Transformation of the Socioeconomic Structure and the Attitude of Citizens toward Democracy in the Nepali Civil War

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Yuichi Kubota
Center for Policy Research, University of Niigata Prefecture, Niigata, Japan

Shinya Sasaoka
Faculty of Law, Hiroshima Shudo University, Hiroshima, Japan

Abstract
Why do citizens support democracy under an authoritarian regime that has been waging a protracted civil war? This paper explores an attitude toward democracy expressed by urbanites who are protected by the incumbent, by employing the AsiaBarometer survey data collected during the Nepali civil war. Our empirical finding is that citizens’ favorable attitude toward democracy was made by economic downturns and security deterioration (the threat of revolution). In Nepal, civil war weakened relations between capital residents and rural peasants, as the rebels extended their influence in the countryside, and shrunk the urban economic sectors. Rebel infiltration into Kathmandu furthermore posed a great threat to the residents.
Introduction

Why do citizens support democracy under an authoritarian regime that has been waging a protracted civil war? Civil war is an armed conflict between those who benefit from the status quo and those who do not. The most interesting riddle is that the former may favor democratic regimes that harm their vested interests. To respond to this question, this paper explores an attitude toward democracy expressed by citizens who are protected by the incumbent, by employing survey data collected during a stalemated civil war.

The evaluation by individuals of the advantages in democratic institutions adverse to armed conflict is a key to explore their attitude toward the political system in a civil conflict. Democratic settlement is often the product of a prolonged and inconclusive conflict that makes political leaders accept a deliberate decision to institutionalize democratic procedures based on the existence of diversity in unity (Rustow, 1970; see also Garretón, 2003; McCoy, 2000; Roberts, 1998; Tsunekawa and Washida, 2007). Both the incumbent and rebels are likely to compromise due to exhaustion from a long and fearful struggle and make use of elaborative rules in democratic institutions for conflict resolution.

However, these arguments are not free from flaws. First, given the predatory nature of economic activities in civil war, all leaders would not necessarily be disgusted with a protracted conflict; rather, some may see the benefit in its continuation. Civil wars in the post Cold War era are often characterized by self-financing, with income generated by access to natural resources and illegal transnational trade, or by support through external channels such as diasporas (Kaldor, 1999). Those who benefit through these channels stand to lose much if the conflict comes to an end. Moreover, armed soldiers and militiamen often have an imbalance of power over unarmed citizens; economic opportunism deriving from wartime privilege is often granted to armed men who can then benefit from
looting and extortion. Given these actors who would prefer the continuation of war, a theory of post-civil war democratization has to be able to answer who concedes to a compromise for future democracy.

Second, the attitude of citizens toward democratization is not an insignificant factor. It is, of course, the leaders who play an important role in furthering the transition to democracy (see Diamond, Linz, and Lipset, 1989; O’Donnell and Schmitter, 1986), yet political leaders are not independent from their supporters; rather, both are interdependent in democratization. Transitional regimes tend to be “incomplete democracies” that may revert to authoritarianism (Rose and Shin, 2001, p.349-50). Higher levels of democratic legitimacy granted by citizens can encourage stability by ensuring that they attempt to resolve political conflicts through legislative and electoral channels (Diamond, 1999).

We argue that citizens are likely to support democratic principles when they have apprehensions for undesirable outcomes of civil war. Civil war not only causes enormous damage to the economy, infrastructure, and human resources but also may transform the socioeconomic systems. For those who benefit from the current system, it is natural to favor democratic settlement of the conflict in the expectation that it can prevent the further destruction of economic resources and the radical change in society.

Our setting is Nepal. Nepal is a case of democratization that occurred following civil war in which the state-society relations were highly exploitative and without an equitable distribution of wealth and resources (Joshi and Mason, 2010, p. 990). Both the incumbent and rebels who agreed on democratization worked together to end the war because they had an “immediate common interest” to do so, for not a long-term but a short-term vision (Gobyn, 2009, p. 434). Many of the residents in Kathmandu were beneficiaries of the status quo prior to the civil war. Interestingly, however, our empirical analysis of survey data suggests that they largely favored democracy. This is puzzling, given the possibilities that the introduction of democratic regime would have significantly distributed power to
their opponent, and that the inclusion of those former enemies would have damaged their original benefits. In addition, urban residents in both Kathmandu and the smaller cities had distrusted the Maoist rebels (Gobyn, 2009, p. 427), and those rebels indeed employed violence against the supporters of the incumbent even after the peace agreement in 2006 (Joshi, 2010, p. 829).

In Nepal, the threat of devastation and radical change was foreshadowed by the deterioration of economic and security conditions through the protracted war. The civil war weakened relations between capital residents and rural peasants, as the rebels extended their influence in the countryside, and shrunk the economic sectors, such as commerce, manufacturing, and services, in the urban areas. Moreover, rebels’ infiltration into Kathmandu posed a threat to the residents. Along with the incumbent’s optimistic prospect of post-civil war elections, all of these factors led the urban citizens to favor democracy under the decade-long civil war.

