



# From a theoretical oligopolistic model to a generative agent-based simulation

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# Outline

A book on *Rethinking Macroeconomics with Endogenous Market Structure*

Starting questions

Theoretical analysis

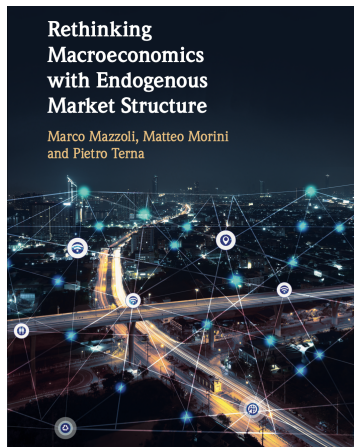
Main assumptions

## Starting questions

- Do entry, exit and changes in market structure affect the macroeconomy?
- Is there a link between the strategic interactions among oligopolistic firms and the macroeconomic equilibrium?

This questions are certainly not trivial in modern economies, where large oligopolistic firms play a relevant role and so many meetings among statesmen have the explicit scope of promoting contracts for some large and important firms of their countries.

However, surprisingly enough, the most popular theoretical models in the modern macroeconomic literature hardly see any explicit formalization for the macroeconomic effects of changes in market structure, entry, exit and strategic interactions among oligopolists.



Mazzoli, M., Morini, M., and Terna, P. 2019. *Rethinking Macroeconomics with Endogenous Market Structure*. Cambridge University Press.

## Interactions among oligopolistic firms

We introduce a new macromodel where entry, exit and strategic interactions among oligopolistic firms are explicitly formalized and may generate macroeconomic fluctuations.

About macroeconomic impact of business formation we refer to Gabaix (2011). His “granular hypothesis” was initially studied by Jaimovich (2007).

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Gabaix, X. 2011. The granular origins of aggregate fluctuations. *Econometrica*, **79**(3), 733–772.

Jaimovich, N., and Rebelo, S. 2009. Can news about the future drive the business cycle? *American Economic Review*, **99**(4), 1097–1118.