

**Non-cooperation by popular vote:
Expectations, foreign intervention, and the vote in the 2015 Greek
bailout referendum**

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Abstract

Referenda in Greece and the UK have recently sent shockwaves across Europe. This paper examines this popular challenge to international cooperation in a systematic fashion by focusing on foreign policy referenda in which a non-cooperative vote is associated with large negative externalities. Such high-stakes referenda are unusual because the consequences of a non-cooperative referendum outcome cannot be controlled by the national government but instead depend on whether the other countries accommodate or penalize the non-cooperative vote. This implies that voters' expectations about the likely reaction abroad will be highly influential for voting behavior. Foreign policymakers can influence these expectations by sending costly signals ahead of the vote, thus trying to sway the vote in favor of cooperation. Using original survey data from a recent high-stakes referendum, the 2015 Greek referendum, we show that expectations about the consequences of a non-cooperative vote had a powerful effect on voting behavior. Leveraging the bank closure in Greece, we also show that costly signals sent by the other member states made voters more pessimistic about the consequences of a no-vote and increased the share of cooperative votes.

1. Introduction

After decades of expanding and deepening international cooperation, a new but fundamental challenge has emerged for international institutions: popular referenda that put countries' participation in these institutions into question. A prominent example is the June 2016 "Brexit" referendum in the United Kingdom (UK), in which British voters decided that the UK should leave the European Union (EU) - a referendum vote that plunged the EU into its biggest crisis to date.¹ Other examples include Iceland's 2010 and 2011 "*Icesave*" referenda about repudiating foreign debt,² the Swiss 2014 referendum on the "*mass immigration initiative*," which mandated a change in domestic immigration law in violation of the bilateral treaties between Switzerland and the EU,³ or the 2005 referenda in France and the Netherlands that rejected the European Constitution and thus derailed European policymakers' attempt to put European integration on a higher level.⁴

What these foreign policy referenda have in common is that the consequences of the national direct democratic vote in favor of non-cooperation are not limited to domestic voters, but negatively affect other countries as well. Traditionally, these negative externalities abroad have been small. When the Swiss decided against joining the UN in a referendum vote in 1986, for example, the effects were hardly felt abroad. But as the institutionalization of international politics has deepened, non-cooperative voting outcomes in foreign policy referenda have become more disruptive. This is because a non-cooperative vote not only implies that the other countries are being deprived of cooperation gains, but such a unilateral decision to withdraw from international cooperation risks putting the long-run viability of the entire international institution at risk.

Our paper therefore focuses on those referenda, in which a popular vote in favor of non-cooperation in one country creates large costs abroad. Such high-stakes referenda are characterized by two traits that differ from foreign policy referenda in which negative externalities are small or non-existent. First, although a country can unilaterally decide not to cooperate any more, it cannot unilaterally dictate the terms of the future relationship. This means that the concrete consequences of a non-cooperative referendum vote depend to a large degree on whether the other members of the respective international institution accommodate or penalize this vote. Second, because the other countries will always prefer a cooperative to a

¹ See for example Owen and Walter (2016)

² See Leblang, Jupille, and Curtis (2011)

³ See, for example, Milic (2015) and Sciarini et al. (2015)

⁴ See, for example, Hobolt and Brouard (2010) and Taggart (2006)

non-cooperative voting outcome, foreign policymakers have incentives to signal a tough stance *ex ante* in order to induce voters to cast a cooperative ballot. This creates an information environment where the true resolve of the other countries to punish or accommodate a non-cooperative vote is difficult to assess by domestic voters *ex ante* and will be contested during the campaign. This type of foreign policy referendum therefore takes place in a context characterized by high levels of uncertainty about the consequences of a non-cooperative vote.

This paper sets out to explore this challenge to international cooperation in a systematic fashion. It examines how voters cast their vote in this uncertain context of a foreign policy referendum with potentially large negative externalities, and to what extent foreign policymakers can influence their expectations and voting behavior. We argue that narratives and expectations about the consequences of a non-cooperative referendum outcome will be highly influential for voters' behavior, precisely because these consequences are uncertain and depend on the reaction of non-domestic actors to the outcome. Foreign policymakers can influence these expectations by emphasizing their retaliatory capacity through costly signals ahead of the vote. These can generate uncertainty over the implications of a non-cooperative vote, feeding more risk-averse and pro-status-quo choices, compared to those who expect that the referendum outcome will be accommodated by international partners.

Empirically, we leverage a high-stakes foreign policy referendum whose potentially destructive consequences are rivaled only by the 2016 Brexit referendum: the Greek 2015 bailout referendum. Although officially a referendum on the terms of a bailout package proposed by the Troika institutions in an effort to overcome the country's enormous financial crisis, most policymakers and observers abroad viewed it as a referendum that jeopardised Greece's continued membership in Europe's currency union. As such, the referendum put the irreversibility of the euro in question and consequently posed a threat to the entire project of European monetary integration – with potentially enormous costs for all other members of the eurozone. During the campaign, two dominant narratives emerged: the government emphasized that a non-cooperative No-vote would enhance Greece's bargaining power in negotiations with its creditors, allowing the government to finally put an end to years of crisis and austerity. Most opposition politicians and policymakers outside of Greece, however, warned that a no-vote would invariably lead to “Grexit,” Greece's exit from the common currency, the euro. The campaign period was also characterized by an unusual amount of international interference. Most notably, the European Central Bank (ECB) declined to further

increase emergency funding for Greek banks further, which forced the Greek government to close the banks and to impose capital controls. But despite stark warnings about the potential fallout from a non-cooperative vote, the deteriorating economic situation, and the fact that a large majority of Greeks strongly favored staying in the euro, Greek voters soundly rejected the bailout proposal in the referendum. Taken together, this makes the Greek referendum an insightful case to study public opinion in foreign policy referenda with the potential of creating large negative externalities for other countries.

Using original survey data from a poll we fielded a day before the referendum, we investigate what role expectations and foreign signals played in influencing individual vote choice in the 2015 Greek referendum. Our analysis shows that expectations about the consequences of a non-cooperative vote had a powerful effect on voting behavior in the referendum: voters expecting that a no- vote would result in “Grexit” were substantially more likely to vote cooperatively than those believing that a no-vote would result in new negotiations. We also show that there is space for foreign actors to influence voters’ expectations and vote choices in their favor. Our results suggest that costly signals about possible retaliatory measures of a non-cooperative vote – such as the ECB’s decision not to accommodate Greece’s heightened need for further capital injections – increases the share of cooperative votes. Overall, our study underscores the unique features of this emerging type of foreign policy referendum, especially the importance of expectations about foreign reactions and foreign signals.

2. Non-cooperative foreign policy referenda: uncertainty, expectations, and foreign intervention

Historically, countries with a long tradition in direct democracy have made widespread use of referenda as a decision-making institution in local, regional and national politics. Yet, with the emergence of a wide array of global governance structures and institutions of supranational cooperation, the use of referenda as instruments of international politics has proliferated. By its very nature, the consequences of a domestic referendum vote on a foreign policy issue are felt beyond the borders of that country; thus, the outcome of a direct democratic vote in one country not only affects domestic voters, but has ramifications for the citizens of other countries as well.

Whether these externalities are positive or negative depends on the outcome of the referendum. Whenever such a referendum leads to an initiation, widening, deepening, or even just continuation of international cooperation, these externalities tend to be positive.⁵ Successful ratification referenda are typical examples of such referenda with cooperative voting outcomes, for example the 1992 Swiss referendum vote to join the Bretton Woods institutions, the 2007 Costa Rican referendum vote to join the Central American Free Trade Area, or the many accession and treaty referenda that have furthered European integration over the past 45 years (for overviews, see Hobolt 2009; Hug 2003).

In contrast, whenever a referendum results in a non-cooperative vote, which either prevents further integration (i.e., failed ratification referenda) or even mandates some form of non-compliance with or disintegration from an international institution, it creates negative externalities.⁶ These negative externalities can be small – Switzerland’s 1986 referendum vote not to join the UN had little effect on other countries –, but they can also be substantial. They are most pronounced in those cases in which a non-cooperative referendum vote mandates a unilateral withdrawal of the referendum country from an international institution or non-compliance with the rules of such an institution. For one, such referenda unilaterally challenge the status quo of the existing cooperative agreement with the aim of improving the referendum country’s position vis-à-vis its foreign partners. They also produce negative economic externalities, such as foregone gains from trade, cooperation, and coordination across one or multiple policy areas (Konstantinidis, 2015), as well as the transaction costs and economic distortions and financial risks that can arise as economic agents adjust to the new, disintegrated, environment.⁷ Most importantly, however, such referendum votes threaten to undermine the long-run viability of the international institution as a whole through political contagion (‘domino’) effects. These political contagion effects can manifest themselves in terms of (i) signaling a lack of commitment to the irreversibility of cooperation and resolve to

⁵ Because countries usually only agree to international cooperation if it improves their national welfare (Keohane and Nye 1977), the successful ratification by one country allows all concerned countries to share the gains from cooperation.

⁶ Note that even the announcement of a referendum itself can give rise to negative externalities just by dint of the uncertainty it creates with respect to the outcome. A characteristic example of that is the run of events that led to the resignation of the Papandreou government in Greece in November 2011 following the Prime Minister’s unilateral decision to call for a national referendum on the EU bailout and austerity package. This caused an ireful response on the part of the country’s EU partners in the G20 summit meeting in Cannes, as it was perceived as a reckless political gamble that jeopardized the future of the Euro. Ironically enough, it also drew the criticism among others of one of the opposition party leaders, a certain Alexis Tsipras.

⁷ Note that, even for less integration-prone member states, a unilateral, referendum-based decision to defect by one member state is worse than a cooperative bargaining solution aimed at disintegration. The market turmoil following the UK vote to leave the EU, which in fact hit several European stock markets harder than the British one, and the deep political crisis the referendum result has caused for the EU are but two examples of how significant the costs of a unilateral decision to quit an international institution can be.

enforce the existing policy framework, (ii) inducing similar non-cooperative behavior by other countries seeking to extract higher relative gains of cooperation by threatening to call a referendum on overall membership or specific agreements, and (iii) stoking further anti-integration sentiment by boosting the electoral prospects of populist anti-establishment parties. As such, these effects can effectively jeopardize the viability of the international cooperation agreement in its entirety. Naturally, fears of political contagion tend to be most pronounced in the context of deep, politically interconnected, and highly institutionalized organizations.

Overall, a non-cooperative vote in a foreign policy referendum generates negative spillovers for the other members of any given international institution. Yet, the magnitude of these negative externalities varies widely. Whereas the costs of failed ratification referenda that simply imply the non-participation of the referendum country in an international regime are small, they are larger when they prevent the other countries from cooperating more closely. This is the case, for example, whenever there is a unanimity requirement for an agreement to come into effect)⁸ The 1992 rejection of the Maastricht Treaty by Danish voters, the 2005 rejections of the European Constitution or, most recently, the 2016 rejection of the Ukraine–EU Association Agreement are examples for failed ratification referenda in this category. Yet, although these referenda undoubtedly create negative externalities for the other countries in the form of foregone gains from cooperation, they seldom challenge the existing status quo of cooperation at its core. On the other hand, foregone economic benefits are compounded by political contagion effects (as well as second-order economic externalities) when it comes to referenda with a potential disintegration outcome. Therefore, the stakes of ‘disintegration’ referendum votes for the other members of an international institution are a lot higher as it can put the survival of the entire institution on the line. The 2016 Brexit referendum and the harsh reactions by the remaining EU-27 countries illustrate these negative externalities in high-stakes referenda nicely.

Therefore, from the point of view of remaining member states, the costs of non-cooperation vary. In the case of high-stakes ‘referenda’, a non-cooperative vote is highly disruptive of a given cooperative political and economic environment, which most societal actors have taken time to accommodate and internalize. On the other hand, a failed ratification

⁸ Clearly, the potential negative spillovers of failed ratification are a direct function of the institutional rules for the implementation of an international cooperation agreement, whether that is by unanimity, qualified majority, ‘enhanced cooperation’, ‘critical mass’, etc. The recent example of the rejection of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU by the Belgian regional parliament of Wallonia is quite telling in that regard, as CETA was subject to unanimous ratification and, therefore, even the smaller political actors wielded substantial veto power and the ability to generate disproportionate negative externalities on others.

referendum may at worst lead to the continuation of the status quo ante, i.e., the political and economic environment before any agreement of further cooperation was discussed, negotiated, let alone implemented. As a result, the stakes the other countries have in the outcome of a foreign policy referendum abroad vary. The larger the externalities, the higher the stakes.

Responding to a non-cooperative referendum outcome

A non-cooperative referendum vote in one country confronts the affected countries abroad with the question of how to respond. The range of options is large. For example, in the case of a failed ratification referendum, should the others modify the agreement to make it more acceptable to the referendum country (as in the case of the Maastricht Treaty exemptions granted to Denmark after its 'No' referendum vote in 1992) in accordance with the logic of 'two-level' games (Putnam 1988), should they dismiss the agreement altogether and negotiate a new agreement (as the EU did after the French and Dutch rejected the European Constitution in the 2005 ratification referenda), or should they go ahead without the referendum country (as the EEA did after Switzerland decided not to join the organization in 1992)? Similar questions arise when voters decide to partially or fully withdraw from an international organization or agreement. Should the other member states accommodate the democratically expressed wish of the (other) people and focus on salvaging as many of the cooperation gains from the existing arrangement as possible even if this may create moral hazard? Or should they punish the referendum country for its move to defect in order to discourage similar referenda and disintegration moves amongst other member states, even though such punishment is likely to be costly for everyone involved?⁹

A non-cooperative referendum vote with negative spillover effects thus presents the afflicted countries with a dilemma between accommodating the referendum country at the risk of encouraging similar referenda and demands in the future (Downs, Rocke, and Barsom 1996; Walter 2006) and punishing the referendum country for non-compliance at the risk of jeopardizing all gains from cooperation.¹⁰ This dilemma tends to be starkest when the

⁹ Such punishment can take different forms. An example is the EU's reaction to Switzerland's referendum vote in 2014 to restrict immigration and its government's subsequent decision not to extend the freedom of movement of to nationals of the new EU member state of Croatia in violation of the bilateral treaties with the EU. The EU retaliated by barring Switzerland's access to the new Horizon 2020 research program. This, of course, predominantly hurt the research community in Switzerland, but also negatively affected research collaborations with Swiss participation across Europe.

