

The Collapse: Economic Considerations in Vote Choice in Iceland

Indridi H. Indridason*
University of California, Riverside

PUBLISHED IN JOURNAL OF ELECTION, PUBLIC OPINION AND PARTIES

FINAL VERSION: [JEPOP](#)

February 29, 2016

Abstract

This paper examines the consequences of the collapse of the Icelandic banking system in the fall of 2008 on voters' support for the political parties. The literature on economic voting has demonstrated that voters hold governments accountable for past economic outcomes but such concerns should be especially salient in times of large scale economic crisis such as that experienced by Iceland. In such cases, where the cause is more likely to be seen as the consequence of policies having to do with organization of the economy and, in particular the banking sector, rather than a consequence of short term economic management, the question of who voters hold accountable is of particular interest.

*Department of Political Science, 900 University Avenue, University of California–Riverside, Riverside, CA 92521, USA. e-mail: indridi.indridason@ucr.edu. Presented at the conference *Political Consequences of Economic Crisis: Voting and Protesting in Europe since 2008*, April 17th–18th, 2012, at the Department of Government and BMW Center for German & European Studies, Georgetown University. I would like to thank conference participants, Eva Heiða Önnudóttir, Indriði H. Þorláksson, Pedro Magalhães and the journal's referees for their comments and suggestions. The author's work was supported by the Icelandic Research Fund (no. 110602023).

1 Introduction

The quick onset of the economic crises in Iceland in 2008 was perhaps its defining feature. While it would be an exaggeration to say that things fell apart overnight, it wouldn't be all that far away from the truth. In the span of a few days Iceland's three largest banks were placed into receivership and every day appeared to bring a new batch of bad news.¹ Icelanders felt the consequences of the collapse of the banking system immediately. People who had invested in the banks' stocks saw their savings wiped out. While perhaps not significant in itself there was no way to get money in or out of the country for a few days, which bred feelings of isolation and helplessness among many. Most importantly, the banking crisis was accompanied by a significant devaluation of the Icelandic krona. On October 8, 2008 a dollar traded for 126 krona — a year earlier the exchange rate was 60 krona to the dollar. While a fall in the value of a currency has substantial effects on consumption in countries that really heavily on imports, there were additional complications in the Icelandic case. Interest rates had been kept very high in Iceland and as a consequence, taking out mortgages and other loans in foreign currency — at substantially lower rates — had become quite common. The devaluation of the Icelandic krona meant that many people faced mortgage payments twice what they had been at the origination of the mortgage — in effect, the principal now far exceeded the value of the properties. This, along with restriction on the ability to trade currencies freely, also meant that for a little while Iceland became a net exporter of luxury cars — without any production of cars taking place in Iceland.

The crisis also had substantial political consequences. People took to the streets in protests against the government of the Independence Party and the Social Democratic Alliance and its handling of the financial crisis in what become known as the Kitchenware Revolution. In January 2009, prime minister Haarde announced his retirement from politics for health reasons and that an early election would be called in May. The coalition parties were unable to reach an agreement about who would lead the government in place of Haarde. The Independence Party's insistence that the new prime minister would come from the ranks of the Independence Party, and the Social Democrats unwillingness to accept that, eventually lead to the dissolution of the government. The government was replaced by a minority government of the Socials Democratic Alliance and the Left Movement that was protected against a vote of no confidence by the Progressive Party and the Liberal Party. The coalition government agreed that an early election would be held on April 25, 2009.

The 2009 parliamentary election was contested by seven parties. In addition to the five parties that were represented in the legislature at the time², two new parties presented candidates. The Citizens' Movement was founded by various grassroots movements that

¹In combination the three banks constituted about 85% of Iceland's banking system (?).

²The parties represented in Althingi were: The Independence Party (conservative), the Progressive Party (center-right, former farmer's party), The Social Democratic Alliance (center-left), the Left Movement – Greens, and the Liberal Party (center-right).

formed after the collapse of the banks and was essentially a protest party that campaigned on issues of democratic reforms, equality, and radical solutions to the problems facing households in the wake of the crisis. The Democratic Movement campaigned on issues of democratic reform and, in particular, demands for direct democracy. The outcome of the election altered the political landscape considerably. The Independence Party was the big loser of election, losing 13% of the vote. The Progressive Party, the Independence Party's coalition partner from 1995 to 2007, gained 3% pts. over the previous election for an additional two seats in parliament (out of 63). The Social Democratic Alliance made some advances, gaining two seats, while the Left Movement and the Citizen's Movement were the winners of the election, each posting a gain of over 7% of the vote from the previous election and winning an additional, respectively, five and four seats in the legislature. The Social Democratic Alliance and the Left Movement, who had governed as a minority coalition since the dissolution of the Independence Party and the Social Democratic Alliance coalition earlier in the year, renewed their coalition, now supported by a legislative majority, on May 10, 2009.

In terms of examining about how economic crises affect electoral outcomes, Iceland is an interesting case for several reasons. First, it offers an opportunity to examine whether, and if so how, voters hold parties accountable for the state of the economy. As in the other articles in this volume, the question is whether voters focus on governments' past success in managing the economy or on prospective, or ideological, evaluations of the parties in times of economic stress. There is a well established body of work dating back to ? that demonstrates that retrospective evaluations of economic performance influence voters' decisions in a fairly straightforward manner while more recent contributions have emphasized factors such as clarity of responsibility condition economic voting (?) and how economic evaluations shape prospective evaluations of parties (?). More significant shocks to the economy may, possibly, trigger a different response from voters. It has been observed that left governments have become a rarity in the wake of the recession, suggesting that voters have rejected the luxurious welfare policies of the left in favor of the right's greater perceived competence in economic matters.³ ??, examining the question whether voters adopt a retrospective view, holding incumbents accountable, or a prospective view, in this case favoring the ideological right, concludes that voters focus more on the incumbents' performance than their ideological orientation. Iceland is a particular interesting case for examining these questions as the incumbent government had only taken the reins of power a year and half prior to the election. Thus, it is difficult to argue that the government at the time of the crises was fully responsible for the crises. Examining the extent to which voters held these parties responsible, therefore, offers an insight into the degree to which voters make 'reasoned' decisions about who to hold accountable and the degree to which the act impulsively in reaction to their economic situation.

³Alternatively, greater concern with unemployment may cause voters to lean left (??).

Second, the major party in the incumbent IP-SDA coalition had been in government since 1991. One might, therefore, expect voters to assign more of the blame to the IP as it was both in government during the time at which the Icelandic banks were privatized and grew rapidly as well at the time of the banks' collapse. Third, Iceland speaks to the question of whether responses to economic crisis are based on prospective evaluations about which parties are best capable of managing the economy or retrospective evaluations of past economic performance (or failures). Two things are required to demonstrate that economic crisis leads to the return of right wing parties to power: First, right-wing parties must become more popular and, second, the previous government must have been a government of the left. This, of course, makes it difficult to say whether voters are driven by favorable evaluations of right wing parties' ability to revive the economy or if they are merely venting their anger on the government of the day. The Icelandic case helps answer this question. Although the government in power at the time of the collapse was a centrist government, the analysis below shows that the voters assigned greater blame for the crises to the right-wing coalition party.

Finally, the economic crisis in Europe has brought out growing tensions between the European Union and individual member states. Iceland is an interesting case in this regard because, unlike the other countries in this volume, it is not a member of the European Union. Moreover, until *the collapse*, membership in the European Union had never been a salient public issue. However, some of the immediate consequences of the economic crisis — in particular, the direct costs associated with the devaluation of the Icelandic currency — raised questions about whether being a member of the EU and the Euro would have minimized the economic consequences or even changed the course of events.

2 The Importance of the Economic Crisis

Economic issues weighed heavier on Icelanders ahead of the 2009 parliamentary election than in previous elections. As figure 1 shows, the crisis was quite severe. After years of sustained economic growth, the economy contracted by nearly 7%. Given the magnitude of the crisis, one would expect the economy to have been more salient than in the previous two elections (2003 and 2007) that followed periods of sustained economic growth. The Icelandic National Election Study asks an open ended question about which two issues the respondent considers most important. While the question has been asked from the beginning of the Icelandic National Election Study, the coding scheme was changed with 2003 study. The responses to the question in the three studies conducted since then are coded into roughly 40 specific categories that are collapsed into a smaller number of categories for clearer presentation.

