

# Appendix

## Experiment Instructions

### [REPUTATION]

Thank you all for coming today. You are here to participate in an experiment. In addition to a \$10 participation fee, you will be paid any money you accumulate from the experiment. You will be paid privately, by check, at the conclusion of the experiment. This study has been reviewed and approved by the FSU Human Subjects Committee. *If you have any questions during the experiment, please raise your hand and wait for an experimenter to come to you. Please do not talk, exclaim, or try to communicate with other participants during the experiment.* Participants intentionally violating these rules may be asked to leave the experiment and may not be paid.

The number that you have found on your desk is your identification number in the experiment. We won't ask you to write down your name at any time during this experimental session. No one, including the experimenter, will have a way to link your name to the decisions you made in the experiment. At the end of the session, you will need to show your number to the experimenter in order to receive the money that you collected in the experiment.

Some payoffs during the experiment will be denominated in Experimental Currency Units, or ECU. At the end of the experiment those payoffs will be converted to dollars at the exchange rate of **\$1 for 20 ECU**.

The experiment will consist of several parts and the instructions will be provided separately at the beginning of each part.

#### **Instructions for part 1**

In this task, you will be asked to make three decisions. One of these three decisions will be chosen at the end of the experiment to base your actual earnings on.

The environments for the three decisions are similar. In each case, you will see a list of 20 choices between lotteries and sure amounts of money. Lotteries will always be on the left, and sure amounts of money on the right. The lists will be ordered so that you will prefer the lottery to the sure amount of money in the choice at the top of the list. As you go down the list, the strength of your preference will decrease. That is, you will like the lotteries less and less as compared to the sure amounts. At some point, you will be willing to switch from preferring a lottery to preferring the corresponding sure amount of money. At the point where you are willing to switch, please click on the SWITCH HERE button.

When you click on a SWITCH HERE button, lotteries will be your choice everywhere above that line, and sure amounts of money will be your choice everywhere below that line. All the 20 choices that you generate will be highlighted. If you want to change your decision, simply click on another SWITCH HERE button. When you are ready to finalize your decision, click SUBMIT.

After you have made your decision, one of the 20 choices will be selected randomly and played.

If your preference in the choice that turns out to be actually played is a lottery, your earnings will depend on a random draw. If your preference in the choice that turns out to be actually played is a sure amount of money, you will earn that amount of money.

You will be informed about your earnings from this part of the experiment at the very end of the session today, after you have completed all parts of the experiment.

Are there any questions before you begin making your decisions?

## **Instructions for Part 2**

### **[MONOPOLY]**

This part of the experiment will consist of several rounds in which you will have to make decisions. At the end of the experiment one of these rounds will be randomly chosen to base your actual earnings on.

You are going to participate in this experimental task in one of two possible roles. You will be randomly assigned either the role of Public Official or the role of Private Citizen. A total of **3 Public Officials** and **6 Private Citizens** will participate in the task.

Each **Public Official** will be in charge of an Office that provides licenses to Private Citizens, and will receive a lump-sum wage of 130 ECU.

Each **Private Citizen** will start with a monetary endowment of 80 ECU and will have to get a license from one of the 3 Offices. The license will generate a monetary benefit of 70 ECU to the Citizen. The Private Citizen will have to pay a fee in order to get the license. The official license fee is 20 ECU. However, Public Official can refuse to provide the license unless a bribe is paid on top of the official fee. The bribe demanded by a Public Official can be any integer amount between **1 and 50 ECU**.

Each Public Official will decide whether or not to demand a bribe from the Private Citizens who may visit his or her Office, and the specific amount of the bribe, in the range between 1 and 50 ECU.

Each Public Official will not know if the other Public Officials chose to demand a bribe or the size of their bribes, if any. Private Citizens will also be initially unaware of the bribes demanded by each Public Official, if any.

The decision-making process in the experiment proceeds as follows:

- At the beginning, each Public Official has to decide whether he or she would like to request a bribe, between 1 and 50 ECU, for the provision of the license, on top of the official fee of 20 ECU.
- Each Private Citizen is assigned to an Office and finds out if a bribe is requested by the Public Official in that Office, and if so, the size of the bribe.
- The Private Citizen has to get the license at the Office he or she is assigned to. That is, the Citizen will have to pay the official fee and the bribe requested by the Official in that Office.

