

Ballots and Bullets: The Electoral Origin of the Maoist Insurgency in Nepal*

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Abstract

We explore how democratic elections in Nepal influenced the onset of the Nepalese Civil War (1996-2006). Specifically, we use an original dataset to systematically examine local-level electoral outcomes and their relationship with the onset of violence against government officials during the initial stages of the conflict. Our empirical strategy uses a regression discontinuity design taking villages with close margins of victory and defeat for the incumbent party (Nepali Congress), and identifies the effect of the party's control in the local-level elections preceding the onset of hostilities by Maoist insurgents. Our findings suggest a positive and significant effect of a Nepali Congress victory on the likelihood of Maoist attacks and on patterns of recruitment during the early stages of the conflict. Our analysis contributes to the comparative politics literature exploring the link between democracy and conflict and to the formal literature on democratization and revolutions.

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1 Introduction

Civil armed conflict has received much scholarly attention given the prevalence and persistence of internal warfare over the last half-century. Civil wars, defined as internal armed conflicts that count a minimum of battle deaths per year and having at least two well-defined contenders, have afflicted more than half of all nations, taking the lives of millions and causing mass displacement around the world.¹ The empirical literature on the topic highlights the association between several objective economic conditions and the propensity of civil war. Among these conditions are economic growth (Miguel, Satyanath & Sergenti 2004), poverty (Blattman & Miguel 2010), rents from natural resources and low wages (Collier & Hoeffler 1998, Dube & Vargas 2013), all of which have been proven to be important determinants of both the onset and persistence of civil war.

Although these findings have contributed greatly to our understanding of how economic conditions may crucially affect civil conflict, there is less evidence on the “fundamental” causes of conflict. Theoretically, wars are puzzling since they are destructive, costly, and risky. Consequently, if the competing actors are rational, they should prefer a negotiated solution to armed conflict. To address this puzzle scholars emphasize the key role of political institutions in mediating conflicting preferences and allowing the implementation of peaceful bargained solutions. When government institutions and states are “weak,” commitments to peace or economic promises are not credible. In such case, leaders may find armed confrontation unavoidable (Fearon 1995).² Yet, the key role of political institutions, especially in emerging democracies, in the onset and spread of civil war violence is largely underexplored in current empirical conflict models.

In addition to political and economic factors, motivations behind group conflict also stem from differences in ideology, culture and ethnic divides. Theoretically, these factors are described as crucial factors behind political grievances that in turn lead to spread of violence in civil wars. Empirical support for the significance of these grievances however have been mixed or lacking altogether, often due to lack of quality data, but also measurement errors. Individual and armed group behaviors are tested at the state level despite aggregation difficulties and ecological fallacy issues. Treating groups as unitary actors and omitting

¹Since World War II, the total death toll of civil wars is estimated to be as three times higher than the total death toll associated with all international wars (Fearon and Laitin 2003).

²Some scholars have argued that weak institutions alone are not a sufficient cause for conflict and that some dynamic problems, such a shift in the relative military power across fighting parties, are probably also a fundamental factor explaining armed conflict (e.g., Powell (2006)).

organizational structures also ignores important issues of principal-agent problems. For these reasons microfoundations of group conflict may be best investigated at the intrastate level, where scholars can explain and address the complex mechanisms involved in the process leading to a war.

This paper aims to explore political grievances that enrich our understanding of the motivations behind group-level violence. We construct a new dataset on the Nepalese Civil War (1996-2006) and on the main political factors associated. Specifically, we constructed a comprehensive dataset of local-level electoral returns during the period preceding the onset of hostilities. These elections are particularly interesting given that they were the first multi-party democratic elections in Nepal's history. To our knowledge, this is the first paper that introduces and makes use of these local elections. We also translate and code the complete report of INSEC, the main nongovernmental organization promoting Human Rights in Nepal, on the victims and perpetrators of the violence.³ Merging these variables together we have datasets containing the full sample of villages in the country (more than 3,900). These variables have been digitized from original sources and allow for a broad research program on the politics and the institutional underpinnings of the Nepalese conflict.

Using a regression discontinuity (RD) design, we estimate the impact of democratic outcomes on the onset of violence. Specifically, we take villages that witnessed a close election for the position of village chairman (highest office position in village) in 1992, to isolate an exogenous source of variation in local incumbent control. By focusing on close elections, we are able to construct proper counterfactuals which allow us to isolate the effect of the elected chairman's party affiliation. We find that if the elected village chairman is a member of the incumbent party (Nepali Congress, hereafter NC), then the village witnesses a higher number of killings by the Maoist insurgents between 1996 and 2001, the first phase of the civil war.

