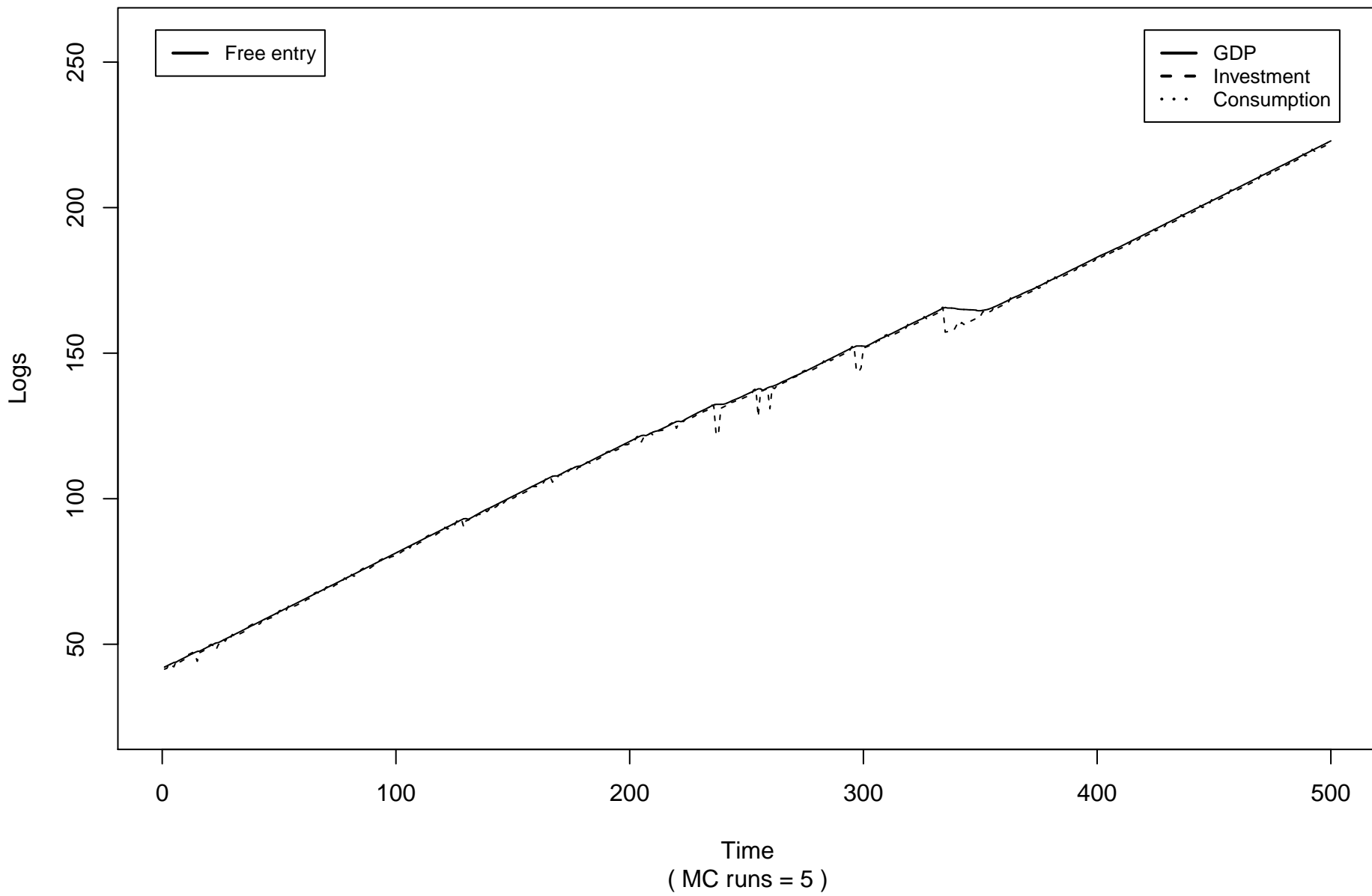
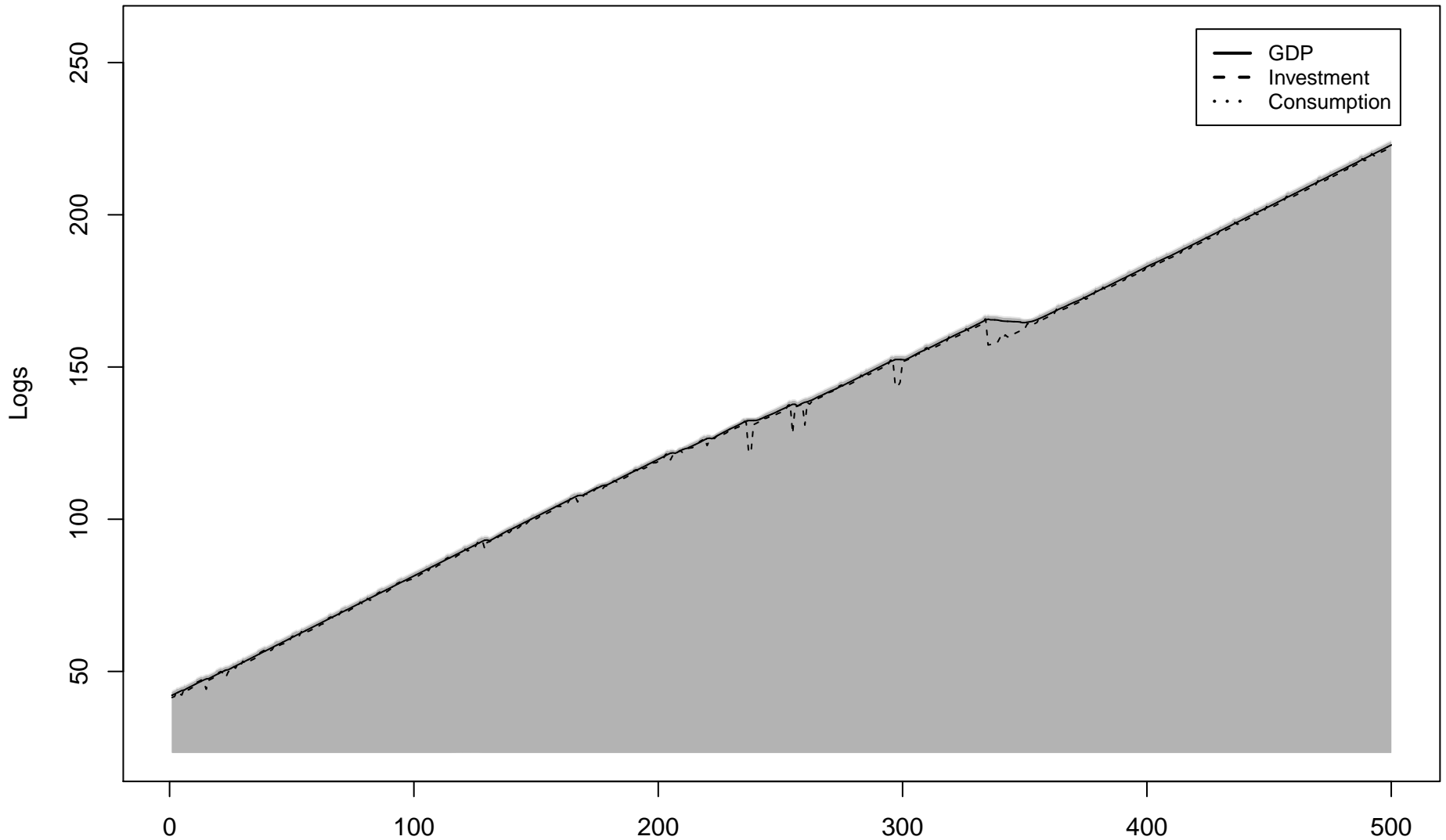


GDP, investment and consumption (all experiments)

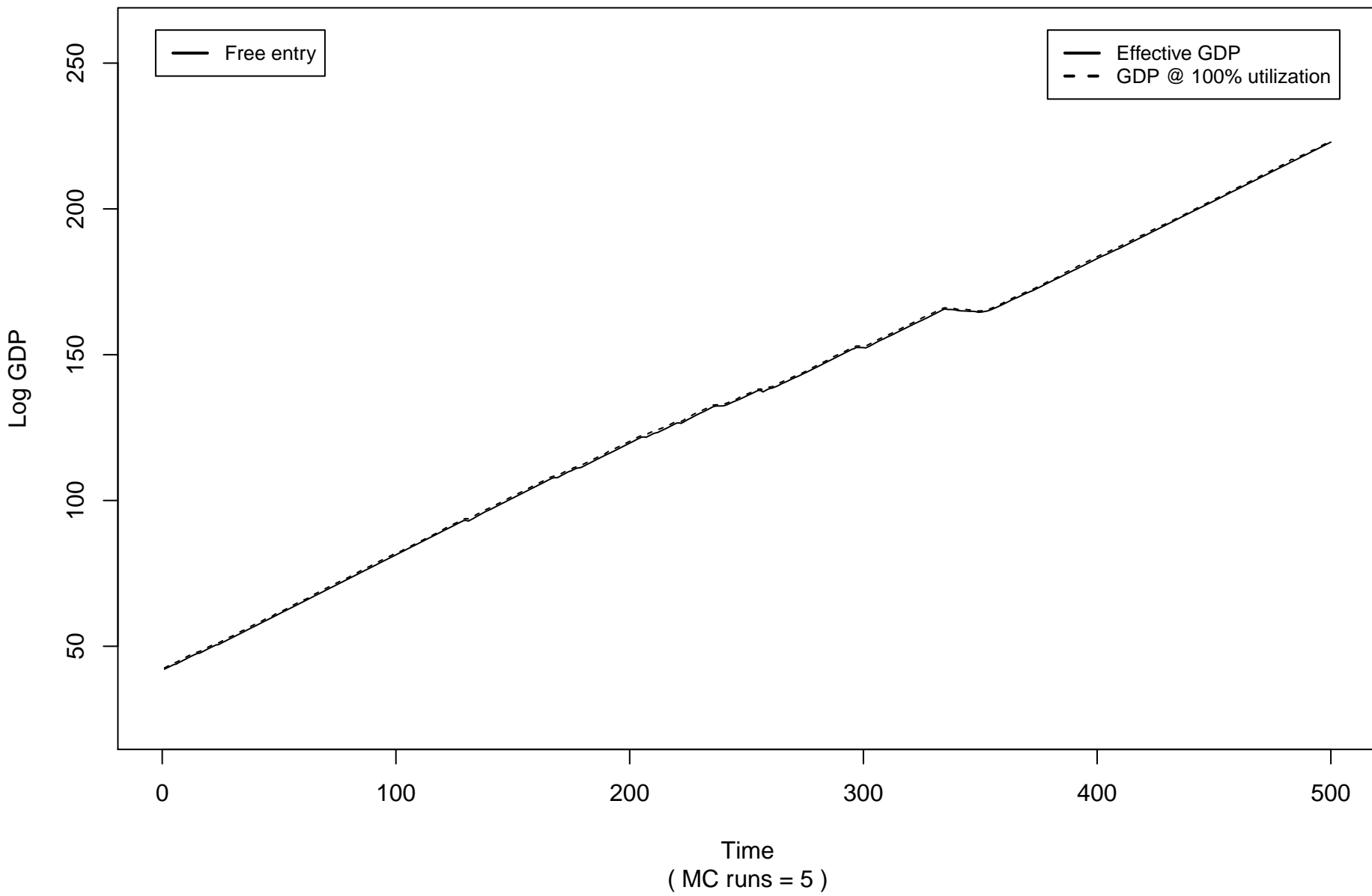


GDP, investment and consumption (Free entry)

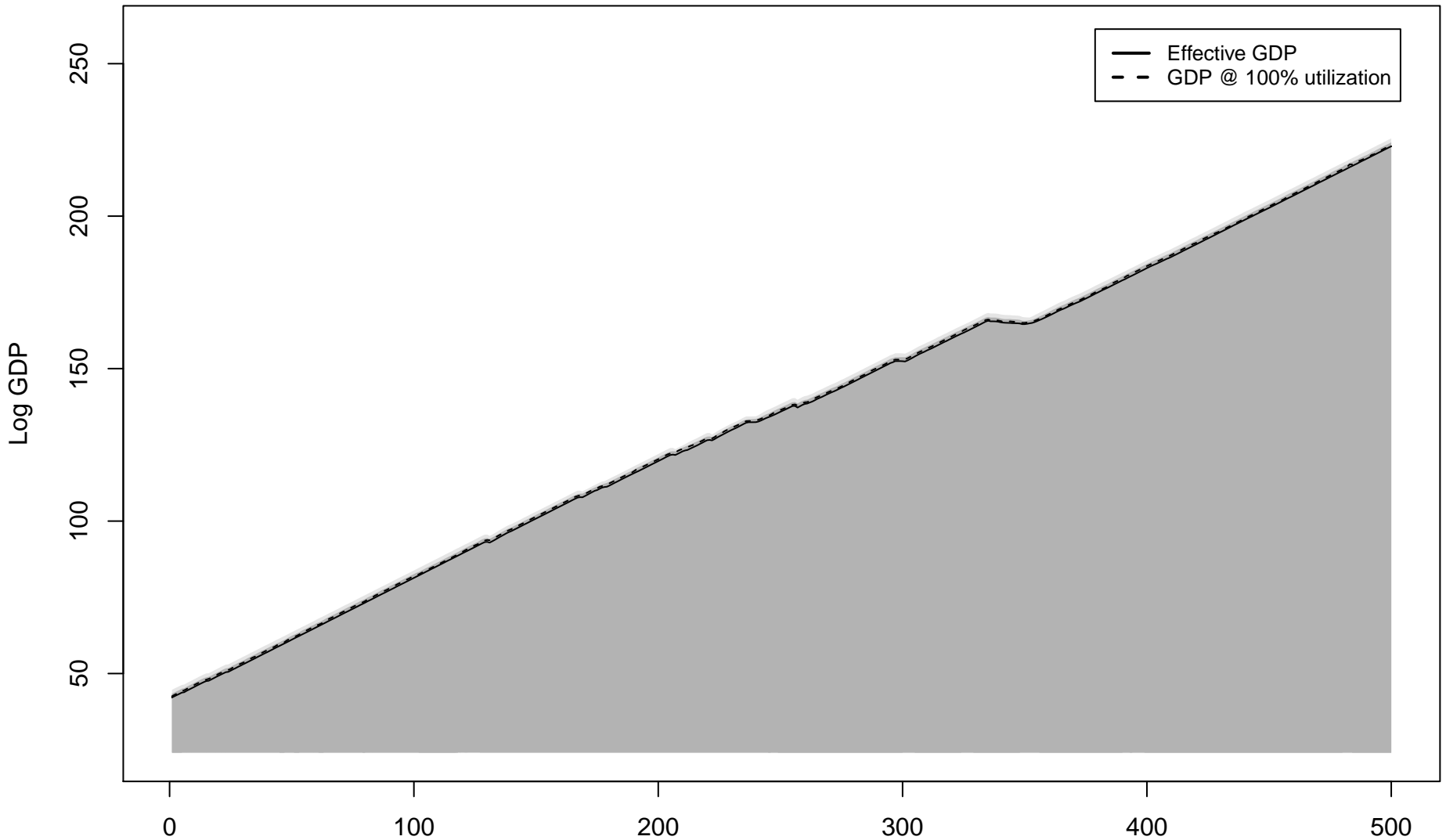


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

GDP (all experiments)

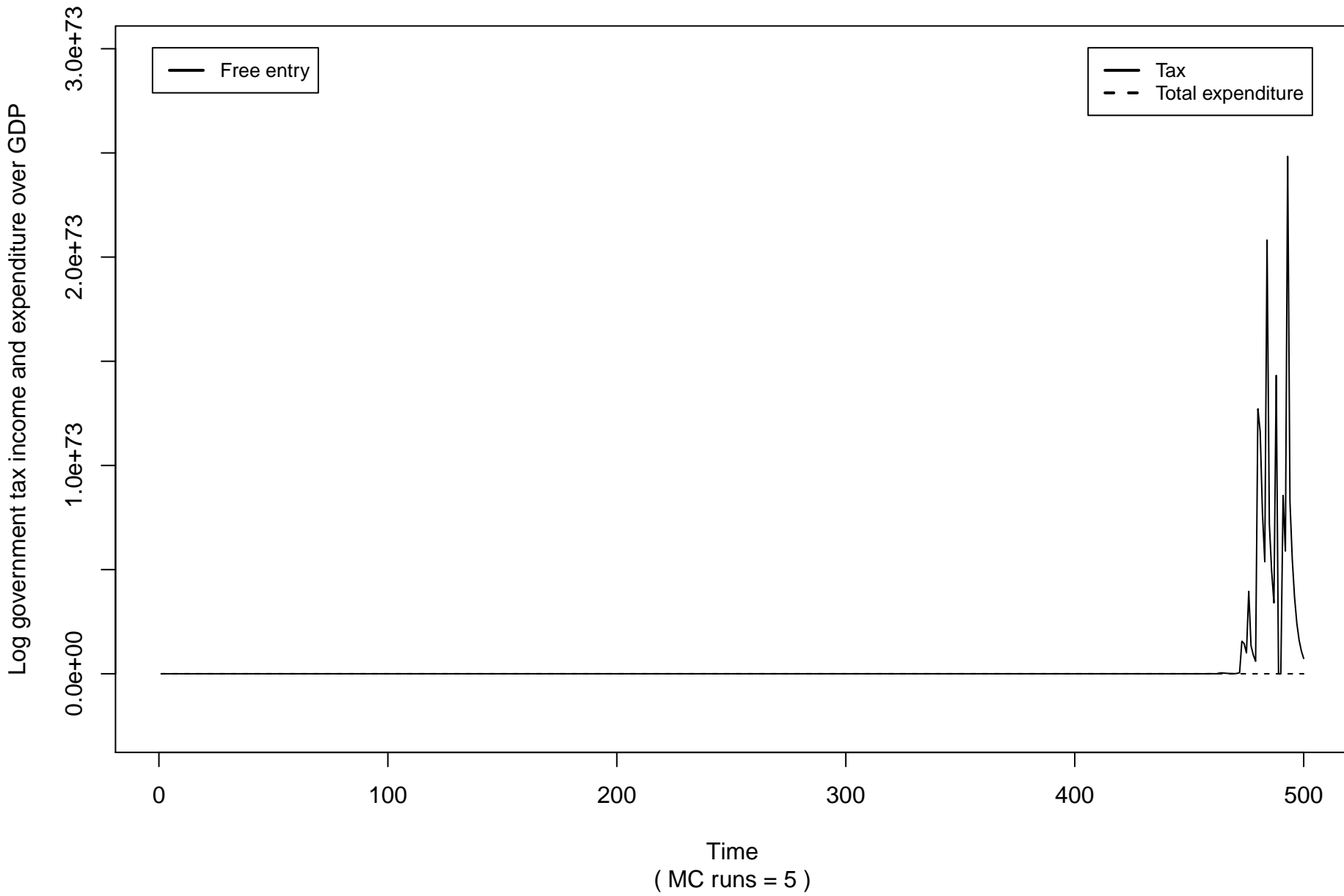


GDP (Free entry)

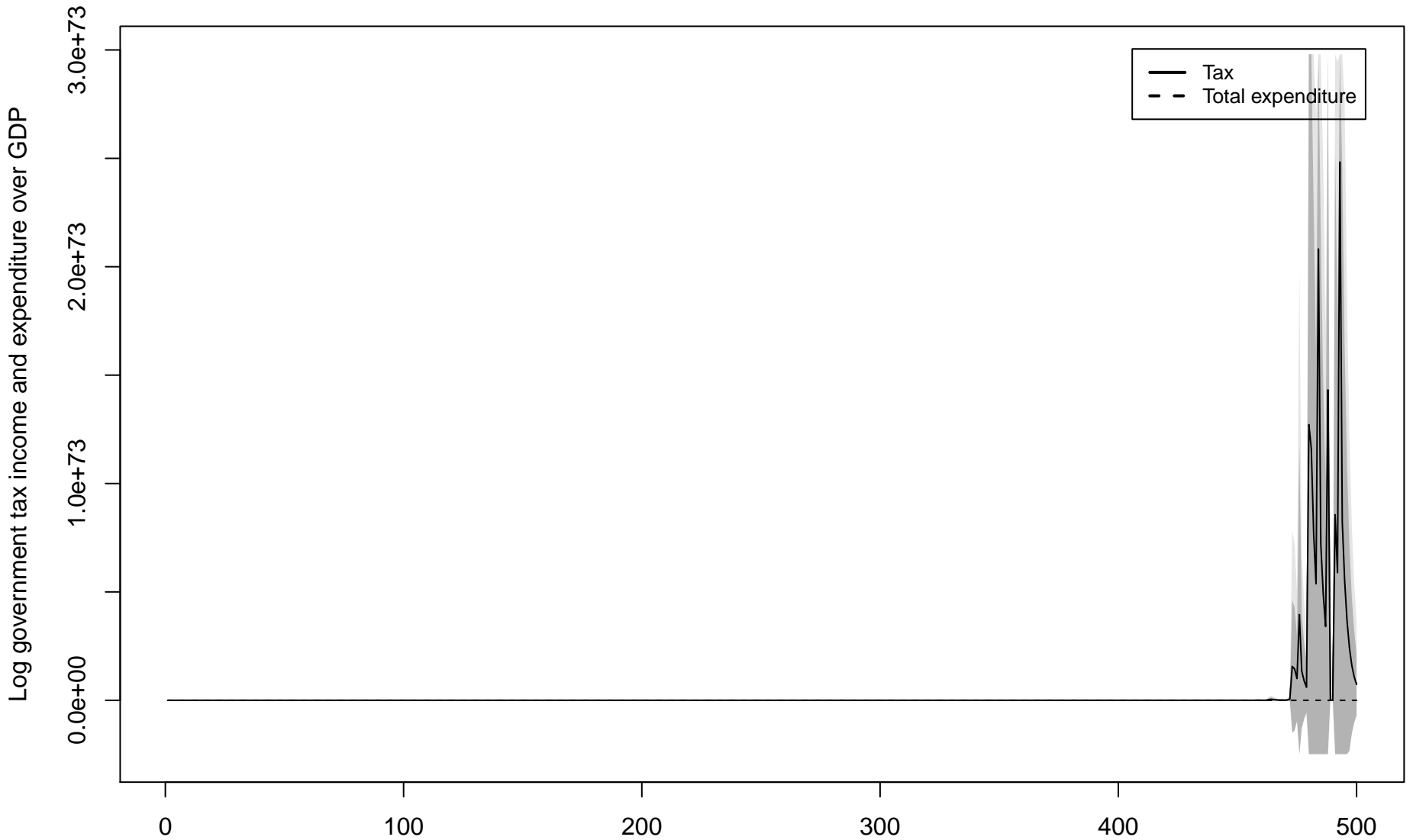


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

Government income and expenditure on GDP (all experiments)

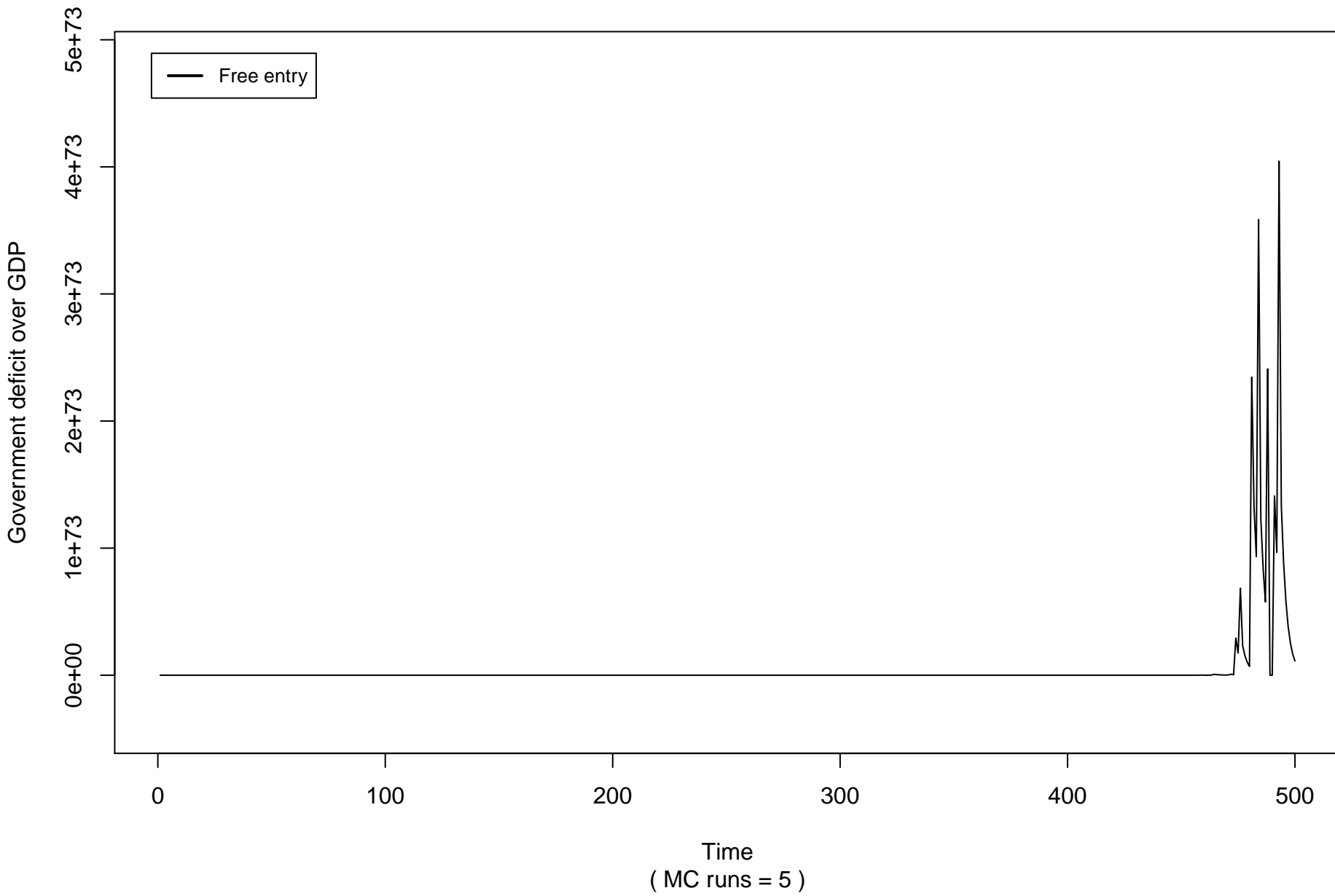


Government income and expenditure on GDP (Free entry)

