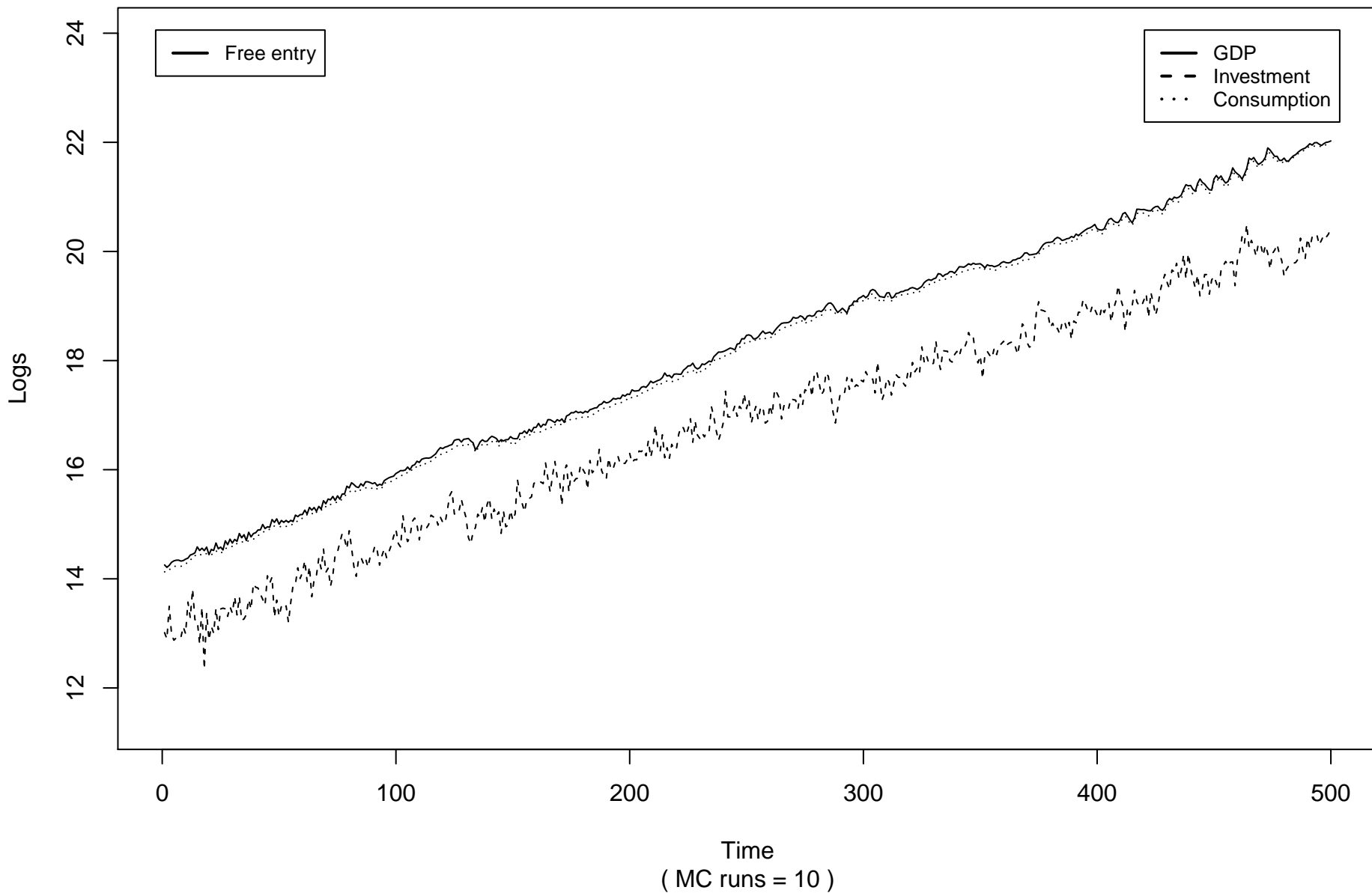
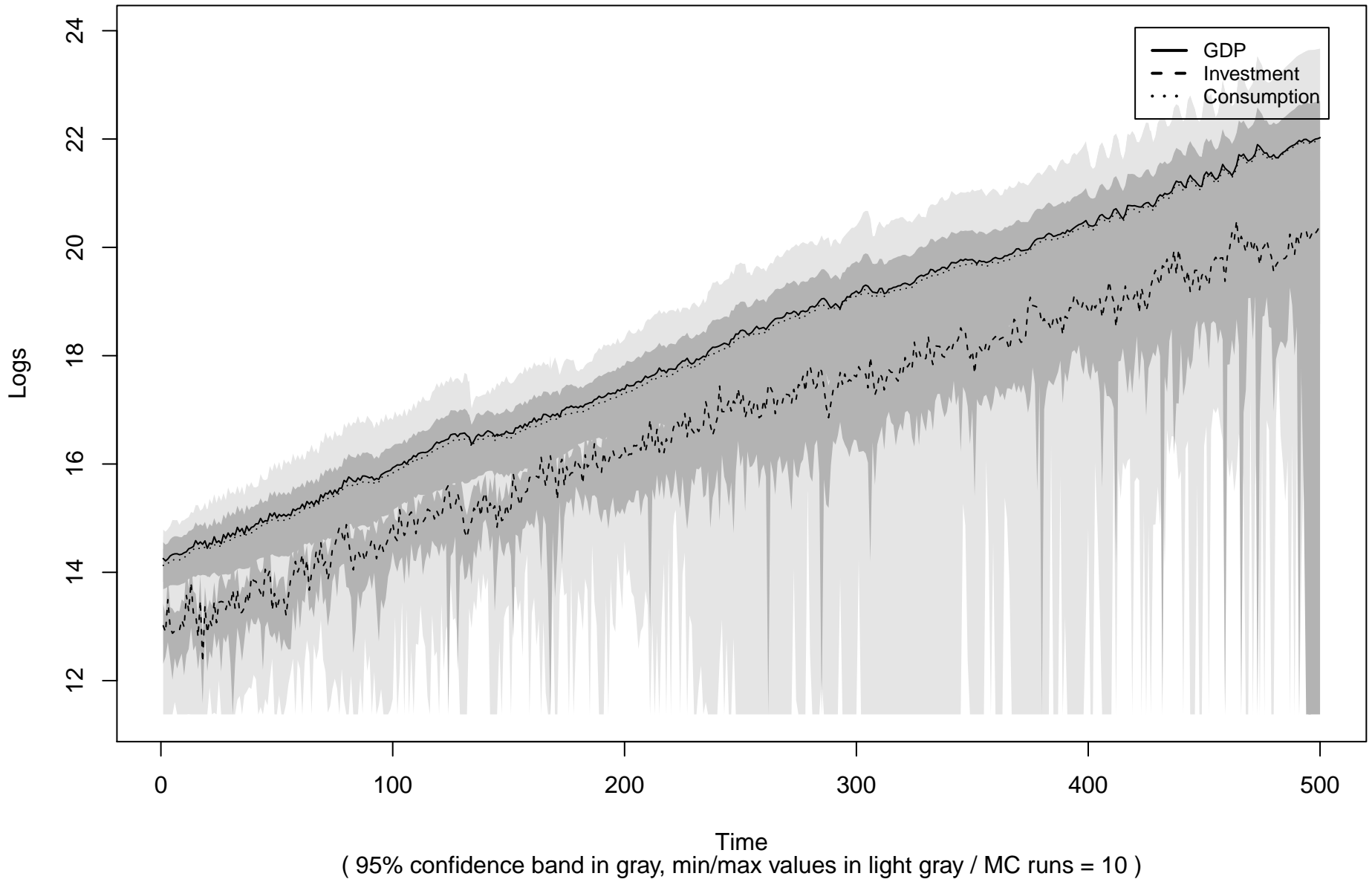


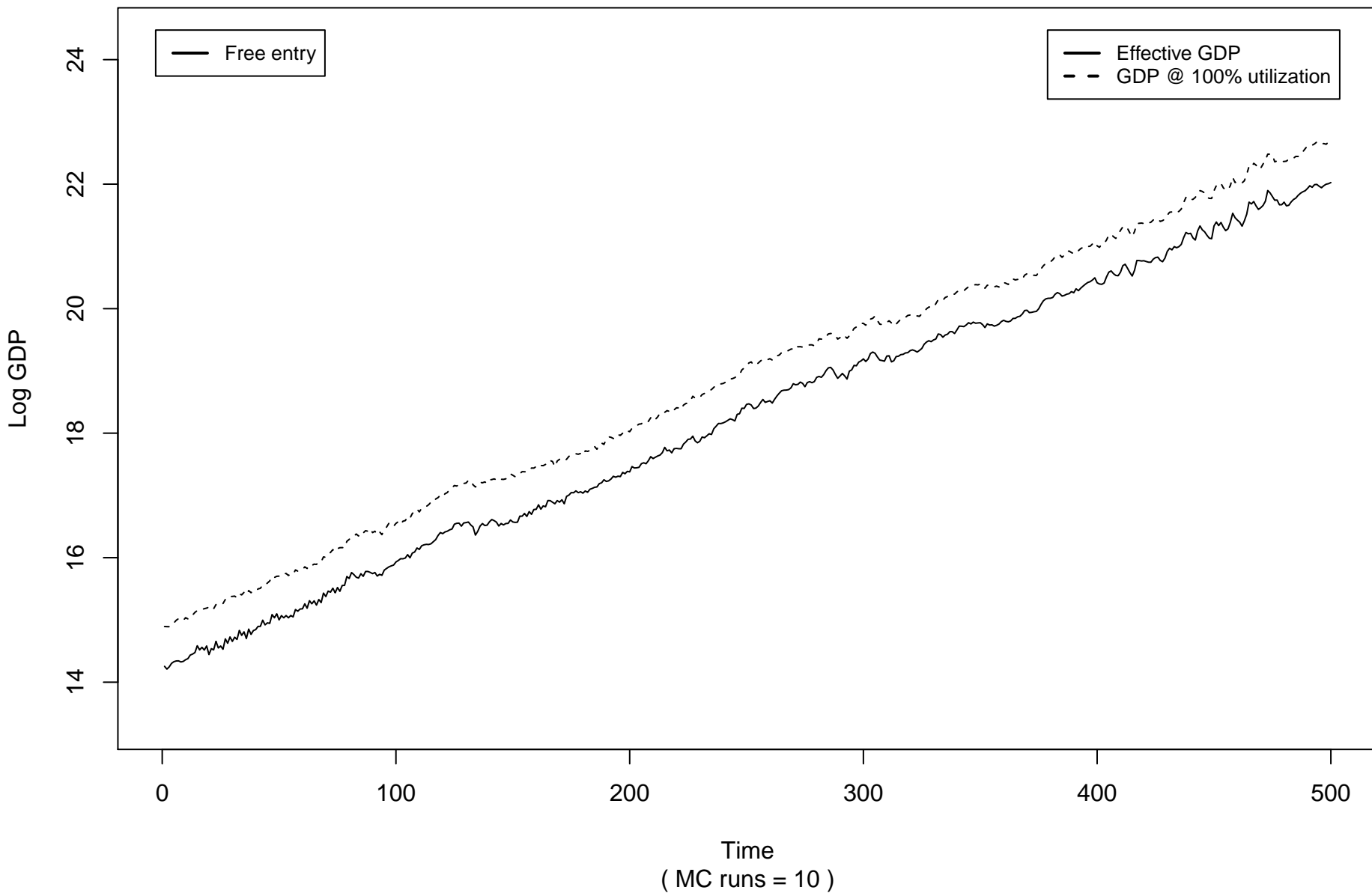
GDP, investment and consumption (all experiments)



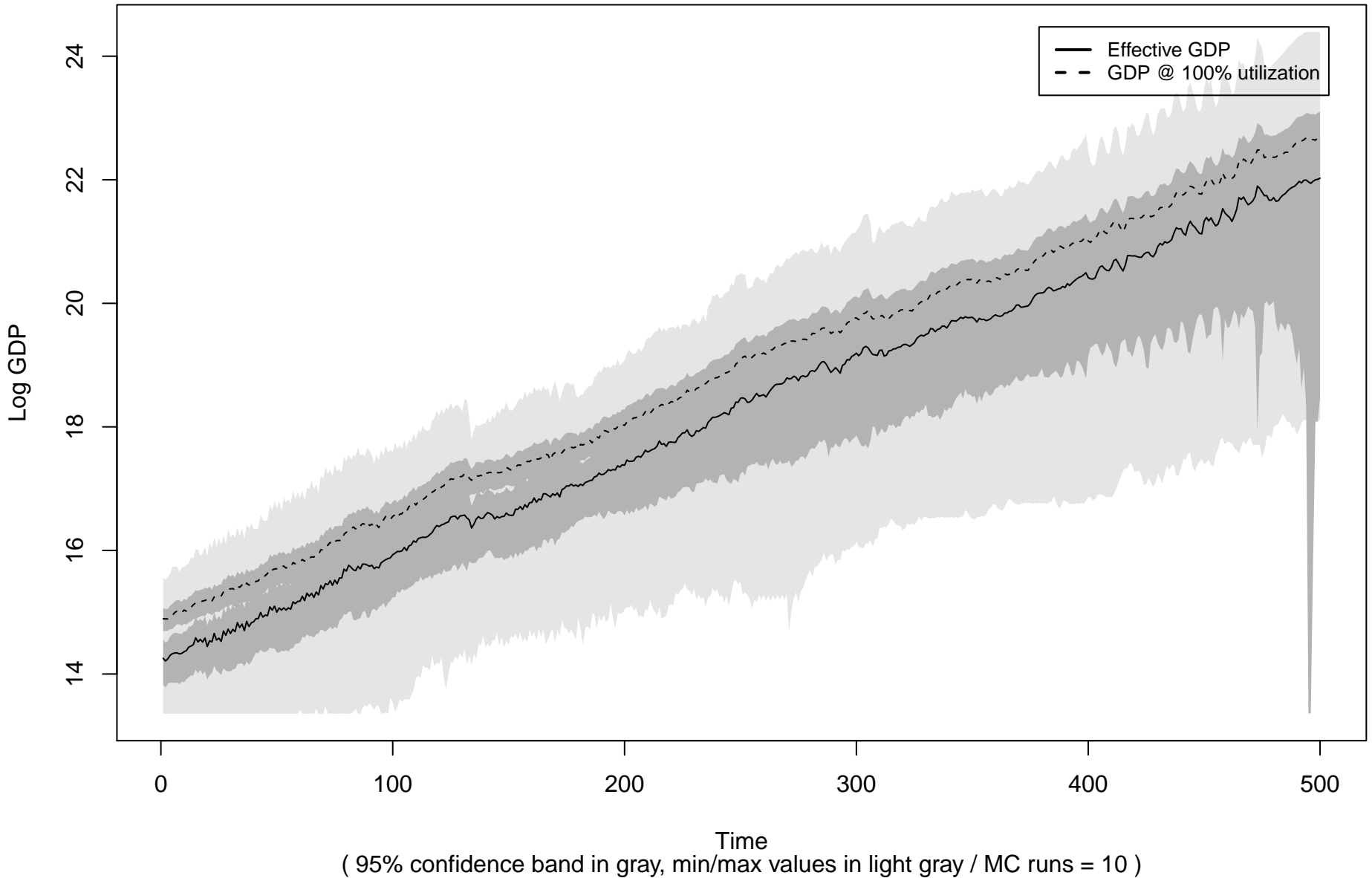
GDP, investment and consumption (Free entry)



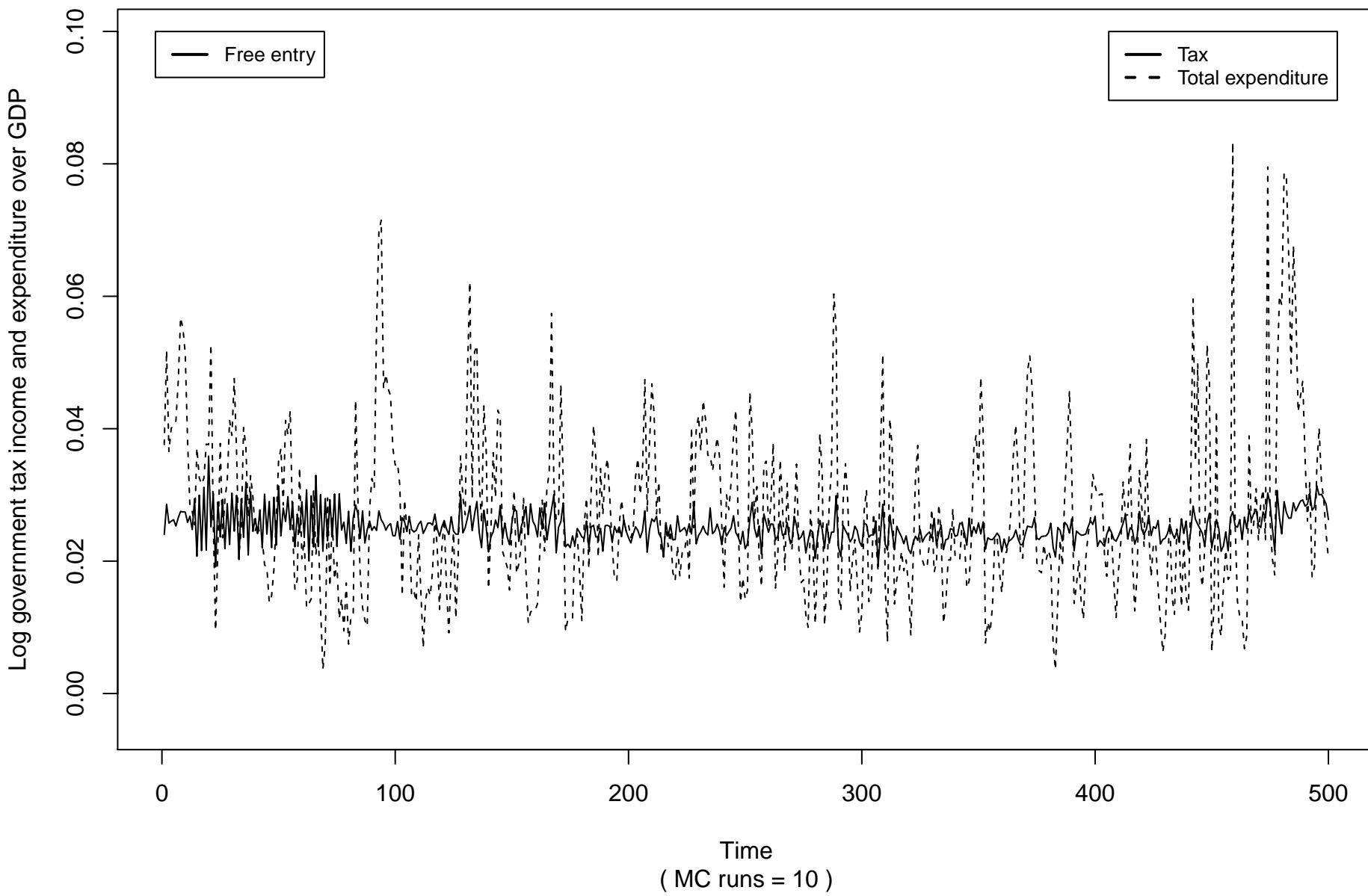
GDP (all experiments)



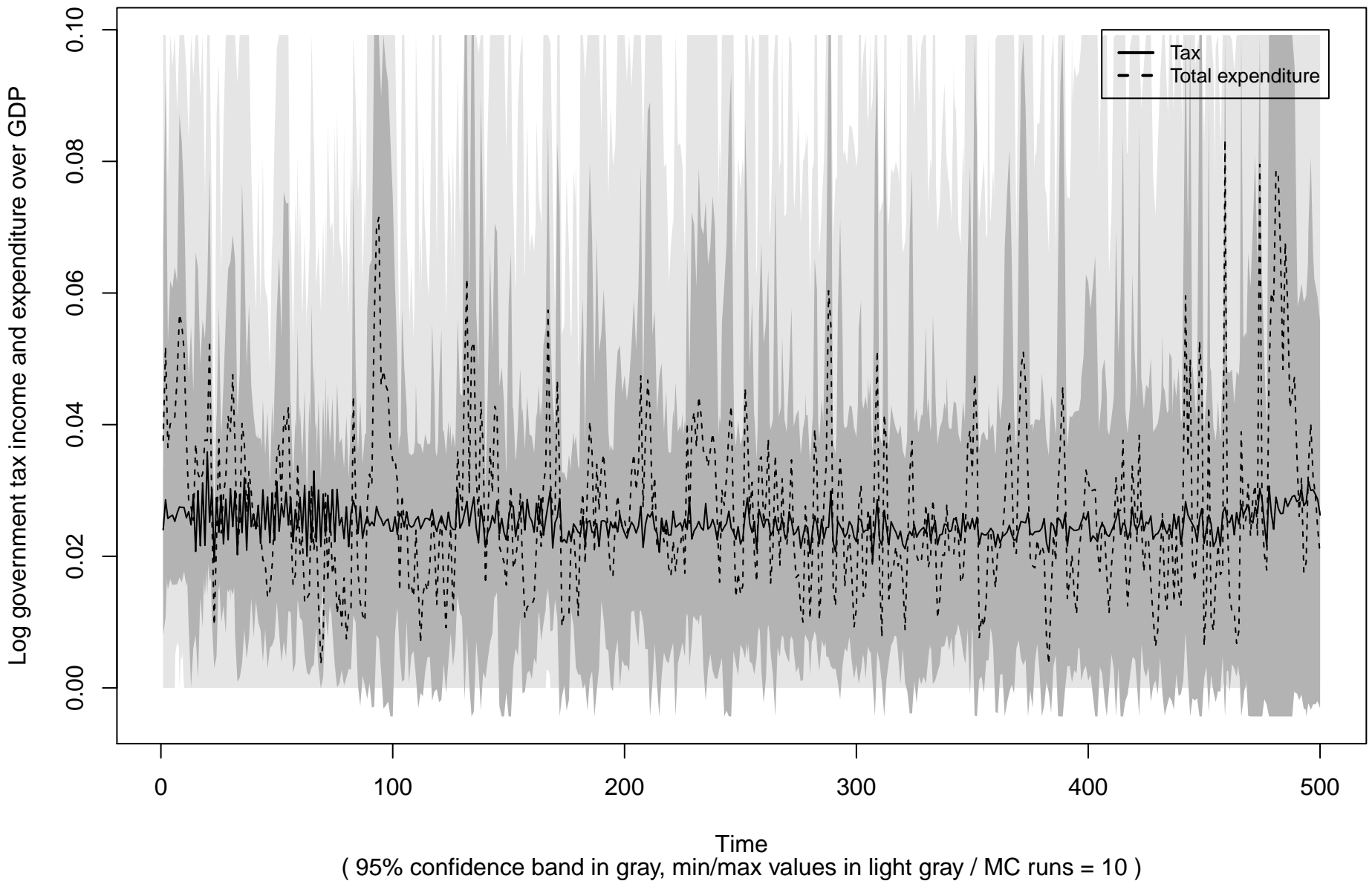
GDP (Free entry)



