

## Corruption in Economic Theory

The aim of the thesis is to explain the problem of corruption from the perspective of two different economic theories and to provide a theoretical solution suitable for both ?explanatory or ‘theories that will be explained?’ theories. In the methodological section, the focus is on (?) why the argumentation is built on the principle of methodological individualism followed by deductive analysis supported with evidence from historical examples. Corruption is introduced through the example of bribery.

In the theoretical section, the author explains the historical evolution of agency theory and rent-seeking. The author explains how both the agency theory and rent-seeking understand the problem of corruption and the problems of suggested public policies deduced from both theories. It is argued that while the agency theory lacks the concrete explanation of institutional environment within which the corruption problem occurs, rent-seeking lacks the positive definition of rules determining how corruption should be solved.

In the analytical section, the author suggests the theoretical framework connecting both the agency theory and rent-seeking . The author explains that the suggested theoretical framework applied to historical examples implies that the system of creation of legal rules and the system of their enforcement are crucial for the solution of the corruption problem in every society. More precisely, it is argued that when the system of creation of legal rules is subordinated to the citizens’ control and the independent judicial system is subject to competition, the problem of corruption is not so prevalent compared with non-democratic states. The conclusion summarizes and provides an explicit explanation of the author’s contribution.