We interpret this party effect in the following way. Unlike parliamentary elections, local elections typically take place in small villages in which voters' preferences for candidates largely depend on their connections with individual candidates rather than their party affiliation. Often family members run for these elections and voters tend to vote for candidates who are their relatives and kins. The ensuing violence, which was at least par-

³This data is publicly available in Nepalese and it is the main source of information in the report of the United Nations High Commissioner for Human Rights released in 2012. See <http://www.insec.org.np/victim> and <http://www.ohchr.org/EN/Countries/AsiaRegion/Pages/NepalConflictReport.aspx>

tially determined by the winning candidate's party affiliation, may therefore be construed as an unintended, nefarious consequence of the newly introduced democratic elections. In competitive elections when the candidate with the incumbent party affiliation barely wins, the village presumably benefitted from the chairman's connection to the ruling party in the form of subsidies and transfers. Under an unstable democracy and in the absence of the guarantee that there would be another election, the Maoists initiated an insurgency and targeted those villages that elected NC representatives. In addition, this party was associated with the pre-democratic *ancien régime* and their power was therefore seen by the Maoists as a barrier to meaningful democratic reforms.⁴

The Nepalese Civil War provides an ideal testing ground for theories based on weak institutions and electoral failures impacting the extent of violence in conflict prone countries. Nepal's democratic elections in the midst of a civil war provides a political context that is rare among the existing empirical research. While the relationship between election and violence has been explored extensively in the literature, the causal frame of this relationship has predominantly been from violence to election outcomes and more specifically violence within civil wars and its consequence on subsequent voting outcomes (Berrebi & Klor 2008, Montalvo 2010, Dunning 2011, Kibris 2011).⁵ What has been largely missing in this strand of literature is an empirical analysis of transition from democracy to violence, in which election outcomes under democracy have led to targeted violence against civilians.

The onset of hostilities in Nepal was preceded by a full-scale democratization in 1992, and was also followed by a series of national and local elections. Until 1990, Nepal was an absolute monarchy but in 1991 under intense domestic and international pressure King Birendra agreed on the creation of a bicameral parliament which was elected popularly in free and fair elections (Whelpton 2005). Before the declaration of war by the Maoists in 1996, the country experienced both a local election in 1992 and a parliamentary election in 1994. The failure of newly democratic institutions to channel previous grievances against the political establishment may explain the onset of the conflict. This paper specifically aims to explain how the conflict outcome varied at the village level according to the local election results, a dimension completely unexplored by the current empirical works on the

⁴See Chacon, Robinson, and Torvik (2011) for a related theory illustrating that under a highly contested election setting, there may indeed be a higher likelihood of armed conflict, since the probability of winning a fight is high for both parties. Violence would be even more likely in an unstable democracy in which the opposition party may not even have an opportunity for another election.

⁵Snyder (2000) does provide a series of arguments and conditions under which democratization sometimes cause nationalist conflict.

Nepalese conflict.

In addition to contributing to the empirical literature on internal conflict, our paper also bridges the conflict literature with a voluminous literature on the nature of political transitions and on institutional development. Leading theories assume that peaceful bargaining under the threat of violence is possible so that democratization is a preventive measure taken by elites, especially during periods in which the poor organize and pose a revolutionary threat against the regime (Acemoglu & Robinson 2006). Hence, these theories predict that a transition to democracy decreases the likelihood of armed conflict and should increase economic redistribution. Not only do the events leading to the conflict in Nepal not conform to these predictions, but the events that unfold after elections appear to have a crucially worsening effect on the level of violence. In fact, it may well be the case that some aspects of democratization triggered a popular insurrection during the early stages of the transition.

Our data allow us to test these ideas more in detail and to complement this way our understanding of the nature of political transitions and their repercussions.⁶ Finally in regards to the existing empirical works on the Nepalese war, our approach adds to the literature in a couple of ways. First, all of the existing studies aggregate the data on the conflict and the economic determinants at the district level (there are 75 administrative districts), which means that theories based on micro-level incentives are neither explored nor tested (Bohara, Mitchell & Nepal (2006), Do & Iyer (2010))⁷. Second, current empirical papers do not explore how the political events of the 1990s shaped the onset of civil war. In particular, these papers do not consider the interaction between vote share and partisanship under democracy and the likelihood of violent insurgency across villages. Third, we add to the growing literature that uses a regression discontinuity design, and enhance our understanding of dynamics involved in Nepal's transition from democracy to civil war. We follow the existing works that have used similar empirical strategies to investigate the effect of development aid distribution and subsequent violence in the Philippines (Croft, Felter & Johnston 2014), and the impact of local election results on drug cartel-related violence in Mexico (Dell 2015).

⁶See for example Chacon, Robinson & Torvik (2011) on the interaction between political parties and the onset of violence.

⁷An exception is the work of Nepal, Bohara & Gawande (2011) which estimate some models of village-level violence during the conflict. However, the models presented in the paper impute district-level data to each village in the districts. This approach potentially has a problem of artificially inflating the number of observations and decreasing the standard errors, undermining statistical inference.

2 Background

2.1 A Brief History of Democratic Transitions in Nepal

Nepal's unification foundation was laid by Prithvi Narayan Shah, the king of a small hilly district of Gorkha, in the eighteenth century. Prithivi Narayan Shah conquered small states extending to the east of Gorkha, with Kathmandu valley being one of his major accomplishments. After his death, Nepal's unification expanded in all directions until the Anglo-Nepal war of 1814-1816. This war against British-India led to a treaty which drew Nepal's present boundaries. In 1846, after a bloody coup, Junga Bahadur Rana took over the Royal palace, establishing himself as a chief minister laying a foundation of the Rana regime for next 104 years. The Ranas let the monarchy continue to keep the faith of the citizens, but the royal family would have no power. This autocratic familial regime dominated Nepalese monarchy and the people with their centralized power.