Figure 2 shows the proportion of respondents that mentioned each of the 16 policy areas as the most and the second most important issue in the three elections. Social Services were

FIGURE 1: REAL GDP GROWTH RATE & GOVERNMENT COMPOSITION

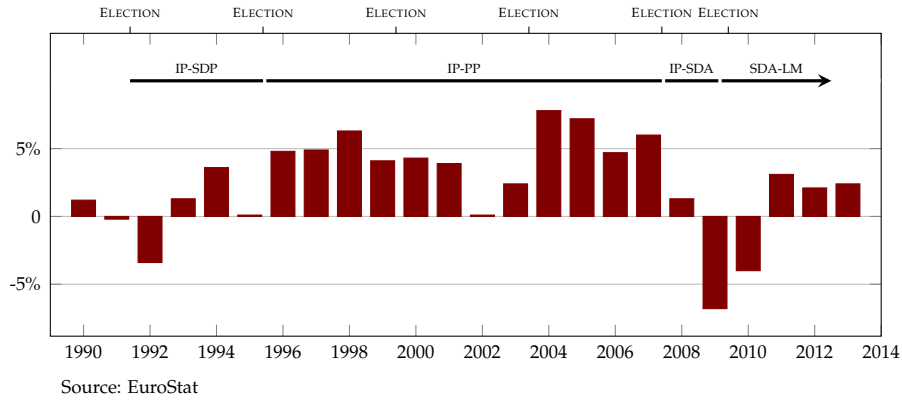
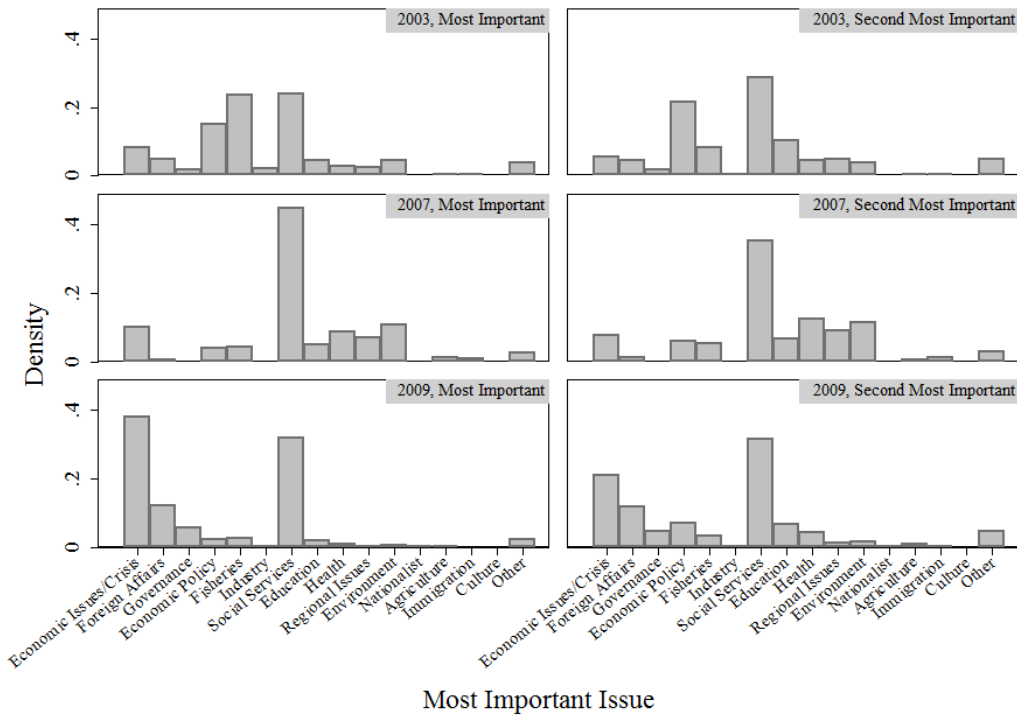
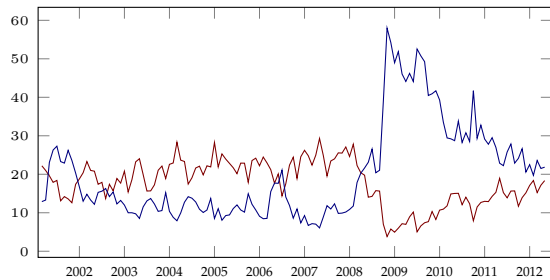


FIGURE 2: MOST IMPORTANT ELECTION ISSUES



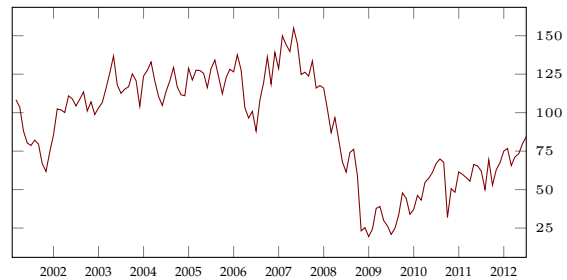
Source: ICENES 2003-2009.

considered one of the most important issues and received the highest proportion of total mentions in each election. In 2007 it was clearly the dominant issue whereas in 2003 it was in close contest with economic issues and the fisheries, in particular, issue having to do with the system of fishing quotas. Economic issues hardly played any role in the 2007 election and



SOURCE: CAPACENT/DATAMARKET.COM

FIGURE 3: EXPECTATIONS: HOUSEHOLD INCOME



SOURCE: CAPACENT/DATAMARKET.COM

FIGURE 4: CAPACENT'S CONSUMER CONFIDENCE INDEX

issues such as the environment, the urban-rural divide, and the health care system received about as much attention. The landscape changed drastically in 2009. The economic crisis was the most frequently mentioned issue, followed by social services. However, the figure likely understates the importance of the economic crisis as some respondents cited economic policy, which in many instances was in reference to the crisis without it being explicitly mentioned. The same may be true for those respondents mentioning social services, i.e., in some instances the respondents mentioned the financial situation of households. While the number of respondents mentioning social services is not out of line with previous years it appears reasonable to suppose that some of those responses were motivated by issues related to the financial crisis and, in particular, the financial burden imposed on households that had taken out mortgages in foreign currency. Overall, it is safe to say that the economy weighed heavier on voters' minds in 2009 than in previous elections.

Figures 3 and 4 provide further indications that economic concerns played a significant role in 2009.⁴ Figure 3 graphs data from Capacent's monthly survey that includes a question about expectations about how household income will change in the coming months. The figure shows that there is a sharp increase of respondents that expect household income to fall with a corresponding, albeit smaller, decrease in the number of respondents that expect household income to increase. It is, however, interesting that the expectations had begun to change prior to the collapse in October 2008. The consumer confidence index in figure 4 tells much the same story. Consumer confidence reached a low following the collapse but began decreasing about a year earlier, most likely due to the weakening of the Icelandic krona.

