Utah State University

DigitalCommons@USU

5-2016

Political Parties and Direct Democracy: An Analysis of the 2015 Greek Referendum

Megan E. Hansen
Utah State University

Follow this and additional works at: https://digitalcommons.usu.edu/etd

Part of the Economics Commons

Recommended Citation

Utah State University
MERRILL-CAZIER LIBRARY

POLITICAL PARTIES AND DIRECT DEMOCRACY: AN ANALYSIS OF THE 2015
GREEK REFERENDUM

by

Megan E. Hansen

A thesis submitted in partial fulfillment
of the requirements for the degree

of

MASTER OF SCIENCE

In

Economics

Approved:

_____   _____
Randy T Simmons, PhD   William F. Shughart II, PhD
Major Professor   Committee Member

_____   _____
Ryan M. Yonk, PhD   Chris Fawson, PhD
Committee Member   Committee Member

_____
Mark McLellan, PhD
Vice President for Research and
Dean of the School of Graduate Studies

UTAH STATE UNIVERSITY
Logan, Utah

2016

ABSTRACT

Political Parties and Direct Democracy: An Analysis of the 2015 Greek Referendum

by

Megan E. Hansen, Master of Science

Utah State University, 2016

Major Professor: Dr. Randy T Simmons
Department: Economics and Finance

On July 5, 2015, Greek voters were asked to vote on whether the country should

accept the terms of austerity offered by the European Union for bailout from the

country's financial crisis. With a turnout rate of 62.5% overall, 61.3% of Greeks voted

"no." While a majority of voters in every district opposed the bailout's terms, the margin

against the proposed austerity measures ranged from 51.2% in Lakonias to 73.8% in

Chanion. This paper explores whether political parties influenced Greek voters' decisions

to accept or reject the EU's budgetary reforms. We first review the literature relevant to

that question, focusing on whether party platforms are merely "cheap talk" or instead are

salient in determining electoral outcomes. We then test our hypotheses empirically at the

voting district level.

In this model, our key independent variable is party influence, which is measured by party vote shares in the nationwide election held in January of 2015. The dependent variable is the percentage that voted "no" to austerity in July 2015 in each of Greece's 56 electoral districts. We also control for average age and the unemployment rate across regions, as well as the fraction of first-time voters in each electoral district. After conducting simple regression analysis, we report evidence that a pro-austerity party (New Democracy) was a significant factor impacting the results of the referendum. This research finding bolsters the claim that parties can shape electoral outcomes on questions decided by an institution of direct democracy.

(36 pages)

PUBLIC ABSTRACT

Political Parties and Direct Democracy: An Analysis of the 2015 Greek Referendum

Megan E. Hansen

In conducting this research, I wanted to explore whether political parties have an influence on measures of direct democracy. I decided to answer this question by using the 2015 Greek referendum on austerity as a case study. By using regression analysis, I found evidence that at least one of the two strongest political parties in Greece had an impact on the outcome of the referendum.

This research contributes to the literature on the strength and effect of political parties on election outcomes. This research is relevant to discussions about political parties within the framework of collective choice and democracy in general. In doing so, this research may contribute to future analyses of how political parties affect institutions of direct democracy.

ACKNOWLEDGMENTS

I would like to thank Dr. William F. Shughart II for guidance and mentorship throughout the process of writing this thesis. I would also like to thank Randy T Simmons, Ryan M. Yonk, and Chris Fawson for teaching me to be intellectually curious and for trusting me with big questions and real research projects during my time at Utah State University and at Strata.

Megan E. Hansen

CONTENTS

Page

LIST OF TABLES

LIST OF FIGURES

INTRODUCTION

Last year (2015) was a bad year for Greece. In May of 2015 Greece's national unemployment rate was nearly 25%, more than twice that of nearby Italy. In the first quarter of 2015, Greece had the highest debt-to-GDP ratio of any European Union member: 168% compared to an average of 92.9% in the Eurozone overall (Eurostat, 2015). As a result, European Union leaders decided to craft a bailout plan complete with strict conditions for Greece's continued membership in the EU and the Eurozone.

The man responsible for negotiating on behalf of Greece was Alex Tsipras, the prime minister and leader of the Syriza party, which gained control of the Greek government in January 2015's national elections. Tsipras spent months negotiating a bailout deal with Greece's creditors before ending negotiations on June 26th 2015 and announcing that he would let the Greek people decide by holding a referendum ("How Greece's Referendum Works," 2015).

The referendum was held on July 5th, 2015. Greeks turned out to cast either a "yes" or "no" vote on the question of whether Greece should accept the bailout package offered by the country's creditors. Because the bailout agreement already had expired by the time the referendum was held, and because the question posed was unclear to many Greek voters, numerous observers claim that the referendum actually was a symbolic vote on whether Greece should remain in the Eurozone, the European Union, or both. Voters essentially were asked to express their opinions for or or against a "Grexit" from continued European integration ("How Greece's Referendum Works," 2015).

