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**Rebel Governance Capacity in Myanmar's Ceasefire Political Economies:  
How rebel governance capacity influence the post-ceasefire political  
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# **Rebel Governance Capacity in Myanmar's Ceasefire Political Economies**

How rebel governance capacity influence the post-ceasefire political economy to produce diverging ceasefire durability in Myanmar

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# 1. Introduction

Ceasefires are one of the most utilised instruments of peace-building in civil wars (Sticher&Clayton, 2021, P.1). They are employed in different peace-building processes across the world, often conceptualized as critical instruments designed to limit violence and open up opportunities for political dialogue (Sticher&Clayton, 2021, pp. 1-3). Nevertheless, contemporary literature indicates that ceasefires rarely remain neutral in their application, often driven by external elite interest aimed at shaping the post-conflict political economy (Walter, 2004, pp. 371-386). In situations where armed groups control territory and resources, ceasefire agreements often consolidate wartime control into a formal or semi-formal governing framework (Woods, 2011, p. 751). Rather than transforming the wartime political economy, the ceasefire agreement institutionalizes it, enabling armed elites to maintain their influence over economic activity and local governance even after the conflict has ended. (Woods, 2011, p.761)

The institutionalization of wartime political economies in ceasefire situations presents a new governance dilemma. As the diminished violence and stable economic rents contribute to higher economic revenues, they also heighten the stakes of economic governance (Brenner, 2019, pp. 40-43). Prior to the ceasefire, threats from external forces reinforced dependence on the central authority for survival and protection (Buchanan, 2016, pp. 6-12). However, when the ceasefire reduces the risks of conflict and increases predictable economic rents, this dependency on the central government reduces (McCarthy&Farely, 2020, p. 145). When unregulated, these dynamics reshape elite incentives, fragment authority, and undermine civilian authority relations, ultimately leading to the breakdown of ceasefires (McCarthy&Farely, 2020, pp.142-146). Nevertheless, the longevity of the ceasefire differs among cases, even under similar ceasefire structures. In some cases, the wartime political economies under ceasefires formed a foundation for resilient rebel governance structures that maintain ceasefires (Linter, 1999). In other cases, similar ceasefire structures lead to elite fragmentation, lack of authority, and the collapse of ceasefires (McCarthy. 2020, pp.142-146).

This variation raises a central puzzle: Why do ceasefires that institutionalize wartime political economies lead to stable outcomes in some cases but collapse in others, despite similar ceasefire circumstances?

Existing literature offers valuable, yet incomplete insights. Scholarships on bargaining and commitment theory studies ceasefire designs and enforcement mechanisms as an explanation for variation in ceasefire durability. (Walter, 2004). Building on this literature, Sticher and Clayton (2021) highlight ceasefires as strategic instruments for bargaining rather than steps towards comprehensive peace. Political Economy by Keen (2005) examines the political economies of civil war, emphasising the transformative nature of civil wars on the economy. Building on this literature, Woods (2011) conceptualises ceasefire capitalism in Myanmar to illustrate how ceasefires formalise these wartime economies into the post-ceasefire order. Arjona (2014) further explores rebel governance to demonstrate how the armed group governs its territory through a de facto governance structure. While individual literature offers pieces of explanation, the explanation of why similar ceasefires produce varying results remains limited. Thus, this thesis argues that variation in rebel governance capacity mediates this divergence in ceasefire durability. Specifically, it contends that the institutionalisation of wartime political economies under ceasefire conditions creates a governance challenge that must be actively managed through sustained governance capacity.

To examine this argument, this thesis applies a qualitative comparative case study of the civil war in Myanmar, with a focus on the United Wa State Party (UWSP) and the Kachin Independence Organisation (KIO). Both groups signed bilateral ceasefire agreements that institutionalised their wartime political economies and maintained their structural access to economic rents (Meehan, 2015, pp. 253-255). However, their post-ceasefire developments diverged significantly. While the UWSP established a stable ceasefire and a system of rebel governance, the KIO suffered from organisational disintegration and resumed armed conflict in 2011 (Linter, 2019, pp.6-9; McCarthy&Farely, 2020, pp. 147-152). This contrast in outcomes under similar structural conditions of ceasefire provides a compelling case study for analysing how differences in rebel governance capacity shape the durability of ceasefires that

institutionalise wartime political economies. Accordingly, this thesis addresses the following research question:

H1. *How does rebel governance capacity influence the durability of ceasefires that institutionalised wartime political economies?*

## 2. Literature review

This chapter reviews key literature on ceasefires, wartime political economies, and rebel governance. First, it examines insights on ceasefire designs and civil war outcomes, which conceptualises ceasefires as instruments of conflict management driven by elite interests (Walter, 2004; Sticher&Clayton, 2021). Subsequently, it analyses the political economy of war approach and ceasefire capitalism literature, which demonstrates how wartime systems of extraction and rent-seeking persist and restructure under ceasefire conditions (Keen, 2005; Woods 2011). Lastly, it examines the rebel governance literature, which showcases how armed groups regulate economic activity and exercise authority over territory and populations in a de facto government (Arjona, 2006; Brenner, 2015). Together, these studies reveal a literature gap in explaining why similar ceasefire-induced political economies diverge in their durability.

## 2.1 Ceasefire designs and civil war outcomes

One of the most prominent areas of study in civil war literature is the examination of the conditions under which civil wars end and the factors that influence post-conflict outcomes (Fortna, 2018; Walter, 2004). In this domain, ceasefires are not seen as a humanitarian halt towards a comprehensive peace agreement, but rather as an instrument for a negotiated outcome between conflict parties (Walter, 2004, pp. 372-373). Building on this idea, Stichter and Clayton (2021) suggest that strategic cost-benefit calculations, influenced by the presence of power asymmetries and information ambiguity, play a crucial role in influencing the success of post-conflict outcomes (pp. 2-9). Thus, the durability of the ceasefire is conceptualised as a function of institutional guarantees such as third-party commitment, power-sharing, or monitoring that prevent defection.

