



Unity or Fragmentation? Ideological Shifts and Their Economic Consequences in the Euro Area

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Abstract

The coherence of ideological narratives in the Euro Area is a necessary condition for the sustainability of the monetary union. Narratives shape political preferences, and if they diverge persistently, cooperation between member states becomes impossible. We measure the evolution of ideological narratives in member states of the Euro Area over half a century in a two-dimensional space called the ideological field. In addition to the classical left–right cleavage, we define a cultural dimension that is inspired by Karl Popper’s and Louis Dumont’s distinction between individualism and holism, i.e. between open and closed societies. It describes the relation between individuals and the collective and underpins the distinction between liberal and illiberal states. We find that ideological preferences, as expressed by people voting for party programmes, have converged—but less so in the new member states. Thus, the institutional framework of the monetary union has contributed to greater ideological convergence inside the Euro Area. However, most societies have also become ideologically less open (illiberal) which makes further European integration more difficult. We then study the impact of ideological narratives on economic growth, prices stability and public debt. Germany is the leader of a conservative group of member states, France of a left-leaning group. Both models are compatible with the Maastricht objectives of price stability and low public debt ratios, but only the French model of open society with social equality supports economic growth.

Keywords Ideology · Narratives · Convergence · Euro Area · Individualism · Holism · Right-left cleavage · Liberal and illiberal states · Economic growth · Inflation · Public debt

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Introduction

The design of European monetary union is different from every other successful currency in history. This raises the perennial question how sustainable the euro is. Even before it started, Martin Feldman (1997) expected that the single currency will increase conflicts in Europe. Paul Krugman has frequently criticised the euro in his New York Times columns for its rigid policy rules. Joseph Stiglitz (2017) contends that the euro has contributed to political fragmentation within the European Union because it has fuelled resentment in the South against the richer North. More fundamentally, Kathleen McNamara (2015) found that the European currency is “disembedded from the broader social and political institutions needed to provide a solid and durable foundation for monetary union”.

The Maastricht Treaty did, however, set up some economic guide rails, notably for inflation and fiscal policy. It was argued that meeting these criteria indicated that the political consensus in potential member states had sufficiently converged to enable the conduct of a unified monetary policy (Dyson and Featherstone 1999). The Stability and Growth Pact and the Fiscal Compact enshrined the fiscal rules into European secondary legislation. The Lisbon Treaty also says that “the Union aims at achieving balanced economic growth”. These institutions were aimed at strengthening the euro’s sustainability. However, Feldstein (1997, 26) warned that “a strong constitutional political union is certainly not a guarantee against a new war among its members, as the devastating civil war between the member states of the USA clearly demonstrated”.

American and British economists have mostly underestimated the political commitment to European integration because they assume preferences as given. Political scientists have been more realistic because they study political preference change. This is true for the grand theories of neofunctionalism and liberal intergovernmentalism, but debates on the European democratic deficit have shifted the attention to public opinion and political party positions.¹ Hooghe and Marks (2008) have claimed that as European integration has become politicised, preference of the general public and of national parties has become decisive for jurisdictional outcomes, and identity is critical in shaping contestation on Europe. Schimmelfennig (2014) argued that European integration has become salient and contested in public opinion and party competition. As European integration has moved into core areas of state sovereignty and national identity, it has turned more euro sceptic.

This raises the question whether the policy consensus across Euro member states that has made monetary union possible remains sufficiently stable to sustain the euro. Schimmelfennig (2014) thought it was puzzling that despite unprecedented social hardship, politicisation, loss of popular support and political turmoil in the Euro Area, the Euro crisis has produced major new steps of technocratic supranational integration. This paper evaluates the convergence or divergence of ideological narratives in the member states of the Euro Area over half a century.

¹ (Schmidt 2006); (Schmidt 2012); (Hooghe, Marks and Wilson 2002); (Hooghe and Marks 2008); (Schimmelfennig 2014).



How can we measure policy consensus in the Euro Area? Surveys like Eurobarometer certainly give some indication, but they do not explain what drives changes in opinions. The role of ideas in the formation of political preferences for the creation of European monetary union has been well established by the literature.² Parsons (2016) has reminded us that when discussing how ideologies shape policies, we need to show how they do so. Schäfer (2016) has given the example how the German ideology of *ordo-liberalism* has determined national preferences in interstate bargaining for banking regulations.

We focus on ideological narratives that shape political preferences within and across member states. Like Vivien Schmidt (2012), we would like to know whether European visions are not simply converging or diverging but also whether they are diverging differently. Aspinwall's (2002) analysis of party ideology and European integration preference is close to our project, although we aggregate party preferences into an election-weighted national average to measure national consensus. We link this to liberal intergovernmentalism, which has become the 'baseline theory' of European integration (Moravcsik and Schimmelfennig 2009, 67). Moravcsik argued (1993, 482) that state preferences change under pressure from social groups and are aggregated through political institutions. We focus on the narratives of political parties which articulate social preferences that are then aggregated by elections. We interpret a political party programme as an ideological narrative that outlines the party's vision, goals, and policies, and presents a story about the future, and how to achieve it. By voting for a particular party, citizens express their consent to the party's narrative and the share of votes a party obtains is the weight by which it contributes to the social consensus.

In liberal intergovernmental models, governments are sensitive to their constituencies. If the deliberation on national policy objectives is isolated and independent from other nations, the momentum of policy choices may diverge. If, however, ideological narratives influence each other across borders, they are more likely to converge.³ With respect to the Euro Area, this leads to an ambivalent conclusion: European monetary policy can generate ideological convergence because the consequences of many policy decisions for interest rates, inflation, or exchange rates are similar in all countries. Debates about fiscal policy or differences in economic growth, however, are dominated by national narratives which can lead to diverging ideologies. A priori it is an open question whether ideological narratives in the Euro Area are converging or diverging. While economists usually argue that economic performances determine policy preferences, we will also ask what role ideological narratives have for the economic performance of inflation, public debt, and growth.

Moravcsik has emphasised that national preferences are issue specific. We build on this insight by saying that ideological narratives are issue specific, too. To assess

² (McNamara 1998); (Dyson and Featherstone 1999); (Collignon and Schwarzer 2003); (Schmidt 2006); (Schmidt, Europe's Crisis of Legitimacy 2020).

³ For a formal model of preference convergence and institutional structure, see Collignon (2002). For evidence that the standard deviation of ideological narratives in the Euro Area was higher before Maastricht, narrowed in monetary union, and increased during the Euro crisis, although it was still lower than before the euro, see Fig. 4.



ideological convergence, we develop the concept of an ideological field. This is a two-dimensional vector space that spans political and cultural values. Political party programmes consist of an amalgam of many issues and to locate a political narrative in the ideological field, some of these issues need to be assigned simultaneously to the political and the cultural dimension.

In the ideological field, narratives have a position and direction. In other words, they have momentum. Crucially, we argue that the political and cultural aspects are interdependent. This means that the political and cultural vector components in ideological narratives are not orthogonal. We consider this proposition to be a substantial contribution of our paper to the literature.⁴

The political dimension represents the classical distinction between Left and Right. The cultural dimension is intuitively easy to apprehend, but there is no generally accepted label for them. Probably most common is the distinction between universalist and communitarian ideologies. For reasons we explain below, we prefer the labels individualism versus holism (Dumont 1986) or, to use Popper's (1995) formulation, open versus closed societies.

In the empirical part, we draw on data from the Comparative Manifesto Project (CMP) which show the frequency of programmatic content variables in the programmes of countries' political parties. We allocate these variables to our ideological dimensions, and then weigh their relative frequencies by the share of votes the parties obtain in elections. Hence, the ideological position of a country is the weighted average of party positions.

We find that in aggregate the Euro Area is left leaning and favours holistic regulation of markets. The ideological distances between most countries have narrowed since monetary union started. Member states cultural narratives have converged, but the noise has increased for political narratives. We show clusters of ideological narratives among member states that would facilitate compromises in intergovernmental negotiations. Yet, the convergence has been stronger among the initial group of West-European member states. The enlargement of the Euro Area to Central and Eastern Europe has increased heterogeneity. We identify a conservative cluster led by Germany and a more left-leaning group led by France. This supports the idea that the Franco-German axis is a necessary condition for the sustainability of the European integration project because agreements between these two governments represent narratives that are acceptable in both the conservative and the left-leaning clusters.

Robert Shiller (2019) has made us aware that popular narratives motivate economic decisions, but the precise impact is not always clear. We wish to find out how the evolution of ideological positions has affected the economic convergence to the Maastricht criteria of price stability, public debt, and also of economic growth. We find that the effect on reducing inflation and public debt is compatible with both right-wing closed and left-wing open narratives. However economic growth is unambiguously supported by narratives of greater individualism and social equality, i.e. by open left-leaning societies.

⁴ The full model is explained in Appendix I.



The paper is structured as follows. We first define the ideological field with respect to its political and cultural dimensions in the theoretical part. In the second part, we explain a country's ideological position based on CMP data and show the evolution of ideological positions in the Euro Area over time. In the third part, we estimate several models for the impact of ideological narratives on economic variables. We focus on price stability and public debt which are at the core of the Maastricht Treaty, and take economic growth as a measure for wellbeing improvements as stipulated in the Lisbon Treaty. The conclusion sums up and suggests avenues for future research.

Defining the ideological field

Our interpretation rejects the older approach whereby an ideology is a distortion of truth (Stråth 2013).⁵ With Norris (2020, 698), we understand ideological narratives as a set of coherent statements about normative values that provide a moral vision of the good life, and a doctrinal framework and systematic set of beliefs for understanding the world. They structure public debates, facilitate coalition building and mobilisation around common goals, and allow political parties to offer voters coherent policy platforms.

When individuals vote for a particular party, they choose to support the ideological position and direction expressed by the party's narrative. This approach justifies that we take the Comparative Manifesto Project (CMP) data that analyse party manifestos before elections.⁶ The CMP counts the number of quasi-sentences or sentences and allocates them into different categories describing support or opposition to policy issues.⁷ These categories are the *content variables* in the narratives.⁸ We interpret the frequency of their mentioning as the probability that they influence the meaning of the narrative. This constitutes their salience. The ideological position of

⁵ Considering ideology as “false consciousness” (Lukács 1923) gave rise to the “Mannheim paradox” which states that “when we try to understand contending ideologies that constitute a political field, and when we seek to test the possibilities for their realisation in light of the historical developmental tendencies and political tensions, our constructions of this context is itself informed by these ideologies” (Breiner 2013). Thus, there is nothing testable. While the Marxist paradigm of false consciousness has lost appeal, the communitarian critique of (neo)liberalism and Fukuyama's *End of History* encounter the same difficulty. See (Sandel 1984); (Sandel 1996); (Benhabib 1992); (Seligman and Montgomery 2019). The Mannheim paradox is overcome when the analysis of ideologies “is not geared to directing or recommending political action, but to explain, to interpret, to decode, and to categorise” (Freeden 1998, 3). We then analyse the effects of ideologies objectively.

⁶ *The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR)—Version 2020b* provides data in a common framework covering over 1000 parties in over 50 countries from 1945 until today (Klingemann, et al. 2006). It covers the longest available time series which is relevant for observing long-term shifts in ideologies.

⁷ A quasi sentence is an argument, or verbal expression, of one political idea or issue. It may be an entire sentence, but more likely it is a part of a sentence.

⁸ We take this number and divide it by the total number of words in our content variable. This gives us the weight of an ideological content variable. This accounts for (Lowe, et al. 2011)'s observation that the length of a party manifesto can distort the ideological position when the number of unaccounted categories increases. We did not use log odds as proposed in their paper.



a party is the weighted average of these frequencies, and the aggregate position of the country is the average of these probabilities weighted by their electoral shares. (Orsitto, 2024)⁹ Hence, we use electoral party programmes as evidence for different narratives and interpret the vote for a party as the voter's *revealed ideological preferences*.

Because it is based on texts, the CMP method is consistent with our analysis of narratives. Yet, it is not without critique. See Laver (2001), (Volkens, et al. 2018), (Lowe, et al. 2011), (Bakker and Hobolt 2013). The main competitors to the CMP are mass surveys of voters, elite surveys of representatives, dimensional analysis of roll call votes in legislators, expert surveys of national party experts. The best-known alternatives are the Political Compass,¹⁰ and the GAL-TAN¹¹ scale. However, when the indicators are based on self-evaluation or surveys by interviewees or hired experts (surveys and opinion polls), they are not independent of subjective judgements and are not reliable for cross-national measures (Everett 2013, 2). Text analysis avoids the difficulties of subjective judgements (Murtagh and Ganz 2014). Bakker and Hobolt (2013) have cross-validated the various measures based on party manifestos, party expert surveys, and voter surveys and found that despite the significant differences between the construction of the different measures of party positions, they provide very similar rankings of parties on left–right dimensions. We feel therefore justified to work with the CMP data.

The ideological field as a vector space

An ideological field consists of the set of all political narratives. We define it as a topological field where the vertical axis of the vector space stands for cultural values, the horizontal axis for the political and economic values. The ideological position of a narrative is the point represented by the linear combination of the cultural and political components that represents the weighted content variables. The vectors' magnitude is derived from the frequency of half-sentences in the political party manifestos.¹² Its direction is determined by cleavages. The political cleavage of Left and Right has dominated modern history since the French Revolution (Rokkan, et al. 1999). Political scientists place parties and their ideologies on a linear scale, as in the Hotelling law, and left and right point into two opposing directions.¹³ Traditionally, they have associated the Left with (social) equality and the Right with (economic) freedom.¹⁴ This distinction is still valid and widely used in political sciences. However, at least since the end of the Cold War we have witnessed “the eclipse of

⁹ The aggregate for the Euro Area, as in Fig. 2, weights national positions by the size of population.

