

**Sovereigntist Optionality:
Capital Fractions and the Price of a Possible Future**

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Abstract

When a nationalist party becomes a plausible route to power, the headline claim is that capital is moving to the far right. The claim runs a calculation and hides its unit. Capital is not one thing facing one choice; it is a population of firms whose exposure to state discretion and whose freedom to leave differ widely, and those two quantities decide the response. This paper treats the situation as a problem of pricing a contingent claim. A firm holds a share s of its value in streams the state allocates, contracts, permits, subsidies, regulated prices, and a share $1 - s$ disciplined by export demand, foreign owners, and external credit; it can move a fraction m of itself out of the country. A sovereigntist government arrives with probability p , reallocates a fraction δ of the state-exposed value, and raises the country risk premium. Each firm then chooses from Hirschman's menu, priced as contingent claims: hedge, by buying a call on the reallocated rents through access; exit, by pulling mobile capital out of a repriced exposure; or voice, by lobbying for stability when it can neither capture rents nor leave. Solved over a population of 60,000 firms, the model locates a state-dependence threshold $s^* = 0.4229$ at the reference point: below it firms exit, above it they hedge, and the same rising probability that drives mobile capital out drives state-dependent capital toward access. The two behaviors that look contradictory, a bond sell-off and a rush for political access in the same week, are one repricing seen from two fractions. Across three parameter regimes the access value at stake runs from 0.1287 under consolidated governance to 0.0213 where the discretion is credibly capped, while the exit value peaks in the rising semi-peripheral case. The model's sharpest result is negative. A cross-section that shows firms holding access to a sovereigntist party is generated equally well by option-buying and by capture; the two part only in the response to a change in p , where the option unwinds and the capture does not, and only 0.0678 of a hedging cohort, under 7%, unwinds when the probability recedes. The same two parameters place regimes well beyond the European semi-periphery: a map of the regime space puts Norway at the boundary where institutions cap the rents to nothing, and the Gulf rentier monarchies at the boundary where the future is already settled and access decays into tribute, with sovereigntist optionality proper the contested interior between them. The unit the slogan hides is the firm, indexed by how much of its value the state allocates and how much of it can leave; one probability sorts that population across a threshold, so the aggregate sign of capital's move is a fact about the composition of the capital stock rather than about its politics.

1. A Folk Claim and Its Hidden Unit

In May 2025 the leader of Romania's largest nationalist party won the first round of the presidential election, and two things happened at once that a single story struggles to hold. The leu broke past 5 to the euro and fell by about 3%, 10-year yields rose by roughly 60 basis points, a debt auction was cut back, and foreign funds moved to reduce exposure. In the same period the domestic market for political access went on as before: party subsidies and loans dwarfed declared corporate donations, the larger share of subsidy spending went to press and propaganda, and monitors found the same financiers appearing across rival parties. One channel was pricing the nationalist surge as something to flee. The other was treating it as something to buy into. Reported as a single fact

about “capital,” the episode looks like a contradiction. It is not.

The folk version of the claim is that serious money is shifting to the far right. Stated that way it is either false or unfalsifiable, because it names no unit. Capital is not a homogeneous substance with one interest and one move. A firm that earns its revenue from county road contracts and a pension fund that holds the country’s eurobonds both belong to “capital,” and a sovereigntist government means almost opposite things to them. The first stands to win or lose depending on who allocates the next round of contracts, and it cannot move its trucks and its local relationships abroad. The second is indifferent to who allocates Romanian contracts, holds an asset it can sell in an afternoon, and cares only that the coupon arrives. The claim that capital moves to the far right averages these two into a single verb and loses everything.

This paper replaces the average with a calculation. The object to be priced is what the seed of this work called sovereigntist optionality: the value, to a given firm, of a possible sovereigntist future. The wager has the form of a contingent claim. A firm can pay a premium now, in access, donations, retained consultants, friendly media, to hold a claim on what a nationalist government would reallocate, and it will exercise that claim only in the state of the world where the government arrives. The price of the option depends on how much the firm has exposed to state discretion, on how much a sovereigntist government could actually reallocate, and on the probability that it comes to power at all. None of this requires the firm to believe in the program. It requires only that the firm do arithmetic.