The payoffs are determined as follows:

- Each **Public Official** earns a lump-sum wage of 130 ECU. On top of the wage, if the Public Official decides to demand a bribe for his or her services, he or she can get additional earnings from the bribes paid by the Private Citizens who have been assigned to his or her Office.
- Each **Private Citizen** starts with an endowment of 80 ECU. When the Private Citizen gets the license, he or she additionally receives 70 ECU, but will have to pay the total amount requested by the Public Official (that may or may not include a bribe).

Private Citizens will see the **map below**, showing the available 3 Offices. Once the Citizen has been assigned to an Office, the Citizen will see the bribe requested by the Official in that Office, if any, and the total amount they have to pay to get the license.

|  |  |  |                 |  |  |  |  |  |
|--|--|--|-----------------|--|--|--|--|--|
| You are the <b>Private Citizen U</b>   | Initial Endowment: 80                    | Balance: 80  |                 |  |  |  |  |  |
|  |  | Revenue from License: 70   |                 |  |  |  |  |  |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;"><b>Office 1</b></td> <td style="text-align: center; padding: 5px;"><b>Office 2</b></td> <td style="text-align: center; padding: 5px;"><b>Office 3</b></td> </tr> <tr> <td style="padding: 5px;">Official Fee: 20<br/>Bribe: ?<br/>Total: ?</td> <td style="padding: 5px;">Official Fee: 20<br/>Bribe: ?<br/>Total: ?</td> <td style="padding: 5px;">Official Fee: 20<br/>Bribe: ?<br/>Total: ?</td> </tr> </table> | <b>Office 1</b>                          | <b>Office 2</b>  | <b>Office 3</b> | Official Fee: 20<br>Bribe: ?<br>Total: ? | Official Fee: 20<br>Bribe: ?<br>Total: ? | Official Fee: 20<br>Bribe: ?<br>Total: ? | <p style="font-size: small; margin: 0;">You will be assigned to visit one of the Offices. You will receive information about whether the Public Official in that Office requests a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. You will have to get the license from that Office by paying the official fee of 20 ECU plus the amount of the bribe, if any.</p> |  |
| <b>Office 1</b>  | <b>Office 2</b>                          | <b>Office 3</b>  |                 |  |  |  |  |  |
| Official Fee: 20<br>Bribe: ?<br>Total: ?   | Official Fee: 20<br>Bribe: ?<br>Total: ? | Official Fee: 20<br>Bribe: ?<br>Total: ?   |                 |  |  |  |  |  |
| Please click CONTINUE to proceed with the experiment.  |  |  |                 |  |  |  |  |  |
|  |  | <div style="border: 1px solid black; background-color: #f00; color: white; padding: 5px 15px; display: inline-block;">Continue</div> |                 |  |  |  |  |  |

At the beginning of every new round, Citizens will be assigned to the same Office as in the previous round. For the duration of the experiment, each Official will remain in the same Office.

Are there any questions?

This part of the experiment is about to begin. We ask again that you not look at the screens of those around you or attempt to talk with other participants at any time during the session. You will be able to read through the instructions and click through the screens at your own pace. Each section of the experiment will begin after all participants have finished reading the instructions for that section and have clicked Continue. If you have any question about the instructions that you will receive on your screen, please feel free to raise your hand at any time during the session, and the experimenter will come to answer your questions in private.

### Instructions for Part 3

#### [COMPETITION]

This part of the experiment will consist of several rounds in which you will have to make decisions. At the end of the experiment one of the rounds will be randomly chosen to base your actual earnings on. The environment is very similar to the one in the previous part of the experiment. You retain the role of Private Citizen or Public Official from the previous part. A total of **3 Public Officials** and **6 Private Citizens** will participate in the task, as before. However, now after visiting the initially assigned Office, a Citizen can decide not to pay the requested bribe (if any) and can choose to visit a different Office by clicking the VISIT button in the corresponding box on the map. Visiting a new Office has a cost of 5 ECU. After visiting a new Office, the Citizen can go back to any previously visited Office at no cost. Once an Office has been visited, Citizens will be able to see the requested amount on the map, in the corresponding box. Citizens can get the license from any of the visited Office by clicking the PAY button in the corresponding box on the map.