The actual bailout agreement being voted on was viewed by many Greeks as overly harsh. The terms of the agreement included restructuring the national sales tax with the goal of increasing revenue, an end to tax exemptions for Greek islands, disincentivizing early retirement, and phasing out a grant that provides additional income to pensioners (European Commission, 2015; Peter, 2015).

In the run-up to the referendum, Prime Minister Tsipras urged Greek voters to vote against the terms of the bailout, arguing that a "no" vote would give him what he needed to negotiate a more favorable deal with Greece's creditors ("So, we meet again," 2015). On the other side of the political spectrum, New Democracy, Greece's more conservative opposition party, encouraged voters to accept the bailout, arguing that Greece needed a "yes" vote to remain in the good graces of European creditors and receive the financial assistance it so desperately needed.

When the referendum results finally were tallied, a majority of Greek voters sided with Tsipras and the Syriza party, with 61.3% nationwide voting against austerity. This paper examines whether political parties helped determine how Greeks voted on austerity by conducting empirical analysis of the voting results.

LITERATURE REVIEW

Citizens occasionally are asked to make specific policy decisions that elected officials are either unable or unwilling to make themselves. Much has been made, however, of the inability of ordinary people to choose rationally when faced with simple survey questions, let alone more complex public policy questions (Campbell, Converse, Miller & Stokes, 1960). If this view is correct, how does the average voter decide how to vote when asked to make a decision about a specific policy issue?

Determining how members of the public develop and maintain opinions about political issues is a topic that has been discussed hotly. Despite the fact that many members of the public are rationally uninformed (Downs, 1957) or are "rationally irrational" (Caplan, 2007), incomplete information does not necessarily prevent them from identifying how they feel about particular issues, particularly when they are asked to vote on a specific -- and salient -- policy proposal. Citizens have opinions and can identify what they like or dislike, even if they cannot say why they have formed such opinions.

One school of thought asserts that uninformed voters are unable or unlikely to gather information and answer questions about policy through a process little better than random guessing (Converse, 1964). Brennan (2009) even went so far as to argue that because citizens are rationally uninformed, they have a moral duty *not* to vote lest they "pollute the polls" by interjecting "noise" that undermines the signal sent by their better informed counterparts. Despite Brennan's moral argument against uninformed voting, Converse and others correctly identifed a tendency of respondents to answer policy

questions even when they lack specific information about the policy in question

(Campbell et al., 1960). Those authors laid the groundwork for a discussion of how

voters reach conclusions without possessing all relevant information.

A review of the literature makes it apparent that something more than random

guessing is occurring; voters are utilizing decision strategies that draw on the limited

information they possess to answer questions when asked (Popkin, 1991). Many scholars

have disagreed about where individuals obtain information about candidates and policies.

John Zaller (1992) proposed that opinions held by individuals are based on information

that has become salient to them as they interact in the world every day. Individuals

ultimately make decisions based on prior experience, relevance, heuristic value, and other

factors that draw pieces of information to the front of their minds. Zaller's model of how

information is gathered, understood, and evaluated on an individual basis asserted that

information is heard or seen, considered in light of other information, and filed away for

future use. Thus, when the individual faces a similar situation in the future, the

information is retrieved and applied in deciding how to respond to the new circumstances

(Zaller, 1992).

Building on Zaller's work and asserting that previous information should have an

effect on future decision making, some scholars have proposed that rather than simply

retaining all of the necessary information, individuals utilize heuristic devices that allow

them to parse the relatively large stock of information acquired beforehand in a

systematic and efficient way. Given contributions to the literature that call into question

the ability of individuals to retain even relatively small amounts of information, heuristic

devices are of particular importance.

The importance and ability of heuristic devices to help achieve this goal and improve the use of information, has been tested extensively. While the results of these tests have been mixed (Kuklinski & Quirk, 2001), they do provide some basis for believing that if summary statistics on which voters rely is correct - namely, strong enough to override other information, accurate, and applied in the proper context -- citizens can distill information both parsimoniously and systematically to reach the correct conclusion (Lupia, 1994).

Given the potential of heuristic devices to provide citizens with a relatively low-cost decision making strategy, the question that immediately arises is what is the "right" heuristic device? Again the literature has provided a plethora of potential options. Such options can be understood, first, as types of processes that can be used to reach decisions and, second (Lau & Redlawsk, 2006), as specific cues and cue-givers that provide the information necessary within those processes (Rahn W. M., 1993; Taber & Lodge, 2006; Goren, 2005).

One potential heuristic device on which voters might rely is the positions political parties articulate on public policy issues. Those positions, most often communicated by party leaders, written in party platforms or manifestos, and delivered in speeches on the campaign trail, have been the subject of disagreement about their impact on voters, and their longer lasting impacts have been questioned by those who see the electioneering activities of political parties, including their campaign platforms, as a form of "cheap talk."