Two literatures meet here and have not been introduced. The first is the economics of investment under uncertainty, which established that decisions to commit under uncertainty are governed by thresholds rather than by net present value alone, because the option to wait has its own value (McDonald and Siegel, 1986; Dixit and Pindyck, 1994; Trigeorgis, 1996). The model here takes the threshold form from that tradition without its dynamics: it prices each move by expected value and finds the crossover, rather than solving for the option value of waiting under uncertainty that evolves. The second is the political economy of asset prices, which showed that political uncertainty commands a risk premium and depresses investment, that firms delay capital spending in election years, and that the price of protection against policy risk is visible in option markets (Pástor and Veronesi, 2013; Kelly, Pástor, and Veronesi, 2016; Julio and Yook, 2012; Jens, 2017). Both treat political risk as something to be priced or waited out. Neither treats access to the risky regime as itself an asset a firm can hold. That asset is what a sovereigntist opening creates, and pricing it is the contribution here.

The setting that makes the asset valuable is the EU semi-periphery, and the term needs care rather than atmosphere. In world-systems analysis the semi-periphery is a structural position that combines dependence on core capital with some productive capacity of its own (Wallerstein, 2004). The usable European translation is the literature on dependent market economies, which reads East-Central European capitalism as integrated asymmetrically into foreign ownership, core supply chains, and external finance, with thinner domestic capital than the core and sharper exposure to ratings and currency shocks (Nölke and Vliegenthart, 2009; Bohle and Greskovits, 2012; Schedelik, Nölke, Mertens, and May, 2021). An economy in that position holds both of the relevant fractions

in large measure at once: a deep layer of state-dependent local capital that cannot leave, and a deep layer of mobile foreign capital that can. That coexistence is why the semi-periphery shows the bond sell-off and the access rush together, where a pure core economy would show mostly the first and a closed economy mostly the second. The semi-periphery is the worked case, not the limit of the construction; Section 7 places it in a wider space of regimes that runs from Norway to the Gulf.

2. Exit, Voice, and a Call on the State

Hirschman gave the menu its canonical form. When a firm, an organization, or a polity deteriorates, those attached to it choose between exit, withdrawing and taking their custom elsewhere, and voice, staying and agitating for repair, with loyalty conditioning which one they reach for (Hirschman, 1970). The framing was built for consumers and members, but it transfers to capital under a regime shift with one addition. A firm facing a possible sovereigntist government can exit, by moving its mobile value out of reach of the new risk premium, or it can use voice, by lobbying for institutional stability. It has a third move that Hirschman's members lacked. It can buy a position inside the very reallocation it fears, a contingent claim that pays off if the regime arrives. Call this third move the hedge. It is neither exit nor voice. It is the purchase of a call on the state.

Which move a firm reaches for is set by two firm-level quantities, and naming them is the analytical core. The first is state-dependence s , the share of the firm's value that flows through channels a government allocates at discretion: public contracts, permits and zoning, subsidies and agricultural payments, regulated tariffs, inspections, licenses. The corporate-political-strategy literature has long held that firms invest in political access in proportion to how much of their environment is set by political rather than market processes, and that regulated and procurement-dependent firms are the heaviest such investors (Hillman, Keim, and Schuler, 2004; Bonardi, Hillman, and Keim, 2005; Bonardi, Holburn, and Vanden Bergh, 2006). State-dependence is that exposure, written as a fraction. The second quantity is mobility m , the share of the firm's value that can credibly leave: liquid holdings, foreign parents with somewhere else to go, export revenue that does not depend on the domestic state. A bond fund is nearly all mobility and no state-dependence. A county construction firm is nearly all state-dependence and no mobility. Most firms sit between.

The two quantities tend to vary inversely, and the reason is structural rather than accidental. Capital that depends on the local state is, in the main, capital that is fixed in place: the dependence and the immobility come from the same embeddedness in a particular territory's permits, contracts, and relationships. Capital that is mobile is, in the main, capital that earns from markets rather than from the state. So the population spreads along a diagonal from high- s , low- m firms to low- s , high- m firms. There is also a third corner that matters: firms with low state-dependence but low mobility, large regulated incumbents and foreign manufacturers locked into fixed plant and supply chains, exposed to the market rather than the state yet unable to leave. These are the firms with a reason to use voice. They cannot capture rents, because little of their value runs through state discretion, and they cannot flee, because their assets are sunk. Lobbying for stability is what is left.

