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

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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.