¹⁰ This dilemma can be best illustrated by considering the debates on how the EU should respond to the UK's referendum vote to leave the EU in 2016. The EU's options in response to Brexit range from allowing the UK continued full access to the single market to excluding it altogether from the single or any other EU programs. While granting the UK continued access would maintain existing economic ties and hence preserve many

negative externalities of a non-cooperative vote are large. Importantly, however, these high-stakes referenda are also the cases where the range of response options tends to be largest.

Whatever the most likely strategic response on the part of other member states, their response to a non-cooperative popular vote will shape and condition the true underlying stakes of the referendum vote. From the viewpoint of the referendum country, these stakes are lowest when a non-cooperative vote carries small negative externalities, and highest in referenda in which the stakes are high for the other countries. In the case of treaty ratification failure, for example, the ‘reversion point’ – defined here as the likely outcome of a non-cooperative referendum vote – is at worst the *status quo ante* of no agreement, an outcome whose consequences are relatively predictable and manageable. But the range of possible outcomes also include another referendum on more or less the same agreement (e.g., the Irish referendum on the Lisbon Treaty, which failed in 2008 and passed in a second referendum in 2009), or a more favorable agreement to the referendum country subjected to a second popular vote (e.g., the Danish referendum on the Maastricht Treaty, which failed in 1992 and passed with amendments in 1993).¹¹ On the other hand, the worst possible ‘reversion point’ of a unilateral non-cooperative vote is that the other countries make no concessions and let the country leave without any alternative arrangement that salvages cooperation gains. But potential reversion points also include the extreme volatility associated with the chain effects of political contagion and complete disintegration of the institutional arrangement, a withdrawal on an amicable basis, or even an improved and highly favorable new cooperative agreement.¹²

Uncertain outcomes and the role of expectations

Because the reversion point lies beyond the sole control of the country holding the referendum and instead depends on the reactions of the other countries, the consequences of a non-cooperative referendum vote will always be uncertain *ex ante*. Of course, uncertainty and a lack of full information about outcomes is a feature of any referendum, irrespective of

cooperation gains in the other member states, the remaining EU-27 member states are weary that such a strategic response might put the entire European project at risk in the long run. In contrast, the punishment strategy might dampen others’ incentives to defect, but would come at a high economic price for both Britain and the remaining member states.

¹¹ For a discussion of the role of the reversion point in these referenda, see Hobolt (2009). Whereas referenda increase the international bargaining power of the referendum country during treaty negotiations (e.g., Hug and König 2002; Schneider and Cederman 1994), this is much less clear for *ex post* re-negotiations.

¹² The full range of these potential outcomes was clearly evident in the campaigning rhetoric and strategies of both sides of the ‘Brexit’ referendum, where the Remainers’ so-called ‘project fear’ about the potential repercussions of Brexit was juxtaposed by the Leave side’s ‘project doom’ about the effects of immigration and the emergence of a European superstate. There were also those who argued that a Leave vote would in fact lead to a renewed and more favorable membership agreement for the UK.

whether the issue at hand is a domestic or international (see, for example, Bowler and Donovan 2000; Christin, Hug, and Sciarini 2002; Hobolt 2009; Kriesi 2005; Lupia 1994; Selb 2008). All referenda are subject to a certain amount of uncertainty about the consequences of a ‘yes’ or ‘no’ vote, because future developments can never be perfectly predicted. But in the context of a foreign policy referenda in which the negative externalities of a non-cooperative vote are large and in which the policy reaction to the vote cannot be controlled by the national government, the uncertainty associated with a non-cooperative vote is significantly higher than usual. As no objectively verifiable information (or even precedent in the case of ‘disintegrative’ referenda) exists about the consequences of a non-cooperative vote, and because these consequences depend not only on domestic policymakers but also on the reaction of foreign policymakers, it is very difficult to predict in advance what the outcome of such a vote will be. In addition to the regular uncertainty about policy effects, these referenda thus are associated with a more fundamental type of uncertainty, uncertainty about the policy as such.

The uncertainty is further intensified by the fact that policymakers abroad have incentives to misrepresent their true willingness to accommodate a non-cooperative vote before the referendum. Because all potential outcomes of a unilateral non-cooperative referendum vote are worse for the other countries than those outcomes associated with a cooperative referendum outcome, they have a strong preference for a cooperative referendum vote and are likely to make threats and promises to induce voters to cast a cooperative ballot. This strategic incentive to misrepresent their true resolve and to manipulate voters’ perceptions over the true costs and benefits of different responses to a non-cooperative vote makes it difficult for domestic voters to form consistent beliefs about the potential consequences of a non-cooperative vote *ex ante*, a difficulty that is compounded by the fact that other countries are often hard-pressed to present a common front and express a clear and unified position before the vote.

As a result, such referenda take place in a context characterized by unusually high levels of uncertainty. This special setup has consequences for the referendum campaign and voting behavior in such referenda. The campaigns surrounding such referenda are likely to be characterized by conflicting and often contradictory messages and narratives about the risks and benefits associated with a non-cooperative vote (see for example Hobolt 2009). During the domestic referendum campaign, the proponents of a non-cooperative vote are likely to exploit the private information problem of foreign policymakers, emphasizing their strategic incentives to misrepresent resolve *ex ante* and arguing that *ex post*, they are likely to

accommodate a non-cooperative referendum vote. Moreover, they are likely to point out that a non-cooperative vote can be used as a bargaining chip for domestic policymakers to extract concessions from the other member states within the existing international institution *ex post*.¹³ In contrast, proponents of a cooperative vote will emphasize the risks of non-cooperation, including the risk that the other countries will deprive the referendum country from access to any cooperation gains as punishment for its defection. Because an emphasis of the negative effects of a certain referendum choice depresses the vote for this choice (Hobolt 2009), each side has an incentive to misrepresent the ‘reversion point’ as either being entirely in the domain of pure gains or that of pure losses. This is why the anti-integration side oftentimes presents the non-cooperative vote as one in which “we have nothing to lose” (pure gains), while the pro-integration side will tend to frame the vote as one where “we have everything to lose” (pure losses).

In such an environment, voters will form very different expectations about the likely outcomes of a non-cooperative and a cooperative vote and will vote accordingly. This in itself is, of course, not unusual for referendum campaigns. Existing research has demonstrated that the information environment (Bowler and Donovan 2000; Hobolt 2005; Lupia 1994; Vreese and Semetko 2004) and the arguments put forth in a referendum campaign (Hobolt 2009; Kriesi 2005; Schuck and de Vreese 2009) influence voting decisions in popular referenda. We therefore expect that *voters’ expectations about how foreign actors will react to a non-cooperative referendum vote will be a main driver of voting behavior in a high-stakes foreign policy referendum*. Those expecting retaliatory measures will be more likely to vote for continued cooperation, while those expecting an accommodating response from the other member states will be more likely to vote in favor of non-cooperation.

Existing empirical evidence from high-stakes ratification referenda and from independence referenda, which allow for non-cooperative votes in a subnational context, underlines the importance of expectations in such contexts of uncertainty. Using survey experiments, Hobolt (2009) shows that support for a non-cooperative vote decreases when respondents are primed to think about the consequences of such a vote. Similarly, analyses of vote intentions in favor of disintegration (i.e., secession) in independence referenda in Québec (Blais, Martin, and Nadeau 1995), Catalonia (Muñoz and Tormos 2015), and Scotland (Curtice 2014) show that voters diverge widely in their views on what the consequences of

¹³ Examples for such concessions include the Danish exceptions from the Maastricht treaty after their 1992 referendum-no or the post-‘Icesave’ negotiations on debt repayment modalities between Iceland, the UK, and the Netherlands.

independence would be and that these differences in expectations have a significant effect on vote intentions.

Expectations about the consequences of a non-cooperative vote should therefore strongly affect vote intentions in addition to and independent of partisanship, material interests, and attitudes, which have been found to be important drivers of voting decisions in regular ratification referenda (e.g., Hobolt 2009; Jupille and Leblang 2007; Milic 2015; Urbatsch 2013). This means that whereas in most instances partisan and issue preferences are aligned with preferences, in high-stakes foreign policy referenda we are more likely to see instances where preferences and expectations diverge, and where expectations trump preferences.

Can foreign policymakers influence the referendum vote?

If expectations about the reactions of the other member state are central in shaping the vote decision in disintegration referenda, the question emerges whether foreign policymakers can influence these expectations, and, ultimately, vote intentions in their favor during high-stakes foreign policy referendum campaigns.

Foreign policymakers can try to sway voters towards a cooperative vote by coaxing them through normative appeals and promises of future benefits or by threatening them with punishment in the case of a non-cooperative referendum outcome. These ‘stick-and-carrot’ strategies have frequently been employed in recent high-stakes referenda. As an example, recall Barack Obama’s speech during the Brexit referendum campaign, in which he both emphasized the importance of the British voice in the EU, but also warned that Brexit would put the UK at the “back of the queue” for trade talks with the US. Research on the effects of foreign interventions on public opinion and voting abroad is surprisingly scarce, and the few existing studies focus predominantly on democracy promotion and present mixed results. One study finds overt interventions by great powers are effective (Levin 2016), another finds a polarizing effect of foreign interventions on public opinion (Corstange and Marinov 2012) and a third study indicates that such interventions can lead to a backlash (Shulman and Bloom 2012).

What is clear, however, is that the strategic setting makes influencing domestic public opinion through foreign interventions a difficult task: not only can such statements be counterproductive, but foreign policymakers face private information problems and time-inconsistency problems that make it difficult for them to credibly communicate their actual resolve to punish a non-cooperative vote (Fearon 1995; Powell 1999). Voters may well realize

that punishment for a non-cooperative vote also imposes costs on those countries that punish, increasing the likelihood that they will accommodate a non-cooperating vote *ex post* in spite of threats to sanction the country *ex ante*. Both threats and promises may hence be dismissed as cheap talk, rendering them ineffective.

Much research in international relations has shown that one way to overcome such information problems is to send costly signals that reveal the actor's true resolve, in this case the *ex post* willingness to punish the referendum country for a non-cooperative vote (Fearon 1995; Gartzke, Li, and Boehmer 2001). By engaging in activities that create costs not only for the referendum country, but also for the other member states, foreign policymakers can more credibly convey that they would not be willing to accommodate the referendum country's non-cooperative vote. For example, ceasing to cooperate in certain policy areas during the campaign phase with visible and costly consequences for both domestic and foreign actors is likely to strengthen voters' expectations that a disintegrative vote will have negative consequences. Such costly signals make the threats by the other countries that they would be unwilling to grant any concessions to the referendum country becomes more credible, raising the expected costs of a non-cooperative vote and hence decreasing the likelihood that voters will cast such a vote in the first place.¹⁴ We therefore expect that *credible signals from foreign policymakers should make voters more pessimistic in their expectations about the consequences of a non-cooperative vote*. Moreover, individuals tend to place more weight on the possibility of negative scenarios, rather than positive payoff probabilities (Baumeister et al. 2001). This means that by increasing expectations of negative consequences, foreign policymakers should be able to influence the voting decisions of citizens in the referendum country. *Costly and credible signals should hence increase the likelihood that voters decide to vote against disintegration in the referendum*.

To summarize, foreign policy referenda in which the stakes of other countries are high create incentives for foreign policymakers to intervene into domestic referendum campaigns. To credibly signal their resolve, they need to make these interventions costly. Nonetheless, the uncertainty about the likely response of other countries to a non-cooperative vote will not

¹⁴ The incumbent's position will determine the extent to which its interests are aligned with those of international actors and foreign elites and, thereby, affect the credibility latter's signals and statements. When the incentives of the incumbent government and international actors are openly aligned in favor of the cooperative option, one would expect international signals or statements to have a weaker effect on voting behavior over and beyond that of the incumbent, as they would just be construed as 'part and parcel' of the incumbent's campaign. In contrast, when the incumbent and the international actors are on opposing sides of the argument (as a result of failure to reach an agreement at the supranational level), such international signals and actions are likely to have a stronger effect.

be fully resolved *ex ante*, making expectations about the likely reactions and the associated consequences of such a vote an important determinant of voting behavior in such referenda.

3. The 2015 Greek bailout referendum

To study the role of expectations and the impact of foreign intervention in high-stakes foreign policy referenda, we focus on a prominent example of such a referendum: the July 2015 bailout referendum in Greece. Although officially a referendum on the specific terms of a new bailout package for Greece, this referendum created high risks for all members of the Eurozone because it was widely believed across Europe that a failure to agree to the terms of the bailout package would lead to Greece's exit from the European currency union, the so-called "Grexit." Many observers both in Greece and abroad feared that such a Grexit would lead to contagion across the Eurozone and could potentially spell the end of European monetary integration. The potential costs of a non-cooperative referendum outcome in the Greek referendum for the other member states were consequently very large. Not surprisingly, foreign intervention in the referendum campaign was unusually high. These features make the Greek bailout referendum an insightful case for studying the role of expectations and the effects of foreign intervention in foreign policy referenda.

A short primer on the Greek bailout referendum

Greece has experienced one of the deepest and most prolonged economic crises in recent decades (Gourinchas, Philippon, and Vayanos 2016). After the crisis started in 2010, Greece received two European and international bailout programs in return for drastic austerity measures and structural reforms. Yet these programs failed to bring economic recovery. Against this backdrop of half a decade of crisis, the radical left party SYRIZA was elected into office in early 2015 with a mandate to implement two contradictory goals: keeping the country in the euro-zone, while at the same time ending austerity. No sooner than formed, the new government declared its intention to renegotiate the conditions attached to the existing bailout package from a near-zero basis with the creditors. A series of Eurogroup meetings ensued, none of which ended with an agreement – although the country faced increasing liquidity problems and the deadline for the expiration of the bailout program on 30 June 2015 was approaching.

Events escalated quickly over the summer. On June 24, the European Commission made what President Juncker would four days later call the 'last proposal creditors made to Greece'. It was the first time that a proposal coming from the creditors had been given a take-

it-or-leave-it character. The Greek Prime Minister Alexis Tsipras rejected the ultimatum and broke off negotiations with the creditors, accusing them of blackmail and characterizing the proposal as an attempt to humiliate Greece. Two days later, Tsipras surprised everyone by calling a referendum on the proposal, to be held only one week later.¹⁵ Shocking many European policymakers, he openly recommended that voters reject the proposal. Rejecting the conditions set out in the agreement, Tsipras argued, would enhance Greece's bargaining power in renewed negotiations with its international creditors, allowing the government to finally put an end to years of crisis and austerity. The next day, the finance ministers of the Eurozone met and refused to extend the ongoing bailout program, scheduled to end three days later. As a consequence, the ECB announced that it would not increase the emergency funds it had been supplying to keep the Greek banking system afloat. Faced with a bank run in the making, the Greek authorities imposed a bank holiday and capital controls on the next day, which were to last at least until the day after the election.¹⁶ The next major international event occurred two days later, when the deadline for an IMF loan expired and Greece became the first developed country ever to default on its debt to the IMF. Despite these unprecedented events and the high costs associated with these disputes, the Prime Minister went public for a second time to reiterate his support for the no-camp.

