Keeping the euro at any cost?
Explaining preferences for euro membership in Greece

Elias Dinas
Oxford University (UK)
elias.dinas@politics.ox.ac.uk

Ignacio Jurado
University of York (UK)
ignacio.jurado@york.ac.uk

Nikitas Konstantinidis
IE University (Spain)
nkonstantinidis@faculty.ie.edu

Stefanie Walter
University of Zurich (Switzerland)
walter@ipz.uzh.ch

Paper presented at the Annual Meeting of the
European Political Science Association (EPSA)
Milan, June 2017

Abstract

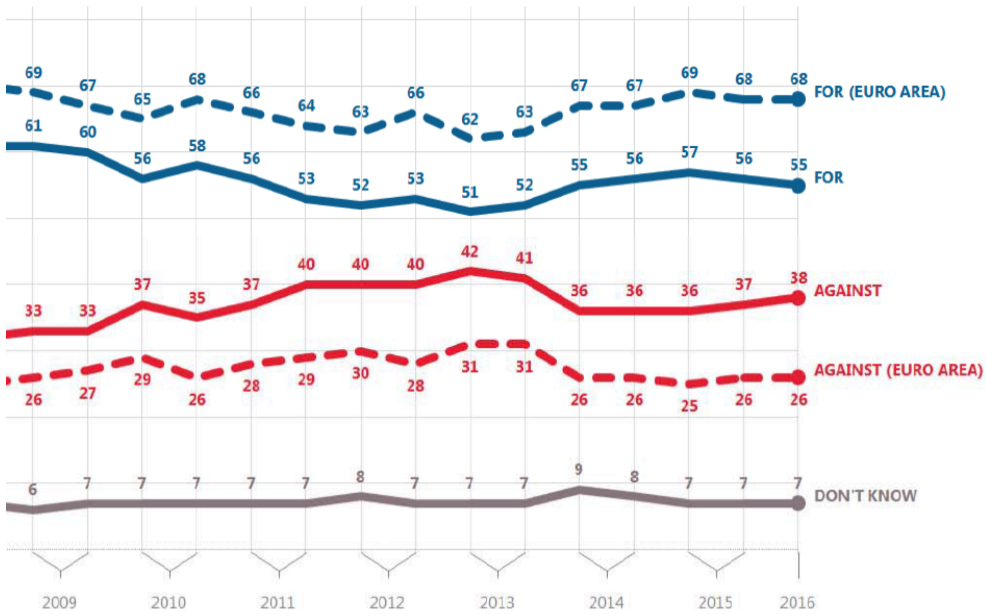
Despite years of crisis, the euro is still enjoying strong popular support in many of the Eurozone crisis countries. Given the high costs that the crisis has imposed on these countries, this raises the question why the public is still in favor of the common currency, and under which circumstances these high support levels may decrease. Using original survey data from three consecutive survey waves in Greece (from July, September, and December 2015), we analyze why a comfortable majority of Greeks have still not withdrawn their support for the euro. We use a detailed battery of questions, designed specifically to tap the many explanations given in the literature and public debate for this phenomenon, to tease out the different mechanisms. Using survey experiments, we then specifically focus on the trade-off between keeping the euro and austerity. We find that as individuals learn that austerity is the price for staying in the euro, their support for the common currency weakens, as evidenced both by a marked fall in the support for the euro between July and December 2015 and experimental evidence. Overall, our paper provides an explanation for why political elites so far have been able to commit to painful austerity and reforms: they had a clear mandate to do everything necessary to stay in the euro. Our results suggest, however, that this may change when the costs of austerity become too high, making an exit for the Eurozone a distinct possibility.

The euro crisis has wreaked havoc across the peripheral countries of the Eurozone. GDP levels have dropped significantly in the crisis countries. In 2015, seven years after the beginning of the Eurozone crisis, poverty and unemployment rates remained significantly higher in all of these states compared to pre-crisis levels, and youth unemployment in particular has soared. Throughout the crisis, Europeans have become much more negative about the European Union, feel less trust in EU institutions, and express more pessimism about the future of the EU (Eurobarometer, 2016).

Despite this growing euroskepticism, one hallmark of European integration has proven remarkably resilient: the euro. Support for the common currency has remained astonishingly stable across the Eurozone throughout the crisis (see, for example, Frieden, 2016; Hobolt & Leblond, 2013; Hobolt & Wratil, 2015; Roth et al., 2016).[1] Before the Eurozone crisis started, an average of 68% of respondents in the Eurozone supported the European economic and monetary union (EMU) with one single currency, the euro. Since the outbreak of the crisis in 2009, an average of 66% of respondents in the Eurozone have been supportive of the euro (see figure 1 below).[2] Even in those countries immediately affected by the crisis (Cyprus, Greece, Ireland, Italy, Portugal, and Spain) support for the common currency remained high: at the height of the crisis in spring 2012, the average support for EMU ran at 62% on average in these countries (Eurobarometer, 2012).

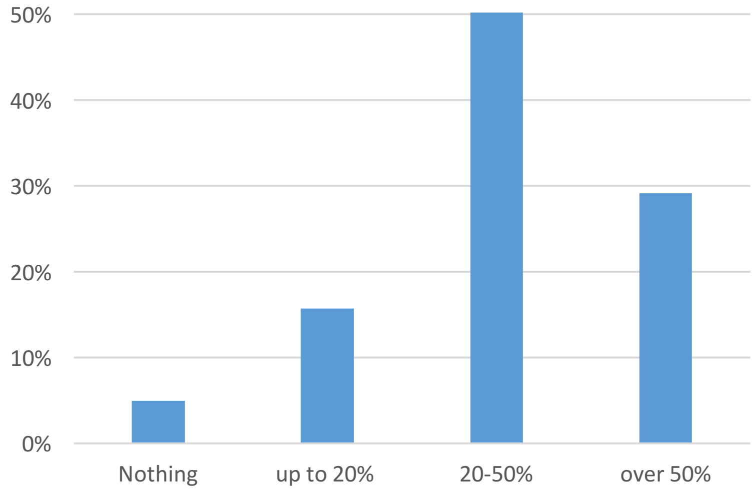
[1] Note that enthusiasm for the common currency has decreased considerably more in countries outside the Eurozone.

Figure 1: Public opinion about the euro (Eurobarometer, 2009-2016)



This consistently strong support for the euro is surprising if one considers that many experts blame design flaws in EMU as one of the main causes of the crisis and its difficult and slow resolution (see, for example, Copelovitch et al., 2016; De Grauwe, 2016; Hall, 2012). Most importantly, the inability of Eurozone members to devalue their currency – other than by leaving the Eurozone – has forced the governments of Eurozone countries with large current account deficits to rely on a painful strategy of internal devaluation. As a result, governments in the Eurozone's crisis countries have implemented austerity measures and to a lesser degree structural reforms, bringing hardship for many citizens: Figure 2 demonstrates the extent of suffering this crisis strategy has caused for the most harshly affected country of the Eurozone, Greece. It shows that almost 80% of Greek respondents report having lost at least 20% of their income over the course of the crisis, with a good fourth of respondents reporting income losses over fifty percent.

Figure 2: Subjective income loss since beginning of crisis in Greece (original survey data, December 2015)



The willingness of these governments to cling onto Eurozone membership and as a result to slash expenditures, raise taxes, and implement painful reforms is very puzzling from a political economy perspective. The usual response to balance-of-payment/ debt crises in the past has been to devalue the currency and default on the country's debt (Frieden & Walter, 2017). Why has no Eurozone country chosen this path?

The most straightforward answer is that giving up the euro has been deeply unpopular among voters, even more unpopular than the austerity path chosen instead. But this continued strong support for the euro in Eurozone countries raises two key questions. The first one focuses on the reasons for the public's favorable view of the euro: *why do voters in crisis countries support staying in the Eurozone*, even though this has put their countries on a path of harsh austerity without end in sight? The on the sustainability of this support and asks *whether there is a risk that this support could unravel at some point*. This second question thus puts the time horizon of voters' attitudes and their long-run views Eurozone membership into the limelight.

This paper examines these questions using original survey data from Greece, where the fallout from the crisis has been gigantic. Between 2009 and 2014, the country saw its GDP decrease by more than 25%, a figure that exceeds even those found after the Great Depression (Stiglitz, 2016). The country implemented a vast fiscal consolidation program, resulting in a reduction of the government's budget deficit by 11 percentage points, bringing it below 3% of GDP by 2014 (Nelson et al. 2011). As a result, unemployment escalated from approximately 10% in 2009 to almost 25% in 2013. Nonetheless, even in Greece a majority of respondents have supported EMU and the euro throughout the crisis. Although support has dropped, almost two thirds of Greek respondents continue to view the euro favorably at the time of writing (Eurobarometer, 2016).

We focus on Greece for a number of reasons: not only has this country experienced the largest fallout from the crisis, but it is one in which the question of leaving the Eurozone is no longer a theoretical question. When the Greek prime minister Alexis Tsipras organized a referendum in July 2015 on the conditions imposed by the country's creditors in return for further bailout money, many believed that the referendum was in fact a referendum on Greece's continued membership in EMU (Walter et al., 2016). Across Europe, many observers believed that the Greek vote against the bailout package would lead to "Grexit", i.e., Greece's exit from the Eurozone. Within Greece, several Greek politicians, including the former Finance Minister Yanis Varoufakis, and (fringe) political parties have openly called for leaving the common currency. As a result, the question of keeping the euro or reintroducing a national currency has been a highly salient issue in Greek politics (Vasilopoulou et al., 2014). The public debate about this issue means that voters are likely to be unusually informed about the issue and to have strong opinions about.