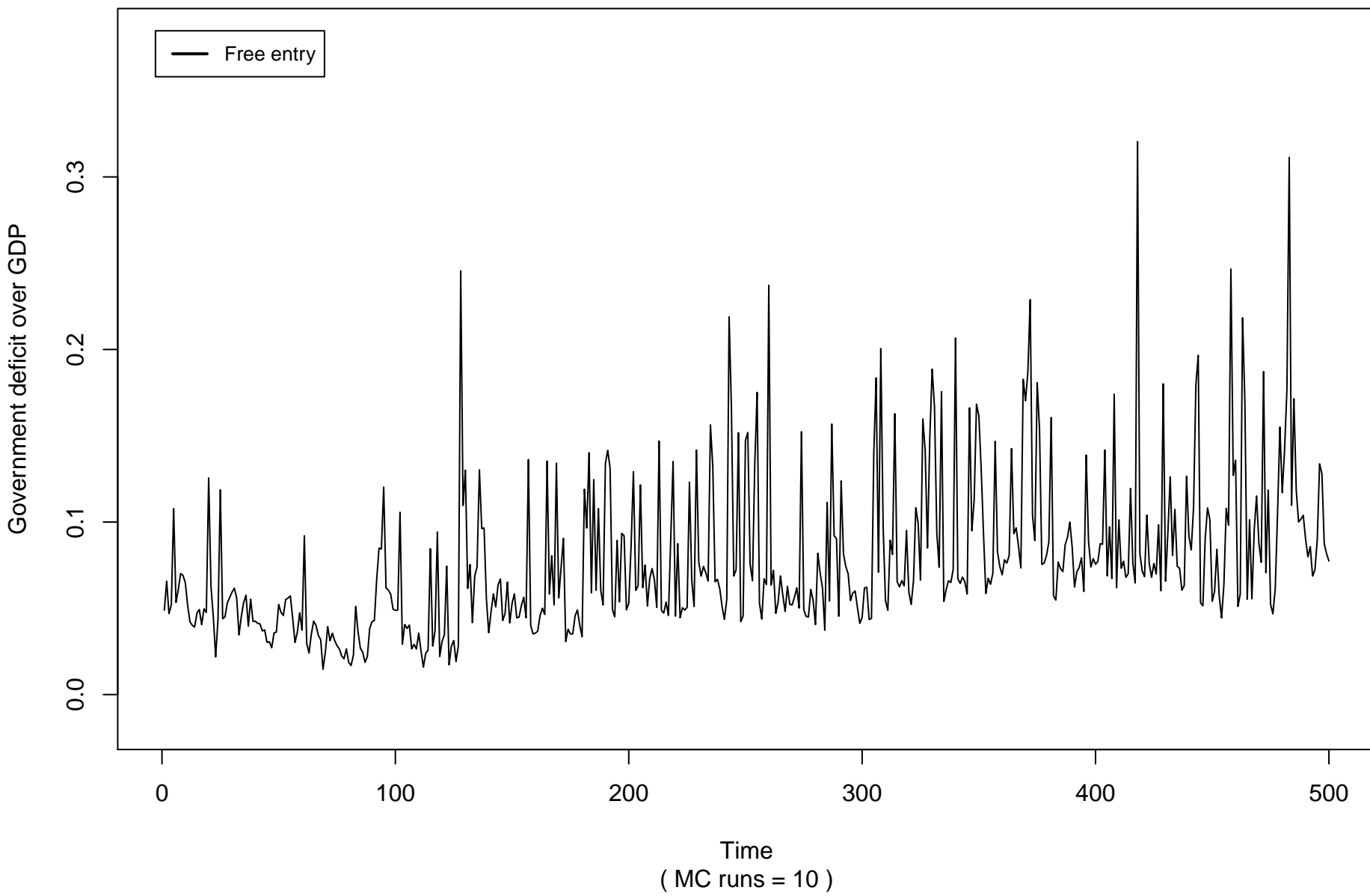
Government income and expenditure on GDP (all experiments)



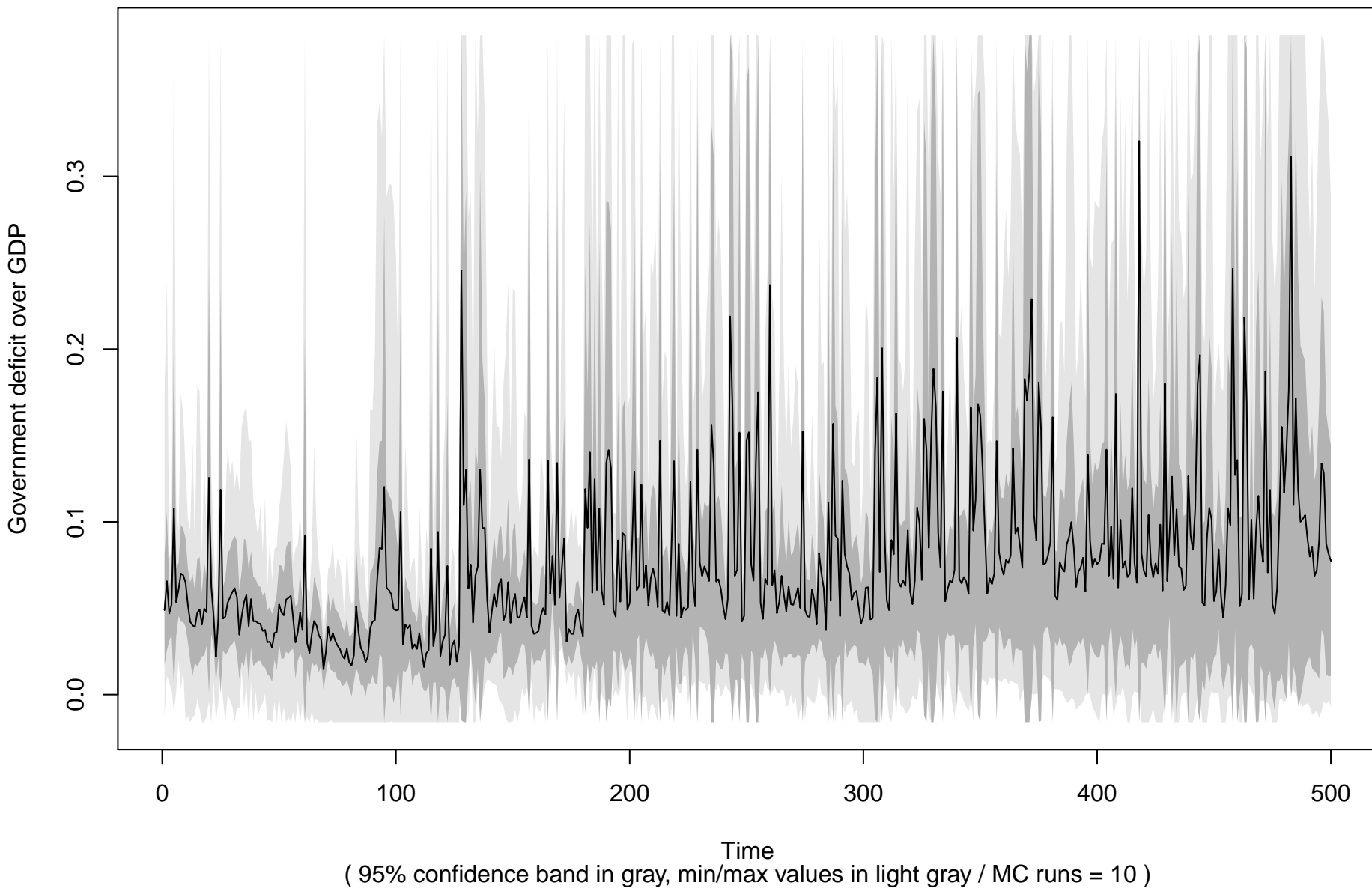
Government income and expenditure on GDP (Free entry)



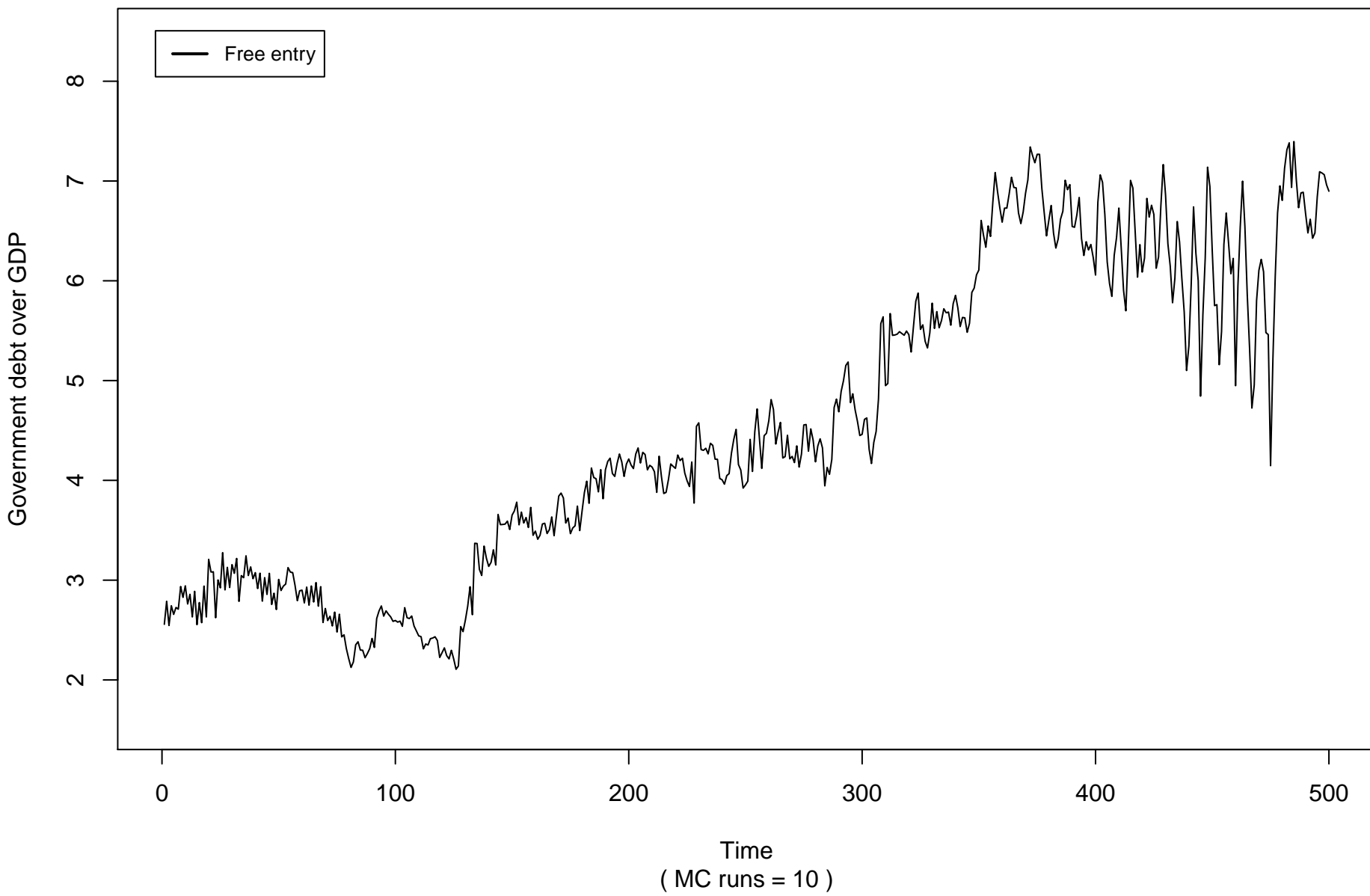
Government deficit on GDP (all experiments)



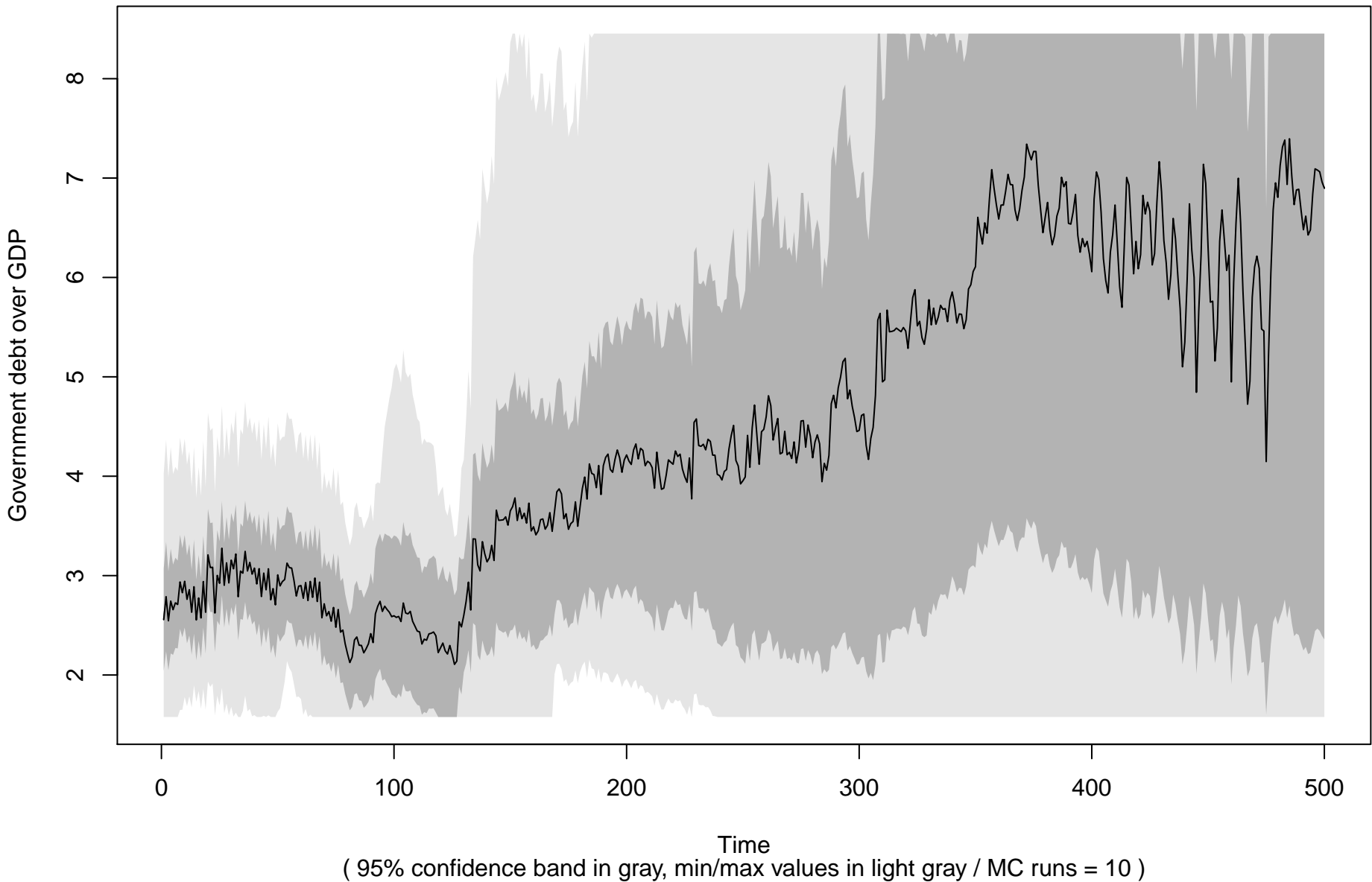
Government deficit on GDP (Free entry)



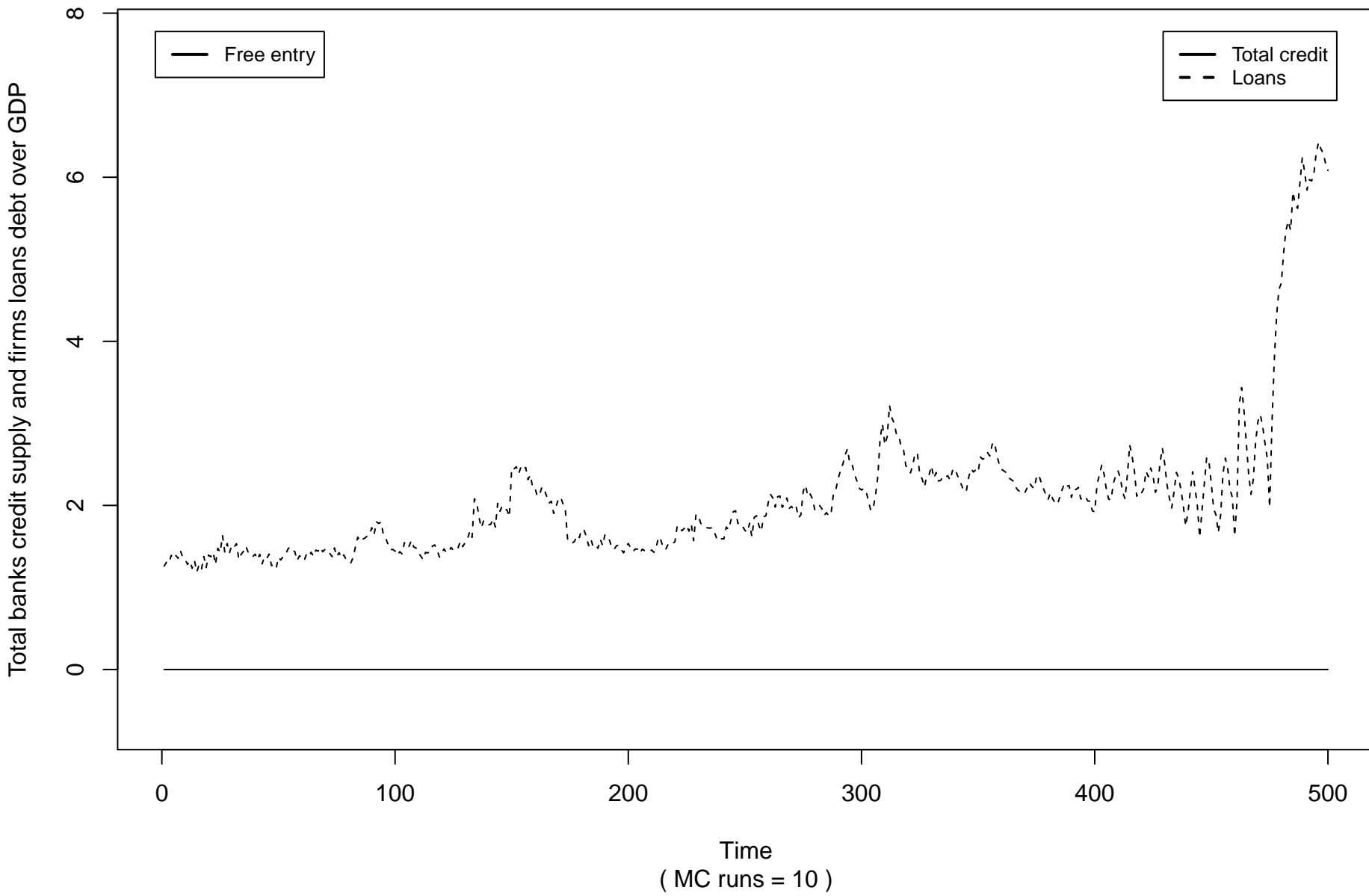
Government debt on GDP (all experiments)



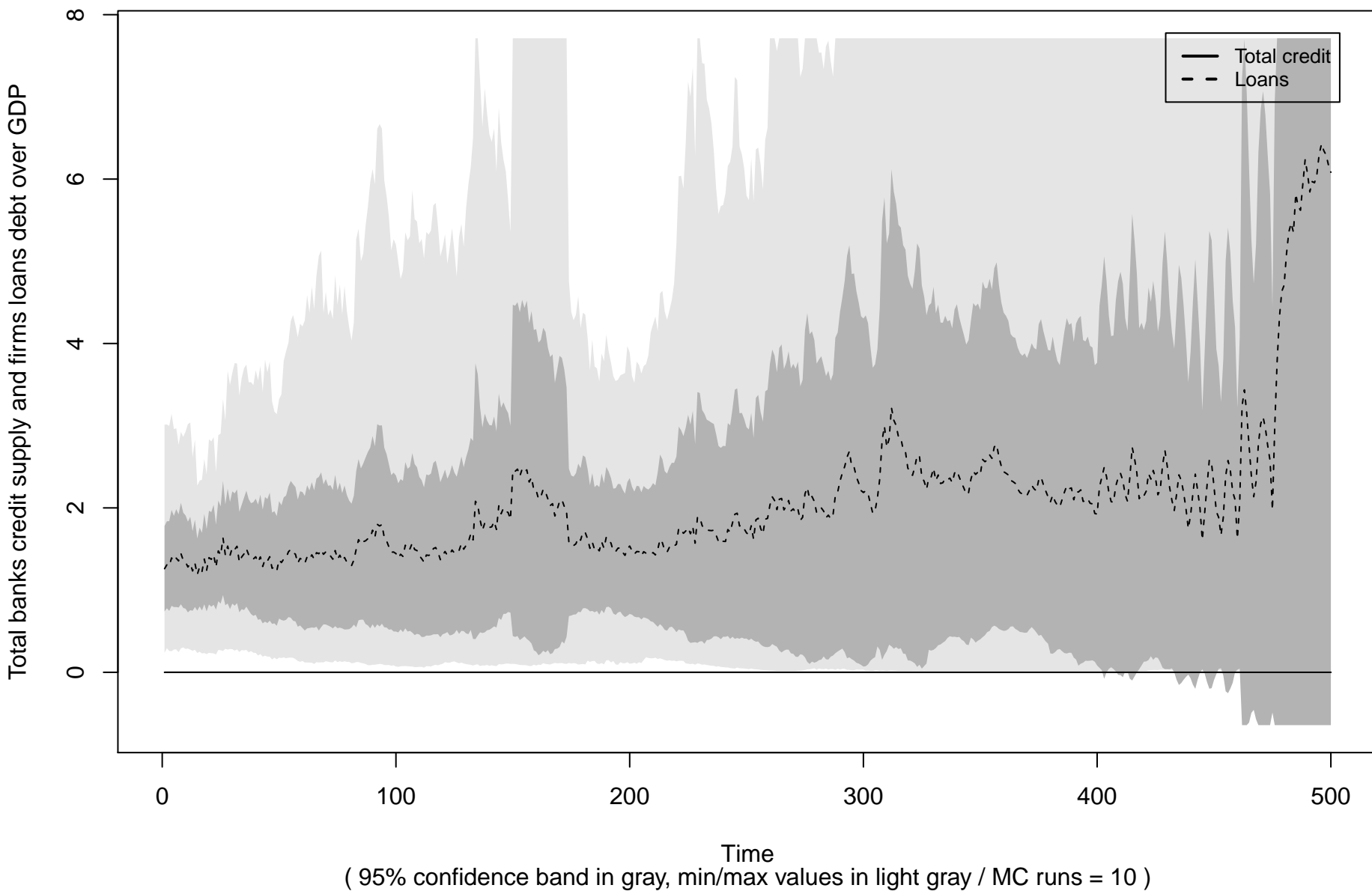
Government debt on GDP (Free entry)



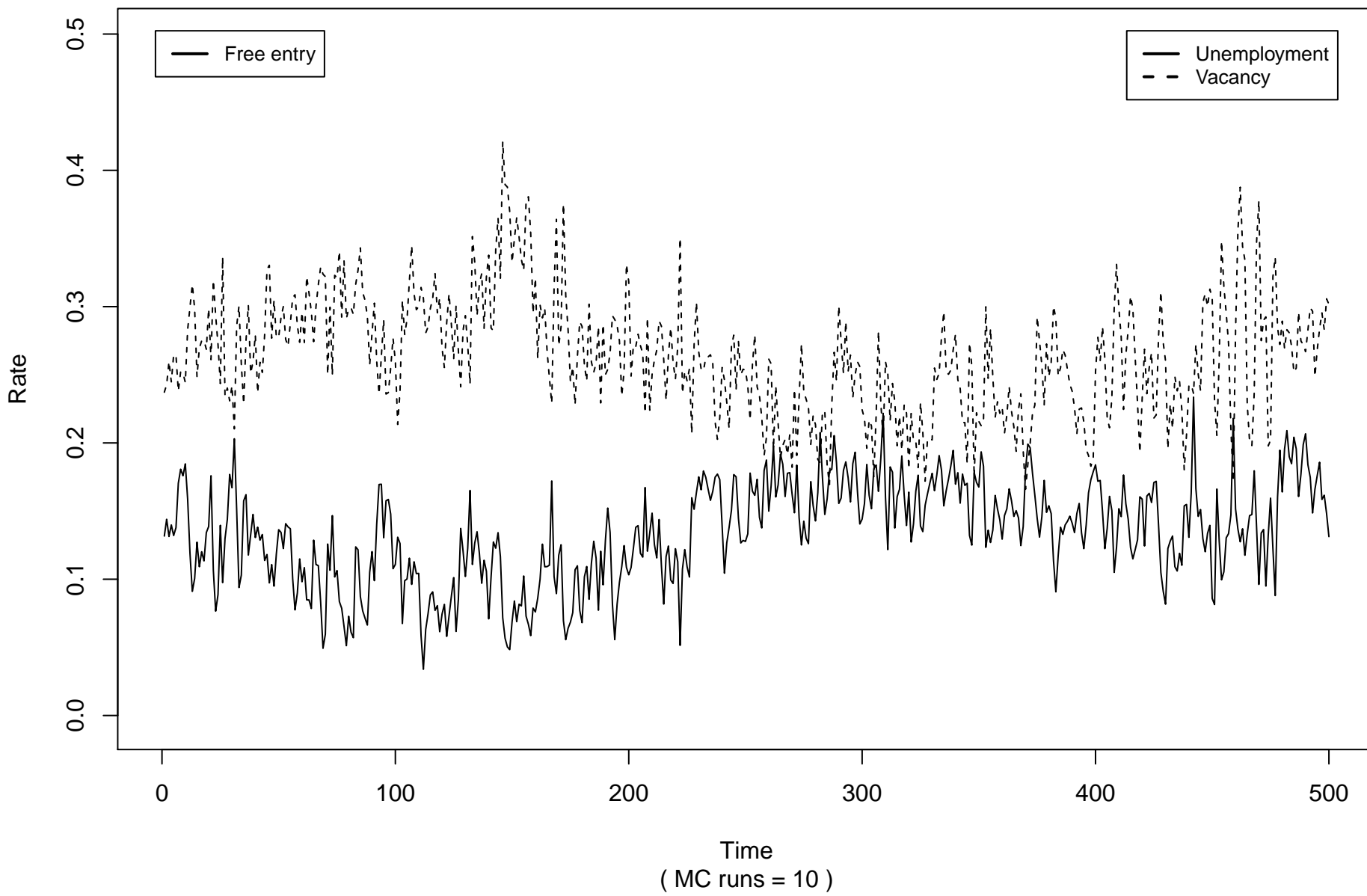
Total credit supply and loans on GDP (all experiments)



