

**Figure 1**

**The Restricted Regulator Game**

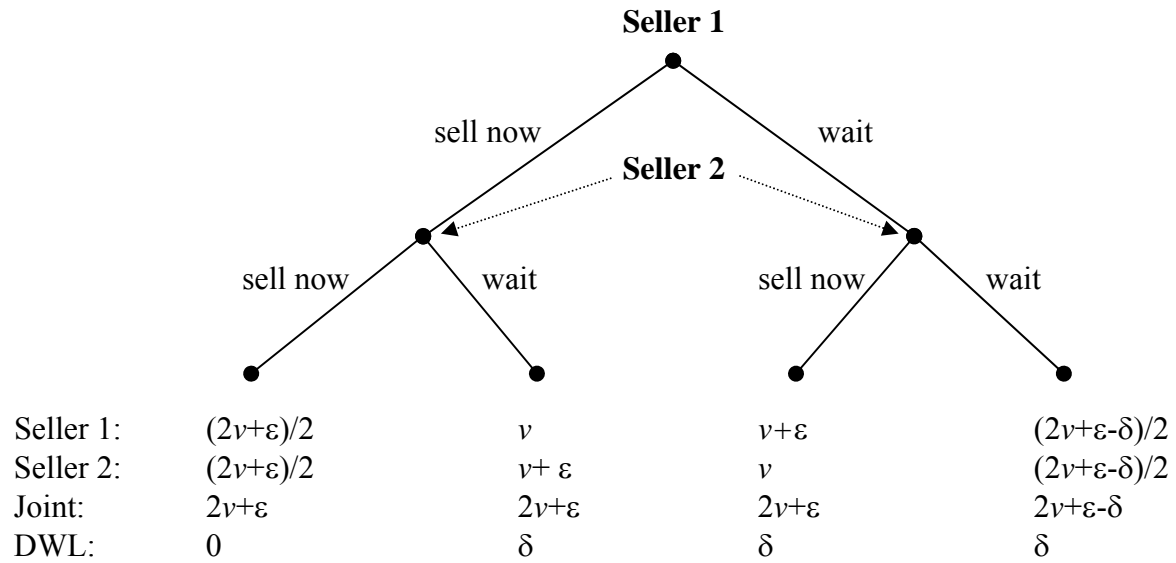
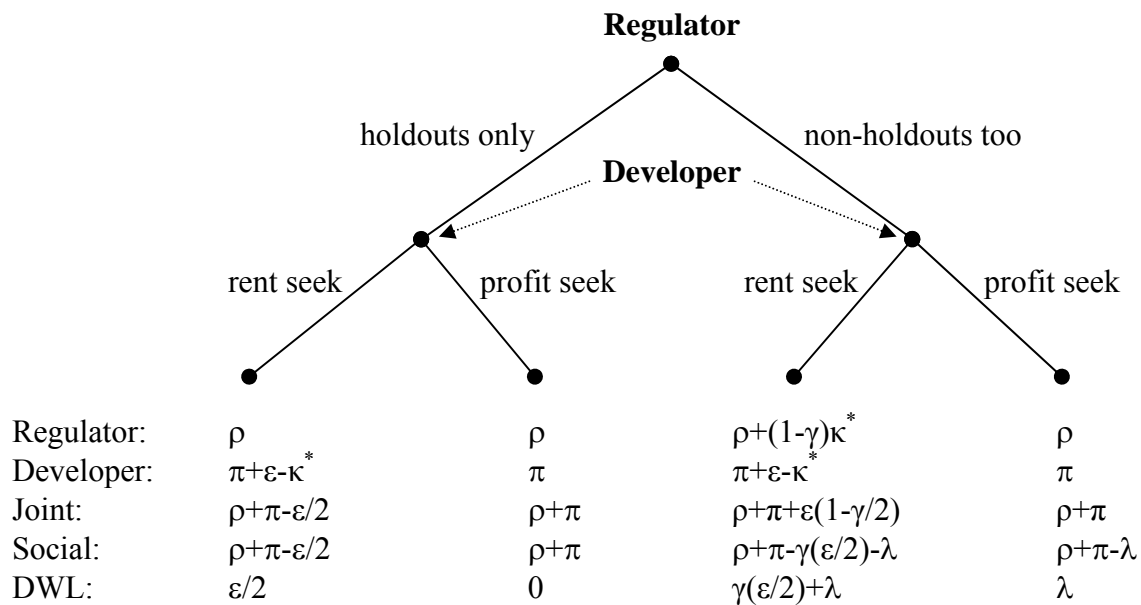


Figure 2

The Regulatory Discretion Game



Note:  $\kappa$  denotes rent-seeking expenditures, which at the critical value  $\kappa^* = \varepsilon/2$ .

**Figure 3**  
**The Comparative Game**

