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**From Rebels to Politicians. Explaining Rebel-
to-Party Transformations after Civil War:
The case of Nepal**

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Abstract

This paper uses the rebel-to-party transformation theory to explain the CPN/M's transformation in Nepal. The theory holds that rebel groups, contingent upon the mobilisation of support and resources to ensure their survival, transform when they are able to adapt their wartime mobilisation strategies to the peacetime context. While it explains transformation through the group's high level of popular support and internal cohesion, this study expands the theory, claiming that rebels also transform in response to economic opportunities. Testing the three factors on the Nepalese case, this study finds them supported and concludes that economic rationales deserve highlighting in the theory.

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Acronyms and Abbreviations

BLM	Bray, Lunde, and Murshed
BS	Ballentine and Sherman
CCOMPSA	Coordination Committee of Maoist Parties and Organisations of South Asia
Cf.	Compare
CH	Collier and Hoeffler
CIA	Central Intelligence Agency
CPA	Comprehensive Peace Agreement
CPI (Maoist)	Communist Party of India (Maoist)
CPN/M	Communist Party of Nepal (Maoist)
CPN/ Unity Center	Communist Party of Nepal (Unity Center)
DFID	Department for International Development (United Kingdom)
EIU	Economist Intelligence Unit
FDI	Foreign Direct Investment
ICG	International Crisis Group
IISS	International Institute for Strategic Studies
INSEC	Informal Sector Service Center
KKV	King, Keohane, and Verba
PG	People's Government
PLA	People's Liberation Army (Maoist)
RB	Riaz and Basu
RIM	Revolutionary International Movement
RNA	Royal Nepalese Army

RUF	Revolutionary United Front (Sierra Leone)
SPA	Seven Party Alliance
UK	United Kingdom
UML	Communist Party of Nepal (Unified Marxist-Leninist)
UN	United Nations
UNMIN	United Nations Mission to Nepal
UPFN	United People's Front Nepal
US	United States of America
YCL	Young Communist League

1. Introduction

1.1. Puzzles

One of the most urgent questions of our time is how to build sustainable peace in societies recently shattered by civil war. It is a question that occupies many ordinary people, scholars, and policy-makers. While there is certainly more than one answer to this question, dependent upon the specific context, phase, and aspect of the peace process one examines, this paper investigates one way of building peace during the implementation period of peace agreements: the transformation of rebels into politicians. This process incorporates changes both at the organisational and attitudinal levels of the rebel group, chiefly, a change to the means of attaining its objectives: away from violence and towards non-violent, political, and democratic means (cf. de Zeeuw 2008, 12-14; Söderberg Kovacs 2007; hereafter Söderberg).

Two puzzles, one theoretical and one empirical, motivate this study. The academic literature has dedicated much effort to understanding why rebel groups form in the first place and turn to violent rebellion, while dedicating much less attention to why they abandon these violent means again and at what point they turn to politics. Also, considering those who attempt to transform into political parties, why do some successfully accomplish this metamorphosis while others fail and either disappear or return to war (Söderberg 2007)?

Apart from this theoretical puzzle, a recent real world event informed this study. On April 10, 2008, the Communist Party of Nepal/Maoist (CPN/M), a rebel organisation that had waged a violent civil war against the Nepalese state for ten years, won the first post-war democratic elections in Nepal and thus proved its status as a major political player. This transformation is even more startling, given the

following circumstances. First, only three years ago, Nepal still was a “royal militarist dictatorship” and the CPN/M a rebel group (Skar 2007, 359). Second, the CPN/M’s popularity should have been rather low, reflecting the fact that its rebellion had caused not only the death of more than 13,000 people, but had also exacerbated the economic crisis of South Asia’s poorest nation (Bray et al. 2003, 120; hereafter BLM; Srestha and Uprety 2005). Finally, major international powers such as India and the United States who, considering the CPN/M a terrorist group, had for a long time actively pushed for the destruction of the CPN/M rather than its transformation into a legitimate political player (Economist Intelligence Unit 2008b, 7; hereafter EIU).

In light of these puzzles, the purpose of this study is twofold. Regarding the recent theory on rebel-to-party transformations, it attempts to test its main hypotheses and to expand it by adding a new one. Regarding the very recent transformation of the CPN/M in Nepal, this paper aims to provide a theoretically grounded explanation for this phenomenon.¹

1.2. Research Question and Relevance

The following research questions shall guide us in this study: *what are the factors that explain a rebel group’s transformation into a political party? What explains the CPN/M’s recent rebel-to-party transformation?*

Understanding why and under what circumstances rebels are ready to transform has far-reaching implications. While a failed rebel-to-party transformation has the potential to provoke a return to war, a successful transformation contributes to the pacification of the rebel group and its inclusion in the political system (cf. Söderberg 2005, 3). This, in turn, not only offers the rebel group a credible option for its political

¹ This study uses the term ‘transformation’ interchangeably with ‘rebel-to-party transformation’.

and economic survival but also a possibility to attain its objectives by political means, such as, the redress of their own as well as their constituents' marginalisation or grievances (cf. Lyons 2002, 227-229; Zartman 1995). By implication, once the factors that explain a rebel-to-party transformation are known, policy-makers can possibly derive the conditions necessary to facilitate such a transformation and thus to contribute to the two overarching processes of peace-building and post-war democratisation.

1.3. The Argument

Building on the recent theory developed by Söderberg (2007), this study assumes that rebel groups, like any other organisation, depend on the mobilisation of support and resources to ensure their survival and reach their objectives. Rebel groups transform into political parties when they are able to successfully adapt their wartime mobilisation strategies to the peacetime context.

Whether they are willing and able to do so depends – so this paper argues – on the absence or presence of three factors. While this study agrees with Söderberg that the group's *popular support* and its *internal cohesion* are factors critical to the transformation, it expands the theory by an economic incentive argument: the group's ability to gain *access to resources*.

In summary, it contends that a rebel group is most likely to transform into a political party when it has high levels of popular support, a high degree of internal cohesion, and its resource situation is such that transformation constitutes a rational economic choice.

1.4. Road Map

This study is organised into five chapters. Following this introduction, chapter two lays the theoretical groundwork, casting a light on the roots and core premises of the rebel-to-party transformation theory, for instance, the assumption of rational actors. Grounded in the theory and in answer to the research questions, three explanatory factors (popular support, internal cohesion, and access to resources) are selected and hypotheses are derived from those. Chapter three is dedicated to methodological considerations. It thus paves the way for the application of the theory to the case study insofar as it translates the hypotheses into measurable observations. The case study in chapter four analyses the recent rebel-to-party transformation of the CPN/M in Nepal and tests the hypotheses. Finally, chapter five briefly summarises the findings, discusses implications for theory and policy, and concludes with a short outlook.

2. Theoretical Framework

2.1. Terminology

Defining the terms pertinent to the subject allows us to gain clarity as to the scope and objective of this analysis. The analysis will begin with the definition of a rebel group, proceed with the definition of a political party and end by delineating what it understands by a rebel-to-party transformation.

