Monetary Economics

Winter Term 2025/26

Prof. Lutz Weinke, Ph. D.
Institute of Economic Policy
Humboldt-Universität zu Berlin
Spandauer Straße 1
10178 Berlin

October 14th, 2025

1 Schedule

Lecture (VL)	Tue	14:15–15:45 (from 14.10.)	Spandauer Straße 1 – Room 22
Tutorial (UE)	Thu	14:15–15:45 (from 16.10.)	Spandauer Straße 1 – Room 220

2 Lecturers

	Office Hours (in person)	Room	E-Mail
Prof. Lutz Weinke (VL)	Tue 13:00 – 14:00, registration at: wpol@wiwi.hu-berlin.de	331	lutz.weinke@wiwi.hu-berlin.de
Vanessa Schmidt (UE)	On appointment	329	vanessa.barabara.schmidt@hu-berlin.de

3 Content and structure of the course

Micro-founded dynamic general equilibrium models have become the standard tool for macroeconomic analysis. This course will provide an introduction on how to work with these models. Our baseline New Keynesian model features sticky prices combined with monopolistic competition. That framework has emerged as a powerful tool for monetary policy analysis. Its adoption as the backbone of medium-scale models currently developed by central banks and policy institutions is a clear reflection of its success.

This course provides a nice opportunity to learn about the most recent developments in the field of monetary economics in a way that is appropriate for undergraduate students. Related to this, I should also mention that the textbook which is indicated below goes (slightly) beyond the level of this course.

This course is offered in English and will take place in person. There will be a 90-minute in-person multiple choice exam at the end of the semester. This course (i.e., lecture and practical class) provides 6 ECTS points.

4 Literature

The course is mainly based on the book Galí, Jordi (2015): *Monetary Policy, Inflation and the Business Cycle*, Princeton University Press.

We will also study some seminal papers in the field of monetary economics:

- Clarida, Galí and Gertler (1999): “The Science of Monetary Policy: A New Keynesian Perspective,” *Journal of Economic Literature* 37(4), 1661-1707.

- Cúrdia and Woodford (2011): “The Central-Bank Balance Sheet as an Instrument of Monetary Policy,” *Journal of Monetary Economics* 58(1), 54-79.

- Galí (2003)*:* “New Perspectives on Monetary Policy, Inflation, and the Business Cycle,” *Advances in Economic Theory,* edited by: M. Dewatripont, L. Hansen and S. Turnovsky, Vol. 3, 151-197, Cambridge University Press.

- Galí (2018): “The State of New Keynesian Economics: A Partial Assessment,” *Journal of Economic Perspectives* 32(3), 87-112.

- McKay and Wolf (2023): "Monetary Policy and Inequality," *Journal of Economic Perspectives* 37(1), 121-44.

5 Overview of the Course

	Date	**Topic of the Lecture**
1	14.10.	Why are Models Useful?
2	21.10.	Elements of Equilibrium I Literature: Galí (2003, 2018) & Galí (2015), Ch. 2
3	28.10.	Elements of Equilibrium II Literature: Galí (2003, 2018) & Galí (2015), Ch. 2
4	04.11.	Equilibrium with Flexible Prices Literature: Galí (2003, 2018) & Galí (2015), Ch. 2
5	11.11.	The New Keynesian Model and its Empirical Relevance I Literature: Galí (2003, 2018) & Galí (2015), Ch. 3
6	18.11.	The New Keynesian Model and its Empirical Relevance II Literature: Galí (2003, 2018) & Galí (2015), Ch. 3
7	25.11.	Welfare Based Evaluation of Monetary Policy I Literature: Galí (2003, 2018) & Galí (2015), Ch. 4
8	02.12.	Welfare Based Evaluation of Monetary Policy II Literature: Galí (2003, 2018) & Galí (2015), Ch. 4
9	09.12.	Welfare Based Evaluation of Monetary Policy III Literature: Galí (2003, 2018) & Galí (2015), Ch. 4
10	16.12.	Unconventional Monetary Policy (not relevant for the exam) Literature: Cúrdia and Woodford (2011)
11	06.01.	Rules vs. Discretion Literature: Clarida, Galí and Gertler (1999), Galí (2018) & Galí (2015), Ch. 5

12	13.01.	Optimal Monetary Policy under Discretion Literature: Clarida, Galí and Gertler (1999), Galí (2018) & Galí (2015), Ch. 5
13	20.01.	Optimal Monetary Policy under Commitment Literature: Clarida, Galí and Gertler (1999), Galí (2018) & Galí (2015), Ch. 5
14	27.01.	Monetary Policy and Consumption Inequality Literature: McKay and Wolf (2023)
15	03.02.	Wrapping it up
16	last week	**Exam (Date and time to be announced)**