

# CORRUPTION IN ENTRY REGULATION A GAME-THEORETIC ANALYSIS WITH A TRACK OF BUREAUCRATS

BY TETSURO MIZOGUCHI\* AND NGUYEN VAN QUYEN\*\*

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In this paper, we analyze the corruption in entry regulation that involves an entrepreneur and a track of bureaucrats. Instead of formulating a game in extensive form to analyze the sequential nature of the process involved in the application for a permit, we focus on the corruption in entry regulations that involves both entrepreneur and multiple bureaucrats to negotiate simultaneously for bribes from the mechanism design perspectives. Our results are the following: First, because of the asymmetry of information, the entrepreneur might not obtain the required permit, although collectively as a group, the joint net payoff of the entrepreneur and the bureaucrats is positive. Second, the entrepreneur might pay the bribes without getting the permit.

KEYWORDS: Corruption, Bribery, Entry Regulation

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\* Faculty of Economics, Keio University, 2-15-45, Mita, Minato-ku, Tokyo 108-8345 (e-mail address: tmizo@econ.keio.ac.jp).

\*\* Department of Economics, University of Ottawa, 55 Laurier Avenue East, Desmarais Building, Ottawa, Ontario, Canada K1N 6N5 (e-mail address: NguyenVan.Quyen@uottawa.ca)..

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