We leverage this unique setting by using original survey data that we collected in three waves in Greece: the first survey was conducted one day before the Greek bailout referendum in July 2015, the second two weeks before the Greek parliamentary elections in September 2015 and less than two months after Prime Minister Tsipras' post-referendum "U-turn" and his signing of the third bailout agreement in July 2015, and the third wave in December 2015, when the austerity measures and reforms imposed by the third bailout package began to bite. These surveys contain both survey experiments about the trade-offs inherent in the euro-austerity nexus as well as a detailed battery of questions designed specifically to tap all the many explanations given in the literature and public debate for individual support of the common currency. Moreover, our longitudinal design also allow us to trace dynamic public opinion effects during a time period that was very rich in political events and provided ample opportunities for learning and updating of popular beliefs on issues such as the inevitability of austerity. As a result, we are able to tease out the different mechanisms explaining both contemporaneous and intertemporal support for the euro and for Eurozone exit in this highly relevant case.

Literature

There is by now ample evidence that in the euro area, public support for the euro has remained remarkably strong during the crisis, even though support for the EU as such and trust in EU institutions has declined considerably (Frieden, 2016; Guiso et al., 2016; Hobolt & Leblond, 2013; Hobolt & Wratil, 2015; Roth et al., 2016). Despite this resilience, however, this research finds that the crisis has changed Europeans' assessment of the euro.

Most importantly, existing studies suggest that material considerations (both in regard to the effects of policies associated with euro membership but also the material implications of a dissolution of the euro) have become more important in influencing how Europeans view the common currency.[4] Although identity concerns continue to influence preferences for the euro, Hobolt and Wratil (2015) find they that have become less important relative to utilitarian concerns over the course of the crisis. This is reflected in the finding that higher unemployment rates have become associated with a lower net support for the euro during the crisis, whereas this relationship did not exist before the crisis (Roth et al., 2016). On the individual level, deteriorating expectations about the future personal job situation, household financial situation, and perception of the national employment situation lead to more disenchantment with the euro (Guiso et al., 2016). Moreover, there is an asymmetry in people's perceptions of the material costs and benefits explicitly associated with the common currency. People tend to attribute (personal or aggregate) economic downturns to the systemic flaws of the euro while associating economic booms with good economic management by their respective governments (Dinas et al., 2016). In the end, the high level of support for the euro might thus simply been driven by the fact that the uncertainty associated with the consequences of exiting the euro, or a Eurozone breakup more generally makes people cling to the *status quo*, and hence the euro (Hobolt & Leblond, 2013). In other words, what initially started a project of hope and emerging common identity has turned into an awkward but remarkably stable coalition of fear.

A few studies have taken a more detailed look into individual countries on this question. In Spain, for example, a country that has suffered considerably from the euro crisis, Fernandez-Albertos and Kuo (2016) find that support for the euro is significantly lower among respondents who have personally been negatively affected by the crisis, although they are in fact more willing to accept spending cuts. These individuals are also much more

[4] For a dissenting view, arguing that ideological concerns dominate, see Bansak et al. (Bansak et al., 2016).

likely to blame the common currency as a cause of the crisis. Overall, however, about three quarters of Spaniards do not list EMU as one of the top three causes of the crisis, an observation that is curiously at odds with the consensus view among economists that the common currency strongly contributed to the crisis (Baldwin et al., 2015). Interestingly, almost half of the respondents showed a strong preference for the unrealistic option of keeping the euro without any austerity measures. Likewise, a survey conducted in Italy in 2014 using conjoint analyses found that Italians are highly opposed to leaving the euro, but are at the same time unwilling to support any policies needed to increase the sustainability of the common currency, including any fiscal consolidation policies, giving more budgetary control to Brussels, or moving some fiscal competences to the EU level (Franchino, 2014). A study about Greece reveals equally puzzling responses, with objection to austerity operating in parallel with support for the euro (Clements et al., 2014). Karyotis et al. (2014) show that, at least in part, this seemingly perplexing configuration of preferences is fed by political elites. As the authors demonstrate, in July 2013 - when they were still in opposition - SYRIZA and ANEL MPs were much more in favor of cutting austerity even at the risk of leaving the euro than when their coalition government had to make these hard choices in the summer of 2015.

Although the existing research has highlighted the persistent support for the euro in austerity-laden countries, we still lack a coherent explanation of the puzzle that respondents in crisis-afflicted countries continue to support euro-membership. This is mainly for two reasons. First, cross-national - mostly Eurobarometer-based - studies are very useful because they allow us to compare pre- and post- crisis public support levels and thus to conduct large-scale cross-sectional analyses across Eurozone and even EU countries. However, these analyses stay at a rather descriptive level as they do not delve deeply into why support for the euro remains high, especially in crisis countries. Second, the existing focus in the literature lies on preferences for the euro without investigating how Europeans perceive the trade-off between austerity as the price for staying in the common currency. The few studies that exist on this issue (Fernández-Albertos & Kuo, 2016; Franchino, 2014) show that most voters want to "have it all": keep the euro and get rid of austerity. But given that this scenario is highly unlikely, the question arises whether support for the euro will decrease as people gradually update their beliefs and increasingly recognize this trade-off. This latter point is a really important one for the future of European integration: when the euro was founded, it was clear to most, including many politicians, that crises would indeed occur and would in fact create stronger pressures (political spillovers) to push European integration further. Yet, few European policymakers foresaw that the price of further integration might be so high that a complete meltdown would become a distinct possibility if support for the project suddenly collapses.

Why do Europeans in the Eurozone want to keep the euro?

To understand why so many Europeans continue to view the euro favorably after years of austerity and crisis, we can draw on a large body of research that has investigated why some people view the common currency more favorably than others. This research, which largely originates in the years before the crisis, has suggested that support for the Eurozone is determined by four broad categories of considerations.[6] Which ones dominate during the euro crisis and drive the continuously high support for the common currency in a time when trust and confidence in the EU as such is declining, is an empirical question, however.

Material interests. The first determinant of euro preferences is individuals' material interest vis-à-vis the exchange rate (Frieden & Broz, 2006). Put simply, those who anticipate greater financial losses as a result of exchange-rate volatility are more likely to favor a common currency (Frieden 1991). Generally, individuals who work in tradable sectors (Gabel, 2000) or that have higher levels of human capital and financial assets (Banducci et al., 2003; Gabel & Hix, 2005) have been more supportive of the euro, as they tend to benefit more from monetary integration. It is important to note that economic self-interest appears to be more important for EMU than for other pillars of the EU integration. In addition to these personal economic concerns, national-level economic factors and collective utilitarian considerations also play a role. Many pre-crisis studies of support for the euro show that, beyond individual features, perceptions about inflation and the strength of the currency, as well as exchange rate fluctuations, correlate strongly with support for the common currency (Banducci et al., 2009; Hobolt & Leblond, 2009). Kaltenthaler and Anderson (2001) argue that individuals project the costs and benefits of euro-membership

[6] Attitudes towards the euro currency seem to have been more closely linked to overall attitudes towards the EU before the crisis. After the crisis, however, evaluations of the two institutions seem to be less attached to each other (for early and more recent work on euro attitudes see Banducci et al., 2003, 2009; Brettschneider et al., 2003,; Deroose et al., 2007; Gärtner, 1997,;Guiso et al., 2014; Hobolt and Leblond, 2009, 2014; Hobolt and Wratil, 2015; Kaltenthaler and Anderson, 2001).

by making sociotropic evaluations of the economic impact of the common currency on their country.

Not surprisingly, and as discussed above, material interests have also been shown to influence individual attitudes toward the euro during the crisis (e.g., Guiso et al., 2016; Hobolt & Wratil, 2015; Roth et al., 2016). For example, Spanish mortgage holders and high-income earners have been found to view keeping the euro better than the adoption of a national currency (Fernández-Albertos & Kuo, 2016). Likewise, during the Greek bailout referendum, high income earners and older voters, who have benefitted more from the euro, and have been hurt relatively less from austerity, were much more likely to vote for austerity (i.e., the proposed bailout package) to reduce the risk of Grexit. In contrast, the "No" option was the more popular choice among the young cohorts, who are less invested in the euro and have been hurt particularly hard by austerity (Walter et al., 2016).

National identity. Non-economic factors are also pivotal. National identity and general attitudes towards European integration can be as powerful in explaining public support for the euro (Banducci et al., 2009). National identity and attachment to the own country tends to be a powerful explanatory factor of rejection of monetary integration (Hooghe and Marks, 2004; McLaren, 2006) and citizens who thought that the EU undermined national sovereignty and democracy were more likely to vote against the euro's adoption (Hobolt, 2009; Hobolt & Leblond, 2009). Jupille and Leblang (2007) argue that these identity and attitudinal explanations play a stronger role in explaining support for the euro than individual material interests.

These two factors –material interests and identity/attitudes- have been persistently found to simultaneously explain support for the euro. However, Hobolt and Wratil (2015) claim that the outburst of the economic crisis has changed the balance between economic and identity explanations, making the former more relevant and salient than the latter. Because the recent economic crisis and the institutionalization of austerity has increased the costs of euro membership for many citizens, they argue that voters' cost-benefit analyses are now more relevant than in the past to explain whether they want monetary integration or not. The asymmetric impact of the crisis might have also changed the intensity of the economic calculus of some voters.