While this literature provides logical mechanisms for the formation and breakdown of ceasefire agreements, its analytical focus remains centred on compliance mechanisms and elite incentives. Moreover, ceasefire durability is treated primarily as an instrument for enforcement credibility and bargaining incentives. Consequently, it fails to fully account for the ceasefire agreement's role in restructuring political authority and economic control after the violence has subsided. Addressing this limitation requires moving beyond ceasefire design and enforcement to examine the political and economic institutions that ceasefires help to consolidate.

## 2.2 Wartime political economies

While traditional research views civil war as a cause of institutional and economic collapse, the political economy of war emphasises its transformative power in restructuring the pre-war political economy (Keen, 2005). Specifically, civil war creates a new system of accumulation in which economic gain and political power are incorporated into the logic of continued conflict (Reno, 2000, pp. 600-601). Civil war also enables armed groups to seize control of resources, often while claiming legitimacy. Armed groups use the rationale of *raison d'état* to displace people living in resource-rich areas (ex. fertile land for plantation or land with

rare minerals) to create rents to finance their conflict (Steinmüller, 2020, p.123). Moreover, by establishing regional power, civil war enables armed groups to exploit informal taxation, border trade, and resource extraction (Keen, 2005, pp. 15-22).

By focusing on the economic benefits that can be accrued from resource access and rent extraction, political economy approaches illustrate the useful insight into understanding why conflict actors may prefer extended ceasefires to comprehensive peace agreements. However, existing studies fail to fully account for how ceasefire agreements institutionalise new forms of governance. Research on ceasefire capitalism addresses this gap by examining how ceasefires formalise and stabilise wartime economic structures.

### 2.3 Ceasefire and elite capture

Building on political economy literature, Woods (2011) develops the concept of ceasefire capitalism to explain how ceasefire agreements in Myanmar embedded wartime political institutions under ceasefire economies. In exchange for decreased violence, the Military institutionalized bilateral agreements with the armed groups, providing de facto territorial control and economic concessions in taxation, resource extraction, and cross-border trade (Woods, 2011, p. 751). In this manner, the ceasefires in Myanmar increased large-scale economic activities. Land concessions, resource extraction, infrastructure development, and agribusiness expansion fueled economic revenues, which facilitated the integration of conflict territories into a national and transnational network (Meehan, 2015, pp. 260-261). Armed groups maintained territorial control and economic revenues, while state-linked elites gained access to land and resources. In this manner, the ceasefire agreement did not simply serve as an instrument for violent reduction but as institutional mechanisms that transformed political authority and economic control.

Although the conceptualization of ceasefire capitalism by Woods (2011) offers an important explanation of the formalization of wartime economies under ceasefire agreements, the emphasis on ceasefire capitalism as a destabilizing force neglects the contexts in which the institutionalization of wartime economies results in the establishment of a durable ceasefire. To fill this research gap, it is necessary to examine the rebel governance and authority in more detail.

## 2.4 Rebel Governance

The growing literature on rebel governance addresses how armed groups exercise authority over their civilian population. Rather than studying insurgents solely as military actors, the study of rebel governance treats them as political authorities that provide security, regulate economic activities, and administer territory, operating as a de facto government of the region (Arjona, 2016).

However, the capacity of such governance varies considerably across cases. In some of them, armed groups maintain a strong centralised authority and control over their regulations. In others, authority remains fragmented and reliant on coercion (Arjona, 2016, 1366-1369). In the context of Myanmar, Brenner (2015) found that in cases where ceasefire agreements collapsed, rebel groups often demonstrated weak central authorities regulating economic and internal discipline, leading to a decrease in civilian authority (pp. 411-419). Thus, these findings suggest that governance capacity may condition whether armed organisations maintain political authority or experience fragmentation under the shift in ceasefire conditions.

## 2.5 Research gap

Existing literature explains why ceasefires occur, how wartime political economies persist beyond active conflict, how they become institutionalised, and how insurgent groups exercise authority over territory and populations. However, this literature offers a limited explanation for why similar ceasefire agreements that institutionalise wartime political economies diverge in their post-ceasefire trajectories and their ceasefire durability. This thesis addresses this research gap by analysing the rebel governance capacity as the key mediating mechanism linking ceasefire-induced political economies to post-ceasefire stability. Rather than treating ceasefires as outcomes in themselves or assuming uniform effects of a ceasefire-induced wartime political economy, the analysis examines how variation in economic regulation, elite discipline, and civilian governance shapes whether institutionalised wartime political economies stabilise ceasefire arrangements or contribute to their breakdown. By focusing on the governance of post-ceasefire political economies, the study explains why some ceasefires endure while

others collapse into renewed armed conflict despite operating under broadly similar structural conditions.

### 3. Theoretical framework

Mainstream literature predominantly addresses ceasefires as instruments designed to facilitate negotiation and reduce violence (Sticher&Clayton 2021). In contrast, this thesis conceptualises a ceasefire as an institutional moment that formalises the wartime political economies under a ceasefire. The conceptualisation of ceasefire in bargaining and commitment scholarship emphasises ceasefire design, enforcement, and commitment problems as a main determinant for diverging ceasefire durability (Walter, 2004). However, the puzzle of this thesis is centred on the institutional impact of ceasefires. By conceptualising ceasefire as an institutional juncture rather than instruments for peace, the thesis shifts the focus away from the mainstream ceasefire design narrative and toward the structural transformation that the ceasefire produced within armed groups. Thus, by treating the ceasefire as an institutional juncture that restructures the existing governance systems, the research aims to answer how the governance of ceasefire-induced political economies leads to a divergence in ceasefire durability.

