

It's *Not* the Economy, Stupid?

Analyzing Icelandic Support for EU Membership

K. Amber Curtis
Department of Political Science
University of Colorado at Boulder
UCB 333
Boulder, CO 80309-0333
amber.curtis@colorado.edu

Joseph Jupille
Department of Political Science
University of Colorado at Boulder
UCB 333
Boulder, CO 80309-0333

ABSTRACT: What drives support for EU membership? We test the determinants of EU attitudes using original data from Iceland, whose recent woes have received wide attention. Given its crisis, we expect economic anxiety to drive public opinion. We find instead that economic unease is entirely mediated by assessments of the current government and that, despite the dire economic context, cultural concerns predominate. This suggests a potential disconnect between Icelandic elites' desire for accession and the public will at large. Our results largely confirm prior findings on support for integration, further exposing the conditions under which individuals will evaluate EU membership favorably or negatively. They also highlight the utility of mediation analysis for identifying the mechanisms through which economic evaluations may operate and imply that economic indicators' apparent insignificance in a host of other research areas may simply be a product of model misspecification.

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What drives public support for European Union (EU) membership? Though this question would seem exhausted by decades of scholarship, we are particularly interested in two less commonly explored conditions: 1) public opinion in new candidate countries—as opposed to existing member states—and 2) individual attitudes in the context of economic duress. Utilizing original survey data collected in March 2010 after the ‘Icesave’ referendum in Iceland, we capitalize on the unique nature of the Icelandic case while simultaneously testing the generalizability of prior claims surrounding support for membership and integration.

Though not the only European country to refrain from joining the European Union (EU), Iceland was—until 2009—the lone country that had never sought EU membership.¹ Then suddenly everything changed. In the midst of economic and political collapse, the government reversed its position and filed a bid to kickstart the accession process. Needless to say, public opinion has been—and remains—divided. Though we are certainly not the first to focus on Iceland’s relationship with the EU, to our knowledge there have been few systematic analyses of the determinants of individual Icelandic support for joining the EU. Knowing the final membership decision will be put to the people as a referendum, it is important to understand the roots of Icelanders’ attitudes on the EU issue.

Past research suggests economic explanations are less powerful predictors of EU attitudes than cultural—aka identity—considerations. In fact, utilitarian calculations and material self-interest are often overshadowed by more symbolic concerns in a host of different research areas (e.g., Sears and Funk 1990; Sniderman, Hagendoorn, and Prior, 2004). Yet we expect the salience of Iceland’s crisis to enhance citizens’ economic anxiety, which should in turn motivate their positions in favor of or opposition to Iceland’s EU membership. We find mixed support for

¹ Norway and Switzerland are the other main non-EU members, though they each previously opened accession negotiations to begin the membership process. Norway held referendums on EU membership in 1972 and 1994; Swiss referendums occurred in 1992 and 2001. In each instance, citizens rejected joining the EU.

this claim. On the one hand, neither personal nor collective economic variables seem to matter much in our regression models; instead, positions on sovereignty, prime minister approval, and identity predominate. However, given that individuals' economic assessments may affect their opinions of domestic politics and incumbent governments (Fiorina 1981; Kinder and Kiewiet 1979)—which are then used as proxies for determining one's position on the EU (Anderson 1998)—we turn to mediation analysis to parse out a more precise causal specification. Here, we confirm that economic unease's effect on support for joining the EU is *entirely* mediated by assessments of the current government, explaining its apparent insignificance and suggesting that economic explanations do matter—just earlier in the process than previously captured by existing work.

We proceed as follows. First, we detail Iceland's historical relationship with the EU and chronicle its recent economic and political turmoil. Second, we provide a generic review of extant explanations for variation in support for EU membership, focusing on the competing economic, political, and cultural camps. Third, we discuss our methods and measurement. Fourth, we present results from both regression and mediation analysis. Finally, we conclude by highlighting the contributions and broader implications of our findings.

Iceland: Context and Crisis

Though all other Western European countries have at one point or another obtained or at least attempted EU membership, Iceland is exceptionally known for its independent position and lack of public debate on the issue. Several elements underscore its unique nature and help explain why—at least before 2009—it foresaw no need to join the EU. First, Iceland's electoral system privileges the lobbying power of certain segments of Icelandic society more than others. Though Iceland's economy has diversified greatly in the last half century and fewer than 9% of citizens are today employed in the fishing sector, the country is still highly dependent on fishing

revenues. Approximately 63% of Iceland's export earnings come from the fishing industry, explaining why many are concerned about potentially losing control over Iceland's fishing practices through the EU's Common Fisheries Policy (CFP) (Thorhallsson 2002, 2004). Since Iceland's allocation of parliamentary seats reflects the population distribution when it achieved independence, at which time rural areas were more populous than urban areas, and so remote regions continue to receive disproportionate representation. This makes agricultural constituents and fishing-related interest groups extremely powerful in decision making, both of which have been very vocal in their opposition to membership (Thorhallsson 2002).

Second, history and geography have lent themselves to a strong sense of Icelandic identity and bolstered the importance of sovereignty in citizens' minds. A remote island nation boasting the world's oldest parliamentary democracy, Iceland only achieved independence relatively recently, making independence "still a very new, sacred, and fragile prospect for Icelanders...believed by some that it must be wholly preserved and not shared with any outside institutions like the EU" (Goodeve 2005: 95). Since breaking from Denmark in 1944, Iceland has also been involved in several disputes over the protection of its economic and cultural traditions, such as the three Cod Wars with the United Kingdom (UK) over fishing rights. Factors like this have imbibed citizens with the perception that joining an international organization like the EU would only dilute Iceland's identity and weaken its policymaking authority. In sum, political discourse has strongly emphasized the importance of Icelandic independence, dissuading contemplation of EU entry (Hálfðanarson 2004).

A third reason Iceland did not pursue EU membership is because it arguably reaped the benefits of a common market without officially joining the EU. A European Free Trade Association (EFTA) member since 1970, Iceland holds several bilateral trade agreements with

the EU, signed on to the European Economic Area (EEA) agreement in 1992, and joined the Schengen free-movement area in 2000 (“EEAS: Iceland”). It has also achieved a high level of economic development and diversification while retaining close association with the United States and fellow Nordic countries, minimizing its need to pursue any further international role. Together, these existing ties provoked a ‘why fix something that’s not broken’ mentality among politicians and citizens alike (Goodeve 2005). Altogether, the following question summarizes the traditional Icelandic position on EU accession: “So, with generally healthy conditions in Iceland in terms of its economic, political, and international sectors along with the seemingly negative factors stemming from EU integration, why would Iceland, with such a strong national identity and impressive living standards, want to join the EU?” (Goodeve 2005: 99). Despite reports indicating EU membership and adoption of the euro could actually boost trade by upwards of 60% (Breedon and Pétursson 2006), Icelandic political elites have long feared binding themselves to full EU jurisdiction—a stance that many speculated would only be altered by some exogenous change in the status quo. Precisely such a shock occurred in 2008.

Economic and Political Collapse: A Reversal of Iceland’s Position on EU Membership

After the bankruptcy and nationalization of Iceland’s largest banks in October 2008 (followed by a diplomatic scuffle with the UK and Netherlands over demands that it reimburse them for bailing out their nationals who lost investments when ‘Icesave’ went under) and a drastic devaluation of its currency, Iceland’s ruling government collapsed in January 2009. A new coalition between the Social Democratic Alliance and the Left-Green Movement under the prime ministership of Johanna Sigurardottir formed from April 2009 elections, but Iceland’s economic and political future remained uncertain. In hopes of restoring the country’s wellbeing and ensuring future stability, the Icelandic parliament swiftly commenced its application to join

the EU. Though the accession process is still ongoing, membership is expected to be granted within 2011-2012.

Prior to its recent crisis, not a single political party openly supported EU membership. Instead, Icelandic parties took one of two stances: firm opposition (as in the case of the Left-Green Movement, Progressive, and Independence parties) or ‘wait-and-see’ (as in the case of the Social Democratic Alliance and Liberal parties) (Thorhallsson 2002; Kristinsson and Thorhallsson 2004). Interestingly, Icelanders have traditionally been slightly more pro-EU than their politicians, resulting in an ‘elite-electorate gap’ (Thorhallsson 2002; Goodeve 2005). But in the months following the crisis, public opinion largely shifted *away* from support while some party leaders changed position and began advocating accession.

