

A Matter of Personality? Stability and Change in EU Leaders' Beliefs during the Euro Crisis¹

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Introduction

The Euro crisis that emerged late 2009 has been one of the most severe crises in the history of the European Union (EU). As the months went by and struggles to reach a common understanding of the problems and solution continued, the crisis evolved from an economic crisis into a crisis of leadership (McNamara 2010). One of the issues preventing strong European leadership was the nature of the EU's decision-making system: In the case of high-level political issues, decision-making lies with the 28 member states, with each holding a veto-right. The crisis-management system of summity that emerged during the first months of the crisis followed this tradition, making crisis management dependent on a convergence of EU leaders' beliefs on the nature of the problem.

For decision-making changes to occur, the pre-existing beliefs of at least some leaders have to change (Boin *et al.* 2005). However, despite a common assumption that under pressure 'everything becomes fluid', studies have shown that leaders' beliefs are often rigid, even in the face of significant contextual turmoil (Boin *et al.* 2012; Renshon 2008; Stern and Sundelius 1997; Tetlock 1991; Tetlock 1999; Van Esch 2012; Welch Larson 1994). In fact, the main criticism of the German Chancellor Angela Merkel during the first months of the crisis concerned her presumed inflexibility. In addition, even if the beliefs of leaders are open to change, they may each learn different lessons from a crisis inhibiting a meeting of minds. Since strong mutual leadership requires a convergence of beliefs, the direction of leaders' belief change is significant (Van Esch 2007).

Leaders' propensity for belief change and convergence is influenced by contextual factors such as their position and the pressure they are under as well as personal characteristics such as the strength of their pre-existing beliefs or character traits (Keller 2009; Renshon 2008; Steinbruner 1974; Van Esch 2007). This chapter focuses specifically on the effects of personality traits on leaders' crisis belief change and studies whether these personality traits provide a better explanation for belief change than the pressure the leaders experienced. The leadership trait literature associates two traits with cognitive flexibility and social interaction: *cognitive complexity* and *openness to information*. In this chapter, I specify expectations about how these traits may be related to the level, form and direction of leaders' belief change in times of crisis. In addition, I present a study of four key European leaders and the economic belief change they experienced during the first two years of the Euro crisis: German Chancellor Angela Merkel, French President Nicolas Sarkozy, Spanish Prime Minister José Zapatero and Irish Taoiseach Brian Cowen. To determine the leaders' cognitive

complexity and openness to information, a Leadership Trait Analysis (LTA) was conducted. The technique of Comparative Cognitive Mapping (CCM) was used to establish the level, form and direction of change in leaders' economic beliefs.

Leaders in crises

The threat, urgency and uncertainty involved in crises not only evokes calls for leadership but also may offer political leaders more scope for action, especially when power is centralized in the hands of a few key leaders ('t Hart *et al.* 1993; Hermann *et al.* 2001). Under such conditions, the personal characteristics and beliefs of decision makers may exert significant influence over the decision-making process and the crisis measures taken (Dyson 2006; Hermann 1980a; Hermann and Dayton 2009; Kaarbo and Hermann 1998; Keller and Foster 2012; Schafer and Walker 2006; Van Esch 2012).

The Euro crisis provides a clear case of such a situation. When the extent of the Greek problems became clear and market pressures surged, the European Union found itself ill-prepared for the situation: Its standard decision-making procedures are slow and complex and require the input and/or consent of the European Council, the European Parliament and the 28 member states in the Council of Ministers. Moreover, the European Central Bank (ECB), which (due to its supranational character) could be capable of fast and efficient decision making, is bound by the ban on monetary financing deeply engrained in both its mandate and its organisational culture. In this context, the only viable option was to rely on a system of summity and let the heads of state and government in the European Council negotiate a decision.¹ This created the circumstances under which key leaders like Chancellor Merkel or President Sarkozy could put their personal mark on the decisions taken. Their personal dispositions mediated the effect of the crisis on decision-making (Greenstein 1967).

Belief change

Most scholars concerned with the effects of personal dispositions study the intermediary effects of either personal traits, leadership styles or beliefs on decision-making. However, while traits, styles and beliefs are quite different entities – referring, respectively, to what the leader 'thinks', who the leader 'is', and how the leader 'leads' – their effects are likely to be related.

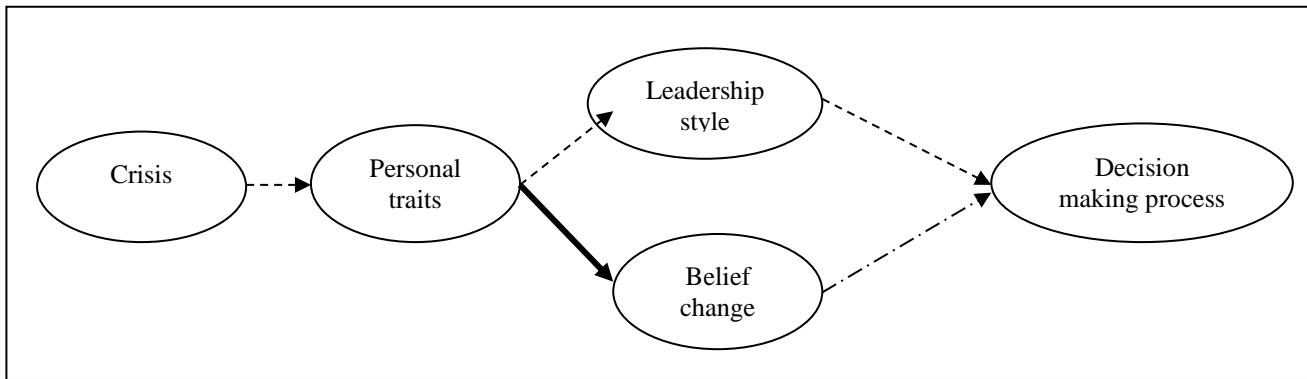


Figure 4.1: Crisis decision making: Overview of causal mechanisms

Beliefs are subjective ideas or cognitions about how the world works (Levy 1994; Winter 2005). The flexibility and responsiveness of these cognitions is partly dependent on leaders' personality traits (see Figure 4.1), which are part of a leader's psychological make-up and are often deemed more enduring than their cognitions (Dyson 2008; Hermann 1980a; Hermann 1980b; Schafer 2000; Winter *et al.* 1991). In turn, specific combinations of such traits may inform particular leadership styles (Hermann, 2002). While the effects of traits on leadership styles and decision-making, as well as the effects of beliefs on decision making (Figure 4.1, dotted lines) have regularly been the object of study, little work has been done to uncover the effects of traits on leaders' beliefs (Lazarevska *et al.* 2006; Dille 2000).

