

Errata

Figure 3 (right panel)

$p_f < \bar{p}_f$ has to be $p_f < \underline{p}_f$

Table 1

$\gamma=24$ has to be $\gamma=1$

$\varphi=0.25$ for HH does not exist in the model. It should be removed from the table.

There also was a small mistake in the original code for creating the simulations used in the article. In case that a firm was going down to only one employee but the inventory was still larger than the intended upper bound, the firm was not allowed to fire its last employee. If the firm later on was increasing production again and therefore hiring workers, it directly performed one firing decision. So the hiring decision was practically postponed one month (not prohibited completely).

The impact on model results is unmeasurable small, since the case that firms would like to shrink down to zero employees, happens rarely. Even if it occurs, the hiring of new workers is practically just postponed by one month since only the first hiring decision created an immediate firing. In the next month the firm could hire the additional worker again.

If a firm decides to fire a worker, the decision takes one month to become effective. During this time it would be possible, that a worker of that same firm quits because he found a better paid job. In the old version of the model, both decisions added up so that the firms lost two workers. Now, the more reasonable procedure is applied that a pending firing decision is neutralized by a quitting worker.

A somewhat inconsistent behavior occurred in the case of a worker looking for a job. In this case workers randomly ask firms for a job and accept if the wage payment is higher. With a small chance of 0.01 the code used for the article produced a request to the workers own employer (this does not occur for unemployed). Of course such a contract was never accepted since there was only one wage for each firm (so it could not be higher than the old one). Even if it would have been accepted it would not change anything, since one work contract would be replaced by an identical one. The code has been changed in a way that applications are not sent to one's own employer. Since this happens with a small chance of 0.01 it doesn't affect the results significantly.

Another slightly inconsistent behavior occurred in the payment of profits. The function `firm.Perform_End_Of_Month` lets the firm pay wages and distribute profits to workers. This function was called from `agents.Perform_End_Of_Month` for all firms iteratively. Since profits and wages are paid in the same function of the firm object the distribution of profits is not exactly proportional to wealth (as was stated in the article). Households with a relatively high wage earning will receive more profits than they should get.

The effect of this mistake on the results published in the article was small since the wealthier households are typically those with a good wage pay.

Thanks to Philipp Kostuch, Karl Seeley and Gustavo Nardin for cross-checking the code so carefully.