The Relentless Gravity of the Market Dimension - Exploring the Meaning and the Positioning of Political Parties towards Market Liberalism

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- Draft, please cite as much as possible! Comments are warmly welcome -

Abstract: Contemporary research indicates an emerging consensus: In democracies voters and parties still systematically structure political issues into higher aggregated conflict dimensions. The economic dimension seems to evolve everywhere very quickly after the consolidation of democracy. The very nature of this dimension remains contested and researches confront themselves with problems of equivalence – the spatial and temporal comparability of meaning. Thereby they knock at the door of discourse analysis and constructivist approaches. I endorse this development and argue that only good evidence for equivalence renders comparisons meaningful. I pursue such an endeavour in the first part of the article referring to the denotational consolidation and development of the market dimension over time and space. Using latent variable models, I compare the relation of different policy issues to an overall market dimension. The results indicate, that the market dimension not only changes its relation to different issues but also bear an intense gravity – absorbing issues from minor conflict dimensions over time. Furthermore, the issues structure loose ambiguity since the mid-1960s. A sufficient proof of equivalence is the base for calculating party positions towards the market from 1945 to 2012. These positions are grounded in deductive concept formation and improve the temporal and spatial comparability of party positions between market liberalism and state interventionism.


1. Contemplating Market Liberalism from a Constructivist and Positivist Perspective

Post modernists are usually inclined to find characteristic terms for historical periods. Borrowing the wording of Michel Foucault, modern societies are defined by the translation of the market from a quotidian experience of daily life into the “matrix of society” (2008, p. 12). George Soros holds the hegemonic discourse of market liberalism responsible for the collapse of the world financial system (2008) and others see the controversy over the application of market mechanisms to be “the most crucial terrain of ideological struggle in our time” (Jameson, 1991, p. 263). Obviously, the market seems to be a powerful concept, which strongly influences the organization of modern societies (Carrier, 1997).

That many post modernists assign a certain conceptual stability to the meaning of markets bears a certain irony. The constructivist epistemology highlights the subjective interpretation or...
construction of reality and refers to the fluidity of meaning to fixed terminological entities (Berger & Luckmann 1966) – or in a more technical language; to the context sensitivity of meaning. Consequently, the great virtue of the constructivist approach is the study of the denotational transformation of concepts. We could make the market subject to such an endeavour and I will lie out in the next chapter that the market passed through major transformations of meaning. This transformation results in a concept with great potential of political controversy, because the market as a means of social coordination became the symbol of what Georg Simmel called the timeless balance between individual freedom and collective responsibility (2008 [1900], 509–529). Unsurprisingly, the market as a coordination principle was a core dimension of political conflict from the 19th century on – and may be remained the most salient representational strain between voters and parties in modern democracies (Huber & Inglehart 1995; Mair 1997).

Of course, the way political parties take up the ideological positions between market liberalism and the tight control of economic behaviour varies. The political struggle over the application of market mechanisms of Winston Churchill and Clemens Atlee in the 1940's or the debates of Tony Blair and John Major in the 1990's entail different communication strategies, varying moral justifications and were embedded in different political contexts. I will focus on the varying meaning of market liberalism in the first part of this article. But to allow for a wide variance of meaning and to take a high degree of context sensitivity into account comes with a price. Researchers have to decide to go either for the movement or the location of things – to stress the terminology of Heisenberg (1927). The first allows the focus on the varying meaning of terminologically fixed entities, which describes the context sensitive approach to concepts. The second focuses on invariant substance, inherent to a concept abstracting from terminological variations, which describes the deductive approach to epistemology. Unfortunately, we cannot have both at the same time.

The epistemological choice then determines the criteria for validity (Healy & Perry 2000) and the criteria for validity in context sensitive and deductive approaches are not the same (Lincoln & Guba and Lincoln 1994; Chia 1997; Neuman 1997). I will demonstrate with the concept of market liberalism that the main anchor to validity in context sensitive approaches is the spatial and temporal transferability of meaning. We will see, that the market dimension travels through denotational transformations and that political issues are systematically linked to rather market liberal or interventionist policy stances to different degrees in different times. Additionally, more and more issues signal a clear position to the market – which might be interpreted as the consolidation of the market dimension, the a major political conflict dimension with a relentless gravity.

In the second part I pursue a positivist approach and ground market liberalism in an essentialist conception with criteria known from classical concept formation (Sartori 2009[1984]; Gerring 1999). I measure the degree of market liberalism of political parties as a latent concept reflected in certain indicators of party manifestos and building on the evidence from the first part using only indicators which are systematically linked to market liberalism over time and space. Whereas context sensitive concepts should not be interpreted as positions, essentialist concepts allow for inter temporal and inter spatial comparisons, because we hold the constituent parts constant. Only with conceptually grounded and empirically confirmed measurements we can visualize major trends such as neoliberalism or a major shift to market embracing preferences of political actors such as parties.

4 The most illustrative example of such an approach are of course the radical versions of constructivism – here meaning varies for every individual.
2. The Changing Meaning of the Market

The market as a bound space was a known phenomenon in ancient times already and passed through a remarkable etymological history.\(^5\) Thinkers early attached a specific behaviour to market actors – and so did for example Aristotle in *Topics* where he discussed the questions of means and ends within market processes (Finley 1970) which was taken up in the Marxian analysis in the 19\(^{th}\) century again (Marx 1971 [1867]). Without a considerable change in semantics, the denotation of markets became transcendent to a broader concept of the general coordination of people. The market as a social institution entails much more assumptions about its mechanisms, the attributes of market participants, the underlying prerequisites and the resulting outcomes in comparison to a market as a single place – the market received a second meaning, which Jameson described as an “image of society” (Jameson 1991, 263).

This conceptual enrichment took mainly place in the period of the Scottish Enlightenment (Slater & Tonkiss 2001, 14; Braudel 1992).\(^6\) Scottish Enlightenment scholars perceived market transactions close to their utilitarian ideal and rendered the market exchange an appreciable behaviour in general. This stipulated a certain contrast to the Christian tradition of sceptic to pure economic orientations and self-interest and, of course, to the mechanisms of the feudal order. Many counter reactions to the approval of market forces were based on notions of solidarity and the sceptic that competition fuelled with self-interest can foster the common good (Perry et al., 2006, p. 540). The debate in the 19\(^{th}\) century about these issues structured the ideological position of the emerging political parties and their conception of the role of markets (Lipset & Rokkan 1967). For Lipset and Rokkan is was straight forward to order the political parties on an economic dimension as a response, first, in territorial terms, to the nationalisation processes and, second, in terms of the economic strata triggered by the industrial revolution. The industrial revolution introduced the meaning of markets in the daily calculus of many people which so far had mainly lived outside the logic of markets (Polanyi 1973).

Workers became seen as a group with homogeneous interests and consequently treated as a force to mobilize against the reign of free markets. Communist, Socialists and to a certain extent Christian Democrats saw their electoral base overexposed to the free play of markets and argued to different degrees for strong controls or specific interventions. In the tradition of the Scottish Enlightenment, liberals developed another perspective on markets. For liberals, markets are not a natural law like institution, but an appreciable social order, which needs continuous intervention to reveal its welfare increasing effects (Foucault 2008). In contrast, conservatives emphasized the power of unhampered markets. The temporal economic disorders are in the Malthusian tradition an element of catharsis – disruptions are seen as the results of ineffective trials to circumvent the laws of market in the periods before. The emerging party families of the 19\(^{th}\) century, so far, can be easily ranked in their degree of market liberalism.

In the 20\(^{th}\) century, political parties started to shape the importance of market mechanisms within the democratized societies. After the first large-scale experiment of market liberalism in the early 20\(^{th}\) century, where the economic most potential societies increasingly supported free market politics, the discourse changed with the great depression and an overwhelming number of leading scholars at that time argued to observe the ubiquitous retreat of market forces (Höpner 2011). Even if the market sceptic remained in the post war decades, the restoration of market liberalism became a new ideological foundation with the ideas of the Austrian school in the 1930’s. For those scholars market liberalism became an inescapable requirement, because the market became seen to be the most efficient information processing mechanism – the only way to cope with the complexity of

\(^5\) Compare for an etymological history of the term market Norman Davis (1952).

