

# **Microfoundations of Post-Civil War Democratization in Nepal: Examining Citizens' Attitude toward Democracy through the AsiaBarometer Survey 2005**

Yuichi Kubota  
yuichikubota@hotmail.com  
Tokyo Satellite Office  
University of Niigata Prefecture, Japan

Shinya Sasaoka  
sasaoka@shudo-u.ac.jp  
Faculty of Law  
Hiroshima Shudo University, Japan

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## **Abstract**

Post-civil war democratization is an interesting puzzle for democratization studies because the environment in the aftermath of armed conflict is unfavorable for such a transition. Literature has focused on structural contexts during and after civil war out of recognition that democratization in war-torn countries is distinct from political transition in non-civil war conditions. However, these studies have rarely addressed citizens' adherence to democratic stability and their pressure on political leaders to reach a negotiated settlement to put an end to war. To explore citizens' attitude toward democracy in a stalemated civil war, this paper examines public opinion in Nepal by employing data from the AsiaBarometer survey administered between September and October of 2005. The Nepali Civil War not only weakened security in urban areas but also transformed state-society relations and the economic system. In the stalemated civil war, the Kathmandu residents, who had had a significant influence over the decision-making of the state elites, came to favor a democratic settlement that would guarantee political order and stability.

## **Introduction**

The immediate aftermath of civil war is considered an unfavorable environment for democratization to occur. First, it is hard to expect that those groups of people who have been killing each other would readily come together to form a common government (Licklider, 1995, p.681). Second, post-civil war societies often lack the conditions for democratization that are outlined in the existing literature on the topic, namely, a sufficient level of economic development, diffusion of wealth, and the emergence of the bourgeoisie and working class. Armed conflicts not only destroy the economic infrastructure and productive capacity of the afflicted territory, but also disrupt its trade and commerce. Therefore, if economic development promotes democratization, as Lipset (1959) argues, post-civil war societies are unlikely to witness democratic rule in their near future. Furthermore, if the diffusion of wealth encourages citizens to demand political rights and liberties (e.g., Vanhanen, 1997), economic instability followed by the outbreak of civil war also renders democratization less likely to occur. Third, democratic contention may cause instability in the absence of political order after civil strife (see Huntington, 1968). Given weak and unprepared state-institutions, for instance, a post-civil war election may not only exacerbate hatred between former warring factions but also be misused by those who gain power through election (Paris, 2004,

pp.188-9).

However, post-civil war democratization does occur. Wantchekon (2004) finds that 40% of all civil wars that occurred between 1945 and 1993 resulted in an improvement in the country's level of democracy (p.17), and Joshi (2010) suggests that two-thirds of civil wars after World War II facilitated a substantial step toward post-conflict democracy (p.826).

Focusing on types and outcomes of civil war, previous studies sought to address why some cases experienced democratization in the post-conflict period while others did not. Since post-civil war democratization is distinct from the political transition that has commonly received attention in the literature on democratization (Wantchekon, 2004, p.18), it is reasonable to take into consideration how civil war is fought and how it ends to examine the circumstances under which transition occurs.

A variable that is neither explicitly addressed nor examined in the literature, however, is citizens' adherence to democratic stability, which guarantees social order (Wantchekon, 2004). To respond to the question of why belligerents come to the decision to settle civil war with the expectation of future democracy, this paper explores citizens' attitude toward democracy by employing survey data collected during a stalemated civil war. Our setting is Nepal. Nepal's is a case of democratization that

occurred following civil war in which the state-society relations were highly extractive and without an equitable distribution of wealth and resources (Joshi and Mason, 2010, p.990). Rather, political leaders (both incumbent and rebel) who agreed on democratization worked together to end the war because they had an “immediate common interest” to do so, not a long-term vision (Gobyn, 2009, p.434).

Interestingly, even though the urban elites in Kathmandu were a beneficiary of the pre-civil-war status quo, they favored democratization. This is puzzling given possibilities that a negotiated settlement promising future democracy 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 the following section, we review the literature on post-civil war democratization. Although many studies focus on the macro-dynamics of civil war, such as type of incompatibility and outcome of the war, it is important to consider the micro-level approach as to citizens’ attitude toward democracy. Urban citizens, who were given preferential treatment in political and economic spheres, are particularly

worth examining because their preference for a full democracy would have reduced their benefits. The literature review is followed by a brief description of Nepal's context during the civil war of 1996-2006 and a presentation of hypotheses. The hypotheses are tested by the AsiaBarometer survey data that were collected in 2005. This paper then concludes by considering the applicability of the relevant arguments that the economic interdependence between belligerents provides a underpinning for resolution of the war conflict based on a transition to liberal capitalism and political democracy (Wood, 2000, p.204; see also Wantchekon, 2004; Wantchekon and Neeman, 2002; Wood, 2001).