[FIGURE 1 ABOUT HERE]

Figure 1 puts Icelandic public opinion in perspective, showing the shifts in support and opposition to joining the EU over the last decade. Based on a number of different polls primarily commissioned by the Icelandic newspaper *Fréttablaðið* and Capacent Gallup, we see that proponents and opponents were roughly evenly divided until Iceland’s 2008 financial and political collapse. At that point, EU membership immediately came on the radar, offered by experts as necessary for economic recovery and the prevention of future crises (Münchau 2008; Lane 2009).² Yet despite the reversal of political elites’ opinions on EU membership, public opinion became increasingly polarized after accession negotiations began (Figure 2). Throughout 2009-2010, support for joining the EU dropped as low as 24.3%. In June 2010, immediately following the Council’s decision to formally open accession negotiations, 34% more people were against membership than for it (“The Majority Wants To Reduce...”). Intriguingly, support has since spiked to around 65% in favor of joining the EU (“The Majority Wants to Continue...”).

² Some, like Lane (2009), even claim crisis may have been avoided if Iceland had had stronger ties to the EU.

This volatility suggests individual attitudes are extremely fragile and especially susceptible to political persuasion by elites.

[FIGURE 2 ABOUT HERE]

Though we unfortunately lack data to test the temporal dimensions of these fluctuations, our own survey affords us an opportunity to examine the determinants of individual attitudes on joining the EU during the height of Iceland's uncertainty. Taken in March 2010 (just under a month after the European Commission forwarded Iceland's membership application to the Council of the EU with the recommendation of proceeding with accession), our data capture public opinion at one of its lowest points and when the remnants of Iceland's economic crisis are still fresh in people's memory. Before describing our data in more detail, we first provide an overview of the many possible elements that could affect public opinion on joining the EU.

Explaining EU Attitudes

The real-world expansion of the EU from simple economic community to complete sociopolitical union has spurred a spate of scholarship on individual attitudes towards EU membership. Explanations for variation in support for integration have progressed from economic determinants inherent in early studies toward more political and cultural considerations in recent years. Below, we quickly apply the main arguments for each camp to our expectations for the Icelandic case.

Economic Explanations: Perceptions of Sociotropic and Pocketbook Economic Threat

At the most basic level, public opinion on EU membership may reflect an individual's cost-benefit calculation of how the EU affects his or her personal and collective economic wellbeing. In terms of national economic evaluations, support increases as individuals view the EU as offering greater monetary stability and trade opportunities for their country (Eichenberg

and Dalton 1993). Economic voting—that is, making political judgments on the basis of economic concerns—also finds some support at the sociotropic level (Lewis-Beck 1986; Anderson 2000). At a more individual level, those employed in sectors that will benefit from fewer trade restrictions are more likely to support integration on the grounds that it helps them maximize their personal ‘comparative advantage’ (Anderson and Reichert 1996). This tends to describe business owners and professionals while lower-skilled workers often fear the inherent increase in competition and its suspected impact on wages (Deflem and Pampel 1996). Early studies confirm those who perceive integration threatening to either their personal or national economic security will likely oppose it (Gabel and Palmer 1995; Gabel 1998). Extended to Iceland, this suggests those who have a negative economic outlook or fear the devaluation of their national currency might perceive EU membership as a good thing for their country. It also leads us to expect those employed in economic sectors that would be disadvantaged from further integration (namely agriculture and fishing) would be highly opposed to joining the EU. Despite their intuitive appeal, prior work finds economic effects are often trumped by more powerful political and cultural factors (Hooghe and Marks 2004, 2005).³ Yet we think there is good reason to reevaluate the extent to which this pattern holds, particularly in the midst of severe economic crisis.

Political Proxies: Prime Minister Approval and Ideology

Because the EU is such a complex, abstract entity, citizens understandably use their assessments of national politics as heuristic short-cuts to help them make judgments about integration (Anderson 1998; Franklin, Marsh, and McLaren 1994; Franklin, van der Eijk, and Marsh 1995). Yet the sword cuts both ways: dissatisfaction with one’s national government can

³ Economic explanations also present a puzzle for scholars because overall support for the EU has not increased much over time, despite a relatively good economic environment (Eichenberg and Dalton 2007).

either push upset citizens into the arms of the EU (Sánchez-Cuenca 2000; Kritzinger 2003; Ray 2003a) or lead them to be more skeptical of centralized political authority altogether (Anderson 1998). Citizens also absorb the political cues offered to them by politicians and parties (Steenbergen and Jones 2002; Hooghe and Marks 2005). Where elite opinion is especially divided, individuals are more likely to oppose membership, though the strength of these persuasion effects is typically conditioned by party unity, issue salience, and party attachment (Ray 2003b). Given all this, we expect Icelandic citizens who approve of Prime Minister Sigurardottir and her government to be more supportive of joining the EU, especially because Sigurardottir's Social Democratic Alliance party has become the strongest proponent of EU membership. Interestingly, opposition parties are anything but unified on the issue. The Left-Green Movement (current coalition partner of the Social Democratic Alliance), Independence Party, and Liberal Party all fear joining the EU—even going so far as to support withdrawing Iceland's application for membership—while the Progressive Party and Citizens' Movement Party both support membership (albeit with the caveat that fishing and agricultural rights are protected). Taking account of this divide, we expect supporters of these opposition parties to exhibit less prime minister approval and hence more negative attitudes toward EU accession.

General ideological orientation also plays a role in EU attitudes. Members of centrist parties tend to be highly supportive while more fringe parties on both the left and right have tended to oppose it (Aspinwall 2002; Marks, Wilson, and Ray 2002). Because of their preference for free-market economics and defense of Icelandic national identity, we expect supporters of more rightist parties to be less supportive of integration than their leftist counterparts.⁴ And while

⁴ Note that this expectation of ideological self-placement's effect on individual attitudes towards joining the EU may not necessarily align with parties' own ideological positioning and EU stance.

political considerations may be important, recent work points out that they often reflect the salience of both individual and collective cultural attachments in the first place.

Cultural Concerns: Identity, Sovereignty, and Perceptions of Cultural Threat

In the face of EU enlargement after the end of the Cold War, cultural affinity and openness have taken center stage in explaining individual support or opposition to the EU. Strong national identity tends to decrease support for integration as highly nationalistic sentiments make individuals especially wary of ceding sovereignty to the EU (Carey 2002). In other words, EU attitudes especially eurosceptic when strong national identity prevents identification beyond national borders. Whether one sees him or herself as exclusively nationalist versus inclusively attached to multiple layers of governance has been repeatedly found to matter a great deal (Hooghe and Marks 2004, 2005). Based on this, we expect individual support for joining the EU to decrease as exclusive Icelandic identity increases. Given Iceland's history and geography, we also expect citizens who place greater weight on the importance of Icelandic sovereignty to be less supportive of EU membership.

Along with the type and strength of an individual's identity, perceptions of cultural threat affect one's view of the EU. Integration has dramatically increased citizens' contact with foreigners through open borders and increased immigration. Prejudice decreases openness to foreigners (Quillian 1995), leaving those who associate the EU with an increase in immigrants highly opposed to membership (De Master and Le Roy 2000; McLaren 2002). This anti-immigrant sentiment is an important determinant of individual attitudes and behavior, affecting support for the EU in general and EU referendum voting more specifically (de Vreese and Boomgaarden 2005). Knowing this, we anticipate that Icelanders' feelings toward other nationalities will affect their attitudes towards the EU. Those who are more accepting of cultural

diversity should also be more accepting of joining the EU. In addition, citizens' opinions on other Western European countries—namely those with whom Iceland may not have the friendliest history of relations, such as the UK—may inhibit their membership support.

In addition to economic, political, and cultural dimensions, many demographic characteristics have been found to affect support for EU membership as well. Higher levels of both income and education are positively correlated with greater support (Deflem and Pampel 1996; Gabel 1998). Males are typically more supportive of integration than females (Gabel and Whitten 1997). Urban citizens tend to hold more cosmopolitan, postmaterialist orientations that lead them to favor further integration (Inglehart 1970, 1997). And political sophisticates (known nowadays as 'opinion leaders') may be more likely to support integration because they are better able to comprehend abstract EU policy (Inglehart 1970)—though the robustness of this effect is disputed (e.g., Janssen 1991). Taking all these considerations into account, we now test whether our expectations hold and analyze the extent to which these prior findings—drawn from studies of public opinion in existing EU member states—generalize to support in a candidate country like Iceland.

Data and Measurement

Immediately following the March 6, 2010 'Icesave' referendum, we deployed a nationally-representative random sample telephone survey, carried out by the Social Science Research Institute (SSRI) of the University of Iceland in Reykjavik. Of the 1505 Icelandic citizens contacted, 877 agreed to participate in the survey, bringing the response rate to 58.3%.⁵

We constructed the dependent variable, *Support for Joining the EU*, as a mean index of responses to two questions.⁶ Based on the typical Eurobarometer question posed to EU citizens,

⁵ For additional details, see Leblang, Jupille, and Curtis (2011).