Ideology Another factor that has been discussed in the literature is ideology. Positive attitudes towards the EU more generally have been found to translate into support for monetary integration (Banducci et al., 2009). Since EMU is an important part of the European integration project, it is logical to expect that people's perceptions about the EU are associated with their evaluations of the euro. This should be particularly pronounced in times of crisis, because leaving the euro-zone (as opposed to not joining) is often treated as a first step towards the exit from the EU. Indeed, Euroskepticism appears a strong predictor of negative attitudes towards the euro during the crisis, whereas positive views of EU membership help to also retain high levels of support for the EMU (Fernández-Albertos & Kuo, 2016). Left-right predispositions also seem to be particularly important in explaining variation in the reaction among European publics. As Bansak et al. show (2016), the left-right division predicts support for the bailout packages the EU has signed with Greece remarkably well. The mechanism driving this division is difference in expectations of what a Grexit would imply for the Eurozone. For the left, Grexit would pose a significant threat to the EU framework, whereas for the right it would signal a transformation in the European economy that would render it more competitive in the global market.

Institutional Constraints: Finally, a last strand of explanations focuses on the political benefits of belonging to the euro. Because sharing a common currency constrains national macroeconomic room to maneuver, it serves as a commitment device for national politicians, who effectively 'tie their hand' in order to borrow monetary credibility (Broz & Frieden, 2001). This explanation has been popular in relation with the European Union. In EU post-communist countries, those more dissatisfied with their national democracy and with lower levels of political trust are more likely to support monetary integration into the euro (Allam & Goerres, 2011). More generally, citizens that have worse opinions about their national political institutions will be more likely to be supportive of European institutions (Sanchez-Cuenca, 2000). This can explain the traditional high levels of enthusiasm for the EU in Southern European countries that had late transitions to democracy, where corruption is higher and low trust to national politicians has been more widespread (Exadaktylos & Zahariadis, 2014).

This argument has been revisited in the context of the euro-crisis, attributing persistent support for the common currency to the widespread view that EMU - like the EU in general - generates an institutional framework that helps to lower corruption and enhance administrative efficiency in domestic institutions. Guiso et al. (2016) show that support for euro is higher in countries whose governments' are perceived by their citizens to be less effective than Germany and in those countries in which corruption is high and citizens think that this government is unable to control it. Similar results apply in the case of Eastern European countries that joined the EU, but are not members of the Eurozone.

In sum, past research suggests several reasons why the euro remains popular even in crisis-afflicted countries. Yet, it is less clear which one of these four sets of explanations – material interests, national identity, ideology, or institutional constraints – are likely to matter most. We approach this question as an empirical question and use our survey data to explore which of these explanations matter most in explaining Greek perceptions of the euro.

Research Design

To unpack the determinants of euro-support in a context where the trade-off between austerity and euro membership has become highly salient and explicit, we focus on the case of Greece. Greece is the country that has been hit hardest by the eurozone crisis, and also the only country that has actually been close to exiting EMU. Greece is hence a case where survey respondents are likely to have clear opinions on the euro and the trade-offs involved in belonging to a monetary union. At the same time, it is also a case where conventional political economy models would suggest that public opinion should have long turned against the common currency (e.g. Simmons, 1994).

To study public opinion towards the euro in Greece, we leverage individual-level data from Greece, obtained from three original, nationwide CATI surveys, which we fielded in cooperation with the University of Macedonia's Research Institute of Applied Social and Economic Studies in Thessaloniki (Greece) between July and December 2015.[7] The first survey, covering 989 respondents, took place on July 4, 2015, just one day before the Greek bailout referendum. The second survey of 1,018 respondents was fielded on September 7 and 8, 2015, less than two weeks before the September 20 parliamentary election in Greece. Finally, the third survey was launched between 2 and 6 December 2015, after the first austerity measures of the third bailout package had been implemented as a condition for

[7] 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 conducted over 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 mirror the basic demographics of the Greek population.

the receipt of the first tranche of the bailout funds. Most of the information used in the paper comes from this third survey, which used a questionnaire tailored to examine the underlying reasons for euro support. Apart from including a long list of items to tap the different dimensions driving evaluations about the euro, the survey also accommodated two survey experiments, which aimed at explicitly capturing the trade-off between austerity and the euro.

Armed with these data, we address the two interrelated questions introduced above. The first and more generic question relates to the reasons behind the high rates of approval for the euro. The second relates to the trade-off between staying the Eurozone and implementing austerity. How elastic is support for the EU to continuing austerity measures? We start with the first question and assess the distribution of perceptions about the euro among the Greek population; we then move on to use these items as predictors of euro preferences. We further explore in more detail which mechanisms are more salient for those that perceive themselves to be particularly affected by austerity

In the second part, we develop this latter point further and analyze how respondents respond to the austerity-Grexit trade-off. We investigate how an increasing appreciation of this trade-off affects euro preferences across time and across experimental treatments. Our particular interest lies in the group of cross-pressured respondents, experiencing already the consequences of austerity via a significant reduction in their income, while at the same time anticipating high losses under a Grexit scenario.

This strategy allows us to tease out the different mechanisms outlined above and to examine dynamic support for the euro. In this respect, this work extends recent evidence on how the crisis has boosted the levels of Euroscepticism in Greece (Freire et al., 2014; Verney, 2015) and how it has decreased trust in EU institutions, such as the ECB (Roth et al., 2014; Ehrmann et al., 2013; Wälti, 2012). Rather than looking at intertemporal shifts in support for the euro, we try to unpack the reasons for this support and changes in support over time, while focusing on the trade-off between staying in the Eurozone and continued austerity.

Operationalization

The approach we follow is to test the various explanations of support for the euro discussed earlier through a battery of questions fielded in our December 2015 survey and designed specifically to tap the different explanatory factors discussed above. For this purpose, we used a five-point Likert scale to ask the degree of agreements with a series of statements about the euro (on a scale from 1 -fully disagree - to 5 - fully agree). These statements directly measure how survey responses measure up against explanations suggested by the literature.

To gauge material interest, and as a way of capturing pocketbook economic perceptions, we ask whether respondents expect a significant reduction in their personal income if Greece leaves the euro (*Less Income*) and whether they expect less austerity (*Less Austerity*) in the case of Grexit. Moreoever, we also ask them to assess the long-term financial impact of Grexit by using the following item: "*In the long-run, my income will be more stable if Greece stays in the Eurozone*." (*Stable*). Sociotropic economic perceptions are captured by the following statement: "*The fact that Greece grew strongly in the years following the introduction of the euro shows that the euro is good for Greece.*" To tease out identity explanations, we asked respondents whether they think that being part of the Eurozone is a signal that Greece is also in the heart of Europe (*Heart Europe*). We also ask whether they think that leaving the euro signifies the beginning of the country's exit from the EU (*End EU*), which captures concerns about the inextricable link between Eurozone and EU membership. Institutional explanations are tested by asking respondents if they agree with the following two statements: "*Without pressure from the European institutions, the Greek government would not be implementing any reforms.*" (*Reform*) and "*Being part of the Eurozone forces Greek policymakers to act more responsibly*." (*Responsible*). Finally, we add a fifth explanation, that has only become relevant during the crisis: The role of uncertainty about the consequences of Grexit. We use the following item: "*Keeping the euro is best for Greece because no one knows what would happen if Greece left the euro*." (*Uncertainty*)

We turn all these variables into dummy variables, where they take value 1 if the respondent fully agrees with the statement. See Table A.1 of for a full representation of these statements and their corresponding variable in our models.

The dependent variable in most analyses is a dummy variable that is based on respondents' answer to the question what they, personally, thought was best for Greece's future. It takes the value of 1 for those answering that Greece should stay in the euro and the value of 0 for those saying that Greece should adopt a national currency. In our

December 2015 survey, about 65% said that they wanted to remain in the Eurozone, whereas 25% said they preferred the return to a national currency.[8]

Results

Figure 3 gives an overview of the responses to the different statements about the euro from the December 2015 survey. The first finding that catches our attention is that the euro still enjoys considerable support among Greek voters, despite the crisis and the harsh austerity measures implemented in the country. In our survey, we asked what individuals thought was best for Greece's future: to stay in the euro or to adopt a national currency. A clear majority of about two thirds of respondents (65%) opted for keeping the euro.