In Nepal, civil war largely transformed both state-society relations and the economic system; it eroded the patron-client relations as the rebels extended their influence in the countryside and reduced the economic sectors, such as commerce, manufacturing, and services, in the urban areas. Moreover, rebel infiltration into Kathmandu posed a threat to urban 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.

## **Literature Review**

Post-civil war democratization is largely investigated by macro-level analyses. That is,

this level of analysis focuses on structural contexts, such as types of conflict and manner of termination and resolution, as well as countries' profiles, to seek answers to the puzzle of post-civil war democratization (see Fortna and Huang, forthcoming).

### *Types of Civil War*

Literature argues that identity-based civil war is a conflict that is less likely to be followed by democracy. In a civil war where warring factions are distinguished from each other on the basis of ethnicity and/or religion, identity provides each faction with an almost fixed number of supporters. If rebels see themselves as a permanent minority, even in a post-civil war legislature and in other institutions, they will continue to wage violent conflict rather than participate in negotiations with the government (Gurses and Mason, 2008). Furthermore, identity conflict with territorial incompatibility is less likely to be followed by democracy than that with government incompatibility because the threat of recurrence of war, which is more real in the latter case than the former, will assuredly lead to the incumbent's concession to the rebels (Joshi, 2010, pp.836-7).

In terms of length of conflict, Gurses and Mason (2008) argue that democratization may be more likely after long and costly wars. Although they find no

support for this hypothesis, Sambanis (2000) empirically shows that longer wars lead to greater occurrences of democratization.

### *Outcome of Civil War*

Civil war ends with government victory, rebel victory or negotiated settlement, and the manner in which the war ends is an indicator of the likelihood of post-war democratization. Gurses and Mason (2008) contend that civil war ending in military victory is less likely to be followed by democratization because a victorious side is not inclined to accept a power-sharing settlement that would compromise its advantageous position by empowering the other side. In contrast, Mukherjee (2006) claims that a power-sharing settlement is a likely consequence of military victory for the government or rebels, given that the expectation of power-sharing reduces the degree of support for the continuation of rebellion that rebel leaders would obtain from their civilian supporters.

Mukherjee points out the possibility of the commitment problem whereby in a negotiated settlement following a military stalemate the government may use the offer of power-sharing to the rebels so as to misrepresent confidential information about its military capacity and ultimately defeat them. This breach of trust between warring

factions would in turn lead to an increase in civilian support for the rebel leaders and consequently increase the likelihood of a recurrence of civil war. Toft (2010) shows that while negotiated settlement brings about a short-term push for democracy, the level of democratization eventually decreases, and that rebel victory is even conducive to long-term democratization (see also Fortna, 2008).

However, if a credible commitment is ensured through some measure, a negotiated settlement is more likely to ensure the warring factions the opportunity to compete peacefully for political office and to lead a future democracy than would a military victory (Gurses and Mason, 2008). In this sense, post-civil war democratization is made possible by environments such as settlements that result in the physical separation of warring factions (Sambanis, 2000) and a stable balance of power between the government and rebels that ensures both sides access to political power and economic resources (Joshi, 2010).

Peace-keeping operations also represent an effective means to enable credible commitments (Walter, 2002). Doyle and Sambanis (2006) endorse the argument that the United Nation's intervention promotes post-civil war democratization. When engaging in post-civil war reconstruction, peace-keeping operations mostly aim to build stable democracies in war-torn societies. Therefore, they have a positive effect on the

establishment of democratic institutions. However, this outsourced democratization also invites the involvement of unaccountable foreign actors and, therefore, minimizes the local capacity for democracy-building (Fortna, 2008).

### *Commitment to Democracy after Prolonged Civil War*

Rather than investigating these structural contexts of civil and post-civil war, important literature emphasizes the role of individuals' preferences for democratic regimes.

Rustow (1970) argues that democratization 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. Such a political conflict makes leaders devise or adapt effective procedures for the accommodation of actors involved in the conflict. Although the incumbent may fear being overthrown by the rebels or the rebels may accept the offer of accommodation as a first step possibly being followed by more accommodation, both actors are likely to compromise due to exhaustion from a long and fearful struggle. This shift in attitude toward democratization occurs not only among political leaders but also among citizens; the latter become disgusted with the banners of the old conflict by the time the former begin searching for compromise.