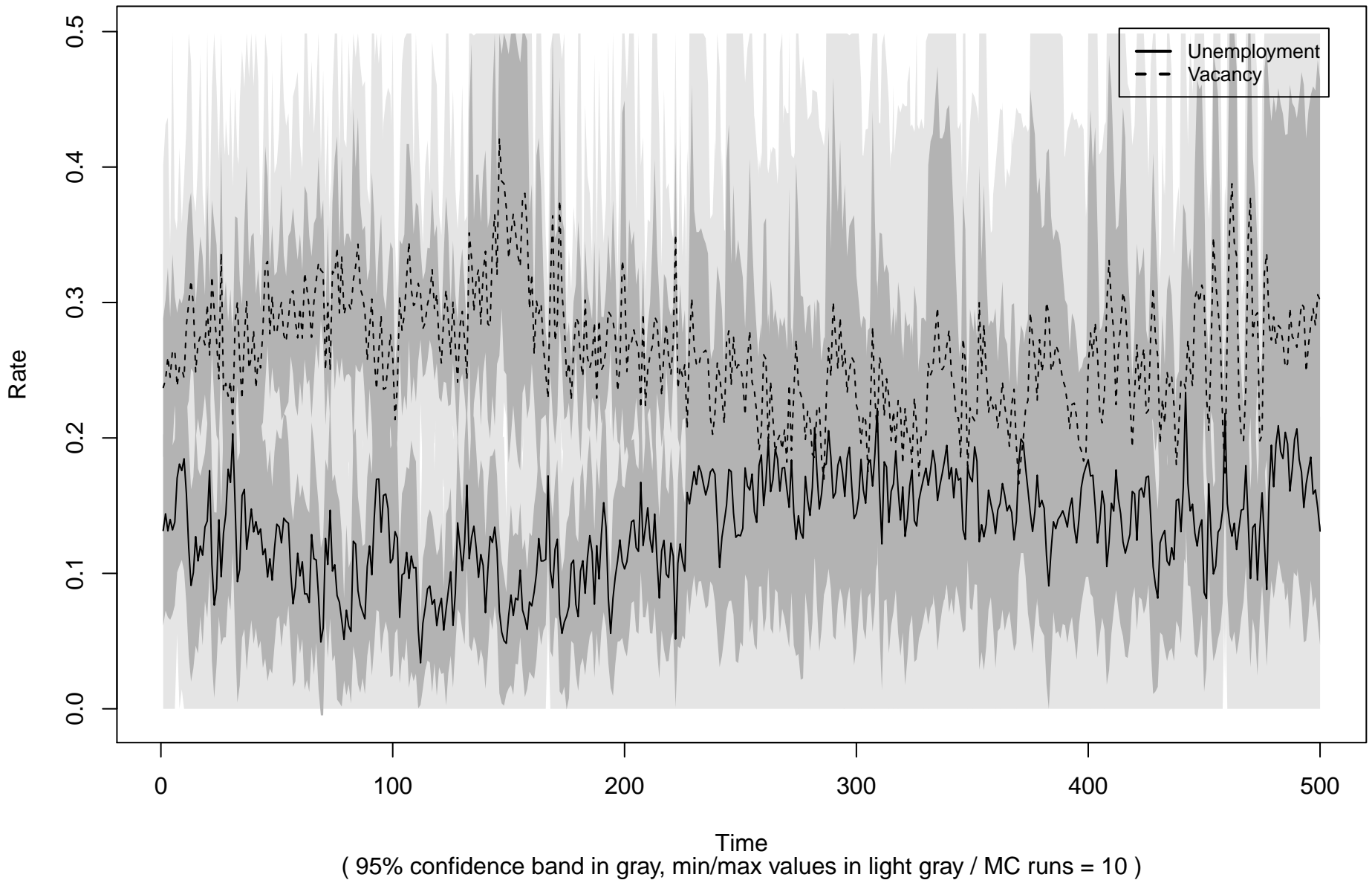
Total credit supply and loans on GDP (Free entry)



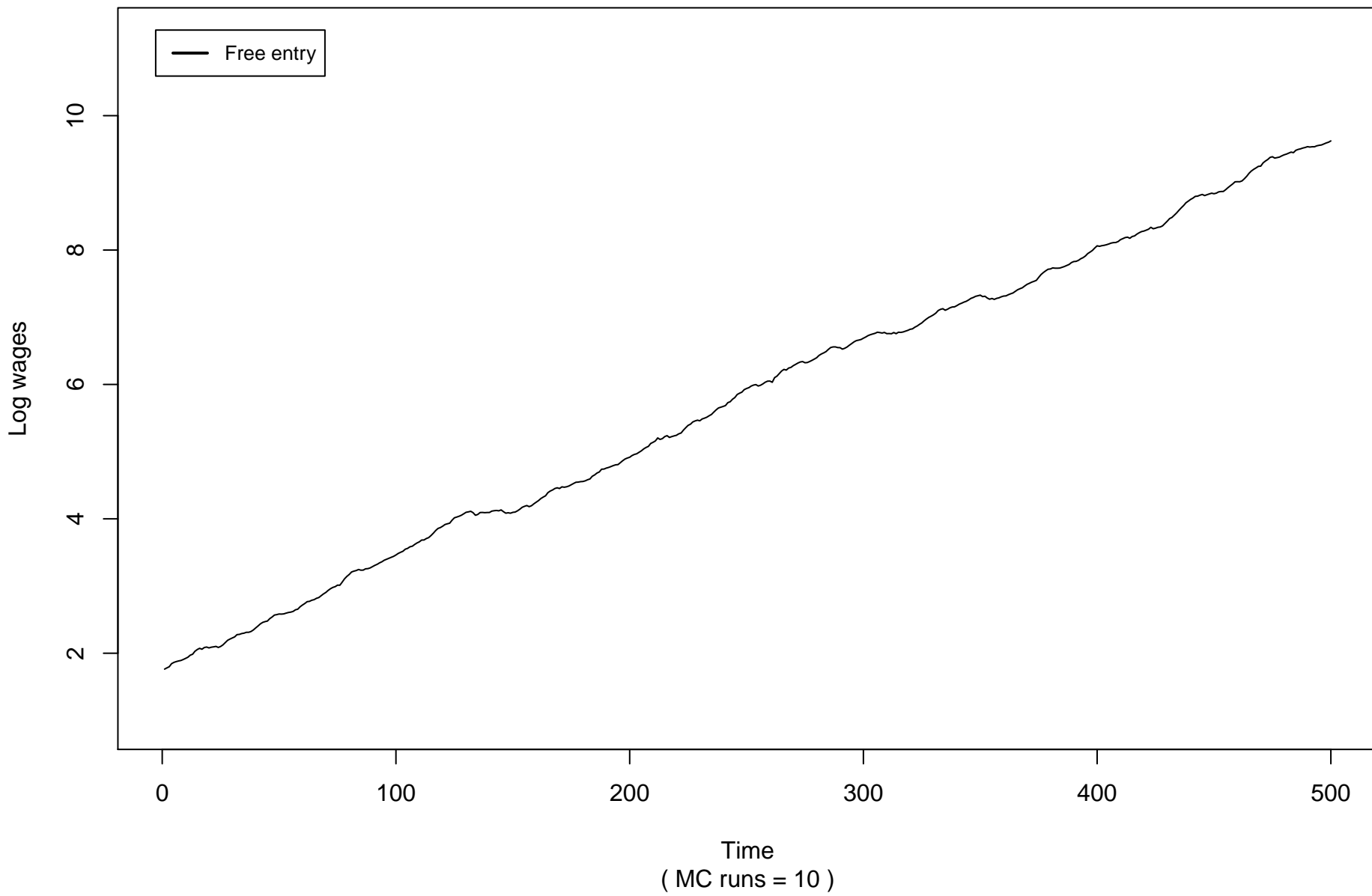
Unemployment and vacancy rates (all experiments)



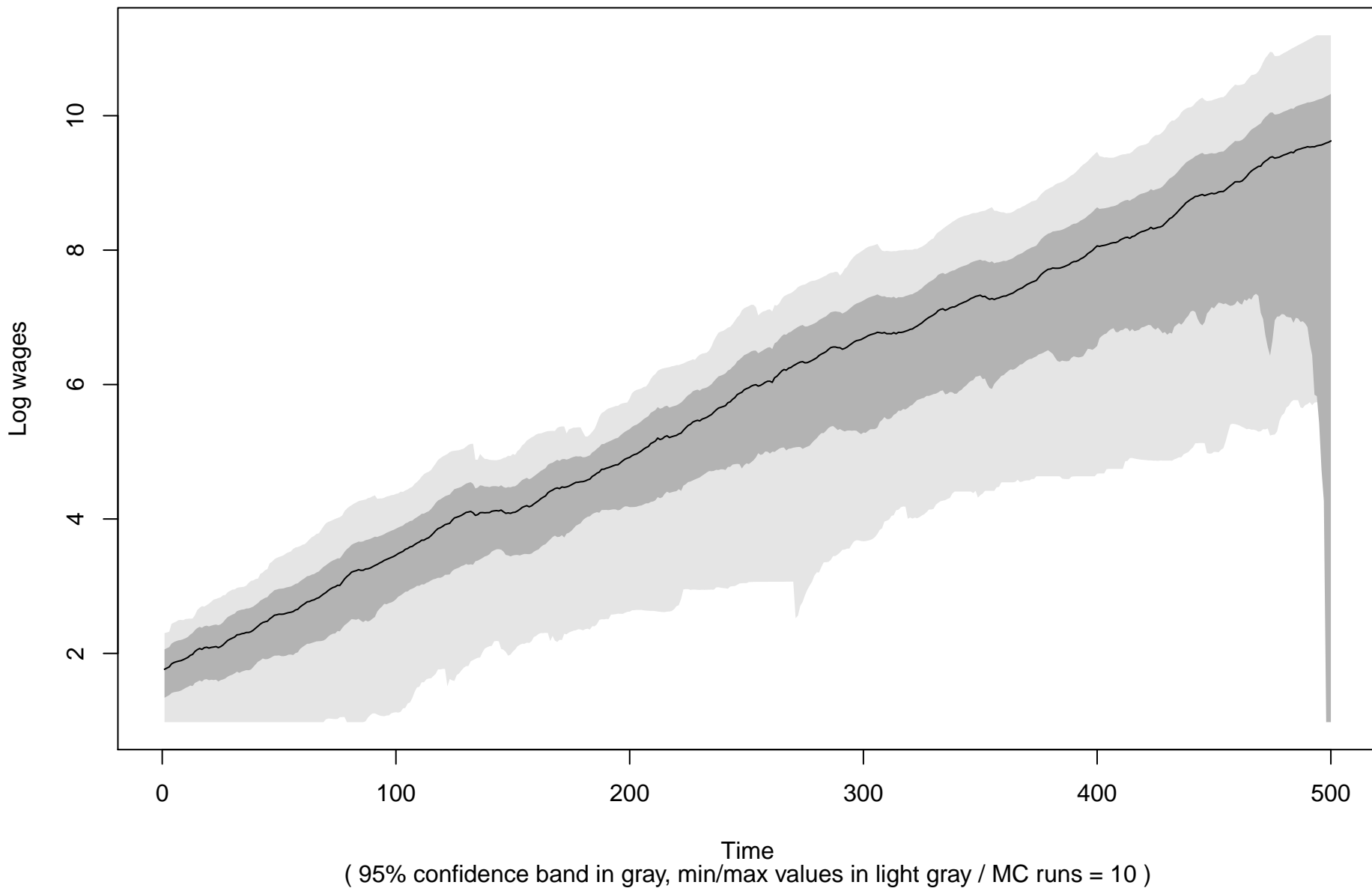
Unemployment and vacancy rates (Free entry)



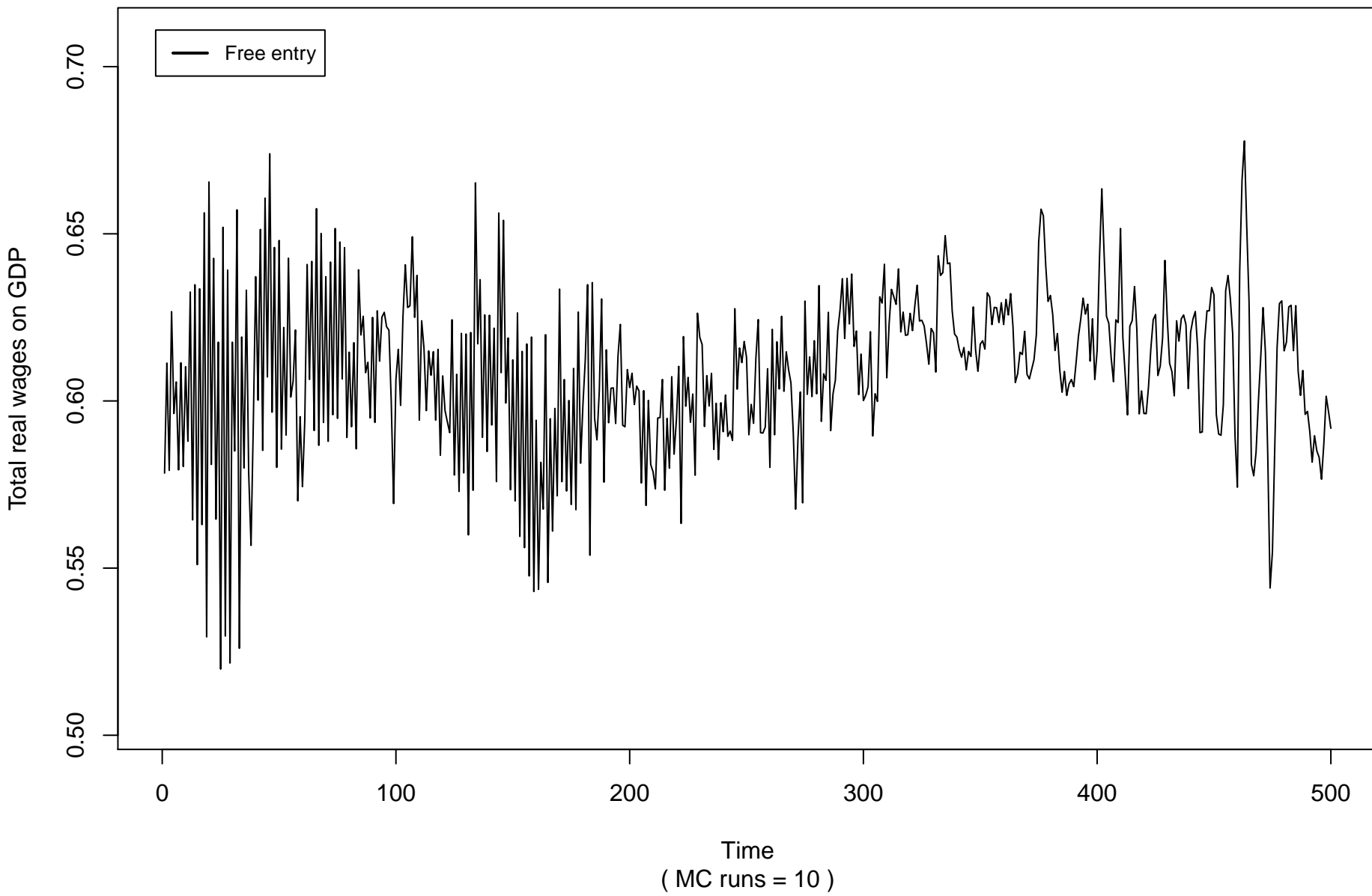
Real wages average (all experiments)



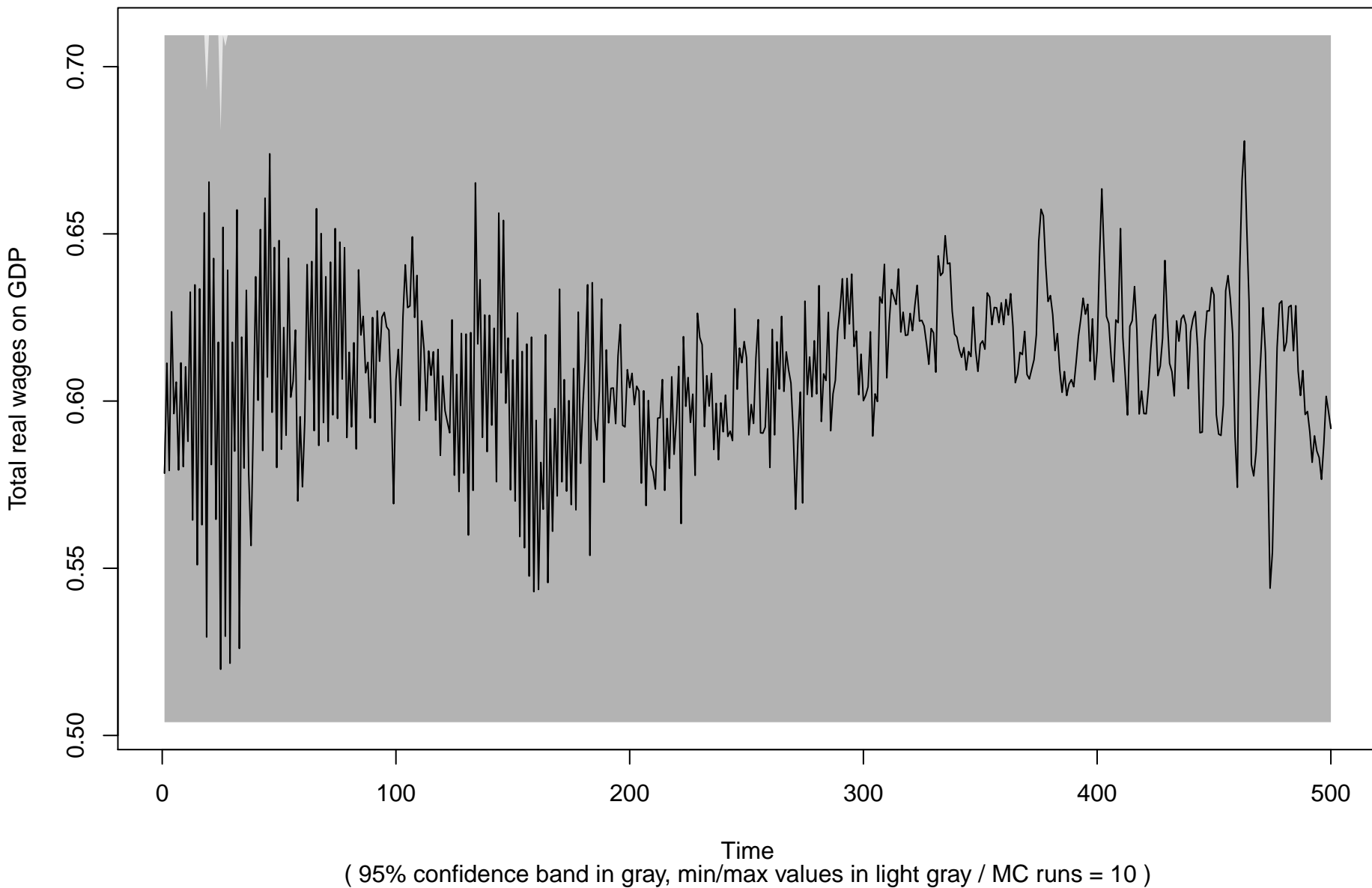
Real wages average (Free entry)



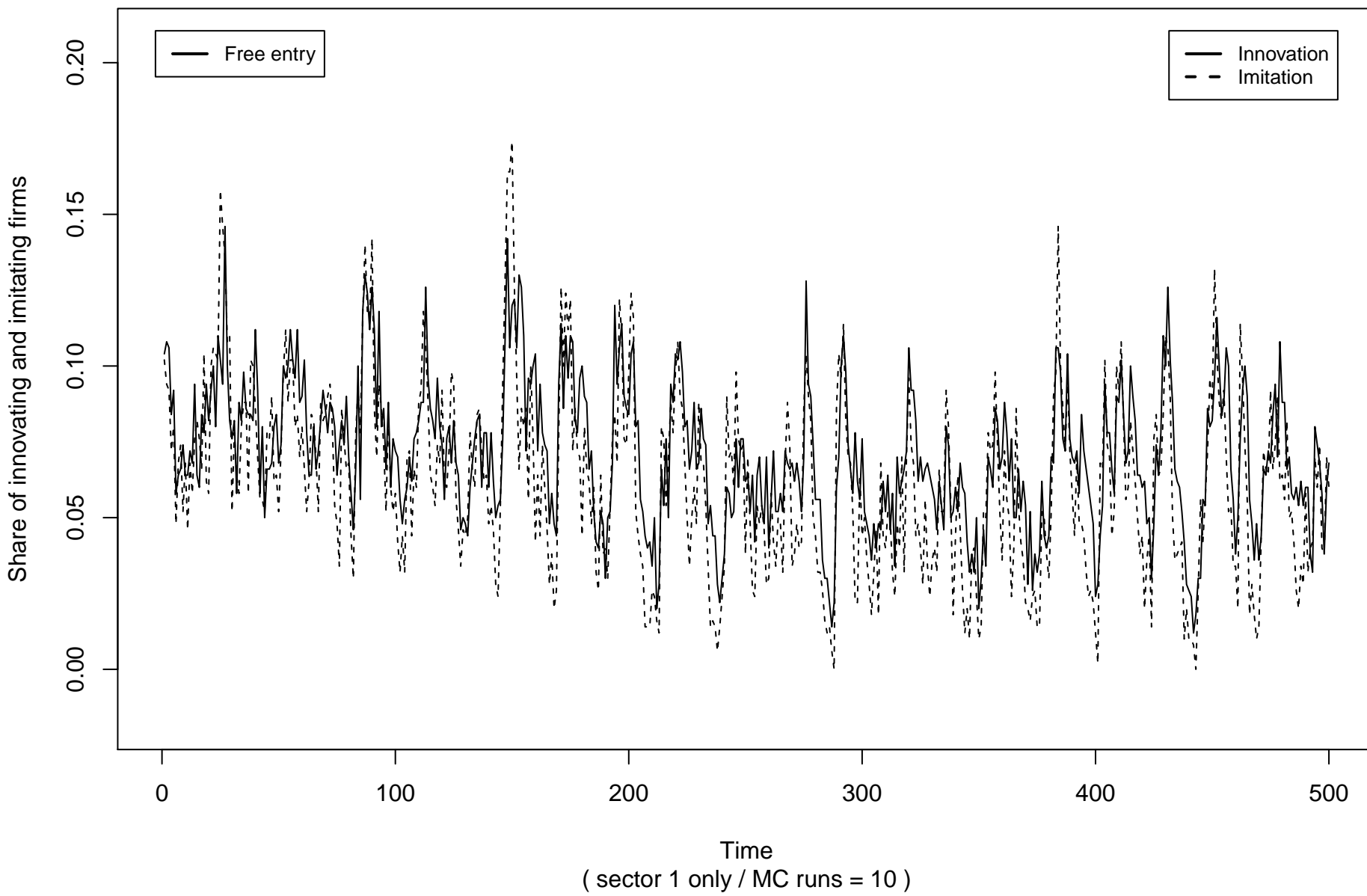
Wage share (all experiments)