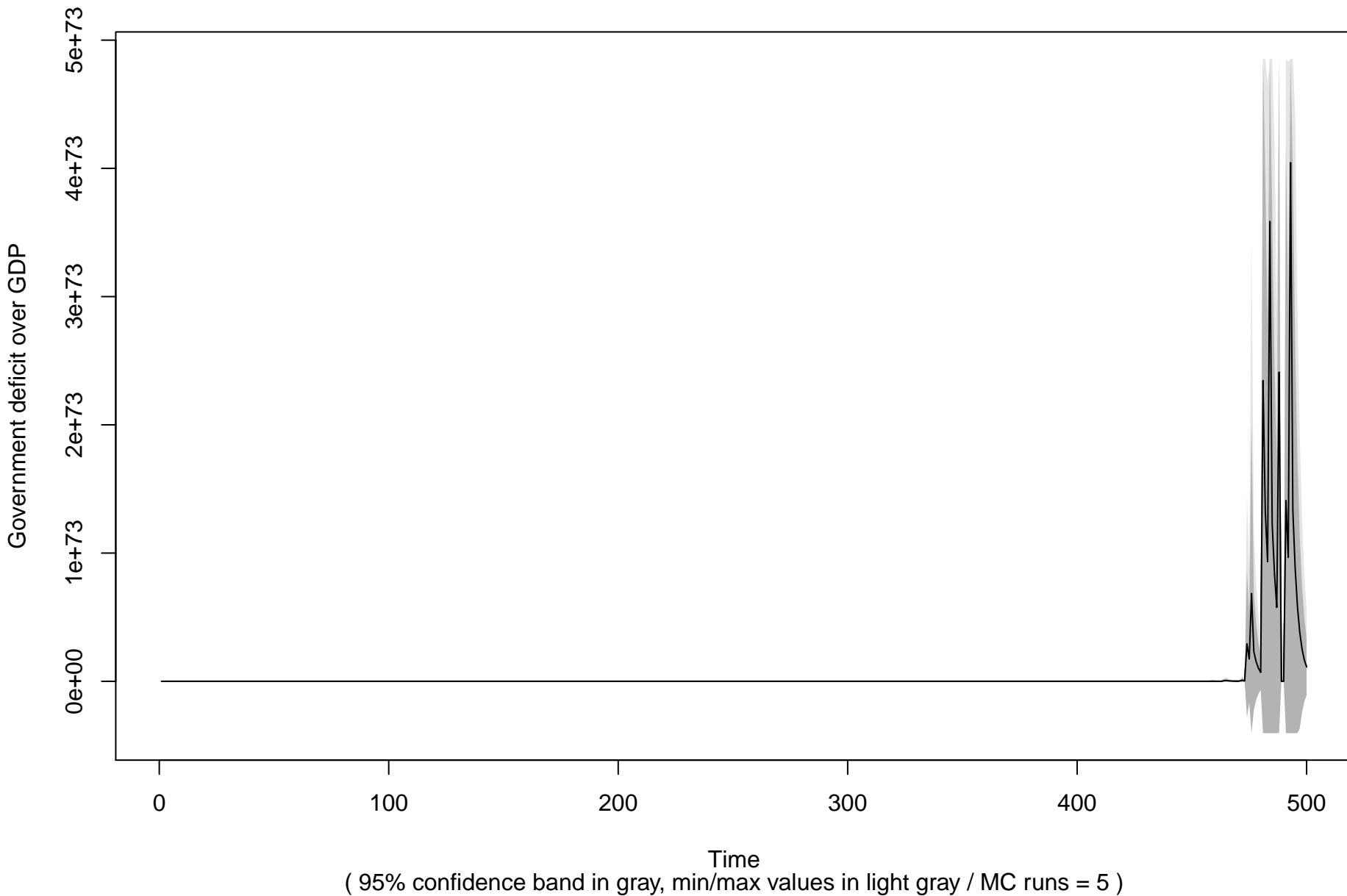


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

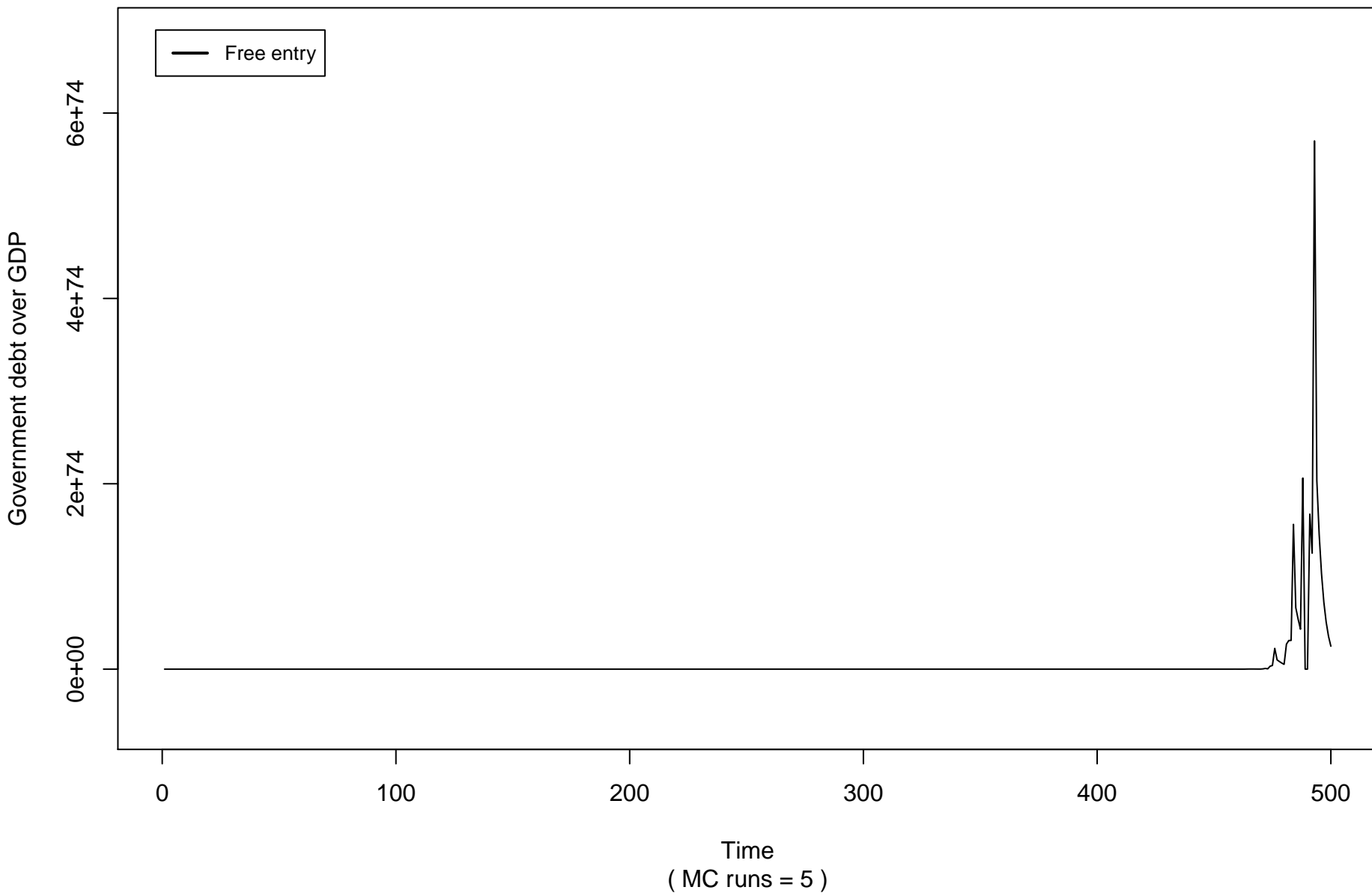
Government deficit on GDP (all experiments)



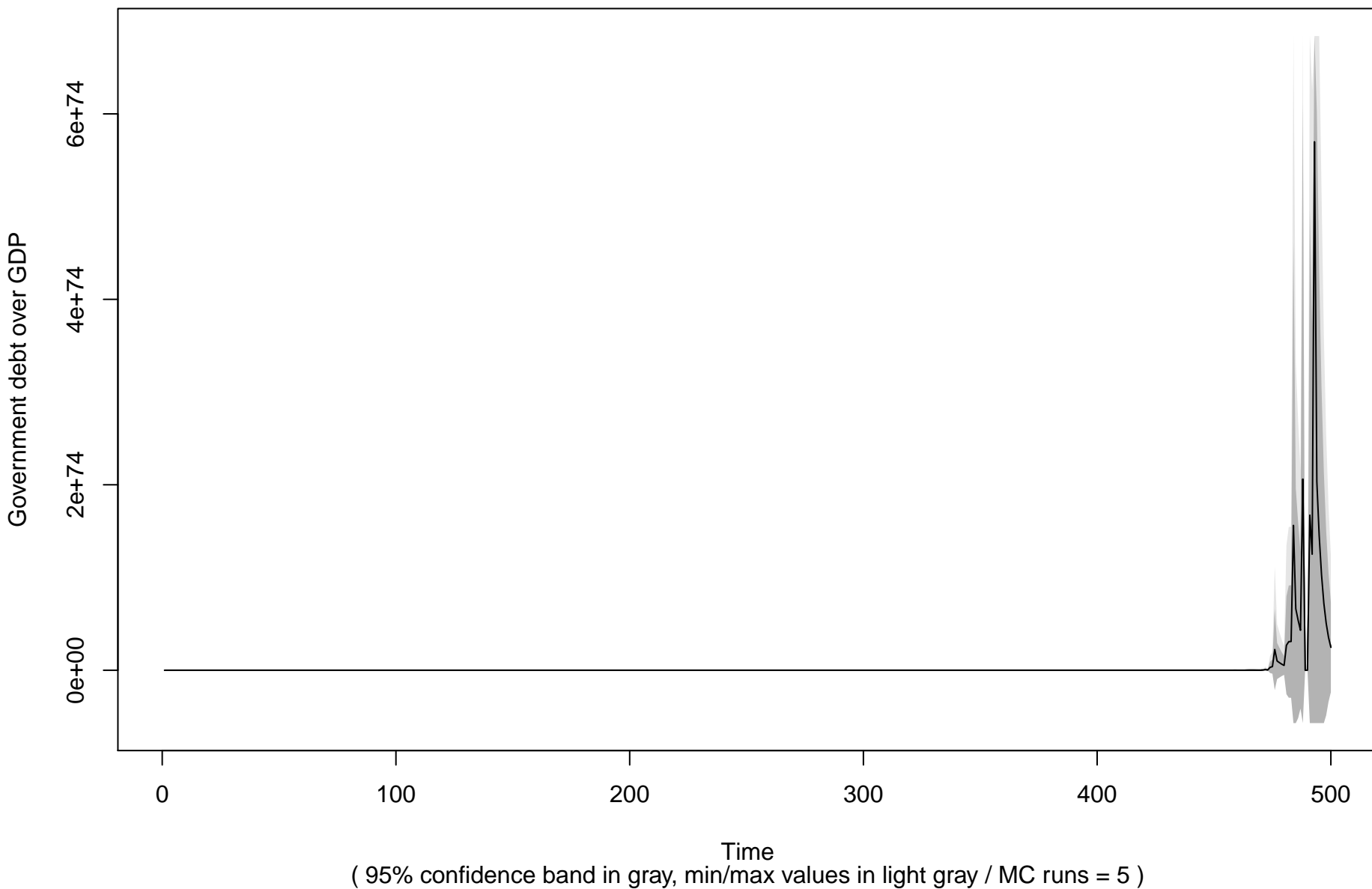
Government deficit on GDP (Free entry)



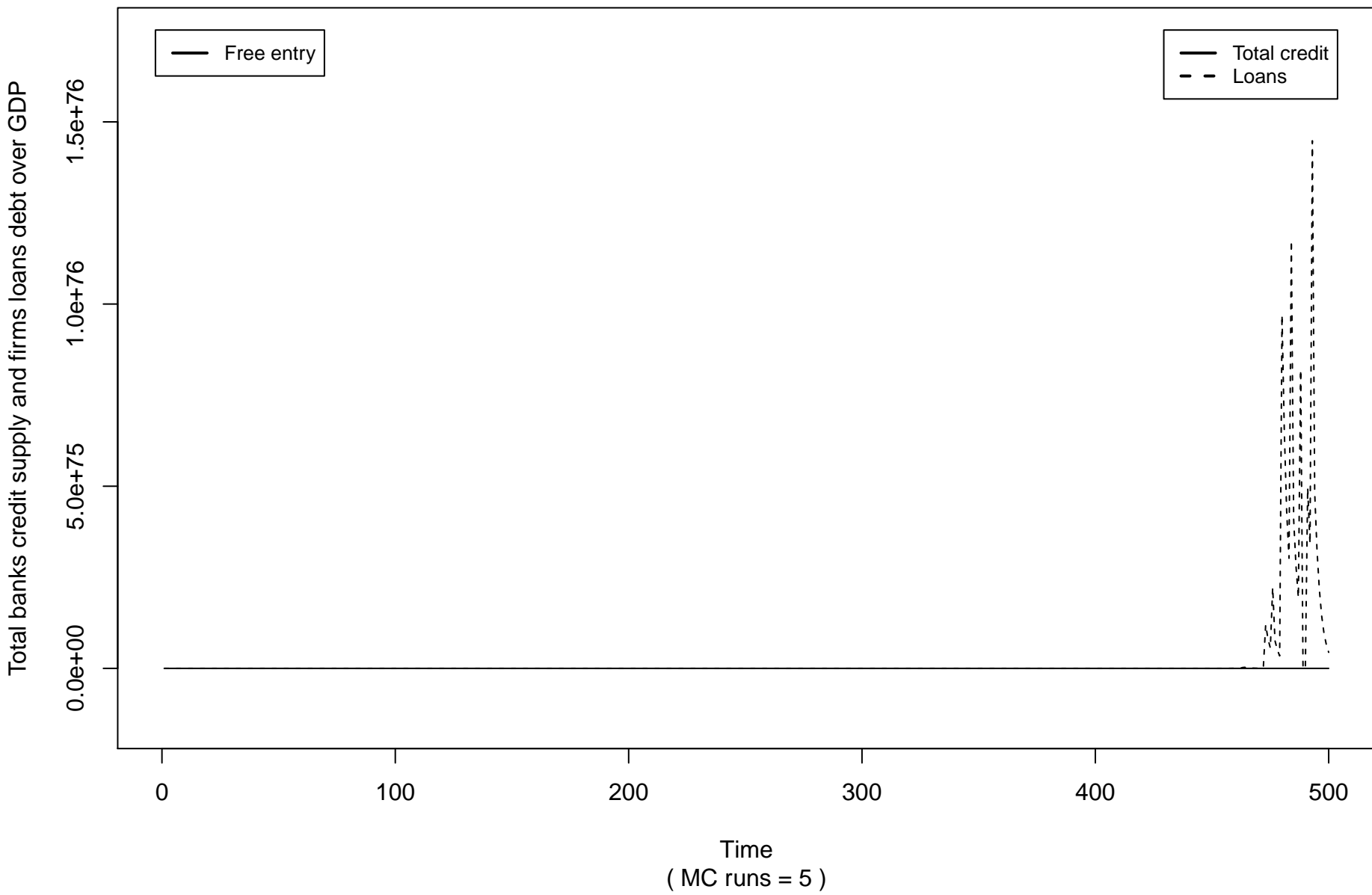
Government debt on GDP (all experiments)



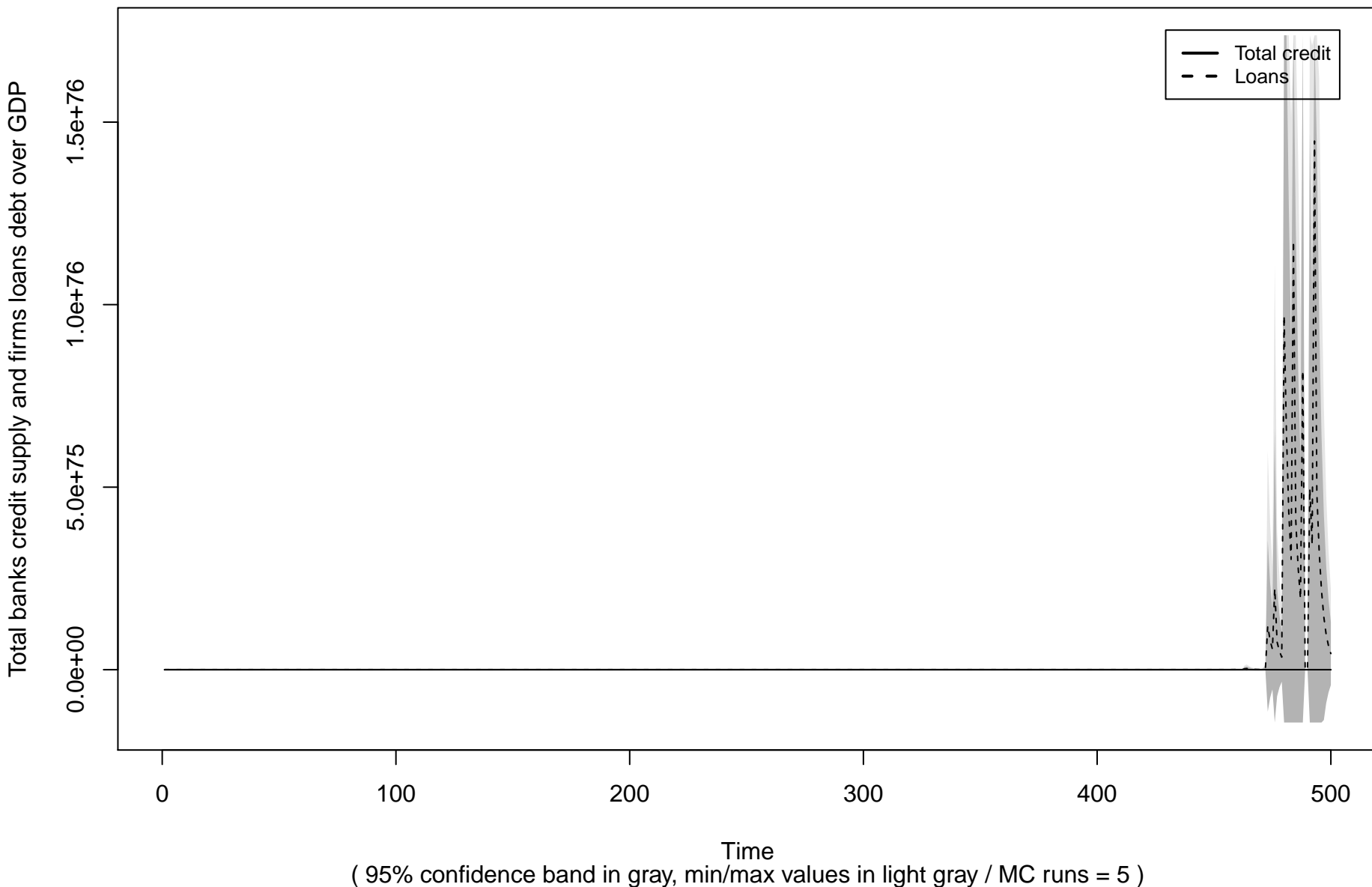
Government debt on GDP (Free entry)



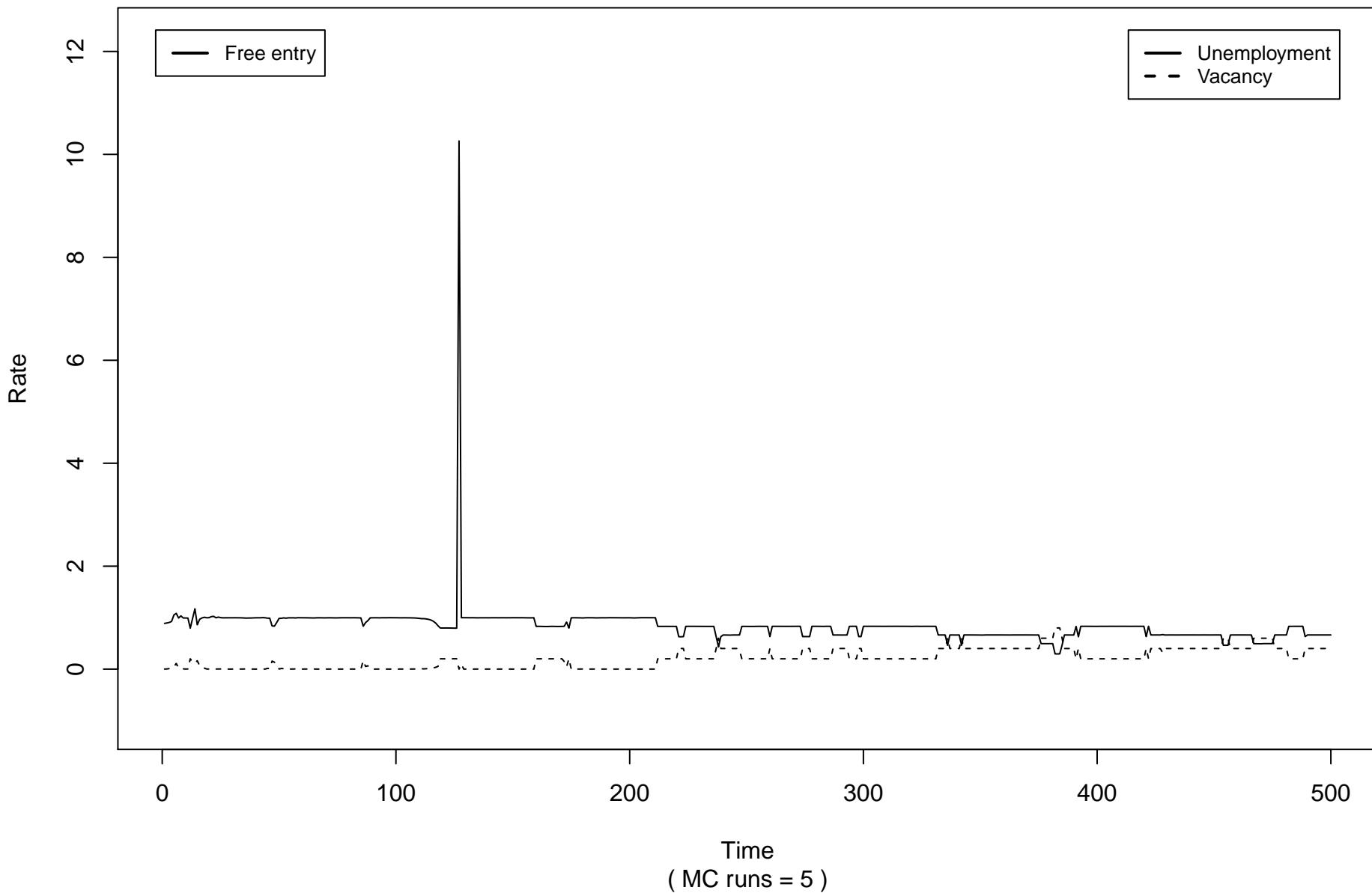
Total credit supply and loans on GDP (all experiments)