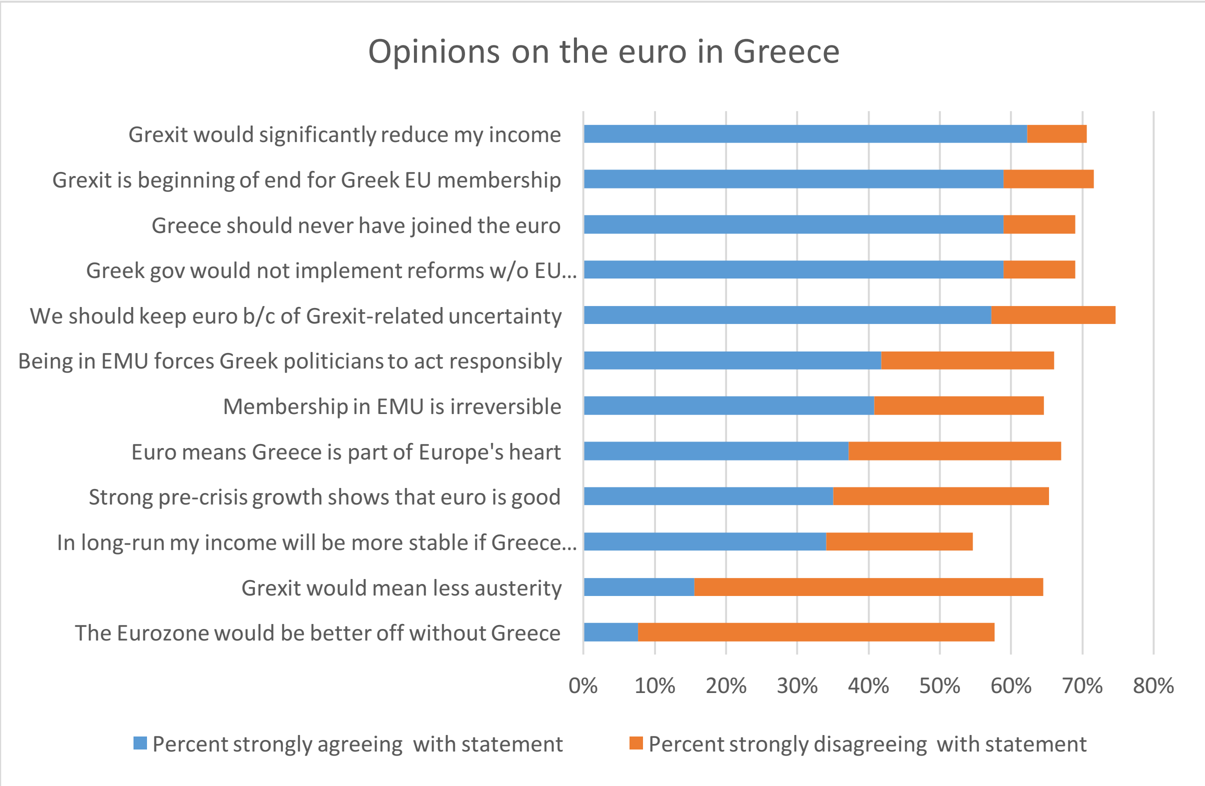
Despite this clear verdict, figure 3 also shows considerable variation in the explanatory power of the different explanations given for this strong level of support. Descriptively, we can see that four explanations garner very strong support in the Greek population. The most widespread perception is that Grexit would entail a reduction of personal income (62 % of the population agree with that statement). Moreover, a clear majority of respondents agree that Greece would not implement the necessary reforms without pressure from the European institutions (or previously the "Troika" of creditor institutions), that Grexit would be the beginning of the end for Greece's EU membership, and that Greece should keep the euro given the uncertainty associated with any other option.

Other statements are, however, much more contested. Only 15% of Greeks think that there would be less austerity if the country exited the Eurozone, whereas almost half of the respondents believe this to be false. The optimistic respondents are mostly extreme left or right voters that voted for ANEL (nationalists), Golden Dawn (extreme right), or KKE (communists) in September.[9] Likewise, the symbolic benefits of being in the euro in the sense of being part of the heart of Europe and the attribution of the earlier economic boom to euro membership are also arguments not so established in the electorate, since less than 40% of the electorate fully agrees with the corresponding statements.

[8] The remainder is don't know or no answer.

[9] Perhaps surprisingly, only 15% of Syriza voters fully agree with this statement, which is the same proportion as in the general population. This possibly means that Syriza's efforts to justify their final agreement with the Troika, which initially was rejected by most of their voters in the Referendum on July 5th, have been successful in shaping the public's perception of it as the best of all alternatives.

Figure 3: Respondents strongly agreeing/ disagreeing with different statements about the euro (December 2015 survey)



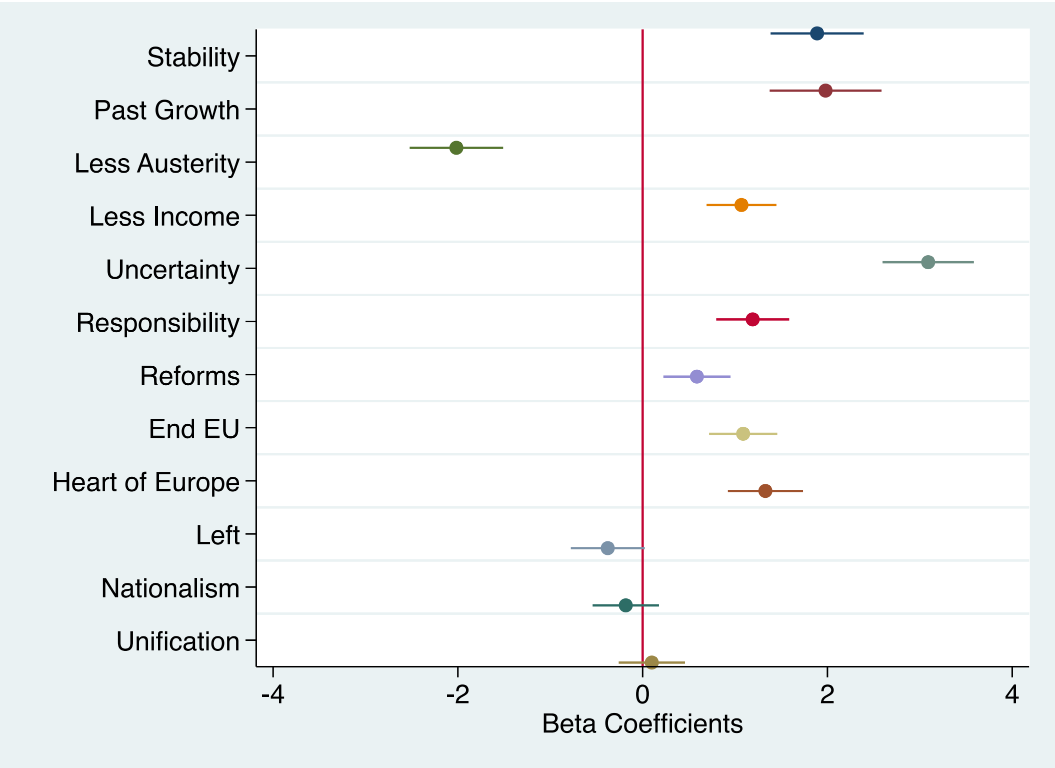
We are also interested, however, in exploring the extent to which these statements can explain support for the euro in the current crisis environment in Greece. To do so, we run a series of logit models, where the dependent variable is currency preference (1 - Greece should stay in the euro; 0 - Greece should adopt a national currency). Each model includes one of the variables of table A.1 turned into a dummy, alongside a set of control variables.[10] We also add some models that include variables relevant to potential explanations but not explicitly about the euro: *Left* (which takes value 1 if the individual places himself in a 10 point ideological scale below 5), *Nationalism* (which takes value 1 if the individual fully agrees with the statement "*Contemporary Greeks are successors of the inglorious ancient Greek civilization."*), and *Unification* (which captures whether the respondent agrees with the statement that EU unification has gone too far). The latter is a typical measure of attachment to the EU. Figure 4 plots the coefficients for each of the variables.

We find that most of the explanatory mechanisms (outlined above) taken by themselves are statistically significant and can partially explain support for the euro.

[10] We control for age, gender, education, type of region (urban/rural), evaluation of the government, and party voted in the September 2015 election.

However, when compared to each other, some of the very common public narratives are not so decisive in explaining individual support for the euro. For instance, the argument that Greece needs the pressure of European institutions to implement the necessary reforms is very popular in the Greek popular discourse, yet this argument in itself does not seem to be as decisive in explaining whether in expectation individual respondents support the euro or think that Greece should adopt a national currency.

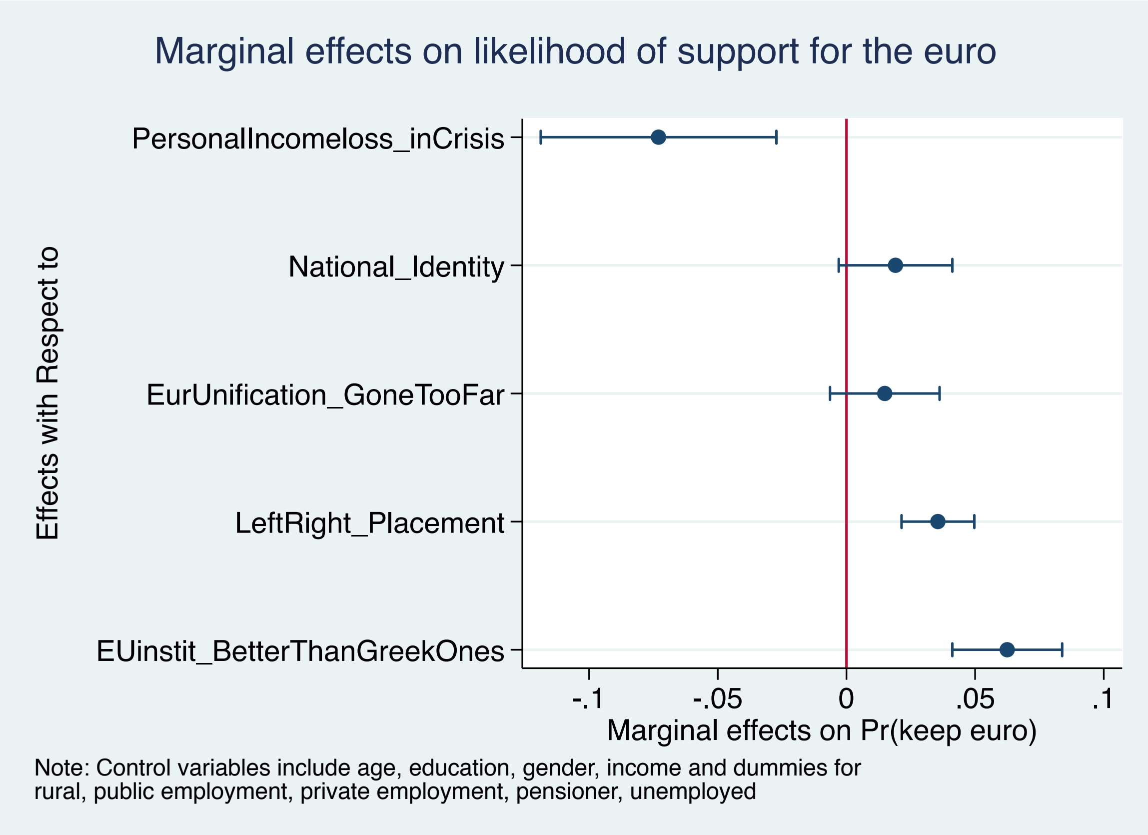
Figure 4: Beta coefficients of perceptions about the euro (Logit models; DV: Preference to stay in the euro)