As before, each **Public Official** will be in charge of an Office and will receive a lump-sum wage of 130 ECU.

Each **Private Citizen** will start with a monetary endowment of 80 ECU and will have to get a license from one of the 3 Offices. The license will generate a monetary benefit of 70 ECU to the Citizen. The Private Citizen will have to pay a fee in order to get the license. The official license fee is 20 ECU. However, Public Official can refuse to provide the license unless a bribe is paid on top of the official fee. The bribe demanded by a Public Official can be any integer amount between **1 and 50 ECU**.

The decision-making process in the experiment proceeds as follows:

- At the beginning, each Public Official has to decide whether he or she would like to request a bribe, between 1 and 50 ECU, for the provision of the license, on top of the official fee of 20 ECU.
- Each Private Citizen is initially assigned to visit the same Office that he or she was assigned to in the previous part of the experiment. The Citizen finds out if a bribe is requested by the Public Official in that Office, and if so, the size of the bribe.
- Then, the Private Citizen has to decide whether to pay the total amount requested by the visited Office, and receive the license there, or leave that Office and choose to visit any of the other 2 available Offices. Every visit to a new Office costs 5 ECU to the Private Citizen.
- The Citizen can visit as many Offices as he or she wishes, at the cost of 5 ECU for any new visit, and can acquire the license from any of the Offices previously visited by paying the amount requested by the Official in that Office.
- The Private Citizen has to get the license eventually.

The payoffs are determined as follows:

- Each **Public Official** earns a lump-sum wage of 130 ECU. On top of the wage, if the Public Official decides to demand a bribe for his or her services, he or she can get additional earnings

from the bribes paid by the Private Citizens who visited the Office and decided to obtain the license there, if any.

- Each **Private Citizen** starts with an endowment of 80 ECU. When the Private Citizen gets the license, he or she additionally receives 70 ECU, but will have to pay the total amount requested by the Public Official (that may or may not include a bribe) and the accumulated cost of office visits, which is equal to 5 ECU x (number of visited offices).

Private Citizens will see the **map below**, showing the available 3 Offices that they can visit to get the license. By clicking on an Office, Private Citizens will be able to visit that Office and get information about whether a bribe is requested by the corresponding Public Official, and the size of the bribe, if any.

|  |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
|--|-----------------|--------------------------|----------------------|---|--------------------------------------|---|-----------------|------------------|----------|----------|--------------------------------------|---|-----------------|------------------|----------|----------|--------------------------------------|
| You are the Private Citizen U  |                 | Initial Endowment: 80    | Visits Cost: 0       | Balance: 80                             |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
|  |                 | Revenue from License: 70 | Obtained License: No |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <table border="1"><tr><td><b>Office 1</b></td></tr><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr><tr><td><input type="button" value="Visit"/></td></tr></table>  | <b>Office 1</b> | Official Fee: 20         | Bribe: ?             | Total: ?                                | <input type="button" value="Visit"/> | <table border="1"><tr><td><b>Office 2</b></td></tr><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr><tr><td><input type="button" value="Visit"/></td></tr></table> | <b>Office 2</b> | Official Fee: 20 | Bribe: ? | Total: ? | <input type="button" value="Visit"/> | <table border="1"><tr><td><b>Office 3</b></td></tr><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr><tr><td><input type="button" value="Visit"/></td></tr></table> | <b>Office 3</b> | Official Fee: 20 | Bribe: ? | Total: ? | <input type="button" value="Visit"/> |
| <b>Office 1</b>  |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Official Fee: 20   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Bribe: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Total: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <input type="button" value="Visit"/>   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <b>Office 2</b>  |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Official Fee: 20   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Bribe: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Total: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <input type="button" value="Visit"/>   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <b>Office 3</b>  |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Official Fee: 20   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Bribe: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Total: ?   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <input type="button" value="Visit"/>   |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| <p>By visiting an Office, you will receive information about whether the Public Official in that Office requests a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. You will be able to visit as many Offices as you wish, at the cost of 5 ECU per new visit. You can get the license from any of the Offices previously visited.</p> |                 |                          |                      |   |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |
| Please click CONTINUE to proceed with the experiment.  |                 |                          |                      | <input type="button" value="Continue"/> |                                      |   |                 |                  |          |          |                                      |   |                 |                  |          |          |                                      |

At the beginning of every new round, Citizens will be initially assigned to the same Office as in the first part of the experiment. For the duration of the experiment, each Official will remain in the same Office.