Farrell and Rabin (1996, p. 116) defined cheap talk as "costless, nonbinding, nonverifiable messages that may affect the listener's beliefs." From that point of view,

campaign rhetoric, pre-election advertising and written materials laying out partisan positions to be taken after Election Day do not credibly commit parties or the candidates they field to concrete policy agendas. Austen-Smith and Banks (2002) pointed out that such political gesturing can easily be labeled "cheap talk" in that it is relatively costless. Politicians and party leaders can set policy platforms for the purposes of getting elected, without necessarily having to carry through on those promises or producing any lasting impact on the voters they attract.

Because party platforms are not enforceable contracts and are often costlessly ignored, except possibly at the next election cycle when voters can punish promise breakers and, moreover, voters' memories are rationally short, voters have no reason to believe or to act on cheap political talk. Farrell and Rabin (1996, p. 108), however, asserted that most political talk is not dismissed offhand, and that "people take the usual or literal meaning seriously." Thus, although talk is cheap and may not directly affect how people act, "talk definitely affects payoffs," because people listen to what is being said, assess credibility, and then decide whether and how to act in response.

Whether political talk is cheap is also affected by the incentives that individual politicians and voters face. Public choice thinkers have long pointed out that politicians, just like individual voters, are self-interested utility maximizers (Buchanan, 1999). Politicians maximize utility by gaining votes, which represent the currency that allows them to remain in office and to exercise political power.

One of the most significant issues in a democratic system is that both voters and politicians have incomplete information. Anthony Downs (1957) suggested that political ideologies help voters overcome this information problem. Instead of having to spend the

time and effort necessary to become educated about every policy issue, voters use ideologies and party labels to understand how parties differ in general, and can then cast their votes according to which party ideology is closest to their own ideal points and that they believe will benefit them most personally. Political parties, and the politicians affiliated with them, recognize this fact.

Thus, as Downs (1957, p. 137) noted, "political parties in a democracy formulate policy strictly as a means of gaining votes … to attain the income, power, and prestige of being in office." In other words, parties create policies that they think will get them elected rather than seeking election in order to enact policies. Seen through this lens, political party platforms represent cheap talk in the sense that politicians do not necessarily want to see a given policy enacted, but rather adopt the policy positions they conjecture will most likely get them elected or reelected.

In a multi-party system, the information problem becomes even more complex. When many parties exist with varying public policy platforms, parties often must enter coalitions to form a government. Coalitions may be necessary for parties to get the support of a majority of voters needed to enact policies (Downs, 1957). When such coalitions are formed, however, it becomes more difficult for voters to assign credit to individual parties when parliament enacts "good" policies or punish candidates and parties when "bad" policies are enacted. Unless one party controls an absolute majority of parliamentary seats, it may not be clear which parties are responsible for making policy within a coalition.

Strong support nevertheless can be found in the literature that forges a theoretical link between party influence and the beliefs and actions of voters. This is especially the

case in the context of the European Union, both in terms of support for EU integration as well as what has been called 'Euroscepticism.'

The literature on "Euroscepticism" discusses a "permissive consensus" that persisted until the 1980s in which citizens were "ill-informed, uninterested and generally favourably disposed" to European integration (Steenbergen, Edwards, & deVries, 2007, p. 15; de Vries, van der Brug, van Edgmond, & van der Eijk, 2011). Today, however, the political climate in Europe has changed, and political actors are much more tightly constrained by and responsive to public opinion (de Vries et al., 2011; Hooghe & Marks, 2009).

Some empirical evidence supports the hypothesis that political party platforms do matter in the European Union. For example, Ray (2003, p. 978) utilized a nonrecursive model to demonstrate that "party positions do influence electorate opinion," although the extent of this influence "varies with levels of disagreement among parties, party unity, issue salience, and party attachment." Ray's study used data from the 1984, 1988, 1992 and 1996 Eurobarometer surveys, which report variables that measure voters' political interests and ideological closeness to parties (used as the independent variables), as well as support for European integration (used as the dependent variable). Ray also found that the effect of parties is stronger when an issue becomes particularly visible. For example, party influence was especially intense in 1992 because of extensive public debate regarding ratification of the Treaty on European Union.

Scholars likewise have asked whether public opinion drives the actions of political parties or, alternatively, whether political elites shape the views of the masses. Evidence exists for linkages in both directions, with direct democracy measures having a

particularly significant influence on bottom-up linkages. For example, Matsusaka's (2004) analysis of voter initiatives held in the U.S. states from 1957 to 2000 found that the threat of legislative action triggering a referendum causes legislators to modify bills in ways that move policy closer to the median voter's preference. Other authors have also reported evidence supporting the claim that voters' preferences shape the actions of political parties. Institutions that allow for popular referendums in particular create "strong incentives for political parties to align their policy stances with the positions of their constituents" (Steenbergen et al., 2007).