2.1.1. What is a Rebel Group?

The term “rebel group” incorporates several key elements: key activities, objectives, means, and organisational characteristics.

Indeed, the key activity that defines a rebel group is the mounting of an insurgency. The *Penguin Dictionary of International Relations* defines an “insurgency” as “an armed insurrection or rebellion against an established system of government in a state”. The two core elements here are the rebel group’s enmity with the state and the means used for fighting it, i.e. armed violence.

With regard to its objectives, rebel groups intend either to “seize national power, transform it, or maintain it” (Misra 2008, 2; cf. Fearon 2007, 3) or secede from the existing state (Gates 2002, 113). Of importance for this study is that rebel groups, unlike criminal organisations, follow political objectives; this becomes clear in Zartman’s description of such a group that “contests the government’s legitimate monopoly on violence and uses violent means to press its demands and to contest government authority” (Zartman 1995, 5). In addition, a rebel group is more than just a loose gang of people, but rather a structured, almost industrial, organisation (Weinstein 2007, 27-42; Söderberg 2007, 15). Based on this, the following definition can be derived:

a rebel group is a non-state organisation with clear political objectives that contests the authority of the government through armed violence and with the aim of overthrowing it.

2.1.2. What is a Political Party?

According to A. Ranney in the *International Encyclopaedia of the Social and Behavioural Sciences* “political parties are a form of political grouping”. They are characterised by a common political objective, their legitimacy in the eyes of the broader population, and their key activity, that is, to “select ... candidates for elective public office”.

While Sartori, in his straightforward minimalist definition of a political party as “any political group that presents at elections, and is capable of placing through elections, candidates for public office” (Sartori 1976, 64), points to the main purpose of a political party, Duverger condenses its key objective in its effort “to win political power and exercise it.” (Duverger 1959, xxiii) Aware of the striking contrast between a post-war developing country and an established Western democracy (de Zeeuw 2008, 5), this study opts for a minimalist definition so as not to set the standards so high “that we are left with a world of undifferentiated failure” (Stedman 2001, 740). Taking into account the idiosyncratic situation of rebel groups just emerging from civil war, this study emphasises the change in the means to reaching their goals: from armed violence to non-violent, democratic, and legal means (cf. Söderberg 2007).

All this leads us to the following definition: *a political party is an organisation which seeks to win political power in non-violent and democratic ways through the fielding of candidates for elective public office.*

2.1.3. What is a Rebel-to-Party Transformation?

The Concise Oxford English Dictionary defines a transformation as “a marked change in nature, form, or appearance.” More than a superficial alteration, a transformation induces a fundamental change in nature, not only in degree. In a rebel-to-party transformation, these fundamental changes occur along two different dimensions: structural-organisational and behavioural-attitudinal ones (de Zeeuw 2008, 12). Under the former category falls the demilitarisation of organisational structures and the development of a party organisation; the latter case deals with the democratisation of decision-making processes and the adaptation of strategies and goals (ibid, 14-15).

The inherent problem with the concept of transformation lies in its double nature. It is both an *outcome* (cf. definition of a political party) and a *process* of ongoing socialisation with democratic behaviours. In this study, the outcome dimension is called the ‘formal’ transformation and the process dimension ‘informal’ transformation. The focus of this study lies on the formal transformation that takes place in between the signing of a peace agreement and the first post-war elections (cf. Lyons 2005, 10). The first post-war elections define the end point because at this moment the defining element of a political party, i.e. the fielding of candidates for elections, has been accomplished.

Söderberg (2007), a pioneer in the field, limits the scope of her analysis exclusively to rebel groups transformed into opposition parties, thus excluding those that seized government power in first post-war elections. This study disregards her distinction: ‘formal’ transformations are already complete by the time this distinction would become salient. The following definition is thus inferred: *a rebel-to-party transformation is a process of both behavioural-attitudinal and structural-organisational change from an armed rebel movement to a peaceful political party.*

2.2. Two Perspectives on Rebel-to-Party Transformations

While rebel-to-party transformations have been a real-world phenomenon for some decades now, they have penetrated the academic world only recently. Two strands of literature mention rebel-to-party transformations *en passant* while accounting for the bigger picture of *peace-building* and *post-war democratisation*. Since only a handful of scholars devote themselves more explicitly to this subject, the process of theory building is still in its infancy. Before looking at the theory, its place in the peace-building and post-war democratisation literature is examined.

2.2.1. From the Peace-Building Angle

This section shall not delve into the entire peace-building literature, since its purpose is to pinpoint two valuable insights that set the stage for the theory of rebel-to-party transformations.

To begin, the implementation period in which rebel-to-party transformations take place is of critical importance to any peace process since “peace agreements do not end conflict” (Jarstad and Sisk 2008, 8; cf. Walter 2002, 21). To actually end conflict, Walter (2002) points to the need for credible commitment in the fields of security and power-sharing to help the former warring parties overcome distrust and insecurity. Disarming and transforming a rebel group into a peaceful political player certainly is an indicator of such credible commitment.

Also, acknowledging the rebels’ interests and grievances, which may have incited them to start the rebellion in the first place, is a way of tackling the conflict’s root causes (Keen 2000, 39; 2007). The transformation of a rebel group into a political party gives a voice to those formerly discriminated and disenfranchised, that is, to the rebels themselves and the constituencies they represent (Söderberg 2008, 136; Diamond 1997, xxiii). Instead of reproducing the conditions that gave rise to the civil

war, that is, the “*status quo ante*” (Keen 2000, 22), the transformation can raise deep-seated conflict causes to the level of political discourse.

In brief, in the particularly fragile implementation period, the transformation helps build peace since it signals credible commitment and constructively engages with the root causes of the rebellion.

2.2.2. From the Post-War Democratisation Perspective

The post-war democratisation literature departs from the assumption that democratic states, both internally and externally, are more peaceful than other regime types. This is, according to democratic peace theory, because they are responsive to their citizens and capable of channelling inner-societal conflict through means of debate and compromise (Barnett 2006; Wallensteen 2002, 139-144).²

In this context, rebel-to-party transformations are one piece in a set of political reforms designed to address a root cause of many civil wars: state weakness. Thus, when post-war democratisation and liberal peace-building overlap in transforming rebel movements into democratic political parties, it is viewed as a contribution to the building of “stable, legitimate, and effective states after war” (Barnett 2006, 87; Kumar 1998).

Furthermore, rebel-to-party transformations and democratisation can be economic choices, i.e. the result of economic interdependence between the warring parties and the citizenry. Once the rebels’ sources of income have run dry, a social contract regulating the exchange of taxation against public goods, such as security, property and political rights, is in the best economic interest of all (Wantchekon 2004, 32).

² Note that this democratisation project is also severely criticised for further destabilising already polarised societies (cf. Paris 2004; Snyder 2000; Mansfield and Snyder 2005).