⁶ See Appendix for complete variable descriptions including question wording, coding, summary statistics, and correlations.

we first asked Icelandic respondents, “As you may know, Iceland has applied to become a member of the European Union (EU). Generally speaking, do you think that Iceland’s membership in the European Union would be a good thing, a bad thing, or neither good nor bad?” Second, drawing on similar questions posed to citizens of other candidate countries in the past, we asked, “Let’s say that Iceland successfully negotiates membership of the European Union, the accession treaty will be put forth in a referendum. Do you think it is likely that in that referendum you will support or oppose membership of the European Union?” With these component questions correlated at 0.93, the final index ranges from 0-1 with seven values, scaled from low to high support. The mean level of support is 0.491, though the standard deviation is relatively high at 0.380. This variation is further reflected in Figure 3, which displays the ultimate distribution of our dependent variable.

[FIGURE 3 ABOUT HERE]

Given the intuitive intervals between categories and for ease of interpretation, we use standard OLS regression. Because our data contain individuals nested within Icelandic regions, we cluster by zipcode to account for the statistical correlation in errors between individuals sampled from the same place.⁷

Our independent variables are captured as follows. To gauge economic effects, we include a mixture of subjective egocentric and sociotropic calculations.⁸ From a sociotropic angle, *Economic Outlook* assesses the degree to which individuals believe the general economic situation in Iceland will improve in the next year. To tap a more egocentric or pocketbook

⁷ Multilevel modeling reveals that indeed 9.5% of the variance in individual support for joining the EU lies at the zipcode level. However, because we are not at this point able to model and explain this level-two variance, we make sure to at least account for its statistical nuisance through clustered standard errors (Snijders and Bosker 1999; Steenbergen and Jones 2002).

⁸ Objective economic indicators (such as unemployment, GDP per capita, and inflation) rarely seem to matter (Eichenberg and Dalton 1993). Instead, objective conditions likely affect individual *perceptions*, which are then what ultimately matter for public opinion (Gabel and Whitten 1997).

perspective, we include measures of whether respondents worry a devaluation in Iceland's krona will hurt their personal purchasing power (*Fear Devaluation*), own their residence (*Homeowner*), and anticipate taking out a loan in the near future (*Prospective Borrower*). To test explanations of sectoral involvement, occupational skill level, and employment status, we include dummies for whether an individual is an *Agricultural/Fishing Industry Employee*, *Low-Skilled Employee*, or *Unemployed*.⁹

As political predictors, we probe assessments of the domestic political situation and ideological self-placement with *Prime Minister Approval* and *Left-Right Ideology*. Turning to cultural considerations, we include a measure of exclusive Icelandic *Identity* based on whether a respondent identifies as European only, European and Icelandic, Icelandic and European, or Icelandic only. Next, we asked individuals how important they felt *Sovereignty* was for Iceland. Lastly, we include two contrasting feeling thermometers. The *India Feeling Thermometer* is the closest indicator available in our data for testing perceptions of cultural threat and prejudice towards those from a distinctly different culture. The *EU Feeling Thermometer Index* averages one's affinity for the UK and the Netherlands—two long-standing EU members. This measure should proxy for an individual's perception of Iceland's cultural similarity or difference with Western Europe, as well as control for any animosity toward those two countries given their role in the Icesave dispute. Finally, we control for an individual's *Age*, *Education*, gender (*Male*), political interest and cognitive sophistication (*Opinion Leadership Index*), and urban versus *Rural* residence. Without further ado, we turn to our results.

⁹ The omitted reference categories here are those who hold professional/managerial positions or are retired/disabled.

Results

Regression Analysis

We begin by testing the determinants of individual support for Iceland joining the EU. Table 1 presents the results of baseline regression models comparing the significance and comparative explanatory power of each separate category of predictors (Models 1-3), followed by the full model (Model 4).

[TABLE 1 ABOUT HERE]

In the first model, economic explanations find little significance apart from whether an individual works in the agriculture or fishing industry or another low-skilled position; this model only explains 6.6% of the variance in individual membership support. In Model 2, our two political predictors are highly significant and the model offers a slight improvement in explanatory power ($R^2=14.3\%$). The cultural indicators included in Model 3 perform better yet, explaining 16.9% of the variance, though explanatory power is highest in Model 4 ($R^2=25.2\%$).

In the full model, economic variables—with the exception of *Agriculture/Fishing Industry Employee* and *Low-Skilled Employee*—continue to perform poorly; even those that were approaching significance in Model 1 fall out of confidence range in Model 4. In contrast, political and cultural predictors are relatively robust. Table 2 provides a substantive interpretation of these results by detailing the predicted values and magnitude of effect of each significant variable.

[TABLE 2 ABOUT HERE]

One's opinion on the importance of Icelandic sovereignty dominates any other effect. Those who do not feel sovereignty is very important have a predicted value of support of 0.830, compared with 0.457 for those who do. This -0.373 change means sovereignty has the highest magnitude of

effect of any variable.¹⁰ The second largest effect comes from one's assessment of the current government. As expected, approval of the current prime minister matters a lot. In fact, highly *disapproving* of the prime minister produces the lowest predicted value of support of any variable (0.371), compared with a predicted value of 0.668 for someone who highly approves of the current government. Unsurprisingly, one's personal identity is highly indicative of their support for joining the EU as well. The more exclusively Icelandic an individual feels, the less likely he or she is to favor membership. Moving from identifying as European only to Icelandic only reduces support by -0.291—the third highest substantive impact. Beyond these three main predictors, being employed in agriculture or fishing sector has a highly negative and significant impact: it decreases support by -0.225. An individual not employed in these areas has a 0.495 predicted value of support—nearly the exact mean of our sample (0.491)—compared with a predicted value of 0.270 for someone working in these industries. While not as large of a substantive effect, being a low-skilled employee also reduces support by -0.095. Altogether, economic indicators are by far the weakest of any category (outside of demographics) while the political and cultural variables perform quite well. Those with more right-leaning ideologies or who hold negative feelings towards other EU countries are less likely to support EU membership. Age, education, and political sophistication do not seem to matter, while males and rural residents tend to be less supportive (though these two demographic effects fall just under conventional significance).¹¹

¹⁰ Though sovereignty preferences are highly correlated with EU attitudes (-0.30), we do not believe this collinearity biases our models as identical substantive results are produced when it is excluded.

¹¹ Note that our low N may be partially to blame. Indeed, given our small number of observations (541), any significance achieved is that much more impressive as a larger N would presumably expose additional relationships that we may be unable to uncover here. Also, in unreported models, we controlled for monthly household income with the expectation that Iceland's 6.8% drop in GDP in 2009, followed by a further 3.4% decline in 2010, would have impinged upon many citizens' personal financial wellbeing (*CIA World Factbook*). Income's inclusion does not change any of our substantive results and actually fails to reach statistical significance; because our N drops to 484 observations, we exclude it from our main analyses.

Interestingly, one's prospective outlook on the economy, fear of currency devaluation, future plans to borrow funds, and employment status have no significant effect on his or her corresponding level of support. Similarly, perceptions of cultural threat do not seem to manifest themselves in Icelandic public opinion towards the EU: the India feeling thermometer is insignificant, suggesting that Icelanders are on the whole less prejudiced than citizens of other EU countries towards those from a diverse cultural background.¹² At the very least, their opinions about people from India appear orthogonal to their preferences for joining the EU.

[FIGURE 4 ABOUT HERE]

In keeping with recent scholarship, cultural and political considerations appear to matter most for one's level of support for joining the EU. This is clearly the picture that emerges from Figure 4, which ranks predictors in terms of their magnitude of effect on support for membership. Not only are most economic indicators conspicuously absent, but the strongest determinants of an individual's position on Iceland's EU membership are, in descending order, *Sovereignty*, *Prime Minister Approval*, and *Identity*. The fact that most economic variables fail to attain significance leaves us puzzled that both pocketbook and sociotropic calculations would play so weak a role in determining membership attitudes—particularly during such rough economic times and when many financial experts view EU membership as the panacea to Iceland's crisis. Thus, before concluding that economic effects are nonexistent, we ask: Might economic effects on support for joining the EU travel through some other pathway?

¹² This appears to be the case as the mean India Feeling Thermometer rating is 55.918, compared with 49.550 for the EU Feeling Thermometer Index. In other words, Icelanders actually feel more warm towards India than other EU member states.