What a sovereignist government does, in the model, is described by two parameters of its own. The first is rent-discretion δ , the share of the state-exposed value the government can actually reallocate once in power. This is the quantity EU membership disciplines: procurement law, state-aid rules, fund conditionality, and rule-of-law mechanisms all work by shrinking δ , by limiting how freely a government can redirect contracts and subsidies to its allies (Innes, 2014; Kelemen, 2017; Scheppele, 2018). The Hungarian and Polish records show the two ends of the range, a government that institutionalized wide discretion over a decade against the conditionality that kept billions in funds suspended pending reform (Magyar, 2016; Appel and Orenstein, 2018). The second parameter is the risk premium ρ , the hit to market-exposed value when the regime is in view, the spread, the currency pressure, the delayed investment the political-uncertainty literature measures (Bechtel, 2009; Pástor and Veronesi, 2013). Rent-discretion governs the upside of the hedge. The risk premium governs the cost of staying exposed, which is what exit avoids.

3. Access as a Call, Exit as a Put

The model prices each move as the firm would. The arithmetic is elementary. A firm has value normalized to one, split into a state-exposed share s and a market-exposed share $1 - s$. A sovereignist government arrives with probability p . Write the three priced strategies and the option to do nothing.

The hedge buys access for a premium a , paid now. If the government arrives, the access holder captures a share κ of the contestable rent pool, which is the reallocated fraction δ of the firm's state-exposed value s . If the government does not arrive, the access is not wasted: in a fragmented system it retains a salvage value ϕa , because relationships built toward one pole are reusable toward others, which is the cross-party financing the monitors keep finding (Gherghina and Volintiru, 2017). The expected net value of the hedge is

$$H(s) = p \delta s \kappa - a (1 - \phi (1 - p)).$$

It rises with state-dependence, with the probability of the regime, and with how much that regime can reallocate. It is a call: positive payoff in one state of the world, a premium paid for the right to it.

The exit pulls the mobile share m out of an exposure the regime would reprice. Staying exposed costs, in expectation, the risk premium ρ applied to the market-exposed value $1 - s$ when the regime is in view. Moving costs a friction k per unit moved. The value of exit is

$$X(s, m) = m (p \rho (1 - s) - k),$$

rising with mobility, with the probability, and with the premium, and falling with state-dependence, because a firm whose value runs through the state has little market exposure to protect by leaving. Exit is the firm exercising the option that mobile capital always holds, the

option to be elsewhere, which at the macro scale is the sudden withdrawal that disciplines small open economies (Calvo, 1998; Jensen, 2008).

The voice option lobbies for stability, securing a private share η of a reduced risk premium at a cost c_v , with value $V(s) = \eta p \rho (1 - s) - c_v$. It is available to everyone and chosen by few, because for mobile firms exit dominates it and for state-dependent firms the hedge does. It wins only in the low- s , low- m corner, the firms exposed to the market but unable to leave. The firm takes the maximum of H , X , V , and zero.

Setting the hedge equal to the exit gives the state-dependence threshold that organizes everything. Because H rises in s and X falls in s , they cross once, at

$$s^*(p, m) = \frac{a(1 - \phi(1 - p)) + m p \rho - m k}{p \delta \kappa + m p \rho}.$$

Above s^* the firm prefers access; below it, exit. The threshold is the analytical content of the word optionality. It says that the choice between fleeing a sovereigntist future and buying into it is not ideological and not even firm-specific in any deep sense. It is a function of where the firm sits on the state-dependence axis, given the regime's probability and reach.

The parameters of the reference regime are stipulated to display the model's geometry rather than estimated from any economy, in the way that a basin volume from a parameter sweep is a fact about the model rather than a frequency in the world. The reference point sets $p = 0.45$, $\delta = 0.5$, $\rho = 0.3$, capture $\kappa = 0.6$, access premium $a = 0.05$, salvage $\phi = 0.5$, and exit friction $k = 0.04$, with the population of 60,000 firms described below. The numbers that follow are properties of that construction. The reported Romanian and comparative figures in the surrounding text are evidence that the construction is about something; they do not calibrate it.

4. One Probability, Two Responses

At the reference point the threshold sits at $s^* = 0.4229$ for a firm of middling mobility. Read it through two firms. A state-dependent contractor with $s = 0.7$ and low mobility $m = 0.3$ values the hedge at 0.0583 and exit at 0.0002: it buys access. A mobile fund with $s = 0.2$ and high mobility $m = 0.85$ values exit at 0.0578 and the hedge below zero: it prices the risk and reduces exposure. Same country, same election, same probability. Opposite moves. Neither firm has an opinion about the nationalist program. They have different balance sheets.

