

Common agency with Rational Expectations: Theory and Application to a Monetary Union

[Get access >](#)

,

The Economic Journal, Volume 113, Issue 489, July 2003, Pages 539–549,

<https://doi.org/10.1111/1468-0297.t01-1-00143>

Published: 10 July 2003 **Article history** ▾

Abstract

We extend the theory of common agency to the situation where the principals' payoffs are affected by their *ex ante* expectations of the agent's *ex post* choice. We show how the usual truthful schedules must be modified to account for the rational expectations constraint. We apply the model to a monetary union where member governments influence the policy of the common central bank using incentive contracts. We examine how the outcomes depend on different delegated objectives of the bank, and find that some often-advocated rules create an excessive deflationary bias.

© Royal Economic Society 2003

Issue Section: [Articles](#)

You do not currently have access to this article.

Sign in

 [Get help with access](#)

Royal Economic Society members

[Sign in through society site >](#)



**ROYAL
ECONOMIC
SOCIETY**

Personal account

Institutional access

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD

[Sign in >](#)

[Register](#)

 [Sign in through your institution](#)

[Sign in through your institution](#)

[Sign in with a library card](#)

[Sign in with username/password](#)

[Recommend to your librarian](#)

Institutional account management

[Sign in as administrator](#)

Purchase

[Subscription prices and ordering for this journal](#)

[Purchasing options for books and journals across Oxford Academic](#)

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? [Register](#)

Common agency with Rational Expectations: Theory and Application to a Monetary Union - 24 Hours access

EUR €51.00

GBP £44.00

USD \$55.00

Rental



This article is also available for rental through DeepDyve.