 This literature suggests that political parties can have a real influence on public opinions and actions, particularly in European Union countries and particularly for highly visible policy issues. This is especially the case in countries that allow for popular referendums. In the next section we will develop our hypotheses regarding why and how political parties influenced Greek voters in the referendum on austerity in July of 2015.

THEORY AND HYPOTHESIS

This paper builds on the literature on cheap talk and the influence of political parties on the behavior of voters. We applied this literature to the Greek referendum on austerity, held in July of 2015, to examine whether political parties had a meaningful influence on the outcome of the referendum across all of that nation's 56 voting districts. Our theory was that political parties take stances on issues, especially when it comes to highly visible and contested issues dealing with European integration, and that those stances are taken seriously by voters. The austerity measures presented to Greek voters in the wake of its recent financial crisis represented one such highly visible and contested issue.

To test this theory, our null hypothesis was that parties had no meaningful impact in predicting how voting districts voted for or against austerity. Our alternative hypothesis was that parties had a meaningful effect in determining how voting districts voted for or against austerity.

BACKGROUND: THE POLITICAL LANDSCAPE OF GREECE

Greece is a parliamentary republic consisting of a 300-seat parliament, elected by popular vote, and the President, who is elected by parliament. The Government of Greece comprises the Prime Minister and a Ministerial Council. General elections are held every four years and all Greek citizens of 18 years or more are enfranchised. Voting in Greece is compulsory; however, a 2001 constitutional revision removed the possibility of penal sanctions for non-voting citizens (Hellenic Parliament, 2016; Ministry of Foreign Affairs, 2016). Greece is a multi-party system in which the party winning a plurality of the national votes automatically is awarded 40 parliamentary seats. The remaining 260 seats are distributed amongst all parties that earn at least three% of the national vote (USAID, 2016).

In this paper we used the results of the most recent parliamentary election held before the referendum on austerity to measure political party strength across the nation's 56 voting districts. Figure 1 provides a map of Greece's 56 voting districts shaded by the percentage of voters in each district voting against austerity. As the map shows, in all voting districts a majority of voters opposed austerity; however, the margin against the proposed measures ranged from 51.2% in Lakonias to 73.8% in Chanion.

In the general election held on January 25, 2015, seven parties exceeded the three-percent threshold necessary to gain seats in the Greek Parliament. Of those, Syriza, which stands for "Radical Coalition of the Left," earned 36.3% of the vote and 149 seats (just two shy of an absolute majority) (Ministry of Interior, 2015).
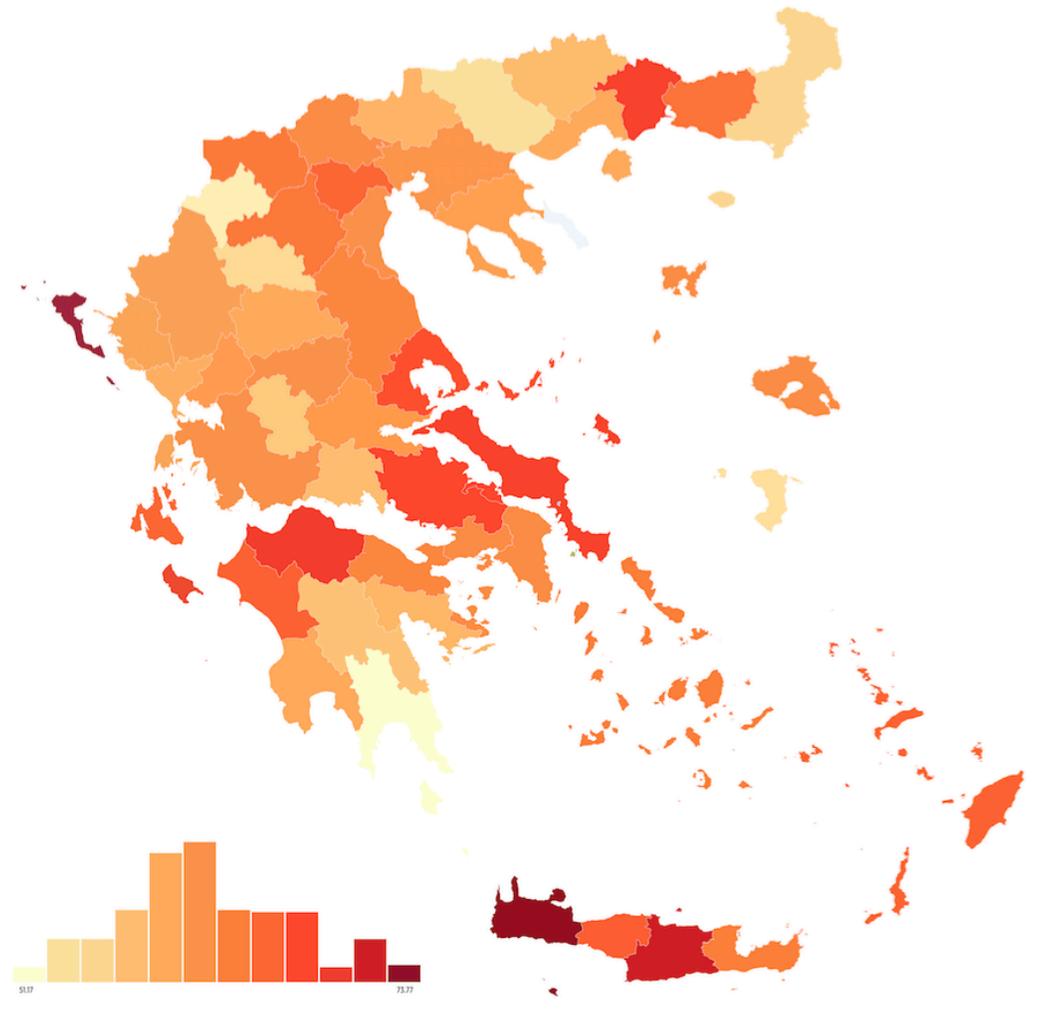
Figure 1. Map of 56 Greek Voting Districts (shaded by% that voted against austerity)