The left panel of Figure 1 draws the threshold s^* as a function of the regime probability p , for three levels of mobility. The surface divides the firm population into a region where access dominates and a region where exit does, and the division is stable across the range of p above the early transition. A firm's fate is read off its coordinates. The frontier barely moves once the probability is material, which means the sorting of capital into hedgers and exiters is set by structure, not by the odds the moment assigns to the sovereigntists.

The right panel runs a semi-peripheral population through rising probability. The population is

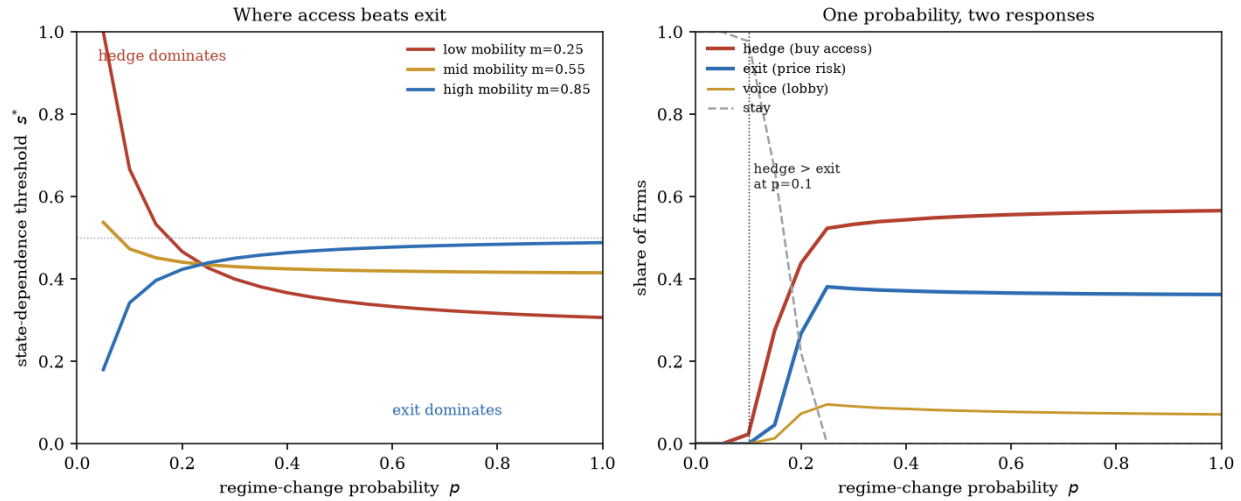


Figure 1: The crossover. Left: the state-dependence threshold s^* against the regime-change probability p , for low, middling, and high capital mobility. Above a firm's curve, the hedge dominates exit; below, exit dominates. At the reference point $s^* = 0.4229$. Right: the population's strategy shares as p rises. Below $p \approx 0.1$ almost every firm waits; as the probability climbs the population splits into hedgers and exiters, with a thin band of immobile market-exposed firms using voice, reaching 0.5232 hedging, 0.3811 exiting, and 0.0957 in voice by $p = 0.25$.

drawn in three modes: state-dependent local firms with high s and low m , mobile market firms with low s and high m , and immobile market firms with low s and low m , in mass shares of 40, 40, and 20 percent. At p near zero almost every firm waits, because no move clears its cost. As the probability rises past roughly one in ten, the population commits, and it commits in three directions at once. By $p = 0.25$ the shares have settled near 0.5232 hedging, 0.3811 exiting, and 0.0957 using voice, with the residue having waited out. At certainty the split is 0.566, 0.3625, and 0.0714. The striking feature is the simultaneity. One scalar, the probability of a nationalist government, moves up, and the same movement sends a third of the firms toward the exits and more than half toward the ministries. An observer watching only the aggregate would see capital both fleeing and courting the regime and might conclude the data were incoherent. The data are fine. The aggregate was the wrong object.

This dissolves the paradox of the May 2025 week. Capital did not flee and court at once because it was confused or split in sentiment. It did so because a semi-peripheral economy holds a large mobile fraction and a large state-dependent fraction side by side, and one probability priced both. The direction in which capital appears to move is then not a fact about its politics. It is a fact about the composition of the capital stock. An economy weighted toward mobile foreign holdings will look like flight; one weighted toward embedded local contractors will look like capture; the same model and the same probability generate both, and the political reading that infers a sympathy from the aggregate sign is mistaking composition for conviction.