¹⁰ <https://www.politicalcompass.org/>

¹¹ (Kawecki 2022), (Hooghe, Marks and Wilson 2002).

¹² Appendix I formalises the bidimensional vector space.

¹³ (Hotelling 1929); (Caughey, O'Grady and Warshaw 2019); (Klingemann 1998).

¹⁴ Norberto Bobbio (2016) was aware that the one-dimensional classification was leading to inconsistencies, and he sought to overcome the confusion by distinguishing between extremists and moderates on the right-left scale. But where is the line separating extremists from moderates?



the left–right ideological axis” (Brubaker and Laitin 1998, 424). The resulting darkness has necessitated defining a second ideological dimension.

The second dimension: cultural context

Unfortunately, most cleavages assigned to the second axis are based on ad hoc observations rather than on theory. To give some examples, the CMP database constructed the one-dimensional RILE scale (right-left scale) initially with references to Tradition, Freedom and Security on the right side and State Intervention, Welfare and Peace on the left (Budge 2013). For Koopmans and Zürn (2019), the Right defends free markets and minimal state intervention and the Left a strong state and political regulation. But the Right is also characterised by conservative notions of authority, hierarchy, order, duty, tradition, reaction, and nationalism, while the political Left is characterised by “ideas such as freedom, equality, fraternity, rights, progress, reform and internationalism”.¹⁵ Yet, some left-wing narratives are also authoritarian or nationalist; some right-wing discourses are internationalist or claim fraternity. The confusion is perfect.

The broadest distinction of cultural cleavages is between ‘domestic-international’ (Aspinwall 2002), ‘universalism-communitarianism’ (Bornschieer 2010), ‘cosmopolitanism-communitarianism’ (Zürn 2019),¹⁶ ‘cosmopolitanism-parochialism’ (de Vries 2017), universal-communal (Enke 2020). Early contributions referred to material security/hierarchical values versus post-material lifestyle issues (Inglehart 1971), or they spoke of ‘new politics’ (Franklin 1992), authoritarian-libertarian (Kitschelt and McGann 1995), GAL-TAN (Green/Alternative/Libertarian versus Traditionalist/Authoritarian/Nationalist; see Hooghe et al. 2002). Bakker and Hobolt (2013, 37) sought to capture the struggle between libertarian and authoritarian values”. Hooghe et al. (2002) observed a ‘transnational cleavage’,¹⁷ and Rohrschneider and Whitefield (2009) distinguished between pro-welfare/nationalism versus anti-welfare/internationalism. In the European context. Hix et al. (2006) added a pro- and anti-European dimension.

More recently, these broad distinctions were narrowed down. Kriesi et al. (2012) focused on the ‘integration-demarcation’, and Hix (2023) defined four “ideological types. Hall et al. (2023, 4) anchored the cultural cleavage in socio-economic categories “between blue-collar and white-collar workers, often ascribed to the reaction of blue-collar workers against the extent to which more educated employees have embraced cosmopolitan (or post-material/universalist) values”.

¹⁵ (Heywood 2015). Political conservatism is motivated by social cognition which integrates theories of personality (authoritarianism, dogmatism, intolerance of ambiguity), epistemic and existential needs (for closure, regulatory focus, terror management), and ideological rationalisation (social dominance, system justification) (Jost, et al. 2003).

¹⁶ Koopmans and Zürn (2019) focus on borders for the distinction between cosmopolitanism and communitarianism. This allows them to focus on globalisation versus nation-state democracy and immigration versus preservation of traditional culture.

¹⁷ Hooghe, Marks and Wilson (2002) argued that “GAL-TAN, i.e. green/alternative/libertarian (GAL) versus traditional/authoritarian/nationalist (TAN)” cleavage is the most general and powerful predictor of party positioning on European integration issues.



The political psychology literature distinguishes conservative from progressist narratives. Conservatives value authority, law and order, security, traditional morality, and the preservation of the collective identity. Progressists emphasise the emancipation of individuals and the role of the democratic state as an instrument for the social integration of individual preferences. Enke (2020, 3680) has condensed these components into moral intuitions of harm/care and fairness/reciprocity which are “universalist” values while concepts related to ingroup/loyalty and authority/respect are “communal”. “Universalist” values apply *irrespective of the context or identity* of the people involved. In the European context these distinctions are not helpful: a nationalist and an internationalist would give different answers as to whether the European Union is universal or communitarian. We need to substantiate these categories by specific issues.

Nevertheless, we believe that all these descriptions have one common point: they deal with the relation between individuals and the collective. This gives us our theoretical benchmark. We therefore re-connect ideological narratives with the individualism-holism cleavage of an earlier literature.¹⁸ Popper (1995) has made the distinction between individualism and holism popular, but Dumont (1980) (1986) was analytically sharper. He interprets holism and individualism as the normative content of narratives. Popper has become unfashionable because his methodological individualism gives inadequate account of social institutions.¹⁹ However, his normative foundation of open societies is still valid. An open society, he argued, combines democracy and individualism (Popper 1995, p. 171), where individuals judge and choose the purpose and direction of their actions.²⁰ *Political individualism* says individuals are free and equal and the whole is there to support their emancipation.²¹

Political holism, by contrast, is defined as a narrative that requires surrender of an individual’s will to the whole, i.e. to a group, a society, etc. The description of what is a “whole” can vary. A local community, an ethnic or religious group, a nation, or even the European Union are “wholes” in this sense. Brubaker and Laitin (1998)

¹⁸ For an overview of the philosophical tradition see (Lukes 2006), (Macfarlane 1978). (Constant 1819) articulated the distinction between these value-sets as the “liberty of the ancients and the moderns”. (Tönnies 2001 [1887], 17–19) called the organic conception of holism *community*, and the arrangement where individuals “live alongside but independently of one another” *society*. (Berlin 2002 [1957]) has described positive liberty as holistic and negative liberty as individualistic (Collignon 2018), Orsitto (2024) has offered a first measure of the individualist-holist cleavage. Post-modernism has been the philosophical pathbreaker for the revaluation of holistic narratives in contemporary society.

¹⁹ Popper traced holism back to Plato and shows it to be the narrative of the enemies of open societies. It is important, however, to distinguish political from methodological individualism and holism. For a discussion of methodology see (Dahlback 1998), (Buchanan and Tullock 1962), (Fodor and Lepore 2004).

²⁰ One anonymous reviewer took “issue with the Popperian framing” because “the language is old-hat” and “all the societies discussed are ‘open’ societies in Popperian terms”. This is true if we interpret Popper’s book as “anti-totalitarian” in the spirit of the 1940 when it was written. However, Dumont, especially (Essays on Individualism. Modern Ideology in Anthropological Perspective 1986) shows that the distinction between holism and individualism is far more subtle.

²¹ (Dumont 1986). For Popper (1995) individualism meant valuing the intrinsic moral worth of an individual. It did not imply selfishness or utility maximisation at the expense of others. Society (the “whole”) had the function to serve individuals’ emancipation, the development of their creative capacities. By contrast, holism “valorises the social whole and neglects or subordinates the human individual to the collective” (Dumont 1986, 279).



have listed some criteria which are relevant to define a “whole” in the sense of political holism. First, there are narratives which function as coding practices. Nationalism and, in fact, European integration itself are coding practises. Second, claiming that individuals “belong” to a group implies that they ought to surrender their individual will to the generally accepted norms professed by the narratives that define the group. This is a practical matter for those who are inside the group, for it limits their freedom. Third, holism requires in-group policing though formal or informal administration of sanctions to enforce a certain line of action vis-à-vis outsiders. Fourth, group leaders claim, and often overdramatise, that they ensure the protection of group members against outsiders. This claim constitutes their authority. Dumont (1980) has pointed out that the subordination of individuals to the whole implies hierarchy. Holistic ideologies therefore favour authoritarianism.

The implication of political holism is, of course, that individuals prefer belonging to the group with an authority that protects them concretely. The normative consensus of the community has priority over individual rights. Populism is one manifestation of such narratives. Political individualism, on the other hand, grants abstract rights for the protection of individual freedom and equality but the authorities which enforce these rights are subordinated to them. Authorities can be legally challenged. This distinction clarifies the difference between illiberal and liberal states which is relevant for European ideological narratives.²² In liberal states, narratives of political individualism have a larger weight. In illiberal states, political holism dominates. Clearly, there are differences of degree between the two systems. Dumont has always insisted that holism and individualism coexist in all societies. Our method of aggregating ideological narratives allows us to trace these degrees.

Positions in the ideological field

How do we measure the value of narratives in the ideological field? We take the frequencies of (half)sentence measured by CMP as our metric and define the x-axis of our vector space as the political dimension which on the right is associated with freedom to act and on the left with social equality. On the y-axis we put individualism to the top and holism to the bottom. To give direction, we define the values for freedom and individualism as positive, for equality and holism as negative, and at the point where the two axes cross, i.e. where the net value on both axes is zero, we find the perfect centrist position.²³

Our important innovation for constructing the ideological field consists in the assignment of some content variables to *both* dimensions. The confusing denominations in the literature quoted above results from the fact that most authors describe cleavages as either/or pairs and then mix political and cultural variables into opposing values. They understand the vector of ideological narratives as the

²² On the formalism of rights in liberal states see (Sandel 1996). For a discussion of illiberal states see (Vail 2018).

²³ (Aspinwall 2002) has described “centrism” as a distinct ideological bloc which makes sense when we only consider the one-dimensional Left–Right axis. In our two-dimensional space this becomes simply a matter of distance from the zero-valued origin of the two axes.



linear combination of the political and cultural vector and treat these two vectors as perpendicular, i.e. orthogonal. This implies that the political and cultural components of the narrative are independent. But then it is no longer clear how to identify an ideological position. If right wing means economic freedom and left-wing social equality, is the right to strike right or left-wing? We apply the concept of cleavages to each of the two dimensions separately but recognise that most content variables have significance *jointly* and not independently of each other.²⁴ This means, we abandon the assumption of orthogonality. For example, positive views on democracy appear under left-wing equality and under the open society/individualism.

In Fig. 1, we structure our ideological field. The cultural dimension above the x-axis describes liberal states, below the axis we have illiberal states. Our coding is consistent with Vail's (2018, 6–7) definitions and remotely connected with Varieties of Capitalism models (Hall and Soskice 2001),²⁵ although our content variables broaden the distinction beyond the economic sphere. We split the political dimension into the traditional right-left cleavage with economic freedom on the right and social equality to the left. We label the two liberal state quadrants above the zero line as (I) *economic liberalism* if the net value of the political content variable is leaning to freedom on the right, and as (IV) *cultural liberalism* if they emphasise equality. Below the zero line, we find illiberal narratives that defend the hierarchical freedom of groups,²⁶ which is (II) right-wing conservatism; emphasis on the equality of collective standards is called (III) left-wing conservatism. We recognise that many facets of our political and cultural classifications, derived from CMP categories, align with Norberto Bobbio's (2016) analysis of the right-left spectrum (pp. 68–71). Bobbio argues that while the right-left dyad faces increasing criticism, recent shifts have done little to weaken its presence in political discourse. He strongly associates the left with the principle of equality and the right with the concept of hierarchy (pp. 76–77). We decided to move beyond such association, favouring a model that positions a dyad of modern political principles of liberty against equality on one axis, while inserting more traditional principles of hierarchy within the concept of collectivism, and placing it against individualism on the other.

This classification can be further fine-tuned by assessing whether one dimension has a higher weight within one quadrant than the other dimension. In quadrant I, classical liberalism gives more weight to the status of individual rights and neoliberalism to economic freedom. In quadrant IV we find narratives of political liberalism (e.g. Rawls (1996)) if equal individual rights dominate, but if social equality is more important, we classify the narratives as social liberalism. Below the x-axis, illiberal

²⁴ Dumont (1986) has described this overlap as “ideological articulation”.

²⁵ (Hall and Soskice 2001) speak of liberal and coordinated market economies, Vail (2018, 6) defines illiberal states “as states that have long since rejected the abstract and messianic programmes of classical liberalism and neoliberalism and in which non-market arrangements—including but not limited to significant state intervention and regulation of markets, robust collective-bargaining and industrial-relations systems, and expansive welfare states—have always been central to the development and operation of their respective capitalist models”.

²⁶ Benjamin Constant called the freedom of the group “the liberty of the ancients” and individual freedom the “liberty of the moderns”. See (Collignon 2018).



holism dominates. If economic freedom is important but constrained by the collective, we observe ordo-liberal ideology. But when the group dominates and freedom is limited to authoritarian elites, we call it right-wing populism.²⁷ But when the left claims equality in the name of the group without respect for individuals, it is left-wing populism. When the left promotes social equality within a given community through legal and cultural regulation, we call this the communitarian left narrative.

Of course, these libels are somewhat arbitrary. The reader may find better descriptions. What matters is that the ideological field provides the theoretical foundation for defining ideological narratives that describe individuals in relation to the collective in which they live and how their interactions are structured.

