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Giovanni Di Bartolomeo, Marco Di Pietro, Bianca Giannini



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# Optimal monetary policy in a New Keynesian model with heterogeneous expectations\*

Giovanni Di Bartolomeo

Sapienza University of Rome

giovanni.dibartolomeo@uniroma1.it

Marco Di Pietro

Sapienza University of Rome

marco.dipietro@uniroma1.it

Bianca Giannini

Sapienza University of Rome

bianca.giannini@uniroma1.it

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## Abstract

In a world where expectations are heterogeneous, what is the design of the optimal policy? Are canonical policies robust when heterogeneous expectations are considered or would they be associated with large welfare losses? We aim to answer these questions in a stylized simple New Keynesian model where agents' beliefs are not homogeneous. Assuming that a fraction of agents can form their expectations by some adaptive or extrapolative schemes, we focus

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