Drawing on political approaches to civil war, this research builds on the argument that civil war does not cause anarchy, but instead restructures the economic and political authority under wartime political economy (Reno, 2000; Keen, 2005). Ceasefires often institutionalise this wartime political economy by legitimising wartime systems of profit, creating a temporary peace built on incentives and control over the economy and authority (Woods, 2011). In this context, post-ceasefire political economy should not be understood as distinct from wartime political economies but as a continuation of wartime institutional conditions.

Building on the analysis of elite cohesion and rent regulation by Brenner (2015, 2019), this thesis argues that although ceasefires provide temporary stability and increase access to economic rents, the same conditions may become a catalyst for instability when unregulated. Prior to the ceasefire agreements, economic rents were typically consolidated through a

hierarchical military structure and allocated to sustain the armed conflict (Callahan, 2002, pp. 517-522). By contrast, reductions in violence and the formalisation of wartime economic arrangements make economic rents more predictable and accessible. Where much of the money was allocated to fund the armed conflict prior to the ceasefire, the cessation of violence produces a surplus of economic rents (Meehan, 2015, pp. 256-259). Furthermore, its formal recognition as the de facto government attracts external investment, thereby increasing economic revenue (Woods, 2011, p.752). Whereas fragmentation during conflict carries significant risks, stability produced under ceasefire conditions lowers these defection costs by reducing dependence on the central authority (Meehan, 2015, pp. 259-261). Consequently, stability and increased economic rents under a ceasefire shift elite incentives and organisational structure. In the absence of the capacity to regulate these governance challenges, predictable rents and reduced external threat shift elite incentives away from military survival and toward internal economic transition.

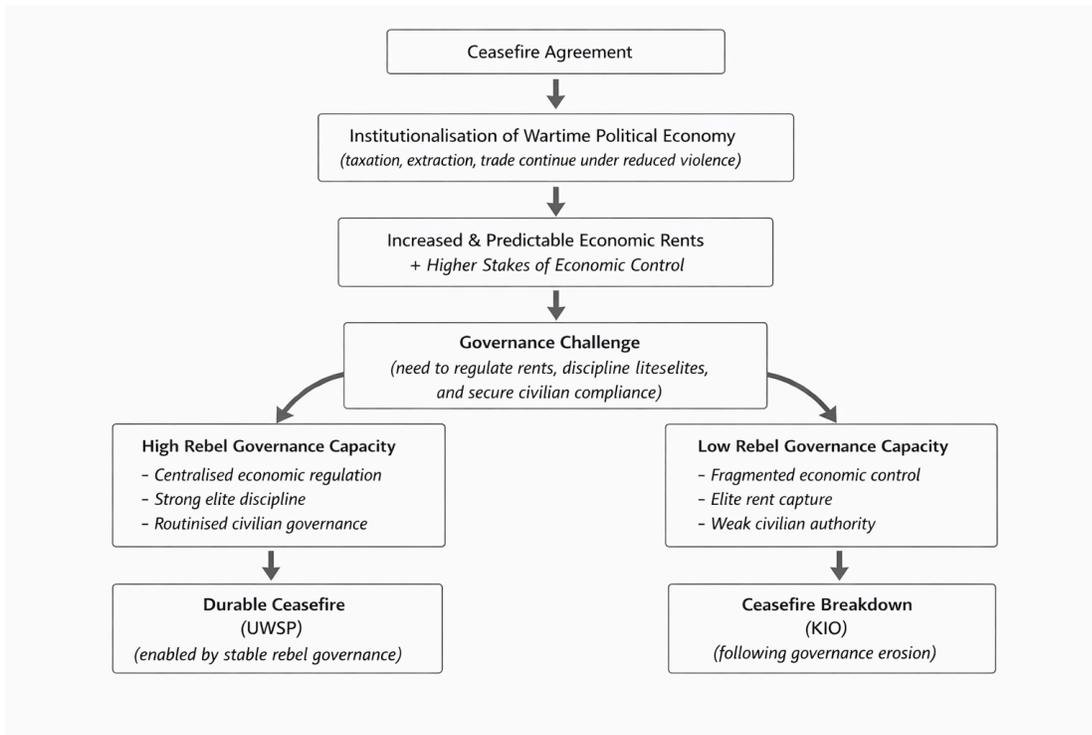


Figure 1. Rebel governance capacity as a mediating mechanism

Figure 1 illustrates this causal mechanism. Ceasefire agreements institutionalise wartime political economies by stabilising access to economic rents and reducing violence. This

institutionalisation creates predictable economic opportunities and lowers external threats, increasing internal competition. Rebel governance capacity mediates this process by determining whether armed groups can regulate economic activity, discipline elites, and govern civilian populations. Where governance capacity is high, ceasefire-induced political economies support durable ceasefires. Where governance capacity is weak, the same institutionalisation undermines authority and increases the likelihood of ceasefire breakdown.

From this framework, the following hypothesis is derived:

**H:** *Ceasefire-induced wartime political economies produce durable ceasefires when rebel governance capacity is high.*

## 4. Research Design

The aim of this thesis is to uncover and clarify the causal mechanism behind the post-ceasefire stability divergence under similar structural conditions. To this end, the research design combines a qualitative comparative case study approach with theory-guided process tracing. The research design takes a comparative approach with a most similar systems design (MSSD), featuring two armed groups in Myanmar: the United Wa State Party (UWSP) and the Kachin Independent Organizations (KIO). For each case, the research applies theory-guided process tracing to investigate the causal mechanisms between ceasefire-induced institutionalisation of wartime political economies and ceasefire stability. Process tracing is applied to investigate if the mechanisms of incentives, governance challenges, and organisational responses outlined in the theoretical framework can be traced in each case.