Non-orthogonality and the ideological evolution as a stochastic process

Ideological narratives change over time. Especially in the cultural dimension many variables lack coherence. For example, ecology or LGBTQ were not important in the 1970s. Because we interpret the salience of content variables as the probability of impact, the rise of new topics implies the reduction of impact for others. We therefore interpret content variables as discrete random variables which generate ideological positions as a stochastic process.

Robert Shiller (2019, 3) has defined narratives as “contagious popular stories that spread through word of mouth, news media, and social media”. They become contagious when people feel personal ties with other individuals, or groups of individuals. Political parties generate such narratives and compete for recognition, and when the probability of acceptance exceeds the probability of rejection (or oblivion), the narratives go viral.²⁸ Like an epidemic, they then spread from person to person, some as short-term fads, others as lasting stories everyone believes. When narratives become prevalent, they establish social preferences, but even these do not last for ever. Over time some narratives will become gradually less exciting and lose their power to unify social preferences. Their salience diminishes again. Appendix I shows the salience of the five largest content variables for France and Germany over time and how some go viral by reducing the salience of others.

The shifting weights of content variables in ideological narratives are a strong reason for abandoning the assumption of orthogonality of the political and cultural vectors which implies that the meaning of the cultural and political content variables is independent of their context. But this is not the case. The point here is that there is neither sense nor meaning in the *isolated* half-sentences of political party programmes. No doubt, the context reflects material interests and institutions, but political and cultural arguments are also context for each other (Parsons 2016). Orthogonality would imply that a change of salience in the political dimension does not shift the salience of cultural content variables, or inversely. The vector would move in parallel to the shifting dimension. Non-orthogonal vectors map the interdependence of the narratives’ components. In Appendix I, we prove that the two dimensions of national ideology vectors are not orthogonal because the covariances between all content variables are not zero.

²⁷ For example, Milton Friedman (1987) called General Pinochet in Chile a “political miracle”.

²⁸ On the dynamics of narratives going viral, see (Shiller 2019) and his Appendix for the math.



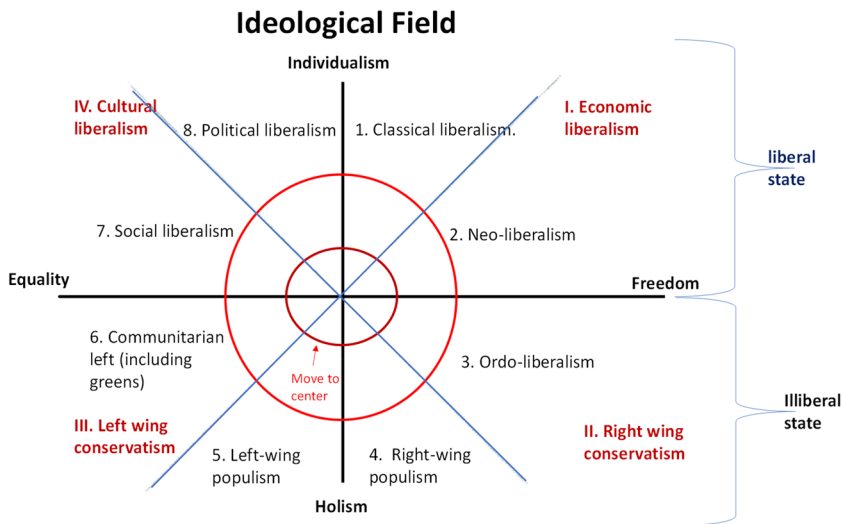


Fig. 1 Partitions of the ideological field

Empirical evidence for ideological narratives.

We now look at the empirical evolution of ideological narratives in the Euro Area. We assign the content variables from the CMP database to the political and cultural dimensions as explained in Appendix I. Figure 2 shows the ideological field for the Euro Area in aggregate. Appendix II depicts the evolution for each member state separately. Five features stand out.

First, we note the high degree of centrism: all values of the aggregate Euro Area are within a range of ± 4 per cent.

Second, during the 1970s, the old Western EU member states, which later joined the euro, opted for political liberalism in left-leaning liberal states. In the so-called neoliberal era of the 1980s (Centeno and Cohen 2012), they moved to the right, although according to our classification the dominant ideology was not neoliberalism, but classical liberalism. In the 1990s, European societies revealed the highest degree of centrism. However, after the introduction of the euro, the cultural narrative shifted from an individualism to holism, i.e. from liberal to illiberal states and the average policy consensus moved to the left. This shift pervaded all countries.



Third, closer inspection reveals that the content variables covering ecology, protectionism, and market regulation became more salient.²⁹ In Italy, law-and-order and national identity also gained importance.³⁰ It would require a more detailed study to establish whether these regulation narratives are causally related to the creation of the euro. Surprisingly, the Euro debt crisis (2009–15) shifted Europe back to more open societies. Fourteen societies out of 18 moved in the direction of individualism; in four countries the change was temporary, while only four others became durably more closed. Presumably, the risk of losing the freedom of an open society was more clearly perceived during the crisis.

Fourth, significant differences between member states persisted (see Appendix II). For the full 1970–2016 period, only eight out of 19 countries classified as open; most countries were leaning to a very small degree to the left (Fig. 3). Only Germany and Slovakia took an average position to the right, but their values were very close to the centre. The political narratives were more volatile than the cultural narratives: the standard deviation is higher, and so are maximum and minimum values. These statistics say little about changes, trends, and dynamics, which we discuss below.

Fifth, the distribution of ideological changes was unequal. Table 1 lists the number of years in which either the cultural index signified an opening, or the political index moved to the right. Italy most frequently moved to illiberal holism but nevertheless kept its centrist position. On balance, Germany, Belgium, Austria, and the Netherlands have opened the most, France, Greece, Estonia, and Slovenia have most frequently moved to the right. Latvia is an outlier in all respects, closing and turning right at the same time.³¹

²⁹ See Appendix I. (Hall, Evans and Kim 2023) show ideological positions of occupational groups in an aggregate of eight advanced industrial countries (Britain, France, Germany, the Netherlands, Norway, Sweden, USA) and observe a shift in the period 1990–2006 from right to left and from traditional to cosmopolitan values. Our indices are broader and confirm these tendencies for political preferences in France and Germany, but not for Italy and the Netherlands and not at all for the cultural dimension. See Fig. 3.

³⁰ This move seems to have been caused by labour mobility, especially in Italy. (Van Der Brug and Van Spanje 2009), (Esposito et al. 2020).

³¹ As Appendix II shows, all Baltic states are right-wing and holistic. (Kachuyevski 2017) found that the Baltic states are torn between diffuse identities, policies of inclusion and exclusion, and competing normative ideological orders. Within this context, Latvia sticks out because of “the tension between Latvia’s stated commitment to European norms of democracy and human rights, and its policies that have resulted in an exclusionary polity. The inconsistency between European Union (EU) norms, which are based upon an integrative model that is essentially post-national, and Latvia’s nation-building policy, which is designed to (re)construct a Latvian nation state, has exacerbated regional tensions that have persisted despite more than two decades of Latvian independence and full integration into the European order.”.



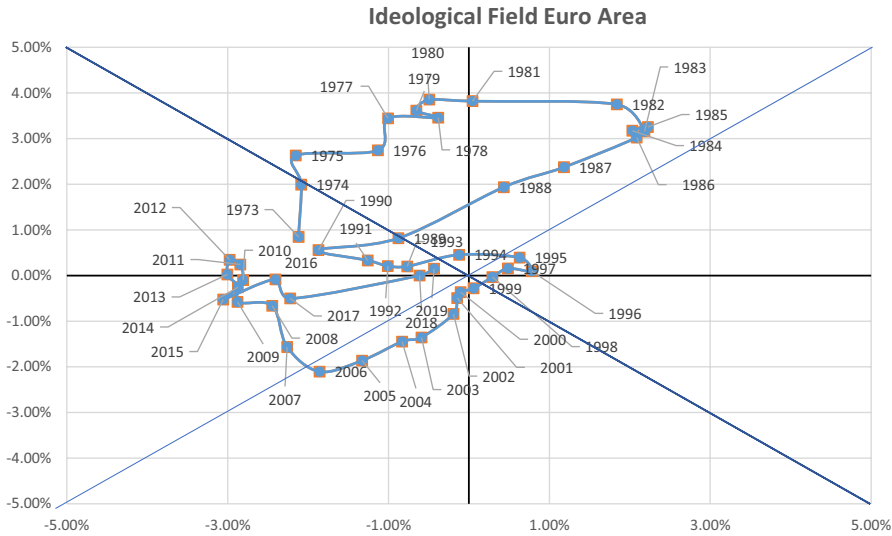


Fig. 2 The aggregate European field

Ideological convergence

Economic convergence was one of the preconditions for the creation of European monetary union. Before monetary union started, economists debated whether Europe was an optimum currency area, but policy makers called for the convergence of policy preferences for a stable currency. On the one side, “fundamentalist” economists, many in the German Bundesbank argued that the convergence of macroeconomic fundamentals such as low inflation, balanced budgets, stable interest and exchange rates were a necessary precondition for joining the Euro Area. On the other side, “monetarists”, many in France and Italy, argued that having the same currency would force the preferences and ultimately of economic performances to converge. They believed institutional framework would transform public opinion, and lead to the convergence of political preferences.³²

Aggregate measures of convergence

While observing economic convergence is straightforward, we now look first at aggregate measures of ideological convergence and then at individual member states. Figure 4 shows the probability band for the standard deviations around the Euro Area mean for the cultural and political indices.³³ For both indices, the mean dips into negative values in the 1990s.

³² (DeGrauwe 1996); (Dyson and Featherstone 1999); (Collignon and Schwarzer 2003).

³³ The mean is the unweighted average for the member states of which we have data in a given year. The Euro Area aggregate is the population weighted mean.



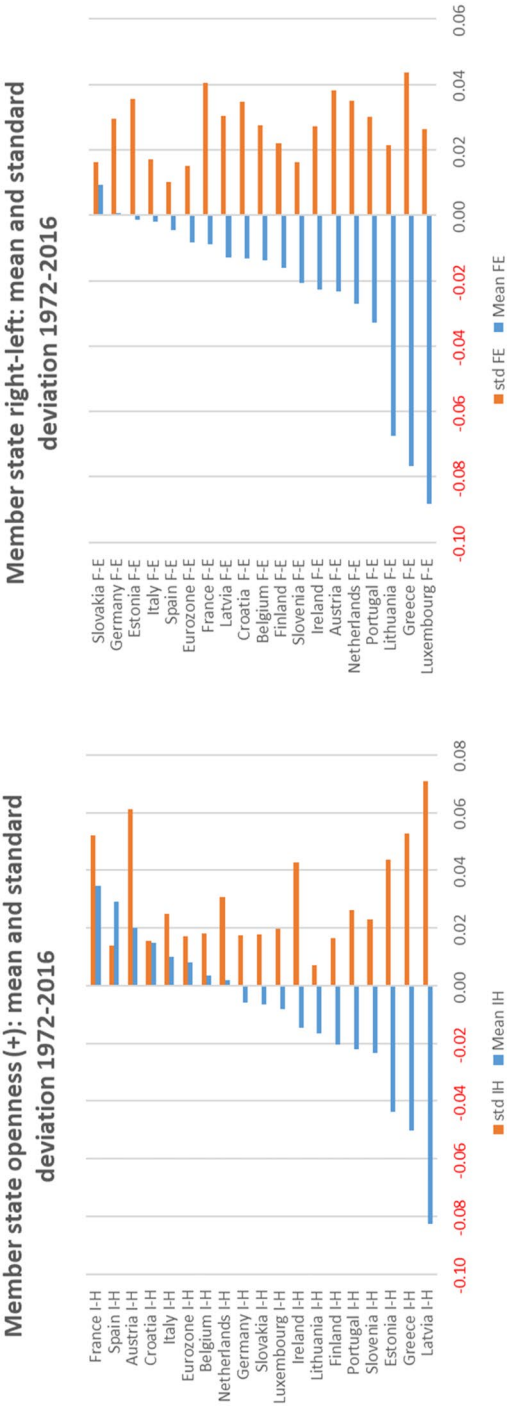


Fig. 3 Euro Area political and cultural indicators: mean and standard deviation 1972-2016



Table 1 Distribution of ideological changes

	Number of years				Number of years		
	Increasing I-H (opening)	Observations	Per cent		Increasing F-E (right wing)	Observations	Per cent
Italy I-H	10	47	21.3%	Latvia F-E	7	26	26.9%
Latvia I-H	6	26	23.1%	Portugal F-E	17	41	41.5%
Slovenia I-H	10	29	34.5%	Spain F-E	18	43	41.9%
Croatia I-H	10	27	37.0%	Euro Area F-E	20	47	42.6%
Ireland I-H	17	44	38.6%	Austria F-E	21	48	43.8%
France I-H	18	45	40.0%	Ireland F-E	20	44	45.5%
Slovakia I-H	11	27	40.7%	Croatia F-E	14	27	51.9%
Finland I-H	20	48	41.7%	Finland F-E	25	48	52.1%
Spain I-H	20	43	46.5%	Belgium F-E	26	49	53.1%
Euro Area I-H	23	47	48.9%	Netherlands F-E	22	41	53.7%
Estonia I-H	12	24	50.0%	Luxembourg F-E	16	29	55.2%
Greece I-H	21	42	50.0%	Italy F-E	26	47	55.3%
Lithuania I-H	20	40	50.0%	Germany F-E	27	46	58.7%
Portugal I-H	24	41	58.5%	Lithuania F-E	25	40	62.5%
Luxembourg I-H	17	29	58.6%	Slovakia F-E	18	27	66.7%
Germany I-H	27	46	58.7%	France F-E	31	45	68.9%
Belgium I-H	30	49	61.2%	Greece F-E	29	42	69.0%
Austria I-H	30	48	62.5%	Estonia F-E	17	24	70.8%
Netherlands I-H	27	41	65.9%	Solvania F-E	21	29	72.4%

The noise around the cultural dimension was generally larger during the 1970s. Political narratives in the Euro Area societies were to the left, but by the time the Soviet Union collapsed, economic liberalism was well accepted. Contestation was muffled in the 1990s but increased again in the 2000s. During the Euro crisis, most Europeans seemed to agree that more social equality was needed (the noise subsided).

