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Title of Project:	Why is Corruption Tolerated?
Type of Product (e.g., Book, Paper, Documentary Film, Serial Article):	Article for refereed journal
Précis of 100 Words or Less:	The article considers corruption as a breach of contract between a principal and an agent. This does not necessarily imply that corruption is immoral, for the nature of the violation actually depends on the features of the underlying contract. In this light, under many circumstances corruption turns out to be a rational and understandable reaction to institutional failures, which are often far from accidental. To this purpose, three different stylized institutional frameworks are analyzed: developed, undeveloped and transition countries. Contrary to the mainstream approach to corruption, it is here argued that the origin, scope and consequences of corruption vary significantly across the different frameworks. Normative conclusions should therefore be adjusted accordingly.
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