Contributions of this paper are twofold. First, it aims to explore popular support for democratic principles under authoritarian regimes. High level of democratic commitment may be found by empirical analysis of authoritarian regimes as in preceding cross-country analyses of democracies,¹ but who favors democracy more should be a major concern in research. This issue is even onerous for political scientists, given high levels of satisfaction with and support for authoritarian regimes in many developing countries (Kennedy, 2009, p.519). Democratic commitment in authoritarian regimes has rarely been examined by previous studies due to the difficulties in data collection (Chen and Lu, 2011) and measurement (Tezcür et al., 2012). We seek to fill this gap between theoretical curiosity and empirical research. Second, this paper reveals conditions in which citizens favor democracy in the civil-war context. The war-torn society is considered an unfavorable environment for democracy. It is hard to expect that those groups of people who have been killing each other would readily come together to

¹ For instance, Huang et al. (2008) find that nearly nine out of ten citizens across their sample countries prefer democracy to other forms of government (p.58).
form a common government (Licklider, 1995, p. 681). The political stakes are also very high in such a situation because whoever holds the power at the center tends to control economic assets and security forces (Höglund et al., 2009). Moreover, the context in which citizens find themselves in the midst of conflict heightens their intolerance against specific groups. All of these components of a conflict mode prevent public criticism through legitimate procedures (Söderström, 2011, p.1159).

In the following section, we review previous studies on democratic commitment in both democracies and non-democracies. The logic of popular support for democracy in existing democracies differs from that in non-democracies. As civil war often harms liberal-democratic principles, coercion dominates civic life and the state-society relation tends to be authoritarian. In such a context, citizens’ support for democracy is more like performance-based evaluation of the authoritarian government. In an oligarchic society\(^2\) like Nepal, citizens who are given preferential treatment in the political and economic spheres are particularly worth examining, because their preference for a full democracy has a large influence over the course of a war. We draw four hypotheses followed by a brief description of Nepal’s context during the civil war of 1996-2006. The hypotheses are tested by the AsiaBarometer survey data collected in 2005.

**Commitment to Democracy during Civil War**

Started by Almond and Versa (1963) who explore political culture of citizens, previous studies on democratic commitment have largely been conducted by examining stable democracies and emerging democracies such as postcommunist countries (e.g., Evans and Whitefield, 1995; Anderson and Guillory, 1997; Shin, 1999; Lagos, 2003).

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\(^2\) An oligarchic society refers to a system where political power is dominated by major producers. The system protects their property rights and tends to reject the entry of new entrepreneurs (Acemoglu, 2008, p.1).
Those studies can be distinguished by their emphasis on either political (e.g., efficacy of the institutions and electoral processes) or economic variables (e.g., levels of economic development and market performance). According to studies that consider political factors important in determining citizens’ support for democracy, people value democracy for the delivery of political goods that it is supposed to offer such as freedom, human rights, rule of law, fair treatment and popular accountability (Bishin et al., 2006; Bratton and Chang, 2006; Evans and Whitefield, 1995; Gibson et al., 1992; Morlino and Montero, 1995; Rose et al., 1998; Whitefield and Evans, 1999). From a neo-institutionalist view, the learning experiences under a democratic regime grow the positive belief in its principles (Fails and Pierce, 2010; Huang et al., 2008).

However, others argue that perceptions of improvement in economic circumstances are rather crucial to determine democratic commitment in newly emerging democracies, in particular (Dalton, 1994; Kitschelt, 1992; Przeworski, 1991). New democracies with inheritance of economic success from nondemocratic predecessors face the pressure to meet citizens’ expectation about economic performance. Because the citizens tend to lay the blame of economic failure on democracy’s performance, popular support for democracy will be undermined unless the government can maintain economic conditions (Chu et al., 2008, p.85). From a perspective of modernization/postmodernization, Huang et al. (2008) find that socioeconomic attributes influence democratic commitment at both individual- and country-levels.

Whether political or economic, citizens will support democracy when it can provide them with satisfactory outcomes than other forms of regime (Rogowski, 1974; see also Rose et al., 1998). However, this performance-based support for democracy is not automatically applicable to Nepali citizens under

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3 For empirical studies on the relationship between economic performance and support for democracy, see Kotzian, 2010; Newton, 2006; Newton and Norris, 2000; Norris, 2000; Seligson and Booth, 1993.
4 Despite their recognition that economic stagnation has a negative impact on democratic commitment, Chu et al. (2008) basically attach more importance to the effect of political goods.
the protracted civil war. After party politics was replaced by the royal dictatorship in 2005, they were under authoritarian regimes or lacked a *current* reference of democratic governance to evaluate the incumbent. Civil war, in addition, is linked to the absence of competitive political participation, political rights and civil liberties because it often violates rule of law and human rights (Vreeland, 2008).

Literature on democratic commitment in authoritarian regimes finds that citizens tend to support their government when the economy goes well (Geddes and Zaller, 1989; O’Donnell, 1986; Skidmore, 1988). If economic progress and prosperity play strong roles in the support for the status quo, people do not necessarily demand institutional shift from authoritarian to democratic regimes (Kotzian, 2011, p.36). Citizens will also support not democratic principles but authoritarian regimes if the government can deal with internal and external menaces to the population, such as insurgencies or terrorism (Stokes, 2001).

