

I paid a bribe: Information Sharing and Extortionary Corruption*

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Abstract

Theoretical and empirical research on corruption has flourished in the last three decades; however, identifying successful anti-corruption policies remains a challenge. In this paper we ask whether bottom-up institutions that rely on voluntary and anonymous reports of bribe demands, such as the *I paid a bribe* website first launched in India in 2010, could act as effective anti-corruption tools, and, if this is the case, whether and how their effectiveness could be improved. We overcome measurement and identification problems by addressing our research questions in the laboratory. Our results suggest that the presence of a reporting platform significantly reduces bribe demands. The most effective platform is one where posting is restricted to service recipients and where posts disclose specific information about the size of the bribes and the location of their requestors, i.e., a platform that could serve as a search engine for the least corrupt officials.

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1 Introduction

Corruption is widespread around the world.¹ The most recent Global Corruption Barometer report by Transparency International² highlights that more than 25% of 114,000 survey respondents in 107 countries report having paid a bribe in the last 12 months when dealing with officials in at least one of eight public sectors, with the police, the judiciary and registration offices being the most corrupt. The percentage of bribe payers is well above 50% in several countries, including India, Liberia, Sierra Leone and Uganda.

Evidence that corruption is harmful to society abounds.³ It is, therefore, not surprising that studies of its causes and possible remedies have proliferated in recent years. Numerous methodologies have been employed to study corrupt behavior and identify effective anti-corruption policies; from theoretical models to cross-country comparisons to field and lab experiments.⁴ The consensus is that corruption can be successfully reduced by employing monitoring and enforcement institutions that increase its expected costs by relying on high probabilities of punishment and severe sanctions. But how can this be achieved in societies characterized by systemic corruption where top-down monitoring and rule enforcement can be easily bypassed through the payment of bribes, and where corrupt exchanges have long been embedded in the prevailing social norms? In these societies, relying on institutions that attempt to curb corruption from the bottom-up, for instance by encouraging anonymous reports from the recipients of corrupt goods and services, may be the only viable solution. It is often argued (see, e.g., The World Bank, 2004) that bottom-up initiatives, although unable to affect public officials' incentives through the threat of monetary punishment, might work because service recipients may be more willing than top-down inspectors to monitor corruption in order to avoid the costs that they would otherwise incur from it, and because public officials may want to avoid the nonmonetary costs generated by social disapproval from members of their community.

Starting from the launch of the *I paid a bribe* website⁵ in India in 2010, anti-corruption initiatives promoting online reports of corrupt exchanges have appeared in a number of developing countries, including Kenya, Indonesia and Pakistan. The *I Paid a Bribe* website is self-described as focusing on “crowdsourced reports of corruption.” The website gives citizens the opportunity to anonymously report their bribery experiences. After its launch in India in

¹For the most recent country-level corruption ranking, see Transparency International's 2014 Corruption Perception Index at <http://www.transparency.org/cpi2014/results>.

²http://www.transparency.org/gcb2013/in_detail

³Corruption slows economic growth and development (Mauro, 1995; Méon and Sekkat, 2005), exacerbates inequality and poverty (Gupta, Davoodi and Alonso-Terme, 1998), distorts the allocation of public spending away from education and health (Tanzi and Davoodi, 1998; Reinikka and Svensson, 2004), and impairs the provision of social services or programs to those most in need (Olken, 2006).

⁴For a review of important theoretical issues, see Bardhan (1997), Banerjee, Hanna and Mullainathan (2012) and Ryvkin and Serra (2012). For examples of studies using cross-country data, see Treisman (2000) and Serra (2006). For examples of studies using firm- or household-level data, see Svensson (2003) and Hunt (2007). For examples of studies using direct observation in the field, see Olken and Barron (2009) and Sequeira and Djankov (2013). For a review of lab experiments on corruption with clear policy implications, see Abbink and Serra (2012). For a review of the different methodologies employed for the empirical study of corruption, see Sequeira (2012).

⁵See <http://www.ipaidabribe.com>.

2010, the website is now operative in a total of 14 countries around the world. Despite the increasing popularity of these corruption reporting platforms,⁶ their effectiveness in the fight against corruption is unknown. The *I paid a bribe* website, in particular, was designed with the aim of increasing observability and awareness of corruption and was not intended to serve as an actual anti-corruption tool. Its implementation at the national level, together with the difficulty of gathering objective measures of corruption before and after the appearance of the website, makes it impossible to reliably measure its *causal* impact on corruption. Scientific evaluations of similar bottom-up anti-corruption initiatives relying on citizens' reports are also missing. Related studies are those of Olken (2007), who assessed the effectiveness of citizen monitoring on corruption in the construction of public roads in Indonesia,⁷ and a number of recent evaluations of the impact of community participation and monitoring on teacher attendance and students' learning (Banerjee et al., 2010; Chaudhury et al., 2006; Duflo, Dupas and Kremer, 2014; Pradhan et al., 2014), and on health workers' performance (Björkman and Svensson, 2010). These studies offer mixed empirical evidence on the potential value of citizen monitoring in improving service delivery.⁸ Laboratory experiments on the impact of bottom-up monitoring on corruption are equally scarce. While there are studies (Banuri and Eckel, 2012; Cameron et al., 2009; Serra, 2012) on the impact that bottom-up monetary sanctions, i.e., sanctions imposed by the victims of corruption on the perpetrators, have on bribery, only Salmon and Serra (2014) examine the impact of social non-monetary judgment on corruption. Using a sample of American subjects with different cultural heritages, they find that the threat of social judgment is effective only among individuals that identify with high rule of law countries, casting doubts on the effectiveness of bottom-up anti-corruption mechanisms in less developed countries. However, in Salmon and Serra (2014) the messages of social disapproval received by a corrupt individual are seen in private and are not displayed to the public as it is the case in the *I paid a bribe* websites.

None of the existing studies, to the best of our knowledge, attempt to investigate the effectiveness of bottom-up anti-corruption initiatives that rely on citizens' corruption reports in the same vein as the *I paid a bribe* website. This paper fills the gap in the literature by employing a laboratory experiment to assess whether bottom-up institutions that rely on voluntary and anonymous reports of bribe demands could act as an effective anti-corruption tool, and if this is the case, how their impact could be maximized. The use of a laboratory experiment presents

⁶For a recent article in the popular media advocating the use of corruption reporting platforms see, for example, <http://www.theguardian.com/global-development-professionals-network/2015/may/19/crowdsourcing-anti-corruption-bribery-kenya-india>.

⁷Monitoring occurred through participation in village meetings where citizens could ask questions – directly or through previously collected anonymous comment notes – to the bureaucrats in charge of the road construction about the expenditure of project funds. This form of bottom-up monitoring proved unsuccessful in reducing corruption.

⁸The work of Duflo, Dupas and Kremer (2014) in Western Kenya offers evidence for positive impacts of citizen monitoring on staff absenteeism. Similarly, Pradhan et al. (2014) in Indonesia conclude that increased engagement by communities can improve learning. Björkman and Svensson (2010), in assessing health outcomes in Uganda, find that citizen monitoring of public health facilities decreased infant mortality and increased child health. On the other hand, Banerjee et al. (2010) found that increased citizen monitoring alone did not increase learning in India. Chaudhury et al. (2006) found that active community monitoring did not significantly affect teacher absences.

a clear advantage over field studies as it makes it possible to clearly observe the extent to which corrupt behavior responds to different bottom-up reporting systems. Moreover, the lab setting allows assessing the extent to which false reports, by citizens or even officials, might constitute a problem. Given the anonymous nature of the reports, this would be impossible to achieve in the field.

Like the *I paid a bribe* websites, we focus on the kind of corruption “that confronts ordinary citizens in their daily lives when they’re not able to avail of services they are legitimately entitled to from the government – getting a driver’s license, a birth certificate, registering a purchase of property.”⁹ This kind of corruption is often referred to as *extortionary* or *coercive* corruption, as opposed to *collusive* corruption, which takes place when a bribe is exchanged for the provision of an illegal good or service, for instance for the provision of a building permit to an unqualified firm.¹⁰ In our experimental setting, citizens need to obtain a license and public officials can ask for bribes on top of the official licensing fee. Citizens can obtain the license from any of the available offices displayed on a map; however, every time they visit a new office they incur a cost. We compare this baseline setting to an *I paid a bribe* treatment (BB_IPB) where citizens can anonymously post on a public bulletin board (BB) the bribe(s) that they were asked to pay for the license. This comparison allows us to test whether the *I Paid a bribe* website, in its current form, can serve as an effective anti-corruption tool.