How leaders think

Belief systems reflect how individuals think the world works and consist of a network of belief concepts and the causal and normative relations amongst them. These networks are generally assumed to be structured hierarchically: some beliefs are deemed to be more fundamental to an actor's mind than others. Moreover, a general consensus exists that secondary belief change is easier and more likely than fundamental belief change. Secondary belief change may involve the development of new ideas or rejection of old ones or an increase or decrease in saliency of certain pre-existing beliefs in leaders' minds (Levy, 1994; Steinbruner, 1974: 42). Fundamental belief change involves adoption of a different underlying rationale or paradigm indicated by a change in the causal or normative relations in the belief system (Levy, 1994; Van Esch forthcoming).

In addition to leaders' propensity for and level of belief change, in the context of the Euro crisis, the *direction* of leaders' belief change in comparison to their peers was important. When leaders learn different lessons from a crisis, the meeting of minds necessary to come up with a common solution

may be hampered. As such, it is important to distinguish different forms of belief change such as belief reversal and reduction or reinforcement and rigidity (Renshon 2008; Van Esch forthcoming).

Who leaders are

Personality traits are part of an individual's psychological make-up which inform the way individuals act and think and have gained much interest in leadership studies. Over the years, scholars have distinguished amongst a wide variety of different traits and have used several different methods to determine them (Judge *et al.* 2002; Suedfeld 2010; Winter *et al.* 1991). Two of these traits, cognitive complexity and openness to information, have been associated with leaders' propensity for belief change.

Cognitive complexity refers to the intricacy of the cognitive structure of a leader's belief system. Cognitively complex individuals are distinguished by a wider variety of beliefs and relations amongst them than those of low conceptually complex individuals. Moreover, the categorisations they use are more diversified, integrative and ambiguous. In contrast, low conceptually complex individuals distinguish both fewer beliefs and fewer connections amongst beliefs. In addition, low conceptually complex individuals are more black-and-white in their thinking, the classifications and frames they use are more univocal and they are more likely to make judgements based on consideration of fewer alternatives (Kaarbo and Hermann 1998; Suedfeld 2010; Thies 2009).

Cognitively complex individuals can be expected to be better capable of integrating new and contradictory information from contextual developments into their pre-existing belief system than less cognitive complex individuals (Welch Larson 1994: 28). This suggests that secondary belief change - the incorporation of new and contradictory beliefs – comes fairly easily to them. However, when new and contradictory information is easily accommodated within leaders' pre-existing belief systems, it is less likely to build up sufficiently to pose an inescapable threat to the core underlying rationale of a belief system. This leads to the second expectation that the higher leaders' cognitive complexity, the less likely it is that they will experience fundamental belief change (see Table 4.1).

In contrast, the more dichotomous belief systems of low cognitively complex leaders are more resistant to new and contradictory information. Such leaders are thus less likely to show significant secondary belief change even in light of significant contextual changes. However, as external changes or contradictory information builds up, holding on to pre-existing beliefs may become

untenable. As low complexity belief systems have little room to integrate new beliefs, low complexity leaders may show a sudden fundamental belief change when this happens (see Table 4.1).

Cognitive Complexity	Expected Belief Change	
	Secondary	Fundamental
High	High	None
Average	Medium	Low
Low	None	None→High

Table 4.1: Cognitive complexity and expected form of belief change

In addition, studies have shown that combined with a leader's level of self-confidence (SC) – that is, the leader's level of self-importance, sense of purpose and confidence in his or her ability to exercise control over their environment – cognitive complexity (CC) determines a leader's openness to information (Hermann 1980a) (Hermann 2002; Hermann *et al.* 2001; Kaarbo and Hermann 1998). Openness to information can logically be connected to both the *level* and the *direction* of belief change that leaders experience under crisis. Leaders who score higher on conceptual complexity than on SC are inclined to see more sides to one story and are less secure in their convictions. As such, they are relatively open to information and can be typified as cue-takers. Conversely, leaders who score higher on self-confidence than on CC display more black-and-white thinking, have confidence in their own views and are therefore more closed to information (Kaarbo and Hermann 1998). Leaders that are open to information may therefore be expected to experience higher levels of belief change than those who are more closed to new information. Moreover, in terms of direction, the beliefs of more-open leaders are likely to display significant reversals or reductions in the direction of the dominant discourse of significant peers, while more closed-minded leaders will tend to display threat rigidity or even experience a reinforcement of their pre-existing beliefs (see Table 4.2).

High scores on both CC and SC indicate that leaders will have both a sense of what they want and the self-assurance to patiently test the waters to see which approach may be the most fruitful. Such leaders are thus expected to show some belief change and conformity to the beliefs of their peers but are unlikely to completely reverse their positions. In contrast, leaders that score low on both CC and SC have an inclination to quickly adopt the views of close advisors or significant peers and tenaciously lock onto a position that looks like it will be sufficiently successful (see Table 4.2; (Hermann 2002)).

CC/SC	OI	Level	Expected Belief Change
			Direction
CC > SC	Open	High	Reversal or strong Reduction
CC < SC	Closed	Low	Rigidity or Reinforcement
CC and SC high	Open	Medium	Reduction
CC and SC low	Closed	High→Low	Reversal → Rigidity or Reinforcement

Table 4.2: Openness to information and expected level and direction of belief change

Measuring leadership traits and belief change

To establish the personality traits of the four European political leaders of interest, a Leadership Trait Analysis was conducted. The technique of Comparative Cognitive Mapping was used to establish the form, level and direction of belief change the leaders experienced during the Euro crisis. Because this study was the first empirical exploration of the relationship between cognitive complexity, openness to information and crisis belief change, a small set of EU leaders was selected who were intimately involved in Euro crisis decision-making. None of these leaders could escape the pressure and urgency of the Euro crisis, and as such we could be reasonably sure a cognitive response to the crisis (be it a response of rigidity or of change) would be triggered, fulfilling the necessary condition to study the intermediary effects of crises on leaders' change in beliefs.