I begin by exploring the effects of the economy on voters' aggregate support for government. The data comes from monthly surveys conducted by Capacent. The data covers the period from May 2001 to February 2012 (with exception of consumer confidence for which the time series ends in December 2011). The data includes three coalition governments; the coalition of the Independence Party and the Progressive Party formed April 23, 1995 that

⁴The data on expected household income, consumer confidence, and support for government come from Capacent's monthly surveys and are available from Datamarket.com.

lasted until the 2007 parliamentary election⁵, the coalition of the Independence Party and the Social Democrats that formed following the 2007 election and the coalition of the Social Democrats and the Left-Green Movement that took office February 1, 2009 after the collapse of the economy and the dissolution of Haarde's cabinet.⁶

Government support is measured as the percentage of respondents who supported the government (out of those that responded yes or no).⁷ The main independent variables are CONSUMER CONFIDENCE and INCOME EXPECTATIONS — or change in the variables when first-differences are modeled. The index of CONSUMER CONFIDENCE is calculated by Capacent from five questions about consumer evaluation of current and expected economic conditions.⁸ The variable INCOME EXPECTATIONS is the difference in the percentage of those that expect household income to be higher in six months minus the percentage that think that household income will decrease. In addition to these variables, we include indicator variables for government composition as well as an interaction between the government indicators and the economic expectation variables to allow for different 'baseline' popularity of the different governments as well as the possibility that economic expectations have different effects on the popularity of the different governments. As the two economic expectation variables are highly collinear, separate models are estimated for each of the variables in addition to a model that includes both CONSUMER CONFIDENCE and INCOME EXPECTATIONS. The models also include a TIME TREND to account for the fact that governments are likely to lose support the longer they stay in office (?).

The results are presented in table 1. The results are fairly consistent across the six models presented in the table. The variables measuring economic expectations are estimated to have a positive effect on support for the government but the marginal effect is statistically insignificant in one instance, i.e., the effect of expected income on government support (column 2).⁹ The marginal effects of the variables for the different coalitions are shown in figure 5. There is not much evidence to suggest that the effects of economic expectations depend on the coalition in office. The IP-SDA coalition appears to be disproportionately affected by economic expectations in the first two models where GOVERNMENT SUPPORT is the dependent variable but there are no statistically significant differences between the

⁵We define government coalitions solely in terms of their party composition. The first coalition according to our definition, the coalition of the Independence Party and the Progressive Party, would normally to be considered as a series of coalitions. The coalition was first led by Davíð Oddsson (IP) who handed the reins of power to Halldór Ásgrímsson (PP) in September 2004 as a part of the parties' agreement to renew their agreement to govern together after the 2003 parliamentary election. Finally, Geir H. Haarde (IP) took over as the Prime Minister on June 15, 2006.

⁶The coalition of the Social Democrats and the Left-Green Movement was renewed after a parliamentary election on April 25, 2009, now as a majority coalition, on May 10, 2009.

⁷The results of tests for non-stationarity depended on whether the whole time-series was considered or if it was broken down by government. The first two model use GOVERNMENT SUPPORT as the dependent variable and include lags of GOVERNMENT SUPPORT to account for autocorrelation. In the next four columns the data are first differenced, i.e., Δ GOVERNMENT SUPPORT is modeled as a function of change in the independent variables.

⁸The questions address current economic and labor market conditions and expectations about economic conditions, labor market conditions, and household income in six months. It bears noting that measures of consumer confidence may be endogenous to the political context (?).

⁹The effect is statistically significant if the squared value of EXPECTED INCOME is also included in the model.

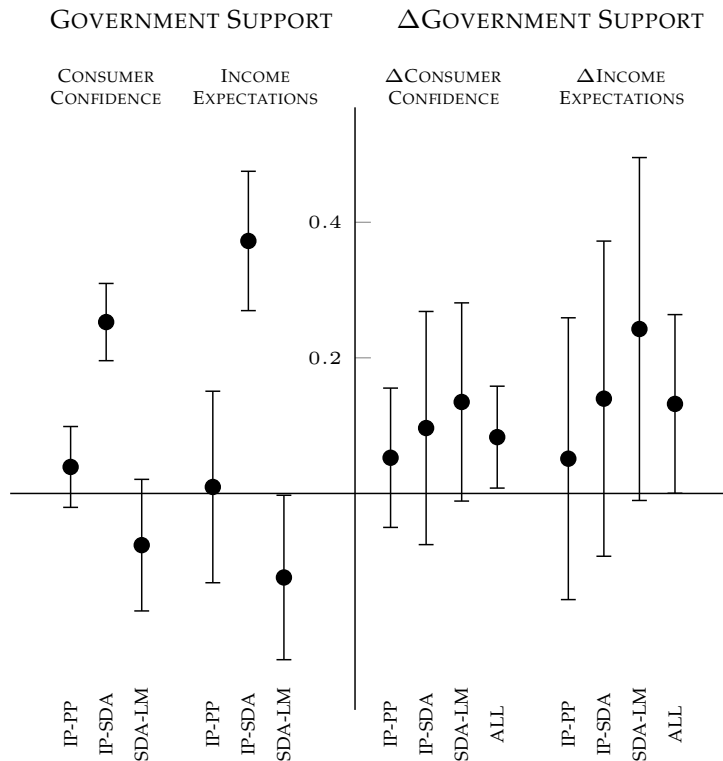
TABLE 1: GOVERNMENT SUPPORT & ECONOMIC EXPECTATIONS

	GOV'T SUPPORT		Δ GOV'T SUPPORT			
	(1)	(2)	(3)	(4)	(5)	(6)
GOV'T _{IP&SDA}	-23.51*** (0.000)	-2.317 (0.278)	-1.011 (0.664)	-0.913 (0.704)	-1.077 (0.638)	-1.054 (0.649)
GOV'T _{SDA&LM}	-5.255 (0.141)	-14.28*** (0.000)	-1.210 (0.560)	-1.265 (0.544)	-1.201 (0.546)	-1.343 (0.502)
CONSUMER CONFIDENCE	0.0391 (0.201)					
Δ CONSUMER CONFIDENCE			0.0831** (0.032)	0.0527 (0.317)		
CONS. CONF. \times GOV'T _{IP&SDA}	0.214*** (0.000)					
CONS. CONF. \times GOV'T _{SDA&LM}	-0.115** (0.033)					
CONS. CONF. \times GOV'T _{IP&SDA}				0.0438 (0.669)		
CONS. CONF. \times GOV'T _{SDA&LM}				0.0823 (0.369)		
EXPECTED INCOME		0.00955 (0.895)				
Δ EXPECTED INCOME					0.132* (0.052)	0.0513 (0.630)
EXP. \times GOV'T _{IP&SDA}		0.363*** (0.000)				
EXP. \times GOV'T _{SDA&LM}		-0.133 (0.116)				
Δ EXP. \times GOV'T _{IP&SDA}						0.0885 (0.579)
Δ EXP. \times GOV'T _{SDA&LM}						0.191 (0.254)
GOVERNMENT SUPPORT _{t-1}	0.537*** (0.000)	0.564*** (0.000)				
TIME TREND	-0.106*** (0.000)	-0.0831*** (0.004)	-0.00476 (0.849)	-0.00439 (0.862)	-0.00384 (0.876)	-0.00358 (0.885)
CONSTANT	29.90*** (0.000)	30.77*** (0.000)	0.285 (0.902)	0.273 (0.907)	0.223 (0.922)	0.223 (0.922)
OBSERVATIONS	124	127	124	124	127	127

p-values in parentheses

* *p* < 0.10, ** *p* < 0.05, *** *p* < 0.01

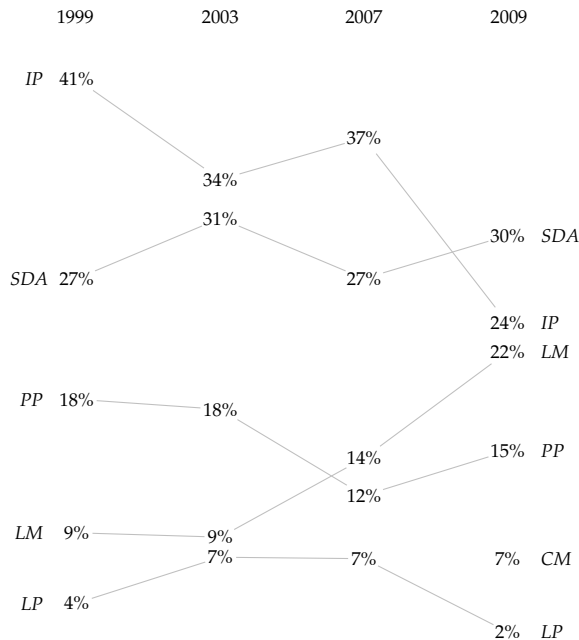
**FIGURE 5: MARGINAL EFFECTS OF ECONOMIC PERCEPTIONS
— BY GOVERNMENT —**



coalitions after first differences have been taken. The effect is moderate in magnitude. A one percentage point decline in consumer confidence reduces government support by about .08-.1 percentage points. The effect of a unit change in economic expectations appears to be slightly larger, or about .13 percentage points. While one must be cautious about interpreting the findings as demonstrating a causal relationship between economic expectations and support for the government, the findings are consistent with the hypothesis that voters hold governments accountable for the state of the economy.