5. Stages of a Sovereigntist Career

A sovereigntist party is not a fixed object. It is a protest movement, then a polling leader, then a veto actor, then a coalition partner, then a government, then, if it lasts, a consolidated machine, and capital reads each stage differently. The model represents a stage as a triple: the probability p that the party reaches decisive power, the discretion δ it would command there, and the risk premium ρ that markets attach to it. Three triples stand for three structurally different situations, and their numbers are model outputs rather than country measurements, though each is built to resemble a recognizable case.

The rising semi-peripheral case sets a balanced population, a middling probability $p = 0.45$, moderate discretion, and a high risk premium $\rho = 0.3$, because markets fear the program would transmit to fiscal and legal fundamentals. It produces both responses at strength: 0.5479 of firms hedge and 0.3714 exit, with the exit value at 0.0166, the highest of the three regimes. This is the live, contested situation, capital pricing risk and buying access in the same economy, which the Romanian episode and the wider semi-peripheral evidence describe (Bohle and Greskovits, 2012; Bechtel, 2009). The consolidated case raises the probability to 0.8 and the discretion to 0.7, because an entrenched government commands the allocation, and lowers the premium to 0.12, because the risk is priced in and the rules are known. Now the hedge dominates: 0.8839 of firms hold access and only 0.0828 exit, and the access value at stake jumps to 0.1287, more than 4 times the rising case. This is the Hungarian endpoint, where access is not a wager on a possible future but the price of operating in a settled one, and the rent channels are institutional rather than episodic (Magyar, 2016; Innes, 2014).

The mainstreamed case is the instructive one. It sets a high probability $p = 0.75$, because the party governs, but a low discretion $\delta = 0.3$ and a low premium $\rho = 0.1$, because credible external constraint caps both how much can be reallocated and how much markets fear. The shares look unremarkable, 0.5718 hedging and 0.3538 exiting, close to the rising case. The value tells the real story. The access value collapses to 0.0213, the lowest of the three, and the exit value to 0.0051. Firms still hold cheap access, because the option is cheap, but it is worth almost nothing, because there is little discretionary rent to capture and little risk to flee. This is the Italian pattern, a sovereigntist-right government that markets accommodated once it looked fiscally and institutionally constrained, where optionality exists but has been priced down to near zero by the credibility of the limit (Appel and Orenstein, 2018). The left panel of Figure 2 sets the three regimes side by side.

The discretion parameter is what separates the three. It is also the parameter the model is most sensitive to, and the one EU membership most directly sets. That coincidence is the political-economy result hiding in the geometry. The reach of any sovereigntist economic program, and so the value of buying into it, is governed by how much the supranational frame lets a national government reallocate. Sovereigntist rhetoric promises to widen that reach. The binding question is whether the conditionality, the procurement law, and the fund mechanisms actually let it widen (Kelemen, 2017; Scheppele, 2018).