We then look into ways in which the *I Paid a Bribe* website could be improved without relying on top-down monitoring. In particular, we investigate the impact that an online reporting platform would have on bribe demands if it could also be used as a search engine for low-bribe-demanding officials.¹¹ To this end, we designed a treatment (*BB_CIT*) where citizens can leave posts not only about the size of the bribe demanded but also about the specific location of the office/official that demanded the bribe, hence effectively reducing each other’s need to physically search for the least corrupt official. Ryvkin and Serra (2013), employing the same baseline corruption setting as in the current study, found that decreasing citizens’ search costs lowers bribe demands. This led us to believe that if online reporting websites could be used to decrease search costs – or at least are perceived as such by public officials – they may constitute a relatively inexpensive way to significantly reduce corruption. The comparison between the BB_IPB and the BB_CIT treatments allows assessing the potential benefits of redesigning the existing websites in such a way that citizens could effectively use them as information sharing mechanisms.

⁹This is a quote from the *I paid a bribe* website, see <http://www.ipaidabribe.com>.

¹⁰In the case of collusive corruption, a corrupt transaction may impose negative externalities on the society; think for example of a poorly constructed bridge that passes inspections and then breaks down. In the case of extortionary corruption, citizens have to pay bribes for services they are entitled to receive; therefore, the transaction does not generate negative externalities to others.

¹¹The *I paid a bribe* website was not designed to be used as a search engine. Consequently, when reporting a case of corruption, the website only requires information about the sector of the government where corruption occurred, the bribe demanded and possibly paid, and the city where the transaction occurred. No information about the *specific office* where corruption occurred is asked, and although citizens could voluntarily provide this information, the online system is such that this information would simply remain in individual stories and could not be used to search for honest officials when having to apply for a given service.

Finally, we are able to investigate whether false reports are a reason for concern. This is an important question that applies to any crowdsourcing reporting mechanism and is especially difficult to answer using field data. In our experimental setting we can easily check the truthfulness of the messages posted by citizens. Moreover, in the BB_IPB treatment and in a third treatment, BB_ALL, we also allow officials to post (possibly false) messages on the board. This way, we are able to investigate the extent to which online reporting platforms are prone to information bias due to reports posted by officials (or by third parties acting in the interest of the officials).

Since the bribes demanded by public officials can be viewed as “prices” charged for the provision of a good or service, our study is also related to the literature on the effectiveness of online feedback and information sharing platforms in standard markets.¹² The existing literature shows that customers’ ratings significantly affect sales (Anderson and Magruder, 2012; Cabral and Hortacsu, 2010; Chevalier and Mayzlin, 2006; Ye, Law and Gu, 2009) and prices (Cabral and Hortacsu, 2010; Houser and Wooders, 2006; Resnick et al., 2006). A number of studies have also investigated strategic feedback in two-way rating systems (Masclot and Pénard, 2012; Resnick et al., 2006; Bolton, Greiner and Ockenfels, 2013) and the problem of fake reviews (Anderson and Simester, 2013; Mayzlin, Dover and Chevalier, 2012; Luca and Zervas, 2013). Recently, there have also been attempts to use experimental data (Lafky, 2014; Rockenbach and Sadrieh, 2012) to gain a better understanding of the motivations behind the decision to provide feedback about a seller. Contrary to the existing studies, our reporting platform has to do with prices (i.e., bribes). This is a unique feature of government service provision as compared to standard markets, since in the former case “prices,” i.e., bribes, cannot be openly advertised, hence the added value of information sharing mechanisms. An important consequence of the fact that in our setting reporting is about prices and not quality is that the identification of posts containing false information is straightforward.

Our results suggest that the presence of a reporting platform such as the *I paid a bribe* website significantly reduces bribe demands. However, even better results in terms of the reduction of corruption could be achieved if the posts contained information not only on the size of the bribes but also on the location of the offices where such bribes were demanded. Finding ways to restrict the use of reporting systems to service recipients also appears important. Indeed, when officials are allowed to leave messages on the reporting platforms, they tend to post multiple false messages, compromising in this way the credibility and efficacy of the reporting system. On the other hand, we see very little lying from citizens. As a consequence, the most effective reporting platform seems to be one where only citizens are allowed to post specific information about both the size of the bribe demands and the location of the offices/officials where such demands originated. We believe that finding ways to implement such a platform in the field

¹²Much online information on prices is gathered by websites that act as automatic search engines. However, here we are interested in information that is volunteered by participants in the transaction. Therefore, although our study is about the sharing of information about prices (i.e., bribes), studies on the effectiveness of sharing information about product quality (such as product ratings, recommendations and reviews) are the most relevant to our research endeavor.

should be made a priority in the fight against corruption.

The rest of the paper is structured as follows. Section 2 describes our extortionary bribery experiment, the treatments and their implementation. Section 3 presents a theoretical framework that we employ to derive our predictions. Section 4 follows with the experimental results and Section 5 concludes.

2 The Extortionary Bribery Experiment

We employ the extortionary bribery game first introduced by Ryvkin and Serra (2013), in which we use corruption-loaded language. In the experiment, subjects are randomly assigned either the role of public official or the role of private citizen and keep that role for the duration of the experiment. There are 7 citizens and 7 officials in each session. Each public official receives a lump-sum wage of 130 experimental currency units (ECU) and is in charge of an office that provides licenses to private citizens. The official license fee is 20 ECU; however, as it happens in real life, this fee is not pocketed by the official. At the beginning of each round of the experiment, public officials simultaneously and independently decide whether to demand a bribe for the provision of the license on top of the official fee, and the size of the bribe, if any. Those officials who decide to demand a bribe can demand any amount between 1 and 50 ECU, and cannot change their bribe demands during the course of a round. They have the chance to modify their decision to demand a bribe and the size of the bribe, if any, only at the beginning of a new round. Subjects play for a total of 10 rounds, although they are not told this in advance. Instead, at the end of each round, up to round 10, they are told that they will be playing the same game again.

Citizens receive an initial endowment of 80 ECU and when they acquire the license they gain an additional 70 ECU. At the beginning of each round, each citizen is randomly matched with an office so that 7 citizen-official pairs are formed. Each citizen finds out the bribe demanded by the corresponding official, if any. The citizen can either get the license by paying the license fee and the requested bribe, or visit another office by paying a fixed search cost of 5 ECU. Each citizen has access to a map showing all available offices; for the offices the citizen visited, the map shows what bribes are demanded there. Citizens can always go back, without paying the search cost, and get the license from any of the previously visited offices by paying the corresponding bribe; they have to get the license eventually. Officials do not know the size of the bribes demanded by other officials; however, as citizens search through the offices, each official can see how many citizens visited his or her office, how many decided to get the license there and how many decided to leave. At the beginning of each new round, officials are randomly re-assigned to different offices, so citizens cannot associate location on the map to a particular official.¹³

In the absence of corruption both public officials and citizens earn 130 ECU. The official's

¹³Since we are interested in studying corrupt transactions that are likely to be one-shot, like the ones targeted by the *I paid a bribe* websites, we do not allow citizens and officials to build long-term relationships.

payoff at the end of each round is 130 ECU plus all the bribes paid by the citizens who decided to get the license at the official’s office. The citizen’s payoff at the end of each round is 150 ECU minus the 20 ECU cost of the license, the bribe she ends up paying and the total search costs, i.e., 5 ECU multiplied by the total number of searches.

In addition to the baseline treatment described above, we conduct three treatments in which we introduce a bulletin board (BB) that provides subjects an opportunity to post publicly visible structured messages reporting the size of the bribes demanded for the provision of the license. In our BB treatments, we manipulate the richness of the information displayed on the board and the identity of the subjects that are allowed to post. In particular, in the BB_IPB treatment, the posts contain minimum information, as they only report the size of the bribes and not the specific office where each bribe was demanded. Moreover, in an attempt to replicate the *I paid a bribe* websites, while the experimental instructions suggest that posts should be submitted by citizens, we also allow officials to post. In a second BB treatment, *BB_ALL*, both citizens and officials can post on the board, but we allow for more specific information to be posted. In particular, the messages now report both the size of the bribe and the office where the bribe was demanded. Finally, in a third treatment, *BB_CIT*, we restrict the active use of the board to the citizens while keeping the information displayed in the posts as specific as in *BB_ALL*. In this treatment, while officials cannot post on the board, they can still view the information displayed in it.

In all BB treatments we wanted to avoid the situation where all citizens, after discovering the bribe requested by their randomly assigned office, would wait for the information about other offices to appear on the bulletin board before deciding whether to get the license in their current office or go somewhere else.¹⁴ To this end, we allow citizens to observe the information on the bulletin board only after they have made their first buy/search decision. Finally, in all treatments, we allow subjects to post false information. In the instructions, we do not mention such possibility (to avoid leading subjects to lie), but nothing prevents subjects from posting false messages.¹⁵

The experiment results in four treatments: baseline (*NO_BB*), *BB_CIT*, *BB_ALL* and BB_IPB. A total of 154 subjects (43.5% female) participated in 11 sessions of the experiment, as summarized in Table 1. Each experimental subject participated in only one session and, hence, one treatment.