At the same time, the selected leaders differed in the actual pressure they were under to change their ways. Ireland and Spain were both in need of assistance, but the problems were more immediate for Ireland. Not only was Ireland amongst the first states in need of rescue, it also had the disadvantage of being a small member state. In contrast to Spain, one of the larger member states and economies, Ireland had little leverage to negotiate a favourable deal and preserve its autonomy. Neither France nor Germany was in need of assistance, and both countries clearly faced less pressure of financial need. However, in the case of France, market pressure and its sovereign bond yields did increase, while Germany was generally perceived as investors' ultimate safe haven, and its policy preferences dominated the European discourse during the first years of the crisis. Selecting these four cases provides the opportunity to scrutinize the idea that changes in beliefs can be attributed to personality traits. If context dominated over personality, we would expect a very different pattern of belief change (see Table 4.3).

Leader	Pressure	Level	Expected Belief Change
			Direction
Cowen	Very high	Very high	Reversal
Merkel	Very low	Very low	Rigidity or Reinforcement
Sarkozy	Low	Low	Rigidity or Reduction
Zapatero	High	High	Reversal or Reduction

Table 4.3: Pressure and expected belief change

Leadership Trait Analysis

Ideally, we would have brought the leaders under study into a controlled laboratory environment to test them in order to establish their character traits. Since this was not unfeasible, we relied on ‘at-a-distance’ techniques to study them. One of the most prominent techniques for studying personality traits of leaders is the Leadership Trait Analysis (LTA) technique developed by Margaret Hermann. With this technique, seven different traits may be determined, including cognitive complexity and self-confidence. The LTA is based on the assumption that frequent use of certain words and phrases indicates the presence of certain personality traits and involves an automatic content-analysis of leaders’ spontaneous speech acts based on extensive coding schemes. The automation of the analysis increases its reliability as an indicator of the traits under study and makes it relatively time-efficient. In addition, several studies have shown the LTA to be useful in determining character traits relevant to decision-making (Dyson 2008; Schafer 2000; Thies 2009).

The scores that emerge from the LTA analysis represent the percentage of text (presented as a range of 0–1) that is indicative of a particular trait. To interpret the meaning of the results, the scores of the leaders in this study were compared to the mean results of a set of 53 Western European leaders analysed with the same software and coding scheme (Derkzen 2012). When a leader’s score was more than one standard deviation higher or lower than the mean score for a particular trait, the leader was classified respectively as high or low on that trait.ⁱⁱ To establish the traits, for each leader 50 to 56 interview responses on various topics of between 100 and 250 words were analysed. Previous studies have shown that individual LTA scores generally are relatively stable over time and context; however, the scores of some, including Sarkozy,ⁱⁱⁱ were more variable (Dyson 2008). To increase the validity of the study, the majority of responses date from the years in the run-up to and during the crisis.^{iv}

Comparative Cognitive Mapping

The changes in the leaders’ economic beliefs were established by applying the technique of Comparative Cognitive Mapping (CCM) (Axelrod 1976; Bougon *et al.* 1977; Van Esch 2012; Young 1996; Young and Schafer 1998). To create a cognitive map, all causal and utility relationships alluded to by each leader were manually derived from a text.^v Utility statements are statements to the effect that something is ‘good’, ‘in someone’s interest’ or ‘for the general benefit’. To make comparison possible, a standardisation of concepts was conducted by grouping words with

similar meanings into overarching, merged concepts (Laukkanen 2008). Finally, leaders' belief systems were represented as a map in which the standardised concepts were depicted as points and the relationships between these points as arrows (see figure 4.2). To facilitate this process, the cognitive-mapping software Worldview and network software Gephi were used (Young 1996).