Among the most relevant factors explaining support for the euro in the general population appear to be risk-aversion considerations. The belief that Greece faces many uncertainties outside the Eurozone is the strongest reason for many voters to prefer the euro against a national currency. Likewise, the perception that incomes are more stable within the Eurozone is also one of the most relevant explanations. And only a minority of those who believe that leaving the Eurozone would lead to less austerity tend to favor an exit from the common currency. These three explanatory facts highlight the fact that it is the hightened sense of security that comes with being part of the Eurozone, despite the acute costs of austerity (to be analyzed in more detail below), as opposed to the acute sense of uncertainty associated with Grexit that explains why support for the euro has remained high in Greece. In addition, although the perception that growth in the past was a consequence of the euro is not a popular belief among the Greek population, those who do believe so are still very likely to support the euro today.

In order to provide more robust evidence for the plausibility of the explanatory mechanisms for euro support and to control for any euro-specific effects, we run the same series of Logit models on a battery of euro-unrelated questions (see figure 5 below). Our expectations about the plausibility of those mechanisms are confirmed by the results. Individual-specific material interests (in the form of income losses during the Eurocrisis period) do indeed have a strong negative effect on the likelihood of euro support, as it appears that our respondents were all too prone to attribute those losses to the systemic flaws of the common currency. Moreover, political ideology as captured by self-placement on the left-right dimension does strongly predict euro support insofar as right-leaning respondents were significantly more likely to favor euro membership. In fact, elsewhere we have shown that right-leaning voters are more prone to attribute the crisis to endemic factors of poor economic management and corruption, while left-leaning voters tend to place the blame on systemic factors of flawed EMU design and externally imposed austerity (Dinas et al., 2016). Trust in EU institutions as opposed to Greek ones has an even stronger significant effect on euro support as predicted by the "institutional constraints" and "borrowed credibility" theses. On the other hand, a heightened sense of national identity and feelings of fatigue with the process of integration have somewhat surprisingly positive – albeit not statistically significant – effects on the likelihood to support euro membership. This might not appear that counterintuitive since the relationship between EMU/EU membership and national pride may be construed in different ways (national sovereignty vs. need to feel part of the European core), while the integration-fatigue effect does not necessarily imply preference for process reversal and disintegration. The latter two effects, therefore, need to be unpacked and unbundled through more euro-specific questions.

Figure 5: Marginal effects on euro support of euro-unrelated questions (December 2015)



How does the austerity trade-off affect support for the euro?

The last section showed that the euro continues to enjoy considerable support in Greece. This is a surprising finding in light of the severity of the crisis that the country has gone through as a Eurozone member, but less of a surprise if one considers our finding that the euro's appeal stems not only from deterministic material considerations but more so from risk aversion and, political and institutional considerations (for those vulnerable to the austerity implemented through the Memorandum of Understanding or MoU). Nonetheless, the severity of the crisis and the fact that key problems underlying the Greek crisis remain unresolved, a question of equal theoretical and practical relevance is whether this high level of support for the euro in Greece is sustainable.

This question is relevant in theoretical terms because the high level of support for the common currency flies in the face of some of the findings of previous research on fixed exchange-rates, which shows that voters tend to prefer the ability to target domestic economic problems over exchange-rate stability (Bearce & Hallerberg, 2011; Sattler & Walter, 2010). Past research has also shown that this preference is particularly strong in times of crisis, where the policies required to sustain a fixed exchange rate usually come at the cost of high unemployment, fiscal austerity, and painful structural reforms (Eichengreen, 1996; Simmons, 1994). Under these circumstances, countries facing serious crises in the past have only opted to retain a fixed exchange-rate regime when it was relatively easy for them economically and politically to implement the alternative to devaluation (Walter, 2013). This alternative, a strategy called “internal devaluation” or “internal adjustment”, implies that austerity and structural reforms are implemented to depress prices and to regain competitiveness (Shambaugh, 2012). The theoretically interesting question is how people trade off the costs of austerity and devaluation and where the breaking point is when both the costs of internal adjustment (i.e., austerity and structural reforms) and those of external adjustment (i.e., currency devaluation) are very high, such as in most of the crisis countries in the Eurozone (Walter, 2016).

The question about the sustainability of euro support in Greece also carries a lot of practical relevance because it is directly related to the probability of “Grexit,” and hence the possibility of a breakup of the Eurozone. Being part of a monetary union has made the Greek crisis experience much harsher and more complicated than normal, since the standard response to similar debt and balance-of-payments crises – devaluation, and to a lesser degree default – is not available in a currency union (e.g., Frieden & Walter, 2017; Stiglitz, 2016). The main reasons for the policy path of internal devaluation in this case, which under different circumstances would probably be considered as suicidal, have been that the costs of leaving the Eurozone are likely to be huge for any member of the common currency (Eichengreen, 2010), that potential domino effects both with respect to the cohesion of EMU and the EU as a whole are highly uncertain, and that public support for the euro has been very strong throughout the crisis. But as the costs of austerity-driven crisis resolution within the EMU-context mount with little hope for a considerable improvement in the Greek economy in the near-to-medium future, the question beckons as to whether there is a breaking point beyond which the political and economic costs of staying in the Eurozone outweigh the political and economic costs of leaving (O'Rourke & Taylor, 2013). Because public opinion is going to be an important part of the political costs of such a move, understanding how Greeks view the austerity-Grexit trade-off is central to gauging the risk of a Eurozone breakup.

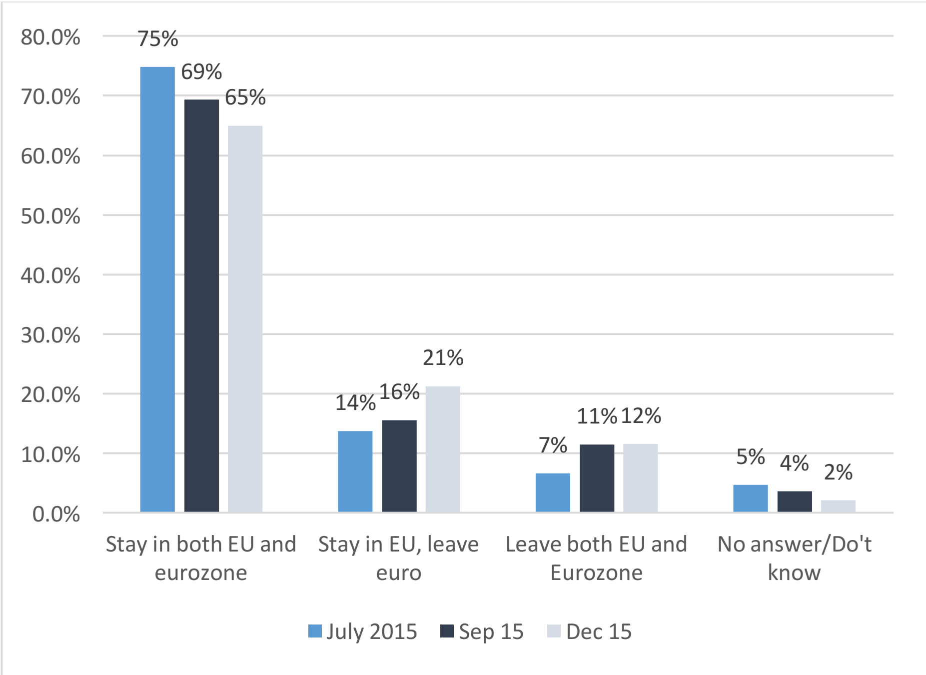
To investigate this question, we proceed in three steps. First, we take a temporal perspective and analyze how public opinion has evolved during a time period where the austerity-Grexit trade-off became particularly pronounced (panel data analysis). Second, we leverage experimental evidence about this trade-off (survey experiment). Both analyses show that Greeks become show less support for the euro as they become more aware that the cost of staying in the euro is more austerity. Third, we look at individual expectations and vulnerability profiles and show that most Greeks are vulnerable to both austerity and Grexit making crisis resolution particularly painful and politically difficult.

Euro support over time

Our three public opinion surveys cover a phase in the Greek crisis during which the austerity-Grexit trade-off became particularly transparent (July-December 2015). In January 2015, Alexis Tsipras and his populist left party SYRIZA had won the elections on a platform that promised to end austerity while keeping Greece in the Eurozone. True to this promise, the government engaged in negotiations with the international and European institutions overseeing Greece's bailout program to renegotiate the terms of the bailout program. When these negotiations failed to result in any meaningful debt relief and or easing of conditionality, Tsipras played his hand to the fullest and called a referendum on the bailout package in the hope of forcing creditors to agree to a package that would lead to less austerity in Greece. Hopes ran high in Greece that a vote against the existing bailout package would indeed achieve this goal. Even though many observers and policymakers in Greece and abroad warned that a vote against the package would lead to Greece's exit from the Eurozone, a majority of voters believed that a "No"-vote would not endanger Greece's membership in EMU but would instead improve the country's bargaining position (Walter et al., 2016).

