

Caps on Bids in N-Player All-Pay Auctions

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June 2015

Abstract

In the standard $N > 2$ player all-pay auction with complete information a cap on bids complicates. Multiplicity of equilibrium abounds. We extend previous work by providing new conditions under which a multiplicity of equilibria exists. We then apply a monotonicity condition to obtain a refinement of equilibrium which is generically unique. Keywords: All-Pay Auction; Contest; Bid Cap; Political Lobbying; Campaign Spending Limits. JEL Codes: C72, C73, D44, D72.