Since Rustow's theory considers post-conflict democratization, it does not necessarily require "preconditions" of democracy such as high levels of economic and social development and a prior consensus on democratic fundamentals or rules. A people who are in conflict rather make use of elaborative rules in democratic institutions for conflict resolution (see also Garretón, 2003; McCoy, 2000; Roberts, 1998).

However, these arguments are not free from flaws. First of all, given the predatory nature of economic activities in civil war, all leaders and citizens would not necessarily be disgusted with a protracted conflict, but 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 and a regular economic system is brought back in. 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. A theory of post-civil war democratization has to be able to answer how and why those actors

concede to a compromise for future democracy. Second, citizens' attitude toward democratization is not an insignificant factor. Although Rustow assumes that citizens prefer democratic rule to the protraction of the war, the link between the political attitudes of ordinary citizens and that of war leaders is missing. Political elites are not independent from their supporters; rather, both are interdependent in various ways. It is, of course, the elites who play an important role in furthering the transition to democracy (see Diamond, Linz, and Lipset, 1989; O'Donnell and Schmitter, 1986), but how and whether the attitude of citizens is reflected in conflict resolution and post-conflict regime change should be a major concern in research.

#### *Convergence of Interests between State Elites and Citizenry*

Given that democratization is a way out of a protracted civil war, the interests of political leaders and the citizenry can ultimately be converged. Groups in conflict agree to a negotiated settlement and future democracy because it is a convenient way to cut their losses from a stalemated conflict that often overlaps with the losses in citizens' routine productive activities. Wood (2000, 2001) reveals that a stalemated rebellion in El Salvador and South Africa served to reshape the interests and opportunities of the economically privileged (and perhaps some of the state elites) in such a way that they

judged the foreseeable returns to a continued war as less than the returns in a compromise with the rebels. Although they had opposed transition from an undemocratic rule that favored their privileges, the state of protracted civil war made negotiated settlements aimed at future democratization preferable to the continuation of armed conflict. The massive costs of the rebellion transformed the core interests of the economically privileged classes, and those who saw that a democratizing compromise would bring them substantial benefits pressed regime elites to enter into negotiation with rebels; they understood that the exploitative productive-system no longer functioned once subordinates in the contested territory (i.e., tenants and employees of the former) deserted their work and joined the rebellion. Given the economic interdependence between the privileged and subordinates, the rebellion shifted the former's interests from reliance on coercive institutions to the resolution of conflict so that they could regain income from the benefit of joint production. The rebels also stood to benefit from the negotiated settlement of the conflict because they could obtain the right to citizenship from the anticipated democratic polity.

Wantchekon (2004) also argues that the anarchy of civil war may be highly profitable for the warring factions in the short run, but that their long-term prospects for expropriating revenue depend on citizens' investment in productive activity (see also

Wantchekon and Neeman, 2002). Citizens prefer democracy because it is an assurance of order that protects their productive investments and property against banditry and illegal expropriation by predatory warring factions. Moreover, civil war reduces the profits of the warring factions whose revenues depend on citizens' productive activities. Those citizens who expect to be expropriated are likely to exert less effort, while they would exert greater effort under democratic rule, in which the impartial process of power allocation motivates political parties to ban illegal expropriation, to reap the expected benefits generated from an increase in, or recovery of, productive investments. As such, Wantchekon and Neeman depict post-civil war democratization as the convergence of interests between citizens and the warring factions.

The case of Nepal analogizes to the context of these works. During the civil war between 1996 and 2006, citizens lost much in economic activity, and those losses negatively affected the state elites' gains from existing political and economic systems. By reviewing political and economic contexts of the civil war in Nepal, the following section seeks to provide hypotheses for this study

## **The Political Economy of the Nepali Civil War**

### *Overview*

Nepal's democratization seemed to begin 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 Communist Party of Nepal (Maoist), CPN (M).<sup>1</sup> After the incident wherein 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 the parliament and 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 militia, 4,500 full-time cadres, 33,000 hardcore followers, and 200,000 sympathizers (Sharma, 2004). To oppose the monarchy, major political parties of Nepal formed an alliance with the CPN (M) in November

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<sup>1</sup> The foundation 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).

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 24, 2006. Ascertaining the end of the monarchical rule, 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).