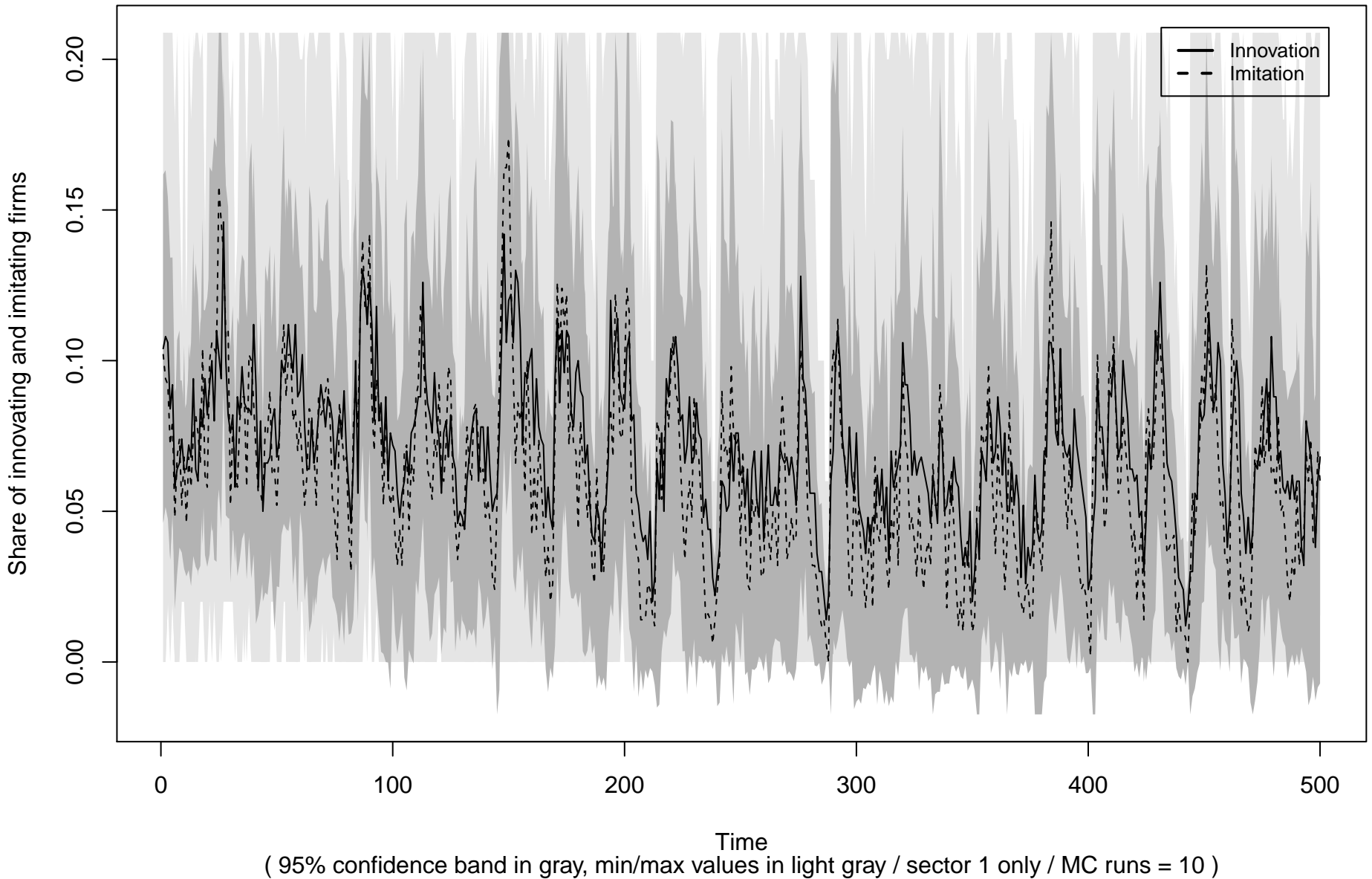
Wage share (Free entry)



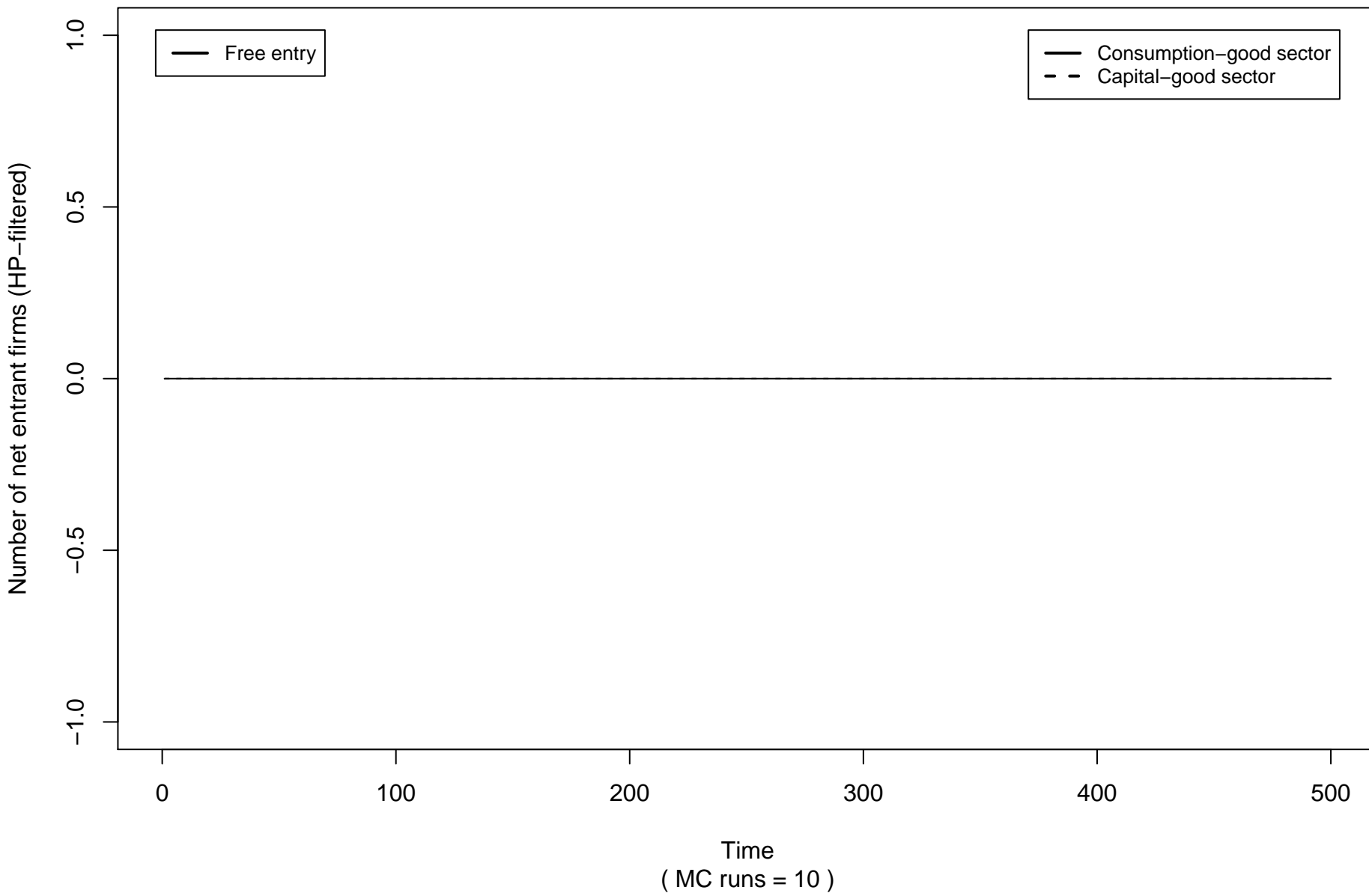
Innovation and imitation (all experiments)



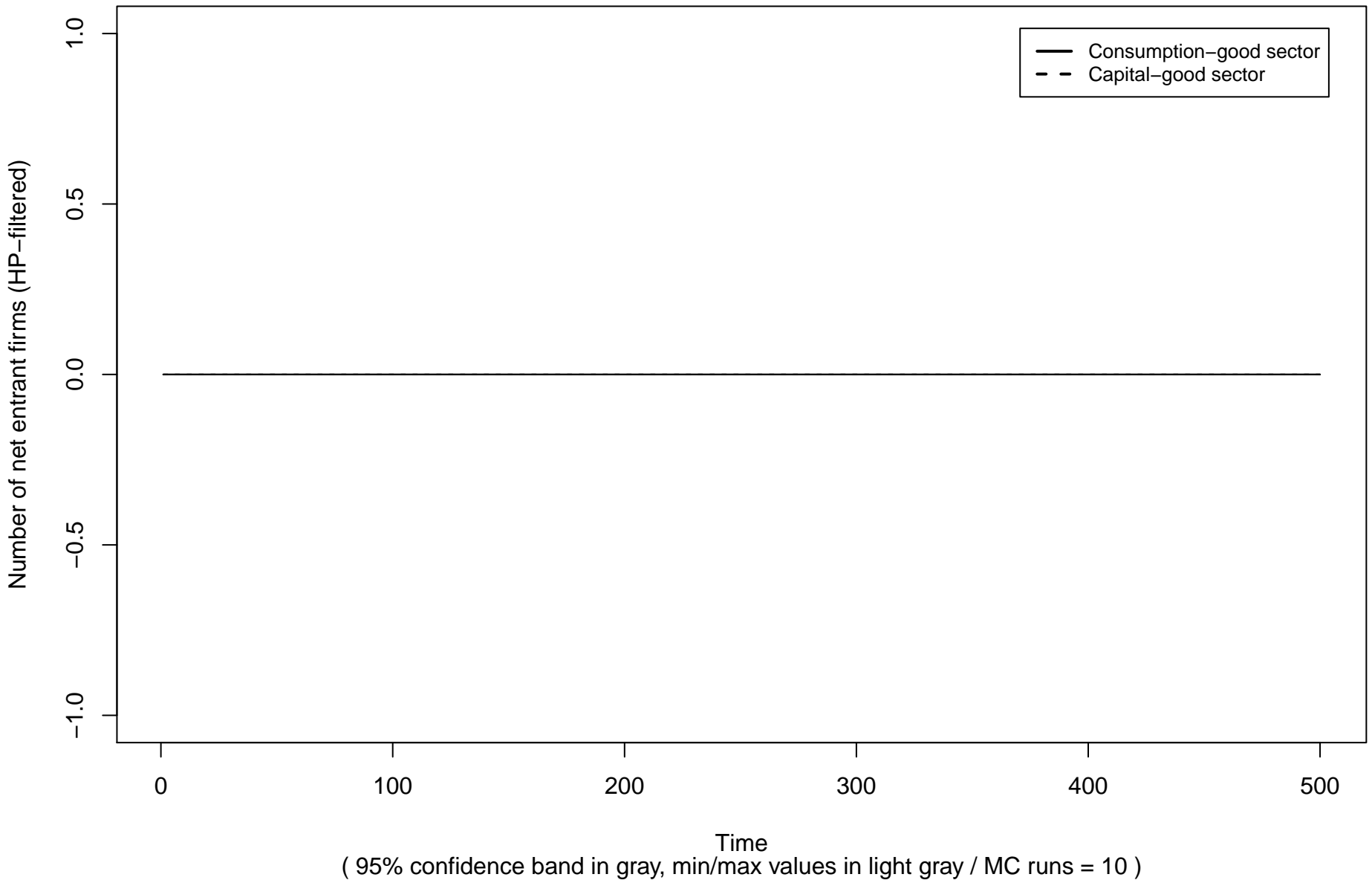
Innovation and imitation (Free entry)



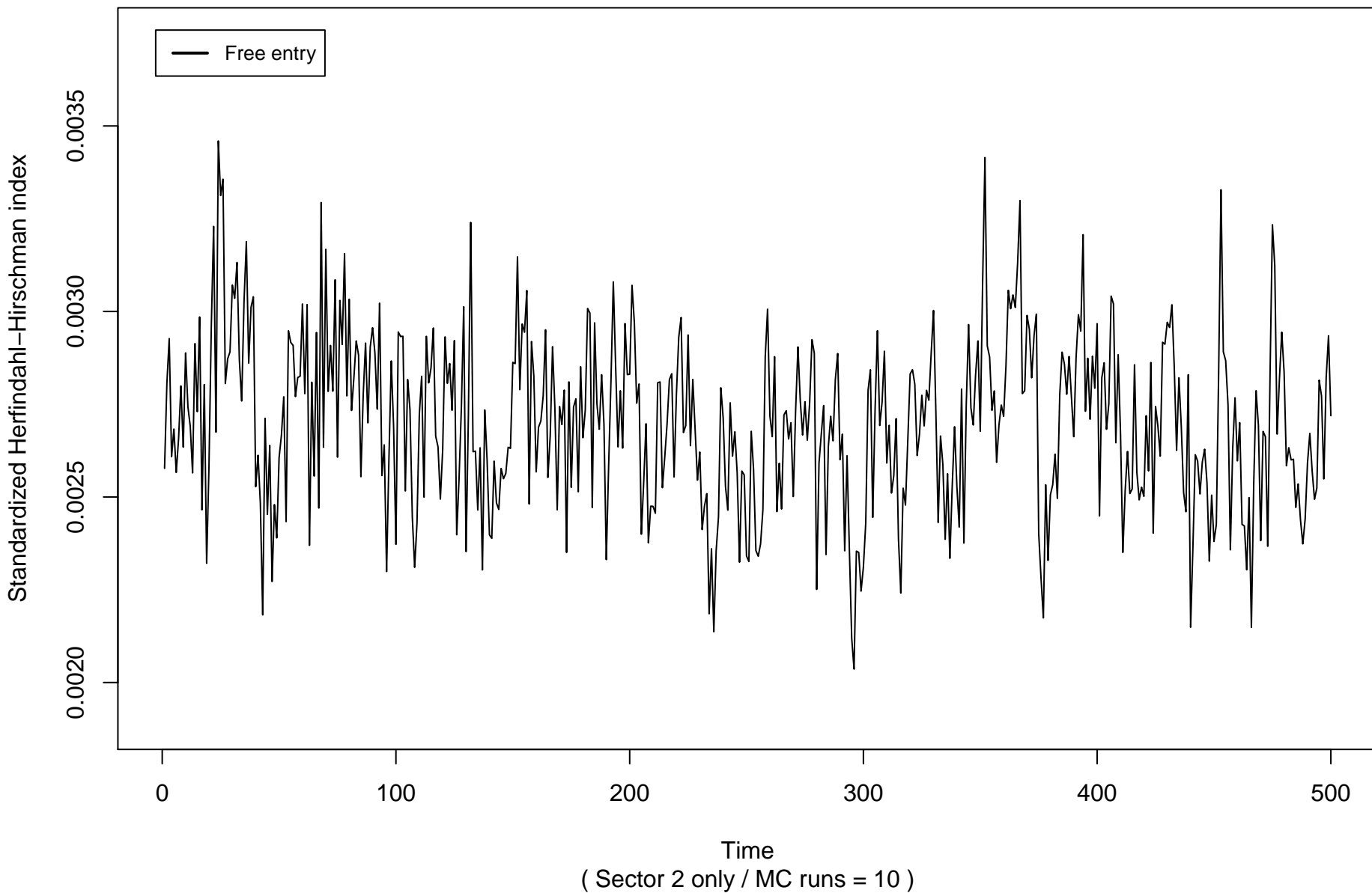
Net entry of firms trend (all experiments)



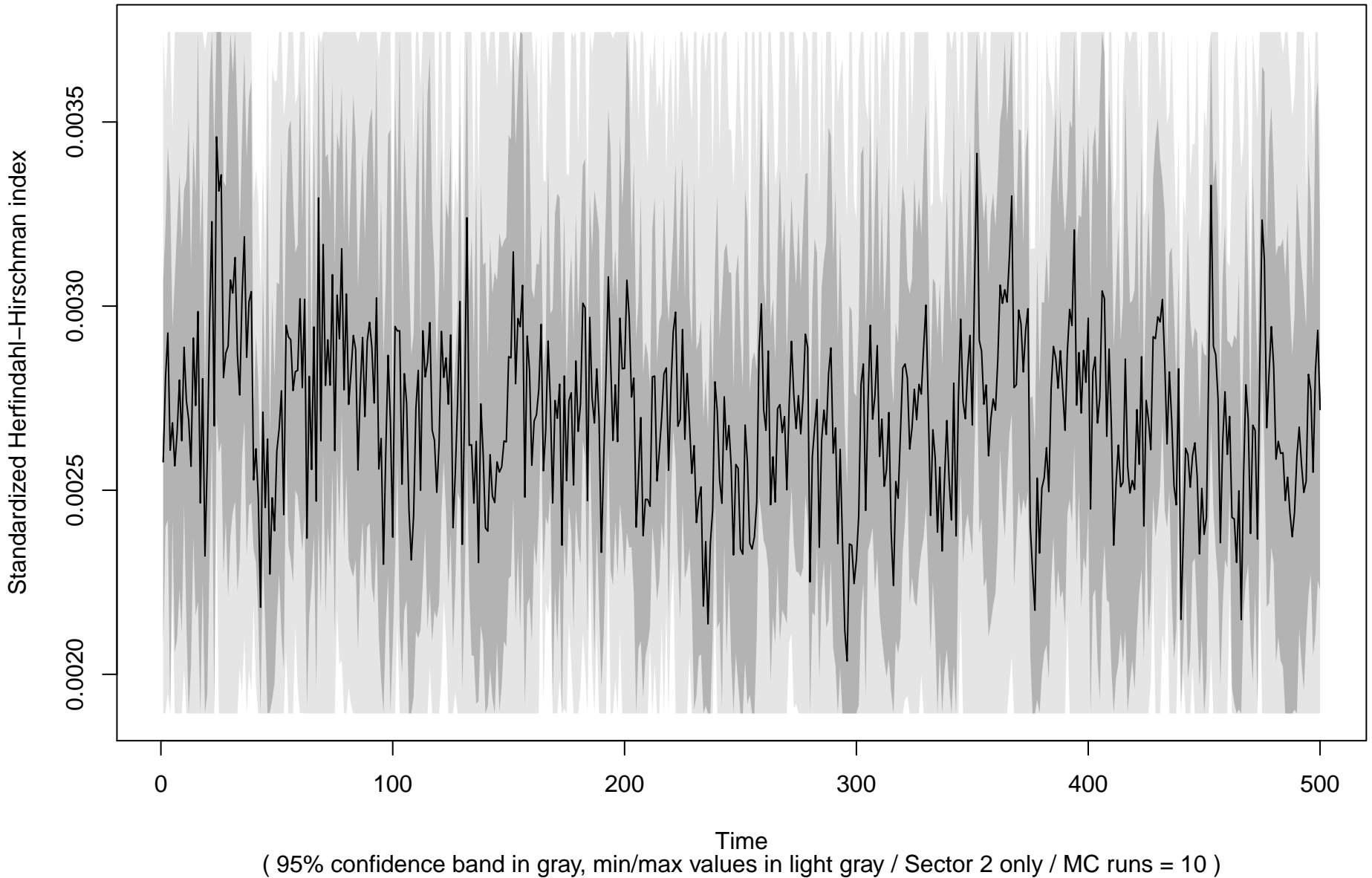
Net entry of firms trend (Free entry)



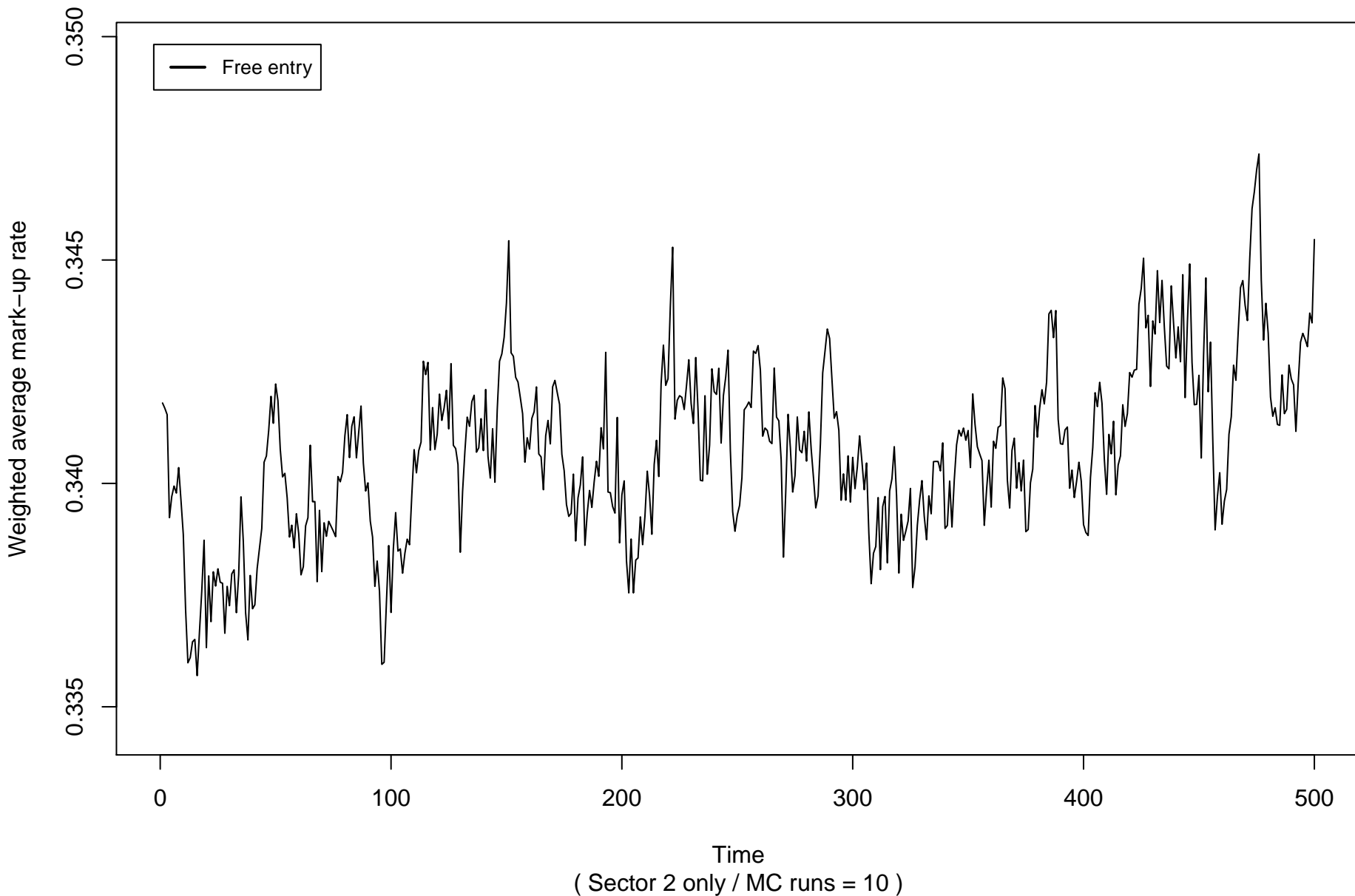
Market concentration (all experiments)



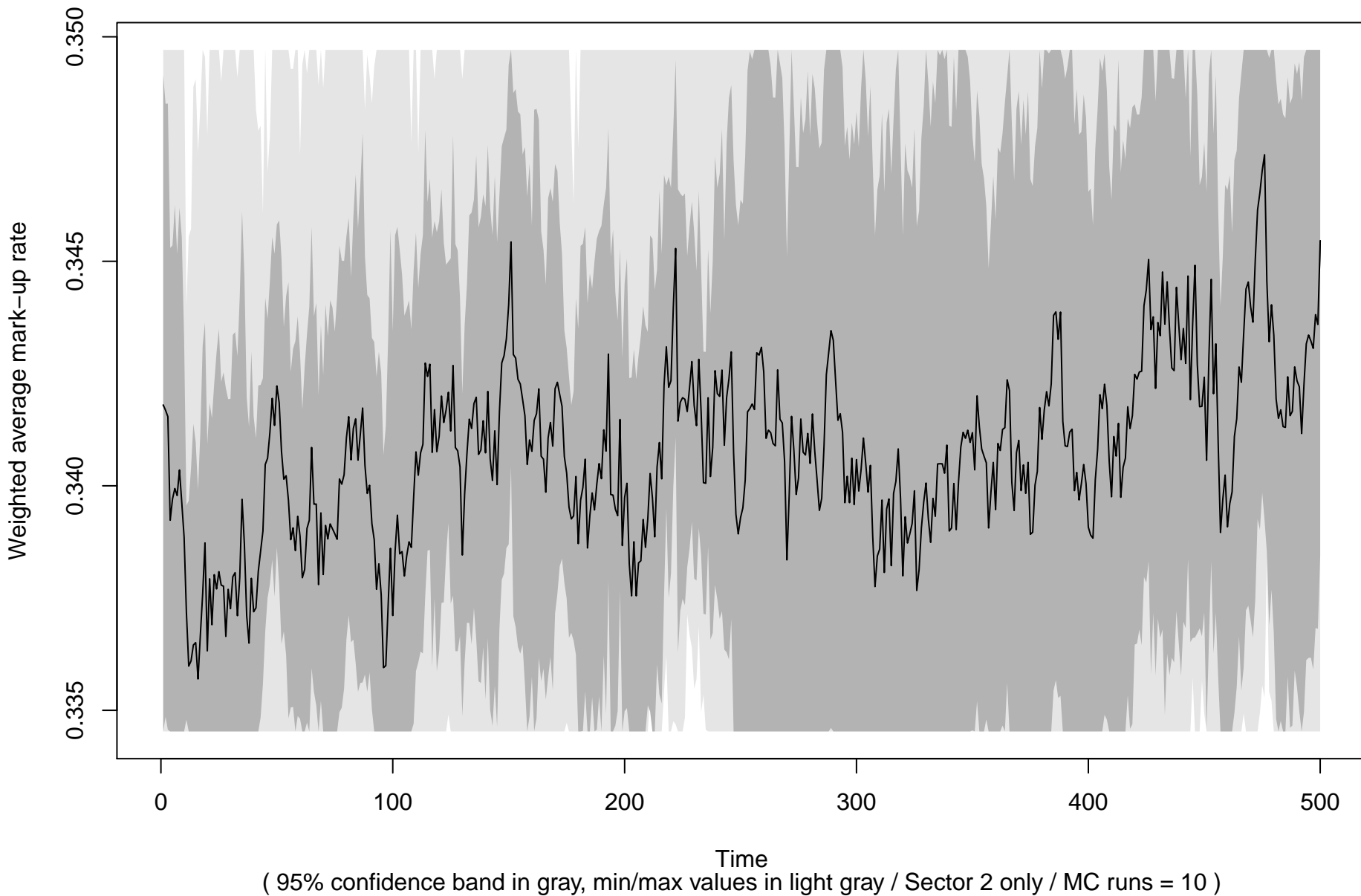
Market concentration (Free entry)