During the Rana regime in the 1940s, there was an increase in political activities within Nepal and Nepalese residing in India. During this period Nepal saw the uprise of several political parties such as Nepali Congress (NC) (1947), Nepal Pragya Parishad (NPP) (1939), and Communist Party of Nepal (Unified Marxist Leninist) (CPN-UML) (1949). These parties began a political campaign that led to mass awareness about the Rana regime, which inevitably led to the an uprise of a mass revolution against the regime. The Ranas were dethroned in 1951 after the political revolution which brought back King Tribhuvan back into the power.

After the death of King Tribhuvan in 1955, his son King Mahendra ascended the throne. In 1959, Nepal got its constitution that was drafted by a five-member committee chosen by the King himself. The first free parliamentary election was carried out from February 18 to April 7 in 1959. Due to geographical difficulties, lack of adequate preparedness, mass illiteracy and lack of political consciousness among people, and communication barriers, this election was inevitably lengthy. This election led to the victory of Nepali Congress, a popular party among the Nepalese, with a two-third majority. The communist party had 48 candidates represented but only secured 4 seats. Nepali Congress leader Bishweshwar Prasad Koirala became the Nepal's first elected Prime Minister in 1959.

On 15th December 1960, King Mahendra suspended the constitution, dissolved the cabinet and parliament. After taking direct control of the country, King Mahendra imprisoned the political leaders including the then Prime Minister of the country. In 1962, a

new constitution came introducing the panchayat system and giving the king direct power. The panchayat literally means an assembly consisting of five members; this system banned political parties and as a result, many political leaders went to India where they carried out their political activities. On December 16, 1962, the new constitution was passed creating a four-tier panchayat system. This system started with elected assemblies in each 4000 village, districts, zones and reached to a national assembly which had 90 members. In the election, all the candidates were independent, with no direct association with any party, and people voted for the individual candidates. These elected officials were under the control of the King, who also had the power to change the constitution at his will.

After the death of King Mahendra in 1972, his son Birendra ascended the throne. With the change in the throne came speculations about the country's political direction. In 1977 and 1978, there were student demonstrations against the panchayat system and for human rights. On May 24, 1979, King Birendra announced a referendum during which the people could decide to support or reject the panchayat system of government. On May 2, 1980, the Nepalese had their referendum with an outcome supported the panchayat system, with 54.7 percent for and 45.3 percent against it. Although the referendum was a victory for the king, it clearly showed that a large portion of people wanted to see a change in the country.

In 1985, Nepali Congress organized a massive non-violent protest against the panchayat system. This drew thousands of people in the street for protest and many of them ended up in prison. In 1989, Nepal suffered severely from a trade embargo imposed by its southern neighbor India. This led to high inflation, political unrest, disruption in day to day life, and anti-India protest in the capital city, and in 1990, the mass movement grew as a joint effort of major political parties such as NC and CPN-UML. Street protests suppressed by security forces resulting in deaths and mass arrests ignited bigger uproar in the movement. In April 1990, King Birendra stepped back and agreed to have a democratic constitution and appointed Krishna Prasad Bhattarai as an interim Prime Minister who was one of the leading figures of the movement. On November 9, 1990, King Birendra promulgated the new constitution which ended almost thirty years of absolute monarchy. The constitution in turn laid the foundation of Nepal as a multiparty democracy with a parliamentary system of government, holding both national and local elections for representations in the government.

2.2 Elections in Nepal

The parliamentary elections held in 1991 and in 1994 elected candidate who represented his/her constituency at the national level. The members of parliament were responsible for national matters in the capital city of Kathmandu. On May 12, 1991, the house of representatives election, where Nepali Congress came as the largest party, elected Nepali Congress leader Girija Prasad Koirala, as the country's first democratically elected government's Prime Minister. Before completion of his tenure, in 1994, the house passed no-confidence bill against him which led to another mid-election. In 1994, The Communist Party of Nepal (Unity Center) broke into a new faction after Pushpa Kamal Dahal and Baburam Bhattarai formed a party, with a pro-war ideology, and named it Communist Party of Nepal (Maoist).⁸ In the same year's house of representatives election, CPN (UML) won the majority of the seats numbered in the parliamentary election which went to make the first communist government under the monarchy. This government could only last for nine months as Nepali Congress's Sher Bahadur Deuba came into the government in September 1995 after successfully passing a no-trust motion against the elected government.

The local elections, first held in 1992, elected members of local government who were responsible to carry out executive functions at the village level. On May 28 and May 31, 1992, local election was held in 3995 Village Development Committees and 36 municipalities of Nepal. This election was an important event for the Nepalese because it was first local election under the multi-party democracy system. Nepali Congress, the ruling party, emerged as a winner in the election while Nepal Communist Party (UML) came second.

The 1997 election elected Nepal Communist Party (UML) as the major party at the local level, showing that the power in local level has reversed from Nepali Congress to CPN-UML. One of the reasons for the rise of CPN-UML is believed to be their effective development projects during their minority government in 1994 that lasted for nine months. The country saw a rise of CPN-UML since Nepalese Legislative election of 1994 where they managed to be the largest party in the House of Representatives.