Instructions were read aloud, with a printed copy distributed to subjects (sample instructions are provided in the Appendix). Before engaging in the corruption experiment each subject was involved in a task aimed at measuring risk preferences. Following the method first introduced by Holt and Laury (2002), we invited subjects to choose between two lotteries,

¹⁴While this aspect of a reporting system might be interesting to investigate, it does not really apply to the *I paid a bribe* website, hence we decided to abstract from it.

¹⁵The only restriction we impose is that a citizen cannot post more than one message about an office in each round. Thus, in each round a citizen can potentially post up to 7 messages about the 7 offices, regardless of how many offices he or she actually visited, and any bribe levels between 0 and 50 ECU corresponding to each office. There are no restrictions on the number of messages for officials (when they are allowed to post).

Treatment	sessions	subjects
No_BB	2	28
BB_CIT	3	42
BB_ALL	3	42
BB_IPB	3	42
Total	11	154

Table 1: Summary of experimental sessions and treatments.

$A = (\$1.60, \$2.00; p, 1 - p)$ and $B = (\$0.10, \$3.85; p, 1 - p)$, with probability p changing from 0 to 0.9 in increments of 0.1; therefore, each subject went through a sequence of 10 lottery choices. After all 10 choices were made, one lottery was randomly chosen for payment, although earnings from this task were revealed to subjects only at the very end of the experimental session.

After all subjects completed the risk-aversion assessment task, the corruption experiment began. Subjects engaged in the experiment for 10 rounds, and at the end of the session were paid the earnings based on their payoffs from one randomly selected round. Earnings from this part were converted from ECUs to US\$ at the exchange rate of \$1 for 20 ECU. The session concluded with a short questionnaire.

We conducted all experimental sessions at the XS/FS laboratory at Florida State University. The experiment was programmed in z-Tree (Fischbacher, 2007) and subjects were recruited among pre-registered FSU students using ORSEE (Greiner, 2004). In order to guarantee anonymity, at the beginning of each session subjects were randomly assigned an identification number, which they kept for the duration of the experiment. At no point did we ask subjects to reveal their names during the experiment, and although actual names were used during the payment process for accounting purposes, we informed the subjects that we would not register their names and, therefore, we would not be able to link them to the choices made in the experiment. Each session lasted between 60 and 90 minutes, with average earnings of \$21 per subject including a \$10 show-up fee.

3 Theoretical Framework and Predictions

Consider first the baseline treatment without information sharing. Assume that each public official $i = 1, \dots, n$ has a privately observable prior, $\rho_i(b)$, about the distribution of bribes demanded by other officials. Similarly, each citizen $j = 1, \dots, m$ has a privately observable prior, $\pi_j(b)$, about the bribes demanded by officials. The distributions of priors are common knowledge. At the beginning, the officials independently choose bribe levels $b_i \in [0, B]$. Then each citizen is randomly matched to an office and observes the bribe demanded by the official in that office. The citizen can either pay the bribe and get the license at that office or search, i.e., visit a different office and observe the bribe demanded there, at a search cost $c > 0$. The citizen can visit any number of offices, in addition to the office she is initially matched to, by paying the

cost c for every new visit, but she has to obtain the license eventually, i.e., to pay the bribe at one of the visited offices. No search cost is incurred if the citizen returns to a previously visited office.¹⁶

The environment described above can be characterized formally as that of costly price search with recall. The most basic equilibrium prediction, going back to Diamond (1971), is that citizens will not search and all officials will charge the highest possible bribe B . This prediction, as well as other sequential and nonsequential search theories giving rise to price dispersion (see, e.g., Stahl, 1989; Burdett and Judd, 1983), rely on the assumption that citizens are aware of the distribution of bribe demands. We adopt a more realistic framework in which citizens gradually discover the distribution of bribes as they search. For such environments, it has been shown that the optimal search rule is sequential and myopic, i.e., in a given period the citizen decides whether or not to search further by comparing the expected gain from one search to the search cost c (see, e.g., Bikhchandani and Sharma, 1996).

Citizens' behavior. Suppose, without loss of generality, that citizen j is initially matched with office 1 and observes a bribe b_1 . Her decision on whether or not to search depends on b_1 and on her beliefs $\pi_j(b|b_1)$ about the bribes in other offices, which is her updated prior. The citizen's expected gain from searching is $b_1 - E_j(b|b_1)$, where $E_j(\cdot|b_1)$ denotes the expectation, over $\pi_j(b|b_1)$, of a bribe demanded in the remaining offices. The citizen will search if that gain exceeds c , and will not search otherwise. Similarly, if the citizen searched through k offices (including the office she was initially matched to; assume, without loss of generality, that those are offices $1, 2, \dots, k$), her gain from another search will be $\min\{b_1, \dots, b_k\} - E_j(b|b_1, \dots, b_k)$, where $E_j(\cdot|b_1, \dots, b_k)$ denotes the expectation of a bribe demanded in the remaining $n - k$ offices with the beliefs updated by the observed bribes b_1, \dots, b_k . Again, the citizen will search if that gain exceeds c , and will not search otherwise and acquire the license from the already visited office with the lowest demanded bribe.

Officials' behavior. We will assume that officials have moral costs associated with bribery. These moral costs can be due to aversion to corruption in general, aversion to violation of social norms, or due to fear of being observed by the experimenters or by other subjects. They may also be due to aversion to the inequality generated by bribery. Let $g_i(b; \rho_i(\cdot))$ denote official i 's moral cost of demanding bribe b . We assume that g_i is strictly increasing and convex in b , with $g_i(0; \rho_i(\cdot)) = 0$, and decreases in $\rho_i(\cdot)$ (in the FOSD sense) due to the effect of social norms. The official's expected utility from demanding bribe b then is $u_i(b) = K(b; \rho_i(\cdot))b - g_i(b; \rho_i(\cdot))$, where $K(b; \rho_i(\cdot))$ is the expected number of citizens who will acquire the license at office i . The function $K(b; \rho_i(\cdot))$ is decreasing in b and increasing in $\rho_i(\cdot)$ (in the FOSD sense).

Equilibrium in the bribery game can be defined as a configuration of bribes b_1^*, \dots, b_n^* such that every citizen follows the search rules described above and every official maximizes her utility $u_i(b_i)$.

Consider now how various information sharing systems can affect the equilibrium config-

¹⁶In the experiment, citizens also pay a fixed legal fee, F , and receive a fixed benefit, V , when they get the license, but we ignore these here because they have no effect on incentives.

uration of bribes. In general, the mere presence of a reporting system might act as a signal reinforcing the social norm that corruption is immoral and should be reported. This might shift downward citizens' and officials' priors about the distribution of bribes and hence shift upward officials' moral costs as compared to the baseline. However, besides this common feature of all corruption reporting mechanisms, different systems might have different effects on bribe demands depending on the kind of information they allow subjects to post and the restrictions they do or do not impose on the identity of the subjects who are allowed to post.

We start the analysis with the BB_CIT system, in which only citizens are allowed to post on the bulletin board, and the information includes both the size of the bribe and the office at which the bribe was demanded. Suppose, for simplicity, that every citizen posts truthfully the bribe she was asked for at the initial office. For citizens, such information about bribes completely eliminates the necessity to search beyond two times. Moreover, those who do search two times will guarantee themselves the lowest bribe.¹⁷

For officials, the information about bribes can have two effects. First, it allows them to form correct and symmetric beliefs about the bribes demanded by other officials. This information may either increase or decrease the moral costs, as compared to the case without information sharing, depending on how it changes social norms. Specifically, the officials whose prior beliefs about bribery were higher (lower) than the observed distribution of bribes may experience an increase (reduction) in moral costs. Second, the information about bribes exposes each official's bribe directly to all participants in the experiment. This exposure may have a direct shaming effect on the official and increase her moral costs. Assuming the initial beliefs about bribes demanded by other officials are, on average, correct, the overall effect of the BB_CIT information system on officials will be an increase in moral costs. In combination with the effect for citizens, this will lead to a reduction in equilibrium bribes.

A more realistic assumption on citizens' posting behavior – that only a certain fraction of citizens post on the bulletin board – will likely lead to the same comparative statics, although the effect will be weaker. It is possible that citizens will lie in their posts, thereby distorting the information about the distribution of bribes, although they have no obvious reasons to do so. It is also possible that the distribution of posted bribes will be different from the true distribution because the probability that a bribe is posted may depend on the size of the bribe, leading to nonrandom selection. For example, citizens may be more likely to post higher bribes because they want to punish the most corrupt officials. Alternatively, citizens may be more likely to post lower bribes because they want to help their fellow citizens and reward more honest officials. It is an empirical question which of the two effects will dominate, if any. However, due to the direct informational impact of the bulletin board we still expect bribery to be lower in the BB_CIT treatment as compared to the baseline.