      Syriza, led by Alex Tsipras, gained popularity with young people and public

sector workers by labeling itself as the anti-austerity party. Syriza's leaders promised an

end to the EU's belt-tightening measures, as well as more public spending on programs to

provide public services, such as free electricity for low-income Greeks. After the January 2015 general election, the Independent Greeks, a right-wing party, joined Syriza in an unlikely coalition mainly because of the parties' shared anti bailout views (BBC, 2015, January 26). The Independent Greeks earned 4.75% of the national vote and 13 seats in the January parliamentary election (Ministry of Interior, 2015).

Syriza's primary competitor is New Democracy, a conservative party that, prior to January 2015, had governed Greece since 2012 under the leadership of Prime Minister Antonis Samaras. While in power, New Democracy worked to put in place austerity measures in an effort to help Greece recover from its ongoing financial problems. Those measures, however, faced popular opposition that helped fuel the rise to power of the anti-austerity party Syriza. New Democracy's party platform has also included a commitment to keeping Greece in the European Union and the Eurozone (BBC, 2015, January 26). In the January 2015 parliamentary election, New Democracy earned 27.8% of the popular vote and 76 seats (Ministry of Interior, 2015).

The party that received the third highest percentage of votes in January 2015 was Golden Dawn, earning 6.28% of the nationwide vote (Ministry of Interior, 2015). Golden Dawn is a far-rightwing party with a nationalist anti-European integration platform. The party has a strong anti-austerity stance (Smith, 2015). Other smaller parties include The River (To Potami), a pro-European and pro-austerity party, which earned 6.05% of the vote in January's parliamentary election. The Panhellenic Socialist Movement (Pasok), was strong in post-WWII Greece, but lost support for its anti-austerity stance (BBC, 2015, January 26). Pasok earned 4.68% of the vote in January of 2015. Finally, the Greek

Communist Party (KKE), which rejected Syriza's proposal to join its coalition, earned

5.47% of the vote. The vote totals are summarized in Table 1.

Table 1

Outcome of the January 2015 Parliamentary Election

Party	% of Nationwide Vote Received
Syriza	36.34
New Democracy	27.81
Golden Dawn	6.28
The River (to Potami)	6.05
Greek Communist Party	5.47
Independent Greeks	4.75
Panhellenic Socialist Movement (Pasok)	4.68
Total Vote Share	91.38

Our regression analysis below focused on the vote shares of the two largest

parties -- Syriza and New Democracy. This is because these parties have the most

significant impacts on Greek politics today and have the strongest party platforms

regarding austerity and the bailout deal offered to Greece by the European Central Bank

(ECB). We also chose to include only the two major parties to avoid problems with

multicollinearity that arise when we enter the vote shares of all seven parties in one

model.

DATA AND METHODS

Our dataset contains 56 observations -- one for each electoral district in Greece. Our dependent variable was the percentage of Greek voters in each voting district voting "no" on the austerity measures proposed by the ECB in the referendum held on July 5, 2015. Data on voting on the referendum came from the Greek Ministry of Interior.

Because we were interested in examining the relationship between the referendum's outcome and partisan support, our primary independent variables measured the extent of support each of Greece's two major political parties enjoyed across voting districts. We measured political support by entering the percentage of votes earned by both Syriza and New Democracy in each voting district in the most recent parliamentary election before the referendum, held in January of 2015. Like our data on the July election, this information was taken from the Greek Ministry of Interior. In using that information to measure political support, we assumed that political party identifications did not change significantly across voting districts from January to July of 2015.