Diversity flared up with EU-enlargement. The standard deviations of our indicators between the old member states and the total Euro Area in Fig. 5 diverged. Cultural dissent increased significantly with enlargement but not political dissent which fluctuated cyclically. Thus, with the new member states joining in 2004, the



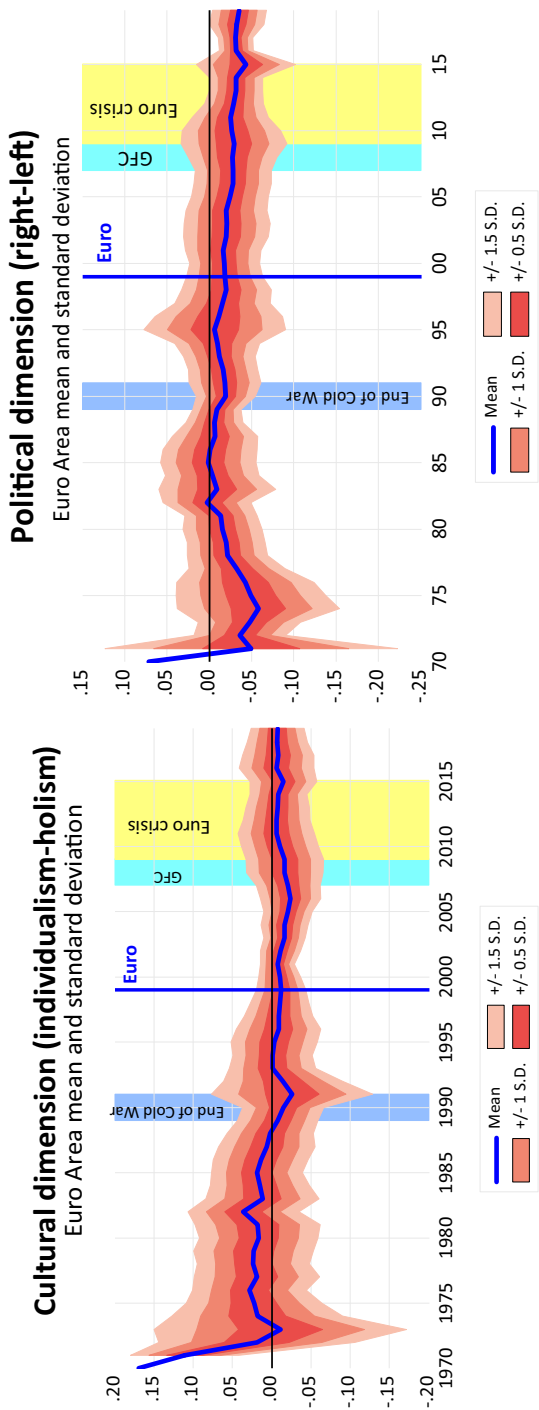


Fig. 4 Eurozone political and cultural dimensions: heatmap



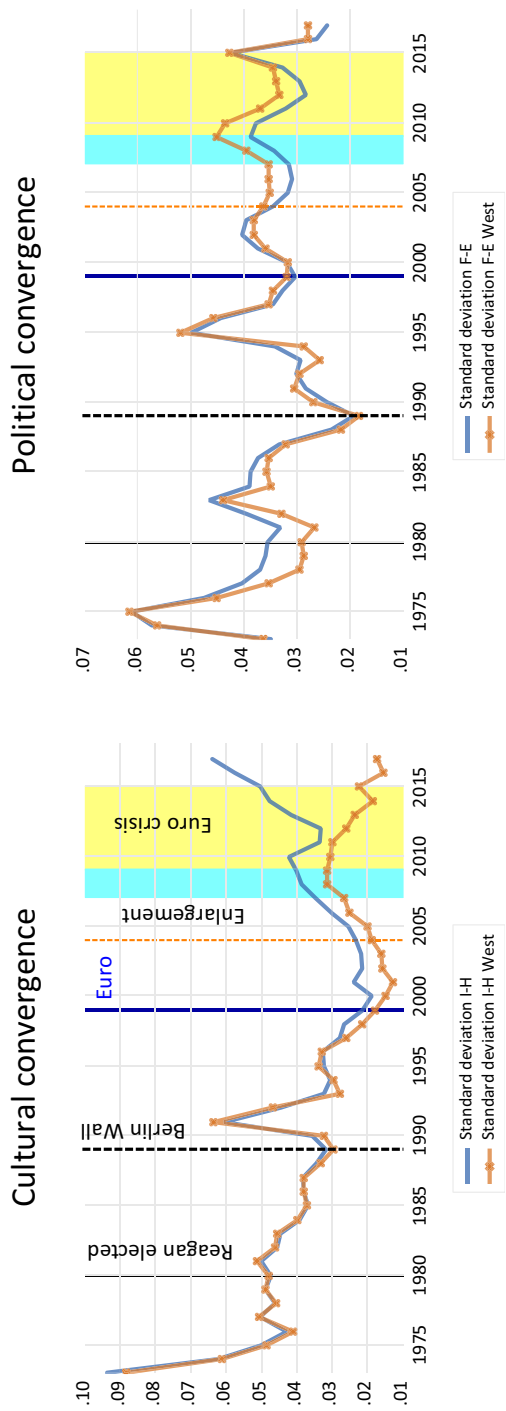


Fig. 5 Standard deviations of cultural and political ideological positions

ideological narrative favouring open societies became more heterogeneous. Nevertheless, the Euro crisis had a sobering effect for the old member states and ideological discourses converged again.

The big picture indicates stable cultural and political consensus, with larger deviations coming from very small member states, mostly in the east.³⁴ However, the enlargement of societies with very different ideological backgrounds has made inter-governmentalist bargaining and the governance of monetary union more difficult.

Ideology and the preference for European integration

How are the ideological narratives related to the euro? The CMP database has no content variables for the euro, but it identifies positive and negative sentences about European integration. We will therefore now look at the correlation of ideological narratives with the net preference for European integration. Aspinwall (2002) noticed that European integration is primarily defended by centrist political parties. Our ideological vectors aggregate party-political positions into state preferences, but Aspinwall's conjecture should also be applicable to member states. We would also expect that open societies are more likely to favour European integration.

We estimate the impact of ideological regimes on the net preference for European integration with a PMG (pooled mean group) model. This is appropriate because the three variables are all I(1) and cointegrated. The PMG estimator is used when we have a reason to believe that the long-run equilibrium relationships between variables are similar across member states, but the short-run dynamics may differ due to country-specific characteristics. Table 2 shows the results. All long-run coefficients are positive, although the cultural dimension is not statistically significant, which means that the cultural heterogeneity between member states is high. Nevertheless, the coefficient for the interaction term between political and cultural narratives is very high and significant. This confirms our intuition: open societies, i.e. liberal states, are in favour of European integration. At the perfect centrist position, the value for the constant C indicates a positive balance for European integration. This is in line with Aspinwall although, at least for the aggregate ideological position of member states, there is no evidence that the centrist position yields a maximum for pro-European preferences.

The short-run dynamics show a significant error correction term (the coefficient for COINTEQ) which means that short-run overshooting in ideological narratives in one direction or another is corrected to be consistent with the long-run equilibrium. Interestingly, the EU-preference variable is not adjusting to short-run ideological overshoots. Hence, as long as the views of European integration remain positive, the positive view is re-enforced. Success breeds success. But once this balance turns negative, support for European integration vanishes quickly. Our study therefore comes to an awkward conclusion: the convergence of ideological narratives has

³⁴ The cultural variance in the Euro Area is largely driven by the holistic narratives in Latvia and Estonia. The peak in 1991 reflects the very populist narratives during the general elections in Greece. The larger deviations from the European policy consensus are largely due to the political narratives in Greece during the Euro crisis, and to a lesser extend to Luxembourg's growing egalitarianism.



brought member states closer together, but the collective shift towards illiberalism and holism is diminishing the appetite for European integration.

Dynamic shifts in ideological positions

Peter Hall et al. (2023) have asked whether the convergence to ideological consensus may explain the rising support for populist parties. We have classified populism as extreme holistic narrative on the right and on the left.³⁵ We answer the question by estimating a dynamic model for the Euro Area where we relate the average ideological positions to the noise around the mean. The noise, measured by the cross-country standard deviation, is a sign of dissent—the opposite of consensus. We wish to know whether the two ideological narratives of individualism-holism (I-H) and freedom-equality (F-E) and their noise influence each other. A negative shift of the I-H position would indicate a move to more holistically illiberal societies. A negative shift of the F-E index implies more left-wing positions, a positive coefficient a move to the right. The time series for the two dimensions and their noise are cointegrated, so that we can estimate an error correction model that measures the short-term correction from a long-run equilibrium (see Appendix III). The existence of such an equilibrium indicates that over the long run every ideological position is compatible with some noise, but excessive noise is corrected over time. The adjustment is rather slow and works mainly through changes in the cultural dimension. Table 3 summarises the impulse response functions which indicate how our four variables respond to the shock of one standard deviation.³⁶

We conclude that low noise (high consensus) about cultural issues increases the likelihood of open societies and left-leaning political narratives. Hence, like Hall et al. (2023), we reject the hypothesis that ideological convergence has caused a higher acceptance of (right-wing) populist discourses. If the Euro Area has moved on average towards more holism and to the left, the reason is not narrative consensus; other factors are at play.

Individual member states' performances

Another way of assessing the heterogeneity of ideological narratives is to compare their position and evolution in individual member states. For this purpose, we calculate the z-score which normalises a country's data relative to the standard deviation of the Euro Area aggregate.³⁷ When country i 's ideological position does not deviate

³⁵ Pippa Norris (2020) has questioned whether populism is a genuine ideology. We consider that it is one of several articulations of holism, because the typical populist cleavage of “us against them” is used to create the identities of specific “wholes” which are then subject to hierarchical order. This is the opposite of individualism, where every person is considered free and equal in rights.

³⁶ M(FE) stands for the mean freedom-equality position, M(HI) for the mean of individualism-holism. Sd(.) refers to the standard deviation, hence for the noise around the mean. A low value for sd(.) indicates high consensus.

³⁷ The formula is: $v_i = \frac{x_i - \mu_{EA}}{\sigma_{EA}}$, where v_i is the position of country i , x_i is the observed variable, μ_{EA} is the average of the Euro Area and σ_{EA} is the standard deviation.



Table 2 The choice for Europe

Dependent Variable: D(EU_PREF_LOMG)

Method: PMG

Included observations: 489

Number of cross sections: 13

Lag selection: Automatic (deplags=4, reglags=4)

Selected model: PMG(2,0,2,1) using AIC (500 models evaluated)

<i>Variable</i>	Coefficient	Std. Error	t-Statistic	Prob.*
Long-run (pooled) coefficients				
F_E	0.3082	0.059531	5.177088	0.0000***
I_H	0.002051	0.091796	0.022343	0.98218
F_E*I_H	5.943215	1.492813	3.981218	0.00008***
C	0.033018	0.006118	5.396977	0.00000***
Short-run (mean group) coefficients				
COINTEQ	-0.16715	0.053404	-3.12993	0.001854***
D(EU_PREFERENCES(-1))	0.178384	0.069033	2.584057	0.010056***
D(I_H)	-0.12361	0.515074	-0.23998	0.810444
D(I_H(-1))	-0.12274	0.409269	-0.29991	0.764375
D(F_E*I_H)	-6.1457	4.447219	-1.38192	0.167632
Log-likelihood:	1306.21			
Regime effect	FE	IH	FE*IH	EU
Economic liberalism	+	+	+	+
Right conservatism	+	-	-	-
Cultural liberalism	+	+	+	+
Left conservatism	-	-	-	-

from the Euro Area aggregate, the z-score is zero. A coefficient equal 1 indicates that the deviation corresponds to the standard deviation. Hence, a coefficient of 2 describes the confidence interval of 95% around that average. A normalised position larger than 2 reflects a large degree of heterogeneity.

The end of the Cold War indicates a watershed. To make the analysis more comprehensive, we add the UK and the USA. Figure 6 shows the z-score for member states before 1992. The heterogeneity of narratives was high. Only Italy, Spain and Belgium stayed within the 95 per cent confidence interval. All other states deviated far more from the average. Hierarchical cluster analysis measures the distance between observed variables and bundles them into clusters of resemblance. Surprisingly, we find that France and the USA shared similar ideological preferences of classical liberalism. The Netherlands, Italy, and Belgium were left-leaning centrists. The cluster Luxembourg, Greece, Portugal, Finland, and Ireland shared inclinations for bureaucratic or populist left-wing orientations. Germany, Spain, Austria, and the UK, did not form a cluster with other countries. Germany was the most conservative country and Austria under SPÖ-chancellors was the only country with preferences for political liberalism.

