

Volume 28, Issue 11**Research Announcement****Three Principles of Competitive Nonlinear Pricing**

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Abstract

This paper makes three contributions: (1) A competitive revelation principle for contracting games in which several principals compete for one privately informed agent. Specifically, given any profile of incentive compatible indirect contracting mechanisms, there exists an incentive compatible direct contracting mechanism that, in all circumstances, generates the same contract selection as the profile of indirect mechanisms. (2) A competitive taxation principle. That is, given any incentive compatible direct contracting mechanism, there exists a unique profile of nonlinear pricing schedules that implements the mechanism and the converse. (3) Existence of Nash equilibrium for the mixed extension of the nonlinear pricing game. This is proven using the taxation principle (2 above) and a result due to Reny, *Econometrica* 1999. To appear as a CERMSEM, Paris 1, Working Paper and also on <http://www.warwick.ac.uk/fac/soc/Economics/research/twerps.html>.

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