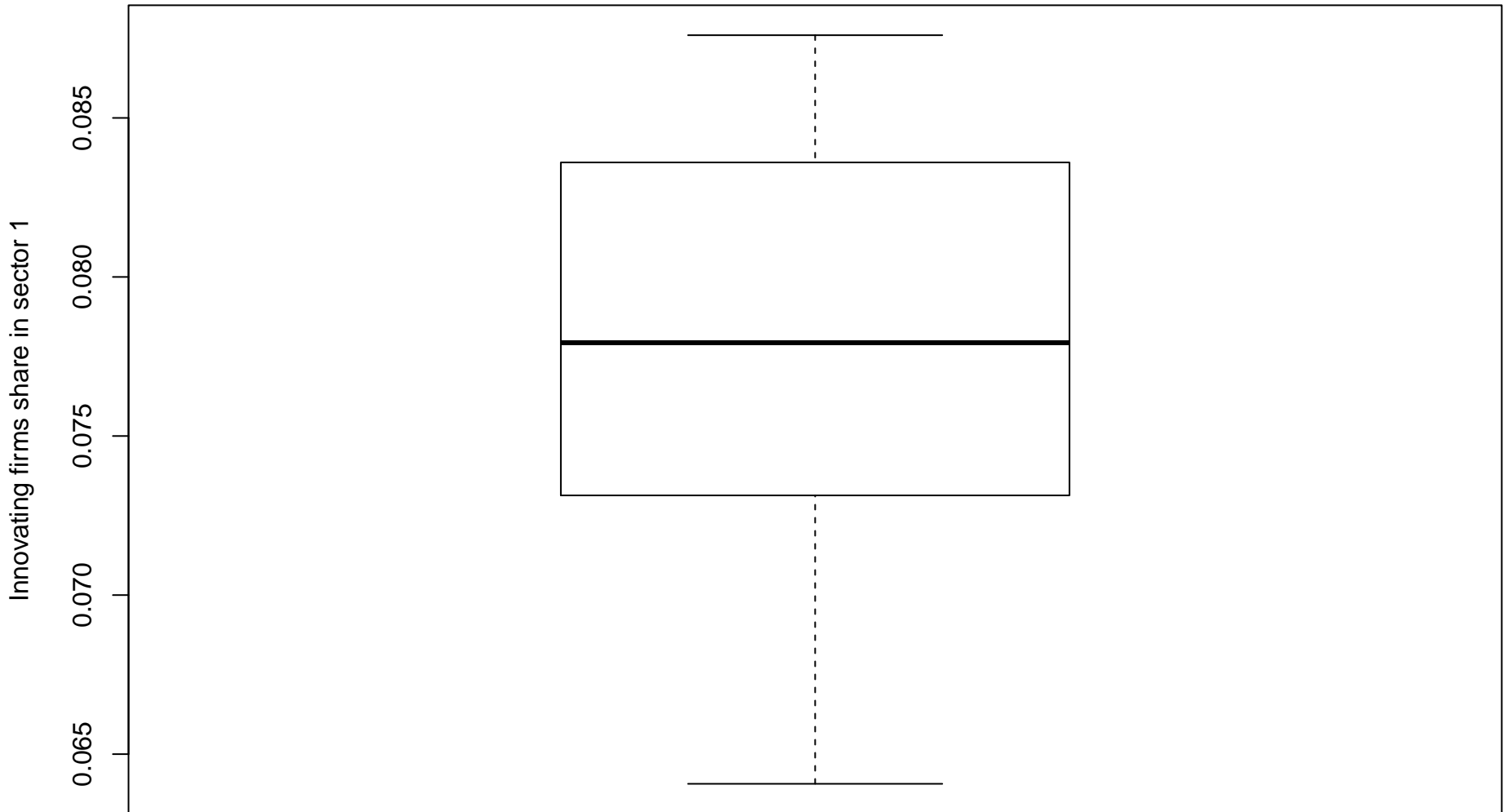
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Productivity growth



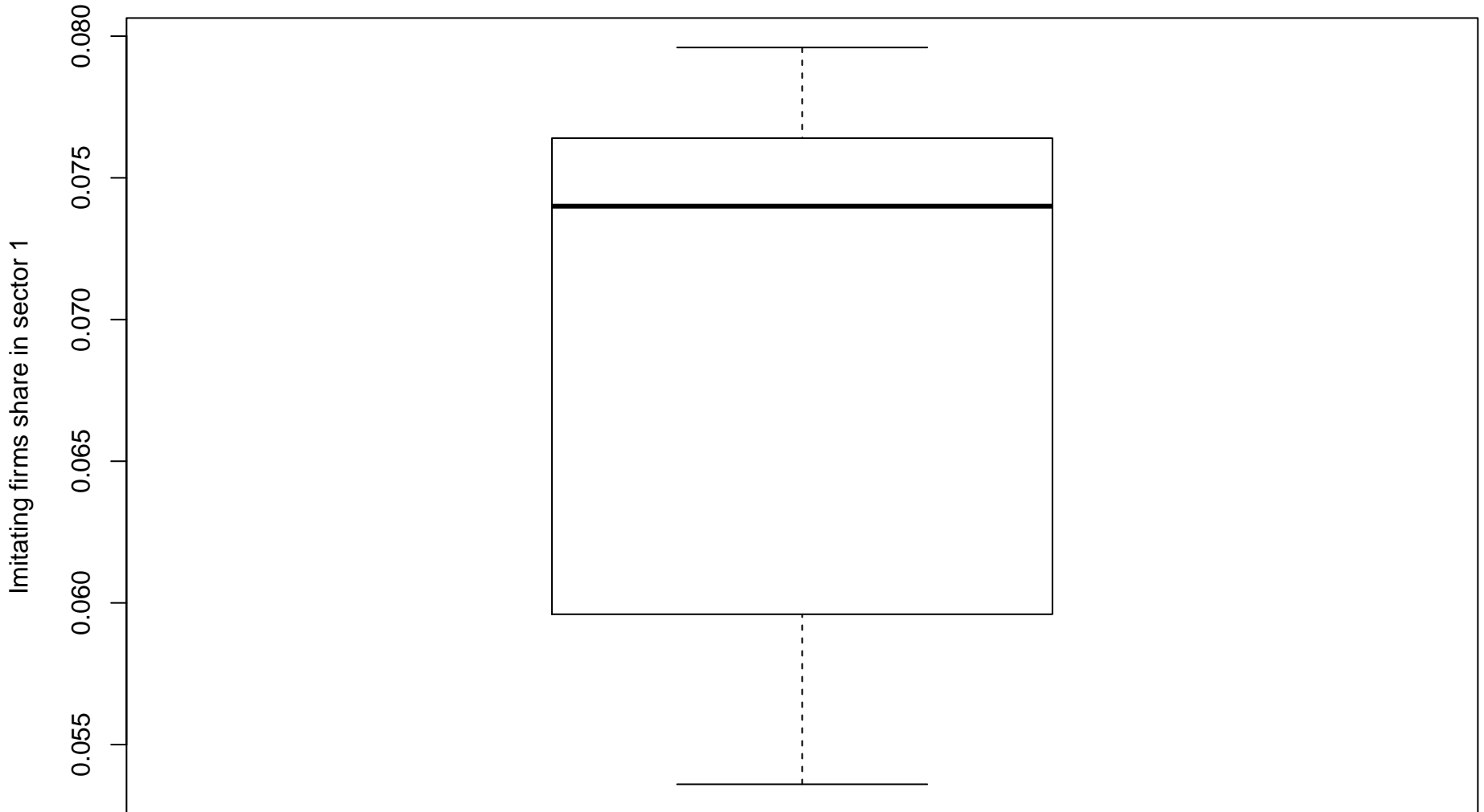
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Innovation



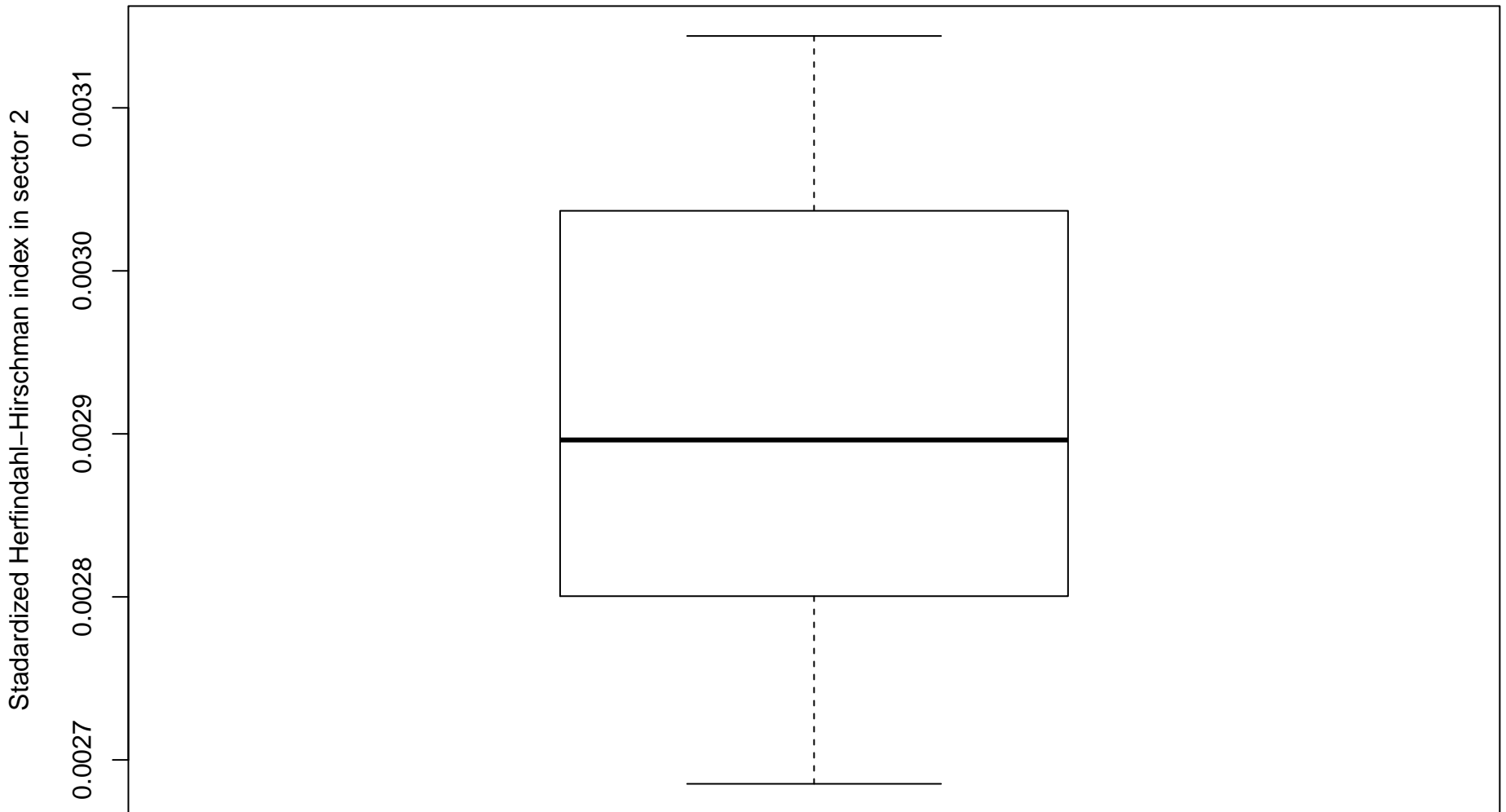
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Imitation