In summary, rebel-to-party transformations are an integral part of the post-war democratisation and state-building paradigm and one of the most obvious ways of generating resources (cf. Rustow 1970 quoted in Shugart 1992, 123).

2.3. The Rebel-to-Party Transformation Literature: a Zoom

Acknowledging the strategic position of the rebel-to-party transformation at the interface of two major macro-level transition processes, this rather recent strand of literature attempts to identify the conditions needed at the micro-level of group processes to transform a wartime organisation into a peacetime organisation. The analysis looks at the core of the theory first before briefly dwelling on an underlying assumption.

2.3.1. The Core of the Theory

Managing Organisational Challenges

Manning (2004; 2007) looks at the *organisational challenges* a rebel group must meet in order to transform into a political party. Knowing what both the “output” (= a functioning political party) and the “input” (= a rebel group) of this equation look like, she attempts to identify the factors in the “black box” of transformation, which are responsible for the observed change.

She finds two decisive factors: the leadership’s ability to deal with the new challenges of a political party and the organisation’s capacity to adjust its mobilisation strategies to the peacetime context. The first includes leaders’ capacity to ensure the party’s survival in the face of both international political or financial pressure, to perform the core activities of political parties, i.e. identify and recruit suitable candidates for public office, and to deal with inner-party struggles to maintain their authority (Manning 2004, 59). The second pertains to the question whether “war-time

packages of collective incentives remain both available and effective in the electoral arena”? (Manning 2007, 255) She concludes that the second organisational adjustment is the most important factor accounting for a successful transformation.

Adjusting Mobilisation Strategies to New Context

Lyons’ (2002; 2005) analysis picks up Manning’s last point: the importance of *mobilisation strategies*. Yet while also departing from a comparison between input (rebel group) and output (political party), he focuses less on the differences than the functional similarities between the two kinds of groups.

“From a functional point of view, therefore, the analytical distinction between a militarised faction such as an insurgency ... and a political organisation such as a party is a matter of context, as the same institutions can transform themselves from one to the other (and back) as the context and associated incentives and opportunities change.” (Lyons 2005, 40)

In fact, it is mostly the *context* which makes the difference between the two since it determines which incentives are available and effective (cf. Manning 2007, 255). The context of war may lend itself to mobilisation strategies which are based on the distribution of both collective incentives - such as the appeal to shared ethnic, national, or ideological identities or to local grievances - and of selective incentives, flowing from illegal war economies or external support from diasporas (Lyons 2005, 43; cf. Söderberg 2007, 22). Instead, in the post-peace agreement context political parties are bound to mobilise resources and support in “violence-free” ways and conform to the rules of the democratic electoral game (Lyons 2005, 50). The incentives they use include political rights, such as inclusion in decision-making processes, or, in the case of an electoral victory, the promise of offices.

In summary, there are strong similarities and continuities between rebel groups and political parties, yet their differing contexts ask for adjustments both in terms of mobilisation strategies and incentives to be used.

Bringing It All Together

Söderberg (2005; 2007) brings many different threads of argument together when she sets out to answer *why* rebel-to-party transformations occur. Her analysis is as follows:

Rebel groups like any other social movement need to mobilise both support and resources to survive as an organisation and to reach their goals (Lyons 2005, 33; cf. Lichbach 1995, 229). To this end, they use both collective and selective incentive structures (cf. Panebianco 1988; Söderberg 2007, 8-13). When transforming from a rebel group to a political party, wartime mobilisation strategies will have to be replaced by mobilisation strategies that are in accordance with the peacetime context (cf. Manning 2004).

The reason why some rebel groups succeed in this endeavour and others do not, is contingent upon the presence or absence of three explanatory factors: first, the group's degree of internal cohesion during the peace process; second, its level of popular support among the population at the time of the transition, and third, the degree of legitimacy the international community is willing to grant the rebels throughout the transition period (Söderberg 2007, 8).

In sum, a rebel group transforms into a political party when it has the capacity to generate support and resources for its purposes at three different levels: internally, domestically, and internationally.

2.3.2. Assumption of Rational Actors

An assumption underlying this theory is that of rational actors. Weinstein, in his theory of the industrial organisation of rebellion, argues that “individuals are rational and that their actions reflect deliberate decisions designed to maximise payoffs.” (Weinstein 2007, 40) To be sure, outrageous acts of indiscriminate violence like the cutting of children’s limbs by the Revolutionary United Front (RUF) rebels in Sierra Leone raise the question of how much rationality one can accord such rebels (Keen 2002). Yet on the other hand, their decisions to negotiate peace, give up arms, and take up the challenge of continuing their struggle through peaceful, political means certainly are neither random nor irrational choices: based on weighed cost-benefit analyses, they are strategic and obey logic (Weinstein 2007, 38; Zahar 2003). Bearing the transition from guerrillas to politicians in mind, Shugart sums this up, saying

“that the decisions by regime and rebel leaders alike to seek a democratic ‘exit’ from a conflict are based upon rational calculations of the possibilities and limitations inherent in playing the competitive electoral game versus continuing the armed conflict.” (Shugart 1992, 121)

2.4. Deriving Explanatory Factors from Theory

In attempting to explain the transformation, it is imperative to identify those factors that may best, i.e. most directly and immediately, explain the outcome “rebel-to-party transformation”. The theoretical building blocks that meet this requirement are the subject of this section.

2.4.1. Popular Support

No political party can survive without supporters. While a rebel group has the freedom to decide whether to engage cooperatively with civilians or not, for a political party in a multi-party democracy this is not a matter of choice but of necessity. It is a group’s ability to mobilise popular support that measures its success in survival and attaining its objectives (Lyons 2005, 36).

Yet, perhaps it is problematic to draw conclusions from the popular support a group received during wartime when coercion and survival-seekers' pragmatism distorted people's real preferences and extend those conclusions to the peacetime situation when these distortions may have disappeared (Kalyvas 2006, 115,124-129). While it is true that once coercion has disappeared civilians' patterns of support may shift, it is equally the case that civilians remain pragmatic, rational actors who care most about their present well-being (Pfaff-Czarnecka 2004, 179).

Thus, support is likely to be a function of both "old loyalties and immediate concerns" (International Crisis Group 2008a, 17; hereafter ICG), that is, the civilians' past and present experiences with the rebels (cf. Weinstein 2007). If positive, with the rebels acting as state-building "stationary bandits" who provide goods and services, civilians will tend to support them; whereas in the opposite case, with rebels seen to be acting as "roving bandits", plundering instead of building, civilians' trust will be broken (Olson 1993; Mkandawire 2002, 199-202). Thus, assuming a path dependency in terms of trust built, popular support at the moment of the peace negotiations probably will be a function of the relationship between rebels and civilians during the war (Lyons 2005, 37).

However, former rebels and civilians do not exist in a vacuum. Therefore, as in a political zero-sum game, the former rebels have to compete for popular support against their political competitors (Ryan 1994). Provided they have a better understanding of the needs of the common masses, they will find a niche in the political spectrum and become a political party.