¹⁷Recall that in the experiment citizens are only allowed to observe the bulletin board after they have made their first search decision. The second search decision in this case does not help discover new information but simply allows the citizen to visit the office with the lowest bribe if it has not already been visited. This decision still requires paying the search cost.

Prediction 1 *Demanded and paid bribes will be lower in BB_CIT than in the baseline treatment.*

The information sharing system BB_ALL is different from BB_CIT in that public officials are also allowed to post on the bulletin board, and their posts are not distinguishable from those of the citizens. Unlike citizens, officials may have strong incentives to post false information.

(i) False advertisement about self: An official can post a low bribe for her own office hoping that citizens will visit it but then pay a higher bribe anyway because they decide not to search any more.

(ii) False advertisement about others: An official can post high bribes demanded in other offices to discourage citizens from visiting those offices. The goal is to attract visitors to her own office and/or to discourage search in general.

(iii) Information obfuscation and destruction of trust in the bulletin board: Official may decide to flood the bulletin board with false and contradictory information thereby obfuscating the truthful information posted by citizens and destroying the citizens' trust in the information sharing system altogether.

The effect of such an information system on bribery is ambiguous, and it is ultimately an empirical question. The strategic deterioration of information requires officials to lie, and a significant proportion of the population are averse to lying (e.g., Gneezy, Rockenbach and Serra-Garcia, 2013). Overall, because the quality of information will likely be reduced strategically at least by some officials, we expect higher average bribes in BB_ALL as compared to BB_CIT. It is not clear, however, if BB_ALL will lead to lower bribes than the baseline.

Prediction 2 *Demanded and paid bribes will be higher in BB_ALL than in BB_CIT.*

The information sharing system BB_IPB is intended to mimic the *I paid a bribe* information system. It is different from BB_ALL in that citizens and officials can only post the size of the bribes demanded in various offices but cannot post information about the office where the bribe was demanded. Thus, even though the (possibly distorted) information about the distribution of bribes is still available, citizens can no longer use the information system to narrow down their search, and direct shaming of individual officials is impossible. At the same time, officials can no longer engage in specific false advertisements about themselves and others, and will only post false information in order to distort the true distribution of bribes. Therefore, we expect a weaker deterioration of information as compared to BB_ALL, but the resulting (more truthful) information will be less powerful than in BB_CIT in terms of helping citizens locate lower bribes. The effect on officials' moral costs is also ambiguous, as compared to BB_ALL, because more realistic beliefs about the distribution of bribes may increase moral costs, but the absence of direct shaming may reduce them. Overall, while we still predict higher average bribes in BB_IPB than in BB_CIT, it is not clear how BB_IPB will compare to BB_ALL or to the baseline.

Prediction 3 *Demanded and paid bribes will be higher in BB_IPB than in BB_CIT.*

	Bribe demanded		Bribe paid		Citizens' Earnings	
	all t	$t > 5$	all t	$t > 5$	all t	$t > 5$
NO_BB	12.42 (0.25)	11.51 (0.11)	9.88 (1.04)	10.16 (0.50)	118.34 (0.89)	118.56 (0.50)
BB_CIT	6.78 (0.40)	6.07 (0.60)	4.82 (0.23)	4.69 (0.27)	123.77 (0.30)	124.40 (0.14)
BB_ALL	10.35 (0.42)	10.05 (0.13)	7.38 (1.36)	7.32 (0.87)	121.19 (1.28)	121.44 (0.77)
BB_IPB	9.23 (0.52)	8.47 (0.52)	6.50 (1.06)	6.56 (1.08)	121.52 (0.75)	121.77 (0.85)

Table 2: Summary statistics by treatment. Standard errors in parentheses are clustered by session.

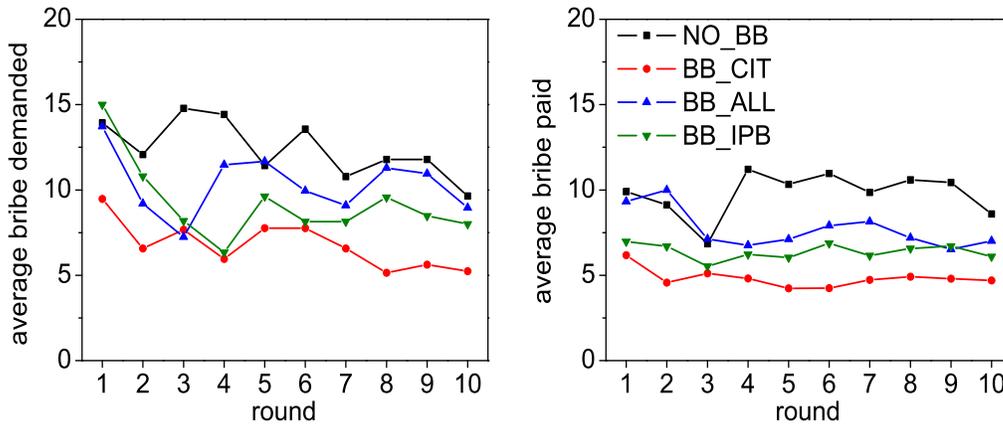


Figure 1: Average bribe demanded by officials (left) and paid by citizens (right) in each round, by treatment.

4 Results

4.1 Treatment Effects

Figure 1 shows average bribes demanded by officials (left) and paid by citizens (right) in each round, by treatment. As seen from the figure, the rankings of bribes demanded and paid across treatments appear the same, although bribes demanded are slightly higher than the bribes ultimately paid. There appears to be a weak downward trend in bribes demanded, at least in some treatments, whereas bribes paid are more stable over time. Figure 1 suggests that average bribes are the highest in the baseline treatment (NO_BB) and the lowest in the BB_CIT treatment, with the other two treatments (BB_ALL and BB_IPB) in between.

Table 2 reports average bribes demanded and paid using data from all 10 rounds (labeled “all t ”) and from the second half of the experiment (rounds 6-10, labeled “ $t > 5$ ”). As seen from the table, average bribes demanded and paid in BB_CIT are about half in size as compared

	Bribe demanded		Bribe paid	
	All t	$t > 5$	All t	$t > 5$
BB_CIT	-5.65*** (0.47)	-5.45*** (0.61)	-5.05*** (1.06)	-5.46*** (0.56)
BB_ALL	-2.07*** (0.49)	-1.47*** (0.18)	-2.50 (1.71)	-2.83*** (1.00)
BB_IPB	-3.19*** (0.58)	-3.05*** (0.53)	-3.37** (1.49)	-3.60*** (1.19)
Round	-0.31** (0.10)	-0.29 (0.20)	-0.045 (0.065)	-0.16 (0.11)
Constant	14.11*** (0.64)	13.84*** (1.65)	10.13*** (1.19)	11.47*** (0.90)
Observations	770	385	770	385
Subjects	77	77	77	77
Clusters	11	11	11	11
R^2	0.073	0.090	0.144	0.214

Table 3: OLS regression results for average treatment effects. Standard errors, clustered by session and BRL-adjusted, are shown in parentheses. Significance levels: *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$.

to the baseline. BB_ALL and BB_IPB both produce bribes lower than the baseline and higher than BB_CIT. Even though average bribes are consistently lower in BB_IPB as compared to BB_ALL, the difference between them does not appear to be statistically significant. The observed differences in citizens' earnings, also reported in Table 2, reflect the differences in bribes, with the highest earnings in BB_CIT and lowest in the baseline treatment.

Table 3 presents the results of basic OLS regressions, with standard errors clustered at the session level, testing for differences in average bribes demanded and paid across treatments.¹⁸ The regressions include treatment dummies *BB_CIT*, *BB_ALL* and *BB_IPB* (with the NO_BB treatment as the baseline), and the time trend (*Round*). Similar to Table 2, we present the results using data from all 10 rounds (“all t ”) and rounds 6-10 (“ $t > 5$ ”). The regression results show that average bribes demanded and paid over the last five rounds are lower in BB_CIT, BB_ALL and BB_IPB, as compared to the baseline. The same is true when averaging over all rounds, with the only exception being BB_ALL, for which the effect is similar in magnitude but too noisy to yield statistical significance. F -tests comparing the regression coefficients also confirm that over the last five rounds BB_CIT produces lower bribes demanded and paid as compared to both BB_ALL ($p = 0.000$ and $p = 0.004$, respectively) and BB_IPB ($p = 0.003$ and $p = 0.094$, respectively). When using the data for all rounds, the difference between bribes paid in BB_CIT and BB_IPB is not significant ($p = 0.124$), but all other comparisons are. Comparing

¹⁸Here, and in what follows, we use clustering at the session level with the BRL (bias-reduced linearization) correction for the small number of clusters (Bell and McCaffrey, 2002). Uncorrected clustering produces similar results.