Given the widespread belief that Greece's Eurozone membership and an easing of austerity were not incompatible, it is not surprising that support for the euro was strong among the Greek public on the eve of the bailout referendum. Figure 6 shows that going into the referendum (our poll was conducted on July 4 - one day before the referendum) a large majority of three quarters of our respondents stated that, if they could choose, they would want to keep the euro and stay in the EU.

Figure 6: Shift in popular attitudes towards Eurozone and EU membership (July-December 2015)



But over the following months this support fell considerably. This is hardly surprising as in the aftermath of the referendum it became increasingly clear that there was in fact a explicit trade-off between austerity and euro membership. In the post-referendum negotiations Greece had to agree to a third bailout package that included once more harsh austerity measures and painful structural reforms. The alternative to accepting these terms was Greece's exit from the Eurozone (as outlined in the German staff document that leaked a day before the agreement was signed). Faced with this rough awakening to the harsh exigencies of euro membership, support for the euro declined by 10 percentage points within only six months, even though a majority continued to support EMU membership (see figure 6). This suggests that as the trade-off became more obvious, the euro became more unpopular.

Experimental evidence about the austerity-Grexit trade-off

Second, we ran a survey experiment in the July and December survey waves designed to examine how voters respond when explicitly confronted with the austerity-euro trade-off. For this purpose, we randomly assigned respondents into three groups. The control group was asked "Personally, which of the following do you think is best for Greece's future?". In the two treatment groups, we added information cues stating that staying in the euro required more austerity and varied the time frame for those austerity measures. Specifically, treatment 1 read “Observers say that staying in the euro requires more pension cuts and tax increases for the next months. Personally, which of the following do you think is best for Greece’s future?”, whereas Treatment 2 took a medium-term perspective and stated “Observers say that staying in the euro requires more pension cuts and tax increases for the next 4-5 years. Personally, which of the following do you think is best for Greece’s future?” All respondents had to choose from the same answer categories: “Stay in the euro” or “adopt a national currency.”

Figure 7: Survey experiment about the austerity-euro trade-off (July and December 2015)

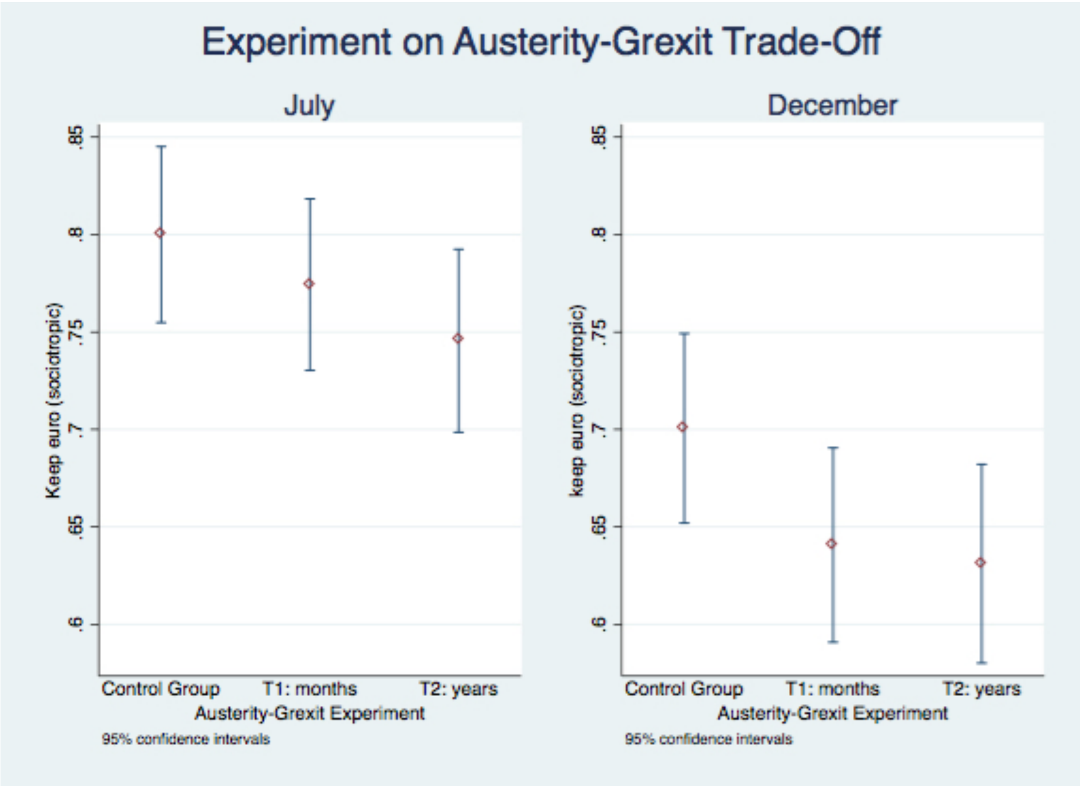


Figure 7 and Table 1 show the results of the survey experiment for the July and the December waves. In line with the temporal evidence we presented, we find that overall support for the euro was significantly lower in December 2015 than before the referendum in July 2015. Nonetheless, in both waves those respondents that received the information that the cost of keeping the euro would be either months (T1) or 4-5 years (T2) of more fiscal austerity were less likely to support the euro.

Table A: Effects of the austerity-euro experiment on prefeences for keeping the euro (Logit models)

	JULY			DECEMBER		
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment 1: months	-0.162	-0.159	-0.238	-0.284	-0.275	-0.167
	(0.211)	(0.216)	(0.228)	(0.175)	(0.180)	(0.187)
Treatment 2: years	-0.311	-0.354*	-0.511**	-0.252	-0.224	-0.165
	(0.209)	(0.213)	(0.228)	(0.176)	(0.181)	(0.188)
Age		0.273***	0.188***		0.024***	0.021***
		(0.065)	(0.065)		(0.005)	(0.006)
Education Level		0.034	0.017		0.171***	0.167***
		(0.096)	(0.050)		(0.053)	(0.058)
Female		-0.070	-0.026		-0.239	-0.150
		(0.172)	(0.183)		(0.147)	(0.155)
No-Vote Referendum			-1.713***			-1.389***
			(0.208)			(0.157)
Constant	1.292***	0.185	1.739***	0.828***	-1.053**	-0.204
	(0.157)	(0.657)	(0.503)	(0.128)	(0.457)	(0.493)
Observations	989	989	989	1050	1049	1049
F	1.107	4.653	14.839	1.539	6.395	17.274

Note: Data are weighted. Dependent variable is a dummy variable coded 1 if respondent would like to stay in the Eurozone.

There are also some interesting differences between the results from the July and the December waves. Most importantly, although the treatments have the expected negative effect in all cases, only the strong trade-off treatment (focusing on years) had a statistically significant effect on euro preferences after controlling for demographics, and only so in the July survey. One possible explanation is that as the trade-off became widely apparent throughout the second half of 2015 in Greece, a simple framing experiment became too weak to influence preferences on this highly salient and widely discussed topic. In other words, we suspect that our December 2015 survey results suffer from pre-treatment effects.

Individual vulnerability profiles and ways forward

How do individuals perceive the austerity-Grexit trade-off in terms of their personal economic situation? Past research (Walter 2013, 2016) has shown that the costs of austerity vs. the costs of devaluation (in Greece's case, euro exit) are not distributed equally across societies and that the relative costs of these measures matter a great deal in influencing individuals' preferences about different crisis resolution strategies. The preferred crisis resolution strategy is clear for those individuals who are vulnerable to only one type of adjustment: those vulnerable to austerity but not to euro exit will prefer the latter, and vice versa.

For those individuals, however, who are vulnerable to both, the situation is much more difficult. These individuals find themselves between a rock and a hard place: no matter how the government tries to resolve the crisis, they will be hurt. Crisis resolution in countries where a majority of voters exhibits such a "vulnerability profile" tends to be particularly painful and politically costly. Policymakers in these contexts fight nail and tooth to avoid any serious reforms as long as possible. Crisis management in these countries is difficult; political turmoil and public protests abound. Reforms are delayed. In the absence of any resolute crisis management mechanism, support from outside - typically the IMF - is usually solicited in order to cover financing needs. And when policymakers cannot avoid implementing reforms as a condition for this external support, they usually design these reforms in ways that shield their core voters and targets those that are politically least influential (Walter, 2016).