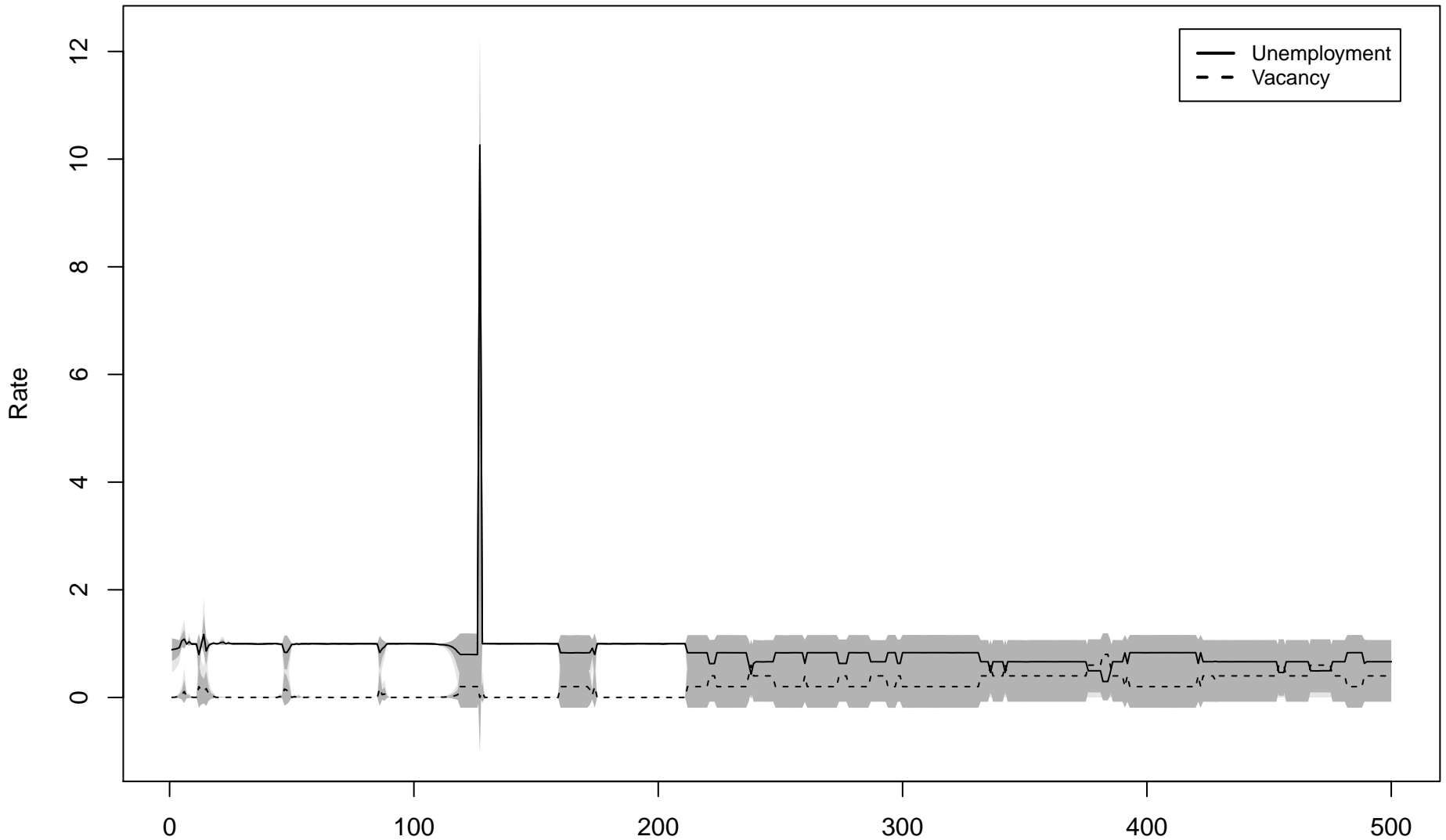
Total credit supply and loans on GDP (Free entry)



Unemployment and vacancy rates (all experiments)

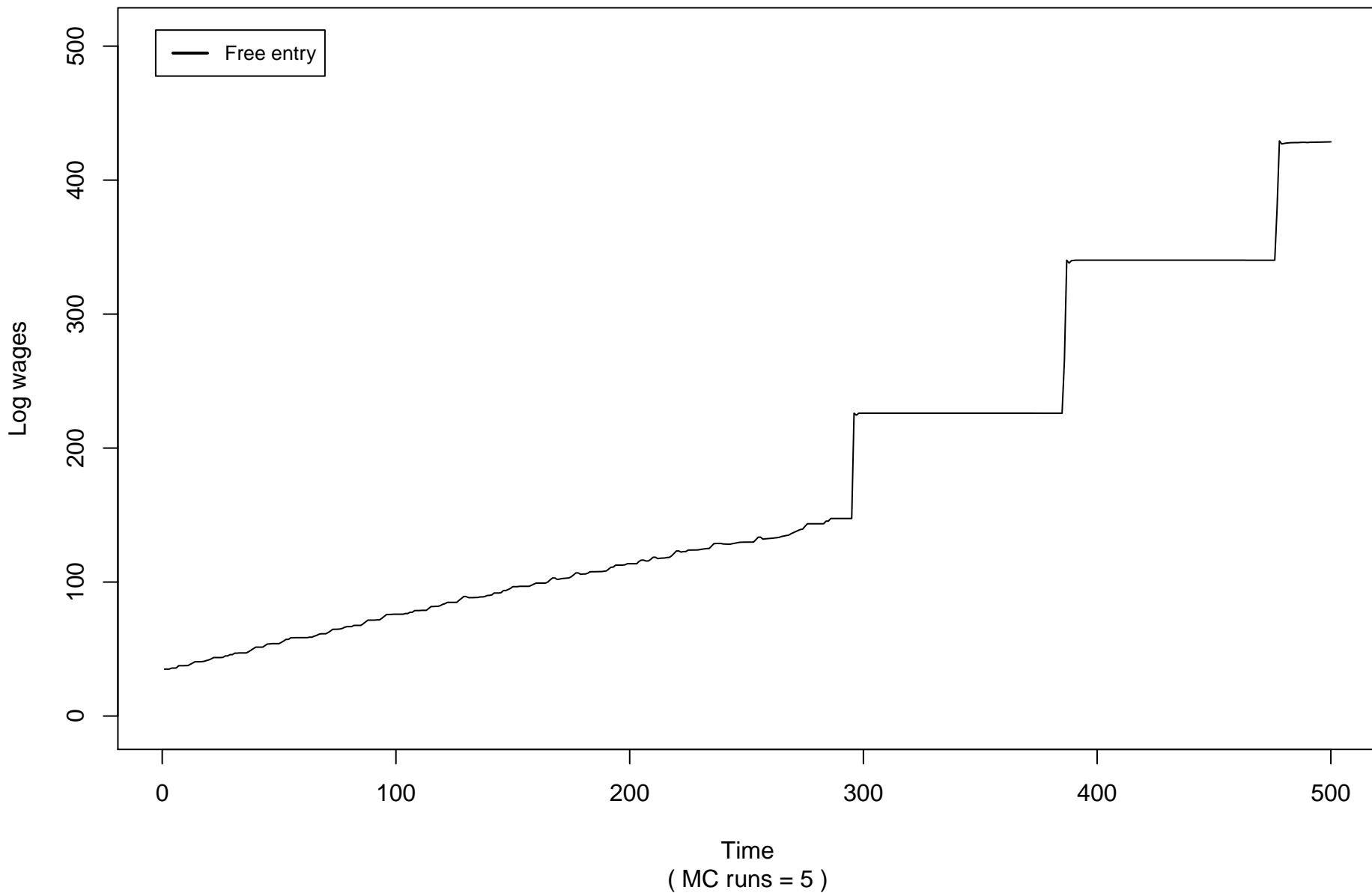


Unemployment and vacancy rates (Free entry)

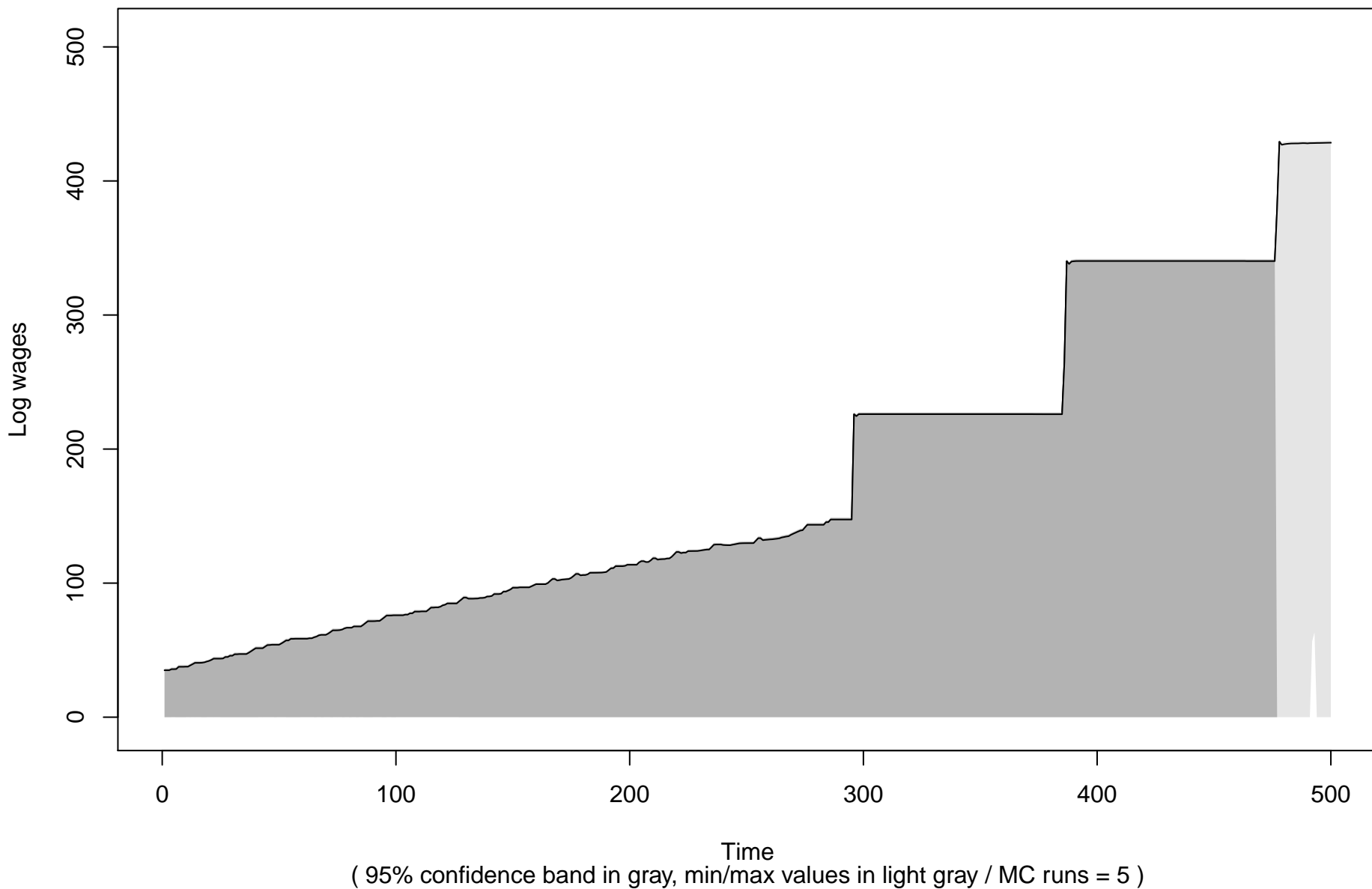


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

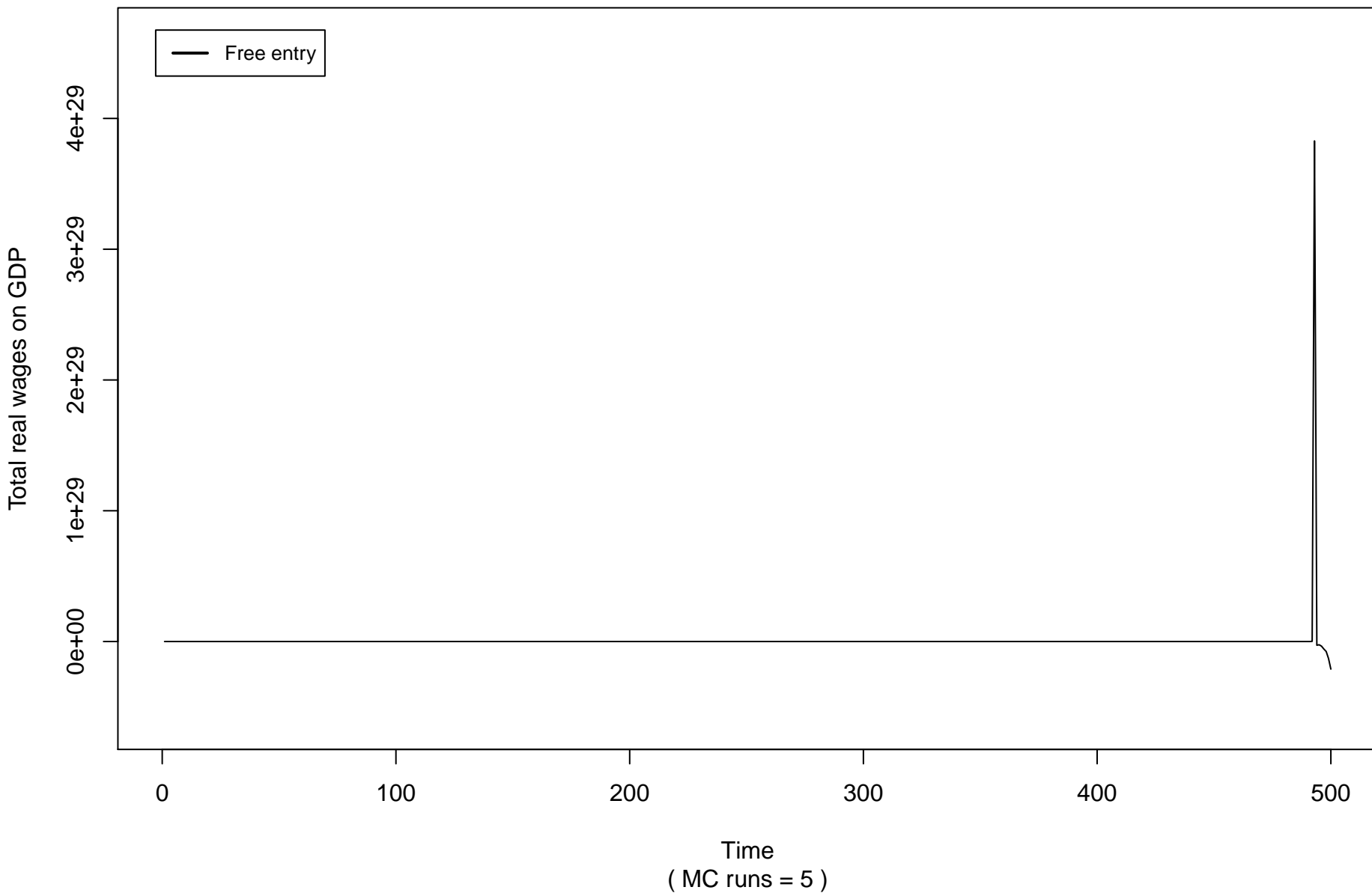
Real wages average (all experiments)



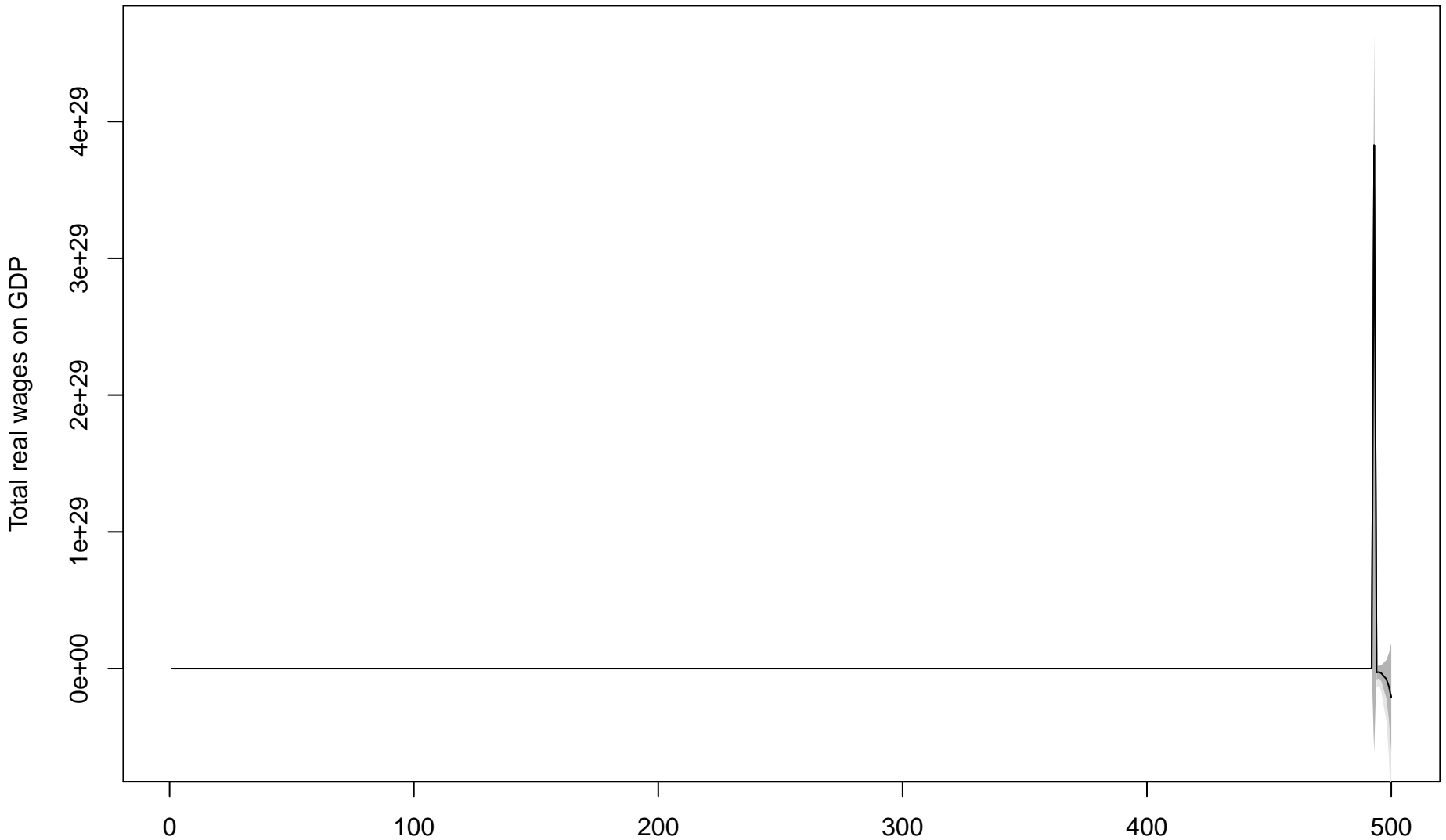
Real wages average (Free entry)



Wage share (all experiments)

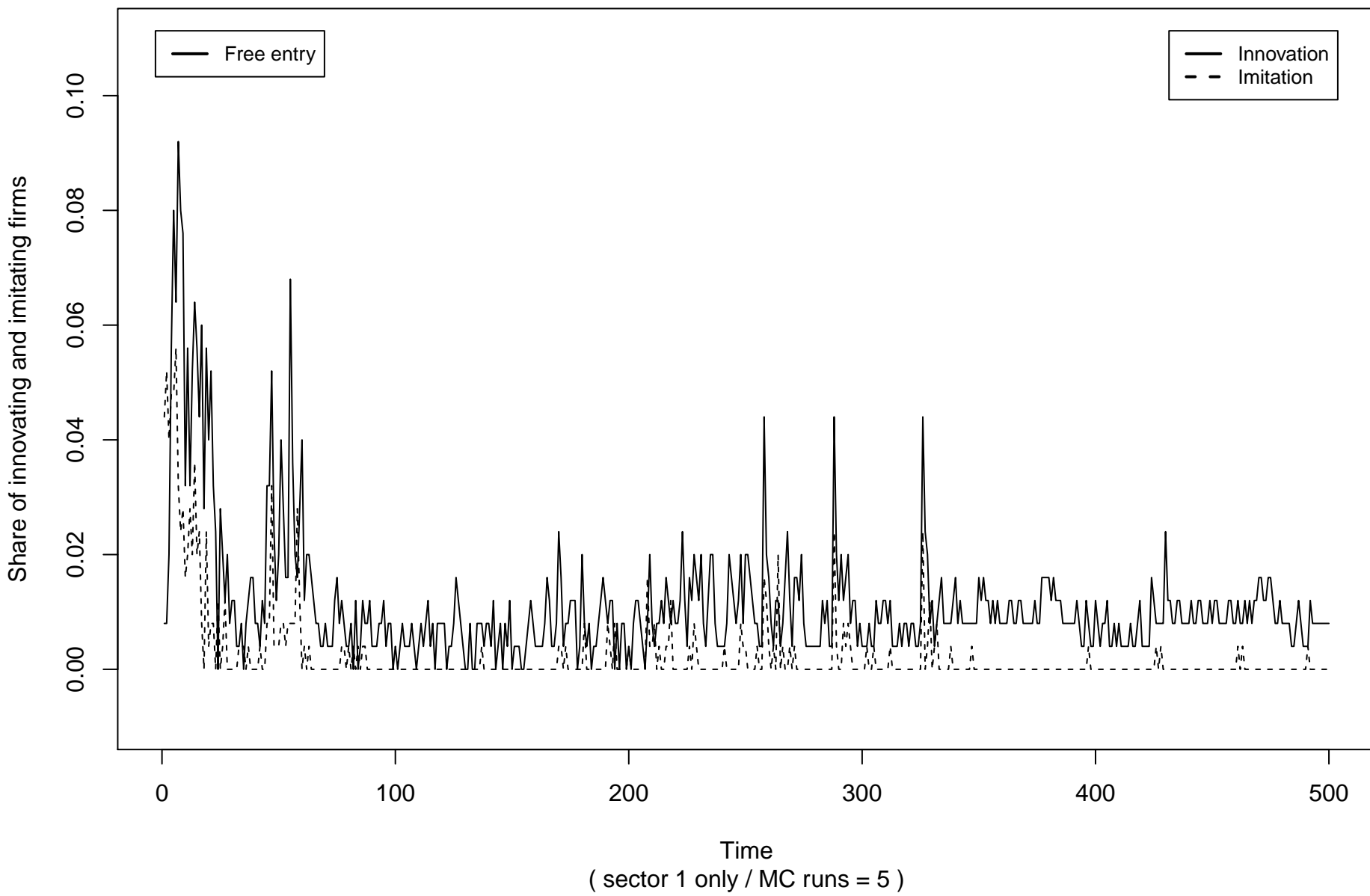


Wage share (Free entry)