Mediation Analysis

The sociopolitical world is replete with complex causal relationships that do not easily lend themselves to simple multivariate regression. Rather than assuming all variables have an independent, additive effect on the dependent variable—as regression forces us—we anticipate economic concerns may come causally *prior* to other considerations affecting their level of support for EU membership. To clarify, we suspect economic anxiety to be mediated by one’s political assessments. Knowing that prime minister approval has a large effect on whether an individual will then support or oppose Iceland joining the EU, we ask: what role do economic factors play in determining prime minister approval in the first place?

[FIGURE 5 ABOUT HERE]

To answer this question, we turn to mediation analysis which allows the researcher to identify a causal pathway, pinpoint specific mechanisms, and determine *indirect* relationships (Baron and Kenny 1986; Kline 2005; MacKinnon 2008; Malhotra and Krosnick 2007). According to Baron and Kenny (1986), three conditions must be met in order to demonstrate the existence of a mediating relationship. We illustrate these requirements in Figure 5, which depicts the possible ways in which economic unease may affect membership support. For mediation to occur, the independent variable, economic evaluations, must first significantly affect the mediating variable, approval of the current government (Path A). Second, this mediator must significantly affect the dependent variable, support for joining the EU (Path B). And third, controlling for Paths A and B through the inclusion of the mediating variable, the effect of the independent variable on the dependent variable must be reduced or, in the strongest case, insignificant (making Path C null).

[TABLE 3 ABOUT HERE]

Table 3 presents the results of this investigation. First, in Column A, we regressed *Support for Joining the EU* on *Economic Outlook* while omitting *Prime Minister Approval*. Replicating the results of our prior models, prospective economic evaluations do not attain statistical significance. Yet in Column B, where support is regressed on one's assessment of the current government, we see that economic explanations—namely *Economic Outlook* and whether an individual is a *Homeowner*—are highly significant.¹³ More optimistic expectations of the national economy are positively related to prime minister approval while being a homeowner has a negative effect.¹⁴ Finally, in Column C regressing support on both *Economic Outlook* and *Prime Minister Approval*, economic effects once again drop out while prime minister approval is significant and positive. Thus, all three mediation conditions are met, confirming a significant mediation effect (Sobel-Goodman test statistic = 0.013, $p \leq .002$ for *Economic Outlook* and -0.022, $p \leq .025$ for *Homeowner*).¹⁵ More importantly, the effects of prospective economic evaluations and homeownership are *entirely* mediated by prime minister approval. Phrased differently, this implies it is incorrect to assume—as full models like Model 4 in Table 1 or Column C in Table 2 lead us to do—that economic concerns do not matter for support. Instead, their indirect effects are completely captured by an individual's political assessments. Figure 6

¹³ *Unemployment* may also matter, though it falls just outside the $p \leq .05$ significance level. Again, with only 541 observations, we believe this suggests some underlying relationship that might reveal itself more clearly with a larger sample size.

¹⁴ Appendix Figure A1 ranks the substantive impact of the significant variables predicting prime minister approval. Unsurprisingly, the two greatest determinants affecting approval are *Ideology* (correlated with *PM Approval* at -0.38) and the *EU Feeling Thermometer Index*. *Economic Outlook* comes in third, with assessments of the prime minister improving by a magnitude of 0.532 (on a scale of 1-4) as one's view of Iceland's prospective economic situation moves from thinking the economy will get a lot worse to believing it will get a lot better.

¹⁵ We find no such effect for the reverse causal relationship that economic attitudes would mediate the effect of political assessments.

exhibits this causal process, showing prime minister approval as a *mechanism* by which one's economic situation determines his or her position on Icelandic EU membership.¹⁶

[FIGURE 6 ABOUT HERE]

Conclusion

Previous studies have found mixed proof of the impact of economic indicators (Anderson 2000; Duch and Stevenson 2006; Van der Brug, van der Eijk, and Franklin 2007) and scholarly consensus on support for European integration informs us that noneconomic factors matter substantially more than utilitarian concerns (Hooghe and Marks 2005). In keeping with this current literature, we find that cultural considerations over identity and sovereignty predominate, exacerbating the chances for public polarization over Iceland's ultimate accession. Yet in a crisis context of poor economic performance and high economic uncertainty (such as the one recently witnessed in Iceland), it seems reasonable to expect citizens' economic concerns to play at least some role in their political attitudes and behavior. In analyzing Icelandic support for joining the EU, we *do* find support for such economic effects, though not through the causal pathway imposed by standard regression. Indeed, were we to interpret regression results as they stand, we, too, would be led to the conclusion that people's perceptions of personal and national economic wellbeing did not matter. Instead, through mediation analysis, we confirm the importance of subjective economic assessments in determining an individual's approval of the current government—which is then one of the primary predictors of his or her view on EU membership. So the economy *does* matter, but in a much more nuanced and indirect way than previous studies have allowed.

¹⁶ Though we would not expect economic assessments to be conditions—that is, *moderated*—by prime minister approval, we tested this possibility as well. In line with our theoretical story, we found no support for a moderating relationship which confirms that mediation is the only pathway through which economic considerations affect individuals' ultimate position on the EU.

These findings mean three things. First, in general, they suggest scholars need to explore alternative specifications when investigating economic effects. While our understanding of support for integration stands to gain most clearly and immediately from this finding, several areas of behavioral research might also benefit from reevaluating their extant conclusions and considering economic effects earlier in the causal process. Second, at least as applied to the Icelandic case, they remind us that economic conditions filter down into the minds of everyday citizens. Although politically sophisticated citizens might recognize their policymakers have less control over the economy in today's era of globalized interdependence (Hellwig 2001, 2008), we still find that Icelanders are assessing the current prime minister through an economic lens. Finally, our results provide insight into what the eventual outcome of Iceland's membership bid may be. When a public referendum on accession occurs, economic attitudes may contribute to people's vote choice through their political appraisal of the national government.

Several factors affect how underlying public attitudes get translated into actual referendum votes, not the least of which may be whether the people's decision is definitive and binding on the issue of EU membership. When voters get the final say, they are especially likely to follow the cues of political leaders such that opinions on the national government may play the defining role in whether citizens accept or refuse EU membership (Hug and Sciarini 2000). In the end, partisanship matters a great deal and may make or break Iceland's entry into the EU. With positions on the EU so divided within Iceland's ruling coalition and opposition parties, citizens wishing to sanction the current government may translate their political disapproval into a rejection of EU accession. Our results suggest the economic and other circumstances affecting individuals' government approval in the first place may be the deciding factor on whether Iceland joins the EU. This makes economic factors extremely important for both scholars and

policymakers to consider when trying to understand Icelandic public opinion on the EU issue. To the extent that individuals hold an optimistic economic outlook and attribute this expected improvement to the current government, they may be predicted to support joining the EU (so long as this remains the position advocated by the ruling government). However, those who do not share this economic confidence and hence blame the current government for Iceland's problems can be expected to vote against membership—all the more so if they also value Icelandic sovereignty and identify exclusively with Iceland.

Appendix

All variables recoded to range from low/negative to high/positive values.

All 'don't knows' recoded as missing.

Support for Joining EU (0-1): A mean index of the following two questions. (Each question was rescaled to range from 0-1 before making the overall index.) Ranges from 0-1 with 7 possible values; higher values indicate greater support for joining the EU.

- *Membership (0-2):* "As you may know, Iceland has applied to become a member of the European Union (EU). Generally speaking, do you think that Iceland's membership in the European Union would be a good thing or a bad thing?" [Bad thing, neither good nor bad, good thing.]
- *EU Referendum (0-1):* "Let's say that Iceland successfully negotiates membership of the European Union, the accession treaty will be put forth in a referendum. Do you think it is likely that in that referendum you will support or oppose membership of the European Union?" [Oppose membership; support membership.]

Economic Outlook (1-5): "Over the next 12 months, how do you think the general economic situation in Iceland will be? Do you think it will get better, worse or stay the same?" [Get a lot worse, get a little worse, stay the same, get a little better, get a lot better.]

Fear Devaluation (0-1): "Do you worry that a decrease in the value of the krona will hurt your ability to purchase goods from abroad?" [No, Yes.]

Homeowner (0-1): A dichotomous variable coded as 1 if the resident owns his own residence. Based on the question: "Do you own your residence, do you rent it or do you have another arrangement?" [Own, rent, other.]

Prospective Borrower (1-4): "How likely or unlikely do you think it is that in the next 6-12 months you'll borrow money to finance a home, the purchase of a car, or other large expenses?" [Very unlikely, somewhat unlikely, somewhat likely, very likely.]

Unemployed (0-1): A dichotomous variable equal to 1 if unemployed; 0 otherwise. Coded from the question: "What is your employment?" [Legislators, senior officials and managers; Professionals; Technicians and associate professionals; Clerks; Service workers and shop and market sales workers; Agricultural and fishery workers; Craft and related trades workers; Machine operators and assemblers; Elementary occupations; Armed forces, police and coast guard; Currently unemployed; Retired/pensioner; Disabled.]

