

Politics, Democracy and Conflict

Relative Deprivation and Civil Conflict in Nepal

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This paper investigates the relationship between relative deprivation and the escalation of the civil conflict in Nepal. Poverty in Nepal decreased substantially between 1995 and 2003, which seems puzzling given the political instability and the raise and strengthening of the insurgency. We hypothesize that increasing differences in welfare among different groups - i.e., relative deprivation as opposed to absolute deprivation - can help explain this puzzle. The hypothesis is tested with data from 2 national-representative household surveys, matched with information regarding mass abductions by the Maoists, obtained from an extensive search of newspaper articles. The identification strategy relies on the fact that the months following finalization of the second round of data collection were characterized by a geographical escalation of the conflict. The paper shows that households with relatively large land holdings have gained disproportionately from recent growth, resulting in relative deprivation of the (near) landless. Land ownership is used as a proxy for socio-economic status, to reflect the importance that is attributed to land in Nepali society. The paper then shows that recruiting by Maoists through mass abduction of young people is more important in districts where inequality has increased. We find, in particular, that the expansion of Maoist recruitment activities beyond their initial heartlands occurred in districts where the relative deprivation of the (near) landless, had increased significantly in the preceding period.

Hence, while the existing empirical studies on conflict have mainly focused on the relationship between the conflict and levels of underdevelopment and inequality, the paper shows that changes in inequality over time can play an important role, in particular when trying to understand the geographic expansion and escalation of the conflict. Given the geographic characteristics of Nepal, and the related remoteness of many districts, this paper focuses on changes in inequality between households within a district (as opposed to inequality across districts), to test whether recruitment by the Maoist might be linked to perceptions of discrimination. We hypothesize that discontent by traditionally

marginalized households who notice that other households within the same district are benefiting more from economic growth, while they are lagging further behind, fuels salient support for the Maoist insurgency. This study further differs from previous empirical work on the economics of conflict, by analyzing the relationship between economic factors and recruitment by the insurgency in a more direct way. While the theory of the economics of conflict in part focuses on factors that might explain successful recruitment, the empirical studies mostly focus on the relationship between these factors and conflict outcomes (e.g. the number of conflict-related deaths). The Maoist strategy of using mass abductions for recruitment purposes allows us to define a dependent variable that more closely matches the theory.

As with most civil conflicts, there is an undoubtedly a large set of economic, political, and social factors that have contributed to the conflict, and their interplay is very complex. Because of data availability and methodological constraints, this paper cannot shed light on all these different aspects. Instead it focuses on one of the possible factors, i.e. relative deprivation of the marginalized, and shows how this factor might have contributed to the escalation of the conflict. The empirical analysis controls for possible confounding factors and shows the robustness of the key findings.

The empirical results of this paper are consistent with the hypothesis that relative deprivation of the (near) landless has contributed to salient support for - or at least lack of resistance against - the insurgency. More generally, the paper provides empirical evidence of the possible role of relative deprivation as a breeding ground for civil conflict. Further analysis is needed to understand why inequality between the landed and the landless has increased in Nepal. The findings of this paper do suggest, however, that policies targeted at the marginalized landless and the land-poor households, might be important to address lingering discontent and reduce related conflict in Nepal. This does not necessarily imply that land access itself should be targeted. It rather suggests, more broadly, that interventions aimed at specifically increasing the opportunities for the traditionally marginalized groups and at eliminating the barriers that prevent their social inclusion, have an important role to play.