An intense campaign week followed. Two dominant narratives emerged in the public discussion, in which all major political parties took very clear stances. The three moderate pro-EU parties Nea Demokratia, PASOK and To Potami as well as European policymakers warned that a non-cooperative no-vote would inevitably result in Greece's exit from the Eurozone. They therefore advocated strongly for an approval of the bailout package (a yes-vote). In contrast, the no-camp, led by prime minister Tsipras and supported by the government parties SYRIZA and ANEL, as well as the radical right-wing Golden Dawn, argued that a rejection of the agreement would lead to a better bargaining position for Greece that would eventually result in less austerity and more debt forgiveness. This second narrative emphasized that a no-vote would strengthen Greece's bargaining position in renewed negotiations with her creditors and would hence lighten austerity in Greece. Greece's membership in the Eurozone was not at risk, this narrative maintained, because Europeans

¹⁵ On the domestic politics of calling a discretionary foreign policy referendum in the first place, see for example (Bjørklund 1982; Dür and Konstantinidis 2013). This research suggests that there is a strategic interconnectedness of these decisions as well as the extent to which the use of referenda tends to signal the divisiveness and complexity of the issue in question.

¹⁶ The bank closure eventually lasted three weeks and capital controls still remain in place at the time of writing.

would not want to damage the EMU project by pushing Greece out of the euro.¹⁷ Faced with competing claims about the consequences of a no-vote for the future of Greece and the euro-zone, Greek voters were thus exposed to very different narratives about the potential consequences of a non-cooperative vote.

The Greek referendum campaign also saw an unusually large involvement of international politicians and an unusual escalation of events involving foreign actors. Foreign policymakers such as European Commission President Jean-Claude Juncker, IMF Chief Christine Lagarde and the German finance minister Wolfgang Schäuble got involved in the national referendum campaign to an unprecedented degree. They strongly advocated a yes-vote and threatened that a no-vote would result in a loss of euro membership.¹⁸ Moreover, by declining to extend a hand to Greece as the second bailout package expired and forcing it to close its banks and to impose capital controls, international institutions such as the ECB and the IMF became central actors during the campaign.

Despite these efforts to sway Greek voters to vote cooperatively, the July 5 referendum ended with a 61-39 landslide victory in favor of the No camp. Greeks had rejected the creditor proposal and had cast a non-cooperative vote.

Alternative explanations for voting behavior in the Greek bailout referendum

How can we explain the non-cooperative vote? Our argument suggests that expectations about the likely consequences of a non-cooperative vote should be a key driver of voting behavior. But existing research suggests three alternative determinants of vote choice in referenda: partisanship, issue preferences and material interests.

Much research has shown that voter's partisan identification is a strong determinant of the vote in popular referenda. Voters use partisan cues as shortcuts to determine their stance on a specific referendum question (e.g., Garry, Marsh, and Sinnott 2005; Hobolt 2007; Lupia 1994; Urbatsch 2013), because party positions have a heuristic value for voters that allow them to overcome cognitive and information limitations around the referendum question (Lau and Redlawsk 2001; Sniderman, Brody, and Tetlock 1993). A party also has the capacity to frame the issues at stake (De Vreese, 2002) and can therefore influence the analysis of the benefits and costs, or perceptions and expectations of those voters who find themselves closely aligned with it (Hobolt 2006; Kriesi 2005; Zaller 1992). Finally, foreign policy

¹⁷ Note that especially Golden Dawn and a few far-left members of SYRIZA supported a no-vote because they favored leaving the euro.

¹⁸ See for example <https://www.theguardian.com/business/2015/jun/29/greek-crisis-referendum-eurozone-vote-germany-france-italy>

referenda often turn into a contest about the incumbent parties' popularity (e.g., Dür and Konstantinidis 2013; Schneider and Weitsman 1996). Three features of the Greek referendum suggest that partisan cues and heuristics should be particularly influential in explaining vote choice: First, the campaign was very polarized and dominated by the major political parties, which fully supported either the no- (SYRIZA, ANEL, Golden Dawn) or yes- (Nea Demokratia, PASOK, To Potami) narrative, generating partisan effects which should have been further reinforced by the foreign interventions (Corstange and Marinov 2012). Second, the government left voters very little time to decide on a highly technical and complicated issue. With only slightly more than a week, the campaign period was very short, strongly curtailing the possibility of a public and informed deliberation and discussion by both camps on the consequences of a yes- and a no-vote. Third, this problem was exacerbated by the fact that the referendum question was unusually complicated, asking voters to vote on two draft documents that the creditors had submitted before the Greek government had called the referendum.¹⁹

In addition to partisan cues, issue preferences and material interests have been found to guide voters' choices in a referendum. For example, attitudes towards European integration have been found to be a main driver of voting behavior in EU referenda, even when this means going against the preferred party's position (Hobolt 2009; Siune and Svensson 1993; Siune, Svensson, and Tonsgaard 1994; Svensson 2002). For the Greek referendum, this suggests that respondents' wish to keep the euro should have a strong influence on their vote choice. Past research has also shown that material interests affect referendum choices. For example, voters who stand to benefit the most from integration are most likely to oppose non-cooperation (Christin, Hug, and Sciarini 2002; Leblang, Jupille, and Curtis 2011; Tomz 2004). Since the educated individuals tend to disproportionately benefit from international economic exchange, this suggests that more educated people should be more inclined to cast a cooperative ballot. In contrast, those voters who have been hurt most by austerity should be most inclined to vote against the bailout package, either in the hope that a re-negotiation or regaining monetary policy autonomy in a post-Grexit world would lead to less austerity. Because the young have been hit hardest by austerity in Greece, the no-vote should decrease with age. Although older Greeks have suffered from pension cuts and rising health care costs, they have been less severely affected than younger Greeks, whose poverty rates have

¹⁹ The precise question read: "Should the plan of agreement be accepted, which was submitted by the European Commission, the European Central Bank, and the International Monetary Fund in the Eurogroup of 25.06.2015 and comprises of two parts, which constitute their unified proposal? The first document is entitled 'Reforms for the completion of the current program and beyond' and the second 'Preliminary debt sustainability analysis'."

increased significantly more strongly than those of pensioners, both in absolute terms and in comparison to pre-crisis levels (Matsaganis and Leventi 2014). Likewise, the unemployed, private sector employees and the self-employed have been hit harder than public officials, whereas pensioners have seen much lower decreases in their incomes (Matsaganis and Leventi 2014) and vote intentions should vary accordingly.

Because existing research suggests that partisan identification, issue preferences (or attitudes), and material interests should be particularly influential in the context of the 2015 Greek referendum, this case provides a good testing ground for our argument that expectations are likely to play a particularly important role in non-cooperative referenda. If we find that expectations have a strong and independent effect on vote choice beyond the typical determinants of voting behavior in referenda, this would provide evidence that expectations are unusually important in the context of a this type of referenda.

4. Research Design and Data

To understand why Greek voters decided to vote no in the referendum and what role expectations and foreign interventions played in this context, we use original survey data from a poll we conducted on Saturday, 4 July 2015, one day before the referendum. Our nationwide, computer-assisted telephone survey covered 989 respondents identified through a multistage sampling process.²⁰ As our survey was fielded just some hours before the polling stations opened, it allows us to gain a very accurate depiction of the motives of the Greek people and of their vote. Although few surveys predicted the strong rejection of the creditor proposal in the referendum correctly, our survey mirrors the actual referendum outcome quite closely, increasing our confidence in the validity of the results. Among those planning to vote, 58.0% of respondents in our sample said they would reject the bailout package, which is very close to the 61.3% rejection rate in the actual referendum.

Our analysis proceeds in two steps. We first analyze the role of expectations in explaining vote choice in the Greek referendum using both regression analysis and matching methods. We then explore the ability of foreign policymakers to shape voters' expectations

²⁰ In the first stage (cluster sampling), electoral districts were chosen, in the second stage (stratified sampling) strata within each cluster were identified based on socioeconomic characteristics and finally, in the third stage (SRS), a simple random sample was drawn within each stratum. Because the interviews were done on fixed telephone lines, we get some underrepresentation of the youngest respondents and an overrepresentation of female respondents. We therefore use population weights in our analyses to match the basic demographics of the Greek population. The data was collected by the University of Macedonia (UoM) Research Institute of Applied Social and Economic Studies in Thessaloniki (Greece)

about the consequences of a non-cooperative vote through costly signals. For this purpose, we concentrate on the effect of the ECB's decision not to increase emergency liquidity assistance to Greek banks, which forced the Tsipras government to close the banks, arguably the biggest event in the campaign period. We also show evidence from a survey experiment that threats from international actors can sway voters' preferences about international commitments, particularly when they come from those with high stakes on them. Overall, we show that expectations were the most important predictor of individual vote intentions in the Greek 2015 bailout referendum, and that these expectations were influenced by European policymakers' decisions.

Operationalization

Our main variables of interest in the first part of the analysis are the vote intention in the referendum and expectations about the consequences of a non-cooperative vote.²¹ To measure vote intention, we use respondents' answers to the following question: "*As you're probably aware, PM Alexis Tsipras announced a referendum regarding the ratification of the agreement that Greece's creditors offer, that will take place on next Sunday, July 5th. What are you going to vote in the referendum?*" The left-hand panel in figure 1 displays respondents' answers. It shows that a large majority of voters had made up their mind about their referendum vote at this point in time, with a majority (52.8% of our weighted sample) stating that they would probably or certainly vote no. For the purposes of our analysis, we create a dummy variable that takes the value of 1 if voters stated that they intended to vote against the creditor proposal in the referendum (the disintegrative no-vote) or were leaning towards doing so, and 0 otherwise.

Voters' expectations about the consequences of a non-cooperative vote are measured with respondents' answers to the question "*What do you think will be the consequences of a No-vote?*" Respondents could choose between three options: (i) "*Greece will exit the Eurozone*" reflecting the narrative of the yes-camp, i.e. the moderate political parties and European policymakers, that the reversion point of a non-cooperative vote would be very costly, (ii) "*The government will continue negotiations,*" which captures the no-camp's, including the government's, narrative that the consequences of a no-vote would be positive or negligible, and (iii) "*Don't know/don't answer.*" The right-hand panel in figure 1 shows that a clear majority believed that a non-cooperative vote would result in continued negotiations, whereas only about one quarter of respondents believed that a no-vote would lead to "Grexit."

²¹ Table A1 in the appendix shows the descriptive statistics of all variables.

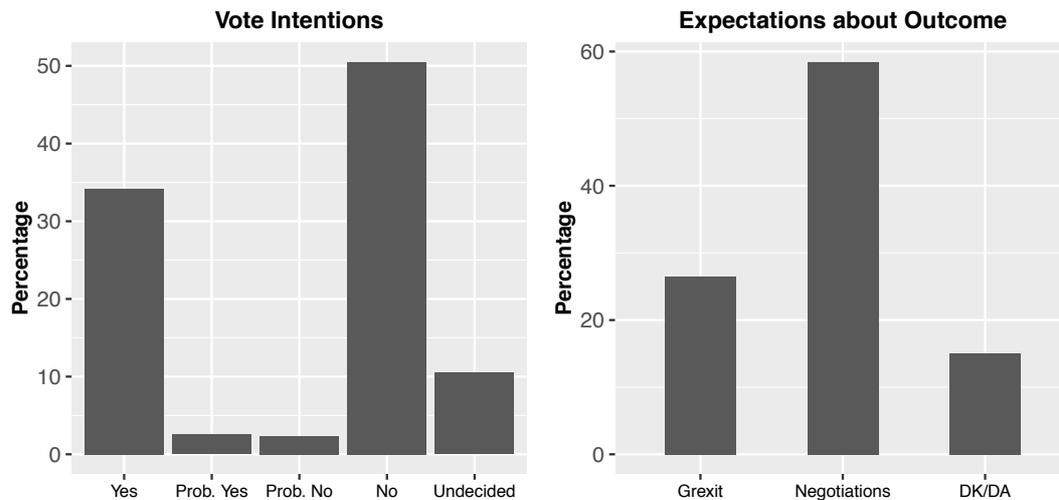


Figure 1: Descriptive Statistics

Note: Based on UoM survey from 4 July 2015. Data are weighted.

As discussed above, past research has identified a number of important alternative explanations for variation in referendum vote intentions. We therefore control for partisanship, issue preferences, material interests and sociodemographics. To control for partisan and incumbency effects, we use the vote recall from the January 2015 general election in Greece and create dummy variables for the main political parties in Greece: the governing parties *SYRIZA* and *ANEL*, the conservative opposition party *Nea Demokratia* (reference category), the centre-left *Pasok*, the centrist *the River (To Potami)*, and the radical right *Golden Dawn*. We also include a dummy variable for those who abstained in the January elections and the *other* options.

To control for issue preferences, we focus on voters' view of the euro. To consider whether a no-vote simply reflects respondents' wish to leave the Eurozone, we asked respondents what they personally thought was best for Greece's future: staying in the euro or adopting a national currency and created three dummy variables based on their answers. The data shows that more than three quarters of respondents (76%) wanted to keep the euro, whereas only 13% said they preferred to leave the euro. Only about one tenth of respondents were undecided about this issue or did not answer.

In terms of material interests, we expect that those benefitting most from continued cooperation and those sheltered most from austerity measures should be more supportive of a yes-vote than those who have borne the brunt of Greece's adjustment program. We use three types of information to proxy for material interests: age, occupation, and education. As discussed above, we expect younger voters to be more opposed to the austerity measures

proposed in the bailout proposal than older voters, and hence more likely to vote against it. *Age* is operationalized in six categories — 18-24, 25-34, 35-44, 45-54, 55-64, and over 65 years old—, and we include it as a continuous variable in all models. To reflect the varying vulnerability to austerity across occupational categories, we generated dummy variables for the following types of occupations: public sector employee, private sector employee, unemployed, farmers, entrepreneur, pensioners and others. Finally, *Education* is an ordinal variable with the following categories 1) no education or primary studies; 2) secondary; 3) post-secondary and 4) tertiary education. We also control for gender and whether the voter lives in a *rural* or *urban* area.