Table 3 Impulse response functions

Case	From	To	Coefficient	Significant
1	M(FE)	M(IH)	+	8 years
2	M(IH)	M(FE)	+	yes
3	M(IH)	sd(IH)	–	yes
4	M(FE)	sd(IH)	–	yes
5	sd(IH)	M(IH)	–	4 years
6	sd(IH)	M(FE)	–	6 years
7	M(IH)	sd(FE)	0	no
8	M(FE)	sd(FE)	0	no
9	sd(IH)	sd(FE)	+	no
10	sd(FE)	M(IH)	+	no
11	sd(FE)	M(FE)	0/+	no
12	sd(FE)	sd(IH)	0/–	no

This changed after 1992. To see whether the ideological position made a difference for joining the Euro Area, we include the non-Euro member states in the graph. In Fig. 7, twelve countries have converged into the 95 per cent confidence interval. Greece remained a diverging outlier, joined by Latvia. Luxembourg, Portugal, Austria, and Slovenia remained outliers, but narrowed their distance to the average. Spain and Croatia were the most open societies standing outside the 95 per cent confidence interval. Germany remained a holistic right-wing country but came much closer to a centrist position. It was joined in its conservative inclinations by the Netherlands and Finland. The non-Euro member states Poland, Hungary, Czech Republic were deeper in the holistic right-wing quadrant, although they remained in the 95% confidence interval. Austria remained on the left, but dramatically shifted to a holistically closed society. A closer look into the data reveals that the shift in Austria reflected the aggressive discourse by the FPÖ in favour of the national way of life, traditional morality and against multiculturalism. This may have been a response to the uncertainties and the influx of refugees from neighbouring Yugoslavia during the 1991–2001 war.

We conclude that the political consensus in Europe has become stronger with the “ever closer” institutional framework since the Maastricht Treaty. Our analysis shows that the EU is more centrist than it was before the single market and monetary union. But of course, the past is no guarantee for the future.

(Berlin 2002 [1957]).

Economic consequences of ideology

Monetary union requires macroeconomic coherence. This does not mean that every member state must do the same, but the spillover from national fiscal policies, cost and price developments, and economic growth, do not destabilise the evolution of



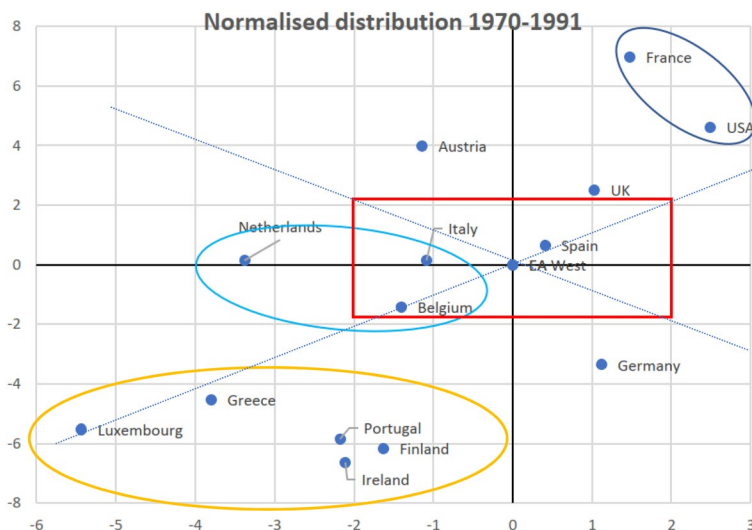


Fig. 6 Normalised ideological position 1970–1991

the Euro Area aggregate. We will now analyse the impact of ideological narratives on these economic variables. We first regress a panel of economic variables on our ideological indicators and then invert the process in a second step and estimate the impact of ideology on the economic convergence variables set forth in the Maastricht Treaty.

Economic determinism and political autonomy

We estimate a panel with the following equation

$$Y_{i,t} = c_0 + X_{i,t}\beta_i + \alpha_i + \delta_t + u_{i,t} \quad (1)$$

where $Y_{i,t}$ is the dependent variable. I-H stands for the cultural, F-E for the political dimension. $X_{i,t}$ is the matrix of control variables, β_i the vector of coefficients, and α_i, δ_t are fixed effects. Table 4 shows the regression results. The significance of the economic variables is higher when the cultural dimension is the dependent variable. Other than the cultural vector, only economic growth has a significant coefficient on the right-left scale. The narrative of liberal states stands in a positive relation with economic liberalism ($F_E > 0$), GDP growth, government spending, population size and the openness of markets. Political narratives are only related to GDP growth with a negative and weakly significant coefficient. Hence, economic growth contributes to open society narratives and left-wing social equality. Increased government spending and population size also work in favour of left-leaning narratives, but the significance is not acceptable under usual statistical conventions. Nevertheless, the R^2 coefficients are acceptable for both variables. The results indicate that the fit

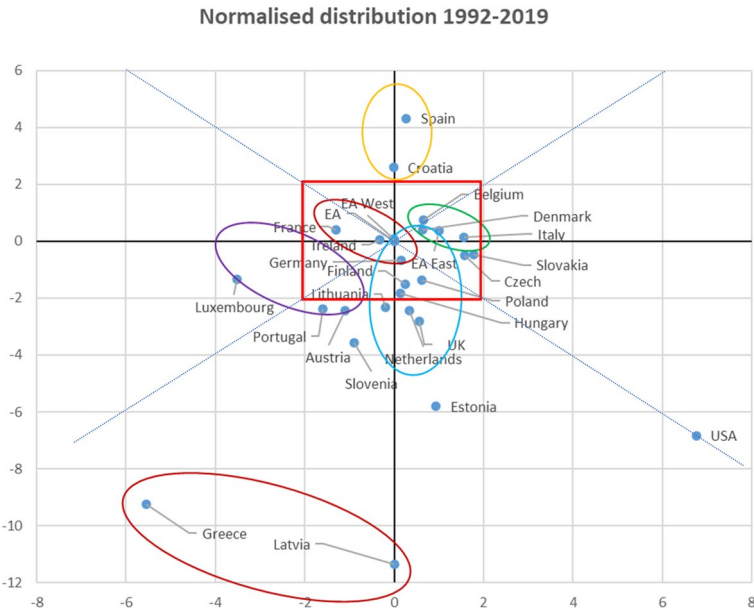


Fig. 7 Normalised ideological position 1992–2016 (Z-score)

of economic conditions with cultural adjustments is tighter than with the right-left political dynamics.

The fixed effect *residuals* for each member state measures how much national narratives deviate from the Euro Area mean. Because the mean is controlled by the economic variables, the residuals indicate pure ideological preferences, which represent people's beliefs, ideas, and hopes. These residuals are shown in Fig. 8. The ideological affinities between member states are now clearer than the z-scores shown in Fig. 7. The k-means clustering method partitions our countries into 6 clusters where each observation belongs to the cluster with the nearest mean. We obtain three clusters very close to the centre (only Ireland is slightly more liberal). These three clusters cover 12 member states of the Euro Area. Interestingly, Germany, together with Lithuania, Estonia, Slovakia, and Latvia is placed in the section of right-wing populism. Italy is closer to ordo-liberalism, but more conservative and more illiberal. On the other side, France, Ireland, Austria, Finland, Spain, Slovenia, and Croatia are all positioned in the space of political liberalism, together with Luxembourg which is a clear outlier. France leads the group that is more left-wing. Greece is an outlier in the communitarian left.

When we abstract from the economic constraints, the Euro Area is nearly evenly split between countries leaning towards the Left, favouring social equality and openness, and countries inclined to illiberal right-wing ideologies. France was the dominant partner in the first, Germany in the second. This underlines the importance of the Franco-German axis for political compromises in the governance of the Euro Area. An agreement between France and Germany covers most of the ideological



Table 4 Economic determinism and political autonomy: regression results

Method: Panel least squares					
Sample (adjusted): 1975-2019					
Periods included: 45					
Cross-sections included: 18					
Total panel (unbalanced) observations: 448					
Dependent variable:					
Coefficient	F-E	I-H	Fixed effects	Effect I-H	Effect F-E
F-E			Austria	0.022113	-0.01091
	**	0.549686	Belgium	-0.00275	0.0142499
Std. Error		0.047556	Finland	0.024876	-0.000521
t-Statistic		11.5588	France	0.015493	-0.012112
Prob		1.07E-26	Germany	-0.0177	0.0086349
I-H		***	Greece	-0.00651	-0.044569
	0.47232		Ireland	0.034862	-0.010135
Std. Error	0.040862		Italy	-0.02051	0.0272941
t-Statistic	11.5588		Latvia	-0.08639	0.0419405
Prob	1.07E-26		Luxembourg	0.089586	-0.058471
GDP pc growth	-0.16105	***	Netherlands	-0.00645	0.0109836
Std. Error	0.094485		Portugal	0.005457	-0.010098
t-Statistic	-1.70455		Spain	0.018165	-0.002485
Prob	0.080416		Croatia	0.014679	-0.012604
Government spending	-0.01003	***	Estonia	-0.03319	0.0272122
Std. Error	0.019102		Lithuania	-0.01752	0.0018058
t-Statistic	-0.55105		Slovakia	-0.04136	0.0327193
Prob	0.581921		Slovenia	0.007157	-0.002936
Total population	-0.01728	**			
Std. Error	0.058779				
t-Statistic	2.280902				
		-0.29397			



Table 4 (continued)

Openness	<i>Prob</i>	0.768938		0.023106
		0.034005	**	0.000585
	<i>Std. Error</i>	0.011587		0.010862
	<i>t-Statistic</i>	2.934668		0.053865
C	<i>Prob</i>	0.003541		0.957071
		-0.55486	**	0.052448
	<i>Std. Error</i>	0.250941		0.234084
	<i>t-Statistic</i>	-2.21111		0.224056
R-squared	<i>Prob</i>	0.027622		0.822834
		0.757709		0.685265
		0.715737		0.630744
Adjusted R-squared				
Cross-section fixed (dummy variables)				
Period fixed (dummy variables)				

Political ideology preferences.xlsx

Bold values: statistical significance level

Italic: statistical descriptors

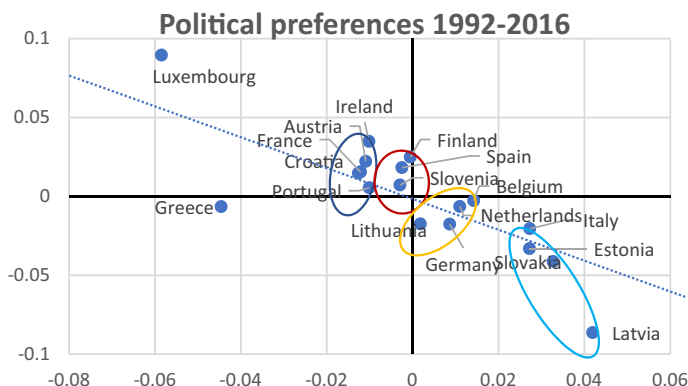


Fig. 8 Z transformation of Political Preferences 1992–2016

field. But, of course, if France shifts into the authoritarian holistic domain, the ideological direction of the whole Euro Area will change.³⁸

The impact of ideological narratives on inflation convergence and public debt

The Maastricht criteria were meant to ensure that only countries committed to price stability and debt sustainability would join. Achieving this target required similar political preferences in all member states. We will now assess the impact of ideological narratives on these economic variables. We start with inflation.

Table 5 shows the estimates for inflation with different control variables. We are interested in the two narrative variables, including their interaction. We took GDP growth per capita as a proxy for supply conditions of the goods market, the participation ratio (log employment—log population) as a proxy for the labour market, and the debt/GDP ratio as a proxy for the capital market. To control for the effects of left redistributive policies, we add the ratio of government spending to GDP, and for the economic openness we take the sum of import and export ratios of GDP.

In general, models 1 and 2 indicate that holism and economic liberalism reduce inflation. However, the coefficients and significance switch according to the control variables we use. When only taking goods and labour markets into account (model 4 and 5), individualism and economic liberalism lower inflation, but when we also consider the impact of government (models 7–10), the impact of both narratives increases inflation. Model 10 explains half of the inflation dynamics in the Euro Area.

The interaction term (I-H*F-E) is positive in the first quadrant of our ideological field (economic liberalism) and in the third (left-wing conservatism). This means

³⁸ Classifying France as a liberal state may surprise, given that its dirigiste history is opposed to Anglo-Saxon economic liberalism. But our ideological indices include cultural content variables which are broader than economic freedom and stand in the French tradition of human rights. Our data stop in 2019 and recent elections seem to have shifted the cultural content into an illiberal state.