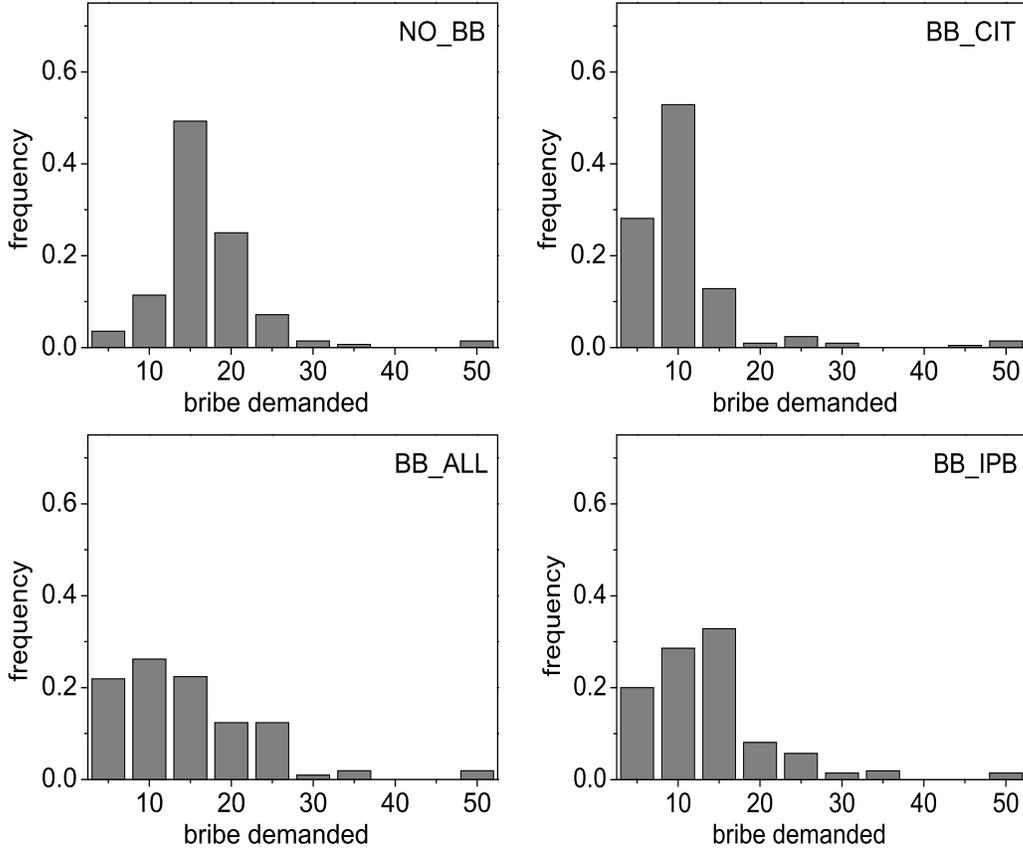


Figure 2: The distribution of bribe demands, by treatment. The bins on the horizontal axes are bribe intervals $[0, 4]$, $[5, 9]$, $[10, 14]$, \dots , $[45, 50]$.

BB_ALL and BB_IPB, bribes demanded are lower in the latter (the results holds for all rounds, $p = 0.093$ and for the last five rounds, $p = 0.003$), whereas bribes paid are not statistically different ($p = 0.613$ for all rounds and $p = 0.583$ for $t > 5$). Thus, we have evidence for the following results.

Result 1 *All three reporting systems reduce bribe demanded and paid as compared to the baseline.*

Result 2 *The reporting system that restricts posting to citizens only and requires specific information about reported offices (BB_CIT) is the most effective in reducing bribes.*

Result 3 *Officials demand lower bribes in BB_IPB as compared to BB_ALL, but the bribes ultimately paid by citizens are not statistically different between the two reporting systems.*

Figure 2 shows the histograms of bribes demanded by treatment. The bins on the horizontal axes are bribe intervals $[0, 4]$, $[5, 9]$, $[10, 14]$, \dots , $[45, 50]$.¹⁹ As seen from the figure, all three BB

¹⁹About 75% of bribes demanded are multiples of 5. We chose the first bin not to include 5 because payoff-

	Bribe Demanded (Officials)			Bribe paid (Citizens)		
	All t	$t > 5$	$t > 5$	All t	$t > 5$	$t > 5$
BB_CIT	-3.00*** (0.86)	-1.71** (0.68)	-1.53** (0.73)	-4.30*** (0.72)	-4.78*** (0.82)	-4.83*** (0.91)
BB_ALL	-1.24* (0.68)	-0.45 (0.61)	-0.91* (0.47)	-2.22** (1.10)	-2.47*** (0.71)	-2.55*** (0.63)
BB_IPB	-1.98*** (0.61)	-0.83* (0.50)	-0.97 (0.61)	-2.79** (1.18)	-3.09*** (1.05)	-3.19*** (1.10)
Bribe $_{t-1}$	0.28*** (0.09)	0.40*** (0.05)	0.38*** (0.04)			
Bribe $_{t-1} \times \%Bought_{t-1}$	0.29*** (0.08)	0.39*** (0.12)	0.42*** (0.11)			
$\%Bought_{t-1}$	-1.42* (0.82)	-1.72 (1.57)	-2.16 (1.35)			
Round	-0.06 (0.09)	-0.23 (0.17)	-0.23 (0.17)	-0.00 (0.04)	-0.17 (0.11)	-0.17 (0.11)
Bribe_paid $_{t-1}$				0.19*** (0.06)	0.12 (0.12)	0.12 (0.12)
# of Searches				-0.46 (0.31)	-0.48* (0.26)	-0.48* (0.24)
Constant	7.91*** (2.08)	6.94*** (1.49)	7.51*** (2.87)	8.18*** (0.83)	10.39*** (1.57)	11.03*** (2.00)
Demographics	No	No	Yes	No	No	Yes
Observations	693	385	385	693	385	380
Subjects	77	77	77	77	77	77
Clusters	11	11	11	11	11	11
R^2	0.214	0.374	0.393	0.210	0.233	0.240

Table 4: OLS regression results for individual-level decisions on bribes demanded. Standard errors, clustered by session and BRL-adjusted, are shown in parentheses. Significance levels: *** - $p < 0.01$, ** - $p < 0.05$, * - $p < 0.1$.

treatments produce relatively high frequencies of bribes in the lowest bin (28%, 22% and 20% in BB_CIT, BB_ALL and BB_IPB, respectively) as compared to the baseline (3.6%). Treatment BB_CIT produces the highest frequencies of bribes in the lowest two bins, while in BB_ALL and BB_IPB the distributions are more spread out, with a substantial fraction of bribes of 15 and higher which are virtually nonexistent in BB_CIT.

maximizing citizens encountering a bribe lower than 5 should not search further. This indeed occurs in 91.5% of the cases. As a robustness check, we also generated the histograms of bribes using bins that include the multiples of 5 from the right (i.e., bins $[0, 5]$, $[6, 10]$, etc.). The shapes of those histograms are qualitatively similar to the ones shown in Figure 2.

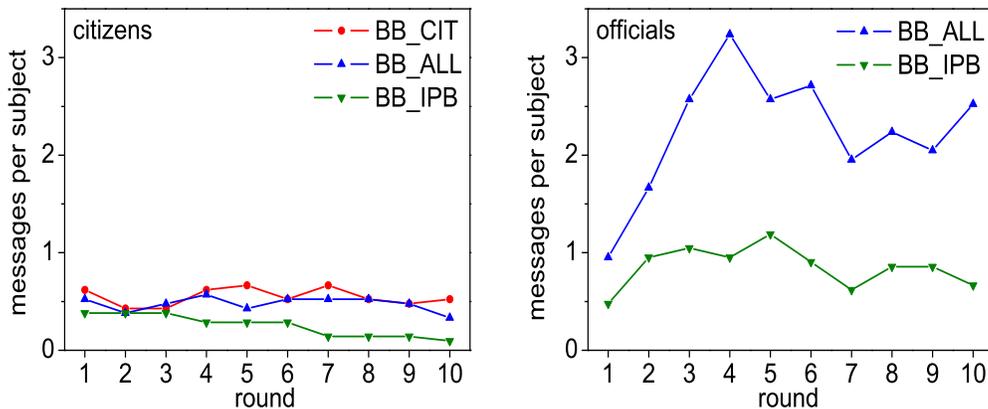


Figure 3: The average number of messages per subject posted by citizens (left) and officials (right) in a given round, by treatment.

4.2 Dynamics

Table 4 shows the results of dynamic regressions for bribes demanded by officials and bribes paid by citizens. In addition to the treatment dummies and time trend, we control for the bribe demanded (for officials) and paid (for citizens) in the previous round ($Bribe_{t-1}$ and $Bribe_paid_{t-1}$, respectively). Additionally, for officials we control for the number of citizens who decided to get the license from the official in the previous round, normalized by the total number of the office visitors ($\%Bought_{t-1}$), and for the interaction of this variable with the bribe demanded in the previous round. For citizens, we control also for the number of times the citizen searched in the current round ($\# of Searches$). As a robustness check, we report the results for all periods (All t) and periods 6-10 ($t > 5$) including and not including demographic factors.