Authoritarian regimes, however, suffer from the lack of consent from the governed (McDonough et al., 1986). Without popular belief in the rule of governance, citizens’ support for the regime would decline when the economy deteriorates and the threat of the enemy disappears or the government fails to combat it (Roudakova, 2012). Dissatisfaction with the regime, furthermore, increases popular demand for democratization in an authoritarian setting (Tezcür et al., 2012, p.235).

Citizens’ support for an authoritarian regime in the context of civil war is thus largely contingent on its performance in economic and security terms. If citizens experience economic downturns and security deterioration and the regime is unable to deal with these issues, people’s discontent with the incumbent eventually leads to a demand for an alternative political regime, democracy.

**Incumbents’ Adherence to Democracy in Kathmandu**
In an oligarchic society that experiences a civil war, a process of democratization, if possible, can be captured by the interaction between major parties involved in the conflict, the state elites and rebels. Their ultimate goals are conflicting when the elites want to maintain power under the authoritarian regime and the rebels seek to get hold of political leverage in the government. In this situation, there are two possible ways for the rebels to fulfill their purpose; they can either forcibly replace the elites or draw concession for power-sharing. Whether they stick to military victory or seek a negotiated settlement depends on their strategic consideration, but the former is often more costly and time-consuming than the latter as the conflict becomes protracted. Similarly, when there is a great threat of subversion or devastation through the war, it is a better strategy for the elites to make a commitment to power-sharing before being overthrown.\(^5\) When the continuation of the conflict is costly for both the elites and rebels, their preferences thus converge.

If this argument holds, the post-civil war democratization is caused by the concession between the incumbent and rebels. In the Nepali civil war, the incumbent that reached an agreement with the rebels for democratic settlement was political parties backed by anti-royal movements. These movements in urban areas, especially in Kathmandu, stood behind and put pressure on those leaders toward democratic settlement of the war.

During the civil war between 1996 and 2006, the decline of economic activity negatively affected the gains of the urban citizenry from the existing systems. In economies characterized by labor-repressive institutions, a stalemated rebellion serve to reshape the interests and opportunities of the economically privileged in such a way that they judge the foreseeable returns to a continued war as less than the returns in a compromise with the rebels (Wood, 2000, 2001). The exploitative productive system no longer functions once subordinates (e.g., tenants and laborers) deserted their work and joined

\(^{5}\) They may furthermore institutionalize democratic rules if the rebels demand more credible commitments (Acemoglu and Robinson, 2006).
the rebellion. Given the economic interdependence between the privileged and subordinates, the rebellion shifts the former’s interests from reliance on coercive institutions to the resolution of conflict so that they can regain income from the benefit of joint production.

This threat of economic losses caused the urban citizens’ favor toward democracy, even if the introduction of democratic institutions would entail the inclusion of the rebels to the power. Kathmandu residents weighed the Maoists’ dominancy or even dictatorship with the moderate replacement of political leaders and preferred the latter so as to prevent the rebels from revolutionizing the sociopolitical systems. Because such upheaval in the society leads to the reorganization of existing interests, the threat is perceived more by those who benefit from the current systems than those who lose nothing from the present situation. In other words, the change in the economic structure provides members of the current high-income bracket, who have favorably benefited from the oligarchic socioeconomic system, with a sufficient incentive to abandon the existing regime and to support democratic transformation.

_Hypothesis 1:_ Kathmandu residents whose household income is high are more likely to favor democracy.

The infiltration of Maoist guerrillas also posed a great disturbance among Kathmandu residents. When civil war becomes stalemated, both government and rebels come to consider military victory infeasible. However, given the fluctuation of military balance, although the government repulses the rebels, the rebels can also cause losses to the incumbent by assaulting not only government forces but also the supporters of government forces in Kathmandu. In such a situation, the persistence of potential insurgencies poses a threat to the daily lives of urban residents as well as to the economic and political
interests of the elites (Joshi, 2010). To survive and to protect their properties, those citizens would demand that the state elites accommodate the rebels in a democratic settlement.

Hypothesis 2: Kathmandu residents who demand that the national government maintain domestic order are more likely to favor democracy.

The continuation and intensification of civil war thus makes it no longer possible for the urban residents to benefit from their routine work. The war, in particular, causes economic activities to stagnate by destroying infrastructure and decreasing the workforce. Those who are worried about economic stagnation, therefore, come to favor democracy rather than the continuation of the civil war, even under sociopolitical conditions favorable to them.

Hypothesis 3: Kathmandu residents who are concerned about economic situations are more likely to favor democracy.

Democratic legitimacy is observable in both practice and principle. These two types of democratic legitimacies are intertwined. For instance, satisfaction with how democracy works strengthens the belief in the superiority of democracy (Huang et al., 2008). As in democracies, citizens’ support for democratic principles is based on their evaluation for the government under authoritarian regimes. A problem of gauging democratic legitimacy in non-democracies, however, is that citizens do not have a performance-based criterion of current democracy. Instead, they judge the political system, referring to how the current government deals with various issues, and conclude whether the country
should expel authoritarian rulers and introduce democratic institutions. In this sense, citizens’ trust in the government is closely related to their attitude toward democracy.