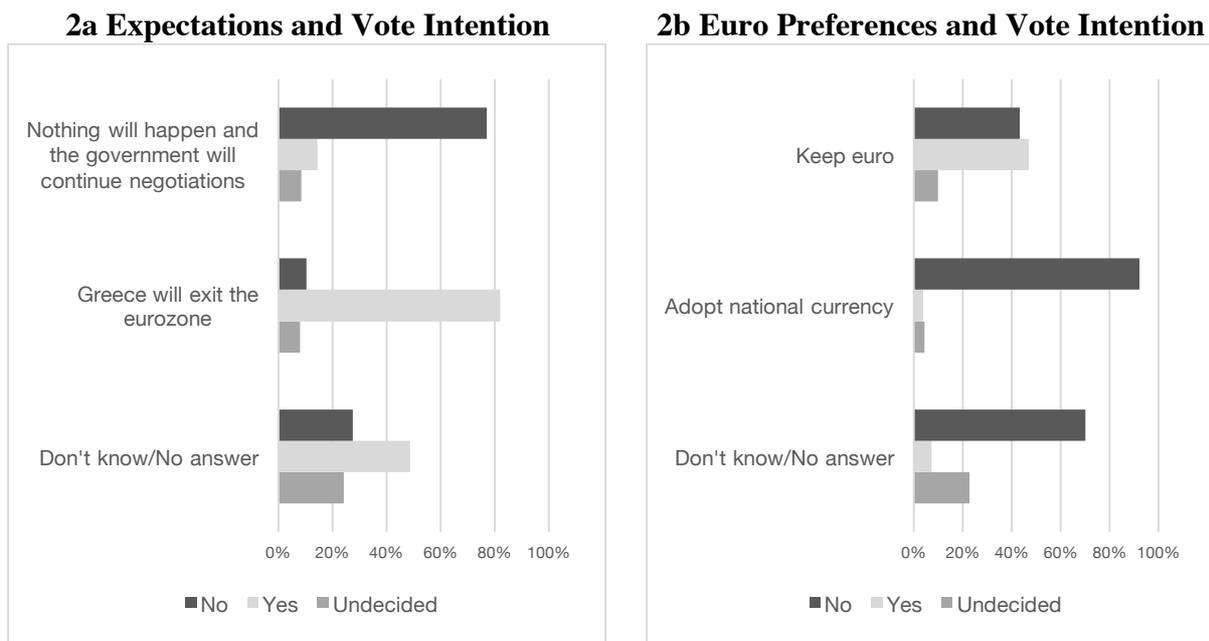
5. Vote choice in the 2015 Greek referendum

What determined individual voting decisions in the Greek 2015 bailout referendum, and how did expectations about the consequences of a rejection of the creditor proposal shape vote intentions?

Figure 2 gives a first descriptive answer to this question. It shows that expectations about the consequences of a non-cooperative vote played a powerful role in the referendum, whereas preferences about staying or leaving in the Eurozone played a more moderate role. A strong majority (86%) of respondents voiced a clear opinion on what the consequences of a no-vote would be and among them we find remarkable differences in their voting behavior: only one in ten of those who expected a no-vote to result in Grexit chose to vote ‘No’. In contrast, among those who expected that a no-vote would result in new negotiations, more than three-quarters planned to vote no in the referendum. The comparison of each side with the undecided is telling. Switching from a DK/DA to a “Grexit” expectation implies a 19 percentage points decrease in the probability of voting no, whereas expecting the continuation of negotiations increases in the chance of a no-vote by 34.5 percentage points.²² In contrast, respondents wishing to keep the euro split their vote almost equally between yes- and no-votes.²³

²² The 95% confidence intervals indicate a decrease in the probability of voting No (Yes) that ranges between 28 (28.9) and 9.5 (39.9) percentage points.

²³ Of those wanting to keep the euro, 43% voted yes and 47% voted no, of those wanting to adopt a national currency, 4% voted yes and 92% voted no.



Notes: Based on UoM survey from 4 July 2015. Data are weighted.

Figure 2: Expectations, Preferences, and Vote Intention

The importance of expectations for the vote intention is confirmed when we move to a more sophisticated analysis that controls for the range of alternative explanations that existing research on EU-related referenda has emphasized. Figure 3 shows the change in the probability of voting no as a result of moving to the different variable values from the respective baseline categories.²⁴ The multivariate analysis shows that the expectations had very strong effects on individuals' voting decision. In line with the descriptive results, a preference to reintroduce a national currency strongly increased the odds of voting no, whereas a preference to keep the euro reduced these odds (although to a lesser extent). We also find strong partisan effects: voters of the centrist parties Nea Demokratia (the baseline category), PASOK and To Potami were all significantly less likely to vote no than voters of the governing parties Syriza and ANEL as well as the right-wing Golden Dawn, all of which had campaigned in favor of a no vote. These results show that voters tended also to vote in line with their preferred party's recommendation. Substantively, and taking the partisan effects globally, these are somewhat larger than in other studies (Hobolt 2007; Hug and Sciarini 2000), suggesting that parties played a particularly important role in the referendum campaign. Given the polarized campaign, the short decision time and the complicated referendum question, this is not surprising. In contrast, demographics do not seem to matter

²⁴ The full logit regression analysis can be found in table A.2 (online appendix).

much once these partisan and *Euro* preferences are taken into account. The only exception is age, where older voters are, as expected, less likely to vote no than younger voters.

But even after controlling for all these other influences on individuals' vote choices, the marginal effects of the expectation variables remain large and statistically significant, indicating an independent effect from the rest of explanations. In fact, the magnitude of expectation effects is comparable to the partisan effects. All else equal, a switch in expectations from *Grexit* to *Negotiations* shifts the probability of voting *No* by more than 40%.²⁵

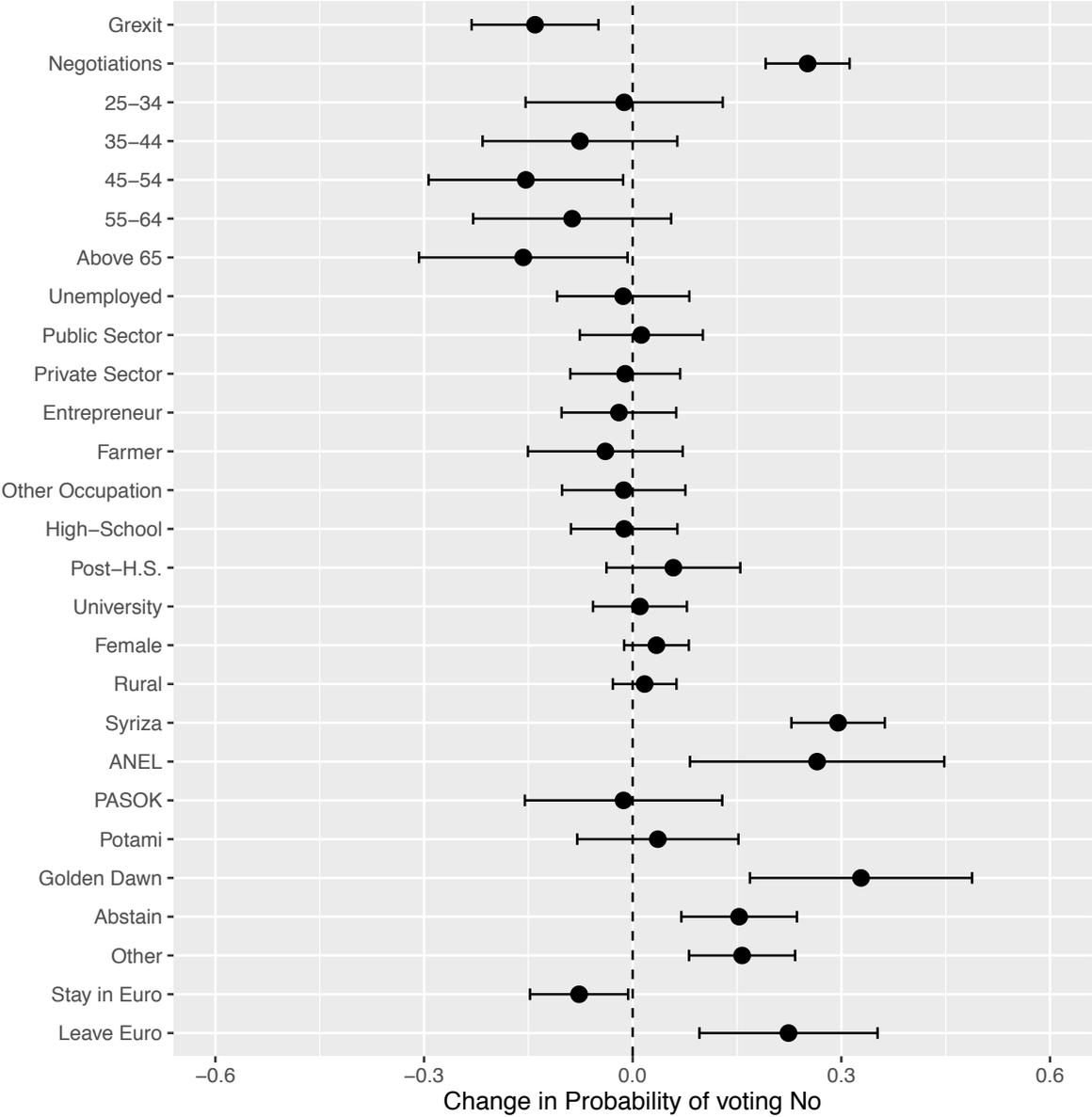


Figure 3: Determinants of the NO-Vote in the July 2015 Greek referendum.

²⁵ The results remain robust when we also impute an indicator of nationalism and add it as a control variable in the model and when we additionally controlling for respondents' evaluation of EU membership. More details are provided in the Online Appendix.

Note: Dots indicate estimates of change in the estimated probability of voting *No* as we move from the reference category to each category denoted in the vertical axis. Reference categories are as follows: DK/DA (expectations and Euro questions); 18-24 age group; pensioner; primary education; Nea Demokratia (vote choice); and male. Logit regression analysis, 95% confidence intervals.

Of course, expectations are likely to be shaped by partisan narratives, so that the effect of expectations might just be an artifact of partisan effects. To examine this more closely, we investigate the role of expectations using data pre-processing techniques, which are less model-dependent, more efficient (since comparison is made among similar units), and allow us to evaluate more transparently the degree of similarity in pre-treatment covariates between control and treated units (Sekhon 2009).²⁶ The “treatment” in our analysis is the expectation that “a *No* vote means Grexit,” whereas the other two options—“*Negotiations will continue*” and “DK/DA”—are grouped together as the control category.²⁷ The intuition behind this analysis is that we try to assess the effect of different expectations on individuals’ vote intentions among otherwise almost identical individuals.

We employ two methods of data pre-processing, namely genetic matching and entropy balancing.²⁸ The first is a nearest-neighbor matching method with balance optimization, based on a generalized distance metric that assigns weights to each covariate included in the matching. This method has been shown to outperform other matching estimators in recovering simulation and experimental benchmarks (Diamond and Sekhon 2013).²⁹ The second is a generalization of a propensity score weighting approach that directly incorporates covariate balance into the weight function that is applied to the sample units (Hainmueller 2012). Although there were clear imbalances in the raw data, all differences evaporate after both matching and entropy balancing, including the two most obvious attitudinal confounders—partisan preferences and attitudes towards the euro. After entropy balancing,

²⁶ Matching only assures balance on observable characteristics. The identifying assumption is that unobserved characteristics of control and treatment observations are similar. This is a plausible assumption in many cases because it is reasonable to think that if two voters are very similar across a wide range of crucial observable characteristics, such as partisanship, unobserved characteristics may also behave similarly. While this argument is frequently used also to justify OLS estimation, the goal of matching is precisely to assure balanced observations while in a regular regression framework covariates control for general differences across all observations.

²⁷ We choose the *Grexit* option as the treatment status because it leaves the modal category in the control group, thus increasing the pool of control units to be selected for the matching. In the Appendix, we replicate the analysis using the “*Negotiations will continue*” option as the treatment status, placing the “*Grexit*” option together with the DKs in the control group. Balance is now worsened, although the treatment effect estimates are substantively identical.

²⁸ Although the two methods differ in how they arrive into balance, we treat them both here as variants of matching techniques.

²⁹ Weights are determined by a loss function, which is defined as maximizing the minimum balance statistic, determined by the *t*-test and the *KS*-test for each covariate.

the means of the two groups are practically identical for all variables. We present the balance statistics and a detailed discussion in the online appendix.

Figure 4 displays the findings of our matching analyses. Both produce very similar estimates, which reassures the robustness of the results. We use the Average Treatment Effect on the Treated as our estimand of interest. On average, individuals who expected *Grexit* in response to a no-vote were approximately 32 percentage points less likely to vote against a continued cooperation with the creditors, than individuals who are identical with respect to partisan predispositions, attitudes about the Euro and key demographics, but who believed that a no-vote would result in new negotiations. Our matching analyses thus confirm that expectations about the day-after significantly shaped the vote in the 2015 Greek referendum.