Are there any questions?

This part of the experiment is about to begin. We ask again that you not look at the screens of those around you or attempt to talk with other participants at any time during the session. You will be able to read through the instructions and click through the screens at your own pace. Each section of the experiment will begin after all participants have finished reading the instructions for that section and have clicked Continue. If you have any question about the instructions that you will receive on your screen, please feel free to raise your hand at any time during the session, and the experimenter will come to answer your questions in private.

## Private Citizen's Information Screen

In this experiment you have been randomly assigned the role of **Private Citizen**  
You are **Private Citizen P**

You will start with an endowment of 80 ECU and you will need to obtain a license that will give you an additional benefit of 70 ECU. The official license fee is 20 ECU.

In the next screen you will see the map showing the 3 Offices.

Each Public Official can provide the license for the official fee of 20 ECU or demand a bribe between **1 and 50 ECU**, on top of the official fee. Initially you will not know whether the Public Officials in each Office requested a bribe for the provision of the license, or the size of the bribes demanded in each Office, if any.

You will be assigned to visit one of the 3 Offices, where you will be told whether a bribe is demanded on top of the official fee, and the size of the bribe, if any. You will have no choice but to get the license at that Office by paying the official fee of 20 ECU plus the bribe demanded, if any.

Your earnings will be determined as follows:

- You will get your endowment of 80 ECU plus 70 ECU generated by the license;
- You will have to pay: the official cost of the license (20 ECU) plus the amount of the bribe, if any, requested at the Office you have been assigned to.

Please review these instructions and click Continue when you are ready to see the map with the Offices.

**Continue**

## Public Official's Information Screen

In this experiment you have been randomly assigned the role of **Public Official**  
Your Office is **Office 1**

In addition to your Office, there are 2 other Offices and a total of 6 Private Citizens participating in this task.

You will have to choose whether or not to demand a bribe from the Private Citizens that visit your Office, and the size of the bribe, if any. The bribe can be any amount between **1 and 50 ECU**.

Two Private Citizens will be assigned to visit your Office. They will have to get the license from you by paying the official cost of 20 ECU plus the bribe you decide to demand, if any.

Your earnings will be determined as follows:

- if you decide not to demand a bribe on top of the official cost of the license, you will earn 130 ECU.
- if you decide to demand a bribe, the two Citizens who have been assigned to visit your Office will have to pay the bribe (on top of the official cost of 20 ECU) and get the license from you. You will earn 130 ECU and accumulate additional earnings generated from those bribes.

In the next screen you will see the map showing the 3 Offices, including yours.

Please review these instructions and click Continue when you are ready to see the map with the Offices.

**Continue**

## Citizen's Second Information Screen

| You are the <b>Private Citizen T</b>  |          | Initial Endowment: 80    | Balance: 80              |          |  |          |                  |          |          |  |  |          |                  |          |          |
|---|----------|--------------------------|--------------------------|----------|--|----------|------------------|----------|----------|--|--|----------|------------------|----------|----------|
|   |          | Revenue from License: 70 |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| <table border="1"><thead><tr><th>Office 1</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table>  | Office 1 | Official Fee: 20         | Bribe: ?                 | Total: ? | <table border="1"><thead><tr><th>Office 2</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table> | Office 2 | Official Fee: 20 | Bribe: ? | Total: ? | <table border="1"><thead><tr><th>Office 3</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table> |  | Office 3 | Official Fee: 20 | Bribe: ? | Total: ? |
| Office 1  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Office 2  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Office 3  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| <p>You will be assigned to visit one of the Offices. You will receive information about whether the Public Official in that Office requests a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. You will have to get the license from that Office by paying the official fee of 20 ECU plus the amount of the bribe, if any.</p> |          |                          |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Please click CONTINUE to proceed with the experiment.   |          |                          | <a href="#">Continue</a> |          |  |          |                  |          |          |  |  |          |                  |          |          |