*Hypothesis 4*: Kathmandu residents who distrust the government are more likely to favor democracy.

Focusing on Kathmandu has a significant meaning for the purpose of this paper. Beyond their symbolic representation (Paquet, 1993), capital cities enjoy the concentration of political and socioeconomic power (e.g., commercial, financial, and demographic) (Glassner and Fahrer, 2004; Hall, 1993; Rapoport, 1993) and productive assets based on physical and human infrastructure (e.g., bridges, ports, airstrips, lines of communication, and buildings) (Landau-Wells, 2008). Urban bias in power and assets is salient especially under authoritarian regime because the government seeks to accommodate capital residents to prevent them from rebelling (Bates, 1981). Urban insurgency is a great threat for the government lacking democratic legitimacy in that the stable control of the capital is crucial for the incumbent’s maintenance of power. In the context of civil war, because an understanding of victory in the war equates conquering the state with conquering its symbolic and functional center, the seizure of the capital leads to the representation as a territorial political entity.

In these situations, the capital makes the government. In the Nepali civil war, Kathmandu had been controlled by the incumbent, although cabinet members were expelled by Gyanendra at the mid-point of the war. In contrast, the Maoist rebels could never seize exclusive control of the city. Despite their lack of control over Kathmandu, the Communist Party of Nepal (Maoist), CPN (M) succeeded in gaining seats in a government following the civil war. Given that the government is located in the “capital” and its existence is based on the residents’ support or tolerance, it is important to explore the
attitude of the residents toward the inclusion of former enemies in a democratic political system. The following section contextualizes the political and economic conditions of the Nepali civil war.

The Political Economy of the Nepali Civil War

Overview

Democratization in Nepal began in 1990, when a new constitution established a multiparty parliamentary democracy and permitted competitive elections under a constitutional monarchy. However, this democratization was impeded by an armed revolt by the CPN (M). After the incident in which King Birendra was killed by his son, King Gyanendra acceded to the throne in 2001. The incumbent parties were unable to reach an agreement with this new king on how to deal with the rebellion (Ishiyama and Batta, 2011, p. 374). In 2002, the king consequently dissolved parliament, dismissed the prime minister, and, in February 2005, imposed a “royalist military dictatorship” (Skar, 2007, p. 359), claiming that the government had not been able to subdue the rebellion and that the country under crisis was in need of peace and security rather than democracy.

The civil war went on favorably for the CPN (M). The group claimed 80% of the domestic territory to be under its control by 2001 (Ogura, 2008, p. 7) and reportedly had 5,500 active combatants, another 8,000 militiamen, 4,500 full-time cadres, 33,000 hardcore followers, and 200,000 sympathizers (Sharma, 2004). To oppose the monarchy, major political parties formed an alliance with the CPN (M) in November 2005, after Gyanendra began direct rule. In this alliance, the rebels agreed to end their violence and the party leaders admitted the CPN (M) to the political mainstream. A massive anti-royal demonstration in Kathmandu sided with this alliance, and this led to the king’s stepping down on April

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6 The founding of the Communist Party of Nepal dates back to 1949. The CPN (M) was not the only faction of the party, and, according to ideological and strategic differences, some other groups pursued their goals as legalized political parties (e.g., the Communist Party of Nepal-United Marxist Leninists, CPN-UML).
24, 2006. Ascertaining the end of monarchical rule, the leaders of both major political parties and the CPN (M) reconfirmed the need to open negotiations and hold assembly elections (Nayak, 2008, p. 468). Even before this final settlement of the war, the Maoist leaders had shown a willingness to accept a capitalist economic system and foreign investments, and concluded that democracy was necessary to prevent other political parties from proscribing former rebels (Gobyn, 2009, pp. 429, 433).

The aftermath of the Nepali civil war was favorable to democratization because the rebels had changed their tactics and goals, opening up space for compromise with the mainstream political parties (Gobyn, 2009, p. 421). In contrast to the incentive of rebels to compromise with the government, however, the exploitative socioeconomic structure in Nepal had provided urban citizens with an incentive to reject a democratic settlement. It was not until this structure declined during the civil war that a negotiated settlement came to be likely.

*Decline of the Patron-Client Relations in Agriculture*

When they launched their armed struggle, the Maoist rebels called for the nationalization of private property and a redistribution of land (Thapa and Sharma, 2009, p. 209). In Nepal, minority landlords had traditionally not only had great control over the majority of landless farmers but also served as local agents for the state’s elites. Given that land taxes on peasants were an important source of state revenue, landlords had played a significant role as tax collectors; this role was necessary for state elites to not only finance the national government but also to maintain order in the countryside (Joshi and Mason, 2010, pp. 990-1). The influence of these elites, based on economic power, remained intact in the early 1990s and remained extended to the political sphere; “political parties nominated landed elites for seats in the parliament because those elites could be counted on to deliver the votes of those peasant households that were dependent on them for land, credit, employment, and other services” (Joshi and
Mason, 2010, p. 987). Landlords also made use of their ability to gain the support of peasants as a bargaining chip in dealing with the state elites and leaders of political parties (Joshi and Mason, 2008, p. 768).