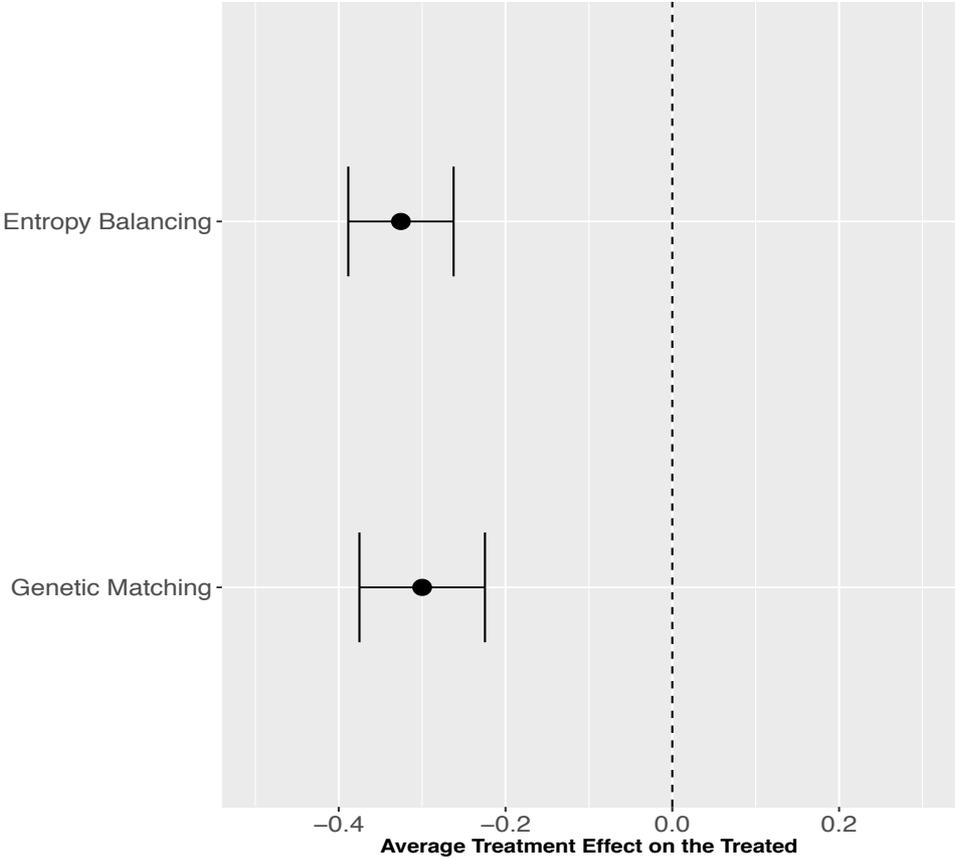


Figure 4: Average Treatment Effect of “Grexit” expectations on the likelihood of voting No in the Greek Referendum

Note: Black dots denote the Average Treatment Effect on the Treated, with Abadie Imbens standard errors accompanying them. Using these standard errors, the horizontal closed segments indicate the 95% confidence intervals in the case of genetic matching and linearized confidence intervals in the entropy balancing case.

6. Can foreign policymakers influence expectations and the vote?

The Greek case also provides a good environment to examine foreign policymakers' possibilities to influence voters' expectations and, ultimately, vote intentions in their favor. This is because the 2015 Greek referendum campaign was characterized an unusually large involvement of foreign policymakers. This did not only involve stark warnings that Greeks would decide about Greece's future in the Eurozone in the referendum, but actual measures were taken to increase pressure on Greece and to signal European policymakers' resolve. Most notably, the ECB decided that it would not further increase emergency funding to Greek banks after the Eurozone's finance ministers had decided to let the existing bailout agreement expire in the midst of the referendum campaign. Faced with massive capital flight, this decision forced the Greek government to close the country's banks and to impose capital controls. This drastic measure massively damaged the Greek economy. But it also increased the eventual costs for the country's international lenders, because it was clear that this damage would increase the amount needed for an eventual third bailout package (about the need of which there was never any doubt on either side, irrespective of the referendum outcome). The ECB decision thus had costly consequences for everyone involved, and it can be interpreted as a costly signal from foreign policymakers to Greek voters about the EU's resolve not to accommodate a disintegrative vote easily.

Both the bank holiday and the capital controls thus were intended as strong signals to voters about what future a disintegrative no-vote would hold for Greece. PM Tsipras directly blamed the bank holiday on the Eurogroup, whose aim was, in his words "to blackmail the will of the Greek people,"³⁰ so that it was widely understood that the bank closure was related to foreign decisions. Our argument suggests that such a signal of foreign resolve to punish the country for a disintegrative vote should shift voters' expectations in favor of a more pessimistic evaluation of the consequences of a no-vote. Given the importance of expectations in shaping voting decisions, this should then decrease the likelihood of a no-vote.

To examine whether this is the case, we run two types of analysis. First, we provide evidence from a survey experiment we conducted two days before the referendum was called to show that foreign actors have the ability to sway people's preferences about domestic decisions with international implications, such as whether Greece should pay the debt.

³⁰ <http://money.cnn.com/2015/06/28/news/economy/what-greek-prime-minister-tsipras-said/>

Secondly, we conduct a more specific analysis of our referendum data to show that the bank closure was perceived as a signal of which were be the consequences of a No vote.

First, we use evidence from a survey experiment conducted on a sample of 2003 respondents on June 24th 2015, when the referendum had still not been called (and was not perceived as an option by public opinion)³¹. We asked respondents whether they thought that Greece should pay the county debt or whether they were in favour of stop paying it. To test whether actors can influence people's preferences over the fulfillment of international commitments, we included three treatments. All of them report that not paying the debt can make the situation worse for Greece, but in each treatment we include a different actor making such statement. One of them is a domestic actor, Yannis Varouafais, which at the time was Greece's Finance Minister. The other two are international actors: Wolfgang Schäuble- which was the German Finance Minister and represented the largest creditor of Greece- and Mario Draghi –the ECB's President. More specifically, the question formulation was the following:

“Varoufakis (Treatment 1) / Schäuble (Treatment 2)/ Draghi (Treatment 3)/ recently confirmed that the situation could get worse if we stop paying their creditors. Thinking of all this, would you say that the country should continue to repay their lenders or stop doing? Please answer using a scale where "1" means that we should stop paying their creditors and "5" means we must continue to pay their lenders.”

The control group received only the second part of the statement with no mention to whether the situation could get worse (the statement in bold).

Figure 5 shows the results³². Two things are worth highlighting. First, results show that domestic actors are less able to influence citizens' preferences over international commitments. The *Varoufakis* treatment is not significant. The threat provided by a domestic actor is less informative, as the potential consequences of a default are not in her hands. Second, we find a positive effect on willingness to pay the debt of the *Schäuble* treatment. Germany was Greece's largest creditor and therefore it represents the actor that had more at stake if Greece stopped paying the debt. Finally, we do not find a significant effect of the

³¹ As with our referendum survey, data were collected by the University of Macedonia's Research Institute of Applied Social and Economic Studies in Thessaloniki (Greece) with a nationwide, computer-assisted telephone survey using a multistage sampling process.

³² We run OLS regressions, where the dependent variable is the 5 point scale of willingness top ay the debt. We include, apart from the treatment variables. *vote recall* (SYRIZA, ND, PASOK, ANEL, *The River*, *Golden Dawn*, or others) in the January elections, *age* and *gender* as control variables.

Draghi treatment. This is an external actor, but his threat is less relevant as it is not the immediate actor harmed by the default.³³

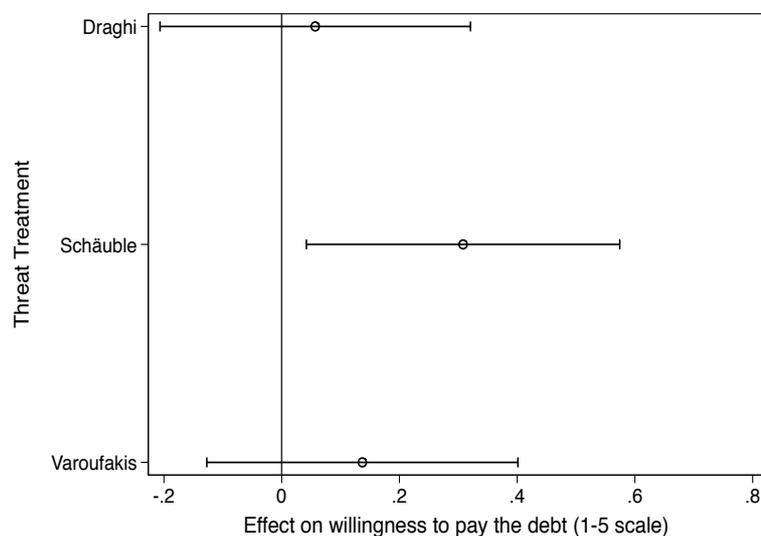


Figure 5: Effect of threat treatments on debt repayment preferences.

These results show that foreign actors directly affected by the non-fulfillment of international commitments can sway citizens' opinions and preferences by signaling which can be their reaction to the country's behavior and the consequences.

We turn now to analyze this question more specifically for the referendum on July 4th. From a more descriptive perspective, we can see that when the bank closure was announced, this had an effect on the polls. The closure was announced on June 28 and became effective on June 29. In Figure 6 we can observe that the bank restrictions bumped up the support for the Yes option in the referendum, bringing predicted outcome to a much narrower margin. We take all polls published in Greece and classify them according to the date of fieldwork³⁴ and divide them between those previous to the bank shutdown and posterior to the bank shutdown. In figure 6 we plot the % of Yes voters in each poll³⁵. We plot two local polynomial regressions estimated on both sides of the figure, determining the change in Yes voters in the polls before and after the bank shutdown. It can be observed that there is a bump in favour of the Yes camp of approximately 10% of the vote.

³³ We have interacted the experimental treatments with the *vote recall* variable, but we do not find a significant differential effect of the threat by partisanship.

³⁴ For those cases where the date of fieldwork was not available, we take the date the poll was published. When a poll was conducted over two days, we consider the field work was conducted between both days. Data can be found here https://en.wikipedia.org/wiki/Greek_bailout_referendum,_2015

³⁵ We plot the % of yes voters over all voters that declared an intention to vote yes or no.

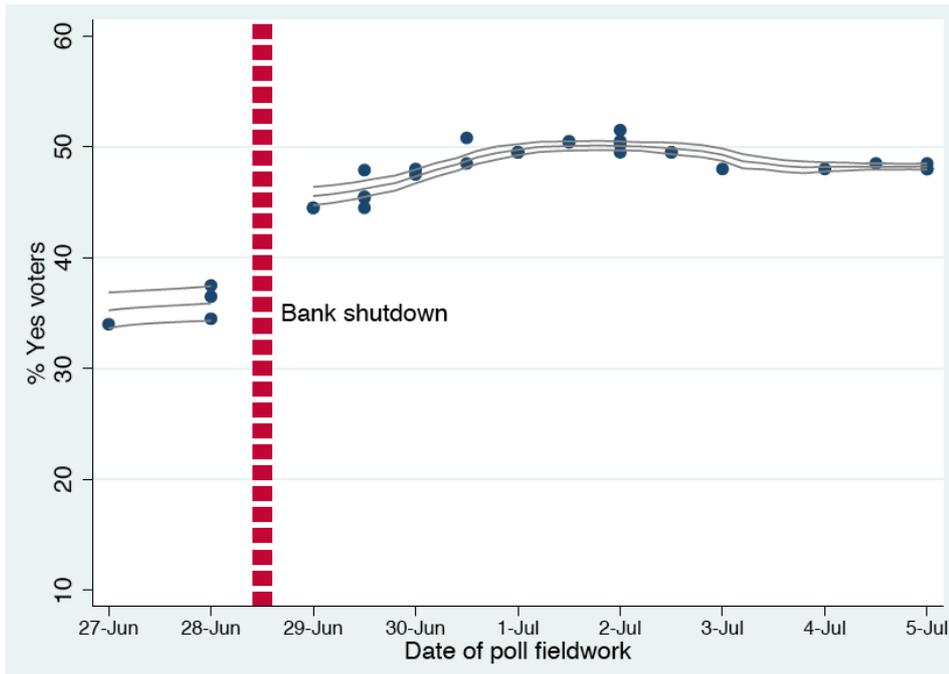


Figure 6: Effect of the bank shutdown on published polls.

We can trace more closely the effect of the bank closure in our referendum survey. We asked voters if they had changed their vote intention as a result of the bank shutdown. About one fifth (21%) of all voters answered affirmatively. We use this question to analyze whether this effect of the bank holiday is a predictor of expectations about the consequences of a no-vote in the referendum. Because our dependent variable, *expectations*, is trichotomous,³⁶ we employ a multinomial regression model, where those that “did not know” or “did not answer” serve as reference category. This allows us to investigate whether shifts to and from this category can be attributed to the bank closure after controlling for all the covariates included in the previous analyses.³⁷

Figure 7 shows the determinants of respondents’ expectations about the consequences of a no-vote. In line with our findings on the determinants of the vote intention, our results show that partisan attachments and attitudes about the euro matter influence *expectations* about the consequences of a ‘No’ vote. The strong and contradictory partisan narratives during the referendum campaign resonated with voters: Compared to moderate Nea

³⁶ We use the same operationalization as above. The three categories are “Grexit”, “new negotiations”, and “don’t know/no answer.”

³⁷ The full multinomial analyses can be found in table A.3 (online appendix). To mirror the previous analyses, we also conducted matching analyses to estimate the effect of the bank holiday on expectations. The analyses are shown in the online appendix. Both approaches produce near-to-perfect balance and similar ATT estimates: for the genetic matching approach the ATT of the bank holiday on *Grexit* expectations is -0.090 (Abadie-Imbens standard error 0.045), for entropy the ATT is estimated at 0.085 with standard error 0.039.