## Official's Second Information Screen

| You are the <b>Public Official in Office 1</b>  |          | Your Official Wage: 130 | Earnings from Bribes: 0  |          |  |          |                  |          |          |  |  |          |                  |          |          |
|---|----------|-------------------------|--------------------------|----------|--|----------|------------------|----------|----------|--|--|----------|------------------|----------|----------|
| <table border="1"><thead><tr><th>Office 1</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table>  | Office 1 | Official Fee: 20        | Bribe: ?                 | Total: ? | <table border="1"><thead><tr><th>Office 2</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table> | Office 2 | Official Fee: 20 | Bribe: ? | Total: ? | <table border="1"><thead><tr><th>Office 3</th></tr></thead><tbody><tr><td>Official Fee: 20</td></tr><tr><td>Bribe: ?</td></tr><tr><td>Total: ?</td></tr></tbody></table> |  | Office 3 | Official Fee: 20 | Bribe: ? | Total: ? |
| Office 1  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Office 2  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Office 3  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Official Fee: 20  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Bribe: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Total: ?  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| <p>You will decide whether or not to request a bribe for the provision of the license in your Office, and the size of the bribe, if any.</p>  |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| <p>Two Citizens will be assigned to visit your Office. They will receive information about whether you request a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. They will have to get the license from your Office by paying the official fee of 20 ECU plus the amount of the bribe, if any.</p> |          |                         |                          |          |  |          |                  |          |          |  |  |          |                  |          |          |
| Please click CONTINUE to proceed with the experiment.   |          |                         | <a href="#">Continue</a> |          |  |          |                  |          |          |  |  |          |                  |          |          |

## Official's Decision Screen

|   |                         |                         |
|---|-------------------------|-------------------------|
| You are the <b>Public Official in Office 1</b>  | Your Official Wage: 130 | Earnings from Bribes: 0 |
| <p>You now have to decide whether or not you want to request a bribe on top of the official fee to provide the license. Please select the corresponding radio button below.</p> <p>If you choose to request a bribe, please specify the size of the bribe by entering an integer number between <b>1 and 50</b> ECU into the corresponding field.</p> <p>The two Citizens who have been assigned to your Office will be informed about your decision to request or not request a bribe on top of the official license fee, and the size of the bribe, if any. These Citizens will have to get the license from your Office.</p> <p>After you make your choice, please click <b>SUBMIT</b>.</p> <p style="text-align: center;"> <input type="radio"/> Do not wish to request a Bribe<br/> <input checked="" type="radio"/> Request a Bribe         </p> <p style="text-align: center;">Please enter the amount of the Bribe (between 1 and 50): <input style="width: 50px;" type="text" value="20"/></p> |                         |                         |
| <input type="button" value="SUBMIT"/>   |                         |                         |

## Citizen's Outcome Screen

| You are the <b>Private Citizen R</b>  | Initial Endowment: 80 | Balance: 110     |           |           |   |          |                  |          |          |   |          |                  |          |          |
|---|-----------------------|------------------|-----------|-----------|---|----------|------------------|----------|----------|---|----------|------------------|----------|----------|
| Revenue from License: 70  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 1</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: 20</td></tr> <tr><td>Total: 40</td></tr> </table>   | Office 1              | Official Fee: 20 | Bribe: 20 | Total: 40 | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 2</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: ?</td></tr> <tr><td>Total: ?</td></tr> </table> | Office 2 | Official Fee: 20 | Bribe: ? | Total: ? | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 3</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: ?</td></tr> <tr><td>Total: ?</td></tr> </table> | Office 3 | Official Fee: 20 | Bribe: ? | Total: ? |
| Office 1  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Official Fee: 20  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Bribe: 20   |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Total: 40   |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Office 2  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Official Fee: 20  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Bribe: ?  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Total: ?  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Office 3  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Official Fee: 20  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Bribe: ?  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Total: ?  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| <p>You have been assigned to <b>Office 1</b>.</p> <p>The Public Official in this Office is not willing to provide you with a license for the official fee of 20 ECU.</p> <p>On top of the official fee, in order to provide the license the Public Official in this Office requests a bribe of <b>20 ECU</b>.</p> <p>You started with an endowment of <b>80 ECU</b>.</p> <p>You got the license from Office 1 by paying the official fee of 20 ECU plus the bribe of 20.</p> <p>You received 70 ECU from getting the license.</p> <p>Therefore, your earnings from this round are: <math>(80+70-20-20)</math> ECU = <b>110 ECU</b>.</p> |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| Please click <b>CONTINUE</b> to proceed with the experiment.  |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |
| <input type="button" value="CONTINUE"/>   |                       |                  |           |           |   |          |                  |          |          |   |          |                  |          |          |