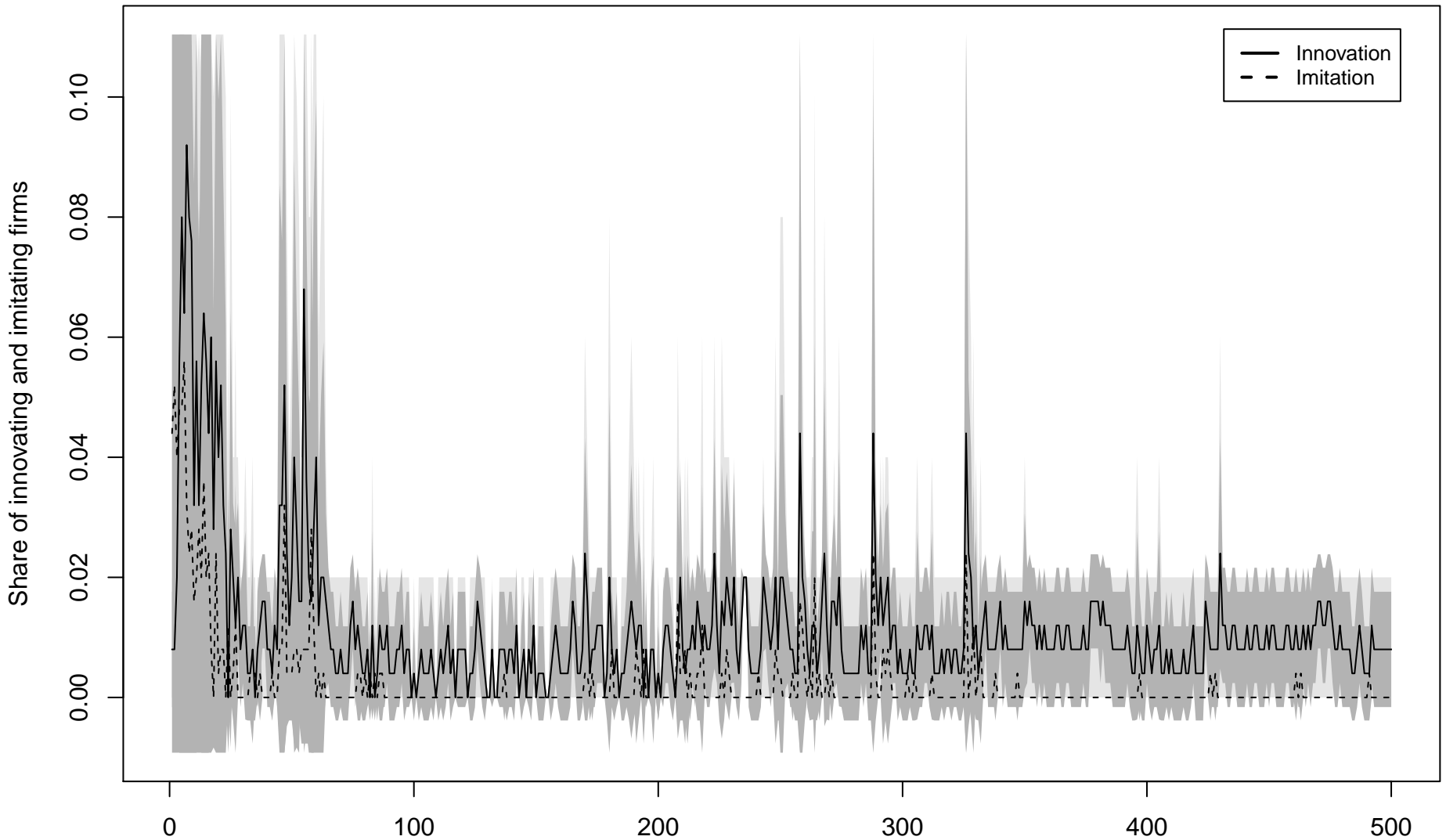


Time
(95% confidence band in gray, min/max values in light gray / MC runs = 5)

Innovation and imitation (all experiments)

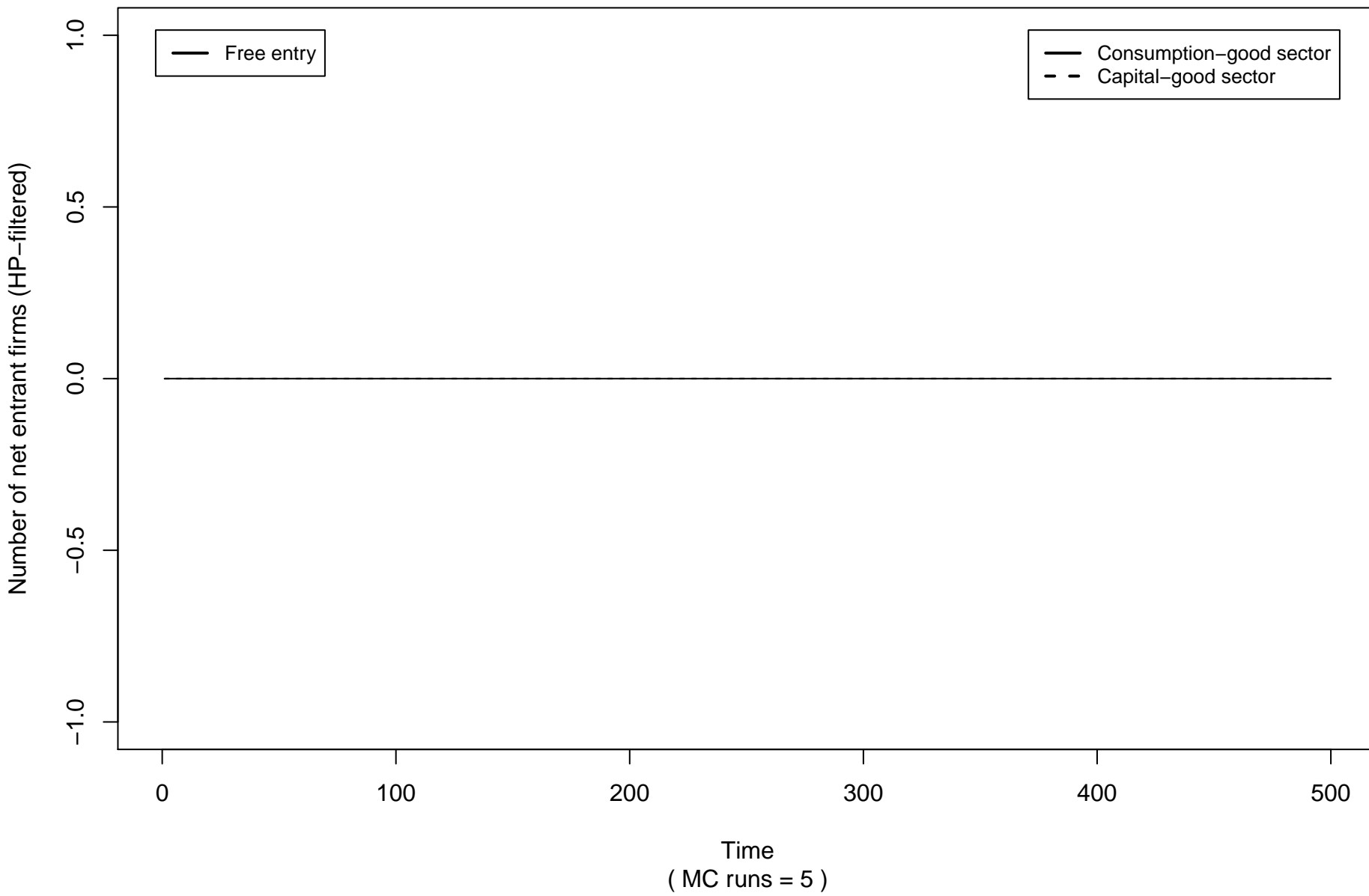


Innovation and imitation (Free entry)

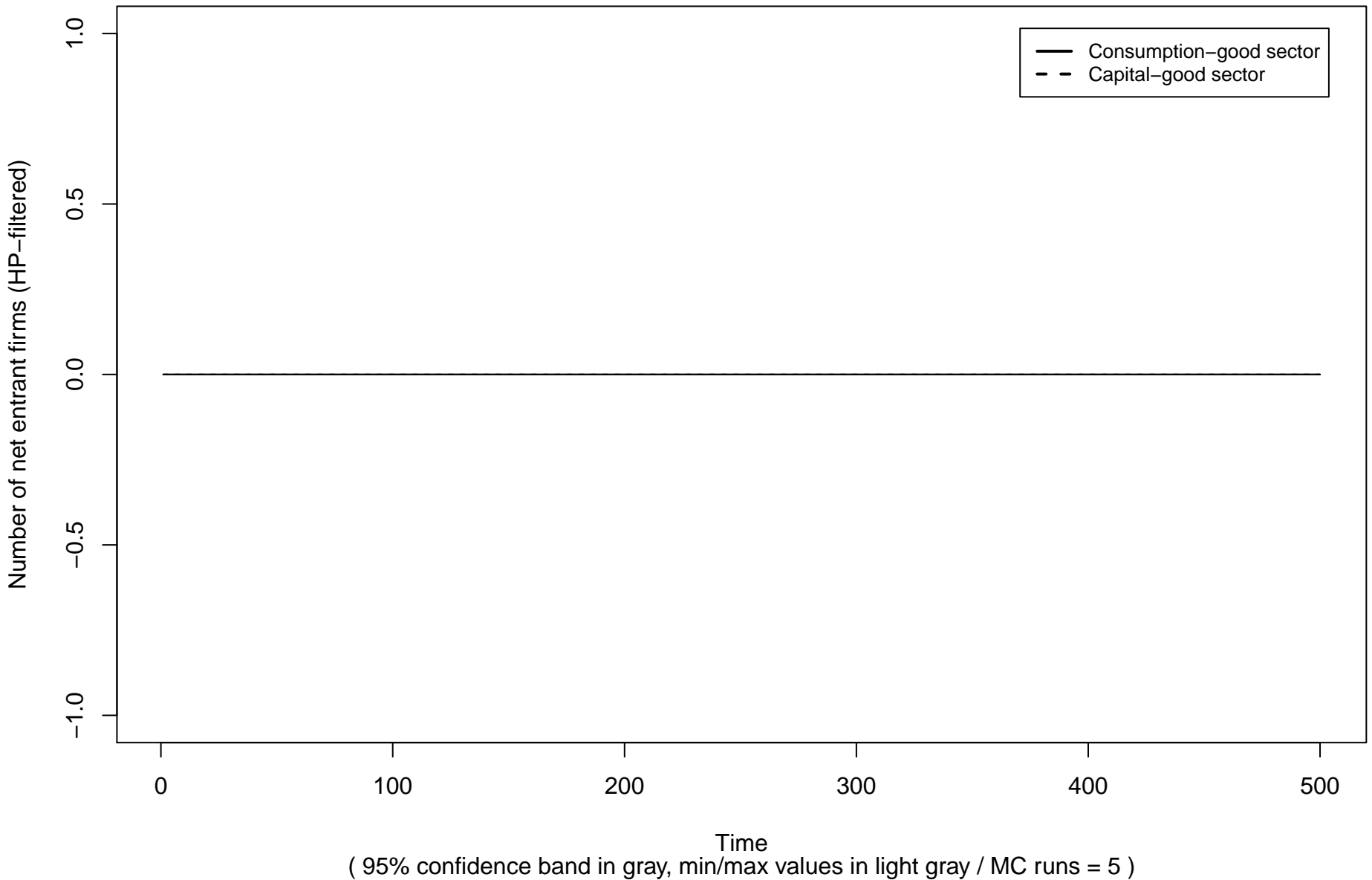


Time
(95% confidence band in gray, min/max values in light gray / sector 1 only / MC runs = 5)

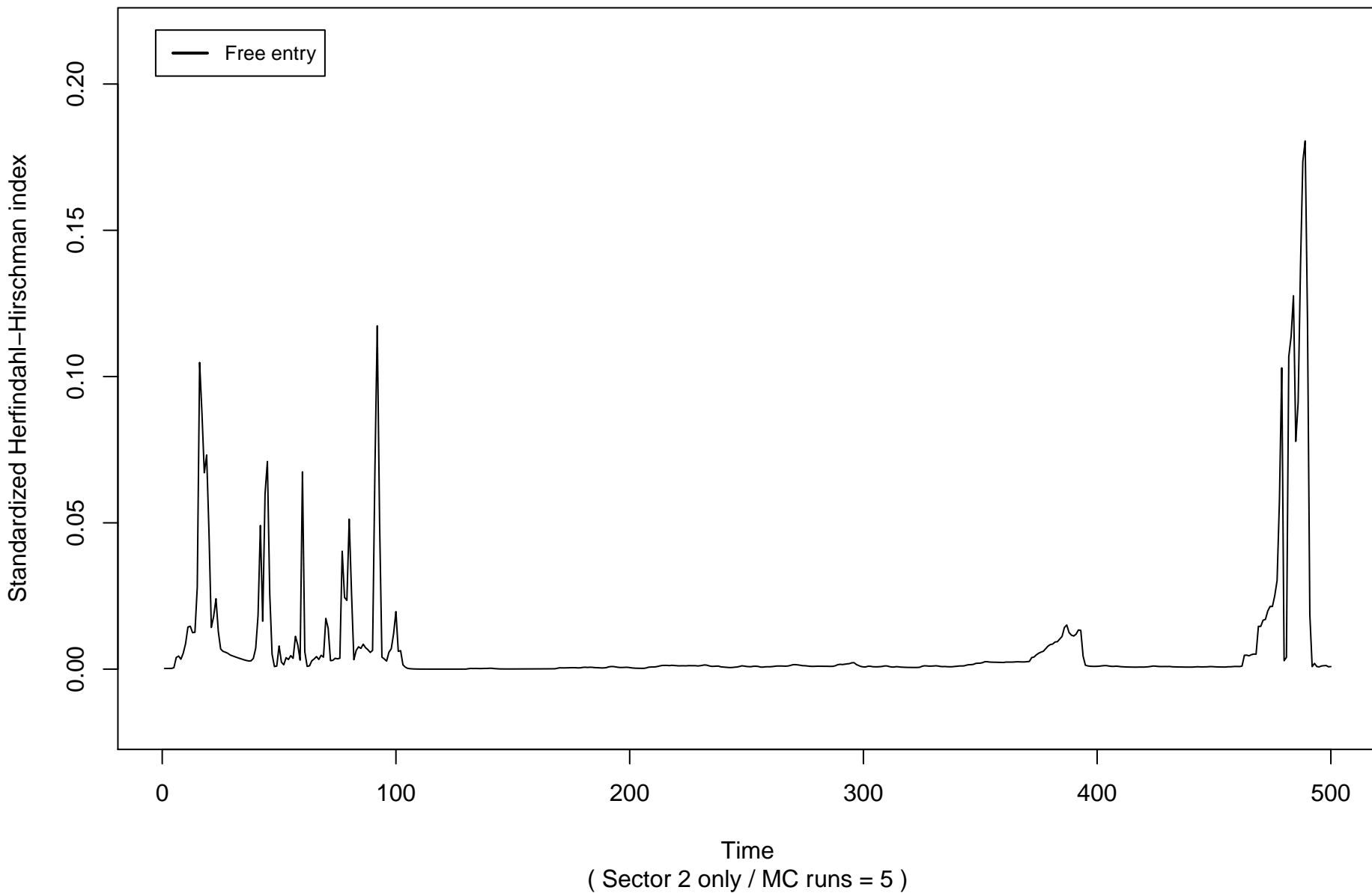
Net entry of firms trend (all experiments)



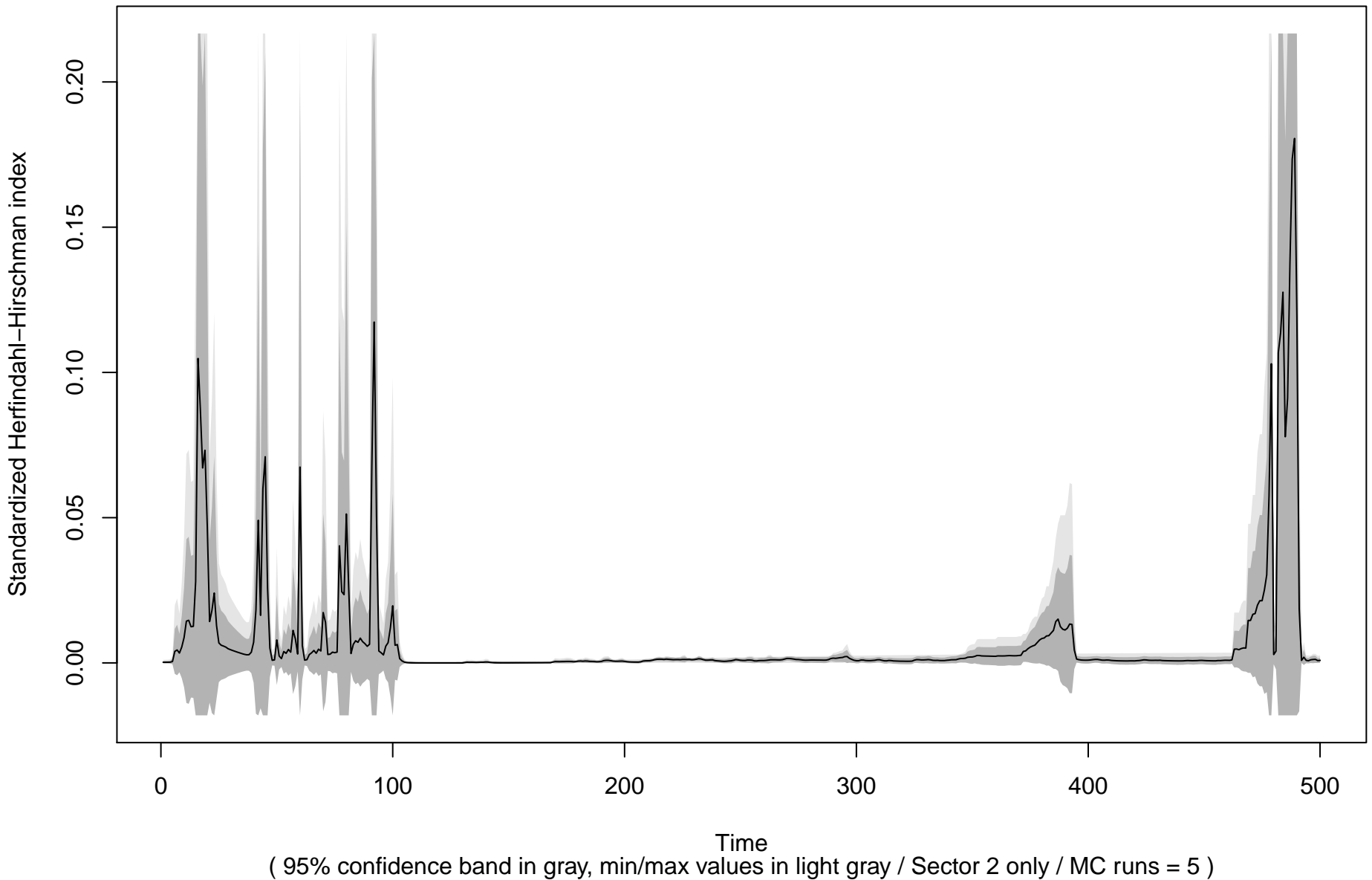
Net entry of firms trend (Free entry)



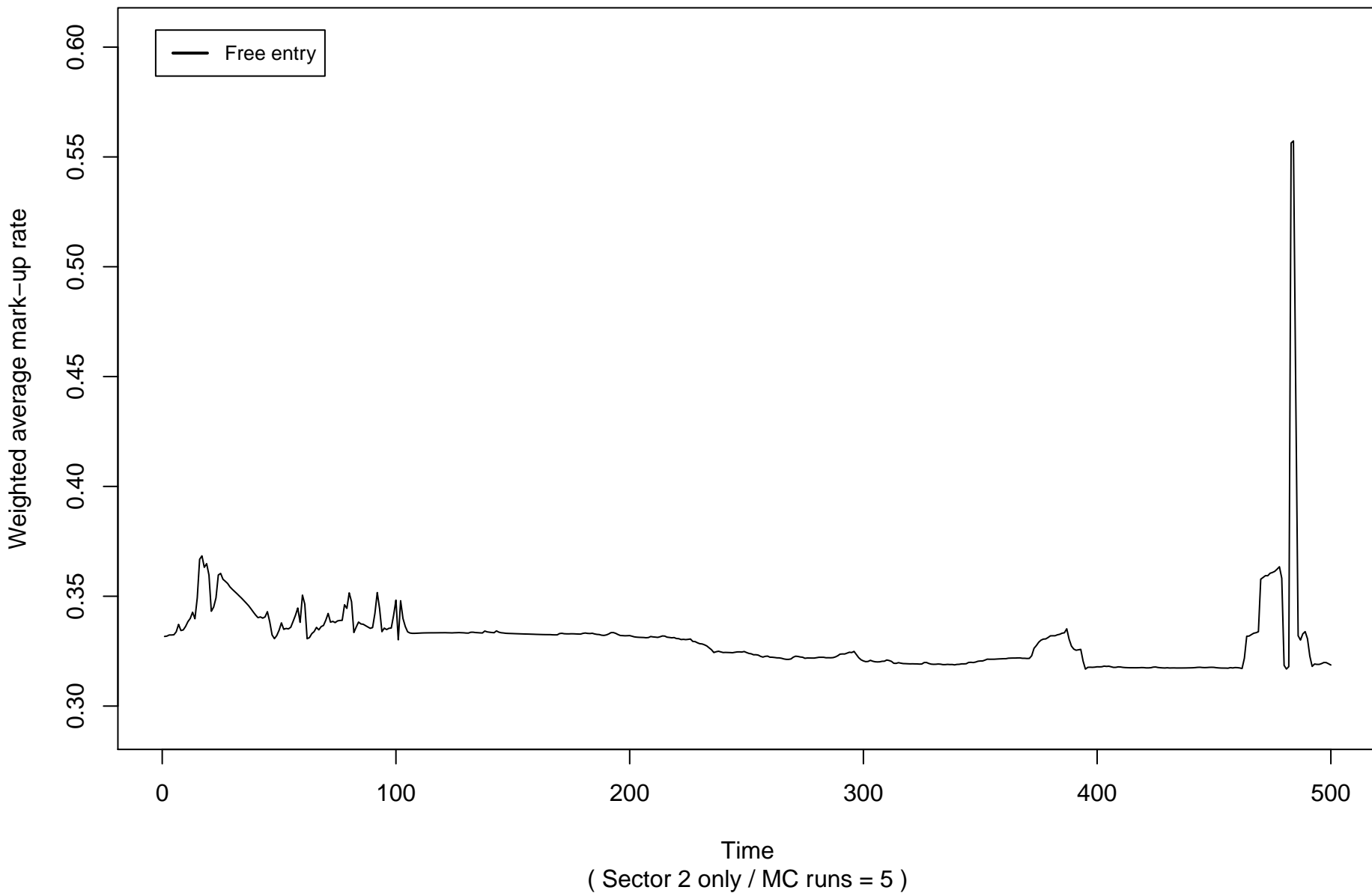
Market concentration (all experiments)



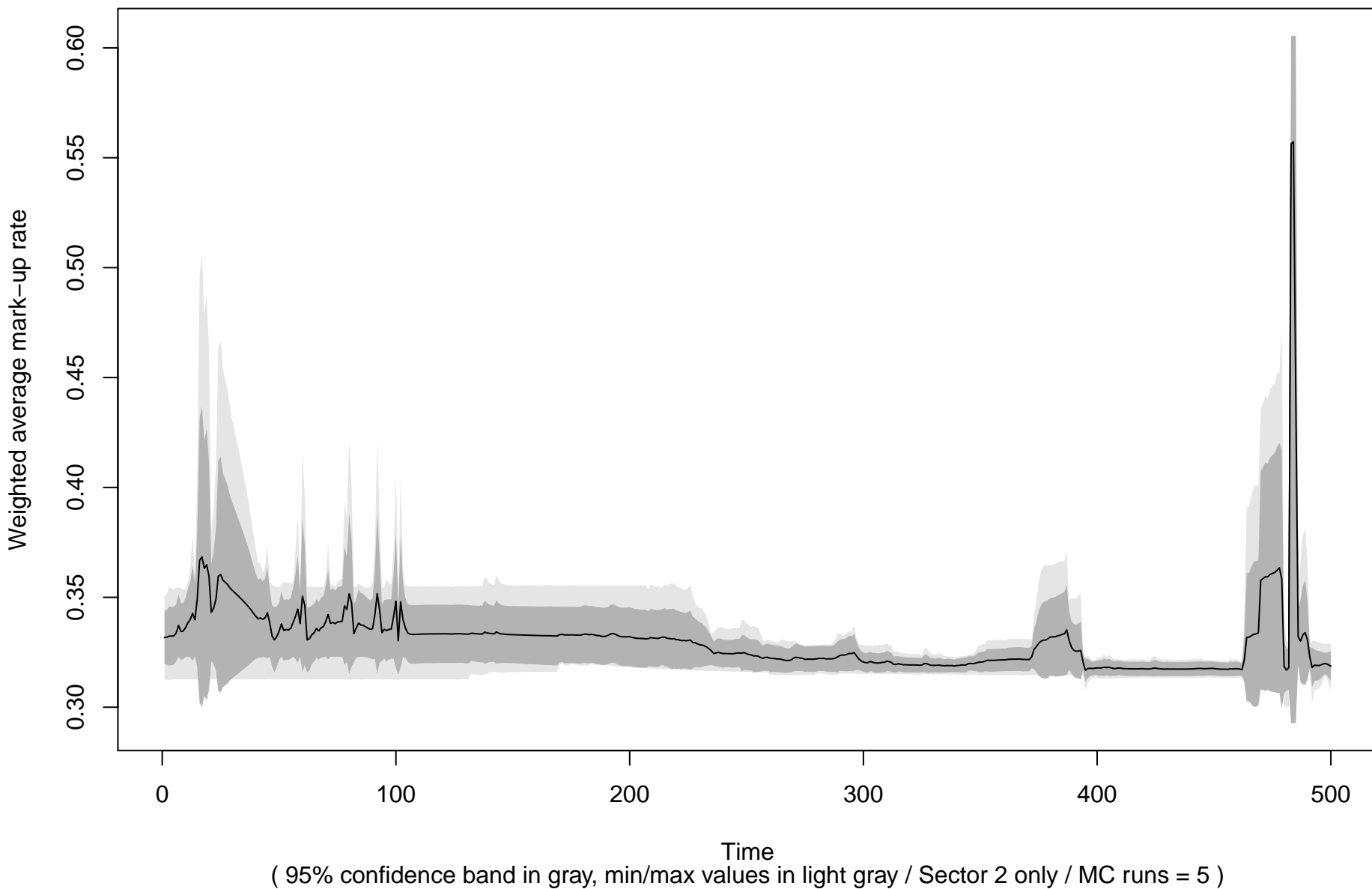
Market concentration (Free entry)