Following from the above, this study hypothesises that: *the more popular support a rebel group enjoys at the moment of the peace process the more likely it is to transform successfully into a political party.*

2.4.2. Group Cohesion

The peace implementation period is “fraught with risks, uncertainty, and vulnerability for the warring parties” (Stedman 2001, 739). Many peace agreements actually break down due to inner-party divisions and factionalising (Walter 2002, 21). Indeed, the many stresses a rebel group is exposed to contribute to intense debates about both the purpose and future of the group (Manning 2004). The dilemma here consists of preserving group cohesion while at the same time introducing fundamental changes which undermine the very foundations of that cohesion.

In order to maintain group cohesion different factors need to be combined. First, strong leadership is critical and must be capable of adjusting to the changing needs of the group while at the same time uniting it around a common cause (ibid, 59). Second, members’ commitment to the group is crucial: the more committed members are, the more likely they are not to defect or factionalise (cf. Mowday, Porter, and Steers 1982).

In sum, if organisational commitment and strong leadership can balance out internal factionalising tendencies, then the cohesion of the group may be preserved. The hypothesis thus is: *the greater the rebel groups’ cohesion at the moment of the peace process the more likely it is to transform successfully into a political party* (Söderberg 2005, 7).

2.4.3. Access to Resources

In reference to the theoretical premise that every organisation, even one with genuine political objectives, needs to mobilise support *and* resources for its survival, we look at ‘access to resources’ as an explanatory factor for transformation. Somewhat startled by Söderberg’s reserve vis-à-vis explicitly economic factors, the coherence of this choice can be defended both with regard to the aforementioned premise and to the

role of 'greed' and economic rationales in explaining civil wars in the academic literature (Collier and Hoeffler 1998; hereafter CH; Ballentine and Sherman 2003). Analogous to the claim that rebel groups *form* in response to economic opportunities (ibid; Weinstein 2007, 46), we argue that rebel groups also *transform* into political parties in response to economic opportunities.

Comparing the resources the rebels can access from outside the state system to what they are entitled to once inside this system (cf. Zartman 1995, 337-338), transformation comes with significant improvements in resource availability.

Also, timing is of the essence. The option of securing their economic survival through transformation falls into a period when rebels' need for selective incentives increases (for instance, to buy off potential spoilers; cf. Stedman 1997), whereas sources of war funds run dry (Manning 2004) and the amount of taxes they can extract from civilians remains either constant (so as not to jeopardise both credibility and support) or even decreases due to disarmament and reorganisation of the state (Weinstein 2007, 44).

Combined with the assumption of rational, gain-maximising actors developed earlier (Weinstein 2007, 38-40), the hypothesis is that *the more limited the rebel group's access to resources at the moment of the peace process, the greater the economic incentive of transforming into a legitimate political actor will be* (cf. Weinstein 2002).

2.4.4. Departure from Literature: International Legitimation

Another factor discussed in the literature looks at the role the international community plays in the legitimisation of rebel organisations. To be sure, by recognising the former rebel group as a legitimate political actor, the international community reinforces incentives for transformation (de Zeeuw 2008, 235; Söderberg 2007).

Yet this study departs from this line of argument since it assumes from a theoretical standpoint, that for the transformation to be accepted both by the rebels themselves and by civil society, it must, above all, be an endogenous process (cf. Riaz and Basu 2007, 178, hereafter RB).

Also from a methodological viewpoint the ‘international legitimisation’ hypothesis is questionable. Having premised her analysis upon the rebel group’s capability to mobilise support on the intra-group, the domestic, and the international level, Söderberg’s theoretical analysis could have one believe that these processes operate independently from one another. This, however, is unlikely. Instead, they are likely to be correlated (King, Keohane, and Verba 1994, 122; hereafter KKV). Take the example of the international recognition of the *loya jirga* in Afghanistan as a legitimate form of representation which was based on its prior recognition among Afghans. In the ideal scenario, the international legitimisation is a function of the domestic audience’s opinion.

Yet if this were the case, then domestic popular support would predict international legitimisation and vice versa. Methodologically, when “we can perfectly predict one explanatory variable from one or more of the remaining explanatory variables”, a problem of multicollinearity arises (ibid).

Therefore, to avoid these interaction effects as much as possible and to maximise leverage, this paper discards international legitimisation from the analysis (KKV 1994, 123; cf. Söderberg 2007, 189).

End of Chapter Signpost

Having laid the theoretical groundwork of this study, this chapter’s purpose was to define the terms of the subject, to zoom from the big picture of peace-building and

post-war democratisation processes to the little mosaic of rebel-to-party transformations, and finally to draw those factors from the theory most suited to explain this phenomenon. In the next step, it is apposite in a methodology chapter to convert these theoretical factors into measurable observations so as to be subsequently able to apply the theory to the case study.

3. Research Design and Method

3.1. Case Study and Method

The case has been selected because it conforms to the study's two purposes, i.e. to provide a theoretically grounded explanation for the recent transformation of the CPN/M in Nepal and to expand the recent theory of rebel-to-party transformation. Given this double objective, the case study bears marks of both an interpretative single case study and a confirmatory least likely crucial case study (Gerring 2007, 116). While the former helps explain the single case through the application of an existing theory (cf. first two explanatory factors: popular support and group cohesion), the latter helps us expand the transformation theory (cf. explanatory factor: access to resources) by showing that even a genuinely grievance-driven group that should be "forbidden" to transform other than for grievance-related, political reasons, actually in part transforms also because of a rational economic calculus (cf. Popper in Gerring 2007, 116). If the explanatory factor 'access to resources' "can make it here" in this unlikely case, it should be assumed to be valid for other transformation cases, too (cf. Gerring 2007, 119).

The study undertakes a "theory-oriented process-tracing" analysis of the CPN/M rebel-to-party transformation in Nepal (Hall in George and Bennett 2005, 206). To this end, it

"converts a historical narrative into an *analytical* causal explanation ...[which] may be deliberately selective, focusing on ...particularly important parts of an adequate and parsimonious explanation." (George and Bennett 2005, 211)

Based on the theoretical framework established earlier (cf. 2.4), the study develops a set of indicators that is supposed to reflect these theoretical concepts and to make

them empirically measurable (Söderberg 2007, 52). The results collected from these indicators serve as the basis for inferences about the veracity of the theory (ibid).

3.2. Operational Definition of the Rebel-to-Party Transformation

Empirically, the ‘formal’ transformation translates into the fielding of candidates, the party’s peaceful participation in democratic elections, and the claiming of seats in these elections (cf. de Zeeuw 2008, 12-17).