Because landlord representation was based on the peasants’ reliance on these landlords, elected representatives did not have to be sensitive to their dependants’ needs. In a country like Nepal, where large portions of the population were engaged in agricultural cultivation, the patron-client relationship tended to constrain the autonomy of peasants (Joshi and Mason, 2008, p. 768). Peasants received access to land, subsistence security, and other services at the expense of rent, crop shares, free labor, and other services they provided for their landlords (see Scott, 1976). This socioeconomic structure is represented by the unequal distribution of wealth between income brackets. Table 1 suggests that the domestic income shared by the bottom bracket decreased from 24% to 15% and the middle’s share also declined from 55% to 22% between 1988 and 1996. The top bracket was the only group that expanded their share of income (from 21% to 35%).

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However, when expanding to the countryside, the Maoist rebellion eroded the patron-client relationship between the landlords and the peasants. Seizing control over a large extent of domestic territory, the Maoist rebels eliminated the landlords and nullified their control over the peasants by redistributing land, destroying bondage papers, and canceling debts (Joshi and Mason, 2007, p.411). Because the position of the politically and economically privileged was based on productive activities

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7 In this sense, Nepal was a society in which the economically privileged relied on coercion of labor imposed by the state to guarantee extra incomes that cannot be generated under a liberal and market-based system (see Wood, 2000).
carried out by the peasants, the decline in patron-client relations was one of the major repercussions of the war felt by the privileged.

**Shrinkage in the Urban Sectors**

Apart from the landlords, the people in the non-agriculture sectors had been other beneficiaries of economic opportunities since the country embarked on import substitution in the 1950s. During the period of democratic reform in the 1990s, the government’s development policies promoted growth in the urban sectors of commerce, manufacturing, and services, which contributed about 62% to gross domestic product (GDP) and 24% to employment in 1999 (Sharma, 2006b, pp. 1237, 1241). Furthermore, this was also a period in which those in non-agriculture sectors were largely granted political representation.

In Nepal, the commerce, manufacturing, and services sectors were concentrated in urban areas, while agriculture was spread throughout the countryside. Because the government had greater control over urban areas, people of the former sectors were more or less affiliated with the government. They were commonly protected by the government and enjoyed the full benefit of their economic activities (see Wantchekon, 2004).

Although Nepal’s GDP and per capita income had increased between 1990 and 2001, the subsequent intensification of the civil war led to the shrinkage in those industries. This caused a shortfall in government revenue and, along with growing defense expenditures, led to a 20% cut in government spending on development programs and real investment (Pradhan, 2009). Both political instability and the increasing expenditure on defense during the war, which caused lower investment and reduced non-military expenditure, were expected to lead to a slower growth rate in economic production and lower living standards even for those who were engaged in the non-agriculture sectors. Table 2 represents the
growth rate in agriculture and non-agriculture GDP between the pre-war period (average for seven years) and the war period (seven-year average). It shows that while agriculture GDP growth was unchanged at 3.2% between the two periods, non-agriculture GDP growth sharply decreased from 6.6% to 3.9%. The decline of the non-agricultural sector was caused by a fall in transport, commerce, hotel services, and manufacturing (Sharma, 2006a, p. 562).

The shrinkage of the non-agricultural sector was also fostered by weakening security in urban areas. After the failed negotiation between the government and the rebels, armed conflict not only resumed but also expanded into urban areas by the latter half of 2003. The Maoists increased their activities in those areas, including Kathmandu, and, as a result, the number of urban casualties began to increase (Do and Iyer, 2010, p.737).

As the civil war continued, the government came to realize that it could not defeat the rebels by military means (Thapa and Sharma, 2009, pp. 209-210). However, the incumbent and the citizens were confident that they could overwhelm the Maoists in the following elections because of the poor performance of communist parties in previous elections (Thapa and Sharma, 2009, p. 213; see also Joshi and Mason, 2007, 2008). Therefore, the victory of the Maoists in assembly elections in April of 2008 was surprising (Ishiyama and Batta, 2011, p.374; Whelpton, 2009, p.54),\(^8\) despite the fact that the support base of the existing parties had been limited to Kathmandu and that several factors had favored the Maoists’ electoral performance.

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\(^8\) The CPN (M) actually won 30% of the popular vote (100 proportional-representation seats) and half of the first-past-the-post seats out of 240.
Given that belligerents in civil war choose to agree on democracy as long as each side can estimate a high enough chance of winning the elections (Wantchekon, 2004, p. 31), those who were protected by the government in the Nepali civil war must have had a favorable attitude toward democratic transition. Although the post-civil war elections resulted in an unexpected victory by the Maoists, urban citizens believed that the existing political parties were able to defeat the communists as usual.