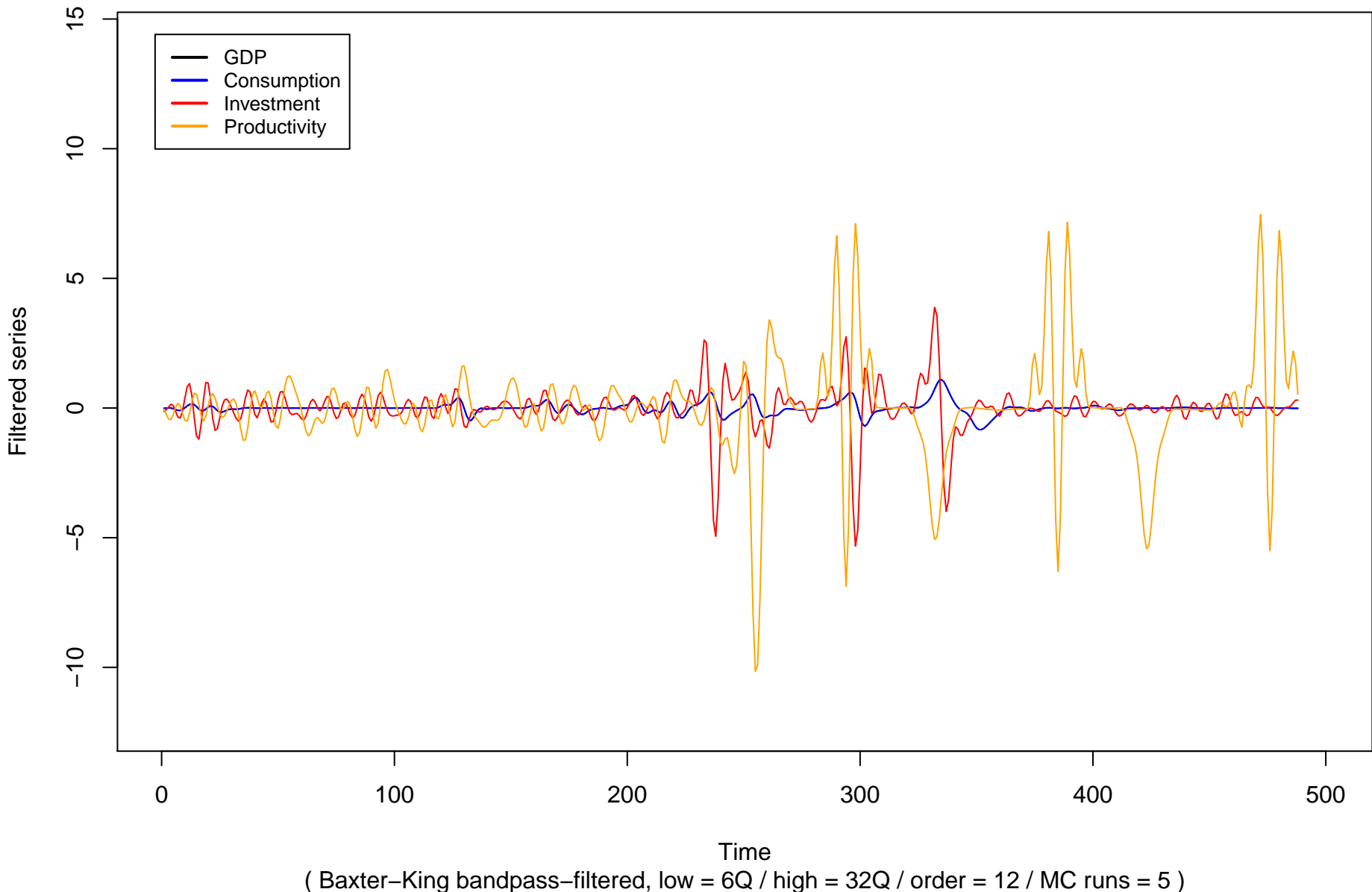
Mark-up average (all experiments)



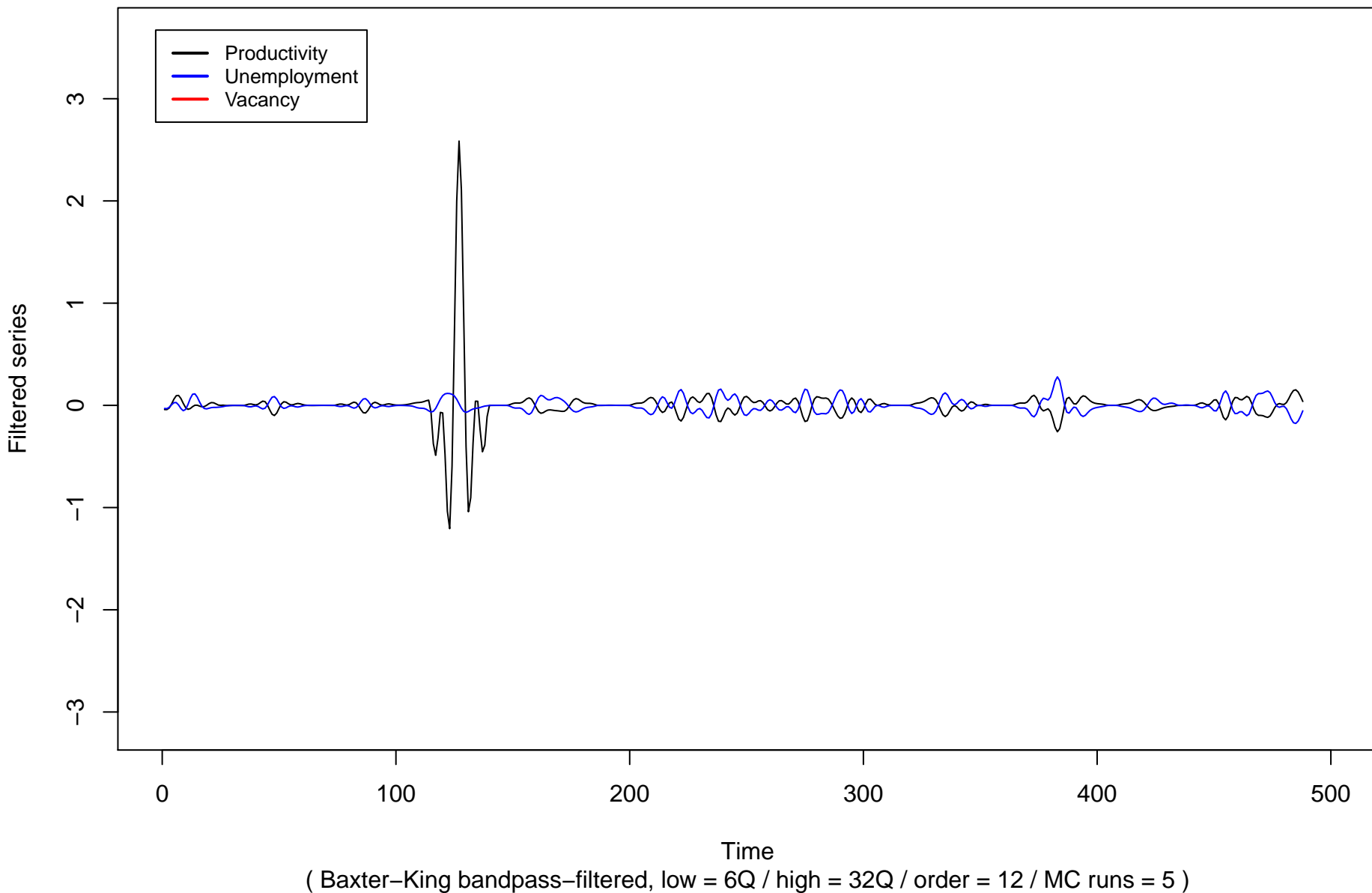
Mark-up average (Free entry)



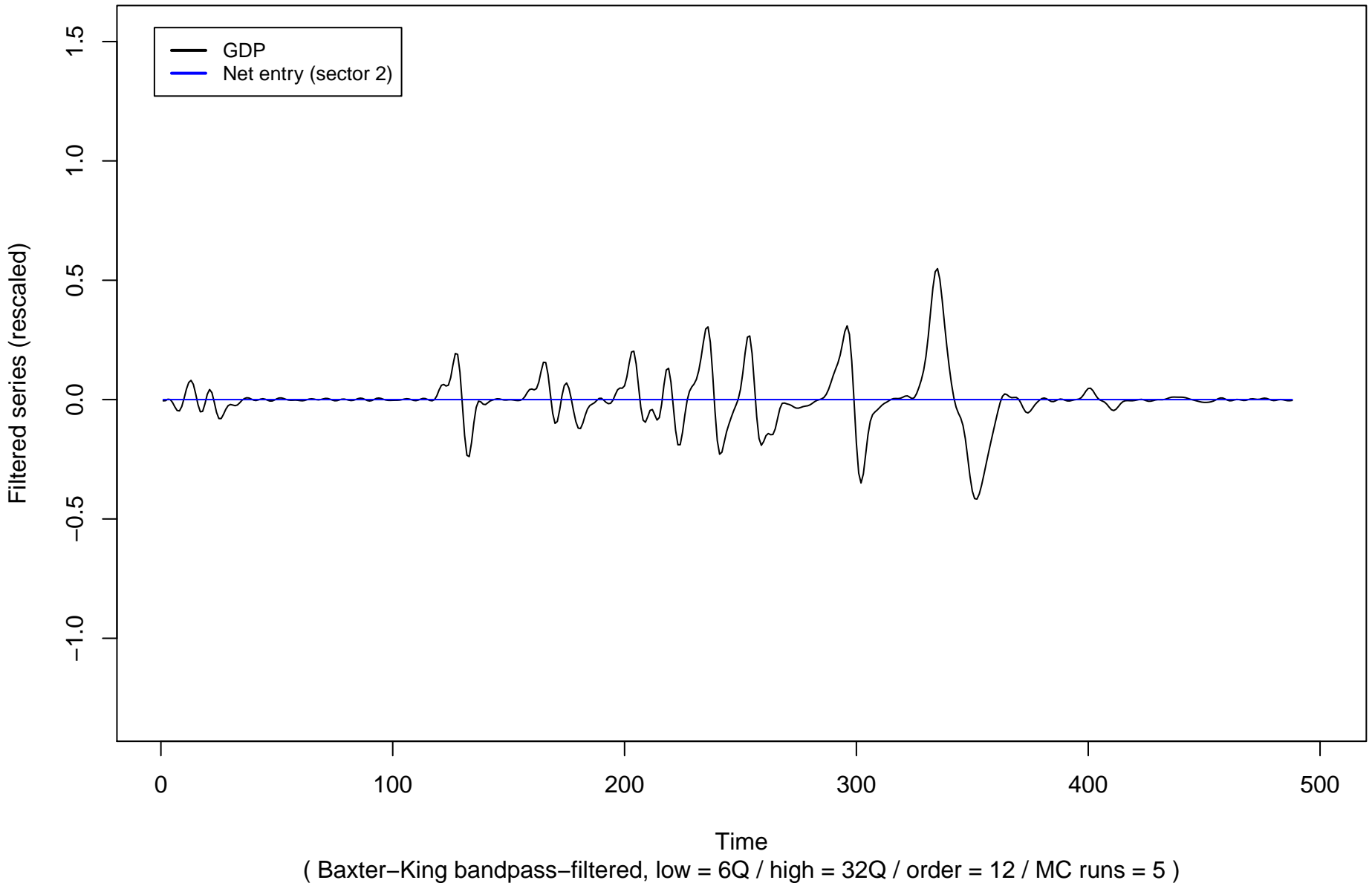
GDP cycles (Free entry)



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	0.1011	0.1012	−0.03953	0.5705	0.5414
(s.e.)	0.1359	0.1359	0.1511	0.2088	0.1953
ADF test (logs)	−2.034	−2.481	−3.942	−2.559	−3.61
(s.e.)	0.7683	1.057	0.8518	0.3481	0.6623
(p-val.)	0.5722	0.5665	0.1731	0.3709	0.1592
(s.e.)	0.2282	0.2272	0.07247	0.1242	0.1091
ADF test (bpf)	−7.175	−3.177	−6.788	−5.231	−3.08
(s.e.)	1.777	2.812	0.6042	0.7727	3.375
(p-val.)	0.01	0.206	0.01	0.02478	0.206
(s.e.)	0	0.196	0	0.009182	0.196
s.d. (bpf)	2.351	2.545	18.28	1.779	5.07
(s.e.)	2.092	2.288	6.278	0.4796	2.558
relative s.d. (GDP)	1	1.082	7.776	0.7567	2.156

(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)	0.236	0.4541	0.704	0.9115	1	0.9115	0.704	0.4541	0.236
(s.e.)	0.1616	0.1215	0.0651	0.01751	6.081e−17	0.01751	0.0651	0.1215	0.1616
(p−val.)	0.05422	0.01848	0.0003309	5.88e−07	NA	5.88e−07	0.0003309	0.01848	0.05422
Consumption	0.1853	0.3447	0.5587	0.7488	0.8188	0.7835	0.6541	0.4663	0.2689
(s.e.)	0.1861	0.1607	0.1336	0.11	0.1196	0.1279	0.1369	0.1512	0.1542
(p−val.)	0.01586	0.03397	0.01156	0.001847	0.001744	0.002659	0.006879	0.03151	0.02867
Investment	−0.1872	−0.2133	−0.1962	−0.09921	0.08458	0.288	0.45	0.5201	0.488
(s.e.)	0.08473	0.1178	0.1611	0.1822	0.171	0.1241	0.1093	0.1307	0.1348
(p−val.)	0.1064	0.03837	0.01827	0.02203	0.08674	0.08452	0.01383	0.01405	0.01043
Net investment	−0.2339	−0.2582	−0.2459	−0.155	0.03439	0.2469	0.4179	0.4954	0.4692
(s.e.)	0.07736	0.09329	0.1289	0.1438	0.1313	0.08743	0.0896	0.1246	0.1319
(p−val.)	0.03798	0.02855	0.05945	0.03472	0.05257	0.0645	0.009795	0.01452	0.01064
Change in inventories	−0.01246	−0.02032	−0.03383	−0.0005541	0.1207	0.1082	0.0503	0.009528	0.01681
(s.e.)	0.1305	0.08149	0.005097	0.01885	0.05485	0.07152	0.05725	0.03222	0.01882
(p−val.)	0.4816	0.7867	0.9992	0.9996	0.7625	0.7631	0.9082	0.9952	0.9992
Unemployment rate	−0.1128	−0.135	−0.1571	−0.1604	−0.128	−0.05425	0.04613	0.1497	0.229
(s.e.)	0.1335	0.14	0.1195	0.07525	0.06941	0.1285	0.1726	0.175	0.141
(p−val.)	0.09183	0.08161	0.06296	0.1323	0.2303	0.04056	0.02104	0.04796	0.1205
Productivity	0.01283	0.04368	0.06608	0.06262	0.02388	−0.04196	−0.11	−0.1495	−0.1457
(s.e.)	0.1196	0.1161	0.1058	0.08792	0.07694	0.08386	0.09123	0.0865	0.08437
(p−val.)	0.1099	0.06082	0.04897	0.07317	0.3046	0.1058	0.05983	0.09184	0.06145
Mark-up (sector 2)	−0.002052	−0.07052	−0.1871	−0.2957	−0.3162	−0.2778	−0.1816	−0.06949	0.01716
(s.e.)	0.1758	0.1524	0.1182	0.1	0.1439	0.1763	0.1743	0.1468	0.1179
(p−val.)	0.0544	0.01861	0.05978	0.04862	0.02313	0.02772	0.05834	0.04676	0.03963
Total firm debt	−0.04949	−0.06403	−0.072	−0.07455	−0.07422	−0.08005	−0.08622	−0.09361	−0.09973
(s.e.)	0.04163	0.03936	0.03504	0.03034	0.02863	0.03428	0.03923	0.03832	0.03391
(p−val.)	0.6554	0.6363	0.5444	0.5036	0.5211	0.4839	0.441	0.3703	0.2961
Liquidity-to-sales ratio	−0.02438	−0.03438	−0.0496	−0.06872	−0.0888	−0.0831	−0.07792	−0.07486	−0.07012
(s.e.)	0.01791	0.0248	0.03513	0.04722	0.05853	0.04784	0.04078	0.0388	0.03741
(p−val.)	0.9655	0.9008	0.7524	0.5778	0.4509	0.4788	0.5169	0.5435	0.5859
Bankruptcy rate	0.09003	0.1069	0.03096	−0.09455	−0.1737	−0.2124	−0.1746	−0.07992	0.02491
(s.e.)	0.07198	0.09164	0.09244	0.09403	0.1455	0.1698	0.1585	0.1176	0.07263
(p−val.)	0.1321	0.06214	0.03856	0.07441	0.006004	0.00846	0.02258	0.02738	0.08433

(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)	0.236	0.4541	0.704	0.9115	1	0.9115	0.704	0.4541	0.236
(s.e.)	0.1616	0.1215	0.0651	0.01751	6.081e-17	0.01751	0.0651	0.1215	0.1616
(p-val.)	0.05422	0.01848	0.0003309	5.88e-07	NA	5.88e-07	0.0003309	0.01848	0.05422
Consumption	0.1853	0.3447	0.5587	0.7488	0.8188	0.7835	0.6541	0.4663	0.2689
(s.e.)	0.1861	0.1607	0.1336	0.11	0.1196	0.1279	0.1369	0.1512	0.1542
(p-val.)	0.01586	0.03397	0.01156	0.001847	0.001744	0.002659	0.006879	0.03151	0.02867
Investment	-0.1872	-0.2133	-0.1962	-0.09921	0.08458	0.288	0.45	0.5201	0.488
(s.e.)	0.08473	0.1178	0.1611	0.1822	0.171	0.1241	0.1093	0.1307	0.1348
(p-val.)	0.1064	0.03837	0.01827	0.02203	0.08674	0.08452	0.01383	0.01405	0.01043
Productivity	0.01283	0.04368	0.06608	0.06262	0.02388	-0.04196	-0.11	-0.1495	-0.1457
(s.e.)	0.1196	0.1161	0.1058	0.08792	0.07694	0.08386	0.09123	0.0865	0.08437
(p-val.)	0.1099	0.06082	0.04897	0.07317	0.3046	0.1058	0.05983	0.09184	0.06145
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	-0.1471	-0.01355	0.0879	0.1516	0.2096	0.238	0.2368	0.2009	0.1394
(s.e.)	0.1058	0.08673	0.08359	0.111	0.1396	0.1632	0.1658	0.145	0.1114
(p-val.)	0.03431	0.1746	0.147	0.04753	0.1222	0.08539	0.04708	0.02757	0.02903
Wage	0.2168	0.2428	0.2471	0.1981	0.0738	-0.03273	-0.08898	-0.08299	-0.03179
(s.e.)	0.1449	0.1458	0.1669	0.1914	0.1957	0.2014	0.1966	0.1736	0.1376
(p-val.)	0.02146	0.03027	0.02746	0.006778	0.02608	0.05968	0.01087	0.002608	0.02323
Unemployment rate	-0.1128	-0.135	-0.1571	-0.1604	-0.128	-0.05425	0.04613	0.1497	0.229
(s.e.)	0.1335	0.14	0.1195	0.07525	0.06941	0.1285	0.1726	0.175	0.141
(p-val.)	0.09183	0.08161	0.06296	0.1323	0.2303	0.04056	0.02104	0.04796	0.1205
Vacancy rate	0.1413	0.1472	0.148	0.1323	0.08978	0.01842	-0.06979	-0.1581	-0.2264
(s.e.)	0.1153	0.1283	0.1231	0.09401	0.07726	0.1187	0.1635	0.1725	0.1431
(p-val.)	0.1447	0.09679	0.0534	0.06181	0.3816	0.06786	0.03007	0.05414	0.1232

(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)

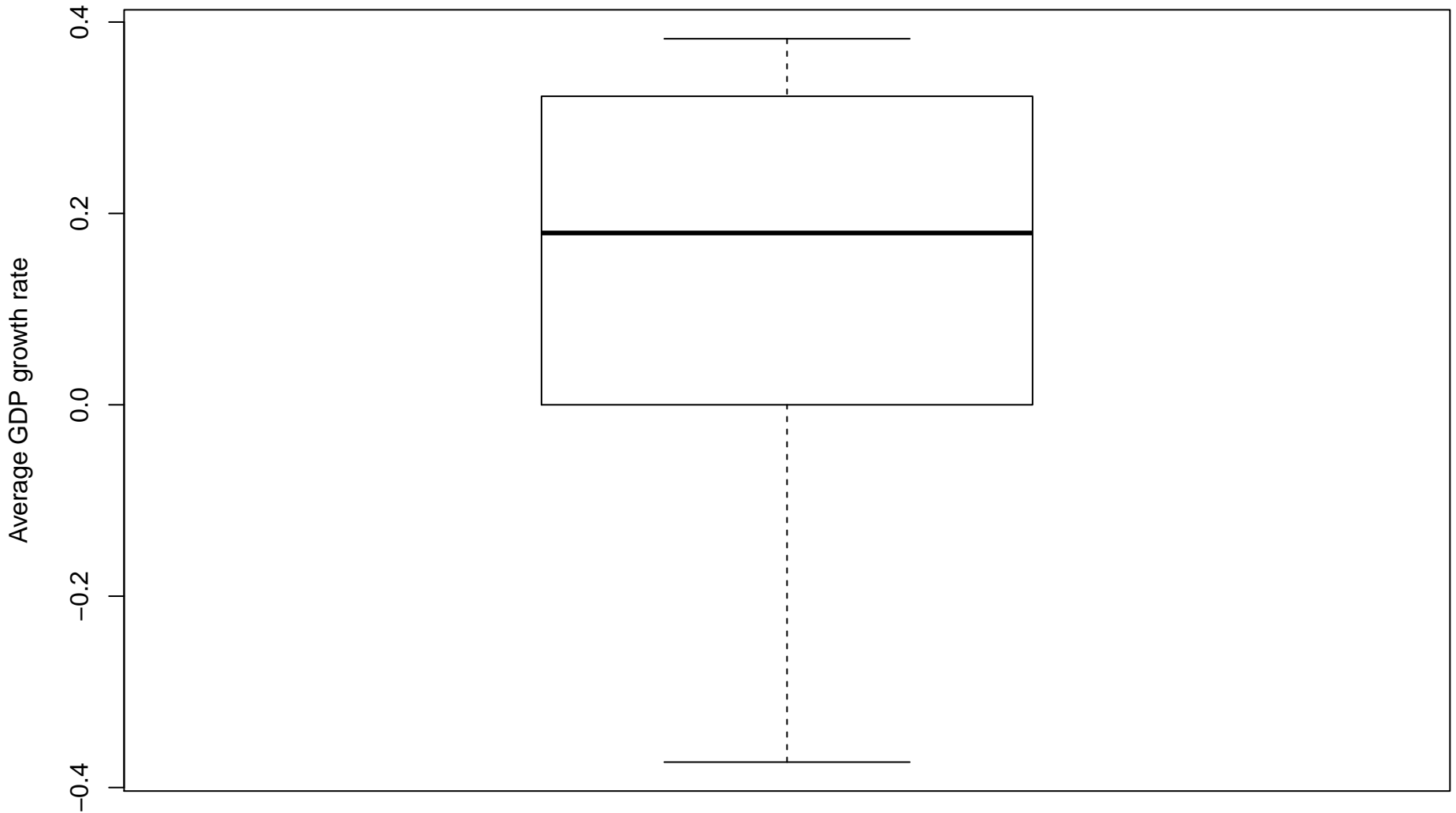
	avg.ADF	rej.ADF	avg.PP	rej.PP	avg.KPSS	rej.KPSS	avg.BDS	rej.BDS	avg.KS	rej.KS	AD	V
dGDP	0.06	0.80	0.01	1.00	0.10	0.00	0.02	0.80	0.00	1.00	0.00	C
dA	0.25	0.60	0.01	1.00	0.10	0.00	0.44	0.20	0.00	1.00	0.00	C
dw	0.01	1.00	0.01	1.00	0.10	0.00	0.42	0.20	0.05	0.90	0.00	C
V	0.21	0.20	0.14	0.40	0.06	0.40	0.00	1.00	0.00	1.00	0.00	C
U	0.20	0.40	0.12	0.60	0.06	0.40	0.00	1.00	0.00	1.00	0.00	C
mu2avg	0.10	0.60	0.16	0.40	0.04	0.80	0.00	1.00	0.00	1.00	0.00	C
HH1	0.06	0.80	0.01	1.00	0.05	0.60	0.00	1.00	0.14	0.60	0.00	C
HH2	0.01	1.00	0.01	1.00	0.04	0.80	0.00	1.00	0.00	1.00	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)