3.3. Operationalising the Explanatory Factors

Popular Support

Popular support can be captured empirically as follows. First, a look at the past relationship between the rebel group and civilians is likely to be indicative of the rebel group’s support base. This relationship includes whether the rebels used violence towards civilians in an indiscriminate or selective way, and whether, in the territories under their control, they behaved as “stationary”, state-building rebels or rather as “roving”, looting rebels (cf. Olson 1993; Mkandawire 2002). Second, with a view to the more recent past and present, the way the rebels fare vis-à-vis their political opponents in catering to the immediate demands of the population is likely to be reflected by recent public opinion polls (cf. Manning 2007, 255; Ryan 1994).

Group Cohesion

To capture the degree of group cohesion at the moment of the peace process two complimentary indicators, one long-term and one short-term, are appropriate. First, as seen in the theory (2.3.2), a group is more cohesive the greater the commitment of its members (cf. Mowday, Porter, and Steers 1982). Commitment, in turn, can be proxied by the kind of recruitment process and the composition of the membership (cf.

Weinstein 2007, 127-128). Second, the number of public splits and factions formed at the moment of the peace negotiations also clearly indicates the degree of group cohesion (cf. Zahar 1999, 85-86).

Access to Resources

One way of operationalising this variable is to estimate the rebel group's *actual* resource wealth and its *potential* resource wealth before and after transformation and then to compare the two estimates.³ The observable elements of this comparison include, on the one hand, estimates on the evolution of financial and material support from the diaspora, illegal activities, and taxation as well as on the costs of war (cf. CH 1998; BS 2003; BLM 2003). On the other hand, they incorporate estimates of the financial situation of parties-in-government, assuming reconstruction grants from the international community, and possible peace dividends from the economy channelled to the state via official taxation (cf. Zartman 1995, 337-338).

3.4. Materials and Sources

Research for this study used book, academic journal, policy report, newspaper, and online sources. It is noteworthy that the scholarship on the Maoist insurgency in Nepal is not free of partisan bias.⁴ Equally, finding reliable information on any rebel group's finances is problematic – so it was here.⁵ While challenging, these problems were not insurmountable. Rather, they encouraged even more critical fact-finding and

³ BLM in their study on behalf of the United Kingdom (UK) Department for International Development (DFID) actually use a similar method to compare the Maoists' expenditure and their sources of finance (BLM 2003, 121-123).

⁴ Compare Misra's portrayal of the Maoists as "Robin Hood of downtrodden Nepalis" (Misra 2006, 227), with Giri's, calling them "impractical old-fashioned revolutionaries" (Giri 2008, 277).

⁵ BLM rightly note that "it is impossible to obtain accurate figures on the level of financing raised by the CPN-M today." (BLM 2003, 121)

creative thinking. They are thus not believed to have had a bearing on the reliability of the findings (cf. Söderberg 2007, 58).

End of Chapter Signpost

Having both laid out *what* the study aims at explaining in terms of its theoretical background (chapter 2) and *how* it is going to do this (chapter 3), now the time has come to actually apply these tools to the case study of the CPN/M in Nepal. It will start out with a brief chronological résumé of the civil war and the peace process to provide the contextual background before sketching out the value of the *explanandum*, i.e. the nature of the CPN/M's transformation (cf. George and Bennett 2005). Ultimately, in a theoretically focused yet also descriptive analysis, the case is scrutinised as to the value of the explanatory factors (cf. Söderberg 2007, 55).

4. Case Study Nepal: the Transformation of the CPN/M

4.1. CPN/M in the Nepalese Civil War and Peace Process – a Résumé

On February 13, 1996 the CPN/Maoist, a small group of communist revolutionaries, launched an insurgency, the People's War, against the Nepalese state (Ogura 2008, 7). Disillusioned with the legacy of the 'velvet revolution' of April 1990, which had brought about a partial regime change from a quasi-autocratic towards a constitutional monarchy and multi-party, the CPN/M decided that rebellion was the only way out of a political system they perceived as unequal and irresponsible (Weinstein 2007, 301; Millard 2002, 298). Thus, the rebels initially dedicated their armed struggle to the goal of a complete regime change towards a "peasant-led revolutionary communist regime" with a more egalitarian society (Skar 2007, 361). After five years of rebellion in 2001, the Maoists restated their political objectives, pressing for the election of a Constituent Assembly (CA), which would be charged with rewriting the constitution and thus transforming the constitutional monarchy into a federal republic (Ogura 2008, 7).

While in the beginning they focused their military activities on the poor, rural regions of Western Nepal, over time, they expanded their operations to the rest of the country. In 2001, they actually claimed 80% of the Nepalese territory to be under their control (Ogura 2008, 7).

Between 1996 and 2001, various changing governments in Kathmandu "treated the Maoist insurgency as 'a law and order problem'" (Singh 2007, 284), limiting their response to the deployment of police forces. Only after the June 1, 2001 Palace Massacre, which led the late King Birendra to be replaced by his brother Gyanendra, did the new army-backed king engage the Royal Nepalese Army (RNA). During all

this time, the elected governments and the king never succeeded in forming a united front against the Maoists (EIU 2007, 4). Therefore, in May 2002 King Gyanendra, losing patience, sacked the elected government, thus commencing an era of “royalist military dictatorship” (Skar 2007, 359).

The situation changed yet again in unexpected ways. In February 2005 after the king’s second coup, the CPN/M formed a historic alliance with the seven major political parties of Nepal (SPA) against the monarchy (Ogura 2008, 7; Baral 2006, 178). In separate yet combined efforts, they organised massive public demonstrations in Kathmandu and across the entire country, forcing the king to step down on April 24, 2006 after 19 days of protest (EIU 2007, 8). Subsequently, the parliament, in its first session since its dissolution in May 2002, stripped the king of his powers (EIU 2008b, 10). After the defeat of their “common enemy” (Nayak 2008, 468), the SPA and the Maoists agreed to open peace negotiations and to hold CA elections. Under these changed circumstances, a CPA was finally reached in November 2006, putting an end to the ten-year long struggle that had cost 13,340 lives (Ogura 2008, 7).

In April 2007, the Maoists joined a 22-member interim government, charged with passing laws to enable the CA elections, and received five minister portfolios there (EIU 2007, 7-9). After intense debates and two postponements of the initial CA elections with the Maoists threatening to leave the interim government, the elections finally took place in April 2008: the CPN/M won more than one third of the seats (ICG 2008b).

4.2. The Explanandum: the CPN/M’s Transformation

Before proceeding to the factors that *explain* the outcome “rebel-to-party transformation”, it is appropriate to take a brief look at the nature of the process the

CPN/M has undergone in recent years, especially in the period from the peace negotiations in November 2006 up to the CA elections in April 2008.

It could be argued that the CPN/M, in a strict sense, never had to transform since it has always been a political party. Indeed, it is correct that the CPN/M came into being in March 1995 when

“two radical factions of the CPN (Unity Center) and its open political front, the UPFN, led respectively by Prachanda and Dr. Baburam Bhattarai, formally changed their party name to the CPN (M)” (Ogura 2008, 7).