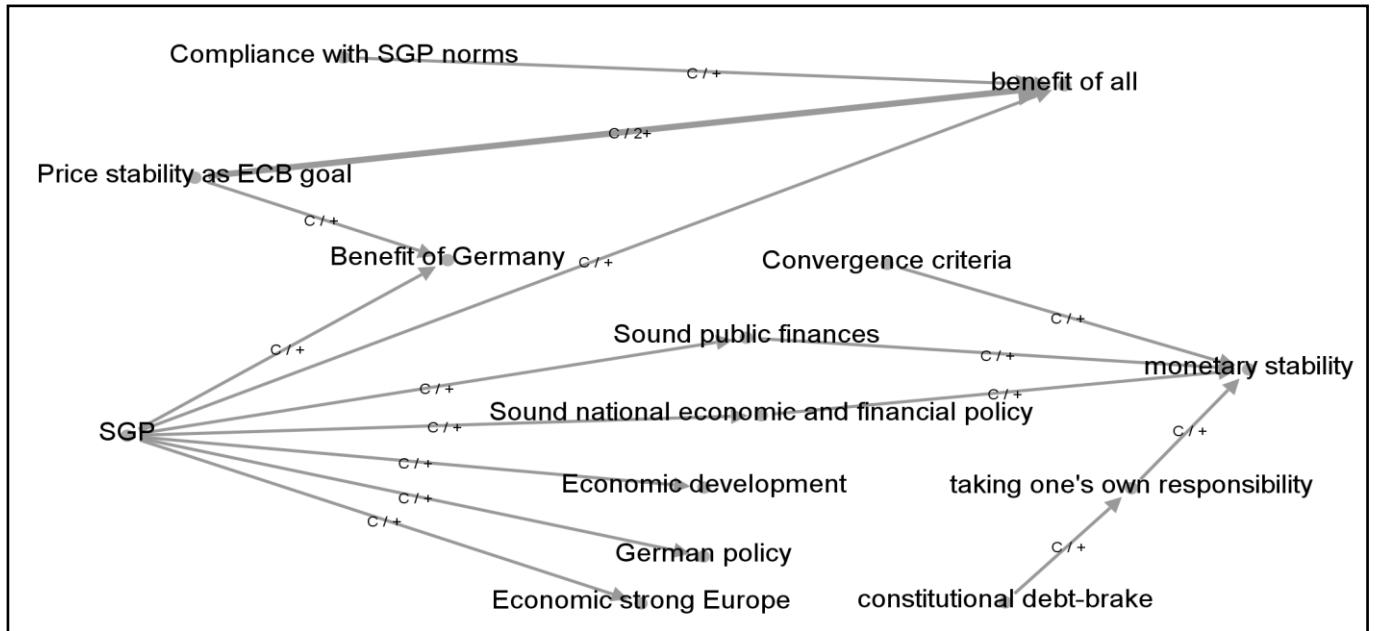


Figure 4.2: Ordoliberal strand from Chancellor Merkel's pre-Euro crisis map

The maps constructed in this study were composed on the basis of leaders' public speeches concerning European economic and monetary issues (Schafer 2000). The use of these sources enabled a longitudinal study of leaders beliefs that would be otherwise impossible (Axelrod 1976; Hart 1977; Marfleet 2000; Renshon 2009; Schafer 2000; Walker and Schafer 2000). To increase construct validity, the maps are based on public speeches and writings over a period of time and directed at various audiences. For each leader, a cognitive map was constructed for the period prior to the outbreak of the crisis (CM₁) and for the first two years after the onset of the Euro crisis (CM₂).^{vi} Each map consisted of 65 to 168 unique relations.

The focus of the analysis of the maps is on leaders' economic beliefs and, in particular, on where they stand on the Keynesian-Ordoliberal divide.^{vii} In European studies, this divide is perceived as highly relevant for a proper understanding of European economic and monetary affairs (Dullien and Guerot 2012; McNamara 1998; Segers and Van Esch 2007; Van Esch 2012). To establish the level of secondary belief change, all standardised concepts were classified as either Keynesian, Ordoliberal or neutral.^{viii} Subsequently, the level, form and direction of belief change was

determined using the basic CCM measures for belief strength: The saliency of relations and the saliency of concepts. The saliency (S) of a relation is determined by calculating the frequency with which it is mentioned. If the saliency of a relation is greater than 1, the arrow in the map is thicker and its precise value is noted on the arrow. For instance, in Figure 4.2, the saliency of the relation 'Price stability as ECB goal' is 2.^{ix} The saliency of the concepts is the number of times the concept features as part of a relation in the map. The concept of the SGP (Stability and Growth Pact) in Figure 4.2, for instance, has a saliency of 7 (i.e. it is part of 7 relations, with S=1), while that of 'benefit of all' is 4 (i.e. it is part of 2 relations with S=1 and one relation with S=2).^x The layout of the map enables the reader to easily follow the logic of the argument when reading from left to right, but has no bearing on the hierarchical status of the relations or concepts.

To measure leaders' *secondary economic belief change*, the aggregate and average saliency of concepts coded as Keynesian and Ordoliberal were established and compared over time. To determine whether *fundamental economic belief change* took place, a qualitative analysis was conducted of leaders' cognitive maps (graphs) as a whole. For every map, it was determined whether, and to what extent, it included causal and normative paths (sequences of concepts and relations) that represented typical Ordoliberal or Keynesian rationales. Subsequently, a comparison was made between leaders' pre- and post-crisis cognitive maps to establish the level, form and direction of belief change.

A matter of personality: LTA scores and expectations

As is shown in Figure 4.3 and Table 4.4, the four leaders in this study showed little variance in terms of cognitive complexity. Only Merkel scored high on this trait and Cowen, Sarkozy and Zapatero had average scores.