Our other independent variables were controls for age, economic conditions, and population across voting districts. In searching for a variable that would control for age reasonably, we ran into several data problems. Information on average age in 2015 was not available at the voting district level, but only at the regional level. We therefore created a variable labelled *average age* that enters observations in the region and repeats that value for each voting district falling within that region. These data came from the Hellenic Statistical Authority. As such, *average age* is a regional fixed effect.

In seeking to control for age, we also found the percentage of first-time voters (who were 18 years old at the time of the election) in each voting district, but 2012 was the most recent year for which those data were available. In so doing, we assumed that the percentage of new voters did not change significantly across voting districts from 2012 to 2015. Those data were taken from the Greek Ministry of Interior.

We also hoped to control for economic conditions across voting districts, but encountered additional data challenges. We could not find unemployment rates at the voting district level, so we use used regional rates and repeated those average values for each voting district within a region. The most recent year for which unemployment rates are available was 2014, and those data came from Eurostat. In using this information, we again assumed that differences in unemployment rates across districts did not change significantly between 2014 and the 2015 referendum.

Finally, we hoped to control for population variations, but once again were unable to find disaggregated data for 2015 at the electoral district level. We used the best data available, which were the number of registered voters in each voting district in 2012. We used the number of registered voters as a proxy for populations across voting districts. This makes some sense given that voting in Greece is compulsory. In using registered voters as a proxy for population, we assumed that populations did not shift significantly between voting districts from 2012 to 2015.

Table 2

Summary Statistics

Variable	Observations	Mean	Standard Deviation	Min.	Max.
% No	56	61.38	5.26	51.17	73.77
Registered voters	56	175654	196174.9	29495	1409813
Average Age (by region)	56	42.45	1.25	39.8	44.2
% First-time voters - 18 years old (2012)	56	1.11	0.18	0.71	1.56
Unemployment Rate (by region 2014)	56	25.57	2.55	20.1	28.7
Support for Syriza	56	36.00	5.53	26.23	48.45
Support for New Democracy	56	29.45	5.32	18.53	38.89

Table 2 summarizes the characteristics of our variables over the period of our

sample (2012--2015).

Table 3

Matrix of Correlations

	% No	Registered Voters	Average Age	% First-time Voter	Unemployment Rate	Support for Syriza	Support for New Democracy
% No	1.00						
Registered Voters	-0.04	1.00					
Average Age	-0.33	-0.28	1.00				
% First-time Voters	0.30	0.10	-0.49	1.00			
Unemployment Rate	-0.18	0.26	-0.04	0.26	1.00		
Support for Syriza	0.75	0.02	-0.12	0.24	-0.13	1.00	
Support for New Democracy	-0.83	-0.21	0.34	-0.31	0.05	-0.84	1.00

Table 3 provides a matrix of correlations between the variables. As the table shows, the correlation between variables ranges from a minimum correlation coefficient of 0.02 between the support for Syriza and registered voters within a region, and a maximum correlation coefficient of 0.75 between support for Syriza and the% that voted no.

RESULTS AND ANALYSIS

Table 4 shows the results for three separate regression specifications, estimated by OLS. These three models use the percentage of voters opposed to the bailout deal as the dependent variable. All three models are significant at the .01 level.

Table 4

Regression Results for the Effect of Political Party Support on Percent "No"

% No	Model 1	Model 2	Model 3
Registered Voters	-5.10e^-06 (0.00)***	-5.59e^-06 (0.00)***	-2.77e^-07 (0.13)
% First-time voters (18 years old)	2.63 (0.36)	1.18 (0.73)	0.00 (0.21)
Unemployment rate	-0.22 (0.22)	-0.18 (0.30)	
Support for Syriza	0.05 (0.75)	0.10 (0.57)	0.00 (0.35)
Support for New Democracy	-0.79 (0.00)***	-0.73 (0.00)***	-0.01 (0.00)***
Average Age		-0.45 (0.32)	
Regional Fixed Effects Included?	No	No	Yes
R-squared	0.75	0.76	0.81
F-statistic	24.73	21.46	11.10
Prob. > F	(0.00)***	(0.00)***	(0.00)***

Note: Each variable had 56 observations. Some variables were available only at the regional level (unemployment and average age), so the 56 observations were created by repeating the average regional observation for each voting district that falls within that region. All models were run with robust standard errors. We also tested for multicollinearity, and all models passed with a VIF score of 2.5 or less. *, ** and *** indicate significance at the 10%, 5% and 1% levels, respectively.