In sum, it is clear that voters were affected by the economic crises and that their economic expectations affect their evaluation of government support but that not all government parties are affected equally. Figure 6 suggests that the Independence Party bore the brunt of the voters' dissatisfaction with the economic crisis. The party lost nearly 13 percentage points at the polls, which amounts to over one-third of its share of the vote in 2007, reaching a historical low. Apart from the minor Liberal Party, the other parties gained votes from the previous election with the Left Movement being the biggest winner gaining 7.4% of the vote.

FIGURE 6: ELECTORAL OUTCOMES 1999-2009



3 Vote Choice in Times of Crisis

While the aggregate statistics are revealing they do not tell the whole story about what motivated voters to abandon the Independence party in such large numbers and why the Left Movement ended up being the biggest beneficiary. Data from the Icelandic National Election Study is used to examine whether the determinants of vote choice differed in the election that took place following the economic crises than in the previous two elections (2003 and 2007).

In contrast with the two previous elections, which were held during a period of sustained economic growth, the 2009 election was held only half a year after the onset of the economic crisis. It was, therefore, to be expected that voters would go to the polls with a different set of concerns and, in particular, be more sensitive to issues related to economic conditions. Expectations about the effects of particular variables are presented below under the headings of i) the economy and government performance, ii) European Union membership and iii) responsibility, accountability, and political efficacy. Each subsection discusses the results with regard to the variables but before proceeding it is useful to highlight, in a general way, how the economic crisis was likely to shape vote choice. As Iceland was governed by a center-right coalitions (first IP-PP and then IP-SDA) in the years leading up to the economic collapse it represents a particularly interesting case. Perceptions of competence in economic management generally favor the parties of the right while the occurrence of an economic

crisis naturally challenges any such claims of competence. Given the difficulty of reconciling these two views, it is reasonable to expect government performance and concern with the economic situation to shape voters' decisions and that those will tend to favor the SDA and the LM who had been in opposition during most of the period in which the Icelandic banks had grown so rapidly.¹⁰ Some differences are, however, to be expected between the SDA and the LM. The perceived relationship between ideology and economic competence ought to favor the more moderate left party. Similarly, while opinions on EU membership remained divided, the sudden attractiveness of the Euro in the face of the devaluation of the krona may have raised the salience of EU membership for some and that change was expected to favor the SDA as the only clear pro-EU option.

To analyze determinants of vote choice in the three elections a mixed conditional logit model is used, which allows the examination of the effects of both party and voter characteristics. The analysis is restricted to the parties that won seats in parliament in each election.¹¹ The models estimated for each election differ slightly as some of the variables of interests were not included in all three surveys. The results of the estimation and details about the control variables not discussed here are given in the appendix. To provide a sense of how the effects of the variables vary across elections, figure 7 shows the effects of one standard deviation change in the value of the individual specific variables on the predicted probability of a vote for each party.¹² Interpreting whether a particular factor has become more important over the years is not straightforward — for one thing, as one party's gain must be another's loss, the predicted changes in the probability of voting for the different parties must always add up to zero. Thus, to provide summary statistics, the last panel in the figure calculates the sum of the absolute values and the standard deviation of change in predicted probabilities across the parties. Larger values indicate that the variable had a bigger impact on the respondents' choices.

The Economy & Government Performance

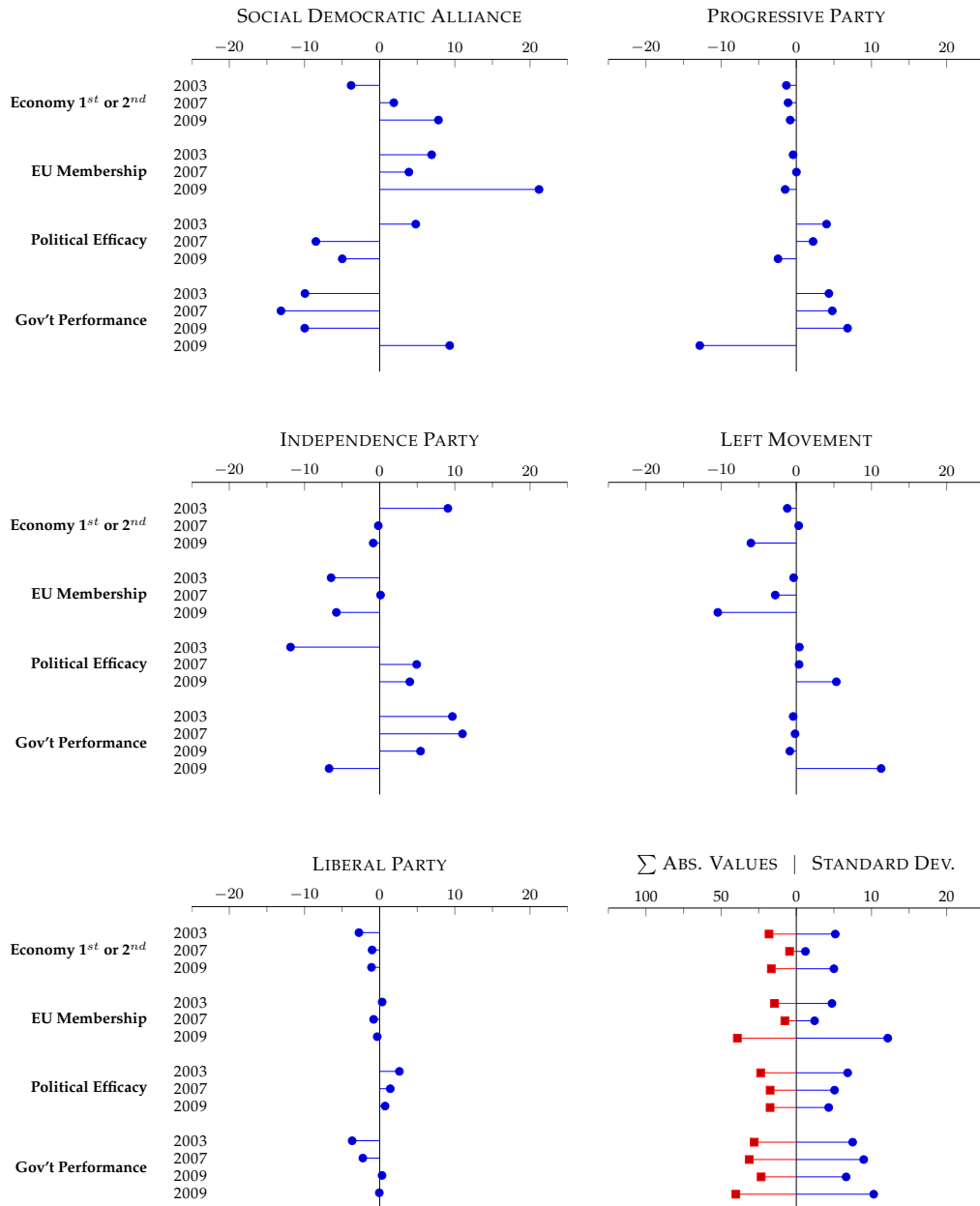
The respondents' views about which party they consider best capable of managing the economy are expected to affect their vote decisions. The variable BEST PARTY FOR THE ECONOMY is a dummy variable coded one for parties that respondents identified as the

¹⁰As many, e.g., ?, ?, ?, and ?, have shown there are reasons to believe that partisanship colors evaluations of government performance rather than the other way around. The data used here are evaluations of government performance but the same concerns apply and, thus, the interpretation of the results regarding government performance should be taken with a grain of salt.