In these local elections, the candidates are residents of their own Village Development Committee (VDC), and run for various positions including chairman, mayor, and members of VDC.⁹ In the parliament election, it is not necessary that the candidate is from the same

⁸ Communist Party of Nepal (Unity Center), or CPN (UC), was formed in 1990 through the merger of Communist Party of Nepal (Mashal), Proletarian Workers Organisation, Communist Party of Nepal (Fourth Convention), and Communist Party of Nepal (Janamukhi).

⁹VDC is the lower administrative unit of Nepal's Ministry of Federal Affairs and Local Development.

constituency. Even if the candidate is from the same district/constituency, there are dozens of villages that he should represent from that constituency.¹⁰ The members of parliament mostly take their residence in the capital city of Kathmandu, far from the villages. People do not see their elected candidates after the election, whereas the local election was all about selecting officials that would work in the village itself. This makes the candidate less familiar to people in local level, especially who have minimum access to news. At the local level, these elections likely have a greater significance to voters than the national parliamentary elections, from which the elected members of parliament have relatively marginal role in villages in terms of planning and development. The electoral constituencies are made up of several villages, and the candidates for these national elections are often unfamiliar to the local population in most villages. To the extent that villagers feel less connected to the candidates, these members of parliament also have lesser role in an individual village in terms of planning and development¹¹. Furthermore, people mostly vote for parties they support in the national elections because they are not directly influenced by candidates themselves. In the local level elections, on the other hand, candidates have a direct influence on votes. This direct influence has led people to vote for the individual rather than the party they support (Hangen 2011, Pg. 96)

2.3 Civil War

On 4th may 1996, Baburam Bhattarai submitted a 40-point demand to the government led by the Nepali Congress and Sher Bahadur Deuba as the Prime Minister. The letter gave the government a deadline of 17th February 1996 to express an interest. The 40-point demand was divided into three categories; nationalism, people's living, and public. Under nationalism, demands included tightening border security, revoking previous treaties with India, ceasing foreign investment, and banning foreign cinemas and music. In the demand related to the public, new constitution, discontinuity of perks to the royal family, cease of army operations, declaration of a secular state were included. Similarly, some of the demands under people's living were confiscation of land from the landlord, banned private schools, and free health facilities. On February 13, 1996, CPN-Maoists officially launched

Each district has several VDCs. For parliamentary elections, there may be multiple constituencies per district, and each district comprises of multiple VDCs.

¹⁰There are XX districts, XX constituencies and XX VDCs in Nepal. Each district may have multiple constituencies, and each constituency consists of several VDCs.

¹¹Based on conversations with Bam Bahadur Shahi and Tara Khanal, two politically active villagers of Barala, Achham district.

a war against the government.

From 1996, Maoist started to attack places like police station, Government offices, Government-owned properties, Foreign-owned properties, English Medium Schools, banks, bridges, telecommunication infrastructures, and hydropower stations. According to the Nepal Conflict Report 2012 by United Nation's OHCHR, the Maoist's main targets were political parties members, landlords, businessmen, moneylenders, and police informants. Anyone in a village or a town with land and property, and politically literate or active had a higher risk of being major targets of the party than a poorly equipped and illiterate ones. Maoist considered these economically, politically, and intellectually well-off people as the "enemy of people." One of the most common way Maoist showed their strong presence in local level was first by disarming the locals, confiscating their guns, and torturing or killing a person publicly. In several cases, Maoist have killed teachers and political party members brutally in front of their family members and villagers, collected money from teachers, local shopkeepers, and other job-holders. This practice led to many politically active and other elected village officials to leave their village and stay in district headquarters or the capital city.

The year 2001 marks a dramatic shift in the dynamics of the civil war. Up until 2001, the Nepal Police was the only force that was fighting against the Maoist. It fell under the control of Ministry of Home, and the Government of Nepal had the right to deploy and issue orders to it. Nepal Police were considered weaker force as they underwent training for few weeks and were poorly equipped with arms. They had no special training or force to counter terrorism. Maoist successfully displaced Nepal Police from several villages to the district headquarters. The years from 1996 to 2001 therefore reflects the early phase of the civil war, during which the Maoists were targeting VDCs known as government support bases. The following years on the other hand mark the period during which the government and the monarchy both took active approach to combat the spread of the Maoist insurgents. In 2001, the Government introduced a new force called Armed Police Force. This paramilitary force, better equipped and trained than Nepal Police, was a special force to fight against the Maoist insurgency. The Government declared Maoist part as a "terrorist organization" and the insurgents as "terrorists." The international community including the USA, European Union and India started to support the Government in the fight against the Maoists. They extended the aid through weapons, grants, and military training. Additionally, Nepal Government came up with multiple laws to tackle against Maoist such as Preventive Detention Order and Preventive Detention Orders under Terrorist and Disruptive Activities

(Control and Punishment) Ordinance. The same year witnessed the massacre of the Royal Family including the King, the Queen, and their children. The new King (Gyanendra), also the Supreme Commander in Chief of the Nepal Army, called upon the Nepal Army to mobilize and take the command of Security Forces in operation against the Maoist.