The first model included the number of registered voters, the percentage of first-time voters, the unemployment rate, and the support for both New Democracy and Syriza in the recent legislative election. The coefficient on the number of registered voters was negative and significant, suggesting that an increase in the number of registered voters by one voter was associated with a very small reduction in the percentage of votes against the bailout. The two explanatory variables of interest both carried signs that make sense, given what we know about party platforms regarding austerity. The coefficient on support for Syriza was positive, but not significant. The coefficient on support for New Democracy was negative and significant, suggesting that a one percentage point increase in support for New Democracy in the previous election was associated with a 0.79 percentage point reduction in the share of "no" votes. This makes sense, because given the fact that New Democracy was a pro-austerity party, we would expect regions with more support for this party to have a larger fraction of voters voting in favor of the bailout package.

The second model included all of the same variables as the first, but also included average age by region. As in the first model, the number of registered voters had a significant, but small effect in reducing the percentage of voters that voted "no." The percentage of first-time voters, the unemployment rate, and average age were not significant, though. The coefficient on support for New Democracy again was negative and significant, with a slightly smaller effect than in Model 1. Support for Syriza was not significant, but did have a positive coefficient.

The third model omitted the continuous regional variables (average age and unemployment) in favor of including a dummy variable for each region to test whether other unobservable factors at the regional level helped explain the variation in votes against austerity at the voting district level. (Athens was the omitted region.) The only region with a significant coefficient was the South Aegean region, with a coefficient of positive 0.04 and a p-value of 0.05. This makes sense given that Greek islands comprise the South Aegean region and that the conditions of austerity included doing away with tax breaks for this tourism-dependent area. In this model, New Democracy retained its sign and significance; Registered voters did not.

We also ran many other variations of these models with different combinations of explanatory and control variables. In all of the variations we ran, support for New Democracy had a negative and significant effect on the percentage of voters that voted "no" to austerity. The support for Syriza was not significant in any models we ran; however, the coefficient was consistently positive, as expected. These results provide evidence that party platforms had an effect on voter behavior in the 2015 referendum on austerity in Greece.

CONCLUSION

In this paper, we found evidence to support our hypothesis that parties have an effect on voter behavior in direct democracy measures. Support for one of the two major parties in Greece--New Democracy--lowered significantly the percentage of voters opposing the EU's bailout package in the July 2015 referendum. Somewhat surprisingly, however, voters in districts returning stronger support for the anti-austerity Syriza party in January 2015 did not vote differently from voters elsewhere in Greece, according to our model. But New Democracy apparently was effective in reducing vote shares against austerity significantly, on average, suggesting that its message resonated with voters, but not enough to change the outcome overall. This finding provides one additional case study that contributes to the literature on the effect of party platforms on voter behavior in direct democracy measures.

Despite Syriza's strong anti-austerity stance and Prime Minister Tspiras's calls for a "no" vote, the party leader was soon forced to accept the conditions of a bailout package from the European Union and the International Monetary Fund. Upset at the conditions of the bailout, several members of parliament denounced their support for Syriza and decided to create their own party. As a result, Syriza lost its majority in Parliament in a "snap" election held in September of 2015. Despite failing to deflect the EU's austerity measures, Syriza won just over 35% of the total vote. As a result, the party lost only four seats in the September election compared to the January 2015 election when the party first gained a majority, and was able to re-form its majority coalition government with the Independent Greeks (BBC, 2015, September 21).

This confirmation through the popular vote could be a signal that the Greek people knew Syriza's anti-austerity talk was mostly symbolic. Perhaps they knew that the party's hands were tied when it came to negotiating with European creditors. Maybe they are more forgiving than Greek MPs. Or maybe it was all just cheap talk all along.

REFERENCES

Austen-Smith, D. & Banks, J.S. (2002). Costly signaling and cheap talk in models of political influence. *European Journal of Political Economy*, 18(2), 263-280.

Brennan, J. (2009). Polluting the polls: When citizens should not vote. *Australasian Journal of Philosophy*, 87(4), 535-549.

British Broadcasting Corporation (BBC). (2015, September 21). *Greece election: Alexis Tsipras hails victory of the people*. Retrieved from http://www.bbc.com/news/world-europe-34307795.

British Broadcasting Corporation (BBC). (2015, January 26). *Greek Elections: Main Parties from Syriza to Golden Dawn explained*. Retrieved from http://www.bbc.com/news/world-europe-30913028.

Buchanan, J. M. (1999). Politics without romance. In *The Collected Works of James M. Buchanan: Volume 1: The Logical Foundations of Constitutional Liberty* (pp. 45-59). Indianapolis, IN: Liberty Fund, Inc.

Campbell, A., Converse, P. E., Miller, W. E., & Stokes, D. E. (1960). *The American Voter*. Chicago, IL: The University of Chicago Press.

Caplan, B. (2007). *The Myth of the Rational Voter*. Princeton, NJ: Princeton University Press.