# Public Official's Outcome Screen

|   |                         |                          |
|---|-------------------------|--------------------------|
| You are the <b>Public Official</b> in <b>Office 1</b> | Your Official Wage: 130 | Earnings from Bribes: 40 |
|---|-------------------------|--------------------------|

Citizens R and T were assigned to your Office.

Your Official wage is 130 ECU.

You decided to demand a bribe of 20 ECU for the provision of the license.

Both Citizens that were assigned to your Office got the license from you.

Therefore your earnings from this round are:  $(130+40)$  ECU = **170 ECU**

| Citizen | Visited Your Office | Received License from You |
|---------|---------------------|---------------------------|
| P       |                     |                           |
| Q       |                     |                           |
| R       | X                   | X                         |
| S       |                     |                           |
| T       | X                   | X                         |
| U       |                     |                           |

Please click CONTINUE to proceed with the experiment.

## After each round (1 to 6)

The next round is about to begin. In this round you will be in exactly the same environment as in the previous round. You will retain the role of either Private Citizen or Public Official. Public Officials will stay in the same Offices and Citizens will be initially assigned to the same Offices as before.

## Citizen's Instruction Screen

### [Competition]

In this part of the experiment you retain the role of **Private Citizen**  
You are **Private Citizen P**

You will start with an endowment of 80 ECU and you will need to obtain a license that will give you an additional benefit of 70 ECU. The official license fee is 20 ECU.

In the next screen you will see the map showing the 3 Offices from which you can obtain the license. You can now obtain the license from any of these Offices.

Each Public Official can provide the license for the official fee of 20 ECU or demand a bribe between **1 and 50 ECU**, on top of the official fee. Initially you will not know whether the Public Officials in each Office request a bribe for the provision of the license, or the size of the bribes demanded in each Office, if any.

You will be initially assigned to visit the same Office as the one you were assigned to in the previous part of the experiment. You will be told whether in that Office a bribe is demanded on top of the official fee, and the size of the bribe, if any. After your visit, you can either get the license from that Office, by paying the official fee of 20 ECU plus the bribe demanded, if any, or choose to visit any of the other Offices on the map. It will cost you 5 ECU to visit every new Office.

You can visit as many offices as you wish (by paying 5 ECU per visit) and can get the license from any of the Offices previously visited by choosing to pay the requested amount (the official fee plus the requested bribe, if any).

Your earnings will be determined as follows:

- You will get your endowment of 80 ECU plus 70 ECU generated by the license;
- You will have to pay: the official cost of the license (20 ECU) plus the amount of the bribe, if any, requested at the Office where you decide to get the license, plus the accumulated cost of visits, which is equal to 5 ECU times the number of new Offices you chose to visit.

Please review these instructions and click Continue when you are ready to see the map with the Offices.

**Continue**

## Public Official's Information Screen

### [Competition]

In this part of the experiment you will retain the role of **Public Official**  
Your Office is **Office 1**

You will have to choose whether or not to demand a bribe from the Private Citizens that visit your Office, and the size of the bribe, if any. The bribe can be any amount between **1 and 50 ECU**.

Each Private Citizen who visits your Office can either get the license from you, by paying the official cost of 20 ECU plus the bribe you demand, if any, or leave your Office and visit one or more other Offices. In addition to your Office, there are 2 other Offices from which each Private Citizen can possibly get the license.

The same two Citizens as in the previous part of the experiment will be initially assigned to visit your Office, and will be informed whether or not you demand a bribe on top of the official fee, and about the size of the bribe, if any. After his or her visit the Citizen could either get the license from your Office, by paying the official cost of 20 ECU plus the bribe demanded by you, if any, or choose to visit any of the other offices on the map.