With additional forces and laws, there were frequent clashes between these two sides which took the death toll higher than the previous period. After years of escalated violence and numerous cease-fires, the government parties called for a nationwide general strike against the King and his government, known as People’s movement II in April 2006. This was supported by the Maoist. On 24th April, the King resigned from an active role and activated the House of Representatives. Girija Prasad Koirala became the Prime Minister and announced indefinite cease-fire from the Government side. Then the negotiation between the Government and Maoist began for several months. The United Nation was heavily involved as a mediator to settle down the armies of both sides. After almost seven months, the Comprehensive Peace Accord was signed between the Government of Nepal and Maoist which ended the ten year long civil war.

3 Empirical Strategy and Data

Our goal is to identify the effect of a local electoral victory by the national incumbent party on the likelihood of local rebel violence. In this case, the Nepali Congress (hereafter NC) was the party in power and clearly associated with the Monarchy and the pre-transition regime. Hence, we focus the analysis on NC victories. The typical problem in trying to identify such effect in a model of war onset is that localities can differ in unobservable characteristics which could correlated both with partisan ideologies and with other factors determining violence. To overcome this limitation, we employ a sharp regression discontinuity (RD) design following the original application of (Lee & Butler 2004) using US elections. The intuition is that we identify a discontinuous change in conflict-related casualties around electoral thresholds. Specifically, we model a NC victory in VDC i located in district j , as a treatment status such that

$$\omega_{ij} = \begin{cases} 1 & \text{if } x_{ij} \geq c_{ij} \\ 0 & \text{otherwise} \end{cases},$$

where x_{ij} is the “running variable,” which in this case is the NC vote share in ij , and c_{ij} is a vote share cutoff point specific to village ij .

Since more than two parties can compete in each VDC, c_{ij} is not fixed and known ex-ante (as in the standard single-cutoff RD model). Namely, since the NC could win in different local political environments (e.g., in a two party or three party race), the cutoff value at which the NC ties the second-highest vote share takes many different values across villages and districts.¹² Following (Cattaneo & Vazquez-Bare 2016), we treat c_{ij} as continuous random variable with full support. As a first approximation, we ignore this heterogeneity by normalizing all running variables such that $\widetilde{x}_{ij} = x_{ij} - c_{ij}$ and using a common cutoff point equal to 0. In this particular specification, the running variable is simply the difference between the NC vote share and the vote share of its strongest opponent. The observed casualties are modeled then as

$$Y_{ij} = \begin{cases} Y_{ij}(0) & \text{if } \widetilde{x}_{ij} < 0 \\ Y_{ij}(1) & \text{if } \widetilde{x}_{ij} \geq 0 \end{cases},$$

where $Y_{ij}(0)$ and $Y_{ij}(1)$ are the relevant potential outcomes. The average treatment effect of interest is the standard RD estimand defined as

$$\tau = \lim_{\varepsilon \rightarrow 0^+} E\{Y_{ij} | \widetilde{x}_{ij} = \varepsilon\} - \lim_{\varepsilon \rightarrow 0^+} E\{Y_{ij} | \widetilde{x}_{ij} = -\varepsilon\}. \quad (1)$$

Given the normalization used, (1) can be interpreted as the weighted average of the local average treatment effect (LATE) across the different cutoffs (for technical details see (Cattaneo & Vazquez-Bare 2016)). This parameter gives more weight to the cutoff values having more observations and hence more likely to occur.¹³ We estimate two non-parametric regression functions, one at each side of the common cutoff point, to approximate the components of (1). The bandwidth to implement these regressions—observations outside the chosen bandwidth receive zero weight in the estimation—is chosen to minimize the mean square error (MSE) of each model using the “data-driven” method developed by (Calonico, Cattaneo & Titiunik 2014). This produces standard errors that are robust to usual asymptotic biases arising from large bandwidths. As an additional check, we use addi-

¹²According to our data, in the 1992 elections the NC obtained an average vote share of around 60% (std. dev = 15) in the Chairman races they won. The effective number of parties in these races was on average 2.11 (std. dev. = 0.59).

¹³This estimand is generally not equal to the overall average of the LATEs at every cutoff point in the sample (see (Cattaneo & Vazquez-Bare 2016)).

tional bandwidth procedures such as the one proposed by (Imbens & Kalyanaraman 2011) and by (Ludwig & Miller 2005).

3.1 Data

We use two main sources of data. First, we translated and coded the complete report of INSEC, the main nongovernmental organization promoting Human Rights in Nepal, on the victims and perpetrators of the violence during the entire duration of the conflict.¹⁴ In this report, a total of 14,067 victims are included, of which approximately 38% are attributed to non-state rebel actors. We restrict the analysis to the pre-Royal Massacre period (1996 to 2001) which corresponds to the onset of hostilities. Table 1 presents the descriptive statistics for this initial phase of the conflict. During this period, a total of 1,642 casualties associated with the conflict are reported of which 590 are identified as rebel victims. These cases are our main outcome of interest. As shown, the mean number of rebel casualties across villages is 0.14 which is substantially lower than the mean level of casualties attributed to the government during the same period.

