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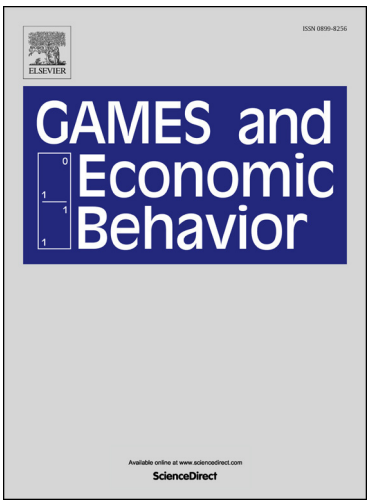

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Biased Contests for Symmetric Players*

Mikhail Drugov† and Dmitry Ryvkin‡

February 12, 2016

Abstract

In a *biased contest*, one of the players has an advantage in the winner determination process. We characterize a novel class of biased contest success functions pertaining to such contests and provide necessary and sufficient conditions for zero bias to be a critical point of arbitrary objectives satisfying certain symmetry restrictions. We, however, challenge the common wisdom that unbiased contests are always *optimal* when contestants are symmetric *ex ante* or even *ex post*. We show that contests with arbitrary favorites, i.e., biased contests of symmetric players, can be optimal in terms of various objectives such as expected aggregate effort, the probability to reveal the stronger player as the winner or expected effort of the winner.

JEL classification codes: C72, D63, D72, J71.
Keywords: biased contest, biased contest success function, aggregate effort, predictive power, winner's effort.

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