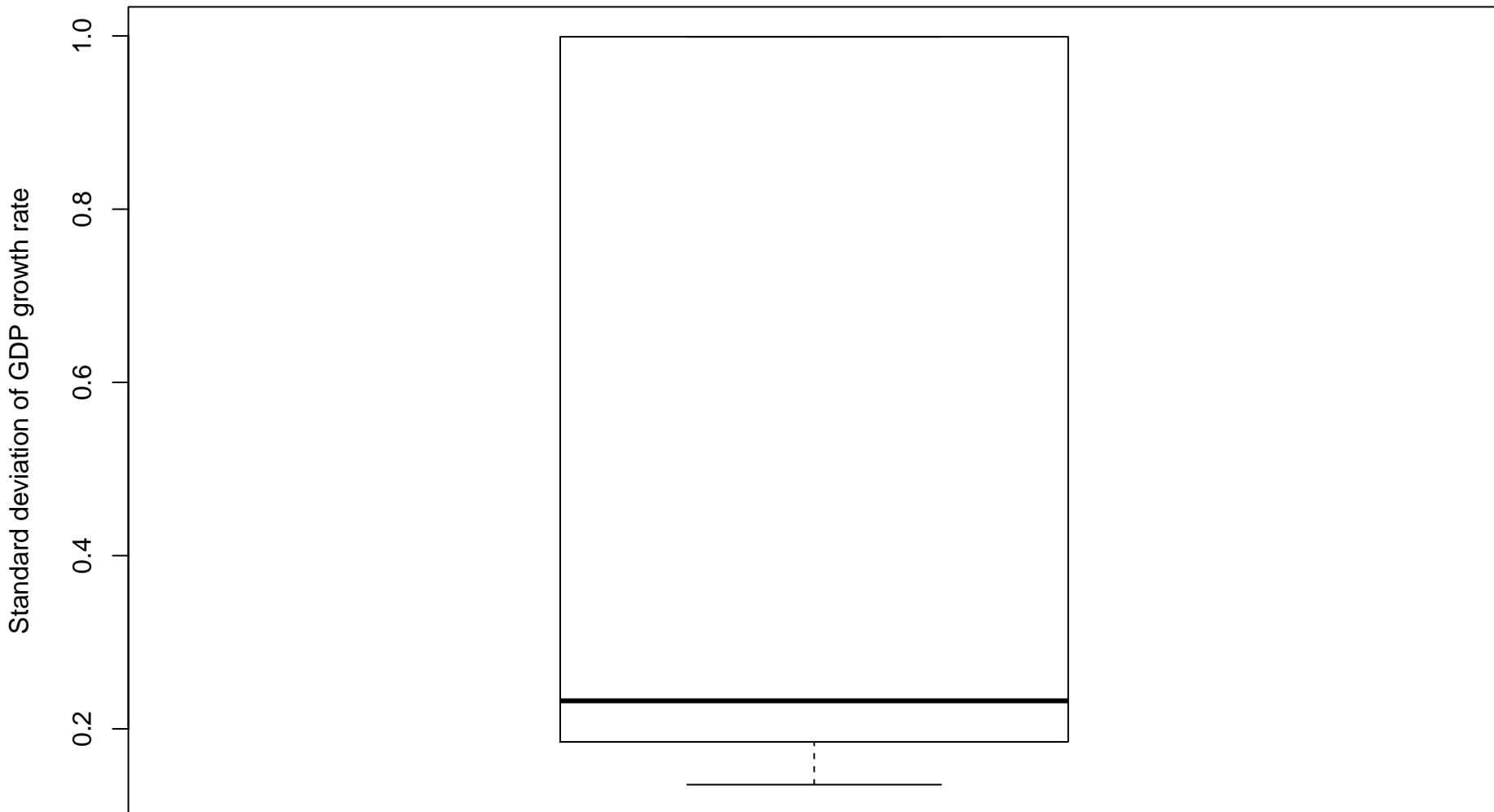
(significance = 0.05)

GDP growth



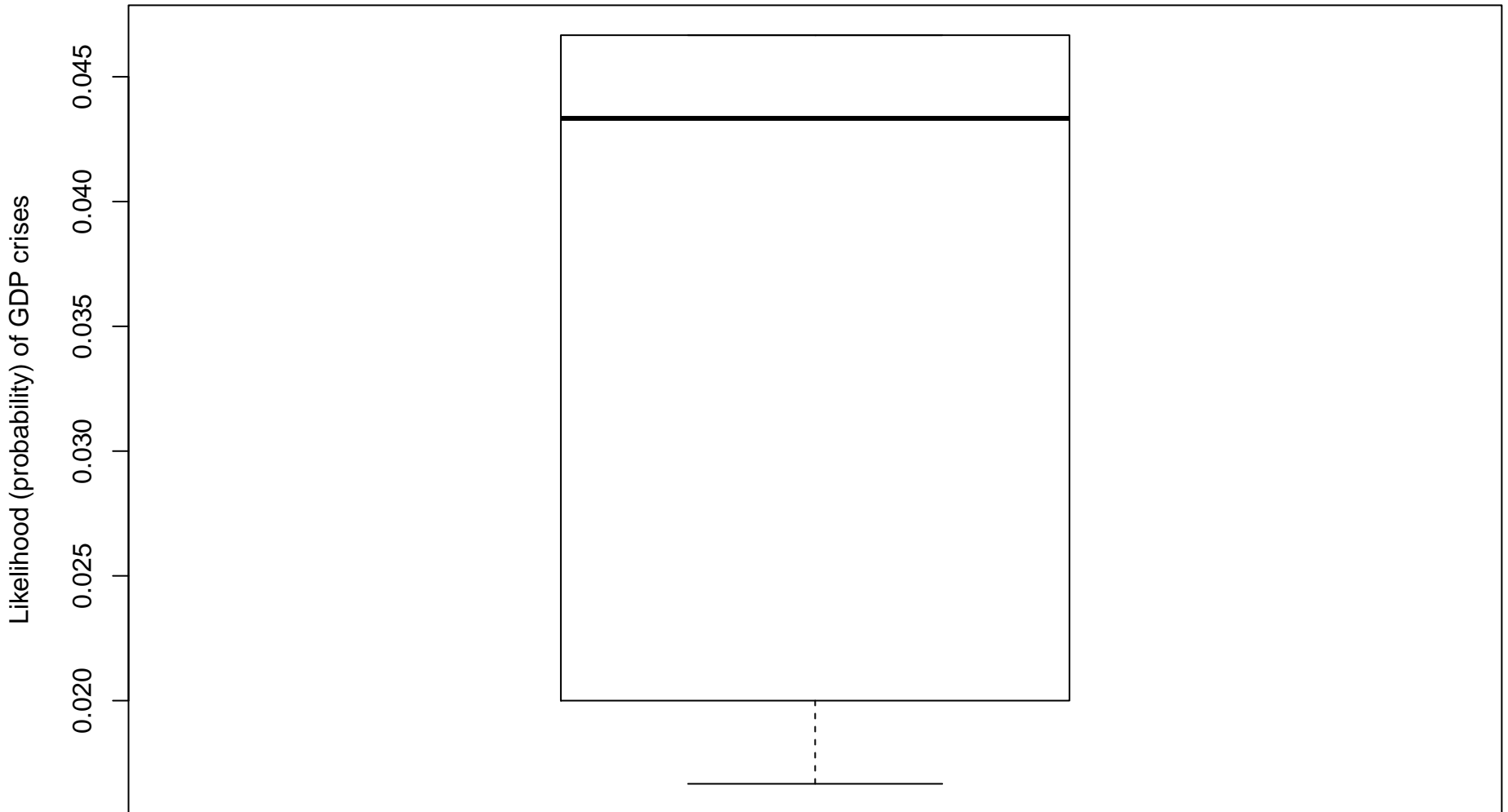
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Volatility of GDP growth



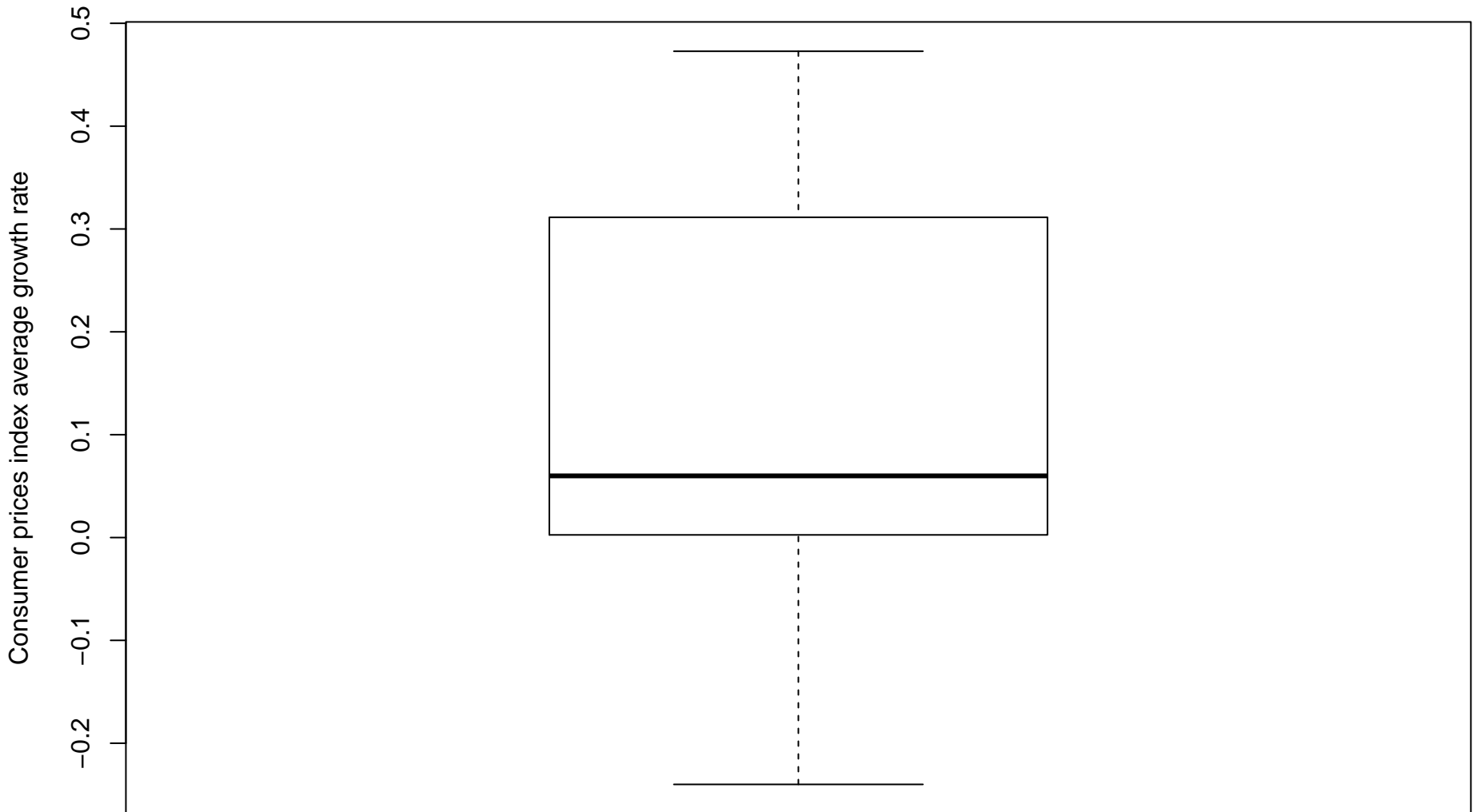
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Likelihood of GDP crises



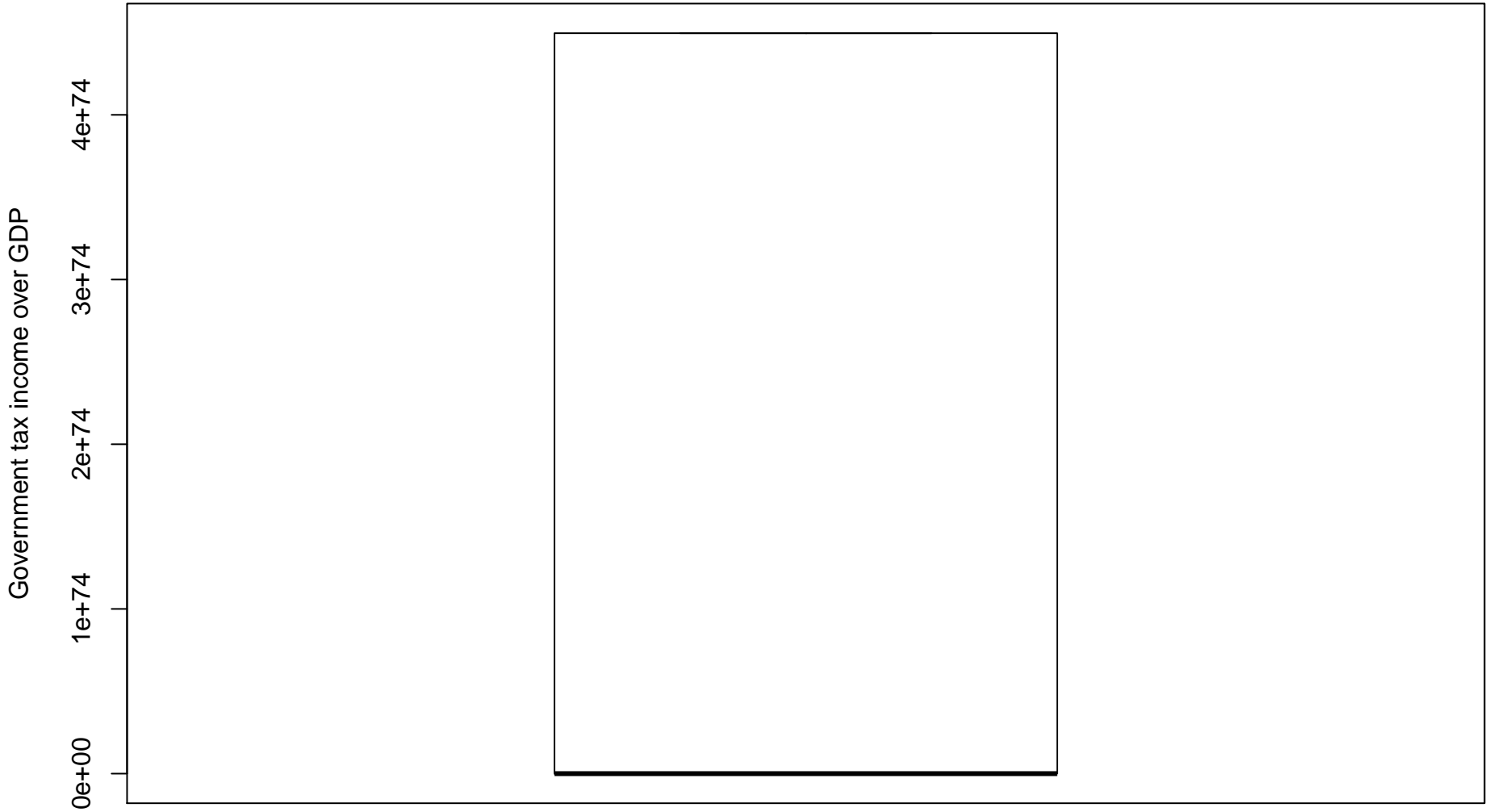
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Inflation



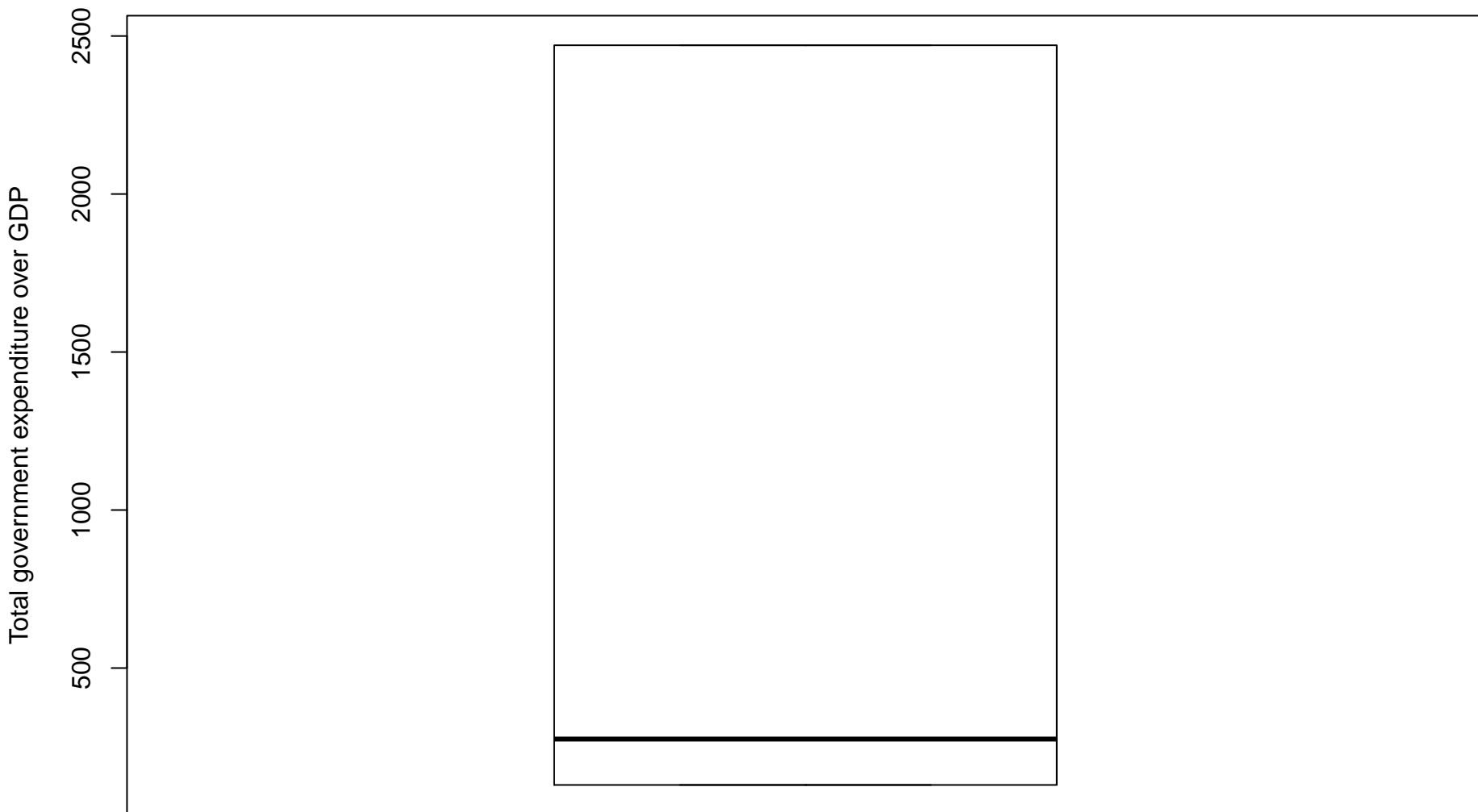
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Tax



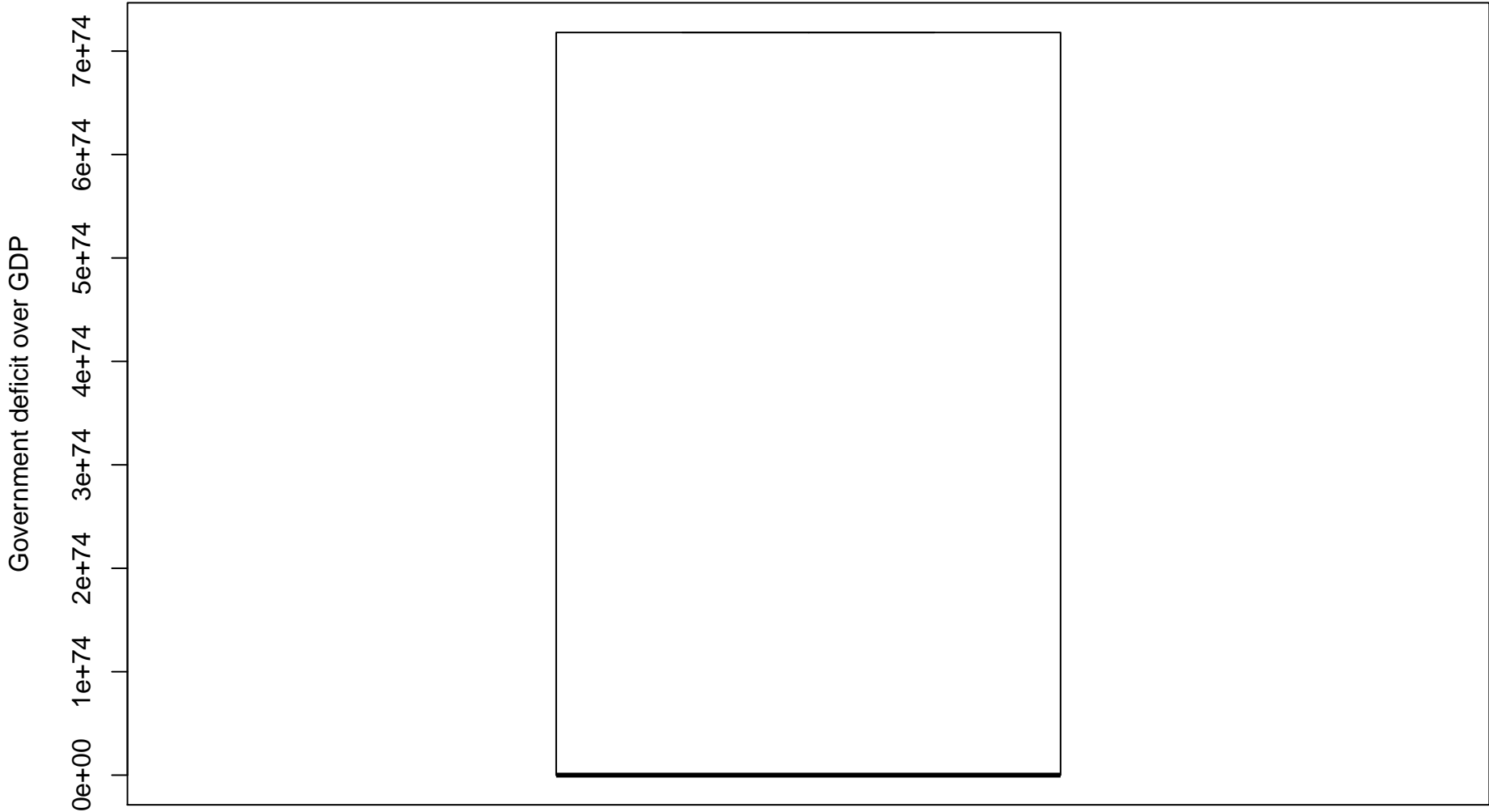
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government total expenditure