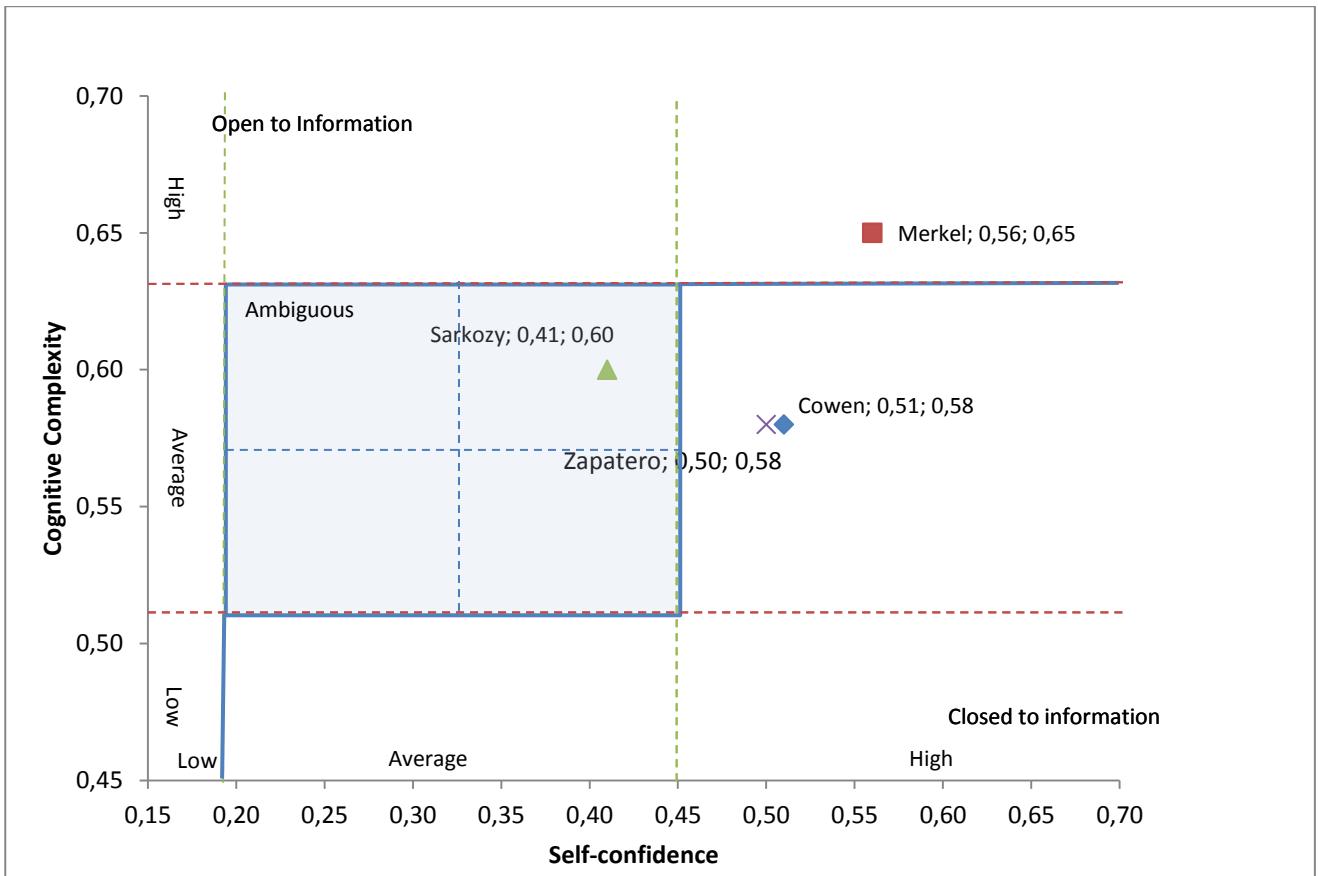


Figure 4.3: Personality traits of 4 EU leaders

Merkel's higher score leads to the expectation that she would show significant secondary but no fundamental belief change during the Euro crisis, while Cowen, Sarkozy and Zapatero would be expected to exhibit a medium level of secondary and a low level of fundamental belief change.

Leader	Cognitive Complexity (L<0,51>A<0,63<H)		Expected Belief Change	
	Secondary	Fundamental		
Cowen	0,58	Average	Medium	Low
Merkel	0,65	High	High	None
Sarkozy	0,60	Average	Medium	Low
Zapatero	0,58	Average	Medium	Low

Table 4.4: Leaders' cognitive complexity and expected form of belief change

Reviewing the leaders' score on openness to information reveals a slightly different pattern.

Taoiseach Cowen and Prime Minister Zapatero score high on SC and average on CC. This leads to the expectation that they are relatively closed to new information and will show low levels of belief change in the form of rigidity or a mild reinforcement of their convictions (see Table 4.5). In contrast, Chancellor Merkel is both high in CC and SC and thus classifies as open to information. She is therefore expected to display high levels of belief change in the form of a reversal or strong

reduction of pre-existing convictions. Finally, President Sarkozy is average in both CC and SC. The LTA framework does not specify expectations concerning the openness to information for this combination of scores. However, since the President is leaning towards high scores on both traits, he is most likely to display medium levels of belief change in the form of a reduced conviction in his pre-existing beliefs (see Table 4.5).

Leader	CC/SC	OI	Expected Belief Change	
			Level	Direction
Cowen	CC < SC	Closed	Low	Rigidity or Reinforcement
Merkel	CC > SC	Open	High	Reversal or strong Reduction
Sarkozy	CC and SC Average	Leaning to Open	Medium	Reduction
Zapatero	CC < SC	Closed	Low	Rigidity or Reinforcement

Table 4.5: Leaders' openness to information and expected level and direction of belief change

Emerging Crisis Mind sets^{xi}

Arguably, the most important member of the European Council is the German Chancellor Angela Merkel. This study revealed that prior to the Euro crisis her belief system had a strong Ordoliberal outlook on economic and monetary policy making, both in secondary and fundamental terms (see Figure 4.4). The overall saliency of Ordoliberal concepts (19.4% of the map total) was more than eight times as high as that of Keynesian concepts (2.3%).

Paradigm Saliency

(Aggregate Saliency of Paradigmatic Concepts as % of Map Total)

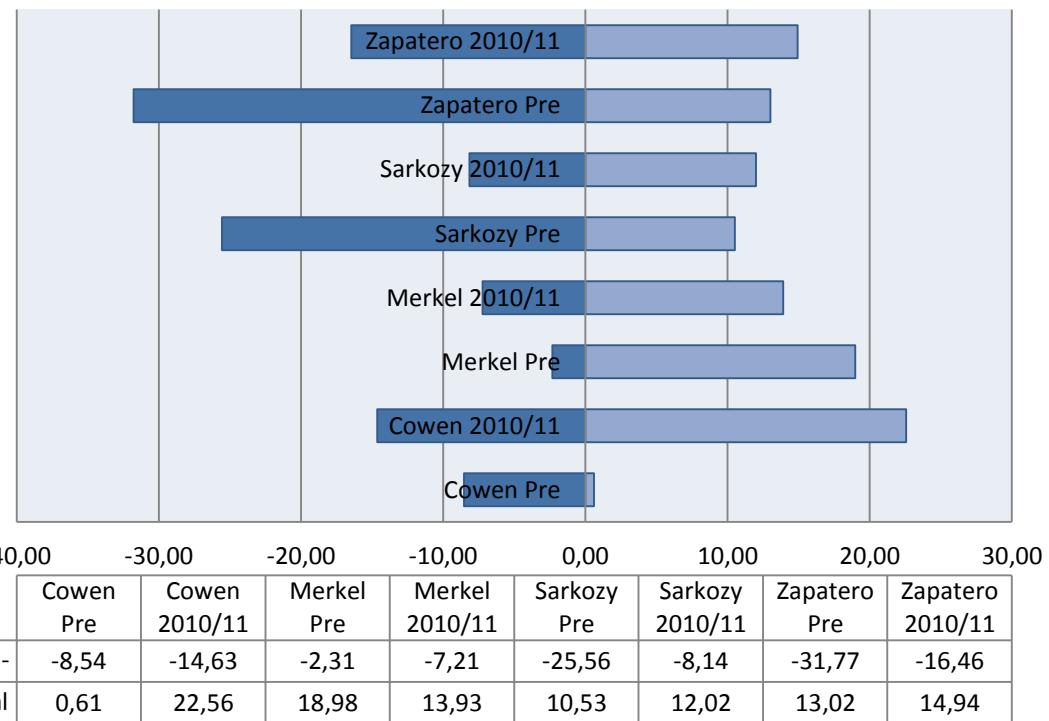


Figure 4.4: Aggregate Saliency of Keynesian and Ordoliberal Concepts

This image of Chancellor Merkel is mirrored at the level of fundamental beliefs, for while the Chancellor did not engage in any in-depth detailed economic analysis, her cognitive map revealed two strains of textbook Ordoliberal logic. To begin with, in the Chancellor's belief system the European Central Bank should first and foremost serve the goal of price stability (S=7), and its independence was seen as a necessary condition for sound single-monetary policy making, the credibility of the European Economic and Monetary Union (EMU) and the stability of the Euro-zone. In addition, Merkel applauded the SGP for stimulating sound national economic and financial policies and public finances and thereby creating monetary stability (see Figure 4.2). The only remarkable exception to the Ordoliberal character of her belief system is that the consequences Merkel attributed to the EMU were largely Keynesian in nature.