### 4.1 Case selection

The two case studies, UWSP and KIO, were selected using the most similar systems design (MSSD). The MSSD applies a selection of cases that share key structural features but importantly differ on the Dependent Variable. This selection approach enhances causal inference by reducing variation in key contextual variables while varying the explanatory variable

(Halperin & Heath, 2020, p. 239). The UWSP and KIO are appropriate cases for this research, as they illustrate divergent outcomes of wartime economies institutionalised by a ceasefire, despite their structural similarities.

First, both organisations held de facto territorial control and established large wartime political economies before their respective ceasefire agreements with the Myanmar military (Tatmadaw) (Meehan, 2015, pp. 253-255). As the institutionalisation of wartime political economies is our central point of reference, the existence of wartime politics before the ceasefire is essential to our study. Second, both organisations signed similar bilateral ceasefire agreements that enabled continued access to economic rents from taxation, trade, and resource extraction (Linter, 2019, pp.6-9; Woods, 2011, pp. 754-758). As a result, the stability and predictability of the ceasefire raised the stakes of economic governance. Third, the UWSP and KIO both maintained strong military power after their ceasefires (Linter, 2019, pp.6-9, Woods, 2011, pp. 754-758). Since military power influences bargaining power and is a force that deters state coercion, the analysis will constrain the explanatory weight of coercive asymmetries and continue to focus on the internal dynamics of the organisations.

Even though the conditions of the ceasefire are similar, the examined cases followed vastly different trajectories. While the UWSP managed to establish a stable governance structure dating back to the 1989 ceasefire, the KIO faced organisational fragmentation, which subsequently led to the collapse of its ceasefire agreement in 2011. Due to the discrepancy between the mentioned cases, this thesis theorises that these two cases constitute ideal circumstances for the investigation of how differences in governance capacity influence post-ceasefire outcomes in similar structural circumstances.

## 4.2 Data

The study uses secondary qualitative data sources such as academic literature, policy studies, and historical case studies, which were identified through Google Scholar and the Leiden University Catalogue. To avoid source bias, the study uses triangulation, where the study

compares results across different sources and authors. Although the civil war in Myanmar is still an ongoing conflict, the study will focus on the period between the first ceasefire agreement signed by the UWSP in 1989 and the pre-coup Myanmar in 2021. This is because the coup and the subsequent civil war have changed the nature of ceasefires and power dynamics between armed groups in Myanmar.

## 4.3 Operationalization

### 4.3a Dependent Variable. Ceasefire Durability

The dependent variable in this research is the ceasefire durability, which is defined as the sustained persistence of a ceasefire agreement without a breakdown into renewed armed conflict (Fortna, 2018, pp. 4). In line with the focus of this thesis, ceasefire durability does not mean the establishment of comprehensive peace or the complete absence of violence. Instead, it focuses on whether the ceasefire agreements are upheld despite the emerging governance issues. In this regard, ceasefire durability in this research is measured by the lack of large-scale armed conflicts between the ceasefire parties and the upholding of ceasefire agreements on territorial issues and economic activities.

### 4.3b Independent Variable: Institutionalisation of Wartime Political Economy under the ceasefire

The independent variable in this research is the institutionalisation of wartime political economies under ceasefires. Wartime political economies are defined in this thesis as the systems of taxation, extraction, and trade that underpin armed actors' control during conflict (Reno, 2000). Based on the theoretical framework, this research conceptualises ceasefires as an institutionalisation point that institutionalises wartime political and economic control. In this regard, ceasefire-induced institutionalisation refers to the institutionalisation or reinforcement of wartime economic structures following a ceasefire agreement. This can include the recognition of taxation rights, control of trade routes, resource concessions, or tolerance in licit and illicit markets.

### 4.3c Mediating Variable. Rebel Governance Capacity

This thesis examines rebel governance capacity as the mediating variable between wartime political economies and the durability of ceasefires. Rebel governance capacity is operationalised as the organisational capacity of an armed group to regulate economic activity, enforce elite discipline, and wield authority over civilian populations through administrative control rather than military force alone (Arjona, 2006). Where governance capacity is high, armed groups can centralise economic rents, constrain autonomous rent-seeking, and maintain organisational cohesion (Arjona, 2006, pp.1379-1384). Subsequently, armed groups can transform stabilised economic rents into political order and authority. In contrast, where governance capacity is weak, the same institutionalised economic arrangements may facilitate fragmented rent capture, intra-elite competition, and declining civilian authority (Arjona, 2006, pp.1379-1384). In this way, differences in rebel governance capacity shape whether ceasefire-induced wartime political economies consolidate durable ceasefires or contribute to their erosion. Accordingly, the thesis operationalises rebel governance capacity along three interrelated dimensions.

First, economic regulation capacity is the rebel group's capacity to centralise and control economic activity in its territory. Empirical measures of this aspect include the presence of taxation structures, control of cross-border trade, resource extraction, and the presence of systems that suppress unauthorised rent-seeking by rebel commanders or local leaders.

Second, elite discipline capacity is the rebel group's capacity to enforce internal rules, suppress defection, and sustain elite cohesion. High discipline is measured by the presence of a hierarchical structure, institutionalised checks and balances, and centralised allocation of economic rents through organisational structures. Low elite discipline capacity is measured by low organisational structure, persistent intra-elite conflict, and the absence of persecution systems in its organisations.

Third, civilian governance capacity is the measure of how well armed groups can achieve civilian compliance without heavy dependence on force. High civilian governance capacity is evidenced by the presence of administrative routines, the delivery of public goods, and the

presence of predictable dispute resolution mechanisms. Conversely, low civilian governance capacity is evidenced by the absence of these mechanisms.

Through the examination of variation on these factors, this study finds a causal mechanism by which the institutionalization of wartime political economies in ceasefires transforms elite incentives and governance structures. It is, in the end, whether this transformation produces cohesion or fragmentation that determines the divergence in ceasefire durability.