Table 5 Determinants of Inflation: Panel Estimations

Dependent Variable: INFLATION										
Method: Panel EGLS (Cross-section SUR)										
Date: 11/14/23 Time: 07:19										
Sample (adjusted): 1971 2019										
Periods included: 49										
Cross-sections included: 13										
Total panel (unbalanced) observations: 505										
Linear estimation after one-step weighting matrix										
White cross-section (period cluster) standard errors & covariance (d.f. corrected)										
Standard error and t-statistic probabilities adjusted for clustering										
Model	Variable	I_H	F_E	I_H*F_E	C	PARTICIPATION	GROWTH	GOVERNMENT	OPENNESS	Debt/GDP (Weighted)
1	Coefficient	0.034261	-0.0289		0.017294					
	Prob.	0.00000	0.00028		0.00000					0.08642
2	Coefficient	0.061103	-0.02989	1.066281	0.015522					0.206501
	Prob.	0.00000	0.00013	0.00000	0.00000					
3	Coefficient	-0.00098	0.005757	0.503541	-0.01823	-0.092082071				0.284975
	Prob.	0.87867	0.36862	0.00005	0.00000	0.00000				
4	Coefficient	-0.01209	-0.00257		-0.02161	-0.101397723				0.313363
	Prob.	0.05534	0.69737		0.00000	0.00000				
5	Coefficient	-0.01184	-0.00361		-0.02287	-0.106023821	-0.04335626			0.327779
	Prob.	0.06292	0.59598		0.00000	0.00000	0.26991			
6	Coefficient	-0.00077	0.003342	0.497819	-0.01949	-0.096937618	-0.05468177			0.309809
	Prob.	0.90574	0.61549	0.00008	0.00000	0.00000	0.15683			
7	Coefficient	0.034432	0.039349	1.401375	0.074523	0.019244789	-0.06132231	-0.035198267		0.322743
	Prob.	0.00215	0.00000	0.00000	0.00000	0.00023	0.02736	0.00000		
8	Coefficient	0.0248	0.012487		0.07276	0.005032285	-0.07828417	-0.036826859		0.20458
	Prob.	0.00940	0.02850		0.00000	0.19406	0.00052	0.00000		
9	Coefficient	0.040845	0.02449	1.24519	0.12013	0.02178	-0.06056	-0.06002	-0.00436	0.393067
	Prob.	0.0001	0.0001	0.0000	0.0000	0.0000	0.0040	0.0000	0.0000	
10	Coefficient	0.016621	0.022033	1.10049	0.109849	-0.005293342	-0.05435611	-0.037827576	-0.00703848	-0.01881
	Prob.	0.05137	0.00003	0.00000	0.00000	0.21007	0.00573	0.00000	0.00000	0.00000

Bold indicate statistical significance with the usual conventions

Red: Independent variables Blue: Interaction of independent variables Red bold: Coefficients Blue bold: Coefficient Blue italic: p-value

that in right-wing liberal States and left-wing illiberal states the likelihood of inflation is higher than in right-wing illiberal or left-wing liberal states. This is consistent with the preferences in Fig. 8. Hence the ideological position of Euro Area member states are not in contradiction with the overarching policy objectives of price stability in European monetary union. Low inflation is compatible with neoliberalism (the German strategy) or political liberalism (the French strategy).

The Maastricht Treaty and the Stability and Growth Pact aim for stable debt-GDP ratios around 60 per cent. As most member states stand far above this level, fiscal policy remains a major concern in the Euro Area. How do ideological narratives affect the sustainability of public debt? Table 6 shows the impact of our two ideological variables.

Mathematics tells us that when nominal growth increases faster than interest rates and new borrowing remains moderate, the debt-GDP ratio will fall. However fiscal policy reflects political preferences and therefore ideological narratives. For example, German ordo-liberalism seeks balanced budgets, French Keynesianism considers beneficial public borrowing for investment. We control for real growth, inflation, government, and openness. Model 1 to 6 confirm the debt-reducing growth logic. Holistic societies increase debt, and so do right-wing policies. However, when we add the ratio of government spending to GDP, the sign of the political F-E coefficients inverts. Now left-wing narratives contribute to higher debt ($F-E < 0$). The interactive term is less clear. If we add government spending, the interactive coefficient tells a similar story as for inflation: the French and German archetypes are both



Table 6 Determinants of Debt to GDP Ratio: Panel Estimations

Dependent Variable: LOG_DEBT_TO_GDP Method: Panel EGLS (Cross-section SUR) Date: 11/14/23 Time: 09:20 Sample: 1970 2019 Periods included: 50 Cross-sections included: 12 Total panel (unbalanced) observations: 489 Linear estimation after one-step weighting matrix White cross-section (period cluster) standard errors & covariance (d.f. corrected) Standard error and t-statistic probabilities adjusted for clustering											
Model	Variable	I_H	F_E	I_H*F_E	C	GROWTH	INFLATION	GOVERNMENT	OPENNESS	R-squared	
1	Coefficient	-1.65086	1.376219		1.756126					0.598438	
	Prob.	0.0000	0.0000		0.0000						
2	Coefficient	-1.7686	1.462448	-5.10783	1.758598					0.607451	
	Prob.	0.0000	0.0000	0.0065	0.0000						
3	Coefficient	-1.77445	1.383261	-2.04385	1.76123	-1.1407				0.523129	
	Prob.	0.0000	0.0000	0.2248	0.0000	0.0030					
4	Coefficient	-1.77354	1.312841		1.762676	-1.26083				0.524862	
	Prob.	0.0000	0.0000	0.0000	0.0020	0.0000					
5	Coefficient	-1.77445	1.383261	-2.04385	1.76123	-1.1407				0.523129	
	Prob.	0.0000	0.0000	0.2248	0.0000	0.0030					
6	Coefficient	-1.64776	1.132227	1.284486	1.840535	-1.63452	-4.4173935			0.679545	
	Prob.	0.0000	0.0000	0.5701	0.0000	0.0000	0.0000				
7	Coefficient	-0.38933	-0.10839		-0.7812	0.161596	-8.8835622	1.617700011		0.72232	
	Prob.	0.0025	0.2516		0.0000	0.7513	0.0000	0.0000			
8	Coefficient	-0.02927	-0.21989	14.1791	-0.77647	0.636431	-10.803221	1.624346463		0.647616	
	Prob.	0.8476	0.1107	0.0000	0.0000	0.2367	0.0000	0.0000			
9	Coefficient	0.01796	-0.30602	13.0215	0.41578	-0.00602	-12.440571	0.980409696	-0.144401715	0.708337	
	Prob.		0.9160	0.0262	0.0001	0.0201	0.9932	0.0000	0.0000	0.0000	

Bold indicate statistical significance with the usual conventions

Red: Independent variables Blue: Interaction of independent variables Red bold: Coefficients Blue bold: Coefficient Blue italic: p-value

Table 7 Determinants of Economic Growth

Dependent Variable: GROWTH Method: Panel EGLS (Cross-section SUR) Sample (adjusted): 1971 2019 Periods included: 49 Cross-sections included: 12 Total panel (unbalanced) observations: 461 Linear estimation after one-step weighting matrix White cross-section (period cluster) standard errors & covariance (d.f. corrected) Standard error and t-statistic probabilities adjusted for clustering											
Model	Variable	I_H	F_E	I_H*F_E	C	D(LOG_GFCF)	D(LOG_EMPLOYMENT)	OPENNESS	GOVERNMENT	R-squared	
1	Coefficient	0.028138	-0.0273		0.006854					0.024845	
	Prob.	0.00283	0.00029		0.00000						
2	Coefficient	0.023832	-0.02441	-0.2144	0.006983					0.029173	
	Prob.	0.00740	0.00173	0.09704	0.00000						
3	Coefficient	0.027435	-0.0313	-0.11443	0.00503	0.189823337				0.600874	
	Prob.	0.00011	0.00003	0.15366	0.00000	0.00000					
4	Coefficient	0.029335	-0.03328		0.004953	0.190062271				0.601951	
	Prob.	0.00005	0.00001		0.00000	0.00000					
5	Coefficient	0.025268	-0.02148		0.004825	0.180929362	0.088288816			0.618303	
	Prob.	0.00045	0.00440		0.00000	0.00000	0.04662				
6	Coefficient	0.024357	-0.02026	-0.08069	0.004895	0.181156188	0.086592494			0.618158	
	Prob.	0.00062	0.00859	0.34349	0.00000	0.00000	0.05031				
7	Coefficient	0.022397	-0.02394	-0.08808	5.54E-03	0.18488544	0.110524733	-0.001205064		0.629252	
	Prob.	0.00167	0.00307	0.30504	0.00000	0.00000	0.00188	0.04013			
8	Coefficient	0.023858	-0.02499		0.005431	0.184646882	0.112215866	-0.001141222		0.630474	
	Prob.	0.00091	0.00132		0.00000	0.00000	0.00170	0.04732			
9	Coefficient	0.011723	-0.0036	-0.23307	0.066069	0.194574484	0.009569861	-0.001464466	-0.036717063	0.739074	
	Prob.	0.14456	0.63487	0.02034	0.00000	0.00000	0.86817	0.02291	0.00000		
10	Coefficient	0.009509	-0.00287		0.063838	0.193581131	0.013770934	-0.001170421	-0.035707269	0.733784	
	Prob.	0.24032	0.71101		0.00000	0.00000	0.81738	0.05649	0.00000		

Bold indicate statistical significance with the usual conventions

Red: Independent variables Blue: Interaction of independent variables Red bold: Coefficients Blue bold: Coefficient Blue italic: p-value



compatible with debt reduction. Both political ideologies are politically opposite, but compatible with the European policy goals.

Ideology and economic growth

Finally, we look at economic growth. The promise of European integration is prosperity, hence higher growth. Our objective is to examine the impact of different ideologies on economic growth, subject to several economic control variables. The results in Table 7 reveal a consistent message: left-leaning economic policies in liberal states unequivocally contribute to higher economic growth. This is also confirmed by the interactive term. By contrast, more economic freedom ($F-E > 0$) in a closed society ($I-H < 0$) will slow economic growth. Hence, while we saw that the German *ordo-liberal* narrative was compatible with low inflation and lower debt, it is a drag on economic growth. Thus, the two alternative political strategies, led by France and Germany, contribute to the control of inflation and public debt, but economic growth is handicapped by the German conservative model.

Conclusion

To measure the potential threats to the political sustainability of the euro, we have constructed an ideological field for the Euro Area that defines ideological positions as the linear combination of non-orthogonal vectors with cultural and political dimensions. We have defined the cultural dimension as the relationship between individuals and their collectives. This has allowed us to trace the evolution of ideological narratives.

Our empirical analysis has shown that ideological narratives in member states of the Euro Area have converged, especially since Maastricht, although significant differences in political ideologies persist. Nevertheless, the “ever closer” institutional framework set up for the management of the monetary union has reinforced the ideological coherence inside the Euro Area. This greater coherence has not caused a populist backlash. The Euro Area is highly centrist—a fact already observed by Aspinwall (2002) for the full European Union—and this makes the cooperation between member states easier. While the possibility of incompatible and diverging narratives exist, the empirical evidence has revealed clusters of member states which have adopted contradictory ideological positions although they are sufficiently coherent to prevent large-scale disruptions (see Fig. 8). Whether this has been caused by the institutions of monetary union or simply reflects the selection bias, we cannot say. However, we notice that data not shown here indicate that ideological convergence outside the Euro Area has been significantly weaker.³⁹

We also found that ideological narratives matter for economic performance as defined by the Maastricht criteria of price stability and debt sustainability. France and Germany represent two opposing ideological narratives, but they are compatible

³⁹ Data can be supplied at request.



with the economic objectives of the Euro Area institutions. However, the French narrative is more supportive of economic growth. This underlines the importance of the Franco-German axis for political compromises in the governance of the Euro Area.

We also noticed that all Euro Area member states have become ideologically more closed, that is more illiberal and more authoritarian, while in aggregate they have also moved to the left. The left-wing shift has entailed an increase in sovereign debt. This shift has been influential during the so-called neoliberal era (1980–2007).⁴⁰ The reasons for the growing influence of holistic narratives are puzzling. Yet, there is an explanation. Moving to the right on our political dimension implies more market and less regulation and less government. However, private transactions in markets often generate externalities which require some form of governance. In liberal democracies this is the task for governments. But if right-wing policies shrink the public sector, they reduce democracy which implies the equal participation of all citizens in public choices (Brown 2015). Hence, an alternative integrative mechanism for internalising the externalities of markets must take the place of democracy. This alternative is traditional morality—a component of political holism.⁴¹ Hence, the unfettered externalities of economic freedom have pushed societies to right-wing and left-wing populism. Indicative evidence from the Euro Area and the UK is given in Fig. 9.

So, yes, ideological convergence matters for the sustainability of European monetary union. The economic objectives of the Maastricht Treaty, inflation and debt, are compatible with the aggregate ideological narratives in member states, but economic growth would benefit from more political and social liberalism. The paradox is that convergence takes place, but it is going in the direction of illiberal closed states. That is the wrong direction.

Appendix I: The construction of the political and cultural vectors of the ideological field

The representation of words as vectors has a long history and is at the basis of artificial intelligence. It generates large complexities and requires huge data processing capacities.⁴² Rather than words, we take the half-sentences of the CMP data base as

⁴⁰ The neoliberal narrative, inaugurated in the 1980s, had liberated individual initiatives but discarded the equality between individuals. It strengthened individualism and opened society but diminished the role of the democratic state. The atrophy of equality resulted in political conflicts to which the neoliberal narrative responded by valorising collective identity and holistic tradition (LeCras 2020); (Lynch 1999). Thus, the neoliberal narrative has first contributed to the opening and then to the closing of societies. Having kept a balance between freedom and equality, centrist societies are likely to have kept a more stable balance between openness and closedness.

⁴¹ This is the solution implied in the philosophical work by Michael Sandel (2005); (1996); (1984), which is broader than the content variable 604. Interestingly, this variable goes viral in the UK in 2025, one year before Brexit.

