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Título: Corruption dynamics and political instability

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Resumen: This paper introduces a model where a briber designs a bribing schedule targeted at the governing party within a bipartisan system to secure favorable treatment. Detected corruption increases voters' resentment, and in turn, the risk of political turnover—raising the minimum acceptable bribe. Periods without corruption mitigate such a risk. Should the briber deem bribing unprofitable for sufficiently high levels of resentment, resentment converges to a steady state in finite time. Conversely, if the briber perceives bribing as profitable regardless of the resentment level, the dynamics may result in continuous bribing and an unbounded increase in resentment (exploding dynamics). The model underscores the complexity of addressing corruption, emphasizing the need to balance reducing corruption with preventing excessive political instability. Societal forgiveness and sensitivity significantly shape corruption dynamics and public resentment. While forgiveness reduces long-run resentment, it concurrently exacerbates long-term corruption and, on balance, may have a detrimental effect on long-term welfare. Sensitivity has no long-run effect on resentment, while it reduces both corruption activity and political instability in the long term. Finally, exogenous political instability exacerbates corruption, resentment, and the risk of exploding dynamics.

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