#### 4.4 Limitations

There are several limitations and alternative explanations that need to be considered. Firstly, the external economic and political factors, especially from China, offer an alternative explanation for the post-ceasefire outcome in Myanmar. Although both the UWSP and KIO function in the Chinese-border economies, the nature and intensity of the Chinese relationship are different in each case. Therefore, instead of considering Chinese influence as a constant, this study takes into account that it is a contextual factor whose impact could be conditional upon rebel governance capacity. In a similar manner, the variation in ceasefire design is considered to be an important factor in the existing literature. While its application varied in practice, this study contends that this variation was driven by the differing rebel governance capacity rather than their ceasefire design. Thus, the variation in ceasefire design could be considered a secondary factor rather than a primary source of variation.

## 5. Analysis

### 5.1 History

#### 5.1a History of the Myanmar civil war

Since its independence from British colonial rule in 1948, Myanmar has endured one of the world's longest-running civil wars (Lintner, 1999, p.4). Although the ethnic Bamar constitutes 70% of the population, Myanmar is a multi-ethnic state comprising more than 135 officially recognised ethnic groups with many ethnic minorities establishing their territory in the resource-rich mountainous border regions of Myanmar (Lintner, 1999, p.24). This overlap of ethnic minority territory and valuable natural resources has embedded economic and territorial contestation into Myanmar's ethnic politics (Lintner, 1999, pp.25-36).

Between 1989 and the late 1990s, the military signed bilateral ceasefire agreements with more than twenty EAOs (McCarthy&Farely, p.142). These agreements often granted de facto territorial autonomy, taxation rights, access to trade routes, and continued resource extraction, while requiring neither disarmament nor full integration into the state military (Woods, 2011, pp. 754-758). In some instances, ceasefires reinforced zones of limited statehood wherein wartime political and economic structures remained under the conditions of reduced violence (Buchanan, 2016, p.16).

Some of the most important agreements were those reached with the United Wa State Party (UWSP) in 1989 and the Kachin Independence Organisation (KIO) in 1994. While both agreements maintained wartime economic structures under similar structural conditions, their ceasefire longevity differed: The UWSP has retained its ceasefire agreement, while the KIO ceasefire collapsed in 2011, leading to a new conflict. This difference serves as the empirical foundation for examining the influence of rebel governance capacity on ceasefire durability.

## 5.1b History of the United Wa State Party

Established in 1989 after the collapse of the Communist Party of Burma (CPB), the United Wa State Party (UWSP) is the largest EAO in contemporary Myanmar, with an estimated 25–30,000 fighting forces (Linter, 2019, p.4). The UWSP was founded after a Wa army mutiny against the Burman leadership of the CPB, which led to the integration of military resources, territory, and organizational infrastructure established by the CPB (Linter, 2019, p.7). Before its demise, the CPB received extensive military assistance from China to fight against the Kuomintang (KMT) forces in a hideout along the China-Myanmar border (Linter, 2019, p.7). Consequently, the newly created UWSA possessed a large supply of advanced weaponry and resources. The Wa ostensibly took control of the former CPB faction in Northern Myanmar along the border of Yunnan Province, China.

Recognising the military capabilities and territorial consolidation of the newly formed UWSP, the military quickly struck a ceasefire agreement in 1989. Although first negotiated as a verbal agreement, later arrangements in 1995, 1997, and the 2000s formalised UWSP control over a demarcated territory in northern Shan State, taxation, border trade, and resource extraction, without any demand for disarmament or integration into the state military (Ong, 2017, p.61).

Subsequent developments further strengthened the position of the UWSP. With the fall of the largest heroin producer, Khun Sa (MTA), in 1996, a power vacuum emerged in southern Shan State near the Thai border. While the UWSP possessed a well-disciplined, powerful armed force and maintained a ceasefire agreement with the military, the Shan State resistance remained highly fragmented and continued to engage in conflict (Linter, 1999, pp.297-338). In this context, the military deliberately tolerated, and at times facilitated the UWSP's expansion into the area as a strategy for stabilising the borderlands without committing substantial state forces (Linter, 1999, pp.297-338). Through both formal and informal arrangements with the military, the UWSP expanded into the region, gaining access to lucrative border trade and narcotics revenue streams.

### 5.1c History of the Kachin Independent Organisation

Established in 1961, the Kachin Independence Organisation (KIO) is the oldest and second-largest EAO in Myanmar, with an estimated 8,000–12,000 active fighters (Brenner, 2015). Emerging from long-standing ethnic grievances and dissatisfaction against the centralized Burman-dominated government, the Kachin are a predominantly Christian animist ethnic group bordering China's Yunnan Province and India's Arunachal Pradesh in Northern Myanmar (Brenner, 2015, p.420). The region's dense forests and rugged mountain ranges contain vast deposits of jade (around 90% of global supply), timber, gold, and hydroelectric potential, making Kachin State one of the most resource-rich regions in Myanmar (Woods, 2011, p.750)

The rise in military strength following the regime shift in 1988 made sustained warfare increasingly difficult. By the early 1990s, the KIO faced mounting pressure on manpower, resources, and internal cohesion (McCarthy&Farely, 2020, pp.146-147). In this context, the KIO entered the ceasefire primarily out of strategic necessity and economic opportunity, rather than because the underlying causes of conflict had been resolved. After decades of insurgency, the KIO signed a ceasefire agreement with the SLORC in 1994. The agreement granted the KIO de facto control over jade-rich areas in Laiza and Mai Ja Yang (though without clearly defined borders), official jade and gold mining concessions, timber licences, border trade access, and no requirement to disarm, though recruitment was restricted (Woods, 2011, pp. 750-752).