Agriculture/Fishing Industry Employee (0-1): A dichotomous variable equal to 1 if employed as an agricultural and/or fishery worker; 0 otherwise. Coded from the question: "What is your employment?" [Legislators, senior officials and managers; Professionals; Technicians and associate professionals; Clerks; Service workers and shop and market sales workers; Agricultural and fishery workers; Craft and related trades workers; Machine operators and assemblers; Elementary occupations; Armed forces, police and coast guard; Currently unemployed; Retired/pensioner; Disabled.]

Low-Skilled Employee (0-1): A dichotomous variable equal to 1 if employed as a craft and related trades workers; as machine operators and assemblers; in elementary occupations; or in the armed forces, police and coast guard; 0 otherwise. Based on the question: “What is your employment?” [Legislators, senior officials and managers; Professionals; Technicians and associate professionals; Clerks; Service workers and shop and market sales workers; Agricultural and fishery workers; Craft and related trades workers; Machine operators and assemblers; Elementary occupations; Armed forces, police and coast guard; Currently unemployed; Retired/pensioner; Disabled.]

Prime Minister Approval (1-4): “Do you think Jóhanna Sigurðardóttir is doing a good or a bad job as Prime Minister?” [Very bad, somewhat bad, somewhat good, very good]

L-R Ideology (0-10): “In politics, people sometimes talk of "left" and "right". Where would you place yourself on a scale from 0 to 10, where '0' means the extreme left and '10' means the extreme right?”

Identity (1-4): “Next is a question about identity in terms of nationality. Would you define yourself first and foremost as Icelandic, as Icelandic first and European second, as European first and Icelandic second or first and foremost as European?” Recoded so that high values indicate greater sense of exclusive Icelandic identity.

Sovereignty (1-4): “How much importance do you attach to Icelandic sovereignty? In other words, its ability to decide for itself the kinds of policies it will adopt?” [Not important at all, not very important, somewhat important, very important.]

India Feeling Thermometer (0-100): “Next I’d like you to rate your feelings toward some countries, with 100 meaning a very warm, favorable feeling, 0 meaning a very cold, unfavorable feeling, and 50 meaning not particularly warm or cold. You can use any number from 0 to 100.” [India]

EU Feeling Thermometer Index (0-100): A mean index combining responses to the following question: “Next I’d like you to rate your feelings toward some countries, with 100 meaning a very warm, favorable feeling, 0 meaning a very cold, unfavorable feeling, and 50 meaning not particularly warm or cold. You can use any number from 0 to 100.” [UK, Netherlands.]

Opinion Leadership Index (1-4): A mean index combining responses to the following two questions.¹⁷ Ranges from 1-4 with seven values; higher values indicate greater cognitive mobilization.

- *Political Discussion (0-4):* “How often or seldom do you discuss political matters with your friends and family? Do you do it often, from time to time, rarely or never?”
- *Political Persuasion (0-4):* “When you hold a strong opinion, do you ever find yourself persuading your friends, relatives or fellow workers to share your views? Does this happen often, from time to time, rarely, or never?”

Age (18-80): A continuous variable indicating the exact age of the respondent.

¹⁷ This variable emulates the common construction used in Eurobarometer surveys.

Male (0-1): A dichotomous variable coded as 1=male.

Education (1-6): An ordinal variable where higher values indicated greater education. Based on the question: “What is your education?” [No education (Not completed primary education); Elementary school (Primary or first stage of basic); Elementary school and addition (Lower secondary); High school (Post secondary); High school and addition (High school and some University); University.]

Rural (0-1): A dichotomous variable where 1 = respondent resides in a “rural” zipcode, according to the Icelandic Postal Service. Accessed 2/20/11 from <http://www.postur.is/english/desktopdefault.aspx/tabid-127/> and http://www.postur.is/english/Portaldata/1/Resources/islandskort/Postnumer_2010-01-22.pdf.

Professional (0-1): A dichotomous variable where 1 = currently employed as legislators, senior officials, & managers; professionals, technicians & associate professionals; clerks; service workers; and/or shop & market sales workers. Based on the question: “What is your employment?” [Legislators, senior officials and managers; Professionals; Technicians and associate professionals; Clerks; Service workers and shop and market sales workers; Agricultural and fishery workers; Craft and related trades workers; Machine operators and assemblers; Elementary occupations; Armed forces, police and coast guard; Currently unemployed; Retired/pensioner; Disabled.]

Political Interest (0-4): “How interested are you in politics? Are you very interested, somewhat interested, not very interested or not at all interested?”

Party Identification: Created dummy variables for supporters or each of the following parties. “Which political party, if any, do you identify with?”

- Framsóknarflokkur (B, Progressive Party)
- Sjálfstæðisflokkuri (D, Independence Party)
- Samfylkingin (S, Social Democratic Alliance)
- Vinstri hreyfingin - grænt framboð (V, Left-Green Movement)
- Hreyfingin (The Movement)
- Frjálslyndi flokkurinn (F, The Liberal Party)
- Other

Income (1-6): “On average, what was your monthly family income before taxes last year? Was your income between...” [0-200 thousand; 200-400 thousand; 400-800 thousand; 800 thousand-1,2 million; 1,2-2 million; More than 2 million.]

Table A1: Descriptive Statistics

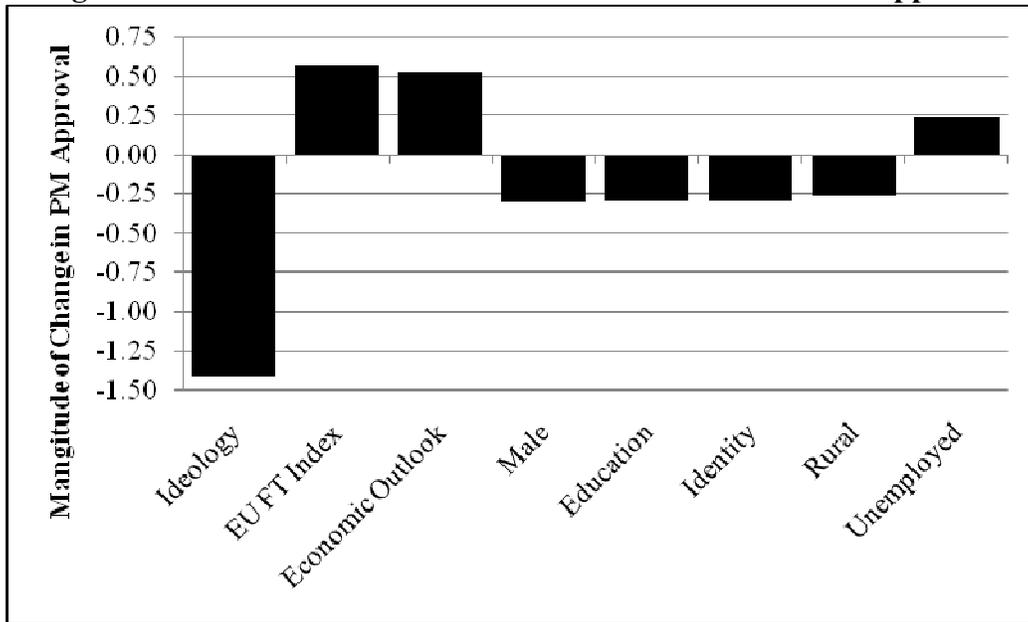
| Variable (Range) | # Obs. | Frequency | Percent (%) | Mean | Std. Dev. |
|---|---------------|------------------|--------------------|-------------|------------------|
| Support for Joining EU (0-1 with 7 values) | 762 | | | 0.491 | 0.380 |
| Membership (0-2) | 728 | | | 1.753 | 0.904 |
| Bad | | 409 | 56.18 | | |
| Neither Good Nor Bad | | 90 | 12.36 | | |
| Good | | 229 | 31.46 | | |
| EU Referendum (0-1) | 625 | | | 8.338 | 0.473 |
| Would Oppose Membership | | 414 | 66.24 | | |
| Would Support Membership | | 211 | 33.76 | | |
| Economic Outlook (1-5) | 841 | | | 2.986 | 1.051 |
| Will Get A Lot Worse | | 97 | 11.53 | | |
| Will Get A Little Worse | | 135 | 16.05 | | |
| Will Stay the Same | | 336 | 39.95 | | |
| Will Get a Little Better | | 229 | 27.23 | | |
| Will Get a Lot Better | | 44 | 5.23 | | |
| Fear Devaluation (0-1) | 826 | | | 0.651 | 0.477 |
| Homeowner (0-1) | 870 | | | 0.714 | 0.452 |
| Prospective Borrower (1-4) | 861 | | | 1.304 | 0.739 |
| Unemployed (0-1) | 877 | | | 0.039 | 0.193 |
| Ag/Fishing Industry Employee (0-1) | 877 | | | 0.032 | 0.176 |
| Low-Skilled Employee (0-1) | 877 | | | 0.186 | 0.389 |
| PM Approval (1-4) | 772 | | | 2.240 | 0.893 |
| Doing Very Bad Job | | 183 | 23.70 | | |
| Doing Somewhat Bad Job | | 275 | 35.62 | | |
| Doing Somewhat Good Job | | 260 | 33.68 | | |
| Doing Very Good Job | | 54 | 6.99 | | |
| L-R Ideology (Far Left=0, Far Right=10) | 796 | | | 5.334 | 2.004 |
| Identity (1-4) | 862 | | | 3.602 | 0.0679 |
| European Only | | 24 | 2.78 | | |
| European and Icelandic | | 23 | 2.67 | | |
| Icelandic and European | | 225 | 26.10 | | |
| Icelandic Only | | 590 | 68.45 | | |
| Sovereignty (1-4) | 855 | | | 3.739 | 0.590 |
| Not At All Important | | 14 | 1.64 | | |
| Not Very Important | | 24 | 2.81 | | |
| Somewhat Important | | 133 | 15.56 | | |
| Very Important | | 684 | 80.00 | | |
| India Feeling Thermometer (0-100) | 813 | | | 55.918 | 18.664 |
| EU Feeling Thermometer Index (0-100) | 848 | | | 49.550 | 20.688 |
| Opinion Leadership Index (1-4) | 877 | | | 2.594 | 0.759 |
| Age (18-80) | 877 | | | 44.172 | 16.279 |
| Gender (0-1) | 877 | | | 0.501 | 0.500 |
| Female | | 438 | 49.94 | | |
| Male | | 439 | 50.06 | | |
| Education (1-6) | 868 | | | 4.276 | 1.462 |
| Rural (0-1) | 877 | | | 0.052 | 0.223 |
| Not Rural | | 831 | 94.75 | | |
| Rural | | 46 | 5.25 | | |