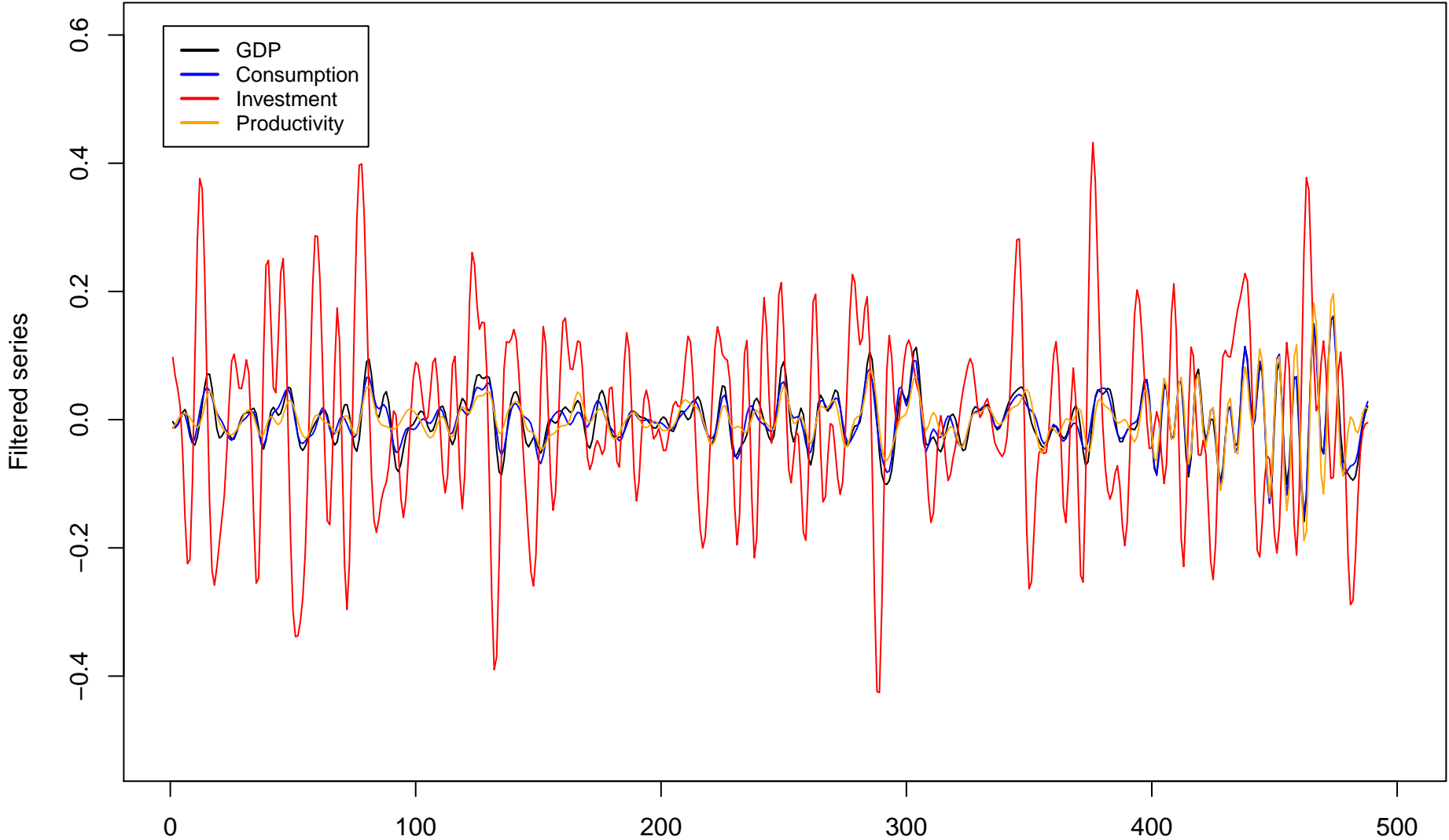
Mark-up average (all experiments)



Mark-up average (Free entry)

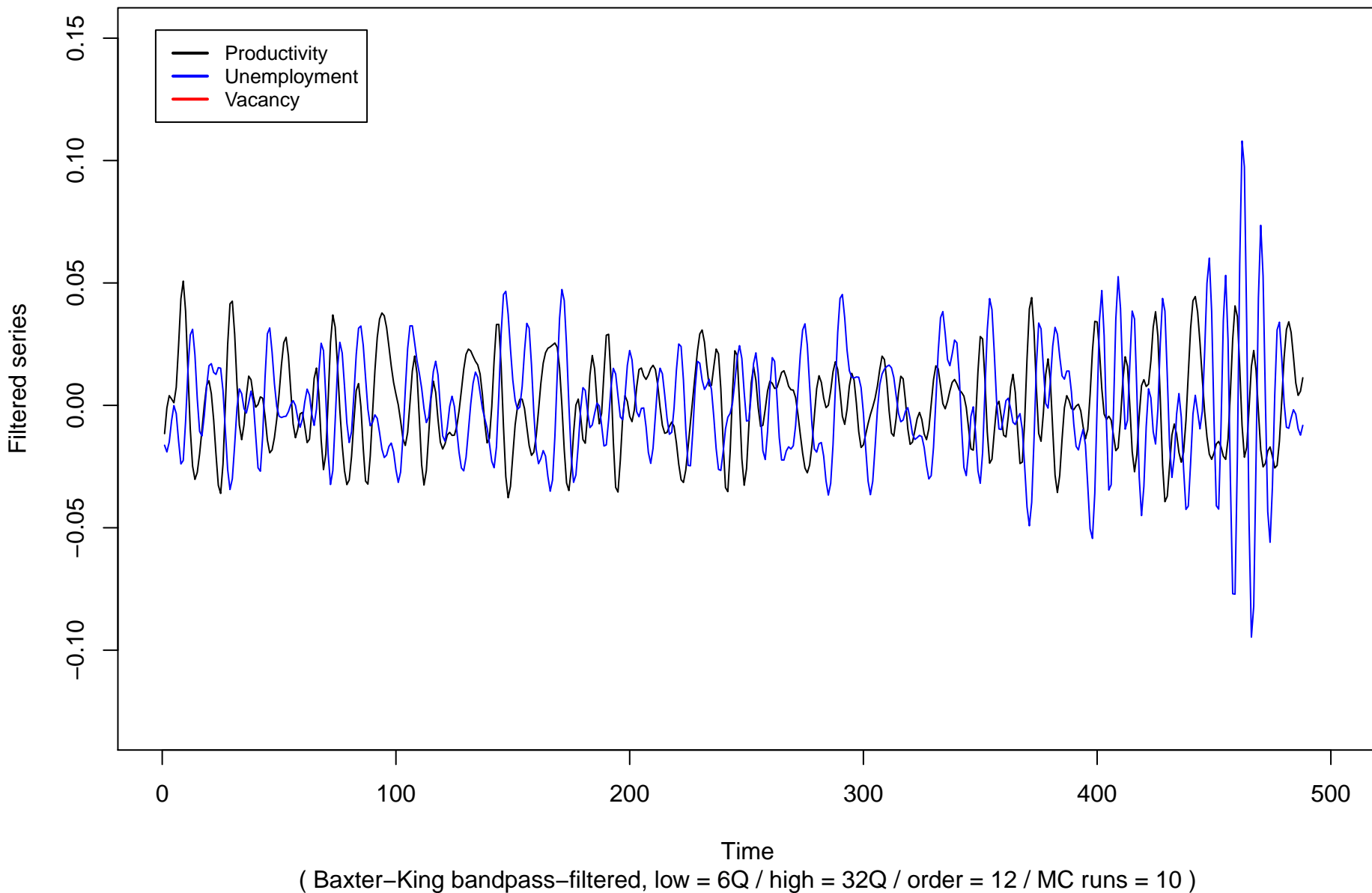


GDP cycles (Free entry)

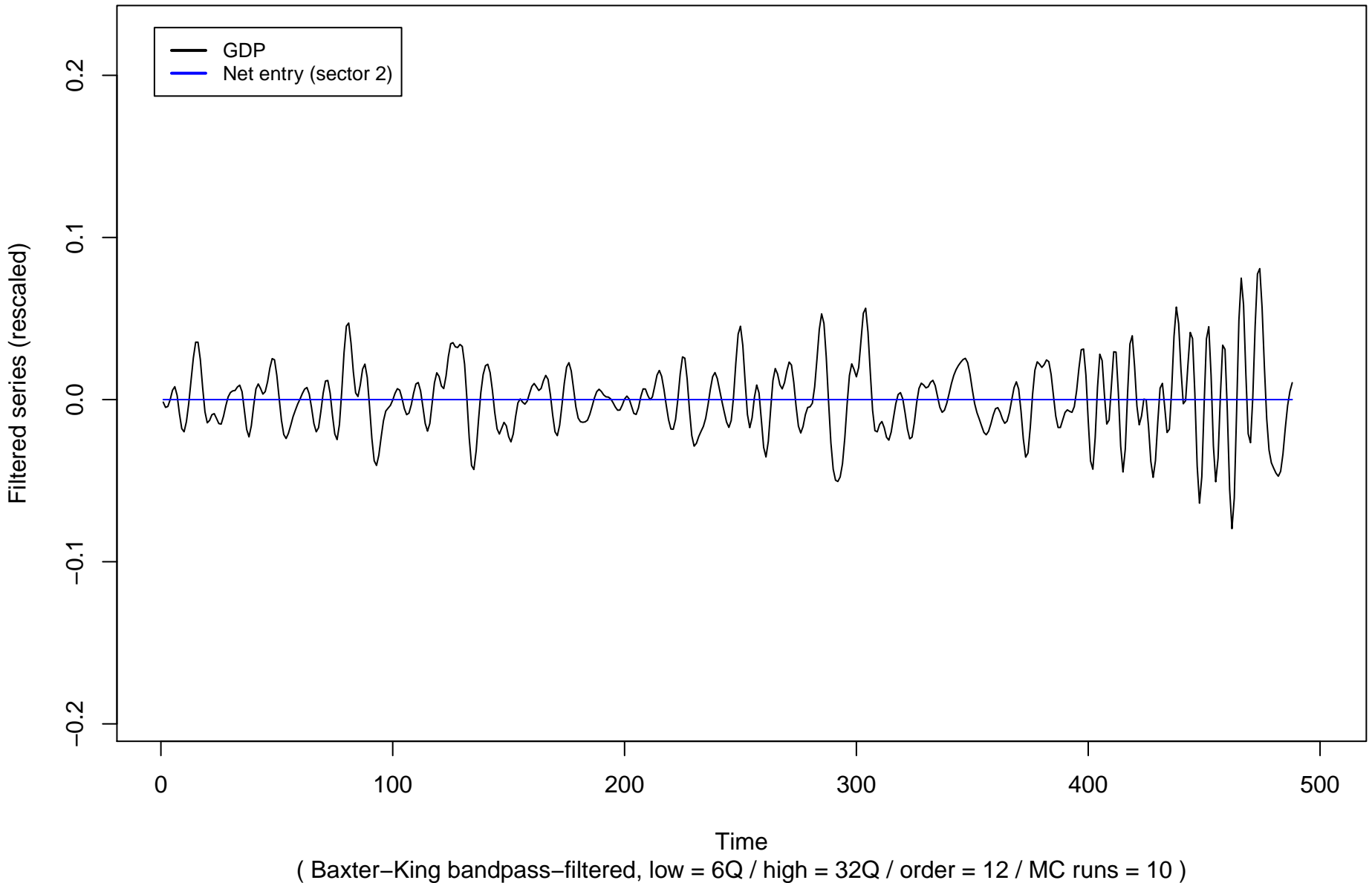


Time
(Baxter–King bandpass–filtered, low = 6Q / high = 32Q / order = 12 / MC runs = 10)

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	0.01309	0.01324	0.01226	0.01305	0.0133
(s.e.)	0.0008676	0.0008842	0.001513	0.0007934	0.0008697
ADF test (logs)	-3.006	-2.747	-5.989	-2.851	-3.053
(s.e.)	0.3035	0.2991	0.4649	0.349	0.3088
(p-val.)	0.2636	0.3388	0.01316	0.3121	0.2352
(s.e.)	0.06986	0.08359	0.002117	0.09531	0.07159
ADF test (bpf)	-6.452	-6.212	-6.621	-6.495	-6.544
(s.e.)	0.1857	0.2404	0.1499	0.1367	0.2287
(p-val.)	0.01	0.01	0.01	0.01	0.01
(s.e.)	0	0	0	0	0
s.d. (bpf)	0.08554	0.07157	1.896	0.06661	0.06411
(s.e.)	0.004018	0.005353	0.2654	0.006864	0.005186
relative s.d. (GDP)	1	0.8368	22.17	0.7788	0.7495

(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)	-0.08943	0.1794	0.5449	0.8682	1	0.8682	0.5449	0.1794	-0.08943
(s.e.)	0.04282	0.05341	0.03758	0.012	1.655e-17	0.012	0.03758	0.05341	0.04282
(p-val.)	0.3116	2.781e-06	2.97e-07	1.112e-13	NA	1.112e-13	2.97e-07	2.781e-06	0.3116
Consumption	0.02468	0.2519	0.5546	0.8273	0.9462	0.842	0.5598	0.2178	-0.0603
(s.e.)	0.06589	0.07143	0.04742	0.0153	0.007392	0.01259	0.04125	0.06008	0.04914
(p-val.)	0.02528	4.884e-06	1.777e-06	1.584e-12	6.093e-16	2.311e-13	5.023e-07	5.527e-06	0.2335
Investment	-0.2811	-0.3575	-0.3547	-0.2336	-0.01559	0.2162	0.3713	0.403	0.3307
(s.e.)	0.06092	0.05803	0.04159	0.05522	0.07384	0.06156	0.02645	0.03601	0.05587
(p-val.)	5.099e-06	2.576e-05	4.941e-05	0.004754	0.01194	0.0008341	7.969e-07	4.389e-06	0.0007582
Net investment	-0.2375	-0.3086	-0.305	-0.1928	0.004948	0.2094	0.3381	0.3522	0.2753
(s.e.)	0.05352	0.05347	0.04881	0.0687	0.08303	0.06499	0.02589	0.04062	0.06248
(p-val.)	1.373e-06	7.01e-05	0.0006377	0.009096	0.01021	0.002849	1.834e-06	4.42e-05	0.003179
Change in inventories	-0.307	-0.2025	0.0413	0.301	0.4321	0.3618	0.1559	-0.04969	-0.1436
(s.e.)	0.0308	0.02566	0.03083	0.03533	0.03357	0.02348	0.01662	0.01785	0.0174
(p-val.)	2.119e-05	0.0005046	0.6803	7.449e-05	1.201e-06	3.839e-07	0.0006779	0.8936	0.002649
Unemployment rate	0.2403	0.2857	0.2358	0.08681	-0.1047	-0.2497	-0.2864	-0.2156	-0.09458
(s.e.)	0.08862	0.07669	0.04757	0.06985	0.09264	0.07418	0.03875	0.05545	0.06769
(p-val.)	0.0001213	6.459e-05	0.003987	0.03071	0.01606	0.0006818	0.0002385	0.01011	0.06917
Productivity	0.08161	0.2823	0.5257	0.7242	0.7882	0.6779	0.4433	0.1799	-0.02562
(s.e.)	0.09442	0.1041	0.07648	0.04229	0.03117	0.03043	0.05733	0.0812	0.0697
(p-val.)	0.006234	0.0007244	0.0001255	4.932e-08	1.471e-09	5.313e-09	6.744e-05	0.001672	0.07553
Mark-up (sector 2)	0.2352	0.1977	0.1054	-0.03371	-0.1782	-0.2744	-0.2905	-0.2355	-0.1506
(s.e.)	0.04866	0.02654	0.04599	0.05842	0.04846	0.03679	0.03736	0.03452	0.03941
(p-val.)	0.0002037	0.0008178	0.1201	0.03212	0.009585	0.0002521	0.0001603	0.0007403	0.05352
Total firm debt	0.1625	0.05712	-0.05384	-0.1345	-0.1668	-0.1601	-0.144	-0.1426	-0.1585
(s.e.)	0.0471	0.06152	0.07954	0.087	0.07403	0.05602	0.06289	0.07608	0.07439
(p-val.)	0.01315	0.1261	0.02072	0.02885	0.02773	0.02724	0.02868	0.002032	0.0001011
Liquidity-to-sales ratio	0.1442	-0.06066	-0.3119	-0.5352	-0.6542	-0.6306	-0.4923	-0.3075	-0.1444
(s.e.)	0.04825	0.02799	0.03089	0.03711	0.02697	0.04455	0.07185	0.07529	0.05686
(p-val.)	0.06868	0.4008	1.835e-05	3.194e-07	2.611e-09	2.997e-07	1.359e-05	3.553e-05	0.01159
Bankruptcy rate	0.3299	0.3193	0.2117	0.04486	-0.1071	-0.1815	-0.1722	-0.1259	-0.09817
(s.e.)	0.04474	0.06393	0.07638	0.06949	0.05561	0.05862	0.06591	0.05849	0.03967
(p-val.)	0.0001701	0.002302	0.01351	0.01306	0.01225	0.00859	0.01502	0.04142	0.1667

(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)	−0.08943	0.1794	0.5449	0.8682	1	0.8682	0.5449	0.1794	−0.08943
(s.e.)	0.04282	0.05341	0.03758	0.012	1.655e−17	0.012	0.03758	0.05341	0.04282
(p-val.)	0.3116	2.781e−06	2.97e−07	1.112e−13	NA	1.112e−13	2.97e−07	2.781e−06	0.3116
Consumption	0.02468	0.2519	0.5546	0.8273	0.9462	0.842	0.5598	0.2178	−0.0603
(s.e.)	0.06589	0.07143	0.04742	0.0153	0.007392	0.01259	0.04125	0.06008	0.04914
(p-val.)	0.02528	4.884e−06	1.777e−06	1.584e−12	6.093e−16	2.311e−13	5.023e−07	5.527e−06	0.2335
Investment	−0.2811	−0.3575	−0.3547	−0.2336	−0.01559	0.2162	0.3713	0.403	0.3307
(s.e.)	0.06092	0.05803	0.04159	0.05522	0.07384	0.06156	0.02645	0.03601	0.05587
(p-val.)	5.099e−06	2.576e−05	4.941e−05	0.004754	0.01194	0.0008341	7.969e−07	4.389e−06	0.0007582
Productivity	0.08161	0.2823	0.5257	0.7242	0.7882	0.6779	0.4433	0.1799	−0.02562
(s.e.)	0.09442	0.1041	0.07648	0.04229	0.03117	0.03043	0.05733	0.0812	0.0697
(p-val.)	0.006234	0.0007244	0.0001255	4.932e−08	1.471e−09	5.313e−09	6.744e−05	0.001672	0.07553
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	−0.1054	0.09123	0.3123	0.4899	0.5666	0.5202	0.3884	0.2294	0.09309
(s.e.)	0.04601	0.04698	0.0426	0.03542	0.03366	0.03722	0.03798	0.03839	0.04331
(p-val.)	0.04361	0.04409	0.0002026	5.247e−07	7.778e−08	4.36e−07	9.844e−06	0.001833	0.05423
Wage	0.2774	0.475	0.6403	0.7188	0.6794	0.5286	0.3202	0.1126	−0.05352
(s.e.)	0.0389	0.04189	0.0412	0.0384	0.03878	0.04092	0.04058	0.03609	0.0271
(p-val.)	0.0003339	2.906e−06	1.317e−07	2.289e−08	4.349e−08	8.291e−07	0.000112	0.0008889	0.7474
Unemployment rate	0.2403	0.2857	0.2358	0.08681	−0.1047	−0.2497	−0.2864	−0.2156	−0.09458
(s.e.)	0.08862	0.07669	0.04757	0.06985	0.09264	0.07418	0.03875	0.05545	0.06769
(p-val.)	0.0001213	6.459e−05	0.003987	0.03071	0.01606	0.0006818	0.0002385	0.01011	0.06917
Vacancy rate	0.2216	−0.0007117	−0.2596	−0.433	−0.4437	−0.3052	−0.1223	−0.0003163	0.01763
(s.e.)	0.05999	0.06213	0.05174	0.06833	0.08446	0.07079	0.04908	0.06022	0.06734
(p-val.)	0.01398	0.02836	0.003525	0.0002951	0.0009869	0.001431	0.01562	0.1851	0.1024

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

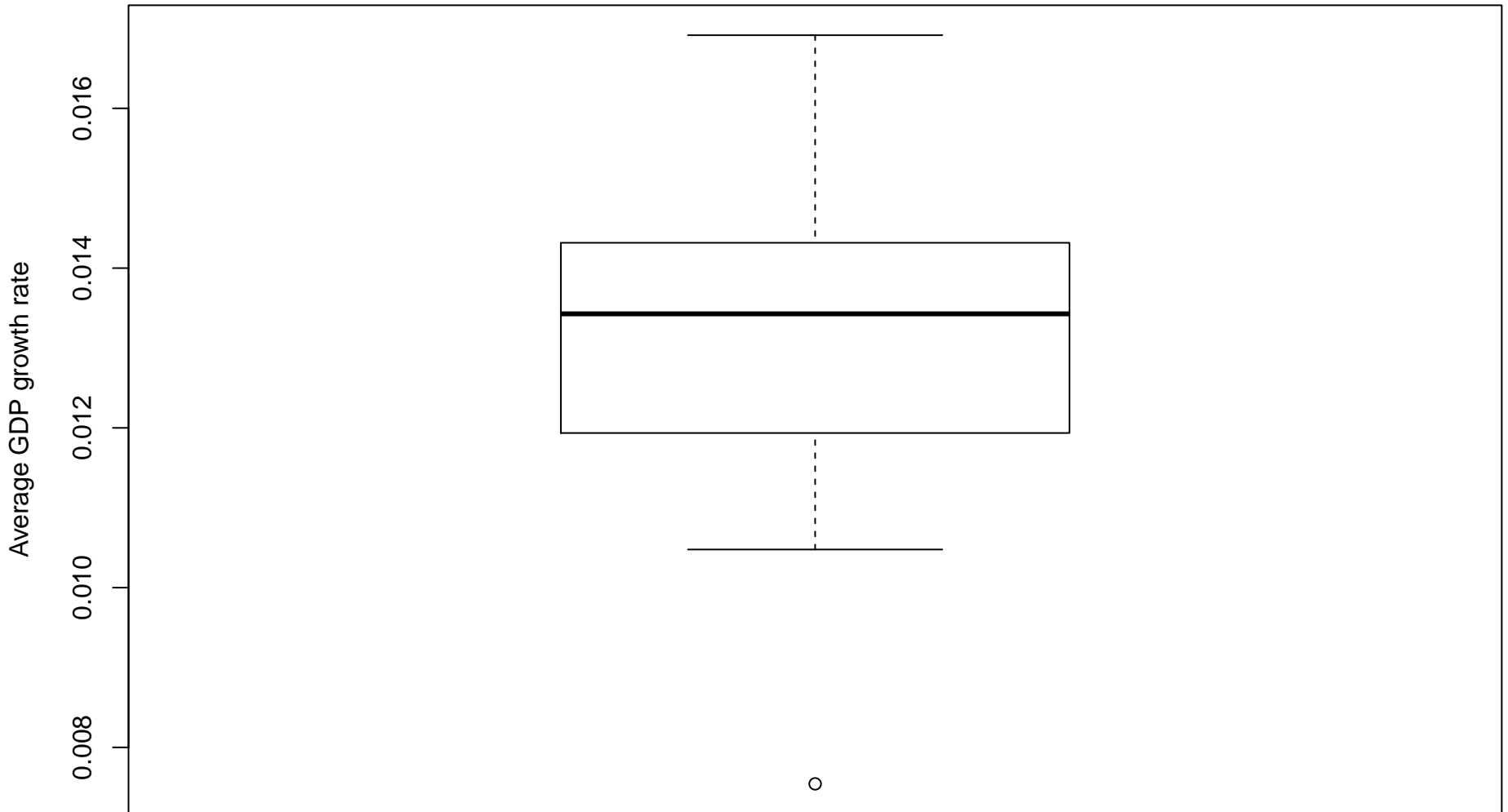
(test H0: lag coefficient is not significant at 5% level)