Second, we use the 1992 local elections, the first free and open multi-party VDC elections in the history of Nepal to obtain a measure of local incumbent control. We coded and systematized these returns which are available in book format for all districts in the library of the Electoral Commission of Nepal, Kathmandu. We restrict the analysis to the election of VDC Chairman which is the main political position in each locality.¹⁵ The NC won approximately 55% of these races while the CNP-UML captured the position in 25% of VDCs. On average, the winner obtained 57% of the vote and there is substantial variation in the margin of victory in our sample (see middle panel, Table 1). In addition, we coded a set of candidate-level characteristics such as age, name, and gender, which allows us to test the validity of our approach. Specifically, we can verify the smoothness of these variable around each cutoff point.

In the bottom panel, Table 1, we present the main descriptive statistics for the Chairman races won by the NC party. In the more than 2,000 races this party won, it obtained on average approximately 60% of the total votes. The age and gender variables in these

¹⁴This data is publicly available in Nepalese and it is the main source of information in the report of the United Nations High Commissioner for Human Rights released in 2012. See <http://www.insec.org.np/victim> and <http://www.ohchr.org/EN/Countries/AsiaRegion/Pages/NepalConflictReport.aspx>

¹⁵In our Appendix we perform some estimations using the Vice-Chairman races to explore the link between power sharing (i.e., the Chairman and the Vice-Chairman positions are controlled by two different parties). and the onset of violence.

Table 1: Descriptive Statistics

	Obs.	Mean	Std. Dev.	Min	Max
Violence Outcomes, 1996-2001					
Rebel Victims	4,213	0.14	0.79	0	18
Government Victims	4,213	0.25	1.30	0	26
VDC Chairman Election, 1992					
1[NC Victory]	3,803	0.55	0.49	0	1
1[CPN-UML Victory]	3,803	0.25	0.43	0	1
Vote Share Winner	3,804	57.39	15.43	18.71	100
Age Winner	3,519	40.06	9.95	25	77
Gender Winner	3,784	0.99	0.03	0	1
NC Victories, 1992					
Vote Share	2,096	59.73	15.76	22.31	100
Age	1,939	41.48	10.21	25	75
Gender	2,080	0.99	.03	0	1
Census Variables, 1991					
(log) Population	4,028	8.2	0.58	5.23	12.95
Gender Ration (F/M)	4,028	1.03	0.42	0.23	26.16
1[Telephone]	4,078	0.36	0.48	0	1
(log) Distance to DHQ	3,810	2.05	0.66	0	4.51

cases are not significantly different from the full sample of Chairman winners.

Lastly, we use a set of demographics from the 1991 Census to perform a series of balance tests. Namely, we use log total population, mean household size, and gender ratios to check the continuity of (pre-treatment) observable characteristics across the election cutoffs. In addition we use the log distance in Nepalese kos from each VDC centroid to its corresponding district headquarters (the main administrative center in each district), and the presence of phone connectivity and electricity to approximate economic conditions which could influence conflict. These factors are also taken from the Census.

4 Results

We begin our analysis with a common RD plot displaying a nonparametric fit for the control ($\widetilde{x}_{ij} < 0$) and the treated ($\widetilde{x}_{ij} \geq 0$) villages separately (Figure 1). As explained, we normalized the running variable taking the difference between the vote share of NC and its strongest opponent. This variable has a mean of 3.93 (std. dev. = 27), and ranges from -97 to 99.7 (positive values represent NC victories). Observations are grouped in evenly spaced bins selected to minimize the MSE of each model and the solid line represents a nonparametric fit that uses a 4th-degree polynomial.¹⁶

As shown, Maoists-related casualties increased significantly after close elections of CP chairmen in 1992. The magnitude of this effect implies that VDCs in which the NC barely won experienced on average 0.148 more victims in the early stages of the conflict than the VDCs where they barely lost. This effect is statistically different from zero and corresponds to an increase of 85% in casualties relative to the mean casualties observed in the villages lost by the NC. Figure 1 also shows there is no evidence for similar discontinuities away from the cutoff point.

In Table 2 we explore the robustness of this effect by using the asymmetric bandwidth selection approach proposed by (Calonico et al. 2014). Given this approach, the optimal bandwidth is such that we have 990 control and 1115 treated VDCs. All standard errors are robust and calculated using 3 nearest neighbors. As seen, the bias-corrected treatment effect is bigger (point estimate of 0.168) and statistically significant (robust 95% CI of [0.02, 0.31]). Compare to the mean level of Maoist violence experiences in the control VDCs this effect represent an increase of 120%.

¹⁶Figure has created with the rdplot command in Stata created by Calonico, Cattaneo and Titiunik (2014).