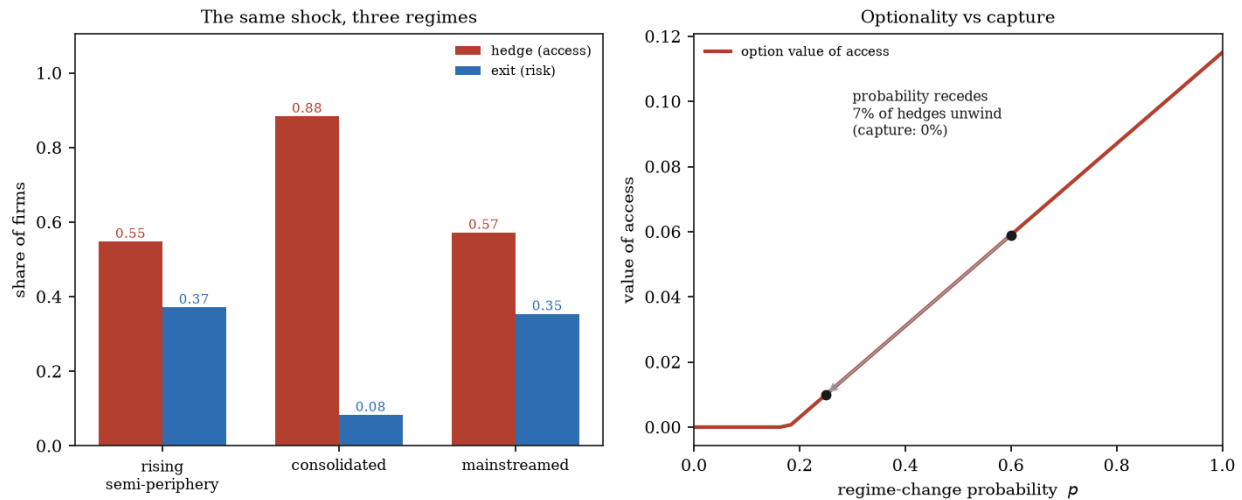


Figure 2: Regimes and identification. Left: hedge and exit shares under three regimes. The consolidated regime ($p = 0.8$, $\delta = 0.7$, $\rho = 0.12$) drives hedging to 0.8839 and exit to 0.0828; the rising ($p = 0.45$, $\rho = 0.3$) and mainstreamed ($p = 0.75$, $\delta = 0.3$) regimes keep both responses live, but the access value at stake falls from 0.1287 consolidated to 0.0213 mainstreamed. Right: the value of access as a function of p for a representative firm. The same position is worth far more at $p = 0.6$ than at $p = 0.25$; when the probability recedes from one to the other, 0.0678 of a hedging cohort unwinds under the option reading and none under capture.

6. The Verdict Is Not in the Cross-Section

The model's hardest result is about what cannot be read from the evidence. Suppose the integrated dataset the field wants existed: every firm's ownership, every donor and lender, every procurement award, every retained consultant and media contract, matched and current. Suppose it showed clearly that state-dependent firms hold more access to the sovereigntist bloc than mobile firms do. That cross-section is consistent with two stories that have opposite meanings.

The first story is optionality. Firms have bought a call on a possible future. They hold access because the probability is high enough to make the option worth its premium, and they would let it lapse if the probability fell. The access is a hedge, reversible, often cross-party, an insurance position rather than a conviction. The second story is capture. Firms have committed to the sovereigntist project, invested in it directionally, and would not withdraw if its odds dropped, because the relationship is a sunk alliance rather than a priced bet. The state-capture literature describes this second pattern, firms and politicians locked into a mutual seizure of the state, as the end-state of exactly these systems (Hellman, Jones, and Kaufmann, 2003; Shleifer and Vishny, 1994; Markus, 2015; Mungiu-Pippidi, 2015). Capture and optionality can produce the identical cross-section. A snapshot of who holds access cannot tell them apart.

What separates them is the response to a change in the probability, and the model computes it. Take the cohort that hedges when the probability is high, at $p = 0.6$. Let the probability recede to $p = 0.25$, the route to power narrowing as a centrist coalition holds. Under the option reading, a firm

abandons access when its value falls below the firm's outside options, salvaging the cross-party residue. The share of the hedging cohort that unwinds is 0.0678. Under capture, by construction, none unwinds, because the position was never contingent on the odds. The two data-generating processes that looked identical in cross-section now read 0.0678 against zero, under 7% against none. The right panel of Figure 2 shows why the headcount understates the signal: the value of an access position scales with the probability, so a cohort that keeps its access as the odds fall holds something worth a fraction of what it paid for. The cohort's retained access value falls to 0.2263 of its peak. Option value tracks the probability; a captured position does not.

The reason the unwinding share is modest, under 7%, is itself the point. Access in these systems is cheap. It is also reusable, so most firms hold it across the cycle rather than trading in and out, which is why the cross-section is so uninformative. The persistence of access tells you almost nothing about whether it is a bet or a marriage. The quantity that identifies the difference is dynamic, the slope of access with respect to the probability, and it is observable only through events that move the probability: a coalition forming or breaking, a court ruling, a polling break, a fund release. The empirical program that follows from the model is therefore not a richer cross-section. It is an event study on access, watching whether positions and their intensity track the odds of power, the way the political-uncertainty literature watches prices track the odds of policy (Kelly, Pástor, and Veronesi, 2016; Julio and Yook, 2012; Jens, 2017).

This is why the loudest version of the claim, that capital has gone over to the nationalists, is not so much false as unprovable from the evidence it cites. The evidence it cites is cross-sectional, the holdings of access, and that evidence is silent on the distinction that carries the meaning. Whether the bloc has won capital's loyalty or merely sold it insurance is a question about reversibility, and reversibility is visible only in motion.

7. The Space of Regimes

The three stages of Section 5 are three points in a plane. The plane has two axes, the rent-discretion δ a regime commands and how settled it is, which is p pushed toward one, and every regime that allocates discretionary value sits somewhere in it. Holding a semi-peripheral capital stock fixed and reading the model across the plane gives Figure 3, where the shade is optionality intensity: the share of the capital stock holding a position still contingent on the regime's arrival, a bet rather than a settled fact, computed as the hedging share times $1 - p$. The intensity is live in the interior and falls to near zero at two boundaries, and naming the boundaries is what makes the interior a definite object rather than a mood.

