Title: **Spurious middlemen in corrupt transactions**

The paper's main argument: Middlemen can exploit circumstances of incomplete information between civil servant and client and pocket payments intended as bribes made to influence an outcome of a civil servant decision – also when the middlemen has no influence on the decision in question. The analysis separates between “spurious middlemen” – who profits more when civil servants are in fact honest - and “genuine middlemen” – who facilitates bribe payments to corrupt officials.

Relevance & originality: Corruption is an obstacle to development and we need to know more about the mechanisms at play to develop efficient anti-corruption initiatives. Despite the important role of middlemen and agents in organizing and coordinating bribe transactions there is only a limited literature on the role and function of middlemen. The paper includes relevant references to the literature, but some useful contributions seem to have been omitted– see f x Mishra and Samuel 2013 [http://www.bath.ac.uk/economics/research/working-papers/2013-papers/12-13.pdf](http://www.bath.ac.uk/economics/research/working-papers/2013-papers/12-13.pdf) and various papers by JG Lambsdorff on trust. There is also an increasing number of relevant experiments – including Drugov et al. (2014) - [http://link.springer.com/article/10.1007/s10683-013-9358-8#page-1](http://link.springer.com/article/10.1007/s10683-013-9358-8#page-1) and overviews by Peisakhin (2010, 2012).

Given its different categories of middlemen the paper is a welcome attempt of adding nuance to the organization of bribe transactions and corrupt influence. The author claims that a specific order of events takes place, i.e. that a middleman can deceive the client by convincing him or her to pay a bribe (even if there is no such influence) and steal the money. Personally, I am aware that this is in fact an issue and I support the idea of exploring the mechanisms (also as a matter of theoretical challenge, regardless of evidence). For the reader, however, the story might become more convincing with a business or household survey or facts documenting the matter. A paper from 1987 is claimed to present evidence from India, but its details are not spelled out in this paper and the relevance of an almost twenty year old case-study appears very much in the blue. So, even if facts are hard to obtain on this matter, I will encourage the author to search for some form of evidence confirming that the story presented has its real life parallels. For the reader it will also help with examples of players (companies, middlemen/others) who have actually made choices along the lines of what the theory postulates.

Soundness of analysis:

Generally I like the model set up and analysis. I have checked only the most intuitive equations, which appear fine, but all the maths needs to be controlled. I have only very few comments on the analysis.

There seems to be an inconsistency in the assumptions: A bribe transaction will rarely happen after the desired decision has been made (when the bribe is no longer needed/not necessarily decisive for the outcome). And when it happens, I would assume that it is a result of trust between those involved, and thus, associated with repeated games. However, when it comes to the middleman’s deception of clients, it will easily be revealed if repeated – which would perhaps presuppose a one-shot game. These issues should be better defended, for example by explaining why they will not affect the final result.

The paper assumes that the spurious and genuine middlemen are different individuals. It is not clear to me why not one and the same middleman (who both are individuals with a dubious character) can operate in different ‘markets’. Moreover, what is more consequential – in terms of damaging impact on the public sector service delivery is not part of the analysis.
The result that increasing penalties and increasing probabilities are main factors for deterrence, follows too much from the assumptions (ex ante assumption: criminal proceedings are main cost; analysis: ex post - criminal proceedings are main cost…). This is a very common conclusion – and stems from our law & economics habit of oversimplifying the decision to commit a crime. The normative implication is far from obvious.

Implications:
It is fine with a solely theoretical analysis of this matter, but I would have liked to see a paragraph on how mechanism could be verified or rejected empirically (for future research…). How can choices or related choices be observed?

When it comes to the proposed policy recommendations, I do not disagree, but I find them a bit too general. What should be done to solve this specific problem – given the details of the analysis? It is easy to call for transparency, but in many circumstances, there are also legitimate reasons to keep some details confidential. Exactly what details should be released and how will it alter decisions?

Minor issues: p. 5 mid-page; Consider sentence starting with But accepting… Check logics.

Recommendation:
My recommendation is to publish a slightly revised version of the paper.