

## **Reply to the referees**

First of all, we are grateful to the three referees that carefully revised our paper pointing out some of its weaknesses and giving us some useful suggestions that we took into account in this new version of the paper.

From a general point of view, we tried to clarify the objectives of our investigation, along with the methodology used in order to reach these objectives. We also explained the model with more details when needed and when suggested by a referee. We performed a new set of simulations with many different seeds in order to present a more robust statistical analysis. We added some plots and tables to give a more comprehensive explanation of the achieved results. Some new references have been added to better contextualize our work. Finally we revised the English style and we formatted our text, tables and figures in order to improve the readability of the paper.

In particular, we have added table 8 and table 9 showing cross-correlations between percentage variations of private sector money endowment, GDP and price level. We added some explicit information about the average number of bankruptcies in table 10, and we have included simulation paths for both QE and FT policy strategies. Moreover, in the interpretation of simulation results we have tried to point out in a more clear and extensive way the differences between the FT and the QE case.

In the following we present a detailed list of paper modifications. We divide this section in three parts, one per referee, in order to discuss their remarks and to show the consequential adjustments of the paper.

## Referee 2 (Enrico Scalas)

The referee makes a general observation and rises three specific points. The general observation is that the presentation of the paper is maybe too essential and that the English style could be improved.

We have revised the English style and we have enriched our presentation where it seemed appropriate to us.

Concerning the specific points:

1. *Cobb-Douglas production function*

The referee criticized the use of a Cobb-Douglas production function (as scarcely realistic), citing a work of P. Sylos Labini. We understand the criticism but we have to remark that in a very wide context, as the one of the EURACE model, we mostly focused on the issue of interaction among agents and on the complexity of the model. We generally tried to choose well known rules in order to describe agents' behaviors. This choice corresponds to the intention to build a model that should be novelty in the scientific panorama more for its conception and completeness than for agents' specific behaviors. Nevertheless, the EURACE simulator is a work in progress and we surely want to take into account the useful criticism of the referee in order to implement new production functions that are probably more adjusted to the EURACE environment.

2. *Averages vs. distributions*

The referee points out that three simulations, i.e. three number of random seeds considered, for each parametrization are not enough for statistic robustness. We think the referee is right and we have raised the number of simulations to ten for each set of parameters values

3. *English style*

We replied to this point in the introductory part. We revised our English style taking also into account all the observations of the referees.