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	0.10	0.60	0.41	0.07	0.13	C
dA	0.01	1.00	0.01	1.00	0.09	0.10	0.08	0.80	0.07	0.84	0.00	C
dw	0.01	1.00	0.01	1.00	0.10	0.00	0.09	0.70	0.08	0.87	0.00	C
V	0.15	0.70	0.01	1.00	0.05	0.50	0.01	0.90	0.06	0.78	0.00	C
U	0.05	0.70	0.01	1.00	0.06	0.50	0.00	1.00	0.03	0.96	0.00	C
mu2avg	0.17	0.50	0.10	0.90	0.05	0.60	0.00	1.00	0.01	0.93	0.00	C
HH1	0.01	1.00	0.01	1.00	0.08	0.20	0.00	1.00	0.11	0.71	0.00	C
HH2	0.01	1.00	0.01	1.00	0.07	0.40	0.09	0.70	0.04	0.84	0.00	C

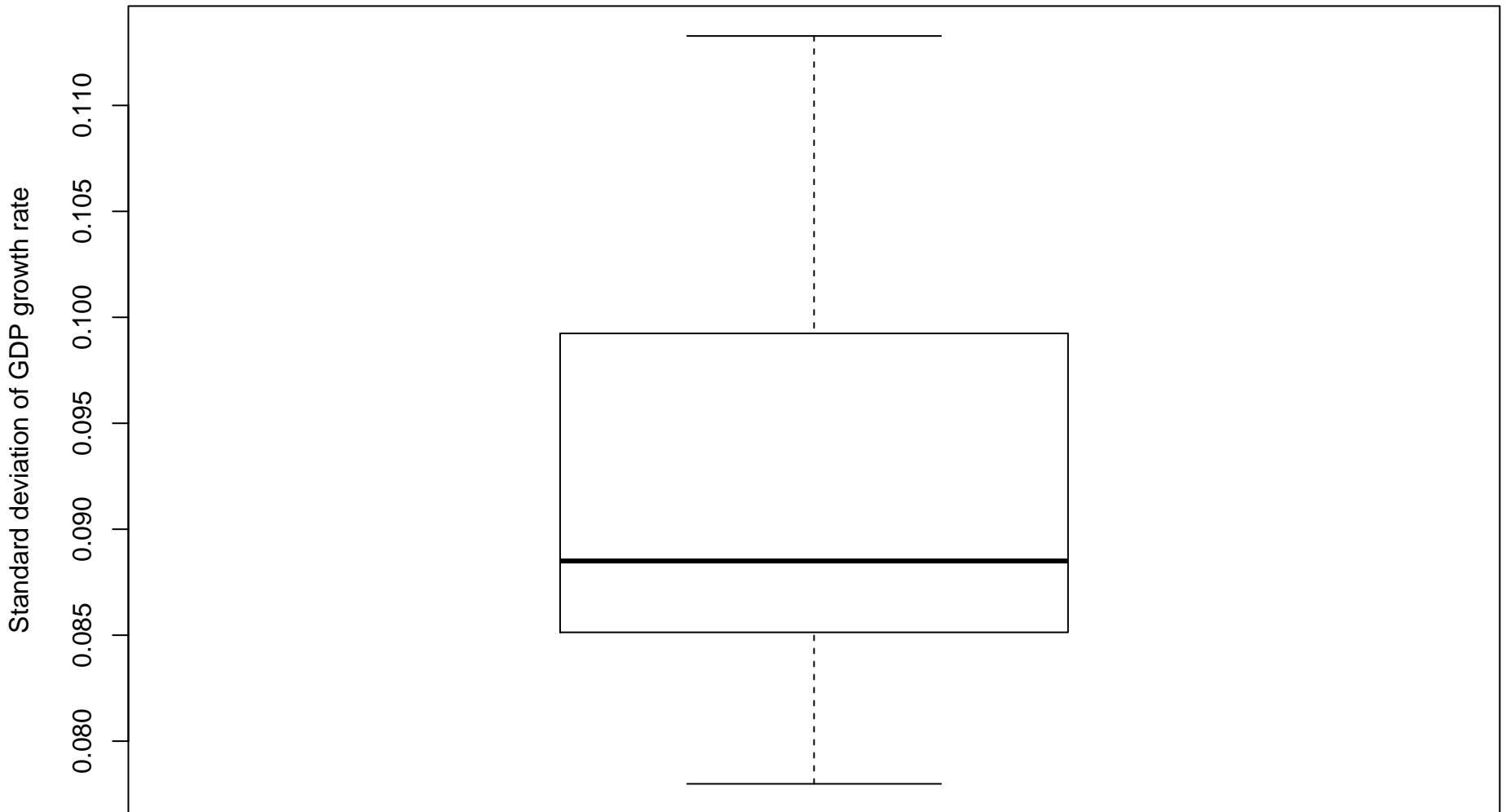
(average p-values for testing H0 and rate of rejection of H0 / MC runs = 10 / period = 301 – 600)
 (ADF/PP H0: non-stationary, KPSS H0: stationary, BDS H0: i.i.d., KS/AD/WW H0: ergodic)
 (significance = 0.05)

GDP growth



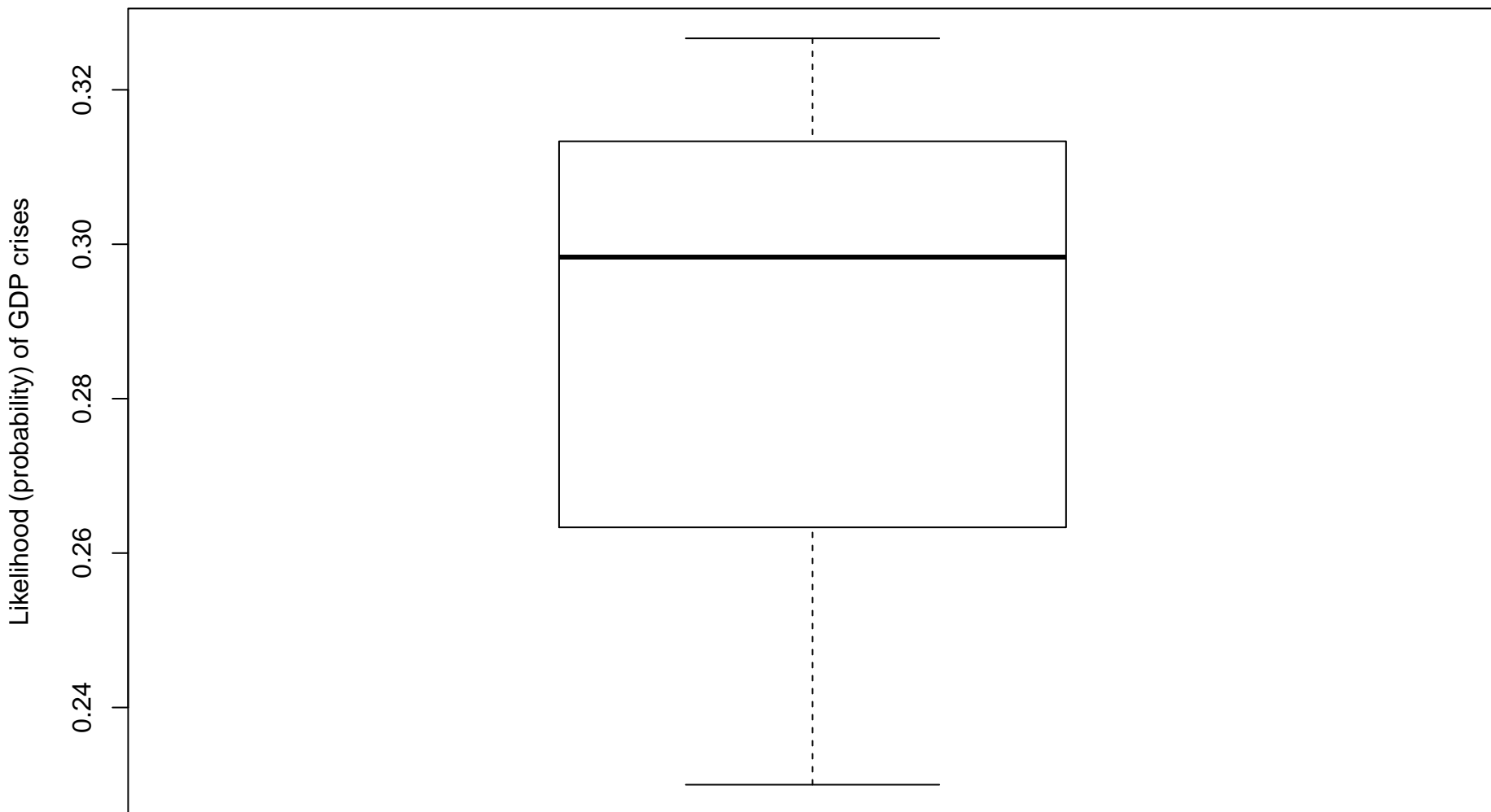
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Volatility of GDP growth



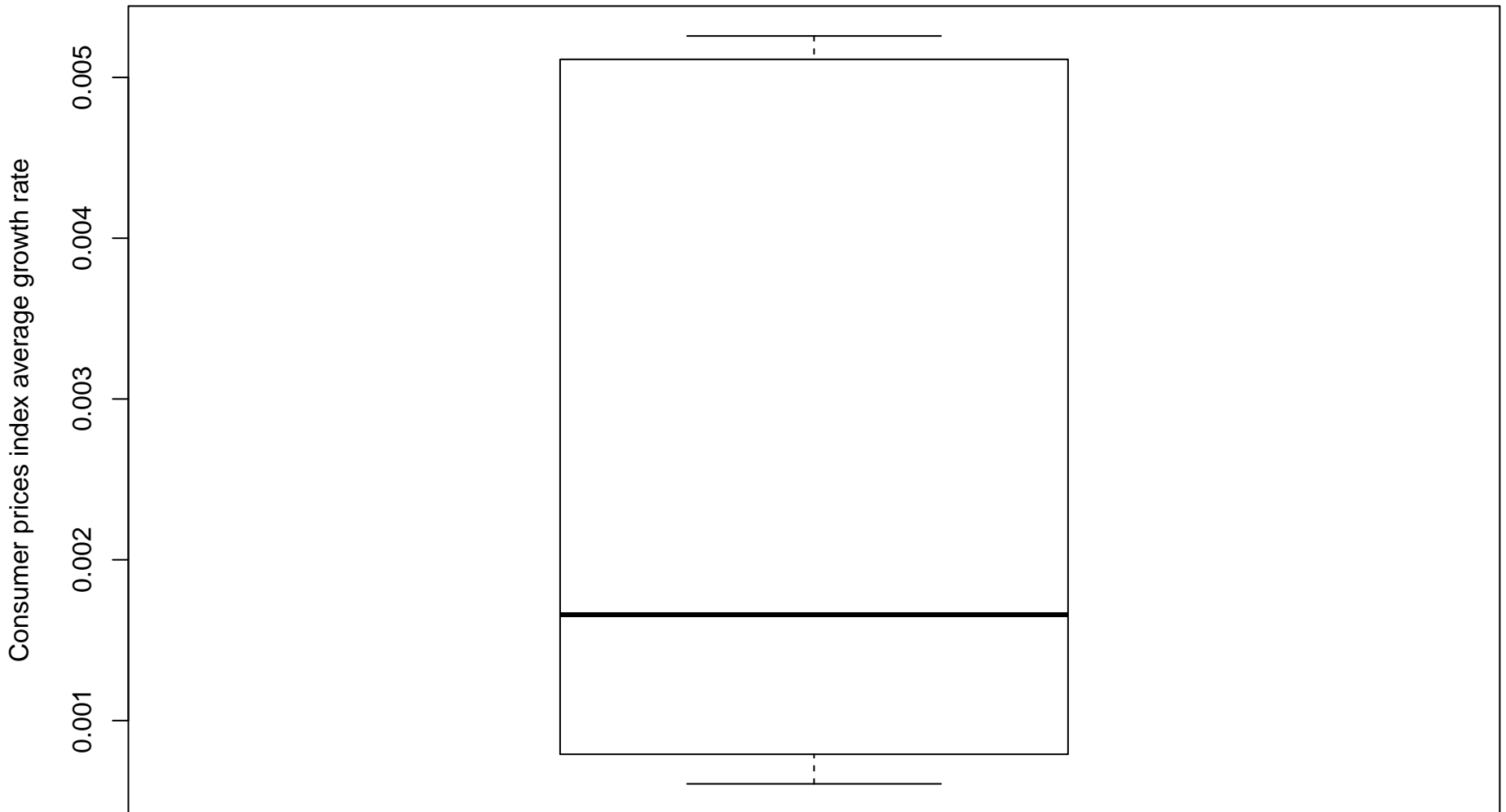
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Likelihood of GDP crises



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

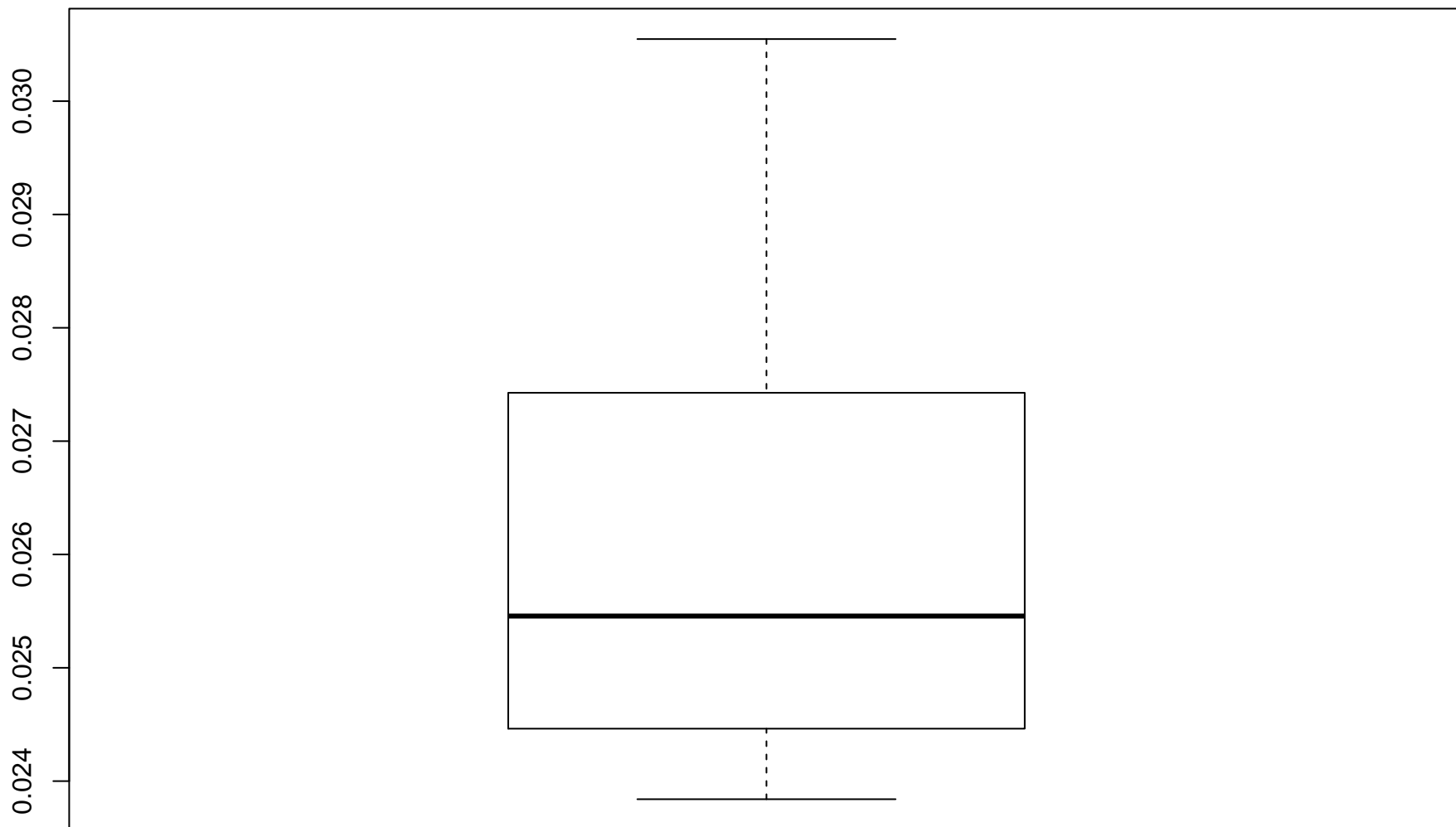
Inflation



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

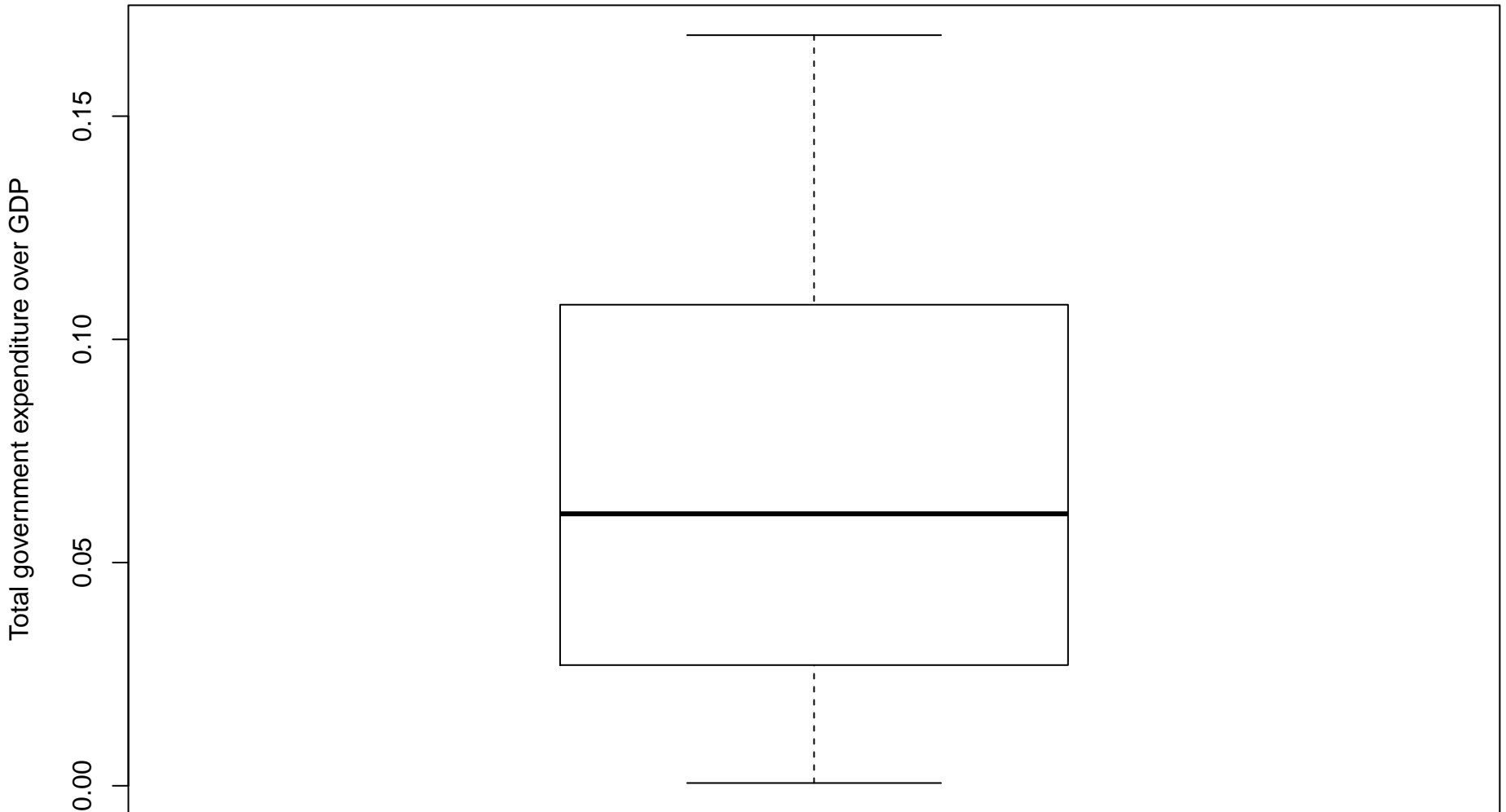
Government tax income over GDP

Tax



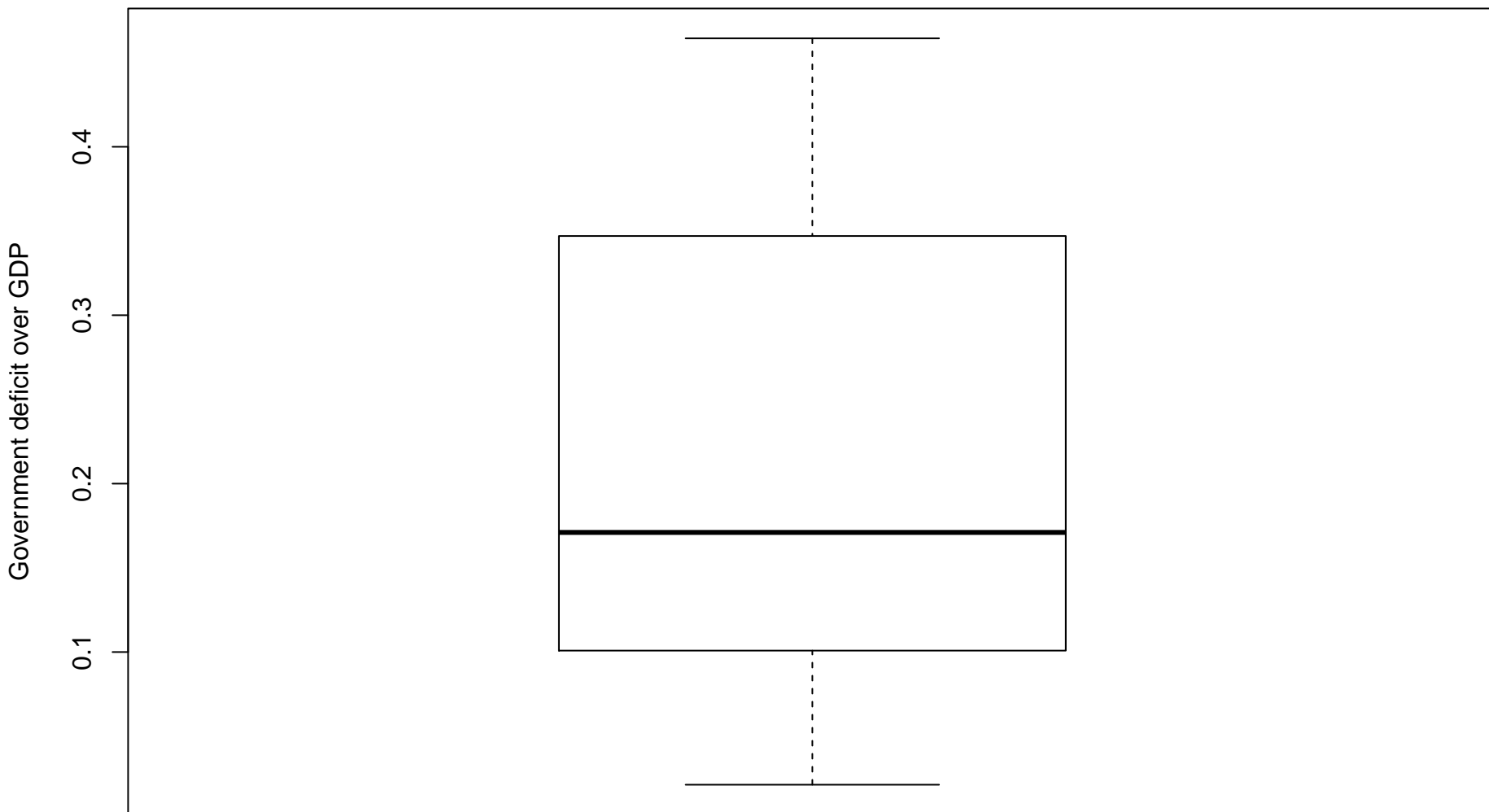
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government total expenditure