¹¹The models for different years are not fully comparable as some questions were not included in all the surveys. That is obviously the case for questions related to the economic crisis but that was also true about some of the other variables, e.g., BEST PARTY FOR ECONOMY.

¹²The effect is calculated by varying the value of each independent variable from its mean $-\frac{1}{2}$ standard deviation to mean $+\frac{1}{2}$ standard deviation while holding other variables fixed at their means except for dichotomous variables, which are held fixed at their mode. The effects of the party specific variable are not summarized here in a similar manner as the values of these variables are not independent across parties, i.e., only one party can be considered the best party for the economy. Thus, the effect of being considered the best party for the economy for, say, the SDA depends on which party is initially assumed to be the best party for the economy.

FIGURE 7: CHANGE IN PROBABILITY OF VOTE
 — THE EFFECT OF A ONE STANDARD DEVIATION CHANGE IN INDEPENDENT VARIABLE —



party best capable of managing economic issues and zero for other parties.¹³ The salience respondents accorded to the economic situations is also likely to affect voters' choices. If right parties are perceived as being better at managing the economy, voters that consider the economy the most salient issue should be more likely to vote for them. As discussed above, whether that is the case in the Icelandic context is not clear as the economic crisis occurred following a prolonged period of center-right governments. However, a conditional ideological economic competency hypothesis can be advanced; the more right-leaning opposition parties are expected to be more likely to receive votes from those concerned about the economy. *ECONOMY 1st OR 2nd* is an indicator variable that is coded one if the respondent cited the economy or issues related to it in open ended questions asking the respondent what they considered the two most important issues to be addressed.

While such prospective evaluations of the parties' policies may matter, they do not operate in isolation. Rather, respondents are likely to also evaluate the parties in light of their past performance and in times of significant economic crisis it appears likely that evaluations of the parties' past performance overshadow the promise of the parties' platforms. The variables *IP-SDA PERFORMANCE* and *SDA-LM PERFORMANCE* are the respondents' ratings of the performance of the two government coalitions on a scale from 1 (Very Poor) to 4 (Very Good). Higher scores are expected to increase the likelihood of a vote for the parties in the coalition being evaluated. Ideology is measured on a ten-point left-right scale and *LEFT-RIGHT DISTANCE* is the absolute difference between the respondent's positions and the party's position.

The results indicate that the economy did indeed play a significant role in vote choice. For the 2009 election, the coefficient for *BEST PARTY FOR ECONOMY* is large and statistically significant at the 99% level of significance. In substantive terms, the effect of the variable is very large. The average increase in the likelihood of receiving a vote from being considered the best party for the economy (compared with no party being the best party for the economy) is 23.2 percentage points for the IP and 34.7 points for the SDA. The size of the effect suggests that economic considerations were paramount in the election. The question was not asked in the other surveys but the 2007 survey asked which party was considered to have the best tax policy. The effect of being considered the best party on tax policy was 16.5 percentage points for the IP and 17.2 percentage points for the SDA. This suggests that the effect was substantially smaller in 2007 but the differences in the questions obviously limit the inference that can be drawn.

It is not clear that concerns about the economy had bigger influence in 2009 than in previous elections. While concerns about the economy had virtually no effect in 2007, the average effect was almost identical in 2003 and 2009. However, there has been a shift in which parties benefit from voters' concern with the economy. In 2003 the IP was more

¹³Replacing the variable with one based on a question about managing economic recovery yields substantively similar results.

likely to receive votes from voters concerned with the economy but by 2009 the SDA had taken the IP's place. However, voters were significantly less likely to vote for the LM in 2009 — suggesting that left parties do face challenges during times of economic hardship as suggested above. In particular, the SDA appears to gain from concerns about the economy as the least left-leaning party outside of those that had governed in the years leading up to the economic collapse. It is important to note that this comparison doesn't tell the whole story. While being concerned about the economy had about the same propensity to affect a voter's decision in 2009 one must keep in mind that, as was shown above, that far more voters were concerned about the economy in 2003 and 2007. In other words, individual voters didn't respond more vigorously to their worries about the economy — there were simply more people worried about the economy and, therefore, the economy had a bigger impact than in previous years.

GOVERNMENT PERFORMANCE generally has the expected effect in all three elections and has only become slightly more important over time.¹⁴ The 2009 election does not stand out in terms of the effect of performance on vote choice. One might note that respondents evaluated two governments in the 2009 survey but, somewhat surprisingly, evaluations of the two governments are not correlated ($r = .02$). Again, although individual voters did not react in a significantly stronger manner to GOVERNMENT PERFORMANCE in 2009, the respondents rated the two governments that ruled between 2007 and 2009 significantly worse than the previous government.¹⁵ Of course, endogeneity is a concern here as evaluations of government performance are likely influenced by partisanship but there is little that can be done to solve the problem without more detailed data. It is somewhat counterintuitive that a positive evaluation of the performance of the IP-SDA coalition reduced the probability of voting for the SDA and increased the probability of voting for the PP. One possible explanation is that supporters of the IP and the PP were most likely to believe that the government was not responsible for the crisis. Thus, it is possible that those that had a more favorable view of the government's performance were also more favorably disposed to the center-right and right parties.

The Question of European Union Membership

The banking crisis led many to reevaluate their opinion about whether Iceland should join the European Union. Some wondered whether Icelandic citizens might have been spared the pain of the collapse of the Icelandic currency had they joined the EU and adopted the

¹⁴The exception is that the effect of IP-SDA PERFORMANCE was positive for the PP (+6.8% pts) and were less likely to vote for the SDA (-10.0% pts). It is possible that the respondents that rated the performance of the IP-SDA coalition more highly were also more likely to consider the responsibility for the crisis to lie with non-political actors, i.e., the banks and the FSA, and were less likely to hold the political parties accountable for the crisis. These voters may, therefore, also be less likely to hold the Progressive Party accountable, despite the fact that it had been in government from 1999 to 2007, and support it.

¹⁵The average rating for the IP-PP government in 2007 was 1.69 whereas its successor, the IP-SDA cabinet, had an average rating of .79.

Euro. More, however, appear to have considered the Icesave affair, in part, a consequence of European cooperation and opposition to EU membership rose from 32.4% in August 2008 to 45.5% in February 2009 (??). Voters favoring EU membership are expected to be more likely to vote for the SDA — the only party to favored EU membership. However, prior to the 2009 election the Progressive Party revised its position from being against EU membership to expressing willingness to apply for membership and then deciding for or against membership on the basis of the outcome of the accession negotiation. The expectation is, thus, that voters favoring EU membership are more likely to vote for the SDA and, to a lesser extent, for the PP in the 2009 election. Additionally, as EU membership was likely more salient to voters in 2009 than in previous elections, the effect can be expected to be greater in the 2009 election. To capture the effect of views about EU membership, the variable PRO EU MEMBERSHIP is included in the model. PRO EU MEMBERSHIP takes values from 0 (strongly against membership) to 4 (strongly for membership).

Attitudes about EU membership clearly had a bigger impact in 2009 than in the previous two elections. As in previous elections, the SDA was more likely to receive votes from pro-EU voters but the size of the effect tripled in 2009 (to +21.2% pts). In 2003 a favorable view of EU membership netted the SDA additional 6.9% of the vote (primarily at the expense of the IP) but only 3.9% pts. in 2007. The dividing line on EU membership, however, appears to have changed over time with the Left Movement becoming a less favored choice among EU supporters (-10.4% pts. in 2009) although the IP also remained a less preferred option among those voters (-5.8% pts. in 2009). Despite the Left Movement's anti-EU position it went on to form a coalition with the Social Democrats in 2009 and parliament passed a motion to apply for membership in the EU on July 16th, 2009. The motion passed with 33 votes against 28 with two MPs abstaining. The Left Movement's MPs split their votes on the motion (8-5) and the motion would not have passed without the support of opposition MPs. The SDA's electoral gains, along with the shift in the PP's attitude towards the EU, can be see in instrumental to Iceland's decision to enter accession negotiations with the EU.¹⁶

Responsibility, Accountability, & Political Efficacy

The analysis above suggests that voters do not hold all governments accountable for economic performance in the same way and that evaluations of government performance affect vote choice as one would expect. The 2009 election is especially interesting in this regard — both because of the economic context as well as it offering an opportunity to examine how voters allocate responsibility for the crisis among the governing parties. Voters may allocate responsibility in different ways. ? shows that globalization reduces the degree to which voters hold politicians accountable for economic matters and ? similarly find that voters are sensitive to the institutional constraints politicians face in their study of attribution of responsibility within the EU. Thus, citizens of a small, open economy that is a

¹⁶Following the 2013 election, the government of the IP and the PP halted the accession negotiations.