Table A2: Variable Correlations

| | Support for Joining EU | Economic Outlook | Fear Devaluation | Homeowner | Prospective Borrower | Unemployed | Ag/Fishing Industry Employee | Low-Skilled Employee | PM Approval | L-R Ideology | Identity | Sovereignty | India FT | EU FT Index | Opinion Leadership | Age | Male | Education | Rural |
|------------------------------------|---------------------------|---------------------|---------------------|--------------|-------------------------|--------------|------------------------------------|-------------------------|----------------|-----------------|--------------|--------------|--------------|--------------|-----------------------|--------------|------|--------------|-------|
| Support for Joining EU | 1.00 | | | | | | | | | | | | | | | | | | |
| Economic Outlook | 0.04 | 1.00 | | | | | | | | | | | | | | | | | |
| Fear Devaluation | 0.09 | -0.15 | 1.00 | | | | | | | | | | | | | | | | |
| Homeowner | -0.02 | 0.01 | -0.06 | 1.00 | | | | | | | | | | | | | | | |
| Prospective Borrower | -0.03 | 0.02 | 0.04 | -0.03 | 1.00 | | | | | | | | | | | | | | |
| Unemployed | 0.03 | -0.07 | 0.07 | -0.10 | -0.03 | 1.00 | | | | | | | | | | | | | |
| Ag/Fishing Industry Employee | -0.15 | 0.01 | -0.09 | 0.03 | -0.05 | -0.04 | 1.00 | | | | | | | | | | | | |
| Low-Skilled Employee | -0.12 | 0.04 | 0.00 | 0.03 | -0.01 | -0.10 | -0.09 | 1.00 | | | | | | | | | | | |
| PM Approval | 0.29 | 0.18 | 0.00 | -0.07 | 0.02 | 0.08 | -0.05 | -0.04 | 1.00 | | | | | | | | | | |
| L-R Ideology | -0.19 | -0.09 | 0.02 | 0.02 | 0.06 | -0.06 | 0.01 | 0.01 | -0.38 | 1.00 | | | | | | | | | |
| Identity | -0.28 | -0.06 | -0.01 | 0.04 | -0.04 | 0.00 | 0.08 | 0.08 | -0.14 | 0.12 | 1.00 | | | | | | | | |
| Sovereignty | -0.30 | 0.09 | -0.03 | 0.06 | 0.01 | -0.02 | 0.05 | 0.02 | -0.05 | 0.07 | 0.19 | 1.00 | | | | | | | |
| India FT | 0.08 | -0.02 | -0.05 | -0.10 | 0.02 | 0.03 | 0.02 | -0.07 | 0.07 | -0.06 | -0.04 | -0.04 | 1.00 | | | | | | |
| EU FT Index | 0.20 | 0.03 | 0.02 | -0.12 | 0.05 | 0.04 | 0.00 | -0.11 | 0.15 | -0.07 | -0.11 | -0.07 | 0.32 | 1.00 | | | | | |
| Opinion Leadership | 0.09 | -0.03 | 0.13 | 0.06 | 0.04 | 0.03 | -0.04 | -0.05 | -0.06 | 0.04 | -0.16 | -0.05 | 0.05 | 0.04 | 1.00 | | | | |
| Age | -0.07 | 0.10 | -0.19 | 0.50 | -0.05 | -0.05 | 0.11 | 0.01 | -0.01 | 0.00 | 0.07 | 0.05 | -0.17 | -0.20 | -0.02 | 1.00 | | | |
| Male | 0.05 | 0.10 | -0.01 | 0.00 | 0.03 | 0.00 | 0.12 | 0.20 | -0.14 | 0.07 | -0.05 | -0.09 | 0.09 | 0.02 | 0.21 | 0.02 | 1.00 | | |
| Education | 0.14 | -0.01 | 0.06 | 0.10 | 0.02 | -0.02 | -0.14 | -0.25 | -0.03 | -0.06 | -0.13 | -0.03 | 0.14 | 0.22 | 0.23 | -0.15 | 0.00 | 1.00 | |
| Rural | -0.13 | 0.02 | -0.06 | -0.01 | -0.05 | 0.01 | 0.31 | -0.05 | -0.05 | -0.04 | 0.02 | 0.04 | -0.02 | 0.01 | -0.02 | 0.06 | 0.00 | -0.08 | 1.00 |

Note: Entries in **bold** indicate correlation significant at the p<.05 level.

Figure A1. A Rank of Substantive Effects on Prime Minister Approval



Based on Table 3, Column 2. Bars indicate the substantive impact of moving from the minimum to maximum on each predictor. Presented in ranked order from greatest to least magnitude of effect on the dependent variable, which ranges from 1-4.

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Table 1: Determinants of Icelandic Support for Joining the EU

| | Model 1: Economic Predictors | Model 2: Political Predictors | Model 3: Cultural Predictors | Model 4: Full Model |
|-------------------------------|---|--|---|------------------------------------|
| Economic Predictors | | | | |
| Economic Outlook | 0.020 (0.014) | | | -0.007 (0.016) |
| Fear Devaluation | 0.050* (0.028) | | | 0.013 (0.035) |
| Homeowner | -0.015 (0.029) | | | 0.038 (0.036) |
| Prospective Borrower | -0.029* (0.016) | | | -0.017 (0.018) |
| Unemployed | 0.029 (0.083) | | | -0.039 (0.072) |
| Ag/Fishing Industry Employee | -0.262*** (0.038) | | | -0.225*** (0.062) |
| Low-Skilled Employee | -0.119*** (0.035) | | | -0.095*** (0.033) |
| Political Predictors | | | | |
| PM Approval | | 0.113*** (0.020) | | 0.099*** (0.023) |
| L-R Ideology | | -0.020*** (0.006) | | -0.015** (0.007) |
| Cultural Predictors | | | | |
| Identity | | | -0.112*** (0.023) | -0.097*** (0.026) |
| Sovereignty | | | -0.148*** (0.028) | -0.124*** (0.034) |
| India Feeling Thermometer | | | 0.000 (0.001) | 0.000 (0.001) |
| EU Feeling Thermometer Index | | | 0.003*** (0.001) | 0.002* (0.001) |
| Demographic Controls | | | | |
| Opinion Leadership Index | 0.017 (0.018) | 0.041** (0.019) | 0.011 (0.017) | 0.015 (0.020) |
| Age | -0.046 (0.090) | -0.023 (0.080) | 0.016 (0.081) | -0.017 (0.099) |
| Male | 0.041 (0.030) | 0.047* (0.027) | 0.005 (0.024) | 0.055* (0.031) |
| Education | 0.017* (0.010) | 0.028*** (0.009) | 0.014 (0.009) | 0.005 (0.011) |
| Rural | -0.137*** (0.051) | -0.153*** (0.053) | -0.149*** (0.054) | -0.105* (0.058) |
| Constant | 0.370*** (0.076) | 0.109 (0.106) | 1.222*** (0.167) | 1.029*** (0.178) |
| Number of Observations | 693 | 628 | 687 | 541 |
| R² | 0.066 | 0.143 | 0.169 | 0.252 |