⁴² (Mikolov, et al. 2013); (Rana 2018).



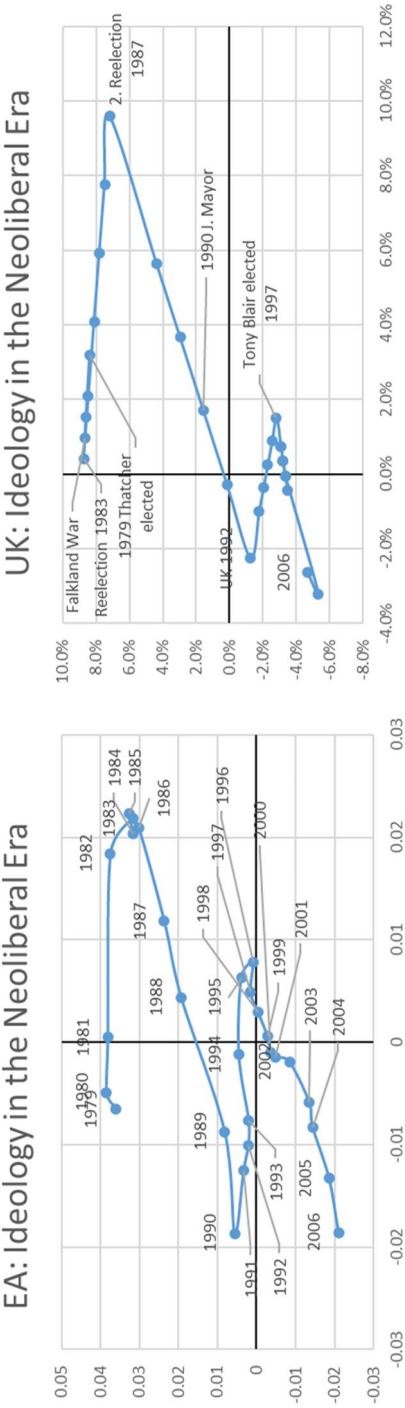
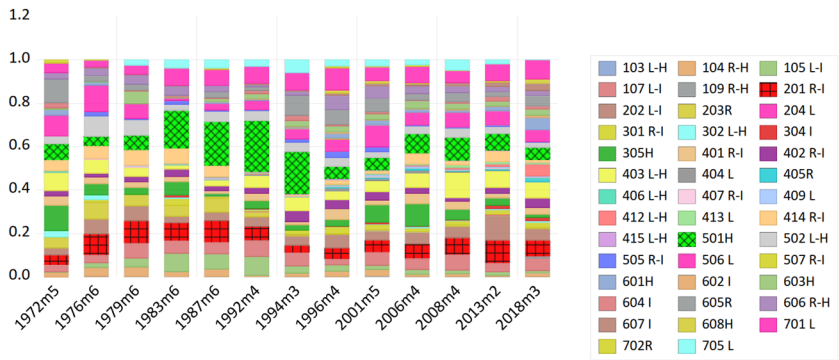


Fig. 9 Ideology in the Neoliberal Era

Salience of narrative components in Germany



Salience of narrative components in France

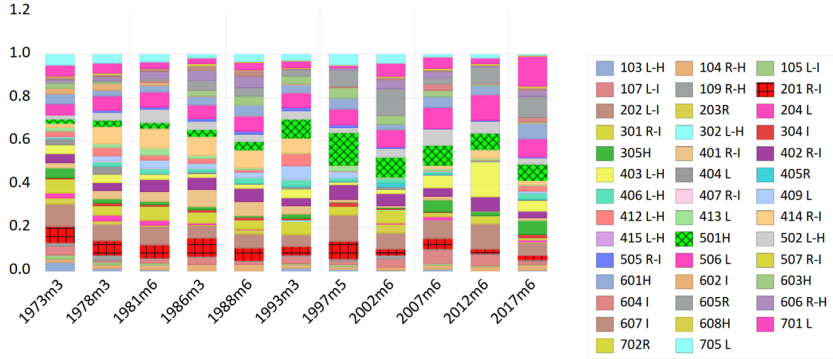


Fig. 10 Salience of narrative components in Germany and France

the components of the discourse. This simplifies the representation of ideological positions and is sufficient for the purposes of this paper.

We interpret ideological narratives as structured discourses that consist of sets of vectors which we call content variables. These component vectors have magnitude and ideological direction. We define an ideological space as the n -dimensional vector space $\mathbf{R}^n$, where n stands for the number of component vectors. The vectors are combined in different ways which gives meaning to the narrative. We call this combination an ideological position which is a point in the vector space. The component vectors therefore jointly determine the position of the narrative. We now first explain the full vector set of content variables that constitute the narrative and then project this into a two-dimension plane that constitutes our ideological field.

The narrative is the set of all content variables $\mathbf{S} = \{s_1, s_2, \dots, s_n\}$ in the list described by the CMP codes, shown in Table 8. Because these variables represent programmatic orientations, each s_i represents a vector in the 41-dimensional



space with length and direction. The length is a scalar that represents the frequencies of the (half-)sentences in party-political programmes before national elections, weighted by the electoral share of all political parties.⁴³ The directions are determined by the subsets for the political and cultural dimensions as explained below.

The length of a vector represents the salience of a content variable. We divide the frequencies of the CMP database codes by the number of frequencies of all (half) sentences. This ratio defines the salience of the narratives' components—that is it indicates the probability that the content of the variable contributes to the overall position of the ideological narrative. Because the sum of all probabilities is 1, the increase in the salience of one content variable implies the reduction in the salience of another variable.

We also allocate all s_i into four subsets R, L, I, H (for right wing, left wing, individualism, holism) which determine the direction of the component vectors and their linear combinations. The allocation of content variables to the subsets is shown in Table 8. It represents our subjective judgement of which content variables contribute to right or left and for individualistic or holistic narratives. As an example, Fig. 10 presents the salience of content variables for Germany and France over half a century. The salience of each narrative component is given by the vertical extension of each coloured strip corresponding to a single code shown in the right-hand side of the figure. We see that some items become temporarily more salient and then lose importance. For instance, in Germany, environmental protection became the most frequent *topos* in party programmes in the 1980s and early 1990s, but subsequently it lost relevance while issues of democracy and human rights gained salience. Figure 11 shows the 5 most important content variables in both countries over 50 years. They reveal features of “going viral” as described by Shiller (2019) in his “Narrative Economics”.

Next, we reduce the dimensionality of the R^{41} space and project it into a two-dimensional time-dependent Euclidian plane R^2 . This will allow us to show the ideological position as a two-dimensional vector field $F(x, y, t)$ where $\mathbf{x}$ stands for the political and $\mathbf{y}$ for the cultural dimensions.

$$f : R^{41} \rightarrow R^2$$

$$S = \begin{bmatrix} s_1 \\ \vdots \\ s_n \end{bmatrix} \rightarrow \begin{bmatrix} x \\ y \end{bmatrix} = \begin{bmatrix} \Sigma(s_i \subset R) - \Sigma s_j \subset L \\ \Sigma s_k \subset I - \Sigma s_l \subset H \end{bmatrix}$$

which is equivalent to

$$S = \begin{bmatrix} s_1 \\ \vdots \\ s_n \end{bmatrix} \rightarrow p \begin{bmatrix} 1 \\ 0 \end{bmatrix} + c \begin{bmatrix} 0 \\ 1 \end{bmatrix}$$

With

⁴³ We have made a further re-weighting to balance the uneven distribution of components in the two dimensions. See below.



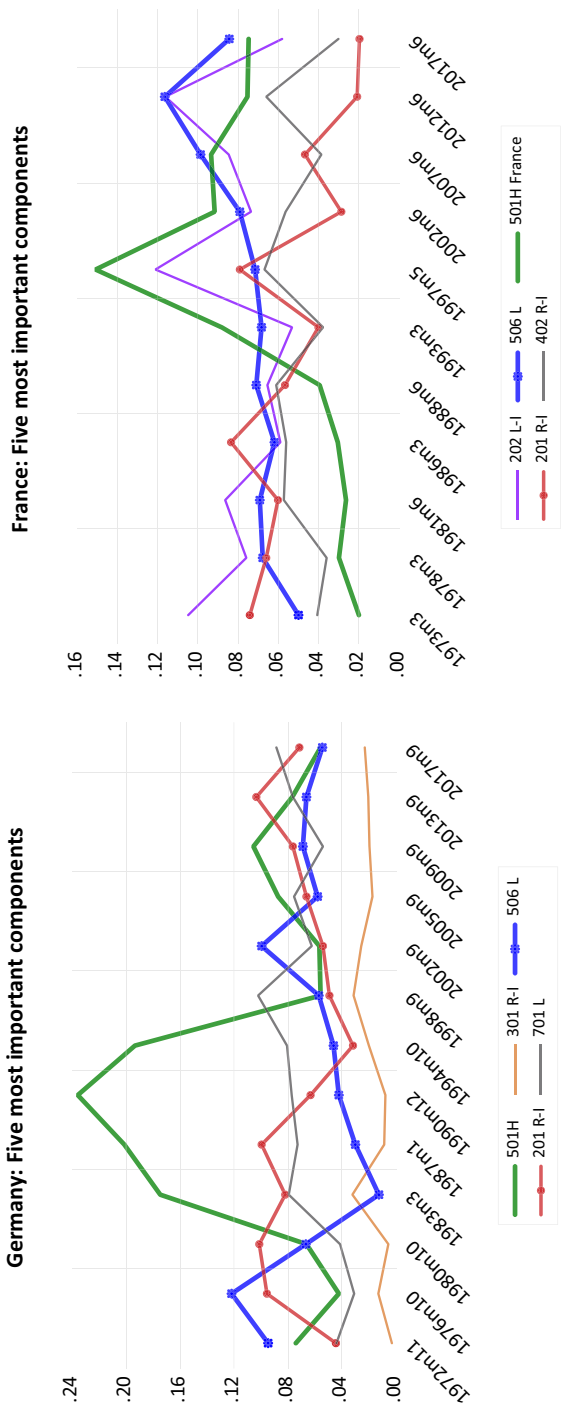


Fig. 11 Germany: Five most important components. France: Five most important components



$$p = \sum s_i \in R - \sum s_j \in L$$

$$c = \sum s_k \in I - \sum s_l \in H$$

p and c are scalars which change with changes in the salience of content variables. The ideological position P_t of the aggregate narrative in a society is the linear combination of the two vectors $(\mathbf{x}, \mathbf{y})$. Over time, ideological positions shift as the vector components (our content variables) change, which occurs when the frequency of content variables changes in parties' programmes or when political parties' electoral weights change. We say there is convergence between two member states when the Euclidian distance between their ideological positions narrows; there is divergence when it increases.

Non-orthogonality

The political and the cultural dimension are not independent, and the two subsets X and Y are not mutually exclusive. As Table 8 shows, some content variables figure in both political X and cultural Y subsets. Therefore, the two vectors are not orthogonal. Orthogonality would assume that *every item* in the ordered list of content variables is unrelated to any other.⁴⁴ Each half-sentence would have a sense and meaning on its own and in isolation, and the political components of the narrative would not be affected by the cultural context and inversely. We do not think this is reasonable. We consider that in 8 cases, out of 32 variables, individualism and economic liberty interact and in 6 cases social equality is linked to holistic orientations.

Orthogonality implies that the intersection of X and Y is an empty set and the inner product of two vectors is zero:

$$\langle \mathbf{x}_t, \mathbf{y}_t \rangle = \sum_{i=1}^n x_{it} y_{it} = 0$$

Non-orthogonality implies here that a change in the salience of certain content variables shifts the ideological position simultaneously in the political and the cultural dimension. For instance, an increase in mentioning of Free Market Economy (code 401) will push the society to the right and to individualism, while more frequencies of Economic Control shift it to the left and into holism. However, some categories stand on their own. For example, positive and negative views on Traditional Morality are only relevant for cultural values.

In aggregate—which is relevant for our ideological position—the similarity between the political and cultural dimensions is measured by the cosine similarity between two nonzero vectors defined in an inner product space.⁴⁵ Given that our content variables represent a stochastic process of probabilities over time for

⁴⁴ Orthogonality implies linear independence, but linear independence does not imply orthogonality.