Although after the onset of the crisis Merkel has remained Ordoliberal in her thinking, some changes in her belief systems have occurred. Firstly, the Ordoliberal character of her secondary beliefs has diminished due to the inclusion of several favourable references to the Keynesian crisis-

measures of 2010 and 2011. On the whole, however, the aggregate saliency of Ordoliberal beliefs still remained twice that of Keynesian beliefs for the Chancellor. At a more fundamental level, after the onset of the Euro crisis, the monetary strain of reasoning in Merkel's Ordoliberal thinking all but disappeared. The main concepts within the logic of ECB independence (S=1) and price stability (S=3) became significantly less salient. In line with the dominant 'budgetary' definition of the Euro crisis in the European public debate, after the onset of the crisis fiscal Ordoliberal arguments became dominant in Merkel's mind. In addition, the crisis also introduced some clear Keynesian argumentation in the Chancellor's belief system. Firstly, while Merkel believed that economic stimulation and bailing-out the banking sector contributed to the emergence of the Euro crisis, she did endorse the fiscal support packages (S=12), ECB-interventions and the Euro-plus-pact as means to ensure the survival of the EMU and to restore market trust (both S=10). However, on the whole her Ordoliberal convictions remained dominant. Overall, the Euro crisis caused a reduction of the Ordoliberal nature of Merkel's secondary and fundamental beliefs within the paradigm boundaries of Ordoliberalism, but Merkel's belief system remained predominantly Ordoliberal at all levels (see Table 4.6).

In contrast to the German Chancellor, the pre-crisis cognitive map of President Sarkozy was largely Keynesian in character. This is especially apparent at the secondary level, for the saliency of Sarkozy's Keynesian beliefs was 2.8 times as high as that of his Ordoliberal beliefs (see Figure 4.4). However, while the President's fundamental beliefs were clearly in defiance of the Ordoliberalist logic, his dominant line of thinking only touched lightly upon core Keynesian beliefs.

The President's main line of thinking revolved around his conviction that monetary and exchange rate policy should be governed by politicians (S=18, S=19) rather than central banks. In the eyes of the President this would foster economic growth and employment, promote the national interest and provide a proper solution to the financial crisis. In the President's view, such monetary and exchange rate policy should be determined by a European economic government (S=12); that is, a meeting of the European heads of state and government. According to Sarkozy, such government was not at odds with the independence of the ECB (S=8)—a conviction in clear contradiction to the Ordoliberal paradigm.

This does not, however, make Sarkozy's belief system univocally Keynesian, for his main motivation for placing European monetary and exchange rate policy in the hands of politicians was to nullify the competitive advantage of the low exchange rates of other world powers and to counter the 'monetary dumping' by the US. These arguments are more mercantilist than Keynesian. In addition, Sarkozy did not explicitly advocate government expenditure and investment but did support the flexibilisation of the SGP. This leads to the conclusion that overall, Sarkozy's pre-crisis fundamental beliefs clearly were not Ordoliberal but were also simultaneously low in Keynesian orthodoxy.

At a secondary level, Sarkozy experienced a significant reduction of Keynesian beliefs. As a result, Ordoliberal beliefs became dominant (see Figure 4.4). At the fundamental level, the changes were more ambiguous. Firstly, after the onset of the Euro crisis, Sarkozy developed more fiscal beliefs and explicitly voiced the Ordoliberal opinion that poor public finances were problematic and lay at the root of the Euro crisis. In his eyes, sound public finances (S=7) and the (strengthening) of the SGP (S=6) were a condition for the success and credibility of the EMU, and government expenditure (S=1), public debt and deficit (S=5, S=2) endangered national independence. At the same time, however, the President advocated Keynesian measures such as the establishment of a European monetary fund (S=3), fiscal support (S=6) and the Euro-plus-pact (S=3). In monetary terms, Sarkozy's crisis beliefs remained in conflict with Ordoliberal thinking. Although the two dominant arguments pleading for political use of monetary and exchange rate policy disappeared as such, Sarkozy still deemed high exchange rates (S=6), speculation (S=6) and monetary dumping by the US (S=1) as most problematic and the establishment of a 'European economic government' (S=8) a condition for the success of the EMU. All in all, the onset of the Euro-crisis induced a clear secondary belief reversal in the President's systems from Keynesian to Ordoliberal. In contrast, his fundamental belief change concerned only the fiscal dimension of Ordoliberalism. Therefore, overall President Sarkozy remained mildly Keynesian in terms of fundamental beliefs (Table 4.6).

Prior to the crisis, the belief system of the Spanish Prime Minister José Zapatero was the most univocally Keynesian of the four leaders. In terms of secondary beliefs, the aggregate saliency of President Zapatero's Keynesian beliefs was around 2.5 times that of his Ordoliberal concepts (see Figure 4.4). This strong Keynesian outlook was also reflected in the Prime Minister's fundamental beliefs. To begin with, economic growth and recovery (S=13, S=12) were identified as the main goals in his belief system, rather than the core Ordoliberal concept of price stability (S=7).

Moreover, Zapatero clearly was a proponent of the Keynesian policy of economic stimulation. In his mind, European stimulation plans such as the Lisbon Strategy (S=6) and the European Plan for Economic Recovery (S=6) and fiscal support (S=4) positively affected economic growth and recovery. However, the strongest arguments testifying to Zapatero's strong Keynesian orthodoxy were his pleas for the flexibilisation of the SGP – the most salient belief in his pre-crisis map (S=15) – which he believed would foster compliance, economic growth and stability. Zapatero's views on monetary policy were less outspoken and more ambiguous. Overall, prior to the crisis, Zapatero's belief system was highly Keynesian both in secondary and fundamental terms.