Table entries are OLS regression estimates clustered by zipcode.
Standard errors listed in parentheses. * = $p \leq .10$; ** = $p \leq .05$; *** = $p \leq .01$

Table 2: Predicted Values and Substantive Effects

| | Predicted Value at Minimum | Predicted Value at Maximum | Magnitude of Effect |
|------------------------------|-------------------------------|-------------------------------|------------------------|
| Economic Predictors | | | |
| Ag/Fishing Industry Employee | 0.495 | 0.270 | -0.225 |
| Low-Skilled Employee | 0.507 | 0.412 | -0.095 |
| Political Predictors | | | |
| PM Approval | 0.371 | 0.668 | 0.297 |
| L-R Ideology | 0.573 | 0.420 | -0.153 |
| Cultural Predictors | | | |
| Identity | 0.740 | 0.448 | -0.291 |
| Sovereignty | 0.830 | 0.457 | -0.373 |
| EU FT Index | 0.408 | 0.575 | 0.167 |
| Demographic Controls | | | |
| Male | 0.458 | 0.514 | 0.055 |
| Rural | 0.495 | 0.390 | -0.105 |

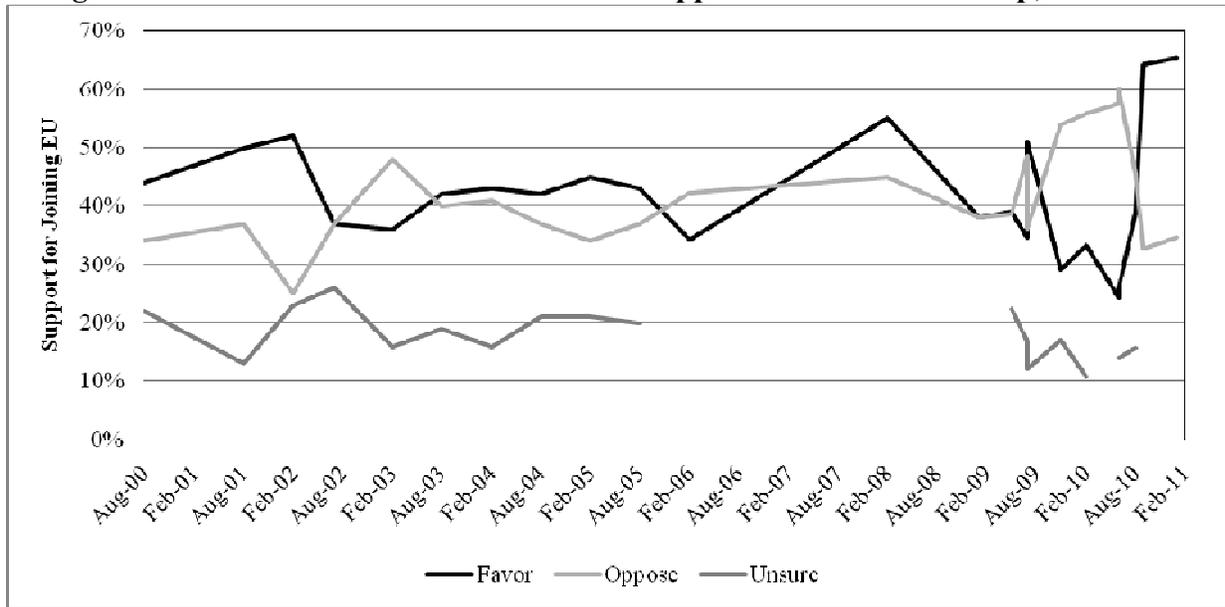
Entries indicate the predicted value of Support for Joining EU moving from the minimum to maximum value on each variable while holding all other variables at their mean. Calculated using the *prvalue* command (Long and Freese 2001). Only variables significant at $p \leq .10$ included.

Table 3: Mediation Analysis

| | A: Support for Joining EU | B: PM Approval | C: Support for Joining EU |
|-------------------------------|--------------------------------------|---------------------------|--------------------------------------|
| Economic Predictors | | | |
| Economic Outlook | 0.006 (0.014) | 0.131*** (0.034) | -0.007 (0.014) |
| Fear Devaluation | 0.017 (0.032) | 0.039 (0.076) | 0.013 (0.032) |
| Homeowner | 0.019 (0.039) | -0.185** (0.091) | 0.038 (0.038) |
| Prospective Borrower | -0.016 (0.022) | 0.008 (0.050) | -0.017 (0.021) |
| Unemployed | -0.012 (0.070) | 0.275* (0.164) | -0.039 (0.069) |
| Ag/Fishing Industry Employee | -0.222** (0.098) | 0.036 (0.228) | -0.225** (0.095) |
| Low-Skilled Employee | -0.099** (0.041) | -0.036 (0.096) | -0.095** (0.040) |
| Political Predictors | | | |
| PM Approval | | | 0.099*** (0.018) |
| L-R Ideology | -0.030*** (0.007) | -0.147*** (0.017) | -0.015** (0.008) |
| Cultural Predictors | | | |
| Identity | -0.108*** (0.022) | -0.112** (0.051) | -0.097*** (0.021) |
| Sovereignty | -0.123*** (0.026) | 0.014 (0.061) | -0.124*** (0.025) |
| India Feeling Thermometer | 0.000 (0.001) | 0.002 (0.002) | 0.000 (0.001) |
| EU Feeling Thermometer Index | 0.002*** (0.001) | 0.005*** (0.002) | 0.002** (0.001) |
| Demographic Controls | | | |
| Opinion Leadership Index | 0.135 (0.021) | -0.019 (0.050) | 0.015 (0.021) |
| Age | -0.000 (0.001) | 0.001 (0.002) | -0.017 (0.114) |
| Male | 0.030 (0.032) | -0.253*** (0.074) | 0.055* (0.031) |
| Education | -0.002 (0.011) | -0.062** (0.027) | 0.005 (0.011) |
| Rural | -0.139** (0.070) | -0.338** (0.163) | -0.105 (0.068) |
| Constant | 1.340*** (0.165) | 3.143*** (0.386) | 1.029*** (0.171) |
| Number of Observations | 541 | 541 | 541 |
| R² | 0.209 | 0.236 | 0.252 |

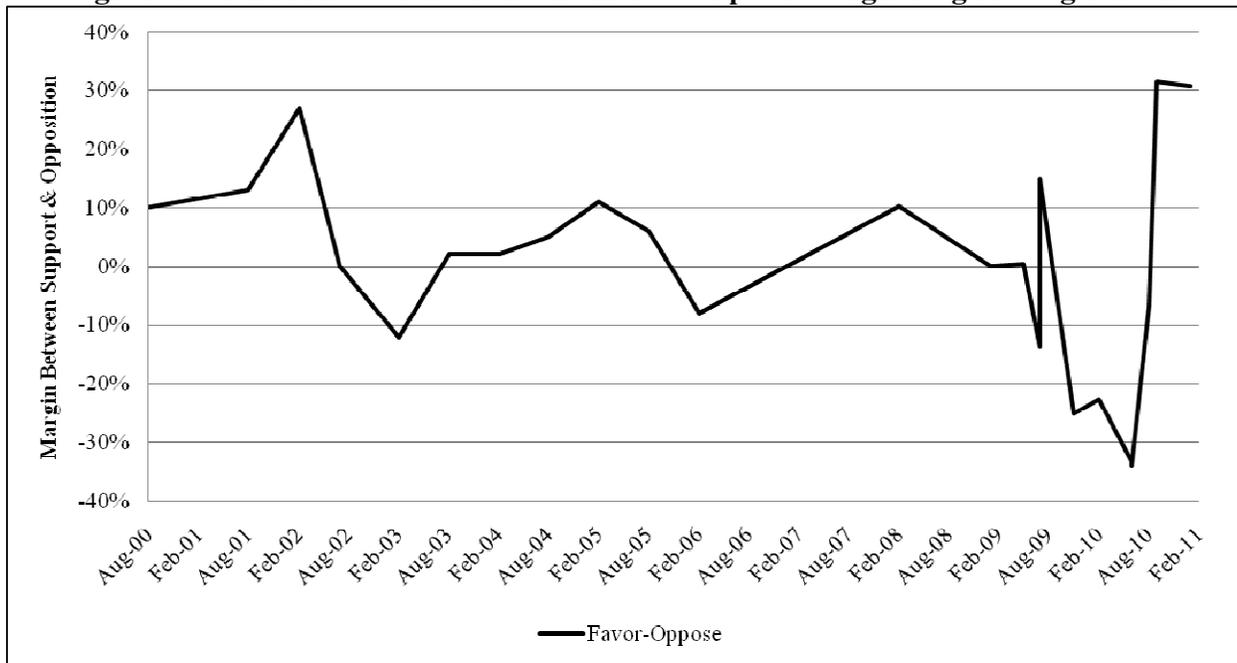
Standard errors listed in parentheses. * = $p \leq .10$; ** = $p \leq .05$; *** = $p \leq .01$
 Unstandardized coefficients calculated using OLS and the *sgmediation* command.
 Column headings indicate dependent variable in each regression.