The lower boundary is $\delta \rightarrow 0$, a state that cannot reallocate rents however large they are, and its exemplar is Norway. Norway sits atop one of the world's great resource rents and has not been captured by them, because what decides whether resource wealth corrodes a state is the quality of its institutions and not the size of the rent: producer-friendly institutions turn the rent into a fund, grabber-friendly ones turn it into a prize (Mehlum, Moene, and Torvik, 2006). The rent is huge; the discretion is small. Norway's institutions cap δ from the inside, through a fiscal rule and a transparent sovereign fund, which generalizes the Section 5 point about Brussels. The cap on

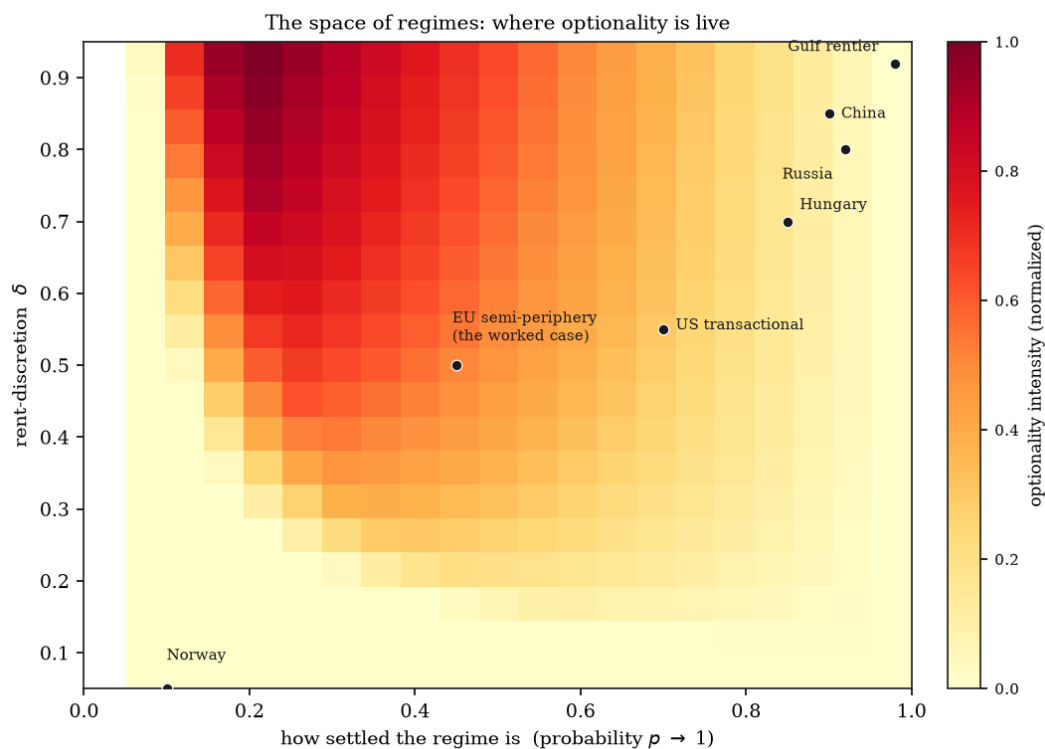


Figure 3: The space of regimes. Optionality intensity, the share of firms holding a contingent hedging position (hedging share times $1 - p$), over the plane of rent-discretion δ and how settled the regime is ($p \rightarrow 1$), for a fixed semi-peripheral capital stock. It is live in the interior and vanishes at two boundaries: at $\delta \rightarrow 0$, where no rent can be reallocated and almost no one hedges (Norway), and at $p \rightarrow 1$, where access is held but is no longer a bet, only the standing price of presence (the Gulf rentier monarchies). The named regimes are model coordinates rather than country measurements; Hungary, Russia, and China sit high on δ and far right on p , in the tribute zone, while the European semi-periphery sits in the live interior.

rent-discretion can be supranational or it can be domestic, and either way it sends optionality to zero, because there is no contestable rent on which to hold a call. Norway's own sovereign fund is the exit-and-diversify actor taken to the scale of a state, the high-mobility corner at the national level, holding a sliver of every listed company on earth and hedging toward no regime at all.