Yet it is equally the case that the very reason for this party formation was to realise what other Communist factions had failed to do earlier, that is, to launch an armed insurrection. Therefore, from the moment of its inception the CPN/M was formed with the purpose of mounting a violent rebellion - which after quitting parliamentary politics in the same year, it actually did only several months later.

Hence, this point does not derogate the CPN/M's recent transformation from a predominantly military to a predominantly political organisation. This change from a war-time to a peacetime institution has occurred both on a behavioural-attitudinal and a structural-organisational level (cf. definition in 2.1). On the behavioural-attitudinal front, Ogura points to the CPN/M's new political strategy adopted in 2006 when, in the pursuit of its CA election objective, it started to consider only peaceful means legitimate, that is, either continued negotiations or mass demonstrations (Ogura 2008, 38-39). On the structural-organisational level, while during the war the organisation fell into three parts, the Party, the People's Liberation Army (PLA), and the People's Government (PG), there has been a clear shift in emphasis towards the Party following the peace process in 2006. This has been particularly apparent since the PLA laid down its arms to be monitored by UNMIN peace-keepers and the parallel

state structures, including both the alternative government and juridical system were dissolved (Ogura 2008, 41-42).

In summary, the “new” CPN/M both relies on democratic instead of violent means and has fielded candidates so successfully that it actually won outright the first elections it ever participated in (ICG 2008a, 17; 2008b, 3; EIU 2008b, 1). Thus, meeting the requirements of the minimal definition of a political party (cf. 2.1), the CPN/M has actually ‘formally’ transformed.

4.3. Explaining the CPN/M’s Transformation

Having acknowledged the CPN/M’s apparent transformation, the legitimate question arises of *how* this actually came about. In the following section the transformation is explained by applying the three factors derived from the theory to the case of the CPN/M.

4.3.1. Popular Support

Use of Selective Violence

Following Mao’s teachings on guerrilla warfare, the CPN/M has, from its early days on, been keenly aware that its fate is linked to that of the civilian population (Weinstein 2007, 30). Therefore, its military activities resembled targeted strikes at the opponents’ police forces, military, or politicians (ibid, 304). The willingness to spare civilians was also manifest in reported warnings of civilians prior to large-scale attacks in populated areas, allowing civilians the option to flee (ibid). This is certainly not to say that the Maoists did not perpetrate violence on civilians at all: they were responsible for abductions, torture, and killings (cf. INSEC 2008). Yet, regarding their use of violence they are selective rather than indiscriminate, i.e. using violence based on information about the victim (cf. Kalyvas 2006). For instance, in

February 2006 when the Maoists deliberately obstructed the municipal elections, assassinating several candidates, these acts were certainly very gruesome yet they were targeted, selective and thus predictable (Amnesty International 2006). Following recognizable patterns, the selective use of violence is less likely to undermine popular support.⁶

State-Builders

Another interface for rebel-civilian contact is the governance of territories under rebel control. Unlike other opportunistic rebel groups, the CPN/M is known for establishing parallel state structures called PGs (Raj 2004, 92-93), providing protection, services and infrastructure as well as its own court system in exchange for taxation (Sharma 2004, 46; Shneiderman and Turin 2004, 100). In a bottom-up approach, the CPN/M further established similar parallel power structures at the district, the regional, and up to the national level (Ogura 2008, 19). For instance, People's Houses of Representatives in each region were designed in an effort "to enable autonomous governance by local people" (ibid).

In a context of a much accentuated Kathmandu-centred urban bias and the simultaneous weak performance of the Nepalese state in terms of service delivery (RB 2007, 21), building local governments closer to the people was perceived by many as a desirable innovation worthy of support (cf. Sharma 2004, 53).

⁶ With regard to disturbing reports about the Maoists' use of unarmed civilians as human shields on the battlefield two explanations seem plausible (BLM 2003, 110). Either these acts are selective as the victims are considered "traitors" or they are war tactics which take precedence over selectivity. At any rate, as long as the Maoists succeed in generating a "*perception of credible selection*" their support should not be affected negatively (Kalyvas 2006, 190).

Illegitimate Political Opponents

The CPN/M's popular support can certainly not be meaningfully estimated in isolation from its political opponents. To begin, one of the fiercest opponents to the Maoist cause, King Gyanendra, did not fare well in terms of popular support during the peace process. Indeed, according to three opinion polls carried out by interdisciplinary analysts, "support for the monarchy [had] declined from around 81% in December 2004 to 53% in September 2006." (EIU 2007, 8) This comes as no surprise, considering that the king never enjoyed the same legitimacy as his late brother Birendra who had been revered as an incarnation of Hindu God Vishnu (ibid, 6). Further, as argued in an article by the *Economist*, January 10, 2008, even though there is no evidence, many believe that Gyanendra and his wife surviving the Palace Massacre in which nine other royal family members died is suspicious. Finally, and ironically, his royal coup in February 2005, which aimed to put down the Maoist insurgency, actually even "lent credibility to the Maoists in the eyes of the ordinary people" (Gupta 2008, 4-5).

Recent Opinion Polls

Disillusioned with both the king and the mainstream political parties, such as Nepali Congress and UML whose parliamentary politics throughout the 1990s had proven corrupt and ineffective, the Maoists progressively became an option for the ordinary people, an article in the *Economist*, April 17, 2008 argued. Indeed, a nationwide political opinion poll with 3,000 respondents conducted in August and September 2006 by interdisciplinary analysts in cooperation with *The Asia Foundation* found that an aggregate 57% of all respondents had some trust in the Maoists while 34% had

none (Sharma and Sen 2006, 25). When asked under which circumstances they were ready to accept the CPN/M as an open political party 80% responded with “if they lay down arms forever” compared to less than 10% who would never accept them (ibid, 26). Corroborating this favourable popular verdict, another separate survey by the *Annapurna Post* newspaper in December 2006

“showed that two Maoist leaders, Prachanda and Baburam Bhattarai, came second and third after Girija Prasad Koirala, for the political leader that would make the best prime minister.” (EIU 2007, 8)

In summary, using violence selectively, building effective parallel state structures, and doing better than their political opponents all collectively indicates rather high levels of popular support for the CPN/M’s during the peace process.

4.3.2. Group Cohesion

Recruiting Ideologically Committed and Marginalised

Since the very beginnings, the party’s name, “The Communist Party of Nepal/Maoist”, dictated not only its ideological direction but also who would join. Unlike more greedy and opportunistic rebel movements (CH 1998; Weinstein 2002), the CPN/M conformed to Maoist doctrine and was eager to only “assemble the most valorous elements” (Mao 1961, 72). Offering the social incentive of fighting for a good cause instead of loot, its recruitment pool contained highly committed and disciplined members. Weinstein also adds:

“Because of the Maoists’ precarious military position in the first years of the struggle, participation was a risky venture. It also offered few immediate benefits. Guerrillas were not paid a salary but given instead a monthly allowance of less than two dollars for items such as toothpaste and soap.” (Weinstein 2007, 302)

As if the risk of being killed and the prospect of little material reward were not deterrent enough, recruitment in CPN/M’s early days was “selective” (Pathak 2005,

162-163), based on the candidates' "dedication to the cause of the revolution" (RB 2007, 142).