Data

AsiaBarometer Survey

We explore opinions on democracy as expressed by Kathmandu citizens who were not likely to favor it to address the puzzle that they dared to abandon their vested interests in exchange for the termination of war. In Nepal, state and bureaucratic power had been virtually monopolized by a small elite composed mainly of Newars, Brahmins, and Chetris (Thapa and Sharma, 2009, p.208; Vanaik, 2008, p.52). These caste/ethnic groups were concentrated in Kathmandu and made up about 70% of the population in the city (Central Bureau of Statistics of Nepal, 2002, p.97). Even if they did not take over the political center, the citizens who belonged to these groups were affiliated with or were under the patronage of the state elites. For these contextual reasons, the residents in Kathmandu had a great influence over their leaders, because the support base of those leaders comprised the capital residents of the same caste/ethnic groups.

The AsiaBarometer survey (ABS) conducted in Nepal is a perfect match for the exploration of these citizens’ attitude toward democracy. The ABS carried out a survey in Kathmandu between September and October 2005, during which the civil war was growing stalemated, and collected 800 samples comprising both males and females aged from their twenties to their sixties and older. Because the residents in Kathmandu were mostly members of the major caste/ethnic groups, the survey reflects
the public opinion of citizens who were politically and economically privileged (Hachhethu, 2008, pp.125-7).

Variables

Popular support for democracy constitutes a dependent variable. In the survey, respondents were asked how they would evaluate democracy: *I am going to describe various types of political systems. Please indicate for each system whether you think it would be very good, fairly good or bad for this country – A democratic political system*. We recoded the respondents’ scores in the original data so that a higher score would represent a favorable attitude toward democracy (i.e., very good = 3, fairly good = 2, and bad = 1).

Our models include four primary independent variables. First, in Nepal’s exploitative economic system, the unequally distributed economic opportunities granted specific groups of people a greater chance to increase their wealth. We employ *Income* to measure the economic status of individuals. The respondents were asked, *What was the total gross annual income of your household last year?* This variable has 11 ordered values ranging from less than 2,500 rupees (= 1) to more than 25,001 rupees (=11).

Second, to estimate individuals’ demand for *Order*, we use a dummy variable indicating whether respondents would agree that maintaining order in the country is the policy priority: *If you have to choose, which one of the things on this card would you say is most important?* If they give first choice to “Maintaining order in nation,” we assume that their priority is keeping domestic order, giving the variable 1, otherwise 0.⁹

⁹The other choices are “Giving people more say in important government decisions,” “Fighting rising prices,” “Protecting freedom of speech,” and “Don’t know.”
Third, economic stagnation caused individuals to demand an end to the civil war that had damaged sources of their benefit. Although the inclusion of former rebels in post-civil war administration may reduce their vested interests, the continuation of war pays less than the establishment of democratic institutions followed by the settlement of the conflict. We employ a question item that asks respondents about their worry on economic problems in the country (*Economic Problems*): *Which, if any, of the following issues cause you great worry? Please choose all issues that cause you serious worry – Economic problems in your country.* This is a dummy variable that is coded 1 if the respondents raise economic problems as a great worry and otherwise 0.

Fourth, we use a variable measuring how much respondents would trust the authoritarian government. When the survey was conducted, the country was under royal dictatorship. This restriction on the political process may sharply contrast an atmosphere in other cases of stalemated civil war and may have encouraged the reconciliation between the coalition of parliament members and the Maoist rebels in December 2005. Not only politicians but also citizens had been under the restriction through martial law. Given these contexts, it is possible that Nepali citizens supported a democratic political system because of antipathy to the king’s dictatorship. Thus, *Distrust in Government* represents the extent to which citizens unfavorably receive not only the central government’s performance but also its manner of administration at the point the survey was conducted: *Please indicate to what extent you trust the following institutions to operate in the best interests of society. If you don’t know what to reply or have no particular opinion, please say so.* It asked respondents the extent to which they trusted “the central government” (i.e., don’t trust at all = 4, don’t really trust = 3, trust to a degree = 2, and trust a lot = 1).10

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10 “Don’t know” answers are treated as missing values.
For a control variable, we employ a question about the economic inequality in Nepali society to measure the respondents’ perceptions about the appropriateness of unequal distribution of wealth in the country (Inequality). Those who acknowledge the unequal economic system in the country may prefer an authoritarian regime, which would protect their property, to democracy, which would deprive them of it. However, even if they are averse to democracy, they may think that this type of ruling system is preferable to a protracted civil war. Furthermore, it is even less of a surprise if democracy is looked at as an indispensable prerequisite for an end to civil war. In the case that the respondents disagree with the idea that economic equality is preferable to inequality no matter how much the economy is stagnant, we assume that they give their endorsement to economic inequality. The ABS asks respondents to give higher scores if they disagree with equality: I am going to read out some statements about economy. Please indicate how much you agree or disagree with each statement – It is desirable that the people are equal, even if the economy is stagnant, rather than unequal but developing fast (strongly disagree = 5, disagree = 4, neither agree nor disagree = 3, agree = 2, and strongly agree = 1).

In addition, to estimate the effects of socioeconomic privilege, the models have two more control variables. The ABS 2005 asked respondents, How well do you speak English? and What is the highest level of education you have completed? As for English Skills, well-off persons in the capital are likely to have had more opportunity to learn English than deprived peasants. This variable is a four-point scale (I can speak English fluently = 4, to not at all = 1). In terms of Education, we operationalize the status of urbanites who received preferable treatment in pre-war conditions as the completion of higher education (university/graduate school = 6, to no formal education = 1).