As expected, due to persistence in bribe demands, the coefficients on the treatment dummy variables become smaller in magnitude as compared to those reported in Table 3, to the extent that they are no longer statistically significant in some cases. Persistence in bribe demands increases in the proportion of citizens who decided to obtain the license from the official in the previous round (as evidenced by the positive and significant coefficients on the interaction $Bribe_{t-1} \times \%Bought_{t-1}$). From the results of the regression for $t > 5$ including demographics, a 10 percentage points increase in $\%Bought_{t-1}$ leads to a 0.042 increase in the persistence. The effect of a 10 percentage points increase in $\%Bought_{t-1}$ on the level of bribes in the current period is $-0.216 + 0.042Bribe_{t-1}$, i.e., it is positive for bribes above 5.

For citizens, the persistence of bribes paid is not as strong, especially in the later rounds, and hence the treatment effects are still statistically significant in the dynamic models. The number of searches affects bribes paid negatively, as expected.

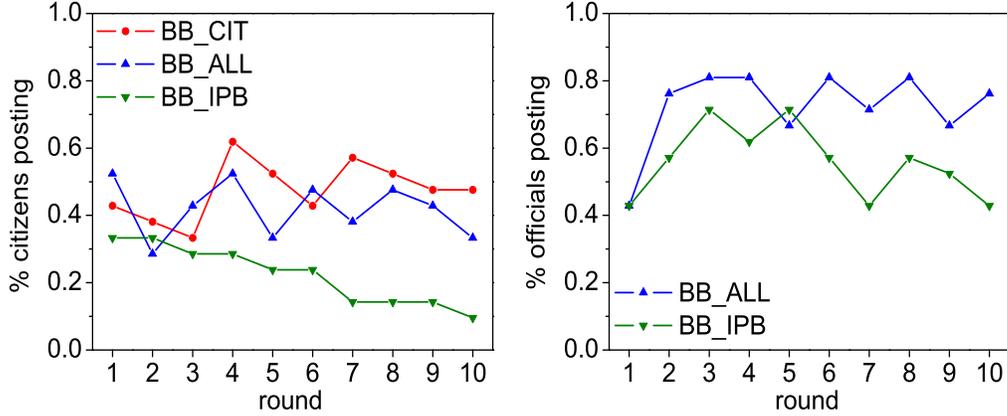


Figure 4: The percentage of citizens (left) and officials (right) who posted on the bulletin board at least once in a given round, by treatment.

4.3 Messages and Lies

We now turn to the analysis of messages posted by citizens and officials in the three BB treatments. Recall that citizens were allowed to post messages in all three treatments, while officials could only post in BB_ALL and BB_IPB. Figure 3 shows the average number of messages posted, per subject, in each round by citizens (left) and officials (right). On average, there are 0.55, 0.48 and 0.25 messages per subject per period in BB_CIT, BB_ALL and BB_IPB, respectively. Pairwise comparisons of the average number of citizens' posts between treatments via a regression on treatment dummies produce statistically significant differences between BB_CIT and BB_IPB ($p = 0.000$) and between BB_ALL and BB_IPB ($p = 0.000$), but not between BB_CIT and BB_ALL ($p = 0.462$). Citizens post at about the same rate throughout all 10 rounds in BB_CIT and BB_ALL. In BB_IPB, the posting rate is about 0.5 initially, but it declines to about 0.15 messages per subject per period towards the end of the experiment. Officials post substantially more than citizens, when given a chance – 2.25 and 0.85 messages per subject per period in BB_ALL and BB_IPB, respectively (the difference is statistically significant, $p = 0.000$). Note that both citizens and officials post less in BB_IPB as compared to other BB treatments. This is likely due to the fact that bribery information is not specific in BB_IPB and hence posting is less effective.

Figure 4 shows the percentage of citizens (left) and officials (right) who posted at least once in a given round, by treatment. On average, 48%, 42% and 22% of citizens posted at least once per round in BB_CIT, BB_ALL and BB_IPB, respectively. Similar to the overall posting rates, the differences between BB_CIT and BB_IPB and between BB_ALL and BB_IPB are statistically significant ($p = 0.003$ and $p = 0.000$, respectively), while the difference between BB_CIT and BB_ALL is again not significant ($p = 0.477$). For officials, the averages are 72% in BB_ALL and 56% in BB_IPB, the difference is significant at $p = 0.014$. Citizens are more likely to leave messages on the board when they can post specific information and when they

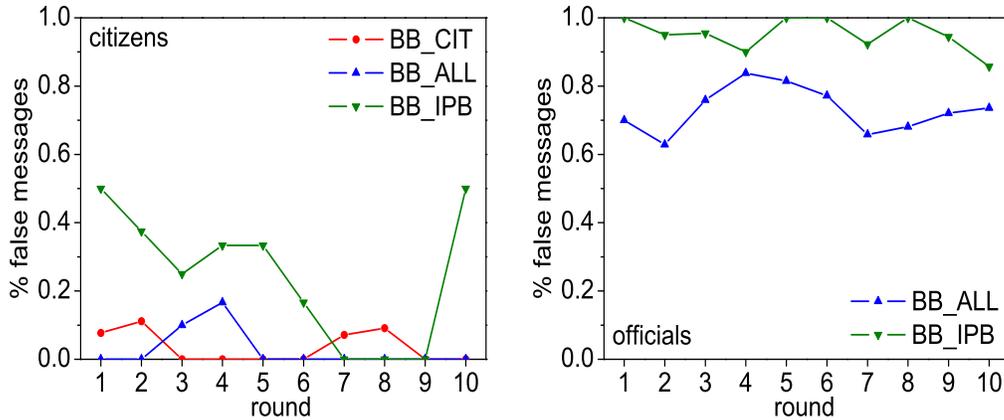


Figure 5: The percentage of false messages posted by citizens (left) and officials (right), by treatment.

know that officials cannot post on the board. In BB_IPB the percentage of citizens posting on the board goes down over time and falls to 10% in round 10. Officials, when given a chance to post (in BB_ALL and BB_IPB), are substantially more likely than citizens to post at least once, especially in BB_ALL where they can post specific information about their own bribes and others' (unknown) bribe demands.

Table 5 provides additional summary statistics focusing only on citizens and officials who posted on the bulletin board at least once. For these citizens and officials, Table 5 shows the average number of posts and the percentages of false messages in each treatment. Interestingly, although fewer citizens post messages in BB_IPB as compared to the other two BB treatments, those who do post produce about the same average number of messages as in BB_CIT and BB_ALL. Thus, the difference in citizens' posting rates between BB_IPB and the other two treatments is at the extensive margin only. This is not the case for officials who are both less likely to post in BB_IPB as compared to BB_ALL and generate fewer messages if they decide to post.

How truthful is the information posted by citizens and officials? Figure 5 shows the proportion of false messages posted by citizens (left) and officials (right). In BB_CIT and BB_ALL, a message is defined as false for a citizen if she posts a bribe/office combination she did not encounter so far in the current round. In BB_IPB, a citizen's post is defined as false if the citizen posts a bribe she has not encountered so far in the current round. For an official, in BB_ALL a message is defined as false if it refers to an office other than the official's own office (since officials have no information about bribes demanded by other officials), or if it is about the official's own office but reports a bribe that is different from what the official demanded. In BB_IPB, any post referring to a bribe different from the official's own is considered false.

As seen from Table 5 and Figure 5, when posts contain specific information about the location of the offices demanding bribes (BB_CIT and BB_ALL) citizens are unlikely to lie in

	Citizens			Officials		
	% who posted	Avg. # of posts	% false posts	% who posted	Avg. # of posts	% false posts
BB_CIT	0.48 (0.08)	1.15 (0.14)	0.04 (0.04)			
BB_ALL	0.42 (0.08)	1.14 (0.12)	0.03 (0.06)	0.72 (0.11)	3.11 (0.56)	0.75 (0.07)
BB_IPB	0.22 (0.08)	1.13 (0.11)	0.25 (0.19)	0.56 (0.10)	1.13 (0.11)	0.95 (0.06)

Table 5: Summary statistics by treatment, aggregated over all rounds. Standard deviation in parentheses. The average numbers of posts are restricted to the citizens or officials who posted at least once.

their posts. Indeed, both in BB_CIT and BB_ALL less than 5% of the posted messages contain false information. Interestingly, the percentage of deceptive posts by citizens increases in the *I paid a bribe* treatment BB_IPB.²⁰

In contrast, lying by officials is widespread, especially in *I paid a bribe* where 95% of officials' posts contain false information. Thus, as predicted, when given a chance, officials try to strategically distort the information on the bulletin board. In what follows, we explore in more detail the types of false information posted by officials in treatment BB_ALL where in addition to the size of the bribe officials could post the location where the bribe was supposedly encountered.