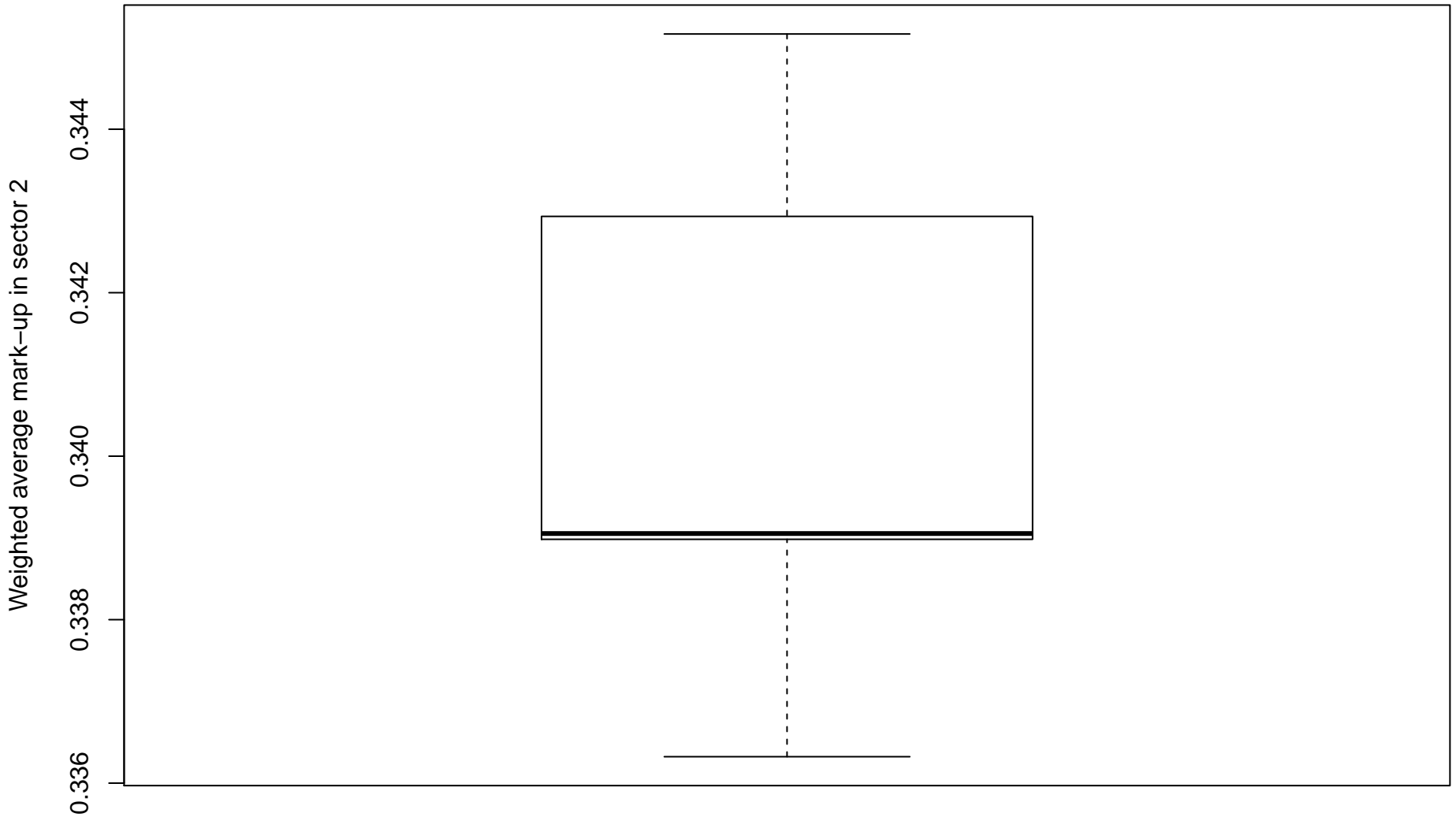
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Market concentration



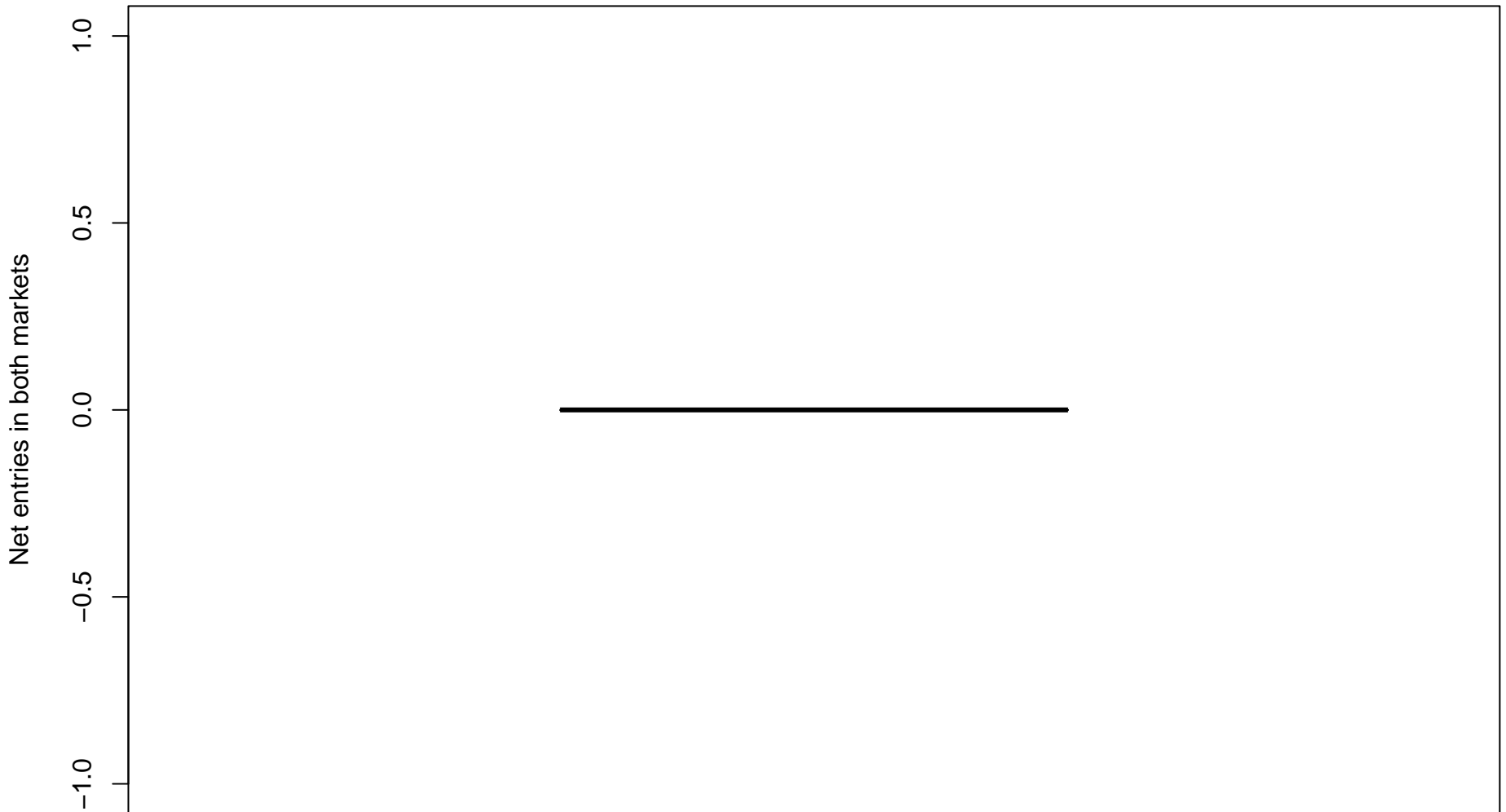
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

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	0.01223	0.004015	0.005814	0.01635
Volatility of GDP growth	0.09179	0.004787	0.08433	0.09508
Likelihood of GDP crises	0.296	0.03707	0.25	0.3467
Inflation	0.001146	0.000684	0.0002647	0.001885
Tax	0.02478	0.001401	0.02303	0.02615
Government total expenditure	0.05266	0.03215	0.01436	0.08605
Government deficit	0.2467	0.1198	0.1361	0.428
Government debt	18.89	10.43	10.33	35.25
Credit supply	-1.048e-08	5.319e-09	-1.859e-08	-4.081e-09
Loans	1.668	0.507	1.226	2.45
Capacity utilization	0.5206	0.01109	0.5051	0.5338
Full employment frequency	0.262	0.2785	0.03333	0.62
Unemployment	0.1315	0.07666	0.03908	0.2082
Vacancy	0.2388	0.02887	0.2143	0.2752
Productivity growth	0.01215	0.003932	0.005921	0.01619
Innovation	0.07727	0.009201	0.06407	0.0876
Imitation	0.06864	0.01137	0.0536	0.0796
Market concentration	0.002913	0.0001827	0.002685	0.003144
Mark-ups	0.3405	0.003519	0.3363	0.3452
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)