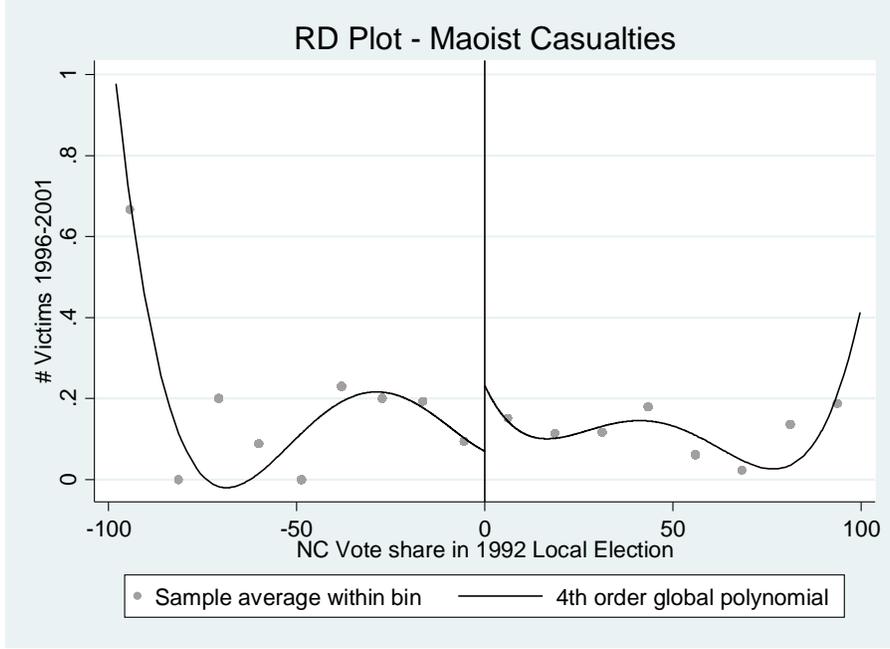


Figure 1: The Effect of NC Victory on Rebel Violence

As a falsification test, we performed a similar analysis exploring the effect of NC victories on the casualties attributed to the government forces during the same period (column 2, Table 2). The RD estimate is close to the one found for rebel-related casualties yet it is not significantly different from zero (see the respective RD plot in the Appendix). The 95% confidence interval for the LATE in this case is $[-.132, .400]$.

4.1 Balance Tests

We now estimate a series of placebo models to test the smoothness of relevant covariates and validate our design. Namely, the key identifying assumption of our RD model implies that control variables should not change discontinuously across the respective cutoff point. We begin with a number of outcomes directly related to the 1992 election, such as the effective number of parties index of (Laakso & Taagepera 1979), the overall turnout, and the gender of the winning candidate (top panel Figure 2). These variable are jointly determined and thus not predetermined. As expected, the effective number of parties and the participation in these elections exhibits an inverted u-curve around the NC victory threshold. In all cases

Table 2: RD Effect of NC Victory on Violence

	(1)	(2)
	Rebel Victims, 1996-2001	Gov. Victims, 1996-2001
Conventional	0.148 (0.075)	0.134 (0.135)
Bias-corrected	0.168 (0.075)	0.139 (0.135)
Robust	0.168 (0.089)	0.139 (0.165)
BW Local Poly.	{21.009, 36.051}	{17.968, 27.844}
Effective Observations	2105	1906
Left of c	990	903
Right of c	1115	1003

we accept the null of no difference in the mean of these electoral variables right above and right below the cutoff. The bottom two panels of Figure 2 display the same test for number of predetermined VDC-level controls from the 1991 Census. These controls includes basic demographics (e.g., mean size of households in the VDC), and factors associated with the economic conditions of these localities (e.g., access to electricity and phone connectivity). With no exception, the effect of NC victory is not statistically significant. This validates our design.

5 Discussion

How does one explain the positive effect of the village chairman's affiliation with the incumbent government party on the subsequent violence? A personal account of a former Maoist rebel, whom we have corresponded with, describes the goal of the Maoists as the following:

"I spoke with 2 UCPN (Maoist) leaders who were [involved] from the beginning of the conflict about their policy (if any) over the attacks. They mentioned their policy [was] to fight against the Government at that time. As in the initial phase (1996), the government was led by Nepali Congress, it was obvious