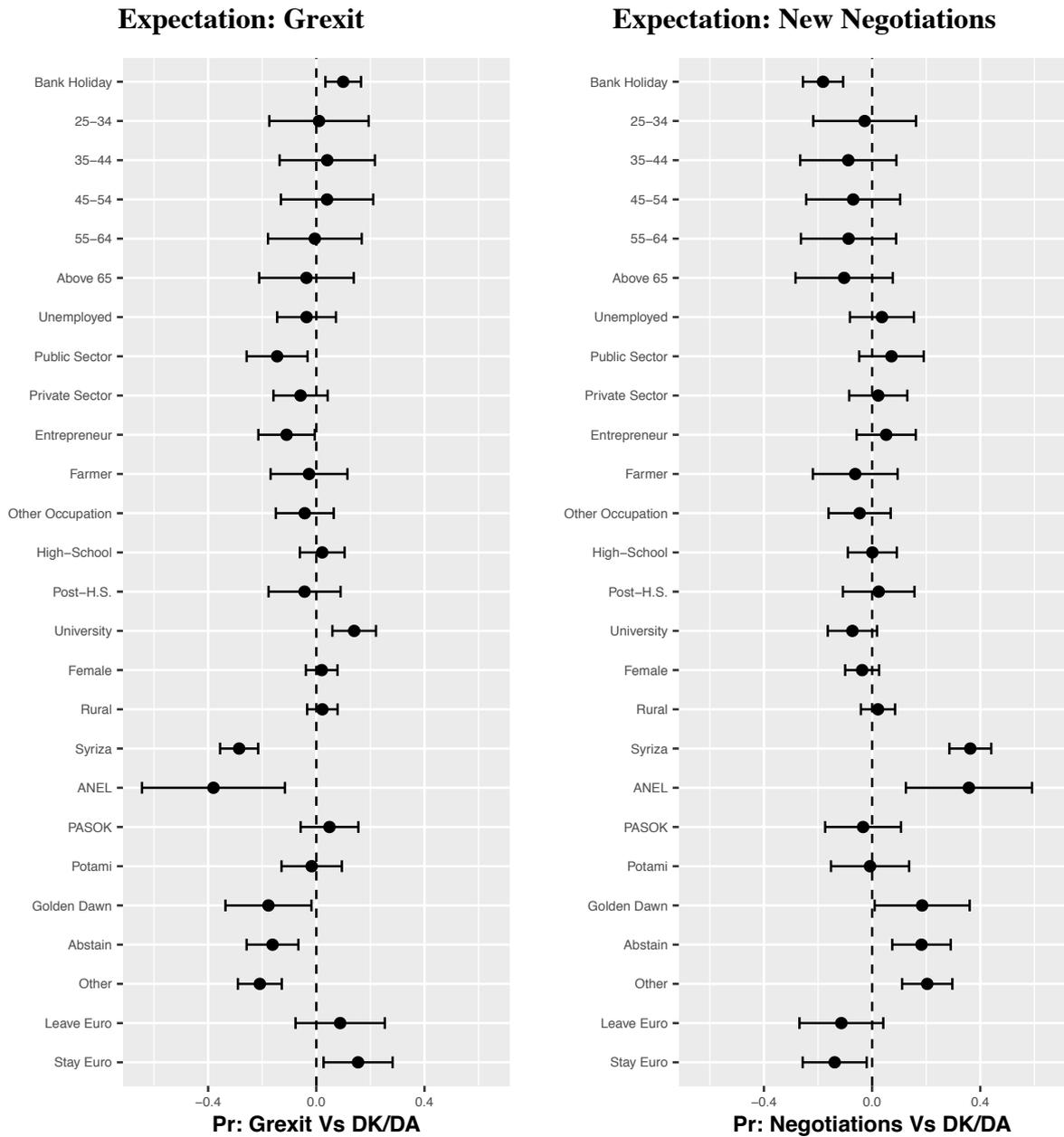


Figure 7: Determinants of Expectations about the Consequences of a No-vote.

Note: Dots indicate estimates of change in the estimated probability of expecting Grexit (left panel) or new negotiations (right panel), compared to the “don’t know/no answer” category based on multinomial logit regression analysis, with 95% confidence intervals. Reference categories of the predictors are the same as in figure 3.

Democratia (the baseline category), PASOK and To Potami voters, voters of the government parties ANEL and especially Syriza were significantly more likely to believe that a no-vote would result in new negotiations and significantly less likely to think that such a vote would force the country to leave the Eurozone. With regard to euro-preferences, our results show that those wishing to stay in the Eurozone (and, though not at a statistically significant level,

those wishing to reintroduce a national currency) were significantly more pessimistic about the consequences of a no vote than those without an opinion on the euro. In terms of sociodemographics, citizens with a university education were significantly more likely to expect adverse consequences from a non-cooperative vote, in line with arguments that they should better understand the constraints on nation-states in a globalized world. Public sector workers and entrepreneurs were less likely to expect Grexit, but all other sociodemographic variables, including age and unemployment, had no statistically significant effects on voters' expectations.

The most relevant result, however, is that after controlling for all these influences on voters' expectations, the bank closure also qualified people's expectations. Those who changed their vote intention because of the bank shutdown were significantly less likely to believe that a no-vote would result in new negotiations.³⁸ Substantively, the bank shutdown reduced the predicted probability of this belief by almost 20 percentage points. At the same time, the bank closure increased the expectations that a no-vote would push the country to exit the Eurozone by almost 10%. The decision of European policymakers to be tough on Greece's liquidity during the referendum campaign thus made some voters more pessimistic about the consequences of a no-vote in the referendum.³⁹

Overall, these results shows that the decision by European policymakers to take a hard line on Greece did indeed convince some voters that they would not accommodate a no-vote in the referendum. Our analysis suggests that international actors can indeed affect expectations in referendum campaigns through costly signals. But does this translate into meaningful changes in individual voting behavior? In short, can foreign policymakers sway referenda vote through costly signals?

Descriptively, our data suggest that foreign policymakers achieved their goal among 12.3% of respondents, who changed their vote intention to yes as a result of the bank holiday. 4.9% switched to undecided, whereas the bank closure hardened the stance of 3.8% of respondents, who changed their vote intention to no.

Turning to a more systematic analysis of how the ECB decision influenced vote intentions by making voters more pessimistic about the outcome of a no-vote, we instrument expectations through the bank holiday, while trying to predict the referendum vote. The underlying logic of this analysis is that if the bank holiday had an impact on the referendum

³⁸ We have also explored interactive effects between the bank shutdown and partisan variables, but did not find any meaningful result.

³⁹ We obtain substantively identical estimates of the effect of the bank closure on expectation, when using genetic matching to condition on the same list of covariates shown in Figure 5. The results of this analysis are presented in the Online Appendix (Figures A.4 and A.5).

vote, this was by raising the expectations that a no-vote would result in Grexit. The assumption necessary for unbiased estimation is that the bank holiday did not affect the vote in any other way apart from qualifying people’s expectations about the consequences of defection.⁴⁰ To strengthen the validity of this assumption, we also condition on the set of covariates included in the previous analysis.

Table 1: IV estimation of the effect of expectations on a No-vote in the referendum.

	Grexit Expectations (First-Stage)	No Vote (Reduced Form)	No Vote (Wald Estimator)	No Vote (2SLS Estimator)	No Vote (LARF Estimator)
Bank Holiday	0.093 (0.036)	-0.341 (0.031)			
Grexit			-3.405 (0.901)	-3.679 (1.334)	-3.801 (1.499)
Covariates	X	X		X	X
<i>N</i>	989	989	984	984	984

Note: All estimates are OLS coefficients with robust standard errors in parentheses. The last column presents Local Average Response Function estimates, with standard errors into parenthesis.

The results are presented in Table 1. The first column confirms the results of the previous analysis that the bank holiday increased Grexit-expectations, which also validates presence of first stage. The second column presents the reduced form, showing the Intent-To-Treat effect of the bank holiday on the referendum vote. As expected, the bank holiday makes a no-vote significantly less likely. The last three columns display the IV results, thus using the predicted values of *Grexit* expectations from the first stage (column 1) as a predictor of the referendum vote. The third column employs the Wald estimator, thus adding no covariates in the estimation. We find a negative effect of *Grexit* expectations on the referendum vote, suggesting that the bank holiday reduced the no-vote by convincing voters that such a vote would lead to *Grexit*. This effect remains robust when adding the full list of covariates used in the previous analyses. Finally, the last column relaxes the assumption of constant treatment effect along strata of the covariates, using a more flexible local response estimator. The results remain practically and substantively intact.

These findings show that the decisions abroad that led to the bank shutdown and capital controls influenced expectations about the consequences of a no-vote and increased

⁴⁰ An alternative path through which the bank holiday and capital controls might have affected the vote is by raising nationalist sentiments against what was perceived as an implicit violation of national sovereignty. In this case, however, the bank holiday would shift attitudes towards the *No* option and would thus weaken the first stage of the analysis, thus adding noise to the second-stage estimates and increasing the chances for a type-two error. That said, first stage still seems to be relatively strong, as shown in the first column of Table 1.

the chances of a yes-vote. However, considering the huge cost that the ECB's decision generated, both for Greece and the other European states, the payoff of changing the minds of approximately 12.3% of voters towards a cooperative vote seems meager, especially since it was not enough to change the referendum outcome. Nonetheless, our results suggest that foreign actors might have the possibility of influencing the final referendum outcome when the race is close.

7. Conclusion

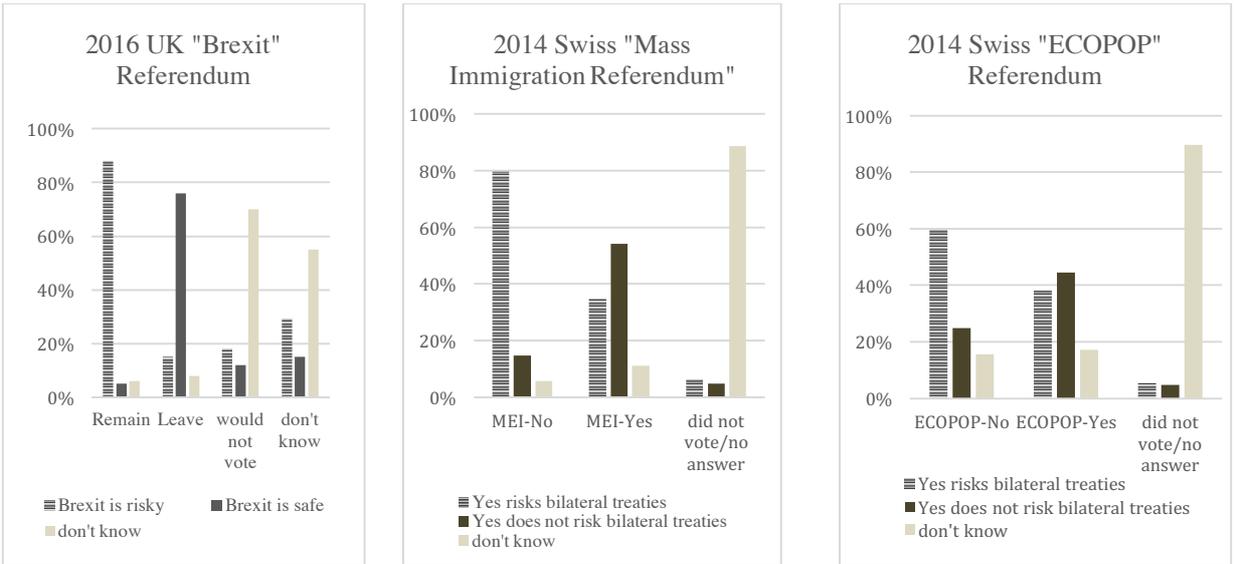
Used to ever closer integration, European politics has recently been confronted with a new challenge: popular referenda aimed at disintegration. This paper has provided a first stab at understanding this new type of referendum in a systematic fashion. Despite all the apparent differences between the 2014 Swiss mass immigration referendum, the 2015 Greek bailout referendum, and the 2016 Brexit referendum, what unites these referenda is that votes in one country spelled potentially serious harm to voters outside the referendum country. At the same time, the consequences of a non-cooperative vote in such high stakes referenda are largely determined by whether the other members of the respective international accommodate or penalize this vote. The involvement of foreign actors in a domestic referendum makes such high stakes foreign policy referenda unique and creates a strategic setting that is more complicated than in traditional ratification referenda in which the stakes for other countries are lower.

Our paper has explored one implication of this strategic setting: The role of expectations about the foreign reaction to a disintegrative vote in shaping vote intentions, and the ability of foreign policymakers to influence these expectations. Leveraging survey data from the 2015 Greek bailout referendum, we showed that expectations about the consequences of a no-vote had an unusually large impact on vote choice in the Greek referenda. Our analysis also suggested that foreign policymakers were able to influence these expectations among some voters by sending a costly signal about their determination not to accommodate a no- vote in the referendum. The main contribution of this article has therefore been to unpack the popular dynamics and strategic interactions in high stakes foreign policy referenda referenda. Most research on the mass politics of international cooperation to date has focused on domestic audience costs (e.g., Chaudoin 2014; Tomz 2007). But in an increasingly interconnected world in which voters abroad can influence the welfare of voters in other countries, foreign interventions aimed at public opinion abroad are likely to become more frequent and more consequential. Because existing research has so far only concentrated

on how foreign leaders can influence voters abroad in the context of democracy promotion (Corstange and Marinov 2012; Levin 2016; Shulman and Bloom 2012), developing a better understanding of the strategic incentives and the effectiveness of such interventions between ore developed democracies is therefore important.

Our empirical findings from the Greek case raise the question to what extent they are generalizable to other high stakes foreign policy referenda. Although a systematic analysis is beyond the scope of this paper, some descriptive evidence from other referenda gives us some insights about the external validity of our findings. Figure 7 shows the distribution of expectations about the consequences of a non-cooperative referendum outcome in three other referenda: the 2016 Brexit referendum and the “Against Mass Immigration” and “ECOPOP” referenda which were both held in Switzerland in 2014 and which aimed at defecting from Switzerland’s bilateral treaty with the EU on the free movement of people.

The evidence from these other referenda suggests that expectations about the consequences of a non-cooperative vote also diverge in other high-stakes referenda. However, the effect seems to depend on the context. Whereas expectations about the riskiness of a Brexit diverge widely between the Leave and Remain camp, for example, this divergence was much less pronounced in the case of the ECOPOP referendum. This latter referendum was rejected by 74% of voters, whereas the outcome was much narrower in the other two referenda. Moreover, the pro-ECOPOP camp comprised many voters who believed that a termination of the bilateral treaties with the EU would be a good thing.



YouGov pre-referendum poll, 21-23 February 2016

VoxIt: Abstimmung Nr. 114, post-referendum poll

VoxIt: Abstimmung Nr. 117, post-referendum poll

Figure 5: Expectations about the consequences of a non-cooperative vote and referendum vote in three referenda.

These results point to a number of open questions that future research should investigate: how are signals and statements by foreign policymakers received in different contexts? How costly do such signals have to be in order to sway voters in favor of supporting continued cooperation? And, moving up one level of analysis, how do foreign policymakers react *ex post* after voters in one country cast a non-cooperative vote?

In more general terms, this paper contributes to a better understanding of the mass politics of international cooperation. Although the role of mass publics has been acknowledged with regard to the creation of international agreements, voters' ability to shape or terminate international cooperation once an agreement has been signed has traditionally been limited. International institutions tend to leave little room for *ex-post* opt-out clauses, because they are designed to limit and punish "defection" by individual countries and to ensure continued cooperation (Keohane 1984; Koremenos, Lipson, and Snidal 2001; Simmons 2010). This has led to a circumscribed role of domestic publics in influencing their country's international behavior within existing international institutions. Only recently have voters begun to challenge *existing* international institutions at the ballot box. The potential of domestic voters to terminate international agreements unilaterally poses new challenges and questions for international cooperation. Our paper therefore underlines the challenges democracies face in highly integrated countries where the international and the domestic level interact to shape the form and level of international cooperation. Reflecting the increasing dilemmas domestic voters face between the gains from international cooperation, democracy, and national sovereignty (Rodrik 2011), popular movements aimed at non-cooperation are likely to keep these countries occupied for some time to come.