It costs Private Citizens 5 ECU to visit every new Office. Citizens who were initially matched with other Offices can choose to leave those Offices and visit you. Private Citizens can go back to any of the Offices previously visited and get the license there.

Your earnings will be determined as follows:

- If you decide not to demand a bribe on top of the official cost of the license, you will earn 130 ECU.
- If you decide to demand a bribe, and one or more of the Citizens who visit your Office decide to pay the bribe (on top of the official cost of 20 ECU) and get the license from you, you will earn 130 ECU and accumulate additional earnings generated from those bribes.

In the next screen you will see the map showing the 3 Offices, including yours, from which the Private Citizens can obtain the license.

Please review these instructions and click Continue when you are ready to see the map with the Offices.

**Continue**

# Citizen's Second Information Screen

## [Competition]

|                                      |  |                          |                      |             |
|--------------------------------------|--|--------------------------|----------------------|-------------|
| You are the <b>Private Citizen Q</b> |  | Initial Endowment: 80    | Visits Cost: 0       | Balance: 80 |
|                                      |  | Revenue from License: 70 | Obtained License: No |             |

  

|   |   |   |
|---|---|---|
| <b>Office 1</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> | <b>Office 2</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> | <b>Office 3</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> |
|---|---|---|

By visiting an Office, you will receive information about whether the Public Official in that Office requests a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. You will be able to visit as many Offices as you wish, at the cost of 5 ECU per new visit. You can get the license from any of the Offices previously visited.

Please click CONTINUE to proceed with the experiment.

# Official's Second Information Screen

## [Competition]

|  |  |                         |                         |
|--|--|-------------------------|-------------------------|
| You are the <b>Public Official in Office 1</b> |  | Your Official Wage: 130 | Earnings from Bribes: 0 |
|--|--|-------------------------|-------------------------|

  

|   |   |   |
|---|---|---|
| <b>Office 1</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> | <b>Office 2</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> | <b>Office 3</b><br>Official Fee: 20<br>Bribe: ?<br>Total: ?<br><input type="button" value="Visit"/> |
|---|---|---|

You will decide whether or not to request a bribe for the provision of the license in your Office, and the size of the bribe, if any.

By visiting an Office, Private Citizens will receive information about whether the Public Official in that Office requests a bribe for the provision of the license, on top of the official fee, and the size of the bribe, if any. Citizens will be able to visit as many Offices as they wish, at the cost of 5 ECU per new visit. Citizens could get the license from any of the Offices previously visited.

Please click CONTINUE to proceed with the experiment.

## Citizen visits matched office and decides to pay or search

|                                      |   |  |             |
|--------------------------------------|---|--|-------------|
| You are the <b>Private Citizen R</b> | Initial Endowment: 80<br>Revenue from License: 70 | Visits Cost: 0<br>Obtained License: No | Balance: 80 |
|--------------------------------------|---|--|-------------|

  

| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 1</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: 20</td></tr> <tr><td>Total: 40</td></tr> <tr><td style="text-align: right;"><input type="button" value="Pay"/></td></tr> </table> | Office 1 | Official Fee: 20 | Bribe: 20 | Total: 40 | <input type="button" value="Pay"/> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 2</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: ?</td></tr> <tr><td>Total: ?</td></tr> <tr><td style="text-align: right;"><input type="button" value="Visit"/></td></tr> </table> | Office 2 | Official Fee: 20 | Bribe: ? | Total: ? | <input type="button" value="Visit"/> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><th style="text-align: center;">Office 3</th></tr> <tr><td>Official Fee: 20</td></tr> <tr><td>Bribe: ?</td></tr> <tr><td>Total: ?</td></tr> <tr><td style="text-align: right;"><input type="button" value="Visit"/></td></tr> </table> | Office 3 | Official Fee: 20 | Bribe: ? | Total: ? | <input type="button" value="Visit"/> |
|---|----------|------------------|-----------|-----------|------------------------------------|---|----------|------------------|----------|----------|--------------------------------------|---|----------|------------------|----------|----------|--------------------------------------|
| Office 1  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Official Fee: 20  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Bribe: 20   |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Total: 40   |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| <input type="button" value="Pay"/>  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Office 2  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Official Fee: 20  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Bribe: ?  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Total: ?  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| <input type="button" value="Visit"/>  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Office 3  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Official Fee: 20  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Bribe: ?  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| Total: ?  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |
| <input type="button" value="Visit"/>  |          |                  |           |           |                                    |   |          |                  |          |          |                                      |   |          |                  |          |          |                                      |

  

You have been initially assigned to **Office 1**.