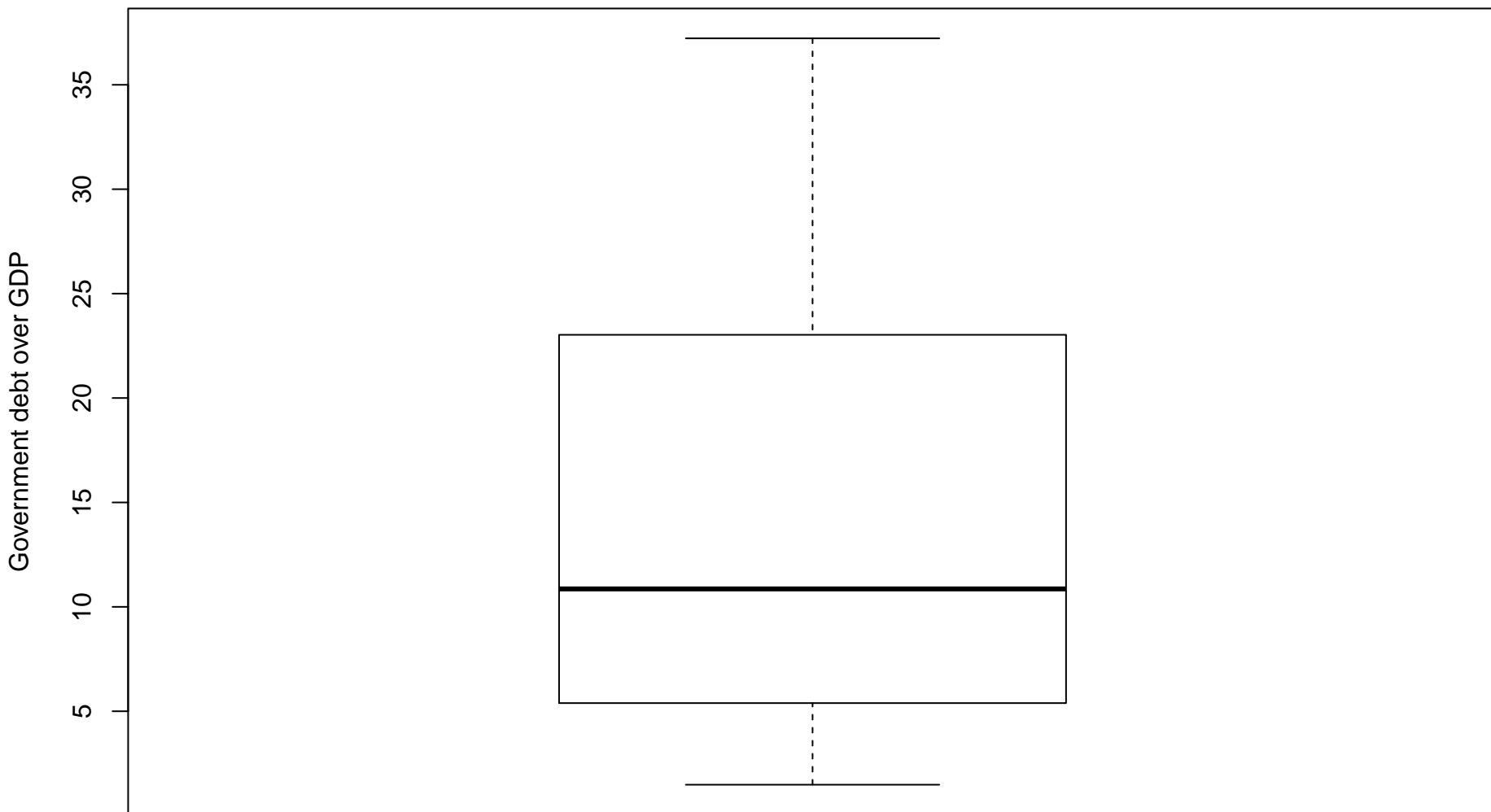
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government deficit



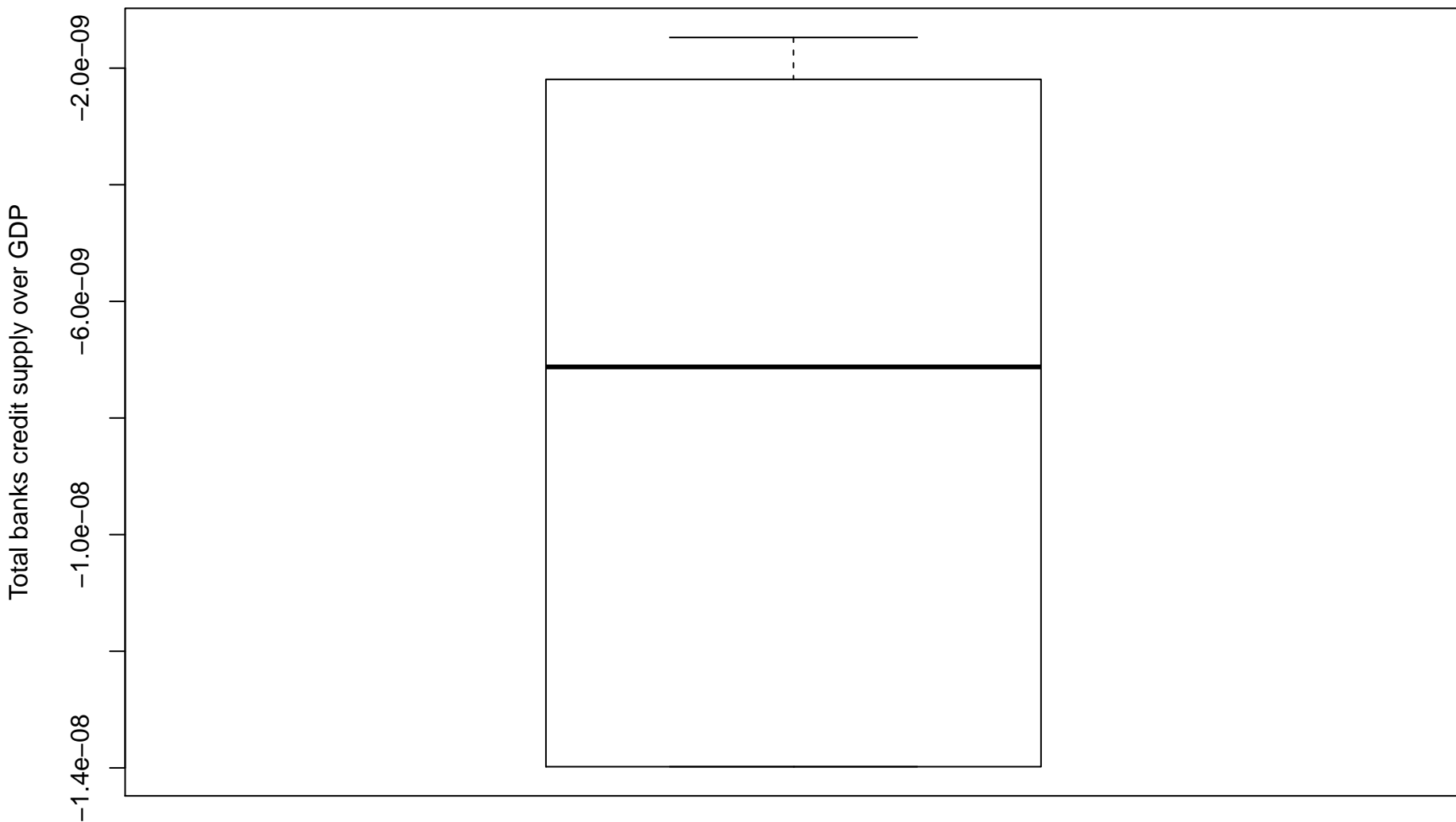
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Government debt



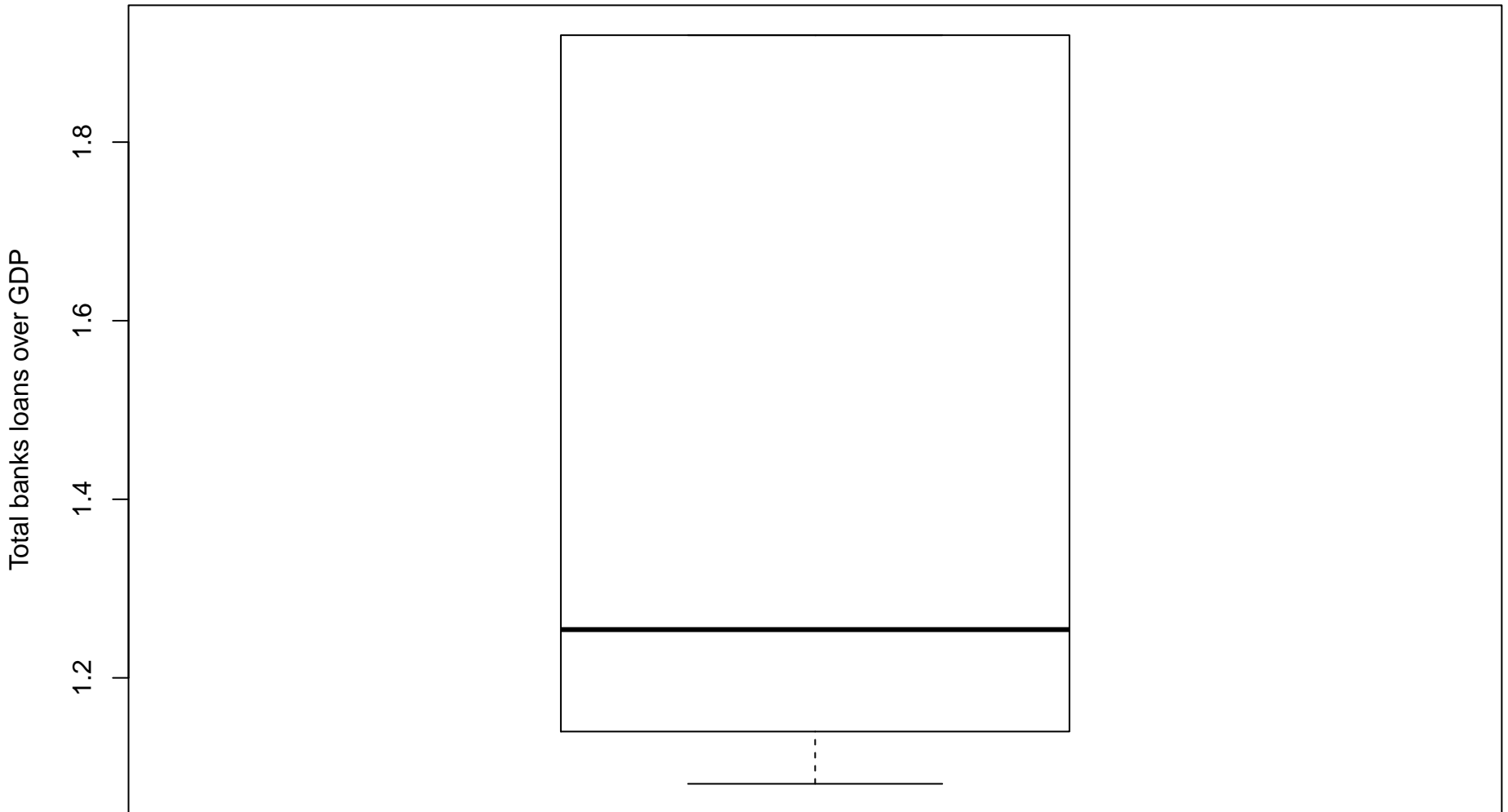
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Credit supply



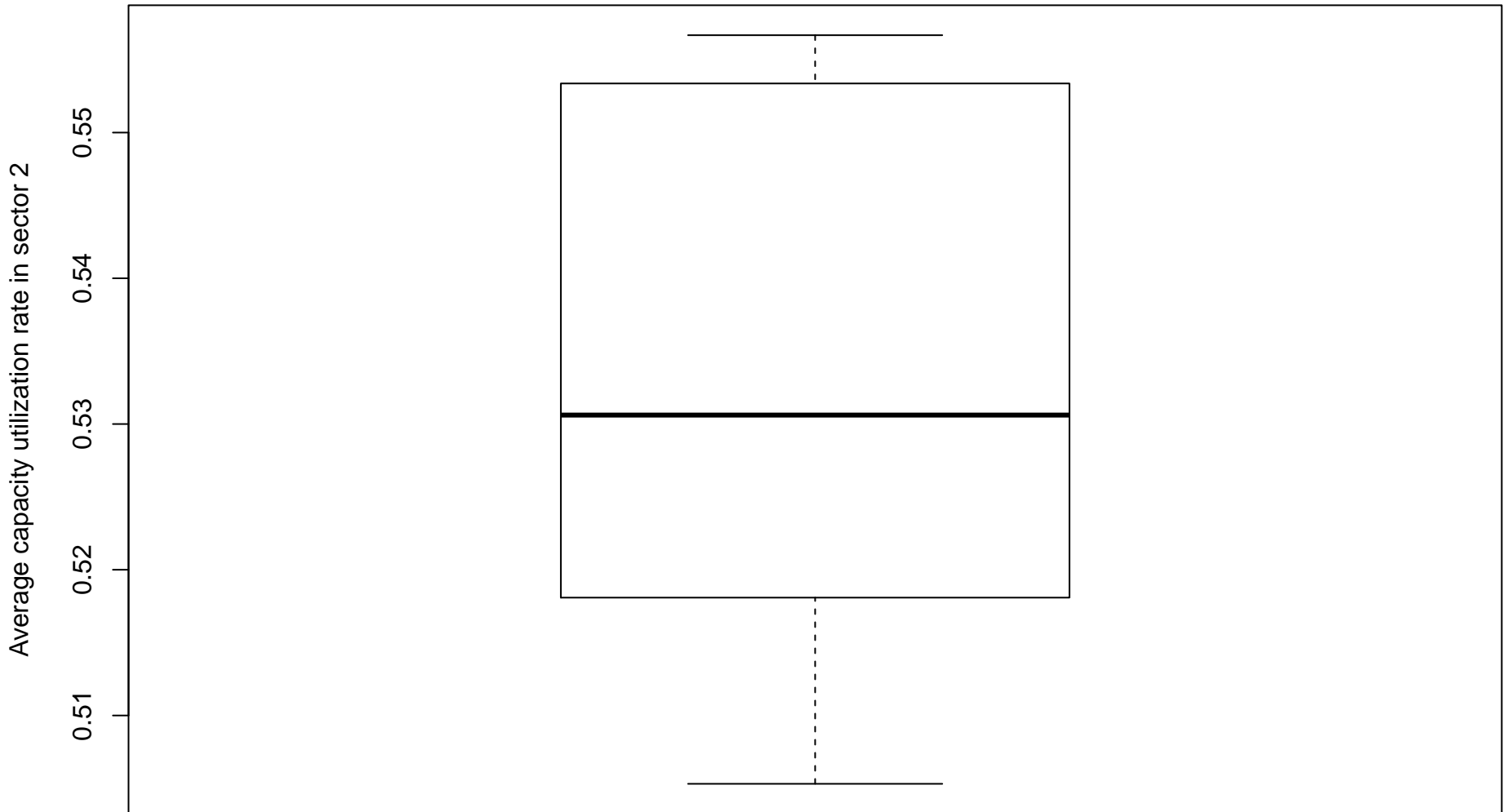
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Loans



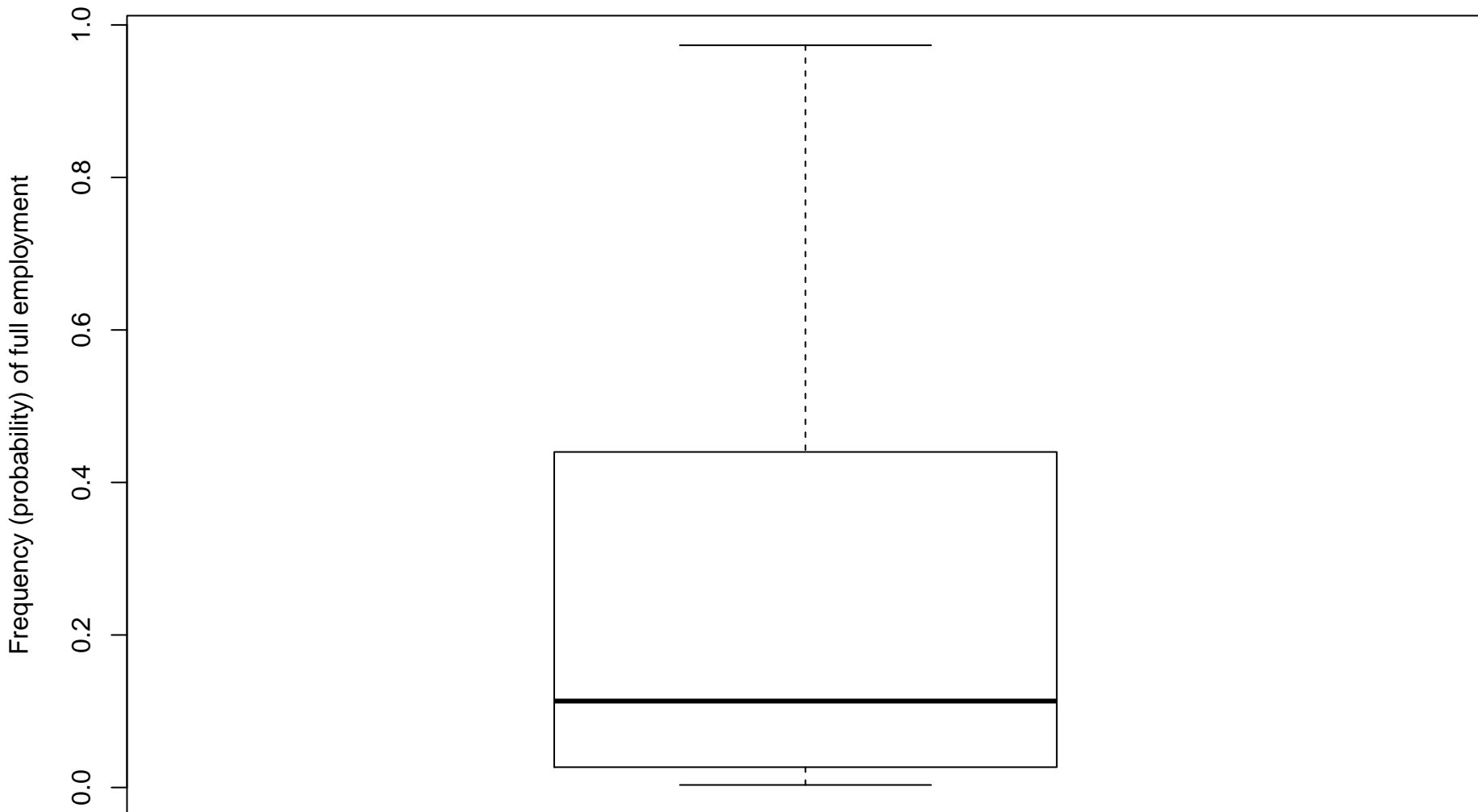
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Capacity utilization



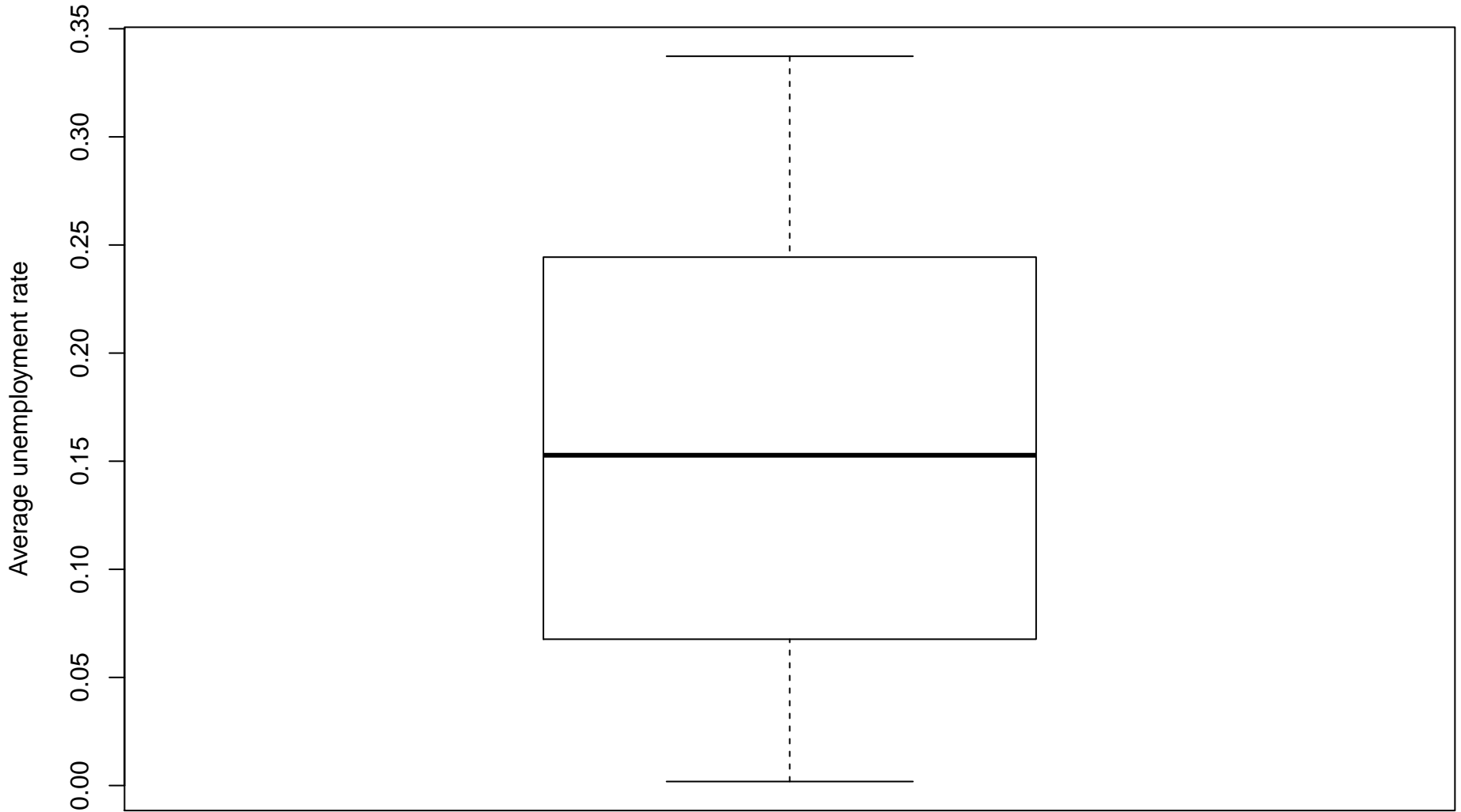
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Full employment frequency



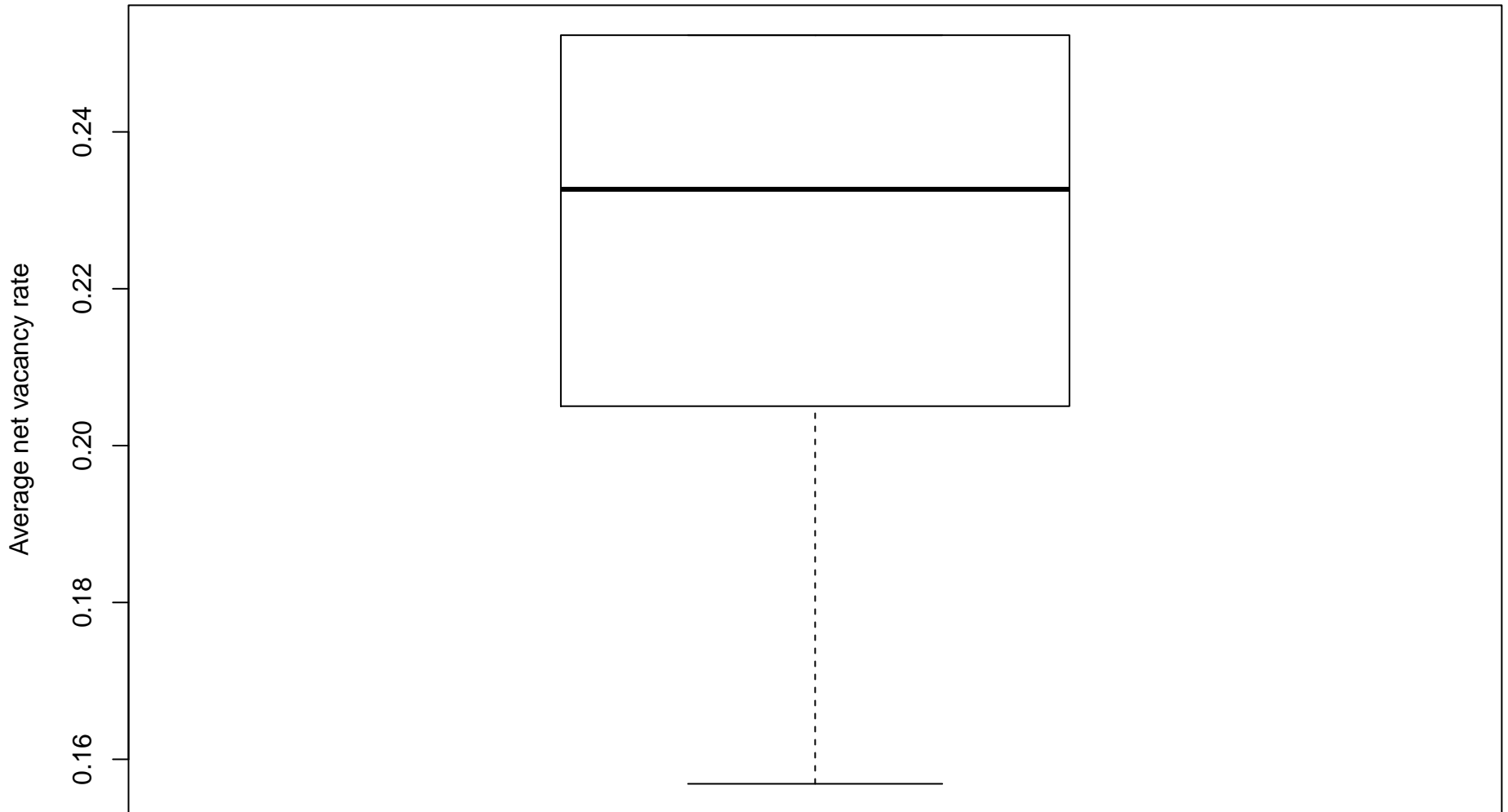
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Unemployment