By the early 1990s, however, the KIO had endured decades of sustained conflict that had significantly strained its organisational cohesion and administrative capacity. These conditions shaped the governance capacity that the KIO brought into the ceasefire period. In contrast, the UWSP emerged from the collapse of the Communist Party of Burma with a relatively cohesive organisational structure and consolidated territorial control. Having avoided prolonged attritional warfare prior to its 1989 ceasefire, the UWSP entered the ceasefire period with comparatively stronger organisational discipline and administrative capacity. These differing background conditions shaped the initial governance capacities of the two organisations. The following sections analyse how these capacities mediated the effects of ceasefire-induced institutionalisation of wartime political economies on post-ceasefire outcomes.

## 5.2 Rebel governance capacity as a mediating mechanism

This thesis argues that rebel governance capacity mediates the relationship between ceasefire institutionalisation of wartime political economies and ceasefire durability. Therefore, the analysis expects to observe systematic differences in economic regulation, elite discipline, and civilian governance under the post-ceasefire conditions. Specifically, where governance capacity is high, stable economic rents are expected to be centrally regulated, elite behaviour structurally constrained, and civilian compliance is secured through routinised governance. On the other hand, where governance capacity is weak, the same economic institutionalisation is expected to fragment rent capture, increase elite competition, and decline civilian authority. This section examines these empirical expectations by comparing the UWSP and KIO across three dimensions of governance capacity: economic regulation, elite discipline, and civilian governance.

### 5.2a Economic Regulation Capacity

#### **Economic Regulation Capacity in UWSP**

Following its 1989 ceasefire, the United Wa State Party (UWSP) demonstrated a high degree of economic regulation capacity. Plantation agriculture, border trade with China and Thailand, resource extraction, and infrastructure projects were incorporated into a centralised revenue system, transforming wartime economic practices into routine sources of organisational income (Steinmuller, 2020, pp.122-125).

Firstly, the UWSP leveraged its recognition as the formal governing authority to institutionalise taxation over households, agricultural production, and commercial activities (Steinmuller, 2020, p. 123). The taxation rights were reserved for appointed UWSP officials, bypassing the local commanders and elites (Steinmuller, 2020, pp.126-128). As a result, this centralised taxation structure minimised the emergence of independent revenue streams, consolidating economic authority to the armed government. Economic regulation also extended

beyond internal taxation to external economic relations. Although China remained the key investor for the UWSP, economic arrangements were regulated through centralised UWSP institutions rather than through individual negotiations (Linter, 2019, pp.16-21). This structure ensured the external capital flows remained within the organisational oversight, limiting opportunities for external influences over its economic rent. Similarly, resource extraction in agriculture and mining requires authorisation from the central authority. Large-scale plantation projects in rubber and sugarcane were often implemented by central initiatives, with village heads and local elites operating under the direction and supervision of the appointed UWSP officials (Steinmüller, 2020, pp.693-695).

Crucially, the UWSP did not merely benefit from access to rents; it monopolised and regulated them. By cartilage both coercion and economic authority, the UWSP reduced uncertainty over rent distribution and limited incentives for intra-elite competition. This centralisation enabled armed groups to convert economic resources into governance capacity rather than fragmenting authority.

### **Economic Regulation Capacity in KIO**

In contrast, the Kachin Independence Organisation (KIO) experienced a decline in economic regulatory capacity following its 1994 ceasefire. Although the ceasefire initially stabilised access to jade, timber, and cross-border trade, the KIO struggled to consolidate central authority over these economic rents. Over time, state-linked firms, military cronies, and Chinese investors expanded their presence in Kachin State, often with limited oversight by the KIO leadership (Buchanan, 2016, pp.24-26).

Following the ceasefire in 1994, KIO exhibited an exponential increase in resource extraction, notably in jade mining (McCarthy&Farely, 2020, pp.148-157). Unlike the centralised arrangement structure in the UWSP, economic concessions in KIO regions were often distributed through informal arrangements involving military-linked companies, KIO elites, and politically connected Chinese businessmen (McCarthy&Farely, 2020, pp.148-157). This decentralised allocation structure enabled individual commanders and local elites to establish individual revenue streams, external to their position in the organisation. Consequently, economic rents

were diverted into a personal patronage network, eroding the central authority of the KIO. Taxation within the KIO-administered region followed a similar fragmentation. Instead of operating through a centralised taxation system, local commanders relied on informal tolls, protection rackets, and ad hoc levies on travellers, transporters, and mining operators (Brenner, 2019, pp.75-96). Consequently, a significant portion of revenue remained under the control of the local actors instead of a centralised authority. This diversion of fiscal resources weakened the KIO leadership's capacity to redistribute rents, enforce compliance, and maintain organisational discipline.

Unlike the UWSP, where the institutionalisation of wartime economies during ceasefire conditions strengthened organisational cohesion, the KIO did not possess the administrative and organisational strength to monopolise additional revenue from economic rents. Consequently, these rents were captured by individual elites instead of a centralised structure, promoting elite competition rather than elite cohesion.

## 5.2b Elite discipline capacity

### **Elite discipline capacity in UWSP**

The United Wa State Party (UWSP) further showed a high level of elite discipline capacity, marked by strong control of commanders, low tolerance for defective behaviour, and a strong hierarchical command structure. The centralisation of economic regulation further strengthened this discipline capacity by blocking commanders from building their own independent sources of revenue that would undermine organisational unity.

From the military faction of the former Communist Party of Burma (CPB), the UWSP retained a strong hierarchical structure that strongly integrated the military and administrative power. (Steinmuller, 2021, pp. 689-691) This meant that the rents from economic rents were allocated through a strong hierarchical structure as opposed to individual initiatives. Since the central authority strongly maintained a monopoly over its internal and external economic rents, the access to economic rents was deeply embedded within the organisational structure of the

UWSP (Steinmuller, 2021, pp. 689-691). Consequently, any form of defection from the party not only meant political exclusion but also the loss of access to most of the economic rents within the region. Even then, any commander who attempted to act independently or engage in economic activities was liable to sanctions, reassignment, or dismissal (Steinmuller, 2020, pp.132-133).