Our models contain two demographic variables: Gender and Age. The degree of support for democracy may differ between male and female, and between the youth and senior respondents. Male is
given 0 and female 1. Moreover, the respondents’ ages range from 20 to 69. Table 3 summarizes the
variables used in the analysis.

Empirical Findings

Ordered Logit Analysis

To examine the effects of the Kathmandu citizens’ economic status, concerns about domestic order and
economic situations and distrust in the government, the ordered logit model is estimated in the analysis
because the dependent variable is measured on an ordinal scale. Tables 4 and 5 present the correlation
matrix between variables and the results of the regression analysis, respectively. As will be noted from
Table 4, the correlation between English Skills and Education is very high ($r = .701$). To avoid the
problem of multicollinearity, these variables are added separately to the different models. Model 1
estimates the effect of a primary independent variable (Income) on the attitude of individuals toward
democracy, controlling for gender and age. The other independent variables are added to Model 2
(Order), Model 3 (Order and Economic Problems), and Model 4 (Order, Economic Problems, and
Distrust in Government). Inequality is added to the last two models; in addition, Model 5 includes
English Skills, and Model 6 instead includes Education.
To summarize, the independent variables have significant and positive effects on support for democracy across the models. It is obvious from the results that, in Nepal, those residents in the capital who belong to the wealthy group and those who sought social order, worried about economic problems, and distrusted the government tended to express a preference for democracy. These findings are consistent with our hypotheses.

The baseline model (Model 1) shows that income has a positive and significant effect on a pro-democracy attitude. Model 2 includes income and order, both of which have positive and significant effects on support for democracy. The variable of economic problems is added to Model 3, suggesting that the well-to-do who are concerned about domestic order and economic situations tend to favor democracy. These results offer evidence for the argument that support for democracy was salient among Kathmandu residents who were most likely affected by the protracted civil war. After order and economic problems are controlled, however, the effect of income declines (Models 2 and 3).

Model 4 includes the variable of distrust in the central government. It shows that citizens’ income level and demand for order are positively associated with support for democracy. This finding is consistent with the results from Models 2 and 3. However, the variable of economic problems turns insignificant. The newly added variable, Distrust in Government, is not statistically significant, either. Therefore, the model at least suggests that those Kathmandu residents who have higher income and strongly desire for domestic order tend to favor democracy.

Models 5 and 6 consider socioeconomic status (i.e., inequality, English skills, and education). In Model 5, all the variables, except for gender and age, are positive and significant at the 10% level at least. The result that the variable of inequality is positive and significant suggests that citizens who accepted the unequal economic system tend to support a democratic political system as well. This finding is also robust in Model 6, although the effect is smaller. This is interesting because it contrasts
with the common understanding that the privileged are major counterforce to democratization. They should be unsupportive of a democratic political system because it can be a device by which wealth is taken from the privileged and redistributed to the population. However, Kathmandu residents with attributes formulated in the models tend to support both unequal economic system and democracy.

One of the major differences between these models is that distrust in government is not significant in Model 6. As in Model 5, the sign of the coefficient suggests that individuals who distrust the current government are likely to be supportive of democracy. However, this variable is not significant at standard levels in Model 6. Thus, as long as we rely on this model as well as Model 4, it is not possible to reject the null hypothesis that distrust in government has no effect on support for democracy.

Looking at control variables, each of the intellectual attributes is positive and statistically significant. Put simply, those who have higher English skills or educational level are likely to favor democracy. Given that level of income is also positively associated with support for democracy, it is evident that the upper-class citizens favored democracy.

The empirical findings have generally supported our hypotheses. Hypothesis 1 states that wealthier citizens tend to have a favorable view of a democratic political system. In addition to the first hypothesis, Hypotheses 2 and 3 imply that if citizens lose much during civil war, they may demand a negotiated settlement of war that possibly leads to future democracy. The termination of the war pays for them even if the introduction of democratic institutions damages their vested interests. Hypothesis 4 suggests that distrust in the authoritarian government is associated with support for democracy. Although the explanatory power of this variable is not strong, the results are supportive of an argument that citizens’ intolerance to the regime leads to their expectation for democracy.
**Predicted Probabilities**

Given that the economic status of citizens has an effect on their attitude toward democracy, it is important to know how the former variable changes the latter. Figure 1 suggests how the attitude of residents toward democracy changes across different levels of annual household income. The predicted probability of a negative view on democracy (i.e., “bad”) is highest at the lowest level of income (0.169 at less than 2,500 rupees), if the control variables are held at their modes. The probability of “fairly good” is 0.494 at the lowest income level, but decreases as the income level increases. It is replaced with “very good” at a mid-level of income (17,501-20,000 rupees). The probability of “very good” exceeds 50% when income level reaches the “more than 25,001” level.