The upper boundary is $p \rightarrow 1$, a regime that has already arrived, and its exemplar is the Gulf rentier monarchy. Here δ is near total and the rents are exogenous, drawn from hydrocarbons rather than from production, which is the classic rentier state in which the government distributes and the private sector depends on the distribution (Beblawi and Luciani, 1987). The discretion is maximal, so the access value at stake is enormous, but the regime is permanent, so the access is not a wager on a possible future. It is the standing price of being allowed to operate. The $1 - p$ weight does that work in the model: at $p = 1$ it removes the option and leaves the intrinsic price, which is tribute. The same corner holds the consolidated and autocratic cases of the previous sections, Hungary with its institutionalized discretion, China where the party-state has turned its discretion on private capital itself and made access to the party a condition of survival rather than a bet (Pearson, Rithmire, and Tsai, 2021), and Russia, where exit is blocked and the access is tribute paid under the threat of predation (Markus, 2015). All sit high on δ and far to the right on p , in the dim tribute zone, and the run from Hungary to the Gulf is the run from mostly settled to wholly settled.

One coordinate does not fit the semi-peripheral frame and is worth placing for that reason. A core economy under a transactional administration, the United States the obvious instance, is mostly high-mobility capital that prices political risk and otherwise accommodates, which is why its aggregate shows no flight. But a thin fraction of firms sits at very high state-dependence, the launch providers, the subsidized vehicle makers, the spectrum and defence holders, for whom a call on the administration is worth amounts out of all proportion to their number, and the access such firms buy in proportion to their exposure is the most studied case in the corporate-political-strategy literature (Hillman, Keim, and Schuler, 2004). What gets called state welfare for capital is, in the model, a high- s firm exercising the hedge where nothing supranational caps δ , while the mobile bulk around it stays. The map puts it at the edge of the live zone, neither the null of Norway nor the tribute of the Gulf.

The European semi-periphery, the paper's worked case, is one coordinate in the interior, and it was the right place to work because the contest there is real: δ is externally capped, but the cap is itself the prize the sovereigntists run to lift, and p is high enough to matter and far enough from one to keep the positions contingent. The construction is general. The semi-periphery is where it bites hardest, between the state that cannot allocate rents and the state where the future has already been allocated.

8. Composition, Not Conviction

A model that prices a wager owes an account of which of its own numbers it trusts. The sensitivity analysis swings each parameter across a plausible band and reads the change in the threshold s^* . The widest swing belongs to rent-discretion δ : moving it from 0.3 to 0.7 shifts the threshold by

0.234, more than any other parameter, with the risk premium and the access premium next at 0.211 and 0.208, capture efficiency at 0.191, and salvage far back at 0.053. Discretion leads by a clear margin. The verdict the model returns, where a given firm falls on the hedge-or-exit divide, depends most on the quantity hardest for any firm to know in advance and most directly set by the supranational frame: how much a sovereigntist government could actually reallocate. The model is least sensitive to the salvage value of access, which means its central distinction, between a reversible option and a sunk commitment, does not rest on a finely tuned reuse parameter.

The temptation to read more from the construction than it holds is strong, and three limits mark where the reading has to stop. It does not measure any economy. The thresholds and shares are facts about a stylized population under stipulated parameters, in the way the varieties-of-capitalism and dependent-market-economies traditions build ideal types rather than fit them (Hall and Soskice, 2001; Nölke and Vliegenthart, 2009); the reported figures from Romania and its neighbors show the phenomenon is real and shaped as the model says, and they calibrate nothing. It does not identify a single firm's motive. The whole of Section 6 is an argument that the motive is not in the cross-section, and the model cannot supply from theory what it has shown the data withhold. And it does not adjudicate the politics. Whether sovereigntist optionality is a symptom of capture to be resisted or a rational insurance to be expected is a question the pricing leaves where it found it, because an option is not an endorsement and the model values the wager without judging it.

What the construct does is convert a slogan into a measurement problem with a definite shape. The unit of analysis is the firm, indexed by state-dependence and mobility, rather than capital in the aggregate. The driver is the probability of power, and the response is sorted by a threshold, so that the same probability moves different fractions in opposite directions and the aggregate sign is an artifact of composition. The reach of the whole phenomenon is capped by rent-discretion, which is where the supranational frame does its work and where the contest over sovereigntist economics is actually decided. And the meaning of the observable, access held toward a rising bloc, is underdetermined until the positions are watched moving against the odds. Capital does not move to the far right or away from it. It prices a future and buys or sells the parts of that future it is exposed to, and the price, unlike the slogan, can be computed.

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