The left panel in Figure 6 shows the percentage of officials in treatment BB_ALL who lied about self, about other officials, or both, in each round. As seen from the figure, most officials lie about both self and others, utilizing the whole set of available obfuscation strategies. The right panel in Figure 6 shows the percentage of officials lying in BB_ALL for different levels of bribes they demanded. Officials who demand bribes in the $[0, 4]$ range lie less than those demanding higher bribes. Indeed, there is no incentive for officials demanding bribes below 5 to lie about self. For higher bribe levels, the amount of lying is a bit higher but does not appear to vary systematically with bribe size.

The results can be summarized as follows.

Result 4 (a) *When specific information is required in posts (in treatments BB_CIT and BB_ALL), about half of the citizens post on the board, and lying by citizens is unlikely.*

(b) *When specific information is not required (in treatment BB_IPB), fewer citizens post on*

²⁰Overall, the average bribe posted by citizens is slightly (2.04 ECU) above the actual average bribe. The difference is even smaller in BB_CIT (1.39) and BB_ALL (1.82) but larger in BB_IPB (3.89). This may be partly due to the nonrandom selection of posted bribes, i.e., citizens being more likely to post higher bribes, and partly due to lying. Restricting the sample to those citizens who posted truthful messages, we obtain the differences between the average posted bribe and the actual average bribe of 0.98 in BB_CIT, 1.33 in BB_ALL and 1.96 in BB_IPB. On the other hand, restricting the sample to those citizens who lied in their messages produces the differences of 12.75, 17.16 and 8.8, respectively. Thus, the selection effect on the bribes posted by citizens is relatively minor, but when citizens lie they tend to post much higher bribes than those they observe.

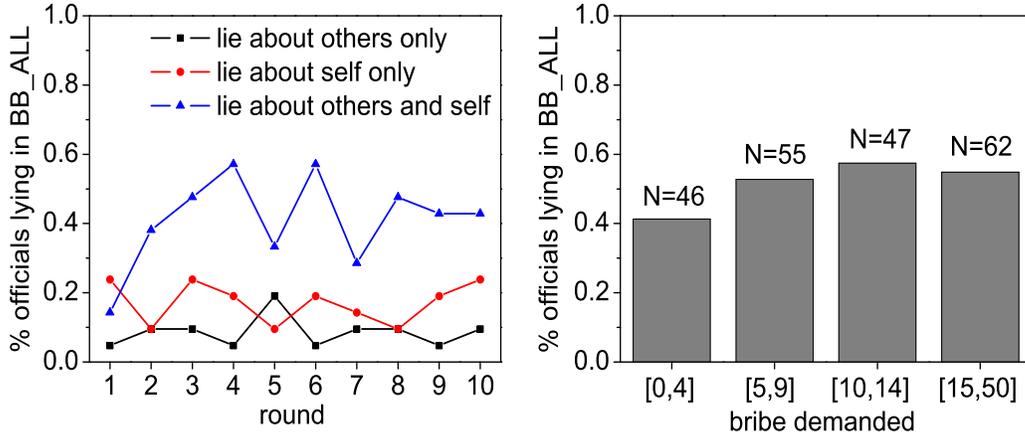


Figure 6: *Left*: The percentage of officials who lied about self, others or both in BB_ALL, by round. *Right*: The percentage of officials who posted false messages by the size of the bribe they demanded in BB_ALL.

the board and lying by citizens is more likely to occur. Posting by citizens virtually disappears over time.

Result 5 (a) *When allowed, posting by officials is widespread, especially when specific information is required in posts. Most officials post false information.*

(b) *Most lying by officials occurs when specific information is not required in posts (in treatment BB_IPB).*

5 Conclusions

Thanks to the efforts of non-profit organizations like Transparency International, as well as media outlets and academic publications, the awareness of corruption, its causes and consequences, has dramatically increased in the last two decades, yet examples of successful anti-corruption strategies are hard to find. Identifying policies that might effectively reduce corruption is challenging especially in countries that are systemically corrupt, where acting on top-down monitoring and enforcement may easily backfire, due to the existence of well-ingrained systems of bribe and favor exchanges between different layers of government bureaucracies. In these societies, bottom-up mechanisms, such as crowdsourced reporting platforms, might represent the only viable alternative. While these platforms have appeared in many highly corrupt countries and they are rapidly spreading around the globe, their goal so far has been merely to raise awareness about the existence and frequency of corrupt exchanges. The role that these platforms could play in actively fighting corruption is still unknown due to both their nation-wide, rather than geographically randomized, implementation and the difficulty of quantifying corruption before and after their appearance.

In this paper, we contributed to the anti-corruption debate by experimentally testing the effectiveness of a corruption reporting platform resembling the *I paid a bribe* website first introduced in India in 2010. Like the *I paid a bribe* website, we focused on extortionary corruption, i.e., the demand and payment of harassment bribes for the provision of goods or services that citizens are entitled to. While this kind of corruption is less likely to make news headlines than corruption scandals involving high-level officials and large amounts of money, it permeates everyday life in most developing countries, generating high financial burdens and often preventing the most vulnerable segments of the population to access basic services.

We designed and conducted a laboratory experiment in which we allowed subjects in the role of public officials to demand harassment bribes for the provision of a license. Subjects in the role of citizens could pay the requested bribe or visit a different office. In the treatment simulating the *I paid a bribe* website (BB_IPB), we allowed citizens to post messages reporting the demanded bribes on a Bulletin Board (BB). Like in the *I paid a bribe* website, the messages were anonymous and did not report the exact location of the office where the reported bribe was demanded. Moreover, access to the BB was not restricted to citizens, i.e., officials were also allowed to post on the board. This way, we were able to assess to what extent the effectiveness of corruption reporting may be reduced by the presence of false and non-representative information, including strategic lies by public officials.

In an attempt to investigate whether the effectiveness of crowdsourced reporting platforms could be enhanced, we conducted two additional treatments simulating modified versions of the existing reporting websites. The underlying criterion we were adamant to maintain when designing these additional platforms was the absence of any top-down monitoring and probabilistic punishment. Instead, we asked whether bribe demands would be lower if we could transform existing corruption reporting platforms into information sharing mechanisms that would allow citizens to identify low bribe-demanding officials. To this end we conducted two treatments where the messages posted on the board, albeit still anonymous, now also contained information about the exact location of the offices where the reported bribes were demanded. The difference between these two additional treatments lies only in the presence or absence of restrictions concerning the identity of the subjects allowed to post on the board. In one treatment (BB_CIT) we restricted posting to citizens, while in the other (BB_ALL) we also allowed officials to post. In all BB treatments we allowed for the posting of false information.

Our experimental results are encouraging. Compared to the situation where no reporting platform is in place, all BB treatments are effective in lowering bribe demands. However, the best outcomes are obtained in the BB_CIT treatment, where the posted information is specific about the location of the bribe-demanding official and posting is restricted to citizens. Our findings show that making the information on the reports more specific, while maintaining anonymity, substantially increases the percentage of citizens posting on the platform. In contrast, the percentage of posting citizens tends to decrease over time and ultimately falls to zero when the posts contain exclusively information about the size of the bribe demands, as it is the case in the *I paid a bribe* treatment (BB_IPB). Restricting the active use of the reporting platform to

citizens seems also important. This is because when officials are allowed to leave posts, as in the BB_ALL and BB_IPB treatments, they overcrowd the board with false messages, ultimately compromising the credibility of the reporting platform. On the other hand, citizens rarely lie on the board – only about 5% of the messages posted by citizens are false.

Overall, our investigation generates three important messages. First, the presence of a crowdsourced corruption reporting platform, even as basic as the *I paid a bribe* website, leads to lower bribe demands as compared to a setting where no bottom-up reporting is allowed. Second, bribe demands could be further reduced if the bribe reports contained specific information about the location of the office/official where the bribes were demanded, transforming the platform into a crowdsourced search engine for low bribe-demanding officials. Third, restricting the posting on the platform to service recipients is crucial for the achievement of better anti-corruption outcomes. Without such restrictions, we found posting and lying by officials on the platform to be widespread and problematic for the effectiveness of the platform, especially in the long run. Since in our setting we had an equal number of citizens and officials, posts by officials are likely more widespread in our experiment than they could be in the field.²¹ Nevertheless, our results highlight that preventing officials from posting on the reporting websites is a very desirable feature of any crowdsourced platform actively engaged in the fight against corruption. A successful corruption reporting platform should preserve anonymity of posts but simultaneously should be able to uniquely identify and verify each poster’s credentials. This could be achieved differently in different countries depending on the extent to which corruption does or does not permeate the highest levels of government. In settings where top government officials are truly committed to the fight against bureaucratic corruption, the reporting platform could rely on unique identifiers only visible to service recipients and highest level officials. In settings where government’s anti-corruption efforts are poor and/or not credible, the identification process could be outsourced to a trustworthy third party, possibly an international organization.