#### *Decline of the Patron-Client Relations in Agriculture*

When launching 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 a necessity for state elites to not only

finance the national government but maintain order in the countryside (Joshi and Mason, 2010, pp.990-1). Their influence, 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).

Since landlord representation was based on peasants’ reliance on them, 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).<sup>2</sup> Democracy was unlikely to emerge under such circumstances because those landlords allied with state elites feared that a democratic elected government would tax and redistribute their immovable properties to the

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<sup>2</sup> In this sense, Nepal was an oligarchic society in which “economic elites rely on extra-economic coercion of labor by the state for the realization of incomes superior to those possible under more liberal, market-based arrangements” (Wood, 2000, p.6).

peasants (Acemoglu and Robinson, 2006; Boix, 2003; Midlarsky and Midlarsky, 1997).

However, the Maoist rebellion eroded the patron-client relationship between the landlords and peasants. Seizing control over a large extent of domestic territory, the Maoist rebels eliminated the landlords and nullified their control over peasants by redistributing land, destroying bondage papers, and canceling debts (Joshi and Mason, 2007, p.411). Since the privileged position of the state and the economic elites were based on productive activities carried out by the peasants, the decline in patron-client relations was one of the major repercussions of the war felt by the elites (see Wantchekon and Neeman, 2002). In other words, the rebellion had threatened the Nepali political and economic elites such as local landlords, the economic foundation of the traditional governing coalition of royals, the military-state bureaucracy, and its party leaders (Joshi and Mason, 2010, p.989).

### *Reduction in Urban Sectors*

In Nepal, approximately 90% of the population had lived in rural areas and relied on agriculture as a source of income and employment (Sharma, 2006, pp.1239, 1241).

With a sizable proportion of landless peasants among the population, landlords had great power in political and economic spheres. Apart from those landlords, the people in

non-agriculture sectors had been another beneficiary of economic opportunities since the country had embarked on the 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 that contributed about 62% to the GDP and 24% to employment in 1999 (Sharma, 2006, pp.1237, 1241). Furthermore, this is also a period that those in non-agriculture sectors were largely granted political representation.

Although Nepal's GDP and per capita income had increased between 1990 and 2001, the subsequent intensification in civil war led to a reduction in those industries. This reduction 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).<sup>3</sup> Both political instability and the increasing expenditure on defense during the Nepali Civil 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.

In Nepal, sectors of commerce, manufacturing, and services were concentrated

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<sup>3</sup> To finance an increase in defense spending, a government curtails spending in other sectors, such as public services and investment, as well as borrows from domestic sources, the central bank, or abroad (see Grobar and Gnanaselvam, 1993).

in urban areas, while agriculture was spread throughout the countryside. Since the government had greater control over urban areas, including Kathmandu, citizens of those sectors were more or less affiliated with the government. Those citizens are commonly protected by the government and enjoyed the full benefit of their economic activities (Wantchekon, 2004). However, the continuation and intensification of the civil war made it no longer possible for those citizens to benefit from their routine work. Therefore, even those citizens who had initially benefited from the unequal economic system in the country came to favor democracy rather than the continuation of the civil war under the royal dictatorship.

*Hypothesis 1:* Those citizens who bolstered the unequal economic system tend to have favored democracy.

#### *Weakening Security in Kathmandu*

As the civil war proceeded, the government came to realize that it could not defeat the rebels by military means (Thapa and Sharma, 2009, pp.209-210). After the failed negotiation between the incumbent and 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).<sup>4</sup> Even if a government decisive military victory had been possible, the state's elites may have failed to prevent the recurrence of war unless it could have completely removed the rebels' support base. In such a situation, the persistence of potential insurgencies would have posed a threat to citizens' daily life as well as the economic and political interests of those elites (Joshi, 2010). To avoid the recurrence of war, citizens had to demand that state elites accommodate the rebels in a democratic settlement.

*Hypothesis 2: Citizens who demanded the national government to maintain domestic order tend to have favored democracy.*

After the civil war, assembly elections were held in April of 2008; the CPN (M) did well and won 30% of the popular vote (100 PR seats) and half of the first-past-the-post seats out of 240. 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, this result was surprising to analysts of Nepali politics (see

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<sup>4</sup> However, according to Gobyin (2009), by 2001, the Maoist rebels also understood that a military victory was impossible due to the lack of support from the urban middle class.

Ishiyama and Batta, 2011, p.374; Whelpton, 2009, p.54) because it was in sharp contrast to the poor performance of communist parties in previous elections (Thapa and Sharma, 2009, p.213; see also Joshi and Mason, 2007 and 2008).