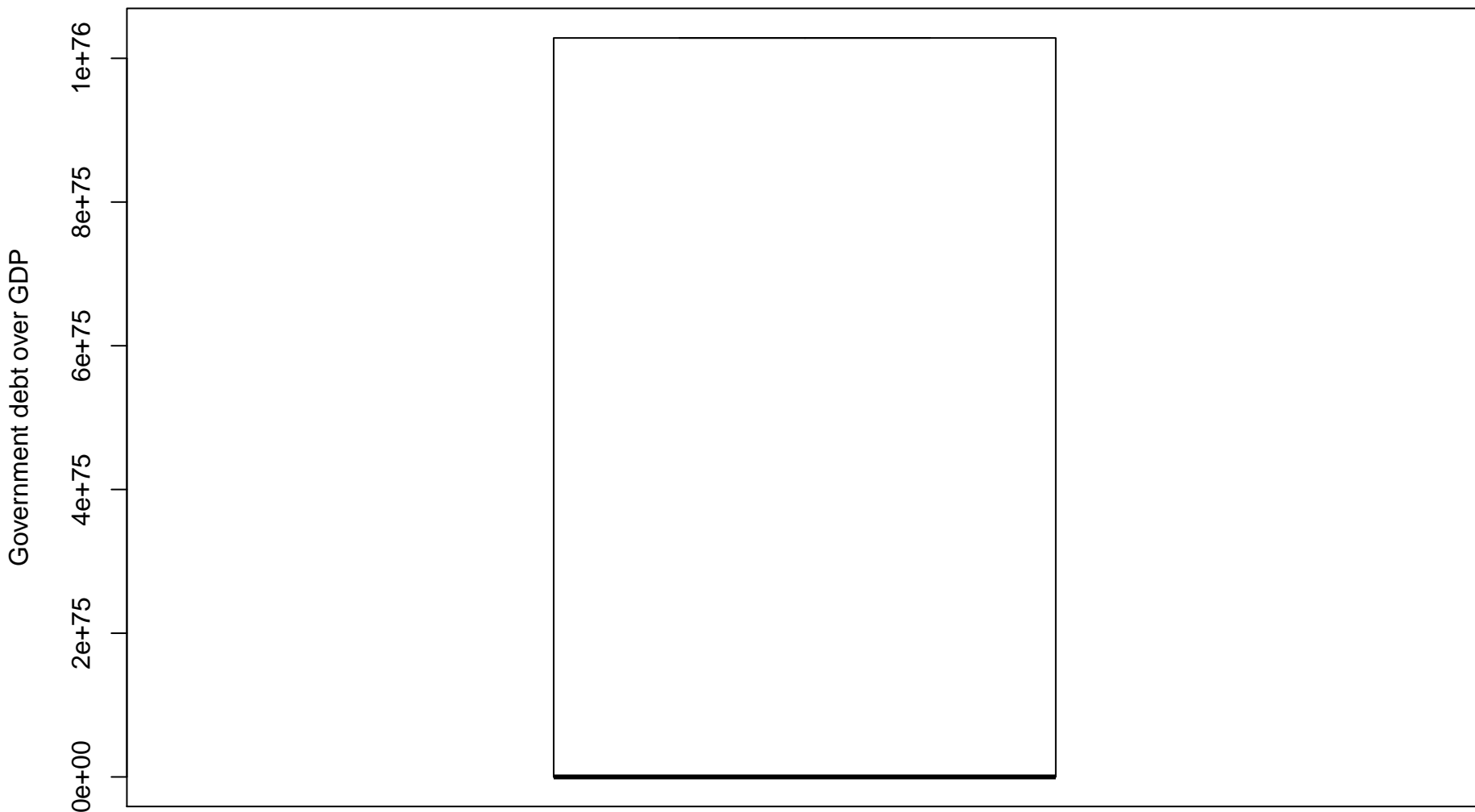
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government deficit



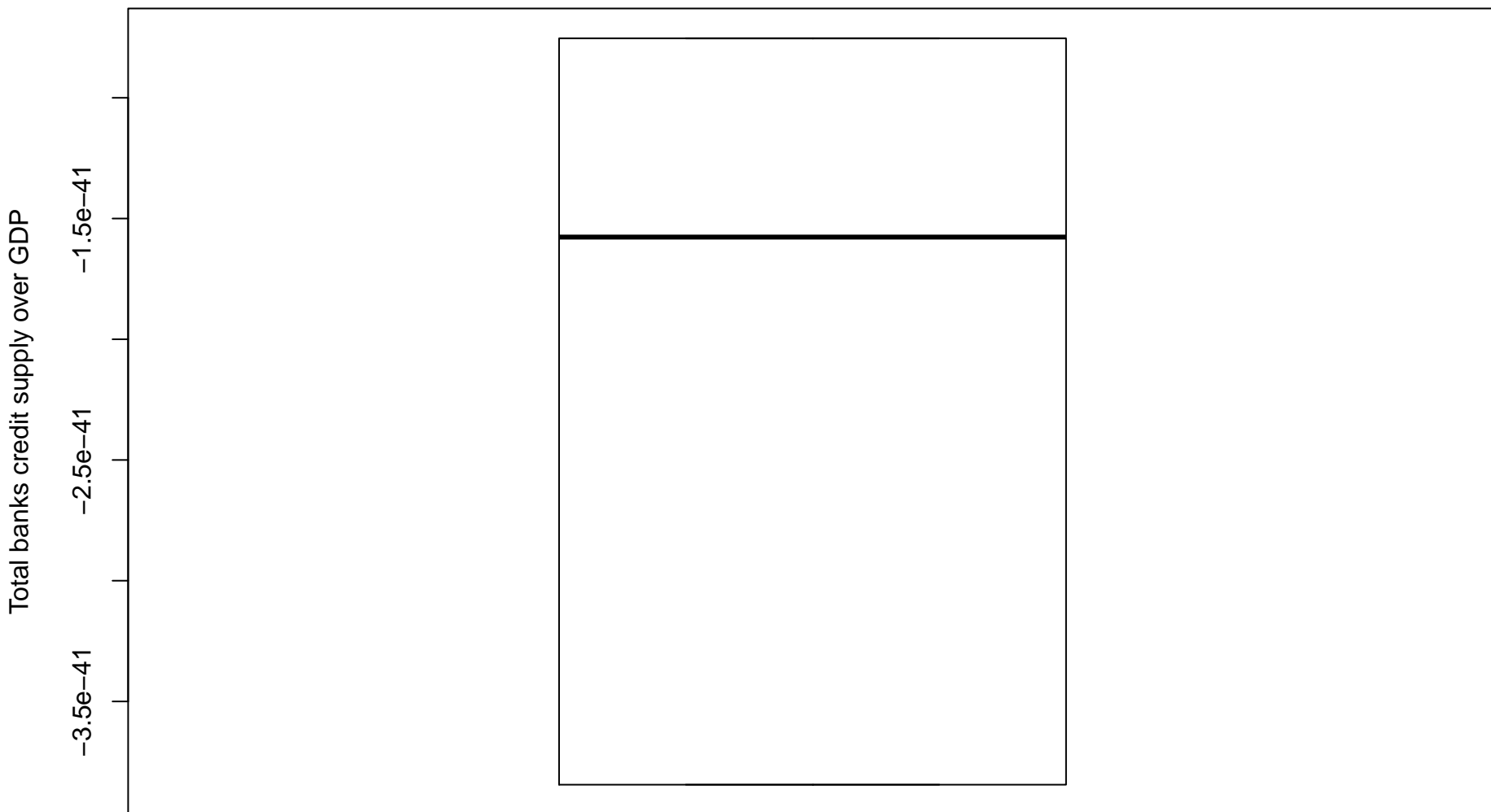
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Government debt



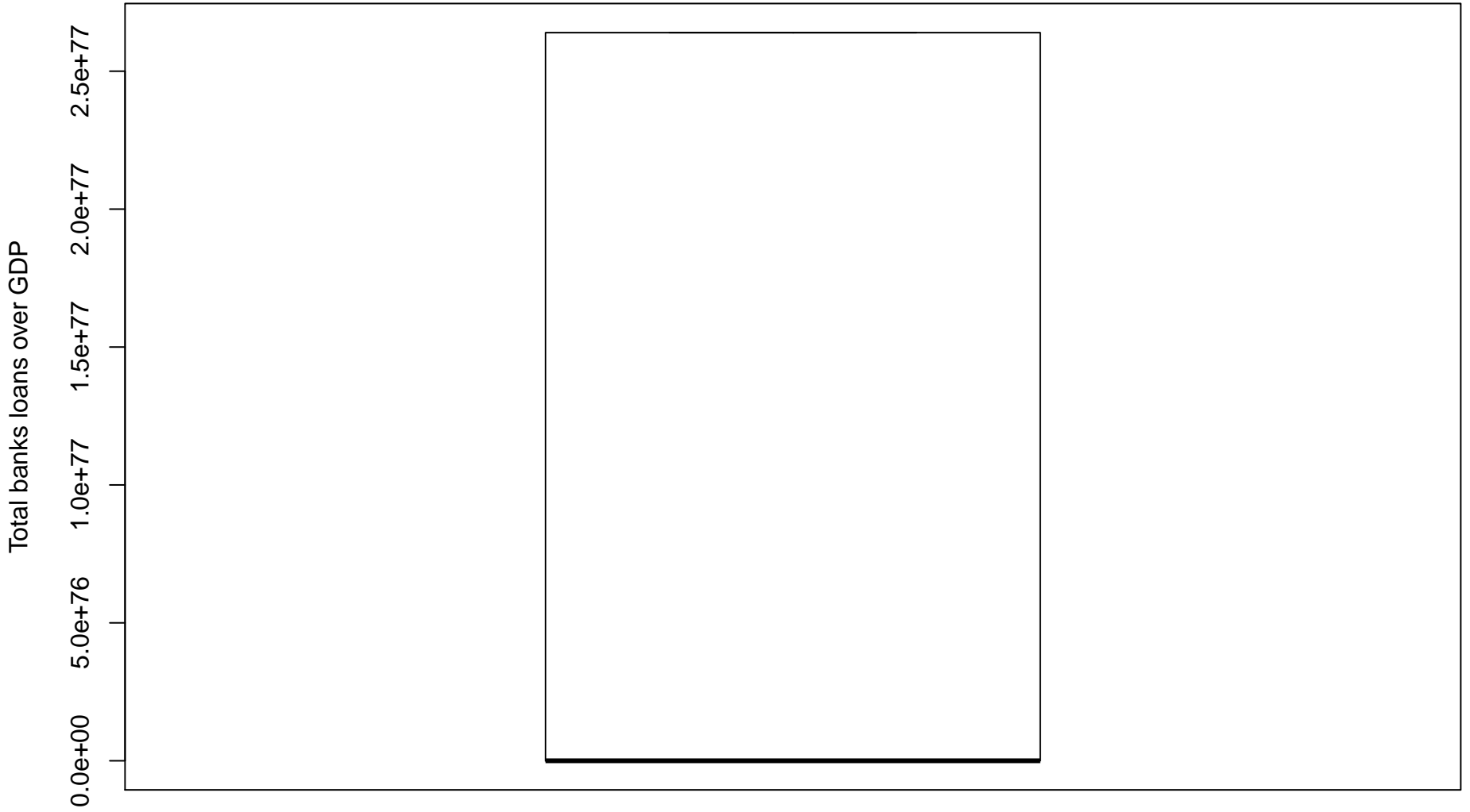
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Credit supply



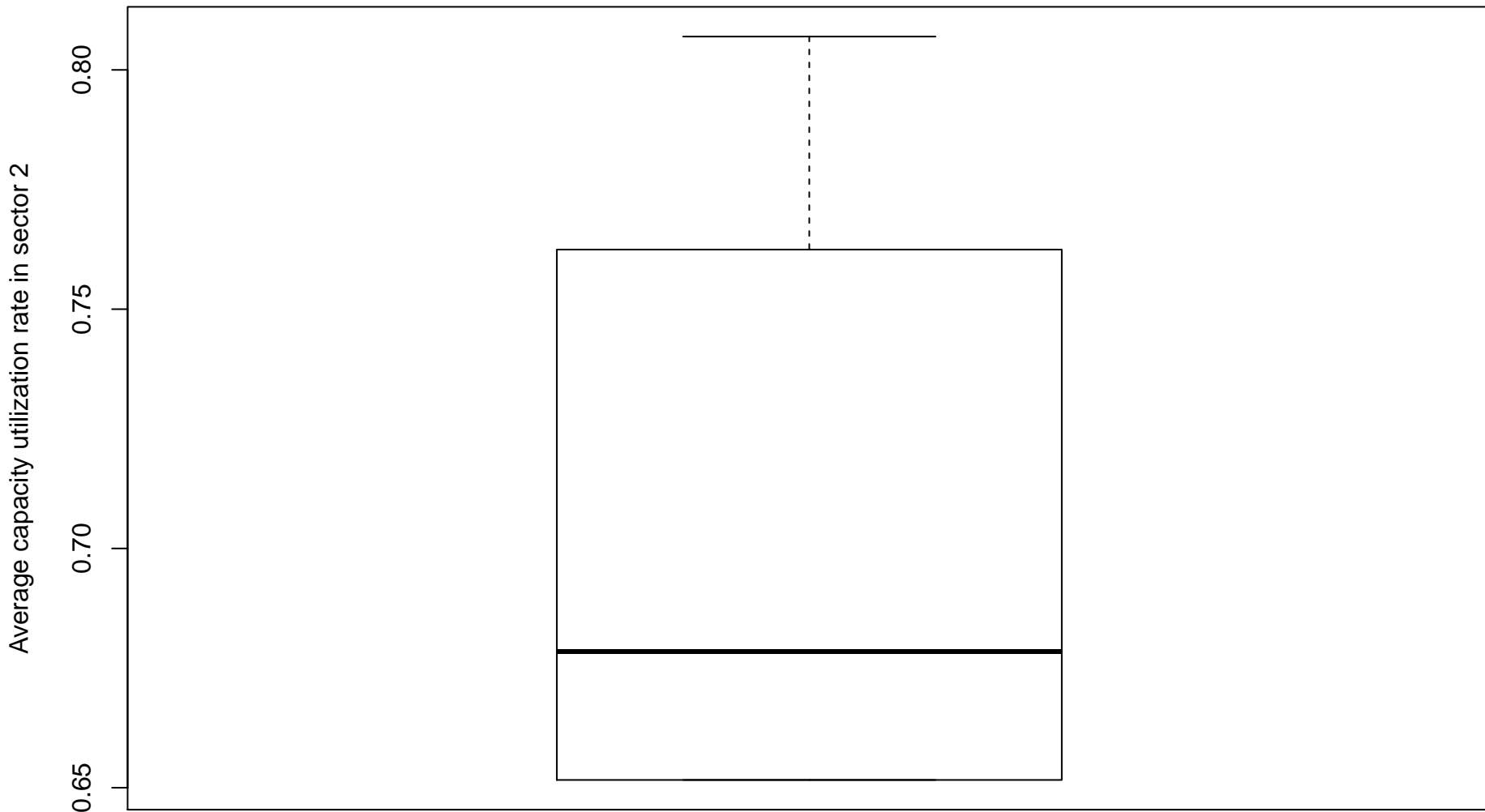
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Loans



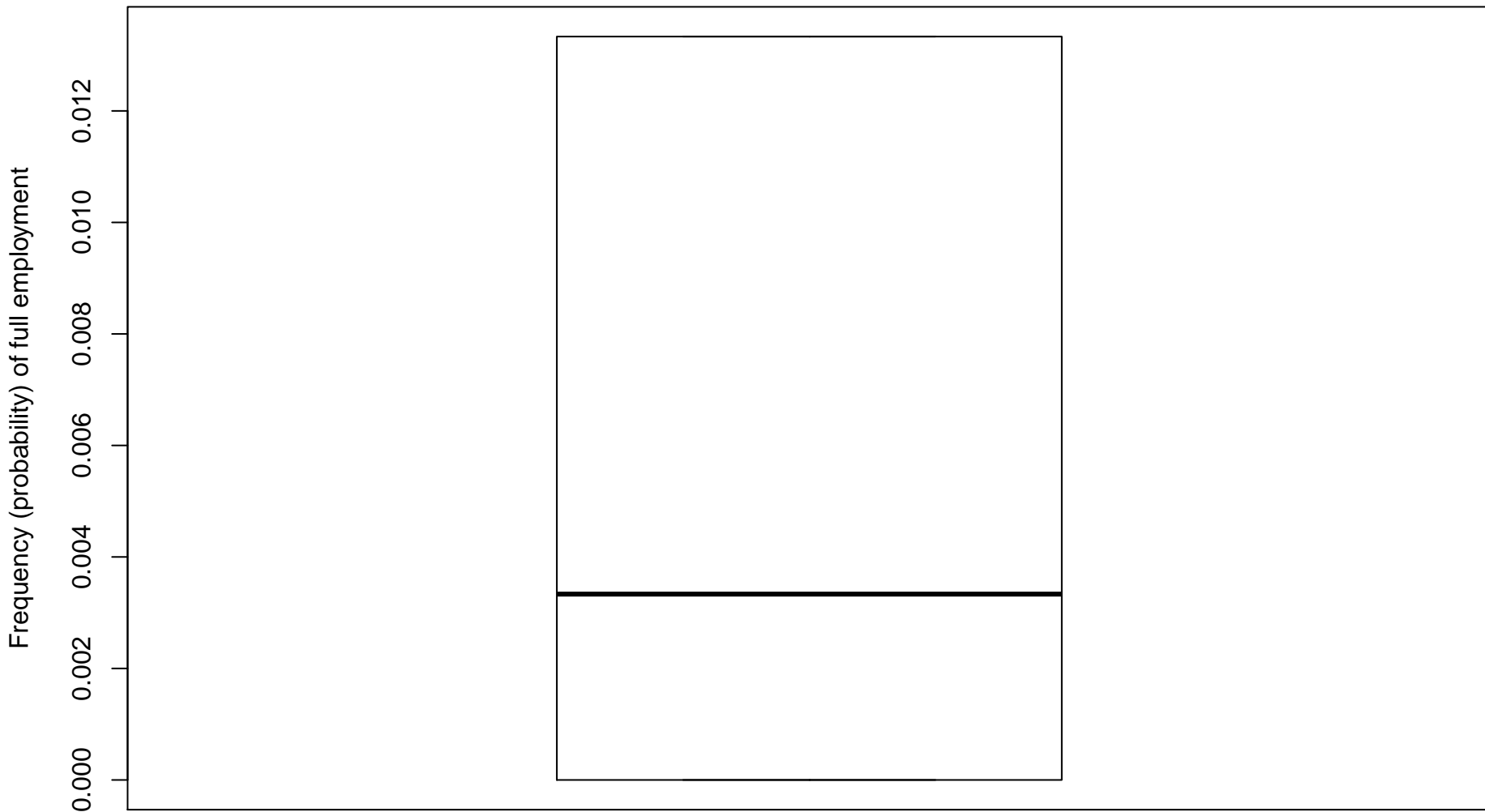
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Capacity utilization



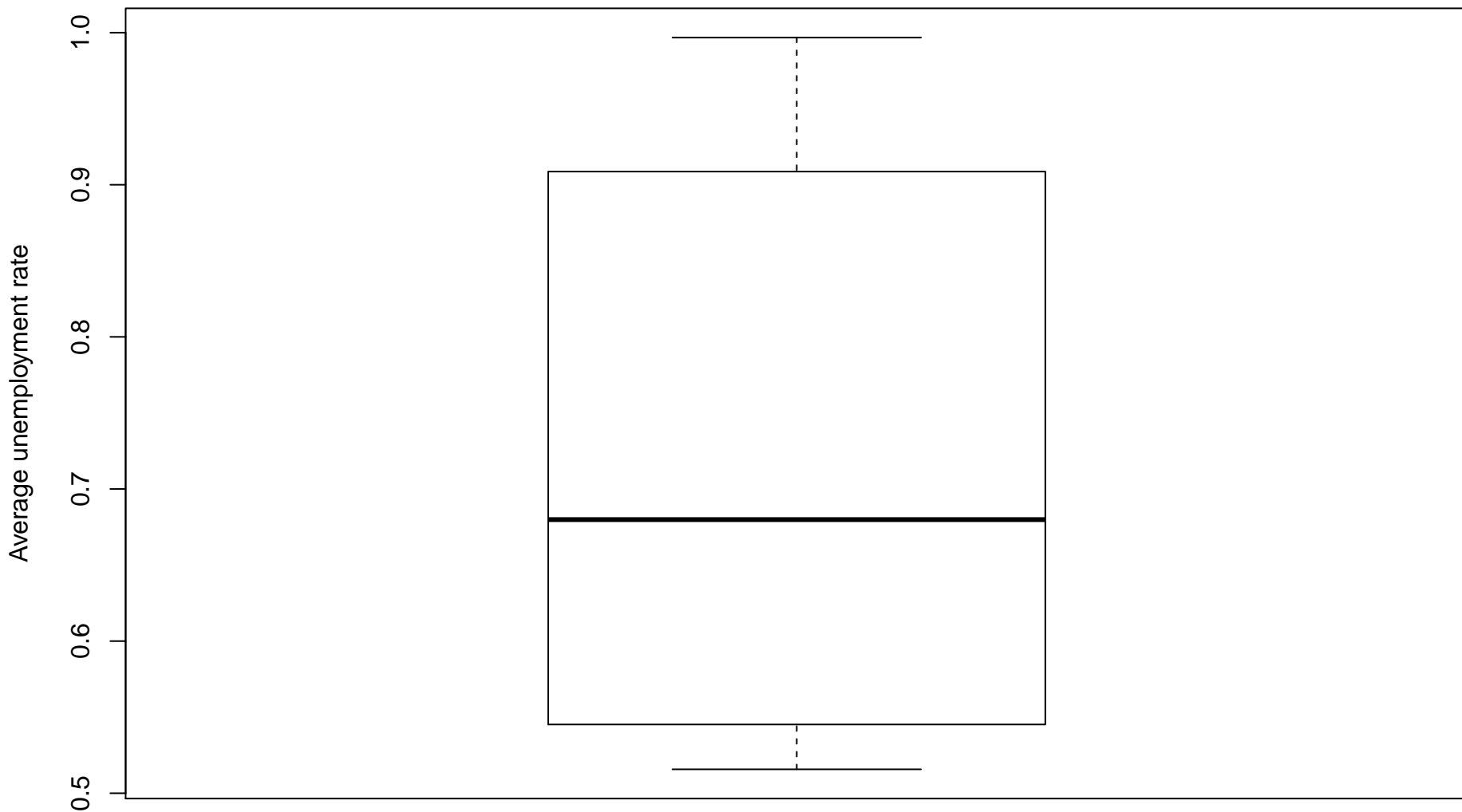
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Full employment frequency



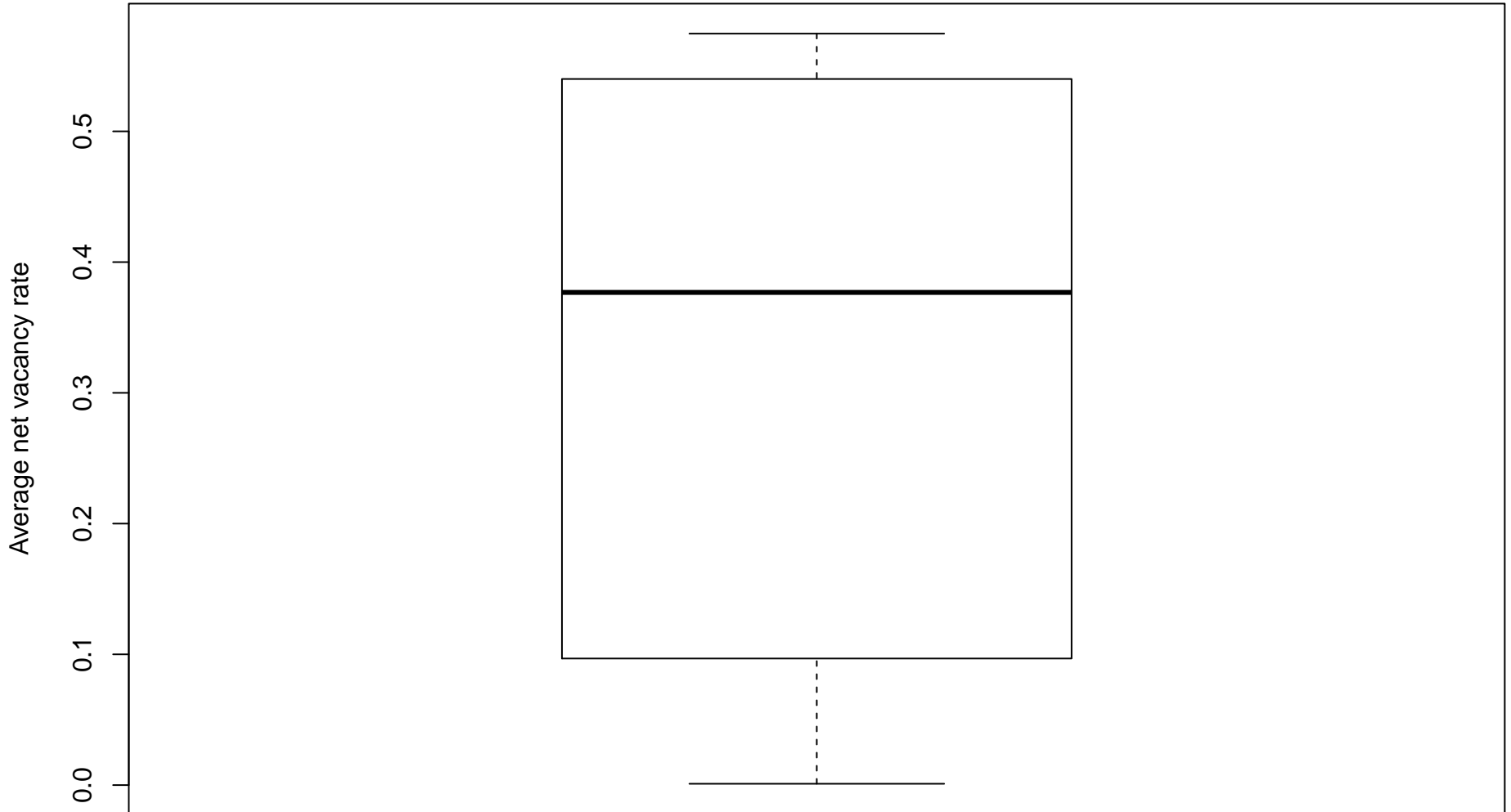
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Unemployment