²¹A caveat here is that it is possible for public officials to recruit trolls or use automated posting programs (bots) in order to distort information on anti-corruption boards, cf. <http://www.buzzfeed.com/maxseddon/documents-show-how-russias-troll-army-hit-america#.xd9vgRErd>.

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Appendix: Experimental instructions and screens (treatment BB_ALL)

General instructions

Thank you all for coming today. You are here to participate in an experiment. After playing the game you will be asked to complete a brief questionnaire. 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.

Please read and sign the Consent form that you found on your desk. Please raise your hand if you have any question about any of the information on the Consent form. We will proceed with the experiment once we have collected all signed consent forms.

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.

Earnings during the experiment will be denominated in Experimental Currency Units, or ECU. At the end of the experiment your earnings 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 each round of this series of decisions you will be asked to make a choice between two lotteries that will be labelled A and B. There will be a total of 10 rounds and after you have made your choice for all 10 rounds, one of those rounds will be randomly chosen to be played. Lottery A will always give you the chance of winning a prize of \$2.00 or \$1.60, while lottery B will give you the chance of winning \$3.85 or \$0.10. Each decision round will involve changing the probabilities of your winning the prizes. For example in round 1, your decision will be represented on the screen in front of you:

Your decision is between these two lotteries:

Lottery A: A random number will be drawn between 1 and 100. You will win

\$1.60 if the number is between 1-90 (90 % chance)

\$2.00 if the number is between 91 and 100 (10 % chance)

Lottery B: A random number will be drawn between 1 and 100. You will win

\$0.10 if the number is between 1 and 90 (90% chance)

\$3.85 if the number is between 91 and 100 (10% chance)

If you were to choose lottery B and this turns out to be the round actually played, then the computer will generate a random integer between 1 and 100 with all numbers being equally likely. If the number drawn is between 1 and 90, then you would win \$0.10 while if the number is between 91 and 100, then you would win \$3.85. Had you chosen lottery A, then if the number drawn were between 1 and 90 you would win \$1.60 while a number between 91 and 100 would earn you \$2.00.

All of the other 9 choices will be represented in a similar manner. Each will give you the probability of winning each prize as well as translate that probability into the numerical range the random number has to be in for you to win that prize.

At the end of the 10 choice rounds, the computer will randomly pick one of the 10 rounds to base your payment on, and draw the random number between 1 and 100 to determine your earnings. You will be informed about your earnings from this part of the experiment at the very end after you complete all parts.

Are there any questions before you begin making your decisions?

You will now start the sequence of 10 choices. You will be able to go through the choices at your own pace, but we will not be able to continue the experiment until everyone has completed this series.

Instructions for Part 2

This part of the experiment will consist of several decision sequences. The instructions will be given separately at the beginning of each sequence. At the end of the experiment one of the sequences will be randomly chosen to base your actual earnings on.

SEQUENCE 1

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 7 Public Officials and 7 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 7 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.

At the beginning, 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. The decision to demand a bribe and the size of the bribe cannot be changed during the sequence.

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, but they will be able to acquire such information by visiting the corresponding Office, at the cost of 5 ECU for every new visit.

The sequence 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 randomly assigned to visit 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.

- 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 6 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 from the sequence 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 $5 \text{ ECU} \times (\text{number of visited offices})$.

Private Citizens will see the map below, showing the available 7 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.

After being initially matched with one Office, each Citizen will be able to visit as many Offices as he or she wishes, at the cost of 5 ECU per new visit. Once an Office has been visited, Citizens will be able to see the requested amount on the map, in the corresponding box. Citizens could decide to get the license from any of the Offices previously visited, or visit a new Office.

After visiting an Office, Citizens will be able to access a Bulletin Board where they will have the chance to post messages about the bribes demanded by the officials in the visited Offices, if any. Citizens can access and post on the Bulletin Board at no cost. Officials will also be able to access the board and post messages at no cost to them. By accessing the Board, all subjects will see the messages previously posted by themselves and by others, if any. Whether participants will leave messages on the Board or not is up to them.

Are there any questions?

This part of the experiment is about to begin. We ask again that you not look at the screens

<p>You are the Private Citizen P</p>	<p>Initial Endowment: 80.00</p> <p>Revenue from License: 70.00</p>	<p>Visits Cost: 0.00</p> <p>Obtained License: No</p>	<p>Balance: 80.00</p>
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Office 1

Official Fee: 20
Bribe: ?
Total: ?

Office 2

Official Fee: 20
Bribe: ?
Total: ?

Office 3

Official Fee: 20
Bribe: ?
Total: ?

Office 4

Official Fee: 20
Bribe: ?
Total: ?

Office 5

Official Fee: 20
Bribe: ?
Total: ?

Office 6

Official Fee: 20
Bribe: ?
Total: ?

Office 7

Official Fee: 20
Bribe: ?
Total: ?

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.

After visiting an Office and before deciding whether to get the license from that Office or visit another Office, you can check the Bulletin Board by clicking the corresponding button. Once on the board, you can post messages about the bribes you were demanded to pay, if any, or simply check the messages left by others, if any. Officials will also be able to access the Bulletin Board, leave messages and read messages posted by others.

Please click continue to proceed with the experiment.

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.

Screen 1: Official decides whether to demand a bribe

You are the **Public Official** in **Office 7**Your Official Wage: 130Earnings from Bribes: 0

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 check box below.

If you choose to request a bribe, please specify the size of the bribe by entering an integer number between **1 and 50 ECU** into the corresponding field.

Note that the decision to demand or not demand a bribe, and the size of the bribe, if any, cannot be changed during the experiment. All Citizens who visit 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. Citizens visiting your Office will then decide whether to get the license from your Office or from any of the other 6 Offices.

Citizens visiting your Office can also post messages on the [Bulletin Board](#) about the bribe you and/or other Officials demanded for the provision of the license. You and the other Officials will also be able to access the [Bulletin Board](#), leave messages and read messages posted by others.

After you make your choice, please click submit.

No Bribe OR Bribe: (between 1 and 50)

Please click Submit once you have made your decision.

Screen 2: Citizen visits a randomly assigned office

You are the Private Citizen R	Initial Endowment: 80.00 Revenue from License: 70.00	Visits Cost: 0.00 Obtained License: No	Balance: 80.00
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You have been randomly assigned to visit **Office 2**

The Public Official in this Office is not willing to provide you with a license for the official fee of 20 ECU.

On top of the official fee, in order to provide the license the Public Official in this Office requests a bribe of **15 ECU**

You will now get back to the map of Offices, where you will be able to see the bribe demanded by this Office, if any. You will have the choice to either get the license by paying the amount requested by this Office or visit a new Office of your choice by paying a visit cost of 5 ECU.

Continue

Screen 3: Citizen decides to pay or to visit another office

You are the **Private Citizen Q**

Initial Endowment: 80.00

Revenue from License: 70.00

Visits Cost: 0.00

Obtained License: No

Balance: 80.00

Office 1

Official Fee: 20
Bribe: ?
Total: ?

Visit

Office 2

Official Fee: 20
Bribe: ?
Total: ?

Visit

Office 3

Official Fee: 20
Bribe: ?
Total: ?

Visit

Office 4

Official Fee: 20
Bribe: ?
Total: ?

Visit

Office 5

Official Fee: 20
Bribe: 30
Total: 50

Pay

Office 6

Official Fee: 20
Bribe: ?
Total: ?

Visit

Office 7

Official Fee: 20
Bribe: ?
Total: ?

Visit

WAITING SCREEN

You must get the license from one of the 7 Offices. The license will generate 70 ECU to you. You have just visited Office 5. On the map, you can see whether the Public Official in this Office requests a bribe, and the total amount you would have to pay to get the license from this Office. You can use your Balance, at the top right corner, to either pay the requested amount 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.

Before you decide whether to Pay or visit another Office you could access the Bulletin Board by clicking the corresponding button. Once on the Board, you can post a message about the bribe you were demanded to pay, if any, or simply check the messages left by others, if any.

Bulletin Board

Please be patient as other participants make decisions.

Screen 4: Official's waiting screen

You are the **Public Official** in **Office 7**Your Official Wage: 130Earnings from Bribes: 0

You have decided not to demand a bribe 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. You can access the Bulletin Board at any time.

Citizen P was randomly assigned to visit your Office at the beginning of this sequence.

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

Please wait until other participants make their decisions.Bulletin Board

This sequence will end when all Private Citizens get the license.

Screen 5: Bulletin board

Bulletin Board

"I visited office 5 and was asked to pay a bribe of 40 ECU." "I visited office 2 and was asked to pay a bribe of 20 ECU."

You can leave a message on the Board by filling the information below. You cannot post more than one message about the same Office.

Leave message: "I visited office and was asked to pay a bribe of ECU."

You can go back to the Map of Offices at any time by clicking Continue.