You must get the license from one of the 3 Offices. The license will generate 70 ECU to you. You can use your Balance, at the top right corner, to either pay the requested amount at one of the Offices you visited or choose to visit a different Office, at the cost of 5 ECU. After you visit a new Office, you will come back to this map and will be able to get the license from any of the previously visited Offices, or visit a new Office at the cost of 5 ECU per new visit.

Please make one of the following decisions:

- Choose one of the Offices to receive the license from by clicking on the corresponding Pay button.
- Choose a new Office to visit by clicking on the corresponding Visit button (at a cost of 5 ECU).

## Official's Waiting Screen

|  |                         |                         |
|--|-------------------------|-------------------------|
| You are the <b>Public Official in Office 1</b> | Your Official Wage: 130 | Earnings from Bribes: 0 |
|--|-------------------------|-------------------------|

  

You have decided to demand a bribe of 20 ECU for the provision of the license. Below you will see when a Private Citizen visits your Office and when/if he or she decides to get the license from you. Visits and license acquisitions will be marked with an X for the corresponding Citizen.

Citizens R and T were initially assigned to visit your Office. These are the same two Citizens that were assigned to your Office before.

  

| Citizen | Visited Your Office | Received License from You |
|---------|---------------------|---------------------------|
| P       |                     |                           |
| Q       |                     |                           |
| R       | X                   |                           |
| S       |                     |                           |
| T       | X                   |                           |
| U       |                     |                           |

  

Please wait until the experiment continues.

## Citizen's Outcome Screen

|                                      |                          |                       |              |
|--------------------------------------|--------------------------|-----------------------|--------------|
| You are the <b>Private Citizen T</b> | Initial Endowment: 80    | Visits Cost: 5        | Balance: 125 |
|                                      | Revenue from License: 70 | Obtained License: Yes |              |

  

|  |   |  |
|--|---|--|
| <b>Office 1</b>                            | <b>Office 2</b>                           | <b>Office 3</b>                          |
| Official Fee: 20<br>Bribe: 20<br>Total: 40 | Official Fee: 20<br>Bribe: 0<br>Total: 20 | Official Fee: 20<br>Bribe: ?<br>Total: ? |
| <input type="button" value="Pay"/>         | <input type="button" value="Pay"/>        | <input type="button" value="Visit"/>     |

  

You started with an endowment of **80 ECU**.

You visited a total number of 1 Office in addition to the one you were initially matched with, paying a total visits cost of 5 ECU.

You got the license from Office 2 by paying the official fee of 20 ECU.

You received 70 ECU from getting the license.

Therefore, your earnings from this round are:  $(80+70-20-5-0)$  ECU = **125 ECU**.

Please click **CONTINUE** to proceed with the experiment.

## Official's Outcome Screen

|  |                         |                          |
|--|-------------------------|--------------------------|
| You are the <b>Public Official in Office 1</b> | Your Official Wage: 130 | Earnings from Bribes: 20 |
|--|-------------------------|--------------------------|

  

Citizens R and T were assigned to your Office at the beginning of this round.

Your Official wage is **130 ECU**.

You decided to demand a bribe of **20 ECU** for the provision of the license.

A total number of 1 Citizen visited your Office in addition to the two Citizens initially matched with you and 1 decided to get the license from you.

Therefore your earnings from this sequence are:  $(130+20)$  ECU = **150 ECU**

| Citizen | Visited Your Office | Received License from You |
|---------|---------------------|---------------------------|
| P       |                     |                           |
| Q       |                     |                           |
| R       | X                   | X                         |
| S       | X                   |                           |
| T       | X                   |                           |
| U       |                     |                           |

Please click **CONTINUE** to proceed with the experiment.