\(^6\) We even find evidence long before the 18\(^{th}\) century that people abstract from spatially bounded market transaction to a general principle of market exchange as an image of society (Davis 2012).
modern societies (Mises 1981; Hayek 1945; 1991). In the early post war era the reservation about unfettered markets continued. Markets remained constrained in an environment of international restrictions and provided national governments with leeway to develop their particularities in the relation of state and markets. This inspired Ruggie to the famous term - “embedded liberalism” (Ruggie 1982). Not until the “embedded liberals” experienced their crisis in the 1970s, the ideas of the Austrian scholars gained momentum and many societies joined in a process, which we call neoliberalism today (Harvey 2005).

3. Context Sensitivity of Market Liberalism

Whereas the narrative of neoliberalism implicitly assume that we share a common understanding of market liberalism. We can even explore if market liberalism mean different things in different places and times. For example, Nicolas Jabko argues, the single European Market was only possible, because every head of a specific member state had its own concept of the European Market in mind. This vagueness of the concept circumvented the otherwise irreconcilable differences in the interests of the member states towards the Single European Market (Jabko 2006).7

In principal, the subjectivity of meaning could lead to the analysis of individual perceptions of market liberalism. Party experts are individuals and often their assessment of party positions is seen as a benchmark to validity in the literature on party positions. I will demonstrate that this is a good choice as far as we are interested in country specific perceptions of party positions. There are expert’s surveys, which capture the placement of political parties between market liberal and more interventionist positions (Baker et al. 2012; Rohrschneider & Whitefield 2012; Benoit & Laver 2006). For example, the Chapel Hill Survey (Bakker et al. 2012) asks experts to localize political parties on an 11-point-scale on market regulation (compare table 1).

Table 1: Expert Placement of Market Regulation

<table>
<thead>
<tr>
<th>Question: Next, we would like you to consider where political parties stood on the following policy dimensions in [country] in 2010. On each dimension, we ask you to assess the position of the party leadership, and then to assess the importance/salience of this dimension for a party's public stance.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>… Position on deregulation.</td>
<td></td>
</tr>
<tr>
<td>(0) strongly opposes deregulation of markets</td>
<td></td>
</tr>
<tr>
<td>(10) strongly support deregulation of markets</td>
<td></td>
</tr>
</tbody>
</table>

| Average Standard deviation (by party) | 1.52 |
| Average range (by party) | 5.2 |
| Number of experts | 640 |
| Number of parties | 237 |
| Average observation per party | 8.9 |


The concept is “market regulation” and we can for a moment assume that preferences for unregulated markets is closed to what people would even perceive as market liberal. However, the concept is not precisely introduced and even the unit of analysis is not entirely specified as the questionnaire named the “leadership” of a party to be the entity of concern. There remains considerable leeway for experts to interpret market regulation, what the party leadership consists of,

7There are many other proponents of the context sensitivity in the meaning of markets (compare O'Neill 1998, 7-16 for a profound discussion of essentialism and markets).
which information to base the assessment on and how to combine this information into a point estimate. Unsurprisingly, the point estimates by single experts have considerable variation. The average standard deviation for single parties in the survey is 1.6 and the average range (5.2) covers almost half of the entire scale. Usually, the individual point estimates are not of great concern and researchers refer to the average point estimates for single parties. In case of the Chapel Hill Survey, these estimates are on average based on 8.9 experts. As far as expert placements are developed under the context of national party system, we can even assess systematic differences in the perception of market regulation over countries.

Party programs are seen by experts to be the most important link between parties’ ideological preferences and the electorate (Rohrschneider & Whitefield 2012). We can assume that the role of manifestos for the localisation of political parties is even more important for experts. Programmatic proposals entail various policy aims of political parties and thereby signal the reader not only concrete issues but as well underlying latent concepts. We can test how manifesto signals influence the placement of political parties by experts. I demonstrate this with a multi-level regression using saliency scores of manifesto data as independent variable and a merged expert survey data set as depended variable.

Experts were asked to rank the importance of different ways parties build ties to their electorate, from a 1 to 7 scale the average of party manifestos is 4.7 and higher than every other category. The second highest are charismatic leaders (4.5) (own calculation).

The independent variables (relative emphasis of issue categories within electoral proposals) are slightly transformed. Issue categories are recalculated as relative emphasis of all economic issues and logarithmised to capture the assumptions of marginal decreasing importance of repeated notions (Loewe et al. 2011).

10 The Benoit and Laver Survey (2006) entails a dimension of deregulation: „Favours high levels of state regulation and control of the market (1) Favours deregulation of markets at every opportunity (20)” (coverage: 47 countries in 2003–2004). Different waves of the Chapel Hill Survey (2012) entails as well a dimension of market regulation: „Strongly opposes deregulation of markets (0) strongly supports deregulation of markets (10)” (coverage: 24 countries in 1999, 2002, 2006, and 2010). There is as well an item which asks for the general ideological position on the economic dimension. Both items correlate with 0.97 and last one entails examples of concrete policy implications which made me favouring the other one with direct mentioning of markets. Finally, I used the Rohrschneider and Whitefield Survey (2012) providing a state vs. market dimension: „Against markets (1) or pro markets (7) (coverage: 27 countries in 2007 and 2008). All items are inverted if necessary and standardized on a 0–1 scale before merged. In 2002 the Benoît-Laver and the Chapel Hill Survey overlap and I could not reject to a 99%-level the null hypothesis of significant differences using a two-sided t-test of the point estimates.

11 Expert estimates are used for the following countries: Sweden, Norway, Denmark, Finland, Iceland, Belgium, Netherlands, France, Italy, Spain, Greece, Portugal, Germany, Austria, Switzerland, Great Britain, Ireland, United States, Canada, Australia, New Zealand, Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.
Table 2: Explaining Experts Placements on Market Liberalism with Manifesto Issue Emphasis

|---------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|

<table>
<thead>
<tr>
<th>IV’s</th>
<th>Coefficient (standardized)</th>
<th>Coefficient (standardized)</th>
<th>Coefficient (standardized)</th>
<th>Coefficient (standardized)</th>
<th>CMP Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Enterprises</td>
<td>1.18***</td>
<td>0.93***</td>
<td>1.18***</td>
<td>1.11***</td>
<td>per401</td>
</tr>
<tr>
<td>Economic Orthodoxy</td>
<td>0.45**</td>
<td>0.34*</td>
<td>0.44**</td>
<td>0.46**</td>
<td>per414</td>
</tr>
<tr>
<td>Education Limitation</td>
<td>0.18</td>
<td>0.01</td>
<td>0.19</td>
<td>0.21*</td>
<td>per507</td>
</tr>
<tr>
<td>Administrative Efficiency</td>
<td>0.05</td>
<td>0.06</td>
<td>0.05</td>
<td>0.08**</td>
<td>per303</td>
</tr>
<tr>
<td>Economic Planning</td>
<td>0.03</td>
<td>0.22</td>
<td>-0.03</td>
<td>-0.01</td>
<td>per404</td>
</tr>
</tbody>
</table>

Favourable mentions of free enterprise capitalism; superiority of individual enterprise over state and control systems; favourable mentions of private property rights, personal enterprise and initiative; need for unhampered individual enterprises.

Need for traditional economic orthodoxy, e.g. reduction of budget deficits, retrenchment in crisis, thrift and savings; support for traditional economic institutions such as stock market and banking system; support for strong currency.

Limiting expenditure on education; otherwise as 506 (education expansion), but negative.

Need for efficiency and economy in government and administration; cutting down civil service; improving governmental procedures; general appeal to make the process of government and administration cheaper and more effective.

Favourable mentions of long-standing economic planning of a consultative or indicative nature need for government to create such a plan.

continued

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12 Major restrictions are included in the model. I used data with proper party manifestos as a data base only (progtype==1) and excluded estimated issues and as well as scores with low values for inter coder reliability (testresult<=0.4; see for related concerns Kostas Geminis 2013).
continued

<table>
<thead>
<tr>
<th>Category</th>
<th>Residual</th>
<th>Parfam:</th>
<th>Year:</th>
<th>Country:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welfare State Expansion</td>
<td>-0.06</td>
<td>-0.01</td>
<td>-0.06</td>
<td>-0.20**</td>
</tr>
<tr>
<td>Environmental Protection*</td>
<td>-0.21**</td>
<td>-0.09</td>
<td>-0.20**</td>
<td>-0.20**</td>
</tr>
<tr>
<td>Marxist Analysis</td>
<td>-0.23</td>
<td>-0.21</td>
<td>-0.23</td>
<td>-0.17</td>
</tr>
<tr>
<td>Demand Management</td>
<td>-0.36</td>
<td>-0.44</td>
<td>-0.37</td>
<td>-0.39</td>
</tr>
<tr>
<td>Regulation</td>
<td>-0.44**</td>
<td>-0.18</td>
<td>-0.44***</td>
<td>-0.46***</td>
</tr>
<tr>
<td>Social Justice</td>
<td>-0.23*</td>
<td>-0.01</td>
<td>-0.23**</td>
<td>-0.28**</td>
</tr>
<tr>
<td>Controlled Economy</td>
<td>-1.17***</td>
<td>-1.01***</td>
<td>-1.17***</td>
<td>-1.24***</td>
</tr>
<tr>
<td>Nationalization</td>
<td>-2.23***</td>
<td>-1.32***</td>
<td>-2.23***</td>
<td>-2.33***</td>
</tr>
</tbody>
</table>

Favourable mentions of need to introduce maintain or expand any social service or social security scheme; support for social services such as health service or social housing. Note: This category excludes education.