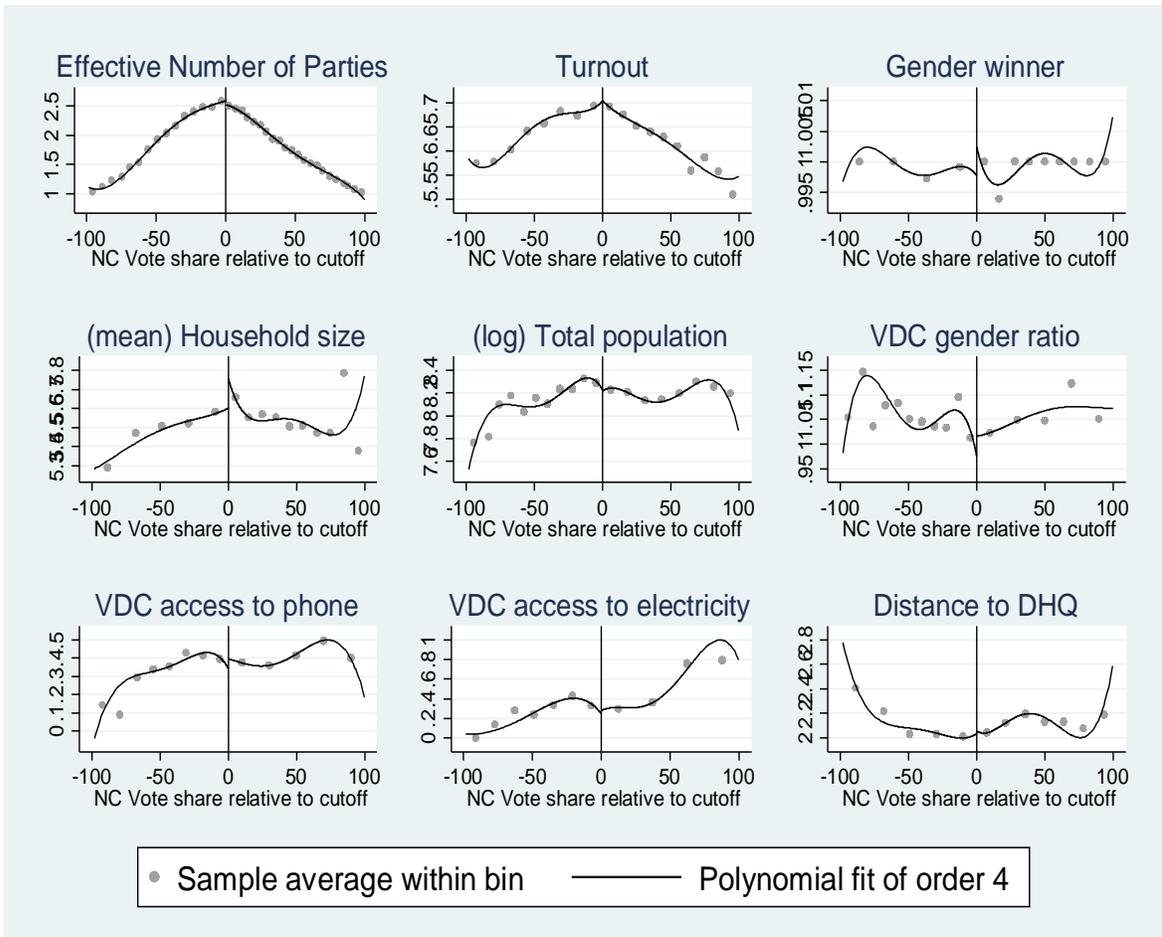


Figure 2: Smoothness Tests for Continuity of Observables

that NC supporters and members were in the target as they were defending the government and spying against Maoist [...] Moreover, the physical attack was based on their activities against Maoist, spying, for refusing monetary support etc. rather than their political affiliation."

Such account illustrates the potential downside of electing a village leader that had ties with the incumbent government. Even if the election were competitive, such that there was enough non-NC support at the local level, having a NC member as the village chairman meant that the village risked being identified as anti-Maoist. This may have been true especially if NC-elect villages managed to secure for themselves more funding for the development projects in the village through district headquarters. Each fiscal year, the central government allocates budget for every district for their development projects. The District Development Committee (DDC) is responsible to further supply and carry out the development projects at the local level. For each district, its DDC is headed by the locally elected candidates in the district, not members of parliament. While each village gets a lump sum budget from the central government in Kathmandu, any additional budgets for a village comes from the DDC for larger development projects. In order to secure these funds, the elected village official need to have a close connection in the district headquarters. When electing local officials, voters consider the ability of candidates to secure funding for development projects such as drinking water, health care, schools, and transportation ¹⁷. On the other hand, it could be that the voters simply elected candidates in local elections based on their personal connections to the candidate, rather than his/her party affiliation (as mentioned above). In both cases, the information elections reveal may be crucial, in that political party membership can act like a group-level identifier and information linking civilians to anti-government support groups can emerge especially at the local level (Steele 2011). In the case of Nepal before the civil war, the local elections provided opportunities for villagers to vote for NC chairmen. Whether the voters strategically elected NC candidates to potentially benefit from greater shares of development funds, or inadvertently elected NC candidates based on their acquaintanceship, both appear to have had the same effect of increasing the Maoist violence against them.

¹⁷Based on conversations with Bam Bahadur Shahi and Tara Khanal, two politically active villagers of Barala, Achham district.

6 Conclusion

In this paper we explore how local elections influenced the onset of the Nepalese Civil War led by Maoist insurgents. Using an original election dataset to systematically examine local (village-level) election outcomes, we find that the villages with NC-affiliated chairmen experienced more killings by the Maoists compared to others. Our empirical strategy uses a regression discontinuity design taking villages with close margins of victory for the incumbent party (Nepali Congress), and identifies the effect of the party's control in the local-level elections preceding the onset of hostilities.

There are several avenues for future research, given the Nepalese context and the availability of data. The first project compares the 1992 and 1997 local election results, and investigates the impact of the onset of the civil war on voting outcome variables including turnouts and support for the incumbent party. The second project will investigate the differential impact of parliamentary vs. local elections in identifying voter support for the Maoists. For this purpose, we have collected data on every Nepal election that has taken place, going back to the 1959 parliamentary election to the 2013 constituent assembly election. Third, we plan to look at the different implications of running elections based on party affiliations vs. individuals; prior to the 1991 parliamentary election, Nepal enforced the panchayat system during which no party affiliation was allowed in elections.

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