⁴⁵ Cosine similarity is the cosine of the angle between the vectors; that is, it is the dot product of the vectors divided by the product of their lengths. It follows that the cosine similarity does not depend on the magnitudes of the vectors, but only on their angle. See: https://en.wikipedia.org/wiki/Cosine_similarity



Table 8 Content variables. *Source:* The Manifesto Data Collection. Manifesto Project (MRG/CMP/MARPOR)—Version 2020b

Component	Code	Name	Subsets	
			Political (X)	Cultural (Y)
Vector				
Si	i03	Anti-Imperialism	E	H
	i04	Military (+)	F	H
S3	i05	Military (−)	E	I
S4	i07	Internationalism (+)	E	I
S5	i09	Internationalism (−)	F	H
S6	20i	Freedom and Human Rights	F	I
S7	202	Democracy (+)	E	I
Sg	203	Constitutionalism (+)	F	
S9	204	Constitutionalism (−)	E	
	30i	Decentralization	F	I
^s ii	302	Centralization	E	H
Si2	304	Political Corruption (−)		I
Si3	305	Political Authority		H
^s 14	40i	Free Market Economy	F	I
Si5	402	Incentives (+)	F	I
Si6	403	Market regulation	E	H
Si7	404	Economic Planning	E	
^s ig	405	Corporatism	F	
^s i9	406	Protectionism (+)	E	H
^s 20	407	Protectionism (−)	F	I
S2i	409	Keynesian Demand Management	E	
S22	4i2	Controlled Economy	E	H
S23	4i3	Nationalization	E	
^s 24	4i4	Economic Orthodoxy	F	I
S25	4i5	Marxist Analysis	E	H
S26	50i	Environmental Protection		H
^s 27	502	Culture (+)	E	H
^s 2g	505	Welfare State Limitation	F	I
^s 29	506	Education Expansion	E	
^s 30	507	Education Limitation	F	I
^s 3i	60i	National Way of Life (+)		H
^s 32	602	National Way of Life (−)		I
^s 33	603	Traditional Morality (+)		H
^s 34	604	Traditional Morality (−)		I
^s 35	605	Law and order (+)	F	
^s 36	606	Civic Mindedness (+)	F	H
^s 37	607	Multiculturalism (+)		I
^s 3g	608	Multiculturalism (−)		H
^s 39	70i	Labor Groups (+)	E	
^s 40	702	Labor groups (−)	F	
^s 4i	705	Underprivileged Minority Group	E	



Table 8 (continued)

The political index is F-E(Freedom/Equality), the cultural index I-H (Individualism/holism). The symbol (+)(positive) indicates favourable mentions of a category, or a desire to expand its scope, whereas (-) (negative) reflects a negative approach or limitation to it

each component, the assumption of orthogonality would imply that the covariance between content variables from one period to the next is zero. But if the political and cultural dimensions influence each other mutually, the covariance is nonzero and the assumption of orthogonality must be rejected. This is a testable hypothesis.

$$< \mathbf{x}, \mathbf{y} > = cov(x, y) = E[(x - E[x])(y - E[y])] \neq 0$$

The matrix of covariances of all our content variables shows that there exists indeed a range of independent variables, but also an important set of interdependent variables.⁴⁶ As an example, we show in Fig. 12 all cases where the covariance is statistically significant (in the 95% probability range) for Germany and France. Thus, in Germany law-and-order (605) is negatively correlated with traditional morality (#603), but in France with political corruption (#304). This makes sense when we understand that the democratic *Rechtsstaat* in Germany is the open society alternative to traditional holism (Habermas 1987), but in France the distortion of modern individualism reflects monetised hierarchy. This is confirmed by the positive correlation between political authority (#305) with constitutionalism (#203) in Germany and between law-and-order (#605) and democracy (#202) in France.

Our estimations of covariances over the whole range of content variables justify that we abandon the assumption of linear independence that pervades the literature.

This discussion has focussed on the supply side of ideological narratives, i.e. on the inner structure that gives sense and direction to what people think. The political party programmes presented before elections offer narratives with differing orientations. However, to compare the ideological position of member states of the European Union, we need to look at the revealed preference which represent the political demand side. Thus, we determine how the ideological positions of parties are combined in the ideological field of a society, we multiply the value for each party's position by the vote share obtained in the elections.

We have made two further adjustments. First, because our four subsets do not have identical numbers of content variables, we have given them weights that balance out the difference. Second, because elections occur at different dates with different lengths in legislative periods, we do not have data for ideological shifts in the time between elections. To maintain comparability between countries, we have smoothed the ideological shift between two elections using the donor-based imputation method.

⁴⁶ We have estimated the covariances for all content variables. The test is therefore not biased by our classification of variables into the four groups shown in Table A1.



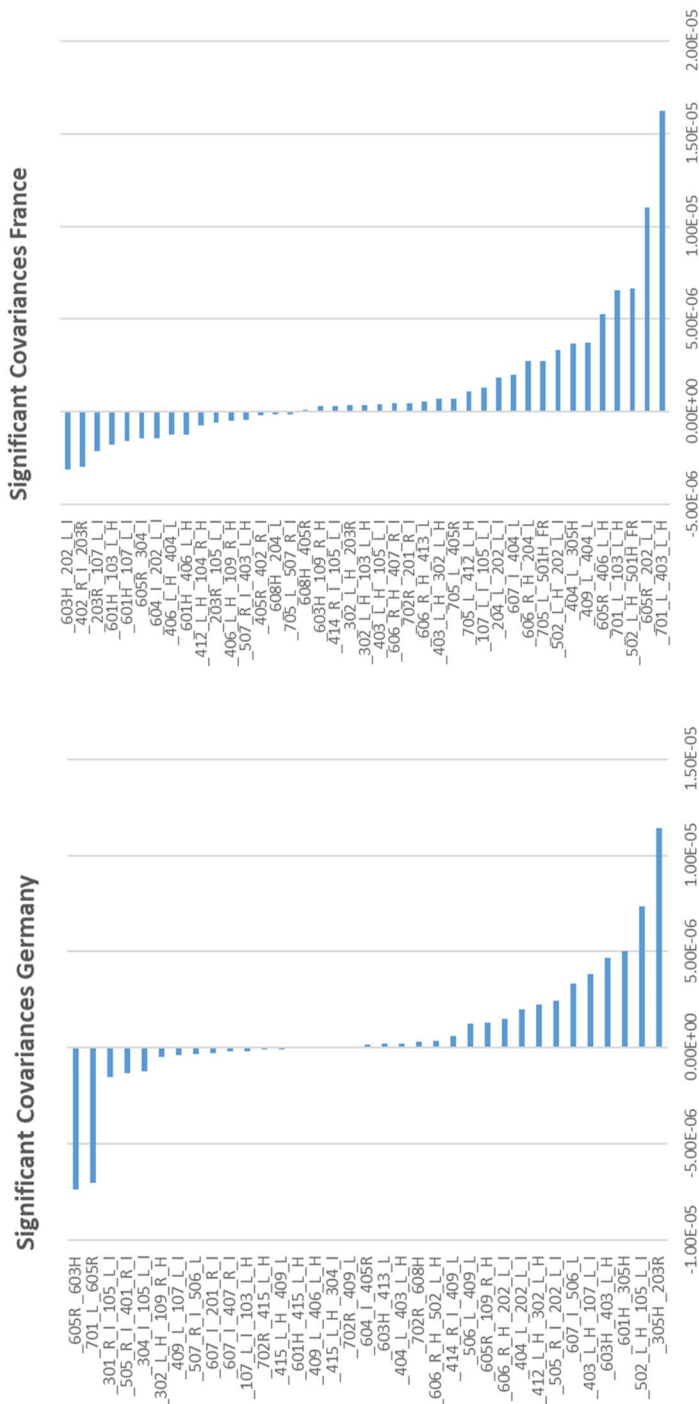


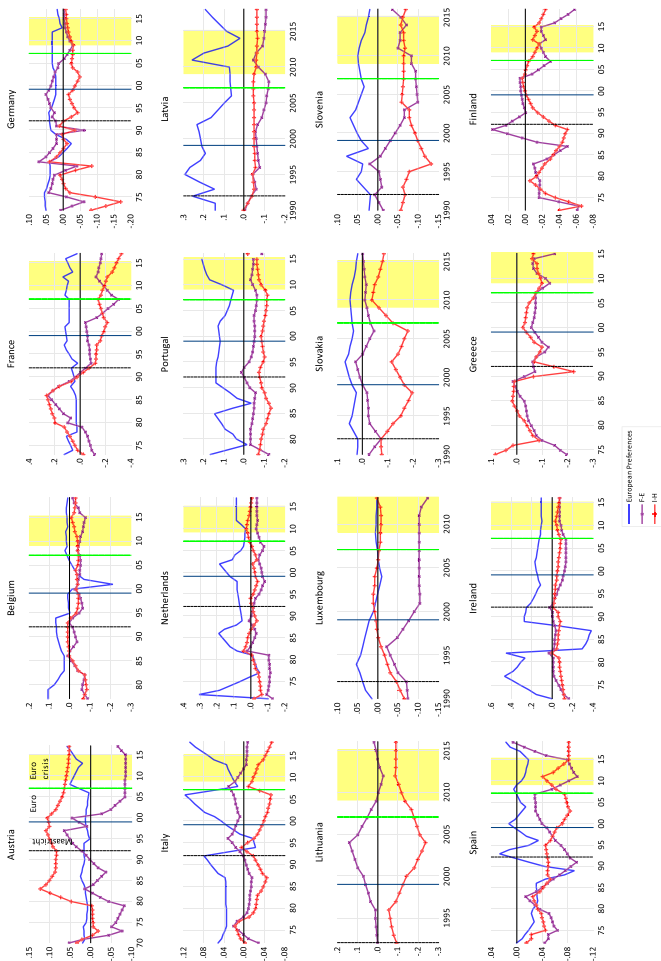
Fig. 12 Significant covariances Germany and France





Appendix II: Ideological narratives in member states

European preferences, F-E, I-H



Appendix III: Error correction model for convergence and noise

Vector Error Correction Estimates

Date: 12/18/23 Time: 11:17

Sample (adjusted): 1976 2018

Included observations: 43 after adjustments

Standard errors in () & t-statistics in []

Lags interval (in first differences): 1 to 2

Endogenous variables: MEAN_IH MEAN_FE SD_IH SD_FE

Deterministic assumptions: Case 3 (Johansen-Hendry-Juselius): Cointegrating relationship includes a constant. Short-run dynamics include a constant

Cointegrating Eq: CointEq1

MEAN_IH(- 1) 1

MEAN_FE(- 1) 0.07944332548951254

0.1708350754394008

[0.46503]

SD_IH(- 1) -0.3643247435535476

0.2130603653239398

[-1.70996]

SD_FE(- 1) -0.2422670034452775

0.3645047471748966

[-0.66465]

Error Correction:	D(MEAN_IH)	D(MEAN_FE)	D(SD_IH)	D(SD_FE)
COINTEQ1	-0.2263347...	0.0015231...	-0.1033782...	0.0053683...
	0.1014175...	0.0914986...	0.1041580...	0.0830167...
	[-2.23171]	[0.01665]	[-0.99251]	[0.06467]
D(MEAN_IH(- 1))	-0.1512703...	-0.0313789...	-0.0583681...	0.3745024...
	0.2172938...	0.1960418...	0.2231653...	0.1778687...
	[-0.69616]	[-0.16006]	[-0.26155]	[2.10550]
D(MEAN_IH(- 2))	-0.3592578...	-0.1066703...	-0.0420315...	-0.0218329...
	0.2394681...	0.2160474...	0.2459388...	0.1960198...
	[-1.50023]	[-0.49374]	[-0.17090]	[-0.11138]
D(MEAN_FE(- 1))	0.1647109...	0.1570448...	0.0450167...	0.0069716...
	0.2459237...	0.2218717...	0.2525689...	0.2013042...
	[0.66976]	[0.70782]	[0.17824]	[0.03463]
D(MEAN_FE(- 2))	0.3796400...	0.0844533...	0.0193071...	-0.0199477...
	0.2289599...	0.2065669...	0.2351467...	0.1874181...
	[1.65811]	[0.40884]	[0.08211]	[-0.10643]
D(SD_IH(- 1))	-0.2548562...	0.0017651...	-0.0204652...	0.2487278...
	0.2117799...	0.1910672...	0.2175025...	0.1733553...
	[-1.20340]	[0.00924]	[-0.09409]	[1.43479]
D(SD_IH(- 2))	-0.1479999...	-0.2730597...	-0.2713450...	-0.0416557...
	0.2344184...	0.2114916...	0.2407527...	0.1918863...
	[-0.63135]	[-1.29111]	[-1.12707]	[-0.21709]



D(SD_FE(−1))	0.1041122...	0.0410051...	−0.0407829...	0.1540419...
	0.1879995...	0.1696126...	0.1930795...	0.1538895...
	[0.55379]	[0.24176]	[−0.21122]	[1.00099]
D(SD_FE(−2))	0.2113971...	0.2560863...	−0.3268168...	−0.3726545...
	0.1883471...	0.1699262...	0.1934365...	0.1541741...
	[1.12238]	[1.50704]	[−1.68953]	[−2.41710]
C	−0.0017043...	0.0002687...	−0.0001432...	−0.0004364...
	0.0011217...	0.0010120...	0.0011520...	0.0009181...
	[−1.51941]	[0.26553]	[−0.12431]	[−0.47529]
R-squared	0.2359814...	0.1853731...	0.1878827...	0.3409064...
Adj. R-squared	0.0276127...	−0.0367978...	−0.0336037...	0.1611536...
Sum sq. resids	0.0014821...	0.0012064...	0.0015633...	0.0009931...
S.E. equation	0.0067018...	0.0060464...	0.0068829...	0.0054859...
F-statistic	1.1325187...	0.8343714...	0.8482806...	1.8965293...
Log likelihood	159.90740...	164.33306...	158.76090...	168.51619...
Akaike AIC	−6.9724374...	−7.1782821...	−6.9191120...	−7.3728463...
Schwarz SC	−6.5628560...	−6.7687006...	−6.5095306...	−6.9632649...
Mean dependent	−0.0009547...	0.0006016...	5.3792476...	−0.0007689...
S.D. dependent	0.0067963...	0.0059381...	0.0067701...	0.0059897...
Determinant resid covariance (dof adj.)	3.988373231998204e−19			
Determinant resid covariance	1.383495433534898e−19			
Log likelihood	689.5693985559379			
Akaike information criterion	−30.02648365376455			
Schwarz criterion	−28.22432539584556			
Number of coefficients	44			

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