After the outbreak of the Euro-crisis, Zapatero's secondary beliefs became less Keynesian (Figure 4.4), while at a more fundamental level, Zapatero exhibited a reinforcement of his pre-existing Keynesian beliefs. First, economic recovery (S=13), employment (S=10) and growth (S=5) remained salient goals while Zapatero no longer mentioned price stability. Moreover, his belief in economic stimulation grew. After the start of the crisis, he positively associated a whole range of stimulating crisis measures, such as the ECB's interventions (4 concepts, $\sum S=9$), the fiscal support packages (3 concepts, $\sum S=18$), the establishment of the ESM (S=9) and the Euro-plus-pact (S=1) with these salient goals. In addition, Zapatero still advocated the flexibilisation of the EU's austerity rules ($\sum S=8$). He also voiced the opinion that fiscal discipline (S=6), a stronger SGP (S=6) and a constitutional debt-brake (S=3) would foster economic recovery and the success of EMU, but a closer look reveals his ambiguity on this issue. He distinguished both positive and negative effects of sound public finances on economic recovery and was convinced that economic recovery would reduce employment – a typical Keynesian line of thinking. This demonstrates that Zapatero's belief system showed little crisis-induced change. With regard to his secondary beliefs, a reduction of his strong Keynesian beliefs took place while at a more fundamental level his pre-existing Keynesian orthodoxy was slightly reinforced (Table 4.6).

The beliefs of the Irish Taoiseach Cowen differ significantly from those of his fellow leaders and are more difficult to capture in terms of the Keynesian-Ordoliberal divide. Prior to the crisis, his beliefs were five times as Keynesian than they were Ordoliberal, but together these beliefs only made up 3.7 per cent of the map total. As such, Cowen's pre-crisis secondary beliefs must be qualified as mildly Keynesian, if any categorisation in these terms is justified at all (see Figure 4.4). The underlying rationale of Cowen's belief system mirrors this conclusion.

First, Ordoliberal beliefs such as price stability, ECB independence and strict budgetary rules were completely absent from Cowen's belief systems, but so were more Keynesian concerns such as economic growth and employment. Rather, Cowen's central goals consisted of competitiveness (S=11), economic strength and stability and the success of businesses (all S=4), arguments that have a more Neoliberal than Keynesian or Ordoliberal ring to them.^{xii} Second, although Cowen perceived ECB interventions to increase liquidity and as such to foster economic stability and recovery – a Keynesian line of thinking – he also held the more Ordoliberal belief that there were risks involved in private debt and liquidity growth. Moreover, while membership of the Euro offered many benefits, Cowen believed that relinquishing monetary autonomy (S=6) and exchange rate policy (S=3) reduced competitiveness and was not beneficial to Ireland. Such objections are in contrast to the Ordoliberalist plea to centralize monetary policy making in the hands of the ECB. Finally, Cowen's pre-crisis map was remarkably devoid of any mention of public finances.

Comparing Cowen's pre-crisis and crisis maps, it is clear that significant secondary belief change occurred: The themes that dominated his policy thinking before the crisis – tax harmonization, competitiveness and membership of Eurozone – greatly diminished in importance and a new and strong preoccupation with financial order and stability appeared. In addition, at the secondary level, his beliefs became more Ordoliberal (see Figure 4.4). In terms of the underlying rationale, however, his Keynesian beliefs remained dominant.

Nonetheless, some of the changes in Cowen's beliefs also have a distinct Ordoliberal feel to them. For instance, after the onset of the crisis, the Ordoliberal concept of price stability made its appearance in Cowen's map (S=3) and was linked to the independence of the ECB in his belief system. However, the more Keynesian concept of economic growth was far more dominant (S=10) and became one of Cowen's primary principled beliefs. More orthodox Ordoliberal were the arguments that austerity programs (S=6) and sound public finances (S=9) diminished budgetary deficits (S=5) and that debt (S=3) and the recapitalisation of banks (S=1) during the financial crisis had a detrimental effect on public finances. However, at the same time, Cowen was a proponent of the Keynesian fiscal support packages and the European strategy for growth and employment (both S=1). In terms of monetary policy, Cowen's argumentation remained univocally Keynesian: ECB policy was perceived to foster liquidity (S=1), and relinquishing of monetary autonomy (S=3) was perceived as hampering economic recovery, growth and productivity by negatively affecting wages (S=3) and interest rates (S=3). In addition, the Irish Taoiseach voiced the Keynesian belief that

devaluation of the exchange rate (S=1) would promote competitiveness (S=4) and economic growth. Overall, while his belief system is hard to classify on the Keynesian-Ordoliberal axis, Cowen experienced secondary belief change in the direction of Ordoliberalism but his fundamental beliefs remain slightly more Keynesian (see Table 4.6).

Leader	Pre-crisis (factor / median)	Crisis (factor / median)	Established belief-change
Cowen	Keynesian (5/-1.2) None/Mildly Keynesian	Ordoliberal (1.8/4.9) None/Mildly Keynesian	High secondary belief reversal Fundamental belief rigidity
Merkel	Strongly Ordoliberal (8.4/8.6) Ordoliberal	Ordoliberal (1.9/3.1) Mildly Ordoliberal	High secondary belief reduction Medium fundamental belief reduction
Sarkozy	Keynesian (2.8/-8.27) Mildly Keynesian	Mildly Ordoliberal (1.5/1.9) Mildly Keynesian	Medium secondary belief reversal Fundamental belief rigidity
Zapatero	Keynesian (2.4/-9.4) Strongly Keynesian	Mildly Keynesian (1.1/-0.8) Strongly Keynesian	Medium secondary belief reduction Low fundamental belief reinforcement

Table 4.6: Established crisis-belief change

Conclusions

The above analysis of these four EU political leaders shows that both Merkel and Zapatero experienced a reduction of their secondary beliefs while the beliefs of Sarkozy and Cowen underwent a full-fledged reversal. In contrast, change in fundamental beliefs was scarce: Merkel's Ordoliberal convictions were reduced in strength, but both Sarkozy and Cowen remained undeterred in their Keynesian economic outlook and the Keynesian rationale of Zapatero was reinforced. These findings support the assumption that secondary belief change is more likely than fundamental belief change. As for the different hypotheses on the effect of traits on beliefs, their explanatory value for the leaders under study varies.