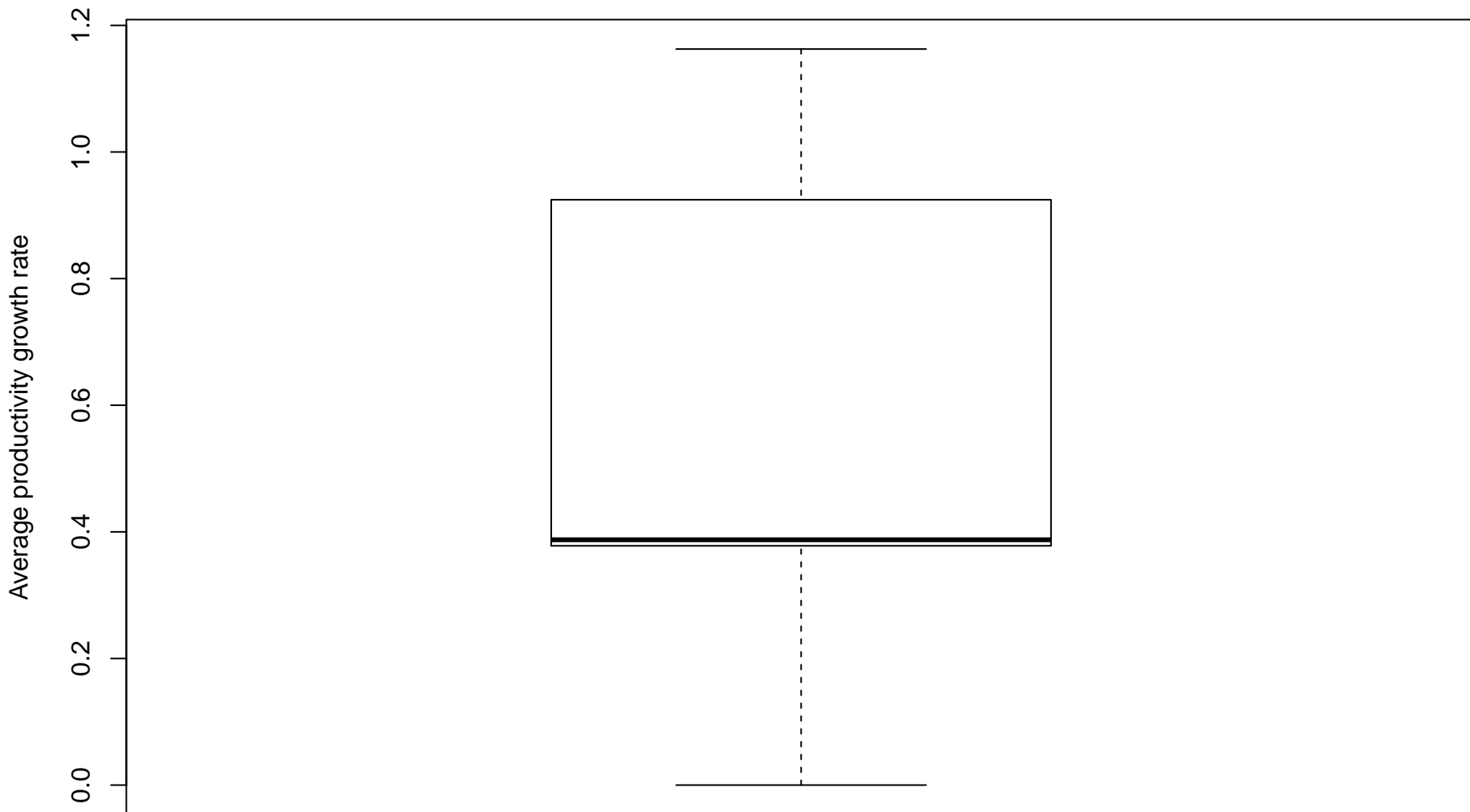
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Vacancy



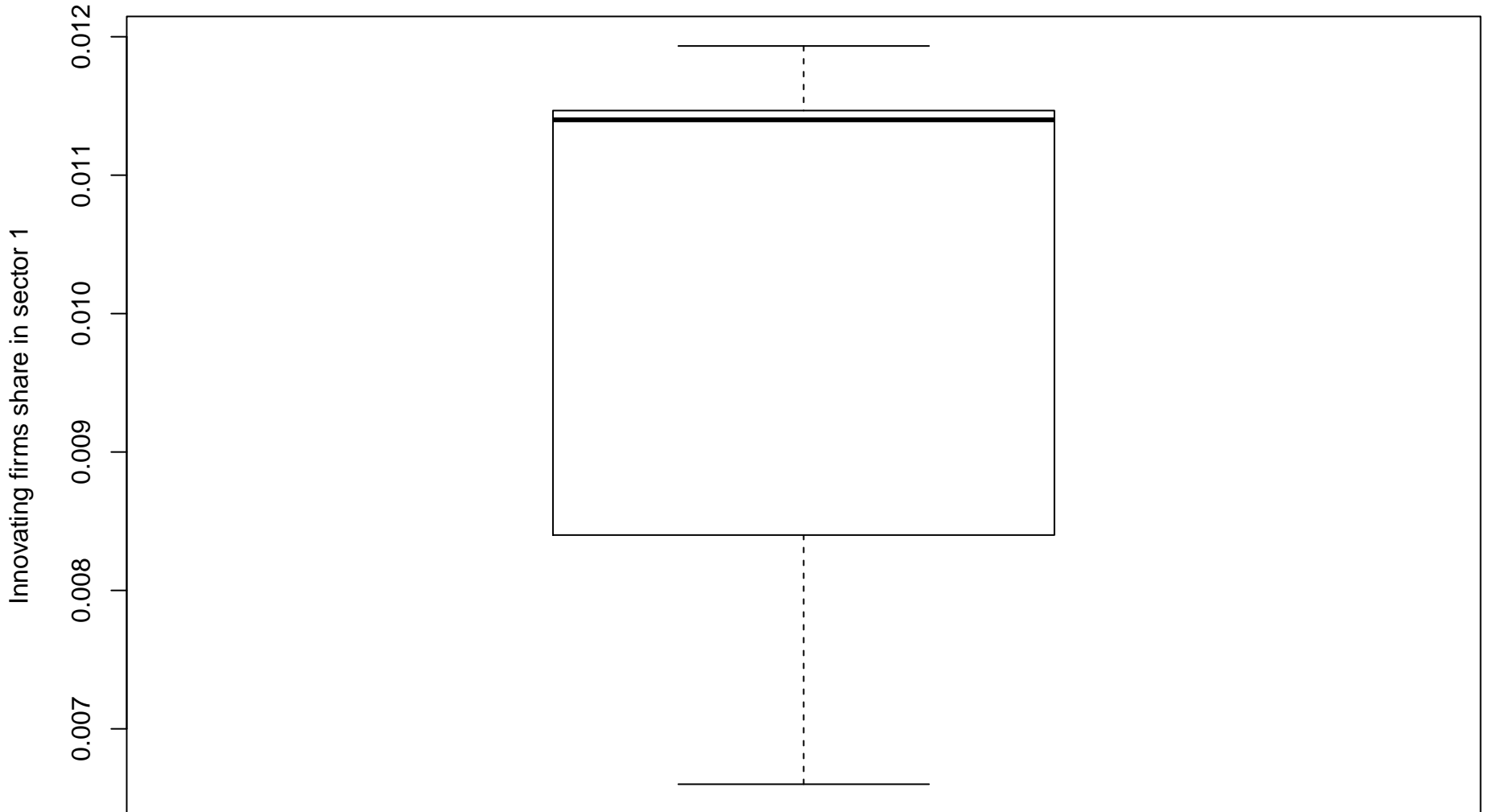
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Productivity growth



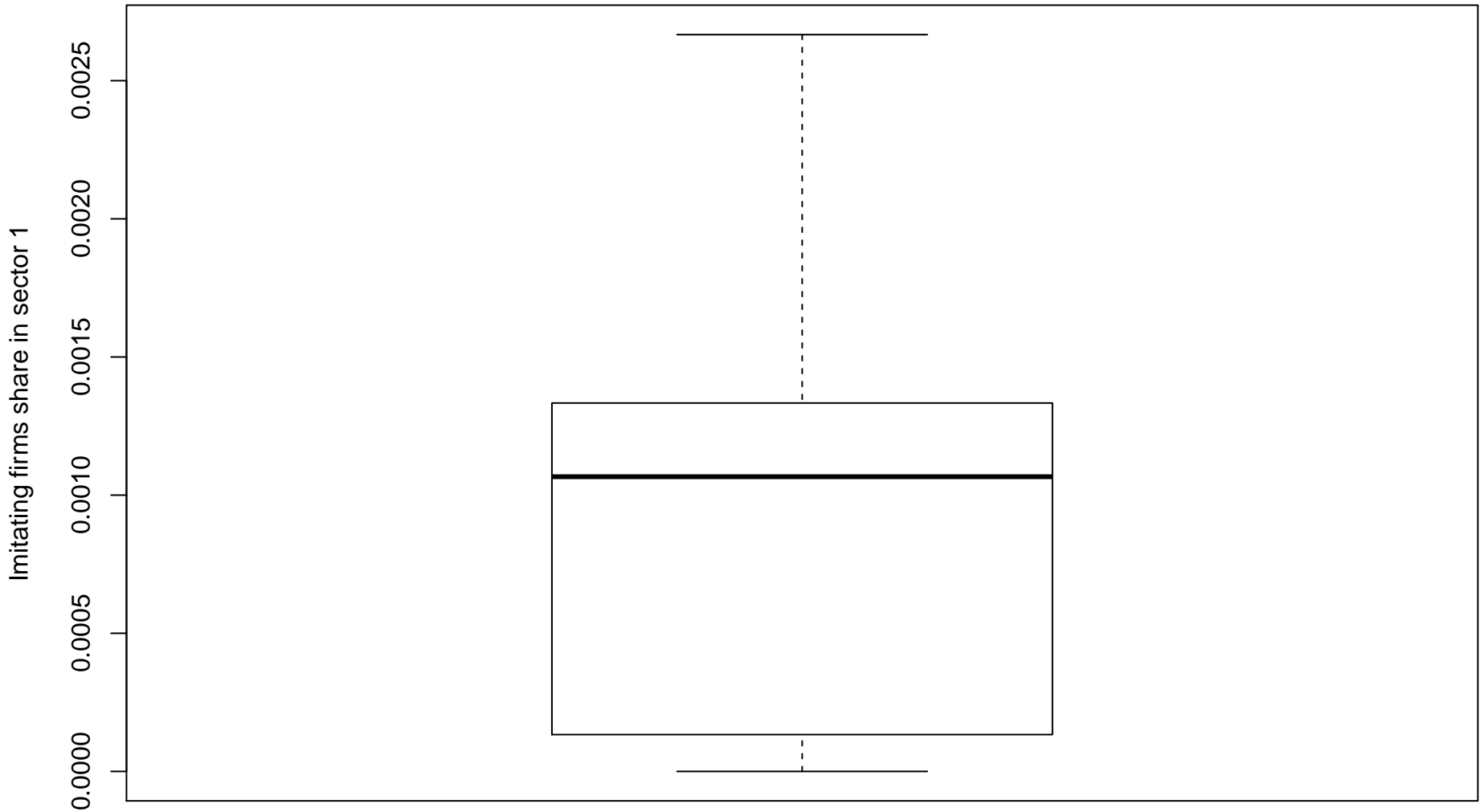
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Innovation



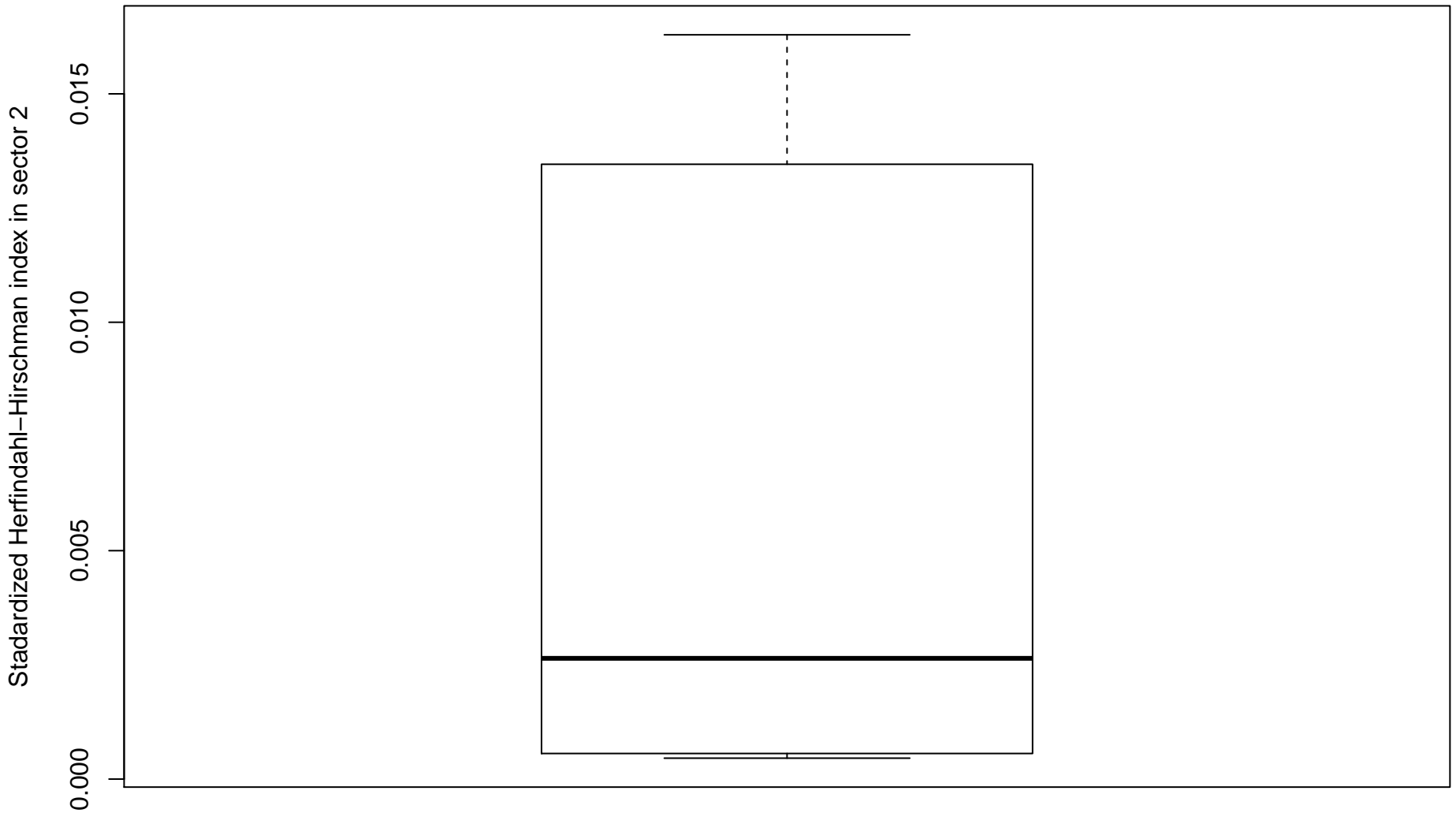
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Imitation



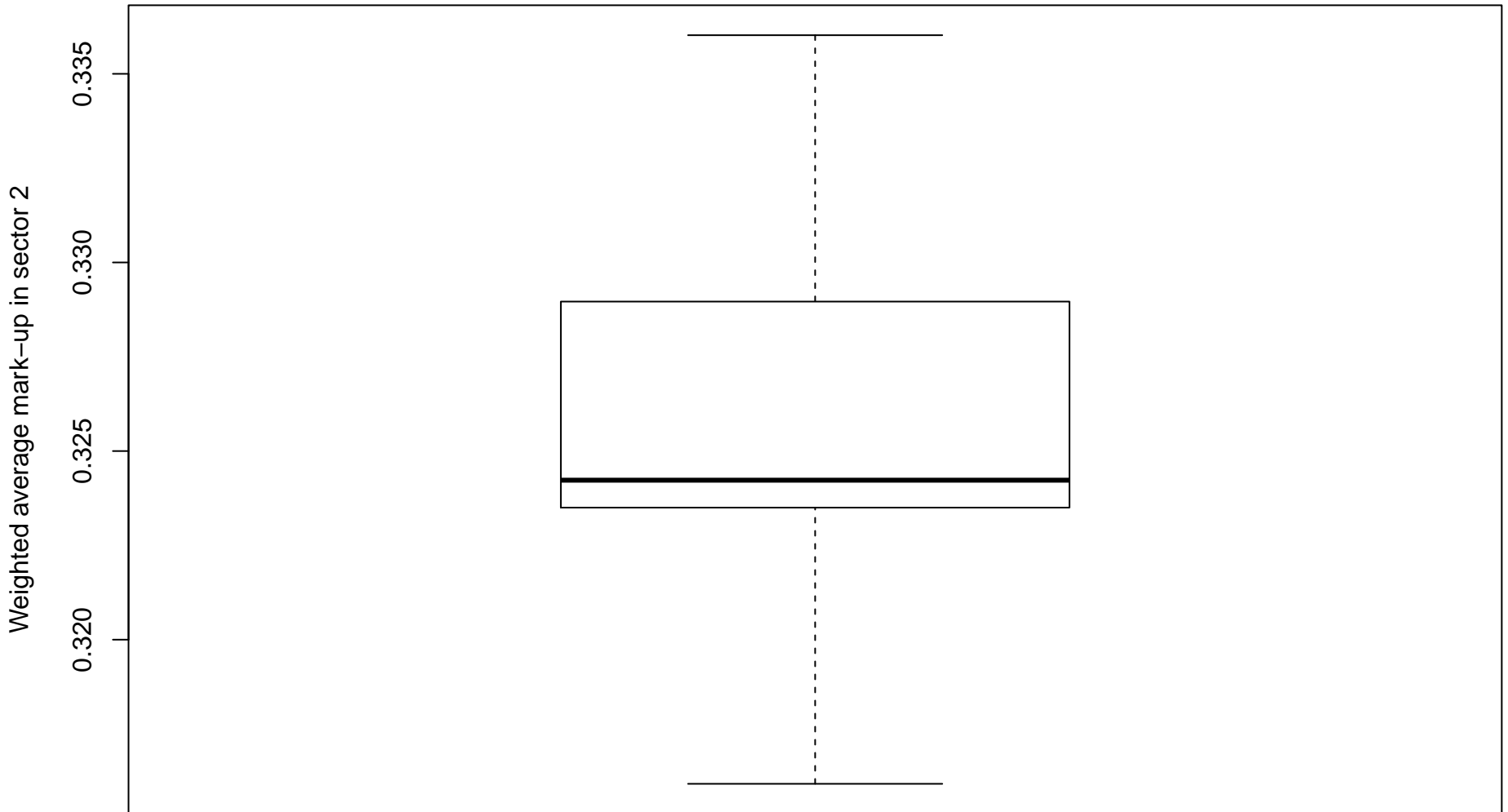
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

Market concentration



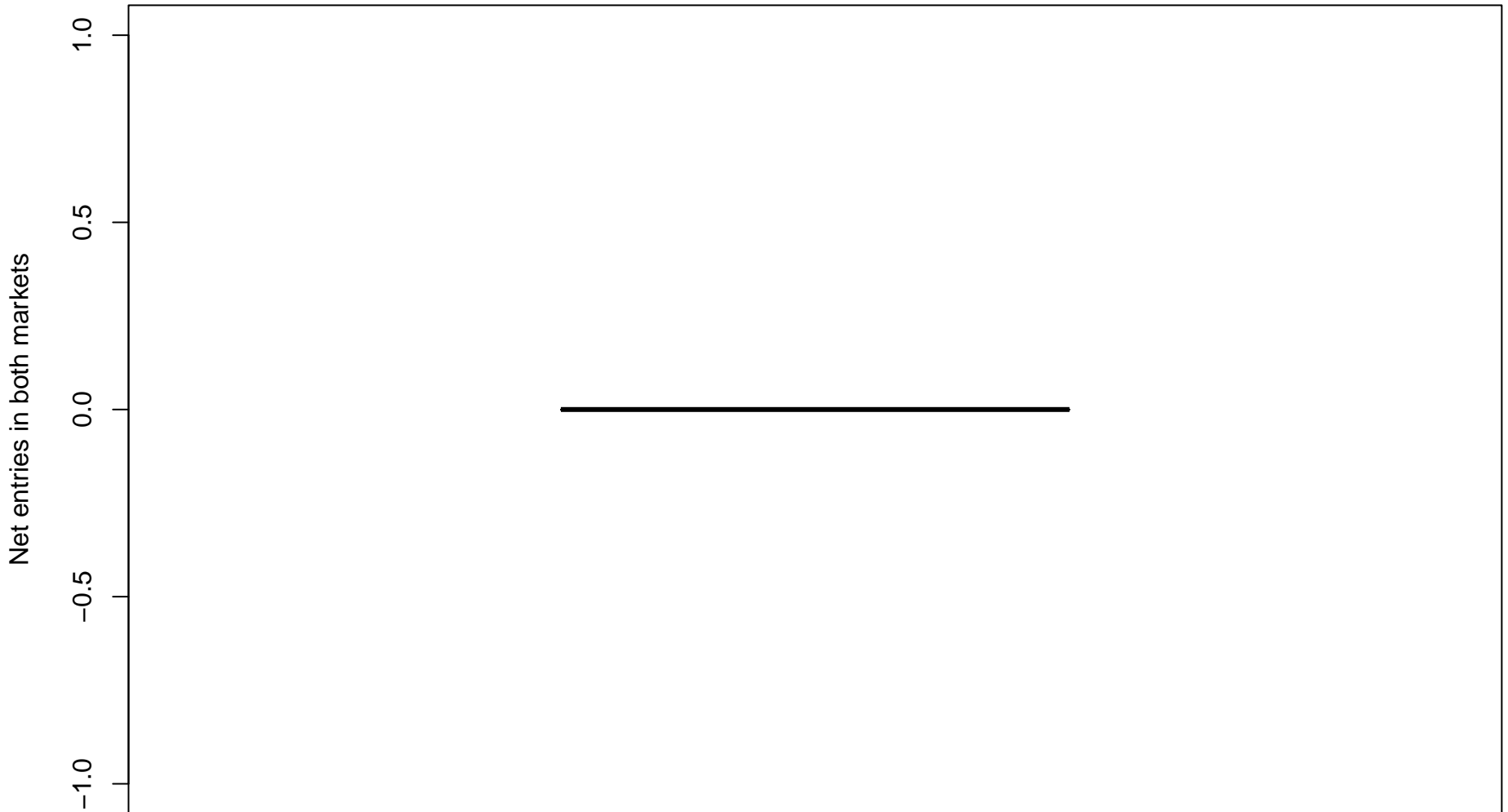
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 5 / period = 301 – 600)

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	0.1022	0.304	−0.3734	0.3825
Volatility of GDP growth	2.359	4.422	0.1356	10.24
Likelihood of GDP crises	0.05467	0.05316	0.01667	0.1467
Inflation	0.1213	0.2775	−0.24	0.4728
Tax	1.973e+75	4.165e+75	−1.2e+34	9.416e+75
Government total expenditure	−2.917e+29	6.523e+29	−1.459e+30	5.898e+11
Government deficit	4.566e+76	1.017e+77	−7.574e+34	2.276e+77
Government debt	4.61e+78	1.03e+79	−2.762e+36	2.304e+79
Credit supply	1.823e+25	4.077e+25	−2.824e−06	9.116e+25
Loans	1.439e+78	3.072e+78	−1.17e+37	6.931e+78
Capacity utilization	0.5812	0.3274	0.00627	0.807
Full employment frequency	0.01333	0.02121	0	0.05
Unemployment	0.7292	0.2154	0.5157	0.9968
Vacancy	0.3179	0.2589	0.001017	0.5747
Productivity growth	0.5705	0.4669	0	1.163
Innovation	0.00996	0.002343	0.0066	0.01193
Imitation	0.00104	0.001077	0	0.002667
Market concentration	0.006682	0.007596	0.0004577	0.01629
Mark-ups	0.3258	0.007329	0.3162	0.336
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)