Preservation of countryside, forests, etc.; general preservation of natural resources against selfish interests; proper use of national parks; soil banks, etc.; environmental improvement.

Positive references (typically but not necessary by communist parties) to the specific use of Marxist-Leninist terminology and analysis of situations which are otherwise uncodable.

Demand-oriented economic policy; economic policy devoted to the reduction of depressions and/or to increase private demand through increasing public demand and/or through increasing social expenditures.

Need for regulations designed to make private enterprises work better; actions against monopolies and trusts, and in defence of consumer and small business; encouraging economic competition; social market economy.

Concept of equality; need for fair treatment of all people; special protection for underprivileged; need for fair distribution of resources; removal of class barriers; end of discrimination such as racial or sexual discrimination, etc.

General need for direct government control of economy; control over prices, wages, rents, etc.; state intervention into the economic system.

Favourable mentions of government ownership.

Random-effects parameters

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Residual:</th>
<th>Parfam:</th>
<th>Year:</th>
<th>Country:</th>
</tr>
</thead>
<tbody>
<tr>
<td>sd(_cons)</td>
<td>0.22</td>
<td>sd(_cons) 0.09</td>
<td>sd(_cons) 0.00</td>
<td>sd(_cons) 0.03</td>
</tr>
<tr>
<td>X²</td>
<td>212.76***</td>
<td>70.13***</td>
<td>120.12***</td>
<td>3.76</td>
</tr>
<tr>
<td>N</td>
<td>710</td>
<td>710</td>
<td>710</td>
<td>710</td>
</tr>
</tbody>
</table>
The algebraic signs of the coefficients mainly follow what we would have assumed to be signals of market liberalism or signals of a more controlled economy. Some issues have systematic impact over the whole sample of observations. For example the favourable mention of government ownership (nationalisation) or direct government control (controlled economy) is negatively related to expert’s placements on a market liberalism scale (significant to a 99% level). On the contrary, emphasis on unhampered individual enterprises (free enterprise) or austerity in public spending (economic orthodoxy) is positively related to experts’ placement on the market regulation scale.

However, I am not interested in the systematic relationships at this point, but in the context sensitivity of the findings. If we allow intercepts and coefficients to vary over different levels we can significantly improve our model fit (X²). Allowing party families to have their specific composition of issues is a quite striking improvement (Model 2=X²=70.13 < Model 2=X²=212.76). Allowing varying relations in different years improves the model as well (Model 3=X²=120.12 < Model 1=X²=212.76). Finally, allowing country specific findings leads to a model, which almost entirely explain the Variance in the dependent variable (Model 4=X²=3.76 < Model 1=X²=212.76). This findings support the expectations, that expert assessments can be well explained by programmatic emphasis; however, this relationship is context sensitive.

### Table 3: Panel Regressions on Expert Party Positions on Market Regulation

<table>
<thead>
<tr>
<th>Countries</th>
<th>Expert Survey</th>
<th>Expert Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Iv’s</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative efficiency</td>
<td>0.02</td>
<td>+ (and significant in 100% of the individual country regressions)</td>
</tr>
<tr>
<td>Free enterprise</td>
<td>0.23***</td>
<td>+ (100%)</td>
</tr>
<tr>
<td>Regulation</td>
<td>-0.03</td>
<td>+ (54%)</td>
</tr>
<tr>
<td>Planned economy</td>
<td>0.01</td>
<td>- (100%)</td>
</tr>
<tr>
<td>Demand management</td>
<td>0.04</td>
<td>- (62%)</td>
</tr>
<tr>
<td>Controlled economy</td>
<td>-0.16***</td>
<td>- (100%)</td>
</tr>
<tr>
<td>Nationalization</td>
<td>-0.31***</td>
<td>- (100%)</td>
</tr>
<tr>
<td>Economic orthodoxy</td>
<td>0.05</td>
<td>+ (86%)</td>
</tr>
<tr>
<td>Marxist analysis</td>
<td>-0.09</td>
<td>- (15%)</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>-0.07*</td>
<td>- (73%)</td>
</tr>
<tr>
<td>Social justice</td>
<td>-0.04</td>
<td>- (92%)</td>
</tr>
<tr>
<td>Welfare expansion</td>
<td>-0.04</td>
<td>- (96%)</td>
</tr>
<tr>
<td>Labour positive</td>
<td>-0.04</td>
<td>- (32%)</td>
</tr>
<tr>
<td><strong>R²</strong></td>
<td>0.24</td>
<td>-</td>
</tr>
<tr>
<td><strong>average R²</strong></td>
<td>-</td>
<td>0.93</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td>710</td>
<td>41 (country regressions)</td>
</tr>
</tbody>
</table>

Notes:***=p<0.01;**=p<0.05;*=p<0.10. + = positive coefficient - = negative coefficient

The context which matters most is the country. This is not really surprising; experts are asked to consider the placement of parties in relation to their national counterparts. Even if the issue composition seems to be relatively stable in the context of market liberalism, we cannot expect the placements to be comparable in terms of their levels. A Market liberal party with an average expert placement of 6 in Sweden is probably much less market liberal than a party with a 6 in the United

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13 This is probably not the case for higher aggregated dimensions such as left and right, where the issue composition varies considerably over countries.
States. This means the average point-estimates of experts are hardly comparable in cross national terms. Table 3 supports that view. A panel regression over 66 countries with the same manifesto issue categories as independent variables explain only 24 percent of the overall variance (compare table 3).

Regressions on the within country level, however, can explain on average 93 percent\(^{14}\) of the party differences. To conclude, party placements by experts are a good subject to study the context sensitive perception of terminologically fixed concepts. However, the restricted cross country reference leads to the problem of differential item functioning. Not only terminological fixed concepts such as market regulation can be filled with highly varying content over countries, even if concepts are understood in highly similar terms, the levels of placement could be unrelated to the concept at hand. The conductors of expert surveys start to use “vignettes” to anchor the expert placements (Bakker et al. 2012). Other scholars start to use bridging observations to adjust the levels for cross country observations (Koenig et al. 2013).

To analyse the issue structure of party manifestos inductively via regressions or principal component analysis is to account for all the variance and covariance of a set of items. \(^{15}\) Thereby researches focussing on systematic differences, which allows distinguishing political parties. This comes close to the subjective process of experts, which try to differentiate parties via signalled differences. Constant commonalities are cancelled out, by both the regression and to a lesser extent by factor analytical approaches. Consequently, the more context sensitivity in terms of space and time we apply to our measures of distinguishing political parties the closer we come to the subjective assessment of experts.