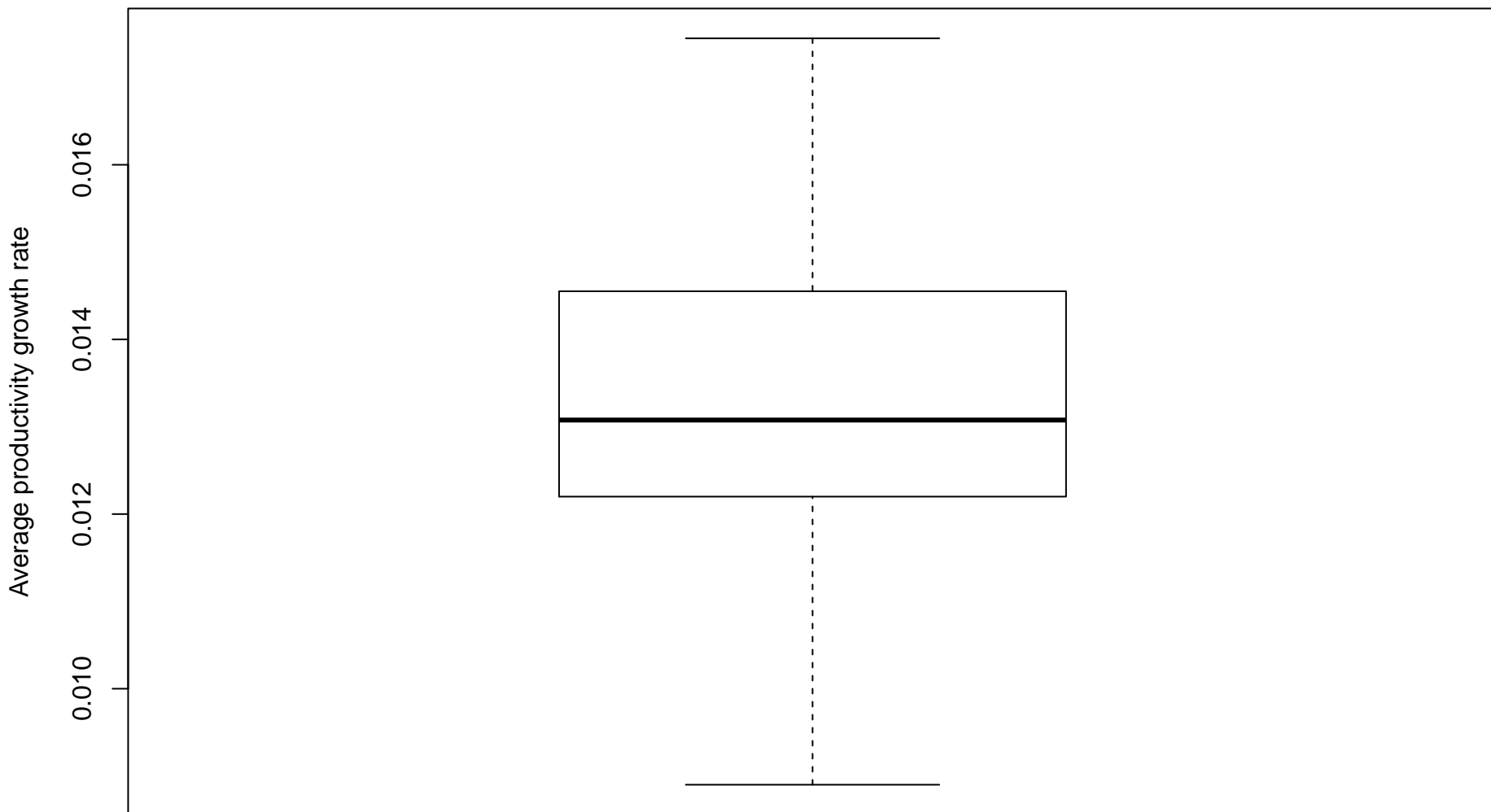
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Vacancy



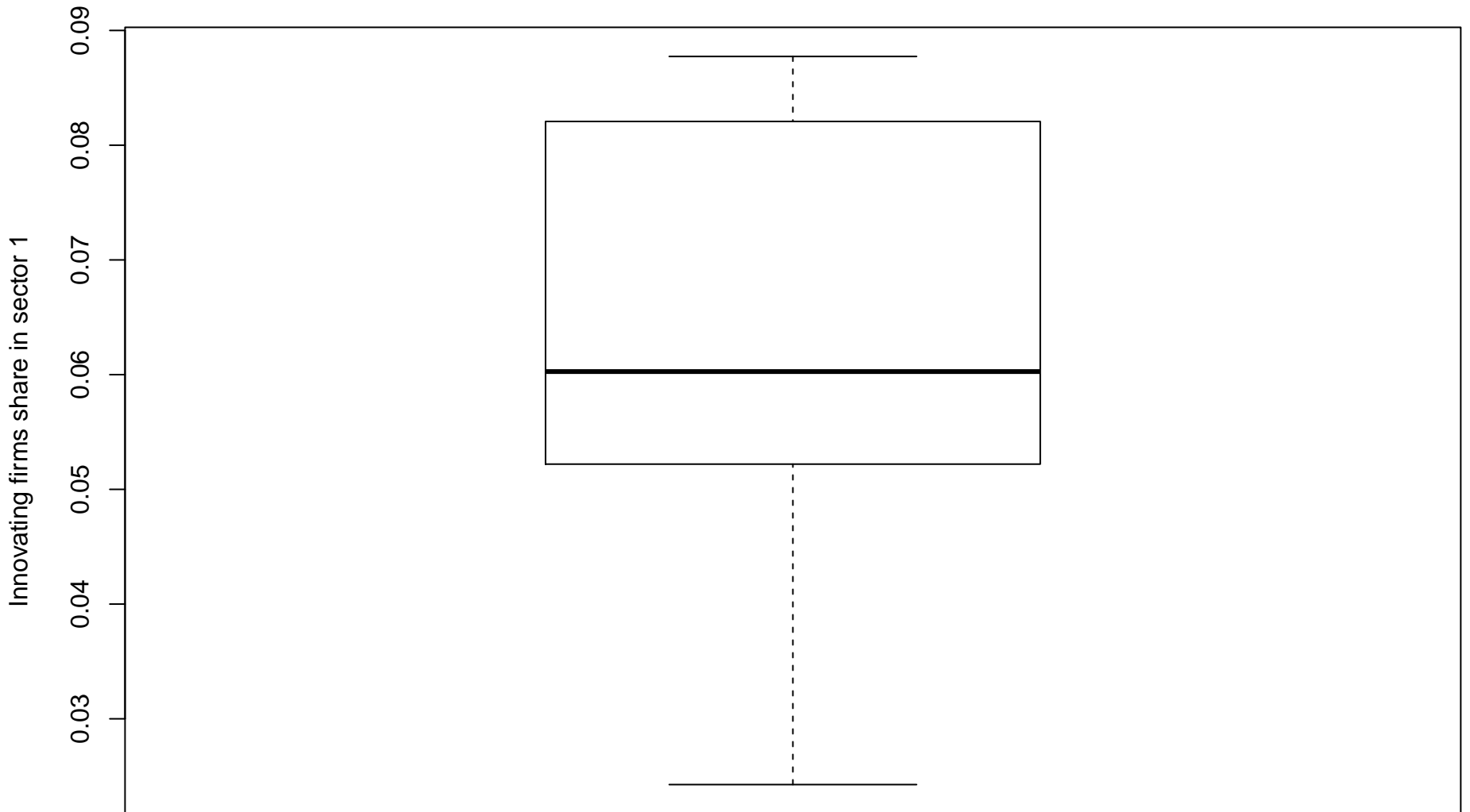
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Productivity growth



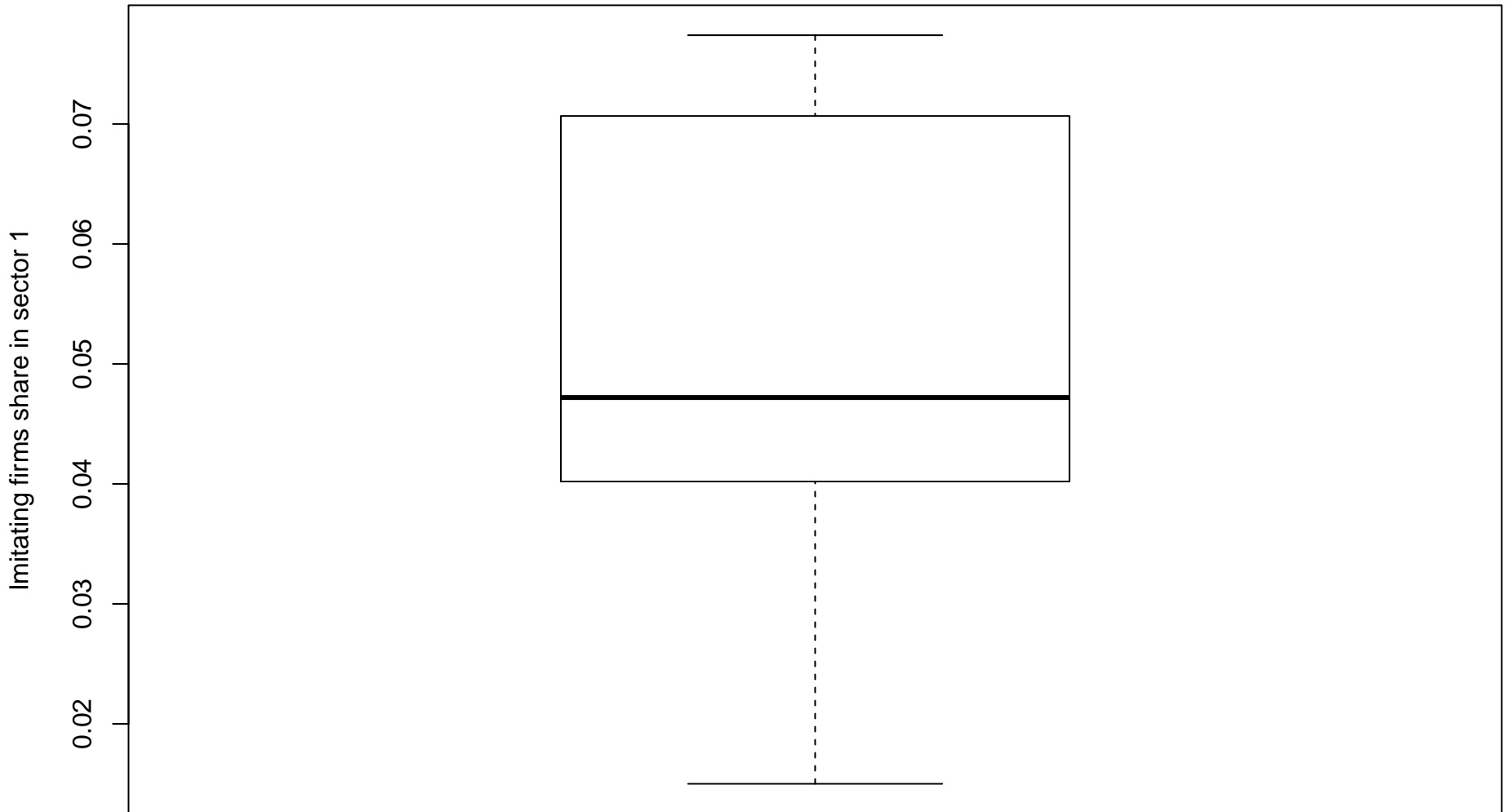
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Innovation



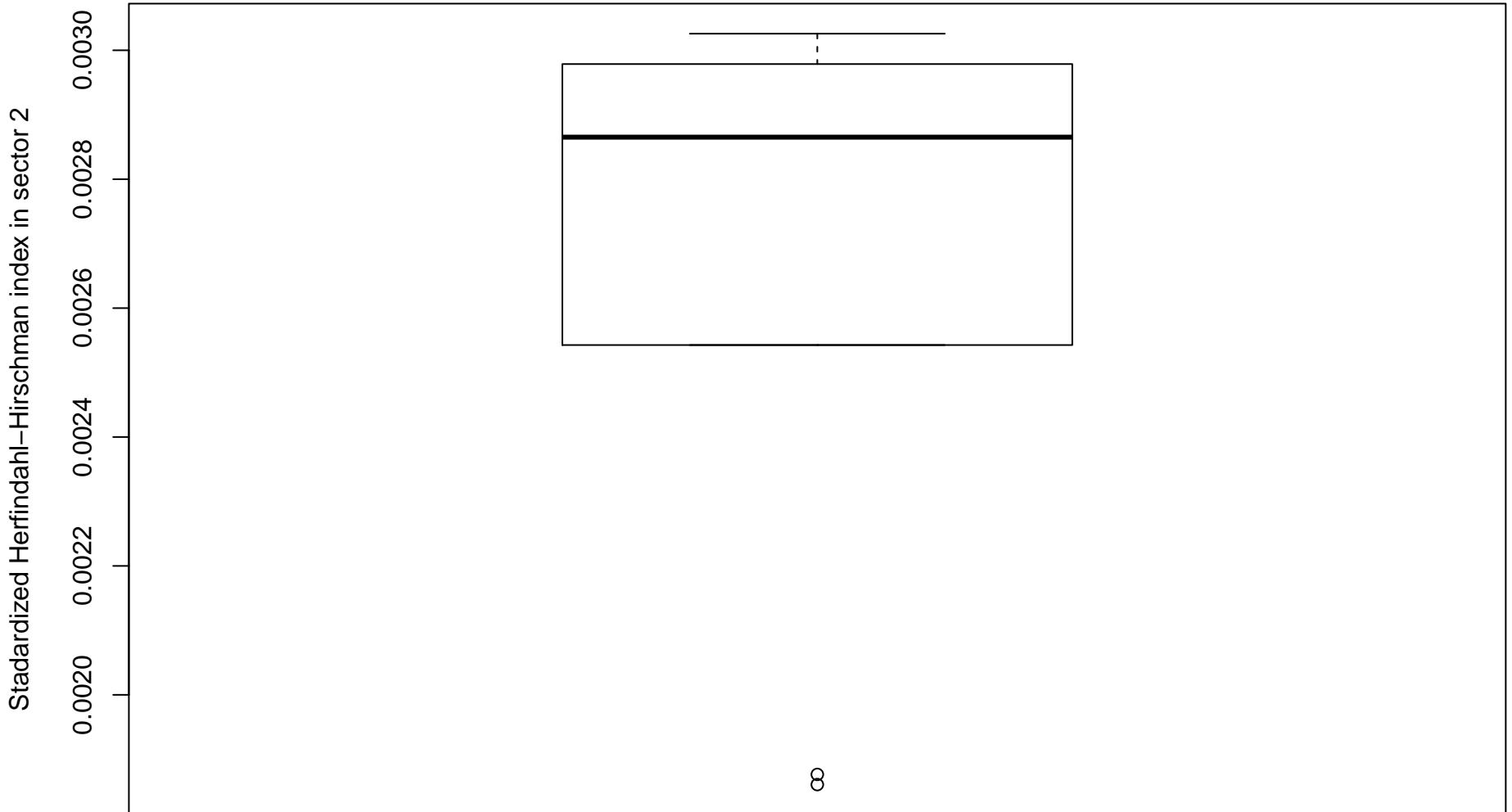
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Imitation



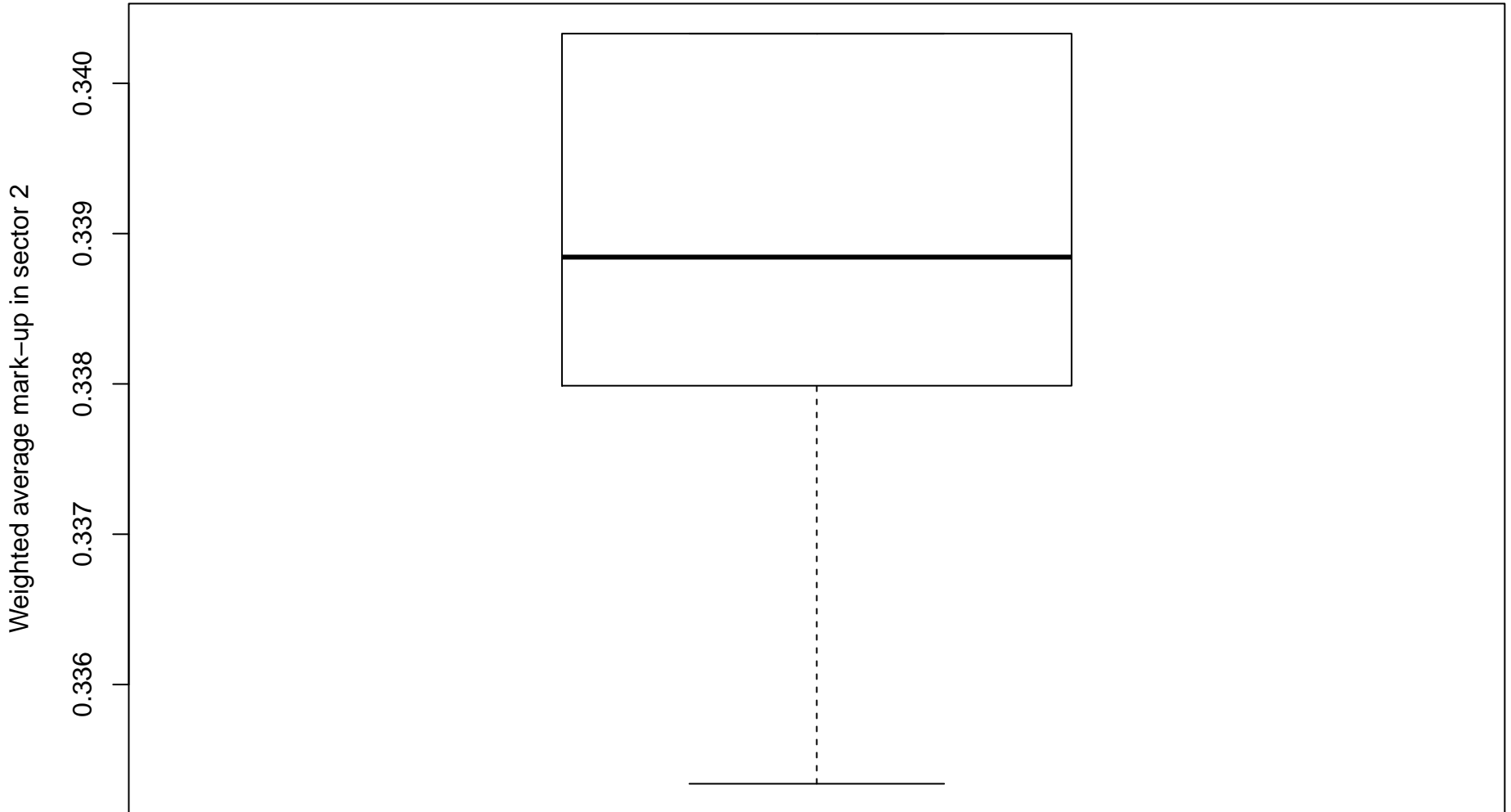
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

Market concentration



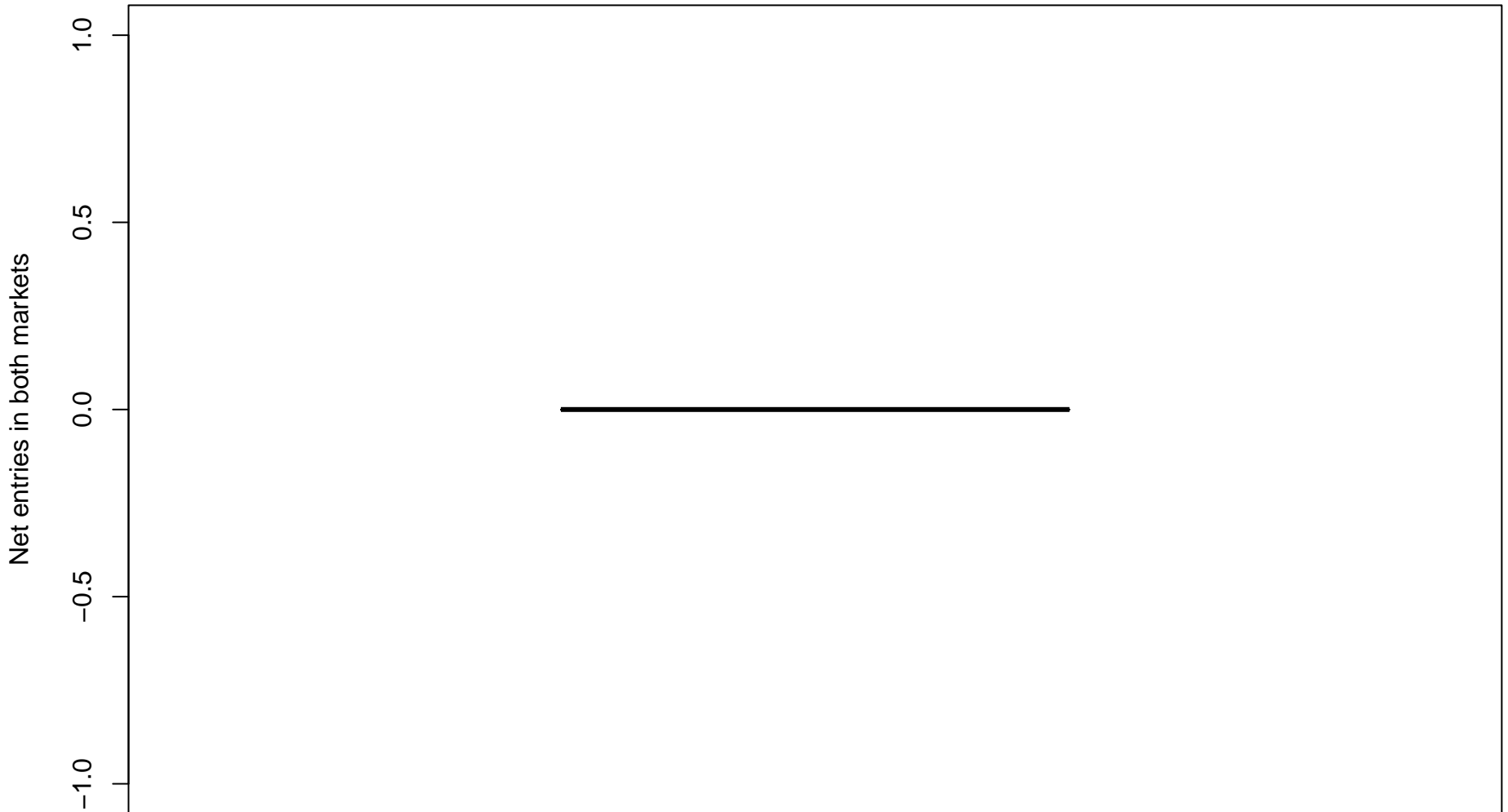
(bar: median / box: 2nd–3rd quartile / whiskers: max–min / points: outliers / MC runs = 10 / period = 301 – 600)

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	0.01328	0.002998	0.007544	0.0181
Volatility of GDP growth	0.09158	0.01039	0.07798	0.1133
Likelihood of GDP crises	0.2883	0.03271	0.23	0.3267
Inflation	0.004309	0.006831	0.0006066	0.02309
Tax	0.02601	0.002158	0.02384	0.03055
Government total expenditure	0.06632	0.0536	0.0006144	0.1681
Government deficit	0.241	0.2307	0.02123	0.7715
Government debt	17.1	18.07	1.482	58.45
Credit supply	-1.899e-08	2.881e-08	-9.066e-08	-1.474e-09
Loans	1.732	0.929	1.081	3.573
Capacity utilization	0.5394	0.03091	0.5053	0.611
Full employment frequency	0.2827	0.3773	0.003333	0.9733
Unemployment	0.1515	0.1096	0.001851	0.3373
Vacancy	0.2468	0.09894	0.09709	0.426
Productivity growth	0.01318	0.002572	0.008901	0.01745
Innovation	0.06331	0.01942	0.02427	0.08773
Imitation	0.05246	0.02028	0.015	0.0774
Market concentration	0.002664	0.0004461	0.001861	0.003026
Mark-ups	0.3413	0.009669	0.3272	0.3595
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)