Ceasefires lower the costs of defection by creating a stable source of economic rents and a predictable source of revenue. However, by maintaining a monopoly over economic rents through strong centralised regulations, the UWSP apparently transforms resources into organisational cohesion and strengthened authority.

### **Elite discipline capacity in KIO**

The Kachin Independence Organisation (KIO) showed a progressive decline in elite discipline capacity after the 1994 ceasefire, marked by weak organisational structure, intra-elite competition, and a lack of capacity to sanction defectors.

Prior to the ceasefire, the internal fragmentation in the KIO was limited by the logic of survival during wartime. The conflict with the Military provided a strong incentive for internal unity since military coordination, logistical support, and joint defence were necessary for survival (Buchanan, 2016, pp. 6-12). Revenue streams also remained unstable and closely tied to sustaining armed resistance, reinforcing commanders' dependence on central authority (Buchanan, 2016, pp.12). Under such conditions, defection or autonomous rent-seeking carried high military and political risks. The ceasefire fundamentally altered this incentive structure. By reducing immediate external threat and stabilising access to economic rents, it lowered the cost of defection and increased potential gains from autonomous control. Individual commanders and local elites generated autonomous revenue streams through the utilisations of ceasefire-induced wartime political economies. While those controlling taxation vantage points retained their positions and diverted revenue, resource concessions were negotiated through patronage networks involving KIO elites, state-linked companies, and local brokers with political connections (Woods, 2011, p.752-755). This reduced material dependence on the central authority and constrained the leadership's ability to enforce compliance. Economic autonomy

thus translated into political autonomy, in which commanders increasingly prioritised control over revenue-generating sites as bases of personal power rather than as organisational assets (Woods, 2011, p.752-755). Moreover, unlike the UWSP, the KIO had limited capacity to monopolise coercion within its areas of operation. The presence of Military units, Border Guard Forces, militias, and private security actors provided an alternative group for the political elites to circumvent central discipline (Buchanan, 2016, pp. 31-34). As a result, KIO often failed to sanction and regulate defective behaviour, further weakening its central authority

Under ceasefire conditions, the following effects of this erosion of elite discipline were cumulative. The reduced capacity of enforcement meant that economic competition became sufficient for political competition, leading to a weakening of organisational cohesion and the capacity of the KIO to govern. Instead, the absence of organisational capacity, along with the ceasefire-driven economic opportunities, led to a rapid escalation of internal divisions, making the organisation highly susceptible to external pressure and internal disintegration.

## 5.2c Civilian authority capacity

### **Civilian authority capacity in UWSP**

The ceasefire further strengthened the civilian authority capacity of the UWSP. Instead of relying on irregular forms of coercion, the UWSP developed regularised administrative bodies to formalise its control over society. The formal recognition of the UWSP as the de facto government in the ceasefire agreement further strengthened its capacity, embedding its rule in society through social and economic institutions.

Following the ceasefire, the UWSP developed a highly institutionalised administrative body at the village and township levels, with officials appointed by the central authority (Ong, 2018, pp.462-464). The village heads were brought into the administrative body of the UWSP, creating a hierarchical system of governance (Ong, 2018, p. 463). These administrative bodies ensured a predictable distribution of responsibilities for taxation, land allocation, labour mobilisation, and dispute resolution (Ong, 2018. p.462-664). As these activities became regularised, they reduced

the uncertainty of civilian-authority relations, embedding the UWSP's governance as the pre-eminent order.

In addition, UWSP held extensive ministries that covered education, health, and agriculture (Linter, 2019, p.18). The provision of schools, hospitals, and policing provided a visible presence of the UWSP authority, visualising the redistribution of wealth towards its civilians. This visibility reinforced and consolidated its status as the legitimate governing authority, reducing the grassroots emergence of grievances.

The central economic regulation further strengthened this civilian authority. As the centralised government in the UWSP mainly dominated the business and economic opportunities, civilian livelihood became associated with engagement in the Wa administrative system (Steinmuller, 2021, pp. 687-689). Control over its land meant that the villages required approval from the Wa authority to farm plantation land and to be hired for plantation work. Thus, plantation economies in Wa State, especially in rubber and sugarcane plantations, were not only utilized as sources of income but also as instruments of further political domination (Steinmuller, 2021 pp.687-689). This directly associated economic survival for farmers with UWSP compliance, thereby embedding authority in everyday life.

By routinising administration, monopolising economic regulation, and delivering public goods, the UWSP converted ceasefire-induced economic stability into a systematised civilian compliance. This consolidation of civilian governance capability reduced reliance on force and helped to sustain the ceasefire agreement.

### **Civilian authority capacity in KIO**

In contrast, the capacity of civilian authority in KIO following the ceasefire declined significantly. While the ceasefire reduced large-scale violence and stabilised access to economic rents, the lack of an administrative structure, extractive taxation systems, and minimal public provision fuelled civilian fragmentation and discontent.

