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THANEE CHAIWAT

Faculty of Economics, Chulalongkorn University, Thailand

LUCKY BIAS IN BRIBERY MARKET: AN EXPERIMENTAL EVIDENCE FROM DRUG MARKET GAME

Abstract:

Crime is a big problem in every society. In economic aspect, Becker (1974) proposed that the decision on criminal activities depends on the probability to be caught and the degree of penalty. An agent would evaluate his net return before make his decision. However individual may perceive the probability to be caught different from the real known value. This paper employed Tedeschi (2007)'s Drug Market Game to run class experiments of 156 economics students of Chulalongkorn University (Bangkok) and Walailuk University (Nakon Si Thammarat) to observe how individual perceived the probability to be caught. This game divided the subjects into 3 types of buyers, including the addict, the casual, and the curious and 2 types of sellers, including the big supplier and the small supplier. The experimental game started with free market situation, following decriminalization. The police would be inserted into the game with various amounts to vary the caught factor, so both buyers and sellers seem to have reacted rationally. Later, the game proposed the chance to negotiate bribe before being caught under some proportion of the group of police. The results showed that individuals think for themselves and believe that they would be lucky that they can bribe even they know the probability to be caught and the proportion of good police. So they have reacted as same as in the free market situation. This is because individuals have lucky bias for themselves, and create supply in bribery market. So policy implication should concern this lucky bias to restrict bribery supply and reduce crime effectively.

Keywords:

Bribery, Experimental Economics, Behavioral Economics, Law and Economics

JEL Classification: K42, C91, D03