### Table 4: Country Specific Latent and Factor Analytical Measurements

<table>
<thead>
<tr>
<th></th>
<th>Sweden</th>
<th>Czech Republik</th>
<th>Germany</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>401 free enterprise</td>
<td>0.87</td>
<td>0.66</td>
<td>0.63</td>
<td>0.91</td>
</tr>
<tr>
<td>414 economic ortho</td>
<td>0.56</td>
<td>0.56</td>
<td>0.59</td>
<td>0.67</td>
</tr>
<tr>
<td>402 incentives</td>
<td>0.74</td>
<td>0.29</td>
<td>0.19</td>
<td>0.57</td>
</tr>
<tr>
<td>505 less welfare spe</td>
<td>0.28</td>
<td>0.78</td>
<td>0.4</td>
<td>0.75</td>
</tr>
<tr>
<td>303 administrative c.</td>
<td>0.39</td>
<td>0.43</td>
<td>0.43</td>
<td>0.4</td>
</tr>
<tr>
<td>416 Anti-Growth</td>
<td>0.00</td>
<td>-0.21</td>
<td>-0.2</td>
<td>-0.19</td>
</tr>
<tr>
<td>403 regulation</td>
<td>-0.50</td>
<td>-0.32</td>
<td>0.24</td>
<td>-0.17</td>
</tr>
<tr>
<td>504 more welfare sp.</td>
<td>-0.30</td>
<td>-0.36</td>
<td>-0.26</td>
<td>-0.16</td>
</tr>
<tr>
<td>415 marxist Analysis</td>
<td>-0.14</td>
<td>-0.16</td>
<td>-0.5</td>
<td>-0.31</td>
</tr>
<tr>
<td>404 planned econon</td>
<td>-0.24</td>
<td>-0.17</td>
<td>-0.2</td>
<td>-0.16</td>
</tr>
<tr>
<td>503 social justice</td>
<td>-0.36</td>
<td>-0.34</td>
<td>-0.4</td>
<td>-0.19</td>
</tr>
<tr>
<td>501 Environmental F</td>
<td>-0.46</td>
<td>-0.48</td>
<td>-0.51</td>
<td>-0.75</td>
</tr>
<tr>
<td>412 controlled econ.</td>
<td>-0.62</td>
<td>-0.20</td>
<td>-0.56</td>
<td>-0.42</td>
</tr>
<tr>
<td>413 nationalization</td>
<td>-0.54</td>
<td>-0.38</td>
<td>-0.43</td>
<td>-0.31</td>
</tr>
</tbody>
</table>

Note: sem (structural equation modelling coefficients); pca (principal component factors). Correlation of sem and pca = 0.97.

However, as far as we are still concerned with party positions, we should think of the relationship of party manifestos and party positions. Whereas emphasis in manifestos could be causally related to the perceptions of expert placements; issue emphasis of political parties in electoral proposals is not formative for the party position but reflective. The appropriate statistical procedure to capture this relationship is to focus on the covariance, which different categories of emphasized issues have in common (Acock 2013, 3). \(^{16}\) Structural equation modelling is the appropriate statistical approach to

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\(^{14}\) This average excludes Belgium. Belgium has a very poor fit and this is due to the separate party systems in Wallonia and Flanders. The model is not able to separate the position of socialist in Flanders and socialists in Wallonia for example.

\(^{15}\) Avery good discussion on why this is highly problematic for the inductive identification of dimensions or the scale development for latent constructs is provided by Costello and Osborne (2005). Compare also (Fabrigar et al. 1999).

\(^{16}\) Beyond the advantages of focussing on the shared covariance, reflective measurement procedures such as structural equation modelling abstract from assumptions such as unique error variance in regression or factor analytical
reproduce a latent party position reflected by indicators like emphasis in manifesto programs. To capture the country specific meaning of manifesto signals for the dimension of market liberalism I calculate structural equation models for every country separately. Table 4 entails the results for four countries.

The country's specific results reveal some interesting findings. Apart from a few exceptions (grey emphasized in the table), almost every issue have the same relationship to an underlying dimension of market liberalism. And even if it seems conventional wisdom to favour structural equation based models (sem) on principal component analysis (pca) (Fabrigar et al. 1999; Costello and Osborne 2005), the correlation of sem based and pca based coefficients/factors is very high (0.97). Coefficients as well as factor loadings indicate the importance of indicators for the latent dimension. I will discuss the meaning of sem coefficients in more detail in the last part. At this point, the cross country variation is of more importance. Regulation is negatively related to market liberalism in three out of the four countries. However, in Germany it is positively related to market liberalism. Even more confusing is the finding that planned economy is slightly positive related to market liberalism in Spain and a clear-cut interventionist issue in most of the other countries. Often issues have very low coefficients in countries because they are basically never mentioned. Low coefficients can be explained out of missing data as well. Nobody would deny that Marxism should be a stronger indicator for market scepticism than regulation, but this is not reflected in the data, because Marxism was used as a residual category by coders in many countries and in some countries not at all. In Eastern European countries parties seldom emphasises nationalization, because of the political heritage of communism. As a consequence factor loadings or coefficients are low, even if nobody would deny theoretically, that nationalisation is a very good indicator for market sceptic positions.

If we would analyse the issue composition of market liberalism in specific countries at certain points in time we could picture the discourse of market liberalism even more precise. Case studies would be much more suitable for this approach, because we would necessarily diminish the degrees of freedom for statistical analysis.

We can still analyse the overall temporal development of certain categories independent of country particularities. I run several structural equation models in different time periods to exemplify how certain policy proposals in party manifestos represent the underlying preference towards market liberalism in that specific period. Most of the economic issues can be seen as distinct in terms of their relation to be an indicator of being market liberal or interventionist (compare figure 2). Figure 2 shows the coefficients of market liberalism to the respective manifesto issue. For example in the period from 1980 to 1990 the coefficient of free enterprise is 0.69 and significant to the 99% level. An increase in one standard deviation on the market liberalism scale would on average increase the emphasis of free enterprise by 0.69 standard deviations.

Still thinking in the paradigm of context sensitivity, we are, however, not mainly interested in the specific communication of market liberalism via electoral programs, but one the changing importance of certain issue reflecting market liberalism over time. Even if we can attribute most of the issues to be an indicator of being market liberal or interventionist, some indicators show a remarkable change in their relation to market liberalism. For example environmental protection can be seen as unimportant for the distinction of being market liberal until the mid-1960's.

approaches and thereby reducing a lot of noise and miss-specified relations (Acock 2013, 3).

This finding is already discussed in Franzmann & Kaiser (2006). Regulation is not a „left owned“ issue in Germany. I would add, regulation is an ambiguous issue in general.

The manifesto data are transformed on a yearly basis to make periods independent of election dates. The structural equation models are run with maximum likelihood estimators as well as adjusted distribution free estimators. Party frequency weights are applied and the test with robust standard country errors does not influence the significance levels. The model is calculated for every period separately and the model fit is mainly far away from conventional standards. This is mainly due to the absence of necessary adjustments concerning correlated error terms which I left out for reasons of parsimony. Some indicators have a substantial amount of missing – especially Marxist analysis – and maximum likelihood including missing would be appropriate, because we probably underestimate the meaning of Marxism significantly.

Every coefficient with a substantial loading is significant to the 99% level, but there is as well exception. For an overview of the significance levels compare appendix a.
Figure 2: Substance of Manifesto Indicators for Latent Concept of Market Liberalism
A related issue, the critic of the growth paradigm (anti-growth), only turned out to be controversial on the market dimension in the late 1970's. We can interpret environmental protection as a market sceptic issue, because the need to emphasis public intervention in to the realm of the environment presupposes the analysis that unfettered markets results in ecological devastation. To be against economic growth in general means to resign the welfare increasing effects associated to markets. Planned economy interestingly lost its relationship to market liberalism. A closer look at party manifesto reveals, that planned economy is increasingly mentioned by a broad spectrum of parties. They usually refer to the overall plan of technological developments or long-term educational aims to match expected demand on the labour market or international competitiveness. Other indicators are constantly strong signals of market liberalism. For example, the strong notion of the nationalization of industries or the positive reference to a Marxian analysis unsurprisingly indicates a certain distance to a market liberal stance. On the other side, austerity (economic orthodoxy) or incentives have appeal to parties with rather market liberal positions.

Comparing the electoral communication strategies of market liberalism in different time periods is to account for another random time context only. We could go one and increase the context sensitivity of meaning and exert profound discourse analysis. However, as long as we do not have an essentialist concept as a benchmark, we cannot even say something about the plausibility of certain findings. If we calculate party positions with different formula’s for different countries and time periods researchers converge to a constructivist approach of denotational variance – such as the super issue approach of left and right.

These measurements should not confuse subjective perceptions with the measurement of positions (Mair & Bartolini 1990, 7). If market liberalism is composed of different policy positions in Czech Republic than in Germany, if the meaning of market liberalism is very different in the 1960's in comparison to 1990's, point estimates are hardly comparable. Context sensitive approaches should discuss internal validity only as credibility and external validity as applicability or transferability (Guba & Lincoln 1985). Simon Franzmann demonstrated that party strategies turn into a competition over issue, broader ideological dimensions are restricted to be consistently transferred geographically. What voters and parties identify of being left or right shows enormous variation (Franzmann 2009; De Vries et al. 2013). For example, the relation of the cultural and economic sub dimensions of left and right seem to be inverted for many Eastern European countries (Rovny & Edwards 2012). That means a very market liberal party with strong notion on authoritarian values would be very left in the east and moderate in the west if we would force these findings into positions.