Interestingly, the Maoists found a way of pre-selecting highly committed members by recruiting among those that have few other prospect of success in Nepalese society. Marginalised dalits, casteless, ethnic minorities, youth, and women found in rebellion a way out of a highly unequal society, dominated by high-caste, old men (Pettigrew 2002, 307). In a patriarchal value system where, until 2003, no woman could inherit from her father, the estimated 40% female cadres in the CPN/M were also a social revolution (Skar 2007, 370). Their commitment as well as that of considerable numbers of disaffected youth prone to join the Young Communist League (YCL) is likely to be strong (cf. Lawoti 2005, 59).

Dissent but no Defection

Yet even a strong initial commitment may fade away over time, especially, when the group undergoes fundamental changes such as giving up both its arms and its identity as an anti-mainstream politico-military actor (cf. RB 2007, 169). What used to ensure high commitment to the group earlier, i.e. its different constituencies, might now, under these difficult circumstances, turn into a danger: a group that is neither "homogenous" nor "monolithic" is more prone to split apart (ibid, 153). Surprisingly, despite these unfavourable conditions the CPN/M stays united.

Two highly symbolic episodes, which occurred right before and right after the decision to join multiparty politics illustrate this point. After a party meeting in late 2004, Baburam Bhattarai the second-in-command after Party Chairman Prachanda, in a public "Note of Dissent", accused the latter of centralising all power in his person (Ogura 2008, 20). Only some months later after having actually joined the SPA, an

equally poignant yet very different criticism was articulated against Prachanda's leadership. In fact, the Communist Party of India (Maoist) accused him of weakening the communist revolutionary project by joining the interim government with the "comprador bourgeois-feudal parties" (Interview with CPI (Maoist) representative Azad in Nayak 2008, 467).

However, neither the dispute between the top two party leaders nor the strained relationship with the Indian comrades actually led to the much-expected split in the party (ICG 2008c, 3). Whether this can be attributed to either Mao's doctrinal emphasis on discipline (Weinstein 2007, 29-30) or to the unity-criticism-unity principle of the CPN/M is open to debate (Pathak 2005, 175). What is certain is that "throughout the tortuous peace process it has maintained a united front..." (ICG 2008c, 2)

In short, a pool of recruits characterised by a strong attachment both to Maoist ideology and to the CPN/M's inclusive social agenda combined to the absence of factionalising indicate the CPN/M's strong group cohesion.

4.3.3. Access to Resources

CPN/M's estimated 'balance of payment'

The CPN/M encompasses, according to cautious estimates, around "6,000-7,000 combatants, a militia of 25,000 and 100,000 sympathisers" (EIU 2007, 11). Running this tremendous organisation involves maintaining offices, military equipment, infrastructure, transportation, as well as communications systems (Lyons 2005, 42). In 2003, BLM estimated "that the movement probably need[ed] less than 5 billion rupees [\$65 million] annually to sustain its current level of activity." (BLM 2003, 121) To address these needs, the CPN/M relied on four major sources of income: donations,

especially from the diaspora; taxation of occupied territories; extortion of businesses, industry, and individuals; and bank robbery (Pathak 2005, 166). According to an article in the *Far Eastern Economic Review* from August 24, 2002, the CPN/M was able to raise between \$64 and \$128 million in 2001-2002 (cf. Raj 2004, 87; International Alert 2006, 412; BLM 2003, 121). “When compared to their estimated expenditures, this implies that thus far the CPN-M has had sufficient resources to underwrite its insurgency.” (BLM 2003, 121)

While these sums made the CPN/M “one of the wealthiest insurgencies in Asia” (Raj 2004, 87), they presumably neither matched the CPN/M’s growing expenditures after 2001 nor the resources it would dispose of once a party-in-government.

Growing Costs of War after 2001

In fact, the CPN/M accumulated these resources during a period when the costs of war had not yet attained the levels of the 2001-2005 period. It is a well documented fact that following the involvement of the RNA in 2001 the fighting considerably intensified, for the first time making the number of battle deaths per annum skyrocket to more than 1,000 (Harbom 2007, 59). Indeed, the Maoists’ military capacities started to be seriously challenged when King Gyanendra, enjoying the full backing of the 9/11-shocked international community in his fight against terror, received massive military assistance from the US, UK, and India (Skar 2007, 360; Bohara et al. 2006, 118). In addition to sending military experts to train the RNA, the US provided the Nepalese government between 2001 and 2005 with approximately \$182 million in assistance (cf. RB 2007, 154; Bohara et al. 2006, 117). With regard to military equipment, the Nepalese state received “six helicopters”, regular supplies in “small arms and ammunition” from India, around “16,000 M-16 rifles and other equipment”

from the US, and “transport helicopters, vehicles and anti-land mine technology” from the UK (International Alert 2006, 409). As a result, the RNA was able to expand its fighting force from around 69.000 to 80.000 soldiers in this period (IISS quoted in EIU 2007, 14).

Breakaway of Sources of Income

As becomes clear, the CPN/M’s need for resources to close the apparent gap with its opponent increased in the 2001-2005 period.

At the same time, three further factors concurred which aggravated the already existing resource strain. First, in 2001 as a measure taken in the War on Terror, the “Indian government deployed its security forces along the Nepali border and banned the CPN (M)’s sister organisation in India”, which so far had provided it with arms, safe haven areas, and logistical support (Ogura 2008, 22; Nayak 2008, 461-463). Second, the decision in 2005 to form an alliance with the mainstream political parties against the king provoked not only ideological dissent within its main international communist support networks, i.e. the CPI/M, the CCOMPSA, and the Revolutionary International Movement (RIM) but presumably also a breakaway in material resource flows (cf. Skar 2007, 373). Finally, the increasing costs of war for the entire Nepalese economy (cf. Sresthra and Uprety 2005), also trickled down to the CPN/M insofar as the taxation of controlled territories is likely to have been less yielding (BLM 2003, 123). BLM note that

“[t]aken together, the observable increase in the incidence of bank robberies, rural banditry, and extortion...suggests that the Maoists may be running low on funds.” (ibid)

Potential Resources as Party-in-Government

At the same time, comparing the estimates of CPN/M's actual resource situation as a rebel group to its potential one as a party in government, it becomes clear that for a rational actor the latter constitutes an attractive economic alternative. Indeed, the prospect of peace and the subsequent recovery of the economy, especially with regard to tourism, FDI, and major post-conflict reconstruction funds (cf. Friedrich Ebert Stiftung 2008, 4; EIU 2008a, 12) make the current annual Nepalese state budget of \$1.15 billion likely to increase (cf. CIA 2008).