Converse, P. E. (1964). The nature of belief systems in mass politics. In D. E. Apter, *Ideology and Discontent* (pp. 206-261). New York, NY: Free Press.

de Vries, C., van der Brug, W., van Edgmond, M.H., van der Eijk, C. (2011). Individual and contextual variation in EU issue voting: The role of political information. *Electoral Studies*, 30(1), 16 - 18.

Downs, A. (1957). An economic theory of political action in a democracy. *Journal of Political Economy*, 65(2), 135-150.

Eurostat. (2015). *First quarter of 2015 compared with fourth quarter of 2014 Government debt rose to 92.9% of GDP in euro area*. News Release. Retrieved from http://ec.europa.eu/eurostat/documents/2995521/6923259/2-22072015-AP-EN.pdf/bf173a0e-0eba-4ab9-878c-6db8d1f6452b

European Commission. (2015, June 26). *List which takes account of the proposals of the Greek authorities received on 8, 14, 22 and 25 June*. Retrieved from http://www.ilsole24ore.com/pdf2010/Editrice/ILSOLE24ORE/ILSOLE24ORE/

Online/_Oggetti_Correlati/Documenti/Notizie/2015/06/List-prior-actions%20-%20version-26-%20June%20-20%2000.pdf Accessed 29 February 2016.

Farrell, J. & Rabin, M. (1996). Cheap talk. *Journal of Economic Perspectives*, 10(3), 103-118.

Goren, P. (2005). Party Identification and Core Political Values. *American Journal of Political Science*, 49(4), 882-897.

Hellenic Parliament. (2016). *The Parliament: The Political System: Elections*. Retrieved from http://www.hellenicparliament.gr/en/Vouli-ton-Ellinon/To-Politevma/Ekloges/.

Hooghe, L., Marks, G. (2009). A postfunctionalist theory of European integration: From permissive consensus to constraining dissensus. *British Journal of Political Science*, 39(1), 1-23.

"How Greece's referendum works" (2015, July 3). *The Economist*. Retrieved from http://www.economist.com/blogs/economist-explains/2015/07/economist-explains-2

Kuklinski, J. H., & Quirk, P. J. (2001). Reconsidering the Rational Public: Cognition, Heuristics, and Mass Opinion. In A. Lupia (Ed.), *Elements of Reason* (pp. 153-182). New York, NY: Cambridge University Press.

Lau, R. R., & Redlawsk, D. P. (1997). Voting Correctly. *American Political Science Review*, 91(3), 585-598.

Lupia, A. (1994). Shortcuts versus Encyclopedias: Information and Voting Behavior in California Insurance Reform Elections. *The American Political Science Review*, 88(1), 63-76.

Matsusaka, J. G. (2004*). For the Many or the Few: The Initiative Process, Public Policy, and American Democracy*. Chicago, IL: University of Chicago Press.

Ministry of Foreign Affairs (2016). *The Hellenic Parliament*. Retrieved from http://www.mfa.gr/usa/en/about-greece/government-and-politics/the-hellenic-parliament.html

Ministry of Interior (2015). *Parliamentary Elections January 2015*. Retrieved from http://eklogesprev.singularlogic.eu/v2015a/v/public/index.html?lang=en#%7B%22cls%22:%22main%22,%22params.

Peter, L. (2015, July 3). *Greek debt crisis: Why a bailout referendum?* Retrieved from http://www.bbc.com/news/world-europe-33314442

Popkin, S. L. (1991). *The Reasoning Voter*. Chicago, IL: University of Chicago Press.

Rahn, W. M. (1993). The role of partisan stereotypes in information processing about political candidates. *American Journal of Political Science*, 19(6), 472-477.

Ray, L. (2003). When parties matter: The conditional influence of party positions on voter opinions about European integration. *Journal of Politics*, 65(4), 978-994.

Smith, H. (2015, September 16). Greek Election 2015: Golden Dawn rises on austerity-driven despair. *The Guardian*, Retrieved from http://www.theguardian.com/world/2015/sep/16/greek-election-2015-golden-dawn-austerity Accessed 29 February 2016.

"So, we meet again" (2015, July 11). *The Economist*. Retrieved from http://www.economist.com/news/briefing/21657457-stay-euro-zone-greeces-prime-minister-will-have-jettison-almost-every-promise-he

Steenbergen, M.R., Edwards, E. E., & deVries, C. (2007). Who's cueing whom: Mass-elite linkages and the future of European integration. *European Union Politics*, doi: 10.11777/1465116507073284

Taber, C. S., & Lodge, M. (2006). Motivated Skepticism in the Evaluation of Political Beliefs. *American Journal of Political Science*, 50(3), 755-769.

USAID. (2016). *Hellenic Republic: January 25, 2015*. Retrieved from http://www.electionguide.org/elections/id/2836/.

Zaller, J. R. (1992). *The Nature and Origins of Mass Opinion*. New York, NY: Cambridge University Press.