The preceding part of the paper, however, leads to the first cautious conclusion that differences in the meaning of market liberalism are much less pronounced than the findings of left and right perceptions indicated. That means boring news for the constructivist analysis of market liberalism and may be confirms the attempts of Michael Foucault or Fredrick Jameson to perceive market liberalism as a conceptual constant in post modernity. What is boring news for the constructivist approach is good news for its positivist counterpart. Conceptual stability means validity in terms of transferability which can be translated as a potential for generalizability. As transferability is the constructivist equivalent of external validity, credibility is the pendant to internal validity. The positivist approach mainly measures internal validity as construct validity – construct validity, however, is only appropriate if we have an essentially grounded concept as a benchmark. This argument can be seen as a connection of often confrontational research traditions. Evidence of context sensitive approaches can be used as a reliability criteria in positivist research.

Empirically, the discussion of denotational variation of market liberalism indicates mixed evidence for the competing interpretations of the policy space. There is no evidence for the end of ideologies (Bell 1960). Political issues still cluster systematically towards simplified policy solutions on a higher level. Additionally, Huber & Inglehart (1995) or Flanagan & Lee (2003) are

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20 There are very good studies on the changing meaning and communication of market liberalism in the tradition of discourse analysis. for Sweden see Kristina Boréus (1994).
probably right in seeing for example environmental protection as unrelated to the economic dimension in the 1960s. But afterwards environmental protection turned out to be a paradigm for the embedding hypothesis (Kriesi et al. 2006). Today, the notion of environmental protection is a very good indicator for market sceptic preferences of political parties. Nonetheless, other issues dis-confirm the embedding hypothesis. Especially, regulation or economic planning seemed to have become ambiguous signals in terms of market liberalism. Overall the issue composition of the market dimension seems to support James Stimsons perception of the “tides of consent” (2004). Issues enter and leave the cognitive interpretation as being solved by the free market or tide state control. Consequently, the market dimension is not a black hole, but only bears a strong and growing cognitive gravity. However, context sensitivity comes with a methodological weakness. The rather inductive nature of such an approach easily ignores commonalities. A typical finding of discours analysis for example states that demand management – the Keynesian paradigm – was a consensus issues in various countries until the late 1970s. Afterwards the same issue experienced a far-reaching refusal. But the renunciation towards public demand management and the appearance of the monetarists is mainly seen as a symbol of the market liberal turn in the 1980s – however, in a very context sensitive procedure this broader picture vanishes. Statistically it never served as a discriminatory signal and consequently failed to explain country or time specific variance.

However, the overall conclusion of the first part is twofold: first, the proof of denotational stability can serve as a source of reliability to any deductive measurement; second, positions of moving targets remain hard to compare – as Heisenberg demonstrated. As far as we want comparable positions of political actors on whatever dimension we need to follow a deductive approach with profound concept formation. The preceding analysis, however, can be seen as an encouraging proof, that the market dimension renders a far lower variance in meaning as other conflict dimensions, such as left and right or its post-material or cultural sub-dimensions. The task of the remaining parts of the paper is to calculate comparable party positions towards the market.


“Before we can rank objects or measure them in terms of some variable, we must form the concept of that variable” (Lazarsfeld & Barton 1951, 155). A good concept has to fulfil a set of criteria to be helpful to researchers. Following the criteria of Gerring (1999). I argue market liberalism is a familiar term, it triggers a denotational resonance and it provides theoretical as well as field utility. I will discuss the remaining criteria in broader detail, because they are not comparably obvious. First I will lay out what I understand as market liberalism and refer to its conceptual depth. I will argue, that the prerequisites, necessary and sufficient conditions of market liberalism build a parsimonious and coherent set of properties. After the mapping of party positions towards the market, I will illustrate the differentiation potential of my measure of market liberalism with a discussion of construct and convergent validity.

Hence, what is the concept of market liberalism? The functioning of markets relies on the acceptance of certain rules which is usually referred to as the legal framework. This framework entails two basic ingredients: the acceptance of far reaching negative rights of freedom and the acceptance of individual property rights (Carruthers & Ariovich, 2004, p. 30).22 So far, individuals can set out exchange of legally owned things. However, legal exchange as such does not constitute a market. Inherited from the market as a bound place, the market always refers to a concentration of sellers and buyers. This concentration allows the comparative assessment of offers and demands and leads to the actor constellation of competition under the assumption of scarcity (Simmel, 1964

21 There are some studies which document the the cognitive gravity of the conventional policy dimensions in emerging democracies (e.g. Marks et al. 2006; Vachudova & Hooghe 2009).

22 Macpherson provides a very good overview of the duality of negative freedom rights and property rights in historical perspective (Underkuffler 2003). This legal framework is the essence of constitutional liberalism – advocates of a liberal market order that Walter Eucken and the Freiburg School developed and which is implied in the constitutional political economy, founded on the work of James Buchanan (Vanberg 1999, 6).
Leonce Röth

[1922]). Competition ensures a specific matching of supply and demand and drives the supply side to efficiency and innovation. The mentioned properties are reflected in the definition of Patrick Aspers: “A market is a social structure for the exchange of rights in which offers are evaluated and priced, and compete with one another, which is shorthand for the fact that actors – individuals and [corporate actors] – compete with one another via offers” (Aspers, 2011, p. 4).

So far, the market has four necessary conditions: negative rights of freedom, individual property rights, a concentration of supply and demand and scarcity. Given, all necessary conditions are present, we expect the market to fulfil at least two functions: Innovation and efficiency. The mechanism which relates conditions and envisaged functions is competition. The advantages of such a simple coordination principle are obvious. Innovation broadens the overall supply and increase the match of desires from the demand side and the variety of offers. Efficiency reduces scarcity and increase the overall capacities of supply. The impact of markets should be an overall increase in the freedom of choice (Friedmann & Friedmann 1980) and an increase in the overall amount of welfare (Smith, 1991 [1776], p. 264).

In the tradition of Emile Durkheim, Karl Polanyi and the Frankfurt School various intellectuals highlighted the social foundations of the legal framework which ensures markets proper functioning. And additionally, the markets functioning is not only reliant on various forms of social trust, the function of markets is mediated by various contexts of social embeddedness (Polanyi 1944; Granovetter & Swedberg 2001). However, if we focus deductively on the dialectical interplay of social embeddedness and the free play of markets we end up like Karl Marx in a structuralist position reflecting on the laws of market capitalism. I, however, focus on political parties which hold certain positions towards the market irrespective of their ability to consistently defend their favourite type of social coordination.

Even if we completely identify ourselves with the mechanisms of markets it is self-evident that innovation and efficiency is not endlessly combinable with other normative standards such as equality, solidarity or broader collective orientations in general. Actors capacities to exert their freedom within markets follow a simple weighting scheme. On the demand side, desires are weighted by purchasing power and on the supply side by market share. Purchasing power is not the main problem of the historically bourgeois supporters of the market mechanism, it is rather the concentration of supply. What Marx and Engels tried to scientifically proof as the laws of accumulation was for many liberals the reason to approve a certain degree of regulation to ensure the beneficial constellation of competition.

Within the camp of the strongest advocates of this coordination principle we observe a fundamental disagreement about the self sustaining properties of this wealth generating mechanism. A member of the Swedish parliament formulated it as follows: “if we think of the difference in the conception of market liberalism between our conservative and the liberal party, conservatives think that the market is the state of nature. Liberals think that they can establish and regulate the market order and thereby constantly overestimate the capacity of humans to change the state of nature” (Röth 2013). The first minor objection to the unhampered laws of the markets came from its strongest supporters – the liberals 23

On the demand side, the daily interaction on markets disadvantages those, who are restricted in purchasing power. Beyond the mobilization of the poor, there are however, infinite other ways to treat specific groups of people with favour by specific market interventions or the public overtaking of allocation and distribution. Market intervention is seen as a necessary correction of unintended outcomes by market forces on the one hand (Polanyi 1944) and as an attempts of rent seeking ambitions at the same time (Hayek 1991).