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 supported or were protected by the incumbent 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, citizens believed that the existing political parties were able to overwhelm the communists as usual.

## **Data and Methods**

To examine the role of elite-citizenry relations in post-civil war democratization in Nepal, the appropriate approach is to explore the citizens' attitude toward democracy, which had a large effect on the state elites' decision-making. 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 (CBS, 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, it is reasonable to assume that the citizens in Kathmandu had a great influence over their leaders because the support base of those leaders was comprised of the capital residents of the same caste/ethnic groups.

Thus, for the purpose of this paper, it is crucial to capture the public attitude of citizens who had had influence over decisions made by the state elites. We employ the data of the AsiaBarometer survey (ABS) conducted in Nepal. The survey data is a perfect match for the exploration of citizens' attitude toward democracy, which had a significant effect on that of state elites. The ABS carried out a survey in Kathmandu between September and October, 2005, in which the civil war was growing stalemated, and collected 800 samples that comprised both males and females aged from twenties to sixties and older. Since the residents in Kathmandu were mostly members of the privileged caste/ethnic groups, the survey reflects the public opinion of citizens who were closely affiliated with the state elites (Hachhethu, 2008, pp.125-7).

A dependent variable is the popular support for democracy. In the survey, respondents were asked how much they preferred a democratic political system (Q34d).

They could rate democracy as “very good,” “fairly good,” or “bad.” We recoded the respondents’ scores in the original data so that the highest score would represent “very good” and the lowest “bad.” Because the variable is measured on an ordinal scale, the ordered logit model could be used.

Our models include two primary independent variables. First, it seems reasonable to suppose that the citizens’ demand for order was based on their hope for peace and stability. If a civil war is protracted and growing stalemated, people would be more likely to desire that political order be reestablished. A commitment to future democracy, in which citizens play a role as arbitrator between belligerents (Wantchekon, 2004), is the most effective means by which to break the deadlock of civil war and create peace. To estimate citizens’ demand for *Order*, we use an item (Q41-1) that represents whether respondents would agree that maintaining order in the country is more important than other policy priorities such as giving people more say in important government decisions, fighting rising prices, and protecting freedom of speech. If they give first priority to this item, we assume that their priority is keeping domestic order.

Second, it is noteworthy to question why those who acknowledge the unequal economic system in the country would favor democratization. It seems that they would instead prefer a dictatorship, which would protect their property, to democracy, which

would deprive them of it (Acemoglu and Robinson, 2006). However, even if they are averse to democracy, they may think 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. We employ a question about the economic inequality in the Nepali society (Q32c) in order to measure respondents' perceptions about the appropriateness of unequal distribution of wealth in the country (*Inequality*). In the case that the respondents disagree with the idea that economical 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.

To estimate the combined effect of independent variables, we add an interaction term, *Order*  $\times$  *Inequality* (Q41-1  $\times$  Q32c). Consider the case where both of two independent variables had represented a positive relationship in our analysis. When the interaction effect was positive, we could estimate that the two independent variables reinforced each other; if people who actively sought their own security and also admitted inequality in their country favored democracy, they had a more positive attitude about democracy than those who cared less about order and favored economic equality.

The problem that we must be aware of is multicollinearity. When some independent variables are put into a regression model along with an interaction term, multicollinearity is likely to occur. To avoid this, we have centered the constitutive terms by subtracting the mean score from each variable before constructing the interaction term.

In addition, to estimate the effects of socioeconomic privilege, the models have three control variables. The ABS 2005 asked respondents how well they spoke English, how much they earned, and what level of education they had completed. As for *English Skills*, well-off persons in the capital are likely to have had more opportunity to learn English than deprived peasants. And as for *Income*, in Nepal's restricted economic system, privilege granted specific groups of people a greater opportunity to increase their wealth. Lastly, in terms of *Education*, we operationalize the concept of "privilege" as the completion of higher education.

Our model contains two more control variables: *Gender* and *Age*. The degree of support for democracy may differ between male and female, and between the youth and senior respondents.

## **Empirical Results**

Table 1 provides the descriptive statistics of the data and Table 2 presents the correlation matrix among variables. As will be noted from Table 2, because the correlation between *English Skills* and *Education* is very high ( $r = .739$ ), we add each variable separately to the different models so as to avoid the problem of multicollinearity. Two of the models (Models 2 and 4) include the interaction term between order and inequality. Because we want to see what happens if we do not add the interaction term to the models, the other models exclude it (i.e., Models 1 and 3). Accordingly, we test four models by taking into account the issues of multicollinearity and interaction.