In short, the discontinuation of important resource flows from both the diaspora and their domestic taxation system combined with increasing costs of war inflicted upon them by an internationally-backed RNA exacerbated the CPN/M's need for resources in the 2001-2005 period. At the same time, with the prospect for peace expanding the resource base of the state, seizure of government power and resources by political means has become an ever more attractive option for the CPN/M.

End of Chapter Signpost

Having analysed the case of the CPN/M's transformation through the lens of the three explanatory factors in this chapter, it is time to summarise the results, discuss their implications, and conclude.

5. Conclusion

5.1. Summary

Following a debate on the theory of rebel-to-party transformation, this study selected three factors most likely to *explain* the phenomenon. In the next step, these factors were operationalised and applied to the case study of the CPN/M in Nepal. From this analysis, the following findings emerged.

Popular Support

The first hypothesis explaining the rebel-to-party transformation was: *the more popular support a rebel group enjoys at the moment of the peace process the more likely it is to transform into a political party.*

In its controlled territories, the CPN/M maintained mostly positive relations with the population, characterised by ‘stationary bandit’ behaviour: providing goods and services to the population, building participatory institutions, and limiting its use of force to acts of selective violence. While its political competitors, the king and the mainstream parties, lost credibility in the eyes of the public, the CPN/M itself, according to different opinion polls, was viewed by a majority of the respondents as an acceptable and trustworthy political party.

Thus, since the CPN/M transformed into a political party, while, concomitantly, its popular support before and during the transformation was high, one may infer that the level of popular support can be rightly considered to be a factor explaining the rebel-to-party transformation. A causal mechanism is assumed that operates in the following way: sufficient popular support is a necessary condition for a rationally

acting rebel group to transform, since the rebels can anticipate the level of future electoral support based on their current level of popular support.

Group Cohesion

The second hypothesis was: *the greater the rebels' group cohesion at the moment of the peace process the more likely it is to become a political party* (Söderberg 2005, 7).

A recruitment pool of ideologically committed and socially marginalised people with few other prospects of success in Nepalese society lies at the heart of the CPN/M's high level of group cohesion. Only against this background can it be understood that even in the face of both stark internal and external criticisms the group remained united instead of factionalising and was thus able to survive the turbulent process of rebel-to-party transformation. The rationale linking group cohesion and successful transformation would be that an internally united group is more likely to have the necessary organisational capacity and discipline to become a political party.

Access to Resources

The third hypothesis was that *the more limited the rebel group's access to resources at the moment of the peace process, the greater the economic incentive of transforming into a legitimate political actor will be* (cf. Weinstein 2002).

In the 2001-2005 period, the CPN/M had more and more difficulties meeting its financial needs. While its expenditures increased due to the growing costs of war brought on by its military opponent, the internationally-backed RNA, two of the CPN/M's major sources of income broke away to a considerable degree, that is, donations from the diaspora and taxation in its controlled territories. At the same time,

with the prospect for peace expanding the resource base of the Nepalese state, seizure of government power and resources by political means became, in economic terms, an ever more attractive option for the CPN/M.

Thus, it may be inferred that the combination of the CPN/M's strained resource situation at the time of the peace process, together with the significant rewards a democratically elected government could expect, prompted its decision to transform.

In conclusion, the paper's hypotheses are supported by this analysis: the factors explaining the CPN/M's recent rebel-to-party transformation were its strong popular support, its high degree of group cohesion, and its restrained access to resources.

5.2. Implications

While the case study of the CPN/M is subject to a host of idiosyncratic factors unique to Nepal, it also contains elements that lend themselves to generalisation (cf. Gerring 2007, 84-85).

To be sure, the reasons that led to the CPN/M's restrained access to resources in the 2001-2005 period are certainly idiosyncratic, not only India's controlling of its border with Nepal, but also the CPN/M's ideological dispute with its regional communist brother organisations. Yet the more general point is that, if even a genuinely ideology-based and grievance-driven rebel group like the CPN/M responds positively to economic incentives for transformation, then, analogous to a least-likely-case scenario, this study's conjecture is that the rational economic calculus deserves highlighting in the transformation theory. Indeed, both Weinstein and Shugart's assumption about rebels' rationality (cf. 2.3.2) and Wantchekon's argument about economic considerations as drivers for democratisation are supported by these findings (cf. 2.2.2).

Also, they confirm the lessons drawn from two empirical cases in which the presence or absence of economic incentives was a critical factor: Renamo's transformation success in Mozambique hugely benefited from financial inducements from the international community, while in Sierra Leone the RUF's failure to transform may be partially explained by the limited international munificence (Söderberg 2007, 185-187). Thus, in terms of policy, economic incentives, such as post-conflict reconstruction funds and resource pools earmarked for political party development, may encourage rebel groups to transform.

While other studies found international legitimisation to be an important explanatory factor for transformation, this analysis does not support this finding (cf. Söderberg 2007). The CPN/M did actually transform despite the continuous opposition of the US, who even after the CPN/M's electoral success in April 2008 still listed the group as a "Specially Designated Global Terrorist Entit[y]" (EIU 2008b, 7; cf. 4.3.3) and despite India's ambiguous and at times inconsistent stance, oscillating between support for a hard-line military solution (cf. 4.3.3) and a silent acquiescence of the CPN/M (ICG 2005, 15). Apparently, the lack of international legitimisation could not stop a process that benefited from the momentum of a massive people's movement against the royalist dictatorship and a widespread popular demand for peace. Further studies will have to determine whether the CPN/M actually is an exception to the rule or whether international legitimisation gains in importance only over time, that is, rather with respect to the 'informal', long-term transformation than to the 'formal', short-term one upon which this study focused (cf. 2.1.3).

5.3. Outlook

Indeed, this study makes its claims on the basis of a literature review and a single case study. In light of this obvious limitation, it would be desirable to corroborate the findings both in terms of breadth and depth. A multi-method approach, including cross-case comparisons and statistical analyses could test and expand the findings (cf. Söderberg 2007, 204). Similarly, in terms of depth, the collection of primary data through interviews would be helpful to further consolidate the findings regarding the CPN/M's economic rationale for transformation.

Another interesting avenue of research would be the examination of cases of 'greedy' rebel groups' transformation into political parties. Due to an absence of economic interdependence with the population, greedy rebels oftentimes maintain rather bad relations with civilians, thus enjoying little popular support (cf. Weinstein 2007). They also generally have better access to resources, making transformation less attractive for them. *A priori*, they are less likely to transform into political parties. If rebel groups that successfully transformed in the absence of popular support and economic motivations could be found, then our theory would most likely be falsified.

With regard to the future of the CPN/M, it will become increasingly important, once the euphoria over the recent CA elections victory and the subsequent abdication of the monarchy wears off, to live up to its new identity as a political party. This includes seeking consensus in a factionalised Constituent Assembly and demonstrating both capability and willingness to govern (EIU 2008b). Time will demonstrate whether the CPN/M's rebel-to-party transformation was just a short-lived episode on the political stage or whether it truly paved the way for sustainable peace in Nepal's war-shattered society.

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