When we see the market as a liberating force especially to those who can afford their liberty it is not surprising that the moral justification of markets early tended to gravitate around the consequentialist moral philosophy – the promise of the common good by selfishness (Fourcade & Healy 2007). The market sceptics early based their caveat against the market on a deontological foundation – the notion of collective orientations which encourage emphatic and solidarity norms (Röth 2012; Hirschmann 1997). Early socialist usually guided by Christian morals, conservative

23 Compare also Vanberg for a helpful discussion of regulation for constitutional liberalism (Vanberg 2006).
communitarians, romantic traditionalist etc., all of them focused on the fundamental difference of instrumental behavior and the proper orientation on the community. The critics of early socialists like Saint-Simon, communists like Marx or many sociologists like Weber or Habermas share a basic plea – the necessity to adjust common aims, common values, or more abstract, common claims to validity. The market became the symbol of individuality and the state the symbol of collectivity. This makes market liberalism not only a very powerful ideology, its political application necessarily shift burdens between individual and collective responsibilities and thereby alters the chances of people within societies. Market liberalism became a salient dimension of political conflict within the democratic societies.24

As far as my concern is to map the positions of political parties towards market liberalism the difference in complexity of market approval and market septic should be taken serious. My approach focus on the programmatic signaled position of political parties. Parties are of course heterogeneous actors and even if we assume the party leadership to be unitary in their ideological positions, programmatic position still can deviate from the position of key figures on top of the party. My scope condition abstract from the difference of party leader- or “true” positions and focus on “programmatic signaled positions” only (Budge 2001). Signaled positions are not only closer to policy implementation, signaled positions take the strategetical considerations of intra-party dynamics and between parties and voters serious. For example, the Swedish Moderate party could be termed very market liberal when it comes to the ideological positions of its leaders. Their self-placement is a 7 on a 1-7 scale (Interview 2013). However, their programmatic position enormously changed in the 2006 electoral campaign to a much more moderate position. The party leaders never changed their ideological conviction, they stated “the voters were not yet ready for the pace of market reforms, so we adapted our policies to their preferences and slowed down the efforts on market reforms” (Röth 2013).

Even if we consider the position towards market liberalism a very salient conflict dimension there are astonishingly few attempts to properly map political parties on a market dimension. Those who did proceeded mainly inductively and used factor analytical tools (e.g. Maier & Bartolini 1990; Carkoglu 1995). Factor analytical approaches are misleading for my purpose for two reasons: First, an essential approach to concepts is not exploratory when it comes to the relation of party signals and the underlying concept, but confirmatory. Second, factor analytical approaches account for the overall variance and covariance of a set of items, but I am rather interested in the portion of covariance that the indicators of a latent concept have in common. Therefore, we should think of market liberalism as the independent variable, an ideological position which causes certain policy proposal, which serves us as reflections of a latent party positions. In other words emphasis on certain envisaged policies in party manifesto reflect the underlying position of political parties towards market liberalism. The proper statistical way to proof this relation is confirmatory and applicable within structural equation modeling.

Factor analytical approaches usually search in an exploratory way for dimensions. The conceptual interpretation comes after the identification of clustered observations. However, a deductive approach follows the opposite way. We should lie out which indicators we expect as theoretically appropriate and consistent to the definition of the concept. Consequently I select all precoded issues from the manifesto dataset which could be theoretically related to the approval of markets or on the other side the political intervention into market mechanisms. Before discussing the selected items, I explain major transformation to the data.

CMP data are basically saliency scores, measured by the percentage of quasi sentences for a certain issue of the entire quasi sentences in the party program (Volkens et al. 2013). As far as we are concerned with a market dimension, I recalculate them as percentages of the overall economic issues in the manifesto. This is based on the assumption, that the latent position towards market liberalism is mainly independent from statements in other policy areas such as the cultural or 24 I constantly refer to the term „dimension“, which is different to the term „cleavage“. The concept of cleavage is rooted in the tradition of Parsons structural functionalism and has strong assumptions concerning social positions and political preferences. A cleavage is conflict dimension with a specific distribution of voters on that conflict dimension, but conflict dimension is not necessarily a cleavage (Bartolini & Mair 1990).
international dimension. Otherwise, the results would have been strongly biased by the ratio of saliency given to the economic dimension in general. Additionally, I apply a logarithmic transformation to the data, because I assume the marginal reflective value of an indicator to decrease. For example some party manifestos entail only emphasis on free enterprises without mentioning any other of the economic categories. It seems not convincing that a linear relationship between emphasis and party position is justifiable here (see also Loewe et al. 2013; Koenig 2013). Table 5 provides an overview of the issue categories after the transformation of percentages of emphasis in the economic dimension. The mean values indicate the average percentage of quasi sentences over the whole data set.

Table 5: Overview of Indicators

<table>
<thead>
<tr>
<th>Variable</th>
<th>Expected Relation to Market Liberalism</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Economic Policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Free enterprise (401)</td>
<td>+</td>
<td>9812</td>
<td>4.8</td>
<td>8.1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(2) Incentives (402)</td>
<td>+</td>
<td>9812</td>
<td>5.0</td>
<td>6.3</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(8) Administrative efficiency (303)</td>
<td>+</td>
<td>9812</td>
<td>6.6</td>
<td>9.1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(9) Economic orthodoxy (414)</td>
<td>+</td>
<td>9812</td>
<td>5.1</td>
<td>8.8</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(3) Regulation (403)</td>
<td>?</td>
<td>9812</td>
<td>4.1</td>
<td>5.2</td>
<td>0</td>
<td>66.7</td>
</tr>
<tr>
<td>(4) Demand management (409)</td>
<td>-</td>
<td>9812</td>
<td>0.6</td>
<td>2.0</td>
<td>0</td>
<td>42.1</td>
</tr>
<tr>
<td>(5) Economic planning (404)</td>
<td>-</td>
<td>9812</td>
<td>2.0</td>
<td>5.1</td>
<td>0</td>
<td>98.3</td>
</tr>
<tr>
<td>(6) Controlled economy (412)</td>
<td>-</td>
<td>9812</td>
<td>1.7</td>
<td>4.0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(7) Nationalisation (413)</td>
<td>-</td>
<td>9812</td>
<td>0.9</td>
<td>2.0</td>
<td>0</td>
<td>55.3</td>
</tr>
<tr>
<td>(8) Marxist analysis (415)</td>
<td>-</td>
<td>5812</td>
<td>0.2</td>
<td>2.3</td>
<td>0</td>
<td>70.5</td>
</tr>
<tr>
<td>(b) Welfare State Policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Less welfare Spending (505)</td>
<td>+</td>
<td>9812</td>
<td>0.9</td>
<td>2.8</td>
<td>0</td>
<td>90</td>
</tr>
<tr>
<td>(2) Less education spending (507)</td>
<td>+</td>
<td>9812</td>
<td>0.1</td>
<td>1.0</td>
<td>0</td>
<td>30</td>
</tr>
<tr>
<td>(3) Welfare state expansion (504)</td>
<td>-</td>
<td>9812</td>
<td>14.5</td>
<td>15.3</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(4) Social justice (503)</td>
<td>-</td>
<td>9812</td>
<td>9.0</td>
<td>9.4</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>(d) Environment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Environmental protection (501)</td>
<td>-</td>
<td>9813</td>
<td>6.0</td>
<td>10.1</td>
<td>0</td>
<td>95.8</td>
</tr>
<tr>
<td>(2) Anti-Growth (416)</td>
<td>-</td>
<td>6711</td>
<td>0.8</td>
<td>2.8</td>
<td>0</td>
<td>37.8</td>
</tr>
</tbody>
</table>

Note: The Manifesto Data are transformed into monthly data, this is way the number of observations are that high.

The market dimension can be divided into sub-dimensions. There is an economic policy dimension were political parties reveal their general preferences of governments to interfere in the free play of markets. The first four issues are all expected to be positively related to market liberalization. Higher emphasis on free enterprises should be explained by higher trust in market mechanisms in general. Economic incentives are usually proposed when we generally favour market mechanisms, but acknowledge the need for minor adjustment and avoiding harder regulation at the same time. This category correspond to the liberal conception of market liberalism.25 Administrative Efficiency captures the notion of efficiency in public facilities which basically demand for market mechanisms in the public administration. Economic orthodoxy captures the budgetary preferences of political parties and could be interpreted as the austerity category.26 Tight budgets, however, are usually mentioned to avoid increased spending on other policy fields. More market liberal parties should significantly shed more emphasis on free enterprises, economic orthodoxy, administrative efficiency and incentives.