Under ceasefire conditions, the institutionalisation of wartime political economies intensified resource extraction, particularly in the jade and timber industries (woods, 2011,

p.750). As the central authority possessed limited capacity to enforce elite discipline, informal land confiscation and environmental degradation practices increasingly became prominent (Woods, pp. 756-758). Under this exploitative structure, the civilian grievances and trust toward the KIO declined, weakening its ability to present itself as the legitimate authority of the region. Moreover, KIO-controlled areas were characterised by overlapping jurisdictions involving the Military, Border Guard Forces, and private security actors (Buchanan, 2016, p.32). The absence of a clear monopoly over coercion meant that civilians were often compelled to negotiate with multiple authorities simultaneously, paying informal fees or seeking protection from whichever actor exerted local control (Buchanan, 2016, p.32). This environment of multiple authorities eroded institutional trust and reduced civilian dependence on the KIO as a singular governing entity. Crucially, the KIO failed to institutionalise civilian administrations. As dispute resolution, policing, and administrative functions increasingly shifted to informal or localised arrangements, governance relied on local institutions rather than the central authority of the KIO (McCarthy&Farely, p. 150). Consequently, instead of generating compliance through predictable institutional mechanisms, authority became contingent and unstable.

The lack of economic and political monopoly led to exploitative expansion and a limited capacity to assert authority over its civilian population. As a result, the ceasefire-induced wartime political economy did not reinforce civilian authority, but rather, eroded it.

### 5.3 Comparative discussion

Comparative analysis between the United Wa State Party and the Kachin Independence Organisation demonstrates that variation in rebel governance capacity mediates divergence in ceasefire durability. Specifically, it demonstrated that the institutionalisation of wartime political economies under ceasefire conditions created governance challenges that were actively managed through sustained governance capacity.

Across all three dimensions of governance capacity, the UWSP consistently converted economic opportunities that arose from ceasefires into organisational cohesion and stable authority. First, centralised economic regulation ensured a strong control over their revenue streams, ensuring no individual revenue streams were established (Steinmuller, 2020). Further,

external relations remained highly centralised, reducing influences from external powers to gain access to their economic resources (Steinmuller, 2021). As a result, the elites' access to economic rents became tied to their loyalty to the party. This created a system in which elite cohesion and loyalty to the party provided more benefits to the elites than defecting, creating a strong central governance system organised by disciplined elites. With its strong central authority, UWSP provided routine civilian governance, embedding authority into everyday administrative and economic life (Ong, 2018). This stability and predictability created trust amongst civilians, securing compliance without reliance on coercion alone. Together, these mechanisms transformed ceasefire-induced economic institutionalisation into a stabilising force, contributing to the long-term durability of the UWSP ceasefire.

By contrast, the KIO's lower governance capacity produced contrasting outcomes under similar structural conditions of ceasefire. Although the ceasefire initially increased access to economic rents and stabilised the political economy in the KIO-administered region, KIO's economic regulations remained too weak to control its increased economic rents (Woods, 2011). Entering the ceasefire following a prolonged conflict, the KIO's central authority possessed limited capacity to regulate its economic rents (McCarthy&Farely, 2020). Consequently, local individual revenue streams began to emerge across commanders and local elites, diverting revenue away from the central authority (Brenner, 2015). This fragmented revenue stream translated into political autonomy. Systematically, this shifted the power away from the central authority to the individual elites, intensifying intra-elite competition and increasing elite fragmentation. At the civilian level, fragmented authority and unregulated extraction fueled grievances rather than consolidating compliance (Woods, 2011). As a result, the same process of economic institutionalisation that reinforced stability in the UWSP led to governance erosion in the KIO, ultimately undermining ceasefire durability.

## 6. Conclusion

This thesis aimed to answer the question: How does rebel governance capacity shape the durability of ceasefires that institutionalise wartime political economies? By employing qualitative comparative analysis of the United Wa State Party (UWSP) and the Kachin

Independent Organisations (KIO), the analysis examined how the variance in rebel governance capacity impacts the stability of ceasefires, which institutionalise wartime political economies.

As theorised, the findings indicated that when rebel governance capacity was high, ceasefire-induced wartime political economies produced durable ceasefires. Ceasefires which institutionalise wartime political economies generated common structural conditions such as reduced violence, stabilised access to economic rents, and heightened economic stakes. Whether this translated into a durable ceasefire or a ceasefire breakdown depended on the armed groups' governance capacity to control the wartime political economies, which was institutionalised by the ceasefire.

In UWSP, high governance capacity enabled central regulation of economic rents, disciplined elite behaviour and routinised civilian governance. These mechanisms helped to transform increased economic rents into organisational cohesion and stability, producing long-term durability of the ceasefire. By contrast, in KIO, a weaker governance capacity translated into independent rent capture, intra-elite competition, and a decline in civilian authority. Consequently, the same process of ceasefire-induced economic institutionalisation of wartime political economy eroded organisational cohesion, ultimately leading to a breakdown of the ceasefire.

This thesis advances the existing literature by shifting its temporal scope beyond ceasefire agreements and design, focusing on the institutional consequences of the institutionalisation of wartime economies under the ceasefire. Further, it refined the political economy and ceasefire capitalism approach by demonstrating that the economic rents are not inherently destabilising but rather are impacted by its governance capacity.

Despite contributions to existing literature, several limitations must be acknowledged. First, its comparative design focusing on two cases within a single country limits the generalizability of the findings beyond conflicts characterised by territorial control and continued wartime political economies under ceasefires. Second, the analysis relied on secondary sources, which may reflect uneven access to information and underrepresent civilian voices even after

triangulation. Lastly, while external actors and variation in ceasefire designs are recognised as significant contextual factors, they are not analysed as primary explanatory variables.

These limitations point to areas of future research. By applying the framework developed in this thesis, further research could extend beyond the context of Myanmar, focusing on countries in different regions. In addition, by examining grassroots impacts of the ceasefires, further studies could focus on how civilian sentiments shifted depending on governance capacity.

In conclusion, the thesis demonstrates that ceasefires do not simply endure because the violence stops. They endure and collapse because of how the post-ceasefire order is governed. By demonstrating how rebel governance capacity mediates the effects of ceasefire-induced institutionalisation of wartime political economies, the study provides a mechanism-based explanation for why similar ceasefires produce divergent outcomes in civil wars.

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