



Special Advisory Council for MYANMAR

New SAC-M Briefing Paper: Breaking Myanmar's Military-Money Nexus by Sean Turnell

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The Myanmar military's stranglehold on Myanmar's economy must be broken, says the Special Advisory Council for Myanmar (SAC-M). A briefing paper written by esteemed economist Sean Turnell, published today by SAC-M, outlines the process for demilitarising Myanmar's public finances. It also proposes immediate actions that the international community must take to support the Myanmar people in building a prosperous economy for a new, federal democratic Myanmar.

For decades, the Myanmar military has used its position at the centre of the national economy to sustain its brutal oppression of the population and to shield its leaders from accountability. Following its attempted coup on 1 February 2021, the Myanmar military junta removed all traces of civilian oversight over the country's finances, extended its domination of state financial institutions and implemented a series of disastrous fiscal measures to fuel its full-scale war against the Myanmar people.

"The junta's ability to wage its brutal war against civilians hinges on its access to weapons and supplies from abroad," said Sean Turnell, author of the report and former economic policy advisor to Myanmar State Counsellor Daw Aung San Suu Kyi during the 2015 to 2020 period of National League for Democracy government.

"The international community must act on this critical vulnerability by strengthening sanctions against State-owned banks and other institutions the junta relies on to facilitate its global transactions. These, and other simple but effective measures, would have a real impact in disrupting the junta's ability to commit atrocities against the Myanmar people."

The junta's savage attempt to impose total military rule has failed. Against overwhelming odds, the people have employed innovative, grassroots methods to finance a historic liberation struggle to remove the military once and for all. These funds also support essential humanitarian networks that provide lifesaving assistance to tens of millions of people across the country.

However, the immense needs of the population created by the junta's relentless attacks have far exceeded the capacity of Myanmar's resource-strapped resistance to address



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them alone. Significant international support, including financial support for ongoing resistance-led humanitarian efforts, is needed urgently.

“More than US\$1 billion worth of frozen assets of the Central Bank of Myanmar are being held by the Federal Reserve Bank of New York, where they have been accruing interest since the coup began,” said Chris Sidoti of SAC-M. **“These funds belong to the Myanmar people. The United States (US) government should transfer these funds to the legitimate representatives of the Myanmar people - the National Unity Government and ethnic resistance organisations - so they can be used to provide urgently needed humanitarian and development assistance to tens of millions in need. Sean Turnell has proposed a number of practical ways the US government can and must make this happen.”**

The paper also looks forward, to the day after the military’s removal by the Myanmar people. It recommends that Myanmar’s new civilian government moves quickly to ensure the military never again controls the economy. A new Myanmar constitution that places the military under civilian control, forbids its participation in commercial enterprises and ensures accountability for its crimes will be crucial.

On the economic front, this period of urgent military reform could see the transfer of Myanmar military conglomerates, Myanmar Economic Corporation and Myanma Economic Holdings Limited, into a nascent sovereign wealth fund. Establishing a democratic fiscal framework between the central government and the states and regions, which decentralises decision-making, will be essential to prevent the concentration of power in ways long exploited by the military.

The people of Myanmar have already begun laying the foundations for a future in which the economy serves their needs, not those of the military. International support for this process must begin now.