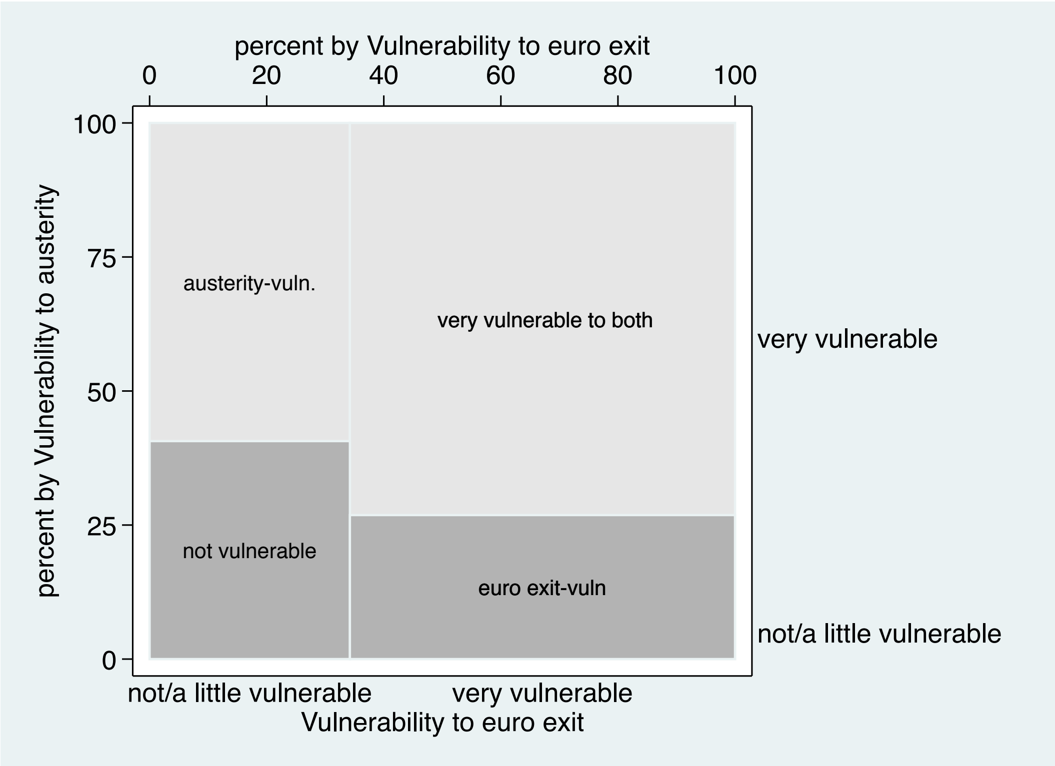
We can use our data from the December 2015 survey to explore the vulnerability profiles of Greek voters. To construct the vulnerability profiles we relied on two questions, which asked respondents to assess the consequences of the reforms agreed on in the memorandum for the third bailout package (i.e., further austerity) and Greece's leaving the euro, respectively, on their personal income. Respondents who fully agreed with the statement that each of these policy paths would lead to "a significant reduction in [their] personal income" were coded as very vulnerable to the respective strategy. It is noteworthy that for both policy options about two-thirds of respondents classified themselves as very vulnerable.

By combining these answers we can code the vulnerability profiles of respondents. Figure 8 shows that the majority of Greeks (at least subjectively) find themselves in the very difficult position of being very vulnerable to both further austerity and a Greek exit from the Eurozone. Almost half of all respondents (47%) fall into this category.[11] But there are also

[11] If we include those who somewhat agree that each policy would lead to significant income losses for them, almost two thirds (65%) of respondents exhibit this vulnerability profile.

some respondents who view themselves as not vulnerable to any of these options (14%), or only vulnerable to one of these options (21% who are vulnerable to austerity, but not Grexit, and 18% who are vulnerable to Grexit, but not austerity).[12]

Figure 8: Vulnerability profiles of Greek respondents



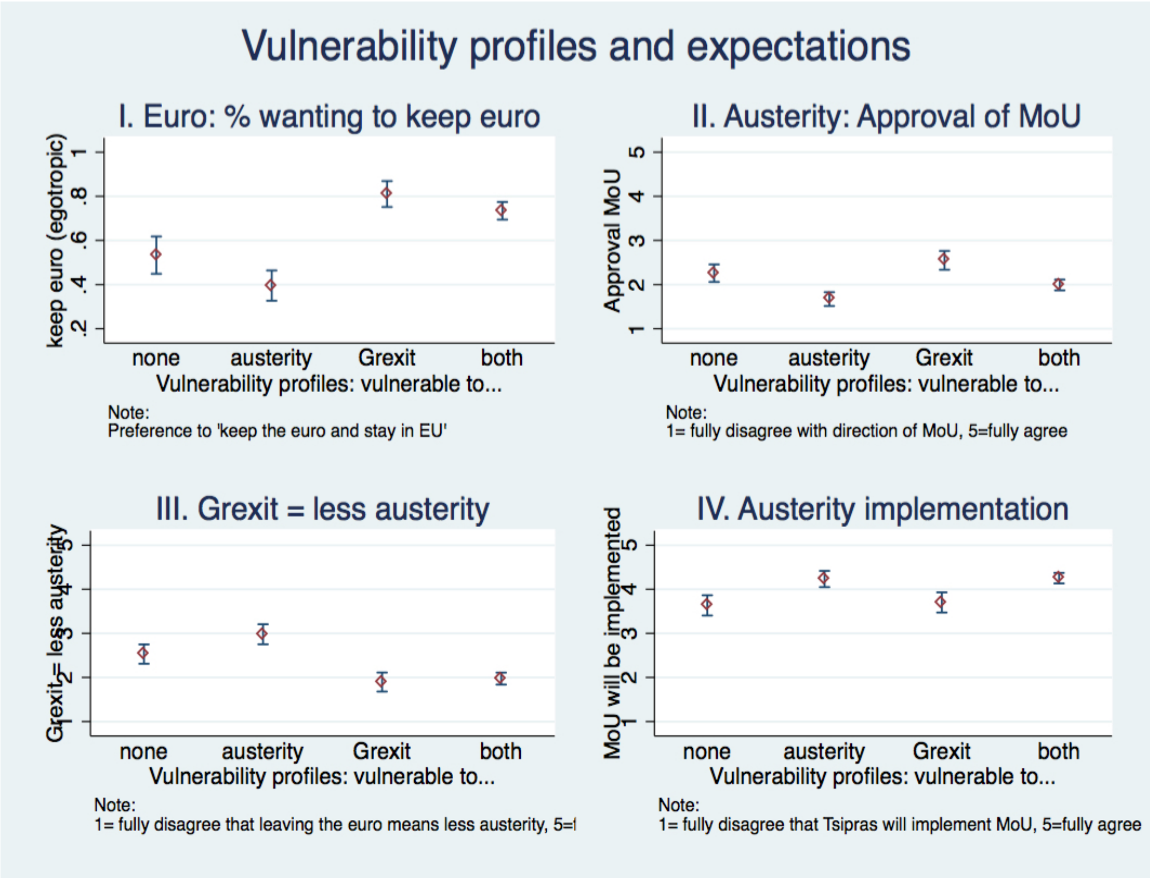
Note: Respondents who fully agree with the statement "I expect a significant reduction in my personal income if Greece fully implements the reforms agreed on in the memorandum." are coded as very vulnerable to austerity, those fully agreeing to the statement "I expect a significant reduction in my personal income if Greece leaves the euro." are coded as very vulnerable to euro exit.

Not surprisingly, different vulnerability profiles are also associated with differences in respondents' policy preferences and expectations. Most noteworthy is that the policy preferences of those vulnerable to both austerity and Grexit tend to be incompatible: figure 9 shows that they want to keep the euro (panel I), but are opposed to the austerity measures agreed to in the third bailout package (panel II). In essence, they are fighting the austerity-euro trade-off. In contrast, those vulnerable to only one adjustment path tend to exhibit more consistent preferences. At the same time, those with a strong joint vulnerability are also disillusioned: they are rather pessimistic that leaving the Eurozone

[12] The respective numbers for the broader definition of vulnerabilities are 6% (none), 15% (only austerity) and 14% (only Grexit).

would imply less austerity (panel III) and are relatively convinced that Tsipras will implement the austerity measures agreed with the Troika (panel IV).

Figure 9: Vulnerability profiles, policy preferences, and expectations



Overall, figure 9 shows one reason why crisis resolution has been so difficult and slow in Greece: with almost half the population vulnerable to any changes, serious reform is likely to be hugely unpopular and politically costly.

Conclusion

Although doomsayers have predicted the demise of the euro since the outbreak of the Eurozone crisis, the common currency has so far proven remarkably resilient. Neither piecemeal reforms nor harsh austerity measures in the crisis countries have led to a breakup of the Eurozone or an exit by a single Eurozone member. The consistent and strong support for the euro among voters throughout the Eurozone has played a key role in this respect because it has made governments willing and able to implement policies that conventional political economy accounts would have classified as politically suicidal. Maintaining public support for the common currency is thus a key requirement for the sustainability of EMU.

To examine why the euro is so popular among Europeans in the Eurozone and whether this support could unravel at some point, this paper focused on the case of Greece, the country that has suffered the most during the crisis. Using original survey data, we showed that uncertainty and risk aversion might play a special role in why Greek citizens have continued supporting Eurozone membership in spite of the renewed austerity measures of the latest MoU. Zeroing in especially on the trade-off between keeping the euro and austerity, our analysis showed that the events surrounding the 2015 bailout referendum, which demonstrated clearly that euro membership could not be had without austerity, significantly reduced the popularity of the common currency - even though a majority of Greeks continues to support it. Yet, it is less enthusiasm for the euro but fears about the consequences of a potential “Grexit” that fuel this support. As the costs of austerity rise, however, Grexit becomes more a more attractive – or less relatively unappealing option - to voters. This suggests that it is indeed possible that a tipping point might be reached at some point, in which Greeks start to opt for an uncertain future outside the euro (as in the case of Brexit and the British referendum result) over a future under certain and long-term austerity.

