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Demographic responses to a political transformation: Evidence of women's empowerment from Nepal[☆]

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ABSTRACT

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During the 2006 Democratic Movement in Nepal, the parliament unanimously decided to strip the over two century-old Shah monarchy of absolute power. We study the short-run effects of the arrival of democracy on different measures of women's empowerment by exploiting exogenous variation in the government through abolition of the monarchy. This paper employs a propensity score matching estimator to evaluate the linkage between change in political regime and opinions related to women's empowerment from 2006 Nepal Demographic and Health Surveys (NDHS). Results show that women's say in decision making increased significantly, and opinions on violence against women strengthened. We further scrutinize the treatment effect estimates with Rosenbaum bounds and observe if they are sensitive to possible hidden selection bias. We also test for heterogeneity of the treatment effect across gender and find that males report higher probability of mutual household decision-making among couples than females. *Journal of Comparative Economics* 45 (2017) 325–343. University of Massachusetts Amherst, 80 Campus Center Way, Amherst, MA 01003, United States; Colorado College, 14 E. Cache La Poudre St., Colorado Springs, CO 80903, United States.

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1. Introduction

The status of “missing women” underscores the persistence of global gender inequality, with about six million women missing every year (Duflo, 2011). Recent data show that women hold just 1% of the world's wealth, although they represent 40% of the global labor force (World Bank, 2011). Notably, the Global Gender Gap Index, introduced by the World Economic Forum in 2006, ranked Nepal 110th among a list of 145 countries in 2015. This suggests that the scenario of women's empowerment in Nepal is miserable. During 2015, over 5000 cases of violence against women were reported, and most of them were related to domestic violence (Kantipur, 2016). Moreover, recent Nepal Demographic and Health Surveys (NDHS) report concludes that nearly two in three women have never told anyone about the violence they experienced in the past

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(NDHS, 2012). Previous research has shown that violence against women is highly correlated with adverse health outcomes and intergenerational consequences (Uthman et al., 2009; Linos et al., 2010).

Given that there exists “a bi-directional relationship between economic development and women’s empowerment” (Duflo, 2011), potential implications of a specific regime on women’s empowerment are of a major public policy concern. Despite a well-established literature on the relationship between democracy and economic development (Dick, 1974; Przeworski and Limongi, 1993; Rodrik, 1999; Bhagwati, 2002), impact of the arrival of democracy on women’s empowerment is not well-documented. In addition, previous empirical studies are limited to studying the influence of democracy on gender equality in education, and fail to offer generalizable conclusions (Brown, 2004; Beer, 2009; Cooray and Potrafke, 2011). These mixed results have motivated us to take a micro-econometric approach to evaluate the relationship between a shift in political regime and different measures of women’s empowerment.

The emergent need to undertake a rigorous study on overall status of female autonomy is more relevant in the context of Nepal’s recent shift in political regime. For instance, Nepalese women’s participation in politics and leadership in recent years has been remarkable. During October 2015, Nepal elected a longtime women’s rights campaigner as the country’s first female president. Moreover, in the Constituent Assembly (CA) elections held in April 2008, women comprised 33% of the legislature-parliament, the highest ever representation in Nepal, and even higher than the 2013 world average of 21.4% women parliamentarians (Inter-Parliamentary Union, 2010). Similarly, female-headed households in Nepal increased by about 11 point percent from 14.87% in 2001 to 25.73% in 2011 (Central Bureau of Statistics, 2012). The purpose of this paper is to study the key political event characterized by an exogenous change of rule through the abolition of monarchy and its subsequent impact on demographic attitudes towards women’s empowerment and female autonomy.

Most of the research studies that link a political regime to economic growth are likely to suffer from endogeneity bias (Brown and Mobarak, 2009). This paper, however, overcomes the bias by identifying a political event exogenous to the socio-economic characteristics of Nepal. The event involves the abolition of a 238 years-old Shah monarchy from absolute power and the declaration of a secular state on May 19, 2006. The Shah Hindu king played a pivotal role in creating a “Nepali national identity anchored in the cultural, ethnic, religious and linguistic connotations of the high-caste Hindu *Parbatiya*¹ group of the middle Himalayan hills” (Malagodi, 2011). Throughout Nepal’s ancient history as a unified country, “the monarchy has been the single consistent factor” (Gayley, 2002). Moreover, emphasis on practicing Hinduism among the majority of Nepalese people has been historically associated with the Shah monarchy (Malagodi, 2011).

In April 24, 2006, King Gyanendra, the last monarch, reinstated the House of Representatives in response to a nineteen-day general strike (known as *Janaandolan II* or Democracy Movement) protesting against the monarchical autocracy and demanding for the revival of House of Representatives. This initiated a fresh democratic phase, but gave rise to a rather unanticipated event when the parliament unanimously voted to declare Nepal a secular country and strip the king of his privileges. Some of these included eliminating the king’s position as the supreme commander of the army and imposing a tax on the royal family. Because Democracy Movement was launched for the revival of the parliament instead of monarchy abolition, the timing and the rationale for this change in political regime was exogenous to the sociopolitical characteristic of Nepal. This has, therefore, allowed us to take advantage of an exogenous shift in political regime that led the Nepalese people to experience the arrival of democracy with monarchy abolition and the declaration of a secular state.

Our empirical approach improves identification compared to the strategies used in previous studies that evaluate the efficacy of economic policy interventions. To estimate the effect of the abolition of monarchy on women’s empowerment, we use nonexperimental data comprising two groups of individuals that are as similar as possible except that political regime exogenously changed for one of them and employ the differences approach (Meyer, 1995). Motivated primarily by the applied evaluation literature on causal inference (Abadie and Imbens, 2006; Brand and Halaby, 2006), we use propensity score matching estimators based on the conditional independence or unconfoundedness assumption to evaluate Average effect of Treatment on the Treated (ATT). We compare the differences in opinions on women’s empowerment-related indicators between two comparison groups, the control group before the monarchical abolition and the treatment group after the monarchical abolition. These indicators encompass two different components of women’s empowerment: (1) violence against women: justifications of beating a wife and (2) female autonomy: women’s say in decision making in the household.

A direct comparison of opinions across the two groups, however, suffers from hidden selection bias, making it harder to evaluate the true impact of the monarchy abolition. We, therefore, employ the propensity score matching technique among households belonging to the 2006 NDHS to address potential selection bias resulting from possible correlation between observed variables and the treatment status (Aakvik, 2001). We further apply the bounding procedure proposed by Rosenbaum (2002) to study the intrinsic uncertainty of estimated treatment effects arising from unobservables. Lastly, we perform a falsification test to investigate the validity of exogeneity identification condition by repeating the same analysis for an entirely different sample from the 2001 NDHS. The lack of statistical significance in the differences between two comparison groups belonging to the 2001 NDHS suggests that strong effect on mutual decision-making indicators is potentially attributable to the change in political regime.

We find that the overall treatment effect is significant and around 2–6% when we adjust for observed differences between the treatment and the control group. We observe that the likelihood of justifying violence against women for neglecting chil-

¹ Hindu *Parbatiya* refers to the dominant Hindu high castes of the Pahari (hilly) region of the country, to which the royal family and the majority of the country’s elites belong.

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