Appendix

Table A1: Descriptive Statistics (unweighted)

Variable Name	N	Mean	Std. Dev.	Min	Max
Referendumno	989	0.502	0.500	0	1
Expectation: No=Grexit	989	0.265	0.442	0	1
Expectation: No=Negotiation	989	0.584	0.493	0	1
Education	984	2.814	1.211	1	4
Age	989	4.146	1.411	1	6
Female	989	0.594	0.491	0	1
Rural	989	0.589	0.492	0	1
Unemployed	989	0.122	0.328	0	1
Public Sector Employee	989	0.118	0.323	0	1
Private Sector Employee	989	0.196	0.397	0	1
Pensioner	989	0.259	0.438	0	1
Entrepreneur	989	0.140	0.347	0	1
Bank holiday changed vote intention	989	0.229	0.420	0	1
Syriza	989	0.363	0.481	0	1
ANEL	989	0.031	0.174	0	1
Nea Demokratia	989	0.178	0.383	0	1
PASOK	989	0.051	0.219	0	1
River	989	0.052	0.221	0	1
Golden Dawn	989	0.032	0.177	0	1
Abstention	989	0.108	0.311	0	1
Preference: Stay in Euro	989	0.772	0.419	0	1
Preference: Leave Euro	989	0.113	0.317	0	1

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Online Appendix

Table A.2: Determinants of the NO-Vote in the July 2015 Greek referendum. Logit models

	Dependent variable: Intention to vote No in referendum		
	(1)	(2)	(3)
Expectation: Grexit	-1.198*** (0.310)	-1.303*** (0.413)	-1.511*** (0.414)
Expectation: More Negotiations	2.186*** (0.223)	2.187*** (0.293)	2.172*** (0.304)
Age		-0.288*** (0.097)	-0.338*** (0.102)
Unemployed		-0.307 (0.424)	-0.260 (0.456)
Public Sector Employee		-0.146 (0.371)	-0.274 (0.371)
Private Sector Employee		-0.271 (0.348)	-0.310 (0.376)
Entrepreneur		-0.412 (0.363)	-0.447 (0.559)
Farmer		-0.353 (0.522)	-0.353 (0.522)
Other Occupation		-0.308 (0.406)	-0.310 (0.443)
Education Level		0.0517 (0.0751)	0.038 (0.081)
Female		0.314 (0.213)	0.278 (0.224)
Rural		0.201 (0.204)	0.297 (0.220)
Syriza		2.652*** (0.333)	2.795*** (0.341)
ANEL		2.287*** (0.844)	2.055*** (0.905)
PASOK		-0.0607 (0.647)	0.009 (0.631)
To Potami		0.321 (0.534)	0.471 (0.560)
Golden Dawn		2.895*** (0.735)	2.955*** (0.867)
Abstention		1.401*** (0.380)	1.338*** (0.406)
Other Party		1.376*** (0.350)	1.355*** (0.365)
Preference: leave euro		-0.676** (0.329)	-1.056*** (0.385)
Preference: stay euro		1.984*** (0.612)	2.192*** (0.614)
Nationalism (imputed)			0.129** (0.589)
Constant	-0.975*** (0.198)	-1.489* (0.855)	-0.135 (0.989)
Observations	989	984	984

Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table A2 shows the logit regression analysis for vote intentions, on which figure 3 is based. In column 3, we additionally control for nationalist sentiments, because the various Greek bailout packages have strongly curtailed sovereign Greek policymaking. Nationalist

individuals should hence be more inclined to vote against the creditor proposal in order to assert their right to self-determination. Because we do not have any information about individuals' level of nationalism in our July 2015 survey, we impute this variable based on information from a follow-up survey that we conducted in September 2015 {Dinas, 2015 #2373} that asked respondents about their the degree of agreement with the statement '*The Greek have suffered more than other people*' (ranging from 1-totally disagree- to 5-totally agree.⁴¹

⁴¹ Results are robust to using answers to the statement '*Contemporary Greeks are successors of the inglorious Ancient Greek civilization*' instead. We impute nationalistic sentiments in our referendum survey using the political independent variables described above and the *referendum vote recall* from the September survey. The results using the imputed variable are robust to excluding the referendum vote to simulate the missing values of *nationalistic sentiments* for the July survey. We did 20 imputations applying Rubin's combination rules, as suggested by White, Royston, and Wood {, 2011 #2374}.

Table A.3: Effect of bank holiday on expectations. Multinomial Logit (Expectations Reference Category: DK/DA)

VARIABLES	(1) Expectation: Grexit	(2) Expectation: Negotiations	(3) Expectation: Grexit	(4) Expectation: Negotiations	(5) Expectation: Grexit	(6) Expectation: Negotiations
Bank Holiday	-0.163 (0.217)	-1.041*** (0.206)	-0.0964 (0.242)	-0.909*** (0.225)	-0.0963 (0.241)	-0.909*** (0.225)
25-34			0.237 (0.833)	0.0197 (0.743)	0.228 (0.833)	0.007 (0.747)
35-44			0.0430 (0.745)	-0.503 (0.659)	0.039 (0.746)	-0.511 (0.760)
45-54			0.226 (0.737)	-0.232 (0.654)	0.218 (0.737)	-0.240 (0.655)
55-64			-0.495 (0.737)	-0.740 (0.651)	-0.494 (0.737)	-0.749 (0.652)
Over 65			-0.997 (0.751)	-1.184* (0.663)	-0.997 (0.751)	-1.191* (0.666)
Unemployed			0.384 (0.454)	0.165 (0.412)	0.362 (0.419)	0.402 (0.381)
Public Sector Employee			-0.623 (0.428)	-0.115 (0.376)	-0.663 (0.408)	0.0524 (0.359)
Private Sector Employee			0.691 (0.420)	0.276 (0.377)	0.0141 (0.347)	0.256 (0.318)
Entrepreneur			-0.0166 (0.420)	0.126 (0.384)	-0.0580 (0.385)	0.308 (0.354)
Farmer			-0.120 (0.441)	-0.518 (0.394)	-0.427 (0.504)	-0.706 (0.443)
Other Occupation			-0.00683 (0.577)	-0.654 (0.507)	-0.389 (0.357)	-0.385 (0.320)
High School			0.584* (0.344)	0.426 (0.303)	0.884*** (0.324)	0.711** (0.281)
Post High School			-0.311 (0.506)	-0.139 (0.422)	0.0143 (0.491)	0.121 (0.406)
University			1.182*** (0.346)	0.330 (0.308)	1.451*** (0.327)	0.603** (0.289)
Female			-0.157 (0.242)	-0.297 (0.219)	-0.110 (0.235)	-0.286 (0.213)
Rural			0.384 (0.235)	0.306 (0.212)	0.410* (0.232)	0.324 (0.210)
Syriza			-0.768** (0.328)	1.384*** (0.306)	-0.732** (0.323)	1.422*** (0.301)
ANEL			-2.478*** (0.867)	0.392 (0.542)	-2.348*** (0.862)	0.493 (0.538)
PASOK			0.200 (0.473)	0.0553 (0.508)	0.167 (0.470)	0.0331 (0.505)
To Potami			-0.447 (0.455)	-0.538 (0.494)	-0.406 (0.447)	-0.508 (0.489)
Golden Dawn			-0.606 (0.693)	0.726 (0.619)	-0.400 (0.688)	0.933 (0.616)
Abstention			-0.428 (0.397)	0.653* (0.377)	-0.421 (0.389)	0.683* (0.371)
Other Party			-1.123*** (0.340)	0.328 (0.317)	-1.030*** (0.336)	0.401 (0.314)
Preference: leave euro			0.524 (0.587)	-0.474 (0.428)	0.594 (0.582)	-0.387 (0.424)
Preference: stay euro			1.027** (0.464)	-0.312 (0.329)	0.982** (0.461)	-0.344 (0.327)
Nationalism (imputed)					0.033 (0.107)	-0.0924 (0.2423)
Observations	989	989	984	984	984	984

Constant not shown. Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Matching Analyses

Balance statistics

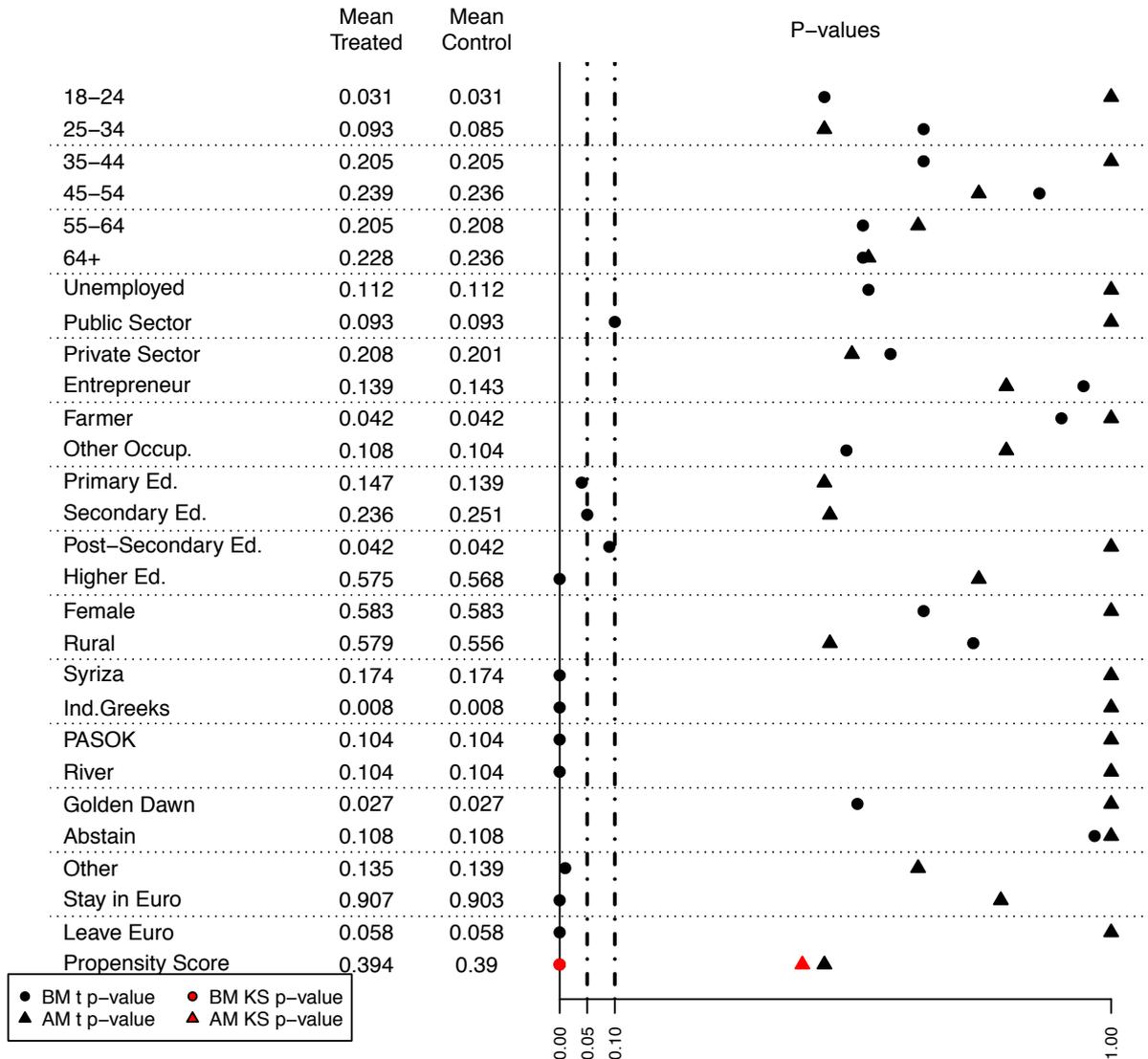


Figure A1: Balance statistics using “Grexit” as treatment

Note: The black dots present the p -values from the difference-of-means test between treated and control group from the unmatched dataset (BM). The black triangles represent the p -values from the matched dataset (AM). The red dot denotes the p -value of a Kolmogorov-Smirnov test of distributions between treated and control groups in the unmatched dataset. The red triangle indicates the p -value from the matched dataset. All variables are binary apart from the propensity score, which is treated as a continuous variable.

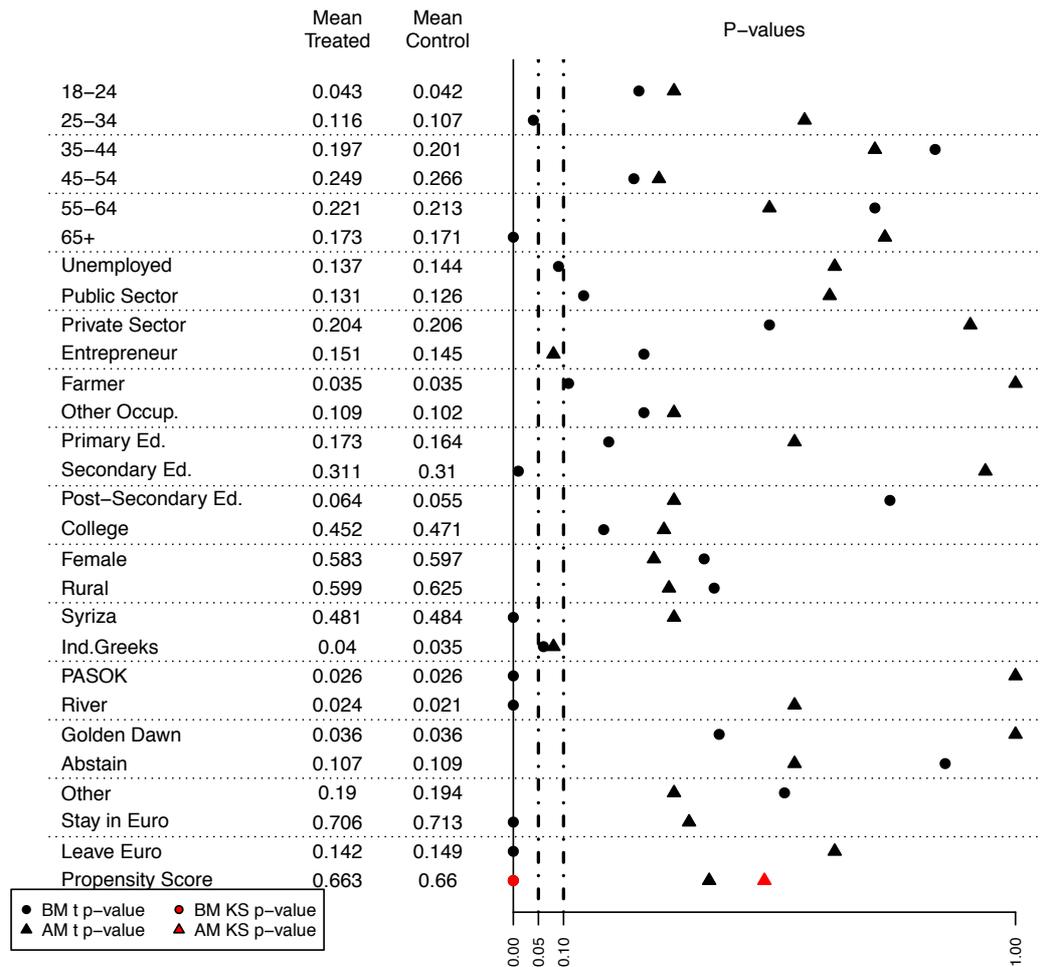


Figure A.2: Balance statistics using “Negotiations“ as treatment.

