

Assistant instructions for “Efficient Informal Trade”

Supplementary online file to guide replication of Bengtsson, Niklas “Efficient Informal Trade: Theory and Experimental Evidence from the Cape Town Taxi Market”, *Journal of Development Economics*, Vol 115, pp 85-98.

Sample

Taxis with taximeters in Cape Town that can be found at taxi ranks and hailed from the streets.

Treatments

Cabdrivers are referred to as *subjects*. The customer is referred to as *the assistant*. The four treatments used in the experiment are set up as follows.

1. Do nothing. The assistant steps into the car, gives his destination, and rides along.
 - a. Assistant says: “*Destination X* please.”
 - b. Any further comments will be polite answers to cabdriver’s questions.
 - c. At the end of the journey assistant asks: “May I have a receipt please?”
2. Insist on using a taximeter. The assistant steps into the car, gives his destination and asks subject to use the taximeter before the journey has begun.
 - a. Assistant says: “To *Destination X* please, and please run the meter”.
 - b. If the taxi driver refuses to use the taximeter the assistant will stay in the car and go to the planned destination anyway.
 - c. Any further comments will be polite answers to cabdriver’s questions.
 - d. At the end of the journey assistant asks: “May I have a receipt please?”
3. Fixed price, subject makes the first offer. The assistant steps into the car, gives his destination and asks for a fixed price and immediately accepts.
 - a. Assistant says: “Can you give me a fixed price for *Destination X* please?”
 - b. Subject responds with quoted price or insists on using the meter
 - c. Assistant says: “Thank you, that will be fine.”
 - d. Any further comments will be polite answers to cabdriver’s questions.
 - e. At the end of the journey assistant asks: “May I have a receipt please?”
4. Fixed price, assistant asks for a fixed price to the destination. Subject offers a price. Assistant counters with an offer of approximately 25% of the quoted price. Subject either accepts or comes with new offer. Assistant either steps into the car as the lower bid was accepted, or steps into the car and accepts the latest bid from subject.
 - a. Assistant: “Can you give me a fixed price for *Destination X* please?”
 - b. Subject responds with quoted price
 - c. Assistant replies with a counteroffer of approx. 25% less compared to opening offer: “Could you get me there for *Price X*?”
 - d. Subject can accept, insist on the old offer, come with a new offer or beg the assistant for a price.

- e. Assistant accepts any of the three mentioned scenarios when the subject gives an offer. If the subject insists on assistant to give an offer the assistant asks “What is your price?”
- f. Subject gives an offer and assistant accepts.
- g. At the end of the journey assistant asks: “May I have a receipt please?”

Common to all treatments is that:

- The price will be rounded up to the closest 10 ZAR at the end of the ride.

Data and replication

See maindata.dta and the do-file tables.do for full replication details.

Noncompliance and assistant’s logbook

For details on non-standard rides, see the assistant’s logbook notes in:

Arntyr, Johan (2011) “Issues of Non-Compliance and Their Effect on Validity in Field Experiments – A Case Study of the Field Experiment ‘Taxis and Contracts’”, Bachelor thesis, Department of Economics, Uppsala University