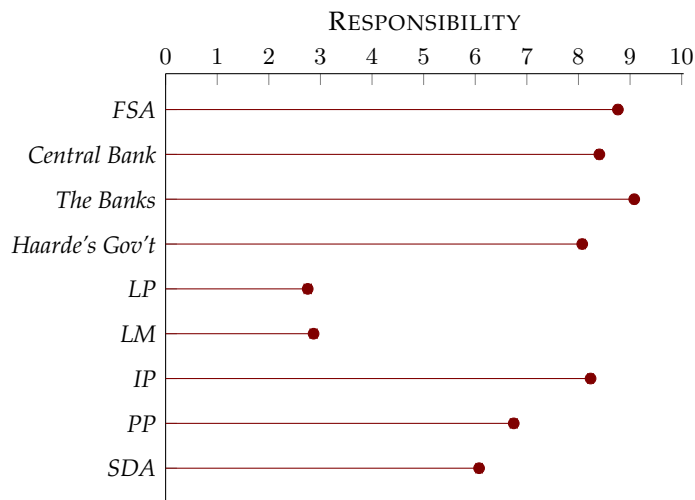


FIGURE 8: RESPONSIBILITY FOR BANKING CRISIS

member of the European Economic Area (EEA) might regard the economic crises to have been brought on by factors outside of control of domestic politicians. This was certainly one of the narratives put forth, i.e., the bankruptcy of the Lehman Brothers set in motion a chain of events that eventually led to the Icelandic banks being placed in receivership and the “Icesave” deposit debacle being a consequence of Iceland’s membership in the EEA that allowed free movement of capital. However, the election results suggest that voters allocate at least some responsibility to domestic political actors but the question then is: “Which parties?” Voters may simply hold the parties on whose watch the economic crisis occurs responsible. Slightly more sophisticated voters may hold the government parties accountable but attribute more of the blame to the party of the prime ministers (?) — or, alternatively, the party whose ministers occupy key portfolios relevant to the management of the economy, e.g., the ministry of finance (the IP in 2007-09) and the ministry of commerce (SDA in 2007-09). Alternatively, voters may have seen the crisis as the results of economic management over a longer period of time. This is somewhat likely to have been the case in Iceland as the country had been governed by an IP-PP coalition for over a decade before the formation of the IP-SDA coalition in 2007. Moreover, the IP-PP coalition had overseen significant privatization — importantly, the privatization of the state banks — during its time in office and lack of regulation and effective oversight of the banking sector is often cited as one of the sources of the economic collapse. Thus, taking a longer view, voters may have held the IP and the PP more accountable than the SDA, which only recently had entered government.

The 2009 Icelandic National Election Study provides an opportunity to address these question as it included a series of questions about who was responsible for the collapse of

the banking sector (on a scale from 0 to 10) — in addition to the political parties, these actors included the Central Bank, the Financial Supervisory Authority (FSA), the commercial banks, and Geir H. Haarde’s government (IP-SDA). Figure 8 graphs the mean level of responsibility that survey respondents assigned to the different actors. The Financial Supervisory Authority, the Central Bank and the commercial banks are rated as bearing great responsibility but are followed closely by Haarde’s government and the Independence Party. The opposition parties, the LM and the LP, are seen as being largely free from responsibility. The SDA, the minor partner in Haarde’s coalition government, is considered to bear significantly less responsibility for the banking crisis than the IP despite the fact that the party headed the Ministry of Commerce. This appears consistent with two of the possible explanations offered above. First, the party leading the coalition may be held accountable to a greater degree than the minor party in the coalition. Second, voters may have seen the causes of the banking crisis as something that developed over a longer period of time but the SDA only entered government in May 2007, some 16 months before the banking crisis, whereas the IP had been in government since 1991. The fact that the IP’s previous coalition partner, the PP, is considered to bear greater responsibility than the SDA — but less than the IP — suggests that it is a combination of the two explanations. If respondents ignore the history leading up to the banking crisis than they should have rated the PP in a similar way as the LM. The PP is also rated as bearing substantively less responsibility than the IP, which suggests that leadership of the coalition matters — the IP lead the parties’ coalition for all but 21 months in the period from 1995 to 2007.

TABLE 2: RESPONSIBILITY FOR BANKING CRISIS
— CORRELATION —

	HAARDE GOV'T	IP	SDA
IP	0.709	—	
SDA	0.414	0.359	—
PP	0.422	0.605	0.245

Voters are expected to be more likely to vote for the party that they consider less responsible for the crisis. The expectations about respondents that hold non-party actors responsible for the crises are less straightforward. While one might expect responsibility not attributed to the parties to have no effect on the parties’ support, there is an argument that the Independence Party and the Progressive Party would be affected. Having governed for over a decade prior to the economic crises the two coalition partners could be seen as having created the market conditions that allowed the size of the Icelandic banking system to balloon to unsustainable levels.

Participation in the mass protests following the crises and respondents’ sense of political efficacy also tap into views about responsibility and accountability — one of the main

demands of the protestors was that the government shoulder responsibility for the crisis. Protestors and those that have express a low degree of political efficacy are expected to more likely to vote for parties that have been excluded from government participation and that advocate for political reform. In the 2009 election, the LM and the CM are expected to be more likely to receive support from these groups of voters.

RESPONSIBILITY FOR CRISIS, the respondents' assessment of each party's responsibility for the economic crisis on a 0-10 scale with 0 indicating no responsibility, was included in the vote choice model for the 2009 election. The variable is coded as zero for the Civic Movement as the party was not represented in parliament until after the 2009 election. The variable INSTITUTIONAL RESPONSIBILITY is the sum of the respondents' answers to the survey questions about how much responsibility the Financial Supervisory Authority, the Central Bank and the commercial banks bore. BANKING PROTESTOR is an indicator variable coded one if the respondent participated in a protest after the banks collapsed in October 2008. A proxy for POLITICAL EFFICACY is the sum of the responses to two questions in the survey that asked respondents to evaluate statements about whether voting and who holds the reins of government matters for political outcomes. The level of agreement with the statements was expressed on a five-point scale with higher numbers indicating that the respondent thought voting/who was in power mattered. Finally, many saw the economic collapse as failure of a political system that was more responsive to special interests than the citizens as a whole. SATISFACTION W/DEMOCRACY is, therefore, expected to affect vote choice with those dissatisfied being more likely to vote for the parties that have less experience in government (the LM and the LP) and, in particular, the new CM, which explicitly campaigned on democratic reform. SATISFACTION W/DEMOCRACY vote choice is coded from 0 (very dissatisfied) to 4 (very satisfied).

The results indicate that the voters punish those parties that they considered responsible for the crisis although the effect is not extraordinarily large — a one standard deviation change in RESPONSIBILITY FOR CRISIS is predicted to reduce the party vote shares between 2.2% pts. (IP) and 6.4% pts. (SDA).¹⁷ With institutional responsibility, the effects are substantially larger, especially with regard to the SDA, which is far more likely (+17.8% pts.) to receive votes from those that considered the banks and the FSA responsible. In contrast, these voters were less likely to vote for the IP (-4.6% pts) and the PP (-9.9% pts).