Note: The Figure replicates Figure 2 of the main text, using the „negotiations“ option as the treatment indicator.

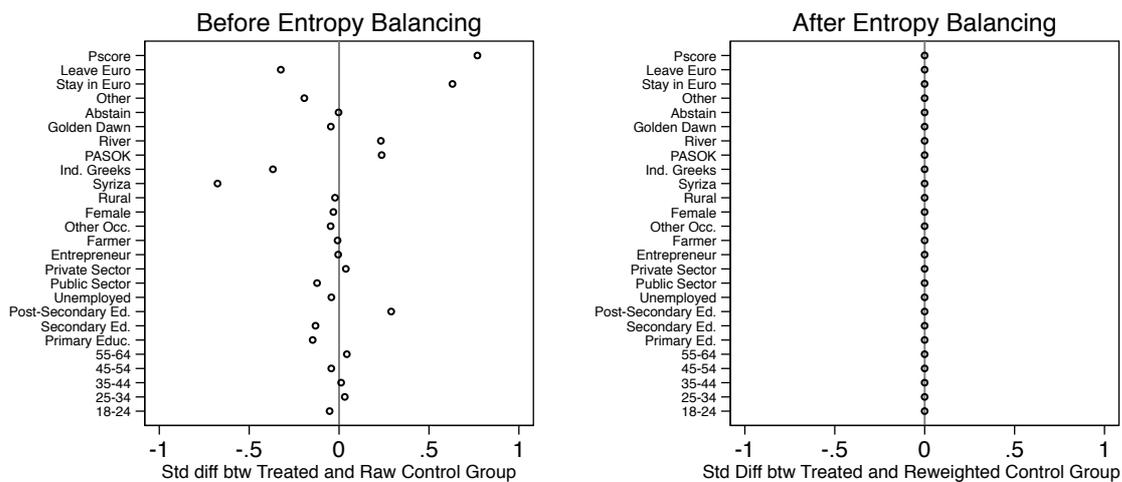


Figure A.3: Standardized mean differences before and after entropy balancing.

Note: The dots denote the standardized difference between treated and control groups. The left panel shows these mean differences before entropy balance whereas the right panel shows the same differences after entropy balancing.

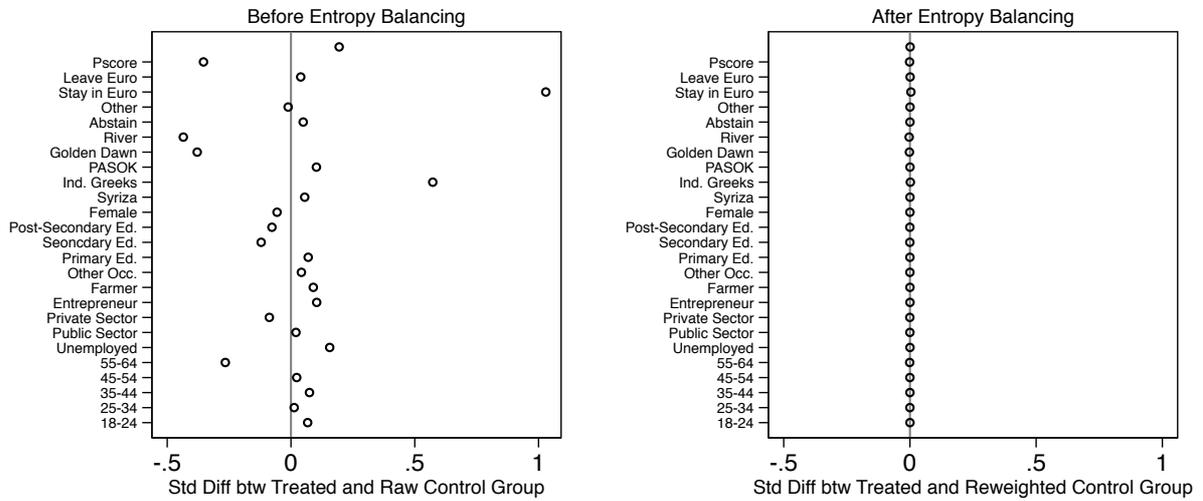


Figure A.4: Standardized mean differences before and after entropy balancing.

Note: The graph replicates Figure 3 of the main text, using the „negotiations“ option as the treatment category.

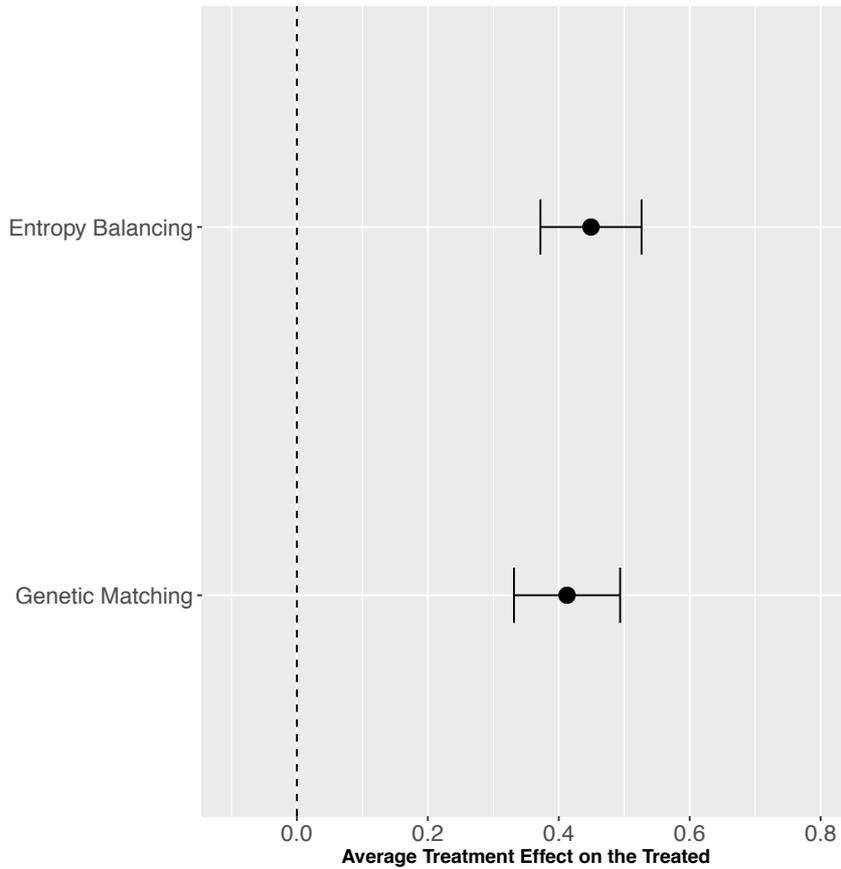


Figure A.3: The effect of “Negotiations” expectations on the No vote in the Greek Referendum.

Note: The graph replicates Figure 4 of the main text, using the “negotiations” option, instead of the “Brexit” option as the treatment category.

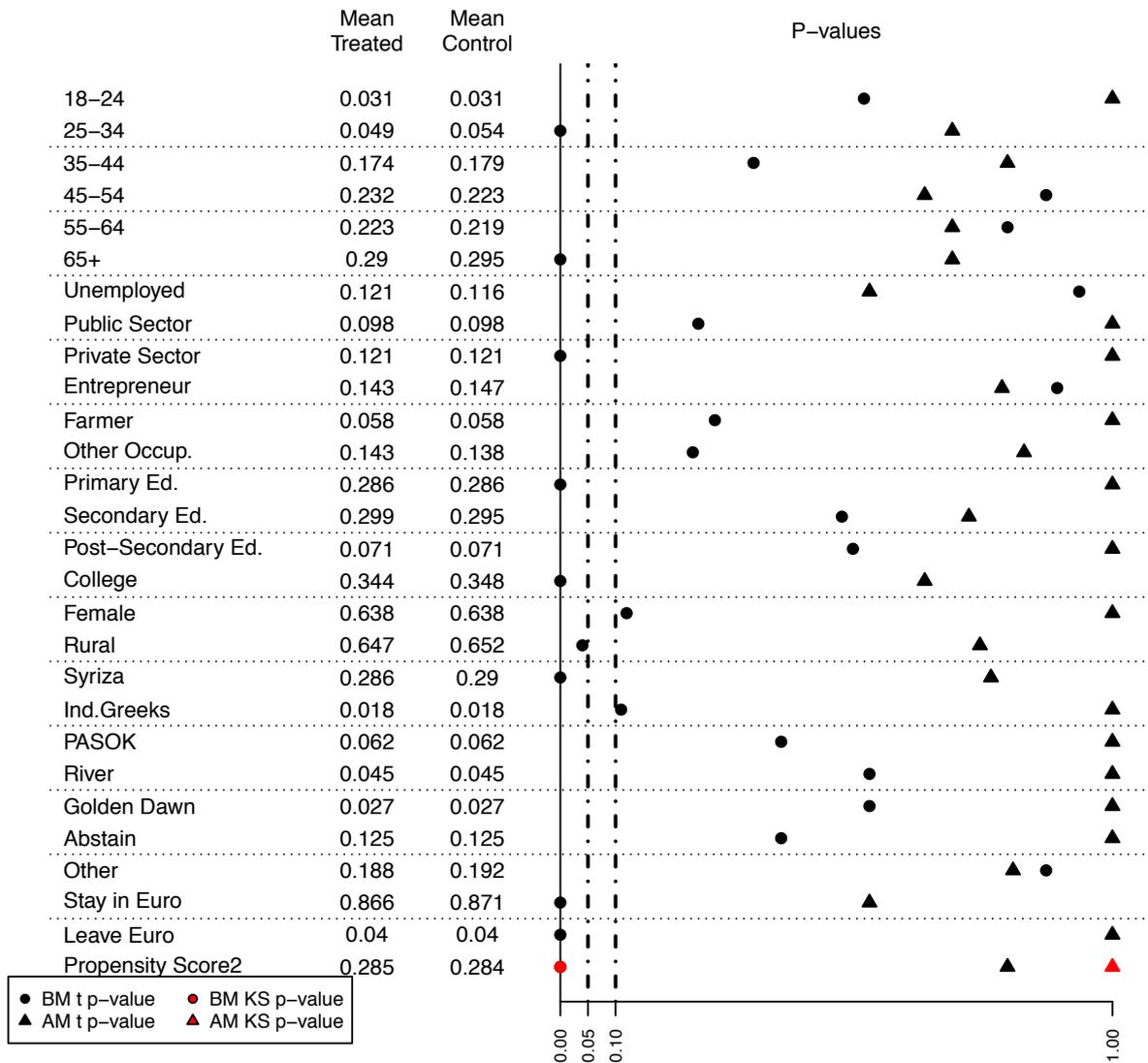


Figure A.4: Balance in pretreatment covariates for those affected and those not affected by the bank holiday.

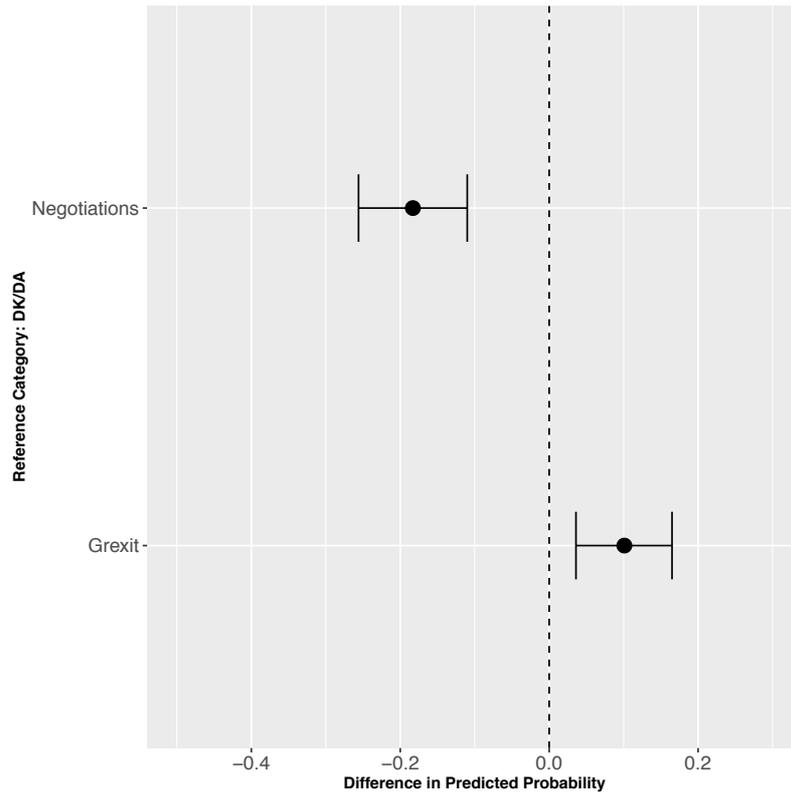


Figure A.5: Change in probability of expecting Grexit/Negotiations due to the bank holiday, estimates from the Genetic Matching Analysis.

Note: The point estimates denote the difference in the probability of Grexit/Negotiations expectations compared to the DK/DA option. Horizontal bars denote the 95% confidence intervals. Estimates represent Average Treatment Effect on the Treated, obtained by a comparison of means on the matched dataset, as generated by the genetic matching analysis shown in the previous Figure.