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Table 3 shows the results of the ordered logit regression analysis. To summarize, all of the independent variables and the interaction term are positive and statistically significant. From the results, it is obvious that, in Nepal, those capital residents who sought social order and therefore acknowledged economic inequality, tended to express a preference for democracy. These findings are consistent with our hypotheses.

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Table 3 in Here  
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Looking at the other control variables, in all of the models, each of the intellectually and economically privileged attributes is positive and statistically significant. Put simply, those who have higher English skills, income, and educational level favor democracy. Therefore, it is evident that the upper-class citizens that do not favor the post-civil war chaos searched for democracy and, as a result, the coalition between state elites and influential citizens pushed the incumbent forward to a negotiated settlement of the stalemated civil war with the expectation of future democratization.

## **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 reducing the sectors of commerce, manufacturing, and services in urban areas. This structural change had stunted the expected gains of those 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.

The empirical findings of this paper suggest that those citizens who had demanded the government to maintain domestic order tended to favor democracy that would also accommodate the Maoists. Although democratic settlement accompanied by the accommodation of former rebels were highly likely to compromise the socioeconomic privilege of citizens affiliated with the state elites, those citizens nevertheless favored democratic rule with the expectation of their representatives' victory in subsequent elections.

Literature on post-civil war democratization pertaining to convergence in interests between the state elite and citizenry argues that citizens' investment in productive activity is a vital source of revenue for both rebel and incumbent leaders (Wantchekon, 2004). Since, in Nepal, the restricted manner of agricultural cultivation and the profits from commerce, manufacturing, and services were the primary sources of power and revenue for its state elites, the declining returns from these sectors (due to

the civil war) provided them with enough reason for compromise with the rebels (see also Wood, 2000).

This paper owes its empirical analyses to the survey data that were collected at the best timing and place for our purpose. They allowed us to focus on the opinion about democracy during the stalemated civil war as expressed by citizens who had closely affiliated with the former state elites. 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 on not only post-civil war democratization but on democratization itself.

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**Table 1.Descriptive statistics**

		Obs	Mean	Std. Dev.	Min	Max
Support for Democracy	Q34d	736	2.26	.72	1	3
Order	Q41-1	800	.72	.45	0	1
Inequality	Q32c	728	1.56	.78	1	5
Order * Inequality		728	-.05	.37	-2.48	.96
English skills	F4	800	2.40	.99	1	4
Income	F8	781	4.92	2.75	1	11
Education	F3	758	3.05	1.26	1	5
Gender	F1	800	.50	.50	0	1
Age	F2	800	35.75	11.43	20	69

**Table 2.Correlation matrix**

	Order	Inequality	Order * Inequality	English skills	Income	Education	Gender	Age
Order	1.000							
Inequality	-.178	1.000						
Order * Inequality	.145	-.187	1.000					
English skills	.089	-.105	.030	1.000				
Income	.128	-.155	.045	.266	1.000			
Education	.090	.027	.036	.739	.258	1.000		
Gender	.011	-.030	-.014	-.223	.012	-.194	1.000	
Age	.004	.073	-.030	-.236	-.012	-.166	-.095	1.000

**Table 3.Ordered logit analysis**

	Model 1	Model 2	Model 3	Model 4
Order	.941 (.184) ***	.896 (.185) ***	.874 (.187) ***	.838 (.188) ***
Inequality	.406 (.108) ***	.439 (.112) ***	.257 (.111) *	.304 (.114) **
Order * Inequality		.658 (.229) **		.665 (.233) **
English skills	.498 (.088) ***	.497 (.089) ***		
Education			.385 (.069) ***	.378 (.070) ***
Income	.078 (.029) **	.079 (.029) **	.086 (.030) **	.088 (.030) **
Gender	.141 (.157)	.147 (.158)	.081 (.158)	.084 (.158)
Age	.005 (.007)	.005 (.007)	.002 (.007)	.003 (.007)
Cut1	1.369 (.455)	1.360 (.460)	1.034 (.446)	1.035 (.450)
Cut2	3.606 (.474)	3.614 (.478)	3.292 (.464)	3.314 (.468)
Observations	669	669	628	628
Log likelihood	-637.763	-633.588	-602.574	-598.444

Standard errors in parentheses.

\*\*\*p<.001 \*\*p<.01 \*p<.05 †p<.1