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## PLACEMENT DIRECTOR

Professor Harald Uhlig

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## PERSONAL

Date of Birth: October 22, 1974

Citizenship: German

## EDUCATION

Humboldt-University Berlin, Ph.D. in economics, July 2008 (expected)

Visiting Ph.D. Student at the University of Minnesota, 2007

Ph.D. program in economics at Ludwig-Maximilians-University Munich, 2002-2003

University of Cologne, M.A. in economics, 2002

## RESEARCH INTERESTS

Primary: Macroeconomics, Monetary Economics

Secondary: Contract Theory, Bayesian Econometrics

## DISSERTATION TITLE

“Essays on the Optimal Conduct of Monetary Policy”

## JOB MARKET PAPER

### POLICY ANNOUNCEMENTS AND WELFARE

with Vadym Lepetyuk

In this paper we show that the announcement of information can be detrimental to welfare. We consider an economy in which agents face idiosyncratic and aggregate risk. The policy maker learns about the aggregate shock before it directly impacts on the allocation, and can decide to announce that information early. Agents engage in risk-sharing contracts consistent with voluntary participation incentives. By early announcements the policy maker distorts agents' insurance possibilities, thereby increasing the variance of the optimal consumption allocation and worsening welfare ex-ante. As a particular application, we consider the problem of a monetary authority, which has the option of announcing shifts in the inflation target early. In this economy, monetary policy has real effects captured by a cash-in advance constraint. A fraction of firms need to set prices one period in advance, so that a late announcement of inflation target shifts results in welfare-reducing distortions of relative prices, if no idiosyncratic risk is present. However, with idiosyncratic risk of households – modeled as employment opportunities – we show that it may be better for the central bank to remain secretive.

## RESEARCH PAPERS

### OPTIMAL INTEREST RATE STABILIZATION IN A BASIC STICKY-PRICE MODEL

with Matthias Paustian, accepted for publication at *Journal of Economic Dynamics and Control*

This paper studies optimal monetary policy with the nominal interest rate as the single policy instrument in an economy, where firms set prices in a staggered way without indexation and real money balances contribute separately to households' utility. The optimal deterministic steady state under commitment is the Friedman rule – even if the importance assigned to the utility of money is small relative to consumption and leisure. We approximate the model around the optimal steady state as the long-run policy target. Optimal monetary policy is characterized by stabilization of the nominal interest rate instead of inflation stabilization as the predominant principle.

### OPTIMAL POLICY UNDER MODEL UNCERTAINTY: A STRUCTURAL-BAYESIAN ESTIMATION APPROACH

with Alexander Kriwoluzky

In this paper we propose a novel methodology to analyze optimal policies under model uncertainty in micro-founded macroeconomic models. As an application we assess the relevant sources of uncertainty for the optimal conduct of monetary policy within (parameter uncertainty) and across models (specification uncertainty) using EU 13 data. Parameter uncertainty matters only if the zero bound on interest rates is explicitly taken into account. In any case, optimal monetary policy is highly sensitive with respect to specification uncertainty implying substantial welfare gains of a robustly-optimal rule that incorporates this risk.

### REAL BALANCE EFFECTS, TIMING AND EQUILIBRIUM DETERMINATION

This paper examines whether the existence and the timing of real balance effects contribute to the determination of the absolute price level, as suggested by Patinkin (1949,1965), and if they affect conditions for local equilibrium uniqueness and stability. I show that there exists a unique price level sequence that is consistent with an equilibrium under interest rate policy, only if beginning-of-period money yields transaction services. Predetermined real money balances can then serve as a state variable, implying that interest rate setting must be passive – a violation of the Taylor-principle - for unique, stable, and non-oscillatory equilibrium sequences. On the contrary, when the end-of-period money stock facilitates transactions, the equilibrium displays nominal indeterminacy and equilibrium uniqueness requires an interest rate setting consistent with the Taylor-principle.

## REFERENCES

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## **CONFERENCE AND SEMINAR PRESENTATIONS**

- 2007 Midwest Macro Meetings, Cleveland
- 2006 Annual Congress Verein für Socialpolitik, Bayreuth  
Econometric Society European Meetings, Vienna  
Villa Mondragone Workshop in Economic Theory and Econometrics, Rome
- 2005 Congress of the European Economic Association, Amsterdam
- 2004 Annual Congress Verein für Socialpolitik, Dresden  
ZEI-Summer School on Monetary Theory and Policy, Bad Honnef

## **TEACHING EXPERIENCE**

Teaching Assistant, "Intermediate Macroeconomics", Humboldt-University Berlin, B.A. level, Spring 2007, Professor Michael Burda

Teaching Assistant "Open Economy Macroeconomics", Humboldt-University Berlin, M.A. level, Fall 2006, Professors Harald Uhlig and Marco Airaud

Teaching Assistant "Numerical Methods II", Humboldt-University Berlin, M.A. level, Spring 2005, Professor Harald Uhlig

Teaching Assistant "Numerical Methods II", Humboldt-University Berlin, M.A. level, Spring 2004, Professor Harald Uhlig

Teaching Assistant "Asset Pricing", Humboldt-University Berlin, M.A. level, Fall 2003, Professor Harald Uhlig

Teaching Assistant, "Intermediate Macroeconomics", Ludwig-Maximilians-University Munich, B.A. level, Fall 2002, Professor Gerhard Illing

## **PROFESSIONAL EXPERIENCE**

Visiting Scholar, Federal Reserve Bank of Minneapolis, Research Department (Patrick Kehoe), Spring and Summer 2007

Research and Teaching Position, Humboldt University Berlin, Institute of Economic Policy I, 2003-present

Research Associate, Humboldt University Berlin, National Research Center 649, "Economic Risk", 2005-present

Research and Teaching Position, Ludwig Maximilians-University Munich, Seminar of Macroeconomics, 2002-2003

## **LANGUAGES**

- German: mother tongue
- English: fluent in spoken and written
- French: fluent in spoken
- Italian: basic knowledge