Regulation entails the explicit notion of the need for more competition via anti-trust policies.

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25 This holds especially true, because the conception of the manifesto group directly refer to the need for more competition within this category. In principal regulation could be even stressed by more market sceptic actors, if we think of the French Regulation School for example.

26 The category entails as well every emphasis on planned bail outs of banks, which is conceptually completely misleading here. However, I assume, that the bail out of banks is not a very often stresses issues in party manifestos in general.
So we can expect, that this category is highly used by market embracing liberals, but at the same time by rather market sceptic parties which stress the need for general intervention. Consequently, I keep it as an open hypothesis if the indicator of regulation is positively or negatively related to market liberalism. The indicators 4-7 all represent policy ambitions which are rather market hostile. Especially, nationalisation of business or general emphasis of control should reflect rather market rejecting positions of political parties.

The welfare state dimension could be even seen as an independent political conflict dimension. However, the main theories of welfare states explain welfare as a necessary compensation to market exposure. This is reflected in the compensation literature which highlights compensation in welfare risks due to international market exposure (Katzenstein 1985) or in the power resource approach, which shed light on the domestic processes of unequal exposure to markets. In this narrative welfare systems became established through the mobilization of people with higher labour market risks (Korpi & Palme 1998, Esping-Andersen 1989). Therefore, I interpret the demand for a stronger welfare state as a general unease with the social outcomes of markets.

Finally, I argue to treat environmental protection not exclusively as a policy issue of post materialism (Inglehardt 1984). For Karl Polanyi, not only labour was to a certain degree a fictitious commodity which cannot be subject to market mechanisms alone; Polanyi argued that land is a fictitious commodity as well which cannot be sustainably maintained by free markets. The emphasis of environmental protection embodies a deep sceptic of market mechanisms. This is even stronger in the notion of anti-growth, where the main benefit of market processes is rejected.

I calculated several structural equation models with the 14 indicators and market liberalism as the latent variable (compare results in figure 3). The model converges after 6 iterations and 32 observations were dropped because of missing data. The calculation is based on 9812 remaining observations. Every coefficient of the indicators is significant to a 99% level independent of the model specification (compare footnote 22). The direction of the algebraic signs correspond to the theoretical expectations. The interpretation of the coefficients (values beside the arrows) is similar to beta weights. For example if a party is one standard deviation higher on a market liberalism scale, the party will have on average 0.65 standard deviation more emphasis on the freedom of enterprises category in their manifesto.

Figure 3: Latent Measurement Model of Market Liberalism
The error terms of Marxist analysis and economic planning as well free enterprise and economic orthodoxy are related. This has minor impact on the overall model fit as well as on the coefficients of the indicators. As the literature suggest significantly related error terms should be adjusted in that way, only if this is theoretically plausible. Manifestos are coded by hand and some categories are closely related. For example Marxist analysis and economic planning are probably often complementary categories, where coders are not sure to which category the quasi sentences belongs. Especially in those case we can expect systematic covariation between error terms.

The one factor model cannot reproduce the entire covariance matrix of the indicators as the significant $X^2$ value of 809.95 indicates. However, the CFI reports the improvement in comparison to unrelated indicators. Under consideration of the data quality 89% is a very good value. RMSE values below 0.46 indicates a very good model fit as well, taken the complexity of the model under consideration.

All coefficients have the algebraic sign which were expected from the theoretical discussion. Regulation has a negative sign and is negative related to market liberalism. The size of the coefficients can be read as the importance of the party position on market liberalism for the emphasis of certain issue categories in the respective manifesto. It seems very plausible that more market liberal parties highlight the freedom of entrepreneurship to a higher degree than market sceptical parties. The same hold true for the nationalisation of industries which is confirmed to be a very strong indicator of market liberalism. With two major exception the coefficients reflect the theoretical expectations. Anti-growth and Marxist analysis have lower coefficients than expected. This can partly be explained by the very high amount of missings which both indicators have in common.

As a first test of face validity figure 4 pictures the average market liberalism scores per annum and party family. Conservative parties have the highest trust in the unhampered play of markets, liberal parties are slightly less market liberal, Christian democrats have considerable more interventionist positions, social democrats constantly moved to more market liberal positions but still remain significantly less market embracing than their bourgeois competitors. Green parties are mainly market sceptic even if they move to more market advocating positions these days, and communist are the most market sceptical parties on average.

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28 Dependent on the data source values higher 0.90 or 0.95 are common (Hu & Bentler 1999).
Figure 4: Average Positions of Party Families on Market Liberalism

Note: For the yearly average positions party values are transformed on a yearly basis to avoid selection effects. The index of market liberalism is linear transformed into a 0-1 scale with 1 indicating very market liberal. Note, that the panel is not entirely balanced, changes can be due to country effects. For example Eastern European countries join the calculation since the 1990's.

4.1 Convergent Validity

Convergent validity refers to the comparison of measures against measure that are also measures of the same concept. Martin Elff calculated a latent state-space model based on CMP data. He selected seven issue categories which are all also part of my market liberalism model (2013). Latent models have the advantage, that they account for the difference in importance of indicators to the underlying party position. Nonetheless, Elff's conception of market liberalism is much narrower and entails only indicators which I would classify as economic policy issues, abstracting from welfare and environmental issues. Much more important, Elff allows for varying issue compositions over countries and use a smoothing procedure with Baysian posteriors. The correlation between my index ans the scores of Elff is 0.76 (compare table 6). Because Elff uses amongst others the Swedish party system to demonstrate face validity, I discuss the Swedish in the following section in broader detail (Elff 2013, 227). Bartolini and Mair measured an economic dimension based on CMP data as well (1990). They selected 13 issues, including even the international dimension with categories such protectionism. Just as Martin Elff, the issue selection is not discussed at all. Bartoliniis and Mairs weighting scheme is based on factor analysis and the importance of the single issues is comparable to my coefficients and to those of Elff. The overall correlation of market liberalism is slightly lower.
than the correlation to the position scores of Martin Elff (0.75, compare table 6).\footnote{I reproduced the scores of Bartolini and Mair for the entire period of available manifesto data.}

The CMP data come with predefined programmatic dimensions as well. Beyond the conventional measure of left and right, Laver and Budge differentiate between a dimension of economic planning (Planeco), a market dimension (Markeco) and a welfare dimension (welfare) (Laver & Budge 1992). The identification of these issues was based on pca. The markeco measure of Laver and Budge entails free enterprise and economic orthodoxy, both indicators have the highest coefficients in my structural equation model as well. Because market liberalism includes the Laver and Budge market as well as welfare and planning issues I subtracted planeco and welfare from the markeco index. The correlation of the Laver and Budge position scores to the index of market liberalism is 0.75.

While explaining the fortunes of extreme right parties, Spies & Franzmann (2011) measured an economic dimension based on the procedure of Franzmann & Kaiser (2006). This measurement is mainly based on the differentiation of confrontational and consensus issues. Only confrontational issues are considered by constructing party positions. Issues being confrontational or consensual is decided by the authors on a country basis. Thereby, they use in my terminology a context sensitive measure. The meaning of positions can vary over countries, but not over time. The issue composition of that measurement uses every economically related issue and is consequently much broader than my measurement. Additionally, environmental protection seen to belong to the cultural dimension. Nonetheless, the correlation to my measurement is 0.76.

The correlation to the merged expert surveys is only 0.68. However, due to the discussion in the part about context sensitivity, I do not think that expert survey are necessarily a good benchmark for validity for cross country and inter-temporal comparisons. Finally, I reproduced the Vanilla approach of Gabel and Huber (2000) for the market dimension only. The resulting scores which are based on country specific pca correlate only with 0.43 to the index of market liberalism. However, convergent validity is the more important the closer the underlying concepts are to each other. Even if all of them measure something like a market dimension, they have considerable differences which I discuss in the next part of construct validity.