Figure 1. Fluctuation in the Polls: Icelandic Support for EU Membership, 2000-2011



Taken from newspaper articles reporting statistics from polls conducted by Capacent Gallup, Fréttablaðið, the Research Institute of Bifrost, or Marketing and Media Research (MMR).

Figure 2. Fluctuation in the Polls: Variation in Opinion Regarding Joining the EU



Based on polling data from Figure 1. Trend line indicates the percentage of people who oppose Iceland joining the EU subtracted from that who favor accession. Positive values indicate more public support for membership; negative values indicate greater opposition to joining the EU. Higher absolute values reflect less polarization between supporters and opponents.

Figure 3. Distribution of Dependent Variable

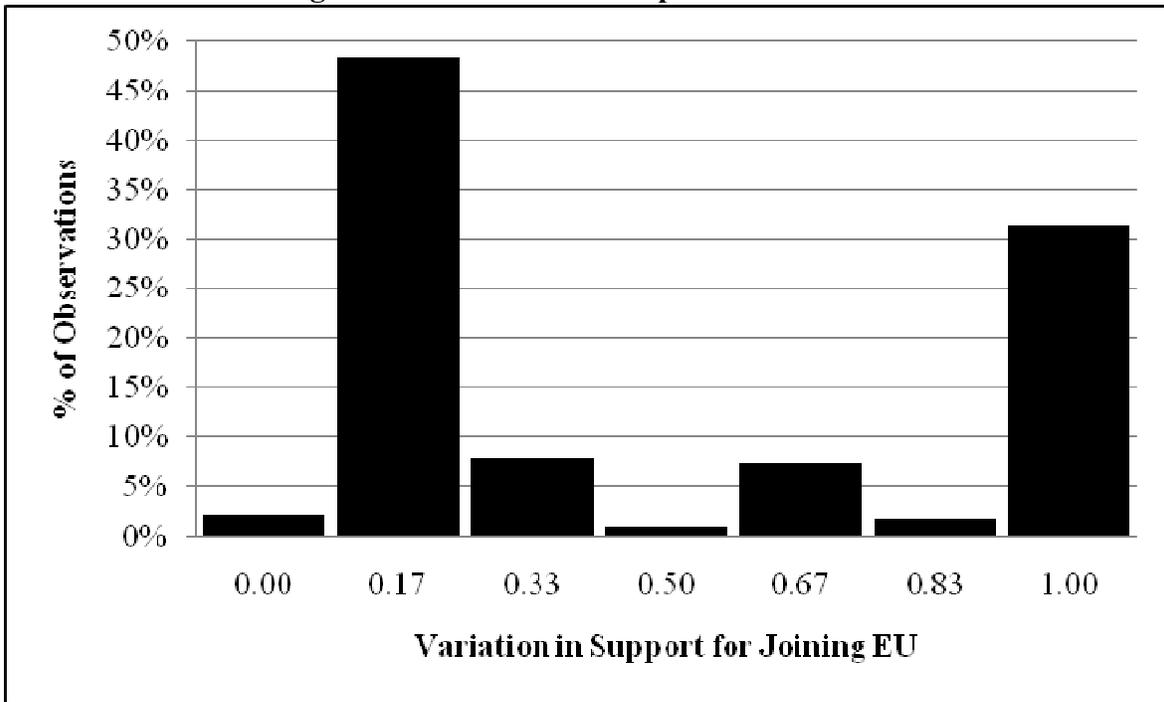
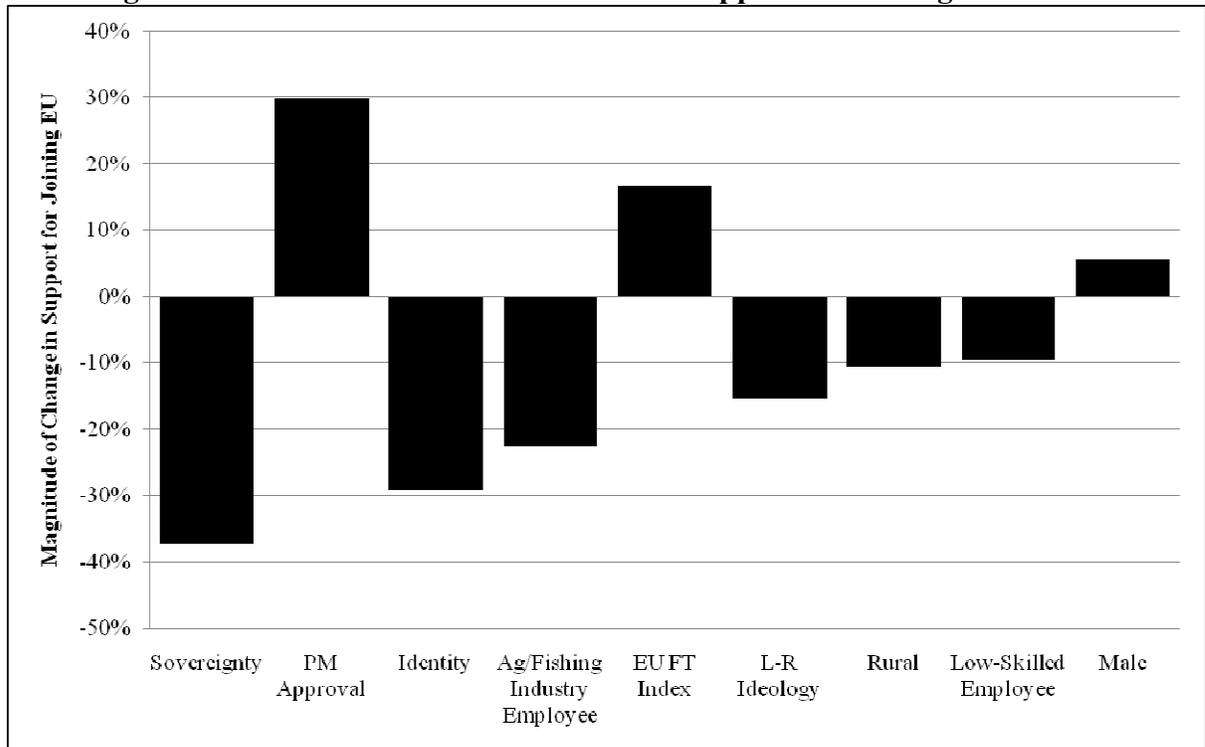


Figure 4. A Rank of Substantive Effects on Support for Joining the EU



Based on Table 2. Bars indicate the substantive impact of moving from the minimum to maximum on each predictor. Presented in ranked order from greatest to least magnitude of effect on the dependent variable, which ranges from 0-1.

Figure 5. A Mediated Pathway of Economic Effects

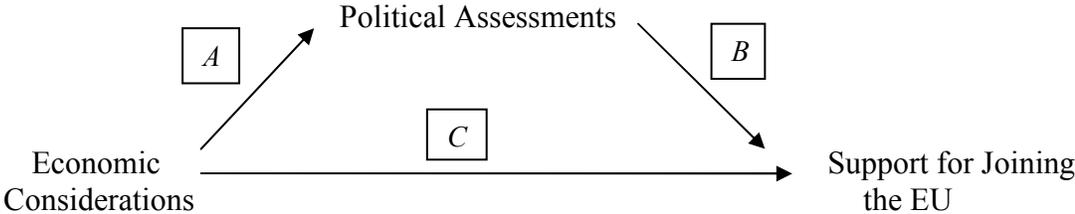


Figure 6. Indirect Economic Effects on Support for Joining the EU