Participants in the banking protests were less likely to vote for the parties on the right of the political spectrum. Protestors were more likely to vote for the Left Movement (+14.1% pts) and the Civic Movement (+6.4% pts), and to a smaller degree the Social Democratic Alliance (+1.1% pts). POLITICAL EFFICACY and SATISFACTION W/DEMOCRACY were also found to affect vote choice. The Civic Movement was clearly the party of those disillusioned with the political system (-2.6% pts and -11.4% pts, respectively). Interestingly the centrist

¹⁷Note that the effects are estimated by holding the values of responsibility at their mean for the other parties but typically holding one party more responsible means holding some other party less responsible. Thus, the estimated effect is likely underestimated.

parties, the Social Democratic Alliance (-4.9% pts) and the Progressive Party (-2.4% pts), were less likely than the parties on the left and the right to receive votes from voters that have a high degree of POLITICAL EFFICACY. Voters with a high degree of SATISFACTION W/DEMOCRACY, however, were somewhat less likely to vote for the Left Movement (-1.0% pts) although the differences were not statistically significant at the 90% level.

Figure 7 shows the effects of POLITICAL EFFICACY on vote choice for the three elections. Interestingly, POLITICAL EFFICACY appears to have declined in importance over time but there is not a significant shift after the crisis. Of course, the figure shows the effect of POLITICAL EFFICACY and does not speak to the fact whether voters' sense of political efficacy has increased or declined. That is, it is quite possible that voters' sense of political efficacy had declined from previous elections. However, political efficacy was a weaker predictor of party choice than in previous elections, which, perhaps, is not surprising as a voter that believes that neither their vote nor the candidates they elect matters is likely to have strong preference about who she votes for. The effect declining effect of POLITICAL EFFICACY is also consistent with Icelanders becoming acutely aware of their small economy being vulnerable to external circumstances and with a declining trust in politicians and political institutions in general.

4 Conclusions

The collapse of the Icelandic banking sector and the economic crisis that followed had significant effects on politics in Iceland. These were exemplified by protests organized (by the normally docile Icelanders) in front of parliament, the resignation of a minister (a highly unusual event in Iceland¹⁸), and call for an early election in which the Independence Party lost its status as the biggest party — a position it had maintained since Iceland became independent in 1944. It is also fair to say that the crisis shook the faith of Icelanders in the political system — trust in Althingi dropped from 40% before the crisis to 13%. The political parties received a fair share of distrust as well and came under criticism for not being democratic, engaging in favoritism, and catering to special interests. This distrust of political parties was highlighted by the Best Party's victory in the Reykjavik election in 2010. The Best Party was formed by a comedian — initially as a practical joke — but the party soon found that voters were quite willing to abandon the establish parties in favor of a new one. Even if that party made promises such as to make a break with the corrupt practices of the established parties by being openly corrupt. The Best Party secured a plurality of the vote in the election, 34.7%, and the party's leader became the mayor of Reykjavik.

While the crisis has certainly led to events that will qualify as being important in Icelandic political history, what is surprising is that the crisis has not affected the political landscape in a more significant way. Politics has returned to 'normal' — any talk of staying

¹⁸See ?.

united in the face of adversity quickly gave way to parties staking out their positions and, importantly, with MPs toeing the party line with the issue of membership in the EU being the one possible exception. The decision to seek EU membership appeared to be the most significant consequence of the economic crisis — prior to 2009 only one of the major parties had indicated willingness to enter accession negotiations with the EU. However, even this development has returned to ‘normal’ with the IP-PP government withdrawing from the accession negotiations after taking office in 2013.

The early election meant that there was very little time for the dissatisfaction with the political parties to congeal in the form of new political forces capable of challenging the existing parties. The short amount of time provided new political entrepreneurs with limited opportunity to mobilizing and build the organization structures required to run for office. While the decision to call an early election was likely not motivated by concerns of the existing political elite to preserve their positions it appears likely that by doing so it ensured the parties’, and its representatives’, survival. This is not to say that the 2009 election didn’t result in an unusually high turnover of MPs. It did, but it was in substantial part due to the swing in the support of the parties rather than significant renewal within the ranks of the parties.

It is clear that the economic crisis shaped the outcome of the 2009 election, e.g., voters sought to hold those responsible for the crisis to account, expressed their dissatisfaction with the political system and EU membership become a salient election issue at long last. But did the economic crisis have more long lasting consequences. The early election of 2009 had largely shielded the existing parties from new challengers but new political forces had more time to organize ahead of the April 2013 election. The Civic Movement, the only successful protest party in the 2009 election, disintegrated to be replaced by a number of smaller parties vying for representation in Althingi. The parties campaigned on issues such as debt relief for mortgage holders, a revival of the failed constitutional reform, and greater transparency. As a result the combined vote share of the four main parties in the 2013 election was only 75% and has rarely been smaller — the average vote share of the four biggest parties from 1963-2009 was 91%. Yet the impact of the new parties was limited thanks to the parties’ inability to coordinate their actions in the face of a 5% electoral threshold. Nearly 12% of the vote was wasted on parties that failed to cross the threshold. Only two of the new parties, Bright Future and the Pirate Party, won representation with, respectively, 8.2% and 5.1% of the vote. The Progressive Party having campaigned heavily on mortgage relief made an impressive comeback in the election with 24.4% of the vote — up from 14.8% in the 2009 election. Overall the election could be seen as a marked shift to the right with the Independence Party and the Progressive Party gaining 12.6 percentage points from the previous election. However, it can also be seen as a marked shift away from the government parties who together lost an impressive 27.7 percentage points between elections. It is somewhat ironic that the influx of new parties — most of which belong to the left side of the

political spectrum — paved the way for the formation of a center-right coalition between the Progressive Party and the Independence Party. Although the 2013 election was unusual for the number of parties that contested it and the large shifts in the parties' support, it is not clear yet that the election represents a departure from politics as normal in Iceland. The four biggest parties remain the same and neither of the new parties in Althingi appears likely to pose a serious challenge the status quo. As a protest party, the Pirate Party has a long way to go before being considered 'coalitionable' — if at all interested in achieving that status — and will, therefore, remain on the fringes without much influence. Bright Future appears to have better prospects having positioned itself on the center-left as a more pragmatic alternative. Its presence may, however, just be another chapter in the story of the fractured left in Iceland rather than a break with the past.

The Icelandic case is an interesting one in a comparative context. Unlike in many of the countries that have been weathering serious economic crisis, the crisis in Iceland occurred with a right government at the reins. The fact that left and center-left governments in other countries have suffered at the polls it is tempting to draw the conclusion that at in times of crisis voters turn to parties on the right as they are seen as more competent in managing the economy or, perhaps, because leftist governments are an easy target of criticism because of their preference for government spending. The Icelandic case suggests that the issue has more to do with incumbency, or accountability, than ideology, which is in line with ?'s (?) finding that retrospective voting plays an important role even in times of economic crisis. In Iceland, the government in office when the economy crashed was composed of a right party and center-left party. Rather than abandoning the center-left party, the voters abandoned the right party in droves while the center-left party posted a moderate gain from the previous election. Thus, voters appear to have been more concerned about holding the party responsible accountable for its performance — in this case that was the right party, as the Independence Party had been in office since 1991. Thus, while we can, of course, not tell whether things would have developed differently had the situation been reversed, it suggests, at minimum, that incumbency is an important part of the question.

A Appendix

The estimation results of the mixed logit model are reported in tables 3-5.¹⁹ The coefficients for the respondent specific variables in table 3 represent the effects relative to the SDA, e.g., the coefficient for the IP in REYKJAVIK (-1.34^*) indicates that respondents in Reykjavik were less likely to vote for the IP than the SDA and that the difference is statistically significant at the 90% level. The effect for the LM is also statistically significant from the SDA but the table doesn't show whether the effects for the IP and the LM are statistically different.

The models control for age, gender, education, and preference for income equality. EDUCATION has seven categories, ranging from respondent not having completed primary education to having an undergraduate degree. The variable INCOME EQUALITY is the respondent's answer to the question whether the state has a role in increasing income equality. Responses to the question are coded on a five point scale with the lower end of the scale indicating stronger preference for the state's role in promoting income equality.

