



Speech

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# Myanmar on the Brink of State Failure

*In a briefing to the UN Security Council's 9 April 2021 'Arria-Formula' Meeting on the situation in Myanmar, Crisis Group's Myanmar expert Richard Horsey warned that the country stands on the brink of state failure, and argued that there is every justification for the Council to impose an arms embargo on the regime.*

*Madam Chair, Members of the Council,  
Distinguished Speakers,*

**T**hank you for this opportunity to speak today. You have heard a powerful presentation from a civil society leader and you will hear shortly from a senior representative of the Committee Representing Pyidaungsu Hluttaw (CRPH). As an independent observer, I can perhaps best contribute to this discussion by situating the current crisis in the country's broader context.

To put it simply, Myanmar stands at the brink of state failure, of state collapse. This is not hyperbole or rhetoric. It is my sober assessment of a likely path forward.

Since launching its coup on 1 February, the Myanmar military should have learned what voters also conveyed clearly at the ballot box in November: that the vast majority of the population does not want military rule and will do whatever it takes to prevent that outcome. Yet the military seems determined to impose its will, as shown by its use of ruthless violence against civilian protesters, medical first responders and the general urban population.

The problem for the regime is that, unlike in 1988 or the 1990s or the 2007 suppression of the Saffron Revolution, the violence is not producing its desired results. Despite the bloodshed, people continue to demonstrate in

the streets, a large proportion of public sector employees refuse to work for the regime, a general strike of key private sector staff continues. Army violence is not effective at convincing scared bank staff or truck drivers to return to work. Violence cannot restore business confidence. A military rampage on the streets and in the homes of Yangon and Mandalay and other towns appears a desperate attempt to terrorise the population into submission; instead, it has created chaos. Various forms of violent urban resistance to the regime are also emerging.

The upshot is that the coup has not yet succeeded and the regime has not been able to gain effective control of the government bureaucracy, or of local administration in the country. It is able to deploy violence, but not provide any semblance of law and order. This has important policy implications: close engagement with the CRPH, with those who are protesting in the streets, and with other legitimate representatives of the people, is vital. The military regime is not constitutional or otherwise legal, and countries and organisations should not pre-empt the situation by recognising its de facto authority when the coup is not a *fait accompli*.

But in the midst of all this horror, the transformative nature of the resistance against the military has to be acknowledged and applauded. A new generation of political action has emerged that has transcended old divisions

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and old prejudices, and gives great hope for a future Myanmar that embraces, and is at peace with, its diversity.

The actions of the regime are not just morally reprehensible. They are also extremely dangerous. Not only has the military been unable to consolidate its attempted coup and effectively govern the country, but also its actions may be creating a situation where the country becomes ungovernable. That should be of grave concern to the region and to the broader international community.

The precise contours of state failure are hard to predict, depending not only on what goes wrong, but also in what order. But the trajectory is alarming:

- First, the banking system is at a virtual standstill, and has been for two months now. That means businesses can't make and receive payments, individuals cannot access their cash, and payrolls aren't being processed. The regime has been threatening private banks to get them to reopen branches, but many staff are unwilling to go to work, and with the military perpetrating random violence on the street, others are afraid to do so. Just last week, a local employee of a Korean bank in Yangon was fatally shot in the head by soldiers, while she was travelling home in a company vehicle. The attempted coup has resulted in a hard stop in economic activity, precipitating an economic crisis that will push millions into poverty.
- Second, supply chains are breaking down. Most imports and exports have come to a halt as customs staff and port workers have gone on strike and containers are backed up at the docks. Domestic haulage has mostly stopped, with truck drivers unwilling to take the risk of driving around the country. Imports of essential agricultural inputs have slowed. Markets are becoming dysfunctional, and many people are without income or access to cash, leaving them unable to buy what food is available. A hunger crisis looms.
- Third, the health system has collapsed. Many public hospitals are shuttered as medical staff refuse to work for the regime. Other hospitals in key city locations have been taken over by soldiers as forward operating bases, with patients evicted. Medical first responders have been targeted by troops when they attempt to render assistance to injured civilians. There is hardly any COVID-19 testing and treatment, and the vaccination program is far behind schedule. Regular childhood vaccinations are in jeopardy. Critical imported pharmaceuticals are in short supply. Public health experts are worried, for example, about Myanmar's large caseload of multi-drug-resistant tuberculosis patients. A health crisis is coming.
- Fourth, armed conflict is rising. Myanmar is home to some twenty ethnic armed groups fighting for greater autonomy, as well as several hundred militias of various sizes that are loosely aligned with the Myanmar military. Some ethnic armed groups who have observed ceasefires for years are being drawn into renewed conflict with the army, as they try to protect their civilian populations from violence, give sanctuary to protest leaders and resist army aggression. Others are expanding their areas of control or pressing territorial claims against rival groups – taking advantage of a security vacuum while the military tries to assert its control over the main cities.
- And lastly, it needs to be acknowledged that much of Myanmar's natural wealth is in the hands of unregulated actors. Over recent years, the civilian government has had little success in asserting its control over them. If

the centre implodes as a result of the army's misguided and heavy-handed response to the protests, criminal economic forces could be unleashed that would be impossible to contain.

**C**ollectively, these crises will trigger large population displacements, as people go on the move because they have lost their livelihoods, or are facing hunger, or are escaping violence in the cities or armed conflict in ethnic areas. It is already happening. Several hundred thousand migrant workers have fled Yangon in recent weeks due to joblessness and insecurity. Thousands of villagers in Kayin State have been displaced, some across the border to Thailand, following air raids on territory controlled by the Karen National Union armed group.

Over the decades, Myanmar has faced many different challenges, including ongoing armed conflicts, banking and economic crises, refugee crises, anti-military protest movements and the brutal expulsion of the Rohingya in 2016-2017. These have come at great cost – to human rights, livelihoods and the economy. But throughout, successive governments have remained in power and the Myanmar state has continued to maintain basic order and provide public services, at least in the centre of the country. In short, Myanmar has somehow managed to muddle through.

It is no longer clear that it will be able to do so. The glue that has long held the fractured country together is coming unstuck. The world faces the prospect of chaotic state failure in a country with myriad armed groups, a large and well-equipped military that is unlikely to capitulate, and a huge illicit economy backed by transnational criminal organisations that will exploit the situation as they have done for years. All this will have immediate consequences for the region, and will have an impact on international peace and security.

Madam Chair, if I may, I will end with two concrete suggestions for the Council:

- First, the regime currently appears determined to try to consolidate its grip on the country, whatever the costs. It has shown no inclination toward dialogue or compromise. But this must be continuously tested. Unequivocal Council backing for the UN special envoy remains important, as does the role of the Association of Southeast Asian Nations (ASEAN) and other regional actors who have access to the regime. The Council's unity to date has been welcome, and important. These channels can be used to express clear opposition to the coup, condemn subsequent state violence and warn the military that the trajectory they are on risks catastrophic state collapse. These channels can also help outside actors to identify and pursue any future openings for diplomacy and mediation.
- Second, some Council members have voiced opposition to coercive measures. But it is hard to see a viable alternative path that can have any impact. In particular, there is every justification for the Council to impose an arms embargo on Myanmar. In the absence of a UN embargo, like-minded countries could agree to a coordinated list of prohibited items – not only arms, but also technologies for surveillance and repression – and share information on their efforts to block transfers on a voluntary basis. This would create a framework for other states to coordinate restrictions on Myanmar. Like-minded countries should also continue to coordinate the imposition of targeted economic sanctions. None of these are likely to have as much impact as either the regime's own policy failures or the deliberate actions of the civil disobedience movement. But they have an important signalling effect – to the regime, as well as to those resisting its violent attempts to usurp state power.

Thank you.