Overall, our paper provides an explanation why political elites so far have been able to commit to painful austerity and reforms: strong public support for the euro gave them a clear mandate to do everything necessary to stay in the euro. This finding is relevant for the debate about the “democratic legitimacy” of the imposed austerity policies, which several authors find lacking (e.g., Armingeon & Guthmann, 2014; Armingeon et al., 2016; Scharpf, 2013). Our research suggests, in contrast, that the path chosen may not have been without any democratic legitimacy after all: given that the alternative to austerity, euro exit, is so deeply unpopular among the public, it seems that the path chosen has still been in line with voters’ preferences.

Nonetheless, our results also suggest that this could change when the costs of austerity become too high, making an exit for the Eurozone a distinct possibility. Although the political elites so far have had a clear mandate to do everything necessary to stay in the euro, the incentives of political elites will change once the public starts preferring a Eurozone exit to further austerity.

This latter point is a really important one for the future of European integration. When the euro was founded, it was clear to many - including many politicians - that crises would happen and would create huge pressures to push European integration further. Yet, the price may be so high that a complete meltdown also appears possible if support suddenly collapses.

References

Allam, M., & Goerres, A. (2011). Economics, Politics or Identities? Explaining Individual Support for the Euro in New Eu Member States in Central and Eastern Europe. *Europe-Asia Studies, 63*(8), 1399-1424.

Armingeon, K., & Guthmann, K. (2014). Democracy in crisis? The declining support for national democracy in European countries, 2007-2011. *European Journal of Political Research, 53*(3), 423-442.

Armingeon, K., Guthmann, K., & Weisstanner, D. (2016). How the Euro divides the union: the effect of economic adjustment on support for democracy in Europe. *Socio-Economic Review, 14*(1), 1-26.

Baldwin, R., Beck, T., Bénassy-Quéré, A., Blanchard, O., Corsetti, G., Grauwe, P. d., et al. (2015). Rebooting the Eurozone: Step 1 – agreeing a crisis narrative. *CEPR POLICY INSIGHT 85*, 1-15.

Banducci, S. A., Karp, J. A., & Loedel, P. H. (2003). The euro, economic interest and multi-level governance: Examining support for the common currency. *European Journal of Political Research, 42*(5), 685-703.

Banducci, S. A., Karp, J. A., & Loedel, P. H. (2009). Economic interests and public support for the euro. *Journal of European Public Policy, 16*(4), 564-581.

Bansak, K., Bechtel, M. M., Hainmueller, J., & Margalit, Y. M. (2016). The Ideological Basis of the Grexit Debate. *Available at SSRN 2715746*.

Bearce, D. H., & Hallerberg, M. (2011). Democracy and De Facto Exchange Rate Regimes. *Economics & Politics, 23*(2), 172-194.

Broz, L. & Frieden, J. (2001). The Political Economy of International Monetary Relations. *Annual Review of Political Science, 4*: 317-343.

Clements, B., Nanou, K., & Verney, S. (2014). 'We No Longer Love You, But We Don't Want To Leave You': The Eurozone Crisis and Popular Euroscepticism in Greece. *Journal of European Integration*(ahead-of-print), 1-19.

Copelovitch, M., Frieden, J., & Walter, S. (2016). The Political Economy of the Eurozone Crisis. *Comparative Political Studies, 49*(7), 811-840.

De Grauwe, P. (2016). *Economics of monetary union*: Oxford university press.

Dinas, E., Jurado, I., Konstantinidis, N., & Walter, S. (2016). Daring to Fail: When Bad Economic Management Can Be Electorally Rewarding, *EPSA 6th Annual Conference*. Brussels.

Eichengreen, B. (1996). *Globalizing Capital. A History of the International Monetary System*. Princeton NJ: Princeton University Press.

Eichengreen, B. (2010). The Breakup of the Euro Area. In *Europe and the Euro* (pp. 11-51): University of Chicago Press.

Eurobarometer. (2012). Public Opinion in the European Union. *Standard Eurobarometer, 77*(Spring (May 2012)).

Eurobarometer. (2016). Public Opinion in the European Union. *Standard Eurobarometer, 85*(Spring (May 2016)).

Exadaktylos, T., & Zahariadis, N. (2014). Quid pro Quo: Political Trust and Policy Implementation in Greece during the Age of Austerity. *Politics & Policy*, *42*(1): 160-183.

Fernández-Albertos, J., & Kuo, A. (2016). Economic Hardship and Policy Preferences in the Eurozone Periphery Evidence From Spain. *Comparative Political Studies, 49*(7), 874-906.

Franchino, F. (2014). Italians, European economic policies and the Euro. Milan: Università degli Studi di Milano.

Frieden, J. (2016). The Crisis, the Public, and the Future of European Integration. In F. Caselli, M. Centeno & J. A. Tavares (Eds.), *After the Crisis: Reform, Recovery, and Growth in Europe*. Oxford: Oxford University Press.

Frieden, J. & Broz, L. (2006). The Political Economy of Exchange Rates. In B. Weingast & D. Wittman (Eds.), *Oxford Handbook of Political Economy*. Oxford: Oxford University Press.

Frieden, J., & Walter, S. (2017). Understanding the Political Economy of the Eurozone Crisis. A Guide to Political Scientists. *Annual Review of Political Science, 20*.

Gabel, M., & Hix, S. (2005). Understanding public support for British membership of the single currency. *Political Studies, 53*(1), 65-81.

Guiso, L., Sapienza, P., & Zingales, L. (2016). Monnet's error? *Economic Policy, 31*(86), 247-297.

Hall, P. (2012). The Economics and Politics of the Euro Crisis. *German Politics, 21*(4), 355-371.

Hobolt, S. (2009). *Europe in question: referendums on European integration*. Oxford: Oxford University Press.

Hobolt, S., & Leblond, P. (2009). Is my Crown Better than Your Euro? Exchange Rates and Public Opinion on the Single European Currency. *European Union Politics, 10*(2), 202-225.

Hobolt, S., & Leblond, P. (2013). Economic insecurity and public support for the euro. In L. Bartels & N. Bermeo (Eds.), *Mass Politics in Tough Times: Opinions, Votes, and Protest in the Great Recession* (pp. 128–147). New York: Oxford University Press.

Hobolt, S., & Wratil, C. (2015). Public opinion and the crisis: the dynamics of support for the euro. *Journal of European Public Policy, 22*(2), 238-256.

Jupille, J., & Leblang, D. (2007). Voting for Change: Calculation, Community, and Euro Referendums. *International Organization, 61*(4), 763-782.

Kaltenthaler, K., & Anderson, C. (2001). Europeans and their money: Explaining public support for the common European currency. *European Journal of Political Research, 40*(2), 139-170.

McLaren, L. (2006). *Identity, Interests and Attitudes to European Integration*. Houndsmill, Basingstoke: Palgrave MacMillan.

O'Rourke, K. H., & Taylor, A. M. (2013). Cross of euros. *The Journal of Economic Perspectives, 27*(3), 167-191.

Roth, F., Jonung, L., & Nowak-Lehmann, D. (2016). Crisis and Public Support for the Euro, 1990–2014. *JCMS: Journal of Common Market Studies, 54*(4), 944-960.

Sattler, T., & Walter, S. (2010). Monetary Credibility vs. Voter Approval: Political Institutions and Exchange-Rate Stabilization during Crises. *Economics and Politics, 22*(3), 392-418.

Scharpf, F. (2013). Monetary Union, Fiscal Crisis and the Disabling of Democratic Accountability. In A. Schäfer & W. Streeck (Eds.), *Politics in the Age of Austerity* (pp. 108-142). Cambridge: Polity Press.

Shambaugh, J. C. (2012). The Euro's three crises. *Brookings papers on economic activity, 2012*(1), 157-231.

Simmons, B. (1994). *Who Adjusts? Domestic Sources of Foreign Economic Policy During the Interwar Years*. Princeton, NJ: Princeton University Press.

Stiglitz, J. E. (2016). *The Euro: How a Common Currency Threatens the Future of Europe*: WW Norton & Company.

Vasilopoulou, S., Halikiopoulou, D., & Exadaktylos, T. (2014). Greece in Crisis: Austerity, Populism and the Politics of Blame. *Journal of Common Market Studies 52*(2), 388-402.

Walter, S. (2013). *Financial Crises and the Politics of Macroeconomic Adjustment*. Cambridge: Cambridge University Press.

Walter, S. (2016). Crisis Politics in Europe: Why Austerity is Easier to Implement in Some Countries than in Others. *Comparative Political Studies, 49*(7), 841-873.

Walter, S., Dinas, E., Jurado, I., & Konstantinidis, N. (2016). Disintegration by Popular Vote: Expectations, Foreign intervention and the Vote in the 2015 Greek Bailout Referendum, *EPSA 6th Annual Conference*. Brussels.

Table A.1: Statements on the euro

Statement	***Variable***
Economic considerations	
The fact that Greece grew strongly in the years following the introduction of the euro shows that the euro is good for Greece.	*Past Growth*
Leaving the euro would mean that Greece would have to implement less austerity measures.	*Less Austerity*
I expect a significant reduction in my personal income if Greece leaves the euro.	*Less Income*
In the long-run, my income will be more stable if Greece stays in the Eurozone	*Stability*
Keeping the euro is best for Greece because no one knows what would happen if Greece left the euro.	*Uncertainty*
Political considerations	
Without pressure from the European institutions, the Greek government would not be implementing any reforms.	*Reforms*
Being part of the Eurozone forces Greek policymakers to act more responsibly.	*Responsibility*
Attitudes towards Europe/EU	
Being part of the Eurozone shows that Greece is part of the heart of Europe.	*Heart of Europe*
Leaving the Euro is the beginning of the end for Greece's membership in the EU	*End EU*