First, as is shown in Table 4.7, the economic pressures on leaders do not provide a meaningful explanation for either the level or direction of secondary or fundamental belief change that these four key leaders experienced during the first phase of the crisis. Only Cowen matches the pattern of secondary belief change expected and Zapatero and Sarkozy only provide a partial match. Overall, the results only match 4 of the 16 expectations: This provides a first support for the fundamental notion advanced by political psychologists that context is important but that its effects are put to work and mediated by the personal dispositions of key decision makers.

Leader	Pressure		Cognitive complexity		Openness to information		Exhibited belief change	
	Level	Direction	Secondary	Fundamental	Level	Direction	Secondary	FUNDAMENTAL
Cowen	Very high	Reversal	Medium	Low	Low	Rigidity or Reinforcement	High secondary belief reversal	Fundamental belief rigidity
Merkel	Very low	Rigidity or Reinforcement	High	None	High	Reversal or strong Reduction	High secondary belief reduction	Medium fundamental belief reduction
Sarkozy	Low	Rigidity or Reduction	Medium	Low	Medium	Reduction	Medium secondary belief reversal	Fundamental belief rigidity
Zapatero	High	Reversal or Reduction	Medium	Low	Low	Rigidity or Reinforcement	Medium secondary belief reduction	Low fundamental belief reinforcement

Table 4.7: Pressure, cognitive complexity, openness to information and leaders' expected and exhibited belief change

 Corresponds to secondary belief change

 Corresponds to fundamental belief change

As to how exactly the personal dispositions of the four leaders mediated the effects of the crisis on their belief systems, two patterns emerge. First, in the case of the four leaders under study, CC quite adequately explains the level of secondary belief change exhibited in three of the leaders; of the four cases, only Cowen does not fit the pattern by showing a very high level of economic belief change where medium-level change was expected. On the other hand, CC fails to provide an explanation for the changes in leaders' fundamental beliefs in the first two years of the crisis. However, since CC was expected to have a delayed effect on fundamental belief change – contradictory information needs time to culminate into a significant challenge to leaders' fundamental beliefs – the two-year time span of this study may have been too short to uncover its effects.

The second pattern concerns the effects of openness to information on leaders' economic beliefs.

While CC relates to the level of secondary belief change, the evidence suggests that openness to information has explanatory value for the direction of fundamental belief change. Again, in three out of the four cases the expected direction of change corresponded to the actual belief change displayed by the leaders. In contrast, openness to information did not provide a solid explanation for the level of fundamental change or secondary belief change,.

To sum up, this study confirms the claims put forward by political psychologists that *who leads matters*, and leaders' CC and openness to information affect their cognitive responses to crises, albeit in a more specific manner than indicated in the literature. Future research involving more leaders, different kinds of beliefs and other forms of crises is needed to ascertain the generalizability of the patterns found in this study. However, in addition to the direct effects of leaders' personality on decision-making or via their leadership style, this study provides evidence that a cognitive link exists: Their personality may make some decision makers more flexible in their beliefs and thereby changes their substantive input in the decision-making process. Decision-making may thus not only be conducted in different ways dependent on personality and style but may also deliver a different output.

Finally, from a decision-making perspective it is also particularly interesting to find that at a secondary level the four key European leaders in this study show some convergence in economic beliefs: The leaders with an initial Keynesian mind set – Cowen, Sarkozy and Zapatero – all shift towards the dominant discourse of the time advocated by their most powerful peer, Chancellor Merkel. Even more remarkable, and contrary to popular belief, is that Merkel also proved responsive to the Keynesian convictions of her junior partners. Whether such convergence is enough to foster a sustainable common solution to the Euro crisis remains to be seen. Nonetheless, these findings indicate that, via their effect on leaders' beliefs, high levels of cognitive complexity and openness to information may also be conducive to the consensus needed to come to effective collective decision making. All in all, the results of this study indicate that tying research on leaders' beliefs and character traits into the future study of public decision-making may further advance scholarship in this domain.

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ⁱ These European Council summits were usually followed by meetings of ministers of economics and finance in the ECOFIN or Eurogroup to work out the complex technical details of the political agreements reached.

ⁱⁱ For West-European leaders, a score of 0.63 or higher indicates high cognitive complexity, 0.51 or lower low complexity. In terms of self-confidence, a score of 0.45 and higher is considered high, and 0.19 or below low (Derksen 2012).

ⁱⁱⁱ Personal communication with Hanneke Derksen.

^{iv} The list of interviews may be obtained from the author.

^v For the formalized coding rules used in deriving cognitive maps, see (Bonham and Shapiro 1986; Wrightson 1976). Over the years, deriving causal maps from documents has been shown to work well and inter-coder reliability amongst experienced coders is high (Axelrod 1976; Hart 1977; Young and Schafer 1998).

^{vi} CM₁ was based on speeches between 6 April 2005 to 24 June 2009. CM₂ was based on speeches dated from 7 January 2010 to 16 September 2011. In total, 50 speeches were analysed. A list of these may be obtained from the author.

^{vii} Ordoliberalism should not be confused with Neoliberalism. The central tenet of Ordoliberalism is the primacy of price stability as a guiding principle for economic policy. Crucial to its realization are the independence of central banks, austerity and a ban on monetary financing. Finally, in the eyes of Ordoliberals no trade-off exists between price stability, employment and economic growth (Van Esch forthcoming).

^{viii} To do this a coding-manual was constructed on the basis of recent literature on the paradigms in collaboration with an expert economist not involved in the study that may be obtained from the author. Independent coding by two raters (including the author) returned a Cohen's Kappa of 0.73. The most commonly used bench-mark for Cohen's Kappa is that a score of 0.61-0.80 indicates 'substantial' inter-rater reliability (Gwet 2012: 122-128). For differences that remained after consultation between the raters and the economic expert, it was decided to use the assessment of the author in the final analysis.

^{ix} In a CM positive (C/+), negative (C/-) and non-existing (C/0) causal relations may be distinguished.

^x Since the figures included in this article contain excerpts of larger maps, the saliency of the concepts in the figures may differ from the actual values reported in the text.

^{xi} For more elaborate case-descriptions on Merkel and Sarkozy, see (Van Esch forthcoming).

^{xii} This suggests that including a third - Neoliberal or Anglo-Saxon - paradigm may enhance the explanatory value of the analytical framework.