### Table 6: Convergent Validity

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Liberalism</td>
<td>0.76</td>
<td>0.75</td>
<td>0.73</td>
<td>0.71</td>
<td>0.68</td>
<td>(0.71)</td>
</tr>
<tr>
<td>(Röth 2013)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.43 (country specific)</td>
</tr>
</tbody>
</table>

### 4.2. Construct Validity

I discuss the construct validity of different approaches with the example of three Swedish parties. For the Swedish Moderata Samlingspartiet, the Swedish Socialdemokratiska Arbetareparti and the Swedish Folkpartiet Liberalerna I have party positions on the market dimension based on in-depth interviews with party leaders. Compared to expert surveys I use average party positions based on 8 Interviews per party. However, the placement of party leaders is based on an in-depth discussion of the underlying concept. Consequently, party members locate their party with a common understanding of what concept they are talking about. I used the definition of market liberalism above and referred markets as general mechanism of social coordination. Politicians were asked to only consider domestic policies as the base of their placement. The average standard deviation is 0.4 over the three parties on a 7 point scale. The Interviewees were asked to rank their party for
every period with different party leaders from 1970 onwards. Consequently, the measures are not as
fine grained as measures based on every election and not completely focussed on programmatic
signalled positions. However, it gives a good picture of the self conception of Swedish parties in
terms of market liberalism. The positions are cross checked with assessment from the party leaders
of other parties. At least the rank in terms of market liberalism was in 100% of the cases confirmed.

Table 7: Correlations of Competing Approaches with Self-Placement of Party Leaders

<table>
<thead>
<tr>
<th>n=22</th>
<th>Politicians (Self Placement)</th>
<th>Measure of this Paper (t)</th>
<th>Mair &amp; Bartolini 1990</th>
<th>Gabel &amp; Huber 2000</th>
<th>Elf 2013</th>
<th>Expert Surveys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure of this Paper</td>
<td>0.85 (0.65)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mair &amp; Bartolini 1990</td>
<td>0.72</td>
<td>0.66 (0.65)</td>
<td>0.66</td>
<td>0.45</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gabel &amp; Huber 2000</td>
<td>0.57</td>
<td>0.39 (0.42)</td>
<td>0.45</td>
<td>0.40</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Elf 2013</td>
<td>0.36</td>
<td>0.76 (0.69)</td>
<td>0.65</td>
<td>0.40</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Expert Surveys</td>
<td>0.87</td>
<td>0.68 (0.72)</td>
<td>0.45</td>
<td>0.20</td>
<td>0.32</td>
<td>-</td>
</tr>
<tr>
<td>Franzmann &amp; Kaiser</td>
<td>0.83</td>
<td>0.76 (0.71)</td>
<td>0.52</td>
<td>0.24</td>
<td>0.63</td>
<td>0.40</td>
</tr>
</tbody>
</table>

The correlation of the measure of this paper and the self-placement of politicians performs well
(0.85). However, the differences does not say something about the quality of the approach, but is
mainly due to slightly different conceptions of market liberalism reflected in the selection of issues.

If we compare the party positions in figure 5 for the different approaches, we observe the biggest
differences between parties in my approach. This is due to the wider conception of market liberalism and a broader selection of issues. In general all approaches confirm a certain pattern, which Swedish party experts would probably agree with. Market Liberalism as a controversial dimension until the 1970s. From the 1970's onwards conservatives moderated their position slightly and social democrats moved constantly to more market embracing positions. In the 2006 election, the conservatives and social democrats turned strongly back to more market sceptic positions.

The reproduced scores of Mair and Bartolini have the same pattern, but on a significantly
higher level. Every party is considerably more market liberal. This is because, Mair and Bartolini
integrated the international trade dimension and Sweden is known for being an open economy
advocating free trade. Despite the methodological concerns about the superiority of structural
equation models over factor analytical approaches, the differences are rather to be neglected in this
case. The reproduced Vanilla-Approach of Gabel and Huber for the economic dimension only
marginally differs from the latent variable approach.

By far the lowest similarity in terms of correlation to the self placement of politicians has
the approach of Martin Elf. However, the differences here are probably explained out of the
combination of issue selection and the context sensitivity of his approach. The correlation of Elf's
scores to the experts is considerably higher (0.76) than to the self placement of politicians (0.36).
The comparison of party positions of Sweden illustrate that beyond the methodological progress in
the literature of measuring party positions, the results are still highly dependent on the conceptual
foundation of the measurement. The conceptual foundation should guide in the case of manifesto
data the selection of issues and this selection is treated often very much as a poor relation. My
approach reflects a very broad conception of market liberalism and consequently we can mainly
subsume approaches which focus on the economic policy, welfare or international trade dimension
into a broader conception of market liberalism. However, the definition of dimensions and sub dimensions is theoretical determined by conceptual reflections and should be applied consistently with statistical methods. Sophisticated statistical approaches and ever increasing accounts of context sensitivity seem to make it necessary to repeat the warnings of Sartori: “the more we advance technically, the more we leave a vast, uncharted territory behind our backs” (cited from Gerring & Collier 2009, 13).

Figure 5: Market Liberalism, Swedish Mainstream Parties and Competing Approaches

Note: Own calculations and reproductions of the different approaches.
5. Conclusion

Those who are supposed to operate with broad historical narratives assign market liberalism to be a powerful ideology. An ideology which necessarily divides political actors because its application causes shifts in Georg Simmel’s timeless balance between individual freedom and collective responsibilities. In democracies political parties should be the major agents whose interventions or non-interventions mainly set the conditions under which action in markets is more or less rewarded. The mapping of political parties between the free reign of the market forces, over cautious regulation, various forms of intervention, tight control to the domination of markets by the commanding heights of the communist regimes, seems a useful endeavour.

However, it is not given at all that market liberalism means the same thing in different temporal and geographical circumstances. Therefore, I analysed the variance in meaning of market liberalism for parties in space and time. Obviously, market liberalism has much higher conceptual transferability than the collected evidence for left and right measure seems to suggest. The first part of this paper allows for this conclusion. The analysis of policy issues and market liberalism over the last decades illustrates, that the relation of certain issues to the market dimension varies over time. But the issues rather loose ambiguity and a clear structure of the issue composition on the market dimension seems to emerge. Emphasis on free enterprises or notions of nationalisation clearly divide parties between market embracing or market sceptic positions. Environmental protection enters the market dimension in the 1970's and can be seen as evidence for absorptive power of the market ideology (see also Kriesi et al. 2006). This seems contradictory to many notions of environmental protection being a core issue of post materialism (Inglehardt 1984). However, both can be true.

The market dimension should be seen as one of n-potential policy dimensions. It is first and foremost an ideological simplification in a proper Downsian sense (Downs 1957, 44-45). In this interpretation, policy actors can either decide to solve a political issue via market solutions or specific public interventions – the same way as policy actors have to decide on the cultural dimension to intervene in the conduct of life of its citizens or not. These dimensions simplify the complexity of the political space in a sense of abstract policy solutions. In contrast, Post-materialism is based on the attitudes of voters. Governments cannot solve issues materially or post-materialistically, this distinction makes only sense in terms of the representational strains which underlies the cleavage approach. Consequently, environmental protection can be associated to post-materialists and sceptics of the market. The market dimensions, to be clear about that, is not a cleavage or a “bleached version” of the class struggle (Kapferer cited from Carrier 1997, 6).

Both interpretations confuse the mobilization of socio-economic characteristics with an ideology of how to treat issues from the political supply side. As we know from the discourse in the Scottish Enlightenment, the market dimension is older than the class struggle even if the position on both conflict lines usually correspond.

Methodologically, it is difficult to trace positions of moving objects and consequently we should be very careful to speak of comparable party positions in environments where conceptual transferability is not given. When transferability of meaning is to a certain degree proofed, we can take this as an indicator for high reliability in the sense of equivalence. At the same time, we should be careful to employ measures of validity which only make sense in the deductive approach to concepts. In this case, expert surveys proved not to be a good choice for measuring construct validity in a cross country perspective.

The best basis for construct validity is a good concept. Context-sensitive approaches to concepts do not provide us with consistent set of properties where we can base our validity on. Therefore, only a deductive approach allows claims to construct validity and allows for the derivation of comparable positions. These positions are approximations of distances to ideal types, which can be defined only theoretically.

Following the theory, the market is the only form of social coordination which constantly challenges the reign in the name of the public – whether to protect citizens from the failures of markets (Polanyi 1944) or to seek rents for the own fellows (Hayek 1991). This duality spans a
continuum where political actors necessarily have to position themselves and signal the voter which solution he can expect. The inevitableness of taking a stand gives the market dimension its relentless gravity – sooner or later issues will be discussed on whether they are handled with state interference or left through the market place alone. In comparative research, party positions towards the market which embody a sufficient temporal and geographical stability in denotation are a necessary progress. They especially shorten the causal chain to policies which are related to the economic sphere of politics and avoid the limitations associated to conventional left and right measures.

**Literature**


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Leonce Röth  

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