¹⁹In 2009 the number of respondents that reported a vote for the LP or the CM was relatively small while many respondents had a hard time placing those parties on the left-right policy dimension. The results are very similar when the analysis is restricted to the four main parties.

TABLE 3: VOTE FOR PARTY IN 2009: MIXED CONDITIONAL LOGIT
 — BASELINE: SOCIAL DEMOCRATIC ALLIANCE —

ALTERNATIVE SPECIFIC VARIABLES					
LEFT-RIGHT DISTANCE	-0.32*** (0.064)				
RESPONSIBLE FOR CRISIS	-0.12** (0.060)				
BEST PARTY FOR ECONOMY	1.46*** (0.20)				
PARTY IDENTIFIER	2.63*** (0.35)				
BASELINE: SDA					
	PP	IP	LM	LP	CM
REYKJAVIK	-0.56 (0.55)	-1.34* (0.69)	-0.79* (0.47)	-0.063 (1.24)	-0.041 (0.52)
AGE	0.0079 (0.018)	0.031 (0.024)	-0.020 (0.016)	-0.019 (0.040)	-0.024 (0.020)
FEMALE	-1.02* (0.57)	0.33 (0.67)	0.12 (0.47)	-0.64 (1.15)	-0.75 (0.56)
EDUCATION	-0.013 (0.14)	-0.081 (0.16)	0.073 (0.13)	-0.41 (0.30)	0.23 (0.15)
ECONOMY 1 st OR 2 nd	-0.52 (0.50)	-0.60 (0.64)	-1.05** (0.46)	-1.86 (1.24)	-0.22 (0.51)
IP-SDA PERFORMANCE	0.74* (0.39)	1.05** (0.47)	0.24 (0.35)	0.85 (0.83)	0.069 (0.38)
SDA-LM PERFORMANCE	-1.01** (0.40)	-1.12** (0.46)	0.64* (0.33)	-0.36 (0.84)	-0.41 (0.36)
PRO EU MEMBERSHIP	-0.37** (0.18)	-0.70*** (0.22)	-0.77*** (0.17)	-0.60 (0.36)	-0.55*** (0.18)
POLITICAL EFFICACY	0.0033 (0.12)	0.27* (0.16)	0.24** (0.12)	0.52* (0.29)	-0.085 (0.12)
SATISFACTION W/DEMOCRACY	0.13 (0.32)	0.19 (0.39)	-0.17 (0.30)	-0.44 (0.74)	-0.81** (0.35)
INSTITUTIONAL RESPONSIBILITY	-0.22*** (0.079)	-0.22** (0.087)	-0.12 (0.077)	-0.22* (0.13)	-0.16** (0.079)
BANKING PROTEST	-1.02 (0.78)	-1.27 (1.05)	0.63 (0.53)	-13.2 (492.9)	0.49 (0.56)
INCOME EQUALITY	-0.097 (0.20)	0.19 (0.22)	-0.37* (0.21)	-0.15 (0.44)	-0.33 (0.21)
CONSTANT	8.53*** (2.85)	3.94 (3.37)	3.47 (2.76)	5.95 (5.57)	7.51*** (2.85)
N	2790				
LOG LIKELIHOOD	-269.8				
NO. RESPONDENTS	465				

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

TABLE 4: VOTE FOR PARTY IN 2007: MIXED CONDITIONAL LOGIT
 — BASELINE: SOCIAL DEMOCRATIC ALLIANCE —

ALTERNATIVE SPECIFIC VARIABLES					
LEFT-RIGHT DISTANCE	-0.34*** (0.070)				
ENVIRONMENT POLICY DISTANCE	-0.31*** (0.070)				
BEST PARTY FOR TAX POLICY	0.69*** (0.23)				
PARTY CLOSEST	3.04*** (0.20)				
BASELINE: SDA					
	PP	IP	LM	LP	CM
AGE	-0.0061 (0.018)	0.015 (0.016)	-0.052*** (0.017)	-0.017 (0.023)	-0.017 (0.025)
FEMALE	0.23 (0.55)	0.89* (0.48)	0.031 (0.48)	-1.16 (0.78)	0.53 (0.71)
EDUCATION	-0.084 (0.14)	0.10 (0.12)	-0.042 (0.12)	-0.10 (0.18)	-0.16 (0.17)
ECONOMY 1 st OR 2 nd	-0.34 (0.69)	-0.12 (0.52)	-0.046 (0.65)	-0.55 (0.91)	0.012 (0.83)
GOV'T PERFORMANCE	1.21** (0.49)	0.97** (0.46)	0.41 (0.39)	-0.43 (0.49)	0.20 (0.56)
PRO EU MEMBERSHIP	-0.064 (0.20)	-0.063 (0.17)	-0.23 (0.19)	-0.23 (0.24)	-0.25 (0.26)
POLITICAL EFFICACY	0.26* (0.15)	0.21 (0.13)	0.13 (0.14)	0.33* (0.18)	-0.042 (0.16)
SATISFACTION W/DEMOCRACY	0.27 (0.46)	0.58 (0.38)	-0.20 (0.39)	-0.47 (0.47)	-1.05** (0.53)
INCOME EQUALITY	0.078 (0.21)	0.14 (0.17)	-0.29 (0.22)	0.011 (0.29)	0.054 (0.28)
REYKJAVIK	-1.16* (0.63)	-0.16 (0.46)	-0.14 (0.50)	-0.31 (0.76)	0.51 (0.69)
CONSTANT	-4.21* (2.18)	-6.35*** (1.92)	2.15 (1.87)	-0.31 (2.50)	2.05 (2.39)
N	3882				
LOG LIKELIHOOD	-280.3				
NO. RESPONDENTS	647				

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

TABLE 5: VOTE FOR PARTY IN 2003: MIXED CONDITIONAL LOGIT
 — BASELINE: SOCIAL DEMOCRATIC ALLIANCE —

	ALTERNATIVE SPECIFIC VARIABLES			
	PP	IP	LM	LP
LEFT-RIGHT DISTANCE				
			-0.57***	
			(0.061)	
PARTY SUPPORTER			4.15***	
			(0.40)	
	BASELINE: SDA			
	PP	IP	LM	LP
AGE	-0.0026	0.0011	-0.012	0.0024
	(0.011)	(0.0073)	(0.014)	(0.0094)
FEMALE	-0.65*	-0.53	-0.37	-0.44
	(0.38)	(0.41)	(0.46)	(0.40)
EDUCATION	0.031	0.22**	0.038	0.14
	(0.10)	(0.11)	(0.12)	(0.11)
ECONOMY 1 st OR 2 nd	0.50	1.09**	-0.64	-0.25
	(0.51)	(0.51)	(0.77)	(0.62)
GOV'T PERFORMANCE	1.84***	1.83***	0.84**	0.19
	(0.42)	(0.47)	(0.42)	(0.36)
PRO EU MEMBERSHIP	-0.57***	-0.64***	-0.88***	-0.50***
	(0.15)	(0.16)	(0.19)	(0.16)
POLITICAL EFFICACY	-0.33**	-0.64***	-0.037	0.13
	(0.17)	(0.18)	(0.21)	(0.16)
SATISFACTION W/DEMOCRACY	0.25	0.39	-0.51	-0.46*
	(0.28)	(0.30)	(0.31)	(0.27)
INCOME EQUALITY	-0.073	0.30	-0.88**	0.0031
	(0.20)	(0.20)	(0.37)	(0.21)
REYKJAVIK	-1.45***	-0.70*	-0.50	-0.72*
	(0.42)	(0.42)	(0.48)	(0.43)
CONSTANT	0.045	0.071	2.76	-0.62
	(1.58)	(1.66)	(1.86)	(1.52)
N		3165		
LOG LIKELIHOOD		-359.5		
NO. RESPONDENTS		633		

Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

FIGURE 9: CHANGE IN PROBABILITY OF VOTE
 — THE EFFECT OF A ONE STANDARD DEVIATION CHANGE IN INDEPENDENT VARIABLE —