---

**Figure 1 in Here**

---

Figure 2 similarly shows changes in predicted probabilities for democratic attitude when citizens come to attach importance to domestic order. As Hypothesis 2 argues that citizens who consider domestic order as the first priority tend to favor democracy, the figure suggests that the probability of “very good” increases from 0.209 to 0.368, although it is the lowest when they do not attach great importance to domestic order. In contrast, the probabilities of “bad” and “fairly good” decline if citizens consider that maintaining domestic order is the first policy priority.

---

**Figure 2 in Here**

---

Figure 3 presents changes in predicted probabilities according to the concern of citizens about economic problems in the country. As the figure suggests, the probabilities that respondents consider

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11 All the estimations of predicted probabilities are based on Model 5.
democracy “bad” or “fairly good” decline if they have a concern about economic problems. Instead, the probability of appearing “very good” increases from 0.247 to 0.368; as in Figure 2, although the item of “fairly good” keeps the highest probability among the three choices, the probability of attitude that democracy is “very good” solely increases when citizens worry about the economy. It is evident from the figure that the predicted probability of a negative view on democracy decreases when economic problems cause great worry among citizens.

The predicted probabilities for democratic attitude according to distrust in government are shown in Figure 4. As in the other figures, the probability of the item, “very good,” increases as distrust in government strengthens. The probability of “fairly good” is highest if citizens’ trust in the central government is greater. However, it is replaced by “very good” when the distrust reaches at the maximum level; when citizens “don’t trust the government at all,” the probability of “very good” becomes 0.451 and “fairly good” 0.436. The probability that Kathmandu residents consider democracy “bad” ranges from 0.173 to 0.111, and decreases as distrust in government increases.

Conclusion
This paper has shown that the specific group of Nepali citizens who were likely to benefit from the pre-civil war socioeconomic system favored democratic rule when the civil war had grown stalemated. The war largely transformed economic conditions by overriding the patron-client relations in the countryside and shrinking the sectors of commerce, manufacturing, and services in urban areas. This structural
change stunted the expected gains of urban citizens during the continuation of the civil war and made their gains greater under the post-civil war order. Therefore, even if the existing unequal economic system had been a matter of vital importance for those citizens, they came to attach more importance to the recovery of their interests in the post-war reconstruction through democratic settlements. Furthermore, the expansion of battle into Kathmandu had posed a threat to the residents that caused their support for democratic principles.

The empirical findings of this paper suggest that the well-to-do and those who had demanded that the government maintain domestic order and had had concerns about the country’s economic situations tended to favor democracy that would also accommodate the Maoists because they feared the communist revolution. Although a democratic settlement accompanied by the accommodation of former rebels was highly likely to undermine the socioeconomic privilege of urbanites, many of the residents in Kathmandu nevertheless favored democratic rule with the expectation of their representatives’ victory in subsequent elections.

This paper owes its empirical analysis to the survey data collected at the best time and place for our purposes. The data allowed us to focus on opinions about democracy during the stalemated civil war, as expressed by Kathmandu residents who had benefited from the exploitative and unequal socioeconomic system. Considering that conditions for democratization in post-conflict Nepal did not meet the prerequisites outlined by the democratization literature (e.g., significant level of economic development and equal distribution of wealth), the analytical framework of this paper provides a useful perspective for researchers not only on post-civil war democratization but also on democratization itself.
References


Table 1. Income Distribution in Nepal, 1988 and 1996

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Share of Total Income (%)</th>
<th>1988</th>
<th>1996</th>
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<tbody>
<tr>
<td>Bottom 40%</td>
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<td>24</td>
<td>15</td>
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<tr>
<td>Middle 40%</td>
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<td>55</td>
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<td>Top 10%</td>
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</tbody>
</table>

Source: Sharma (2006b)

Table 2. Growth in Real GDP, Agriculture and Non-agriculture GDP, and per Capita Income before and during War Periods

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<tr>
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<tr>
<td>Growth in Real GDP</td>
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<tr>
<td>Growth in Real Agriculture GDP</td>
<td>3.2</td>
<td>3.2</td>
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<td>Growth in Real Non-agriculture GDP</td>
<td>6.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Real per Capita income (US$)</td>
<td>232&lt;sup&gt;a&lt;/sup&gt;</td>
<td>162&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>a</sup> 1991 figure, <sup>b</sup> 2001 figure.

Source: Sharma (2006a)

Table 3. Descriptive Statistics

<table>
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<tr>
<th>Variable</th>
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<th>Standard Deviation</th>
<th>Minimum</th>
<th>Maximum</th>
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### Table 4. Correlation Matrix

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### Table 5. Ordered Logit Analysis of Support for Democracy

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<td>(0.027)***</td>
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<td>(0.032)**</td>
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<td>Log likelihood</td>
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<td>-683.023</td>
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</table>

Standard errors in parentheses.

* significant at 10% in a two-tailed t-test; ** significant at 5%; *** significant at 1%.
What was the total gross annual income of your household last year?

Is maintaining order in nation the most important priority?
Figure 3. Changes in Predicted Probabilities for Attitude toward Democracy according to Concern about Economic Problems

Do you worry about economic problems in your country?

Figure 4. Changes in Predicted Probabilities for Attitude toward Democracy according to Distrust in Government

To what extent do you trust the central government to operate in the best interests of society?